

SERFF Tracking Number: HNVR-126530087 State: Arkansas
First Filing Company: Hanover American Insurance Company, ... State Tracking Number: EFT \$150
Company Tracking Number: HO-AR-55142-02R
TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations
Product Name: Homeowners
Project Name/Number: Homeowners/HO-AR-55142-02R

Filing at a Glance

Companies: Hanover American Insurance Company, Massachusetts Bay Insurance Company

Product Name: Homeowners SERFF Tr Num: HNVR-126530087 State: Arkansas
TOI: 04.0 Homeowners SERFF Status: Closed-Filed State Tr Num: EFT \$150
Sub-TOI: 04.0000 Homeowners Sub-TOI Co Tr Num: HO-AR-55142-02R State Status: Fees verified and received
Combinations
Filing Type: Rate/Rule Reviewer(s): Becky Harrington, Betty Montesi
Authors: Susan Whitworth, Mandi Al-Beik Disposition Date: 03/31/2010
Date Submitted: 03/11/2010 Disposition Status: Filed
Effective Date Requested (New): Effective Date (New):
Effective Date Requested (Renewal): 06/04/2010 Effective Date (Renewal): 06/04/2010

State Filing Description:

General Information

Project Name: Homeowners Status of Filing in Domicile:
Project Number: HO-AR-55142-02R Domicile Status Comments:
Reference Organization: Reference Number:
Reference Title: Advisory Org. Circular:
Filing Status Changed: 03/31/2010
State Status Changed: 03/12/2010 Deemer Date:
Created By: Mandi Al-Beik Submitted By: Susan Whitworth
Corresponding Filing Tracking Number: HO-AR-55142-02F
Filing Description:

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

- 1) 3.0% overall rate change for all forms combined
- 2) Revise Account Credit
- 3) Revise Cap on Credits/Discounts
- 4) Revise base rates to achieve overall target rate change
- 5) Added Limited Fungi, Wet or Dry Rot, or Bacteria rule and endorsements
- 6) Editorial change is being made on the Earthquake zone definition page; there is no premium or customer effect from

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this revision

7) Manual update to territory page AR-T-2 to align zip code 72020 with territory 68.

The corresponding form filing has been filed on this same date under filing number: HO-AR-55142-02F.

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

Hanover American Insurance Company	CoCode: 36064	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: 04-3063898	

Massachusetts Bay Insurance Company	CoCode: 22306	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: 04-2217600	

Filing Fees

Fee Required?	Yes
Fee Amount:	\$150.00
Retaliatory?	No
Fee Explanation:	\$50.00 for rule filing + \$100.00 for rate filing = \$150.00
Per Company:	No

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COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
Hanover American Insurance Company	\$150.00	03/11/2010	34791384
Massachusetts Bay Insurance Company	\$0.00	03/11/2010	

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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	03/26/2010	03/26/2010	Mandi Al-Beik	03/29/2010	03/29/2010
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-126530087* State: *Arkansas*
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Disposition

Disposition Date: 03/31/2010
 Effective Date (New):
 Effective Date (Renewal): 06/04/2010
 Status: Filed
 Comment:

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where required):	Minimum % Change (where required):
Hanover American Insurance Company	13.900%	2.700%	\$113,604	4,722	\$4,207,570	10.900%	-12.000%
Massachusetts Bay Insurance Company	13.900%	3.400%	\$79,863	2,504	\$2,348,909	9.700%	-12.100%

Overall Rate Information for Multiple Company Filings

Overall Percentage Rate Indicated For This Filing	13.900%
Overall Percentage Rate Impact For This Filing	3.000%
Effect of Rate Filing-Written Premium Change For This Program	\$193,467
Effect of Rate Filing - Number of Policyholders Affected	7,226

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 Product Name: Homeowners
 Project Name/Number: Homeowners/HO-AR-55142-02R

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	HPCS-Homeowners Premium Comparison Survey		Yes
Supporting Document	NAIC loss cost data entry document	Filed	Yes
Supporting Document	Memorandum & Support	Filed	Yes
Supporting Document	Response to Objection 03/12/2010	Filed	Yes
Supporting Document	Response to Objection 03/19/2010	Filed	Yes
Supporting Document	Marked Up Copy for Zip Code Deletion	Filed	Yes
Rate	Index Page	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

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Product Name: Homeowners
Project Name/Number: Homeowners/HO-AR-55142-02R

Objection Letter

Objection Letter Status Pending Industry Response

Objection Letter Date 03/26/2010

Submitted Date 03/26/2010

Respond By Date

Dear Mandi Al-Beik,

This will acknowledge receipt of the responded dated 3/25/2010.

Objection 1

- Response to Objection 03/12/2010 (Supporting Document)

Comment: In preparing a summary for the Commissioner, I noticed a possible discrepancy in the total policy count of the disruption chart for the cumulative effect of HNVR-126395784 and this filing. Only 4245 policies are shown. Please explain.

Please feel free to contact me if you have questions.

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

Sincerely,

Becky Harrington

Response Letter

Response Letter Status Submitted to State

Response Letter Date 03/29/2010

Submitted Date 03/29/2010

Dear Becky Harrington,

Comments:

Thank you for your objection letter on 03/26/2010.

Response 1

Comments: Upon renewal, 4,245 of the 7,226 policies will be affected by both the rate change effective on 1/16/10 and this one to be effective on 6/4/10. Since the remaining policies will not be affected by both rate changes at the same time, we included only these 4,245 policies in the cumulative disruption chart previously submitted.

Related Objection 1

SERFF Tracking Number: *HNVR-126530087* *State:* *Arkansas*
First Filing Company: *Hanover American 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-55142-02R*

Applies To:

- Response to Objection 03/12/2010 (Supporting Document)

Comment:

In preparing a summary for the Commissioner, I noticed a possible discrepancy in the total policy count of the disruption chart for the cumulative effect of HNVR-126395784 and this filing. Only 4245 policies are shown. Please explain.

Changed Items:

No Supporting Documents changed.

No Form Schedule items changed.

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: HNV-126530087 State: Arkansas
First Filing Company: Hanover American Insurance Company, ... State Tracking Number: EFT \$150
Company Tracking Number: HO-AR-55142-02R
TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations
Product Name: Homeowners
Project Name/Number: Homeowners/HO-AR-55142-02R

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

- HPCS-Homeowners Premium Comparison Survey (Supporting Document)

Comment: The form has been altered by changing the worksheet name. This is not permitted. Re-submit the form on the Department prescribed form with no changes to the worksheet, worksheet name, or addition of formulas.

Objection 2

- Response to Objection 03/12/2010 (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.

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

Dear Becky Harrington,

Comments:

SERFF Tracking Number: HNVN-126530087 State: Arkansas
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Product Name: Homeowners
Project Name/Number: Homeowners/HO-AR-55142-02R

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

Response 1

Comments: We are re-submitting the form per the Departments request. We have amended the worksheet so there has been no changes to the worksheet, worksheet name, or addition of formulas.

Related Objection 1

Applies To:

- HPCS-Homeowners Premium Comparison Survey (Supporting Document)

Comment:

The form has been altered by changing the worksheet name. This is not permitted. Re-submit the form on the Department prescribed form with no changes to the worksheet, worksheet name, or addition of formulas.

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 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:

- Response to Objection 03/12/2010 (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.

SERFF Tracking Number: HNVN-126530087 State: Arkansas
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Company Tracking Number: HO-AR-55142-02R
TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations
Product Name: Homeowners
Project Name/Number: Homeowners/HO-AR-55142-02R

Changed Items:

Supporting Document Schedule Item Changes

Satisfied -Name: Response to Objection 03/19/2010

Comment:

Satisfied -Name: Marked Up Copy for Zip Code Deletion

Comment:

No Form Schedule items changed.

Rate/Rule Schedule Item Changes

Exhibit Name	Rule # or Page #	Rate Action	Previous State Filing #
Territory Pages	Section 6 pg 5	Replacement	
Previous Version			
<i>Territory Pages</i>	<i>Section 6 pg 6</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: HNVR-126530087 State: Arkansas
First Filing Company: Hanover American Insurance Company, ... State Tracking Number: EFT \$150
Company Tracking Number: HO-AR-55142-02R
TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations
Product Name: Homeowners
Project Name/Number: Homeowners/HO-AR-55142-02R

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

Objection 2

No Objections

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

Objection 3

No Objections

Comment: Provide a disruption chart.

Explain the combined effect of the rate change and the one effective 1/16/2010 will have upon your insureds.

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

Dear Becky Harrington,

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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-55142-02R

Comments:

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

Response 1

Comments: We have attached the Excel versions for your review.

Related Objection 1

Applies To:

- HPCS-Homeowners Premium Comparison Survey (Supporting Document)

Comment:

This 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

Comment:

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

Changed Items:

Supporting Document Schedule Item Changes

Satisfied -Name: Response to Objection 03/12/2010

Comment:

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

SERFF Tracking Number: *HNVR-126530087* State: *Arkansas*
First Filing Company: *Hanover American Insurance Company, ...* State Tracking Number: *EFT \$150*
Company Tracking Number: *HO-AR-55142-02R*
TOI: *04.0 Homeowners* Sub-TOI: *04.0000 Homeowners Sub-TOI Combinations*
Product Name: *Homeowners*
Project Name/Number: *Homeowners/HO-AR-55142-02R*

Response 3

Comments: Please see the attached response.

Related Objection 1

Comment:

Provide a disruption chart.

Explain the combined effect of the rate change and the one effective 1/16/2010 will have upon your insureds.

Changed Items:

Supporting Document Schedule Item Changes

Satisfied -Name: Response to Objection 03/12/2010

Comment:

No Form Schedule items changed.

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-126530087 State: Arkansas
 First Filing Company: Hanover American Insurance Company, ... State Tracking Number: EFT \$150
 Company Tracking Number: HO-AR-55142-02R
 TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations
 Product Name: Homeowners
 Project Name/Number: Homeowners/HO-AR-55142-02R

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):
Hanover American Insurance Company	13.900%	2.700%	\$113,604	4,722	\$4,207,570	10.900%	-12.000%
Massachusetts Bay Insurance Company	13.900%	3.400%	\$79,863	2,504	\$2,348,909	9.700%	-12.100%

Overall Rate Information for Multiple Company Filings

Overall % Rate Indicated: 13.900%
Overall Percentage Rate Impact For This Filing: 3.000%
Effect of Rate Filing - Written Premium Change For This Program: \$193,467

<i>SERFF Tracking Number:</i>	<i>HNVR-126530087</i>	<i>State:</i>	<i>Arkansas</i>
<i>First Filing Company:</i>	<i>Hanover American Insurance Company, ...</i>	<i>State Tracking Number:</i>	<i>EFT \$150</i>
<i>Company Tracking Number:</i>	<i>HO-AR-55142-02R</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-55142-02R</i>		
Effect of Rate Filing - Number of Policyholders Affected:			7226

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 Project Name/Number: Homeowners/HO-AR-55142-02R

Rate/Rule Schedule

Schedule Item	Exhibit Name:	Rule # or Page	Rate Action	Previous State Filing Attachments
Status:		#:		Number:
Filed 03/31/2010	Index Page	Index	Replacement	AR HO MB-HA 06.04.10 clean index.pdf
Filed 03/31/2010	Endorsement Table	Section 2 pg 1	Replacement	AR HO MB-HA 06.04.10 clean section 2 pg 1.pdf
Filed 03/31/2010	Rate Structure	Section 5 pgs 1- 5	Replacement	AR HO MB-HA 06.04.10 clean section 5 pg 1-5.pdf
Filed 03/31/2010	Territory Pages	Section 6 pg 2	Replacement	AR HO MB-HA 06.04.10 clean section 6 pg 2.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 8 pg 13	Replacement	AR HO MB-HA 06.04.10 clean section 8 pg 13.pdf
Filed 03/31/2010	State Pages - Rating Rules	Section 8 pg 25	Replacement	AR HO MB-HA 06.04.10 clean section 8 pg 25.pdf
Filed 03/31/2010	State Pages - Rating	Section 8 pg 37	Replacement	AR HO MB-HA

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Product Name: *Homeowners*
Project Name/Number: *Homeowners/HO-AR-55142-02R*

Rules

**06.04.10 clean section
8 pg 37.pdf**

1. INDEX

ACCOUNT CREDIT PROGRAM 13

ADDITIONAL INSURED RESIDENCE PREMISES - HO-04-41 22

ADDITIONAL RESIDENCE RENTED TO OTHERS - HO-24-70 28

ASSISTED LIVING CARE COVERAGE 39

BUDGETWISE PROGRAM 2

BUILDING MATERIALS COVERAGE FOR DWELLING UNDER CONSTRUCTION
OR RENOVATIONS – 231-2338 35

BUSINESS PURSUITS - HO-24-71 29

CAP ON CREDITS/DISCOUNTS 13

CHANGES OR CANCELLATION 5

CONSTRUCTION DEFINITIONS 4

COVERAGE PACKAGE RULES 9

DEDUCTIBLES – ALL PERILS 19

EARTHQUAKE - HO-04-54 24

ELIGIBILITY 1

EQUIPMENT BREAKDOWN COVERAGE 38

GENERAL RULES AR-GR-1

GOLF CART ENDORSEMENT – 231-1050 35

HOMEOWNER LOSS FREE CREDIT/SURCHARGE 37

IDENTITY FRAUD EXPENSE COVERAGE – 231-1937 34

INCIDENTAL FARMING PERSONAL LIABILITY - HO-24-72 30

INCIDENTAL MOTORIZED LAND CONVEYANCES – HO-24-13 35

INFLATION GUARD ENDORSEMENT - 231-0600 15

INTERPOLATION OF PREMIUMS FOR POLICY AMOUNTS
NOT SHOWN ON PREMIUM CHARTS 6

LIMITS OF LIABILITY 2

LOSS ASSESSMENT COVERAGE – HO-04-35 21

LOSS OF USE - INCREASED LIMIT 21

LOSS SURCHARGE 36

LIMITED FUNGI, WET OR DRY ROT, OR BACTERIA 37

MANUAL PREMIUM REVISION 5

MINIMUM PREMIUM RULE 37

NEW HOME DISCOUNT 14

NON-SMOKER DISCOUNT 14

OFF PREMISES STRUCTURES – HO-04-91 34

OTHER STRUCTURES-INCREASED LIMIT - HO-04-48 22

PERMITTED INCIDENTAL OCCUPANCIES - RESIDENCE PREMISES - HO-04-42 23

PERSONAL INJURY - HO-24-82 33

PERSONAL PROPERTY 20

PERSONAL UMBRELLA LIABILITY RULE – 231-2322 13

2. ENDORSEMENT TABLE

NUMBER	EDITION DATE	BASIC COVERAGE FORMS	PREMIUM BEARING	
			YES	NO
HO-00-03	4-91	Special Form	X	
HO-00-04	4-91	Contents - Broad Form	X	
HO-00-06	4-91	Unit Owners Form	X	
MANDATORY COVERAGE FORMS				
HO-04-96	4-91	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	6-09	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
OPTIONAL COVERAGE FORMS				
HO-00-15	4-91	Special Personal Property Coverage – Form HO-3 Only **	X	
HO-03-12	10-93	Windstorm or Hail Percentage Deductible – HO-3	X	
HO-04-10	4-91	Additional Interests – Residence Premises		X
HO-04-35	4-91	Loss Assessment Coverage **	X	
HO-04-41	4-91	Additional Insured – Residence Premises		X
HO-04-42	4-91	Permitted Incidental Occupancies – Residence Premises	X	
HO-04-48	4-91	Other Structures – Increased Limits	X	
HO-04-54	6-94	Earthquake	X	
HO-04-61	4-91	Scheduled Personal Property Endorsement	X	
HO-04-91	4-91	Coverage B – Off Premises	X	
HO-17-31	4-91	Unit Owners Coverage C Special Coverage – Form HO-6 Only **	X	
HO-17-33	4-91	Unit-Owners Rental to Others	X	
HO-24-13	4-91	Incidental Motorized Land Conveyances	X	
HO-24-70	4-91	Additional Residence Rented to Others 1, 2, 3 or 4 Families	X	
HO-24-71	4-91	Business Pursuits	X	
HO-24-72	4-91	Incidental Farming Personal Liability	X	
HO-24-75	4-91	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	4-91	Personal Injury ** (Mandatory w/231-2322 P.L. Umbrella)	X	
231-1050	8-88	Scheduled Golf Cart Endorsement	X	
231-1339	12-91	Scheduled Personal Property Endorsement–Agreed Amount Cov.	X	
231-5771	6-09	Valuable Items Plus Coverage	X	
231-1937	1-01	Identity Fraud Expense Coverage **	X	
231-2322	6-06	Personal Liability Umbrella Supplement	X	
231-2338	6-06	Building Materials Coverage For Dwelling Under Construction or Renovations		X

5. RATE STRUCTURE

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

Terr	Prem. Group	Mass Bay Pref. HO-00-03	Han Am. Sup. HO-00-03
31	001	653	588
	002	726	653
	003	799	719
	004	871	784
	005	1205	1085
	006	1815	1634
	007	2612	2351
	008	908	817
	009	979	881
	010	1418	1276
	011	2976	2678
37	012	682	614
	013	758	682
	014	834	751
	015	909	818
	016	1258	1132
	017	1896	1706
	018	2728	2455
	019	948	853
	020	1023	921
	021	1481	1333
	022	3108	2797
42	023	704	634
	024	783	705
	025	862	776
	026	939	845
	027	1300	1170
	028	1958	1762
	029	2818	2536
	030	980	882
	031	1056	950
	032	1530	1377
	033	3211	2890

Terr	Prem. Group	Mass Bay Pref. HO-00-03	Han Am. Sup. HO-00-03
49	034	515	464
	035	573	516
	036	631	568
	037	688	619
	038	952	857
	039	1433	1290
	040	2063	1857
	041	717	645
	042	773	696
	043	1120	1008
	044	2350	2115
50	045	936	842
	046	1041	937
	047	1145	1031
	048	1248	1123
	049	1728	1555
	050	2602	2342
	051	3745	3371
	052	1302	1172
	053	1404	1264
	054	2034	1831
	055	4266	3839
51	056	967	870
	057	1075	968
	058	1184	1066
	059	1290	1161
	060	1785	1607
	061	2689	2420
	062	3870	3483
	063	1345	1211
	064	1451	1306
	065	2101	1891
	066	4409	3968

Note: HO-00-02 Form is no longer available for policies written effective 4/30/2007 or later

To determine the HO-00-02 base rates for policies with an original inception date prior to 4/30/2007, multiply HO-00-03 by .95.

5. RATE STRUCTURE

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

Terr	Prem. Group	Mass Bay Pref. HO-00-03	Han Am. Sup. HO-00-03
52	089	594	535
	090	660	594
	091	727	654
	092	792	713
	093	1096	986
	094	1652	1487
	095	2377	2139
	096	826	743
	097	891	802
	098	1290	1161
	099	2707	2436
53	100	624	562
	101	694	625
	102	764	688
	103	833	750
	104	1153	1038
	105	1736	1562
	106	2499	2249
	107	868	781
	108	937	843
	109	1357	1221
	110	2846	2561
54	067	1040	936
	068	1156	1040
	069	1273	1146
	070	1387	1248
	071	1919	1727
	072	2891	2602
	073	4161	3745
	074	1446	1301
	075	1559	1403
	076	2259	2033
	077	4740	4266

Terr	Prem. Group	Mass Bay Pref. HO-00-03	Han Am. Sup. HO-00-03
55	111	612	551
	112	681	613
	113	749	674
	114	816	734
	115	1130	1017
	116	1702	1532
	117	2449	2204
	118	851	766
	119	918	826
	120	1330	1197
	121	2790	2511
56	122	630	567
	123	701	631
	124	771	694
	125	841	757
	126	1163	1047
	127	1752	1577
	128	2522	2270
	129	877	789
	130	945	851
	131	1369	1232
	132	2873	2586
61	155	685	617
	156	761	685
	157	838	754
	158	913	822
	159	1264	1138
	160	1904	1714
	161	2740	2466
	162	952	857
	163	1027	924
	164	1488	1339
	165	3121	2809

Note: HO-00-02 Form is no longer available for policies written effective 4/30/2007 or later

To determine the HO-00-02 base rates for policies with an original inception date prior to 4/30/2007, multiply HO-00-03 by .95.

5. RATE STRUCTURE

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

Terr	Prem. Group	Mass Bay Pref. HO-00-03	Han Am. Sup. HO-00-03
62	078	516	464
	079	574	517
	080	632	569
	081	689	620
	082	953	858
	083	1436	1292
	084	2066	1859
	085	718	646
	086	774	697
	087	1122	1010
	088	2353	2118
63	133	612	551
	134	681	613
	135	749	674
	136	816	734
	137	1130	1017
	138	1702	1532
	139	2449	2204
	140	851	766
	141	918	826
	142	1330	1197
	143	2790	2511
64	144	953	858
	145	1059	953
	146	1166	1049
	147	1271	1144
	148	1758	1582
	149	2649	2384
	150	3812	3431
	151	1325	1193
	152	1429	1286
	153	2070	1863
	154	4343	3909

Terr	Prem. Group	Mass Bay Pref. HO-00-03	Han Am. Sup. HO-00-03
65	166	721	649
	167	802	722
	168	882	794
	169	962	866
	170	1331	1198
	171	2005	1805
	172	2885	2597
	173	1003	903
	174	1081	973
	175	1567	1410
	176	3287	2958
66	210	904	814
	211	1005	905
	212	1106	995
	213	1206	1085
	214	1669	1502
	215	2514	2263
	216	3617	3255
	217	1257	1131
	218	1356	1220
	219	1964	1768
	220	4121	3709
67	232	708	637
	233	787	708
	234	866	779
	235	944	850
	236	1307	1176
	237	1969	1772
	238	2833	2550
	239	985	887
	240	1062	956
	241	1538	1384
	242	3227	2904

Note: HO-00-02 Form is no longer available for policies written effective 4/30/2007 or later

To determine the HO-00-02 base rates for policies with an original inception date prior to 4/30/2007, multiply HO-00-03 by 95.

5. RATE STRUCTURE

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

Terr	Prem. Group	Mass Bay Pref. HO-00-03	Han Am. Sup. HO-00-03
68	243	769	692
	244	855	770
	245	941	847
	246	1026	923
	247	1419	1277
	248	2138	1924
	249	3077	2769
	250	1069	962
	251	1153	1038
	252	1671	1504
	253	3505	3155
69	254	908	817
	255	1009	908
	256	1111	1000
	257	1211	1090
	258	1675	1508
	259	2524	2272
	260	3632	3269
	261	1262	1136
	262	1361	1225
	263	1972	1775
	264	4137	3723
70	276	642	578
	277	714	643
	278	786	707
	279	856	770
	280	1185	1067
	281	1785	1607
	282	2568	2311
	283	893	804
	284	963	867
	285	1395	1256
	286	2926	2633

Terr	Prem. Group	Mass Bay Pref. HO-00-03	Han Am. Sup. HO-00-03
71	287	828	745
	288	921	829
	289	1014	913
	290	1105	995
	291	1529	1376
	292	2304	2074
	293	3315	2984
	294	1152	1037
	295	1243	1119
	296	1800	1620
	297	3777	3399
72	221	722	650
	222	803	723
	223	884	796
	224	964	868
	225	1333	1200
	226	2009	1808
	227	2891	2602
	228	1005	905
	229	1084	976
	230	1570	1413
	231	3293	2964
73	265	668	601
	266	743	669
	267	818	736
	268	891	802
	269	1233	1110
	270	1857	1671
	271	2673	2406
	272	929	836
	273	1002	902
	274	1451	1306
	275	3045	2741

Note: HO-00-02 Form is no longer available for policies written effective 4/30/2007 or later

To determine the HO-00-02 base rates for policies with an original inception date prior to 4/30/2007, multiply HO-00-03 by .95.

5. RATE STRUCTURE

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

Terr	Prem. Group	Mass Bay Pref. HO-00-03	Han Am. Sup. HO-00-03
74	177	823	741
	178	915	824
	179	1007	906
	180	1097	987
	181	1518	1366
	182	2288	2059
	183	3292	2963
	184	1144	1030
	185	1234	1111
	186	1787	1608
	187	3750	3375
75	199	922	830
	200	1025	923
	201	1129	1016
	202	1230	1107
	203	1702	1532
	204	2564	2308
	205	3690	3321
	206	1283	1155
	207	1383	1245
	208	2004	1804
	209	4203	3783
76	188	750	675
	189	834	751
	190	918	826
	191	1000	900
	192	1384	1246
	193	2086	1877
	194	3001	2701
	195	1043	939
	196	1125	1013
	197	1630	1467
	198	3419	3077

Note: HO-00-02 Form is no longer available for policies written effective 4/30/2007 or later

To determine the HO-00-02 base rates for policies with an original inception date prior to 4/30/2007, multiply HO-00-03 by 95.

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	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
72776	53	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	72946	73
72833	74	72947	73
72834	76	72948	73
72835	76	72949	65
72837	67	72950	74
72838	74	72951	74
72839	65	72952	73
72840	65	72955	73
72841	74	72956	73
72842	74	72958	74
72843	67	72959	55
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		

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

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 45% in our Massachusetts Bay companies and 50% in our Hanover American company, 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 17% 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. The companion policy will receive the credit on its effective date.

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

8.27 EARTHQUAKE – HO-04-54 (continued)

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

<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.

Deductible Percentage	Deductible Factor	
	Frame	Masonry
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

8.50 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%	0%	0%	0%
2	0%	0%	0%	0%
3	0%	0%	0%	0%
4	0%	0%	0%	0%
5+	0%	0%	0%	0%

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-3	\$200
HO-4	\$100
HO-6	\$150

8.54 - 8.55 RESERVED FOR FUTURE USE

8.56 WOOD ROOF SURCHARGE

HO 00 03 - (HO-00-02 is only available for policies written prior to 04/30/2007) - 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-126530087 State: Arkansas
 First Filing Company: Hanover American Insurance Company, ... State Tracking Number: EFT \$150
 Company Tracking Number: HO-AR-55142-02R
 TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations
 Product Name: Homeowners
 Project Name/Number: Homeowners/HO-AR-55142-02R

Supporting Document Schedules

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

		Item Status:	Status Date:
Satisfied - Item:	H-1 Homeowners Abstract	Filed	03/31/2010
Comments:			
Attachments:			
	ARKANSAS INSURANCE DEPARTMENT H-1_Han_Am Final.pdf		
	ARKANSAS INSURANCE DEPARTMENT H-1_Mass_Bay Final.pdf		

		Item Status:	Status Date:
Satisfied - Item:	HPCS-Homeowners Premium Comparison Survey	Filed	03/31/2010
Comments:			
Attachments:			
	HPCS Hanover American Final.pdf		
	HPCS Mass Bay Final.pdf		
	HPCS Hanover American Final.xls		
	HPCS Mass Bay Final.xls		

		Item Status:	Status Date:
Satisfied - Item:	NAIC loss cost data entry document	Filed	03/31/2010
Comments:			
Attachments:			
	AR rate filing abstract HanAmer Final.pdf		
	AR rate filing abstract MB Final.pdf		

SERFF Tracking Number: HNVR-126530087 State: Arkansas
 First Filing Company: Hanover American Insurance Company, ... State Tracking Number: EFT \$150
 Company Tracking Number: HO-AR-55142-02R
 TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations
 Product Name: Homeowners
 Project Name/Number: Homeowners/HO-AR-55142-02R

	Item Status:	Status Date:
Satisfied - Item: Memorandum & Support Comments: Attachment: AR Home HA MB 20100604 Actuarial Support.pdf	Filed	03/31/2010

	Item Status:	Status Date:
Satisfied - Item: Response to Objection 03/12/2010 Comments: Attachments: Objection 2 Response.pdf Objection 3 Response.pdf	Filed	03/31/2010

	Item Status:	Status Date:
Satisfied - Item: Response to Objection 03/19/2010 Comments: Attachment: 03192010 HA MB Obj 2 response.pdf	Filed	03/31/2010

	Item Status:	Status Date:
Satisfied - Item: Marked Up Copy for Zip Code Deletion Comments: Attachment: Revised Page T-5 AR HO MB-HA 06.04.10 draft.pdf	Filed	03/31/2010

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 American Insurance Company
NAIC # (including group #) 0088-36064

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	17 %
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	\$4,195,642
HO - 6	\$11,928

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

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 Massachusetts Bay Insurance Company
NAIC # (including group #) 0088-22306

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	17 %
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	\$2,320,178
HO - 6	\$28,731

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: 36064
 Company Name: Hanover American Insurance Company
 Contact Person: Mandi Al-Beik
 Telephone No.: 508-855-2675
 Email Address: malbeik@hanover.com
 Effective Date: June 4, 2010

**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	\$513.00	\$571.00	\$604.00	\$672.00	\$871.00	\$968.00	\$799.00	\$887.00	\$799.00	\$887.00	\$758.00	\$842.00	\$761.00	\$845.00	\$538.00	\$599.00	\$572.00	\$635.00
	\$120,000	\$587.00	\$653.00	\$692.00	\$769.00	\$998.00	\$1,114.00	\$914.00	\$1,016.00	\$914.00	\$1,016.00	\$868.00	\$965.00	\$871.00	\$968.00	\$616.00	\$685.00	\$654.00	\$727.00
	\$160,000	\$759.00	\$844.00	\$894.00	\$994.00	\$1,322.00	\$1,486.00	\$1,198.00	\$1,349.00	\$1,198.00	\$1,349.00	\$1,129.00	\$1,273.00	\$1,133.00	\$1,277.00	\$796.00	\$886.00	\$846.00	\$939.00
6	\$80,000	\$627.00	\$713.00	\$739.00	\$841.00	\$1,067.00	\$1,232.00	\$977.00	\$1,117.00	\$977.00	\$1,117.00	\$926.00	\$1,053.00	\$931.00	\$1,058.00	\$658.00	\$748.00	\$699.00	\$794.00
	\$120,000	\$718.00	\$816.00	\$846.00	\$962.00	\$1,244.00	\$1,434.00	\$1,125.00	\$1,301.00	\$1,125.00	\$1,301.00	\$1,060.00	\$1,225.00	\$1,066.00	\$1,232.00	\$753.00	\$857.00	\$800.00	\$909.00
	\$160,000	\$928.00	\$1,055.00	\$1,097.00	\$1,269.00	\$1,654.00	\$1,899.00	\$1,501.00	\$1,729.00	\$1,501.00	\$1,729.00	\$1,415.00	\$1,630.00	\$1,423.00	\$1,638.00	\$974.00	\$1,113.00	\$1,034.00	\$1,190.00
9	\$80,000	\$1,479.00	\$2,198.00	\$1,771.00	\$2,619.00	\$2,624.00	\$3,847.00	\$2,391.00	\$3,511.00	\$2,391.00	\$3,511.00	\$2,261.00	\$3,323.00	\$2,271.00	\$3,338.00	\$1,559.00	\$2,313.00	\$1,665.00	\$2,467.00
	\$120,000	\$1,717.00	\$2,540.00	\$2,051.00	\$3,021.00	\$3,027.00	\$4,428.00	\$2,760.00	\$4,043.00	\$2,760.00	\$4,043.00	\$2,612.00	\$3,827.00	\$2,623.00	\$3,845.00	\$1,809.00	\$2,671.00	\$1,930.00	\$2,847.00
	\$160,000	\$2,265.00	\$3,329.00	\$2,697.00	\$3,951.00	\$3,959.00	\$5,768.00	\$3,614.00	\$5,271.00	\$3,614.00	\$5,271.00	\$3,422.00	\$4,993.00	\$3,437.00	\$5,015.00	\$2,384.00	\$3,498.00	\$2,541.00	\$3,726.00

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																		
6	\$5,000																		
	\$15,000																		
	\$25,000																		
9	\$5,000																		
	\$15,000																		
	\$25,000																		

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

Public Protection Class	Dwelling Value	Washington		Baxter		Craighead		St. Francis		Arkansas		Union		Miller		Sebastian		Pulaski	
		Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame
3	\$80,000																		
	\$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	<input type="text" value="0"/> %	Deadbolt Lock	<input type="text" value="0"/> %
Burglar Alarm	<input type="text" value="5-10"/> %	Window Locks	<input type="text" value="0"/> %
Smoke Alarm	<input type="text" value="2"/> %	\$1,000 Deductible	<input type="text" value="22"/> %
		Other (specify)	
		Non-Smoke	<input type="text" value="1"/> %
		Maximum Credit Allowed	<input type="text" value="50"/> %

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 or no)

WHAT IS YOUR PERCENTAGE DEDUCTIBLE? %

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

	Zone	Brick	Frame
	Highest Risk	\$ <input type="text" value="1.4"/>	\$ <input type="text" value="0.61"/>
	Lowest Risk	\$ <input type="text" value="1.02"/>	\$ <input type="text" value="0.37"/>

NAIC Number: 22306
 Company Name: Massachusetts Bay Insurance Company
 Contact Person: Mandi Al-Beik
 Telephone No.: 508-855-2675
 Email Address: malbeik@hanover.com
 Effective Date: June 4, 2010

**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	\$570.00	\$634.00	\$671.00	\$747.00	\$968.00	\$1,077.00	\$887.00	\$986.00	\$887.00	\$986.00	\$842.00	\$936.00	\$845.00	\$939.00	\$598.00	\$665.00	\$635.00	\$706.00
	\$120,000	\$652.00	\$726.00	\$768.00	\$855.00	\$1,114.00	\$1,256.00	\$1,016.00	\$1,137.00	\$1,016.00	\$1,137.00	\$963.00	\$1,071.00	\$968.00	\$1,076.00	\$684.00	\$761.00	\$727.00	\$808.00
	\$160,000	\$843.00	\$938.00	\$993.00	\$1,110.00	\$1,486.00	\$1,670.00	\$1,349.00	\$1,516.00	\$1,349.00	\$1,516.00	\$1,271.00	\$1,431.00	\$1,277.00	\$1,437.00	\$884.00	\$983.00	\$939.00	\$1,044.00
6	\$80,000	\$697.00	\$792.00	\$821.00	\$934.00	\$1,202.00	\$1,387.00	\$1,088.00	\$1,258.00	\$1,088.00	\$1,258.00	\$1,030.00	\$1,185.00	\$1,034.00	\$1,190.00	\$732.00	\$831.00	\$776.00	\$882.00
	\$120,000	\$798.00	\$907.00	\$940.00	\$1,069.00	\$1,399.00	\$1,611.00	\$1,268.00	\$1,463.00	\$1,268.00	\$1,463.00	\$1,195.00	\$1,380.00	\$1,201.00	\$1,386.00	\$838.00	\$952.00	\$889.00	\$1,010.00
	\$160,000	\$1,032.00	\$1,187.00	\$1,236.00	\$1,428.00	\$1,855.00	\$2,129.00	\$1,686.00	\$1,937.00	\$1,686.00	\$1,937.00	\$1,591.00	\$1,830.00	\$1,599.00	\$1,838.00	\$1,084.00	\$1,254.00	\$1,160.00	\$1,341.00
9	\$80,000	\$1,661.00	\$2,460.00	\$1,985.00	\$2,927.00	\$2,933.00	\$4,292.00	\$2,674.00	\$3,919.00	\$2,674.00	\$3,919.00	\$2,530.00	\$3,710.00	\$2,541.00	\$3,726.00	\$1,750.00	\$2,588.00	\$1,869.00	\$2,759.00
	\$120,000	\$1,925.00	\$2,840.00	\$2,296.00	\$3,374.00	\$3,381.00	\$4,937.00	\$3,085.00	\$4,510.00	\$3,085.00	\$4,510.00	\$2,920.00	\$4,271.00	\$2,932.00	\$4,289.00	\$2,027.00	\$2,986.00	\$2,163.00	\$3,182.00
	\$160,000	\$2,534.00	\$3,717.00	\$3,014.00	\$4,407.00	\$4,416.00	\$6,427.00	\$4,033.00	\$5,874.00	\$4,033.00	\$5,874.00	\$3,820.00	\$5,566.00	\$3,835.00	\$5,589.00	\$2,666.00	\$3,905.00	\$2,841.00	\$4,158.00

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																		
6	\$5,000																		
	\$15,000																		
	\$25,000																		
9	\$5,000																		
	\$15,000																		
	\$25,000																		

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

Public Protection Class	Dwelling Value	Washington		Baxter		Craighead		St. Francis		Arkansas		Union		Miller		Sebastian		Pulaski	
		Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame
3	\$80,000																		
	\$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	45 %

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? %

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-55142-02R
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 American Insurance Company	B.	0088-36064

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%	3.0%				
HO 4	N/A	N/A				
HO 6	-3.6%	-0.5%				
TOTAL OVERALL EFFECT	13.9%	3.0%				

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	1,466	5.2%	11/1/2005	\$943	\$220	23.4%	217.1%
2006	2,024	2.2%	7/1/2006	\$1,273	\$894	70.2%	95.0%
2007	2,830	4.0%	7/15/2007	\$1,895	\$859	45.3%	33.3%
2008	4,136	3.0%	5/05/2008	\$2,595	\$2,338	90.1%	138.5%
2009	4,750	5.0%	6/04/2009	\$3,695	\$3,706	100.3%	135.8%
2010 (as of 1/2010)	4,722	7.2%	1/16/2010	\$322	\$126	39.2%	65.4%

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. 10.9% Estimated Maximum Rate Increase for any Insured (%). Territory (if applicable): 63
10. -12.0% Estimated Maximum Rate Decrease for any Insured (%). Territory (if applicable): 62

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

1.	This filing transmittal is part of Company Tracking #	HO-AR-55142-03R
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. Massachusetts Bay Insurance Company	B.	0088-22306

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%	3.0%				
HO 4	N/A	N/A				
HO 6	-3.6%	-0.5%				
TOTAL OVERALL EFFECT	13.9%	3.0%				

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	4,630	5.7%	11/1/2005	\$3,249	\$926	28.5%	106.1%
2006	3,817	2.0%	7/1/2006	\$3,105	\$4,997	160.9%	69.2%
2007	3,373	4.8%	7/15/2007	\$2,751	\$883	32.1%	34.5%
2008	2,868	3.0%	5/05/2008	\$2,399	\$2,182	90.9%	55.8%
2009	2,538	5.0%	6/04/2009	\$2,265	\$2,198	97.0%	50.8%
2010 (as of 1/1/2010)	2,507	7.2%	1/16/2010	\$181	\$82	45.4%	48.2%

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. 9.7% Estimated Maximum Rate Increase for any Insured (%). Territory (if applicable): 49
10. -12.1% Estimated Maximum Rate Decrease for any Insured (%). Territory (if applicable): 42

EXPLANATORY MEMORANDUM
ARKANSAS HOMEOWNERS
Hanover American Insurance Company
Mass Bay Insurance Company
Effective 06/04/2010 for Renewal Business

Summary of Proposed Changes

- 1) 3.0% overall rate change for all forms combined
- 2) Revise Account Credit
- 3) Revise Cap on Credits/Discounts
- 4) Revise base rates to achieve overall target rate change

Overall Rate Change

Based on the data through the 3rd quarter of 2009, the overall indicated change is +13.9% (*Exhibit 1*). We propose an overall increase of 3.0%.

The change by form is included in the chart below:

Form	Proposed Rate Effect
Owners (HO-2/HO-3)	+3.0%
Condo (HO-6)	-0.5%
All Forms Combined	+3.0%

For more details please refer to *Exhibit A*.

Account Credit

We are increasing our account credit from 15% to 17%. The rate impact associated with this change is -1.8%.

Cap on Credits/Discounts

We are increasing our cap on credits/discounts. The rate impact associated with this change is -0.2%. Please see *Exhibit B* for current and proposed caps.

Base Rate Change

We are increasing base rates for owners. The rate impact associated with this change is 4.9%.

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%
01/16/2010	+7.2% (Hanover American and Mass Bay only)

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 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>	Modeled Cats Loss & ALAE <u>Ratio</u>	<u>Indication</u>	Proposed Overall Rate <u>Change</u>	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%	3.0%	7,060
Condo	3.0%	2.5%	7.0%	5.0%	8.3%	25.4%	25.8%	-3.6%	-0.5%	42
Tenant	5.0%	4.0%	5.0%	3.5%	8.3%	25.4%	25.8%	-6.5%	-	64
Condo and Tenant	4.2%	3.4%	5.8%	4.1%	8.3%	25.4%	25.8%	-5.3%	-0.5%	106
Total	5.0%	4.5%	0.1%	0.1%	5.4%	29.3%	24.7%	13.9%	3.0%	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					29.3%
						94.6%
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					14.2%
	(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

		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	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					-3.6%
(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					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					-6.5%
(25+22a+22b+23a) / (1-23b)-1						

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

Earned Premium at Current Rate Level			
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

Earned House Years			
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

Average Earned Premium at Current Rate Level				
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	

Year Over Year			
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%

Fitted Annual Premium Trend*			
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

Selected Trends			
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	1.063	1.006	1.003	1.001	1.001	1.000	1.000	1.000	1.000	1.000
ULTIMATE	1.074	1.010	1.004	1.001	1.001	1.000	1.000	1.000	1.000	1.000

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	1.118	0.995	0.999	0.987	1.001	1.000	1.000	1.001	1.000	1.000
ULTIMATE	1.098	0.982	0.987	0.988	1.001	1.001	1.001	1.001	1.000	1.000

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	1.049	0.977	1.004	0.998	1.000	1.000	1.000	1.000	0.997	1.000
ULTIMATE	1.024	0.976	1.000	0.996	0.998	0.997	0.997	0.997	0.997	1.000

**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%

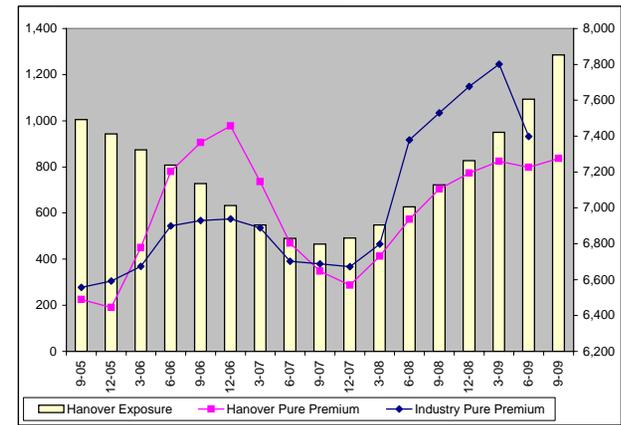
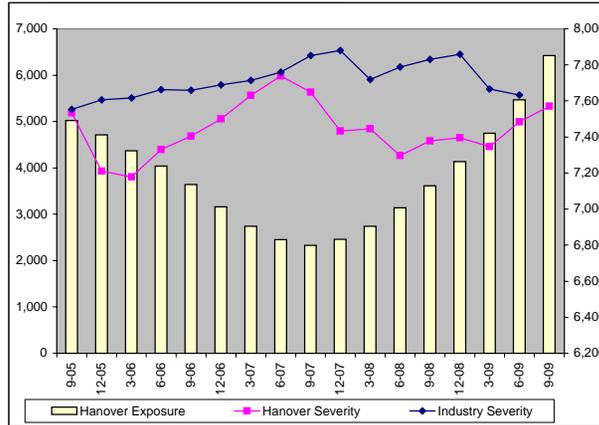
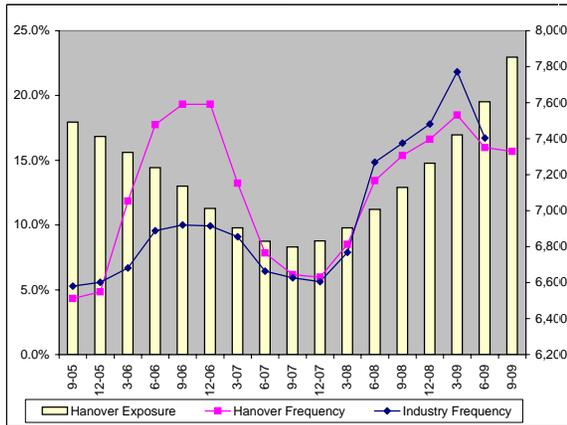
Selected Trends
Retrospective 1.0%
Prospective 0.5%

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%

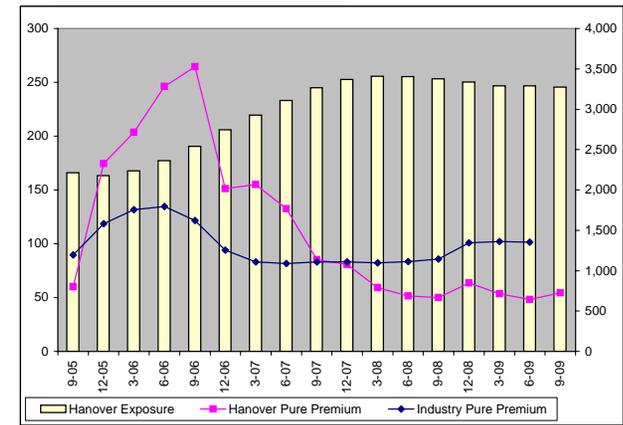
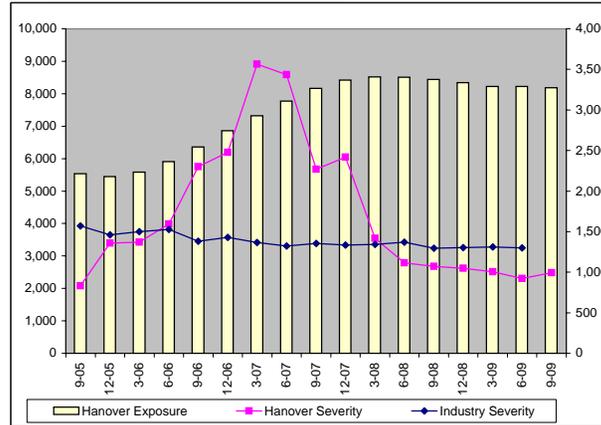
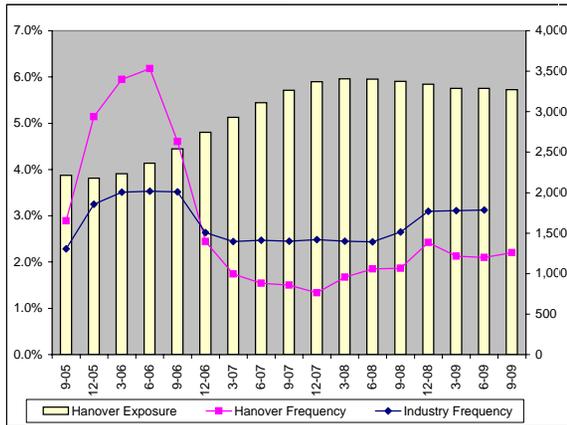
Selected Trends
Retrospective 0.0%
Prospective 0.0%

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%

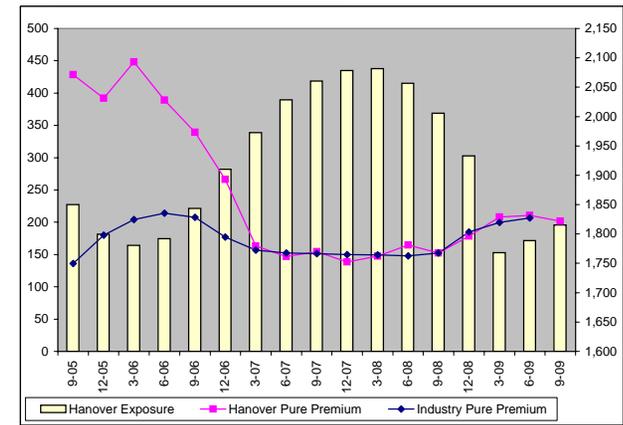
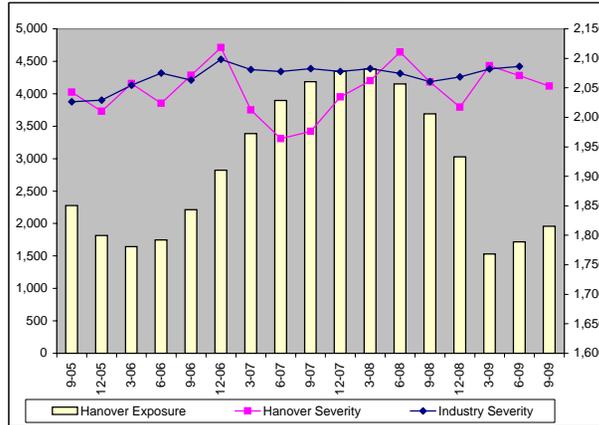
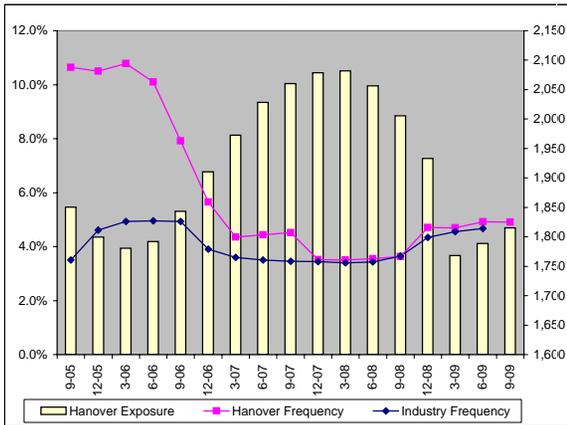
Selected Trends
Retrospective 1.0%
Prospective 1.0%

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

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

The Hanover Insurance Group
Mass Bay and Hanover American Companies
Rates Effective 06/04/2010 - Renewals
Rate Impact by Form

Form	Policy Count	On-Level Written Premium	Account Credit	Cap on Credits	Base Rate	Total Changes
Condos	64	40,659	-0.5%	0.0%	0.0%	-0.5%
Owners	7,162	6,515,820	-1.8%	-0.2%	4.9%	3.0%
Total	7,226	6,556,479	-1.8%	-0.2%	4.9%	3.0%

The Hanover Insurance Group
Mass Bay and Hanover American Companies
Rates Effective 06/04/2010 - Renewals
Cap on Credits/Discounts

Company	Current	Proposed
Mass Bay	40%	45%
Hanover American	45%	50%

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."¹

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.

¹ 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 American & Mass Bay
Rates Effective 06/04/2010 Renewal
Rate Impact

Percent Range	Policy Count	% of Policies
[-15%, -10%)	5	0.1%
[-10%, -7%)	18	0.2%
[-7%, -5%)	38	0.5%
[-5%, -2.5%)	81	1.1%
[-2.5%, 0%)	237	3.3%
[0%, 2.5%)	3531	48.9%
[2.5%, 5%)	2150	29.8%
[5%, 7%)	1107	15.3%
[7%, 10%)	58	0.8%
[10%, 12%)	1	0.0%
Total	7226	100%

Min: -12.1%
Max: 10.9%

State of ARKANSAS
Homeowners
Hanover American & Mass Bay
Rates Effective 06/04/2010 Renewal
Cumulative Rate Impact

Percent Range	Policy Count	% of Policies
[-20%, -15%)	2	0.0%
[-15%, -10%)	1	0.0%
[-10%, -7%)	1	0.0%
[-7%, -5%)	2	0.0%
[-5%, -2.5%)	8	0.2%
[-2.5%, 0%)	32	0.8%
[0%, 2.5%)	57	1.3%
[2.5%, 5%)	107	2.5%
[5%, 7%)	414	9.8%
[7%, 10%)	1800	42.4%
[10%, 12%)	948	22.3%
[12%, 15%)	787	18.5%
[15%, 20%)	86	2.0%
Total	4245	100%

Min: -19.5%
Max: 19.9%

Arkansas Homeowners Cat Modeling Objection Response

MB/HA Filing, 03/19/10 Objection #2

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%	3.0%	7,060
Condo	3.0%	2.5%	7.0%	5.0%	9.1%	29.2%	21.1%	-4.1%	-0.5%	42
<u>Tenant</u>	<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>-</u>	<u>64</u>
Condo and Tenant	4.2%	3.4%	5.8%	4.1%	9.1%	29.2%	21.1%	-6.2%	-0.5%	106
Total	5.0%	4.5%	0.1%	0.1%	5.8%	33.4%	20.2%	8.0%	3.0%	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					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					8.2%
(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

		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	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					-4.1%
(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					-7.5%
(25+22a+22b+23a) / (1-23b)-1						

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

Earned Premium at Current Rate Level			
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

Earned House Years			
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

Average Earned Premium at Current Rate Level				
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	

Year Over Year			
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%

Fitted Annual Premium Trend*			
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

Selected Trends			
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	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	1.063	1.006	1.003	1.001	1.001	1.000	1.000	1.000	1.000	1.000
ULTIMATE	1.074	1.010	1.004	1.001	1.001	1.000	1.000	1.000	1.000	1.000

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	1.118	0.995	0.999	0.987	1.001	1.000	1.000	1.001	1.000	1.000
ULTIMATE	1.098	0.982	0.987	0.988	1.001	1.001	1.001	1.001	1.000	1.000

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	1.049	0.977	1.004	0.998	1.000	1.000	1.000	1.000	0.997	1.000
ULTIMATE	1.024	0.976	1.000	0.996	0.998	0.997	0.997	0.997	0.997	1.000

**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%

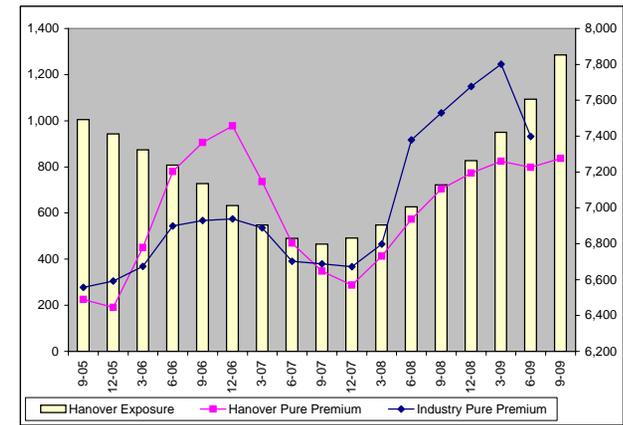
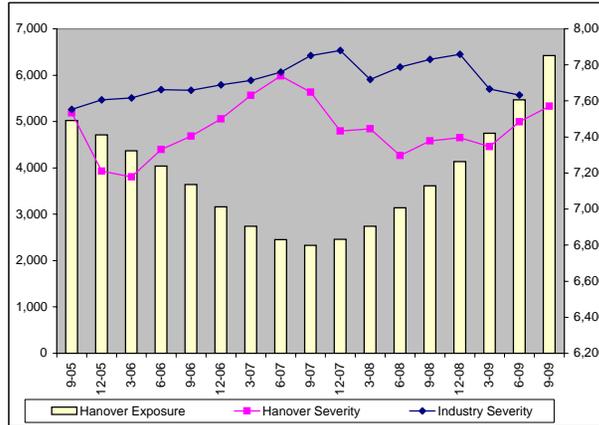
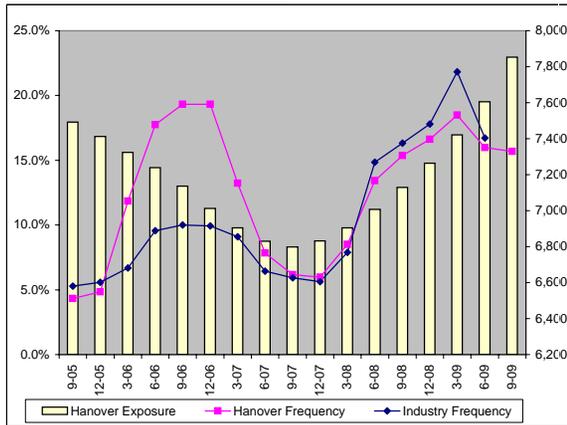
Selected Trends
Retrospective 1.0%
Prospective 0.5%

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%

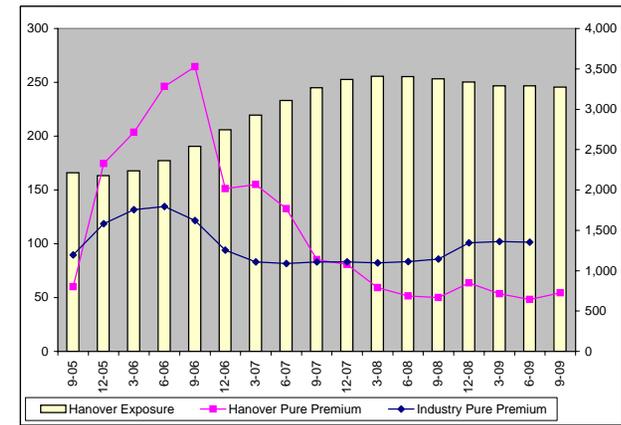
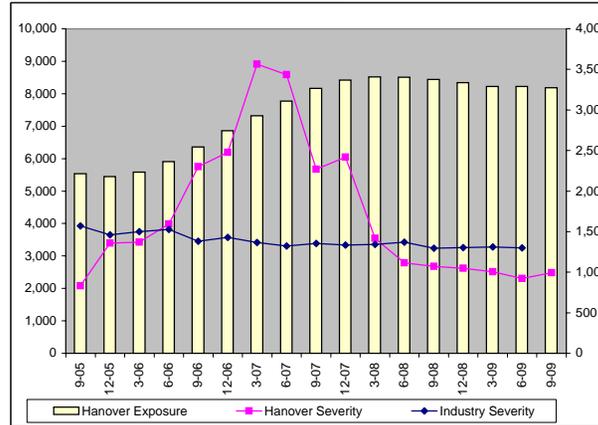
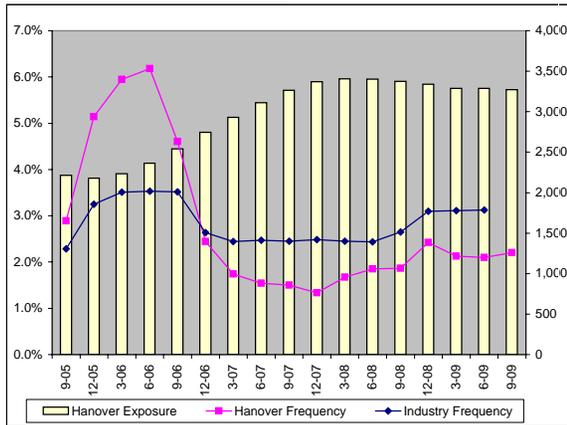
Selected Trends
Retrospective 0.0%
Prospective 0.0%

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%

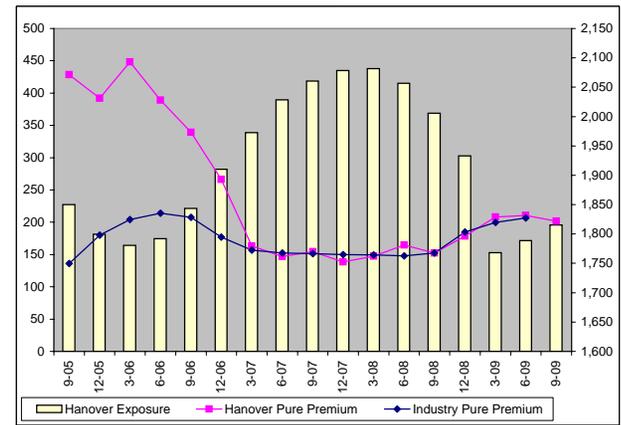
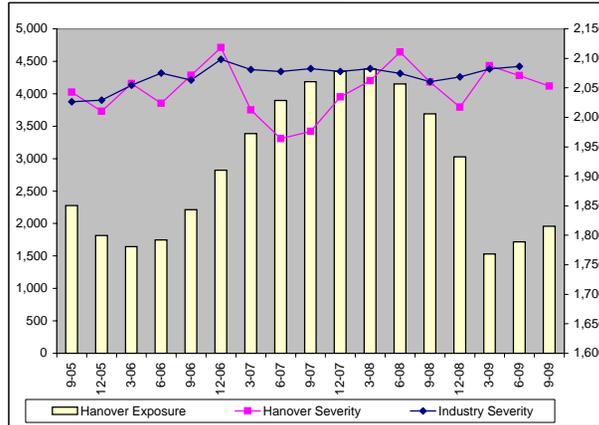
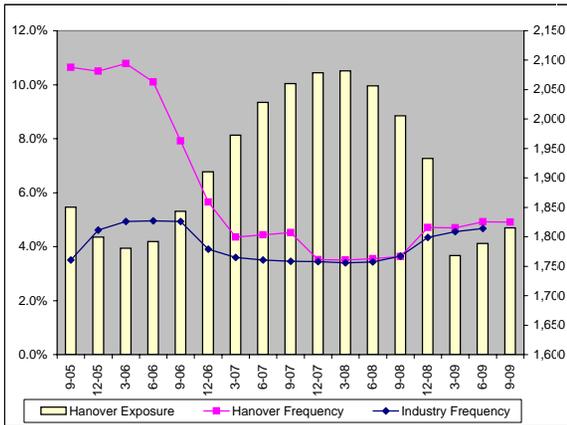
Selected Trends
Retrospective 1.0%
Prospective 1.0%

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

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

6. TERRITORY PAGES

ZIP CODE	Territory
72762	63
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72768	63
72769	55
72770	63
72773	53
72774	55
72776	63 53
72801	67
72802	67
72820	65
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72901	70
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72905	70

ZIP CODE	Territory
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72921	73
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SERFF Tracking Number: *HNVR-126530087* *State:* *Arkansas*
First Filing Company: *Hanover American Insurance Company, ...* *State Tracking Number:* *EFT \$150*
Company Tracking Number: *HO-AR-55142-02R*
TOI: *04.0 Homeowners* *Sub-TOI:* *04.0000 Homeowners Sub-TOI Combinations*
Product Name: *Homeowners*
Project Name/Number: *Homeowners/HO-AR-55142-02R*

Superseded Schedule Items

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

Creation Date:	Schedule	Schedule Item Name	Replacement Creation Date	Attached Document(s)
03/05/2010	Supporting Document	HPCS-Homeowners Premium Comparison Survey	03/19/2010	HPCS Hanover American Final.pdf HPCS Mass Bay Final.pdf
03/05/2010	Rate and Rule	Territory Pages	03/25/2010	AR HO MB-HA 06.04.10 clean section 6 pg 6.pdf (Superseded)
03/19/2010	Supporting Document	HPCS-Homeowners Premium Comparison Survey	03/25/2010	HPCS Hanover American Final.pdf HPCS Mass Bay Final.pdf HPCS Hanover American Final.xls (Superseded) HPCS Mass Bay Final.xls (Superseded)

6. TERRITORY PAGES

ZIP CODE	Territory
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ZIP CODE	Territory
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