

SERFF Tracking Number: FORE-127342813 State: Arkansas
Filing Company: Foremost Insurance Company Grand Rapids, Michigan State Tracking Number:
Company Tracking Number: C-110
TOI: 04.0 Homeowners Sub-TOI: 04.0002 Mobile Homeowners
Product Name: Manufactured Home Insurance Program
Project Name/Number: /

Filing at a Glance

Company: Foremost Insurance Company Grand Rapids, Michigan

Product Name: Manufactured Home Insurance SERFF Tr Num: FORE-127342813 State: Arkansas
Program

TOI: 04.0 Homeowners

SERFF Status: Closed-Filed

State Tr Num:

Sub-TOI: 04.0002 Mobile Homeowners

Co Tr Num: C-110

State Status:

Filing Type: Rate

Reviewer(s): Becky Harrington,
Nancy Horton

Author: Christine Mooney

Disposition Date: 08/01/2011

Date Submitted: 07/28/2011

Disposition Status: Filed

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

Effective Date (New): 09/01/2011

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

Effective Date (Renewal):

09/01/2011

State Filing Description:

General Information

Project Name:

Status of Filing in Domicile: Not Filed

Project Number:

Domicile Status Comments:

Reference Organization:

Reference Number:

Reference Title:

Advisory Org. Circular:

Filing Status Changed: 08/01/2011

State Status Changed:

Deemer Date:

Created By: Christine Mooney

Submitted By: Christine Mooney

Corresponding Filing Tracking Number:

Filing Description:

Revision to the rate section

Company and Contact

Filing Contact Information

Kaan Cidanli, Administrator

kaan.cidanli@farmersinsurance.com

PO Box 2450

616-956-3645 [Phone]

Grand Rapids, MI 49501-2450

SERFF Tracking Number: FORE-127342813 State: Arkansas
 Filing Company: Foremost Insurance Company Grand Rapids, Michigan State Tracking Number:
 Company Tracking Number: C-110
 TOI: 04.0 Homeowners Sub-TOI: 04.0002 Mobile Homeowners
 Product Name: Manufactured Home Insurance Program
 Project Name/Number: /

Filing Company Information

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

Filing Fees

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

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
Foremost Insurance Company Grand Rapids, Michigan	\$100.00	07/28/2011	50179504

SERFF Tracking Number: FORE-127342813 State: Arkansas
Filing Company: Foremost Insurance Company Grand Rapids, Michigan State Tracking Number:
Company Tracking Number: C-110
TOI: 04.0 Homeowners Sub-TOI: 04.0002 Mobile Homeowners
Product Name: Manufactured Home Insurance Program
Project Name/Number: /

Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Filed	Becky Harrington	08/01/2011	08/01/2011

SERFF Tracking Number: FORE-127342813 State: Arkansas
 Filing Company: Foremost Insurance Company Grand Rapids, Michigan State Tracking Number:
 Company Tracking Number: C-110
 TOI: 04.0 Homeowners Sub-TOI: 04.0002 Mobile Homeowners
 Product Name: Manufactured Home Insurance Program
 Project Name/Number: /

Disposition

Disposition Date: 08/01/2011
 Effective Date (New): 09/01/2011
 Effective Date (Renewal): 09/01/2011
 Status: Filed
 Comment: replaces FORE-127077918

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where required):	Minimum % Change (where required):
Foremost Insurance Company Grand Rapids, Michigan	46.920%	14.400%	\$1,329,667	10,801	\$9,243,451	24.900%	0.000%

SERFF Tracking Number: FORE-127342813 State: Arkansas
 Filing Company: Foremost Insurance Company Grand Rapids, Michigan State Tracking Number:
 Company Tracking Number: C-110
 TOI: 04.0 Homeowners Sub-TOI: 04.0002 Mobile Homeowners
 Product Name: Manufactured Home Insurance Program
 Project Name/Number: /

Schedule	Schedule Item	Schedule Item Status	Public Access
Supporting Document	NAIC loss cost data entry document	Filed	Yes
Supporting Document	NAIC Loss Cost Filing Document for OTHER than Workers' Comp		Yes
Supporting Document	Cover Letter, Summary of Revisions, Sections A, B and C	Filed	Yes
Rate	Rate Page	Filed	Yes
Rate	Rate Page	Filed	Yes
Rate	Rate Page	Filed	Yes
Rate	Rate Page	Filed	Yes
Rate	Rate Page	Filed	Yes
Rate	Rate Page	Filed	Yes
Rate	Rate Page	Filed	Yes
Rate	Rate Page	Filed	Yes
Rate	Rate Page	Filed	Yes
Rate	Rate Page	Filed	Yes
Rate	Rate Page	Filed	Yes
Rate	Rate Page	Filed	Yes
Rate	Rate Page	Filed	Yes
Rate	Rate Page	Filed	Yes

SERFF Tracking Number: FORE-127342813 State: Arkansas
 Filing Company: Foremost Insurance Company Grand Rapids, Michigan State Tracking Number:
 Company Tracking Number: C-110
 TOI: 04.0 Homeowners Sub-TOI: 04.0002 Mobile Homeowners
 Product Name: Manufactured Home Insurance Program
 Project Name/Number: /

Rate Information

Rate data applies to filing.

Filing Method: Prior Approval
Rate Change Type: Increase
Overall Percentage of Last Rate Revision: 15.800%
Effective Date of Last Rate Revision: 06/01/2010
Filing Method of Last Filing: Prior Approval

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):
Foremost Insurance Company Grand Rapids, Michigan	46.920%	14.400%	\$1,329,667	10,801	\$9,243,451	24.900%	0.000%

SERFF Tracking Number: FORE-127342813 State: Arkansas
 Filing Company: Foremost Insurance Company Grand Rapids, Michigan State Tracking Number:
 Company Tracking Number: C-110
 TOI: 04.0 Homeowners Sub-TOI: 04.0002 Mobile Homeowners
 Product Name: Manufactured Home Insurance Program
 Project Name/Number: /

Rate/Rule Schedule

Schedule Item	Exhibit Name:	Rule # or Page	Rate Action	Previous State Filing Attachments
Status:		#:		Number:
Filed 08/01/2011	Rate Page	R-7	Replacement	R-7 - effective 11-1-11.pdf
Filed 08/01/2011	Rate Page	R-8	Replacement	R-8 - effective 9-1-11.pdf
Filed 08/01/2011	Rate Page	R-9	Replacement	R-9 - effective 9-1-11.pdf
Filed 08/01/2011	Rate Page	R-10	Replacement	R-10 - effective 11-1-11.pdf
Filed 08/01/2011	Rate Page	R-11	Replacement	R-11 - effective 9-1-11.pdf
Filed 08/01/2011	Rate Page	R-12	Replacement	R-12 - effective 9-1-11.pdf
Filed 08/01/2011	Rate Page	R-13	Replacement	R-13 - effective 9-1-11.pdf
Filed 08/01/2011	Rate Page	R-17	Replacement	R-17 - effective 9-1-11.pdf
Filed 08/01/2011	Rate Page	R-18	Replacement	R-18 - effective 9-1-11 to 11-1-11.pdf

SERFF Tracking Number: FORE-127342813 State: Arkansas
Filing Company: Foremost Insurance Company Grand Rapids, Michigan State Tracking Number:
Company Tracking Number: C-110
TOI: 04.0 Homeowners Sub-TOI: 04.0002 Mobile Homeowners
Product Name: Manufactured Home Insurance Program
Project Name/Number: /

Filed 08/01/2011 Rate Page	R-18	Replacement	R-18 - effective 11-1-11.pdf
Filed 08/01/2011 Rate Page	R-19	Replacement	R-19 - effective 9-1-11.pdf
Filed 08/01/2011 Rate Page	R-20	Replacement	R-20 - effective 9-1-11.pdf
Filed 08/01/2011 Rate Page	R-21	Replacement	R-21 - effective 9-1-11.pdf
Filed 08/01/2011 Rate Page	R-22	Replacement	R-22 - effective 9-1-11.pdf
Filed 08/01/2011 Rate Page	R-23	New	R-23 - effective 9-1-11.pdf

ARKANSAS

MANUFACTURED HOME INSURANCE PROGRAM

ANNUAL RATES/PREMIUMS
(Continued)

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

* COVERAGE A - DWELLING

Primary Residence
\$500 Deductible

Manufactured Home 11 Years Old or Older

Out of Park

Named Insured Under 50 Years of Age

Territory A

<u>Rating Base</u>	<u>Premium</u>
First \$5,999	\$400.00
Between \$6,000 and \$9,999, for each additional \$1,000 or any part thereof, ADD:	21.60
Between \$10,000 and \$19,999, for each additional \$1,000 or any part thereof, ADD:	12.30
Between \$20,000 and \$39,999, for each additional \$1,000 or any part thereof, ADD:	9.31
Over \$39,999, for each additional \$1,000 or any part thereof, ADD:	7.03

ARKANSAS

MANUFACTURED HOME INSURANCE PROGRAM

ANNUAL RATES/PREMIUMS
(Continued)

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

* COVERAGE A - DWELLING

Primary Residence
\$500 Deductible

Manufactured Home 11 Years Old or Older

Out of Park

Named Insured Under 50 Years of Age

Territory B

<u>Rating Base</u>	<u>Premium</u>
First \$5,999	\$540.00
Between \$6,000 and \$9,999, for each additional \$1,000 or any part thereof, ADD:	43.20
Between \$10,000 and \$19,999, for each additional \$1,000 or any part thereof, ADD:	24.60
Between \$20,000 and \$39,999, for each additional \$1,000 or any part thereof, ADD:	21.00
Over \$39,999, for each additional \$1,000 or any part thereof, ADD:	21.00

ARKANSAS

MANUFACTURED HOME INSURANCE PROGRAM

ANNUAL RATES/PREMIUMS
(Continued)

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

* COVERAGE A - DWELLING

Primary Residence
\$500 Deductible

Manufactured Home 11 Years Old or Older

Out of Park

Named Insured Under 50 Years of Age

Territory C

<u>Rating Base</u>	<u>Premium</u>
First \$5,999	\$400.00
Between \$6,000 and \$9,999, for each additional \$1,000 or any part thereof, ADD:	21.60
Between \$10,000 and \$19,999, for each additional \$1,000 or any part thereof, ADD:	12.30
Between \$20,000 and \$39,999, for each additional \$1,000 or any part thereof, ADD:	9.31
Over \$39,999, for each additional \$1,000 or any part thereof, ADD:	7.03

ARKANSAS

MANUFACTURED HOME INSURANCE PROGRAM

ANNUAL RATES/PREMIUMS
(Continued)

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

* COVERAGE A - DWELLING

Primary Residence
\$500 Deductible

Manufactured Home 11 Years Old or Older

Out of Park

Named Insured Under 50 Years of Age

Territory D

<u>Rating Base</u>	<u>Premium</u>
First \$5,999	\$288.00
Between \$6,000 and \$9,999, for each additional \$1,000 or any part thereof, ADD:	15.55
Between \$10,000 and \$19,999, for each additional \$1,000 or any part thereof, ADD:	8.86
Between \$20,000 and \$39,999, for each additional \$1,000 or any part thereof, ADD:	6.70
Over \$39,999, for each additional \$1,000 or any part thereof, ADD:	5.06

ARKANSAS

MANUFACTURED HOME INSURANCE PROGRAM

ANNUAL RATES/PREMIUMS
(Continued)

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

* COVERAGE B - OTHER STRUCTURES

Primary and Secondary Residence
\$500 Deductible

Out of Park

Named Insured Under 50 Years of Age

<u>Territory</u>	<u>Amount of Insurance</u>	<u>Premium</u>	<u>For Each Additional \$100</u>
A	\$ 100	\$ 11.20	\$ 1.20
B	100	20.00	2.00
C	100	9.02	1.02
D	100	8.06	.86

ARKANSAS

MANUFACTURED HOME INSURANCE PROGRAM

ANNUAL RATES/PREMIUMS
(Continued)

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

* COVERAGE C - PERSONAL PROPERTY

Primary and Secondary Residence
\$500 Deductible

Out of Park

Named Insured Under 50 Years of Age

<u>Territory</u>	<u>Amount of Insurance</u>	<u>Premium</u>	<u>For Each Additional \$100</u>
A	\$ 100	\$ 89.06	\$ 1.06
B	100	146.90	1.90
C	100	78.96	.96
D	100	60.75	.75

ARKANSAS

MANUFACTURED HOME INSURANCE PROGRAM

ANNUAL RATES/PREMIUMS
(Continued)

TENANT INSURANCE

COVERAGE C - PERSONAL PROPERTY

\$500 Deductible

<u>Amount of Insurance</u>	<u>Premium</u>	<u>For Each Additional \$100</u>
* \$ 100	\$125.00	\$ 2.00

ARKANSAS

MANUFACTURED HOME INSURANCE PROGRAM

ANNUAL RATES/PREMIUMS
 (Continued)

PREMIUM MODIFIERS (continued)

FIRE AND AUTO COMBINED EVALUATION TOOL (FACET) SCORE
 Primary and Secondary Residence

<u>FACET Score</u>	<u>Factor</u>	<u>FACET Score</u>	<u>Factor</u>
<450	1.90	675 – 699	1.00
450 – 474	1.70	700 – 724	1.00
475 – 499	1.50	725 – 749	1.00
500 – 524	1.30	750 – 774	.95
525 – 549	1.25	775 – 799	.95
550 – 574	1.20	800+	.90
575 – 599	1.15	No Score	1.00
600 – 624	1.10	No Hit	1.00
625 – 649	1.05	Foreign Address	1.00
650 – 674	1.00	Existing Policyholders†	1.00

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

This premium modifier is available only to policies with an original inception on or after the implementation of the filing designated Company File #C-80, and their subsequent renewals.

†Policies with an original inception prior to the implementation of the filing designated Company File #C-80 will maintain a relativity of 1.00.

* IN PARK MANUFACTURED HOME
 Primary and Secondary Residence

Multiply the Coverage A – Dwelling, Coverage B – Other Structures and Coverage C – Personal Property premiums by the appropriate premium modifier when the manufactured home is located in park.

<u>Territory</u>	<u>Premium Modifier</u>
A	.85
B	.84
C	.87
D	.95

ARKANSAS

MANUFACTURED HOME INSURANCE PROGRAM

ANNUAL RATES/PREMIUMS
(Continued)

PREMIUM MODIFIERS (continued)

MULTI-POLICY

Primary and Secondary Residence and Tenant

Apply a factor of .95 when the named insured maintains one or more personal lines or life insurance policies with any insurer in the National Association of Insurance Commissioners Group Code 0212. If the only other policy is a term, whole life, or variable universal life policy, it must have a face amount of \$50,000 or greater, be issued to an adult and be in-force when the policy is written.

This premium modifier applies to the annual rates/premiums for Coverage A – Dwelling, Coverage B – Other Structures and Coverage C – Personal Property.

* NAMED INSURED 50 YEARS OF AGE OR OLDER
Primary and Secondary Residence

Multiply the Coverage A – Dwelling, Coverage B – Other Structures, and Coverage C – Personal Property premiums by the appropriate premium modifier when the Named Insured is 50 Years of Age or Older.

<u>Territory</u>	<u>Premium Modifier</u>
A	.78
B	1.00
C	.80
D	.88

SECONDARY RESIDENCE
\$500 Deductible

Increase the premium for Coverage A - Dwelling by \$10 when the manufactured home is used as a Secondary Residence.

ARKANSAS

MANUFACTURED HOME INSURANCE PROGRAM

ANNUAL RATES/PREMIUMS
(Continued)

PREMIUM MODIFIERS (continued)

MULTI-POLICY

Primary and Secondary Residence and Tenant

Apply a factor of .95 when the named insured maintains one or more personal lines or life insurance policies with any insurer in the National Association of Insurance Commissioners Group Code 0212. If the only other policy is a term, whole life, or variable universal life policy, it must have a face amount of \$50,000 or greater, be issued to an adult and be in-force when the policy is written.

This premium modifier applies to the annual rates/premiums for Coverage A – Dwelling, Coverage B – Other Structures and Coverage C – Personal Property.

NAMED INSURED 50 YEARS OF AGE OR OLDER

Primary and Secondary Residence

Multiply the Coverage A – Dwelling, Coverage B – Other Structures, and Coverage C – Personal Property premiums by the appropriate premium modifier when the Named Insured is 50 Years of Age or Older.

<u>Territory</u>	<u>Premium Modifier</u>
A	* .80
B	1.00
C	.80
D	* .90

SECONDARY RESIDENCE

\$500 Deductible

Increase the premium for Coverage A - Dwelling by \$10 when the manufactured home is used as a Secondary Residence.

ARKANSAS

MANUFACTURED HOME INSURANCE PROGRAM

ANNUAL RATES/PREMIUMS
(Continued)

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

* \$1,500 HAIL AND WINDSTORM DEDUCTIBLE
Primary and Secondary Residence

Reduce the premium for Coverage A – Dwelling by \$25

* \$1,500 WATER LOSS DEDUCTIBLE
Primary and Secondary Residence

Reduce the premium for Coverage A – Dwelling by \$20

* 30-DAY TRIP COVERAGE
Primary and Secondary Residence

\$75 per policy

ADDITIONAL COVERAGE
Primary Residence

\$5 per policy

ADDITIONAL RESIDENCE - OWNER-OCCUPIED
Primary Residence

\$25 per policy

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

\$5 per policy

COVERAGE C - PERSONAL PROPERTY INCREASE IN
SPECIAL AMOUNT OF INSURANCE FOR VEHICLES OR CONVEYANCES
Primary and Secondary Residence

\$80 per policy

ARKANSAS

MANUFACTURED HOME INSURANCE PROGRAM

ANNUAL RATES/PREMIUMS
(Continued)

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

COVERAGE C - PERSONAL PROPERTY INCREASE IN
SPECIAL AMOUNT OF INSURANCE FOR WATERCRAFT

Primary and Secondary Residence

\$40 per policy

DWELLING REPLACEMENT COST PAYMENT METHOD FOR PARTIAL LOSS
OTHER STRUCTURES REPLACEMENT COST PAYMENT METHOD FOR TOTAL AND PARTIAL LOSS

Primary and Secondary Residence

* \$50 per policy

EARTHQUAKE

10% Earthquake Deductible (\$1,000 minimum)

Primary and Secondary Residence

<u>Amount of Insurance for Coverage A - Dwelling</u>	<u>Premium</u> <u>Territories A, C and D</u>	<u>Territory B</u>
First \$100	\$10.10	\$10.15
For Each Additional \$100	.10	.15

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

* \$55 per policy

HOBBY FARM OR RANCH AND ANIMAL LIABILITY

Primary Residence

\$25 per policy

ARKANSAS

MANUFACTURED HOME INSURANCE PROGRAM

ANNUAL RATES/PREMIUMS
(Continued)

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

INCIDENTAL BUSINESS LIABILITY

Primary Residence

\$25 per policy

INCREASED WATERCRAFT LIABILITY TO 125 HORSEPOWER

Primary and Secondary Residence

\$50 per policy

PERSONAL INJURY

Primary Residence

\$20 per policy

REPLACEMENT COST PERSONAL PROPERTY

Primary Residence

<u>Amount of Insurance</u>	<u>Premium</u>	<u>For Each Additional \$100</u>
\$100	\$20.15	\$.15

SCHEDULED PERSONAL PROPERTY COVERAGE

Primary Residence

Rates per \$100 of Insurance

Jewelry	\$ 1.32
Furs	.40
Cameras	1.80
Golfer's Equipment/Tools	1.32
Stamps	.66
Coins	1.75
Firearms	2.23
Fine Arts/Silverware/Trading Cards	2.50
Musical Instruments	.72

ARKANSAS

MANUFACTURED HOME INSURANCE PROGRAM

ANNUAL RATES/PREMIUMS
(Continued)

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

UNRELATED NAMED INSURED
Primary and Secondary Residence

\$25 per policy

WATER DAMAGE FROM SEWERS AND DRAINS
Primary and Secondary Residence

\$75 per policy

ARKANSAS

MANUFACTURED HOME INSURANCE PROGRAM

ANNUAL RATES/PREMIUMS
(Continued)

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

IDENTITY FRAUD EXPENSE AND MANAGEMENT

\$25 per policy

IDENTITY FRAUD EXPENSE AND MANAGEMENT INCLUDING CREDIT MONITORING

\$65 per policy

TENANT INSURANCE

TENANT EARTHQUAKE

10% Earthquake Deductible (\$1,000 minimum)

\$15 per policy

SERFF Tracking Number: FORE-127342813 State: Arkansas
 Filing Company: Foremost Insurance Company Grand Rapids, Michigan State Tracking Number:
 Company Tracking Number: C-110
 TOI: 04.0 Homeowners Sub-TOI: 04.0002 Mobile Homeowners
 Product Name: Manufactured Home Insurance Program
 Project Name/Number: /

Supporting Document Schedules

		Item Status:	Status Date:
Satisfied - Item:	NAIC loss cost data entry document	Filed	08/01/2011
Comments:			
Attachment:			
	FORM RF-1 Rate Filing Abstract.pdf		

		Item Status:	Status Date:
Bypassed - Item:	NAIC Loss Cost Filing Document for OTHER than Workers' Comp		
Bypass Reason:	not applicable		
Comments:			

		Item Status:	Status Date:
Satisfied - Item:	Cover Letter, Summary of Revisions, Sections A, B and C	Filed	08/01/2011
Comments:			
Attachments:			
	Arkansas-Ltr-Summary of Revisions.pdf		
	AR_FIC_B's_and_C's[1].pdf		

NAIC LOSS COST DATA ENTRY DOCUMENT

1.	This filing transmittal is part of Company Tracking #	C-110
-----------	---	--------------

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

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

Product Coding Matrix Line of Business (i.e., Type of Insurance)		Product Coding Matrix Line of Insurance (i.e., Sub-type of Insurance)		
4.	A.	4.0000	B.	4.0002

5.			FOR LOSS COSTS ONLY				
(A) COVERAGE (See Instructions)	(B) Indicated % Rate Level Change	(C) Requested % Rate Level Change	(D) Expected Loss Ratio	(E) Loss Cost Modification Factor	(F) Selected Loss Cost Multiplier	(G) Expense Constant (If Applicable)	(H) Co. Current Loss Cost Multiplier
Manufactured Home	+46.92%	+14.40%					
TOTAL OVERALL EFFECT	+46.92%	+14.40%					

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	11,512			7,511	4,977	66.3	48.0
2007	11,317	+1.9	5/1/07	7,645	4,108	53.7	53.0
2008	11,430			7,932	9,040	114.0	90.2
2009	11,305	+0.4	6/1/09	8,065	9,705	120.3	58.7
2010	10,801	+15.8	6/1/10	8,399	7,124	84.8	53.6

7.	
Expense Constants	Selected Provisions
A. Total Production Expense	18.1
B. General Expense	19.1
C. Taxes, License & Fees	3.8
D. Underwriting Profit & Contingencies	5.0
E. Other (explain)	* 2.2
F. TOTAL	48.2

* Unrecoverable reinsurance expense

- 8.** N Apply Lost Cost Factors to Future filings? (Y or N)
- 9.** 24.9 Estimated Maximum Rate Increase for any Insured (%). Territory (if applicable): _____
- 10.** 0 Estimated Maximum Rate Decrease for any Insured (%) Territory (if applicable): _____

**Foremost® Insurance Company
Grand Rapids, Michigan**

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

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

July 28, 2011

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

RE: Foremost Insurance Company Grand Rapids, Michigan
NAIC #212-11185
Manufactured Home Insurance Program
Revision to the Rate Section
Company Tracking Number: C-110

Dear Commissioner Bradford:

Per discussions between your office and Mr. Russ Galbraith, our State Legislative Affairs Representative, we submit this filing for your formal stamp of approval or acknowledgement.

The enclosed Summary of Revisions has been developed to assist your review of this filing. This filing results in an overall rate level adjustment of +14.4%.

The following rule of implementation will apply:

Phase 1 -

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

Phase 2-

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

Your attention to our filing is appreciated.

Very truly yours,

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

KKC/cm

Enclosures: \$100 EFT
NAIC Loss Cost Data Entry Document
Section A – Summary of Revisions, 7/11
Sections B and C
Rate Pages

ARKANSAS

MANUFACTURED HOME INSURANCE PROGRAM

CONTENTS

SECTION	PAGE NUMBER
Section A – Summary of Revisions	
Rate Section	A-1 thru A-4
Replacement of Manual Pages	A-5
Section B – Supporting Experience	B-1 thru B-7
Section C – Explanatory Material	C-1 thru C-6
Catastrophe Supplement	

ARKANSAS

MANUFACTURED HOME INSURANCE PROGRAM

SECTION A – SUMMARY OF REVISIONS

RATE SECTION

Our last rate adjustment was +15.8%, effective June 1, 2010, for new and renewal business.

RATE LEVEL ADJUSTMENT

Section B – Supporting Experience and Section C – Explanatory Material develop a rate level indication of +46.92%:

Section I – Your Property Coverages

<u>Territory</u>	<u>Indicated Change</u>
A	+50.10%
B	+200.99%
C	+27.91%
D	+26.40%
Statewide	+46.92%

Due to system demands we wish to implement this filing in two phases. Phase 1 is outlined below and has already been reviewed and approved by your office on 4/25/11 (FORE-127077918). All objections were addressed in the original filing. This phase results in an overall rate increase of +5.9%. Phase 2 is being introduced in this filing and is outlined below. This phase results in an overall rate effect of +8.5%. The combined overall effect of this filing is +14.4%. The following chart summarizes and breaks down this information by territory:

Summary of Rate Level Changes

<u>Territory</u>	<u>Indicated Rate Level Adjustment</u>	<u>Phase 1 Approved Rate Level Adjustment Effective 9/1/11</u>	<u>Phase 2 Proposed Rate Level Adjustment Effective 11/1/11</u>	<u>Proposed Overall</u>
Statewide	+46.92%	+5.90%	+8.50%	+14.40%
A	+50.10%	+4.20%	+9.80%	+14.00%
B	+200.99%	+20.40%	0.00%	+20.40%
C	+27.91%	+16.40%	0.00%	+16.40%
D	+26.40%	+6.20%	+8.80%	+15.00%

ARKANSAS

MANUFACTURED HOME INSURANCE PROGRAM

SECTION A – SUMMARY OF REVISIONS

RATE SECTION (continued)

PREMIUM MODIFIERS

In addition, we have made the following changes:

PHASE 1 (effective 9/1/11)

In Park Manufactured Home

We are making the following changes to these premium modifiers. The effect of this change is included in the overall effect.

<u>Territory</u>	<u>Current</u>	<u>Proposed</u>
A	.83	.85
B	.81	.84
C	.84	.87
D	.90	.95

Named Insured 50 Years of Age or Older

We are making the following changes to these premium modifiers. The effect of this change is included in the overall effect.

<u>Territory</u>	<u>Current</u>	<u>Proposed</u>
A	.75	.78
B	1.00	1.00
C	.76	.80
D	.84	.88

This change will only be effective from 9/1/11 to 11/1/11.

\$1,500 Hail and Windstorm Deductible

We have developed a \$1,500 wind or hail loss deductible. A premium credit of \$25 will apply when this optional endorsement is selected.

ARKANSAS

MANUFACTURED HOME INSURANCE PROGRAM

SECTION A – SUMMARY OF REVISIONS

RATE SECTION (continued)

PHASE 1 (effective 9/1/11) (continued)

\$1,500 Water Loss Deductible

We have developed a \$1,500 water loss deductible. A premium credit of \$20 will apply when this optional endorsement is selected.

Dwelling Replacement Cost Payment Method For Partial Loss Other Structures Replacement Cost Payment Method For Total and Partial Loss

The premium for this coverage is changing from \$35 to \$50. The effect of this change is included in the overall effect.

Excess Dwelling Coverage

The premium for this coverage is changing from \$40 to \$55. The effect of this change is included in the overall effect.

Coverage C - Personal Property Increase in Special Amount of Insurance for Vehicles or Conveyances

This is a new form. This form increases the special amount of insurance for Personal Property Group 6. Vehicles or Conveyances insured by the policy from \$5,000 to \$10,000.

We are proposing a premium of \$80 per policy when this form is selected.

Identity Fraud Expense and Management

This is a new form. We will reimburse up to \$28,500 for the actual, reasonable, and necessary costs and expenses listed in the endorsement. These costs and expenses must be incurred by the insured as the direct result of identity fraud loss as defined in the endorsement.

This endorsement provides the following advocacy services:

- Resolution Service
- Identity or Travel Document Replacement Service
- Document Replacement Service

These services are described in the endorsement.

We are proposing to charge \$25 for this endorsement.

ARKANSAS

MANUFACTURED HOME INSURANCE PROGRAM

SECTION A – SUMMARY OF REVISIONS

RATE SECTION (continued)

PHASE 1 (effective 9/1/11) (continued)

Identity Fraud Expense and Management Including Credit Monitoring

This is a new form. We will reimburse up to \$28,500 for the actual, reasonable, and necessary costs and expenses listed in the endorsement. These costs and expenses must be incurred by the insured as the direct result of identity fraud loss as defined in the endorsement.

This endorsement provides the following advocacy services:

- Resolution Service
- Identity or Travel Document Replacement Service
- Document Replacement Service

These services are described in the endorsement.

This endorsement also includes a Credit and Public Records Monitoring Service that can be used to detect fraudulent action on the designee's credit and public records files. This service is not contained in the Identity Fraud and Expense Management endorsement.

We are proposing to charge \$65 for this endorsement.

PHASE 2 (effective 11/1/11)

Named Insured 50 Years of Age or Older

We are making the following changes to these premium modifiers. The effect of this change is included in the overall effect.

<u>Territory</u>	<u>Phase 1</u>	<u>Phase 2</u>
A	.78	.80
B	1.00	1.00
C	.80	.80
D	.88	.90

OVERALL EFFECT

The combined overall effect of this filing is +14.4%.

ARKANSAS

MANUFACTURED HOME INSURANCE PROGRAM

SECTION A – SUMMARY OF REVISIONS

RATE SECTION (continued)

REPLACEMENT OF MANUAL PAGES

PHASE 1 (effective 9/1/11)

Please withdraw:

Rate Pages R-8 and R-9 – Revised Printing 11/09
Rate Pages R-11 and R-12 – Revised Printing 1/10
Rate Page R-13 – Revised Printing 11/09
Rate Pages R-17, R-18, R-19 and R-20 – Revised Printing 1/10
Rate Page R-21 – Revised Printing 11/09
Rate Page R-22 – Original Printing 8/08

Please insert:

Rate Pages R-8 and R-9 – Revised Printing 3/11
Rate Pages R-11 thru R-13 – Revised Printing 3/11
Rate Page R-17 – Revised Printing 3/11
Rate Page R-18 – Revised Printing 4/11
Rate Page R-19 – Revised Printing 3/23/11
Rate Pages R-20 thru R-22 – Revised Printing 3/11
Rate Page R-23 – Original Printing 3/11

PHASE 2 (effective 11/1/11)

Please withdraw:

Rate Page R-7 – Revised Printing 11/09
Rate Page R-10 – Revised Printing 1/10
Rate Page R-18 – Revised Printing 4/11

Please insert:

Rate Pages R-7, R-10 and R-18 – Revised Printing 11/11

Foremost Insurance Company
Arkansas
Mobile Home Insurance Program

Section B - Supporting Experience

Summary of Rate Level Changes:

Set forth on page B-2 is a summary of the indicated and proposed changes developed on subsequent pages.

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

Using standard ratemaking procedures, the needed rate level adjustment for the state is developed on pages B-3-7

Foremost Insurance Company

Arkansas

Mobile Home Insurance Program

Section B – Supporting Experience

Summary of Rate Level Changes

<u>Coverage</u>	<u>Indicated Change</u>	<u>Proposed Change</u>
Section I – Your Property Coverages		
Statewide	46.92%	5.90%
Territory A	50.10%	4.20%
Territory B	200.99%	20.40%
Territory C	27.91%	16.40%
Territory D	26.40%	6.20%

Foremost Insurance Company
Arkansas
Statewide
Mobile Home Insurance Program

Section B - Supporting Experience
Development of Indicated Rate Level
Section 1 - Your Property Coverages

Year	(1) Earned Premium At Current Premium Levels	(2) Non-Catastrophe Incurred Losses and Allocated Loss Adjustment Expense	(3) Current Cost Factor
2005	\$8,568,969	\$3,326,877	1.15
2006	\$8,712,132	\$3,552,192	1.11
2007	\$8,739,720	\$3,952,611	1.10
2008	\$8,948,865	\$4,912,118	1.06
2009	\$9,083,108	\$6,364,057	1.04
Year	(4) Incurred Losses at Current Cost Levels (2) X (3)	(5) Trended Incurred Losses (4) X 1.094	(6) Cat Adjusted Incurred Losses (5) X 1.28
2005	\$3,825,909	\$4,185,544	\$5,357,497
2006	\$3,942,933	\$4,313,569	\$5,521,368
2007	\$4,347,872	\$4,756,572	\$6,088,412
2008	\$5,206,845	\$5,696,288	\$7,291,249
2009	\$6,618,619	\$7,240,769	\$9,268,185
Year	(7) Adjusted Loss Ratios (6) / (1)		
2005	0.625		
2006	0.634		
2007	0.697		
2008	0.815		
2009	1.020		

(8) Aggregate Loss Ratio [sum of (6) / sum of (1)] = 0.761

(9) Indicated Premium Adjustment = 46.92%

Foremost Insurance Company
Arkansas
Territory A
Mobile Home Insurance Program

Section B - Supporting Experience
Development of Indicated Rate Level
Section 1 - Your Property Coverages

Year	(1) Earned Premium At Current Premium Levels	(2) Non-Catastrophe Incurred Losses and Allocated Loss Adjustment Expense	(3) Current Cost Factor
2005	\$6,704,069	\$2,708,663	1.15
2006	\$6,768,813	\$2,830,672	1.11
2007	\$6,733,138	\$2,971,861	1.10
2008	\$6,903,075	\$4,053,083	1.06
2009	\$6,970,822	\$4,904,554	1.04
Year	(4) Incurred Losses at Current Cost Levels (2) X (3)	(5) Trended Incurred Losses (4) X 1.094	(6) Cat Adjusted Incurred Losses (5) X 1.28
2005	\$3,114,962	\$3,407,768	\$4,361,944
2006	\$3,142,046	\$3,437,398	\$4,399,870
2007	\$3,269,047	\$3,576,337	\$4,577,712
2008	\$4,296,268	\$4,700,117	\$6,016,150
2009	\$5,100,736	\$5,580,205	\$7,142,663
Year	(7) Adjusted Loss Ratios (6) / (1)		
2005	0.651		
2006	0.650		
2007	0.680		
2008	0.872		
2009	1.025		

(8) Aggregate Loss Ratio [sum of (6) / sum of (1)] = 0.778

(9) Indicated Premium Adjustment = 50.10%

Foremost Insurance Company
Arkansas
Territory B
Mobile Home Insurance Program

Section B - Supporting Experience
Development of Indicated Rate Level
Section 1 - Your Property Coverages

Year	(1) Earned Premium At Current Premium Levels	(2) Non-Catastrophe Incurred Losses and Allocated Loss Adjustment Expense	(3) Current Cost Factor
2005	\$96,611	\$19,643	1.15
2006	\$99,826	\$147,977	1.11
2007	\$111,978	\$197,253	1.10
2008	\$98,676	\$31,724	1.06
2009	\$103,887	\$126,417	1.04
Year	(4) Incurred Losses at Current Cost Levels (2) X (3)	(5) Trended Incurred Losses (4) X 1.094	(6) Cat Adjusted Incurred Losses (5) X 1.28
2005	\$22,589	\$24,712	\$31,632
2006	\$164,254	\$179,694	\$230,008
2007	\$216,978	\$237,374	\$303,839
2008	\$33,627	\$36,788	\$47,089
2009	\$131,474	\$143,833	\$184,106
Year	(7) Adjusted Loss Ratios (6) / (1)		
2005	0.327		
2006	2.304		
2007	2.713		
2008	0.477		
2009	1.772		

(8) Aggregate Loss Ratio [sum of (6) / sum of (1)] = 1.559

(9) Indicated Premium Adjustment = 200.99%

Foremost Insurance Company
Arkansas
Territory C
Mobile Home Insurance Program

Section B - Supporting Experience
Development of Indicated Rate Level
Section 1 - Your Property Coverages

Year	(1) Earned Premium At Current Premium Levels	(2) Non-Catastrophe Incurred Losses and Allocated Loss Adjustment Expense	(3) Current Cost Factor
2005	\$970,197	\$384,430	1.15
2006	\$948,368	\$233,492	1.11
2007	\$921,534	\$373,500	1.10
2008	\$924,887	\$618,400	1.06
2009	\$930,219	\$436,415	1.04
Year	(4) Incurred Losses at Current Cost Levels (2) X (3)	(5) Trended Incurred Losses (4) X 1.094	(6) Cat Adjusted Incurred Losses (5) X 1.28
2005	\$442,095	\$483,652	\$619,074
2006	\$259,176	\$283,539	\$362,929
2007	\$410,850	\$449,470	\$575,321
2008	\$655,504	\$717,121	\$917,915
2009	\$453,872	\$496,536	\$635,566
Year	(7) Adjusted Loss Ratios (6) / (1)		
2005	0.638		
2006	0.383		
2007	0.624		
2008	0.992		
2009	0.683		

(8) Aggregate Loss Ratio [sum of (6) / sum of (1)] = 0.663

(9) Indicated Premium Adjustment = 27.91%

Foremost Insurance Company
Arkansas
Territory D
Mobile Home Insurance Program

Section B - Supporting Experience
Development of Indicated Rate Level
Section 1 - Your Property Coverages

Year	(1) Earned Premium At Current Premium Levels	(2) Non-Catastrophe Incurred Losses and Allocated Loss Adjustment Expense	(3) Current Cost Factor
2005	\$798,092	\$214,141	1.15
2006	\$895,124	\$340,051	1.11
2007	\$973,070	\$409,997	1.10
2008	\$1,022,227	\$208,911	1.06
2009	\$1,078,180	\$896,671	1.04
Year	(4) Incurred Losses at Current Cost Levels (2) X (3)	(5) Trended Incurred Losses (4) X 1.094	(6) Cat Adjusted Incurred Losses (5) X 1.28
2005	\$246,262	\$269,411	\$344,846
2006	\$377,457	\$412,938	\$528,561
2007	\$450,997	\$493,391	\$631,540
2008	\$221,446	\$242,262	\$310,095
2009	\$932,538	\$1,020,197	\$1,305,852
Year	(7) Adjusted Loss Ratios (6) / (1)		
2005	0.432		
2006	0.590		
2007	0.649		
2008	0.303		
2009	1.211		

(8) Aggregate Loss Ratio [sum of (6) / sum of (1)] = 0.655

(9) Indicated Premium Adjustment = 26.40%

Foremost Insurance Company
Arkansas
Mobile Home Insurance Program

Section C - Explanatory Material

Contents

	<u>Pages</u>
Explanatory Memorandum	C-2
Cost Index (Trend) Supplement	C-3-6

Foremost Insurance Company
Arkansas
Mobile Home Insurance Program

Section C - Explanatory Material

Explanatory Memorandum

Calculation of Indicated Rate Adjustment

The following is a detailed explanation of the calculation of the indicated adjustments developed in Section B, pages B-3 through B-7. The purpose of this calculation is to test whether the present premiums are sufficient to pay losses and allow for a reasonable profit.

EXPERIENCE PERIOD

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

EARNED PREMIUM

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

INCURRED LOSSES

Losses should reflect as nearly as possible the current dollar requirements needed to meet today's costs. The losses in column 2 reflect non-hurricane losses. The factors in column 3 bring losses to a Current Cost Level (Column 4). A trend factor then projects these losses to an anticipated level 12 months beyond the anticipated effective date of the filing (Column 5).

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

BALANCE POINT OR EXPECTED LOSS RATIO

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

General and Other Acquisition	19.1%
Production Cost Allowance	20.3%
Taxes, Licenses and Fees	3.8%
<u>Underwriting Profit & Contingencies</u>	<u>5.0%</u>
Total	48.2%
Expected Loss and ALAE Ratio (ELR)	51.8%

Foremost Insurance Company
Arkansas
Mobile Home Insurance Program

Section C - Explanatory Material

Explanatory Memorandum

Cost Index Supplement

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

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

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

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

Foremost Insurance Company
Arkansas
Mobile Home Insurance Program

Section C - Explanatory Material

Explanatory Memorandum

Descriptions of Index Development

PART A

This is the quarterly average of the Producer Price Index (PPI)

PART B

This shows the development of the Current Cost Factors. These are based on the Average Annual PPI data for the years under review. These annual cost indices are related to the latest quarterly average PPI to develop the Current Cost Factors shown in Column (2) of Pages B-3 through B-7.

PART C

The Trend Factor is developed through the use of the Least Squares Method to determine the Line of Best Fit. The slope (or average quarterly increment) and the midpoint of the segment of the line of best fit defining the latest quarter of information are then used to determine a factor to project the line into the future twelve months beyond the revision date. The factor thus determined is the Trend Factor used in Column (5) on Pages B-3 through B-7.

Foremost Insurance Company
Arkansas
Mobile Home Insurance Program

Section C - Explanatory Material

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

Quarter Ending September, 2010

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

Month	3 Mo. Avg.		3 Mo. Avg.		3 Mo. Avg.	
	MH PPI		MH PPI		MH PPI	
	2007		2008		2009	
10	215.0		229.0		226.8	
11	215.0		228.6		226.9	
12	216.1	215.4	227.5	228.4	227.2	227.0
	2008		2009		2010	
01	216.4		227.1		227.4	
02	216.9		226.1		227.2	
03	217.3	216.9	226.1	226.4	229.1	227.9
	2008		2009		2010	
04	217.9		226.1		229.9	
05	219.4		225.3		230.4	
06	222.4	219.9	225.4	225.6	230.9	230.4
	2008		2009		2010	
07	223.9		225.4		236.5	
08	225.4		225.4		235.4	
09	226.6	225.3	227.1	226.0	235.3	235.7

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

Current Cost Factors
Based on Average MH PPI Values
Quarter Ending September, 2010

Year	3rd Qtr		Annual Avg.		CCF
1998	235.7	/	159.9	=	1.47
1999	235.7	/	164.2	=	1.44
2000	235.7	/	167.1	=	1.41
2001	235.7	/	170.0	=	1.39
2002	235.7	/	172.6	=	1.37
2003	235.7	/	175.8	=	1.34
2004	235.7	/	190.0	=	1.24
2005	235.7	/	204.4	=	1.15
2006	235.7	/	212.4	=	1.11
2007	235.7	/	214.7	=	1.10
2008	235.7	/	222.6	=	1.06
2009	235.7	/	226.3	=	1.04

Foremost Insurance Company
Arkansas
Mobile Home Insurance Program

Section C - Explanatory Material

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

Year Ending 2009

PART C: Computation of trended PPI cost factor (TCF)

Calendar Quarter Ending	PPI	
	Average PPI	Fitted Values
2000	167.1	161.9
2001	170.0	169.4
2002	172.6	176.9
2003	175.8	184.4
2004	190.0	191.9
2005	204.4	199.3
2006	212.4	206.8
2007	214.7	214.3
2008	222.6	221.8
2009	226.3	229.3

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

- | | | |
|-----|--|----------|
| (1) | Fitted MH PPI trend at midpoint of 2009
(M x #qtrs) + B = | 229.30 |
| (2) | Average Annual rate of change $\{ [(1) \div (B) - 1] \div (\# \text{ years}) \} + 1$ | 1.049 |
| (3) | Midpoint of latest PPI Quarter | 08/15/10 |
| (4) | Effective Date of Proposed Change | 07/01/11 |
| (5) | Twelve months past proposed Effective Date | 06/30/12 |
| (6) | Number of years to trend forward
Years elapsed from (3) to (5). | 1.877 |
| (7) | Trended Cost Factor
(To 06/30/12) | 1.094 |

Foremost Insurance Company
Arkansas
Mobile Home Insurance Program

Section C - Explanatory Material

Catastrophe Supplement

The need for recognition of "catastrophe losses" is evident in the ratemaking process. Special consideration of such losses maintains the stability of premium levels. The procedure for dealing with catastrophe losses is as follows:

We at Foremost Insurance Company look at 10 years of Arkansas data and calculate the actual ratio of catastrophe losses that we see, we then use this factor to spread the losses over the experience period.

Year	Incurred Losses and ALAE			Total/ Non-Cat Losses
	Non-Cat	Cat	Total	
2000	2,799,995	1,468,288	4,268,283	1.524
2001	2,743,146	203,773	2,946,919	1.074
2002	2,648,627	247,750	2,896,377	1.094
2003	3,382,597	604,526	3,987,123	1.179
2004	3,270,968	119,381	3,390,349	1.036
2005	3,326,877	181,115	3,507,992	1.054
2006	3,552,192	1,152,617	4,704,809	1.324
2007	3,952,611	44,920	3,997,531	1.011
2008	4,912,118	3,376,168	8,288,286	1.687
2009	6,364,057	2,958,009	9,322,066	1.465
2000 - 2009	36,953,188	10,356,547	47,309,735	1.280