

SERFF Tracking Number: FORE-127036782 State: Arkansas
Filing Company: Foremost Insurance Company Grand Rapids, Michigan State Tracking Number: EFT \$100
Company Tracking Number: C-106
TOI: 04.0 Homeowners Sub-TOI: 04.0005 Other Homeowners
Product Name: Homeowners Program
Project Name/Number: /

Filing at a Glance

Company: Foremost Insurance Company Grand Rapids, Michigan

Product Name: Homeowners Program

TOI: 04.0 Homeowners

Sub-TOI: 04.0005 Other Homeowners

SERFF Tr Num: FORE-127036782 State: Arkansas

SERFF Status: Closed-Filed

Co Tr Num: C-106

State Tr Num: EFT \$100

State Status: Fees verified and received

Filing Type: Rate

Reviewer(s): Becky Harrington, Nancy Horton

Author: Christine Mooney

Date Submitted: 02/15/2011

Disposition Date: 03/16/2011

Disposition Status: Filed

Effective Date Requested (New): 09/01/2011

Effective Date Requested (Renewal): 09/01/2011

Effective Date (New): 09/01/2011

Effective Date (Renewal): 09/01/2011

State Filing Description:

General Information

Project Name:

Project Number:

Reference Organization:

Reference Title:

Filing Status Changed: 03/16/2011

State Status Changed: 02/17/2011

Created By: Christine Mooney

Corresponding Filing Tracking Number:

Filing Description:

Revision to Credit-Based Insurance Risk Assessment Score

Status of Filing in Domicile: Not Filed

Domicile Status Comments:

Reference Number:

Advisory Org. Circular:

Deemer Date:

Submitted By: Christine Mooney

Company and Contact

Filing Contact Information

Kaan Cidanli, Administrator

PO Box 2450

Grand Rapids, MI 49501-2450

kaan.cidanli@foremost.com

616-956-3645 [Phone]

SERFF Tracking Number: FORE-127036782 State: Arkansas
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Filing Company Information

Foremost Insurance Company Grand Rapids, Michigan CoCode: 11185 State of Domicile: Michigan
 P.O. Box 2450 Group Code: 212 Company Type: Property and Casualty
 Grand Rapids, MI 49501-2450 Group Name: State ID Number:
 (616) 942-3000 ext. [Phone] FEIN Number: 38-1407533

Filing Fees

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

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
Foremost Insurance Company Grand Rapids, Michigan	\$100.00	02/15/2011	44738347

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Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Filed	Becky Harrington	03/16/2011	03/16/2011

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	03/04/2011	03/04/2011	Christine Mooney	03/10/2011	03/10/2011
Pending Industry Response	Becky Harrington	02/17/2011	02/17/2011	Christine Mooney	03/03/2011	03/03/2011

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Disposition

Disposition Date: 03/16/2011
 Effective Date (New): 09/01/2011
 Effective Date (Renewal): 09/01/2011
 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 Insurance Company Grand Rapids, Michigan	0.000%	0.000%	\$0	1,162	\$1,420,839	7.000%	-10.000%
Percent Change Approved:							
	Minimum:	%	Maximum:	%	Weighted Average:		%

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Schedule	Schedule Item	Schedule Item Status	Public Access
Supporting Document	Form RF-2 Loss Costs Only (not for workers' compensation)		Yes
Supporting Document	H-1 Homeowners Abstract	Filed	Yes
Supporting Document (revised)	HPCS-Homeowners Premium Comparison Survey	Filed	Yes
Supporting Document	HPCS-Homeowners Premium Comparison Survey		Yes
Supporting Document	NAIC loss cost data entry document	Filed	Yes
Supporting Document	Cover Letter, Filing Memorandum, Exhibit I, FICO Filing Package	Filed	No
Supporting Document	Response 3-3	Filed	Yes
Supporting Document	Response 3-10	Filed	Yes
Rate	Table of Contents	Filed	Yes
Rate	Rates	Filed	Yes
Rate	Rates (only rearranged material)	Filed	Yes
Rate	Rates	Filed	Yes
Rate	Rates	Filed	Yes
Rate	Rates (only changed page number)	Filed	Yes

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Product Name: Homeowners Program
Project Name/Number: /

Objection Letter

Objection Letter Status Pending Industry Response

Objection Letter Date 03/04/2011

Submitted Date 03/04/2011

Respond By Date

Dear Kaan Cidanli,

This will acknowledge receipt of the recent response.

Objection 1

Comment: Explain or demonstrate how the loss by perils figures (percentages and loss total) develop the by score factors. I am unable to follow, for example, how a 1.33 factor for 550 < 575 score was developed for total fire; then how the total fire percentage for Arkansas was used

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

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TOI: 04.0 Homeowners Sub-TOI: 04.0005 Other Homeowners
Product Name: Homeowners Program
Project Name/Number: /

Response Letter

Response Letter Status Submitted to State
Response Letter Date 03/10/2011
Submitted Date 03/10/2011

Dear Becky Harrington,

Comments:

This is in response to your Objection Letter dated 03/04/2011.

Response 1

Comments: please refer to attached document

Related Objection 1

Comment:

Explain or demonstrate how the loss by perils figures (percentages and loss total) develop the by score factors. I am unable to follow, for example, how a 1.33 factor for 550 < 575 score was developed for total fire; then how the total fire percentage for Arkansas was used

Changed Items:

Supporting Document Schedule Item Changes

Satisfied -Name: Response 3-10

Comment:

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Your attention to our filing is appreciated.

Very truly yours,

Kaan K. Cidanli

State Filings Administrator

Sincerely,

Christine Mooney

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TOI: 04.0 Homeowners Sub-TOI: 04.0005 Other Homeowners
Product Name: Homeowners Program
Project Name/Number: /

Objection Letter

Objection Letter Status Pending Industry Response

Objection Letter Date 02/17/2011

Submitted Date 02/17/2011

Respond By Date

Dear Kaan Cidanli,

This will acknowledge receipt of the captioned filing.

Objection 1

- HPCS-Homeowners Premium Comparison Survey (Supporting Document)

Comment:

Form HPCS must be submitted in Excel spreadsheet format. Companies may not change the form in any way or include formulas.

Objection 2

- Cover Letter, Filing Memorandum, Exhibit I, FICO Filing Package (Supporting Document)

Comment: Please explain how reason code 62 and the associated characteristic complies with ACA 23-67-405.

Objection 3

- Cover Letter, Filing Memorandum, Exhibit I, FICO Filing Package (Supporting Document)

Comment: Provide the AR loss experience associated with the percentages by peril.

Identify the neutral tier and explain how the treatment of no-hit, no-score, and no information complies with ACA 23-67-405.

Objection 4

- Cover Letter, Filing Memorandum, Exhibit I, FICO Filing Package (Supporting Document)

Comment: Explain/provide justification for the difference in the rebased selected factors and the all peril baseline factors.

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

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Product Name: Homeowners Program
Project Name/Number: /

Response Letter

Response Letter Status Submitted to State
Response Letter Date 03/03/2011
Submitted Date 03/03/2011

Dear Becky Harrington,

Comments:

This is in response to your Objection Letter dated 02/17/2011.

Response 1

Comments: Please refer to our attached response document.

Related Objection 1

Applies To:

- HPCS-Homeowners Premium Comparison Survey (Supporting Document)

Comment:

Form HPCS must be submitted in Excel spreadsheet format. Companies may not change the form in any way or include formulas.

Changed Items:

Supporting Document Schedule Item Changes

Satisfied -Name: HPCS-Homeowners Premium Comparison Survey

Comment:

Satisfied -Name: Response 3-3

Comment:

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Response 2

Comments: Please refer to attached response document.

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TOI: 04.0 Homeowners Sub-TOI: 04.0005 Other Homeowners
Product Name: Homeowners Program
Project Name/Number: /

Related Objection 1

Applies To:

- Cover Letter, Filing Memorandum, Exhibit I, FICO Filing Package (Supporting Document)

Comment:

Please explain how reason code 62 and the associated characteristic complies with ACA 23-67-405.

Changed Items:

No Supporting Documents changed.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Response 3

Comments: Please refer to attached response document.

Related Objection 1

Applies To:

- Cover Letter, Filing Memorandum, Exhibit I, FICO Filing Package (Supporting Document)

Comment:

Provide the AR loss experience associated with the percentages by peril.

Identify the neutral tier and explain how the treatment of no-hit, no-score, and no information complies with ACA 23-67-405.

Changed Items:

No Supporting Documents changed.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

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Product Name: Homeowners Program
Project Name/Number: /

Response 4

Comments: Please refer to attached response document.

Related Objection 1

Applies To:

- Cover Letter, Filing Memorandum, Exhibit I, FICO Filing Package (Supporting Document)

Comment:

Explain/provide justification for the difference in the rebased selected factors and the all peril baseline factors.

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,
Kaan K. Cidanli
State Filings Administrator

Enclosure: HPCS

Sincerely,
Christine Mooney

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Rate Information

Rate data applies to filing.

Filing Method: Prior Approval
Rate Change Type: Neutral
Overall Percentage of Last Rate Revision: 1.700%
Effective Date of Last Rate Revision: 06/01/2009
Filing Method of Last Filing: Prior Approval

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 Insurance Company Grand Rapids, Michigan	N/A	0.000%	0.000%	\$0	1,162	\$1,420,839	7.000%	-10.000%

SERFF Tracking Number: FORE-127036782 State: Arkansas
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Rate/Rule Schedule

Schedule Item	Exhibit Name:	Rule # or Page #:	Rate Action	Previous State Filing Attachments Number:
Filed 03/16/2011	Table of Contents		Replacement	Table of Contents.pdf
Filed 03/16/2011	Rates	Page R-1	Replacement	Rate Page R-1.pdf
Filed 03/16/2011	Rates (only rearranged material)	Page R-2	Replacement	Rate Page R-2.pdf
Filed 03/16/2011	Rates	Page R-16	Replacement	Rate Page R-16.pdf
Filed 03/16/2011	Rates	Page R-17	Replacement	Rate Page R-17.pdf
Filed 03/16/2011	Rates (only changed page number)	Pages R-18 thru R-23	Replacement	Rate Pages R-18 thru R-23.pdf

Foremost® Insurance Company
Grand Rapids, Michigan

ARKANSAS

HOMEOWNERS PROGRAM

TABLE OF CONTENTS

SECTION	PAGE NUMBER
RULES	
Homeowners Program Rules	1 and 2
COMMUNITY MITIGATION CLASSIFICATION MANUAL PAGES	
RATES	
* Homeowners Program Rates	R-1 thru R-23
FORMS	FORM NUMBER
Unrelated Named Insured	3421 02/96
Theft of Construction Materials and Supplies	3428 02/96
Replacement Cost Personal Property	3434 09/96
Certificate Holder	4094 03/06
Required Change – Arkansas	5229 11/10
Additional Insured – Nonresident	5245 11/08
Additional Insured For Premises Liability	5246 11/08
Foremost Classic CL Homeowners Policy	5257 05/99
Other Structures – Described	5258 05/99
Permitted Incidental Business	5259 05/99
Coverage C – Personal Property Special Amount of Insurance for Business Personal Property	5260 05/99
Loss Assessment Coverage Increase in Amount of Insurance	5262 06/00
Earthquake Coverage	5264 05/99
Earthquake Coverage – Including Masonry Veneer	5270 05/99
Coverage C – Personal Property Increase in Special Amounts of Insurance for Watercraft	5271 05/99
Additional Named Insured	5274 11/09
Loss Payee	5276 05/99
Expanded Coverage on Jewelry, Watches, and Furs	5277 10/99
Additional Residence – Owner-Occupied	5278 05/99
On Premises Structures Rented to Others	5279 05/99
Specific Structure Exclusion	5281 05/99
Additional Residence Rented to Others	5284 05/99
Mold, Mildew, or Other Fungi, Their Secretions, and Dry and Wet Rot	5483 05/02
Animal Liability Exclusion	7517 03/00
Trampoline Liability Exclusion	20051 03/05
Foremost Classic CL Homeowners Declarations Page	80000 04/93

ARKANSAS

HOMEOWNERS PROGRAM

ANNUAL RATES/PREMIUMS

DEFINITIONS

BRICK

Exterior walls constructed of masonry materials such as adobe, brick, concrete, gypsum block, hollow concrete block, stone, tile or similar materials and floors and roof of combustible construction (disregarding floors resting directly on the ground).

COMMUNITY MITIGATION CLASSIFICATION

The community mitigation classification listings filed on our behalf by Insurance Services Office will apply to this program.

* CREDIT-BASED INSURANCE RISK ASSESSMENT SCORE (ALSO REFERRED TO AS FINANCIAL RESPONSIBILITY)

The score is calculated using a FICO model and will be applied as follows:

New Business:

The score for the first named insured listed on the Declarations Page will be calculated prior to issuing the policy. If the first named insured is a business entity, then the score will be calculated for the person with primary control. The resulting placement within a score range will remain unchanged for successive policy periods except as provided below or if an adjustment is granted for an extraordinary life event.

If a first named insured suffers one or more extraordinary life events, then determine the first named insured's credit-based insurance risk assessment score and its placement in the score range. Use the next higher range for rating.

Renewal Business:

The score will be calculated not more than 90 days before the renewal date of the third term since the previously used score was first applied. For the terms in which a score is not automatically calculated, upon request of an insured, the score for the first named insured listed on the Declarations Page will be calculated not more than 90 days before the renewal date. If the first named insured is a business entity, then the score will be calculated for the person with primary control.

If a first named insured suffers one or more extraordinary life events, then determine the first named insured's credit-based insurance risk assessment score and its placement in the score range for both the renewal policy and the preceding policy. If the preceding policy's range was lower, then apply the renewal policy's range for rating. If the preceding policy's range was the same or higher, use the preceding policy's range for renewal rating.

The premium modifier will not apply if we cannot obtain a credit history or insufficient credit history exists to calculate a score.

ARKANSAS

HOMEOWNERS PROGRAM

ANNUAL RATES/PREMIUMS
(Continued)

DEFINITIONS (Continued)

*

EXTRAORDINARY LIFE EVENT

An extraordinary life event includes any of the following kinds of events if that event has an adverse effect upon a first named insured's credit-based insurance risk assessment score:

Catastrophic illness or injury
Death of a spouse, child or parent
Temporary loss of employment

Divorce
Identity fraud, including theft of identity
Any similar life event

An event will not qualify as an extraordinary life event for rating purposes unless:

1. The event precedes the date that we obtain the score; and
2. Reasonable written and independently verifiable documentation is provided by the first named insured; and
3. This documentation provides evidence that the event adversely influenced the score.

FIRE RESISTIVE

Exterior walls, floors and roof constructed of masonry or other fire resistive materials.

FRAME

Exterior walls of wood or other combustible construction, including wood iron-clad, stucco on wood, plaster on combustible supports, or aluminum or plastic (vinyl) siding over frame.

LOSS HISTORY

Loss history is obtained from the application, from the agent, from an industry recognized loss database, and from Foremost Insurance Company Grand Rapids, Michigan.

Loss history includes any paid losses that the insured has incurred at any residence the insured has occupied whether it be as a primary residence or secondary/seasonal residence. This would also include any insured occupied apartments or condominiums. Loss history will be applied as follows:

Married – Obtain the loss history on both spouses listed on the Declarations Page.

Unmarried – Obtain the loss history for the first named insured listed on the Declarations Page.

The experience period will be the five years immediately preceding the date of application or the preparation of the renewal.

MASONRY VENEER

Exterior walls of combustible construction veneered with brick or stone.

ROW HOUSE/TOWNHOUSE

Any structure comprised of more than two residences joined by at least one common wall.

SEASONAL/SECONDARY RESIDENCE

A dwelling which is occupied on an irregular and non-continuous basis or on a continuous basis, but less than five consecutive months.

ARKANSAS

HOMEOWNERS PROGRAM

ANNUAL RATES/PREMIUMS
(Continued)

BASE PREMIUM MODIFIERS

APPLICATION OF PREMIUM MODIFICATION FACTORS

The following premium modifiers are subject to a maximum reduction of 35%.

Credit-Based Insurance Risk Assessment Score	Protective Device
Dwelling Constructed Prior to 1930	Row House/Townhouse
Loss History	Swimming Pool
Masonry	Two Family Dwellings
Multi-Policy	Wood Burner

* CREDIT-BASED INSURANCE RISK ASSESSMENT SCORE

Credit-Based Insurance Risk Assessment Score – I

Policies with an original inception prior to the implementation of the filing designated Company File #C-106 will remain with Credit-Based Insurance Risk Assessment Score – I.

With respect to recalculation of the score:

- When the score is recalculated as part of the renewal process, the policy will be scored using Credit-Based Insurance Risk Assessment Score – II.
- If the score is recalculated by insured request, the policy will remain with Credit-Based Insurance Risk Assessment Score – I.

<u>Score</u>	<u>Factor</u>
<375	+1.00
375 – 499	+.35
>499	.00

ARKANSAS

HOMEOWNERS PROGRAM

ANNUAL RATES/PREMIUMS
 (Continued)

BASE PREMIUM MODIFIERS (Continued)

* Credit-Based Insurance Risk Assessment Score – II

Credit-Based Insurance Risk Assessment Score – II is available to policies with an original inception on or after the implementation of the filing designated Company File #C-106 and their subsequent renewals.

Policies with an original inception on or after the implementation of the filing designated Company File #C-106 and their subsequent renewals whose score is recalculated by insured request will remain with Credit-Based Insurance Risk Assessment Score – II.

<u>Score</u>	<u>Factor</u>	<u>Score</u>	<u>Factor</u>
800+	-0.10	500 – 524	+0.36
775 – 799	-0.10	475 – 499	+0.46
750 – 774	-0.10	450 – 474	+0.56
725 – 749	-0.10	425 – 449	+0.67
700 – 724	-0.10	400 – 424	+0.68
675 – 699	-0.10	375 – 399	+0.92
650 – 674	-0.06	<375	+1.07
625 – 649	0.00	No Score	0.00
600 – 624	+0.06	No Hit	0.00
575 – 599	+0.13	No primary individual	0.00
550 – 574	+0.20	responsible for	
525 – 549	+0.20	business entity	

Multiply the base premium by the appropriate factor.

DWELLING CONSTRUCTED PRIOR TO 1930

Apply a factor of +.25 if the dwelling or any part of the dwelling was constructed prior to 1930.

LOSS HISTORY

Apply the appropriate factor to the premium for the primary and secondary/seasonal residence:

<u>Paid Losses †</u>	<u>Factors</u>
1	+.30
2	+.50
3 +	+.70

† Paid losses do not include weather related losses.

ARKANSAS

HOMEOWNERS PROGRAM

ANNUAL RATES/PREMIUMS
(Continued)

BASE PREMIUM MODIFIERS (Continued)

MASONRY

Apply a factor of -.10 if the dwelling is constructed with at least 90% brick, masonry veneer, or fire resistive construction.

MULTI-POLICY

Apply a factor of -.05 when the named insured maintains one or more personal lines or life insurance policies with any insurer in the National Association of Insurance Commissioners Group Code 0212. If the only other policy is a term, whole life, or variable universal life policy, it must have a face amount of \$50,000 or greater, be issued to an adult and be in-force when the policy is written.

PROTECTIVE DEVICE

- Apply a factor of -.05 if the dwelling is protected by a fire alarm system that alerts a central station or directly notifies the fire department.
- Apply a factor of -.02 if the dwelling is protected by an electronic burglar alarm system that alerts a central station or the residents of the dwelling.

ROW HOUSE/TOWNHOUSE

Apply a factor of +.25 when the dwelling is a row house.

SWIMMING POOL

A \$50 premium applies when there is a swimming pool on the premises.

TWO FAMILY DWELLINGS

Apply a factor of +.10 when the dwelling is a two family type.

WOOD BURNER

A \$50 premium applies when the dwelling or other structure is equipped with a wood burning device other than a fireplace or fireplace with insert.

Foremost® Insurance Company
Grand Rapids, Michigan

ARKANSAS

HOMEOWNERS PROGRAM

ANNUAL RATES/PREMIUMS
(Continued)

DEDUCTIBLE FACTORS

<u>Deductible Amount</u>	<u>Factors</u>	<u>Maximum Dollar Amount Credit</u>
\$ 500	1.00	Base
1,000	.90	\$200
2,500	.80	400
5,000	.70	800

ARKANSAS

HOMEOWNERS PROGRAM

ANNUAL RATES/PREMIUMS
(Continued)

COVERAGE E – PERSONAL LIABILITY

(\$1,000 each person, Medical Payments to Others is automatically included. \$500 per accident Damage to Property of Others is automatically included.)

<u>Limit of Liability</u>	<u>Premiums</u>
\$ 100,000	Included in Base Premium
300,000	\$17
500,000	26
1,000,000	100

COVERAGE F – MEDICAL PAYMENTS TO OTHERS

<u>To Increase Limit To</u>	<u>Additional Premiums</u>
\$2,000	\$3
3,000	5
4,000	7
5,000	9

ARKANSAS

HOMEOWNERS PROGRAM

ANNUAL RATES/PREMIUMS
 (Continued)

ADDITIONAL RESIDENCE - OWNER-OCCUPIED

<u>Personal Liability Limit of Liability</u>	<u>Premiums</u>
\$ 100,000	\$15
300,000	20
500,000	25
1,000,000	50

(Personal Liability and \$1,000 each person, Medical Payments to Others is automatically included.)

ADDITIONAL RESIDENCE RENTED TO OTHERS

<u>Personal Liability Limit of Liability</u>	<u>Premiums per Location One Family or Two Family</u>
\$ 100,000	\$25
300,000	30
500,000	35
1,000,000	50

(\$1,000 each person, Medical Payments to Others is automatically included.)

COVERAGE C – PERSONAL PROPERTY INCREASE IN
SPECIAL AMOUNTS OF INSURANCE FOR WATERCRAFT

\$40

COVERAGE C – PERSONAL PROPERTY SPECIAL AMOUNT OF
INSURANCE FOR BUSINESS PERSONAL PROPERTY

<u>Amount of Insurance</u>	<u>Premium</u>	<u>For Each Additional \$1,000</u>
\$1,000	\$21	\$11

EARTHQUAKE COVERAGE

<u>Construction Type</u>	<u>Deductible</u>	<u>Rate per \$1,000 of Insurance</u>	
		<u>Territories A & B</u>	<u>Territories C & D</u>
Frame	10% (\$1,000 minimum)	\$.75	\$ 1.50
Masonry Veneer	10% (\$1,000 minimum)	1.50	3.00

ARKANSAS

HOMEOWNERS PROGRAM

ANNUAL RATES/PREMIUMS
(Continued)

EXPANDED COVERAGE ON JEWELRY, WATCHES, AND FURS

\$22

LOSS ASSESSMENT COVERAGE
INCREASE IN AMOUNT OF INSURANCE

\$2 per \$1,000 of insurance

ON PREMISES STRUCTURES RENTED TO OTHERS

\$3 per \$1,000 of insurance

OTHER STRUCTURES – DESCRIBED

\$3 per \$1,000 of insurance

PERMITTED INCIDENTAL BUSINESS

<u>Personal Liability Limit of Liability</u>	<u>Premiums</u>
\$ 100,000	\$23
300,000	25
500,000	28
1,000,000	56

(\$1,000 each person, Medical Payments to Others is automatically included.)

REPLACEMENT COST PERSONAL PROPERTY

<u>Amount of Insurance</u>	<u>Premium</u>	<u>For Each Additional \$1,000</u>
\$1,000	\$11	\$1

THEFT OF CONSTRUCTION MATERIALS AND SUPPLIES

\$25

ARKANSAS

HOMEOWNERS PROGRAM

ANNUAL RATES/PREMIUMS
(Continued)

UNRELATED NAMED INSURED

\$35

SERFF Tracking Number: FORE-127036782 State: Arkansas
 Filing Company: Foremost Insurance Company Grand Rapids, Michigan State Tracking Number: EFT \$100
 Company Tracking Number: C-106
 TOI: 04.0 Homeowners Sub-TOI: 04.0005 Other Homeowners
 Product Name: Homeowners Program
 Project Name/Number: /

Supporting Document Schedules

	Item Status:	Status Date:
Bypassed - Item: Form RF-2 Loss Costs Only (not for workers' compensation) Bypass Reason: not applicable Comments:		
Bypassed - Item: H-1 Homeowners Abstract Bypass Reason: not applicable Comments:	Filed	03/16/2011
Satisfied - Item: HPCS-Homeowners Premium Comparison Survey Comments: Attachments: Homeowners Premium Comparison Survey Form.pdf Homeowners Premium Comparison Survey Form.xls	Filed	03/16/2011
Satisfied - Item: NAIC loss cost data entry document Comments: Attachment: NAIC Loss Cost Data Entry Document.pdf	Filed	03/16/2011
	Item Status:	Status Date:

SERFF Tracking Number: FORE-127036782 State: Arkansas
 Filing Company: Foremost Insurance Company Grand Rapids, Michigan State Tracking Number: EFT \$100
 Company Tracking Number: C-106
 TOI: 04.0 Homeowners Sub-TOI: 04.0005 Other Homeowners
 Product Name: Homeowners Program
 Project Name/Number: /

Satisfied - Item: Cover Letter, Filing Memorandum, Exhibit I, FICO Filing Package Filed 03/16/2011

Comments:

Attachments:

ArkansasInsuranceDepartmentLetter.Foremost..pdf
 InScore 3 0 HO3 Countrywide Negative Reason Code Details.pdf
 InScore 3.0 HO3 Countrywide Model.pdf
 Exhibit I - Retrovalidation Study.pdf
 Arkansas-CREDIT-Letter-Memorandum-Rates.pdf

	Item Status:	Status
		Date:
Satisfied - Item: Response 3-3	Filed	03/16/2011

Comments:

Attachment:

Arkansas Homeowners response 3-3.pdf

	Item Status:	Status
		Date:
Satisfied - Item: Response 3-10	Filed	03/16/2011

Comments:

Attachment:

AR Response 03-10-11.pdf

NAIC Number: 212-11185
 Company Name: Foremost Insurance Company Grand Rapids, MI
 Contact Person: Kaan Cidanli
 Telephone No.: 616-956-3645
 Email Address: kaan.cidanli@foremost.com
 Effective Date: 2/1/2011

**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	\$838.00	\$931.00	\$838.00	\$931.00	\$1,257.00	\$1,397.00	\$1,592.00	\$1,769.00	\$1,592.00	\$1,769.00	\$1,257.00	\$1,397.00	\$1,257.00	\$1,397.00	\$1,257.00	\$1,397.00	\$1,257.00	\$1,397.00
	\$120,000	\$1,092.00	\$1,213.00	\$1,092.00	\$1,213.00	\$1,637.00	\$1,819.00	\$2,074.00	\$2,304.00	\$2,074.00	\$2,304.00	\$1,637.00	\$1,819.00	\$1,637.00	\$1,819.00	\$1,637.00	\$1,819.00	\$1,637.00	\$1,819.00
	\$160,000	\$1,474.00	\$1,638.00	\$1,474.00	\$1,638.00	\$2,211.00	\$2,457.00	\$2,800.00	\$3,111.00	\$2,800.00	\$3,111.00	\$2,211.00	\$2,457.00	\$2,211.00	\$2,457.00	\$2,211.00	\$2,457.00	\$2,211.00	\$2,457.00
6	\$80,000	\$1,006.00	\$1,118.00	\$1,006.00	\$1,118.00	\$1,508.00	\$1,676.00	\$1,911.00	\$2,123.00	\$1,911.00	\$2,123.00	\$1,508.00	\$1,676.00	\$1,508.00	\$1,676.00	\$1,508.00	\$1,676.00	\$1,508.00	\$1,676.00
	\$120,000	\$1,310.00	\$1,456.00	\$1,310.00	\$1,456.00	\$1,964.00	\$2,182.00	\$2,488.00	\$2,764.00	\$2,488.00	\$2,764.00	\$1,964.00	\$2,182.00	\$1,964.00	\$2,182.00	\$1,964.00	\$2,182.00	\$1,964.00	\$2,182.00
	\$160,000	\$1,769.00	\$1,966.00	\$1,769.00	\$1,966.00	\$2,652.00	\$2,947.00	\$3,360.00	\$3,733.00	\$3,360.00	\$3,733.00	\$2,652.00	\$2,947.00	\$2,652.00	\$2,947.00	\$2,652.00	\$2,947.00	\$2,652.00	\$2,947.00
9	\$80,000	\$2,346.00	\$2,607.00	\$2,346.00	\$2,607.00	\$3,520.00	\$3,911.00	\$4,458.00	\$4,953.00	\$4,458.00	\$4,953.00	\$3,520.00	\$3,911.00	\$3,520.00	\$3,911.00	\$3,520.00	\$3,911.00	\$3,520.00	\$3,911.00
	\$120,000	\$3,056.00	\$3,395.00	\$3,056.00	\$3,395.00	\$4,584.00	\$5,093.00	\$5,805.00	\$6,450.00	\$5,805.00	\$6,450.00	\$4,584.00	\$5,093.00	\$4,584.00	\$5,093.00	\$4,584.00	\$5,093.00	\$4,584.00	\$5,093.00
	\$160,000	\$4,127.00	\$4,585.00	\$4,127.00	\$4,585.00	\$6,191.00	\$6,879.00	\$7,841.00	\$8,712.00	\$7,841.00	\$8,712.00	\$6,191.00	\$6,879.00	\$6,191.00	\$6,879.00	\$6,191.00	\$6,879.00	\$6,191.00	\$6,879.00

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

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

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

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

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

HO3 and HO4 only

Fire Extinguisher		%	Deadbolt Lock		%
Burglar Alarm	-2	%	Window Locks		%
Smoke Alarm		%	\$1,000 Deductible	-10	%
			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?	10	%

Zone Brick Frame

	<i>central alarm</i>	-5	%	WHAT IS YOUR PRICE PER \$1,000 OF COVERAGE?	Highest Risk	\$	3	\$	1.5
	<i>Maximum Credit Allowed</i>		%		Lowest Risk	\$	1.5	\$	0.75

I

NAIC LOSS COST DATA ENTRY DOCUMENT

1.	This filing transmittal is part of Company Tracking #	C-106
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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	n/a
-----------	---	-----

Company Name		Company NAIC Number	
3.	A. Foremost Insurance Company Grand Rapids, Michigan	B.	212-11185

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. 4.0000	B.	4.0005

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	0	0					
TOTAL OVERALL EFFECT	0	0					

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
2004	1,311	+0.2	8/2004	1,959.1	851.7	43.5	43.9
2005	1,170			1,515.3	823.3	54.3	56.9
2006	1,283	-0.2	3/2006	1,450.7	924.2	63.7	53.1
2007	1,288			1,513.5	637.6	42.1	48.5
2008	1,340	+0.7	8/2008	1,572.5	3,062.7	194.5	87.0
2009	1,304	+1.7	6/2009	1,558.0	1,995.4	128.1	76.1

7.	
Expense Constants	Selected Provisions
A. Total Production Expense	20.3
B. General Expense	19.1
C. Taxes, License & Fees	3.8
D. Underwriting Profit & Contingencies	5.0
E. Other (explain)	
F. TOTAL	48.2

- 8.** N Apply Lost Cost Factors to Future filings? (Y or N)
- 9.** +7% Estimated Maximum Rate Increase for any Insured (%). Territory (if applicable): _____
- 10.** -10% Estimated Maximum Rate Decrease for any Insured (%) Territory (if applicable): _____



Fair Isaac Corporation
200 Smith Ranch Road
San Rafael, CA 94903 USA
T 415 446 6000
F 415 492 9381
www.fico.com

Make every decision count.™

February 1, 2011

Commissioner Julie Benafield Bowman
Arkansas Insurance Department
1200 West Third Street
Little Rock, AR 72201-1904

Attention: Ms. Becky Harrington, Certified Analyst

Dear Ms. Harrington:

Attached is confidential and proprietary information from FICO to support Foremost Insurance Company's use of our credit-based insurance scores in Arkansas. This material is subject to the protection available to Foremost Insurance Company under Arkansas Code Ann. 23-66-317(h).

Model **InScore® 3.0 HO3/5 0702** is shown in its entirety with characteristics, attributes, and weights. Also attached are the reason codes and explanations. The top four reasons are returned with each credit-based insurance score, explaining the four most significant areas in the credit report which impacted the calculation of the score.

If you have any questions, please contact me by phone at (415) 491-5565 or email at kminnick@fico.com.

Thank you for your assistance.

Sincerely yours,

A handwritten signature in black ink, appearing to read 'Kimi Minnick', is written over a light blue horizontal line.

Kimi Minnick
Sr. Scientist – Scores Development
FICO

Attachments

Reason Codes for InScore 3.0 HO3 Countrywide

There are a total of 10 negative reason codes which may be returned with an InScore 3.0 HO3 score.

Reason Code 56:

Short Text – Too many recent credit checks

Expanded Text - You received a reason code indicating too many recent credit checks. This reason appears when your credit bureau report contains a large number of inquiries posted as a result of your applications for credit. Research shows that consumers who are seeking several new credit accounts have greater insurance loss risk than consumers who are not seeking credit. There are different types of inquiries that reside on your credit bureau report. The score only considers those inquiries that were posted as a result of your applications for credit. Other types of inquiries, such as promotional inquiries (where a lender has pre-approved you for a credit offer), account review inquiries (where a lender requests a report to review an existing account), consumer disclosure inquiries (where you have requested a copy of your own report) and insurance inquiries are not considered by the score. The scores can identify “rate shopping” in the mortgage- and auto-lending environment, so that one credit search involving multiple inquiries is usually only counted as a single inquiry. Typically, the presence of inquiries on your credit file has only a small impact on credit-based insurance scores, carrying much less importance than late payments, the amount you owe, and the length of time you have used credit. As time passes the age of your most recent inquiry will increase, and your score will rise as a result, provided you do not apply for additional credit in the meantime. Typically inquiries are purged from the credit bureau files after two years. A common misperception is that every single inquiry will drop your score a certain number of points. This is not true. The impact of inquiries on your score will vary – depending on your overall credit profile. Inquiries will usually have a larger impact on the score for consumers with limited credit history and on consumers with previous late payments. The most prudent action to raise your score over time is by applying for credit only when you need it.

Characteristic in model associated with code – Number of Inquiries in the Last Year

Notes – CBIS scores only consider inquiries initiated by the consumer, when the consumer was seeking credit. These include mortgage, credit card and auto loan applications. Multiple inquiries from auto or mortgage lenders within a 30-day period of time are treated as a single inquiry. Inquiries from auto or mortgage lenders in the most recent 30 days prior to scoring are excluded. Scores only consider inquiries from the last 12 months, although inquiries remain on the credit report for two years. The following types of inquiries are not included in the score:

- consumer disclosure inquiries—requests made by the consumer to check their credit report
- promotional inquiries—requests made by lenders in order to make a “pre-approved” credit offer
- administrative inquiries—requests made by lenders to review the consumer’s account with them
- employment inquiries—requests that are marked as coming from employers
- insurance inquiries—requests made by insurance companies for a CBIS score or credit report
- collection inquiries – requests that are marked as coming from collection agencies
- government non-loan inquiries – requests that are marked as coming from the government that are not related to a loan program

Reason Code 62

Short Text – Insufficient length of credit history

Expanded Text - You received a reason code indicating a relatively short length of credit history. This reason is based on the age of the accounts on your credit bureau report (the age of the oldest account, the average age of accounts, or both). Research shows that consumers with longer credit histories have lower insurance loss risk than those with shorter credit histories. Also, consumers who frequently open new accounts have greater insurance loss risk than those who do not. Therefore, only apply for needed credit and wait before you apply for more. All other factors being equal, your score is likely to improve as your credit history ages.

Characteristic in model associated with code – Average Months in File of All Accounts, Months Since Oldest Date Opened

Notes – Includes all trade lines, both open and closed.

Reason Code 63:

Short Text – Accounts currently or in the past delinquent

Expanded Text - You received a reason code indicating that accounts are currently or in the past delinquent. Research reveals that consumers with previous late payments are much more likely to have higher insurance loss risk in the future. The score evaluates not only the presence of previous late payments, but also how late the payments were. For example, a payment that was 90 days late correlates with greater risk than a payment that was 60 days late, if they occurred around the same time. There is no “quick” fix to raise your score if the late payment on your credit bureau report is valid. In order to improve your credit-based insurance score over time, you need to pay your bills on time. The longer you pay your bills on time, the better the score. If you have late payments, get caught up on back payments and stay current. As time passes the importance of these previous late payments will gradually lessen and the score will increase – as long as you make your payments on time on all of your credit obligations, and use your available credit responsibly.

Characteristic in model associated with code – Worst Delinquency in Last 2 Years

Notes – Includes open and closed trade lines. Disputed trade lines are excluded.

Reason Code 67:

Short Text – Presence of collection account

Expanded Text - You received a reason code indicating the presence of collection account(s). This reason appears whenever there is a collection agency reference on your credit bureau report. Studies reveal that consumers with collection agency references are much more likely to represent greater insurance loss risk in the future. There is no “quick” fix to improve the score if the collection item on your credit bureau report is valid. However, as these become older, their impact on the score will gradually decrease and eventually they will have no impact on the score. Note that satisfying or paying off the collection item will not remove this information from your credit bureau report. The fact that it occurred is still predictive of future insurance loss risk, and thus it will still be considered by the score.

Characteristic in model associated with code – Number of Collections with Amount > \$100

Notes – Includes any collection account (whether in collections segment of credit report or reported as a collection trade line). Collection accounts can remain on a credit report for up to 7 years. Disputed collections are excluded.

Reason Code 71:

Short Text – Unfavorable number of installment loan accounts

Expanded Text - You received a reason code indicating too many installment loan accounts. Your credit bureau report shows more installment loan accounts than other consumers with credit histories of similar length. Research has shown that consumers with a relatively large number of installment loan accounts appearing on their credit bureau report represent higher insurance loss risk than consumers with fewer installment loans. Therefore, avoid applying for installment loans that you don't need and pay down the balances on your existing installment loan obligations. (Note that closing your existing installment loans or paying them off in full will not necessarily make them disappear from your credit bureau report immediately.)

Characteristic in model associated with code – Number of Installment Loan Accounts

Notes – Includes all installment loan trade lines, both open and closed.

Reason Code 83:

Short Text – Unfavorable number of accounts

Expanded Text - You received a reason code indicating too many accounts. This reason appears when your credit report shows more accounts than other consumers with credit histories of similar length. Research has shown that consumers with a relatively large number of accounts appearing on their credit bureau report represent higher insurance loss risk than consumers with fewer accounts. Therefore, avoid applying for credit you don't need, or don't intend to use.

Characteristic in model associated with code – Number of Accounts

Notes – Includes all trade lines, both open and closed.

Reason Code 88:

Short Text – Presence of adverse public records

Expanded Text - You received a reason code indicating the presence of adverse public record(s). This reason appears whenever there is a derogatory public record on your credit bureau report. While it may vary from state to state, in general derogatory public records include bankruptcies, foreclosures, suits, liens and judgments. Studies reveal that consumers with derogatory public records are much more likely to represent higher insurance loss risk in the future. There is no “quick” fix to improve the score if the derogatory public record on your credit bureau report is valid. However, as these become older, their impact on the score will gradually decrease and eventually they will have no impact on the score. Note that satisfying or paying off the derogatory public record will not remove this information from your credit bureau report. The fact that it occurred is still predictive of future insurance loss risk, and thus it will still be considered by the score.

Characteristic in model associated with code – Number of Public Records

Notes – Does not include public records listed as child support or alimony. All other public records of a derogatory nature (i.e. bankruptcy, tax liens, garnishments, etc.) are included whether open or closed. Most public records can remain for up to 7 years on a credit report, bankruptcies may remain for up to 10 years. Disputed public records are not included.

Reason Code 89:

Short Text – Unfavorable number of accounts currently paid as agreed

Expanded Text - You received a reason code indicating too few accounts currently paid as agreed. There are two possible reasons why this reason may appear on your credit report. The first possibility is if one or more of your accounts is presently being reported in delinquent status, or your report shows evidence of missed payments in the past. If you have missed payments, get caught up on back payments and stay current. The longer you pay your bills on time, the better your score. Second, if no missed payments appear on your credit report, and this reason appears, then your score would be improved by adding more successful repayment history to your record. Research shows that consumers with a moderate number of successfully paid accounts appearing on their credit bureau report have lower future insurance loss risk than consumers with just a few such accounts on file.

Characteristic in model associated with code – Percentage of Accounts Never Delinquent

Notes – Includes open and closed trade lines. Disputed trade lines are excluded.

Reason Code 92:

Short Text – Unfavorable percentage of retail accounts with balances to all retail accounts

Expanded Text - You received a reason code indicating the percentage of retail accounts with balances to all retail accounts is too high. Research shows that carrying balances on too many retail accounts (such as Sears, JCPenney, Macy's, Dillards, etc.) at the same time is a predictor of future insurance loss. Even if you pay off your balance in full every month, your credit bureau report may show the last billing statement balance on those accounts. In order to improve your credit-based insurance score, pay down those retail account balances. And once they are paid down, keep your balances lower on retail cards and other revolving debt. Note that consolidating your debt by transferring balances from many accounts onto fewer accounts will not necessarily improve your score, because the same total amount is still owed. Paying off your debt is the best way to raise your score.

Characteristic in model associated with code – Percentage of Retail Accounts with Balance

Notes – Only open trade lines of retail type are included. Disputed trade lines are excluded.

Reason Code 94:

Short Text – Proportion of bank or national revolving balances to bank or national revolving credit limits is too high or there are no bank or national revolving accounts

Expanded Text - You received a reason code indicating the proportion of bank or national revolving balances to bank or national revolving credit limits is too high (or there are no bank or national revolving accounts). Analysis of consumer credit behavior finds that owing a substantial balance on revolving accounts (such as credit cards and bankcards) relative to the amount of revolving credit available to you represents increased insurance loss risk. In fact, the level of revolving debt is one of the most important factors in the credit-based insurance score. The score evaluates your total balances in relation to your total available credit on revolving accounts, as well as on individual revolving accounts. For a given amount of revolving credit available, a greater amount owed indicates a greater risk, and lowers the score. (For credit cards, the total outstanding balance on your last statement is generally the amount that will show in your credit bureau report. Even if you pay off your credit cards in full every month, your credit bureau report may show the last billing statement balance on those accounts.) Paying down your revolving account balances is a good sign that you are able and willing to manage and repay your debt, and this will increase your score. On the other hand, shifting balances among revolving accounts, opening up new revolving accounts, and closing down other revolving accounts will not necessarily improve your score, and could possibly decrease your score. This reason can also appear when no bankcard accounts appear on the credit bureau report, or all such accounts are closed, or are no longer being reported by the lender.

Characteristic in model associated with code – Percentage of Bank/National Revolving Account Balances to Bank/National Revolving Account Limits

Notes – Only open bank and/or national type trade lines included. Disputed trade lines are excluded.

Not subject to Freedom of Information Act, confidential information pursuant to A.C.A. §23-67-409(b).

Foremost® Insurance Company
Grand Rapids, Michigan

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

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

February 15, 2011

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

RE: Foremost Insurance Company Grand Rapids, Michigan
NAIC #212-11185
Homeowners Program
Revision to the Rate Section
Company Tracking Number C-106

Dear Commissioner Pickens:

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

This filing is being submitted in response to rejected filing # C-100 (SERFF Tracking # FORE-126979694).

Our Filing Memorandum and Exhibit I – Retrovalidation Study have been developed to assist your review of this filing which results in an overall rate effect of 0%.

The new credit based risk assessment factors were developed to result in a rate neutral change. The implementation of the new Equifax scoring model will possibly affect the current policyholders when reports are recalculated in three years. However, we have no method of determining how each insured's credit score will change due to personal circumstance or how that new score will then be affected by the change to the Equifax model.

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 September 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,

Kaan K. Cidanli
State Filings Administrator
State Filings
Phone No. (616) 956-3645
Fax No. (616) 956-2093
E-mail kaan.cidanli@foremost.com

KKC/cm

Enclosures: \$100 EFT
NAIC Loss Cost Data Entry Document
Homeowners Premium Comparison Survey Form
Filing Memorandum, 2/11
Exhibit I – Retrovalidation Study
FICO Filing Package
Table of Contents
Rate Pages

ARKANSAS

FILING MEMORANDUM

CREDIT-BASED INSURANCE RISK ASSESSMENT SCORE

DEFINITIONS

CREDIT-BASED INSURANCE RISK ASSESSMENT SCORE (ALSO REFERRED TO AS FINANCIAL RESPONSIBILITY)

We have made the following changes to this definition:

The score is calculated using a FICO model and will be applied as follows:

New Business:

The score for the first named insured listed on the Declarations Page will be calculated prior to issuing the policy. If the first named insured is a business entity, then the score will be calculated for the person with primary control. The resulting placement within a score range will remain unchanged for successive policy periods except as provided below or if an adjustment is granted for an extraordinary life event.

If a first named insured suffers one or more extraordinary life events, then determine the first named insured's credit-based insurance risk assessment score and its placement in the score range. Use the next higher range for rating.

Renewal Business:

The score will be calculated not more than 90 days before the renewal date of the third term since the previously used score was first applied. For the terms in which a score is not automatically calculated, upon request of an insured, the score for the first named insured listed on the Declarations Page will be calculated not more than 90 days before the renewal date. If the first named insured is a business entity, then the score will be calculated for the person with primary control.

If a first named insured suffers one or more extraordinary life events, then determine the first named insured's credit-based insurance risk assessment score and its placement in the score range for both the renewal policy and the preceding policy. If the preceding policy's range was lower, then apply the renewal policy's range for rating. If the preceding policy's range was the same or higher, use the preceding policy's range for renewal rating.

The premium modifier will not apply if we cannot obtain a credit history or insufficient credit history exists to calculate a score.

Underline = added

ARKANSAS

FILING MEMORANDUM

PREMIUM MODIFIERS

We have divided our Credit-Based Insurance Risk Assessment Score premium modifier into Credit-Based Insurance Risk Assessment Score – I and Credit-Based Insurance Risk Assessment Score – II.

Credit-Based Insurance Risk Assessment Score – I

Policies with an original inception prior to the implementation of this filing will remain with Credit-Based Insurance Risk Assessment Score – I until the score is recalculated.

Credit-Based Insurance Risk Assessment Score – II

Credit-Based Insurance Risk Assessment Score – II is available to policies with an original inception on or after the implementation of this filing and their subsequent renewals and policies with an original inception date prior to the implementation of this filing whose score is recalculated as part of the renewal process.

For details and support refer to Exhibit I – Retrovalidation Study.

As a result of this addition, the remaining rate pages have been renumbered.

Please find enclosed a filing package from FICO detailing the model and input data being utilized.

Please withdraw –

Table of Contents – Revised Printing 11/10
Rate Page R-1 – Revised Printing 10/10
Rate Page R-2 – Revised Printing 9/10
Rate Page R-16 – Revised Printing 10/08
Rate Pages R-17 thru R-22 – Revised Printing 9/09

Please insert –

Table of Contents – Revised Printing 2/11
Rate Pages R-1 and R-2– Revised Printing 2/11
Rate Pages R-16 thru R-22 – Revised Printing 2/11
Rate Page R-23 – Original Printing 2/11

- 1) Form HPCS will be submitted in its proper format.
- 2) Reason 62 – Insufficient length of credit history does comply with ACA 23-67-405. If a consumer’s credit history doesn’t meet FICO’s “minimum scoring criteria”, provision (5A-C) directs an insurer to proper handling of that risk. FICO’s minimum scoring criteria are:

1) there must be at least one trade line on file that is at least 6 months old, 2) there must have been activity on at least one trade line during the past 6 months, and 3) the consumer’s name does not appear on the bureau’s “deceased persons list”.

So, assuming the risk meets those minimum scoring requirements, it will receive a score and provision (5A-C) does not come into play.

When a risk receives a score, Reason Code 62 is then simply looking at the age of the oldest open or closed account that appears, the average age of all open or closed accounts that appear, or both. It does not consider the “absence of a credit card account” as highlighted in “prohibited use” (4) Take an adverse action against a consumer solely because he or she does not have a credit card account without consideration of any other applicable factor independent of credit information.

In the event it’s helpful, here is the short text and expanded language for Reason Code 62 –

Short Text – Insufficient length of credit history

Expanded Language – You received a reason code indicating a relatively short length of credit history. This reason is based on the age of the accounts on your credit bureau report (the age of the oldest account, the average age of accounts, or both). Research shows that consumers with longer credit histories have lower insurance loss risk than those with shorter credit histories. Also, consumers who frequently open new accounts have greater insurance loss risk than those who do not. Therefore, only apply for needed credit and wait before you apply for more. All other factors being equal, your score is likely to improve as your credit history ages.

- 3) The following is actual loss experience associated with the percentages by peril:

	<u>Incurring</u>	<u>% Incurring</u>
Total Fire	\$2,676,563	45%
Partial Fire	852,466	14%
Wind	435,802	7%
Tornado	180,600	3%
Hail	664,237	11%
Other Weather	518,616	9%
Water	526,786	9%
Other	<u>150,740</u>	<u>3%</u>
All Cause	\$6,005,811	100%

Our treatment of “no hits, no score and no information” complies with ACA 23-67-405 (5) (B) as a neutral factor of 1.00 is applied in these circumstances.

- 4) The decision to modify the modeled factors to the selected factors was based upon our loss experience, current factors and ACA 23-67-405. The loss ratio experience for this program has been very unprofitable over the last few years – 2007 = 68.8%, 2008 = 195.9%, 2009 = 123.8% and 2010 = 80.6%.

The factors for the no hits, no scores and no information were modeled at a 1.02 factor while ACA 23-67-405 required that they be set at a neutral tier of 1.00. Currently filed and approved for scores of 675 and above we provide base rates, or a factor of 1.0. With this new scoring model these customers will see a 10% discount, or a factor of .90, even though our loss experience for the overall program does not support providing any new discounts. If we expanded this discount even further an overall rate increase would be needed to compensate for the reduction of premium. Over time we will evaluate loss experience, and if necessary, adjust the factors appropriately.

Your attention to our filing is appreciated.

Very truly yours,
Kaan K. Cidanli
State Filings Administrator

Enclosure: HPCS

The by peril credit factors were developed via a multivariate analysis on countrywide retrovalidation loss data. This analysis included all major rating variables to remove correlations between those variables and credit, as well as many geodemographic variables (from the Census Bureau and other sources) to remove correlations between geography, population characteristics, etc and credit. The intent was to produce a single countrywide credit curve for each peril that is independent of other variables that may vary from state to state, and that is highly credible.

Once these countrywide by peril credit factors are developed, there remains the task to determine an appropriate all peril credit curve for each state. This is done by weighting the factors for each credit bin together by the distribution of losses for that peril. For example, with this distribution of loss by peril:

<u>Total fire*</u>	<u>Partial fire</u>	<u>Wind</u>	<u>Tornado</u>	<u>Hail</u>	<u>Other Weather**</u>	<u>Water***</u>	<u>Other****</u>
60%	11%	9%	4%	9%	3%	2%	2%

And this set of factors for the <375 bin:

<u>Score</u>	<u>Total fire</u>	<u>Partial fire</u>	<u>Wind</u>	<u>Tornado</u>	<u>Hail</u>	<u>Other Weather</u>	<u>Water</u>	<u>Other</u>
< 375	2.86	2.13	1.00	1.00	1.00	1.00	1.65	1.90

The all peril credit factors for the <375 bin are calculated by:

$$0.60 * 2.86 + 0.11 * 2.13 + 0.09 * 1.00 + 0.04 * 1.00 + 0.09 * 1.00 + 0.03 * 1.00 + 0.02 * 1.65 + 0.02 * 1.90 = 2.27$$

In this case, the calculated weather factors have been replaced by 1.00 to conform with state requirements.

SERFF Tracking Number: FORE-127036782 State: Arkansas
 Filing Company: Foremost Insurance Company Grand Rapids, Michigan State Tracking Number: EFT \$100
 Company Tracking Number: C-106
 TOI: 04.0 Homeowners Sub-TOI: 04.0005 Other Homeowners
 Product Name: Homeowners 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)
02/15/2011	Supporting Document	HPCS-Homeowners Premium Comparison Survey	03/03/2011	Homeowners Premium Comparison Survey Form.pdf