

SERFF Tracking Number: PHAR-127619290 State: Arkansas
Filing Company: Pharmacists Mutual Insurance Company State Tracking Number:
Company Tracking Number: AR-HO-03-12-RR
TOI: 04.0 Homeowners Sub-TOI: 04.0003 Owner Occupied Homeowners
Product Name: Homeowners
Project Name/Number: AR-HO-03-12-RR/AR-HO-03-12-RR

Filing at a Glance

Company: Pharmacists Mutual Insurance Company

Product Name: Homeowners

SERFF Tr Num: PHAR-127619290 State: Arkansas

TOI: 04.0 Homeowners

SERFF Status: Closed-Filed

State Tr Num:

Sub-TOI: 04.0003 Owner Occupied

Co Tr Num: AR-HO-03-12-RR

State Status:

Homeowners

Filing Type: Rate/Rule

Reviewer(s): Becky Harrington,
Nancy Horton

Author: Kris Laubenthal

Disposition Date: 11/09/2011

Date Submitted: 11/04/2011

Disposition Status: Filed

Effective Date Requested (New): 03/01/2012

Effective Date (New): 03/01/2012

Effective Date Requested (Renewal): 03/01/2012

Effective Date (Renewal):

03/01/2012

State Filing Description:

General Information

Project Name: AR-HO-03-12-RR

Status of Filing in Domicile: Authorized

Project Number: AR-HO-03-12-RR

Domicile Status Comments:

Reference Organization: AAIS

Reference Number: AAIS-2008-27R & AAIS-

Reference Title:

2008-27LC; AAIS-2011-4R, AAIS-2011-4LC

Filing Status Changed: 11/09/2011

Advisory Org. Circular: 09-0333 & 11-0834

State Status Changed:

Deemer Date:

Created By: Kris Laubenthal

Submitted By: Kris Laubenthal

Corresponding Filing Tracking Number:

Filing Description:

Pharmacists Mutual Insurance Company (PMIC) is a member and subscriber of AAIS for its homeowners program in your state. The purpose of this filing is to adopt their most recent revisions included in the following AAIS filings:

Countrywide manual revision – program enhancements:

Rate/Rule: AAIS-2008-27R

Loss cost: AAIS-2008-27LC

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New and revised rules and revised water back-up loss costs:

Rate/Rule: AAIS-2011-4R
 Loss Cost: AAIS-2011-4LC

In conjunction with these revisions we are submitting, for your review and consideration, our Countrywide Homeowners Manual Exception Pages, edition 01-12.

We are requesting that this filing become effective for all new and renewal policies written on or after March 1, 2012.

Company and Contact

Filing Contact Information

Kris Laubenthal, State Filings Analyst kris.laubenthal@phmic.com
 PO Box 370 515-295-2461 [Phone] 7322 [Ext]
 Algona, IA 50511

Filing Company Information

Pharmacists Mutual Insurance Company CoCode: 13714 State of Domicile: Iowa
 808 Highway 18 West Group Code: 775 Company Type: Mutual
 P.O. Box 370 Group Name: State ID Number:
 Algona, IA 50511 FEIN Number: 42-0223390
 (800) 247-5930 ext. [Phone]

Filing Fees

Fee Required? Yes
 Fee Amount: \$50.00
 Retaliatory? No
 Fee Explanation: \$50 for rate/rulle filing
 Per Company: No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
Pharmacists Mutual Insurance Company	\$50.00	11/04/2011	53496024

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Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Filed	Becky Harrington	11/09/2011	11/09/2011

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	11/07/2011	11/07/2011	Kris Laubenthal	11/07/2011	11/07/2011

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Disposition

Disposition Date: 11/09/2011
 Effective Date (New): 03/01/2012
 Effective Date (Renewal): 03/01/2012
 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):
Pharmacists Mutual Insurance Company	35.800%	9.700%	\$56,257	392	\$579,968	142.200%	0.300%

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Schedule	Schedule Item	Schedule Item Status	Public Access
Supporting Document	Form RF-2 Loss Costs Only (not for workers' compensation)	Filed	Yes
Supporting Document	H-1 Homeowners Abstract	Filed	Yes
Supporting Document	HPCS-Homeowners Premium Comparison Survey	Filed	Yes
Supporting Document (revised)	NAIC loss cost data entry document	Filed	Yes
Supporting Document	NAIC loss cost data entry document		Yes
Supporting Document	Rate/Rule Filing Memo and Exhibits	Filed	Yes
Supporting Document	Actuarial Memorandum	Filed	Yes
Supporting Document	Side by Side Comparison - Exceptions Pages	Filed	Yes
Rate	Homeowners Program Manual	Filed	Yes
Rate	Homeowners Program Manual	Filed	Yes

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Objection Letter

Objection Letter Status Pending Industry Response

Objection Letter Date 11/07/2011

Submitted Date 11/07/2011

Respond By Date

Dear Kris Laubenthal,

This will acknowledge receipt of the captioned filing.

Objection 1

- NAIC loss cost data entry document (Supporting Document)

Comment: Please complete the 5-year history section with the most recent 5-years' policy count/premium/loss experience, regardless of rate changes.

NOTICE regarding, corrections to filings and scrivener's Errors:

Effective for all filings made on or after June 1, 2011, Arkansas no longer allows the re-opening of closed filings for corrections, changes in effective dates, scrivener's errors, amendments or substantive changes. Please see the General Instructions for how these events will be handled after the effective date of the change."

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

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Response Letter

Response Letter Status Submitted to State
Response Letter Date 11/07/2011
Submitted Date 11/07/2011

Dear Becky Harrington,

Comments:

Response 1

Comments: Thank you for your note requesting additional information on the RF-1 Loss Cost Data Entry document. The form was somewhat confusing as it asked for a "rate change history" and we have not made any changes in rates since 11/1/2006. I have included the additional information you requested and re-attached the document for your review. The percentage change is filled in as 0.0% as we did not file any changes for 2007 through 2010. I left the effective date blank for those years as we did not change any rates since 11/1/2006. Please advise of any further questions. Thank you.

Related Objection 1

Applies To:

- NAIC loss cost data entry document (Supporting Document)

Comment:

Please complete the 5-year history section with the most recent 5-years' policy count/premium/loss experience, regardless of rate changes.

Changed Items:

Supporting Document Schedule Item Changes

Satisfied -Name: NAIC loss cost data entry document

Comment: Please note that we have not filed any rate changes since 11/1/2006. Per your request, I have included our policy counts, percentage change, state earned premium, incurred losses, state loss ratio and countrywide loss ratio for each of the previous 5 years.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Sincerely,

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Kris Laubenthal

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State: Arkansas
 State Tracking Number:
 Sub-TOI: 04.0003 Owner Occupied Homeowners

Rate Information

Rate data applies to filing.

Filing Method: File and Use
Rate Change Type: Increase
Overall Percentage of Last Rate Revision: 3.600%
Effective Date of Last Rate Revision: 11/01/2006
Filing Method of Last Filing: File and Use

Company Rate Information

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where required):	Minimum % Change (where required):
Pharmacists Mutual Insurance Company	35.800%	9.700%	\$56,257	392	\$579,968	142.200%	0.300%

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Rate/Rule Schedule

Schedule Item	Exhibit Name:	Rule # or Page #:	Rate Action	Previous State Filing Attachments Number:
Filed 11/09/2011	Homeowners Program Exceptions - 1 Manual	1 through 6	Replacement	PHAR-125258614 CW; State #AR-PC-07-02589 CW HO Exception Pages 01-12.pdf
Filed 11/09/2011	Homeowners Program AR- Supplement New Manual	- 1 through 5		AR HO Exception Page - Supplement - 03-12.pdf

PHARMACISTS MUTUAL INSURANCE COMPANY
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Rule 3.5 has been withdrawn and replaced by the following:

3.5 Waiver of Premium

An additional or return premium due when a policy is endorsed after its inception may be waived, however, return premiums must be refunded at the request of the insured. If the additional premium is less than \$5.00, it will be waived. If the return premium is less than \$5.00, it will be waived.

Rule 4.10 has been added:

4.10 Personal Package Discount

If an insured has their Personal Auto and Homeowners/Mobile Homeowners policies with Pharmacists Mutual a premium credit will be given according to the following rules:

1. **Eligibility** - This rule applies only if Personal Auto and Homeowners/Mobile Homeowners policies are written for the same named insured with Pharmacists Mutual.
2. **Premium Discount** - A 5% credit shall apply separately to each policy, after application of all other premium modifications.
3. **Policy Term** - Policies should be written with concurrent inception or expiration dates if possible.

Rule 6.1 has been withdrawn and replaced by the following:

6.1 Protective Devices

A premium credit can be given for the installation of approved and properly maintained alarm and/or sprinkler systems. Refer to the company for alarm and sprinkler system eligibility requirements.

Premium Determination – Use the pertinent factor(s) shown in the table for this rule to adjust the premium.

<u>PROTECTIVE DEVICE</u>	<u>FACTOR</u>
Central Station Alarms	
Burglary	0.95
Fire	0.95
Water and/or Temperature Variance Detection	0.95
Fire Department Alarms	0.97
Police Department Alarms	0.97
Local Alarms	0.98
Local Water and/or Temperature Variance Detection Alarms	0.98
Sprinkler Systems	0.97

Endorsement - Attach endorsement HO 6516.

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Rule 6.5 Automatic Adjustments of Limits - has been withdrawn and replaced by the following:

6.5 Automatic Adjustments of Limits – Forms HO 0001, HO 0002, HO 0003, And HO 0005

The limits that apply to Coverages A, B, C, and D can be automatically increased on an annual basis.

Premium Determination – Use the pertinent factor shown in the table for this rule to adjust the premium.

<u>ANNUAL INCREASE</u>		<u>FACTOR</u>
4.0%		1.000
6.0%		1.025
8.0%		1.030
Each Additional 2%	Add	0.010

Endorsement - Attach endorsement HO 2584 and make an entry to show the annual percentage increase that applies.

Rule 6.10 Experience Rating Plan - has been withdrawn and replaced by the following:

Rule 6.10 Experience Rating Plan

Use the Experience Rating Plan to modify the policy premium to recognize an insured's claims history and tenure with the company.

The Experience Rating Plan allows for the potential application of two separate premium modifications:

1. A premium credit or debit that reflects both the policyholder's claims history and tenure with the company, and
2. For qualifying policyholders, an additional claims free premium credit.

Tenure

Tenure is the consecutive time that a named insured's Homeowners/Mobile Homeowners coverage has been provided by Pharmacists Mutual Insurance Company. The inception date of a policy determines tenure.

For the purposes of determining tenure, a coverage lapse of 30 days or more initiates a new inception date.

PHARMACISTS MUTUAL INSURANCE COMPANY
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Claims History

Claims history considers the number and type of property and liability losses experienced by all persons who are insureds under the policy. For the purposes of determining the number of claims in the claims history, a claim is any loss:

1. that occurred with respect to a risk eligible for coverage under this manual or an equivalent Homeowners/Mobile Homeowners coverage program; and
2. that occurred within the 72 month period just before the date on which an application for a new policy is made or the date on which a renewal policy is prepared.

A policy is considered Claims Free if:

1. at least one named insured must have a minimum of 72 months of consecutive coverage history, and
2. all adults insured under the policy have had no claims, of any cause of loss, in the previous 72 months.

Qualifying claims include all claims for which any insurer has made payments on any coverage. This includes all paid losses, excluding any claim adjustment expense, except for:

1. the most recent weather-related claim;
2. claims that resulted from mine subsidence, earthquake, sinkhole collapse, equipment breakdown or for which payment was made solely for loss involving medical payments;
3. claims that resulted from an event that caused \$25 million or more in total insured property losses and affects a significant number of property and casualty insurance policyholders and property and casualty insurers.

If a claim is not considered at the first renewal following the claim, we reserve the right to include the claim at a subsequent renewal.

Premium Determination -- Use the appropriate factor shown in Table 6.10 to adjust the premium.

Tenure	Claims Free	0 Qualifying	1 Qualifying	2 Qualifying	3 Qualifying	4+ Qualifying
0-2 years	0.98	1.00	1.35	1.70	2.05	2.40
3-6 years	0.96	0.99	1.25	1.60	1.90	2.40
7-9 years	0.90	0.95	1.20	1.50	1.90	2.40
10+ years	0.80	0.90	1.15	1.50	1.90	2.40

TABLE 6.10

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Rule 6.20 has been added:

6.20 - Roofing Materials Discount

A premium credit may be given for the installation of approved impact resistant roofing materials.

The following requirements must be met in order to be eligible for the discount:

1. Roof must be constructed with material certified under one of the following classifications:

- UL2218* Class 3
- UL2218* Class 4
- FM4473** Class 3
- FM4473** Class 4

* UL2218 - Underwriters' Laboratory Standard 2218 (Impact Standard for Impact Resistance Prepared Roof Covering Materials)

** FM 4473 - Factory Mutual Standard 4473 (Specification Test Standards for Impact Resistant Testing of Rigid Roofing Materials by Impacting with Freezer Ice Balls)

2. The age of the roof must be 20 years or less.
3. Completion of Roofing Installation Information and Certification form.

Premium Determination -- Use the appropriate factor shown below to adjust the premium.

Age of Roof	Factor
0 – 10 years	.90
11 – 20 years	.95
Over 20 years	1.00

Rule 7.2 has been withdrawn and replaced by the following:

7.2 Water Back Up and Sump Discharge or Overflow

Coverage for direct physical loss caused by water or matter present in water that backs up through sewers or drains or overflows or discharges from a sump, sump pump or related equipment can be added. Coverage is available in increments of \$1,000, per location.

Premium Determination – Use the rating information shown below. The rating information is for a \$500 deductible. Higher deductible amounts are available. If a higher deductible amount is selected, apply the pertinent deductible factor shown in Rule 5.1. The Personal Package Discount does not apply to this coverage.

	<u>RATE</u>
Per \$1,000 of Insurance	\$8.00

Endorsement - Attach endorsement HO 2708 and make entries to show the limit and deductible that apply.

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Rule 7.9.7 has been withdrawn and replaced by the following:

7.9.7 Scheduled Personal Property – Forms HO 0001, HO 0002, HO 0003, HO 0004, HO 0005, And HO 0006

Coverage for scheduled personal property categories listed below can be provided against all risks of direct physical loss, with certain exceptions.

Premium Determination - Use the pertinent rate(s) shown in the table below to adjust the premium.

<u>CATEGORY</u>	<u>RATE per \$100</u>
Audio/Video Equipment	2.00
Sports/Hobby Equipment	1.50
Collectibles/Memorabilia	1.50
Medical Equipment	1.50
Guns	2.00

Endorsement – Attach endorsement HO 3061. Make entries to describe the covered property and show the limits and premiums that apply.

Rule 7.50 has been added:

7.50 Equipment Breakdown Coverage

Equipment breakdown coverage insures against direct physical loss to covered property caused by an equipment breakdown.

Equipment Breakdown means physical loss or damage originating within boilers, pressure vessels and piping, and other equipment, as well as caused by:

- mechanical breakdown;
- electrical or electronic breakdown; or
- rupture, bursting, bulging, implosion or steam explosion.

Refer to the terms of the endorsement for a complete description of equipment breakdown.

When equipment breakdown coverage is provided, it applies to all locations for which the policy provides coverage under Coverage A and Coverage B.

Subject to a \$500 deductible, the most paid for all damage that is the result of one accident is \$50,000. The equipment breakdown limit does not increase the limits that apply to the property covered.

When the policy is endorsed to include equipment breakdown coverage, the following Incidental Property Coverages are provided for loss caused by an equipment breakdown. These Incidental Property Coverages do not increase the per occurrence limit for equipment breakdown coverage:

1. Expediting Expense - we will pay up to \$3,000 for covered expediting expenses to make temporary repairs, expedite permanent repairs or replacement;
2. Refrigerated Property - we will pay up to \$3,000 for refrigerated property damaged by spoilage;
3. Pollutant Clean Up and Removal - we will pay up to \$3,000 for pollutant clean up and removal for property damaged by an equipment breakdown;

PHARMACISTS MUTUAL INSURANCE COMPANY
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4. Environmental, Safety and Efficiency Improvements - we will pay up to \$3,000 for additional cost to repair or replace damaged equipment with like kind and quality of equipment which qualifies as Green Equipment (as defined) or equipment that is better for the environment, safer, or more energy efficient than the equipment being replaced. This includes the cost for certification or recertification of the equipment, as well as the removal, disposal or recycling of the damaged equipment.

Premium Determination -- There is a flat charge of \$25.00 per insured location. The Personal Package Discount does not apply to this coverage.

Endorsement -- Attach endorsement PM 1517.

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ARKANSAS

Rule 6.10 Experience Rating Plan - has been withdrawn and replaced by the following:

Rule 6.10 Experience Rating Plan

Use the Experience Rating Plan to modify the policy premium to recognize an insured's claims history and tenure with the company.

The Experience Rating Plan allows for the potential application of two separate premium modifications:

1. A premium credit or debit that reflects both the policyholder's claims history and tenure with the company, and
2. For qualifying policyholders, an additional claims free premium credit.

Tenure

Tenure is the consecutive time that a named insured's Homeowners/Mobile Homeowners coverage has been provided by Pharmacists Mutual Insurance Company. The inception date of a policy determines tenure.

For the purposes of determining tenure, a coverage lapse of 30 days or more initiates a new inception date.

Claims History

Claims history considers the number and type of property and liability losses experienced by all persons who are insureds under the policy. For the purposes of determining the number of claims in the claims history, a claim is any loss:

1. that occurred with respect to a risk eligible for coverage under this manual or an equivalent Homeowners/Mobile Homeowners coverage program; and
2. that occurred within the 72 month period just before the date on which an application for a new policy is made or the date on which a renewal policy is prepared.

A policy is considered Claims Free if:

1. at least one named insured must have a minimum of 72 months of consecutive coverage history, and
2. all adults insured under the policy have had no claims, of any cause of loss, in the previous 72 months.

PHARMACISTS MUTUAL INSURANCE COMPANY

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Qualifying claims include all claims for which any insurer has made payments on any coverage. This includes all paid losses, excluding any claim adjustment expense, except for:

1. claims that resulted from a weather-related event, mine subsidence, earthquake, sinkhole collapse, equipment breakdown or for which payment was made solely for loss involving medical payments;
2. claims that resulted from an event that caused \$25 million or more in total insured property losses and affects a significant number of property and casualty insurance policyholders and property and casualty insurers.

If a claim is not considered at the first renewal following the claim, we reserve the right to include the claim at a subsequent renewal.

Premium Determination -- Use the appropriate factor shown in Table 6.10 to adjust the premium.

Tenure	Claims Free	0 Qualifying	1 Qualifying	2 Qualifying	3 Qualifying	4+ Qualifying
0-2 years	0.98	1.00	1.35	1.70	2.05	2.40
3-6 years	0.96	0.99	1.25	1.60	1.90	2.40
7-9 years	0.90	0.95	1.20	1.50	1.90	2.40
10+ years	0.80	0.90	1.15	1.50	1.90	2.40

TABLE 6.10

PHARMACISTS MUTUAL INSURANCE COMPANY
HOMEOWNERS PROGRAM MANUAL
ARKANSAS

The Base Loss Costs have been withdrawn and replaced by the following:

FORMS HO 0001, HO 0002, HO 0003, HO 0005, AND HO 0008

<u>Territory</u>	<u>Rate</u>
130	\$619.13
131	\$619.13
132	\$619.13
133	\$619.13

PHARMACISTS MUTUAL INSURANCE COMPANY
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ARKANSAS

FORM HO 0004

<u>Territory</u>	<u>Rate</u>
130	\$44.75
131	\$44.75
132	\$44.75
133	\$44.75

PHARMACISTS MUTUAL INSURANCE COMPANY
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ARKANSAS

FORM HO 0006

<u>Territory</u>	<u>Rate</u>
130	\$38.82
131	\$38.82
132	\$38.82
133	\$38.82

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Supporting Document Schedules

		Item Status:	Status Date:
Satisfied - Item:	Form RF-2 Loss Costs Only (not for workers' compensation)	Filed	11/09/2011

Comments:

Attachments:

RF-2 - NAIC loss cost filing document - AR HO.pdf
 RF-2 - NAIC loss cost filing document - AR HO - form 4 only.pdf

		Item Status:	Status Date:
Satisfied - Item:	H-1 Homeowners Abstract	Filed	11/09/2011

Comments:

Attachment:

H-1 - Homeowners Abstract - AR HO.pdf

		Item Status:	Status Date:
Satisfied - Item:	HPCS-Homeowners Premium Comparison Survey	Filed	11/09/2011

Comments:

Attachments:

HPCS - premium survey - AR HO.xlsx
 HPCS - premium survey - AR HO.pdf

		Item Status:	Status Date:
Satisfied - Item:	NAIC loss cost data entry document	Filed	11/09/2011

Comments:

Please note that we have not filed any rate changes since 11/1/2006. Per your request, I have included our policy counts, percentage change, state earned premium, incurred losses, state loss ratio and countrywide loss ratio for each of the previous 5 years.

Attachment:

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 RF-1 _loss_cost_data_entry = AR HO.pdf

	Item Status:	Status Date:
Satisfied - Item: Rate/Rule Filing Memo and Exhibits Comments: Attachments: Rate Rule Filing Memo - AR HO.pdf Filing Summary - AR HO.pdf Exhibit R - AR HO.pdf Exhibit 1 - AR HO.pdf	Filed	11/09/2011

	Item Status:	Status Date:
Satisfied - Item: Actuarial Memorandum Comments: Attachment: Actuarial Memorandum.pdf	Filed	11/09/2011

	Item Status:	Status Date:
Satisfied - Item: Side by Side Comparison - Exceptions Pages Comments: Please note that items in red font are new to this filing. Crossed out items are replaced with the red font items. Attachment: Exception Pages Edition 01-12 compared to 01-08.pdf	Filed	11/09/2011

FORM RF2-Reference filing abstract NAIC LOSS COST FILING DOCUMENT—OTHER THAN WORKERS' COMPENSATION

CALCULATION OF COMPANY LOSS COST MULTIPLIER

This filing transmittal is part of Company Tracking #	AR-HO-03-12-RR; SERFF #PHAR-127619290
This filing corresponds to form filing number (Company tracking number of form filing, if applicable)	

Loss Cost Reference Filing _____ **Independent Rate Filing**

(Advisory Org, & Reference filing #) AAIS-2008-27R, AAIS-2008-27LC; AAIS-2011-4R, AAIS-2011-4LC

If this is a loss cost filing adopting an advisory organization's loss costs, the above insurer hereby declares that it is a member, subscriber or service purchaser of the named advisory organization for this line of insurance. The insurer hereby files (to be deemed to have independently submitted as its own filing) the prospective loss costs in the captioned Reference Filing. The insurer's rates will be the combination of the prospective loss costs and the loss cost multipliers and, if utilized, the expense constants specified in the attachments.

1. Check one of the following:

The insurer hereby files to have its loss cost multipliers and, if utilized, expense constants be applicable to future revisions of the advisory organization's prospective loss costs for this line of insurance. The insurer's rates will be the combination of the advisory organization's prospective loss costs and the insurer's loss cost multipliers and if utilized, expense constants specified in the attachments. The rates will apply to policies written on or after the effective date of the advisory organization's prospective loss costs. This authorization is effective until disapproved by the Commissioner, or until amended or withdrawn by the insurer.

Note: Some states have statutes that prohibit this option for some lines of business.

The insurer hereby files to have its loss cost multipliers and, if utilized, expense constants be applicable only to the above Advisory Organization Reference Filing.

2. Line, Subline, Coverage, Territory, Class, etc. combination to which this page applies: Homeowners - all policy forms except 4

3. Loss cost modification:

A. The insurer hereby files to adopt the prospective loss costs in the captioned reference filing:

(Check One):

Without Modification (factor = 1.000)

With the following modification(s). (Cite the nature and percent modification, and attach supporting data and/or rationale for the modification.) -19%

B. Loss Cost Modification Expressed as a Factor: (See Examples Below) 0.810

Example 1: Loss cost Modification Factor: If your company's loss cost modification is -10%, a factor of .90 (1.000 - .100) should be used.

Example 2: Loss cost Modification Factor: If your company's loss cost modification is =15%, a factor of 1.15 (1.000 + .150) should be used.

NOTE: IF EXPENSE CONSTANTS ARE UTILIZED ATTACH "EXPENSE CONSTANT SUPPLEMENT" OR OTHER SUPPORTING INFORMATION. DO NOT COMPLETE ITEMS 4-8 BELOW.

4. Development of Expected Loss Ratio. (Attach exhibit detailing insurer expense data and/or other supporting information.)

		Selected Provisions	
A.	Total Production Expense	16.0	%
B.	General Expense	7.0	%
C.	Taxes, Licenses & Fee	2.0	%
D.	Underwriting profit & Contingencies (explain how investment income is taken into account)	5.0	%
E.	Other (explain)	-1.0 invest inc	%
F.	Total	29.0	%

5.	A.	Expected Loss Ratio: $ELR = 100\% - 4F = A$	71%	%
	B.	ELR in Decimal Form =		
6.		Company Formula Loss Cost Multiplier (3B/5B)	1.141	
7.		Company Selected Loss Cost Multiplier = (Attach explanation for any differences between 6 and 7)	1.138; we wish to continue to use our previously filed and approved loss cost multiplier of 1.138	
8.		Rate Level Change for the coverage(s) to which this page applies	9.7%	

FORM RF2-Reference filing abstract NAIC LOSS COST FILING DOCUMENT—OTHER THAN WORKERS' COMPENSATION

CALCULATION OF COMPANY LOSS COST MULTIPLIER

This filing transmittal is part of Company Tracking #	AR-HO-03-12-RR; SERFF #PHAR-127619290
This filing corresponds to form filing number (Company tracking number of form filing, if applicable)	

Loss Cost Reference Filing _____ **Independent Rate Filing**

(Advisory Org, & Reference filing #) AAIS-2008-27R, AAIS-2008-27LC; AAIS-2011-4R, AAIS-2011-4LC

If this is a loss cost filing adopting an advisory organization's loss costs, the above insurer hereby declares that it is a member, subscriber or service purchaser of the named advisory organization for this line of insurance. The insurer hereby files (to be deemed to have independently submitted as its own filing) the prospective loss costs in the captioned Reference Filing. The insurer's rates will be the combination of the prospective loss costs and the loss cost multipliers and, if utilized, the expense constants specified in the attachments.

1. Check one of the following:

The insurer hereby files to have its loss cost multipliers and, if utilized, expense constants be applicable to future revisions of the advisory organization's prospective loss costs for this line of insurance. The insurer's rates will be the combination of the advisory organization's prospective loss costs and the insurer's loss cost multipliers and if utilized, expense constants specified in the attachments. The rates will apply to policies written on or after the effective date of the advisory organization's prospective loss costs. This authorization is effective until disapproved by the Commissioner, or until amended or withdrawn by the insurer.

Note: Some states have statutes that prohibit this option for some lines of business.

The insurer hereby files to have its loss cost multipliers and, if utilized, expense constants be applicable only to the above Advisory Organization Reference Filing.

2. Line, Subline, Coverage, Territory, Class, etc. combination to which this page applies: Homeowners - policy form 4 only

3. Loss cost modification:

A. The insurer hereby files to adopt the prospective loss costs in the captioned reference filing:

(Check One):

Without Modification (factor = 1.000)

With the following modification(s). (Cite the nature and percent modification, and attach supporting data and/or rationale for the modification.) -16%

B. Loss Cost Modification Expressed as a Factor: (See Examples Below) 0.840

Example 1: Loss cost Modification Factor: If your company's loss cost modification is -10%, a factor of .90 (1.000 - .100) should be used.

Example 2: Loss cost Modification Factor: If your company's loss cost modification is =15%, a factor of 1.15 (1.000 + .150) should be used.

NOTE: IF EXPENSE CONSTANTS ARE UTILIZED ATTACH "EXPENSE CONSTANT SUPPLEMENT" OR OTHER SUPPORTING INFORMATION. DO NOT COMPLETE ITEMS 4-8 BELOW.

4. Development of Expected Loss Ratio. (Attach exhibit detailing insurer expense data and/or other supporting information.)

		Selected Provisions	
A.	Total Production Expense	16.0	%
B.	General Expense	7.0	%
C.	Taxes, Licenses & Fee	2.0	%
D.	Underwriting profit & Contingencies (explain how investment income is taken into account)	5.0	%
E.	Other (explain)	-1.0 invest inc	%
F.	Total	29.0	%

5.	A.	Expected Loss Ratio: $ELR = 100\% - 4F = A$	71%	%
	B.	ELR in Decimal Form =		
6.		Company Formula Loss Cost Multiplier (3B/5B)	1.183	
7.		Company Selected Loss Cost Multiplier = (Attach explanation for any differences between 6 and 7)	1.181; we wish to continue to use our previously filed and approved loss cost multiplier of 1.181	
8.		Rate Level Change for the coverage(s) to which this page applies	3.0%	

ARKANSAS INSURANCE DEPARTMENT

FORM H-1 HOMEOWNERS ABSTRACT

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

Company Name Pharmacists Mutual Insurance Company
NAIC # (including group #) 13714 (Group #0775)

1. If you have had an insurance to value campaign during the experience filing period, describe the campaign and estimate its impact.
Not applicable.

2. If you use a cost estimator (or some similar method) in order to make sure that dwellings (or contents) are insured at their value, state when this program was started in Arkansas and estimate its impact.
We use RCT, an MS&B product to produce our cost estimates.

3. If you require a minimum relationship between the amount of insurance to be written and the replacement value of the dwelling (contents) in order to purchase insurance, describe the procedures that are used.
We have a requirement of 80% for replacement cost coverage.

4. If you use an Inflation Guard form or similar type of coverage, describe the coverage(s) and estimate the impact.
Inflation Guard is available as an extra coverage for our Forms 3 and 5. There is no additional premium charge if the insured selects an Inflation Guard of 4%. Additional percentages are available for 6%, 8% and additional 2% increments. If this coverage is selected, the limits for Coverages A, B, C and D will be increased annually by the percentage selected.

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

a. Fire Extinguisher	0%
b. Burglar Alarm	5%
c. Smoke Alarm	0%
d. Insured who has both homeowners and auto with your company	5%
e. Deadbolt Locks	0%
f. Window or Door Locks	0%
g. Other (specify)	
<u>Central Station Alarm</u>	5%
<u>Police/Fire Dept Alarm</u>	3%
<u>Sprinkler Systems</u>	3%
<u>Temperature Variance</u>	2%
<u>Detection</u>	
<u>Local Alarms</u>	2%

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

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

Form	Premium Volume
Forms 3, 5, 6	\$601,674
Form 4	\$4,048

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

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

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



Signature
Kris Laubenthal

Printed Name
Rate Analyst

Title
800-247-5930, ext 7322

Telephone Number
Kris.laubenthal@phmic.com

Email address

NAIC Number:	13714
Company Name:	Pharmacists Mutual Insurance Company
Contact Person:	Kris Laubenthal
Telephone No.:	800-247-5930, ext 7322
Email Address:	kris.laubenthal@phmic.com
Effective Date:	3/1/2012

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

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

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

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

Public Protection Class	Dwelling Value	Washington		Baxter		Craighead		St. Francis		Desha		Union		Miller		Sebastian		Pulaski	
		Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame
3	\$80,000	\$628.00	\$702.00	\$628.00	\$702.00	\$628.00	\$702.00	\$628.00	\$702.00	\$628.00	\$702.00	\$628.00	\$702.00	\$628.00	\$702.00	\$628.00	\$702.00	\$628.00	\$702.00
	\$120,000	\$779.00	\$871.00	\$779.00	\$871.00	\$779.00	\$871.00	\$779.00	\$871.00	\$779.00	\$871.00	\$779.00	\$871.00	\$779.00	\$871.00	\$779.00	\$871.00	\$779.00	\$871.00
	\$160,000	\$966.00	\$1,082.00	\$966.00	\$1,082.00	\$966.00	\$1,082.00	\$966.00	\$1,082.00	\$966.00	\$1,082.00	\$966.00	\$1,082.00	\$966.00	\$1,082.00	\$966.00	\$1,082.00	\$966.00	\$1,082.00
6	\$80,000	\$639.00	\$714.00	\$639.00	\$714.00	\$639.00	\$714.00	\$639.00	\$714.00	\$639.00	\$714.00	\$639.00	\$714.00	\$639.00	\$714.00	\$639.00	\$714.00	\$639.00	\$714.00
	\$120,000	\$793.00	\$888.00	\$793.00	\$888.00	\$793.00	\$888.00	\$793.00	\$888.00	\$793.00	\$888.00	\$793.00	\$888.00	\$793.00	\$888.00	\$793.00	\$888.00	\$793.00	\$888.00
	\$160,000	\$984.00	\$1,103.00	\$984.00	\$1,103.00	\$984.00	\$1,103.00	\$984.00	\$1,103.00	\$984.00	\$1,103.00	\$984.00	\$1,103.00	\$984.00	\$1,103.00	\$984.00	\$1,103.00	\$984.00	\$1,103.00
9	\$80,000	\$1,005.00	\$1,164.00	\$1,005.00	\$1,164.00	\$1,005.00	\$1,164.00	\$1,005.00	\$1,164.00	\$1,005.00	\$1,164.00	\$1,005.00	\$1,164.00	\$1,005.00	\$1,164.00	\$1,005.00	\$1,164.00	\$1,005.00	\$1,164.00
	\$120,000	\$1,251.00	\$1,451.00	\$1,251.00	\$1,451.00	\$1,251.00	\$1,451.00	\$1,251.00	\$1,451.00	\$1,251.00	\$1,451.00	\$1,251.00	\$1,451.00	\$1,251.00	\$1,451.00	\$1,251.00	\$1,451.00	\$1,251.00	\$1,451.00
	\$160,000	\$1,558.00	\$1,810.00	\$1,558.00	\$1,810.00	\$1,558.00	\$1,810.00	\$1,558.00	\$1,810.00	\$1,558.00	\$1,810.00	\$1,558.00	\$1,810.00	\$1,558.00	\$1,810.00	\$1,558.00	\$1,810.00	\$1,558.00	\$1,810.00

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

Public Protection Class	Property Value	Washington		Baxter		Craighead		St. Francis		Arkansas		Union		Miller		Sebastian		Pulaski	
		Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame
3	\$5,000	\$92.00	\$97.00	\$92.00	\$97.00	\$92.00	\$97.00	\$92.00	\$97.00	\$92.00	\$97.00	\$92.00	\$97.00	\$92.00	\$97.00	\$92.00	\$97.00	\$69.00	\$74.00
	\$15,000	\$122.00	\$130.00	\$122.00	\$130.00	\$122.00	\$130.00	\$122.00	\$130.00	\$122.00	\$130.00	\$122.00	\$130.00	\$122.00	\$130.00	\$122.00	\$130.00	\$111.00	\$130.00
	\$25,000	\$151.00	\$163.00	\$151.00	\$163.00	\$151.00	\$163.00	\$151.00	\$163.00	\$151.00	\$163.00	\$151.00	\$163.00	\$151.00	\$163.00	\$151.00	\$163.00	\$151.00	\$163.00
6	\$5,000	\$94.00	\$97.00	\$94.00	\$97.00	\$94.00	\$97.00	\$94.00	\$97.00	\$94.00	\$97.00	\$94.00	\$97.00	\$94.00	\$97.00	\$94.00	\$97.00	\$94.00	\$97.00
	\$15,000	\$124.00	\$132.00	\$124.00	\$132.00	\$124.00	\$132.00	\$124.00	\$132.00	\$124.00	\$132.00	\$124.00	\$132.00	\$124.00	\$132.00	\$124.00	\$132.00	\$124.00	\$132.00
	\$25,000	\$155.00	\$166.00	\$155.00	\$166.00	\$155.00	\$166.00	\$155.00	\$166.00	\$155.00	\$166.00	\$155.00	\$166.00	\$155.00	\$166.00	\$155.00	\$166.00	\$155.00	\$166.00
9	\$5,000	\$110.00	\$121.00	\$110.00	\$121.00	\$110.00	\$121.00	\$110.00	\$121.00	\$110.00	\$121.00	\$110.00	\$121.00	\$110.00	\$121.00	\$110.00	\$121.00	\$110.00	\$121.00
	\$15,000	\$158.00	\$183.00	\$158.00	\$183.00	\$158.00	\$183.00	\$158.00	\$183.00	\$158.00	\$183.00	\$158.00	\$183.00	\$158.00	\$183.00	\$158.00	\$183.00	\$158.00	\$183.00
	\$25,000	\$206.00	\$243.00	\$206.00	\$243.00	\$206.00	\$243.00	\$206.00	\$243.00	\$206.00	\$243.00	\$206.00	\$243.00	\$206.00	\$243.00	\$206.00	\$243.00	\$206.00	\$243.00

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

Public Protection Class	Dwelling Value	Washington		Baxter		Craighead		St. Francis		Arkansas		Union		Miller		Sebastian		Pulaski	
		Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame
3	\$80,000	\$350.00	\$392.00	\$350.00	\$392.00	\$350.00	\$392.00	\$350.00	\$392.00	\$350.00	\$392.00	\$350.00	\$392.00	\$350.00	\$392.00	\$350.00	\$392.00	\$350.00	\$392.00
	\$120,000	\$476.00	\$532.00	\$476.00	\$532.00	\$476.00	\$532.00	\$476.00	\$532.00	\$476.00	\$532.00	\$476.00	\$532.00	\$476.00	\$532.00	\$476.00	\$532.00	\$476.00	\$532.00
	\$160,000	\$601.00	\$672.00	\$601.00	\$672.00	\$601.00	\$672.00	\$601.00	\$672.00	\$601.00	\$672.00	\$601.00	\$672.00	\$601.00	\$672.00	\$601.00	\$672.00	\$601.00	\$672.00
6	\$80,000	\$350.00	\$392.00	\$350.00	\$392.00	\$350.00	\$392.00	\$350.00	\$392.00	\$350.00	\$392.00	\$350.00	\$392.00	\$350.00	\$392.00	\$350.00	\$392.00	\$350.00	\$392.00
	\$120,000	\$476.00	\$532.00	\$476.00	\$532.00	\$476.00	\$532.00	\$476.00	\$532.00	\$476.00	\$532.00	\$476.00	\$532.00	\$476.00	\$532.00	\$476.00	\$532.00	\$476.00	\$532.00
	\$160,000	\$301.00	\$672.00	\$301.00	\$672.00	\$301.00	\$672.00	\$301.00	\$672.00	\$301.00	\$672.00	\$301.00	\$672.00	\$301.00	\$672.00	\$301.00	\$672.00	\$301.00	\$672.00
9	\$80,000	\$445.00	\$605.00	\$445.00	\$605.00	\$445.00	\$605.00	\$445.00	\$605.00	\$445.00	\$605.00	\$445.00	\$605.00	\$445.00	\$605.00	\$445.00	\$605.00	\$445.00	\$605.00
	\$120,000	\$603.00	\$811.00	\$603.00	\$811.00	\$603.00	\$811.00	\$603.00	\$811.00	\$603.00	\$811.00	\$603.00	\$811.00	\$603.00	\$811.00	\$603.00	\$811.00	\$603.00	\$811.00
	\$160,000	\$759.00	\$1,020.00	\$759.00	\$1,020.00	\$759.00	\$1,020.00	\$759.00	\$1,020.00	\$759.00	\$1,020.00	\$759.00	\$1,020.00	\$759.00	\$1,020.00	\$759.00	\$1,020.00	\$759.00	\$1,020.00

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

HO3 and HO4 only

Fire Extinguisher	0 %	Deadbolt Lock	0 %
Burglar Alarm	5 %	Window Locks	0 %
Smoke Alarm	2 %	\$1,000 Deductible	12 %
		Other (specify)	

EARTHQUAKE INSURANCE

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

ARE YOU CURRENTLY WRITING EARTHQUAKE COVERAGE IN ARKANSAS?
 yes (yes or no)
 WHAT IS YOUR PERCENTAGE DEDUCTIBLE?
 n/a %

Zone Brick Frame

			%	WHAT IS YOUR PRICE PER \$1,000 OF COVERAGE?	Highest Risk	\$ n/a	\$ n/a
	Maximum Credit Allowed	15	%		Lowest Risk	\$ n/a	\$ n/a

I

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

1.	This filing transmittal is part of Company Tracking #	AR-HO=03-12-RR, SERFF #PHAR-127619290
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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	AAIS-2008-27R, AAIS-2008-27LC; AAIS-2011-4R, AAIS-2011-4LC
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Company Name		Company NAIC Number	
3.	A. Pharmacists Mutual Insurance Company	B.	13714

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. 04.0 = Homeowners	B.	04.0003 = Owner Occupied Homeowners

5.

(A) COVERAGE (See Instructions)	(B) Indicated % Rate Level Change	(C) Requested % Rate Level Change	FOR LOSS COSTS ONLY				
			(D) Expected Loss Ratio	(E) Loss Cost Modification Factor	(F) Selected Loss Cost Multiplier	(G) Expense Constant (If Applicable)	(H) Co. Current Loss Cost Multiplier
Homeowners - all policy forms except 4	38.8% total for state	9.7%	71.0	.81	1.138	n/a	1.138
Homeowners - policy form 4 only		3.0%	71.0	.84	1.181	n/a	1.181
TOTAL OVERALL EFFECT		9.7%					

6. 5 Year History Rate Change History

Year	Policy Count	% of Change	Effective Date	State Earned Premium (000)	Incurred Losses (000)	State Loss Ratio	Countrywide Loss Ratio
2006	451	3.6%	11/01/2006	496,043	868,230	175.1%	72.8%
2007	445	0.0%		537,422	453,576	84.4%	87.7%
2008	426	0.0%		548,581	1,644,061	299.7%	108.6%
2009	404	0.0%		558,251	490,459	87.9%	95.1%
2010	392	0.0%		555,481	238,881	43.0%	103.1%

7.

Expense Constants	Selected Provisions
A. Total Production Expense	n/a
B. General Expense	
C. Taxes, License & Fees	
D. Underwriting Profit & Contingencies	
E. Other (explain)	
F. TOTAL	

- 8.** Y Apply Lost Cost Factors to Future filings? (Y or N)
- 9.** Estimated Maximum Rate Increase for any Insured (%). Territory (if applicable): 142.2% = 1 insured with 4 claims
- 10.** Estimated Maximum Rate Decrease for any Insured (%) Territory (if applicable): -20.2%

PHARMACISTS MUTUAL INSURANCE COMPANY

Homeowners ARKANSAS Rate/Rule Filing Memorandum

Pharmacists Mutual Insurance Company (PMIC) is a member and subscriber of AAIS for its homeowners program in your state. The purpose of this filing is to adopt their most recent revisions included in the following AAIS filings:

Countrywide manual revision – program enhancements:

Rate/Rule: AAIS-2008-27R
Loss Cost: AAIS-2008-27LC

New and revised rules and revised water back-up loss costs:

Rate/Rule: AAIS-2011-4R
Loss Cost: AAIS-2011-4LC

In conjunction with these revisions we are submitting, for your review and consideration, our Countrywide Homeowners Manual Exception Pages, edition 01-12 and State Supplement Pages. Please refer to the Exceptions Pages section below for a detailed description of the changes.

The AAIS Revised Loss Costs have a range of increases from +4.8% to +29.4%. To mitigate the large increases for some of our insureds, we are filing a limit of 15% on the base loss costs. This will ensure that none of our insureds will see a loss cost increase of more than 15%. Exhibits R1, R2 and R3 present the revised loss cost changes by territory and form type, and illustrate our deviation of the loss cost revision resulting in our proposed rate.

The overall effect of this filing is a rate change of +9.7%. The attached Filing Summary highlights the rate changes for our present book of business.

Maximum % Change: +142.2% = The reason for this large increase is due to the fact that we have one insured with 4 qualifying claims under our Experience Rating Plan.

For existing insureds with zero qualifying claims, the maximum increase is expected to be +23.5%.

We are requesting that this filing become effective for all new and renewal policies written on or after March 1, 2012. Our previously filed and approved Loss Cost Multipliers will remain in effect (1.138 for owners forms and 1.181 for Form 4).

Exhibit 1

Exhibit 1 presents the rate level indication for accident years 2006 – 2010 as of 12/31/2010. Actual earned premiums have been adjusted to current manual rates and losses have been developed to an ultimate settlement value and trended to the midpoint of the period that the rates are expected to be in effect. The resulting loss ratio is then compared to the expected loss ratio producing a gross indication. A credibility value has been assigned to the company data based on reported claim counts. The weighted indicated change is +35.8%.

Exceptions Pages

Pharmacists Mutual Insurance Company (PhMIC) is filing revised Homeowners Manual Exception Pages in conjunction with the adoption of the AAIS revised manual and forms.

Changes noted are as compared to PhMIC Exception Pages, edition 01-08.

1. Rule 4.10 Personal Package Discount –
 - a. We have clarified the language of eligibility for this rule to indicate Mobile Homeowners policies instead of Renters policies.
2. Rule 6.10 Experience Rating Plan –
 - a. We are introducing a rate and rule revision to better reflect the type and frequency of losses we incur.
3. Rule 6.20 Roofing Materials Discount –
 - a. We are introducing a new discount available to eligible insureds.
4. Rule 7.2 Water Back Up and Sump Discharge or Overflow –
 - a. We have revised this rule to reflect a \$500 minimum deductible applies.
 - b. We are no longer attaching our form PM 1511 and instead will use the AAIS form HO 2708 0711.
 - c. The rule has been clarified to indicate the Personal Package Discount does not apply to this coverage.
5. Rule 7.50 Equipment Breakdown Coverage -
 - a. This rule was formerly submitted as a supplement to our manual. We are now including it on our Exceptions Pages.
 - b. The rule has been clarified to indicate the Personal Package Discount does not apply to this coverage.

Supplement Page

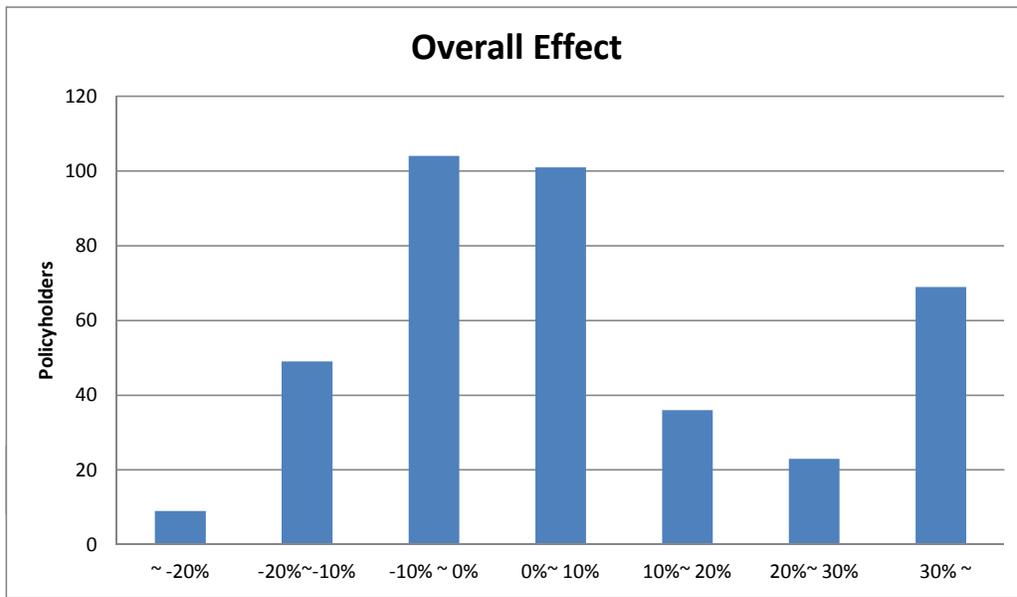
We are filing an Arkansas Homeowners Manual Exception Page Supplement, edition 03-12. Changes noted are as compared to Pharmacist Mutual's Exception Pages, edition 01-12.

1. Rule 6.10 Experience Rating Plan
 - a. We have amended Rule 6.10 to not include claims from weather-related events in the claims history.
2. Pages 3 – 5 of the Supplement illustrate our final rates by form type and territory.

PHARMACISTS MUTUAL INSURANCE COMPANY

**HOMEOWNERS
Filing Summary
ARKANSAS**

	Annualized Premium	Loss Cost/ Territory Revision	New Home/ Age of Systems	Experience Rating Plan	Protection Class Revision	LCM	Total Change
Owners	601,674	12.7%	0.8%	-2.7%	-0.8%	0.0%	9.7%
Tenants	4,048	12.6%	0.0%	-7.3%	-0.8%	0.0%	3.0%
Total All Coverages	605,722	12.7%	0.8%	-2.7%	-0.8%	0.0%	9.7%



Premium chng	Policyholders
~-20%	9
-20%~-10%	49
-10%~0%	104
0%~10%	101
10%~20%	36
20%~30%	23
30%~	69

**PHARMACISTS MUTUAL INSURANCE COMPANY
HOMEOWNERS
ARKANSAS**

Exhibit R1

FORMS HO 0001, HO 0002, HO 0003, HO 0005, AND HO 0008

Territory	AAIS Current Loss Cost	PMIC Current LCM	PMIC Current Rate	AAIS Revised Loss Cost	Loss Cost % Change	PMIC Capped Change	PMIC New Rate
130	\$ 473.09	1.138	\$ 538.38	\$ 495.61	4.8%	15.0%	\$ 619.13
131	\$ 473.09	1.138	\$ 538.38	\$ 597.76	26.4%	15.0%	\$ 619.13
132	\$ 473.09	1.138	\$ 538.38	\$ 595.59	25.9%	15.0%	\$ 619.13
133	\$ 473.09	1.138	\$ 538.38	\$ 612.38	29.4%	15.0%	\$ 619.13

PHARMACISTS MUTUAL INSURANCE COMPANY
HOMEOWNERS
ARKANSAS

Exhibit R2

FORM HO 0004

Territory	AAIS Current Loss Cost	PMIC Current LCM	PMIC Current Rate	AAIS Revised Loss Cost	Loss Cost % Change	PMIC Capped Change	PMIC New Rate
130	\$ 32.95	1.181	\$ 38.91	\$ 38.37	16.4%	15.0%	\$ 44.75
131	\$ 32.95	1.181	\$ 38.91	\$ 41.09	24.7%	15.0%	\$ 44.75
132	\$ 32.95	1.181	\$ 38.91	\$ 41.03	24.5%	15.0%	\$ 44.75
133	\$ 32.95	1.181	\$ 38.91	\$ 41.48	25.9%	15.0%	\$ 44.75

PHARMACISTS MUTUAL INSURANCE COMPANY

**HOMEOWNERS
ARKANSAS**

Exhibit R3

FORM HO 0006

Territory	AAIS Current Loss Cost	PMIC Current LCM	PMIC Current Rate	AAIS Revised Loss Cost	Loss Cost % Change	PMIC Capped Change	PMIC New Rate
130	\$ 29.66	1.138	\$ 33.75	\$ 34.83	17.4%	15.0%	\$ 38.82
131	\$ 29.66	1.138	\$ 33.75	\$ 37.30	25.8%	15.0%	\$ 38.82
132	\$ 29.66	1.138	\$ 33.75	\$ 37.25	25.8%	15.0%	\$ 38.82
133	\$ 29.66	1.138	\$ 33.75	\$ 37.65	27.0%	15.0%	\$ 38.82

PHARMACISTS MUTUAL INSURANCE COMPANY

Exhibit 1

**HOMEOWNERS
Rate Level Indications at 12/31/2010
ARKANSAS**

	Accident Year					
	2006	2007	2008	2009	2010	Total
(1) Adjusted Earned Premium	851,970	697,562	592,401	606,040	582,425	3,330,399
(2) Developed - Trended Losses	1,152,763	579,724	2,022,806	580,905	284,559	4,620,757
(3) Actual Loss Ratio (2) / (1)	135.3%	83.1%	341.5%	95.9%	48.9%	138.7%
(4) Expected Loss Ratio						60.2%
(5) Indicated Change ((3) / (4)) - 1.00						130.6%
(6) Credibility						26.2%
(7) Complement 1.0 - (6)						73.8%
(8) Annual Trend						2.1%
(9) Weighted Indicated Change (5) * (6) + (7) * (8)						35.8%
(10) Selected Change						9.7%

PHARMACISTS MUTUAL INSURANCE COMPANY

Homeowners Program COUNTRYWIDE Actuarial Memorandum

Experience Rating Plan

Pharmacists Mutual’s Experience Rating Plan is designed to reward our loyal customers who have been claims free for several years. We selected a maximum claim-free discount factor of 20% to coincide with the maximum discount filed by AAIS so that the relationship between AAIS’s loss cost revision and maximum experience rating plan discount factors would be maintained. We varied our plan from AAIS’s by including a review of all claims and by creating four loyalty tiers instead of two.

Because approximately 70% of our current book falls in the 10+ year tenure category, we used that group as our base line. We analyzed claim data from the five year period 2006 – 2010. Qualifying claims are defined as all claims with paid losses except for: the most recent weather-related claim; any claims from mine subsidence, earthquake, sinkhole collapse, equipment breakdown; claims for which payment was made solely for loss involving medical payments; or claims resulting from a catastrophic event involving over \$25 million in property losses. We selected a 10% discount for 10+ year customers with no qualifying claims to reward those customers for their loyalty to our company. Then, we used the increase in claim incidence after 0, 1, 2, and 3 qualifying claims as the basis for selecting surcharge factors.

Loss amount modification for 1 claim in the first year		
<u>Claim \$</u>	<u>Spread from 0-1</u>	<u>Adjusted for Spread</u>
11,123,999	1,545,475	12,669,475
12,220,225	2,695,633	14,915,858
10%	Increase in Loss Amount (%)	18%

Table ER1A

Loss amount modification for 2 claims in the first year		
<u>Claim \$</u>	<u>Spread from 0-2</u>	<u>Adjusted for Spread</u>
3,749,682	3,090,950	6,840,632
3,969,350	5,391,265	9,360,615
6%	Increase in Loss Amount (%)	37%

Table ER1B

Loss amount modification for 3 claims in the first year		
<u>Claim \$</u>	<u>Spread from 0-3</u>	<u>Adjusted for Spread</u>
232,509	4,636,425	4,868,934
256,185	8,086,898	8,343,082
10%	Increase in Loss Amount (%)	71%

Tables ER1C

The raw increase factors were smoothed for an even increase across claim categories, and this was used as our base for 10+ tenure years.

1 Qualifying	2 Qualifying	3 Qualifying	4+ Qualifying
+19%	+29% = 48%	+29% = 77%	+29% = 106%

Table ER2 - Even increase % between each category with the standard points 1qualifying & 3 qualifying: 29%

Finally, a smooth increase ratio was applied across the selected tenure categories.

Tenure	1 Qualifying	2 Qualifying	3 Qualifying	4+ Qualifying	Selected Increase ratios
0 ~ 2	1.38	1.71	2.04	2.38	0.075
3 ~ 6	1.28	1.59	1.90	2.21	0.050
7 ~ 9	1.22	1.52	1.81	2.11	0.025
10+	1.19	1.48	1.77	2.06	Base line

Table ER3 – The exposure decrease for the 3~6 year tenure category for the 5 year experience period is 11%; we have chosen an exposure decrease of 5%.

Selected 1 – 4+ qualifying claims factors, as well as the Claims Free and 0 Qualifying Claims factors, are shown in Table ER4 below. The overall countrywide anticipated effect of the experience rating program is a premium decrease of -3%.

Tenure	Claims Free	0 Qualifying Claim	1 Qualifying Claim	2 Qualifying Claims	3 Qualifying Claims	4 or more Qualifying Claims
0 ~ 2	0.98	1.00	1.35	1.70	2.05	2.40
3 ~ 6	0.96	0.99	1.25	1.60	1.90	2.40
7 ~ 9	0.90	0.95	1.20	1.50	1.90	2.40
10+	0.80	0.90	1.15	1.50	1.90	2.40

Table ER4

Roofing Materials Discount

With this revision we are introducing a roofing materials discount to reward our insureds who are taking an active role in managing their risk exposure to hail and wind. We have selected the materials criteria based on similar programs from other companies.

Roof must be constructed with material certified under one of the following classifications:

- UL2218* Class 3
- UL2218* Class 4
- FM4473** Class 3
- FM4473** Class 4

* UL2218 - Underwriters' Laboratory Standard 2218 (Impact Standard for Impact Resistance Prepared Roof Covering Materials)

** FM 4473 - Factory Mutual Standard 4473 (Specification Test Standards for Impact Resistant Testing of Rigid Roofing Materials by Impacting with Freezer Ice Balls)

The selected discount percentages are company judgment, based on a review of competitive programs.

Age of Roof	Factor
0 – 10 years	.90
11 – 20 years	.95
Over 20 years	1.00

At this time we are implementing the same factors in all 38 states in which we are licensed to write Homeowners policies. However, we recognize that the benefit of the use of these weather resistant materials will likely be more pronounced in the states/areas with higher wind/hail exposure. With that in mind, it is our intent to carefully monitor the results of this new discount and modify the discount factors on a state-by-state basis as appropriate in the future.

PHARMACISTS MUTUAL INSURANCE COMPANY
HOMEOWNERS PROGRAM MANUAL
COUNTRYWIDE

Rule 3.5 has been withdrawn and replaced by the following:

3.5 Waiver of Premium

An additional or return premium due when a policy is endorsed after its inception may be waived, however, return premiums must be refunded at the request of the insured. If the additional premium is less than \$5.00, it will be waived. If the return premium is less than \$5.00, it will be waived.

Rule 4.10 has been added:

4.10 Personal Package Discount

If an insured has their Personal Auto and Homeowners/~~Mobile Homeowners Renters~~ policies with Pharmacists Mutual a premium credit will be given according to the following rules:

1. **Eligibility** - This rule applies only if Personal Auto and Homeowners/~~Mobile Homeowners Renters~~ policies are written for the same named insured with Pharmacists Mutual.
2. **Premium Discount** - A 5% credit shall apply separately to each policy, after application of all other premium modifications.
3. **Policy Term** - Policies should be written with concurrent inception or expiration dates if possible.

Rule 6.1 has been withdrawn and replaced by the following:

6.1 Protective Devices

A premium credit can be given for the installation of approved and properly maintained alarm and/or sprinkler systems. Refer to the company for alarm and sprinkler system eligibility requirements.

Premium Determination – Use the pertinent factor(s) shown in the table for this rule to adjust the premium.

<u>PROTECTIVE DEVICE</u>	<u>FACTOR</u>
Central Station Alarms	
Burglary	0.95
Fire	0.95
Water and/or Temperature Variance Detection	0.95
Fire Department Alarms	0.97
Police Department Alarms	0.97
Local Alarms	0.98
Local Water and/or Temperature Variance Detection Alarms	0.98
Sprinkler Systems	0.97

Endorsement - Attach endorsement HO 6516.

PHARMACISTS MUTUAL INSURANCE COMPANY
HOMEOWNERS PROGRAM MANUAL
COUNTRYWIDE

Rule 6.5 Automatic Adjustments of Limits - has been withdrawn and replaced by the following:

6.5 Automatic Adjustments of Limits – Forms HO 0001, HO 0002, HO 0003, And HO 0005

The limits that apply to Coverages A, B, C, and D can be automatically increased on an annual basis.

Premium Determination – Use the pertinent factor shown in the table for this rule to adjust the premium.

<u>ANNUAL INCREASE</u>		<u>FACTOR</u>
4.0%		1.000
6.0%		1.025
8.0%		1.030
Each Additional 2%	Add	0.010

Endorsement - Attach endorsement HO 2584 and make an entry to show the annual percentage increase that applies.

Rule 6.10 Experience Rating Plan - has been withdrawn and replaced by the following:

Rule 6.10 Experience Rating Plan

Use the Experience Rating Plan to modify the policy premium to recognize an insured's claims history and tenure with the company.

The Experience Rating Plan allows for the potential application of two separate premium modifications:

1. A premium credit or debit that reflects both the policyholder's claims history and tenure with the company, and
2. For qualifying policyholders, an additional claims free premium credit.

Tenure

Tenure is the consecutive time that a named insured's Homeowners/Mobile Homeowners coverage has been provided by Pharmacists Mutual Insurance Company. The inception date of a policy determines tenure.

For the purposes of determining tenure, a coverage lapse of 30 days or more initiates a new inception date.

PHARMACISTS MUTUAL INSURANCE COMPANY
HOMEOWNERS PROGRAM MANUAL
COUNTRYWIDE

Claims History

Claims history considers the number and type of property and liability losses experienced by all persons who are insureds under the policy. For the purposes of determining the number of claims in the claims history, a claim is any loss:

1. that occurred with respect to a risk eligible for coverage under this manual or an equivalent Homeowners/Mobile Homeowners coverage program; and
2. that occurred within the 72 month period just before the date on which an application for a new policy is made or the date on which a renewal policy is prepared.

A policy is considered Claims Free if:

1. at least one named insured must have a minimum of 72 months of consecutive coverage history, and
2. all adults insured under the policy have had no claims, of any cause of loss, in the previous 72 months.

Qualifying claims include all claims for which any insurer has made payments on any coverage. This includes all paid losses, excluding any claim adjustment expense, except for:

1. the most recent weather-related claim;
2. claims that resulted from mine subsidence, earthquake, sinkhole collapse, equipment breakdown or for which payment was made solely for loss involving medical payments;
3. claims that resulted from an event that caused \$25 million or more in total insured property losses and affects a significant number of property and casualty insurance policyholders and property and casualty insurers.

If a claim is not considered at the first renewal following the claim, we reserve the right to include the claim at a subsequent renewal.

Premium Determination -- Use the appropriate factor shown in Table 6.10 to adjust the premium.

Tenure	Claims Free	0 Qualifying	1 Qualifying	2 Qualifying	3 Qualifying	4+ Qualifying
0-2 years	0.98	1.00	1.35	1.70	2.05	2.40
3-6 years	0.96	0.99	1.25	1.60	1.90	2.40
7-9 years	0.90	0.95	1.20	1.50	1.90	2.40
10+ years	0.80	0.90	1.15	1.50	1.90	2.40

TABLE 6.10

PHARMACISTS MUTUAL INSURANCE COMPANY
HOMEOWNERS PROGRAM MANUAL
COUNTRYWIDE

Rule 6.20 has been added:

6.20 - Roofing Materials Discount

A premium credit may be given for the installation of approved impact resistant roofing materials.

The following requirements must be met in order to be eligible for the discount:

1. Roof must be constructed with material certified under one of the following classifications:

- UL2218* Class 3
- UL2218* Class 4
- FM4473** Class 3
- FM4473** Class 4

* UL2218 - Underwriters' Laboratory Standard 2218 (Impact Standard for Impact Resistance Prepared Roof Covering Materials)

** FM 4473 - Factory Mutual Standard 4473 (Specification Test Standards for Impact Resistant Testing of Rigid Roofing Materials by Impacting with Freezer Ice Balls)

2. The age of the roof must be 20 years or less.

3. Completion of Roofing Installation Information and Certification form.

Premium Determination -- Use the appropriate factor shown below to adjust the premium.

Age of Roof	Factor
0 – 10 years	.90
11 – 20 years	.95
Over 20 years	1.00

Rule 7.2 has been withdrawn and replaced by the following:

7.2 Water Back Up and Sump Discharge or Overflow

Coverage for direct physical loss caused by water or matter present in water that backs up through sewers or drains or overflows or discharges from a sump, sump pump or related equipment can be added. Coverage is available in increments of \$1,000, **per location**. ~~Up to a maximum of \$10,000 per location. A \$250 deductible applies to the total of all loss, other than loss covered under Coverage D.~~

Premium Determination – Use the rating information shown below. The rating information is for a \$500 deductible. **Higher deductible amounts are available. If a higher deductible amount is selected, apply the pertinent deductible factor shown in Rule 5.1. The Personal Package Discount does not apply to this coverage.**

	RATE
Per \$1,000 of Insurance	\$8.00

Endorsement - Attach endorsement ~~PM1511~~ **HO 2708** and make entries to show the limit and deductible that apply.

PHARMACISTS MUTUAL INSURANCE COMPANY
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COUNTRYWIDE

Rule 7.9.7 has been withdrawn and replaced by the following:

7.9.7 Scheduled Personal Property – Forms HO 0001, HO 0002, HO 0003, HO 0004, HO 0005, And HO 0006

Coverage for scheduled personal property categories listed below can be provided against all risks of direct physical loss, with certain exceptions.

Premium Determination - Use the pertinent rate(s) shown in the table below to adjust the premium.

<u>CATEGORY</u>	<u>RATE per \$100</u>
Audio/Video Equipment	2.00
Sports/Hobby Equipment	1.50
Collectibles/Memorabilia	1.50
Medical Equipment	1.50
Guns	2.00

Endorsement – Attach endorsement HO 3061. Make entries to describe the covered property and show the limits and premiums that apply.

Rule 7.50 has been added:

7.50 Equipment Breakdown Coverage

Equipment breakdown coverage insures against direct physical loss to covered property caused by an equipment breakdown.

Equipment Breakdown means physical loss or damage originating within boilers, pressure vessels and piping, and other equipment, as well as caused by:

- mechanical breakdown;
- electrical or electronic breakdown; or
- rupture, bursting, bulging, implosion or steam explosion.

Refer to the terms of the endorsement for a complete description of equipment breakdown.

When equipment breakdown coverage is provided, it applies to all locations for which the policy provides coverage under Coverage A and Coverage B.

Subject to a \$500 deductible, the most paid for all damage that is the result of one accident is \$50,000. The equipment breakdown limit does not increase the limits that apply to the property covered.

When the policy is endorsed to include equipment breakdown coverage, the following Incidental Property Coverages are provided for loss caused by an equipment breakdown. These Incidental Property Coverages do not increase the per occurrence limit for equipment breakdown coverage:

1. Expediting Expense - we will pay up to \$3,000 for covered expediting expenses to make temporary repairs, expedite permanent repairs or replacement;
2. Refrigerated Property - we will pay up to \$3,000 for refrigerated property damaged by spoilage;
3. Pollutant Clean Up and Removal - we will pay up to \$3,000 for pollutant clean up and removal for property damaged by an equipment breakdown;

PHARMACISTS MUTUAL INSURANCE COMPANY
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4. Environmental, Safety and Efficiency Improvements - we will pay up to \$3,000 for additional cost to repair or replace damaged equipment with like kind and quality of equipment which qualifies as Green Equipment (as defined) or equipment that is better for the environment, safer, or more energy efficient than the equipment being replaced. This includes the cost for certification or recertification of the equipment, as well as the removal, disposal or recycling of the damaged equipment.

Premium Determination -- There is a flat charge of \$25.00 per insured location. **The Personal Package Discount does not apply to this coverage.**

Endorsement -- Attach endorsement PM 1517.

SERFF Tracking Number: PHAR-127619290 State: Arkansas
 Filing Company: Pharmacists Mutual Insurance Company State Tracking Number:
 Company Tracking Number: AR-HO-03-12-RR
 TOI: 04.0 Homeowners Sub-TOI: 04.0003 Owner Occupied Homeowners
 Product Name: Homeowners
 Project Name/Number: AR-HO-03-12-RR/AR-HO-03-12-RR

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)
09/09/2011		Supporting NAIC loss cost data entry document Document	11/07/2011	RF-1 _loss_cost_data_entry = AR HO.pdf (Superseded)

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

1.	This filing transmittal is part of Company Tracking #	AR-HO=03-12-RR, SERFF #PHAR-127619290
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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	AAIS-2008-27R, AAIS-2008-27LC; AAIS-2011-4R, AAIS-2011-4LC
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Company Name		Company NAIC Number	
3.	A. Pharmacists Mutual Insurance Company	B.	13714

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. 04.0 = Homeowners	B.	04.0003 = Owner Occupied Homeowners

5.			FOR LOSS COSTS ONLY				
(A) COVERAGE (See Instructions)	(B) Indicated % Rate Level Change	(C) Requested % Rate Level Change	(D) Expected Loss Ratio	(E) Loss Cost Modification Factor	(F) Selected Loss Cost Multiplier	(G) Expense Constant (If Applicable)	(H) Co. Current Loss Cost Multiplier
Homeowners - all policy forms except 4	38.8% total for state	9.7%	71.0	.81	1.138	n/a	1.138
Homeowners - policy form 4 only		3.0%	71.0	.84	1.181	n/a	1.181
TOTAL OVERALL EFFECT		9.7%					

6.		5 Year History						Rate Change History	
Year	Policy Count	% of Change	Effective Date	State Earned Premium (000)	Incurred Losses (000)	State Loss Ratio	Countrywide Loss Ratio		
2006	451	3.6%	11/01/2006	496,043	868,230	135.3%	72.9%		

7.	
Expense Constants	Selected Provisions
A. Total Production Expense	n/a
B. General Expense	
C. Taxes, License & Fees	
D. Underwriting Profit & Contingencies	
E. Other (explain)	
F. TOTAL	

8. Y Apply Lost Cost Factors to Future filings? (Y or N)
9. Estimated Maximum Rate Increase for any Insured (%). Territory (if applicable): 142.2% = 1 insured with 4 claims
10. Estimated Maximum Rate Decrease for any Insured (%) Territory (if applicable): -20.2%