

SERFF Tracking Number: SFMA-126470076 State: Arkansas
Filing Company: State Farm Fire and Casualty Company State Tracking Number: EFT \$100
Company Tracking Number: HO-25954
TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations
Product Name: HO-25954
Project Name/Number: HO-25954/HO-25954

Filing at a Glance

Company: State Farm Fire and Casualty Company

Product Name: HO-25954

TOI: 04.0 Homeowners

Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations

Filing Type: Rate/Rule

SERFF Tr Num: SFMA-126470076 State: Arkansas

SERFF Status: Closed-Filed

Co Tr Num: HO-25954

Authors: Richard Haberer, Robin Dunagan

Date Submitted: 01/25/2010

State Tr Num: EFT \$100

State Status: Fees verified and received

Reviewer(s): Becky Harrington, Betty Montesi

Disposition Date: 03/01/2010

Disposition Status: Filed

Effective Date Requested (New): 04/15/2010

Effective Date Requested (Renewal): 06/01/2010

Effective Date (New): 04/15/2010

Effective Date (Renewal): 06/01/2010

State Filing Description:

General Information

Project Name: HO-25954

Project Number: HO-25954

Reference Organization:

Reference Title:

Filing Status Changed: 03/01/2010

State Status Changed: 01/27/2010

Created By: Robin Dunagan

Corresponding Filing Tracking Number:

Filing Description:

We respectfully submit a revision to our independent Homeowners Program, which results in a rate level increase of 7.7%. The details of and support for the change are outlined in the attached Filing Memorandum and supporting exhibits.

Status of Filing in Domicile: Not Filed

Domicile Status Comments:

Reference Number:

Advisory Org. Circular:

Deemer Date:

Submitted By: Robin Dunagan

The rate level changes contained in this filing specifically consider the expected effect that any prior changes in policy language will have on our future underwriting experience. The changes detailed in this filing reflect our best efforts to recognize our actuarially suggested income needs and have premiums that are as competitive as possible.

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We do not rely solely on rate activity to achieve our objective of continued financial solidity. We also concentrate on continued improvements in the way we service the business we write. These improvements range from internal expense controls to ongoing enhancements in the loss settlement process. We also invest and participate in many loss prevention and control activities. The attached Loss Mitigation Exhibit outlines some of these activities.

We see no positive or negative impact of our rates on the affected fire departments.

We submit this filing to be effective April 15, 2010 for new business and June 1, 2010 for renewals.

Sincerely,

Kathy Popejoy, F.C.A.S., MAAA
Actuary and Assistant Secretary-Treasurer
(309) 766-2325
kathy.popejoy.a0gq@statefarm.com

Meg Astudillo
Pricing Manager
(309) 766-9455
meg.astudillo.no5i@statefarm.com

Company and Contact

Filing Contact Information

Meg Astudillo, meg.astudillo.no5i@statefarm.com
One State Farm Plaza 309-766-9455 [Phone]
Bloomington, IL 61710 309-766-0225 [FAX]

Filing Company Information

State Farm Fire and Casualty Company CoCode: 25143 State of Domicile: Illinois
1 State Farm Plaza Group Code: 176 Company Type:
Bloomington, IL 61710 Group Name: State ID Number:
(309) 735-0649 ext. [Phone] FEIN Number: 37-0533080

Filing Fees

Fee Required? Yes
Fee Amount: \$100.00

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Retaliatory? No
Fee Explanation: \$100 per independent rate filing X 1 filing = \$100.
Per Company: No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
State Farm Fire and Casualty Company	\$100.00	01/25/2010	33764463

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Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Filed	Becky Harrington	03/01/2010	03/01/2010

Objection Letters and Response Letters

Objection Letters				Response Letters		
Status	Created By	Created On	Date Submitted	Responded By	Created On	Date Submitted
Pending Industry Response	Becky Harrington	02/05/2010	02/05/2010	Robin Dunagan	02/11/2010	02/12/2010
Pending Industry Response	Becky Harrington	01/27/2010	01/27/2010	Robin Dunagan	02/01/2010	02/02/2010

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Disposition

Disposition Date: 03/01/2010
 Effective Date (New): 04/15/2010
 Effective Date (Renewal): 06/01/2010
 Status: Filed
 Comment:

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where required):	Minimum % Change (where required):
State Farm Fire and Casualty Company	7.800%	7.700%	\$8,901,486	145,840	\$115,603,720	45.000%	-14.000%

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Schedule	Schedule Item	Schedule Item Status	Public Access
Supporting Document	Form RF-2 Loss Costs Only (not for workers' compensation)		Yes
Supporting Document	H-1 Homeowners Abstract	Filed	Yes
Supporting Document	HPCS-Homeowners Premium Comparison Survey	Filed	Yes
Supporting Document	NAIC loss cost data entry document	Filed	Yes
Supporting Document	Memo and Exhibits	Filed	Yes
Supporting Document	Response and Supplemental Exhibits	Filed	Yes
Rate	Manual Pages	Filed	Yes

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Product Name: HO-25954
Project Name/Number: HO-25954/HO-25954

Objection Letter

Objection Letter Status Pending Industry Response
Objection Letter Date 02/05/2010
Submitted Date 02/05/2010

Respond By Date

Dear Meg Astudillo,

This will acknowledge receipt of the captioned filing.

Objection 1

- Response and Supplemental Exhibits (Supporting Document)

Comment: Please indicate the specific changes contributing to the increases over 10%. For example, are most due to the claim rating surcharge increases?

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 02/11/2010
Submitted Date 02/12/2010

Dear Becky Harrington,

Comments:

Dear Becky Harrington,

Response 1

Comments: The major contributing factor to individual policyholder increases greater than 10% is subzone definition changes. Combined with the statewide average increase of 7.7%, an increase in subzone will generally result in an increase greater than 10%, depending on the impact of the other individual rating factors.

Claim Record Rating Plan changes do contribute to increases over 10%, but most policyholders have 0 or 1 claims and will see no change from the Claim Record Rating Plan. Approximately 250 policies will see a Claim Record Rating

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increase around 10%, and 6 additional policies will see an increase around 20%. Changes due to the standard CRI stabilization process may also contribute to rate increases.

Related Objection 1

Applies To:

- Response and Supplemental Exhibits (Supporting Document)

Comment:

Please indicate the specific changes contributing to the increases over 10%. For example, are most due to the claim rating surcharge increases?

Changed Items:

No Supporting Documents changed.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Sincerely,
Meg Astudillo
Pricing Manager

Sincerely,
Richard Haberer, Robin Dunagan

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Objection Letter

Objection Letter Status Pending Industry Response
Objection Letter Date 01/27/2010
Submitted Date 01/27/2010
Respond By Date

Dear Meg Astudillo,

This will acknowledge receipt of the captioned filing.

Objection 1

- Memo and Exhibits (Supporting Document)

Comment: Provide an exhibit detailing the zone/subzone changes.

Objection 2

- Memo and Exhibits (Supporting Document)

Comment: Provide loss experience supporting changes to the claim record rating factors. Additionally, explain the continued need for the surcharges when losses and years with the company are components of the CRI model.

Objection 3

- Memo and Exhibits (Supporting Document)

Comment: Please revise the loss information on the RF-1 back to incurred losses. Comparisons between companies will not be accurate if you include adjustment expenses and other companies follow instructions.

Objection 4

No Objections

Comment: Please provide a disruption chart detailing the number of insureds and a percentage changes.

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 02/01/2010
Submitted Date 02/02/2010

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Product Name: HO-25954
Project Name/Number: HO-25954/HO-25954

Dear Becky Harrington,

Comments:

Dear Becky Harrington,

Response 1

Comments: PLease see "Response and Supplemental Exhibits" for our response to your inquiry.

Related Objection 1

Applies To:

- Memo and Exhibits (Supporting Document)

Comment:

Provide an exhibit detailing the zone/subzone changes.

Changed Items:

Supporting Document Schedule Item Changes

Satisfied -Name: Response and Supplemental Exhibits

Comment:

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Response 2

Comments: PLease see "Response and Supplemental Exhibits" for our response to your inquiry.

Related Objection 1

Applies To:

- Memo and Exhibits (Supporting Document)

Comment:

Provide loss experience supporting changes to the claim record rating factors. Additionally, explain the continued need for the surcharges when losses and years with the company are components of the CRI model.

Changed Items:

Supporting Document Schedule Item Changes

Satisfied -Name: Response and Supplemental Exhibits

Comment:

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No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Response 3

Comments: PLease see "Response and Supplemental Exhibits" for our response to your inquiry.

Related Objection 1

Applies To:

- Memo and Exhibits (Supporting Document)

Comment:

Please revise the loss information on the RF-1 back to incurred losses. Comparisons between companies will not be accurate if you include adjustment expenses and other companies follow instructions.

Changed Items:

Supporting Document Schedule Item Changes

Satisfied -Name: Response and Supplemental Exhibits

Comment:

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Response 4

Comments: PLease see "Response and Supplemental Exhibits" for our response to your inquiry.

Related Objection 1

Comment:

Please provide a disruption chart detailing the number of insureds and a percentage changes.

Changed Items:

Supporting Document Schedule Item Changes

Satisfied -Name: Response and Supplemental Exhibits

Comment:

No Form Schedule items changed.

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No Rate/Rule Schedule items changed.

Sincerely,
Meg Astudillo
Pricing Manager

Sincerely,
Richard Haberer, Robin Dunagan

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State: Arkansas
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 Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations

Rate Information

Rate data applies to filing.

Filing Method: File and Use
Rate Change Type: Increase
Overall Percentage of Last Rate Revision: 9.000%
Effective Date of Last Rate Revision: 04/15/2009
Filing Method of Last Filing: File and 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):
State Farm Fire and Casualty Company	7.800%	7.700%	\$8,901,486	145,840	\$115,603,720	45.000%	-14.000%

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Rate/Rule Schedule

Schedule Item	Exhibit Name:	Rule # or Page	Rate Action	Previous State Filing Attachments
Filed 03/01/2010	Manual Pages	See Attached	Replacement	AR HO Eff 04-15-10 (Operations).pdf

SUMMARY OF REVISIONS

The following table summarizes the changes contained in this revision.

Item	Description
Construction Definitions	Added Log Construction.
Base Premiums	Base rates and factors are revised for Homeowners, Renters and Condominium Unitowners.
Zone/Subzones	Subzones assignments are revised.
Utilities Rating Plan	Editorially revised the Utilities Rating Plan footnote regarding dwellings under construction.
Claim Record Rating	Revised Claim Record Rating adjustments.
Solid Fuel Appliances	Introduced Solid Fuel Appliance charge.
Deductibles	Deductible adjustments are revised.
Condominium Occupancy	Revised the rate table to reference 'number of weeks' instead of 'number of days' rented.
Impact Resistant Roof	Editorially revised the Impact Resistant rule to removed reference to specific U.L. & F.M. standards.

Throughout this manual, ***bold italics*** font indicates information that is not displayed in the Agents manual.

RULES

The rules, rates, and premiums in this manual govern the writing of all Homeowners policies. The rules and rates filed by or on behalf of the Company for each coverage shall govern in all cases not specifically provided for in these rules.

CANCELLATION

When a policy is cancelled, the annual premium that applies to the policy period multiplied by the pro rata factor is returned to the insured.

Calculate the pro rata factor as follows:

- A. Compute the number of days left in the annual term until the policy expires (for example, 122 days).
- B. Divide the number of days by 365 (days in a year) and round to 3 decimal places. This produces the pro rata factor. A few examples may help:

Number of Days	Divided By	Pro Rata Factor
360	365	0.986
240	365	0.658
122	365	0.334
73	365	0.200
34	365	0.093

CONSTRUCTION CLASSIFICATIONS

A. Frame

A dwelling with exterior walls of combustible construction (including walls with metal, stucco, or metal lath and plaster on combustible supports) is classified as frame.

B. Masonry

A dwelling with exterior walls of brick, concrete, concrete block, adobe, tile, or other masonry materials is classified as masonry.

C. Masonry Veneer

A dwelling with walls of combustible construction veneered with masonry materials is classified as masonry veneer.

D. Fire Resistive

A building with walls, floor, and roof constructed entirely of masonry or fire resistive materials with a Fire Resistance rating of not less than one hour is classified as fire resistive.

E. Mixed Construction

A dwelling shall be classified as frame construction when the wall area of frame construction (excluding gables) exceeds 33 1/3% of the total wall area.

F. Log Construction

A dwelling with walls - and in some cases, structural framing members used to support multiple stories or the roof - made of logs, i.e. have not been milled into conventional lumber.

ELIGIBILITY

A. Homeowners Policy

1. A dwelling occupied by the owner and used principally for private residential purposes. The dwelling can have one or two families, but cannot have more than five roomers or boarders per family.
2. A single family unit within a row house, town house, condominium or cooperative occupied by the owner and used principally for private residential purposes.
3. A new dwelling that is under construction for one or two families to be occupied by the owner.
4. A secondary dwelling, including seasonal dwellings, occupied by the owner and used principally for private residential purposes.

B. Renters Policy

1. The tenant of any dwelling, apartment, condominium or cooperative unit.
2. The owner, who is also an occupant, of a dwelling or building containing an apartment that is not eligible for another Homeowners form.
3. The owner of a cooperative unit, provided:
 - a. The portion of the premises occupied as living quarters is used principally for private residential purposes.
 - b. This portion is not occupied by more than one additional family or more than two roomers or boarders.
 - c. This portion is designated by an apartment number or other positive identification.

C. Condominium Unitowners Policy

1. Owner occupied units, including seasonal units, which are part of a community association organized under condominium, cooperative, town house or planned development form of ownership and where provision has been made for a master policy covering the residential building(s) real property exposure. The unit must be used principally for private residential purposes.
2. Rental or investment units in an association as described in 1. if occasionally occupied by the owner. The named insured must be an individual. Partnerships, corporations or similar legal entities are not eligible for Homeowners coverage.

Note: The term "owner" includes persons purchasing a dwelling, such as under a mortgage agreement or contract of sale.

MID-TERM CHANGES

Changes that affect coverage or a risk characteristic used in rating the policy may be made during the policy term, unless otherwise stated in this manual. Mid-term changes to take advantage of a new discount or charge **or** a rate or classification change implemented by the company during the policy term are **not** permitted.

If a different premium is required for the remainder of the current policy term, the additional or return premium is to be computed pro rata unless otherwise stated in this manual.

MINIMUM PREMIUMS

The annual minimum premium is shown below.

Policy Form	Minimum Premium
Homeowners	\$200
Renters and Condominium Unitowners	\$100

OTHER INSURANCE

Other insurance covering the same property is permitted only when the other insurance is for perils not covered by the policy (for example, Flood Insurance).

POLICY PERIOD AND PREMIUM PAYMENT

All premiums and rates shown in this manual are on an annual term basis. All policies are initially written for a one year term and are then automatically renewed annually. The rates on renewals will be those rates in effect at that time.

RESTRICTION OF COVERAGE

The named insured can request a restriction on an individual policy. The circumstances or exposure must be so unusual that without the restriction the policy would not be issued. No reduction from the prescribed rate and minimum premium is allowed. Refer each request to the Company.

ROUNDING OF PREMIUMS

Any computations for additional coverages or additional amounts of insurance are to be rounded separately to the nearest dollar. Fifty cents or more is to be considered as a dollar.

TRANSFER

Transfer of the policy to another location within the state is allowed provided the new location meets eligibility requirements. Transfers are subject to any necessary adjustment of premium.

ZONES

This section provides the rules for the assignment of the zone and subzone.

ZONE DEFINITIONS

Refer to Company for ZIP Codes not listed.

ZIP Code	City	County	Zone	Subzone
71256			25	10
71601			25	13
71602			25	10
71603			25	13
71612			25	10
71613			25	13
71630			25	14
71631			25	15
71635			25	13
71638			25	13
71639			25	12
71640			25	18
71642			25	17
71643			25	14
71644			25	14
71646			25	14
71647			25	15
71651			25	14
71652			25	15
71653			25	15
71654			25	14
71655			25	09
71656			25	10
71657			25	09
71658			25	14
71659			25	13
71660			25	14
71661			25	16
71662			25	14
71663			25	16
71665			25	15
71666			25	10
71667			25	14

ZONES

ZIP Code	City	County	Zone	Subzone
71670			25	13
71671			25	12
71674			25	14
71675			25	13
71676			25	15
71677			25	15
71678			25	16
71701			25	10
71711			25	10
71720			25	11
71721			25	09
71722			25	10
71724			25	08
71725			25	14
71726			25	12
71728			25	09
71730			25	08
71740			25	08
71742			25	12
71743			25	09
71744			25	14
71745			25	14
71747			25	14
71748			25	16
71749			25	10
71750			25	08
71751			25	14
71752			25	11
71753			25	08
71754			25	08
71758			25	13
71759			25	08
71762			25	08
71763			25	14
71764			25	10
71765			25	13
71766			25	13
71769			25	13
71770			25	08
71801			25	10

ZONES

ZIP Code	City	County	Zone	Subzone
71802			25	10
71820			25	11
71822			25	11
71823			25	15
71825			25	15
71826			25	13
71827			25	07
71828			25	13
71831			25	15
71832			25	12
71833			25	11
71834			25	15
71835			25	12
71836			25	12
71837			25	14
71838			25	13
71839			25	11
71840			25	14
71841			25	15
71842			25	13
71845			25	09
71846			25	15
71847			25	16
71851			25	14
71852			25	13
71853			25	11
71854			25	11
71855			25	15
71857			25	10
71857	Outside		25	11
71858			25	13
71859			25	15
71860			25	06
71861			25	11
71862			25	14
71864			25	13
71865			25	12
71866			25	15
71901			10	08
71902			10	08

ZONES

ZIP Code	City	County	Zone	Subzone
71903			10	08
71909			10	09
71910			10	09
71913			10	10
71914			10	10
71920			25	13
71921			25	13
71922			25	13
71923			25	09
71929			25	08
71933			25	09
71935			10	15
71937			10	15
71940			25	13
71941			25	12
71942			25	13
71943			25	12
71944			10	15
71945			10	16
71949			10	12
71950			25	16
71952			25	16
71953			10	15
71956			10	11
71957			10	15
71958			25	14
71959			25	16
71960			10	17
71961			10	19
71962			25	14
71964			10	11
71965			10	19
71968			10	12
71969			10	19
71970			10	15
71971			25	15
71972			10	15
71973			10	15
71998			25	10
72001			10	16

ZONES

ZIP Code	City	County	Zone	Subzone
72002			25	09
72003			25	14
72004			25	14
72005			30	13
72006			30	13
72007			25	11
72010			30	13
72011			25	10
72012			30	09
72013			30	13
72014			30	14
72015			25	09
72016			10	13
72017			25	16
72018			25	09
72019			25	12
72020			30	13
72021			25	13
72022			25	09
72023			25	07
72024			25	14
72025			10	16
72026			25	14
72027			30	13
72028			30	13
72029			25	12
72030			30	13
72031			30	09
72032			30	09
72033			30	09
72034			30	07
72035			30	06
72036			30	13
72037			25	16
72038			25	14
72039			30	14
72040			25	13
72041			25	14
72042			25	13
72043			30	14

ZONES

ZIP Code	City	County	Zone	Subzone
72044			30	10
72045			30	13
72046			25	16
72047			30	15
72048			25	16
72051			30	12
72052			30	11
72053			25	14
72055			25	14
72057			25	14
72058			30	13
72059			30	13
72060			30	12
72061			30	13
72063			30	12
72064			25	15
72065			25	16
72066			25	14
72067			30	07
72068			30	11
72069			25	16
72070			10	11
72072			25	13
72073			25	13
72074			30	13
72075			30	14
72076			25	08
72078			25	08
72079			25	12
72080			30	11
72081			30	12
72082			30	11
72083			25	16
72084			25	12
72085			30	12
72086			25	12
72087			25	12
72088			30	07
72089			25	09
72099			25	07

ZONES

ZIP Code	City	County	Zone	Subzone
72101			30	11
72102			30	10
72103			25	12
72104			25	08
72105			25	11
72106			30	09
72107			30	06
72107	Outside		30	07
72108			25	13
72110			30	08
72111			30	15
72112			30	14
72113			25	10
72114			25	07
72115			25	07
72116			25	08
72117			25	08
72118			25	09
72119			25	07
72120			25	07
72121			30	09
72122			25	12
72123			30	11
72124			25	07
72125			10	15
72126			10	14
72127		CONWAY	30	06
72127		PERRY	30	06
72127	Outside	CONWAY	30	07
72127	Outside	PERRY	30	06
72128			25	14
72129			25	12
72130			30	11
72131			30	09
72132			25	11
72133			25	15
72134			25	17
72135			25	10
72136			30	13
72137			30	11

ZONES

ZIP Code	City	County	Zone	Subzone
72139			30	13
72140			25	14
72141			30	13
72142			25	16
72143			30	12
72145			30	12
72149			30	10
72150			25	08
72152			25	10
72153			30	08
72156			30	13
72157			30	12
72160			25	12
72164			25	14
72165			13	13
72166			25	13
72167			25	13
72168			25	13
72169			30	14
72170			25	14
72173			30	12
72175			25	14
72176			25	08
72178			30	12
72179			30	10
72180			25	16
72181			30	13
72182			25	13
72183			25	14
72190			25	08
72199			25	08
72201			25	07
72202			25	07
72204			25	09
72205			25	06
72206			25	14
72207			25	06
72209			25	11
72210			25	09
72211			25	04

ZONES

ZIP Code	City	County	Zone	Subzone
72212			25	06
72214			25	09
72215			25	06
72216			25	14
72217			25	06
72219			25	11
72222			25	06
72223			25	08
72225			25	06
72227			25	07
72301			25	11
72303			25	11
72310			25	19
72311			25	19
72312			25	16
72313			25	19
72315			25	20
72319			25	20
72320			25	17
72321			25	17
72322			25	14
72324			25	19
72325			25	14
72326			25	14
72327			25	16
72328			25	17
72329			25	14
72330			25	21
72331			25	15
72332			25	17
72333			25	16
72335			25	12
72336			25	12
72338			25	19
72339			25	14
72340			25	16
72341			25	18
72342			25	16
72346			25	18
72347			25	15

ZONES

ZIP Code	City	County	Zone	Subzone
72348		CRITTENDEN	25	12
72348		ST FRANCIS	25	12
72348	Outside	CRITTENDEN	25	12
72348	Outside	ST FRANCIS	25	13
72350			25	19
72351			25	21
72352			25	16
72353			25	16
72354			25	18
72355			25	16
72358			25	22
72359			25	12
72360			25	13
72364			25	12
72365			25	18
72366			25	16
72367			25	16
72368			25	18
72369			25	13
72370			25	20
72372			25	12
72373			25	15
72374			25	15
72376			25	17
72379			25	20
72383			25	16
72384			25	14
72386			25	18
72387			25	14
72390			25	15
72391			25	20
72392			25	13
72394			25	12
72395			25	21
72396			25	14
72401			30	08
72402			30	08
72404			30	11
72410			30	11
72411			30	08

ZONES

ZIP Code	City	County	Zone	Subzone
72412			30	14
72413			30	11
72414			30	10
72415			30	10
72416			30	06
72417			30	08
72419			30	15
72421			30	12
72422			30	13
72425			30	14
72426			25	21
72427			30	12
72428			25	22
72429			25	17
72430			30	15
72431			30	14
72432			25	14
72433			30	12
72434			30	09
72435			30	14
72436			30	13
72437			30	07
72438			25	20
72439			30	06
72440			30	10
72441			30	13
72442			25	19
72443			30	14
72444			30	14
72445			30	13
72447			30	13
72449			30	12
72450			30	12
72451			30	12
72453			30	14
72454			30	16
72455			30	10
72456			30	17
72457			30	10
72458			30	10

ZONES

ZIP Code	City	County	Zone	Subzone
72459			30	09
72460			30	11
72461			30	15
72462			30	11
72464			30	17
72465			30	10
72466			30	10
72467			30	11
72469			30	10
72470			30	14
72470	Outside		30	16
72471			30	12
72472			25	13
72473			30	12
72474			30	12
72475			25	17
72476			30	08
72478			30	10
72479			25	15
72479	Outside		25	16
72482			13	11
72501			13	10
72512			13	09
72513			13	09
72515			13	10
72517			13	14
72519			13	11
72520			13	11
72521			13	09
72522			13	12
72523			30	12
72524			13	13
72525			13	08
72526			13	10
72527			13	12
72528			13	13
72529			13	08
72530			30	11
72531			13	13
72532			13	10

ZONES

ZIP Code	City	County	Zone	Subzone
72533			30	14
72534			13	13
72536			13	13
72537			10	10
72538			13	13
72539			13	12
72540			13	16
72542			13	10
72543			30	07
72544			10	10
72546			30	10
72550			13	12
72553			13	10
72554			13	09
72555			30	13
72556			13	16
72560			30	14
72561			13	13
72562			13	09
72564			13	08
72565			13	12
72566			13	14
72567			30	13
72568			13	13
72569			13	13
72571			13	13
72572			30	13
72573			13	11
72575			13	10
72576			13	07
72577			13	13
72578			13	14
72579			13	12
72581			30	10
72583			13	10
72584			13	13
72585			13	15
72587			13	12
72601			10	12
72602			10	12

ZONES

ZIP Code	City	County	Zone	Subzone
72610			30	10
72611			10	12
72613			10	10
72615			10	12
72616			10	12
72617			10	18
72619			10	12
72623			10	14
72624			30	12
72626			10	12
72628			30	13
72629			30	12
72630			10	13
72631			10	10
72632			10	10
72633			10	13
72634			10	12
72635			10	09
72636			30	11
72638			10	14
72639			30	13
72640			30	12
72641			30	12
72642			10	10
72644			10	13
72645			30	12
72648			30	12
72650			30	13
72651			10	10
72653			10	10
72654			10	10
72655			30	13
72658			10	14
72660			10	11
72661			10	13
72662			10	15
72663			30	13
72666			30	12
72668			10	12
72669			30	12

ZONES

ZIP Code	City	County	Zone	Subzone
72670			30	12
72672			10	12
72675			30	11
72677			10	12
72679			30	13
72680			30	13
72682			10	14
72683			30	13
72685			30	10
72686			30	13
72687			10	12
72701			10	11
72703			10	10
72704			10	10
72711			10	11
72712			10	06
72714			10	06
72715			10	08
72717			10	14
72718			10	11
72719			10	06
72721			10	13
72722			10	07
72727			10	11
72728			10	09
72729			10	14
72730			10	11
72732			10	13
72733			10	13
72734			10	10
72735			10	10
72736			10	08
72737			10	11
72738			10	12
72739			10	08
72740			10	12
72741			10	10
72742			10	14
72744			10	12
72745			10	10

ZONES

ZIP Code	City	County	Zone	Subzone
72747			10	11
72749			10	14
72751			10	08
72752			10	14
72753			10	13
72756			10	11
72758			10	10
72760			10	08
72761			10	11
72762			10	09
72764			10	09
72765			10	09
72766			10	09
72768			10	08
72769			10	14
72770			10	09
72773			10	13
72774			10	12
72776			10	13
72801			30	09
72802			30	09
72812			30	09
72820			10	11
72821			10	13
72823			30	09
72824			30	10
72826			10	14
72827			30	14
72828			30	14
72829			30	08
72830			30	09
72832			30	09
72833			30	12
72834			30	08
72835			10	13
72837			30	10
72838			30	13
72839			30	10
72840			30	11
72841			10	17

ZONES

ZIP Code	City	County	Zone	Subzone
72842			30	11
72843			30	12
72845			30	10
72846			30	10
72847			30	11
72851			10	15
72852			30	11
72853			30	12
72854			30	11
72855			10	13
72856			30	12
72857			30	12
72858			30	10
72860			30	14
72863			10	15
72865			10	15
72901			10	07
72901	Outside		10	08
72903			10	10
72904			10	07
72905			10	14
72906			10	10
72908			10	10
72913			10	10
72914			10	07
72916			10	12
72917			10	10
72918			10	10
72921			10	14
72923			10	11
72924			10	10
72926			10	15
72927			10	15
72928			10	14
72930			10	17
72932			10	13
72933			10	14
72934			10	15
72935			10	14
72936			10	13

ZONES

ZIP Code	City	County	Zone	Subzone
72937			10	14
72938			10	14
72940			10	14
72941			10	15
72943			10	15
72944			10	13
72945			10	14
72946			10	15
72947			10	13
72948			10	15
72949			10	13
72950			10	16
72951			10	14
72952			10	13
72955			10	13
72956			10	13
72957			10	13
72958			10	14
72959			10	14

ZONE/SUBZONE ASSIGNMENT

For ZIP Codes not listed on the Zone/Subzone definition pages, the following rules apply in the assignment of the zone and subzone. Refer to Home Office for administration of these rules.

- A. A ZIP Code or geographic area omitted from the Zone/Subzone definition pages will be assigned to the lowest rated contiguous zone and subzone.*
- B. If a new ZIP Code is created, it will be assigned to the lowest rated zone and subzone of the ZIP Codes that formerly constituted the new ZIP Code's geographic area, subject to a 15% policy distribution minimum.*
- C. When an existing ZIP Code boundary changes, policies will be assigned to the zone and subzone of their revised ZIP Code.*

HOMEOWNERS

This section provides details on coverages and rating for the Homeowners policy form, including the information necessary to develop the basic premiums.

COVERAGES - HOMEOWNERS

The policy contains two sections, each with various coverages.

1. Section I - Physical Damage Coverages

Coverages	Details	Minimums or Amounts
Coverage A - Dwelling	Applies to the described dwelling	100% of Replacement Cost is suggested *
Dwelling Extension	Applies to other structures on premises	10% of Coverage A amount
Coverage B - Personal Property	Applies to personal property	75% of Coverage A amount *
Types of Personal Property	Computers and Equipment	\$5,000
	Money, Bank Notes, and Coins	\$200
	Property used in a business	\$1,000 on premises (\$250 off premises)
	Securities, Accounts, and Deeds	\$1,000
	Watercraft and Equipment	\$1,000
	Trailers not used with Watercraft	\$1,000
	Jewelry and Furs (Theft)	\$2,500 (\$1,500 per item) *
	Stamps, Trading Cards, and Comic Books	\$2,500
	Firearms (Theft)	\$2,500
	Area Rugs (Theft)	\$10,000 (\$5,000 per item)
	Silverware and Goldware (Theft)	\$2,500
Coverage C - Loss of Use	Additional Living Expense	Actual loss sustained within 24 months
	Fair Rental Value	Actual loss sustained within 12 months
Additional Coverages	Arson Reward	\$1,000
	Building Ordinance or Law	10% of Coverage A amount
	Collapse	
	Credit Card and Forgery	\$1,000
	Debris Removal	
	Fire Department Service Charge	\$500
	Lock Rekeying	
	Power Interruption	
	Property Removed	
	Refrigerated Products	Coverage B Limit
	Temporary Repairs	
	Trees, Shrubs, and Other Plants	\$500
	Volcanic Action	

HOMEOWNERS

* If the dwelling is insured for less than 80% of Replacement Cost, the basic Coverage B limit is 55% of Coverage A and the Special Theft limit on Jewelry and Furs is \$1,000.

Coverage A and B limits are subject to Inflation Coverage. For available options, see the Options section.

2. Section II - Liability Coverages

Coverages	Details	Minimums or Amounts
Coverage L - Personal Liability	Includes Comprehensive Personal Liability	\$100,000 minimum
Coverage M - Medical Payments	Medical Payments to Others	\$1,000 minimum
Additional Coverages	Damage to Property of Others	\$500
	Claim Expenses	
	First Aid Expenses	

For available options, see the Options section.

LOSSES INSURED - HOMEOWNERS

1. Section I

Damage to insured's property is covered under Section I of the policy. As indicated in Item 1, there are three coverages under Section I.

- Coverage A - Dwelling
- Coverage B - Personal Property
- Coverage C - Loss of Use

Listed below are the losses that are insured:

Losses Insured	Protection Provided	
	Coverage A & C	Coverage B
Fire or Lightning	Accidental Direct Physical Loss (with certain exclusions)	Yes
Windstorm or Hail		Yes
Explosion		Yes
Riot or Civil Commotion		Yes
Aircraft		Yes
Vehicles		Yes
Smoke		Yes
Vandalism or Malicious Mischief		Yes
Breakage of Glass		Yes
Theft		Yes
Falling Objects		Yes
Weight of Ice, Snow or Sleet		Yes

Losses Insured	Protection Provided	
	Coverage A & C	Coverage B
Accidental Discharge of Water or Steam		Yes
Sudden, Accidental tearing etc. of Water Heating Systems or Appliances		Yes
Freezing of Plumbing		Yes
Damage from Artificially Generated Electricity		Yes

2. Section II

Section II Liability includes coverage for bodily injury or property damage and defense costs associated with a suit brought against an insured.

LOSS SETTLEMENT (SECTION I) - HOMEOWNERS

The loss settlement provision for Coverage A - Dwelling and Coverage B - Personal Property varies depending on the insured's coverage selections. The available options are:

Coverage	Loss Settlement Provision
Coverage A - Dwelling	A1 Replacement Cost - Similar Construction
	A2 Replacement Cost - Common Construction
Coverage B - Personal Property	B1 Limited Replacement Cost
	B2 Depreciated Loss Settlement

The following chart illustrates the basic coverages provided by the policy.

Coverage	Dwelling Coverage as a % of Replacement Cost		
	100% or more	80 - 99%	<80%
Coverage A - Dwelling	A1 *	A1	A2
Coverage B - Personal Property	B1	B1	B2

* Option ID, Increased Dwelling Coverage is also automatically provided.

A. Coverage A - Dwelling

Losses to the dwelling are settled on a replacement cost basis without deduction for depreciation up to the limit shown on the Declarations Page. The loss settlement provision is based on the insured's coverage selections as indicated below:

1. Replacement Cost - Similar Construction

If the dwelling is insured to at least 80% of the dwelling replacement cost, the loss settlement provision for Coverage A is repair or replacement with similar materials and construction techniques. **The basic rates reflect this loss settlement provision.**

ACTIVATE: Loss Settlement Provision A1 - Replacement Cost - Similar Construction

If the following conditions are met, then an additional coverage amount equal to 20% of the Coverage A limit will be provided for loss payment above the stated limits for no additional premium.

- a. The dwelling building and other building structures on premises are insured for at least 100% of Replacement Cost **and**
- b. The insured agrees to notify the company within 90 days of any additions or other physical changes which increase the value of either the dwelling or other buildings on the premises by \$5,000 or more and pay the appropriate premium.

ACTIVATE: Option ID in the Policy

2. Replacement Cost - Common Construction

When the dwelling is insured for an amount less than 80% of replacement cost, the loss settlement provision for Coverage A is repair or replacement with commonly used materials and construction techniques. **An adjustment to the basic rates is required. Refer to the Basic Premium Adjustment section.**

ACTIVATE: Loss Settlement Provision A2 - Replacement Cost - Common Construction

B. Coverage B - Personal Property

1. Limited Replacement Cost

If the dwelling is insured for at least 80% of replacement cost, the loss settlement provision is limited replacement cost without deduction for depreciation. The Coverage B limit is equal to 75% of the Coverage A limit. **The basic rates reflect this coverage.**

ACTIVATE: Loss Settlement Provision B1 - Limited Replacement Cost

2. Depreciated Loss Settlement

If the dwelling is insured for less than 80% of replacement cost, the loss settlement provision is limited replacement cost with deduction for depreciation. The Coverage B limit is equal to 55% of the Coverage A limit. **An adjustment to the basic rates is required. Refer to the Basic Premium Adjustment section.**

ACTIVATE: Loss Settlement Provision B2 - Depreciated Loss Settlement

Refer to the Options section for available options.

RATING - HOMEOWNERS

A. Determine the basic premium.

1. Select the correct ZONE, SUBZONE, and CONSTRUCTION.
2. Determine the COVERAGE A AMOUNT and the RISK AMOUNT.
 - a. Determine the Replacement Cost of the dwelling.
 - b. Multiply the Replacement Cost by 0.80.
 - c. Select the desired amount of insurance.
 - If the desired amount is equal to or greater than the amount determined in Step 2.b., then this is the COVERAGE A AMOUNT and the RISK AMOUNT. **Skip to Step 3.**
 - If the desired amount is less than the amount determined in Step 2.b., then **continue with Step 2.d.**
 - d. Divide the desired amount of insurance (Step 2.c.) by the replacement cost of the dwelling (Step 2.a.). The COVERAGE A AMOUNT is determined by the following:

If Step 2.d. is:		Then the Coverage A Amount is: *
At Least	But Less Than	
0.70	0.80	0.80 X Replacement Cost minus \$100
0.60	0.70	0.70 X Replacement Cost minus \$100
0.50	0.60	0.60 X Replacement Cost minus \$100
0.40	0.50	0.50 X Replacement Cost minus \$100
0.30	0.40	0.40 X Replacement Cost minus \$100
0.20	0.30	0.30 X Replacement Cost minus \$100
0.00	0.20	0.20 X Replacement Cost minus \$100

* This amount is rounded up to the nearest \$100.

The RISK AMOUNT equals the amount determined in Step 2.b. (Replacement Cost X 0.80).

3. From the basic rate pages, determine the premium based on the ZONE, SUBZONE, and CONSTRUCTION from Step 1 and the RISK AMOUNT as determined in Step 2.c. or 2.d.

$$\text{Premium} = \text{Zone Base Rate} \times \text{Subzone Factor} \times \text{Construction Factor} \times \text{Amount Factor} \times \text{Risk Amount} / \text{Base Amount} *$$

* The Base Amount is the Risk Amount which has a factor of 1.000.

Note: For amounts greater than the largest risk amount shown, calculate the premium for the additional amount and add it to the premium for the largest risk amount shown.

4. Apply all applicable basic premium adjustments from the Basic Premium Adjustment section sequentially in the order presented in that section to derive the basic premium.

B. Apply any remaining percentage adjustments for optional coverages to the basic premium.

C. Add any flat dollar adjustments for optional coverages to the basic premium.

D. Premium Calculation Examples - Homeowners Policy

The following two examples show the sequence for applying optional discounts, charges, and options (actual premiums/rates were chosen arbitrarily for illustration purposes only).

Example 1

Replacement Cost of Dwelling = \$121,900

Replacement Cost X 0.80 = \$97,520

Desired Amount of Insurance = \$110,000

Coverage A Amount = Risk Amount = \$110,000

1. Homeowners Basic Premium

a. \$110,000 Risk Amount premium

$\$450 \times 1.050 \times 0.950 \times 0.945 \times \$110,000 / \$100,000 = \466.61 Rounded = \$467

b. CRI Adjustment Factor (0.961)

$\$467 \times 0.961 = \448.79 Rounded = \$449

c. Claim Record Rating Adjustment (-10%)

$\$449 \times 0.10 = \44.90 Rounded = -\$45
Subtotal = \$404

d. Home/Auto Discount (-15%)

$\$404 \times 0.15 = \60.60 Rounded = -\$61
Subtotal = \$343

e. Newer Utilities Adjustment (-9%)

$\$343 \times 0.09 = \30.87 Rounded = -\$31
Subtotal = \$312

f. 2% Deductible Adjustment (-19%)

$\$312 \times 0.19 = \59.28 Rounded = -\$59

Basic Premium = \$253

HOMEOWNERS

2. Charge for \$5,000 Jewelry and Furs = +\$27
3. Charge for \$12,500 Additional Coverage B Limits
 $\$0.40 \times 12.5 = \5.00 Rounded = +\$5
4. Charge for \$500,000/\$1,000 Section II = +\$25
5. Final Premium (subject to policy minimum premium) = \$310

Note: Each discount and charge is to be rounded to the nearest dollar before being subtracted from or added to the basic premium.

Example 2

Replacement Cost of Dwelling = \$121,900

Replacement Cost X 0.80 = \$97,520

Desired Amount of Insurance = \$70,000 ($\$70,000 / \$121,900 = 0.57$)

Coverage A Amount = $\$121,900 \times 0.60 - \$100 = \$73,040$ Rounded to next higher \$100 = \$73,100

Risk Amount = \$97,520 ($\$121,900 \times 0.80$)

1. Homeowners Basic Premium

- a. \$97,520 Risk Amount premium

$$\$450 \times 1.050 \times 0.950 \times 1.063 \times \$97,520 / \$100,000 = \$465.32$$

Rounded = \$465

- b. CRI Adjustment Factor (0.961)

$$\$465 \times 0.961 = \$446.86$$

Rounded = \$447

- c. Replacement Cost - Common Construction

Premium Adjustment Factor corresponding to 0.59 ($\$73,100 / \$121,900$) = 0.85

- d. Adjusted Premium

$$\$447 \times 0.85 = \$379.95$$

Rounded = \$380

- e. Depreciated Loss Settlement - Contents (-7%)

$$\$380 \times 0.07 = \$26.60$$

Rounded = -\$27

HOMEOWNERS

		Subtotal = \$353
f.	\$1,000 Jewelry and Furs Adjustment	= - \$16
		<u>Subtotal = \$337</u>
g.	Home Alert Adjustment (-5%)	
	\$337 X 0.05 = \$16.85	Rounded = - \$17
		<u>Subtotal = \$320</u>
h.	Charge for Limited Replacement Cost - Contents (9% \$25 minimum)	
	\$320 X 0.09 = \$28.80	Rounded = +\$29
		<u>Subtotal = \$349</u>
i.	\$1,000 Deductible Adjustment (-10%)	
	\$349 X 0.10 = \$34.90	Rounded = - \$35
		<u>Basic Premium = \$314</u>
2.	Charge for \$500,000/\$1,000 Section II	= +\$25
3.	Final Premium (subject to policy minimum premium)	= \$339

Note: Each discount and charge is to be rounded to the nearest dollar before being subtracted from or added to the basic premium.

**HOMEOWNERS
\$500 ALL-PERIL DEDUCTIBLE
\$100,000 LIABILITY; \$1,000 MEDICAL PAYMENTS**

Premium = Zone Base Rate X Subzone Factor X Construction Factor X Amount Factor X Risk Amount / \$100,000

ZONE BASE RATES

Zone	Rate
10	\$1,253.79
13	\$1,428.40
25	\$1,475.70
30	\$1,546.04

**HOMEOWNERS
\$500 ALL-PERIL DEDUCTIBLE
\$100,000 LIABILITY; \$1,000 MEDICAL PAYMENTS**

Premium = Zone Base Rate X Subzone Factor X Construction Factor X Amount Factor X Risk Amount / \$100,000

SUBZONE FACTORS

Subzone	Factor
01	0.645
02	0.677
03	0.711
04	0.747
05	0.784
06	0.823
07	0.864
08	0.907
09	0.952
10	1.000
11	1.050
12	1.103
13	1.158
14	1.216
15	1.277
16	1.341
17	1.408
18	1.478
19	1.552
20	1.630
21	1.712
22	1.798

**HOMEOWNERS
\$500 ALL-PERIL DEDUCTIBLE
\$100,000 LIABILITY; \$1,000 MEDICAL PAYMENTS**

Premium = Zone Base Rate X Subzone Factor X Construction Factor X Amount Factor X Risk Amount / \$100,000

CONSTRUCTION FACTORS

Construction	Factor
Frame	1.000
Log	1.100
Masonry	0.830
Fire Resistive	0.710
Masonry Veneer	0.900

**HOMEOWNERS
\$500 ALL-PERIL DEDUCTIBLE
\$100,000 LIABILITY; \$1,000 MEDICAL PAYMENTS**

Premium = Zone Base Rate X Subzone Factor X Construction Factor X Amount Factor X Risk Amount / \$100,000

RISK AMOUNT FACTORS

Risk Amount	Factor
\$5,000	6.334
\$7,000	5.200
\$10,000	4.000
\$15,000	3.301
\$20,000	2.641
\$30,000	2.026
\$40,000	1.697
\$50,000	1.500
\$60,000	1.350
\$70,000	1.240
\$80,000	1.150
\$90,000	1.070
\$100,000	1.000
\$110,000	0.950
\$120,000	0.910
\$130,000	0.870
\$140,000	0.840
\$150,000	0.810
\$160,000	0.790
\$170,000	0.770
\$180,000	0.755
\$190,000	0.741
\$200,000	0.721
\$250,000	0.692
\$300,000	0.681
\$350,000	0.656
\$400,000	0.641
\$450,000	0.632
\$500,000	0.628
\$550,000	0.621
\$600,000	0.615
\$650,000	0.607
\$700,000	0.607

HOMEOWNERS

Risk Amount	Factor
\$750,000	0.607
\$800,000	0.607
\$900,000	0.607
\$1,000,000	0.607
\$1,100,000	0.607
\$1,200,000	0.607
\$1,300,000	0.607
\$1,400,000	0.607
\$1,500,000	0.607

Each Additional	Factor
\$1,000	0.618

If insured for a risk amount less than 80% of the replacement cost, refer to the Rating Rule. For risk amounts between those shown above, interpolate to derive the appropriate factor.

RENTERS

This section provides details on coverages and rating for the Renters policy form, including the information necessary to develop the basic premiums.

COVERAGES - RENTERS

The policy contains two sections, each with various coverages.

A. Section I - Physical Damage Coverages

Coverages	Details	Minimums or Amounts
Coverage B - Personal Property	Applies to personal property	Based on personal property value
Types of Personal Property	Computers and Equipment	\$5,000
	Money, Bank Notes, and Coins	\$200
	Property used in a business	\$1,000 on premises (\$250 off premises)
	Securities, Accounts, and Deeds	\$1,000
	Watercraft and Equipment	\$1,000
	Trailers not used with Watercraft	\$1,000
	Jewelry and Furs (Theft)	\$1,000
	Stamps, Trading Cards, and Comic Books	\$2,500
	Firearms (Theft)	\$2,500
	Area Rugs (Theft)	\$10,000 (\$5,000 per item)
	Silverware and Goldware (Theft)	\$2,500
Coverage C - Loss of Use	Additional Living Expense	Actual loss sustained within 24 months
	Fair Rental Value	Actual loss sustained within 12 months
Additional Coverages	Arson Reward	\$1,000
	Building Additions and Alterations	15% of Coverage B amount
	Collapse	
	Credit Card and Forgery	\$1,000
	Debris Removal	
	Fire Department Service Charge	\$500
	Lock Rekeying	
	Power Interruption	
	Property Removed	
	Refrigerated Products	Coverage B Limit
	Temporary Repairs	
	Trees, Shrubs, and Other Plants	\$500
	Volcanic Action	

Coverage B limits are subject to Inflation Coverage. For available options, see the Options section.

B. Section II - Liability Coverages

Coverages	Details	Minimums or Amounts
Coverage L - Personal Liability	Includes Comprehensive Personal Liability	\$100,000 minimum
Coverage M - Medical Payments	Medical Payments to Others	\$1,000 minimum
Additional Coverages	Damage to Property of Others	\$500
	Claim Expenses	
	First Aid Expenses	

For available options, see the Options section.

LOSSES INSURED - RENTERS

Damage to insured's property is covered under Section I of the policy. As indicated in Item 1, there are two coverages under Section I.

- Coverage B - Personal Property
- Coverage C - Loss of Use

Listed below are the losses that are insured:

- Fire or Lightning
- Windstorm or Hail
- Explosion
- Riot or Civil Commotion
- Aircraft
- Vehicles
- Smoke
- Vandalism or Malicious Mischief
- Breakage of Glass
- Theft
- Falling Objects
- Weight of Ice, Snow or Sleet
- Accidental Discharge of Water or Steam
- Sudden and Accidental Tearing Asunder, Cracking, Bursting or Bulging of Water Heating Systems or Appliances
- Freezing of Plumbing
- Damage from Artificially Generated Electricity

LOSS SETTLEMENT (SECTION I) - RENTERS

Losses for Coverage B are settled on a limited replacement cost less depreciation basis (Loss Settlement Provision B2). Refer to the Options section for available options.

RATING - RENTERS

A. Determine the basic premium.

1. Select the correct ZONE, SUBZONE, and CONSTRUCTION.
2. Develop the value of the property by calculating the Replacement Cost Value of the personal property if Replacement Cost on Personal Property Coverage will be purchased or the Replacement Cost less Depreciation value if not. This value will be the Coverage B amount and the RISK AMOUNT.
3. From the basic rate pages, determine the premium based on the ZONE, SUBZONE, and CONSTRUCTION from Step 1 and the RISK AMOUNT as determined in Step 2.

$$\text{Premium} = \text{Zone Base Rate} \times \text{Subzone Factor} \times \text{Construction Factor} \times \text{Amount Factor} \times \text{Risk Amount} / \text{Base Amount} *$$

* The Base Amount is the Risk Amount which has a factor of 1.000.

Note: For amounts greater than the largest risk amount shown, calculate the premium for the additional amount and add it to the premium for the largest risk amount shown.

4. Apply all applicable basic premium adjustments from the Basic Premium Adjustment section sequentially in the order presented in that section to derive the basic premium.

B. Apply any remaining percentage adjustments for optional coverages to the basic premium.

C. Add any flat dollar adjustments for optional coverages to the basic premium.

D. Premium Calculation Example - Renters Policy

The following example shows the sequence for applying optional discounts, charges, and options (actual premiums/rates were chosen arbitrarily for illustration purposes only).

1. Renters Basic Premium

a. Premium

$$\$120 \times 1.000 \times 1.000 \times 1.732 \times \$40,000 / \$50,000 = \$166.27 \qquad \text{Rounded} = \$166$$

b. CRI Adjustment Factor (0.985)

$$\$166 \times 0.985 = \$163.51 \qquad \text{Rounded} = \$164$$

c. Claim Record Rating Adjustment (-10%)

$$\$164 \times 0.10 = \$16.40 \qquad \text{Rounded} = -\$16$$

$$\text{Subtotal} = \$148$$

d. Limited Replacement Cost - Contents Charge (26% \$18 minimum)

RENTERS

$\$148 \times 0.26 = \38.48	Rounded = +\$38
	<u>Subtotal = \$186</u>
e. \$1,000 Deductible Adjustment (-18%)	
$\$186 \times 0.18 = \33.48	Rounded = -\$33
	<u>Basic Premium = \$153</u>
2. Charge for \$2,500 Jewelry and Furs	= +\$17
3. Charge for \$500,000/\$1,000 Section II	= +\$25
4. Final Premium (subject to policy minimum premium)	= \$195

Note: Each discount and charge is to be rounded to the nearest dollar before being subtracted from or added to the basic premium.

**RENTERS
\$500 ALL-PERIL DEDUCTIBLE
\$100,000 LIABILITY; \$1,000 MEDICAL PAYMENTS**

Premium = Zone Base Rate X Subzone Factor X Construction Factor X Amount Factor X Risk Amount / \$30,000

ZONE BASE RATES

Zone	Rate
10	\$145.44
13	\$269.01
25	\$252.75
30	\$193.61

**RENTERS
\$500 ALL-PERIL DEDUCTIBLE
\$100,000 LIABILITY; \$1,000 MEDICAL PAYMENTS**

Premium = Zone Base Rate X Subzone Factor X Construction Factor X Amount Factor X Risk Amount / \$30,000

SUBZONE FACTORS

Subzone	Factor
All	1.000

**RENTERS
\$500 ALL-PERIL DEDUCTIBLE
\$100,000 LIABILITY; \$1,000 MEDICAL PAYMENTS**

Premium = Zone Base Rate X Subzone Factor X Construction Factor X Amount Factor X Risk Amount / \$30,000

CONSTRUCTION FACTORS

Construction	Factor
All	1.000

**RENTERS
\$500 ALL-PERIL DEDUCTIBLE
\$100,000 LIABILITY; \$1,000 MEDICAL PAYMENTS**

Premium = Zone Base Rate X Subzone Factor X Construction Factor X Amount Factor X Risk Amount / \$30,000

RISK AMOUNT FACTORS

Risk Amount	Factor
\$2,000	5.319
\$4,000	3.546
\$6,000	2.660
\$8,000	2.189
\$10,000	1.900
\$12,000	1.700
\$14,000	1.500
\$16,000	1.370
\$18,000	1.270
\$20,000	1.200
\$22,000	1.150
\$24,000	1.100
\$26,000	1.060
\$28,000	1.030
\$30,000	1.000
\$35,000	0.930
\$40,000	0.870
\$45,000	0.830
\$50,000	0.800
\$55,000	0.780
\$60,000	0.760
\$65,000	0.740
\$70,000	0.720
\$75,000	0.700
\$80,000	0.680
\$85,000	0.670
\$90,000	0.660
\$95,000	0.650
\$100,000	0.640
\$125,000	0.600
\$150,000	0.570
\$175,000	0.550
\$200,000	0.530

RENTERS

Risk Amount	Factor
\$225,000	0.511
\$250,000	0.505
\$275,000	0.501
\$300,000	0.497

Each Additional	Factor
\$1,000	0.451

For risk amounts between those shown above, interpolate to derive the appropriate factor.

CONDOMINIUM UNITOWNERS

This section provides details on coverages and rating for the Condominium Unitowners policy form, including the information necessary to develop the basic premiums.

COVERAGES - CONDOMINIUM UNITOWNERS

The policy contains two sections, each with various coverages.

A. Section I - Physical Damage Coverages

Coverages	Details	Minimums or Amounts
Coverage A - Dwelling	Applies to building property	30% of Coverage B amount (\$1,000 min.)
Coverage B - Personal Property	Applies to personal property	Based on personal property value
Types of Personal Property	Computers and Equipment	\$5,000
	Money, Bank Notes, and Coins	\$200
	Property used in a business	\$1,000 on premises (\$250 off premises)
	Securities, Accounts, and Deeds	\$1,000
	Watercraft and Equipment	\$1,000
	Trailers not used with Watercraft	\$1,000
	Jewelry and Furs (Theft)	\$1,000
	Stamps, Trading Cards, and Comic Books	\$2,500
	Firearms (Theft)	\$2,500
	Area Rugs (Theft)	\$10,000 (\$5,000 per item)
	Silverware and Goldware (Theft)	\$2,500
	Coverage C - Loss of Use	Additional Living Expense
Fair Rental Value		Actual loss sustained within 12 months
Coverage D - Loss Assessments		\$1,000
Additional Coverages	Arson Reward	\$1,000
	Collapse	
	Credit Card and Forgery	\$1,000
	Debris Removal	
	Fire Department Service Charge	\$500
	Lock Rekeying	
	Power Interruption	
	Property Removed	
	Refrigerated Products	Coverage B Limit
	Temporary Repairs	
	Trees, Shrubs, and Other Plants	\$500
	Volcanic Action	

CONDOMINIUM UNITOWNERS

Coverage A and B limits are subject to Inflation Coverage. For available options, see the Options section.

B. Section II - Liability Coverages

Coverages	Details	Minimums or Amounts
Coverage L - Personal Liability	Includes Comprehensive Personal Liability	\$100,000 minimum
Coverage M - Medical Payments	Medical Payments to Others	\$1,000 minimum
Additional Coverages	Damage to Property of Others	\$500
	Claim Expenses	
	First Aid Expenses	

For available options, see the Options section.

LOSSES INSURED - CONDOMINIUM UNITOWNERS

Damage to insured's property is covered under Section I of the policy. As indicated in Item 1, there are four coverages under Section I.

- Coverage A - Dwelling
- Coverage B - Personal Property
- Coverage C - Loss of Use
- Coverage D - Loss Assessments

Listed below are the losses that are insured:

- Fire or Lightning
- Windstorm or Hail
- Explosion
- Riot or Civil Commotion
- Aircraft
- Vehicles
- Smoke
- Vandalism or Malicious Mischief
- Breakage of Glass
- Theft
- Falling Objects
- Weight of Ice, Snow or Sleet
- Accidental Discharge of Water or Steam
- Sudden and Accidental Tearing Asunder, Cracking, Bursting or Bulging of Water Heating Systems or Appliances
- Freezing of Plumbing
- Damage from Artificially Generated Electricity

Condominium Unitowners theft coverage on seasonals or units rented or held for rental more than 180 days is limited to burglary coverage. Section II coverage applies on premises only.

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New: 4/15/2010
Renewal: 6/1/2010

CONDOMINIUM UNITOWNERS

Coverages A and D on Condominium Unitowners policies are provided for accidental direct physical loss subject to certain exclusions.

LOSS SETTLEMENT (SECTION I) - CONDOMINIUM UNITOWNERS

Losses for Coverage B are settled on a limited replacement cost less depreciation basis (Loss Settlement Provision B2). Refer to the Options section for available options.

RATING - CONDOMINIUM UNITOWNERS

A. Determine the basic premium.

1. Select the correct ZONE, SUBZONE, and CONSTRUCTION.
2. Develop the value of the property by calculating the Replacement Cost Value of the personal property if Replacement Cost on Personal Property Coverage will be purchased or the Replacement Cost less Depreciation value if not. This value will be the Coverage B amount and the RISK AMOUNT.
3. From the basic rate pages, determine the premium based on the ZONE, SUBZONE, and CONSTRUCTION from Step 1 and the RISK AMOUNT as determined in Step 2.

$$\text{Premium} = \text{Zone Base Rate} \times \text{Subzone Factor} \times \text{Construction Factor} \times \text{Amount Factor} \times \text{Risk Amount} / \text{Base Amount} *$$

* The Base Amount is the Risk Amount which has a factor of 1.000.

Note: For amounts greater than the largest risk amount shown, calculate the premium for the additional amount and add it to the premium for the largest risk amount shown.

4. Apply all applicable basic premium adjustments from the Basic Premium Adjustment section sequentially in the order presented in that section to derive the basic premium.

B. Apply any remaining percentage adjustments for optional coverages to the basic premium.

C. Add any flat dollar adjustments for optional coverages to the basic premium.

D. Premium Calculation Example - Condominium Unitowners Policy

The following example shows the sequence for applying optional discounts, charges, and options (actual premiums/rates were chosen arbitrarily for illustration purposes only).

1. Condominium Unitowners Basic Premium

a. Premium

$$\$120 \times 1.000 \times 1.000 \times 1.732 \times \$40,000 / \$50,000 = \$166.27 \qquad \text{Rounded} = \$166$$

b. CRI Adjustment Factor (0.985)

$$\$166 \times 0.985 = \$163.51 \qquad \text{Rounded} = \$164$$

c. Adjustment for 1-8 weeks rental (10%)

$$\$164 \times 0.10 = \$16.40 \qquad \text{Rounded} = +\$16$$

$$\text{Subtotal} = \$180$$

d. Limited Replacement Cost - Contents Charge (26% \$18 minimum)

CONDOMINIUM UNITOWNERS

$\$180 \times 0.26 = \46.80	<u>Rounded = +\$47</u>
	<u>Subtotal = \$227</u>
e. \$1,000 Deductible Adjustment (-18%)	
$\$227 \times 0.18 = \40.86	<u>Rounded = -\$41</u>
	Basic Premium = \$186
2. Charge for \$2,500 Jewelry and Furs	= +\$17
3. Charge for \$7,500 Additional Loss Assessments Coverage	
a. First \$1,000 (\$10.00 per \$1,000)	
$\$10.00 \times 1.0 = \10.00	Rounded = +\$10
b. Next \$6,500 (\$0.15 per \$1,000)	
$\$0.15 \times 6.5 = \0.98	Rounded = +\$1
4. Charge for \$500,000/\$1,000 Section II	= +\$25
5. Final Premium (subject to policy minimum premium)	= \$239

Note: Each discount and charge is to be rounded to the nearest dollar before being subtracted from or added to the basic premium.

CONDOMINIUM UNITOWNERS

**CONDOMINIUM UNITOWNERS
\$500 ALL-PERIL DEDUCTIBLE
\$100,000 LIABILITY; \$1,000 MEDICAL PAYMENTS**

Premium = Zone Base Rate X Subzone Factor X Construction Factor X Amount Factor X Risk Amount / \$30,000

ZONE BASE RATES

Zone	Rate
10	\$177.93
13	\$177.93
25	\$177.93
30	\$177.93

CONDOMINIUM UNITOWNERS

**CONDOMINIUM UNITOWNERS
\$500 ALL-PERIL DEDUCTIBLE
\$100,000 LIABILITY; \$1,000 MEDICAL PAYMENTS**

Premium = Zone Base Rate X Subzone Factor X Construction Factor X Amount Factor X Risk Amount / \$30,000

SUBZONE FACTORS

Subzone	Factor
All	1.000

CONDOMINIUM UNITOWNERS

CONDOMINIUM UNITOWNERS \$500 ALL-PERIL DEDUCTIBLE \$100,000 LIABILITY; \$1,000 MEDICAL PAYMENTS

Premium = Zone Base Rate X Subzone Factor X Construction Factor X Amount Factor X Risk Amount / \$30,000

CONSTRUCTION FACTORS

Construction	Factor
All	1.000

CONDOMINIUM UNITOWNERS

CONDOMINIUM UNITOWNERS \$500 ALL-PERIL DEDUCTIBLE \$100,000 LIABILITY; \$1,000 MEDICAL PAYMENTS

Premium = Zone Base Rate X Subzone Factor X Construction Factor X Amount Factor X Risk Amount / \$30,000

RISK AMOUNT FACTORS

Risk Amount	Factor
\$2,000	5.374
\$4,000	3.583
\$6,000	2.687
\$8,000	2.200
\$10,000	1.900
\$12,000	1.700
\$14,000	1.500
\$16,000	1.370
\$18,000	1.270
\$20,000	1.200
\$22,000	1.150
\$24,000	1.100
\$26,000	1.060
\$28,000	1.030
\$30,000	1.000
\$35,000	0.930
\$40,000	0.870
\$45,000	0.830
\$50,000	0.800
\$55,000	0.780
\$60,000	0.760
\$65,000	0.740
\$70,000	0.720
\$75,000	0.700
\$80,000	0.680
\$85,000	0.670
\$90,000	0.660
\$95,000	0.650
\$100,000	0.640
\$125,000	0.600
\$150,000	0.570
\$175,000	0.550
\$200,000	0.530

State Farm Fire and Casualty Company
Homeowners
Arkansas

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New: 4/15/2010
Renewal: 6/1/2010

CONDOMINIUM UNITOWNERS

Risk Amount	Factor
\$225,000	0.510
\$250,000	0.500
\$275,000	0.490
\$300,000	0.480

Each Additional	Factor
\$1,000	0.423

For risk amounts between those shown above, interpolate to derive the appropriate factor.

BASIC PREMIUM ADJUSTMENTS

The following adjustments apply to develop the basic premium. If applicable, these basic premium adjustments **must** be applied prior to adjustment for discounts, charges, or options.

The basic premium adjustments shall apply sequentially as presented in this section. Each subsequent adjustment is applied to the previously adjusted premium.

CUSTOMER RATING INDEX (CRI) FACTOR

The basic premium shall be adjusted by the CRI Factor in accordance with the following provisions:

A. New Business Rating

A New Business CRI will be used to determine the CRI Factor when a policy is initially written (see Section D below). The New Business CRI will continue to be used at each renewal in determining the CRI Factor for at least two years after the policy is initially written.

B. Subsequent Rating

At each renewal, beginning at most three years from the initial effective date of the New Business CRI, a Renewal CRI will be used to determine the CRI Factor.

C. CRI Factor

The CRI Factor is determined using the formulas below. The CRI Factor shall be rounded to 3 decimal places and is subject to the specified minimum and maximum factors.

NEW BUSINESS RATING

Policy Form	Formula	Minimum Factor	Maximum Factor
Homeowners	CRI Factor = $1.003^{(5600 - \text{CRI})}$	0.800	2.500
Renters	CRI Factor = $1.003^{(5600 - \text{CRI})}$	0.700	2.500
Condominium Unitowners	CRI Factor = $1.003^{(5600 - \text{CRI})}$	0.800	2.500

SUBSEQUENT RATING

Policy Form	Formula	Minimum Factor	Maximum Factor
Homeowners	CRI Factor = $1.003^{(5600 - \text{CRI})}$	0.800	2.500
Renters	CRI Factor = $1.003^{(5600 - \text{CRI})}$	0.700	2.500
Condominium Unitowners	CRI Factor = $1.003^{(5600 - \text{CRI})}$	0.800	2.500

D. Miscellaneous Provision

BASIC PREMIUM ADJUSTMENTS

If a policy is issued to a named insured to replace a State Farm policy on property currently insured by that person, e.g. due to refinancing of the home, due to a change of effective dates, or due to a Renter's policy address change, the CRI from the former policy will apply. If this was a Renewal CRI, the time requirements in Sections A and B of this rule are waived and Subsequent Rating applies. If this was a New Business CRI, the time requirements in Sections A and B are measured from when the New Business CRI was used initially.

E. Reinstatements

Policies reinstated within 30 days of the date on which coverage ceases will use the CRI applicable when coverage ceased.

BASIC PREMIUM ADJUSTMENTS

INSURANCE TO REPLACEMENT COST (Homeowners Only)

If the dwelling is insured for an amount less than 80% of replacement cost, then the following three adjustments are required:

A. Replacement Cost - Common Construction

Apply the appropriate factor below to the premium for the amount equal to 80% of the dwelling replacement cost (adjusted for preceding basic premium adjustments):

Coverage A/Replacement Cost		Basic Premium Adjustment
At Least	But Less Than	
0.70	0.80	0.89
0.60	0.70	0.87
0.50	0.60	0.85
0.40	0.50	0.82
0.30	0.40	0.79
0.20	0.30	0.75
0.00	0.20	0.70

B. Depreciated Loss Settlement - Contents

The following adjustment applies to the premium developed in A.:

Basic Premium Adjustment
-8%

C. Jewelry and Furs Limitation

Subtract the following from the premium developed above:

Basic Premium Adjustment
-\$12

ACTIVATE: Loss Settlement Provision A2 - Replacement Cost - Common Construction

ACTIVATE: Loss Settlement Provision B2 - Depreciated Loss Settlement (Contents)

ATTACH: Special Limits Endorsement, FE-5258

BASIC PREMIUM ADJUSTMENTS

ROOF SURFACES - WOOD (Homeowners Only)

The basic premiums contemplate standard roof covering materials. This rule recognizes differences in roof covering materials with appropriate adjustments to the basic premium for wood roof surfaces.

Roof Surface	Basic Premium Adjustment
Wood Shake	5%
Wood Shingle	5%

BASIC PREMIUM ADJUSTMENTS

ROOF SURFACES - IMPACT RESISTANT (Homeowners Only)

The basic premiums contemplate standard roof covering materials. This rule recognizes differences in roof covering materials with appropriate adjustments to the basic premium.

Discounts apply only on policies insuring a risk on which new roof covering was installed:

- After 5/31/1996 and the roof covering meets U.L. qualifying standards (or acceptable equivalent testing) **or**
- Rigid roofs (roof materials: concrete tiles, slate, clay tiles, or fiber) meeting qualifying FM or U.L. Standards (or acceptable equivalent testing).

To qualify for the discount:

- Non-metal roof coverings must be replaced (no overlay) with a qualifying roof covering or must be new construction.
- For metal roofs, the following endorsement must be attached:

ATTACH: Exclusion of Cosmetic Loss to Metal Roof Coverings Caused by Hail, FE-8706

Discounts do **not** apply to wood shake, wood shingle, or composition over wood roofs. Discounts also do **not** apply to metal roofs unless FE-8706 is attached.

Class	Basic Premium Adjustment
1	0%
2	0%
3	-9%
4	-12%

BASIC PREMIUM ADJUSTMENTS

CONDOMINIUM UNITOWNERS OCCUPANCY

If the condominium unit has any rental exposure, then the following adjustment applies to the Condominium Unitowners premium:

Number of Weeks Rented or Held for Rental	Basic Premium Adjustment
1 - 8 weeks per year	10%
9 - 12 weeks per year	35%
13 - 26 weeks per year	35%
Over 26 weeks per year but less than 100%	35%

ATTACH: FE-5252, Unitowners Rental to Others Endorsement, if rental is 1-26 weeks

ATTACH: FE-5253, Unitowners Rental/Seasonal Occupancy Endorsement, if rental is over 26 weeks

For seasonal condominium units, rate in accordance with above occupancy and attach FE-5253.

BASIC PREMIUM ADJUSTMENTS

CLAIM RECORD RATING PLAN

The basic premium will be adjusted based upon the combination of consecutive years insured with State Farm and the number of qualified paid claims.

A. Consecutive Years Insured with State Farm

The years with State Farm are determined by the number of consecutive years (ending with the current renewal date) the named insured or spouse has had a State Farm Homeowners, Manufactured Home, or Farm/Ranch policy covering their primary dwelling or contents. Although the number of consecutive years is based on the policy on the primary dwelling or contents, it will also be used for any non-primary residence insured by State Farm.

If an applicant returns within three years of cancellation or expiration, then use the consecutive years insured with State Farm which applied at the time of cancellation or expiration.

B. Number of Qualified Paid Claims in the Last 3 Years

The number of claims is determined by the number of qualified paid claims the policyholder has had in the last 3 years (ending 3 months prior to the current renewal effective date). A qualified claim is considered to be any non-catastrophe or non-weather related claim which results in a paid loss during this 3 year period. Losses which only have payments under Medical Payments coverage, losses which occurred prior to the policyholder's current tenure with State Farm, or losses for which subrogation payments have been received are **not** considered qualified claims.

The number of qualified Section I (Property Coverages) claims may be reduced or eliminated with the selection of a higher deductible. All claims that would not have applied if this higher deductible had been in force at the time of the claim are removed from the total qualified claim count.

The number of qualified Section II (Liability) claims may be reduced or eliminated with the elimination of the exposure which caused the claim.

C. Basic Premium Adjustment

The basic premium will be adjusted according to the table below:

Consecutive Years Insured with State Farm	Basic Premium Adjustment				
	Number of Qualified Paid Claims in the Last 3 Years				
	0	1	2	3	4 +
0 - 2	0%	0%	40%	90%	140%
3 - 5	-5%	-5%	40%	85%	140%
6 - 8	-10%	-10%	35%	85%	140%
9 +	-15%	-15%	20%	70%	140%

HOME/AUTO DISCOUNT

The basic premium shall be reduced by the following if the named insured is also the named insured on a private passenger automobile policy written as voluntary business by State Farm.

Basic Premium Adjustment
-20%

Note: The following vehicles are not qualifying policies for this discount:

- Motor homes, Truck or Van Campers (Recreational Use)
- Motorcycles, Motorscooters, and Motorized bicycles
- Antique and Classic Automobiles and Replicas
- Fleets insured under the provisions of the Experience Rating Plan
- Recreational vehicles
- Driver Training Automobiles
- Funeral Directors' Automobiles
- Automobiles Leased to United States Government Agencies
- Named Non-Owner and Employers Non-Ownership Liability/Hired Cars

BASIC PREMIUM ADJUSTMENTS

UTILITIES RATING PLAN (Homeowners Only)

The following adjustment applies to the basic premium depending on the calendar year that the dwelling was completed and first occupied **or** the calendar year that utilities were updated. If the year first occupied is different than the year completed, the later year is used in determination of the applicable premium adjustment. If the utilities were updated in different years, then the premium adjustment is based on the earliest year in which any one of the utilities was updated.

For utilities to be considered completely updated and qualify for the discount, **all** of the following must be updated by qualified contractors with all work conforming to local code requirements:

- A. Plumbing - improvements should include the installation of new water lines within the structure and plumbing fixtures.
- B. Electrical service - improvements should include the replacement of fuse or breaker boxes, switches, fixtures, and wiring.
- C. Heating and cooling system - improvements should include furnace and air-conditioning replacement, or replacement of burners on furnaces and compressors on central air-conditioning systems.

For Homes Completed and Occupied or Utilities Updated	Basic Premium Adjustment
During current calendar year	-38%
One year preceding current calendar year	-34%
Two years preceding current calendar year	-30%
Three years preceding current calendar year	-26%
Four years preceding current calendar year	-22%
Five years preceding current calendar year	-18%
Six years preceding current calendar year	-14%
Seven years preceding current calendar year	-10%
Eight years preceding current calendar year	-5%
Nine years or more preceding current calendar year	0%

Note: A dwelling under construction shall receive the same discount as would a home completed and occupied during the current calendar year. The Coverage A amount for a dwelling under construction should equal 100% of the completed dwelling replacement cost.

ATTACH: Valuation Endorsement, FE-7347

BASIC PREMIUM ADJUSTMENTS

HOME ALERT PROTECTION

The following discounts apply to the basic premium for fire and burglary prevention efforts by the policyholder:

Description	Basic Premium Adjustment	
	Renters and Condominium Unitowners	Homeowners
Fire or Smoke Local Alarm	-2%	0%
Burglar Alarm System	-3%	0%
Fire or Smoke Detectors which also activate either a digital dialer or a voice synthesized (not tape) telephone dialer	-4%	0%
Fire or Smoke Local Alarm and Burglar Alarm System	-5%	0%
Fire or Smoke Local Alarm, Dead Bolt Locks and Fire Extinguisher	-5%	0%
Fire or Smoke Detectors which also activate either a digital dialer or a voice synthesized (not tape) telephone dialer, Dead Bolt Locks and Fire Extinguisher	-7%	-2%
Burglar Alarm System, Fire or Smoke Local Alarm, Dead Bolt Locks and Fire Extinguisher	-7%	-2%
Fire and/or Burglar Alarm reporting to either Fire Dept., Police Dept. or Central Station, Dead Bolt Locks and Fire Extinguisher	-15%	-10%

Telephone dialer discounts do not apply in areas where dialers are prohibited by ordinance or law.

Only one discount from the above schedule may be applied per policy. No combination of discounts, other than shown, is permitted.

BASIC PREMIUM ADJUSTMENTS

AUTOMATIC SPRINKLER DISCOUNT

The following discounts apply to the basic premium for automatic sprinkler systems in the dwelling:

Description	Basic Premium Adjustment
Automatic sprinklers in all areas including bathrooms, attics, closets, and attached structures	-10%
Automatic sprinklers totally or partially omitted in bathrooms, attics, closets, and attached structures	-5%

The discount applies in addition to any other discount shown in the manual.

LOSS SETTLEMENT - PERSONAL PROPERTY

A. Homeowners

Losses for personal property are settled on either a limited replacement cost without deduction for depreciation or a depreciated loss settlement basis depending on the insured's coverage selections. The basic Coverage B limit is also based on these coverage selections. The following chart summarizes these options:

Loss Settlement Provision	Basis of Loss Settlement	Coverage B
B1	Limited Replacement Cost	75% of Coverage A
B2	Depreciated Loss Settlement	55% of Coverage A

1. Dwellings insured for at least 80% of replacement cost

When the dwelling is insured for at least 80% of replacement cost, personal property losses are settled according to the Loss Settlement Provision B1. The basic premiums contemplate this coverage, but this basic coverage can be changed to a depreciated loss settlement basis for a premium discount. The selection of depreciated loss settlement coverage also reduces the Coverage B limit from 75% to 55% of the Coverage A limit.

Basic Premium Adjustment
-8%

ACTIVATE: Loss Settlement Provision B2 - Depreciated Loss Settlement

2. Dwellings insured for less than 80% of replacement cost

When the dwelling is insured for less than 80% of replacement cost, personal property losses are settled according to Loss Settlement Provision B2. The basic premiums (after adjustment for Insurance to Replacement Cost) contemplate this coverage. This basic coverage can be changed to a limited replacement cost basis for a premium charge. The selection of limited replacement cost coverage also increases the Coverage B limit from 55% to 75% of the Coverage A limit.

Basic Premium Adjustment	Minimum Adjustment
10%	\$24

ACTIVATE: Loss Settlement Provision B1 - Limited Replacement Cost

B. Renters and Condominium Unitowners

The basic premiums contemplate loss settlement on a replacement cost less depreciation basis (Loss Settlement Provision B2). The Limited Replacement Cost Option is available only when Inflation Coverage applies to the policy.

BASIC PREMIUM ADJUSTMENTS

The additional premium for this coverage shall be determined by applying the following percentage charge to the basic premium.

Basic Premium Adjustment	Minimum Adjustment
24%	\$24

ACTIVATE: Loss Settlement Provision B1 - Limited Replacement Cost

BASIC PREMIUM ADJUSTMENTS

REPLACEMENT COST - COMMON CONSTRUCTION (Homeowners Only)

The loss settlement provision for Coverage A may be revised to provide for repair or replacement with commonly used materials. The basic premiums contemplate this coverage if the home is insured for an amount less than 80% of the replacement cost. For homes insured for at least 80% of replacement cost, the following adjustment applies to the basic premium.

Basic Premium Adjustment
-10%

ACTIVATE: *Loss Settlement Provision A2 - Replacement Cost - Common Construction*

BASIC PREMIUM ADJUSTMENTS

DEDUCTIBLES

A. Homeowners

The basic premiums include a \$500 all-peril deductible. For other deductibles, apply the adjustment shown in the tables below, based on the Coverage A amount.

Coverage A Amount of Insurance	Basic Premium Adjustment			
	Policy Deductible			
	1/2%	1% (\$500 Minimum)	2%	3%
\$1 - \$7,499	N/A	-2%	N/A	N/A
\$7,500 - \$14,999	N/A	-2%	N/A	N/A
\$15,000 - \$24,999	N/A	-2%	N/A	N/A
\$25,000 - \$34,999	N/A	-2%	N/A	N/A
\$35,000 - \$44,999	N/A	-2%	N/A	N/A
\$45,000 - \$49,999	N/A	-2%	N/A	N/A
\$50,000 - \$64,999	N/A	-3%	-12%	-17%
\$65,000 - \$74,999	N/A	-5%	-14%	-20%
\$75,000 - \$84,999	N/A	-7%	-16%	-21%
\$85,000 - \$99,999	N/A	-8%	-17%	-22%
\$100,000 - \$104,999	-2%	-10%	-18%	-23%
\$105,000 - \$114,999	-4%	-12%	-19%	-25%
\$115,000 - \$124,999	-5%	-12%	-21%	-26%
\$125,000 - \$134,999	-6%	-14%	-22%	-27%
\$135,000 - \$144,999	-8%	-15%	-23%	-28%
\$145,000 - \$154,999	-9%	-15%	-24%	-29%
\$155,000 - \$164,999	-10%	-16%	-24%	-30%
\$165,000 - \$174,999	-11%	-17%	-25%	-31%
\$175,000 - \$184,999	-12%	-18%	-26%	-31%
\$185,000 - \$194,999	-12%	-19%	-27%	-32%
\$195,000 - \$204,999	-12%	-19%	-27%	-33%
\$205,000 - \$214,999	-13%	-20%	-27%	-33%
\$215,000 - \$224,999	-14%	-20%	-28%	-33%
\$225,000 - \$234,999	-14%	-20%	-28%	-33%
\$235,000 - \$244,999	-15%	-20%	-29%	-33%
\$245,000 - \$274,999	-15%	-20%	-29%	-33%
\$275,000 - \$324,999	-17%	-23%	-31%	-36%
\$325,000 - \$374,999	-18%	-25%	-32%	-37%
\$375,000 - \$424,999	-19%	-25%	-33%	-38%
\$425,000 - \$474,999	-20%	-26%	-33%	-38%
\$475,000 - \$524,999	-21%	-26%	-34%	-39%

BASIC PREMIUM ADJUSTMENTS

Coverage A Amount of Insurance	Basic Premium Adjustment			
	Policy Deductible			
	1/2%	1% (\$500 Minimum)	2%	3%
\$525,000 - \$574,999	-22%	-27%	-35%	-40%
\$575,000 - \$624,999	-22%	-28%	-35%	-40%
\$625,000 - \$674,999	-23%	-28%	-35%	-40%
\$675,000 - \$724,999	-23%	-29%	-36%	-41%
\$725,000 - \$750,000	-23%	-29%	-36%	-41%
\$750,001 - \$781,499	-23%	-29%	-36%	-41%
\$781,500 - \$843,999	-25%	-30%	-36%	-41%
\$844,000 - \$906,499	-25%	-30%	-37%	-41%
\$906,500 - \$968,999	-25%	-30%	-37%	-42%
\$969,000 - \$1,062,499	-25%	-31%	-37%	-42%
\$1,062,500 - \$1,187,499	-26%	-32%	-38%	-43%
\$1,187,500 - \$1,312,499	-26%	-32%	-38%	-43%
\$1,312,500 - \$1,437,499	-26%	-32%	-38%	-43%
\$1,437,500 - \$1,562,499	-26%	-32%	-38%	-43%
\$1,562,500 - \$1,687,499	-26%	-32%	-38%	-43%
\$1,687,500 - \$1,812,499	-27%	-32%	-39%	-43%
\$1,812,500 - \$1,937,499	-27%	-32%	-39%	-43%
\$1,937,500 - \$2,124,999	-27%	-32%	-39%	-43%
\$2,125,000 - \$2,374,999	-27%	-32%	-39%	-43%
\$2,375,000 - \$2,749,999	-27%	-32%	-39%	-43%
\$2,750,000 - \$3,249,999	-27%	-32%	-39%	-43%
\$3,250,000 - \$3,749,999	-27%	-32%	-39%	-43%
\$3,750,000 - \$4,249,999	-27%	-32%	-39%	-43%
\$4,250,000 - \$4,749,999	-28%	-33%	-40%	-44%
\$4,750,000 +	-28%	-33%	-40%	-44%

Coverage A Amount of Insurance	Basic Premium Adjustment									
	Policy Deductible									
	\$500	\$500/1% W&H *	\$1,000	\$1,000/1% W&H *	\$2,000	\$2,500 **	\$3,000 **	\$4,000 **	\$5,000	\$10,000
\$1 - \$7,499	0%	N/A	-10%	N/A	-24%	-26%	-30%	-35%	-41%	-46%
\$7,500 - \$14,999	0%	N/A	-8%	N/A	-22%	-25%	-28%	-34%	-39%	-44%
\$15,000 - \$24,999	0%	N/A	-8%	N/A	-20%	-23%	-26%	-32%	-38%	-44%
\$25,000 - \$34,999	0%	N/A	-8%	N/A	-19%	-22%	-24%	-31%	-34%	-44%
\$35,000 - \$44,999	0%	N/A	-8%	N/A	-19%	-22%	-24%	-29%	-33%	-44%
\$45,000 - \$49,999	0%	N/A	-8%	N/A	-19%	-22%	-24%	-26%	-33%	-44%

State Farm Fire and Casualty Company
Homeowners
Arkansas

BASIC PREMIUM ADJUSTMENTS

Coverage A Amount of Insurance	Basic Premium Adjustment									
	Policy Deductible									
	\$500	\$500/1% W&H *	\$1,000	\$1,000/1% W&H *	\$2,000	\$2,500 **	\$3,000 **	\$4,000 **	\$5,000	\$10,000
\$50,000 - \$64,999	0%	-1%	-8%	N/A	-19%	-22%	-24%	-26%	-30%	-44%
\$65,000 - \$74,999	0%	-2%	-8%	N/A	-18%	-21%	-23%	-26%	-29%	-44%
\$75,000 - \$84,999	0%	-3%	-8%	N/A	-18%	-21%	-23%	-26%	-28%	-44%
\$85,000 - \$99,999	0%	-3%	-8%	N/A	-18%	-20%	-22%	-26%	-28%	-43%
\$100,000 - \$104,999	0%	-4%	-8%	-9%	-17%	-20%	-22%	-26%	-28%	-41%
\$105,000 - \$114,999	0%	-5%	-8%	-10%	-17%	-20%	-22%	-26%	-28%	-41%
\$115,000 - \$124,999	0%	-5%	-8%	-10%	-16%	-19%	-21%	-26%	-28%	-40%
\$125,000 - \$134,999	0%	-6%	-8%	-10%	-16%	-19%	-21%	-26%	-28%	-39%
\$135,000 - \$144,999	0%	-6%	-8%	-11%	-16%	-19%	-21%	-25%	-28%	-37%
\$145,000 - \$154,999	0%	-6%	-8%	-11%	-16%	-19%	-21%	-25%	-28%	-37%
\$155,000 - \$164,999	0%	-6%	-8%	-11%	-16%	-19%	-21%	-25%	-28%	-35%
\$165,000 - \$174,999	0%	-7%	-8%	-12%	-16%	-18%	-21%	-25%	-28%	-35%
\$175,000 - \$184,999	0%	-7%	-8%	-12%	-16%	-18%	-21%	-25%	-28%	-35%
\$185,000 - \$194,999	0%	-8%	-8%	-12%	-16%	-18%	-21%	-25%	-28%	-35%
\$195,000 - \$204,999	0%	-8%	-8%	-12%	-16%	-18%	-21%	-25%	-28%	-35%
\$205,000 - \$214,999	0%	-8%	-8%	-13%	-16%	-18%	-21%	-25%	-28%	-35%
\$215,000 - \$224,999	0%	-8%	-8%	-13%	-16%	-18%	-20%	-25%	-28%	-35%
\$225,000 - \$234,999	0%	-8%	-8%	-13%	-16%	-18%	-20%	-25%	-27%	-35%
\$235,000 - \$244,999	0%	-8%	-8%	-13%	-16%	-18%	-20%	-24%	-27%	-35%
\$245,000 - \$274,999	0%	-8%	-8%	-13%	-16%	-18%	-20%	-24%	-26%	-34%
\$275,000 - \$324,999	0%	-9%	-8%	-14%	-16%	-18%	-20%	-24%	-26%	-34%
\$325,000 - \$374,999	0%	-10%	-8%	-15%	-16%	-18%	-20%	-24%	-26%	-34%

State Farm Fire and Casualty Company
Homeowners
Arkansas

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New: 4/15/2010
Renewal: 6/1/2010

BASIC PREMIUM ADJUSTMENTS

Coverage A Amount of Insurance	Basic Premium Adjustment									
	Policy Deductible									
	\$500	\$500/1% W&H *	\$1,000	\$1,000/1% W&H *	\$2,000	\$2,500 **	\$3,000 **	\$4,000 **	\$5,000	\$10,000
\$375,000 - \$424,999	0%	-10%	-8%	-15%	-16%	-18%	-20%	-24%	-26%	-33%
\$425,000 - \$474,999	0%	-10%	-8%	-15%	-16%	-18%	-20%	-23%	-25%	-33%
\$475,000 - \$524,999	0%	-10%	-8%	-15%	-16%	-18%	-20%	-23%	-25%	-33%
\$525,000 - \$574,999	0%	-11%	-8%	-16%	-16%	-18%	-20%	-23%	-25%	-31%
\$575,000 - \$624,999	0%	-11%	-8%	-16%	-16%	-18%	-20%	-23%	-25%	-31%
\$625,000 - \$674,999	0%	-11%	-8%	-16%	-16%	-18%	-20%	-23%	-25%	-31%
\$675,000 - \$724,999	0%	-12%	-7%	-16%	-16%	-18%	-20%	-23%	-24%	-30%
\$725,000 - \$750,000	0%	-12%	-7%	-16%	-16%	-18%	-19%	-22%	-24%	-30%
\$750,001 - \$781,499	0%	-12%	-7%	-16%	-16%	-18%	-19%	-22%	-24%	-30%
\$781,500 - \$843,999	0%	-12%	-7%	-16%	-15%	-17%	-18%	-21%	-24%	-29%
\$844,000 - \$906,499	0%	-12%	-6%	-16%	-15%	-17%	-18%	-21%	-23%	-29%
\$906,500 - \$968,999	0%	-12%	-6%	-16%	-15%	-17%	-18%	-21%	-23%	-29%
\$969,000 - \$1,062,499	0%	-12%	-6%	-16%	-14%	-16%	-17%	-20%	-22%	-29%
\$1,062,500 - \$1,187,499	0%	-13%	-6%	-16%	-14%	-16%	-17%	-20%	-22%	-28%
\$1,187,500 - \$1,312,499	0%	-13%	-6%	-16%	-14%	-16%	-17%	-20%	-22%	-27%
\$1,312,500 - \$1,437,499	0%	-13%	-5%	-16%	-13%	-15%	-16%	-19%	-21%	-26%
\$1,437,500 - \$1,562,499	0%	-13%	-5%	-16%	-12%	-14%	-16%	-19%	-21%	-26%
\$1,562,500 - \$1,687,499	0%	-13%	-5%	-16%	-11%	-14%	-15%	-18%	-21%	-26%
\$1,687,500 - \$1,812,499	0%	-13%	-5%	-16%	-10%	-13%	-15%	-17%	-20%	-26%
\$1,812,500 - \$1,937,499	0%	-13%	-5%	-16%	-10%	-13%	-14%	-17%	-20%	-26%
\$1,937,500 - \$2,124,999	0%	-13%	-4%	-16%	-9%	-12%	-13%	-17%	-19%	-26%

State Farm Fire and Casualty Company
Homeowners
Arkansas

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New: 4/15/2010
Renewal: 6/1/2010

BASIC PREMIUM ADJUSTMENTS

Coverage A Amount of Insurance	Basic Premium Adjustment									
	Policy Deductible									
	\$500	\$500/1% W&H *	\$1,000	\$1,000/1% W&H *	\$2,000	\$2,500 **	\$3,000 **	\$4,000 **	\$5,000	\$10,000
\$2,125,000 - \$2,374,999	0%	-13%	-4%	-16%	-9%	-12%	-13%	-16%	-19%	-25%
\$2,375,000 - \$2,749,999	0%	-13%	-4%	-16%	-9%	-11%	-12%	-16%	-18%	-25%
\$2,750,000 - \$3,249,999	0%	-13%	-4%	-16%	-8%	-11%	-12%	-15%	-17%	-24%
\$3,250,000 - \$3,749,999	0%	-13%	-3%	-16%	-8%	-10%	-11%	-14%	-16%	-23%
\$3,750,000 - \$4,249,999	0%	-13%	-3%	-16%	-8%	-9%	-10%	-13%	-15%	-22%
\$4,250,000 - \$4,749,999	0%	-13%	-3%	-16%	-7%	-8%	-9%	-12%	-15%	-21%
\$4,750,000 +	0%	-13%	-3%	-16%	-7%	-8%	-9%	-12%	-14%	-20%

* **ATTACH:** Windstorm or Hail Deductible Endorsement, FE-5269

** Renewals Only

B. Renters and Condominium Unitowners

Policy Deductible	Basic Premium Adjustment	Minimum Adjustment	Maximum Adjustment
\$500	0%	Does not apply	Does not apply
\$1,000	-8%	Does not apply	Does not apply
\$1,500	-12%	Does not apply	Does not apply
\$2,000	-15%	Does not apply	Does not apply
\$2,500	-18%	Does not apply	Does not apply
\$3,000	-20%	Does not apply	Does not apply
\$4,000	-23%	Does not apply	Does not apply
\$5,000	-24%	Does not apply	Does not apply

BASIC PREMIUM ADJUSTMENTS

BUILDING ORDINANCE OR LAW COVERAGE (Homeowners Only)

A Homeowners policy provides coverage for contingent liability due to the operation of building laws equal to 10% of the Coverage A limit. Loss under Coverage A will be settled on the basis of any ordinance or law regulating the construction, repair, or demolition of the building. The amount of coverage provided may be increased by application of the following charge to the basic premium:

Percentage of Coverage A Limit	Basic Premium Adjustment	Minimum Adjustment
25%	3%	\$5
50%	8%	\$15

ACTIVATE: Option OL in the Policy

DISCOUNTS, CHARGES, AND OPTIONS

All discounts, charges, and options are to be applied to the basic premium as developed after applicable adjustments from the Basic Premium Adjustments section. Percentage discounts, charges, and options are to be applied to this basic premium prior to any adjustment for flat dollar discounts, charges, and options. The policy minimum premium applies to the policy premium after adjustments for discounts, charges, and options.

ADDITIONAL INSURED

A. Sections I and II - Co-owner or Additional Insured

The interest of a co-owner or another additional insured with an interest only in the residence premises may be covered for no additional premium.

1. Occupant - Co-owner

A Homeowners policy can be issued to the co-owner of a one or two family dwelling if each of the co-owners occupying the building lives in independently separate premises. A separate Homeowners policy can be issued to the other co-owner.

2. Non-occupant - Co-owner

Interests of a non-occupant, other than a contractor, may be covered in the event of joint ownership in the dwelling.

3. Other Additional Insureds

The interest of an additional insured with an interest only in the residence premises may be covered.

ACTIVATE: Option AI in the Policy.

B. Section I only - Contractor

The interest of a contractor in the building may be covered for no additional premium.

ATTACH: Contractors' Interest Endorsement, FE-7302

C. Sections I and II - Association

The interest of a Homeowners/Condominium Association may be covered for no additional premium.

ATTACH: Additional Insured Endorsement (Homeowners/Condominium Associations), FE-5262

D. Section II only - Special Event

The Section II interest of an additional insured arising from a special event may be covered for the following additional fully earned premium.

DISCOUNTS, CHARGES, AND OPTIONS

Liability Limit	Premium
\$100,000	\$25
\$300,000	\$30
\$500,000	\$35
\$1,000,000	\$50
\$2,000,000	\$75
\$3,000,000	\$105
\$4,000,000	\$125
\$5,000,000	\$140

ATTACH: Additional Insured - Special Event Endorsement (Section II), FE-5263

E. Sections I and II - Additional Insured

The interest of an additional insured, not described elsewhere in this section, may be covered for no additional premium.

ATTACH: Additional Insured Endorsement, FE-5267

DISCOUNTS, CHARGES, AND OPTIONS

ADULT FAMILY HOME COVERAGE

When the insured provides adult care services in the dwelling, Section II coverage should be provided. The following additional premiums apply:

<i>Liability Limit</i>		<i>Number of Adults Cared For</i>					
<i>Occurrence</i>	<i>Aggregate</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>
<i>\$100,000</i>	<i>\$100,000</i>	<i>\$60</i>	<i>\$120</i>	<i>\$180</i>	<i>\$280</i>	<i>\$400</i>	<i>\$540</i>
<i>\$300,000</i>	<i>\$300,000</i>	<i>\$65</i>	<i>\$130</i>	<i>\$195</i>	<i>\$300</i>	<i>\$425</i>	<i>\$570</i>

The selected liability limit must coincide with the policy Section II limit. The above charges apply regardless of Medical Payments limits.

To reinstate the aggregate limit, refer to Company.

ATTACH: Adult Family Home Coverage Endorsement, FE-7766

DISCOUNTS, CHARGES, AND OPTIONS

BACK-UP OF SEWERS OR DRAINS

Coverage may be provided for loss caused by water which backs up through sewers or drains including sump pumps, sump pump wells, or any type system designed to remove subsurface water. The following options are available:

BACK-UP OF SEWERS OR DRAINS - \$10,000 Limit/Listed Contents

A coverage limit of \$10,000 is provided for the dwelling and the following personal property items:

- Clothes washers and dryers
- Food freezers and the food in them
- Refrigerators
- Ranges
- Portable dishwashers
- Dehumidifiers

A \$1,000 deductible or the policy deductible, whichever is higher, applies to loss under this endorsement.

Policy Deductible	Premium	
	Renters and Condominium Unitowners	Homeowners
All	\$5	\$15

ATTACH: Back-up of Sewer or Drain Endorsement (\$10,000 Limit), FE-5706

DISCOUNTS, CHARGES, AND OPTIONS

BUSINESS PROPERTY - INCREASED LIMITS

The policy provides \$1,000 on premises coverage and \$250 off premises coverage for personal property intended for use in a business. Coverage for merchandise held as samples or for sale or for delivery is included. Coverage is not provided for electronic data processing equipment or the recording or storage media used with that equipment.

On premises coverage can be increased to \$2,500 or \$5,000 for the following additional premium.

Limit	Premium
\$2,500	\$16
\$5,000	\$22

ACTIVATE: Option BP in the Policy. Limits will be shown on the Declarations Page.

DISCOUNTS, CHARGES, AND OPTIONS

BUSINESS PURSUITS

The Section II Liability protection may be extended to certain occupations. The occupations which may be covered are as follows:

- A. Clerical Office Employees engaged wholly in office work
- B. Salespersons, Collectors, or Messengers
- C. Teachers - including Liability for Corporal Punishment
- D. School Administrators

This coverage does not replace Professional Liability Coverage.

This option does not provide coverage for loss in connection with a business owned or financially controlled by the insured or by a partnership of which the insured is a member.

Only one charge applies per policy.

Liability Limit	Premium
\$100,000	\$7
\$300,000	\$9
\$500,000	\$10
\$1,000,000	\$12
\$2,000,000	\$19
\$3,000,000	\$26
\$4,000,000	\$34
\$5,000,000	\$41

The selected liability limit must coincide with the policy Section II limit. The above charges apply regardless of Medical Payments limits.

ACTIVATE: Option BU in the Policy.

DISCOUNTS, CHARGES, AND OPTIONS

CHILD CARE

When the insured provides babysitting care in the dwelling, Section II coverage should be provided. The following additional premiums apply:

Liability Limit		Number of Children Cared For			
Occurrence	Aggregate	1 - 3	4	5	6
\$100,000	\$100,000	\$60	\$90	\$120	\$150
\$300,000	\$300,000	\$78	\$115	\$155	\$200
\$500,000	\$500,000	\$90	\$135	\$180	\$225
\$1,000,000	\$1,000,000	\$110	\$160	\$220	\$270
\$2,000,000	\$2,000,000	\$176	\$256	\$352	\$432
\$3,000,000	\$3,000,000	\$242	\$352	\$484	\$594
\$4,000,000	\$4,000,000	\$308	\$448	\$616	\$756
\$5,000,000	\$5,000,000	\$374	\$544	\$748	\$918

The selected liability limit must coincide with the policy Section II limit. The above charges apply regardless of Medical Payments limits.

To reinstate the aggregate limit, refer to Company.

ATTACH: Child Care Liability Endorsement, FE-5268

DISCOUNTS, CHARGES, AND OPTIONS

CONDOMINIUMS BUILDING PROPERTY COVERAGE - INCREASED LIMITS

The limit of liability for Condominium Unitowners Building Property (Coverage A) can be increased.

Each Additional \$1,000 - Add:
\$4.00

DISCOUNTS, CHARGES, AND OPTIONS

COVERAGE B - INCREASED LIMITS (Homeowners Only)

The Coverage B amount for personal property can be increased.

Each Additional \$1,000 - Add:
\$0.50

DWELLINGS UNDER CONSTRUCTION

A. Building Materials Theft

Coverage is available for loss by theft of construction materials from the residence premises. A limit of liability of \$5,000 applies per loss, subject to the policy deductible (\$250 minimum). Coverage will be terminated 180 days after its effective date, or when the dwelling is completed, whichever occurs first.

There will be no refund of premium in the event this endorsement is cancelled.

Premium
\$75

ATTACH: Building Materials Theft Endorsement, FE-7531

B. Theft Coverage

Theft coverage in or to a newly constructed dwelling prior to occupancy is available for the following premium. Coverage will not take effect until the dwelling is fully enclosed and capable of being locked.

There will be no refund of premium in the event this endorsement is cancelled.

Premium
\$15

ATTACH: Theft Endorsement, FE-5272

C. Temporary Extension of Coverage (Homeowners Only)

Coverage B and Section II must be extended to the residence where the insured is temporarily residing. Coverage will cease at this temporary residence at the earlier of:

1. The date the new dwelling is occupied.
2. One year from the policy effective date.

There is no charge for this temporary extension.

ATTACH: Dwelling Under Construction Endorsement, FE-7342

DISCOUNTS, CHARGES, AND OPTIONS

EARTHQUAKE DAMAGE ASSUMPTION

Earthquake damage can be covered by the addition of an endorsement. The following provide additional details on this coverage.

EARTHQUAKE DAMAGE ASSUMPTION - RULES

A. Earthquake Zones

Zone	Counties				
1	Crittenden	Mississippi	Poinsett		
2	Clay	Craighead	Cross	Greene	Jackson
	St. Francis	Woodruff			
3	Arkansas	Chicot	Desha	Independence	Jefferson
	Lawrence	Lee	Lonoke	Monroe	Phillips
	Prairie	Randolph	White		
4	Ashley	Bradley	Calhoun	Clark	Cleburne
	Cleveland	Conway	Dallas	Drew	Faulkner
	Fulton	Grant	Hot Spring	Izard	Lincoln
	Ouachita	Perry	Pulaski	Saline	Sharp
	Stone	Van Buren			
5	Remainder of State				

B. Deductible

The earthquake deductible applies separately to Coverage A (Dwelling), Dwelling Extension, Coverage B (Personal Property), and Coverage D (Loss Assessments), subject to a minimum aggregate deductible amount of \$250 in any one occurrence.

Policy Form	Deductible
Homeowners	Percentage of the Coverage A, Coverage B, and Dwelling Extension (other structures) limits of liability (\$250 minimum).
Renters	Percentage of the Coverage B limit of liability (\$250 minimum).
Condominium Unitowners	Percentage of the Coverage A and Coverage B limits of liability (\$250 minimum). A \$100 deductible applies to Coverage D.

C. Exterior Masonry Veneer

DISCOUNTS, CHARGES, AND OPTIONS

The applicable charge for Earthquake Coverage (except for Renters and Condominium Unitowners) depends on whether coverage is provided for exterior masonry veneer.

1. Homeowners
 - a. If coverage **is not** desired for exterior masonry veneer (or if the dwelling has no exterior masonry veneer), attach FE-7575 and use the rates for "excluding exterior masonry veneer".
 - b. If coverage **is** desired for exterior masonry veneer or if the dwelling is of masonry construction, attach FE-7576 and use the rates for "including exterior masonry veneer and masonry".
2. Renters and Condominium Unitowners

Endorsements and rates for these forms are not affected by exterior masonry veneer considerations.

DISCOUNTS, CHARGES, AND OPTIONS

EARTHQUAKE DAMAGE ASSUMPTION - BASIC RATES

The basic rates provide basic package amounts of coverage. The rates shown below apply per \$1,000 of Coverage A for Homeowners and per \$1,000 of Coverage B for Renters and Condominium Unitowners.

HOMEOWNERS

Zone	Deductible	Rate per \$1,000	
		Excluding Exterior Masonry Veneer	Including Exterior Masonry Veneer and Masonry
1	10%	\$1.71	\$1.86
1	15%	\$1.47	\$1.60
1	20%	\$1.25	\$1.36
2	10%	\$1.34	\$1.52
2	15%	\$1.04	\$1.18
2	20%	\$0.81	\$0.92
3	10%	\$0.41	\$0.47
3	15%	\$0.31	\$0.36
3	20%	\$0.24	\$0.28
4	5%	\$0.37	\$0.43
4	10%	\$0.27	\$0.32
4	15%	\$0.21	\$0.24
4	20%	\$0.16	\$0.18
5	5%	\$0.26	\$0.31
5	10%	\$0.19	\$0.23
5	15%	\$0.14	\$0.17
5	20%	\$0.11	\$0.13

RENTERS AND CONDOMINIUM UNITOWNERS

Zone	Deductible	Rate per \$1,000
1	10%	\$1.27
1	15%	\$1.07
1	20%	\$0.90
2	10%	\$1.10
2	15%	\$0.84
2	20%	\$0.65
3	10%	\$0.61
3	15%	\$0.43

DISCOUNTS, CHARGES, AND OPTIONS

Zone	Deductible	Rate per \$1,000
3	20%	\$0.31
4	5%	\$0.63
4	10%	\$0.42
4	15%	\$0.31
4	20%	\$0.23
5	5%	\$0.55
5	10%	\$0.36
5	15%	\$0.25
5	20%	\$0.18

ATTACH: Earthquake Endorsement - Excluding Masonry Veneer, FE-7575 **or** Earthquake Endorsement, FE-7576 (Homeowners)

Note: This premium is fully earned and will not be refunded if FE-7575 or FE-7576 is cancelled.

ATTACH: Earthquake Endorsement, FE-7301 (Renters)

ATTACH: Earthquake Endorsement, FE-7310 (Condominium Unitowners)

DISCOUNTS, CHARGES, AND OPTIONS

EARTHQUAKE DAMAGE ASSUMPTION - INCREASED LIMITS

If higher than basic limits are provided for the following types of coverage, additional charges are made according to all applicable rates shown below. These rates apply only to the increased amount of coverage.

HOMEOWNERS - COVERAGE B

Zone	Deductible	Additional Rate per \$1,000
1	10%	\$0.69
1	15%	\$0.59
1	20%	\$0.50
2	10%	\$0.53
2	15%	\$0.41
2	20%	\$0.32
3	10%	\$0.14
3	15%	\$0.11
3	20%	\$0.08
4	5%	\$0.13
4	10%	\$0.10
4	15%	\$0.07
4	20%	\$0.06
5	5%	\$0.07
5	10%	\$0.05
5	15%	\$0.04
5	20%	\$0.03

HOMEOWNERS - DWELLING EXTENSION

Zone	Deductible	Additional Rate per \$1,000	
		Excluding Exterior Masonry Veneer	Including Exterior Masonry Veneer and Masonry
1	10%	\$0.90	\$1.02
1	15%	\$0.77	\$0.88
1	20%	\$0.66	\$0.75
2	10%	\$0.70	\$0.75
2	15%	\$0.54	\$0.58
2	20%	\$0.42	\$0.45
3	10%	\$0.17	\$0.23

DISCOUNTS, CHARGES, AND OPTIONS

Zone	Deductible	Additional Rate per \$1,000	
		Excluding Exterior Masonry Veneer	Including Exterior Masonry Veneer and Masonry
3	15%	\$0.13	\$0.17
3	20%	\$0.10	\$0.13
4	5%	\$0.17	\$0.20
4	10%	\$0.13	\$0.15
4	15%	\$0.10	\$0.11
4	20%	\$0.07	\$0.09
5	5%	\$0.09	\$0.13
5	10%	\$0.07	\$0.09
5	15%	\$0.05	\$0.07
5	20%	\$0.04	\$0.05

HOMEOWNERS - LOSS ASSESSMENTS

Zone	Deductible	Additional Rate per \$1,000	
		Excluding Exterior Masonry Veneer	Including Exterior Masonry Veneer and Masonry
1	10%	\$0.74	\$0.87
1	15%	\$0.64	\$0.75
1	20%	\$0.54	\$0.63
2	10%	\$0.58	\$0.71
2	15%	\$0.45	\$0.55
2	20%	\$0.35	\$0.43
3	10%	\$0.28	\$0.33
3	15%	\$0.21	\$0.25
3	20%	\$0.16	\$0.19
4	5%	\$0.30	\$0.36
4	10%	\$0.20	\$0.24
4	15%	\$0.15	\$0.18
4	20%	\$0.11	\$0.14
5	5%	\$0.26	\$0.33
5	10%	\$0.18	\$0.21
5	15%	\$0.13	\$0.16
5	20%	\$0.10	\$0.12

DISCOUNTS, CHARGES, AND OPTIONS

CONDOMINIUM UNITOWNERS - COVERAGE A

Zone	Deductible	Additional Rate per \$1,000
1	10%	\$1.27
1	15%	\$1.06
1	20%	\$0.89
2	10%	\$0.73
2	15%	\$0.56
2	20%	\$0.43
3	10%	\$0.20
3	15%	\$0.15
3	20%	\$0.10
4	5%	\$0.14
4	10%	\$0.09
4	15%	\$0.07
4	20%	\$0.05
5	5%	\$0.06
5	10%	\$0.04
5	15%	\$0.03
5	20%	\$0.02

DISCOUNTS, CHARGES, AND OPTIONS

EARTHQUAKE DAMAGE ASSUMPTION - YEAR BUILT ADJUSTMENT

Apply the following factor to the basic Homeowners earthquake premium based upon the age of the dwelling.

Construction Description	Year Built			
	Prior to 1940	1940 - 1949	1950 - 1979	1980 - 1989
Excluding Exterior Masonry Veneer	1.25	1.20	1.20	1.15
Including Exterior Masonry Veneer and Masonry	1.95	1.40	1.20	1.10

DISCOUNTS, CHARGES, AND OPTIONS

FIRE DEPARTMENT SERVICE CHARGE

The Homeowners policy includes a Fire Department Service Charge limit of \$500. Increased limits may be purchased as follows:

<i>Fire Department Service Charge Limit</i>	<i>Premium</i>
<i>\$1,000</i>	<i>\$10</i>
<i>\$1,500</i>	<i>\$20</i>
<i>\$2,000</i>	<i>\$30</i>

ATTACH: *Fire Department Service Charge Increase Endorsement (\$1,000 Limit), FE-7473, or*

ATTACH: *Fire Department Service Charge Increase Endorsement (\$1,500 Limit), FE-7474, or*

ATTACH: *Fire Department Service Charge Increase Endorsement (\$2,000 Limit), FE-7475*

DISCOUNTS, CHARGES, AND OPTIONS

FIREARMS

The policy provides named peril coverage with a \$2,500 limit on loss by theft of Firearms. Coverage for accidental direct physical loss may be written to provide broader coverage and increase the limit as follows:

Limits for Loss by the Following Perils	Limit Any One Article	Total
Theft	\$2,500	\$5,000
Coverage B Perils (other than Theft)	Coverage B Limit plus \$5,000	Coverage B Limit plus \$5,000
All Other Covered Perils	\$2,500	\$5,000

The following additional premium applies:

Premium
\$12

ACTIVATE: Option FA in the Policy. Limits will be shown on the Declarations Page.

DISCOUNTS, CHARGES, AND OPTIONS

HOME COMPUTERS

The policy provides \$5,000 coverage on electronic data processing equipment including the recording and storage media used with that equipment. This coverage applies to equipment primarily used on premises regardless of whether it is used in a business. Coverage is included for recording or storage media which can be replaced with other of like kind and quality on the open retail market.

This limit can be increased to \$10,000.

Premium
\$15

ACTIVATE: Option HC in the Policy. The limit will be shown on the Declarations Page.

DISCOUNTS, CHARGES, AND OPTIONS

IDENTITY RESTORATION

Coverage may be provided to assist an insured whose identity has been used for fraudulent purposes. There will be no deductible applied to the loss under this endorsement.

Limit	Premium
\$25,000	\$25

The premium developed for Identity Restoration coverage is excluded from the minimum premium calculation.

ATTACH: Identity Restoration Coverage Endorsement, FE-3301

DISCOUNTS, CHARGES, AND OPTIONS

INCIDENTAL BUSINESS

If the insured maintains an incidental office, or a professional or private school or studio in the dwelling, Option IO should be activated. This option provides **additional** Section I coverage of \$5,000 on premises and \$1,000 off premises for equipment, supplies, and furnishings usual and incidental to the business occupancy. No coverage is provided under this option for computers and equipment or merchandise held as samples or for sale.

In addition, Section II coverage is provided for the incidental business. This coverage does not replace professional liability coverage.

The following premiums apply:

Liability Limit	Premium
\$100,000	\$23
\$300,000	\$26
\$500,000	\$29
\$1,000,000	\$34
\$2,000,000	\$54
\$3,000,000	\$75
\$4,000,000	\$95
\$5,000,000	\$116

The selected liability limit must coincide with the policy Section II limit. The above charges apply regardless of Medical Payments limits.

ACTIVATE: Option IO in the Policy.

DISCOUNTS, CHARGES, AND OPTIONS

JEWELRY AND FURS

For gold and silver (other than goldware and silverware), platinum, jewelry, precious and semi-precious stones, watches and furs, three coverages are available as described below:

- Named peril coverage with a \$200 limit on gold, silver, and platinum (other than goldware and silverware) and a \$1,000 limit on loss by theft of jewelry, precious and semi-precious stones, watches and furs.
- Accidental direct physical loss coverage/\$2,500 Option JF limit - see chart below.
- Accidental direct physical loss coverage/\$5,000 Option JF limit - see chart below.

Limits for Loss by the Following Perils	\$2,500 Option JF		\$5,000 Option JF	
	Limit Any One Article	Total	Limit Any One Article	Total
Theft	\$1,500	\$2,500	\$2,500	\$5,000
Coverage B Perils (other than Theft)	Coverage B Limit plus \$2,500	Coverage B Limit plus \$2,500	Coverage B Limit plus \$5,000	Coverage B Limit plus \$5,000
All Other Covered Perils	\$1,500	\$2,500	\$2,500	\$5,000

1. Named Peril Coverage (\$1,000 Theft Limit) - Homeowners Only

For dwellings which are insured for at least 80% of replacement cost, accidental direct physical loss coverage with a \$2,500 theft limit is provided as part of the basic premium. This coverage can be reduced to a named peril basis with a \$1,000 limit on theft for the following premium adjustment. The basic premium for Homeowners policies which are insured for an amount less than 80% of replacement cost and for Renters and Condominium Unitowners reflect the Named Peril (\$1,000 Theft Limit) Coverage - no adjustment applies.

Premium Adjustment
-\$12

ATTACH: Special Limits Endorsement, FE-5258

2. \$2,500 Limit

For Homeowners policies insured for less than 80% of replacement cost and Renters and Condominium Unitowners policies, the basic Named Peril (\$1,000 Theft Limit) coverage can be broadened to an accidental direct physical loss basis (\$2,500 Theft Limit) for the following premium. For a Homeowners policy, if the dwelling is insured for at least 80% of replacement cost, then this coverage is provided as part of the basic premium - no adjustment applies.

Premium

DISCOUNTS, CHARGES, AND OPTIONS

\$20

ACTIVATE: Option JF in the Policy. Limits will be shown on the Declarations Page.

3. \$5,000 Limit

Premium	
Homeowners (insured for less than 80% of Replacement Cost), Renters, Condominium Unitowners	Homeowners (insured for at least 80% of Replacement Cost)
\$40	\$20

ACTIVATE: Option JF in the Policy. Limits will be shown on the Declarations Page.

DISCOUNTS, CHARGES, AND OPTIONS

JOINT OWNERSHIP - SEASONAL DWELLINGS (Homeowners Only)

Homeowners coverage may be provided on jointly owned seasonal dwellings subject to the following limitations:

- Coverage B is limited to property owned by the named insureds which is used solely in conjunction with the premises and while on the residence premises.
- Section II Liability and Medical Payments to Others is limited to the premises only.

ATTACH: Joint Ownership Endorsement, FE-7566

DISCOUNTS, CHARGES, AND OPTIONS

JOINT UNITOWNERS (Condominium Unitowners Only)

Providing Homeowners coverage on joint unitowners may dictate the attachment of this endorsement which limits coverage in the following areas:

- Coverage B is restricted to property owned by the named insureds which is used solely in conjunction with the premises and while on the residence premises.
- Section II Liability and Medical Payments to Others is restricted to the premises only.

ATTACH: Joint Unitowners Endorsement, FE-7482

LOSS ASSESSMENTS

A. Homeowners

If the insured is a member of a Homeowners Association, coverage may be purchased for the insured's portion of an assessment against all members of the Association. Coverage applies when the assessment is made in accordance with the governing rules of the Association as a result of:

1. A direct loss to commonly owned property caused by a peril covered under Section I of the policy.
2. An occurrence to which Section II would apply.
3. Damages which the Association may be obligated to pay due to personal injury.

If an earthquake endorsement is attached to the policy, it also applies to this coverage. In this case, a separate charge for Earthquake Loss Assessments must also be made under Earthquake Coverage.

RATES PER \$1,000

Coverage D Amount		
First \$5,000	Next \$20,000	Next \$75,000
\$0.50	\$0.25	<i>\$0.10</i>

ATTACH: Coverage D Loss Assessment Endorsement, FE-5256

B. Condominium Unitowners

The limit of liability for Loss Assessments Coverage (Coverage D) may be increased. The following rates apply:

RATES PER \$1,000

Additional Amount		
First \$1,000	Next \$24,000	Next \$75,000
\$10.00	\$0.15	<i>\$0.10</i>

DISCOUNTS, CHARGES, AND OPTIONS

MEDICAL PAYMENTS - OPTIONAL LIMITS

For other than basic limits, apply the following premium adjustments.

Medical Payments Limit	Premium
\$1,000	Basic
\$2,000	\$3
\$3,000	\$5
\$4,000*	\$7
\$5,000	\$9
\$6,000	\$11
\$7,000	\$12
\$8,000	\$13
\$9,000	\$14
\$10,000	\$15

*Renewals Only

DISCOUNTS, CHARGES, AND OPTIONS

NURSES' PROFESSIONAL LIABILITY COVERAGE

Liability arising out of nursing activities as a registered nurse, a licensed practical nurse, or a licensed vocational nurse can be covered by the addition of an endorsement.

Only one charge applies per policy.

Liability Limit		Premium
Occurrence	Aggregate	
\$100,000	\$100,000	\$40
\$300,000	\$300,000	\$45
\$500,000	\$500,000	\$50
\$1,000,000	\$1,000,000	\$60
\$2,000,000	\$2,000,000	\$96
\$3,000,000	\$3,000,000	\$132
\$4,000,000	\$4,000,000	\$168
\$5,000,000	\$5,000,000	\$204

The selected liability limit must coincide with the policy Section II limit. To reinstate the aggregate limit, refer to Company.

ATTACH: Nurses' Professional Liability Insurance Endorsement, FE-5257

OFF PREMISES STRUCTURES

A. Coverage may be extended to include structures which are located off premises. Coverage will be provided on an actual cash value basis. Coverage will **not** apply to:

1. Off-premises dwellings, whether or not owner-occupied.
2. Buildings used in whole or in part for business purposes.
3. Buildings which are rented or held for rental unless used solely as a private garage.
4. Structures which were intended for use as a dwelling when originally constructed.
5. Buildings not permanently attached to or otherwise forming a part of the realty.

Premium
\$35

B. Homeowners

Coverage is provided for "accidental direct physical loss". This endorsement does not increase the coverage amount applying to Other Structures. If the total value of Other Structures both on and off premises exceeds 10% of Coverage A, the Dwelling Extension limit may be increased using rates shown for Other Structures - Increased Limits.

ATTACH: Off-Premises Structures Endorsement, FE-5255

C. Renters and Condominium Unitowners

Coverage is provided on the same named peril basis as is currently provided under Coverage B. This endorsement provides a maximum \$15,000 limit of liability. If the total value of Other Structures Off Premises exceeds that amount, refer to Company.

ATTACH: Off-Premises Structures Endorsement, FE-5261

DISCOUNTS, CHARGES, AND OPTIONS

OFF PREMISES STRUCTURES - INCREASED LIMITS (Renters and Condominium Unitowners Only)

If the total value of other structures off premises exceeds \$15,000 use the following rate per additional \$1,000 of coverage.

Rate per \$1,000
\$2.50

ATTACH: Off-Premises Structures Endorsement, FE-5433

DISCOUNTS, CHARGES, AND OPTIONS

OTHER STRUCTURES - INCREASED LIMITS (Homeowners Only)

The basic policy provides a limit of liability for other structures equal to 10% of Coverage A. Increased limits can be provided for other structures on the premises. The coverage will be the same as the basic policy and will be rated on the total value of the other structures in excess of 10% of Coverage A.

If an earthquake endorsement is attached to the policy, it applies to this coverage. In this case, a separate charge for Increased Other Structures must also be made under Earthquake Coverage.

Rate per \$1,000
\$2.50

PERSONAL INJURY COVERAGE

Coverage for Personal Injury may be provided under Coverage L - Personal Liability. This coverage includes injury arising out of the following offenses subject to the limitations in the endorsement.

- A. False arrest, detention, imprisonment, eviction, or malicious prosecution
- B. Libel, slander, or defamation of character
- C. Invasion of privacy

The following charges apply per policy.

Liability Limit	Premium
\$100,000	\$10
\$300,000	\$13
\$500,000	\$16
\$1,000,000	\$24
\$2,000,000	\$38
\$3,000,000	\$53
\$4,000,000	\$67
\$5,000,000	\$82

The selected liability limit must coincide with the policy Section II limit.

ATTACH: Personal Injury Endorsement, FE-7468

PERSONAL LIABILITY - OPTIONAL LIMITS

For other than basic limits, apply the following premium adjustments.

Personal Liability Limit	Premium
\$100,000	Basic
\$300,000	\$10
\$500,000	\$17
\$1,000,000	\$35
\$2,000,000	\$53
\$3,000,000	\$74
\$4,000,000	\$88
\$5,000,000	\$98

Limits for all Section II coverages must be equal. The Section II limits for the following coverages should be reviewed if applicable.

1. Incidental Business
2. Child Care
3. Business Pursuits
4. Nurses' Professional Liability
5. Personal Injury
6. Adult Family Home Coverage

DISCOUNTS, CHARGES, AND OPTIONS

RENTAL PERSONAL PROPERTY

Coverage may be provided under Coverage B for property rented or held for rental with the residence premises. Theft coverage for rental property under this endorsement is limited to burglary coverage.

Premium
\$9

ATTACH: Rented Personal Property Endorsement, FE-7453

DISCOUNTS, CHARGES, AND OPTIONS

SILVERWARE AND GOLDWARE

The policy provides named peril coverage with a \$2,500 limit of loss by theft of Silverware and Goldware. This special limit may be increased in increments of \$2,500 for the following additional premiums.

Limit for Loss by Theft	Premium
\$5,000	\$10
\$7,500	\$18
\$10,000	\$25

ACTIVATE: Option SG in the Policy. The limit will be shown on the Declarations Page.

DISCOUNTS, CHARGES, AND OPTIONS

SOLID FUEL APPLIANCES

When one or more solid fuel burning appliances are present, a charge applies. These appliances include, but are not limited to, fireplace inserts, furnaces, boilers, wood burning stoves, and coal burning stoves. Conventional masonry fireplaces, factory built fireplaces, and coal furnaces are not included in this class.

Policy Form	Premium
Homeowners	\$20
Renters and Condominium Unitowners	\$10

DISCOUNTS, CHARGES, AND OPTIONS

VACANCY COVERAGE

The policy limits coverage for vandalism and glass breakage if the dwelling has been vacant for over 30 days. For an additional fully earned premium, the limitations may be deleted. The following premium will not be refunded if this endorsement is cancelled.

Premium
\$45

ATTACH: Vacancy Endorsement, FE-7470

DISCOUNTS, CHARGES, AND OPTIONS

WATERBED LIABILITY COVERAGE

A policy may be endorsed to pay up to the Coverage L limit of liability all sums for which any insured is legally liable to pay for damage to property of others caused by or arising out of the ownership, maintenance, or use of the owned waterbed. The following premium applies.

Premium
\$25

ATTACH: Waterbed Liability Endorsement, FE-7448

SERFF Tracking Number: SFMA-126470076 State: Arkansas
 Filing Company: State Farm Fire and Casualty Company State Tracking Number: EFT \$100
 Company Tracking Number: HO-25954
 TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations
 Product Name: HO-25954
 Project Name/Number: HO-25954/HO-25954

Supporting Document Schedules

	Item Status:	Status Date:
Satisfied - Item: H-1 Homeowners Abstract	Filed	03/01/2010
Comments:		
Attachment: AR HO Filing - FORM H-1 Homewoner's abstract.pdf		

	Item Status:	Status Date:
Satisfied - Item: HPCS-Homeowners Premium Comparison Survey	Filed	03/01/2010
Comments:		
Attachment: AR HO Filing - HO Survey FORM HPCS.xls		

	Item Status:	Status Date:
Satisfied - Item: NAIC loss cost data entry document	Filed	03/01/2010
Comments:		
Attachment: AR HO Filing - FORM RF-1 Rate Filing Abstract.pdf		

	Item Status:	Status Date:
Satisfied - Item: Memo and Exhibits	Filed	03/01/2010
Comments:		
Attachments: AR HO Filing Memo and Exhibits (Eff. 4-15-10).pdf Homeowners Loss Mitigation Exhibit.pdf		

	Item Status:	Status Date:

SERFF Tracking Number: SFMA-126470076 State: Arkansas
Filing Company: State Farm Fire and Casualty Company State Tracking Number: EFT \$100
Company Tracking Number: HO-25954
TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations
Product Name: HO-25954
Project Name/Number: HO-25954/HO-25954
Satisfied - Item: Response and Supplemental Exhibits Filed 03/01/2010

Comments:

Attachments:

- Response to 1-27-10 HO Questions.pdf
- Response to HO - Supplemental Exhibits.pdf
- Response to HO - RF-1 Rate Filing Abstract.pdf

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 State Farm Fire and Casualty Company

NAIC No. 25143

Group No. 176

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

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. N/A

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. N/A

4. If you use an Inflation Guard form or similar type of coverage, describe the coverage(s) and estimate the impact. Changes in premium are accounted for in filing Exhibit 2

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

a.	Fire Extinguisher	<u>0 - 15*</u>	%
b.	Burglar Alarm	<u>0 - 15*</u>	%
c.	Smoke Alarm	<u>0 - 15*</u>	%
d.	Insured who has both homeowners and auto with your company	<u>20</u>	%
e.	Deadbolt Locks	<u>0 - 15*</u>	%
f.	Window or Door Locks	<u>N/A</u>	%
g.	Other (specify)		%
	<u>* Credits depend on combination of</u>		%
	<u>protective devices</u>		%

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 homeowner insurance. Indicate the Arkansas premium volume for each form.

Form	Premium Volume
<u>Homeowners</u>	<u>111,353,649</u>
<u>Renters</u>	<u>3,476,491</u>
<u>Condominium Unitowners</u>	<u>773,580</u>

8. Do you write homeowner risks which have aluminum, steel or vinyl siding? Yes

9. If there is a surcharge on risks with wood heat? Yes
If yes, state surcharge \$20 for Non-Tenant, \$10 for Tenant (see filing memorandum for more details)
Does the surcharge apply to conventional fire places? No
If yes, state surcharge _____

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



Signature
Assistant Vice President and Actuary
Title
309-766-2325
Telephone Number

NAIC Number: 25143
 Company Name: State Farm Fire & Casualty Company
 Contact Person: Kathy Popejoy
 Telephone No.: (309) 766-2325
 Email Address: kathy.popejoy.a0qg@statefarm.com
 Effective Date: 4/15/2010 NB 6/1/2010 RB

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

Submit to: Arkansas Insurance Department
 1200 West Third Street
 Little Rock, AR 72201-1904

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

Telephone: 501-371-2800
 Email as an attachment to insurance.pnc@arkansas.gov
 You may also attach to a SERFF filing or submit on a cdr disk

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

Public Protection Class	Dwelling Value	Washington		Baxter		Craighead		St. Francis		Desha		Union		Miller		Sebastian		Pulaski	
		Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame
3	\$80,000	\$967.00	\$1,164.00	\$968.00	\$1,166.00	\$1,133.00	\$1,365.00	\$1,263.00	\$1,522.00	\$1,302.00	\$1,568.00	\$1,042.00	\$1,256.00	\$1,198.00	\$1,443.00	\$972.00	\$1,172.00	\$1,034.00	\$1,246.00
	\$120,000	\$1,147.00	\$1,382.00	\$1,149.00	\$1,385.00	\$1,344.00	\$1,620.00	\$1,500.00	\$1,807.00	\$1,545.00	\$1,862.00	\$1,237.00	\$1,491.00	\$1,422.00	\$1,713.00	\$1,154.00	\$1,391.00	\$1,228.00	\$1,479.00
	\$160,000	\$1,328.00	\$1,600.00	\$1,330.00	\$1,603.00	\$1,556.00	\$1,875.00	\$1,736.00	\$2,091.00	\$1,789.00	\$2,155.00	\$1,432.00	\$1,725.00	\$1,645.00	\$1,982.00	\$1,336.00	\$1,610.00	\$1,421.00	\$1,712.00
6	\$80,000	\$967.00	\$1,164.00	\$968.00	\$1,166.00	\$1,133.00	\$1,365.00	\$1,263.00	\$1,522.00	\$1,302.00	\$1,568.00	\$1,042.00	\$1,256.00	\$1,198.00	\$1,443.00	\$972.00	\$1,172.00	\$1,034.00	\$1,246.00
	\$120,000	\$1,147.00	\$1,382.00	\$1,149.00	\$1,385.00	\$1,344.00	\$1,620.00	\$1,500.00	\$1,807.00	\$1,545.00	\$1,862.00	\$1,237.00	\$1,491.00	\$1,422.00	\$1,713.00	\$1,154.00	\$1,391.00	\$1,228.00	\$1,479.00
	\$160,000	\$1,328.00	\$1,600.00	\$1,330.00	\$1,603.00	\$1,556.00	\$1,875.00	\$1,736.00	\$2,091.00	\$1,789.00	\$2,155.00	\$1,432.00	\$1,725.00	\$1,645.00	\$1,982.00	\$1,336.00	\$1,610.00	\$1,421.00	\$1,712.00
9	\$80,000	\$967.00	\$1,164.00	\$968.00	\$1,166.00	\$1,133.00	\$1,365.00	\$1,263.00	\$1,522.00	\$1,302.00	\$1,568.00	\$1,042.00	\$1,256.00	\$1,198.00	\$1,443.00	\$972.00	\$1,172.00	\$1,034.00	\$1,246.00
	\$120,000	\$1,147.00	\$1,382.00	\$1,149.00	\$1,385.00	\$1,344.00	\$1,620.00	\$1,500.00	\$1,807.00	\$1,545.00	\$1,862.00	\$1,237.00	\$1,491.00	\$1,422.00	\$1,713.00	\$1,154.00	\$1,391.00	\$1,228.00	\$1,479.00
	\$160,000	\$1,328.00	\$1,600.00	\$1,330.00	\$1,603.00	\$1,556.00	\$1,875.00	\$1,736.00	\$2,091.00	\$1,789.00	\$2,155.00	\$1,432.00	\$1,725.00	\$1,645.00	\$1,982.00	\$1,336.00	\$1,610.00	\$1,421.00	\$1,712.00

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	\$75.00	\$75.00	\$75.00	\$75.00	\$100.00	\$100.00	\$131.00	\$131.00	\$131.00	\$131.00	\$131.00	\$131.00	\$131.00	\$131.00	\$131.00	\$75.00	\$75.00	\$131.00	\$131.00
	\$15,000	\$104.00	\$104.00	\$104.00	\$104.00	\$139.00	\$139.00	\$181.00	\$181.00	\$181.00	\$181.00	\$181.00	\$181.00	\$181.00	\$181.00	\$181.00	\$104.00	\$104.00	\$181.00	\$181.00
	\$25,000	\$131.00	\$131.00	\$131.00	\$131.00	\$174.00	\$174.00	\$227.00	\$227.00	\$227.00	\$227.00	\$227.00	\$227.00	\$227.00	\$227.00	\$227.00	\$131.00	\$131.00	\$227.00	\$227.00
6	\$5,000	\$75.00	\$75.00	\$75.00	\$75.00	\$100.00	\$100.00	\$131.00	\$131.00	\$131.00	\$131.00	\$131.00	\$131.00	\$131.00	\$131.00	\$131.00	\$75.00	\$75.00	\$131.00	\$131.00
	\$15,000	\$104.00	\$104.00	\$104.00	\$104.00	\$139.00	\$139.00	\$181.00	\$181.00	\$181.00	\$181.00	\$181.00	\$181.00	\$181.00	\$181.00	\$181.00	\$104.00	\$104.00	\$181.00	\$181.00
	\$25,000	\$131.00	\$131.00	\$131.00	\$131.00	\$174.00	\$174.00	\$227.00	\$227.00	\$227.00	\$227.00	\$227.00	\$227.00	\$227.00	\$227.00	\$227.00	\$131.00	\$131.00	\$227.00	\$227.00
9	\$5,000	\$75.00	\$75.00	\$75.00	\$75.00	\$100.00	\$100.00	\$131.00	\$131.00	\$131.00	\$131.00	\$131.00	\$131.00	\$131.00	\$131.00	\$131.00	\$75.00	\$75.00	\$131.00	\$131.00
	\$15,000	\$104.00	\$104.00	\$104.00	\$104.00	\$139.00	\$139.00	\$181.00	\$181.00	\$181.00	\$181.00	\$181.00	\$181.00	\$181.00	\$181.00	\$181.00	\$104.00	\$104.00	\$181.00	\$181.00
	\$25,000	\$131.00	\$131.00	\$131.00	\$131.00	\$174.00	\$174.00	\$227.00	\$227.00	\$227.00	\$227.00	\$227.00	\$227.00	\$227.00	\$227.00	\$227.00	\$131.00	\$131.00	\$227.00	\$227.00

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

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

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

HO3 and HO4 only

Fire Extinguisher		%	Deadbolt Lock		%
Burglar Alarm	0 to -3%	%	Window Locks		%
Smoke Alarm	0 to -2%	%	\$1,000 Deductible	-10 to -3%	%
			Other (specify)		

EARTHQUAKE INSURANCE

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

ARE YOU CURRENTLY WRITING EARTHQUAKE COVERAGE IN ARKANSAS?	Yes	(yes or no)
WHAT IS YOUR PERCENTAGE DEDUCTIBLE?	10%	%

Zone Brick Frame

NAIC LOSS COST DATA ENTRY DOCUMENT

1.	This filing transmittal is part of Company Tracking #	Filing # HO-25954
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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
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Company Name		Company NAIC Number		
3.	A.	State Farm Fire & Casualty Company	B.	0176-25143

Product Coding Matrix Line of Business (i.e., Type of Insurance)		Product Coding Matrix Line of Insurance (i.e., Sub-type of Insurance)		
4.	A.		B.	

5.			FOR LOSS COSTS ONLY				
(A) COVERAGE (See Instructions)	(B) Indicated % Rate Level Change	(C) Requested % Rate Level Change	(D) Expected Loss Ratio	(E) Loss Cost Modification Factor	(F) Selected Loss Cost Multiplier	(G) Expense Constant (If Applicable)	(H) Co. Current Loss Cost Multiplier
Homeowners Multi-Peril	7.8%	7.7%					
TOTAL OVERALL EFFECT	7.8%	7.7%	N/A	N/A	N/A	N/A	N/A

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	137,241	-9.1	3/15/05	102,134	53,436	52%	90%
2006	139,796	0.0	5/15/06	105,033	92,651	88%	61%
2007	141,730	-1.8	6/01/07	111,567	52,968	48%	65%
2007	141,730	-1.1	10/15/07	111,567	52,968	48%	65%
2008	145,840	1.6	6/01/08	113,842	193,999	170%	96%
11/2009	148,333	9.0	4/15/09	110,151	146,132	133%	80%

7.	
Expense Constants	Selected Provisions
A. Total Production Expense	20.1
B. General Expense	2.3
C. Taxes, License & Fees	3.2
D. Underwriting Profit & Contingencies	7.0
E. Other (explain)	
F. TOTAL	32.6

- 8.** N Apply Lost Cost Factors to Future filings? (Y or N)
- 9.** +45% Estimated Maximum Rate Increase for any Insured (%). Territory (if applicable): _____
- 10.** -14% Estimated Maximum Rate Decrease for any Insured (%) Territory (if applicable): _____

STATE FARM FIRE AND CASUALTY COMPANY
Arkansas Homeowners Program
Filing Memorandum
Proposed Effective Dates: 04-15-2010 New Business
06-01-2010 Renewal Business

I. Indicated Rate Change and Rate Revision

Attached for your review is our methodology for forecasting premiums, losses, and expenses to arrive at an indicated change (see Exhibits 1-7). The result of the procedure is a 7.8% overall indicated change. This filing represents a proposed 7.7% overall increase for the Arkansas Homeowners Program. The loss experience by year is shown in Exhibit 8.

II. Summary of Indications and Changes by Form

Shown below are the indicated changes by Form and the overall changes.

Policy Form	Indicated Rate Change	Summary Of Changes
Homeowners	7.9%	7.8%
Renters	7.2%	4.8%
Condominium Unitowners	2.0%	0.0%
Homeowners Program	7.8%	7.7%

Exhibit 9 shows the development of the indicated changes by Form.

III. Homeowners Program Changes

A. Subzone Definitions

We are revising our current subzone definitions based on a complete analysis of loss experience by ZIP Code. In cases where a ZIP Code is split between more than one zone, the loss experience was considered separately for each subdivision. These unique ZIP Code/zone combinations are hereafter referred to as defined areas. Renters and Condominium Unitowners premiums do not vary by subzone.

To determine the indicated subzone assignments, we reviewed non-catastrophe, non-wind/hail loss experience for each defined area. We credibility-weighted each area's experience with the experience of surrounding areas and incorporated provisions for non-catastrophe wind/hail losses, catastrophes, and expenses to determine the indicated base rates. We also used the current base rate as a final complement of credibility when the defined and surrounding areas' experience wasn't fully credible. The indicated base rates were then indexed to their corresponding zone average indicated base rate to determine the appropriate subzone assignment based on the subzone rate differentials.

In order to minimize the rate impact for individual policyholders, we plan to move toward the indicated subzone structure by limiting the changes from this procedure to + or – 10% when possible. Therefore, the selected subzone assignments may differ from the indicated assignments to reflect those limitations.

Please see the manual pages for the new subzone definitions.

B. Solid Fuel Application

We are introducing a flat dollar charge for appliances burning wood or other solid fuels, such as a wood burning stove. Traditional wood burning fireplaces are not given a separate charge. The charge will be \$20 for Non-Tenant policies and \$10 for Renters and Condominium Unitowners policies.

C. Claim Record Rating Plan

We are revising the Claim Record Rating Plan by moving towards the indicated discounts and charges as follows.

Current

Consecutive Years Insured with State Farm	Basic Premium Adjustment				
	Number of Qualified Paid Claims in the Last 3 Yrs.				
	0	1	2	3	4+
0 – 2	0%	0%	30%	55%	85%
3 – 5	-5%	-5%	30%	55%	85%
6 – 8	-10%	-10%	25%	55%	85%
9+	-15%	-15%	10%	45%	85%

Revised

Consecutive Years Insured with State Farm	Basic Premium Adjustment				
	Number of Qualified Paid Claims in the Last 3 Yrs.				
	0	1	2	3	4+
0 – 2	0%	0%	40%	90%	140%
3 – 5	-5%	-5%	40%	85%	140%
6 – 8	-10%	-10%	35%	85%	140%
9+	-15%	-15%	20%	70%	140%

The indicated discounts and charges are primarily based on a generalized linear model fit to companywide Homeowners experience.

D. Log Construction Definition

A definition of *Log Construction* is being added to the manual. It states that a log construction is: “A dwelling with walls -- and in some cases, structural framing members used to support multiple stories or the roof -- made of logs, i.e. have not been milled into conventional lumber.” The addition of this definition to the manual is simply for clarification purposes, and does not result in any rate impact.

E. Zone Definition Pages

The Zone and Subzone Definition manual pages have been updated to reflect ZIP Code boundary changes and expired ZIP Codes.

F. Adjustment to Form RF-1 – Rate Filing Abstract

With this filing, we are making a change to how we fill out Form RF-1 – Rate Filing Abstract (NAIC Loss Cost Data Entry Document). We are now including Loss Adjustment Expenses in our historical Incurred Losses in the bottom left section of the form. The form asked for Incurred Losses, but we felt including the Loss Adjustment Expenses in that number was appropriate to give the most accurate picture of historical losses.

IV. Homeowners Policy Changes

A. Basic Premium

After including the impact of all other changes in this filing, we are implementing a statewide basic premium change to the zone average indicated base rates, described in the Subzone Definition Changes section above, in order to achieve the average 7.8% rate change for the Homeowners policy form.

B. Amount of Insurance and Deductible

We are adjusting our rate relationships by Coverage A amount and deductible by moving toward the indicated relativities. The indicated rate relationships are primarily based on a generalized linear model fit to companywide Homeowners experience. The indicated relativities were also adjusted to include loss adjustment expenses and fixed expenses. Changes to deductibles are being made to percentage and wind/hail deductibles only and were limited to a 2% cap. We are also expanding our published Risk Amounts and Factors to \$1,500,000.

Please refer to Exhibit 10 for our current and revised amount relativities and Exhibits 11 and 12 for our current and revised deductible discounts and charges.

C. Construction Factors

Based on a companywide analysis, we are adjusting the construction factors as shown below.

Construction Type	Current Factor	Revised Factor
Frame	1.000	1.000
Log	1.050	1.100
Masonry	0.858	0.830
Fire Resistive	0.730	0.710
Masonry Veneer	0.900	0.900

D. Utilities Rating Plan

We are making a wording change to the note on the Utilities Rating Plan rule as follows: “Note: A dwelling under construction shall receive the same discount as would a home completed and occupied during the current calendar year. ATTACH: Valuation Endorsement, FE-7347.” This is a clarification only and does not alter our rating plan.

V. Tenant Policy Changes

A. Basic Premium

After including the impact of all other changes, we are implementing basic premium changes in order to achieve the statewide average 4.8% rate change for the Renters policy form and an average 0.0% rate change for the Condominium Unitowners Policy form. The changes for Renters form vary by zone as shown below. Please refer to Exhibit 13 for a detailed description as to how these indications were developed.

Zone	Indicated Change	Revised Change
10	1.1%	0.0%
13	8.5%	5.8%
25	11.3%	8.5%
30	3.1%	0.5%
Total	7.2%	4.8%

B. Amount of Insurance and Deductible

We are adjusting our rate relationships by amount of insurance and deductible by moving toward the indicated relativities. The indicated rate relationships are primarily based on a generalized linear model fit to companywide Tenant experience. The indicated relativities were also adjusted to include loss adjustment expenses and fixed expenses. We are also expanding our published Risk Amounts and Factors to \$300,000 for the Renters policy form.

Please refer to Exhibit 14 for our current and revised amount relativities and Exhibit 15 for our current and revised deductible discounts and charges.

State Farm Fire and Casualty Company
Arkansas Homeowners
Index of Exhibits

Exhibit	Description
1	Calculation of Indicated Rate Level Adjustment
2	Average Premium Per Policy
3	Non-Cat Average Paid Claim and Claim Frequency
4	Adjustments to Paid Loss Ratio
5	Catastrophe Provision
6	Underwriting Expense Exhibit
7	Provision for Underwriting Profit and Contingencies Total Financial Needs Analysis
8	Gross Underwriting Profit or Loss
9	Indicated Rate Level Adjustment by Form
10	Non-Tenant Current and Revised Amount of Insurance Relativities
11	Non-Tenant Current Deductible Discounts and Charges
12	Non-Tenant Revised Deductible Discounts and Charges
13	Renters Rate Level Adjustment by Zone
14	Tenant Current and Revised Amount of Insurance Relativities
15	Tenant Current and Revised Deductible Discounts and Charges

Exhibit 1
 State Farm Fire and Casualty Company
 Arkansas Homeowners
 Indicated Rate Level Adjustment
 Policies Effective: 4/15/2010 New 6/1/2010 Renewal

Premiums, Losses and Expenses Per Policy Projected To 6/1/2011

	\$Per Policy	% Of Earned Premium
Earned Premium	929.16	100.0
Non-Catastrophe Incurred Losses and Loss Adjustment Expenses	489.54	52.6
Incurred Losses	416.54	44.8
Incurred Loss Adjustment Expenses	73.00	7.8
Catastrophe Losses and Loss Adjustment Expense	192.92	20.8
Total Losses and Loss Adjustment Expenses	682.46	73.4
Total Underwriting Expenses	237.85	25.6
Fixed Expenses	89.77	9.7
Variable Expenses	148.08	15.9
Total Loss and Expenses	920.31	99.0

Indicated Rate Level Adjustment

The Rate Level adjustment is derived by solving the following formula:

$$IC = ((L + F) / (100 - V - P) - 1) * 100$$

where: *IC* = Indicated Change to Rate Level

L = Total Loss and Loss Adjustment Expenses

F = Fixed Expenses

V = Variable Expenses

P = Profit and Contingencies

all expressed as a percent of projected earned premium

Solving the equation using the data shown above and a 7.0% provision for profit and contingencies yields:

$$\begin{aligned}
 IC &= (((73.4 + 9.7) / (100 - 15.9 - 7.0)) - 1) \times 100 \\
 &= ((83.1 / 77.1) - 1) \times 100 \\
 &= (1.078 - 1) * 100 \\
 &= 7.8\% \text{ increase}
 \end{aligned}$$

Exhibit 2
 State Farm Fire and Casualty Company
 Arkansas Homeowners
 Average Premium Per Policy

Premium per policy for the current calendar year is projected by adjusting actual premium writings to current premium levels to reflect items such as changes in rates, inflation and distributions. The resulting current level written premium is then forecast by estimating the effects the same elements (rates, inflation and distribution changes) will have in future years. Written premium per policy and earned premium per policy are projected to the mid-point of the period proposed rates are to be in effect by straight-line interpolation between the appropriate calendar year forecasts.

I. Premium Adjustments

A. Rate Change Adjustment

Rather than assume a uniform distribution of premium writings by month to determine rates at current rate level, we assign a rate change factor by month and apply the factor to monthly written premium distributions.

Actual written premium per policy is adjusted to current rate level in recognition of the following rate changes.

Effective Date		Effect
New	Renewal	
6/1/2008	7/15/2008	1.6
4/15/2009	6/1/2009	9.0

B. Inflation Adjustment

Actual written premium is further adjusted to reflect inflationary changes. Currently, a 1.0% change in policy amount results in a 0.634% change in policy premium.

The anticipated increase in policy amount and the resulting premium increase are shown below for Arkansas.

	2009	2010	2011	2012
Increase in Policy Amount	1.043	1.043	1.043	1.043
Premium Equivalence Factor	0.634	0.634	0.634	0.634
Resulting Effect on Premium	1.027	1.027	1.027	1.027

C. Adjustments For Anticipated Shifts in Distributions

Written premium per policy is further adjusted to recognize any projected changes in our distribution of business that are not reflected in current data or trends.

	2009	2010	2011	2012
Adjustment Factor	0.992	0.993	1.002	1.008

II. Premium Calculations

A. Current Calendar Year

Historical written premium is adjusted to reflect changes in rate level, inflation and distribution to get an estimate of the current calendar year written premium at current level, by month.

Earned premium is estimated by earning the premium written uniformly over a 13-month period with the first and last month each earning 1/24th and the remaining months each earning 1/12th of the premium written. This produces a more accurate estimate of earned premium than can be produced using the traditional parallelogram method.

Our estimate of 2009 premium per policy is: \$892.34.

This estimate reflects latest actual premium per policy adjusted for items such as current rates and inflation.

B. Subsequent Calendar Years

Each subsequent calendar year's written premium is estimated by applying adjustment factors for inflation and distribution changes to written premium distributions by month for the prior year. Since those written premiums have already been adjusted to current rate level no further rate change adjustment is necessary. Earned premium is estimated in the same manner as above.

Year	Prior Year Written Premium Per Policy	Adjustment Factors		Projected Written Premium Per Policy
		Inflation Coverage	Distribution Change	
2010	892.34	1.027	0.993	916.95
2011	916.95	1.027	1.002	946.06
2012	946.06	1.027	1.008	978.68

C. Period of Proposed Rates

The estimated premium per policy of the period that proposed rates are to be in effect is determined via straight-line interpolation between the appropriate calendar years to the mid-point of the annual period the rates are to be in effect. This is analogous to applying current level premium adjustments to the historical earned premium and a projection factor for inflationary effects.

Calendar Year	Projected Written Premium Per Policy	Projected Earned Premium Per Policy
2010	916.95	904.53
2011	946.06	931.37
6/1/2011	943.67	929.16

Exhibit 3
 State Farm Fire and Casualty Company
 Arkansas Homeowners
 Non-Cat All Peril: Frequency, Severity and Pure Premium

Historical Data

Period	Severity	Frequency	Pure Premium
9/2002	3,479	9.24	321.39
12/2002	3,667	8.48	311.00
3/2003	3,880	7.96	308.99
6/2003	4,042	7.36	297.64
9/2003	4,350	6.79	295.46
12/2003	4,344	6.29	273.22
3/2004	4,264	5.80	247.16
6/2004	4,716	5.08	239.51
9/2004	4,915	4.81	236.46
12/2004	4,863	4.81	233.96
3/2005	5,266	4.77	251.30
6/2005	5,239	5.12	268.30
9/2005	5,413	5.24	283.76
12/2005	5,862	5.12	299.91
3/2006	5,753	5.08	291.96
6/2006	5,584	5.27	294.38
9/2006	5,407	5.18	279.96
12/2006	5,498	5.17	284.33
3/2007	5,444	5.59	304.55
6/2007	5,615	5.15	288.99
9/2007	5,768	5.13	295.77
12/2007	5,553	5.34	296.31
3/2008	5,404	5.26	284.44
6/2008	5,762	5.35	308.37
9/2008	6,016	5.55	333.71
12/2008	6,430	5.48	352.17
3/2009	7,075	5.57	394.17
6/2009	7,118	6.18	439.98

Trended Values ❖

28 Point	7,632	5.79	441.89
20 Point	7,239	5.26	380.77
12 Point	8,139	5.41	440.32

Selected Values

Selected	7,450	5.49	409.01
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- ❖ Trended Values represent an ordinary Least Squares trend for Severity. The Frequency value is an average of the points selected. Trended and selected values are for the mid-point of the period that these rates would be in effect (6/1/2011).

The historical and selected Pure Premium figures are shown for All Perils. The selected figures are based on an in-depth analysis of Frequency, Severity and Pure Premium separately for each of the perils of Fire, Wind/Hail, OEC, Crime, Section II (Liability). An analysis by peril reveals trends and highlights abnormal results that cannot be determined in an analysis of All Perils data. The results are summed by peril to determine the selected figures shown. This figure is checked against historical Pure Premium data for reasonableness as shown above. The selected Pure Premium figures are consistent with historical data and recent trends.

Exhibit 4
State Farm Fire and Casualty Company
Arkansas Homeowners
Adjustments to Non-Catastrophe Paid Loss Ratio

I. Factor to Adjust Non-Cat Paid Loss to Non Cat Incurred Loss

Year	Ratio of Non-Cat Incurred Losses to Non-Cat Paid Losses		
2004	1.0534		
2005	1.0152		
2006	0.9686		
2007	1.0408		
2008	1.0293		
06/2009	1.0666		
3 Year Average	1.0129		
5 Year Average	1.0215		
		Paid Loss Per Policy	Incurred Loss Per Policy
Selected 6/1/2011	1.0184	\$409.01	\$416.54

Non-Catastrophe Incurred Losses Projected To 6/1/2011:

\$416.54

II. Factor to Adjust Non-Cat Incurred Losses to Non-Cat Incurred Loss and Loss Adjustment Expense (includes both Allocated and Unallocated Loss Adjustment Expenses)

Year	Non-Catastrophe Loss Adjustment Expenses Divided by Incurred Losses			Incurred Loss Per Policy	Adj. Expense
	A.L.A.E.*	U.L.A.E.*	Total		
2004	0.0167	0.2129	0.2296		
2005	0.0155	0.2054	0.2209		
2006	0.0236	0.2929	0.3165		
2007	0.0182	0.2346	0.2529		
2008	0.0054	0.1618	0.1672		
06/2009	0.0097	0.1402	0.1499		
3 Year Average	0.0157	0.2298	0.2455		
5 year Average	0.0159	0.2215	0.2374		
				Incurred Loss Per Policy	Adj. Expense
Selected 6/1/2011	0.0165	0.1588	0.1753	\$ 416.54	\$ 73.00

Non-Catastrophe Loss Adjustment Expenses Projected To 6/1/2011:

\$ 73.00

* Beginning January 1, 1998, ALAE and ULAE are defined according to the Annual Statement Instructions. ALAE refers to "Claim Adjustment Services" including defense, litigation, and medical cost containment. ULAE refers to all remaining expenses associated with adjusting and recording policy claims.

Exhibit 5
Arkansas Homeowners
Catastrophe Provision

For ratemaking purposes, State Farm removes all catastrophe (CAT) losses from our loss data. Each state's CAT losses are analyzed separately and a CAT provision is developed according to the following procedure and used in the ratemaking formula. In those states with a hurricane exposure, a hurricane provision is developed independently.

I. Amount Of Insurance Years Exposure Base

The Amount of Insurance Years statistic (AIY) measures \$1,000's of building insurance in force for one year. For example, a \$100,000 dwelling insured on January 1st and in force continuously for that year equals 100 Amount of Insurance Years. Amount of Insurance Years reflects changing values and represents an accurate measure of our exposure to catastrophic loss.

II. Catastrophe Provision

A. Weighted CAT Provision

Because catastrophes can be infrequent events, many years of history are needed to determine a provision. Contract changes and changes in the number of policies written in catastrophe prone areas, however, make it prudent to give greater weight to more recent years.

The weighted CAT/AIY is calculated as the weighted average of the latest year's loss per AIY and the previous year's provision. The latest year's data is given a weight of 5%.

In choosing the selected CAT/AIY, appropriate consideration is given to historical data, future conditions, insurance and economic trends, along with other relevant considerations.

B. Trend Factor

A catastrophe trend factor is applied to reflect the upward trend in our CAT ratios over the experience period.

Some reasons for this increasing trend include:

- The leveraging effect of a fixed dollar catastrophe threshold
- An increasing concentration of business in CAT prone areas
- Changes over time in the nature of exposures underlying the catastrophe data

Exhibit 5A shows the development of the trend factor. The trend factor is based on companywide Homeowners data since individual state data lacks credibility.

C. Capping

To provide stability, the annual change in the CAT provision is limited to +/-10%. Each year the CAT provision will be calculated using the actual uncapped experience, but the result will be limited to a change of +/-10% of the prior year's provision.

III. Catastrophe Loss & LAE

The Catastrophe Provision determined above is multiplied by projected AIY per policy to determine the CAT Loss & Loss Adjustment Expense (LAE) per policy used in the indicated change calculation.

Exhibit 5 (continued)

Arkansas Homeowners
Catastrophe Provision

A.	Latest Year's (2008) CAT/AIY	=	6.5953
B.	Previous Year's CAT Provision Prior to capping	=	1.1103
C.	Weighted CAT/AIY = (5% x A) + (95% x B)	=	1.3846
D.	Selected CAT/AIY	=	1.3846
E.	Trend Factor	=	1.023
F.	CAT Provision prior to capping = D x E	=	1.4164
G.	Previous Year's Final CAT Provision	=	1.1103
H.	Selected CAT Provision = F limited to change of +/- 10% of G	=	1.2213
I.	Projected AIY per policy	=	157.96
J.	Catastrophe Loss & LAE per Policy (as of 6/1/2011) = H x I	=	192.92

EXHIBIT 5A
STATE FARM COMPANYWIDE
HOMEOWNERS DATA
DEVELOPMENT OF CATASTROPHE TREND

(1) <u>YEAR</u>	(2) <u>20 YEAR ROLLING AVERAGE CAT/AIY</u>	(3) <u>FITTED CAT/AIY</u>
1989	0.3583	0.3963
1990	0.3838	0.4123
1991	0.4203	0.4283
1992	0.4526	0.4443
1993	0.4739	0.4604
1994	0.4756	0.4764
1995	0.4940	0.4924
1996	0.5295	0.5084
1997	0.5396	0.5244
1998	0.5648	0.5405
1999	0.5663	0.5565
2000	0.5855	0.5725
2001	0.6166	0.5885
2002	0.6195	0.6045
2003	0.6383	0.6206
2004	0.6281	0.6366
2005	0.6223	0.6526
2006	0.6412	0.6686
2007	0.6599	0.6846
2008	0.6993	0.7007
	(4) ANNUAL TREND	2.3%
	(5) SELECTED TREND	2.3%

Exhibit 6
State Farm Fire and Casualty Company
Arkansas Homeowners
Underwriting Expense Exhibit

I. Variable Expense Ratios As a Percent of Earned Premium

<u>Calendar Year</u>	<u>Variable Expense Ratios</u>
2004	16.4%
2005	15.9
2006	15.9
2007	16.6
2008	15.9
3 Year Average	16.1
5 Year Average	16.1
Selected 2009	15.9
Selected 2010	15.9
Selected 2011	15.9
Selected 2012	15.9
Selected at 6/1/2011	15.9%
Variable Expense Per Policy 6/1/2011	\$148.08

II. II Fixed Expenses as Dollars Per Average Policy in Force

<u>Calendar Year</u>	<u>Fixed Expense per Policy</u>
2004	\$83.53
2005	69.40
2006	84.77
2007	80.87
2008	93.94
Selected 2009	88.17
Selected 2010	88.85
Selected 2011	89.85
Selected 2012	90.86
Selected at 6/1/2011	\$89.77

III. Total Expenses Per Policy in Force

Total Variable Expense per policy:	\$148.08
Total Fixed Expense per policy:	<u>+ 89.77</u>
Total Expense per policy:	\$237.85

Exhibit 7

State Farm Fire and Casualty Company Provision for Underwriting Profit and Contingencies

The following analysis demonstrates that the provisions for underwriting profit and contingencies, together with expected investment income, will produce an expected total return after tax for State Farm which is commensurate to that earned by other industries. These earnings provide the only source of funds for its Policyholder Protection Fund (Surplus), which is essential to State Farm's continued growth and financial strength.

Total Financial Needs Analysis

- A. Property and Casualty insurance premiums traditionally include provisions for normally anticipated losses and expenses (including an estimate of expected catastrophe losses) and a combined provision for underwriting profit and contingencies. The contingency provision reflects an allowance in the rates for losses and expenses arising from events which cannot be reasonably foreseen or predicted. It thus represents an allowance for adverse fluctuations from the otherwise expected results. The underwriting profit provision reflects the expected premium in excess of all incurred losses, expenses and contingencies. The need for a contingency element in the rates is generally accepted actuarially and recognized in nearly all rating laws. Over the long term, the contingency element will not be actually realized as an underwriting profit, but will be offset by unanticipated losses and expenses.

State Farm Fire and Casualty Company's underwriting profit, before federal taxes, has averaged -7.2%, -9.6% adjusted for catastrophes, (see Exhibit 7A, Columns (2) and (2a)) in the last twelve years (approximately two underwriting cycles). These results were generated during a period when filed rates generally included a combined provision for underwriting profit and contingencies of 2% to 7%, averaging approximately 4%. Thus the contingency element has recently been averaging in excess of 2% of earned premium.

It is thus reasonable to expect that a 7.0% combined provision for **underwriting profit and contingencies** will produce an actual underwriting profit no more than 5.0%.

- B. **Net Investment Income** (interest, dividends and real estate income) has declined as a percent of mean invested assets from 6.3% in 1996 to 4.3% in 2007 (see Exhibit 7D). Based on an analysis of these decreasing results, it is reasonable to expect a return of 4.5% on invested assets during the time the rates will be in effect.

Capital Gains have fluctuated between -7.6% and 6.6% of mean invested assets over the past twelve years (see Exhibit 7D), with 12 year average of 1.7% and a 24 year average of 1.6%. The expected contribution of capital gains during the period rates will be in effect is 1.5% of invested assets.

Exhibit 7
(Continued)
State Farm Fire and Casualty Company

As a result, the **Net Investment Yield** as a percent of invested assets is expected to be 6.0% (4.5% net investment income plus 1.5% capital gains) during the time rates will be in effect.

- C. **Other Income**, largely service charges for premium installment plans, has averaged 0.3% of earned premium during this period (see Exhibit 7A, Column (3)). The expected other income during the time the rates will be in effect is 0.5%.
- D. All of these income sources combine to yield a total expected insurance operating profit of approximately 9.9% on earned premium, before tax, as summarized in the table on the following page. This includes the expected investment income attributable to unearned and advance premium reserves and that portion of loss and loss adjustment expense reserves resulting from policyholder supplied funds, as well as underwriting profit.

State Farm Fire and Casualty Company is exposed to catastrophic losses well in excess of \$3 billion. Some potential sources for such losses are earthquakes in the New Madrid and the Pacific Northwest areas as well as hurricanes along the Gulf and mid-Atlantic coasts. In recognition of that fact, State Farm Fire and Casualty Company continues to believe that a Policyholder Protection Fund ratio of at least \$0.65 per dollar of earned premium is necessary to adequately protect its policyholders. Although we are using a \$0.65 ratio in this ratemaking analysis, considering the multiplicity, nature and magnitude of risks and needs that we face, it would be appropriate for State Farm Fire and Casualty's surplus to be larger in order to provide the financial strength that is adequate and appropriate for our policyholders today and in the future.

Allowing for the expected investment income attributable to the Policyholder Protection Fund of \$65 per \$100 of earned premium, the expected total return, after tax, is 15.6% as demonstrated in the following table.

Taking into account the equity in the unearned and advance premium reserve, the expected total return is approximately 12.8% on a GAAP adjusted basis. An expected total return in the 9% to 18% range is reasonable in comparison to current returns in other industries. Recent median returns reported in Forbes and Fortune magazine are in this range, with an average of around 13%, on a GAAP adjusted basis. When greater than average risk is present, a higher total return is appropriate, commensurate with the additional risk.

Based on the forgoing, we conclude that a 7.0% combined provision for underwriting profit and contingencies can be expected to produce a reasonable total return during the time the projected rates are to be in effect. If the contingency provision is actually realized as a profit in any year, the expected total return increases to 14.4%. Such a result would still be reasonable and not excessive.

Exhibit 7
State Farm Fire and Casualty Company
All Lines Combined

Expected Total Return

Premium = \$100

Policyholder Protection Fund = \$65

1)	Expected Contribution from a 2% Provision for Contingencies: \$100 x .000 (Item A above)	\$ 0.00
2)	Expected Underwriting Profit	\$ 5.00
3)	Investment Income on Unearned and Advance Premium Reserves \$100 x (Exhibit 7B, Line 7)	\$ 1.60
4)	Investment Income on Loss and LAE Reserves \$100 x (Exhibit 7C, Line 6)	\$ 2.80
5)	Other Income \$100 x (Item C above)	\$ 0.50
6)	Expected Insurance Operating Profit, Before Tax	\$ 9.90
7)	Investment Income on Policyholder Protection Fund \$65 x (Exhibit 7D, Selected Investment Yield)	\$ 3.90
8)	Federal Income Tax equals greater of: (Lines 1 + 2 + 5) x 20% + (Lines 3 + 4 + 7) x (Exhibit 7E AMT Tax Rate) and (Lines 1 + 2 + 5) x 35% + (Lines 3 + 4 + 7) x (Exhibit 7E Reg Tax Rate)	\$ 3.68
9)	Expected Total Return	\$ 10.12
10)	Expected Total Return as a Percent of Policyholder Protection Fund Line 9 / \$65	15.6%
11)	GAAP Adjusted Return Line 10 / (Exhibit 7F, Line 6)	12.8%

Exhibit 7A
State Farm Fire and Casualty Company
All Lines Combined

Companywide Insurance Operations

Year (1)	U/W Gain/Loss		Other Income (3)	Net Investment Income (4)	Net Inv. Income as % of Mean Inv. Asset (5)	Net Realized Capital Gain/Loss (6)	Net Income Before Tax (7)	After Tax		
	Actual (2)	Adjusted (2a)						Net Income (8)	Net Unrealized Capital Gain/Loss (9)	Net Income plus Unrealized Gain/Loss (10)
1997	-1.1%	-9.1%	0.1%	9.9%	5.8%	0.6%	9.4%	13.1%	6.9%	20.0%
1998	-15.4%	-15.8%	0.2%	10.5%	5.5%	0.9%	-3.8%	-1.9%	6.8%	4.9%
1999	-16.6%	-16.7%	0.1%	10.4%	5.0%	1.9%	-4.1%	-1.5%	2.9%	1.4%
2000	-22.5%	-22.7%	0.2%	10.7%	4.9%	5.1%	-6.5%	-3.3%	-3.7%	-7.0%
2001	-36.5%	-32.1%	0.1%	9.3%	4.8%	1.3%	-25.8%	-22.1%	-4.5%	-26.7%
2002	-14.8%	-17.8%	0.2%	7.8%	4.7%	-1.9%	-8.6%	-13.1%	-6.9%	-20.0%
2003	6.2%	3.3%	0.6%	7.0%	4.6%	2.0%	15.7%	11.1%	4.7%	15.7%
2004	16.0%	6.6%	0.5%	6.9%	4.4%	0.9%	24.3%	24.2%	0.7%	24.9%
2005	6.0%	4.6%	0.5%	7.6%	4.5%	-0.1%	13.9%	11.0%	0.3%	11.3%
2006	3.2%	2.1%	0.5%	8.2%	4.5%	1.0%	12.9%	9.6%	2.9%	12.5%
2007	2.5%	-2.3%	0.5%	8.3%	4.3%	0.2%	11.4%	8.3%	1.7%	10.1%
Mean	-7.2%	-9.6%	0.3%	8.9%	4.9%	1.1%	3.0%	3.2%	1.3%	4.5%
Std Dev	15.0%	12.4%	0.2%	1.4%	0.6%	1.6%	13.9%	12.5%	4.4%	15.5%

All Columns are percentages of earned premium, except Column (5).

All Columns are percentages before federal taxes, except Columns (8) through (10).

- (2) Equals net underwriting gain or loss from Annual Statement, page 4, less dividends to policyholders, and adjusted for prepaid expenses and miscellaneous other income related to insurance operations excluding items in Column (3).
- (2a) Equals Column (2) adjusted to smooth for the effects of catastrophe losses. Actual catastrophe losses are removed and replaced with the losses contemplated in our current catastrophe provision.
- (3) Equals other income related to insurance company operations from Annual Statement, page 4, line 15, excluding insurance department fines, penalties, California Earthquake Authority assessment (1996), and Public Protection Class adjustment (1997).
- (4) Derived from Annual Statement, page 4, line 9, less State Farm affiliates.
- (5) Derived from Annual Statement, page 4, line 9, less State Farm affiliates.
- (6) Derived from Annual Statement, page 4, line 10, less State Farm affiliates.
- (7) Columns (2) + (3) + (4) + (6).
- (8) Derived from Column (7), less the sum of federal income taxes incurred, including an estimated tax on prepaid expenses.
- (9) Derived from Annual Statement, Exhibit of Capital Gains (Losses), page 12, line 10, Column 3 less State Farm affiliates, less the estimated tax.
- (10) Columns (8) + (9).

Exhibit 7B
State Farm Fire and Casualty Company
All Lines Combined

Estimated Investment Income from Reserve for Unearned Premium and Advance Premiums

(1) Mean Reserve for Unearned and Advance Premiums, as a Ratio to Earned Premium	<u>All Lines</u>
(a) 2005	0.5460
(b) 2006	0.5443
(c) 2007	<u>0.5394</u>
(d) 3 Year Average	0.5433
(2) Delayed Remission of Premiums	
Ratio of Agents' Balances or Uncollected Premium to Unearned Premium and Advance Premiums	25.8%
(3) Expenses Incurred at Beginning of Policy Term (as a % of Written Premium)	
(a) Commissions and Other Acquisition Expenses	21.0%
(b) 50% of General Expenses	1.7%
(c) Taxes	2.7%
(d) Total	25.4%
(4) Mean Unearned Premium and Advance Premium Reserve Adjusted for Agents' Balances, Uncollected Premiums, and Prepaid Expenses	
(1d) * (1.000 - (2) - (3d))	0.2654
(5) Adjusted for Tax on Prepaid Expenses	
(4) - (1d) * 3% * 0.20 * 35%	0.2643
(6) Investment Yield, before Tax	6.0%
(7) Investment Income, as a % of Earned Premium	1.6%
(5) * (6)	

DATA SOURCES:

- Item 1 - Annual Statement, Page 6, Part 1 and Page 3, Line 10
- Item 2 - Annual Statement, Page 2, Line 13 and Page 6, Part 1 and Page 3, Line 10
- Item 3 - Insurance Expense Exhibits 2005-2007 (three year average of the mean ratios)
- Item 5 - Assumes the unearned premium reserve will increase at a growth rate of 3%; 0.20 is the IRS prepaid expenses factor; 35% is the current effective tax rate on underwriting income.
- Item 6 - From Exhibit 7D

* For 2007, we took into account the accounting change with ceded reinsurance premiums, as discussed in Exhibit 7F.

Exhibit 7C
State Farm Fire and Casualty Company
All Lines Combined

**Estimated Investment Income from Reserve for
Losses and Loss Adjustment Expenses**

(1) Mean Reserve for Losses and Loss Adjustment Expense, as a Ratio to Incurred Losses and Loss Adjustment Expenses	All Lines
(a) 2003	0.6996
(b) 2004	0.7334
(c) 2005	0.6872
(d) 2006	0.6881
(e) 2007	0.7062
(f) 5 Year Average	0.7029
(2) Permissible Loss and LAE (% Earned Premium) (1.0000 - Expense Ratio - Underwriting Profit Provision)	66.3%
(3) Mean Reserves for Losses and Loss Adjustment Expenses as a Ratio to Earned Premium (2) * (1f)	0.4660
(4) Adjusted for Tax on Discounted Reserves (3) - (3) * 5% * 7.7% * 35%	0.4654
(5) Investment Yield, before Tax	6.0%
(6) Estimated Investment Income from Losses and Loss Adjustment Expense Reserves (as a % of Earned Premium) (4) * (5)	2.8%

DATA SOURCES:

Item 1 - Annual Statement, Page 3, Line 1 plus Line 3 and Page 4, Line 2 plus Line 3.

Item 2 - 1.0000 minus provision for expenses and underwriting profit. Expense provision is the latest five year average of commissions, other acquisition, general expenses, and taxes, licenses, and fees from the Insurance Expense Exhibit.

Item 4 - To recognize tax resulting from discounting of reserves; 5% is the estimated growth in loss reserves; 7.7% is the average discount of reserves; 35% is the current effective tax rate on underwriting income.

Item 5 - From Exhibit 7D

Exhibit 7D
State Farm Fire and Casualty Company
All Lines Combined

Investment Rate of Return
As a Percent of Mean Invested Assets

<u>Year</u>	<u>Net Investment Income</u>	<u>Capital Gain/Loss</u>
1996	6.3%	4.1%
1997	5.8%	6.6%
1998	5.5%	6.0%
1999	5.0%	3.0%
2000	4.9%	-0.2%
2001	4.8%	-2.9%
2002	4.7%	-7.6%
2003	4.6%	6.1%
2004	4.4%	1.3%
2005	4.5%	0.2%
2006	4.5%	3.0%
2007	4.3%	1.5%
Latest 24 Year Average	6.2%	1.6%
Latest Twelve Year Average	4.9%	1.7%
Latest Six Year Average	4.5%	0.7%
Selected 2008	4.5%	1.5%

Data Source: Annual Statement, Pages 2 and 12

Exhibit 7E
State Farm Fire and Casualty Company
All Lines Combined

Average Federal Tax Rate on Investment Income

Investment Type	Investment Income 2005 through 2007	Distribution	Current Tax Rate	
			Regular	AMT
Bonds (Taxable)	\$ 1,325,436,522	47.4%	35.0%	20.0%
Bonds (Tax Exempt)	1,086,671,615	38.8%	5.3%	15.8%
Stocks (Unaffiliated)	314,976,064	11.3%	14.2%	17.0%
Other (Net of Depreciation)	70,137,384	2.5%	35.0%	20.0%
Total	\$ 2,797,221,585		21.1%	18.0%

Item Sources:

Investment Income from Annual Statement, Page 12, Exhibit of Net Investment Income

Current Tax Rate computed according to the 1986 Tax Reform Act, as amended:

Under this Act, 15% of formerly tax-exempt income from securities purchased after August 7, 1986 is now taxable. Thirty percent of stock dividends are taxed at 35% and seventy percent are taxed at 15% of 35%. Thus, the estimated effective tax rate will be:

Ordinary Income	35.0%
Tax Exempt Bonds	5.3% = .15 x 35%
Stock Dividends	14.2% = (.30 + (.70 x .15)) x 35%

AMT is computed according to the 1986 Tax Reform Act Alternative Minimum Tax:

Under the Alternative Minimum Tax, a rate of 20% applies to the sum of regular tax income and 75% of tax exempt income. The estimated effective AMT will be:

Ordinary Income	20.0%
Tax Exempt Bonds	15.8% = (.15+ (.85 x .75)) x 20%
Stock Dividends	17.0% = [.30 + .70 x (.15 + (.85 x .75))] x 20%

Exhibit 7F
State Farm Fire and Casualty Company
All Lines Combined

Expected Total Return - Adjustment to GAAP

Item	Amount (,000's)	Source (Annual Statement)
(1) 12/31/2007 Policyholder Protection Fund (Based on \$0.65 Ratio to Net Written Premium)	\$ 7,803,699	Page 6, Part 1, Line 34, Column 1*
(2) Provision for Reinsurance	1,350	Page 3, Line 16, Column 1
(3) Non-Admitted Assets	34,691	Page 13, Line 26, Column 1
(4) Equity in the Unearned and Advance Premium Reserve	1,663,010	(h)
(5) Total Adjustments	1,699,051	(2) + (3) + (4)
(6) GAAP Surplus Adjustment Factor	1.2177	((5) + (1)) / (1)

Calculation of Equity in the Unearned and Advance Premium Reserve

Item	Amount (,000's)	Source (Annual Statement)
(a) Commissions and Brokerage Expense Incurred	1,760,136	IEE, Part II, Line 34, Column 23 plus Part I, Line 3, Column 2
(b) Taxes, License & Fees Incurred	338,938	IEE, Part II, Line 34, Column 25
(c) Other Acquisition Expenses Incurred	815,432	IEE, Part II, Line 34, Column 27 less Part I, Line 3, Column 2
(d) General Expenses Incurred	417,768	IEE, Part II, Line 34, Column 29
(e) Total	3,123,390	(a) + (b) + (c) + 1/2 (d)
(f) 2007 Written Premium	12,005,690	Page 6, Line 34, Column 1*
(g) 2007 Ending Unearned and Advance Premium Reserve	6,392,281	Page 6, Line 34, Column 3 and Page 3, Line 10, Column 1
(h) Equity in the Unearned and Advance Premium Reserve	1,663,010	(g) * ((e) / (f))

* 2007 Written Premium was adjusted due to an accounting change with ceded reinsurance premiums. Beginning in July 2007, annual catastrophe premium is considered written on the effective date of the contract. Since the annual statement written premium reflected half of the 2006/07 reinsurance contract premium and all of the 2007/2008 reinsurance contract premium, we built the remaining 2006/07 ceded reinsurance premium back into our 2007 written premium. Items (a), (b), (c), (d) and (g) are also adjusted for the accounting change in the written premium.

Exhibit 8
State Farm Fire and Casualty
Arkansas Total Homeowners
Gross Underwriting Profit or Loss on a Statutory Basis

Arkansas						
Year	Earned Premium	Non-Cat Loss Ratio	Catastrophe Loss Ratio	Total Loss Ratio	Expense Ratio	Actual Combined Ratio
2004	96,501,137	41.5%	6.2%	47.7%	28.7%	76.3%
2005	102,134,322	49.0%	3.4%	52.3%	25.0%	77.4%
2006	105,033,387	48.1%	40.1%	88.2%	27.3%	115.5%
2007	111,566,740	48.7%	-1.2%	47.5%	27.7%	75.1%
2008	113,841,959	53.6%	116.8%	170.4%	28.0%	198.4%
04-08	529,077,545	48.4%	34.6%	83.0%	27.3%	110.3%

Companywide						
Year	Earned Premium	Non-Cat Loss Ratio	Catastrophe Loss Ratio	Total Loss Ratio	Expense Ratio	Actual Combined Ratio
2004	10,516,192,616	42.1%	32.7%	74.8%	27.6%	102.4%
2005	11,264,262,416	40.4%	49.6%	90.0%	24.5%	114.5%
2006	11,811,942,032	43.4%	18.0%	61.3%	26.8%	88.2%
2007	12,530,785,577	47.0%	18.1%	65.1%	25.9%	91.0%
2008	12,491,238,628	52.2%	43.9%	96.1%	27.0%	123.1%
04-08	58,614,421,270	45.2%	32.2%	77.5%	26.4%	103.8%

Expense Ratios include Agents' Commissions, Taxes, Other Acquisition and General Expenses.

Loss Ratios include Adjustment Expense.

Totals may not add due to rounding.

Exhibit 9
State Farm Fire and Casualty Company
Arkansas Total Homeowners
Indicated Rate Level Adjustment By Form

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<u>Form</u>	<u>Credibility Weighted Current Level Non-Cat Loss Ratio</u>	<u>Form Catastrophe Provision as a Percent of Earned Premium</u>	<u>2008 Fixed Expense Ratio</u>	<u>Total Formula Ratio</u>	<u>Index to Total</u>	<u>Selected Index</u>	<u>Index Adjusted For Off Balance</u>	<u>Form Indicated Rate Level Adjustment</u>
Homeowners	43.0	20.2	10.7	73.9	1.0032	1.0032	1.0005	7.9%
Renters	59.3	2.3	11.8	73.4	0.9967	0.9967	0.9940	7.2%
Condo Unit Owners	52.2	5.5	12.1	69.9	0.9485	0.9485	0.9459	2.0%
Total Homeowners	43.5	19.4	10.7	73.7	1.0027	1.0027	1.0000	7.8%

Column Explanations:

- (2) Calendar years 2004 - 2008 Non-Cat Incurred Loss and Loss Adjustment Expenses Divided by Current Level Earned Premiums adjusted for credibility.
- (3) Catastrophe provision/AIY divided by 2008 Current Level Earned Premium/AIY. The individual forms are derived from the statewide provision, which is developed in Exhibit 5.
- (4) 2008 Fixed Expenses divided by 2008 Current Level Earned Premium.
- (5) Col (2) + Col (3) + Col (4)
- (6) Col (5) divided by Total Col (5). Total Col (6) Weighted by 2008 Current Level Earned Premium.
- (7) Total Col (7) Weighted by 2008 Current Level Earned Premium.
- (8) Col (7) divided by Total Col (7).
- (9) Total Col (9) indicated Rate Level Adjustment is from Exhibit 1.
 ((1 + Total Col (9)) X Col (8)) - 1

Exhibit 10
State Farm Fire and Casualty Company
Arkansas Non-Tenant
Rate per 1,000 Relativities

Amount	Current Relativities	Revised Relativities
5,000	6.667	6.334
7,000	5.200	5.200
10,000	4.000	4.000
15,000	3.144	3.301
20,000	2.515	2.641
30,000	1.930	2.026
40,000	1.616	1.697
50,000	1.452	1.500
60,000	1.291	1.350
70,000	1.229	1.240
80,000	1.150	1.150
90,000	1.070	1.070
100,000	1.000	1.000
110,000	0.950	0.950
120,000	0.910	0.910
130,000	0.873	0.870
140,000	0.842	0.840
150,000	0.837	0.810
160,000	0.823	0.790
170,000	0.809	0.770
180,000	0.795	0.755
190,000	0.780	0.741
200,000	0.759	0.721
250,000	0.728	0.692
300,000	0.717	0.681
350,000	0.691	0.656
400,000	0.675	0.641
450,000	0.665	0.632
500,000	0.661	0.628
550,000	0.654	0.621
600,000	0.647	0.615
650,000	0.636	0.607
700,000	0.631	0.607
750,000	0.627	0.607
800,000	Not Printed	0.607
900,000	Not Printed	0.607
1,000,000	Not Printed	0.607
1,100,000	Not Printed	0.607
1,200,000	Not Printed	0.607
1,300,000	Not Printed	0.607
1,400,000	Not Printed	0.607
1,500,000	Not Printed	0.607
EA 1,000	0.651	0.618

Exhibit 11
State Farm Fire and Casualty Company
Arkansas Non-Tenant Homeowners
Current Deductible Discounts/Charges

Amount Range	Deductible		Percentage Deductible			
	500/1% W&H	1000/1% W&H	1/2%	1% (500 min)	2%	3%
0 - 7,499	N/A	N/A	N/A	0%	N/A	N/A
7,500 - 14,999	N/A	N/A	N/A	0%	N/A	N/A
15,000 - 24,999	N/A	N/A	N/A	0%	N/A	N/A
25,000 - 34,999	N/A	N/A	N/A	0%	N/A	N/A
35,000 - 44,999	N/A	N/A	N/A	0%	N/A	N/A
45,000 - 49,999	N/A	N/A	N/A	0%	N/A	N/A
50,000 - 64,999	0%	N/A	N/A	-2%	-12%	-18%
65,000 - 74,999	-2%	N/A	N/A	-4%	-14%	-21%
75,000 - 84,999	-2%	N/A	N/A	-6%	-15%	-22%
85,000 - 99,999	-3%	N/A	N/A	-8%	-17%	-23%
100,000 - 104,999	-4%	-8%	-3%	-9%	-18%	-24%
105,000 - 114,999	-4%	-9%	-4%	-11%	-19%	-25%
115,000 - 124,999	-4%	-9%	-5%	-11%	-20%	-26%
125,000 - 134,999	-5%	-10%	-6%	-13%	-21%	-27%
135,000 - 144,999	-6%	-10%	-7%	-14%	-22%	-28%
145,000 - 154,999	-6%	-10%	-8%	-14%	-23%	-28%
155,000 - 164,999	-6%	-11%	-9%	-15%	-23%	-29%
165,000 - 174,999	-6%	-11%	-10%	-16%	-24%	-30%
175,000 - 184,999	-7%	-12%	-11%	-17%	-25%	-30%
185,000 - 194,999	-7%	-12%	-11%	-18%	-26%	-31%
195,000 - 204,999	-7%	-12%	-11%	-18%	-26%	-32%
205,000 - 214,999	-8%	-12%	-12%	-19%	-26%	-32%
215,000 - 224,999	-8%	-12%	-13%	-19%	-27%	-32%
225,000 - 234,999	-8%	-12%	-13%	-19%	-27%	-32%
235,000 - 244,999	-8%	-12%	-14%	-19%	-28%	-32%
245,000 - 274,999	-8%	-12%	-14%	-19%	-28%	-32%
275,000 - 324,999	-9%	-14%	-16%	-22%	-30%	-35%
325,000 - 374,999	-10%	-14%	-17%	-24%	-31%	-36%
375,000 - 424,999	-10%	-14%	-18%	-24%	-32%	-37%
425,000 - 474,999	-10%	-15%	-19%	-25%	-32%	-37%
475,000 - 524,999	-10%	-15%	-20%	-25%	-33%	-38%
525,000 - 574,999	-10%	-15%	-21%	-26%	-34%	-39%
575,000 - 624,999	-11%	-15%	-21%	-27%	-34%	-39%
625,000 - 674,999	-11%	-15%	-22%	-27%	-34%	-39%
675,000 - 724,999	-11%	-15%	-22%	-28%	-35%	-40%
725,000 - 750,000	-11%	-15%	-22%	-28%	-35%	-40%
750,001 - 781,499	-11%	-15%	-22%	-28%	-35%	-40%
781,500 - 843,999	-12%	-15%	-24%	-29%	-35%	-40%
844,000 - 906,499	-12%	-15%	-24%	-29%	-36%	-40%
906,500 - 968,999	-12%	-15%	-24%	-29%	-36%	-41%
969,000 - 1,062,499	-12%	-15%	-24%	-30%	-36%	-41%
1,062,500 - 1,187,499	-12%	-15%	-25%	-31%	-37%	-42%
1,187,500 - 1,312,499	-12%	-15%	-25%	-31%	-37%	-42%
1,312,500 - 1,437,499	-12%	-15%	-25%	-31%	-37%	-42%
1,437,500 - 1,562,499	-12%	-15%	-25%	-31%	-37%	-42%
1,562,500 - 1,687,499	-12%	-15%	-25%	-31%	-37%	-42%
1,687,500 - 1,812,499	-12%	-15%	-26%	-31%	-38%	-42%
1,812,500 - 1,937,499	-12%	-15%	-26%	-31%	-38%	-42%
1,937,500 - 2,124,999	-12%	-15%	-26%	-31%	-38%	-42%
2,125,000 - 2,374,999	-12%	-15%	-26%	-31%	-38%	-42%
2,375,000 - 2,749,999	-12%	-15%	-26%	-31%	-38%	-42%
2,750,000 - 3,249,999	-12%	-15%	-26%	-31%	-38%	-42%
3,250,000 - 3,749,999	-12%	-15%	-26%	-31%	-38%	-42%
3,750,000 - 4,249,999	-12%	-15%	-26%	-31%	-38%	-42%
4,250,000 - 4,749,999	-12%	-15%	-27%	-32%	-39%	-43%
4,750,000+	-12%	-15%	-27%	-32%	-39%	-43%

Exhibit 12
State Farm Fire and Casualty Company
Arkansas Non-Tenant Homeowners
Revised Deductible Discounts/Charges

Amount Range	Deductible		Percentage Deductible			
	500/1% W&H	1000/1% W&H	1/2%	1% (500 min)	2%	3%
0 - 7,499	N/A	N/A	N/A	-2%	N/A	N/A
7,500 - 14,999	N/A	N/A	N/A	-2%	N/A	N/A
15,000 - 24,999	N/A	N/A	N/A	-2%	N/A	N/A
25,000 - 34,999	N/A	N/A	N/A	-2%	N/A	N/A
35,000 - 44,999	N/A	N/A	N/A	-2%	N/A	N/A
45,000 - 49,999	N/A	N/A	N/A	-2%	N/A	N/A
50,000 - 64,999	-1%	N/A	N/A	-3%	-12%	-17%
65,000 - 74,999	-2%	N/A	N/A	-5%	-14%	-20%
75,000 - 84,999	-3%	N/A	N/A	-7%	-16%	-21%
85,000 - 99,999	-3%	N/A	N/A	-8%	-17%	-22%
100,000 - 104,999	-4%	-9%	-2%	-10%	-18%	-23%
105,000 - 114,999	-5%	-10%	-4%	-12%	-19%	-25%
115,000 - 124,999	-5%	-10%	-5%	-12%	-21%	-26%
125,000 - 134,999	-6%	-10%	-6%	-14%	-22%	-27%
135,000 - 144,999	-6%	-11%	-8%	-15%	-23%	-28%
145,000 - 154,999	-6%	-11%	-9%	-15%	-24%	-29%
155,000 - 164,999	-6%	-11%	-10%	-16%	-24%	-30%
165,000 - 174,999	-7%	-12%	-11%	-17%	-25%	-31%
175,000 - 184,999	-7%	-12%	-12%	-18%	-26%	-31%
185,000 - 194,999	-8%	-12%	-12%	-19%	-27%	-32%
195,000 - 204,999	-8%	-12%	-12%	-19%	-27%	-33%
205,000 - 214,999	-8%	-13%	-13%	-20%	-27%	-33%
215,000 - 224,999	-8%	-13%	-14%	-20%	-28%	-33%
225,000 - 234,999	-8%	-13%	-14%	-20%	-28%	-33%
235,000 - 244,999	-8%	-13%	-15%	-20%	-29%	-33%
245,000 - 274,999	-8%	-13%	-15%	-20%	-29%	-33%
275,000 - 324,999	-9%	-14%	-17%	-23%	-31%	-36%
325,000 - 374,999	-10%	-15%	-18%	-25%	-32%	-37%
375,000 - 424,999	-10%	-15%	-19%	-25%	-33%	-38%
425,000 - 474,999	-10%	-15%	-20%	-26%	-33%	-38%
475,000 - 524,999	-10%	-15%	-21%	-26%	-34%	-39%
525,000 - 574,999	-11%	-16%	-22%	-27%	-35%	-40%
575,000 - 624,999	-11%	-16%	-22%	-28%	-35%	-40%
625,000 - 674,999	-11%	-16%	-23%	-28%	-35%	-40%
675,000 - 724,999	-12%	-16%	-23%	-29%	-36%	-41%
725,000 - 750,000	-12%	-16%	-23%	-29%	-36%	-41%
750,001 - 781,499	-12%	-16%	-23%	-29%	-36%	-41%
781,500 - 843,999	-12%	-16%	-25%	-30%	-36%	-41%
844,000 - 906,499	-12%	-16%	-25%	-30%	-37%	-41%
906,500 - 968,999	-12%	-16%	-25%	-30%	-37%	-42%
969,000 - 1,062,499	-12%	-16%	-25%	-31%	-37%	-42%
1,062,500 - 1,187,499	-13%	-16%	-26%	-32%	-38%	-43%
1,187,500 - 1,312,499	-13%	-16%	-26%	-32%	-38%	-43%
1,312,500 - 1,437,499	-13%	-16%	-26%	-32%	-38%	-43%
1,437,500 - 1,562,499	-13%	-16%	-26%	-32%	-38%	-43%
1,562,500 - 1,687,499	-13%	-16%	-26%	-32%	-38%	-43%
1,687,500 - 1,812,499	-13%	-16%	-27%	-32%	-39%	-43%
1,812,500 - 1,937,499	-13%	-16%	-27%	-32%	-39%	-43%
1,937,500 - 2,124,999	-13%	-16%	-27%	-32%	-39%	-43%
2,125,000 - 2,374,999	-13%	-16%	-27%	-32%	-39%	-43%
2,375,000 - 2,749,999	-13%	-16%	-27%	-32%	-39%	-43%
2,750,000 - 3,249,999	-13%	-16%	-27%	-32%	-39%	-43%
3,250,000 - 3,749,999	-13%	-16%	-27%	-32%	-39%	-43%
3,750,000 - 4,249,999	-13%	-16%	-27%	-32%	-39%	-43%
4,250,000 - 4,749,999	-13%	-16%	-28%	-33%	-40%	-44%
4,750,000+	-13%	-16%	-28%	-33%	-40%	-44%

Exhibit 13
State Farm Fire and Casualty Company
Arkansas Homeowners Renters Program
Indicated Rate Level Adjustment by Zone

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Zone	Credibility Weighted Current Level Non-Cat Loss Ratio	Catastrophe Provision Per Earned Premium	2008 Fixed Expense Ratio	Total Formula Loss Ratio	Index To Total	Index Adjusted For Off Balance	Indicated Change
10	48.7	3.4	15.3	67.3	0.9459	0.9427	1.1
13	59.4	2.3	10.7	72.3	1.0156	1.0121	8.5
25	62.4	2.1	9.6	74.1	1.0415	1.0380	11.3
30	54.0	2.5	12.2	68.7	0.9648	0.9614	3.1
Total	57.1	2.5	11.5	71.2	1.0035	1.0000	7.2

Column Explanations:

- (2) Calendar Years 2004 - 2008 Non-Catastrophe Incurred Loss and Loss Adjustment Expenses divided by Current Level Earned Premiums Adjusted for Credibility.
- (3) Catastrophe Provision/AIY divided by 2008 Current Level Earned Premium/AIY. The individual zones are derived from the Statewide Provision, which is developed in the Form Indications.
- (4) 2008 Fixed Expenses divided by 2008 Current Level Earned Premium.
- (5) Col (2) + Col (3) + Col (4).
- (6) Col (5) divided by Total Col (5). Total Col (6) weighted by 2008 Current Level Earned Premium.
- (7) Col (6) divided by Total Col (6).
- (8) Total Col (8) Indicated Rate Level Adjustment is from Form Indications.

$$(((1 + \text{Total Col (8)}) * \text{Col (7)}) - 1) * 100.$$

Exhibit 14
State Farm Fire and Casualty Company
Arkansas Renters and Condominium Unitowners
Rate per 1,000 Relativities

Renters		
Amount	Current Relativities	Revised Relativities
2,000	5.066	5.319
4,000	3.377	3.546
6,000	2.533	2.660
8,000	2.085	2.189
10,000	1.831	1.900
12,000	1.668	1.700
14,000	1.494	1.500
16,000	1.370	1.370
18,000	1.270	1.270
20,000	1.200	1.200
22,000	1.150	1.150
24,000	1.100	1.100
26,000	1.060	1.060
28,000	1.030	1.030
30,000	1.000	1.000
35,000	0.930	0.930
40,000	0.870	0.870
45,000	0.830	0.830
50,000	0.800	0.800
55,000	0.780	0.780
60,000	0.760	0.760
65,000	0.740	0.740
70,000	0.720	0.720
75,000	0.700	0.700
80,000	0.680	0.680
85,000	0.670	0.670
90,000	0.660	0.660
95,000	0.650	0.650
100,000	0.640	0.640
125,000	0.600	0.600
150,000	0.570	0.570
175,000	Not Printed	0.550
200,000	Not Printed	0.530
225,000	Not Printed	0.511
250,000	Not Printed	0.505
275,000	Not Printed	0.501
300,000	Not Printed	0.497

EA 1,000	0.475	0.451
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Condominium Unitowners		
Amount	Current Relativities	Revised Relativities
2,000	5.118	5.374
4,000	3.412	3.583
6,000	2.559	2.687
8,000	2.106	2.200
10,000	1.841	1.900
12,000	1.668	1.700
14,000	1.494	1.500
16,000	1.370	1.370
18,000	1.270	1.270
20,000	1.200	1.200
22,000	1.150	1.150
24,000	1.100	1.100
26,000	1.060	1.060
28,000	1.030	1.030
30,000	1.000	1.000
35,000	0.930	0.930
40,000	0.870	0.870
45,000	0.830	0.830
50,000	0.800	0.800
55,000	0.780	0.780
60,000	0.760	0.760
65,000	0.740	0.740
70,000	0.720	0.720
75,000	0.700	0.700
80,000	0.680	0.680
85,000	0.670	0.670
90,000	0.660	0.660
95,000	0.650	0.650
100,000	0.640	0.640
125,000	0.600	0.600
150,000	0.570	0.570
175,000	0.550	0.550
200,000	0.532	0.530
225,000	0.516	0.510
250,000	0.506	0.500
275,000	0.497	0.490
300,000	0.488	0.480

EA 1,000	0.445	0.423
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Exhibit 15
State Farm Fire and Casualty Company
Arkansas Renters and Condominium Unitowners
Deductible Discounts

Deductible	Current Discount	Revised Discount
\$500	0%	0%
\$1,000	10%	8%
\$1,500	14%	12%
\$2,000	17%	15%
\$2,500	20%	18%
\$3,000	22%	20%
\$4,000	24%	23%
\$5,000	26%	24%

LOSS MITIGATION EXHIBIT HOMEOWNERS PROGRAM

The State Farm Insurance Companies include loss prevention and control efforts as an integral part of our insurance operations. For our Homeowners Program those efforts include internal programs, public education activities, support of national organizations, and encouragement of stronger building codes. Examples of current efforts include:

INTERNAL PROGRAMS

- **Arson and fraud investigation and prevention.** Programs include an insurance fraud prevention department in the home office, special fraud units in our operation centers, education of claims handlers in fraud awareness, and built-in safeguards to assist in the detection of suspicious claims.
- **Dwelling surveys.** Most homes we insure are surveyed by the agent. Some are also surveyed by our underwriters or commercial inspection services. These surveys are intended to uncover potential loss problems as well as verify the accuracy of the rating factors used to determine the premium for the property.
- **Premium Discount Program, which recognizes loss prevention and reduction devices.** Our Homeowners Program rating plan includes credits for burglar alarms, residential sprinklers, and other approaches to reduce loss. Homes we insure with impact resistant roofs receive a premium discount in each of the participating 22 states and one Canadian province. State Farm also offers discounts to homeowners in some coastal areas for the use of shutters and other devices that hold the potential for reducing hurricane damage.

PUBLIC AWARENESS AND EDUCATION

- **Internet Information** A variety of loss prevention and home safety articles, educational materials and brochures are available to the general public from our prevention and safety learning center on: www.statefarm.com. Categories include:
 - Detailed Articles About Home Safety & Damage Prevention
 - Safe at Home
 - Safe as Work
 - Safe on the Road
 - Child Safety
 - Natural Disasters
 - Kid Stuff
 - Other Related Links
- **Informational Brochures About Home Safety and Loss Prevention.** Paper brochures and booklets are available to the general public on a variety of loss mitigation topics including: fire safety, crime prevention, electrical hazards, liability, wind/hail and roofing, water loss prevention, farm safety, home building, and boating safety. Many of these brochures are available in Spanish.
- **Public Relations Materials on Frozen Pipes and Ice Dams.** We conduct a national campaign that includes television ads, print ads, local education programs, videotapes, and posters on how to avoid frozen pipes, ice dams and subsequent water damage.
- **Fire Prevention Activities.** We are a major participant in fire prevention week activities, with contributions varying from year to year. We have developed and make available several fire prevention/safety programs for use in grade school classrooms (“Smoke Detectives” and several others).
- **Fire Safety.** We have developed a public service announcement video “Fire: The Unforgiving Nature” which includes dramatic and disastrous fire events, prevention and safety messages.

- **Hail Media Campaign.** We are distributing information about impact-resistive roofing materials to policyholders in hail-prone areas and to customers who have suffered a roof loss, as well as to others for general education.
- **Informational Video About Impact Resistant Roofing Materials.** A short video has been produced featuring the performance of impact resistant roofing products. The video will be available for use by IBHS (Institute for Business and Home Safety) members.
- **Safe use of Wood-burning Stoves.** We have developed tapes, brochures, public service spots and policyholder communication pieces dealing with the safe installation and maintenance of wood-burning stoves.
- **Tornado Safety.** We have developed two videos, including the Emmy award winning “Tornado: Surviving The Fury”, and “Tornado: Plan to Survive”, and educational materials for grade schools on tornado safety.
- **Earthquake Safety.** We have developed and distributed a program on earthquake safety for grade school children (“Movers & Shakers”).
- **Loss Prevention Display Panels.** These displays have been exhibited at multiple trade shows and conferences. They demonstrate home safety and loss reduction features that can be incorporated into new or existing structures.
- **Dog Bite Prevention Program.** This is an educational campaign introduced in partnership with the American Veterinary Medical Association. The campaign includes a puppet show and activity/coloring booklet for children and an informational brochure.
- **Building Codes and Standards.** We support the adoption and enforcement of statewide building codes to ensure minimum building safety standards. Technical representatives participate in a variety of standards development processes related to safety issues such as electrical, roofing, wind-resistant construction, building performance, and fire.

SUPPORT OF NATIONAL ORGANIZATIONS

- The Underwriters Laboratories, Inc.
- American Red Cross
- Federal Emergency Management Agency
- National Fire Protection Association
- Institute for Business and Home Safety – founding member.
- Coalition Against Insurance Fraud
- Insurance Committee for Arson Control – founding member.
- National Roofing Contractors Association
- American Society of Testing and Materials (ASTM International)
- National Insurance Task Force
- Federal Alliance for Safe Homes
- Roof Consultants Institute
- International Code Council
- Alliance of American Insurers
- National Association of Home Builders
- National Consortium of Housing Research Centers
- Home Fire Sprinkler Coalition
- Asphalt Roof Manufacturers Association
- Property Casualty Insurers Association of America
- Mid-America Earthquake Center
- American Institute of Architects
- Roofing Industry Committee on Weather Issues
- Florida Coastal Monitoring Program (portable wind towers)
- Western States Roofing Contractors Association
- Texas Tech University Portable Wind Tower Program

**Arkansas Homeowners
Response to Questions of January 27, 2010
HO-25954**

Objection 1

- Memo and Exhibits (Supporting Document)

Comment: Provide an exhibit detailing the zone/subzone changes.

Please see the attached Supplemental Exhibit 1 for the current and revised subzone assignments. No changes to zone assignments are proposed with this filing. The subzone change column shows the effect of subzone movement only and does not reflect any other changes included in this filing.

Objection 2

- Memo and Exhibits (Supporting Document)

Comment: Provide loss experience supporting changes to the claim record rating factors. Additionally, explain the continued need for the surcharges when losses and years with the company are components of the CRI model.

The changes proposed to the Claim Record Rating factors were based on a pure premium generalized linear model study. Please see Supplemental Exhibit 2 for the indicated, current and proposed Claim Record Rating Plan factors. With this filing, we are moving towards the indicated factors. See Supplemental Exhibit 3 for information on the development of the indicated factors.

Our CRI models were built to predict loss ratios. The premium used in the CRI analysis includes any applicable discounts or charges from the Claim Record Rating Plan. Any adjustments for claims made by the model reflect the residual loss expectancy not recognized by the Claim Record Rating Plan. CRI and Claim Record Rating complement each other to produce a more accurate rate that is reasonable in relation to past and prospective loss experience.

Objection 3

- Memo and Exhibits (Supporting Document)

Comment: Please revise the loss information on the RF-1 back to incurred losses. Comparisons between companies will not be accurate if you include adjustment expenses and other companies follow instructions.

Please see the updated attached RF-1.

Objection 4

No Objections

Comment: Please provide a disruption chart detailing the number of insureds and a percentage changes.

Please see the attached Supplemental Exhibit 4.

Supplemental Exhibit 1
Arkansas
Non-Tenant Homeowners
Subzone Change by ZIP

ZIP	Zone	Current Subzone	Revised Subzone	Subzone Change
71601	25	13	13	0.0%
71602	25	11	10	-4.8%
71603	25	13	13	0.0%
71630	25	14	14	0.0%
71631	25	16	15	-4.8%
71635	25	13	13	0.0%
71638	25	13	13	0.0%
71638	25	14	13	-4.8%
71639	25	12	12	0.0%
71640	25	18	18	0.0%
71642	25	18	17	-4.7%
71643	25	14	14	0.0%
71644	25	14	14	0.0%
71646	25	14	14	0.0%
71646	25	15	14	-4.8%
71647	25	16	15	-4.8%
71651	25	15	14	-4.8%
71652	25	16	15	-4.8%
71653	25	15	15	0.0%
71654	25	14	14	0.0%
71655	25	09	09	0.0%
71658	25	14	14	0.0%
71660	25	16	14	-9.3%
71662	25	15	14	-4.8%
71663	25	16	16	0.0%
71665	25	16	15	-4.8%
71667	25	14	14	0.0%
71670	25	14	13	-4.8%
71671	25	12	12	0.0%
71674	25	14	14	0.0%
71675	25	14	13	-4.8%
71676	25	15	15	0.0%
71677	25	15	15	0.0%
71701	25	10	10	0.0%
71720	25	10	11	5.0%
71720	25	11	11	0.0%
71722	25	10	10	0.0%
71725	25	15	14	-4.8%
71726	25	10	12	10.3%
71726	25	11	12	5.0%
71730	25	08	08	0.0%
71740	25	08	08	0.0%
71742	25	12	12	0.0%
71743	25	09	09	0.0%
71744	25	15	14	-4.8%
71745	25	15	14	-4.8%
71747	25	15	14	-4.8%
71748	25	16	16	0.0%
71749	25	10	10	0.0%
71751	25	15	14	-4.8%

Supplemental Exhibit 1
Arkansas
Non-Tenant Homeowners
Subzone Change by ZIP

ZIP	Zone	Current Subzone	Revised Subzone	Subzone Change
71752	25	13	11	-9.3%
71753	25	08	08	0.0%
71758	25	15	13	-9.3%
71762	25	10	08	-9.3%
71763	25	15	14	-4.8%
71764	25	08	10	10.3%
71764	25	11	10	-4.8%
71765	25	15	13	-9.3%
71766	25	14	13	-4.8%
71770	25	08	08	0.0%
71801	25	10	10	0.0%
71822	25	10	11	5.0%
71825	25	15	15	0.0%
71826	25	14	13	-4.8%
71827	25	06	07	5.0%
71827	25	09	07	-9.2%
71831	25	15	15	0.0%
71832	25	12	12	0.0%
71833	25	11	11	0.0%
71834	25	16	15	-4.8%
71835	25	13	12	-4.7%
71836	25	11	12	5.0%
71837	25	16	14	-9.3%
71838	25	14	13	-4.8%
71839	25	13	11	-9.3%
71841	25	16	15	-4.8%
71842	25	13	13	0.0%
71845	25	09	09	0.0%
71846	25	16	15	-4.8%
71847	25	16	16	0.0%
71851	25	14	14	0.0%
71852	25	12	13	5.0%
71853	25	11	11	0.0%
71854	25	11	11	0.0%
71855	25	15	15	0.0%
71857	25	08	10	10.3%
71857	25	11	11	0.0%
71858	25	15	13	-9.3%
71859	25	15	15	0.0%
71860	25	06	06	0.0%
71861	25	13	11	-9.3%
71862	25	14	14	0.0%
71866	25	15	15	0.0%
71901	10	08	08	0.0%
71909	10	09	09	0.0%
71913	10	10	10	0.0%
71921	25	13	13	0.0%
71922	25	13	13	0.0%
71923	25	09	09	0.0%
71929	25	08	08	0.0%

Supplemental Exhibit 1
Arkansas
Non-Tenant Homeowners
Subzone Change by ZIP

ZIP	Zone	Current Subzone	Revised Subzone	Subzone Change
71933	25	08	09	5.0%
71935	10	15	15	0.0%
71937	10	15	15	0.0%
71940	25	12	13	5.0%
71941	25	13	12	-4.7%
71942	25	15	13	-9.3%
71943	25	11	12	5.0%
71944	10	15	15	0.0%
71945	10	16	16	0.0%
71949	10	14	12	-9.3%
71950	25	16	16	0.0%
71952	25	16	16	0.0%
71953	10	15	15	0.0%
71956	10	11	11	0.0%
71957	10	15	15	0.0%
71958	25	13	14	5.0%
71959	25	16	16	0.0%
71960	10	17	17	0.0%
71961	10	19	19	0.0%
71962	25	15	14	-4.8%
71964	10	11	11	0.0%
71965	10	19	19	0.0%
71968	10	12	12	0.0%
71969	10	19	19	0.0%
71970	10	15	15	0.0%
71971	25	16	15	-4.8%
71972	10	15	15	0.0%
71973	10	15	15	0.0%
72001	10	16	16	0.0%
72002	25	08	09	5.0%
72003	25	16	14	-9.3%
72004	25	15	14	-4.8%
72005	30	13	13	0.0%
72006	30	14	13	-4.8%
72007	25	13	11	-9.3%
72010	30	14	13	-4.8%
72011	25	10	10	0.0%
72012	30	09	09	0.0%
72013	30	13	13	0.0%
72014	30	14	14	0.0%
72015	25	08	09	5.0%
72016	10	11	13	10.3%
72016	10	13	13	0.0%
72019	25	12	12	0.0%
72020	30	14	13	-4.8%
72021	25	13	13	0.0%
72022	25	10	09	-4.8%
72023	25	07	07	0.0%
72024	25	13	14	5.0%
72025	10	16	16	0.0%

Supplemental Exhibit 1
Arkansas
Non-Tenant Homeowners
Subzone Change by ZIP

ZIP	Zone	Current Subzone	Revised Subzone	Subzone Change
72026	25	16	14	-9.3%
72027	30	13	13	0.0%
72028	30	13	13	0.0%
72029	25	13	12	-4.7%
72030	30	13	13	0.0%
72031	30	10	09	-4.8%
72032	30	09	09	0.0%
72034	30	07	07	0.0%
72036	30	13	13	0.0%
72038	25	16	14	-9.3%
72039	30	14	14	0.0%
72040	25	13	13	0.0%
72041	25	14	14	0.0%
72042	25	13	13	0.0%
72044	30	10	10	0.0%
72045	30	13	13	0.0%
72046	25	14	16	10.3%
72047	30	15	15	0.0%
72048	25	16	16	0.0%
72051	30	13	12	-4.7%
72055	25	14	14	0.0%
72057	25	14	14	0.0%
72058	30	13	13	0.0%
72060	30	13	12	-4.7%
72063	30	13	12	-4.7%
72064	25	15	15	0.0%
72065	25	16	16	0.0%
72066	25	15	14	-4.8%
72067	30	07	07	0.0%
72068	30	13	11	-9.3%
72069	25	17	16	-4.8%
72070	10	11	11	0.0%
72072	25	14	13	-4.8%
72073	25	14	13	-4.8%
72076	25	08	08	0.0%
72079	25	13	12	-4.7%
72080	30	13	11	-9.3%
72081	30	13	12	-4.7%
72082	30	13	11	-9.3%
72083	25	16	16	0.0%
72084	25	13	12	-4.7%
72086	25	11	12	5.0%
72087	25	11	12	5.0%
72088	30	06	07	5.0%
72101	30	11	11	0.0%
72102	30	11	10	-4.8%
72103	25	12	12	0.0%
72104	25	07	08	5.0%
72106	30	07	09	10.2%
72106	30	09	09	0.0%

Supplemental Exhibit 1
Arkansas
Non-Tenant Homeowners
Subzone Change by ZIP

ZIP	Zone	Current Subzone	Revised Subzone	Subzone Change
72110	30	08	08	0.0%
72111	30	15	15	0.0%
72112	30	14	14	0.0%
72113	25	10	10	0.0%
72114	25	07	07	0.0%
72116	25	08	08	0.0%
72117	25	08	08	0.0%
72118	25	07	09	10.2%
72118	25	09	09	0.0%
72120	25	07	07	0.0%
72121	30	09	09	0.0%
72122	25	14	12	-9.3%
72125	10	14	15	5.0%
72126	10	14	14	0.0%
72127	30	06	06	0.0%
72127	30	09	07	-9.2%
72128	25	15	14	-4.8%
72129	25	13	12	-4.7%
72130	30	13	11	-9.3%
72131	30	09	09	0.0%
72132	25	12	11	-4.8%
72133	25	16	15	-4.8%
72134	25	19	17	-9.3%
72135	25	10	10	0.0%
72136	30	13	13	0.0%
72137	30	13	11	-9.3%
72140	25	15	14	-4.8%
72141	30	13	13	0.0%
72142	25	16	16	0.0%
72143	30	14	12	-9.3%
72150	25	08	08	0.0%
72152	25	11	10	-4.8%
72153	30	08	08	0.0%
72156	30	13	13	0.0%
72157	30	13	12	-4.7%
72160	25	12	12	0.0%
72165	13	13	13	0.0%
72166	25	13	13	0.0%
72167	25	14	13	-4.8%
72168	25	15	13	-9.3%
72170	25	15	14	-4.8%
72173	30	12	12	0.0%
72175	25	16	14	-9.3%
72176	25	08	08	0.0%
72179	30	12	10	-9.3%
72199	25	08	08	0.0%
72201	25	07	07	0.0%
72202	25	07	07	0.0%
72204	25	08	09	5.0%
72205	25	06	06	0.0%

Supplemental Exhibit 1
Arkansas
Non-Tenant Homeowners
Subzone Change by ZIP

ZIP	Zone	Current Subzone	Revised Subzone	Subzone Change
72206	25	14	14	0.0%
72207	25	07	06	-4.7%
72209	25	11	11	0.0%
72210	25	08	09	5.0%
72211	25	04	04	0.0%
72212	25	06	06	0.0%
72223	25	08	08	0.0%
72227	25	07	07	0.0%
72301	25	10	11	5.0%
72311	25	20	19	-4.8%
72315	25	19	20	5.0%
72324	25	19	19	0.0%
72326	25	15	14	-4.8%
72327	25	15	16	5.0%
72330	25	21	21	0.0%
72331	25	13	15	10.3%
72331	25	14	15	5.0%
72333	25	15	16	5.0%
72335	25	12	12	0.0%
72339	25	14	14	0.0%
72340	25	17	16	-4.8%
72342	25	14	16	10.3%
72346	25	20	18	-9.3%
72347	25	15	15	0.0%
72348	25	12	12	0.0%
72348	25	15	13	-9.3%
72350	25	19	19	0.0%
72351	25	21	21	0.0%
72354	25	17	18	5.0%
72355	25	16	16	0.0%
72358	25	22	22	0.0%
72360	25	13	13	0.0%
72364	25	12	12	0.0%
72365	25	18	18	0.0%
72366	25	15	16	5.0%
72368	25	20	18	-9.3%
72370	25	19	20	5.0%
72372	25	13	12	-4.7%
72373	25	15	15	0.0%
72374	25	14	15	5.0%
72376	25	17	17	0.0%
72384	25	14	14	0.0%
72386	25	18	18	0.0%
72390	25	13	15	10.3%
72392	25	13	13	0.0%
72394	25	14	12	-9.3%
72395	25	20	21	5.0%
72396	25	15	14	-4.8%
72401	30	08	08	0.0%
72404	30	10	11	5.0%

Supplemental Exhibit 1
Arkansas
Non-Tenant Homeowners
Subzone Change by ZIP

ZIP	Zone	Current Subzone	Revised Subzone	Subzone Change
72410	30	12	11	-4.8%
72411	30	08	08	0.0%
72412	30	14	14	0.0%
72413	30	11	11	0.0%
72414	30	10	10	0.0%
72415	30	10	10	0.0%
72416	30	07	06	-4.7%
72417	30	08	08	0.0%
72419	30	14	15	5.0%
72421	30	12	12	0.0%
72422	30	12	13	5.0%
72425	30	14	14	0.0%
72426	25	21	21	0.0%
72428	25	22	22	0.0%
72429	25	17	17	0.0%
72430	30	15	15	0.0%
72432	25	14	14	0.0%
72433	30	13	12	-4.7%
72434	30	09	09	0.0%
72434	30	10	09	-4.8%
72435	30	14	14	0.0%
72436	30	13	13	0.0%
72437	30	07	07	0.0%
72438	25	20	20	0.0%
72440	30	10	10	0.0%
72442	25	19	19	0.0%
72443	30	14	14	0.0%
72444	30	14	14	0.0%
72445	30	13	13	0.0%
72447	30	13	13	0.0%
72449	30	13	12	-4.7%
72450	30	12	12	0.0%
72453	30	14	14	0.0%
72454	30	16	16	0.0%
72455	30	10	10	0.0%
72456	30	16	17	5.0%
72457	30	10	10	0.0%
72458	30	10	10	0.0%
72459	30	10	09	-4.8%
72460	30	13	11	-9.3%
72461	30	15	15	0.0%
72464	30	17	17	0.0%
72465	30	12	10	-9.3%
72466	30	10	10	0.0%
72469	30	09	10	5.0%
72469	30	10	10	0.0%
72470	30	12	14	10.2%
72471	30	12	12	0.0%
72472	25	13	13	0.0%
72473	30	12	12	0.0%

Supplemental Exhibit 1
Arkansas
Non-Tenant Homeowners
Subzone Change by ZIP

ZIP	Zone	Current Subzone	Revised Subzone	Subzone Change
72476	30	08	08	0.0%
72476	30	10	08	-9.3%
72478	30	10	10	0.0%
72479	25	15	15	0.0%
72479	25	18	16	-9.3%
72482	13	13	11	-9.3%
72501	13	11	10	-4.8%
72512	13	09	09	0.0%
72513	13	10	09	-4.8%
72517	13	13	14	5.0%
72519	13	10	11	5.0%
72520	13	13	11	-9.3%
72521	13	09	09	0.0%
72522	13	13	12	-4.7%
72523	30	13	12	-4.7%
72524	13	13	13	0.0%
72527	13	13	12	-4.7%
72528	13	13	13	0.0%
72529	13	09	08	-4.7%
72530	30	13	11	-9.3%
72531	13	13	13	0.0%
72532	13	09	10	5.0%
72533	30	14	14	0.0%
72534	13	14	13	-4.8%
72536	13	14	13	-4.8%
72537	10	10	10	0.0%
72538	13	14	13	-4.8%
72539	13	14	12	-9.3%
72540	13	15	16	5.0%
72542	13	10	10	0.0%
72543	30	07	07	0.0%
72544	10	10	10	0.0%
72546	30	12	10	-9.3%
72550	13	13	12	-4.7%
72553	13	10	10	0.0%
72554	13	09	09	0.0%
72555	30	13	13	0.0%
72556	13	15	16	5.0%
72560	30	14	14	0.0%
72561	13	14	13	-4.8%
72562	13	09	09	0.0%
72564	13	08	08	0.0%
72565	13	12	12	0.0%
72566	13	14	14	0.0%
72567	30	13	13	0.0%
72568	13	13	13	0.0%
72569	13	14	13	-4.8%
72571	13	14	13	-4.8%
72573	13	10	11	5.0%
72576	13	08	07	-4.7%

Supplemental Exhibit 1
Arkansas
Non-Tenant Homeowners
Subzone Change by ZIP

ZIP	Zone	Current Subzone	Revised Subzone	Subzone Change
72576	13	09	07	-9.2%
72577	13	14	13	-4.8%
72579	13	12	12	0.0%
72581	30	12	10	-9.3%
72583	13	09	10	5.0%
72584	13	14	13	-4.8%
72585	13	14	15	5.0%
72601	10	12	12	0.0%
72611	10	12	12	0.0%
72616	10	12	12	0.0%
72617	10	17	18	5.0%
72619	10	12	12	0.0%
72623	10	14	14	0.0%
72624	30	13	12	-4.7%
72626	10	12	12	0.0%
72628	30	13	13	0.0%
72629	30	13	12	-4.7%
72631	10	10	10	0.0%
72632	10	10	10	0.0%
72633	10	13	13	0.0%
72634	10	12	12	0.0%
72635	10	09	09	0.0%
72638	10	14	14	0.0%
72639	30	13	13	0.0%
72640	30	12	12	0.0%
72641	30	13	12	-4.7%
72642	10	10	10	0.0%
72644	10	13	13	0.0%
72645	30	13	12	-4.7%
72648	30	12	12	0.0%
72650	30	13	13	0.0%
72651	10	10	10	0.0%
72653	10	10	10	0.0%
72655	30	13	13	0.0%
72658	10	14	14	0.0%
72660	10	11	11	0.0%
72661	10	14	13	-4.8%
72662	10	15	15	0.0%
72663	30	13	13	0.0%
72666	30	12	12	0.0%
72668	10	14	12	-9.3%
72670	30	12	12	0.0%
72675	30	11	11	0.0%
72679	30	13	13	0.0%
72680	30	13	13	0.0%
72682	10	13	14	5.0%
72683	30	13	13	0.0%
72685	30	10	10	0.0%
72686	30	13	13	0.0%
72687	10	12	12	0.0%

Supplemental Exhibit 1
Arkansas
Non-Tenant Homeowners
Subzone Change by ZIP

ZIP	Zone	Current Subzone	Revised Subzone	Subzone Change
72701	10	11	11	0.0%
72703	10	10	10	0.0%
72704	10	10	10	0.0%
72712	10	06	06	0.0%
72714	10	06	06	0.0%
72715	10	07	08	5.0%
72717	10	14	14	0.0%
72718	10	11	11	0.0%
72719	10	06	06	0.0%
72721	10	14	13	-4.8%
72722	10	08	07	-4.7%
72727	10	11	11	0.0%
72729	10	14	14	0.0%
72730	10	11	11	0.0%
72732	10	14	13	-4.8%
72734	10	10	10	0.0%
72736	10	08	08	0.0%
72738	10	12	12	0.0%
72739	10	08	08	0.0%
72740	10	12	12	0.0%
72742	10	14	14	0.0%
72744	10	12	12	0.0%
72745	10	10	10	0.0%
72747	10	12	11	-4.8%
72751	10	08	08	0.0%
72752	10	15	14	-4.8%
72753	10	12	13	5.0%
72756	10	11	11	0.0%
72758	10	10	10	0.0%
72760	10	10	08	-9.3%
72761	10	11	11	0.0%
72762	10	09	09	0.0%
72764	10	08	09	5.0%
72768	10	08	08	0.0%
72769	10	14	14	0.0%
72773	10	14	13	-4.8%
72774	10	12	12	0.0%
72776	10	14	13	-4.8%
72801	30	09	09	0.0%
72802	30	09	09	0.0%
72821	10	13	13	0.0%
72823	30	09	09	0.0%
72824	30	10	10	0.0%
72827	30	14	14	0.0%
72828	30	15	14	-4.8%
72830	30	09	09	0.0%
72832	30	09	09	0.0%
72833	30	12	12	0.0%
72834	30	08	08	0.0%
72835	10	14	13	-4.8%

Supplemental Exhibit 1
Arkansas
Non-Tenant Homeowners
Subzone Change by ZIP

ZIP	Zone	Current Subzone	Revised Subzone	Subzone Change
72837	30	10	10	0.0%
72838	30	13	13	0.0%
72839	30	10	10	0.0%
72840	30	11	11	0.0%
72841	10	17	17	0.0%
72842	30	11	11	0.0%
72843	30	13	12	-4.7%
72845	30	10	10	0.0%
72846	30	10	10	0.0%
72847	30	12	11	-4.8%
72851	10	15	15	0.0%
72852	30	13	11	-9.3%
72853	30	12	12	0.0%
72854	30	13	11	-9.3%
72855	10	13	13	0.0%
72856	30	13	12	-4.7%
72857	30	12	12	0.0%
72858	30	10	10	0.0%
72860	30	14	14	0.0%
72863	10	15	15	0.0%
72865	10	15	15	0.0%
72901	10	07	07	0.0%
72901	10	10	08	-9.3%
72903	10	10	10	0.0%
72904	10	07	07	0.0%
72905	10	14	14	0.0%
72908	10	09	10	5.0%
72916	10	11	12	5.0%
72916	10	12	12	0.0%
72921	10	14	14	0.0%
72923	10	12	11	-4.8%
72926	10	15	15	0.0%
72927	10	15	15	0.0%
72928	10	14	14	0.0%
72930	10	17	17	0.0%
72932	10	14	13	-4.8%
72933	10	14	14	0.0%
72934	10	15	15	0.0%
72936	10	13	13	0.0%
72937	10	14	14	0.0%
72938	10	14	14	0.0%
72940	10	14	14	0.0%
72941	10	15	15	0.0%
72943	10	14	15	5.0%
72944	10	13	13	0.0%
72946	10	15	15	0.0%
72947	10	13	13	0.0%
72948	10	15	15	0.0%
72949	10	13	13	0.0%
72950	10	16	16	0.0%
72951	10	14	14	0.0%

Supplemental Exhibit 1
Arkansas
Non-Tenant Homeowners
Subzone Change by ZIP

ZIP	Zone	Current Subzone	Revised Subzone	Subzone Change
72952	10	14	13	-4.8%
72955	10	14	13	-4.8%
72956	10	13	13	0.0%
72958	10	14	14	0.0%
72959	10	14	14	0.0%

Supplemental Exhibit 2
Arkansas Homeowners
Claim Record Rating Plan

Indicated Factors

Consecutive Years Insured with State Farm	Basic Premium Adjustment				
	Number of Qualified Paid Claims in the Last 3 Yrs.				
	0	1	2	3	4+
0 – 2	-7%	10%	55%	125%	200%
3 – 5	-13%	5%	50%	120%	200%
6 – 8	-15%	0%	45%	115%	200%
9+	-20%	-20%	30%	100%	200%

Current Factors

Consecutive Years Insured with State Farm	Basic Premium Adjustment				
	Number of Qualified Paid Claims in the Last 3 Yrs.				
	0	1	2	3	4+
0 – 2	0%	0%	30%	55%	85%
3 – 5	-5%	-5%	30%	55%	85%
6 – 8	-10%	-10%	25%	55%	85%
9+	-15%	-15%	10%	45%	85%

Proposed Factors

Consecutive Years Insured with State Farm	Basic Premium Adjustment				
	Number of Qualified Paid Claims in the Last 3 Yrs.				
	0	1	2	3	4+
0 – 2	0%	0%	40%	90%	140%
3 – 5	-5%	-5%	40%	85%	140%
6 – 8	-10%	-10%	35%	85%	140%
9+	-15%	-15%	20%	70%	140%

Supplemental Exhibit 3 Support for Indicated Relativities

Our indicated relativities are developed using Generalized Linear Models (GLM). We use GLM to create explanatory models for claim frequency and claim severity, based on our rating factors. These models provide actuarially sound estimates of the impact of these rate factors on claim frequency and severity.

We create explanatory models for frequency and severity separately, for each of the five major perils: Fire, Wind/Hail (Non-Hurricane), Liability, Crime, and Other Extended Coverages (OEC). This results in 10 sub-models -- one frequency and one severity model for each of the 5 perils. In developing each of these models, we evaluate the explanatory power of the rating factors for that specific peril. Using statistical inference and actuarial judgment, we include the rating factors that have importance in explaining differences in frequency or severity for that particular peril. In this way, we are able to ensure that our rating relativities reflect relevant cost differences among the rating factors. Thus, we are able to demonstrate that our rate relativities are not unfairly discriminatory.

Rate Factors considered in our GLM analysis are:

- Amount of Insurance
- Dollar Amount of Deductible
- Ratio of Deductible to Amount of Insurance
- Age of Utilities
- Construction
- Number of Claims in past 3 years
- CRI
- Years with State Farm
- Home Alert (Crime and Fire protection considered separately)
- Sprinkler Credit
- Home/Auto Discount
- Liability Amount

Additional variables were included in the model to account for geographical and temporal differences.

The 10 sub-models are combined to create an all-peril pure premium model. This is accomplished as follows:

- For each peril, the frequency and severity model are multiplied together to create a peril-specific pure premium explanatory model.
- The five peril-specific pure premium models are then added together along with a fixed expense provision to produce the all-peril pure premium model.

GLM Example Calculations

Assume the following two dimensional chart for average claim severity

	Urban	Rural
Male	800	500
Female	400	200

In this example, the GLM will be solved using the following steps:

- Specify the design matrix \mathbf{X} and the vector of parameters β
- Choose the error structure and link function
- Identify the log-likelihood function
- Take the logarithm to convert the product of many terms into a sum
- Maximize the logarithm of the likelihood function by taking partial derivatives with respect to each parameter, setting them to zero and solving the resulting system of equations
- Compute the predicted values

$$Y = \begin{bmatrix} \textit{Male} & \textit{Urban} \\ \textit{Male} & \textit{Rural} \\ \textit{Female} & \textit{Urban} \\ \textit{Female} & \textit{Rural} \end{bmatrix} = \begin{bmatrix} 800 \\ 500 \\ 400 \\ 200 \end{bmatrix}$$

$$X = \begin{bmatrix} 1 & 0 & 1 \\ 1 & 0 & 0 \\ 0 & 1 & 1 \\ 0 & 1 & 0 \end{bmatrix}$$

$$\beta = \begin{bmatrix} \beta_1 \\ \beta_2 \\ \beta_3 \end{bmatrix}$$

Assuming a Poisson Error Structure with a log link function:

For the Poisson model with a logarithm link function, the predicted values are given by:

$$E[Y] = g^{-1}(X\beta) = \begin{bmatrix} g^{-1}(\beta_1 + \beta_3) \\ g^{-1}(\beta_1) \\ g^{-1}(\beta_2 + \beta_3) \\ g^{-1}(\beta_2) \end{bmatrix} = \begin{bmatrix} e^{\beta_1 + \beta_3} \\ e^{\beta_1} \\ e^{\beta_2 + \beta_3} \\ e^{\beta_2} \end{bmatrix}$$

A Poisson distribution has the following density function

$$f(y; \mu) = (e^{-\mu} \mu^y) / y!$$

It's log-likelihood function is therefore

$$l(y; \mu) = \sum_{i=1}^n \ln f(y_i, \mu_i) = \sum_{i=1}^n -\mu_i + y_i \ln \mu_i - \ln(y_i!)$$

With the log link function $\mu_i = e^{\sum_j X_{ij}\beta_j}$, and the loglikelihood function reduces to

$$l(y; e^{X\beta}) = \sum_{i=1}^n -e^{\sum_{j=1}^p X_{ij}\beta_j} + y_i \sum_{j=1}^p X_{ij}\beta_j - \ln(y_i!)$$

In this example, the equation is

$$l(y; \mu) = -e^{(\beta_1 + \beta_3)} + 800(\beta_1 + \beta_3) - \ln(800!) - e^{(\beta_1)} + 500(\beta_1) - \ln(500!) - e^{(\beta_2 + \beta_3)} + 400(\beta_2 + \beta_3) - \ln(400!) - e^{(\beta_2)} + 200(\beta_2) - \ln(200!)$$

Ignoring the constants ($\ln 800! + \ln 500! + \ln 400! + \ln 200!$), the following function is to be maximized

$$l^*(y; \mu) = -e^{(\beta_1 + \beta_3)} + 800(\beta_1 + \beta_3) - e^{(\beta_1)} + 500(\beta_1) - e^{(\beta_2 + \beta_3)} + 400(\beta_2 + \beta_3) - e^{(\beta_2)} + 200(\beta_2)$$

To maximize l^* the derivatives with respect to β_1 , β_2 , and β_3 are set to zero and the following three equations are derived

$$\frac{\partial l^*}{\partial \beta_1} = 0 \quad \Rightarrow \quad e^{\beta_1} * (e^{\beta_3} + 1) = 1300$$

$$\frac{\partial l^*}{\partial \beta_2} = 0 \quad \Rightarrow \quad e^{\beta_2} * (e^{\beta_3} + 1) = 600$$

$$\frac{\partial l^*}{\partial \beta_3} = 0 \quad \Rightarrow \quad e^{\beta_3} * (e^{\beta_1} + e^{\beta_2}) = 1200$$

These can be solved to derive the following parameter estimates

$$\beta_1 = 6.1716$$

$$\beta_2 = 5.3984$$

$$\beta_3 = 0.5390$$

The predicted values are:

	Urban	Rural
Male	821.1	479.0
Female	378.9	221.1

To arrive at indicated relativities for each of the rating factors:

Given that Rural was the base relativity as defined in the design matrix, X:

$$\text{Rural} = \quad \quad \quad = \quad 1.000$$

$$\text{Urban} = \quad e^{\beta_3} / 1.000 \quad = \quad 1.714$$

Assuming that male is a factor off of female:

$$\text{Male} = \quad e^{\beta_1} / e^{\beta_2} \quad = \quad 2.167$$

$$\text{Female} = \quad e^{\beta_2} / e^{\beta_2} \quad = \quad 1.000$$

Additionally, these relationships can be calculated by dividing the predicted values shown above.

Supplemental Exhibit 4
Arkansas Homeowners
Estimated Individual Policyholder Rate Effects

Rate Effect	Total Homeowners	
	PIF	%
Less than -5%	602	0.4%
-5% to 0%	11,517	7.9%
0% to 5%	40,367	27.7%
5% to 10%	49,119	33.7%
10% to 15%	32,376	22.2%
15% to 20%	9,317	6.4%
20% to 25%	2,141	1.5%
25% to 30%	310	0.2%
More than 30%	91	0.1%

Note: The estimated changes shown above do not include the effects of inflation coverage, classification changes, or the purchase of additional coverage.

NAIC LOSS COST DATA ENTRY DOCUMENT

1.	This filing transmittal is part of Company Tracking #	Filing # HO-25954
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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
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	Company Name		Company NAIC Number
3.	A.	State Farm Fire & Casualty Company	B. 0176-25143

	Product Coding Matrix Line of Business (i.e., Type of Insurance)		Product Coding Matrix Line of Insurance (i.e., Sub-type of Insurance)
4.	A.		B.

5.			FOR LOSS COSTS ONLY				
(A) COVERAGE (See Instructions)	(B) Indicated % Rate Level Change	(C) Requested % Rate Level Change	(D) Expected Loss Ratio	(E) Loss Cost Modification Factor	(F) Selected Loss Cost Multiplier	(G) Expense Constant (If Applicable)	(H) Co. Current Loss Cost Multiplier
Homeowners Multi-Peril	7.8%	7.7%					
TOTAL OVERALL EFFECT	7.8%	7.7%	N/A	N/A	N/A	N/A	N/A

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	137,241	-9.1	3/15/05	102,134	44,067	43%	78%
2006	139,796	0.0	5/15/06	105,033	78,000	74%	51%
2007	141,730	-1.8	6/01/07	111,567	42,000	38%	55%
2007	141,730	-1.1	10/15/07	111,567	42,000	38%	55%
2008	145,840	1.6	6/01/08	113,842	174,542	153%	83%
11/2009	148,333	9.0	4/15/09	110,151	128,652	117%	68%

7.	
Expense Constants	Selected Provisions
A. Total Production Expense	20.1
B. General Expense	2.3
C. Taxes, License & Fees	3.2
D. Underwriting Profit & Contingencies	7.0
E. Other (explain)	
F. TOTAL	32.6

8. N Apply Lost Cost Factors to Future filings? (Y or N)
9. +45% Estimated Maximum Rate Increase for any Insured (%). Territory (if applicable): _____
10. -14% Estimated Maximum Rate Decrease for any Insured (%) Territory (if applicable): _____