

SERFF Tracking Number: RFIC-126436255 State: Arkansas  
Filing Company: Ranchers and Farmers Insurance Company State Tracking Number: #? \$100  
Company Tracking Number: AR DF (10.03)  
TOI: 01.0 Property Sub-TOI: 01.0002 Personal Property (Fire and Allied Lines)  
Product Name: Dwelling Fire Program  
Project Name/Number: /

## Filing at a Glance

Company: Ranchers and Farmers Insurance Company

Product Name: Dwelling Fire Program SERFF Tr Num: RFIC-126436255 State: Arkansas  
TOI: 01.0 Property SERFF Status: Closed-Filed State Tr Num: #? \$100  
Sub-TOI: 01.0002 Personal Property (Fire and Allied Lines) Co Tr Num: AR DF (10.03) State Status: Fees verified  
Filing Type: Rate/Rule Reviewer(s): Becky Harrington, Betty Montesi  
Author: Martin Bobek Disposition Date: 01/08/2010  
Date Submitted: 12/30/2009 Disposition Status: Filed  
Effective Date Requested (New): 03/01/2010 Effective Date (New): 03/01/2010  
Effective Date Requested (Renewal): 04/01/2010 Effective Date (Renewal): 04/01/2010

State Filing Description:

## General Information

Project Name: Status of Filing in Domicile: Pending  
Project Number: Domicile Status Comments:  
Reference Organization: AAIS Reference Number: AR-PC-06-019022  
Reference Title: Dwelling Properties Advisory Org. Circular:  
Filing Status Changed: 01/08/2010  
State Status Changed: 01/04/2010 Deemer Date:  
Created By: Martin Bobek Submitted By: Martin Bobek  
Corresponding Filing Tracking Number:  
Filing Description:  
Ranchers and Farmers Insurance Company is filing a revision to our personal lines Dwelling Fire program. The inception of this program was in 2007 and this is the first revision. Filing detail is provided in the attached Filing Memorandum.

## Company and Contact

### Filing Contact Information

Martin Bobek, VP mbobek@ssuga.com

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Product Name: Dwelling Fire Program  
 Project Name/Number: /

PO Box 3730 409-924-8200 [Phone] 732 [Ext]  
 Beaumont, TX 77704-3730 409-924-8282 [FAX]

**Filing Company Information**

Ranchers and Farmers Insurance Company CoCode: 11853 State of Domicile: Texas  
 PO Box 3730 Group Code: 3497 Company Type: Stock Property and Casualty  
 Beaumont, TX 77704-3730 Group Name: Mirage Interests, Inc. State ID Number:  
 (409) 924-8200 ext. 732[Phone] FEIN Number: 20-0505287

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**Filing Fees**

Fee Required? Yes  
 Fee Amount: \$100.00  
 Retaliatory? No  
 Fee Explanation: 1 rate filing X \$100  
 Per Company: No

CHECK NUMBER	CHECK AMOUNT	CHECK DATE
3034	\$100.00	12/30/2009

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## Correspondence Summary

### Dispositions

Status	Created By	Created On	Date Submitted
Filed	Becky Harrington	01/08/2010	01/08/2010

### Objection Letters and Response Letters

Objection Letters				Response Letters		
Status	Created By	Created On	Date Submitted	Responded By	Created On	Date Submitted
Pending Industry Response	Becky Harrington	01/04/2010	01/04/2010	Martin Bobek	01/06/2010	01/06/2010

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 Project Name/Number: /

## Disposition

Disposition Date: 01/08/2010  
 Effective Date (New): 03/01/2010  
 Effective Date (Renewal): 04/01/2010  
 Status: Filed  
 Comment:

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where required):	Minimum % Change (where required):
Ranchers and Farmers Insurance Company	25.000%	19.800%	\$43,866	653	\$221,545	%	%

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 Product Name: Dwelling Fire Program  
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Schedule	Schedule Item	Schedule Item Status	Public Access
<b>Supporting Document (revised)</b>	Form RF-1 NAIC Loss Cost Data Entry Document--All P&C Lines	Filed	Yes
<b>Supporting Document</b>	Form RF-1 NAIC Loss Cost Data Entry Document--All P&C Lines		Yes
<b>Supporting Document (revised)</b>	HPCS-Homeowners Premium Comparison Survey	Filed	Yes
<b>Supporting Document</b>	HPCS-Homeowners Premium Comparison Survey		Yes
<b>Supporting Document (revised)</b>	NAIC Loss Cost Filing Document for OTHER than Workers' Comp	Filed	Yes
<b>Supporting Document</b>	NAIC Loss Cost Filing Document for OTHER than Workers' Comp		Yes
<b>Supporting Document</b>	Table of Contents	Filed	Yes
<b>Supporting Document</b>	Filing Memorandum	Filed	Yes
<b>Supporting Document</b>	Exhibit A - Summary of Changes	Filed	Yes
<b>Supporting Document</b>	Exhibit B - Indication Worksheet	Filed	Yes
<b>Supporting Document</b>	Exhibit C - Rate Level Adjustment Factors	Filed	Yes
<b>Supporting Document</b>	Exhibit D - Expense Exhibits	Filed	Yes
<b>Supporting Document</b>	Exhibit E - Loss Development Exhibits	Filed	Yes
<b>Supporting Document</b>	Exhibit F - Annual Trends	Filed	Yes
<b>Supporting Document</b>	Exhibit G - ULAE Factor	Filed	Yes
<b>Supporting Document</b>	Exhibit H - Loss Cost Multipliers	Filed	Yes
<b>Rate</b>	Company Exceptions Page	Filed	Yes

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Product Name: Dwelling Fire Program  
Project Name/Number: /

## Objection Letter

Objection Letter Status Pending Industry Response

Objection Letter Date 01/04/2010

Submitted Date 01/04/2010

Respond By Date

Dear Martin Bobek,

This will acknowledge receipt of the captioned filing.

### Objection 1

- HPCS-Homeowners Premium Comparison Survey (Supporting Document)

Comment:

Form HPCS must be submitted in Excel spreadsheet format. Companies may not change the form in any way or include formulas.

### Objection 2

- NAIC Loss Cost Filing Document for OTHER than Workers' Comp (Supporting Document)

Comment: The exhibit attached is an RF-1, not an RF-2. Provide a completed RF-2.

### Objection 3

- Form RF-1 NAIC Loss Cost Data Entry Document--All P&C Lines (Supporting Document)

Comment: An RF-1 is required with all rate/loss cost filings. The RF-1 provided under the NAIC Loss Cos Filing Document exhibit must be revised to show the loss experience for the most recent 5 years (2007, 2008 and 2009 in this case). This area of the form is not just for rate change history.

### Objection 4

No Objections

Comment: The reference filing information provided on the General Information tab is an AAIS EQ only filing. Please explain.

Please feel free to contact me if you have questions.

In accordance with Regulation 23, Section 7.A., this filing may not be implemented until 20 days after the requested amendment(s) and/or information is received.

Sincerely,

Becky Harrington

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Product Name: Dwelling Fire Program  
Project Name/Number: /

## Response Letter

Response Letter Status Submitted to State  
Response Letter Date 01/06/2010  
Submitted Date 01/06/2010

Dear Becky Harrington,

### Comments:

Thanks for your recent review of this filing. I apologize for the errors. There was some miscommunication between myself and our consulting actuary. We've made the requested additions and changes. One exception is that you specifically requested figures for 2009 in the RF-1 document. Unfortunately, I don't have immediate access to those figure on a line of business level. The accounting department is working on year end and won't be able to complete within the necessary time frame. I've included all years through 2008. Also, the following 2009 numbers combine Lines 1 and 4 (Fire and Homeowners). I hope this satisfies your requirement for now.

RFIC AR Combined HO&DF 2009

AR Policies: 1010  
AR Earned: 335,505  
AR Incurred & LAE: 621,176  
AR LR: 185%  
Countrywide LR: 78.4%

### Response 1

Comments: See attached

#### Related Objection 1

Applies To:

- HPCS-Homeowners Premium Comparison Survey (Supporting Document)

Comment:

Form HPCS must be submitted in Excel spreadsheet format. Companies may not change the form in any way or include formulas.

#### Changed Items:

SERFF Tracking Number: RFIC-126436255 State: Arkansas  
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Company Tracking Number: AR DF (10.03)  
TOI: 01.0 Property Sub-TOI: 01.0002 Personal Property (Fire and Allied Lines)  
Product Name: Dwelling Fire Program  
Project Name/Number: /

### **Supporting Document Schedule Item Changes**

Satisfied -Name: HPCS-Homeowners Premium Comparison Survey

Comment:

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

### **Response 2**

Comments: See attached

#### **Related Objection 1**

Applies To:

- NAIC Loss Cost Filing Document for OTHER than Workers' Comp (Supporting Document)

Comment:

The exhibit attached is an RF-1, not an RF-2. Provide a completed RF-2.

### **Changed Items:**

#### **Supporting Document Schedule Item Changes**

Satisfied -Name: NAIC Loss Cost Filing Document for OTHER than Workers' Comp

Comment:

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

### **Response 3**

Comments: See attached

#### **Related Objection 1**

Applies To:

- Form RF-1 NAIC Loss Cost Data Entry Document--All P&C Lines (Supporting Document)

Comment:

An RF-1 is required with all rate/loss cost filings. The RF-1 provided under the NAIC Loss Cos Filing Document exhibit must be revised to show the loss experience for the most recent 5 years (2007, 2008 and 2009 in this case). This area of the form is not just for rate change history.

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Company Tracking Number: AR DF (10.03)  
TOI: 01.0 Property Sub-TOI: 01.0002 Personal Property (Fire and Allied Lines)  
Product Name: Dwelling Fire Program  
Project Name/Number: /

**Changed Items:**

**Supporting Document Schedule Item Changes**

Satisfied -Name: Form RF-1 NAIC Loss Cost Data Entry Document--All P&C Lines

Comment:

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

**Response 4**

Comments: The correct AAIS filing citation is AAIS-2002-28.

**Related Objection 1**

Comment:

The reference filing information provided on the General Information tab is an AAIS EQ only filing. Please explain.

**Changed Items:**

No Supporting Documents changed.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Please let me know if you have any additional questions.

Regards,

Martin Bobek

Sincerely,

Martin Bobek

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 Product Name: Dwelling Fire Program  
 Project Name/Number: /

**Rate Information**

Rate data applies to filing.

**Filing Method:** Prior Approval  
**Rate Change Type:** Increase  
**Overall Percentage of Last Rate Revision:** 0.000%  
**Effective Date of Last Rate Revision:** 12/15/2006  
**Filing Method of Last Filing:** Prior Approval

**Company Rate Information**

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where required):	Minimum % Change (where required):
Ranchers and Farmers Insurance Company	25.000%	19.800%	\$43,866	653	\$221,545	%	%

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Product Name: Dwelling Fire Program  
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## Rate/Rule Schedule

Schedule Item	Exhibit Name:	Rule # or Page	Rate Action	Previous State Filing Attachments
Status:		#:		Number:
Filed 01/08/2010	Company Exceptions		Replacement	AR-DW-Exception-Page.pdf
	Page			

Ranchers and Farmers Insurance Company

State Exception pages supersede bureau or company countrywide rates and rules.

Rule 3.10 Minimum Premium and Fees

Countrywide Rule 3.10 is replaced by:

An annual Policy Fee of \$35.00 is charged on each policy in addition to the individual coverage premiums.

No policy shall be written for less than the minimum written, or earned for less than 150.00.

If an insured's check is returned to Ranchers and Farmers Insurance Company by the bank as non-sufficient funds, a \$25.00 Fee will be charged to the insured and added to the premium owed by the insured. This fee is in addition to any minimum premiums.

Rule 3.12 Premium Rounding

Countrywide Rule 3.12 is replaced by:

Premiums for each separate coverage provided by the policy, shall be rounded to the penny (\$0.005 rounds up) after each rating step, and dollar rounded (\$0.50 rounds up) as the final rating step. This procedure shall apply to all interim premium adjustments, including endorsements and cancellations.

Rule 3.11 Waiver of Premium

Countrywide Rule 3.11 is replaced by:

An additional or return premium due when a policy is endorsed after the inception may be waived if the premium adjustment is \$5.00 or less. However, the full return premiums must be refunded at the request of the insured.

Rule 4.1 Calculation of Premium

Countrywide Rule 4.1 is amended to add:

Step 1 – After determining the applicable loss cost, multiply by the Loss Cost Multiplier and dollar round. The Base Loss Cost Multipliers for Coverage A and Coverage C for Fire and Other Perils are:

Territories 130, 131 and 132	2.454
Territory 133A	2.352
Territory 133B	2.863
Territory 133C	2.147
Territory 133D	2.556

A Loss Cost Multiplier of 2.045 applies to all other Loss Costs.

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 Product Name: Dwelling Fire Program  
 Project Name/Number: /

## Supporting Document Schedules

		<b>Item Status:</b>	<b>Status Date:</b>
<b>Satisfied - Item:</b>	Form RF-1 NAIC Loss Cost Data Entry Document--All P&C Lines	Filed	01/08/2010

**Comments:**

**Attachment:**

FORM RF-1 Rate Filing Abstract.pdf

		<b>Item Status:</b>	<b>Status Date:</b>
<b>Satisfied - Item:</b>	HPCS-Homeowners Premium Comparison Survey	Filed	01/08/2010

**Comments:**

**Attachment:**

HO Survey FORM HPCS.xls

		<b>Item Status:</b>	<b>Status Date:</b>
<b>Satisfied - Item:</b>	NAIC Loss Cost Filing Document for OTHER than Workers' Comp	Filed	01/08/2010

**Comments:**

**Attachment:**

LossCost-RF2.pdf

		<b>Item Status:</b>	<b>Status Date:</b>
<b>Satisfied - Item:</b>	Table of Contents	Filed	01/08/2010

**Comments:**

**Attachment:**

TableContents.pdf

SERFF Tracking Number: RFIC-126436255 State: Arkansas  
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 TOI: 01.0 Property Sub-TOI: 01.0002 Personal Property (Fire and Allied Lines)  
 Product Name: Dwelling Fire Program  
 Project Name/Number: /

**Item Status:** Filed **Status Date:** 01/08/2010  
**Satisfied - Item:** Filing Memorandum  
**Comments:**  
**Attachment:**  
 Filing Memorandum-AR-DW.pdf

**Item Status:** Filed **Status Date:** 01/08/2010  
**Satisfied - Item:** Exhibit A - Summary of Changes  
**Comments:**  
**Attachment:**  
 ExhibitA.pdf

**Item Status:** Filed **Status Date:** 01/08/2010  
**Satisfied - Item:** Exhibit B - Indication Worksheet  
**Comments:**  
**Attachment:**  
 ExhibitB.pdf

**Item Status:** Filed **Status Date:** 01/08/2010  
**Satisfied - Item:** Exhibit C - Rate Level Adjustment Factors  
**Comments:**  
**Attachment:**  
 ExhibitC.pdf

**Item Status:** Filed **Status Date:** 01/08/2010  
**Satisfied - Item:** Exhibit D - Expense Exhibits  
**Comments:**

SERFF Tracking Number: RFIC-126436255 State: Arkansas  
 Filing Company: Ranchers and Farmers Insurance Company State Tracking Number: #? \$100  
 Company Tracking Number: AR DF (10.03)  
 TOI: 01.0 Property Sub-TOI: 01.0002 Personal Property (Fire and Allied Lines)  
 Product Name: Dwelling Fire Program  
 Project Name/Number: /

**Attachment:**  
 ExhibitD.pdf

		<b>Item Status:</b>	<b>Status Date:</b>
<b>Satisfied - Item:</b>	Exhibit E - Loss Development Exhibits	Filed	01/08/2010

**Comments:**  
**Attachment:**  
 ExhibitE.pdf

		<b>Item Status:</b>	<b>Status Date:</b>
<b>Satisfied - Item:</b>	Exhibit F - Annual Trends	Filed	01/08/2010

**Comments:**  
**Attachment:**  
 ExhibitF.pdf

		<b>Item Status:</b>	<b>Status Date:</b>
<b>Satisfied - Item:</b>	Exhibit G - ULAE Factor	Filed	01/08/2010

**Comments:**  
**Attachment:**  
 ExhibitG.pdf

		<b>Item Status:</b>	<b>Status Date:</b>
<b>Satisfied - Item:</b>	Exhibit H - Loss Cost Multipliers	Filed	01/08/2010

**Comments:**  
**Attachment:**  
 ExhibitH.pdf

## NAIC LOSS COST DATA ENTRY DOCUMENT

<b>1.</b>	This filing transmittal is part of Company Tracking #	AR DF 03 10
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<b>2.</b>	If filing is an adoption of an advisory organization loss cost filing, give name of Advisory Organization and Reference/ Item Filing Number	
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	Company Name		Company NAIC Number
<b>3.</b>	<b>A.</b>	<b>Ranchers and Farmers Insurance Company</b>	<b>B.</b> <b>11853</b>

	Product Coding Matrix Line of Business (i.e., Type of Insurance)		Product Coding Matrix Line of Insurance (i.e., Sub-type of Insurance)
<b>4.</b>	<b>A.</b>	<b>1.0 Property</b>	<b>B.</b> <b>1.0002 Personal Property (Fire and Allied Lines)</b>

**5.**

(A) COVERAGE (See Instructions)	(B) Indicated % Rate Level Change	(C) Requested % Rate Level Change	FOR LOSS COSTS ONLY				
			(D) Expected Loss Ratio	(E) Loss Cost Modification Factor	(F) Selected Loss Cost Multiplier	(G) Expense Constant (If Applicable)	(H) Co. Current Loss Cost Multiplier
Fire&EC terr 130,131,132	+25.0%	+20.0%	0.568	1.394	2.454		2.045
Fire&EC terr 133A	+25.0%	+20.0%	0.568	1.336	2.352		1.960
Fire&EC terr 133B	+25.0%	+20.0%	0.568	1.626	2.863		2.386
Fire&EC terr 133C	+25.0%	+20.0%	0.568	1.219	2.147		1.789
Fire&EC terr 133D	+25.0%	+20.0%	0.568	1.452	2.556		2.130
Fire&EC statewide rates	+25.0%	+20.0%	0.568	1.162	2.045		1.704
<b>TOTAL OVERALL EFFECT</b>	<b>+25.0%</b>	<b>+20.0%</b>					

**6.**                      5 Year History                      Rate Change History

Year	Policy Count	% of Change	Effective Date	State Earned Premium (000)	Incurred Losses (000)	State Loss Ratio	Countrywide Loss Ratio
2004	0			0	0	0	27.3
2005	0			0	0	0	102.3
2006	0	original	12/15/06	0	0	0	35.0
2007	75			41,035	2,923	7.1	38.5
2008	307			155,572	208,085	133.8	124.0

**7.**

Expense Constants	Selected Provisions
A. Total Production Expense	15.00
B. General Expense	3.00
C. Taxes, License & Fees	4.35
D. Underwriting Profit & Contingencies	7.34
E. Other (explain) Reinsurance	13.50
<b>F. TOTAL</b>	<b>43.19</b>

- 8.**      N   Apply Lost Cost Factors to Future filings? (Y or N)
- 9.**      20%   Estimated Maximum Rate Increase for any Insured (%). Territory (if applicable): \_\_\_\_\_
- 10.**   20%   Estimated Maximum Rate Decrease for any Insured (%) Territory (if applicable): \_\_\_\_\_

**NAIC LOSS COST FILING DOCUMENT—OTHER THAN WORKERS’ COMPENSATION**

**CALCULATION OF COMPANY LOSS COST MULTIPLIER**

<b>This filing transmittal is part of Company Tracking #</b>	<b>AR DF 03 10</b>
<b>This filing corresponds to form filing number</b> (Company tracking number of form filing, if applicable)	

( X ) **Loss Cost Reference Filing** AAIS-2002-28 ( ) **Independent Rate Filing**  
(Advisory Org, & Reference filing #)

If this is a loss cost filing adopting an advisory organization’s loss costs, the above insurer hereby declares that it is a member, subscriber or service purchaser of the named advisory organization for this line of insurance. The insurer hereby files (to be deemed to have independently submitted as its own filing) the prospective loss costs in the captioned Reference Filing. The insurer's rates will be the combination of the prospective loss costs and the loss cost multipliers and, if utilized, the expense constants specified in the attachments.

**1. Check one of the following:**

<input type="checkbox"/>	The insurer hereby files to have its loss cost multipliers and, if utilized, expense constants be applicable to future revisions of the advisory organization’s prospective loss costs for this line of insurance. The insurer’s rates will be the combination of the advisory organization’s prospective loss costs and the insurer’s loss cost multipliers and if utilized, expense constants specified in the attachments. The rates will apply to policies written on or after the effective date of the advisory organization’s prospective loss costs. This authorization is effective until disapproved by the Commissioner, or until amended or withdrawn by the insurer. <b>Note: Some states have statutes that prohibit this option for some lines of business.</b>
<input checked="" type="checkbox"/>	The insurer hereby files to have its loss cost multipliers and, if utilized, expense constants be applicable only to the above Advisory Organization Reference Filing.

**2. Line, Subline, Coverage, Territory, Class, etc. combination to which this page applies:** 1.0002 Personal Property

**3. Loss cost modification:**

**A.** The insurer hereby files to adopt the prospective loss costs in the captioned reference filing (Check One):

- ( ) Without Modification (factor = 1.000)
- ( X ) With the following modification(s). (Cite the nature and percent modification, and attach supporting data and/or rationale for the modification.) Terr 130,131,132 1.394; Terr 133A 1.336; terr 133B 1.626; terr 133C 1.219, terr 133D 1.451

**B.** Loss Cost Modification Expressed as a Factor: (See Examples Below) \_\_\_\_\_

- Example 1: Loss cost Modification Factor: If your company's loss cost modification is -10%, a factor of .90 (1.000 - .100) should be used.
- Example 2: Loss cost Modification Factor: If your company's loss cost modification is =15%, a factor of 1.15 (1.000 + .150) should be used.

**NOTE: IF EXPENSE CONSTANTS ARE UTILIZED ATTACH “EXPENSE CONSTANT SUPPLEMENT” OR OTHER SUPPORTING INFORMATION. DO NOT COMPLETE ITEMS 4-8 BELOW.**

**4. Development of Expected Loss Ratio. (Attach exhibit detailing insurer expense data and/or other supporting information.**

		Selected Provisions	
A.	Total Production Expense	<b>15.00</b>	%
B.	General Expense	<b>3.00</b>	%
C.	Taxes, Licenses & Fee	<b>4.35</b>	%
D.	Underwriting profit & Contingencies (explain how investment income is taken into account)	<b>7.34</b>	%
E.	Other (explain) CAT reinsurance cost	<b>13.50</b>	%
F.	Total	<b>43.19</b>	%

5.	A. Expected Loss Ratio: $ELR = 100\% - 4F = A$	<b>56.81</b>	%
	B. ELR in Decimal Form =	<b>.5681</b>	
6.	Company Formula Loss Cost Multiplier (3B/5B)	<b>2.454/2.352/2.863/2.147/2.556</b>	
7.	Company Selected Loss Cost Multiplier = (Attach explanation for any differences between 6 and 7)	<b>2.454/2.352/2.863/2.147/2.556</b>	
8.	Rate Level Change for the coverage(s) to which this page applies	<b>+20.0%</b>	

# Ranchers and Farmers Insurance Company

## Arkansas

### Table of Contents

<u>Exhibit</u>	<u>Description of Contents</u>
	P&C Transmittal Form Form PC RRFS-1 Rate/Rule Filing Schedule Form RF-1 Rate Filing Abstract Form H-1 Homeowners Abstract Form HPCS Homeowner Premium Comparison
	Filing Memorandum
A	Summary of Overall Change
B	Statewide Indication
C	On-Level Adjustment Factors
D	Expense Provisions 1 Permissible Loss Ratio 2 Underwriting Profit Determination 3 Present Value of Loss Payments 4 Paid Loss Development 5 Return on Invested Assets 6 Leverage Ratios 7 Sample of Stock Insurer Return on Equity
E	Loss Development
F	Annual Trends
G	Unallocated Loss Adjustment Expense Factor
H	Calculation of Loss Cost Multiplier
	RFIC's State Exception Pages

## Filing Memorandum

Ranchers and Farmers Insurance Company (RFIC) began writing personal dwelling insurance in Arkansas in 2007. This revision to the dwelling line of business is the first revision in its rate level since the original filing.

Exhibit A calculates the impact of the proposed change as a +19.8% increase in the dwelling rate level based on the 2007, 2008 and 2009 experience through November 30, 2009.

Exhibit B displays the Statewide Rate Level Indication for the dwelling fire and extended coverage lines of business. Calendar-accident year experience is used with each period evaluated on November 30, 2009.

The current rates have been in effect from the inception of business. Therefore premiums are on current rate level and rate level adjustment factors are not needed (Exhibit C).

Accident year incurred losses and allocated loss adjustment expenses (L&ALAE) have the incurred catastrophe losses removed. A provision for IBNR is added to case incurred losses to develop to ultimate the non-CAT L&ALAE using the development patterns shown on Exhibit E.

Exhibits E.2 and E.3 displays the Dwelling case incurred losses and allocated loss adjustment expenses for each accident quarter for each quarterly evaluation for the Ranchers and Farmers Insurance Company. Hurricane catastrophe losses are excluded. An average development factor is selected for each quarterly stage of development, and cumulative development-to-ultimate factors are calculated. The accident year experience is evaluated on November 30, 2009. Development factors as of 11, 23 and 35 months are needed. Exhibit E.1 calculates loss development factors for these ages by interpolating between the standard quarterly evaluations based on the average age of the claims within each experience period.

RFIC assigns loss adjustment expenses to claims, so a 1.00 Unallocated Loss Adjustment Expense Factor is applied to the losses (Exhibit G).

The losses are affected by inflationary trends in loss costs. Four U.S. Government indices are used to produce a composite annual trend. The monthly Producer Price Index indices for the Bureau of Labor Statistics measurement of "Construction – Average Hourly Earnings of Production Workers" and "Materials and Components for Construction" are each given 40% weights, and are used to measure repair cost to the structure. The BLS index for "Finished Goods less Foods and Energy" is given 15% weight and the CPI for "U.S. Apparel" is given 5% weight to measure inflation on contents. Each monthly index has been rolled into 12-month averages. An exponential curve is fit by least squares to every third data point for the last 3 years. The weighted average annual of the indices produces a 3.74% annual increase. This increase is applied to project the losses from the midpoint of each experience period to one year beyond the proposed effective date. This projection is based on issuing annual policies, and anticipation annual rate revisions. The projected losses are divided by the projected premium to calculate the projected loss ratio.

RFIC commenced writing dwelling insurance in 2007. Weights are assigned to each year in proportion to the premium volume for each year. The weighted average experience indicated change is calculated.

The experience has limited credibility. The projected total loss ratio is assigned its credibility based of the expected losses for its on-level premium volume. The full credibility standard is calculated by multiplying the average claim cost by 1,084 claims to determine the level of losses

for full credibility, and then dividing by the underlying permissible loss ratio to convert the standard to a premium standard. This standard is for a 90% probability that the claims will be within 5% of expected assuming uniform claim sizes.

The complement of the credibility is given to the existing rate level adjusted for inflation. The underlying permissible loss ratio is trended from its effective date to the proposed effective date for the new rates. The length of this trend is limited to 12 months; the length of time anticipated between rate revisions. The Formula L&LAE Ratio is a weighting of the experience projected L&LAE ratio times its credibility and the trended underlying permissible L&LAE ratio times the complement of the credibility.

The expense provisions and permissible loss ratio are displayed on Exhibit D. Ranchers and Farmers Insurance Company commenced business in 2004, and began writing business in Arkansas in 2007. Three calendar years of historical expenses from the Insurance Expense Exhibit and Annual Statement are displayed. Commissions, Taxes and Dividends are ratioed to written premium. All other expenses are ratioed to earned premium. The selected expense provisions reflect the three year average incurred for Other Acquisition, General Expenses, and Taxes, Licenses and Fees. The selected Commissions are the contracted rate provision. RFIC's cost for catastrophe reinsurance is 13.5%. This cost is necessary for RFIC to provide an insurance market while limiting its potential for catastrophic losses. This 13.50% loading is added to the overhead expenses.

The expense provisions and rate provision for underwriting profit and contingencies are calculated for the combined Dwelling Fire and Allied Lines business. Ranchers and Farmers Insurance Company uses a target rate-of-return on net worth of 6.5% in conjunction with RFIC's investment rate for the latest 3 years (sheet 5), RFIC's leverage ratio (sheet 6), and the payment pattern for property coverages as shown on sheet 4.

The investment rate of return, average Federal tax rate, and GAAP adjustments are calculated on sheet 5. The average assets on hand, excluding agent balances, are calculated from the Annual Statement by averaging the assets at the end of the current year with the ending amount from the prior year. The latest 3 Annual Statements are used to calculate a mean one-year average. The Federal tax rate is applied by type of asset. A return on assets before and after federal taxes is calculated by dividing the average realized return, before and after taxes, by the average assets available.

The average Statutory Capital and Surplus for each year is the average of the beginning and ending capital and surplus amount. An average of the latest 3 years is used as the starting point to determine RFIC's average Net Worth on a GAAP basis. The Net Worth is the result of adjusting the capital and surplus, if applicable, for such items as: prepaid expenses, unauthorized reinsurance balances; statutory reserves; value of equipment and furniture; etc. Dividing the realized investment, before and after taxes, by the Net Worth produces the rate-of-return to Net Worth.

Finally, the Net Worth Leverage Ratio is calculated. The company's surplus supports both new business writings as well as the outstanding balances for loss and loss adjustment expenses. A leverage ratio is calculated giving equal leverage to the surplus supporting new writings as well as supporting the remaining L&LAE reserves on prior business. RFIC anticipates 10% growth in future writings as it continues to expand in Arkansas as well as into neighboring states.

The insurance cash flow is calculated on sheet 4 using paid loss and loss adjustment expense data. The Schedule P "Special Property" experience is evaluated to determine the expected paid loss development pattern. This payment pattern is discounted with the investment rate previously

determined, to calculate the present value of investment income (including realized capital gains) attributable to each dollar of loss and loss adjustment expenses of exposure.

Sheet 7 displays the return on equity (ROE) for 25 large stock insurers. The arithmetic average return for these insurers is 4.66%, reflecting the recent market turmoil. Seven insurers had negative ROEs. The average ROE after excluding negative ROEs is 8.41%. RFIC has selected a targeted ROE of 6.5% after federal taxes.

Exhibit 3's sheets 1 and 2 are dynamically connected. The underwriting expenses, other than profit and contingencies, on sheet 1 are used with the investment rate, Federal tax rate, and leverage ratios, to calculate the underwriting profit and contingencies provision needed to achieve the target after-tax return on net worth of 6.5%. Sheets 1 and 2 show the needed profit and contingencies provision is 7.34%. After subtracting 43.19% for underwriting expenses, profit and contingencies, a 56.81% permissible loss ratio (PLR) is developed and used.

The formula L&LAE Ratio is divided by the permissible loss ratio to determine the Indicated Rate Change of +25.0%. RFIC is selected to raise its rate level by +20%. On Exhibit H, the current loss cost multipliers are multiplied by a 1.20 factor to determine the revised loss cost multipliers. The overall final change is shown on Exhibit A. The Annual Statement premiums include some fees that are not affected by this rate level change. The resulting increase is a 19.8% change in premium collected.

These changes apply to all new policies effective on or after March 1, 2010, and to all renewal policies effective on or after April 1, 2010.

**Ranchers & Farmers Insurance Company****Arkansas****Dwelling Fire and Allied Lines****Summary of Total Change**

<u>Coverage</u>	2008 <u>On Level Written Prem.</u>	<u>Indicated Change</u>	<u>Selected Change</u>
Personal Property Fire and Allied Lines	219,538	25.0%	20.0%
<u>all other</u>	<u>2,007</u>	<u>NC</u>	<u>NC</u>
Total Fire and Allied Lines	221,545	24.8%	19.8%

## Exhibit B

Ranchers & Farmers Insurance Company  
 Statewide Rate Level Indication  
 Dwelling Fire and Allied Lines  
 Arkansas

	Accident Period	1/1-12/31/07	1/1-12/31/08	1/1-11/30/09	Total
1	Earned Premium	36,142	148,645	195,907	380,694
2	Rate Level Adjustment Factors	1.0000	1.0000	1.0000	
3	On Level EP (1)(2)	36,142	148,645	195,907	380,694
4	Case Incurred L&LAE	3,322	173,887	244,859	422,068
5	Loss Development Factors	0.9719	0.9987	1.0083	
6	Trend Factors	1.144	1.103	1.065	
7	ULAE Factor	1.0000	1.0000	1.0000	
8	Projected Ultimate L&LAE (4)(5)(6)(7)	3,694	191,548	262,939	458,181
9	Loss & LAE Ratio (8)/(3)	0.102	1.289	1.342	1.204
10	Credibility				0.17
11	UPLR Trended to 3/1/10				0.609
12	Formula L&LAE Ratio (9)(10) +(11)[1-(10)]				0.710
13	Permissible L&LAE Ratio				0.568
14	Indicated Rate Change (12)/(13)-1				25.0%

## Determination of Rate Level Adjustment Factors

This is the first revision to Ranchers and Farmers Arkansas Dwelling Rates since it filed its original rates that became effective in 2007. Therefore, the Rate Level Adjustment Factors are 1.000.

Ranchers and Farmers Insurance Company

Annual Statement Page 14 and  
Insurance Expense Exhibit

Dwelling Fire and Allied Lines

Arkansas

	<u>Selected</u>	<u>Average</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Direct Written Premium		102,828	221,545	86,938	0
Direct Earned Premium		65,536	155,572	41,035	0
Direct Commissions	15.00	20,442	49,328	11,997	0
% of Written Premium		19.88%	22.27%	13.80%	0.00%
Direct Other Acquisition			0	0	0
% of Earned Premium	0.00	0.00%	0.00%	0.00%	0.00%
Direct General Expenses		1,968	4,616	1,289	0
Net Direct General Expenses		1,968	4,616	1,289	0
% of Earned Premium	3.00	3.00%	2.97%	3.14%	0.00%
Direct Taxes, Licenses & Fees		4,469	10,669	2,737	0
% of Written Premium	4.35	4.35%	4.82%	3.15%	0.00%
Direct Policyholder Dividends			0	0	0
% of Written Premium	0.00	0.00%	0.00%	0.00%	0.00%
Reinsurance Cost	13.50				
Underwriting Profit+Contingencies	7.34%				
Total Expense Provisions	43.19%				
Permissible Loss Ratio	56.81%				

Ranchers and Farmers Insurance Company  
Underwriting Profit for Selected Return on Net Worth  
Dwelling Fire and Allied Lines

1	Commissions	15.00%		
2	Taxes, Licenses & Fees	4.35%		
3	Other Acquisitions	0.00%		
4	subtotal	19.35%		
5	General Expenses	3.00%		
6	Policyholder Dividends	0.00%		
7	Reinsurance	13.50%		
8	Agent Balances/UEP	24.00%		
			(b) Before Federal Taxes	(a) After Federal Taxes
10	Underwriting Profit		7.34%	4.77%
11	Investment Income on UEP		0.68%	0.47%
12	Cost of IRS Tax on UEP			-0.22%
13	Investment Income on L&LAE Reserves		1.12%	0.78%
14	Cost of IRS Discount on L&LAE Reserves			0.00%
15	Investment Income on Surplus		4.48%	3.10%
16	Return on Each \$1 Written Premium		13.62%	8.90%
17	Return on Surplus			6.50%
18	Return on Net Worth			6.50%

Ranchers and Farmers Insurance Company  
Discounting of Reserves and Rate of Return Per \$1 of Reserves  
I - Special Property (Fire, AL, B&T)

(1)	(2)	(3)	(4)	(5)	(6)
Year i	Paid L&DCC Development Factor	Cumulative Paid L&DCC 1/(2)	Paid During Year (3) <sup>i</sup> - (3) <sup>i-1</sup>	Present Value Factor from Midpoint	Present Value of Payments (4)(5)
0		0.0000			
1	1.0746	0.9306	0.9306	0.9835	0.9152
2	1.0202	0.9802	0.0496	0.9514	0.0472
3	1.0143	0.9859	0.0057	0.9202	0.0052
4	1.0000	1.0000	0.0141	0.8902	0.0126
5	1.0000	1.0000	0.0000	0.8610	0.0000
6	1.0000	1.0000	0.0000	0.8329	0.0000
7	1.0000	1.0000	0.0000	0.8057	0.0000
8	1.0000	1.0000	0.0000	0.7793	0.0000
9	1.0000	1.0000	0.0000	0.7538	0.0000
10	1.0000	1.0000	0.0000	0.7292	0.0000
Ultimate	1.0000	1.0000	0.0000	0.7053	
				Sum of Present Value of Payments	0.9802
				Present Value of Investment Income	1.98%

NOTES: Investment Return % on Assets Before Federal Taxes = 3.38%  
 Let  $i'$  indicate age  $i-1$   
 Discount Factor =  $1 / [1 + \text{Investment Rate}] = 0.9673$   
 $(5)^i = [\text{Discount Factor}^{(i-0.5)}]$



Ranchers and Farmers Insurance Company  
Calculation of Investment Income and Federal Taxes

Return on Invested Assets  
3 Year Average

Assets	Before Tax Investment Distribution	Percent Taxable	Net Tax Rate	After Tax Investment Distribution
1. Bonds - Tax Exempt	0	15.00%	5.25%	0
2. - Affiliated	0	0.00%	0.00%	0
3. - All Other	227,916	100.00%	35.00%	148,145
4. Stocks - Affiliated	0	0.00%	0.00%	0
5. - Non-Affiliated	59,824	40.50%	14.17%	51,344
6. Mortgage Loans	0	100.00%	35.00%	0
7. Real Estate	0	100.00%	35.00%	0
8. Collateral Loans	0	100.00%	35.00%	0
9. Short-term Investments	11,823	100.00%	35.00%	7,685
10. minus Investment Expenses	37,023	100.00%	35.00%	24,065
11. Realized Capital Gains	28,507	100.00%	35.00%	18,530
12. Other Income	-1	100.00%	35.00%	-1
13. minus Service Charge Offsets	0	100.00%	35.00%	0
<b>14. Total Investment &amp; Other Income</b>	<b>291,046</b>		<b>30.72%</b>	<b>201,638</b>
15. Average Assets (Ex. Balances)	8,600,036			
16. Realized Return on Assets	3.38%		= ( 14 )/(15) =	2.34%
17. Policyholder Surplus	5,928,488			
18. + Prepaid Expenses & Deposits	789			
19. - Deferred Tax on Unrealized Capital Gains/Losses	10,607			
20. + Nonadmitted Data Processing	0			
21. + Nonadmitted Furniture and Equipment	0			
22. + Unauthorized Reinsurance Balances	0			
23. Net Worth	5,918,670		= (17) +(18) -(19) +(20) +(21)	
24. Return on Net Worth	4.92%		= ( 14)/(23) =	3.41%

Ranchers and Farmers Insurance Company  
Calculation of Investment Income and Federal Taxes  
Leverage Ratios

17. Policyholder Surplus - ending	5,163,551
23. Net Worth - ending	5,168,282
25. Ending Reserves for : Losses	520,641
26. :LAE	137,833
27. :UEP	1,635,480 {Supporting surplus not needed}
28. Latest Year's Net W. Premium	2,835,282
29. Anticipated Annual % Growth	10.00
Percentage of Surplus/Net Worth	
30. to Support New Written Premium	$82.57\% = (28)[1+(29)]/\{(25)+(26)+(28)[1+(29)]\}$
31. Premium to Surplus Ratio	$0.73 = (28)[1+(29)]/\{(30)+[\text{ending } (17)]\}$
32. Net Worth Leverage Ratio	$0.73 = (28)[1+(29)]/\{(30)+[\text{ending } (23)]\}$
33. Underwriting Profit Tax Rate	35.00%
34. Average Agent Balance to UEP	24.00%

Sample of Stock Insurer Return on Equity as of 12/2/09

<u>Stock Symbol</u>	<u>Company</u>	<u>Return on Equity</u>
ACE	Ace Limited	7.74
ALL	Allstate	-10.16
AFG	American Financial Corp	5.91
AIZ	Assurant Inc.	11.60
AXA	AXA RE PROPERTY AND CASUALTY I	2.36
BRK A	Berkshire Hathaway	4.34
CB	Chubb Corp.	13.01
CNA	CNA Financial	-3.32
ERIE	Erie Indemnity	7.56
FAF	First American Corp	-0.90
FPIC	FPIC Insurance Group	11.46
AJG	Gallagher Arthur J. & Co.	9.05
HIG	Hartford Financial Services Group	-15.29
HCC	HCC Insurance Holdings	11.98
IPCC	Infinity Property & Casualty	3.38
MKL	Markel Corp	-2.94
MIG	Meadowbrook Insurance Group	7.72
NAVG	Navigators Group, Inc.	8.20
PGR	Progressive Corp.	-1.56
RGA	Reinsurance Group of America	10.71
RNR	Renaissance Re Holdings	-0.54
RLI	RLI	11.60
SIGI	Selective Insurance Group	4.71
TRV	Travelers	11.45
WRB	WR Berkley Corp	8.39
	Average	4.66
	Average excluding negative ROE	8.41

Ranchers and Farmers Insurance Company  
Loss Development by Accident Period

Dwelling Fire and Allied Lines excludes Hurricanes  
Incurred Loss & ALAE

<u>Accident Period</u>	<u>Average Age in Months</u>	<u>Loss Dev. Factor to Ulti.</u>	<u>Interpolated Loss dev. Factor</u>
	31.500	0.9699	
1/1-12/31/07	28.981		0.9719
	28.500	0.9723	
	19.500	0.9781	
1/1-12/31/08	16.981		0.9987
	16.500	1.0026	
	7.500	1.0111	
1/1-11/30/09	5.474		1.0083
	4.500	1.0069	

**Ranchers and Farmers Insurance Company  
Loss Development by Accident Period**

Dwelling Fire and Allied Lines excludes Hurricanes  
Incurred Loss & ALAE  
Quarters of Development

	1	2	3	4	5	6	7	8	9	10	11	12
	0	0	0	0	0	0	0	0	0	0	0	0
1 Q 2004												
2 Q 2004	31,875	39,362	39,573	39,808	39,808	39,808	39,808	39,558	39,558	39,558	39,558	39,558
3 Q 2004	40,183	46,536	46,536	46,536	46,536	46,536	46,536	46,536	46,536	46,536	46,536	46,536
4 Q 2004	17,621	18,558	16,558	16,558	16,558	16,558	16,558	16,558	16,558	16,558	16,558	16,558
1 Q 2005	43,252	60,700	64,467	64,467	64,467	64,467	64,467	64,467	64,467	64,467	64,467	64,467
2 Q 2005	73,555	90,871	90,871	90,871	90,871	90,871	90,871	90,871	90,871	90,871	90,871	90,871
3 Q 2005	21,451	30,854	30,447	30,446	80,447	79,303	81,241	81,241	81,331	85,331	87,331	97,331
4 Q 2005	86,833	102,911	105,807	106,296	106,296	106,296	106,502	106,502	106,502	106,502	106,502	106,502
1 Q 2006	225,512	225,822	224,740	224,740	224,740	224,740	224,740	224,740	224,740	224,740	224,740	224,740
2 Q 2006	137,341	252,636	253,310	253,772	252,241	251,497	251,497	251,497	251,497	251,497	251,497	251,497
3 Q 2006	264,987	246,118	252,690	253,423	253,340	253,537	255,787	257,107	257,107	257,107	257,107	257,107
4 Q 2006	65,883	77,196	82,470	102,447	97,311	97,311	97,311	97,311	97,311	97,311	97,311	97,311
1 Q 2007	595,754	720,913	729,517	670,179	670,408	671,124	676,260	683,802	687,072	687,072	692,069	
2 Q 2007	258,681	303,472	316,112	318,572	321,128	321,128	321,128	321,128	321,128	321,128		
3 Q 2007	282,508	338,164	340,963	349,356	349,356	349,356	349,356	349,356	349,356			
4 Q 2007	170,840	187,198	166,809	169,289	169,289	174,789	223,743	223,743				
1 Q 2008	381,574	804,733	804,205	807,963	821,214	805,091	810,818					
2 Q 2008	472,494	616,007	642,509	658,305	643,712	645,725						
3 Q 2008	544,452	686,287	616,700	576,822	579,036							
4 Q 2008	303,371	364,778	356,665	359,056								
1 Q 2009	332,124	381,593	380,360									
2 Q 2009	468,927	564,554										
3 Q 2009	466,449											

Development Factors

	1-2 qtr	2-3 qtr	3-4 qtr	4-5 qtr	5-6 qtr	6-7 qtr	7-8 qtr	8-9 qtr	9-10 qtr	10-11 qtr	11-12 qtr	12-13 qtr
1 Q 2004												
2 Q 2004	1.2349	1.0054	1.0059	1.0000	1.0000	1.0000	0.9937	1.0000	1.0000	1.0000	1.0000	1.0000
3 Q 2004	1.1581	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
4 Q 2004	1.0532	0.8922	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
1 Q 2005	1.4034	1.0621	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
2 Q 2005	1.2354	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
3 Q 2005	1.4383	0.9868	1.0000	2.6423	0.9858	1.0244	1.0000	1.0011	1.0492	1.0234	1.1145	1.0000
4 Q 2005	1.1852	1.0281	1.0046	1.0000	1.0000	1.0019	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
1 Q 2006	1.0014	0.9952	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
2 Q 2006	1.8395	1.0027	1.0018	0.9940	0.9971	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
3 Q 2006	0.9288	1.0267	1.0029	0.9997	1.0008	1.0089	1.0052	1.0000	1.0000	1.0000	1.0000	1.0129
4 Q 2006	1.1717	1.0683	1.2422	0.9499	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	
1 Q 2007	1.2101	1.0119	0.9187	1.0003	1.0011	1.0077	1.0112	1.0048	1.0000	1.0073		
2 Q 2007	1.1732	1.0417	1.0078	1.0080	1.0000	1.0000	1.0000	1.0000	1.0000			
3 Q 2007	1.1970	1.0083	1.0246	1.0000	1.0000	1.0000	1.0000	1.0000				
4 Q 2007	1.0958	0.8911	1.0149	1.0000	1.0325	1.2801	1.0000					
1 Q 2008	2.1090	0.9993	1.0047	1.0164	0.9804	1.0071						
2 Q 2008	1.3037	1.0430	1.0246	0.9778	1.0031							
3 Q 2008	1.2605	0.8986	0.9353	1.0038								
4 Q 2008	1.2024	0.9778	1.0067									
1 Q 2009	1.1489	0.9968										
2 Q 2009	1.2039											
Col Tot	1.2781	0.9940	0.9919	1.0098	0.9977	1.0179	1.0030	1.0013	1.0018	1.0036	1.0078	1.0028
AVERAGE	1.2645	0.9968	1.0102	1.0885	1.0000	1.0206	1.0007	1.0004	1.0038	1.0026	1.0104	1.0013
WO H/L	1.2377	0.9987	1.0020	1.0000	0.9992	1.0036	1.0004	1.0001	1.0000	1.0007	1.0000	1.0000
+2 STD	1.784	1.095	1.131	1.843	1.020	1.155	1.008	1.003	1.030	1.016	1.076	1.009
-2 STD	0.745	0.899	0.890	0.334	0.980	0.886	0.994	0.998	0.978	0.989	0.945	0.994
Coef Var	0.205	0.049	0.060	0.346	0.010	0.066	0.003	0.001	0.013	0.007	0.033	0.004
GM 12 qtrs	1.2273	0.9958	1.0128	0.9957	1.0000	1.0250	1.0014	1.0005	1.0040	1.0025	1.0099	
GM 8 qtrs	1.2877	0.9805	0.9914	0.9943	1.0021	1.0344	1.0020	1.0006	1.0060	1.0038	1.0136	1.0016
GM 4 qtrs	1.2033	0.9776	0.9922	0.9994	1.0038	1.0656	1.0028	1.0012	1.0000	1.0018	1.0000	1.0032
SELECTED	1.2273	0.9958	1.0128	0.9957	1.0000	1.0250	1.0014	1.0005	1.0040	1.0025	1.0099	1.0016
CUM	1.2358	1.0069	1.0111	0.9983	1.0026	1.0026	0.9781	0.9767	0.9762	0.9723	0.9699	0.9604
Ave Age in mos	1.5	4.5	7.5	10.5	13.5	16.5	19.5	22.5	25.5	28.5	31.5	34.5

**Ranchers and Farmers Insurance Company**  
**Loss Development by Accident Period**

Dwelling Fire and Allied Lines excludes Hurricanes  
 Incurred Loss & ALAE  
 Quarters of Development

	13	14	15	16	17	18	19	20	21	22
1 Q 2004	0	0	0	0	0	0	0	0	0	0
2 Q 2004	39,558	39,558	39,558	39,558	39,558	39,558	39,558	39,558	39,558	39,558
3 Q 2004	46,536	46,536	46,536	46,536	46,536	46,536	46,536	46,536	46,536	46,536
4 Q 2004	16,558	16,558	16,558	16,558	16,558	16,558	16,558	16,558		
1 Q 2005	64,467	64,467	64,467	64,467	64,467	64,467	64,467			
2 Q 2005	90,871	90,871	90,871	90,871	90,871	90,871				
3 Q 2005	97,331	99,993	100,880	72,880	72,880					
4 Q 2005	106,502	106,502	106,502	106,502						
1 Q 2006	224,740	224,740	224,740							
2 Q 2006	251,497	251,497								
3 Q 2006	260,411									
4 Q 2006										
1 Q 2007										
2 Q 2007										
3 Q 2007										
4 Q 2007										
1 Q 2008										
2 Q 2008										
3 Q 2008										
4 Q 2008										
1 Q 2009										
2 Q 2009										
3 Q 2009										
	13-14 qtr	14-15 qtr	15-16 qtr	16-17 qtr	17-18 qtr	18-19 qtr	19-20 qtr	20-21 qtr	21-22 qtr	22-23 qtr
1 Q 2004										
2 Q 2004	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	
3 Q 2004	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000		
4 Q 2004	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000			
1 Q 2005	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000				
2 Q 2005	1.0000	1.0000	1.0000	1.0000	1.0000					
3 Q 2005	1.0273	1.0089	0.7224	1.0000						
4 Q 2005	1.0000	1.0000	1.0000							
1 Q 2006	1.0000	1.0000								
2 Q 2006	1.0000									
3 Q 2006										
4 Q 2006										
1 Q 2007										
2 Q 2007										
3 Q 2007										
4 Q 2007										
1 Q 2008										
2 Q 2008										
3 Q 2008										
4 Q 2008										
1 Q 2009										
2 Q 2009										
Col Tot	1.0028	1.0013	0.9398	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	
AVERAGE	1.0030	1.0011	0.9803	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	
WO H/L	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000			
+2 STD	1.020	1.007	1.155	1.000	1.000	1.000	1.000			
-2 STD	0.986	0.995	0.766	1.000	1.000	1.000	1.000			
Coef Var	0.009	0.003	0.101	0.000	0.000	0.000	0.000			
GM 12 qtrs										
GM 8 qtrs	1.0034	1.0011	0.9546							
GM 4 qtrs	1.0068	1.0022	0.9219	1.0000	1.0000	1.0000	1.0000			
SELECTED	1.0034	1.0011	0.9546	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
CUM	0.9589	0.9557	0.9546	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Ave Age in mos	37.5	40.5	43.5	46.5	49.5	52.5	55.5	58.5	61.5	64.5

## Ranchers and Farmers Insurance Company

### Selected Annual Trend

<u>Source</u>	<u>Annual Change</u>	<u>Weight</u>
Construction - Average Hourly Earnings of Production Workers Producer Price Index            CES2000000008	4.35%	40.00%
Materials & Components for Construction Producer Price Index            WPUSOP2200	3.89%	40.00%
Finished Goods less Foods and Energy Producer Price Index            WPUSOP3500	2.95%	15.00%
U. S. Apparel Consumer Price Index            CWUR0000SAA	0.04%	5.00%
	3.74%	100.00%

Accident Period	Length of Trend from Mid-point to 1 Year Beyond Effective Date
1/1-12/31/07	3.666
1/1-12/31/08	2.666
1/1-11/30/08	1.707

Producer Price Index - CES200000008  
 Construction - Average Hourly Earnings of Production Workers

Period Ending	Average Loss Cost	
	Actual	Curve
1/31/2007	20.08	20.12
4/30/2007	20.33	20.33
7/31/2007	20.57	20.55
10/31/2007	20.79	20.77
1/31/2008	21.00	20.99
4/30/2008	21.22	21.22
7/31/2008	21.43	21.45
10/31/2008	21.68	21.68
1/31/2009	21.95	21.91
4/30/2009	22.19	22.14
7/31/2009	22.39	22.38
10/31/2009	22.54	22.62

Curve Fitted:  $Y = a * \exp(bX)$  via  $\ln(Y) = \ln(a) + bX$

		Lower Limit	Upper Limit
A =	2.61816 E+0	2.61709 E+0	2.61922 E+0
B =	4.26101 E-2	4.13649 E-2	4.38554 E-2

Projected Annual % Change = 4.35

Correlation Coefficient (R<sup>2</sup>) = 0.998

Spearman's Rank Correlation = 1.0000

Producer Price Index - WPUSO2200  
Materials and Components for Construction

Period Ending	Average Loss Actual	Cost Curve
1/31/2007	188.87	187.73
4/30/2007	190.26	189.53
7/31/2007	191.24	191.35
10/31/2007	191.89	193.18
1/31/2008	192.85	195.03
4/30/2008	194.46	196.90
7/31/2008	197.81	198.79
10/31/2008	202.74	200.69
1/31/2009	206.42	202.61
4/30/2009	208.00	204.56
7/31/2009	206.91	206.52
10/31/2009	204.09	208.50

Curve Fitted:  $Y = a * \exp(bX)$  via  $\ln(Y) = \ln(a) + bX$

		Lower Limit	Upper Limit
A =	4.89164 E+0	4.88375 E+0	4.89953 E+0
B =	3.81512 E-2	2.89601 E-2	4.73422 E-2

Projected Annual % Change = 3.89

Correlation Coefficient (R<sup>2</sup>) = 0.891

Spearman's Rank Correlation = 0.9510

Producer Price Index - WPUSOP3500  
 Finished Goods less Foods and Energy

Period Ending	Average Loss Actual	Cost Curve
1/31/2007	158.89	158.03
4/30/2007	159.55	159.18
7/31/2007	160.32	160.34
10/31/2007	161.22	161.51
1/31/2008	162.08	162.69
4/30/2008	163.13	163.88
7/31/2008	164.36	165.08
10/31/2008	166.02	166.28
1/31/2009	167.78	167.50
4/30/2009	169.31	168.72
7/31/2009	170.53	169.95
10/31/2009	171.20	171.19

Curve Fitted:  $Y = a * \exp(bX)$  via  $\ln(Y) = \ln(a) + bX$

		Lower Limit	Upper Limit
A =	4.8008 E+0	4.79861 E+0	4.80299 E+0
B =	2.91063 E-2	2.65519 E-2	3.16607 E-2

Projected Annual % Change = 2.95

Correlation Coefficient (R<sup>2</sup>) = 0.984

Spearman's Rank Correlation = 1.0000

Consumer Price Index - CWUR0000SAA  
U. S. Apparel

Period Ending	Average Loss Actual	Cost Curve
1/31/2007	119.18	118.84
4/30/2007	119.34	118.85
7/31/2007	119.09	118.86
10/31/2007	118.63	118.88
1/31/2008	118.56	118.89
4/30/2008	118.38	118.90
7/31/2008	118.43	118.91
10/31/2008	118.81	118.93
1/31/2009	118.66	118.94
4/30/2009	118.92	118.95
7/31/2009	119.28	118.96
10/31/2009	119.59	118.98

Curve Fitted:  $Y = a * \exp(bX)$  via  $\ln(Y) = \ln(a) + bX$

		Lower Limit	Upper Limit
A =	4.77394 E+0	4.77181 E+0	4.77608 E+0
B =	4.24058 E-4	- 2.0637 E-3	2.91182 E-3

Projected Annual % Change = 0.04

Correlation Coefficient (R<sup>2</sup>) = 0.014

Spearman's Rank Correlation = 0.1119

## Determination of Unallocated Loss Adjustment Expense Factor

Ranchers and Farmers Insurance Company allocates all loss adjustment expenses to individual claims. The loss experience includes allocated loss adjustment expenses. Therefore, the unallocated loss adjustment expense factor (ULAE) equals 1.000.

## Ranchers and Farmers Insurance Company

## Loss Cost Multipliers

## Arkansas

Territory	Current Loss Cost Multiplier	Rate Level Change	Revised Loss Cost Multiplier
130	2.045	1.20	2.454
131	2.045	1.20	2.454
132	2.045	1.20	2.454
133A	1.960	1.20	2.352
133B	2.386	1.20	2.863
133C	1.789	1.20	2.147
133D	2.130	1.20	2.556
Statewide Loss Costs	1.704	1.20	2.045

Note: The loss cost multipliers by territory apply to the Dwelling Base Loss Cost for Coverage A and Coverage C for Fire and Other Perils. All other Loss Costs receive the non-territory "Statewide" loss cost multiplier.

SERFF Tracking Number: RFIC-126436255 State: Arkansas  
 Filing Company: Ranchers and Farmers Insurance Company State Tracking Number: #? \$100  
 Company Tracking Number: AR DF (10.03)  
 TOI: 01.0 Property Sub-TOI: 01.0002 Personal Property (Fire and Allied Lines)  
 Product Name: Dwelling Fire Program  
 Project Name/Number: /

## Superseded Schedule Items

Please note that all items on the following pages are items, which have been replaced by a newer version. The newest version is located with the appropriate schedule on previous pages. These items are in date order with most recent first.

Creation Date:	Schedule	Schedule Item Name	Replacement Creation Date	Attached Document(s)
12/30/2009	Supporting Document	Form RF-1 NAIC Loss Cost Data Entry Document--All P&C Lines	01/06/2010	
12/30/2009	Supporting Document	HPCS-Homeowners Premium Comparison Survey	01/06/2010	HO Survey FORM HPCS.pdf (Superseded)
12/30/2009	Supporting Document	NAIC Loss Cost Filing Document for OTHER than Workers' Comp	01/06/2010	LossCost-RF2.pdf (Superseded)

NAIC Number: 11853  
 Company Name: Ranchers and Farmers Insurance Company  
 Contact Person: Martin Bobek  
 Telephone No.: (409) 924-8200 ext 732  
 Email Address: mbobek@ssuga.com  
 Effective Date: 1-Mar-10

**Homeowners Premium Comparison Survey Form  
 FORM HPCS - last modified August, 2005**

**USE THE APPROPRIATE FORM BELOW - IF NOT APPLICABLE,  
 LEAVE BLANK**

Submit to: Arkansas Insurance Department  
 1200 West Third Street  
 Little Rock, AR 72201-1904  
 Telephone: 501-371-2800  
 Email as an attachment to insurance.pnc@arkansas.gov  
 You may also attach to a SERFF filing or submit on a cdr disk

**Survey Form for HO3 (Homeowners) - Use \$500 Flat Deductible (Covers risk of direct physical loss for dwelling and other structures; named perils for personal property, replacement cost on dwelling, actual cash value on personal property)**

Public Protection Class	Dwelling Value	Washington		Baxter		Craighead		St. Francis		Desha		Union		Miller		Sebastian		Pulaski	
		Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame
3	\$80,000																		
	\$120,000																		
	\$160,000																		
6	\$80,000																		
	\$120,000																		
	\$160,000																		
9	\$80,000																		
	\$120,000																		
	\$160,000																		

**Survey Form for HO4 (Renters) - Use \$500 Flat Deductible (Named perils for personal property, actual cash value for loss, liability and medical payments for others included)**

Public Protection Class	Property Value	Washington		Baxter		Craighead		St. Francis		Arkansas		Union		Miller		Sebastian		Pulaski	
		Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame
3	\$5,000																		
	\$15,000																		
	\$25,000																		
6	\$5,000																		
	\$15,000																		
	\$25,000																		
9	\$5,000																		
	\$15,000																		
	\$25,000																		

**Survey Form for DP-2 (Dwelling/Fire) - Use \$500 Flat Deductible (Named perils for dwelling and personal property; replacement cost for dwelling, actual cash value for personal property, no liability coverage)**

Public Protection Class	Dwelling Value	Washington		Baxter		Craighead		St. Francis		Arkansas		Union		Miller		Sebastian		Pulaski	
		Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame
3	\$80,000	423	526	503	628	563	703	563	703	463	578	463	578	463	578	463	578	483	604
	\$120,000	596	742	709	884	794	992	794	992	652	814	652	814	652	814	652	814	682	850
	\$160,000	768	957	914	1,141	1,024	1,279	1,024	1,279	843	1,051	843	1,051	843	1,051	843	1,051	879	1,097
6	\$80,000	658	1,056	785	1,256	880	1,407	880	1,407	722	1,157	722	1,157	722	1,157	722	1,157	755	1,207
	\$120,000	928	1,487	1,105	1,770	1,240	1,981	1,240	1,981	1,017	1,631	1,017	1,631	1,017	1,631	1,017	1,631	1,064	1,702
	\$160,000	1,198	1,920	1,427	2,283	1,600	2,559	1,600	2,559	1,313	2,106	1,313	2,106	1,313	2,106	1,313	2,106	1,372	2,197
9	\$80,000	864	1,322	1,028	1,571	1,152	1,762	1,152	1,762	948	1,449	948	1,449	948	1,449	948	1,449	990	1,513
	\$120,000	1,218	1,863	1,449	2,213	1,624	2,482	1,624	2,482	1,337	2,041	1,337	2,041	1,337	2,041	1,337	2,041	1,396	2,131
	\$160,000	1,572	2,404	1,870	2,855	2,096	3,203	2,096	3,203	1,725	2,634	1,725	2,634	1,725	2,634	1,725	2,634	1,801	2,750

**SPECIFY THE PERCENTAGE GIVEN FOR CREDITS OR DISCOUNTS FOR THE FOLLOWING:**

**HO3 and HO4 only**

Fire Extinguisher	<input type="text"/>	%	Deadbolt Lock	<input type="text"/>	%
Burglar Alarm	<input type="text"/>	%	Window Locks	<input type="text"/>	%
Smoke Alarm	<input type="text"/>	%	\$1,000 Deductible	<input type="text"/>	%
	Other (specify)				
	<input type="text"/>	%		<input type="text"/>	%
	Maximum Credit Allowed				

**EARTHQUAKE INSURANCE**

**IMPORTANT, homeowners insurance does NOT automatically cover losses from earthquakes. Ask your agent about this**

ARE YOU CURRENTLY WRITING EARTHQUAKE COVERAGE IN ARKANSAS?  (yes or no)  
 WHAT IS YOUR PERCENTAGE DEDUCTIBLE?  %

WHAT IS YOUR PRICE PER \$1,000 OF COVERAGE?	Zone	Brick	Frame
	Highest Risk	\$ <input type="text"/>	\$ <input type="text"/>
	Lowest Risk	\$ <input type="text"/>	\$ <input type="text"/>



### NAIC LOSS COST DATA ENTRY DOCUMENT

1. This filing transmittal is part of Company Tracking # **AR DF 03 10**

2. If filing is an adoption of an advisory organization loss cost filing, give name of Advisory Organization and Reference/ Item Filing Number

		Company Name		Company NAIC Number
3.	A.	<b>Ranchers and Farmers Insurance Company</b>	B.	<b>11853</b>

		Product Coding Matrix Line of Business (i.e., Type of Insurance)		Product Coding Matrix Line of Insurance (i.e., Sub-type of Insurance)
4.	A.	<b>1.0 Property</b>	B.	<b>1.0002 Personal Property (Fire and Allied Lines)</b>

5.

(A) COVERAGE (See Instructions)	(B) Indicated % Rate Level Change	(C) Requested % Rate Level Change	FOR LOSS COSTS ONLY				
			(D) Expected Loss Ratio	(E) Loss Cost Modification Factor	(F) Selected Loss Cost Multiplier	(G) Expense Constant (If Applicable)	(H) Co. Current Loss Cost Multiplier
Fire&EC terr 130,131,132	+25.0%	+20.0%	0.568	1.394	2.454		2.045
Fire&EC terr 133A	+25.0%	+20.0%	0.568	1.336	2.352		1.960
Fire&EC terr 133B	+25.0%	+20.0%	0.568	1.626	2.863		2.386
Fire&EC terr 133C	+25.0%	+20.0%	0.568	1.219	2.147		1.789
Fire&EC terr 133D	+25.0%	+20.0%	0.568	1.452	2.556		2.130
Fire&EC statewide rates	+25.0%	+20.0%	0.568	1.162	2.045		1.704
<b>TOTAL OVERALL EFFECT</b>	<b>+25.0%</b>	<b>+20.0%</b>					

6. 5 Year History Rate Change History

Year	Policy Count	% of Change	Effective Date	State Earned Premium (000)	Incurred Losses (000)	State Loss Ratio	Countrywide Loss Ratio
2006	0	New rates	12/15/06	0	0	0	39.6

7.

Expense Constants	Selected Provisions
A. Total Production Expense	15.00
B. General Expense	3.00
C. Taxes, License & Fees	4.35
D. Underwriting Profit & Contingencies	7.34
E. Other (explain) Reinsurance	13.50
<b>F. TOTAL</b>	<b>43.19</b>

8.   N   Apply Lost Cost Factors to Future filings? (Y or N)

9.   20%   Estimated Maximum Rate Increase for any Insured (%). Territory (if applicable): \_\_\_\_\_

10.   20%   Estimated Maximum Rate Decrease for any Insured (%). Territory (if applicable): \_\_\_\_\_