

SERFF Tracking Number: ARKS-126708772 State: Arkansas
Filing Company: 13757 - Farm Bureau Mutual Insurance State Tracking Number: #641798 \$100
Company of Arkansas, Inc.
Company Tracking Number:
TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations
Product Name: Homeowner
Project Name/Number: /

Filing at a Glance

Company: 13757 - Farm Bureau Mutual Insurance Company of Arkansas, Inc.

Product Name: Homeowner SERFF Tr Num: ARKS-126708772 State: Arkansas
TOI: 04.0 Homeowners SERFF Status: Closed-Filed State Tr Num: #641798 \$100
Sub-TOI: 04.0000 Homeowners Sub-TOI Co Tr Num: State Status: Fees verified and
Combinations received
Filing Type: Rate Reviewer(s): Becky Harrington,
Betty Montesi
Author: Disposition Date: 07/21/2010
Date Submitted: 07/06/2010 Disposition Status: Filed
Effective Date Requested (New): 10/01/2010 Effective Date (New): 10/01/2010
Effective Date Requested (Renewal): 10/01/2010 Effective Date (Renewal):
10/01/2010

State Filing Description:

General Information

Project Name: Status of Filing in Domicile:
Project Number: Domicile Status Comments:
Reference Organization: Reference Number:
Reference Title: Advisory Org. Circular:
Filing Status Changed: 07/21/2010
State Status Changed: 07/09/2010 Deemer Date:
Created By: Betty Montesi Submitted By: Betty Montesi
Corresponding Filing Tracking Number:
Filing Description:
Base rates, territory factors, AOI factors and claims experience factors.

Company and Contact

Filing Contact Information

Richard Sims, A & RA Manager Richard.Sims@afbic.com
PO Box 31 501-228-1404 [Phone]
Little Rock, AR 72203 501-228-1871 [FAX]

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Filing Company Information

13757 - Farm Bureau Mutual Insurance CoCode: 13757 State of Domicile: Arkansas
Company of Arkansas, Inc.
No Address Group Code: Company Type:
City, AR 99999 Group Name: State ID Number:
(999) 999-9999 ext. [Phone] FEIN Number: 99-9999999

Filing Fees

Fee Required? No
Retaliatory? No
Fee Explanation:
Per Company: No

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Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Filed	Becky Harrington	07/21/2010	07/21/2010

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 TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations
 Product Name: Homeowner
 Project Name/Number: /

Disposition

Disposition Date: 07/21/2010
 Effective Date (New): 10/01/2010
 Effective Date (Renewal): 10/01/2010
 Status: Filed
 Comment:

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where required):	Minimum % Change (where required):
13757 - Farm Bureau Mutual Insurance Company of Arkansas, Inc.	33.890%	12.920%	\$16,264,059	137,907	\$125,855,979	36.000%	0.000%

SERFF Tracking Number: ARKS-126708772 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)	Filed	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	Objection Letter	Filed	Yes
Supporting Document	Response to Objection	Filed	Yes
Supporting Document	Objection/response	Filed	Yes
Supporting Document	ARKS-126708772	Filed	Yes

SERFF Tracking Number: ARKS-126708772 State: Arkansas
 Filing Company: 13757 - Farm Bureau Mutual Insurance Company of Arkansas, State Tracking Number: #641798 \$100
 Inc.
 Company Tracking Number:
 TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations
 Product Name: Homeowner
 Project Name/Number: /

Rate Information

Rate data applies to filing.

Filing Method:

Rate Change Type:

Increase

Overall Percentage of Last Rate Revision:

10.000%

Effective Date of Last Rate Revision:

10/01/2009

Filing Method of Last Filing:

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):
13757 - Farm Bureau Mutual Insurance Company of Arkansas, Inc.	33.890%	12.920%	\$16,264,059	137,907	\$125,855,979	36.000%	0.000%

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Supporting Document Schedules

	Item Status:	Status Date:
Satisfied - Item: HPCS-Homeowners Premium Comparison Survey	Filed	07/21/2010

Comments:

Attachment:

13757FarmBureau.pdf

	Item Status:	Status Date:
Satisfied - Item: NAIC loss cost data entry document	Filed	07/21/2010

Comments:

Attachment:

FORM RF-1 Rate Filing Abstract (2).pdf

	Item Status:	Status Date:
Satisfied - Item: Objection Letter	Filed	07/21/2010

Comments:

Attachment:

Farm Bureau.pdf

	Item Status:	Status Date:
Satisfied - Item: Response to Objection	Filed	07/21/2010

Comments:

Attachments:

DOI Response.pdf

DOI Response (3).pdf

Item Status:	Status
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SERFF Tracking Number: ARKS-126708772

State: Arkansas

Filing Company: 13757 - Farm Bureau Mutual Insurance
Company of Arkansas, Inc.

State Tracking Number: #641798 \$100

Company Tracking Number:

TOI: 04.0 Homeowners

Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations

Product Name: Homeowner

Project Name/Number: /

Satisfied - Item: Objection/response

Filed

Date:
07/21/2010

Comments:

Attachments:

RE_ Homeowner Rate Filing.pdf
Claims Experience Loss Ratios.pdf

Item Status:

Status

Satisfied - Item: ARKS-126708772

Filed

Date:
07/21/2010

Comments:

Attachment:

ARKS-126708772.pdf

NAIC Number: 13757
 Company Name: Farm Bureau Mutual Insurance Company of Arkansas, Inc.
 Contact Person: Richard Sims
 Telephone No.: 501-224-4400
 Email Address: richardsims@afbic.com
 Effective Date: 10/1/2010

**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	\$539.00	\$599.00	\$543.00	\$603.00	\$672.00	\$747.00	\$643.00	\$714.00	\$654.00	\$727.00	\$741.00	\$823.00	\$693.00	\$770.00	\$650.00	\$722.00	\$789.00	\$876.00
	\$120,000	\$716.00	\$796.00	\$720.00	\$800.00	\$894.00	\$992.00	\$854.00	\$948.00	\$868.00	\$965.00	\$985.00	\$1,094.00	\$920.00	\$1,022.00	\$865.00	\$961.00	\$1,047.00	\$1,163.00
	\$160,000	\$816.00	\$906.00	\$820.00	\$911.00	\$1,016.00	\$1,130.00	\$971.00	\$1,079.00	\$988.00	\$1,098.00	\$1,120.00	\$1,245.00	\$1,047.00	\$1,163.00	\$985.00	\$1,094.00	\$1,193.00	\$1,325.00
6	\$80,000	\$659.00	\$733.00	\$664.00	\$737.00	\$822.00	\$914.00	\$785.00	\$873.00	\$800.00	\$889.00	\$907.00	\$1,008.00	\$846.00	\$941.00	\$797.00	\$885.00	\$964.00	\$1,071.00
	\$120,000	\$876.00	\$973.00	\$882.00	\$980.00	\$1,092.00	\$1,214.00	\$1,045.00	\$1,160.00	\$1,064.00	\$1,181.00	\$1,205.00	\$1,339.00	\$1,126.00	\$1,251.00	\$1,058.00	\$1,176.00	\$1,281.00	\$1,423.00
	\$160,000	\$998.00	\$1,109.00	\$1,004.00	\$1,115.00	\$1,243.00	\$1,382.00	\$1,189.00	\$1,321.00	\$1,211.00	\$1,345.00	\$1,372.00	\$1,525.00	\$1,281.00	\$1,424.00	\$1,205.00	\$1,339.00	\$1,460.00	\$1,621.00
9	\$80,000	\$1,168.00	\$1,297.00	\$1,174.00	\$1,304.00	\$1,453.00	\$1,615.00	\$1,389.00	\$1,544.00	\$1,414.00	\$1,572.00	\$1,603.00	\$1,782.00	\$1,498.00	\$1,664.00	\$1,408.00	\$1,565.00	\$1,705.00	\$1,894.00
	\$120,000	\$1,550.00	\$1,722.00	\$1,559.00	\$1,733.00	\$1,932.00	\$2,146.00	\$1,846.00	\$2,051.00	\$1,878.00	\$2,087.00	\$2,132.00	\$2,368.00	\$1,990.00	\$2,211.00	\$1,871.00	\$2,079.00	\$2,265.00	\$2,517.00
	\$160,000	\$1,765.00	\$1,961.00	\$1,776.00	\$1,973.00	\$2,199.00	\$2,443.00	\$2,102.00	\$2,335.00	\$2,140.00	\$2,377.00	\$2,427.00	\$2,696.00	\$2,266.00	\$2,518.00	\$2,132.00	\$2,368.00	\$2,580.00	\$2,867.00

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

Public Protection Class	Property Value	Washington		Baxter		Craighead		St. Francis		Arkansas		Union		Miller		Sebastian		Pulaski	
		Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame
3	\$5,000																		
	\$15,000	\$88.00	\$101.00	\$99.00	\$113.00	\$86.00	\$99.00	\$83.00	\$96.00	\$100.00	\$114.00	\$100.00	\$114.00	\$86.00	\$99.00	\$100.00	\$114.00	\$102.00	\$117.00
	\$25,000	\$141.00	\$160.00	\$155.00	\$176.00	\$137.00	\$155.00	\$134.00	\$152.00	\$158.00	\$179.00	\$158.00	\$179.00	\$137.00	\$155.00	\$158.00	\$179.00	\$161.00	\$182.00
6	\$5,000																		
	\$15,000	\$102.00	\$117.00	\$114.00	\$130.00	\$100.00	\$114.00	\$97.00	\$111.00	\$115.00	\$131.00	\$115.00	\$131.00	\$100.00	\$114.00	\$115.00	\$131.00	\$117.00	\$134.00
	\$25,000	\$161.00	\$182.00	\$178.00	\$201.00	\$158.00	\$179.00	\$154.00	\$174.00	\$180.00	\$203.00	\$180.00	\$203.00	\$158.00	\$179.00	\$180.00	\$203.00	\$183.00	\$207.00
9	\$5,000																		
	\$15,000	\$162.00	\$183.00	\$179.00	\$202.00	\$159.00	\$180.00	\$155.00	\$175.00	\$181.00	\$204.00	\$181.00	\$204.00	\$159.00	\$180.00	\$181.00	\$204.00	\$185.00	\$209.00
	\$25,000	\$248.00	\$279.00	\$272.00	\$306.00	\$243.00	\$273.00	\$237.00	\$267.00	\$275.00	\$309.00	\$275.00	\$309.00	\$243.00	\$273.00	\$275.00	\$309.00	\$280.00	\$315.00

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	2 %	Deadbolt Lock	2 %
Burglar Alarm	2 to 10 %	Window Locks	%
Smoke Alarm	2 to 10 %	\$1,000 Deductible	19 %
		Other (specify)	
		Companion Policy	5 %
		Maximum Credit Allowed	25 %

EARTHQUAKE INSURANCE

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

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

WHAT IS YOUR PERCENTAGE DEDUCTIBLE? %

Zone

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

Highest Risk	\$ <input type="text"/>	\$ <input type="text"/>
Lowest Risk	\$ <input type="text"/>	\$ <input type="text"/>

NAIC LOSS COST DATA ENTRY DOCUMENT

1.	This filing transmittal is part of Company Tracking #	
----	---	--

2.	If filing is an adoption of an advisory organization loss cost filing, give name of Advisory Organization and Reference/ Item Filing Number	
----	---	--

Company Name		Company NAIC Number	
3.	A. Farm Bureau Mutual Insurance Company of Arkansas, Inc.	B.	13757

Product Coding Matrix Line of Business (i.e., Type of Insurance)		Product Coding Matrix Line of Insurance (i.e., Sub-type of Insurance)	
4.	A. Homeowners 4.0000	B.	Mobile Homes, Owner Occupied, Tenants 4.0002-4.0004

5.			FOR LOSS COSTS ONLY				
(A) COVERAGE (See Instructions)	(B) Indicated % Rate Level Change	(C) Requested % Rate Level Change	(D) Expected Loss Ratio	(E) Loss Cost Modification Factor	(F) Selected Loss Cost Multiplier	(G) Expense Constant (If Applicable)	(H) Co. Current Loss Cost Multiplier
Homeowners	+ 33.89%	+ 12.92%					
TOTAL OVERALL EFFECT	+ 33.89%	+ 12.92%					

6.		5 Year History	Rate Change History					
Year	Policy Count	% of Change	Effective Date	State Earned Premium (000)	Incurred Losses (000)	State Loss Ratio	Countrywide Loss Ratio	
2005	140,313	- 3.00%	09/01/05	103,909	56,322	54.20%	N/A	
2006	139,321	+ 3.00%	09/15/06	99,367	72,025	72.48%	N/A	
2007	138,365	0.00%		101,371	59,550	58.74%	N/A	
2008	137,328	+ 8.00%	10/01/08	104,710	109,637	104.71%	N/A	
2009	137,907	+10.00%	10/01/09	110,232	87,866	79.71%	N/A	

7.	
Expense Constants	Selected Provisions
A. Total Production Expense	10.59
B. General Expense	6.48
C. Taxes, License & Fees	3.13
D. Underwriting Profit & Contingencies	4.00
E. Other (explain)	
F. TOTAL	24.20

8. N Apply Lost Cost Factors to Future filings? (Y or N)
 9. + 36% Estimated Maximum Rate Increase for any Insured (%). Territory (if applicable):
 10. 0% Estimated Maximum Rate Decrease for any Insured (%) Territory (if applicable):

Arkansas Insurance Department

Mike Beebe
Governor



Jay Bradford
Commissioner

July 9, 2010

Mr. Richard Sims, CPCU, Are, Manager
Actuarial and Regulatory Affairs
Farm Bureau Mutual Insurance Company
PO Box 31
Little Rock, AR 72203-0031

RE: Farm Bureau Mutual Insurance Company of AR - 13757
Homeowner Rate Revision

Dear Mr. Sims:

This will acknowledge the receipt of the captioned rate filing.

Form RF-1 shows 12.92% effective 10/1/10 for the 2009 policy history. Please revise to show the correct percentage change that was effective 10/1/2009.

Please provide a disruption chart; indicate the number of insureds receiving the maximum increase of 36%.

Provide an HPCS electronically in Excel spreadsheet format.

Please provide the loss ratios by county for Exhibit VII. Indicate the major types of loss driving the each county's loss ratio.

Provide additional supporting data for the changes to the amount of insurance factors.

Provide additional supporting data that justifies the increased claims experience factors.

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.

Please feel free to contact me if you have any questions.

Sincerely,

A handwritten signature in black ink that reads "Becky Harrington".

Becky Harrington
Compliance Officer
Property & Casualty Division
(501) 371-2804
(501) 371-2748 fax
E-mail: becky.harrington@arkansas.gov

Becky Harrington

From: Richard.Sims@afbic.com [mailto:Richard.Sims@afbic.com]
Sent: Monday, July 19, 2010 3:15 PM
To: Becky Harrington
Subject: RE: Homeowner Rate Filing

Becky,

Attached is some information we put together and reviewed when making our decision concerning our claims experience factors. This is data that included only non wind losses. The relativities were developed by dividing the loss ratios in each segment by the overall statewide loss ratio. From this data it was apparent that our current factors for those insureds who have had non weather claims needed to be adjusted. We then proposed increasing the factors, but not by as much as was indicated to help limit the maximum change on our insureds. This is an area that will need to be reviewed over several adjustments.

If you have any other questions or need additional information, please let me know.
(See attached file: Claims Experience Loss Ratios.pdf) Thanks!

Richard Sims, CPCU, ARe,
Actuarial & Regulatory Affairs Manager
Farm Bureau Mutual Insurance Company of Arkansas, Inc Southern Farm Bureau Casualty Insurance Company
(501)228-1404
Richard.Sims@afbic.com

This e-mail contains proprietary information and is confidential. You are hereby notified that any dissemination, distribution or copying of this message is strictly prohibited.

Becky Harrington
<Becky.Harrington@arkansas.gov>
To
"Richard.Sims@afbic.com"
07/14/2010 08:31 AM
<Richard.Sims@afbic.com>
cc

Subject
RE: Homeowner Rate Filing

Richard,

In the previous filing you explained how the percentage changes were developed for the claims experience factors. I am unable to find where we discussed exactly how the factors were developed. The information you have already provided seems to support the increases, but we need some documentation showing how the proposed factors were determined.

Thanks,
Becky

-----Original Message-----

From: Richard.Sims@afbic.com [mailto:Richard.Sims@afbic.com]

Sent: Tuesday, July 13, 2010 11:17 AM

To: Becky Harrington

Cc: Jaret.Rocke@afbic.com

Subject: Re: Homeowner Rate Filing

Becky,

Attached is the requested information.

If you have any questions or need additional information, please let me know.

(See attached file: HO Survey FORM HPCS.xls)(See attached file: DOI Response.xlsx)(See attached file: FORM RF-1 Rate Filing Abstract.docx) Thanks!

Richard Sims, CPCU, ARe,

Actuarial & Regulatory Affairs Manager

Farm Bureau Mutual Insurance Company of Arkansas, Inc Southern Farm Bureau Casualty Insurance Company
(501)228-1404

Richard.Sims@afbic.com

This e-mail contains proprietary information and is confidential. You are hereby notified that any dissemination, distribution or copying of this message is strictly prohibited.

Becky Harrington

<Becky.Harrington

@arkansas.gov>

To

""Richard.Sims@afbic.com""

07/09/2010 09:01

<Richard.Sims@afbic.com>

AM

cc

Subject

Homeowner Rate Filing

Please see attached. Let me know if you are unable to open it.
Thanks,
Becky

(See attached file: Farm Bureau.pdf)

Farm Bureau Mutual Insurance Company of Arkansas, Inc.

Loss Ratio Analysis by Coverage Amount (2008 - 2009)

AOI Range	Written Premium	Paid Losses	Loss Ratio
< \$60,000	5,421,420	10,873,598	201%
\$60,000 - \$124,999	95,174,821	119,483,770	126%
\$125,000 - \$149,999	30,483,836	41,653,187	137%
\$150,000 - \$199,999	38,544,676	53,539,750	139%
\$200,000 +	50,876,515	74,524,937	146%

Farm Bureau Mutual Insurance Company of Arkansas, Inc.

Disruption Chart

% of Policies Subject to Rate Change

	% Rate Increase Ranges							
	0% to 4%	5% to 9%	10% to 14%	15% to 19%	20% to 24%	25% to 29%	30% to 34%	35% to 39%
State Totals	2.93%	19.24%	19.10%	38.49%	17.70%	2.38%	0.16%	0.01%

of Policies Receiving Max Rate Change (36%): 5

Farm Bureau Mutual Insurance Company of Arkansas, Inc.

Claims Experience Loss Ratios

Accident Years 2007-2009

Claim Cnt	Written Premium	Paid Losses	Loss Ratio
0	272,932,135	210,064,717	76.97%
1	28,717,232	76,334,727	265.82%
2	2,957,009	11,629,961	393.30%
3	276,443	965,269	349.18%
4+	17,049	111,445	653.67%

Claim count does not include any weather related losses.

Farm Bureau Mutual Insurance Company of Arkansas, Inc

5 Year Non-Cat Loss Ratios

<u>County</u>	<u>LR</u>	<u>County</u>	<u>LR</u>
Arkansas	51.05%	Little River	59.45%
Ashley	52.09%	North Logan	43.54%
Baxter	48.60%	Lonoke	49.81%
Benton	53.39%	Madison	59.79%
Boone	85.12%	Marion	47.56%
Bradley	41.58%	Miller	72.60%
Calhoun	86.93%	South Mississippi	57.04%
Carroll	59.21%	Monroe	55.29%
Chicot	68.93%	Montgomery	34.51%
Clark	60.06%	Nevada	31.21%
Clay	57.64%	Newton	42.09%
Cleburne	38.30%	Ouachita	62.93%
Cleveland	27.70%	Perry	80.45%
Columbia	25.67%	Phillips	47.35%
Conway	51.81%	Pike	58.86%
Craighead	40.43%	Poinsett	51.58%
Crawford	58.95%	Polk	41.80%
Crittenden	56.41%	Pope	65.30%
Cross	20.33%	Prairie	52.90%
Dallas	48.29%	Pulaski	53.36%
Desha	40.79%	Randolph	59.47%
Drew	60.30%	St. Francis	37.25%
Faulkner	60.53%	Saline	50.16%
Franklin	54.35%	Scott	60.04%
Fulton	47.56%	Searcy	70.87%
Garland	35.38%	Sebastian	54.13%
Grant	44.05%	Sevier	36.50%
Greene	53.74%	Sharp	76.99%
Hempstead	25.84%	Stone	47.71%
Hot Spring	63.15%	Union	61.35%
Howard	28.54%	Van Buren	52.64%
Independence	54.27%	Washington	73.79%
Izard	51.78%	White	48.47%
Jackson	61.58%	Woodruff	67.92%
Jefferson	36.96%	Yell	49.73%
Johnson	33.47%	South Logan	55.40%
Lafayette	30.98%	North Mississippi	63.18%
Lawrence	48.19%		
Lee	29.45%	Statewide	52.81%
Lincoln	37.03%		

Since these are noncat loss ratios, the primary driver of losses is fire, water damage, and small wind losses.

Farm Bureau Mutual Insurance Company of Arkansas, Inc.

Claims Experience Loss Ratios

Accident Years 2007-2009

Years <u>Insured</u>	Written Premium				Years <u>Insured</u>	Paid Losses (Non-Wind)					
	<u>0</u>	<u>1</u>	<u>2</u>	<u>3+</u>		Qualifying Claims					
0	5,390,510	62,693	635	0	0	810,343	74,459	0	0		
1	9,680,363	475,061	36,698	0	1	1,803,278	1,212,098	92,585	0		
2	12,490,456	961,734	51,705	3,062	2	2,169,784	2,129,464	160,360	3,433		
3	11,744,793	1,130,551	111,720	1,852	3	864,664	2,015,715	318,315	1,208		
4	11,457,560	1,254,199	158,842	18,614	4	792,564	2,529,225	623,641	48,977		
5	11,329,348	1,133,822	106,635	7,267	5	1,724,360	2,642,694	656,012	6,473		
6+	210,839,106	23,699,172	2,490,774	262,698	6+	24,094,311	43,964,970	7,285,692	804,464		
	272,932,135	28,717,232	2,957,009	293,492	304,899,868	32,259,304	54,568,626	9,136,606	864,555	96,829,091	

Years <u>Insured</u>	Loss Ratios				Years <u>Insured</u>	Relativities			
	<u>0</u>	<u>1</u>	<u>2</u>	<u>3+</u>		<u>0</u>	<u>1</u>	<u>2</u>	<u>3+</u>
0	15.03%	118.77%	0.00%		0	0.473	3.740		
1	18.63%	255.15%	252.29%		1	0.587	8.034	7.944	
2	17.37%	221.42%	310.14%	112.14%	2	0.547	6.972	9.766	3.531
3	7.36%	178.29%	284.92%	65.23%	3	0.232	5.614	8.972	2.054
4	6.92%	201.66%	392.62%	263.12%	4	0.218	6.350	12.363	8.285
5	15.22%	233.08%	615.19%	89.08%	5	0.479	7.339	19.371	2.805
6+	11.43%	185.51%	292.51%	306.23%	6+	0.360	5.842	9.211	9.643
Statewide	11.82%	190.02%	308.98%	294.58%	31.76%				

ARKS-126708772

BH



FARM BUREAU MUTUAL INSURANCE COMPANY OF ARKANSAS, INC.

10720 Kanis Road • P.O. Box 31 • Little Rock, AR 72203-0031 • (501) 224-4400

#641798

100.00

July 1, 2010.

RECEIVED
1 JUL 06 2010

**PROPERTY AND CASUALTY DIVISION
ARKANSAS INSURANCE DEPARTMENT**

The Honorable Jay Bradford
Insurance Commissioner
Arkansas Department of Insurance
Attention: Property & Casualty Division
1200 West Third Street
Little Rock, Arkansas 72201-1904

FILED
JUL 19 2010

RE: **Farm Bureau Mutual Insurance Company of Arkansas, Inc. - NAIC # 13157
Homeowner Rate Revision - Proposed Effective Date 10/1/2010**

**PROPERTY AND CASUALTY
ARKANSAS INSURANCE DEPT.**

Dear Commissioner Bradford:

Overview

The attached exhibits describe in detail proposed changes to Homeowner rates for Farm Bureau Mutual Insurance Company of Arkansas, Inc. The filing includes changes to base rates, territory factors, insurance amount factors, and changes in our claims experience factors.

As the exhibits describe in detail, the overall indicated rate change is + **33.89%**. The changes requested in this rate filing result in an overall proposed rate change of + **12.92%**.

Summary Exhibit

The first page in this filing outlines the indicated rate changes by form along with the proposed overall rate change for each form. The exhibit also details the impact of each of the various rate structure changes proposed in this filing.

Exhibit I – Overall Rate Indication

Exhibit I, Page 2, shows the overall rate indication. Most of the information reflected in this exhibit flows from another exhibit in the filing. Premiums are adjusted to restate them at current rate levels using the parallelogram method. A premium trend factor is applied to reflect distributional shifts in the amount of insurance and protection class. Losses are calculated net of any recoveries that were made under our catastrophe reinsurance contracts, and catastrophe losses have been removed. Losses are then trended and developed. Two estimates of ultimate losses are derived, one using the paid loss development method and the other using the reported loss development method. The average from the two methods is generally selected for the ultimate losses. The experience period loss ratio is calculated as the weighted loss ratios from the individual calendar/accident years. More recent years are given more weight. The experience period loss ratio is then adjusted for ULAE expenses, fixed expenses, and the catastrophe load. The permissible loss ratio is calculated as one less variable expenses and profit. The overall indicated change is the adjusted experience period loss ratio divided by the permissible loss ratio minus one.

Exhibit II – Present Level Factors

Exhibit II, Page 3 displays present level factors calculated using the standard parallelogram method.

Exhibit III – Trend Factors

Exhibit III, Pages 4 – 6, display the calculation of both premium and loss trends. Premiums are trended to reflect distributional shifts in the amount of insurance and protection class. Corresponding trend factors are calculated to trend

premium from the midpoint of each fiscal/accident year to the average accident date during the period in which the rates will be effective.

Loss trends were also calculated. Catastrophe losses have been removed from the trend data.

Exhibit IV – Loss Development

Exhibit IV, Pages 7 – 9, display the accident year loss development triangles. Page 7 displays reported losses and Page 8 displays paid losses. Age-to-age link ratios are calculated. Since loss development factors are thought to be lognormally distributed, selections of averages and analysis of variability is based on the natural logarithms of the age-to-age factors. Once selections are made the resulting age-to-ultimate factors are easily calculated for losses at each level of maturity. Catastrophe losses have been removed from the loss development triangles.

Exhibit V – Expenses and Profit Provision

Exhibit V, Page 10 displays historical expense ratios for the past two years. Expenses are split into fixed and variable categories.

Exhibit V, Pages 11-15 display a calendar year return-on-surplus model. This approach is consistent with modern economic and financial theory. A target return of 10.0% was used in the calculation. The selected profit provision of 4.00% is less than the indicated profit provision.

On Page 16, a loading factor loss adjustment expenses is derived. The standard technique of relating calendar year LAE paid to the ratio of incurred losses is utilized.

Exhibit VI – Reinsurance Catastrophe Load

The lower level expected catastrophe losses are developed in Exhibit VI, Page 17. The lower level catastrophe losses are the actual catastrophes for the last eighteen years capped at the expected retention at that time. The expected retention is the current retention reduced 4% per year. The actual capped catastrophe losses are related to the actual earned premium for that year. The average and standard deviation is calculated for the last seventeen years. The expected catastrophe loading is the historical average plus 38.5% of its standard deviation. Based on the Normal and T distributions, there is a 65% probability that the lower level catastrophe load will be sufficient to cover the company's lower level catastrophe costs.

The expected catastrophe loss charge for catastrophe losses greater than the company's retention is based on the company's reinsurance costs. For 2010, the company purchased \$158 million catastrophe protection above the \$16 million company retention. The catastrophe loading for the lower level is 31.42% of earned premium and 12.24% for catastrophe losses above the company retention. The total indicated catastrophe charge is 43.65%. The Company has chosen a 38% catastrophe charge, which is developed in Exhibit VI, Page 17 and is used in developing the Homeowners indicated rate change in Exhibit I.

2009 44
31.7%

Exhibit VII – County Rate Level Indications

44
38.09%

The county rate level indications are based on the actual experience for the five year period, 2005-2009. Accident year losses were adjusted to exclude catastrophes. Five year non-cat loss ratios were developed for each county and statewide. Exhibit VII, Page 18, columns (2) and (8) indicates the county relativity based on the statewide five year non-cat loss ratio. The county catastrophe allocation is based on the AIR (CLASSIC/2) model. The Tail Value at Risk losses for the 1,000 year return period were determined by county for earthquake/fire following and severe storm losses. The county allocation is determined by multiplying the reinsurance costs by the ratio of the county modeled losses to the total model losses. The allocation of catastrophe reinsurance costs are shown in columns (3 - 4) and (9 - 10), for the severe storm and earthquake / fire following losses respectively.

The proposed county rate level adjustments are shown in column (6) and (12), Exhibit VII.

2

Exhibit VIII

The Company is continuing to adjust the amount of insurance factors. The amount of insurance factor changes has been limited from 0.00% to + 15.00%. The overall effect of changes in amount of insurance factors is +6.26%.

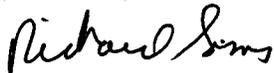
Exhibit IX

Effective with this filing we have increased the Claim Experience charge for insureds with qualifying claims. The overall effect is +.49%, and is shown in Exhibit IX, Page 20.

We propose to begin using these rates effective October 1, 2010, for all new and renewal business. Enclosed are the necessary filing forms, a check, and three copies of this filing. Please return two copies stamped "Filed" if this filing meets with your approval.

If you have questions concerning this filing, please let me know. Thank you for your assistance.

Sincerely,



Richard Sims, CPCU, ARe, Manager
Actuarial and Regulatory Affairs
Enclosures

Property & Casualty Transmittal Document—

20.	This filing transmittal is part of Company Tracking #	
------------	--	--

21.	Filing Description [This area should be similar to the body of a cover letter and is free-form text]
------------	---

This is a Homeowner rate filing.

22.	Filing Fees (Filer must provide check # and fee amount if applicable) [If a state requires you to show how you calculated your filing fees, place that calculation below]
------------	---

Check #:
Amount:

Refer to each state's checklist for additional state specific requirements or instructions on calculating fees.

*****Refer to the each state's checklist for additional state specific requirements (i.e. # of additional copies required, other state specific forms, etc.)**

PC TD-1 pg 2 of 2

5

ARKANSAS INSURANCE DEPARTMENT
HOMEOWNERS ABSTRACT

FORM H1
Rev. 4/98

Page 1 of 2

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

Company Name: Farm Bureau Mutual Insurance Company of Arkansas, Inc.

NAIC No. 13757

Group No. _____

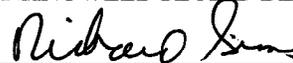
1. If you have had an insurance to value campaign during the experience filing period, describe the campaign and estimate its impact. 3% added to Coverage A on renewals. Mandatory use of RCT on all new business and re-writes.
2. If you use a cost estimator (or some similar method) in order to make sure that dwellings (or contents) are insured at their value, state when this program was started in Arkansas and estimate its impact. We began using the Marshall-Swift/Boeckh product RCT on all new business effective October 1, 2002. This revision was filed 5/9/2002 and stamped "Filed" on 5/13/2002.
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. The minimum relationship depends upon the rating class plan and fire protection class. The minimum can range from 80% to 100% of replacement cost or market value.
4. If you use an Inflation Guard form or similar type of coverage, describe the coverage(s) and estimate the impact. N/A
5. Specify the percentage given for credit or discounts for the following:
 - a. Fire Extinguisher 0 %
 - b. Burglar Alarm 2 - 10 %
 - c. Smoke Alarm 2 - 10 %
 - d. Insured who has both homeowners and auto with your company 5 %
 - e. Deadbolt Locks 2 %
 - f. Window or Door Locks 0 %
 - g. Other (specify)
 - Full-time farmer 25 %
 - New Home Credit 3 - 20 %
 - Claims Experience -15% to +50%
6. Are there any areas in the State of Arkansas in which your company will not write homeowners insurance? No
If so, state the areas and explain reason for not writing.
7. Specify the form(s) utilized in writing homeowner insurance. Indicate the Arkansas premium volume for each form.

Form	2009 Earned Premium
HO-1	11,855,841
HO-3	97,692,109
HO-4	665,859
HO-6	17,914

6

8. Do you write homeowner risks which have aluminum, steel or vinyl siding? Yes
9. If there is a surcharge on risks with wood heat? Yes
If yes, state surcharge: 15%
Does the surcharge apply to conventional fireplaces? No
If yes, state surcharge:

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



Signature

Actuarial and Regulatory Affairs Manager
Title

501-224-4400
Telephone Number

AID PC H-1 (4/96)

NAIC LOSS COST DATA ENTRY DOCUMENT

1. This filing transmittal is part of Company Tracking #

2. If filing is an adoption of an advisory organization loss cost filing, give name of Advisory Organization and Reference/ Item Filing Number

Company Name		Company NAIC Number	
A.	Farm Bureau Mutual Insurance Company of Arkansas, Inc.	B.	13757

Product Coding Matrix Line of Business (i.e., Type of Insurance)		Product Coding Matrix Line of Insurance (i.e., Sub-type of Insurance)	
A.	Homeowners 4.0000	B.	Mobile Homes, Owner Occupied, Tenants 4.0002-4.0004

5.

(A) COVERAGE (See Instructions)	(B) Indicated % Rate Level Change	(C) Requested % Rate Level Change	FOR LOSS COSTS ONLY				(H) Co. Current Loss Cost Multiplier
			(D) Expected Loss Ratio	(E) Loss Cost Modification Factor	(F) Selected Loss Cost Multiplier	(G) Expense Constant (If Applicable)	
Homeowners	+33.89%	+12.92%					
TOTAL OVERALL EFFECT	+33.89%	+12.92%					

6.

Year	5 Year History			Rate Change History			Countrywide Loss Ratio
	Policy Count	% of Change	Effective Date	State Earned Premium (000)	Incurred Losses (000)	State Loss Ratio	
2005	140,313	-3.00%	09/01/05	103,909	56,322	54.20%	N/A
2006	139,321	+3.00%	09/15/06	99,367	72,025	72.48%	N/A
2007	138,365	0.00%		101,371	59,550	58.74%	N/A
2008	137,328	+8.00%	10/01/08	104,710	109,637	104.71%	N/A
2009	137,907	+12.92%	10/01/10	110,232	87,866	79.71%	N/A

7.

Expense Constants	Selected Provisions
A. Total Production Expense	10.59
B. General Expense	6.48
C. Taxes, License & Fees	3.13
D. Underwriting Profit & Contingencies	4.00
E. Other (explain)	
F. TOTAL	24.20

8. N Apply Lost Cost Factors to Future filings? (Y or N)
 9. + 36% Estimated Maximum Rate Increase for any Insured (%). Territory (if applicable):
 10. 0% Estimated Maximum Rate Decrease for any Insured (%) Territory (if applicable):

Farm Bureau Mutual Insurance Company of Arkansas, Inc.
Overall Impact of Changes
Homeowner

<u>Form</u>	<u>Indicated Rate Change</u>	<u>Change to Base Rates</u>	<u>Rate Structure Changes</u>	<u>Proposed Overall Rate Change</u>	<u>2009 On Level Written</u>	<u>Impact of Proposed Changes</u>
HO1	33.89%	5.56%	7.05%	13.00%	13,745,271	1,786,885
HO3	33.89%	5.56%	7.05%	13.00%	111,362,878	14,477,174
HO4	<u>33.89%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>747,830</u>	<u>0</u>
Total	33.89%	5.53%	7.01%	12.92%	125,855,979	16,264,059

<u>Form</u>	<u>Protection Class Changes</u>	<u>Territory Changes</u>	<u>AOI Changes</u>	<u>Claims Experience Changes</u>	<u>Total Change to Rate Structure</u>
HO1	0.00%	0.25%	6.26%	0.49%	7.05%
HO3	0.00%	0.25%	6.26%	0.49%	7.05%
HO4	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Total	0.00%	0.25%	6.22%	0.49%	7.01%

Farm Bureau Mutual Insurance Company of Arkansas, Inc.

Calculation of Overall Rate Level Indication
Homeowner

	<u>12/31/2005</u>	<u>12/31/2006</u>	<u>12/31/2007</u>	<u>12/31/2008</u>	<u>12/31/2009</u>	<u>Total</u>
A. Earned Premium	103,909,438	99,367,281	101,371,449	104,709,962	110,231,713	519,589,843
B. Present Level Factors	1.1909	1.2195	1.1894	1.1820	1.0980	
C. AOI Current Amount Factors	1.2141	1.1361	1.0719	1.0238	1.0000	
D. AOI Premium Projection Factor	1.1068	1.1068	1.1068	1.1068	1.1068	
E. PC Current Amount Factors	0.9426	0.9589	0.9747	0.9875	1.0000	
F. PC Premium Projection Factor	0.9667	0.9667	0.9667	0.9667	0.9667	
G. Adjusted Earned Premium	151,516,734	141,245,616	134,785,184	133,879,625	129,501,291	690,928,451
H. Accident Year Loss/ALAE Net of Reinsurance Recoveries	44,314,166	48,229,795	53,410,898	69,000,715	73,422,368	288,377,942
I. Loss Development Factor	1.0470	1.0434	1.0411	1.0352	1.0872	
J. [Trend Period (Years)]	6.25	5.25	4.25	3.25	2.25	
K. Trend Factor	1.5263	1.4265	1.3332	1.2459	1.1644	
L. Developed, Trended Loss	70,815,155	71,783,783	74,134,726	89,000,453	92,951,450	398,685,567
M. Loss Ratio	46.74%	50.82%	55.00%	66.48%	71.78%	57.70%
N. Experience Year Weights	0.10	0.15	0.20	0.25	0.30	1.00
O. Weighted Loss Ratio	4.67%	7.62%	11.00%	16.62%	21.53%	61.45%
Projected Loss & ALAE Ratio:				61.45%		
Unallocated Loss Adjustment Expense Load:				1.0690		
Projected Loss & LAE Ratio:				65.69%		
Catastrophe Load:				38.00%		
Fixed Expense:				6.48%		
Loss/LAE/Fixed Expense Ratio:				110.17%		
Variable Expense Ratio:				17.72%		
Permissible Loss Ratio:				82.28%		
Indicated Change:				33.89%		
Selected Change:				12.92%		

Based on:
Effective Date: 10/01/10
Selected Loss Trend 7.0%

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Farm Bureau Mutual Insurance Company of Arkansas, Inc.

Calculation of Present Level Factors

Homeowner

Date	Rate Change	Year	* Average Rate Level	Present Level Factor
1-Dec-00	5.70%	2005	1.5539	1.1909
1-Dec-01	8.41%	2006	1.5175	1.2195
1-Sep-02	11.32%	2007	1.5559	1.1894
1-Jul-03	12.08%	2008	1.5656	1.1820
1-Jul-04	9.05%	2009	1.6854	1.0980
1-Sep-05	-3.00%	Current:	1.8505	
15-Sep-06	3.00%			
1-Oct-08	8.00%			
1-Oct-09	10.00%			

Notes: * -Average rate level is computed using the standard parallelogram method.

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Farm Bureau Mutual Insurance Company of Arkansas, Inc.

Selection of PC Premium Trends
Homeowner

Year Ending	Average Relativity	Relativity to Latest Year	Current Amount Factor	X-Value	Natural Log of Avg. Rel.
12/31/2005	1.0004	0.9426	0.9426	-2	0.0004
12/31/2006	0.9834	0.9589	0.9589	-1	-0.0167
12/31/2007	0.9674	0.9747	0.9747	0	-0.0331
12/31/2008	0.9549	0.9875	0.9875	1	-0.0461
12/31/2009	0.9430	1.0000	1.0000	2	-0.0587

Calculation of Premium Projection Factors
Exponential Regression on Average Relativity

(A) Slope	0.9853
(B) Intercept	-0.0309
(C) Selected Change	-0.0150
(D) Midpoint of Current Experience Period	6/30/2009
(E) Fitted Value	0.9410
(F) Proposed Effective Date	10/1/2010
(G) Fitted Value	0.9097
(H) Length of Trend Period	2.25
(I) Premium Projection Factor	0.9667

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Farm Bureau Mutual Insurance Company of Arkansas, Inc.

**Selection of AOI Premium Trends
Homeowner**

<u>Year Ending</u>	<u>Average Relativity</u>	<u>Relativity to Latest Year</u>	<u>Current Amount Factor</u>	<u>X-Value</u>	<u>Natural Log of Avg. Rel.</u>
12/31/2005	0.8807	1.2141	1.2141	-2	-0.1271
12/31/2006	0.9411	1.1361	1.1361	-1	-0.0607
12/31/2007	0.9975	1.0719	1.0719	0	-0.0025
12/31/2008	1.0443	1.0238	1.0238	1	0.0434
12/31/2009	1.0692	1.0000	1.0000	2	0.0669

Calculation of Premium Projection Factors
Exponential Regression on Average Relativity

(A) Slope	0.0492
(B) Intercept	-0.0160
(C) Selected Change	0.0450
(D) Midpoint of Current Experience Period	6/30/2009
(E) Fitted Value	1.0768
(F) Proposed Effective Date	10/1/2010
(G) Fitted Value	1.1918
(H) Length of Trend Period	2.25
(I) Premium Projection Factor	1.1068

Farm Bureau Mutual Insurance Company of Arkansas, Inc.

Homeowner

Calculation of Loss Trend

Effective Date: 10/01/10

Col (1)	Col (2)	Col (3)	Col (4)	Col (5)	Col (6)
Fiscal Accident Year	Projected Ultimate Incurred Losses	Projected Ultimate Claim #	Projected Ultimate Average Severity	X-Axis	Y-Axis ln[Col(4)]
2001	44,356,849	12,892	3,441	0	8.1434
2002	45,701,886	11,629	3,930	1	8.2764
2003	45,539,548	10,399	4,379	2	8.3847
2004	45,202,604	9,480	4,768	3	8.4697
2005	46,395,686	8,728	5,316	4	8.5784
2006	50,322,419	9,590	5,248	5	8.5655
2007	55,608,429	9,526	5,838	6	8.6721
2008	71,432,350	11,807	6,050	7	8.7079
2009	79,825,688	11,280	7,076	8	8.8645

SUMMARY OUTPUT

Regression Statistics	
Multiple R	0.984332437
R Square	0.968910346
Adjusted R Square	0.964468966
Standard Error	0.042376761
Observations	9

ANOVA					
	df	SS	MS	F	Significance F
Regression	1	0.391761045	0.391761045	218.1552853	1.56102E-06
Residual	7	0.012570529	0.00179579		
Total	8	0.404331574			

	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%	Lower 95.0%	Upper 95.0%
Intercept	8.195055204	0.026046295	314.6341975	8.65044E-16	8.133465503	8.256644906	8.133465503	8.256644906
X Variable 1	0.080804398	0.005470816	14.77008075	1.56102E-06	0.067867973	0.093740823	0.067867973	0.093740823

Annual Trend Factor = e^[x coefficient]	=	1.084
Selected Trend Factor =	=	1.070

Midpt of Experience Period	Average Eff Dt of Rates	Years	Months	Trend Period
6/30/2005	10/01/11	6	3	6.25
6/30/2006	10/01/11	5	3	5.25
6/30/2007	10/01/11	4	3	4.25
6/30/2008	10/01/11	3	3	3.25
6/30/2009	10/01/11	2	3	2.25

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Farm Bureau Mutual Insurance Company of Arkansas, Inc.

Reported Loss Development Analysis - Excluding Cats
Homeowner

Fiscal
Accident

<i>Incurred Loss, Net of Reinsurance Ceded, Salvage, & Subrogation</i>										
<u>Year</u>	<u>@ 1 year</u>	<u>@ 2 years</u>	<u>@ 3 years</u>	<u>@ 4 years</u>	<u>@ 5 years</u>	<u>@ 6 years</u>	<u>@ 7 years</u>	<u>@ 8 years</u>	<u>@ 9 years</u>	<u>@ 10 years</u>
2000	36,070,101	41,320,863	41,260,651	41,270,073	41,166,533	41,081,946	41,046,452	41,135,710	41,090,108	45,289,227
2001	40,028,175	42,332,182	42,434,812	42,343,498	42,340,677	42,196,474	42,201,031	42,200,981	42,200,981	
2002	42,853,504	44,548,582	44,146,042	44,206,332	43,784,409	43,498,626	43,490,669	43,490,669		
2003	41,624,981	44,021,498	43,741,222	43,701,221	43,634,882	43,632,419	43,296,294			
2004	40,003,267	43,235,771	43,213,211	43,074,472	43,247,801	43,164,292				
2005	43,436,535	45,610,564	45,447,885	45,213,957	44,314,166					
2006	44,580,860	48,571,031	48,295,832	48,229,795						
2007	51,943,066	53,054,671	53,410,898							
2008	65,048,894	69,000,715								
2009	73,422,368									

<i>Age to Age Loss Development Factors</i>									
<u>1 to 2</u>	<u>2 to 3</u>	<u>3 to 4</u>	<u>4 to 5</u>	<u>5 to 6</u>	<u>6 to 7</u>	<u>7 to 8</u>	<u>8 to 9</u>	<u>9 to 10</u>	
1.1456	0.9985	1.0002	0.9975	0.9979	0.9991	1.0022	0.9989	1.1022	
1.0576	1.0024	0.9978	0.9999	0.9966	1.0001	1.0000	1.0000		
1.0396	0.9910	1.0014	0.9905	0.9935	0.9998	1.0000			
1.0576	0.9936	0.9991	0.9985	0.9999	0.9923				
1.0808	0.9995	0.9968	1.0040	0.9981					
1.0501	0.9964	0.9949	0.9801						
1.0895	0.9943	0.9986							
1.0214	1.0067								
1.0608									

<i>Natural Logarithm of Loss Development Factors</i>									
<u>1 to 2</u>	<u>2 to 3</u>	<u>3 to 4</u>	<u>4 to 5</u>	<u>5 to 6</u>	<u>6 to 7</u>	<u>7 to 8</u>	<u>8 to 9</u>	<u>9 to 10</u>	
0.1359	-0.0015	0.0002	-0.0025	-0.0021	-0.0009	0.0022	-0.0011	0.0973	
0.0560	0.0024	-0.0022	-0.0001	-0.0034	0.0001	0.0000	0.0000		
0.0388	-0.0091	0.0014	-0.0096	-0.0065	-0.0002	0.0000			
0.0560	-0.0064	-0.0009	-0.0015	-0.0001	-0.0077				
0.0777	-0.0005	-0.0032	0.0040	-0.0019					
0.0488	-0.0036	-0.0052	-0.0201						
0.0857	-0.0057	-0.0014							
0.0212	0.0067								
0.0590									

<i>Selection of Loss Development Factors</i>									
	<u>1 to 2</u>	<u>2 to 3</u>	<u>3 to 4</u>	<u>4 to 5</u>	<u>5 to 6</u>	<u>6 to 7</u>	<u>7 to 8</u>	<u>8 to 9</u>	<u>9 to 10</u>
Avg. 5	0.0585	-0.0019	-0.0019	-0.0055	-0.0028	-0.0022	0.0007	-0.0006	0.0973
Avg. All	0.0643	-0.0022	-0.0016	-0.0050	-0.0028	-0.0022	0.0007	-0.0006	0.0973
StDev	0.0329	0.0051	0.0022	0.0086	0.0024	0.0037	0.0013	0.0008	n/a
Selected	0.0614	-0.0020	-0.0017	-0.0052	-0.0028	-0.0022	0.0007	-0.0006	0.0973
Age to Age LDF	1.0633	0.9980	0.9983	0.9948	0.9972	0.9978	1.0007	0.9994	1.1022
Cumulative LDF	1.1560	1.0871	1.0893	1.0912	1.0969	1.1000	1.1024	1.1016	1.1022

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Farm Bureau Mutual Insurance Company of Arkansas, Inc.

Paid Loss Development Analysis - Excluding Cats
Homeowner

Fiscal
Accident

	<i>Paid Loss, Net of Reinsurance Ceded, Salvage, & Subrogation</i>									
<u>Year</u>	<u>@ 1 year</u>	<u>@ 2 years</u>	<u>@ 3 years</u>	<u>@ 4 years</u>	<u>@ 5 years</u>	<u>@ 6 years</u>	<u>@ 7 years</u>	<u>@ 8 years</u>	<u>@ 9 years</u>	<u>@ 10 years</u>
2000	29,682,276	40,478,561	40,860,606	40,920,763	40,843,676	40,935,946	40,925,452	41,079,710	41,090,108	41,089,227
2001	34,598,655	41,502,942	42,030,472	42,075,953	42,191,617	42,196,474	42,201,031	42,200,981	42,200,981	
2002	37,440,184	42,967,966	43,299,475	43,406,288	43,490,339	43,498,626	43,490,669	43,490,669		
2003	36,355,408	42,502,802	43,163,697	43,190,227	43,149,710	43,226,891	43,291,294			
2004	34,352,971	42,092,294	42,392,028	42,676,343	42,855,439	42,854,157				
2005	36,624,842	43,991,182	44,132,042	44,004,235	44,071,664					
2006	39,703,479	47,560,982	47,625,979	47,819,692						
2007	45,511,074	52,284,043	52,709,905							
2008	57,513,724	66,929,132								
2009	61,791,557									

	<i>Age to Age Loss Development Factors</i>								
	<u>1 to 2</u>	<u>2 to 3</u>	<u>3 to 4</u>	<u>4 to 5</u>	<u>5 to 6</u>	<u>6 to 7</u>	<u>7 to 8</u>	<u>8 to 9</u>	<u>9 to 10</u>
	1.3637	1.0094	1.0015	0.9981	1.0023	0.9997	1.0038	1.0003	1.0000
	1.1996	1.0127	1.0011	1.0027	1.0001	1.0001	1.0000	1.0000	
	1.1476	1.0077	1.0025	1.0019	1.0002	0.9998	1.0000		
	1.1691	1.0155	1.0006	0.9991	1.0018	1.0015			
	1.2253	1.0071	1.0067	1.0042	1.0000				
	1.2011	1.0032	0.9971	1.0015					
	1.1979	1.0014	1.0041						
	1.1488	1.0081							
	1.1637								

	<i>Natural Logarithm of Loss Development Factors</i>								
	<u>1 to 2</u>	<u>2 to 3</u>	<u>3 to 4</u>	<u>4 to 5</u>	<u>5 to 6</u>	<u>6 to 7</u>	<u>7 to 8</u>	<u>8 to 9</u>	<u>9 to 10</u>
	0.3102	0.0094	0.0015	-0.0019	0.0023	-0.0003	0.0038	0.0003	0.0000
	0.1819	0.0126	0.0011	0.0027	0.0001	0.0001	0.0000	0.0000	
	0.1377	0.0077	0.0025	0.0019	0.0002	-0.0002	0.0000		
	0.1562	0.0154	0.0006	-0.0009	0.0018	0.0015			
	0.2032	0.0071	0.0067	0.0042	0.0000				
	0.1833	0.0032	-0.0029	0.0015					
	0.1806	0.0014	0.0041						
	0.1387	0.0081							
	0.1516								

	<i>Selection of Loss Development Factors</i>								
	<u>1 to 2</u>	<u>2 to 3</u>	<u>3 to 4</u>	<u>4 to 5</u>	<u>5 to 6</u>	<u>6 to 7</u>	<u>7 to 8</u>	<u>8 to 9</u>	<u>9 to 10</u>
Avg. 5	0.1715	0.0070	0.0022	0.0019	0.0009	0.0003	0.0013	0.0001	0.0000
Avg. All	0.1826	0.0081	0.0019	0.0013	0.0009	0.0003	0.0013	0.0001	0.0000
StDev	0.0528	0.0046	0.0030	0.0023	0.0011	0.0008	0.0022	0.0002	n/a
Selected	0.1770	0.0076	0.0021	0.0016	0.0009	0.0003	0.0013	0.0001	0.0000
Age to Age LDF	1.1937	1.0076	1.0021	1.0016	1.0009	1.0003	1.0013	1.0001	1.0000
Cumulative LDF	1.2102	1.0138	1.0062	1.0041	1.0025	1.0016	1.0014	1.0001	1.0000

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Farm Bureau Mutual Insurance Company of Arkansas, Inc.

Paid Claim Count Development Analysis - Excluding Cats
Homeowner

Fiscal
Accident

<i>Incurring Loss, Net of Reinsurance Ceded, Salvage, & Subrogation</i>										
Year	@ 1 year	@ 2 years	@ 3 years	@ 4 years	@ 5 years	@ 6 years	@ 7 years	@ 8 years	@ 9 years	@ 10 years
2000	10,989	13,695	13,788	13,843	13,936	14,013	14,018	14,029	14,036	14,038
2001	11,392	12,727	12,783	12,814	12,877	12,886	12,889	12,890	12,890	
2002	10,286	11,430	11,527	11,571	11,602	11,613	11,622	11,624		
2003	9,361	10,309	10,355	10,373	10,379	10,391	10,391			
2004	8,442	9,408	9,446	9,461	9,468	9,470				
2005	7,844	8,659	8,691	8,703	8,704					
2006	8,498	9,500	9,530	9,542						
2007	8,707	9,427	9,458							
2008	10,547	11,673								
2009	10,018									

<i>Age to Age Loss Development Factors</i>									
	<u>1 to 2</u>	<u>2 to 3</u>	<u>3 to 4</u>	<u>4 to 5</u>	<u>5 to 6</u>	<u>6 to 7</u>	<u>7 to 8</u>	<u>8 to 9</u>	<u>9 to 10</u>
	1.2462	1.0068	1.0040	1.0067	1.0055	1.0004	1.0008	1.0005	1.0001
	1.1172	1.0044	1.0024	1.0049	1.0007	1.0002	1.0001	1.0000	
	1.1112	1.0085	1.0038	1.0027	1.0009	1.0008	1.0002		
	1.1013	1.0045	1.0017	1.0006	1.0012	1.0000			
	1.1144	1.0040	1.0016	1.0007	1.0002				
	1.1039	1.0037	1.0014	1.0001					
	1.1179	1.0032	1.0013						
	1.0827	1.0033							
	1.1068								

<i>Natural Logarithm of Loss Development Factors</i>									
	<u>1 to 2</u>	<u>2 to 3</u>	<u>3 to 4</u>	<u>4 to 5</u>	<u>5 to 6</u>	<u>6 to 7</u>	<u>7 to 8</u>	<u>8 to 9</u>	<u>9 to 10</u>
	0.2201	0.0068	0.0040	0.0067	0.0055	0.0004	0.0008	0.0005	0.0001
	0.1108	0.0044	0.0024	0.0049	0.0007	0.0002	0.0001	0.0000	
	0.1055	0.0085	0.0038	0.0027	0.0009	0.0008	0.0002		
	0.0965	0.0045	0.0017	0.0006	0.0012	0.0000			
	0.1083	0.0040	0.0016	0.0007	0.0002				
	0.0989	0.0037	0.0014	0.0001					
	0.1115	0.0032	0.0013						
	0.0795	0.0033							
	0.1014								

<i>Selection of Loss Development Factors</i>									
Avg. 5	0.0999	0.0037	0.0020	0.0018	0.0017	0.0003	0.0003	0.0002	0.0001
Avg. All	0.1147	0.0048	0.0023	0.0026	0.0017	0.0003	0.0003	0.0002	0.0001
StDev	0.0407	0.0019	0.0011	0.0027	0.0022	0.0003	0.0004	0.0004	n/a
Selected	0.1073	0.0042	0.0021	0.0022	0.0017	0.0003	0.0003	0.0002	0.0001
Age to Age LDF	1.1133	1.0043	1.0021	1.0022	1.0017	1.0003	1.0003	1.0002	1.0001
Cumulative LDF	1.1260	1.0114	1.0072	1.0050	1.0028	1.0011	1.0007	1.0004	1.0001

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Farm Bureau Mutual Insurance Company of Arkansas, Inc.

Calculation of Expenses

Homeowner

	<u>2009</u>	<u>2008</u>	<u>Total</u>
General Expenses	1,367,000	1,423,000	2,790,000
Other Acquisition Expenses	<u>5,692,000</u>	<u>5,446,000</u>	<u>11,138,000</u>
Total Fixed Expenses	7,059,000	6,869,000	13,928,000
Earned Premium	110,231,713	104,709,962	214,941,675
Fixed Expense Ratio	6.40%	6.56%	6.48%
Selected Fixed Expense Ratio			6.48%
	<u>2009</u>	<u>2008</u>	<u>Total</u>
Commission & Brokerage	11,296,000	10,895,000	22,191,000
Taxes, Licenses, & Fees	<u>3,385,000</u>	<u>3,175,000</u>	<u>6,560,000</u>
Total Variable Expenses	14,681,000	14,070,000	28,751,000
Written Premium	106,652,000	102,959,000	209,611,000
Variable Expense Ratio	13.77%	13.67%	13.72%
Selected Variable Expense Ratio			13.72%
Target Underwriting Result (Page 6)			4.00%
Total Variable Load			17.72%

Farm Bureau Mutual Insurance Company of Arkansas, Inc
Calendar Year Return on Surplus Profit Model
Effective Federal Tax Rate on Investment Income

Income Source	[1] 2009 Income Earned	[2] Effective Federal Tax Rate	[3]=[1]*[2] Federal Income Tax
1. U.S. Government Bonds	935,038	35.00%	327,263
2. Bonds exempt from U.S. tax	3,074,728	5.25%	161,423
3. Other bonds	3,647,953	35.00%	1,276,784
4. Preferred stocks	-	14.18%	-
5. Common stocks	191,983	14.18%	27,214
6. Mortgage loans	264,409	35.00%	92,543
7. Real Estate	664,703	35.00%	232,646
8. Short-term investments	177,298	35.00%	62,054
9. Other invested assets	150,000	35.00%	52,500
10. Realized capital gains	1,281,405	35.00%	448,492
11. TOTAL	10,387,517		2,680,919
12. Investment expenses and depreciation	123,061	-35.00%	(43,071)
13. Net Investment Gain or (Loss)	10,264,456		2,637,848
14. Effective Federal Tax Rate on Investment Income		25.70%	

Farm Bureau Mutual Insurance Company of Arkansas, Inc
Calendar Year Return on Surplus Profit Model
Net Effective Rate of Return

1.	Net Interest, Dividends, and Real Estate Income		9,106,112
2.	Realized Capital Gains (Losses)		1,281,405
3.	Total Investment Gain (Loss)		10,387,517
4.	Adjustment for Affiliate Income		0
5.	Net Investment Income		10,387,517
6.	Assets available for investment	As of 12/31/2008	204,952,147
		As of 12/31/2009	225,159,508
		Mean Assets	215,055,828
7.	Pre-tax investment yield [(5) / (6)]		4.83%
8.	Effective Federal tax rate (Page 2, Line 14)		25.70%
9.	Post-tax investment yield [(7) / {1 - (8)}]		3.59%

Farm Bureau Mutual Insurance Company of Arkansas, Inc
 Calendar Year Return on Surplus Profit Model
 Calculation of Policyholder-Supplied Funds
 Homeowners

1. Unearned Premium Reserve	As of 12/31/2008	52,124,998
	As of 12/31/2009	56,674,429
	Mean Premium Reserve	54,399,714
2. Earned Premium		91,206,313
3. Prepaid Acquisition Expense Ratio		14.78%
4. Adjusted UEPR Ratio [$\{(1) / (2)\} \times \{1.0 - (3)\}$]		50.83%
5. Premiums Receivable	As of 12/31/2008	21,163
	As of 12/31/2009	22,855
	Mean Premiums Receivable	22,009
6. Premiums Receivable Ratio [$(5) / (2)$]		0.02%
7. Permissible Loss Ratio		82.28%
8. Loss Reserves	As of 12/31/2008	16,855,660
	As of 12/31/2009	24,085,293
	Mean Loss Reserve	20,470,477
9. LAE Reserves	As of 12/31/2008	1,692,322
	As of 12/31/2009	2,018,347
	Mean LAE Reserve	1,855,335
10. Incurred Loss		87,865,602
11. Reserve Ratio [$(7) \times \{(8)+(9)\} / (10)$]		20.91%
12. Policyholder-Supplied Funds (as a percent of premium) [$(4) - (6) + (11)$]		71.71%

Farm Bureau Mutual Insurance Company of Arkansas, Inc
Calendar Year Return on Surplus Profit Model
Calculation of Premium to Surplus Ratios
Homeowners

		<u>Homeowners</u>	<u>All Lines</u>
1. Investment Gain on Surplus (000's)	2008	3,625	5,961
Homeowners	2009	3,625	5,826
	Mean	3,625	5,894
2. Policyholders' Surplus	2008	119,933,539	
	2009	123,007,659	
3. Allocated Surplus	2008	72,933,917	
	2009	76,536,691	
	Mean	74,735,304	
4. Earned Premium			91,206,313
5. Premium to Surplus Ratio			122.04%

Farm Bureau Mutual Insurance Company of Arkansas, Inc
Calendar Year Return on Surplus Profit Model
Calculation of Required Underwriting Profit Provision
Homeowners

1. Target rate of return	10.00%
2. Premium to surplus ratio	122.04%
3. Required return as a percent of premium [(1) / (2)]	8.19%
4. Policyholder-supplied funds as a percent of premium	71.71%
5. After-tax return on investments	3.59%
6. Investment return on PHSF as a percent of premium [(4) x (5)]	2.57%
7. Surplus to premium ratio	81.94%
8. Investment return on surplus as a percent of premium [(5) x (7)]	2.94%
9. Required post-tax underwriting profit provision [(3) - (6) - (8)]	2.68%
10. Underwriting tax provisional factor	1.5385
11. Required pre-tax underwriting profit provision [(9) x (10)]	4.12%
12. Selected Profit Provision	4.00%

Farm Bureau Mutual Insurance Company of Arkansas, Inc.

Homeowner

Determination of Loss Adjustment Expense

(000 Omitted)

Category	2007	2008	2009	3 Year Total	3 Year Arith Avg	Selected
Calendar Year Incurred Losses (ex LAE)	60,571	178,927	147,373	386,870		
LAE (now defense cost + adjusting & other)	6,484	7,840	8,442	22,766		
% of Calendar Year Incurred Losses	10.7%	4.4%	5.7%	5.9%	6.9%	6.9%

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Farm Bureau Mutual Insurance Company of Arkansas, Inc.
Catastrophe Load - Accident Dates as of December 31, 2009, evaluated at March 31, 2010

Year	Events	Actual Catastrophe Losses			Trended Catastrophe Losses			Actual Catastrophe Losses			Trended Catastrophe Losses			FBMICA Earned Premium			Catastrophe Losses as a Percent of Earned Premium		
		Actual	Trended	Actual Retained	Actual	Trended	Actual Retained	Actual	Trended	Actual Retained	Actual	Trended	Actual Retained	Premium	Actual	Trended	Actual Retained	Premium	Growth
1992	2	3,438,322	6,965,409	3,438,322	6,965,409	6,965,409	8,351,646	71,102,030	4.84%	4.84%	4.84%	3.58%	71,102,030	5.55%	4.29%	4.29%	3.58%	8.56%	
1993	2	4,287,511	8,351,646	4,287,511	8,351,646	8,351,646	17,057,952	77,187,958	5.55%	4.29%	4.29%	4.29%	77,187,958	11.06%	8.76%	8.76%	4.29%	6.64%	
1994	3	9,107,380	17,057,952	9,107,380	17,057,952	17,057,952	4,312,165	82,312,017	2.71%	2.71%	2.71%	2.21%	82,312,017	35.46%	29.27%	29.27%	2.21%	7.28%	
1995	2	2,394,392	4,312,165	2,394,392	4,312,165	4,312,165	49,845,888	88,302,734	23.66%	11.84%	11.84%	11.84%	88,302,734	96.181,136	19.45%	19.45%	13.37%	3.62%	
1996	9	32,918,285	57,003,818	29,154,343	49,845,888	29,154,343	26,039,791	92,820,801	11.84%	11.84%	11.84%	9.63%	92,820,801	102,045,983	29.33%	29.33%	18.42%	3.07%	
1997	7	22,752,275	37,884,211	16,023,191	37,884,211	16,023,191	35,872,992	96,181,136	61.81%	61.81%	61.81%	51.06%	96,181,136	108,712,157	15.39%	15.39%	15.39%	10.30%	
1998	8	11,719,039	18,762,559	11,719,039	18,762,559	11,719,039	68,988,062	102,045,983	13.19%	13.19%	13.19%	15.90%	102,045,983	119,912,298	16.37%	16.37%	16.37%	14.70%	
1999	7	37,106,282	57,123,416	23,718,143	57,123,416	23,718,143	29,973,291	152,330,397	8.36%	8.36%	8.36%	9.22%	152,330,397	169,649,868	10.82%	10.82%	10.82%	11.37%	
2000	10	67,191,151	99,459,318	47,470,585	99,459,318	47,470,585	17,950,611	179,478,278	38.25%	38.25%	38.25%	40.57%	179,478,278	180,807,557	4.24%	4.24%	4.24%	2.37%	
2001	10	21,058,837	29,973,291	21,058,837	29,973,291	21,058,837	23,969,359	188,373,695	80.91%	80.91%	80.91%	84.64%	188,373,695	194,775,769	45.05%	45.05%	45.05%	3.40%	
2002	8	17,514,176	23,969,359	17,514,176	23,969,359	17,514,176	8,632,627	132,806,135	80.91%	80.91%	80.91%	84.64%	132,806,135	194,775,769	45.05%	45.05%	45.05%	3.40%	
2003	10	24,223,581	31,876,580	24,223,581	31,876,580	24,223,581	129,579,577	152,330,397	80.91%	80.91%	80.91%	84.64%	152,330,397	2,312,422,111	80.91%	80.91%	80.91%	66.5%	
2004	4	14,186,629	17,950,611	14,186,629	17,950,611	14,186,629	17,950,611	169,649,868	2.7%	2.7%	2.7%	2.2%	169,649,868	194,775,769	2.7%	2.7%	2.7%	2.2%	
2005	9	19,412,595	23,618,390	19,412,595	23,618,390	19,412,595	60,457,208	179,478,278	23.66%	23.66%	23.66%	22.09%	179,478,278	180,807,557	19.53%	19.53%	19.53%	18.07%	
2006	10	67,551,996	79,026,281	52,773,224	79,026,281	52,773,224	8,632,627	176,616,532	21.7%	21.7%	21.7%	21.5%	176,616,532	188,373,695	16.3%	16.3%	16.3%	16.1%	
2007	1	7,674,374	8,632,627	7,674,374	8,632,627	7,674,374	129,579,577	180,807,557	0.4218	0.4218	0.4218	0.5114	180,807,557	194,775,769	4.43%	4.43%	4.43%	2.37%	
2008	11	152,419,883	164,857,346	122,170,467	164,857,346	122,170,467	633,556,196	188,373,695	80.91%	80.91%	80.91%	84.64%	188,373,695	194,775,769	64.86%	64.86%	64.86%	4.18%	
2009	10	84,379,735	87,754,925	69,790,470	87,754,925	69,790,470	71,302,089	194,775,769	43.32%	43.32%	43.32%	45.05%	194,775,769	19,644,750	35.83%	35.83%	35.83%	3.40%	
Totals	123	599,336,443	774,579,903	496,117,259	774,579,903	496,117,259	633,556,196	2,312,422,111	80.91%	80.91%	80.91%	84.64%	2,312,422,111	19,644,750	64.9%	64.9%	64.9%	66.5%	
Max	11	152,419,883	164,857,346	122,170,467	164,857,346	122,170,467	633,556,196	2,312,422,111	2.7%	2.7%	2.7%	2.2%	2,312,422,111	19,644,750	2.7%	2.7%	2.7%	2.2%	
Min	1	2,394,392	4,312,165	2,394,392	4,312,165	2,394,392	8,632,627	17,950,611	80.91%	80.91%	80.91%	84.64%	17,950,611	19,644,750	80.91%	80.91%	80.91%	66.5%	
Avg	7	33,296,469	43,032,217	27,562,070	43,032,217	27,562,070	8,632,627	180,807,557	23.66%	23.66%	23.66%	22.09%	180,807,557	19,644,750	19.53%	19.53%	19.53%	18.07%	
Stddev	3	38,103,789	41,907,119	29,764,051	41,907,119	29,764,051	8,632,627	180,807,557	21.7%	21.7%	21.7%	21.5%	180,807,557	19,644,750	16.3%	16.3%	16.3%	16.1%	
Cap									correlation					0.4218	0.4568	0.5114	0.5114	0.5488	
DF									DF	18	18	18	18	18	18	18	18	18	18
T-Test									T-Test	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%
x									x	0.3914	0.3914	0.3914	0.3914	0.3914	0.3914	0.3914	0.3914	0.3914	0.3914
Normal									Normal	65.22%	65.22%	65.22%	65.22%	65.22%	65.22%	65.22%	65.22%	65.22%	65.22%
Provision									Provision	32.17%	25.90%	30.51%	30.51%	30.51%	30.51%	30.51%	30.51%	30.51%	24.36%
2010 Reinsurance Premium									2010 Reinsurance Premium	19,644,750	19,644,750	19,644,750	19,644,750	19,644,750	19,644,750	19,644,750	19,644,750	19,644,750	19,644,750
as % of Total Premium									as % of Total Premium	10.09%	10.09%	10.09%	10.09%	10.09%	10.09%	10.09%	10.09%	10.09%	10.09%

Allocation of Actual Capped Cat Load to Line of Business

Line of Business	Actual Capped Cat Losses		Actual Capped Cat Losses		Reins Normalized		Reins Normalized	
	2009 EP	%EP	Total Cat Load	Normalized Cat Load	by Line to Overall	by Line to Overall	Total Cat Load	Selected Cat Load
HO	110,208,181	37.34%	1,442	1.213	31.42%	12.24%	43.65%	38.00%
POP	46,354,474	34.50%	1,332	1.121	29.03%	11.31%	40.33%	36.00%
IM	30,548,005	6.96%	0.269	0.226	5.86%	2.28%	8.14%	
BP	2,444,889	27.73%	1.071	0.901	23.33%	9.09%	32.42%	
Total	194,775,769	25.90%	1.188	1.000	25.90%	10.09%	35.98%	
	187,110,660	30.43%			25.90%	10.09%	35.98%	

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Farm Bureau Mutual Insurance Company of Arkansas, Inc

Proposed Territory Rate Changes

County	5 Year		2009 - HO1 / HO3		Selected Change	County	5 Year		2009 - HO1 / HO3		Selected Change
	Non-Cat	Relativity to State Avg	Storm	EQ/FF			Non-Cat	Relativity to State Avg	Storm	EQ/FF	
Arkansas	0.967	-2.43%	-5.00%	-0.25%	0.00%	Little River	1.126	-5.00%	-0.34%	779,658	0.00%
Ashley	0.986	-0.34%	-5.00%	-0.34%	0.00%	North Logan	0.824	-0.80%	-0.34%	655,826	0.00%
Baxter	0.920	-1.78%	1.78%	-0.32%	0.00%	Lonoke	0.943	3.28%	-0.19%	3,433,803	0.00%
Benton	1.011	-0.33%	5.00%	-0.33%	0.00%	Madison	1.132	-3.45%	-0.34%	626,671	0.00%
Boone	1.612	3.32%	3.32%	-0.34%	4.00%	Marion	0.901	-4.27%	-0.33%	977,098	0.00%
Bradley	0.787	-5.00%	-5.00%	-0.34%	0.00%	Miller	1.375	0.38%	-0.34%	1,920,178	3.00%
Calhoun	1.646	-0.34%	-5.00%	-0.34%	2.00%	South Mississippi	1.080	-5.00%	1.68%	909,342	2.00%
Carroll	1.121	-3.55%	-3.55%	-0.34%	0.00%	Monroe	1.047	-5.00%	-0.15%	774,841	-3.00%
Chicot	1.305	-5.00%	-5.00%	-0.32%	3.00%	Montgomery	0.653	-4.90%	-0.34%	496,918	-3.00%
Clark	1.137	0.01%	0.01%	-0.34%	0.00%	Nevada	0.591	-5.00%	-0.34%	416,785	-3.00%
Clay	1.092	-5.00%	-5.00%	0.67%	2.00%	Newton	0.797	-3.13%	-0.34%	556,014	0.00%
Cleburne	0.725	0.69%	0.69%	-0.13%	0.00%	Quachita	1.192	-5.00%	-0.34%	1,053,879	0.00%
Cleveland	0.525	-4.69%	-4.69%	-0.33%	-3.00%	Perry	1.524	2.57%	-0.34%	613,796	4.00%
Columbia	0.486	-4.14%	-4.14%	-0.34%	-3.00%	Phillips	0.897	-5.00%	-0.22%	1,096,964	0.00%
Conway	0.981	0.61%	0.61%	-0.32%	0.00%	Pike	1.115	-5.00%	-0.34%	885,905	0.00%
Craighead	0.766	-1.84%	-1.84%	2.36%	0.00%	Poinsett	0.977	-5.00%	0.49%	1,866,084	0.00%
Crawford	1.116	5.00%	-0.33%	-0.33%	2.00%	Polk	0.792	-0.66%	-0.34%	1,656,785	0.00%
Crittenden	1.068	-3.76%	-3.76%	0.97%	2.00%	Pope	1.237	5.00%	-0.34%	1,912,980	3.00%
Cross	0.385	-5.00%	-5.00%	0.77%	-3.00%	Prairie	1.002	-5.00%	-0.26%	628,334	0.00%
Dallas	0.915	-4.10%	-4.10%	-0.34%	-3.00%	Pulaski	1.011	5.00%	-0.17%	7,618,999	0.00%
Desha	0.772	-5.00%	-5.00%	-0.31%	-3.00%	Randolph	1.126	-5.00%	1.01%	680,264	0.00%
Drew	1.142	-5.00%	-5.00%	-0.33%	0.00%	St. Francis	0.705	-5.00%	0.04%	1,242,715	-3.00%
Faulkner	1.146	5.00%	-0.16%	-0.34%	2.00%	Saline	0.950	5.00%	-0.31%	2,897,724	0.00%
Franklin	1.029	-0.99%	-0.34%	-0.30%	0.00%	Scott	1.137	-3.46%	-0.34%	789,550	2.00%
Fulton	0.901	-5.00%	-5.00%	-0.30%	0.00%	Searcy	1.342	-3.05%	-0.33%	679,390	3.00%
Garland	0.670	4.26%	-0.34%	-0.34%	0.00%	Sebastian	1.025	5.00%	-0.33%	2,192,644	0.00%
Grant	0.834	-2.17%	-2.17%	-0.33%	0.00%	Sevier	0.691	-5.00%	-0.34%	846,983	-2.00%
Greene	1.018	-5.00%	1.98%	1.98%	0.00%	Sharp	1.458	-5.00%	-0.20%	1,158,841	4.00%
Hempstead	0.489	-5.00%	-5.00%	-0.34%	-3.00%	Stone	0.903	-1.53%	-0.33%	957,718	0.00%
Hot Spring	1.196	1.27%	1.27%	-0.33%	0.00%	Union	1.162	-2.92%	-0.34%	1,688,603	0.00%
Howard	0.540	-5.00%	-5.00%	-0.34%	-3.00%	Van Buren	0.997	-3.21%	-0.31%	1,049,296	0.00%
Independence	1.028	-2.18%	-2.18%	-0.13%	0.00%	Washington	1.397	5.00%	-0.34%	2,948,552	3.00%
Izard	0.981	-4.35%	-4.35%	-0.31%	0.00%	White	0.918	2.70%	-0.34%	3,390,892	0.00%
Jackson	1.166	-5.00%	-5.00%	0.14%	0.00%	Woodruff	1.286	-5.00%	-0.34%	773,212	0.00%
Jefferson	0.700	1.40%	1.40%	0.10%	0.00%	Yell	0.942	1.07%	-0.34%	1,113,552	0.00%
Johnson	0.634	-1.52%	-1.52%	-0.34%	0.00%	South Logan	1.049	-0.80%	-0.34%	550,310	0.00%
Lafayette	0.587	-5.00%	-5.00%	-0.34%	-3.00%	North Mississippi	1.196	-5.00%	1.68%	1,651,465	2.00%
Lawrence	0.912	-5.00%	-5.00%	0.35%	-3.00%	5 Year Non-Cat Loss Ratio	52.81%	-0.34%	-0.05%	104,907,107	0.00%
Lee	0.558	-5.00%	-5.00%	0.17%	-3.00%	Estimated Impact					
Lincoln	0.701	-5.00%	-5.00%	-0.33%	-3.00%						

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Farm Bureau Mutual Insurance Company of Arkansas, Inc.

Amount of Insurance Factors

Amount Of Insurance	Factor
20,000	0.4241
30,000	0.4861
40,000	0.5481
50,000	0.6101
60,000	0.6713
70,000	0.7373
80,000	0.8033
90,000	0.8693
100,000	0.9353
125,000	1.1000
150,000	1.1494
175,000	1.3144
200,000	1.4767
250,000	1.8117
300,000	2.1467
400,000	2.8167
500,000	3.4867
600,000	4.1567
700,000	4.8267

*increases
all the way*

increases

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

Farm Bureau Mutual Insurance Company of Arkansas, Inc.

Claims Experience

HO Policy Count as of May 24, 2010

Years Insured	Qualifying Claims				Years Insured	Current Factors				Years Insured	Sum Product				
	0	1	2	3+		Totals	0	1	2		3+	0	1	2	3+
0	6,610	51	4	1	6,666	0	1.00	1.00	1.00	0	6,610	51	4	1	6,666
1	6,262	212	13	0	6,487	1	1.00	1.10	1.20	1	6,262	233	16	0	6,511
2	5,465	383	19	0	5,867	2	0.95	1.05	1.15	2	5,192	402	22	0	5,616
3	5,038	441	39	3	5,521	3	0.90	1.00	1.09	3	4,534	441	43	4	5,021
4	5,025	428	55	2	5,510	4	0.90	1.00	1.09	4	4,523	428	60	2	5,013
5	4,731	441	35	1	5,208	5	0.90	1.00	1.09	5	4,258	441	38	1	4,738
6+	92,077	9,154	835	78	102,144	6+	0.85	0.93	1.05	6+	78,265	8,513	877	92	87,747
Totals	125,208	11,110	1,000	85	137,403	Totals				Totals	109,644	10,510	1,059	100	121,313

Years Insured	Proposed Factors				Years Insured	Sum Product				
	0	1	2	3+		0	1	2	3+	Totals
0	1.00	1.00	1.00	1.00	0	6,610	51	4	1	6,666
1	1.00	1.16	1.30	1.50	1	6,262	245	17	0	6,524
2	0.95	1.10	1.30	1.50	2	5,192	422	25	0	5,639
3	0.90	1.05	1.20	1.40	3	4,534	463	47	4	5,048
4	0.90	1.05	1.20	1.40	4	4,523	449	66	3	5,041
5	0.90	1.05	1.20	1.40	5	4,258	463	42	1	4,764
6+	0.85	0.98	1.10	1.24	6+	78,265	8,939	921	97	88,222
Totals					Totals	109,644	11,032	1,121	106	121,903

Estimated Impact 0.49%

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