

SERFF Tracking Number: HART-126354243 State: Arkansas  
 Filing Company: Property and Casualty Insurance Company of Hartford State Tracking Number: EFT \$100  
 Company Tracking Number: FN.14.799/RWG.2009.01  
 TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations  
 Product Name: Overall Rate Change and Revised Rules for PCIC  
 Project Name/Number: Homeowners Multi Peril/FN.14.799/RWG.2009.01

## Filing at a Glance

Company: Property and Casualty Insurance Company of Hartford

Product Name: Overall Rate Change and Revised Rules for PCIC	SERFF Tr Num: HART-126354243	State: Arkansas
TOI: 04.0 Homeowners	SERFF Status: Closed-Filed	State Tr Num: EFT \$100
Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations	Co Tr Num: FN.14.799/RWG.2009.01	State Status: Fees verified and received
Filing Type: Rate/Rule	Authors: Joyce Driscoll, Marilu Gonzalez, David Logan, Angela Isaac	Reviewer(s): Becky Harrington, Brittany Yielding
	Date Submitted: 10/22/2009	Disposition Date: 04/26/2010
Effective Date Requested (New): 01/09/2010		Disposition Status: Filed
Effective Date Requested (Renewal): 02/25/2010		Effective Date (New):
State Filing Description:		Effective Date (Renewal):

## General Information

Project Name: Homeowners Multi Peril	Status of Filing in Domicile:
Project Number: FN.14.799/RWG.2009.01	Domicile Status Comments:
Reference Organization:	Reference Number:
Reference Title:	Advisory Org. Circular:
Filing Status Changed: 04/26/2010	Deemer Date:
State Status Changed: 10/26/2009	Submitted By: Joyce Driscoll
Created By: Joyce Driscoll	
Corresponding Filing Tracking Number:	
Filing Description:	

Property and Casualty Insurance Company of Hartford request the following rate revision in Arkansas. Revisions include changes to base rates, territory relativities, Age of Dwelling factors, removal of the Renewal Credit, and increase the annual premium for replacement cost of dwelling. We are also making changes to the format of the territory base rate pages to display the Amount of Insurance curve. This change requires editorial changes to the rule pages as well. These revisions are applicable to policies produced and effective on or after January 9, 2010 and renewal business February 25, 2010. These

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changes will result in an overall rate impact of +12.7% as described in the Explanatory Memorandum prepared by Doi Tran, Pricing Analyst.

## Company and Contact

### Filing Contact Information

Joyce Driscoll, Senior Business Analyst joyce.driscoll@thehartford.com  
 1 Hartford Plaza 860-547-3468 [Phone]  
 HO-GL-19 860-547-5941 [FAX]  
 Hartford, CT 06155

### Filing Company Information

Property and Casualty Insurance Company of Hartford CoCode: 34690 State of Domicile: Indiana  
 Hartford Plaza Group Code: 91 Company Type: Property  
 Hartford, CT 06115 Group Name: State ID Number:  
 (860) 547-5000 ext. [Phone] FEIN Number: 06-1276326  
 -----

## Filing Fees

Fee Required? Yes  
 Fee Amount: \$100.00  
 Retaliatory? No  
 Fee Explanation:  
 Per Company: No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
Property and Casualty Insurance Company of Hartford	\$100.00	10/22/2009	31477499

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## Correspondence Summary

### Dispositions

Status	Created By	Created On	Date Submitted
Filed	Becky Harrington	04/26/2010	04/26/2010

### 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	12/01/2009	12/01/2009	Joyce Driscoll	04/21/2010	04/21/2010
Pending Industry Response	Becky Harrington	11/13/2009	11/13/2009	Joyce Driscoll	12/01/2009	12/01/2009
Pending Industry Response	Becky Harrington	10/28/2009	10/28/2009	Joyce Driscoll	11/12/2009	11/12/2009

### Filing Notes

Subject	Note Type	Created By	Created On	Date Submitted
AARP Information	Note To Filer	Becky Harrington	04/12/2010	04/12/2010
STATUS OF RESPONSE TO OBJECTION LETTER DATED 12/01/2009	Note To Reviewer	Joyce Driscoll	03/12/2010	03/12/2010
Response Status	Note To Filer	Becky Harrington	03/10/2010	03/10/2010

*SERFF Tracking Number:* HART-126354243      *State:* Arkansas  
*Filing Company:* Property and Casualty Insurance Company of Hartford      *State Tracking Number:* EFT \$100  
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*TOI:* 04.0 Homeowners      *Sub-TOI:* 04.0000 Homeowners Sub-TOI Combinations  
*Product Name:* Overall Rate Change and Revised Rules for PCIC  
*Project Name/Number:* Homeowners Multi Peril/FN.14.799/RWG.2009.01

12/9/09 NtR	Note To Filer	Becky Harrington 12/14/2009 12/14/2009
Response to Objection Letter and Filer Note Dated 12-01-2009	Note To Reviewer	Joyce Driscoll 12/09/2009 12/09/2009
AARP Royalty Amount	Note To Filer	Becky Harrington 12/01/2009 12/01/2009

SERFF Tracking Number: HART-126354243 State: Arkansas  
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## Disposition

Disposition Date: 04/26/2010

Effective Date (New):

Effective Date (Renewal):

Status: Filed

Comment:

Arkansas Code Annotated §23- 67-211(a)(1) requires every authorized insurer to file with the Commissioner all rates and supplementary rate information and all changes and amendments made by it for use in this State at least twenty (20) days before they become effective. Your filing was completed on 4/21/2010 and may be effective 20 days after that date.

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):
Property and Casualty Insurance Company of Hartford	13.500%	12.700%	\$554,883	5,094	\$4,369,160	24.900%	0.500%

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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	Explanatory Memorandum with the Actuarial Exhibits	Filed	Yes
Supporting Document	Response to Objection #1 Dated 10-28-09	Filed	Yes
Supporting Document	Response to Objection #3 Dated 10-28-09	Filed	Yes
Supporting Document	Response to Objection #5 Dated 10-28-09	Filed	Yes
Supporting Document	Response to Objection Letter Dated 11-13-09	Filed	Yes
Supporting Document	Response to Objection Letter Dated 12-1-09	Filed	Yes
Rate	RULE 302 SPECIAL LOSS SETTLEMENT HO 00 02, HO 00 03, AND HO 00 05	Filed	Yes
Rate	RULE 501 BUILDING ADDITIONS AND ALTERATIONS AT OTHER RESIDENCES	Filed	Yes
Rate	RULE 502 BUILDING ADDITIONS AND ALTERATIONS - INCREASED LIMIT - HO 00 04	Filed	Yes
Rate	RULE 507 FORM HO 00 06 COVERAGE A DWELLING BASIC AND INCREASED LIMITS AND SPECIAL COVERAGE - HO 00 06	Filed	Yes
Rate	RULE 513 ORDINANCE OR LAW INCREASED AMOUNT OF COVERAGE - HO 00 04 AND HO 00 06	Filed	Yes
Rate	RULE 801 AGE OF DWELLING CREDIT	Filed	Yes
Rate	RULE 803 *RESERVED FOR FUTURE	Filed	Yes

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	USE		
<b>Rate</b>	RULE 806 ADDITIONAL LIMITS IN THE EVENT OF A TOTAL LOSS TO THE DWELLING	Filed	Yes
<b>Rate</b>	RULE 809 SENTINEL SILVER HW 04 74, SENTINEL GOLD HW 04 72, SENTINEL PLATINUM HW 04 71, AND SENTINEL GOLD - CONDOMINIUM HW 04 73 ENDORSEMENTS	Filed	Yes
<b>Rate</b>	RULE 900 BASE PREMIUM COMPUTATION	Filed	Yes
<b>Rate</b>	Rate Pages	Filed	Yes
<b>Rate</b>	Rate Pages	Filed	Yes

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## Objection Letter

Objection Letter Status Pending Industry Response  
Objection Letter Date 12/01/2009  
Submitted Date 12/01/2009

Respond By Date

Dear Joyce Driscoll,

This will acknowledge receipt of the captioned filing.

### Objection 1

- Response to Objection Letter Dated 11-13-09 (Supporting Document)

Comment: Supporting data for this company and program were originally based upon Hartford Ins Company of the Midwest. That company along with the other Hartford group companies writing homeowner business in AR should provide sufficient historical data to develop a CAT load. ACA 23-67-209

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 04/21/2010  
Submitted Date 04/21/2010

Dear Becky Harrington,

### Comments:

### Response 1

Comments: Attached is our response.

### Related Objection 1

SERFF Tracking Number: HART-126354243 State: Arkansas  
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**Applies To:**

- Response to Objection Letter Dated 11-13-09 (Supporting Document)

**Comment:**

Supporting data for this company and program were originally based upon Hartford Ins Company of the Midwest. That company along with the other Hartford group companies writing homeowner business in AR should provide sufficient historical data to develop a CAT load. ACA 23-67-209

**Changed Items:**

**Supporting Document Schedule Item Changes**

Satisfied -Name: Response to Objection Letter Dated 12-1-09

Comment: Attached is our response.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

We hope that this additional information will enable you to continue your review.

Sincerely,

Angela Isaac, David Logan, Joyce Driscoll, Marilu Gonzalez

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Project Name/Number: Homeowners Multi Peril/FN.14.799/RWG.2009.01

## Objection Letter

Objection Letter Status Pending Industry Response  
Objection Letter Date 11/13/2009  
Submitted Date 11/13/2009

Respond By Date

Dear Joyce Driscoll,

This will acknowledge receipt of the captioned filing.

### Objection 1

- Response to Objection #1 Dated 10-28-09 (Supporting Document)

Comment: There should be sufficient historical weather/CAT data for your rate development. Please amend your rate development to show historical data instead of models.

Please feel free to contact me if you have questions.

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

Sincerely,

Becky Harrington

## Response Letter

Response Letter Status Submitted to State  
Response Letter Date 12/01/2009  
Submitted Date 12/01/2009

Dear Becky Harrington,

### Comments:

#### Response 1

Comments: Attached is our response.

#### Related Objection 1

Applies To:

- Response to Objection #1 Dated 10-28-09 (Supporting Document)

SERFF Tracking Number: HART-126354243 State: Arkansas  
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Project Name/Number: Homeowners Multi Peril/FN.14.799/RWG.2009.01

**Comment:**

There should be sufficient historical weather/CAT data for your rate development. Please amend your rate development to show historical data instead of models.

**Changed Items:**

**Supporting Document Schedule Item Changes**

Satisfied -Name: Response to Objection Letter Dated 11-13-09

Comment: Attached is our response.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Sincerely,

Angela Isaac, David Logan, Joyce Driscoll, Marilu Gonzalez

SERFF Tracking Number: HART-126354243 State: Arkansas  
Filing Company: Property and Casualty Insurance Company of Hartford State Tracking Number: EFT \$100  
Company Tracking Number: FN.14.799/RWG.2009.01  
TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations  
Product Name: Overall Rate Change and Revised Rules for PCIC  
Project Name/Number: Homeowners Multi Peril/FN.14.799/RWG.2009.01

## Objection Letter

Objection Letter Status Pending Industry Response

Objection Letter Date 10/28/2009

Submitted Date 10/28/2009

Respond By Date

Dear Joyce Driscoll,

This will acknowledge receipt of the captioned filing.

### Objection 1

- Explanatory Memorandum with the Actuarial Exhibits (Supporting Document)

Comment: Exhibit 1 - Bldg: I am unable to determine how (10)Trended Untimate CAT Losses were developed. The "Notes" do not provide details for 10.

### Objection 2

- Explanatory Memorandum with the Actuarial Exhibits (Supporting Document)

Comment: Exhibit 2c-Bldg: This appears to be a departure from previous rate filings. Please explain the change and why this procedure is being used.

### Objection 3

- Explanatory Memorandum with the Actuarial Exhibits (Supporting Document)

Comment: Exhibit 14: Explain how this exhibit complies with the Department's position of applying weather/CAT losses evenly across the state.

### Objection 4

- Explanatory Memorandum with the Actuarial Exhibits (Supporting Document)

Comment: Exhibit 14f:

Explain the Note "823,921 SW CAT load TN"

Explain how the tornato/hail frequency data was developed.

### Objection 5

No Objections

Comment: Provide an exhibit detailing the consideration given to all investment income attributable to premiums and to the reserves associated with those premiums and to loss reserve funds. ACA 23-67-209(d)

### Objection 6

SERFF Tracking Number: HART-126354243 State: Arkansas  
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## No Objections

Comment: Please indicate the number of insureds receiving the maximum increase of 24.9%.

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	11/12/2009
Submitted Date	11/12/2009

Dear Becky Harrington,

### Comments:

### Response 1

Comments: Exhibit A displays the calculation for the Trended Ultimate Cat Losses of \$741,082. It is derived from our total Budgeted Cat Dollar amount of \$659,326 trended by 4.98%, our statewide ITV and the trend period of 2.4 years.

### Related Objection 1

Applies To:

- Explanatory Memorandum with the Actuarial Exhibits (Supporting Document)

Comment:

Exhibit 1 - Bldg: I am unable to determine how (10)Trended Untimate CAT Losses were developed. The "Notes" do not provide details for 10.

### Changed Items:

#### Supporting Document Schedule Item Changes

Satisfied -Name: Response to Objection #1 Dated 10-28-09

Comment: Attached is our response.

No Form Schedule items changed.

SERFF Tracking Number: HART-126354243 State: Arkansas  
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Company Tracking Number: FN.14.799/RWG.2009.01  
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Project Name/Number: Homeowners Multi Peril/FN.14.799/RWG.2009.01

No Rate/Rule Schedule items changed.

## Response 2

Comments: The Hartford believes that it is prudent to use the complement of credibility from the indication at the time of the previous filing, adjusted for Net Trend and Final rate change taken during previous filing, as a complement of credibility. This method assumes that the rate change taken during the previous filing moved our rate level to adequacy.

The complement of credibility should be the expected non-CAT loss ratio, developed independent of the experience period. The only changes to this expectation should be the result of rate changes taken and the effect of Net Trend over time.

### Related Objection 1

Applies To:

- Explanatory Memorandum with the Actuarial Exhibits (Supporting Document)

Comment:

Exhibit 2c-Bldg: This appears to be a departure from previous rate filings. Please explain the change and why this procedure is being used.

### Changed Items:

No Supporting Documents changed.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

## Response 3

Comments: We were unaware of the Department's position and have revised our territorial indication exhibits based on this information. Attached are the updated exhibits 14 through 14f, which shows weather/CAT losses distributed evenly across the state.

### Related Objection 1

Applies To:

- Explanatory Memorandum with the Actuarial Exhibits (Supporting Document)

Comment:

SERFF Tracking Number: HART-126354243 State: Arkansas  
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Exhibit 14: Explain how this exhibit complies with the Department's position of applying weather/CAT losses evenly across the state.

#### **Changed Items:**

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

Satisfied -Name: Response to Objection #3 Dated 10-28-09

Comment: Attached is our response.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

#### **Response 4**

Comments: This note was an error, and referred to our Tennessee statewide storm peril cat load. Our territorial indication has been updated with the correct information for Arkansas.

The trended ultimate catastrophe losses used in our Hartford Insurance Group property insurance filing was developed using various weather related models. These models were created and implemented by the commercial vendor Risk Management Solutions (RMS). The Hartford's Arkansas in-force exposures, including total insured value, deductible, and construction, were run through the RMS model. This process resulted in our best estimate of ultimate modeled losses.

#### **Related Objection 1**

Applies To:

- Explanatory Memorandum with the Actuarial Exhibits (Supporting Document)

Comment:

Exhibit 14f:

Explain the Note "823,921 SW CAT load TN"

Explain how the tornato/hail frequency data was developed.

#### **Changed Items:**

No Supporting Documents changed.

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No Form Schedule items changed.

No Rate/Rule Schedule items changed.

## Response 5

Comments: Exhibit B shows our countrywide calculation for total rate of return which includes investment income. Please note that in Arkansas we selected an underwriting profit of 6.8%, which is less than the countrywide profit of 7.7%. We tempered the selection based on an assumption that Arkansas experiences fewer catastrophes as other states we do business in.

### Related Objection 1

Comment:

Provide an exhibit detailing the consideration given to all investment income attributable to premiums and to the reserves associated with those premiums and to loss reserve funds. ACA 23-67-209(d)

### Changed Items:

#### Supporting Document Schedule Item Changes

Satisfied -Name: Response to Objection #5 Dated 10-28-09

Comment: Attached is our response.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

## Response 6

Comments: There is a total of one policy which will receive an increase of 24.9%.

### Related Objection 1

Comment:

Please indicate the number of insureds receiving the maximum increase of 24.9%.

### Changed Items:

No Supporting Documents changed.



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**Note To Filer**

**Created By:**

Becky Harrington on 04/12/2010 07:12 AM

**Last Edited By:**

Becky Harrington

**Submitted On:**

04/26/2010 07:53 AM

**Subject:**

AARP Information

**Comments:**

Information was provided in a meeting on 4/9/10 satisfying the Department's request regarding royalties.

Please respond to the outstanding objection of 12/1/09 so we may close this filing.

Thanks,

Becky

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**Note To Reviewer**

**Created By:**

Joyce Driscoll on 03/12/2010 10:34 AM

**Last Edited By:**

Becky Harrington

**Submitted On:**

04/26/2010 07:53 AM

**Subject:**

STATUS OF RESPONSE TO OBJECTION LETTER DATED 12/01/2009

**Comments:**

Dear Ms. Harrington:

The Hartford is working directly with the Insurance Commissioners office on these two filings. We have learned that they have a meeting next week & the outcome of the conversation will determine how the Hartford will proceed. We will have an answer next week.

Thank you for your patience.

Joyce

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**Note To Filer**

**Created By:**

Becky Harrington on 03/10/2010 03:29 PM

**Last Edited By:**

Becky Harrington

**Submitted On:**

04/26/2010 07:53 AM

**Subject:**

Response Status

**Comments:**

This filing will be disapproved if a response to the objection letter and note to filer both dated 12/1/09 is not received by 3/24/10.

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**Note To Filer**

**Created By:**

Becky Harrington on 12/14/2009 05:12 PM

**Last Edited By:**

Becky Harrington

**Submitted On:**

04/26/2010 07:53 AM

**Subject:**

12/9/09 NtR

**Comments:**

Your response in January will be fine.

Thanks.

Becky

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**Note To Reviewer**

**Created By:**

Joyce Driscoll on 12/09/2009 03:47 AM

**Last Edited By:**

Becky Harrington

**Submitted On:**

04/26/2010 07:53 AM

**Subject:**

Response to Objection Letter and Filer Note Dated 12-01-2009

**Comments:**

Good Morning Becky,

Due to negotiations with your department, our response to your Objection Letter and Filer Note date December 1, 2009 will be forthcoming around January 11, 2010.

Please let me know if this is alright with you.

Thank you.

Joyce

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**Note To Filer**

**Created By:**

Becky Harrington on 12/01/2009 12:49 PM

**Last Edited By:**

Becky Harrington

**Submitted On:**

04/26/2010 07:53 AM

**Subject:**

AARP Royalty Amount

**Comments:**

Please provide the royalty percentage that is paid to AARP through this program.

The response may be provided by phone, e-mail, or through SERFF and kept confidential.

SERFF Tracking Number: HART-126354243 State: Arkansas  
 Filing Company: Property and Casualty Insurance Company of Hartford State Tracking Number: EFT \$100  
 Company Tracking Number: FN.14.799/RWG.2009.01  
 TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations  
 Product Name: Overall Rate Change and Revised Rules for PCIC  
 Project Name/Number: Homeowners Multi Peril/FN.14.799/RWG.2009.01

## Rate Information

Rate data applies to filing.

**Filing Method:** File and Use  
**Rate Change Type:** Increase  
**Overall Percentage of Last Rate Revision:** 21.900%  
**Effective Date of Last Rate Revision:** 03/04/2003  
**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):
Property and Casualty Insurance Company of Hartford	13.500%	12.700%	\$554,883	5,094	\$4,369,160	24.900%	0.500%

SERFF Tracking Number: HART-126354243 State: Arkansas  
 Filing Company: Property and Casualty Insurance Company of Hartford State Tracking Number: EFT \$100  
 Company Tracking Number: FN.14.799/RWG.2009.01  
 TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations  
 Product Name: Overall Rate Change and Revised Rules for PCIC  
 Project Name/Number: Homeowners Multi Peril/FN.14.799/RWG.2009.01

## Rate/Rule Schedule

Schedule Item Status:	Exhibit Name:	Rule # or Page #:	Rate Action	Previous State Filing Number:	Filing Attachments
Filed 04/26/2010	RULE 302 SPECIAL LOSS SETTLEMENT HO 00 02, HO 00 03, AND HO 00 05	AR-302.1	Replacement	AR-PC-04-010674	AR PCIC 2010-01-09 AR 302.1.pdf
Filed 04/26/2010	RULE 501 BUILDING ADDITIONS AND ALTERATIONS AT OTHER RESIDENCES	AR-501.1	Replacement	AR-PC-04-010674	AR PCIC 2010-01-09 AR 501.1.pdf
Filed 04/26/2010	RULE 502 BUILDING ADDITIONS AND ALTERATIONS - INCREASED LIMIT - HO 00 04	AR-502.1	Replacement	AR-PC-04-010674	AR PCIC 2010-01-09 AR 502.1.pdf
Filed 04/26/2010	RULE 507 FORM HO 00 06 COVERAGE A DWELLING BASIC AND INCREASED LIMITS AND SPECIAL COVERAGE - HO 00 06	AR-507.1	Replacement	AR-PC-04-010674	AR PCIC 2010-01-09 AR 507.1.pdf
Filed 04/26/2010	RULE 513 ORDINANCE OR LAW INCREASED AMOUNT OF	AR-513.1	Replacement	AR-PC-04-010674	AR PCIC 2010-01-09 AR 513.1.pdf

SERFF Tracking Number: HART-126354243 State: Arkansas  
 Filing Company: Property and Casualty Insurance Company of Hartford State Tracking Number: EFT \$100  
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 TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations  
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COVERAGE - HO 00  
 04 AND HO 00 06

Filed 04/26/2010	RULE 801 AGE OF DWELLING CREDIT	AR-801.1	Replacement	AR-PC-04-010674	AR PCIC 2010-01-09 AR 801.1.pdf
Filed 04/26/2010	RULE 803 *RESERVED FOR FUTURE USE	AR-803.1	Replacement	AR-PC-04-010674	AR PCIC 2010-01-09 AR 803.1.pdf
Filed 04/26/2010	RULE 806 ADDITIONAL LIMITS IN THE EVENT OF A TOTAL LOSS TO THE DWELLING	AR-806.1	Replacement	AR-PC-04-010674	AR PCIC 2010-01-09 AR 806.1.pdf
Filed 04/26/2010	RULE 809 SENTINEL SILVER HW 04 74, SENTINEL GOLD HW 04 72, SENTINEL PLATINUM HW 04 71, AND SENTINEL GOLD - CONDOMINIUM HW 04 73 ENDORSEMENTS	AR-809.1	Replacement	AR-PC-04-010674	AR PCIC 2010-01-09 AR 809.1.pdf
Filed 04/26/2010	RULE 900 BASE PREMIUM COMPUTATION	AR-900.1 thru AR-900.3	Replacement	AR-PC-04-010674	AR PCIC 2010-01-09 AR 900.1 thru 900.3.pdf
Filed 04/26/2010	Rate Pages	Arkansas RHOR-1 and RHOR-2	Replacement	AR-PC-04-010674	AR PCIC 2010-01-09 AR RHOR-1 and RHOR-2.pdf





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**302 SPECIAL LOSS SETTLEMENT HO 00 02, HO 00 03, AND HO 00 05**

(DOES NOT APPLY TO HO 00 03 WITH SENTINEL SILVER HW 04 74 OR HO 00 05 WITH SENTINEL GOLD HW 04 72 OR SENTINEL PLATINUM HW 04 71)

**A. Coverage Description**

★The policy provides loss settlement on a replacement cost basis if the Coverage A limit of liability represents at least 80% of replacement value. The base premium calculation in Rule 900 contemplates a Coverage A limit of liability equal to 100% of replacement value. If the Coverage A limit of liability is lower than 100% of replacement value, follow the steps outlined below to calculate the premium. Any "intermediate" percentage not shown will round to the next higher displayed replacement value.

**B. Rating**

To develop the BASE PREMIUM for the Coverage A limit of liability shown in the policy declarations:

**1. Step 1**

Multiply the Coverage A limit of liability by the appropriate factor from the table below and round to the nearest \$1,000.

<u>% of Replacement Value</u>	<u>Factor</u>
50%	1.90
60%	1.58
70%	1.36
80%	1.19
90%	1.06

**2. Step 2**

Determine a premium in accordance with Rule 900 for the amount of insurance computed in B.1.

**3. Step 3**

Multiply the premium determined in B.2. by the appropriate factor from the table noted below:

<u>% of Replacement Value</u>	<u>Factor</u>
50%	.93
60%	.94
70%	.95
80%	.96
90%	.98

**C. Endorsement**

Use Endorsement HO 04 56 Special Loss Settlement if the Coverage A limit of liability is less than 80% of replacement value.

**NOTE:** Refer to Rules 808 and 809.



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**501 BUILDING ADDITIONS AND ALTERATIONS AT OTHER RESIDENCES**

**A. Coverage Description**

The policy may be endorsed to provide this coverage at residences, other than the residence premises, rented to an insured.

**B. Premium Computation**

★ To develop the premium per \$1,000 of insurance, multiply the premium in the Unity Table (4A) times the factor for "Each Add'l \$1,000" in the Amount of Insurance Table (4B) by the Premium Factor (Table 3).

**C. Endorsement**

Use Building Additions And Alterations Other Residence Endorsement HO 04 49.



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**502 BUILDING ADDITIONS AND ALTERATIONS - INCREASED LIMIT - HO 00 04**

**A. Coverage C Increase**

The limit of liability of 10% of Coverage C may be increased.

**B. Premium Computation**

★ To develop the premium per \$1,000 of insurance, multiply the premium in the Unity Table (4A) times the factor for "Each Add'l \$1,000" in the Amount of Insurance Table (4B) by the Premium Factor (Table 3).

**C. Endorsement**

Use Building Additions And Alterations Increased Limit Form HO 00 04 Endorsement HO 04 51.



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**507 FORM HO 00 06 COVERAGE A DWELLING BASIC AND INCREASED LIMITS AND  
SPECIAL COVERAGE - HO 00 06**

**A. Basic Limits**

The policy automatically provides a basic Coverage A limit of \$5,000 on a named perils basis. If increased limits are not desired, enter "\$5,000" under Coverage A - Dwelling in the Policy Declarations.

**B. Increased Limits**

The basic limit may be increased. The premium is developed based on the additional limit of insurance. The premium for each additional \$1,000 of insurance is developed as follows:

1. ★ Multiply the premium in the Unity Table (4A) times the factor for "Each Add'l \$1,000" in the Amount of Insurance Table (4B) by the Premium Factor (Table 3).
2. Multiply the new rate per \$1,000 determined in step 1 by the increased limit of Coverage A.
3. ★ Multiply the premium developed in step 2 by the Policy Form Factor.
4. Enter the total Coverage A limit on the Declarations page.

**C. Special Coverage**

The Section I Perils Insured Against may be broadened to cover additional risks of loss. The additional premium is developed as follows:

1. \$5,000 basic policy limit is \$6 and
2. Each additional \$1,000 of Coverage A is \$1.  
\* Refer to Rule 508 if the unit is regularly rented.

**D. Endorsement**

Use Unit-Owners Coverage A - Special Coverage Endorsement HO 17 32.



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**513 ORDINANCE OR LAW INCREASED AMOUNT OF COVERAGE - HO 00 04 AND HO 00 06**

**A. Coverage Increase**

1. The basic amount of coverage may be initially increased to 100% of the Form HO 00 04 Building Additions and Alterations limit or 50% of the Form HO 00 06 Coverage A limit.
2. The amount may be further increased in 25% increments above those listed in Paragraph 1.

**B. Premium Determination**

1. The premium for this additional coverage is determined based on the dollar amount of increase, represented by the increased percentage amount selected above the basic limit.
2. ★The premium for each additional \$1,000 of insurance is developed by multiplying the premium in the Unity Table (4A) times the factor for "Each Add'l \$1,000" in the Amount of Insurance Table (4B) by the Premium Factor (Table 3).
3. ★Multiply the result obtained in Step 2 by the Policy Form Factor.

**C. Endorsement**

Use Ordinance Or Law - Increased Amount Of Coverage Endorsement HO 04 77.



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801 AGE OF DWELLING CREDIT

★

<u>Age of Dwelling</u>	<u>Factor</u>
0 (New Construction)	0.70
1	0.72
2	0.74
3	0.76
4	0.78
5	0.80
6	0.82
7	0.84
8	0.86
9	0.88
10	0.90
11	0.92
12	0.94
13	0.96
14	0.98
15	1.00
16	1.00
17	1.00
18	1.00
19	1.00
20+	1.00

Apply the appropriate factor in accordance with the premium computation sequence in Rule 900.



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**803 ★RESERVED FOR FUTURE USE**



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**806 ADDITIONAL LIMITS IN THE EVENT OF A TOTAL LOSS TO THE DWELLING**

This endorsement may be used with Forms HO 00 02, HO 00 03, and HO 00 05. If the homeowner complies with the requirements of the endorsement and there is a total loss to the dwelling, we will increase the Coverage A amount up to the replacement cost of the dwelling, but not to exceed 1.50 times the Coverage A amount stated in the policy. Subject to certain additional requirements, we will also increase the limits of Coverage B, C, and D proportionately.

**A. Eligibility Requirements**

1. The Coverage A amount must be equal to or greater than 100% of the replacement cost of the dwelling.
2. Meets established underwriting criteria.

**B. Annual Premium**

★\$30.00

**C. Endorsement**

Use Endorsement HW 04 11 Additional Limits Of Liability For Coverages A, B, C, And D.

Refer to Rule 809.



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**809 SENTINEL SILVER HW 04 74, SENTINEL GOLD HW 04 72, SENTINEL PLATINUM HW 04 71, AND SENTINEL GOLD - CONDOMINIUM HW 04 73 ENDORSEMENTS**

**A. Sentinel Silver HW 04 74**

(Use with HO 00 03 Policy Form Only)

This coverage package includes the same coverages as Sentinel HW 04 70 with higher limits of liability for certain coverages as well as increasing the Coverage C amount of insurance to a minimum of 75% of the Coverage A amount of insurance. In addition, the following endorsements are included in the package: Additional Limits Of Liability For Coverages A, B, C, And D HW 04 11 at a limit not to exceed 1.50 of the Coverage A limit, Personal Property Replacement Cost Loss Settlement HO 04 90, and Refrigerated Property Coverage HW 04 15 at a limit of \$1,000.

**Rating:**

- ★ Sentinel Silver HW 04 74 - Apply a factor of 1.073 in accordance with the premium computation sequence in Rule 900 and add the flat premium of \$39.

**B. Sentinel Gold HW 04 72**

(Use with HO 00 05 Policy Form Only)

This coverage package includes the same coverages as Sentinel Silver with higher limits for certain coverages. In addition, this package provides for increased limits for smart/stored value cards, securities, firearms, business property usually on the premises, and Section II loss assessment. The package also includes Credit Card, Electronic Fund Transfer Card Or Access Device, Forgery And Counterfeit Money Coverage Increased Limit HO 04 53 (increase of \$9,500).

**Rating:**

- ★ Sentinel Gold HW 04 72 - Apply a factor of 1.073 in accordance with the premium computation sequence in Rule 900 and add the flat premium of \$77.

**C. Sentinel Platinum HW 04 71**

(Use with HO 00 05 Policy Form Only)

This coverage package includes the same coverages as Sentinel Gold with higher limits for certain coverages. In addition, this package provides for the increased limits for watercraft, trailers, business property away from the premises, trees, shrubs and other plants for limited perils, Section I & II loss assessment as well as increasing the Coverage F amount of insurance by \$4,000. The limit of insurance for Refrigerated Property Coverage HW 04 15 is \$5,000. This package also includes the following endorsements: Identity Fraud Expense Coverage HO 04 55 and Replacement Cost Loss Settlement For Certain Non-Building Structures On The Residence Premises HO 04 43.

**Rating:**

- ★ Sentinel Platinum HW 04 71 - Apply a factor of 1.073 in accordance with the premium computation sequence in Rule 900 and add the flat premium of \$152.

**INCLUDES COPYRIGHTED MATERIAL OF INSURANCE SERVICES OFFICES**

**AR – 809.1**



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**900 BASE PREMIUM COMPUTATION**

**A. Computation Instructions**

ROUND EACH STEP OF THE FOLLOWING RATING SEQUENCE TO THREE DECIMAL PLACES. USING A SEQUENTIAL RATING METHODOLOGY, MULTIPLY PER THE FOLLOWING:

**1. Forms HO 00 02, HO 00 03, HO 00 05**

★Unity Table (2A) x Amount of Insurance Table (2B) curve factor

= Base Premium

x Deductible Credit/Debit or Windstorm/Hail Deductible Credit =  
x Theft Deductible =  
x Table 1 Premium Factor =  
x Program Deviation Factor =  
x Membership Credit =  
x Special Loss Settlement Factor/ITV Factor =  
x Town House/Row House Surcharge Factor =  
x Ordinance or Law Coverage Factor =  
x Sentinel Coverage Package (HW 04 74, HW 04 72, HW 04 71) Factor =  
x Superior Construction Credit =  
x Age of Dwelling Credit =  
x Roof Type =  
x Roof Age =  
x Retirees Credit =  
x Account Credit =  
x ★  
x Replacement Loss Settlement For Certain Non-Building Structures Factor =  
x Advance Issue Deviation Factor =  
+ Sentinel Coverage Package (HW 04 74, HW 04 72, HW 04 71) Flat Premium  
= ADJUSTED BASE PREMIUM

All other optional endorsements shall be applied to the ADJUSTED BASE PREMIUM

**NOTE: ROUND THE ADJUSTED BASE PREMIUM TO THE NEAREST WHOLE DOLLAR.**



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**2. Forms HO 00 04, HO 00 06**

★Unity Table (4A) x Amount of Insurance Table (4B) curve factor

= Base Premium

x Deductible Credit/Debit =  
x Theft Deductible =  
x Table 3 Premium Factor =  
x Program Deviation Factor =  
x Membership Credit =  
x Sentinel Gold-Condo (HW 04 73) Factor =  
x HO 05 24 Special Personal Property Factor (HO 00 04) =  
x HO 17 31 Unit-Owners Coverage C Special Coverage Factor (HO 00 06) =  
x Superior Construction Credit =  
x ★Policy Form Factor =  
x HO 00 06 Cov. C Less Than \$6,000 Factor =  
x HW 04 29 Additional Coverage - Form HO 00 06 =  
x Retirees Credit =  
x Account Credit =  
x ★  
x Limited Access Credit =  
x Modified Other Insurance For Condo Policies Factor =  
x Advance Issue Deviation Factor =  
+ Sentinel Gold-Condo (HW 04 73) Flat Premium  
= ADJUSTED BASE PREMIUM

All other optional endorsements shall be applied to the ADJUSTED BASE PREMIUM

**NOTE: ROUND THE ADJUSTED BASE PREMIUM TO THE NEAREST WHOLE DOLLAR.**



**Property and Casualty Insurance Company  
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Effective Date 1/9/2010

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**B. ★ Extrapolation and Interpolation**

**ROUND EACH STEP TO 3 DECIMAL PLACES**

**1. Extrapolation**

If the desired limit of liability is higher than that shown in the Amount of Insurance Table (2B/4B), use the following calculations to develop the base premium:

**Step 1**

Find the highest displayed limit in the Amount of Insurance Table (2B/4B).

**Step 2**

Subtract the highest limit from the desired limit. This is the additional amount.

**Step 3**

Determine the factor for the additional amount by the following formula:

For HO 00 02, HO 00 03, HO 00 05;

Additional amount divided by \$10,000 multiplied by the "Each add'l \$10,000-ADD" factor.

For HO 00 04, HO 00 06;

Additional amount divided by \$1,000 multiplied by the "Each add'l \$1,000-ADD" factor.

**Step 4**

Add the final factor from Step 3 to the factor displayed for the highest limit in the Amount of Insurance Table (2B/4B).

**Step 5**

Multiply the premium in the Unity Table (2A/4A) by the factor calculated in Step 4.

**\*NOTE:** Confirm the limit is HIGHER than the last Coverage A amount listed in the Amount of Insurance Table (2B/4B).

**2. Interpolation**

If the desired limit of liability is not displayed, but is less than the highest limit in the Amount of Insurance Table (2B/4B), use the following calculations to develop the base premium:

**Step 1**

Locate the nearest limits to the desired limit of liability.

**Step 2**

Take the difference between the desired limit and the displayed limit and interpolate the base rate.



**Arkansas**  
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Effective January 9, 2010

**POLICY FORMS HO 00 02, HO 00 03, HO 00 05**

**TABLE 1 - PREMIUM FACTORS**

Policy Form	Type of Construction	Protection Class								
		2, 3	4	5	6	7	8	8A	9	10
HO 00 02	Frame	0.98	1.08	1.13	1.27	1.42	1.62	2.06	2.40	3.58
	Masonry	0.88	0.97	1.01	1.15	1.28	1.46	1.85	2.17	3.22
HO 00 03	Frame	1.00	1.10	1.15	1.30	1.45	1.65	2.10	2.45	3.65
	Masonry	0.90	0.99	1.04	1.17	1.31	1.49	1.89	2.21	3.29
HO 00 05	Frame	1.10	1.21	1.27	1.43	1.60	1.82	2.31	2.70	4.02
	Masonry	0.99	1.09	1.14	1.29	1.44	1.64	2.08	2.43	3.62

**TABLE 2A - UNITY TABLE**

TERRITORY	CURVE #	UNITY
13	1	\$1,498
14	1	\$1,357
15	1	\$2,102
16	1	\$1,947
17	1	\$1,974
18	1	\$1,739
19	1	\$1,640
20	1	\$1,583
21	1	\$1,899
22	1	\$1,401
24	1	\$1,704
29	1	\$1,703
30	1	\$2,139
31	1	\$2,200
32	1	\$1,955

**TABLE 2B - AMOUNT OF INSURANCE TABLE**

Coverage A Dwelling Amount	Curve #1
\$ 10,000	0.267
20,000	0.307
30,000	0.346
40,000	0.385
50,000	0.409
60,000	0.447
70,000	0.504
80,000	0.557
90,000	0.614
100,000	0.668
110,000	0.738
120,000	0.804
130,000	0.870
140,000	0.934
150,000	1.000
160,000	1.066
170,000	1.131
180,000	1.197
190,000	1.264
200,000	1.323
210,000	1.396
220,000	1.463
230,000	1.529
240,000	1.596
250,000	1.664
260,000	1.733
270,000	1.802
280,000	1.864
290,000	1.919
300,000	1.973
310,000	2.035
320,000	2.097
330,000	2.155
340,000	2.210
350,000	2.264
Each add'l \$10,000-	0.064



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**POLICY FORMS HO 00 04, HO 00 06**

**TABLE 3 - PREMIUM FACTORS**

Policy Form	Type of Construction	Protection Class			
		1-4	5, 6	7, 8	9, 10
HO 00 04	Frame	1.00	1.10	1.28	1.63
	Masonry	1.00	1.10	1.28	1.63

**TABLE 4A - UNITY TABLE**

TERRITORY	CURVE #	UNITY
13	1	\$61
14	1	\$61
15	1	\$61
16	1	\$61
17	1	\$61
18	1	\$61
19	1	\$61
20	1	\$61
21	1	\$61
22	1	\$61
24	1	\$61
29	1	\$61
30	1	\$61
31	1	\$61
32	1	\$61

**TABLE 4B - AMOUNT OF INSURANCE TABLE**

Coverage C Dwelling Amount	Curve #1
\$ 6,000	0.893
10,000	1.000
15,000	1.150
20,000	1.375
25,000	1.650
30,000	1.950
35,000	2.250
40,000	2.550
45,000	2.875
50,000	3.200
55,000	3.525
60,000	3.850
65,000	4.150
70,000	4.450
75,000	4.750
80,000	5.050
85,000	5.350
90,000	5.650
95,000	5.950
100,000	6.250
Each add'l \$1,000-	0.060

**POLICY FORM FACTOR**

Policy Form	Factor
HO 00 04	1.00
HO 00 06	0.76

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 TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations  
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 Project Name/Number: Homeowners Multi Peril/FN.14.799/RWG.2009.01

## Supporting Document Schedules

	<b>Item Status:</b>	<b>Status Date:</b>
<b>Satisfied - Item:</b> H-1 Homeowners Abstract	Filed	04/26/2010
<b>Comments:</b> Attached is the H-1 Homeowners Abstract.		
<b>Attachment:</b> AR PCIC 2010-01-09 H-1.pdf		

	<b>Item Status:</b>	<b>Status Date:</b>
<b>Satisfied - Item:</b> HPCS-Homeowners Premium Comparison Survey	Filed	04/26/2010
<b>Comments:</b> Attached is the HPCS-Homeowners Premium Comparison Survey in Excel and PDF formats.		
<b>Attachments:</b> HO Survey FORM HPCS.xls HO Survey FORM HPCS.pdf		

	<b>Item Status:</b>	<b>Status Date:</b>
<b>Satisfied - Item:</b> NAIC loss cost data entry document	Filed	04/26/2010
<b>Comments:</b> Attached is the NAIC loss cost data entry document.		
<b>Attachment:</b> AR_P_Form RF-1 Home.pdf		

	<b>Item Status:</b>	<b>Status Date:</b>
<b>Satisfied - Item:</b> Explanatory Memorandum with the Actuarial Exhibits	Filed	04/26/2010
<b>Comments:</b> Attached is the Explanatory Memorandum with the Actuarial Exhibits.		

SERFF Tracking Number: HART-126354243 State: Arkansas  
 Filing Company: Property and Casualty Insurance Company of Hartford State Tracking Number: EFT \$100  
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 Project Name/Number: Homeowners Multi Peril/FN.14.799/RWG.2009.01

**Attachment:**

AR PCIC 2010-01-09 EM and Actl Exhibits.pdf

	<b>Item Status:</b>	<b>Status Date:</b>
<b>Satisfied - Item:</b> Response to Objection #1 Dated 10-28-09	Filed	04/26/2010

**Comments:**

Attached is our response.

**Attachment:**

Objection #1.pdf

	<b>Item Status:</b>	<b>Status Date:</b>
<b>Satisfied - Item:</b> Response to Objection #3 Dated 10-28-09	Filed	04/26/2010

**Comments:**

Attached is our response.

**Attachment:**

Objection #3.pdf

	<b>Item Status:</b>	<b>Status Date:</b>
<b>Satisfied - Item:</b> Response to Objection #5 Dated 10-28-09	Filed	04/26/2010

**Comments:**

Attached is our response.

**Attachment:**

Objection #5.pdf

	<b>Item Status:</b>	<b>Status Date:</b>
<b>Satisfied - Item:</b> Response to Objection Letter Dated 11-13-09	Filed	04/26/2010

SERFF Tracking Number: HART-126354243 State: Arkansas  
Filing Company: Property and Casualty Insurance Company of Hartford State Tracking Number: EFT \$100  
Company Tracking Number: FN.14.799/RWG.2009.01  
TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations  
Product Name: Overall Rate Change and Revised Rules for PCIC  
Project Name/Number: Homeowners Multi Peril/FN.14.799/RWG.2009.01

**Comments:**

Attached is our response.

**Attachment:**

AR DOI Response 111309 FN14799RWG200901.pdf

	<b>Item Status:</b>	<b>Status Date:</b>
<b>Satisfied - Item:</b> Response to Objection Letter Dated 12-1-09	Filed	04/26/2010

**Comments:**

Attached is our response.

**Attachment:**

AR FN14799RWG200901 Response 12\_1\_09.pdf

ARKANSAS INSURANCE DEPARTMENT

HOMEOWNERS ABSTRACT

Page 1 of 2

**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 Property and Casualty Insurance Company of Hartford  
 NAIC No. 34690 Group No. 00914

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

<b>2009</b>	4.8	<b>2006</b>	7.4
<b>2008</b>	3.7	<b>2005</b>	7.8
<b>2007</b>	4.2		

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. Marshall & Swift Boeckh (American Appraisal Associates) in 1994  
Impact not quantifiable.

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. 100% ITV is requested.

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

Annual Increase	4%	6%	8%	Each additional 4% over 8% add:
Change	2%	3%	4%	2%

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

a. Fire Extinguisher	0.0 %
b. Burglar Alarm	2.0 %
c. Smoke Alarm	2.0 %
d. Insured who has both homeowners and auto with your company	15.0 %
e. Deadbolt Locks	2.0 %
f. Window or Door Locks	0.0 %
g. Other (specify)	%
<u>Limited Access (HO-4, HO-6)</u>	<u>10.0 %</u>
<u>Full Automatic Sprinklers</u>	<u>13.0 %</u>
<u>Partial Automatic Sprinklers</u>	<u>8.0 %</u>
<u>Fire Alarm Reporting to Central Station</u>	<u>10.0 %</u>
<u>Burglar Alarm Reporting to Central Station</u>	<u>10.0 %</u>

6. Are there any areas in the State of Arkansas in which your company will not write homeowners insurance? No If so, state areas and explain reason for not writing. N/A

---

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

Form	Premium Volume
<u>HO-2</u>	<u>0</u>
<u>HO-3</u>	<u>4,123,875</u>
<u>HO-5</u>	<u>22,516</u>
<u>HO-4</u>	<u>167,811</u>
<u>HO-6</u>	<u>54,958</u>

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

9. Is there a surcharge on risks with wood heat? No  
 If yes, state surcharge N/A  
 Does the surcharge apply to conventional fire places? N/A  
 If yes, state surcharge N/A

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

Doi Tran  
**Signature**

Pricing Analyst  
**Title**

(860) 378- 3726  
**Telephone Number**

NAIC Number: 34690  
 Company Name: Property and Casualty Insurance Company of Hartford  
 Contact Person: Doi Tran  
 Telephone No.: 860-378-3726  
 Email Address: Doi.tran@thehartford.com  
 Effective Date: 1/9/2010

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

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

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

Survey Form for HO3 (Homeowners) - Use \$500 Flat Deductible (Covers risk of direct physical loss for dwelling and other structures; named perils for personal property, replacement cost on dwelling, actual cash value on personal property)																			
Public Protection Class	Dwelling Value	Washington		Baxter		Craighead		St. Francis		Desha		Union		Miller		Sebastian		Pulaski	
		Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame
3	\$80,000	\$581	\$642	\$599	\$662	\$722	\$799	\$884	\$978	\$884	\$978	\$832	\$921	\$821	\$908	\$638	\$706	\$923	\$1,023
	\$120,000	\$855	\$946	\$882	\$976	\$1,066	\$1,181	\$1,308	\$1,450	\$1,308	\$1,450	\$1,230	\$1,363	\$1,213	\$1,345	\$941	\$1,042	\$1,367	\$1,516
	\$160,000	\$1,124	\$1,245	\$1,159	\$1,285	\$1,403	\$1,556	\$1,724	\$1,912	\$1,724	\$1,912	\$1,621	\$1,798	\$1,599	\$1,773	\$1,237	\$1,371	\$1,803	\$2,000
6	\$80,000	\$746	\$826	\$770	\$852	\$929	\$1,029	\$1,140	\$1,263	\$1,140	\$1,263	\$1,072	\$1,188	\$1,058	\$1,172	\$821	\$909	\$1,191	\$1,320
	\$120,000	\$1,102	\$1,221	\$1,137	\$1,260	\$1,376	\$1,526	\$1,691	\$1,875	\$1,691	\$1,875	\$1,590	\$1,763	\$1,568	\$1,739	\$1,214	\$1,345	\$1,768	\$1,962
	\$160,000	\$1,452	\$1,610	\$1,498	\$1,661	\$1,815	\$2,014	\$2,232	\$2,477	\$2,232	\$2,477	\$2,098	\$2,328	\$2,070	\$2,296	\$1,599	\$1,774	\$2,335	\$2,591
9	\$80,000	\$1,383	\$1,530	\$1,427	\$1,579	\$1,729	\$1,914	\$2,126	\$2,353	\$2,126	\$2,353	\$1,998	\$2,212	\$1,971	\$2,182	\$1,524	\$1,686	\$2,224	\$2,462
	\$120,000	\$2,055	\$2,275	\$2,121	\$2,348	\$2,573	\$2,849	\$3,167	\$3,508	\$3,167	\$3,508	\$2,976	\$3,296	\$2,936	\$3,252	\$2,266	\$2,509	\$3,314	\$3,670
	\$160,000	\$2,715	\$3,007	\$2,802	\$3,104	\$3,402	\$3,768	\$4,190	\$4,641	\$4,190	\$4,641	\$3,936	\$4,361	\$3,883	\$4,301	\$2,994	\$3,316	\$4,384	\$4,856

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	\$44	\$44	\$44	\$44	\$44	\$44	\$44	\$44	\$44	\$44	\$44	\$44	\$44	\$44	\$44	\$44	\$44	\$44
	\$15,000	\$57	\$57	\$57	\$57	\$57	\$57	\$57	\$57	\$57	\$57	\$57	\$57	\$57	\$57	\$57	\$57	\$57	\$57
	\$25,000	\$82	\$82	\$82	\$82	\$82	\$82	\$82	\$82	\$82	\$82	\$82	\$82	\$82	\$82	\$82	\$82	\$82	\$82
6	\$5,000	\$49	\$49	\$49	\$49	\$49	\$49	\$49	\$49	\$49	\$49	\$49	\$49	\$49	\$49	\$49	\$49	\$49	\$49
	\$15,000	\$63	\$63	\$63	\$63	\$63	\$63	\$63	\$63	\$63	\$63	\$63	\$63	\$63	\$63	\$63	\$63	\$63	\$63
	\$25,000	\$90	\$90	\$90	\$90	\$90	\$90	\$90	\$90	\$90	\$90	\$90	\$90	\$90	\$90	\$90	\$90	\$90	\$90
9	\$5,000	\$72	\$72	\$72	\$72	\$72	\$72	\$72	\$72	\$72	\$72	\$72	\$72	\$72	\$72	\$72	\$72	\$72	\$72
	\$15,000	\$93	\$93	\$93	\$93	\$93	\$93	\$93	\$93	\$93	\$93	\$93	\$93	\$93	\$93	\$93	\$93	\$93	\$93
	\$25,000	\$133	\$133	\$133	\$133	\$133	\$133	\$133	\$133	\$133	\$133	\$133	\$133	\$133	\$133	\$133	\$133	\$133	\$133

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:**

<b>HO3 and HO4 only</b>			
Fire Extinguisher	<input type="text" value="0"/> %	Deadbolt Lock	<input type="text" value="2"/> %
Burglar Alarm	<input type="text" value="2-10"/> %	Window Locks	<input type="text" value="0"/> %
Smoke Alarm	<input type="text" value="2-10"/> %	\$1,000 Deductible	<input type="text" value="14-26"/> %
		Other (specify)	
		Sprinkler System	<input type="text" value="8-13"/> %
		Maximum Credit Allowed	<input type="text" value=""/> %

<b>EARTHQUAKE INSURANCE</b>			
<b>IMPORTANT, homeowners insurance does NOT automatically cover losses from earthquakes. Ask your agent about this cover</b>			
ARE YOU CURRENTLY WRITING EARTHQUAKE COVERAGE IN ARKANSAS?	<input type="text" value="Yes"/> (yes or no)		
WHAT IS YOUR PERCENTAGE DEDUCTIBLE?	<input type="text" value="5%"/> %		
		Zone	
		Brick	Frame
WHAT IS YOUR PRICE PER \$1,000 OF COVERAGE?		Highest Risk	\$ <input type="text" value="1.40"/>
		Lowest Risk	\$ <input type="text" value="1.07"/>

## NAIC LOSS COST DATA ENTRY DOCUMENT

<b>1.</b>	This filing transmittal is part of Company Tracking #	FN.14.799/RWG.2009.01
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<b>2.</b>	If filing is an adoption of an advisory organization loss cost filing, give name of Advisory Organization and Reference/ Item Filing Number	N/A
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	Company Name	Company NAIC Number
<b>3.</b>	<b>A.</b> Property and Casualty Insurance Company of Hartford	<b>B.</b> 34690

	Product Coding Matrix Line of Business (i.e., Type of Insurance)	Product Coding Matrix Line of Insurance (i.e., Sub-type of Insurance)
<b>4.</b>	<b>A.</b> Homeowners Multi Peril	<b>B.</b> Homeowners

**5.**

(A) COVERAGE (See Instructions)	(B) Indicated % Rate Level Change	(C) Requested % Rate Level Change	FOR LOSS COSTS ONLY				
			(D) Expected Loss Ratio	(E) Loss Cost Modification Factor	(F) Selected Loss Cost Multiplier	(G) Expense Constant (If Applicable)	(H) Co. Current Loss Cost Multiplier
HO2, HO3, HO5	13.50%	13.20%	77.6	1.611	n/a	1.124	n/a
HO4, HO6	n/a	2.60%	62.2	1.678	n/a	1.124	n/a
<b>TOTAL OVERALL EFFECT</b>	13.90%	12.70%					

**6.**

5 Year History

Rate Change History

Year	Policy Count	% of Change	Effective Date	State Earned Premium (000)	Incurred Losses (000)	State Loss Ratio	Countrywide Loss Ratio
2004	2360	n/a	n/a	1594	536	33.6%	88.4%
2005	2775	n/a	n/a	2018	852	42.2%	74.8%
2006	2402	n/a	n/a	2471	1737	70.3%	49.8%
2007	3953	n/a	n/a	3082	702	22.8%	52.4%
2008	4454	n/a	n/a	3523	4061	115.3%	58.4%

**7.**

Expense Constants	Selected Provisions
A. Total Production Expense	
B. General Expense	12.80%
C. Taxes, License & Fees	3.00%
D. Underwriting Profit & Contingencies	6.80%
E. Other (explain)	
<b>F. TOTAL</b>	<b>22.40%</b>

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

**9.** 24.9% Estimated Maximum Rate Increase for any Insured (%). Territory (if applicable):

Territory 13

**10.** 0.5% Estimated Maximum Rate Decrease for any Insured (%) Territory (if applicable):

Territory 19

PC RLC

**Property and Casualty Insurance Company of Hartford  
ARKANSAS HOMEOWNERS**

**EXPLANATORY MEMORANDUM**

Property and Casualty Insurance Company of Hartford request the following rate revision in Arkansas. Revisions include changes to base rates, territory relativities, Age of Dwelling factors, removal of the Renewal Credit, and increase the annual premium for replacement cost of dwelling. We are also making changes to the format of the territory base rate pages to display the Amount of Insurance curve. This change requires editorial changes to the rule pages as well. These revisions are applicable to policies produced and effective on or after January 9, 2010 and renewal business February 25, 2010. These changes will result in an overall rate impact of +12.7%.

**SUMMARY OF CHANGES**

**1. Age of Dwelling Factors**

With respect to the Age of Dwelling (Rule 801) factor changes, an analysis was recently completed on The Hartford's PLIC Homeowners class plan. The Emblem tool for multivariate analysis was used to test five years of countrywide loss cost data through the third quarter of 2008. After adjustments for amount of insurance and regional differences in loss costs, all current variables were examined individually, holding all other factors constant. The analysis demonstrated that changes to Age of Dwelling factors are indicated.

The Age of Dwelling variable has provided a discount for newer homes off the unity age of 11+ years. We propose to rebase at 15+ years, and to distinguish between the ages from 12 to 15+. The Age of Dwelling variable was modeled imposing a first-order polynomial structure so that the indicated factors are monotonically increasing with a constant slope. The selected factors maintain the current progression for 11 years and below (albeit introducing a distinction between 0 and 1 years). Above 11 years up to the new unity at 15+, we propose a 2% per year increase, which tempers the impact to the current book from what is indicated. The standard error for the modeling of this variable was very low, under 25% --which signifies there is much less than 5% probability that the results are caused by randomness: a strong signal for change.

<b>Age of Dwelling</b>	<b>Current Factors</b>	<b>CW Indicated Factors</b>	<b>Proposed Factors-- Old Base</b>	<b>Proposed Factors-- Rebased</b>
0	0.760	0.657	0.745	0.700
1	0.780	0.683	0.766	0.720
2	0.800	0.710	0.787	0.740
3	0.820	0.737	0.809	0.760
4	0.840	0.766	0.830	0.780
5	0.860	0.796	0.851	0.800
6	0.880	0.826	0.872	0.820
7	0.900	0.859	0.894	0.840
8	0.920	0.892	0.915	0.860
9	0.940	0.927	0.936	0.880
10	0.960	0.963	0.957	0.900
11	0.980	1.000	0.979	0.920
12	1.000	1.039	1.000	0.940
13	1.000	1.079	1.021	0.960
14	1.000	1.121	1.043	0.980
15	1.000	1.165	1.064	1.000
16	1.000	1.210	1.064	1.000
17	1.000	1.257	1.064	1.000
18	1.000	1.306	1.064	1.000
19+	1.000	1.357	1.064	1.000

**Property and Casualty Insurance Company of Hartford  
ARKANSAS HOMEOWNERS**

**2. Removal of the Renewal Credit**

A countrywide review of our renewal credit indicates that policyholders who currently have the credit are not performing well relative to customers who are not receiving the credit. The loss ratios for policyholders with less than 4 years with The Hartford are outperforming customers who have been with The Hartford for four or more years. Below is the 5-year loss ratio by renewal credit. Based on this data, we are proposing to eliminate the renewal credit.

<b>Years with HIG</b>	<b>Current Factors</b>	<b>CW Loss Ratio</b>	<b>Proposed Factors</b>
Less than 4	1.00	0.60	1.00
4+ Years	0.96	0.73	1.00

**3. Replacement Cost of Dwelling**

We are proposing to increase the premium for Replacement Cost of Dwelling coverage from \$5 to \$30. This increase is based on a countrywide study. Endorsement HW 04 11: Additional Limits of Liability in Event of Total Loss to Dwelling provides replacement cost coverage if there is a total loss up to 125% of the Coverage A amount (Coverages B, C, and D are also increased proportionally). The ISO advisory pricing recommendation for a 150% Replacement Cost Dwelling endorsement is 6% of total policy premium. The proposed premium change for this endorsement (providing 125% of replacement cost) equates to 3% of a typical policy premium of about \$900. Additionally, we looked at competitor offerings for a similar endorsement, and noted that the proposed premium is in line with other carriers' prices:

- Safeco: 3% of total policy premium for 125% RCD coverage
- Grange: 3% for 150%
- Encompass: flat \$25 for 125%
- Travelers: \$12 for 125%; \$37 for 150%
- Nationwide: \$1 for 120%
- Farmers: 3% for 125%

Our Sentinel Silver, Gold, and Platinum packages include Endorsement HW 04 11, and their prices have thus been adjusted to reflect the premium increase. The table below shows the current and proposed cost for each endorsement.

<b>Endorsement</b>	<b>Current Premium</b>	<b>Proposed Premium</b>
RCD	\$5	\$30
Sentinel Silver	\$27	\$39
Sentinel Gold	\$65	\$77
Sentinel Platinum	\$140	\$152

**4. Territory Relativities**

A territorial indication was completed for this plan. We adjusted the territory relativities based on the indicated change. However, in order to temper the impact to the current book from what is indicated, we decided to cap the relativity change to  $\pm 4\%$ . Please see exhibit 14 of the indication for the territorial change.

**Property and Casualty Insurance Company of Hartford  
ARKANSAS HOMEOWNERS**

**5. Base Rate**

Finally, we adjusted the base rates uniformly to achieve an overall +12.7% after all off-balance of the above changes.

**Homeowners Rate Change:**

---

POLICY FORM	INFORCE WRITTEN PREMIUM	INDICATED RATE LEVEL CHANGE	PROPOSED RATE CHANGE
2,3,5	\$ 4,146,391	+13.5%	+13.2%
4,6	\$ 222,769	N/A*	+2.6%
Total	\$ 4,369,160	+13.5%	+12.7%

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\* Indications for Forms 4 and 6 are not included due to low credibility.

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Doi Tran  
Pricing Analyst  
Personal Lines Actuarial  
860-378-3726 (phone)  
860-378-1338 (fax)

**Property and Casualty Insurance Company of Hartford  
ARKANSAS HOMEOWNERS**

**ARKANSAS EXHIBITS INDEX**

A. Indication Exhibits

1. Statewide Rate Level Indication (2,3)
  - 1a Permissible Loss Ratio (2,3)
2. Development of Trended Adjusted Premiums at Present Rates (2,3)
  - 2c Development of Expected Non-CAT Loss Ratio (2,3)
3. Development of Trended Adjusted Ultimate Non-CAT Losses (2,3)
4. Trend in Average Premium (2,3)
5. Development of Current Average Premium Factors (2,3)
6. Large Loss Adjustment (2,3)
7. Development of Losses to Ultimate (2,3)
14. Determination of Territorial Indication
  - 14a. Calculation of Non-CAT Loss Ratio and CAT/Reins Loads
  - 14c. Territorial Experience - Development of Non-CAT Capped Losses
  - 14d. Calculation of Non-CAT Loss Ratio and CAT/Reins Loads
  - 14e. Calculation of Non-CAT Loss Ratio and CAT/Reins Loads
  - 14f. Storm Peril CAT Load Distribution

B. Supporting Exhibits

1. Loss Cost Trend
2. Premium Trend
3. Loss Development

C. Impact Sheet

D. Revised Manual Pages

**Property and Casualty Insurance Company of Hartford  
ARKANSAS HOMEOWNERS**

**Indication Exhibits**



**ARKANSAS**

Property and Casualty Insurance Company of Hartford

Exhibit 1a - Bldg

Personal Property Insurance

**Permissible Loss Ratio**

Building Policy Forms

Accident Year Data Ending 3/31/2009

	<b>Combined Ratio</b>
<b>As a percentage of premium:</b>	<b>@ 93.2%</b>
	<b>(15.0% ROE)</b>
(1) Commission and Brokerage.....	0.0%
(2) Other Underwriting Expense.....	12.6%
(3) Taxes, Licenses, Fees, Fair Plan.....	3.0%
(4) Underwriting Profit & Contingencies.....	6.8%
(5) Total Expenses.....	22.4%
(6) Permissible Loss & Loss Adjustment Expense Ratio.....	77.6%
(7) Total Premium.....	100.0%

Notes:

- (1) Represents the projected commissions and brokerage to be paid during the period the rates will be in effect for Personal Lines Homeowners policies to our agents in Arkansas.
- (2) The Variable portion of OUE represents the countrywide projected expenses for the period that these rates will be in effect.

**ARKANSAS**

Property and Casualty Insurance Company of Hartford

Exhibit 2- Bldg

Personal Property Insurance  
**Development of Trended Adjusted Premiums at Present Rates**  
 Building Policy Forms  
 Accident Year Data Ending 3/31/2009

Accident Year Ending	(1) Written Premium	(2) Earned Premium	(3) Premium Conversion Factor	(4) Earned Premium at Present Rates	(5) Current Average Premium Factor	(6) Average Premium Projection Factor	(7) Trended Adjusted EPAPR
3/31/2005	1,828,587	1,631,602	1.001	1,633,234	1.159	1.069	2,023,530
3/31/2006	2,209,858	2,022,702	1.000	2,022,702	1.110	1.069	2,400,118
3/31/2007	2,829,950	2,510,364	1.000	2,510,364	1.059	1.069	2,841,910
3/31/2008	3,238,608	3,066,952	1.000	3,066,952	1.020	1.069	3,344,143
3/31/2009	3,709,757	3,463,380	1.000	3,463,380	1.000	1.069	3,702,353
	13,816,760	12,695,000		12,696,632			14,312,054

Notes:

- (1) From The Hartford Data runs
- (2) From The Hartford Data runs
- (3) Calculated using rateable policy information
- (4) Column (2) x Column (3)
- (5) From Exhibit 5, Column (4)
- (6) From Exhibit 4, Row (6)
- (7) Column (4) x Column (5) x Column (6)

Personal Property Insurance  
**Development of Non-CAT Loss Ratio Underlying Current Rates**  
Building Policy Forms  
Accident Year Data Ending 3/31/2009

(1) Permissible Loss Ratio Underlying Current Rates.....	71.3%
(2) Reinsurance Load Underlying Current Rates.....	1.0%
(3) LAE Underlying Current Rates.....	12.1%
(4) Adjusted Permissible Loss Ratio Underlying Current Rates.....	62.7%
(5) Non-CAT Ratio Underlying Current Rates.....	68.4%
(6) Non-CAT Loss Ratio Underlying Current Rates.....	42.9%
(7) Net Trend.....	136.7%
(8) Trended Non-CAT Loss Ratio Underlying Current Rates.....	58.6%

**Development of Net Trend**

(9) Effective Renewal Date of Current Rates.....	1/15/2006
(10) Average Accident Date of Forecast Period Underlying Current Rates.....	1/14/2007
(11) Average Accident Date of Latest Accident Year.....	9/30/2008
(12) Years of Trend (Retrospective).....	1.71
(13) Retrospective Loss Cost Trend Factor.....	1.221
(14) Average Premium Projection Factor.....	1.05
(15) Historical Net Trend.....	1.167
(16) Average Accident Date of Forecast Period.....	2/24/2011
(17) Years of Trend (Prospective).....	2.40
(18) Projected Loss Cost Trend Factor.....	1.252
(19) Average Premium Projection Factor.....	1.069
(20) Projected Net Trend.....	1.171
(21) Total Net Trend.....	1.367

Notes:

- (1) Permissible Loss Ratio from Previous Filing
- (2) Reinsurance Load from Previous Filing
- (3) LAE from Previous Filing
- (4)  $[Row(1) - Row(2)] / Row(3)$
- (5)  $1 - [Prev. Filing CAT Load / (Latest Yr EPAPR from Prev. Filing * Prev. Filing PLR * (1 + Last Filed Rate Chg))]$
- (6)  $Row(4) * Row(5)$
- (7) From Row (21)
- (8)  $Row(6) * Row(7)$
  
- (12) Number of years between average accident date underlying current rates to average accident date of latest accident year
- (13)  $(Retrospective\ loss\ cost\ trend\ based\ on\ average\ accident\ date\ underlying\ current\ rates) ^ Row(12)$
- (14)  $(Average\ premium\ trend\ based\ on\ average\ accident\ date\ underlying\ current\ rates) ^ Row(12)$
- (15)  $Row(13) / Row(14)$
  
- (17) Number of years between average accident date of latest accident year to average accident date of forecast period
- (18)  $(Prospective\ loss\ cost\ trends) ^ Row(17)$
- (19)  $(Average\ premium\ projection\ factor) ^ Row(17)$
- (20)  $Row(18) / Row(19)$
- (21)  $Row(15) * Row(20)$

Personal Property Insurance  
**Development of Trended Adjusted Ultimate Losses (excluding CAT & Hail)**  
Building Policy Forms  
Accident Year Data Ending 3/31/2009

	(1)	(2)	(3)	(4)
<u>Accident Year Ending</u>	<u>Smoothed Ultimate Losses</u>	<u>Retro. Trend Factors</u>	<u>Projected Trend Factor</u>	<u>Trended Smoothed Ultimate Losses</u>
3/31/2005	609,522	1.863	1.252	1,421,695
3/31/2006	672,360	1.672	1.252	1,407,481
3/31/2007	950,467	1.264	1.252	1,504,141
3/31/2008	863,182	1.123	1.252	1,213,630
3/31/2009	<u>1,553,768</u>	<u>1.000</u>	<u>1.252</u>	<u>1,945,317</u>
	4,649,299			7,492,264

Notes:

- (1) From Exhibit 6, Column (8)
- (2) Retrospective Trend
- (3)  $(1+0.098 \text{ Annual Projected Trend})^{(2.4 \text{ Trend Period (\#Years)})}$
- (4) Column (1) x Column (2) x Column (3)

Personal Property Insurance  
**Trend in Average Premium**  
Building Policy Forms  
Accident Year Data Ending 3/31/2009

<b>Accident Year Ending</b>	<b>(1) Average Premium</b>
3/31/2005	872
3/31/2006	911
3/31/2007	955
3/31/2008	991
3/31/2009	1,011

<b>(2) 3 Year Average Annual Exponential Premium Trend</b>	2.8%
<b>(3) 5 Year Average Annual Exponential Premium Trend</b>	3.8%
<b>(4) Selected Average Annual Exponential Premium Trend</b>	2.8%
<b>(5) Trend Period (# Years) .....</b>	2.40
<b>(6) Average Premium Projection Factor .....</b>	1.069

Notes:

- (1) From Exhibit 5, Column (3)
- (2) Derived from the exponential curve of best fit using the method of least-squares
- (3) Derived from the exponential curve of best fit using the method of least-squares
- (4) Selected based on countrywide analysis
- (5) Represents the number of years from the midpoint of the last year of relativities data to 12 months beyond the anticipated renewal date of February 25, 2010
- (6)  $[1.0 + \text{Row (4)}] ^ \text{Row (5)}$

**ARKANSAS**

Property and Casualty Insurance Company of Hartford

Exhibit 5- Bldg

Personal Property Insurance  
**Development of Current Average Premium Factors**  
 Building Policy Forms  
 Accident Year Data Ending 3/31/2009

<b>Accident Year Ending</b>	<b>(1) Earned Premium at Present Rates</b>	<b>(2) Earned House Years</b>	<b>(3) Average Premium</b>	<b>(4) Current Average Premium Factors</b>
3/31/2005	1,633,234	1,874	872	1.159
3/31/2006	2,022,702	2,221	911	1.110
3/31/2007	2,510,364	2,629	955	1.059
3/31/2008	3,066,952	3,094	991	1.020
3/31/2009	3,463,380	3,425	1,011	1.000

Notes:

- (1) From Exhibit 2, Column (4)
- (2) From The Hartford data runs
- (3) Column (1) / Column (2)
- (4) Column (3) Latest Year / Column (3)

Personal Property Insurance  
**Large Loss Adjustment**  
Building Policy Forms  
Accident Year Data Ending 3/31/2009

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Accident Year Ending	Average Amount of Insurance	Cap Losses at 50% AOI	Ultimate Incurred Losses (x-CAT/Hail)	Excess Losses	Basic Limit Losses	Excess Ratio	Smoothed Ultimate Losses (x-CAT/Hail)
3/31/2005	120,344	60,172	467,949	39,914	428,035	0.424	609,522
3/31/2006	130,949	65,475	543,653	71,490	472,163	0.424	672,360
3/31/2007	142,008	71,004	1,054,567	387,104	667,463	0.424	950,467
3/31/2008	154,718	77,359	717,962	111,795	606,167	0.424	863,182
3/31/2009	163,965	81,983	2,133,040	1,041,911	1,091,129	0.424	1,553,768
			4,917,171		3,264,957		4,649,299

Notes:

- (2) Statewide Building Forms Average Amount of Insurance
- (3) Loss Capping Amount
- (4) From Exhibit 7 Column (7)
- (5) Loss exceeding Capping Amount
- (6) Column (4) - Column (5)
- (7) Excess Ratio based on 10 years of Hartford data
- (8) Column (6) x (1+Column (7))

Personal Property Insurance  
**Development of Losses to Ultimate**  
Building Policy Forms  
Accident Year Data Ending 3/31/2009

<b>Incurred Losses (excluding Catastrophes &amp; Hail Losses)</b>							
	<b>Section I - Property</b>			<b>Section II - Liability</b>			<b>Total</b>
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Accident Year Ending</b>	<b>Incurred Losses</b>	<b>Loss Development Factor</b>	<b>Ultimate Losses</b>	<b>Incurred Losses</b>	<b>Loss Development Factor</b>	<b>Ultimate Losses</b>	<b>Ultimate Losses</b>
3/31/2005	457,682	1.003	459,055	8,867	1.003	8,894	467,949
3/31/2006	530,605	1.006	533,789	9,924	0.994	9,864	543,653
3/31/2007	1,041,089	1.011	1,052,541	1,906	1.063	2,026	1,054,567
3/31/2008	704,956	1.012	713,415	3,679	1.236	4,547	717,962
3/31/2009	1,856,076	1.102	2,045,396	49,266	1.779	87,644	2,133,040
	4,590,408		4,804,196	73,642		112,975	4,917,171

Notes:

- (1) , (4) From The Hartford data runs
- (2) Western Region factors developed from The Hartford loss triangles
- (5) Countrywide factors developed from The Hartford loss triangles

## Arkansas

Property and Casualty Insurance Company of Hartford

Personal Property Insurance

### Determination of Territorial Indication Reflecting CAT and Reinsurance Loads by Territory

Policy Forms HO-2,HO-3

Calendar/Accident Year Data Ending 3/31/2009

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
Description	Terr.	2005 - 2009 Earned Premium at Present Rates	Adjusted Loss Ratio	Loss Ratio Relativity	2009 Written Premium	Indicated Relativity Change	Capped Territorial Indication (Capped at 4.0%)	Territorial Indication incl. SW Change	Overall Territorial Impact
	13	714,103	93.9%	1.275	204,282	27.5%	4.0%	19.5%	18.2%
	14	2,745,760	76.1%	1.034	760,224	3.4%	3.4%	18.8%	16.6%
	15	792,958	59.0%	0.801	228,028	-19.9%	-4.0%	10.3%	9.4%
	16	710,912	56.5%	0.767	223,691	-23.3%	-4.0%	10.3%	9.1%
	17	144,804	57.4%	0.780	37,662	-22.0%	-4.0%	10.3%	9.0%
	18	962,199	72.4%	0.983	268,569	-1.7%	-1.7%	13.0%	11.5%
	19	521,576	64.0%	0.869	159,936	-13.1%	-4.0%	10.3%	9.2%
	20	1,014,975	58.3%	0.792	275,554	-20.8%	-4.0%	10.3%	8.7%
	21	212,277	62.2%	0.845	57,229	-15.5%	-4.0%	10.3%	9.1%
	22	801,331	74.6%	1.014	211,708	1.4%	1.4%	16.5%	15.5%
	24	861,389	67.4%	0.915	254,295	-8.5%	-4.0%	10.3%	9.9%
	29	975,431	68.9%	0.936	288,155	-6.4%	-4.0%	10.3%	8.3%
	30	1,322,327	100.9%	1.371	404,562	37.1%	4.0%	19.5%	18.2%
	31	547,645	91.6%	1.245	150,975	24.5%	4.0%	19.5%	17.3%
	32	648,145	61.6%	0.837	184,887	-16.3%	-4.0%	10.3%	9.9%
	<b>SW Total</b>	<b>12,975,832</b>	<b>73.6%</b>	<b>1.00</b>	<b>3,709,757</b>	<b>0.1%</b>	<b>-0.4%</b>	<b>14.5%</b>	<b>13.2%</b>

Notes:

- (1) From Terr Exhibit 14a Column (1)
- (2) From Terr Exhibit 14a Column (11)
- (3) Territory Column (2) / Statewide Column (2)
- (4) From Territory Exhibit 14c Column (2)
- (5) Column (3) - 1
- (6) Capped Column (5) at +/-4%
- (7)  $((1 + \text{Column } 6) * (1 + \text{Statewide rate change}) / (1 + \text{Statewide Column } 6)) - 1$
- (8) Selected

**Arkansas**  
Property and Casualty Insurance Company of Hartford

Personal Property Insurance  
**Calculation of Non-CAT Loss Ratio and CAT/Reins Loads**  
Policy Forms HO-2,HO-3  
Calendar/Accident Year Data Ending 3/31/2009

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<b>Territory</b>	<b>2005 - 2009 Earned Premium at Present Rates</b>	<b>Capped Ultimate Non- CAT Losses</b>	<b>Allocated Non-CAT Hail Load</b>	<b>Capped Ultimate Non- CAT Loss Ratio</b>	<b>Credibility</b>	<b>Cred Wtd NonCat Loss Ratio</b>	<b>CAT Load Ratio</b>	<b>Allocated Reinsurance Load Ratio</b>	<b>Adjusted Loss Ratio</b>
13	714,103	191,488	29.5%	56.3%	0.15	49.6%	44.2%	0.0%	93.9%
14	2,745,760	1,099,873	16.8%	56.9%	0.28	50.9%	25.2%	0.0%	76.1%
15	792,958	398,845	6.3%	56.6%	0.13	49.5%	9.4%	0.0%	59.0%
16	710,912	80,813	7.7%	19.1%	0.12	44.9%	11.5%	0.0%	56.5%
17	144,804	6,529	7.4%	11.9%	0.06	46.4%	11.1%	0.0%	57.4%
18	962,199	214,707	16.9%	39.2%	0.15	47.1%	25.3%	0.0%	72.4%
19	521,576	216,469	10.1%	51.6%	0.12	48.9%	15.1%	0.0%	64.0%
20	1,014,975	173,674	8.9%	26.0%	0.15	45.0%	13.3%	0.0%	58.3%
21	212,277	130,140	8.1%	69.4%	0.07	50.1%	12.1%	0.0%	62.2%
22	801,331	235,745	17.6%	47.0%	0.16	48.3%	26.4%	0.0%	74.6%
24	861,389	493,812	10.6%	67.9%	0.15	51.4%	15.9%	0.0%	67.4%
29	975,431	211,446	14.8%	36.5%	0.16	46.6%	22.3%	0.0%	68.9%
30	1,322,327	566,398	31.9%	74.7%	0.17	53.0%	47.9%	0.0%	100.9%
31	547,645	124,330	28.5%	51.2%	0.11	48.8%	42.8%	0.0%	91.6%
32	648,145	136,196	10.1%	31.1%	0.12	46.4%	15.2%	0.0%	61.6%
<b>Total</b>	<b>12,975,832</b>	<b>4,280,465</b>	<b>16.4%</b>	<b>48.5%</b>	<b>0.58</b>	<b>49.0%</b>	<b>24.6%</b>	<b>0.0%</b>	<b>73.6%</b>

Notes:

- (1) From Territory Exhibit 14c Column (4)
- (2) From Territory Exhibit 14c Column (10)
- (3) Allocated Non-CAT Hail Loss load x Territory Exhibit 14d Column (3) / Territory Exhibit 14d Column (1)
- (4) [Column (2) / Column (1)] + Column (3)
- (5) Based on the square root rule with a full credibility standard of 40,000 Earned House Years
- (6) [(Column (4) \* Column (5)) + [Column (4) Total \* (1-Column (5))]
- (7) Territory Exhibit 14d: Column (6)
- (8) Territory Exhibit 14d: Column (7)
- (9) Column (6) + Column (7) + Column (8)







## Arkansas

Property and Casualty Insurance Company of Hartford

Personal Property Insurance

### Calculation of Non-CAT Loss Ratio and CAT/Reins Loads

Policy Forms HO-2,HO-3

Calendar/Accident Year Data Ending 3/31/2009

	(1)	(2)	(3)	(4)	(5)	(7)
Territory	Current Year Earned Premium at Present Rates	Storm Peril Cat Load Distr.	Total CAT Load Distr.	CAT Load (\$)	Reinsurance Load (\$)	Reinsurance Load Ratio
13	197,262	10.1%	9.8%	87,271	-	0.0%
14	735,977	20.5%	20.8%	185,621	-	0.0%
15	217,210	2.1%	2.3%	20,451	-	0.0%
16	207,830	2.6%	2.7%	23,993	-	0.0%
17	37,992	0.4%	0.5%	4,203	-	0.0%
18	262,121	7.5%	7.4%	66,325	-	0.0%
19	151,811	2.5%	2.6%	22,941	-	0.0%
20	266,099	3.8%	4.0%	35,410	-	0.0%
21	57,862	0.7%	0.8%	7,027	-	0.0%
22	216,086	6.4%	6.4%	57,021	-	0.0%
24	248,672	4.3%	4.5%	39,663	-	0.0%
29	279,562	6.9%	7.0%	62,206	-	0.0%
30	383,367	21.5%	20.6%	183,668	-	0.0%
31	152,338	7.6%	7.3%	65,255	-	0.0%
32	192,757	3.2%	3.3%	29,280	-	0.0%
<b>SW Total</b>	<b>3,606,946</b>	<b>100.0%</b>	<b>100.0%</b>	<b>890,335</b>	<b>-</b>	<b>0.0%</b>

Notes:

- (1) From Exhibit 14c, Column (4)
- (2) From Exhibit 14f Column (8)
- (3) Territory Column (4) / Statewide Column (4)
- (4) From Exhibit 14e, Column (6)
- (5) Allocation Reinsurance load based on Column (3) distribution
- (6) Column (4) / Column (1)
- (7) Column (5) / Column (1)

**Arkansas**  
Property and Casualty Insurance Company of Hartford

Personal Property Insurance  
**Calculation of Non-CAT Loss Ratio and CAT/Reins Loads**  
Policy Forms HO-2,HO-3  
Calendar/Accident Year Data Ending 3/31/2009

	(1)	(2)	(3)	(4)	(5)	(6)
Territory	Storm Peril Cat Distribution	ITV Distribution	Fire Follow.	Winter Storm	Storm Peril	Total CAT
13	10.1%	6.6%	60	4,342	82,870	87,271
14	20.5%	24.9%	225	16,324	169,073	185,621
15	2.1%	4.7%	42	3,084	17,325	20,451
16	2.6%	4.3%	39	2,814	21,140	23,993
17	0.4%	0.9%	8	572	3,623	4,203
18	7.5%	7.4%	67	4,859	61,400	66,325
19	2.5%	3.8%	35	2,513	20,393	22,941
20	3.8%	6.4%	57	4,172	31,181	35,410
21	0.7%	1.4%	13	943	6,071	7,027
22	6.4%	6.8%	61	4,424	52,536	57,021
24	4.3%	7.0%	63	4,571	35,029	39,663
29	6.9%	7.7%	69	5,046	57,091	62,206
30	21.5%	10.2%	92	6,708	176,868	183,668
31	7.6%	3.6%	33	2,383	62,839	65,255
32	3.2%	4.2%	38	2,757	26,485	29,280
<b>SW Total</b>	<b>100%</b>	<b>100.0%</b>	<b>902</b>	<b>65,512</b>	<b>823,921</b>	<b>890,335</b>

Notes:

(1) From Exhibit 14f, Column (8)

(2) From Exhibit 14f, Column (3)

(3) - (4) Distribution of Fire Following and Winter Storm based on ITV distribution.

**Arkansas**  
Property and Casualty Insurance Company of Hartford

Personal Property Insurance  
**Storm Peril CAT Load Distribution**  
**Policy Forms HO-2,HO-3**

Calendar/Accident Year Data Ending 3/31/2009

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
<b>Terr</b>	<b>Cov A ITV as of 3/07</b>	<b>Cov A ITV/000</b>	<b>Cov A ITV Distribution</b>	<b>Storm Freq Relativity</b>	<b>Adjusted CAT Cost/000</b>	<b>Balanced CAT Cost/000</b>	<b>Allocated Cat Load</b>	<b>CAT Load Dist.</b>	<b>3/07 EPAPR</b>	<b>Storm Peril Cat Loss Ratio</b>
13	46,487,400	46,487	7%	2.38	2.80	1.78	82,870	10.1%	197,262	42.0%
14	174,787,500	174,788	25%	1.29	1.52	0.97	169,073	20.5%	735,977	23.0%
15	33,020,189	33,020	5%	0.70	0.82	0.52	17,325	2.1%	217,210	8.0%
16	30,130,400	30,130	4%	0.94	1.10	0.70	21,140	2.6%	207,830	10.2%
17	6,129,000	6,129	1%	0.79	0.93	0.59	3,623	0.4%	37,992	9.5%
18	52,025,400	52,025	7%	1.58	1.85	1.18	61,400	7.5%	262,121	23.4%
19	26,907,000	26,907	4%	1.01	1.19	0.76	20,393	2.5%	151,811	13.4%
20	44,675,000	44,675	6%	0.93	1.09	0.70	31,181	3.8%	266,099	11.7%
21	10,097,200	10,097	1%	0.80	0.94	0.60	6,071	0.7%	57,862	10.5%
22	47,372,100	47,372	7%	1.48	1.74	1.11	52,536	6.4%	216,086	24.3%
24	48,945,399	48,945	7%	0.96	1.12	0.72	35,029	4.3%	248,672	14.1%
29	54,031,300	54,031	8%	1.41	1.66	1.06	57,091	6.9%	279,562	20.4%
30	71,824,000	71,824	10%	3.29	3.86	2.46	176,868	21.5%	383,367	46.1%
31	25,518,000	25,518	4%	3.29	3.86	2.46	62,839	7.6%	152,338	41.2%
32	29,519,000	29,519	4%	1.20	1.41	0.90	26,485	3.2%	192,757	13.7%
<b>SW</b>	<b>701,468,888</b>	<b>701,469</b>	<b>100%</b>	<b>1.00</b>	<b>1.84</b>	<b>1.17</b>	<b>823,921</b>	<b>100.0%</b>	<b>3,606,946</b>	<b>22.8%</b>

Notes:

823,921 SW Cat Load TN  
1.17 SW Cat Load per Thousand ITV

- (1) Hartford Data Runs
- (2) Column (1) / 1000
- (3) Column (2) / Statewide Column (2)
- (4) Distribution based on Tornado/Hail Frequency data and ITV distribution.
- (5) Column (4) \* SW Cat Load per Thousand ITV
- (6) Column (5) \* (Statewide Cat Load per 000 / SW Adj Cat Cat Cost per 000 (5)
- (7) Column (2) \* Column (6)
- (8) Column (7) / Statewide Column (7)
- (9) From Territory Exhibit 8d Column (1)
- (10) Column (7) / Column (9)

**Property and Casualty Insurance Company of Hartford  
ARKANSAS HOMEOWNERS**

**Supporting Exhibits**

**Property and Casualty Insurance Company of Hartford  
State of Arkansas**

*Data Evaluated as of 3/31/2009*

**PLIC 2000 Loss Cost Trend**

<b>SW PLIC 2000 @ 1st Qtr 2009</b>				
Year	Qtr	Ultimate Ex Cat/Hail Frequency	Ex Mold Capped Ultimate Severity	Ex Mold Capped Loss Cost
2004-2	2	0.044	3,055	134
2004-3	3	0.061	2,782	169
2004-4	4	0.041	2,750	113
2005-1	1	0.036	6,483	236
2005-2	2	0.040	2,856	114
2005-3	3	0.056	3,102	172
2005-4	4	0.049	6,378	315
2006-1	1	0.033	2,582	86
2006-2	2	0.049	4,059	201
2006-3	3	0.039	4,597	178
2006-4	4	0.049	5,070	247
2007-1	1	0.035	4,575	159
2007-2	2	0.060	2,643	159
2007-3	3	0.037	2,586	95
2007-4	4	0.034	4,221	145
2008-1	1	0.049	3,743	184
2008-2	2	0.056	4,309	241
2008-3	3	0.064	4,516	287
2008-4	4	0.034	8,324	285
2009-1	1	0.046	4,810	222

<b>FastTrack 1st Qtr 2009</b>				
Year	Qtr	Frequency	Severity	Loss Cost
2004-2	2	0.054	4,468	242
2004-3	3	0.061	4,325	264
2004-4	4	0.045	4,801	214
2005-1	1	0.040	6,992	281
2005-2	2	0.053	4,813	257
2005-3	3	0.058	4,837	280
2005-4	4	0.045	6,183	278
2006-1	1	0.043	7,108	307
2006-2	2	0.060	5,324	320
2006-3	3	0.059	4,888	289
2006-4	4	0.041	6,940	286
2007-1	1	0.046	7,409	340
2007-2	2	0.051	5,865	298
2007-3	3	0.054	5,911	319
2007-4	4	0.042	6,856	290
2008-1	1	0.047	7,543	352
2008-2	2	0.064	6,566	420
2008-3	3	0.065	6,431	416
2008-4	4	0.044	9,338	412
2009-1	1	0.058	7,912	458

	<b>SW PLIC 2000 @ 1st Qtr 2009</b>			<b>FastTrack 1st Qtr 2009</b>		
	Ultimate Ex Cat/Hail Frequency	Ex Mold Capped Ultimate Severity	Ex Mold Capped Ex Cat/Hail Loss Cost	Frequency	Severity	Loss Cost
<b>Annual Trend Factors</b>						
20- Point Regression	1.8%	7.7%	9.7%	2.6%	9.7%	12.6%
16- Point Regression	3.7%	9.5%	13.6%	3.8%	9.5%	13.6%
12- Point Regression	7.2%	7.6%	15.4%	5.8%	11.2%	17.7%
8- Point Regression	11.0%	63.9%	81.8%	18.3%	14.8%	35.9%

<b>Selected</b>	9.80%
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**ARKANSAS  
Homeowners  
Premium Trend  
Forms 2, 3, 5**

<b>Accident Year Ending</b>	<b>EPAPR</b>	<b>EHY</b>	<b>Ave. Prem</b>
3/31/2005	\$1,631,234	1874	\$872
3/31/2006	\$2,022,702	2221	\$911
3/31/2007	\$2,510,364	2629	\$955
3/31/2008	\$3,066,952	3094	\$991
3/31/2009	\$3,463,380	3425	\$1,011

**3 Year Average Annual Exponential Premium Trend**

2.8%

Note: This exhibit excludes AZ, CA, & TX from the Western pricing region

INCREMENTAL INCURRED LOSS DEVELOPMENT										
	12 MTH	24 MTH	36 MTH	48 MTH	60 MTH	72 MTH	84 MTH	96 MTH	108 MTH	120 MTH
199909	30,616,941	2,056,741	91,986	82,420	25,960	70,345	43,705	(6,573)	(5,570)	16,888
200009	28,930,241	1,780,626	(242,524)	46,596	50,661	43,133	2,110	(1,836)	4,927	
200109	36,424,282	1,673,021	(194,031)	(5,337)	(4,830)	80,913	97,868	29,074		
200209	37,728,131	3,439,357	210,242	(268,143)	33,616	46,618	4,131			
200309	35,050,089	2,280,765	599,950	435,716	224,566	16,537				
200409	40,463,601	3,304,837	(76,215)	73,057	90,857					
200509	38,462,905	3,868,100	(41,106)	140,844						
200609	43,518,739	4,084,793	218,873							
200709	60,769,337	4,484,051								
200809	60,919,270									
CUMULATIVE INCURRED LOSS DEVELOPMENT										
	12 MTH	24 MTH	36 MTH	48 MTH	60 MTH	72 MTH	84 MTH	96 MTH	108 MTH	120 MTH
199909	30,616,941	32,673,683	32,765,668	32,848,089	32,874,048	32,944,394	32,988,099	32,981,525	32,975,955	32,992,843
200009	28,930,241	30,710,867	30,468,343	30,514,939	30,565,601	30,608,733	30,610,843	30,609,008	30,613,935	
200109	36,424,282	38,097,303	37,903,273	37,897,936	37,893,106	37,974,019	38,071,887	38,100,961		
200209	37,728,131	41,167,487	41,377,729	41,109,586	41,143,202	41,189,820	41,193,951			
200309	35,050,089	37,330,854	37,930,804	38,366,520	38,591,086	38,607,623				
200409	40,463,601	43,768,439	43,692,224	43,765,281	43,856,137					
200509	38,462,905	42,331,005	42,289,899	42,430,743						
200609	43,518,739	47,603,532	47,822,405							
200709	60,769,337	65,253,388								
200809	60,919,270									
	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	
199909	1.067	1.003	1.003	1.001	1.002	1.001	1.000	1.000	1.001	1.001
200009	1.062	0.992	1.002	1.002	1.001	1.001	1.000	1.000	1.000	
200109	1.046	0.995	1.000	1.000	1.002	1.003	1.001			
200209	1.091	1.005	0.994	1.001	1.001	1.000				
200309	1.065	1.016	1.011	1.006	1.000					
200409	1.082	0.998	1.002	1.002						
200509	1.101	0.999	1.003							
200609	1.094	1.005								
200709	1.074									
INCURRED LOSS DEVELOPMENT (WEIGHTED AVERAGE LINKS)										
	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-ULT
DEV	1.077	1.002	1.002	1.002	1.001	1.001	1.000	1.000	1.001	1.000
ALL-YR AVG	1.087	1.001	1.005	1.003	1.001	1.001	1.000	1.000	1.001	1.000
3-YR AVG	1.083	1.004	1.002	1.002	1.001	1.000	1.000	1.000	1.001	1.000
5-YR AVG										
INCURRED LOSS DEVELOPMENT (STRAIGHT AVERAGE LINKS)										
	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-ULT
DEV	1.076	1.002	1.002	1.002	1.001	1.001	1.000	1.000	1.001	1.000
ALL-YR AVG	1.089	1.001	1.005	1.003	1.001	1.001	1.000	1.000	1.001	1.000
3-YR AVG	1.083	1.005	1.002	1.002	1.001	1.001	1.000	1.000	1.001	1.000
5-YR AVG										
X HI-LO	1.083	1.003	1.002	1.002	1.002	1.001	1.000	1.000	1.001	1.000
<b>SELECTED LINK RATIOS</b>	<b>1.089</b>	<b>1.001</b>	<b>1.005</b>	<b>1.003</b>	<b>1.001</b>	<b>1.001</b>	<b>1.000</b>	<b>1.000</b>	<b>1.001</b>	<b>1.000</b>
CUMULATIVE LDF	1.102	1.012	1.011	1.006	1.003	1.002	1.001	1.001	1.001	1.000
<b>SELECTED LDF:</b>	<b>1.102</b>	<b>1.012</b>	<b>1.011</b>	<b>1.006</b>	<b>1.003</b>	<b>(3 Yr Str Avg OK per SH)</b>				
Previously Selected @ 2006/12:	1.099	1.011	1.005	1.000	1.000	<b>(3 Yr Str Avg)</b>				

Note: This exhibit excludes AZ, CA, & TX from the Western pricing region

INCREMENTAL INCURRED LOSS DEVELOPMENT										
	12 MTH	24 MTH	36 MTH	48 MTH	60 MTH	72 MTH	84 MTH	96 MTH	108 MTH	120 MTH
199909	6,603,152	1,479,848	502,853	294,868	(91,928)	(371,222)	(127,493)	(38,500)	(125,000)	-
200009	7,775,065	2,159,837	(226,495)	297,650	(446,333)	166,988	(98,650)	(47,500)	-	-
200109	5,257,791	2,616,087	763,813	140,844	186,832	359,829	46,670	-	-	-
200209	6,140,435	3,186,873	970,639	362,033	(94,621)	46,596	(227,846)	-	-	-
200309	5,289,128	1,472,700	875,482	1,388,615	(115,700)	(46,740)	-	-	-	-
200409	6,021,548	1,801,695	1,588,098	986,112	652	-	-	-	-	-
200509	6,117,383	2,032,979	1,529,960	328,867	-	-	-	-	-	-
200609	5,509,326	3,972,519	1,769,981	-	-	-	-	-	-	-
200709	6,505,146	3,657,145	-	-	-	-	-	-	-	-
200809	6,794,573	-	-	-	-	-	-	-	-	-

CUMULATIVE INCURRED LOSS DEVELOPMENT										
	12 MTH	24 MTH	36 MTH	48 MTH	60 MTH	72 MTH	84 MTH	96 MTH	108 MTH	120 MTH
199909	6,603,152	8,083,001	8,585,853	8,880,721	8,788,794	8,417,571	8,290,078	8,251,578	8,126,578	8,126,578
200009	7,775,065	9,934,901	9,708,406	10,006,056	9,559,723	9,726,711	9,628,061	9,580,561	9,580,561	9,580,561
200109	5,257,791	7,873,878	8,637,691	8,778,535	8,965,367	9,325,196	9,371,866	9,371,866	9,371,866	9,371,866
200209	6,140,435	9,327,308	10,297,947	10,659,980	10,565,358	10,611,954	10,384,108	10,384,108	10,384,108	10,384,108
200309	5,289,128	6,761,828	7,637,309	9,025,924	8,910,224	8,863,484	8,863,484	8,863,484	8,863,484	8,863,484
200409	6,021,548	7,823,243	9,411,341	10,397,453	10,398,105	10,398,105	10,398,105	10,398,105	10,398,105	10,398,105
200509	6,117,383	8,150,363	9,680,323	10,009,190	10,009,190	10,009,190	10,009,190	10,009,190	10,009,190	10,009,190
200609	5,509,326	9,481,845	11,251,825	11,251,825	11,251,825	11,251,825	11,251,825	11,251,825	11,251,825	11,251,825
200709	6,505,146	10,162,291	10,162,291	10,162,291	10,162,291	10,162,291	10,162,291	10,162,291	10,162,291	10,162,291
200809	6,794,573	6,794,573	6,794,573	6,794,573	6,794,573	6,794,573	6,794,573	6,794,573	6,794,573	6,794,573

	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120
199909	1.224	1.062	1.034	0.990	0.958	0.985	0.995	0.985	1.000
200009	1.278	0.977	1.031	0.955	1.017	0.990	0.995	1.000	1.000
200109	1.498	1.097	1.016	1.021	1.040	1.005	1.000	1.000	1.000
200209	1.519	1.104	1.035	0.991	1.004	0.979	0.979	0.979	0.979
200309	1.278	1.129	1.182	0.987	0.995	0.995	0.995	0.995	0.995
200409	1.299	1.203	1.105	1.000	1.000	1.000	1.000	1.000	1.000
200509	1.332	1.188	1.034	1.034	1.034	1.034	1.034	1.034	1.034
200609	1.721	1.187	1.187	1.187	1.187	1.187	1.187	1.187	1.187
200709	1.562	1.562	1.562	1.562	1.562	1.562	1.562	1.562	1.562

INCURRED LOSS DEVELOPMENT (WEIGHTED AVERAGE LINKS)											
DEV	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-ULT	
ALL-YR AVG	1.405	1.115	1.059	0.990	1.003	0.989	0.997	0.993	1.000	1.000	
3-YR AVG	1.533	1.192	1.101	0.993	1.013	0.991	0.997	0.993	1.000	1.000	
5-YR AVG	1.439	1.162	1.070	0.990	1.003	1.000	0.997	0.993	1.000	1.000	

INCURRED LOSS DEVELOPMENT (STRAIGHT AVERAGE LINKS)											
DEV	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-ULT	
ALL-YR AVG	1.412	1.118	1.062	0.991	1.003	0.990	0.997	0.992	1.000	1.000	
3-YR AVG	1.539	1.192	1.107	0.993	1.013	0.991	0.997	0.992	1.000	1.000	
5-YR AVG	1.439	1.162	1.074	0.991	1.003	0.990	0.997	0.992	1.000	1.000	
X HI-LO	1.398	1.168	1.058	0.993	1.006	0.987	0.995	0.992	1.000	1.000	

<b>SELECTED LINK RATIOS</b>	<b>1.439</b>	<b>1.162</b>	<b>1.070</b>	<b>0.990</b>	<b>1.003</b>	<b>1.000</b>	<b>1.000</b>	<b>1.000</b>	<b>1.000</b>	<b>1.000</b>
CUMULATIVE LDF	1.779	1.236	1.063	0.994	1.003	1.000	1.000	1.000	1.000	1.000

**SELECTED LDF:** **1.779** **1.236** **1.063** **0.994** **1.003** (5 Yr Wtd Avg per SH MW JC, smoothed tail 84-108 per MW JC)

Previously Selected @ 2006/12: 1.731 1.219 1.056 1.022 1.017 (default x-HI/LO)

**Property and Casualty Insurance Company of Hartford  
ARKANSAS HOMEOWNERS**

**Impact Sheet**

**ARKANSAS**  
**Homeowners**  
**Impact Sheet**

Form	Territory	Current In-force Premium	Age of Dwelling Impact	Renewal Credit Impact	Endorsement Premium Impact	Base Rate Impact*	Proposed Total Premium	Total Impact
<b>2, 3, 5</b>	13	232,206	-1.3%	1.5%	2.2%	16.2%	275,211	18.5%
	14	842,768	-2.3%	1.7%	2.0%	14.3%	974,630	15.6%
	15	259,640	-1.3%	1.4%	1.4%	8.2%	284,718	9.7%
	16	250,805	-1.3%	1.2%	1.2%	8.3%	274,445	9.4%
	17	41,596	-1.7%	1.2%	1.6%	8.3%	45,477	9.3%
	18	307,942	-1.7%	1.4%	1.6%	10.4%	343,512	11.6%
	19	170,895	-1.6%	1.3%	1.7%	8.1%	187,082	9.5%
	20	310,293	-1.9%	1.3%	1.4%	8.2%	338,363	9.0%
	21	65,935	-1.7%	1.3%	1.7%	8.1%	72,137	9.4%
	22	218,687	-1.5%	1.7%	2.2%	12.9%	252,102	15.3%
	24	285,139	-1.3%	1.6%	1.7%	8.2%	314,133	10.2%
	29	315,739	-2.5%	1.4%	1.6%	8.2%	342,819	8.6%
	30	468,514	-0.8%	1.2%	1.5%	16.6%	555,228	18.5%
	31	168,523	-1.7%	1.3%	1.5%	16.6%	198,177	17.6%
	32	207,709	-0.8%	1.3%	1.4%	8.2%	228,712	10.1%
	<b>Total</b>	<b>4,146,391</b>	<b>-1.6%</b>	<b>1.5%</b>	<b>1.7%</b>	<b>11.6%</b>	<b>4,686,746</b>	<b>13.2%</b>

\* Base Rate Impact includes Territory Relativity Change

Form	Territory	Current In-force Premium	Age of Dwelling Impact	Renewal Credit Impact	Endorsement Premium Impact	Base Rate Impact*	Proposed Total Premium	Total Impact
<b>4</b>	13	8766	0.0%	0.6%	0.0%	2.1%	9001	2.7%
	14	25875	0.0%	0.5%	0.0%	2.1%	26557	2.6%
	15	16032	0.0%	0.3%	0.0%	2.1%	16434	2.5%
	16	10031	0.0%	0.7%	0.0%	2.2%	10329	3.0%
	17	2003	0.0%	0.9%	0.0%	2.2%	2065	3.1%
	18	11312	0.0%	0.6%	0.0%	2.1%	11621	2.7%
	19	6425	0.0%	0.3%	0.0%	2.1%	6578	2.4%
	20	9082	0.0%	0.6%	0.0%	2.1%	9325	2.7%
	21	4083	0.0%	0.1%	0.0%	2.3%	4180	2.4%
	22	3728	0.0%	0.5%	0.0%	2.0%	3824	2.6%
	24	12765	0.0%	0.5%	0.0%	2.1%	13110	2.7%
	29	13037	0.0%	0.4%	0.0%	2.2%	13375	2.6%
	30	31394	0.0%	0.7%	0.0%	2.1%	32266	2.8%
	31	8665	0.0%	0.4%	0.0%	2.2%	8889	2.6%
	32	4613	0.0%	0.2%	0.0%	2.3%	4728	2.5%
	<b>Total</b>	<b>\$ 167,811</b>	<b>0.0%</b>	<b>0.5%</b>	<b>0.0%</b>	<b>2.1%</b>	<b>172,282</b>	<b>2.7%</b>

**ARKANSAS  
Homeowners  
Impact Sheet**

Form	Territory	Current In- force Premium	Age of Dwelling Impact	Renewal Credit Impact	Endorsement Premium Impact	Base Rate Impact*	Proposed Total Premium	Total Impact
<b>6</b>	13	580	0.0%	1.2%	0.0%	1.6%	596	2.8%
	14	8306	0.0%	1.0%	0.0%	1.5%	8516	2.5%
	15	1030	0.0%	0.0%	0.0%	1.5%	1045	1.5%
	16	227	0.0%	2.6%	0.0%	1.3%	236	4.0%
	17	0	0.0%	0.0%	0.0%	0.0%	0	0.0%
	18	17959	0.0%	0.8%	0.0%	1.5%	18386	2.4%
	19	325	0.0%	0.0%	0.0%	1.5%	330	1.5%
	20	4025	0.0%	0.8%	0.0%	1.5%	4120	2.4%
	21	1127	0.0%	2.4%	0.0%	1.5%	1171	3.9%
	22	4065	0.0%	1.2%	0.0%	1.5%	4177	2.8%
	24	132	0.0%	0.0%	0.0%	0.8%	133	0.8%
	29	166	0.0%	0.0%	0.0%	1.2%	168	1.2%
	30	13155	0.0%	1.0%	0.0%	1.6%	13505	2.7%
	31	2224	0.0%	1.0%	0.0%	1.8%	2288	2.9%
32	1637	0.0%	2.0%	0.0%	1.4%	1694	3.5%	
<b>Total</b>		<b>\$ 54,958</b>	<b>0.0%</b>	<b>1.0%</b>	<b>0.0%</b>	<b>1.5%</b>	<b>56,365</b>	<b>2.6%</b>

**Summary**

	Inforce Premium	Age of Dwelling Impact	Renewal Credit Impact	RCD Endt Impact	Base Rate Impact	Total Impact
B =Building	4,146,391	-1.6%	1.5%	1.7%	11.6%	13.2%
T =Tenants	167,811	0.0%	0.5%	0.0%	2.1%	2.7%
C =Condom	54,958	0.0%	1.0%	0.0%	1.5%	2.6%
	4,369,160	-1.6%	1.4%	1.6%	11.1%	12.7%

## Trended Ultimate Cat Losses

### **Arkansas Personal Property Insurance Review of CAT Model Input & Output**

The trended ultimate catastrophe losses used in our Hartford Insurance Group property insurance filing was developed using various weather related models. These models were created and implemented by the commercial vendor Risk Management Solutions (RMS).

RMS was founded in 1988 as a provider of products and services for the quantification and management of natural hazard risks, such as earthquakes, hurricanes and other windstorms. Currently, RMS' risk modeling solutions are being used by over 400 insurers. RMS has demonstrated their advancement in this area by utilizing engineers and scientists devoted to the development of risk models.

Though proprietary in nature, the RMS models focus on event-specific probabilistic (stochastic) modeling to quantify risk for individual locations and for portfolios of aggregate risk. The catastrophe models are built upon detailed databases describing highly localized variations in hazard characteristics, as well as databases capturing property and casualty inventory, building stock, and insurance exposures. They are continually maintained and updated to reflect the latest in scientific research and data availability.

All RMS models are extensively validated against a defined set of standards, including, but not limited to:

- 1) State of the art understanding of physical phenomena
- 2) Consistency with historical frequency and pattern of activity
- 3) Ability to reconstruct specific events at all levels of geographic and demographic resolution
- 4) Calibrated against actual loss data (wherever possible)
- 5) "Stress Tested" against real-world portfolios and risk management applications

The Hartford's Arkansas in-force exposures, including total insured value, deductible, and construction, were run through the RMS model. This process resulted in our best estimate of ultimate modeled losses.

In addition, the RMS modeling procedure includes the following policy level detail in its modeling of catastrophe losses;

- Deductible
- Limits
- Construction Type
- Location (Zip code level for Other Wind)

The following table summarizes the modeling results used in our Arkansas Personal Property Insurance review.

	<b>Cause of Loss</b>				<b>Total (5)</b>	<b>Total* (6)</b>
	<b><u>Hurricane</u> (1)</b>	<b><u>Other Wind</u> (2)</b>	<b><u>Winter Storm</u> (3)</b>	<b><u>Fire Following</u> (4)</b>		
<b>Building Average Annual Loss</b>	\$0	\$592,917	\$65,512	\$897	\$659,326	<b>\$741,082</b>
<b>Tenants &amp; Condos Average Annual Loss</b>	\$0	\$10,143	\$643	\$26	\$10,813	<b>\$12,154</b>

\* =Column (5)\*(1.0498^2.40) This is multiplying our budgeted cat load from column 5 by our statewide increase in Coverage A (ITV), which is 4.98%, to the power of the trend period of 2.40 years.

## Arkansas

Property and Casualty Insurance Company of Hartford

Personal Property Insurance

### Determination of Territorial Indication Reflecting CAT and Reinsurance Loads by Territory

Policy Forms HO-2,HO-3

Calendar/Accident Year Data Ending 3/31/2009

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
Description	Terr.	2005 - 2009 Earned Premium at Present Rates	Adjusted Loss Ratio	Loss Ratio Relativity	2009 Written Premium	Indicated Relativity Change	Capped Territorial Indication (Capped at 4.0%)	Territorial Indication incl. SW Change	Overall Territorial Impact
	13	714,103	68.6%	1.047	204,282	4.7%	4.0%	19.0%	18.2%
	14	2,745,760	70.6%	1.078	760,224	7.8%	4.0%	19.0%	16.6%
	15	792,958	63.7%	0.971	228,028	-2.9%	-2.9%	11.2%	9.4%
	16	710,912	58.2%	0.888	223,691	-11.2%	-4.0%	9.9%	9.1%
	17	144,804	61.4%	0.937	37,662	-6.3%	-4.0%	9.9%	9.0%
	18	962,199	64.2%	0.979	268,569	-2.1%	-2.1%	12.1%	11.5%
	19	521,576	65.0%	0.992	159,936	-0.8%	-0.8%	13.5%	9.2%
	20	1,014,975	60.3%	0.920	275,554	-8.0%	-4.0%	9.9%	8.7%
	21	212,277	66.3%	1.011	57,229	1.1%	1.1%	15.7%	9.1%
	22	801,331	67.2%	1.025	211,708	2.5%	2.5%	17.4%	15.5%
	24	861,389	69.1%	1.055	254,295	5.5%	4.0%	19.0%	9.9%
	29	975,431	63.5%	0.969	288,155	-3.1%	-3.1%	10.9%	8.3%
	30	1,322,327	66.2%	1.010	404,562	1.0%	1.0%	15.6%	18.2%
	31	547,645	62.0%	0.946	150,975	-5.4%	-4.0%	9.9%	17.3%
	32	648,145	60.2%	0.918	184,887	-8.2%	-4.0%	9.9%	9.9%
	<b>SW Total</b>	<b>12,975,832</b>	<b>65.5%</b>	<b>1.00</b>	<b>3,709,757</b>	<b>-0.1%</b>	<b>0.0%</b>	<b>14.5%</b>	<b>13.2%</b>

Notes:

- (1) From Terr Exhibit 14a Column (1)
- (2) From Terr Exhibit 14a Column (11)
- (3) Territory Column (2) / Statewide Column (2)
- (4) From Territory Exhibit 14c Column (2)
- (5) Column (3) - 1
- (6) Capped Column (5) at +/-4%
- (7)  $((1 + \text{Column } 6) * (1 + \text{Statewide rate change}) / (1 + \text{Statewide Column } 6)) - 1$
- (8) Selected

**Arkansas**  
Property and Casualty Insurance Company of Hartford

Personal Property Insurance  
**Calculation of Non-CAT Loss Ratio and CAT/Reins Loads**  
Policy Forms HO-2,HO-3  
Calendar/Accident Year Data Ending 3/31/2009

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<b>Territory</b>	<b>2005 - 2009 Earned Premium at Present Rates</b>	<b>Capped Ultimate Non- CAT Losses</b>	<b>Allocated Non-CAT Hail Load</b>	<b>Capped Ultimate Non- CAT Loss Ratio</b>	<b>Credibility</b>	<b>Cred Wtd NonCat Loss Ratio</b>	<b>CAT Load Ratio</b>	<b>Allocated Reinsurance Load Ratio</b>	<b>Adjusted Loss Ratio</b>
13	714,103	191,488	7.8%	34.6%	0.15	46.4%	22.2%	0.0%	68.6%
14	2,745,760	1,099,873	7.8%	47.9%	0.28	48.3%	22.3%	0.0%	70.6%
15	792,958	398,845	5.0%	55.3%	0.13	49.4%	14.3%	0.0%	63.7%
16	710,912	80,813	4.8%	16.1%	0.12	44.6%	13.6%	0.0%	58.2%
17	144,804	6,529	5.3%	9.8%	0.06	46.3%	15.2%	0.0%	61.4%
18	962,199	214,707	6.5%	28.9%	0.15	45.5%	18.7%	0.0%	64.2%
19	521,576	216,469	5.8%	47.3%	0.12	48.4%	16.7%	0.0%	65.0%
20	1,014,975	173,674	5.5%	22.6%	0.15	44.5%	15.8%	0.0%	60.3%
21	212,277	130,140	5.7%	67.1%	0.07	49.9%	16.4%	0.0%	66.3%
22	801,331	235,745	7.2%	36.6%	0.16	46.6%	20.6%	0.0%	67.2%
24	861,389	484,167	6.5%	62.7%	0.15	50.6%	18.5%	0.0%	69.1%
29	975,431	211,446	6.4%	28.0%	0.16	45.3%	18.2%	0.0%	63.5%
30	1,322,327	566,398	6.2%	49.0%	0.17	48.6%	17.6%	0.0%	66.2%
31	547,645	124,330	5.5%	28.2%	0.11	46.3%	15.7%	0.0%	62.0%
32	648,145	136,196	5.0%	26.1%	0.12	45.8%	14.4%	0.0%	60.2%
<b>Total</b>	<b>12,975,832</b>	<b>4,270,820</b>	<b>6.4%</b>	<b>48.5%</b>	<b>0.58</b>	<b>47.2%</b>	<b>18.3%</b>	<b>0.0%</b>	<b>65.5%</b>

Notes:

- (1) From Territory Exhibit 14c Column (4)
- (2) From Territory Exhibit 14c Column (10)
- (3) Allocated Non-CAT Hail Loss load x Territory Exhibit 14d Column (3) / Territory Exhibit 14d Column (1)
- (4) [Column (2) / Column (1)] + Column (3)
- (5) Based on the square root rule with a full credibility standard of 40,000 Earned House Years
- (6) [(Column (4) \* Column (5)) + [Column (4) Total \* (1-Column (5))]
- (7) Territory Exhibit 14d: Column (6)
- (8) Territory Exhibit 14d: Column (7)
- (9) Column (6) + Column (7) + Column (8)







## Arkansas

Property and Casualty Insurance Company of Hartford

Personal Property Insurance

### Calculation of Non-CAT Loss Ratio and CAT/Reins Loads

Policy Forms HO-2,HO-3

Calendar/Accident Year Data Ending 3/31/2009

	(1)	(2)	(3)	(4)	(5)	(7)
Territory	Current Year Earned Premium at Present Rates	Storm Peril Cat Load Distr.	Total CAT Load Distr.	CAT Load (\$)	Reinsurance Load (\$)	Reinsurance Load Ratio
13	197,262	6.6%	6.6%	43,695	-	0.0%
14	735,977	24.9%	24.9%	164,287	-	0.0%
15	217,210	4.7%	4.7%	31,036	-	0.0%
16	207,830	4.3%	4.3%	28,320	-	0.0%
17	37,992	0.9%	0.9%	5,761	-	0.0%
18	262,121	7.4%	7.4%	48,900	-	0.0%
19	151,811	3.8%	3.8%	25,290	-	0.0%
20	266,099	6.4%	6.4%	41,991	-	0.0%
21	57,862	1.4%	1.4%	9,491	-	0.0%
22	216,086	6.8%	6.8%	44,526	-	0.0%
24	248,672	7.0%	7.0%	46,005	-	0.0%
29	279,562	7.7%	7.7%	50,785	-	0.0%
30	383,367	10.2%	10.2%	67,509	-	0.0%
31	152,338	3.6%	3.6%	23,985	-	0.0%
32	192,757	4.2%	4.2%	27,746	-	0.0%
<b>SW Total</b>	<b>3,606,946</b>	<b>100.0%</b>	<b>100.0%</b>	<b>659,326</b>	<b>-</b>	<b>0.0%</b>

Notes:

- (1) From Exhibit 14c, Column (4)
- (2) From Exhibit 14f Column (8)
- (3) Territory Column (4) / Statewide Column (4)
- (4) From Exhibit 14e, Column (6)
- (5) Allocation Reinsurance load based on Column (3) distribution
- (6) Column (4) / Column (1)
- (7) Column (5) / Column (1)

## Arkansas

Property and Casualty Insurance Company of Hartford

Personal Property Insurance

### Calculation of Non-CAT Loss Ratio and CAT/Reins Loads

Policy Forms HO-2,HO-3

Calendar/Accident Year Data Ending 3/31/2009

	(1)	(2)	(3)	(4)	(5)	(6)
Territory	Storm Peril Cat Distribution	ITV Distribution	Fire Follow.	Winter Storm	Storm Peril	Total CAT
13	6.6%	6.6%	59	4,342	39,294	43,695
14	24.9%	24.9%	224	16,324	147,739	164,287
15	4.7%	4.7%	42	3,084	27,910	31,036
16	4.3%	4.3%	39	2,814	25,468	28,320
17	0.9%	0.9%	8	572	5,181	5,761
18	7.4%	7.4%	67	4,859	43,975	48,900
19	3.8%	3.8%	34	2,513	22,743	25,290
20	6.4%	6.4%	57	4,172	37,762	41,991
21	1.4%	1.4%	13	943	8,535	9,491
22	6.8%	6.8%	61	4,424	40,041	44,526
24	7.0%	7.0%	63	4,571	41,371	46,005
29	7.7%	7.7%	69	5,046	45,670	50,785
30	10.2%	10.2%	92	6,708	60,709	67,509
31	3.6%	3.6%	33	2,383	21,569	23,985
32	4.2%	4.2%	38	2,757	24,951	27,746
<b>SW Total</b>	<b>100%</b>	<b>100.0%</b>	<b>897</b>	<b>65,512</b>	<b>592,917</b>	<b>659,326</b>

Notes:

(1) From Exhibit 14f, Column (8)

(2) From Exhibit 14f, Column (3)

(3) - (4) Distribution of Fire Following and Winter Storm based on ITV distribution.

**Arkansas**  
Property and Casualty Insurance Company of Hartford

Personal Property Insurance  
**Storm Peril CAT Load Distribution**  
**Policy Forms HO-2,HO-3**

Calendar/Accident Year Data Ending 3/31/2009

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Terr	Cov A ITV as of 3/09	Cov A ITV/000	Cov A ITV Distribution	Storm Freq Relativity	Adjusted CAT Cost/000	Balanced CAT Cost/000	Allocated Cat Load	CAT Load Dist.	3/09 EPAPR	Storm Peril Cat Loss Ratio
13	46,487,400	46,487	7%	2.38	2.01	0.85	39,294	6.6%	197,262	19.9%
14	174,787,500	174,788	25%	1.29	1.09	0.85	147,739	24.9%	735,977	20.1%
15	33,020,189	33,020	5%	0.70	0.59	0.85	27,910	4.7%	217,210	12.8%
16	30,130,400	30,130	4%	0.94	0.79	0.85	25,468	4.3%	207,830	12.3%
17	6,129,000	6,129	1%	0.79	0.67	0.85	5,181	0.9%	37,992	13.6%
18	52,025,400	52,025	7%	1.58	1.33	0.85	43,975	7.4%	262,121	16.8%
19	26,907,000	26,907	4%	1.01	0.86	0.85	22,743	3.8%	151,811	15.0%
20	44,675,000	44,675	6%	0.93	0.79	0.85	37,762	6.4%	266,099	14.2%
21	10,097,200	10,097	1%	0.80	0.68	0.85	8,535	1.4%	57,862	14.8%
22	47,372,100	47,372	7%	1.48	1.25	0.85	40,041	6.8%	216,086	18.5%
24	48,945,399	48,945	7%	0.96	0.81	0.85	41,371	7.0%	248,672	16.6%
29	54,031,300	54,031	8%	1.41	1.19	0.85	45,670	7.7%	279,562	16.3%
30	71,824,000	71,824	10%	3.29	2.78	0.85	60,709	10.2%	383,367	15.8%
31	25,518,000	25,518	4%	3.29	2.78	0.85	21,569	3.6%	152,338	14.2%
32	29,519,000	29,519	4%	1.20	1.01	0.85	24,951	4.2%	192,757	12.9%
<b>SW</b>	<b>701,468,888</b>	<b>701,469</b>	<b>100%</b>	<b>1.00</b>	<b>1.33</b>	<b>0.85</b>	<b>592,917</b>	<b>100.0%</b>	<b>3,606,946</b>	<b>16.4%</b>

Notes:

592,917 SW Cat Load AR  
0.85 SW Cat Load per Thousand ITV

- (1) Hartford Data Runs
- (2) Column (1) / 1000
- (3) Column (2) / Statewide Column (2)
- (4) Distribution based on Tornado/Hail Frequency data and ITV distribution.
- (5) Column (4) \* SW Cat Load per Thousand ITV
- (6) Column (5) \* (Statewide Cat Load per 000 / SW Adj Cat Cost per 000 (5))
- (7) Column (2) \* Column (6)
- (8) Column (7) / Statewide Column (7)
- (9) From Territory Exhibit 8d Column (1)
- (10) Column (7) / Column (9)

## The Hartford Insurance Group

Calculation of Total Rate of Return  
AARP Homeowners

Accident Effective Period: December 1, 2009 through November 30, 2010

<u>Financials</u>	<u>Before-Tax</u>	<u>Premium %</u>
Earned Premium	\$1,000	
Expected Loss & LAE	\$711	71.1%
Expected Expenses	<u>\$212</u>	<u>21.2%</u>
Total Loss, LAE & Expenses	\$923	92.3%
Expected Underwriting Profit	\$77	7.7%

Assumptions

Timing of Accounting Entry

Average Earning Lag (Years)	0.50
Average Loss & LAE Incurral Lag (Years)	0.50
Average Expense Incurral Lag (Years)	0.29

Timing of Cash Flows

Average Premium Payment Lag (Years)	0.14
Average Loss & LAE Payment Lag (Years)	0.84
Average Expense Payment Lag (Years)	0.06

Investment and Tax

Investment Rate Before-tax	1.67%
Tax Loss Discount Rate	4.06%
Federal Income Tax Rate - Underwriting	35.0%
Federal Income Tax Rate - Investment	35.0%

Leverage and Surplus

Premium To Surplus Ratio	2.52
Liability To Surplus Ratio	1.08

Results

	<u>Before-Tax</u>	<u>After-Tax</u>
Underwriting Income (Profit)	\$77	\$50
Investment Income Credit (Operating)	\$8	\$5
Total Operating Income	\$85	\$55
Operating Return On Premium	8.5%	5.5%
Surplus		
Surplus Attributed	\$397	\$397
Investment Income On Surplus	\$6	\$4
Total Net Income	\$92	\$59

Expected Return on Surplus	15.0%
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**Property and Casualty Insurance Company of Hartford**  
**Arkansas Homeowners**  
**SERFF Tracking Number HART-126354243**

November 30, 2009

Dear Ms. Harrington:

Below is additional information in response to your request of November 13, 2009:

**OBJECTION (1) There should be sufficient historical weather/CAT data for your rate development. Please amend your rate development to show historical data instead of models.**

We believe that it is prudent to utilize modeled weather/CAT data to develop the rates for this plan. This book is 58% credible and has only been in inception since 2001, therefore the actual weather/CAT experience is very volatile and unreliable. Using modeled weather/CAT data will stabilize our CAT load and is more credible than the actual experience.

In addition, our model weather/CAT load of \$741,082 equates to a CAT loss ratio of 19.4%. This CAT loss ratio is conservative compared Arkansas and Countrywide FastTrack Data. Please see Exhibit A displaying Arkansas and Countrywide homeowners FastTrack data for the 2<sup>nd</sup> quarter of 2009. Since 2001, the year of inception for this plan, Arkansas FastTrack has averaged a CAT loss ratio of 28.4%. Countrywide FastTrack has been averaging a CAT loss ratio of 25.9% for the same period. These industry averages may suggest that our modeled CAT losses are moderate compared to the actual CAT losses in the state.

Based on the low credibility of the book and industry FastTrack CAT loss ratio, we believe the use of modeled weather/CAT data is appropriate to develop the rates for this program.

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## ISO Fast Track Monitoring Report @ 2q09

### Arkansas Homeowners

(000) omitted

<u>Year</u>	<u>Earned Premiums</u>	<u>Incurred Losses</u>	EX-CATASTROPHE		
			<u>Loss Ratio</u>	<u>Loss Ratio</u>	<u>Cat Ratio</u>
1994	97,597	77,602	79.5%		
1995	101,933	76,979	75.5%	59.1%	16.4%
1996	106,607	197,610	185.4%	72.5%	112.9%
1997	111,571	101,866	91.3%	64.2%	27.1%
1998	119,587	82,466	69.0%	65.3%	3.6%
1999	126,890	149,136	117.5%	70.6%	47.0%
2000	135,804	158,737	116.9%	87.5%	29.3%
2001	153,095	148,687	97.1%	70.1%	27.1%
2002	174,032	116,383	66.9%	59.1%	7.7%
2003	190,012	107,671	56.7%	47.4%	9.3%
2004	207,125	96,113	46.4%	41.3%	5.1%
2005	222,106	110,358	49.7%	47.2%	2.5%
2006	237,948	225,605	94.8%	52.1%	42.7%
2007	258,474	131,657	50.9%	49.5%	1.4%
2008	273,809	477,494	174.4%	67.4%	107.0%
2Q 2009 YTD	143,884	228,125	158.5%	69.0%	89.5%

### Countrywide Homeowners

<u>Year</u>	<u>Earned Premiums</u>	<u>Incurred Losses</u>	EX-CATASTROPHE		
			<u>Loss Ratio</u>	<u>Loss Ratio</u>	<u>Cat Ratio</u>
1994	12,083,944	9,942,617	82.3%		
1995	13,074,405	10,674,329	81.6%	64.0%	17.7%
1996	14,089,869	12,683,592	90.0%	61.6%	28.4%
1997	14,108,521	9,735,971	69.0%	58.6%	10.4%
1998	14,839,069	11,811,672	79.6%	57.4%	22.2%
1999	15,708,416	12,533,614	79.8%	58.0%	21.8%
2000	16,715,537	14,162,051	84.7%	64.0%	20.7%
2001	20,140,265	18,966,876	94.2%	74.0%	20.2%
2002	22,898,437	18,382,985	80.3%	66.4%	13.8%
2003	25,925,442	17,957,030	69.3%	47.2%	22.0%
2004	28,240,938	19,676,389	69.7%	41.4%	28.3%
2005	30,802,822	26,319,234	85.4%	46.2%	39.3%
2006	32,852,287	19,409,992	59.1%	36.4%	22.7%
2007	34,401,170	21,838,185	63.5%	45.6%	17.9%
2008	34,302,654	30,115,852	87.8%	50.7%	37.0%
2Q 2009 YTD	17,145,797	13,773,679	80.3%	54.1%	26.2%

**Property and Casualty Insurance Company of Hartford  
Arkansas Homeowners  
SERFF Tracking Number HART-126354243**

April 19, 2010

Dear Ms. Harrington:

Below is additional information in response to your request of December 1, 2009:

**OBJECTION (1) Supporting data for this company and program were originally based upon Hartford Ins Company of the Midwest. That company along with the other Hartford group companies writing homeowner business in AR should provide sufficient historical data to develop a CAT load. ACA 23-67-209**

The following table shows 10 years of trended weather/CAT losses ending in 2008 for Property and Casualty Insurance Company of Hartford and Hartford Insurance Company of the Midwest. Applying a straight average to the 10 years of weather/CAT losses and dividing it by the 2008 earned premium (\$7,234,015) for the two companies results in a CAT ratio of 17.2%. As of 9/09, Arkansas has had \$2.6M in cat losses in 2009. So even though we do not have a full year of data yet, 2009 is already running at over double the existing average annual load.

	<b>Weather/CAT</b>
<b><u>Year</u></b>	<b><u>Losses</u></b>
1999	1,880,285
2000	1,622,562
2001	673,518
2002	202,208
2003	246,831
2004	518,676
2005	143,627
2006	2,166,170
2007	50,081
2008	5,102,672
<b>Average</b>	<b>1,260,663</b>

However, our limited years of history are not adequate to derive a CAT load. Our small sample size is insufficient to predict events that typically occur every 50 or 100 years. RMS weather/CAT modeling takes into account a longer history of weather patterns which better predicts weather losses.

We believe that our short history coupled with industry FastTrack CAT ratio (please see previous for FastTrack data) clearly illustrates that our modeled CAT load of 19.4% is not unreasonable.

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