

SERFF Tracking Number: SHEL-127907912 State: Arkansas
Filing Company: Shelter General Insurance Company State Tracking Number:
Company Tracking Number: 03G10111
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 General Insurance Company

Product Name: DF

SERFF Tr Num: SHEL-127907912 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: 03G10111

State Status:

Filing Type: Rate/Rule

Reviewer(s): Becky Harrington, Nancy Horton

Authors: Brian Marcks, Sue Burlingame

Disposition Date: 01/20/2012

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 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: 01/20/2012

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 Extended Coverage and Fire base rates for Dwellings and Contents, the Extended Coverage component of Additional Living Expense, Loss of Rental or Lease Income and Other Structures. Also, rates were revised for Outdoor Awning and Signs Wind and Hail Coverage (B-342-B), Outdoor Radio and Television Equipment Wind and Hail Coverage (B-339-B) and Addition of Wind and Hail Perils for Trees, Shrubs, Plants and Lawns (B-338-B). Vandalism rates were revised. Editorial revisions were made to the General Rule and Premium Determination pages.

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The overall effect of this filing is expected to be a revenue increase of 9.9% or \$88,288.

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 General Insurance Company CoCode: 23361 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: 43-6031499

Filing Fees

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

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
Shelter General Insurance Company	\$100.00	12/21/2011	54727909

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Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Filed	Becky Harrington	01/20/2012	01/20/2012

Objection Letters and Response Letters

Objection Letters				Response Letters		
Status	Created By	Created On	Date Submitted	Responded By	Created On	Date Submitted
No response necessary	Becky Harrington	01/04/2012	01/04/2012			

SERFF Tracking Number: SHEL-127907912 State: Arkansas
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Disposition

Disposition Date: 01/20/2012
 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 General Insurance Company	23.300%	9.900%	\$88,288	2,052	\$891,109	12.300%	0.000%

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

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Company Tracking Number: 03G10111
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 01/04/2012
Submitted Date 01/04/2012
Respond By Date
Dear Brian Marcks,

This will acknowledge receipt of the captioned filing.

This filing is being referred to the Commissioner due to the rate change being greater than 6%.

No response is necessary unless the company wishes to reduce the increase amount to 6%.

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-127907912

State: Arkansas

Filing Company: Shelter General Insurance Company

State Tracking Number:

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Product Name: DF

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Rate Information

Rate data applies to filing.

Filing Method:

File and Use

Rate Change Type:

Increase

Overall Percentage of Last Rate Revision:

11.800%

Effective Date of Last Rate Revision:

12/04/2003

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 General Insurance Company	23.300%	9.900%	\$88,288	2,052	\$891,109	12.300%	0.000%

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Rate/Rule Schedule

Schedule Item Status:	Exhibit Name:	Rule # or Page #:	Rate Action	Previous State Filing Attachments Number:
Filed 01/20/2012	General Rule Page	GR-5	Replacement	AR DFR Gen GR 5 Proposed.pdf
Filed 01/20/2012	General Rule Page	GR-7	Replacement	AR DFR Gen GR 7 Proposed.pdf
Filed 01/20/2012	General Rule Page	GR-8	Replacement	AR DFR Gen GR 8 Proposed.pdf
Filed 01/20/2012	General Rule Page	GR-9	Replacement	AR DFR Gen GR 9 Proposed.pdf
Filed 01/20/2012	Rate Page	R-1	Replacement	AR DFR Gen R-1 Proposed.pdf
Filed 01/20/2012	Rate Page	R-2	Replacement	AR DFR Gen R-2 Proposed.pdf
Filed 01/20/2012	Rate Page	R-3	Replacement	AR DFR Gen R-3 Proposed.pdf

6. POLICY TERM

All premiums contained in this manual are for a 12 month term. Both 3 and 6 month policy terms are also available. The policy may then be continued for successive terms upon payment of the required premium to the company on or before the inception date of each successive term.

EXCEPTIONS to this rule: 1) a policy in which the mortgagee pays the premium (this must be written for a 12 month term; 2) Construction Theft (the fully earned premium is given by term; 3) Trip Collision (coverage is for 30 days only); and 4) Builder's Risk (this has its own term rule).

<u>Term</u>	=	<u>Premium</u>	x	<u>Factor</u>	<u>Term Charge</u>
6 mo.	=	12 mo. rounded premium	x	.50 , dollar round,	then add \$10
3 mo.	=	12 mo. rounded premium	x	.25 , dollar round,	then add \$10

7. 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

OPTIONAL COVERAGES

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

1. ADDING POLICY PERILS

a. 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 \$.71

b. Earthquake Coverage (B-422-B)

When purchased, the endorsement *Addition Of The Peril Of Earthquake* will apply to all items insured for the same limits as provided under the policy. The deductible for this peril is based on a percent of the amount of insurance for each coverage and is applied separately to each coverage.

Note: Dwelling rate applies to Dwelling, Mobile Home, Other Structures, and increased limits on Additional Living Expense and Loss of Rental or Lease Income.

		Rate Per \$1,000			
		3	4	5	6
<u>5% Deductible</u>					
Dwelling	- Frame			\$.66	\$.58
	- All Other			1.04	.94
Personal Property				.48	.42
<u>10% Deductible</u>					
Dwelling	- Frame	\$ 1.28	\$.62	\$.46	\$.40
	- All Other	1.80	.98	.78	.72
Personal Property		.88	.44	.34	.28

Deductible Options - Apply to the 10% Deductible rates above.

Deductible:	<u>15%</u>	<u>20%</u>	<u>25%</u>
Factor:	.95	.90	.85

Zone 3 - *Clay, *Craighead, *Crittenden, *Cross, *Greene, *Jackson, *Lee, *Mississippi, *Poinsett and *St. Francis Counties.

Zone 4 - *Arkansas, *Independence, *Lawrence, *Monroe, *Phillips, *Prairie, *Randolph, *Sharp, *White and *Woodruff Counties.

Zone 5 - Baxter, Cleburne, Conway, Desha, Faulkner, Fulton, IZard, Jefferson, Little River, Lonoke, Marion, Pulaski, Searcy, Sebastian and Stone Counties.

Zone 6 - Remainder of State.

***Property located in these counties MUST be written with a minimum Earthquake Deductible of 15%.**

2. ADDING SPECIFIC ITEM PERILS

a. Theft Coverage (B-37-B)

The endorsement *Addition Of The Peril Of Theft To Personal Property Coverage* provides coverage for the theft of personal property and is available for the owner-occupant or for the tenant-occupant of the residence premises. Certain limits apply to specific groups of Personal Property. Coverage is to be written in units of \$1,000, using the following rates. Deductible factors apply.

First \$1,000	\$ 31
Each Additional \$1,000	21

b. Construction Theft Coverage (B-549-B)

Coverage for theft losses from a dwelling under construction may be added with the *Addition Of Construction Theft Coverage* endorsement.

The premium for this endorsement is fully earned when added to the policy. Deductible factors apply.

<u>Policy Term</u>	<u>Premium</u>
6 months	\$ 59
12 months	\$ 89

c. Adding Coverage for Wind and Hail Perils

The following are coverages under the policy EXCEPT for the perils of Wind and Hail. These perils may be added with the endorsement specified and using the designated rates. Deductible factors apply.

(1) Outdoor Awning And Signs Wind And Hail Coverage (B-342-B)

Rate per \$1,000	\$ 49.61
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(2) Outdoor Radio And Television Equipment Wind And Hail Coverage (B-339-B)

Rate per \$1,000	\$ 4.83
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(3) Addition Of Wind And Hail Perils For Trees, Shrubs, Plants And Lawns (B-338-B)

Rate per \$1,000	\$ 33.82
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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	\$ 9.02
	9-11	19.54
E.C.	1-11	3.39

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	\$ 4.78
	9-11	10.36
E.C.	1-11	1.80

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	\$ 2.14
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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	\$ 8.03
	9-11	17.39
E.C.	1-11	3.01

6. TRIP COLLISION AND OVERTURN (B-456-B)

When the policy insures a mobile home, collision and overturn coverage may be added to protect the mobile home while being moved. Coverage is provided for a period of 30 days. Deductible factors apply.

Premium	\$ 17
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Arkansas Dwelling Base Rates

Shelter General

\$500 Deductible

\$15,000 Building, \$6,000 Contents

Masonry/Masonry Veneer Base Rates - FIRE

All Zones												
Building												
# of Family	Owner						Tenant					
	1		2		3 or 4		1		2		3 or 4	
Prot. Class	Base curve											
1-3	61	1	78	1	107	1	71	1	87	1	113	1
4	71	1	88	1	119	1	78	1	97	1	125	1
5	78	1	98	1	126	1	87	1	108	1	135	1
6	88	1	109	1	140	1	97	1	119	1	147	1
7	134	1	159	1	196	1	140	1	167	1	202	1
8	184	1	202	1	261	1	192	1	225	1	263	1
9	386	1	437	1	511	1	388	1	437	1	511	1
10	414	1	467	1	547	1	415	1	467	1	547	1
11	474	1	534	1	621	1	474	1	534	1	621	1

All Zones												
Contents												
# of Family	Owner						Tenant					
	1		2		3+		1		2		3+	
Prot. Class	Base curve											
1-3	52	2	63	2	76	2	56	2	64	2	78	2
4	58	2	69	2	83	2	60	2	71	2	86	2
5	64	2	73	2	90	2	66	2	76	2	93	2
6	66	2	76	2	93	2	69	2	78	2	95	2
7	85	2	97	2	118	2	86	2	99	2	119	2
8	109	2	124	2	147	2	111	2	125	2	147	2
9	175	2	197	2	229	2	175	2	197	2	229	2
10	200	2	222	2	259	2	200	2	222	2	259	2
11	227	2	252	2	293	2	227	2	252	2	293	2

Extended Coverages						
All Zones, Construction & Protection Classes						
	Building			Contents		
	Base curve			Base curve		
Owner	75	1		26	2	
Tenant	66	1		23	2	

Arkansas Dwelling Base Rates

Shelter General

\$500 Deductible

\$15,000 Building, \$6,000 Contents

Frame/Mobile Home - Base Rates - FIRE

All Zones												
Building												
# of Family	Owner						Tenant					
	1		2		3 or 4		1		2		3 or 4	
Prot. Class	Base curve											
1-3	82	1	100	1	131	1	88	1	109	1	138	1
4	90	1	110	1	142	1	98	1	120	1	148	1
5	100	1	122	1	155	1	109	1	128	1	161	1
6	112	1	135	1	168	1	121	1	142	1	177	1
7	161	1	190	1	231	1	168	1	195	1	235	1
8	218	1	251	1	300	1	222	1	256	1	304	1
9	441	1	498	1	580	1	445	1	498	1	580	1
10	474	1	534	1	621	1	474	1	534	1	621	1
11	534	1	597	1	695	1	541	1	604	1	701	1

All Zones												
Contents												
# of Family	Owner						Tenant					
	1		2		3+		1		2		3+	
Prot. Class	Base curve											
1-3	63	2	71	2	87	2	64	2	73	2	87	2
4	70	2	82	2	97	2	70	2	85	2	99	2
5	76	2	86	2	106	2	77	2	87	2	107	2
6	77	2	87	2	107	2	78	2	90	2	108	2
7	99	2	113	2	136	2	100	2	118	2	137	2
8	125	2	143	2	168	2	125	2	143	2	168	2
9	200	2	222	2	259	2	200	2	222	2	259	2
10	227	2	252	2	293	2	227	2	252	2	293	2
11	256	2	284	2	328	2	256	2	284	2	328	2

**Arkansas Dwelling
Shelter General
Amount of Insurance**

Amount Insured	Curve 1	Curve 2					
1,000	0.384	0.350					
2,000	0.428	0.480					
3,000	0.472	0.610					
4,000	0.516	0.740					
5,000	0.560	0.870					
6,000	0.604	1.000					
7,000	0.648	1.130					
8,000	0.692	1.260					
9,000	0.736	1.390					
10,000	0.780	1.520					
11,000	0.824	1.650					
12,000	0.868	1.780					
13,000	0.912	1.910					
14,000	0.956	2.040					
15,000	1.000	2.170					
16,000	1.040	2.300					
17,000	1.080	2.430					
18,000	1.120	2.560					
19,000	1.160	2.690					
20,000	1.200	2.820					
21,000	1.240	2.950					
22,000	1.280	3.080					
23,000	1.320	3.210					
24,000	1.360	3.340					
25,000	1.400	3.470					
26,000	1.440	3.600					
27,000	1.480	3.730					
28,000	1.520	3.860					
29,000	1.560	3.990					
30,000	1.600	4.120					
31,000	1.640	4.250					
32,000	1.680	4.380					
33,000	1.720	4.510					
34,000	1.760	4.640					
35,000	1.800	4.770					
36,000	1.840	4.900					
37,000	1.880	5.030					
38,000	1.920	5.160					
39,000	1.960	5.290					
40,000	2.000	5.420					
41,000	2.040	5.550					
42,000	2.080	5.680					
43,000	2.120	5.810					
44,000	2.160	5.940					
45,000	2.200	6.070					
46,000	2.240	6.200					
47,000	2.280	6.330					
48,000	2.320	6.460					
49,000	2.360	6.590					
50,000	2.400	6.720					
For Each Additional 1,000 Add:	0.040	0.130					

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Supporting Document Schedules

		Item Status:	Status Date:
Satisfied - Item:	Form RF-1 NAIC Loss Cost Data Entry Document--All P&C Lines	Filed	01/20/2012

Comments:

Please see attachment.

Attachment:

AR DFR Gen RF 1.pdf

		Item Status:	Status Date:
Satisfied - Item:	HPCS-Homeowners Premium Comparison Survey	Filed	01/20/2012

Comments:

Please see attachments.

Attachments:

HPCS General.xls

HPCS General.pdf

		Item Status:	Status Date:
Bypassed - Item:	NAIC Loss Cost Filing Document for OTHER than Workers' Comp	Filed	01/20/2012

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

Comments:

		Item Status:	Status Date:
Satisfied - Item:	P&C Actuarial Justification	Filed	01/20/2012

Comments:

Please see attachment.

Attachment:

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State: Arkansas

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Product Name: DF

Project Name/Number: Fiore/

AR DFR Gen Indication Exhibits.pdf

Item Status:

Status

Satisfied - Item: Distribution of Rate Changes

Filed

Date:

01/20/2012

Comments:

Please see attachment.

Attachment:

AR DFR Gen Rate Distribution Histogram.pdf

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

1.	This filing transmittal is part of Company Tracking #	03G10111
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2.	If filing is an adoption of an advisory organization loss cost filing, give name of Advisory Organization and Reference/Item Filing Number	N/A
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3.		A.	Company Name	B.	Company NAIC Number
			Shelter General Insurance Company		23361

4.		A.	Product Coding Matrix Line of Business (i.e., Type of Insurance)	B.	Product Coding Matrix Line of Business (i.e., Sub-type of Insurance)
			1.0		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	16.7%	8.7%	64.0%	N/A	N/A	N/A	N/A
Allied Lines	34.7%	11.6%	63.3%	N/A	N/A	N/A	N/A
TOTAL OVERALL EFFECT	23.3%	9.9%	63.7%				

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	2637	NC		\$1,229	\$743	60.5%	43.4%
2007	2759	NC		\$1353	\$582	43.0%	37.1%
2008	2906	NC		\$1396	\$2067	148.0%	86.5%
2009	2807	NC		\$1327	\$1163	87.7%	73.4%
2010	2311	NC		\$1086	\$616	56.7%	58.8%

7.

Expense Constants	Selected Provisions
A. Total Production Expense	F17.9/A18.0
B. General Expense	8.3 / 8.3
C. Taxes, Licenses & Fees	2.9 / 2.9
D. Underwriting Profit & Contingencies	6.9 / 7.5
E. Other (explain)	
F. TOTAL	36.0 / 36.7

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

9. 12.3% Estimated Maximum Rate Increase for any Insured (%) Territory (if applicable): _____

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

NAIC Number: 23361
 Company Name: Shelter General Insurance Company
 Contact Person: Brian Marcks
 Telephone No.: 573-214-4165
 Email Address: BCMarcks@Shelterinsurance.com
 Effective Date: 26-Mar-12

**Homeowners Premium Comparison Survey Form
 FORM HPCS - last modified August, 2005**

Submit to: Arkansas Insurance Department
 1200 West Third Street
 Little Rock, AR 72201-1904
 Telephone: 501-371-2800
 Email as an attachment to: insurance.pnc@arkansas.gov
 You may also attach to a SERFF filing or submit on a cdr disk

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

Survey Form for HO3 (Homeowners) - Use \$500 Flat Deductible (Covers risk of direct physical loss for dwelling and other structures; named perils for personal property, replacement cost on dwelling, actual cash value on personal property)

Public Protection Class	Dwelling Value	Washington		Baxter		Craighead		St. Francis		Desha		Union		Miller		Sebastian		Pulaski	
		Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame
3	\$80,000																		
	\$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	\$912.00	\$1,048.00	\$912.00	\$1,048.00	\$912.00	\$1,048.00	\$912.00	\$1,048.00	\$912.00	\$1,048.00	\$912.00	\$1,048.00	\$912.00	\$1,048.00	\$912.00	\$1,048.00	\$912.00	\$1,048.00
	\$120,000	\$1,333.00	\$1,530.00	\$1,333.00	\$1,530.00	\$1,333.00	\$1,530.00	\$1,333.00	\$1,530.00	\$1,333.00	\$1,530.00	\$1,333.00	\$1,530.00	\$1,333.00	\$1,530.00	\$1,333.00	\$1,530.00	\$1,333.00	\$1,530.00
	\$160,000	\$1,753.00	\$2,013.00	\$1,753.00	\$2,013.00	\$1,753.00	\$2,013.00	\$1,753.00	\$2,013.00	\$1,753.00	\$2,013.00	\$1,753.00	\$2,013.00	\$1,753.00	\$2,013.00	\$1,753.00	\$2,013.00	\$1,753.00	\$2,013.00
6	\$80,000	\$1,085.00	\$1,231.00	\$1,085.00	\$1,231.00	\$1,085.00	\$1,231.00	\$1,085.00	\$1,231.00	\$1,085.00	\$1,231.00	\$1,085.00	\$1,231.00	\$1,085.00	\$1,231.00	\$1,085.00	\$1,231.00	\$1,085.00	\$1,231.00
	\$120,000	\$1,585.00	\$1,798.00	\$1,585.00	\$1,798.00	\$1,585.00	\$1,798.00	\$1,585.00	\$1,798.00	\$1,585.00	\$1,798.00	\$1,585.00	\$1,798.00	\$1,585.00	\$1,798.00	\$1,585.00	\$1,798.00	\$1,585.00	\$1,798.00
	\$160,000	\$2,085.00	\$2,365.00	\$2,085.00	\$2,365.00	\$2,085.00	\$2,365.00	\$2,085.00	\$2,365.00	\$2,085.00	\$2,365.00	\$2,085.00	\$2,365.00	\$2,085.00	\$2,365.00	\$2,085.00	\$2,365.00	\$2,085.00	\$2,365.00
9	\$80,000	\$2,281.00	\$2,548.00	\$2,281.00	\$2,548.00	\$2,281.00	\$2,548.00	\$2,281.00	\$2,548.00	\$2,281.00	\$2,548.00	\$2,281.00	\$2,548.00	\$2,281.00	\$2,548.00	\$2,281.00	\$2,548.00	\$2,281.00	\$2,548.00
	\$120,000	\$3,327.00	\$3,716.00	\$3,327.00	\$3,716.00	\$3,327.00	\$3,716.00	\$3,327.00	\$3,716.00	\$3,327.00	\$3,716.00	\$3,327.00	\$3,716.00	\$3,327.00	\$3,716.00	\$3,327.00	\$3,716.00	\$3,327.00	\$3,716.00
	\$160,000	\$4,373.00	\$4,884.00	\$4,373.00	\$4,884.00	\$4,373.00	\$4,884.00	\$4,373.00	\$4,884.00	\$4,373.00	\$4,884.00	\$4,373.00	\$4,884.00	\$4,373.00	\$4,884.00	\$4,373.00	\$4,884.00	\$4,373.00	\$4,884.00

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	17	%
	Other (specify)				
	See GR pages 4-6				%
	Maximum Credit Allowed		No max		%

EARTHQUAKE INSURANCE

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

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

WHAT IS YOUR PERCENTAGE DEDUCTIBLE? thru %

WHAT IS YOUR PRICE PER \$1,000 OF COVERAGE?

Zone	Brick	Frame
Highest Risk	\$ 1.80	\$ 1.28
Lowest Risk	\$ 0.72	\$ 0.40

**SHELTER GENERAL 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 ²		0.832		0.334		0.885
Annual Change		1.8%		0.8%		1.8%
Selected Factor to Trend Fixed Costs						2.5%

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

**Shelter General 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 General 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	1.0000
September 30, 2008	1.0000
September 30, 2009	1.0000
September 30, 2010	1.0000
September 30, 2011	1.0000

Rate Change History (Percent Changes)

<u>Effective Date</u>	<u>% Changes</u>
December 4, 2003	18.0 %
January 0, 1900	

SHELTER GENERAL 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 General Insurance Company

Arkansas

Fire

Calculation of Investment Income Credit on Policyholder Funds

A. Unearned Premium Reserve		
(1) Direct Earned Premium for Calendar Year 2010	\$	839,059
(2) Mean Unearned Premium Reserve: (1.) x 0.418	\$	350,726
(3) Deductions for Prepaid Expenses:		
a. Brokerage and Commission	13.5%	
b. 50% of Other Acquisition Expense	2.2%	
c. 50% of General Expense	4.2%	
d. Taxes, Licenses and Fees	2.9%	
e. Total		22.8%
(4) Net Unearned Premium Subject to Investment: (2.) x (1 - (3.))	\$	270,760
B. Loss Reserves		
1. Direct Earned Premium for Calendar Year 2010	\$	839,059
2. Expected Incurred Loss and Loss Adjustment: (1.) x 0.709	\$	594,893
3. Expected Mean Loss Reserve: (2.) x 0.366	\$	217,731
C. Net Subject to Investment: A.4 + B.3	\$	488,491
D. Average Rate of Return		0.0591
E. Investment Earnings on Net Subject to Investment: C x D	\$	28,870
F. Average Rate of Return as a Percent of Direct Premium Earned: E / A.1		3.4%
G. Average Rate of Return as a Percent of Direct Premium Earned After Federal Income Tax: F x 0.744		2.5%

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. Due to the low premium volume for this coverage in Arkansas, Companywide data is shown below.

1. Direct Earned Premium for Calendar Year 2010	\$ 4,416,848
2. Unearned Premium Reserve as of 12/31/2009	\$ 1,963,715
3. Unearned Premium Reserve as of 12/31/2010	\$ 1,728,834
4. Mean Unearned Premium Reserve: ((2.) + (3.)) / 2	\$ 1,846,274
5. Mean Unearned Premium Ratio: (4.) / (1.)	0.418

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. Companywide data is shown below.

1. Incurred Losses for Calendar Year 2009	\$ 2,665,209
2. Incurred Losses for Calendar Year 2010	\$ 2,070,398
3. Loss Reserves as of 12/31/2008	\$ 1,103,739
4. Loss Reserves as of 12/31/2009	\$ 882,561
5. Loss Reserves as of 12/31/2010	\$ 603,739
6. Mean Loss Reserve 2009	\$ 993,150
7. Mean Loss Reserve 2010	\$ 743,150
8. 2009 Ratio: (6.) / (1.)	0.373
9. 2010 Ratio: (7.) / (2.)	0.359
10. Mean Ratio: ((8.) + (9.)) / 2	0.366

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 General Insurance Company

Arkansas

Fire

Calculation of Expected Loss Ratio

Commission and Brokerage (a)	13.5%
Other Acquisition Expense (a)	4.4%
General Expense (a)	8.3%
Arkansas Taxes, Licenses and Fees (b)	2.9%
Profit and Contingencies (c)	6.9%
Sub-total	36.0%
Available for Losses and Loss Adjustment Expense	64.0%

(a) From attached Companywide Expense Ratios

(b) 2010 Premium Tax ratio in Arkansas

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

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

Severity Trends - Shelter General Insurance Companywide						
Fiscal Acc Year	Ultimate Loss and LAE	Ultimate Claims	Ultimate Severity	Curve of Best Fit		
				12 Point	6 Point	
12/2008	3,084,829	202	15,271	15,003		
3/2009	2,993,139	187	16,006	14,030		
6/2009	3,058,272	203	15,065	13,121		
9/2009	2,439,515	198	12,321	12,271		
12/2009	1,967,488	194	10,142	11,475		
3/2010	1,635,252	199	8,217	10,732		
6/2010	1,630,240	180	9,057	10,036		9,406
9/2010	1,798,891	194	9,273	9,386		9,087
12/2010	1,874,182	208	9,010	8,777		8,779
3/2011	1,802,749	204	8,837	8,209		8,482
6/2011	1,494,035	192	7,781	7,677		8,194
9/2011	1,182,267	149	7,935	7,179		7,916
Annual Percentage Change				-23.51%		-12.89%
r^2				0.810		0.752

Frequency Trends - Shelter General Companywide						
Fiscal Acc Year	Ultimate Claims	Earned Exposures	Frequency X 100	Curve of Best Fit		
				12 Point	6 Point	
12/2008	202	19,938	1.01	0.95		
3/2009	187	19,970	0.94	0.97		
6/2009	203	20,036	1.01	0.99		
9/2009	198	20,018	0.99	1.01		
12/2009	194	19,745	0.98	1.03		
3/2010	199	19,201	1.04	1.05		
6/2010	180	18,388	0.98	1.08		0.95
9/2010	194	17,504	1.11	1.10		0.97
12/2010	208	16,693	1.25	1.12		0.99
3/2011	204	15,954	1.28	1.14		1.01
6/2011	192	15,297	1.26	1.17		1.03
9/2011	149	14,699	1.01	1.19		1.05
Annual Percentage Change				8.18%		8.25%
r^2				0.438		0.063

Severity Trends - Shelter General Arkansas						
Fiscal Acc Year	Ultimate Loss and LAE	Ultimate Claims	Ultimate Severity	Curve of Best Fit		
				12 Point	6 Point	
12/2008	804,732	62	12,980	18,280		
3/2009	851,862	56	15,212	16,513		
6/2009	858,613	55	15,611	14,917		
9/2009	713,919	44	16,225	13,475		
12/2009	489,674	35	13,991	12,172		
3/2010	426,537	39	10,937	10,996		
6/2010	389,698	37	10,532	9,933		12,609
9/2010	546,036	42	13,001	8,972		10,394
12/2010	483,183	57	8,477	8,105		8,569
3/2011	460,007	64	7,188	7,322		7,064
6/2011	379,344	65	5,836	6,614		5,823
9/2011	195,820	43	4,554	5,974		4,800
Annual Percentage Change				-33.42%		-53.82%
r^2				0.782		0.884

Frequency Trends - Shelter General Arkansas						
Fiscal Acc Year	Ultimate Claims	Earned Exposures	Frequency X 100	Curve of Best Fit		
				12 Point	6 Point	
12/2008	62	3,826	1.62	1.19		
3/2009	56	3,860	1.45	1.23		
6/2009	55	3,871	1.42	1.27		
9/2009	44	3,845	1.14	1.31		
12/2009	35	3,763	0.93	1.35		
3/2010	39	3,643	1.07	1.39		
6/2010	37	3,484	1.06	1.44		1.24
9/2010	42	3,318	1.27	1.49		1.38
12/2010	57	3,171	1.80	1.53		1.53
3/2011	64	3,034	2.11	1.58		1.69
6/2011	65	2,924	2.22	1.63		1.88
9/2011	43	2,835	1.52	1.69		2.08
Annual Percentage Change				13.42%		50.72%
r^2				0.173		0.447

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 General 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):	2.5%	(VI)
Underwriting Profit Provision (% of earned premium, after federal income tax):	5.1%	(VII)=(V)-(VI)
Expected Federal Income Tax Rate:	25.6%	(VIII)
Underwriting Profit Provision (% of earned premium, before federal income tax):	6.9%	(IX)=(VII)/[1-(VIII)]

Shelter General Insurance Company

Companywide

Fire

Development of Expense Ratios

Note: 000 s omitted.	2008	2009	2010	Total
1.) Direct Commission and Brokerage	\$ 807	\$ 653	\$ 507	\$ 1,967
2.) Direct Written Premium	5,416	4,922	4,182	14,520
Ratio: 1 / 2	14.9%	13.3%	12.1%	13.5%
3.) Other Acquisition Expense	\$ 255	\$ 216	\$ 171	\$ 642
4.) Direct Written Premium	5,416	4,922	4,182	14,520
Ratio: 3 / 4	4.7%	4.4%	4.1%	4.4%
5.) General Expense	\$ 431	\$ 413	\$ 354	\$ 1,198
6.) Direct Written Premium	5,416	4,922	4,182	14,520
Ratio: 5 / 6	8.0%	8.4%	8.5%	8.3%
7.) Taxes, Licenses and Fees	\$ 123	\$ 109	\$ 108	\$ 340
8.) Direct Written Premium	5,416	4,922	4,182	14,520
Ratio: 7 / 8	2.3%	2.2%	2.6%	2.3%
9.) Direct Loss Adjustment Expense	\$ 300	\$ 260	\$ 264	\$ 824
10.) Direct Losses Incurred	3,584	2,665	2,070	8,319
Ratio: 9 / 10	8.4%	9.8%	12.8%	9.9%

Source: Insurance Expense Exhibit.

**Shelter General 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	1,660,352	1,812,829	1,812,829	1,812,829	1,812,829	1,812,829	1,812,829	1,812,829	1,812,829	1,812,829
9/30/2003	1,358,864	1,553,790	2,129,842	2,119,168	2,119,027	2,119,476	2,119,102	2,118,986	2,118,731	
9/30/2004	1,417,379	1,647,757	1,651,715	1,654,084	1,654,084	1,655,263	1,655,263	1,655,263		
9/30/2005	1,118,321	1,561,066	1,564,652	1,577,282	1,577,357	1,578,257	1,578,257			
9/30/2006	1,819,677	2,015,567	2,019,540	2,016,785	2,015,143	2,012,041				
9/30/2007	1,811,506	2,141,257	2,151,246	2,151,080	2,149,484					
9/30/2008	2,265,897	2,690,111	2,804,415	2,804,415						
9/30/2009	2,315,010	2,436,589	2,436,589							
9/30/2010	1,708,387	1,768,830								
9/30/2011	1,102,107									

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	236,106	244,944	244,944	244,944	244,944	244,944	244,944	244,944	244,944	244,944
9/30/2003	296,438	361,976	361,976	361,976	361,976	361,976	361,976	361,976	361,976	361,976
9/30/2004	307,280	351,628	351,483	351,583	351,583	351,583	351,583	351,583	351,583	351,583
9/30/2005	237,256	323,435	324,738	327,254	327,329	328,229	328,229	328,229		
9/30/2006	190,864	192,822	192,822	192,822	192,822	192,822				
9/30/2007	641,774	684,761	684,761	684,761	684,761	684,761				
9/30/2008	475,305	563,030	563,030	563,030						
9/30/2009	690,606	717,506	717,506							
9/30/2010	523,914	525,499								
9/30/2011	198,822									

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	1,838,321	1,812,829	1,812,829	1,812,829	1,812,829	1,812,829	1,812,829	1,812,829	1,812,829	1,812,829
9/30/2003	1,547,114	1,578,790	2,129,842	2,119,168	2,119,027	2,119,476	2,119,102	2,118,986	2,118,731	
9/30/2004	1,600,479	1,647,757	1,651,715	1,654,084	1,654,084	1,655,263	1,655,263	1,655,263		
9/30/2005	1,422,094	1,561,066	1,564,652	1,577,282	1,577,357	1,578,257	1,578,257			
9/30/2006	2,086,182	2,015,567	2,019,540	2,016,785	2,015,143	2,012,041				
9/30/2007	2,030,492	2,151,258	2,151,246	2,151,080	2,149,484					
9/30/2008	2,662,161	2,804,090	2,804,415	2,804,415						
9/30/2009	2,519,951	2,436,589	2,436,589							
9/30/2010	1,839,337	1,794,580								
9/30/2011	1,177,903									

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	236,106	244,944	244,944	244,944	244,944	244,944	244,944	244,944	244,944	244,944
9/30/2003	333,438	361,976	361,976	361,976	361,976	361,976	361,976	361,976	361,976	361,976
9/30/2004	349,665	351,628	351,483	351,583	351,583	351,583	351,583	351,583	351,583	351,583
9/30/2005	309,908	323,435	324,738	327,254	327,329	328,229	328,229	328,229		
9/30/2006	195,864	192,822	192,822	192,822	192,822	192,822				
9/30/2007	703,074	684,761	684,761	684,761	684,761	684,761				
9/30/2008	591,705	563,030	563,030	563,030						
9/30/2009	737,106	717,506	717,506							
9/30/2010	549,964	550,999								
9/30/2011	200,622									

Companywide Claims with Payment

Fiscal Year-End	Valuation Period (In Months)									
	@12	@24	@36	@48	@60	@72	@84	@96	@108	@120
9/30/2002	187	197	197	197	197	197	197	197	197	197
9/30/2003	150	154	154	155	155	155	155	155	157	
9/30/2004	136	139	139	139	139	139	139	139		
9/30/2005	144	154	154	154	154	155	155			
9/30/2006	142	148	150	150	150	151				
9/30/2007	140	144	144	144	145					
9/30/2008	178	191	191	191						
9/30/2009	182	197	197							
9/30/2010	180	192								
9/30/2011	139									

Arkansas Claims with Payment

Fiscal Year-End	Valuation Period (In Months)									
	@12	@24	@36	@48	@60	@72	@84	@96	@108	@120
9/30/2002	41	45	45	45	45	45	45	45	45	45
9/30/2003	30	31	31	31	31	31	31	31	31	31
9/30/2004	30	31	31	31	31	31	31	31		
9/30/2005	28	28	28	28	28	29	29	29		
9/30/2006	25	25	25	25	25	25				
9/30/2007	29	29	29	29	29					
9/30/2008	44	49	49	49						
9/30/2009	43	44	44							
9/30/2010	40	42								
9/30/2011	26									

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	1,812,829	1.0000	1,812,829	1,812,829	1.0000	1,812,829	1,812,829
9/30/2003	2,118,731	1.0000	2,118,731	2,118,731	1.0000	2,118,731	2,118,731
9/30/2004	1,655,263	1.0001	1,655,428	1,655,263	1.0001	1,655,428	1,655,428
9/30/2005	1,578,257	1.0002	1,578,573	1,578,257	1.0002	1,578,573	1,578,573
9/30/2006	2,012,041	1.0003	2,012,645	2,012,041	1.0004	2,012,846	2,012,645
9/30/2007	2,149,484	1.0005	2,150,559	2,149,484	1.0007	2,150,989	2,150,559
9/30/2008	2,804,415	1.0007	2,806,379	2,804,415	1.0012	2,807,782	2,806,379
9/30/2009	2,436,589	1.0012	2,439,515	2,436,589	1.0026	2,442,930	2,439,515
9/30/2010	1,794,580	1.0024	1,798,891	1,768,830	1.0111	1,788,507	1,798,891
9/30/2011	1,177,903	1.0037	1,182,267	1,102,107	1.1122	1,225,804	1,182,267
5-yr Total			10,377,610			10,416,012	10,377,611
10-yr Total			19,555,816			19,594,419	19,555,817

Total	
Estimated Incurred Claim Count (9)	Selected Incurred Loss/ALAE (10)
197	1,812,829
157	2,118,731
139	1,655,428
155	1,578,573
151	2,012,645
145	2,150,989
192	2,806,379
198	2,439,515
194	1,798,891
149	1,182,267
877	10,377,611
	19,555,817

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	244,944	1.0000	244,944	244,944	1.0000	244,944	244,944
9/30/2003	361,976	1.0000	361,976	361,976	1.0000	361,976	361,976
9/30/2004	351,583	1.0001	351,618	351,583	1.0001	351,618	351,618
9/30/2005	328,229	1.0002	328,295	328,229	1.0002	328,295	328,295
9/30/2006	192,822	1.0003	192,880	192,822	1.0004	192,899	192,880
9/30/2007	684,761	1.0005	685,103	684,761	1.0007	685,240	685,103
9/30/2008	563,030	1.0007	563,424	563,030	1.0012	563,706	563,424
9/30/2009	717,506	1.0012	718,368	717,506	1.0026	719,373	718,368
9/30/2010	550,999	1.0024	552,322	525,499	1.0111	531,345	552,322
9/30/2011	200,622	1.0037	201,365	198,822	1.1122	221,137	201,365
5-yr Total			2,720,583			2,720,582	2,720,582
10-yr Total			4,200,296			4,200,534	4,200,295

Total	
Estimated Incurred Claim Count (9)	Selected Incurred Loss/ALAE (10)
45	244,944
31	361,976
31	351,618
29	328,295
25	192,880
29	685,103
49	563,424
44	718,368
42	552,322
43	201,365
208	2,720,582
	4,200,295

Shelter General 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	\$816,419	\$839,951	\$819,306	\$678,442	\$565,986
2. Current Rate Level Factor	1.0000	1.0000	1.0000	1.0000	1.0000
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)]	\$946,860	\$950,392	\$904,422	\$730,657	\$594,679
5. Incurred Loss and Allocated Loss Adjustment Expense	\$685,103	\$563,424	\$718,368	\$552,322	\$201,365
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)]	\$941,717	\$744,658	\$913,003	\$674,972	\$236,610
9. Formula Loss Ratio [(8) / (4)]	99.5%	78.4%	100.9%	92.4%	39.8%
10. Experience Year Weight	10%	15%	20%	25%	30%
11. Weighted Formula Loss Ratio [sum the products of (9) & (10)]			76.9%		
12. Credibility - Based on 20,000 Exposures			65.0%		
13. Expected Loss Ratio			64.0%		
14. Trended Expected Loss Ratio [(13) X (18) ^ 1]			65.6%		
15. Credibility Weighted Formula Loss Ratio [(11) X (12) + (Mutual Credibility) X (1 - (12))]			76.5%		
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			12.7%		
18. Factor to Trend Fixed Costs			1.025		
19. Trended Fixed Costs [(17) X (18) ^ 1]			13.0%		
20. Indicated Rate Level Change with Provision for Fixed and Variable Expenses [(15) + (19)] / [1.000 - (16)] - 1.000			16.7%		

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 (12/04/2003) to one year past the expected effective date (04/01/2012), limited to one year.

Shelter General 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	1.0000
September 30, 2008	1.0000
September 30, 2009	1.0000
September 30, 2010	1.0000
September 30, 2011	1.0000

Rate Change History (Percent Changes)

<u>Effective Date</u>	<u>% Changes</u>
December 4, 2003	2.9 %

SHELTER GENERAL 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 General 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	\$	585,372
(2) Mean Unearned Premium Reserve: (1.) x 0.429	\$	251,125
(3) Deductions for Prepaid Expenses:		
a. Brokerage and Commission	13.6%	
b. 50% of Other Acquisition Expense	2.2%	
c. 50% of General Expense	4.2%	
d. Taxes, Licenses and Fees	2.9%	
e. Total		22.9%
(4) Net Unearned Premium Subject to Investment: (2.) x (1 - (3.))	\$	193,617
B. Loss Reserves		
1. Direct Earned Premium for Calendar Year 2010	\$	585,372
2. Expected Incurred Loss and Loss Adjustment: (1.) x 0.708	\$	414,443
3. Expected Mean Loss Reserve: (2.) x 0.184	\$	76,258
C. Net Subject to Investment: A.4 + B.3	\$	269,875
D. Average Rate of Return		0.0591
E. Investment Earnings on Net Subject to Investment: C x D	\$	15,950
F. Average Rate of Return as a Percent of Direct Premium Earned: E / A.1		2.7%
G. Average Rate of Return as a Percent of Direct Premium Earned After Federal Income Tax: F x 0.744		2.0%

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. Due to the low premium volume for this coverage in Arkansas, Companywide data is shown below.

1. Direct Earned Premium for Calendar Year 2010	\$	3,142,477
2. Unearned Premium Reserve as of 12/31/2009	\$	1,418,814
3. Unearned Premium Reserve as of 12/31/2010	\$	1,274,477
4. Mean Unearned Premium Reserve: ((2.) + (3.)) / 2	\$	1,346,645
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. Companywide data is shown below.

1. Incurred Losses for Calendar Year 2009	\$	3,660,845
2. Incurred Losses for Calendar Year 2010	\$	1,980,630
3. Loss Reserves as of 12/31/2008	\$	528,980
4. Loss Reserves as of 12/31/2009	\$	481,769
5. Loss Reserves as of 12/31/2010	\$	423,699
6. Mean Loss Reserve 2009	\$	505,375
7. Mean Loss Reserve 2010	\$	452,734
8. 2009 Ratio: (6.) / (1.)		0.138
9. 2010 Ratio: (7.) / (2.)		0.229
10. Mean Ratio: ((8.) + (9.)) / 2		0.184

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 General Insurance Company

Arkansas

Allied Lines

<u>Calculation of Expected Loss Ratio</u>	
Commission and Brokerage (a)	13.6%
Other Acquisition Expense (a)	4.4%
General Expense (a)	8.3%
Arkansas Taxes, Licenses and Fees (b)	2.9%
Profit and Contingencies (c)	7.5%
Sub-total	36.7%
Available for Losses and Loss Adjustment Expense	63.3%

(a) From attached Companywide Expense Ratios
(b) 2010 Premium Tax ratio in Arkansas
(c) From attached Determination of Underwriting Profit & Contingencies Provision

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

Severity Trends - Shelter General 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	157,755	227	695	631		
3/2009	132,596	217	611	659		
6/2009	114,173	212	539	687		
9/2009	127,627	225	567	717		
12/2009	154,555	232	666	748		
3/2010	167,565	219	765	780		
6/2010	271,175	234	1,159	814	1,419	
9/2010	264,885	213	1,244	849	1,233	
12/2010	242,974	188	1,292	886	1,071	
3/2011	238,855	191	1,251	924	930	
6/2011	120,916	179	676	964	808	
9/2011	107,364	171	628	1,005	702	
Annual Percentage Change				18.37%	-43.07%	
r^2				0.204	0.625	

Frequency Trends - Shelter General Companywide						
Fiscal Acc Year	Ultimate Non-Wind Claims	Earned Exposures	Frequency X 100	Curve of Best Fit		
				12 Point	6 Point	
12/2008	227	19,938	1.14	1.11		
3/2009	217	19,970	1.09	1.12		
6/2009	212	20,036	1.06	1.13		
9/2009	225	20,018	1.12	1.14		
12/2009	232	19,745	1.18	1.14		
3/2010	219	19,201	1.14	1.15		
6/2010	234	18,388	1.27	1.16	1.11	
9/2010	213	17,504	1.22	1.17	1.12	
12/2010	188	16,693	1.13	1.18	1.13	
3/2011	191	15,954	1.20	1.18	1.14	
6/2011	179	15,297	1.17	1.19	1.14	
9/2011	171	14,699	1.16	1.20	1.15	
Annual Percentage Change				2.56%	2.68%	
r^2				0.250	0.450	

Severity Trends - Shelter General 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	22,336	43	519	511		
3/2009	17,137	48	357	541		
6/2009	21,167	45	470	573		
9/2009	26,515	52	510	607		
12/2009	24,111	45	536	643		
3/2010	29,697	41	724	682		
6/2010	58,062	45	1,290	722	1,930	
9/2010	59,967	36	1,666	765	1,465	
12/2010	57,419	40	1,435	811	1,112	
3/2011	48,623	37	1,314	859	844	
6/2011	23,151	42	551	910	641	
9/2011	15,168	41	370	964	486	
Annual Percentage Change				26.01%	-66.83%	
r^2				0.142	0.712	

Frequency Trends - Shelter General Arkansas						
Fiscal Acc Year	Ultimate Non-Wind Claims	Earned Exposures	Frequency X 100	Curve of Best Fit		
				12 Point	6 Point	
12/2008	43	3,826	1.12	1.15		
3/2009	48	3,860	1.24	1.16		
6/2009	45	3,871	1.16	1.18		
9/2009	52	3,845	1.35	1.20		
12/2009	45	3,763	1.20	1.21		
3/2010	41	3,643	1.13	1.23		
6/2010	45	3,484	1.29	1.25	1.16	
9/2010	36	3,318	1.08	1.27	1.21	
12/2010	40	3,171	1.26	1.28	1.26	
3/2011	37	3,034	1.22	1.30	1.31	
6/2011	42	2,924	1.44	1.32	1.36	
9/2011	41	2,835	1.45	1.34	1.42	
Annual Percentage Change				5.51%	17.36%	
r^2				0.282	0.470	

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 General Insurance Company
Arkansas
Allied Lines
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):	2.0%	(VI)
Underwriting Profit Provision (% of earned premium, after federal income tax):	5.6%	(VII)=(V)-(VI)
Expected Federal Income Tax Rate:	25.6%	(VIII)
Underwriting Profit Provision (% of earned premium, before federal income tax):	7.5%	(IX)=(VII)/[1-(VIII)]

Shelter General Insurance Company

Companywide

Allied Lines

Development of Expense Ratios

Note: 000 s omitted.	2008	2009	2010	Total
1.) Direct Commission and Brokerage	\$ 551	\$ 462	\$ 365	\$ 1,378
2.) Direct Written Premium	3,660	3,448	2,998	10,106
Ratio: 1 / 2	15.1%	13.4%	12.2%	13.6%
3.) Other Acquisition Expense	\$ 172	\$ 151	\$ 123	\$ 446
4.) Direct Written Premium	3,660	3,448	2,998	10,106
Ratio: 3 / 4	4.7%	4.4%	4.1%	4.4%
5.) General Expense	\$ 291	\$ 290	\$ 254	\$ 835
6.) Direct Written Premium	3,660	3,448	2,998	10,106
Ratio: 5 / 6	8.0%	8.4%	8.5%	8.3%
7.) Taxes, Licenses and Fees	\$ 82	\$ 74	\$ 80	\$ 236
8.) Direct Written Premium	3,660	3,448	2,998	10,106
Ratio: 7 / 8	2.2%	2.1%	2.7%	2.3%
9.) Direct Loss Adjustment Expense	\$ 381	\$ 328	\$ 194	\$ 903
10.) Direct Losses Incurred	4,479	3,661	1,981	10,121
Ratio: 9 / 10	8.5%	9.0%	9.8%	8.9%

Source: Insurance Expense Exhibit.

**Shelter General 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	687,817	702,053	703,090	703,090	703,090	703,090	703,090	703,090	703,090	703,090
9/30/2003	1,451,131	1,526,069	1,543,618	1,544,138	1,556,262	1,561,269	1,561,269	1,561,269	1,561,269	1,561,269
9/30/2004	387,678	431,303	432,986	432,986	432,986	432,986	432,986	432,986	432,986	432,986
9/30/2005	698,632	2,731,123	2,735,545	2,736,625	2,736,625	2,735,758	2,735,186			
9/30/2006	1,444,770	1,533,043	1,540,209	1,547,956	1,554,503	1,554,671				
9/30/2007	514,260	561,857	577,563	577,697	577,697					
9/30/2008	2,666,569	3,136,471	3,159,815	3,159,977						
9/30/2009	2,350,563	2,608,322	2,612,923							
9/30/2010	1,246,750	1,434,211								
9/30/2011	1,941,787									

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	146,490	140,071	140,783	140,783	140,783	140,783	140,783	140,783	140,783	140,783
9/30/2003	64,770	66,270	66,270	66,270	66,270	66,270	66,270	66,270	66,270	66,270
9/30/2004	37,725	44,241	44,241	44,241	44,241	44,241	44,241	44,241	44,241	44,241
9/30/2005	51,001	62,866	62,866	62,866	62,866	62,866	62,866	62,866	62,866	62,866
9/30/2006	343,108	352,532	352,532	352,532	352,532	352,532	352,532	352,532	352,532	352,532
9/30/2007	48,198	48,198	49,551	49,551	49,551					
9/30/2008	1,275,151	1,351,841	1,367,010	1,367,172						
9/30/2009	497,952	519,669	519,669							
9/30/2010	207,755	224,622								
9/30/2011	417,076									

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	763,774	707,053	703,090	703,090	703,090	703,090	703,090	703,090	703,090	703,090
9/30/2003	1,526,449	1,533,569	1,552,623	1,553,143	1,565,267	1,561,269	1,561,269	1,561,269	1,561,269	1,561,269
9/30/2004	446,072	431,303	432,986	432,986	432,986	432,986	432,986	432,986	432,986	432,986
9/30/2005	2,531,517	2,748,514	2,735,545	2,736,625	2,736,625	2,735,758	2,735,186			
9/30/2006	1,570,901	1,533,043	1,590,209	1,597,956	1,604,503	1,554,671				
9/30/2007	608,088	562,914	577,563	577,697	577,697					
9/30/2008	3,295,468	3,148,804	3,159,815	3,159,977						
9/30/2009	2,582,060	2,634,072	2,613,423							
9/30/2010	1,377,409	1,465,211								
9/30/2011	2,092,011									

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	151,490	145,071	140,783	140,783	140,783	140,783	140,783	140,783	140,783	140,783
9/30/2003	64,770	66,270	66,270	66,270	66,270	66,270	66,270	66,270	66,270	66,270
9/30/2004	44,593	44,241	44,241	44,241	44,241	44,241	44,241	44,241	44,241	44,241
9/30/2005	67,801	62,866	62,866	62,866	62,866	62,866	62,866	62,866	62,866	62,866
9/30/2006	353,875	352,532	352,532	352,532	352,532	352,532	352,532	352,532	352,532	352,532
9/30/2007	63,198	48,198	49,551	49,551	49,551					
9/30/2008	1,401,458	1,351,841	1,367,010	1,367,172						
9/30/2009	534,052	519,669	519,669							
9/30/2010	225,105	239,622								
9/30/2011	453,308									

Companywide Claims with Payment

Fiscal Year-End	Valuation Period (In Months)									
	@12	@24	@36	@48	@60	@72	@84	@96	@108	@120
9/30/2002	462	483	484	484	484	484	484	484	484	484
9/30/2003	622	651	653	653	653	653	653	653	653	653
9/30/2004	318	341	343	343	343	343	343	343	343	343
9/30/2005	753	904	908	909	909	909	910			
9/30/2006	671	721	723	723	723	723				
9/30/2007	439	461	469	470	470					
9/30/2008	1,300	1,398	1,401	1,402						
9/30/2009	1,089	1,190	1,196							
9/30/2010	774	844								
9/30/2011	998									

Arkansas Claims with Payment

Fiscal Year-End	Valuation Period (In Months)									
	@12	@24	@36	@48	@60	@72	@84	@96	@108	@120
9/30/2002	101	102	103	103	103	103	103	103	103	103
9/30/2003	71	72	72	72	72	72	72	72	72	72
9/30/2004	55	60	61	61	61	61	61	61	61	61
9/30/2005	60	61	61	61	61	61	61	61	61	61
9/30/2006	137	140	140	140	140	140	140	140	140	140
9/30/2007	66	68	69	69	69	69				
9/30/2008	438	447	447	447						
9/30/2009	222	229	229							
9/30/2010	116	126								
9/30/2011	259									

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)	Selected Incurred Loss/ALAE (9)	Estimated Incurred Claim Count (10)	Selected Incurred Loss/ALAE (11) = (8) + (9)		
9/30/2002	217,379	1.0000	217,379	217,379	1.0000	217,379	485,710	484	703,089	484	703,089	
9/30/2003	136,704	1.0000	136,704	136,704	1.0000	136,704	1,424,565	653	1,561,269	653	1,561,269	
9/30/2004	85,424	1.0000	85,424	85,424	1.0000	85,424	347,561	343	432,985	343	432,985	
9/30/2005	200,336	1.0000	200,336	200,336	1.0000	200,336	2,534,850	910	2,735,186	910	2,735,186	
9/30/2006	134,796	1.0001	134,810	134,796	1.0003	134,837	1,419,875	723	1,554,685	723	1,554,685	
9/30/2007	101,115	1.0003	101,145	101,115	1.0007	101,186	476,582	470	577,727	470	577,727	
9/30/2008	132,519	1.0008	132,626	132,519	1.0012	132,679	3,027,760	1,402	3,160,386	1,402	3,160,386	
9/30/2009	127,398	1.0018	127,627	127,398	1.0020	127,653	2,487,517	1,197	2,615,144	1,197	2,615,144	
9/30/2010	264,065	1.0031	264,885	244,065	1.0030	244,798	2,648,885	849	1,469,156	849	1,469,156	
9/30/2011	107,032	1.0031	107,364	85,532	1.1835	101,230	2,089,651	1,098	2,197,015	1,098	2,197,015	
5-yr Total			733,646			707,546	733,647	9,285,781	5,016	10,019,428	5,016	10,019,428
10-yr Total			1,508,299			1,482,225	1,508,300	15,498,342		17,006,642		17,006,642

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)	Selected Incurred Loss/ALAE (9)	Estimated Incurred Claim Count (10)	Selected Incurred Loss/ALAE (11) = (8) + (9)
9/30/2002	18,151	1.0000	18,151	18,151	1.0000	18,151	18,151	18,151	103	140,783
9/30/2003	5,968	1.0000	5,968	5,968	1.0000	5,968	5,968	5,968	72	66,270
9/30/2004	10,563	1.0000	10,563	10,563	1.0000	10,563	10,563	10,563	61	44,241
9/30/2005	18,451	1.0000	18,451	18,451	1.0000	18,451	18,451	18,451	61	62,866
9/30/2006	24,890	1.0001	24,893	24,890	1.0003	24,897	24,893	24,893	140	352,535
9/30/2007	10,680	1.0003	10,683	10,680	1.0007	10,687	10,683	10,683	69	49,554
9/30/2008	20,157	1.0008	20,174	20,157	1.0012	20,182	20,174	20,174	447	1,367,323
9/30/2009	26,468	1.0018	26,515	26,468	1.0020	26,521	26,515	26,515	229	520,012
9/30/2010	59,782	1.0031	59,967	44,782	1.0030	44,916	59,967	180,308	127	240,275
9/30/2011	15,121	1.0031	15,168	15,121	1.1835	17,897	15,168	467,983	285	483,151
5-yr Total			132,507			120,202	132,507	2,527,808	1,157	2,660,315
10-yr Total			210,531			198,231	210,533	3,116,478		3,327,011

Shelter General 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	\$508,455	\$518,090	\$518,687	\$437,642	\$369,450
2. Current Rate Level Factor	1.0000	1.0000	1.0000	1.0000	1.0000
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)]	\$589,692	\$586,211	\$572,572	\$471,324	\$388,180
5. Incurred Loss and Allocated Loss Adjustment Expense	\$49,554	\$1,367,323	\$520,012	\$240,275	\$483,151
6. Expected Storm Loss Loading	145,671	(872,711)	(18,513)	125,383	(129,661)
7. Adjusted Losses [(5) + (6)]	\$195,225	\$494,612	\$501,499	\$365,658	\$353,490
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)]	\$268,089	\$653,080	\$636,759	\$446,425	\$414,960
11. Formula Loss Ratio [(10) / (4)]	45.5%	111.4%	111.2%	94.7%	106.9%
12. Experience Year Weight	10%	15%	20%	25%	30%
13. Weighted Formula Loss Ratio [sum the products of (11) & (12)]			99.2%		
14. Credibility - Based on 20,000 Exposures			65.0%		
15. Expected Loss Ratio			63.3%		
16. Trended Expected Loss Ratio [(15) X (20) ^ 1]			64.9%		
17. Credibility Weighted Formula Loss Ratio [(13) X (14) + (Mutual Credibility) X (1 - (14))]			89.4%		
18. Current Provision for Variable Expenses of Commissions, Taxes and Profit			24.0%		
19. Current Provision for Fixed Expenses of General and Other Acquisition Expense			12.7%		
20. Factor to Trend Fixed Costs			1.025		
21. Trended Fixed Costs [(19) X (20) ^ 1]			13.0%		
22. Indicated Rate Level Change with Provision for Fixed and Variable Expenses [(17) + (21)] / [1.000 - (18)] - 1.000			34.7%		

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 (12/04/2003) to one year past the expected effective date (04/01/2012), limited to one year.

Shelter General 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	614,374	33,564	5.5%	6.8%	(8,330)	41,893.9	176,016	184,346	
09/30/93	09/30/1994	36,824	2,207	6.0%	6.8%	(304)	2,511.0	10,550	10,854	
09/30/94	09/30/1995	70	0	0.0%	6.8%	(5)	4.7	20	25	
09/30/95	09/30/1996	1	0	0.0%	6.8%	(0)	0.1	0	0	
09/30/96	09/30/1997	(9)	0	0.0%	6.8%	1	(0.6)	(3)	(3)	
09/30/97	09/30/1998	19,122	19,356	101.2%	62.9%	7,324	12,032.5	5,478	(1,845)	
09/30/98	09/30/1999	124,175	58,207	46.9%	46.9%	0	58,206.9	35,576	35,576	
09/30/99	09/30/2000	203,912	55,609	27.3%	27.3%	0	55,609.0	58,420	58,420	
09/30/00	09/30/2001	242,667	103,573	42.7%	42.7%	0	103,573.4	69,523	69,523	
09/30/01	09/30/2002	250,538	122,632	48.9%	48.9%	0	122,632.3	71,778	71,778	
09/30/02	09/30/2003	251,701	60,303	24.0%	24.0%	0	60,302.9	72,112	72,112	
09/30/03	09/30/2004	288,386	33,678	11.7%	11.7%	0	33,678.3	82,622	82,622	
09/30/04	09/30/2005	362,701	44,415	12.2%	12.2%	0	44,415.3	103,913	103,913	
09/30/05	09/30/2006	426,053	327,642	76.9%	62.9%	59,550	268,092.4	122,062	62,513	
09/30/06	09/30/2007	508,455	38,871	7.6%	7.6%	0	38,871.0	145,671	145,671	
09/30/07	09/30/2008	518,090	1,347,149	260.0%	62.9%	1,021,142	326,006.9	148,431	(872,711)	
09/30/08	09/30/2009	518,687	493,497	95.1%	62.9%	167,115	326,382.2	148,602	(18,513)	
09/30/09	09/30/2010	437,642	180,308	41.2%	41.2%	0	180,308.0	125,383	125,383	
09/30/10	09/30/2011	369,450	467,983	126.7%	62.9%	235,508	232,475.7	105,846	(129,661)	
Total		5,172,838				1,481,999		1,481,999	(749,832)	(228,952)

*Normal Range:

25th Percentile of (3) 6.8%

75th Percentile of (3) 62.9%

**Wind Load: Total (6) / Total (1) = 28.6%

(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 General 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	\$1,324,874	\$1,358,041	\$1,337,993	\$1,116,084	\$935,436
2. Trended Premium at Current Rates	\$1,536,552	\$1,536,603	\$1,476,994	\$1,201,981	\$982,859
3. Incurred Loss and Allocated Loss Adjustment Expense	\$734,657	\$1,930,747	\$1,238,380	\$792,597	\$684,516
4. Trended Loss and Loss Adjustment Expense	\$1,209,806	\$1,397,738	\$1,549,762	\$1,121,397	\$651,570
5. Formula Loss Ratio [(4) / (2)]	78.7%	91.0%	104.9%	93.3%	66.3%
6. Experience Year Weight	10%	15%	20%	25%	30%
7. Weighted Formula Loss Ratio [sum the products of (5) & (6)]			85.7%		
8. Credibility - Based on 20,000 Exposures			65.0%		
9. Expected Loss Ratio			63.7%		
10. Trended Expected Loss Ratio [(9) X (14) ^ 1]			65.3%		
11. Credibility Weighted Formula Loss Ratio [(7) X (8) + (Mutual Credibility) X (1 - (8))]			81.2%		
12. Current Provision for Variable Expenses of Commissions, Taxes and Profit			23.6%		
13. Current Provision for Fixed Expenses of General and Other Acquisition Expense			12.7%		
14. Factor to Trend Fixed Costs			1.025		
15. Trended Fixed Costs [(13) X (14) ^ 1]			13.0%		
16. Indicated Rate Level Change with Provision for Fixed and Variable Expenses [(11) + (15)] / [1.000 - (12)] - 1.000			<u>23.3%</u>		

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 (12/04/2003) to one year past the expected effective date (04/01/2012), limited to one year.

Dwelling Fire General Impact

