

SERFF Tracking Number: HNVR-126527925 State: Arkansas  
Filing Company: The Hanover Insurance Company State Tracking Number: EFT \$150  
Company Tracking Number: HO-AR-55122-01R  
TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations  
Product Name: Homeowners  
Project Name/Number: Homeowners/HO-AR-55122-01R

## Filing at a Glance

Company: The Hanover Insurance Company

Product Name: Homeowners

TOI: 04.0 Homeowners

Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations

Filing Type: Rate/Rule

SERFF Tr Num: HNVR-126527925 State: Arkansas

SERFF Status: Closed-Filed

Co Tr Num: HO-AR-55122-01R

Authors: Susan Whitworth, Mandi Al-Beik

Date Submitted: 03/11/2010

State Tr Num: EFT \$150

State Status: Fees verified and received

Reviewer(s): Betty Montesi, Becky Harrington

Disposition Date: 03/31/2010

Disposition Status: Filed

Effective Date Requested (New): 06/04/2010

Effective Date Requested (Renewal): 06/04/2010

Effective Date (New): 06/04/2010

Effective Date (Renewal): 06/04/2010

State Filing Description:

## General Information

Project Name: Homeowners

Project Number: HO-AR-55122-01R

Reference Organization:

Reference Title:

Filing Status Changed: 03/31/2010

State Status Changed: 03/12/2010

Created By: Mandi Al-Beik

Corresponding Filing Tracking Number: HO-AR-55122-01F

Filing Description:

In order to better service our customers we are making the changes listed below:

- 1) +4.3% overall rate change for all forms combined.
- 2) Implement wind/hail deductible credit caps (new business only) and adjust factors.
- 3) Revise all-peril deductible credit caps.
- 4) Implement loss surcharge.
- 5) Exclude weather-related claims in addition to CAT claims in determining eligibility for the loss free credit / surcharge.
- 6) Revise HO-3 AOI curve.

Status of Filing in Domicile:

Domicile Status Comments:

Reference Number:

Advisory Org. Circular:

Deemer Date:

Submitted By: Susan Whitworth

<i>SERFF Tracking Number:</i>	<i>HNVR-126527925</i>	<i>State:</i>	<i>Arkansas</i>
<i>Filing Company:</i>	<i>The Hanover Insurance Company</i>	<i>State Tracking Number:</i>	<i>EFT \$150</i>
<i>Company Tracking Number:</i>	<i>HO-AR-55122-01R</i>		
<i>TOI:</i>	<i>04.0 Homeowners</i>	<i>Sub-TOI:</i>	<i>04.0000 Homeowners Sub-TOI Combinations</i>
<i>Product Name:</i>	<i>Homeowners</i>		
<i>Project Name/Number:</i>	<i>Homeowners/HO-AR-55122-01R</i>		

- 7) Revise territory relativities.
- 8) Revise account credit.
- 9) Increase base rates for HO-3 to achieve overall target rate change.
- 10) Added Limited Fungi, Wet or Dry Rot, or Bacteria rule and endorsements.
- 11) Editorial change is being made on the Earthquake zone definition page; there is no premium or customer effect from this revision.
- 12) Manual update to territory page AR-T-2 to align zip code 72020 with territory 68.
- 13) Expanded Budgetwise Program (Rule) is being revised to specifically exclude losses found to be weather claims in keeping with the guidance offered in Directive No.: 2-2009.

The corresponding form filing has been filed on this same date under filing number: HO-AR-55122-01F.

If you have any question regarding this filing please feel free to contact me.

## Company and Contact

### Filing Contact Information

Mandi Al-Beik, State Filing Consultant	ma1provench@hanover.com
440 Lincoln Street	508-855-2675 [Phone] 2675 [Ext]
Worcester, MA 01653	508-855-4786 [FAX]

### Filing Company Information

The Hanover Insurance Company	CoCode: 22292	State of Domicile: New Hampshire
440 Lincoln Street	Group Code: 88	Company Type: Property & Casualty
Worcester, MA 01653	Group Name: The Hanover Ins Group	State ID Number:
(508) 855-1000 ext. [Phone]	FEIN Number: 13-5129825	

## Filing Fees

Fee Required?	Yes
Fee Amount:	\$150.00
Retaliatory?	No
Fee Explanation:	\$50.00 for Rules + \$100.00 for Rates = \$150.00
Per Company:	No

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Product Name: Homeowners  
Project Name/Number: Homeowners/HO-AR-55122-01R

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
The Hanover Insurance Company	\$150.00	03/11/2010	34791269

SERFF Tracking Number: *HNVR-126527925* State: *Arkansas*  
 Filing Company: *The Hanover Insurance Company* State Tracking Number: *EFT \$150*  
 Company Tracking Number: *HO-AR-55122-01R*  
 TOI: *04.0 Homeowners* Sub-TOI: *04.0000 Homeowners Sub-TOI Combinations*  
 Product Name: *Homeowners*  
 Project Name/Number: *Homeowners/HO-AR-55122-01R*

## Correspondence Summary

### Dispositions

Status	Created By	Created On	Date Submitted
Filed	Becky Harrington	03/31/2010	03/31/2010

### 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	03/19/2010	03/19/2010	Mandi Al-Beik	03/25/2010	03/26/2010
Pending Industry Response	Becky Harrington	03/12/2010	03/12/2010	Mandi Al-Beik	03/19/2010	03/19/2010

SERFF Tracking Number: *HNVR-126527925*  
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State: *Arkansas*  
 State Tracking Number: *EFT \$150*  
 Sub-TOI: *04.0000 Homeowners Sub-TOI Combinations*

## Disposition

Disposition Date: 03/31/2010  
 Effective Date (New): 06/04/2010  
 Effective Date (Renewal): 06/04/2010  
 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>
The Hanover Insurance Company	13.900%	4.300%	\$58,509	1,659	\$1,360,681	26.800%	-17.000%

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 Product Name: Homeowners  
 Project Name/Number: Homeowners/HO-AR-55122-01R

Schedule	Schedule Item	Schedule Item Status	Public Access
Supporting Document	Form RF-2 Loss Costs Only (not for workers' compensation)	Filed	Yes
Supporting Document	H-1 Homeowners Abstract	Filed	Yes
Supporting Document (revised)	HPCS-Homeowners Premium Comparison Survey	Filed	Yes
Supporting Document	HPCS-Homeowners Premium Comparison Survey		Yes
Supporting Document	NAIC loss cost data entry document	Filed	Yes
Supporting Document	Memorandum and Actuarial Support	Filed	Yes
Supporting Document	Responses to Objections 03/12/10	Filed	Yes
Supporting Document	Responses to Objections 03/19/2010	Filed	Yes
Supporting Document	Marked Up Copy for Zip Code Deletion	Filed	Yes
Rate	Cover and Index	Filed	Yes
Rate	Endorsement Table	Filed	Yes
Rate	Rate Structure	Filed	Yes
Rate	Territory Pages	Filed	Yes
Rate (revised)	Territory Pages	Filed	Yes
Rate	Territory Pages		Yes
Rate	State Pages - Rating Rules	Filed	Yes
Rate	State Pages - Rating Rules	Filed	Yes
Rate	State Pages - Rating Rules	Filed	Yes
Rate	State Pages - Rating Rules	Filed	Yes
Rate	State Pages - Rating Rules	Filed	Yes

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Product Name: Homeowners  
Project Name/Number: Homeowners/HO-AR-55122-01R

## Objection Letter

Objection Letter Status Pending Industry Response  
Objection Letter Date 03/19/2010  
Submitted Date 03/19/2010  
Respond By Date

Dear Mandi Al-Beik,

This will acknowledge receipt of the response dated 3/19/2010.

### Objection 1

- Responses to Objections 03/12/10 (Supporting Document)

Comment: The previous request was for the non-hurricane CAT model to be filed along with the data entered into the model that provided your results. The models were named, but not provided. We only allow modeling for the earthquake peril which has no historical loss data. Lacking the actual models and data confirming information relevant to AR and given that the Department has not been allowing models for development of CAT loads or weather related loads, please re-calculate your indications using historical data for the catastrophe load.

### Objection 2

- Responses to Objections 03/12/10 (Supporting Document)

Comment: AR statutes allow the consideration of competitor information, however, company experience must also be utilized when available. ACA 23-67-202 (12)

Please provide company specific loss experience supporting the loss surcharge factors.

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 03/25/2010  
Submitted Date 03/26/2010

SERFF Tracking Number: HNVR-126527925 State: Arkansas  
Filing Company: The Hanover Insurance Company State Tracking Number: EFT \$150  
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TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations  
Product Name: Homeowners  
Project Name/Number: Homeowners/HO-AR-55122-01R

Dear Becky Harrington,

**Comments:**

Thank you for your objection letter on 03/19/2010.

**Response 1**

Comments: Please see our response, attached.

**Related Objection 1**

Applies To:

- Responses to Objections 03/12/10 (Supporting Document)

Comment:

The previous request was for the non-hurricane CAT model to be filed along with the data entered into the model that provided your results. The models were named, but not provided. We only allow modeling for the earthquake peril which has no historical loss data. Lacking the actual models and data confirming information relevant to AR and given that the Department has not been allowing models for development of CAT loads or weather related loads, please re-calculate your indications using historical data for the catastrophe load.

**Changed Items:**

**Supporting Document Schedule Item Changes**

Satisfied -Name: Responses to Objections 03/19/2010

Comment:

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

**Response 2**

Comments: Please see our response attached.

Also, we have amended our territory pages to eliminate zip code 72945. There are no policies impacted by this change.

**Related Objection 1**

Applies To:

- Responses to Objections 03/12/10 (Supporting Document)

Comment:

AR statutes allow the consideration of competitor information, however, company experience must also be utilized when available. ACA 23-67-202 (12)

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Product Name: Homeowners  
Project Name/Number: Homeowners/HO-AR-55122-01R

Please provide company specific loss experience supporting the loss surcharge factors.

**Changed Items:**

**Supporting Document Schedule Item Changes**

Satisfied -Name: Responses to Objections 03/19/2010

Comment:

Satisfied -Name: Marked Up Copy for Zip Code Deletion

Comment:

No Form Schedule items changed.

**Rate/Rule Schedule Item Changes**

<b>Exhibit Name</b>	<b>Rule # or Page #</b>	<b>Rate Action</b>	<b>Previous State Filing #</b>
Territory Pages	Section 6 pg 5	Replacement	
<b><i>Previous Version</i></b>			
<i>Territory Pages</i>	<i>Section 6 pg 5</i>	<i>Replacement</i>	

If you have any further questions please feel free to contact me.

Sincerely,

Mandi Al-Beik, Susan Whitworth

SERFF Tracking Number: HNVN-126527925 State: Arkansas  
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Company Tracking Number: HO-AR-55122-01R  
TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations  
Product Name: Homeowners  
Project Name/Number: Homeowners/HO-AR-55122-01R

## Objection Letter

Objection Letter Status Pending Industry Response

Objection Letter Date 03/12/2010

Submitted Date 03/12/2010

Respond By Date

Dear Mandi Al-Beik,

This will acknowledge receipt of the captioned filing.

Objection 1

- HPCS-Homeowners Premium Comparison Survey (Supporting Document)

Comment: The form must be submitted in Excel spreadsheet format (xls).

Objection 2

- Memorandum and Actuarial Support (Supporting Document)

Comment: Provide statistical data supporting the loss surcharge factors.

Objection 3

- Memorandum and Actuarial Support (Supporting Document)

Comment: Provide the model and data used to develop the non-hurricane catastrophe load.

Objection 4

No Objections

Comment: Provide a disruption chart showing rate change effects and number of insureds. Identify the specific causes of the 26.8% change to territory 37.

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 03/19/2010

Submitted Date 03/19/2010

SERFF Tracking Number: HNVN-126527925 State: Arkansas  
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Company Tracking Number: HO-AR-55122-01R  
TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations  
Product Name: Homeowners  
Project Name/Number: Homeowners/HO-AR-55122-01R

Dear Becky Harrington,

**Comments:**

Thank you for your objection letter on 03/12/2010.

**Response 1**

Comments: We have attached the excel version for your review.

**Related Objection 1**

Applies To:

- HPCS-Homeowners Premium Comparison Survey (Supporting Document)

Comment:

The form must be submitted in Excel spreadsheet format (xls).

**Changed Items:**

**Supporting Document Schedule Item Changes**

Satisfied -Name: HPCS-Homeowners Premium Comparison Survey

Comment:

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

**Response 2**

Comments: Please see the attached response.

**Related Objection 1**

Applies To:

- Memorandum and Actuarial Support (Supporting Document)

Comment:

Provide statistical data supporting the loss surcharge factors.

**Changed Items:**

**Supporting Document Schedule Item Changes**

Satisfied -Name: Responses to Objections 03/12/10

Comment:

SERFF Tracking Number: HNVN-126527925 State: Arkansas  
Filing Company: The Hanover Insurance Company State Tracking Number: EFT \$150  
Company Tracking Number: HO-AR-55122-01R  
TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations  
Product Name: Homeowners  
Project Name/Number: Homeowners/HO-AR-55122-01R

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

### Response 3

Comments: Please see the attached response.

#### Related Objection 1

Applies To:

- Memorandum and Actuarial Support (Supporting Document)

Comment:

Provide the model and data used to develop the non-hurricane catastrophe load.

#### Changed Items:

##### Supporting Document Schedule Item Changes

Satisfied -Name: Responses to Objections 03/12/10

Comment:

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

### Response 4

Comments: Please see the attached response.

#### Related Objection 1

Comment:

Provide a disruption chart showing rate change effects and number of insureds. Identify the specific causes of the 26.8% change to territory 37.

#### Changed Items:

##### Supporting Document Schedule Item Changes

Satisfied -Name: Responses to Objections 03/12/10

Comment:

No Form Schedule items changed.

*SERFF Tracking Number:*      *HNVR-126527925*                      *State:*                      *Arkansas*  
*Filing Company:*              *The Hanover Insurance Company*                      *State Tracking Number:*      *EFT \$150*  
*Company Tracking Number:*      *HO-AR-55122-01R*  
*TOI:*                      *04.0 Homeowners*                      *Sub-TOI:*                      *04.0000 Homeowners Sub-TOI Combinations*  
*Product Name:*                      *Homeowners*  
*Project Name/Number:*      *Homeowners/HO-AR-55122-01R*

No Rate/Rule Schedule items changed.

If you have any further questions please feel free to contact me.

Sincerely,

Mandi Al-Beik, Susan Whitworth

SERFF Tracking Number: *HNVR-126527925*  
 Filing Company: *The Hanover Insurance Company*  
 Company Tracking Number: *HO-AR-55122-01R*  
 TOI: *04.0 Homeowners*  
 Product Name: *Homeowners*  
 Project Name/Number: *Homeowners/HO-AR-55122-01R*

State: *Arkansas*  
 State Tracking Number: *EFT \$150*  
 Sub-TOI: *04.0000 Homeowners Sub-TOI Combinations*

**Rate Information**

Rate data applies to filing.

**Filing Method:** File & Use  
**Rate Change Type:** Increase  
**Overall Percentage of Last Rate Revision:** 5.000%  
**Effective Date of Last Rate Revision:** 06/04/2009  
**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):
The Hanover Insurance Company	13.900%	4.300%	\$58,509	1,659	\$1,360,681	26.800%	-17.000%

SERFF Tracking Number: *HNVR-126527925* State: *Arkansas*  
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 TOI: *04.0 Homeowners* Sub-TOI: *04.0000 Homeowners Sub-TOI Combinations*  
 Product Name: *Homeowners*  
 Project Name/Number: *Homeowners/HO-AR-55122-01R*

## Rate/Rule Schedule

Schedule Item	Exhibit Name:	Rule # or Page	Rate Action	Previous State Filing Attachments
Status:		#:		Number:
Filed 03/31/2010	Cover and Index	Cover and Index	Replacement	AR HO Han Only 06.04.10 clean v2 cover & index.pdf
Filed 03/31/2010	Endorsement Table	Section 2 pgs 1-3	Replacement	AR HO Han Only 06.04.10 clean v2 section 2 pg 1-3.pdf
Filed 03/31/2010	Rate Structure	Section 5 pgs 1-4	Replacement	AR HO Han Only 06.04.10 clean v2 section 5 pg 1-4.pdf
Filed 03/31/2010	Territory Pages	Section 6 pgs 2-3	Replacement	AR HO Han Only 060410 clean section 6 pg-2-3.pdf
Filed 03/31/2010	Territory Pages	Section 6 pg 5	Replacement	Revised Page T-5 AR HO Han 06.04.10 clean.pdf
Filed 03/31/2010	State Pages - Rating Rules	Section 7 pg 2	Replacement	AR HO Han Only 06.04.10 clean section 7 pg 2.pdf
Filed 03/31/2010	State Pages - Rating Rules	Section 8 pg 13	Replacement	AR HO Han Only 060410 clean section 8 pg 13.pdf
Filed 03/31/2010	State Pages - Rating	Section 8 pgs	Replacement	AR HO Han Only

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TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations  
Product Name: Homeowners  
Project Name/Number: Homeowners/HO-AR-55122-01R

Rules 19-20 060410 clean section  
8 pg 19-20.pdf

Filed 03/31/2010 State Pages - Rating Section 8 pg 25 Replacement AR HO Han Only  
Rules section 8 pg 25.pdf

Filed 03/31/2010 State Pages - Rating Section 8 pgs Replacement AR HO Han Only  
Rules 36-37 060410 clean section  
8 pg 36-37.pdf

**ANNOUNCEMENT OF REVISIONS**

MANUAL PAGES INCLUDED HEREWITH:

ENTIRE HOMEOWNERS MANUAL

Revised pages with this revision:

Index.....A  
Rate Structure ..... AR-RS-1 thru AR-RS-4  
Territory Pages.....AR-T-2, 3, 5  
State Pages - Rating Rules ..... 13, 19, 20, 25, 37

SUMMARY OF CHANGE

- Revised Base Rates
- Revised Amount of Insurance Relativities
- Revised Earthquake Zone Definition
- Revised Deductible Caps
- Revised Wind/Hail Deductibles
- Revised Loss Free Credit/Surcharge
- Revised Account Credit
- Added Limited Fungi, Wet or Dry Rot, or Bacteria rule and endorsements

EFFECTIVE DATE: June 4, 2010 New and Renewals

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## 2. ENDORSEMENT TABLE

NUMBER	EDITION DATE	BASIC COVERAGE FORMS	PREMIUM BEARING	
			YES	NO
HO-00-03	04-91	Special Form	X	
HO-00-04	04-91	Contents - Broad Form	X	
HO-00-06	04-91	Unit Owners Form	X	
		<b>MANDATORY COVERAGE FORMS</b>		
HO-04-96	04-91	Home Day Care Business: <u>No</u> Section II Liability Coverages; <u>Limited</u> Section I – Property Coverages		X
231-1340	12-91	Lead Poisoning Exclusion		X
231-2475	06-06	Lead Poisoning Exclusion-Personal Umbrella Liability Supplement		X
231-2516	10-06	Special Provisions – AR		X
231-2698	06-09	Connections Total Household Rewards		X
231-5815	11-09	Fungi, Wet or Dry Rot, or Bacteria Exclusion (HO-3)		X
231-5835	11-09	Fungi, Wet or Dry Rot, or Bacteria Exclusion (all except HO-3)		X
		<b>OPTIONAL COVERAGE FORMS</b>		
HO-00-15	04-91	Special Personal Property Coverage – HO-00-03 Only **	X	
HO-03-12	10-93	Windstorm or Hail Percentage Deductible – HO-00-03	X	
HO-04-10	04-91	Additional Interests – Residence Premises		X
HO-04-35	04-91	Loss Assessment Coverage **	X	
HO-04-41	04-91	Additional Insured – Residence Premises		X
HO-04-42	04-91	Permitted Incidental Occupancies – Residence Premises	X	
HO-04-48	04-91	Other Structures – Increased Limits	X	
HO-04-54	06-94	Earthquake	X	
HO-04-61	04-91	Scheduled Personal Property Endorsement	X	
HO-04-91	04-91	Coverage B – Off Premises	X	
HO-17-31	04-91	Unit Owners Coverage C Special Coverage – HO-00-06 Only **	X	
HO-17-33	04-91	Unit-Owners Rental to Others	X	
HO-24-13	04-91	Incidental Motorized Land Conveyances	X	
HO-24-70	04-91	Additional Residence Rented to Others 1, 2, 3 or 4 Families	X	
HO-24-71	04-91	Business Pursuits	X	
HO-24-72	04-91	Incidental Farming Personal Liability	X	
HO-24-75	04-91	Watercraft	X	
231-5896	11-09	Watercraft Endorsement	X	
BT 12	11-94	Uninsured Watercraft Liability	X	
BT 14	11-94	Watercraft Additional Unattached Equipment	X	
BT 16	11-94	Territorial Modification	X	
HO-24-82	04-91	Personal Injury ** (Mandatory w/ 231-2322 PL Umbrella)	X	
231-1050	08-88	Scheduled Golf Cart Endorsement	X	
231-1339	12-91	Scheduled Personal Property Endorsement–Agreed Amount Cov.	X	
231-5771	06-09	Valuable Items Plus Coverage	X	
231-1937	01-01	Identity Fraud Expense Coverage **	X	
231-2322	06-06	Personal Liability Umbrella Supplement	X	
231-2338	06-06	Building Materials Coverage For Dwelling Under Construction or Renovations		X

2. ENDORSEMENT TABLE

			PREMIUM BEARING	
OPTIONAL COVERAGE FORMS (cont.)			YES	NO
231-5812	06-09	Water Backup and Sump Overflow	X	
231-2349	06-06	Residence Held In Trust		X
391-0565	01-83	Premises Alarm or Fire Protection System	X	
231-5783	06-09	Assisted Living Care Coverage	X	
231-5767	06-09	Equipment Breakdown	X	
NUMBER	EDITION DATE	COVERAGE PACKAGE ONLY COVERAGE FORMS	YES	NO
HO-04-51	04-91	Building Additions and Alterations-Inc'd Limit-Form HO-00-04	X	
HO-04-53	04-91	Credit Card, Fund Transfer Card, Forgery and Counterfeit Money Coverage-Increased Limit	X	
231-2745	09-09	Coverage C Increased Special Limits of Liability	X	
HO-04-77	06-94	Ordinance or Law Coverage Increased Amount of Coverage	X	
HO-04-90	04-91	Personal Property Replacement Cost	X	
HO-17-32	04-91	Unit Owners Coverage A Special Coverage – Form HO-00-06 Only	X	
231-1841	05-99	Extended Dwelling Replacement Cost - 125% of Cov. A Dwelling	X	
231-2235	12-05	Extended Dwelling Replacement Cost-150% of Cov. A Dwelling	X	
231-2323	06-06	Coverage C Increased Special Limit of Liability – Watercraft	X	
231-2324	06-06	Coverage C Increased Special Limit of Liability – Trailers	X	
231-2325	06-06	Additional Coverage – Fire Department Service Charge	X	
231-2326	06-06	Additional Coverage – Trees, Shrubs and Other Plants	X	
231-2327	06-06	Debris Removal Increased Limit	X	
231-2328	06-06	Section II - Additional Cov. – Damage to Property of Others	X	
231-2329	06-06	Revised Deductible Endorsement	X	
231-2331	06-06	Lock Replacement Coverage	X	
231-2341	06-06	Refrigerated Property Coverage	X	
231-2350	06-06	Special Personal Property Coverage HO-00-04 Only	X	
231-2354	09-09	Cov C Increased Special Limits of Liability (with end HO 00 15, HO 17 31, 231-2350)	X	
231-2364	06-06	Increased Limits on Business Property	X	
231-5770	06-09	Select Premium Extra	X	
POLICYHOLDER NOTICES – MANDATORY				
GU 224a	07-83	Notice Concerning Fire Losses – AR		X
231-0862	05-06	Privacy Policy		X
231-1890	04-00	Arkansas – Earthquake Coverage Notice		X
231-2067	11-03	Important Notice Regarding Fire Protection		X
231-2133	10-04	Important Info Relating to Your Policy or Application for Insurance – ChoicePoint Information		X
231-2337	06-06	Notice to Policyholders – Flood Damage Coverage		X
SIG-0001	06-05	Hanover Signature Page		X

\* IS A CHANGED ITEM Inforce business will be automatically updated for changed forms.

**HANOVER**

**ARKANSAS HOMEOWNERS**

**2. ENDORSEMENT TABLE**

**\*\* This coverage is also provided in selected Coverage Packages.**

5. RATE STRUCTURE

HO-00-03  
 \$30,000 BASE RATES  
 \$250 DEDUCTIBLE COVERAGE

Terr	Prem. Group	Rate
31	1	861
	2	957
	3	1053
	4	1148
	5	1589
	6	2393
	7	3444
	8	1197
	9	1291
	10	1871
	11	3923
37	12	907
	13	1009
	14	1110
	15	1210
	16	1676
	17	2523
	18	3631
	19	1262
	20	1361
	21	1972
	22	4137
42	23	919
	24	1022
	25	1125
	26	1226
	27	1697
	28	2556
	29	3678
	30	1278
	31	1379
	32	1997
	33	4190

Terr	Prem. Group	Rate
49	34	680
	35	757
	36	832
	37	907
	38	1255
	39	1890
	40	2721
	41	945
	42	1021
	43	1477
	44	3099
50	45	1222
	46	1359
	47	1496
	48	1630
	49	2256
	50	3398
	51	4891
	52	1700
	53	1833
	54	2656
	55	5571
51	56	1236
	57	1375
	58	1513
	59	1650
	60	2283
	61	3439
	62	4948
	63	1720
	64	1855
	65	2687
	66	5637

Terr	Prem. Group	Rate
52	89	775
	90	862
	91	949
	92	1034
	93	1430
	94	2154
	95	3101
	96	1078
	97	1162
	98	1684
	99	3532
53	100	815
	101	906
	102	997
	103	1087
	104	1504
	105	2267
	106	3262
	107	1134
	108	1223
	109	1771
	110	3715
54	67	1357
	68	1509
	69	1661
	70	1811
	71	2505
	72	3774
	73	5431
	74	1888
	75	2036
	76	2950
	77	6188

5. RATE STRUCTURE

HO-00-03  
 \$30,000 BASE RATES  
 \$250 DEDUCTIBLE COVERAGE

Terr	Prem. Group	Rate
55	111	800
	112	889
	113	979
	114	1066
	115	1476
	116	2223
	117	3199
	118	1112
	119	1200
	120	1737
	121	3645
56	122	806
	123	896
	124	987
	125	1075
	126	1489
	127	2241
	128	3225
	129	1121
	130	1209
	131	1751
	132	3675
61	155	849
	156	944
	157	1039
	158	1132
	159	1567
	160	2361
	161	3397
	162	1180
	163	1274
	164	1845
	165	3870

Terr	Prem. Group	Rate
62	78	660
	79	735
	80	809
	81	881
	82	1219
	83	1837
	84	2643
	85	919
	86	991
	87	1435
	88	3011
63	133	800
	134	889
	135	979
	136	1066
	137	1476
	138	2223
	139	3199
	140	1112
	141	1200
	142	1737
	143	3645
64	144	1231
	145	1369
	146	1507
	147	1642
	148	2272
	149	3424
	150	4927
	151	1712
	152	1847
	153	2675
	154	5612

Terr	Prem. Group	Rate
65	166	884
	167	983
	168	1082
	169	1179
	170	1632
	171	2458
	172	3537
	173	1230
	174	1326
	175	1921
	176	4030
66	210	1145
	211	1274
	212	1401
	213	1528
	214	2114
	215	3185
	216	4584
	217	1593
	218	1719
	219	2488
	220	5221
67	232	914
	233	1017
	234	1118
	235	1219
	236	1687
	237	2542
	238	3657
	239	1271
	240	1372
	241	1986
	242	4167

5. RATE STRUCTURE

HO-00-03  
 \$30,000 BASE RATES  
 \$250 DEDUCTIBLE COVERAGE

Terr	Prem. Group	Rate
68	243	974
	244	1083
	245	1192
	246	1299
	247	1798
	248	2708
	249	3896
	250	1355
	251	1461
	252	2116
	253	4440
69	254	1126
	255	1252
	256	1378
	257	1502
	258	2079
	259	3130
	260	4506
	261	1567
	262	1689
	263	2447
	264	5132
70	276	837
	277	931
	278	1024
	279	1117
	280	1546
	281	2328
	282	3350
	283	1165
	284	1256
	285	1819
	286	3817

Terr	Prem. Group	Rate
71	287	1027
	288	1141
	289	1257
	290	1370
	291	1895
	292	2856
	293	4111
	294	1429
	295	1541
	296	2232
	297	4683
72	221	896
	222	996
	223	1096
	224	1195
	225	1654
	226	2491
	227	3584
	228	1245
	229	1344
	230	1946
	231	4083
73	265	872
	266	970
	267	1067
	268	1164
	269	1611
	270	2426
	271	3491
	272	1213
	273	1309
	274	1895
	275	3977

Terr	Prem. Group	Rate
74	177	1074
	178	1195
	179	1314
	180	1433
	181	1983
	182	2986
	183	4298
	184	1494
	185	1611
	186	2334
	187	4896
75	199	1144
	200	1273
	201	1400
	202	1526
	203	2111
	204	3181
	205	4579
	206	1591
	207	1716
	208	2486
	209	5216
76	188	979
	189	1088
	190	1199
	191	1307
	192	1807
	193	2722
	194	3918
	195	1361
	196	1469
	197	2127
	198	4463

## 5. RATE STRUCTURE

HO-00-03  
RELATIVITY CURVE

<u>Policy Amount</u>	<u>Relativity</u>	<u>Policy Amount</u>	<u>Relativity</u>	<u>Policy Amount</u>	<u>Relativity</u>	<u>Policy Amount</u>	<u>Relativity</u>
30,000	1.000	95,000	1.115	240,000	2.187	385,000	3.468
31,000	1.001	100,000	1.125	245,000	2.230	390,000	3.512
32,000	1.002	105,000	1.135	250,000	2.273	395,000	3.556
33,000	1.003	110,000	1.165	255,000	2.309	400,000	3.600
34,000	1.004	115,000	1.195	260,000	2.345	405,000	3.640
35,000	1.005	120,000	1.225	265,000	2.381	410,000	3.680
36,000	1.006	125,000	1.255	270,000	2.417	415,000	3.720
37,000	1.007	130,000	1.310	275,000	2.453	420,000	3.760
38,000	1.008	135,000	1.356	280,000	2.498	425,000	3.800
39,000	1.009	140,000	1.409	285,000	2.543	430,000	3.840
40,000	1.010	145,000	1.462	290,000	2.588	435,000	3.880
41,000	1.012	150,000	1.507	295,000	2.633	440,000	3.920
42,000	1.014	155,000	1.530	300,000	2.678	445,000	3.959
43,000	1.016	160,000	1.583	305,000	2.726	450,000	3.999
44,000	1.018	165,000	1.634	310,000	2.774	455,000	4.046
45,000	1.020	170,000	1.686	315,000	2.823	460,000	4.092
46,000	1.022	175,000	1.710	320,000	2.871	465,000	4.138
47,000	1.024	180,000	1.742	325,000	2.919	470,000	4.184
48,000	1.028	185,000	1.773	330,000	2.968	475,000	4.230
49,000	1.032	190,000	1.805	335,000	3.016	480,000	4.276
50,000	1.036	195,000	1.836	340,000	3.065	485,000	4.322
55,000	1.040	200,000	1.868	345,000	3.113	490,000	4.368
60,000	1.044	205,000	1.906	350,000	3.161	495,000	4.415
65,000	1.051	210,000	1.944	355,000	3.205	500,000	4.461
70,000	1.058	215,000	1.982	360,000	3.249		
75,000	1.065	220,000	2.021	365,000	3.293	Each Additional \$5,000	
80,000	1.070	225,000	2.059	370,000	3.337	add 0.047	
85,000	1.085	230,000	2.102	375,000	3.381		
90,000	1.105	235,000	2.144	380,000	3.425		

6. TERRITORY PAGES

ZIP CODE	Territory						
71601	64	71743	75	71857	75	71971	66
71602	64	71744	75	71858	75	71972	66
71603	64	71745	75	71859	66	71973	66
71612	64	71747	75	71860	69	71998	75
71630	64	71748	75	71861	69	71999	75
71631	75	71749	75	71862	66	72001	76
71635	64	71750	75	71864	75	72002	42
71638	64	71751	75	71865	69	72003	64
71639	64	71752	69	71866	69	72004	64
71640	64	71753	69	71901	42	72005	54
71642	64	71758	75	71902	42	72006	64
71643	64	71759	75	71903	42	72007	71
71644	64	71762	75	71909	49	72010	68
71646	64	71763	75	71910	42	72011	42
71647	75	71764	75	71913	42	72012	68
71651	75	71765	75	71914	42	72013	65
71652	75	71766	75	71920	75	72014	54
71653	64	71768	75	71921	75	72015	42
71654	64	71770	69	71922	66	72016	76
71655	64	71801	66	71923	75	72017	64
71656	64	71820	69	71929	42	72019	42
71658	64	71822	69	71932	66	72020	68
71659	64	71823	66	71933	42	72021	64
71660	75	71825	66	71935	66	72022	42
71661	64	71826	69	71937	66	72023	37
71662	64	71827	69	71940	66	72024	71
71663	64	71828	75	71941	75	72025	76
71665	75	71831	66	71942	75	72026	64
71666	64	71832	66	71943	66	72027	65
71667	64	71833	66	71944	66	72028	65
71670	64	71834	69	71945	66	72029	64
71671	75	71835	75	71949	42	72030	65
71674	64	71836	69	71950	66	72031	65
71675	64	71837	69	71951	42	72032	31
71676	64	71838	66	71952	66	72034	31
71677	64	71839	69	71953	66	72035	72
71678	64	71840	69	71956	42	72036	64
71701	75	71841	66	71957	66	72037	71
71720	75	71842	66	71958	66	72038	64
71721	75	71844	75	71959	66	72039	72
71722	75	71845	69	71960	66	72040	64
71724	75	71846	66	71961	66	72041	64
71725	75	71847	66	71962	75	72042	64
71726	75	71851	66	71964	42	72043	54
71728	75	71852	66	71965	66	72044	68
71730	75	71853	69	71968	42	72045	68
71740	69	71854	69	71969	66	72046	71
71742	75	71855	66	71970	66	72047	72

Please refer to our ZIP Code Assignment rule on Page AR-T-1 for ZIP Codes not listed.

6. TERRITORY PAGES

ZIP CODE	Territory						
72048	64	72117	37	72202	37	72360	64
72051	68	72118	31	72204	37	72364	64
72052	68	72120	37	72205	37	72365	54
72053	37	72121	42	72206	37	72366	64
72055	64	72122	42	72207	37	72367	64
72057	75	72123	64	72209	37	72368	64
72058	72	72125	76	72210	37	72369	64
72059	64	72126	76	72211	37	72370	54
72060	68	72127	67	72212	37	72372	64
72061	72	72128	75	72223	37	72373	64
72063	67	72129	75	72227	37	72374	64
72064	71	72130	68	72301	64	72376	64
72065	37	72131	68	72310	54	72377	54
72066	64	72132	64	72311	64	72379	64
72067	68	72133	64	72312	64	72383	64
72068	68	72134	64	72313	54	72384	64
72069	64	72135	31	72315	54	72386	54
72070	76	72136	68	72319	54	72387	64
72072	71	72137	68	72320	64	72389	64
72073	71	72139	68	72321	54	72390	64
72074	64	72140	64	72322	64	72391	54
72075	54	72141	65	72324	64	72392	64
72076	37	72142	37	72325	64	72394	64
72079	64	72143	68	72326	64	72395	54
72080	67	72150	75	72327	64	72396	64
72081	68	72152	64	72328	64	72401	51
72082	68	72153	65	72329	54	72404	51
72083	71	72156	67	72330	54	72410	68
72084	75	72157	67	72331	64	72411	51
72085	68	72160	71	72332	64	72412	50
72086	71	72164	37	72333	64	72413	50
72087	42	72165	68	72335	64	72414	51
72088	65	72166	64	72338	54	72415	68
72099	37	72167	75	72339	64	72416	50
72101	64	72168	64	72340	64	72417	51
72102	42	72169	54	72341	64	72419	51
72103	42	72170	64	72342	64	72421	51
72104	75	72173	72	72346	64	72422	50
72105	75	72175	64	72347	64	72424	50
72106	31	72176	71	72348	64	72425	50
72107	67	72178	68	72350	54	72426	54
72108	64	72179	68	72351	54	72427	51
72110	67	72180	37	72352	64	72428	54
72111	72	72181	72	72353	64	72429	54
72112	54	72182	64	72354	54	72430	50
72113	31	72183	37	72355	64	72431	54
72114	37	72199	31	72358	54		
72116	37	72201	37	72359	64		

Please refer to our ZIP Code Assignment rule on Page AR-T-1 for ZIP Codes not listed.

6. TERRITORY PAGES

ZIP Code	Territory
72762	63
72764	63
72768	63
72769	55
72770	63
72773	53
72774	55
72776	53
72801	67
72802	67
72820	65
72821	65
72823	67
72824	74
72826	74
72827	74
72828	74
72829	74
72830	65
72832	65
72833	74
72834	76
72835	76
72837	67
72838	74
72839	65
72840	65
72841	74
72842	74
72843	67
72845	65
72846	65
72847	67
72851	76
72852	65
72853	74
72854	65
72855	76
72856	67
72857	74
72858	67
72860	74
72863	76
72865	76
72901	70
72903	70
72904	70
72905	70

ZIP Code	Territory
72908	70
72916	70
72921	73
72923	70
72926	74
72927	74
72928	65
72930	65
72932	73
72933	65
72934	73
72935	73
72936	70
72937	70
72938	70
72940	70
72941	70
72943	76
72944	74
72946	73
72947	73
72948	73
72949	65
72950	74
72951	74
72952	73
72955	73
72956	73
72958	74
72959	55

Please refer to our ZIP Code Assignment rule on Page AR-T-1 for ZIP Codes not listed.

## 7. STATE PAGES – GENERAL RULES

### 7.2 BUDGETWISE PROGRAM

The expanded BudgetWise Tier shall be determined with underwriting variables such as insurance score, coverage A or coverage C amount, protection class, year of construction, age of oldest insured, number of families, dwelling use type (primary, secondary or seasonal residence), number and type of prior losses, and prior carrier. Per Directive 2-2009, weather related losses are excluded from consideration in this program. Policies will be evaluated every 36 months with The Hanover Insurance Group to determine whether they will maintain their current factor.

A request for ordering a new Insurance Score can be made once every 12 months. The named insured or named insured's spouse must make such a request within a reasonable time frame prior to the issuance of the policy renewal. Each evaluation of the Insurance Score starts a new waiting period for subsequent orders.

### 7.3 POLICY PERIOD

The Homeowners Policy may be written for a term of one year and all premiums contained in the Premium Section of this manual are annual premiums. It is permissible to extend the policy for successive policy terms by extension certificate based upon the premiums in effect on renewal date. The then current editions of the applicable forms and endorsements must be made a part of the policy.

### 7.4 RESERVED FOR FUTURE USE

### 7.5 LIMITS OF LIABILITY

a. The limits of liability required under the Homeowners Policy are as follows:

<b>SECTION I COVERAGES</b>	<b><u>FORM HO-00-03</u></b>	<b><u>FORM HO-00-04 CONTENTS</u></b>	<b><u>FORM HO-00-06 CONTENTS</u></b>
A- DWELLING MINIMUM LIMITS	Refer to Underwriting Guidelines		
B- OTHER STRUCTURES	10% of Cov. A		
C- PERSONAL PROPERTY	50% of Cov. A	Refer to Underwriting Guidelines	
D- LOSS OF USE	20% of Cov. A	20% of Cov. C	40% of Cov. C

<b><u>SECTION II</u></b>	<b><u>ALL FORMS</u></b>
E - PERSONAL LIABILITY	\$100,000 EACH OCCURRENCE
F - MEDICAL PAYMENTS TO OTHERS	\$ 1,000 EACH PERSON

- b. ALL FORMS - The limit of liability for Coverage C or D of Section I and E or F of Section II may be increased.
- c. FORM HO-00-03 - Under Coverage C of Section I it is permissible to reduce the limit of liability to an amount not less than 40% of the limit on the Dwelling.
- d. HO-00-03 - Under Coverage B of Section I, an additional amount of insurance may be written on a specific structure.

Effective June 4, 2010

## 8. STATE PAGES – RATING RULES

### 8.2 PERSONAL UMBRELLA LIABILITY RULE – 231-2322

ALL FORMS - The Personal Umbrella Liability Supplement provides excess liability coverage, which applies after the Primary Insurance Limits of Liability are exhausted.

Minimum Limit of Liability is \$1,000,000. Increased limits are available.

For eligibility, forms, rules and rates see the Umbrella section of this manual.

### 8.3 CAPS ON CREDITS/DISCOUNTS

There is a cap on total credits/discounts of 40%, which is applicable to both new and renewal business. The individual credits/discounts will be shown on the declarations page and when the cap is reached, a message will read "maximum credit applies to policy."

Credits for optional higher deductibles or the Homeowner Loss Free Credit/Surcharge are not subject to this cap.

### 8.4 ACCOUNT CREDIT PROGRAM

ALL FORMS - The 20% Account Credit will be applicable to those insureds who have their private passenger automobiles and primary homeowners (dwellings, tenants, condos) insured with one of the Hanover Insurance Companies. Both policies do not have to be with the same company.

Compute the credit to be deducted by applying the percentage of credit to the basic premium from the Premium Chart.

The applicable credit will apply to policies covering seasonal locations, as long as the primary homeowners and private passenger automobiles are insured by one of the Hanover Companies.

For a risk with a dwelling and private passenger auto in multiple states, the program must be approved in all states involved for the credits to apply.

The credit will apply to new business on inception as long as the companion policy is to be written by Hanover within the following six months. If the companion policy is not written by Hanover or one of its affiliates, the credit may be removed mid-term from the first policy. The effective date of the removal will be the day processed.

If one of the policies is canceled for non-payment or cause, the credit will be deleted at renewal from the companion policy. If one of the policies is non-renewed, the credit will be deleted at renewal from the companion policy.

### 8.5 RESERVED FOR FUTURE USE

## 8. STATE PAGES – RATING RULES

## 8.14 DEDUCTIBLES-ALL PERILS

- a. All Homeowners Forms are subject to a \$250 flat deductible applicable to any loss under Section I of the policy. This loss deductible applies to each occurrence. The rates shown in this manual include that deductible.

- b. Optional Lower Deductible:

FORM HO-00-03 - May be endorsed to provide a \$100 deductible at an additional charge of 20% of the basic \$250 premium. The minimum additional premium shall be \$20.00.

FORMS HO-00-04 or HO-00-06 - May be endorsed to provide a \$100 deductible with a \$250 Special Theft Deductible at an additional charge of 20% of the basic \$250 premium. The minimum additional premium shall be \$20.00.

- c. Optional Higher Deductibles:

## ALL FORMS

<u>Deductibles</u>	<u>\$500</u>	<u>\$1,000</u>	<u>\$2,500</u>	<u>\$5,000</u>
Percentage	13%	22%	31%	42%
Max. Credit	\$200	\$335	\$470	\$625

The reduced premium shall be computed by applying the deductible percentage of credit to the premium developed from the Basic Premium Chart.

## 8.15 WINDSTORM OR HAIL DEDUCTIBLE – HO-03-12

FORM HO-00-03

There are two optional deductibles applicable to the perils of Windstorm or Hail. They are:

1. Percentage deductibles in the amounts of 1%, 2% or 5% of the Coverage A limit of liability. The deductible amount is determined by applying the percentage amount to the Coverage A limit of liability. Attach Endorsement HO-03-12.

Note: The percentage deductible must exceed the amount of the deductible applicable to All Other Section I perils. For example, if the Coverage A value is \$100,000 and a \$2,500 Section deductible is selected, a 1% or 2% Windstorm or Hail Deductible option cannot be chosen.

2. Fixed dollar deductibles for Windstorm or Hail in the amounts of \$1,000, \$2,000 or \$5,000.  
*Not available for New Business effective 06/04/2010 or later.*

The premium for these deductible options shall be developed by applying the factors listed on the next page to the base premium.

Note: The fixed dollar deductible must equal or exceed the normal policy deductible.

**8. STATE PAGES – RATING RULES**

**8.15 WINDSTORM OR HAIL DEDUCTIBLE – HO-03-12 (continued)**

Select a normal policy deductible from the left hand column. Moving to the right, both the factor under the appropriate Wind/Hail deductible column and multiply by the base premium. This premium reflects the total premium for the selected Windstorm & Hail deductible and the normal Section I deductible.

**WIND/HAIL DEDUCTIBLE**

DED.	1% WIND/HAIL DED CAP		2% WIND/HAIL DED		5% WIND/HAIL DED		1,000 WIND/HAIL DED		2,000 WIND/HAIL DED		5,000 WIND/HAIL DED	
	Factor	Cap	Factor	Cap	Factor	Cap	Factor	Cap	Factor	Cap	Factor	Cap
\$100	1.15	N/A	1.13	N/A	1.09	N/A	1.15	N/A	1.13	N/A	1.09	N/A
\$250	0.96	N/A	0.94	N/A	0.91	N/A	0.96	85	0.94	N/A	0.91	180
\$500	0.85	275	0.84	295	0.81	345	0.85	205	0.84	105	0.81	320
\$1,000	0.76	530	0.75	550	0.73	595	N/A		0.75	325	0.73	420
\$2,500	0.67	975	0.66	1000	0.64	1060	N/A		N/A		0.64	500
\$5,000	0.56	1335	0.55	1365	0.54	1395	N/A		N/A		N/A	

**8.16 – 8.17 RESERVED FOR FUTURE USE**

**8.18 PERSONAL PROPERTY**

1. Increased Limit

FORM HO-00-03 - The limit of liability for Coverage C may be increased. The additional charge shall be \$2.00 for each \$1,000 increase.

2. Reduction in Limit

FORM HO-00-03 - The limit of liability for Coverage C may be reduced to an amount not less than 40% of the limit of Coverage A at a credit of \$1.00 for each \$1,000 reduction.

8. STATE PAGES – RATING RULES

8.27 EARTHQUAKE – HO-04-54 (continued)

<u>Zone 4</u>				
Arkansas	Desha	Jefferson	Prairie	Sharp
Baxter	Faulkner	Lonoke	Pulaski	Stone
Cleburne	Fulton	Marion	Searcy	Van Buren
Conway	Izard			

<u>Zone 5</u>
Balance of State

The base deductible is 10% of the limit of liability for either Coverage A or C, whichever is greater and is subject to a \$250 minimum. Other deductibles are available.

<u>Deductible Percentage</u>	<u>Deductible Factor</u>	
	<u>Frame</u>	<u>Masonry</u>
5	1.20	1.30
15	.78	.89
20	.67	.84
25	.56	.79

To determine the premium for the selected deductible, multiply the premium for the base deductible by the factor for the higher deductible selected.

In the event of an Earthquake loss to covered property, the dollar amount is deducted from the total of the loss for Coverages A, B and C.

Multiply the rate determined above by the:

- a. Coverage A limit for Form HO-00-03.
- b. Coverage C limit for Form HO-00-04.
- c. Coverage A and C limits for Form HO-00-06 without HO-17-31.
- d. Coverage A limit only for Form HO-00-03 with HO-00-15 and HO-00-06 with HO-17-31.
- e. Coverage C and D increased limits.
- f. Ordinance or Law total amount of insurance (includes basic and, if applicable, increased amounts).
- g. Other Building or Structure Options (e.g., Other Structures - HO-04-40, HO-04-48 and HO-04-92; Building Additions and Alterations - HO-04-49 and HO-04-51).

**8. STATE PAGES - RATING RULES****8.45 GOLF CART ENDORSEMENT - 231-1050**

ALL FORMS - Coverage may be provided against all risks of physical loss with certain exceptions. The additional premium shall be \$1.50 per each \$100 of insurance, subject to a \$100 deductible.

**8.46 – 8.49 RESERVED FOR FUTURE USE****8.50 HOMEOWNER LOSS FREE CREDIT/SURCHARGE****A. HOMEOWNER LOSS FREE CREDIT**

ALL FORMS – A loss free credit will apply as outlined in the table below. All claims will be reviewed, whether they occurred while insured with Hanover or prior carriers. The credit will be calculated off the base premium and listed separately on the declarations page. The loss free credit will not be subject to the credit cap on file for this program.

The following types of claims will be excluded from consideration when calculating the credit:

- Claims in reserve status with no payment.
- Claims closed with no payment made.
- CAT related claims.
- Weather related claims

The following table is to be used when the insured is Claim free:

Consecutive Years Claim Free	Basic Premium Adjustment
0	0
1	0
2	0
3	-5%
4	-5%
5+	-10%

**B. HOMEOWNER LOSS SURCHARGE**

ALL FORMS – For new business policies with Hanover as their prior carrier, and all renewal policies, a loss surcharge will apply as outlined below. All claims that occurred while insured with Hanover will be reviewed. The surcharge will be calculated off the base premium and listed separately on the declarations page.

The following types of claims will be excluded from consideration when calculating the surcharge:

- Claims in reserve status with no payment.
- Claims closed with no payment made.
- CAT related claims.
- Weather related claims.

**8. STATE PAGES - RATING RULES****8.50 HOMEOWNER LOSS FREE CREDIT/SURCHARGE (continued)**

The following table is to be used when the insured has Claims, during their tenure with Hanover:

Consecutive Years with Hanover	Basic Premium Adjustment			
	Number of Qualified Claims in the Last 39 Months			
	1	2	3	4+
0	0%	0%	0%	0%
1	0%	30%	60%	90%
2	0%	20%	50%	85%
3	0%	15%	45%	80%
4	0%	15%	45%	80%
5+	0%	10%	35%	75%

**8.51 LIMITED “FUNGI”, WET OR DRY ROT, OR BACTERIA COVERAGE**

A mandatory, non-premium bearing endorsement will be added to all policies that limits the property and liability coverage provided for loss caused by “fungi”, wet or dry rot, or bacteria.

**8.52 RESERVED FOR FUTURE USE****8.53 MINIMUM PREMIUM RULE**

A minimum premium will apply to all policies as follows:

Form	Minimum Premium
HO-00-03	\$200
HO-00-04	\$100
HO-00-06	\$150

**8.54 - 8.55 RESERVED FOR FUTURE USE****8.56 WOOD ROOF SURCHARGE**

HO-00-03 - All dwellings with wood roofs are subject to a 5% surcharge. Compute the surcharge by applying this percentage to the premium developed from the Basic Premium Chart.

**8.57 – 8.72 RESERVED FOR FUTURE USE****8.73 TRANSITION RULE – MODIFICATION FACTORS**

From time to time, the Hanover Insurance Group (“Hanover”) will buy another insurance company or work with independent agencies who wish to move books of business to the Hanover based on Hanover’s product offerings. The intent of this rule is to minimize rate disruption in placing the affected customers.

**1. General**

The Transition Rule Modification Factors are used when writing business from a non-Hanover company into a Hanover rating program in support of a significant transaction. Its purpose is to reduce the individual policyholder disruption that may result from the transition into the Hanover rating program as part of a merger, acquisition, renewal rights or large agent book transfer transaction. The factor will remain in effect for these policies for up to ten years.

SERFF Tracking Number: HNVR-126527925 State: Arkansas  
 Filing Company: The Hanover Insurance Company State Tracking Number: EFT \$150  
 Company Tracking Number: HO-AR-55122-01R  
 TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations  
 Product Name: Homeowners  
 Project Name/Number: Homeowners/HO-AR-55122-01R

## Supporting Document Schedules

		<b>Item Status:</b>	<b>Status Date:</b>
<b>Bypassed - Item:</b>	Form RF-2 Loss Costs Only (not for workers' compensation)	Filed	03/31/2010
<b>Bypass Reason:</b>	N/A for this filing.		
<b>Comments:</b>			

		<b>Item Status:</b>	<b>Status Date:</b>
<b>Satisfied - Item:</b>	H-1 Homeowners Abstract	Filed	03/31/2010
<b>Comments:</b>			
<b>Attachment:</b>	ARKANSAS INSURANCE DEPARTMENT H-1_Hanover Final v2.pdf		

		<b>Item Status:</b>	<b>Status Date:</b>
<b>Satisfied - Item:</b>	HPCS-Homeowners Premium Comparison Survey	Filed	03/31/2010
<b>Comments:</b>			
<b>Attachments:</b>	HPCS Hanover.pdf HPCS Hanover.xls		

		<b>Item Status:</b>	<b>Status Date:</b>
<b>Satisfied - Item:</b>	NAIC loss cost data entry document	Filed	03/31/2010
<b>Comments:</b>			
<b>Attachment:</b>	AR rate filing abstract Hanover Final.pdf		

	<b>Item Status:</b>	<b>Status Date:</b>
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SERFF Tracking Number: HNVR-126527925 State: Arkansas  
 Filing Company: The Hanover Insurance Company State Tracking Number: EFT \$150  
 Company Tracking Number: HO-AR-55122-01R  
 TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations  
 Product Name: Homeowners  
 Project Name/Number: Homeowners/HO-AR-55122-01R

**Satisfied - Item:** Memorandum and Actuarial Support Filed 03/31/2010

**Comments:**

**Attachment:**

AR Home Hanover 20100604 Memo & Actuarial Support.pdf

**Item Status:** Filed **Status Date:** 03/31/2010  
**Satisfied - Item:** Responses to Objections 03/12/10

**Comments:**

**Attachments:**

Objection 2 Response.pdf  
 Objection 3 response.pdf  
 Objection 4 response.pdf

**Item Status:** Filed **Status Date:** 03/31/2010  
**Satisfied - Item:** Responses to Objections 03/19/2010

**Comments:**

**Attachments:**

03192010 Hanover Obj 1 response.pdf  
 03192010 Hanover Obj 2 - Loss Surcharge Support.pdf

**Item Status:** Filed **Status Date:** 03/31/2010  
**Satisfied - Item:** Marked Up Copy for Zip Code Deletion

**Comments:**

**Attachment:**

Revised Page T-5 AR HO Han 06.04.10 draft.pdf

ARKANSAS INSURANCE DEPARTMENT

FORM H-1 HOMEOWNERS ABSTRACT

INSTRUCTIONS: All questions must be answered. If the answer is "none" or "not applicable", so state. If all questions are not answered, the filing will not be accepted for review by the Department. Use a separate abstract for each company if filing for a group. Subsequent homeowners rate/rule submissions that do not alter the information contained herein need not include this form.

Company Name Hanover Insurance Company  
NAIC # (including group #) 0088-22292

1. If you have had an insurance to value campaign during the experience filing period, describe the campaign and estimate its impact.

**Not applicable.**

2. If you use a cost estimator (or some similar method) in order to make sure that dwellings (or contents) are insured at their value, state when this program was started in Arkansas and estimate its impact.

**For our companies already being used, a cost estimator has been required since 1985 on all new submissions. The Boeckh value guide is distributed to our agents; however we will accept cost estimators from other sources.**

3. If you require a minimum relationship between the amount of insurance to be written and the replacement value of the dwelling (contents) in order to purchase insurance, describe the procedures that are used.

**We require between 80 – 100% of the estimated replacement to be written. However, when guaranteed dwelling replacement cost is written the dwelling must be insured at 100% of the replacement cost.**

4. If you use an Inflation Guard form or similar type of coverage, describe the coverage(s) and estimate the impact.

**Inflation guard endorsement 231-0600 is currently used on all policies. The endorsement tells the insured that the Company will increase coverage at each renewal as determined by an appraisal firm.**

5. Specify the percentage given for credit or discounts for the following:

a. Fire Extinguisher	0 %
b. Burglar Alarm	5 – 10 %
c. Smoke Alarm	2 %
d. Insured who has both homeowners and auto with your company	20 %
e. Deadbolt Locks	0 %
f. Window or Door Locks	0 %
g. Other (specify)	

Combination of fire extinguisher, smoke alarm, and deadbolt locks **5**

% Approved automatic sprinkler **5-10** % Non-Smoke discount **1** %

Loss Free Credit 3 years **5** % Loss Free Credit 4 years **5** % Loss Free

Credit 5+ years **10** % New home discount **3-25** % Deductible credits

**13-42** %

6. Are there any areas in the State of Arkansas In which your company will not write homeowners insurance? If so, state the areas and explain reason for not writing.

**No**

7. Specify the form(s) utilized in writing homeowners insurance. Indicate the Arkansas premium volume for each form.

Form	Premium Volume
HO - 3	\$1,269,025
HO - 4	\$78,160
HO - 6	\$13,496

8. Do you write homeowner risks which have aluminum, steel or vinyl siding?  Yes  No

9. Is there a surcharge on risks with wood heat?

No

If yes, state the surcharge

N/A

Does the surcharge apply to conventional fire places?

N/A

If yes, state the surcharge

N/A

THE INFORMATION PROVIDED IS CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

*Mandi Al-Beik*

Signature

Mandi Al-Beik

Printed Name

State Filing Consultant

Title

508-855-2675

Telephone Number

malbeik@hanover.com

Email address

NAIC Number: 0088-22306  
 Company Name: Hanover Insurance Company  
 Contact Person: Mandi Al-Beik  
 Telephone No.: 508-855-2675  
 Email Address: malbeik@hanover.com  
 Effective Date: 06/04/2010 New & Renewal

**Homeowners Premium Comparison Survey Form  
 FORM HP3S - 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	\$744.00	\$827.00	\$823.00	\$915.00	\$1,263.00	\$1,415.00	\$1,146.00	\$1,274.00	\$1,146.00	\$1,274.00	\$1,066.00	\$1,185.00	\$1,048.00	\$1,165.00	\$780.00	\$868.00	\$845.00	\$940.00
	\$120,000	\$852.00	\$946.00	\$942.00	\$1,048.00	\$1,462.00	\$1,649.00	\$1,312.00	\$1,477.00	\$1,312.00	\$1,477.00	\$1,220.00	\$1,359.00	\$1,200.00	\$1,334.00	\$893.00	\$993.00	\$968.00	\$1,076.00
	\$160,000	\$1,100.00	\$1,223.00	\$1,217.00	\$1,356.00	\$1,948.00	\$2,189.00	\$1,749.00	\$1,967.00	\$1,749.00	\$1,967.00	\$1,613.00	\$1,815.00	\$1,582.00	\$1,782.00	\$1,154.00	\$1,284.00	\$1,251.00	\$1,399.00
6	\$80,000	\$910.00	\$1,034.00	\$1,007.00	\$1,145.00	\$1,577.00	\$1,820.00	\$1,412.00	\$1,632.00	\$1,412.00	\$1,632.00	\$1,304.00	\$1,503.00	\$1,283.00	\$1,476.00	\$954.00	\$1,084.00	\$1,034.00	\$1,176.00
	\$120,000	\$1,042.00	\$1,184.00	\$1,153.00	\$1,311.00	\$1,835.00	\$2,113.00	\$1,646.00	\$1,897.00	\$1,646.00	\$1,897.00	\$1,516.00	\$1,750.00	\$1,488.00	\$1,718.00	\$1,092.00	\$1,242.00	\$1,184.00	\$1,347.00
	\$160,000	\$1,348.00	\$1,559.00	\$1,513.00	\$1,747.00	\$2,429.00	\$2,789.00	\$2,186.00	\$2,510.00	\$2,186.00	\$2,510.00	\$2,018.00	\$2,320.00	\$1,981.00	\$2,279.00	\$1,423.00	\$1,644.00	\$1,559.00	\$1,799.00
9	\$80,000	\$2,178.00	\$3,221.00	\$2,431.00	\$3,587.00	\$3,838.00	\$5,611.00	\$3,464.00	\$5,072.00	\$3,464.00	\$5,072.00	\$3,207.00	\$4,703.00	\$3,150.00	\$4,621.00	\$2,293.00	\$3,388.00	\$2,502.00	\$3,687.00
	\$120,000	\$2,522.00	\$3,716.00	\$2,812.00	\$4,135.00	\$4,423.00	\$6,453.00	\$3,994.00	\$5,836.00	\$3,994.00	\$5,836.00	\$3,700.00	\$5,413.00	\$3,635.00	\$5,320.00	\$2,654.00	\$3,907.00	\$2,893.00	\$4,250.00
	\$160,000	\$3,317.00	\$4,861.00	\$3,693.00	\$5,402.00	\$5,774.00	\$8,397.00	\$5,220.00	\$7,599.00	\$5,220.00	\$7,599.00	\$4,840.00	\$7,053.00	\$4,756.00	\$6,933.00	\$3,488.00	\$5,108.00	\$3,797.00	\$5,551.00

**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	\$182.00	\$182.00	\$182.00	\$182.00	\$182.00	\$182.00	\$182.00	\$182.00	\$182.00	\$182.00	\$182.00	\$182.00	\$182.00	\$182.00	\$182.00	\$182.00	\$182.00	\$182.00
6	\$5,000																		
	\$15,000																		
	\$25,000	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00
9	\$5,000																		
	\$15,000																		
	\$25,000	\$436.00	\$436.00	\$436.00	\$436.00	\$436.00	\$436.00	\$436.00	\$436.00	\$436.00	\$436.00	\$436.00	\$436.00	\$436.00	\$436.00	\$436.00	\$436.00	\$436.00	\$436.00

**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																		
	\$120,000																		
	\$160,000																		
6	\$80,000																		
	\$120,000																		
	\$160,000																		
9	\$80,000																		
	\$120,000																		
	\$160,000																		

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

**HO3 and HO4 only**

Fire Extinguisher	0	%	Deadbolt Lock	0	%
Burglar Alarm	5-10	%	Window Locks	0	%
Smoke Alarm	2	%	\$1,000 Deductible	22	%
			Other (specify)		
			Non-Smoke	1	%
			Maximum Credit Allowed	40	%

**EARTHQUAKE INSURANCE**

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

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

WHAT IS YOUR PERCENTAGE DEDUCTIBLE? 10 %

WHAT IS YOUR PRICE PER \$1,000 OF COVERAGE?

Zone	Brick	Frame
Highest Risk	\$ 1.4	\$ 0.61
Lowest Risk	\$ 1.02	\$ 0.37

**FORM RF-1 Rate Filing Abstract NAIC LOSS COST DATA ENTRY DOCUMENT**

1.	This filing transmittal is part of Company Tracking #	HO-AR-55122-01R
2.	If filing is an adoption of an advisory organization loss cost filing, give name of Advisory Organization and Reference/ Item Filing Number	N/A

Company Name		Company NAIC Number	
3.	A. Hanover Insurance Company	B.	0088-22292

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. 4.0000	B.	4.0000

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)
HO 2,3	14.2%	4.8%				
HO 4	-6.5%	-3.1%				
HO 6	-3.6%	-1.3%				
TOTAL OVERALL EFFECT	13.9%	4.3%				

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
2005	1,500	7.4%	11/1/2005	\$1,070	\$276	25.8%	95.9%
2006	1,243	1.7%	7/1/2006	\$994	\$854	85.9%	54.4%
2007	1,078	7.6%	7/15/2007	\$896	\$486	54.3%	36.3%
2008	836	3.0%	5/05/2008	\$760	\$978	128.7%	52.4%
2009	2,135	5.0%	06/04/2009	\$926	\$1,381	149.2%	49.3%

7.

Expense Constants	Selected Provisions
A. Total Production Expense	26.2%
B. General Expense	11.4%
C. Taxes, License & Fees	3.0%
D. Underwriting Profit & Contingencies	5.4%
E. Other (explain)	0.0%
F. TOTAL	46.0%

8.	N	Apply Lost Cost Factors to Future filings? (Y or N)	
9.	26.8%	Estimated Maximum Rate Increase for any Insured (%). Territory (if applicable):	37
10.	-17.0%	Estimated Maximum Rate Decrease for any Insured (%). Territory (if applicable):	65

**EXPLANATORY MEMORANDUM**  
**ARKANSAS HOMEOWNERS**  
Hanover Insurance Company  
**Effective 06/04/2010 New and Renewal Business**

**Summary of Proposed Changes**

- 1) +4.3% overall rate change for all forms combined.
- 2) Implement wind/hail deductible credit caps (new business only) and adjust factors.
- 3) Revise all-peril deductible credit caps.
- 4) Implement loss surcharge.
- 5) Exclude weather-related claims in addition to CAT claims in determining eligibility for the loss free credit / surcharge.
- 6) Revise HO-3 AOI curve.
- 7) Revise territory relativities.
- 8) Revise account credit.
- 9) Increase base rates for HO-3 to achieve overall target rate change.

**Overall Rate Change**

Based on the data through the 3<sup>rd</sup> quarter of 2009, the overall indicated change is +13.9% (*Exhibit 1*). We propose an overall increase of 4.3%.

The change by form is included in the chart below:

<b>Form</b>	<b>Proposed Rate Effect</b>
Owners (HO-2/HO-3)	+4.8%
Condo (HO-6)	-1.3%
Tenant (HO-4)	-3.1%
All Forms Combined	+4.3%

For more details please refer to *Exhibit A*.

**Wind/Hail Deductible Factors and Credit Caps**

We are implementing credit caps on our wind / hail deductibles. The caps will not apply to policies that currently have a wind / hail deductible. We are also revising our wind / hail deductible factors. The rate impact of this change is 0.0%. Please see *Exhibit B* for the proposed caps and factor changes.

**All-Peril Deductible Credit Caps**

We are revising our all-peril deductible credit caps. The overall impact of this change is -1.2%. Please see *Exhibit C* for the proposed caps and factor changes.

**Loss Surcharge**

We are implementing a loss surcharge. The overall impact of this change is 0.0%, as there are very few policies that will be subject to a surcharge. Please see *Exhibit D* for the surcharge amounts.

**Weather Exclusion**

We will begin to exclude weather-related claims in addition to CAT claims in determining eligibility for the loss free credit / surcharge. The overall impact of this change is -0.3%.

**AOI Curve**

We are adjusting our HO-3 AOI curve for Coverage A amounts of 175,000 and higher. The overall impact of this change is -2.2%. Please see *Exhibit E* for the proposed factors.

**Territory Relativities**

We are adjusting some of our territory relativities. The overall impact of this change is -0.3%. Please see *Exhibit F* for the proposed relativities.

**Account Credit**

We are increasing our account credit from 15% to 20%. The overall impact of this change is -3.2%.

**Base Rate Change**

We are increasing base rates for owners. The rate impact associated with this change is 12.1%.

**Overall Indication Description**

**General Philosophy:** Hanover data, within the state of Arkansas, is used whenever possible. If Hanover data, within the state of Arkansas, is not available, then Arkansas industry or Hanover countrywide/regional data may be used in its place.

**Overall Indication:** The following is a detailed explanation of the indication calculation shown in *Exhibit 1*. The overall indicated rate increase is +13.9%.

**Description of Actuarial Calculations:**

**Data**

The underlying experience is that of the Hanover Insurance Companies. Experience for the most recently available five year review period is on a calendar/accident year basis, as reported under ISO's Personal Lines Statistical Plan (PLSP).

**On-Level Premiums**

Reported premiums are adjusted to current rate level by using the parallelogram method. During the five-year experience period, the following rate changes took place:

Rate Change History	
11/01/05	+6.0%
07/01/06	+2.0%
07/15/07	+5.0%
05/05/08	+3.0%
06/04/2009	+5.0%

**Premium Trend**

The current rate level earned premium and average adjusted earned premium are developed for each of the past 6 accident years, shown in *Exhibit 3*. Earned house years are used as the exposure base. The fitted premium trend is an exponential fit of the average adjusted earned premium of the past 5 years.

**Losses**

Actual incurred losses for accident years ending 9/30/05 to 9/30/09 as of 9/30/09 are shown in row 7 of

*Exhibit 2.* Non-hurricane catastrophe losses are displayed and removed in rows 8 and 9 of *Exhibit 2*. A non-hurricane catastrophe load is added in later.

### **Loss Development**

Arkansas' data was used to select loss development factors and countrywide data is used to select condo and tenant loss development factors (*Exhibit 4*). Loss development factors are applied to generate the Estimated Ultimate Incurred Loss (*row 11, Exhibit 2*).

### **Loss Trend Selections**

Loss trend selections (*Exhibit 5*) were made after reviewing Arkansas, ISO industry and Hanover loss data.

### **Non-Hurricane Catastrophe Losses**

Based on most up to date catastrophe model information, a non-hurricane catastrophe load of 24.7% is established for Arkansas (*row 20b, Exhibit 2*).

### **Five-Year Projected Loss and LAE ratio**

The 5-Year Projected Loss and LAE ratio results from using the standard 10%, 15%, 20%, 25%, and 30% weights by accident year (*row 18, Exhibit 2*).

### **Credibility**

We use classic credibility. The full credibility standard during the five-year experience period is 40,000 exposures for Owners; 25,000 exposures for Condo & Tenant.

### **Permissible Loss Ratio**

*Exhibit 6* shows selected expense provisions. Prospective Arkansas Homeowners commission rates were selected. Countrywide General and Other Acquisition expenses were the finest detail available. Expected Arkansas Taxes, Licenses, & Fees were calculated based on ISO's expense circular.

**Arkansas**  
**Homeowners - All Companies Combined**  
**Rate Indication for Rates Effective 6/4/10 - Summary Exhibit**

	Selected Retrospective	Selected Prospective	Selected Retrospective	Selected Prospective	Underwriting Profit Provision	Non-CAT Target Loss & ALAE Ratio	Modeled Cats Loss & ALAE Ratio	Indication	Proposed Overall Rate Change	9/2009 E. Premium At Current Rates (000)
Homeowners	5.0%	4.5%	0.0%	0.0%	5.4%	29.3%	24.7%	14.2%	4.8%	7,060
Condo	3.0%	2.5%	7.0%	5.0%	8.3%	25.4%	25.8%	-3.6%	-1.3%	42
Tenant	5.0%	4.0%	5.0%	3.5%	8.3%	25.4%	25.8%	-6.5%	-3.1%	64
Condo and Tenant	4.2%	3.4%	5.8%	4.1%	8.3%	25.4%	25.8%	-5.3%	-2.4%	106
Total	5.0%	4.5%	0.1%	0.1%	5.4%	29.3%	24.7%	13.9%	4.3%	7,166

**Arkansas Homeowners - All Companies Combined**  
**Homeowners Form Rate Indication for Rates Effective 6/4/10**  
**Dollars in Thousands**

		Accident Year Ending:				
		<u>09/30/2005</u>	<u>09/30/2006</u>	<u>09/30/2007</u>	<u>09/30/2008</u>	<u>09/30/2009</u>
1a	Earned Premium	5,141	5,274	5,372	5,797	6,356
1b	Endorsement Premium	230	231	229	235	273
2	Current Rate Level Factor - Owners	1.335	1.264	1.204	1.159	1.116
3 = (1a-1b)-(2) + 1b	Premium at CRL	6,785	6,605	6,422	6,679	7,060
4a	Annual Premium Trend - Retrospective	0.0%	0.0%	0.0%	0.0%	0.0%
5a	Premium Trend Factor - Retrospective	1.000	1.000	1.000	1.000	1.000
4b	Annual Premium Trend - Prospective	0.0%	0.0%	0.0%	0.0%	0.0%
5b	Premium Trend Factor - Prospective	1.000	1.000	1.000	1.000	1.000
6 = 3-5a-5b	Trended Premium	6,785	6,605	6,422	6,679	7,060
7	Incurred Loss Evaluated @ 9/30/09	1,591	7,493	2,283	5,496	5,563
8	Catastrophe Incurred Losses	73	4,787	493	3,516	3,425
9a = 7-8	Non-Cat Incurred Losses	1,518	2,706	1,790	1,980	2,138
9b	Large to Small Ratio	0.829	0.623	0.816	-	0.263
9c	Normal Large to Small Ratio					0.368
9d	Excess Large to Small Ratio					1.110
9	Adjusted Non-Cat Incurred Losses	1,518	2,706	1,790	1,980	2,138
10	Loss Development Factor:	1.001	1.001	1.004	1.010	1.074
11 = 9-10	Est. Ultimate Incurred Loss Non-Cat	1,519	2,710	1,798	2,001	2,297
12a	Est. Annual Loss Trend - Retrospective	5.0%	5.0%	5.0%	5.0%	5.0%
13a	Loss Trend Factor - Retrospective	1.216	1.158	1.103	1.050	1.000
12b	Est. Annual Loss Trend - Prospective	4.5%	4.5%	4.5%	4.5%	4.5%
13b	Loss Trend Factor - Prospective	1.101	1.101	1.101	1.101	1.101
14 = 13a-12b-11	Trended Incurred Losses	2,032	3,453	2,182	2,312	2,527
15	ALAE (% of Loss)	3.1%	3.1%	3.1%	3.1%	3.1%
16 = (1.00 +15)-14	Trended Loss & ALAE	2,096	3,562	2,250	2,385	2,607
17 = 16÷6	Projected Loss & ALAE Ratio	30.9%	53.9%	35.0%	35.7%	36.9%
18	Accident Year Weights	10.0%	15.0%	20.0%	25.0%	30.0%
19 = Sum(18-17)	Projected (Formula Weighted) Loss&ALAE Ratio Excluding All Catastrophes					38.2%
20a	Hurricane Loss & ALAE Ratio					0.0%
20b	Other Catastrophes Loss & ALAE Ratio					24.7%
20c	Permissible Loss & ALAE Ratio Excluding All Catastrophes to yield a Combined Ratio of		94.6%			29.3%
21a	Cat Loss Annual Trend - Prospective					2.0%
21b	Cat Loss Ratio Trend Factor - Prospective					1.044
21c = 13b/5b	NonCat Loss Ratio Trend Factor - Prospective					1.101
22a = (1+(21b))*(20a)	Trended Hurricane Loss & ALAE Ratio					0.0%
22b = (1+(21b))*(20b)	Trended Other Catastrophes Loss & ALAE Ratio					25.8%
22c = (1+(21c))*(20c)	Trended Permissible Loss & ALAE Ratio Excluding All Catastrophes					32.3%
23a	Fixed Expense					14.1%
23b	Variable Expense(incl Profit)					31.9%
24a	Earned House Years	7,492	7,136	6,799	7,129	7,852
24b	Credibility					95.4%
25	Credibility-Adjusted Loss & ALAE Ratio Excluding All Catastrophes					37.9%
26 =	Indicated Rate Change					<b>14.2%</b>
(25+22a+22b+23a) / (1-23b)-1						

**Arkansas Homeowners - All Companies Combined**  
**Condominium Form Rate Indication for Rates Effective 6/4/10**  
**Dollars in Thousands**

		<b>Accident Year Ending:</b>				
		<u>09/30/05</u>	<u>09/30/06</u>	<u>09/30/07</u>	<u>09/30/08</u>	<u>09/30/09</u>
1	Earned Premium	23	23	23	29	42
2	Current Rate Level Factor	1.034	0.991	0.959	0.999	1.003
3 = 1-2	Premium at CRL	24	23	22	29	42
4a	Annual Premium Trend - Retrospective	7.0%	7.0%	7.0%	7.0%	7.0%
5a	Premium Trend Factor - Retrospective	1.311	1.225	1.145	1.070	1.000
4b	Annual Premium Trend - Prospective	5.0%	5.0%	5.0%	5.0%	5.0%
5b	Premium Trend Factor - Prospective	1.112	1.112	1.112	1.112	1.112
6 = 3-5a-5b	Trended Premium	35	31	28	35	47
7	Incurred Loss Evaluated @ 9/30/09	7	4	23	0	5
8	Catastrophe Incurred Losses	0	0	0	0	0
9 = 7-8	Non-Cat Incurred Losses	7	4	23	0	5
10	Loss Development Factor:	1.001	0.988	0.987	0.982	1.098
11 = 9-10	Estim. Ultimate Incurred Loss Non-Cat	7	4	23	0	6
12a	Est. Annual Loss Trend - Retrospective	3.0%	3.0%	3.0%	3.0%	3.0%
13a	Loss Trend Factor - Retrospective	1.126	1.093	1.061	1.030	1.000
12b	Est. Annual Loss Trend - Prospective	2.5%	2.5%	2.5%	2.5%	2.5%
13b	Loss Trend Factor - Prospective	1.055	1.055	1.055	1.055	1.055
14 = 13a-12b-11	Trended Incurred Losses	8	5	26	0	6
15	ALAE (% of Loss)	7.7%	7.7%	7.7%	7.7%	7.7%
16 = (1.00 +15)-14	Trended Loss & ALAE	9	5	28	0	7
17 = 16÷6	Projected Loss & ALAE Ratio	25.6%	15.7%	98.2%	0.0%	14.1%
18	Accident Year Weights	10.0%	15.0%	20.0%	25.0%	30.0%
19 = Sum(18-17)	Projected (Formula Weighted) Loss&ALAE Ratio Excluding All Catastrophes					28.8%
20a	Hurricane Loss & ALAE Ratio					0.0%
20b	Other Catastrophes Loss & ALAE Ratio					25.8%
20c	Permissible Loss & ALAE Ratio Excluding All Catastrophes to yield a Combined Ratio of	91.7%				25.4%
21a	Cat Loss Annual Trend - Prospective					2.0%
21b	Cat Loss Ratio Trend Factor - Prospective					0.939
21c = 13b/5b	NonCat Loss Ratio Trend Factor - Prospective					0.949
22a = (1+(21b))*(20a)	Trended Hurricane Loss & ALAE Ratio					0.0%
22b = (1+(21b))*(20b)	Trended Other Catastrophes Loss & ALAE Ratio					24.2%
22c = (1+(21c))*(20c)	Trended Permissible Loss & ALAE Ratio Excluding All Catastrophes					24.1%
23a	Fixed Expense					14.1%
23b	Variable Expense(incl Profit)					34.7%
24a	Earned House Years	63	57	55	67	83
24b	Credibility					11.4%
25	Credibility-Adjusted Loss & ALAE Ratio Excluding All Catastrophes					24.6%
26 =	Indicated Rate Change					<b>-3.6%</b>
(25+22a+22b+23a) / (1-23b)-1						

**Arkansas Homeowners - All Companies Combined**  
**Tenant Form Rate Indication for Rates Effective 6/4/10**  
**Dollars in Thousands**

		<b>Accident Year Ending:</b>				
		<u>09/30/05</u>	<u>09/30/06</u>	<u>09/30/07</u>	<u>09/30/08</u>	<u>09/30/09</u>
1	Earned Premium	63	62	59	62	63
2	Current Rate Level Factor	1.069	1.036	1.032	1.031	1.006
3 = 1-2	Premium at CRL	67	64	61	64	64
4a	Annual Premium Trend - Retrospective	5.0%	5.0%	5.0%	5.0%	5.0%
5a	Premium Trend Factor - Retrospective	1.216	1.158	1.103	1.050	1.000
4b	Annual Premium Trend - Prospective	3.5%	3.5%	3.5%	3.5%	3.5%
5b	Premium Trend Factor - Prospective	1.078	1.078	1.078	1.078	1.078
6 = 3-5a-5b	Trended Premium	88	80	72	73	69
7	Incurred Loss Evaluated @ 9/30/09	1	19	2	3	0
8	Catastrophe Incurred Losses	0	0	0	0	0
9 = 7-8	Non-Cat Incurred Losses	1	19	2	3	0
10	Loss Development Factor:	0.998	0.996	1.000	0.976	1.024
11 = 9-10	Estim. Ultimate Incurred Loss Non-Cat	1	19	2	2	0
12a	Est. Annual Loss Trend - Retrospective	5.0%	5.0%	5.0%	5.0%	5.0%
13a	Loss Trend Factor - Retrospective	1.216	1.158	1.103	1.050	1.000
12b	Est. Annual Loss Trend - Prospective	4.0%	4.0%	4.0%	4.0%	4.0%
13b	Loss Trend Factor - Prospective	1.089	1.089	1.089	1.089	1.089
14 = 13a-12b-11	Trended Incurred Losses	2	24	3	3	0
15	ALAE (% of Loss)	7.7%	7.7%	7.7%	7.7%	7.7%
16 = (1.00 +15)-14	Trended Loss & ALAE	2	26	3	3	0
17 = 16÷6	Projected Loss & ALAE Ratio	1.9%	32.8%	4.1%	4.2%	0.0%
18	Accident Year Weights	10.0%	15.0%	20.0%	25.0%	30.0%
19 = Sum(18-17)	Projected (Formula Weighted) Loss&ALAE Ratio Excluding All Catastrophes					7.0%
20a	Hurricane Loss & ALAE Ratio					0.0%
20b	Other Catastrophes Loss & ALAE Ratio					25.8%
20c	Permissible Loss & ALAE Ratio Excluding All Catastrophes to yield a Combined Ratio of	91.7%				25.4%
21a	Cat Loss Annual Trend - Prospective					2.0%
21b	Cat Loss Ratio Trend Factor - Prospective					0.969
21c = 13b/5b	NonCat Loss Ratio Trend Factor - Prospective					1.011
22a = (1+(21b))*(20a)	Trended Hurricane Loss & ALAE Ratio					0.0%
22b = (1+(21b))*(20b)	Trended Other Catastrophes Loss & ALAE Ratio					25.0%
22c = (1+(21c))*(20c)	Trended Permissible Loss & ALAE Ratio Excluding All Catastrophes					25.6%
23a	Fixed Expense					14.1%
23b	Variable Expense(incl Profit)					34.7%
24a	Earned House Years	219	206	194	188	186
24b	Credibility					19.9%
25	Credibility-Adjusted Loss & ALAE Ratio Excluding All Catastrophes					21.9%
26 =	Indicated Rate Change					<b>-6.5%</b>
(25+22a+22b+23a) / (1-23b)-1						

**HO Premium Trend Analysis (Average On-Level Premium Method)**  
**State AR**

<b>Earned Premium at Current Rate Level</b>			
AY-QTR Ending	OWN	CON	TEN
2005Q3	5,949,606	23,948	67,327
2005Q4	5,914,280	25,577	67,306
2006Q1	5,876,850	26,320	66,797
2006Q2	5,837,757	24,761	65,732
2006Q3	5,786,416	23,249	64,416
2006Q4	5,715,054	21,521	63,244
2007Q1	5,650,264	20,648	62,358
2007Q2	5,616,750	21,522	61,582
2007Q3	5,620,080	22,183	60,902
2007Q4	5,666,002	23,476	60,251
2008Q1	5,736,497	24,962	60,801
2008Q2	5,808,765	27,075	62,907
2008Q3	5,847,794	29,268	64,360
2008Q4	5,884,392	32,260	65,559
2009Q1	5,931,228	35,412	64,428
2009Q2	6,004,949	38,900	63,656
2009Q3	6,157,253	42,402	63,872

<b>Earned House Years</b>			
AY-QTR Ending	OWN	CON	TEN
2005Q3	7,492	63	219
2005Q4	7,413	65	216
2006Q1	7,324	65	215
2006Q2	7,239	61	210
2006Q3	7,136	57	206
2006Q4	7,013	54	202
2007Q1	6,905	52	198
2007Q2	6,831	53	196
2007Q3	6,799	55	194
2007Q4	6,832	58	192
2008Q1	6,904	61	190
2008Q2	7,006	65	190
2008Q3	7,129	67	188
2008Q4	7,263	70	186
2009Q1	7,421	74	183
2009Q2	7,605	77	183
2009Q3	7,852	83	186

<b>Average Earned Premium at Current Rate Level</b>				
AY-QTR Ending	OWN	CON	TEN	
2005Q3	794	379	308	308
2005Q4	798	395	311	311
2006Q1	802	405	311	311
2006Q2	806	406	313	313
2006Q3	811	405	312	312
2006Q4	815	398	314	314
2007Q1	818	397	315	315
2007Q2	822	403	315	315
2007Q3	827	403	314	314
2007Q4	829	407	314	314
2008Q1	831	410	320	320
2008Q2	829	418	331	331
2008Q3	820	437	342	342
2008Q4	810	458	352	352
2009Q1	799	481	351	351
2009Q2	790	502	349	349
2009Q3	784	512	344	344

<b>Year Over Year</b>			
Latest 4 Quarters Ending	OWN	CON	TEN
2006Q3	2.1%	6.8%	1.4%
2007Q3	1.9%	-0.4%	0.5%
2008Q3	-0.8%	8.2%	9.0%
2009Q3	-4.4%	17.3%	0.5%
Latest 4 Year	-0.3%	7.8%	2.8%
Latest 3 Year	-1.1%	8.1%	3.2%
Latest 2 Year	-2.6%	12.7%	4.6%

<b>Fitted Annual Premium Trend*</b>			
4 Year Trend	0.0%	6.3%	3.6%
3 Year Trend	-1.1%	9.0%	4.7%
2 Year Trend	-3.0%	14.3%	6.4%
1 Year Trend	-4.5%	17.9%	0.0%

\* Log Fit

<b>Selected Trends</b>			
Retrospective	0.0%	7.0%	5.0%
Prospective	0.0%	5.0%	3.5%

**Hanover Property and Casualty Insurance Companies**

AR

Homeowners - Owners Form + Sewer/Sump Endorsement, Data Net of Cats

Direct Case Incurred Losses (000)

Acc. Yr. Ending	Actual Data as of:									
	12 mos.	24 mos.	36 mos.	48 mos.	60 mos.	72 mos.	84 mos.	96 mos.	108 mos.	120 mos.
200009	677,535	767,529	770,038	770,438	792,938	792,938	792,938	792,938	792,938	792,938
200109	1,024,441	1,009,938	1,019,136	1,018,136	1,019,297	1,019,297	1,019,297	1,019,297	1,019,297	1,019,297
200209	1,606,519	1,687,847	1,704,043	1,704,060	1,703,889	1,703,889	1,703,889	1,703,889	1,703,889	
200309	1,777,532	2,236,704	2,215,728	2,213,028	2,216,450	2,220,205	2,220,205			
200409	1,562,985	1,568,542	1,575,104	1,594,104	1,596,725	1,609,174				
200509	1,469,412	1,497,577	1,501,151	1,505,490	1,505,490					
200609	3,311,901	2,671,602	2,666,241	2,692,040						
200709	1,550,516	1,733,586	1,782,169							
200809	1,648,553	1,969,802								
200909	4,435,295									

Acc. Yr.	Link Ratios									
	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-Ult.
200009	1.133	1.003	1.001	1.029	1.000	1.000	1.000	1.000	1.000	1.000
200109	0.986	1.009	0.999	1.001	1.000	1.000	1.000	1.000	1.000	1.000
200209	1.051	1.010	1.000	1.000	1.000	1.000	1.000			
200309	1.258	0.991	0.999	1.002	1.002	1.000				
200409	1.004	1.004	1.012	1.002	1.008					
200509	1.019	1.002	1.003	1.000						
200609	0.807	0.998	1.010							
200709	1.118	1.028								
200809	1.195									
200909										

Method	Average Link Ratios									
	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-Ult.
3-yr	1.040	1.009	1.008	1.001	1.003	1.000	1.000	1.000	1.000	1.000
5-yr	1.028	1.005	1.005	1.001	1.002	1.000	1.000	1.000	1.000	1.000
all-yr	1.063	1.006	1.003	1.006	1.002	1.000	1.000	1.000	1.000	1.000
all-yr wtd.	1.035	1.005	1.004	1.003	1.002	1.000	1.000	1.000	1.000	1.000
5-yr x/ hi,low	1.047	1.002	1.004	1.001	1.001	#N/A	#N/A	#N/A	#N/A	#N/A
SELECTED	<b>1.063</b>	<b>1.006</b>	<b>1.003</b>	<b>1.001</b>	<b>1.001</b>	<b>1.000</b>	<b>1.000</b>	<b>1.000</b>	<b>1.000</b>	<b>1.000</b>
ULTIMATE	<b>1.074</b>	<b>1.010</b>	<b>1.004</b>	<b>1.001</b>	<b>1.001</b>	<b>1.000</b>	<b>1.000</b>	<b>1.000</b>	<b>1.000</b>	<b>1.000</b>

**Hanover Property and Casualty Insurance Companies**  
Countrywide  
Homeowners - Condos Form, Data Net of Cats  
Direct Case Incurred Losses (000)

Acc. Yr. Ending	Actual Data as of:									
	12 mos.	24 mos.	36 mos.	48 mos.	60 mos.	72 mos.	84 mos.	96 mos.	108 mos.	120 mos.
200009	1,945,226	2,255,858	2,271,917	2,277,374	2,203,122	2,229,689	2,208,022	2,208,022	2,210,522	2,210,522
200109	2,104,699	2,290,605	2,276,108	2,347,391	2,350,232	2,327,173	2,322,420	2,322,420	2,322,420	
200209	1,883,085	2,047,554	2,048,312	2,083,783	2,108,683	2,108,673	2,165,573	2,165,573		
200309	2,805,165	2,990,722	3,002,556	3,017,288	3,025,532	3,033,032	3,033,032			
200409	3,633,891	3,996,819	3,889,374	3,784,099	3,764,638	3,761,606				
200509	3,882,134	5,057,254	4,845,339	4,850,673	4,576,852					
200609	3,896,564	4,374,377	4,468,730	4,423,766						
200709	4,607,066	5,209,730	5,252,882							
200809	6,007,463	6,112,875								
200909	5,824,472									

Acc. Yr.	Link Ratios									
	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-Ult.
200009	1.160	1.007	1.002	0.967	1.012	0.990	1.000	1.001	1.000	1.000
200109	1.088	0.994	1.031	1.001	0.990	0.998	1.000	1.000		
200209	1.087	1.000	1.017	1.012	1.000	1.027	1.000			
200309	1.066	1.004	1.005	1.003	1.002	1.000				
200409	1.100	0.973	0.973	0.995	0.999					
200509	1.303	0.958	1.001	0.944						
200609	1.123	1.022	0.990							
200709	1.131	1.008								
200809	1.018									
200909										

Method	Average Link Ratios									
	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-Ult.
3-yr	1.090	0.996	0.988	0.980	1.001	1.008	1.000	1.001	1.000	1.000
5-yr	1.135	0.993	0.997	0.991	1.001	1.004	1.000	1.001	1.000	1.000
all-yr	1.119	0.996	1.003	0.987	1.001	1.004	1.000	1.001	1.000	1.000
all-yr wtd.	1.116	0.994	0.999	0.982	1.001	1.003	1.000	1.001	1.000	1.000
5-yr x/ hi,low	1.118	0.995	0.999	1.000	1.001	#N/A	#N/A	#N/A	#N/A	#N/A
SELECTED	<b>1.118</b>	<b>0.995</b>	<b>0.999</b>	<b>0.987</b>	<b>1.001</b>	<b>1.000</b>	<b>1.000</b>	<b>1.001</b>	<b>1.000</b>	<b>1.000</b>
ULTIMATE	<b>1.098</b>	<b>0.982</b>	<b>0.987</b>	<b>0.988</b>	<b>1.001</b>	<b>1.001</b>	<b>1.001</b>	<b>1.001</b>	<b>1.000</b>	<b>1.000</b>

**anover Property and Casualty Insurance Companies**  
Countrywide  
Homeowners - Tenants Form, Data Net of Cats  
Direct Case Incurred Losses (000)

Acc. Yr. Ending	Actual Data as of:									
	12 mos.	24 mos.	36 mos.	48 mos.	60 mos.	72 mos.	84 mos.	96 mos.	108 mos.	120 mos.
200009	5,181,747	5,493,427	5,369,884	5,375,256	5,381,223	5,391,223	5,380,840	5,380,840	5,380,840	5,365,840
200109	5,183,588	5,847,926	5,825,016	5,877,921	5,914,194	5,925,379	5,965,470	5,949,210	5,949,110	
200209	5,305,152	5,622,447	5,519,522	5,723,494	5,683,203	5,685,983	5,685,983	5,685,983		
200309	4,499,044	4,553,955	4,590,397	4,543,584	4,535,218	4,529,057	4,594,057			
200409	3,178,254	3,629,017	3,469,353	3,526,077	3,461,333	3,452,953				
200509	1,815,813	1,848,522	1,853,873	1,733,574	1,739,482					
200609	2,686,586	2,507,013	2,250,211	2,262,576						
200709	2,118,129	1,982,429	1,925,012							
200809	2,642,116	3,048,698								
200909	2,540,200									

Acc. Yr.	Link Ratios									
	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-Ult.
200009	1.060	0.978	1.001	1.001	1.002	0.998	1.000	1.000	0.997	1.000
200109	1.128	0.996	1.009	1.006	1.002	1.007	0.997	1.000		
200209	1.060	0.982	1.037	0.993	1.000	1.000	1.000			
200309	1.012	1.008	0.990	0.998	0.999	1.014				
200409	1.142	0.956	1.016	0.982	0.998					
200509	1.018	1.003	0.935	1.003						
200609	0.933	0.898	1.005							
200709	0.936	0.971								
200809	1.154									
200909										

Method	Average Link Ratios									
	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-Ult.
3-yr	1.008	0.957	0.986	0.994	0.999	1.007	0.999	1.000	0.997	1.000
5-yr	1.037	0.967	0.997	0.996	1.000	1.005	0.999	1.000	0.997	1.000
all-yr	1.049	0.974	0.999	0.997	1.000	1.005	0.999	1.000	0.997	1.000
all-yr wtd.	1.059	0.978	1.006	0.998	1.000	1.004	0.999	1.000	0.997	1.000
5-yr x/ hi,low	1.032	0.977	1.004	0.998	1.000	#N/A	#N/A	#N/A	#N/A	#N/A
SELECTED	<b>1.049</b>	<b>0.977</b>	<b>1.004</b>	<b>0.998</b>	<b>1.000</b>	<b>1.000</b>	<b>1.000</b>	<b>1.000</b>	<b>0.997</b>	<b>1.000</b>
ULTIMATE	<b>1.024</b>	<b>0.976</b>	<b>1.000</b>	<b>0.996</b>	<b>0.998</b>	<b>0.997</b>	<b>0.997</b>	<b>0.997</b>	<b>0.997</b>	<b>1.000</b>

**ARKANSAS  
HOMEOWNERS - OWNERS FORMS**

**FREQUENCY TREND**

4 Qtrs. Ending	Hanover Paid Feature Frequency	Industry Paid Feature Frequency	Percent Difference
6-05	4.48%	5.64%	-20.5%
9-05	4.32%	5.28%	-18.1%
12-05	4.84%	5.57%	-13.1%
3-06	11.84%	6.69%	77.0%
6-06	17.74%	9.57%	85.4%
9-06	19.32%	10.00%	93.2%
12-06	19.32%	9.92%	94.7%
3-07	13.22%	9.10%	45.3%
6-07	7.85%	6.45%	21.7%
9-07	6.16%	5.92%	4.1%
12-07	5.97%	5.63%	6.0%
3-08	8.52%	7.88%	8.0%
6-08	13.42%	14.85%	-9.6%
9-08	15.36%	16.32%	-5.9%
12-08	16.62%	17.79%	-6.6%
3-09	18.47%	21.83%	-15.4%
6-09	15.99%	16.72%	-4.4%
9-09	15.68%		

EXPONENTIAL FIT ANNUAL RATE OF CHANGE		
Period	Hanover	Industry
4 Years	19.1%	33.6%
3 Years	9.2%	33.9%
2 Years	75.7%	104.8%
Latest Year	0.1%	23.5%

**Selected Trends**  
Retrospective 4.0%  
Prospective 4.0%

**SEVERITY TREND**

4 Qtrs. Ending	Hanover Average Paid Severity	Industry Average Paid Severity	Percent Difference
6-05	5,424	5,045	7.5%
9-05	5,189	5,263	-1.4%
12-05	3,930	5,471	-28.2%
3-06	3,803	5,513	-31.0%
6-06	4,395	5,690	-22.8%
9-06	4,688	5,675	-17.4%
12-06	5,057	5,793	-12.7%
3-07	5,562	5,889	-5.6%
6-07	5,985	6,066	-1.3%
9-07	5,635	6,426	-12.3%
12-07	4,798	6,530	-26.5%
3-08	4,843	5,904	-18.0%
6-08	4,268	6,176	-30.9%
9-08	4,583	6,338	-27.7%
12-08	4,654	6,453	-27.9%
3-09	4,460	5,703	-21.8%
6-09	4,995	5,571	-10.3%
9-09	5,334		

EXPONENTIAL FIT ANNUAL RATE OF CHANGE		
Period	Hanover	Industry
4 Years	2.0%	3.8%
3 Years	-3.2%	1.1%
2 Years	-1.2%	-4.3%
Latest Year	16.1%	-11.7%

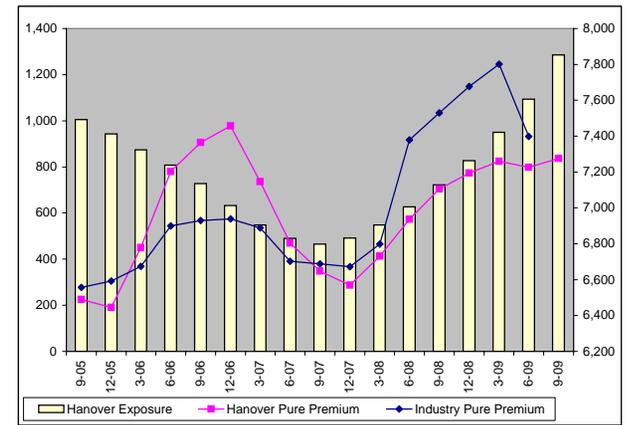
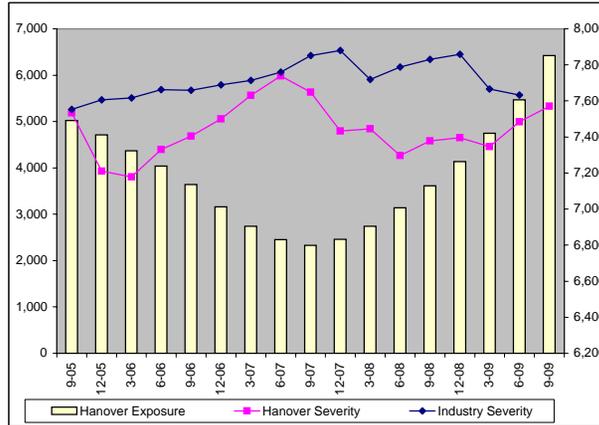
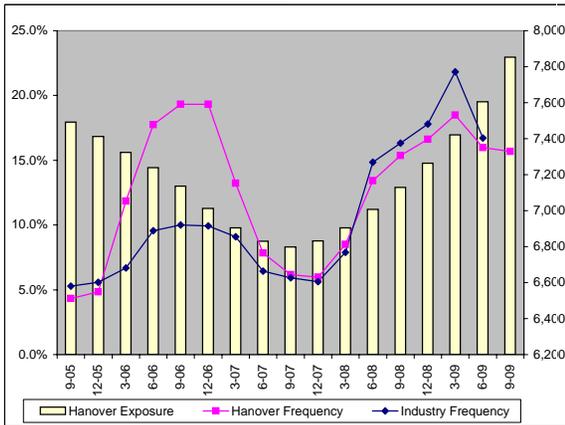
**Selected Trends**  
Retrospective 1.0%  
Prospective 0.5%

**PURE PREMIUM**

4 Qtrs. Ending	Hanover Average Pure Premium	Industry Average Pure Premium	Percent Difference
6-05	243	284	-14.5%
9-05	224	278	-19.2%
12-05	190	305	-37.6%
3-06	450	369	22.1%
6-06	780	544	43.2%
9-06	906	568	59.6%
12-06	977	575	70.0%
3-07	735	536	37.2%
6-07	470	391	20.1%
9-07	347	380	-8.7%
12-07	287	368	-22.1%
3-08	412	465	-11.4%
6-08	573	917	-37.6%
9-08	704	1,034	-31.9%
12-08	773	1,148	-32.6%
3-09	824	1,245	-33.8%
6-09	799	931	-14.3%
9-09	836		

EXPONENTIAL FIT ANNUAL RATE OF CHANGE		
Period	Hanover	Industry
4 Years	21.5%	38.7%
3 Years	5.8%	35.4%
2 Years	73.6%	96.1%
Latest Year	16.2%	9.0%

**Selected Trends**  
Retrospective 5.0%  
Prospective 4.5%



**SOUTHERN  
HOMEOWNERS - TENANTS FORM**

**FREQUENCY TREND**

4 Qtrs. Ending	Hanover Paid Feature Frequency	Industry Paid Feature Frequency	Percent Difference
6-05	1.32%	2.23%	-40.8%
9-05	2.89%	2.29%	26.5%
12-05	5.14%	3.25%	58.4%
3-06	5.95%	3.51%	69.5%
6-06	6.18%	3.53%	75.1%
9-06	4.60%	3.52%	30.7%
12-06	2.44%	2.64%	-7.4%
3-07	1.74%	2.44%	-28.6%
6-07	1.54%	2.47%	-37.5%
9-07	1.50%	2.45%	-38.8%
12-07	1.34%	2.49%	-46.3%
3-08	1.67%	2.45%	-31.7%
6-08	1.85%	2.44%	-24.0%
9-08	1.87%	2.65%	-29.5%
12-08	2.43%	3.10%	-21.7%
3-09	2.13%	3.11%	-31.6%
6-09	2.10%	3.12%	-32.8%
9-09	2.20%		

EXPONENTIAL FIT ANNUAL RATE OF CHANGE		
Period	Hanover	Industry
4 Years	-20.9%	0.5%
3 Years	-4.9%	-1.0%
2 Years	27.4%	15.6%
Latest Year	7.6%	30.2%

**Selected Trends**  
Retrospective 5.0%  
Prospective 4.0%

**SEVERITY TREND**

4 Qtrs. Ending	Hanover Average Paid Severity	Industry Average Paid Severity	Percent Difference
6-05	5,369	3,329	61.3%
9-05	2,078	3,926	-47.1%
12-05	3,395	3,652	-7.0%
3-06	3,422	3,752	-8.8%
6-06	3,983	3,815	4.4%
9-06	5,748	3,456	66.3%
12-06	6,188	3,569	73.4%
3-07	8,908	3,413	161.0%
6-07	8,587	3,309	159.5%
9-07	5,674	3,386	67.6%
12-07	6,047	3,340	81.0%
3-08	3,542	3,356	5.5%
6-08	2,787	3,421	-18.5%
9-08	2,676	3,237	-17.3%
12-08	2,624	3,254	-19.4%
3-09	2,512	3,280	-23.4%
6-09	2,302	3,244	-29.0%
9-09	2,481		

EXPONENTIAL FIT ANNUAL RATE OF CHANGE		
Period	Hanover	Industry
4 Years	-11.9%	-3.4%
3 Years	-36.8%	-3.7%
2 Years	-37.1%	-1.7%
Latest Year	-10.7%	-3.6%

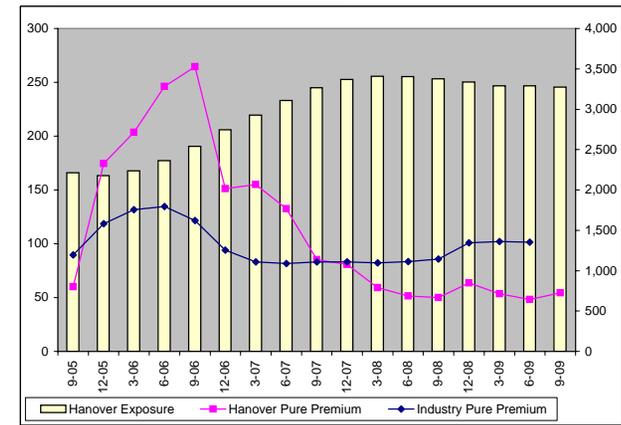
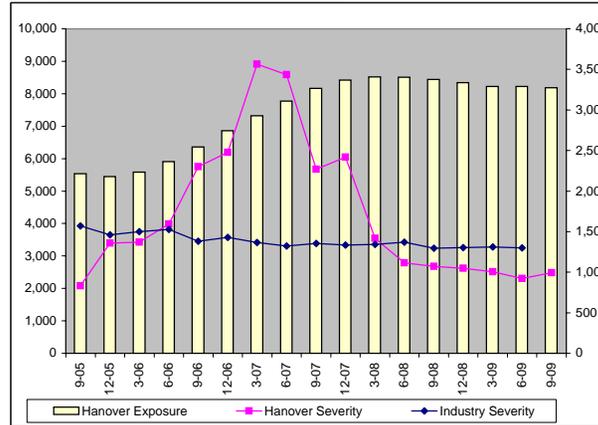
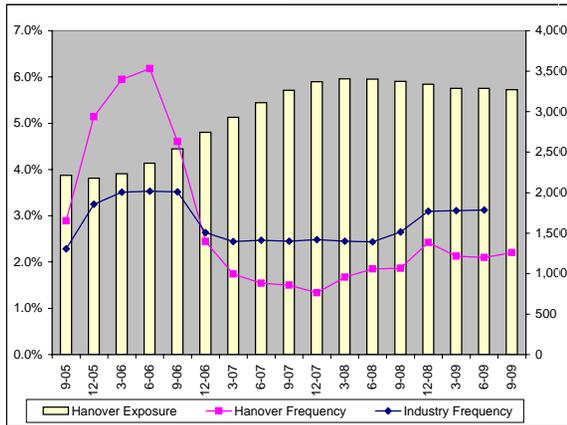
**Selected Trends**  
Retrospective 0.0%  
Prospective 0.0%

**PURE PREMIUM**

4 Qtrs. Ending	Hanover Average Pure Premium	Industry Average Pure Premium	Percent Difference
6-05	71	74	-4.5%
9-05	60	90	-33.1%
12-05	175	119	47.2%
3-06	204	132	54.6%
6-06	246	135	82.9%
9-06	265	122	117.5%
12-06	151	94	60.6%
3-07	155	83	86.3%
6-07	133	82	62.3%
9-07	85	83	2.5%
12-07	81	83	-2.8%
3-08	59	82	-28.0%
6-08	52	83	-38.1%
9-08	50	86	-41.7%
12-08	64	101	-36.9%
3-09	53	102	-47.6%
6-09	48	101	-52.3%
9-09	55		

EXPONENTIAL FIT ANNUAL RATE OF CHANGE		
Period	Hanover	Industry
4 Years	-30.3%	-3.0%
3 Years	-39.9%	-4.7%
2 Years	-19.8%	13.6%
Latest Year	-3.9%	25.4%

**Selected Trends**  
Retrospective 5.0%  
Prospective 4.0%



**SOUTHERN  
HOMEOWNERS - CONDO FORM**

**FREQUENCY TREND**

4 Qtrs. Ending	Hanover Paid Feature Frequency	Industry Paid Feature Frequency	Percent Difference
6-05	8.52%	3.49%	144.0%
9-05	10.65%	3.51%	203.8%
12-05	10.50%	4.62%	127.5%
3-06	10.78%	4.94%	118.4%
6-06	10.10%	4.96%	103.7%
9-06	7.92%	4.93%	60.6%
12-06	5.65%	3.91%	44.6%
3-07	4.36%	3.59%	21.3%
6-07	4.44%	3.51%	26.6%
9-07	4.51%	3.45%	30.8%
12-07	3.51%	3.45%	1.9%
3-08	3.51%	3.40%	3.1%
6-08	3.55%	3.43%	3.4%
9-08	3.64%	3.64%	-0.1%
12-08	4.71%	4.34%	8.4%
3-09	4.69%	4.56%	3.0%
6-09	4.92%	4.68%	5.2%
9-09	4.90%		

EXPONENTIAL FIT ANNUAL RATE OF CHANGE		
Period	Hanover	Industry
4 Years	-22.1%	-0.6%
3 Years	-7.4%	-0.7%
2 Years	15.9%	18.3%
Latest Year	29.2%	40.0%

**Selected Trends**  
Retrospective 2.0%  
Prospective 1.5%

**SEVERITY TREND**

4 Qtrs. Ending	Hanover Average Paid Severity	Industry Average Paid Severity	Percent Difference
6-05	4,365	3,387	28.9%
9-05	4,023	3,877	3.8%
12-05	3,731	3,901	-4.4%
3-06	4,156	4,133	0.6%
6-06	3,850	4,319	-10.9%
9-06	4,285	4,211	1.8%
12-06	4,712	4,531	4.0%
3-07	3,747	4,370	-14.3%
6-07	3,309	4,344	-23.8%
9-07	3,419	4,387	-22.1%
12-07	3,952	4,345	-9.0%
3-08	4,198	4,389	-4.3%
6-08	4,643	4,314	7.6%
9-08	4,182	4,186	-0.1%
12-08	3,792	4,261	-11.0%
3-09	4,429	4,379	1.1%
6-09	4,281	4,421	-3.2%
9-09	4,118		

EXPONENTIAL FIT ANNUAL RATE OF CHANGE		
Period	Hanover	Industry
4 Years	1.7%	3.6%
3 Years	2.0%	-0.1%
2 Years	6.1%	-0.1%
Latest Year	3.7%	3.8%

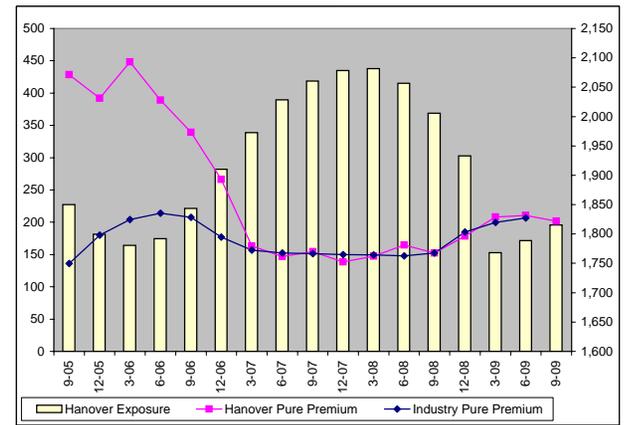
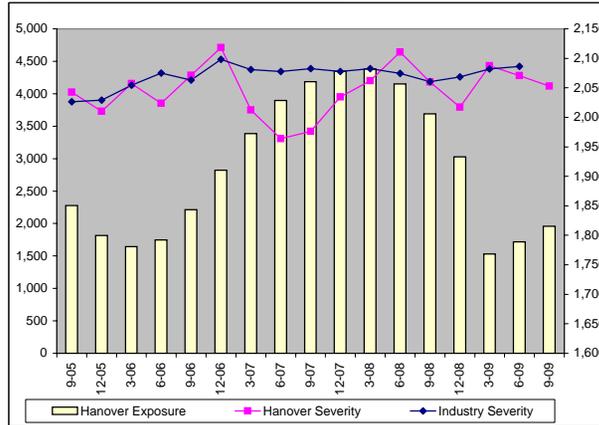
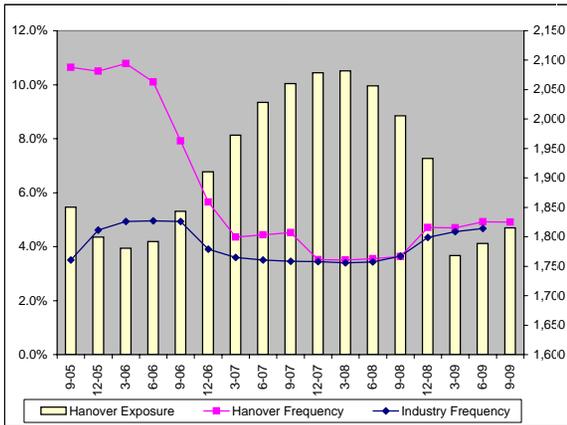
**Selected Trends**  
Retrospective 1.0%  
Prospective 1.0%

**PURE PREMIUM**

4 Qtrs. Ending	Hanover Average Pure Premium	Industry Average Pure Premium	Percent Difference
6-05	372	118	214.4%
9-05	428	136	215.2%
12-05	392	180	117.6%
3-06	448	204	119.6%
6-06	389	214	81.6%
9-06	339	208	63.4%
12-06	266	177	50.3%
3-07	163	157	4.0%
6-07	147	152	-3.6%
9-07	154	151	1.9%
12-07	139	150	-7.3%
3-08	147	149	-1.4%
6-08	165	148	11.2%
9-08	152	152	-0.2%
12-08	178	185	-3.5%
3-09	208	200	4.2%
6-09	211	207	1.9%
9-09	202		

EXPONENTIAL FIT ANNUAL RATE OF CHANGE		
Period	Hanover	Industry
4 Years	-20.8%	3.0%
3 Years	-5.5%	-0.9%
2 Years	22.9%	18.1%
Latest Year	33.9%	45.4%

**Selected Trends**  
Retrospective 3.0%  
Prospective 2.5%



### Arkansas Homeowners Development of Target Loss & ALAE Ratio

Owners Form							
	<u>2006</u>	<u>2007</u>	<u>2008</u>	Average	Selected Provision	% Fixed Expense	% Variable Expense
Commission	15.0%	15.0%	15.0%	15.0%	<b>15.0%</b>	0%	100%
Contingent Commission					<b>2.8%</b>	0%	100%
General & Other Acq.	10.7%	11.9%	11.7%	11.4%	<b>11.4%</b>	50%	50%
Taxes, Licenses, and Fees					<b>3.0%</b>	0%	100%
ULAE/Premium	6.7%	5.9%	6.9%	6.5%	<b>6.5%</b>	100%	0%
Profit and Contingency					<b>5.4%</b>	0%	100%
CAT Load					<b>24.0%</b>	100%	0%
Other Fixed Expense Load					<b>1.9%</b>	100%	0%
Total Fixed Expense						<b>38.1%</b>	
Total Variable Expense							<b>31.9%</b>
Total Expenses					70.0%		
Target Loss & ALAE Ratio					30.0%		
ALAE/Loss	5.1%	2.2%	2.1%	3.1%	<b>3.1%</b>		

### Arkansas Homeowners Development of Target Loss & ALAE Ratio

Condo & Tenants Form							
	<u>2006</u>	<u>2007</u>	<u>2008</u>	Average	Selected Provision	% Fixed Expense	% Variable Expense
Commission	15.0%	15.0%	15.0%	15.0%	<b>15.0%</b>	0%	100%
Contingent Commission					<b>2.8%</b>	0%	100%
General & Other Acq.	10.7%	11.9%	11.7%	11.4%	<b>11.4%</b>	50%	50%
Taxes, Licenses, and Fees					<b>3.0%</b>	0%	100%
ULAE/Premium	6.7%	5.9%	6.9%	6.5%	<b>6.5%</b>	100%	0%
Profit and Contingency					<b>8.3%</b>	0%	100%
CAT Load					<b>24.0%</b>	100%	0%
Other Fixed Expense Load					<b>1.9%</b>	100%	0%
Total Fixed Expense						<b>38.1%</b>	
Total Variable Expense							<b>34.8%</b>
Total Expenses					72.9%		
Target Loss & ALAE Ratio					27.1%		
ALAE/Loss	2.4%	0.6%	20.2%	7.7%	<b>7.7%</b>		

**State of ARKANSAS  
 Hanover Insurance Company  
 Rates Effective 06/04/2010 - New & Renewal  
 Rate Impact by Form**

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Form	Policy Count	On-Level Written Premium	Deductible	Loss Surcharge	Weather Exclusion	Territory	AOI	Account Credit	Base Rate	Total Changes
Condo	28	13,496	0.0%	0.0%	0.0%	0.0%	0.0%	-1.3%	0.0%	-1.3%
Owner	1,415	1,269,025	-1.2%	0.0%	-0.3%	-0.3%	-2.3%	-3.2%	13.0%	4.8%
Tenant	216	78,160	-0.1%	0.0%	0.0%	0.0%	0.0%	-3.0%	0.0%	-3.1%
Total	1,659	1,360,681	-1.2%	0.0%	-0.3%	-0.3%	-2.2%	-3.2%	12.1%	4.3%

**State of ARKANSAS  
 Hanover Insurance Company  
 Rates Effective 06/04/2010 New & Renewal  
 Wind / Hail Deductibles**

All-Peril Deductible	Wind / Hail Deductible	
	Current Factor	Proposed Factor
1000	0.77	0.76
5000	0.57	0.56

All-Peril Deductible	Wind / Hail Deductible					
	1%	2%	5%	1000	2000	5000
	Proposed Cap	Proposed Cap	Proposed Cap	Proposed Cap	Proposed Cap	Proposed Cap
100	N/A	N/A	N/A	N/A	N/A	N/A
250	N/A	N/A	N/A	85	N/A	180
500	275	295	345	205	105	320
1000	530	550	595	N/A	325	420
2500	975	1000	1060	N/A	N/A	500
5000	1335	1365	1395	N/A	N/A	N/A

**State of ARKANSAS  
Hanover Insurance Company  
Rates Effective 06/04/2010 New & Renewal  
All-Peril Deductibles**

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All-Peril Deductible	Current Cap	Proposed Cap
100	N/A	N/A
250	N/A	N/A
500	160	200
1000	290	335
2500	410	470
5000	610	625

**State of ARKANSAS**  
**Hanover Insurance Company**  
**Rates Effective 06/04/2010 - New & Renewal**  
**Loss Surcharge**

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Consecutive Years with Hanover	Number of Qualified Claims			
	1	2	3	4+
0	0%	0%	0%	0%
1	0%	30%	60%	90%
2	0%	20%	50%	85%
3	0%	15%	45%	80%
4	0%	15%	45%	80%
5+	0%	10%	35%	75%

**State of ARKANSAS**  
**Hanover Insurance Company**  
**Rates Effective 06/04/2010 - New & Renewal**  
**Amount of Insurance**

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AOI	Current Relativity	Proposed Relativity
30	1.000	1.000
31	1.001	1.001
32	1.002	1.002
33	1.003	1.003
34	1.004	1.004
35	1.005	1.005
36	1.006	1.006
37	1.007	1.007
38	1.008	1.008
39	1.009	1.009
40	1.010	1.010
41	1.012	1.012
42	1.014	1.014
43	1.016	1.016
44	1.018	1.018
45	1.020	1.020
46	1.022	1.022
47	1.024	1.024
48	1.028	1.028
49	1.032	1.032
50	1.036	1.036
55	1.040	1.040
60	1.044	1.044
65	1.051	1.051
70	1.058	1.058
75	1.065	1.065
80	1.070	1.070
85	1.085	1.085
90	1.105	1.105
95	1.115	1.115
100	1.125	1.125
105	1.135	1.135
110	1.165	1.165
115	1.195	1.195
120	1.225	1.225
125	1.255	1.255
130	1.310	1.310
135	1.356	1.356
140	1.409	1.409
145	1.462	1.462
150	1.507	1.507
155	1.530	1.530
160	1.583	1.583
165	1.634	1.634
170	1.686	1.686

AOI	Current Factor	Proposed Factor
175	1.738	1.710
180	1.789	1.742
185	1.841	1.773
190	1.893	1.805
195	1.944	1.836
200	1.996	1.868
205	2.022	1.906
210	2.051	1.944
215	2.080	1.982
220	2.095	2.021
225	2.153	2.059
230	2.182	2.102
235	2.212	2.144
240	2.242	2.187
245	2.271	2.230
250	2.277	2.273
255	2.306	2.309
260	2.335	2.345
265	2.364	2.381
270	2.373	2.417
275	2.404	2.453
280	2.505	2.498
285	2.534	2.543
290	2.615	2.588
295	2.675	2.633
300	2.717	2.678
305	2.777	2.726
310	2.805	2.774
315	2.863	2.823
320	2.946	2.871
325	3.004	2.919
330	3.062	2.968
335	3.122	3.016
340	3.197	3.065
345	3.283	3.113
350	3.320	3.161
355	3.369	3.205
360	3.427	3.249
365	3.486	3.293
370	3.560	3.337
375	3.619	3.381
380	3.668	3.425
385	3.718	3.468
390	3.767	3.512
395	3.816	3.556
400	3.827	3.600
405	3.875	3.640
410	3.885	3.680
415	3.933	3.720
420	3.941	3.760
425	3.947	3.800
430	3.953	3.840
435	4.000	3.880
440	4.047	3.920
445	4.093	3.959
450	4.140	3.999
455	4.187	4.046
460	4.234	4.092
465	4.281	4.138
470	4.327	4.184
475	4.374	4.230
480	4.427	4.276
485	4.494	4.322
490	4.541	4.368
495	4.598	4.415
500	4.655	4.461
Additional 5000	0.055	0.047

**State of ARKANSAS**  
**Hanover Insurance Company**  
**Rates Effective 06/04/2010 - New & Renewal**  
**Territory Relativities**

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Territory	Current Relativity	Proposed Relativity	% Change
31	0.899	0.908	1%
37	0.939	0.958	2%
42	0.970	0.97	0%
49	0.710	0.717	1%
50	1.289	1.289	0%
51	1.332	1.305	-2%
52	0.818	0.818	0%
53	0.860	0.86	0%
54	1.432	1.432	0%
55	0.843	0.843	0%
56	0.868	0.851	-2%
61	0.943	0.896	-5%
62	0.711	0.697	-2%
63	0.843	0.843	0%
64	1.312	1.299	-1%
65	0.993	0.933	-6%
66	1.245	1.208	-3%
67	0.975	0.965	-1%
68	1.059	1.027	-3%
69	1.250	1.188	-5%
70	0.884	0.884	0%
71	1.141	1.084	-5%
72	0.995	0.945	-5%
73	0.920	0.92	0%
74	1.133	1.133	0%
75	1.270	1.207	-5%
76	1.033	1.033	0%

The Hanover Insurance Group  
Arkansas Homeowners

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We based our proposed surcharges on our competitors' surcharges, which can be found below. Our proposed factors are in line with these, and in many cases, smaller than the ones seen below. In particular, we will not surcharge for the first loss, unlike most of our competitors. Additionally, we exclude weather losses from the loss count.

Allstate

Number of Losses			
1	2	3	4+
10 - 35%	19 - 38%	19 - 38%	19 - 38%

Metropolitan

Number of Losses			
1	2	3	4+
15%	30%	80%	90%

Shelter

Number of Non Weather Losses			
1	2	3	4+
15%	50%	85%	85%

State Auto

Years Renewed	Number of Losses			
	1	2	3	4+
0 - 9	15%	40%	40%	40%
10+	0%	25%	25%	25%

State Farm

Years with Company	Number of Non-Cat Losses			
	1	2	3	4+
0	0%	30%	55%	85%
1	0%	30%	55%	85%
2	0%	30%	55%	85%
3	-5%	30%	55%	85%
4	-5%	30%	55%	85%
5	-5%	30%	55%	85%
6 - 8	-10%	25%	55%	85%
9+	-15%	10%	45%	85%

## The Hanover Insurance Group

### Determination of Catastrophe (Cat) Ratios

The reported losses in our ratemaking methodology exclude all losses stemming from catastrophe events. In the indication procedure we add a provision for expected direct catastrophe losses in determining adjusted ultimate loss ratios for the historical period. In determining the expected loss and LAE ratio we include an expense provision for the reinsurer's margin associated with our Catastrophe Reinsurance Treaty. The use of this method is consistent with Principle 2 of the *Statement of Principles Regarding Property and Casualty Ratemaking*, which states that "a rate provides for all costs associated with the transfer of risk", and the statement from the Considerations section of this document which states that "Consideration should be given to the effect of reinsurance arrangements."<sup>1</sup>

#### Cat Ratios

There are four components to the cat ratio:

- Hurricane ratio
- Other wind ratio (tornado/hail and severe thunderstorm wind events)
- Earthquake ratio
- Winter freeze ratio

The hurricane ratio is a 50%/50% weighting of RMS RiskLink v8.0 and AIR CLASIC/2 v10.0 hurricane modeled gross Average Annual Loss (AAL) to premium ratios. The long-term hurricane frequency version of these models is used. The AAL generated from these models is based on The Hanover Insurance Group (THG) property exposure data in-force on 12/31/2008. The premiums used are full-term, in-force property premiums from the same exposure data. The same exposure and premium data is also used in determining the other wind and earthquake modeled ratio components discussed below.

The other wind ratio is a weighting of the following three sources:

1. Other wind cat ratios derived using modeled AAL from RMS RiskLink v8.0 –Severe Convective Storm
2. Other wind cat ratios derived using modeled AAL from AIR CLASIC/2 v10.0 – Severe Convective Storm.
3. Other wind ratios derived from actual experience for THG from accident years 1989 - 2008.

Additionally, for the RMS and AIR models, events whose industry loss estimate was below \$20m were excluded from calculation of the AALs. This is done to make the model loss definition comparable to that of PCS, whose Catastrophe definitions are used in the exclusion of Hanover's experience from our indications.

The Earthquake ratio is a 50%/50% weighting of RMS RiskLink v8.0 and AIR CLASIC/2 v10.0 earthquake modeled gross Average Annual Loss (AAL) to premium ratios.

Winter freeze ratios are based on actual experience for THG from accident years 1989 - 2008.

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<sup>1</sup> Casualty Actuarial Society, *Statement of Principles Regarding Property and Casualty Insurance Ratemaking*, 1988.

# The Hanover Insurance Group

## Arkansas Homeowners Cat Load and Reinsurance Provision (All Forms)

(1)	(2)	(3)
Full Term Written Premium at 12/2008	Reinsurance Margin	Reinsurance Margin Ratio to Premium
6,081,506	114,085	1.9%

(4)	(5)	(6)	(7)	(8)
AIR Long-Term Hurricane Gross Average Annual Loss	AIR Hurricane Cat Ratio	RMS Long-Term Hurricane Gross Average Annual Loss	RMS Hurricane Cat Ratio	Total Hurricane Cat Ratio
0	0.0%	0	0.0%	0.0%

(9)	(10)	(11)	(12)	(13)	(14)	(15)
AIR Other Wind Gross Average Annual Loss	AIR Other Wind Cat Ratio	RMS Other Wind Gross Average Annual Loss	RMS Other Wind Cat Ratio	Experience Other Wind Loss	Experience Other Wind Ratio	Total Other Wind Cat Ratio
1,728,185	28.4%	1,212,174	19.9%	1,037,967	17.1%	20.6%

(16)	(17)
Winter Freeze Loss	Winter Freeze Ratio
156,040	2.6%

(18)	(19)	(20)	(21)	(22)
AIR Earthquake Gross Average Annual Loss	AIR Earthquake Cat Ratio	RMS Earthquake Gross Average Annual Loss	RMS Earthquake Cat Ratio	Total Earthquake Cat Ratio
58,860	1.0%	36,774	0.6%	0.8%

(23)
Total Non-Hurricane Cat Ratio
24.0%

Notes:

(3) = (2) / (1)

(5) = (4) / (1)

(7) = (6) / (1)

(8) = .5\*(5) + .5\*(7)

(10) = (9) / (1)

(12) = (11) / (1)

(14) = (3) / (1)

(15) = .25\*(10) + .25\*(12) + .5\*(14)

(17) = (16) / (1)

(19) = (18) / (1)

(21) = (20) / (1)

(22) = .5\*(19) + .5\*(21)

(23) = (15) + (17) + (22)

**State of ARKANSAS**  
**Homeowners**  
**Hanover**  
**Rates Effective 06/04/2010 New & Renewal**

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Percent Range	Policy Count	% of Policies
[-20%, -10%)	11	0.7%
[-10%, -7%)	18	1.1%
[-7%, -5%)	92	5.5%
[-5%, -2.5%)	181	10.9%
[-2.5%, 0%)	196	11.8%
0%	98	5.9%
(0%, 2.5%)	204	12.3%
[2.5%, 5%)	219	13.2%
[5%, 7%)	127	7.7%
[7%, 10%)	174	10.5%
[10%, 15%)	328	19.8%
[15%, 20%)	8	0.5%
[20%, 30%)	3	0.2%
<b>Total</b>	<b>1659</b>	<b>100%</b>

Min: -17.0%  
Max: 26.8%

The policy receiving the 26.8% increase is being affected by a +2% territory relativity change, the +12.8% base rate change, and a 10% loss surcharge.

## Arkansas Homeowners Cat Modeling Objection Response

### Hanover Filing, 03/19/10 Objection #1

**Objection:** The previous request was for the non-hurricane CAT model to be filed along with the data entered into the model that provided your results. The models were named, but not provided. We only allow modeling for the earthquake peril which has no historical loss data. Lacking the actual models and data confirming information relevant to AR and given that the Department has not been allowing models for development of CAT loads or weather related loads, please re-calculate your indications using historical data for the catastrophe load.

#### **Response:**

In response to your objection, we have adjusted the non-hurricane Cat load to rely upon our experience only since at this time, the impact of doing so is modest and still supports our proposed rate increase. However, we maintain our position that non-hurricane Cat models should be considered in the ratemaking process and are permissible under Insurance Regulation 23-67-209 (a) which states, in part, “Due consideration must be given to *past and prospective loss and expense experience within and outside this state; to catastrophe hazards and contingencies; to events or trends within and outside this state.*” (Emphasis added).

The use of independent catastrophe models for non-hurricane catastrophe ratemaking is appropriate due to 1) the high volatility in tornado/severe convective storm frequency and 2) the change in mix of business and relative frequency/severity of non-catastrophe losses that has taken place over the experience period.

With ratemaking, generally, company experience is preferable to external data where possible because it uniquely reflects the operations of the company in question. Accordingly, Hanover uses company experience for 50% of the non-hurricane catastrophe provision. However, the experience period of the company is a mere 20 years of storm activity and data and thus reflects a small profile of geographic and meteorological possibilities. The models use a much broader range of potential events simulated over thousands of years.

Additionally, our methodology is to compare this 20 years of non-hurricane catastrophe losses to non-catastrophe losses to project this ratio going forward. But over this time period the following have been subject to change: a) Hanover’s mix of business, b) the characteristics of the average Homeowners risk, and c) the frequency/severity trends of non-catastrophe losses. The model results offer the advantage of being based exclusively on the most recent actual exposure set available.

For these reasons, we believe that incorporating model results along with company experience is appropriate to improve credibility and stability in pricing.

In regard to the Earthquake exposure, we apologize for any confusion our prior response generated. Since we are not adjusting our Earthquake rates with this filing, we are not submitting modeling data or detail. We have adjusted our Cat load calculation to exclude this exposure.

# The Hanover Insurance Group

## Arkansas Homeowners Cat Load and Reinsurance Provision (All Forms)

(1)	(2)	(3)
Full Term Written Premium at 12/2008	Reinsurance Margin	Reinsurance Margin Ratio to Premium
6,081,506	114,085	1.9%

(4)	(5)	(6)	(7)	(8)
AIR Long-Term Hurricane Gross Average Annual Loss	AIR Hurricane Cat Ratio	RMS Long-Term Hurricane Gross Average Annual Loss	RMS Hurricane Cat Ratio	Total Hurricane Cat Ratio
0	0.0%	0	0.0%	0.0%

(9)	(10)
Experience Other Wind Loss	Experience Other Wind Ratio
1,037,967	17.1%

(11)	(12)
Experience Winter Freeze Loss	Experience Winter Freeze Ratio
156,040	2.6%

(13)	(14)
Experience Earthquake Loss	Experience Earthquake Cat Ratio
0	0.0%

(15)
Total Non-Hurricane Cat Ratio
19.6%

### Notes:

$$(3) = (2) / (1)$$

$$(5) = (4) / (1)$$

$$(7) = (6) / (1)$$

$$(8) = .5*(5) + .5*(7)$$

$$(10) = (9) / (1)$$

$$(12) = (11) / (1)$$

$$(14) = (13) / (1)$$

$$(15) = (10) + (12) + (14)$$

**Arkansas**  
**Homeowners - All Companies Combined**  
**Rate Indication for Rates Effective 6/4/10 - Summary Exhibit**

	Selected Retrospective Annual Loss <u>Trend</u>	Selected Prospective Annual Loss <u>Trend</u>	Selected Retrospective Annual Premium <u>Trend</u>	Selected Prospective Annual Premium <u>Trend</u>	Underwriting Profit <u>Provision</u>	Non-CAT Target Loss & ALAE <u>Ratio</u>	Cats Loss & ALAE <u>Ratio</u>	<u>Indication</u>	Proposed Overall Rate <u>Change</u>	9/2009 E. Premium At Current <u>Rates (000)</u>
Homeowners	5.0%	4.5%	0.0%	0.0%	5.8%	33.4%	20.2%	8.2%	4.8%	7,060
Condo	3.0%	2.5%	7.0%	5.0%	9.1%	29.2%	21.1%	-4.1%	-1.3%	42
Tenant	<u>5.0%</u>	<u>4.0%</u>	<u>5.0%</u>	<u>3.5%</u>	<u>9.1%</u>	<u>29.2%</u>	<u>21.1%</u>	<u>-7.5%</u>	<u>-3.1%</u>	<u>64</u>
Condo and Tenant	4.2%	3.4%	5.8%	4.1%	9.1%	29.2%	21.1%	-6.2%	-2.4%	106
Total	5.0%	4.5%	0.1%	0.1%	5.8%	33.4%	20.2%	8.0%	4.3%	7,166

**Arkansas Homeowners - All Companies Combined**  
**Homeowners Form Rate Indication for Rates Effective 6/4/10**  
**Dollars in Thousands**

		Accident Year Ending:				
		09/30/2005	09/30/2006	09/30/2007	09/30/2008	09/30/2009
1a	Earned Premium	5,141	5,274	5,372	5,797	6,356
1b	Endorsement Premium	230	231	229	235	273
2	Current Rate Level Factor - Owners	1.335	1.264	1.204	1.159	1.116
3 = (1a-1b)-(2) + 1b	Premium at CRL	6,785	6,605	6,422	6,679	7,060
4a	Annual Premium Trend - Retrospective	0.0%	0.0%	0.0%	0.0%	0.0%
5a	Premium Trend Factor - Retrospective	1.000	1.000	1.000	1.000	1.000
4b	Annual Premium Trend - Prospective	0.0%	0.0%	0.0%	0.0%	0.0%
5b	Premium Trend Factor - Prospective	1.000	1.000	1.000	1.000	1.000
6 = 3-5a-5b	Trended Premium	6,785	6,605	6,422	6,679	7,060
7	Incurred Loss Evaluated @ 9/30/09	1,591	7,493	2,283	5,496	5,563
8	Catastrophe Incurred Losses	73	4,787	493	3,516	3,425
9a = 7-8	Non-Cat Incurred Losses	1,518	2,706	1,790	1,980	2,138
9b	Large to Small Ratio	0.829	0.623	0.816	-	0.263
9c	Normal Large to Small Ratio					0.368
9d	Excess Large to Small Ratio					1.110
9	Adjusted Non-Cat Incurred Losses	1,518	2,706	1,790	1,980	2,138
10	Loss Development Factor:	1.001	1.001	1.004	1.010	1.074
11 = 9-10	Est. Ultimate Incurred Loss Non-Cat	1,519	2,710	1,798	2,001	2,297
12a	Est. Annual Loss Trend - Retrospective	5.0%	5.0%	5.0%	5.0%	5.0%
13a	Loss Trend Factor - Retrospective	1.216	1.158	1.103	1.050	1.000
12b	Est. Annual Loss Trend - Prospective	4.5%	4.5%	4.5%	4.5%	4.5%
13b	Loss Trend Factor - Prospective	1.101	1.101	1.101	1.101	1.101
14 = 13a-12b-11	Trended Incurred Losses	2,032	3,453	2,182	2,312	2,527
15	ALAE (% of Loss)	3.1%	3.1%	3.1%	3.1%	3.1%
16 = (1.00 +15)-14	Trended Loss & ALAE	2,096	3,562	2,250	2,385	2,607
17 = 16÷6	Projected Loss & ALAE Ratio	30.9%	53.9%	35.0%	35.7%	36.9%
18	Accident Year Weights	10.0%	15.0%	20.0%	25.0%	30.0%
19 = Sum(18-17)	Projected (Formula Weighted) Loss&ALAE Ratio Excluding All Catastrophes					38.2%
20a	Hurricane Loss & ALAE Ratio					0.0%
20b	Other Catastrophes Loss & ALAE Ratio					20.2%
20c	Permissible Loss & ALAE Ratio Excluding All Catastrophes to yield a Combined Ratio of		94.2%			33.4%
21a	Cat Loss Annual Trend - Prospective					2.0%
21b	Cat Loss Ratio Trend Factor - Prospective					1.044
21c = 13b/5b	NonCat Loss Ratio Trend Factor - Prospective					1.101
22a = (1+(21b))*(20a)	Trended Hurricane Loss & ALAE Ratio					0.0%
22b = (1+(21b))*(20b)	Trended Other Catastrophes Loss & ALAE Ratio					21.1%
22c = (1+(21c))*(20c)	Trended Permissible Loss & ALAE Ratio Excluding All Catastrophes					36.8%
23a	Fixed Expense					14.1%
23b	Variable Expense(incl Profit)					32.3%
24a	Earned House Years	7,492	7,136	6,799	7,129	7,852
24b	Credibility					95.4%
25	Credibility-Adjusted Loss & ALAE Ratio Excluding All Catastrophes					38.1%
26 =	Indicated Rate Change					<b>8.2%</b>
(25+22a+22b+23a) / (1-23b)-1						

**Arkansas Homeowners - All Companies Combined**  
**Condominium Form Rate Indication for Rates Effective 6/4/10**  
**Dollars in Thousands**

		<b>Accident Year Ending:</b>				
		<u>09/30/05</u>	<u>09/30/06</u>	<u>09/30/07</u>	<u>09/30/08</u>	<u>09/30/09</u>
1	Earned Premium	23	23	23	29	42
2	Current Rate Level Factor	1.034	0.991	0.959	0.999	1.003
3 = 1-2	Premium at CRL	24	23	22	29	42
4a	Annual Premium Trend - Retrospective	7.0%	7.0%	7.0%	7.0%	7.0%
5a	Premium Trend Factor - Retrospective	1.311	1.225	1.145	1.070	1.000
4b	Annual Premium Trend - Prospective	5.0%	5.0%	5.0%	5.0%	5.0%
5b	Premium Trend Factor - Prospective	1.112	1.112	1.112	1.112	1.112
6 = 3-5a-5b	Trended Premium	35	31	28	35	47
7	Incurred Loss Evaluated @ 9/30/09	7	4	23	0	5
8	Catastrophe Incurred Losses	0	0	0	0	0
9 = 7-8	Non-Cat Incurred Losses	7	4	23	0	5
10	Loss Development Factor:	1.001	0.988	0.987	0.982	1.098
11 = 9-10	Estim. Ultimate Incurred Loss Non-Cat	7	4	23	0	6
12a	Est. Annual Loss Trend - Retrospective	3.0%	3.0%	3.0%	3.0%	3.0%
13a	Loss Trend Factor - Retrospective	1.126	1.093	1.061	1.030	1.000
12b	Est. Annual Loss Trend - Prospective	2.5%	2.5%	2.5%	2.5%	2.5%
13b	Loss Trend Factor - Prospective	1.055	1.055	1.055	1.055	1.055
14 = 13a-12b-11	Trended Incurred Losses	8	5	26	0	6
15	ALAE (% of Loss)	7.7%	7.7%	7.7%	7.7%	7.7%
16 = (1.00 +15)-14	Trended Loss & ALAE	9	5	28	0	7
17 = 16÷6	Projected Loss & ALAE Ratio	25.6%	15.7%	98.2%	0.0%	14.1%
18	Accident Year Weights	10.0%	15.0%	20.0%	25.0%	30.0%
19 = Sum(18-17)	Projected (Formula Weighted) Loss&ALAE Ratio Excluding All Catastrophes					28.8%
20a	Hurricane Loss & ALAE Ratio					0.0%
20b	Other Catastrophes Loss & ALAE Ratio					21.1%
20c	Permissible Loss & ALAE Ratio Excluding All Catastrophes to yield a Combined Ratio of	90.9%				29.2%
21a	Cat Loss Annual Trend - Prospective					2.0%
21b	Cat Loss Ratio Trend Factor - Prospective					0.939
21c = 13b/5b	NonCat Loss Ratio Trend Factor - Prospective					0.949
22a = (1+(21b))*(20a)	Trended Hurricane Loss & ALAE Ratio					0.0%
22b = (1+(21b))*(20b)	Trended Other Catastrophes Loss & ALAE Ratio					19.8%
22c = (1+(21c))*(20c)	Trended Permissible Loss & ALAE Ratio Excluding All Catastrophes					27.7%
23a	Fixed Expense					14.1%
23b	Variable Expense(incl Profit)					35.6%
24a	Earned House Years	63	57	55	67	83
24b	Credibility					11.4%
25	Credibility-Adjusted Loss & ALAE Ratio Excluding All Catastrophes					27.8%
26 =	Indicated Rate Change					<b>-4.1%</b>
(25+22a+22b+23a) / (1-23b)-1						

**Arkansas Homeowners - All Companies Combined**  
**Tenant Form Rate Indication for Rates Effective 6/4/10**  
**Dollars in Thousands**

		Accident Year Ending:				
		<u>09/30/05</u>	<u>09/30/06</u>	<u>09/30/07</u>	<u>09/30/08</u>	<u>09/30/09</u>
1	Earned Premium	63	62	59	62	63
2	Current Rate Level Factor	1.069	1.036	1.032	1.031	1.006
3 = 1-2	Premium at CRL	67	64	61	64	64
4a	Annual Premium Trend - Retrospective	5.0%	5.0%	5.0%	5.0%	5.0%
5a	Premium Trend Factor - Retrospective	1.216	1.158	1.103	1.050	1.000
4b	Annual Premium Trend - Prospective	3.5%	3.5%	3.5%	3.5%	3.5%
5b	Premium Trend Factor - Prospective	1.078	1.078	1.078	1.078	1.078
6 = 3-5a-5b	Trended Premium	88	80	72	73	69
7	Incurred Loss Evaluated @ 9/30/09	1	19	2	3	0
8	Catastrophe Incurred Losses	0	0	0	0	0
9 = 7-8	Non-Cat Incurred Losses	1	19	2	3	0
10	Loss Development Factor:	0.998	0.996	1.000	0.976	1.024
11 = 9-10	Estim. Ultimate Incurred Loss Non-Cat	1	19	2	2	0
12a	Est. Annual Loss Trend - Retrospective	5.0%	5.0%	5.0%	5.0%	5.0%
13a	Loss Trend Factor - Retrospective	1.216	1.158	1.103	1.050	1.000
12b	Est. Annual Loss Trend - Prospective	4.0%	4.0%	4.0%	4.0%	4.0%
13b	Loss Trend Factor - Prospective	1.089	1.089	1.089	1.089	1.089
14 = 13a-12b-11	Trended Incurred Losses	2	24	3	3	0
15	ALAE (% of Loss)	7.7%	7.7%	7.7%	7.7%	7.7%
16 = (1.00 +15)-14	Trended Loss & ALAE	2	26	3	3	0
17 = 16÷6	Projected Loss & ALAE Ratio	1.9%	32.8%	4.1%	4.2%	0.0%
18	Accident Year Weights	10.0%	15.0%	20.0%	25.0%	30.0%
19 = Sum(18-17)	Projected (Formula Weighted) Loss&ALAE Ratio Excluding All Catastrophes					7.0%
20a	Hurricane Loss & ALAE Ratio					0.0%
20b	Other Catastrophes Loss & ALAE Ratio					21.1%
20c	Permissible Loss & ALAE Ratio Excluding All Catastrophes to yield a Combined Ratio of	90.9%				29.2%
21a	Cat Loss Annual Trend - Prospective					2.0%
21b	Cat Loss Ratio Trend Factor - Prospective					0.969
21c = 13b/5b	NonCat Loss Ratio Trend Factor - Prospective					1.011
22a = (1+(21b))*(20a)	Trended Hurricane Loss & ALAE Ratio					0.0%
22b = (1+(21b))*(20b)	Trended Other Catastrophes Loss & ALAE Ratio					20.5%
22c = (1+(21c))*(20c)	Trended Permissible Loss & ALAE Ratio Excluding All Catastrophes					29.5%
23a	Fixed Expense					14.1%
23b	Variable Expense(incl Profit)					35.6%
24a	Earned House Years	219	206	194	188	186
24b	Credibility					19.9%
25	Credibility-Adjusted Loss & ALAE Ratio Excluding All Catastrophes					25.0%
26 =	Indicated Rate Change					<b>-7.5%</b>
(25+22a+22b+23a) / (1-23b)-1						

**HO Premium Trend Analysis (Average On-Level Premium Method)**  
**State AR**

<b>Earned Premium at Current Rate Level</b>			
AY-QTR Ending	OWN	CON	TEN
2005Q3	5,949,606	23,948	67,327
2005Q4	5,914,280	25,577	67,306
2006Q1	5,876,850	26,320	66,797
2006Q2	5,837,757	24,761	65,732
2006Q3	5,786,416	23,249	64,416
2006Q4	5,715,054	21,521	63,244
2007Q1	5,650,264	20,648	62,358
2007Q2	5,616,750	21,522	61,582
2007Q3	5,620,080	22,183	60,902
2007Q4	5,666,002	23,476	60,251
2008Q1	5,736,497	24,962	60,801
2008Q2	5,808,765	27,075	62,907
2008Q3	5,847,794	29,268	64,360
2008Q4	5,884,392	32,260	65,559
2009Q1	5,931,228	35,412	64,428
2009Q2	6,004,949	38,900	63,656
2009Q3	6,157,253	42,402	63,872

<b>Earned House Years</b>			
AY-QTR Ending	OWN	CON	TEN
2005Q3	7,492	63	219
2005Q4	7,413	65	216
2006Q1	7,324	65	215
2006Q2	7,239	61	210
2006Q3	7,136	57	206
2006Q4	7,013	54	202
2007Q1	6,905	52	198
2007Q2	6,831	53	196
2007Q3	6,799	55	194
2007Q4	6,832	58	192
2008Q1	6,904	61	190
2008Q2	7,006	65	190
2008Q3	7,129	67	188
2008Q4	7,263	70	186
2009Q1	7,421	74	183
2009Q2	7,605	77	183
2009Q3	7,852	83	186

<b>Average Earned Premium at Current Rate Level</b>				
AY-QTR Ending	OWN	CON	TEN	
2005Q3	794	379	308	
2005Q4	798	395	311	
2006Q1	802	405	311	
2006Q2	806	406	313	
2006Q3	811	405	312	
2006Q4	815	398	314	
2007Q1	818	397	315	
2007Q2	822	403	315	
2007Q3	827	403	314	
2007Q4	829	407	314	
2008Q1	831	410	320	
2008Q2	829	418	331	
2008Q3	820	437	342	
2008Q4	810	458	352	
2009Q1	799	481	351	
2009Q2	790	502	349	
2009Q3	784	512	344	

<b>Year Over Year</b>			
Latest 4 Quarters Ending	OWN	CON	TEN
2006Q3	2.1%	6.8%	1.4%
2007Q3	1.9%	-0.4%	0.5%
2008Q3	-0.8%	8.2%	9.0%
2009Q3	-4.4%	17.3%	0.5%
Latest 4 Year	-0.3%	7.8%	2.8%
Latest 3 Year	-1.1%	8.1%	3.2%
Latest 2 Year	-2.6%	12.7%	4.6%

<b>Fitted Annual Premium Trend*</b>			
4 Year Trend	0.0%	6.3%	3.6%
3 Year Trend	-1.1%	9.0%	4.7%
2 Year Trend	-3.0%	14.3%	6.4%
1 Year Trend	-4.5%	17.9%	0.0%

\* Log Fit

<b>Selected Trends</b>			
Retrospective	0.0%	7.0%	5.0%
Prospective	0.0%	5.0%	3.5%

**Hanover Property and Casualty Insurance Companies**

AR

Homeowners - Owners Form + Sewer/Sump Endorsement, Data Net of Cats

Direct Case Incurred Losses (000)

Acc. Yr. Ending	Actual Data as of:									
	12 mos.	24 mos.	36 mos.	48 mos.	60 mos.	72 mos.	84 mos.	96 mos.	108 mos.	120 mos.
200009	677,535	767,529	770,038	770,438	792,938	792,938	792,938	792,938	792,938	792,938
200109	1,024,441	1,009,938	1,019,136	1,018,136	1,019,297	1,019,297	1,019,297	1,019,297	1,019,297	1,019,297
200209	1,606,519	1,687,847	1,704,043	1,704,060	1,703,889	1,703,889	1,703,889	1,703,889	1,703,889	
200309	1,777,532	2,236,704	2,215,728	2,213,028	2,216,450	2,220,205	2,220,205			
200409	1,562,985	1,568,542	1,575,104	1,594,104	1,596,725	1,609,174				
200509	1,469,412	1,497,577	1,501,151	1,505,490	1,505,490					
200609	3,311,901	2,671,602	2,666,241	2,692,040						
200709	1,550,516	1,733,586	1,782,169							
200809	1,648,553	1,969,802								
200909	4,435,295									

Acc. Yr.	Link Ratios									
	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-Ult.
200009	1.133	1.003	1.001	1.029	1.000	1.000	1.000	1.000	1.000	1.000
200109	0.986	1.009	0.999	1.001	1.000	1.000	1.000	1.000	1.000	1.000
200209	1.051	1.010	1.000	1.000	1.000	1.000	1.000			
200309	1.258	0.991	0.999	1.002	1.002	1.000				
200409	1.004	1.004	1.012	1.002	1.008					
200509	1.019	1.002	1.003	1.000						
200609	0.807	0.998	1.010							
200709	1.118	1.028								
200809	1.195									
200909										

Method	Average Link Ratios									
	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-Ult.
3-yr	1.040	1.009	1.008	1.001	1.003	1.000	1.000	1.000	1.000	1.000
5-yr	1.028	1.005	1.005	1.001	1.002	1.000	1.000	1.000	1.000	1.000
all-yr	1.063	1.006	1.003	1.006	1.002	1.000	1.000	1.000	1.000	1.000
all-yr wtd.	1.035	1.005	1.004	1.003	1.002	1.000	1.000	1.000	1.000	1.000
5-yr x/ hi,low	1.047	1.002	1.004	1.001	1.001	#N/A	#N/A	#N/A	#N/A	#N/A
SELECTED	<b>1.063</b>	<b>1.006</b>	<b>1.003</b>	<b>1.001</b>	<b>1.001</b>	<b>1.000</b>	<b>1.000</b>	<b>1.000</b>	<b>1.000</b>	<b>1.000</b>
ULTIMATE	<b>1.074</b>	<b>1.010</b>	<b>1.004</b>	<b>1.001</b>	<b>1.001</b>	<b>1.000</b>	<b>1.000</b>	<b>1.000</b>	<b>1.000</b>	<b>1.000</b>

**Hanover Property and Casualty Insurance Companies**  
Countrywide  
Homeowners - Condos Form, Data Net of Cats  
Direct Case Incurred Losses (000)

Acc. Yr. Ending	Actual Data as of:									
	12 mos.	24 mos.	36 mos.	48 mos.	60 mos.	72 mos.	84 mos.	96 mos.	108 mos.	120 mos.
200009	1,945,226	2,255,858	2,271,917	2,277,374	2,203,122	2,229,689	2,208,022	2,208,022	2,210,522	2,210,522
200109	2,104,699	2,290,605	2,276,108	2,347,391	2,350,232	2,327,173	2,322,420	2,322,420	2,322,420	
200209	1,883,085	2,047,554	2,048,312	2,083,783	2,108,683	2,108,673	2,165,573	2,165,573		
200309	2,805,165	2,990,722	3,002,556	3,017,288	3,025,532	3,033,032	3,033,032			
200409	3,633,891	3,996,819	3,889,374	3,784,099	3,764,638	3,761,606				
200509	3,882,134	5,057,254	4,845,339	4,850,673	4,576,852					
200609	3,896,564	4,374,377	4,468,730	4,423,766						
200709	4,607,066	5,209,730	5,252,882							
200809	6,007,463	6,112,875								
200909	5,824,472									

Acc. Yr.	Link Ratios									
	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-Ult.
200009	1.160	1.007	1.002	0.967	1.012	0.990	1.000	1.001	1.000	1.000
200109	1.088	0.994	1.031	1.001	0.990	0.998	1.000	1.000		
200209	1.087	1.000	1.017	1.012	1.000	1.027	1.000			
200309	1.066	1.004	1.005	1.003	1.002	1.000				
200409	1.100	0.973	0.973	0.995	0.999					
200509	1.303	0.958	1.001	0.944						
200609	1.123	1.022	0.990							
200709	1.131	1.008								
200809	1.018									
200909										

Method	Average Link Ratios									
	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-Ult.
3-yr	1.090	0.996	0.988	0.980	1.001	1.008	1.000	1.001	1.000	1.000
5-yr	1.135	0.993	0.997	0.991	1.001	1.004	1.000	1.001	1.000	1.000
all-yr	1.119	0.996	1.003	0.987	1.001	1.004	1.000	1.001	1.000	1.000
all-yr wtd.	1.116	0.994	0.999	0.982	1.001	1.003	1.000	1.001	1.000	1.000
5-yr x/ hi,low	1.118	0.995	0.999	1.000	1.001	#N/A	#N/A	#N/A	#N/A	#N/A
SELECTED	<b>1.118</b>	<b>0.995</b>	<b>0.999</b>	<b>0.987</b>	<b>1.001</b>	<b>1.000</b>	<b>1.000</b>	<b>1.001</b>	<b>1.000</b>	<b>1.000</b>
ULTIMATE	<b>1.098</b>	<b>0.982</b>	<b>0.987</b>	<b>0.988</b>	<b>1.001</b>	<b>1.001</b>	<b>1.001</b>	<b>1.001</b>	<b>1.000</b>	<b>1.000</b>

**anover Property and Casualty Insurance Companies**  
Countrywide  
Homeowners - Tenants Form, Data Net of Cats  
Direct Case Incurred Losses (000)

Acc. Yr. Ending	Actual Data as of:									
	12 mos.	24 mos.	36 mos.	48 mos.	60 mos.	72 mos.	84 mos.	96 mos.	108 mos.	120 mos.
200009	5,181,747	5,493,427	5,369,884	5,375,256	5,381,223	5,391,223	5,380,840	5,380,840	5,380,840	5,365,840
200109	5,183,588	5,847,926	5,825,016	5,877,921	5,914,194	5,925,379	5,965,470	5,949,210	5,949,110	
200209	5,305,152	5,622,447	5,519,522	5,723,494	5,683,203	5,685,983	5,685,983	5,685,983		
200309	4,499,044	4,553,955	4,590,397	4,543,584	4,535,218	4,529,057	4,594,057			
200409	3,178,254	3,629,017	3,469,353	3,526,077	3,461,333	3,452,953				
200509	1,815,813	1,848,522	1,853,873	1,733,574	1,739,482					
200609	2,686,586	2,507,013	2,250,211	2,262,576						
200709	2,118,129	1,982,429	1,925,012							
200809	2,642,116	3,048,698								
200909	2,540,200									

Acc. Yr.	Link Ratios									
	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-Ult.
200009	1.060	0.978	1.001	1.001	1.002	0.998	1.000	1.000	0.997	1.000
200109	1.128	0.996	1.009	1.006	1.002	1.007	0.997	1.000		
200209	1.060	0.982	1.037	0.993	1.000	1.000	1.000			
200309	1.012	1.008	0.990	0.998	0.999	1.014				
200409	1.142	0.956	1.016	0.982	0.998					
200509	1.018	1.003	0.935	1.003						
200609	0.933	0.898	1.005							
200709	0.936	0.971								
200809	1.154									
200909										

Method	Average Link Ratios									
	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-Ult.
3-yr	1.008	0.957	0.986	0.994	0.999	1.007	0.999	1.000	0.997	1.000
5-yr	1.037	0.967	0.997	0.996	1.000	1.005	0.999	1.000	0.997	1.000
all-yr	1.049	0.974	0.999	0.997	1.000	1.005	0.999	1.000	0.997	1.000
all-yr wtd.	1.059	0.978	1.006	0.998	1.000	1.004	0.999	1.000	0.997	1.000
5-yr x/ hi,low	1.032	0.977	1.004	0.998	1.000	#N/A	#N/A	#N/A	#N/A	#N/A
SELECTED	<b>1.049</b>	<b>0.977</b>	<b>1.004</b>	<b>0.998</b>	<b>1.000</b>	<b>1.000</b>	<b>1.000</b>	<b>1.000</b>	<b>0.997</b>	<b>1.000</b>
ULTIMATE	<b>1.024</b>	<b>0.976</b>	<b>1.000</b>	<b>0.996</b>	<b>0.998</b>	<b>0.997</b>	<b>0.997</b>	<b>0.997</b>	<b>0.997</b>	<b>1.000</b>

**ARKANSAS  
HOMEOWNERS - OWNERS FORMS**

**FREQUENCY TREND**

4 Qtrs. Ending	Hanover Paid Feature Frequency	Industry Paid Feature Frequency	Percent Difference
6-05	4.48%	5.64%	-20.5%
9-05	4.32%	5.28%	-18.1%
12-05	4.84%	5.57%	-13.1%
3-06	11.84%	6.69%	77.0%
6-06	17.74%	9.57%	85.4%
9-06	19.32%	10.00%	93.2%
12-06	19.32%	9.92%	94.7%
3-07	13.22%	9.10%	45.3%
6-07	7.85%	6.45%	21.7%
9-07	6.16%	5.92%	4.1%
12-07	5.97%	5.63%	6.0%
3-08	8.52%	7.88%	8.0%
6-08	13.42%	14.85%	-9.6%
9-08	15.36%	16.32%	-5.9%
12-08	16.62%	17.79%	-6.6%
3-09	18.47%	21.83%	-15.4%
6-09	15.99%	16.72%	-4.4%
9-09	15.68%		

EXPONENTIAL FIT ANNUAL RATE OF CHANGE		
Period	Hanover	Industry
4 Years	19.1%	33.6%
3 Years	9.2%	33.9%
2 Years	75.7%	104.8%
Latest Year	0.1%	23.5%

**Selected Trends**  
Retrospective 4.0%  
Prospective 4.0%

**SEVERITY TREND**

4 Qtrs. Ending	Hanover Average Paid Severity	Industry Average Paid Severity	Percent Difference
6-05	5,424	5,045	7.5%
9-05	5,189	5,263	-1.4%
12-05	3,930	5,471	-28.2%
3-06	3,803	5,513	-31.0%
6-06	4,395	5,690	-22.8%
9-06	4,688	5,675	-17.4%
12-06	5,057	5,793	-12.7%
3-07	5,562	5,889	-5.6%
6-07	5,985	6,066	-1.3%
9-07	5,635	6,426	-12.3%
12-07	4,798	6,530	-26.5%
3-08	4,843	5,904	-18.0%
6-08	4,268	6,176	-30.9%
9-08	4,583	6,338	-27.7%
12-08	4,654	6,453	-27.9%
3-09	4,460	5,703	-21.8%
6-09	4,995	5,571	-10.3%
9-09	5,334		

EXPONENTIAL FIT ANNUAL RATE OF CHANGE		
Period	Hanover	Industry
4 Years	2.0%	3.8%
3 Years	-3.2%	1.1%
2 Years	-1.2%	-4.3%
Latest Year	16.1%	-11.7%

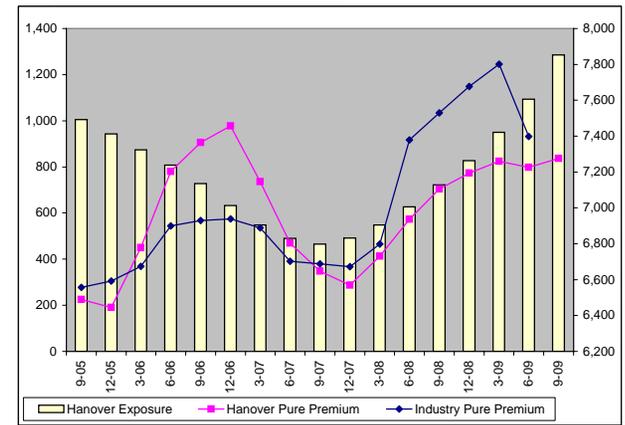
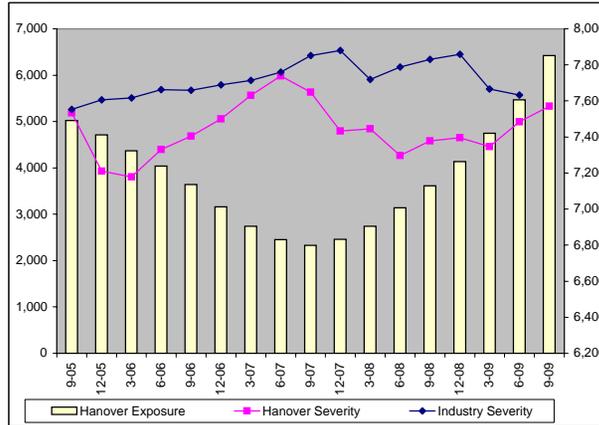
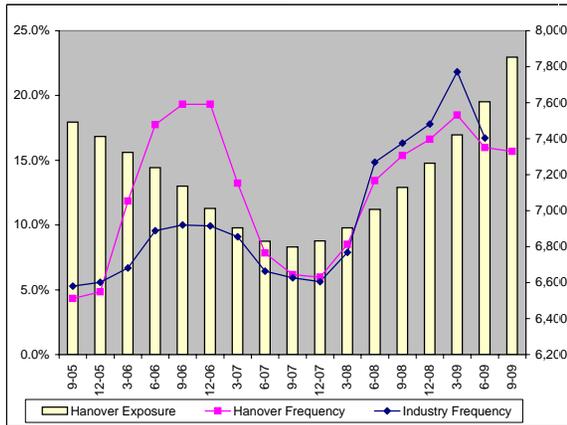
**Selected Trends**  
Retrospective 1.0%  
Prospective 0.5%

**PURE PREMIUM**

4 Qtrs. Ending	Hanover Average Pure Premium	Industry Average Pure Premium	Percent Difference
6-05	243	284	-14.5%
9-05	224	278	-19.2%
12-05	190	305	-37.6%
3-06	450	369	22.1%
6-06	780	544	43.2%
9-06	906	568	59.6%
12-06	977	575	70.0%
3-07	735	536	37.2%
6-07	470	391	20.1%
9-07	347	380	-8.7%
12-07	287	368	-22.1%
3-08	412	465	-11.4%
6-08	573	917	-37.6%
9-08	704	1,034	-31.9%
12-08	773	1,148	-32.6%
3-09	824	1,245	-33.8%
6-09	799	931	-14.3%
9-09	836		

EXPONENTIAL FIT ANNUAL RATE OF CHANGE		
Period	Hanover	Industry
4 Years	21.5%	38.7%
3 Years	5.8%	35.4%
2 Years	73.6%	96.1%
Latest Year	16.2%	9.0%

**Selected Trends**  
Retrospective 5.0%  
Prospective 4.5%



**SOUTHERN  
HOMEOWNERS - TENANTS FORM**

**FREQUENCY TREND**

4 Qtrs. Ending	Hanover Paid Feature Frequency	Industry Paid Feature Frequency	Percent Difference
6-05	1.32%	2.23%	-40.8%
9-05	2.89%	2.29%	26.5%
12-05	5.14%	3.25%	58.4%
3-06	5.95%	3.51%	69.5%
6-06	6.18%	3.53%	75.1%
9-06	4.60%	3.52%	30.7%
12-06	2.44%	2.64%	-7.4%
3-07	1.74%	2.44%	-28.6%
6-07	1.54%	2.47%	-37.5%
9-07	1.50%	2.45%	-38.8%
12-07	1.34%	2.49%	-46.3%
3-08	1.67%	2.45%	-31.7%
6-08	1.85%	2.44%	-24.0%
9-08	1.87%	2.65%	-29.5%
12-08	2.43%	3.10%	-21.7%
3-09	2.13%	3.11%	-31.6%
6-09	2.10%	3.12%	-32.8%
9-09	2.20%		

EXPONENTIAL FIT ANNUAL RATE OF CHANGE		
Period	Hanover	Industry
4 Years	-20.9%	0.5%
3 Years	-4.9%	-1.0%
2 Years	27.4%	15.6%
Latest Year	7.6%	30.2%

**Selected Trends**  
Retrospective 5.0%  
Prospective 4.0%

**SEVERITY TREND**

4 Qtrs. Ending	Hanover Average Paid Severity	Industry Average Paid Severity	Percent Difference
6-05	5,369	3,329	61.3%
9-05	2,078	3,926	-47.1%
12-05	3,395	3,652	-7.0%
3-06	3,422	3,752	-8.8%
6-06	3,983	3,815	4.4%
9-06	5,748	3,456	66.3%
12-06	6,188	3,569	73.4%
3-07	8,908	3,413	161.0%
6-07	8,587	3,309	159.5%
9-07	5,674	3,386	67.6%
12-07	6,047	3,340	81.0%
3-08	3,542	3,356	5.5%
6-08	2,787	3,421	-18.5%
9-08	2,676	3,237	-17.3%
12-08	2,624	3,254	-19.4%
3-09	2,512	3,280	-23.4%
6-09	2,302	3,244	-29.0%
9-09	2,481		

EXPONENTIAL FIT ANNUAL RATE OF CHANGE		
Period	Hanover	Industry
4 Years	-11.9%	-3.4%
3 Years	-36.8%	-3.7%
2 Years	-37.1%	-1.7%
Latest Year	-10.7%	-3.6%

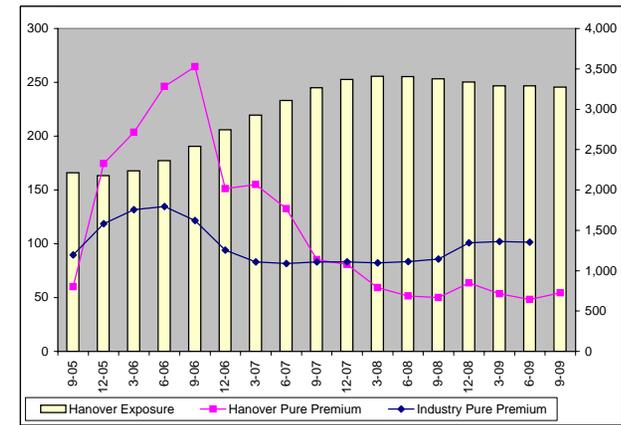
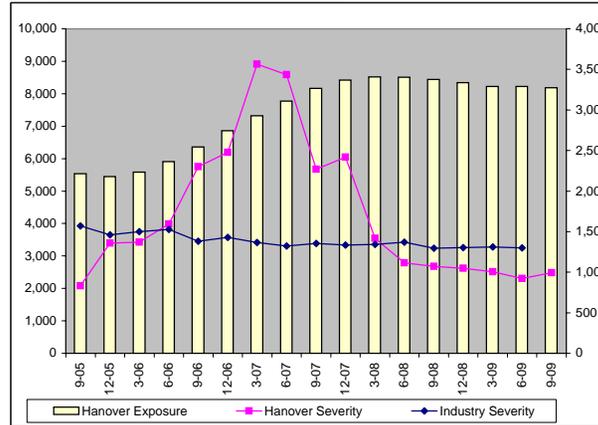
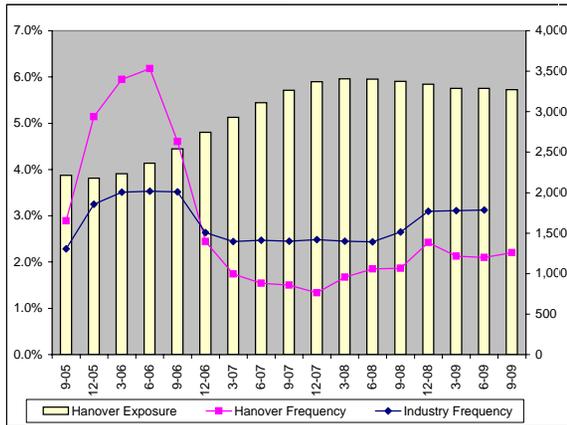
**Selected Trends**  
Retrospective 0.0%  
Prospective 0.0%

**PURE PREMIUM**

4 Qtrs. Ending	Hanover Average Pure Premium	Industry Average Pure Premium	Percent Difference
6-05	71	74	-4.5%
9-05	60	90	-33.1%
12-05	175	119	47.2%
3-06	204	132	54.6%
6-06	246	135	82.9%
9-06	265	122	117.5%
12-06	151	94	60.6%
3-07	155	83	86.3%
6-07	133	82	62.3%
9-07	85	83	2.5%
12-07	81	83	-2.8%
3-08	59	82	-28.0%
6-08	52	83	-38.1%
9-08	50	86	-41.7%
12-08	64	101	-36.9%
3-09	53	102	-47.6%
6-09	48	101	-52.3%
9-09	55		

EXPONENTIAL FIT ANNUAL RATE OF CHANGE		
Period	Hanover	Industry
4 Years	-30.3%	-3.0%
3 Years	-39.9%	-4.7%
2 Years	-19.8%	13.6%
Latest Year	-3.9%	25.4%

**Selected Trends**  
Retrospective 5.0%  
Prospective 4.0%



**SOUTHERN  
HOMEOWNERS - CONDO FORM**

**FREQUENCY TREND**

4 Qtrs. Ending	Hanover Paid Feature Frequency	Industry Paid Feature Frequency	Percent Difference
6-05	8.52%	3.49%	144.0%
9-05	10.65%	3.51%	203.8%
12-05	10.50%	4.62%	127.5%
3-06	10.78%	4.94%	118.4%
6-06	10.10%	4.96%	103.7%
9-06	7.92%	4.93%	60.6%
12-06	5.65%	3.91%	44.6%
3-07	4.36%	3.59%	21.3%
6-07	4.44%	3.51%	26.6%
9-07	4.51%	3.45%	30.8%
12-07	3.51%	3.45%	1.9%
3-08	3.51%	3.40%	3.1%
6-08	3.55%	3.43%	3.4%
9-08	3.64%	3.64%	-0.1%
12-08	4.71%	4.34%	8.4%
3-09	4.69%	4.56%	3.0%
6-09	4.92%	4.68%	5.2%
9-09	4.90%		

EXPONENTIAL FIT ANNUAL RATE OF CHANGE		
Period	Hanover	Industry
4 Years	-22.1%	-0.6%
3 Years	-7.4%	-0.7%
2 Years	15.9%	18.3%
Latest Year	29.2%	40.0%

**Selected Trends**  
Retrospective 2.0%  
Prospective 1.5%

**SEVERITY TREND**

4 Qtrs. Ending	Hanover Average Paid Severity	Industry Average Paid Severity	Percent Difference
6-05	4,365	3,387	28.9%
9-05	4,023	3,877	3.8%
12-05	3,731	3,901	-4.4%
3-06	4,156	4,133	0.6%
6-06	3,850	4,319	-10.9%
9-06	4,285	4,211	1.8%
12-06	4,712	4,531	4.0%
3-07	3,747	4,370	-14.3%
6-07	3,309	4,344	-23.8%
9-07	3,419	4,387	-22.1%
12-07	3,952	4,345	-9.0%
3-08	4,198	4,389	-4.3%
6-08	4,643	4,314	7.6%
9-08	4,182	4,186	-0.1%
12-08	3,792	4,261	-11.0%
3-09	4,429	4,379	1.1%
6-09	4,281	4,421	-3.2%
9-09	4,118		

EXPONENTIAL FIT ANNUAL RATE OF CHANGE		
Period	Hanover	Industry
4 Years	1.7%	3.6%
3 Years	2.0%	-0.1%
2 Years	6.1%	-0.1%
Latest Year	3.7%	3.8%

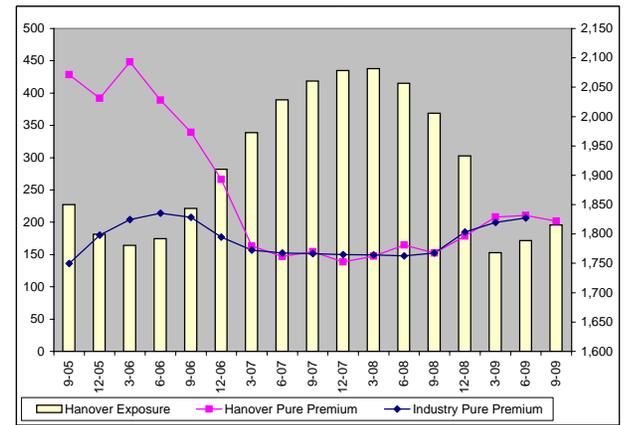
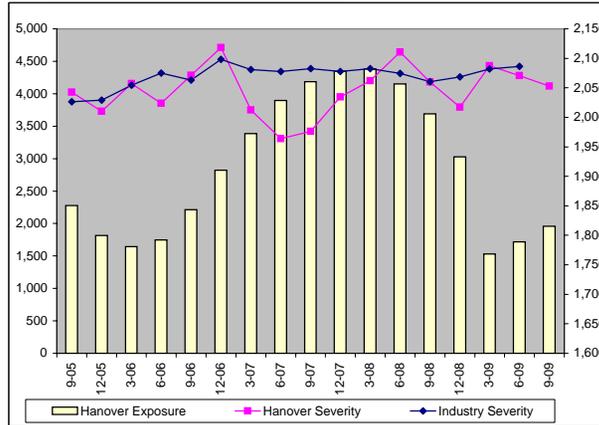
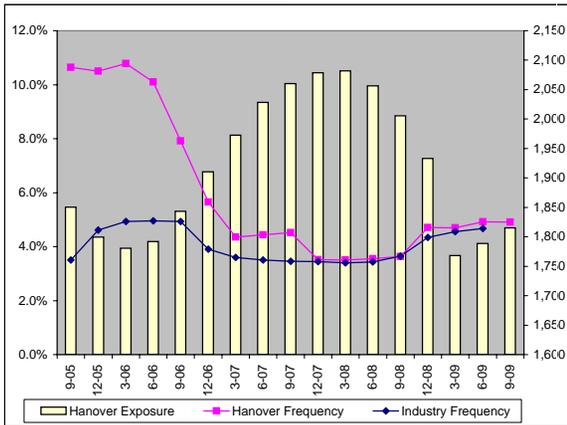
**Selected Trends**  
Retrospective 1.0%  
Prospective 1.0%

**PURE PREMIUM**

4 Qtrs. Ending	Hanover Average Pure Premium	Industry Average Pure Premium	Percent Difference
6-05	372	118	214.4%
9-05	428	136	215.2%
12-05	392	180	117.6%
3-06	448	204	119.6%
6-06	389	214	81.6%
9-06	339	208	63.4%
12-06	266	177	50.3%
3-07	163	157	4.0%
6-07	147	152	-3.6%
9-07	154	151	1.9%
12-07	139	150	-7.3%
3-08	147	149	-1.4%
6-08	165	148	11.2%
9-08	152	152	-0.2%
12-08	178	185	-3.5%
3-09	208	200	4.2%
6-09	211	207	1.9%
9-09	202		

EXPONENTIAL FIT ANNUAL RATE OF CHANGE		
Period	Hanover	Industry
4 Years	-20.8%	3.0%
3 Years	-5.5%	-0.9%
2 Years	22.9%	18.1%
Latest Year	33.9%	45.4%

**Selected Trends**  
Retrospective 3.0%  
Prospective 2.5%



### Arkansas Homeowners Development of Target Loss & ALAE Ratio

Owners Form							
	<u>2006</u>	<u>2007</u>	<u>2008</u>	Average	Selected Provision	% Fixed Expense	% Variable Expense
Commission	15.0%	15.0%	15.0%	15.0%	<b>15.0%</b>	0%	100%
Contingent Commission					<b>2.8%</b>	0%	100%
General & Other Acq.	10.7%	11.9%	11.7%	11.4%	<b>11.4%</b>	50%	50%
Taxes, Licenses, and Fees					<b>3.0%</b>	0%	100%
ULAE/Premium	6.7%	5.9%	6.9%	6.5%	<b>6.5%</b>	100%	0%
Profit and Contingency					<b>5.8%</b>	0%	100%
CAT Load					<b>19.6%</b>	100%	0%
Other Fixed Expense Load					<b>1.9%</b>	100%	0%
Total Fixed Expense						<b>14.1%</b>	
Total Variable Expense							<b>32.3%</b>
Total Expenses					46.4%		
Target Loss & ALAE Ratio					53.6%		
ALAE/Loss	5.1%	2.2%	2.1%	3.1%	<b>3.1%</b>		

### Arkansas Homeowners Development of Target Loss & ALAE Ratio

Condo & Tenants Form							
	<u>2006</u>	<u>2007</u>	<u>2008</u>	Average	Selected Provision	% Fixed Expense	% Variable Expense
Commission	15.0%	15.0%	15.0%	15.0%	<b>15.0%</b>	0%	100%
Contingent Commission					<b>2.8%</b>	0%	100%
General & Other Acq.	10.7%	11.9%	11.7%	11.4%	<b>11.4%</b>	50%	50%
Taxes, Licenses, and Fees					<b>3.0%</b>	0%	100%
ULAE/Premium	6.7%	5.9%	6.9%	6.5%	<b>6.5%</b>	100%	0%
Profit and Contingency					<b>9.1%</b>	0%	100%
CAT Load					<b>19.6%</b>	100%	0%
Other Fixed Expense Load					<b>1.9%</b>	100%	0%
Total Fixed Expense						<b>14.1%</b>	
Total Variable Expense							<b>35.6%</b>
Total Expenses					49.7%		
Target Loss & ALAE Ratio					50.3%		
ALAE/Loss	2.4%	0.6%	20.2%	7.7%	<b>7.7%</b>		

Loss Surcharge Factor Analysis  
Hanover Data from Ten States  
Five Year Premium and Loss History for PIF

Tenure	Number of Qualified Claims*	Earned Premium	Incurred Losses	Policy Count	Loss Ratio	Credibility	Credibility Weighted Loss Ratio	Proposed Surcharge
0	0	23,299,430	0	77,327	0%	100%	0%	0%
	1	482,841	10,313,816	983	2136%	16%	2166%	0%
	2	18,879	423,879	25	2245%	3%	1471%	0%
	Total	23,801,150	10,737,695	78,335	45%	100%	45%	
1	0	50,533,202	0	53,055	0%	100%	0%	0%
	1	2,668,955	24,061,321	2,322	902%	24%	898%	0%
	2	131,139	930,843	98	710%	5%	757%	30%
	3	14,913	111,632	8	749%	1%	985%	60%
	4	759	40,445	1	5329%	1%	1176%	90%
Total	53,348,209	25,103,796	55,483	47%	100%	47%		
2	0	53,560,854	0	31,707	0%	89%	0%	0%
	1	4,637,506	20,121,173	2,296	434%	24%	438%	0%
	2	359,509	2,095,619	146	583%	6%	513%	20%
	3	19,561	101,346	9	518%	2%	670%	50%
	4	1,219	12,849	1	1054%	1%	772%	85%
Total	58,577,430	22,318,138	34,158	38%	92%	38%		
3	0	61,325,321	0	24,672	0%	79%	0%	0%
	1	7,033,961	21,789,876	2,348	310%	24%	324%	0%
	2	557,072	2,742,502	176	492%	7%	419%	15%
	3	50,946	916,944	16	1800%	2%	587%	45%
	4	2,245	19,246	1	857%	1%	637%	80%
Total	68,967,300	25,449,322	27,212	37%	82%	37%		
4	0	64,030,839	0	19,495	0%	70%	0%	0%
	1	8,801,847	21,465,705	2,287	244%	24%	246%	0%
	2	1,037,824	3,664,975	237	353%	8%	330%	15%
	3	74,403	289,502	19	389%	2%	446%	45%
	4	11,112	37,462	3	337%	1%	513%	80%
Total	73,956,025	25,457,644	22,041	34%	74%	34%		
5+	0	587,260,267	0	164,834	0%	100%	0%	0%
	1	89,517,732	164,894,448	21,861	184%	74%	185%	0%
	2	12,050,019	34,309,461	2,466	285%	25%	287%	10%
	3	1,441,064	5,419,885	255	376%	8%	397%	35%
	4+	215,755	1,025,040	37	475%	3%	14%	75%
Total	690,466,943	205,615,295	189,451	30%	100%	30%		
Total	0	840,009,913	0	371,090	0%			
	1	113,142,842	262,646,339	32,097	232%			
	2	14,154,442	44,167,279	3,148	312%			
	3	1,600,887	6,839,309	307	427%			
	4+	231,090	1,135,042	43	491%			
Total	969,139,174	314,787,969	406,685	32%				

Credibility standard: 40,000 exposures

\*Qualified Claims: ex. cat, ex. weather, loss amount > 0

6. TERRITORY PAGES

ZIP Code	Territory	ZIP Code	Territory
72762	63	72908	70
72764	63	72916	70
72768	63	72921	73
72769	55	72923	70
72770	63	72926	74
72773	53	72927	74
72774	55	72928	65
<b>72776</b>	<b>63 53</b>	72930	65
72801	67	72932	73
72802	67	72933	65
72820	65	72934	73
72821	65	72935	73
72823	67	72936	70
72824	74	72937	70
72826	74	72938	70
72827	74	72940	70
72828	74	72941	70
72829	74	72943	76
72830	65	72944	74
72832	65	<del>72945</del>	<del>70</del>
72833	74	72946	73
72834	76	72947	73
72835	76	72948	73
72837	67	72949	65
72838	74	72950	74
72839	65	72951	74
72840	65	72952	73
72841	74	72955	73
72842	74	72956	73
72843	67	72958	74
72845	65	72959	55
72846	65		
72847	67		
72851	76		
72852	65		
72853	74		
72854	65		
72855	76		
72856	67		
72857	74		
72858	67		
72860	74		
72863	76		
72865	76		
72901	70		
72903	70		
72904	70		
72905	70		

Please refer to our ZIP Code Assignment rule on Page AR-T-1 for ZIP Codes not listed.

Effective July 27, 2009 **June 4, 2010**

SERFF Tracking Number: *HNVR-126527925* State: *Arkansas*  
 Filing Company: *The Hanover Insurance Company* State Tracking Number: *EFT \$150*  
 Company Tracking Number: *HO-AR-55122-01R*  
 TOI: *04.0 Homeowners* Sub-TOI: *04.0000 Homeowners Sub-TOI Combinations*  
 Product Name: *Homeowners*  
 Project Name/Number: *Homeowners/HO-AR-55122-01R*

## 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.

<b>Creation Date:</b>	<b>Schedule</b>	<b>Schedule Item Name</b>	<b>Replacement Creation Date</b>	<b>Attached Document(s)</b>
03/04/2010	Rate and Rule	Territory Pages	03/25/2010	AR HO Han Only 06.04.10 clean v2 section 6 pg 5.pdf (Superseded)
03/04/2010	Supporting Document	HPCS-Homeowners Premium Comparison Survey	03/19/2010	HPCS Hanover.pdf

6. TERRITORY PAGES

ZIP Code	Territory
72762	63
72764	63
72768	63
72769	55
72770	63
72773	53
72774	55
72776	53
72801	67
72802	67
72820	65
72821	65
72823	67
72824	74
72826	74
72827	74
72828	74
72829	74
72830	65
72832	65
72833	74
72834	76
72835	76
72837	67
72838	74
72839	65
72840	65
72841	74
72842	74
72843	67
72845	65
72846	65
72847	67
72851	76
72852	65
72853	74
72854	65
72855	76
72856	67
72857	74
72858	67
72860	74
72863	76
72865	76
72901	70
72903	70
72904	70
72905	70

ZIP Code	Territory
72908	70
72916	70
72921	73
72923	70
72926	74
72927	74
72928	65
72930	65
72932	73
72933	65
72934	73
72935	73
72936	70
72937	70
72938	70
72940	70
72941	70
72943	76
72944	74
72945	70
72946	73
72947	73
72948	73
72949	65
72950	74
72951	74
72952	73
72955	73
72956	73
72958	74
72959	55

Please refer to our ZIP Code Assignment rule on Page AR-T-1 for ZIP Codes not listed.