

SERFF Tracking Number: LBRM-126523763 State: Arkansas  
Filing Company: Safeco Insurance Company of America State Tracking Number: EFT \$100  
Company Tracking Number: PL-10-30083  
TOI: 04.0 Homeowners Sub-TOI: 04.0004 Tenant Homeowners  
Product Name: Homeowners  
Project Name/Number: Rate & Rule Revision/PL-10-30083

## Filing at a Glance

Company: Safeco Insurance Company of America

Product Name: Homeowners

SERFF Tr Num: LBRM-126523763 State: Arkansas

TOI: 04.0 Homeowners

SERFF Status: Closed-Filed

State Tr Num: EFT \$100

Sub-TOI: 04.0004 Tenant Homeowners

Co Tr Num: PL-10-30083

State Status: Fees verified and received

Filing Type: Rate/Rule

Reviewer(s): Becky Harrington, Betty Montesi

Author: Sandy Jackson

Disposition Date: 04/28/2010

Date Submitted: 03/24/2010

Disposition Status: Filed

Effective Date Requested (New): 06/12/2010

Effective Date (New): 06/12/2010

Effective Date Requested (Renewal): 08/18/2010

Effective Date (Renewal):

08/18/2010

State Filing Description:

## General Information

Project Name: Rate & Rule Revision

Status of Filing in Domicile:

Project Number: PL-10-30083

Domicile Status Comments:

Reference Organization:

Reference Number:

Reference Title:

Advisory Org. Circular:

Filing Status Changed: 04/28/2010

Deemer Date:

State Status Changed: 03/26/2010

Submitted By: Sandy Jackson

Created By: Sandy Jackson

Corresponding Filing Tracking Number:

Filing Description:

March 24, 2010

Ms. Becky Harrington, Senior Rates and Forms Analyst

Arkansas Insurance Dept.

1200 West Third Street

Little Rock, AR 72201-1904

Safeco Insurance Company of America 111-24740

Independent Homeowners Program

SERFF Tracking Number: LBRM-126523763 State: Arkansas  
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Project Name/Number: Rate & Rule Revision/PL-10-30083

**Rate and Rule Revision**

Effective Dates: 06/12/2010 – New Business

08/18/2010 – Renewal Business

Filing Number: PL-10-30083

SERFF Number: LBRM-126523763

With this filing, we are proposing changes to our multiplicative rating factors as well as enhancements to our scorecard tier model for our renters program, Form 4. Our intention is to expand our market reach and improve pricing for our customers.

The combination of our various rate components has the potential to generate some larger rate changes for individual policyholders. To alleviate some of the larger changes we are introducing a renewal Basic Premium cap. The cap is between 0.0% and 25.0% and will be in place until the majority of the change has filtered through our book of business. Please note that this capping logic applies only to the Basic Premium values. The minimum policy premium will be set at \$85. The impact of these adjustments combined with the specific rate changes mentioned below is included in Exhibit 01 – Evaluation of Change.

**\* Base Unities**

We are adjusting base unities for form 4. Exhibit 03 shows the change in our base unity. The impact of this change is included in Exhibit 01.

**\* Market Relativities**

We are introducing 30 new market tiers (price points) which will replace all other previously used markets. Exhibit 04 shows the new list of markets and respective relativities. We are filing the underlying supporting data for the new market tiers as a separate confidential component header and request that these documents be held confidential pursuant to A.C.A §23-67-409(b).

**\* Protection Class Relativities**

We are adjusting the protection class relativities for form 4. Exhibit 05 shows the detail of these changes.

**\* Policy Amount Relativities (Coverage C)**

We are adjusting the policy amount relativities for form 4. Exhibit 06 shows the detail of these changes.

**\* Replacement Cost Factor (FVPP)**

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We will be adjusting the factor applied for the selection of FVPP on the policy. Exhibit 07 shows the detail of these changes.

**\* Deductibles**

We are adjusting the factors and maximum credits associated with deductible levels. Exhibit 08 shows the proposed factors and deductible levels being offered with this revision.

**\* Personal Liability Rates (Coverage E)**

We are adjusting the premiums charged for additional Personal Liability (Coverage E). Exhibit 09 shows the detail of these changes.

**\* Cellular Phones and Other Mobile Communications Equipment (Scheduled Personal Property, Category B)**

We are adjusting the premiums charged for additional Cellular Phones and Other Mobile Communications Equipment (Scheduled Personal Property, Category B). Exhibit 10 shows the detail of these changes.

**\* Credits**

We will be adjusting the factor applied for some of our credits with this revision. Exhibit 11 shows the detail of the changes we will be making to our Burglar Alarm credit while Exhibit 12 shows the detail of the changes we will be making to our Tenure credit.

We appreciate your review of this filing and look forward to your approval. Please feel free to contact me with any questions or concerns.

Sincerely,

Jeff Estes  
(314) 909-4867  
Product Manager  
jefest@safeco.com  
JE/SJ

## Company and Contact

SERFF Tracking Number: LBRM-126523763 State: Arkansas  
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 TOI: 04.0 Homeowners Sub-TOI: 04.0004 Tenant Homeowners  
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**Filing Contact Information**

Jeffrey Estes, Sr Director, Product Management Jeffrey.Estes@safeco.com  
 Safeco Plaza 636-825-8240 [Phone]  
 Seattle, WA 98185 206-473-6730 [FAX]

**Filing Company Information**

Safeco Insurance Company of America CoCode: 24740 State of Domicile: Washington  
 Safeco Plaza Group Code: 111 Company Type: Property and Casualty  
 Suite 2800 Group Name: Liberty Mutual Group State ID Number:  
 Seattle, WA 98185 FEIN Number: 91-0742148  
 (206) 545-5000 ext. [Phone]

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**Filing Fees**

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

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
Safeco Insurance Company of America	\$100.00	03/24/2010	35134093

SERFF Tracking Number: LBRM-126523763 State: Arkansas  
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## Correspondence Summary

### Dispositions

Status	Created By	Created On	Date Submitted
Filed	Becky Harrington	04/28/2010	04/28/2010

### 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	04/21/2010	04/21/2010	Melanie Bassler	04/23/2010	04/23/2010
Pending Industry Response	Becky Harrington	03/26/2010	03/26/2010	Sandy Jackson	04/07/2010	04/07/2010

### Amendments

Schedule	Schedule Item Name	Created By	Created On	Date Submitted
Rate	Product Guide	Sandy Jackson	04/15/2010	04/15/2010

SERFF Tracking Number: LBRM-126523763  
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State: Arkansas  
 State Tracking Number: EFT \$100  
 Sub-TOI: 04.0004 Tenant Homeowners

## Disposition

Disposition Date: 04/28/2010  
 Effective Date (New): 06/12/2010  
 Effective Date (Renewal): 08/18/2010  
 Status: Filed  
 Comment:

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where required):	Minimum % Change (where required):
Safeco Insurance Company of America	11.700%	10.000%	\$19,935	783	\$199,893	%	%

SERFF Tracking Number: LBRM-126523763 State: Arkansas  
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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	Supporting Documents	Filed	Yes
Supporting Document	Confidential Scorecard	Filed	No
Supporting Document	Confidential Response	Filed	No
Supporting Document	04/21/2010 Objection Response	Filed	Yes
Rate	Product Guide	Filed	Yes

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Product Name: Homeowners  
Project Name/Number: Rate & Rule Revision/PL-10-30083

## Objection Letter

Objection Letter Status Pending Industry Response  
Objection Letter Date 04/21/2010  
Submitted Date 04/21/2010

Respond By Date  
Dear Jeffrey Estes,

This will acknowledge receipt of the recent response.

Objection 1

No Objections

Comment: Please advise the type of losses driving your loss ratio.

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 04/23/2010  
Submitted Date 04/23/2010

Dear Becky Harrington,

### Comments:

### Response 1

Comments: Thank you for your Objection dated 04/21/10, below please find our response.

### Related Objection 1

Comment:

Please advise the type of losses driving your loss ratio.

### Changed Items:

SERFF Tracking Number: LBRM-126523763 State: Arkansas  
Filing Company: Safeco Insurance Company of America State Tracking Number: EFT \$100  
Company Tracking Number: PL-10-30083  
TOI: 04.0 Homeowners Sub-TOI: 04.0004 Tenant Homeowners  
Product Name: Homeowners  
Project Name/Number: Rate & Rule Revision/PL-10-30083

**Supporting Document Schedule Item Changes**

Satisfied -Name: 04/21/2010 Objection Response

Comment:

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Sincerely,  
Sandy Jackson

SERFF Tracking Number: LBRM-126523763 State: Arkansas  
Filing Company: Safeco Insurance Company of America State Tracking Number: EFT \$100  
Company Tracking Number: PL-10-30083  
TOI: 04.0 Homeowners Sub-TOI: 04.0004 Tenant Homeowners  
Product Name: Homeowners  
Project Name/Number: Rate & Rule Revision/PL-10-30083

## Objection Letter

Objection Letter Status Pending Industry Response

Objection Letter Date 03/26/2010

Submitted Date 03/26/2010

Respond By Date

Dear Jeffrey Estes,

This will acknowledge receipt of the captioned filing.

### Objection 1

- Confidential Scorecard (Supporting Document)

Comment: Identify the credit neutral tier. Provide evidence that "no information" scores comply with 23-67-405(5).

Pursuant to 23-67-409(a)(3) provide the loss experience justifying the use of credit.

Confirm that claims exclude weather related and CAT claims. (score card)

### Objection 2

- Supporting Documents (Supporting Document)

Comment: Exhibit 20 shows the proposed indicated/selected factors. Stating that EMBLEM was used is not sufficient. The software has not been filed by an advisory organization. Provide the supporting data that relates the "score" to the tier factor.

### Objection 3

No Objections

Comment: Provide a disruption chart showing number of insureds/percentage changes without capping. Indicate the number being capped and the capped percentage. Explain why the capping is between 0% and 25% instead of a specific amount.

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

SERFF Tracking Number: LBRM-126523763 State: Arkansas  
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TOI: 04.0 Homeowners Sub-TOI: 04.0004 Tenant Homeowners  
Product Name: Homeowners  
Project Name/Number: Rate & Rule Revision/PL-10-30083

Response Letter Status Submitted to State  
Response Letter Date 04/07/2010  
Submitted Date 04/07/2010

Dear Becky Harrington,

**Comments:**

**Response 1**

Comments: Please see the attached confidential response

**Related Objection 1**

Applies To:

- Confidential Scorecard (Supporting Document)

Comment:

Identify the credit neutral tier. Provide evidence that "no information" scores comply with 23-67-405(5).

Pursuant to 23-67-409(a)(3) provide the loss experience justifying the use of credit.

Confirm that claims exclude weather related and CAT claims. (score card)

**Changed Items:**

**Supporting Document Schedule Item Changes**

Satisfied -Name: Confidential Response

Comment:

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

**Response 2**

Comments: Please see the attached confidential response

**Related Objection 1**

Applies To:

- Supporting Documents (Supporting Document)

Comment:

SERFF Tracking Number: LBRM-126523763 State: Arkansas  
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Product Name: Homeowners  
Project Name/Number: Rate & Rule Revision/PL-10-30083

Exhibit 20 shows the proposed indicated/selected factors. Stating that EMBLEM was used is not sufficient. The software has not been filed by an advisory organization. Provide the supporting data that relates the "score" to the tier factor.

#### **Changed Items:**

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

Satisfied -Name: Confidential Response

Comment:

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

#### **Response 3**

Comments: Please see the attached confidential response

#### **Related Objection 1**

Comment:

Provide a disruption chart showing number of insureds/percentage changes without capping. Indicate the number being capped and the capped percentage. Explain why the capping is between 0% and 25% instead of a specific amount.

#### **Changed Items:**

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

Satisfied -Name: Confidential Response

Comment:

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Sincerely,  
Sandy Jackson

SERFF Tracking Number: LBRM-126523763 State: Arkansas  
Filing Company: Safeco Insurance Company of America State Tracking Number: EFT \$100  
Company Tracking Number: PL-10-30083  
TOI: 04.0 Homeowners Sub-TOI: 04.0004 Tenant Homeowners  
Product Name: Homeowners  
Project Name/Number: Rate & Rule Revision/PL-10-30083

**Amendment Letter**

Submitted Date: 04/15/2010

**Comments:**

Please see the Product Guide attached.

**Changed Items:**

**Rate/Rule Schedule Item Changes:**

<b>Exhibit Name:</b>	<b>Rule # or Page #:</b>	<b>Rate Action:</b>	<b>Previous State Filing Number:</b>	<b>Attach Document:</b>
Product Guide		Replacement		20100612_co_arn_pg- rev.pdf

SERFF Tracking Number: LBRM-126523763  
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 Company Tracking Number: PL-10-30083  
 TOI: 04.0 Homeowners  
 Product Name: Homeowners  
 Project Name/Number: Rate & Rule Revision/PL-10-30083

State: Arkansas  
 State Tracking Number: EFT \$100  
 Sub-TOI: 04.0004 Tenant Homeowners

## Rate Information

Rate data applies to filing.

**Filing Method:** File & Use  
**Rate Change Type:** Increase  
**Overall Percentage of Last Rate Revision:** 6.800%  
**Effective Date of Last Rate Revision:** 07/23/2010  
**Filing Method of Last Filing:** File & Use

## Company Rate Information

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where required):	Minimum % Change (where required):
Safeco Insurance Company of America	11.700%	10.000%	\$19,935	783	\$199,893	%	%

SERFF Tracking Number: LBRM-126523763 State: Arkansas  
Filing Company: Safeco Insurance Company of America State Tracking Number: EFT \$100  
Company Tracking Number: PL-10-30083  
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Project Name/Number: Rate & Rule Revision/PL-10-30083

## Rate/Rule Schedule

Schedule Item	Exhibit Name:	Rule # or Page	Rate Action	Previous State Filing Attachments
Filed 04/28/2010	Product Guide		Replacement	20100612_co_arn_pg-rev.pdf

# Arkansas

## Homeowners Product Guide



### What's New

Effective Date of New and Revised Material Updates

### Companies and Copyrights

### Eligibility and Rules

Eligibility

Basic Coverage Limits

Basic Premium Definition

Description of Coverage

Policy Period

Changes on Policies

Cancellation of Insurance

Agent File Documentation

Premium Revisions

Secondary Dwellings

Temporary Binder

Fire Protection Rating Plan

### Deductibles

Coverage A (Dwelling) Deductibles

### Increased Limits

Section I – Property Coverages Coverage B and Coverage C – Forms 33 and EPH

Increased Building Ordinance or Law Coverage – Forms 33 and EPH

Section II – Liability Coverages

### Decreased Limits

Section I – Property Coverages Coverage B and Coverage C – Forms 33 and EPH

### Optional Coverages

Extended Dwelling Coverage – Form 33

Full Value on Personal Property (Coverage C) – All Forms

Optimum Protection Package – Forms 33 and 88

Option E – Scheduled Personal Property

Option F – Fine Arts Breakage Coverage – All Forms

Option G – Unscheduled Jewelry, Furs and Fine Arts – All Forms

Option H – Unscheduled Silverware Coverage – All Forms

Option I – Unscheduled Business Property Coverage – All Forms

Option J – Business Merchandise Coverage – All Forms

Option K – Rental to Others – Forms 88 and EPC

Option L – Increased Limit – Condominium Building Items – Form 88

Option Q – Valued Jewelry – Forms 33, 4 and 88

Option V – Volunteer America Coverage – Forms 33, 4 and 88

Option BC – Landlord's Furnishings – Forms 33, EPH, 88 and EPC

Option BD – Home Freezer Contents Coverage – Forms 33, 4 and 88

Option BX – Business Use on Other Structures – Form 33

Option BZ – In-home Business Coverage – All Forms

Option EE – Earthquake Coverage – All Forms

Option FF – Incidental Farm Coverage – Forms 33 and EPH

Option ID – Identity Recovery Coverage – All Forms

Option KK – Special Personal Property Coverage – Forms 33, 4 and 88

Option VV – Theft of Building Materials – Forms 33 and 88

Option YY – Water Back-Up and Sump Overflow Coverage – All Forms

Option BBB – Outboard Motor Liability – 50 hp and Over – All Forms

Option CCC – Business Liability – All Forms

Option FFF – Loss Assessment Coverage – All Forms

Option GGG – Home Day Care Coverage – All Forms

### Discounts

Umbrella Credit – Forms 33 and EPH

Account Credit – Forms 33 and EPH

Account Credit – Forms 4, 88 and EPC

Burglar Alarm Credit – All Forms

Condominium Security Credit – Forms 88 and EPC

Newer Home Credit – Forms 33 and EPH

Renewal Credit – Forms 4, 88 and EPC

Renewal Credit – Forms 33 and EPH

Sprinkler Credit – Forms 33, EPH, 88 and EPC

Safeco Employee Discount Plan

Safeco Insurance Company of America

**Safeco Insurance**<sup>TM</sup>

Member of Liberty Mutual Group

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Company Only content is displayed in grey.

## What's New

### Effective Date of New and Revised Material

06/12/10 New Business • 08/18/10 Renewal Business

### Updates

Form (33) is no longer available to New Business. All references to Form (33) have been grayed out.

Liability Coverages, Form 4 rates have been updated	15
Full Value on Personal Property – Form 4 has been updated	19
Option E, Category B – Cellular Phones and Other Mobile Communication Equipment rates have been updated	20
Account Credit rule has been updated	35
Burglar Alarm Credit for Form 4 has been updated	35
Renewal Credit for Form 4 has been updated	37

## Companies and Copyrights

Country Lane is a registered trademark of Safeco Insurance Company of America

Enhanced Protection is a trademark of Safeco Insurance Company of America

Quality-Plus is a registered trademark of Safeco Insurance Company of America

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Safeco Insurance Company of America



## Eligibility and Rules

### Eligibility

A policy shall not be issued on property situated on premises used for farming purposes unless farming conducted thereon is only incidental to the occupancy of the premises as a dwelling and farming is not the occupation of your customer.

Only those additional interests or coverages provided for in these rules may be endorsed onto a policy.

#### Quality-Plus<sup>®</sup> Homeowners Form 33

A Homeowners policy may be issued:

- For dwellings and premises that are well maintained
- To an owner/occupant of a dwelling which is used exclusively for private residential purposes and contains not more than two units and with not more than two roomers or boarders per family

#### Safeco Enhanced Protection<sup>™</sup> Homeowners Form EPH

*Enhanced Protection Homeowners Form EPH is not available for new business.*

### Renters Form 4

A renters policy may be issued only:

- To the tenant (non-owner) of a dwelling or an apartment situated in any building
- To the owner/occupant of a dwelling, cooperative unit or of a building containing an apartment which is not eligible for another homeowners policy form

### Quality-Plus Condominium Form 88

A Quality-Plus Condominium Form 88 policy may be issued:

- To the owner/occupant of a condominium or cooperative unit which is used exclusively for private residential purposes
- If the condominium is insured for \$25,000 (Coverage C) or more

### Safeco Enhanced Protection Condominium Form EPC

Enhanced Protection Condominium Form EPC is not available for new business.

## Basic Coverage Limits

### Section I – Property Coverages

#### Coverage A – Dwelling

The Coverage A amount is displayed on the Declarations page. Selected Coverage A limits should reflect an amount that will allow the customer to rebuild their existing dwelling.

#### Coverage B – Other Structures

Form	Coverage B
Form 33	10% of Cov. A
Form EPH	20% of Cov. A
Form 4	–
Form 88	–
Form EPC	–

If additional or lower amounts of Coverage B are required, refer to the Increased Limits or Decreased Limits section.

### Coverage C – Personal Property

Form	Coverage C – Percent of Coverage A Primary Dwelling			
	1- and 2-Unit Dwelling with FV on PP*	1- and 2-Unit Dwelling without FV on PP*	3- and 4-Unit Dwelling with FV on PP*	3- and 4-Unit Dwelling without FV on PP*
Form 33	75%	50%	35%	20%
Form EPH	75%	NA	NA	NA
Form 4	–	–	–	–
Form 88	–	–	–	–
Form EPC	†	–	–	–

\* Full Value on Personal Property (Coverage C).

† Under Enhanced Protection Condominium Form EPC, Coverage C includes Condominium Building Items. To determine the Coverage C limit, sum your customer's respective Contents and Condominium Building Items coverage requirements.

If additional or lower amounts of Coverage C are required, refer to the Increased Limits or Decreased Limits section.

**Coverage D – Loss of Use**

For all forms, Loss of Use coverage is included for the shortest time to repair or replace the damage. This time period may not exceed 12 months.

**Section II – Liability Coverages****Coverage E – Personal Liability**

Form	Coverage E (each occurrence)
Form 33	\$100,000
Form EPH	300,000
Form 4	100,000
Form 88	100,000
Form EPC	300,000

**Coverage F – Medical Payments to Others**

Form	Coverage F (each person)
Form 33	\$ 1,000
Form EPH	10,000
Form 4	1,000
Form 88	1,000
Form EPC	10,000

**Basic Premium Definition**

“Basic Premium” is defined as the premium charged for the coverages outlined in the Description of Coverage and Basic Coverage Limits sections for each form, after applying the appropriate deductible credit or debit. It does not include credits or debits for **Increased Limits** or **Decreased Limits, Optional Coverages** or **Discounts**.

However, the definition of Basic Premium for *Quality-Plus Homeowners Form 33* changes when **Extended Dwelling Coverage** and/or **Full Value on Personal Property** (Coverage C) are eliminated. Similarly, it changes when Full Value on Personal Property (Coverage C) is deleted for *Quality-Plus Condominium Form 88* and *Renters Form 4*. In these cases only, Basic Premium will reflect the premium reduction associated with eliminating these coverages.

## Base Unities

Territory	Base Unity
32	\$507
100	\$486
110	\$501
111	\$516
112	\$469
113	\$467
116	\$504
118	\$455
119	\$499
120	\$620
121	\$529
122	\$522
123	\$506
124	\$508
125	\$538
126	\$514
127	\$628
128	\$579

## Description of Coverage

It is mandatory that insurance be written for all coverages provided under both Sections I and II of the Homeowners policy.

The following is a general description of the coverage provided by the individual Homeowners forms. The policy, forms, endorsement options and appropriate product guide rules should be consulted for details.

## Section I – Property Coverages

*Quality-Plus Homeowners Form 33*

Covers the Dwelling (Coverage A) and Other Structures (Coverage B) against risk of physical loss (with certain exceptions) and covers Loss of Use (Coverage D). Loss of Use is provided when loss from a covered peril is sustained. Personal Property (Coverage C) is covered on a named perils basis.

**Extended Dwelling Coverage** provides up to an additional 25 percent of Coverage A should repair or replacement exceed the Coverage A amount displayed on the Declarations page.

**Full Value on Personal Property** (Coverage C) and Extended Dwelling Coverage are automatically included but may be eliminated. **Building Ordinance or Law Coverage** is automatically included at 10 percent of Coverage A and may not be eliminated.

### ***Enhanced Protection Homeowners Form EPH***

Covers the Dwelling (Coverage A), Other Structures (Coverage B) and Personal Property (Coverage C) against risk of physical loss (with certain exceptions) and covers Loss of Use (Coverage D). Loss of Use is provided when loss from a covered peril is sustained. Compared to Form 33, some internal limits are higher and some **Optional Coverages** are automatically included.

**Extended Dwelling Coverage** provides up to an additional 50 percent of Coverage A should repair or replacement exceed the Coverage A amount displayed on the Declarations page.

**Full Value on Personal Property** (Coverage C) and **Extended Dwelling Coverage** are automatically

included and may not be eliminated.

**Building Ordinance or Law Coverage** is automatically included at 20 percent of Coverage A and may not be eliminated.

### ***Renters Form 4***

Covers Personal Property (Coverage C) and your customer's interest in Additions and Alterations on a named perils basis, and covers Loss of Use (Coverage D). Loss of Use is provided when loss from a covered peril is sustained.

**Full Value on Personal Property** (Coverage C) is automatically included but may be eliminated.

### ***Quality-Plus Condominium Form 88***

Covers Personal Property (Coverage C) on a named perils basis, and covers Loss of Use (Coverage D). Loss of Use is provided when loss from a covered peril is sustained.

**Full Value on Personal Property** (Coverage C) is automatically included but may be eliminated.

Condominium Building Items are covered against risk of physical loss (with certain exceptions). **Building Ordinance or Law Coverage** is automatically included at 10 percent of Coverage C and may not be eliminated.

### ***Enhanced Protection Condominium Form EPC***

Covers Personal Property (Coverage C) and Condominium Building Items against risk of physical loss (with certain exceptions) and covers Loss of Use (Coverage D). Loss of Use is provided when loss from a covered peril is sustained. (For Coverage C explanation, see **Basic Coverage Limits** section). Compared to Form 88, some internal limits are higher and some **Optional Coverages** are automatically included.

**Full Value on Personal Property** (Coverage C) and **Building Ordinance or Law Coverage** are automatically included and may not be eliminated.

## **Section II – Liability Coverages**

### ***All Forms***

Personal Liability (Coverage E) and Medical Payments to Others (Coverage F)

## **Policy Period**

The policy period shall be one year.

## **Changes on Policies**

Coverages and limits (above the minimum) may be increased or decreased, added or deleted, during the term of the policy by selecting Policy Change on Safeco Now™ and submitting a change request to us. Additional or return premium shall be computed on a pro rata basis. Amounts of \$3 or less shall be waived.

## **Cancellation of Insurance**

It is not permissible to cancel any of the mandatory coverages unless the entire policy is canceled. In the Quality-Plus Homeowners Form 33 and Enhanced Protection Homeowners Form EPH policies, Coverages A, B, C, D, E and F are mandatory. In the Renters Form 4, Quality-Plus Condominium Form 88 or Enhanced Protection Condominium Form EPC policies, Coverages C, D, E and F are mandatory.

If the policy is canceled at the request of either the company or your customer, the return premium will be

100 percent of the pro rata unearned premium. Return premium of amounts less than \$3 will be waived.

## Agent File Documentation

- Agents should maintain relevant file documentation for ten (10) years after policy expiration.
- This includes, but is not limited to signed applications and statutorily required forms, such as waivers, coverage declinations, or exclusions.
- The records can be scanned or imaged and stored electronically.
- There is no requirement to retain a paper original with a wet signature.

## Premium Revisions

Premium revisions shall be made in accordance with the following procedures:

- The effective date of such revisions shall be as announced by the company.
- Changes made under the following provisions may be made effective only on the inception or renewal date of the policy:

*New Business* – If the premium is decreased, a policy issued prior to the effective date of the premium change with an inception date on or after the effective date of the change may be endorsed to the new premium.

*Renewals* – If the premium is decreased, a policy on which an Extension Certificate has been issued prior to the effective date of the premium change with a renewal date on or after the effective date of the change may be endorsed to the new premium.

## Secondary Dwellings

If your customer owns and occupies or rents and occupies a one- or two-unit dwelling in addition to your customer's primary residence, it is eligible for Homeowners coverage but must be insured on a separate policy. Coverage may be written on all forms.

## Temporary Binder

Temporary binder forms may not be used for binding Homeowners insurance. New customers may be bound only by using an application form.

## Fire Protection Rating Plan

A primary dwelling that is:

- Located within five miles travel distance of a recognized Fire Department that will respond
- Located within 1,000 feet of a public fire hydrant or the responding Fire Department will transport water to use in fighting the fire at the site
- Not located in a severe brush or forest area, may be rated Protection Class 9

Please submit a completed Homeowners Credits Statement with the application or endorsement.

For statistical gathering purposes the letter “A” should be included after the protection class on all policies rated under this plan (Example: 9A).

## Deductibles

### Coverage A (Dwelling) Deductibles

The following deductibles are available in Arkansas:

#### All Other Perils (AOP) Deductibles:

\$500\*, \$750\*, \$1,000, \$1,500, \$2,000, \$2,500, \$5,000, \$7,500

\*Only available when windstorm or hail deductible is selected.

#### Optional Windstorm or Hail Deductibles:

\$1,000, \$1,500, \$2,000, \$2,500, \$5,000, \$7,500

1%, 2%, 5%

### All Other Perils (AOP) Deductibles

Policy Amount	AOP Deductibles			
	\$1,000	\$2,500	\$5,000	\$7,500
\$ 5,000	-0.047	-0.138	-0.22	-0.271
50,000	-0.047	-0.138	-0.22	-0.271
75,000	-0.045	-0.133	-0.213	-0.263
100,000	-0.044	-0.13	-0.208	-0.258
125,000	-0.043	-0.127	-0.205	-0.254
150,000	-0.042	-0.125	-0.202	-0.25
175,000	-0.041	-0.124	-0.199	-0.248
200,000	-0.041	-0.122	-0.197	-0.245
250,000	-0.04	-0.119	-0.194	-0.241
300,000	-0.039	-0.117	-0.191	-0.238
400,000	-0.037	-0.114	-0.186	-0.233
500,000	-0.036	-0.111	-0.183	-0.229
760,000	-0.035	-0.107	-0.177	-0.222
1,000,000	-0.033	-0.104	-0.172	-0.217

## Windstorm or Hail Deductible

Policy Amount	W/H Deductibles		
	\$1,000	\$2,500	\$5,000
\$ 5,000	-0.08	-0.256	-0.319
50,000	-0.08	-0.256	-0.319
75,000	-0.056	-0.205	-0.301
100,000	-0.038	-0.159	-0.282
125,000	-0.033	-0.129	-0.263
150,000	-0.028	-0.12	-0.237
175,000	-0.024	-0.111	-0.213
200,000	-0.021	-0.103	-0.194
250,000	-0.02	-0.089	-0.165
300,000	-0.019	-0.078	-0.157
400,000	-0.018	-0.061	-0.141
500,000	-0.017	-0.048	-0.127
760,000	-0.015	-0.044	-0.095
1,000,000	-0.013	-0.041	-0.069

## Increased Limits

### Section I – Property Coverages Coverage B and Coverage C – Forms 33 and EPH

Increased limits for Coverage B and Coverage C may be provided and a debit adjustment will be made to the base premium.

#### Increased Coverage B

Increase Amount	Form 33	Form EPH
	Selected Factor	Selected Factor
5.00%	0.06	0.045
10.00%	0.12	0.089
15.00%	0.17	0.134
20.00%	0.22	0.179
25.00%	0.27	0.223
30.00%	0.32	0.268
35.00%	0.37	0.304
40.00%	0.42	0.339
45.00%	0.46	0.384
50.00%	0.50	0.420
55.00%	0.55	0.455
60.00%	0.59	0.491
65.00%	0.63	0.518

Increase Amount	Form 33	Form EPH
	Selected Factor	Selected Factor
70.00%	0.67	0.554
75.00%	0.70	NA
80.00%	0.74	NA

#### Increased Coverage C

Increase Amount	Selected Factor Forms 33 & EPH
5.00%	0.030
10.00%	0.045
15.00%	0.068
20.00%	0.098
25.00%	0.120
30.00%	0.150

## Increased Building Ordinance or Law Coverage – Forms 33 and EPH

### Quality-Plus Form 33

For an additional premium, the basic limit of 10 percent for Building Ordinance or Law coverage can be increased to an aggregate of 20 percent or 50 percent.

Calculate the premium by multiplying the **Basic Premium** by the following factor.

Aggregate Limit	Factor	Minimum
20% of Coverage A	.03	\$ 5
50% of Coverage A	.08	15

### Enhanced Protection Homeowners Form EPH

For an additional premium, the basic limit of 20 percent for Building Ordinance or Law coverage can be increased to an aggregate of 50 percent.

Calculate the premium by multiplying the **Basic Premium** by the following factor.

Aggregate Limit	Factor	Minimum
50% of Coverage A	.08	\$15

## Section II – Liability Coverages

(Effective NB: 06/12/10 RB: 08/18/10)

### Coverage E – Personal Liability – All Forms

For all forms except Forms EPH and EPC, increased limits of \$300,000 or \$500,000 may be selected for Personal Liability (Coverage E). For Forms EPH and EPC, an increased limit of \$500,000 may be selected.

Liability coverage may be provided for secondary dwellings owned and occupied by the Named Insured, but not insured with us.

Limit	Primary Dwelling				
	Forms 33 and 88	Form 4	Forms EPH and EPC	Form 33	
				3-Unit Dwelling	4-Unit Dwelling
\$ 100,000	Base	Base	Not available	\$26	\$ 39
300,000	\$10	\$20	Base	36	54
500,000	15	27	\$15	50	75
1,000,000	24	NA	24	70	105
1,500,000	28	NA	28	80	120

Limit	Secondary Dwelling		
	Forms 33 and 88	Form 4	Forms EPH and EPC
\$ 100,000	\$13	\$13	Not available
300,000	18	18	\$18
500,000	25	25	25
1,000,000	35	NA	35
1,500,000	40	NA	40

Limits	Premiums
\$ 1,000	Base
2,000	\$ 7
3,000	12
4,000	15
5,000	18
10,000	20

### Coverage F – Medical Payments to Others – All Forms

For all forms except Forms EPH and EPC, increased limits of liability may be provided for Medical Payments to Others (Coverage F). Limits of \$2,000, \$3,000, \$4,000, \$5,000 or \$10,000 may be selected. For Forms EPH and EPC, the Medical Payments to Others limit is \$10,000, which is included in the policy.

## Decreased Limits

### Section I – Property Coverages Coverage B and Coverage C – Forms 33 and EPH

Decreased limits for Coverage B and Coverage C may be provided and a credit adjustment will be made to the base premium.

#### Coverage B – Other Structures

Coverage B may be reduced below the Basic Coverage Limit (as displayed in the Eligibility and Rules section), or eliminated entirely for Form 33. For Form EPH, this applies to secondary policies only.

#### Decreased Coverage B

Increase/Decrease Amount	Form 33	Form EPH
	Selected Factor	Selected Factor
-20.00%	NA	-0.219
-15.00%	NA	-0.161
-10.00%	-0.125	-0.107
-5.00%	-0.060	-0.054
0.00%	0	0

### Coverage C – Personal Property

#### Primary Dwellings

Customers with Full Value on Personal Property (Coverage C) may reduce their Coverage C limits to a level lower than the Basic Coverage Limit (as displayed in the Eligibility and Rules section), subject to a minimum of 50 percent for one- and two-unit dwellings and 20 percent for three- and four-unit dwellings. Form EPH customers may not reduce Coverage C limit for primary dwellings.

Customers without Full Value on Personal Property (Coverage C) have a lower **Basic Coverage Limit** (as displayed in the Eligibility and Rules section) for Coverage C, which may not be reduced further.

#### Secondary Dwellings

Form 33 customers with or without Full Value on Personal Property (Coverage C) may reduce their Coverage C limit for one- and two-unit secondary residences to a minimum of 30 percent by applying the following credit. Form EPH Coverage C limits may be reduced to a minimum of 50 percent.

## Decreased Coverage C

Decrease Amount	Forms 33 & EPH
	Selected Factor
-45.00%	-0.180
-40.00%	-0.165
-35.00%	-0.142
-30.00%	-0.120
-25.00%	-0.105
-20.00%	-0.082
-15.00%	-0.060
-10.00%	-0.045
-5.00%	-0.022

## Optional Coverages

### Extended Dwelling Coverage – Form 33

Extended dwelling coverage provides up to an additional 25 percent or 50 percent of Coverage A should repair or replacement exceed the Coverage A amount displayed on the declarations page.

A full inspection may be required based on the replacement value of the home.

25% of Cov. A	Factor	Underwriting Expense
	1.030	0

50% of Cov. A	Factor	Underwriting Expense
Full Inspection: – Cov. A of \$800,000+	1.032	\$86
Other	1.040	0

EDC premium will be calculated and displayed as a single item on the declarations page.

### Form EPH

50 percent EDC is a required coverage and may not be reduced or eliminated. The EPH premium for this option is 3 percent of the basic premium calculation.

### Full Value on Personal Property (Coverage C) – All Forms

(Effective NB: 06/12/10 RB: 08/18/10)

#### Forms 33, 4 and 88

Coverage C is extended on a replacement cost basis to most items of personal property. This coverage is automatically included but may be eliminated by electing not to apply the following factor in the Basic Premium calculation.

Forms	Factor
33	15%
4	See Below
88	25%

If this coverage is not elected on form 4, apply the following discount to the Basic Premium calculation.

Form	Factor
4	20%

*Forms EPH and EPC*

Automatically included and may not be eliminated.

## Optimum Protection Package – Forms 33 and 88

This coverage option broadens our Quality-Plus contract. It is designed to emulate many of the features of Enhanced Protection and Quality Crest without the need to rewrite the policy. This endorsement will include all-risk contents coverage and higher internal policy limits with no minimum qualifying Coverage A amount. Please refer to the endorsement for detailed coverage language.

Calculate the premium by multiplying the Basic Premium by the following factor.

Forms	Factor
33	1.08
88	1.27

## Option E – Scheduled Personal Property

(Effective NB: 06/12/10 RB: 08/18/10)

The following classes of personal property, owned by your customer, may be scheduled. Give complete descriptions on a Scheduled Personal Property Endorsement.

### Category A – Fine Arts – All Forms

Rate per \$100
\$.15

### Category B – Cellular Phones and Other Mobile Communication Equipment – All Forms

Forms	Rate per \$100
88, EPC	\$3.50
4	\$6.00

**Category C – Cameras, Guns, Stamp and Coin Collections, Comics and Trading Cards – All Forms**

Forms	Rate per \$100
33, EPH, 88, EPC	\$1.00
4	\$1.30

**Category F – Furs, Musical Instruments and Property Not Otherwise Classified (Including Electronic Systems) – All Forms**

Forms	Rate per \$100
33, EPH, 88, EPC	\$.40
4	\$.70

**Category I – In-vault Jewelry – Forms EPH and EPC**

Jewelry items that are described in the policy as “in-vault” must be kept in a bank vault. There is no coverage for these items while they are out of the vault, unless we agree in advance to cover them. Use the rates displayed below to determine the applicable premium.

Rates per \$100	
In-vault	Out-of-vault
\$.20 annual	\$.30 per day

**Category J – Jewelry – Forms 33, 4 and 88**

Losses will be settled based on the value at the time of loss subject to the maximum value shown on the Declarations.

Forms	Rate per \$100
33, 88	\$.70
4	\$1.25

Only one category is allowed per policy for Scheduled Jewelry – either “J” or “V”.

**Category L – Computer and Media Equipment – All Forms**

Rate per \$100
\$.75

**Category S – Silverware – All Forms**

Rate per \$100
\$ .40

**Category T – Farm Personal Property – Forms 33 and EPH**

Rate per \$100
\$ .67

Available only with **Option FF**. A \$250 deductible applies.

**Category V – Valued Jewelry – All Forms**

Losses will be settled on the basis of amount shown on the schedule.

Forms	Rate per \$100
33, EPH, 88, EPC	\$ .90
4	\$1.40

Only one category is allowed per policy for scheduled Jewelry – either “J” or “V”.

For Forms 33, 4 and 88 refer to **Option Q**.

**Option F – Fine Arts Breakage Coverage – All Forms**

For an additional premium, loss caused by breakage of fine arts is covered.

Rate per \$100
\$ .15

**Option G – Unscheduled Jewelry, Furs and Fine Arts – All Forms**

For Forms 33, 4 and 88, the basic Coverage C special per-item limit of \$1,500 for theft of jewelry, watches, furs, etc., is increased to \$5,000. The aggregate special limit of \$3,000 is increased to an aggregate limit ranging from \$5,000 to \$50,000 based upon the coverage amount selected.

For Forms EPH and EPC, the basic Coverage C special aggregate limit of \$5,000 for the theft of jewelry, watches, furs, etc., may be increased to an aggregate limit ranging from \$10,000 to \$50,000 based upon the coverage amount selected.

When increased special limits are purchased, both the basic and increased limits insure against accidental direct physical loss (with certain exceptions). The declarations will show the aggregate amount of coverage, and this new limit will represent an additional amount of insurance over Coverage C limits.

A \$500 deductible applies.

Forms 33, 4 & 88		
Per Item	Aggregate	Premiums
\$1,500	\$ 3,000	Base
5,000	5,000	\$28
5,000	10,000	62
5,000	15,000	88
5,000	20,000	112
5,000	25,000	134
5,000	30,000	156
5,000	35,000	177
5,000	40,000	196
5,000	45,000	212
5,000	50,000	228

Forms EPH & EPC		
Per Item	Aggregate	Premiums
\$5,000	\$ 5,000	Base
5,000	10,000	\$34
5,000	15,000	60
5,000	20,000	84
5,000	25,000	106
5,000	30,000	128
5,000	35,000	149
5,000	40,000	168
5,000	45,000	184
5,000	50,000	200

### Option H – Unscheduled Silverware Coverage – All Forms

For Forms 33, 4 and 88, the basic Coverage C aggregate limit of \$3,000 for theft of silverware, etc., may be increased in increments of \$100 to a total of \$20,000.

For Forms EPH and EPC, the basic Coverage C aggregate limit of \$5,000 for the theft of silverware, etc., may be increased in increments of \$100 to a total of \$20,000.

Rate per \$100
\$.35

When increased special limits are purchased, both the basic and increased limits insure against accidental direct physical loss (with certain exceptions). The declarations will show the aggregate amount of coverage (basic and increased limits), and this new limit will represent an additional amount of insurance over Coverage C limits.

A \$500 deductible applies.

### Option I – Unscheduled Business Property Coverage – All Forms

The basic Coverage C special limit for loss of business property may be increased at the following rate.

Rate per \$100
\$.28

The Declarations will show the aggregate amount of coverage (basic and increased limits) and this new limit will represent an additional amount of insurance over the Coverage C limit.

### Option J – Business Merchandise Coverage – All Forms

The policy may be extended to cover \$2,500 of business property or merchandise held in storage, as a sample, for sale, or delivery after sale.

Rate per Policy
\$25

**Option K – Rental to Others – Forms 88 and EPC**

The policy may be extended to cover personal property of the insured when the residence premises is rented or held for rental to others. Liability coverage is also provided.

Increase **Basic Premium** 25 percent.

**Option L – Increased Limit – Condominium Building Items – Form 88**

*Form 88*

The basic limit of 10 percent of Coverage C may be increased to the amount desired.

Rate per \$100
\$6

*Form EPC*

Not applicable. For additional Condominium Building Items for Enhanced Protection Condominium Form EPC, increase Coverage C.

**Option Q – Valued Jewelry – Forms 33, 4 and 88**

Automatically included with the purchase of Option E, Category V.

Option Q amends Option E for Jewelry coverage as follows:

Losses under Option E (Category V) “Valued Jewelry” will be settled on the basis of amount shown on the Schedule.

**Option V – Volunteer America Coverage – Forms 33, 4 and 88**

Coverage may be extended to provide additional Coverage C and Section II coverages for insureds employed in volunteer activities.

*Forms 33, 4 and 88*

Rate per \$100
\$8

*Forms EPH and EPC*

Automatically included and may not be eliminated.

### Option BC – Landlord’s Furnishings – Forms 33, EPH, 88 and EPC

Coverage may be extended to provide \$5,000 personal property coverage for certain landlord’s furnishings, on a named peril basis, in an apartment located on the residence premises and rented to others.

Rate per Policy
\$20

### Option BD – Home Freezer Contents Coverage – Forms 33, 4 and 88

Coverage may be provided for loss to covered property stored in freezers/refrigerators up to \$500, subject to a \$100 deductible.

*Forms 33, 4 and 88*

Rate per Policy
\$8

*Forms EPH and EPC*

Automatically included and may not be eliminated.

### Option BX – Business Use on Other Structures – Form 33

Coverage may be extended to provide building property coverage for other structures located on the residence premises which are used for business purposes.

*Form 33*

Rate per Policy
\$15

*Form EPH*

Automatically included and may not be eliminated.

### Option BZ – In-home Business Coverage – All Forms

This option provides liability coverage for business activities conducted on the described location and on-premises business property coverage up to the Coverage C limit, with an additional \$10,000 available if the total damage exceeds the Coverage C limit of liability. Limited off-premises business property coverage and business merchandise coverage are also provided.

The limit of liability must be the same as the Personal Liability (Coverage E) limit.

Limit of Liability	Premium
\$ 100,000*	\$ 75
300,000	84
500,000	96
1,000,000	110
1,500,000	120

\* This limit does not apply to Forms EPH and EPC.

## Option EE – Earthquake Coverage – All Forms

Option EE is not available for any new business policy or as a new endorsement for in-force dwelling or condominium customers who previously did not have this coverage. The following coverage details only pertain to in-force customers who have dwellings or condominiums that meet age and construction requirements listed below.

Note: The Declination of Residential Earthquake Coverage must be completed. Each application contains this declination as required by the Arkansas Earthquake Authority Act.

Earthquake damage coverage may be extended to frame and masonry veneer dwellings. A deductible of 15 percent, 20 percent or 25 percent of the policy limit may be selected in any earthquake zone. A deductible of 10 percent of the policy limit may be selected only in earthquake zone 5. The deductible shall apply separately to the amount of insurance for Coverages A, B, C, and Condominium Building Items.

### *Age and Construction Requirements*

Dwellings and Condominiums must have an original construction date of 1960 or newer.

Dwellings and Condominiums with solid masonry construction are not eligible for coverage.

### **Zones by County**

- Zone 2: Crittendon, Cross, Lee, Mississippi, Monroe, Poinsett, St. Francis,
- Zone 3: Arkansas, Clay, Craighead, Greene, Jackson, Lawrence, Phillips, Prairie, Woodruff
- Zone 4: Chicot, Desha, Independence, Lincoln, Lonoke, Randolph, Sharp, White,

Zone 5: Ashley, Baxter, Benton, Boone, Bradley, Calhoun, Carroll, Clark, Cleburne, Cleveland, Columbia, Conway, Crawford, Dallas, Drew, Faulkner, Franklin, Fulton, Garland, Grant, Hempstead, Hot Spring, Howard, Izard, Jefferson, Johnson, Lafayette, Little River, Logan, Madison, Marion, Miller, Montgomery, Nevada, Newton, Ouachita, Perry, Pike, Polk, Pope, Pulaski, Saline, Scott, Searcy, Sebastian, Sevier, Stone, Union, Van Buren, Washington, Yell.

Zone	Form 33		
	Coverage A		
	Frame*	Masonry Veneer†	Masonry‡
<b>10% Deductible – Rates per \$1,000</b>			
5	.57	1.00	2.00
<b>15% Deductible – Rates per \$1,000</b>			
2	1.43	2.48	4.95
3	.60	1.00	2.00
4 & 5	.40	.70	1.40
<b>20% Deductible – Rates per \$1,000</b>			
2	.93	1.63	3.25
3	.39	.65	1.30
4 & 5	.28	.48	.93
<b>25% Deductible – Rates per \$1,000</b>			
2	.55	.95	1.93
3	.23	.39	.78
4 & 5	.15	.28	.55

\* Rate aluminum and plastic siding as frame construction.

† Rate log as masonry veneer.

‡ Rate superior and concrete block construction as masonry.

Zone	Forms 4, 88, EPC or Increased Coverage C Limits for Forms 33	
	Coverage C	
<b>10% Deductible – Rates per \$1,000</b>		
5		.40
<b>15% Deductible – Rates per \$1,000</b>		
2		.95
3		.40
4 and 5		.28
<b>20% Deductible – Rates per \$1,000</b>		
2		.63
3		.26
4 and 5		.18
<b>25% Deductible – Rates per \$1,000</b>		
2		.38
3		.16
4 and 5		.10

If increased limits of Coverage B have been purchased, no additional charge for this coverage will be made.

### Earthquake Rates for Condominiums

Option EE is not available for new business at this time. The following coverage details only pertain to in-force customers. When increased limits of Condominium Building Items are purchased under Option L, charge the Coverage A frame rates shown. No charge is made for the coverage for Condominium Building Items included in the basic policy (10 percent of Coverage C).

The Declination of Residential Earthquake Coverage must be completed. Each application contains the necessary declination as required by the Arkansas Earthquake Authority Act.

The applicant's signature is required should they choose not to purchase earthquake coverage in any form.

No Earthquake coverage may be bound for 10 days following an earthquake in excess of 6.0 on the Richter scale.

## Option FF – Incidental Farm Coverage – Forms 33 and EPH

Under this coverage, formerly known as *Country Lane*®, the policy may be extended to provide coverage for certain exposures presented by incidental or “hobby” farming. Business has been redefined to allow incidental farming. Additional coverage offered by this option includes:

### Section I

- Coverage B is redefined to include farm structures
- \$1,000 coverage is provided for farm equipment
- \$1,000 animal collision coverage is provided (\$3,000 aggregate)

### Section II

- Medical Payments Coverage is extended to farm employees injured in the course of their employment.
- Coverage for pollution with a limit of \$25,000 is provided.

Additional farm personal property may be scheduled. See Option E, [Category T](#).

### Eligibility

A risk that is otherwise eligible for a homeowners policy and that has farming operations incidental to a typical residential situation is eligible for this option. Photographs of all structures on the premises are required.

Submit on a non-bound basis:

- risks with more than 10 acres;
- risks with more than three horses;
- risks with employees or seasonal help.

The following exposures are ineligible:

- breeding, boarding, or training of non-owned horses;
- providing grazing land for non-owned horses;
- horse shows on premises;
- horses (owned or non-owned) used for racing or rental.

Calculate Option FF premium by multiplying the Coverage A **Basic Premium** by 15 percent. The maximum premium is \$500.

### Option ID – Identity Recovery Coverage – All Forms

Coverage may be provided for expenses related to identity recovery, subject to an annual aggregate limit of \$25,000 per insured. Lost wages and expenses for child or elder care are covered, subject to a sub limit of \$250 per day, \$5,000 total. Help-line assistance and case management services are provided at no additional charge for customers with this endorsement.

Rate per Policy
\$12

### Option KK – Special Personal Property Coverage – Forms 33, 4 and 88

Coverage C may be extended to include additional risks of physical loss (with certain exceptions).

#### *Form 33*

Calculate the Option KK premium by applying 8 percent to the Coverage A **Basic Premium** along with the Increased or Decreased Coverage C debit or credit. The minimum premium is \$25.

#### *Forms 4 and 88*

Increase the **Basic Premium** 8 percent, or a minimum of \$25.

#### *Forms EPH and EPC*

Automatically included and may not be eliminated.

### Option VV – Theft of Building Materials – Forms 33 and 88

Coverage may be provided for theft of building materials or supplies for a home under construction by issuing the appropriate form and charging a premium.

#### *Forms 33 and 88*

Rate per Policy
\$120

*Forms EPH and EPC*

Automatically included and may not be eliminated.

### Option YY – Water Back-Up and Sump Overflow Coverage – All Forms

Coverage may be provided for loss caused by water which backs up through, or overflows from, a sewer, drain, sump, sump pump, or any system on the residence premises designated to remove subsurface water from the foundation area. This coverage does not apply if the loss is flood induced.

The maximum amount of coverage available is \$10,000.

Rate per \$1,000
\$12

### Option BBB – Outboard Motor Liability – 50 hp and Over – All Forms

Coverage may be provided for an outboard motor or combination of outboard motors of 50 or more total horsepower by indicating, on the application or endorsement, the number and power of such motors,

the length of hull they are mounted on and the ages of all operators of these hulls.

Limit of Liability	Premium
\$ 100,000*	\$33
300,000	49
500,000	66
1,000,000	85
1,500,000	96

\* This limit does not apply to Forms EPH and EPC.

Availability of this option is subject to our Watercraft underwriting guidelines. This option is not available to motors mounted to hulls insured for physical damage on a separate Watercraft insurance policy.

### Option CCC – Business Liability – All Forms

Liability coverage may be provided for business occupancies in the described premises or in a separate structure on the premises.

The limit of liability must be the same as the Personal Liability limit.

Limit of Liability	Premium
\$ 100,000*	\$13
300,000	18
500,000	25
1,000,000	35
1,500,000	40

\* This limit does not apply to Forms EPH and EPC.

## Option FFF – Loss Assessment Coverage – All Forms

*Forms 33 and 4*

Coverage may be provided for loss assessment at the following aggregate limits:

Aggregate Limit per Unit	Premium
\$ 1,000	\$ 5
10,000	10
15,000	15
50,000	20

*Form EPH*

Automatically included for \$5,000 and may not be eliminated. The following aggregate limits may be purchased.

Aggregate Limit per Unit	Premium
\$ 5,000	Base
15,000	\$10
20,000	15
55,000	20

*Form 88*

Automatically included for \$1,000 and may not be eliminated. The following aggregate limits may be purchased.

Aggregate Limit per Unit	Premium
\$ 1,000	Base
2,000	\$ 5
11,000	10
16,000	15
51,000	20

**Form EPC**

Automatically included for \$10,000 and may not be eliminated. The following aggregate limits may be purchased.

Aggregate Limit per Unit	Premium
\$10,000	Base
20,000	\$10
25,000	15
60,000	20

Limit of Liability	Premium
\$ 100,000*	\$100
300,000	133
500,000	149
1,000,000	171
1,500,000	186

\* This limit does not apply to Forms EPH and EPC.

## Option GGG – Home Day Care Coverage – All Forms

Liability coverage may be provided for a day care operation at the residence premises for up to three children.

The limit of liability must be the same as the Personal Liability (Coverage E) limit.

## Discounts

We offer several credits in the homeowners program which are calculated on the basic premium (except for the account credit and umbrella credit which applies to the total premium for the policy). Please refer to the definition of **Basic Premium** in the Eligibility and Rules section.

### Umbrella Credit – Forms 33 and EPH

If the insured has a personal lines umbrella policy with us, a 2 percent premium credit will apply. Named Non-Owner policies do not qualify.

This credit will apply to total premium for the policy and is available for homeowners Forms 33 and EPH only. The credit will be discontinued if the umbrella policy lapses.

### Account Credit – Forms 33 and EPH

If the customer has a personal lines auto policy with us, a 15 percent premium credit will apply. Named non-owner policies do not qualify.

This credit will apply to the total premium for the policy and is available for all policy forms. The credit will be discontinued if the auto policy lapses.

### Account Credit – Forms 4, 88 and EPC

(Effective NB: 06/12/10 RB: 08/18/10)

If the customer has a personal lines auto policy with us, a 10 percent premium credit will apply. Named non-owner policies do not qualify.

This credit will apply to the total premium for the policy and is available for all policy forms. The credit will be discontinued if the auto policy lapses.

### Burglar Alarm Credit – All Forms

(Effective NB: 06/12/10 RB: 08/18/10)

Insureds are eligible for a premium credit for the installation of an approved and properly maintained burglar alarm system as follows:

Type of System	Credits		
	Forms 88 and EPC	Form 4	Forms 33 and EPH
Local alarm system	5%	2%	2%
Police station alarm system	6%	2%	2%
Central station alarm system	10%	2%	2%

### Definitions

- Local Burglar Alarm System is one in which the protective circuits and devices are connected to an enclosed and tamper-protected loud-sounding device attached to an outside wall of the residence premises. Disturbance of the protective devices or unauthorized entry automatically causes the sounding device to operate until it is stopped by key control, exhaustion of the power supply or by a timing element set for a definite period of operation.
- Police Station Burglar Alarm System is one in which a local alarm system with supplementary direct circuit or transmitting equipment is connected to constantly attended receiving equipment at a police station.

- Central Station Burglar Alarm System is one in which the operation of circuits and devices are signaled automatically to, recorded in, maintained and supervised from a central station having trained operators and guards who shall, upon receipt of a signal, take required action.

Apply the credit to the **Basic Premium** and round to the nearest dollar.

### Condominium Security Credit – Forms 88 and EPC

Condominiums are eligible for a premium credit if they are located in a secured building. A secured building is defined as one in which you must pass through a locked common entry door into the building before gaining access to the locked condominium unit.

Type of Security	Credit
Secured Building	2%
Secured Building with guard on duty 24 hours a day	10%

Apply the credit to the **Basic Premium**. Round to the nearest dollar.

This credit may not be used if the Burglar Alarm Credit is used.

## Newer Home Credit – Forms 33 and EPH

Dwellings are eligible for a premium credit if they are less than seven years old. The appropriate credit shown below should be applied to the **Basic Premium**.

Age of Dwelling	0	1	2	3	4	5	6	7+
Credit Percentage	30%	26%	22%	14%	8%	5%	2%	0%

## Renewal Credit – Forms 4, 88 and EPC

(Effective NB: 06/12/10 RB: 08/18/10)

A credit will be applied to the Basic Premium for homeowners renewals, if your customer's (or spouse's) primary residence or contents has been continuously insured. The amount of the credit applied will be based upon the following schedule:

Forms 88 and EPC	
Number of Years	Amount of Credit
0–2	Not applicable
3–5	5.0%
6+	10.0%

Form 4	
Number of Years	Amount of Credit
0	Not applicable
1	3.0%
2	4.0%
3	5.0%
4	6.0%
5	7.0%
6	8.0%
7	9.0%
8+	10.0%

The Renewal Credit will also apply to any secondary location policy also insured with us. Eligibility and amount of credit are determined by the primary residence policy.

Apply the credit to the **Basic Premium** and round to the nearest dollar.

## Renewal Credit – Forms 33 and EPH

A credit will be applied to the **Basic Premium** for homeowners renewals, if your customer's primary residence or contents has been continuously insured in one of our personal lines homeowners markets for a minimum of three years.

The amount of the credit applied will be based on the following schedule:

Number of Years	0	1	2	3	4	5	6	7	8+
Credits	0%	0%	0%	3%	4%	5%	9%	12%	15%

The renewal credit will also apply to any secondary location policy also insured with us. Eligibility and amount of credit are determined by the primary residence policy.

## Sprinkler Credit – Forms 33, EPH, 88 and EPC

Insureds are eligible for a premium credit for fire sprinkler systems that have been both installed and maintained in accordance with nationally accepted fire sprinkler standards as follows:

Type of Sprinkler System	Credit Percentage
Automatic Sprinkler in all areas except attic, bathrooms, closets and attached structure area that are protected by a fire detector.	4%
Automatic Sprinkler in all areas including attics, bathrooms, closets and attached structure.	7%

Apply the credit to the **Basic Premium**. Round to the nearest dollar.

## Safeco Employee Discount Plan

Eligible persons are employees of Liberty Mutual or its subsidiaries, their spouses, domestic partners, grandparents, parents, aunts, uncles, nieces, nephews, siblings, children, and family members in the household.

All other underwriting standards and provisions apply.

This discount only applies to policies sold through Emerald City Insurance.

SERFF Tracking Number: LBRM-126523763 State: Arkansas  
 Filing Company: Safeco Insurance Company of America State Tracking Number: EFT \$100  
 Company Tracking Number: PL-10-30083  
 TOI: 04.0 Homeowners Sub-TOI: 04.0004 Tenant Homeowners  
 Product Name: Homeowners  
 Project Name/Number: Rate & Rule Revision/PL-10-30083

## Supporting Document Schedules

	Item Status:	Status Date:
<b>Bypassed - Item:</b> Form RF-2 Loss Costs Only (not for workers' compensation) <b>Bypass Reason:</b> N/A <b>Comments:</b>		
<b>Satisfied - Item:</b> H-1 Homeowners Abstract <b>Comments:</b> <b>Attachment:</b> _AR FORM H1_Abtract.pdf	Filed	04/28/2010
<b>Satisfied - Item:</b> HPCS-Homeowners Premium Comparison Survey <b>Comments:</b> <b>Attachments:</b> HO Survey FORM ARHPCS-Renters.pdf HO Survey FORM HPCS-submit Excel version.xls	Filed	04/28/2010
<b>Satisfied - Item:</b> NAIC loss cost data entry document <b>Comments:</b> <b>Attachment:</b> loss_cost_data_entry-AR Renters.pdf	Filed	04/28/2010
	Item Status:	Status Date:

SERFF Tracking Number: LBRM-126523763 State: Arkansas  
Filing Company: Safeco Insurance Company of America State Tracking Number: EFT \$100  
Company Tracking Number: PL-10-30083  
TOI: 04.0 Homeowners Sub-TOI: 04.0004 Tenant Homeowners  
Product Name: Homeowners  
Project Name/Number: Rate & Rule Revision/PL-10-30083

**Satisfied - Item:** Supporting Documents Filed 04/28/2010

**Comments:**

**Attachments:**

- ARCOC\_Certificate of Compliance.pdf
- Exhibit 01 - EV of Change.pdf
- Exhibit 02 - Filing Indication - AR Renters.pdf
- Exhibit 03-12 - Filing Exhibits.pdf
- Exhibit 13-20 - Class Plan Support AR.pdf
- Exhibit 21 - Target Pre-Tax Underwriting Gain.pdf
- Exhibit 22 - Home Inv Inc Exhibit.pdf

**Item Status:** **Status**  
**Satisfied - Item:** 04/21/2010 Objection Response Filed **Date:** 04/28/2010

**Comments:**

**Attachment:**

- Obj Rsp Letter 04-23-10.pdf

## ARKANSAS INSURANCE DEPARTMENT

## FORM H-1 HOMEOWNERS ABSTRACT

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

Company Name Safeco Insurance Company of America

NAIC # (including group #) 111-24740

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

We have mapped our inforce book of business to the new MSB cost estimator that we have adopted. We have used all the dwelling information that has been provided about each policy. If there was any missing data, MSB's database filled in the missing data based on address, original year of construction, construction style, number of stories, total living area, and dwelling type.

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.

We contract with the Marshall Swift Boeckh Co. (MSB) to estimate dwelling values for the purpose of making sure that they are insured 100% to replacement value. Use of MSB estimates is the prevailing method throughout the industry. We have recently adopted a new MSB estimator RCT (Residential Component Technology) that has been in effect for new business in Arkansas since November of 2007.

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.

Customers are required to have the dwelling insured 100% to value. Dwelling value is determined using the Marshall Swift Boeckh Co. Cost estimator as described above.

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

We will be running every policy through MSB's cost estimator (RCT) upon renewal. They determine inflationary cost increases on a three digit zip-code basis.

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

a. Fire Extinguisher	<u>0</u>	%
b. Burglar Alarm	<u>2</u>	%
c. Smoke Alarm	<u>0</u>	%
d. Insured who has both homeowners and auto with your company	<u>15</u>	%
e. Deadbolt Locks	<u>0</u>	%
f. Window or Door Locks	<u>0</u>	%
g. Other (specify)		
Newer Home Credit	2-30	%
Renewal Credit	3-15	%
Umbrella Credit	2	%
Sprinkler Credit	<u>4,7</u>	%

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

No

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

Form	Premium Volume
Homeowners Form 30	\$7,713,763
Condominium Form 85 (Enhanced Protection Condo)	\$3,876
Condominium Form 88 (Quality Plus Condo)	\$70,273
Renters Form 4	\$199,893

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

9. Is there a surcharge on risks with wood heat? No

If yes, state the surcharge \_\_\_\_\_

Does the surcharge apply to conventional fire places? No

If yes, state the surcharge \_\_\_\_\_

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



Signature

Jeff Estes

Printed Name

Sr. Director, Product Management

Title

314.909.4867

Telephone Number

Jeffrey.Estes@safeco.com

Email Address

NAIC Number: 111-24740  
 Company Name: Safeco Insurance Company of America  
 Contact Person: Jeff Estes  
 Telephone No.: 314.909.4867  
 Email Address: jeffery.estes@safeco.com  
 Effective Date: 06/12/2010

**Homeowners Premium Comparison Survey Form  
 FORM HP3S - last modified August, 2005**

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

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

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

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

**Survey Form for HO4 (Renters) - Use \$500 Flat Deductible (Named perils for personal property, actual cash value for loss, liability and medical payments for others included)**

Public Protection Class	Property Value	Washington		Baxter		Craighead		St. Francis		Arkansas		Union		Miller		Sebastian		Pulaski	
		Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame
3	\$5,000	\$85.00	\$85.00	\$85.00	\$85.00	\$85.00	\$85.00	\$85.00	\$85.00	\$85.00	\$85.00	\$85.00	\$85.00	\$85.00	\$85.00	\$85.00	\$85.00	\$85.00	\$85.00
	\$15,000	\$102.00	\$102.00	\$102.00	\$102.00	\$102.00	\$102.00	\$102.00	\$102.00	\$102.00	\$102.00	\$102.00	\$102.00	\$102.00	\$102.00	\$102.00	\$102.00	\$102.00	\$102.00
	\$25,000	\$136.00	\$136.00	\$136.00	\$136.00	\$136.00	\$136.00	\$136.00	\$136.00	\$136.00	\$136.00	\$136.00	\$136.00	\$136.00	\$136.00	\$136.00	\$136.00	\$136.00	\$136.00
6	\$5,000	\$85.00	\$85.00	\$85.00	\$85.00	\$85.00	\$85.00	\$85.00	\$85.00	\$85.00	\$85.00	\$85.00	\$85.00	\$85.00	\$85.00	\$85.00	\$85.00	\$85.00	\$85.00
	\$15,000	\$102.00	\$102.00	\$102.00	\$102.00	\$102.00	\$102.00	\$102.00	\$102.00	\$102.00	\$102.00	\$102.00	\$102.00	\$102.00	\$102.00	\$102.00	\$102.00	\$102.00	\$102.00
	\$25,000	\$136.00	\$136.00	\$136.00	\$136.00	\$136.00	\$136.00	\$136.00	\$136.00	\$136.00	\$136.00	\$136.00	\$136.00	\$136.00	\$136.00	\$136.00	\$136.00	\$136.00	\$136.00
9	\$5,000	\$103.00	\$103.00	\$103.00	\$103.00	\$103.00	\$103.00	\$103.00	\$103.00	\$103.00	\$103.00	\$103.00	\$103.00	\$103.00	\$103.00	\$103.00	\$103.00	\$103.00	\$103.00
	\$15,000	\$193.00	\$193.00	\$193.00	\$193.00	\$193.00	\$193.00	\$193.00	\$193.00	\$193.00	\$193.00	\$193.00	\$193.00	\$193.00	\$193.00	\$193.00	\$193.00	\$193.00	\$193.00
	\$25,000	\$258.00	\$258.00	\$258.00	\$258.00	\$258.00	\$258.00	\$258.00	\$258.00	\$258.00	\$258.00	\$258.00	\$258.00	\$258.00	\$258.00	\$258.00	\$258.00	\$258.00	\$258.00

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

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

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

**HO3 and HO4 only**

Fire Extinguisher	<input type="text"/>	%	Deadbolt Lock	<input type="text"/>	%
Burglar Alarm	<input type="text"/>	%	Window Locks	<input type="text"/>	%
Smoke Alarm	<input type="text"/>	%	\$1,000 Deductible	<input type="text"/>	%
	Other (specify)				
	<input type="text"/>	%		<input type="text"/>	%
	Maximum Credit Allowed				
	<input type="text"/>	%		<input type="text"/>	%

**EARTHQUAKE INSURANCE**

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

ARE YOU CURRENTLY WRITING EARTHQUAKE COVERAGE IN ARKANSAS?	<input type="text"/>	(yes or no)	
WHAT IS YOUR PERCENTAGE DEDUCTIBLE?	<input type="text"/>	%	
WHAT IS YOUR PRICE PER \$1,000 OF COVERAGE?	Zone	Brick	Frame
	Highest Risk	\$ <input type="text"/>	\$ <input type="text"/>
	Lowest Risk	\$ <input type="text"/>	\$ <input type="text"/>

**NAIC LOSS COST DATA ENTRY DOCUMENT** (EFFECTIVE AUG. 16, 2004)

<b>1.</b>	This filing transmittal is part of Company Tracking #	<b>PL-10-30083</b>
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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	
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	Company Name		Company NAIC Number
<b>3.</b>	<b>A.</b>	<b>Safeco Insurance Company of America</b>	<b>B.</b> <b>111-24740</b>

		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>	<b>4.0 - Homeowners</b>	<b>B.</b>	<b>4.0004 - Tenants</b>

<b>5.</b>			FOR LOSS COSTS ONLY					
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
	COVERAGE (See Instructions)	Indicated % Rate Level Change	Requested % Rate Level Change	Expected Loss Ratio	Loss Cost Modification Factor	Selected Loss Cost Multiplier	Expense Constant (If Applicable)	Co. Current Loss Cost Multiplier
	<b>Tenants</b>	<b>11.7%</b>	<b>10.0%</b>					
	<b>TOTAL OVERALL EFFECT</b>							

<b>6.</b>	5 Year History		Rate Change History					
	Year	Policy Count	% of Change	Effective Date	State Earned Premium (000)	Incurred Losses (000)	State Loss Ratio	Countrywide Loss Ratio
	<b>2009</b>	<b>798</b>	<b>N/A</b>	<b>N/A</b>	<b>\$209</b>	<b>\$138</b>	<b>66.1%</b>	<b>50.1%</b>
	<b>2008</b>	<b>852</b>	<b>N/A</b>	<b>N/A</b>	<b>\$222</b>	<b>\$146</b>	<b>65.9%</b>	<b>46.9%</b>
	<b>2007</b>	<b>872</b>	<b>8.0%</b>	<b>07/12/07</b>	<b>\$204</b>	<b>\$39</b>	<b>19.3%</b>	<b>32.7%</b>
	<b>2006</b>	<b>827</b>	<b>N/A</b>	<b>N/A</b>	<b>\$190</b>	<b>\$207</b>	<b>108.5%</b>	<b>41.5%</b>
	<b>2005</b>	<b>788</b>	<b>N/A</b>	<b>N/A</b>	<b>\$166</b>	<b>\$88</b>	<b>53.2%</b>	<b>36.5%</b>

<b>7.</b>	Expense Constants	Selected Provisions
	A. Total Production Expense	<b>16.55</b>
	B. General Expense	<b>7.28</b>
	C. Taxes, License & Fees	<b>3.54</b>
	D. Underwriting Profit & Contingencies	<b>9.10</b>
	E. Other (catastrophe reinsurance)	<b>0.10</b>
	<b>F. TOTAL</b>	<b>36.57</b>

- 8.** N/A Apply Lost Cost Factors to Future filings? (Y or N)
- 9.** 40% Estimated Maximum Rate Increase for any Insured (%). Territory (if applicable): \_\_\_\_\_
- 10.** -4% Estimated Maximum Rate Decrease for any Insured (%) Territory (if applicable): \_\_\_\_\_

# ARKANSAS CERTIFICATE OF COMPLIANCE

*(You may print or type the information required by this form)*

FORM SELF CERT



I, Jeff Estes, Sr. Director, Product Management of  
*(Name)* *(Title of Authorized Officer)*  
Safeco Insurance Company of America  
*(Name of Insurer)*

declare that I am authorized to execute and file this certificate of compliance and do hereby certify that I am knowledgeable of the legal requirements under Arkansas law applicable to the insurance forms that are the subject of this filing and further aver:

1. Upon information and belief, I certify that the insurance forms filed herewith are complete and comply with all Arkansas laws, including the:
  - a. Arkansas Code Annotated;
  - b. Arkansas Rules and Regulations;
  - c. Arkansas Insurance Bulletins, Directives and Orders;
  - d. Applicable filing requirements including the applicable product standards set forth in the product checklists; and
  - e. Rulings and decisions of any court of this state.

2. I understand and acknowledge that the Commissioner will rely upon this certificate and if it is subsequently determined that any form filed herewith is false or misleading, appropriate corrective action shall be taken by the commissioner against

the company.

3. Pursuant to Ark. Code Ann. §23-79-109(a)(1)(C), I understand that by certifying that a form complies with paragraph 1 hereof, it is not to be taken by the undersigned or by my company as meaning that any insurance effected by use of such form may in any fashion be inconsistent with the statutory and common law of Arkansas.

4. Pursuant to Ark. Code Ann. §23-79-118, I understand and acknowledge that any insurance policy, rider, endorsement or other insurance form filed under this certificate, that is subsequently issued to an insured, and contains any condition or provision not in compliance with the requirements of the laws of the State of Arkansas, as set forth in paragraph 1 hereof, shall be construed and applied in accordance with such condition or provision as would have applied if the policy, rider, endorsement or form had been in full compliance with the law.

Does this Certification apply to all the companies in this filing? *(Yes or No)* ► Yes

If "NO", to which companies does this Certification apply?

Company Name(s)	NAIC #

Company Tracking Number PL-10-30083

Signature of Authorized Officer ►

Name of Authorized Officer ► Jeff Estes

Title of Authorized Officer ► Sr. Director, Product Management

Email address of Authorized Officer ► Jeffrey.Estes@Safeco.com

Telephone # of Authorized Officer ► 314.909.4867 Date ► 03/22/2010

*This form may be computer generated by the company. So long as the wording and general layout is the same, the format may vary. For more information, contact the Property & Casualty Division of the Arkansas Insurance Department at 1200 W 3<sup>rd</sup> St., Little Rock, AR 72201, telephone: 501-371-2800, or email: [information.pnc@state.ar.us](mailto:information.pnc@state.ar.us) AID PC SelfCert (4/30/03)*

# Evaluation of Overall Change

## CAPS (0%, 25%)

SAFECO Insurance Companies  
Arkansas

Form	Basic Premium	Percent of Change	Dollars of Change
30	\$8,988,757	0.0%	\$0
88	\$51,290	0.0%	\$0
85	\$4,481	0.0%	\$0
4	\$209,007	9.8%	\$20,477
<b>TOTAL</b>	<b>\$9,253,535</b>	<b>0.2%</b>	<b>\$20,477</b>

Form	Credits	Percent of Change	Dollars of Change
30	-\$1,640,394	0.0%	\$0
88	-\$7,381	0.0%	\$0
85	-\$700	0.0%	\$0
4	-\$17,700	18.2%	-\$3,216
<b>TOTAL</b>	<b>-\$1,666,175</b>	<b>0.2%</b>	<b>-\$3,216</b>

Form	Miscellaneous Premium	Percent of Change	Dollars of Change
30	\$183,957	0.0%	\$0
88	\$26,364	0.0%	\$0
85	\$95	0.0%	\$0
4	\$8,586	31.1%	\$2,674
<b>TOTAL</b>	<b>\$219,002</b>	<b>1.2%</b>	<b>\$2,674</b>

Form	Total Premium	Percent of Change	Dollars of Change
30	\$7,532,320	0.0%	\$0
88	\$70,273	0.0%	\$0
85	\$3,876	0.0%	\$0
4	\$199,893	10.0%	\$19,935
<b>TOTAL</b>	<b>\$7,806,362</b>	<b>0.3%</b>	<b>\$19,935</b>

Rate Level Indications  
Renters  
SAFECO Insurance Companies  
**ARKANSAS**  
For Prospective Business Written 04/01/2010 to 04/01/2011

Exhibit 02

Fiscal Year Ending (1)	Earned Premium (2)	Earned Premium at Current Rate Level (3)	Premium Trend (4)	Earned Premium at Current Rate Level (incl. Premium Trend) (5) = (3) * (4)	Leveled Accident Year Non-Weather Losses (6)	Non-Weather Loss Cost Trend (7)	Projected Non-Weather Losses (8) = (6) * (7)	Projected Non-Weather Loss Ratio (9) = 100 *(8) / (5)	Weights
09/30/2005	159,928	168,063	1.108	186,160	78,425	1.292	101,363	54.4%	10%
09/30/2006	185,026	197,055	1.054	207,770	176,202	1.230	216,769	104.3%	15%
09/30/2007	198,169	213,731	1.021	218,185	26,632	1.171	31,186	14.3%	20%
09/30/2008	215,976	222,441	1.019	226,777	123,886	1.115	138,081	60.9%	25%
09/30/2009	210,182	210,182	1.032	216,883	259,964	1.061	275,796	127.2%	30%
							<u>Non-Hurricane</u>	<u>Hurricane</u>	<u>Total</u>
(10.1) Projected Non-Weather Loss Ratio = Weighted Average of Column (							77.3%	N/A	
(10.2) Projected Weather Loss Ratio							3.1%	0.0%	
(10.3) Cat-Fire Provision							0.0%		
(11.1) Non- Hurricane Projected Loss Ratio = (10.2) + (10.1)							80.4%		
(11.2) Hurricane Projected Loss Ratio = (10.2)								0.0%	
(12) Credibility Weighted Loss Ratio = (11.1)*(16) + [1 - (16)]*[(15) - (11.2)] + (11.2)									57.7%
(13) Projected AE Ratio to Losses									17.3%
(14.1) Projected Fixed Expense Ratio									6.0%
(14.2) Projected Variable Expense Ratio (Excluding Profit Provision)									24.9%
(14.3) Profit Provision									9.1%
(15) Permissible Loss Ratio = [1 - (14.1) - (14.2) - (14.3)] / [1 + (13)]									51.1%
(16) Credibility of Experience Period w/ Full Credibility = 80,000 Earned House Years									22.5%
(17) Indicated Rate Level Change = [(12)*(1 + (13)) + (14.1)] / [1 - (14.2) - (14.3)] - 1									11.7%

**Exhibit 02A, page 1**  
**Weather Loss Ratio**  
**SAFECO Insurance Companies**  
**RENTERS**  
**Central Region**

YTD	Actual			Frequency Projection Factor*	Severity Projection Factor*	Projected		Projected Pure Premium
	Frequency per 100 EHY	Developed Severity	Loss Cost			Frequency per 100 EHY	Projected Severity	
12/86	0.22	331	0.73	1.000	2.343	0.22	775	1.70
12/87	0.27	475	1.30	1.000	2.264	0.27	1,075	2.94
12/88	0.23	658	1.49	1.000	2.187	0.23	1,439	3.26
12/89	0.45	873	3.94	1.000	2.113	0.45	1,846	8.33
12/90	0.42	1,826	7.62	1.000	2.042	0.42	3,728	15.56
12/91	0.38	1,937	7.26	1.000	1.973	0.38	3,822	14.33
12/92	0.24	1,727	4.20	1.000	1.906	0.24	3,292	8.00
12/93	0.40	1,833	7.33	1.000	1.842	0.40	3,376	13.50
12/94	0.34	1,196	4.03	1.000	1.779	0.34	2,128	7.17
12/95	0.31	1,523	4.76	1.000	1.719	0.31	2,617	8.18
12/96	0.37	2,142	7.83	1.000	1.661	0.37	3,557	13.01
12/97	0.26	1,315	3.39	1.000	1.605	0.26	2,110	5.43
12/98	0.38	2,042	7.83	1.000	1.551	0.38	3,167	12.14
12/99	0.32	2,131	6.85	1.000	1.498	0.32	3,193	10.27
12/00	0.42	1,932	8.09	1.000	1.447	0.42	2,797	11.71
12/01	0.42	1,593	6.65	1.000	1.399	0.42	2,228	9.30
12/02	0.34	1,487	5.05	1.000	1.351	0.34	2,009	6.83
12/03	0.23	1,819	4.10	1.000	1.306	0.23	2,374	5.35
12/04	0.15	1,777	2.64	1.000	1.261	0.15	2,242	3.33
12/05	0.17	1,408	2.34	1.000	1.219	0.17	1,715	2.86
12/06	0.21	1,380	2.90	1.000	1.178	0.21	1,625	3.42
12/07	0.18	2,020	3.57	1.000	1.138	0.18	2,298	4.06
12/08	0.19	3,151	5.87	1.000	1.099	0.19	3,464	6.46
12/09	0.45	3,332	14.96	1.000	1.062	0.45	3,539	15.89
Average								8.04

(A) Selected Weather Pure Premium	<b>8.04</b>
(B) YE 09/30/09 ARKANSAS Earned House Years	833
(C) YE 09/30/09 ARKANSAS Projected Current Level Earned Premium	216,883
(D) Weather Loss Ratio = (A) x (B) / (C)	<b>3.1%</b>

\*Weather Trend Factors are calculated on page 2 of this Exhibit.

**Exhibit 02A, page 2**  
**Weather Loss Trend - Regional Data**  
**SAFECO Insurance Companies**  
**RENTERS**  
**CountryWide**  
**Ex-Hurricane Weather**

<u>YTD</u>	<u>Frequency</u>	<u>Severity</u>	<u>Loss Cost</u>
12/86	0.13	1,161	1.45
12/87	0.14	903	1.27
12/88	0.11	648	0.73
12/89	0.20	842	1.66
12/90	0.24	1,455	3.46
12/91	0.29	1,767	5.09
12/92	0.20	1,476	2.93
12/93	0.31	1,556	4.84
12/94	0.22	1,486	3.24
12/95	0.24	1,361	3.32
12/96	0.28	1,852	5.23
12/97	0.25	1,878	4.72
12/98	0.33	1,887	6.29
12/99	0.25	1,745	4.38
12/00	0.26	1,671	4.33
12/01	0.22	1,529	3.43
12/02	0.15	1,716	2.64
12/03	0.12	1,961	2.30
12/04	0.08	2,779	2.16
12/05	0.07	1,963	1.40
12/06	0.10	2,172	2.15
12/07	0.09	2,245	2.05
12/08	0.12	2,705	3.22
09/09	0.16	2,797	4.38

Exponential Fits

24 Point	-2.6%	4.4%	1.6%
20 Point	-6.0%	3.0%	-3.2%
18 Point	-6.7%	3.5%	-3.5%
16 Point	-7.7%	3.8%	-4.2%
Selected	<b>0.00%</b>	<b>3.50%</b>	3.5%

**Exhibit 03**  
**Proposed Base Unity Changes**  
**Safeco Insurance Companies**  
**Form 4**

**Arkansas**

Current	
Territory	Unity
All	99

Proposed	
Territory	Unity
All	127

**Exhibit 04**  
**Market Relativities**  
**Safeco Insurance Companies**  
**Form 4**  
**Arkansas**

Current	
Markets	Relativity
H20	0.75
H30	1.00
H45	1.75
H80	3.70

Proposed	
Markets	Relativity
H01	0.44
H02	0.49
H03	0.54
H04	0.60
H05	0.65
H06	0.70
H07	0.75
H08	0.81
H09	0.88
H12	0.94
H13	1.00
H14	1.07
H18	1.14
H19	1.23
H23	1.32
H24	1.41
H28	1.52
H29	1.63
H32	1.73
H33	1.84
H37	1.95
H42	2.01
H44	2.10
H53	2.21
H63	2.45
H69	2.71
H74	3.14
H79	3.91
H83	5.39
H90	7.93

**Exhibit 05**  
**Protection Class Relativities**  
**Safeco Insurance Companies**

**Form 4**

**Arkansas**

**Current**

Protection Class	Construction Type Relativity	
	Masonry, Masonry Veneer	Frame
1	1.000	1.000
2	1.000	1.000
3	1.000	1.000
4	1.000	1.000
5	1.000	1.000
6	1.000	1.000
7	1.000	1.000
8	1.000	1.000
9	1.200	1.200
10	1.200	1.200

**Proposed**

Protection Class	Construction Type Relativity	
	Masonry, Masonry Veneer	Frame
1	1.000	1.000
2	1.000	1.000
3	1.000	1.000
4	1.000	1.000
5	1.000	1.000
6	1.000	1.000
7	1.700	1.700
8	1.800	1.800
9	1.900	1.900
10	2.000	2.000

**Construction Definitions:**

Masonry - A dwelling with walls of masonry or masonry veneered construction.

Frame - A dwelling with walls of frame, or metal sheathed, or stuccoed frame construction.  
or with walls of metal, or metal lath and plaster on combustible supports.

**Exhibit 06**  
**Coverage C Relativities**  
**Safeco Insurance Companies**  
**Form 4**  
**Arkansas**

<b>Current</b>	
Policy Amt	Policy Amt Relativity
\$5,000	0.634
\$10,000	0.797
\$15,000	1.000
\$20,000	1.201
\$25,000	1.406
\$30,000	1.600
\$35,000	1.814
\$40,000	2.034
\$45,000	2.303
\$50,000	2.564
\$55,000	2.801
\$60,000	3.055
\$65,000	3.301
\$70,000	3.547
\$75,000	3.793
\$80,000	4.038
\$85,000	4.283
\$90,000	4.529
\$95,000	4.775
\$100,000	5.020
\$105,000	5.266
\$110,000	5.512
\$115,000	5.758
\$120,000	6.004
\$125,000	6.249
\$130,000	6.495
\$135,000	6.741
\$140,000	6.986
\$145,000	7.232
\$150,000	7.478
\$155,000	7.723
\$160,000	7.969
\$165,000	8.215
\$170,000	8.461
\$175,000	8.706
\$180,000	8.952
\$185,000	9.198
\$190,000	9.443
\$195,000	9.689
\$200,000	9.935
\$205,000	10.181
\$210,000	10.427
\$215,000	10.673
\$220,000	10.919
\$225,000	11.165
\$230,000	11.411
\$235,000	11.657
\$240,000	11.903
\$245,000	12.149
\$250,000	12.395

Each additional 5,000 is	0.246
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<b>Proposed</b>	
Policy Amt	Policy Amt Relativity
5,000	0.536
10,000	0.794
15,000	1.000
20,000	1.177
25,000	1.337
30,000	1.482
35,000	1.618
40,000	1.745
45,000	1.866
50,000	1.981
55,000	2.164
60,000	2.361
65,000	2.551
70,000	2.741
75,000	2.931
80,000	3.120
85,000	3.309
90,000	3.500
95,000	3.690
100,000	3.879
105,000	4.069
110,000	4.259
115,000	4.449
120,000	4.639
125,000	4.829
130,000	5.019
135,000	5.209
140,000	5.398
145,000	5.588
150,000	5.778
155,000	5.967
160,000	6.158
165,000	6.348
170,000	6.538
175,000	6.727
180,000	6.917
185,000	7.107
190,000	7.297
195,000	7.487
200,000	7.677
205,000	7.867
210,000	8.057
215,000	8.247
220,000	8.437
225,000	8.627
230,000	8.817
235,000	9.007
240,000	9.197
245,000	9.387
250,000	9.578

Each additional 5,000 is	0.190
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**Exhibit 07**  
**Replacement Cost Factor (FVPP)**  
**Safeco Insurance Companies**

**Form 4**

**Arkansas**

Replacement Cost Contents	Factor
No	1.00
Yes	1.25

Replacement Cost Contents	Factor
No	0.80
Yes	1.00

**Exhibit 08**  
**Deductible Factors**  
**Safeco Insurance Companies**  
**Form 4**  
**Arkansas**

<b>Current</b>		
<b>Deductible</b>	<b>Factor</b>	<b>Max. Amount</b>
\$250	1.093	N/A
\$500	1.000	N/A
\$750	0.935	\$125
\$1,000	0.895	\$250
\$1,500	0.820	\$500
\$2,000	0.760	\$750

<b>Proposed</b>		
<b>Deductible</b>	<b>Factor</b>	<b>Max. Amount</b>
\$250	1.080	N/A
\$500	1.000	N/A
\$750	0.935	\$38
\$1,000	0.895	\$75
\$1,500	0.820	\$150
\$2,000	0.800	\$225

**Exhibit 09**  
**Cov E Liability**  
**Safeco Insurance Companies**  
**Form 4**

**Arkansas**

<b>Current</b>	
<b>Coverage</b>	<b>Rate</b>
100,000	Base
300,000	\$ 10
500,000	\$ 15

<b>Proposed</b>	
<b>Coverage</b>	<b>Rate</b>
100,000	Base
300,000	\$ 20
500,000	\$ 27

**Exhibit 10**  
**Cellular Phones and Other Mobile**  
**Communications Equipment**  
**(Category B)**  
**Safeco Insurance Companies**  
**Form 4**  
**Arkansas**

<b>Current</b>
Rate per \$100
3.50

<b>Proposed</b>
Rate per \$100
6.00

**Exhibit 11**  
**Burglar Alarm Credit**  
**Safeco Insurance Companies**  
**Form 4**

**Arkansas**

<b>Current</b>	
<b>Burglar Alarm Type</b>	<b>Factor</b>
No Alarm	1.000
Local	0.950
Police	0.940
Central	0.900

<b>Proposed</b>	
<b>Burglar Alarm Type</b>	<b>Factor</b>
No Alarm	1.000
Local	0.980
Police	0.980
Central	0.980

**Exhibit 12**  
**Tenure Credit**  
**Safeco Insurance Companies**  
**Form 4**  
**Arkansas**

Current	
Renewal	Factor
0	1.000
1	1.000
2	1.000
3	0.950
4	0.950
5	0.950
6	0.900
7	0.900
8+	0.900

Proposed	
Renewal	Factor
0	1.000
1	0.970
2	0.960
3	0.950
4	0.940
5	0.930
6	0.920
7	0.910
8+	0.900

**Exhibit 13**  
**Support for proposed Class Plan changes**  
**Safeco Insurance Companies**  
**Renters**  
**Arkansas**

The proposed changes to the Arkansas Renters Class Plan are based off of an analysis of countrywide data. We modeled five years (accident years 2003 through 2007, evaluated as of 1st quarter 2008) of historical loss cost data using generalized linear modeling (GLM) techniques. The analysis was performed using EMBLEM, vendor software specifically designed to price personal lines insurance using GLM techniques.

Please see Exhibits 14 through 20 for support for the proposed changes to the Class Plan.

**Exhibit 14**  
**Burglar Alarm Credit**  
**Safeco Insurance Companies**  
**Renters**  
**Arkansas**

<b>Burglar Alarm Credit</b>	<b>Current</b>	<b>Indication*</b>	<b>Selection</b>
No Alarm	1.000	n/a	1.000
Local	0.950	n/a	0.980
Police	0.940	n/a	0.980
Central	0.900	n/a	0.980

\*Excluded from model as surcharges were indicated instead of credits

**Exhibit 15**  
**Coverage C Limit**  
**Safeco Insurance Companies**  
**Renters**  
**Arkansas**

Coverage C Limit	Current	Indication	Selection
5,000	0.634	0.536	0.536
10,000	0.797	0.794	0.794
15,000	1.000	1.000	1.000
20,000	1.201	1.177	1.177
25,000	1.406	1.337	1.337
30,000	1.600	1.482	1.482
35,000	1.814	1.618	1.618
40,000	2.034	1.745	1.745
45,000	2.303	1.866	1.866
50,000	2.564	1.981	1.981
55,000	2.801	2.091	2.171
60,000	3.055	2.197	2.361
65,000	3.301	2.299	2.551
70,000	3.547	2.398	2.741
75,000	3.793	2.494	2.931
80,000	4.038	2.587	3.120
85,000	4.283	2.678	3.309
90,000	4.529	2.766	3.500
95,000	4.775	2.852	3.690
100,000	5.020	2.937	3.879
105,000	5.266	3.019	4.069
110,000	5.512	3.100	4.259
115,000	5.758	3.179	4.449
120,000	6.004	3.257	4.639
125,000	6.249	3.333	4.829
130,000	6.495	3.409	5.019
135,000	6.741	3.482	5.209
140,000	6.986	3.555	5.398
145,000	7.232	3.627	5.588
150,000	7.478	3.697	5.778
155,000	7.723	3.767	5.967
160,000	7.969	3.835	6.158
165,000	8.215	3.903	6.348
170,000	8.461	3.969	6.538
175,000	8.706	4.035	6.727
180,000	8.952	4.100	6.917
185,000	9.198	4.165	7.107
190,000	9.443	4.228	7.297
195,000	9.689	4.291	7.487
200,000	9.935	4.353	7.677
205,000	10.181	4.415	7.867
210,000	10.427	4.476	8.057
215,000	10.673	4.536	8.247
220,000	10.919	4.595	8.437
225,000	11.165	4.654	8.627
230,000	11.411	4.713	8.817
235,000	11.657	4.771	9.007
240,000	11.903	4.828	9.197
245,000	12.149	4.885	9.387
250,000	12.395	4.941	9.578
Each additional 5,000	0.246	n/a	0.190

**Exhibit 16**  
**Deductible**  
**Safeco Insurance Companies**  
**Renters**  
**Arkansas**

<b>Deductible</b>	<b>Current</b>	<b>Indication*</b>	<b>Selection**</b>
\$250	1.093	offset	1.080
\$500	1.000	offset	1.000
\$750	0.935	offset	0.935
\$1,000	0.895	offset	0.895
\$1,500	0.820	offset	0.820
\$2,000	0.760	offset	0.800

\*Countrywide factors were used as offsets in the GLM

\*\*Selections were based on Countrywide factors

**Exhibit 17**  
**Full Value Contents**  
**Safeco Insurance Companies**  
**Renters**  
**Arkansas**

<b>Full Value Contents</b>	<b>Current*</b>	<b>Indication</b>	<b>Selection</b>
Yes	1.000	1.000	1.000
No	0.800	0.983	0.800

\*Rebased so that the current base is the same as the proposed base (for comparison purposes)

**Exhibit 18**  
**Protection Class/Construction Type**  
**Safeco Insurance Companies**  
**Renters**  
**Arkansas**

<b>PC/CT</b>	<b>Current</b>	<b>Indication</b>	<b>Selection</b>
1/F	1.000	0.849	1.000
2/F	1.000	1.000	1.000
3/F	1.000	1.000	1.000
4/F	1.000	1.000	1.000
5/F	1.000	1.000	1.000
6/F	1.000	1.000	1.000
7/F	1.000	1.970	1.700
8/F	1.000	1.970	1.800
9/F	1.200	1.970	1.900
10/F	1.200	1.970	2.000
1/M	1.000	0.849	1.000
2/M	1.000	1.000	1.000
3/M	1.000	1.000	1.000
4/M	1.000	1.000	1.000
5/M	1.000	1.000	1.000
6/M	1.000	1.000	1.000
7/M	1.000	1.970	1.700
8/M	1.000	1.970	1.800
9/M	1.200	1.970	1.900
10/M	1.200	1.970	2.000

**Exhibit 19**  
**Renewal Credit**  
**Safeco Insurance Companies**  
**Renters**  
**Arkansas**

<b>Renewal Credit</b>	<b>Current</b>	<b>Indication</b>	<b>Selection</b>
0	1.000	1.000	1.000
1	1.000	0.984	0.970
2	1.000	0.968	0.960
3	0.950	0.953	0.950
4	0.950	0.937	0.940
5	0.950	0.922	0.930
6	0.900	0.908	0.920
7	0.900	0.893	0.910
8+	0.900	0.879	0.900

**Exhibit 20**  
**Market Tier**  
**Safeco Insurance Companies**  
**Renters**  
**Arkansas**

Current	
Market Tier	Relativity
H20	0.750
H30	1.000
H45	1.750
H80	3.700

Proposed		
Market Tier	Indication	Selection
H01	0.440	0.440
H02	0.490	0.490
H03	0.540	0.540
H04	0.600	0.600
H05	0.650	0.650
H06	0.700	0.700
H07	0.750	0.750
H08	0.810	0.810
H09	0.880	0.880
H12	0.940	0.940
H13	1.000	1.000
H14	1.070	1.070
H18	1.140	1.140
H19	1.230	1.230
H23	1.320	1.320
H24	1.410	1.410
H28	1.520	1.520
H29	1.630	1.630
H32	1.730	1.730
H33	1.840	1.840
H37	1.950	1.950
H42	2.010	2.010
H44	2.100	2.100
H53	2.210	2.210
H63	2.450	2.450
H69	2.710	2.710
H74	3.140	3.140
H79	3.910	3.910
H83	5.390	5.390
H90	7.930	7.930

Exhibit 21

SAFECO INSURANCE COMPANY OF AMERICA  
CONTINUOUS HOMEOWNERS PROGRAM

ARKANSAS

Development of Target Pre-Tax Underwriting Gain

Indicated (target) pre-tax underwriting gains by coverage can be calculated based on the Target Operating Ratios by deducting Investment Income from Policyholders' Funds. An estimate of the income potential realized in the insurance transaction can be calculated using a discounted cash flow model. Explanatory notes and supporting detail are provided in this Exhibit. The calculation of the pre-tax target underwriting gain is shown below:

	(1)	(2)	(3)	(4)
	Target	After Tax	Federal Income	Target
	After Tax	Investment	Tax Rate	Underwriting
	Operating	Ratio to	on	Gain
	Ratio	Policyholders'	Underwriting	[(1) - (2)]/
		Funds	Income	[1 - (3)]
Homeowners	6.27%	0.36%	35.00%	9.10%

Details of the estimated after-tax investment ratio to Policyholders' Funds are shown in the Investment Income Exhibit

EXHIBIT 22

SAFECO INSURANCE COMPANY OF AMERICA  
CONTINUOUS HOMEOWNERS PROGRAM

ARKANSAS

INVESTMENT INCOME EXHIBIT  
Summary Page

Estimated investment income from policyholder funds is derived for the continuous homeowners program.  
The after-tax results are as follows:

<u>Coverage</u>	<u>% of Earned Premium</u>
Continuous Homeowners Program	0.36%

The results are for the SAFECO Insurance Group and use the following state expenses:

<u>Expense Category</u>	<u>% of Expected Loss</u>	<u>% of Earned Premium</u>
Expected Loss		54.07
Expected AE	17.32	9.36
Commission		16.55
Tax		3.54
General Expense		7.28
Reinsurance/Assessment		0.10
Underwriting Profit		9.10

The results assume adequate rate levels exist. To the extent that rates are not at adequate levels, the investment income estimate may need to be adjusted. The underwriting profit provision listed above includes a consideration for investment income. Estimated investment income from policyholder funds is derived from a discounted cash model that calculates earnings from the net cash flow on the policy. The investment income estimate is equivalent to income earned from loss reserves and unearned premium reserves.

The following is an index to this Exhibit:

Pages 2, 3, and 4	Explanatory Notes
Page 5	Discounted Cash Flow Analysis Expected Investment Income from Policyholder Funds
Page 6	Premium Inflows from Premium Pay Plan Distribution
Pages 7 and 8	Loss Payment Pattern
Page 9	Timing of Federal Income Taxes
Page 10	Expected Investment Income from Supporting Surplus

Explanatory Notes

Estimated investment income from policyholder funds is calculated using a discounted cash flow model. Cash flows arising from transactions associated with a block of policies with the same effective date are composed of an inflow of premium payments and outflows of loss, expense, and federal income tax payments. The cash flows are discounted to the middle of the period for which the proposed rates are to be effective (generally, 180 days past inception date). The resulting discounted value of the net cash flow when compared with the undiscounted value yields the net investment income associated with the insurance transaction.

Page 5

Page 5 displays the timing of payments associated with the continuous homeowners program.

- Column (1) Premiums are received generally at the time due. The bulk are received within five days of the effective date, with advance payments judged to offset late payments. Additionally, there are a number of premium payment plans which allow for premium payments to be spread over the policy term. Premium flows associated with these plans are described on page 6.
- Column (2) Commission is generally paid on or near the policy effective date, at the end of the month in which the policy becomes effective. Therefore, 50% of the commission is assumed paid at day 0 and 50% at day 30.
- Column (3) Premium taxes are assumed to be paid quarterly, approximately 90 days after policies are effective.
- Column (4) Some general expenses, such as expenses associated with the processing of endorsements or expenses associated with statistical reporting to Bureaus, are paid during the policy term. A significant portion of general expenses are paid prior to a policy becoming effective. Examples are policy rating, marketing expenses and and some underwriting expenses. It is assumed that, on the average, general expenses are paid at policy inception.
- Column (5) Reinsurance and projected Assessment expenses are assumed to be paid quarterly, beginning 90 days after policies are effective.
- Column (6) The expected timing of loss payments is based on an analysis of historical paid loss. The derivation of the loss payment pattern is shown on pages 7 and 8.
- Column (7) The expected timing of AE payments is consistent with the allocation assumption of a fixed ratio of AE expense to pure loss uniformly spread over all subsequent months and years.
- Column (8) Federal income taxes attributable to underwriting income are shown. Income taxes attributable to investment income are reflected in the discount factors in column (10) and discussed later. The provisions of the Tax Reform Act of 1986, including the Revenue Offset provision which taxes the change in the unearned premium reserve and the Reserve Discounting provision, are reflected in determining the expected timing of income tax payments. The calculations of the expected income tax payments are shown on page 9.

## Page 5 - CONTINUED

Column (9) Col. (9) = Col. (1) - Col.(2) - Col. (3) - Col. (4) - Col. (5)  
- Col.(6) - Col.(7) - Col.(8)

Column (10) The discount factors reflect the after-tax investment income earned between the time the payments are made and the time premiums are earned (which is on the average the midpoint of the policy term or day 180). The investment rate of return used is determined by examining the latest new money rates available and the current investment strategy for cash inflows. Page 10 provides details on the after-tax rate chosen net of investment expenses.

Column (11) Col. (9) x Col. (10).

Column (12) Cumulative total of Column (11). Premium collected on the policy remains available for investment as long as the cumulative net cash flow is positive.

Column (13) Col. (9) x Col. (10) when Col. (12) > zero, Col. (9) otherwise.

## Page 6

Page 6 displays the underlying statistics and derivation of the premium inflows used in Page 5. The top portion of the exhibit shows premium collection patterns for the four payment plans: checkless, monthly, budget, and full pay. The bottom portion of the exhibit shows the distribution by plan and derives the overall distribution by month.

The following assumptions are made in general regarding premium collection:

1. Premiums are billed upon due date.
2. Percentage of premiums booked under various billing programs follow distribution by policies in force. Average earned premium does not differ substantially between programs.
3. Book of business composed of 80% renewals, 20% new business. This affects only the monthly payment plan. In the first year, the policyholder is billed two months worth of premium in the first installment and in the fifth month (one month's worth of advance premium upon renewal). This is reflected in the 20% additional premium at 0 days, and 80% of one month's premium at -30 days.
4. The costs of the billing systems for the different payment plans are captured by appropriate finance charges.

Columns 1 through 4 assume a policy written for \$120.

Column 9 is the sum of Columns 5 through 8 and shows the distribution of overall premium over the entire policy term.

Explanatory Notes

## Page 6 - CONTINUED

Column 10 shows the same distribution for a policy written for \$100. This is the distribution used in page 5.

## Pages 7 and 8

Pages 7 and 8 display the underlying statistics and the derivation of the loss pay-out used in the exhibit. Paid loss development (including adjustment expense for liability sublines) for all coverages countrywide are displayed. Page 7 shows accident quarter development evaluated at quarterly intervals from 3 months through 24 months over the last four years, the age-to-age factors over the same period, and the selected loss development factors and cumulations. Page 8 shows accident quarter development evaluated at yearly intervals from 24 months to 120 months, the corresponding age-to-age factors, and the selected and cumulated loss development factors. The bottom of page 8 shows the derivation of the loss payout based on the above.

Column (2) shows the cumulative LDFs.

Column (3) shows the reciprocals of Column (2), and represents the cumulative payout of the accident quarter.

Column (4) shows the incremental change in Column (3).

Columns (5), (6), (7), and (8) represent one policy period of twelve months equal to 4 successive accident quarters.

Column (9) is the average of Columns (5) - (8) and is the final result. The quarterly pay-out for the first two years is spread uniformly to the days from policy inception date. For example, the first quarter pay-out is weighted one-sixth to 0 days, one-third to 30 days, one-third to 60 days, and one-sixth to 90 days, with similar distributions for the second through the fourth quarter pay-outs. The quarterly pay-outs for the second year are distributed one-half to the beginning of the interval and one-half to the end.

## Page 9

Notes for this exhibit showing the timing of federal income tax on underwriting appear on the page itself.

## Page 10

Notes for the above explaining the investment rate of return on policyholder funds appear on the page itself.

**SAFECO INSURANCE COMPANY OF AMERICA  
CONTINUOUS HOMEOWNERS PROGRAM  
ARKANSAS**

Discounted Cash Flow: Expected Investment Income from Policyholder Funds

**Discounted cash flow analysis per \$100 of premium**

Days from Inception <u>Date</u>	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
	Premium <u>Received</u>	<u>Comm.</u>	Premium <u>Tax</u>	General <u>Expense</u>	Reins./ Assess. <u>Expense</u>	Paid <u>Loss</u>	<u>AE</u>	Federal Income <u>Tax</u>	Total Cash <u>Flow</u>	Discount <u>Factor</u>	Discounted Cash <u>Flow</u>	Cumulative Discounted <u>Cash Flow</u>	Discounted Cash Flow- <u>PH Funds</u>
	-30	\$ 0.33								0.33	1.0038	0.33	0.33
0	71.01	8.28		7.28		0.83	0.14		54.47	1.0032	54.64	54.97	54.64
30	2.09	8.27				1.67	0.29		(8.14)	1.0027	(8.16)	46.81	(8.16)
60	2.09					1.67	0.29		0.14	1.0022	0.14	46.95	0.14
90	5.11		3.54		0.02	2.38	0.41	(1.05)	(0.19)	1.0016	(0.19)	46.76	(0.19)
120	2.09					3.09	0.53		(1.53)	1.0011	(1.53)	45.23	(1.53)
150	2.09					3.09	0.53		(1.53)	1.0005	(1.53)	43.70	(1.53)
180	2.09				0.02	3.35	0.58	1.49	(3.35)	1.0000	(3.35)	40.35	(3.35)
210	5.11					3.60	0.62		0.89	0.9995	0.89	41.24	0.89
240	2.09					3.60	0.62		(2.13)	0.9989	(2.13)	39.11	(2.13)
270	2.09				0.02	3.73	0.65	1.48	(3.79)	0.9984	(3.78)	35.33	(3.78)
300	2.09					3.86	0.67		(2.44)	0.9978	(2.43)	32.89	(2.43)
330	1.68					3.86	0.67		(2.85)	0.9973	(2.84)	30.05	(2.84)
<u>360</u>					<u>0.02</u>	<u>5.49</u>	<u>0.95</u>	<u>1.45</u>	<u>(7.91)</u>	<u>0.9968</u>	<u>(7.89)</u>	<u>22.16</u>	<u>(7.89)</u>
Year 1	\$100.00	16.55	3.54	7.28	0.10	40.23	6.97	3.37	21.96		22.16	22.16	22.16

**PAYMENTS DURING THE SECOND YEAR**

<u>Day</u>	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
90	5.15	0.89	(0.06)	(5.98)	0.9952	(5.95)	16.21	(5.95)
180	2.54	0.44	(0.03)	(2.96)	0.9935	(2.94)	13.28	(2.94)
210	2.11	0.37	(0.02)	(2.45)	0.9930	(2.43)	10.84	(2.43)
<u>360</u>	<u>1.16</u>	<u>0.20</u>	<u>(0.01)</u>	<u>(1.35)</u>	<u>0.9903</u>	<u>(1.34)</u>	<u>9.51</u>	<u>(1.34)</u>
Year 2	10.96	1.90	(0.12)	(12.74)		(12.66)	9.51	(12.66)

**PAYMENTS DURING SUBSEQUENT YEARS**

<u>Year</u>	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)					
3	1.23	0.21	(0.01)	(1.43)	0.9839	(1.41)	8.10	(1.41)					
4	1.03	0.18	(0.01)	(1.20)	0.9776	(1.17)	6.93	(1.17)					
5	0.31	0.05	(0.00)	(0.35)	0.9713	(0.34)	6.59	(0.34)					
6	0.09	0.02	(0.00)	(0.10)	0.9650	(0.10)	6.49	(0.10)					
7	0.06	0.01	(0.00)	(0.07)	0.9588	(0.06)	6.42	(0.06)					
8	0.06	0.01	(0.00)	(0.07)	0.9526	(0.07)	6.36	(0.07)					
9	0.05	0.01	(0.00)	(0.06)	0.9464	(0.05)	6.30	(0.05)					
<u>10</u>	<u>0.06</u>	<u>0.01</u>	<u>(0.00)</u>	<u>(0.07)</u>	<u>0.9403</u>	<u>(0.07)</u>	<u>6.24</u>	<u>(0.07)</u>					
Total	100.00	16.55	3.54	7.28	0.10	54.07	9.36	3.22	5.88		6.24	6.24	6.24

- (14) Undiscounted cash flow (After-tax U/W profit) - Total col. (9) 5.88
- (15) Discounted cash flow (After-tax operating return)- Total col. (13) 6.24
- (16) Investment income from policyholder funds as a percent of premium ((15) - (14))/ 100 0.36%

SAFECO INSURANCE COMPANY OF AMERICA  
CONTINUOUS HOMEOWNERS PROGRAM  
ARKANSAS  
Premium Inflows From Premium Pay Plan Distribution

Days from Inception	(1) Checkless Pay Plan	(2) Monthly Pay Plan	(3) Budget Pay Plan	(4) Full Payment
-30	-	8.00	-	-
0	10.00	12.00	40.00	120.00
30	10.00	10.00	-	-
60	10.00	10.00	-	-
90	10.00	10.00	40.00	-
120	10.00	10.00	-	-
150	10.00	10.00	-	-
180	10.00	10.00	-	-
210	10.00	10.00	40.00	-
240	10.00	10.00	-	-
270	10.00	10.00	-	-
300	10.00	10.00	-	-
330	10.00	-	-	-
Premium from policy:	\$120.00	\$120.00	\$120.00	\$120.00

Weighted for pay plan distribution:

Days from Inception	(5) Checkless Pay Plan (1) x 0.202	(6) Monthly Pay Plan (2) x 0.0493	(7) Budget Pay Plan (3) x 0.0906	(8) Full Payment (4) x 0.6581	(9) All Plans	(10) (9) x \$100/120
-30	-	0.39	-	-	0.39	0.33
0	2.02	0.59	3.62	78.97	85.21	71.01
30	2.02	0.49	-	-	2.51	2.09
60	2.02	0.49	-	-	2.51	2.09
90	2.02	0.49	3.62	-	6.14	5.11
120	2.02	0.49	-	-	2.51	2.09
150	2.02	0.49	-	-	2.51	2.09
180	2.02	0.49	-	-	2.51	2.09
210	2.02	0.49	3.62	-	6.14	5.11
240	2.02	0.49	-	-	2.51	2.09
270	2.02	0.49	-	-	2.51	2.09
300	2.02	0.49	-	-	2.51	2.09
330	2.02	-	-	-	2.02	1.68
	\$ 24.24	\$ 5.92	\$ 10.87	\$ 78.97	\$120.00	\$ 100.00

See page 3 of explanatory notes for assumptions used in the above analysis.

SAFECO INSURANCE COMPANY OF AMERICA  
CONTINUOUS HOMEOWNERS PROGRAM  
ARKANSAS

Loss Payment Pattern

ACC. QT. <u>ENDING</u>	PAID LOSS MONTHS OF DEVELOPMENT							
	<u>3</u>	<u>6</u>	<u>9</u>	<u>12</u>	<u>15</u>	<u>18</u>	<u>21</u>	<u>24</u>
Mar-2005	22,739	43,037	50,031	53,728	56,346	57,560	58,269	58,654
Jun-2005	21,338	38,714	45,006	47,094	48,730	49,913	50,781	52,168
Sep-2005	35,338	63,339	73,798	79,790	85,115	88,198	91,210	92,063
Dec-2005	31,058	59,216	71,209	76,021	78,311	80,947	82,354	83,244
Mar-2006	29,976	61,408	71,057	76,546	79,278	81,644	83,261	83,685
Jun-2006	35,185	61,183	73,442	79,425	84,019	85,884	87,349	88,792
Sep-2006	31,123	52,808	59,891	63,833	66,931	68,907	70,018	70,939
Dec-2006	31,698	69,225	80,287	87,237	90,299	92,003	92,728	93,697
Mar-2007	35,789	62,754	74,009	80,084	83,845	86,904	88,915	90,018
Jun-2007	31,950	62,296	74,481	79,785	83,099	85,297	87,078	
Sep-2007	36,200	62,626	71,105	76,888	80,255	82,120		
Dec-2007	42,863	73,438	84,365	90,708	95,040			
Mar-2008	47,880	79,289	91,395	96,746				
Jun-2008	55,108	100,897	116,907					
Sep-2008	73,711	147,445						
Dec-2008	29,457							

ACC. QT. <u>ENDING</u>	AGE-TO-AGE FACTORS						
	<u>3-6</u>	<u>6-9</u>	<u>9-12</u>	<u>12-15</u>	<u>15-18</u>	<u>18-21</u>	<u>21-24</u>
Mar-05	1.893	1.163	1.074	1.049	1.022	1.012	1.007
Jun-05	1.814	1.163	1.046	1.035	1.024	1.017	1.027
Sep-05	1.792	1.165	1.081	1.067	1.036	1.034	1.009
Dec-05	1.907	1.203	1.068	1.030	1.034	1.017	1.011
Mar-06	2.049	1.157	1.077	1.036	1.030	1.020	1.005
Jun-06	1.739	1.200	1.081	1.058	1.022	1.017	1.017
Sep-06	1.697	1.134	1.066	1.049	1.030	1.016	1.013
Dec-06	2.184	1.160	1.087	1.035	1.019	1.008	1.010
Mar-07	1.753	1.179	1.082	1.047	1.036	1.023	1.012
Jun-07	1.950	1.196	1.071	1.042	1.026	1.021	
Sep-07	1.730	1.135	1.081	1.044	1.023		
Dec-07	1.713	1.149	1.075	1.048			
Mar-08	1.656	1.153	1.059				
Jun-08	1.831	1.159					
Sep-08	2.000						

	DEVELOPMENT PERIOD							
	3-6	6-9	9-12	12-15	15-18	18-21	21-24	24-36
SIMPLE AVERAGE	1.8472	1.1653	1.0730	1.0448	1.0275	1.0186	1.0124	
5 QT VOLUME-WTD.AVG	1.8130	1.1577	1.0730	1.0430	1.0267	1.0169	1.0115	
10-PT EXCLUDING HI-LO	1.8017	1.1609	1.0752	1.0447	1.0282	1.0180	1.0113	
<b>SELECTED</b>	<b>1.8500</b>	<b>1.1655</b>	<b>1.0733</b>	<b>1.0449</b>	<b>1.0283</b>	<b>1.0194</b>	<b>1.0123</b>	<b>1.0310</b>
CUMULATIVE PAID	2.6980	1.4584	1.2513	1.1658	1.1157	1.0850	1.0644	1.0514
CUMULATIVE % PAID	37.06%	68.57%	79.92%	85.78%	89.63%	92.17%	93.95%	95.11%
INCREMENTAL % PAID	37.06%	31.50%	11.35%	5.86%	3.85%	2.54%	1.78%	1.16%

**SAFECO INSURANCE COMPANY OF AMERICA  
CONTINUOUS HOMEOWNERS PROGRAM  
ARKANSAS**

Loss Payment Pattern

ACC. QT. ENDING	MONTHS OF DEVELOPMENT							
	<u>24</u>	<u>36</u>	<u>48</u>	<u>60</u>	<u>72</u>	<u>84</u>	<u>96</u>	<u>108</u>
Mar-1999	96,112	98,331	99,806	100,099	100,334	100,519	100,562	100,768
Mar-2000	116,819	119,941	120,968	121,304	121,441	121,468	121,768	121,790
Mar-2001	143,285	146,879	149,884	150,466	150,583	150,591	150,610	
Mar-2002	114,441	116,796	117,715	117,330	117,653	117,693		
Mar-2003	78,406	82,317	82,994	83,575	83,731			
Mar-2004	67,087	68,528	69,523	69,452				
Mar-2005	58,654	61,442	62,436					
Mar-2006	83,685	85,638						
Mar-2007	90,018							

ACC. QT. ENDING	AGE-TO-AGE FACTORS							
	<u>24-36</u>	<u>36-48</u>	<u>48-60</u>	<u>60-72</u>	<u>72-84</u>	<u>84-96</u>	<u>96-108</u>	<u>108-ULT</u>
Mar-1999	1.023	1.015	1.003	1.002	1.002	1.000	1.002	
Mar-2000	1.027	1.009	1.003	1.001	1.000	1.002	1.000	
Mar-2001	1.025	1.020	1.004	1.001	1.000	1.000		
Mar-2002	1.021	1.008	0.997	1.003	1.000			
Mar-2003	1.050	1.008	1.007	1.002				
Mar-2004	1.021	1.015	0.999					
Mar-2005	1.048	1.016						
Mar-2006	1.023							

	<u>24-36</u>	<u>36-48</u>	<u>48-60</u>	<u>60-72</u>	<u>72-84</u>	<u>84-96</u>	<u>96-108</u>	<u>108-ULT</u>
SIMPLE AVERAGE	1.0297	1.0130	1.0021	1.0018	1.0006	1.0010	1.0011	
5-QTR WEIGHTED AVG	1.0309	1.0138	1.0019	1.0017	1.0006			
3-QTR SIMPLE AVERAGE	1.0308	1.0130	1.0009	1.0018	1.0002	1.0010		
<b>SELECTED</b>	<b>1.0310</b>	<b>1.0130</b>	<b>1.0014</b>	<b>1.0018</b>	<b>1.0006</b>	<b>1.0014</b>	<b>1.0006</b>	<b>1.0009</b>
CUMULATIVE PAID	1.0514	1.0198	1.0067	1.0053	1.0035	1.0029	1.0015	1.0009
CUMULATIVE % PAID	95.11%	98.06%	99.33%	99.47%	99.65%	99.71%	99.85%	99.91%
INCREMENTAL % PAID	1.16%	2.95%	1.27%	0.14%	0.18%	0.06%	0.14%	0.06%

**PAID LOSS PAYMENT PATTERN**

(1) MOS. OF DEV.	(2) Cum'l Paid LDF	(3) Cum'l % Paid Loss 1 / (2)	(4) Increment % of Paid Loss	(5) 1ST ACC. QTR.	(6) 2ND ACC. QTR.	(7) 3RD ACC. QTR.	(8) 4TH ACC. QTR.	(9) POL. TERM
3	2.6980	37.06%	37.06%	37.06%	0.00%	0.00%	0.00%	9.27%
6	1.4584	68.57%	31.50%	31.50%	37.06%	0.00%	0.00%	17.14%
9	1.2513	79.92%	11.35%	11.35%	31.50%	37.06%	0.00%	19.98%
12	1.1658	85.78%	5.86%	5.86%	11.35%	31.50%	37.06%	21.44%
15	1.1157	89.63%	3.85%	3.85%	5.86%	11.35%	31.50%	13.14%
18	1.0850	92.17%	2.54%	2.54%	3.85%	5.86%	11.35%	5.90%
21	1.0644	93.95%	1.78%	1.78%	2.54%	3.85%	5.86%	3.51%
24	1.0514	95.11%	1.16%	1.16%	2.65%	4.90%	8.46%	4.29%
36	1.0198	98.06%	2.95%	2.95%	2.50%	2.05%	1.61%	2.28%
48	1.0067	99.33%	1.27%	1.27%	1.69%	2.11%	2.53%	1.90%
60	1.0053	99.47%	0.14%	0.14%	0.42%	0.71%	0.99%	0.56%
72	1.0035	99.65%	0.18%	0.18%	0.17%	0.16%	0.15%	0.16%
84	1.0029	99.71%	0.06%	0.06%	0.09%	0.12%	0.15%	0.10%
96	1.0015	99.85%	0.14%	0.14%	0.12%	0.10%	0.08%	0.11%
108	1.0009	99.91%	0.06%	0.06%	0.08%	0.10%	0.12%	0.09%
120	1.0000	100.00%	0.09%	0.09%	0.08%	0.07%	0.07%	0.08%
				0.00%	0.02%	0.04%	0.07%	0.03%
				100.00%	100.00%	100.00%	100.00%	100.00%

SAFECO INSURANCE COMPANY OF AMERICA  
 CONTINUOUS HOMEOWNERS PROGRAM  
 ARKANSAS  
 Timing of Federal Income Tax on Underwriting Income

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
	Cum'l Written Premium	Cum'l Earned Premium	Ending UEP Reserve	Cum'l Incurred Expense	Cum'l Incurred Loss + AE	Incremntl Paid Loss + AE	Cum'l Paid Loss + AE	Cum'l Loss + AE Reserve	IRS Reserve Discount Factor	Discounted Loss + AE Reserve	Cum'l U/W (IRS) Income	Incremntl U/W (IRS) Income	20% of Change in UEP Reserve	Total Fedl Income Tax on U/W Income
0	100.00													
1	100.00	25.00	75.00	27.37	15.86	7.69	7.69	8.17	0.97	7.94	(18.01)	(18.01)	15.00	(1.05)
2	100.00	50.00	50.00	27.37	31.71	11.17	18.86	12.85	0.97	12.50	(8.74)	9.27	(5.00)	1.49
3	100.00	75.00	25.00	27.37	47.57	12.83	31.69	15.88	0.97	15.45	0.49	9.23	(5.00)	1.48
4	100.00	100.00	0.00	27.37	63.43	15.50	47.19	16.24	0.97	15.79	9.64	9.15	(5.00)	1.45
5	100.00	100.00	0.00	27.37	63.43	6.04	53.23	10.20	0.97	9.92	9.48	(0.16)	0.00	(0.06)
6	100.00	100.00	0.00	27.37	63.43	2.98	56.22	7.21	0.97	7.02	9.40	(0.08)	0.00	(0.03)
7	100.00	100.00	0.00	27.37	63.43	2.47	58.69	4.74	0.97	4.61	9.33	(0.07)	0.00	(0.02)
8	100.00	100.00	0.00	27.37	63.43	1.36	60.05	3.38	0.97	3.29	9.29	(0.04)	0.00	(0.01)
<u>Year</u>														
3	100.00	100.00	0.00	27.37	63.43	1.44	61.50	1.93	0.97	1.88	9.25	(0.04)	0.00	(0.01)
4	100.00	100.00	0.00	27.37	63.43	1.21	62.70	0.73	0.97	0.71	9.22	(0.03)	0.00	(0.01)
5	100.00	100.00	0.00	27.37	63.43	0.36	63.06	0.37	0.97	0.36	9.21	(0.01)	0.00	(0.00)
6	100.00	100.00	0.00	27.37	63.43	0.10	63.17	0.26	0.97	0.26	9.21	(0.00)	0.00	(0.00)
7	100.00	100.00	0.00	27.37	63.43	0.07	63.23	0.20	0.97	0.19	9.20	(0.00)	0.00	(0.00)
8	100.00	100.00	0.00	27.37	63.43	0.07	63.30	0.13	0.97	0.12	9.20	(0.00)	0.00	(0.00)
9	100.00	100.00	0.00	27.37	63.43	0.06	63.36	0.07	0.97	0.07	9.20	(0.00)	0.00	(0.00)
10	100.00	100.00	0.00	27.37	63.43	<u>0.07</u>	<u>63.43</u>	0.00	0.97	0.00	9.20	<u>(0.00)</u>	<u>0.00</u>	<u>(0.00)</u>
TOTAL						63.43	63.43					9.20	0.00	3.22

Col. Notes :

- |   |   |
|---|---|
| (1) Premium is booked at policy inception.  | (8) Col. (5) - Col. (7)                         |
| (2) Premium is earned pro rata over policy term.  | (9) IRS loss reserve discount factor.           |
| (3) Col. (1) - Col.(2)  | (10) Col. (8) X Col. (9)                        |
| (4) Commission and premium tax are incurred when premium booked. General expense is incurred as paid. | (11) Col. (2) - Col. (4) - Col. (7) - Col. (10) |
| (5) Loss and AE are incurred pro rata over policy term.   | (12) Change in Col. (11).                       |
| (6) Based on loss payment pattern, see pages 5, 7, and 8.   | (13) 20% of change in Col. (3)                  |
| (7) Col. (6) accumulated.   | (14) 35% X (Col. (12) + Col. (13))              |

SAFECO INSURANCE COMPANY OF AMERICA  
CONTINUOUS HOMEOWNERS PROGRAM  
ARKANSAS  
Expected Investment Income from Policyholders' Funds

The investment rate of return used in this analysis reflects the risk-free investment income earned from the investment of premiums written during the period that the proposed rates will be in effect. Displayed below are the auction average yields on 3-month and 1-year U.S. T-bills and average yields using constant maturities on U.S. Treasury Notes and Bonds:

<u>Quarter</u>	<u>U.S. T-bills</u>		<u>U.S. Treasury Bonds</u>		<u>(and Treasury Notes)</u>	
	<u>3 Month</u>	<u>1 Year</u>	<u>2 Year</u>	<u>3 Year</u>	<u>5 Year</u>	<u>10 Year</u>
Dec-08	0.30%	0.99%	1.21%	1.48%	2.18%	3.25%
Mar-09	0.22%	0.57%	0.91%	1.27%	1.76%	2.74%
Jun-09	0.17%	0.52%	1.01%	1.49%	2.23%	3.31%
<u>Sep-09</u>	<u>0.16%</u>	<u>0.45%</u>	<u>1.03%</u>	<u>1.56%</u>	<u>2.47%</u>	<u>3.52%</u>
4 Qtr. Avg.	0.21%	0.63%	1.04%	1.45%	2.16%	3.21%

SOURCE: Federal Reserve Statistical Release H.15, released weekly, Selected Interest Rates.

Note: If data for 1-Year T-Bills is unavailable, the discount rate for 1-Year T-Bonds is used

The greater of 1% or the average yield of the last four quarters on a 1-year T-Bill is used in the discounted cash flow analysis.

After-tax rate of return on investment income equals:

$$1\% \times (1 - 0.35) = 0.65\%$$

where 35% = tax rate on 1-year T-bills

April 23, 2010

Ms. Becky Harrington, Senior Rates and Forms Analyst  
Arkansas Insurance Dept.  
1200 West Third Street  
Little Rock, AR 72201-1904

Safeco Insurance Company of America 111-24740  
Independent Homeowners Program  
Rate and Rule Revision  
Effective Dates: 06/12/2010 – New Business  
08/18/2010 – Renewal Business

Filing Number: PL-10-30083  
SERFF Number: LBRM-126523763

Dear Ms. Harrington:

Thank you for your correspondence of April 21, 2010, regarding the type of losses driving our loss ratio for the above-referenced filing. The following is the distribution of our uncapped losses for the last 5 years:

Type of Loss	Distribution
Fire	50%
Theft	36%
Liability	7%
Water Damage	5%
Wind	1%
Other	1%

We appreciate your review of this filing and look forward to your approval. Please feel free to contact me with any questions or concerns.

Sincerely,



Jeff Estes, CPCU  
(314) 909-4867  
Senior Director, Product Management  
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