

SERFF Tracking Number: HNVX-G127058468 State: Arkansas
Filing Company: The Hanover Insurance Company State Tracking Number: EFT \$150
Company Tracking Number: AR110310100001
TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations
Product Name: *PLnon- PL non-group
Project Name/Number: *PLnon- PL non-group/AR110310100001

Filing at a Glance

Company: The Hanover Insurance Company

Product Name: *PLnon- PL non-group

SERFF Tr Num: HNVX-
G127058468

State: Arkansas

TOI: 04.0 Homeowners

SERFF Status: Closed-Filed

State Tr Num: EFT \$150

Sub-TOI: 04.0000 Homeowners Sub-TOI
Combinations

Co Tr Num: AR110310100001

State Status: Fees verified and
received

Filing Type: Rate/Rule

Reviewer(s): Becky Harrington,
Nancy Horton

Author: SPI Hanover

Disposition Date: 07/06/2011

Date Submitted: 03/02/2011

Disposition Status: Filed

Effective Date Requested (New): 06/04/2011

Effective Date (New): 11/01/2011

Effective Date Requested (Renewal): 06/04/2011

Effective Date (Renewal):

09/15/2011

State Filing Description:

General Information

Project Name: *PLnon- PL non-group

Status of Filing in Domicile:

Project Number: AR110310100001

Domicile Status Comments:

Reference Organization:

Reference Number:

Reference Title:

Advisory Org. Circular:

Filing Status Changed: 07/06/2011

State Status Changed: 03/04/2011

Deemer Date:

Created By: SPI Hanover

Submitted By: SPI Hanover

Corresponding Filing Tracking Number:

Filing Description:

In order to better serve our customers, improve the program, and remain a viable competitor in the marketplace, the Hanover Insurance Group proposes the following changes to our homeowners program in Arkansas for Hanover Insurance Company only:

- 1) +7.0% overall rate change for all forms combined.
- 2) Revise wind/hail deductible credit caps.
- 3) Revise all-peril deductible credit caps.
- 4) Revise territory relativities.

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- 5) Revise New Home Discount.
- 6) Increase base rates for HO-3 to achieve overall target rate change.
- 7) Introduce Renewal Rate Capping

We propose this filing be effective June 4, 2011 for new and renewal business.

If you have any questions, please do not hesitate to contact this office.

Thank you.

Company and Contact

Filing Contact Information

Robin Sipowicz, State Filings Analyst
 100 North Parkway

508-855-2805 [Phone] 855-2805
 [Ext]

Worcester, MA 01605-1396

508-855-4786 [FAX]

Filing Company Information

The Hanover Insurance Company
 440 Lincoln Street
 Worcester, MA 01653

CoCode: 22292
 Group Code: 88
 Group Name: The Hanover
 Insurance Group

State of Domicile: New Hampshire
 Company Type:
 State ID Number:

(508) 853-7200 ext. [Phone]

FEIN Number: 13-5129825

Filing Fees

Fee Required? Yes
 Fee Amount: \$150.00
 Retaliatory? No
 Fee Explanation: Rate filing \$100 + Rule filing \$50 = \$150 total.
 Per Company: No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
The Hanover Insurance Company	\$150.00	03/02/2011	45205332

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Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Filed	Becky Harrington	07/06/2011	07/06/2011

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	04/20/2011	04/20/2011			
Pending Industry Response	Becky Harrington	03/23/2011	03/23/2011			
Pending Industry Response	Becky Harrington	03/16/2011	03/16/2011	SPI Hanover	03/17/2011	03/17/2011
Pending Industry Response	Becky Harrington	03/04/2011	03/04/2011	SPI Hanover	03/11/2011	03/11/2011

Amendments

Schedule	Schedule Item Name	Created By	Created On	Date Submitted
Rate	AR HO Manual - Coversheet	SPI Hanover	07/05/2011	07/05/2011
Rate	AR HO Manual - Index 1	SPI Hanover	07/05/2011	07/05/2011
Rate	AR HO Rate Manual - CLEAN	SPI Hanover	07/05/2011	07/05/2011
Rate	AR HO Rate Manual - CLEAN	SPI Hanover	07/05/2011	07/05/2011

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Rate	AR HO Rate Manual - CLEAN	SPI Hanover	07/05/2011	07/05/2011
Rate	AR HO Rule Manual - CLEAN	SPI Hanover	07/05/2011	07/05/2011
Rate	AR HO Rule Manual - CLEAN	SPI Hanover	07/05/2011	07/05/2011
Rate	AR HO Rule Manual -CLEAN	SPI Hanover	07/05/2011	07/05/2011
Rate	AR HO Rule Manual - CLEAN	SPI Hanover	07/05/2011	07/05/2011
Rate	AR HO Rule Manual -CLEAN	SPI Hanover	07/05/2011	07/05/2011
Rate	AR HO Rule Manual - CLEAN	SPI Hanover	07/05/2011	07/05/2011
Supporting Document	AR HO Manual MARKED - Coversheet	SPI Hanover	07/05/2011	07/05/2011
Supporting Document	AR HO Manual MARKED - Index 1, Pg B	SPI Hanover	07/05/2011	07/05/2011
Supporting Document	AR HO Rate Manual MARKED AR-RS-1 thru 3	SPI Hanover	07/05/2011	07/05/2011
Supporting Document	AR HO Rule Manual MARKED Pgs 14, 17-20, 42	SPI Hanover	07/05/2011	07/05/2011

Filing Notes

Subject	Note Type	Created By	Created On	Date Submitted
Capping Rule and effective dates	Note To Filer	Becky Harrington	06/24/2011	06/24/2011
Additional Loss Information	Note To Reviewer	SPI Hanover	06/22/2011	06/22/2011
Follow-Up to Telephone Conversation with Becky Harrington on 3/25/2011	Note To Reviewer	SPI Hanover	03/28/2011	03/28/2011
model	Reviewer Note	Becky Harrington	03/04/2011	
capping	Reviewer Note	Becky Harrington	03/04/2011	

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 Product Name: **PLnon- PL non-group*
 Project Name/Number: **PLnon- PL non-group/AR110310100001*

Disposition

Disposition Date: 07/06/2011
 Effective Date (New): 11/01/2011
 Effective Date (Renewal): 09/15/2011
 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):
The Hanover Insurance Company	15.000%	7.000%	\$359,278	5,455	\$5,132,541	19.300%	-3.000%

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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	HPCS-Homeowners Premium Comparison Survey	Filed	Yes
Supporting Document (revised)	AR HO Manual MARKED - Coversheet	Filed	Yes
Supporting Document	AR HO Manual MARKED - Coversheet		Yes
Supporting Document (revised)	AR HO Manual MARKED - Index 1, Pg B	Filed	Yes
Supporting Document	AR HO Manual MARKED - Index 1, Pg B		Yes
Supporting Document (revised)	AR HO Rate Manual MARKED AR-RS-1 thru 3	Filed	Yes
Supporting Document	AR HO Rate Manual MARKED AR-RS-1 thru 3		Yes
Supporting Document (revised)	Actuarial Support Documentation	Filed	Yes
Supporting Document	Actuarial Support Documentation		Yes
Supporting Document (revised)	AR HO Rule Manual MARKED Pgs 14, 17-20, 42	Filed	Yes
Supporting Document	AR HO Rule Manual MARKED Pgs 14, 17-20, 42		Yes
Supporting Document	Filing Memorandum	Filed	Yes
Supporting Document	Filing Memo Exhibits A-G	Filed	Yes
Supporting Document	NAIC loss cost data entry document	Filed	Yes
Rate (revised)	AR HO Manual - Coversheet	Filed	Yes
Rate	AR HO Manual - Coversheet		Yes
Rate (revised)	AR HO Manual - Index 1	Filed	Yes
Rate	AR HO Manual - Index 1		Yes
Rate (revised)	AR HO Rate Manual - CLEAN	Filed	Yes
Rate	AR HO Rate Manual - CLEAN		Yes
Rate (revised)	AR HO Rate Manual - CLEAN	Filed	Yes
Rate	AR HO Rate Manual - CLEAN		Yes
Rate (revised)	AR HO Rate Manual - CLEAN	Filed	Yes
Rate	AR HO Rate Manual - CLEAN		Yes
Rate (revised)	AR HO Rule Manual - CLEAN	Filed	Yes
Rate	AR HO Rule Manual - CLEAN		Yes
Rate (revised)	AR HO Rule Manual - CLEAN	Filed	Yes
Rate	AR HO Rule Manual - CLEAN		Yes

SERFF Tracking Number: *HNXX-G127058468* State: *Arkansas*
 Filing Company: *The Hanover Insurance Company* State Tracking Number: *EFT \$150*
 Company Tracking Number: *AR110310100001*
 TOI: *04.0 Homeowners* Sub-TOI: *04.0000 Homeowners Sub-TOI Combinations*
 Product Name: **PLnon- PL non-group*
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			Yes
Rate (revised)	AR HO Rule Manual -CLEAN	Filed	Yes
Rate	AR HO Rule Manual -CLEAN		Yes
Rate (revised)	AR HO Rule Manual - CLEAN	Filed	Yes
Rate	AR HO Rule Manual - CLEAN		Yes
Rate (revised)	AR HO Rule Manual -CLEAN	Filed	Yes
Rate	AR HO Rule Manual -CLEAN		Yes
Rate (revised)	AR HO Rule Manual - CLEAN	Filed	Yes
Rate	AR HO Rule Manual - CLEAN		Yes

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Objection Letter

Objection Letter Status Pending Industry Response

Objection Letter Date 04/20/2011

Submitted Date 04/20/2011

Respond By Date

Dear Robin Sipowicz,

Pursuant to a meeting with Commissioner Bradford on 4/20/11, we will review the requested increase in 6 months with additional loss figures.

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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Objection Letter

Objection Letter Status Pending Industry Response

Objection Letter Date 03/23/2011

Submitted Date 03/23/2011

Respond By Date

Dear Robin Sipowicz,

This will acknowledge receipt of the recent response.

Objection 1

Comment: Commissioner Bradford has reviewed the requested increase and determined it to be excessive pursuant to ACA 23-67-208. Please withdraw the filing or it will be disapproved pursuant to ACA 23-67-213.

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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Project Name/Number: *PLnon- PL non-group/AR110310100001

Objection Letter

Objection Letter Status Pending Industry Response

Objection Letter Date 03/16/2011

Submitted Date 03/16/2011

Respond By Date

Dear Robin Sipowicz,

This will acknowledge receipt of the recent response.

Objection 1

Comment: We are still not clearly understanding the rate capping rule. The filing memo states "as a result of rate capping, we will realize a 7% rate increase in the first year of renewals". From this it seems there are 2 rate filings being filed within one filing. 7% overall effective 6/4/11 and 7% effective 6/4/12 without a subsequent filing.

Please clarify the exact rate change to be effective 6/4/11. Explain whether the assessment above is accurate. What is the rate effect if the capping rule is not implemented.

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: *PLnon- PL non-group
Project Name/Number: *PLnon- PL non-group/AR110310100001

Response Letter

Response Letter Status Submitted to State
Response Letter Date 03/17/2011
Submitted Date 03/17/2011

Dear Becky Harrington,

Comments:

Thank you for your letter dated March 16, 2011.

Response 1

Comments: We apologize for the confusion. Some of the confusion results from the fact that there is such a small impact from the introduction of rate capping.

The rate effect of this revision without capping would be 6.97%. If approved the capped rate effect would be 7.04%. Due to the small amount of policyholders reaching the caps there is little difference between the capped and uncapped rate effect.

The difference in the rate effects is realized by Hanover in the subsequent year of the approved filing. For this filing the Hanover would realize 7.04% in the first year of renewals and then -0.07% beginning 6/4/2012 assuming there are no filed rate changes next year.

Our goal in introducing rate capping is to simply mitigate some of the "outlier" policyholder disruption which can result from rate revisions. In this case, our revision is relatively uniform across the book which is why there is little difference between the two results.

Related Objection 1

Comment:

We are still not clearly understanding the rate capping rule. The filing memo states "as a result of rate capping, we will realize a 7% rate increase in the first year of renewals". From this it seems there are 2 rate filings being filed within one filing. 7% overall effective 6/4/11 and 7% effective 6/4/12 without a subsequent filing.

Please clarify the exact rate change to be effective 6/4/11. Explain whether the assessment above is accurate. What is the rate effect if the capping rule is not implemented.

Changed Items:

SERFF Tracking Number: *HNVX-G127058468* *State:* *Arkansas*
Filing Company: *The Hanover Insurance Company* *State Tracking Number:* *EFT \$150*
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TOI: *04.0 Homeowners* *Sub-TOI:* *04.0000 Homeowners Sub-TOI Combinations*
Product Name: **PLnon- PL non-group*
Project Name/Number: **PLnon- PL non-group/AR110310100001*

No Supporting Documents changed.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Thank you for your continued review of our filing. We hope our response has clarified and answered your questions. If you have any additional questions, please contact our office.

Sincerely,
SPI Hanover

SERFF Tracking Number: HNVX-G127058468 State: Arkansas
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Objection Letter

Objection Letter Status Pending Industry Response

Objection Letter Date 03/04/2011

Submitted Date 03/04/2011

Respond By Date

Dear Robin Sipowicz,

This will acknowledge receipt of the captioned filing.

Objection 1

- AR HO Rule Manual MARKED Pgs 14, 17-20, 42 (Supporting Document)

Comment: Explain how the capping factor complies with ACA 23-67-211.

Explain how the capping factor is treated on subsequent renewals.

Objection 2

- Actuarial Support Documentation (Supporting Document)

Comment: AR is not allowing modeling of CAT losses. Please revise the indications using historical AR CAT losses.

Objection 3

- Filing Memo Exhibits A-G (Supporting Document)

Comment: Provide statistical justification supporting the territory relativity changes.

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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Project Name/Number: *PLnon- PL non-group/AR110310100001

Response Letter

Response Letter Status Submitted to State
Response Letter Date 03/11/2011
Submitted Date 03/11/2011

Dear Becky Harrington,

Comments:

Thank you for your March 4, 2011 objection letter. We provide the following in response to this letter.

Response 1

Comments: In reviewing ACA 23-67-211, we believe the rate capping rule has been filed in the appropriate timeframe with a thorough description of how the capping mechanism is applied consistently on a policy at renewal. The capping would be applied consistently to policies being rated with rates and factors approved by the Insurance Department and Commissioner. We would also continue to provide notice to customers of the rate change which has been filed with and approved by your office. For these reasons, we believe that this rule satisfies the requirement of ACA 23-67-211. Objection 1b Response: Please refer to Exhibit 8 for an example of renewal capping when an insured's premium hits the upper cap in the first renewal and the lower cap on the second renewal.

Related Objection 1

Applies To:

- AR HO Rule Manual MARKED Pgs 14, 17-20, 42 (Supporting Document)

Comment:

Explain how the capping factor complies with ACA 23-67-211.

Explain how the capping factor is treated on subsequent renewals.

Changed Items:

No Supporting Documents changed.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

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Response 2

Comments: In response to your objection, we have adjusted the non-hurricane Cat load to rely upon our experience. The adjusted indication still supports our proposed rate increase.

Please refer to the adjusted Exhibit 1 for the overall indication, and adjusted Exhibit 2 for indication by coverages. Adjusted Exhibit 7 reflects our experience based Cat load.

Related Objection 1

Applies To:

- Actuarial Support Documentation (Supporting Document)

Comment:

AR is not allowing modeling of CAT losses. Please revise the indications using historical AR CAT losses.

Changed Items:

Supporting Document Schedule Item Changes

Satisfied -Name: Actuarial Support Documentation

Comment:

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Response 3

Comments: In selecting proposed territory relativity changes, consideration was given to each territory's loss history, credibility, and competitiveness as measured by our hit ratios, limited competitive index as well as input from our local sales team. Please refer to Exhibit 9 for further detail.

Related Objection 1

Applies To:

- Filing Memo Exhibits A-G (Supporting Document)

Comment:

Provide statistical justification supporting the territory relativity changes.

Changed Items:

No Supporting Documents changed.

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No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Should you have any further questions, please do not hesitate to contact our office. Thank you for your continued review of our filing.

Sincerely,
SPI Hanover

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Amendment Letter

Submitted Date: 07/05/2011

Comments:

Thank you for your Note to Filer dated 6/24/2011. We have amended our Rule pages to include a revised capping rule per your Note. We have also revised our effective dates to: 11/1/2011 for new business and 9/15/2011 for renewal business. Our revised manual pages reflect these new effective dates.

Thank you for your assistances with this filing. Should you have any additional questions, please do not hesitate to contact us.

Changed Items:

Rate/Rule Schedule Item Changes:

Exhibit Name:	Rule # or Page #:	Rate Action:	Previous State Filing Number:	Attach Document:
AR HO Manual - Coversheet	Coversheet	Replacement		AR HO Manual CLEAN Coversheet.PDF
AR HO Manual - Index 1	Index, Page B	Replacement		AR HO Manual CLEAN Index Pg B.PDF
AR HO Rate Manual - CLEAN	AR-RS-1	Replacement		
AR HO Rate Manual - CLEAN	AR-RS-2	Replacement		AR HO Manual CLEAN RS-2.PDF
AR HO Rate Manual - CLEAN	AR-RS-3	Replacement		AR HO Manual CLEAN RS-3.PDF
AR HO Rule Manual - CLEAN	Page 14	Replacement		AR HO Manual CLEAN State Pg 14.PDF
AR HO Rule Manual - CLEAN	Page 17	Replacement		AR HO Manual CLEAN State Pg 17.PDF
AR HO Rule Manual -CLEAN	Page 18	Replacement		AR HO Manual CLEAN State Pg 18.PDF
AR HO Rule Manual - CLEAN	Page 19	Replacement		AR HO Manual CLEAN State Pg 19.PDF
AR HO Rule Manual -CLEAN	Page 20	Replacement		AR HO Manual CLEAN State Pg 20.PDF
AR HO Rule Manual - CLEAN	Page 42	Replacement		AR HO Manual CLEAN State Pg 42.PDF

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Supporting Document Schedule Item Changes:

User Added -Name: AR HO Manual MARKED - Coversheet

Comment:

AR HO Manual MARKED Coversheet.PDF

User Added -Name: AR HO Manual MARKED - Index 1, Pg B

Comment:

AR HO Manual MARKED Index Pg B.PDF

User Added -Name: AR HO Rate Manual MARKED AR-RS-1 thru 3

Comment:

AR HO Manual MARKED RS-1 thru RS-3.PDF

User Added -Name: AR HO Rule Manual MARKED Pgs 14, 17-20, 42

Comment:

AR HO Manual MARKED State Pg 14.PDF

AR HO Manual MARKED State Pgs 17-20.PDF

AR HO Manual MARKED State Pg 42.PDF

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Project Name/Number: *PLnon- PL non-group/AR110310100001

Note To Filer

Created By:

Becky Harrington on 06/24/2011 11:16 AM

Last Edited By:

Becky Harrington

Submitted On:

07/06/2011 09:02 AM

Subject:

Capping Rule and effective dates

Comments:

Please amend the capping rule to apply only to increases. Premium decreases benefitting an insured must be allowed to their full amount.

The rate request amount of 7% is being accepted. Please advise the new effective date as well.

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Note To Reviewer

Created By:

SPI Hanover on 06/22/2011 11:47 AM

Last Edited By:

Becky Harrington

Submitted On:

07/06/2011 09:02 AM

Subject:

Additional Loss Information

Comments:

The following is submitted in response to your request for 6 additional months of loss information in support of the referenced filing.

The above referenced filing utilized data for all Hanover companies combined through the Accident Year ending 09/2010. For this same group of companies for the period 10/2010 through 05/2011, we have incurred \$8.3 million in total losses while earning \$7.4 million in premium for an experience loss ratio of 112.8% percent. Note: we expect additional loss development on recent weather events.

In the company for which we are requesting this rate change, The Hanover Insurance Company, we have incurred \$3.4 million in total losses while earning \$3.5 million in premium for an experience loss ratio of 96.2% percent. Note: we expect additional loss development on recent weather events.

The last rate change in The Hanover Insurance Company was for +4.3% effective 06/04/2010, over a year prior to our current effective date. (See HNVR-126527925) We respectfully request the approval of the pending +7.0% rate increase as filed except for an adjusted effective date of 11/15/2011 for new and renewal business.

We believe this increase is supported by the data provided in our original filing and is now supplemented with additional loss information to aid your review. Thank you for your time and attention. Please let us know if you have any questions.

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Product Name: *PLnon- PL non-group
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Note To Reviewer

Created By:

SPI Hanover on 03/28/2011 09:40 AM

Last Edited By:

Becky Harrington

Submitted On:

07/06/2011 09:02 AM

Subject:

Follow-Up to Telephone Conversation with Becky Harrington on 3/25/2011

Comments:

In follow-up to your conversation with Kellie Thibodeau Friday, 3/25/2011, we are providing some additional information regarding Hanover's Homeowners products in Arkansas.

We currently have in-force business in three companies. Here is an overview of the use of the three companies and the associated recent rate activity.

The following two companies are currently closed for new business. The most recent rate changes are noted:

- 1) Massachusetts Bay Insurance Company: +6.9% effective 2/10/2011
- 2) The Hanover American Insurance Company: +7.0% effective 2/10/2011

These were both approved under SERFF Filing HNVX-G126916511.

The Hanover Insurance Company is the company in which we are writing all new Homeowners business in Arkansas. With this filing, we submitted a rate increase of +7.0% effective 6/4/2011. (See HNVX-G127058468 for this open filing.) The last rate change in this new business company was for +4.3% effective 6/4/2010, a year prior to our current request. (See HNVR-126527925)

SERFF Tracking Number: HNVX-G127058468 State: Arkansas
Filing Company: The Hanover Insurance Company State Tracking Number: EFT \$150
Company Tracking Number: AR110310100001
TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations
Product Name: *PLnon- PL non-group
Project Name/Number: *PLnon- PL non-group/AR110310100001

Reviewer Note

Created By:

Becky Harrington on 03/04/2011 10:39 AM

Last Edited By:

Becky Harrington

Submitted On:

07/06/2011 09:02 AM

Subject:

model

Comments:

The previous request was for the non-hurricane CAT model to be filed along with the data entered into the model that provided your results. The models were named, but not provided. We only allow modeling for the earthquake peril which has no historical loss data. Lacking the actual models and data confirming information relevant to AR and given that the Department has not been allowing models for development of CAT loads or weather related loads, please re-calculate your indications using historical data for the catastrophe load.

SERFF Tracking Number: *HNVX-G127058468* *State:* *Arkansas*
Filing Company: *The Hanover Insurance Company* *State Tracking Number:* *EFT \$150*
Company Tracking Number: *AR110310100001*
TOI: *04.0 Homeowners* *Sub-TOI:* *04.0000 Homeowners Sub-TOI Combinations*
Product Name: **PLnon- PL non-group*
Project Name/Number: **PLnon- PL non-group/AR110310100001*

Reviewer Note

Created By:

Becky Harrington on 03/04/2011 10:33 AM

Last Edited By:

Becky Harrington

Submitted On:

07/06/2011 09:02 AM

Subject:

capping

Comments:

Cap's effect on future rate filings, in other words, does the company intend to make additional rat filings or let capping replace filings. Could result in rate change each year.

SERFF Tracking Number: HNVX-G127058468 State: Arkansas
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 Product Name: *PLnon- PL non-group
 Project Name/Number: *PLnon- PL non-group/AR110310100001

Rate Information

Rate data applies to filing.

Filing Method: File and Use
Rate Change Type: Increase
Overall Percentage of Last Rate Revision: 3.000%
Effective Date of Last Rate Revision: 06/04/2010
Filing Method of Last Filing: File and Use

Company Rate Information

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where required):	Minimum % Change (where required):
The Hanover Insurance Company	15.000%	7.000%	\$359,278	5,455	\$5,132,541	19.300%	-3.000%

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 Product Name: *PLnon- PL non-group
 Project Name/Number: *PLnon- PL non-group/AR110310100001

Rate/Rule Schedule

Schedule Item Status:	Exhibit Name:	Rule # or Page #:	Rate Action	Previous State Filing Attachments Number:
Filed 07/06/2011	AR HO Manual - Coversheet	Coversheet	Replacement	AR HO Manual CLEAN Coversheet.PDF
Filed 07/06/2011	AR HO Manual - Index 1	Index, Page B	Replacement	AR HO Manual CLEAN Index Pg B.PDF
Filed 07/06/2011	AR HO Rate Manual - AR-RS-1 CLEAN		Replacement	
Filed 07/06/2011	AR HO Rate Manual - AR-RS-2 CLEAN		Replacement	AR HO Manual CLEAN RS-2.PDF
Filed 07/06/2011	AR HO Rate Manual - AR-RS-3 CLEAN		Replacement	AR HO Manual CLEAN RS-3.PDF
Filed 07/06/2011	AR HO Rule Manual - Page 14 CLEAN		Replacement	AR HO Manual CLEAN State Pg 14.PDF
Filed 07/06/2011	AR HO Rule Manual - Page 17 CLEAN		Replacement	AR HO Manual CLEAN State Pg 17.PDF
Filed 07/06/2011	AR HO Rule Manual - Page 18 CLEAN		Replacement	AR HO Manual CLEAN State Pg 18.PDF

SERFF Tracking Number: HNVX-G127058468 State: Arkansas
Filing Company: The Hanover Insurance Company State Tracking Number: EFT \$150
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TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations
Product Name: *PLnon- PL non-group
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Filed 07/06/2011 AR HO Rule Manual - Page 19 Replacement AR HO Manual
CLEAN CLEAN State Pg
19.PDF

Filed 07/06/2011 AR HO Rule Manual - Page 20 Replacement AR HO Manual
CLEAN CLEAN State Pg
20.PDF

Filed 07/06/2011 AR HO Rule Manual - Page 42 Replacement AR HO Manual
CLEAN CLEAN State Pg
42.PDF

HANOVER

ARKANSAS HOMEOWNERS

ANNOUNCEMENT OF REVISIONS

MANUAL PAGES INCLUDED HEREWITH:

ENTIRE HOMEOWNERS MANUAL

Revised pages with this revision:

Index.....B
Rate Structure AR-RS-1 thru AR-RS-3
State Pages 14, 17-20, 42

SUMMARY OF CHANGE

- Revised HO-3 Base Rates
- Revised New Home Discount Credits
- Revised Scheduled Personal Property
- Revised Deductible Caps
- Introduction of Renewal Rate Capping Rule

EFFECTIVE DATE: November 1, 2011 New and September 15, 2011 Renewal

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5. RATE STRUCTURE

HO-00-03
 \$30,000 BASE RATES
 \$250 DEDUCTIBLE COVERAGE

Terr	Prem. Group	Rate
55	111	868
	112	966
	113	1063
	114	1158
	115	1603
	116	2415
	117	3475
	118	1208
	119	1303
	120	1887
	121	3959
56	122	877
	123	975
	124	1073
	125	1169
	126	1618
	127	2438
	128	3508
	129	1219
	130	1315
	131	1905
	132	3997
61	155	886
	156	985
	157	1084
	158	1182
	159	1635
	160	2464
	161	3545
	162	1232
	163	1329
	164	1925
	165	4039

Terr	Prem. Group	Rate
62	78	718
	79	798
	80	879
	81	958
	82	1325
	83	1997
	84	2873
	85	999
	86	1077
	87	1560
	88	3273
63	133	877
	134	975
	135	1073
	136	1169
	137	1618
	138	2438
	139	3508
	140	1219
	141	1315
	142	1905
	143	3997
64	144	1271
	145	1414
	146	1556
	147	1696
	148	2347
	149	3535
	150	5087
	151	1768
	152	1907
	153	2762
	154	5795

Terr	Prem. Group	Rate
65	166	894
	167	994
	168	1094
	169	1193
	170	1651
	171	2487
	172	3578
	173	1244
	174	1341
	175	1943
	176	4077
66	210	1244
	211	1384
	212	1523
	213	1660
	214	2297
	215	3461
	216	4980
	217	1731
	218	1867
	219	2704
	220	5673
67	232	915
	233	1017
	234	1120
	235	1220
	236	1689
	237	2544
	238	3661
	239	1272
	240	1372
	241	1988
	242	4170

5. RATE STRUCTURE

HO-00-03
 \$30,000 BASE RATES
 \$250 DEDUCTIBLE COVERAGE

Terr	Prem. Group	Rate
68	243	1058
	244	1176
	245	1295
	246	1411
	247	1953
	248	2942
	249	4234
	250	1472
	251	1587
	252	2299
	253	4823
69	254	1224
	255	1361
	256	1498
	257	1633
	258	2259
	259	3403
	260	4898
	261	1702
	262	1836
	263	2659
	264	5579
70	276	920
	277	1023
	278	1126
	279	1227
	280	1698
	281	2558
	282	3682
	283	1280
	284	1380
	285	1999
	286	4194

Terr	Prem. Group	Rate
71	287	1027
	288	1142
	289	1257
	290	1370
	291	1896
	292	2856
	293	4110
	294	1429
	295	1541
	296	2232
	297	4682
72	221	925
	222	1029
	223	1132
	224	1234
	225	1708
	226	2573
	227	3702
	228	1287
	229	1388
	230	2010
	231	4217
73	265	948
	266	1054
	267	1160
	268	1264
	269	1750
	270	2636
	271	3793
	272	1318
	273	1422
	274	2059
	275	4321

Terr	Prem. Group	Rate
74	177	1167
	178	1298
	179	1429
	180	1557
	181	2155
	182	3246
	183	4671
	184	1624
	185	1751
	186	2536
	187	5321
75	199	1106
	200	1230
	201	1354
	202	1476
	203	2042
	204	3077
	205	4428
	206	1539
	207	1660
	208	2404
	209	5044
76	188	1064
	189	1183
	190	1303
	191	1420
	192	1964
	193	2959
	194	4259
	195	1480
	196	1596
	197	2312
	198	4851

8. STATE PAGES – RATING RULES

8.6 NEW HOME DISCOUNT

FORM HO-00-03 Insured dwellings that are less than ten years old are eligible for a premium credit.

Credit Determination

- A. Determine the percentage of credit by subtracting the year in which construction is completed from the year the policy becomes effective or is renewed. If the dwelling is not yet complete, enter the current year on the application.
- B. Compute the premium credit by applying the appropriate credit percentage to the Basic Premium developed from the Basic Premium Chart.

<u>Age of Dwelling</u>	<u>Credit Percentage</u>
0	27%
1	25
2	23
3	21
4	19
5	17
6	14
7	10
8	6
9	3

8.7 NON-SMOKER DISCOUNT

ALL FORMS - An insured who signs the Non-Smoker Form, stating that neither he nor any other resident of the household now smokes or has smoked for at least the past twelve (12) months shall be eligible for the 1% Non-Smoker Credit. This discount is not available to those insureds residing in Dwellings with three or more families.

Compute the premium credit by applying the percentage of credit to the premium developed from the Basic Premium Chart.

8. STATE PAGES – RATING RULES

8.11 SCHEDULED PERSONAL PROPERTY – HO-04-61

Coverage may be provided against all risks of physical loss with certain exceptions on scheduled personal property.

<u>Annual Rates per \$100 of Insurance</u>		
A.	JEWELRY	\$1.00
B.	JEWELRY (In Vault)	.30
C.	FURS AND FUR GARMENTS	.45
D.	CAMERAS, projecting machines, films and related articles of equipment	1.15
E.	MUSICAL INSTRUMENTS (Non-Professional)	.35
F.	SILVERWARE	.25
G.	LIMITED EDITIONS	.75
H.	LIMITED EDITIONS WITH BREAKAGE	1.00
I.	GOLFERS EQUIPMENT meaning golf clubs, golf clothing, and golf equipment	.65
J.	STAMP COLLECTIONS	.45
K.	COIN COLLECTIONS	1.25
L.	HOBBY COLLECTIONS including items such as memorabilia, souvenirs, and collection items such as trading cards, comic books, etc.	3.00
M.	FIRE ARMS	3.00
N.	FINE ARTS	*
O.	MISCELLANEOUS	1.25

<u>Territory*</u>	<u>(1)</u>	<u>(2)</u>	<u>(3)</u>	<u>(4)</u>	<u>(5)</u>	<u>(6)</u>
First \$1,500	.40	.73	.87	1.13	.51	.93
Excess of \$1.500	.20	.36	.43	.53	.25	.45

<u>Territory*</u>	<u>(7)</u>	<u>(8)</u>	<u>(9)</u>	<u>(10)</u>	<u>(11)</u>	<u>(12)</u>
First \$1,500	1.33	1.60	1.06	1.40	1.73	2.06
Excess of \$1.500	.62	.75	.52	.67	.83	.96

*Fine Arts Territory	Protection Class	Type of Construction	Number of Families
1	1-6	Masonry	1-4
2	7-8	Masonry	1-4
3	9	Masonry	1-4
4	10	Masonry	1-4
5	1-6	Masonry	5 or more
6	7-8	Masonry	5 or more
7	9	Masonry	5 or more
8	10	Masonry	5 or more

8. STATE PAGES – RATING RULES

8.11 SCHEDULED PERSONAL PROPERTY – HO-04-61 (continued)

<u>*Fine Arts Territory</u>	<u>Protection Class</u>	<u>Type of Construction</u>	<u>Number of Families</u>
5	1-6	Frame	1-4
6	7-8	Frame	
7	9	Frame	
8	10	Frame	
9	1-6	Frame	5 or more
10	7-8	Frame	
11	9	Frame	
12	10	Frame	

P. FINE ARTS BREAKAGE

Coverage may be provided against the risk of breakage on certain scheduled items insured under endorsement HO-04-61. The additional premium shall be \$.15 per each \$100 of insurance.

8.12 SCHEDULED PERSONAL PROPERTY – AGREED AMOUNT – 231-1339

ALL FORMS – Coverage may be provided against all risk of physical loss with certain exceptions on scheduled personal property on an agreed amount basis.

<u>Annual Rate per \$100 of Insurance</u>	
A. Jewelry	\$1.30
B. Jewelry (In Vault)	\$.39
C. Furs	\$.55

8.13 SPECIAL PERSONAL PROPERTY COVERAGE – HO-00-15 (HO-00-03), HO-17-31 (HO-00-06)

Coverage may be endorsed to insured Coverage C against additional risks of physical loss subject to certain exclusions. The premium for HO-00-03 shall be equal to 15% of the premium developed from the Basic Premium Chart for Coverage A. The premium for HO-00-06 shall be equal to 25% of the premium developed from the Basic Premium Chart for Coverage C. Use HO-00-15 for HO-00-03 policies and HO-17-31 for HO-00-06 policies.

8. STATE PAGES – RATING RULES

8.14 DEDUCTIBLES-ALL PERILS

- a. All Homeowners Forms are subject to a \$250 flat deductible applicable to any loss under Section I of the policy. This loss deductible applies to each occurrence. The rates shown in this manual include that deductible.

- b. Optional Lower Deductible:

FORM HO-00-03 - May be endorsed to provide a \$100 deductible at an additional charge of 20% of the basic \$250 premium. The minimum additional premium shall be \$20.00.

FORMS HO-00-04 or HO-00-06 - May be endorsed to provide a \$100 deductible with a \$250 Special Theft Deductible at an additional charge of 20% of the basic \$250 premium. The minimum additional premium shall be \$20.00.

- c. Optional Higher Deductibles:

ALL FORMS

<u>Deductibles</u>	<u>\$500</u>	<u>\$1,000</u>	<u>\$2,500</u>	<u>\$5,000</u>
Percentage	13%	22%	31%	42%
Max. Credit	\$200	\$335	\$515	\$750

The reduced premium shall be computed by applying the deductible percentage of credit to the premium developed from the Basic Premium Chart.

8.15 WINDSTORM OR HAIL DEDUCTIBLE – HO-03-12

FORM HO-00-03

There are two optional deductibles applicable to the perils of Windstorm or Hail. They are:

1. Percentage deductibles in the amounts of 1%, 2% or 5% of the Coverage A limit of liability. The deductible amount is determined by applying the percentage amount to the Coverage A limit of liability. Attach Endorsement HO-03-12.

Note: The percentage deductible must exceed the amount of the deductible applicable to All Other Section I perils. For example, if the Coverage A value is \$100,000 and a \$2,500 Section deductible is selected, a 1% or 2% Windstorm or Hail Deductible option cannot be chosen.

2. Fixed dollar deductibles for Windstorm or Hail in the amounts of \$1,000, \$2,000 or \$5,000.
Not available for New Business effective 06/04/2010 or later.

The premium for these deductible options shall be developed by applying the factors listed on the next page to the base premium.

Note: The fixed dollar deductible must equal or exceed the normal policy deductible.

8. STATE PAGES – RATING RULES

8.15 WINDSTORM OR HAIL DEDUCTIBLE – HO-03-12 (continued)

Select a normal policy deductible from the left hand column. Moving to the right, both the factor under the appropriate Wind/Hail deductible column and multiply by the base premium. This premium reflects the total premium for the selected Windstorm & Hail deductible and the normal Section I deductible.

WIND/HAIL DEDUCTIBLE

DED.	1% WIND/HAIL DED CAP		2% WIND/HAIL DED		5% WIND/HAIL DED		1,000 WIND/HAIL DED		2,000 WIND/HAIL DED		5,000 WIND/HAIL DED	
	Factor	Cap	Factor	Cap	Factor	Cap	Factor	Cap	Factor	Cap	Factor	Cap
\$100	1.15	N/A	1.13	N/A	1.09	N/A	1.15	N/A	1.13	N/A	1.09	N/A
\$250	0.96	N/A	0.94	N/A	0.91	N/A	0.96	85	0.94	N/A	0.91	180
\$500	0.85	275	0.84	295	0.81	345	0.85	205	0.84	105	0.81	320
\$1,000	0.76	530	0.75	550	0.73	595	N/A		0.75	325	0.73	420
\$2,500	0.67	1070	0.66	1095	0.64	1160	N/A		N/A		0.64	550
\$5,000	0.56	1600	0.55	1640	0.54	1675	N/A		N/A		N/A	

8.16 – 8.17 RESERVED FOR FUTURE USE

8.18 PERSONAL PROPERTY

1. Increased Limit

FORM HO-00-03 - The limit of liability for Coverage C may be increased. The additional charge shall be \$2.00 for each \$1,000 increase.

2. Reduction in Limit

FORM HO-00-03 - The limit of liability for Coverage C may be reduced to an amount not less than 40% of the limit of Coverage A at a credit of \$1.00 for each \$1,000 reduction.

8. STATE PAGES - RATING RULES**8.86 ASSOCIATION DISCOUNT**

An Association Discount may apply to members of a group or organization with contractual affinity relationship with Hanover or its subsidiaries as follows:

Association Description	Association Discount
College Alumni, Faculty, and Staff	10%
Private K-12 schools Parents, Alumni, and Staff	5%
Other Educators, School Districts, and Teachers Unions	5%
Religious Institutions	5%
Approved Employer Groups	5%
Banking and Credit Union Customers	2%
Other Associations	2%

Discounts are subject to change by Association based upon experience and will be placed on file with the Arkansas Insurance Department accordingly.

8.87-8.88 RESERVED FOR FUTURE USE**8.89 RENEWAL RATE CAPPING**

In order to better manage renewal customer disruption created by the introduction of rating events, renewal premiums may be capped in accordance with the following rules.

- A. The expiring premium including any changes in risk exposure and/or chargeable incidents is captured.
- B. The uncapped renewal premium is calculated.
- C. If the change between steps A and B exceeds the cap, then a capping factor will be determined and applied to the uncapped premium.
- D. The capping factor applies to rate increases.
- E. The capping factor will apply to all coverages, with the exception of any state mandated assessments or charges.
- F. The capping factor is the final factor in the premium determination rate order.

SERFF Tracking Number: HNVX-G127058468 State: Arkansas
 Filing Company: The Hanover Insurance Company State Tracking Number: EFT \$150
 Company Tracking Number: AR110310100001
 TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations
 Product Name: *PLnon- PL non-group
 Project Name/Number: *PLnon- PL non-group/AR110310100001

Supporting Document Schedules

	Item Status:	Status Date:
Bypassed - Item: Form RF-2 Loss Costs Only (not for workers' compensation) Bypass Reason: N/A for this filing. Comments:		
Satisfied - Item: H-1 Homeowners Abstract Comments: Attachment: ARKANSAS INSURANCE DEPARTMENT H-1_Hanover 20110604.PDF	Filed	07/06/2011
Satisfied - Item: HPCS-Homeowners Premium Comparison Survey Comments: Attachments: HPCS Hanover 20110604.PDF HPCS Hanover 20110604.XLS	Filed	07/06/2011
Satisfied - Item: AR HO Manual MARKED - Coversheet Comments: Attachment: AR HO Manual MARKED Coversheet.PDF	Filed	07/06/2011
	Item Status:	Status

SERFF Tracking Number: HNVX-G127058468 State: Arkansas
 Filing Company: The Hanover Insurance Company State Tracking Number: EFT \$150
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 TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations
 Product Name: *PLnon- PL non-group
 Project Name/Number: *PLnon- PL non-group/AR110310100001

Satisfied - Item: AR HO Manual MARKED - Index 1, Pg B **Filed** **Date:** 07/06/2011

Comments:

Attachment:

AR HO Manual MARKED Index Pg B.PDF

Item Status: **Status**
Date:
Satisfied - Item: AR HO Rate Manual MARKED AR-RS-1 thru 3 **Filed** **Date:** 07/06/2011

Comments:

Attachment:

AR HO Manual MARKED RS-1 thru RS-3.PDF

Item Status: **Status**
Date:
Satisfied - Item: Actuarial Support Documentation **Filed** **Date:** 07/06/2011

Comments:

Attachment:

Actuarial Support 20110604v3.PDF

Item Status: **Status**
Date:
Satisfied - Item: AR HO Rule Manual MARKED Pgs 14, 17-20, 42 **Filed** **Date:** 07/06/2011

Comments:

Attachments:

AR HO Manual MARKED State Pg 14.PDF
 AR HO Manual MARKED State Pgs 17-20.PDF
 AR HO Manual MARKED State Pg 42.PDF

Item Status: **Status**
Date:
Satisfied - Item: Filing Memorandum **Filed** **Date:** 07/06/2011

SERFF Tracking Number: HNVX-G127058468 State: Arkansas
Filing Company: The Hanover Insurance Company State Tracking Number: EFT \$150
Company Tracking Number: AR110310100001
TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations
Product Name: *PLnon- PL non-group
Project Name/Number: *PLnon- PL non-group/AR110310100001

Comments:

Attachment:

AR Home Memo 20110604.PDF

	Item Status:	Status Date:
Satisfied - Item: Filing Memo Exhibits A-G	Filed	07/06/2011
Comments:		
Attachment:		
Filing Memo Exhibits A-G Proposed Changes.PDF		

	Item Status:	Status Date:
Satisfied - Item: NAIC loss cost data entry document	Filed	07/06/2011
Comments:		
Attachment:		
RF-1 AR rate filing abstract Hanover 20110604.PDF		

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 Hanover Insurance Company
NAIC # (including group #) 0088-22292

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

Not applicable.

2. If you use a cost estimator (or some similar method) in order to make sure that dwellings (or contents) are insured at their value, state when this program was started in Arkansas and estimate its impact.

For our companies already being used, a cost estimator has been required since 1985 on all new submissions. The Boeckh value guide is distributed to our agents; however we will accept cost estimators from other sources.

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

We require between 80 – 100% of the estimated replacement to be written. However, when guaranteed dwelling replacement cost is written the dwelling must be insured at 100% of the replacement cost.

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

Inflation guard endorsement 231-0600 is currently used on all policies. The endorsement tells the insured that the Company will increase coverage at each renewal as determined by an appraisal firm.

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

a. Fire Extinguisher	0 %
b. Burglar Alarm	5 – 10 %
c. Smoke Alarm	2 %
d. Insured who has both homeowners and auto with your company	20 %
e. Deadbolt Locks	0 %
f. Window or Door Locks	0 %
g. Other (specify)	

Combination of fire extinguisher, smoke alarm, and deadbolt locks **5 %**
Approved automatic sprinkler **5-10 %** Non-Smoke discount **1 %**
Loss Free Credit 3 years **5 %** Loss Free Credit 4 years **5 %** Loss Free Credit 5+ years **10 %** New home discount **3-27 %** Deductible credits **13-42 %**

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

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

Form	Premium Volume
HO - 3	\$4,989,592
HO - 4	\$ 110,166
HO - 6	\$ 32,783

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

9. Is there a surcharge on risks with wood heat?

No

If yes, state the surcharge

N/A

Does the surcharge apply to conventional fire places?

N/A

If yes, state the surcharge

N/A

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



Signature

Eleanor Doherty

Printed Name

PL Product Specialist

Title

508-855-3251

Telephone Number

elfdoherty@hanover.com

Email address

NAIC Number: 0088-22306
 Company Name: Hanover Insurance Company
 Contact Person:
 Telephone No.:
 Email Address:
 Effective Date: 06/04/2011 New & Renewal

**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	\$816.00	\$908.00	\$832.00	\$925.00	\$1,394.00	\$1,572.00	\$1,183.00	\$1,316.00	\$1,183.00	\$1,316.00	\$1,158.00	\$1,288.00	\$1,139.00	\$1,267.00	\$856.00	\$952.00	\$919.00	\$1,021.00
	\$120,000	\$935.00	\$1,039.00	\$953.00	\$1,059.00	\$1,625.00	\$1,829.00	\$1,357.00	\$1,532.00	\$1,357.00	\$1,532.00	\$1,326.00	\$1,495.00	\$1,304.00	\$1,467.00	\$980.00	\$1,090.00	\$1,052.00	\$1,169.00
	\$160,000	\$1,208.00	\$1,343.00	\$1,231.00	\$1,374.00	\$2,159.00	\$2,421.00	\$1,812.00	\$2,038.00	\$1,812.00	\$2,038.00	\$1,769.00	\$1,991.00	\$1,738.00	\$1,954.00	\$1,267.00	\$1,419.00	\$1,362.00	\$1,537.00
6	\$80,000	\$999.00	\$1,135.00	\$1,018.00	\$1,158.00	\$1,751.00	\$2,017.00	\$1,465.00	\$1,692.00	\$1,465.00	\$1,692.00	\$1,430.00	\$1,652.00	\$1,403.00	\$1,621.00	\$1,048.00	\$1,192.00	\$1,125.00	\$1,278.00
	\$120,000	\$1,144.00	\$1,299.00	\$1,166.00	\$1,326.00	\$2,033.00	\$2,338.00	\$1,706.00	\$1,966.00	\$1,706.00	\$1,966.00	\$1,666.00	\$1,920.00	\$1,635.00	\$1,885.00	\$1,200.00	\$1,368.00	\$1,287.00	\$1,482.00
	\$160,000	\$1,499.00	\$1,730.00	\$1,532.00	\$1,769.00	\$2,686.00	\$3,080.00	\$2,263.00	\$2,599.00	\$2,263.00	\$2,599.00	\$2,211.00	\$2,540.00	\$2,171.00	\$2,494.00	\$1,582.00	\$1,826.00	\$1,712.00	\$1,973.00
9	\$80,000	\$2,409.00	\$3,554.00	\$2,461.00	\$3,628.00	\$4,233.00	\$6,178.00	\$3,582.00	\$5,243.00	\$3,582.00	\$5,243.00	\$3,503.00	\$5,129.00	\$3,441.00	\$5,041.00	\$2,537.00	\$3,740.00	\$2,737.00	\$4,025.00
	\$120,000	\$2,787.00	\$4,097.00	\$2,847.00	\$4,183.00	\$4,875.00	\$7,102.00	\$4,130.00	\$6,032.00	\$4,130.00	\$6,032.00	\$4,040.00	\$5,901.00	\$3,969.00	\$5,800.00	\$2,934.00	\$4,310.00	\$3,163.00	\$4,638.00
	\$160,000	\$3,659.00	\$5,353.00	\$3,737.00	\$5,464.00	\$6,358.00	\$9,236.00	\$5,396.00	\$7,853.00	\$5,396.00	\$7,853.00	\$5,279.00	\$7,683.00	\$5,187.00	\$7,554.00	\$3,849.00	\$5,629.00	\$4,145.00	\$6,051.00

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	\$182.00	\$182.00	\$182.00	\$182.00	\$182.00	\$182.00	\$182.00	\$182.00	\$182.00	\$182.00	\$182.00	\$182.00	\$182.00	\$182.00	\$182.00	\$182.00	\$182.00	\$182.00
6	\$5,000																		
	\$15,000																		
	\$25,000	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00
9	\$5,000																		
	\$15,000																		
	\$25,000	\$436.00	\$436.00	\$436.00	\$436.00	\$436.00	\$436.00	\$436.00	\$436.00	\$436.00	\$436.00	\$436.00	\$436.00	\$436.00	\$436.00	\$436.00	\$436.00	\$436.00	\$436.00

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

Public Protection Class	Dwelling Value	Washington		Baxter		Craighead		St. Francis		Arkansas		Union		Miller		Sebastian		Pulaski	
		Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame
3	\$80,000																		
	\$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	0	%	Deadbolt Lock	0	%
Burglar Alarm	5-10	%	Window Locks	0	%
Smoke Alarm	2	%	\$1,000 Deductible	22	%
			Other (specify)		
			Non-Smoke	1	%

EARTHQUAKE INSURANCE

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

ARE YOU CURRENTLY WRITING EARTHQUAKE COVERAGE IN ARKANSAS? Yes (yes or no)

WHAT IS YOUR PERCENTAGE DEDUCTIBLE? 10%

WHAT IS YOUR PRICE PER \$1,000 OF COVERAGE? Zone Highest Risk \$ 1.4 \$ 0.61

Maximum Credit Allowed	40%	Lowest Risk	\$ 1.02	\$ 0.37
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ANNOUNCEMENT OF REVISIONS

MANUAL PAGES INCLUDED HEREWITH:

ENTIRE HOMEOWNERS MANUAL

Revised pages with this revision:

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SUMMARY OF CHANGE

- Revised HO-3 Base Rates
- Revised New Home Discount Credits
- Revised Scheduled Personal Property
- Revised Deductible Caps
- Introduction of Renewal Rate Capping Rule

EFFECTIVE DATE: November 1, 2011 New and September 15, 2011 Renewal

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5. RATE STRUCTURE

HO-00-03
 \$30,000 BASE RATES
 \$250 DEDUCTIBLE COVERAGE

Terr	Prem. Group	Rate
31	1	945
	2	1050
	3	1156
	4	1260
	5	1744
	6	2627
	7	3780
	8	1314
	9	1417
	10	2053
	11	4307
37	12	987
	13	1097
	14	1208
	15	1316
	16	1822
	17	2745
	18	3949
	19	1373
	20	1480
	21	2144
	22	4499
42	23	999
	24	1111
	25	1223
	26	1333
	27	1845
	28	2779
	29	3999
	30	1390
	31	1499
	32	2171
	33	4556

Terr	Prem. Group	Rate
49	34	739
	35	821
	36	904
	37	985
	38	1363
	39	2054
	40	2956
	41	1027
	42	1108
	43	1605
	44	3367
50	45	1328
	46	1477
	47	1625
	48	1771
	49	2451
	50	3693
	51	5314
	52	1847
	53	1992
	54	2885
	55	6054
51	56	1344
	57	1495
	58	1645
	59	1793
	60	2482
	61	3739
	62	5380
	63	1870
	64	2017
	65	2921
	66	6129

Terr	Prem. Group	Rate
52	89	851
	90	946
	91	1042
	92	1135
	93	1571
	94	2366
	95	3405
	96	1184
	97	1276
	98	1849
	99	3879
53	100	886
	101	985
	102	1084
	103	1182
	104	1635
	105	2464
	106	3545
	107	1232
	108	1329
	109	1925
	110	4039
54	67	1490
	68	1656
	69	1823
	70	1987
	71	2750
	72	4143
	73	5961
	74	2072
	75	2234
	76	3237
	77	6791

5. RATE STRUCTURE

HO-00-03
 \$30,000 BASE RATES
 \$250 DEDUCTIBLE COVERAGE

Terr	Prem. Group	Rate
55	111	868
	112	966
	113	1063
	114	1158
	115	1603
	116	2415
	117	3475
	118	1208
	119	1303
	120	1887
	121	3959
56	122	877
	123	975
	124	1073
	125	1169
	126	1618
	127	2438
	128	3508
	129	1219
	130	1315
	131	1905
	132	3997
61	155	886
	156	985
	157	1084
	158	1182
	159	1635
	160	2464
	161	3545
	162	1232
	163	1329
	164	1925
	165	4039

Terr	Prem. Group	Rate
62	78	718
	79	798
	80	879
	81	958
	82	1325
	83	1997
	84	2873
	85	999
	86	1077
	87	1560
	88	3273
63	133	877
	134	975
	135	1073
	136	1169
	137	1618
	138	2438
	139	3508
	140	1219
	141	1315
	142	1905
	143	3997
64	144	1271
	145	1414
	146	1556
	147	1696
	148	2347
	149	3535
	150	5087
	151	1768
	152	1907
	153	2762
	154	5795

Terr	Prem. Group	Rate
65	166	894
	167	994
	168	1094
	169	1193
	170	1651
	171	2487
	172	3578
	173	1244
	174	1341
	175	1943
	176	4077
66	210	1244
	211	1384
	212	1523
	213	1660
	214	2297
	215	3461
	216	4980
	217	1731
	218	1867
	219	2704
	220	5673
67	232	915
	233	1017
	234	1120
	235	1220
	236	1689
	237	2544
	238	3661
	239	1272
	240	1372
	241	1988
	242	4170

5. RATE STRUCTURE

HO-00-03
 \$30,000 BASE RATES
 \$250 DEDUCTIBLE COVERAGE

Terr	Prem. Group	Rate
68	243	1058
	244	1176
	245	1295
	246	1411
	247	1953
	248	2942
	249	4234
	250	1472
	251	1587
	252	2299
	253	4823
69	254	1224
	255	1361
	256	1498
	257	1633
	258	2259
	259	3403
	260	4898
	261	1702
	262	1836
	263	2659
	264	5579
70	276	920
	277	1023
	278	1126
	279	1227
	280	1698
	281	2558
	282	3682
	283	1280
	284	1380
	285	1999
	286	4194

Terr	Prem. Group	Rate
71	287	1027
	288	1142
	289	1257
	290	1370
	291	1896
	292	2856
	293	4110
	294	1429
	295	1541
	296	2232
	297	4682
72	221	925
	222	1029
	223	1132
	224	1234
	225	1708
	226	2573
	227	3702
	228	1287
	229	1388
	230	2010
	231	4217
73	265	948
	266	1054
	267	1160
	268	1264
	269	1750
	270	2636
	271	3793
	272	1318
	273	1422
	274	2059
	275	4321

Terr	Prem. Group	Rate
74	177	1167
	178	1298
	179	1429
	180	1557
	181	2155
	182	3246
	183	4671
	184	1624
	185	1751
	186	2536
	187	5321
75	199	1106
	200	1230
	201	1354
	202	1476
	203	2042
	204	3077
	205	4428
	206	1539
	207	1660
	208	2404
	209	5044
76	188	1064
	189	1183
	190	1303
	191	1420
	192	1964
	193	2959
	194	4259
	195	1480
	196	1596
	197	2312
	198	4851

Arkansas
Homeowners - All Companies Combined
Rate Indication for Rates Effective 6/4/11 - Summary Exhibit

	Selected Retrospective	Selected Prospective	Selected Retrospective	Selected Prospective	Underwriting Profit <u>Provision</u>	Non-CAT Target Loss & ALAE <u>Ratio</u>	Modeled Cats Loss & ALAE <u>Ratio</u>	<u>Indication</u>
Homeowners	7.1%	4.0%	-2.5%	0.0%	5.9%	35.5%	18.8%	9.0%
Condo	2.5%	4.5%	7.0%	2.0%	9.4%	32.1%	18.8%	2.4%
<u>Tenant</u>	<u>1.0%</u>	<u>3.0%</u>	<u>2.0%</u>	<u>0.0%</u>	<u>9.4%</u>	<u>32.1%</u>	<u>18.8%</u>	<u>-4.5%</u>
Condo and Tenant	1.6%	3.6%	3.9%	0.8%	9.4%	32.1%	18.8%	-1.8%
Total	7.0%	4.0%	-2.4%	0.0%	6.0%	35.5%	18.8%	8.8%

Arkansas Homeowners - All Companies Combined
Homeowners Form Rate Indication for Rates Effective 6/4/11
Dollars in Thousands

		Accident Year Ending:				
		<u>09/30/2006</u>	<u>09/30/2007</u>	<u>09/30/2008</u>	<u>09/30/2009</u>	<u>09/30/2010</u>
1a	Earned Premium	5,179	5,272	5,690	6,229	8,133
1b	Endorsement Premium	231	229	235	273	373
2	Current Rate Level Factor - Owners	1.362	1.298	1.248	1.202	1.135
3 = (1a-1b)-(2) + 1b	Premium at CRL	6,969	6,773	7,045	7,432	9,179
4a	Annual Premium Trend - Retrospective	-2.5%	-2.5%	-2.5%	-2.5%	-2.5%
5a	Premium Trend Factor - Retrospective	0.904	0.927	0.951	0.975	1.000
4b	Annual Premium Trend - Prospective	0.0%	0.0%	0.0%	0.0%	0.0%
5b	Premium Trend Factor - Prospective	1.001	1.001	1.001	1.001	1.001
6 = 3-5a-5b	Trended Premium	6,304	6,283	6,702	7,252	9,185
7	Incurred Loss Evaluated @ 9/30/10	7,501	2,180	5,596	6,736	3,731
8	Catastrophe Incurred Losses	4,872	583	3,805	4,329	379
9a = 7-8	Non-Cat Incurred Losses	2,629	1,597	1,790	2,407	3,352
9b	Non-Cat Non-Wind/Hail Incurred Losses	0	1,475	1,142	0	1,655
9c	Non-Cat Non-Wind/Hail Incurred Large Losses	0	692	0	0	487
9d=9c/(9b-9c)	Non-Cat Non-Wind/Hail Large to Small Ratio	-	0.883	-	-	0.417
9e	Non-Cat Non-Wind/Hail Normal Large to Small Ratio	0.413	0.413	0.413	0.413	0.413
9f	Non-Cat Non-Wind/Hail Excess Large to Small Ratio	1.032	1.032	1.032	1.032	1.032
9g=(9b-9c)x[1+min(9d,9e)]x9	Adjusted Non-Cat Non-Wind/Hail Incurred Losses	0	1,142	1,179	0	1,703
9=9a-9b+9d	Adjusted Non-Cat Incurred Losses	2,629	1,264	1,827	2,407	3,400
10	Loss Development Factor:	1.002	1.003	0.998	1.004	1.115
11 = 9-10	Est. Ultimate Incurred Loss Non-Cat	2,635	1,268	1,823	2,417	3,792
12a	Est. Annual Loss Trend - Retrospective	7.1%	7.1%	7.1%	7.1%	7.1%
13a	Loss Trend Factor - Retrospective	1.316	1.229	1.147	1.071	1.000
12b	Est. Annual Loss Trend - Prospective	4.0%	4.0%	4.0%	4.0%	4.0%
13b	Loss Trend Factor - Prospective	1.090	1.090	1.090	1.090	1.090
14 = 13a-12b-11	Trended Incurred Losses	3,779	1,698	2,279	2,821	4,133
15	ALAE (% of Loss)	2.1%	2.1%	2.1%	2.1%	2.1%
16 = (1.00 +15)-14	Trended Loss & ALAE	3,858	1,733	2,327	2,881	4,220
17 = 16÷6	Projected Loss & ALAE Ratio	61.2%	27.6%	34.7%	39.7%	45.9%
18	Accident Year Weights	10.0%	15.0%	20.0%	25.0%	30.0%
19 = Sum(18-17)	Projected (Formula Weighted) Loss&ALAE Ratio Excluding All Catastrophes					40.9%
20a	Hurricane Loss & ALAE Ratio					0.0%
20b	Other Catastrophes Loss & ALAE Ratio					18.8%
20c	Permissible Loss & ALAE Ratio Excluding All Catastrophes to yield a Combined Ratio of	94.1%				35.5%
21a	Cat Loss Annual Trend - Prospective					2.0%
21b	Cat Loss Ratio Trend Factor - Prospective					1.043
21c = 13b/5b	NonCat Loss Ratio Trend Factor - Prospective					1.089
22a = (1+(21b))*(20a)	Trended Hurricane Loss & ALAE Ratio					0.0%
22b = (1+(21b))*(20b)	Trended Other Catastrophes Loss & ALAE Ratio					19.6%
22c = (1+(21c))*(20c)	Trended Permissible Loss & ALAE Ratio Excluding All Catastrophes					38.7%
23a	Fixed Expense					14.1%
23b	Variable Expense(incl Profit)					31.6%
24a	Earned House Years	7,136	6,799	7,129	7,852	9,655
24b	Credibility					98.2%
25	Credibility-Adjusted Loss & ALAE Ratio Excluding All Catastrophes					40.9%
26 =	Indicated Rate Change					9.0%
(25+22a+22b+23a) / (1-23b)-1						

Arkansas Homeowners - All Companies Combined
Condominium Form Rate Indication for Rates Effective 6/4/11
Dollars in Thousands

		Accident Year Ending:				
		<u>09/30/06</u>	<u>09/30/07</u>	<u>09/30/08</u>	<u>09/30/09</u>	<u>09/30/10</u>
1	Earned Premium	23	23	29	42	53
2	Current Rate Level Factor	0.984	0.952	0.992	0.996	0.992
3 = 1-2	Premium at CRL	23	22	29	42	53
4a	Annual Premium Trend - Retrospective	7.0%	7.0%	7.0%	7.0%	7.0%
5a	Premium Trend Factor - Retrospective	1.311	1.225	1.145	1.070	1.000
4b	Annual Premium Trend - Prospective	2.0%	2.0%	2.0%	2.0%	2.0%
5b	Premium Trend Factor - Prospective	1.044	1.044	1.044	1.044	1.044
6 = 3-5a-5b	Trended Premium	31	28	35	47	55
7	Incurred Loss Evaluated @ 9/30/10	4	23	0	5	18
8	Catastrophe Incurred Losses	0	0	0	0	0
9 = 7-8	Non-Cat Incurred Losses	4	23	0	5	18
10	Loss Development Factor:	1.000	1.002	0.998	0.994	1.088
11 = 9-10	Estim. Ultimate Incurred Loss Non-Cat	4	23	0	5	20
12a	Est. Annual Loss Trend - Retrospective	2.5%	2.5%	2.5%	2.5%	2.5%
13a	Loss Trend Factor - Retrospective	1.104	1.077	1.051	1.025	1.000
12b	Est. Annual Loss Trend - Prospective	4.5%	4.5%	4.5%	4.5%	4.5%
13b	Loss Trend Factor - Prospective	1.102	1.102	1.102	1.102	1.102
14 = 13a-12b-11	Trended Incurred Losses	5	28	0	6	22
15	ALAE (% of Loss)	2.1%	2.1%	2.1%	2.1%	2.1%
16 = (1.00 +15)-14	Trended Loss & ALAE	5	28	0	6	22
17 = 16÷6	Projected Loss & ALAE Ratio	15.9%	100.4%	0.0%	13.0%	40.0%
18	Accident Year Weights	10.0%	15.0%	20.0%	25.0%	30.0%
19 = Sum(18-17)	Projected (Formula Weighted) Loss&ALAE Ratio Excluding All Catastrophes					31.9%
20a	Hurricane Loss & ALAE Ratio					0.0%
20b	Other Catastrophes Loss & ALAE Ratio					18.8%
20c	Permissible Loss & ALAE Ratio Excluding All Catastrophes to yield a Combined Ratio of	90.6%				32.1%
21a	Cat Loss Annual Trend - Prospective					2.0%
21b	Cat Loss Ratio Trend Factor - Prospective					1.000
21c = 13b/5b	NonCat Loss Ratio Trend Factor - Prospective					1.055
22a = (1+(21b))*(20a)	Trended Hurricane Loss & ALAE Ratio					0.0%
22b = (1+(21b))*(20b)	Trended Other Catastrophes Loss & ALAE Ratio					18.8%
22c = (1+(21c))*(20c)	Trended Permissible Loss & ALAE Ratio Excluding All Catastrophes					33.8%
23a	Fixed Expense					14.1%
23b	Variable Expense(incl Profit)					35.0%
24a	Earned House Years	57	55	67	83	101
24b	Credibility					12.0%
25	Credibility-Adjusted Loss & ALAE Ratio Excluding All Catastrophes					33.6%
26 =	Indicated Rate Change					2.4%
(25+22a+22b+23a) / (1-23b)-1						

Arkansas Homeowners - All Companies Combined
Tenant Form Rate Indication for Rates Effective 6/4/11
Dollars in Thousands

		Accident Year Ending:				
		<u>09/30/06</u>	<u>09/30/07</u>	<u>09/30/08</u>	<u>09/30/09</u>	<u>09/30/10</u>
1	Earned Premium	62	59	62	63	85
2	Current Rate Level Factor	1.004	1.000	0.999	0.975	0.970
3 = 1-2	Premium at CRL	62	59	62	62	83
4a	Annual Premium Trend - Retrospective	2.0%	2.0%	2.0%	2.0%	2.0%
5a	Premium Trend Factor - Retrospective	1.082	1.061	1.040	1.020	1.000
4b	Annual Premium Trend - Prospective	0.0%	0.0%	0.0%	0.0%	0.0%
5b	Premium Trend Factor - Prospective	1.000	1.000	1.000	1.000	1.000
6 = 3-5a-5b	Trended Premium	68	63	65	63	83
7	Incurred Loss Evaluated @ 9/30/10	19	2	3	0	1
8	Catastrophe Incurred Losses	0	0	0	0	0
9 = 7-8	Non-Cat Incurred Losses	19	2	3	0	1
10	Loss Development Factor:	1.000	0.998	0.995	0.972	1.007
11 = 9-10	Estim. Ultimate Incurred Loss Non-Cat	19	2	3	0	1
12a	Est. Annual Loss Trend - Retrospective	1.0%	1.0%	1.0%	1.0%	1.0%
13a	Loss Trend Factor - Retrospective	1.041	1.030	1.020	1.010	1.000
12b	Est. Annual Loss Trend - Prospective	3.0%	3.0%	3.0%	3.0%	3.0%
13b	Loss Trend Factor - Prospective	1.067	1.067	1.067	1.067	1.067
14 = 13a-12b-11	Trended Incurred Losses	22	2	3	0	1
15	ALAE (% of Loss)	2.1%	2.1%	2.1%	2.1%	2.1%
16 = (1.00 +15)-14	Trended Loss & ALAE	22	3	3	0	1
17 = 16÷6	Projected Loss & ALAE Ratio	32.7%	4.1%	4.3%	0.0%	1.7%
18	Accident Year Weights	10.0%	15.0%	20.0%	25.0%	30.0%
19 = Sum(18-17)	Projected (Formula Weighted) Loss&ALAE Ratio Excluding All Catastrophes					5.3%
20a	Hurricane Loss & ALAE Ratio					0.0%
20b	Other Catastrophes Loss & ALAE Ratio					18.8%
20c	Permissible Loss & ALAE Ratio Excluding All Catastrophes to yield a Combined Ratio of	90.6%				32.1%
21a	Cat Loss Annual Trend - Prospective					2.0%
21b	Cat Loss Ratio Trend Factor - Prospective					1.044
21c = 13b/5b	NonCat Loss Ratio Trend Factor - Prospective					1.067
22a = (1+(21b))*(20a)	Trended Hurricane Loss & ALAE Ratio					0.0%
22b = (1+(21b))*(20b)	Trended Other Catastrophes Loss & ALAE Ratio					19.6%
22c = (1+(21c))*(20c)	Trended Permissible Loss & ALAE Ratio Excluding All Catastrophes					34.2%
23a	Fixed Expense					14.1%
23b	Variable Expense(incl Profit)					35.0%
24a	Earned House Years	206	194	188	186	254
24b	Credibility					20.3%
25	Credibility-Adjusted Loss & ALAE Ratio Excluding All Catastrophes					28.3%
26 =	Indicated Rate Change					-4.5%
(25+22a+22b+23a) / (1-23b)-1						

HO Premium Trend Analysis (Average On-Level Premium Method)
State AR

Earned Premium at Current Rate Level			
AY-QTR Ending	OWN	CON	TEN
2006Q3	6,266,847	23,143	63,984
2006Q4	6,189,560	21,423	62,819
2007Q1	6,119,390	20,553	61,940
2007Q2	6,083,095	21,423	61,169
2007Q3	6,086,701	22,081	60,493
2007Q4	6,136,436	23,369	59,847
2008Q1	6,212,784	24,847	60,394
2008Q2	6,291,052	26,951	62,485
2008Q3	6,333,321	29,134	63,929
2008Q4	6,372,958	32,113	65,119
2009Q1	6,423,683	35,250	63,996
2009Q2	6,503,524	38,722	63,229
2009Q3	6,668,474	42,208	63,444
2009Q4	6,939,985	45,354	65,451
2010Q1	7,280,260	48,286	70,996
2010Q2	7,707,573	50,429	76,764
2010Q3	8,197,535	52,974	84,901

Earned House Years			
AY-QTR Ending	OWN	CON	TEN
2006Q3	7,136	57	206
2006Q4	7,013	54	202
2007Q1	6,905	52	198
2007Q2	6,831	53	196
2007Q3	6,799	55	194
2007Q4	6,832	58	192
2008Q1	6,904	61	190
2008Q2	7,006	65	190
2008Q3	7,129	67	188
2008Q4	7,263	70	186
2009Q1	7,421	74	183
2009Q2	7,605	77	183
2009Q3	7,852	83	186
2009Q4	8,200	87	196
2010Q1	8,604	92	212
2010Q2	9,095	96	230
2010Q3	9,655	101	254

Average Earned Premium at Current Rate Level			
AY-QTR Ending	OWN	CON	TEN
2006Q3	878	403	310
2006Q4	883	397	311
2007Q1	886	395	313
2007Q2	891	401	313
2007Q3	895	401	312
2007Q4	898	405	312
2008Q1	900	408	318
2008Q2	898	416	329
2008Q3	888	435	340
2008Q4	877	456	350
2009Q1	866	479	349
2009Q2	855	500	346
2009Q3	849	510	341
2009Q4	846	519	334
2010Q1	846	523	334
2010Q2	847	526	334
2010Q3	849	525	334

Year Over Year			
Latest 4 Quarters Ending	OWN	CON	TEN
2007Q3	1.9%	-0.4%	0.5%
2008Q3	-0.8%	8.2%	9.0%
2009Q3	-4.4%	17.3%	0.5%
2010Q3	0.0%	3.0%	-2.2%
Latest 4 Year	-0.8%	6.8%	1.9%
Latest 3 Year	-1.8%	9.4%	2.3%
Latest 2 Year	-2.2%	9.9%	-0.9%

Fitted Annual Premium Trend*			
4 Year Trend	-1.5%	9.3%	2.7%
3 Year Trend	-2.5%	11.6%	2.2%
2 Year Trend	-2.3%	9.8%	-2.1%
1 Year Trend	0.0%	2.9%	-1.7%

* Log Fit

Selected Trends			
Retrospective	-2.5%	7%	2%
Prospective	0.0%	2%	0%

Hanover Property and Casualty Insurance Companies

AR

Homeowners - Owners Form + Sewer/Sump Endorsement, Data Net of Cats

Direct Case Incurred Losses (000)

Acc. Yr. Ending	Actual Data as of:									
	12 mos.	24 mos.	36 mos.	48 mos.	60 mos.	72 mos.	84 mos.	96 mos.	108 mos.	120 mos.
200109	1,024,441	1,009,938	1,019,136	1,018,136	1,019,297	1,019,297	1,019,297	1,019,297	1,019,297	1,019,297
200209	1,606,519	1,687,847	1,704,043	1,704,060	1,703,889	1,703,889	1,703,889	1,703,889	1,703,889	
200309	1,777,532	2,236,704	2,215,728	2,213,028	2,216,450	2,220,205	2,220,205	2,220,205		
200409	1,562,985	1,568,542	1,575,104	1,594,104	1,596,725	1,609,174	1,609,174			
200509	1,469,412	1,497,577	1,501,151	1,505,490	1,505,490	1,505,490				
200609	3,311,901	2,671,602	2,666,241	2,692,040	2,692,040					
200709	1,550,516	1,733,586	1,782,169	1,673,046						
200809	1,648,553	1,969,802	2,007,669							
200909	4,435,295	5,295,839								
201009	3,367,930									

Acc. Yr.	Link Ratios									
	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-Ult.
200109	0.986	1.009	0.999	1.001	1.000	1.000	1.000	1.000	1.000	1.000
200209	1.051	1.010	1.000	1.000	1.000	1.000	1.000	1.000		1.000
200309	1.258	0.991	0.999	1.002	1.002	1.000	1.000			
200409	1.004	1.004	1.012	1.002	1.008	1.000				
200509	1.019	1.002	1.003	1.000	1.000					
200609	0.807	0.998	1.010	1.000						
200709	1.118	1.028	0.939							
200809	1.195	1.019								
200909	1.194									
201009										

Method	Average Link Ratios									
	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-Ult.
3-yr	1.169	1.015	0.984	1.001	1.003	1.000	1.000	1.000	1.000	1.000
5-yr	1.067	1.010	0.992	1.001	1.002	1.000	1.000	1.000	1.000	1.000
all-yr	1.070	1.008	0.994	1.001	1.002	1.000	1.000	1.000	1.000	1.000
all-yr wtd.	1.070	1.007	0.995	1.001	1.002	1.000	1.000	1.000	1.000	1.000
5-yr x/ hi,low	1.110	1.009	1.004	1.001	1.001					
SELECTED	1.110	1.007	0.995	1.001	1.002	1.000	1.000	1.000	1.000	1.000
ULTIMATE	1.115	1.004	0.998	1.003	1.002	1.000	1.000	1.000	1.000	1.000

ARKANSAS
HOMEOWNERS - HAN OWNERS FORMS EX CATS

Note: ISO does not exclude CATS from its HO-3 dat:

FREQUENCY TREND

4 Qtrs. Ending	Hanover Paid Feature Frequency	Industry Paid Feature Frequency	Percent Difference
6-06	7.83%	9.57%	-18.1%
9-06	8.34%	10.00%	-16.6%
12-06	4.93%	9.92%	-50.3%
3-07	2.74%	9.10%	-69.9%
6-07	2.58%	6.45%	-60.0%
9-07	1.88%	5.92%	-68.2%
12-07	4.96%	5.63%	-11.9%
3-08	5.21%	7.88%	-33.9%
6-08	5.62%	14.85%	-62.1%
9-08	6.17%	16.32%	-62.2%
12-08	6.00%	17.79%	-66.3%
3-09	6.44%	21.83%	-70.5%
6-09	7.59%	16.72%	-54.6%
9-09	8.56%	17.73%	-51.7%
12-09	9.55%	17.32%	-44.9%
3-10	9.29%	11.99%	-22.6%
6-10	8.93%	11.22%	-20.5%
9-10	7.92%		

EXPONENTIAL FIT ANNUAL RATE OF CHANGE		
Period	Hanover	Industry
4 Years	28.3%	21.6%
3 Years	43.2%	37.0%
2 Years	23.4%	-14.3%
Latest Year	-8.5%	-37.8%

Selected Trends
 Retrospective 5.0%
 Prospective 1.0%

SEVERITY TREND

4 Qtrs. Ending	Hanover Average Paid Severity	Industry Average Paid Severity	Percent Difference
6-06	4,303	5,690	-24.4%
9-06	4,746	5,675	-16.4%
12-06	6,328	5,793	9.2%
3-07	8,793	5,889	49.3%
6-07	9,022	6,066	48.7%
9-07	9,120	6,426	41.9%
12-07	5,216	6,530	-20.1%
3-08	5,225	5,904	-11.5%
6-08	4,333	6,176	-29.8%
9-08	4,689	6,338	-26.0%
12-08	4,753	6,453	-26.3%
3-09	5,426	5,703	-4.8%
6-09	6,180	5,571	10.9%
9-09	6,637	5,644	17.6%
12-09	6,833	5,627	21.4%
3-10	6,763	7,195	-6.0%
6-10	6,394	7,524	-15.0%
9-10	5,963		

EXPONENTIAL FIT ANNUAL RATE OF CHANGE		
Period	Hanover	Industry
4 Years	-1.6%	2.8%
3 Years	4.1%	1.8%
2 Years	17.3%	6.1%
Latest Year	-10.6%	40.1%

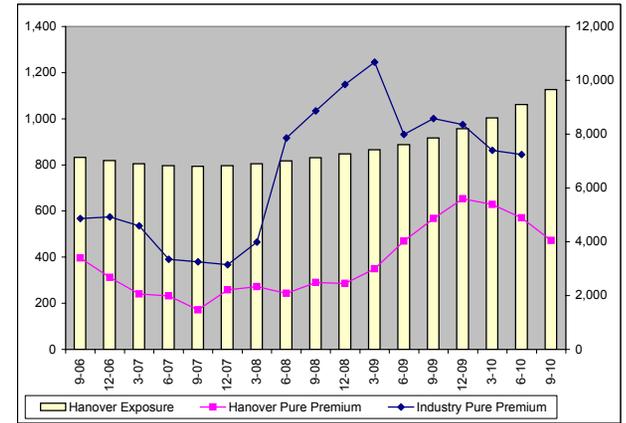
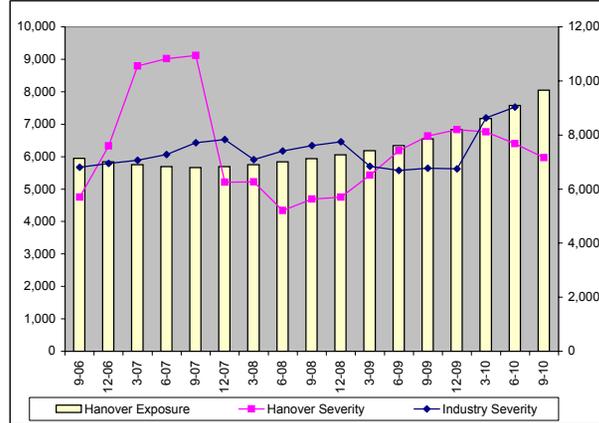
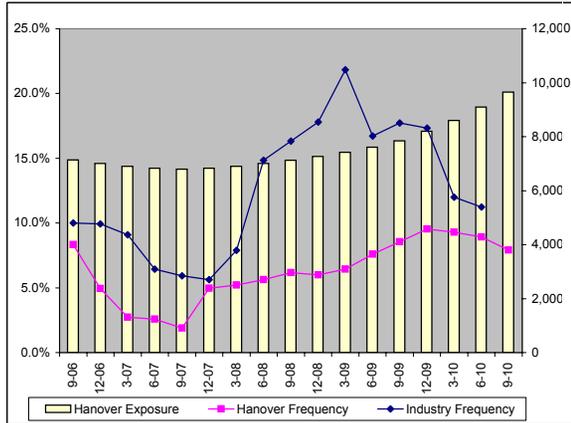
Selected Trends
 Retrospective 2.0%
 Prospective 3.0%

PURE PREMIUM TREND

4 Qtrs. Ending	Hanover Average Pure Premium	Industry Average Pure Premium	Percent Difference
6-06	337	544	-38.1%
9-06	396	568	-30.3%
12-06	312	575	-45.7%
3-07	241	536	-55.1%
6-07	232	391	-40.6%
9-07	172	380	-54.9%
12-07	259	368	-29.6%
3-08	272	465	-41.5%
6-08	244	917	-73.4%
9-08	289	1,034	-72.0%
12-08	285	1,148	-75.1%
3-09	350	1,245	-71.9%
6-09	469	931	-49.7%
9-09	568	1,000	-43.2%
12-09	652	975	-33.1%
3-10	628	863	-27.2%
6-10	571	844	-32.4%
9-10	472		

EXPONENTIAL FIT ANNUAL RATE OF CHANGE		
Period	Hanover	Industry
4 Years	26.3%	25.1%
3 Years	49.1%	39.4%
2 Years	44.7%	-9.0%
Latest Year	-18.2%	-12.9%

Selected Trends
 Retrospective 7.1%
 Prospective 4.0%



**SOUTHERN
HOMEOWNERS - CONDO FORM**

FREQUENCY TREND

4 Qtrs. Ending	Hanover Paid Feature Frequency	Industry Paid Feature Frequency	Percent Difference
6-06	10.10%	4.90%	106.3%
9-06	7.92%	4.88%	62.1%
12-06	5.65%	3.89%	45.3%
3-07	4.36%	3.59%	21.5%
6-07	4.44%	3.50%	26.7%
9-07	4.51%	3.45%	31.0%
12-07	3.51%	3.44%	2.2%
3-08	3.51%	3.39%	3.5%
6-08	3.55%	3.42%	3.7%
9-08	3.64%	3.63%	0.3%
12-08	4.71%	4.33%	8.8%
3-09	4.69%	4.54%	3.4%
6-09	4.92%	4.66%	5.6%
9-09	4.90%	4.54%	8.1%
12-09	4.12%	3.99%	3.3%
3-10	4.71%	3.93%	19.8%
6-10	4.65%	3.92%	18.6%
9-10	4.98%		

EXPONENTIAL FIT ANNUAL RATE OF CHANGE		
Period	Hanover	Industry
4 Years	-2.7%	0.5%
3 Years	9.8%	8.3%
2 Years	7.2%	4.2%
Latest Year	6.2%	-17.8%

Selected Trends
Retrospective 2.5%
Prospective 1.5%

SEVERITY TREND

4 Qtrs. Ending	Hanover Average Paid Severity	Industry Average Paid Severity	Percent Difference
6-06	3,850	4,190	-8.1%
9-06	4,285	4,021	6.6%
12-06	4,712	4,339	8.6%
3-07	3,747	4,218	-11.2%
6-07	3,309	4,197	-21.1%
9-07	3,419	4,237	-19.3%
12-07	3,952	4,243	-6.9%
3-08	4,198	4,297	-2.3%
6-08	4,643	4,251	9.2%
9-08	4,182	4,196	-0.3%
12-08	3,792	4,272	-11.2%
3-09	4,429	4,389	0.9%
6-09	4,281	4,422	-3.2%
9-09	4,118	4,562	-9.7%
12-09	3,924	4,677	-16.1%
3-10	3,269	4,737	-31.0%
6-10	3,326	4,782	-30.5%
9-10	4,051		

EXPONENTIAL FIT ANNUAL RATE OF CHANGE		
Period	Hanover	Industry
4 Years	-1.9%	3.3%
3 Years	-2.7%	4.6%
2 Years	-7.8%	7.3%
Latest Year	-7.6%	8.1%

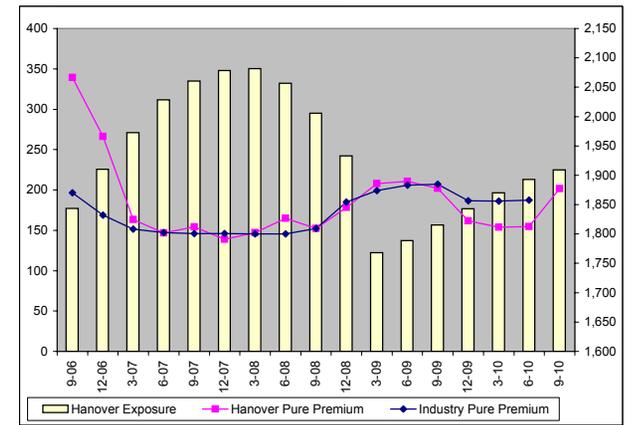
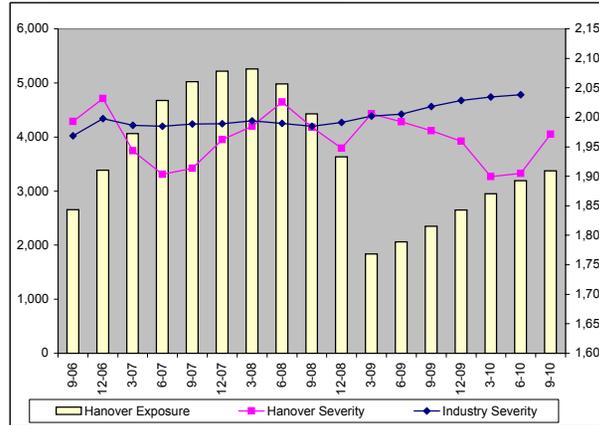
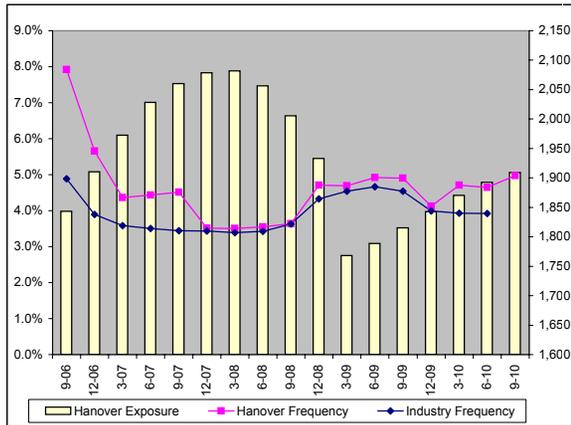
Selected Trends
Retrospective 0.0%
Prospective 3.0%

PURE PREMIUM

4 Qtrs. Ending	Hanover Average Pure Premium	Industry Average Pure Premium	Percent Difference
6-06	389	205	89.6%
9-06	339	196	72.8%
12-06	266	169	57.7%
3-07	163	151	7.9%
6-07	147	147	-0.1%
9-07	154	146	5.7%
12-07	139	146	-4.8%
3-08	147	146	1.1%
6-08	165	146	13.2%
9-08	152	152	-0.1%
12-08	178	185	-3.4%
3-09	208	199	4.3%
6-09	211	206	2.2%
9-09	202	207	-2.5%
12-09	162	187	-13.3%
3-10	154	186	-17.3%
6-10	155	188	-17.6%
9-10	202		

EXPONENTIAL FIT ANNUAL RATE OF CHANGE		
Period	Hanover	Industry
4 Years	-4.6%	3.9%
3 Years	6.8%	13.3%
2 Years	-1.1%	11.8%
Latest Year	-1.9%	-11.1%

Selected Trends
Retrospective 2.5%
Prospective 4.5%



**SOUTHERN
HOMEOWNERS - TENANTS FORM**

FREQUENCY TREND

4 Qtrs. Ending	Hanover Paid Feature Frequency	Industry Paid Feature Frequency	Percent Difference
6-06	6.18%	3.52%	75.4%
9-06	4.60%	3.52%	30.9%
12-06	2.44%	2.63%	-7.3%
3-07	1.74%	2.44%	-28.6%
6-07	1.54%	2.47%	-37.5%
9-07	1.50%	2.45%	-38.8%
12-07	1.34%	2.49%	-46.3%
3-08	1.67%	2.45%	-31.7%
6-08	1.85%	2.44%	-24.0%
9-08	1.87%	2.65%	-29.5%
12-08	2.43%	3.10%	-21.7%
3-09	2.13%	3.11%	-31.6%
6-09	2.10%	3.12%	-32.8%
9-09	2.20%	2.91%	-24.5%
12-09	1.84%	2.51%	-26.7%
3-10	1.87%	2.53%	-26.0%
6-10	1.77%	2.49%	-29.0%
9-10	1.54%		

EXPONENTIAL FIT ANNUAL RATE OF CHANGE		
Period	Hanover	Industry
4 Years	-5.8%	-2.2%
3 Years	4.9%	3.2%
2 Years	-13.1%	-3.4%
Latest Year	-26.1%	-21.0%

Selected Trends
Retrospective 1.0%
Prospective 0.0%

SEVERITY TREND

4 Qtrs. Ending	Hanover Average Paid Severity	Industry Average Paid Severity	Percent Difference
6-06	3,983	3,807	4.6%
9-06	5,748	3,447	66.8%
12-06	6,188	3,559	73.9%
3-07	8,908	3,407	161.5%
6-07	8,587	3,305	159.8%
9-07	5,674	3,382	67.8%
12-07	6,047	3,336	81.3%
3-08	3,542	3,351	5.7%
6-08	2,787	3,416	-18.4%
9-08	2,676	3,232	-17.2%
12-08	2,624	3,246	-19.2%
3-09	2,512	3,269	-23.2%
6-09	2,302	3,235	-28.8%
9-09	2,481	3,454	-28.2%
12-09	2,537	3,579	-29.1%
3-10	2,399	3,588	-33.1%
6-10	2,377	3,675	-35.3%
9-10	3,263		

EXPONENTIAL FIT ANNUAL RATE OF CHANGE		
Period	Hanover	Industry
4 Years	-27.0%	-0.2%
3 Years	-19.9%	2.7%
2 Years	3.4%	5.9%
Latest Year	21.3%	12.4%

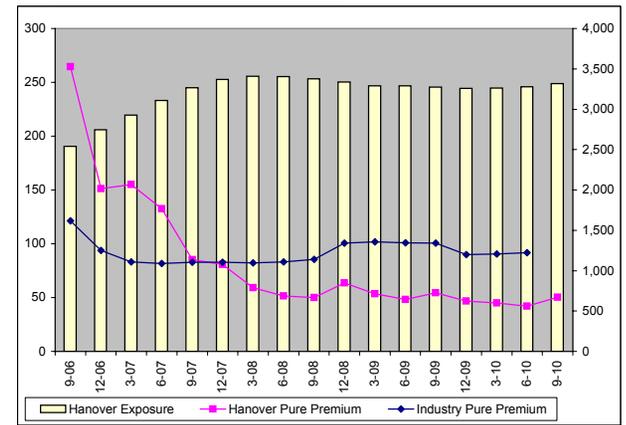
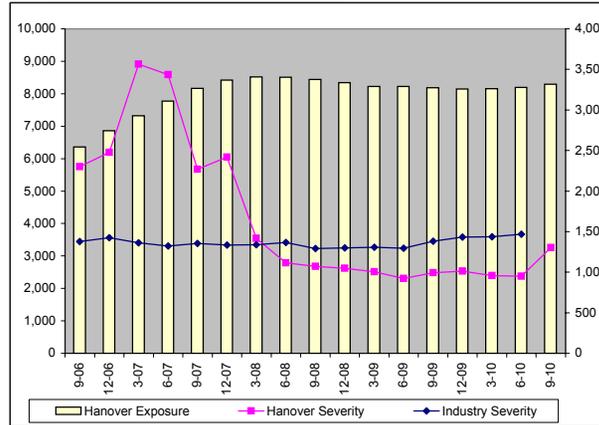
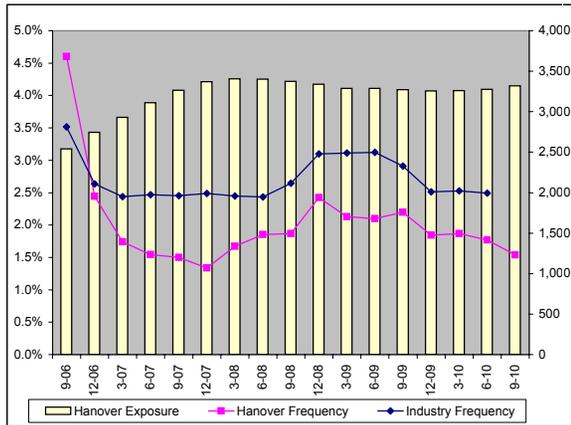
Selected Trends
Retrospective 0.0%
Prospective 3.0%

PURE PREMIUM TREND

4 Qtrs. Ending	Hanover Average Pure Premium	Industry Average Pure Premium	Percent Difference
6-06	246	134	83.5%
9-06	265	121	118.2%
12-06	151	94	61.2%
3-07	155	83	86.6%
6-07	133	82	62.5%
9-07	85	83	2.7%
12-07	81	83	-2.6%
3-08	59	82	-27.8%
6-08	52	83	-38.0%
9-08	50	86	-41.6%
12-08	64	101	-36.7%
3-09	53	102	-47.4%
6-09	48	101	-52.2%
9-09	55	101	-45.7%
12-09	47	90	-48.0%
3-10	45	91	-50.5%
6-10	42	92	-54.1%
9-10	50		

EXPONENTIAL FIT ANNUAL RATE OF CHANGE		
Period	Hanover	Industry
4 Years	-31.3%	-2.4%
3 Years	-16.0%	6.0%
2 Years	-10.2%	2.2%
Latest Year	-10.4%	-11.2%

Selected Trends
Retrospective 1.0%
Prospective 3.0%



Arkansas Homeowners Development of Target Loss & ALAE Ratio

Owners Form							
	<u>2007</u>	<u>2008</u>	<u>2009</u>	Average	Selected Provision	% Fixed Expense	% Variable Expense
Commissions	14.8%	14.8%	14.8%	14.8%	14.8%	0%	100%
Contingent Commissions					2.5%	0%	100%
General & Other Acq.	11.7%	11.5%	13.7%	12.3%	10.5%	50%	50%
Taxes, Licenses, and Fees					3.2%	0%	100%
ULAE/Premium	5.5%	8.4%	7.8%	7.2%	7.0%	100%	0%
Profit and Contingency					5.9%	0%	100%
Other Fixed Expense Load					1.9%	100%	0%
Total Fixed Expense						14.1%	
Total Variable Expense							31.6%
Total Expenses					45.7%		
Target Loss & ALAE Ratio					54.3%		
ALAE/Loss	2.2%	2.1%	2.1%	2.1%	2.1%		

Arkansas Homeowners Development of Target Loss & ALAE Ratio

Condo & Tenants Form							
	<u>2007</u>	<u>2008</u>	<u>2009</u>	Average	Selected Provision	% Fixed Expense	% Variable Expense
Commissions	14.8%	14.8%	14.8%	14.8%	14.8%	0%	100%
Contingent Commissions					2.5%	0%	100%
General & Other Acq.	11.7%	11.5%	13.7%	12.3%	10.5%	50%	50%
Taxes, Licenses, and Fees					3.2%	0%	100%
ULAE/Premium	5.5%	8.4%	7.8%	7.2%	7.0%	100%	0%
Profit and Contingency					9.4%	0%	100%
Other Fixed Expense Load					1.9%	100%	0%
Total Fixed Expense						14.1%	
Total Variable Expense							35.1%
Total Expenses					49.2%		
Target Loss & ALAE Ratio					50.8%		
ALAE/Loss	2.2%	2.1%	2.1%	2.1%	2.1%		

The Hanover Insurance Group

Arkansas Homeowners Cat Load and Reinsurance Provision (All Forms)

(1)	(2)	(3)
Full Term Written Premium at 12/2008	Reinsurance Margin	Reinsurance Margin Ratio to Premium
7,579,493	142,171	1.9%

(4)	(5)	(6)	(7)	(8)
AIR Long-Term Hurricane Gross Average Annual Loss	AIR Hurricane Cat Ratio	RMS Long-Term Hurricane Gross Average Annual Loss	RMS Hurricane Cat Ratio	Total Hurricane Cat Ratio
0	0.0%	0	0.0%	0.0%

(9)	(10)
Experience Other Wind Loss	Experience Other Wind Ratio
1,219,436	16.1%

(11)	(12)
Experience Winter Freeze Loss	Experience Winter Freeze Ratio
177,735	2.3%

(13)	(14)
Experience Earthquake Loss	Experience Earthquake Cat Ratio
0	0.0%

(15)
Total Non-Hurricane Cat Ratio
18.4%

Notes:

$$(3) = (2) / (1)$$

$$(5) = (4) / (1)$$

$$(7) = (6) / (1)$$

$$(8) = .5 * (5) + .5 * (7)$$

$$(10) = (9) / (1)$$

$$(12) = (11) / (1)$$

$$(14) = (13) / (1)$$

$$(15) = (10) + (12) + (14)$$

Rate Capping Sample Calculation

01/01/2011 - New Business

New Business Premium = \$1,000
 -New Business Premium is the rated premium using current rates as approved by Commissioner

01/01/2012 - First renewal assuming a policy hits a renewal rate cap of 20%

Step 1	Determine New Business Aged Premium . -Aged premium is the rated premium using prior term's rates as approved by Commissioner and any new policy characteristics				
Step 2	Determine Uncapped 1st Renewal Premium based on rates as approved by Commissioner -This is entirely dependent on existing rating logic and isn't influenced by rate capping				
Step 3	1st Renewal Transition Factor = 0.96	New Business Aged Premium \$1,000	*	(1 + Capped % Change) (1 + (0.2))	/ Uncapped 1st Renewal Premium \$1,250
Step 4	1st Renewal Capped Premium = \$1,200	Uncapped 1st Renewal Premium \$1,250	*	1st Renewal Transition Factor 0.96	
Step 5	Final 1st Renewal Premium = \$1,200	1st Renewal Capped Premium \$1,200			

01/01/2013 - Second renewal assuming a policy hits a renewal rate cap of -3%

Step 1	Determine Capped 1st Renewal Aged Premium . -Aged premium is the rated premium using prior term's rates as approved by Commissioner and any new policy characteristics				
	Capped 1st Renewal Aged Premium = \$1,200	Uncapped 1st Renewal Aged Premium \$1,250	*	1st Renewal Transition Factor 0.96	
Step 2	Determine Uncapped 2nd Renewal Premium based on rates as approved by Commissioner -This is entirely dependent on existing rating logic and isn't influenced by rate capping				
Step 3	2nd Renewal Transition Factor = 0.99	Capped 1st Renewal Aged Premium \$1,200	*	(1 + Capped % Change) (1 + (-0.03))	/ Uncapped 2nd Renewal Premium \$1,175
Step 4	2nd Renewal Capped Premium = \$1,164	Uncapped 2nd Renewal Premium \$1,175	*	2nd Renewal Transition Factor 0.99	
Step 5	Final 2nd Renewal Premium = \$1,164	2nd Renewal Capped Premium \$1,164			

Premium as presented to the insured	
Year 1 Premium	\$1,000
Year 2 Premium	\$1,200
Year 3 Premium	\$1,164

8. STATE PAGES – RATING RULES

8.6 NEW HOME DISCOUNT

FORM HO-00-03 Insured dwellings that are less than ten years old are eligible for a premium credit.

Credit Determination

- A. Determine the percentage of credit by subtracting the year in which construction is completed from the year the policy becomes effective or is renewed. If the dwelling is not yet complete, enter the current year on the application.
- B. Compute the premium credit by applying the appropriate credit percentage to the Basic Premium developed from the Basic Premium Chart.

<u>Age of Dwelling</u>	<u>Credit Percentage</u>
0	27%
1	25
2	23
3	21
4	19
5	17
6	14
7	10
8	6
9	3

8.7 NON-SMOKER DISCOUNT

ALL FORMS - An insured who signs the Non-Smoker Form, stating that neither he nor any other resident of the household now smokes or has smoked for at least the past twelve (12) months shall be eligible for the 1% Non-Smoker Credit. This discount is not available to those insureds residing in Dwellings with three or more families.

Compute the premium credit by applying the percentage of credit to the premium developed from the Basic Premium Chart.

8. STATE PAGES – RATING RULES

8.11 SCHEDULED PERSONAL PROPERTY – HO-04-61

Coverage may be provided against all risks of physical loss with certain exceptions on scheduled personal property.

<u>Annual Rates per \$100 of Insurance</u>		
A.	JEWELRY	\$1.00
B.	JEWELRY (In Vault)	.30
C.	FURS AND FUR GARMENTS	.45
D.	CAMERAS, projecting machines, films and related articles of equipment	1.15
E.	MUSICAL INSTRUMENTS (Non-Professional)	.35
F.	SILVERWARE	.25
G.	LIMITED EDITIONS	.75
H.	LIMITED EDITIONS WITH BREAKAGE	1.00
I.	GOLFERS EQUIPMENT meaning golf clubs, golf clothing, and golf equipment	.65
J.	STAMP COLLECTIONS	.45
K.	COIN COLLECTIONS	1.25
L.	HOBBY COLLECTIONS including items such as memorabilia, souvenirs, and collection items such as trading cards, comic books, etc.	3.00
M.	FIRE ARMS	3.00
N.	FINE ARTS	*
O.	MISCELLANEOUS	1.25

Territory*	(1)	(2)	(3)	(4)	(5)	(6)
First \$1,500	.40	.73	.87	1.13	.51	.93
Excess of \$1.500	.20	.36	.43	.53	.25	.45

Territory*	(7)	(8)	(9)	(10)	(11)	(12)
First \$1,500	1.33	1.60	1.06	1.40	1.73	2.06
Excess of \$1.500	.62	.75	.52	.67	.83	.96

*Fine Arts Territory	Protection Class	Type of Construction	Number of Families
1	1-6	Masonry	1-4
2	7-8	Masonry	1-4
3	9	Masonry	1-4
4	10	Masonry	1-4
5	1-6	Masonry	5 or more
6	7-8	Masonry	5 or more
7	9	Masonry	5 or more
8	10	Masonry	5 or more

8. STATE PAGES – RATING RULES

8.11 SCHEDULED PERSONAL PROPERTY – HO-04-61 (continued)

<u>*Fine Arts Territory</u>	<u>Protection Class</u>	<u>Type of Construction</u>	<u>Number of Families</u>
5	1-6	Frame	1-4
6	7-8	Frame	
7	9	Frame	
8	10	Frame	
9	1-6	Frame	5 or more
10	7-8	Frame	
11	9	Frame	
12	10	Frame	

P. FINE ARTS BREAKAGE

Coverage may be provided against the risk of breakage on certain scheduled items insured under endorsement HO-04-61. The additional premium shall be \$.15 per each \$100 of insurance.

8.12 SCHEDULED PERSONAL PROPERTY – AGREED AMOUNT – 231-1339

ALL FORMS – Coverage may be provided against all risk of physical loss with certain exceptions on scheduled personal property on an agreed amount basis.

<u>Annual Rate per \$100 of Insurance</u>	
A. Jewelry	\$1.30
B. Jewelry (In Vault)	\$.39
C. Furs	\$.55

8.13 SPECIAL PERSONAL PROPERTY COVERAGE – HO-00-15 (HO-00-03), HO-17-31 (HO-00-06)

Coverage may be endorsed to insured Coverage C against additional risks of physical loss subject to certain exclusions. The premium for HO-00-03 shall be equal to 15% of the premium developed from the Basic Premium Chart for Coverage A. The premium for HO-00-06 shall be equal to 25% of the premium developed from the Basic Premium Chart for Coverage C. Use HO-00-15 for HO-00-03 policies and HO-17-31 for HO-00-06 policies.

8. STATE PAGES – RATING RULES

8.14 DEDUCTIBLES-ALL PERILS

- a. All Homeowners Forms are subject to a \$250 flat deductible applicable to any loss under Section I of the policy. This loss deductible applies to each occurrence. The rates shown in this manual include that deductible.

- b. Optional Lower Deductible:

FORM HO-00-03 - May be endorsed to provide a \$100 deductible at an additional charge of 20% of the basic \$250 premium. The minimum additional premium shall be \$20.00.

FORMS HO-00-04 or HO-00-06 - May be endorsed to provide a \$100 deductible with a \$250 Special Theft Deductible at an additional charge of 20% of the basic \$250 premium. The minimum additional premium shall be \$20.00.

- c. Optional Higher Deductibles:

ALL FORMS

<u>Deductibles</u>	<u>\$500</u>	<u>\$1,000</u>	<u>\$2,500</u>	<u>\$5,000</u>
Percentage	13%	22%	31%	42%
Max. Credit	\$200	\$335	\$515	\$750

The reduced premium shall be computed by applying the deductible percentage of credit to the premium developed from the Basic Premium Chart.

8.15 WINDSTORM OR HAIL DEDUCTIBLE – HO-03-12

FORM HO-00-03

There are two optional deductibles applicable to the perils of Windstorm or Hail. They are:

1. Percentage deductibles in the amounts of 1%, 2% or 5% of the Coverage A limit of liability. The deductible amount is determined by applying the percentage amount to the Coverage A limit of liability. Attach Endorsement HO-03-12.

Note: The percentage deductible must exceed the amount of the deductible applicable to All Other Section I perils. For example, if the Coverage A value is \$100,000 and a \$2,500 Section deductible is selected, a 1% or 2% Windstorm or Hail Deductible option cannot be chosen.

2. Fixed dollar deductibles for Windstorm or Hail in the amounts of \$1,000, \$2,000 or \$5,000.
Not available for New Business effective 06/04/2010 or later.

The premium for these deductible options shall be developed by applying the factors listed on the next page to the base premium.

Note: The fixed dollar deductible must equal or exceed the normal policy deductible.

8. STATE PAGES – RATING RULES

8.15 WINDSTORM OR HAIL DEDUCTIBLE – HO-03-12 (continued)

Select a normal policy deductible from the left hand column. Moving to the right, both the factor under the appropriate Wind/Hail deductible column and multiply by the base premium. This premium reflects the total premium for the selected Windstorm & Hail deductible and the normal Section I deductible.

WIND/HAIL DEDUCTIBLE

DED.	1% WIND/HAIL DED CAP		2% WIND/HAIL DED		5% WIND/HAIL DED		1,000 WIND/HAIL DED		2,000 WIND/HAIL DED		5,000 WIND/HAIL DED	
	Factor	Cap	Factor	Cap	Factor	Cap	Factor	Cap	Factor	Cap	Factor	Cap
\$100	1.15	N/A	1.13	N/A	1.09	N/A	1.15	N/A	1.13	N/A	1.09	N/A
\$250	0.96	N/A	0.94	N/A	0.91	N/A	0.96	85	0.94	N/A	0.91	180
\$500	0.85	275	0.84	295	0.81	345	0.85	205	0.84	105	0.81	320
\$1,000	0.76	530	0.75	550	0.73	595	N/A		0.75	325	0.73	420
\$2,500	0.67	1070	0.66	1095	0.64	1160	N/A		N/A		0.64	550
\$5,000	0.56	1600	0.55	1640	0.54	1675	N/A		N/A		N/A	

8.16 – 8.17 RESERVED FOR FUTURE USE

8.18 PERSONAL PROPERTY

1. Increased Limit

FORM HO-00-03 - The limit of liability for Coverage C may be increased. The additional charge shall be \$2.00 for each \$1,000 increase.

2. Reduction in Limit

FORM HO-00-03 - The limit of liability for Coverage C may be reduced to an amount not less than 40% of the limit of Coverage A at a credit of \$1.00 for each \$1,000 reduction.

8. STATE PAGES - RATING RULES

8.86 ASSOCIATION DISCOUNT

An Association Discount may apply to members of a group or organization with contractual affinity relationship with Hanover or its subsidiaries as follows:

Association Description	Association Discount
College Alumni, Faculty, and Staff	10%
Private K-12 schools Parents, Alumni, and Staff	5%
Other Educators, School Districts, and Teachers Unions	5%
Religious Institutions	5%
Approved Employer Groups	5%
Banking and Credit Union Customers	2%
Other Associations	2%

Discounts are subject to change by Association based upon experience and will be placed on file with the Arkansas Insurance Department accordingly.

8.87-8.88 RESERVED FOR FUTURE USE

8.89 RENEWAL RATE CAPPING

In order to better manage renewal customer disruption created by the introduction of rating events, renewal premiums may be capped in accordance with the following rules.

- A. The expiring premium including any changes in risk exposure and/or chargeable incidents is captured.
- B. The uncapped renewal premium is calculated.
- C. If the change between steps A and B exceeds the cap, then a capping factor will be determined and applied to the uncapped premium.
- D. The capping factor applies to rate increases.
- E. The capping factor will apply to all coverages, with the exception of any state mandated assessments or charges.
- F. The capping factor is the final factor in the premium determination rate order.

EXPLANATORY MEMORANDUM
ARKANSAS HOMEOWNERS
Hanover Insurance Company
Effective 06/04/2011 New and Renewal Business

Summary of Proposed Changes

- 1) +7.0% overall rate change for all forms combined.
- 2) Revise wind/hail deductible credit caps.
- 3) Revise all-peril deductible credit caps.
- 4) Revise territory relativities.
- 5) Revise New Home Discount.
- 6) Increase base rates for HO-3 to achieve overall target rate change.
- 7) Introduce Renewal Rate Capping

Overall Rate Change

Based on the data through the 3rd quarter of 2010, the overall indicated change is +15.0% (*Exhibit 1*). We propose an overall increase of 7.0% for the Hanover Insurance Company only.

The change by form is included in the chart below:

Form	Proposed Rate Effect
Owners (HO-2/HO-3)	+7.2%
Condo (HO-6)	-0.4%
Tenant (HO-4)	-0.6%
All Forms Combined	+7.0%

For more details please refer to Exhibit A.

Wind/Hail Deductible Factors and Credit Caps

We are revising our wind / hail deductible caps. The rate impact of this change is -0.2%. Please see Exhibit C for the proposed caps and factor changes.

All-Peril Deductible Credit Caps

We are revising our all-peril deductible credit caps. The overall impact of this change is -0.2%. Please see Exhibit D for the proposed caps and factor changes.

Scheduled Personal Property

We are revising our scheduled property rates for Fine Arts as well as Jewelry. The overall impact of this change is -0.4%. Please see Exhibit E for the proposed caps and factor changes.

Territory Relativities

We are adjusting some of our territory relativities. The overall impact of this change is -0.2%. Please see Exhibit F for the proposed relativities.

New Home Discount

We are adjusting some of our New Home discounts. The overall impact of this change is -0.2%. Please see Exhibit G for the proposed relativities.

Base Rate Change

We are increasing base rates for owners. The rate impact associated with this change is 8.0%.

Rate Capping:

In order to better manage renewal customer disruption created by the introduction of rating events, we propose to introduce rate capping such that proposed premiums are capped in accordance with the rules set out in the revised manual. Before applying the cap, the expiring premium is updated to include any changes in risk exposure. As a result of rate capping, we will realize a 7.0% rate increase in the first year of renewals (Exhibit B).

Overall Indication Description

General Philosophy: Hanover data, within the state of Arkansas, is used whenever possible. If Hanover data, within the state of Arkansas, is not available, then Arkansas industry or Hanover countrywide/regional data may be used in its place.

Overall Indication: The following is a detailed explanation of the indication calculation shown in Exhibit 1. The overall indicated rate increase is +15.0%.

Description of Actuarial Calculations:

Data

The underlying experience is that of the Hanover Insurance Companies. Experience for the most recently available five year review period is on a calendar/accident year basis, as reported under ISO's Personal Lines Statistical Plan (PLSP).

On-Level Premiums

Reported premiums are adjusted to current rate level by using the parallelogram method. During the five-year experience period, the following rate changes took place:

Rate Change History	
07/01/06	+2.0%
07/15/07	+5.0%
05/05/08	+3.0%
06/04/2009	+5.0%
06/04/2010	+4.3%

Premium Trend

The current rate level earned premium and average adjusted earned premium are developed for each of the past 6 accident years, shown in Exhibit 3. Earned house years are used as the exposure base. The fitted premium trend is an exponential fit of the average adjusted earned premium of the past 5 years.

Losses

Actual incurred losses for accident years ending 9/30/06 to 9/30/10 as of 9/30/10 are shown in row 7 of Exhibit 2. Non-hurricane catastrophe losses are displayed and removed in rows 8 and 9 of Exhibit 2. A non-hurricane catastrophe load is added in later.

Loss Development

Arkansas' data was used to select loss development factors and countrywide data is used to select condo and tenant loss development factors (Exhibit 4). Loss development factors are applied to generate the Estimated Ultimate Incurred Loss (row 11, Exhibit 2).

Loss Trend Selections

Loss trend selections (Exhibit 5) were made after reviewing Arkansas, ISO industry and Hanover loss data.

Non-Hurricane Catastrophe Losses

Based on most up to date catastrophe model information, a non-hurricane catastrophe load of 22.5% is established for Arkansas (row 20b, Exhibit 2).

Five-Year Projected Loss and LAE ratio

The 5-Year Projected Loss and LAE ratio results from using the standard 10%, 15%, 20%, 25%, and 30% weights by accident year (row 18, Exhibit 2).

Credibility

We use classic credibility. The full credibility standard during the five-year experience period is 40,000 exposures for Owners; 25,000 exposures for Condo & Tenant.

Permissible Loss Ratio

Exhibit 6 shows selected expense provisions. Prospective Arkansas Homeowners commission rates were selected. Countrywide General and Other Acquisition expenses were the finest detail available. Expected Arkansas Taxes, Licenses, & Fees were calculated based on ISO's expense circular.

State of ARKANSAS
 Hanover Insurance Company
 Rates Effective 06/04/2011 - New & Renewal
 Rate Impact by Form

Form	Policy Count	On-Level Written Premium	Base Rate	Wind hail and All Peril Deductible	Scheduled Jewlery & Fine Arts	Territory	New Home	Total Changes
C	59	32,783	0.0%	0.0%	-0.4%	0.0%	0.0%	-0.4%
O	5,086	4,989,592	8.3%	-0.2%	-0.4%	-0.2%	-0.2%	7.2%
T	310	110,166	0.0%	0.0%	-0.6%	0.0%	0.0%	-0.6%
Total	5,455	5,132,541	8.0%	-0.2%	-0.4%	-0.2%	-0.2%	7.0%

State of ARKANSAS
Hanover Insurance Company
Rates Effective 06/04/2011 - New & Renewal
Capped Rate Impact by Form

Form	Policy Count	On-Level Written Premium	Total Changes
C	59	32,783	-0.2%
O	5,086	4,989,592	7.2%
T	310	110,166	-0.4%
Total	5,455	5,132,541	7.0%

State of ARKANSAS
 Hanover Insurance Company
 Rates Effective 06/04/2011 - New & Renewal
 Wind / Hail Deductibles

All-Peril Deductible	1%		2%		5%		\$5,000	
	Current Cap	Proposed Cap	Current Cap	Proposed Cap	Current Cap	Proposed Cap	Current Cap	Proposed Cap
2500	975	1070	1000	1095	1060	1160	500	550
5000	1335	1600	1365	1640	1395	1675		

State of ARKANSAS
Hanover Insurance Company
Rates Effective 06/04/2011 - New & Renewal
All-Peril Deductibles

All-Peril Deductible	Current Cap	Proposed Cap
2500	470	515
5000	625	750

State of ARKANSAS
 Hanover Insurance Company
 Rates Effective 06/04/2011 - New & Renewal
 Scheduled Personal Property

		Current Factor	Proposed Factor
A.	JEWELRY	1.10	1.00
B.	JEWELRY (In Vault)	0.33	0.30
C.	JEWELRY (Agreed Amount)	1.65	1.30
D.	JEWELRY (Agreed Amount In Vault)	0.50	0.39

	Current Factor	Proposed Factor	Current Factor	Proposed Factor
Territory	1	1	5	5
Fine Arts First \$1,500	0.53	0.40	0.67	0.51
Fine Arts Excess of \$1,500	0.26	0.20	0.32	0.25

State of ARKANSAS
Hanover Insurance Company
Rates Effective 06/04/2011 - New & Renewal
Territory Relativities

Territory	Current Relativity	Proposed Relativity	% Change
31	0.908	0.917	1%
37	0.958	0.958	0%
42	0.970	0.970	0%
49	0.717	0.717	0%
50	1.289	1.289	0%
51	1.305	1.305	0%
52	0.818	0.826	1%
53	0.860	0.860	0%
54	1.432	1.446	1%
55	0.843	0.843	0%
56	0.851	0.851	0%
61	0.896	0.860	-4%
62	0.697	0.697	0%
63	0.843	0.851	1%
64	1.299	1.234	-5%
65	0.933	0.868	-7%
66	1.208	1.208	0%
67	0.965	0.888	-8%
68	1.027	1.027	0%
69	1.188	1.188	0%
70	0.884	0.893	1%
71	1.084	0.997	-8%
72	0.945	0.898	-5%
73	0.920	0.920	0%
74	1.133	1.133	0%
75	1.207	1.074	-11%
76	1.033	1.033	0%

State of ARKANSAS
Hanover Insurance Company
Rates Effective 06/04/2011 - New & Renewal
New Home Credit

Age of Dwelling	Current Credit	Proposed Credit
0	25%	27%
1	25%	25%
2	23%	23%
3	21%	21%
4	18%	19%
5	15%	17%
6	12%	14%
7	9%	10%
8	6%	6%
9	3%	3%

FORM RF-1 Rate Filing Abstract NAIC LOSS COST DATA ENTRY DOCUMENT

1.	This filing transmittal is part of Company Tracking #	HO AR0840301R
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. Hanover Insurance Company	B.	0088-22292

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.	4.0000

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)
HO 2,3	15.2%	7.2%				
HO 4	-3.2%	-0.6%				
HO 6	2.8%	-0.4%				
TOTAL OVERALL EFFECT	15.0%	7.0%				

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
2006	1,243	1.7%	7/1/2006	\$994	\$854	85.9%	54.4%
2007	1,078	7.6%	7/15/2007	\$896	\$486	54.3%	36.3%
2008	836	3.0%	5/05/2008	\$760	\$978	128.7%	52.4%
2009	2,135	5.0%	06/04/2009	\$926	\$1,381	149.2%	49.3%
2010	5,463	4.3%	06/04/2010	\$3,396	1,298	38.2%	62.4%

7.

Expense Constants	Selected Provisions
A. Total Production Expense	17.3%
B. General Expense	10.5%
C. Taxes, License & Fees	3.2%
D. Underwriting Profit & Contingencies	5.9%
E. Other (explain) reinsurance	1.9%
F. TOTAL	38.8%

8.	N	Apply Lost Cost Factors to Future filings? (Y or N)	
9.	19.3%	Estimated Maximum Rate Increase for any Insured (%). Territory (if applicable):51	
10.	-3.0%	Estimated Maximum Rate Decrease for any Insured (%). Territory (if applicable):42,37,63,75	

SERFF Tracking Number: HNVX-G127058468 State: Arkansas
 Filing Company: The Hanover Insurance Company State Tracking Number: EFT \$150
 Company Tracking Number: AR110310100001
 TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations
 Product Name: *PLnon- PL non-group
 Project Name/Number: *PLnon- PL non-group/AR110310100001

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)
03/02/2011	Rate and Rule	AR HO Manual - Coversheet	07/05/2011	AR HO Manual CLEAN Coversheet v2.PDF (Superseded)
03/02/2011	Rate and Rule	AR HO Manual - Index 1	07/05/2011	AR HO Manual CLEAN Index 1, pg B.PDF (Superseded)
03/02/2011	Rate and Rule	AR HO Rate Manual - CLEAN	07/05/2011	AR HO Rate Manual CLEAN AR-RS-1.PDF (Superseded)
03/02/2011	Rate and Rule	AR HO Rate Manual - CLEAN	07/05/2011	AR HO Rate Manual CLEAN AR-RS-2.PDF (Superseded)
03/02/2011	Rate and Rule	AR HO Rate Manual - CLEAN	07/05/2011	AR HO Rate Manual CLEAN AR-RS-3.PDF (Superseded)
03/02/2011	Rate and Rule	AR HO Rule Manual - CLEAN	07/05/2011	AR HO Rule Manual CLEAN Pg 14.PDF (Superseded)
03/02/2011	Rate and Rule	AR HO Rule Manual - CLEAN	07/05/2011	AR HO Rule Manual CLEAN Pg 17v2.PDF (Superseded)
03/02/2011	Rate and Rule	AR HO Rule Manual -CLEAN	07/05/2011	AR HO Rule Manual CLEAN Pg 18v2.PDF (Superseded)

SERFF Tracking Number: HNVX-G127058468 State: Arkansas
 Filing Company: The Hanover Insurance Company State Tracking Number: EFT \$150
 Company Tracking Number: AR110310100001
 TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations
 Product Name: *PLnon- PL non-group
 Project Name/Number: *PLnon- PL non-group/AR110310100001

03/02/2011	Rate and Rule	AR HO Rule Manual - CLEAN	07/05/2011	AR HO Rule Manual CLEAN Pg 19.PDF (Superceded)
03/02/2011	Rate and Rule	AR HO Rule Manual -CLEAN	07/05/2011	AR HO Rule Manual CLEAN Pg 20.PDF (Superceded)
03/02/2011	Rate and Rule	AR HO Rule Manual - CLEAN	07/05/2011	AR HO Rule Manual CLEAN Pg 42.PDF (Superceded)
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03/02/2011	Supporting Document	AR HO Manual MARKED - Index 1, Pg B	07/05/2011	AR HO Manual MARKED Index 1, pg B.PDF (Superceded)
03/02/2011	Supporting Document	AR HO Rate Manual MARKED AR-RS-1 thru 3	07/05/2011	AR HO Rate Manual MARKED AR-RS-1 thru 3.PDF (Superceded)
03/02/2011	Supporting Document	Actuarial Support Documentation	03/11/2011	Actuarial Support 20110604v2.PDF (Superceded)
03/02/2011	Supporting Document	AR HO Rule Manual MARKED Pgs 14, 17-20, 42	07/05/2011	AR HO Rule Manual MARKED Pgs 14, 17-20, 42 v2.PDF (Superceded)

HANOVER

ARKANSAS HOMEOWNERS

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ENTIRE HOMEOWNERS MANUAL

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- Revised Scheduled Personal Property
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5. RATE STRUCTURE

HO-00-03
 \$30,000 BASE RATES
 \$250 DEDUCTIBLE COVERAGE

Terr	Prem. Group	Rate
31	1	945
	2	1050
	3	1156
	4	1260
	5	1744
	6	2627
	7	3780
	8	1314
	9	1417
	10	2053
	11	4307
37	12	987
	13	1097
	14	1208
	15	1316
	16	1822
	17	2745
	18	3949
	19	1373
	20	1480
	21	2144
	22	4499
42	23	999
	24	1111
	25	1223
	26	1333
	27	1845
	28	2779
	29	3999
	30	1390
	31	1499
	32	2171
	33	4556

Terr	Prem. Group	Rate
49	34	739
	35	821
	36	904
	37	985
	38	1363
	39	2054
	40	2956
	41	1027
	42	1108
	43	1605
	44	3367
50	45	1328
	46	1477
	47	1625
	48	1771
	49	2451
	50	3693
	51	5314
	52	1847
	53	1992
	54	2885
	55	6054
51	56	1344
	57	1495
	58	1645
	59	1793
	60	2482
	61	3739
	62	5380
	63	1870
	64	2017
	65	2921
	66	6129

Terr	Prem. Group	Rate
52	89	851
	90	946
	91	1042
	92	1135
	93	1571
	94	2366
	95	3405
	96	1184
	97	1276
	98	1849
	99	3879
53	100	886
	101	985
	102	1084
	103	1182
	104	1635
	105	2464
	106	3545
	107	1232
	108	1329
	109	1925
	110	4039
54	67	1490
	68	1656
	69	1823
	70	1987
	71	2750
	72	4143
	73	5961
	74	2072
	75	2234
	76	3237
	77	6791

5. RATE STRUCTURE

HO-00-03
 \$30,000 BASE RATES
 \$250 DEDUCTIBLE COVERAGE

Terr	Prem. Group	Rate
55	111	868
	112	966
	113	1063
	114	1158
	115	1603
	116	2415
	117	3475
	118	1208
	119	1303
	120	1887
	121	3959
56	122	877
	123	975
	124	1073
	125	1169
	126	1618
	127	2438
	128	3508
	129	1219
	130	1315
	131	1905
	132	3997
61	155	886
	156	985
	157	1084
	158	1182
	159	1635
	160	2464
	161	3545
	162	1232
	163	1329
	164	1925
	165	4039

Terr	Prem. Group	Rate
62	78	718
	79	798
	80	879
	81	958
	82	1325
	83	1997
	84	2873
	85	999
	86	1077
	87	1560
	88	3273
63	133	877
	134	975
	135	1073
	136	1169
	137	1618
	138	2438
	139	3508
	140	1219
	141	1315
	142	1905
	143	3997
64	144	1271
	145	1414
	146	1556
	147	1696
	148	2347
	149	3535
	150	5087
	151	1768
	152	1907
	153	2762
	154	5795

Terr	Prem. Group	Rate
65	166	894
	167	994
	168	1094
	169	1193
	170	1651
	171	2487
	172	3578
	173	1244
	174	1341
	175	1943
	176	4077
66	210	1244
	211	1384
	212	1523
	213	1660
	214	2297
	215	3461
	216	4980
	217	1731
	218	1867
	219	2704
	220	5673
67	232	915
	233	1017
	234	1120
	235	1220
	236	1689
	237	2544
	238	3661
	239	1272
	240	1372
	241	1988
	242	4170

5. RATE STRUCTURE

HO-00-03
 \$30,000 BASE RATES
 \$250 DEDUCTIBLE COVERAGE

Terr	Prem. Group	Rate
68	243	1058
	244	1176
	245	1295
	246	1411
	247	1953
	248	2942
	249	4234
	250	1472
	251	1587
	252	2299
	253	4823
69	254	1224
	255	1361
	256	1498
	257	1633
	258	2259
	259	3403
	260	4898
	261	1702
	262	1836
	263	2659
	264	5579
70	276	920
	277	1023
	278	1126
	279	1227
	280	1698
	281	2558
	282	3682
	283	1280
	284	1380
	285	1999
	286	4194

Terr	Prem. Group	Rate
71	287	1027
	288	1142
	289	1257
	290	1370
	291	1896
	292	2856
	293	4110
	294	1429
	295	1541
	296	2232
	297	4682
72	221	925
	222	1029
	223	1132
	224	1234
	225	1708
	226	2573
	227	3702
	228	1287
	229	1388
	230	2010
	231	4217
73	265	948
	266	1054
	267	1160
	268	1264
	269	1750
	270	2636
	271	3793
	272	1318
	273	1422
	274	2059
	275	4321

Terr	Prem. Group	Rate
74	177	1167
	178	1298
	179	1429
	180	1557
	181	2155
	182	3246
	183	4671
	184	1624
	185	1751
	186	2536
	187	5321
75	199	1106
	200	1230
	201	1354
	202	1476
	203	2042
	204	3077
	205	4428
	206	1539
	207	1660
	208	2404
	209	5044
76	188	1064
	189	1183
	190	1303
	191	1420
	192	1964
	193	2959
	194	4259
	195	1480
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8.6 NEW HOME DISCOUNT

FORM HO-00-03 Insured dwellings that are less than ten years old are eligible for a premium credit.

Credit Determination

- A. Determine the percentage of credit by subtracting the year in which construction is completed from the year the policy becomes effective or is renewed. If the dwelling is not yet complete, enter the current year on the application.
- B. Compute the premium credit by applying the appropriate credit percentage to the Basic Premium developed from the Basic Premium Chart.

<u>Age of Dwelling</u>	<u>Credit Percentage</u>
0	27%
1	25
2	23
3	21
4	19
5	17
6	14
7	10
8	6
9	3

8.7 NON-SMOKER DISCOUNT

ALL FORMS - An insured who signs the Non-Smoker Form, stating that neither he nor any other resident of the household now smokes or has smoked for at least the past twelve (12) months shall be eligible for the 1% Non-Smoker Credit. This discount is not available to those insureds residing in Dwellings with three or more families.

Compute the premium credit by applying the percentage of credit to the premium developed from the Basic Premium Chart.

8. STATE PAGES – RATING RULES

8.11 SCHEDULED PERSONAL PROPERTY – HO-04-61

Coverage may be provided against all risks of physical loss with certain exceptions on scheduled personal property.

<u>Annual Rates per \$100 of Insurance</u>		
A.	JEWELRY	\$1.00
B.	JEWELRY (In Vault)	.30
C.	FURS AND FUR GARMENTS	.45
D.	CAMERAS, projecting machines, films and related articles of equipment	1.15
E.	MUSICAL INSTRUMENTS (Non-Professional)	.35
F.	SILVERWARE	.25
G.	LIMITED EDITIONS	.75
H.	LIMITED EDITIONS WITH BREAKAGE	1.00
I.	GOLFERS EQUIPMENT meaning golf clubs, golf clothing, and golf equipment	.65
J.	STAMP COLLECTIONS	.45
K.	COIN COLLECTIONS	1.25
L.	HOBBY COLLECTIONS including items such as memorabilia, souvenirs, and collection items such as trading cards, comic books, etc.	3.00
M.	FIRE ARMS	3.00
N.	FINE ARTS	*
O.	MISCELLANEOUS	1.25

<u>Territory*</u>	<u>(1)</u>	<u>(2)</u>	<u>(3)</u>	<u>(4)</u>	<u>(5)</u>	<u>(6)</u>
First \$1,500	.40	.73	.87	1.13	.51	.93
Excess of \$1.500	.20	.36	.43	.53	.25	.45

<u>Territory*</u>	<u>(7)</u>	<u>(8)</u>	<u>(9)</u>	<u>(10)</u>	<u>(11)</u>	<u>(12)</u>
First \$1,500	1.33	1.60	1.06	1.40	1.73	2.06
Excess of \$1.500	.62	.75	.52	.67	.83	.96

*Fine Arts Territory	Protection Class	Type of Construction	Number of Families
1	1-6	Masonry	1-4
2	7-8	Masonry	1-4
3	9	Masonry	1-4
4	10	Masonry	1-4
5	1-6	Masonry	5 or more
6	7-8	Masonry	5 or more
7	9	Masonry	5 or more
8	10	Masonry	5 or more

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8.11 SCHEDULED PERSONAL PROPERTY – HO-04-61 (continued)

<u>*Fine Arts Territory</u>	<u>Protection Class</u>	<u>Type of Construction</u>	<u>Number of Families</u>
5	1-6	Frame	1-4
6	7-8	Frame	
7	9	Frame	
8	10	Frame	
9	1-6	Frame	5 or more
10	7-8	Frame	
11	9	Frame	
12	10	Frame	

P. FINE ARTS BREAKAGE

Coverage may be provided against the risk of breakage on certain scheduled items insured under endorsement HO-04-61. The additional premium shall be \$.15 per each \$100 of insurance.

8.12 SCHEDULED PERSONAL PROPERTY – AGREED AMOUNT – 231-1339

ALL FORMS – Coverage may be provided against all risk of physical loss with certain exceptions on scheduled personal property on an agreed amount basis.

<u>Annual Rate per \$100 of Insurance</u>	
A. Jewelry	\$1.30
B. Jewelry (In Vault)	\$.39
C. Furs	\$.55

8.13 SPECIAL PERSONAL PROPERTY COVERAGE – HO-00-15 (HO-00-03), HO-17-31 (HO-00-06)

Coverage may be endorsed to insured Coverage C against additional risks of physical loss subject to certain exclusions. The premium for HO-00-03 shall be equal to 15% of the premium developed from the Basic Premium Chart for Coverage A. The premium for HO-00-06 shall be equal to 25% of the premium developed from the Basic Premium Chart for Coverage C. Use HO-00-15 for HO-00-03 policies and HO-17-31 for HO-00-06 policies.

8. STATE PAGES – RATING RULES

8.14 DEDUCTIBLES-ALL PERILS

- a. All Homeowners Forms are subject to a \$250 flat deductible applicable to any loss under Section I of the policy. This loss deductible applies to each occurrence. The rates shown in this manual include that deductible.

- b. Optional Lower Deductible:

FORM HO-00-03 - May be endorsed to provide a \$100 deductible at an additional charge of 20% of the basic \$250 premium. The minimum additional premium shall be \$20.00.

FORMS HO-00-04 or HO-00-06 - May be endorsed to provide a \$100 deductible with a \$250 Special Theft Deductible at an additional charge of 20% of the basic \$250 premium. The minimum additional premium shall be \$20.00.

- c. Optional Higher Deductibles:

ALL FORMS

<u>Deductibles</u>	<u>\$500</u>	<u>\$1,000</u>	<u>\$2,500</u>	<u>\$5,000</u>
Percentage	13%	22%	31%	42%
Max. Credit	\$200	\$335	\$515	\$750

The reduced premium shall be computed by applying the deductible percentage of credit to the premium developed from the Basic Premium Chart.

8.15 WINDSTORM OR HAIL DEDUCTIBLE – HO-03-12

FORM HO-00-03

There are two optional deductibles applicable to the perils of Windstorm or Hail. They are:

1. Percentage deductibles in the amounts of 1%, 2% or 5% of the Coverage A limit of liability. The deductible amount is determined by applying the percentage amount to the Coverage A limit of liability. Attach Endorsement HO-03-12.

Note: The percentage deductible must exceed the amount of the deductible applicable to All Other Section I perils. For example, if the Coverage A value is \$100,000 and a \$2,500 Section deductible is selected, a 1% or 2% Windstorm or Hail Deductible option cannot be chosen.

2. Fixed dollar deductibles for Windstorm or Hail in the amounts of \$1,000, \$2,000 or \$5,000.
Not available for New Business effective 06/04/2010 or later.

The premium for these deductible options shall be developed by applying the factors listed on the next page to the base premium.

Note: The fixed dollar deductible must equal or exceed the normal policy deductible.

5. RATE STRUCTURE

HO-00-03
 \$30,000 BASE RATES
 \$250 DEDUCTIBLE COVERAGE

Terr	Prem. Group	Rate
31	1	945
	2	1050
	3	1156
	4	1260
	5	1744
	6	2627
	7	3780
	8	1314
	9	1417
	10	2053
	11	4307
37	12	987
	13	1097
	14	1208
	15	1316
	16	1822
	17	2745
	18	3949
	19	1373
	20	1480
	21	2144
	22	4499
42	23	999
	24	1111
	25	1223
	26	1333
	27	1845
	28	2779
	29	3999
	30	1390
	31	1499
	32	2171
	33	4556

Terr	Prem. Group	Rate
49	34	739
	35	821
	36	904
	37	985
	38	1363
	39	2054
	40	2956
	41	1027
	42	1108
	43	1605
	44	3367
50	45	1328
	46	1477
	47	1625
	48	1771
	49	2451
	50	3693
	51	5314
	52	1847
	53	1992
	54	2885
	55	6054
51	56	1344
	57	1495
	58	1645
	59	1793
	60	2482
	61	3739
	62	5380
	63	1870
	64	2017
	65	2921
	66	6129

Terr	Prem. Group	Rate
52	89	851
	90	946
	91	1042
	92	1135
	93	1571
	94	2366
	95	3405
	96	1184
	97	1276
	98	1849
	99	3879
53	100	886
	101	985
	102	1084
	103	1182
	104	1635
	105	2464
	106	3545
	107	1232
	108	1329
	109	1925
	110	4039
54	67	1490
	68	1656
	69	1823
	70	1987
	71	2750
	72	4143
	73	5961
	74	2072
	75	2234
	76	3237
	77	6791

5. RATE STRUCTURE

HO-00-03
 \$30,000 BASE RATES
 \$250 DEDUCTIBLE COVERAGE

Terr	Prem. Group	Rate
55	111	868
	112	966
	113	1063
	114	1158
	115	1603
	116	2415
	117	3475
	118	1208
	119	1303
	120	1887
	121	3959
56	122	877
	123	975
	124	1073
	125	1169
	126	1618
	127	2438
	128	3508
	129	1219
	130	1315
	131	1905
	132	3997
61	155	886
	156	985
	157	1084
	158	1182
	159	1635
	160	2464
	161	3545
	162	1232
	163	1329
	164	1925
	165	4039

Terr	Prem. Group	Rate
62	78	718
	79	798
	80	879
	81	958
	82	1325
	83	1997
	84	2873
	85	999
	86	1077
	87	1560
	88	3273
63	133	877
	134	975
	135	1073
	136	1169
	137	1618
	138	2438
	139	3508
	140	1219
	141	1315
	142	1905
	143	3997
64	144	1271
	145	1414
	146	1556
	147	1696
	148	2347
	149	3535
	150	5087
	151	1768
	152	1907
	153	2762
	154	5795

Terr	Prem. Group	Rate
65	166	894
	167	994
	168	1094
	169	1193
	170	1651
	171	2487
	172	3578
	173	1244
	174	1341
	175	1943
	176	4077
66	210	1244
	211	1384
	212	1523
	213	1660
	214	2297
	215	3461
	216	4980
	217	1731
	218	1867
	219	2704
	220	5673
67	232	915
	233	1017
	234	1120
	235	1220
	236	1689
	237	2544
	238	3661
	239	1272
	240	1372
	241	1988
	242	4170

5. RATE STRUCTURE

HO-00-03
 \$30,000 BASE RATES
 \$250 DEDUCTIBLE COVERAGE

Terr	Prem. Group	Rate
68	243	1058
	244	1176
	245	1295
	246	1411
	247	1953
	248	2942
	249	4234
	250	1472
	251	1587
	252	2299
	253	4823
69	254	1224
	255	1361
	256	1498
	257	1633
	258	2259
	259	3403
	260	4898
	261	1702
	262	1836
	263	2659
	264	5579
70	276	920
	277	1023
	278	1126
	279	1227
	280	1698
	281	2558
	282	3682
	283	1280
	284	1380
	285	1999
	286	4194

Terr	Prem. Group	Rate
71	287	1027
	288	1142
	289	1257
	290	1370
	291	1896
	292	2856
	293	4110
	294	1429
	295	1541
	296	2232
	297	4682
72	221	925
	222	1029
	223	1132
	224	1234
	225	1708
	226	2573
	227	3702
	228	1287
	229	1388
	230	2010
	231	4217
73	265	948
	266	1054
	267	1160
	268	1264
	269	1750
	270	2636
	271	3793
	272	1318
	273	1422
	274	2059
	275	4321

Terr	Prem. Group	Rate
74	177	1167
	178	1298
	179	1429
	180	1557
	181	2155
	182	3246
	183	4671
	184	1624
	185	1751
	186	2536
	187	5321
75	199	1106
	200	1230
	201	1354
	202	1476
	203	2042
	204	3077
	205	4428
	206	1539
	207	1660
	208	2404
	209	5044
76	188	1064
	189	1183
	190	1303
	191	1420
	192	1964
	193	2959
	194	4259
	195	1480
	196	1596
	197	2312
	198	4851

8. STATE PAGES – RATING RULES

8.15 WINDSTORM OR HAIL DEDUCTIBLE – HO-03-12 (continued)

Select a normal policy deductible from the left hand column. Moving to the right, both the factor under the appropriate Wind/Hail deductible column and multiply by the base premium. This premium reflects the total premium for the selected Windstorm & Hail deductible and the normal Section I deductible.

WIND/HAIL DEDUCTIBLE

DED.	1% WIND/HAIL DED CAP		2% WIND/HAIL DED		5% WIND/HAIL DED		1,000 WIND/HAIL DED		2,000 WIND/HAIL DED		5,000 WIND/HAIL DED	
	Factor	Cap	Factor	Cap	Factor	Cap	Factor	Cap	Factor	Cap	Factor	Cap
\$100	1.15	N/A	1.13	N/A	1.09	N/A	1.15	N/A	1.13	N/A	1.09	N/A
\$250	0.96	N/A	0.94	N/A	0.91	N/A	0.96	85	0.94	N/A	0.91	180
\$500	0.85	275	0.84	295	0.81	345	0.85	205	0.84	105	0.81	320
\$1,000	0.76	530	0.75	550	0.73	595	N/A		0.75	325	0.73	420
\$2,500	0.67	1070	0.66	1095	0.64	1160	N/A		N/A		0.64	550
\$5,000	0.56	1600	0.55	1640	0.54	1675	N/A		N/A		N/A	

8.16 – 8.17 RESERVED FOR FUTURE USE

8.18 PERSONAL PROPERTY

1. Increased Limit

FORM HO-00-03 - The limit of liability for Coverage C may be increased. The additional charge shall be \$2.00 for each \$1,000 increase.

2. Reduction in Limit

FORM HO-00-03 - The limit of liability for Coverage C may be reduced to an amount not less than 40% of the limit of Coverage A at a credit of \$1.00 for each \$1,000 reduction.

8. STATE PAGES - RATING RULES**8.86 ASSOCIATION DISCOUNT**

An Association Discount may apply to members of a group or organization with contractual affinity relationship with Hanover or its subsidiaries as follows:

Association Description	Association Discount
College Alumni, Faculty, and Staff	10%
Private K-12 schools Parents, Alumni, and Staff	5%
Other Educators, School Districts, and Teachers Unions	5%
Religious Institutions	5%
Approved Employer Groups	5%
Banking and Credit Union Customers	2%
Other Associations	2%

Discounts are subject to change by Association based upon experience and will be placed on file with the Arkansas Insurance Department accordingly.

8.87-8.88 RESERVED FOR FUTURE USE**8.89 RENEWAL RATE CAPPING**

In order to better manage renewal customer disruption created by the introduction of rating events, renewal premiums may be capped in accordance with the following rules.

- A. The expiring premium including any changes in risk exposure and/or chargeable incidents is captured.
- B. The uncapped renewal premium is calculated.
- C. If the change between steps A and B exceeds the cap, then a capping factor will be determined and applied to the uncapped premium.
- D. The capping factor applies to rate increases and decreases
- E. The capping factor will apply to all coverages, with the exception of any state mandated assessments or charges.
- F. The capping factor is the final factor in the premium determination rate order.

Arkansas
Homeowners - All Companies Combined
Rate Indication for Rates Effective 6/4/11 - Summary Exhibit

	Selected Retrospective	Selected Prospective	Selected Retrospective	Selected Prospective	Underwriting Profit Provision	Non-CAT Target Loss & ALAE Ratio	Modeled Cats Loss & ALAE Ratio	Indication
Homeowners	<u>7.1%</u>	<u>4.0%</u>	<u>-2.5%</u>	<u>0.0%</u>	5.9%	31.4%	22.9%	15.2%
Condo	2.5%	4.5%	7.0%	2.0%	9.4%	27.9%	22.9%	2.8%
<u>Tenant</u>	<u>1.0%</u>	<u>3.0%</u>	<u>2.0%</u>	<u>0.0%</u>	<u>9.4%</u>	<u>27.9%</u>	<u>22.9%</u>	<u>-3.2%</u>
Condo and Tenant	1.6%	3.6%	3.9%	0.8%	9.4%	27.9%	22.9%	-0.9%
Total	7.0%	4.0%	-2.4%	0.0%	6.0%	31.3%	22.9%	15.0%

Arkansas Homeowners - All Companies Combined
Homeowners Form Rate Indication for Rates Effective 6/4/11
Dollars in Thousands

		Accident Year Ending:				
		<u>09/30/2006</u>	<u>09/30/2007</u>	<u>09/30/2008</u>	<u>09/30/2009</u>	<u>09/30/2010</u>
1a	Earned Premium	5,179	5,272	5,690	6,229	8,133
1b	Endorsement Premium	231	229	235	273	373
2	Current Rate Level Factor - Owners	1.362	1.298	1.248	1.202	1.135
3 = (1a-1b)/(2) + 1b	Premium at CRL	6,969	6,773	7,045	7,432	9,179
4a	Annual Premium Trend - Retrospective	-2.5%	-2.5%	-2.5%	-2.5%	-2.5%
5a	Premium Trend Factor - Retrospective	0.904	0.927	0.951	0.975	1.000
4b	Annual Premium Trend - Prospective	0.0%	0.0%	0.0%	0.0%	0.0%
5b	Premium Trend Factor - Prospective	1.001	1.001	1.001	1.001	1.001
6 = 3-5a-5b	Trended Premium	6,304	6,283	6,702	7,252	9,185
7	Incurred Loss Evaluated @ 9/30/10	7,501	2,180	5,596	6,736	3,731
8	Catastrophe Incurred Losses	4,872	583	3,805	4,329	379
9a = 7-8	Non-Cat Incurred Losses	2,629	1,597	1,790	2,407	3,352
9b	Non-Cat Non-Wind/Hail Incurred Losses	0	1,475	1,142	0	1,655
9c	Non-Cat Non-Wind/Hail Incurred Large Losses	0	692	0	0	487
9d=9c/(9b-9c)	Non-Cat Non-Wind/Hail Large to Small Ratio	-	0.883	-	-	0.417
9e	Non-Cat Non-Wind/Hail Normal Large to Small Ratio	0.413	0.413	0.413	0.413	0.413
9f	Non-Cat Non-Wind/Hail Excess Large to Small Ratio	1.032	1.032	1.032	1.032	1.032
9g=(9b-9c)x[1+min(9d,9e)]x9	Adjusted Non-Cat Non-Wind/Hail Incurred Losses	0	1,142	1,179	0	1,703
9=9a-9b+9d	Adjusted Non-Cat Incurred Losses	2,629	1,264	1,827	2,407	3,400
10	Loss Development Factor:	1.002	1.003	0.998	1.004	1.115
11 = 9-10	Est. Ultimate Incurred Loss Non-Cat	2,635	1,268	1,823	2,417	3,792
12a	Est. Annual Loss Trend - Retrospective	7.1%	7.1%	7.1%	7.1%	7.1%
13a	Loss Trend Factor - Retrospective	1.316	1.229	1.147	1.071	1.000
12b	Est. Annual Loss Trend - Prospective	4.0%	4.0%	4.0%	4.0%	4.0%
13b	Loss Trend Factor - Prospective	1.090	1.090	1.090	1.090	1.090
14 = 13a-12b-11	Trended Incurred Losses	3,779	1,698	2,279	2,821	4,133
15	ALAE (% of Loss)	2.1%	2.1%	2.1%	2.1%	2.1%
16 = (1.00 +15)-14	Trended Loss & ALAE	3,858	1,733	2,327	2,881	4,220
17 = 16+6	Projected Loss & ALAE Ratio	61.2%	27.6%	34.7%	39.7%	45.9%
18	Accident Year Weights	10.0%	15.0%	20.0%	25.0%	30.0%
19 = Sum(18-17)	Projected (Formula Weighted) Loss&ALAE Ratio Excluding All Catastrophes					40.9%
20a	Hurricane Loss & ALAE Ratio					0.0%
20b	Other Catastrophes Loss & ALAE Ratio					22.9%
20c	Permissible Loss & ALAE Ratio Excluding All Catastrophes to yield a Combined Ratio of	94.1%				31.4%
21a	Cat Loss Annual Trend - Prospective					2.0%
21b	Cat Loss Ratio Trend Factor - Prospective					1.043
21c = 13b/5b	NonCat Loss Ratio Trend Factor - Prospective					1.089
22a = (1+(21b))*(20a)	Trended Hurricane Loss & ALAE Ratio					0.0%
22b = (1+(21b))*(20b)	Trended Other Catastrophes Loss & ALAE Ratio					23.9%
22c = (1+(21c))*(20c)	Trended Permissible Loss & ALAE Ratio Excluding All Catastrophes					34.2%
23a	Fixed Expense					14.1%
23b	Variable Expense(incl Profit)					31.6%
24a	Earned House Years	7,136	6,799	7,129	7,852	9,655
24b	Credibility					98.2%
25	Credibility-Adjusted Loss & ALAE Ratio Excluding All Catastrophes					40.8%
26 =	Indicated Rate Change					15.2%
(25+22a+22b+23a) / (1-23b)-1						

Arkansas Homeowners - All Companies Combined
Condominium Form Rate Indication for Rates Effective 6/4/11
Dollars in Thousands

		Accident Year Ending:				
		<u>09/30/06</u>	<u>09/30/07</u>	<u>09/30/08</u>	<u>09/30/09</u>	<u>09/30/10</u>
1	Earned Premium	23	23	29	42	53
2	Current Rate Level Factor	0.984	0.952	0.992	0.996	0.992
3 = 1-2	Premium at CRL	23	22	29	42	53
4a	Annual Premium Trend - Retrospective	7.0%	7.0%	7.0%	7.0%	7.0%
5a	Premium Trend Factor - Retrospective	1.311	1.225	1.145	1.070	1.000
4b	Annual Premium Trend - Prospective	2.0%	2.0%	2.0%	2.0%	2.0%
5b	Premium Trend Factor - Prospective	1.044	1.044	1.044	1.044	1.044
6 = 3-5a-5b	Trended Premium	31	28	35	47	55
7	Incurred Loss Evaluated @ 9/30/10	4	23	0	5	18
8	Catastrophe Incurred Losses	0	0	0	0	0
9 = 7-8	Non-Cat Incurred Losses	4	23	0	5	18
10	Loss Development Factor:	1.000	1.002	0.998	0.994	1.088
11 = 9-10	Estim. Ultimate Incurred Loss Non-Cat	4	23	0	5	20
12a	Est. Annual Loss Trend - Retrospective	2.5%	2.5%	2.5%	2.5%	2.5%
13a	Loss Trend Factor - Retrospective	1.104	1.077	1.051	1.025	1.000
12b	Est. Annual Loss Trend - Prospective	4.5%	4.5%	4.5%	4.5%	4.5%
13b	Loss Trend Factor - Prospective	1.102	1.102	1.102	1.102	1.102
14 = 13a-12b-11	Trended Incurred Losses	5	28	0	6	22
15	ALAE (% of Loss)	2.1%	2.1%	2.1%	2.1%	2.1%
16 = (1.00 +15)-14	Trended Loss & ALAE	5	28	0	6	22
17 = 16÷6	Projected Loss & ALAE Ratio	15.9%	100.4%	0.0%	13.0%	40.0%
18	Accident Year Weights	10.0%	15.0%	20.0%	25.0%	30.0%
19 = Sum(18-17)	Projected (Formula Weighted) Loss&ALAE Ratio Excluding All Catastrophes					31.9%
20a	Hurricane Loss & ALAE Ratio					0.0%
20b	Other Catastrophes Loss & ALAE Ratio					22.9%
20c	Permissible Loss & ALAE Ratio Excluding All Catastrophes to yield a Combined Ratio of	90.6%				27.9%
21a	Cat Loss Annual Trend - Prospective					2.0%
21b	Cat Loss Ratio Trend Factor - Prospective					1.000
21c = 13b/5b	NonCat Loss Ratio Trend Factor - Prospective					1.055
22a = (1+(21b))*(20a)	Trended Hurricane Loss & ALAE Ratio					0.0%
22b = (1+(21b))*(20b)	Trended Other Catastrophes Loss & ALAE Ratio					22.9%
22c = (1+(21c))*(20c)	Trended Permissible Loss & ALAE Ratio Excluding All Catastrophes					29.5%
23a	Fixed Expense					14.1%
23b	Variable Expense(incl Profit)					35.0%
24a	Earned House Years	57	55	67	83	101
24b	Credibility					12.0%
25	Credibility-Adjusted Loss & ALAE Ratio Excluding All Catastrophes					29.8%
26 =	Indicated Rate Change					2.8%
(25+22a+22b+23a) / (1-23b)-1						

Arkansas Homeowners - All Companies Combined
Tenant Form Rate Indication for Rates Effective 6/4/11
Dollars in Thousands

		Accident Year Ending:				
		<u>09/30/06</u>	<u>09/30/07</u>	<u>09/30/08</u>	<u>09/30/09</u>	<u>09/30/10</u>
1	Earned Premium	62	59	62	63	85
2	Current Rate Level Factor	1.004	1.000	0.999	0.975	0.970
3 = 1-2	Premium at CRL	62	59	62	62	83
4a	Annual Premium Trend - Retrospective	2.0%	2.0%	2.0%	2.0%	2.0%
5a	Premium Trend Factor - Retrospective	1.082	1.061	1.040	1.020	1.000
4b	Annual Premium Trend - Prospective	0.0%	0.0%	0.0%	0.0%	0.0%
5b	Premium Trend Factor - Prospective	1.000	1.000	1.000	1.000	1.000
6 = 3-5a-5b	Trended Premium	68	63	65	63	83
7	Incurred Loss Evaluated @ 9/30/10	19	2	3	0	1
8	Catastrophe Incurred Losses	0	0	0	0	0
9 = 7-8	Non-Cat Incurred Losses	19	2	3	0	1
10	Loss Development Factor:	1.000	0.998	0.995	0.972	1.007
11 = 9-10	Estim. Ultimate Incurred Loss Non-Cat	19	2	3	0	1
12a	Est. Annual Loss Trend - Retrospective	1.0%	1.0%	1.0%	1.0%	1.0%
13a	Loss Trend Factor - Retrospective	1.041	1.030	1.020	1.010	1.000
12b	Est. Annual Loss Trend - Prospective	3.0%	3.0%	3.0%	3.0%	3.0%
13b	Loss Trend Factor - Prospective	1.067	1.067	1.067	1.067	1.067
14 = 13a-12b-11	Trended Incurred Losses	22	2	3	0	1
15	ALAE (% of Loss)	2.1%	2.1%	2.1%	2.1%	2.1%
16 = (1.00 +15)-14	Trended Loss & ALAE	22	3	3	0	1
17 = 16÷6	Projected Loss & ALAE Ratio	32.7%	4.1%	4.3%	0.0%	1.7%
18	Accident Year Weights	10.0%	15.0%	20.0%	25.0%	30.0%
19 = Sum(18-17)	Projected (Formula Weighted) Loss&ALAE Ratio Excluding All Catastrophes					5.3%
20a	Hurricane Loss & ALAE Ratio					0.0%
20b	Other Catastrophes Loss & ALAE Ratio					22.9%
20c	Permissible Loss & ALAE Ratio Excluding All Catastrophes to yield a Combined Ratio of	90.6%				27.9%
21a	Cat Loss Annual Trend - Prospective					2.0%
21b	Cat Loss Ratio Trend Factor - Prospective					1.044
21c = 13b/5b	NonCat Loss Ratio Trend Factor - Prospective					1.067
22a = (1+(21b))*(20a)	Trended Hurricane Loss & ALAE Ratio					0.0%
22b = (1+(21b))*(20b)	Trended Other Catastrophes Loss & ALAE Ratio					24.0%
22c = (1+(21c))*(20c)	Trended Permissible Loss & ALAE Ratio Excluding All Catastrophes					29.8%
23a	Fixed Expense					14.1%
23b	Variable Expense(incl Profit)					35.0%
24a	Earned House Years	206	194	188	186	254
24b	Credibility					20.3%
25	Credibility-Adjusted Loss & ALAE Ratio Excluding All Catastrophes					24.8%
26 =	Indicated Rate Change					-3.2%
(25+22a+22b+23a) / (1-23b)-1						

HO Premium Trend Analysis (Average On-Level Premium Method)
State AR

Earned Premium at Current Rate Level			
AY-QTR Ending	OWN	CON	TEN
2006Q3	6,266,847	23,143	63,984
2006Q4	6,189,560	21,423	62,819
2007Q1	6,119,390	20,553	61,940
2007Q2	6,083,095	21,423	61,169
2007Q3	6,086,701	22,081	60,493
2007Q4	6,136,436	23,369	59,847
2008Q1	6,212,784	24,847	60,394
2008Q2	6,291,052	26,951	62,485
2008Q3	6,333,321	29,134	63,929
2008Q4	6,372,958	32,113	65,119
2009Q1	6,423,683	35,250	63,996
2009Q2	6,503,524	38,722	63,229
2009Q3	6,668,474	42,208	63,444
2009Q4	6,939,985	45,354	65,451
2010Q1	7,280,260	48,286	70,996
2010Q2	7,707,573	50,429	76,764
2010Q3	8,197,535	52,974	84,901

Earned House Years			
AY-QTR Ending	OWN	CON	TEN
2006Q3	7,136	57	206
2006Q4	7,013	54	202
2007Q1	6,905	52	198
2007Q2	6,831	53	196
2007Q3	6,799	55	194
2007Q4	6,832	58	192
2008Q1	6,904	61	190
2008Q2	7,006	65	190
2008Q3	7,129	67	188
2008Q4	7,263	70	186
2009Q1	7,421	74	183
2009Q2	7,605	77	183
2009Q3	7,852	83	186
2009Q4	8,200	87	196
2010Q1	8,604	92	212
2010Q2	9,095	96	230
2010Q3	9,655	101	254

Average Earned Premium at Current Rate Level			
AY-QTR Ending	OWN	CON	TEN
2006Q3	878	403	310
2006Q4	883	397	311
2007Q1	886	395	313
2007Q2	891	401	313
2007Q3	895	401	312
2007Q4	898	405	312
2008Q1	900	408	318
2008Q2	898	416	329
2008Q3	888	435	340
2008Q4	877	456	350
2009Q1	866	479	349
2009Q2	855	500	346
2009Q3	849	510	341
2009Q4	846	519	334
2010Q1	846	523	334
2010Q2	847	526	334
2010Q3	849	525	334

Year Over Year			
Latest 4 Quarters Ending	OWN	CON	TEN
2007Q3	1.9%	-0.4%	0.5%
2008Q3	-0.8%	8.2%	9.0%
2009Q3	-4.4%	17.3%	0.5%
2010Q3	0.0%	3.0%	-2.2%
Latest 4 Year	-0.8%	6.8%	1.9%
Latest 3 Year	-1.8%	9.4%	2.3%
Latest 2 Year	-2.2%	9.9%	-0.9%

Fitted Annual Premium Trend*			
4 Year Trend	-1.5%	9.3%	2.7%
3 Year Trend	-2.5%	11.6%	2.2%
2 Year Trend	-2.3%	9.8%	-2.1%
1 Year Trend	0.0%	2.9%	-1.7%

* Log Fit

Selected Trends			
Retrospective	-2.5%	7%	2%
Prospective	0.0%	2%	0%

Hanover Property and Casualty Insurance Companies

AR

Homeowners - Owners Form + Sewer/Sump Endorsement, Data Net of Cats

Direct Case Incurred Losses (000)

Acc. Yr. Ending	Actual Data as of:									
	12 mos.	24 mos.	36 mos.	48 mos.	60 mos.	72 mos.	84 mos.	96 mos.	108 mos.	120 mos.
200109	1,024,441	1,009,938	1,019,136	1,018,136	1,019,297	1,019,297	1,019,297	1,019,297	1,019,297	1,019,297
200209	1,606,519	1,687,847	1,704,043	1,704,060	1,703,889	1,703,889	1,703,889	1,703,889	1,703,889	
200309	1,777,532	2,236,704	2,215,728	2,213,028	2,216,450	2,220,205	2,220,205	2,220,205		
200409	1,562,985	1,568,542	1,575,104	1,594,104	1,596,725	1,609,174	1,609,174			
200509	1,469,412	1,497,577	1,501,151	1,505,490	1,505,490	1,505,490				
200609	3,311,901	2,671,602	2,666,241	2,692,040	2,692,040					
200709	1,550,516	1,733,586	1,782,169	1,673,046						
200809	1,648,553	1,969,802	2,007,669							
200909	4,435,295	5,295,839								
201009	3,367,930									

Acc. Yr.	Link Ratios									
	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-Ult.
200109	0.986	1.009	0.999	1.001	1.000	1.000	1.000	1.000	1.000	1.000
200209	1.051	1.010	1.000	1.000	1.000	1.000	1.000	1.000		1.000
200309	1.258	0.991	0.999	1.002	1.002	1.000	1.000			
200409	1.004	1.004	1.012	1.002	1.008	1.000				
200509	1.019	1.002	1.003	1.000	1.000					
200609	0.807	0.998	1.010	1.000						
200709	1.118	1.028	0.939							
200809	1.195	1.019								
200909	1.194									
201009										

Method	Average Link Ratios									
	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-Ult.
3-yr	1.169	1.015	0.984	1.001	1.003	1.000	1.000	1.000	1.000	1.000
5-yr	1.067	1.010	0.992	1.001	1.002	1.000	1.000	1.000	1.000	1.000
all-yr	1.070	1.008	0.994	1.001	1.002	1.000	1.000	1.000	1.000	1.000
all-yr wtd.	1.070	1.007	0.995	1.001	1.002	1.000	1.000	1.000	1.000	1.000
5-yr x/ hi,low	1.110	1.009	1.004	1.001	1.001					
SELECTED	1.110	1.007	0.995	1.001	1.002	1.000	1.000	1.000	1.000	1.000
ULTIMATE	1.115	1.004	0.998	1.003	1.002	1.000	1.000	1.000	1.000	1.000

ARKANSAS
HOMEOWNERS - HAN OWNERS FORMS EX CATS

Note: ISO does not exclude CATS from its HO-3 dat:

FREQUENCY TREND

4 Qtrs. Ending	Hanover Paid Feature Frequency	Industry Paid Feature Frequency	Percent Difference
6-06	7.83%	9.57%	-18.1%
9-06	8.34%	10.00%	-16.6%
12-06	4.93%	9.92%	-50.3%
3-07	2.74%	9.10%	-69.9%
6-07	2.58%	6.45%	-60.0%
9-07	1.88%	5.92%	-68.2%
12-07	4.96%	5.63%	-11.9%
3-08	5.21%	7.88%	-33.9%
6-08	5.62%	14.85%	-62.1%
9-08	6.17%	16.32%	-62.2%
12-08	6.00%	17.79%	-66.3%
3-09	6.44%	21.83%	-70.5%
6-09	7.59%	16.72%	-54.6%
9-09	8.56%	17.73%	-51.7%
12-09	9.55%	17.32%	-44.9%
3-10	9.29%	11.99%	-22.6%
6-10	8.93%	11.22%	-20.5%
9-10	7.92%		

EXPONENTIAL FIT ANNUAL RATE OF CHANGE		
Period	Hanover	Industry
4 Years	28.3%	21.6%
3 Years	43.2%	37.0%
2 Years	23.4%	-14.3%
Latest Year	-8.5%	-37.8%

Selected Trends
 Retrospective 5.0%
 Prospective 1.0%

SEVERITY TREND

4 Qtrs. Ending	Hanover Average Paid Severity	Industry Average Paid Severity	Percent Difference
6-06	4,303	5,690	-24.4%
9-06	4,746	5,675	-16.4%
12-06	6,328	5,793	9.2%
3-07	8,793	5,889	49.3%
6-07	9,022	6,066	48.7%
9-07	9,120	6,426	41.9%
12-07	5,216	6,530	-20.1%
3-08	5,225	5,904	-11.5%
6-08	4,333	6,176	-29.8%
9-08	4,689	6,338	-26.0%
12-08	4,753	6,453	-26.3%
3-09	5,426	5,703	-4.8%
6-09	6,180	5,571	10.9%
9-09	6,637	5,644	17.6%
12-09	6,833	5,627	21.4%
3-10	6,763	7,195	-6.0%
6-10	6,394	7,524	-15.0%
9-10	5,963		

EXPONENTIAL FIT ANNUAL RATE OF CHANGE		
Period	Hanover	Industry
4 Years	-1.6%	2.8%
3 Years	4.1%	1.8%
2 Years	17.3%	6.1%
Latest Year	-10.6%	40.1%

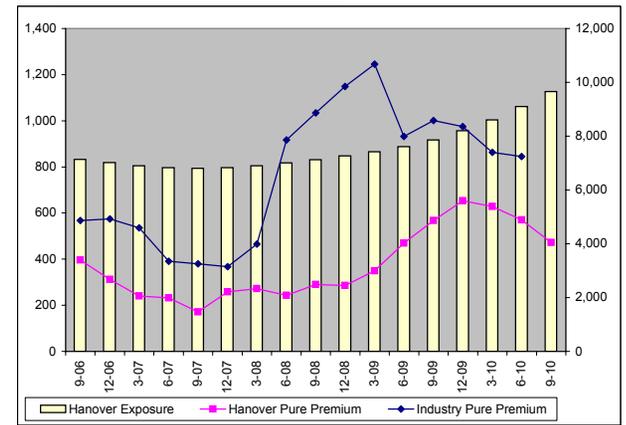
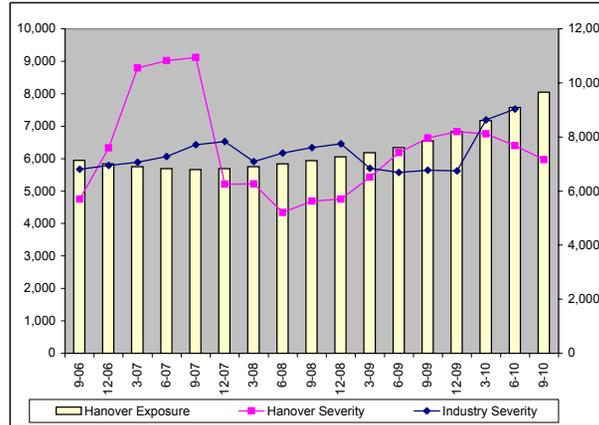
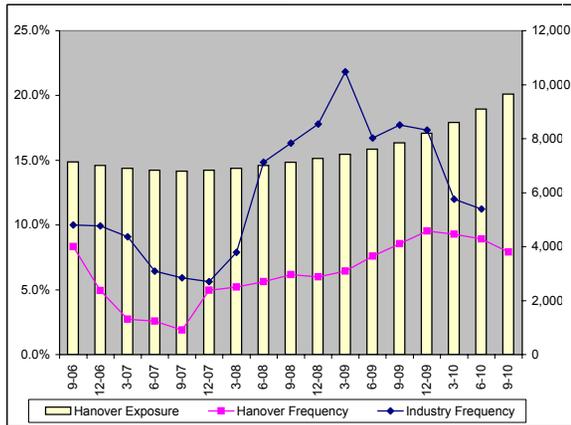
Selected Trends
 Retrospective 2.0%
 Prospective 3.0%

PURE PREMIUM TREND

4 Qtrs. Ending	Hanover Average Pure Premium	Industry Average Pure Premium	Percent Difference
6-06	337	544	-38.1%
9-06	396	568	-30.3%
12-06	312	575	-45.7%
3-07	241	536	-55.1%
6-07	232	391	-40.6%
9-07	172	380	-54.9%
12-07	259	368	-29.6%
3-08	272	465	-41.5%
6-08	244	917	-73.4%
9-08	289	1,034	-72.0%
12-08	285	1,148	-75.1%
3-09	350	1,245	-71.9%
6-09	469	931	-49.7%
9-09	568	1,000	-43.2%
12-09	652	975	-33.1%
3-10	628	863	-27.2%
6-10	571	844	-32.4%
9-10	472		

EXPONENTIAL FIT ANNUAL RATE OF CHANGE		
Period	Hanover	Industry
4 Years	26.3%	25.1%
3 Years	49.1%	39.4%
2 Years	44.7%	-9.0%
Latest Year	-18.2%	-12.9%

Selected Trends
 Retrospective 7.1%
 Prospective 4.0%



**SOUTHERN
HOMEOWNERS - CONDO FORM**

FREQUENCY TREND

4 Qtrs. Ending	Hanover Paid Feature Frequency	Industry Paid Feature Frequency	Percent Difference
6-06	10.10%	4.90%	106.3%
9-06	7.92%	4.88%	62.1%
12-06	5.65%	3.89%	45.3%
3-07	4.36%	3.59%	21.5%
6-07	4.44%	3.50%	26.7%
9-07	4.51%	3.45%	31.0%
12-07	3.51%	3.44%	2.2%
3-08	3.51%	3.39%	3.5%
6-08	3.55%	3.42%	3.7%
9-08	3.64%	3.63%	0.3%
12-08	4.71%	4.33%	8.8%
3-09	4.69%	4.54%	3.4%
6-09	4.92%	4.66%	5.6%
9-09	4.90%	4.54%	8.1%
12-09	4.12%	3.99%	3.3%
3-10	4.71%	3.93%	19.8%
6-10	4.65%	3.92%	18.6%
9-10	4.98%		

EXPONENTIAL FIT ANNUAL RATE OF CHANGE		
Period	Hanover	Industry
4 Years	-2.7%	0.5%
3 Years	9.8%	8.3%
2 Years	7.2%	4.2%
Latest Year	6.2%	-17.8%

Selected Trends
Retrospective 2.5%
Prospective 1.5%

SEVERITY TREND

4 Qtrs. Ending	Hanover Average Paid Severity	Industry Average Paid Severity	Percent Difference
6-06	3,850	4,190	-8.1%
9-06	4,285	4,021	6.6%
12-06	4,712	4,339	8.6%
3-07	3,747	4,218	-11.2%
6-07	3,309	4,197	-21.1%
9-07	3,419	4,237	-19.3%
12-07	3,952	4,243	-6.9%
3-08	4,198	4,297	-2.3%
6-08	4,643	4,251	9.2%
9-08	4,182	4,196	-0.3%
12-08	3,792	4,272	-11.2%
3-09	4,429	4,389	0.9%
6-09	4,281	4,422	-3.2%
9-09	4,118	4,562	-9.7%
12-09	3,924	4,677	-16.1%
3-10	3,269	4,737	-31.0%
6-10	3,326	4,782	-30.5%
9-10	4,051		

EXPONENTIAL FIT ANNUAL RATE OF CHANGE		
Period	Hanover	Industry
4 Years	-1.9%	3.3%
3 Years	-2.7%	4.6%
2 Years	-7.8%	7.3%
Latest Year	-7.6%	8.1%

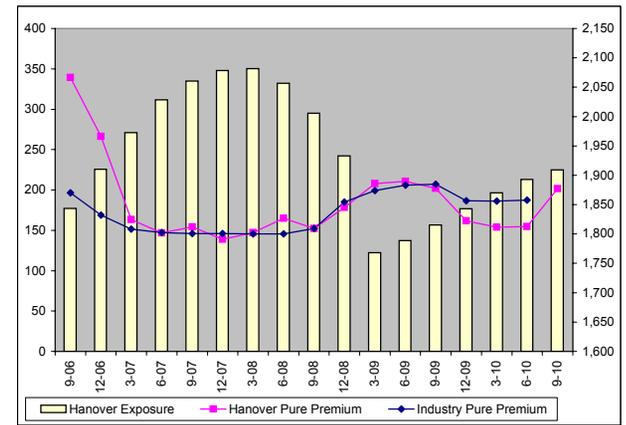
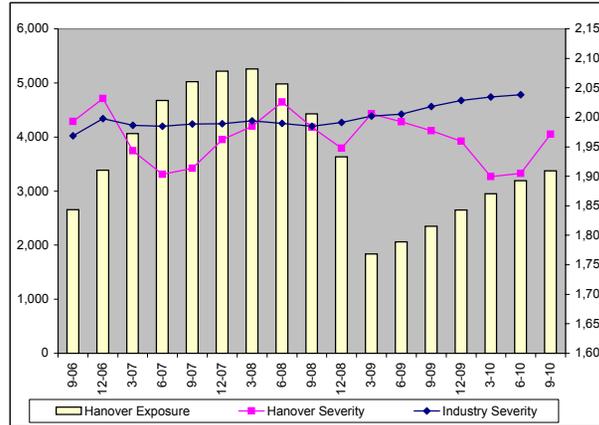
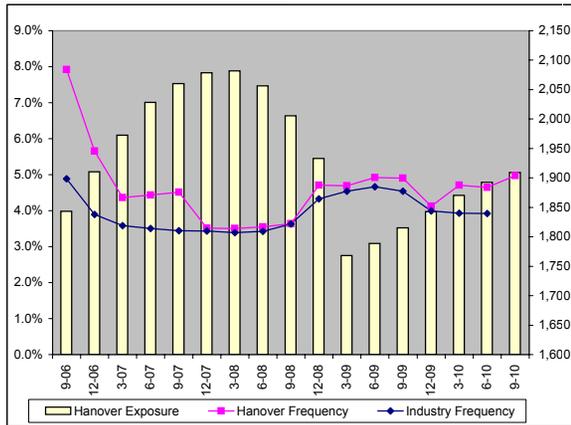
Selected Trends
Retrospective 0.0%
Prospective 3.0%

PURE PREMIUM TREND

4 Qtrs. Ending	Hanover Average Pure Premium	Industry Average Pure Premium	Percent Difference
6-06	389	205	89.6%
9-06	339	196	72.8%
12-06	266	169	57.7%
3-07	163	151	7.9%
6-07	147	147	-0.1%
9-07	154	146	5.7%
12-07	139	146	-4.8%
3-08	147	146	1.1%
6-08	165	146	13.2%
9-08	152	152	-0.1%
12-08	178	185	-3.4%
3-09	208	199	4.3%
6-09	211	206	2.2%
9-09	202	207	-2.5%
12-09	162	187	-13.3%
3-10	154	186	-17.3%
6-10	155	188	-17.6%
9-10	202		

EXPONENTIAL FIT ANNUAL RATE OF CHANGE		
Period	Hanover	Industry
4 Years	-4.6%	3.9%
3 Years	6.8%	13.3%
2 Years	-1.1%	11.8%
Latest Year	-1.9%	-11.1%

Selected Trends
Retrospective 2.5%
Prospective 4.5%



**SOUTHERN
HOMEOWNERS - TENANTS FORM**

FREQUENCY TREND

4 Qtrs. Ending	Hanover Paid Feature Frequency	Industry Paid Feature Frequency	Percent Difference
6-06	6.18%	3.52%	75.4%
9-06	4.60%	3.52%	30.9%
12-06	2.44%	2.63%	-7.3%
3-07	1.74%	2.44%	-28.6%
6-07	1.54%	2.47%	-37.5%
9-07	1.50%	2.45%	-38.8%
12-07	1.34%	2.49%	-46.3%
3-08	1.67%	2.45%	-31.7%
6-08	1.85%	2.44%	-24.0%
9-08	1.87%	2.65%	-29.5%
12-08	2.43%	3.10%	-21.7%
3-09	2.13%	3.11%	-31.6%
6-09	2.10%	3.12%	-32.8%
9-09	2.20%	2.91%	-24.5%
12-09	1.84%	2.51%	-26.7%
3-10	1.87%	2.53%	-26.0%
6-10	1.77%	2.49%	-29.0%
9-10	1.54%		

EXPONENTIAL FIT ANNUAL RATE OF CHANGE		
Period	Hanover	Industry
4 Years	-5.8%	-2.2%
3 Years	4.9%	3.2%
2 Years	-13.1%	-3.4%
Latest Year	-26.1%	-21.0%

Selected Trends
Retrospective 1.0%
Prospective 0.0%

SEVERITY TREND

4 Qtrs. Ending	Hanover Average Paid Severity	Industry Average Paid Severity	Percent Difference
6-06	3,983	3,807	4.6%
9-06	5,748	3,447	66.8%
12-06	6,188	3,559	73.9%
3-07	8,908	3,407	161.5%
6-07	8,587	3,305	159.8%
9-07	5,674	3,382	67.8%
12-07	6,047	3,336	81.3%
3-08	3,542	3,351	5.7%
6-08	2,787	3,416	-18.4%
9-08	2,676	3,232	-17.2%
12-08	2,624	3,246	-19.2%
3-09	2,512	3,269	-23.2%
6-09	2,302	3,235	-28.8%
9-09	2,481	3,454	-28.2%
12-09	2,537	3,579	-29.1%
3-10	2,399	3,588	-33.1%
6-10	2,377	3,675	-35.3%
9-10	3,263		

EXPONENTIAL FIT ANNUAL RATE OF CHANGE		
Period	Hanover	Industry
4 Years	-27.0%	-0.2%
3 Years	-19.9%	2.7%
2 Years	3.4%	5.9%
Latest Year	21.3%	12.4%

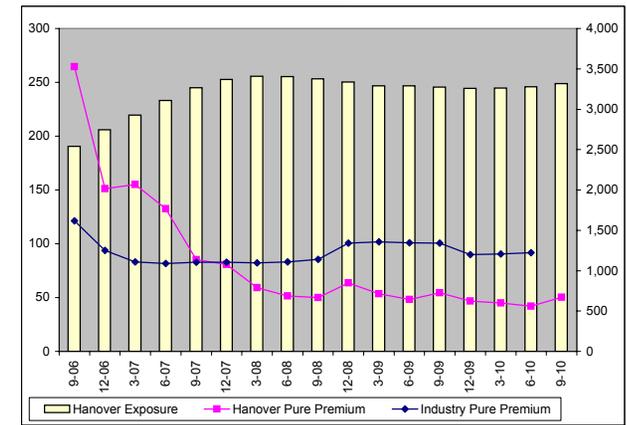
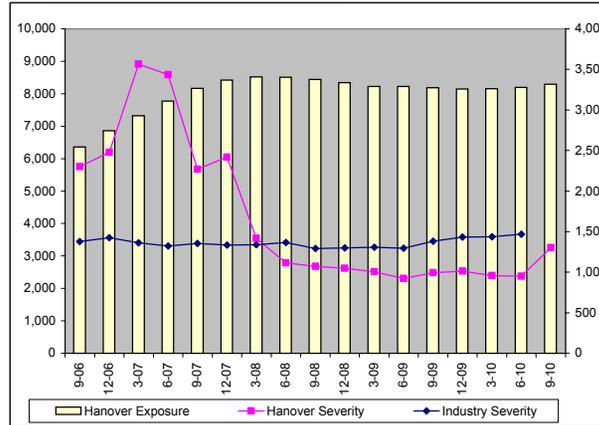
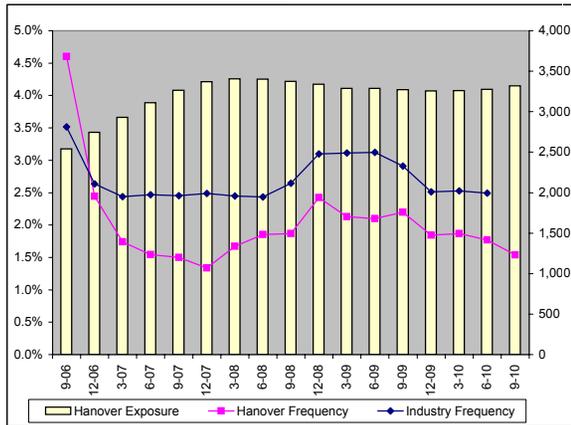
Selected Trends
Retrospective 0.0%
Prospective 3.0%

PURE PREMIUM TREND

4 Qtrs. Ending	Hanover Average Pure Premium	Industry Average Pure Premium	Percent Difference
6-06	246	134	83.5%
9-06	265	121	118.2%
12-06	151	94	61.2%
3-07	155	83	86.6%
6-07	133	82	62.5%
9-07	85	83	2.7%
12-07	81	83	-2.6%
3-08	59	82	-27.8%
6-08	52	83	-38.0%
9-08	50	86	-41.6%
12-08	64	101	-36.7%
3-09	53	102	-47.4%
6-09	48	101	-52.2%
9-09	55	101	-45.7%
12-09	47	90	-48.0%
3-10	45	91	-50.5%
6-10	42	92	-54.1%
9-10	50		

EXPONENTIAL FIT ANNUAL RATE OF CHANGE		
Period	Hanover	Industry
4 Years	-31.3%	-2.4%
3 Years	-16.0%	6.0%
2 Years	-10.2%	2.2%
Latest Year	-10.4%	-11.2%

Selected Trends
Retrospective 1.0%
Prospective 3.0%



Arkansas Homeowners Development of Target Loss & ALAE Ratio

Owners Form							
	<u>2007</u>	<u>2008</u>	<u>2009</u>	Average	Selected Provision	% Fixed Expense	% Variable Expense
Commissions	14.8%	14.8%	14.8%	14.8%	14.8%	0%	100%
Contingent Commissions					2.5%	0%	100%
General & Other Acq.	11.7%	11.5%	13.7%	12.3%	10.5%	50%	50%
Taxes, Licenses, and Fees					3.2%	0%	100%
ULAE/Premium	5.5%	8.4%	7.8%	7.2%	7.0%	100%	0%
Profit and Contingency					5.9%	0%	100%
Other Fixed Expense Load					1.9%	100%	0%
Total Fixed Expense						14.1%	
Total Variable Expense							31.6%
Total Expenses					45.7%		
Target Loss & ALAE Ratio					54.3%		
ALAE/Loss	2.2%	2.1%	2.1%	2.1%	2.1%		

Arkansas Homeowners Development of Target Loss & ALAE Ratio

Condo & Tenants Form							
	<u>2007</u>	<u>2008</u>	<u>2009</u>	Average	Selected Provision	% Fixed Expense	% Variable Expense
Commissions	14.8%	14.8%	14.8%	14.8%	14.8%	0%	100%
Contingent Commissions					2.5%	0%	100%
General & Other Acq.	11.7%	11.5%	13.7%	12.3%	10.5%	50%	50%
Taxes, Licenses, and Fees					3.2%	0%	100%
ULAE/Premium	5.5%	8.4%	7.8%	7.2%	7.0%	100%	0%
Profit and Contingency					9.4%	0%	100%
Other Fixed Expense Load					1.9%	100%	0%
Total Fixed Expense						14.1%	
Total Variable Expense							35.1%
Total Expenses					49.2%		
Target Loss & ALAE Ratio					50.8%		
ALAE/Loss	2.2%	2.1%	2.1%	2.1%	2.1%		

The Hanover Insurance Group

Arkansas Homeowners Cat Load and Reinsurance Provision (All Forms)

(1)	(2)	(3)
Full Term Written Premium at 12/2008	Reinsurance Margin	Reinsurance Margin Ratio to Premium
7,579,493	142,171	1.9%

(4)	(5)	(6)	(7)	(8)
AIR Long-Term Hurricane Gross Average Annual Loss	AIR Hurricane Cat Ratio	RMS Long-Term Hurricane Gross Average Annual Loss	RMS Hurricane Cat Ratio	Total Hurricane Cat Ratio
0	0.0%	0	0.0%	0.0%

(9)	(10)	(11)	(12)	(13)	(14)	(15)
AIR Other Wind Gross Average Annual Loss	AIR Other Wind Cat Ratio	RMS Other Wind Gross Average Annual Loss	RMS Other Wind Cat Ratio	Experience Other Wind Loss	Experience Other Wind Ratio	Total Other Wind Cat Ratio
2,178,813	28.7%	1,482,511	19.6%	1,219,436	16.1%	20.1%

(16)	(17)
Experience Winter Freeze Loss	Experience Winter Freeze Ratio
177,735	2.3%

(18)	(19)
Experience Earthquake Loss	Experience Total Earthquake Cat Ratio
0	0.0%

(20)
Total Non-Hurricane Cat Ratio
22.5%

Notes:

$$(3) = (2) / (1)$$

$$(5) = (4) / (1)$$

$$(7) = (6) / (1)$$

$$(8) = .5*(5) + .5*(7)$$

$$(10) = (9) / (1)$$

$$(12) = (11) / (1)$$

$$(14) = (3) / (1)$$

$$(15) = .25*(10) + .25*(12) + .5*(14)$$

$$(17) = (16) / (1)$$

$$(19) = (18) / (1)$$

$$(20) = (15) + (17) + (19)$$

8. STATE PAGES – RATING RULES

8.6 NEW HOME DISCOUNT

FORM HO-00-03 Insured dwellings that are less than ten years old are eligible for a premium credit.

Credit Determination

- A. Determine the percentage of credit by subtracting the year in which construction is completed from the year the policy becomes effective or is renewed. If the dwelling is not yet complete, enter the current year on the application.
- B. Compute the premium credit by applying the appropriate credit percentage to the Basic Premium developed from the Basic Premium Chart.

<u>Age of Dwelling</u>	<u>Credit Percentage</u>
0	27%
1	25
2	23
3	21
4	19
5	17
6	14
7	10
8	6
9	3

8.7 NON-SMOKER DISCOUNT

ALL FORMS - An insured who signs the Non-Smoker Form, stating that neither he nor any other resident of the household now smokes or has smoked for at least the past twelve (12) months shall be eligible for the 1% Non-Smoker Credit. This discount is not available to those insureds residing in Dwellings with three or more families.

Compute the premium credit by applying the percentage of credit to the premium developed from the Basic Premium Chart.

8. STATE PAGES – RATING RULES

8.11 SCHEDULED PERSONAL PROPERTY – HO-04-61

Coverage may be provided against all risks of physical loss with certain exceptions on scheduled personal property.

<u>Annual Rates per \$100 of Insurance</u>		
A.	JEWELRY	\$1.00
B.	JEWELRY (In Vault)	.30
C.	FURS AND FUR GARMENTS	.45
D.	CAMERAS, projecting machines, films and related articles of equipment	1.15
E.	MUSICAL INSTRUMENTS (Non-Professional)	.35
F.	SILVERWARE	.25
G.	LIMITED EDITIONS	.75
H.	LIMITED EDITIONS WITH BREAKAGE	1.00
I.	GOLFERS EQUIPMENT meaning golf clubs, golf clothing, and golf equipment	.65
J.	STAMP COLLECTIONS	.45
K.	COIN COLLECTIONS	1.25
L.	HOBBY COLLECTIONS including items such as memorabilia, souvenirs, and collection items such as trading cards, comic books, etc.	3.00
M.	FIRE ARMS	3.00
N.	FINE ARTS	*
O.	MISCELLANEOUS	1.25

Territory*	(1)	(2)	(3)	(4)	(5)	(6)
First \$1,500	.40	.73	.87	1.13	.51	.93
Excess of \$1.500	.20	.36	.43	.53	.25	.45

Territory*	(7)	(8)	(9)	(10)	(11)	(12)
First \$1,500	1.33	1.60	1.06	1.40	1.73	2.06
Excess of \$1.500	.62	.75	.52	.67	.83	.96

*Fine Arts Territory	Protection Class	Type of Construction	Number of Families
1	1-6	Masonry	1-4
2	7-8	Masonry	1-4
3	9	Masonry	1-4
4	10	Masonry	1-4
5	1-6	Masonry	5 or more
6	7-8	Masonry	5 or more
7	9	Masonry	5 or more
8	10	Masonry	5 or more

8. STATE PAGES – RATING RULES

8.11 SCHEDULED PERSONAL PROPERTY – HO-04-61 (continued)

<u>*Fine Arts Territory</u>	<u>Protection Class</u>	<u>Type of Construction</u>	<u>Number of Families</u>
5	1-6	Frame	1-4
6	7-8	Frame	
7	9	Frame	
8	10	Frame	
9	1-6	Frame	5 or more
10	7-8	Frame	
11	9	Frame	
12	10	Frame	

P. FINE ARTS BREAKAGE

Coverage may be provided against the risk of breakage on certain scheduled items insured under endorsement HO-04-61. The additional premium shall be \$.15 per each \$100 of insurance.

8.12 SCHEDULED PERSONAL PROPERTY – AGREED AMOUNT – 231-1339

ALL FORMS – Coverage may be provided against all risk of physical loss with certain exceptions on scheduled personal property on an agreed amount basis.

<u>Annual Rate per \$100 of Insurance</u>	
A. Jewelry	\$1.30
B. Jewelry (In Vault)	\$.39
C. Furs	\$.55

8.13 SPECIAL PERSONAL PROPERTY COVERAGE – HO-00-15 (HO-00-03), HO-17-31 (HO-00-06)

Coverage may be endorsed to insured Coverage C against additional risks of physical loss subject to certain exclusions. The premium for HO-00-03 shall be equal to 15% of the premium developed from the Basic Premium Chart for Coverage A. The premium for HO-00-06 shall be equal to 25% of the premium developed from the Basic Premium Chart for Coverage C. Use HO-00-15 for HO-00-03 policies and HO-17-31 for HO-00-06 policies.

8. STATE PAGES – RATING RULES

8.14 DEDUCTIBLES-ALL PERILS

a. All Homeowners Forms are subject to a \$250 flat deductible applicable to any loss under Section I of the policy. This loss deductible applies to each occurrence. The rates shown in this manual include that deductible.

b. Optional Lower Deductible:

FORM HO-00-03 - May be endorsed to provide a \$100 deductible at an additional charge of 20% of the basic \$250 premium. The minimum additional premium shall be \$20.00.

FORMS HO-00-04 or HO-00-06 - May be endorsed to provide a \$100 deductible with a \$250 Special Theft Deductible at an additional charge of 20% of the basic \$250 premium. The minimum additional premium shall be \$20.00.

c. Optional Higher Deductibles:

ALL FORMS

<u>Deductibles</u>	<u>\$500</u>	<u>\$1,000</u>	<u>\$2,500</u>	<u>\$5,000</u>
Percentage	13%	22%	31%	42%
Max. Credit	\$200	\$335	\$515	\$750

The reduced premium shall be computed by applying the deductible percentage of credit to the premium developed from the Basic Premium Chart.

8.15 WINDSTORM OR HAIL DEDUCTIBLE – HO-03-12

FORM HO-00-03

There are two optional deductibles applicable to the perils of Windstorm or Hail. They are:

1. Percentage deductibles in the amounts of 1%, 2% or 5% of the Coverage A limit of liability. The deductible amount is determined by applying the percentage amount to the Coverage A limit of liability. Attach Endorsement HO-03-12.

Note: The percentage deductible must exceed the amount of the deductible applicable to All Other Section I perils. For example, if the Coverage A value is \$100,000 and a \$2,500 Section deductible is selected, a 1% or 2% Windstorm or Hail Deductible option cannot be chosen.

2. Fixed dollar deductibles for Windstorm or Hail in the amounts of \$1,000, \$2,000 or \$5,000. *Not available for New Business effective 06/04/2010 or later.*

The premium for these deductible options shall be developed by applying the factors listed on the next page to the base premium.

Note: The fixed dollar deductible must equal or exceed the normal policy deductible.

8. STATE PAGES – RATING RULES

8.15 WINDSTORM OR HAIL DEDUCTIBLE – HO-03-12 (continued)

Select a normal policy deductible from the left hand column. Moving to the right, both the factor under the appropriate Wind/Hail deductible column and multiply by the base premium. This premium reflects the total premium for the selected Windstorm & Hail deductible and the normal Section I deductible.

WIND/HAIL DEDUCTIBLE

DED.	1% WIND/HAIL DED CAP		2% WIND/HAIL DED		5% WIND/HAIL DED		1,000 WIND/HAIL DED		2,000 WIND/HAIL DED		5,000 WIND/HAIL DED	
	Factor	Cap	Factor	Cap	Factor	Cap	Factor	Cap	Factor	Cap	Factor	Cap
\$100	1.15	N/A	1.13	N/A	1.09	N/A	1.15	N/A	1.13	N/A	1.09	N/A
\$250	0.96	N/A	0.94	N/A	0.91	N/A	0.96	85	0.94	N/A	0.91	180
\$500	0.85	275	0.84	295	0.81	345	0.85	205	0.84	105	0.81	320
\$1,000	0.76	530	0.75	550	0.73	595	N/A		0.75	325	0.73	420
\$2,500	0.67	1070	0.66	1095	0.64	1160	N/A		N/A		0.64	550
\$5,000	0.56	1600	0.55	1640	0.54	1675	N/A		N/A		N/A	

8.16 – 8.17 RESERVED FOR FUTURE USE

8.18 PERSONAL PROPERTY

1. Increased Limit

FORM HO-00-03 - The limit of liability for Coverage C may be increased. The additional charge shall be \$2.00 for each \$1,000 increase.

2. Reduction in Limit

FORM HO-00-03 - The limit of liability for Coverage C may be reduced to an amount not less than 40% of the limit of Coverage A at a credit of \$1.00 for each \$1,000 reduction.

8. STATE PAGES - RATING RULES

8.86 ASSOCIATION DISCOUNT

An Association Discount may apply to members of a group or organization with contractual affinity relationship with Hanover or its subsidiaries as follows:

Association Description	Association Discount
College Alumni, Faculty, and Staff	10%
Private K-12 schools Parents, Alumni, and Staff	5%
Other Educators, School Districts, and Teachers Unions	5%
Religious Institutions	5%
Approved Employer Groups	5%
Banking and Credit Union Customers	2%
Other Associations	2%

Discounts are subject to change by Association based upon experience and will be placed on file with the Arkansas Insurance Department accordingly.

8.87-8.88 RESERVED FOR FUTURE USE

8.89 RENEWAL RATE CAPPING

In order to better manage renewal customer disruption created by the introduction of rating events, renewal premiums may be capped in accordance with the following rules.

- A. The expiring premium including any changes in risk exposure and/or chargeable incidents is captured.
- B. The uncapped renewal premium is calculated.
- C. If the change between steps A and B exceeds the cap, then a capping factor will be determined and applied to the uncapped premium.
- D. The capping factor applies to rate increases and decreases
- E. The capping factor will apply to all coverages, with the exception of any state mandated assessments or charges.
- F. The capping factor is the final factor in the premium determination rate order.