

SERFF Tracking Number: CLIC-127123237 State: Arkansas
Filing Company: MDOW Insurance Company State Tracking Number: EFT \$100
Company Tracking Number:
TOI: 04.0 Homeowners Sub-TOI: 04.0003 Owner Occupied Homeowners
Product Name: Homeowner's Rate Modifications
Project Name/Number: /

Filing at a Glance

Company: MDOW Insurance Company

Product Name: Homeowner's Rate
Modifications

TOI: 04.0 Homeowners

Sub-TOI: 04.0003 Owner Occupied
Homeowners

Filing Type: Rate

SERFF Tr Num: CLIC-127123237 State: Arkansas

SERFF Status: Closed-Filed

Co Tr Num:

Author: Tiffany Foshee

Date Submitted: 04/19/2011

State Tr Num: EFT \$100

State Status: Fees verified and
received

Reviewer(s): Becky Harrington,
Nancy Horton

Disposition Date: 05/20/2011

Disposition Status: Filed

Effective Date (New): 07/01/2011

Effective Date (Renewal):
08/01/2011

Effective Date Requested (New): 07/01/2011

Effective Date Requested (Renewal): 08/01/2011

State Filing Description:

General Information

Project Name:

Project Number:

Reference Organization:

Reference Title:

Filing Status Changed: 05/20/2011

State Status Changed: 04/20/2011

Created By: Tiffany Foshee

Corresponding Filing Tracking Number:

Filing Description:

MDOW Insurance Company requests a rate modification statewide for our Homeowner's product.

Status of Filing in Domicile: Not Filed

Domicile Status Comments:

Reference Number:

Advisory Org. Circular:

Deemer Date:

Submitted By: Tiffany Foshee

Company and Contact

Filing Contact Information

Tiffany Phoummarath,

2200 West Alabama

Suite 210

tiffany@columbialloyds.com

713-528-6686 [Phone]

SERFF Tracking Number: CLIC-127123237 State: Arkansas
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 Houston, TX 77254

Filing Company Information

MDOW Insurance Company	CoCode: 12810	State of Domicile: Texas
PO BOX 540548	Group Code:	Company Type:
Houston, TX 77254	Group Name:	State ID Number:
(866) 837-4668 ext. [Phone]	FEIN Number: 20-5465843	

Filing Fees

Fee Required? Yes
 Fee Amount: \$100.00
 Retaliatory? No
 Fee Explanation: Rate filing fee.
 Per Company: No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
MDOW Insurance Company	\$100.00	04/19/2011	46734602

SERFF Tracking Number: CLIC-127123237

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Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Filed	Becky Harrington	05/20/2011	05/20/2011

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	05/11/2011	05/11/2011	Tiffany Foshee	05/18/2011	05/18/2011
Pending Industry Response	Becky Harrington	04/20/2011	04/20/2011	Tiffany Foshee	05/10/2011	05/10/2011

Filing Notes

Subject	Note Type	Created By	Created On	Date Submitted
RF-2	Note To Reviewer	Tiffany Foshee	05/18/2011	05/18/2011
Loss Cost	Note To Filer	Becky Harrington	05/11/2011	05/11/2011

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Disposition

Disposition Date: 05/20/2011
 Effective Date (New): 07/01/2011
 Effective Date (Renewal): 08/01/2011
 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):
MDOW Insurance Company	119.600%	15.000%	\$227,755	1,989	\$1,518,365	15.000%	15.000%

SERFF Tracking Number: CLIC-127123237

State: Arkansas

Filing Company: MDOW Insurance Company

State Tracking Number: EFT \$100

Company Tracking Number:

TOI: 04.0 Homeowners

Sub-TOI: 04.0003 Owner Occupied Homeowners

Product Name: Homeowner's Rate Modifications

Project Name/Number: /

Schedule	Schedule Item	Schedule Item Status	Public Access
Supporting Document (revised)	Form RF-2 Loss Costs Only (not for workers' compensation)	Filed	Yes
Supporting Document	Form RF-2 Loss Costs Only (not for workers' compensation)		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	EXHIBITS 1-4	Filed	Yes
Supporting Document	EXHIBIT 5	Filed	Yes
Supporting Document	Exhibit 6 Countrywide	Filed	Yes
Supporting Document	Revised Explanatory Memorandum, Exhibit 1 and Exhibit 2	Filed	Yes
Rate	HO Explanatory Memorandum	Filed	Yes
Rate	Revised Rate Page	Filed	Yes

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TOI: 04.0 Homeowners Sub-TOI: 04.0003 Owner Occupied Homeowners
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Objection Letter

Objection Letter Status Pending Industry Response

Objection Letter Date 05/11/2011

Submitted Date 05/11/2011

Respond By Date

Dear Tiffany Phoummarath,

This will acknowledge receipt of the recent response.

Objection 1

- NAIC loss cost data entry document (Supporting Document)

Comment: Please complete the expense and rate/policy history of the RF-1. The 5-year history section should include policy count and premium information regardless of whether there has been a rate change. It should also include rate change history if applicable.

Objection 2

Comment: Please submit revised manual pages. Include them under the rate/rule schedule tab.

The overall rate change amount will be subject to Commissioner Bradford's review.

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."

I apologize for not requesting these revisions originally.

In accordance with Regulation 23, Section 7.A., this filing may not be implemented until 20 days after the requested amendment(s) and/or information is received.

Sincerely,

Becky Harrington

SERFF Tracking Number: CLIC-127123237 State: Arkansas
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TOI: 04.0 Homeowners Sub-TOI: 04.0003 Owner Occupied Homeowners
Product Name: Homeowner's Rate Modifications
Project Name/Number: /

Response Letter

Response Letter Status Submitted to State
Response Letter Date 05/18/2011
Submitted Date 05/18/2011

Dear Becky Harrington,

Comments:

Please find attached revised RF-1, RF-2, Exhibits 1 and 2, Explanatory Memorandum and a Revised Rate Page.

Response 1

Comments: Please find attached revised RF-1.

Related Objection 1

Applies To:

- NAIC loss cost data entry document (Supporting Document)

Comment:

Please complete the expense and rate/policy history of the RF-1. The 5-year history section should include policy count and premium information regardless of whether there has been a rate change. It should also include rate change history if applicable.

Changed Items:

Supporting Document Schedule Item Changes

Satisfied -Name: NAIC loss cost data entry document

Comment:

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Response 2

Comments: Please find attached Revised Rate Page.

Related Objection 1

Comment:

Please submit revised manual pages. Include them under the rate/rule schedule tab.

SERFF Tracking Number: CLIC-127123237 State: Arkansas
Filing Company: MDOW Insurance Company State Tracking Number: EFT \$100
Company Tracking Number:
TOI: 04.0 Homeowners Sub-TOI: 04.0003 Owner Occupied Homeowners
Product Name: Homeowner's Rate Modifications
Project Name/Number: /

Changed Items:

Supporting Document Schedule Item Changes

Satisfied -Name: Form RF-2 Loss Costs Only (not for workers' compensation)

Comment:

Satisfied -Name: Revised Explanatory Memorandum, Exhibit 1 and Exhibit 2

Comment:

No Form Schedule items changed.

Rate/Rule Schedule Item Changes

Exhibit Name	Rule # or Page #	Rate Action	Previous State Filing #
Revised Rate Page		New	

Sincerely,
Tiffany Foshee

SERFF Tracking Number: CLIC-127123237 State: Arkansas
Filing Company: MDOW Insurance Company State Tracking Number: EFT \$100
Company Tracking Number:
TOI: 04.0 Homeowners Sub-TOI: 04.0003 Owner Occupied Homeowners
Product Name: Homeowner's Rate Modifications
Project Name/Number: /

Objection Letter

Objection Letter Status Pending Industry Response

Objection Letter Date 04/20/2011

Submitted Date 04/20/2011

Respond By Date

Dear Tiffany Phoummarath,

This will acknowledge receipt of the captioned filing.

Objection 1

- EXHIBITS 1-4 (Supporting Document)

Comment: Explain or provide a formula for the development of the 119.6% indicated rate change amount.

Objection 2

Comment: ACA 23-67-209 requires companywide data to be furnished as well as AR data. MDOW is licensed in OK and TX. Is data available from these states?

Please feel free to contact me if you have questions.

In accordance with Regulation 23, Section 7.A., this filing may not be implemented until 20 days after the requested amendment(s) and/or information is received.

Sincerely,

Becky Harrington

SERFF Tracking Number: CLIC-127123237 State: Arkansas
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Company Tracking Number:
TOI: 04.0 Homeowners Sub-TOI: 04.0003 Owner Occupied Homeowners
Product Name: Homeowner's Rate Modifications
Project Name/Number: /

Response Letter

Response Letter Status Submitted to State
Response Letter Date 05/10/2011
Submitted Date 05/10/2011

Dear Becky Harrington,

Comments:

Please find attached explanation for the rate indications, and well as countrywide information and an updated Exhibit 1.

Response 1

Comments: All the data used to calculate the loss ratio is provided in the exhibits. The actual formula for our indicated rate change is as follows:

Indicated Change = (Projected Loss Ratio / Expected Loss Ratio) – 1

So, for Homeowners, the formula is (119.1% / 54.2%) – 1, which equals a 119.6% increase.

Related Objection 1

Applies To:

- EXHIBITS 1-4 (Supporting Document)

Comment:

Explain or provide a formula for the development of the 119.6% indicated rate change amount.

Changed Items:

No Supporting Documents changed.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Response 2

Comments: Please find attached Exhibit 6.

Related Objection 1

Comment:

SERFF Tracking Number: CLIC-127123237 *State:* Arkansas
Filing Company: MDOW Insurance Company *State Tracking Number:* EFT \$100
Company Tracking Number:
TOI: 04.0 Homeowners *Sub-TOI:* 04.0003 Owner Occupied Homeowners
Product Name: Homeowner's Rate Modifications
Project Name/Number: /

ACA 23-67-209 requires companywide data to be furnished as well as AR data. MDOW is licensed in OK and TX.
Is data available from these states?

Changed Items:

Supporting Document Schedule Item Changes

Satisfied -Name: Exhibit 6 Countrywide

Comment:

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Sincerely,
Tiffany Foshee

SERFF Tracking Number: CLIC-127123237 *State:* Arkansas
Filing Company: MDOW Insurance Company *State Tracking Number:* EFT \$100
Company Tracking Number:
TOI: 04.0 Homeowners *Sub-TOI:* 04.0003 Owner Occupied Homeowners
Product Name: Homeowner's Rate Modifications
Project Name/Number: /

Note To Reviewer

Created By:

Tiffany Foshee on 05/18/2011 09:45 AM

Last Edited By:

Becky Harrington

Submitted On:

05/20/2011 11:45 AM

Subject:

RF-2

Comments:

The RF-2 was completed and submitted with the latest filing submission.

SERFF Tracking Number: CLIC-127123237 State: Arkansas
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Company Tracking Number:
TOI: 04.0 Homeowners Sub-TOI: 04.0003 Owner Occupied Homeowners
Product Name: Homeowner's Rate Modifications
Project Name/Number: /

Note To Filer

Created By:

Becky Harrington on 05/11/2011 09:45 AM

Last Edited By:

Becky Harrington

Submitted On:

05/20/2011 11:45 AM

Subject:

Loss Cost

Comments:

I has come to my attention through review of the property filing, that this should be a revision to the loss cost multiplier/modifier since the original filing was to adopt AAIS loss cost. Please complete a revised RF-2.

Please see Rule 23, Section 7(A)(5)(d) regarding manual pages.

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 Product Name: Homeowner's Rate Modifications
 Project Name/Number: /

Rate Information

Rate data applies to filing.

Filing Method:

Rate Change Type: %

Overall Percentage of Last Rate Revision: %

Effective Date of Last Rate Revision:

Filing Method of Last Filing:

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):
MDOW Insurance Company	N/A	119.600%	15.000%	\$227,755	1,989	\$1,518,365	15.000%	15.000%

SERFF Tracking Number: CLIC-127123237 State: Arkansas
 Filing Company: MDOW Insurance Company State Tracking Number: EFT \$100
 Company Tracking Number:
 TOI: 04.0 Homeowners Sub-TOI: 04.0003 Owner Occupied Homeowners
 Product Name: Homeowner's Rate Modifications
 Project Name/Number: /

Rate/Rule Schedule

Schedule Item	Exhibit Name:	Rule # or Page	Rate Action	Previous State Filing Attachments
Status:		#:		Number:
Filed 05/20/2011	HO Explanatory Memorandum		New	HO Explanatory Memorandum.pdf
Filed 05/20/2011	Revised Rate Page		New	MDOW Revised Rate Page HOMEOWNERS 2011.pdf

MDOW INSURANCE COMPANY
HOMEOWNERS RATE FILING
ARKANSAS

EXPLANATORY MEMORANDUM

MDOW Insurance Company (MDOW) wishes to increase its base rates 15.00% effective July 1, 2011 for new business and August 1, 2011 for renewals. The change to the base rates is due to an analysis of the loss experience that indicates a need for a 119.6% increase. We moderated the request due to data credibility and competitive considerations.

Exhibit 1 shows the development of the rate level indication. We used direct premium from the Statutory Page 14 data, and accident year loss and loss adjustment expenses. The earned premium did not require an adjustment to be put on current rate level as there have been no prior requested rate changes for this product.

Losses were also adjusted to reflect loss trend. Because the data is of limited credibility, we judgmentally selected an annual trend factor of 2.5%. This is shown in Exhibit 4.

Accident year incurred losses and loss adjustment expenses (LAE) have been used with no assumed future development. The calculation of the expected expense ratios is shown on Exhibit 3. These numbers are then used to calculate the expected loss ratio on Exhibit 1. The profit provision is calculated on a total return basis as shown on Exhibit 5.



MDOW
Insurance
Company

MDOW Revised Rate Page
2011

ARKANSAS HOMEOWNERS

Current

AAIS Base Rate x 1.4995

Revised

AAIS Base Rate x 1.720

SERFF Tracking Number: CLIC-127123237

State: Arkansas

Filing Company: MDOW Insurance Company

State Tracking Number: EFT \$100

Company Tracking Number:

TOI: 04.0 Homeowners

Sub-TOI: 04.0003 Owner Occupied Homeowners

Product Name: Homeowner's Rate Modifications

Project Name/Number: /

Supporting Document Schedules

	Item Status:	Status
Satisfied - Item: Form RF-2 Loss Costs Only (not for workers' compensation)	Filed	Date: 05/20/2011

Comments:

Attachment:

FORM RF-2 Reference filing adoption form HOMEOWNERS.pdf

	Item Status:	Status
Satisfied - Item: H-1 Homeowners Abstract	Filed	Date: 05/20/2011

Comments:

Attachment:

H1 HOMEOWNERS ABSTRACT.pdf

	Item Status:	Status
Satisfied - Item: NAIC loss cost data entry document	Filed	Date: 05/20/2011

Comments:

Attachment:

industry_rates_loss_cost_data_entry revised.pdf

	Item Status:	Status
Satisfied - Item: EXHIBIT 5	Filed	Date: 05/20/2011

Comments:

Attachments:

HO Exhibit 5 Sheet 1.pdf

HO Exhibit 5 Sheet 2.pdf

	Item Status:	Status
		Date:

SERFF Tracking Number: CLIC-127123237 State: Arkansas
Filing Company: MDOW Insurance Company State Tracking Number: EFT \$100
Company Tracking Number:
TOI: 04.0 Homeowners Sub-TOI: 04.0003 Owner Occupied Homeowners
Product Name: Homeowner's Rate Modifications
Project Name/Number: /
Satisfied - Item: Exhibit 6 Countrywide Filed 05/20/2011
Comments:
Attachment:
HO Exhibit 6.pdf

Item Status: **Status**
Date:
Satisfied - Item: Revised Explanatory Memorandum, Filed 05/20/2011
Exhibit 1 and Exhibit 2
Comments:
Attachments:
HO Explanatory Memorandum AMENDED.pdf
HO Exhibit 1 v2.pdf
HO Exhibit 2 v2.pdf

CALCULATION OF COMPANY LOSS COST MULTIPLIER

This filing transmittal is part of Company Tracking #	NONE
This filing corresponds to form filing number (Company tracking number of form filing, if applicable)	NONE

() **Loss Cost Reference Filing** AAIS-2007-2 () **Independent Rate Filing**
 (Advisory Org. & Reference filing #)

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:

<input type="checkbox"/>	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.
<input checked="" type="checkbox"/>	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: 04.003 OWNER OCCUPIED HOMEOWNERS

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.) 1.243

B. Loss Cost Modification Expressed as a Factor: (See Examples Below) .93224

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	20.0	%
B.	General Expense	10.0	%
C.	Taxes, Licenses & Fee	2.8	%
D.	Underwriting profit & Contingencies (explain how investment income is taken into account)	13.0	%
E.	Other (explain)	0.0	%
F.	Total	45.8	%

5.	A. Expected Loss Ratio: $ELR = 100\% - 4F = A$	54.2	%
	B. ELR in Decimal Form =	.548	
6.	Company Formula Loss Cost Multiplier (3B/5B)	1.720	
7.	Company Selected Loss Cost Multiplier = (Attach explanation for any differences between 6 and 7)	1.720	
8.	Rate Level Change for the coverage(s) to which this page applies	+15.0%	

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 MDOW INSURANCE COMPANY
NAIC # (including group #) Individual : 12810; Group : 4233

1. If you have had an insurance to value campaign during the experience filing period, describe the campaign and estimate its impact.

NONE

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.

NONE

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.

NONE

4. If you use an Inflation Guard form or similar type of coverage, describe the coverage(s) and estimate the impact.

NONE

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

a. Fire Extinguisher	0	%
b. Burglar Alarm	5	%
c. Smoke Alarm	2	%
d. Insured who has both homeowners and auto with your company	0	%
e. Deadbolt Locks	0	%
f. Window or Door Locks	0	%
g. Other (specify)		

FIRE CENTRAL STATION 5%

POLICE DEPARTMENT 3%

FIRE DEPARTMENT 3%

SPRINKLER SYSTEM 3%

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.

NONE

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

Form

Premium Volume

HO 1

1,518,365

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? **NONE**

If yes, state the surcharge

Does the surcharge apply to conventional fire places?

If yes, state the surcharge

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



Signature

TIFFANY FOSHEE

Printed Name

UNDERWRITING MANAGER

Title

713-528-6686

Telephone Number

TIFFANY@MDOWINSURANCE.COM

Email address

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

1.	This filing transmittal is part of Company Tracking #	NONE
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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	NONE
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Company Name		Company NAIC Number	
3.	A. MDOW INSURANCE COMPANY	B.	12810

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. 0.40 HOMEOWNERS	B.	04.003 OWNER OCCUPIED HOMEOWNERS

(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)
HOMEOWNERS	119.6%	15%	54.2	.93224	1.720	1.4995
TOTAL OVERALL EFFECT	119.6	15%				

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
2010	1989	0	N/A	740.01	669.49	83.53	112.96
2009	289	-25	3/20/2009	68.59	242.79	325.18	105.31
2008	8	0	N/A	.84	0	0	350.49
2007	0	0	0	0	0	0	33.34
2006	0	0	0	0	0	0	16.02

Expense Constants	Selected Provisions
A. Total Production Expense	20.0%
B. General Expense	10%
C. Taxes, License & Fees	2.8%
D. Underwriting Profit & Contingencies	13.0%
E. Other (explain)	0
F. TOTAL	45.8%

8. Y Apply Lost Cost Factors to Future filings? (Y or N)
9. 15% Estimated Maximum Rate Increase for any Insured (%). Territory (if applicable): _____ N/A
10. 15% Estimated Maximum Rate Decrease for any Insured (%) Territory (if applicable): _____ N/A

MDOW INSURANCE COMPANY
Calculation of Profit Provision

	All Lines Combined
1. Direct Earned premium	1,187,053
2. Mean Unearned Premium Reserve	
a. Direct UEP as of 12/31/10	1,500,627
b. Direct UEP as of 12/31/09	269,060
c. Mean [(a)+(b)]/2	884,844
3. Deduction for delayed remission of premium	
a. Direct Agents balancesat 12/31/10	1,244,358
b. Direct Agents balancesat 12/31/09	-
c. Mean [(a)+(b)]/2	622,179
d. Ratio [(c) / (2c)]	70.3%
e. UEP after deduction (2c) x [1.0 - (3d)]	262,665
4. Deduction for prepaid expenses	
a. Commission and brokerage	0.200
b. 50% other acq	-
c. 50% general	0.050
d. Taxes, Licenses and fees	0.028
e. Total prepaid	0.278
5. UEP available for investment (3e) x [1.0 - (4e)]	189,644
6. Expected Incurred Losses	
a. Permissible loss and LAE ratio (See Exhibit 1)	0.542
b. Expected Incurred loss and LAE [1.0 x (6a)]	643,383
7. Expected mean loss reserves	
a. Incurred losses for calendar year 2010	1,003,346
b. Incurred losses for calendar year 2009	377,224
c. Loss reserves as of 12/31/10	187,750
d. Loss reserves as of 12/31/09	62,956
e. Mean loss reserve	125,353
f. Ratio (e) / (a)	0.125
8. Expected mean loss and LAE reserve	
a. LAE reserves as of 12/31/10	28,000
b. LAE reserves as of 12/31/09	3,100
c. Mean [(a)+(b)]/2	15,550
d. Incurred LAE for calendar year 2010	276,900
e. Ratio of LAE reserves to loss reserves (c) / (7e)	0.124
f. Ratio of incurred LAE to incurred losses (d) / (7a)	0.276
g. Loss and LAE reserve ratio {(7f) x [1.0+(e)]} / [1.0 + (f)]	0.110
h. Expected mean loss and LAE reserve (g) x (6b)	70,810
9. Total net subject to investment (5) + (8h)	260,454
10. Pre-tax rate of return	
a. Net investment income earned excl realized captial gains for CY 2010	2,969
b. Asset available for investment at 12/31/10	4,564,838
c. Asset available for investment at 12/31/09	3,044,096
d. Mean [(a)+(b)]/2	3,804,467
e. Pre-tax rate of return (a) / (d)	0.001
11. Investment earnings on total net subject to investment (9) x (10e)	203
12. Average rate of return as a percent of direct earned premium (11) / (1)	0.000
13. Effective federal tax rate (See Exhibit 7, Sheet 3)	0.350
14. Average rate of return as a percent of direct earned premium after federal income tax (12) x [1.0 - (13)]	0.000
15. Target operating return after tax	0.078
16. Target underwriting profit, after tax	0.078
17. Target underwriting profit, before tax	0.120
18. Contingency	0.010
19. Profit and Contingency (min of 17 +18, .150)	0.130

MDOW INSURANCE COMPANY
Calculation of Earned Investment Income

	Earned Investment Income	Federal Income Tax Rate
Calculation of the effective federal income tax rate		
1 US Government Bonds	-	-
1.1 Bond Exempt from US tax		0.053
1.2 Other Bonds		0.350
1.3 Bonds of Affiliates	-	
2.2 Common Stocks	-	0.142
Real Estate		0.350
Cash on Hand	2,969	0.350
Other Short term Investments	-	0.350
Aggregate Write in	-	0.350
	2,969	0.350
Deductions		0.350
Net Investment Income Earned	2,969	0.350

MDOW INSURANCE COMPANY
Experience Summary
Homeowners Insurance

<i>Year</i>	Arkansas Experience			Nationwide Experience		
	<i>Earned Premium</i>	<i>Incurred Losses & LAE</i>	<i>Incurred Loss & LAE Ratio</i>	<i>Earned Premium</i>	<i>Incurred Losses & LAE</i>	<i>Incurred Loss & LAE Ratio</i>
2006	0	0	0.00%	0	0	0.00%
2007	0	0	0.00%	0	0	0.00%
2008	1	0	0.00%	38	228	600.67%
2009	69	250	363.90%	464	661	142.43%
2010	740	663	89.55%	2,189	2,951	134.81%

MDOW INSURANCE COMPANY
HOMEOWNERS RATE FILING
ARKANSAS

EXPLANATORY MEMORANDUM

MDOW Insurance Company (MDOW) wishes to increase its rates 15.00% effective July 1, 2011 for new business and August 1, 2011 for renewals. The change to the rates is due to an analysis of the loss experience that indicates a need for a 125.3% increase. We moderated the request due to data credibility and competitive considerations. MDOW is currently referencing AAIS reference filing number AAIS-2007-2 and is using a loss cost multiplier of 1.4955. We are proposing changing the multiplier to 1.720 while referencing the same loss cost reference filing.

Exhibit 1 shows the development of the rate level indication. We used direct premium from the Statutory Page 14 data, and accident year loss and loss adjustment expenses. The earned premium has been adjusted to the current rate level to reflect a 25% rate decrease that was implemented in early 2009.

Losses were adjusted to reflect loss trend. Because the data is of limited credibility, we judgmentally selected an annual trend factor of 2.5%. This is shown on Exhibit 4. Accident year incurred losses and loss adjustment expenses (LAE) have been used with no assumed future development.

The calculation of the expected expense ratios is shown on Exhibit 3. These numbers are then used to calculate the expected loss ratio on Exhibit 1. The profit provision is calculated on a total return basis as shown on Exhibit 5. We have included a profit and contingencies provision of 13% for this filing. This product was originally filed with a 5% profit provision. The change in this provision is being implemented for the following reasons:

- Poor investment returns in the current market;
- Rate of return requirements of the parent company, Columbia Lloyds Insurance Company; and
- The need for an additional contingencies margin to account for catastrophic storms risk in Arkansas.

While there was an increase in the profit and contingencies margin, there was an offsetting decrease in the expense margins. Overall, this has resulted in an increase in the expected loss ratio. This is reflected in the included RF-1 and RF-2 forms as well as Exhibit 1.

MDOW has only been writing insurance since 2008. They are currently writing in two states: Arkansas, and Oklahoma. Exhibit 6 shows experience for Arkansas and for Oklahoma and Arkansas combined.

MDOW INSURANCE COMPANY
Development of Rate Level Indication
Homeowners Insurance
Based on Direct Results

	Calendar/Accident Year					Total
	2006	2007	2008	2009	2010	
Direct Earned Premium	-	-	836	68,592	740,005	
On-Level Factor	0.750	0.750	0.750	0.807	0.990	
Premium Trend Factor	1.000	1.000	1.000	1.000	1.000	
Earned Premium at Present Rates	-	-	627	55,335	732,376	788,338
Direct Incurred Losses and LAE	-	-	-	249,605	662,669	
Loss Development Factor	1.000	1.000	1.000	1.000	1.000	
Total Losses and LAE	-	-	-	249,605	662,669	
Loss Trend Factor	-	-	1.093	1.068	1.051	
Trended, Developed Losses	-	-	-	266,594	696,217	962,811
Projected Loss Ratio at Current Rates	-	-	-	4.818	0.951	1.221

Indicated Rate Level Change	-100.0%	-100.0%	-100.0%	788.6%	75.3%	125.3%
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Commission	0.200
General	0.100
Taxes, Licences & Fees	0.028
Profit	0.130
Expected Loss Ratio	0.542

Indicated Rate Change	125.3%
Proposed Rate Change	15.0%

MDOW INSURANCE COMPANY
Development of Rate Level Indication

Effective Date		Total Change
New	Renewal	
3/20/2009	3/20/2009	-25.00%

SERFF Tracking Number: CLIC-127123237 State: Arkansas
 Filing Company: MDOW Insurance Company State Tracking Number: EFT \$100
 Company Tracking Number:
 TOI: 04.0 Homeowners Sub-TOI: 04.0003 Owner Occupied Homeowners
 Product Name: Homeowner's Rate Modifications
 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)
04/12/2011	Supporting	Form RF-2 Loss Costs Only (not for Document workers' compensation)	05/18/2011	
04/12/2011	Supporting	NAIC loss cost data entry document Document	05/18/2011	industry_rates_loss_cost_data_entry HOMEOWNERS.pdf (Superseded)

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

1. This filing transmittal is part of Company Tracking # _____ NONE

2. If filing is an adoption of an advisory organization loss cost filing, give name of advisory organization and Reference/Item Filing Number **NONE**

Company Name	Company NAIC Number
3. A. MDOW INSURANCE COMPANY	B. 12810

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. PROPERTY AND CASUALTY	B. HOMEOWNERS OWNER OCCUPIED

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	119.6	15					
TOTAL OVERALL EFFECT	15%	15%					

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
NONE							

7.

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

8. N Apply Lost Cost Factors to Future filings? (Y or N)
 9. 15 Estimated Maximum Rate Increase for any Insured (%). Territory (if applicable): _____
 10. 15 Estimated Maximum Rate Decrease for any Insured (%) Territory (if applicable): _____