

SERFF Tracking Number: SHEL-127907910 State: Arkansas  
Filing Company: Shelter Mutual Insurance Company State Tracking Number:  
Company Tracking Number: 03M10111  
TOI: 01.0 Property Sub-TOI: 01.0002 Personal Property (Fire and Allied Lines)  
Product Name: DF  
Project Name/Number: Fiore/

## Filing at a Glance

Company: Shelter Mutual Insurance Company

Product Name: DF

SERFF Tr Num: SHEL-127907910 State: Arkansas

TOI: 01.0 Property

SERFF Status: Closed-Filed

State Tr Num:

Sub-TOI: 01.0002 Personal Property (Fire and Allied Lines)

Co Tr Num: 03M10111

State Status:

Filing Type: Rate/Rule

Reviewer(s): Becky Harrington, Nancy Horton

Authors: Brian Marcks, Sue Burlingame

Disposition Date: 01/30/2012

Date Submitted: 12/21/2011

Disposition Status: Filed

Effective Date Requested (New): 03/26/2012

Effective Date (New): 03/26/2012

Effective Date Requested (Renewal): 03/26/2012

Effective Date (Renewal): 03/26/2012

State Filing Description:

referred to Commissioner. meeting on 1/13/12; postponed until 1/18/12

## General Information

Project Name: Fiore

Status of Filing in Domicile:

Project Number:

Domicile Status Comments:

Reference Organization:

Reference Number:

Reference Title:

Advisory Org. Circular:

Filing Status Changed: 01/30/2012

State Status Changed: 01/20/2012

Deemer Date:

Created By: Brian Marcks

Submitted By: Brian Marcks

Corresponding Filing Tracking Number:

Filing Description:

This filing contains revisions to the Fire and Extended Coverage base rates for Dwellings and Contents. Broad Form and Custom Broad Form rates were revised. The Fire rate component of Additional Living Expense, Loss of Rental or Lease Income and Other Structures was revised. Editorial revisions were made to the General Rule and Premium Determination pages.

The overall effect of this filing is expected to be a revenue increase of 9.9% or \$1,529,038.

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## Company and Contact

### Filing Contact Information

Brian Marcks, Coordinator of Insurance BCMarcks@shelterinsurance.com  
 Department Affairs  
 1817 West Broadway 573-214-4165 [Phone]  
 Columbia, MO 65218 573-446-7317 [FAX]

### Filing Company Information

Shelter Mutual Insurance Company CoCode: 23388 State of Domicile: Missouri  
 1817 West Broadway Group Code: Company Type:  
 Columbia, MO 65218 Group Name: State ID Number:  
 (573) 445-8441 ext. [Phone] FEIN Number: 43-0613000

## Filing Fees

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

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
Shelter Mutual Insurance Company	\$100.00	12/21/2011	54727884

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## Correspondence Summary

### Dispositions

Status	Created By	Created On	Date Submitted
Filed	Becky Harrington	01/30/2012	01/30/2012

### Objection Letters and Response Letters

#### Objection Letters

Status	Created By	Created On	Date Submitted
Pending Industry Response	Becky Harrington	01/20/2012	01/20/2012
No response necessary	Becky Harrington	01/05/2012	01/05/2012
Pending Industry Response	Becky Harrington	01/04/2012	01/04/2012

#### Response Letters

Responded By	Created On	Date Submitted
Brian Marcks	01/27/2012	01/27/2012
Brian Marcks	01/04/2012	01/04/2012

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## Disposition

Disposition Date: 01/30/2012  
 Effective Date (New): 03/26/2012  
 Effective Date (Renewal): 03/26/2012  
 Status: Filed  
 Comment:

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where required):	Minimum % Change (where required):
Shelter Mutual Insurance Company	10.500%	5.000%	\$771,096	29,067	\$15,416,011	8.500%	0.000%

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 Product Name: DF  
 Project Name/Number: Fiore/

Schedule	Schedule Item	Schedule Item Status	Public Access
<b>Supporting Document (revised)</b>	Form RF-1 NAIC Loss Cost Data Entry Document--All P&C Lines	Filed	Yes
<b>Supporting Document</b>	Form RF-1 NAIC Loss Cost Data Entry Document--All P&C Lines		Yes
<b>Supporting Document</b>	Form RF-1 NAIC Loss Cost Data Entry Document--All P&C Lines		Yes
<b>Supporting Document (revised)</b>	HPCS-Homeowners Premium Comparison Survey	Filed	Yes
<b>Supporting Document</b>	HPCS-Homeowners Premium Comparison Survey		Yes
<b>Supporting Document</b>	NAIC Loss Cost Filing Document for OTHER than Workers' Comp	Filed	Yes
<b>Supporting Document</b>	P&C Actuarial Justification	Filed	Yes
<b>Supporting Document (revised)</b>	Explanatory Memorandum	Filed	Yes
<b>Supporting Document</b>	Explanatory Memorandum		Yes
<b>Supporting Document (revised)</b>	Distribution of Rate Changes	Filed	Yes
<b>Supporting Document</b>	Distribution of Rate Changes		Yes
<b>Rate</b>	General Rule Page	Filed	Yes
<b>Rate (revised)</b>	General Rule Page	Filed	Yes
<b>Rate</b>	General Rule Page		Yes
<b>Rate (revised)</b>	General Rule Page	Filed	Yes
<b>Rate</b>	General Rule Page		Yes
<b>Rate</b>	Rate Page	Filed	Yes
<b>Rate</b>	Rate Page	Filed	Yes
<b>Rate (revised)</b>	Rate Page	Filed	Yes
<b>Rate</b>	Rate Page		Yes

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## Objection Letter

Objection Letter Status Pending Industry Response  
Objection Letter Date 01/20/2012  
Submitted Date 01/20/2012  
Respond By Date

Dear Brian Marcks,

The increase amount has been reviewed by the Commissioner.

Please amend the overall increase amount to 5%.

Please submit a revised HPCS.

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

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

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

Sincerely,  
Becky Harrington

SERFF Tracking Number: SHEL-127907910 State: Arkansas  
 Filing Company: Shelter Mutual Insurance Company State Tracking Number:  
 Company Tracking Number: 03M10111  
 TOI: 01.0 Property Sub-TOI: 01.0002 Personal Property (Fire and Allied Lines)  
 Product Name: DF  
 Project Name/Number: Fiore/

## Response Letter

Response Letter Status Submitted to State  
 Response Letter Date 01/27/2012  
 Submitted Date 01/27/2012

Dear Becky Harrington,

### Comments:

Reference is made to your note of January 20.

### Response 1

Comments: We have made revisions to the filing so that the overall revenue impact is 5%. Revised manual pages and exhibits reflecting these changes are attached.

This filing will now result in an overall increase in revenue of 5.0% or \$771,096.

### Changed Items:

#### Supporting Document Schedule Item Changes

Satisfied -Name: Form RF-1 NAIC Loss Cost Data Entry Document--All P&C Lines

Comment: Please see revised attachment with amendments.

Satisfied -Name: HPCS-Homeowners Premium Comparison Survey

Comment: Please see revised attachments with amendments.

Satisfied -Name: Explanatory Memorandum

Comment: Please see revised attachment with amendments.

Satisfied -Name: Distribution of Rate Changes

Comment: Please see attachment.

No Form Schedule items changed.

#### Rate/Rule Schedule Item Changes

Exhibit Name	Rule # or Page #	Rate Action	Previous State Filing #
General Rule Page	GR-9	Replacement	
<b>Previous Version</b>			
General Rule Page	GR-9	Replacement	

SERFF Tracking Number: SHEL-127907910 State: Arkansas  
Filing Company: Shelter Mutual Insurance Company State Tracking Number:  
Company Tracking Number: 03M10111  
TOI: 01.0 Property Sub-TOI: 01.0002 Personal Property (Fire and Allied Lines)

Product Name: DF  
Project Name/Number: Fiore/  
General Rule Page GR-12 Replacement  
**Previous Version**  
General Rule Page GR-12 Replacement  
Rate Page R-1 Replacement  
**Previous Version**  
Rate Page R-1 Replacement

Please let me know if you have questions.

Sincerely,  
Brian Marcks, Sue Burlingame

SERFF Tracking Number: SHEL-127907910 State: Arkansas  
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Company Tracking Number: 03M10111  
TOI: 01.0 Property Sub-TOI: 01.0002 Personal Property (Fire and Allied Lines)  
Product Name: DF  
Project Name/Number: Fiore/

## Objection Letter

Objection Letter Status No response necessary  
Objection Letter Date 01/05/2012  
Submitted Date 01/05/2012  
Respond By Date  
Dear Brian Marcks,

This will acknowledge receipt of the recent response.

This filing is being referred to the Commissioner for review of the requested increase amount, which is greater than 6%.

No response is required.

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

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

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

Sincerely,  
Becky Harrington

SERFF Tracking Number: SHEL-127907910 State: Arkansas  
Filing Company: Shelter Mutual Insurance Company State Tracking Number:  
Company Tracking Number: 03M10111  
TOI: 01.0 Property Sub-TOI: 01.0002 Personal Property (Fire and Allied Lines)  
Product Name: DF  
Project Name/Number: Fiore/

## Objection Letter

Objection Letter Status Pending Industry Response  
Objection Letter Date 01/04/2012  
Submitted Date 01/04/2012

Respond By Date

Dear Brian Marcks,

This will acknowledge receipt of the captioned filing.

Objection 1

- Form RF-1 NAIC Loss Cost Data Entry Document--All P&C Lines (Supporting Document)

Comment: Please revise the form to include rate change information of the 1/26/11 effective date.

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

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

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

Sincerely,

Becky Harrington

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Product Name: DF  
Project Name/Number: Fiore/

## Response Letter

Response Letter Status Submitted to State  
Response Letter Date 01/04/2012  
Submitted Date 01/04/2012

Dear Becky Harrington,

### Comments:

Reference is made to your note of this morning.

### Response 1

Comments: Attached is a revised Form RF-1 that includes reference to the January 26, 2011 filing.

### Related Objection 1

Applies To:

- Form RF-1 NAIC Loss Cost Data Entry Document--All P&C Lines (Supporting Document)

Comment:

Please revise the form to include rate change information of the 1/26/11 effective date.

### Changed Items:

#### Supporting Document Schedule Item Changes

Satisfied -Name: Form RF-1 NAIC Loss Cost Data Entry Document--All P&C Lines

Comment: Please see revised attachment.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Please let me know if you have questions or need additional information.

Sincerely,

Brian Marcks, Sue Burlingame

SERFF Tracking Number: SHEL-127907910 State: Arkansas  
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Product Name: DF  
Project Name/Number: Fiore/

**Post Submission Update Request Processed On 01/30/2012**

**Status:** Allowed  
**Created By:** Brian Marcks  
**Processed By:** Becky Harrington  
**Comments:** overall impact reduced per Dept request

**Company Rate Information:**

**Company Name:** Shelter Mutual Insurance Company

Field Name	Requested Change	Prior Value
Overall % Rate Impact	5.000%	9.900%
Written Premium Change for this Program	\$771096	\$1529038
Maximum %Change (where required)	8.500%	14.500%

SERFF Tracking Number: SHEL-127907910  
 Filing Company: Shelter Mutual Insurance Company  
 Company Tracking Number: 03M10111  
 TOI: 01.0 Property  
 Product Name: DF  
 Project Name/Number: Fiore/

State: Arkansas  
 State Tracking Number:  
 Sub-TOI: 01.0002 Personal Property (Fire and Allied Lines)

## Rate Information

Rate data applies to filing.

**Filing Method:** File and Use  
**Rate Change Type:** Increase  
**Overall Percentage of Last Rate Revision:** 9.700%  
**Effective Date of Last Rate Revision:** 01/26/2011  
**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):
Shelter Mutual Insurance Company	10.500%	5.000%	\$771,096	29,067	\$15,416,011	8.500%	0.000%

SERFF Tracking Number: SHEL-127907910 State: Arkansas  
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 Company Tracking Number: 03M10111  
 TOI: 01.0 Property Sub-TOI: 01.0002 Personal Property (Fire and Allied Lines)  
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## Rate/Rule Schedule

Schedule Item Status:	Exhibit Name:	Rule # or Page #:	Rate Action	Previous State Filing Attachments Number:
Filed 01/30/2012	General Rule Page	GR-8	Replacement	AR DFM GR-8 Proposed.pdf
Filed 01/30/2012	General Rule Page	GR-9	Replacement	AR DFM GR-9 Proposed w amendments.pdf
Filed 01/30/2012	General Rule Page	GR-12	Replacement	AR DFM GR-12 Proposed w amendments.pdf
Filed 01/30/2012	Rate Page	PD-1	Replacement	AR DFM PD-1 Proposed.pdf
Filed 01/30/2012	Rate Page	PD-2	Replacement	AR DFM PD-2 Proposed.pdf
Filed 01/30/2012	Rate Page	R-1	Replacement	AR DFM R-1 Proposed w amendments.pdf

**10. DWELLINGS UNDER CONSTRUCTION**

Dwellings in the course of construction may be written in one of the following ways.

**a. In Course of Construction**

A dwelling or structure in the course of construction may be written under the regular form and premiums. When insured in this manner, the coverage amount should reflect approximate value, with coverage being increased as construction progresses.

**b. Builder's Risk – Specified Property (Reduced Coverage Amounts) (B-330-B)**

When a dwelling or structure is insured under this form:

- (1) coverage must be effective when construction begins since the premiums charged reflect an average amount of liability during the construction period;
- (2) coverage amount must be equal to 100% of completed value. If plans change increasing the completed value, the coverage must be increased accordingly effective the inception date of the policy;
- (3) the policy may be written for only one term of either 6 or 12 months using tenant rates. This cannot be renewed.

<u>Term</u>	=	<u>Premium</u>	x	<u>Factor</u>	
12 mo.	=	12 mo. rounded premium	x	.650	then dollar round
6 mo.	=	12 mo. rounded premium	x	.325	then dollar round

**c. Contractor's Automatic Builder's Risk (B-331-B)**

The *Builder's Risk – Automatic Coverage* endorsement provides temporary protection for contractors involved in various building projects. This covers all beginning projects while allowing the contractor up to 30 days to write the Builder's Risk form on each individual structure.

The amount of coverage written should reflect the highest value of any structure covered, and any endorsements that will be added to the individual Builder's Risk policies should be included in this policy.

Charge per policy      Minimum Premium

**11. MINIMUM PREMIUM**

A minimum premium will be charged for each policy written. If a policy written on a 3 or 6 month term does not meet the minimum, a 6 or 12 month term must be written instead. An EXCEPTION to this is a Builder's Risk policy. When written on a 6 month term, the term will NOT be adjusted to 12 months to meet the minimum.

All premiums charged for the policy will apply to this minimum. A change made to the policy cannot reduce the premium below the minimum. A minimum of \$1 shall be charged per item, peril or endorsement for each coverage written regardless of policy term.

Minimum Premium    \$100

## OPTIONAL COVERAGES

The specific endorsement must be consulted for exact contract coverages, conditions and exclusions.

### 1. ADDING POLICY PERILS

#### a. Broad Form Coverage (B-451-B)

When the endorsement *Addition Of Broad Perils Addition Of Restoration Cost Coverage* is purchased, coverage for the following perils is included:

Vandalism	Cracking, Bulging or Tearing Apart of Heating, Cooling or
Glass Breakage	Water Heating Systems, Water Softener or Fire Protection
Actions of Thieves	Sprinkler System
Falling of Objects	Escape of Water from or Freezing of a Plumbing System,
Collapse of a building	Domestic Appliance, Heating, Cooling or Water
Weight or Pressure of	Heating Systems, Water Softener or Fire Protection
Ice, Snow or Sleet	Sprinkler System

When necessary conditions are met, this provides restoration cost coverage on the dwelling or other structures up to the amount of coverage provided for the specific building on which the claim is based. Deductible factors apply.

Rate per \$1,000	.77
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#### b. Custom Broad Form Coverage (B-544-B)

When property does not qualify for Broad Form Coverage due to the difference between value and replacement cost, the endorsement *Addition Of Broad Perils* may be purchased. The perils included are the same as those provided under Broad Form. However, with this endorsement, losses are settled on an actual cash value basis. Deductible factors apply.

Rate per \$1,000	1.06
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#### c. Vandalism Coverage (B-847-B)

The endorsement *Addition of The Peril Of Vandalism* or *Addition Of The Peril Of Vandalism To Policies With Builder's Risk Endorsement* may be added for coverage for the peril of vandalism. The charge must be applied to all insured items. Deductible factors apply.

Rate per \$1,000	.15
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**3. INCREASED LIMITS TO THE BASIC POLICY****a. Additional Living Expense Coverages**

The automatic limit provided for the additional costs incurred to maintain the household while the residence is uninhabitable due to a loss caused by an insured peril may be increased. No deductible applies.

<u>Peril</u>	<u>P.C.</u>	<u>Rate per \$1,000 of increase</u>
Fire	1-8	\$ 7.04
	9-11	13.32
E.C.	1-11	4.93

**b. Loss of Rental or Lease Income Coverages**

The automatic limit provided for the loss of rents or lease income while the residence is uninhabitable due to a loss caused by an insured peril may be increased. No deductible applies.

<u>Peril</u>	<u>P.C.</u>	<u>Rate per \$1,000 of increase</u>
Fire	1-8	\$ 3.74
	9-11	7.05
E.C.	1-11	2.62

**4. FIRE DEPARTMENT CHARGES ENDORSEMENT (B-453-B)**

Coverage may be added to cover charges made by a fire department when called to protect insured property from the peril of Fire. No deductible applies.

Rate per \$100	\$ 2.20
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**5. OTHER STRUCTURES**

This option allows a specific amount of coverage to be written on a specific other structure(s) when the 10% of the Dwelling coverage is not sufficient. Docks, which are excluded from the 10% of the Dwelling coverage, may also be insured using the rates below when specifically added as a separate item. Deductible factors apply.

<u>Peril</u>	<u>P.C.</u>	<u>Rate per \$1,000</u>
Fire	1-8	\$ 6.27
	9-11	11.86
E.C.	1-11	4.38

## ARKANSAS DWELLING PREMIUM DETERMINATION CHART

### Basic Premium Coverages

#### Dwelling

#### Contents

	Page	Fire	E.C.	BF, CBF, VMM	Earth- quake	Fire	E.C.	BF, CBF, VMM	Earth- quake
Base Rate/Rate per \$1,000	R-1/GR-9,10	+	+	+	+	+	+	+	+
Amount of Insurance	R-2/Cov Amt	x	x	x	x	x	x	x	x
Deductible	GR-5/GR-10	x	x	x	x	x	x	x	x
Tier	GR-5	x	x	x		x	x	x	
Claim Surcharge	GR-6	x	x	x		x	x	x	
Seasonal/Vacant Surcharge	GR-6	x	x	x		x	x	x	
Restoration Cost-Contents	GR-7					x	x	x	
Heating System Discount	GR-7	x				x			
Claim Free Discount	GR-7	x	x	x		x	x	x	
Term	GR-7	x	x	x	x	x	x	x	x
Total Premium		=	=	=	=	=	=	=	=

#### Mobile Home

#### Contents

	Page	Fire	E.C.	VMM	Earth- quake	Fire	E.C.	VMM	Earth- quake
Base Rate/Rate per \$1,000	R-1/GR-9,10	+	+	+	+	+	+	+	+
Amount of Insurance	R-2/Cov Amt	x	x	x	x	x	x	x	x
Deductible	GR-5/GR-10	x	x	x	x	x	x	x	x
Tier	GR-5	x	x	x		x	x	x	
Claim Surcharge	GR-6	x	x	x		x	x	x	
Seasonal/Vacant Surcharge	GR-6	x	x	x		x	x	x	
Restoration Cost-Contents	GR-7					x	x	x	
Heating System Discount	GR-7	x				x			
Claim Free Discount	GR-7	x	x	x		x	x	x	
Term	GR-7	x	x	x	x	x	x	x	x
Total Premium		=	=	=	=	=	=	=	=

## ARKANSAS DWELLING PREMIUM DETERMINATION CHART

Policy Coverages	Rate	Cov. Amt.	Deductible	# of rentals or business	Tier	Claim Surcharge	Claim Free	Term	Total Premium
Wind & Hail - Awnings	+	x	x		x	x	x	x	=
Wind & Hail - Radio/TV Equip.	+	x	x		x	x	x	x	=
Wind & Hail - Trees	+	x	x		x	x	x	x	=
Construction Theft	+		x		x	x	x		=
Fire Department Charges	+	x			x	x	x	x	=
Theft Coverage	+		x		x	x	x	x	=
Trip Collision	+		x		x	x	x		=
Vendor's Single Interest	+				x	x	x	x	=
Pers. Liab/Med Pay	+				x	x	x	x	=
Landlord's Liab/Med Pay	+				x	x	x	x	=
Pers. Injury Liability	+				x	x	x	x	=
Incidental Business	+			x	x	x	x	x	=
Child Day Care	+				x	x	x	x	=
Foster Care	+				x	x	x	x	=
Incidental Farming	+				x	x	x	x	=

### Optional Coverages

		Base Rate	Cov. Amt.	Deductible	Tier	Claim Surchrg	Claim Free	Term Factor	Total Premium
<b>Increased Limits</b>									
Additional Living Expense	Fire	+	x		x	x	x	x	=
	E.C.	+	x		x	x	x	x	=
	Add'l Perils	+	x		x	x	x	x	=
	Earthquake	+	x	x				x	=
Loss of Rental or Lease Income	Fire	+	x		x	x	x	x	=
	E.C.	+	x		x	x	x	x	=
	Add'l Perils	+	x		x	x	x	x	=
	Earthquake	+	x	x				x	=

NOTE: charges under Increased Limits above apply to the amount of increase only.

		Rate	Cov. Amt.	Deductible	Tier	Claim Surchrg	Repair Replmt-Contents	Claim Free	ACV Roof	Term Factor	Total Premium
<b>Additional Items</b>											
Other Structures	Fire	+	x	x	x	x		x	x	x	=
	E.C.	+	x	x	x	x		x	x	x	=
	Add'l Perils	+	x	x	x	x		x	x	x	=
	Earthquake	+	x	x						x	=
Inventory	Fire	+	x	x	x	x	x	x		x	=
	E.C.	+	x	x	x	x	x	x		x	=
	Add'l Perils	+	x	x	x	x	x	x		x	=
	Earthquake	+	x	x						x	=

NOTE: Add'l Perils denotes Broad Form (BF), Custom Broad Form (CBF) or Vandalism (VMM), whichever is written. Broad Form must be written for ACV Roof credit to apply.

### Total Policy Premium Calculation

Sum of Total Premiums	+
Apply Minimum Total Policy Premium	+
Term Charge	+
Total Policy Premium	=

## Arkansas Shelter Mutual Dwelling Base Rates

Dwelling @ \$15,000, Contents @ \$6,000, \$500 Deductible

### Fire Base Rates - Dwelling

Owner Occupancy										
Masonry					Frame				Mobile Home	
Families:	1	2	3	4	1	2	3	4		
Protection Class	1	32	32	67	67	46	46	89	89	46
	2	32	32	67	67	46	46	89	89	46
	3	32	32	67	67	46	46	89	89	46
	4	40	40	78	78	53	53	100	100	53
	5	46	46	83	83	57	57	113	113	57
	6	57	57	97	97	68	68	125	125	68
	7	86	86	113	113	98	98	148	148	98
	8	124	124	158	158	154	154	216	216	154
	9	140	140	181	181	221	221	297	297	221
	10	193	193	249	249	291	291	365	365	291
	11	193	193	249	249	291	291	365	365	291
Curve	1	1	1	1	1	1	1	1	1	1

Tenant Occupancy										
Masonry					Frame				Mobile Home	
Families:	1	2	3	4	1	2	3	4		
Protection Class	1	45	45	89	89	64	64	126	126	60
	2	45	45	89	89	64	64	126	126	60
	3	45	45	89	89	64	64	126	126	60
	4	54	54	105	105	73	73	141	141	70
	5	60	60	111	111	84	84	159	159	80
	6	80	80	127	127	93	93	174	174	89
	7	119	119	154	154	138	138	208	208	132
	8	167	167	211	211	214	214	300	300	204
	9	186	186	241	241	313	313	420	420	298
	10	257	257	333	333	408	408	505	505	389
	11	257	257	333	333	408	408	505	505	389
Curve	1	1	1	1	1	1	1	1	1	1

### Fire Base Rates - Contents

Owner/Tenant Occupancy												
Masonry						Frame					Mobile Home	
Families:	1	2	3	4	5+	1	2	3	4	5+		
Protection Class	1	24	24	35	35	55	31	31	48	48	67	31
	2	24	24	35	35	55	31	31	48	48	67	31
	3	24	24	35	35	55	31	31	48	48	67	31
	4	26	26	37	37	57	34	34	55	55	72	34
	5	28	28	43	43	60	35	35	56	56	78	35
	6	31	31	47	47	65	42	42	58	58	80	42
	7	43	43	55	55	78	52	52	68	68	93	52
	8	59	59	72	72	101	73	73	98	98	127	73
	9	68	68	81	81	119	100	100	126	126	152	100
	10	86	86	105	105	144	124	124	151	151	178	124
	11	86	86	105	105	144	124	124	151	151	178	124
Curve	2	2	2	2	2	2	2	2	2	2	2	2

### Extended Coverage Base Rates - Dwelling/Contents

	Dwelling	Contents
Rate	104	19
Curve	3	4

SERFF Tracking Number: SHEL-127907910 State: Arkansas  
 Filing Company: Shelter Mutual Insurance Company State Tracking Number:  
 Company Tracking Number: 03M10111  
 TOI: 01.0 Property Sub-TOI: 01.0002 Personal Property (Fire and Allied Lines)  
 Product Name: DF  
 Project Name/Number: Fiore/

## Supporting Document Schedules

	<b>Item Status:</b>	<b>Status Date:</b>
<b>Satisfied - Item:</b> Form RF-1 NAIC Loss Cost Data Entry Document--All P&C Lines	Filed	01/30/2012

**Comments:**

Please see revised attachment with amendments.

**Attachment:**

AR DFM RF 1 w amendments.pdf

	<b>Item Status:</b>	<b>Status Date:</b>
<b>Satisfied - Item:</b> HPCS-Homeowners Premium Comparison Survey	Filed	01/30/2012

**Comments:**

Please see revised attachments with amendments.

**Attachments:**

AR DFM HPCS Proposed inc amendments.pdf

AR DFM HPCS Proposed inc amendments.xls

	<b>Item Status:</b>	<b>Status Date:</b>
<b>Bypassed - Item:</b> NAIC Loss Cost Filing Document for OTHER than Workers' Comp	Filed	01/30/2012

**Bypass Reason:** This is an independent rate, rule filing.

**Comments:**

	<b>Item Status:</b>	<b>Status Date:</b>
<b>Satisfied - Item:</b> P&C Actuarial Justification	Filed	01/30/2012

**Comments:**

Please see attachment.

**Attachment:**

SERFF Tracking Number: SHEL-127907910 State: Arkansas  
Filing Company: Shelter Mutual Insurance Company State Tracking Number:  
Company Tracking Number: 03M10111  
TOI: 01.0 Property Sub-TOI: 01.0002 Personal Property (Fire and Allied Lines)

Product Name: DF  
Project Name/Number: Fiore/  
AR DFM Indication Exhibits.pdf

	Item Status:	Status Date:
<b>Satisfied - Item:</b> Explanatory Memorandum	Filed	01/30/2012
<b>Comments:</b> Please see revised attachment with amendments.		
<b>Attachment:</b> AR DFM Dwelling Amended Explanatory Memo.pdf		

	Item Status:	Status Date:
<b>Satisfied - Item:</b> Distribution of Rate Changes	Filed	01/30/2012
<b>Comments:</b> Please see attachment.		
<b>Attachment:</b> AR DFM Rate Change Distribution Histogram inc amendments.pdf		

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

<b>1.</b>	This filing transmittal is part of Company Tracking #	03M10111
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<b>2.</b>	If filing is an adoption of an advisory organization loss cost filing, give name of Advisory Organization and Reference/Item Filing Number	N/A
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<b>3.</b>		<b>A.</b>	Company Name	<b>B.</b>	Company NAIC Number
			Shelter Mutual Insurance Company		23388

<b>4.</b>		<b>A.</b>	Product Coding Matrix Line of Business (i.e., Type of Insurance)	<b>B.</b>	Product Coding Matrix Line of Business (i.e., Sub-type of Insurance)
			1.0		1.0002

(A) COVERAGE (See Instructions)	(B) Indicated % Rate Level Change	(C) Requested % Rate Level Change	(D) Expected Loss Ratio	FOR LOSS COSTS ONLY			
				(E) Loss Cost Modification Factor	(F) Selected Loss Cost Multiplier	(G) Expense Constant (If Applicable)	(H) Co. Current Loss Cost Multiplier
Fire	14.2 %	7.6%	65.1 %	N/A	N/A	N/A	N/A
Allied Lines	7.9 %	3.3%	65.1 %	N/A	N/A	N/A	N/A
<b>TOTAL OVERALL EFFECT</b>	10.5 %	5.0%	65.1 %				

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	28,581	No Chg		12,648	7,202	56.9 %	53.9 %
2007	28,136	No Chg		12,618	3,824	30.3 %	37.2 %
2008	28,114	No Chg		12,820	18,412	143.6 %	85.6 %
2009	28,311	5.4%	7-12-2009	13,127	10,681	81.4 %	77.7 %
2010	28,623	No Chg		14,120	6,531	46.3 %	69.8 %
2011	29,067	9.7%	1-26-2011	14,930	10,534	70.6 %	96.6 %

7.	
Expense Constants	Selected Provisions
A. Total Production Expense	17.5 / 17.4
B. General Expense	7.2 / 7.2
C. Taxes, Licenses & Fees	2.9 / 2.9
D. Underwriting Profit & Contingencies	7.3 / 7.4
E. Other (explain)	
<b>F. TOTAL</b>	<b>34.9 / 34.9</b>

- 8.** N/A Apply Loss Cost Factors to Future filings? (Y or N)
- 9.** 8.5% Estimated Maximum Rate Increase for any Insured (%) Territory (if applicable): \_\_\_\_\_
- 10.** 0.0% Estimated Maximum Rate Decrease for any Insured (%) Territory (if applicable): \_\_\_\_\_

Telephone No.: 573-214-4165  
 Email Address: BCMarcks@Shelterinsurance.com  
 Effective Date: xx/xx/2012

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

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

**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																		
	\$120,000																		
	\$160,000																		
6	\$80,000																		
	\$120,000																		
	\$160,000																		
9	\$80,000																		
	\$120,000																		
	\$160,000																		

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

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

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

Public Protection Class	Dwelling Value	Washington		Baxter		Craighead		St. Francis		Arkansas		Union		Miller		Sebastian		Pulaski	
		Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame
3	\$80,000	\$915.00	\$1,003.00	\$915.00	\$1,003.00	\$915.00	\$1,003.00	\$915.00	\$1,003.00	\$915.00	\$1,003.00	\$915.00	\$1,003.00	\$915.00	\$1,003.00	\$915.00	\$1,003.00	\$915.00	\$1,003.00
	\$120,000	\$1,351.00	\$1,480.00	\$1,351.00	\$1,480.00	\$1,351.00	\$1,480.00	\$1,351.00	\$1,480.00	\$1,351.00	\$1,480.00	\$1,351.00	\$1,480.00	\$1,351.00	\$1,480.00	\$1,351.00	\$1,480.00	\$1,351.00	\$1,480.00
	\$160,000	\$1,787.00	\$1,957.00	\$1,787.00	\$1,957.00	\$1,787.00	\$1,957.00	\$1,787.00	\$1,957.00	\$1,787.00	\$1,957.00	\$1,787.00	\$1,957.00	\$1,787.00	\$1,957.00	\$1,787.00	\$1,957.00	\$1,787.00	\$1,957.00
6	\$80,000	\$1,043.00	\$1,142.00	\$1,043.00	\$1,142.00	\$1,043.00	\$1,142.00	\$1,043.00	\$1,142.00	\$1,043.00	\$1,142.00	\$1,043.00	\$1,142.00	\$1,043.00	\$1,142.00	\$1,043.00	\$1,142.00	\$1,043.00	\$1,142.00
	\$120,000	\$1,537.00	\$1,682.00	\$1,537.00	\$1,682.00	\$1,537.00	\$1,682.00	\$1,537.00	\$1,682.00	\$1,537.00	\$1,682.00	\$1,537.00	\$1,682.00	\$1,537.00	\$1,682.00	\$1,537.00	\$1,682.00	\$1,537.00	\$1,682.00
	\$160,000	\$2,031.00	\$2,223.00	\$2,031.00	\$2,223.00	\$2,031.00	\$2,223.00	\$2,031.00	\$2,223.00	\$2,031.00	\$2,223.00	\$2,031.00	\$2,223.00	\$2,031.00	\$2,223.00	\$2,031.00	\$2,223.00	\$2,031.00	\$2,223.00
9	\$80,000	\$1,367.00	\$1,739.00	\$1,367.00	\$1,739.00	\$1,367.00	\$1,739.00	\$1,367.00	\$1,739.00	\$1,367.00	\$1,739.00	\$1,367.00	\$1,739.00	\$1,367.00	\$1,739.00	\$1,367.00	\$1,739.00	\$1,367.00	\$1,739.00
	\$120,000	\$2,011.00	\$2,553.00	\$2,011.00	\$2,553.00	\$2,011.00	\$2,553.00	\$2,011.00	\$2,553.00	\$2,011.00	\$2,553.00	\$2,011.00	\$2,553.00	\$2,011.00	\$2,553.00	\$2,011.00	\$2,553.00	\$2,011.00	\$2,553.00
	\$160,000	\$2,654.00	\$3,366.00	\$2,654.00	\$3,366.00	\$2,654.00	\$3,366.00	\$2,654.00	\$3,366.00	\$2,654.00	\$3,366.00	\$2,654.00	\$3,366.00	\$2,654.00	\$3,366.00	\$2,654.00	\$3,366.00	\$2,654.00	\$3,366.00

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

**HO3 and HO4 only**

Fire Extinguisher	NA	%	Deadbolt Lock	NA	%
Burglar Alarm	NA	%	Window Locks	NA	%
Smoke Alarm	NA	%	\$1,000 Deductible	15	%
			Other (specify)		%
	See GR pages 4-7				%
	Maximum Credit Allowed	No max			%

**EARTHQUAKE INSURANCE**

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

ARE YOU CURRENTLY WRITING EARTHQUAKE COVERAGE IN ARKANSAS?	yes	(yes or no)	
WHAT IS YOUR PERCENTAGE DEDUCTIBLE?	5 thru 25	%	
WHAT IS YOUR PRICE PER \$1,000 OF COVERAGE?	Zone	Brick	Frame
	Highest Risk	\$ 1.8	\$ 1.28
	Lowest Risk	\$ 0.72	\$ 0.4

**SHELTER MUTUAL INSURANCE COMPANY  
ARKANSAS DWELLING  
EXPLANATION OF STATISTICAL EXHIBITS**

The following exhibits supplement this filing and are listed in the order in which they appear in the Indication Exhibits PDF book.

- 1 Explanation of Statistical Exhibits
- 2 Trend of Total Component in the Consumer Price Index
- 3 Adj Earned Premium for Changes in Amount of Insurance
- 4 Current Rate Level Factors - Fire
- 5 Credibility Table
- 6 Investment Income Credit Policyholder Funds-Fire
- 7/8 Explanatory Memo for above-Fire
- 9 Expected Loss Ratio-Fire
- 10 Combined Trend and Projection Factor-Fire
- 11 Underwriting Profit and Contingencies-Fire
- 12 Development Expense Ratios-Fire
- 13 Projected Ultimate Loss and Allocated Loss Adjustment-Fire
- 14 Indicated Rate Level Change-Fire
- 15 Current Rate Level-Allied Lines
- 16 Credibility Table
- 17 Investment Income Credit Policyholder Funds-Allied Lines
- 18/19 Explanatory Memo for above-Allied Lines
- 20 Expected Loss Ratio-Allied Lines
- 21 Combined Trend and Projection Factor-Allied Lines
- 22 Underwriting Profit and Contingencies-Allied Lines
- 23 Development Expense Ratios-Allied Lines
- 24 Projected Ultimate Loss and Allocated Loss Adjustment-Allied Lines
- 25 Indicated Rate Level Change-Allied Lines
- 26 Development Excess Wind and Hail Loading
- 27 Indicated Rate Level Change-All Coverages

## Shelter Insurance Companies Trend of Total Component in the Consumer Price Index

Quarter Ending	20-Point		12-Point		6-Point	
	Actual	Fitted	Actual	Fitted	Actual	Fitted
Jun-06	202.3	203.5				
Sep-06	203.4	204.4				
Dec-06	201.7	205.3				
Mar-07	203.8	206.3				
Jun-07	207.7	207.2				
Sep-07	208.2	208.1				
Dec-07	209.7	209.1				
Mar-08	212.1	210.0				
Jun-08	216.7	211.0	216.7	214.3		
Sep-08	219.3	211.9	219.3	214.8		
Dec-08	213.1	212.9	213.1	215.2		
Mar-09	212.0	213.9	212.0	215.6		
Jun-09	214.3	214.8	214.3	216.1		
Sep-09	215.7	215.8	215.7	216.5		
Dec-09	216.1	216.8	216.1	217.0	216.1	215.9
Mar-10	217.0	217.8	217.0	217.4	217.0	216.9
Jun-10	218.1	218.8	218.1	217.8	218.1	217.8
Sep-10	218.2	219.7	218.2	218.3	218.2	218.8
Dec-10	218.9	220.7	218.9	218.7	218.9	219.8
Mar-11	221.7	221.7	221.7	219.2	221.7	220.7
r <sup>2</sup>		0.832		0.334		0.885
Annual Change		1.8%		0.8%		1.8%
<b>Selected Factor to Trend Fixed Costs</b>						<b>2.5%</b>

Note: Fitted columns are generated using exponential regression...( $y = \exp^{(a+bx)}$ ).

**Shelter Mutual Insurance Company  
Dwelling Fire  
Arkansas**

Adjustment to Earned Premium for Changes in Amount of Insurance

The following calculations are based on a proposed effective date of 04/01/2012. With annual policies, the average earned date is therefore 04/01/2013.

Date	Number of Years from Average Experience Date to 09/30/2011 (1)	Number of Years from 09/30/2011 to 04/01/2013 (2)	Total (3)=(1)+(2)	Adjustment Factor (4)=[1+(5)]^(3)
09/30/2007	4.5	1.503	6.003	1.160
09/30/2008	3.5	1.503	5.003	1.131
09/30/2009	2.5	1.503	4.003	1.104
09/30/2010	1.5	1.503	3.003	1.077
09/30/2011	0.5	1.503	2.003	1.051

(5) Selected Average Annual Change\*: 2.50%

\*Average annual change of 2.5% was based on the annual Total CPI Trend.

**Shelter Mutual Insurance Company  
Dwelling Fire - Fire Coverage  
Arkansas**

***Current Rate Level Factors as of September 30, 2011***

The parallelogram method was used to develop the current rate level factors shown below. The following rate change history shows the effective dates for new business. The actual dates used in the calculations were set 30 days past these dates to properly adjust for renewal effective dates.

<u>Fiscal Year Ending</u>	<u>Factors</u>
September 30, 2007	0.9193
September 30, 2008	0.9193
September 30, 2009	0.9219
September 30, 2010	0.9812
September 30, 2011	1.0059

***Rate Change History (Percent Changes)***

<u>Effective Date</u>	<u>% Changes</u>
January 26, 2011	0.8 %
July 12, 2009	-8.8 %
December 4, 2003	16.0 %

SHELTER MUTUAL INSURANCE COMPANY  
 DWELLING FIRE / ALLIED LINES  
 Credibility Table  
 Based on 20,000 Exposure Units

<u>Lower Limit</u>	<u>Upper Limit</u>	<u>Credibility Factor</u>
0	12	0.00
13	112	0.05
113	312	0.10
313	612	0.15
613	1,012	0.20
1,013	1,512	0.25
1,513	2,112	0.30
2,113	2,812	0.35
2,813	3,612	0.40
3,613	4,512	0.45
4,513	5,512	0.50
5,513	6,612	0.55
6,613	7,812	0.60
7,813	9,112	0.65
9,113	10,512	0.70
10,513	12,012	0.75
12,013	13,612	0.80
13,613	15,312	0.85
15,313	17,112	0.90
17,113	19,012	0.95
19,013	20,000 +	1.00

**Assumptions:**

1. 10% claim frequency distribution with claims following a Poisson distribution.
2. Using the normal approximation with a 95% probability that the sample mean is within 4.0% of the true mean.
3. Partial credibility is based on the square root rule rounded to the nearest 5%.

**Shelter Mutual Insurance Company**

**Arkansas**

**Fire**

Calculation of Investment Income Credit on Policyholder Funds

A. Unearned Premium Reserve		
(1) Direct Earned Premium for Calendar Year 2010		\$ 6,818,257
(2) Mean Unearned Premium Reserve: (1.) x 0.429		\$ 2,925,032
(3) Deductions for Prepaid Expenses:		
a. Brokerage and Commission	13.1%	
b. 50% of Other Acquisition Expense	2.2%	
c. 50% of General Expense	3.6%	
d. Taxes, Licenses and Fees	2.9%	
e. Total		21.8%
(4) Net Unearned Premium Subject to Investment: (2.) x (1 - (3.))		\$ 2,287,375
B. Loss Reserves		
1. Direct Earned Premium for Calendar Year 2010		\$ 6,818,257
2. Expected Incurred Loss and Loss Adjustment: (1.) x 0.724		\$ 4,936,418
3. Expected Mean Loss Reserve: (2.) x 0.204		\$ 1,007,029
C. Net Subject to Investment: A.4 + B.3		\$ 3,294,404
D. Average Rate of Return		0.0591
E. Investment Earnings on Net Subject to Investment: C x D		\$ 194,699
F. Average Rate of Return as a Percent of Direct Premium Earned: E / A.1		2.9%
G. Average Rate of Return as a Percent of Direct Premium Earned After Federal Income Tax: F x 0.744		2.2%

Please refer to the attached explanatory memorandum for details by line

Explanatory Memorandum re Investment Income - Arkansas - Fire

Line A.1 - Direct earned premium as shown on page 14 for the State of Arkansas, Fire, for Calendar Year 2010.

Line A.2 - The mean unearned premium reserve is determined by multiplying the direct earned premium in Line A.1 by the mean unearned premium ratio developed below.

1. Direct Earned Premium for Calendar Year 2010	\$ 6,818,257
2. Unearned Premium Reserve as of 12/31/2009	\$ 2,974,582
3. Unearned Premium Reserve as of 12/31/2010	\$ 2,871,897
4. Mean Unearned Premium Reserve: ((2.) + (3.)) / 2	\$ 2,923,240
5. Mean Unearned Premium Ratio: (4.) / (1.)	0.429

Line A.3 - Production and half of other company expenses are incurred with the initial writing and processing of insurance policies, exclusive of claim adjustment expenses. As these expenses are in effect prepaid, the funds will not be available to invest on behalf of the policyholder. The deduction for these expenses is determined by use of the provisions for expenses used in our ratemaking procedures as shown.

Line B.2 - The expected loss and loss adjustment ratio reflects expense provisions used in this filing with no provision for profit.

Line B.3 - The expected mean loss reserve is determined by multiplying the expected incurred loss in Line B.2 by the mean loss and loss adjustment reserve ratio as shown below.

1. Incurred Losses for Calendar Year 2009	\$ 5,948,668
2. Incurred Losses for Calendar Year 2010	\$ 3,519,020
3. Loss Reserves as of 12/31/2008	\$ 398,382
4. Loss Reserves as of 12/31/2009	\$ 1,342,749
5. Loss Reserves as of 12/31/2010	\$ 496,106
6. Mean Loss Reserve 2009	\$ 870,565
7. Mean Loss Reserve 2010	\$ 919,427
8. 2009 Ratio: (6.) / (1.)	0.146
9. 2010 Ratio: (7.) / (2.)	0.261
10. Mean Ratio: ((8.) + (9.)) / 2	0.204

Explanatory Memorandum re Investment Income - Continued

Line D - The rate of return is the ratio of Net Income Earned and Net Realized Capital Gains/Losses to Mean Cash and Invested Assets. Due to the inherent variability of Capital Gains/Losses, we have used the most recent ten years of data. All data shown below is from the annual statement

1. Cash and Invested Assets 2008	0	\$	1,636,039,439
2. Cash and Invested Assets 2009	0	\$	1,624,038,547
3. Cash and Invested Assets 2010	0	\$	1,785,588,727
4. Net Investment Income Earned 2009	0	\$	65,599,878
5. Net Investment Income Earned 2010	0	\$	58,495,203
6. Mean Cash and Invested Assets 2009: (2. + 3.) / 2	0	\$	1,630,038,993
7. Mean Cash and Invested Assets 2010: (2. + 3.) / 2	0	\$	1,704,813,637
8. Mean Rate of Return: (4. + 5.) / (6. + 7.)			0.0372
9. Mean Cash and Invested Assets 2001 - 2010	0	\$	14,717,096,399
10. Net Realized Capital Gains/Losses 2001 - 2010	0	\$	322,998,130
11. Mean Rate of Return: 10. / 9.			0.0219
12. Total Rate of Return: 8. + 11.			0.0591

Line G - The average rate of Federal Income Tax was determined by applying the expected average tax rate for Net Investment Income and the expected tax rate applicable to Net Realized Capital Gains/Losses to the rates of return calculated in Line D.

	Rate of Return	Federal Tax Rate
Net Investment Income Earned	0.0372	0.200 (A)
Net Realized Capital Gains/Losses	0.0219	0.350
Total	0.0591	0.256

(A) The expected average rate of Federal Income Tax on Net Investment Income was determined by applying the expected 2011 tax rates to the distribution of investment income earned for the years 2009 and 2010. The calculations are shown below:

Type of Investment	Net Income Earned (1)			Tax Rate	Federal Tax
	2009	2010	Total		
Bonds (Taxable)	\$ 26,571,862	\$ 21,336,459	\$ 47,908,321	0.350	\$ 16,767,912
Bonds (Tax Exempt)	\$ 28,308,850	\$ 28,488,515	\$ 56,797,366	0.053	\$ 3,010,260
Stocks	\$ 6,181,556	\$ 6,217,186	\$ 12,398,742	0.210	\$ 2,603,736
Short Term	\$ 106,948	\$ 49,552	\$ 156,500	0.350	\$ 54,775
Real Estate	\$ 2,725,164	\$ 2,250,091	\$ 4,975,255	0.350	\$ 1,741,339
Other Investments	\$ 1,705,498	\$ 153,401	\$ 1,858,898	0.350	\$ 650,614
Total	\$ 65,599,878	\$ 58,495,203	\$ 124,095,082	0.200	\$ 24,828,636

(1) Investment deductions have been allocated to the appropriate type in the following manner:  
Real Estate - Income Earned less depreciation (Page 6, Line 12), Real Estate Expenses and Taxes (Page 11, Lines 19 and 20, Column 3).  
All Other - Investment Expenses less Real Estate Expenses and Taxes prorated by income earned to total income earned less Real Estate Income.

**Shelter Mutual Insurance Company**

**Arkansas**

**Fire**

<u>Calculation of Expected Loss Ratio</u>	
Commission and Brokerage (a)	13.1%
Other Acquisition Expense (a)	4.4%
General Expense (a)	7.2%
Arkansas Taxes, Licenses and Fees (b)	2.9%
Profit and Contingencies (c)	7.3%
Sub-total	34.9%
Available for Losses and Loss Adjustment Expense	65.1%

(a) From attached Companywide Expense Ratios

(b) 2010 Premium Tax ratio in Arkansas

(c) From attached Determination of Underwriting Profit & Contingencies Provision

**Shelter Mutual Insurance Company**  
**Arkansas**  
**Dwelling Fire - Fire Coverage**  
**Development of Combined Trend and Projection Factor**

Severity Trends - Shelter Mutual Insurance Companywide						
Fiscal Acc Year	Ultimate Loss and LAE	Ultimate Claims	Ultimate Severity	Curve of Best Fit		
				12 Point	6 Point	
12/2008	15,132,841	1,350	11,210	12,798		
3/2009	17,392,539	1,376	12,640	12,528		
6/2009	18,191,743	1,410	12,902	12,264		
9/2009	19,090,188	1,482	12,881	12,006		
12/2009	19,742,025	1,582	12,479	11,752		
3/2010	17,670,061	1,574	11,226	11,504		
6/2010	17,490,689	1,540	11,358	11,262		11,457
9/2010	17,905,622	1,574	11,376	11,024		11,114
12/2010	18,342,295	1,713	10,708	10,792		10,782
3/2011	19,739,506	1,927	10,244	10,564		10,459
6/2011	20,052,329	1,952	10,273	10,341		10,146
9/2011	18,975,243	1,927	9,847	10,123		9,842
Annual Percentage Change				-8.17%		-11.45%
r^2				0.668		0.928

Frequency Trends - Shelter Mutual Companywide						
Fiscal Acc Year	Ultimate Claims	Earned Exposures	Frequency X 100	Curve of Best Fit		
				12 Point	6 Point	
12/2008	1,350	195,020	0.69	0.69		
3/2009	1,376	195,988	0.70	0.70		
6/2009	1,410	197,248	0.71	0.72		
9/2009	1,482	198,930	0.74	0.73		
12/2009	1,582	200,927	0.79	0.75		
3/2010	1,574	203,428	0.77	0.77		
6/2010	1,540	206,527	0.75	0.78		0.69
9/2010	1,574	210,082	0.75	0.80		0.70
12/2010	1,713	214,168	0.80	0.82		0.72
3/2011	1,927	218,498	0.88	0.83		0.73
6/2011	1,952	222,903	0.88	0.85		0.75
9/2011	1,927	227,263	0.85	0.87		0.77
Annual Percentage Change				8.75%		10.00%
r^2				0.824		0.744

Severity Trends - Shelter Mutual Arkansas						
Fiscal Acc Year	Ultimate Loss and LAE	Ultimate Claims	Ultimate Severity	Curve of Best Fit		
				12 Point	6 Point	
12/2008	3,647,840	437	8,347	12,074		
3/2009	4,357,958	400	10,895	11,834		
6/2009	4,716,312	380	12,411	11,599		
9/2009	4,994,408	361	13,835	11,368		
12/2009	4,794,784	373	12,855	11,142		
3/2010	4,097,202	350	11,706	10,921		
6/2010	4,007,421	315	12,722	10,703		12,930
9/2010	3,530,908	289	12,218	10,491		11,731
12/2010	3,977,761	372	10,693	10,282		10,643
3/2011	4,415,188	472	9,354	10,078		9,656
6/2011	4,504,139	531	8,482	9,877		8,761
9/2011	4,370,573	531	8,231	9,681		7,948
Annual Percentage Change				-7.72%		-32.25%
r^2				0.152		0.969

Frequency Trends - Shelter Mutual Arkansas						
Fiscal Acc Year	Ultimate Claims	Earned Exposures	Frequency X 100	Curve of Best Fit		
				12 Point	6 Point	
12/2008	437	38,933	1.12	0.92		
3/2009	400	38,827	1.03	0.94		
6/2009	380	38,711	0.98	0.95		
9/2009	361	38,648	0.93	0.97		
12/2009	373	38,597	0.97	0.99		
3/2010	350	38,571	0.91	1.00		
6/2010	315	38,616	0.82	1.02		0.76
9/2010	289	38,731	0.75	1.04		0.86
12/2010	372	38,959	0.95	1.06		0.98
3/2011	472	39,187	1.20	1.08		1.11
6/2011	531	39,447	1.35	1.10		1.26
9/2011	531	39,635	1.34	1.12		1.43
Annual Percentage Change				7.69%		66.28%
r^2				0.124		0.873

Severity Trends - Fast Track Arkansas - Homeowners						
Fiscal Acc Year	Non-Catastrophe Incurred Loss and LAE	Non-Catastrophe Paid Claims	Severity	Curve of Best Fit		
				12 Point	6 Point	
3/2008	142,339,154	16,941	8,402	8,937		
6/2008	156,985,572	18,424	8,521	8,992		
9/2008	177,954,855	19,653	9,055	9,048		
12/2008	195,354,456	19,930	9,802	9,103		
3/2009	205,129,501	21,024	9,757	9,159		
6/2009	209,503,038	21,024	9,965	9,215		
9/2009	215,396,325	22,648	9,511	9,272		9,064
12/2009	208,929,307	23,728	8,805	9,329		9,141
3/2010	216,238,166	23,943	9,031	9,386		9,219
6/2010	217,598,247	23,711	9,177	9,444		9,298
9/2010	201,873,869	21,579	9,355	9,502		9,377
12/2010	202,673,488	20,890	9,702	9,561		9,457
Annual Percentage Change				2.49%		3.46%
r^2				0.156		0.202

Frequency Trends - Fast Track Arkansas - Homeowners						
Fiscal Acc Year	Non-Catastrophe Paid Claims	Earned Exposures	Frequency X 100	Curve of Best Fit		
				12 Point	6 Point	
3/2008	16,941	332,338	5.10	5.50		
6/2008	18,424	335,251	5.50	5.62		
9/2008	19,653	338,000	5.81	5.75		
12/2008	19,930	339,837	5.86	5.87		
3/2009	21,024	340,989	6.17	6.00		
6/2009	21,024	342,148	6.14	6.14		
9/2009	22,648	342,752	6.61	6.27		6.92
12/2009	23,728	343,043	6.92	6.41		6.83
3/2010	23,943	343,045	6.98	6.55		6.74
6/2010	23,711	340,612	6.96	6.70		6.65
9/2010	21,579	336,210	6.42	6.85		6.56
12/2010	20,890	331,426	6.30	7.00		6.47
Annual Percentage Change				9.20%		-5.27%
r^2				0.655		0.314

Trend Factor					
Fiscal Acc Year	Midpoint of Experience Period	Number of Years to 9/30/2011	Selected Severity 4.00%	Selected Frequency 0.00%	Combined Trend Factor
9/30/2007	4/01/2007	4.5000	1.1930	1.0000	1.1930
9/30/2008	4/01/2008	3.5000	1.1471	1.0000	1.1471
9/30/2009	4/01/2009	2.5000	1.1030	1.0000	1.1030
9/30/2010	4/01/2010	1.5000	1.0606	1.0000	1.0606
9/30/2011	4/01/2011	0.5000	1.0198	1.0000	1.0198

Projection Factor				Combined Trend and Projection Factor
Years from 9/30/2011 to 4/01/2013	Selected Severity 4.00%	Selected Frequency 0.00%	Combined Projection Factor	
1.5041	1.0608	1.0000	1.0608	1.2655
1.5041	1.0608	1.0000	1.0608	1.2168
1.5041	1.0608	1.0000	1.0608	1.1701
1.5041	1.0608	1.0000	1.0608	1.1251
1.5041	1.0608	1.0000	1.0608	1.0818

**Shelter Mutual Insurance Company**  
**Arkansas**  
**Fire**  
**Determination of Underwriting Profit & Contingencies Provision**

Target Total Return on Surplus (after federal income tax):	12.0%	(I)
Expected Investment Income on Surplus (% of surplus, after federal income tax, including realized capital gains):	4.4%	(II)
Expected Net Income (% of surplus, after federal income tax):	7.6%	(III)=(I)-(II)
Target Premium to Surplus Ratio:	1.00	(IV)
Expected Net Income (% of earned premium, after federal income tax):	7.6%	(V)=(III)/(IV)
Expected Investment Income on Unearned Premium Reserves and Loss & LAE Reserves (% of earned premium, after federal income tax, including realized capital gains):	2.2%	(VI)
Underwriting Profit Provision (% of earned premium, after federal income tax):	5.4%	(VII)=(V)-(VI)
Expected Federal Income Tax Rate:	25.6%	(VIII)
Underwriting Profit Provision (% of earned premium, before federal income tax):	<span style="border: 1px solid black; padding: 2px;">7.3%</span>	(IX)=(VII)/[1-(VIII)]

Shelter Mutual Insurance Company

Companywide

Fire

Development of Expense Ratios

Note: 000 s omitted.	2008	2009	2010	Total
1.) Direct Commission and Brokerage	\$ 4,482	\$ 4,581	\$ 4,618	\$ 13,681
2.) Direct Written Premium	34,182	35,007	35,233	104,422
Ratio: 1 / 2	13.1%	13.1%	13.1%	13.1%
3.) Other Acquisition Expense	\$ 1,616	\$ 1,529	\$ 1,441	\$ 4,586
4.) Direct Written Premium	34,182	35,007	35,233	104,422
Ratio: 3 / 4	4.7%	4.4%	4.1%	4.4%
5.) General Expense	\$ 2,407	\$ 2,554	\$ 2,601	\$ 7,561
6.) Direct Written Premium	34,182	35,007	35,233	104,422
Ratio: 5 / 6	7.0%	7.3%	7.4%	7.2%
7.) Taxes, Licenses and Fees	\$ 702	\$ 653	\$ 836	\$ 2,191
8.) Direct Written Premium	34,182	35,007	35,233	104,422
Ratio: 7 / 8	2.1%	1.9%	2.4%	2.1%
9.) Direct Loss Adjustment Expense	\$ 1,596	\$ 2,244	\$ 2,113	\$ 5,953
10.) Direct Losses Incurred	17,260	22,692	19,003	58,955
Ratio: 9 / 10	9.2%	9.9%	11.1%	10.1%

Source: Insurance Expense Exhibit.

**Shelter Mutual Insurance Company**  
**Dwelling Fire - Fire Coverage**  
**Projected Ultimate Loss and Allocated Loss Adjustment Expense**

**Companywide Paid Loss & Paid ALAE**

Fiscal Year-End	Valuation Period (In Months)									
	@12	@24	@36	@48	@60	@72	@84	@96	@108	@120
9/30/2002	12,827,446	13,954,692	14,054,635	14,079,503	14,080,601	14,082,163	14,086,960	14,092,883	14,068,243	14,068,243
9/30/2003	11,699,474	13,211,057	13,307,000	13,337,447	13,267,814	13,263,556	13,259,766	13,255,917	13,253,626	
9/30/2004	10,584,559	11,848,066	11,910,754	11,918,115	11,928,908	11,908,466	11,906,794	11,905,894		
9/30/2005	10,933,497	12,882,709	13,064,460	13,077,103	13,142,578	13,133,878	13,134,081			
9/30/2006	12,717,574	14,320,955	14,583,228	14,606,731	14,674,357	14,672,474				
9/30/2007	11,190,931	11,952,467	12,050,944	12,077,561	12,083,500					
9/30/2008	13,117,534	14,656,952	14,710,994	14,735,308						
9/30/2009	16,932,209	18,986,328	19,052,013							
9/30/2010	15,007,063	17,813,586								
9/30/2011	16,845,688									

**Companywide Reported Loss & Paid ALAE**

Fiscal Year-End	Valuation Period (In Months)									
	@12	@24	@36	@48	@60	@72	@84	@96	@108	@120
9/30/2002	14,386,591	14,085,930	14,098,635	14,079,503	14,080,601	14,082,163	14,086,960	14,092,883	14,068,243	14,068,243
9/30/2003	13,709,625	13,300,235	13,332,000	13,337,447	13,267,814	13,263,556	13,259,766	13,255,917	13,253,626	
9/30/2004	12,395,184	11,974,176	12,006,420	12,013,781	12,024,574	12,004,132	11,906,794	11,905,894		
9/30/2005	13,627,913	13,008,014	13,099,732	13,109,103	13,142,578	13,133,878	13,134,081			
9/30/2006	15,432,698	14,706,212	14,660,580	14,710,033	14,706,960	14,672,474				
9/30/2007	12,636,248	12,010,503	12,075,253	12,077,561	12,083,500					
9/30/2008	15,319,021	14,811,528	14,799,861	14,736,058						
9/30/2009	19,887,956	19,104,092	19,090,193							
9/30/2010	17,951,279	17,884,165								
9/30/2011	19,690,914									

**Companywide Claims with Payment**

Fiscal Year-End	Valuation Period (In Months)									
	@12	@24	@36	@48	@60	@72	@84	@96	@108	@120
9/30/2002	1,635	1,704	1,704	1,707	1,708	1,708	1,708	1,708	1,708	1,708
9/30/2003	1,458	1,503	1,511	1,512	1,513	1,513	1,513	1,513	1,513	1,513
9/30/2004	1,245	1,285	1,290	1,293	1,293	1,294	1,295	1,298		
9/30/2005	1,243	1,326	1,336	1,336	1,336	1,337	1,341			
9/30/2006	1,237	1,295	1,299	1,303	1,305	1,310				
9/30/2007	973	1,003	1,005	1,005	1,012					
9/30/2008	1,225	1,326	1,329	1,346						
9/30/2009	1,371	1,444	1,476							
9/30/2010	1,389	1,560								
9/30/2011	1,802									

**Companywide Selected Incurred Loss & ALAE**

Fiscal Year-End	Losses						
	Cumulative Reported Losses (1)	Ultimate Development Factors (2)	Estimated Incurred Loss/ALAE (3)	Cumulative Paid Losses (4) = (2) x (3)	Ultimate Development Factors (5)	Estimated Incurred Loss/ALAE (6)	Selected Incurred Loss/ALAE (7) = (5) x (6)
9/30/2002	14,068,243	1.0000	14,068,243	14,068,243	1.0000	14,068,243	14,068,243
9/30/2003	13,253,626	1.0000	13,253,626	13,253,626	1.0000	13,253,626	13,253,626
9/30/2004	11,905,894	0.9999	11,904,703	11,905,894	0.9999	11,904,703	11,904,703
9/30/2005	13,134,081	0.9998	13,131,454	13,134,081	0.9998	13,131,454	13,131,454
9/30/2006	14,672,474	0.9997	14,668,073	14,672,474	0.9997	14,668,073	14,668,073
9/30/2007	12,083,500	0.9993	12,075,044	12,083,500	0.9993	12,075,044	12,075,044
9/30/2008	14,736,058	0.9995	14,728,690	14,735,308	0.9998	14,732,358	14,728,690
9/30/2009	19,090,193	1.0000	19,090,188	19,052,013	1.0012	19,074,866	19,090,188
9/30/2010	17,884,165	1.0012	17,905,622	17,813,586	1.0097	17,986,551	17,905,622
9/30/2011	19,690,914	0.9637	18,975,243	16,845,688	1.1258	18,965,319	18,975,243
5-yr Total			82,774,787			82,834,137	82,774,787
10-yr Total			149,800,887			149,860,238	149,800,886

Total	
Estimated Incurred Claim Count (9)	Selected Incurred Loss/ALAE (10)
1,708	14,068,243
1,515	13,253,626
1,298	11,904,703
1,341	13,131,454
1,310	14,668,073
1,013	12,075,044
1,348	14,728,690
1,482	19,090,188
1,574	17,905,622
1,927	18,975,243
7,344	82,774,787
	149,800,886

**Arkansas Paid Loss & Paid ALAE**

Fiscal Year-End	Valuation Period (In Months)									
	@12	@24	@36	@48	@60	@72	@84	@96	@108	@120
9/30/2002	3,933,069	4,078,902	4,119,981	4,123,716	4,124,073	4,125,335	4,129,697	4,138,601	4,113,961	4,113,961
9/30/2003	3,172,504	3,432,843	3,457,145	3,455,845	3,392,957	3,390,228	3,387,635	3,384,862	3,382,187	
9/30/2004	2,952,160	3,142,610	3,147,129	3,157,465	3,158,684	3,138,466	3,138,466	3,138,466		
9/30/2005	3,143,885	3,401,232	3,402,979	3,398,402	3,391,738	3,383,666	3,379,552			
9/30/2006	2,857,613	3,041,598	3,040,848	3,043,279	3,043,243	3,042,873				
9/30/2007	2,489,670	2,727,853	2,755,991	2,752,760	2,750,196					
9/30/2008	3,087,513	3,544,684	3,540,129	3,537,930						
9/30/2009	4,528,684	5,061,190	5,059,380							
9/30/2010	2,935,983	3,521,329								
9/30/2011	3,955,377									

**Arkansas Reported Loss & Paid ALAE**

Fiscal Year-End	Valuation Period (In Months)									
	@12	@24	@36	@48	@60	@72	@84	@96	@108	@120
9/30/2002	4,177,137	4,078,902	4,119,981	4,123,716	4,124,073	4,125,335	4,129,697	4,138,601	4,113,961	4,113,961
9/30/2003	3,585,672	3,432,843	3,457,145	3,455,845	3,392,957	3,390,228	3,387,635	3,384,862	3,382,187	
9/30/2004	3,241,904	3,142,610	3,147,129	3,157,465	3,158,684	3,138,466	3,138,466	3,138,466		
9/30/2005	3,463,666	3,401,232	3,402,979	3,398,402	3,391,738	3,383,666	3,379,552			
9/30/2006	3,277,678	3,041,598	3,074,848	3,043,279	3,043,243	3,042,873				
9/30/2007	2,863,997	2,744,104	2,755,991	2,752,760	2,750,196					
9/30/2008	3,560,452	3,562,681	3,549,201	3,538,430						
9/30/2009	5,203,811	5,097,404	5,059,380							
9/30/2010	3,512,374	3,556,099								
9/30/2011	4,493,684									

**Arkansas Claims with Payment**

Fiscal Year-End	Valuation Period (In Months)									
	@12	@24	@36	@48	@60	@72	@84	@96	@108	@120
9/30/2002	501	512	512	513	513	513	513	513	513	513
9/30/2003	437	442	445	445	446	446	446	446	446	447
9/30/2004	361	373	376	378	378	378	378	378		
9/30/2005	333	345	345	345	345	345	347			
9/30/2006	334	346	347	347	347	349				
9/30/2007	271	279	281	281	283					
9/30/2008	405	452	453	457						
9/30/2009	335	348	361							
9/30/2010	274	287								
9/30/2011	335									

**Arkansas Selected Incurred Loss & ALAE**

Fiscal Year-End	Losses						
	Cumulative Reported Losses (1)	Ultimate Development Factors (2)	Estimated Incurred Loss/ALAE (3)	Cumulative Paid Losses (4) = (2) x (3)	Ultimate Development Factors (5)	Estimated Incurred Loss/ALAE (6)	Selected Incurred Loss/ALAE (7) = (5) x (6)
9/30/2002	4,113,961	1.0000	4,113,961	4,113,961	1.0000	4,113,961	4,113,961
9/30/2003	3,382,187	1.0000	3,382,187	3,382,187	1.0000	3,382,187	3,382,187
9/30/2004	3,138,466	1.0000	3,138,466	3,138,466	1.0000	3,138,466	3,138,466
9/30/2005	3,379,552	1.0000	3,379,552	3,379,552	1.0000	3,379,552	3,379,552
9/30/2006	3,042,873	1.0000	3,042,873	3,042,873	0.9999	3,042,416	3,042,873
9/30/2007	2,750,196	0.9999	2,749,921	2,750,196	0.9984	2,745,659	2,749,921
9/30/2008	3,538,430	0.9999	3,538,076	3,537,930	0.9964	3,525,029	3,538,076
9/30/2009	5,059,380	0.9974	5,046,227	5,059,380	0.9954	5,035,891	5,046,227
9/30/2010	3,556,099	0.9974	3,546,854	3,521,329	0.9954	3,504,980	3,546,854
9/30/2011	4,493,684	0.9749	4,380,708	3,955,377	1.1148	4,409,455	4,380,708
5-yr Total			19,261,787			19,221,014	19,261,786
10-yr Total			36,318,826			36,277,596	36,318,825

Total	
Estimated Incurred Claim Count (9)	Selected Incurred Loss/ALAE (10)
513	4,113,961
447	3,382,187
378	3,138,466
347	3,379,552
349	3,042,873
283	2,749,921
457	3,538,076
361	5,046,227
289	3,546,854
531	4,380,708
1,921	19,261,786
	36,318,825

**Shelter Mutual Insurance Company**

**Arkansas**

**Dwelling Fire - Fire Coverage - Indicated Rate Level Change**

	Fiscal Year Ending 9/30/2007	Fiscal Year Ending 9/30/2008	Fiscal Year Ending 9/30/2009	Fiscal Year Ending 9/30/2010	Fiscal Year Ending 9/30/2011
1. Earned Premium	\$6,475,065	\$6,488,428	\$6,458,149	\$6,266,700	\$6,094,669
2. Current Rate Level Factor	0.9193	0.9193	0.9219	0.9812	1.0059
3. Effect of Trend in Amount of Insurance	1.1598	1.1315	1.1039	1.0770	1.0507
4. Trended Premium at Current Rates [(1) x (2) x (3)]	<b>\$6,903,543</b>	<b>\$6,749,064</b>	<b>\$6,572,397</b>	<b>\$6,621,974</b>	<b>\$6,441,229</b>
5. Incurred Loss and Allocated Loss Adjustment Expense	\$2,749,921	\$3,538,076	\$5,046,227	\$3,546,854	\$4,380,708
6. Factor to Trend and Project Losses to 4/1/2013	1.2655	1.2168	1.1701	1.1251	1.0818
7. Unallocated Loss Adjustment Expense Factor	1.0862	1.0862	1.0862	1.0862	1.0862
8. Trended Loss and Loss Adjustment Expense [(5) x (6) x (7)]	<b>\$3,779,937</b>	<b>\$4,676,151</b>	<b>\$6,413,453</b>	<b>\$4,334,476</b>	<b>\$5,147,466</b>
9. Formula Loss Ratio [(8) / (4)]	54.8%	69.3%	97.6%	65.5%	79.9%
10. Experience Year Weight	10%	15%	20%	25%	30%
11. Weighted Formula Loss Ratio [sum the products of (9) & (10)]			<b>75.7%</b>		
12. Credibility - Based on 20,000 Exposures			100.0%		
13. Expected Loss Ratio			65.1%		
14. Trended Expected Loss Ratio [(13) X (18) ^ 1]			66.7%		
15. Credibility Weighted Formula Loss Ratio [(11) X (12) + (14) X (1 - (12))]			75.7%		
16. Current Provision for Variable Expenses of Commissions, Taxes and Profit			23.3%		
17. Current Provision for Fixed Expenses of General and Other Acquisition Expense			11.6%		
18. Factor to Trend Fixed Costs			1.025		
19. Trended Fixed Costs [(17) X (18) ^ 1]			11.9%		
20. Indicated Rate Level Change with Provision for Fixed and Variable Expenses [(15) + (19)] / [1.000 - (16)] - 1.000			<b>14.2%</b>		

Line 12 -- Partial Credibility is based on the square root rule rounded to the nearest five percent.

Lines 14 & 19 -- Projecting of fixed expenses is done from one year past the effective date of the last rate change (01/26/2011) to one year past the expected effective date (04/01/2012), limited to one year.

# Shelter Mutual Insurance Company Dwelling Fire - Allied Lines Coverages Arkansas

## ***Current Rate Level Factors as of September 30, 2011***

The parallelogram method was used to develop the current rate level factors shown below. The following rate change history shows the effective dates for new business. The actual dates used in the calculations were set 30 days past these dates to properly adjust for renewal effective dates.

<u>Fiscal Year Ending</u>	<u>Factors</u>
September 30, 2007	1.3956
September 30, 2008	1.3956
September 30, 2009	1.3867
September 30, 2010	1.2214
September 30, 2011	1.1156

## ***Rate Change History (Percent Changes)***

<u>Effective Date</u>	<u>% Changes</u>
January 26, 2011	16.4 %
July 12, 2009	19.9 %
December 4, 2003	9.7 %

SHELTER MUTUAL INSURANCE COMPANY  
 DWELLING FIRE / ALLIED LINES  
 Credibility Table  
 Based on 20,000 Exposure Units

<u>Lower Limit</u>	<u>Upper Limit</u>	<u>Credibility Factor</u>
0	12	0.00
13	112	0.05
113	312	0.10
313	612	0.15
613	1,012	0.20
1,013	1,512	0.25
1,513	2,112	0.30
2,113	2,812	0.35
2,813	3,612	0.40
3,613	4,512	0.45
4,513	5,512	0.50
5,513	6,612	0.55
6,613	7,812	0.60
7,813	9,112	0.65
9,113	10,512	0.70
10,513	12,012	0.75
12,013	13,612	0.80
13,613	15,312	0.85
15,313	17,112	0.90
17,113	19,012	0.95
19,013	20,000 +	1.00

**Assumptions:**

1. 10% claim frequency distribution with claims following a Poisson distribution.
2. Using the normal approximation with a 95% probability that the sample mean is within 4.0% of the true mean.
3. Partial credibility is based on the square root rule rounded to the nearest 5%.

**Shelter Mutual Insurance Company**

**Arkansas**

**Allied Lines**

Calculation of Investment Income Credit on Policyholder Funds

A. Unearned Premium Reserve		
(1) Direct Earned Premium for Calendar Year 2010		\$ 8,161,388
(2) Mean Unearned Premium Reserve: (1.) x 0.448		\$ 3,656,302
(3) Deductions for Prepaid Expenses:		
a. Brokerage and Commission	13.0%	
b. 50% of Other Acquisition Expense	2.2%	
c. 50% of General Expense	3.6%	
d. Taxes, Licenses and Fees	2.9%	
e. Total		21.7%
(4) Net Unearned Premium Subject to Investment: (2.) x (1 - (3.))		\$ 2,862,884
B. Loss Reserves		
1. Direct Earned Premium for Calendar Year 2010		\$ 8,161,388
2. Expected Incurred Loss and Loss Adjustment: (1.) x 0.725		\$ 5,917,006
3. Expected Mean Loss Reserve: (2.) x 0.178		\$ 1,053,227
C. Net Subject to Investment: A.4 + B.3		\$ 3,916,111
D. Average Rate of Return		0.0591
E. Investment Earnings on Net Subject to Investment: C x D		\$ 231,442
F. Average Rate of Return as a Percent of Direct Premium Earned: E / A.1		2.8%
G. Average Rate of Return as a Percent of Direct Premium Earned After Federal Income Tax: F x 0.744		2.1%

Please refer to the attached explanatory memorandum for details by line

Explanatory Memorandum re Investment Income - Arkansas - Allied Lines

Line A.1 - Direct earned premium as shown on page 14 for the State of Arkansas, Allied Lines, for Calendar Year 2010.

Line A.2 - The mean unearned premium reserve is determined by multiplying the direct earned premium in Line A.1 by the mean unearned premium ratio developed below.

1. Direct Earned Premium for Calendar Year 2010	\$ 8,161,388
2. Unearned Premium Reserve as of 12/31/2009	\$ 3,608,158
3. Unearned Premium Reserve as of 12/31/2010	\$ 3,709,582
4. Mean Unearned Premium Reserve: ((2.) + (3.)) / 2	\$ 3,658,870
5. Mean Unearned Premium Ratio: (4.) / (1.)	0.448

Line A.3 - Production and half of other company expenses are incurred with the initial writing and processing of insurance policies, exclusive of claim adjustment expenses. As these expenses are in effect prepaid, the funds will not be available to invest on behalf of the policyholder. The deduction for these expenses is determined by use of the provisions for expenses used in our ratemaking procedures as shown.

Line B.2 - The expected loss and loss adjustment ratio reflects expense provisions used in this filing with no provision for profit.

Line B.3 - The expected mean loss reserve is determined by multiplying the expected incurred loss in Line B.2 by the mean loss and loss adjustment reserve ratio as shown below.

1. Incurred Losses for Calendar Year 2009	\$ 5,995,109
2. Incurred Losses for Calendar Year 2010	\$ 3,339,832
3. Loss Reserves as of 12/31/2008	\$ 939,801
4. Loss Reserves as of 12/31/2009	\$ 752,465
5. Loss Reserves as of 12/31/2010	\$ 681,124
6. Mean Loss Reserve 2009	\$ 846,133
7. Mean Loss Reserve 2010	\$ 716,794
8. 2009 Ratio: (6.) / (1.)	0.141
9. 2010 Ratio: (7.) / (2.)	0.215
10. Mean Ratio: ((8.) + (9.)) / 2	0.178

Explanatory Memorandum re Investment Income - Continued

Line D - The rate of return is the ratio of Net Income Earned and Net Realized Capital Gains/Losses to Mean Cash and Invested Assets. Due to the inherent variability of Capital Gains/Losses, we have used the most recent ten years of data. All data shown below is from the annual statement

1. Cash and Invested Assets 2008	0	\$	1,636,039,439
2. Cash and Invested Assets 2009	0	\$	1,624,038,547
3. Cash and Invested Assets 2010	0	\$	1,785,588,727
4. Net Investment Income Earned 2009	0	\$	65,599,878
5. Net Investment Income Earned 2010	0	\$	58,495,203
6. Mean Cash and Invested Assets 2009: (2. + 3.) / 2	0	\$	1,630,038,993
7. Mean Cash and Invested Assets 2010: (2. + 3.) / 2	0	\$	1,704,813,637
8. Mean Rate of Return: (4. + 5.) / (6. + 7.)			0.0372
9. Mean Cash and Invested Assets 2001 - 2010	0	\$	14,717,096,399
10. Net Realized Capital Gains/Losses 2001 - 2010	0	\$	322,998,130
11. Mean Rate of Return: 10. / 9.			0.0219
12. Total Rate of Return: 8. + 11.			0.0591

Line G - The average rate of Federal Income Tax was determined by applying the expected average tax rate for Net Investment Income and the expected tax rate applicable to Net Realized Capital Gains/Losses to the rates of return calculated in Line D.

	Rate of Return	Federal Tax Rate
Net Investment Income Earned	0.0372	0.200 (A)
Net Realized Capital Gains/Losses	0.0219	0.350
Total	0.0591	0.256

(A) The expected average rate of Federal Income Tax on Net Investment Income was determined by applying the expected 2011 tax rates to the distribution of investment income earned for the years 2009 and 2010. The calculations are shown below:

Type of Investment	Net Income Earned (1)			Tax Rate	Federal Tax
	2009	2010	Total		
Bonds (Taxable)	\$ 26,571,862	\$ 21,336,459	\$ 47,908,321	0.350	\$ 16,767,912
Bonds (Tax Exempt)	\$ 28,308,850	\$ 28,488,515	\$ 56,797,366	0.053	\$ 3,010,260
Stocks	\$ 6,181,556	\$ 6,217,186	\$ 12,398,742	0.210	\$ 2,603,736
Short Term	\$ 106,948	\$ 49,552	\$ 156,500	0.350	\$ 54,775
Real Estate	\$ 2,725,164	\$ 2,250,091	\$ 4,975,255	0.350	\$ 1,741,339
Other Investments	\$ 1,705,498	\$ 153,401	\$ 1,858,898	0.350	\$ 650,614
Total	\$ 65,599,878	\$ 58,495,203	\$ 124,095,082	0.200	\$ 24,828,636

(1) Investment deductions have been allocated to the appropriate type in the following manner:  
Real Estate - Income Earned less depreciation (Page 6, Line 12), Real Estate Expenses and Taxes (Page 11, Lines 19 and 20, Column 3).  
All Other - Investment Expenses less Real Estate Expenses and Taxes prorated by income earned to total income earned less Real Estate Income.

**Shelter Mutual Insurance Company**

**Arkansas**

**Allied Lines**

<u>Calculation of Expected Loss Ratio</u>	
Commission and Brokerage (a)	13.0%
Other Acquisition Expense (a)	4.4%
General Expense (a)	7.2%
Arkansas Taxes, Licenses and Fees (b)	2.9%
Profit and Contingencies (c)	7.4%
Sub-total	34.9%
Available for Losses and Loss Adjustment Expense	65.1%

(a) From attached Companywide Expense Ratios

(b) 2010 Premium Tax ratio in Arkansas

(c) From attached Determination of Underwriting Profit & Contingencies Provision

**Shelter Mutual Insurance Company  
Arkansas  
Dwelling Fire - Allied Lines Coverages  
Development of Combined Trend and Projection Factor**

Severity Trends - Shelter Mutual Insurance Companywide						
Fiscal Acc Year	Ultimate Non-Wind Loss and LAE	Ultimate Non-Wind Claims	Ultimate Severity	Curve of Best Fit		
				12 Point	6 Point	
12/2008	3,354,376	1,798	1,866	1,931		
3/2009	3,342,662	1,794	1,863	1,912		
6/2009	3,548,426	1,819	1,951	1,894		
9/2009	3,657,891	1,865	1,961	1,876		
12/2009	3,609,533	1,986	1,817	1,858		
3/2010	3,885,035	2,094	1,855	1,841		
6/2010	3,916,934	2,187	1,791	1,823	1,856	
9/2010	4,109,830	2,216	1,855	1,806	1,825	
12/2010	3,930,116	2,195	1,790	1,788	1,795	
3/2011	4,455,856	2,382	1,871	1,771	1,765	
6/2011	4,595,461	2,634	1,745	1,754	1,736	
9/2011	4,446,829	2,713	1,639	1,738	1,708	
<b>Annual Percentage Change</b>				<b>-3.77%</b>	<b>-6.41%</b>	
<b>r^2</b>				<b>0.507</b>	<b>0.423</b>	

Frequency Trends - Shelter Mutual Companywide						
Fiscal Acc Year	Ultimate Non-Wind Claims	Earned Exposures	Frequency X 100	Curve of Best Fit		
				12 Point	6 Point	
12/2008	1,798	195,020	0.92	0.90		
3/2009	1,794	195,988	0.92	0.92		
6/2009	1,819	197,248	0.92	0.94		
9/2009	1,865	198,930	0.94	0.96		
12/2009	1,986	200,927	0.99	0.99		
3/2010	2,094	203,428	1.03	1.01		
6/2010	2,187	206,527	1.06	1.03	0.90	
9/2010	2,216	210,082	1.05	1.06	0.92	
12/2010	2,195	214,168	1.02	1.09	0.94	
3/2011	2,382	218,498	1.09	1.11	0.96	
6/2011	2,634	222,903	1.18	1.14	0.99	
9/2011	2,713	227,263	1.19	1.17	1.01	
<b>Annual Percentage Change</b>				<b>10.38%</b>	<b>9.78%</b>	
<b>r^2</b>				<b>0.904</b>	<b>0.694</b>	

Severity Trends - Shelter Mutual Arkansas						
Fiscal Acc Year	Ultimate Non-Wind Loss and LAE	Ultimate Non-Wind Claims	Ultimate Severity	Curve of Best Fit		
				12 Point	6 Point	
12/2008	441,793	355	1,244	1,419		
3/2009	501,416	353	1,420	1,418		
6/2009	551,300	388	1,421	1,416		
9/2009	624,671	422	1,480	1,415		
12/2009	554,384	454	1,221	1,414		
3/2010	697,025	476	1,464	1,412		
6/2010	724,399	475	1,525	1,411	1,773	
9/2010	766,297	452	1,695	1,409	1,637	
12/2010	756,208	424	1,784	1,408	1,512	
3/2011	638,064	439	1,453	1,406	1,396	
6/2011	660,850	494	1,338	1,405	1,289	
9/2011	523,692	499	1,049	1,403	1,191	
<b>Annual Percentage Change</b>				<b>-0.43%</b>	<b>-27.24%</b>	
<b>r^2</b>				<b>0.001</b>	<b>0.612</b>	

Frequency Trends - Shelter Mutual Arkansas						
Fiscal Acc Year	Ultimate Non-Wind Claims	Earned Exposures	Frequency X 100	Curve of Best Fit		
				12 Point	6 Point	
12/2008	355	38,933	0.91	0.97		
3/2009	353	38,827	0.91	0.99		
6/2009	388	38,711	1.00	1.02		
9/2009	422	38,648	1.09	1.05		
12/2009	454	38,597	1.18	1.07		
3/2010	476	38,571	1.23	1.10		
6/2010	475	38,616	1.23	1.13	1.16	
9/2010	452	38,731	1.17	1.16	1.17	
12/2010	424	38,959	1.09	1.19	1.18	
3/2011	439	39,187	1.12	1.22	1.19	
6/2011	494	39,447	1.25	1.25	1.20	
9/2011	499	39,635	1.26	1.28	1.21	
<b>Annual Percentage Change</b>				<b>10.34%</b>	<b>3.42%</b>	
<b>r^2</b>				<b>0.612</b>	<b>0.093</b>	

Severity Trends - Fast Track Arkansas - Homeowners					
Fiscal Acc Year	Non-Catastrophe Incurred Loss and LAE	Non-Catastrophe Paid Claims	Severity	Curve of Best Fit	
				12 Point	6 Point
3/2008	142,339,154	16,941	8,402	8,937	
6/2008	156,985,572	18,424	8,521	8,992	
9/2008	177,954,855	19,653	9,055	9,048	
12/2008	195,354,456	19,930	9,802	9,103	
3/2009	205,129,501	21,024	9,757	9,159	
6/2009	209,503,038	21,024	9,965	9,215	
9/2009	215,396,325	22,648	9,511	9,272	9,064
12/2009	208,929,307	23,728	8,805	9,329	9,141
3/2010	216,238,166	23,943	9,031	9,386	9,219
6/2010	217,598,247	23,711	9,177	9,444	9,298
9/2010	201,873,869	21,579	9,355	9,502	9,377
12/2010	202,673,488	20,890	9,702	9,561	9,457
<b>Annual Percentage Change</b>				<b>2.49%</b>	<b>3.46%</b>
<b>r^2</b>				<b>0.156</b>	<b>0.202</b>

Frequency Trends - Fast Track Arkansas - Homeowners					
Fiscal Acc Year	Non-Catastrophe Paid Claims	Earned Exposures	Frequency X 100	Curve of Best Fit	
				12 Point	6 Point
3/2008	16,941	332,338	5.10	5.50	
6/2008	18,424	335,251	5.50	5.62	
9/2008	19,653	338,000	5.81	5.75	
12/2008	19,930	339,837	5.86	5.87	
3/2009	21,024	340,989	6.17	6.00	
6/2009	21,024	342,148	6.14	6.14	
9/2009	22,648	342,752	6.61	6.27	6.92
12/2009	23,728	343,043	6.92	6.41	6.83
3/2010	23,943	343,045	6.98	6.55	6.74
6/2010	23,711	340,612	6.96	6.70	6.65
9/2010	21,579	336,210	6.42	6.85	6.56
12/2010	20,890	331,426	6.30	7.00	6.47
<b>Annual Percentage Change</b>				<b>9.20%</b>	<b>-5.27%</b>
<b>r^2</b>				<b>0.655</b>	<b>0.314</b>

Trend Factor					
Fiscal Acc Year	Midpoint of Experience Period	Number of Years to 9/30/2011	Selected Severity 4.00%	Selected Frequency 0.00%	Combined Trend Factor
9/30/2007	4/01/2007	4.5000	1.1930	1.0000	1.1930
9/30/2008	4/01/2008	3.5000	1.1471	1.0000	1.1471
9/30/2009	4/01/2009	2.5000	1.1030	1.0000	1.1030
9/30/2010	4/01/2010	1.5000	1.0606	1.0000	1.0606
9/30/2011	4/01/2011	0.5000	1.0198	1.0000	1.0198

Projection Factor				
Years from 9/30/2011 to 4/01/2013	Selected Severity 4.00%	Selected Frequency 0.00%	Combined Projection Factor	Combined Trend and Projection Factor
1.5041	1.0608	1.0000	1.0608	1.2655
1.5041	1.0608	1.0000	1.0608	1.2168
1.5041	1.0608	1.0000	1.0608	1.1701
1.5041	1.0608	1.0000	1.0608	1.1251
1.5041	1.0608	1.0000	1.0608	1.0818

**Shelter Mutual Insurance Company  
Arkansas  
Allied Lines  
Determination of Underwriting Profit & Contingencies Provision**

<b>Target Total Return on Surplus (after federal income tax):</b>	<b>12.0%</b>	(I)
<b>Expected Investment Income on Surplus (% of surplus, after federal income tax, including realized capital gains):</b>	4.4%	(II)
<b>Expected Net Income (% of surplus, after federal income tax):</b>	7.6%	(III)=(I)-(II)
<b>Target Premium to Surplus Ratio:</b>	<b>1.00</b>	(IV)
<b>Expected Net Income (% of earned premium, after federal income tax):</b>	7.6%	(V)=(III)/(IV)
<b>Expected Investment Income on Unearned Premium Reserves and Loss &amp; LAE Reserves (% of earned premium, after federal income tax, including realized capital gains):</b>	2.1%	(VI)
<b>Underwriting Profit Provision (% of earned premium, after federal income tax):</b>	5.5%	(VII)=(V)-(VI)
<b>Expected Federal Income Tax Rate:</b>	25.6%	(VIII)
<b>Underwriting Profit Provision (% of earned premium, before federal income tax):</b>	<b>7.4%</b>	(IX)=(VII)/[1-(VIII)]

Shelter Mutual Insurance Company

Companywide

Allied Lines

Development of Expense Ratios

Note: 000 s omitted.	2008	2009	2010	Total
1.) Direct Commission and Brokerage	\$ 4,365	\$ 4,846	\$ 5,084	\$ 14,295
2.) Direct Written Premium	33,043	36,804	39,883	109,730
Ratio: 1 / 2	13.2%	13.2%	12.7%	13.0%
3.) Other Acquisition Expense	\$ 1,563	\$ 1,606	\$ 1,630	\$ 4,799
4.) Direct Written Premium	33,043	36,804	39,883	109,730
Ratio: 3 / 4	4.7%	4.4%	4.1%	4.4%
5.) General Expense	\$ 2,328	\$ 2,683	\$ 2,943	\$ 7,954
6.) Direct Written Premium	33,043	36,804	39,883	109,730
Ratio: 5 / 6	7.0%	7.3%	7.4%	7.2%
7.) Taxes, Licenses and Fees	\$ 685	\$ 677	\$ 993	\$ 2,355
8.) Direct Written Premium	33,043	36,804	39,883	109,730
Ratio: 7 / 8	2.1%	1.8%	2.5%	2.1%
9.) Direct Loss Adjustment Expense	\$ 3,629	\$ 2,893	\$ 3,114	\$ 9,636
10.) Direct Losses Incurred	42,586	32,804	31,975	107,365
Ratio: 9 / 10	8.5%	8.8%	9.7%	9.0%

Source: Insurance Expense Exhibit.

**Shelter Mutual Insurance Company**  
**Dwelling Fire - Allied Lines Coverages**  
**Projected Ultimate Loss and Allocated Loss Adjustment Expense**

**Companywide Paid Loss & Paid ALAE**

Fiscal Year-End	Valuation Period (In Months)									
	@12	@24	@36	@48	@60	@72	@84	@96	@108	@120
9/30/2002	9,767,029	10,941,251	11,241,634	11,308,908	11,377,699	11,378,538	11,379,789	11,378,356	11,377,519	11,378,019
9/30/2003	17,246,443	18,517,474	18,660,912	18,703,240	18,733,691	18,745,583	18,752,024	18,751,994	18,750,450	
9/30/2004	10,789,568	11,842,210	11,926,152	11,993,398	12,012,579	12,019,792	12,023,913	12,023,888		
9/30/2005	5,941,422	20,431,245	20,907,702	20,983,066	20,988,513	20,989,376	21,015,613			
9/30/2006	20,692,070	23,308,035	23,517,043	23,620,433	23,676,474	23,777,011				
9/30/2007	7,400,060	8,339,444	8,463,166	8,556,141	8,631,209					
9/30/2008	32,286,557	37,180,816	37,544,688	37,661,666						
9/30/2009	25,709,937	30,314,133	30,611,026							
9/30/2010	24,549,424	29,019,732								
9/30/2011	46,747,798									

**Arkansas Paid Loss & Paid ALAE**

Fiscal Year-End	Valuation Period (In Months)									
	@12	@24	@36	@48	@60	@72	@84	@96	@108	@120
9/30/2002	2,302,768	2,416,236	2,424,892	2,426,888	2,426,803	2,426,653	2,426,503	2,426,370	2,426,566	2,426,566
9/30/2003	1,687,645	1,904,284	1,929,485	1,948,563	1,966,177	1,966,177	1,966,177	1,966,177	1,966,177	1,966,177
9/30/2004	1,553,797	1,634,489	1,633,938	1,635,761	1,641,340	1,650,533	1,650,533	1,650,533		
9/30/2005	713,754	885,503	887,706	887,156	887,608	886,591				
9/30/2006	4,121,474	4,434,160	4,448,329	4,449,261	4,449,261	4,449,261				
9/30/2007	1,287,901	1,427,443	1,430,791	1,430,625	1,428,481					
9/30/2008	14,236,552	15,217,944	15,314,819	15,341,481						
9/30/2009	4,712,595	5,367,223	5,395,481							
9/30/2010	2,697,589	2,955,673								
9/30/2011	5,484,338									

**Companywide Reported Loss & Paid ALAE**

Fiscal Year-End	Valuation Period (In Months)									
	@12	@24	@36	@48	@60	@72	@84	@96	@108	@120
9/30/2002	11,013,911	11,273,413	11,407,634	11,445,408	11,397,199	11,401,038	11,402,289	11,378,356	11,377,519	11,378,019
9/30/2003	18,652,640	18,665,017	18,701,298	18,727,240	18,741,691	18,748,583	18,755,024	18,754,994	18,750,450	
9/30/2004	12,233,337	12,089,194	12,131,653	12,107,898	12,039,579	12,027,792	12,023,913	12,023,888		
9/30/2005	16,286,230	21,373,610	21,004,673	21,043,190	21,033,636	21,029,406	21,015,613			
9/30/2006	23,779,794	23,449,661	23,588,576	23,649,152	23,736,474	23,778,011				
9/30/2007	8,493,306	8,541,613	8,649,527	8,716,141	8,645,709					
9/30/2008	38,385,721	37,456,262	37,650,149	37,694,039						
9/30/2009	28,737,891	30,550,547	30,628,089							
9/30/2010	27,353,962	29,202,078								
9/30/2011	50,788,618									

**Arkansas Reported Loss & Paid ALAE**

Fiscal Year-End	Valuation Period (In Months)									
	@12	@24	@36	@48	@60	@72	@84	@96	@108	@120
9/30/2002	2,490,240	2,432,736	2,438,892	2,440,888	2,426,803	2,426,653	2,426,503	2,426,370	2,426,566	2,426,566
9/30/2003	1,958,696	1,935,996	1,959,871	1,964,563	1,966,177	1,966,177	1,966,177	1,966,177	1,966,177	1,966,177
9/30/2004	1,982,350	1,636,489	1,633,938	1,654,761	1,660,340	1,650,533	1,650,533	1,650,533		
9/30/2005	1,155,403	992,503	887,706	887,156	887,608	886,591				
9/30/2006	4,643,487	4,453,176	4,463,329	4,449,480	4,449,261	4,449,261				
9/30/2007	1,479,349	1,480,349	1,456,791	1,430,625	1,428,491					
9/30/2008	15,561,339	15,224,406	15,317,287	15,341,981						
9/30/2009	5,255,528	5,386,397	5,395,481							
9/30/2010	2,882,652	2,964,622								
9/30/2011	6,016,276									

**Companywide Claims with Payment**

Fiscal Year-End	Valuation Period (In Months)									
	@12	@24	@36	@48	@60	@72	@84	@96	@108	@120
9/30/2002	6,907	7,190	7,210	7,213	7,216	7,217	7,218	7,218	7,219	7,219
9/30/2003	7,759	8,180	8,204	8,206	8,212	8,212	8,214	8,214	8,215	
9/30/2004	6,022	6,386	6,400	6,407	6,412	6,414	6,415	6,416		
9/30/2005	6,384	7,577	7,608	7,616	7,618	7,618	7,622			
9/30/2006	8,849	9,635	9,704	9,735	9,741	9,749				
9/30/2007	4,941	5,266	5,282	5,287	5,294					
9/30/2008	13,557	14,635	14,703	14,741						
9/30/2009	10,721	12,057	12,178							
9/30/2010	10,463	12,414								
9/30/2011	17,618									

**Arkansas Claims with Payment**

Fiscal Year-End	Valuation Period (In Months)									
	@12	@24	@36	@48	@60	@72	@84	@96	@108	@120
9/30/2002	1,719	1,771	1,775	1,775	1,775	1,775	1,775	1,775	1,776	1,776
9/30/2003	1,523	1,608	1,613	1,614	1,614	1,614	1,614	1,614	1,614	1,614
9/30/2004	1,233	1,273	1,275	1,278	1,278	1,278	1,278	1,278		
9/30/2005	818	884	886	889	889	889	889			
9/30/2006	1,878	1,969	1,978	1,983	1,983	1,984				
9/30/2007	730	757	758	758	759					
9/30/2008	4,613	4,765	4,777	4,783						
9/30/2009	2,209	2,397	2,415							
9/30/2010	1,302	1,392								
9/30/2011	3,446									

**Companywide Selected Incurred Loss & ALAE**

Fiscal Accident Year (1)	Non-Wind Losses						Wind		Total	
	Cumulative Reported Losses (2)	Ultimate Development Factors (3)	Estimated Incurred Loss/ALAE (4) = (2) x (3)	Cumulative Paid Losses (5)	Ultimate Development Factors (6)	Estimated Incurred Loss/ALAE (7) = (5) x (6)	Selected Incurred Loss/ALAE (8)	Estimated Incurred Claim Count (10)	Selected Incurred Loss/ALAE (11) = (8) + (9)	
9/30/2002	3,235,145	1.0000	3,235,145	3,235,145	1.0000	3,235,145	3,235,145	8,142,874	7,219	11,378,019
9/30/2003	2,480,003	1.0000	2,480,003	2,480,003	1.0000	2,480,003	2,480,003	16,270,446	8,215	18,750,449
9/30/2004	2,561,734	1.0000	2,561,734	2,561,734	1.0000	2,561,734	2,561,734	9,462,154	6,416	12,023,888
9/30/2005	2,248,534	1.0000	2,248,534	2,248,534	1.0000	2,248,534	2,248,534	18,767,080	7,622	21,015,614
9/30/2006	2,442,833	1.0001	2,443,077	2,442,833	1.0001	2,443,077	2,443,077	21,335,179	9,750	23,778,256
9/30/2007	2,864,615	1.0026	2,872,064	2,859,615	1.0026	2,867,051	2,872,064	5,781,094	5,296	8,653,158
9/30/2008	2,892,922	0.9976	2,885,942	2,892,922	0.9976	2,892,198	2,885,942	34,825,477	14,754	37,711,419
9/30/2009	3,685,164	0.9926	3,657,891	3,669,600	1.0202	3,743,803	3,657,891	27,056,152	12,212	30,714,043
9/30/2010	4,099,477	1.0025	4,109,830	4,077,878	1.0304	4,201,940	4,109,830	25,296,322	12,520	29,406,152
9/30/2011	4,572,812	0.9724	4,446,829	3,868,387	1.1747	4,544,126	4,446,829	49,366,808	19,475	53,813,637
5-yr Total			17,972,556			18,279,118	17,972,556	142,325,853	64,257	160,298,409
10-yr Total			30,941,049			31,247,611	30,941,049	216,303,586		247,244,635

**Arkansas Selected Incurred Loss & ALAE**

Fiscal Accident Year (1)	Non-Wind Losses						Wind		Total	
	Cumulative Reported Losses (2)	Ultimate Development Factors (3)	Estimated Incurred Loss/ALAE (4) = (2) x (3)	Cumulative Paid Losses (5)	Ultimate Development Factors (6)	Estimated Incurred Loss/ALAE (7) = (5) x (6)	Selected Incurred Loss/ALAE (8)	Estimated Incurred Claim Count (10)	Selected Incurred Loss/ALAE (11) = (8) + (9)	
9/30/2002	563,933	1.0000	563,933	563,933	1.0000	563,933	563,933	1,862,633	1,776	2,426,566
9/30/2003	454,580	1.0000	454,580	454,580	1.0000	454,580	454,580	1,511,597	1,614	1,966,177
9/30/2004	330,987	1.0000	330,987	330,987	1.0000	330,987	330,987	1,319,546	1,278	1,650,533
9/30/2005	341,865	1.0000	341,865	341,865	1.0000	341,865	341,865	544,726	889	886,591
9/30/2006	345,316	1.0000	345,316	345,316	1.0000	345,316	345,316	4,103,945	1,984	4,449,261
9/30/2007	525,443	1.0000	525,443	525,443	1.0000	525,443	525,443	903,138	759	1,428,581
9/30/2008	324,974	1.0000	324,974	324,974	1.0000	324,974	324,974	15,033,527	4,786	15,358,501
9/30/2009	634,184	0.9850	624,671	634,184	0.9995	633,866	624,671	4,786,555	2,424	5,411,226
9/30/2010	781,876	0.9801	766,297	773,477	1.0025	775,410	766,297	2,202,004	1,406	2,968,301
9/30/2011	574,558	0.9115	523,692	494,172	1.1579	572,195	523,692	5,489,732	3,820	6,013,424
5-yr Total			2,765,077			2,831,888	2,765,077	28,414,956	13,195	31,180,033
10-yr Total			4,801,758			4,868,569	4,801,758	37,757,403		42,559,161

**Shelter Mutual Insurance Company**

**Arkansas**

**Dwelling Fire - Allied Lines Coverages - Indicated Rate Level Change**

	Fiscal Year Ending 9/30/2007	Fiscal Year Ending 9/30/2008	Fiscal Year Ending 9/30/2009	Fiscal Year Ending 9/30/2010	Fiscal Year Ending 9/30/2011
1. Earned Premium	\$5,797,862	\$6,015,089	\$6,190,368	\$7,450,033	\$8,166,792
2. Current Rate Level Factor	1.3956	1.3956	1.3867	1.2214	1.1156
3. Effect of Trend in Amount of Insurance	1.1598	1.1315	1.1039	1.0770	1.0507
4. Trended Premium at Current Rates [(1) x (2) x (3)]	<b>\$9,384,530</b>	<b>\$9,498,672</b>	<b>\$9,476,159</b>	<b>\$9,800,066</b>	<b>\$9,572,378</b>
5. Incurred Loss and Allocated Loss Adjustment Expense	\$1,428,581	\$15,358,501	\$5,411,226	\$2,968,301	\$6,013,424
6. Expected Storm Loss Loading	1,447,662	(9,732,678)	668,761	1,016,913	1,114,750
7. Adjusted Losses [(5) + (6)]	\$2,876,243	\$5,625,823	\$6,079,987	\$3,985,214	\$7,128,174
8. Factor to Trend and Project Losses to 4/1/2013	1.2655	1.2168	1.1701	1.1251	1.0818
9. Unallocated Loss Adjustment Expense Factor	1.0851	1.0851	1.0851	1.0851	1.0851
10. Trended Loss and Loss Adjustment Expense [(7) x (8) x (9)]	<b>\$3,949,753</b>	<b>\$7,428,267</b>	<b>\$7,719,831</b>	<b>\$4,865,472</b>	<b>\$8,367,726</b>
11. Formula Loss Ratio [(10) / (4)]	42.1%	78.2%	81.5%	49.6%	87.4%
12. Experience Year Weight	10%	15%	20%	25%	30%
13. Weighted Formula Loss Ratio [sum the products of (11) & (12)]			<b>70.9%</b>		
14. Credibility - Based on 20,000 Exposures			100.0%		
15. Expected Loss Ratio			65.1%		
16. Trended Expected Loss Ratio [(15) X (20) ^ 1]			66.7%		
17. Credibility Weighted Formula Loss Ratio [(13) X (14) + (16) X (1 - (14))]			70.9%		
18. Current Provision for Variable Expenses of Commissions, Taxes and Profit			23.3%		
19. Current Provision for Fixed Expenses of General and Other Acquisition Expense			11.6%		
20. Factor to Trend Fixed Costs			1.025		
21. Trended Fixed Costs [(19) X (20) ^ 1]			11.9%		
22. Indicated Rate Level Change with Provision for Fixed and Variable Expenses [(17) + (21)] / [1.000 - (18)] - 1.000			<b>7.9%</b>		

Line 17 -- Partial Credibility is based on the square root rule rounded to the nearest five percent.

Lines 19 & 24 -- Projecting of fixed expenses is done from one year past the effective date of the last rate change (01/26/2011) to one year past the expected effective date (04/01/2012), limited to one year.

Shelter Mutual Insurance Company  
Dwelling Fire - Allied Lines Coverages  
Arkansas  
Development of Excess Wind and Hail Loss Loading

Fiscal Accident Year Ending	Earned Premium (1)	Wind Incurred Loss (2)	Wind Loss Ratio (3)	*Normal Wind Loss Ratio (4)	Excess Wind Incurred Loss (5)	Adjusted Wind Incurred Loss (6)	Re-Distributed **Excess Wind Incurred Loss Adjustment (7)	Net Wind Incurred Loss Adjustment (8)		
09/30/92	09/30/1993	2,767,663	193,077	7.0%	26.9%	(551,320)	744,396.3	377,780	929,100	
09/30/93	09/30/1994	2,436,730	651,936	26.8%	26.9%	(3,452)	655,388.0	332,608	336,060	
09/30/94	09/30/1995	2,091,595	412,687	19.7%	26.9%	(149,873)	562,559.7	285,498	435,371	
09/30/95	09/30/1996	2,261,279	2,525,586	111.7%	74.5%	841,474	1,684,111.9	308,660	(532,814)	
09/30/96	09/30/1997	2,451,931	2,378,196	97.0%	74.5%	552,094	1,826,102.0	334,683	(217,411)	
09/30/97	09/30/1998	2,613,048	1,068,259	40.9%	40.9%	0	1,068,258.8	356,675	356,675	
09/30/98	09/30/1999	2,749,623	3,256,443	118.4%	74.5%	1,208,631	2,047,811.6	375,318	(833,314)	
09/30/99	09/30/2000	2,937,596	1,584,912	54.0%	54.0%	0	1,584,911.5	400,976	400,976	
09/30/00	09/30/2001	3,192,700	2,010,686	63.0%	63.0%	0	2,010,685.7	435,797	435,797	
09/30/01	09/30/2002	3,575,385	1,862,633	52.1%	52.1%	0	1,862,633.3	488,032	488,032	
09/30/02	09/30/2003	4,202,489	1,511,597	36.0%	36.0%	0	1,511,596.9	573,631	573,631	
09/30/03	09/30/2004	4,880,365	1,319,546	27.0%	27.0%	0	1,319,546.4	666,159	666,159	
09/30/04	09/30/2005	5,448,145	544,726	10.0%	26.9%	(920,618)	1,465,344.4	743,660	1,664,279	
09/30/05	09/30/2006	5,729,402	4,103,945	71.6%	71.6%	0	4,103,944.9	782,051	782,051	
09/30/06	09/30/2007	5,797,862	903,138	15.6%	26.9%	(656,267)	1,559,404.9	791,396	1,447,662	
09/30/07	09/30/2008	6,015,089	15,033,527	249.9%	74.5%	10,553,724	4,479,803.1	821,047	(9,732,678)	
09/30/08	09/30/2009	6,190,368	4,786,555	77.3%	74.5%	176,211	4,610,344.0	844,972	668,761	
09/30/09	09/30/2010	7,450,033	2,202,004	29.6%	29.6%	0	2,202,004.3	1,016,913	1,016,913	
09/30/10	09/30/2011	8,166,792	5,489,732	67.2%	67.2%	0	5,489,732.1	1,114,750	1,114,750	
Total		80,958,095				11,050,605		11,050,605	(5,484,592)	(473,667)

\*Normal Range:

25th Percentile of (3) 26.9%

75th Percentile of (3) 74.5%

\*\*Wind Load: Total (6) / Total (1) = 13.6%

(3) = (2) / (1).

(4) = (3) capped at max and min specified by "Normal Range".

(5) = [(3) - (4)] x (1); the amount of wind loss outside the "Normal Range" to be removed (added) across all years.

(6) = (2) - (5); the smoothed ratio of wind losses to earned premium.

(7) = Wind Load x (1); the amount of excess wind losses to be loaded back into Total Losses.

(8) = (6) - (7) - (2); Net Wind Losses to be added (removed) by Fiscal Accident Year.

**Shelter Mutual Insurance Company**

**Arkansas**

**Dwelling Fire - All Coverages Summary - Indicated Rate Level Change**

	Fiscal Year Ending 9/30/2007	Fiscal Year Ending 9/30/2008	Fiscal Year Ending 9/30/2009	Fiscal Year Ending 9/30/2010	Fiscal Year Ending 9/30/2011
1. Earned Premium	\$12,272,927	\$12,503,517	\$12,648,517	\$13,716,733	\$14,261,461
2. Trended Premium at Current Rates	\$16,288,073	\$16,247,736	\$16,048,556	\$16,422,040	\$16,013,607
3. Incurred Loss and Allocated Loss Adjustment Expense	\$4,178,502	\$18,896,577	\$10,457,453	\$6,515,155	\$10,394,132
4. Trended Loss and Loss Adjustment Expense	\$7,729,690	\$12,104,418	\$14,133,284	\$9,199,948	\$13,515,192
5. Formula Loss Ratio [(4) / (2)]	47.5%	74.5%	88.1%	56.0%	84.4%
6. Experience Year Weight	10%	15%	20%	25%	30%
7. Weighted Formula Loss Ratio [sum the products of (5) & (6)]			<b>72.9%</b>		
8. Credibility - Based on 20,000 Exposures			100.0%		
9. Expected Loss Ratio			65.1%		
10. Trended Expected Loss Ratio [(9) X (14) ^ 1]			66.7%		
11. Credibility Weighted Formula Loss Ratio [(7) X (8) + (10) X (1 - (8))]			72.9%		
12. Current Provision for Variable Expenses of Commissions, Taxes and Profit			23.3%		
13. Current Provision for Fixed Expenses of General and Other Acquisition Expense			11.6%		
14. Factor to Trend Fixed Costs			1.025		
15. Trended Fixed Costs [(13) X (14) ^ 1]			11.9%		
16. Indicated Rate Level Change with Provision for Fixed and Variable Expenses [(11) + (15)] / [1.000 - (12)] - 1.000			<b><u>10.5%</u></b>		

Line 8 -- Partial Credibility is based on the square root rule rounded to the nearest five percent.

Lines 10 & 15 -- Projecting of fixed expenses is done from one year past the effective date of the last rate change (01/26/2011) to one year past the expected effective date (04/01/2012), limited to one year.

**SHELTER MUTUAL INSURANCE COMPANY  
ARKANSAS DWELLING  
REVISED EXPLANATORY MEMORANDUM WITH AMENDMENTS**

**SYNOPSIS**

This filing contains revisions to the Fire Base Rates for Dwellings and Contents and the Extended Coverage base rates for Dwellings. The Fire rate component of Additional Living Expense, Loss of Rental or Lease Income and Other Structures was revised. The Premium Determination pages were revised to remove the word 'Fire'. Editorial changes were made to the Dwellings Under Construction and Vandalism Coverage sections. There is a total change in revenue of 5.0% or \$771,096.

**GENERAL RULE (GR) PAGES**

- GR-8 Rule 10.a.-Dwellings Under Construction-** An editorial change was made to clarify that the manual reference is for a procedure to insure a Dwelling Under Construction.
- GR-9 Rule 1.c.Vandalism Coverage-**Editorial change to align with application statement.
- GR-12 Rule 3. a. & b. Increased Limits to the Base Policy –** The Fire rate component of Additional Living Expense Coverages and Loss of Rental or Lease Income Coverages was revised.
- GR-12 Rule 5. Other Structures-**The Fire rate component of Other Structures was revised.

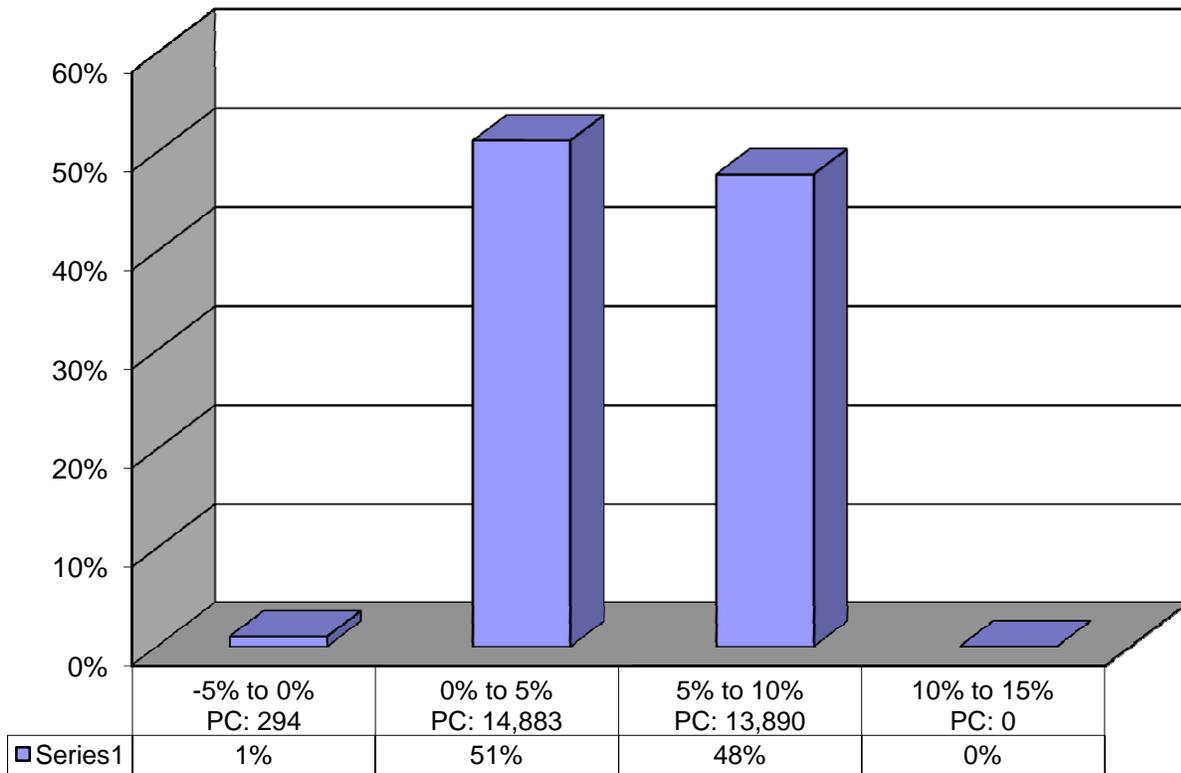
**PREMIUM DETERMINATION (PD) PAGES**

- PD-1, 2** The Premium Determination pages were revised to remove the word 'Fire'.

**RATE (R) PAGES**

- R-1** Dwelling and Contents Fire and Dwelling Extended Coverage rates were revised.

## Revised Arkansas Dwelling Mutual Overall Impact of 5%



SERFF Tracking Number: SHEL-127907910 State: Arkansas  
 Filing Company: Shelter Mutual Insurance Company State Tracking Number:  
 Company Tracking Number: 03M10111  
 TOI: 01.0 Property Sub-TOI: 01.0002 Personal Property (Fire and Allied Lines)  
 Product Name: DF  
 Project Name/Number: Fiore/

## 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)
12/20/2011	Rate and Rule	General Rule Page	01/27/2012	AR DFM GR-9 Proposed.pdf (Superseded)
12/20/2011	Rate and Rule	General Rule Page	01/27/2012	AR DFM GR-12 Proposed.pdf (Superseded)
12/20/2011	Rate and Rule	Rate Page	01/27/2012	AR DFM R-1 Proposed.pdf (Superseded)
01/04/2012	Supporting Document	Form RF-1 NAIC Loss Cost Data Entry Document--All P&C Lines	01/26/2012	AR RF 1 revised.pdf (Superseded)
12/19/2011	Supporting Document	Form RF-1 NAIC Loss Cost Data Entry Document--All P&C Lines	01/04/2012	AR DFM RF 1.pdf (Superseded)
12/19/2011	Supporting Document	HPCS-Homeowners Premium Comparison Survey	01/26/2012	HPCS Mutual.xls (Superseded) HPCS Mutual.pdf (Superseded)
12/20/2011	Supporting Document	Explanatory Memorandum	01/26/2012	AR DFM Explanatory Memo.pdf (Superseded)
12/20/2011	Supporting Document	Distribution of Rate Changes	01/27/2012	AR DFM Rate Change Distribution Histogram.pdf

*SERFF Tracking Number:*      *SHEL-127907910*                      *State:*                      *Arkansas*  
*Filing Company:*              *Shelter Mutual Insurance Company*              *State Tracking Number:*  
*Company Tracking Number:*      *03M10111*  
*TOI:*                      *01.0 Property*                      *Sub-TOI:*                      *01.0002 Personal Property (Fire and Allied Lines)*  
  
*Product Name:*                      *DF*  
*Project Name/Number:*              *Fiore/*

(Superseded)

## OPTIONAL COVERAGES

The specific endorsement must be consulted for exact contract coverages, conditions and exclusions.

### 1. ADDING POLICY PERILS

#### a. Broad Form Coverage (B-451-B)

When the endorsement *Addition Of Broad Perils Addition Of Restoration Cost Coverage* is purchased, coverage for the following perils is included:

Vandalism	Cracking, Bulging or Tearing Apart of Heating, Cooling or
Glass Breakage	Water Heating Systems, Water Softener or Fire Protection
Actions of Thieves	Sprinkler System
Falling of Objects	Escape of Water from or Freezing of a Plumbing System,
Collapse of a building	Domestic Appliance, Heating, Cooling or Water
Weight or Pressure of	Heating Systems, Water Softener or Fire Protection
Ice, Snow or Sleet	Sprinkler System

When necessary conditions are met, this provides restoration cost coverage on the dwelling or other structures up to the amount of coverage provided for the specific building on which the claim is based. Deductible factors apply.

Rate per \$1,000 .83

#### b. Custom Broad Form Coverage (B-544-B)

When property does not qualify for Broad Form Coverage due to the difference between value and replacement cost, the endorsement *Addition Of Broad Perils* may be purchased. The perils included are the same as those provided under Broad Form. However, with this endorsement, losses are settled on an actual cash value basis. Deductible factors apply.

Rate per \$1,000 1.13

#### c. Vandalism Coverage (B-847-B)

The endorsement *Addition of The Peril Of Vandalism* or *Addition Of The Peril Of Vandalism To Policies With Builder's Risk Endorsement* may be added for coverage for the peril of vandalism. The charge must be applied to all insured items. Deductible factors apply.

Rate per \$1,000 .15

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

<b>1.</b>	This filing transmittal is part of Company Tracking #	03M10111
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<b>2.</b>	If filing is an adoption of an advisory organization loss cost filing, give name of Advisory Organization and Reference/Item Filing Number	N/A
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Company Name		Company NAIC Number	
<b>3.</b>	<b>A.</b> Shelter Mutual Insurance Company	<b>B.</b>	23388

Product Coding Matrix Line of Business (i.e., Type of Insurance)		Product Coding Matrix Line of Business (i.e., Sub-type of Insurance)	
<b>4.</b>	<b>A.</b> 1.0	<b>B.</b>	1.0002

**5.**

(A) COVERAGE (See Instructions)	(B) Indicated % Rate Level Change	(C) Requested % Rate Level Change	(D) Expected Loss Ratio	FOR LOSS COSTS ONLY			
				(E) Loss Cost Modification Factor	(F) Selected Loss Cost Multiplier	(G) Expense Constant (If Applicable)	(H) Co. Current Loss Cost Multiplier
Fire	14.2 %	13.6 %	65.1 %	N/A	N/A	N/A	N/A
Allied Lines	7.9 %	7.5 %	65.1 %	N/A	N/A	N/A	N/A
<b>TOTAL OVERALL EFFECT</b>	10.5 %	9.9 %	65.1 %				

**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	28,581	No Chg		12,648	7,202	56.9 %	53.9 %
2007	28,136	No Chg		12,618	3,824	30.3 %	37.2 %
2008	28,114	No Chg		12,820	18,412	143.6 %	85.6 %
2009	28,311	5.4%	7-12-2009	13,127	10,681	81.4 %	77.7 %
2010	28,623	No Chg		14,120	6,531	46.3 %	69.8 %
2011	29,067	9.7%	1-26-2011	14,930	10,534	70.6 %	96.6 %

**7.**

Expense Constants	Selected Provisions
A. Total Production Expense	17.5 / 17.4
B. General Expense	7.2 / 7.2
C. Taxes, Licenses & Fees	2.9 / 2.9
D. Underwriting Profit & Contingencies	7.3 / 7.4
E. Other (explain)	
<b>F. TOTAL</b>	<b>34.9 / 34.9</b>

**8.** N/A Apply Loss Cost Factors to Future filings? (Y or N)

**9.** 14.5% Estimated Maximum Rate Increase for any Insured (%) Territory (if applicable): \_\_\_\_\_

**10.** 0.0% Estimated Maximum Rate Decrease for any Insured (%) Territory (if applicable): \_\_\_\_\_

**3. INCREASED LIMITS TO THE BASIC POLICY****a. Additional Living Expense Coverages**

The automatic limit provided for the additional costs incurred to maintain the household while the residence is uninhabitable due to a loss caused by an insured peril may be increased. No deductible applies.

<u>Peril</u>	<u>P.C.</u>	<u>Rate per \$1,000 of increase</u>
Fire	1-8	\$ 7.30
	9-11	13.81
E.C.	1-11	4.93

**b. Loss of Rental or Lease Income Coverages**

The automatic limit provided for the loss of rents or lease income while the residence is uninhabitable due to a loss caused by an insured peril may be increased. No deductible applies.

<u>Peril</u>	<u>P.C.</u>	<u>Rate per \$1,000 of increase</u>
Fire	1-8	\$ 3.88
	9-11	7.31
E.C.	1-11	2.62

**4. FIRE DEPARTMENT CHARGES ENDORSEMENT (B-453-B)**

Coverage may be added to cover charges made by a fire department when called to protect insured property from the peril of Fire. No deductible applies.

Rate per \$100	\$ 2.20
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**5. OTHER STRUCTURES**

This option allows a specific amount of coverage to be written on a specific other structure(s) when the 10% of the Dwelling coverage is not sufficient. Docks, which are excluded from the 10% of the Dwelling coverage, may also be insured using the rates below when specifically added as a separate item. Deductible factors apply.

<u>Peril</u>	<u>P.C.</u>	<u>Rate per \$1,000</u>
Fire	1-8	\$ 6.50
	9-11	12.29
E.C.	1-11	4.38

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

<b>1.</b>	This filing transmittal is part of Company Tracking #	03M10111
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<b>2.</b>	If filing is an adoption of an advisory organization loss cost filing, give name of Advisory Organization and Reference/Item Filing Number	N/A
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Company Name		Company NAIC Number	
<b>3.</b>	<b>A.</b> Shelter Mutual Insurance Company	<b>B.</b>	23388

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<b>4.</b>	<b>A.</b> 1.0	<b>B.</b>	1.0002

**5.**

(A) COVERAGE (See Instructions)	(B) Indicated % Rate Level Change	(C) Requested % Rate Level Change	(D) Expected Loss Ratio	FOR LOSS COSTS ONLY			
				(E) Loss Cost Modification Factor	(F) Selected Loss Cost Multiplier	(G) Expense Constant (If Applicable)	(H) Co. Current Loss Cost Multiplier
Fire	14.2 %	13.6 %	65.1 %	N/A	N/A	N/A	N/A
Allied Lines	7.9 %	7.5 %	65.1 %	N/A	N/A	N/A	N/A
<b>TOTAL OVERALL EFFECT</b>	10.5 %	9.9 %	65.1 %				

**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
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2010	28,623	No Chg		14,120	6,531	46.3 %	69.8 %

**7.**

Expense Constants	Selected Provisions
A. Total Production Expense	17.5 / 17.4
B. General Expense	7.2 / 7.2
C. Taxes, Licenses & Fees	2.9 / 2.9
D. Underwriting Profit & Contingencies	7.3 / 7.4
E. Other (explain)	
<b>F. TOTAL</b>	<b>34.9 / 34.9</b>

- 8.** N/A Apply Loss Cost Factors to Future filings? (Y or N)
- 9.** 14.5% Estimated Maximum Rate Increase for any Insured (%) Territory (if applicable): \_\_\_\_\_
- 10.** 0.0% Estimated Maximum Rate Decrease for any Insured (%) Territory (if applicable): \_\_\_\_\_

# Arkansas Shelter Mutual Dwelling Base Rates

Dwelling @ \$15,000, Contents @ \$6,000, \$500 Deductible

## Fire Base Rates - Dwelling

Owner Occupancy										
	Masonry				Frame				Mobile Home	
	Families:	1	2	3	4	1	2	3	4	
<b>Protection Class</b>	1	34	34	71	71	49	49	93	93	49
	2	34	34	71	71	49	49	93	93	49
	3	34	34	71	71	49	49	93	93	49
	4	42	42	82	82	56	56	106	106	56
	5	49	49	88	88	60	60	120	120	60
	6	60	60	103	103	72	72	132	132	72
	7	91	91	120	120	104	104	156	156	104
	8	131	131	166	166	163	163	228	228	163
	9	148	148	192	192	234	234	314	314	234
	10	204	204	263	263	307	307	385	385	307
	11	204	204	263	263	307	307	385	385	307
<b>Curve</b>	1	1	1	1	1	1	1	1	1	1

Tenant Occupancy										
	Masonry				Frame				Mobile Home	
	Families:	1	2	3	4	1	2	3	4	
<b>Protection Class</b>	1	48	48	93	93	67	67	133	133	64
	2	48	48	93	93	67	67	133	133	64
	3	48	48	93	93	67	67	133	133	64
	4	57	57	111	111	78	78	149	149	74
	5	64	64	117	117	89	89	168	168	84
	6	84	84	135	135	98	98	184	184	93
	7	125	125	163	163	146	146	220	220	139
	8	177	177	222	222	226	226	317	317	215
	9	196	196	254	254	331	331	443	443	315
	10	271	271	351	351	431	431	534	534	410
	11	271	271	351	351	431	431	534	534	410
<b>Curve</b>	1	1	1	1	1	1	1	1	1	1

## Fire Base Rates - Contents

Owner/Tenant Occupancy												
	Masonry					Frame					Mobile Home	
	Families:	1	2	3	4	5+	1	2	3	4	5+	
<b>Protection Class</b>	1	25	25	37	37	58	33	33	51	51	71	33
	2	25	25	37	37	58	33	33	51	51	71	33
	3	25	25	37	37	58	33	33	51	51	71	33
	4	27	27	40	40	60	36	36	58	58	76	36
	5	29	29	45	45	63	37	37	59	59	82	37
	6	33	33	50	50	69	44	44	61	61	85	44
	7	45	45	58	58	82	55	55	72	72	98	55
	8	62	62	76	76	106	77	77	104	104	134	77
	9	72	72	86	86	125	105	105	133	133	160	105
	10	90	90	111	111	153	131	131	159	159	188	131
	11	90	90	111	111	153	131	131	159	159	188	131
<b>Curve</b>	2	2	2	2	2	2	2	2	2	2	2	

## Extended Coverage Base Rates - Dwelling/Contents

	Dwelling	Contents
Rate	108	21
Curve	3	4

Telephone No.: 573-214-4165  
 Email Address: BCMarcks@Shelterinsurance.com  
 Effective Date: 26-Mar-12

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

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

**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																		
	\$120,000																		
	\$160,000																		
6	\$80,000																		
	\$120,000																		
	\$160,000																		
9	\$80,000																		
	\$120,000																		
	\$160,000																		

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

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

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

Public Protection Class	Dwelling Value	Washington		Baxter		Craighead		St. Francis		Arkansas		Union		Miller		Sebastian		Pulaski	
		Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame
3	\$80,000	\$965.00	\$1,063.00	\$965.00	\$1,063.00	\$965.00	\$1,063.00	\$965.00	\$1,063.00	\$965.00	\$1,063.00	\$965.00	\$1,063.00	\$965.00	\$1,063.00	\$965.00	\$1,063.00	\$965.00	\$1,063.00
	\$120,000	\$1,426.00	\$1,568.00	\$1,426.00	\$1,568.00	\$1,426.00	\$1,568.00	\$1,426.00	\$1,568.00	\$1,426.00	\$1,568.00	\$1,426.00	\$1,568.00	\$1,426.00	\$1,568.00	\$1,426.00	\$1,568.00	\$1,426.00	\$1,568.00
	\$160,000	\$1,886.00	\$2,073.00	\$1,886.00	\$2,073.00	\$1,886.00	\$2,073.00	\$1,886.00	\$2,073.00	\$1,886.00	\$2,073.00	\$1,886.00	\$2,073.00	\$1,886.00	\$2,073.00	\$1,886.00	\$2,073.00	\$1,886.00	\$2,073.00
6	\$80,000	\$1,102.00	\$1,205.00	\$1,102.00	\$1,205.00	\$1,102.00	\$1,205.00	\$1,102.00	\$1,205.00	\$1,102.00	\$1,205.00	\$1,102.00	\$1,205.00	\$1,102.00	\$1,205.00	\$1,102.00	\$1,205.00	\$1,102.00	\$1,205.00
	\$120,000	\$1,625.00	\$1,776.00	\$1,625.00	\$1,776.00	\$1,625.00	\$1,776.00	\$1,625.00	\$1,776.00	\$1,625.00	\$1,776.00	\$1,625.00	\$1,776.00	\$1,625.00	\$1,776.00	\$1,625.00	\$1,776.00	\$1,625.00	\$1,776.00
	\$160,000	\$2,148.00	\$2,346.00	\$2,148.00	\$2,346.00	\$2,148.00	\$2,346.00	\$2,148.00	\$2,346.00	\$2,148.00	\$2,346.00	\$2,148.00	\$2,346.00	\$2,148.00	\$2,346.00	\$2,148.00	\$2,346.00	\$2,148.00	\$2,346.00
9	\$80,000	\$1,446.00	\$1,836.00	\$1,446.00	\$1,836.00	\$1,446.00	\$1,836.00	\$1,446.00	\$1,836.00	\$1,446.00	\$1,836.00	\$1,446.00	\$1,836.00	\$1,446.00	\$1,836.00	\$1,446.00	\$1,836.00	\$1,446.00	\$1,836.00
	\$120,000	\$2,126.00	\$2,696.00	\$2,126.00	\$2,696.00	\$2,126.00	\$2,696.00	\$2,126.00	\$2,696.00	\$2,126.00	\$2,696.00	\$2,126.00	\$2,696.00	\$2,126.00	\$2,696.00	\$2,126.00	\$2,696.00	\$2,126.00	\$2,696.00
	\$160,000	\$2,806.00	\$3,555.00	\$2,806.00	\$3,555.00	\$2,806.00	\$3,555.00	\$2,806.00	\$3,555.00	\$2,806.00	\$3,555.00	\$2,806.00	\$3,555.00	\$2,806.00	\$3,555.00	\$2,806.00	\$3,555.00	\$2,806.00	\$3,555.00

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

**HO3 and HO4 only**

Fire Extinguisher	NA	%	Deadbolt Lock	NA	%
Burglar Alarm	NA	%	Window Locks	NA	%
Smoke Alarm	NA	%	\$1,000 Deductible	15	%
			Other (specify)		%
	See GR pages 4-7				%
	Maximum Credit Allowed	No max			%

**EARTHQUAKE INSURANCE**

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

ARE YOU CURRENTLY WRITING EARTHQUAKE COVERAGE IN ARKANSAS?	yes	(yes or no)	
WHAT IS YOUR PERCENTAGE DEDUCTIBLE?	5 thru 25	%	
WHAT IS YOUR PRICE PER \$1,000 OF COVERAGE?			
	Zone	Brick	Frame
	Highest Risk	\$ 1.8	\$ 1.28
	Lowest Risk	\$ 0.72	\$ 0.4

**SHELTER MUTUAL INSURANCE COMPANY  
ARKANSAS DWELLING POLICY  
EXPLANATORY MEMORANDUM**

**SYNOPSIS**

This filing contains revisions to the Fire and Extended Coverage Base Rates for Dwellings and Contents. Broad Form and Custom Broad Form rates were revised. The Fire rate component of Additional Living Expense, Loss of Rental or Lease Income and Other Structures was revised. The Premium Determination pages were revised to remove the word 'Fire'. Editorial changes were made to the Dwellings Under Construction and Vandalism Coverage sections. There is a total change in revenue of 9.9% or \$1,529,038.

**GENERAL RULE (GR) PAGES**

- GR-8 Rule 10.a.-Dwellings Under Construction-** An editorial change was made to clarify that the manual reference is for a procedure to insure a Dwelling Under Construction.
- GR-9 Rule 1.a.Broad Form Coverage-**Base rates were revised.  
**Rule 1.b.Custom Broad Form-**Base rates were revised.  
**Rule 1.c.Vandalism Coverage-**Editorial change to align with application statement.
- GR-12 Rule 3. a. & b. Increased Limits to the Base Policy –** The Fire rate component of Additional Living Expense Coverages and Loss of Rental or Lease Income Coverages was revised.
- GR-12 Rule 5. Other Structures-**The Fire rate component of Other Structures was revised.

**PREMIUM DETERMINATION (PD) PAGES**

- PD-1, 2** The Premium Determination pages were revised to remove the word 'Fire'.

**RATE (R) PAGES**

- R-1** The Dwelling and Contents Fire and Extended Coverage Base Rates were revised.

**Dwelling Fire Mutual Impact**

