

SERFF Tracking Number: ALSX-G126920192 State: Arkansas  
Filing Company: Allstate Indemnity Company State Tracking Number: EFT \$100  
Company Tracking Number: R23180  
TOI: 04.0 Homeowners Sub-TOI: 04.0002 Mobile Homeowners  
Product Name: Mobilehome  
Project Name/Number: Rule and Rate Change/R23180

## Filing at a Glance

Company: Allstate Indemnity Company

Product Name: Mobilehome

TOI: 04.0 Homeowners

Sub-TOI: 04.0002 Mobile Homeowners

Filing Type: Rate/Rule

SERFF Tr Num: ALSX-  
G126920192

SERFF Status: Closed-Filed

Co Tr Num: R23180

Author: SPI AllState

Date Submitted: 11/24/2010

Effective Date Requested (New): 02/21/2011

Effective Date Requested (Renewal): 04/07/2011

State: Arkansas

State Tr Num: EFT \$100

State Status: Fees verified and  
received

Reviewer(s): Becky Harrington,  
Nancy Horton

Disposition Date: 01/28/2011

Disposition Status: Filed

Effective Date (New): 02/21/2011

Effective Date (Renewal):  
04/07/2011

State Filing Description:

## General Information

Project Name: Rule and Rate Change

Project Number: R23180

Reference Organization: N/A

Reference Title:

Filing Status Changed: 01/28/2011

State Status Changed: 12/02/2010

Created By: SPI AllState

Corresponding Filing Tracking Number:

Filing Description:

+19.9% Rate Change & Clarification of Rules 9, 11

Status of Filing in Domicile: Authorized

Domicile Status Comments:

Reference Number: N/A

Advisory Org. Circular:

Deemer Date:

Submitted By: SPI AllState

Attached are exhibits supporting a selected 19.9% rate level increase to the Arkansas Allstate Insurance Company Mobilehome insurance program, based on an overall 34.8% indicated rate level need. This rate level change will be taken by a change in the Base Rates, Rating Group factors, and Multiple Policy Discount factor.

With this filing, Allstate is also clarifying the 55 and Retired Discount (Rule 9). The rule has been updated to exclude dwellings in the course of construction.

SERFF Tracking Number: ALSX-G126920192 State: Arkansas  
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 Product Name: Mobilehome  
 Project Name/Number: Rule and Rate Change/R23180

Also with this filing, Allstate is clarifying the interpolation for the Interpolation of Premium for Policy Amounts (Rule 11).

**Effective Date:**

We are targeting an implementation date of February 21, 2011 for all new business written and renewals processed on or after February 21, 2011 and renewal business effective on or after April 7, 2011.

**Company and Contact**

**Filing Contact Information**

Celeste Mrdak, Senior State Filings Analyst oscmrda@allstate.com  
 2775 Sanders Road 847-402-5000 [Phone] 27328 [Ext]  
 Suite A5 847-402-9757 [FAX]  
 Northbrook, IL 60062

**Filing Company Information**

Allstate Indemnity Company	CoCode: 19240	State of Domicile: Illinois
2775 Sanders Road	Group Code: 8	Company Type:
Suite A5	Group Name: Allstate	State ID Number:
Northbrook, IL 60062	FEIN Number: 36-6115679	
(847) 402-5000 ext. [Phone]		

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**Filing Fees**

Fee Required?	Yes
Fee Amount:	\$100.00
Retaliatory?	No
Fee Explanation:	Filing and review of independent rate/rule filings - \$100
Per Company:	No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
Allstate Indemnity Company	\$100.00	11/24/2010	42301491

SERFF Tracking Number: ALSX-G126920192

State: Arkansas

Filing Company: Allstate Indemnity Company

State Tracking Number: EFT \$100

Company Tracking Number: R23180

TOI: 04.0 Homeowners

Sub-TOI: 04.0002 Mobile Homeowners

Product Name: Mobilehome

Project Name/Number: Rule and Rate Change/R23180

## Correspondence Summary

### Dispositions

Status	Created By	Created On	Date Submitted
Filed	Becky Harrington	01/28/2011	01/28/2011

### Objection Letters and Response Letters

#### Objection Letters

Status	Created By	Created On	Date Submitted
Pending Industry Response	Becky Harrington	01/26/2011	01/26/2011
Pending Industry Response	Becky Harrington	01/05/2011	01/05/2011
Pending Industry Response	Becky Harrington	01/03/2011	01/03/2011
Pending Industry Response	Becky Harrington	12/02/2010	12/02/2010
Pending Industry Response	Becky Harrington	12/02/2010	12/02/2010

#### Response Letters

Responded By	Created On	Date Submitted
SPI AllState	01/28/2011	01/28/2011
SPI AllState	01/10/2011	01/10/2011
SPI AllState	01/10/2011	01/10/2011
SPI AllState	12/17/2010	12/17/2010
SPI AllState	12/17/2010	12/17/2010

### Filing Notes

Subject	Note Type	Created By	Created On	Date Submitted
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<i>SERFF Tracking Number:</i>	<i>ALSX-G126920192</i>	<i>State:</i>	<i>Arkansas</i>
<i>Filing Company:</i>	<i>Allstate Indemnity Company</i>	<i>State Tracking Number:</i>	<i>EFT \$100</i>
<i>Company Tracking Number:</i>	<i>R23180</i>		
<i>TOI:</i>	<i>04.0 Homeowners</i>	<i>Sub-TOI:</i>	<i>04.0002 Mobile Homeowners</i>
<i>Product Name:</i>	<i>Mobilehome</i>		
<i>Project Name/Number:</i>	<i>Rule and Rate Change/R23180</i>		

Status	Note To Filer	Becky Harrington	01/19/2011	01/19/2011
Follow-up: Status Request	Note To Reviewer	SPI AllState	01/19/2011	01/19/2011
Clarification to objection	Note To Filer	Becky Harrington	01/05/2011	01/05/2011
Clarification of 01/03/11 Objection Letter	Note To Reviewer	SPI AllState	01/04/2011	01/04/2011
Response	Note To Filer	Becky Harrington	12/06/2010	12/06/2010
Respond by date - 12/02/10 objection letters	Note To Reviewer	SPI AllState	12/06/2010	12/06/2010
LR major losses	Reviewer Note	Becky Harrington	01/14/2011	

SERFF Tracking Number: ALSX-G126920192  
 Filing Company: Allstate Indemnity Company  
 Company Tracking Number: R23180  
 TOI: 04.0 Homeowners  
 Product Name: Mobilehome  
 Project Name/Number: Rule and Rate Change/R23180

State: Arkansas  
 State Tracking Number: EFT \$100  
 Sub-TOI: 04.0002 Mobile Homeowners

## Disposition

Disposition Date: 01/28/2011  
 Effective Date (New): 02/21/2011  
 Effective Date (Renewal): 04/07/2011  
 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):
Allstate Indemnity Company	34.800%	10.000%	\$131,438	1,764	\$1,314,381	19.600%	%
	<b>Percent Change Approved:</b>						
	<b>Minimum:</b>	%	<b>Maximum:</b>	%	<b>Weighted Average:</b>		%

SERFF Tracking Number: ALSX-G126920192 State: Arkansas  
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 Product Name: Mobilehome  
 Project Name/Number: Rule and Rate Change/R23180

Schedule	Schedule Item	Schedule Item Status	Public Access
Supporting Document	Actuarial Support	Filed	Yes
Supporting Document	NAIC Loss Cost Filing Document for OTHER than Workers' Comp		Yes
Supporting Document	NAIC loss cost data entry document	Filed	Yes
Supporting Document	Exhibits (12/02/10 OBJ Response)	Filed	Yes
Supporting Document	Exhibits - 01/03/11 & 01/05/11 OBJ Response(s)	Filed	Yes
Supporting Document	Exhibit D.2 (01/26/11 OBJ Response )	Filed	Yes
Rate (revised)	CheckingList_R23180A1	Filed	Yes
Rate	CheckingList_R23180		Yes
Rate (revised)	ManualPages_R23180A1	Filed	Yes
Rate	ManualPages_R23180		Yes

SERFF Tracking Number: ALSX-G126920192 State: Arkansas  
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Company Tracking Number: R23180  
TOI: 04.0 Homeowners Sub-TOI: 04.0002 Mobile Homeowners  
Product Name: Mobilehome  
Project Name/Number: Rule and Rate Change/R23180

## Objection Letter

Objection Letter Status Pending Industry Response

Objection Letter Date 01/26/2011

Submitted Date 01/26/2011

Respond By Date

Dear Celeste Mrdak,

This will acknowledge receipt of the recent response.

Objection 1

Comment: Please amend the overall requested increase to 10% with a maximum per insured of 20% per Commissioner Bradford.

Please feel free to contact me if you have questions.

Sincerely,

Becky Harrington

SERFF Tracking Number: ALSX-G126920192 State: Arkansas  
Filing Company: Allstate Indemnity Company State Tracking Number: EFT \$100  
Company Tracking Number: R23180  
TOI: 04.0 Homeowners Sub-TOI: 04.0002 Mobile Homeowners  
Product Name: Mobilehome  
Project Name/Number: Rule and Rate Change/R23180

## Response Letter

Response Letter Status Submitted to State  
Response Letter Date 01/28/2011  
Submitted Date 01/28/2011

Dear Becky Harrington,

### Comments:

Response to 01/26/11 objection letter

### Response 1

Comments: While Allstate believes that a higher indicated rate need is present in Arkansas Manufactured Home, Allstate will comply with the Commissioner's request to select an overall rate impact of 10.0%. The maximum impact for any insured is 19.6%. Please see Attachment D.2 for the updated Summary of Proposed Change and revised Base Rates, Rating Group factors, and Multiple Policy Discount factors. Updated rate pages have also been included. A Post Submission Update has been submitted to reflect the revised actuarial data.

NOTE: To ensure we meet our system's deadline of today, 01/28/11, we would appreciate approval by noon.

### Related Objection 1

Comment:

Please amend the overall requested increase to 10% with a maximum per insured of 20% per Commissioner Bradford.

### Changed Items:

#### Supporting Document Schedule Item Changes

Satisfied -Name: Exhibit D.2 (01/26/11 OBJ Response )

Comment:

No Form Schedule items changed.

#### Rate/Rule Schedule Item Changes

Exhibit Name	Rule # or Page #	Rate Action	Previous State Filing #
CheckingList_R23180A1	R23180A1	New	
<b>Previous Version</b>			
CheckingList_R23180	R23180	New	

SERFF Tracking Number: ALSX-G126920192

State: Arkansas

Filing Company: Allstate Indemnity Company

State Tracking Number: EFT \$100

Company Tracking Number: R23180

TOI: 04.0 Homeowners

Sub-TOI: 04.0002 Mobile Homeowners

Product Name: Mobilehome

Project Name/Number: Rule and Rate Change/R23180

ManualPages\_R23180A1 R23180A1

Replacement ALSX-125502610

**Previous Version**

ManualPages\_R23180 R23180

Replacement ALSX-125502610

Sincerely,

Celeste Mrdak

Sincerely,  
SPI AllState

SERFF Tracking Number: ALSX-G126920192 State: Arkansas  
Filing Company: Allstate Indemnity Company State Tracking Number: EFT \$100  
Company Tracking Number: R23180  
TOI: 04.0 Homeowners Sub-TOI: 04.0002 Mobile Homeowners  
Product Name: Mobilehome  
Project Name/Number: Rule and Rate Change/R23180

## Objection Letter

Objection Letter Status Pending Industry Response

Objection Letter Date 01/05/2011

Submitted Date 01/05/2011

Respond By Date

Dear Celeste Mrdak,

This will acknowledge receipt of the recent response.

Objection 1

- Actuarial Support (Supporting Document)
- Exhibits (12/02/10 OBJ Response) (Supporting Document)

Comment: The Department is not allowing companies to use hurricane provisions, whether modeled or not. Remove the hurricane provision or the filing will be disapproved.

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

SERFF Tracking Number: ALSX-G126920192 State: Arkansas  
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Company Tracking Number: R23180  
TOI: 04.0 Homeowners Sub-TOI: 04.0002 Mobile Homeowners  
Product Name: Mobilehome  
Project Name/Number: Rule and Rate Change/R23180

## Response Letter

Response Letter Status Submitted to State  
Response Letter Date 01/10/2011  
Submitted Date 01/10/2011

Dear Becky Harrington,

### Comments:

Response to 01/03/11 & 01/05/11 objection letters

### Response 1

Comments: Allstate continues to maintain that the exclusion of hurricane losses from the development of the non-modeled catastrophe provision and the incorporation of a modeled hurricane provision is the most reasonable approach to reflect the expected potential of hurricane losses. However, per the request of the Arkansas Department of Insurance, Allstate will remove the modeled hurricane provision from this filing. Since Allstate is responsible for providing protection against hurricane losses in Arkansas, pursuant to its currently approved policy contract, we believe that, with the removal of the modeled hurricane provision, it is appropriate to add hurricane losses back into the catastrophe losses (excluding earthquake) used to develop its non-modeled catastrophe provision, as shown in Attachments A.1 and B.1 (included in this response).

In the previous response, Allstate showed the effect of removing the modeled hurricane provision and accordingly added hurricane losses back into the non-modeled catastrophe losses (excluding earthquake). This can be seen in Attachment C.1.

Though Allstate believes that the 2% contingency provision is appropriate, we are proposing to change the contingency provision to 1%.

Taking into account the adjustment to hurricane losses (as described above) and also the change to a contingency provision of 1%, the revised indication is 33.9%. Based on this, Allstate is still proposing an overall 19.9% change. Please see Attachment D.1 for the Summary of Proposed Change and revised Base Rates.

### Related Objection 1

Applies To:

- Actuarial Support (Supporting Document)
- Exhibits (12/02/10 OBJ Response) (Supporting Document)

Comment:

The Department is not allowing companies to use hurricane provisions, whether modeled or not. Remove the hurricane provision or the filing will be disapproved.

*SERFF Tracking Number:*      *ALSX-G126920192*                      *State:*                      *Arkansas*  
*Filing Company:*              *Allstate Indemnity Company*                      *State Tracking Number:*      *EFT \$100*  
*Company Tracking Number:*      *R23180*  
*TOI:*                      *04.0 Homeowners*                      *Sub-TOI:*                      *04.0002 Mobile Homeowners*  
*Product Name:*                      *Mobilehome*  
*Project Name/Number:*              *Rule and Rate Change/R23180*

**Changed Items:**

**Supporting Document Schedule Item Changes**

Satisfied -Name: Exhibits - 01/03/11 & 01/05/11 OBJ Response(s)

Comment:

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Sincerely,

Celeste Mrdak

Sincerely,

SPI AllState

SERFF Tracking Number: ALSX-G126920192 State: Arkansas  
Filing Company: Allstate Indemnity Company State Tracking Number: EFT \$100  
Company Tracking Number: R23180  
TOI: 04.0 Homeowners Sub-TOI: 04.0002 Mobile Homeowners  
Product Name: Mobilehome  
Project Name/Number: Rule and Rate Change/R23180

## Objection Letter

Objection Letter Status Pending Industry Response

Objection Letter Date 01/03/2011

Submitted Date 01/03/2011

Respond By Date

Dear Celeste Mrdak,

This will acknowledge receipt of the recent response.

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

SERFF Tracking Number: ALSX-G126920192 State: Arkansas  
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Company Tracking Number: R23180  
TOI: 04.0 Homeowners Sub-TOI: 04.0002 Mobile Homeowners  
Product Name: Mobilehome  
Project Name/Number: Rule and Rate Change/R23180

## Response Letter

Response Letter Status Submitted to State  
Response Letter Date 01/10/2011  
Submitted Date 01/10/2011

Dear Becky Harrington,

### Comments:

Response to 01/03/11 objection letter

### Response 1

Comments: Please refer to 01/10/11 objection response submitted under 01/05/11 objection letter.

### Changed Items:

No Supporting Documents changed.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Sincerely,

Celeste Mrdak

Sincerely,  
SPI AllState

SERFF Tracking Number: ALSX-G126920192 State: Arkansas  
Filing Company: Allstate Indemnity Company State Tracking Number: EFT \$100  
Company Tracking Number: R23180  
TOI: 04.0 Homeowners Sub-TOI: 04.0002 Mobile Homeowners  
Product Name: Mobilehome  
Project Name/Number: Rule and Rate Change/R23180

## Objection Letter

Objection Letter Status Pending Industry Response

Objection Letter Date 12/02/2010

Submitted Date 12/02/2010

Respond By Date

Dear Celeste Mrdak,

This will acknowledge receipt of the captioned filing. This is in addition to the previous objection letter. I apologize for leaving this out of the original letter.

Objection 1

Comment: Please provide the maximum impact for any one insured and a disruption chart.

Please feel free to contact me if you have questions.

Sincerely,

Becky Harrington

SERFF Tracking Number: ALSX-G126920192 State: Arkansas  
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Company Tracking Number: R23180  
TOI: 04.0 Homeowners Sub-TOI: 04.0002 Mobile Homeowners  
Product Name: Mobilehome  
Project Name/Number: Rule and Rate Change/R23180

## Response Letter

Response Letter Status Submitted to State  
Response Letter Date 12/17/2010  
Submitted Date 12/17/2010

Dear Becky Harrington,

### Comments:

Response to 2nd 12/02/10 objection letter

### Response 1

Comments: A histogram displaying estimated impacts due to the proposed rate change is included as Attachment F of the 1st objection response. Please note that the impacts in the histogram reflect the selected overall rate level change of 19.9%. The maximum impact for any one insured resulting from this change is 36.7%.

### Related Objection 1

Comment:

Please provide the maximum impact for any one insured and a disruption chart.

### Changed Items:

No Supporting Documents changed.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Sincerely,

Celeste Mrdak

(NOTE: I will be OOO 12/20/10 - 12/27/10)

Sincerely,

SPI AllState

SERFF Tracking Number: ALSX-G126920192 State: Arkansas  
Filing Company: Allstate Indemnity Company State Tracking Number: EFT \$100  
Company Tracking Number: R23180  
TOI: 04.0 Homeowners Sub-TOI: 04.0002 Mobile Homeowners  
Product Name: Mobilehome  
Project Name/Number: Rule and Rate Change/R23180

## Objection Letter

Objection Letter Status Pending Industry Response

Objection Letter Date 12/02/2010

Submitted Date 12/02/2010

Respond By Date

Dear Celeste Mrdak,

This will acknowledge receipt of the captioned filing.

### Objection 1

- Actuarial Support (Supporting Document)

Comment: Please remove the hurricane provision and recalculate your indicated rate need. We do not allow hurricane provisions or modeling in Arkansas.

### Objection 2

- Actuarial Support (Supporting Document)

Comment: Please reduce the contingency provision to 1%.

### Objection 3

- Actuarial Support (Supporting Document)

Comment: Provide the loss ratio analysis data used to support the rate group factor changes.

### Objection 4

- Actuarial Support (Supporting Document)

Comment: Provide the supporting data used to develop the new multi-policy discount.

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

SERFF Tracking Number: ALSX-G126920192 State: Arkansas  
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Product Name: Mobilehome  
Project Name/Number: Rule and Rate Change/R23180

## Response Letter

Response Letter Status Submitted to State  
Response Letter Date 12/17/2010  
Submitted Date 12/17/2010

Dear Becky Harrington,

### Comments:

Response to 1st 12/02/10 objection letter

### Response 1

Comments: OBJECTION 1 RESPONSE: Allstate does not believe that available historical data for hurricane losses sufficiently represents the exposure to expected hurricane loss in Arkansas. As such, in accordance with Actuarial Standard of Practice No. 39 - Treatment of Catastrophe Losses in Property/Casualty Insurance Ratemaking, Allstate has chosen to use a model which is based on a combination of historical insurance and noninsurance data.

Note that with this introduction of a Modeled Hurricane Provision, hurricane losses have been removed from the analysis performed to arrive at a Non-Modeled Catastrophe Provision.

As shown in Attachment V, Exhibit 11, of the filing, the resulting Modeled Hurricane Provision per Amount of Insurance Year (AIY) for Arkansas Allstate Indemnity Company Manufactured Home is 0.038. Note that if, instead, no Modeled Hurricane Provision is used and the hurricane losses are included in the analysis for Non-Modeled Catastrophe Provision, the resulting indication would be 0.1% higher than the contingency-adjusted indication (please see question 2 below regarding the contingency adjustment).

More information on the effect of including hurricane losses in the development of the Non-Modeled Catastrophe Provision rather than including a Modeled Hurricane Provision can be found on Attachments A, B, and C of this response.

Based on the above support and additional information, Allstate desires to maintain the use of Modeled Hurricane Provision in this filing.

OBJECTION 2 RESPONSE: Allstate feels that the 2% contingency provision is appropriate and justified. However, we propose to reduce the contingency provision to 1%, consistent with the approved provision in past Arkansas filings.

The revised overall indicated rate need resulting from this change is 33.8%. A revised copy of the Summary of Proposed Change and the revised Base Rates are included in Attachment D of this response.

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Product Name: Mobilehome  
Project Name/Number: Rule and Rate Change/R23180

Upon approval, updated Manual Pages will be provided.

**OBJECTION 3 & 4 RESPONSES:** We conducted a countrywide analysis on Allstate Indemnity Company Manufactured Homes through calendar year 2008. Exposures were adjusted to reflect the prior indicated factors. Adjusted pure premium relativities were computed using non-catastrophe incurred losses. The new calculated factors were computed by multiplying the current factors with their relativities. Please see Attachment E for the documentation for each proposed change.

#### **Related Objection 1**

Applies To:

- Actuarial Support (Supporting Document)

Comment:

Please remove the hurricane provision and recalculate your indicated rate need. We do not allow hurricane provisions or modeling in Arkansas.

#### **Related Objection 2**

Applies To:

- Actuarial Support (Supporting Document)

Comment:

Please reduce the contingency provision to 1%.

#### **Related Objection 3**

Applies To:

- Actuarial Support (Supporting Document)

Comment:

Provide the loss ratio analysis data used to support the rate group factor changes.

#### **Related Objection 4**

Applies To:

- Actuarial Support (Supporting Document)

Comment:

Provide the supporting data used to develop the new multi-policy discount.

#### **Changed Items:**

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

Satisfied -Name: Exhibits (12/02/10 OBJ Response)

Comment:

*SERFF Tracking Number: ALSX-G126920192*

*State: Arkansas*

*Filing Company: Allstate Indemnity Company*

*State Tracking Number: EFT \$100*

*Company Tracking Number: R23180*

*TOI: 04.0 Homeowners*

*Sub-TOI: 04.0002 Mobile Homeowners*

*Product Name: Mobilehome*

*Project Name/Number: Rule and Rate Change/R23180*

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Sincerely,

Celeste Mrdak

(NOTE: I will be OOO 12/20/10 - 12/27/10)

Sincerely,

SPI AllState

*SERFF Tracking Number:*      *ALSX-G126920192*                      *State:*                      *Arkansas*  
*Filing Company:*              *Allstate Indemnity Company*                      *State Tracking Number:*      *EFT \$100*  
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*Product Name:*                      *Mobilehome*  
*Project Name/Number:*              *Rule and Rate Change/R23180*

**Note To Filer**

**Created By:**

Becky Harrington on 01/19/2011 10:40 AM

**Last Edited By:**

Becky Harrington

**Submitted On:**

01/28/2011 12:56 PM

**Subject:**

Status

**Comments:**

I have a meeting scheduled for 1/26/2011 with Commissioner Bradford to discuss the filing.

*SERFF Tracking Number:*      *ALSX-G126920192*                      *State:*                      *Arkansas*  
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*TOI:*                      *04.0 Homeowners*                      *Sub-TOI:*                      *04.0002 Mobile Homeowners*  
*Product Name:*                      *Mobilehome*  
*Project Name/Number:*      *Rule and Rate Change/R23180*

**Note To Reviewer**

**Created By:**

SPI AllState on 01/19/2011 10:07 AM

**Last Edited By:**

Becky Harrington

**Submitted On:**

01/28/2011 12:56 PM

**Subject:**

Follow-up: Status Request

**Comments:**

We would like to inquire about the status of this filing. To ensure that our communicated effective dates are satisfied; we would appreciate approval of this filing prior to Friday, 01/21/11.

Please advise via Note To Filer when you anticipate the review of this filing to be completed.

Thank you in advance for your time and cooperation.

Sincerely,

Celeste Mrdak

*SERFF Tracking Number:*      *ALSX-G126920192*                      *State:*                      *Arkansas*  
*Filing Company:*              *Allstate Indemnity Company*                      *State Tracking Number:*      *EFT \$100*  
*Company Tracking Number:*      *R23180*  
*TOI:*                      *04.0 Homeowners*                      *Sub-TOI:*                      *04.0002 Mobile Homeowners*  
*Product Name:*                      *Mobilehome*  
*Project Name/Number:*              *Rule and Rate Change/R23180*

**Note To Filer**

**Created By:**

Becky Harrington on 01/05/2011 07:47 AM

**Last Edited By:**

Becky Harrington

**Submitted On:**

01/28/2011 12:56 PM

**Subject:**

Clarification to objection

**Comments:**

I'm very sorry. I forgot to add the objection. Please see new objection letter of this date.

Becky

*SERFF Tracking Number:*      *ALSX-G126920192*                      *State:*                      *Arkansas*  
*Filing Company:*              *Allstate Indemnity Company*                      *State Tracking Number:*      *EFT \$100*  
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*TOI:*                      *04.0 Homeowners*                      *Sub-TOI:*                      *04.0002 Mobile Homeowners*  
*Product Name:*                      *Mobilehome*  
*Project Name/Number:*              *Rule and Rate Change/R23180*

**Note To Reviewer**

**Created By:**

SPI AllState on 01/04/2011 02:24 PM

**Last Edited By:**

Becky Harrington

**Submitted On:**

01/28/2011 12:56 PM

**Subject:**

Clarification of 01/03/11 Objection Letter

**Comments:**

What is the objection to this filing? We did not see anything specifically referenced. Please advise.

*SERFF Tracking Number:*      *ALSX-G126920192*                      *State:*                      *Arkansas*  
*Filing Company:*              *Allstate Indemnity Company*                      *State Tracking Number:*      *EFT \$100*  
*Company Tracking Number:*      *R23180*  
*TOI:*                      *04.0 Homeowners*                      *Sub-TOI:*                      *04.0002 Mobile Homeowners*  
*Product Name:*                      *Mobilehome*  
*Project Name/Number:*      *Rule and Rate Change/R23180*

**Note To Filer**

**Created By:**

Becky Harrington on 12/06/2010 09:37 AM

**Last Edited By:**

Becky Harrington

**Submitted On:**

01/28/2011 12:56 PM

**Subject:**

Response

**Comments:**

I will be out of the office after 12/15/10 until January 3rd. Your response will be reviewed as soon a possible after my return.

Thanks for the status update.

Becky

SERFF Tracking Number: ALSX-G126920192 State: Arkansas  
Filing Company: Allstate Indemnity Company State Tracking Number: EFT \$100  
Company Tracking Number: R23180  
TOI: 04.0 Homeowners Sub-TOI: 04.0002 Mobile Homeowners  
Product Name: Mobilehome  
Project Name/Number: Rule and Rate Change/R23180

**Note To Reviewer**

**Created By:**

SPI AllState on 12/06/2010 08:38 AM

**Last Edited By:**

Becky Harrington

**Submitted On:**

01/28/2011 12:56 PM

**Subject:**

Respond by date - 12/02/10 objection letters

**Comments:**

Dear Ms. Harrington:

We send this Note To Reviewer for your records. Our responses to your 12/02/10 objection letters are not yet available; we expect to have responses completed by 12/17/10; our apologies for any inconvenience.

Your acknowledgement of receipt of this correspondence is appreciated.

Thank you in advance for your cooperation.

Sincerely,

Celeste Mrdak

*SERFF Tracking Number:*      *ALSX-G126920192*                      *State:*                      *Arkansas*  
*Filing Company:*              *Allstate Indemnity Company*                      *State Tracking Number:*      *EFT \$100*  
*Company Tracking Number:*      *R23180*  
*TOI:*                      *04.0 Homeowners*                      *Sub-TOI:*                      *04.0002 Mobile Homeowners*  
*Product Name:*                      *Mobilehome*  
*Project Name/Number:*              *Rule and Rate Change/R23180*

**Reviewer Note**

**Created By:**

Becky Harrington on 01/14/2011 08:38 AM

**Last Edited By:**

Becky Harrington

**Submitted On:**

01/28/2011 12:56 PM

**Subject:**

LR major losses

**Comments:**

see att

**From:** [Mrdak, Celeste \(Law\)](#)  
**To:** [Becky Harrington](#)  
**Subject:** RE: Allstate Indemnity Filing - ALSX-G126920192  
**Date:** Thursday, January 13, 2011 10:11:36 AM

---

Hi Becky:

Here is our response to your inquiry from 01/12/11.

*For calendar years through 2008, the primary drivers of the loss ratios are both fire and wind losses in Arkansas. The same loss perils continue to drive 2009 loss ratios. Please note that the loss ratios are subject to volatility due to the size of the book of business.*

Should you have any questions or require additional information, please contact me.

Thanks,

*Celeste P. Mrdak*

Senior State Filings Analyst  
Allstate Insurance Co.  
Law & Regulation Dept.  
Phone: 847-402-7328  
Fax: 847-402-9757  
E-mail: [oscmrda@allstate.com](mailto:oscmrda@allstate.com)



Please consider the environment before printing this message

---

**From:** Becky Harrington [mailto:Becky.Harrington@arkansas.gov]  
**Sent:** Wednesday, January 12, 2011 9:14 AM  
**To:** Mrdak, Celeste (Law)  
**Subject:** RE: Allstate Indemnity Filing - ALSX-G126920192

OK, thanks.

---

**From:** Mrdak, Celeste (Law) [mailto:oscmrda@allstate.com]  
**Sent:** Wednesday, January 12, 2011 9:02 AM  
**To:** Becky Harrington  
**Subject:** RE: Allstate Indemnity Filing - ALSX-G126920192

Hi Becky:

Just wanted to let you know I got your e-mail and forwarded your inquiry to the appropriate folks to be addressed. As soon as our response is available, I will send it to you.

Thanks,

*Celeste P. Mrdak*

Senior State Filings Analyst  
Allstate Insurance Co.  
Law & Regulation Dept.  
Phone: 847-402-7328

Fax: 847-402-9757

E-mail: [oscmrda@allstate.com](mailto:oscmrda@allstate.com)



Please consider the environment before printing this message

---

**From:** Becky Harrington [mailto:Becky.Harrington@arkansas.gov]

**Sent:** Wednesday, January 12, 2011 8:53 AM

**To:** Mrdak, Celeste (Law)

**Subject:** Allstate Indemnity Filing - ALSX-G126920192

Please identify the major losses driving the loss ratio. (weather, fire??)

Thanks

SERFF Tracking Number: ALSX-G126920192 State: Arkansas  
Filing Company: Allstate Indemnity Company State Tracking Number: EFT \$100  
Company Tracking Number: R23180  
TOI: 04.0 Homeowners Sub-TOI: 04.0002 Mobile Homeowners  
Product Name: Mobilehome  
Project Name/Number: Rule and Rate Change/R23180

**Post Submission Update Request Processed On 01/28/2011**

**Status:** Allowed  
**Created By:** SPI AllState  
**Processed By:** Becky Harrington  
**Comments:**

**Company Rate Information:**

**Company Name:**Allstate Indemnity Company

<b>Field Name</b>	<b>Requested Change</b>	<b>Prior Value</b>
Overall % Rate Impact	10.000%	19.900%
Written Premium Change for this Program	\$131438	\$261562
Maximum %Change (where required)	19.600%	

SERFF Tracking Number: ALSX-G126920192  
 Filing Company: Allstate Indemnity Company  
 Company Tracking Number: R23180  
 TOI: 04.0 Homeowners  
 Product Name: Mobilehome  
 Project Name/Number: Rule and Rate Change/R23180

State: Arkansas  
 State Tracking Number: EFT \$100  
 Sub-TOI: 04.0002 Mobile Homeowners

## Rate Information

Rate data applies to filing.

**Filing Method:** File and Use  
**Rate Change Type:** Increase  
**Overall Percentage of Last Rate Revision:** 28.000%  
**Effective Date of Last Rate Revision:** 04/21/2008  
**Filing Method of Last Filing:** File and Use

## Company Rate Information

Company Name:	Company Rate Change:	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):
Allstate Indemnity Company	N/A	34.800%	10.000%	\$131,438	1,764	\$1,314,381	19.600%	%

SERFF Tracking Number: ALSX-G126920192 State: Arkansas  
 Filing Company: Allstate Indemnity Company State Tracking Number: EFT \$100  
 Company Tracking Number: R23180  
 TOI: 04.0 Homeowners Sub-TOI: 04.0002 Mobile Homeowners  
 Product Name: Mobilehome  
 Project Name/Number: Rule and Rate Change/R23180

## Rate/Rule Schedule

Schedule Item	Exhibit Name:	Rule # or Page #:	Rate Action	Previous State Filing Attachments Number:
Filed 01/28/2011	CheckingList_R23180 A1	R23180A1	New	CheckingListR23180 (updated 01_27_11).PDF
Filed 01/28/2011	ManualPages_R2318 0A1	R23180A1	Replacement	ALSX-125502610 ManualR23180 (updated 01_27_11).PDF

**CHECKING LIST FOR MANUFACTURED HOME**

Printing dates are shown on each page to facilitate identification of different editions, but have no direct connection with the effective date of the page.

**RULES**

Enclosed: Page IMH9-1 dated 2-1-2011  
Page IMH11-1 and IMH11-2 dated 2-1-2011

Withdrawn: Page IMH9-1 dated 8-1-2004  
Page IMH11-1 dated 9-1-2004

**PREMIUM SECTION**

Enclosed: Page RFP-1 and RFP-2 dated 2-1-2011  
Page RFP-4 dated 2-1-2011

Withdrawn: Page RFP-1 and RFP-2 dated 4-1-2008  
Page RFP-4 dated 8-1-2004

**RULE 9 – 55 AND RETIRED DISCOUNT**

If the following criteria are met, multiply the otherwise applicable package premium by the factor displayed in the Rate Factor Pages.

1. One of the Named Insureds must be age 55 or older.
2. Both the Named Insured and Spouse, if any, are not presently gainfully employed full time or actively seeking full time gainful employment.
3. The insured premises must be the principal residence of the applicant.
4. This discount is not applicable to dwellings in the course of construction.

RULE 11 – INTERPOLATION OF PREMIUM FOR POLICY AMOUNTS

Package Premium

The premium for a policy amount not shown on the Package Premium Pages may be obtained by interpolation. The premium adjustment for additional amounts of coverages for Section I of the policy may also be interpolated.

Method for Interpolation (example): A package premium is desired for a policy amount of \$15,500. Premiums are shown for \$15,000 and \$16,000 on the Package Premium Pages.

- | <u>1. Policy Amounts Shown</u>   | <u>Premiums Shown</u>                 |
|----------------------------------|---------------------------------------|
| \$16,000                         | \$66                                  |
| <u>15,000</u>                    | <u>62</u>                             |
| \$ 1,000 (difference in amounts) | \$ 4 (difference in package premiums) |
2. \$ 500 (additional amount)  
\$1,000 (difference in amounts)
- = 0.5000 (round to four decimals)
3. (Step 2 Result) x \$4 (difference in premiums)
- = \$2.0
- |  |
|--|
| \$ 62.00 (premium for \$15,000)            |
| <u>2.00 (premium for additional \$500)</u> |
| \$ 64.00 (package premium for \$15,500)    |

Reinsurance Charge

The Reinsurance Limits factor for a policy amount not shown on the Reinsurance Charge Pages may be obtained by interpolation.

Method for Interpolation (example): A Reinsurance Limits factor is desired for a policy amount of \$83,000. Reinsurance Limit Factors are shown for \$80,000 and \$85,000 on the Reinsurance Charge Pages.

- | <u>1. Policy Amounts Shown</u>   | <u>Factors Shown</u>      |
|----------------------------------|---------------------------|
| \$85,000                         | 85                        |
| <u>80,000</u>                    | <u>80</u>                 |
| \$ 5,000 (difference in amounts) | 5 (difference in factors) |
2. \$ 3,000 (additional amount)  
\$ 5,000 (difference in amounts)
- = 0.600 (round to three decimals)
3. (Step 2 Result) x 5 (difference in factor)
- = 3.000 (round to three decimals)
- 80.000 (factor for \$80,000)  
3.000 (factor for additional \$3,000)  
83.000 (factor for \$83,000, round to three decimals)

**ALLSTATE INDEMNITY COMPANY  
ARKANSAS MANUFACTURED HOMES  
RATE FACTOR PAGES**

**Order in  
Calculation**

**1 Base Rates:**

Zone	Base Rate
1	985.04
2	1011.80
3	982.27
4	982.27
5	865.82
6	1074.05
7	1159.24
8	1093.79

**2 Tied Down Status:**

Tie Down Status	Factor
Yes	0.900
No	1.000

**3 Park Size:**

Park Size	Factor
1-20	1.250
21-100	1.000
101 and over	0.900

**4 Amount of Insurance:**

Amount of Insurance	Factor
20,000	0.255
30,000	0.443
35,000	0.540
36,000	0.560
37,000	0.580
38,000	0.600
39,000	0.618
40,000	0.636
41,000	0.654
42,000	0.672
43,000	0.690
44,000	0.708
45,000	0.724
46,000	0.740
47,000	0.756
48,000	0.772
49,000	0.788
50,000	0.802
51,000	0.816
52,000	0.830
53,000	0.844
54,000	0.858
55,000	0.870
56,000	0.882
57,000	0.894
58,000	0.906
59,000	0.918
60,000	0.930
61,000	0.942
62,000	0.954
63,000	0.964
64,000	0.974
65,000	0.984
66,000	0.994
67,000	1.004
68,000	1.014
69,000	1.024
Each Add'l 1,000	0.010

**ALLSTATE INDEMNITY COMPANY  
ARKANSAS MANUFACTURED HOMES  
RATE FACTOR PAGES**

**Order in  
Calculation**

**5 Deductible:**

<u>Amount</u>	<u>Factor</u>
\$100	1.11
\$250	1.00
250/500W	0.98
250/1000W	0.94
\$500	0.94
500/1000W	0.90
\$1,000	0.87
\$2,500	0.75

**6 Out of Park Surcharge:**

Factor: 1.300

**7 Rating Group:**

<u>Group</u>	<u>Factor</u>
1	0.650
2	0.650
3	0.650
4	0.750
5	0.800
6	0.870
7	1.000
8	1.110
9	1.290
10	1.630

**ALLSTATE INDEMNITY COMPANY  
ARKANSAS MANUFACTURED HOMES  
RATE FACTOR PAGES**

**Order in  
Calculation**

<b>11</b>	<b>Protective Device Discount:</b>		
		<b><u>Classification</u></b>	<b><u>Discount Factor</u></b>
		1	0.950
		2	0.950
		3	0.900
		4	0.900
		5	0.900
		6	0.850
		7	0.850
		8	0.850
<b>12</b>	<b>55 and Retired Discount:</b>		
	Factor:		0.900
<b>13</b>	<b>Multiple Policy Discount:</b>		
	Factor:		0.850
<b>14</b>	<b>Class 2:</b>		
	Factor:		1.250
<b>15</b>	<b>Good Hands People® Discount:</b>		
	Factor:		0.950
<b>16</b>	<b>Excess Dwelling Endorsement:</b>		
	Factor:		1.010

SERFF Tracking Number: ALSX-G126920192 State: Arkansas  
 Filing Company: Allstate Indemnity Company State Tracking Number: EFT \$100  
 Company Tracking Number: R23180  
 TOI: 04.0 Homeowners Sub-TOI: 04.0002 Mobile Homeowners  
 Product Name: Mobilehome  
 Project Name/Number: Rule and Rate Change/R23180

## Supporting Document Schedules

	<b>Item Status:</b>	<b>Status Date:</b>
<b>Satisfied - Item:</b> Actuarial Support	Filed	01/28/2011
<b>Comments:</b>		
<b>Attachment:</b> ActuarialSupport01.PDF		

	<b>Item Status:</b>	<b>Status Date:</b>
<b>Satisfied - Item:</b> NAIC loss cost data entry document	Filed	01/28/2011
<b>Comments:</b>		
<b>Attachment:</b> StateFilingForm01.PDF		

	<b>Item Status:</b>	<b>Status Date:</b>
<b>Satisfied - Item:</b> Exhibits (12/02/10 OBJ Response)	Filed	01/28/2011
<b>Comments:</b>		
<b>Attachment:</b> DOIObjection01-Exhibits.PDF		

	<b>Item Status:</b>	<b>Status Date:</b>
<b>Satisfied - Item:</b> Exhibits - 01/03/11 & 01/05/11 OBJ Response(s)	Filed	01/28/2011
<b>Comments:</b>		
<b>Attachment:</b> DOIObjection02-Exhibits.PDF		

	<b>Item Status:</b>	<b>Status Date:</b>
<b>Satisfied - Item:</b> Exhibit D.2 (01/26/11 OBJ	Filed	01/28/2011



**ALLSTATE INDEMNITY COMPANY  
MANUFACTURED HOME  
ARKANSAS**

**INDEX OF ATTACHMENTS**

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Page 2-3	Actuarial Standards of Practice
Page 4	Material Changes in Sources of Data, Assumptions, or Methods
<b>Attachment II –</b>	<b>Summary of Rate Level Indication</b>
Page 1	Summary of the Development of Statewide Rate Level Indication
Page 2	Base Data
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Page 5-7	Expenses, Profit Provision and Contingency Factor
Page 8	Adjustments to Premiums
<b>Attachment III –</b>	<b>Summary of Non-Modeled Catastrophe Provision</b>
Page 1	Development of the Manufactured Home Non-Modeled Catastrophe Provision
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<b>Attachment IV –</b>	<b>Summary of Modeled Catastrophe Provision</b>
Page 1-9	Development of the Hurricane Provision Based on the 2009/08 AIR Version 11.0 Hurricane Model in the Statewide Rate Level Indication Explanatory Memorandum

**ALLSTATE INDEMNITY COMPANY  
MANUFACTURED HOME  
ARKANSAS**

**INDEX OF ATTACHMENTS (continued)**

<b>Attachment V –</b>	<b>Rate Level Indication Exhibits</b>
Exhibit 1	Determination of Statewide Rate Level Indication
Exhibit 2	Development of Provision for Non-Catastrophe Loss and LAE
Exhibit 3	Determination of Complement of Credibility
Exhibit 4	Calculation of Loss Development Factors
Exhibit 5	Unallocated Loss Adjustment Expense Provision
Exhibit 6	Calculation of Pure Premium Trend Factor
Exhibit 7	Loss Trends – Pure Premium
Exhibit 8	Development of Provision for Catastrophe Loss and LAE
Exhibit 9	Homeowners Non-Modeled Basic Catastrophe Provision
Exhibit 10	Development of the Catastrophe Provision by Line
Exhibit 11	Development of the Hurricane Catastrophe Factor
Exhibit 12	AIY Trends
Exhibit 13	Summary of Expense Provisions
Exhibit 14	Countrywide Expense Experience For Other Acquisition and General Expenses
Exhibit 15	Factor to Adjust for Subsequent Change in Fixed Expense
Exhibit 16	Investment Income
Exhibit 17	Development of Projected Average Earned Premium
Exhibit 18	Calculation of Premium Trend Factor
Exhibit 19	Premium Trends
<b>Attachment VI –</b>	<b>Summary of Changes</b>
Page 1	Summary of Manual Changes
Page 2	Summary of Factor Changes

# **ATTACHMENT I**

## **Summary of Disclosures**

**ALLSTATE INDEMNITY COMPANY  
MANUFACTURED HOME  
ARKANSAS**

**DEFINITIONS**

Please note that within this filing, the following terms and their definitions are used:

Owners Policy – a policy which covers a freestanding dwelling or townhome that is not classified as a manufactured home.

Homeowners Policy – An owners, condo, co-op, or renters policy.

**ALLSTATE INDEMNITY COMPANY  
MANUFACTURED HOME  
ARKANSAS**

**ACTUARIAL STANDARDS OF PRACTICE**

This document confirms compliance with the following Actuarial Standards of Practices that are applicable to the preparation of statewide rate filings performed by casualty actuaries as stated in "Applicability Guidelines for Actuarial Standards of Practice" (American Academy of Actuaries, September 2004). In addition, references to relevant sections of this filing are included, where applicable.

- Actuarial Standard of Practice No. 9, *Documentation and Disclosure in Property and Casualty Insurance Ratemaking, Loss Reserving, and Valuations*
  - Attachment I, Page 4: Material Changes in Sources of Data, Assumptions, or Methods
  - Attachment II, Page 1: Summary of the Development of Statewide Rate Level Indication
- Actuarial Standard of Practice No. 13, *Trending Procedures in Property/Casualty Insurance Ratemaking*
  - Attachment II, Page 1: Summary of the Development of Statewide Rate Level Indication
  - Attachment II, Pages 3-4: Adjustment to Losses – Loss Trend
  - Attachment II, Page 4: Adjustment to Losses – Catastrophes (AIY's)
  - Attachment II, Page 6: Expenses, Profit Provision, and Contingency Factor – Fixed Expenses – Trend (Inflation)
  - Attachment II, Page 8: Adjustments to Premiums – Premium Trend
- Actuarial Standard of Practice No. 23, *Data Quality*
  - Attachment II, Page 1: Summary of the Development of Statewide Rate Level Indication
  - Attachment IV, Pages 1-9: Development of the Hurricane Provision Based on the 2009/08 AIR Version 11.0 Hurricane Model in the Statewide Rate Level Indication Explanatory Memorandum
- Actuarial Standard of Practice No. 25, *Credibility Procedures Applicable to Accident and Health, Group Term Life, and Property/Casualty Coverages*
  - Attachment II, Page 2: Base Data – Accident Year Weights
  - Attachment II, Pages 3-4: Adjustment to Losses – Loss Trend
  - Attachment II, Page 4: Adjustment to Losses – Complement of Credibility
- Actuarial Standard of Practice No. 29, *Expense Provisions in Property/Casualty Insurance Ratemaking*
  - Attachment II, Page 5-7: Expenses, Profit Provision, and Contingency Factor
- Actuarial Standard of Practice No. 30, *Treatment of Profit and Contingency Provisions and the Cost of Capital in Property/Casualty Insurance Ratemaking*
  - Attachment II, Page 7: Expenses, Profit Provision, and Contingency Factor – Variable Expenses – Underwriting Profit
- Actuarial Standard of Practice No. 38, *Using Models Outside the Actuary's Area of Expertise (Property and Casualty)*

- Attachment IV, Pages 1-9: Development of the Hurricane Provision Based on the 2009/08 AIR Version 11.0 Hurricane Model in the Statewide Rate Level Indication Explanatory Memorandum
- Actuarial Standard of Practice No. 39, *Treatment of Catastrophe Losses in Property/Casualty Insurance Ratemaking*
  - Attachment III, Pages 2-3: Summary of the Total Non-Modeled Catastrophe Adjustment
  - Attachment IV, Pages 1-9: Development of the Hurricane Provision Based on the 2009/08 AIR Version 11.0 Hurricane Model in the Statewide Rate Level Indication Explanatory Memorandum
- Actuarial Standard of Practice No. 41, *Actuarial Communications*
  - Applies to this filing in its entirety

**ALLSTATE INDEMNITY COMPANY  
MANUFACTURED HOME  
ARKANSAS**

**MATERIAL CHANGES IN SOURCES OF DATA, ASSUMPTIONS, OR  
METHODS**

This document lists all material changes in sources of data, assumptions, or methods from the last Arkansas Manufactured Home rate level indication filing. These changes are further described in the subsequent memos in compliance with Actuarial Standard of Practice No. 9, *Documentation and Disclosure in Property and Casualty Insurance Ratemaking, Loss Reserving, and Valuations*.

- ULAE Provision
  - Use of two-year average, rather than three-year average, as described in Attachment II, Page 3
- Accident Year Weights
  - Methodology change for calculating the accident year weights, as described in Attachment II, Page 2
- Underwriting Profit Provision
  - Update to methodology as described in Attachment II, Page 7
  - Debt provision shown separately as described in Attachment II, Page 7
- Projected Average Premium
  - Used 1 year of premium to project average earned premium as described in Attachment II, Page 8
- Non-Modeled Catastrophe Provision
  - Update to methodology as described in Attachment III, Pages 1-3
- Modeled Hurricane Provision
  - Updated the hurricane model used in the development of the modeled hurricane provision to the 2009/08 AIR Version 11.0 Hurricane Model as described in Attachment IV, Pages 1-9

## **ATTACHMENT II**

### **Summary of Rate Level Indication**

**ALLSTATE INDEMNITY COMPANY  
MANUFACTURED HOME  
ARKANSAS**

**SUMMARY OF THE DEVELOPMENT OF STATEWIDE RATE LEVEL  
INDICATION**

The data used in the calculation of the rate level indication was selected in accordance with the considerations listed in Section 3.2 of Actuarial Standard of Practice No. 23, *Data Quality*. The calculation of the rate level indication is consistent with the Statement of Principles Regarding Property and Casualty Insurance Ratemaking contained in Appendix 1 of Actuarial Standard of Practice No. 9, *Documentation and Disclosure in Property and Casualty Insurance Ratemaking, Loss Reserving, and Valuations*.

A rate level indication is a test of the adequacy of expected revenues versus expected costs during the future policy period. Therefore, to derive the indicated rate level need accurately, Allstate's historical premium and loss experience needs to be adjusted. In accordance with Section 3.1 of Actuarial Standard of Practice No. 13, *Trending Procedures in Property/Casualty Insurance Ratemaking*, Allstate trends the underlying historical experience for premiums, losses, and fixed expenses to appropriately reflect historical and projected changes in these components of the rate level indications. In addition, historical premiums must be adjusted to reflect the current rate level; and historical losses must be adjusted to reflect expected development over time. All actual catastrophe losses during the experience period were removed and then replaced with a provision to reflect expected catastrophe losses. Details of these necessary adjustments to the historical data used in the rate level indication are described in this memorandum. The adjustments have been applied to Arkansas's premium and loss experience in deriving the indicated rate level change.

The table below summarizes the indicated rate change, and the actual rate level change being proposed. The determination of the overall indicated change is included in **Attachment V, Exhibit 1**, and described in detail throughout this filing.

	<b>Premium Dist. at Current Rates</b>	<b>Indicated Change</b>	<b>Selected Change*</b>
Variable Package Premium	97.3%	N/A	20.4%
Additional Coverages	2.7%	N/A	N/C
<b>Total Manufactured Home</b>	<b>100.0%</b>	<b>34.8%</b>	<b>19.9%</b>
*We implicitly assume no indicated change for additional coverages.			

**ALLSTATE INDEMNITY COMPANY  
MANUFACTURED HOME  
ARKANSAS**

**BASE DATA**

In developing rate level indications for Arkansas, non-catastrophe loss data from fiscal accident years ending June 30, 2005, 2006, 2007, 2008, and 2009 for Allstate Insurance Company and Allstate Indemnity Company combined was used. Each of these fiscal accident years is evaluated as of September 30, 2009. **Attachment V, Exhibit 2** shows the development of the provision for non-catastrophe loss and LAE.

Please note that Allstate Indemnity Company was introduced for Arkansas Manufactured Home on 05/30/05. Therefore, losses from both Allstate Indemnity Company and Allstate Insurance Company are used in the development of the provision for non-catastrophe loss and LAE.

The Allstate Insurance Company non-catastrophe accident year losses are adjusted using a modification factor. The modification factor is the ratio of the Countrywide Allstate Indemnity Company average losses to the Countrywide Allstate Insurance Company average losses for the most recent calendar year. The adjusted losses provide an estimate of the losses that the Allstate Indemnity Company would have experienced had it been writing business for the entire accident period.

Earned premium data from fiscal calendar period ending June 30, 2009 for Allstate Indemnity Company was used in developing the rate level indication. **Attachment V, Exhibit 17** shows the development of the projected average earned premium.

Accident Year Weights

In order to develop a credible measure of the indicated rate level, it is sometimes necessary to use more than one year of historical loss experience. Data for up to five accident years is combined to determine the indicated provision for loss and loss adjustment expense. With this filing, Allstate is revising the approach used to determine the number of accident years and the weights assigned to each year. The number of years needed to determine the formula rate level indication is derived from a credibility procedure based upon the number of paid claims and the distribution of claims. The credibility procedure that was used is more fully described in the paper "On the Credibility of the Pure Premium" (Proceedings of the Casualty Actuarial Society, Vol. LV, 1968) by Mayerson, Jones and Bowers. The analysis was completed using a  $k$  value of 0.10 and a  $P$  value of 90.0%; these parameters reflect the desire that the observed pure premium should be within 100k% of the expected pure premium with probability  $P$ .

This approach for incorporating credibility in determination of the accident year weights is consistent with the Current Practices and Alternatives detailed in Section 3 of Actuarial Standard of Practice No. 25, *Credibility Procedures Applicable to Accident and Health, Group Term Life, and Property/Casualty Coverages*.

**ALLSTATE INDEMNITY COMPANY  
MANUFACTURED HOME  
ARKANSAS**

**ADJUSTMENTS TO LOSSES**

Loss Development

Allstate has developed accident year losses (including allocated loss adjustment expense) to ultimate settlement levels using the Link Ratio method. The link ratio method assumes that future development is proportional to losses that have already emerged as of a given evaluation date.

Due to the limited amount of Allstate Indemnity Company data, loss development factors were based on Countrywide data.

To calculate estimated ultimate losses using the link ratio method, historical age-to-age link ratios are calculated, which represent loss development between different evaluation periods. An average of the historical link ratios is then used to estimate the ultimate level of paid losses to be used in ratemaking. This method assumes that historical loss development patterns can be used to estimate future loss development on current immature claims.

Refer to **Attachment V, Exhibit 4** for the loss development using the Link Ratio Method. Please note that the actual five year average loss development factors were selected to project current losses to ultimate settlement level.

Loss Adjustment Expenses

Allocated loss adjustment expense (ALAE) is included in the losses. Losses in the experience period have been adjusted to account for non-hurricane unallocated loss adjustment expenses (ULAE). A provision is developed using countrywide Allstate Insurance Group personal property data. A two-year average of the ratios of countrywide calendar year non-hurricane ULAE to countrywide calendar year non-hurricane incurred losses and allocated loss adjustment expense is used to determine the ULAE provision.

The average ratio is then applied to the losses for each year used in the formula calculation. The ULAE ratio used in this filing is shown in **Attachment V, Exhibit 5**.

Loss Trend

Due to the limited amount of Allstate Indemnity Company data, loss data for Allstate Insurance Company was used. Using Countrywide data, the past changes in actual frequency and severity on a twelve-month-moving basis (evaluated at each quarter) over a six year period were examined and annual pure premium trends were selected.

Frequency and severity amounts are calculated using the methodology in "The Effect of changing Exposure Levels on Calendar Year Loss Trends" (*Casualty Actuarial Society Forum*, Winter 2005) by Chris Styrsky. This methodology helps to more consistently match losses and claims paid with the exposures that produced the claims.

The selected trends are displayed in **Attachment V, Exhibit 6**. These annual selections are used to project the data from the average occurrence date of the experience period to the average occurrence date of the future policy period. The projection is also shown in

**Attachment V, Exhibit 6.** Countrywide trend data is included as **Attachment V, Exhibit 7.**

Selections were based on Countrywide data. **Attachment V, Exhibit 7** displays the twenty-four, twelve, and six-point paid pure premium trends for Countrywide data. The credibility level of Allstate loss trend data was analyzed based on the number of claims paid in the latest experience year, which is consistent with the criteria for selecting a credibility procedure outlined in Section 3 of Actuarial Standard of Practice No. 25, *Credibility Procedures Applicable to Accident and Health, Group Term Life, and Property/Casualty Coverages.*

This approach for selecting pure premium trends and projections is consistent with the Current Practices and Alternatives detailed in Appendix 1 – Background and Current Practices of Actuarial Standards of Practice No. 13, *Trending Procedures in Property/Casualty Insurance Ratemaking.*

#### Credibility for Losses

##### State Credibility:

The available accident year data used in the indication is not fully credible. Therefore, we determine the partial credibility of the indication using the credibility procedure referenced in the Accident Year Weight section in **Attachment II, Page 2**. State accident year data is given a minimum weight of 50%. The indication is then weighted with a credibility complement, the development of which is included on **Attachment V, Exhibit 3**.

##### Catastrophes

Allstate separately identifies and accounts for its exposure to loss due to the occurrence of catastrophic events within a state. All actual catastrophe losses during the experience period were removed and then replaced with a provision to reflect expected catastrophe losses in Arkansas.

The catastrophe provision is composed of a non-modeled catastrophe provision and a modeled catastrophe provision. The non-modeled catastrophe provision is described in detail in **Attachment III**. The modeled catastrophe provision is described in detail in **Attachment IV, Attachment V, Exhibit 8**, Development of Provision for Catastrophe Loss and LAE, displays the total catastrophe provision used in Arkansas.

Please note that in developing the Provision for Catastrophe Loss and LAE, the Amount of Insurance Years (AIY's) are used as an exposure base. One AIY is equal to \$1,000 of Coverage in force for one year. The AIY's must be adjusted to represent the AIY's that we expect to be in force during the policy period. Selections were based on Allstate Indemnity Company. **Attachment V, Exhibit 12** shows the twenty-four, twelve, and six-point average AIY trends for Arkansas. We have selected a 1.0% provision to project the AIY's to the average earned date of the proposed policy period.

This approach for selecting AIY projections is consistent with the Current Practices and Alternatives detailed in Appendix 1 – Background and Current Practices of Actuarial Standards of Practice No. 13, *Trending Procedures in Property/Casualty Insurance Ratemaking.*

**ALLSTATE INSURANCE GROUP  
MANUFACTURED HOME  
ARKANSAS**

**EXPENSES, PROFIT PROVISION & CONTINGENCY FACTOR**

The expense provisions described below were derived in accordance to Section 3.2, Determining Expense Provisions, of Actuarial Standard of Practice No. 29, *Expense Provisions in Property/Casualty Insurance Ratemaking*.

**Attachment V, Exhibit 13** shows the expense provisions used in developing the current fixed and variable expense ratios, as well as the underwriting profit and debt provisions.

**Fixed Expenses**

General and Other Acquisition Expense

*Provisions*

The provisions for general expense and other acquisition expense are based on countrywide data. Since the methods and procedures that incur these expenses are uniform within each state, it is a reasonable assumption that these expense provisions are uniform across all states. To develop the provision for other acquisition and general expenses, a three-year average of countrywide calendar year incurred expense divided by countrywide calendar year direct earned premium was calculated. Because premiums charged for the net cost of reinsurance (NCOR) do not include provisions for general and other acquisition expenses, the earned premium used in the development of the general and other acquisition expenses is countrywide direct earned premium less countrywide NCOR premium. The expense figures are derived from the Insurance Expense Exhibit. The provision for other acquisition expense has been reduced by the amount of installment fees collected. In addition, the provision has been adjusted for premiums written off. The General Expense has been reduced to account for anticipated salary savings resulting from a workforce-reduction initiative that Allstate completed in early 2006.

*Rate Need Calculations*

In developing the dollar provision for general and other acquisition expenses used in the calculation of our Arkansas rate level need by coverage, the three-year countrywide average expense ratio for general and other acquisition expenses is applied to the average earned group premium of Arkansas. The Arkansas group average earned premium is developed using the same three-year period used in the calculation of the countrywide expense ratio. The provision is then adjusted for the trend expected to occur from the midpoint of the three years used in the calculation of the average earned premium to the average earned date of the proposed policy period to derive the provision included in the rate level indications.

### *Trend (Inflation)*

The method used to calculate the fixed expense trend is similar to the method used by the Insurance Services Office (I.S.O.) and other competitors to determine a fixed expense trend. The method utilizes the CPI (Consumer Price Index) and the ECI (Employment Cost Index – Insurance Carriers, Agents, Brokers, & Service) and is discussed by Geoffrey Todd Werner, FCAS, MAAA in his paper *Incorporation of Fixed Expenses*, which was published in the *CAS Forum* (Winter 2004). Based on a review of the historical indices, an annual percentage change is selected for each index. These selected annual percent changes are then weighted together using the distribution of the Allstate expenditures in the latest calendar year for the two broad expense categories that these indices represent. This method is expected to produce stable and reasonable estimates of the true trend in fixed expenses and is consistent with the Current Practices and Alternatives detailed in Appendix 1 – Background and Current Practices of Actuarial Standards of Practice No. 13, *Trending Procedures in Property/Casualty Insurance Ratemaking*. This trend is applied only to all fixed expenses. The factor to adjust for subsequent change in Fixed Expense is shown on **Attachment V, Exhibit 15**.

The expense provisions for other acquisition and general expenses are developed on **Attachment V, Exhibit 14**.

### Licenses & Fees

A provision for licenses and fees that do not vary by premium size is determined by taking the arithmetic average ratio of these licenses and fees from the latest three calendar years in Arkansas. The provision for licenses and fees is considered, along with the general and other acquisition expense provisions, to be a fixed expense and is shown on **Attachment V, Exhibit 13**.

## **Variable Expenses**

### Commission and Brokerage Expense

The proposed commission and brokerage expense provision has been developed from the 2008 calendar year commission and brokerage incurred expense ratio in Arkansas. The provision is shown on **Attachment V, Exhibit 13**.

### Taxes

The provision for taxes is determined by taking the currently prescribed Arkansas premium tax ratio and adding to that the arithmetic average ratio of other assessments that vary by the size of the premium from the latest three calendar years ending 12/31/2008 in Arkansas. The provision is shown on **Attachment V, Exhibit 13**.

### Contingency Provision

As with previous Allstate filings, the contingency provision of 2% is shown on **Attachment V, Exhibit 13**.

### Underwriting Profit Provision

Due to recent disruptions in the financial market, several of the inputs that typically are used in Allstate's profit provision calculations – risk-free rates, capital levels, and earnings projections – are currently at abnormal values compared to historic norms. We expect many of these values to approach previous levels in the near future. Therefore, we have selected a target operating profit lower than, but near, the target operating profit from 2008. We believe that this better reflects the risk associated with Allstate's insurance business. In addition, as the values of these inputs return from aberrational levels, this allows us to minimize fluctuations in policyholder rates.

In addition, previously both the cost of equity and the cost of debt were used to develop the underwriting profit provision. With this filing, we will be developing the underwriting profit provision using only the cost of equity. Since the cost of debt represents expected, quantifiable future payments to be made to bondholders, confusion can result from including it in the derivation of the underwriting profit provision. Therefore, the cost of debt has been removed from the development of the underwriting profit provision and incorporated as a separate provision. Note that the resulting rate level is unaffected by this change; it is simply a matter of clarity of presentation.

An analysis of premium, loss and expense cash flows is used to calculate the investment income on policyholder supplied funds (PHSF). This methodology is one of the two examples given in Actuarial Standard of Practice, No. 30, *Treatment of Profit and Contingency Provisions and the Cost of Capital in Property/Casualty Insurance Ratemaking*, as appropriate methods for recognizing investment income from insurance operations (page 4).

The calculations detailing this investment income analysis are found on **Attachment V, Exhibit 16**. The expected investment yield rate (applied as a force of interest) used to discount losses and expenses includes anticipated net investment income and anticipated capital gains, both realized and unrealized. Operating cash flows are discounted to the average time of earnings of premium and profit for the policy year, rather than to the start of the policy year.

The final pre-tax underwriting profit provision at present value is shown in **Attachment V, Exhibit 13** as well.

### Debt Provision

The cost of debt is listed as a separate provision in the Variable Expense and Profit Ratio. The debt provision amount is shown on **Attachment V, Exhibit 13**.

**ALLSTATE INDEMNITY COMPANY  
MANUFACTURED HOME  
ARKANSAS**

**ADJUSTMENTS TO PREMIUMS**

With this filing Allstate will begin using only one year of premium in developing the projected average earned premium at current rate level.

Current Rate Level

All premiums in the experience period were adjusted to current rate level in Arkansas. As in the last filing, Allstate uses the “Miller-Davis-Karlinski” method to do this since it more accurately calculates factors to current rate level in instances when exposures are changing throughout the year, whether through growth, shrinkage or seasonality. When exposures are, in fact, written uniformly throughout the year, this method produces approximately the same answers as the parallelogram method.

We also use the Miller-Davis-Karlinski method to bring premiums to current rate level prior to calculating the changes in average premium (the premium trends).

Premium Trend

In addition to bringing premiums to current rate level, changes in the average written premium at the current premium level were reviewed on a state basis. Unlike losses, premium is relatively stable. Only the latest year of premium is used in the calculation of the indication, which eliminates the need for premium trend. Premium projections are still selected to account for shifts in the distribution of various underlying factors. Since the effects on losses caused by these shifts are reflected in the loss projections, it is important that Allstate also account for the anticipated future changes in premiums.

The projection is based on Arkansas Allstate Indemnity Company data. The selected projection is displayed in **Attachment V, Exhibit 18**. This annual projection is used to project the data from the average occurrence date of the most recent experience period to the average occurrence date of the future policy period. Arkansas Allstate Indemnity Company trend data is included as **Attachment V, Exhibit 19**.

This approach for selecting premium projections is consistent with the Current Practices and Alternatives detailed in Appendix 1 – Background and Current Practices of Actuarial Standards of Practice No. 13, *Trending Procedures in Property/Casualty Insurance Ratemaking*.

## **ATTACHMENT III**

### **Summary of Non-Modeled Catastrophe Provision**

**ALLSTATE INDEMNITY COMPANY  
MANUFACTURED HOME  
ARKANSAS**

**DEVELOPMENT OF THE NON-MODELED CATASTROPHE PROVISION  
EXPLANATORY MEMORANDUM**

Allstate quantifies its exposure to losses due to the occurrence of catastrophic events within a state. For ratemaking purposes, all actual catastrophe losses are removed from the state's loss data. A provision for catastrophes is developed to reflect the best estimate of Allstate's annual expected levels of catastrophe losses.

Allstate Indemnity Company was introduced for Arkansas Manufactured Home on May 30, 2005. The catastrophe provision for Allstate Indemnity Company Manufactured Home is determined using the catastrophe provision for Allstate Insurance Company Manufactured Home. Since the Allstate Insurance Company Manufactured Home catastrophe loss data is only available since 1987, the Allstate Insurance Company Manufactured Home data does not, in itself, provide a sufficiently credible basis for determining a catastrophe provision. Thus, the catastrophe provision is developed using the state's historical Allstate Insurance Company Manufactured Home catastrophe data and the Allstate Insurance Group Homeowners catastrophe provision.

The catastrophe provision is the product of the Allstate Insurance Group Homeowners catastrophe provision and the Allstate Insurance Company Manufactured Home to Allstate Insurance Group Homeowners catastrophe ratio, and the adjustment factor for the difference in average AIY's between Allstate Insurance Company Mobilehome and Allstate Indemnity Company Manufactured Home. The development of the Arkansas Allstate Indemnity Company Manufactured Home catastrophe provision is shown on **Attachment V, Exhibit 10**.

**ALLSTATE INSURANCE GROUP (INCLUDES ALLSTATE INSURANCE  
COMPANY, ALLSTATE INDEMNITY COMPANY, AND ALLSTATE  
PROPERTY AND CASUALTY INSURANCE COMPANY)  
HOMEOWNERS FORMS  
ARKANSAS**

**SUMMARY OF THE TOTAL NON-MODELED CATASTROPHE  
ADJUSTMENT**

Allstate separately identifies and accounts for its exposure to loss due to the occurrence of catastrophic events within a state. The adjustment to account for non-modeled catastrophes described below is consistent with the Analysis of Issues and Recommended Practices detailed in Section 3.4 of Actuarial Standards of Practice No. 39, *Treatment of Catastrophe Losses in Property/Casualty Insurance Ratemaking*.

An estimation of our non-hurricane, non-earthquake catastrophe exposure is first developed on a total company statewide level. Subsequent relativities are used to estimate our catastrophe exposure by line and by company.

In order to estimate our non-hurricane, non-earthquake catastrophe exposure at a statewide level, we develop a long-term relativity of each state to our countrywide catastrophe factor for the latest fifteen years of data. We then apply this relativity to a countrywide catastrophe factor based on the most recent ten calendar years of data ending 9/30/2009. By using this approach, we are able to balance the stability of a long-term estimate of catastrophe potential in Arkansas (needed because of the infrequent occurrence of catastrophes) and the responsiveness of more recent data (needed because of changing demographic conditions).

Within our method we incorporated a credibility procedure designed to stabilize the results of individual states. The credibility is based on the standard (Buhlmann/Bayesian) credibility method as described in *Loss Models*, by Klugman, Panjer and Willmot, chapter 5, pages 436 to 441. The credibility reflects the confidence we have in the state's average relativity. In order to develop the credibility, we consider the number of years used to determine the relativity as well as the variance of all states' relativities to countrywide.\* The complement of credibility is applied to a relativity of 1.000.

The final relativity is applied to the countrywide catastrophe factor to develop the Arkansas catastrophe factor.

Prior to this filing, the relativity of each state to countrywide catastrophe factor was developed from data based on all years 1981 and beyond and excluding California, Florida, New Jersey, and Washington. In addition, a procedure was used to cap each state relativity and off-balance the resulting relativities to maintain an overall countrywide relativity of 1.000. Analysis has shown that using our credibility procedure with 15 years of data, including all states, and removing the capping procedure allow the final state-specific catastrophe factors to be more responsive while still maintaining the overall stability.

**Attachment V, Exhibit 9** displays the Development of the Homeowners Total non-hurricane, non-earthquake, catastrophe provision of **1.152** for Arkansas.

\* Note: The number of years is used rather than exposures (as recommended in the standard model) because increased exposures does not necessarily lead to more stable estimates for catastrophes, particularly when the exposures are geographically concentrated.

## **ATTACHMENT IV**

### **Summary of Modeled Catastrophe Provision**

**ALLSTATE INSURANCE GROUP  
MANUFACTURED HOME  
ARKANSAS**

**DEVELOPMENT OF THE HURRICANE PROVISION  
BASED ON THE 2009/08 AIR VERSION 11.0 HURRICANE MODEL  
IN THE STATEWIDE RATE LEVEL INDICATION  
EXPLANTATORY MEMORANDUM**

**I. INTRODUCTION**

The Casualty Actuarial Society Statement of Principles Regarding Property and Casualty Ratemaking defines a rate as "...an estimate of the expected value of future costs" and further states that "a rate provides for all costs associated with the transfer of risk". Rates are therefore an estimate of the costs for the policies to which the rates will apply. In our property ratemaking we assume that the proposed rates will apply to the policies written for one year from the effective date of the rates. Each provision of the rate is based on an estimate of the costs associated with those policies.

Losses expected from a hurricane are significantly different than losses expected from other types of catastrophic events. Hurricanes are unique because of the large potential impact such storms can have on the company's solvency and because of the relatively less frequent pattern for such events than those accounted for in the basic catastrophe provision.

The significant variation in the frequency of different magnitudes of hurricanes diminishes the accuracy of historical hurricane loss experience for projecting expected loss levels for the policies to which proposed rates will apply. Average expected recurrence periods for the larger, more severe storms are so long that many external variables will change in the time periods between occurrences. For example, the area of southern Florida hit by Hurricane Andrew in 1992 was last hit by a major hurricane, Hurricane Betsy, in 1965. The type, number, value, vulnerability and geographical distribution of exposed properties in the area impacted by Hurricane Andrew are very different than those of the exposed properties in 1965. Actual loss statistics from a hurricane that occurred many years ago are not easily adjusted for the type, number, value, and vulnerability of present day structures.

Since historical hurricane losses cannot be used to accurately estimate current hurricane loss potential, Allstate has contracted with an outside vendor, AIR Worldwide Corporation (AIR), which uses an alternative methodology based on Monte Carlo simulation to arrive at Allstate's expected annual hurricane losses. This approach involves the development of computer programs that describe in detail the frequency of hurricanes, their meteorological characteristics, and their effects on exposed properties. A high-speed computer then simulates a large set of hypothetical hurricanes and estimates the resulting property losses based on Allstate's exposure.

In order to estimate the potential loss from hurricanes, 100,000 scenario years of hurricane experience are simulated. This large number of simulations attempts to ensure that the

resulting probability distribution of losses converges to a stable representative distribution of potential annual hurricane loss.

The pattern of simulated hurricanes is representative of what has occurred historically because meteorological data on the actual events since 1900 were used to estimate the parameters of the AIR hurricane simulation model. The meteorological sources used to develop the model are the most complete and accurate databases available from various agencies of the National Weather Service and the National Oceanographic and Atmospheric Administration (NOAA), including the National Hurricane Center.

This explanatory memorandum incorporates text taken directly from documents supplied to Allstate by AIR Worldwide Corporation (AIR) and should not be copied or distributed without the express, written permission of AIR.

## II. HURRICANE PARAMETERS AND WIND SPEED ESTIMATION

### HURRICANE PARAMETERS

The primary characteristics of hurricanes used to simulate each storm and resulting wind speeds are:

1. Hurricane Frequency
2. Landfall Location
3. Central Pressure
4. Radius of Maximum Winds
5. Forward Speed
6. Track Angle at Landfall
7. Storm Track

The probability distributions of these variables are estimated for coastal segments of equal length from Texas to Maine. Random samples are generated from the probability distributions of these input variables to assign values to the variables for each simulated hurricane.

#### 1. Hurricane Frequency

More than one hundred years of history, spanning the period 1900-2007, were used to estimate the parameters of the annual frequency distribution.

#### 2. Landfall Location

There are 3,100 possible landfall points in the AIR hurricane simulation model. The cumulative distribution of landfall locations is developed for fifty nautical mile lengths of coastline. This is done by first tabulating historical landfalls by fifty-mile coastal segments. The historical frequencies are then smoothed to produce an estimate of the landfall probability for each segment.

### 3. Central Pressure

Central pressure is the lowest sea-level pressure at the center of the hurricane. This variable is the primary determinant of hurricane wind speed. All else being equal, wind speeds increase as the central pressure decreases, or more precisely, as the difference between the central and peripheral pressure increases. Distributions are first fitted to historical central pressure data for each hundred nautical mile coastal segment. Separate distributions are then estimated for larger regions defined based on broad meteorological differences. The final distribution used for each segment is a combination, with appropriate weights applied, of the regional distributions and the segment distribution.

### 4. Radius of Maximum Winds

Radius of Maximum Winds ( $R_{max}$ ) is the distance from the storm's center (eye) to the point where the strongest winds are found. The radius of maximum winds ( $R_{max}$ ) of stochastic events is estimated using a procedure that relates the radius of maximum winds to the central pressure of the storm and to latitude.

### 5. Forward Speed

Forward Speed is the speed at which a hurricane moves from point to point. The parameters of the distribution of forward speed are estimated for 100 nautical mile coastal segments. The lower bound of the distribution of forward speed is four nautical miles. The upper bound is dependent on latitude.

### 6. Track Angle at Landfall

Track Angle at Landfall is the angle between track direction and due north at landfall location. Separate distributions for track angle at landfall are estimated for segments of coastline that are variable in length with length dependent on general orientation of coastline.

### 7. Storm Track

The track direction of each simulated hurricane has the capability to curve and recurve on a fully probabilistic basis. Thus, the AIR hurricane simulation model has the ability to propagate a storm track that more accurately imitates actual storm motion.

## HURRICANE WIND SPEED ESTIMATION

Once the key parameters have been generated, the meteorological relationships among them are used to develop a complete time profile of wind speeds for each location affected by the storm. This involves the following calculations for each simulated hurricane:

1. Maximum Gradient-Level Wind Speed
2. Storm Asymmetry
3. Storm Decay (Filling)
4. Radial Decay (Storm Center-Relative Wind Speed)
5. Adjustment of Wind Speed for Surface Friction and Averaging Time

#### 1. Maximum Gradient-Level Wind Speed

The generated maximum wind speed is based on central and peripheral pressures, as well as radius of maximum winds and meteorological coefficients accounting for air density and latitude coordinates. This wind, called the gradient-level wind speed, is estimated over a 10-minute averaging time and is reduced to the 10-meter height level through a scaling factor. The resulting wind represents the maximum wind speed attainable over water.

#### 2. Storm Asymmetry

An asymmetry factor is calculated based on the forward speed of the hurricane and the relationship between the track direction and the surface wind direction. This factor is added to the wind speeds calculated to the right of the hurricane track and is subtracted from those calculated to the left of the hurricane track. This accounts for the additional wind speed contributed by the forward speed of the hurricane due to the counterclockwise movement of winds relative to the hurricane track. The wind field's asymmetry is therefore a function of how quickly the storm is propagating.

#### 3. Storm Decay (Filling)

Once over land, the hurricane moves away from its source of energy, i.e., warm ocean water. As a result, the eye "fills" and winds degrade subsequent to landfall. Filling equations used in the AIR model estimate the reduction in over-water wind speed as a function of time since landfall, rather than distance. A fast moving storm can produce damaging winds further inland than a slow moving storm with the same landfall intensity (wind speed). The filling equations vary by coastal region and smoothing is performed to ensure that there are no unrealistic jumps between regions.

#### 4. Radial Decay (Storm Center-Relative Wind Speed)

The wind speed in any five-digit zip code is dependent on the distance of the zip code centroid from the eye of the storm. The estimated wind speed at any point within the hurricane is dependent on the maximum wind speed at each hour, the radius of maximum winds ( $R_{max}$ ), and the distance between the eye of the storm and the centroid of the zip code area. As a zip code centroid lies farther from the eyewall (at  $R_{max}$ ), the winds decay until they reach an ambient level at the periphery of the storm.

## 5. Adjustment of Wind Speeds for Surface Friction and Averaging Time

Differences in surface terrain also affect wind speeds. The roughness of the underlying surface induces friction which tends to slow down the winds, and induces turbulence effects which tend to generate short-lived gusts. The friction and gust effects are estimated based on the roughness of the surface over which the wind passes.

A friction factor is calculated to capture surface roughness at each affected site and the associated decrease in wind speed that results from surface obstacles. Estimates of surface roughness are derived from digital US Geological Survey (USGS) land use/land cover data. Each terrain type has a different “roughness value” that will lead to different frictional effects on wind speeds at different locations. In general, the rougher the terrain the larger the effect of friction on wind speeds.

As soon as a storm crosses the coastline, there is an immediate reduction in wind speed. The reduction factors reach equilibrium values when the terrain is homogeneous over sufficiently large areas such that the surface winds come in balance with the surface. Thus, most local variability occurs when the underlying surface is diverse.

A gust factor is calculated to capture the effects of surface turbulence and is also associated with the roughness of the terrain. Smooth surfaces impart only a small turbulent effect such that the 10-minute average wind speed is similar to the 1-minute average. The adjustment for rougher surfaces is more substantial since rough surfaces tend to generate short-lived gusts which will translate to a stronger maximum 1-minute sustained wind speed. The gust factor is computed using the same USGS land use data set as is used for the friction calculation.

## III. DAMAGE ESTIMATION AND DEMAND SURGE

AIR engineers have developed damage functions that describe the interaction between buildings, (including both structural and nonstructural components) and their contents, and the local wind speeds to which they are exposed. These functions relate the mean damage level as well as the variability of damage to wind speed at each location. Because different structural types will experience different degrees of damage, the damage functions vary according to construction class, occupancy, and height. The model estimates a complete distribution around the mean level of damage for each local wind speed and each structural type. Losses are calculated by applying the appropriate damage function to the replacement value of the insured property.

The AIR damage functions capture the effects of wind duration as well as the effect of peak wind speed. The longer a property experiences severe wind speeds, the greater the damage. The hurricane damageability relationships incorporate well-documented engineering studies published by wind engineers and other experts outside of AIR. They also incorporate the results of post-hurricane field surveys performed by AIR engineers. These relationships are continually refined and validated based on actual client companies' loss data.

Any major catastrophic event causes an increase in demand for materials and services to repair and rebuild damaged property. This can put pressure on costs, resulting in higher than expected costs. Therefore, AIR applies aggregate demand surge functions to loss estimates to take into account the combined effects of events clustered in both time and geography. This year, demand surge is incorporated within the modeled losses. In prior years, the modeled losses did not include demand surge and thus had a separate demand surge factor applied to the losses to account for demand surge.

#### IV. LOSS CALCULATION

##### ALLSTATE EXPOSURE DETAIL

Allstate has supplied AIR with a detailed exposure database containing insured values by policy level and ZIP Code for each line of business, construction, and deductible combination. Damage functions relating wind speed and wind duration to the percentage of property damaged for varying types of coverage and construction are used to produce loss estimates by zip code for each simulated hurricane.

##### MODELED LOSS ESTIMATES

Losses estimated from 100,000 years of simulated hurricane experience are summed and divided by 100,000 to produce the expected annual losses from all hurricanes for each ZIP Code. ZIP Code loss estimates are then aggregated to produce expected annual loss by county and state.

Hurricane factors are then calculated as the total loss estimate for a given ZIP Code, county, or state divided by the total insured value in thousands of dollars (amount of insurance years). The development of the hurricane factor for the state is displayed on **Attachment V, Exhibit 11**. This factor is applied to the expected average amount of insurance years in the determination of the overall rate level indication.

##### ADJUSTMENTS TO MODELED LOSS ESTIMATES

As advances in science and changes in claim payment behaviors evolve, Allstate re-evaluates how it currently reflects modeled catastrophe losses in ratemaking. At times it is necessary to adjust the modeled losses to more accurately estimate the Property and Casualty industry's risk from catastrophes. Note that all adjustments made to the modeled losses are under continual development and may change in the future as Allstate learns more about the changing risk environment. Modeled loss estimates include adjustments for:

1. Atlantic Warm Sea Surface Temperature
2. Loss Adjustment Expenses

## 1. Atlantic Warm Sea Surface Temperature Adjustment

Meteorological research has identified correlations between naturally varying ocean temperatures and hurricane activity originating in the Atlantic that affects both the Gulf and the Atlantic coastlines. The active 2004 and 2005 hurricane seasons have heightened Allstate's awareness of such relationships. Scientists have concluded that the climate is presently undergoing a cycle of warmer than average sea surface temperatures which is expected to result in increased hurricane activity in the United States. It is well known that the ocean is able to retain heat for very long periods of time, a physical characteristic known as persistence. Due to the ocean's long-term persistence and the associated ocean current cycle known as the Atlantic Thermohaline Circulation, most scientists believe that the Atlantic Ocean is likely to remain warmer than average for the next several years.

In 2006, AIR released its first near-term hurricane catalog to reflect the short-term loss potential from hurricanes due to current elevated sea-surface temperatures in the North Atlantic. An AIR report entitled "Understanding Climatological Influences on Hurricane Activity: The AIR Near-Term Sensitivity Catalog" explains the development of this catalog. In 2007, AIR revised their methodology for generating the near-term hurricane catalog. The details of these changes are outlined in a report entitled "Near-term Hurricane Risk in the US: The 2007 Update to the AIR Near-term U.S. Hurricane Catalog". Although there was no methodology change in 2008, the name was changed to the Warm Sea Surface Temperature (WSST) hurricane catalog.

For 2008, the methodology was not changed from the 2007 catalog. However, the name of the catalog was changed to the Warm Sea Surface Temperature (WSST) hurricane catalog to better reflect the 2007 methodology.

### Methodology:

Since our cost estimates are for the policy period to which rates will apply, it is important that we use a methodology that recognizes any cyclical patterns. The AIR WSST hurricane catalog (using 50,000 years of simulations) is a catalog developed to account for the impact of warm sea surface temperatures in the Atlantic Ocean on hurricane landfall activity. The WSST catalog is based on AIR's standard hurricane catalog with adjustments made to landfall frequencies by region to reflect the expected impact of warmer-than-average sea surface temperatures. All of the model components aside from the catalog are that of the AIR Atlantic Tropical Cyclone Model, Version 11.0.

The AIR WSST catalog was used to calculate an Average Annual Loss net of deductible and gross of reinsurance (referred to as "Gross AAL"). In addition, the AIR standard hurricane catalog (using the first 50,000 years of simulations) was used to calculate an Average Annual Loss net of deductible and gross of reinsurance (referred to as "Gross AAL"). The WSST Factor was developed by taking the ratio of the Gross AAL from the WSST hurricane catalog to the Gross AAL from the standard hurricane model.

$$\text{Indicated WSST Factor} = \frac{\text{Gross AAL from AIR WSST hurricane catalog}}{\text{Gross AAL from AIR standard hurricane catalog}}$$

The WSST Factors were calculated for each state and line of business.

Allstate reviewed the methodology for WSST factors and determined to remove the wind pool policies from the factor calculations to be consistent with the Hurricane Factor Methodology. The impact of removing wind pool losses had minimal to no impact to the WSST factors.

Data:

2009/08 WSST Factors - Without Wind Pool	
<u>State</u>	<u>Factor</u>
Arkansas	1.123

\* Uses 50,000 Years

## 2. Loss Adjustment Expenses

Loss Adjustment Expenses (LAE), both allocated and unallocated, represent the costs of adjusting, investigating and settling losses. Allocated expenses are incurred while investigating and settling claims during the catastrophe and are considered allocated since they can be linked directly to a claim file. Unallocated expenses are associated with processing claims but cannot be linked directly to a claim file. Modeled hurricane losses provided by AIR do not include LAE. Therefore it is necessary to develop a LAE provision to be applied to these losses for use in pricing and catastrophe exposure management. In order to account for the LAEs associated with hurricane losses, we have applied a factor of 1.16 to the modeled losses for all property lines. The selection of this provision was based on a study of the LAE associated with hurricane losses for Allstate.

Methodology:

### Allocated Loss Adjustment Expense (ALAE)

Ten years of loss and allocated expense information is obtained from our corporate database with the 2008 hurricanes as the latest addition to the analysis. Tropical storms are not included in the ALAE analysis, as they are not simulated in the modeled loss data. Ratios of allocated expenses to losses were developed for events from 1999 through 2008.

Unallocated Loss Adjustment Expense (ULAE)

Loss and unallocated expense information is obtained from various corporate databases starting in 1999 and includes the 2008 hurricane as the latest addition. Tropical storms are not included in the ULAE analysis, as they are not simulated in the modeled loss data. Ratios of unallocated expenses to losses were developed for events from 1999 through 2008.

Allstate Insurance Group Allstate Personal and Commercial Lines Combined Loss Adjustment Expense Analysis - Hurricane Peril	
ALAE	1.4%
ULAE	17.0%
Total	<u>18.4%</u>
Selected:	16.0%

## V. ACTUARIAL STANDARDS OF PRACTICE

The rules and procedures as set forth in ASOP23-Data Quality and ASOP38-Using Models Outside the Actuary's Area of Expertise (Property and Casualty) were applied in reviewing the modeled losses.

**ATTACHMENT V**

**Rate Level Indication Exhibits**

Allstate Indemnity Company  
Manufactured Home  
Arkansas

Attachment V  
Exhibit 1

Determination of Statewide Rate Level Indication

1) Credibility Weighted Indicated Provision for Loss and LAE	\$685.26
2) Current Fixed Expense Ratio	8.8 %
3) Three Year Average Earned Premium	\$553.97
4) Current Dollar Provision for Fixed Expense [ (2) x (3) ]	\$48.75
5) Factor to Adjust for Subsequent Change in Fixed Expense	1.101
6) Indicated Provision for Fixed Expense [ (4) x (5) ]	\$53.67
7) Variable Expense and Profit & Contingencies Ratio	27.3 %
8) Indicated Average Premium [ (1) + (6) ] / [ 1 - (7) ]	\$1,016.41
9) Projected Average Earned Premium at Current Rates	\$754.11
10) Indicated Rate Level Change [ (8) / (9) - 1.0 ]	34.8 %

Allstate Indemnity Company  
Manufactured Home  
Arkansas

Development of Provision for Non-Cat Loss and LAE  
Total All Perils excluding Earthquake & Flood

Fiscal Year Ending	(1) Earned Exposures	(2) Accident Year * Non-Catastrophe Ultimate Loss	(3) Non-Cat Ultimate Loss and LAE	(4) Factor to Adjust Losses for Pure Premium Trend	(5) Projected Non-Cat. Ultimate Loss and LAE	(6) Projected Average Non-Cat. Loss and LAE (5) / (1)	(7) Experience Year Weights
6/30/2005	2,213	\$931,855	\$1,077,224	1.624	\$1,749,412	\$790.52	20 %
6/30/2006	2,342	784,731	907,149	1.518	1,377,052	587.98	20
6/30/2007	2,600	1,023,615	1,183,299	1.418	1,677,918	645.35	20
6/30/2008	2,854	1,271,416	1,469,757	1.326	1,948,898	682.87	20
6/30/2009	2,988	1,172,197	1,355,060	1.239	1,678,919	561.89	20
						653.72	
						50.0%	
						507.26	
						\$580.49	

\* Evaluated at 15 months

**ALLSTATE INDEMNITY COMPANY  
MANUFACTURED HOME  
ARKANSAS**

Attachment V  
Exhibit 3

Determination of Complement of Credibility

(1) Prior Permissible Loss & Fixed Expense Ratio	72.7 %
(2) Current Average Premium @ CRL	\$771.07
(3) Current Average Fixed Expense	\$48.75
(4) Current Expected Catastrophe Pure Premium	\$102.41
(5) Loss Project Selection	10.0%
(6) Loss Projection Factor: $[1 + (5)]^{2.25}$	1.239
(7) Complement of Credibility $[(1) \times (2)] - (3) - (4) \times (6)$	\$507.26



ALLSTATE INSURANCE GROUP\*  
Personal Property Lines  
Countrywide Expense Experience - Unallocated (Adjusting and Other Expense) Factors  
2007 & 2008

	<u>2007 - 2008</u>
1. Direct Losses and Allocated Loss Adjustment Expense Incurred excluding Earthquake and Hurricane Losses	7,137,196
2. Direct Unallocated Loss Adjustment Expense Incurred excluding Earthquake and Hurricane	1,111,509
3. Ratio (2)/(1)	0.156
4. Proposed Provision	0.156

\* Allstate Insurance Company, Allstate Indemnity Company, Allstate Property and Casualty Insurance Company  
Allstate County Mutual Insurance Company and Allstate Fire & Casualty.

(000 Omitted)

Allstate Indemnity Company  
Manufactured Home  
Arkansas

Calculation of Pure Premium Trend Factor

Peril	Selected Annual Pure Premium Impacts						
	Historical	Projected	4th Prior Year	3rd Prior Year	2nd Prior Year	1st Prior Year	Current Year
Total All Perils excluding Earthquake & Flood	7.00 %	10.00 %	3/31/2011	3/31/2011	3/31/2011	3/31/2011	3/31/2011
1) Loss Trend Projection Date			12/31/2008	12/31/2008	12/31/2008	12/31/2008	12/31/2008
2) Mid-Point of Current Year's Experience Period			6/30/2005	6/30/2006	6/30/2007	6/30/2008	6/30/2009
3) Experience Period Ended			12/31/2004	12/31/2005	12/31/2006	12/31/2007	12/31/2008
4) Midpoint of Experience Period			4.000	3.000	2.000	1.000	0.000
5) Historical: Number of Years from (4) to (2)			2.247	2.247	2.247	2.247	2.247
6) Projected: Number of Years from (2) to (1)							

Calculation of Trend Factors

(a) Historical Pure Premium Factors are the Annual Historical Impacts plus unity compounded for the number of years in (5)

(b) Projected Pure Premium Factors are the Annual Projected Impacts plus unity compounded for the number of years in (6)

(c) Factor to Adjust Losses for Pure Premium Trend = (a) x (b)

Countrywide Allstate Insurance Company Data  
 Mobile Home  
 Arkansas

Attachment V  
 Exhibit 7

Loss Trends - Pure Premium  
 Total All Perils excluding Earthquake & Flood

Year Ending	Actual Paid Pure		Exponential Curve of Best Fit		
	Premium	Annual Change	24 pt.	12 pt.	6 pt.
12/03	\$132.09	-10.85 %	\$126.73		
03/04	137.93	-3.18	127.99		
06/04	135.46	-3.59	129.25		
09/04	133.39	-1.46	130.53		
12/04	133.17	0.82	131.82		
03/05	131.51	-4.65	133.12		
06/05	132.92	-1.88	134.44		
09/05	136.43	2.28	135.77		
12/05	135.69	1.89	137.11		
03/06	135.20	2.81	138.47		
06/06	135.25	1.75	139.84		
09/06	135.49	-0.69	141.22		
12/06	136.08	0.29	142.62	\$130.90	
03/07	134.84	-0.27	144.03	134.13	
06/07	136.45	0.89	145.45	137.45	
09/07	136.01	0.38	146.89	140.85	
12/07	138.90	2.07	148.34	144.33	
03/08	149.29	10.72	149.81	147.89	
06/08	153.51	12.50	151.29	151.55	\$152.45
09/08	156.47	15.04	152.79	155.29	156.13
12/08	157.44	13.35	154.30	159.13	159.90
03/09	163.46	9.49	155.82	163.06	163.76
06/09	168.80	9.96	157.37	167.09	167.71
09/09	172.04	9.95	158.92	171.22	171.76
Regression			24 pt.	12 pt.	6 pt.
Avg Annual Percent Change Based on Best Fit:			4.01 %	10.26 %	10.01 %

Allstate Indemnity Company  
Manufactured Home  
Arkansas

Attachment V  
Exhibit 8

Development of Provision for Catastrophe Loss and LAE

1) Non-Modeled Catastrophe Provision Per AIY	1.282
1) Non-Modeled Catastrophe Provision Per AIY Including All LAE	1.482
3) Hurricane Provision Per AIY Including All LAE	0.038
4) Total Catastrophe Provision Per AIY Including All LAE (2)+(3)	1.520
5) Earned Exposures	1,583
6) Earned AIY*	106,665
7) Average Earned AIY* (6)/(5)	67.38
8) Factor to Adjust to Projected Average AIY Level	1.023
9) Average AIY Projected to 3/31/2011 (7)*(8)	68.93
10) Expected Catastrophe Pure Premium (4)*(9)	\$104.77

\*1 AIY = One Amount of Insurance Years = \$1000 of Coverage in Force for One Year

ALLSTATE INSURANCE GROUP  
HOMEOWNERS INSURANCE  
ARKANSAS  
BASIC CATASTROPHE PROVISION

(1)	(2)	(3)	(4)	(5)	(6)
<u>CALENDAR YEAR</u>	<u>AMOUNT OF INSURANCE YEARS</u>	<u>CATASTROPHE INCURRED LOSS</u>	<u>STATE CATASTROPHE RATIO</u>	<u>COUNTRYWIDE CATASTROPHE RATIO</u>	<u>RELATIVITIES</u>
1994	2,802,859	2,207,000	0.787	0.712	1.105
1995	2,887,538	1,651,000	0.572	0.641	0.892
1996	2,980,889	17,106,000	5.739	0.740	7.755
1997	3,144,832	2,733,000	0.869	0.246	3.533
1998	3,303,648	244,000	0.074	0.422	0.175
1999	3,332,183	10,286,000	3.087	0.429	7.196
2000	3,420,427	6,984,000	2.042	0.595	3.432
2001	3,588,393	1,054,000	0.294	0.523	0.562
2002	3,938,995	812,000	0.206	0.374	0.551
2003	4,482,591	1,801,000	0.402	0.716	0.561
2004	5,278,462	1,135,000	0.215	0.237	0.907
2005	6,206,937	193,000	0.031	0.208	0.149
2006	7,323,099	19,810,000	2.705	0.456	5.932
2007	8,763,300	2,975,000	0.339	0.537	0.631
2008	9,599,267	45,474,000	4.737	0.787	6.019
(7) Average Relativity					2.627
(8) Standard Deviation					2.782
(9) Credibility					0.749
(10) Credibility Weighted Relativity					2.219
(11) Countrywide Selected Catastrophe Factor					0.519
(12) Arkansas Catastrophe Factor					1.152

Allstate Indemnity Company  
 Manufactured Home  
 Arkansas

Attachment V  
 Exhibit 10

Development of Catastrophe Provision by Line

<u>Mobile Home</u>				<u>Homeowners</u>		
(1) Year	(2) AIY	(3) Incurred CAT Loss	(4) Loss / AIY	(5) AIY	(6) Incurred CAT Loss	(7) Loss / AIY
1987	69,427	\$45,135	0.650	2,706,082	\$922,000	0.341
1988	56,163	176,644	3.145	2,752,991	2,406,000	0.874
1989	49,921	132,403	2.652	2,886,147	5,028,427	1.742
1990	43,780	110,861	2.532	3,132,827	1,633,117	0.521
1991	37,215	32,848	0.883	3,165,386	1,312,693	0.415
1992	31,502	2,645	0.084	2,960,559	567,087	0.192
1993	27,412	586	0.021	2,813,549	95,038	0.034
1994	24,728	25,731	1.041	2,802,859	2,207,475	0.788
1995	22,854	7,560	0.331	2,887,538	1,650,611	0.572
1996	22,772	55,988	2.459	2,980,889	17,105,645	5.738
1997	24,601	86,207	3.504	3,144,832	2,732,569	0.869
1998	31,187	21,063	0.675	3,303,648	243,869	0.074
1999	40,837	222,278	5.443	3,332,183	10,286,072	3.087
2000	48,728	228,961	4.699	3,420,427	6,983,750	2.042
2001	57,388	146,880	2.559	3,588,393	1,054,085	0.294
2002	57,064	38,463	0.674	3,938,995	812,384	0.206
2003	58,082	217,739	3.749	4,482,591	1,801,296	0.402
2004	61,109	45,357	0.742	5,278,462	1,134,688	0.215
2005	61,566	1,540	0.025	6,206,937	192,779	0.031
2006	54,497	228,272	4.189	7,323,099	19,809,820	2.705
2007	48,216	27,784	0.576	8,763,300	2,974,969	0.339
2008	42,637	769,253	18.042	9,599,267	45,474,047	4.737
		Average	2.701			1.382
						8) Ratio of Manufactured Home to Homeowners 1.954
						9) Homeowners Catastrophe Provision 1.152
						10) Arkansas Manufactured Home Catastrophe Provision (8) x (9) x Adjustment Factor 1.282

ALLSTATE INDEMNITY COMPANY  
MANUFACTURED HOME  
ARKANSAS

DEVELOPMENT OF THE HURRICANE CATASTROPHE FACTOR

<u>WRITTEN AMOUNT OF INSURANCE YEARS @ 12/08*</u>	<u>EXPECTED ANNUAL HURRICANE LOSSES</u>	<u>CATASTROPHE FACTOR EXCLUDING LAE</u>	<u>HURRICANE CATASTROPHE FACTOR</u>
106,665	\$4,053	0.0328	0.038

\* ONE AMOUNT OF INSURANCE YEAR =  
\$1,000 OF COVERAGE IN FORCE FOR ONE YEAR

Allstate Indemnity Company  
 Manufactured Home  
 Arkansas

Attachment V  
 Exhibit 12

AIY Trends

Exponential Curve of Best Fit

Year Ending	AIY Trends	Annual Change	24 pt.	12 pt.	6 pt.
12/03	.00	0.00 %	.00		
03/04	.00	0.00	.00		
06/04	.00	0.00	.01		
09/04	.00	0.00	.01		
12/04	.00	0.00	.02		
03/05	.00	0.00	.04		
06/05	56.60	0.00	.07		
09/05	61.40	0.00	.13		
12/05	61.75	0.00	.25		
03/06	61.65	0.00	.47		
06/06	62.21	9.91	.89		
09/06	63.84	3.97	1.67		
12/06	65.40	5.91	3.14	65.83	
03/07	66.33	7.59	5.90	66.03	
06/07	66.51	6.91	11.11	66.22	
09/07	66.59	4.31	20.89	66.42	
12/07	66.76	2.08	39.30	66.62	
03/08	66.71	0.57	73.93	66.81	
06/08	66.87	0.54	139.08	67.01	66.72
09/08	66.99	0.60	261.63	67.21	67.01
12/08	67.30	0.81	492.18	67.41	67.30
03/09	67.21	0.75	925.88	67.61	67.60
06/09	67.96	1.63	1741.75	67.81	67.89
09/09	68.37	2.06	3276.56	68.01	68.19
<b>Regression</b>			<b>24 pt.</b>	<b>12 pt.</b>	<b>6 pt.</b>
Avg Annual Percent Change Based on Best Fit:			1152.37 %	1.19 %	1.76 %

Allstate Indemnity Company  
Manufactured Home  
Arkansas

Attachment V  
Exhibit 13

Summary of Expense Provisions

	<u>Percent Fixed</u>	<u>Expense Provision</u>
Commissions	0 %	12.5 %
Taxes †	0	3.0
Licenses and Fees	100	0.1
Other Acquisition	100	5.2
General Expense	100	3.5
Contingency Provision	0	2.0
Profit	0	8.4
Debt Provision	0	1.4

† State Taxes - Does not include Federal Income Tax

**ALLSTATE INSURANCE GROUP\***

Personal Property Lines Excluding Earthquake  
Countrywide Expense Experience For Other Acquisition and General Expenses

	Other Acquisition Expense		
	2006	2007	2008
1. Direct Premium Earned Less Reinsurance Premium****	\$5,750,206	\$5,988,021	\$6,116,057
2. Other Acquisition Expense Incurred**	288,175	331,511	300,573
3. Ratio (2)/(1)	0.0501	0.0554	0.0491
4. Three Year Average			0.052
5. Proposed Provision			0.052

	General Expense		
	2006	2007	2008
1. Direct Premium Earned Less Reinsurance Premium****	\$5,750,206	\$5,988,021	\$6,116,057
2. General Expense Incurred	212,288	196,359	232,841
3. Ratio (2)/(1)	0.0369	0.0328	0.0381
4. Three Year Average			0.036
5. Proposed Provision***			0.035

\* Allstate Insurance Company, Allstate Property and Casualty Insurance Company, Allstate Indemnity Company, Allstate Fire & Casualty and Allstate County Mutual

\*\* Expenses are reduced by the amount of Payment Fees collected and includes Premium Write offs.

\*\*\*Reduction in force adjustment included

\*\*\*\*Premiums for Net Cost of Reinsurance (NCOR) do not include provisions for General and Other Acquisition expenses. Therefore, direct premiums must be reduced by NCOR premiums to get the premium base upon which general and other acquisition expense provisions are applied.

(000's) omitted

Allstate Indemnity Company  
Manufactured Home  
Arkansas

Attachment V  
Exhibit 15

Factor to Adjust for Subsequent Change in Fixed Expense  
(For calendar years 2006-2008 )

1) Average Earned Date of Experience Period	6/30/2007
2) Average Earned Date of Proposed Policy Period	3/31/2011
3) Number of Years from (1) to (2)	3.751
4) Selected Annual Impact	2.60 %
5) Factor to Adjust for Subsequent Change in Fixed Expense [ 1.0 + (4) ] ^ (3)	1.101

Allstate Insurance Group  
Manufactured Home  
Arkansas  
Investment Income

Calculation of Present Value, as of the Average Earning Date of a  
Policy Year, of all Income and Outgo @ 3.7% force of interest,  
assuming an Operating Profit of 7.25% and twelve month Policy  
Terms

Years From Start of Policy Year	Cumulative Percent of Losses Paid	Yearly Percent of Losses Paid	Time from Start of Policy Year	Discounted† to Average Time of Profit @ 3.7%	Discounted Payments
1	37.0 %	37.0 %	0.70	1.0112	37.4 %
2	92.2	55.2	1.40	0.9853	54.4
3	97.8	5.60	2.30	0.9530	5.3
4	99.4	1.60	3.30	0.9184	1.5
5	99.5	0.10	4.50	0.8785	0.1
Subsequent	100.0	0.50	7.20	0.7950	0.4
<b>Total</b>					99.1 %
<b>Expected Losses and Loss Expense Ratio</b>					66.0 %
<b>Present Value of Loss and Loss Expense Payments</b>					65.4 %
General Expense		3.5 %	0.75	1.0093	3.5 %
Other Acquisition		5.2 %	0.63	1.0138	5.3 %
Taxes		3.0 %	0.77	1.0085	3.0 %
Commissions		12.5 %	0.58	1.0157	12.7 %
Debt Provision		1.4 %	1.00	1.0000	1.4 %
Profit		8.4 %	1.00	1.0000	8.4 %
Licenses and Fees		0.1 %	0.77	1.0085	0.1 %
<b>Total Present Value of Outgo</b>					99.7 %
<b>Premiums</b>		100.0 %	0.57	1.0160	101.6 %
<b>Difference, Present Value of Income Less Present Value of Outgo</b>					1.9 %

\*exp (force of interest x (timing of profit being earned - timing of cash flow))

Allstate Indemnity Company  
Manufactured Home  
Arkansas

Development of Projected Average Earned Premium

Fiscal Year Ending	(1) Earned Exposures	(2) Earned Premium at Current Rates	(3) Factor to Adjust to Projected Premium Level	(4) Projected Earned Premium at Current Rates (2) x (3)	(5) Projected Average Earned Premium at Current Rates (4) / (1)	(6) Experience Year Weights
6/30/2009	1,583	\$1,220,602	0.978	\$1,193,749	\$754.11	100 %
				(7) Projected Average Earned Premium at Current Rates	\$754.11	

Allstate Indemnity Company  
Manufactured Home  
Arkansas

Attachment V  
Exhibit 18

Calculation of Premium Trend Factor

<u>Peril</u>	Selected Annual Premium Impacts <u>Projected</u>
Total All Peril excluding EQ	-1.00 %

	Current Year
1) Average Earned Date of Proposed Policy Period	3/31/2011
2) Mid-Point of Current Year's Experience Period	12/31/2008
3) Projected: Number of Years from (2) to (1)	2.247

Calculation of Trend Factors

(a) Projected Premium Factors are the Annual Projected Impacts plus unity compounded for the number of years in (3)

Allstate Indemnity Company  
 Manufactured Home  
 Arkansas

Premium Trends

Year Ending	Average Written Premium @ CRL	Annual Change	Exponential Curve of Best Fit		
			24 pt.	12 pt.	6 pt.
12/03	5.00	0.00 %	5.00		
03/04	.00	0.00	.01		
06/04	.00	0.00	.01		
09/04	.00	0.00	.03		
12/04	.00	0.00	.05		
03/05	.00	0.00	.11		
06/05	709.51	0.00	.24		
09/05	722.00	0.00	.51		
12/05	742.96	0.00	1.07		
03/06	735.65	0.00	2.26		
06/06	752.94	6.12	4.76		
09/06	775.64	7.43	10.02		
12/06	776.30	4.49	21.13	\$796.08	
03/07	792.78	7.77	44.54	792.95	
06/07	786.29	4.43	93.89	789.83	
09/07	789.35	1.77	197.91	786.72	
12/07	792.94	2.14	417.18	783.62	
03/08	791.32	-0.18	879.37	780.54	
06/08	795.14	1.13	1,853.62	777.46	\$791.62
09/08	783.80	-0.70	3,907.25	774.40	782.88
12/08	770.64	-2.81	8,236.09	771.35	774.25
03/09	761.34	-3.79	17,360.83	768.32	765.70
06/09	756.17	-4.90	36,594.85	765.29	757.25
09/09	753.56	-3.86	77,138.20	762.28	748.90
Regression			24 pt.	12 pt.	6 pt.
Avg Annual Percent Change Based on Best Fit:			1874.23 %	-1.57 %	-4.34 %

# **ATTACHMENT VI**

## **Summary of Changes**

**ALLSTATE INDEMNITY COMPANY  
MANUFACTURED HOME  
ARKANSAS**

**SUMMARY OF MANUAL CHANGES**

**Rate Page RFP-1**

Updating Base Rates

**Rate Page RFP-2**

Updating Rating Group factors

**Rate Page RFP-4**

Updating Multiple Policy Discount factor

**Rule Page IMH9-1**

Updating Rule 9 verbiage

**Rule Page IMH11-1 through IMH11-2**

Updating Rule 11 verbiage and adding page IMH11-2 to accommodate the additional verbiage

**ALLSTATE INDEMNITY COMPANY  
MANUFACTURED HOME  
ARKANSAS**

**SUMMARY OF FACTOR CHANGES**

With this filing, Allstate is proposing a change to the Rating Group Classification rating plan. The proposed factors are based on a loss ratio analysis using Allstate Indemnity Company Manufactured Home program data from calendar years 2005 through 2008.

<b>Rating Group</b>	<b>Current</b>	<b>Proposed</b>
1	0.650	0.650
2	0.650	0.650
3	0.650	0.650
4	0.700	0.750
5	0.750	0.800
6	0.800	0.870
7	0.930	1.000
8	1.030	1.110
9	1.170	1.310
10	1.480	1.740

With this filing, Allstate is proposing a change to the Multiple Policy Discount. The proposed factors are based on a loss ratio analysis using Allstate Indemnity Company Manufactured Home program data from calendar years 2005 through 2008.

<b>Multiple Policy Discount</b>	<b>Current</b>	<b>Proposed</b>
No	1.000	1.000
Yes	0.900	0.850

### NAIC LOSS COST DATA ENTRY DOCUMENT

1.	This filing transmittal is part of Company Tracking #	R23180
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2.	If filing is an adoption of an advisory organization loss cost filing, give name of Advisory Organization and Reference/ Item Filing Number	
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Company Name		Company NAIC Number		
3.	A.	<b>Allstate Indemnity Company</b>	B.	<b>19240</b>

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

5.			FOR LOSS COSTS ONLY				
(A) COVERAGE (See Instructions)	(B) Indicated % Rate Level Change	(C) Requested % Rate Level Change	(D) Expected Loss Ratio	(E) Loss Cost Modification Factor	(F) Selected Loss Cost Multiplier	(G) Expense Constant (If Applicable)	(H) Co. Current Loss Cost Multiplier
<b>Mobilehome</b>	<b>34.8%</b>	<b>34.8%</b>					
TOTAL OVERALL EFFECT							

6.		5 Year History	Rate Change History					
Year	Policy Count (Earned Exposures)	% of Change	Effective Date	State Earned Premium (000)	Incurred Losses (000)	State Loss Ratio	Countrywide Loss Ratio^	
<b>12/31/2009</b>	<b>1,602</b>	<b>N/A</b>	<b>N/A</b>	<b>\$1,228</b>	<b>\$1,705</b>	<b>138.8%</b>	<b>99.1%</b>	
<b>12/31/2008</b>	<b>1,417</b>	<b>28.0%</b>	<b>4/21/08</b>	<b>\$952</b>	<b>\$1,963</b>	<b>206.3%</b>	<b>97.3%</b>	
<b>12/31/2007</b>	<b>1,009</b>	<b>N/A</b>	<b>N/A</b>	<b>\$644</b>	<b>\$427</b>	<b>66.2%</b>	<b>75.4%</b>	
<b>12/31/2006</b>	<b>553</b>	<b>N/A</b>	<b>N/A</b>	<b>\$339</b>	<b>\$484</b>	<b>142.8%</b>	<b>66.2%</b>	
<b>12/31/2005</b>	<b>93</b>	<b>N/A</b>	<b>N/A</b>	<b>\$54</b>	<b>\$71</b>	<b>130.1%</b>	<b>61.4%</b>	

7.	
Expense Constants	Selected Provisions
A. Other Acquisition	<b>5.2</b>
B. General Expense	<b>3.5</b>
C. Taxes, License & Fees	<b>3.1</b>
D. Underwriting Profit, Debt & Contingencies	<b>11.8</b>
E. Commissions	<b>12.5</b>
F. TOTAL	<b>36.1</b>

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

**Allstate Insurance Group  
Homeowners Insurance  
Arkansas**

**Development of the Non-Modeled Catastrophe Provision  
As Filed - No Hurricane Losses Included**

(1)	(2)	(3)	(4)	(5)	(6)
<u>CALENDAR YEAR</u>	<u>AMOUNT OF INSURANCE YEARS</u>	<u>CATASTROPHE INCURRED LOSS</u>	<u>STATE CATASTROPHE RATIO</u>	<u>COUNTRYWIDE CATASTROPHE RATIO</u>	<u>RELATIVITIES</u>
1994	2,802,859	2,207,000	0.787	0.712	1.105
1995	2,887,538	1,651,000	0.572	0.641	0.892
1996	2,980,889	17,106,000	5.739	0.740	7.755
1997	3,144,832	2,733,000	0.869	0.246	3.533
1998	3,303,648	244,000	0.074	0.422	0.175
1999	3,332,183	10,286,000	3.087	0.429	7.196
2000	3,420,427	6,984,000	2.042	0.595	3.432
2001	3,588,393	1,054,000	0.294	0.523	0.562
2002	3,938,995	812,000	0.206	0.374	0.551
2003	4,482,591	1,801,000	0.402	0.716	0.561
2004	5,278,462	1,135,000	0.215	0.237	0.907
2005	6,206,937	193,000	0.031	0.208	0.149
2006	7,323,099	19,810,000	2.705	0.456	5.932
2007	8,763,300	2,975,000	0.339	0.537	0.631
2008	9,599,267	45,474,000	4.737	0.787	6.019
(7) Average Relativity					2.627
(8) Standard Deviation					2.782
(9) Credibility					0.749
(10) Credibility Weighted Relativity					2.219
(11) Countrywide Selected Catastrophe Factor					0.519
(12) Arkansas Catastrophe Factor					1.152

**Allstate Insurance Group  
Homeowners Insurance  
Arkansas**

**Development of the Non-Modelled Catastrophe Provision  
Hurricane Losses Included**

(1)	(2)	(3)	(4)	(5)	(6)
<u>CALENDAR YEAR</u>	<u>AMOUNT OF INSURANCE YEARS</u>	<u>CATASTROPHE INCURRED LOSS</u>	<u>STATE CATASTROPHE RATIO</u>	<u>COUNTRYWIDE CATASTROPHE RATIO</u>	<u>RELATIVITIES</u>
1994	2,802,859	2,207,000	0.787	0.712	1.105
1995	2,887,538	1,651,000	0.572	0.641	0.892
1996	2,980,889	17,106,000	5.739	0.740	7.755
1997	3,144,832	2,733,000	0.869	0.246	3.533
1998	3,303,648	244,000	0.074	0.422	0.175
1999	3,332,183	10,286,000	3.087	0.429	7.196
2000	3,420,427	6,984,000	2.042	0.595	3.432
2001	3,588,393	1,054,000	0.294	0.523	0.562
2002	3,938,995	821,000	0.208	0.374	0.556
2003	4,482,591	1,800,000	0.402	0.716	0.561
2004	5,278,462	1,135,000	0.215	0.237	0.907
2005	6,206,937	868,000	0.14	0.208	0.673
2006	7,323,099	19,722,000	2.693	0.456	5.906
2007	8,763,300	2,999,000	0.342	0.537	0.637
2008	9,599,267	52,789,000	5.499	0.787	6.987
(7) Average Relativity					2.725
(8) Standard Deviation					2.843
(9) Credibility					0.749
(10) Credibility Weighted Relativity					2.292
(11) Countrywide Selected Catastrophe Factor					0.519
(12) Arkansas Catastrophe Factor					1.190

**Allstate Indemnity Company  
Arkansas  
Manufactured Home**

**Effect of Catastrophe Provision Changes on Indication\***

Indication as filed - R23180

Includes a Modeled Hurricane Provision and a Non-Modeled Catastrophe Provision (Developed using Ex-Hurricane Cat Data)

AI Modeled Hurricane Provision	0.038
AI Non-Modeled Catastrophe Provision**	1.482
AI Total Catastrophe Provision	1.520

Resulting Indication	33.8%
----------------------	-------

Indication with No Modeled Hurricane Provision

Includes a Non-Modeled Catastrophe Provision (Developed using All Cat Data, including Hurricane Cats)

AI Modeled Hurricane Provision	0.000
AI Non-Modeled Catastrophe Provision**	1.531
AI Total Catastrophe Provision	1.531

Resulting Indication	33.9%
----------------------	-------

\*Note: All Indication values shown using 1% contingency provision

\*\*Resulting AI Manufactured Home Non-Modeled Catastrophe Provision after splitting Line 7X Provision to Line and Company, including all LAE

**Allstate Indemnity Company  
Arkansas  
Manufactured Home**

**Revised Base Rates**

Zone	Current Base Rates	Original Proposed Base Rates	New Proposed Base Rates
1	924.05	1073.75	1073.75
2	949.16	1102.92	1102.92
3	921.45	1070.72	1070.72
4	921.45	1070.72	1070.72
5	812.21	943.79	943.79
6	1007.55	1170.77	1170.77
7	1087.47	1263.64	1263.64
8	1026.07	1192.29	1192.29

**Revised Summary of Proposed Change**

Indicated Rate Level Change: 33.8%

Total Selected Rate Level Change: 19.9%

	<u>Written Premium Distribution</u>	<u>Selected Change</u>
Package Premium	97.3%	20.4%
Additional Coverages	2.7%	N/C
<hr/>		
Total	100.0%	19.9%

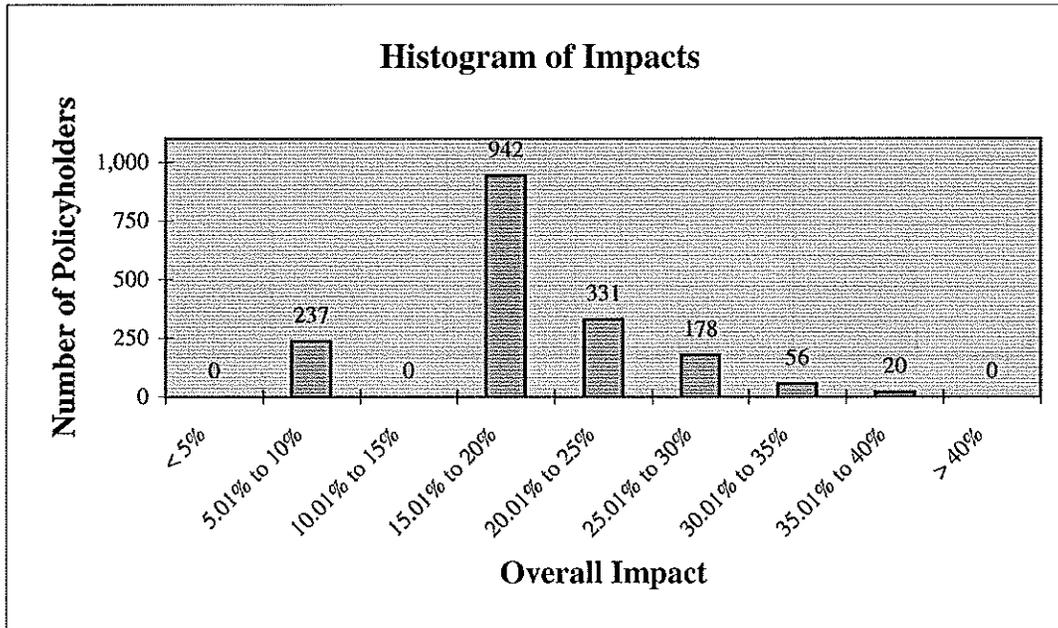
**Allstate Indemnity Company  
Manufactured Home  
Countrywide**

IS	Adjusted Earned Exposures	X-CAT Incurred Losses	X-CAT Loss Ratio Relativity	Calculated Factor
1	760	202,598	0.39	0.40
2	2,895	1,000,474	0.51	0.54
3	3,414	1,220,596	0.53	0.58
4	6,511	3,670,268	0.83	0.97
5	9,353	4,501,233	0.71	0.92
6	6,956	4,702,417	1.00	1.37
7	7,594	4,724,414	0.92	1.47
8	9,448	5,380,948	0.84	1.50
9	9,242	8,156,036	1.31	2.62
10	7,139	9,212,303	1.91	4.84

Multi-Policy Discount	Adjusted Earned Exposures	X-CAT Incurred Losses	X-CAT Loss Ratio Relativity	Calculated Factor
No	27,949	19,852,609	1.05	1.00
Yes	35,363	22,918,678	0.96	0.82

**Allstate Indemnity Company  
Arkansas  
Manufactured Home**

**Histogram of Impacts**



**Allstate Insurance Group  
Homeowners Insurance  
Arkansas**

**Development of the Non-Modeled Catastrophe Provision  
As Filed - No Hurricane Losses Included**

(1)	(2)	(3)	(4)	(5)	(6)
<u>CALENDAR YEAR</u>	<u>AMOUNT OF INSURANCE YEARS</u>	<u>CATASTROPHE INCURRED LOSS</u>	<u>STATE CATASTROPHE RATIO</u>	<u>COUNTRYWIDE CATASTROPHE RATIO</u>	<u>RELATIVITIES</u>
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1998	3,303,648	244,000	0.074	0.422	0.175
1999	3,332,183	10,286,000	3.087	0.429	7.196
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2004	5,278,462	1,135,000	0.215	0.237	0.907
2005	6,206,937	193,000	0.031	0.208	0.149
2006	7,323,099	19,810,000	2.705	0.456	5.932
2007	8,763,300	2,975,000	0.339	0.537	0.631
2008	9,599,267	45,474,000	4.737	0.787	6.019
(7) Average Relativity					2.627
(8) Standard Deviation					2.782
(9) Credibility					0.749
(10) Credibility Weighted Relativity					2.219
(11) Countrywide Selected Catastrophe Factor					0.519
(12) Arkansas Catastrophe Factor					1.152

**Allstate Insurance Group  
Homeowners Insurance  
Arkansas**

**Development of the Non-Modeled Catastrophe Provision  
Hurricane Losses Included**

(1)	(2)	(3)	(4)	(5)	(6)
<u>CALENDAR YEAR</u>	<u>AMOUNT OF INSURANCE YEARS</u>	<u>CATASTROPHE INCURRED LOSS</u>	<u>STATE CATASTROPHE RATIO</u>	<u>COUNTRYWIDE CATASTROPHE RATIO</u>	<u>RELATIVITIES</u>
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1995	2,887,538	1,651,000	0.572	0.641	0.892
1996	2,980,889	17,106,000	5.739	0.740	7.755
1997	3,144,832	2,733,000	0.869	0.246	3.533
1998	3,303,648	244,000	0.074	0.422	0.175
1999	3,332,183	10,286,000	3.087	0.429	7.196
2000	3,420,427	6,984,000	2.042	0.595	3.432
2001	3,588,393	1,054,000	0.294	0.523	0.562
2002	3,938,995	821,000	0.208	0.374	0.556
2003	4,482,591	1,800,000	0.402	0.716	0.561
2004	5,278,462	1,135,000	0.215	0.237	0.907
2005	6,206,937	868,000	0.14	0.208	0.673
2006	7,323,099	19,722,000	2.693	0.456	5.906
2007	8,763,300	2,999,000	0.342	0.537	0.637
2008	9,599,267	52,789,000	5.499	0.787	6.987
(7) Average Relativity					2.725
(8) Standard Deviation					2.843
(9) Credibility					0.749
(10) Credibility Weighted Relativity					2.292
(11) Countrywide Selected Catastrophe Factor					0.519
(12) Arkansas Catastrophe Factor					1.190

**Allstate Indemnity Company  
Arkansas  
Manufactured Home**

**Effect of Catastrophe Provision Changes on Indication\***

Indication with No Modeled Hurricane Provision  
Includes a Non-Modeled Catastrophe Provision (Developed using All Cat Data, including Hurricane Cats)

AI Modeled Hurricane Provision	0.000
AI Non-Modeled Catastrophe Provision**	1.531
AI Total Catastrophe Provision	1.531
Resulting Indication	33.9%

\*Note: All Indication values shown using 1% contingency provision

\*\*Resulting AI Manufactured Home Non-Modeled Catastrophe Provision after splitting Line 7X Provision to Line and Company, including all LAE

**Allstate Indemnity Company  
Arkansas  
Manufactured Home**

**Revised Base Rates**

Zone	Current Base Rates	Original Proposed Base Rates	New Proposed Base Rates
1	924.05	1073.75	1073.75
2	949.16	1102.92	1102.92
3	921.45	1070.72	1070.72
4	921.45	1070.72	1070.72
5	812.21	943.79	943.79
6	1007.55	1170.77	1170.77
7	1087.47	1263.64	1263.64
8	1026.07	1192.29	1192.29

**Revised Summary of Proposed Change**

Indicated Rate Level Change:		33.9%
Total Selected Rate Level Change:		19.9%
	<u>Written Premium Distribution</u>	<u>Selected Change</u>
Package Premium	97.3%	20.4%
Additional Coverages	2.7%	N/C
<hr/>		
Total	100.0%	19.9%

**Allstate Indemnity Company  
Arkansas  
Manufactured Home**

**Revised Base Rates**

Zone	Current Base Rates	Original Proposed Base Rates	New Proposed Base Rates
1	924.05	1073.75	985.04
2	949.16	1102.92	1011.8
3	921.45	1070.72	982.27
4	921.45	1070.72	982.27
5	812.21	943.79	865.82
6	1007.55	1170.77	1074.05
7	1087.47	1263.64	1159.24
8	1026.07	1192.29	1093.79

**Revised Rating Group Factors**

Rating Group	Current Rating Group	Original Proposed Rating Group	New Proposed Rating Group
1	0.650	0.650	0.650
2	0.650	0.650	0.650
3	0.650	0.650	0.650
4	0.700	0.750	0.750
5	0.750	0.800	0.800
6	0.800	0.870	0.870
7	0.930	1.000	1.000
8	1.030	1.110	1.110
9	1.170	1.310	1.290
10	1.480	1.740	1.630

**Revised Multiple Policy Discount Factors**

Multiple Policy Discount	Current Multiple Policy Discount	Original Proposed Multiple Policy Discount	New Proposed Multiple Policy Discount
No	1.000	1.000	1.000
Yes	0.900	0.850	0.850

**Revised Summary of Proposed Change**

Indicated Rate Level Change: 33.9%

Total Selected Rate Level Change: 10.0%

	<u>Written Premium Distribution</u>	<u>Selected Change</u>
Package Premium	97.3%	10.3%
Additional Coverages	2.7%	N/C
<hr/>		
Total	100.0%	10.0%

*SERFF Tracking Number:*      *ALSX-G126920192*                      *State:*                      *Arkansas*  
*Filing Company:*              *Allstate Indemnity Company*                      *State Tracking Number:*      *EFT \$100*  
*Company Tracking Number:*      *R23180*  
*TOI:*                      *04.0 Homeowners*                      *Sub-TOI:*                      *04.0002 Mobile Homeowners*  
*Product Name:*                      *Mobilehome*  
*Project Name/Number:*              *Rule and Rate Change/R23180*

## Superseded Schedule Items

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

<b>Creation Date:</b>	<b>Schedule</b>	<b>Schedule Item Name</b>	<b>Replacement Creation Date</b>	<b>Attached Document(s)</b>
11/24/2010	Rate and Rule	CheckingList_R23180	01/28/2011	Checking ListR23180.PDF (Superseded)
11/24/2010	Rate and Rule	ManualPages_R23180	01/28/2011	ManualR23180.PDF (Superseded)

**CHECKING LIST FOR MANUFACTURED HOME**

Printing dates are shown on each page to facilitate identification of different editions, but have no direct connection with the effective date of the page.

**RULES**

Enclosed: Page IMH9-1 dated 2-1-2011  
Page IMH11-1 and IMH11-2 dated 2-1-2011

Withdrawn: Page IMH9-1 dated 8-1-2004  
Page IMH11-1 dated 9-1-2004

**PREMIUM SECTION**

Enclosed: Page RFP-1 and RFP-2 dated 2-1-2011  
Page RFP-4 dated 2-1-2011

Withdrawn: Page RFP-1 and RFP-2 dated 4-1-2008  
Page RFP-4 dated 8-1-2004

**RULE 9 – 55 AND RETIRED DISCOUNT**

If the following criteria are met, multiply the otherwise applicable package premium by the factor displayed in the Rate Factor Pages.

1. One of the Named Insureds must be age 55 or older.
2. Both the Named Insured and Spouse, if any, are not presently gainfully employed full time or actively seeking full time gainful employment.
3. The insured premises must be the principal residence of the applicant.
4. This discount is not applicable to dwellings in the course of construction.

RULE 11 – INTERPOLATION OF PREMIUM FOR POLICY AMOUNTS

Package Premium

The premium for a policy amount not shown on the Package Premium Pages may be obtained by interpolation. The premium adjustment for additional amounts of coverages for Section I of the policy may also be interpolated.

Method for Interpolation (example): A package premium is desired for a policy amount of \$15,500. Premiums are shown for \$15,000 and \$16,000 on the Package Premium Pages.

- | <u>1. Policy Amounts Shown</u>   | <u>Premiums Shown</u>                 |
|----------------------------------|---------------------------------------|
| \$16,000                         | \$66                                  |
| <u>15,000</u>                    | <u>62</u>                             |
| \$ 1,000 (difference in amounts) | \$ 4 (difference in package premiums) |
2. \$ 500 (additional amount)  
\$1,000 (difference in amounts)
- = 0.5000 (round to four decimals)
3. (Step 2 Result) x \$4 (difference in premiums)
- = \$2.0
- |  |
|--|
| \$ 62.00 (premium for \$15,000)            |
| <u>2.00 (premium for additional \$500)</u> |
| \$ 64.00 (package premium for \$15,500)    |

Reinsurance Charge

The Reinsurance Limits factor for a policy amount not shown on the Reinsurance Charge Pages may be obtained by interpolation.

Method for Interpolation (example): A Reinsurance Limits factor is desired for a policy amount of \$83,000. Reinsurance Limit Factors are shown for \$80,000 and \$85,000 on the Reinsurance Charge Pages.

- | <u>1. Policy Amounts Shown</u>   | <u>Factors Shown</u>      |
|----------------------------------|---------------------------|
| \$85,000                         | 85                        |
| <u>80,000</u>                    | <u>80</u>                 |
| \$ 5,000 (difference in amounts) | 5 (difference in factors) |
2. \$ 3,000 (additional amount)  
\$ 5,000 (difference in amounts)  
  
= 0.600 (round to three decimals)
3. (Step 2 Result) x 5 (difference in factor)  
  
= 3.000 (round to three decimals)
- 80.000 (factor for \$80,000)  
3.000 (factor for additional \$3,000)  
83.000 (factor for \$83,000, round to three decimals)

**ALLSTATE INDEMNITY COMPANY  
ARKANSAS MANUFACTURED HOMES  
RATE FACTOR PAGES**

**Order in  
Calculation**

**1 Base Rates:**

Zone	Base Rate
1	1073.75
2	1102.92
3	1070.72
4	1070.72
5	943.79
6	1170.77
7	1263.64
8	1192.29

**2 Tied Down Status:**

Tie Down Status	Factor
Yes	0.900
No	1.000

**3 Park Size:**

Park Size	Factor
1-20	1.250
21-100	1.000
101 and over	0.900

**4 Amount of Insurance:**

Amount of Insurance	Factor
20,000	0.255
30,000	0.443
35,000	0.540
36,000	0.560
37,000	0.580
38,000	0.600
39,000	0.618
40,000	0.636
41,000	0.654
42,000	0.672
43,000	0.690
44,000	0.708
45,000	0.724
46,000	0.740
47,000	0.756
48,000	0.772
49,000	0.788
50,000	0.802
51,000	0.816
52,000	0.830
53,000	0.844
54,000	0.858
55,000	0.870
56,000	0.882
57,000	0.894
58,000	0.906
59,000	0.918
60,000	0.930
61,000	0.942
62,000	0.954
63,000	0.964
64,000	0.974
65,000	0.984
66,000	0.994
67,000	1.004
68,000	1.014
69,000	1.024
Each Add'l 1,000	0.010

**ALLSTATE INDEMNITY COMPANY  
ARKANSAS MANUFACTURED HOMES  
RATE FACTOR PAGES**

**Order in  
Calculation**

**5 Deductible:**

<u>Amount</u>	<u>Factor</u>
\$100	1.11
\$250	1.00
250/500W	0.98
250/1000W	0.94
\$500	0.94
500/1000W	0.90
\$1,000	0.87
\$2,500	0.75

**6 Out of Park Surcharge:**

Factor: 1.300

**7 Rating Group:**

<u>Group</u>	<u>Factor</u>
1	0.650
2	0.650
3	0.650
4	0.750
5	0.800
6	0.870
7	1.000
8	1.110
9	1.310
10	1.740

**ALLSTATE INDEMNITY COMPANY  
ARKANSAS MANUFACTURED HOMES  
RATE FACTOR PAGES**

**Order in  
Calculation**

**11 Protective Device Discount:**

<u>Classification</u>	<u>Discount Factor</u>
1	0.950
2	0.950
3	0.900
4	0.900
5	0.900
6	0.850
7	0.850
8	0.850

**12 55 and Retired Discount:**

Factor: 0.900

**13 Multiple Policy Discount:**

Factor: 0.850

**14 Class 2:**

Factor: 1.250

**15 Good Hands People® Discount:**

Factor: 0.950

**16 Excess Dwelling Endorsement:**

Factor: 1.010