

SERFF Tracking Number: FORE-126942301 State: Arkansas  
Filing Company: Foremost Property & Casualty Insurance State Tracking Number: EFT \$100  
Company  
Company Tracking Number: D-16  
TOI: 04.0 Homeowners Sub-TOI: 04.0002 Mobile Homeowners  
Product Name: Manufactured Home Insurance Program  
Project Name/Number: /

## Filing at a Glance

Company: Foremost Property & Casualty Insurance Company

Product Name: Manufactured Home Insurance SERFF Tr Num: FORE-126942301 State: Arkansas  
Program

TOI: 04.0 Homeowners

SERFF Status: Closed-Filed

State Tr Num: EFT \$100

Sub-TOI: 04.0002 Mobile Homeowners

Co Tr Num: D-16

State Status: Fees verified and  
received

Filing Type: Rate

Reviewer(s): Becky Harrington,  
Nancy Horton

Author: Dianne Sytsma

Disposition Date: 01/28/2011

Date Submitted: 12/10/2010

Disposition Status: Filed

Effective Date Requested (New): 04/01/2011

Effective Date (New): 04/01/2011

Effective Date Requested (Renewal): 04/01/2011

Effective Date (Renewal):

04/01/2011

State Filing Description:

## General Information

Project Name:

Status of Filing in Domicile: Not Filed

Project Number:

Domicile Status Comments:

Reference Organization:

Reference Number:

Reference Title:

Advisory Org. Circular:

Filing Status Changed: 01/28/2011

State Status Changed: 12/10/2010

Deemer Date:

Created By: Dianne Sytsma

Submitted By: Dianne Sytsma

Corresponding Filing Tracking Number:

Filing Description:

Revision to the Rate Section

## Company and Contact

### Filing Contact Information

Mark Mattison, Administrator

mark.mattison@foremost.com

PO Box 2450

616-956-2147 [Phone]

SERFF Tracking Number: FORE-126942301 State: Arkansas  
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 Product Name: Manufactured Home Insurance Program  
 Project Name/Number: /

Grand Rapids, MI 49501-2450

**Filing Company Information**

Foremost Property & Casualty Insurance Company	CoCode: 11800	State of Domicile: Michigan
P.O. Box 2450	Group Code:	Company Type: Property and Casualty
Grand Rapids, MI 49501-2450	Group Name:	State ID Number:
(616) 956-3000 ext. [Phone]	FEIN Number: 35-1604635	

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**Filing Fees**

Fee Required?	Yes
Fee Amount:	\$100.00
Retaliatory?	No
Fee Explanation:	Rates = \$100
Per Company:	No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
Foremost Property & Casualty Insurance Company	\$100.00	12/10/2010	42813704

SERFF Tracking Number: FORE-126942301 State: Arkansas  
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## 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				Response Letters		
Status	Created By	Created On	Date Submitted	Responded By	Created On	Date Submitted
Pending Industry Response	Becky Harrington	01/26/2011	01/26/2011	Dianne Sytsma	01/28/2011	01/28/2011
Pending Industry Response	Becky Harrington	01/07/2011	01/07/2011	Dianne Sytsma	01/13/2011	01/13/2011
Pending Industry Response	Becky Harrington	01/03/2011	01/03/2011	Dianne Sytsma	01/06/2011	01/06/2011
Pending Industry Response	Becky Harrington	12/10/2010	12/10/2010	Dianne Sytsma	12/16/2010	12/16/2010

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## Disposition

Disposition Date: 01/28/2011  
 Effective Date (New): 04/01/2011  
 Effective Date (Renewal): 04/01/2011  
 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):
Foremost Property & Casualty Insurance Company	49.300%	10.000%	\$1,082,634	2,085	\$7,570,869	18.600%	%
	<b>Percent Change Approved:</b>						
	<b>Minimum:</b>	%	<b>Maximum:</b>	%	<b>Weighted Average:</b>		%

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 Product Name: Manufactured Home Insurance Program  
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Schedule	Schedule Item	Schedule Item Status	Public Access
<b>Supporting Document (revised)</b>	NAIC loss cost data entry document	Filed	Yes
<b>Supporting Document</b>	NAIC loss cost data entry document		Yes
<b>Supporting Document</b>	NAIC Loss Cost Filing Document for OTHER than Workers' Comp	Filed	Yes
<b>Supporting Document</b>	Summary of Revisions	Filed	Yes
<b>Supporting Document</b>	Disruption Chart	Filed	Yes
<b>Supporting Document</b>	Exhibit I	Filed	Yes
<b>Supporting Document</b>	Sections B and C	Filed	Yes
<b>Supporting Document</b>	Arkansas Investment Income	Filed	Yes
<b>Supporting Document</b>	Objection Response 1-28	Filed	Yes
<b>Rate (revised)</b>	R-5	Filed	Yes
<b>Rate</b>	R-5		Yes
<b>Rate (revised)</b>	R-6	Filed	Yes
<b>Rate</b>	R-6		Yes
<b>Rate</b>	R-7	Filed	Yes
<b>Rate</b>	R-8	Filed	Yes
<b>Rate (revised)</b>	R-10	Filed	Yes
<b>Rate</b>	R-10		Yes
<b>Rate</b>	R-10		Yes
<b>Rate</b>	R-11	Filed	Yes
<b>Rate</b>	R-12	Filed	Yes
<b>Rate</b>	R-13	Filed	Yes

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Company  
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Product Name: Manufactured Home Insurance Program  
Project Name/Number: /

## Objection Letter

Objection Letter Status Pending Industry Response

Objection Letter Date 01/26/2011

Submitted Date 01/26/2011

Respond By Date

Dear Mark Mattison,

This will acknowledge receipt of the recent correspondence.

Objection 1

Comment: Commissioner Bradford will allow a 10% overall increase with a maximum of 20% per insured. Please amend the filing accordingly.

Please feel free to contact me if you have questions.

Sincerely,

Becky Harrington

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Product Name: Manufactured Home Insurance Program  
Project Name/Number: /

## Response Letter

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

Dear Becky Harrington,

### Comments:

### Response 1

Comments: Please see attached response.

### Related Objection 1

Comment:

Commissioner Bradford will allow a 10% overall increase with a maximum of 20% per insured. Please amend the filing accordingly.

### Changed Items:

### Supporting Document Schedule Item Changes

Satisfied -Name: Objection Response 1-28

Comment:

No Form Schedule items changed.

### Rate/Rule Schedule Item Changes

Exhibit Name	Rule # or Page #	Rate Action	Previous State Filing #
R-5		Replacement	
<i>Previous Version</i>			
R-5		Replacement	
R-6		Replacement	
<i>Previous Version</i>			
R-6		Replacement	

Sincerely,



SERFF Tracking Number: FORE-126942301 State: Arkansas  
Filing Company: Foremost Property & Casualty Insurance State Tracking Number: EFT \$100  
Company  
Company Tracking Number: D-16  
TOI: 04.0 Homeowners Sub-TOI: 04.0002 Mobile Homeowners  
Product Name: Manufactured Home Insurance Program  
Project Name/Number: /

## Objection Letter

Objection Letter Status Pending Industry Response

Objection Letter Date 01/07/2011

Submitted Date 01/07/2011

Respond By Date

Dear Mark Mattison,

This will acknowledge receipt of the recent response.

### Objection 1

- Exhibit I (Supporting Document)

Comment: Please see below. The supporting information submitted is insufficient. Please also refer to Rule 23, Section 7(A)(2) for additional explanations of the required exhibits.

(a) Due consideration must be given to past and prospective loss and expense experience within and outside this state, to catastrophe hazards and contingencies, to events or trends within and outside this state, to loadings for leveling rates over a period of time, to dividends or savings to be allowed or returned by insurers to their policyholders, members, or subscribers, and to all other relevant factors. All submissions for rate changes or supplementary rate changes must include this information with Arkansas experience shown as well as companywide experience for the past five (5) years for the class of business which this filing affects. The determination of the weighting of credibility assigned to Arkansas must be fully explained. If, within a particular class, the data is not sufficiently credible for Arkansas or companywide, and common classes are grouped together for rate-making purposes, all class codes utilized in developing credibility shall be shown as an exhibit in the filing, with Arkansas experience for each class affected shown separately. If significant trends within the state are utilized, a narrative describing the basis of the trend must be included.

(b) Risks may be classified in any reasonable way for the establishment of rates, except that no risks may be grouped by classifications based in whole or in part on race, color, creed, or national origin of the risk.

(c) The expense provisions included in the rates to be used by any insurer shall reflect the operating methods of the insurer and its actual and anticipated expense experience.

(d) The rates may contain provisions for contingencies and an allowance permitting a reasonable profit. In determining the reasonableness of the profit, consideration must be given to all investment income attributable to premiums and to the reserves associated with those premiums and to loss reserve funds.



**RULE 23**

**PROPERTY, CASUALTY, SURETY AND  
MARINE RATE AND FORM FILINGS**

TABLE OF CONTENTS

1. Purpose
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3. Applicability and Scope
4. Effective Date
5. Definitions
6. Rate Service Organizations
7. Procedures for Rate and Supplementary Rate Information Filings
8. Procedures for Form Filings
9. Self Certification (“STMSCP” Program)
10. Forms
11. Severability

APPENDICES

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FORM UT	Property & Casualty Uniform transmittal header
FORM RF-1	Rate filing abstract
FORM A-1	Private passenger automobile abstract
FORM H-1	Homeowners abstract
FORM RF-2	Reference filing adoption form
FORM RF-WC	Workers' compensation reference filing adoption form
FORM F-1	Form filing abstract
FORM APCS	Automobile survey
FORM HPCS	Homeowners survey
FORM MMPCS	Medical Malpractice survey
FORM HONOT	Homeowners rate notice
FORM PPANOT	Private passenger automobile rate notice
FORM PROMAL	Professional malpractice rate increase notice to insured
FORM PRONOT	Professional malpractice rate increase newspaper notice
FORM SELFCERT	Arkansas Certificate of Compliance

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Section 1. Purpose

The purpose of this Rule is to set forth rules and procedural requirements which the commissioner deems necessary to carry out the provisions of Ark. Code Ann.

§§23-67-201, et seq., §23-67-219, §23-79-109 and §23-79-110, as to rate and/or form filings of property, casualty, surety, and marine insurers.

## Section 2. Authority

This Rule is issued pursuant to the authority vested in the commissioner by Ark. Code Ann. §23-61-108, §§25-15-202 et seq., §23-67-218, Act 1697 of 2005, and Act 506 of 2005, and other applicable provisions of Arkansas law.

## Section 3. Applicability and Scope

This Rule applies to insurance described in Ark. Code Ann. §23-67-203, and §23-67-501, and insurers, rate service or advisory organizations, joint underwriting associations and joint reinsurance organizations making filings under Ark. Code Ann. §§23-67-201, et seq., §23-67-219, §§23-67-501, et seq., and §§23-79-109, et seq., subject to any exemptions the commissioner may order pursuant to Ark. Code Ann. §23-67-206 and §23-79-109(d).

## Section 4. Effective Date

Pursuant to the Commissioner's authority under Ark. Code Ann. §23-61-108, §§25-15-201, et seq., and other applicable laws and rules, the effective date of this Rule is May 1, 2006.

## Section 5. Definitions

### A. Form Filing.

A “form filing” is documentation setting forth the policy forms, endorsements or other forms to be used in the State of Arkansas by an insurer.

### B. Insurance Holding Company Group.

An “insurance holding company” group or system consists of two (2) or more affiliated companies, one or more of which is an insurer as defined in Ark. Code Ann. §23-63-503(3) and Arkansas Insurance Department (“Department”) Rule 15.

### C. Expenses.

“Expenses” mean those parts of a rate attributable to acquisition, commissions, selling, inspection, audit, field supervision, collection, general expenses, taxes, licenses and fees.

### D. Rate.

“Rate” means the cost of insurance per exposure unit, whether expressed as a single number or as prospective loss cost and an adjustment to account for the treatment of

expenses, profit and variations in loss experience, prior to any application of individual risk variations based on loss or expense considerations, and does not include minimum premiums.

E. Supplementary Rate Information.

“Supplementary rate information” means any manual, minimum premium, rating schedule or plan of policy writing rules, rating rules, classification system, territory codes and descriptions, rating plans and any other similar information needed to determine, clarify or support the applicable premium for an insured. Supplementary rate information includes factors and relativities, such as increased limits factors, classification relativities, deductible relativities or similar factors.

F. Supporting Information.

“Supporting information” means information, including supporting actuarial data, which includes (i) the experience and judgment of the insurer and the experience or data of other insurers or advisory organizations relied upon by the insurer, (ii) the interpretation of any statistical data relied upon by the insurer, (iii) descriptions of methods used in making the rates, and (iv) actuarial, technical or other services made available by an advisory organization, or other similar information required to be filed by the commissioner to explain, clarify or justify a filing.

G. Prospective Loss Costs.

“Prospective loss costs” means that portion of a rate that does not include provisions for expenses (other than loss adjustment expenses) or profit, and are based on historical aggregate losses and loss adjustment expenses adjusted through development to their ultimate value and projected through trending to a future point in time.

H. Participating Insurer.

“Participating insurer” means any member, subscriber or service purchaser of an advisory organization.

Section 6. Rate Service Organizations

A. Advisory Organizations - Permitted Activity.

Every advisory organization shall file with the Department every advisory document thirty (30) days prior to the effective date. The Department may extend the review period an additional thirty (30) days by written notice to the filer before the thirty (30) day period expires. Any advisory organization, in addition to other activities permitted, is authorized to:

1. Prepare and distribute rates, supplementary rate information and supporting information in accordance with Ark. Code Ann. §23-67-216 and §23-67-219; however, such filings are for advisory purposes only and shall not be made on behalf of any insurer.

2. Prepare and file on behalf of members and subscribers, policy forms and endorsements and consult with members, subscribers and others relative to their use and application. Every company that is a member or subscriber shall use these forms as filed on its behalf unless it advises the commissioner of either its intention not to adopt, to delay one or more of the forms filed, or to file its own forms. If its intention is to adopt, not adopt, or delay implementation, then a letter stating its intention is sufficient.

3. An advisory organization may develop and make reference filings containing advisory prospective loss costs in accordance with Ark. Code Ann. §23-67-216. Such filings shall contain the statistical data and supporting information for any calculations or assumptions underlying those prospective loss costs.

4. The commissioner may require members and subscribers to provide information regarding their use of specific advisory organization forms.

5. Final rates for residual markets may be prepared and filed by Plan Administrators as directed by the Department.

B. Advisory Organizations - Prohibited Activity.

1. An advisory organization cannot file any plan of rates or supplementary rate information on behalf of an insurer.

2. An advisory organization cannot file, distribute or compile recommendations relating to rates that include expenses (other than loss adjustment expenses) or profit except in the lines of insurance as may be designated by the commissioner. An advisory organization may, however, provide insurers with an annual study of aggregate average expense data and investment income.

Section 7. Procedures for Rate and Supplementary Rate Information Filings

A. For All Lines Other Than Workers' Compensation and Employers' Liability.

1. Property and Casualty Transmittal Documents.

a. If a copy of the filing, bearing the appropriate stamp of the Department, is to be returned to the filer, two (2) copies of the Property and Casualty Transmittal Document and filing are required together with a postage-paid envelope large enough to accommodate the return filing and addressed to the filing insurer, insurance holding company or group, or advisory organization. Insurance holding company groups submitting rate filings simultaneously for affiliated companies must file a Property and

Casualty Transmittal Document for each affiliated company. A copy of the Property and Casualty Transmittal Document shall be included for each company. Only one (1) complete copy of the rate documents and supporting information need be filed for Departmental records if the documents are applicable to all affiliated companies. However, if there are any deviations between or among affiliated companies, supporting information must be submitted for each company along with separate cover letters outlining the deviations. Each company must submit in the Property and Casualty Transmittal Document or attached explanatory memorandum a synopsis of each exhibit, the location of the supporting information within the filing, and the conclusion of the data.

b. Except for those lines covered by Ark. Code Ann. §§23-67-501, et seq. after May 1, 2006, in a competitive market, as defined under Ark. Code Ann. §23-67-202 (2), insurers shall submit to the Department filings with a proposed effective date. Such proposed effective date shall not be less than twenty (20) days after the filing and all information required by Section 7(A)(2) below in this Rule, has been received by the Department, or sooner if approved by the commissioner. If the information required by Ark. Code Ann. §23-67-201, et seq. and this Rule is not included with the filing, the filing shall be disapproved.

c. In a competitive market, if the Department determines after a hearing or by agreement that an insurer's rates require closer supervision because of the insurer's financial condition or its rating practices, the insurer shall file with the Department at least sixty (60) days prior to the effective date all such rates and such supplementary rate information and supporting information as prescribed by the Department. Upon application by the filer, the Department may authorize an earlier effective date. A filing shall be deemed to meet the requirements of Ark. Code Ann. §§23-67-201, et seq., and to be effective upon the expiration of the waiting period.

d. In a noncompetitive market, insurers shall file with the Department rates, supplementary rate information, and supporting information required by the Department at least sixty (60) days prior to the effective date. Written applications for the Department's approval of an earlier effective date, stating clearly the insurer's reasons for the request, must accompany the filing. A filing shall be deemed to meet the requirements of Ark. Code Ann. §§23-67-201, et seq. and to be effective upon the expiration of the waiting period.

e. Effective May 1, 2006, for those lines of insurance covered by Ark. Code Ann. §§23-67-501, et seq., comprising the professional malpractice lines, except for officers and directors liability and fiduciary insurance, all rates must be either approved and disapproved within sixty (60) days from filing. No rate may be used until it is approved by the commissioner, pursuant to Act 1697 of 2005.

2. Supporting Information Required to Supplement a Filing.

a. Each rate and rule filing submitted shall include the rate and rule transmittal documents. If you are making a loss cost reference filing, see Section 7(A)(3) of this Rule. Rate and rule filings for Homeowners Insurance and Private Passenger Automobile Insurance must also include the Private Passenger Automobile Abstract (Form A-1), Survey Form APCS or Homeowners Abstract (Form H-1) and Survey Form HPCS. If the filing does not affect the APCS or HPCS previously filed, then a statement in a cover letter or on the transmittal document to that effect is acceptable. Rate and form filings must be made separately. (See Section 8, Procedures for Form Filings, below in this Rule). The following required documentation should be identified as an exhibit in the filing, and the exhibits should be numbered to correspond directly with the listing of documentation. If an item required is not available or is inapplicable, a statement should be included that specifies the inapplicability or unavailability of the particular item.

b. Explain the type of loss information utilized in this rate filing. Specify whether the data reflects a calendar period, accident period, or policy period.

(1) If calendar period information is used, explain any adjustments that have been made to reflect changes in those estimated loss liabilities based on actual claims, and changes in incurred but not reported estimated loss liabilities. If a provision for incurred but not reported estimated loss liabilities is included, specify the calculation changes over the experience period, and the distribution among coverages and states. Loss development factors should be shown by coverage both for Arkansas and countrywide for the past five (5) years.

(2) If policy or accident period data is used, explain any tests or adjustments that were made to loss development factors so as to make them appropriate for use in this filing. Loss development factors should be shown by coverage both for Arkansas and countrywide for the past five (5) years.

c. If the methods used in this filing differ from those used in the insurer's last rate filing for this coverage in Arkansas, or if the Arkansas methods differ from those used countrywide, attach an explanation of the differences.

d. Explain any adjustments for large or catastrophic losses that were made in the statistical information on losses.

e. Display the calculation of the estimate of investment income on net unearned premiums and loss reserves.

f. Display the calculation of any loading or contingency factor which is used in this filing.

g. Display underwriting expenses. State procedures used in the filing to recognize the distinction between expenses which vary directly with losses, and expenses such as general expenses, which do not vary.

h. State steps taken to control losses for the coverages included in this filing.

i. Explain any adjustments made by the trending components of the filing. If significant trends within this State are utilized, a narrative describing the basis of the trend must be included.

j. The determination of the weighting of credibility assigned to Arkansas must be fully explained.

k. If common classes are grouped together for ratemaking purposes because the data for one particular class is not credible either for Arkansas or countrywide, all class codes utilized in developing credibility must be stated with Arkansas experience for each class affected shown separately.

l. Any additional information the Department may require pursuant to Ark. Code Ann. §§23-67-202 (11)(12) and §§23-67-401 through §23-67-415 must be included.

### 3. Reference Filings.

a. If an insurer is a participating insurer in an advisory organization and decides to use the prospective loss costs in a reference filing in support of its own filing, the insurer shall make a filing using the Reference Filing Adoption Form (Form RF-2), in addition to the applicable rate and rule transmittal document. The insurer's rates are the combination of the prospective loss costs and the loss cost adjustments contained in Form RF-2. Reference filings for Homeowners must also include the Homeowners Abstract (Form H-1) and Survey Form HPCS. Private Passenger Automobile reference filings shall include the Private Passenger Automobile Abstract (Form A-1) and Survey Form APCS.

b. Any participating insurer in an advisory organization may satisfy its obligation to file rates, the prospective loss costs portion of its rates, supplementary rate information or supporting information, by filing a reference to a filing made by the advisory organization. Such reference filings must include the advisory organization's reference document number.

### 4. Deviations

An insurer may file a deviation from the reference document as filed by the advisory organization. Such filings shall specify the basis for and adequately justify the request for

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Product Name: Manufactured Home Insurance Program  
Project Name/Number: /

## Response Letter

Response Letter Status Submitted to State  
Response Letter Date 01/13/2011  
Submitted Date 01/13/2011

Dear Becky Harrington,

### Comments:

### Response 1

Comments: Please find attached Section B - Supporting Experience, Section C - Explanatory Material and Arkansas Investment Income accordingly.

### Related Objection 1

Applies To:

- Exhibit I (Supporting Document)

Comment:

Please see below. The supporting information submitted is insufficient. Please also refer to Rule 23, Section 7(A)(2) for additional explanations of the required exhibits.

(a) Due consideration must be given to past and prospective loss and expense experience within and outside this state, to catastrophe hazards and contingencies, to events or trends within and outside this state, to loadings for leveling rates over a period of time, to dividends or savings to be allowed or returned by insurers to their policyholders, members, or subscribers, and to all other relevant factors. All submissions for rate changes or supplementary rate changes must include this information with Arkansas experience shown as well as companywide experience for the past five (5) years for the class of business which this filing affects. The determination of the weighting of credibility assigned to Arkansas must be fully explained. If, within a particular class, the data is not sufficiently credible for Arkansas or companywide, and common classes are grouped together for rate-making purposes, all class codes utilized in developing credibility shall be shown as an exhibit in the filing, with Arkansas experience for each class affected shown separately. If significant trends within the state are utilized, a narrative describing the basis of the trend must be included.

(b) Risks may be classified in any reasonable way for the establishment of rates, except that no risks may be grouped by classifications based in whole or in part on race, color, creed, or national origin of the risk.

(c) The expense provisions included in the rates to be used by any insurer shall reflect the operating methods of the insurer and its actual and anticipated expense experience.

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(d) The rates may contain provisions for contingencies and an allowance permitting a reasonable profit. In determining the reasonableness of the profit, consideration must be given to all investment income attributable to premiums and to the reserves associated with those premiums and to loss reserve funds.

### Changed Items:

#### Supporting Document Schedule Item Changes

Satisfied -Name: Sections B and C

Comment:

Satisfied -Name: Arkansas Investment Income

Comment:

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

### Response 2

Comments: The rules states: Multiply the Coverage A – Dwelling, Coverage B – other Structures and Coverage C – personal Property premiums by the greater of 1.00 or  $1.02^{(\text{effective year} - 2011)}$  not to exceed one year.

$1.02^{(2011-2011)} = \text{zero}$  which is less than 1.00. If we didn't have the greater of 1.00 or  $1.02^{(\text{effective year}-2011)}$ , policies with effective dates in 2011 would be multiplied by zero.

We do not use a premium trend for manufactured homes because they typically do not appreciate in value like site-built homes. Since we will be filing a new calendar year premium modifier each year, our rates will always be developed using the latest 5 years of historical data.

#### Related Objection 1

Comment:

Please explain why the Calendar year factor rule states "the greater of 1.00 or 1.02". 1.02 will always be greater than 1.00. Additionally, rates and premiums are trended within the rate making process, consideration is given and rate/premium charged for the value of the dwelling, explain how the calendar year factor does not develop excessive rates?

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*TOI:* 04.0 Homeowners      *Sub-TOI:* 04.0002 Mobile Homeowners  
*Product Name:* Manufactured Home Insurance Program  
*Project Name/Number:* /

**Changed Items:**

No Supporting Documents changed.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Your attention to our filing is appreciated.

Very truly yours,

Mark M. Mattison, API, AIS  
State Filings Administrator  
State Filings  
Phone No. (616) 956-2147  
Fax No. (616) 956-2093  
e-mail: mark.mattison@foremost.com

MMM/ds

Sincerely,  
Dianne Sytsma

SERFF Tracking Number: FORE-126942301 State: Arkansas  
Filing Company: Foremost Property & Casualty Insurance State Tracking Number: EFT \$100  
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TOI: 04.0 Homeowners Sub-TOI: 04.0002 Mobile Homeowners  
Product Name: Manufactured Home Insurance Program  
Project Name/Number: /

## Objection Letter

Objection Letter Status Pending Industry Response

Objection Letter Date 01/03/2011

Submitted Date 01/03/2011

Respond By Date

Dear Mark Mattison,

This will acknowledge receipt of the recent response.

### Objection 1

Comment: The Calendar Year premium modifier does not appear to comply with Arkansas statutes 23-67-201 et seq, which requires actual historical loss data and the most recent 5-year history be used to determine rates. Please remove the modifier.

### Objection 2

Comment: An acknowledgment that supporting data be included with rate change requests is insufficient. Provide the data used to develop the rate change request pursuant to ACA 23-67-209 and Rule 23.

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: FORE-126942301 State: Arkansas  
Filing Company: Foremost Property & Casualty Insurance State Tracking Number: EFT \$100  
Company  
Company Tracking Number: D-16  
TOI: 04.0 Homeowners Sub-TOI: 04.0002 Mobile Homeowners  
Product Name: Manufactured Home Insurance Program  
Project Name/Number: /

## Response Letter

Response Letter Status Submitted to State  
Response Letter Date 01/06/2011  
Submitted Date 01/06/2011

Dear Becky Harrington,

### Comments:

#### Response 1

Comments: We will comply with Arkansas Statue 23-67-201 by limiting the Calendar Year Premium Modifier to one year. Each year thereafter, we will file a new Calendar Year Premium Modifier using the latest 5 years of historical data.

Consequently, with this correspondence we are revising our Calendar Year Premium Modifier as follows:

#### CALENDAR YEAR

Primary and Secondary Residence and Tenant

[Annually m] "M"ultiply the Coverage A – Dwelling, Coverage B – Other Structures and Coverage C – Personal Property premiums by the greater of 1.00 or 1.02 (effective year "-" 201[2]"1") not to exceed [three] "one" year[s].

[brackets = deleted]

"quotation marks = inserted"

#### Related Objection 1

Comment:

The Calendar Year premium modifier does not appear to comply with Arkansas statutes 23-67-201 et seq, which requires actual historical loss data and the most recent 5-year history be used to determine rates. Please remove the modifier.

#### Changed Items:

No Supporting Documents changed.

No Form Schedule items changed.

SERFF Tracking Number: FORE-126942301 State: Arkansas  
Filing Company: Foremost Property & Casualty Insurance State Tracking Number: EFT \$100  
Company  
Company Tracking Number: D-16  
TOI: 04.0 Homeowners Sub-TOI: 04.0002 Mobile Homeowners  
Product Name: Manufactured Home Insurance Program  
Project Name/Number: /

### Rate/Rule Schedule Item Changes

Exhibit Name	Rule # or Page #	Rate Action	Previous State Filing #
R-10		Replacement	
<i>Previous Version</i>			
R-10		Replacement	
R-10		Replacement	

### Response 2

Comments: We apologize for the oversight. With this correspondence we are attaching Exhibit I - Manufactured Home Insurance Program - All Coverages.

### Related Objection 1

Comment:

An acknowledgment that supporting data be included with rate change requests is insufficient. Provide the data used to develop the rate change request pursuant to ACA 23-67-209 and Rule 23.

### Changed Items:

### Supporting Document Schedule Item Changes

Satisfied -Name: Exhibit I

Comment:

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Please withdraw - Rate Page R-10 - Revised Printing 12/16/10

Please insert - Rate Page R-10 - Revised Printing 1/11

Your attention to our filing is appreciated.

Very truly yours,

Mark M. Mattison, API, AIS



SERFF Tracking Number: FORE-126942301 State: Arkansas  
Filing Company: Foremost Property & Casualty Insurance State Tracking Number: EFT \$100  
Company  
Company Tracking Number: D-16  
TOI: 04.0 Homeowners Sub-TOI: 04.0002 Mobile Homeowners  
Product Name: Manufactured Home Insurance Program  
Project Name/Number: /

## Objection Letter

Objection Letter Status Pending Industry Response

Objection Letter Date 12/10/2010

Submitted Date 12/10/2010

Respond By Date

Dear Mark Mattison,

This will acknowledge receipt of the captioned filing.

### Objection 1

Comment:

All request for rate changes submitted to the Department must include supporting data as required by Arkansas Code Annotated § 23-67-209 and Rule 23, Section 7.A.2. Rate changes are not acceptable without sufficient justification.

### Objection 2

- NAIC loss cost data entry document (Supporting Document)

Comment: Please revise the form to include the maximum and minimum change amounts.

### Objection 3

- Summary of Revisions (Supporting Document)

Comment: Provide additional supporting data justifying the application of the Calendar Year premium modifier annually. How will this be handled if the cost should decrease? Explain what is meant by the greater of 1.00 or 1.02.

### Objection 4

- Summary of Revisions (Supporting Document)

Comment: Provide documentation supporting the increased replacement cost charge.

### Objection 5

Comment: Please provide a disruption chart.

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: FORE-126942301 State: Arkansas  
Filing Company: Foremost Property & Casualty Insurance State Tracking Number: EFT \$100  
Company  
Company Tracking Number: D-16  
TOI: 04.0 Homeowners Sub-TOI: 04.0002 Mobile Homeowners  
Product Name: Manufactured Home Insurance Program  
Project Name/Number: /

## Response Letter

Response Letter Status Submitted to State  
Response Letter Date 12/16/2010  
Submitted Date 12/16/2010

Dear Becky Harrington,

### Comments:

### Response 1

Comments: We acknowledge that requests for rate changes must include supporting data.

### Related Objection 1

Comment:

All request for rate changes submitted to the Department must include supporting data as required by Arkansas Code Annotated § 23-67-209 and Rule 23, Section 7.A.2. Rate changes are not acceptable without sufficient justification.

### Changed Items:

No Supporting Documents changed.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

### Response 2

Comments: The form has been revised accordingly.

### Related Objection 1

Applies To:

- NAIC loss cost data entry document (Supporting Document)

Comment:

Please revise the form to include the maximum and minimum change amounts.

SERFF Tracking Number: FORE-126942301 State: Arkansas  
Filing Company: Foremost Property & Casualty Insurance State Tracking Number: EFT \$100  
Company  
Company Tracking Number: D-16  
TOI: 04.0 Homeowners Sub-TOI: 04.0002 Mobile Homeowners  
Product Name: Manufactured Home Insurance Program  
Project Name/Number: /

### Changed Items:

### Supporting Document Schedule Item Changes

Satisfied -Name: NAIC loss cost data entry document

Comment:

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

### Response 3

Comments: In review of our filing, we note that our proposed Calendar Year modifier was not displayed accurately. With this filing we are revising the modifier accordingly:

#### CALENDAR YEAR

Primary and Secondary Residence and Tenant

Annually multiply the Coverage A – Dwelling, Coverage B – Other Structures and Coverage C – Personal Property premiums by the greater of 1.00 or 1.02 (effective year – 2012) not to exceed three years.

We use historical data to develop an expectation of our future loss costs. Historical loss cost data is rarely linear. For example, our ten year, 1999 to 2008, mobile home actual fitted loss trend is 5.8%. We would expect our losses to continue on this trend line into the future for rate making purposes. However, in some years loss costs were higher than 5.8% and some years were lower than 5.8%. In fact, actual loss costs actually did go down in 2004. The reduction in 2004 is included in the 5.8% trend line and helps determine its shape. So while loss costs do vary year to year, we use the historical trend for pricing to avoid large fluctuations in premiums from year to year.

Loss cost trends are evaluated routinely, which is why we set the calendar year premium modifier to be capped at three years for this product. At the end of the three years, the modifier will be capped and we will re-file using the latest loss cost information.

With our premium volume, product managers must manage more than 50 state/product combinations. Compare that to a company like Allstate that can assign a product manager to each individual state/product. As a result, smaller state/products can go several years between reviews and result in the need for large premium jumps. The calendar year premium modifier isn't meant to replace our rate review process, but it will help reduce the large jumps in premiums for customers between reviews and makes companies with smaller volumes more cost efficient.

SERFF Tracking Number: FORE-126942301 State: Arkansas  
Filing Company: Foremost Property & Casualty Insurance State Tracking Number: EFT \$100  
Company  
Company Tracking Number: D-16  
TOI: 04.0 Homeowners Sub-TOI: 04.0002 Mobile Homeowners  
Product Name: Manufactured Home Insurance Program  
Project Name/Number: /

The formula includes the greater of 1.00 or 1.02 because we are taking a rate increase in 2011 and we don't want the modifier to start until January 2012. If we didn't have the greater of 1.00 or 1.02, policies with effective dates in 2011 would be reduced by a factor of .98 (1.02 (2011-2012))

#### **Related Objection 1**

Applies To:

- Summary of Revisions (Supporting Document)

Comment:

Provide additional supporting data justifying the application of the Calendar Year premium modifier annually. How will this be handled if the cost should decrease? Explain what is meant by the greater of 1.00 or 1.02.

#### **Changed Items:**

No Supporting Documents changed.

No Form Schedule items changed.

#### **Rate/Rule Schedule Item Changes**

<b>Exhibit Name</b>	<b>Rule # or Page #</b>	<b>Rate Action</b>	<b>Previous State Filing #</b>
<i>R-10</i>		<i>Replacement</i>	
<b><i>Previous Version</i></b>			
<i>R-10</i>		<i>Replacement</i>	

#### **Response 4**

Comments: With this correspondence we are withdrawing the proposed rate increase for this coverage. Consequently, our proposed overall rate level adjustment is now +14.2% or \$216,275.

#### **Related Objection 1**

Applies To:

- Summary of Revisions (Supporting Document)

Comment:

Provide documentation supporting the increased replacement cost charge.

#### **Changed Items:**

No Supporting Documents changed.

SERFF Tracking Number: FORE-126942301 State: Arkansas  
Filing Company: Foremost Property & Casualty Insurance State Tracking Number: EFT \$100  
Company  
Company Tracking Number: D-16  
TOI: 04.0 Homeowners Sub-TOI: 04.0002 Mobile Homeowners  
Product Name: Manufactured Home Insurance Program  
Project Name/Number: /

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

## Response 5

Comments: Attached is a disruption chart illustrating the impact of our proposed rate change.

### Related Objection 1

Comment:

Please provide a disruption chart.

### Changed Items:

#### Supporting Document Schedule Item Changes

Satisfied -Name: Disruption Chart

Comment:

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Please withdraw - Rate Page R-10 - Revised Printing 12/10

Please insert - Rate Page R-10 - Revised Printing 12/16/10

Sincerely,  
Dianne Sytsma

SERFF Tracking Number: FORE-126942301 State: Arkansas  
 Filing Company: Foremost Property & Casualty Insurance Company State Tracking Number: EFT \$100  
 Company Tracking Number: D-16  
 TOI: 04.0 Homeowners Sub-TOI: 04.0002 Mobile Homeowners  
 Product Name: Manufactured Home Insurance Program  
 Project Name/Number: /

## Rate Information

Rate data applies to filing.

**Filing Method:** File and Use  
**Rate Change Type:** Increase  
**Overall Percentage of Last Rate Revision:** 2.200%  
**Effective Date of Last Rate Revision:** 06/01/2009  
**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):
Foremost Property & Casualty Insurance Company	N/A	49.300%	14.300%	\$1,082,634	2,085	\$7,570,869	24.600%	0.600%

SERFF Tracking Number: FORE-126942301 State: Arkansas  
 Filing Company: Foremost Property & Casualty Insurance State Tracking Number: EFT \$100  
 Company  
 Company Tracking Number: D-16  
 TOI: 04.0 Homeowners Sub-TOI: 04.0002 Mobile Homeowners  
 Product Name: Manufactured Home Insurance Program  
 Project Name/Number: /

## Rate/Rule Schedule

Schedule Item	Exhibit Name:	Rule # or Page	Rate Action	Previous State Filing Attachments
Status:		#:		Number:
Filed 01/28/2011	R-5		Replacement	R-5.pdf
Filed 01/28/2011	R-6		Replacement	R-6.pdf
Filed 01/28/2011	R-7		Replacement	R-7.pdf
Filed 01/28/2011	R-8		Replacement	R-8.pdf
Filed 01/28/2011	R-10		Replacement	R-10.pdf
Filed 01/28/2011	R-11		Replacement	R-11.pdf
Filed 01/28/2011	R-12		Replacement	R-12.pdf
Filed 01/28/2011	R-13		Replacement	R-13.pdf

**Foremost® Property and  
Casualty Insurance Company**

ARKANSAS

MANUFACTURED HOME INSURANCE PROGRAM

ANNUAL RATES/PREMIUMS  
(Continued)

HOMEOWNERS INSURANCE FOR MANUFACTURED HOMES  
HOMEOWNERS INSURANCE FOR MANUFACTURED HOMES – PROPERTY COVERAGE ONLY

COVERAGE A - DWELLING

Primary Residence – \$250 Deductible  
Secondary Residence - \$500 Deductible

Manufactured Home 11 Years Old or Older

\* Out of Park

Named Insured 50 Years of Age or Older

Territory A

<u>Rating Base</u>	*	<u>Premium</u>
First \$5,999		* \$202.50
Between \$6,000 and \$9,999, for each additional \$1,000 or any part thereof, ADD:		* 13.75
Between \$10,000 and \$19,999, for each additional \$1,000 or any part thereof, ADD:		* 8.00
Between \$20,000 and \$39,999, for each additional \$1,000 or any part thereof, ADD:		* 7.19
Over \$39,999, for each additional \$1,000 or any part thereof, ADD:		* 4.38

**Foremost® Property and  
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ARKANSAS

MANUFACTURED HOME INSURANCE PROGRAM

ANNUAL RATES/PREMIUMS  
(Continued)

HOMEOWNERS INSURANCE FOR MANUFACTURED HOMES  
HOMEOWNERS INSURANCE FOR MANUFACTURED HOMES – PROPERTY COVERAGE ONLY

COVERAGE A - DWELLING

Primary Residence – \$250 Deductible  
Secondary Residence - \$500 Deductible

Manufactured Home 11 Years Old or Older  
\* Out of Park  
Named Insured 50 Years of Age or Older

Territory B

<u>Rating Base</u>	*	<u>Premium</u>
First \$5,999		* \$325.00
Between \$6,000 and \$9,999, for each additional \$1,000 or any part thereof, ADD:		* 25.03
Between \$10,000 and \$19,999, for each additional \$1,000 or any part thereof, ADD:		* 17.55
Between \$20,000 and \$39,999, for each additional \$1,000 or any part thereof, ADD:		* 15.28
Over \$39,999, for each additional \$1,000 or any part thereof, ADD:		* 15.28

ARKANSAS

MANUFACTURED HOME INSURANCE PROGRAM

ANNUAL RATES/PREMIUMS  
(Continued)

HOMEOWNERS INSURANCE FOR MANUFACTURED HOMES  
HOMEOWNERS INSURANCE FOR MANUFACTURED HOMES – PROPERTY COVERAGE ONLY

COVERAGE B - OTHER STRUCTURES

Primary Residence – \$250 Deductible  
Secondary Residence - \$500 Deductible

\* Out of Park  
Named Insured 50 Years of Age or Older

Territory A

*	<u>Amount of Insurance</u>	<u>Premiums</u>	<u>For Each Additional \$100</u>
	\$100	* \$6.74	* \$ .46

Territory B

*	<u>Amount of Insurance</u>	<u>Premiums</u>	<u>For Each Additional \$100</u>
	\$100	* \$12.82	* \$ .88

ARKANSAS

MANUFACTURED HOME INSURANCE PROGRAM

ANNUAL RATES/PREMIUMS  
(Continued)

HOMEOWNERS INSURANCE FOR MANUFACTURED HOMES  
HOMEOWNERS INSURANCE FOR MANUFACTURED HOMES – PROPERTY COVERAGE ONLY

COVERAGE C - PERSONAL PROPERTY

Primary Residence – \$250 Deductible  
Secondary Residence - \$500 Deductible

\* Out of Park  
Named Insured 50 Years of Age or Older

Territory A

*	<u>Amount of Insurance</u>	<u>Premiums</u>	<u>For Each Additional \$100</u>
	\$ 100	* \$58.52	* \$ .55

Territory B

*	<u>Amount of Insurance</u>	<u>Premiums</u>	<u>For Each Additional \$100</u>
	\$ 100	* \$111.17	* \$1.03

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ARKANSAS

MANUFACTURED HOME INSURANCE PROGRAM

ANNUAL RATES/PREMIUMS  
(Continued)

PREMIUM MODIFIERS

APPLICATION OF PREMIUM MODIFIERS

The premium modifiers will be applied to Coverage A - Dwelling, Coverage B - Other Structures and Coverage C - Personal Property premiums, if applicable, in the following order:

- |  |  |
|--|--|
| 1. Named Insured Under 50 Years of Age | 5. 10 Years Old or Newer Manufactured Home |
| 2. In Park Manufactured Home           | 6. Auxiliary Heating Device                |
| 3. Calendar Year                       | 7. Farm or Ranch                           |
| 4. Deductible                          | 8. Central Alarm                           |

AUXILIARY HEATING DEVICE

Primary and Secondary Residence

A \$50 charge applies when the manufactured home or other structure is equipped with an auxiliary heating device.

\* CALENDAR YEAR

Primary and Secondary Residence and Tenant

Multiply the Coverage A – Dwelling, Coverage B – Other Structures and Coverage C – Personal Property premiums by the greater of 1.00 or 1.02<sup>(effective year - 2011)</sup> not to exceed one year.

CENTRAL ALARM

Primary and Secondary Residence

Reduce the premium for Coverage A – Dwelling by \$20 when the manufactured home is equipped with an alarm system that will alert a fire department or central dispatcher in case of fire or burglary.

DEDUCTIBLE

Multiply the Coverage A – Dwelling, Coverage B – Other Structures, and Coverage C – Personal Property premiums by the appropriate deductible factor.

<u>Deductible Amount</u>	<u>Coverage</u>	<u>Deductible Factors</u>	
		<u>Primary Residence</u>	<u>Secondary Residence</u>
\$100	Coverage A – Dwelling	1.05	1.10
	Coverage B – Other Structures	1.05	1.10
	Coverage C – Personal Property	1.05	1.10
\$250	Coverage A – Dwelling	Included	1.07
	Coverage B – Other Structures	Included	1.07
	Coverage C – Personal Property	Included	1.07
\$500	Coverage A – Dwelling	0.95	Included
	Coverage B – Other Structures	0.95	Included
	Coverage C – Personal Property	0.95	Included
\$750	Coverage A – Dwelling	0.91	0.97
	Coverage B – Other Structures	0.91	0.97
	Coverage C – Personal Property	0.91	0.97
\$950	Coverage A – Dwelling	0.88	0.95
	Coverage B – Other Structures	0.88	0.95
	Coverage C – Personal Property	0.88	0.95

ARKANSAS

MANUFACTURED HOME INSURANCE PROGRAM

ANNUAL RATES/PREMIUMS  
(Continued)

PREMIUM MODIFIERS (continued)

FARM OR RANCH  
Primary Residence

Increase the premium for Coverage A - Dwelling by \$25 when the manufactured home is used as a Farm or Ranch.

\* IN PARK MANUFACTURED HOME  
Primary and Secondary Residence

When the manufactured home is located in park, multiply Coverage A – Dwelling, Coverage B – Other Structures, and Coverage C – Personal Property by the following factors:

<u>Territory</u>	<u>Factor</u>
A	0.84
B	0.73

NAMED INSURED UNDER 50 YEARS OF AGE  
Primary and Secondary Residence

Multiply the Coverage A – Dwelling, Coverage B – Other Structures and Coverage C – Personal Property premiums by a factor of 2.00 when the named insured is under 50 years of age.

\*

10 YEARS OLD OR NEWER MANUFACTURED HOME  
Primary and Secondary Residence

\* Reduce the premium for Coverage A - Dwelling by \$10 when the manufactured home is 10 years old or newer.

ARKANSAS

MANUFACTURED HOME INSURANCE PROGRAM

ANNUAL RATES/PREMIUMS  
(Continued)

HOMEOWNERS INSURANCE FOR MANUFACTURED HOMES  
HOMEOWNERS INSURANCE FOR MANUFACTURED HOMES – PROPERTY COVERAGE ONLY

30-DAY TRIP COVERAGE  
Primary and Secondary Residence

\$75 per policy

ADDITIONAL COVERAGE  
Primary Residence

\$5 per policy

ADDITIONAL RESIDENCE - OWNER-OCCUPIED  
Primary Residence

\$20 per policy

COVERAGE C - PERSONAL PROPERTY INCREASE IN  
SPECIAL AMOUNT OF INSURANCE FOR TOOLS  
Primary Residence

\$5 per policy

DWELLING REPLACEMENT COST PAYMENT METHOD FOR PARTIAL LOSS  
OTHER STRUCTURES REPLACEMENT COST PAYMENT METHOD FOR TOTAL AND PARTIAL LOSS  
Primary and Secondary Residence

\* \$50 per policy

ARKANSAS

MANUFACTURED HOME INSURANCE PROGRAM

ANNUAL RATES/PREMIUMS  
(Continued)

HOMEOWNERS INSURANCE FOR MANUFACTURED HOMES  
HOMEOWNERS INSURANCE FOR MANUFACTURED HOMES – PROPERTY COVERAGE ONLY

EARTHQUAKE

10% Earthquake Deductible (\$1,000 minimum)  
Primary and Secondary Residence

<u>Amount of Insurance</u>	<u>Premium Territory</u>	
	<u>A</u>	<u>B</u>
First \$100	\$5.10	\$5.15
For Each Additional \$100	.10	.15

EXCESS DWELLING COVERAGE  
(Including Non-Structural Hail Losses)  
Primary and Secondary Residence

\$50 per policy

EXCESS DWELLING COVERAGE  
(EXCEPT FOR NON-STRUCTURAL HAIL LOSSES)  
Primary and Secondary Residence

\$20 per policy

FLOOD COVERAGE  
Primary and Secondary Residence

\$10 per policy

This coverage is only available to policies in force prior to May 1, 1999

HOBBY FARM OR RANCH AND ANIMAL LIABILITY  
Primary Residence

\$25 per policy

\* IDENTITY FRAUD EXPENSE AND MANAGEMENT  
Primary and Secondary Residence

\$25 per policy

SERFF Tracking Number: FORE-126942301 State: Arkansas  
 Filing Company: Foremost Property & Casualty Insurance State Tracking Number: EFT \$100  
 Company  
 Company Tracking Number: D-16  
 TOI: 04.0 Homeowners Sub-TOI: 04.0002 Mobile Homeowners  
 Product Name: Manufactured Home Insurance Program  
 Project Name/Number: /

## Supporting Document Schedules

	<b>Item Status:</b>	<b>Status Date:</b>
<b>Satisfied - Item:</b> NAIC loss cost data entry document <b>Comments:</b> <b>Attachment:</b> FORM RF-1 Rate Filing Abstract.pdf	Filed	01/28/2011

	<b>Item Status:</b>	<b>Status Date:</b>
<b>Satisfied - Item:</b> Summary of Revisions <b>Comments:</b> <b>Attachment:</b> Arkansas Rate SOR.pdf	Filed	01/28/2011

	<b>Item Status:</b>	<b>Status Date:</b>
<b>Satisfied - Item:</b> Disruption Chart <b>Comments:</b> <b>Attachment:</b> Disruption Chart.pdf	Filed	01/28/2011

	<b>Item Status:</b>	<b>Status Date:</b>
<b>Satisfied - Item:</b> Exhibit I <b>Comments:</b> <b>Attachment:</b> Exhibit I.pdf	Filed	01/28/2011

	<b>Item Status:</b>	<b>Status Date:</b>
<b>Satisfied - Item:</b> Sections B and C	Filed	01/28/2011

SERFF Tracking Number: FORE-126942301 State: Arkansas  
Filing Company: Foremost Property & Casualty Insurance State Tracking Number: EFT \$100  
Company  
Company Tracking Number: D-16  
TOI: 04.0 Homeowners Sub-TOI: 04.0002 Mobile Homeowners  
Product Name: Manufactured Home Insurance Program  
Project Name/Number: /

**Comments:**

**Attachment:**

Sections B and C.pdf

	<b>Item Status:</b>	<b>Status Date:</b>
<b>Satisfied - Item:</b> Arkansas Investment Income	Filed	01/28/2011
<b>Comments:</b>		
<b>Attachment:</b>		
Arkansas Investment Income.pdf		

	<b>Item Status:</b>	<b>Status Date:</b>
<b>Satisfied - Item:</b> Objection Response 1-28	Filed	01/28/2011
<b>Comments:</b>		
<b>Attachment:</b>		
Arkansas 107 Objection 2.pdf		

### NAIC LOSS COST DATA ENTRY DOCUMENT

<b>1.</b>	This filing transmittal is part of Company Tracking #	<b>D-16</b>
-----------	---	-------------

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

Company Name		Company NAIC Number		
<b>3.</b>	<b>A.</b>	<b>Foremost Property and Casualty Insurance Company</b>	<b>B.</b>	<b>212-11800</b>

Product Coding Matrix Line of Business (i.e., Type of Insurance)		Product Coding Matrix Line of Insurance (i.e., Sub-type of Insurance)		
<b>4.</b>	<b>A.</b>	<b>4.0</b>	<b>B.</b>	<b>4.2</b>

<b>5.</b>			<b>FOR LOSS COSTS ONLY</b>				
(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>49.3%</b>	<b>14.3%</b>					
							
<b>TOTAL OVERALL EFFECT</b>							

5 Year History		Rate Change History					
Year	Policy Count	% of Change	Effective Date	State Earned Premium (000)	Incurred Losses (000)	State Loss Ratio	Countrywide Loss Ratio
<b>2005</b>	<b>2013</b>			<b>1200</b>	<b>421</b>	<b>35.1</b>	<b>89.1</b>
<b>2006</b>	<b>2048</b>			<b>1272</b>	<b>776</b>	<b>61.0</b>	<b>53.0</b>
<b>2007</b>	<b>2045</b>			<b>1320</b>	<b>528</b>	<b>40.0</b>	<b>52.3</b>
<b>2008</b>	<b>2034</b>	<b>-1.7%</b>	<b>5/1/08</b>	<b>1370</b>	<b>1781</b>	<b>130.0</b>	<b>70.9</b>
<b>2009</b>	<b>2085</b>	<b>+2.2%</b>	<b>6/1/09</b>	<b>1447</b>	<b>1815</b>	<b>125.4</b>	<b>56.8</b>

7.	
Expense Constants	Selected Provisions
A. Total Production Expense	<b>0</b>
B. General Expense	<b>26.6</b>
C. Taxes, License & Fees	<b>4.4</b>
D. Underwriting Profit & Contingencies	<b>5.0</b>
E. Other (unallocated LAE)	<b>3.1</b>
<b>F. TOTAL</b>	<b>39.1</b>

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

**Foremost<sup>®</sup> Property and  
Casualty Insurance Company**

2450

**ADMINISTRATIVE OFFICES**  
5600 Beech Tree Lane  
Caledonia, Michigan 49316-0050

**MAILING ADDRESS**  
ATTN: STATE FILINGS DEPT.  
P.O. Box 2450  
Grand Rapids, Michigan 49501-

December 9, 2010

Honorable Mike Pickens  
Commissioner of Insurance  
Arkansas Insurance Department  
1200 West Third Street  
Little Rock, Arkansas 72201-1904

RE: Foremost Property and Casualty Insurance Company  
NAIC #212-11800  
Manufactured Home Insurance Program  
Revision to the Rate Section  
Company Tracking Number: D-16

Dear Mr. Pickens:

We submit this filing for your formal stamp of approval or acknowledgement.

The enclosed Summary of Revisions has been developed to assist your review of our filing. This filing results in an overall rate level adjustment of +14.3%.

The following rule of implementation will apply:

This filing will be effective for all new and renewal policies written to be effective on and after April 1, 2011. No policy effective prior to the above date is to be cancelled and rewritten to take advantage of or to avoid the application of this filing except at the request of the insured.

Your attention to our filing is appreciated.

Very truly yours,

Mark M. Mattison, API, AIS  
State Filings Administrator  
State Filings  
Phone No. (616) 956-2147  
Fax No. (616) 956-2093  
e-mail: mark.mattison@foremost.com

MMM/ds

Enclosures: Summary of Revisions, 12/10  
Loss Cost Data Entry Document  
Rate Pages

ARKANSAS

MANUFACTURED HOME INSURANCE PROGRAM

SUMMARY OF REVISIONS

RATE SECTION

Our last rate level adjustment was +2.2%, effective June 1, 2009, for new and renewal business. We currently have 2,085 policies in force.

Exhibit I – Manufactured Home Insurance Program – All Coverages, attached, develops an indicated rate change of +49.3%. As a result, we have adjusted our rates for an overall rate level adjustment of +14.3%.

In addition, we have made the following changes:

In Park Manufactured Home

We have removed In Park premiums from the base rate pages and inserted In Park Manufactured Home as a premium modifier with factors.

Calendar Year Premium Modifier

The Loss Cost Adjustment process demonstrates that our loss costs increase annually 4.8% as follows:

Loss Cost Adjustment

We utilize the Producer Price Index (PPI) published by the Bureau of Census of the U.S. Department of Commerce to estimate our anticipated increase in loss costs. The Producer Price Index compiled measures the average change over time in the selling prices received by domestic producers for manufactured homes, mobile homes and manufacturing. The average annual change of this index is 4.8%. Our loss costs are projected to increase annually 4.8%.

These costs need to be reflected in our premium level. Therefore, we have added a Calendar Year Premium modifier to address the increased cost in our premium on renewal policies. The loss cost adjustment projected increased annually 4.8%, we have selected the following:

Annually multiply the Coverage A – Dwelling, Coverage B – Other Structures, and Coverage C – Personal Property premiums by the greater of 1.00 or 1.02 (effective date year 2012).

This results in a 2% rate increase annually.

Secondary Residence

We have removed this premium modifier.

Dwelling Replacement Cost Payment Method for Partial Loss

Other Structures Replacement Cost Payment Method for Total and Partial Loss

The rate has changed from \$35 per policy to \$50 per policy.

Identity Theft Expense Coverage

The name of this coverage has been changed to Identity Fraud Expense and Management.

ARKANSAS

MANUFACTURED HOME INSURANCE PROGRAM

SUMMARY OF REVISIONS

REPLACEMENT OF MANUAL PAGES

Please withdraw:

Rate Pages R-5 thru R-8 – Revised Printing 7/08

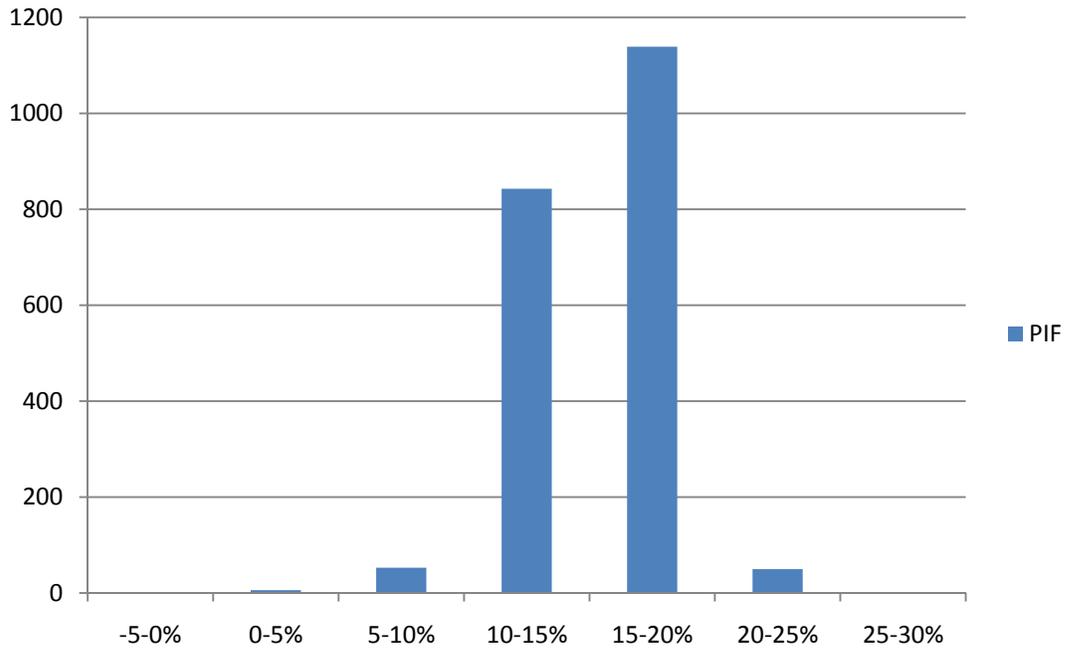
Rate Pages R-10 thru R-13 – Revised Printing 7/08

Please insert:

Rate Pages R-5 thru R-8 – Revised Printing 12/10

Rate Pages R-10 thru R-13 – Revised Printing 12/10

# Disruption Chart



Foremost Property and Casualty Insurance Company

Arkansas

Manufactured Home Insurance Program

All Coverages

Year	(1) Earned Premium At Current Premium Levels	(2) Incurred Loss	(3) Current Cost Factor (a)
2005	\$1,202,523	\$421,337	1.13
2006	\$1,274,238	\$776,363	1.08
2007	\$1,322,319	\$528,185	1.07
2008	\$1,376,795	\$1,780,673	1.03
2009	\$1,517,998	\$1,814,576	1.02

Year	(5) Incurred Losses At Current Cost Levels (2) X (3)	(6) Trended Incurred Losses (b) (5) X 1.094	(7) Trended Loss Ratios (6)/(1)
2005	\$476,111	\$520,865	43.3%
2006	\$838,472	\$917,288	72.0%
2007	\$565,158	\$618,283	46.8%
2008	\$1,834,093	\$2,006,498	145.7%
2009	\$1,850,868	\$2,024,850	133.4%

Aggregate Loss Ratio [Sum of Column (6) / Sum of Column (1)] =

0.909

Balance Point (Expected Loss Ratio) =

0.609

Indicated Change [ 90.9% / 60.9%-1 ] =

49.3%

FOREMOST PROPERTY AND CASUALTY INSURANCE COMPANY

ARKANSAS

Manufactured Home Insurance Program

Section B - Supporting Experience

Section I - Your Property Coverages Indicated Rate Level Based on Standard  
Ratemaking Procedure:

Using standard ratemaking procedures, the needed rate level adjustment for the state is developed on page B-2.

FOREMOST PROPERTY AND CASUALTY INSURANCE COMPANY

ARKANSAS

Manufactured Home Insurance Program

Section B - Supporting Experience

Statewide

Development of Indicated Rate Level

All Coverages

Year	(1) Earned Premium At Current Premium Levels	(2) Incurred Loss	(3) Current Cost Factor (a)
2005	\$1,202,523	\$421,337	1.13
2006	\$1,274,238	\$776,363	1.08
2007	\$1,322,319	\$528,185	1.07
2008	\$1,376,795	\$1,780,673	1.03
2009	\$1,517,998	\$1,814,576	1.02

Year	(5) Incurred Losses At Current Cost Levels (2) X (3)	(6) Trended Incurred Losses (b) (5) X 1.094	(7) Trended Loss Ratios (6)/(1)
2005	\$476,111	\$520,865	43.3%
2006	\$838,472	\$917,288	72.0%
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2008	\$1,834,093	\$2,006,498	145.7%
2009	\$1,850,868	\$2,024,850	133.4%

Aggregate Loss Ratio [Sum of Column (6) / Sum of Column (1)] = 0.909  
 Balance Point (Expected Loss Ratio) = 0.609  
 Indicated Change [ 90.9% / 60.9%-1 ] = 49.3%

(a) Factors to adjust historical losses to current cost level.

- See page C-6.

(b) Factor to adjust losses from current cost level to 3/1/12.

- See page C-7.

FOREMOST PROPERTY AND CASUALTY INSURANCE COMPANY

ARKANSAS

Manufactured Home Insurance Program

Section B - Supporting Experience

FOREMOST PROPERTY AND CASUALTY INSURANCE COMPANY

ARKANSAS

Manufactured Home Insurance Program

Section C - Explanatory Material

Contents

This section entails explanatory and supplementary material for the supporting material contained in Section B.

	<u>Pages</u>
Explanatory Memorandum	C-2-3
Cost Index (Trend) Supplement	C-4-7

FOREMOST PROPERTY AND CASUALTY INSURANCE COMPANY

ARKANSAS

Manufactured Home Insurance Program

Section C - Explanatory Material

Explanatory Memorandum

Calculation of Indicated Rate Adjustment

The following is a detailed explanation of the calculation of the indicated adjustments developed in Section B, page B-2. The purpose of this calculation is to test whether the present premiums are sufficient to pay losses and allow for a reasonable profit.

EXPERIENCE PERIOD

The underlying experience is that of Foremost Property and Casualty Insurance Company in the State of Arkansas. Experience for the five year review period is on a calendar year losses incurred and calendar year earned premium basis.

EARNED PREMIUM

Before reported experience can be utilized to evaluate premium level adequacy, it must be adjusted to reflect current conditions. The earned premium is adjusted (Column 1) to what it would be if present rate levels had been charged during the experience period.

INCURRED LOSSES

Losses should reflect as nearly as possible the current dollar requirements needed to meet today's costs. The factors in column 3 bring losses to a Current Cost Level (Column 4). A trend factor then projects these losses to an anticipated level twelve months beyond the anticipated effective date of the filing (Column 5).

FOREMOST PROPERTY AND CASUALTY INSURANCE COMPANY

ARKANSAS

Manufactured Home Insurance Program

Section C - Explanatory Material

Explanatory Memorandum (Continued)

With premiums at current premium levels (Column 1) and losses projected as previously noted an aggregate loss ratio over the 5 year experience period is calculated (sum of Column 5 divided by the sum of Column 1).

BALANCE POINT OR EXPECTED LOSS RATIO

The balance point loss ratio is the complement of the provision in the rates for expenses, investment income, and an underwriting profit and contingency factor. This underwriting profit follows if losses and expenses do not exceed those anticipated. These provisions as a percentage of premium are set forth below:

General and Other Acquisition	26.6%
Production Cost Allowance	0.0%
Taxes, Licenses and Fees	4.4%
Unallocated LAE	3.1%
Underwriting Profit & Contingencies	<u>5.0%</u>
Total	39.1%
Expected Loss and ALAE Ratio (ELR)	60.9%

FOREMOST PROPERTY AND CASUALTY INSURANCE COMPANY

ARKANSAS

Manufactured Home Insurance Program

Section C - Explanatory Material

Cost Index Supplement

A rate level formula is intended to produce indications of needed movement to the overall rate levels in keeping with standards as set forth in the rate regulatory laws. Such standards require that due consideration be given to past and prospective loss and expense experience, to catastrophe and other contingencies, and a reasonable allowance for underwriting profit. The prospective premium level established is intended to reflect all these factors during the period of application to the end that this premium level is adequate and reasonable.

In reviewing experience attention is given to adjustment of premiums to current premium levels. Need for a similar adjustment on the loss side is evident. In the study resulting in the recommendation of this adjustment in Manufactured Homeowners ratemaking, Foremost management sought a simplified method that would be suitable for translating prior year's losses into current and future dollars requirements. After investigation of the many indices available from either governmental or other statistical reporting agencies, it was concluded that a reasonable and logical adjustment could be attained if the Producer Price Index were applied to all coverages.

The Producer Price Index measures the average change over time in the selling prices received by domestic producers for manufactured homes, mobile homes, and manufacturing. The Producer Price Index is compiled monthly by the Bureau of Labor Statistics of the U.S. Department of Labor.

An explanation of the implementation of the Current Cost and Trending Procedures employed in this filing follows.

FOREMOST PROPERTY AND CASUALTY INSURANCE COMPANY

ARKANSAS

Manufactured Home Insurance Program

Section C - Explanatory Material

Descriptions of Index Development

PART A

This is the quarterly average of the Producer Price Index (PPI) for the latest twelve quarters available.

PART B

This shows the development of the Current Cost Factors. These are based on the Average Annual PPI data for the years under review. These annual cost indices are related to the latest quarterly average PPI to develop the Current Cost Factors shown in Column (3) of Page B-2.

PART C

The Trend Factor is developed through the use of the Least Squares Method to determine the Line of Best Fit. The slope (or average quarterly increment) and the midpoint of the segment of the line of best fit defining the latest quarter of information are then used to determine a factor to project the line into the future twelve months beyond the revision date. The factor thus determined is the Trend Factor used in Column (5) on Page B-2.

FOREMOST PROPERTY AND CASUALTY INSURANCE COMPANY

ARKANSAS

Manufactured Home Insurance Program

Section C - Explanatory Material

Development of Current Cost Factors (CCF) and Trended Cost Factors (TCF)

Quarter Ending June, 2010

**PART A:** Establishment of quarterly averages for the "Mobile Home" ("MH PPI") component of the Producer Price Index compiled monthly by the U.S. Department of Labor, Bureau of Labor Statistics. (Base: June, 1981 = 100)

Month	2007		2008		2009	
	MH PPI	3 Mo Avg.	MH PPI	3 Mo Avg.	MH PPI	3 Mo Avg.
7	215.6		223.9		225.4	
8	215.1		225.4		225.4	
9	215.1	215.3	226.6	225.3	227.1	226.0
10	215.0		229.0		226.8	
11	215.0		228.6		226.9	
12	216.1	215.4	227.5	228.4	227.2	227.0

Month	2008		2009		2010	
	MH PPI	3 Mo Avg.	MH PPI	3 Mo Avg.	MH PPI	3 Mo Avg.
1	216.4		227.1		227.4	
2	216.9		226.1		227.2	
3	217.3	216.9	226.1	226.4	228.7	227.8
4	217.9		226.1		229.8	
5	219.4		225.3		229.8	
6	222.4	219.9	225.4	225.6	230.9	230.2

**PART B:** Use of average annual MH PPI values to calculate current cost factors (CCF).

**Current Cost Factors  
Based on Average MH PPI Values  
For the Quarter Ending June 30, 2010**

Year	Year-end		Annual Avg		CCF
1998	230.2	÷	159.9	=	1.44
1999	230.2	÷	164.2	=	1.40
2000	230.2	÷	167.1	=	1.38
2001	230.2	÷	170.0	=	1.35
2002	230.2	÷	172.6	=	1.33
2003	230.2	÷	175.8	=	1.31
2004	230.2	÷	190.0	=	1.21
2005	230.2	÷	204.4	=	1.13
2006	230.2	÷	212.4	=	1.08
2007	230.2	÷	214.7	=	1.07
2008	230.2	÷	222.6	=	1.03
2009	230.2	÷	226.3	=	1.02

FOREMOST PROPERTY AND CASUALTY INSURANCE COMPANY

ARKANSAS

Manufactured Home Insurance Program

Section C - Explanatory Material

Development of Current Cost Factors (CCF) and Trended Cost Factors (TCF)

Quarter Ending June 2010

PART C: Computation of trended MH PPI cost factors (TCF)

Calendar Year Ending	MH PPI	
	Average MH PPI	Fitted Values
2001	167.1	161.9
2002	170.0	169.4
2003	172.6	176.9
2004	175.8	184.4
2005	190.0	191.9
2006	204.4	199.3
2007	212.4	206.8
2008	214.7	214.3
2009	222.6	221.8
2010	226.3	229.3

With linear fitting, line takes the form:	$Y = MX + B$
M = Average quarterly increment	7.49
X = Number of quarters	10
B = Y intercept	154.40

- ▾ (1) Fitted PPI trend at midpoint of 2007  
 $(M \times \text{\#qtrs}) + B : 229.30$
- ▾ (2) Average Annual rate of change  $\{ [(1) \div (B) - 1] \div (\# \text{ years}) \} + 1$  1.049
- ▾ (3) Midpoint of latest MH PPI Quarter 05/15/10
- ▾ (4) Effective Date of Proposed Change 03/01/11
- ▾ (5) Twelve months past proposed Effective Date 03/01/12
- ▾ (6) Number of years to trend forward 1.797  
 Years elapsed from (3) to (5).
- ▾ (7) Trended Cost Factor 1.090  
 ( To 03/01/12 )

2009

## FOREMOST PROPERTY &amp; CASUALTY INSURANCE COMPANY

## Arkansas Investment Income

## Manufactured Home

## Estimated Investment Earnings on Unearned Premium Reserves and on Loss Reserves

A. Unearned Premium Reserve			
1.	Direct earned premium for calendar year ended December 31, 2009.		116,536,224
2.	Mean unearned premium reserve		61,430,220
3.	Percentage total of prepaid expense		
	a. Production Cost Allowance	0.0%	
	b. Taxes, licenses and fees	4.4%	
	c. 50% of expenses (see p.5, b)	14.9%	
	d. Total	19.3%	
4.	Deduction for Federal Income Taxes Payable		7.0%
5.	Dollar total of prepaid expense (Line A.2 x (Line A.3.d. + Line A.4))		16,125,433
6.	Subject to investment (Line A.2 - Line A.5)		45,304,787
B. Delayed Remission Of Premiums			
1.	Direct Earned Premium		116,536,224
2.	Average Agents' Balances		0.205
3.	Delayed Remission (Line B.1 x Line B.2)		23,889,926
C. Loss Reserve			
1.	Direct earned premium		116,536,224
2.	Expected Incurred Loss & ALAE	0.609 x Line C.1	70,970,560
3.	Expected Mean Loss Reserves	0.128 x Line C.2	9,084,232
D.	Net Subject to Investment (Line A.6 - Line B.3 + Line C.3)		30,499,093
E.	2009 After Tax Rate of Return		0.019
F.	Investment Earnings on Net Subject to Investment (Line D x Line E)		575,138
G.	Average Rate of Return as a Percent of Earned Premium After Federal Income Taxes (Line F / Line A.1)		0.0049
H.	Investment Income Factor (1+ Line G)		1.0049

2009

## FOREMOST PROPERTY &amp; CASUALTY INSURANCE COMPANY

Arkansas Investment Income

Manufactured Home

Line A-1

Earned premiums are 2009 data for Countrywide Manufactured Home Insurance for Foremost Property & Casualty Insurance Company.

Line A-2

The estimated mean unearned premium reserve for 1 year of business is determined by adding together the estimated unearned premium reserves for December 31, 2008, and December 31, 2009, and dividing by 2.

1. Estimated Unearned Premium Reserve for 1 year business as of 12/31/08	\$ 60,642,196
2. Estimated Unearned Premium Reserve for 1 year business as of 12/31/09	\$ 62,218,244
3. Mean Unearned Premium Reserve (.5 x [Line 1+Line 2])	\$ 61,430,220

Line A-3

Deduction for prepaid expenses:

Production costs and a large part of the other company expenses in connection with the writing and handling of Manufactured Home insurance policies, exclusive of claim adjustment expenses, are incurred when the policy is written and before the premium is paid. Therefore, the deduction for these expenses is determined by use of the provisions for expenses used in our ratemaking procedures as shown (See page 5).

Line A-4

The Tax Reform Act of 1996 taxes 20% of the unearned premium reserve. At a corporate tax of 35%, this tax equals 7.0% ( $.20 \times .35 = .070$ ) of the unearned premium reserve.

Line B-2

Delayed remission of premium:

This deduction is necessary because of delay in collection and remission of premium to the company, which amounts to approximately 60 to 75 days after the effective dates of the policies. Therefore, funds for the unearned premium reserves required during the initial days of all policies must be taken from the company's surplus.

2009

## FOREMOST PROPERTY &amp; CASUALTY INSURANCE COMPANY

## Arkansas Investment Income

## Manufactured Home

Line B-2 (cont)

Based on Countrywide data for Foremost Property & Casualty Insurance Company, agents' premiums due less than 90 days amount to 20.5% of direct earned premiums. Agents' balances for premiums due over 90 days amount to 0.0%. The total % of agents' balances in the course of collection amounts to 20.5% based on the following:

1. Direct Earned Premium for Calendar Year 2009	\$	116,313,591
2. Agents' Balances at 12/31/08 (under 90 days)	\$	28,629,000
3. Agents' Balances at 12/31/09 (under 90 days)	\$	19,153,000
4. Mean Agents' Balances under 90 days (Line 2 + Line 3) / 2	\$	23,891,000
5. Line 4 / Line 1		0.205
6. Agents' Balances at 12/31/08 (over 90 days)	\$	2,168
7. Agents' Balances at 12/31/09 (over 90 days)	\$	149
8. Mean Agents' Balances over 90 days (Line 6 + Line 7) / 2	\$	1,159
9. Line 8 / Line 1		0.000
10. Line 5 + Line 9		0.205

Line C-2

The expected loss and allocated loss adjustment expense ratio is the balance point loss ratio used in the current rate filing (See page 5).

Line C-3

The expected mean loss reserve is determined by multiplying the expected incurred losses in line (2) by the ratio of the mean loss and loss adjustment reserves to the incurred losses and loss adjustment expenses in 2009 for Countrywide Manufactured Home insurance for Foremost Property & Casualty Insurance Company.

1. Incurred Losses* for Calendar Year 2009	\$	65,450,513
2. Loss Reserves* as of 12/31/08	\$	9,781,394
3. Loss Reserves* as of 12/31/09	\$	6,972,472
4. Mean Loss Reserve* (.5 x [Line 2 + Line 3])	\$	8,376,933
5. Line 4 / Line 1		0.128

\*Including allocated loss adjustment

2009

## FOREMOST PROPERTY &amp; CASUALTY INSURANCE COMPANY

## Arkansas Investment Income

## Manufactured Home

Line E

The after-tax rate of return is based on a profile of the company's investment portfolio as follows:

<u>Category</u>	2009 Investment Income <u>Earned</u>	Tax Rate	After- Tax Portion	2009 After-Tax Investment Income
Taxable*	\$448,388	0.350	0.650	\$291,452
Non-Taxable	11,016	0.053	0.948	\$10,438
Stocks*	-	na	1.000	\$0
Bond Discount Amortization	<u>4,713</u>	0.350	0.650	<u>\$3,063</u>
Total	464,117			\$304,953
Expenses	<u>1,525</u>	0.350	0.650	<u>\$991</u>
Net Investment Income Earned	465,642	0.343	0.657	\$305,945

Invested Assets as of 12/31/08\*\* 16,090,868

Invested Assets as of 12/31/09\*\* 16,357,082

Average Invested Assets\*\* \$16,223,975

After-Tax Rate of Return

$$\$305,945 \quad / \quad \$16,223,975 \quad = \quad 0.0189 \quad = \quad 1.89\%$$

\*Net of internal company transactions.

\*\*Net of affiliates.

2009

FOREMOST PROPERTY & CASUALTY INSURANCE COMPANY

Arkansas Investment Income

Manufactured Home

BALANCE POINT (OR EXPECTED) LOSS RATIO

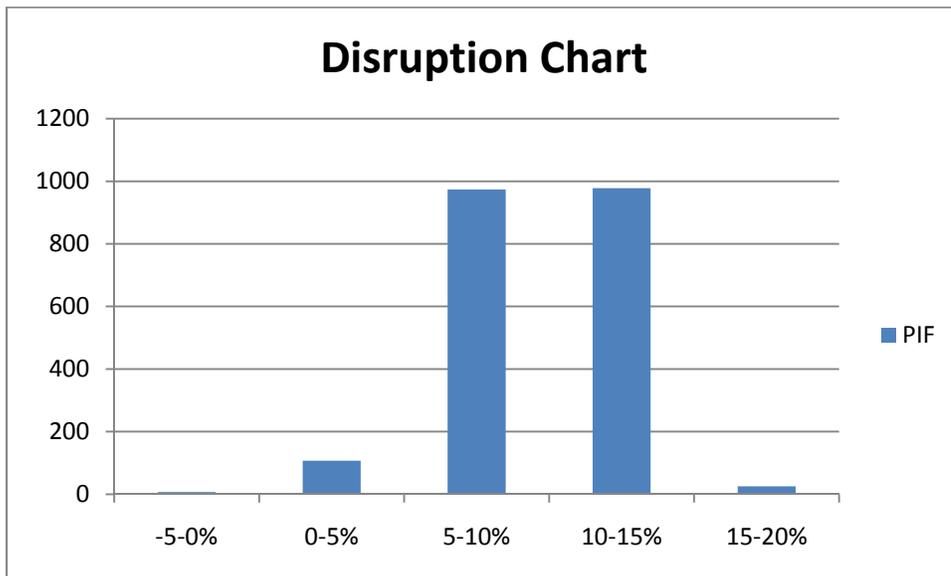
A. Production Cost Allowance	0.0%
B. General and Other Acquisitions	29.7%
C. Taxes, Licenses, and Fees	4.4%
D. Underwriting Profit and Contingencies	5.0%
Total	39.1%
Expected Loss and ALAE Ratio (ELR)	60.9%
Total	100.0%

**Objection 1**

**Comments:**

**Commissioner Bradford will allow a 10% overall increase with a maximum of 20% per insured. Please amend the filing accordingly.**

With this filing we have revised Rate Pages R-5 and R-6 to reduce the overall base rate increase to +10.0%. The maximum increase is +18.6% and the maximum decrease is -3.2%. The overall dollar increase is reduced to \$153,234.



Percent	PIF
-5-0%	7
0-5%	107
5-10%	974
10-15%	978
15-20%	25

SERFF Tracking Number: FORE-126942301 State: Arkansas  
 Filing Company: Foremost Property & Casualty Insurance State Tracking Number: EFT \$100  
 Company  
 Company Tracking Number: D-16  
 TOI: 04.0 Homeowners Sub-TOI: 04.0002 Mobile Homeowners  
 Product Name: Manufactured Home Insurance Program  
 Project Name/Number: /

## 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.

Creation Date:	Schedule	Schedule Item Name	Replacement Creation Date	Attached Document(s)
12/09/2010	Rate and Rule	R-5	01/28/2011	R-5.pdf (Superseded)
12/09/2010	Rate and Rule	R-6	01/28/2011	R-6.pdf (Superseded)
12/16/2010	Rate and Rule	R-10	01/06/2011	R-10.pdf (Superseded)
12/09/2010	Rate and Rule	R-10	12/16/2010	R-10.pdf (Superseded)
12/09/2010	Supporting Document	NAIC loss cost data entry document	12/16/2010	FORM RF-1 Rate Filing Abstract.pdf (Superseded)

**Foremost® Property and  
Casualty Insurance Company**

ARKANSAS

MANUFACTURED HOME INSURANCE PROGRAM

ANNUAL RATES/PREMIUMS  
(Continued)

HOMEOWNERS INSURANCE FOR MANUFACTURED HOMES  
HOMEOWNERS INSURANCE FOR MANUFACTURED HOMES – PROPERTY COVERAGE ONLY

COVERAGE A - DWELLING

Primary Residence – \$250 Deductible  
Secondary Residence - \$500 Deductible

Manufactured Home 11 Years Old or Older  
\* Out of Park  
Named Insured 50 Years of Age or Older

Territory A

<u>Rating Base</u>	*	<u>Premium</u>
First \$5,999		* \$202.50
Between \$6,000 and \$9,999, for each additional \$1,000 or any part thereof, ADD:		* 13.75
Between \$10,000 and \$19,999, for each additional \$1,000 or any part thereof, ADD:		* 8.00
Between \$20,000 and \$39,999, for each additional \$1,000 or any part thereof, ADD:		* 7.19
Over \$39,999, for each additional \$1,000 or any part thereof, ADD:		* 4.38

### NAIC LOSS COST DATA ENTRY DOCUMENT

<b>1.</b>	This filing transmittal is part of Company Tracking #	<b>D-16</b>
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<b>2.</b>	If filing is an adoption of an advisory organization loss cost filing, give name of Advisory Organization and Reference/ Item Filing Number	<b>n/a</b>
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Company Name		Company NAIC Number		
<b>3.</b>	<b>A.</b>	<b>Foremost Property and Casualty Insurance Company</b>	<b>B.</b>	<b>212-11800</b>

Product Coding Matrix Line of Business (i.e., Type of Insurance)		Product Coding Matrix Line of Insurance (i.e., Sub-type of Insurance)		
<b>4.</b>	<b>A.</b>	<b>4.0</b>	<b>B.</b>	<b>4.2</b>

<b>5.</b>			<b>FOR LOSS COSTS ONLY</b>				
(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>49.3%</b>	<b>14.3%</b>					
TOTAL OVERALL EFFECT							

5 Year History		Rate Change History					
Year	Policy Count	% of Change	Effective Date	State Earned Premium (000)	Incurred Losses (000)	State Loss Ratio	Countrywide Loss Ratio
<b>2005</b>	<b>2013</b>			<b>1200</b>	<b>421</b>	<b>35.1</b>	<b>89.1</b>
<b>2006</b>	<b>2048</b>			<b>1272</b>	<b>776</b>	<b>61.0</b>	<b>53.0</b>
<b>2007</b>	<b>2045</b>			<b>1320</b>	<b>528</b>	<b>40.0</b>	<b>52.3</b>
<b>2008</b>	<b>2034</b>	<b>-1.7%</b>	<b>5/1/08</b>	<b>1370</b>	<b>1781</b>	<b>130.0</b>	<b>70.9</b>
<b>2009</b>	<b>2085</b>	<b>+2.2%</b>	<b>6/1/09</b>	<b>1447</b>	<b>1815</b>	<b>125.4</b>	<b>56.8</b>

7.	
Expense Constants	Selected Provisions
A. Total Production Expense	<b>0</b>
B. General Expense	<b>26.6</b>
C. Taxes, License & Fees	<b>4.4</b>
D. Underwriting Profit & Contingencies	<b>5.0</b>
E. Other (unallocated LAE)	<b>3.1</b>
F. TOTAL	<b>39.1</b>

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

**Foremost® Property and  
Casualty Insurance Company**

ARKANSAS

MANUFACTURED HOME INSURANCE PROGRAM

ANNUAL RATES/PREMIUMS  
(Continued)

HOMEOWNERS INSURANCE FOR MANUFACTURED HOMES  
HOMEOWNERS INSURANCE FOR MANUFACTURED HOMES – PROPERTY COVERAGE ONLY

COVERAGE A - DWELLING

Primary Residence – \$250 Deductible  
Secondary Residence - \$500 Deductible

Manufactured Home 11 Years Old or Older  
\* Out of Park

Named Insured 50 Years of Age or Older

Territory B

<u>Rating Base</u>	*	<u>Premium</u>
First \$5,999		* \$325.00
Between \$6,000 and \$9,999, for each additional \$1,000 or any part thereof, ADD:		* 25.03
Between \$10,000 and \$19,999, for each additional \$1,000 or any part thereof, ADD:		* 17.55
Between \$20,000 and \$39,999, for each additional \$1,000 or any part thereof, ADD:		* 15.28
Over \$39,999, for each additional \$1,000 or any part thereof, ADD:		* 15.28

**Foremost® Property and  
Casualty Insurance Company**

ARKANSAS

MANUFACTURED HOME INSURANCE PROGRAM

ANNUAL RATES/PREMIUMS  
(Continued)

PREMIUM MODIFIERS

APPLICATION OF PREMIUM MODIFIERS

The premium modifiers will be applied to Coverage A - Dwelling, Coverage B - Other Structures and Coverage C - Personal Property premiums, if applicable, in the following order:

- |  |  |
|--|--|
| 1. Named Insured Under 50 Years of Age | 5. 10 Years Old or Newer Manufactured Home |
| 2. In Park Manufactured Home           | 6. Auxiliary Heating Device                |
| 3. Calendar Year                       | 7. Farm or Ranch                           |
| 4. Deductible                          | 8. Central Alarm                           |

AUXILIARY HEATING DEVICE

Primary and Secondary Residence

A \$50 charge applies when the manufactured home or other structure is equipped with an auxiliary heating device.

\* CALENDAR YEAR

Primary and Secondary Residence and Tenant

Annually multiply the Coverage A – Dwelling, Coverage B – Other Structures and Coverage C – Personal Property premiums by the greater of 1.00 or 1.02<sup>(effective year 2012)</sup> not to exceed three years.

CENTRAL ALARM

Primary and Secondary Residence

Reduce the premium for Coverage A – Dwelling by \$20 when the manufactured home is equipped with an alarm system that will alert a fire department or central dispatcher in case of fire or burglary.

DEDUCTIBLE

Multiply the Coverage A – Dwelling, Coverage B – Other Structures, and Coverage C – Personal Property premiums by the appropriate deductible factor.

<u>Deductible Amount</u>	<u>Coverage</u>	<u>Deductible Factors</u>	
		<u>Primary Residence</u>	<u>Secondary Residence</u>
\$100	Coverage A – Dwelling	1.05	1.10
	Coverage B – Other Structures	1.05	1.10
	Coverage C – Personal Property	1.05	1.10
\$250	Coverage A – Dwelling	Included	1.07
	Coverage B – Other Structures	Included	1.07
	Coverage C – Personal Property	Included	1.07
\$500	Coverage A – Dwelling	0.95	Included
	Coverage B – Other Structures	0.95	Included
	Coverage C – Personal Property	0.95	Included
\$750	Coverage A – Dwelling	0.91	0.97
	Coverage B – Other Structures	0.91	0.97
	Coverage C – Personal Property	0.91	0.97
\$950	Coverage A – Dwelling	0.88	0.95
	Coverage B – Other Structures	0.88	0.95
	Coverage C – Personal Property	0.88	0.95

**Foremost® Property and  
Casualty Insurance Company**

ARKANSAS

MANUFACTURED HOME INSURANCE PROGRAM

ANNUAL RATES/PREMIUMS  
(Continued)

PREMIUM MODIFIERS

\* APPLICATION OF PREMIUM MODIFIERS

The premium modifiers will be applied to Coverage A - Dwelling, Coverage B - Other Structures and Coverage C - Personal Property premiums, if applicable, in the following order:

- |  |  |
|--|--|
| 1. Named Insured Under 50 Years of Age | 5. 10 Years Old or Newer Manufactured Home |
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| 3. Calendar Year                       | 7. Farm or Ranch                           |
| 4. Deductible                          | 8. Central Alarm                           |

AUXILIARY HEATING DEVICE

Primary and Secondary Residence

A \$50 charge applies when the manufactured home or other structure is equipped with an auxiliary heating device.

\* CALENDAR YEAR

Primary and Secondary Residence and Tenant

Annually multiply the Coverage A – Dwelling, Coverage B – Other Structures and Coverage C – Personal Property premiums by the greater of 1.00 or 1.02<sup>(effective year 2012)</sup>.

CENTRAL ALARM

Primary and Secondary Residence

Reduce the premium for Coverage A – Dwelling by \$20 when the manufactured home is equipped with an alarm system that will alert a fire department or central dispatcher in case of fire or burglary.

DEDUCTIBLE

Multiply the Coverage A – Dwelling, Coverage B – Other Structures, and Coverage C – Personal Property premiums by the appropriate deductible factor.

<u>Deductible Amount</u>	<u>Coverage</u>	<u>Deductible Factors</u>	
		<u>Primary Residence</u>	<u>Secondary Residence</u>
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	Coverage C – Personal Property	Included	1.07
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	Coverage B – Other Structures	0.95	Included
	Coverage C – Personal Property	0.95	Included
\$750	Coverage A – Dwelling	0.91	0.97
	Coverage B – Other Structures	0.91	0.97
	Coverage C – Personal Property	0.91	0.97
\$950	Coverage A – Dwelling	0.88	0.95
	Coverage B – Other Structures	0.88	0.95
	Coverage C – Personal Property	0.88	0.95