

SERFF Tracking Number: LBPM-126378545 State: Arkansas  
Filing Company: Liberty Mutual Fire Insurance Company State Tracking Number: EFT \$100  
Company Tracking Number: AR DF SR 02 10  
TOI: 01.0 Property Sub-TOI: 01.0002 Personal Property (Fire and Allied Lines)  
Product Name: DF  
Project Name/Number: Premium Deviation Revision/AR DF SR 02 10

## Filing at a Glance

Company: Liberty Mutual Fire Insurance Company

Product Name: DF SERFF Tr Num: LBPM-126378545 State: Arkansas  
TOI: 01.0 Property SERFF Status: Closed-Filed State Tr Num: EFT \$100  
Sub-TOI: 01.0002 Personal Property (Fire and Allied Lines) Co Tr Num: AR DF SR 02 10 State Status: Fees verified and received  
Filing Type: Rate/Rule Reviewer(s): Becky Harrington, Betty Montesi, Brittany Yielding  
Disposition Date: 02/05/2010  
Author: Victoria Yee Disposition Status: Filed  
Date Submitted: 11/23/2009 Effective Date (New): 02/24/2010  
Effective Date Requested (New): 02/23/2010 Effective Date (Renewal): 02/24/2010  
Effective Date Requested (Renewal): 04/16/2010

State Filing Description:

## General Information

Project Name: Premium Deviation Revision  
Project Number: AR DF SR 02 10  
Reference Organization:  
Reference Title:  
Filing Status Changed: 02/05/2010  
State Status Changed: 11/23/2009  
Created By: Victoria Yee  
Corresponding Filing Tracking Number:

Status of Filing in Domicile: Not Filed  
Domicile Status Comments: not applicable  
Reference Number:  
Advisory Org. Circular:

Filing Description:

Revise current deviation factor from 1.633 to 2.045 for both dwelling and contents.

Deemer Date:  
Submitted By: Victoria Yee

## Company and Contact

### Filing Contact Information

Victoria Yee, Industry Filing Analyst  
175 Berkeley Street  
Mailstop 04G/H

Victoria.Yee@LibertyMutual.com  
800-225-8346 [Phone] 47161 [Ext]  
617-654-3452 [FAX]

SERFF Tracking Number: *LBPM-126378545* State: *Arkansas*  
 Filing Company: *Liberty Mutual Fire Insurance Company* State Tracking Number: *EFT \$100*  
 Company Tracking Number: *AR DF SR 02 10*  
 TOI: *01.0 Property* Sub-TOI: *01.0002 Personal Property (Fire and Allied Lines)*  
 Product Name: *DF*  
 Project Name/Number: *Premium Deviation Revision/AR DF SR 02 10*

Boston, MA 02116

**Filing Company Information**

Liberty Mutual Fire Insurance Company	CoCode: 23035	State of Domicile: Wisconsin
175 Berkeley Street	Group Code: 111	Company Type:
Boston, MA 02116	Group Name:	State ID Number:
(800) 225-8346 ext. [Phone]	FEIN Number: 04-1924000	

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**Filing Fees**

Fee Required? Yes  
 Fee Amount: \$100.00  
 Retaliatory? No  
 Fee Explanation: AR Rate/Rule Filing Fee  
 Per Company: No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
Liberty Mutual Fire Insurance Company	\$100.00	11/23/2009	32241868

SERFF Tracking Number: LBPM-126378545 State: Arkansas  
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 Project Name/Number: Premium Deviation Revision/AR DF SR 02 10

## Correspondence Summary

### Dispositions

Status	Created By	Created On	Date Submitted
Filed	Becky Harrington	02/05/2010	02/05/2010

### 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	02/01/2010	02/01/2010	Victoria Yee	02/02/2010	02/02/2010
Pending Industry Response	Becky Harrington	01/13/2010	01/13/2010	Victoria Yee	01/29/2010	01/29/2010
Pending Industry Response	Becky Harrington	01/04/2010	01/04/2010	Victoria Yee	01/04/2010	01/04/2010
Pending Industry Response	Becky Harrington	11/23/2009	11/23/2009	Victoria Yee	12/21/2009	12/21/2009

### Filing Notes

Subject	Note Type	Created By	Created On	Date Submitted
Rate Increase	Note To Filer	Becky Harrington	01/04/2010	01/04/2010

SERFF Tracking Number: *LBPM-126378545* State: *Arkansas*  
 Filing Company: *Liberty Mutual Fire Insurance Company* State Tracking Number: *EFT \$100*  
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 TOI: *01.0 Property* Sub-TOI: *01.0002 Personal Property (Fire and Allied Lines)*  
 Product Name: *DF*  
 Project Name/Number: *Premium Deviation Revision/AR DF SR 02 10*

## Disposition

Disposition Date: 02/05/2010  
 Effective Date (New): 02/24/2010  
 Effective Date (Renewal): 02/24/2010  
 Status: Filed  
 Comment:

<b>Company Name:</b>	<b>Overall % Indicated Change:</b>	<b>Overall % Rate Impact:</b>	<b>Written Premium Change for this Program:</b>	<b># of Policy Holders Affected for this Program:</b>	<b>Written Premium for this Program:</b>	<b>Maximum % Change (where required):</b>	<b>Minimum % Change (where required):</b>
Liberty Mutual Fire Insurance Company	52.300%	15.000%	\$18,117	144	\$120,778	15.000%	0.000%

SERFF Tracking Number: LBPM-126378545 State: Arkansas  
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 Product Name: DF  
 Project Name/Number: Premium Deviation Revision/AR DF SR 02 10

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</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</b>	NAIC Loss Cost Filing Document for OTHER than Workers' Comp	Filed	Yes
<b>Supporting Document</b>	Cover Letter	Filed	Yes
<b>Supporting Document</b>	Actuarial Justification	Filed	Yes
<b>Supporting Document</b>	Response to Objection dated 11/23/09	Filed	Yes
<b>Rate (revised)</b>	Premium Deviation Page	Filed	Yes
<b>Rate</b>	Premium Deviation Page		Yes

SERFF Tracking Number: LBPM-126378545 State: Arkansas  
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TOI: 01.0 Property Sub-TOI: 01.0002 Personal Property (Fire and Allied Lines)  
Product Name: DF  
Project Name/Number: Premium Deviation Revision/AR DF SR 02 10

## Objection Letter

Objection Letter Status Pending Industry Response  
Objection Letter Date 02/01/2010  
Submitted Date 02/01/2010

Respond By Date

Dear Victoria Yee,

This will acknowledge receipt of the response dated 1/29/10.

### Objection 1

- HPCS-Homeowners Premium Comparison Survey (Supporting Document)
- Premium Deviation Page, LM-1 (Rate)
- Form RF-1 NAIC Loss Cost Data Entry Document--All P&C Lines (Supporting Document)

Comment: Thank you for reducing the requested increase to 15%. Please provide revised forms and manual pages so I may close the filing.

Please feel free to contact me if you have questions.

Sincerely,

Becky Harrington

## Response Letter

Response Letter Status Submitted to State  
Response Letter Date 02/02/2010  
Submitted Date 02/02/2010

Dear Becky Harrington,

### Comments:

#### Response 1

Comments: Thank you for your continued review of this filing. Enclosed please find updated RF-1 NAIC Loss Cost Data Entry Document, HPCS-Homeowners Premium Comparison Survey and Premium Deviation Page, LM-1.

Due to systems constraints, we are also requesting a revised effective date of February 24, 2010.

SERFF Tracking Number: LBPM-126378545 State: Arkansas  
 Filing Company: Liberty Mutual Fire Insurance Company State Tracking Number: EFT \$100  
 Company Tracking Number: AR DF SR 02 10  
 TOI: 01.0 Property Sub-TOI: 01.0002 Personal Property (Fire and Allied Lines)  
 Product Name: DF  
 Project Name/Number: Premium Deviation Revision/AR DF SR 02 10

**Related Objection 1**

Applies To:

- HPCS-Homeowners Premium Comparison Survey (Supporting Document)
- Premium Deviation Page, LM-1 (Rate)
- Form RF-1 NAIC Loss Cost Data Entry Document--All P&C Lines (Supporting Document)

Comment:

Thank you for reducing the requested increase to 15%. Please provide revised forms and manual pages so I may close the filing.

**Changed Items:**

**Supporting Document Schedule Item Changes**

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

Comment:

Satisfied -Name: HPCS-Homeowners Premium Comparison Survey

Comment:

No Form Schedule items changed.

**Rate/Rule Schedule Item Changes**

Exhibit Name	Rule # or Page #	Rate Action	Previous State Filing #
Premium Deviation Page	LM-1	Replacement	LBPM-125972532
<b>Previous Version</b>			
Premium Deviation Page	LM-1	Replacement	LBPM-125972532

Please do not hesitate to contact me directly should you have any additional questions or concerns.

Sincerely  
 Victoria Yee  
 Industry Filings Specialist  
 Industry & Regulatory Relations  
 (800) 225-8346x47161

Sincerely,  
 Victoria Yee

SERFF Tracking Number: LBPM-126378545 State: Arkansas  
Filing Company: Liberty Mutual Fire Insurance Company State Tracking Number: EFT \$100  
Company Tracking Number: AR DF SR 02 10  
TOI: 01.0 Property Sub-TOI: 01.0002 Personal Property (Fire and Allied Lines)  
Product Name: DF  
Project Name/Number: Premium Deviation Revision/AR DF SR 02 10

## Objection Letter

Objection Letter Status Pending Industry Response  
Objection Letter Date 01/13/2010  
Submitted Date 01/13/2010  
Respond By Date  
Dear Victoria Yee,

Objection 1  
No Objections  
Comment: Please provide preliminary 2009 loss figures.

Please feel free to contact me if you have questions.  
Sincerely,  
Becky Harrington

## Response Letter

Response Letter Status Submitted to State  
Response Letter Date 01/29/2010  
Submitted Date 01/29/2010

Dear Becky Harrington,

### Comments:

#### Response 1

Comments: Thank you for your review of this filing.

In February of 2009 we receive your approval to implement a 15% rate increase our dwelling file book. After accounting for this rate change our AR DF indication is 45.9%. In light of previous discussions we respectfully request to revise our rate change from 25% to 15% which is consistent with our 2009 change. This reduces the average increase from \$210 to \$126.

#### Related Objection 1

Comment:  
Please provide preliminary 2009 loss figures.

*SERFF Tracking Number:*      *LBPM-126378545*                      *State:*                      *Arkansas*  
*Filing Company:*              *Liberty Mutual Fire Insurance Company*              *State Tracking Number:*      *EFT \$100*  
*Company Tracking Number:*      *AR DF SR 02 10*  
*TOI:*                      *01.0 Property*                      *Sub-TOI:*                      *01.0002 Personal Property (Fire and Allied Lines)*  
  
*Product Name:*              *DF*  
*Project Name/Number:*      *Premium Deviation Revision/AR DF SR 02 10*

**Changed Items:**

No Supporting Documents changed.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Please do not hesitate to contact me if you have any additional questions or concerns.

Sincerely,  
Victoria Yee

SERFF Tracking Number: LBPM-126378545 State: Arkansas  
Filing Company: Liberty Mutual Fire Insurance Company State Tracking Number: EFT \$100  
Company Tracking Number: AR DF SR 02 10  
TOI: 01.0 Property Sub-TOI: 01.0002 Personal Property (Fire and Allied Lines)  
Product Name: DF  
Project Name/Number: Premium Deviation Revision/AR DF SR 02 10

## Objection Letter

Objection Letter Status Pending Industry Response  
Objection Letter Date 01/04/2010  
Submitted Date 01/04/2010

Respond By Date

Dear Victoria Yee,

This will acknowledge receipt of the response dated 12/21/09.

Objection 1

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

Comment: Please submit a revised RF-1 showing the revised indicated rate change amount.

Please feel free to contact me if you have questions.

Sincerely,

Becky Harrington

## Response Letter

Response Letter Status Submitted to State  
Response Letter Date 01/04/2010  
Submitted Date 01/04/2010

Dear Becky Harrington,

### Comments:

### Response 1

Comments: Please find an updated RF-1 attached which shows the revised indicated rate change amount.

### Related Objection 1

Applies To:

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

Comment:

Please submit a revised RF-1 showing the revised indicated rate change amount.

### Changed Items:

SERFF Tracking Number: LBPM-126378545 State: Arkansas  
Filing Company: Liberty Mutual Fire Insurance Company State Tracking Number: EFT \$100  
Company Tracking Number: AR DF SR 02 10  
TOI: 01.0 Property Sub-TOI: 01.0002 Personal Property (Fire and Allied Lines)  
Product Name: DF  
Project Name/Number: Premium Deviation Revision/AR DF SR 02 10

**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.

Please do not hesitate to contact me if you have any additional questions or concerns. Thank you for your continued review of this filing.

Sincerely,  
Victoria Yee  
Industry Filings Specialist  
Industry & Regulatory Relations  
(800) 225-8346x47161

Sincerely,  
Victoria Yee

SERFF Tracking Number: LBPM-126378545 State: Arkansas  
Filing Company: Liberty Mutual Fire Insurance Company State Tracking Number: EFT \$100  
Company Tracking Number: AR DF SR 02 10  
TOI: 01.0 Property Sub-TOI: 01.0002 Personal Property (Fire and Allied Lines)  
Product Name: DF  
Project Name/Number: Premium Deviation Revision/AR DF SR 02 10

## Objection Letter

Objection Letter Status Pending Industry Response  
Objection Letter Date 11/23/2009  
Submitted Date 11/23/2009

Respond By Date

Dear Victoria Yee,

This will acknowledge receipt of the captioned filing.

Objection 1

- Actuarial Justification (Supporting Document)

Comment: Hurricane provisions are not acceptable in AR. Please remove.

Objection 2

- Actuarial Justification (Supporting Document)

Comment: Please amend the filing by using historical data instead of modeled losses.

Objection 3

- Actuarial Justification (Supporting Document)

Comment: Explain the 4 point increase in the profit provision.

Objection 4

No Objections

Comment: Please complete form RF-2 if multiplies are applied to an advisory organization's reference loss costs.

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

## Response Letter

Response Letter Status Submitted to State  
Response Letter Date 12/21/2009  
Submitted Date 12/21/2009

SERFF Tracking Number: LBPM-126378545 State: Arkansas  
Filing Company: Liberty Mutual Fire Insurance Company State Tracking Number: EFT \$100  
Company Tracking Number: AR DF SR 02 10  
TOI: 01.0 Property Sub-TOI: 01.0002 Personal Property (Fire and Allied Lines)  
Product Name: DF  
Project Name/Number: Premium Deviation Revision/AR DF SR 02 10

Dear Becky Harrington,

**Comments:**

Thank you for your continued reivew of this filing.

**Response 1**

Comments: Please see our response to your objection dated 11/23/09 attached.

**Related Objection 1**

Applies To:

- Actuarial Justification (Supporting Document)

Comment:

Hurricane provisions are not acceptable in AR. Please remove.

**Changed Items:**

**Supporting Document Schedule Item Changes**

Satisfied -Name: Response to Objection dated 11/23/09

Comment:

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

**Response 2**

Comments: Please see our response to your objection dated 11/23/09 attached.

**Related Objection 1**

Applies To:

- Actuarial Justification (Supporting Document)

Comment:

Please amend the filing by using historical data instead of modeled losses.

**Changed Items:**

**Supporting Document Schedule Item Changes**

Satisfied -Name: Response to Objection dated 11/23/09

Comment:

SERFF Tracking Number: LBPM-126378545 State: Arkansas  
Filing Company: Liberty Mutual Fire Insurance Company State Tracking Number: EFT \$100  
Company Tracking Number: AR DF SR 02 10  
TOI: 01.0 Property Sub-TOI: 01.0002 Personal Property (Fire and Allied Lines)  
Product Name: DF  
Project Name/Number: Premium Deviation Revision/AR DF SR 02 10

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

### Response 3

Comments: Please see our response to your objection dated 11/23/09 attached.

#### Related Objection 1

Applies To:

- Actuarial Justification (Supporting Document)

Comment:

Explain the 4 point increase in the profit provision.

#### Changed Items:

##### Supporting Document Schedule Item Changes

Satisfied -Name: Response to Objection dated 11/23/09

Comment:

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

### Response 4

Comments: Please see our response to your objection dated 11/23/09 attached.

#### Related Objection 1

Comment:

Please complete form RF-2 if multipliers are applied to an advisory organization's reference loss costs.

#### Changed Items:

##### Supporting Document Schedule Item Changes

Satisfied -Name: Response to Objection dated 11/23/09

Comment:

No Form Schedule items changed.

*SERFF Tracking Number:*      *LBPM-126378545*                      *State:*                      *Arkansas*  
*Filing Company:*              *Liberty Mutual Fire Insurance Company*              *State Tracking Number:*      *EFT \$100*  
*Company Tracking Number:*      *AR DF SR 02 10*  
*TOI:*                      *01.0 Property*                      *Sub-TOI:*                      *01.0002 Personal Property (Fire and Allied Lines)*  
  
*Product Name:*                      *DF*  
*Project Name/Number:*              *Premium Deviation Revision/AR DF SR 02 10*

**No Rate/Rule Schedule items changed.**

Please do not hesitate to contact me if you have any additional questions or concerns. Thank you.

Sincerely,  
Victoria Yee  
Industry Filings Specialist  
Industry & Regulatory Relations  
(800) 225-8346x47161  
(617) 654-3452 (fax)  
Victoria.Yee@libertymutual.com

Sincerely,  
Victoria Yee

SERFF Tracking Number: LBPM-126378545 State: Arkansas  
Filing Company: Liberty Mutual Fire Insurance Company State Tracking Number: EFT \$100  
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TOI: 01.0 Property Sub-TOI: 01.0002 Personal Property (Fire and Allied Lines)  
Product Name: DF  
Project Name/Number: Premium Deviation Revision/AR DF SR 02 10

**Note To Filer**

**Created By:**

Becky Harrington on 01/04/2010 11:55 AM

**Last Edited By:**

Becky Harrington

**Submitted On:**

02/05/2010 08:31 AM

**Subject:**

Rate Increase

**Comments:**

Victoria,

I met with Commissioner Bradford this morning to discuss this filing. He has taken a strict position on all rate increases and is not inclined to grant 25%.

There were no 2009 figures included in the filing. Do you have any preliminary loss ratio figures?

Thanks,  
Becky

SERFF Tracking Number: *LBPM-126378545* State: *Arkansas*  
 Filing Company: *Liberty Mutual Fire Insurance Company* State Tracking Number: *EFT \$100*  
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 Product Name: *DF*  
 Project Name/Number: *Premium Deviation Revision/AR DF SR 02 10*

**Rate Information**

Rate data applies to filing.

**Filing Method:** File and Use  
**Rate Change Type:** Increase  
**Overall Percentage of Last Rate Revision:** 15.000%  
**Effective Date of Last Rate Revision:** 02/23/2009  
**Filing Method of Last Filing:** File & Use

**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):
Liberty Mutual Fire Insurance Company	52.300%	25.000%	\$30,245	144	\$120,778	25.600%	0.000%

SERFF Tracking Number: *LBPM-126378545* State: *Arkansas*  
 Filing Company: *Liberty Mutual Fire Insurance Company* State Tracking Number: *EFT \$100*  
 Company Tracking Number: *AR DF SR 02 10*  
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 Product Name: *DF*  
 Project Name/Number: *Premium Deviation Revision/AR DF SR 02 10*

## Rate/Rule Schedule

Schedule Item	Exhibit Name:	Rule # or Page	Rate Action	Previous State Filing Attachments
Status:		#:		Number:
Filed 02/05/2010	Premium Deviation Page	LM-1	Replacement	LBPM-125972532 LM-1 Eff 2 24 10.pdf

**LIBERTY MUTUAL FIRE INSURANCE COMPANY**  
**DWELLING POLICY PROGRAM**  
**LIBERTY MUTUAL FIRE INSURANCE COMPANY**  
**PREMIUM DEVIATION PAGE**

The Premium Deviation of +87.9% (1.879) is applicable to Forms DP 00 01, DP 00 02 and DP 00 03.

A +87.9% deviation (1.879 rating factor) is to be applied separately to the premium computation for these coverages when applicable.

- |   |                         |
|---|-------------------------|
| 1. Fire building                                  | 7. VMM building         |
| 2. Fire other structure                           | 8. VMM other structures |
| 3. Fire contents                                  | 9. VMM contents         |
| 4. Extended, Broad and Special buildings          | 10. Broad Form theft    |
| 5. Extended, Broad and Special structures – other | 11. Limited Form theft  |
| 6. Extended and Broad contents                    | 12. Personal liability  |

**Arkansas**  
**LM-1**

**Effective: February 24, 2010**

SERFF Tracking Number: LBPM-126378545 State: Arkansas  
 Filing Company: Liberty Mutual Fire Insurance Company State Tracking Number: EFT \$100  
 Company Tracking Number: AR DF SR 02 10  
 TOI: 01.0 Property Sub-TOI: 01.0002 Personal Property (Fire and Allied Lines)  
 Product Name: DF  
 Project Name/Number: Premium Deviation Revision/AR DF SR 02 10

## 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	02/05/2010

**Comments:**

**Attachment:**

AR Form RF - Rate Filing Abstract R3.pdf

		<b>Item Status:</b>	<b>Status Date:</b>
<b>Satisfied - Item:</b>	HPCS-Homeowners Premium Comparison Survey	Filed	02/05/2010

**Comments:**

**Attachments:**

AR HPCS HO Premium Comparison R1.xls  
 AR HPCS HO Premium Comparison R1.pdf

		<b>Item Status:</b>	<b>Status Date:</b>
<b>Satisfied - Item:</b>	Cover Letter	Filed	02/05/2010

**Comments:**

**Attachment:**

AR DF Cvr Letter.pdf

		<b>Item Status:</b>	<b>Status Date:</b>
<b>Satisfied - Item:</b>	Actuarial Justification	Filed	02/05/2010

**Comments:**

**Attachment:**

Actuarial Justification.pdf

SERFF Tracking Number: LBPM-126378545 State: Arkansas  
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Project Name/Number: Premium Deviation Revision/AR DF SR 02 10

	<b>Item Status:</b>	<b>Status Date:</b>
<b>Satisfied - Item:</b> Response to Objection dated 11/23/09	Filed	02/05/2010
<b>Comments:</b>		
<b>Attachment:</b> AR Dwelling Fire DOI Questions Response.pdf		

### NAIC LOSS COST DATA ENTRY DOCUMENT

1. This filing transmittal is part of Company Tracking # **AR DF SR 02 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>Liberty Mutual Fire Insurance Company</b>	B.	<b>0111-23035</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>01.0 Property</b>	B.	<b>01.0002 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
<b>Dwelling Fire</b>	<b>45.9%</b>	<b>15.0%</b>					
<b>TOTAL OVERALL EFFECT</b>	<b>45.9%</b>	<b>15.0%</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
<b>2004</b>	<b>166</b>			<b>75,151</b>	<b>13,287</b>	<b>17.7%</b>	<b>63.7%</b>
<b>2005</b>	<b>213</b>			<b>96,868</b>	<b>3,060</b>	<b>3.2%</b>	<b>97.0%</b>
<b>2006</b>	<b>208</b>	<b>49.5%</b>	<b>8/14/06</b>	<b>104,516</b>	<b>33,681</b>	<b>32.2%</b>	<b>66.7%</b>
<b>2007</b>	<b>188</b>			<b>124,989</b>	<b>391,853</b>	<b>313.5%</b>	<b>63.1%</b>
<b>2008</b>	<b>177</b>			<b>133,417</b>	<b>119,245</b>	<b>89.4%</b>	<b>73.5%</b>

7.

Expense Constants	Selected Provisions
A. Total Production Expense	<b>NA</b>
B. General Expense	<b>NA</b>
C. Taxes, License & Fees	<b>NA</b>
D. Underwriting Profit & Contingencies	<b>NA</b>
E. Other (explain)	<b>NA</b>
F. TOTAL	<b>NA</b>

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

9.  15.4%  Estimated Maximum Rate Increase for any Insured (%). Territory (if applicable): \_\_\_\_\_

10.  0.0%  Estimated Maximum Rate Decrease for any Insured (%) Territory (if applicable): \_\_\_\_\_

NAIC Number: 111-23035  
 Company Name: Liberty Mutual Fire Insurance Company  
 Contact Person: Victoria Yee  
 Telephone No.: (800) 225-8346x47161  
 Email Address: Victoria.Yee@libertymutual.com  
 Effective Date: 24-Feb-10

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

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

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

**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	\$699.00	\$828.00	\$699.00	\$828.00	\$699.00	\$828.00	\$699.00	\$828.00	\$699.00	\$828.00	\$699.00	\$828.00	\$699.00	\$828.00	\$699.00	\$828.00	\$699.00	\$828.00
	\$120,000	\$945.00	\$1,117.00	\$945.00	\$1,117.00	\$945.00	\$1,117.00	\$945.00	\$1,117.00	\$945.00	\$1,117.00	\$945.00	\$1,117.00	\$945.00	\$1,117.00	\$945.00	\$1,117.00	\$945.00	\$1,117.00
	\$160,000	\$1,191.00	\$1,404.00	\$1,191.00	\$1,404.00	\$1,191.00	\$1,404.00	\$1,191.00	\$1,404.00	\$1,191.00	\$1,404.00	\$1,191.00	\$1,404.00	\$1,191.00	\$1,404.00	\$1,191.00	\$1,404.00	\$1,191.00	\$1,404.00
6	\$80,000	\$699.00	\$828.00	\$699.00	\$828.00	\$699.00	\$828.00	\$699.00	\$828.00	\$699.00	\$828.00	\$699.00	\$828.00	\$699.00	\$828.00	\$699.00	\$828.00	\$699.00	\$828.00
	\$120,000	\$945.00	\$1,117.00	\$945.00	\$1,117.00	\$945.00	\$1,117.00	\$945.00	\$1,117.00	\$945.00	\$1,117.00	\$945.00	\$1,117.00	\$945.00	\$1,117.00	\$945.00	\$1,117.00	\$945.00	\$1,117.00
	\$160,000	\$1,191.00	\$1,404.00	\$1,191.00	\$1,404.00	\$1,191.00	\$1,404.00	\$1,191.00	\$1,404.00	\$1,191.00	\$1,404.00	\$1,191.00	\$1,404.00	\$1,191.00	\$1,404.00	\$1,191.00	\$1,404.00	\$1,191.00	\$1,404.00
9	\$80,000	\$961.00	\$1,251.00	\$961.00	\$1,251.00	\$961.00	\$1,251.00	\$961.00	\$1,251.00	\$961.00	\$1,251.00	\$961.00	\$1,251.00	\$961.00	\$1,251.00	\$961.00	\$1,251.00	\$961.00	\$1,251.00
	\$120,000	\$1,293.00	\$1,678.00	\$1,293.00	\$1,678.00	\$1,293.00	\$1,678.00	\$1,293.00	\$1,678.00	\$1,293.00	\$1,678.00	\$1,293.00	\$1,678.00	\$1,293.00	\$1,678.00	\$1,293.00	\$1,678.00	\$1,293.00	\$1,678.00
	\$160,000	\$1,622.00	\$2,102.00	\$1,622.00	\$2,102.00	\$1,622.00	\$2,102.00	\$1,622.00	\$2,102.00	\$1,622.00	\$2,102.00	\$1,622.00	\$2,102.00	\$1,622.00	\$2,102.00	\$1,622.00	\$2,102.00	\$1,622.00	\$2,102.00

**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"/>	%
			Maximum Credit Allowed	<input type="text"/>	%

**EARTHQUAKE INSURANCE**

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

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"/>



**Liberty Mutual Group**  
175 Berkeley Street  
Mailstop 04G/H  
Boston, MA 02116  
Telephone: (800) 225-8346  
Facsimile: (617) 654-3452

VIA SERFF

November 11, 2009

Honorable Jay Bradford  
Arkansas Insurance Department  
Property & Casualty Division  
1200 W 3<sup>rd</sup> Street  
Little Rock, AR 72201-1904

RE: **Premium Deviation Revision**  
**Dwelling Fire Policy Program**  
**Company Tracking No. AR DF SR 02 10**  
**Liberty Mutual Fire Insurance Company 111-23035**

Dear Commissioner Bradford:

In accordance with the “file and use” provision, Liberty Mutual Fire Insurance Company is revising its Dwelling Fire Rating Manual. Revisions are applicable to all new business policies produced on or after **February 23, 2010** and all renewal policies effective on or after **April 16, 2010**.

**Summary of Changes**  
**DWELLING FORMS (DP-1, DP-2, DP-3)**

**1. Revise the current dwelling policy loss cost multiplier from 1.663 to 2.045 for both dwelling and contents. This factor applies to following coverages when applicable:**

Fire building	VMM building
Fire other structure	VMM other structure
Fire contents	VMM contents
Extended, Broad & Special buildings	Broad Form theft
Extended, Broad & Special other structures	Limited Form theft
Extended & Broad contents	Personal liability

The current and proposed deviation factors are detailed below:

**Current factors**

	<b>Cov A</b>	<b>Cov B</b>	<b>Cov C</b>
<b>Fire</b>	1.633	1.633	1.633
<b>Extended</b>	1.633	1.633	1.633
<b>Special</b>	1.633	1.633	--
<b>Broad</b>	1.633	1.633	1.633
<b>Vandalism</b>	1.633	1.633	1.633

**Proposed factors**

	<b>Cov A</b>	<b>Cov B</b>	<b>Cov C</b>
<b>Fire</b>	2.045	2.045	2.045
<b>Extended</b>	2.045	2.045	2.045
<b>Special</b>	2.045	2.045	--
<b>Broad</b>	2.045	2.045	2.045
<b>Vandalism</b>	2.045	2.045	2.045

**Rating Manual Changes**

Arkansas LM-1

**Rate Effect**

<b>Coverage</b>	<b>Effect</b>
<b>Coverage A</b>	<b>25.0%</b>
<b>Coverage C</b>	<b>25.1%</b>
<b>Total</b>	<b>25.0%</b>
<b>Premium Effect</b>	<b>\$30,245</b>

**Filing Information**

Applicable filing information and revised manual pages have been uploaded in SERFF. If you have any questions, please do not hesitate to contact me at (800) 225-8346x47161, fax (617) 654-3452 or by email at [Victoria.Yee@LibertyMutual.com](mailto:Victoria.Yee@LibertyMutual.com). Thank you.

Sincerely,



Victoria Yee  
Industry Filings Specialist  
Industry & Regulatory Relations

**Liberty Mutual Group  
Arkansas Dwelling Fire Rate Filing- Actuarial Justification**

**Table of Contents**

Section I	Summary of Rate Filing
Section II	Dwelling Fire and Allied Lines Calendar/Accident Year Rate Level Indications
Section III	Profit Provision and Investment Income Analysis

## **I. Summary of Rate Filing**

The overall rate change proposed in the filing is +25.0%. The proposed effective date for these changes is February 23, 2010. The premium effect of the proposed change of increasing the deviation factor from 1.633 to 2.045 is estimated to be \$30,245.

### **Past and Prospective Experience**

Arkansas Calendar/Accident Year data for the five-year period ending December 31, 2008 is used in determining our overall rate level needed. The rate level indication is +52.3%. Our Fire & Allied Lines data used to develop the indication is 50% credible. The calculation of the indication is explained, and supporting data provided, in Section II.

### **Expenses**

The expense provision used in the indication is based on the 2009 Homeowners planned expense numbers for Liberty Mutual.

### **Reasonable Profit Margin**

Our margin of 14.3% for profit and contingencies is calculated and explained in Section III. This margin is calculated to allow a return on surplus of 15.2%, with a 1.35:1 premium-to-surplus model.

## II. Rate Indication and Supporting Data

Liberty Mutual's rate level indication for Arkansas is calculated from five years of historical premium and loss experience, with adjustments made for loss and premium, including adjustments to smooth the effects of catastrophe losses. The attached exhibits explain how the historical data is developed and adjusted to project premium and loss levels for the proposed effective period and to determine the indicated rate change. Exhibit II-A summarizes the calculation of the rate-level indication and displays each item incorporated into the calculation. Exhibits II-B through II-H provide further detail on specific calculations and projections.

Below is a description of each item contributing to the rate-level indication (as summarized in Exhibit II-A), including an explanation of the modifications made to the reported data to project future experience:

The attached exhibits display Liberty Mutual's historical Fire & Allied Lines data and develop it to projected experience level of the future. On the basis of this projected experience, an indicated rate level change is calculated. Below is a description of the modifications made to the reported data to achieve our indication.

1. Reported Earned Premium – The direct earned premiums for the latest five calendar years are listed.
- 1b. Earned Exposures - The earned exposures for the latest five calendar years are listed.
- 2a. On Level Factors – These factors represent the adjustment to Reported Earned Premium to place the experience on the current rate level. They are determined using the parallelogram method and the state's rate change history. The rate changes incorporated in this calculation, and the factors developed, are presented in Exhibit II-C.
- 2b. Premium Trend Factors – These factors are developed to reflect changes in the amount of coverage selected by the insured. The calculation of the actual factors involves regression analysis on a state-specific basis of the latest five calendar years of average earned premium at current rate level. The supporting data for this projection is presented in Exhibit II-B.
3. Earned Premium at Current Level – These result from multiplying the Reported Earned Premium (1) with the On Level Factors (2a) and the Premium Trend Factors (2b).
4. Total Incurred Loss - These are the statewide total reported losses for the five accident years ending December 31, 2008, evaluated as of December 31, 2008.
5. X-Cat X-Severe Storm Incurred Loss - To recognize the erratic nature of unusual catastrophe events and to provide stability in the ratemaking process, incurred catastrophic and severe storm losses are removed from Total Incurred Losses (4) to produce X-cat X-Severe Storm Incurred Losses.
6. Loss Development Factor – XCat X-Severe Storm Incurred Losses are developed to their ultimate value by use of loss development factors. Our selected factors are based on an analysis of accident year losses evaluated at common ages and the patterns exhibited as

incurred losses change from their initial valuation to final settlement. The factors selected and the supporting data are presented in Exhibit II-D.

7. Loss Trend Factors – Using Liberty Mutual and Industry Homeowners “Fast Track” loss data for Arkansas, an annual rate of change (trend) in expected loss costs is determined. The Loss Trend Factors measure the effect of inflation on past claim costs. The factors are indexed from the average date of loss in the accident year to the average accident date in the latest experience period (7/1/2008). The factors selected and the supporting data and calculations are presented in Exhibit II-E.
8. Adjusted Normal Losses – X-cat X-Severe Storm Incurred losses are multiplied by the appropriate loss development factor and loss trend factor.

Note: At this point in the rate indication process, the loss data have been adjusted to remove catastrophic loss activity and developed to their ultimate level. Premiums and losses have also been trended to the present time and will now be projected into the period during which the proposed rates will become effective.

- 8a. Loss Complement - The Countrywide xCat xSevere Storm Pure Premium excluding Florida Fire and Allied Lines of \$255 multiplied by Earned Exposures (1a).
- 8b. Credibility Adjusted Normal Loss – Adjusted Normal Loss (8) multiplied by Credibility (18) plus one minus Credibility multiplied by Loss Complement (8a).
9. Loss Ratio Weights - These weights are used to combine the adjusted loss ratios of each year in the experience period into a single representative loss ratio. Equal weights are applied to all years.
10. Adjusted Normal Loss Ratio - This is the Credibility Adjusted Normal Losses (8b) divided by the Earned Premium at Current Level (3) for each calendar/accident year separately.
11. Weighted Normal Loss Ratio - This is the result of multiplying each year's Adjusted Normal Loss Ratio by its respective weight and adding the products.
12. Factor for Non-Hurricane Non-Severe Storm Catastrophes - This provision is for any expected catastrophic activity that is not hurricane or severe storm related. The expected Non-Hurricane Non-Severe Storm loss per \$1000 of amount of insurance factor is selected based upon 17 years of Liberty Mutual Fire and Allied Lines historical non-hurricane non-severe storm catastrophe experience in the state of Arkansas. The calculation of this provision, along with supporting data, is presented in Exhibit II-F.
- 12a. Provision for Hurricane Losses - This provision is based on average annual hurricane losses for Arkansas estimated from the AIR CLASIC/2 v10.0 model. These models are based on scientific data and mathematical and empirical models. Liberty Mutual's policyholder exposure information is used with the model to estimate the average annual hurricane loss. The provision is the ratio of Liberty Mutual's expected annual hurricane loss to the most recent year's earned premium at current level. The calculation of this provision is presented in Exhibit II-F.

- 12b. Provision for Severe Storm Losses – This provision is based on average annual severe storm losses for Arkansas modeled from the AIR CLASIC/2 v 10.0 model. These models are based on scientific data and mathematical and empirical models. Liberty Mutual’s policyholder exposure information is used with the model to estimate the average annual loss. The provision is the ratio of Liberty Mutual’s expected annual severe storm loss to the most recent year’s earned premium at current level. The calculation of this provision is presented in Exhibit II-F.
13. Premium Projection Factor - This factor adjusts premium to the coverage levels expected to be purchased by our customers in the time periods when the proposed rates will be in effect. The calculation of this factor is presented with the calculation of the historical premium trend factors in Exhibit II-B.
14. Loss Projection Factor - The Loss Projection Factor is used to project losses from the average accident date of the latest experience period to an average accident date of one year beyond the proposed renewal effective date of the rate revision (February 21, 2011). The calculation of this factor is presented with the calculation of the historical loss trend factors in Exhibit II-E.
15. Loss Ratio Projection Factor - This factor is the ratio of the Loss Projection Factor (14) and the Premium Projection Factor (13) calculated above.
16. Loss Adjustment Expense Factor - To include Loss Adjustment Expense (LAE), a factor is calculated based upon the most recent three years of LAE to loss ratios for the Pacific region.
17. House-Years in Experience Period - This is the total number of earned house-years where one house-year is defined to be one house insured for 12 months.
18. Credibility - Credibility is a measure of the confidence assigned to a particular body of data for ratemaking purposes. Full credibility is defined to be 75,000 earned house-years. In this step, credibility to be assigned to the company’s non-hurricane non-severe storm loss experience is calculated. The calculation of this credibility standard is presented in Exhibit II-H.
19. Projected Non-hurricane Non-Severe Storm Loss and LAE Ratio - In this step, the experience period Normal Loss Ratio is adjusted for LAE and expected Non-Hurricane Non-Severe Storm Catastrophic activity. Then, this ratio is projected to its future level by applying the Loss Ratio Projection Factor. For the expected Non-Hurricane Catastrophic activity, since AOI is already projected into the future, the loss projection portion of the loss ratio trend is backed out so as not to double count losses.
20. Projected Total Loss and LAE Ratio - The Provisions for Non-Hurricane, Non-Severe Storm Cat, Hurricane, and Severe Storm Losses are projected to the future level and adjusted for LAE. This ratio is added to the Projected X-cat Loss and LAE Ratio to obtain the Projected Total Loss and LAE Ratio.

21. Fixed Provision for Acquisition and General Expense - The expense covers policy issuance, sales staffing, and other administrative functions. Based on an internal expense analysis, 76% of Acquisition and General Expenses are fixed. The supporting expense data is presented in Exhibit II-G.
- 21a. Variable Provision for Acquisition and General Expense – These items vary directly with premium. The supporting expense data is presented in Exhibit II-G.
- 21b. Provision for Reinsurance Cost – The total reinsurance cost to Liberty Mutual for Fire and Allied Lines was allocated to each state based on the state's participation in all direct losses above \$550 million. \$550 million is Liberty Mutual's corporate reinsurance treaty attachment point.
- 21c. Provision for Taxes, Licenses, Fees, and Profit & Contingency - These items vary directly with premium.
22. Permissible Loss and LAE & Expense Ratio - From unity, item (21a) and (21c) is subtracted.
23. Indicated Rate Change - The Projected Total Loss & LAE, Fixed Expense Ratio and Provision for Reinsurance Expense are added together and divided by the Permissible Loss, LAE and Expense Ratio.
24. Selected Rate Change

**Exhibit II-A: Arkansas Dwelling Fire Rate Level Indication**

**Liberty Mutual Group  
Arkansas  
Fire and Allied  
Indicated Rate Level Change  
Evaluated as of 12/31/2008**

Proposed Effective date: <b>2/23/2010</b>
---

	(1)	(1b)	(2a)	(2b)	(3)	(4)	(5)
Accident Year	Earned Premium	Earned Exposures	On-Level Factor	Prem Trend Factor	E/P at Current Level	Total Incurred Loss	xCat xSS Incurred Loss
12/31/2004	75,151	166	1.719	1.104	142,591	13,287	9,723
12/31/2005	96,868	213	1.719	1.094	182,252	3,060	1,237
12/31/2006	104,516	208	1.648	1.032	177,809	33,681	27,413
12/31/2007	124,989	188	1.219	1.054	160,623	391,853	388,817
<u>12/31/2008</u>	<u>133,417</u>	<u>177</u>	<u>1.150</u>	<u>0.987</u>	<u>151,458</u>	<u>119,245</u>	<u>56,033</u>
Total	534,943	951			814,732	561,127	483,223

  

	(6)	(7)	(8)	(8a)	(8b)	(9)	(10)
Accident Year	Loss Development Factor	Loss Trend Factor	Adjusted Normal Loss	Complement CW PP = 255*Exposure	Cred. Adj. Normal Loss	Loss Ratio Weights	Adjusted Normal Loss Ratio
12/31/2004	1.000	1.749	17,001	42,446	29,723	0.2	20.8%
12/31/2005	1.002	1.521	1,884	54,252	28,068	0.2	15.4%
12/31/2006	1.004	1.323	36,385	52,929	44,657	0.2	25.1%
12/31/2007	1.017	1.150	454,781	47,813	251,297	0.2	156.5%
<u>12/31/2008</u>	<u>1.073</u>	<u>1.000</u>	<u>60,127</u>	<u>45,085</u>	<u>52,606</u>	<u>0.2</u>	<u>34.7%</u>
Total			570,178	242,525	406,351		

  

11) Weighted Normal Loss Ratio	0.505
12) Factor for Non-hurricane non-severe storm Catastrophes	0.011
12a) Provision for Hurricane Losses	0.001
12b) Provision for Severe Storm Losses	0.114
13) Premium Projection Factor	1.068
14) Loss Projection Factor	1.448
15) Loss Ratio Projection Factor	1.357
16) Loss Adjustment Expense Factor	1.192
17) House Years in Experience Period	951
18) Credibility = Square root of [(17)/75,000] (max = 1.0)	50%
19) Projected Non-hurricane non-severe storm Loss & LAE Ratio: [(11)*(15)+	0.829
20) Projected Total Loss & LAE Ratio: (19)+[(12a)+(12b)]*(16)/(13)	0.958
21) Fixed Provision for Acquisition & General Expense	0.186
21a) Variable Provision for Acquisition & General Expense	0.070
21b) Provision for Reinsurance Cost	0.000
21c) Provision for Tax, Licenses, Fees, Profit & Contingency	0.178
22) Permissible Loss and LAE, and Expense [1.0 - (21a) - (21c)]	0.751
23) Indicated Rate Change [(20)+(21)+(21b))/(22)] - 1.0	<b>52.3%</b>
24) Selected Rate Change	<b>25.0%</b>

**Exhibit II-B: Determination of Premium Trend and Premium Projection Factor**

To reflect changes in the amounts of coverage purchased by our policyholders over time, the premium trend factors have been developed. These factors reflect any changes in the average on-leveled earned premium including the increasing amounts of insurance purchased due to inflation, shifts towards higher deductibles, changes in territory mix, etc. The premium trend factor for each year is the ratio of the projected average on-leveled premium in the last year of the experience to the average on-leveled premium in a given year.

To project premium to the average earned day after the proposed effective date, the premium projection factor is applied. This factor is developed based upon a review of Liberty Mutual Dwelling Fire data and is equal to 1.068.

Development of Premium Trend Factors

(1)	(2)	(3)	(4)
Year Ending	Average Earned Date	On-Level Average Earned Prem	Relativity To Latest Point [Latest Point/(3)]
12/31/2004	7/1/2004	776.2	1.104
12/31/2005	7/1/2005	782.8	1.094
12/31/2006	7/1/2006	830.1	1.032
12/31/2007	7/1/2007	812.4	1.054
12/31/2008	7/1/2008	867.8	0.987
<b>Date Trended To:</b>	7/1/2008	856.6	

Calculation of Premium Projection Factor

1) Annual Premium Trend Based on Liberty Data	2.5%
2) Average Earned Date of Last Year of Experience Period	07/01/08
3) Effective Date for Proposed Rates	02/23/10
4) Average Earned Date Under Proposed Rates	02/23/11
5) Number of Months Between (2) And (4)	31.8
6) Premium Projection Factor	

$$\{1\}^{\{5\}/12} = 1.068$$

**Exhibit II-C: Development of Current Rate Factor**

Current Rate Factors have been calculated based upon Liberty Mutual's historical rate changes in Arkansas. They are applied to Reported Earned Premiums to bring the earned premiums to what they would have been had they been written at today's rate. The Current Rate Factors are determined using the parallelogram method.

**Rate Changes Not Fully Reflected In Earned Premium**

<u>Date</u>	<u>Rate Change</u>
8/2/2006	
4/15/2009	49.5%
	15.0%

**On Level Factors Calculated Based On Rate Changes Above**

<u>Period</u> <u>Ending</u>	<u>On Level</u> <u>Factors</u>
12/31/2004	1.719
12/31/2005	1.719
12/31/2006	1.648
12/31/2007	1.219
12/31/2008	1.150

**Exhibit II-D: Loss Development**

We have calculated loss development factors based upon Liberty Mutual's countrywide experience for Fire and Allied Lines. Catastrophe losses are excluded. We have selected the following ultimate factors based on this experience.

<u>Age as of December 31, 2008</u>	<u>Development Factor</u>
12 months	1.073
24 months	1.017
36 months	1.004
48 months	1.002
60 months	1.000

The Countrywide loss development triangle from which the above factors were selected is provided on the following page.

**Countrywide Fire and Allied Lines**  
**Loss Development Excluding Catastrophes**

Accident Year Ending	12	24	36	48	60	72	84	96	108	120	132	144
JAN97 - DEC97	7,819,189	8,087,420	8,160,301	7,890,994	8,094,127	8,104,752	8,103,322	8,103,322	8,103,322	8,103,322	8,103,322	8,103,322
JAN98 - DEC98	7,760,214	8,007,866	8,093,201	7,956,890	7,939,863	7,922,356	7,964,504	7,962,536	7,970,386	7,970,386	7,970,386	0
JAN99 - DEC99	7,595,161	8,017,700	8,076,580	7,982,066	7,966,010	7,951,526	7,928,327	7,926,358	7,926,358	7,927,435	0	0
JAN00 - DEC00	10,181,578	10,685,623	11,000,823	11,042,216	11,151,880	11,588,972	11,449,624	11,453,624	11,453,624	0	0	0
JAN01 - DEC01	10,145,419	10,336,651	10,340,058	10,197,367	10,202,392	10,202,392	10,193,309	10,182,275	0	0	0	0
JAN02 - DEC02	9,630,480	10,075,054	10,272,847	10,452,839	10,209,151	10,126,195	10,134,206	0	0	0	0	0
JAN03 - DEC03	10,545,484	10,685,271	11,026,251	11,045,674	11,061,479	11,012,210	0	0	0	0	0	0
JAN04 - DEC04	14,290,892	15,519,657	15,313,137	15,067,579	15,131,249	0	0	0	0	0	0	0
JAN05 - DEC05	19,141,430	21,253,150	21,113,436	21,643,459	0	0	0	0	0	0	0	0
JAN06 - DEC06	21,826,492	23,030,736	23,656,264	0	0	0	0	0	0	0	0	0
JAN07 - DEC07	25,048,268	25,648,407	0	0	0	0	0	0	0	0	0	0
JAN08 - DEC08	29,427,689	0	0	0	0	0	0	0	0	0	0	0

Accident Year Ending	24/12	36/24	48/36	60/48	72/60	84/72	96/84	108/96	120/108	132/120
JAN98 - DEC98	1.032	1.011	0.983	0.998	0.998	1.005	1.000	1.001	1.000	1.000
JAN99 - DEC99	1.056	1.007	0.988	0.998	0.998	0.997	1.000	1.000	1.000	
JAN00 - DEC00	1.050	1.029	1.004	1.010	1.039	0.988	1.000	1.000		
JAN01 - DEC01	1.019	1.000	0.986	1.000	1.000	0.999	0.999			
JAN02 - DEC02	1.046	1.020	1.018	0.977	0.992	1.001				
JAN03 - DEC03	1.013	1.032	1.002	1.001	0.996					
JAN04 - DEC04	1.086	0.987	0.984	1.004						
JAN05 - DEC05	1.110	0.993	1.025							
JAN06 - DEC06	1.055	1.027								
JAN07 - DEC07	1.024									
Avg 5X ex. High/Low	1.055	1.013	1.002	1.002	1.000	1.000	1.000	1.000	1.000	1.000
Cum	1.073	1.017	1.004	1.002	1.000	1.000	1.000	1.000	1.000	1.000

**Exhibit II-E: Development of Loss Trend Factors**

Loss trend factors reflect the effects of inflation on past claim costs. Liberty Mutual uses an annual loss trend of +15.0% to trend losses from the average date of loss in the accident year to the average accident date in the latest experience period (7/1/2008). This trend is based upon a review of least squares fitted trend lines to the last five years of Liberty Mutual's Homeowners Fast Track loss data for Arkansas. A loss trend of +15.0% was used to project losses from the average accident date in the latest experience period to the average accident date of one year beyond the proposed effective date.

**Calculation of Loss Trend Factors**

Annual Loss Trend = +15.0%  
Final Day of Experience Period = 12/31/2008

Accident Year Ending	Avg Accident Date			
			4.0	
12/31/04	07/01/04	1.150	=	1.749
			3.0	
12/31/05	07/01/05	1.150	=	1.521
			2.0	
12/31/06	07/01/06	1.150	=	1.323
			1.0	
12/31/07	07/01/07	1.150	=	1.150
			0.0	
12/31/08	07/01/08	1.150	=	1.000

**Calculation of Loss Projection Factor**

1) Annual Loss Trend Based on Liberty Data	15.0%
2) Average Accident Date of Last Year of Experience Period	07/01/08
3) Effective Date for Proposed Rates	02/23/10
4) Average Accident Date Under Proposed Rates	02/23/11
5) Number of Months Between (2) And (4)	31.8
6) Loss Projection Factor	

$$\{1\}^{\{5\}/12} = 1.448$$

The Homeowners Fast Track data used in selecting the loss trends is provided on the following page.

**LIBERTY MUTUAL - HOMEOWNERS FAST TRACK TREND DATA (xCat)**

**Liberty Mutual Arkansas Dwelling Forms**

Prior 4 Qtrs. Ending		Dwelling (Forms 1-3 & 5)		
Year	Qtr.	Paid Severity	Paid Freq.	Paid Pure Premium
2005	3	4,133	5.20	215.06
2005	4	4,976	5.78	287.51
2006	1	7,922	6.13	485.54
2006	2	8,268	6.04	499.45
2006	3	10,228	5.86	599.53
2006	4	10,662	5.35	570.54
2007	1	7,160	5.43	388.99
2007	2	7,584	5.38	407.90
2007	3	8,140	5.00	406.67
2007	4	9,481	4.90	464.61
2008	1	10,379	5.08	527.45
2008	2	10,547	4.88	515.08
2008	3	12,037	4.66	561.09
2008	4	10,828	4.87	527.67
2009	1	12,800	4.81	616.24
2009	2	12,827	5.15	661.04
2009	3	8,337	7.43	619.58
2-Yr (5 pts)		-20.24	48.52	18.47
3-Yr (9 pts)		10.13	11.47	22.77
4-Yr (13 pts)		9.14	0.69	9.90
5-Yr (17 pts)		19.36	-1.83	17.17

**Industry Arkansas Dwelling Forms**

Prior 4 Qtrs. Ending		Dwelling (Forms 1-3 & 5)		
Year	Qtr.	Paid Severity	Paid Freq.	Paid Pure Premium
2005	2	5,160	5.23	269.66
2005	3	5,306	5.16	273.72
2005	4	5,621	5.17	290.33
2006	1	5,707	5.24	298.82
2006	2	5,811	5.43	315.71
2006	3	5,820	5.48	319.07
2006	4	5,994	5.37	321.80
2007	1	6,093	5.44	331.75
2007	2	6,278	5.20	326.60
2007	3	6,611	5.05	333.92
2007	4	6,609	5.07	334.80
2008	1	6,657	5.09	338.68
2008	2	6,826	5.46	373.03
2008	3	6,943	5.77	400.94
2008	4	7,465	5.83	434.93
2009	1	7,576	6.14	465.02
2009	2	7,965	6.14	489.06
2-Yr (5 pts)		17.16	12.48	31.78
3-Yr (9 pts)		11.60	11.66	24.61
4-Yr (13 pts)		10.77	4.28	15.52
5-Yr (17 pts)		10.27	3.32	13.93

**Selected Trend: +15.0%**

**Exhibit II-F: Catastrophe Analysis**

Because of the low frequency and high severity nature of catastrophes, catastrophe losses could significantly impact the financial results of an insurer from one year to another. To properly reflect the catastrophe hazard, it is appropriate to eliminate actual catastrophe losses from the experience period and to include a catastrophe provision in the rates which represents expected catastrophic loss.

The following summarized the analysis incorporated in Liberty Mutual's catastrophe provision for Arkansas. The projected loss costs below are all based on Arkansas's specific catastrophe loss experience.

**Provision for Non Hurricane, Non-Severe Storm Catastrophes**

1) Annual AOI Trend	1.050
2) Average Earned Date of Last Year of Experience Period	7/1/2008
3) Effective Date for Proposed Rates	02/23/10
4) Average Earned Date Under Proposed Rates	02/23/11
5) Number of Years Between (2) And (4)	2.65
6) AOI Projection Factor = (1)^(5)	1.138
7) Calendar Year Ending 12/31/2008 Earned AOI (000s)	16,722
8) Projected Earned AOI = (6) * (7)	19,029
9) Expected Non-Hurricane Non-Severe Storm Cat Loss Per \$1000 AOI	0.091
10) Projected Expected Non-Hurricane Non-Severe Storm Cat Losses = (8) * (9)	1,734
11) Calendar Year Ending 12/31/2008 Earned Premium	151,458
12) Provision for Ex. Hurr, Ex. Sev. Storm Cat Losses = (10) / (11)	1.1%

\*The table below displays the supporting data for item 9, Liberty Mutual's loss costs per \$1000 Amount of Insurance. This loss cost is calculated from Liberty Mutual's historical losses due to catastrophes other than hurricanes and severe storms for Arkansas over the 17-year period ending 12/31/2008.

**Arkansas Historical Catastrophe Losses per \$1000 AOI**  
**(Excluding Hurricanes and Severe Storms)**

Accident Year	Total Inc'd Loss	Incurred CAT Loss	Severe Storm CAT Loss	Hurricane Loss	AOI/1000	Non Hurricane Catload
	(1)	(2)	(3)	(4)	(5)	(6)=((2)-(3)-(4))/(5)
Dec-92	41,939	0	0	0	2,699	0.000
Dec-93	2,003	0	0	0	2,816	0.000
Dec-94	4,233	0	0	0	3,523	0.000
Dec-95	2,838	0	0	0	4,054	0.000
Dec-96	3,376	1,889	1,889	0	4,768	0.000
Dec-97	6,883	6,432	6,432	0	5,883	0.000
Dec-98	10,674	0	0	0	7,235	0.000
Dec-99	34,880	33,253	33,253	0	7,942	0.000
Dec-00	82,117	1,698	1,698	0	7,569	0.000
Dec-01	189,277	0	0	0	8,028	0.000
Dec-02	108,149	0	0	0	9,296	0.000
Dec-03	11,513	0	0	0	10,422	0.000
Dec-04	13,287	0	0	0	13,203	0.000
Dec-05	3,060	0	0	0	17,574	0.000
Dec-06	33,681	4,574	4,574	0	18,684	0.000
Dec-07	391,853	0	0	0	17,320	0.000
Dec-08	119,245	56,795	42,420	0	16,722	0.860
Total	\$1,059,010	\$104,642	\$90,267	\$0	\$157,735	0.091

Selected	0.091
LM 1992 - 2008 Cat Factor	0.091

Provision for Hurricane Loss

1) Annual AOI Trend	1.050
2) Average Earned Date of Last Year of Experience Period	7/1/2008
3) Effective Date for Proposed Rates	02/23/10
4) Average Earned Date Under Proposed Rates	02/23/11
5) Number of Years Between (2) And (4)	2.65
6) AOI Projection Factor = $(1)^{(5)}$	1.138
7) Calendar Year Ending 12/31/2008 Earned AOI (000s)	16,722
8) Projected Earned AOI = $(6) * (7)$	19,029
9) Expected Hurricane Cat Loss Per \$1000 AOI	0.011
10) Projected Expected Hurricane Cat Losses = $(8) * (9)$	203
11) Calendar Year Ending 12/31/2008 Earned Premium	151,458
12) Provision for Hurricane Cat Losses = $(10) / (11)$	0.1%

Note: The loss cost per \$1000 Amount of Insurance is estimated from the AIR CLASIC/2 v10.0 Hurricane Model.

**Provision for Severe Storm Loss**

1) Annual AOI Trend	1.050
2) Average Earned Date of Last Year of Experience Period	7/1/2008
3) Effective Date for Proposed Rates	02/23/10
4) Average Earned Date Under Proposed Rates	02/23/11
5) Number of Years Between (2) And (4)	2.65
6) AOI Projection Factor = $(1)^{(5)}$	1.138
7) Calendar Year Ending 12/31/2008 Earned AOI (000s)	16,722
8) Projected Earned AOI = $(6) * (7)$	19,029
9) Expected Severe Storm Loss Per \$1000 AOI	0.907
10) Projected Expected Severe Storm Losses = $(8) * (9)$	17,269
11) Calendar Year Ending 12/31/2008 Earned Premium	151,458
12) Provision for Severe Storm Losses = $(10) / (11)$	11.4%

Note: The loss cost per \$1000 Amount of Insurance is estimated from the AIR CLASIC/2 v10.0 Severe Storm Model.

**Exhibit II-G: Expense Data**

The table below summarizes Liberty Mutual's expense data for Arkansas. The expense data below serves as the basis for all of the expense provisions in the rate-level indication.

Liberty Mutual Group  
Fire and Allied  
Arkansas

Expense Provision -- Regional Data						
Item	Historical				Planned 2009	Selected
	2006	2007	2008	Average		
Expenses Based on Losses						<b>Planned</b>
ALAE	\$3,092,316	\$1,632,356	-\$91,706	\$1,544,322	\$2,661,695	\$2,661,695
ULAE	\$15,559,766	\$16,953,576	\$22,066,325	\$18,193,223	\$16,456,744	\$16,456,744
Incurred Loss	\$47,249,498	-\$29,911,909	\$298,568,327	\$105,301,972	\$99,722,135	\$99,722,135
LAE / Loss	39.5%	-62.1%	7.4%	-5.1%	19.2%	19.2%
LAE / Earned Premium	11.4%	10.6%	11.6%	11.2%	9.2%	9.2%
Expenses Based on Earned Premium						<b>Planned</b>
General Expense	\$38,732,841	\$38,863,668	\$45,190,744	\$40,929,084	\$53,250,931	\$53,250,931
Earned Premium	\$162,916,863	\$175,410,083	\$189,552,804	\$175,959,917	\$207,728,647	\$207,728,647
Total General Ratio	23.8%	22.2%	23.8%	23.3%	25.6%	25.6%
Fixed General					18.6%	18.6%
Variable General					7.0%	7.0%
Expenses Based on Written Premium						
Premium Tax (State Specific, Latest Year)					3.5%	3.5%
Contingency					1.0%	1.0%
Profit					13.3%	13.3%
(General + LAE) / Earned Premium	35.2%	32.8%	35.4%	34.5%	34.8%	34.8%
Total Expense Ratio (excl. LAE)					43.4%	43.4%
Permissible Loss + LAE Ratio					56.6%	<b>56.6%</b>

**Exhibit II-H: Credibility Standard**

For Dwelling Fire and Allied Lines, Liberty Mutual uses a full credibility standard of 75,000 earned house-years based on Homeowners data.

This standard is based upon the intent to have 99.5% confidence that the calculated value is within 5.0% of the true value of the statistic. According to Longley-Cook's 1962 PCAS paper, 3,163 claims are needed.

To translate this into an exposure standard, we reviewed our countrywide claim frequency figures excluding catastrophic claims. For the last five years, they show:

2003	4.9 claims/100 house-years
2004	4.2 claims/100 house-years
2005	3.9 claims/100 house-years
2006	3.8 claims/100 house-years
2007	3.6 claims/100 house-years

5 year mean of frequencies:

4.1 claims/100 house-years

Dividing the claims necessary for full credibility by the experience claim frequency produces the house-years full standard.

$$\frac{3,163}{0.041} = 77,552$$

For convenience sake, a full credibility standard of 75,000 house-years was used.

### III. Profit Provision

As the Liberty Mutual Group is organized under a mutual holding company system, our company has limited recourse to stock market capitalization to generate needed surplus funds, unlike a publicly-traded insurance company or an insurance company with a publicly-traded parent. Any increase in surplus for a mutual company must come from (1) underwriting profit, (2) investment income, (3) realized capital gains or (4) unrealized capital gains. In the following analysis, Liberty Mutual selects a provision for underwriting profit which will ensure that anticipated income from all sources produces net income after taxes that is commensurate with the risk assumed in the business of property/casualty insurance. Furthermore, this provision ensures that projected changes in policyholder surplus are sufficiently similar (in direction and magnitude) to changes in premium accounts so that confidence in the Companies' financial integrity can be maintained.

Exhibit III-A, Table 1 shows a history of calendar year rates of return for investment income expressed as a percentage of mean invested assets. The primary source is interest, dividends, and real estate income shown in Column (3). Based on the current market yield, it is reasonable to anticipate before tax rates of 3.50% from interest, dividends, and real estate income during the time rates are effective, based on the new money rate. Historically, realized capital gains have contributed very little to earnings. They were larger than usual in 1986, 1992 and 1999, but they vary significantly throughout the last eighteen years and we have seen declining gains since 1999. For the prospective period, we have selected 1.0%, which is the average return of the last six years. After federal income taxes, the total anticipated rate of return is 3.10% of invested assets.

Exhibit III-B, Table 1 presents the investment income derived from unearned premium reserves. The model uses historical information, modified for the current tax rate. This income is separated into two categories. First, there are premium finance charges (Table 1, Line 10) collected by allowing policyholders to pay their premiums in installments over the 12-month policy term. Line 3 is the corresponding portion of the unearned premium reserve representing the premium which is being financed by the company. Second, there is the remaining reserve, after prepaid expense and taxes, (Line 7) which develops income based on the anticipated rate of return.

Exhibit III-C, Table 1 applies the rate of return to mean loss and loss adjustment expense reserves. These exhibits relate investment income to premium earned. Exhibit III-D provides pertinent expense data. Exhibit III-E deals with the calculation of federal income taxes applicable to unearned premium and loss reserves.

An economic analysis of market rates and available returns shows that the appropriate and fair rate of return for property-casualty insurers writing lines of above-average risk, such as Homeowners, falls within the range of 17.5% to 21.2%. For average risk lines, the appropriate percentage is 13.7%

to 17.5%. The selected profit and contingency provision of 14.3% used in this filing would generate a 15.2% return on surplus (GAAP).

Income from all of the above sources is combined with our selected underwriting profit provisions in the following 1.35:1 premium-to-surplus model:

Let Premium = \$100; Surplus = \$74

1) Investment Income on Unearned Premium Reserves \$100 x (Exhibit III-B, Table 1, Item 12)	\$1.16
2) Investment Income on Loss Reserves \$100 x (Exhibit III-C, Table 1, Item 5)	\$0.68
3) Investment Income on Surplus \$74 x (Exhibit III-A, Table 1, Column 7)	\$2.30
4) Underwriting Income After Tax \$100 x (1-.35) x Profit Provision (Exhibit III-D, Item 5 + Item 6)	\$9.30
5) Total Expected Return [1]+[2]+[3]+[4]	\$13.44
6) Expected Return on Surplus [5]/\$74 x 100%	18.14%
7) GAAP Adjusted Return [6]/GAAP Adj. Factor (Exhibit III-F, Item 5)	15.2%

The end product is an anticipated return of 13.44% on earned premium, after tax. Related to surplus, this underwriting profit provision generates an anticipated 15.2% adjusted rate of return on GAAP basis.

**Exhibit III-A: Effective Rate of Return on Investable Assets**

Table 1: Historical Investments Returns 1986-2006

(1)	(2)	(3)	(4)	(5)	(6)	(7)
Calendar	Mean	Net	Net	Net Realized	Net	
<u>Year</u>	<u>Invested</u>	<u>Investment</u>	<u>Inv. Inc.</u>	<u>Capital</u>	<u>Realized</u>	
	<u>Assets (a)</u>	<u>Income (b)</u>	<u>% of (2)</u>	<u>Gains (c)</u>	<u>Cap. Gains</u>	
					<u>% of (2)</u>	
1986	8,118,335,491	638,231,286	7.9	306,142,812	3.8	
1987	9,808,729,009	733,126,525	7.5	117,222,704	1.2	
1988	11,272,895,755	868,278,838	7.7	34,851,447	0.3	
1989	12,415,308,080	965,013,926	7.8	45,991,686	0.4	
1990	13,727,246,565	1,040,182,466	7.6	43,141,539	0.3	
1991	14,085,608,244	1,084,863,706	7.7	16,195,685	0.1	
1992	14,872,603,927	1,078,372,300	7.3	356,556,819	2.4	
1993	15,380,644,905	1,019,000,685	6.6	192,575,284	1.3	
1994	15,728,080,374	1,000,703,107	6.4	42,091,361	0.3	
1995	16,644,320,729	1,004,243,423	6.4	58,061,803	0.3	
1996	17,754,458,149	1,024,976,627	5.8	80,172,253	0.5	
1997	19,051,878,513	1,049,458,975	5.5	112,763,515	0.6	
1998	20,008,196,638	1,114,613,916	5.6	199,016,656	1.0	
1999	21,692,869,206	1,259,013,722	5.8	559,579,315	2.6	
2000	23,097,086,037	1,249,282,280	5.4	336,548,991	1.5	
2001	22,316,155,306	1,180,115,309	5.3	295,996,921	1.3	
2002	22,117,700,188	1,149,160,133	5.2	236,186,278	1.1	
2003	24,593,328,553	1,213,180,583	4.9	186,183,583	0.8	
2004	28,362,100,873	1,278,067,945	4.5	411,926,118	1.5	
2005	31,616,013,191	1,277,698,305	4.0	273,728,472	0.9	
2006	35,560,878,142	1,370,600,938	3.9	106,166,957	0.3	
Latest 12 Years	282,814,985,523	14,170,412,156	5.2	2,856,330,862	1.0	
Latest 6 Years	164,566,176,253	7,468,823,213	4.6	1,510,188,329	1.0	
Anticipated Returns (Before Tax)			3.5		1.0	
2006 Federal Tax Rate (Exhibit III-A, Table 2)			0.2969		0.3500	
Anticipated Returns (After Tax)			2.50		0.60	3.10

- (a) Mean of current and prior year Annual Statements: Page 2, Line 10, 2005 and later. Line 9, 2004 and prior. Less Page 22, Column (2), Lines 25, 39 and 53, 2005 and later. Page 28, Column (2), Lines 25, 39 and 53, 2003 - 2004 Page 30, Column (2), 1998 - 2000. Page 31, Column (3), 1997 and prior.
- (b) Annual Statement: Page 4, Line 9 less Page 12, Part 1, Column (2), Lines 1.3, 2.11, 2.21, and 8, 2005 and later. Page 4, Line 8 less Page 6, Part 1, Column (6), Lines 1.3, 2.11, 2.21, and 8, 2001. Column (8) 2000 and prior.
- (c) Annual Statement: Page 4, Line 10, 2005 and later. Line 9, 2001 and prior.

Table 2: Effective Federal Tax Rate

				Federal Tax Rate
	Earned Income		Distribution	
BONDS (Ex Tax Exempt)	(a) \$1,214,994,487		0.886	0.3500
BONDS (Tax Exempt)				
Acquired Before 8/7/86	\$5,102,207		0.004	0.0000
Acquired After 8/7/86	194,238,202		0.142	0.0525
STOCKS - Common				
Acquired Before 8/7/86				
Non-Affiliated	\$2,264,218		0.002	0.1050
Foreign	<u>35,600</u>		0.000	0.3500
Total	\$2,299,818			
Acquired After 8/7/86				
Non-Affiliated	\$43,318,452		0.032	0.1418
Foreign	<u>8,868,316</u>		0.006	0.3500
Total	52,166,768			
STOCKS - Preferred				
Acquired Before 8/7/86				
Non-Affiliated	\$145,333		0.000	0.1050
Foreign	<u>0</u>		0.000	0.3500
Total	\$145,333			
Acquired After 8/7/86				
Non-Affiliated	\$15,365,825		0.011	0.1418
Foreign	<u>0</u>		0.000	0.3500
Total	15,365,825			
All Other Investment Income (b)	(\$113,731,702)	(c)	-0.083	0.3500
Net Investment Income Gain/(Loss)	\$1,370,600,938	(d)	1.000	0.2969 (e)

(a) 2006 Annual Statement: Page 12, Column (2), Lines 1 + 1.2  
(Excludes bonds of affiliates)

(b) Reduced by investment expenses and depreciation on real estate

(c) 2006 Annual Statement: Page 12, Part 1, Column (2), lines 3, 4, 6, and 9 less lines 11, 13, and 14

(d) Exhibit III-A, Table 1, Column 3

(e) Weighted average rate using "Distribution" column

**Exhibit III-B: Investment Income from Unearned Premium Reserves**

Table 1: Investment Income from Unearned Premium Reserves as Factor of Earned Premium (Homeowner's Insurance)

1) Earned Premium	\$100.00
2) Mean Unearned Premium Reserve 0.516 x [1]	\$51.60
3) Mean Premium Subject to Installment Payment Finance Plan 0.197 x [2]	\$10.17
4) Funds Available for Prepaid Expense, Tax, and Investment [2] - [3]	\$41.43
5) Prepaid Expense 0.253 x (2)	\$13.05
6) Federal Tax - 1986 Reform Act 0.012 x [2]	\$0.62
7) Funds Available for Investment [4] - [5] - [6]	\$27.76
8) Rate of Return, After Tax	3.1%
9) Income on Invested Reserve [7] x [8]	\$0.86
10) Income from Installment Payment Premium Finance Plan 0.029 x (3)	\$0.29
11) Total Investment Income [9] + [10]	\$1.16
12) Investment Income as a Factor of Earned Premium [11] / [1]	0.0116

Notes

Lines [2], [3], and [10]: Exhibit III-B, Table 2, Columns [9], [10] and [6], 'Selected'

Line [5]: Exhibit III-D - Acquisition (20.6%), 50% of General (2.7%) and Taxes (2%)

Line [6]: Exhibit III-E, Section A, Line 5

Line [8]: Exhibit III-A, Table 1

Table 2: Investment Income from Installment Payment Premium Finance Plan (\$000)  
(Homeowner's Insurance)

<u>Year</u>	[1] Premium Finance Charges	[2] Premium Charged-Off	[3]=[1]-[2] Net Investment Income
1998	4,999	252	4,747
1999	1,567	260	1,307
2000	2,238	365	1,872
2001	5,398	449	4,949
2002	6,970	790	6,180
2003	8,919	726	8,193
2004	9,778	1,040	8,738
2005	11,506	2,111	9,396
2006	12,392	2,334	10,059
Total	63,767	8,326	55,442

<u>Year</u>	[4]=[3]*0.65 After-Tax Investment Income	[5] Mean Premium Financed	[6]=[4]/[5] Ratio of Investment Income to Mean Premium Financed
1998	3,086	52,073	0.059
1999	850	54,620	0.016
2000	1,217	60,213	0.020
2001	3,217	67,910	0.047
2002	4,017	82,183	0.049
2003	5,326	108,101	0.049
2004	5,680	138,091	0.041
2005	6,107	180,942	0.034
2006	6,538	228,417	0.029
Total	36,037	972,550	0.037

Selected 0.029

<u>Year</u>	[7] Direct Earned Premium	[8] Mean Direct Unearned Premium Reserve	[9]=[8]/[7] Ratio	[10]=[5]/[8] Ratio
1998	499,120	261,512	0.524	0.199
1999	660,717	312,567	0.473	0.175
2000	689,933	362,752	0.526	0.166
2001	739,462	389,198	0.526	0.174
2002	826,871	444,125	0.537	0.185
2003	1,358,063	625,902	0.461	0.173
2004	1,508,424	809,142	0.536	0.171
2005	1,655,694	880,583	0.532	0.205
2006	1,794,027	958,478	0.534	0.238
Total	9,732,311	5,044,259	0.517	0.187

Selected 0.516 0.197Notes

The Column (6) selection is the 2006 ratio.

The Column (9) selection is the 2003-2006 average.

The Column (10) selection is the 2003-2006 average

**Exhibit III-C: Investment Income from Loss Reserves**

Table 1: Investment Income from Loss Reserves as a Factor of Premium

1) Ratio of Loss & LAE Reserves to Incurred Loss & LAE	0.428
2) Ratio of Federal Tax Payable to Incurred Loss & LAE	0.000
3) Permissible Loss & LAE Ratio	0.510
4) Net Effective Rate of Return After Tax	0.031
5) Investment Income as a Factor of Premium $\{(1)-(2) * (3) * (4)\}$	0.007

Notes

Line [1]: Exhibit III-C, Table 2, Column 9

Line [2]: Exhibit III-E, Section B, Line 11

Line [3]: Exhibit III-D, Line 8

Line [4]: Exhibit III-A, Table 1

Table 2: Ratio of Loss and LAE Reserves to Loss and LAE Incurred

	[1]	[2]	[3]
	Year-End Net	Prior Year Net	Mean Net
<u>Year</u>	<u>Loss Reserve</u>	<u>Loss Reserve</u>	<u>Loss Reserve</u>
1989	102,290		
1990	110,738	102,290	106,514
1991	128,892	110,738	119,815
1992	155,893	128,892	142,393
1993	133,130	155,893	144,512
1994	124,714	133,130	128,922
1995	141,072	124,714	132,893
1996	126,266	141,072	133,669
1997	128,921	126,266	127,594
1998	139,385	128,921	134,153
1999	171,405	139,385	155,395
2000	183,292	171,405	177,349
2001	194,335	183,292	188,814
2002	232,327	194,335	213,331
2003	348,145	232,327	290,236
2004	379,136	348,145	363,641
2005	322,796	379,136	350,966
2006	395,561	322,796	359,179

  

	[4]	[5]	[6]
	Year End Net	Prior Year Net	Mean Net
<u>Year</u>	<u>LAE Reserve</u>	<u>LAE Reserve</u>	<u>LAE Reserve</u>
1989	8666		
1990	9,449	8,666	9,058
1991	12,186	9,449	10,818
1992	13,245	12,186	12,716
1993	12,982	13,245	13,114
1994	29,477	12,982	21,230
1995	32,972	29,477	31,225
1996	36,214	32,972	34,593
1997	38,552	36,214	37,383
1998	43,575	38,552	41,064
1999	50,000	43,575	46,788
2000	49,226	50,000	49,613
2001	40,363	49,226	44,795
2002	48,392	40,363	44,378
2003	82,322	48,392	65,357
2004	94,668	82,322	88,495
2005	94,365	94,668	94,517
2006	93,546	94,365	93,956

  

	[7]	[8]	[9]
	Net	Net	Ratio of
<u>Year</u>	<u>Incurred</u>	<u>Incurred</u>	<u>Reserves</u>
	<u>Losses</u>	<u>LAE</u>	<u>to Incurred</u>
1989	190,002	23,569	
1990	183,806	26,164	0.550
1991	202,723	34,185	0.551
1992	283,072	32,364	0.492
1993	205,854	33,980	0.657
1994	243,752	53,801	0.505
1995	230,594	34,643	0.619
1996	293,337	44,848	0.498
1997	248,025	43,546	0.566
1998	360,457	60,203	0.417
1999	404,869	67,106	0.428
2000	465,672	69,629	0.424
2001	553,844	74,962	0.372
2002	509,392	93,398	0.428
2003	766,082	160,409	0.384
2004	818,434	163,904	0.460
2005	878,866	162,485	0.428
2006	885,181	148,526	0.438

  

Selected (Average of Latest 5 Years)	0.428
Average 5 Years	0.428
Average 4 Years	0.428
Average 3 Years	0.442

**Exhibit III-D: Expense Ratios for Homeowners' Insurance**

1) Acquisition	20.6%
2) General	5.4%
3) Taxes	2.0%
4) Reinsurance	6.8%
5) Profit	13.3%
6) Contingency	1.0%
7) Total	49.0%
8) Permissible Loss and LAE Ratio	51.0%

Data from 2006 Insurance Expense Exhibit (Direct)

**Exhibit III-E: Federal Income Tax Payable Due to Tax Reform Act of 1986****A. Tax on Unearned Premium Reserves (\$000)**

1) Net Unearned Premium Reserve 12/31/05	\$881,175
2) Net Unearned Premium Reserve 12/31/06	\$1,049,680
3) Mean Net Unearned Premium Reserve {[1] + [2]} / 2	\$965,428
4) Federal Tax Payable on Change in Net Unearned Premium Reserve {[2]-[1]} x 20% x 0.35	\$11,795
5) Ratio of Tax Payable to Mean Net Unearned Premium Reserve [4] / [3]	0.012

**B. Loss & LAE Reserve Discounting (\$000,000)**

1) Net Reserve at 12/31/05	\$417.16
2) Net Reserve at 12/31/06	\$489.11
3) Discounted Net Reserve at 12/31/05	\$382.43
4) Discounted Net Reserve at 12/31/06	\$456.43
5) Change in Net Reserve [2]-[1]	\$71.95
6) Change in Discounted Net Reserve [4]-[3]	\$74.00
7) Additional Taxable Income [5]-[6]	(\$2.06)
8) Federal Tax Payable [7] x 0.35	(\$0.72)
9) 2006 Incurred Loss & LAE (Insurance Expense Exhibit)	\$1,033.71
10) Ratio of Federal Tax Payable to Incurred Loss & LAE [8] / [9]	-0.001
11) Selected	0.000

**Exhibit III-F: Expected Total Return - Adjustment to GAAP****Expected Total Return - Adjustment to GAAP**

Item	Amount in Millions	Source
(1) 12/31/06 Policyholders Surplus (Based on Prem to Surplus Ratio) 2006 DWP	12131	2006 Annual Statement: Page 3, Column (1), line 35
(2) Non-Admitted Assests	919	2006 Annual Statement: Page 2, Column (2), line 26
(3) Equity in the UPR [= (h) calculated below]	1419	calculated field
(4) Total Adjustments (2)+(3)	2338	calculated field
(5) GAAP Surplus Adjustment Factor [(4)+(1)]/(1)	1.193	calculated field

**Calculation of Equity in UPR**

Item	Amount In Millions	Source
(a) Commissions and Brokerage Expense Incd	1323	2006 Insurance Expense Exhibit: Page 7, Part 3, Column (23), line 34
(b) Taxes, License & Fees	590	2006 Insurance Expense Exhibit: Page 7, Part 3, Column (25), line 34
(c) Other Acquisition Expenses Incd	1486	2006 Insurance Expense Exhibit: Page 7, Part 3, Column (27), line 34
(d) General Expense Incd	1375	2006 Insurance Expense Exhibit: Page 7, Part 3, Column (29), line 34
(e) Total of (a) + (b) + (c) + 0.5(d)	4087	calculated field
(f) 2006 Written Premium	18122	2006 Insurance Expense Exhibit: Page 6, Part 3, Column (1), line 34
(g) 2006 Ending UPR	6292	2006 Insurance Expense Exhibit: Page 6, Part 3, Column (19), line 34
(h) Equity in UPR (g)*(e)/(f)	1419	calculated field

**Liberty Mutual Group  
Dwelling Fire  
Arkansas  
Response to DOI Objections**

**Objection 1**

Hurricane provisions are not acceptable in AR. Please remove.

Response: We have removed the provision.

**Objection 2**

Please amend the filing by using historical data instead of modeled losses.

Response: Please see the attached amended exhibits from the Rate Level Indication.

Liberty Mutual Group  
Arkansas  
Fire and Allied  
Historical CAT Loads  
Accident Years Ending December 1992 - 2008

Accident Year	Total Inc'd Loss	Incurred CAT Loss	Severe Storm CAT Loss	Hurricane Loss	AOI/1000	Non Hurricane Non-Severe Storm Catload	Historical Severe Storm Catload
	(1)	(2)	(3)	(4)	(5)	(6)=((2)-(3)-(4))/(5)	(7)=(3)/(5)
Dec-92	41,939	0	0	0	2,699	0.000	0.000
Dec-93	2,003	0	0	0	2,816	0.000	0.000
Dec-94	4,233	0	0	0	3,523	0.000	0.000
Dec-95	2,838	0	0	0	4,054	0.000	0.000
Dec-96	3,376	1,889	1,889	0	4,768	0.000	0.396
Dec-97	6,883	6,432	6,432	0	5,883	0.000	1.093
Dec-98	10,674	0	0	0	7,235	0.000	0.000
Dec-99	34,880	33,253	33,253	0	7,942	0.000	4.187
Dec-00	82,117	1,698	1,698	0	7,569	0.000	0.224
Dec-01	189,277	0	0	0	8,028	0.000	0.000
Dec-02	108,149	0	0	0	9,296	0.000	0.000
Dec-03	11,513	0	0	0	10,422	0.000	0.000
Dec-04	13,287	0	0	0	13,203	0.000	0.000
Dec-05	3,060	0	0	0	17,574	0.000	0.000
Dec-06	33,681	4,574	4,574	0	18,684	0.000	0.245
Dec-07	391,853	0	0	0	17,320	0.000	0.000
Dec-08	119,245	56,795	42,420	0	16,722	0.860	2.537
Total	\$1,059,010	\$104,642	\$90,267	\$0	\$157,735	0.091	0.572

Selected	0.091
LM 1992 - 2008 Cat Factor	0.091

### Calculation of Severe Storm Load

1) Annual AOI Trend	1.050
2) Average Earned Date of Last Year of Experience Period	7/1/2008
3) Effective Date for Proposed Rates	02/23/10
4) Average Earned Date Under Proposed Rates	02/23/11
5) Number of Years Between (2) And (4)	2.65
6) AOI Projection Factor = $(1)^{(5)}$	1.138
7) Calendar Year Ending 12/31/2008 Earned AOI (000s)	16,722
8) Projected Earned AOI = $(6) * (7)$	19,029
9) Expected Severe Storm Loss Per \$1000 AOI	0.572
10) Projected Expected Severe Storm Losses = $(8) * (9)$	10,890
11) Calendar Year Ending 12/31/2008 Earned Premium	151,458
12) Provision for Severe Storm Losses = $(10) / (11)$	7.2%

**Liberty Mutual Group**  
**Arkansas**  
**Fire and Allied**  
**Indicated Rate Level Change**  
**Evaluated as of 12/31/2008**

Proposed Effective date: <b>2/23/2010</b>
---

Accident Year Ending	(1) Earned Premium	(1b) Earned Exposures	(2a) On-Level Factor	(2b) Prem Trend Factor	(3) E/P at Current Level	(4) Total Incurred Loss	(5) xCat xSS Incurred Loss
12/31/2004	75,151	166	1.719	1.104	142,591	13,287	9,723
12/31/2005	96,868	213	1.719	1.094	182,252	3,060	1,237
12/31/2006	104,516	208	1.648	1.032	177,809	33,681	27,413
12/31/2007	124,989	188	1.219	1.054	160,623	391,853	388,817
<u>12/31/2008</u>	<u>133,417</u>	<u>177</u>	<u>1.150</u>	<u>0.987</u>	<u>151,458</u>	<u>119,245</u>	<u>56,033</u>
Total	534,943	951			814,732	561,127	483,223

Accident Year Ending	(6) Loss Development Factor	(7) Loss Trend Factor	(8) Adjusted Normal Loss	(8a) Complement CW PP = 255*Exposure	(8b) Cred. Adj. Normal Loss	(9) Loss Ratio Weights	(10) Adjusted Normal Loss Ratio
12/31/2004	1.000	1.749	17,001	42,446	29,723	0.2	20.8%
12/31/2005	1.002	1.521	1,884	54,252	28,068	0.2	15.4%
12/31/2006	1.004	1.323	36,385	52,929	44,657	0.2	25.1%
12/31/2007	1.017	1.150	454,781	47,813	251,297	0.2	156.5%
<u>12/31/2008</u>	<u>1.073</u>	<u>1.000</u>	<u>60,127</u>	<u>45,085</u>	<u>52,606</u>	<u>0.2</u>	<u>34.7%</u>
Total			570,178	242,525	406,351		

11) Weighted Normal Loss Ratio	0.505
12) Factor for Non-hurricane non-severe storm Catastrophes	0.011
12a) Provision for Hurricane Losses	0.000
12b) Provision for Severe Storm Losses	0.072
13) Premium Projection Factor	1.068
14) Loss Projection Factor	1.448
15) Loss Ratio Projection Factor	1.357
16) Loss Adjustment Expense Factor	1.192
17) House Years in Experience Period	951
18) Credibility = Square root of [(17)/75,000] (max = 1.0)	50%
19) Projected Non-hurricane non-severe storm Loss & LAE Ratio: [(11)*(15)+	0.829
20) Projected Total Loss & LAE Ratio: (19)+{[(12a)+(12b)]*(16)/(13)}	0.910
21) Fixed Provision for Acquisition & General Expense	0.186
21a) Variable Provision for Acquisition & General Expense	0.070
21b) Provision for Reinsurance Cost	0.000
21c) Provision for Tax, Licenses, Fees, Profit & Contingency	0.178
22) Permissible Loss and LAE, and Expense [1.0 - (21a) - (21c)]	0.751
23) Indicated Rate Change $[(20)+(21)+(21b)]/(22) - 1.0$	<b>45.9%</b>
24) Selected Rate Change	<b>25.0%</b>

**Objection 3**

**Explain the 4 point increase in the profit provision.**

Response: The chosen profit provision of 13.3% does not result in excessive rates because it produces a return on surplus of 15.2% on a GAAP basis, which is commensurate with the cost of attracting capital.

**Objection 4**

**Please complete form RF-2 if multipliers are applied to an advisory organization's reference loss costs.**

Response: We do not use reference loss costs, so form RF-2 is not applicable.

SERFF Tracking Number: LBPM-126378545 State: Arkansas  
 Filing Company: Liberty Mutual Fire Insurance Company State Tracking Number: EFT \$100  
 Company Tracking Number: AR DF SR 02 10  
 TOI: 01.0 Property Sub-TOI: 01.0002 Personal Property (Fire and Allied Lines)  
 Product Name: DF  
 Project Name/Number: Premium Deviation Revision/AR DF SR 02 10

## 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)
11/10/2009	Rate and Rule	Premium Deviation Page	02/02/2010	LM-1.pdf (Superceded)
01/04/2010	Supporting Document	Form RF-1 NAIC Loss Cost Data Entry Document--All P&C Lines	02/02/2010	AR Form RF - Rate Filing Abstract R2.pdf (Superceded)
11/10/2009	Supporting Document	Form RF-1 NAIC Loss Cost Data Entry Document--All P&C Lines	01/04/2010	AR Form RF - Rate Filing Abstract R1.pdf (Superceded)
11/10/2009	Supporting Document	HPCS-Homeowners Premium Comparison Survey	02/02/2010	AR HPCS HO Premium Comparison.xls (Superceded) AR HPCS HO Premium Comparison.pdf (Superceded)

**LIBERTY MUTUAL FIRE INSURANCE COMPANY**  
**DWELLING POLICY PROGRAM**  
**LIBERTY MUTUAL FIRE INSURANCE COMPANY**  
**PREMIUM DEVIATION PAGE**

The Premium Deviation of +104.5% (2.045) is applicable to Forms DP 00 01, DP 00 02 and DP 00 03.

A +104.5% deviation (2.045 rating factor) is to be applied separately to the premium computation for these coverages when applicable.

- |   |                         |
|---|-------------------------|
| 1. Fire building                                  | 7. VMM building         |
| 2. Fire other structure                           | 8. VMM other structures |
| 3. Fire contents                                  | 9. VMM contents         |
| 4. Extended, Broad and Special buildings          | 10. Broad Form theft    |
| 5. Extended, Broad and Special structures – other | 11. Limited Form theft  |
| 6. Extended and Broad contents                    | 12. Personal liability  |

**Arkansas**  
**LM-1**

**Effective: February 23, 2010**

### NAIC LOSS COST DATA ENTRY DOCUMENT

1. This filing transmittal is part of Company Tracking # **AR DF SR 02 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>Liberty Mutual Fire Insurance Company</b>	B.	<b>0111-23035</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>01.0 Property</b>	B.	<b>01.0002 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
<b>Dwelling Fire</b>	<b>45.9%</b>	<b>25.0%</b>					
<b>TOTAL OVERALL EFFECT</b>	<b>45.9%</b>	<b>25.0%</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
<b>2004</b>	<b>166</b>			<b>75,151</b>	<b>13,287</b>	<b>17.7%</b>	<b>63.7%</b>
<b>2005</b>	<b>213</b>			<b>96,868</b>	<b>3,060</b>	<b>3.2%</b>	<b>97.0%</b>
<b>2006</b>	<b>208</b>	<b>49.5%</b>	<b>8/14/06</b>	<b>104,516</b>	<b>33,681</b>	<b>32.2%</b>	<b>66.7%</b>
<b>2007</b>	<b>188</b>			<b>124,989</b>	<b>391,853</b>	<b>313.5%</b>	<b>63.1%</b>
<b>2008</b>	<b>177</b>			<b>133,417</b>	<b>119,245</b>	<b>89.4%</b>	<b>73.5%</b>

7.

Expense Constants	Selected Provisions
A. Total Production Expense	<b>NA</b>
B. General Expense	<b>NA</b>
C. Taxes, License & Fees	<b>NA</b>
D. Underwriting Profit & Contingencies	<b>NA</b>
E. Other (explain)	<b>NA</b>
F. TOTAL	<b>NA</b>

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

9.  25.6%  Estimated Maximum Rate Increase for any Insured (%). Territory (if applicable): \_\_\_\_\_

10.  0.0%  Estimated Maximum Rate Decrease for any Insured (%) Territory (if applicable): \_\_\_\_\_

### NAIC LOSS COST DATA ENTRY DOCUMENT

1. This filing transmittal is part of Company Tracking # **AR DF SR 02 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>Liberty Mutual Fire Insurance Company</b>	B.	<b>0111-23035</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>01.0 Property</b>	B.	<b>01.0002 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
<b>Dwelling Fire</b>	<b>52.3%</b>	<b>25.0%</b>					
<b>TOTAL OVERALL EFFECT</b>	<b>52.3</b>	<b>25.0%</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
<b>2004</b>	<b>166</b>			<b>75,151</b>	<b>13,287</b>	<b>17.7%</b>	<b>63.7%</b>
<b>2005</b>	<b>213</b>			<b>96,868</b>	<b>3,060</b>	<b>3.2%</b>	<b>97.0%</b>
<b>2006</b>	<b>208</b>	<b>49.5%</b>	<b>8/14/06</b>	<b>104,516</b>	<b>33,681</b>	<b>32.2%</b>	<b>66.7%</b>
<b>2007</b>	<b>188</b>			<b>124,989</b>	<b>391,853</b>	<b>313.5%</b>	<b>63.1%</b>
<b>2008</b>	<b>177</b>			<b>133,417</b>	<b>119,245</b>	<b>89.4%</b>	<b>73.5%</b>

7.

Expense Constants	Selected Provisions
A. Total Production Expense	<b>NA</b>
B. General Expense	<b>NA</b>
C. Taxes, License & Fees	<b>NA</b>
D. Underwriting Profit & Contingencies	<b>NA</b>
E. Other (explain)	<b>NA</b>
F. TOTAL	<b>NA</b>

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

9.  25.6%  Estimated Maximum Rate Increase for any Insured (%). Territory (if applicable): \_\_\_\_\_

10.  0.0%  Estimated Maximum Rate Decrease for any Insured (%) Territory (if applicable): \_\_\_\_\_

NAIC Number: 111-23035  
 Company Name: Liberty Mutual Fire Insurance Company  
 Contact Person: Victoria Yee  
 Telephone No.: (800) 225-8346x47161  
 Email Address: Victoria.Yee@libertymutual.com  
 Effective Date: 2/23/2010

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

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

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

**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	\$761.00	\$901.00	\$761.00	\$901.00	\$761.00	\$901.00	\$761.00	\$901.00	\$761.00	\$901.00	\$761.00	\$901.00	\$761.00	\$901.00	\$761.00	\$901.00	\$761.00	\$901.00
	\$120,000	\$1,028.00	\$1,215.00	\$1,028.00	\$1,215.00	\$1,028.00	\$1,215.00	\$1,028.00	\$1,215.00	\$1,028.00	\$1,215.00	\$1,028.00	\$1,215.00	\$1,028.00	\$1,215.00	\$1,028.00	\$1,215.00	\$1,028.00	\$1,215.00
	\$160,000	\$1,296.00	\$1,528.00	\$1,296.00	\$1,528.00	\$1,296.00	\$1,528.00	\$1,296.00	\$1,528.00	\$1,296.00	\$1,528.00	\$1,296.00	\$1,528.00	\$1,296.00	\$1,528.00	\$1,296.00	\$1,528.00	\$1,296.00	\$1,528.00
6	\$80,000	\$761.00	\$901.00	\$761.00	\$901.00	\$761.00	\$901.00	\$761.00	\$901.00	\$761.00	\$901.00	\$761.00	\$901.00	\$761.00	\$901.00	\$761.00	\$901.00	\$761.00	\$901.00
	\$120,000	\$1,028.00	\$1,215.00	\$1,028.00	\$1,215.00	\$1,028.00	\$1,215.00	\$1,028.00	\$1,215.00	\$1,028.00	\$1,215.00	\$1,028.00	\$1,215.00	\$1,028.00	\$1,215.00	\$1,028.00	\$1,215.00	\$1,028.00	\$1,215.00
	\$160,000	\$1,296.00	\$1,528.00	\$1,296.00	\$1,528.00	\$1,296.00	\$1,528.00	\$1,296.00	\$1,528.00	\$1,296.00	\$1,528.00	\$1,296.00	\$1,528.00	\$1,296.00	\$1,528.00	\$1,296.00	\$1,528.00	\$1,296.00	\$1,528.00
9	\$80,000	\$1,046.00	\$1,361.00	\$1,046.00	\$1,361.00	\$1,046.00	\$1,361.00	\$1,046.00	\$1,361.00	\$1,046.00	\$1,361.00	\$1,046.00	\$1,361.00	\$1,046.00	\$1,361.00	\$1,046.00	\$1,361.00	\$1,046.00	\$1,361.00
	\$120,000	\$1,407.00	\$1,826.00	\$1,407.00	\$1,826.00	\$1,407.00	\$1,826.00	\$1,407.00	\$1,826.00	\$1,407.00	\$1,826.00	\$1,407.00	\$1,826.00	\$1,407.00	\$1,826.00	\$1,407.00	\$1,826.00	\$1,407.00	\$1,826.00
	\$160,000	\$1,766.00	\$2,287.00	\$1,766.00	\$2,287.00	\$1,766.00	\$2,287.00	\$1,766.00	\$2,287.00	\$1,766.00	\$2,287.00	\$1,766.00	\$2,287.00	\$1,766.00	\$2,287.00	\$1,766.00	\$2,287.00	\$1,766.00	\$2,287.00

**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"/>	%

**EARTHQUAKE INSURANCE**

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

ARE YOU CURRENTLY WRITING EARTHQUAKE COVERAGE IN ARKANSAS?  (yes or no)

WHAT IS YOUR PERCENTAGE DEDUCTIBLE?  %

Zone                      Brick                      Frame

			%	WHAT IS YOUR PRICE PER \$1,000 OF COVERAGE?	Highest Risk	\$		\$	
	Maximum Credit Allowed		%		Lowest Risk	\$		\$	

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