

SERFF Tracking Number: AOIC-127963378 State: Arkansas  
Filing Company: Auto-Owners Insurance Company State Tracking Number:  
Company Tracking Number: HOM-AR-01-06/13/2012-01  
TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations  
Product Name: Arkansas Homeowners  
Project Name/Number: Arkansas Homeowners Rate and Rule Filing/HOM-AR-01-06/13/2012-01

## Filing at a Glance

Company: Auto-Owners Insurance Company

Product Name: Arkansas Homeowners

TOI: 04.0 Homeowners

Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations

Filing Type: Rate/Rule

SERFF Tr Num: AOIC-127963378 State: Arkansas

SERFF Status: Closed-Filed

Co Tr Num: HOM-AR-01-06/13/2012-01

Authors: Dan Keefe, Amy Lueders, Zachary Schmid, Joel Schultz

Date Submitted: 02/23/2012

State Tr Num:

State Status: Suspended Review

Reviewer(s): Becky Harrington

Disposition Date: 03/12/2012

Disposition Status: Filed

Effective Date (New): 06/13/2012

Effective Date (Renewal): 07/19/2012

Effective Date Requested (New): 06/13/2012

Effective Date Requested (Renewal): 07/19/2012

State Filing Description:

referred to Commissioner 2/29/12

## General Information

Project Name: Arkansas Homeowners Rate and Rule Filing

Project Number: HOM-AR-01-06/13/2012-01

Reference Organization:

Reference Title:

Filing Status Changed: 03/12/2012

State Status Changed: 02/29/2012

Created By: Joel Schultz

Corresponding Filing Tracking Number:

Filing Description:

Arkansas Homeowners Rate and Rule Filing

Status of Filing in Domicile:

Domicile Status Comments:

Reference Number:

Advisory Org. Circular:

Deemer Date:

Submitted By: Joel Schultz

## Company and Contact

### Filing Contact Information

Dan Keefe, Assistant Manager

P.O. Box 30660

Lansing, MI 48909-8160

keefe.dan@aoins.com

517-886-1846 [Phone]

517-323-8796 [FAX]

SERFF Tracking Number: AOIC-127963378 State: Arkansas  
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**Filing Company Information**

Auto-Owners Insurance Company CoCode: 18988 State of Domicile: Michigan  
 P.O. Box 30660 Group Code: 280 Company Type: PC  
 Lansing, MI 48909-8160 Group Name: Auto-Owners Ins State ID Number:  
 Group  
 (800) 346-0346 ext. [Phone] FEIN Number: 38-0315280  
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**Filing Fees**

Fee Required? Yes  
 Fee Amount: \$100.00  
 Retaliatory? No  
 Fee Explanation: Auto Owners Insurance Company - \$100.00  
 Per Company: No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
Auto-Owners Insurance Company	\$100.00	02/23/2012	56579561

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## Correspondence Summary

### Dispositions

Status	Created By	Created On	Date Submitted
Filed	Becky Harrington	03/12/2012	03/12/2012

### 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	02/29/2012	02/29/2012			
Pending Industry Response	Becky Harrington	02/24/2012	02/24/2012	Joel Schultz	02/24/2012	02/28/2012

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## Disposition

Disposition Date: 03/12/2012  
 Effective Date (New): 06/13/2012  
 Effective Date (Renewal): 07/19/2012  
 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):
Auto-Owners Insurance Company	251.230%	14.700%	\$1,401,843	9,563	\$9,529,525	58.300%	-6.000%

SERFF Tracking Number: AOIC-127963378 State: Arkansas  
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 TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations  
 Product Name: Arkansas Homeowners  
 Project Name/Number: Arkansas Homeowners Rate and Rule Filing/HOM-AR-01-06/13/2012-01

Schedule	Schedule Item	Schedule Item Status	Public Access
Supporting Document	Form RF-2 Loss Costs Only (not for workers' compensation)		Yes
Supporting Document	H-1 Homeowners Abstract	Filed	Yes
Supporting Document (revised)	HPCS-Homeowners Premium Comparison Survey	Filed	Yes
Supporting Document	HPCS-Homeowners Premium Comparison Survey		Yes
Supporting Document	NAIC loss cost data entry document	Filed	Yes
Supporting Document (revised)	Actuarial Support	Filed	Yes
Supporting Document	Actuarial Support		Yes
Supporting Document	Explanatory Memorandum	Filed	Yes
Rate	Age of Insured Relativities	Filed	Yes
Rate	Claim Free Relativities	Filed	Yes
Rate	Form 3 Amount of Insurance Relativities	Filed	Yes
Rate	Form 3 Base Rates	Filed	Yes
Rate	Form 3 Protection Class Relativities	Filed	Yes
Rate	Form 3 Territory Relativities	Filed	Yes
Rate	Form 4 Amount of Insurance Relativities	Filed	Yes
Rate	Form 4 Base Rates	Filed	Yes
Rate	Form 4 Number of Family Relativities	Filed	Yes
Rate	Form 4 Protection Class Relativities	Filed	Yes
Rate	Form 4 Territory Relativities	Filed	Yes
Rate	Form 6 Amount of Insurance Relativities	Filed	Yes
Rate	Form 6 Base Rates	Filed	Yes
Rate	Form 6 Number of Family Relativities	Filed	Yes
Rate	Form 6 Protection Class Relativities	Filed	Yes
Rate	Form 6 Territory Relativities	Filed	Yes
Rate	Mortgage Free Relativities	Filed	Yes
Rate	Rating Procedure - Water Backup	Filed	Yes
Rate	Water Backup Rates - Form 6	Filed	Yes
Rate	Water Backup Relativities - Form 3	Filed	Yes
Rate	Rating Procedure - Form 3, 4, and 6	Filed	Yes
Rate	Eligibility	Filed	Yes
Rate	Construction Types	Filed	Yes
Rate	Definitions	Filed	Yes

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 Product Name: Arkansas Homeowners  
 Project Name/Number: Arkansas Homeowners Rate and Rule Filing/HOM-AR-01-06/13/2012-01

<b>Rate</b>	Coverage Form Descriptions	Filed	Yes
<b>Rate</b>	Age of Construction Discount	Filed	Yes
<b>Rate</b>	Age of Insured Discount	Filed	Yes
<b>Rate</b>	Alarm System Discounts	Filed	Yes
<b>Rate</b>	Claim Free Discount	Filed	Yes
<b>Rate</b>	Coverage A Less Than 100%	Filed	Yes
	Replacement Cost Charge		
<b>Rate</b>	Deductible Options	Filed	Yes
<b>Rate</b>	Dwelling Under Construction Surcharge	Filed	Yes
<b>Rate</b>	Gated Community Discount	Filed	Yes
<b>Rate</b>	Mortgage Free Discount	Filed	Yes
<b>Rate</b>	Multi-Policy Discounts	Filed	Yes
<b>Rate</b>	Paid Loss Surcharge	Filed	Yes
<b>Rate</b>	Protected Subdivision Discount	Filed	Yes
<b>Rate</b>	Protective Devices Discount	Filed	Yes
<b>Rate</b>	Roof Discount/Surcharge	Filed	Yes
<b>Rate</b>	Dwelling Under Construction	Filed	Yes
<b>Rate</b>	Guaranteed Home Replacement Cost Coverage	Filed	Yes
<b>Rate</b>	Homeowners Plus Endorsement	Filed	Yes
<b>Rate</b>	Condo-Owners Plus Endorsement	Filed	Yes
<b>Rate</b>	Increased Cost Endorsement	Filed	Yes
<b>Rate</b>	Water Backup of Sewers or Drains	Filed	Yes
<b>Rate</b>	Premier Plus Program	Filed	Yes
<b>Rate</b>	Premium Adjustments - Quick Reference	Filed	Yes

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TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations  
Product Name: Arkansas Homeowners  
Project Name/Number: Arkansas Homeowners Rate and Rule Filing/HOM-AR-01-06/13/2012-01

## Objection Letter

Objection Letter Status No response necessary  
Objection Letter Date 02/29/2012  
Submitted Date 02/29/2012  
Respond By Date

Dear Dan Keefe,

This will acknowledge receipt of the recent response.

All rate change requests greater than 6% are referred to the Commissioner for review. This filing may not be implemented until his review has been completed. No response is necessary at this time.

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: AOIC-127963378 State: Arkansas  
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TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations  
Product Name: Arkansas Homeowners  
Project Name/Number: Arkansas Homeowners Rate and Rule Filing/HOM-AR-01-06/13/2012-01

## Objection Letter

Objection Letter Status Pending Industry Response

Objection Letter Date 02/24/2012

Submitted Date 02/24/2012

Respond By Date

Dear Dan Keefe,

This will acknowledge receipt of the captioned filing.

### Objection 1

- HPCS-Homeowners Premium Comparison Survey (Supporting Document)

Comment:

Form HPCS must be submitted in both Excel spreadsheet and PDF format. Please submit a pdf version.

### Objection 2

- Mortgage Free Relativities, AOAQZ083 (Rate)

Comment: Explain or provide support for varying the discount by age of insured and dwelling value.

### Objection 3

- Explanatory Memorandum (Supporting Document)

Comment: Provide the number of insureds impacted by change 16, Form 3.

### Objection 4

- Actuarial Support (Supporting Document)

Comment: Please identify the changes in this filing contributing to the increases greater than 25% for the 234 insureds.

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: AOIC-127963378 State: Arkansas  
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Company Tracking Number: HOM-AR-01-06/13/2012-01  
TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations  
Product Name: Arkansas Homeowners  
Project Name/Number: Arkansas Homeowners Rate and Rule Filing/HOM-AR-01-06/13/2012-01

## Response Letter

Response Letter Status Submitted to State  
Response Letter Date 02/24/2012  
Submitted Date 02/28/2012

Dear Becky Harrington,

### Comments:

### Response 1

Comments: A pdf version of the HPCS form is now included. Please see HPCS-Homeowners Premium Comparison Survey item in Supporting Documentation.

### Related Objection 1

Applies To:

- HPCS-Homeowners Premium Comparison Survey (Supporting Document)

Comment:

Form HPCS must be submitted in both Excel spreadsheet and PDF format. Please submit a pdf version.

### Changed Items:

#### Supporting Document Schedule Item Changes

Satisfied -Name: HPCS-Homeowners Premium Comparison Survey

Comment:

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

### Response 2

Comments: The Mortgage Free relativities were developed using Generalized Linear Modeling. Please see the Mortgage Free Justification exhibit attached under the Actuarial Support Item in the Supporting Documentation Tab.

### Related Objection 1

Applies To:

- Mortgage Free Relativities, AOAQZ083 (Rate)

SERFF Tracking Number: AOIC-127963378 State: Arkansas  
Filing Company: Auto-Owners Insurance Company State Tracking Number:  
Company Tracking Number: HOM-AR-01-06/13/2012-01  
TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations  
Product Name: Arkansas Homeowners  
Project Name/Number: Arkansas Homeowners Rate and Rule Filing/HOM-AR-01-06/13/2012-01

**Comment:**

Explain or provide support for varying the discount by age of insured and dwelling value.

**Changed Items:**

**Supporting Document Schedule Item Changes**

Satisfied -Name: Actuarial Support

**Comment:**

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

**Response 3**

Comments: The change in eligibility is for new business policies only, so it will not impact any insureds.

**Related Objection 1**

Applies To:

- Explanatory Memorandum (Supporting Document)

**Comment:**

Provide the number of insureds impacted by change 16, Form 3.

**Changed Items:**

No Supporting Documents changed.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

**Response 4**

Comments: Of the 234 policies with an increase greater than 25%, 193 have at least 1 claim and 225 have a mortgage. These are the main factors contributing to the increases.

**Related Objection 1**

Applies To:

- Actuarial Support (Supporting Document)

*SERFF Tracking Number:* AOIC-127963378 *State:* Arkansas  
*Filing Company:* Auto-Owners Insurance Company *State Tracking Number:*  
*Company Tracking Number:* HOM-AR-01-06/13/2012-01  
*TOI:* 04.0 Homeowners *Sub-TOI:* 04.0000 Homeowners Sub-TOI Combinations  
*Product Name:* Arkansas Homeowners  
*Project Name/Number:* Arkansas Homeowners Rate and Rule Filing/HOM-AR-01-06/13/2012-01

**Comment:**

Please identify the changes in this filing contributing to the increases greater than 25% for the 234 insureds.

**Changed Items:**

No Supporting Documents changed.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Sincerely,

Amy Lueders, Dan Keefe, Joel Schultz, Zachary Schmid

SERFF Tracking Number: AOIC-127963378 State: Arkansas  
 Filing Company: Auto-Owners Insurance Company State Tracking Number:  
 Company Tracking Number: HOM-AR-01-06/13/2012-01  
 TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations  
 Product Name: Arkansas Homeowners  
 Project Name/Number: Arkansas Homeowners Rate and Rule Filing/HOM-AR-01-06/13/2012-01

**Rate Information**

Rate data applies to filing.

**Filing Method:** File and Use  
**Rate Change Type:** Increase  
**Overall Percentage of Last Rate Revision:** 14.700%  
**Effective Date of Last Rate Revision:** 06/13/2011  
**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):
Auto-Owners Insurance Company	251.230%	14.700%	\$1,401,843	9,563	\$9,529,525	58.300%	-6.000%

SERFF Tracking Number: AOIC-127963378 State: Arkansas  
 Filing Company: Auto-Owners Insurance Company State Tracking Number:  
 Company Tracking Number: HOM-AR-01-06/13/2012-01  
 TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations  
 Product Name: Arkansas Homeowners  
 Project Name/Number: Arkansas Homeowners Rate and Rule Filing/HOM-AR-01-06/13/2012-01

## Rate/Rule Schedule

Schedule Item Status:	Exhibit Name:	Rule # or Page #:	Rate Action	Previous State Filing Attachments Number:
Filed 03/12/2012	Age of Insured Relativities	AOAQZ067	New	AOAQZ067.pdf
Filed 03/12/2012	Claim Free Relativities	AOAQZ068	New	AOAQZ068.pdf
Filed 03/12/2012	Form 3 Amount of Insurance Relativities	AOAQZ069	Replacement	AOAQZ054, AOAQZ055, AOAQZ069.pdf
Filed 03/12/2012	Form 3 Base Rates	AOAQZ070	Replacement	AOAQZ056, AOAQZ070.pdf
Filed 03/12/2012	Form 3 Protection Class Relativities	AOAQZ071	Replacement	AOAQZ042, AOAQZ043, AOAQZ071.pdf
Filed 03/12/2012	Form 3 Territory Relativities	AOAQZ072	Replacement	AOAQZ057, AOAQZ058, AOAQZ072.pdf
Filed 03/12/2012	Form 4 Amount of Insurance Relativities	AOAQZ073	Replacement	AOAQZ059, AOAQZ060, AOAQZ073.pdf
Filed 03/12/2012	Form 4 Base Rates	AOAQZ074	Replacement	AOAQZ061, AOAQZ074.pdf
Filed 03/12/2012	Form 4 Number of Family Relativities	AOAQZ075	Replacement	AOAQZ013, AOAQZ012, AOAQZ075.pdf
Filed 03/12/2012	Form 4 Protection Class Relativities	AOAQZ076	Replacement	AOAQZ045, AOAQZ046, AOAQZ076.pdf

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 TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations  
 Product Name: Arkansas Homeowners  
 Project Name/Number: Arkansas Homeowners Rate and Rule Filing/HOM-AR-01-06/13/2012-01

Filed 03/12/2012 Form 4 Territory Relativities	AOAQZ077	Replacement	AOAQZ015, AOAQZ014	AOAQZ077.pdf
Filed 03/12/2012 Form 6 Amount of Insurance Relativities	AOAQZ078	Replacement	AOAQZ064, AOAQZ065	AOAQZ078.pdf
Filed 03/12/2012 Form 6 Base Rates	AOAQZ079	Replacement	AOAQZ066	AOAQZ079.pdf
Filed 03/12/2012 Form 6 Number of Family Relativities	AOAQZ080	Replacement	AOAQZ022, AOAQZ021	AOAQZ080.pdf
Filed 03/12/2012 Form 6 Protection Class Relativities	AOAQZ081	Replacement	AOAQZ050, AOAQZ051	AOAQZ081.pdf
Filed 03/12/2012 Form 6 Territory Relativities	AOAQZ082	Replacement	AOAQZ024, AOAQZ023	AOAQZ082.pdf
Filed 03/12/2012 Mortgage Free Relativities	AOAQZ083	New		AOAQZ083.pdf
Filed 03/12/2012 Rating Procedure - Water Backup	AOAQZ084	New		AOAQZ084.pdf
Filed 03/12/2012 Water Backup Rates - Form 6	AOAQZ085	New		AOAQZ085.pdf
Filed 03/12/2012 Water Backup Relativities - Form 3	AOAQZ086	New		AOAQZ086.pdf
Filed 03/12/2012 Rating Procedure - Form 3, 4, and 6	AOAQZ087	Replacement	AOAQZ062	AOAQZ087.pdf

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Filed 03/12/2012 Eligibility	AOUQZ356	Replacement	AOUQZ286	AOUQZ356.pdf
Filed 03/12/2012 Construction Types	AOUQZ338	Replacement	AOUQZ288	AOUQZ338.pdf
Filed 03/12/2012 Definitions	AOUQZ357	New		AOUQZ357.pdf
Filed 03/12/2012 Coverage Form Descriptions	AOUQZ361	Replacement	AOUQZ018	AOUQZ361.pdf
Filed 03/12/2012 Age of Construction Discount	AOUQZ339	Replacement	AOUQZ292	AOUQZ339.pdf
Filed 03/12/2012 Age of Insured Discount	AOUQZ341	Replacement	AOUQZ073	AOUQZ341.pdf
Filed 03/12/2012 Alarm System Discounts	AOUQZ340	Replacement	AOUQZ230	AOUQZ340.pdf
Filed 03/12/2012 Claim Free Discount	AOUQZ342	New		AOUQZ342.pdf
Filed 03/12/2012 Coverage A Less Than 100% Replacement Cost Charge	AOUQZ358	Replacement	AOUQZ231	AOUQZ358.pdf
Filed 03/12/2012 Deductible Options	AOUQZ343	Replacement	AOUQZ293, AOAQZ037	AOUQZ343.pdf
Filed 03/12/2012 Dwelling Under Construction Surcharge	AOUQZ344	Replacement	AOUQZ065	AOUQZ344.pdf

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Filed 03/12/2012 Gated Community Discount	AOUQZ359	Replacement	AOUQZ094	AOUQZ359.pdf
Filed 03/12/2012 Mortgage Free Discount	AOUQZ345	New		AOUQZ345.pdf
Filed 03/12/2012 Multi-Policy Discounts	AOUQZ346	Replacement	AOUQZ185	AOUQZ346.pdf
Filed 03/12/2012 Paid Loss Surcharge	AOUQZ347	Replacement	AOUQZ310	AOUQZ347.pdf
Filed 03/12/2012 Protected Subdivision Discount	AOUQZ348	Replacement	AOUQZ078	AOUQZ348.pdf
Filed 03/12/2012 Protective Devices Discount	AOUQZ349	Replacement	AOUQZ079	AOUQZ349.pdf
Filed 03/12/2012 Roof Discount/Surcharge	AOUQZ350	Replacement	AOUQZ296	AOUQZ350.pdf
Filed 03/12/2012 Dwelling Under Construction	AOUQZ351	Replacement	AOUQZ221	AOUQZ351.pdf
Filed 03/12/2012 Guaranteed Home Replacement Cost Coverage	AOUQZ352	Replacement	AOUQZ311	AOUQZ352.pdf
Filed 03/12/2012 Homeowners Plus Endorsement	AOUQZ353	Replacement	AOUQZ301	AOUQZ353.pdf
Filed 03/12/2012 Condo-Owners Plus Endorsement	AOUQZ360	Replacement	AOUQZ299	AOUQZ360.pdf

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Product Name: Arkansas Homeowners  
Project Name/Number: Arkansas Homeowners Rate and Rule Filing/HOM-AR-01-06/13/2012-01

Filed 03/12/2012 Increased Cost Endorsement	AOUQZ354	Replacement	AOUQZ261	AOUQZ354.pdf
Filed 03/12/2012 Water Backup of Sewers or Drains	AOUQZ355	Replacement	AOUQZ307	AOUQZ355.pdf
Filed 03/12/2012 Premier Plus Program	AOUQZ220	Withdrawn		
Filed 03/12/2012 Premium Adjustments - Quick Reference	AOUQZ316	Withdrawn		

Auto-Owners

HOMEOWNERS  
ARKANSAS  
AGE OF INSURED RELATIVITIES

Age of Insured	Relativity	Age of Insured	Relativity
≤18	1.000	47	0.931
19	1.000	48	0.931
20	1.000	49	0.931
21	1.000	50	0.892
22	1.000	51	0.892
23	1.000	52	0.892
24	1.000	53	0.892
25	1.000	54	0.892
26	1.000	55	0.794
27	1.000	56	0.794
28	1.000	57	0.792
29	1.000	58	0.785
30	1.000	59	0.778
31	1.000	60	0.775
32	1.000	61	0.775
33	1.000	62	0.775
34	1.000	63	0.775
35	0.992	64	0.775
36	0.983	65	0.742
37	0.974	66	0.737
38	0.971	67	0.733
39	0.971	68	0.729
40	0.946	69	0.725
41	0.936	70	0.696
42	0.931	71	0.696
43	0.931	72	0.696
44	0.931	73	0.696
45	0.931	74	0.696
46	0.931	≥75	0.696

Edition Date: 06/13/12

Auto-Owners

HOMEOWNERS  
ARKANSAS  
CLAIM FREE RELATIVITIES

<b>Years Claim Free</b>	<b>Relativity</b>
3 or more	0.95

Edition Date: 06/13/12

Auto-Owners

HOMEOWNERS  
ARKANSAS  
FORM 3 AND PREMIER PLUS  
AMOUNT OF INSURANCE RELATIVITIES

Cov A Amt	Relativity		Cov A Amt	Relativity		Cov A Amt	Relativity
20,000	0.620		122,000	1.207		280,000	2.654
30,000	0.633		124,000	1.226		290,000	2.746
32,000	0.636		126,000	1.244		300,000	2.838
34,000	0.639		128,000	1.263		350,000	3.358
36,000	0.641		130,000	1.282		400,000	3.898
38,000	0.644		132,000	1.301		450,000	4.442
40,000	0.647		134,000	1.320		500,000	4.992
42,000	0.649		136,000	1.338		600,000	5.996
44,000	0.652		138,000	1.357		700,000	6.974
46,000	0.655		140,000	1.376		800,000	7.954
48,000	0.657		142,000	1.395		900,000	9.087
50,000	0.660		144,000	1.414		1,000,000	10.418
52,000	0.672		146,000	1.432		1,500,000	16.766
54,000	0.685		148,000	1.451		2,000,000	23.070
56,000	0.697		150,000	1.470		2,500,000	29.436
58,000	0.710		152,000	1.487		3,000,000	35.863
60,000	0.722		154,000	1.504		3,500,000	42.350
62,000	0.734		156,000	1.522		4,000,000	48.899
64,000	0.747		158,000	1.539			
66,000	0.759		160,000	1.556		Each	
68,000	0.772		162,000	1.573		Add'l	
70,000	0.784		164,000	1.590		10,000	0.127
72,000	0.796		166,000	1.608			
74,000	0.809		168,000	1.625			
76,000	0.822		170,000	1.642			
78,000	0.837		172,000	1.659			
80,000	0.852		174,000	1.676			
82,000	0.866		176,000	1.694			
84,000	0.881		178,000	1.711			
86,000	0.896		180,000	1.728			
88,000	0.911		182,000	1.745			
90,000	0.926		184,000	1.762			
92,000	0.940		186,000	1.780			
94,000	0.955		188,000	1.797			
96,000	0.970		190,000	1.814			
98,000	0.985		192,000	1.831			
100,000	1.000		194,000	1.848			
102,000	1.019		196,000	1.866			
104,000	1.038		198,000	1.883			
106,000	1.056		200,000	1.900			
108,000	1.075		210,000	1.991			
110,000	1.094		220,000	2.082			
112,000	1.113		230,000	2.173			
114,000	1.132		240,000	2.287			
116,000	1.150		250,000	2.379			
118,000	1.169		260,000	2.470			
120,000	1.188		270,000	2.562			

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HOMEOWNERS  
ARKANSAS  
FORM 3 AND PREMIER PLUS  
BASE RATES

<b>Auto-Owners</b>	
Standard Program	1060.64
Premier Program	954.58
Premier Plus Program	897.31

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Auto-Owners

HOMEOWNERS  
ARKANSAS  
FORM 3 AND PREMIER PLUS  
PROTECTION CLASS RELATIVITIES

PROTECTION CLASS	FRAME	MASONRY	CEMENT FIBER
1	1.060	0.950	1.010
2	1.060	0.950	1.010
3	1.060	0.950	1.010
4	1.120	1.000	1.060
5	1.150	1.060	1.090
6	1.200	1.120	1.140
7	1.370	1.280	1.300
8	1.950	1.600	1.850
9	2.250	1.920	2.140
10	2.930	2.520	2.780
8B	2.140	1.820	2.030

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Auto-Owners

HOMEOWNERS  
ARKANSAS  
FORM 3 AND PREMIER PLUS  
TERRITORY RELATIVITIES

Territory	Relativity
1	0.900
2	0.920
3	1.100
4	0.980
5	1.120
6	0.970
7	1.000
8	1.120
9	1.120
10	1.010
11	1.120
12	0.970
13	1.220
14	1.120
15	1.120
16	1.350
17	1.170
18	1.250

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Auto-Owners

HOMEOWNERS  
ARKANSAS  
FORM 4  
AMOUNT OF INSURANCE RELATIVITIES

Cov C			Building Additions & Alterations	
Amt	Relativity		Amt	Relativity
4,000	0.580		Each	
6,000	0.620		Add'l	
7,000	0.660		10,000	0.346
8,000	0.700			
9,000	0.740			
10,000	0.780			
11,000	0.824			
12,000	0.868			
13,000	0.912			
14,000	0.956			
15,000	1.000			
16,000	1.034			
17,000	1.068			
18,000	1.102			
19,000	1.136			
20,000	1.170			
21,000	1.204			
22,000	1.238			
23,000	1.272			
24,000	1.306			
25,000	1.340			
30,000	1.565			
35,000	1.790			
Each				
Add'l				
10,000	0.450			

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HOMEOWNERS  
ARKANSAS  
FORM 4  
BASE RATES

<b>Auto-Owners</b>	
Standard Program	192.37
Premier Program	173.13

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Auto-Owners

HOMEOWNERS  
ARKANSAS  
FORM 4  
NUMBER OF FAMILY RELATIVITIES

Number of Families	Relativity
1	1.520
2	1.150
3	1.000
4	1.000
5+	0.950

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Auto-Owners

HOMEOWNERS  
ARKANSAS  
FORM 4  
PROTECTION CLASS RELATIVITIES

PROTECTION CLASS	FRAME	MASONRY	CEMENT FIBER
1	1.000	1.000	1.000
2	1.000	1.000	1.000
3	1.000	1.000	1.000
4	1.000	1.000	1.000
5	1.070	1.070	1.070
6	1.070	1.070	1.070
7	1.170	1.170	1.170
8	1.200	1.200	1.200
9	1.550	1.550	1.550
10	1.550	1.550	1.550
8B	1.470	1.470	1.470

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Auto-Owners

HOMEOWNERS  
ARKANSAS  
FORM 4  
TERRITORY RELATIVITIES

Territory	Relativity
1	0.980
2	0.980
3	1.000
4	1.000
5	1.000
6	0.980
7	1.000
8	1.000
9	1.000
10	1.000
11	1.000
12	0.980
13	1.000
14	1.000
15	1.000
16	1.250
17	1.050
18	1.200

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Auto-Owners

HOMEOWNERS  
ARKANSAS  
FORM 6  
AMOUNT OF INSURANCE RELATIVITIES

Cov C			Cov C			Cov C			Inc. Cov A	
Amt	Relativity		Amt	Relativity		Amt	Relativity		Amt	Relativity
4,000	0.228		50,000	0.823		140,000	2.417		Each	
6,000	0.244		52,000	0.858		142,000	2.453		Add'l	
7,000	0.260		54,000	0.894		144,000	2.488		10,000	0.154
8,000	0.276		56,000	0.929		146,000	2.524			
9,000	0.291		58,000	0.965		148,000	2.559			
10,000	0.307		60,000	1.000		150,000	2.594			
11,000	0.324		62,000	1.035		152,000	2.630			
12,000	0.342		64,000	1.071		154,000	2.665			
13,000	0.359		66,000	1.106		156,000	2.701			
14,000	0.376		68,000	1.142		158,000	2.736			
15,000	0.394		70,000	1.177		160,000	2.772			
16,000	0.407		72,000	1.213		162,000	2.807			
17,000	0.420		74,000	1.248		164,000	2.843			
18,000	0.434		76,000	1.283		166,000	2.878			
19,000	0.447		78,000	1.319		168,000	2.913			
20,000	0.461		80,000	1.354		170,000	2.949			
21,000	0.474		82,000	1.390		172,000	2.984			
22,000	0.487		84,000	1.425		174,000	3.020			
23,000	0.501		86,000	1.461		176,000	3.055			
24,000	0.514		88,000	1.496		178,000	3.091			
25,000	0.528		90,000	1.531		180,000	3.126			
26,000	0.539		92,000	1.567		182,000	3.161			
27,000	0.551		94,000	1.602		184,000	3.197			
28,000	0.563		96,000	1.638		186,000	3.232			
29,000	0.575		98,000	1.673		188,000	3.268			
30,000	0.587		100,000	1.709		190,000	3.303			
31,000	0.598		102,000	1.744		192,000	3.339			
32,000	0.610		104,000	1.780		194,000	3.374			
33,000	0.622		106,000	1.815		196,000	3.409			
34,000	0.634		108,000	1.850		198,000	3.445			
35,000	0.646		110,000	1.886		200,000	3.480			
36,000	0.657		112,000	1.921						
37,000	0.669		114,000	1.957		Each				
38,000	0.681		116,000	1.992		Add'l				
39,000	0.693		118,000	2.028		10,000	0.177			
40,000	0.705		120,000	2.063						
41,000	0.717		122,000	2.098						
42,000	0.728		124,000	2.134						
43,000	0.740		126,000	2.169						
44,000	0.752		128,000	2.205						
45,000	0.764		130,000	2.240						
46,000	0.776		132,000	2.276						
47,000	0.787		134,000	2.311						
48,000	0.799		136,000	2.346						
49,000	0.811		138,000	2.382						

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HOMEOWNERS  
ARKANSAS  
FORM 6  
BASE RATES

<b>Auto-Owners</b>	
Standard Program	430.95
Premier Program	387.86

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Auto-Owners

HOMEOWNERS  
ARKANSAS  
FORM 6  
NUMBER OF FAMILY RELATIVITIES

Number of Families	Relativity
1	1.000
2	1.000
3	1.000
4	1.000
5+	1.050

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Auto-Owners

HOMEOWNERS  
ARKANSAS  
FORM 6  
PROTECTION CLASS RELATIVITIES

PROTECTION CLASS	FRAME	MASONRY	CEMENT FIBER
1	1.000	1.000	1.000
2	1.000	1.000	1.000
3	1.000	1.000	1.000
4	1.000	1.000	1.000
5	1.070	1.070	1.070
6	1.070	1.070	1.070
7	1.170	1.170	1.170
8	1.200	1.200	1.200
9	1.550	1.550	1.550
10	1.550	1.550	1.550
8B	1.470	1.470	1.470

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Auto-Owners

HOMEOWNERS  
ARKANSAS  
FORM 6  
TERRITORY RELATIVITIES

Territory	Relativity
1	0.980
2	0.980
3	1.000
4	1.000
5	1.000
6	0.980
7	1.000
8	1.000
9	1.000
10	1.000
11	1.000
12	0.980
13	1.000
14	1.000
15	1.000
16	1.250
17	1.050
18	1.200

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Auto-Owners

HOMEOWNERS  
ARKANSAS  
FORM 3 AND PREMIER PLUS  
MORTGAGE FREE RELATIVITIES

<b>Policyholder Age</b>	<b>18-50</b>	<b>51-70</b>	<b>71-85</b>	<b>86+</b>	<b>Unknown</b>
<b>Coverage A Limit</b>					
<b>\$0-\$59,999</b>	0.930	0.930	0.930	0.930	0.930
<b>\$60,000-\$69,999</b>	0.932	0.931	0.930	0.930	0.930
<b>\$70,000-\$79,999</b>	0.934	0.933	0.930	0.930	0.930
<b>\$80,000-\$89,999</b>	0.936	0.934	0.930	0.930	0.930
<b>\$90,000-\$99,999</b>	0.938	0.935	0.930	0.930	0.930
<b>\$100,000-\$109,999</b>	0.941	0.936	0.930	0.930	0.930
<b>\$110,000-\$119,999</b>	0.943	0.937	0.930	0.930	0.930
<b>\$120,000-\$129,999</b>	0.944	0.938	0.930	0.930	0.930
<b>\$130,000-\$139,999</b>	0.946	0.940	0.930	0.930	0.930
<b>\$140,000-\$149,999</b>	0.948	0.941	0.930	0.930	0.930
<b>\$150,000-\$159,999</b>	0.950	0.942	0.930	0.930	0.930
<b>\$160,000-\$169,999</b>	0.952	0.943	0.930	0.930	0.930
<b>\$170,000-\$179,999</b>	0.955	0.945	0.930	0.930	0.930
<b>\$180,000-\$189,999</b>	0.957	0.946	0.930	0.930	0.930
<b>\$190,000-\$199,999</b>	0.959	0.947	0.930	0.930	0.930
<b>\$200,000-\$209,999</b>	0.961	0.948	0.930	0.930	0.930
<b>\$210,000-\$224,999</b>	0.963	0.950	0.930	0.930	0.930
<b>\$225,000+</b>	0.965	0.951	0.930	0.930	0.930

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Auto-Owners

HOMEOWNERS  
ARKANSAS  
FORM 3 AND PREMIER PLUS  
WATER BACKUP RATING ALGORITHM

<b>Step</b>	<b>Rating Algorithm</b>
1	Base Rate
2	x Water Backup Limit Relativity
3	x Mortgage Free Relativity
4	x Paid Loss Surcharge Relativity
5	x Claim Free Relativity
6	x Home/Auto Multi-Policy Relativity
7	x Insurance Score Relativity
8	x Age of Insured Relativity
9	= Final Water Backup Premium

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Auto-Owners

HOMEOWNERS  
ARKANSAS  
FORM 6  
WATER BACKUP RATES

<b>Water Backup Limit</b>	<b>Rate</b>
\$5,000	\$25
\$10,000	\$50
\$15,000	\$70
\$20,000	\$95
\$25,000	\$125
\$30,000	\$150
\$35,000	\$160
\$40,000	\$170
\$45,000	\$180
\$50,000	\$195
\$55,000	\$205

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Auto-Owners

HOMEOWNERS  
ARKANSAS  
FORM 3 AND PREMIER PLUS  
WATER BACKUP RELATIVITIES

Water Backup Limit	
\$5,000	1.000
\$10,000	2.667
\$15,000	4.667
\$20,000	6.333
\$25,000	8.000
\$30,000	10.667
\$35,000	11.134
\$40,000	11.601
\$45,000	12.068
\$50,000	12.535
\$55,000	13.000

Base Rate
\$15.00

Mortgage Free Relativity	
N	1.000
Y	0.930

Claim Free Relativity	
N	1.000
Y	0.950

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## Auto-Owners

**HOMEOWNERS  
ARKANSAS****RATING PROCEDURE**

- I. Determine the base premium by following these steps:
  - A. Utilizing the Protection Class Selection and Construction Definitions, determine the Protection Class relativity.
  - B. Multiply the result of step A by the Number of Family relativity and round to three decimals (Form 4 and 6 only).
  - C. Utilizing the Territory Descriptions, determine the Territory relativity.
  - D. Multiply the result of step C by the result of step B and round to three decimals.
  - E. Multiply the result of step D by the Base Rate and round to two decimals.
  - F. Multiply the result of step E by the Amount of Insurance relativity and round to the nearest dollar to determine the base premium. If the correct amount of coverage is not shown, interpolation is necessary. Determine the coverage amounts and relativities immediately preceding and following the desired amount. Follow steps 1 through 11.
    1. Record the low Amount of Insurance relativity.
    2. Record the high Amount of Insurance relativity.
    3. Subtract the low coverage amount from the desired coverage.
    4. Subtract the low coverage amount from the high coverage amount.
    5. Divide step 3 by step 4.
    6. Subtract step 1 from step 2.
    7. Multiply step 5 by step 6.
    8. Add step 7 to the Amount of Insurance relativity.
    9. Round step 8 to the nearest thousandth to obtain the desired Amount of Insurance relativity.
    10. Multiply the result of step E by step 9 and round to the nearest dollar to determine the base premium.
    11. If the coverage amount is greater than what is printed in the charts, use the each additional \$10,000 relativity, interpolating when necessary.
- II. If rating a semi-annual policy, multiply the base premium by 0.50 and round to the nearest cent.
- III. Multiply the Premium Adjustment discount and surcharge factors (except for the Group, Mortgage Free, Paid Loss, Claim Free, Home/Life Multi-Policy, Home/Auto Multi-Policy, Home/Umbrella Multi-Policy, Insurance Score, Age of Insured and Paid in Full factors), cent rounding after each step.
- IV. Multiply by the Additional Coverage factors, cent rounding after each step.
- V. Add flat dollar and rate per increment Premium Adjustments.
- VI. Add flat dollar and rate per increment charges for Additional Coverages (except for Earthquake and Form 3 Water Backup coverages).
- VII. Multiply by the Group factor and cent round.
- VIII. Multiply by the Mortgage Free factor and cent round.
- IX. Multiply by the Paid Loss Surcharge factor and cent round.
- X. Multiply by the Claim Free factor and cent round.
- XI. Multiply by the Home/Auto Multi-Policy factor and cent round.
- XII. Multiply by the Home/Umbrella Multi-Policy factor and cent round.
- XIII. Multiply by the Insurance Score factor and cent round.

- XIV. Add the Earthquake premium to the result of step XIII.
- XV. Multiply by the Age of Insured factor and cent round.
- XVI. Add the total Form 3 Water Backup premium.
- XVII. Compare the result of step XVI to step I and apply the location minimum.
- XVIII. Multiply by the Home/Life Multi-Policy factor and cent round.
- XIX. Multiply by the Paid in Full factor and cent round.
- XX. Add Personal Inland Marine premiums for Personal Articles, Boats and Recreational Vehicles.

## **PERSONAL INLAND MARINE ATTACHED TO HOMEOWNERS POLICIES**

Personal Inland Marine (PIM) premiums are not calculated in the same manner as Homeowners policies. Group, Multi-Policy, Insurance Score, Age of Insured and Paid in Full Discounts also apply to Personal Articles, Boats and Recreational Vehicles attached to a Homeowners policy. These are rated as follows:

- A. Determine the rate, or tiered rates, for each item from the PIM manual. Unless otherwise noted, round to the nearest cent in calculations.

For Boat-Motor-Trailer Physical Damage/Uninsured Watercraft/RVs: Develop the premium for each item from the applicable manual. Refer to the rating sequence in the boat manual. Unless otherwise noted, round to the nearest dollar. (NOTE: Boat liability premiums are located in the Homeowners manual and are calculated according to the rating procedures for Homeowners policies. They are not considered in these rating procedures.)

- B. SEMI-ANNUAL POLICY (For jewelry semi-annual, see item C.)  
Multiply the annual rate by 0.50 and truncate.

Boat-Motor-Trailer Physical Damage/Uninsured Watercraft/RVs: Multiply the premium by 0.50.

- C. DEDUCTIBLE

All items (excluding Jewelry/Boats/RVs): Multiply the rate, or the tiered rates, in the previous step by the appropriate number of 100's to get the premium. For each item, multiply the premium by the deductible discount and subtract from the premium of the item.

Jewelry: Apply the deductible discount, round, and subtract from the rate in step A. For a semi-annual policy, multiply the prior rate by 0.50 and truncate. Multiply the prior rate by the number of 100's to get the premium. For outside vault items greater than \$15,000:

1. Multiply the prior rate by the rate-up factor for each increment.
2. Multiply this new rate by the number of 100's for each increment.
3. Add the premiums.

Boats: See the boat rating sequence.

RVs: Choose the applicable rate based on deductible.

- D. Apply the Group Discount and subtract from the result of the previous step.
- E. Apply the Home/Auto Multi-Policy Discount and subtract from the result of the previous step.
- F. Apply the Home/Life Multi-Policy Discount and subtract from the result of the previous step.
- G. Apply the Insurance Score Factor and subtract from the result of the previous step.
- H. Apply the Home/Umbrella Multi-Policy Discount and subtract from the result of the previous step.
- I. Apply the Age of Insured Discount and subtract from the result of the previous step.

- J. Apply the Paid in Full Discount and subtract from the result of the previous step.

**MIDTERM POLICY CHANGES**

- 1. Follow the applicable steps using rates from the policy effective date for old policy limits. Prorate the result for the remaining policy period to obtain the return premium for the policy change.
- 2. Follow the applicable steps using rates from the policy effective date for new policy limits. Prorate the result for the remaining policy period to obtain the additional premium for the policy change.
- 3. Determine the difference between the previous two steps.

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## HOMEOWNERS – FORM 3 AND PREMIER PLUS

APPLICANTS WHO ARE ELIGIBLE FOR COVERAGE ACCORDNG TO OUR UNDERWRITING RULES MAY NOT BE ACCEPTABLE BECAUSE OF CERTAIN CHARACTERISTICS.

Some potential applicants, because of unusual elements of exposure presented, are not desirable for coverage. These and any other factors affecting the potential for loss will be considered by our underwriters when determining acceptability of applicants. Whenever our rules indicate “Do Not Bind”, please submit an unbound copy of any application to underwriting and include all facts pertaining to the exposure addressed by the “Do Not Bind” rule.

### Homeowners Form 3 and Premier Plus

[Age Of Construction](#)

[Business Exposures](#)

[Construction](#)

[Do Not Bind](#)

[Farming Exposures](#)

[Heating Systems](#)

[Market Value](#)

[Maximum Amounts Of Insurance](#)

[Minimum Amounts Of Insurance](#)

[Occupancy Permissible](#)

[Occupancy Required](#)

[Photograph Requirement](#)

[Previous Insurance History](#)

[Protection Class](#)

[Required Supporting Coverage](#)

## AGE OF CONSTRUCTION

### Premier Plus Program

Primary – Home must be constructed within the past 25 years.

### Premier Program

Primary - Home must be constructed within the past 40 years if named insured is under age 65.

### Standard Program

All considered.

Home must be constructed within the past 50 years if named insured is age 65 years old or older.

\*Secondary/Seasonal – Home must be constructed within the past 40 years if named insured is under age 65.

Secondary/Seasonal-All considered.

Secondary/Seasonal-All considered.

Home must be constructed within the past 50 years if named insured is age 65 or older.

## BUSINESS EXPOSURES

**Business Exposures (See {{AR HO Incidental Business Occupancy}} rule.)**

<b>Premier Plus Program</b>	<b>Premier Program</b>	<b>Standard Program</b>
Incidental occupancies only.	Same as Premier Plus.	Same as Premier Plus.
No partnerships or corporations.	Same as Premier Plus.	Same as Premier Plus.
No more than 33% of the dwelling's total floor space.	Same as Premier Plus.	Same as Premier Plus.
Child Care: No more than 3 children.	Same as Premier Plus.	Same as Premier Plus.
Bed and Breakfast operations are not eligible.	Bed and Breakfast operations with no more than 3 guests are eligible.	Same as Premier.

## **CONSTRUCTION**

<b>Premier Plus Program</b>	<b>Premier Program</b>	<b>Standard Program</b>
Freestanding residential dwellings and condominiums.	Same as Premier Plus.	Same as Premier Plus.
Manufactured homes are not eligible under the Homeowners program. Refer to the Eligibility section of your Mobile Homeowners manual.	Same as Premier Plus.	Same as Premier Plus.
Modular homes are not eligible.	Same as Premier Plus.	Same as Premier Plus.
Town Houses & Row Houses are not eligible.	Individually owned Town Houses and Row Houses (not condominium units) with not more than 2 families per unit with each unit having exterior entrances.	Same as Premier.
Wood shake or wood shingle roofs are not eligible.	Same as Premier Plus.	Same as Premier Plus.
DO NOT BIND if undergoing significant renovation.	Same as Premier Plus.	Same as Premier Plus.
DO NOT BIND if the foundation is not continuous and/or open foundation.	Same as Premier Plus.	Same as Premier Plus.
DO NOT BIND if the original construction was for other than residential purposes.	Same as Premier Plus.	Same as Premier Plus.

Dwellings with asbestos siding are not eligible. Same as Premier Plus.

Same as Premier Plus.

## DO NOT BIND (GENERAL)

Premier Plus Program	Premier Program	Standard Program
If more than 2 secured interests on the property.	Same as Premier Plus.	Same as Premier Plus.
If any trained guard dogs or any dogs of a breed generally accepted as aggressive are kept on the premises.	Same as Premier Plus.	Same as Premier Plus.
If any insured is a public official, professional athlete, entertainer or other public personality.	Same as Premier Plus.	Same as Premier Plus.
If inaccessible to fire or police.	Same as Premier Plus.	Same as Premier Plus.
If not in clear view from at least 2 other dwellings.	Same as Premier Plus.	Same as Premier Plus.
Do not bind if filed bankruptcy, had repossessions, court judgments or substantially past due mortgage, utility or property tax payments within the past 5 years.	Same as Premier Plus.	Same as Premier Plus.
If the Protection Class is a 9 or 10 and Coverage A is \$ 1 million or greater.	Same as Premier Plus.	Same as Premier Plus.
For all other Protection Classes if Coverage A is \$1.5 million or greater.	Same as Premier Plus.	Same as Premier Plus.

## FARMING EXPOSURES

Farming Exposures (See {{AR HO Incidental Farm Coverage}} rule.)

Premier Plus Program	Premier Program	Standard Program
Incidental Farming only.	Same as Premier Plus.	Same as Premier Plus.
Cannot be primary occupation of an insured.	Same as Premier Plus.	Same as Premier Plus.
No more than 5 large or 20 medium farm animals or 50 Poultry.	Same as Premier Plus.	Same as Premier Plus.

No more than 360 acres farmed by Same as Premier Plus.  
an insured.

Same as Premier Plus.

## HEATING SYSTEMS

### Premier Plus Program

Solid fuel heating considered.  
DO NOT BIND unless submitted  
with a photo of the appliance and  
a completed survey.

### Premier Program

Same as Premier Plus.

### Standard Program

Same as Premier Plus.

Dwelling must have an operational  
heating system which delivers heat  
directed to all finished living areas  
to be eligible.

Same as Premier Plus.

Same as Premier Plus.

## MARKET VALUE

### Premier Plus Program

Primary – 90% or more of  
Replacement Cost.

### Premier Program

Primary-50% or more of  
Replacement Cost.

### Standard Program

Primary-If less than 50% of  
replacement cost, the Market  
Value Surcharge will apply.

\*Secondary/Seasonal – 50% or  
more of Replacement Cost.

\*Secondary/Seasonal – 50% or  
more of Replacement Cost.

\*Secondary/Seasonal – 50% or  
more of Replacement Cost.

## MAXIMUM AMOUNTS OF INSURANCE

### Premier Plus Program

\$1,000,000

### Premier Program

\$2,000,000

### Standard Program

All considered.

## MINIMUM AMOUNTS OF INSURANCE

### Premier Plus Program

Primary  
\$325,000

### Premier Program

Primary  
Under Age 65 - \$125,000  
Age 65 or Older - \$100,000

### Standard Program

Primary  
\$80,000

\*Secondary/Seasonal  
\$100,000

Secondary/Seasonal  
\$50,000

Secondary/Seasonal  
Same as Premier.

100% of Replacement Cost.

Same as Premier Plus.

80% of Replacement Cost.

## OCCUPANCY (PERMISSIBLE)

### Premier Plus Program

### Premier Program

### Standard Program

Unoccupied while under new construction (The named insured must be the intended owner occupant).

Same as Premier Plus.

Same as Premier Plus.

Occupied by the purchaser in a long-term land contract.

DO NOT BIND if vacant.

DO NOT BIND if deeded to an estate.

## **OCCUPANCY (REQUIRED)**

### **Premier Plus Program**

By the owner or person named in a life lease agreement.

### **Premier Program**

Same as Premier Plus.

### **Standard Program**

Same as Premier Plus.

No more than 2 families.

Same as Premier Plus.

Same as Premier Plus.

No more than 2 boarders per family.

Same as Premier Plus.

Same as Premier Plus.

## **PHOTOGRAPHS**

### **Premier Plus Program**

Photograph(s) of location dwellings will be ordered by the Company for all Form 3 and Premier Plus new business and or changed locations.

### **Premier Program**

Same as Premier Plus.

### **Standard Program**

Same as Premier Plus.

## **PREVIOUS INSURANCE HISTORY**

### **Premier Plus Program**

No non-weather related paid losses within the past 36 months.

### **Premier Program**

No non-weather related paid losses in the past 36 months.

### **Standard Program**

No more than 1 paid non-weather related loss not to exceed \$2,500 in the past 36 months.

## **PROTECTION CLASS**

### **Premier Plus Program**

### **Premier Program**

### **Standard Program**

<p>Primary – PC 1-8. PC 8B, PC 9 or 10 are eligible if the dwelling qualifies for the Protected Subdivision Discount <b>or</b> the named insured is age 50 or older AND the dwelling is visible from at least two other residences AND is accessible to fire and police department vehicles by roads designed and maintained to allow service in all seasons.</p>	<p>Primary - PC 1-8. PC 8B, PC 9 or 10 are eligible if the dwelling qualifies for the Protected Subdivision Discount <b>or</b> the named insured is age 50 or older AND the dwelling is visible from at least two other residences AND is accessible to fire and police department vehicles by roads designed and maintained to allow service in all seasons.</p>	<p>All locations considered.</p>
<p>*Secondary/Seasonal – All locations considered.</p>	<p>Secondary/Seasonal-Same as Premier Plus.</p>	<p>Secondary/Seasonal-Same as Premier Plus.</p>

**REQUIRED SUPPORTING COVERAGE**

**Premier Plus Program**

**Premier Program**

**Standard Program**

For Secondary/Seasonal homes with a coverage A of \$1.5 million or greater, the supporting Automobile policy must be written in an Auto-Owners Group Company.

Same as Premier Plus.

Same as Premier Plus.

**\* Reduced eligibility criteria apply to secondary/seasonal dwellings written for policyholders who also insure their primary dwelling under the same or separate Premier Plus policy. Refer to listed primary eligibility criteria for all other secondary/seasonal locations. Locations not qualifying for the Premier Plus form cannot be written on the same policy with locations covered by the form.**

Auto-Owners	<b>HOMEOWNERS GENERAL RULES</b>	<b>Arkansas</b>
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## Construction Types

Aluminum(F)	A dwelling with exterior walls of combustible construction covered with metal or vinyl types of siding.
Cement Fiber Board Siding (C)	A dwelling with at least 67% of its exterior walls constructed of masonry, masonry veneer and cement fiber materials in combination is classified as cement fiber.
Fire Division	That part of a building separated by fire walls which are composed of at least 8 inches of masonry or 6 inches of reinforced concrete with no unprotected openings, which pierces or extends to the underside of the exterior roof.
Fire Resistive (R)	A dwelling with walls, floor, and roof constructed entirely of masonry or fire resistive materials with a Fire Resistance rating of not less than one hour is classified as fire resistive.
Frame (F)	A dwelling with exterior walls of combustible construction, including walls with metal, stucco, or metal lath and plaster on combustible supports is classified as frame.
Log (L)	A dwelling with exterior walls of solid log construction. If exterior walls are log veneer or log siding, the dwelling should be classified as Frame.
Manufactured (P)	Manufactured homes are built and transported on steel chassis that are never removed. Manufactured Homes conform only to HUD code, and are not required to meet the same local, state and regional building codes as site-built homes.
Masonry (M)	A dwelling with at least 67% of its exterior walls constructed of brick, concrete, concrete block, adobe, tile, or other masonry materials is classified as masonry.
Masonry Veneer(V)	A dwelling with at least 67% of its walls constructed of combustible construction veneered with masonry materials is classified as masonry veneer.
Mixed Construction	A dwelling shall be classified as frame construction when the wall area of frame construction exceeds 33% of the total wall area.
Modular	Modular homes are built off site to conventional building standards (2X4 construction, asphalt shingles on a pitched roof, etc.). The home is then transported and anchored to a continuous foundation on a premises owned by the insured and taxed as real property.

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**DEFINITIONS****A. Continuous Foundation**

1. A crawl space or basement foundation meeting the following characteristics:
  - a. consist of at least 8 inch thick concrete block or poured concrete walls set atop concrete footings set far enough below grade to satisfy local site-built construction standards; and
  - b. provide the primary structural support to the floor of the home; and
  - c. consist of a continuous enclosed structure (other than venting openings); and
  - d. be constructed prior to the placement of the home on its final site location.
  
2. If a basement, the foundation must:
  - a. meet all of requirements 1.a, b, c and d above; or
  - b. consist of at least 2 x 6 treated framing members covered by 3/4 inch treated sheathing with proper sealing materials applied to repel moisture and insects, set atop concrete footings; and
  - c. have a poured concrete slab floor; and
  - d. meet requirements 1.b, c and d above.

Pillars of solid or block concrete set at intervals beneath the flooring structure along with a decorative fascia of brick, wood or other material set in place beneath the perimeter edge of the home do not satisfy the requirement for eligibility within the Homeowners program.

Auto-Owners	<b>HOMEOWNERS GENERAL RULES</b>	Arkansas
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**FORMS DESCRIPTION**

**A. Section I – Property Protection**

1. **Form 3 – Homeowners Special Form {{17903 (AR)}}** – Covers the dwelling, other structures and additional living expense against direct risk of physical loss with certain exclusions. Unscheduled personal property is covered for the following named perils:

Fire or Lightning	Vehicles	
Aircraft	Windstorm or Hail	
Smoke	Vandalism or Malicious Mischief	
Explosion	Theft	
Riot or Civil Commotion	Weight of Ice, Snow or Sleet	
Falling Objects	Accidental Discharge of Water or Steam	
Sudden and Accidental Tearing Asunder of Heating Systems and Appliances	Freezing of Plumbing, Heating Systems and Appliances	
Sudden and Accidental Injury from Electrical Currents	Volcanic Eruption	

2. **Premier Plus Program {{17909 (AR)}}** – Covers the dwelling, other structures and unscheduled personal property against direct physical loss, with certain exclusions, for their replacement cost.
3. **Form 4 – Renters Broad Form {{17904 (AR)}}** – Covers unscheduled personal property, additional living expense, and the insured’s interest in improvements and betterments against loss from the same named perils shown for Form 3 – unscheduled personal property.
4. **Form 6 – Condominium Owners Special Form {{17906 (AR)}}** – Covers property described under the dwelling coverage, including other structures, alterations and improvements, fixtures and appliances, against direct risk of physical loss with certain exclusions. Unscheduled personal property is covered for the same named perils as shown for Form 3 – unscheduled personal property.
5. **Forms 3, 4, 6 and the Premier Plus** policy contain coverage, subject to policy limitations, for the following additional coverages:

Tree Debris Removal	Loss Assessment	Rekeying of Locks
Refrigerated Products	Trees, Shrubs, Plants and Lawns	Power Interruption
Heating Fuel Damage	Collapse	Credit Card, Charge Plate, Fund Transfer Card, Check Forgery and Counterfeit Money
Arson Reward		
Glass or Safety Glazing Material		

The Premier Plus Form also includes as additional coverages:

Mortgage Extra Expense  
Water Seepage or Leakage

6. All forms contain Special Limits on certain property groups as follows:

<u>Premier Plus</u>	<u>Form 3, 4 &amp; 6</u>	
\$ 1,000	\$ 250	Money, precious metals, but not goldware or silverware

\$ 5,000	\$ 1,000	Securities, accounts, passports, manuscripts, tickets, stamps
\$ 1,000	\$ 1,000	Watercraft, their trailers, furnishings, equipment and outboard motors
\$ 1,000	\$ 1,000	Trailers not used to tow watercraft
\$ 5,000	\$ 1,000	Theft of Jewelry, watches, precious stones, furs
\$ 2,500	\$ 2,500	Cemetery markers, headstones and urns
\$ 5,000	\$ 5,000	Theft of silverware, goldware and pewterware
\$ 5,000	\$ 2,500	Theft of guns
\$ 2,500	\$ 2,500	Property, on the premises, used for business purposes
\$ 1,000	\$ 1,000	Property, away from the premises, used for business purposes
\$ 1,000	\$ 1,000	Trading Cards
\$ 10,000	\$ 10,000	Theft of rugs and tapestries
\$ 2,500	\$ 2,500	Spare or replacement motor vehicle parts
\$ 2,500	\$ 2,500	Appliances and furnishings in an apartment
\$ 1,000	\$ 1,000	Dual powered electronic equipment in a motor vehicle

**B. Section II – Personal Liability Protection – All Forms**

1. Personal Liability: Covers payment on behalf of the insured for all sums which the insured shall become legally obligated to pay as damages because of bodily injury or property damage arising out of an insured's premises, personal activities or activities from a business not owned or controlled by the insured.
2. All forms provide Personal Injury coverage.
3. Medical Payments to Others: Covers medical expenses incurred by persons, other than the insured, who sustain bodily injury caused by an accident arising out of an insured's premises or personal activities.
4. All forms include Personal Liability and Medical Payments to Others coverage for operation of outboard motors up to 120 horsepower and inboard/outdrive boats up to 175 horsepower. Forms 3, 4, 6 and Premier Plus exclude waterjet propelled watercraft less than 16 feet in length.
5. All forms exclude Personal Liability and Medical Payments to Others coverage for damages resulting from bodily injury due to a communicable disease transmitted by an insured.
6. Forms 3, 4 and 6 include additional coverages of \$500 (\$1,000 for Premier Plus) Damage to Property of Others, First Aid Expenses and Loss Assessment.

### AGE OF CONSTRUCTION DISCOUNT– Forms 3, 6 and Premier Plus Only

Dwellings constructed within the past 17 years and occupied by the insured are eligible for an Age of Construction Discount.

Age of Dwelling	Discount
New	-21%
1 year old	-20%
2 years old	-19%
3	-18%
4	-17%
5	-16%
6	-15%
7	-14%
8	-13%
9	-11%
10	-9%
11	-7%
12	-6%
13	-5%
14	-4%
15	-3%
16	-2%
17	-1%

Age = Policy term year minus year of construction of the dwelling.

“Age of Construction Discount” appears on the policy Declarations.

**Note:** Discount not available for dwellings under construction.

**AGE OF INSURED DISCOUNT**

The Age of Insured Discount will be applied based on the oldest named insured.

The Age of Insured Discount applies to all forms.

The discount will apply to primary, secondary or seasonal residences and will also apply to all boats and other scheduled items attached to the Homeowners policy.

For discounts, please refer to {{AR HO Age of Insured Relativities}}

“Age of Insured Discount – Policy Term Age XX” will appear on the policy Declarations.

**ALARM SYSTEM DISCOUNTS****Central Station Premises Alarm System Discount**

A premium discount is available for an approved and properly maintained fire or burglary alarm system reporting to a central station.

Apply a 12% discount.

**Application of the Discount**

1. The discount may be applied to new business, renewals or mid-term for eligible homeowners who provide proof of an active Central Station Alarm.
2. Proof of an active alarm will be required every two years.

"Central Station Premises Alarm System Discount" appears on the policy Declarations and Central Station Premises Alarm System Endorsement Form {{17676 (AR)}} is attached.

- NOTE:**
1. Not available if Local Alarm System Discount applies.
  2. Not available for dwellings under construction.

**Local Alarm System Discount**

A premium discount is available for an approved and properly maintained alarm system that sounds at the premises only and is not tied in or monitored by a central station service.

Apply a 7% discount.

"Local Alarm System Discount" appears on the policy Declarations and Local Alarm System Endorsement Form {{17675 (AR)}} is attached.

- NOTE:**
1. Not available if Central Station Premises Alarm System Discount applies.
  2. Not available for dwellings under construction.

**Auto-Owners****HOMEOWNERS  
PREMIUM ADJUSTMENTS****Arkansas****CLAIM FREE DISCOUNT**

Insureds are eligible for the discount when there have been no paid claims in the past 36 months. Losses directly attributable to an event identified as Catastrophic by the Property Claim Service (PCS) will not be considered.

{{AR HO Claim Free Relativities}}

“Claim Free Discount” appears on the policy Declarations.

**Auto-Owners****HOMEOWNERS  
PREMIUM ADJUSTMENTS****Arkansas****COVERAGE A LESS THAN 100% REPLACEMENT COST CHARGE**

When a policy is written for at least 80% but less than 100% of Replacement Cost, a charge of 10% is applied.

"Coverage A Less Than 100% Replacement Cost Charge" appears on the policy Declarations.

<b>Auto-Owners</b>	<b>HOMEOWNERS PREMIUM ADJUSTMENTS</b>	<b>Arkansas</b>
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**DEDUCTIBLE OPTIONS**

Deductibles apply to all Section I losses unless stated otherwise. The following options are available:

**FORM 3 AND PREMIER PLUS**

Premier Plus policies are subject to a minimum \$1,000 **All Perils** deductible.

Deductible	All non-hail resistive roofs over 10 years old	All hail resistive roofs and all other roof types (excluding wood) 10 years old or less
\$250 <b>All Perils</b>	N/A	N/A
\$500 <b>All Perils</b>	N/A	N/A
\$500 AOP/\$1,000 Wind/Hail	-4%	-4%
\$500 AOP/\$2,000 Wind/Hail	-9%	-9%
\$1,000 <b>All Perils</b>	-11%	-11%
\$1,000 AOP/\$2,000 Wind/Hail	-14%	-14%
\$1,500 <b>All Perils</b>	-13%	-13%
\$2,500 <b>All Perils</b>	-19%	-19%
\$5,000 <b>All Perils</b>	-22%	-22%
\$10,000 <b>All Perils</b>	-25%	-25%
\$15,000 <b>All Perils</b>	-27%	-27%
\$20,000 <b>All Perils</b>	-30%	-30%

**FORMS 4 and 6**

Deductible	Discount/Charge
\$250 <b>All Perils</b>	+8%
\$500 <b>All Perils</b>	Base
\$500 AOP/\$1,000 Wind/Hail	N/A
\$500 AOP/\$2,000 Wind/Hail	N/A
\$1,000 <b>All Perils</b>	-8%
\$1,000 AOP/\$2,000 Wind/Hail	N/A
\$1,500 <b>All Perils</b>	-9%
\$2,500 <b>All Perils</b>	-10%
\$5,000 <b>All Perils</b>	-12%
\$10,000 <b>All Perils</b>	-15%
\$15,000 <b>All Perils</b>	-18%
\$20,000 <b>All Perils</b>	-22%

The deductible is shown on the policy Declarations.



**Auto-Owners****HOMEOWNERS  
PREMIUM ADJUSTMENTS****Arkansas****DWELLING UNDER CONSTRUCTION SURCHARGE – Form 3 and Premier Plus**

Policies qualifying for the Dwelling Under Construction Endorsement as described in the [Additional Coverages That Apply – Property section of the manual](#) will receive a 10% surcharge.

“Dwelling Under Construction Surcharge” appears on the policy Declarations. Form [{{17127 \(AR\)}}](#) is attached to Form 3 and Form [{{17406 \(AR\)}}](#) is attached to Premier Plus policies.

**GATED COMMUNITY DISCOUNT**

All forms are eligible for the Gated Community Discount when the dwelling is within a subdivision completely surrounded by walls and having a restricted access security gate controlling the entrance/exit. The security gates may be either card, radio signal or human controlled.

Apply a **3%** discount.

“Gated Community Discount” appears on the policy Declarations.

**Auto-Owners****HOMEOWNERS  
PREMIUM ADJUSTMENTS****Arkansas****MORTGAGE FREE DISCOUNT – Premier Plus and Form 3 Only**

A discount will apply if the insured location does not have a mortgage, land contract or other line of credit where the home serves as collateral.

{{AR HO Mortgage Free Relativities}}

“Mortgage Free Discount” will appear on the policy Declarations.

## MULTI-POLICY DISCOUNTS

The Multi-Policy Discounts may be applied to primary, secondary and seasonal residences and will also apply to all boats, recreational vehicles and other scheduled items.

The discounts may be applied to new business, renewals or mid-term, to eligible policies with concurrent or nonconcurrent policy anniversaries.

If a qualifying policy is canceled, the Homeowners policy is eligible for the corresponding Multi-Policy Discount until the next policy anniversary except when cancellation is for underwriting reasons. When cancellation is for underwriting reasons, the discount will be removed from the Homeowners policy by endorsement effective on the date of cancellation.

Refer to {{AR HO Rating Procedure}} for rating information.

### Home/Auto Multi-Policy Discount

A Homeowners policy will be eligible for a Home/Auto Multi-Policy Discount when the named insured of a Homeowners policy also owns an Auto-Owners Group Company Automobile\* policy.

Apply a 14% discount to the Homeowners base premium.

"Home/Auto Multi-Policy Discount" appears on the policy Declarations.

\*An Automobile policy is any policy that insures your private passenger automobiles, including an Automobile policy or Garage Liability (Division 1) policy issued to your business if you own the business.

### Home/Life Multi-Policy Discount

A Homeowners policy will be eligible for a Home/Life Multi-Policy Discount when the named insured of the Homeowners policy also owns (or is the named insured on) an Auto-Owners:

1. Life policy, excluding health and group life;
2. Annuity policy with a cash value of \$2,000 or greater;
3. Disability Income policy (Item 235) with a monthly benefit of \$1,000 or greater, or Disability Income Policy (Item 260); or
4. Long Term Care policy.

Apply a 5% discount to the Homeowners base premium.

"Home/Life Multi-Policy Discount" appears on the policy Declarations.

### Home/Umbrella Multi-Policy Discount

A Homeowners policy will be eligible for a Home/Umbrella Multi-Policy Discount when the named insured of the Homeowners policy also owns an Auto-Owners Umbrella\* policy.

The Homeowners policy will receive a 5% discount.

"Home/Umbrella Multi-Policy Discount" appears on the policy Declarations.

\*A qualifying Umbrella policy is an Executive Umbrella policy or a Farm Umbrella policy (where applicable, i.e. secondary or seasonal home).

<b>Auto-Owners</b>	<b>HOMEOWNERS PREMIUM ADJUSTMENTS</b>	<b>Arkansas</b>
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**PAID LOSS SURCHARGE\*\***

A Paid Loss Surcharge will be applied to policies demonstrating a loss frequency exposure according to the chart below. All losses for which an amount was paid, relating to current or previous residencies will be considered. The surcharge will be applied to locations on the policy. If there are two locations on a policy, a factor of .5 will be applied to the indicated surcharge. If there are three or more locations, a factor of .33 will be applied to the surcharge.

Note: Policies may be non-renewed if the loss exposure is determined to be greater than the indicated surcharge can address.

Number of paid losses within 3 years	Continuously insured* for 3 or more years with an Auto-Owners Group Company and the sum of all paid claims exceeds \$2,500.		Continuously insured* less than 3 years with an Auto-Owners Group company and the sum of all paid claims exceeds \$1,000.	
	If Multi-Policy*** and 65 or over	If Not Both	If Multi-Policy*** and 65 or over	If Not Both
2	30%	40%	40%	50%
3	50%	75%	75%	110%
4 or more	75%	110%	110%	150%

\*Continuously insured means either this policy or this policy in combination with a previous policy rewritten to this policy has been in effect for 3 years.

\*\*For the application of this rule, weather losses will not be considered. Weather losses shall include only direct damage caused by wind, hail, lightning or the weight of ice and snow. Losses directly attributable to an event identified as Catastrophic by the Property Claim Service (PCS) will not be considered.

\*\*\*Multi-Policy includes: Auto, Life and Umbrella

"Paid Loss Surcharge Applies" prints on the policy Declarations page.

**PROTECTED SUBDIVISION DISCOUNT – Form 3 and Premier Plus Only**

Policies rated as a protection class 8A, 8B, 9 or 10 are eligible for a Protected Subdivision Discount if the following conditions are met:

1. The residence is located within a subdivision consisting of ten (10) or more homes.
2. The residence is within view of other occupied residences.
3. The subdivision is located within 5 miles of the primary responding fire department which has a mutual aid agreement with another fire department.
4. The residence is located within 1,000 feet of a fire hydrant or the fire department has the ability to transport at least 2,500 gallons of water in a single trip when responding to a call.
5. The dwelling was constructed within the past 25 years.
6. Replacement cost of the dwelling is \$100,000 or greater.
7. Coverage A is written to 100% of the actual replacement cost.

Apply an 8% discount.

“Protected Subdivision Discount” appears on the policy Declarations.

**Note:** Discount not available for dwellings under construction.

**Auto-Owners****HOMEOWNERS  
PREMIUM ADJUSTMENTS****Arkansas****PROTECTIVE DEVICES DISCOUNT**

Dwellings, condominiums and apartments equipped with smoke detectors, deadbolt locks on exterior doors (other than sliding glass doors) **and** fire extinguishers in all cooking areas are eligible for a 3% discount.

The applicable discount(s) appears on the policy Declarations.

**Note:** Discount not available for dwellings under construction.

<b>Auto-Owners</b>	<b>HOMEOWNERS PREMIUM ADJUSTMENTS</b>	<b>Arkansas</b>
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### ROOF DISCOUNT/SURCHARGE – FORM 3

Dwellings are eligible for a Roof Discount or a Roof Surcharge, **dependent** upon the type of roofing material, as follows:

Age of Roof	Roofing Material				
	Tile/ Concrete	Metal Hail Resistive	Other Hail Resistive	Asphalt Extended Life	Other Non-Hail Resistive
<b>New</b>	-16%	-16%	-16%	-6%	-6%
<b>1</b>	-15	-15	-15	-5	-5
<b>2</b>	-15	-15	-15	-5	-5
<b>3</b>	-14	-14	-14	-4	-4
<b>4</b>	-14	-14	-14	-4	-4
<b>5</b>	-13	-13	-13	-3	-3
<b>6</b>	-13	-13	-13	-3	-3
<b>7</b>	-12	-12	-12	-2	-2
<b>8</b>	-12	-12	-12	-2	-2
<b>9</b>	-11	-11	-11	-1	-1
<b>10</b>	-10	-10	-10	0	0
<b>11</b>	-10	-9	-9	0	0
<b>12</b>	-10	-8	-8	0	0
<b>13</b>	-10	-7	-7	0	0
<b>14</b>	-10	-6	-6	0	0
<b>15</b>	-10	-5	-5	0	0
<b>16</b>	-10	-5	-5	0	+1
<b>17</b>	-10	-5	-5	0	+2
<b>18</b>	-10	-5	-5	0	+3
<b>19</b>	-10	-5	-5	0	+4
<b>20</b>	-10	-5	-5	0	+5
<b>21</b>	-10	-5	-5	0	+6
<b>22</b>	-10	-5	-5	0	+6
<b>23</b>	-10	-5	-5	0	+6
<b>24</b>	-10	-5	-5	0	+6
<b>25</b>	-10	-5	-5	0	+6
<b>26</b>	-10	-5	-5	+1	+6
<b>27</b>	-10	-5	-5	+2	+6
<b>28</b>	-10	-5	-5	+3	+6
<b>29</b>	-10	-5	-5	+4	+6
<b>30</b>	-10	-5	-5	+5	+6
<b>31</b>	-10	-5	-4	+6	+6

<b>32</b>	-10	-5	-3	+6	+6
<b>33</b>	-10	-5	-2	+6	+6
<b>34</b>	-10	-5	-1	+6	+6
<b>35</b>	-10	-5	0	+6	+6
<b>36</b>	-10	-5	+1	+6	+6
<b>37</b>	-10	-5	+2	+6	+6
<b>38</b>	-10	-5	+3	+6	+6
<b>39</b>	-10	-5	+4	+6	+6
<b>40+</b>	-10	-5	+5	+6	+6

Age = Policy term year minus year roof construction was completed.

If the roof of the dwelling is of mixed types, it shall be classified according to the predominant type of roof composition.

Hail Resistive means any non-wood material earning an impact rating of Class 3 or 4 per Underwriters Laboratory standard 2218.

Asphalt Extended Life must have a manufacturer's warranty of at least 40 years and may withstand winds of 80 miles per hour or more.

If the roof has been replaced, proof of replacement will be required. Underwriting will accept documentation such as a receipt, an invoice or a signed statement from a licensed contractor.

"Roof Discount" or "Roof Surcharge" appears on the policy Declarations.

Wood roofs are ineligible.

Note: Discount/Surcharge not available for dwellings under construction.

**DWELLING UNDER CONSTRUCTION – Form 3 and Premier Plus**

This endorsement provides coverage for a dwelling under construction. Theft of building materials are covered up to 100% of the Coverage A Limit of Insurance. The policy must be written at the beginning of construction and must be supervised by a licensed contractor or financed by a regulated mortgagee. The named insured must be the intended owner occupant.

Coverage is provided for the insured's personal property, such as tools and equipment, while it is at the dwelling under construction. Theft coverage for this personal property is limited to 10% of the Coverage C Limit of Insurance. For theft coverage to apply to personal property at the dwelling under construction, it must be stored in a locked building.

If requested, Personal Property, Additional Living Expense/Loss of Rents, Personal Liability and Medical Payments may be extended to a temporary residence.

If requested, a contractor's insurable interest may be added, subject to the policy deductible.

The coverage provided in this endorsement shall apply for a term not to exceed one year.

“Dwelling Under Construction **Surcharge**” and “Theft of Building Materials” appear on the policy Declarations. Form {{17127 (AR)}} is attached to Form 3, {{17903 (AR)}}, and {{17406 (AR)}} is attached to Premier Plus, {{17909 (AR)}}.

“Temporary Residence Premises Coverage” and the property address also appear on the Declarations when coverage is extended to a temporary location.

Form {{17174 (AR)}} appears on the Declarations when coverage for the contractor's interest is provided.

Auto-Owners	<b>HOMEOWNERS ADDITIONAL COVERAGES – PROPERTY</b>	<b>Arkansas</b>
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## **GUARANTEED HOME REPLACEMENT COST COVERAGE – Form 3 Only**

This coverage provides replacement of the dwelling at the insured location or elsewhere in excess of the insured amount. Some limitations apply. Refer to the endorsement for details. Policies subject to the Market Value Surcharge are not eligible for this coverage.

### **AUTO-OWNERS AND AUTO OWNERS PREMIER**

Dwellings located in Protection Classes 1-8 are eligible.

Dwellings located in Protection Classes 8B, 9 and 10 are eligible if the dwelling qualifies for the Protected Subdivision Discount {{AR HO Protected Subdivision Discount}} or the named insured is age 50 or older AND the dwelling is visible from at least two other residences AND is accessible to fire and policy department vehicles by roads designed and maintained to allow service in all seasons.

Dwellings covered against earthquake damage and located in any of the following counties are not eligible: Clay, Craighead, Crittenden, Cross, Greene, Jackson, Lawrence, Mississippi, Poinsett, Randolph, St. Francis, and Woodruff.

Manufactured and Modular homes are not eligible.

Home must be insured 100% to value and constructed within the past 40 years.

Home must have a minimum Coverage A amount of \$100,000.

Maximum Coverage A Limit: \$1,500,000.

Homes of unique construction or built from materials that cannot be duplicated because of their unique, antique or artistic characteristics are not eligible. Examples include, but are not limited to, log homes, irreplaceable stained glass windows, murals painted by well known artists, antique or one of kind lighting or other fixtures, elaborate moldings or carvings on mantels, balustrades, etc.

This endorsement is not available on dwellings under construction.

This endorsement coverage is automatically provided on a Premier Plus policy, however, Guaranteed Home Replacement Cost coverage may be excluded from the Premier Plus policy for a 5% credit.

Apply a 5% charge per location.

“Guaranteed Home Replacement Cost” appears on the policy Declarations and Form {{17662 (AR)}} is attached.

**HOMEOWNERS PLUS ENDORSEMENT**

Homeowners Plus provides the following coverages for Form 3 only:

- Mortgage Extra Expense coverage up to \$250 per month for 4 years on first mortgages only.
- Refrigerated Products coverage up to \$750. Covers loss from power and mechanical failures. A \$250 deductible applies.
- Tree Debris Removal Coverage up to \$1,000.
- Glass Deductible – A deductible stated in the Declarations of \$250 or less is waived. If the policy deductible is greater than \$250, a \$250 deductible will apply to this coverage.
- **Water Seepage or Leakage coverage up to \$50,000.**

Apply a **\$25** charge per location.

“Homeowners Plus” **will** appear on the policy Declarations and **Homeowners Plus Endorsement** {{17679 (AR)}} is attached. **Homeowners Plus coverage is included in the Premier Plus policy.**

**CONDO-OWNERS PLUS ENDORSEMENT**

Condo-Owners Plus Endorsement provides the following coverages for Form 6 only:

- Mortgage Extra Expense coverage up to \$250 per month for 4 years on first mortgages only.
- Refrigerated Products coverage is increased to \$750. Covers loss from power and mechanical failures. A \$250 deductible applies.
- Glass Deductible – A deductible stated in the Declarations of \$250 or less is waived. If the policy deductible is greater than \$250, a \$250 deductible will apply to this coverage.
- **Water Seepage or Leakage coverage up to \$50,000.**

Apply a **\$20** charge per location.

“Condo-Owners Plus” **will** appear on the policy Declarations **and** Form {{17529 (AR)}} is attached.

**Auto-Owners****HOMEOWNERS  
ADDITIONAL COVERAGES – PROPERTY****Arkansas****INCREASED COST ENDORSEMENT – Form 3 and Premier Plus**

This coverage provides replacement of the dwelling at up to 125% of the insured amount. This endorsement is available as an optional coverage on Form 3 and Premier Plus policies that do not provide Guaranteed Home Replacement Cost coverage. **Manufactured homes, Modular homes** and policies subject to the Market Value Surcharge are not eligible for this coverage.

Dwellings must be insured to 100% of Replacement Cost.

Dwellings must have a minimum Coverage A amount of \$100,000.

**Maximum Coverage A limit: \$1,500,000.**

Apply a 3% charge per location.

**This endorsement is not available on dwellings under construction.**

"Increased Cost Endorsement" appears on the policy Declarations and Form {{17513 (AR)}} is attached.

Auto-Owners	<b>HOMEOWNERS ADDITIONAL COVERAGES - PROPERTY</b>	<b>Arkansas</b>
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## WATER BACKUP OF SEWERS OR DRAINS - Forms 3, 6 and Premier Plus Only

<b>Available Limits</b>
\$5,000
\$10,000
\$15,000
\$20,000
\$25,000
<b>\$30,000</b>
<b>\$35,000</b>
<b>\$40,000</b>
<b>\$45,000</b>
\$50,000
<b>\$55,000</b>

The deductible for this coverage is 5% of the selected coverage amount or the policy deductible, whichever is greater, subject to a \$500 minimum.

Availability of Water Backup of Sewers or Drains is subject to the following criteria:

- Coverage may be endorsed at New Business or Renewal only.
- Only available for dwellings located in Flood insurance Rate Map Zones B, C, X or D.
- Only available if an applicant or insured has had no water backup losses within the last 3 years or has taken appropriate steps to mitigate future losses.
- For dwellings with basements, the basement construction type must be poured concrete, block or treated wood.

**NOTE:** Do not bind coverage for this endorsement on new or existing policies if the U.S. Weather Bureau or other public information source has issued a flood or flash watch or warning in your area or when a power failure has occurred in your area.

For Form 3 and Premier Plus rates, please refer to {{AR HO Water Backup Relativities}}

For Form 6 rates, please refer to {{AR HO Water Backup Rates}}

"Water Backup of Sewers or Drains" and the limit appear on the policy Declarations. Form {{17908 (AR)}} attaches to all Homeowners Form 3, Form 6 and Premier Plus policies.

SERFF Tracking Number: AOIC-127963378 State: Arkansas  
 Filing Company: Auto-Owners Insurance Company State Tracking Number:  
 Company Tracking Number: HOM-AR-01-06/13/2012-01  
 TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations  
 Product Name: Arkansas Homeowners  
 Project Name/Number: Arkansas Homeowners Rate and Rule Filing/HOM-AR-01-06/13/2012-01

## Supporting Document Schedules

	Item Status:	Status Date:
<b>Bypassed - Item:</b> Form RF-2 Loss Costs Only (not for workers' compensation) <b>Bypass Reason:</b> N/A <b>Comments:</b>		
<b>Satisfied - Item:</b> H-1 Homeowners Abstract <b>Comments:</b> <b>Attachment:</b> H-1 Homeowners Abstract.pdf	Filed	03/12/2012
<b>Satisfied - Item:</b> HPCS-Homeowners Premium Comparison Survey <b>Comments:</b> <b>Attachments:</b> HO Survey FORM HPCS.xlsx HO Survey FORM HPCS.pdf	Filed	03/12/2012
<b>Satisfied - Item:</b> NAIC loss cost data entry document <b>Comments:</b> <b>Attachment:</b> NAIC Loss Cost.pdf	Filed	03/12/2012
	Item Status:	Status Date:



ARKANSAS INSURANCE DEPARTMENT

FORM H-1 HOMEOWNERS ABSTRACT

INSTRUCTIONS: All questions must be answered. If the answer is "none" or "not applicable", so state. If all questions are not answered, the filing will not be accepted for review by the Department. Use a separate abstract for each company if filing for a group. Subsequent homeowners rate/rule submissions that do not alter the information contained herein need not include this form.

Company Name Auto-Owners Insurance Company

NAIC # (including group #) 18988-280

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

N/A

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

Effective for Arkansas August 15, 2005. We estimate all dwellings to be insured to value.

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

Premier Plus and Auto-Owners Premier program minimum amount of insurance must be 100% of the replacement cost. Auto-Owners Standard program minimum amount of insurance must be 80% or more of the replacement cost. Secondary and Seasonal homes follow these same rules for each program.

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

We use an Adjusted Value Factor to calculate the estimated rise in cost annually.

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

- |                                                               |                            |
|---------------------------------------------------------------|----------------------------|
| a. Fire Extinguisher                                          | <u>3*</u> %                |
| b. Burglar Alarm                                              | <u>Up to 12</u> %          |
| c. Smoke Alarm                                                | <u>3*</u> %                |
| d. Insured who has both homeowners and auto with your company | <u>14</u> %                |
| e. Deadbolt Locks                                             | <u>3*</u> %                |
| f. Window or Door Locks                                       | <u>None</u> %              |
| g. Other (specify)                                            | <u>Seasonal 10</u> %       |
|                                                               | <u>Age up to 30%</u> %     |
|                                                               | <u>*Must have all 30</u> % |

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

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

Form	Premium Volume
Homeowners Form 3	9,363,593
Homeowners Form 4	94,243
Homeowners Form 6	71,689

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

9. Is there a surcharge on risks with wood heat? Yes  
 If yes, state the surcharge \$125 in Dwelling, \$50 in Outbuilding  
 Does the surcharge apply to conventional fire places? No  
 If yes, state the surcharge \_\_\_\_\_

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

J. Daniel Keefe Digitally signed by J. Daniel Keefe  
 DN: cn=J. Daniel Keefe, ou=Auto-Owners Insurance Company, email=keefe.dan@aoins.com, c=US  
 Date: 2012.02.03 10:07:27 -0500  
 \_\_\_\_\_  
 Signature  
 J. Daniel Keefe  
 \_\_\_\_\_  
 Printed Name  
 Manager, Personal Property  
 \_\_\_\_\_  
 Title  
 (517) 886-1846  
 \_\_\_\_\_  
 Telephone Number  
 Keefe.Dan@aoins.com  
 \_\_\_\_\_  
 Email address

NAIC Number: 18988  
 Company Name: Auto-Owners Insurance Company  
 Contact Person: Joel Schultz  
 Telephone No.: (517) 3223-1200 x2671  
 Email Address: schultz.joel@aions.com  
 Effective Date: 06/13/2012

**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	\$758.40	\$845.76	\$742.08	\$827.52	\$1,112.64	\$1,241.28	\$1,112.64	\$1,241.28	\$1,031.04	\$1,149.12	\$1,031.04	\$1,149.12	\$1,031.04	\$1,149.12	\$807.36	\$901.44	\$964.80	\$1,076.16
	\$120,000	\$1,056.96	\$1,179.84	\$1,033.92	\$1,153.92	\$1,552.32	\$1,730.88	\$1,552.32	\$1,730.88	\$1,437.12	\$1,603.20	\$1,437.12	\$1,603.20	\$1,437.12	\$1,603.20	\$1,126.08	\$1,256.64	\$1,344.96	\$1,499.52
	\$160,000	\$1,384.32	\$1,544.64	\$1,354.56	\$1,511.04	\$2,032.32	\$2,267.52	\$2,032.32	\$2,267.52	\$1,882.56	\$2,099.52	\$1,882.56	\$2,099.52	\$1,882.56	\$2,099.52	\$1,474.56	\$1,646.40	\$1,761.60	\$1,964.16
6	\$80,000	\$893.76	\$958.08	\$874.56	\$936.96	\$1,311.36	\$1,405.44	\$1,311.36	\$1,405.44	\$1,214.40	\$1,300.80	\$1,214.40	\$1,300.80	\$1,214.40	\$1,300.80	\$952.32	\$1,020.48	\$1,136.64	\$1,218.24
	\$120,000	\$1,246.08	\$1,335.36	\$1,219.20	\$1,306.56	\$1,828.80	\$1,959.36	\$1,828.80	\$1,959.36	\$1,693.44	\$1,814.40	\$1,693.44	\$1,814.40	\$1,693.44	\$1,814.40	\$1,328.64	\$1,422.72	\$1,584.96	\$1,698.24
	\$160,000	\$1,632.00	\$1,749.12	\$1,597.44	\$1,710.72	\$2,395.20	\$2,567.04	\$2,395.20	\$2,567.04	\$2,218.56	\$2,376.96	\$2,218.56	\$2,376.96	\$2,218.56	\$2,376.96	\$1,739.52	\$1,863.36	\$2,075.52	\$2,224.32
9	\$80,000	\$1,532.16	\$1,796.16	\$1,499.52	\$1,756.80	\$2,248.32	\$2,635.20	\$2,248.32	\$2,635.20	\$2,082.24	\$2,440.32	\$2,082.24	\$2,440.32	\$2,082.24	\$2,440.32	\$1,632.96	\$1,913.28	\$1,948.80	\$2,283.84
	\$120,000	\$2,136.00	\$2,503.68	\$2,089.92	\$2,449.92	\$3,135.36	\$3,674.88	\$3,135.36	\$3,674.88	\$2,903.04	\$3,402.24	\$2,903.04	\$3,402.24	\$2,903.04	\$3,402.24	\$2,276.16	\$2,666.88	\$2,716.80	\$3,185.28
	\$160,000	\$2,798.40	\$3,279.36	\$2,737.92	\$3,208.32	\$4,106.88	\$4,813.44	\$4,106.88	\$4,813.44	\$3,802.56	\$4,456.32	\$3,802.56	\$4,456.32	\$3,802.56	\$4,456.32	\$2,981.76	\$3,493.44	\$3,558.72	\$4,171.20

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	\$113.00	\$113.00	\$113.00	\$113.00	\$144.00	\$144.00	\$144.00	\$144.00	\$139.00	\$139.00	\$139.00	\$139.00	\$139.00	\$139.00	\$115.00	\$115.00	\$121.00	\$121.00
	\$15,000	\$189.00	\$189.00	\$189.00	\$189.00	\$240.00	\$240.00	\$240.00	\$240.00	\$231.00	\$231.00	\$231.00	\$231.00	\$231.00	\$231.00	\$192.00	\$192.00	\$202.00	\$202.00
	\$25,000	\$253.00	\$253.00	\$253.00	\$253.00	\$322.00	\$322.00	\$322.00	\$322.00	\$309.00	\$309.00	\$309.00	\$309.00	\$309.00	\$309.00	\$258.00	\$258.00	\$271.00	\$271.00
6	\$5,000	\$121.00	\$121.00	\$121.00	\$121.00	\$154.00	\$154.00	\$154.00	\$154.00	\$148.00	\$148.00	\$148.00	\$148.00	\$148.00	\$148.00	\$124.00	\$124.00	\$130.00	\$130.00
	\$15,000	\$202.00	\$202.00	\$202.00	\$202.00	\$257.00	\$257.00	\$257.00	\$257.00	\$247.00	\$247.00	\$247.00	\$247.00	\$247.00	\$247.00	\$206.00	\$206.00	\$216.00	\$216.00
	\$25,000	\$270.00	\$270.00	\$270.00	\$270.00	\$345.00	\$345.00	\$345.00	\$345.00	\$331.00	\$331.00	\$331.00	\$331.00	\$331.00	\$331.00	\$276.00	\$276.00	\$290.00	\$290.00
9	\$5,000	\$175.00	\$175.00	\$175.00	\$175.00	\$224.00	\$224.00	\$224.00	\$224.00	\$215.00	\$215.00	\$215.00	\$215.00	\$215.00	\$215.00	\$179.00	\$179.00	\$188.00	\$188.00
	\$15,000	\$292.00	\$292.00	\$292.00	\$292.00	\$373.00	\$373.00	\$373.00	\$373.00	\$358.00	\$358.00	\$358.00	\$358.00	\$358.00	\$358.00	\$298.00	\$298.00	\$313.00	\$313.00
	\$25,000	\$392.00	\$392.00	\$392.00	\$392.00	\$500.00	\$500.00	\$500.00	\$500.00	\$479.00	\$479.00	\$479.00	\$479.00	\$479.00	\$479.00	\$400.00	\$400.00	\$420.00	\$420.00

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

Public Protection Class	Dwelling Value	Washington		Baxter		Craighead		St. Francis		Arkansas		Union		Miller		Sebastian		Pulaski	
		Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame
3	\$80,000																		
	\$120,000																		
	\$160,000																		
6	\$80,000																		
	\$120,000																		
	\$160,000																		
9	\$80,000																		
	\$120,000																		
	\$160,000																		

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

**HO3 and HO4 only**

Fire Extinguisher	-3 %	Deadbolt Lock	n/a %
Burglar Alarm	-12 %	Window Locks	n/a %
Smoke Alarm	n/a %	\$1,000 Deductible	-11 %
		Other (specify)	
		Maximum Credit Allowed	n/a %

**EARTHQUAKE INSURANCE**

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

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

WHAT IS YOUR PERCENTAGE DEDUCTIBLE? 5, 10, 15 %

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

Zone	Brick	Frame
Highest Risk	\$ 2.88	\$ 2.04
Lowest Risk	\$ 0.41	\$ 0.32

### NAIC LOSS COST DATA ENTRY DOCUMENT

<b>1.</b>	This filing transmittal is part of Company Tracking #	<b>HOM-AR-01-06/13/2012-01</b>
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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	<b>N/A</b>
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	Company Name	Company NAIC Number
<b>3. A.</b>	<b>Auto-Owners Insurance Company</b>	<b>B. 280-18988</b>

	Product Coding Matrix Line of Business (i.e., Type of Insurance)	Product Coding Matrix Line of Insurance (i.e., Sub-type of Insurance)
<b>4. A.</b>	<b>04.0 Homeowners</b>	<b>B. 04.0000 Homeowners Sub-TOI Combinations</b>

	(A) COVERAGE (See Instructions)	(B) Indicated % Rate Level Change	(C) Requested % Rate Level Change	FOR LOSS COSTS ONLY			
			(D) Expected Loss Ratio	(E) Loss Cost Modification Factor	(F) Selected Loss Cost Multiplier	(G) Expense Constant (If Applicable)	(H) Co. Current Loss Cost Multiplier
	<b>Form 3</b>	<b>251.2%</b>	<b>15.0</b>				
	<b>Form 4</b>	<b>-87.9%</b>	<b>0.0</b>				
	<b>Form 6</b>	<b>-33.9%</b>	<b>0.1</b>				
	<b>TOTAL OVERALL EFFECT</b>		<b>14.7</b>				

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
<b>06/10-06/11</b>	<b>9,106</b>	<b>14.7%</b>	<b>06/13/11</b>	<b>7,257.3</b>	<b>15,776.4</b>	<b>225.8</b>	<b>121.2</b>
<b>06/09-06/10</b>	<b>6,789</b>	<b>9.8%</b>	<b>02/15/10</b>	<b>4,883.7</b>	<b>7,740.1</b>	<b>161.7</b>	<b>94.1</b>
<b>06/08-06/09</b>	<b>4,780</b>	<b>N/A</b>	<b>N/A</b>	<b>3,359.9</b>	<b>7,843.8</b>	<b>241.4</b>	<b>108.2</b>
<b>06/07-06/08</b>	<b>3,316</b>	<b>N/A</b>	<b>N/A</b>	<b>2,274.2</b>	<b>3,526.6</b>	<b>161.5</b>	<b>95.9</b>
<b>06/06-06/07</b>	<b>2,057</b>	<b>-1.9%</b>	<b>11/15/07</b>	<b>1,073.3</b>	<b>1,162.5</b>	<b>109.4</b>	<b>69.2</b>

Expense Constants	Selected Provisions
A. Total Production Expense	<b>18.2</b>
B. General Expense	<b>1.1</b>
C. Taxes, License & Fees	<b>3.2</b>
D. Underwriting Profit & Contingencies	<b>10</b>
E. Other (Other Acquisition and Reinsurance Expense)	<b>4.6</b>
<b>F. TOTAL</b>	<b>37.1</b>

- 8.**   N   Apply Lost Cost Factors to Future filings? (Y or N)
- 9.**   58.3   Estimated Maximum Rate Increase for any Insured (%). Territory (if applicable): \_\_\_\_\_ 10 \_\_\_\_\_
- 10.**   -6.0   Estimated Maximum Rate Decrease for any Insured (%) Territory (if applicable): \_\_\_\_\_ 12 \_\_\_\_\_



# *Auto-Owners Insurance*

Homeowners  
Arkansas  
Form 6 Total

## Determination of Rate Level Indications for Accident Year Data

	<u>Jun-07</u>	<u>Jun-08</u>	<u>Jun-09</u>	<u>Jun-10</u>	<u>Jun-11</u>
(1) <i>Current Level Trended Premiums</i>	12,517	27,247	37,550	49,206	64,205
(2) <i>Trended Incurred Losses and ALAE</i>	831	507	54,050	18,670	5,559
(3) <i>Projected Loss Ratio</i> (2)/(1)	6.6%	1.9%	143.9%	37.9%	8.7%
(4) <i>Weights</i>	10.0%	15.0%	20.0%	25.0%	30.0%
(5) <i>Weighted Projected Loss Ratio</i>					41.8%
(6) <i>Net Projected Loss Ratio</i>					41.8%
(7) <i>Permissible Loss Ratio</i>					63.3%
(8) <i>Indicated Rate Level Change</i> (6)/(7)					-33.9%

### Past Rate Changes

<u>New Business</u>	<u>Renewal Business</u>	<u>Percent Change</u>
11/15/2007	12/20/2007	0.0 %
02/15/2010	03/23/2010	0.0 %
06/13/2011	07/19/2011	-0.1 %

# *Auto-Owners Insurance*

Homeowners  
Arkansas

## Calculation of Premium Trend Factors

	Experience Period	Form 6 Total	
		Developed	Selected
(1) Current Premium Trend Factor <i>Latest Avg. Written Premium ÷ Historic Avg. Earned Premium at current level</i>	2007	1.193	1.193
	2008	1.095	1.095
	2009	1.073	1.073
	2010	0.978	0.978
	2011	1.003	1.003
(2) Calculated Proj Premium Trend		3.45%	3.45%
(3) Trend Start Date	2007	07/01/2006	
	2008	07/01/2007	
	2009	07/01/2008	
	2010	07/01/2009	
	2011	07/01/2010	
(4) Trend End Date <i>6 months past renewal date of 07/19/2012</i>	2007	01/17/2013	
	2008	01/17/2013	
	2009	01/17/2013	
	2010	01/17/2013	
	2011	01/17/2013	
(6) Years of Trend Extension Proj <i># of Years between the Premium Trends midpoint and (4) 01/01/2011</i>	2007	2.044	
	2008	2.044	
	2009	2.044	
	2010	2.044	
	2011	2.044	
(7) Premium Trend Factor <i>(1)*[1+(2)]^(6)</i>	2007	1.278	
	2008	1.173	
	2009	1.150	
	2010	1.048	
	2011	1.075	

# *Auto-Owners Insurance*

Homeowners  
Arkansas

## Calculation of Current Level Trended Premiums

Part	Year	Earned Premiums	Current Level Factor	Premium Trend Factor	Current Level Trended Premiums
		(1)	(2)	(3)	(4)
Form 6 Total	2007	\$9,796	0.9995	1.278	\$12,517
	2008	\$23,231	0.9995	1.173	\$27,247
	2009	\$32,676	0.9994	1.150	\$37,550
	2010	\$46,992	0.9994	1.048	\$49,206
	2011	\$59,755	0.9994	1.075	\$64,205

### Notes

- (1) Actual Earned Premiums
- (2) Per Parallelogram Method
- (3) See Calculation of Premium Trend Factor
- (4) (1) \* (2) \* (3)

# *Auto-Owners Insurance*

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Form 6 Total

## Ultimate Losses

### Form 6 Total

Experience Period	Losses Less Cats	Cat Losses Smoothed	Final Ultimate Loss	ULAE Acc Year	Final Ultimate Loss With Factor
2007	564	188	752	1.0283	773
2008	20	445	465	1.0237	476
2009	49,608	625	50,233	1.0203	51,253
2010	16,641	900	17,541	1.0199	17,890
2011	4,125	1,144	5,269	1.0203	5,376

Arkansas  
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Form 6 Total  
Period Ending 6/2011  
All Reviewable Coverages  
Loss Development Exhibit

01/06/2012

**LOSSES - Losses Less Cats : Incurred Amount**

Accident Year	12	24	36	48	60	72	84	96	108	120
7/1/01 - 6/30/02										
7/1/02 - 6/30/03										
7/1/03 - 6/30/04										
7/1/04 - 6/30/05										
7/1/05 - 6/30/06										
7/1/06 - 6/30/07	560	560	560	560	560					
7/1/07 - 6/30/08										
7/1/08 - 6/30/09	90,100	49,608	49,608							
7/1/09 - 6/30/10	16,628	16,628								
7/1/10 - 6/30/11	1,616									

**RATIOS - Standard Method**

Accident Year	1st-2nd	2nd-3rd	3rd-4th	4th-5th	5th-6th	6th-7th	7th-8th	8th-9th	9th-10th
7/1/01 - 6/30/02									
7/1/02 - 6/30/03									
7/1/03 - 6/30/04									
7/1/04 - 6/30/05									
7/1/05 - 6/30/06									
7/1/06 - 6/30/07	1.0000	1.0000	1.0000	1.0000					
7/1/07 - 6/30/08									
7/1/08 - 6/30/09	0.5506	1.0000							
7/1/09 - 6/30/10	1.0000								

**AVERAGE RATIOS - Standard Method**

Average Type	1st-2nd	2nd-3rd	3rd-4th	4th-5th	5th-6th	6th-7th	7th-8th	8th-9th	9th-10th
1 Year Average	1.0000	1.0000		1.0000					
2 Year Average	0.7753	1.0000	1.0000	1.0000					
3 Year Average	0.7753	1.0000	1.0000	1.0000					
4 Year Average	0.8502	1.0000	1.0000	1.0000					
5 Year Average	0.8502	1.0000	1.0000	1.0000					
6 Year Average	0.8502	1.0000	1.0000	1.0000					
7 Year Average	0.8502	1.0000	1.0000	1.0000					
8 Year Average	0.8502	1.0000	1.0000	1.0000					
9 Year Average	0.8502	1.0000	1.0000	1.0000					
Middle 3 of 5	0.7753	1.0000							
Middle 5 of 7	0.7753	1.0000							
3 Year Volume Weighted	0.6206	1.0000	1.0000	1.0000					
5 Year Volume Weighted	0.6226	1.0000	1.0000	1.0000					
7 Year Volume Weighted	0.6226	1.0000	1.0000	1.0000					
9 Year Volume Weighted	0.6226	1.0000	1.0000	1.0000					

**SELECTED AND CUSTOM RATIOS - Standard Method**

Accident Year	1st-2nd	2nd-3rd	3rd-4th	4th-5th	5th-6th	6th-7th	7th-8th	8th-9th	9th-10th
Selected Custom	< 1.0105	< 0.9874	< 0.9880	< 0.9995	< 1.0005	< 0.9997	< 1.0000	< 1.0000	< 1.0000
Cumulative	0.9855	0.9753	0.9877	0.9997	1.0002	0.9997	1.0000	1.0000	1.0000
Ratio to Ultimate	1.0147	1.0254	1.0124	1.0003	0.9998	1.0003	1.0000	1.0000	1.0000

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**LOSSES - Losses Less Cats : Incurred Amount**

Accident Year	12	24	36	48	60	72	84	96	108	120
7/1/01 - 6/30/02										
7/1/02 - 6/30/03										
7/1/03 - 6/30/04										
7/1/04 - 6/30/05										
7/1/05 - 6/30/06										
7/1/06 - 6/30/07	560	560	560	560	560					
7/1/07 - 6/30/08										
7/1/08 - 6/30/09	90,100	49,608	49,608							
7/1/09 - 6/30/10	16,628	16,628								
7/1/10 - 6/30/11	1,616									

**RATIOS - Percent Premium Method**

Accident Year	1st-2nd	2nd-3rd	3rd-4th	4th-5th	5th-6th	6th-7th	7th-8th	8th-9th	9th-10th
7/1/01 - 6/30/02									
7/1/02 - 6/30/03									
7/1/03 - 6/30/04									
7/1/04 - 6/30/05									
7/1/05 - 6/30/06									
7/1/06 - 6/30/07	0.0000	0.0000	0.0000	0.0000					
7/1/07 - 6/30/08									
7/1/08 - 6/30/09	-1.2392	0.0000							
7/1/09 - 6/30/10	0.0000								

**AVERAGE RATIOS - Percent Premium Method**

Average Type	1st-2nd	2nd-3rd	3rd-4th	4th-5th	5th-6th	6th-7th	7th-8th	8th-9th	9th-10th
1 Year Average	0.0000	0.0000		0.0000					
2 Year Average	-0.6196	0.0000	0.0000	0.0000					
3 Year Average	-0.6196	0.0000	0.0000	0.0000					
4 Year Average	-0.4131	0.0000	0.0000	0.0000					
5 Year Average	-0.4131	0.0000	0.0000	0.0000					
6 Year Average	-0.4131	0.0000	0.0000	0.0000					
7 Year Average	-0.4131	0.0000	0.0000	0.0000					
8 Year Average	-0.4131	0.0000	0.0000	0.0000					
9 Year Average	-0.4131	0.0000	0.0000	0.0000					
Middle 3 of 5	-0.6196	0.0000							
Middle 5 of 7	-0.6196	0.0000							
3 Year Volume Weighted	-1.0461	0.0000	0.0000	0.0000					
5 Year Volume Weighted	-1.0407	0.0000	0.0000	0.0000					
7 Year Volume Weighted	-1.0407	0.0000	0.0000	0.0000					
9 Year Volume Weighted	-1.0407	0.0000	0.0000	0.0000					

**SELECTED AND CUSTOM RATIOS - Percent Premium Method**

Accident Year	1st-2nd	2nd-3rd	3rd-4th	4th-5th	5th-6th	6th-7th	7th-8th	8th-9th	9th-10th
Selected Custom	< 0.0028	< -0.0075	< -0.0063	< -0.0002	< 0.0007	< -0.0011	< 0.0000	< 0.0000	< 0.0000
Cumulative	-0.0116	-0.0144	-0.0069	-0.0006	-0.0004	-0.0011	0.0000	0.0000	0.0000

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Form 6 Total  
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**LOSSES - Losses Less Cats : Paid Amount**

Accident Year	12	24	36	48	60	72	84	96	108	120
7/1/01 - 6/30/02										
7/1/02 - 6/30/03										
7/1/03 - 6/30/04										
7/1/04 - 6/30/05										
7/1/05 - 6/30/06										
7/1/06 - 6/30/07	560	560	560	560	560					
7/1/07 - 6/30/08										
7/1/08 - 6/30/09	62,499	49,608	49,608							
7/1/09 - 6/30/10	16,628	16,628								
7/1/10 - 6/30/11	1,616									

**RATIOS - Standard Method**

Accident Year	1st-2nd	2nd-3rd	3rd-4th	4th-5th	5th-6th	6th-7th	7th-8th	8th-9th	9th-10th
7/1/01 - 6/30/02									
7/1/02 - 6/30/03									
7/1/03 - 6/30/04									
7/1/04 - 6/30/05									
7/1/05 - 6/30/06									
7/1/06 - 6/30/07	1.0000	1.0000	1.0000	1.0000					
7/1/07 - 6/30/08									
7/1/08 - 6/30/09	0.7937	1.0000							
7/1/09 - 6/30/10	1.0000								

**AVERAGE RATIOS - Standard Method**

Average Type	1st-2nd	2nd-3rd	3rd-4th	4th-5th	5th-6th	6th-7th	7th-8th	8th-9th	9th-10th
1 Year Average	1.0000	1.0000		1.0000					
2 Year Average	0.8968	1.0000	1.0000	1.0000					
3 Year Average	0.8968	1.0000	1.0000	1.0000					
4 Year Average	0.9312	1.0000	1.0000	1.0000					
5 Year Average	0.9312	1.0000	1.0000	1.0000					
6 Year Average	0.9312	1.0000	1.0000	1.0000					
7 Year Average	0.9312	1.0000	1.0000	1.0000					
8 Year Average	0.9312	1.0000	1.0000	1.0000					
9 Year Average	0.9312	1.0000	1.0000	1.0000					
Middle 3 of 5	0.8969	1.0000							
Middle 5 of 7	0.8969	1.0000							
3 Year Volume Weighted	0.8371	1.0000	1.0000	1.0000					
5 Year Volume Weighted	0.8382	1.0000	1.0000	1.0000					
7 Year Volume Weighted	0.8382	1.0000	1.0000	1.0000					
9 Year Volume Weighted	0.8382	1.0000	1.0000	1.0000					

**SELECTED AND CUSTOM RATIOS - Standard Method**

Accident Year	1st-2nd	2nd-3rd	3rd-4th	4th-5th	5th-6th	6th-7th	7th-8th	8th-9th	9th-10th
Selected Custom	< 1.2533	< 1.0154	< 1.0085	< 1.0025	< 1.0006	< 1.0014	< 1.0000	< 1.0000	< 1.0000
Cumulative	1.2892	1.0286	1.0130	1.0045	1.0020	1.0014	1.0000	1.0000	1.0000
Ratio to Ultimate	0.7757	0.9722	0.9871	0.9955	0.9980	0.9986	1.0000	1.0000	1.0000

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Form 6 Total  
Period Ending 6/2011  
All Reviewable Coverages  
Loss Development Exhibit

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**LOSSES - Losses Less Cats : Paid Amount**

Accident Year	12	24	36	48	60	72	84	96	108	120
7/1/01 - 6/30/02										
7/1/02 - 6/30/03										
7/1/03 - 6/30/04										
7/1/04 - 6/30/05										
7/1/05 - 6/30/06										
7/1/06 - 6/30/07	560	560	560	560	560					
7/1/07 - 6/30/08										
7/1/08 - 6/30/09	62,499	49,608	49,608							
7/1/09 - 6/30/10	16,628	16,628								
7/1/10 - 6/30/11	1,616									

**RATIOS - Percent Premium Method**

Accident Year	1st-2nd	2nd-3rd	3rd-4th	4th-5th	5th-6th	6th-7th	7th-8th	8th-9th	9th-10th
7/1/01 - 6/30/02									
7/1/02 - 6/30/03									
7/1/03 - 6/30/04									
7/1/04 - 6/30/05									
7/1/05 - 6/30/06									
7/1/06 - 6/30/07	0.0000	0.0000	0.0000	0.0000					
7/1/07 - 6/30/08									
7/1/08 - 6/30/09	-0.3945	0.0000							
7/1/09 - 6/30/10	0.0000								

**AVERAGE RATIOS - Percent Premium Method**

Average Type	1st-2nd	2nd-3rd	3rd-4th	4th-5th	5th-6th	6th-7th	7th-8th	8th-9th	9th-10th
1 Year Average	0.0000	0.0000		0.0000					
2 Year Average	-0.1972	0.0000	0.0000	0.0000					
3 Year Average	-0.1972	0.0000	0.0000	0.0000					
4 Year Average	-0.1315	0.0000	0.0000	0.0000					
5 Year Average	-0.1315	0.0000	0.0000	0.0000					
6 Year Average	-0.1315	0.0000	0.0000	0.0000					
7 Year Average	-0.1315	0.0000	0.0000	0.0000					
8 Year Average	-0.1315	0.0000	0.0000	0.0000					
9 Year Average	-0.1315	0.0000	0.0000	0.0000					
Middle 3 of 5	-0.1973	0.0000							
Middle 5 of 7	-0.1973	0.0000							
3 Year Volume Weighted	-0.3116	0.0000	0.0000	0.0000					
5 Year Volume Weighted	-0.3094	0.0000	0.0000	0.0000					
7 Year Volume Weighted	-0.3094	0.0000	0.0000	0.0000					
9 Year Volume Weighted	-0.3094	0.0000	0.0000	0.0000					

**SELECTED AND CUSTOM RATIOS - Percent Premium Method**

Accident Year	1st-2nd	2nd-3rd	3rd-4th	4th-5th	5th-6th	6th-7th	7th-8th	8th-9th	9th-10th
Selected Custom	< 0.1104	< 0.0076	< 0.0025	< 0.0012	< 0.0007	< 0.0011	< 0.0000	< 0.0000	< 0.0000
Cumulative	0.1235	0.0131	0.0055	0.0030	0.0018	0.0011	0.0000	0.0000	0.0000

Arkansas  
Homeowners  
Auto-Owners Insurance Group  
Form 6 Total  
Period Ending 6/2011  
All Reviewable Coverages  
Loss Development Exhibit

01/06/2012

**LOSSES - Cat Losses : Incurred Amount**

Accident Year	12	24	36	48	60	72	84	96	108	120
7/1/01 - 6/30/02										
7/1/02 - 6/30/03										
7/1/03 - 6/30/04										
7/1/04 - 6/30/05										
7/1/05 - 6/30/06										
7/1/06 - 6/30/07	0	0	0	0	0					
7/1/07 - 6/30/08										
7/1/08 - 6/30/09	0	0	0							
7/1/09 - 6/30/10	0	0								
7/1/10 - 6/30/11	3,429									

**RATIOS - Standard Method**

Accident Year	1st-2nd	2nd-3rd	3rd-4th	4th-5th	5th-6th	6th-7th	7th-8th	8th-9th	9th-10th
7/1/01 - 6/30/02									
7/1/02 - 6/30/03									
7/1/03 - 6/30/04									
7/1/04 - 6/30/05									
7/1/05 - 6/30/06									
7/1/06 - 6/30/07									
7/1/07 - 6/30/08									
7/1/08 - 6/30/09									
7/1/09 - 6/30/10									

**AVERAGE RATIOS - Standard Method**

Average Type	1st-2nd	2nd-3rd	3rd-4th	4th-5th	5th-6th	6th-7th	7th-8th	8th-9th	9th-10th
1 Year Average									
2 Year Average									
3 Year Average									
4 Year Average									
5 Year Average									
6 Year Average									
7 Year Average									
8 Year Average									
9 Year Average									
Middle 3 of 5									
Middle 5 of 7									
3 Year Volume Weighted									
5 Year Volume Weighted									
7 Year Volume Weighted									
9 Year Volume Weighted									

**SELECTED AND CUSTOM RATIOS - Standard Method**

Accident Year	1st-2nd	2nd-3rd	3rd-4th	4th-5th	5th-6th	6th-7th	7th-8th	8th-9th	9th-10th
Selected Custom	< 0.9991	< 0.9746	< 1.0000	< 1.0000	< 1.0000	< 1.0000	< 1.0000	< 1.0000	< 1.0000
Cumulative	0.9737	0.9746	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Ratio to Ultimate	1.0270	1.0261	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000

# *Auto-Owners Insurance*

Homeowners  
Arkansas

## Calculation of Loss Trends

### Frequency

	Experience Period	Form 6 Total	
		CL	Proj
(1) Calculated Loss Trend		-1.13%	0.27%
(2) Selected Loss Trend		-1.13%	0.27%
(3) Trend Start Date	2007	01/01/2007	
	2008	01/01/2008	
	2009	01/01/2009	
	2010	01/01/2010	
	2011	01/01/2011	
(4) Trend End Date	2007	07/19/2013	
<i>12 months past renewal date of</i>	2008	07/19/2013	
<i>07/19/2012</i>	2009	07/19/2013	
	2010	07/19/2013	
	2011	07/19/2013	
(5) Years of Trend Extension CL	2007	4.250	
<i># of Years between (3) and the</i>	2008	3.250	
<i>midpoint of Loss Trends</i>	2009	2.250	
<i>04/01/2011</i>	2010	1.250	
	2011	0.250	
(6) Years of Trend Extension Proj	2007	2.299	
<i># of Years between (4) and the</i>	2008	2.299	
<i>midpoint of Loss Trends</i>	2009	2.299	
<i>04/01/2011</i>	2010	2.299	
	2011	2.299	
(7) Loss Trend Factor	2007	0.959	
$((1+(2)_{CL})^{(5)}) * ((1+(2)_{Proj})^{(6)})$	2008	0.970	
	2009	0.981	
	2010	0.992	
	2011	1.003	

# *Auto-Owners Insurance*

Homeowners  
Arkansas

## Calculation of Loss Trends

### Average Paid

	Experience Period	Form 6 Total	
		CL	Proj
(1) Calculated Loss Trend		2.11%	1.09%
(2) Selected Loss Trend		2.11%	1.09%
(3) Trend Start Date	2007	01/01/2007	
	2008	01/01/2008	
	2009	01/01/2009	
	2010	01/01/2010	
	2011	01/01/2011	
(4) Trend End Date	2007	07/19/2013	
<i>12 months past renewal date of 07/19/2012</i>	2008	07/19/2013	
	2009	07/19/2013	
	2010	07/19/2013	
	2011	07/19/2013	
(5) Years of Trend Extension CL	2007	4.250	
<i># of Years between (3) and the midpoint of Loss Trends 04/01/2011</i>	2008	3.250	
	2009	2.250	
	2010	1.250	
	2011	0.250	
(6) Years of Trend Extension Proj	2007	2.299	
<i># of Years between (4) and the midpoint of Loss Trends 04/01/2011</i>	2008	2.299	
	2009	2.299	
	2010	2.299	
	2011	2.299	
(7) Loss Trend Factor	2007	1.121	
$((1+(2)_{CL})^{(5)}) * ((1+(2)_{Proj})^{(6)})$	2008	1.097	
	2009	1.075	
	2010	1.052	
	2011	1.031	

Arkansas  
Loss Trends Exhibit  
Auto-Owners Insurance Group  
Homeowners - Form 6 Total

LOSS TRENDS  
REPORT

Actuarial  
01/06/2012

All Reviewable Coverages

Qtr/Yr	Statewide						Companywide					
	Written Units	Paid Count	Paid Amount	Freq	Average Paid	Pure Premium	Written Units	Paid Count	Paid Amount	Freq	Average Paid	Pure Premium
09/2006	17	0	0	0.00	0.00	0.00	59,752	1,949	7,365,452	32.62	3,779.09	123.27
12/2006	24	0	0	0.00	0.00	0.00	60,270	1,980	7,705,016	32.85	3,891.42	127.84
03/2007	30	0	0	0.00	0.00	0.00	60,628	2,068	8,098,731	34.11	3,916.21	133.58
06/2007	38	1	560	26.04	559.75	14.58	61,250	2,129	8,494,598	34.76	3,989.95	138.69
09/2007	48	1	560	21.01	559.75	11.76	61,370	2,170	9,383,132	35.36	4,324.02	152.90
12/2007	48	1	560	20.70	559.75	11.59	61,488	2,164	9,186,546	35.19	4,245.17	149.40
03/2008	54	1	560	18.66	559.75	10.44	61,623	2,169	9,125,100	35.20	4,207.05	148.08
06/2008	63	0	0	0.00	0.00	0.00	61,946	2,167	9,499,359	34.98	4,383.65	153.35
09/2008	64	0	0	0.00	0.00	0.00	62,332	2,168	8,700,099	34.78	4,012.96	139.58
12/2008	69	0	35,964	0.00	0.00	520.47	62,568	2,165	8,688,913	34.60	4,013.35	138.87
03/2009	77	3	54,006	38.91	18,002.08	700.47	62,931	2,246	9,184,827	35.69	4,089.42	145.95
06/2009	80	4	62,499	50.31	15,624.75	786.15	63,323	2,313	9,046,444	36.53	3,911.13	142.86
09/2009	88	4	66,958	45.51	16,739.47	761.75	63,908	2,280	9,306,490	35.68	4,081.79	145.62
12/2009	94	8	44,631	85.29	5,578.82	475.81	64,568	2,287	9,759,872	35.42	4,267.54	151.16
03/2010	94	6	11,753	64.10	1,958.86	125.57	65,022	2,216	9,354,235	34.08	4,221.22	143.86
06/2010	96	6	3,737	62.37	622.83	38.85	65,941	2,120	9,542,733	32.15	4,501.29	144.72
09/2010	110	6	-722	54.74	-120.31	-6.59	66,523	2,158	9,498,372	32.44	4,401.47	142.78
12/2010	117	3	-12,743	25.55	-4,247.72	-108.54	67,143	2,149	9,554,368	32.01	4,445.96	142.30
03/2011	130	2	2,092	15.43	1,046.11	16.14	67,712	2,168	9,561,325	32.02	4,410.21	141.21
06/2011	137	1	1,616	7.30	1,615.65	11.79	68,186	2,244	9,201,973	32.91	4,100.70	134.95
09/2011	139	1	1,616	7.20	1,615.65	11.64	70,221	2,254	9,903,532	32.10	4,393.76	141.03

Composition: 12 MTD    LAE: ✓    Bad Faith:    Cats:    Refund Assessment:    Large Losses: ✓

# *Auto-Owners Insurance*

Homeowners  
Arkansas  
Form 6 Total

## Development of the Permissible Loss Ratio

(1)	Commission and Brokerage Expense	18.3%
(2)	Other Acquisitions	4.1%
(3)	General Expenses	1.1%
(4)	Tax, License, and Fees	2.7%
(5)	Reinsurance Expense	0.5%
(6)	Total Expenses <i>(1)+(2)+(3)+(4)+(5)</i>	26.7%
(7)	Profit and Contingency	10.0%
(8)	Permissible Loss Ratio <i>1 - ((6) + (7))</i>	63.3%

**Expense Exhibit - Homeowners  
Auto-Owners Insurance Group  
Arkansas**

**All Reviewable Coverages - Form 6 Total**

	12 MTD Ending 6 / 2007		12 MTD Ending 6 / 2008		12 MTD Ending 6 / 2009		12 MTD Ending 6 / 2010		12 MTD Ending 6 / 2011	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
<u>Loss Experience</u>										
Written Premium	17,360		28,531		39,360		49,191		68,964	
Earned Premium	9,796	100.0	23,231	100.0	32,676	100.0	46,992	100.0	59,755	100.0
Incurred Amount	180	1.8	-50	-0.2	87,801	268.7	-24,924	-53.0	4,676	7.8
Allocated LAE	271	2.8	729	3.1	3,447	10.5	548	1.2	2,545	4.3
Unallocated LAE	52	0.5	269	1.2	3,940	12.1	315	0.7	665	1.1
<u>Total Losses</u>	<u>503</u>	<u>5.1</u>	<u>948</u>	<u>4.1</u>	<u>95,189</u>	<u>291.3</u>	<u>-24,062</u>	<u>-51.1</u>	<u>7,885</u>	<u>13.2</u>
 <u>Expenses Incurred</u>										
Commission and Brokerage *	3,112	17.9	4,999	17.5	6,569	16.7	7,987	16.2	12,717	18.4
Other Acquisitions (2)	388	4.0	864	3.7	1,241	3.8	2,121	4.5	2,362	4.0
General Expenses (2)	94	1.0	221	1.0	307	0.9	554	1.2	641	1.1
Tax, License, and Fees *	845	4.9	1,110	3.9	1,150	2.9	1,212	2.5	1,835	2.7
<u>Total Expenses</u>	<u>4,439</u>	<u>27.8</u>	<u>7,194</u>	<u>26.1</u>	<u>9,267</u>	<u>24.3</u>	<u>11,875</u>	<u>24.4</u>	<u>17,556</u>	<u>26.2</u>
Total Losses and Expenses	4,942	32.9	8,142	30.2	104,456	315.6	-12,187	-26.7	25,441	39.4
Gain from Underwriting	4,854	67.1	15,089	69.8	-71,780	-215.6	59,179	126.7	34,314	60.6

	3 Year Total		4 Year Total		5 Year Total	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
<u>Loss Experience</u>						
Written Premium	157,514		186,046		203,406	
Earned Premium	139,423	100.0	162,654	100.0	172,450	100.0
Incurred Amount	67,552	48.5	67,502	41.5	67,683	39.2
Allocated LAE	6,539	4.7	7,269	4.5	7,540	4.4
Unallocated LAE	4,920	3.5	5,188	3.2	5,240	3.0
<u>Total Losses</u>	<u>79,012</u>	<u>56.7</u>	<u>79,960</u>	<u>49.2</u>	<u>80,463</u>	<u>46.7</u>
 <u>Expenses Incurred</u>						
Commission and Brokerage *	27,274	17.3	32,273	17.3	35,384	17.4
Other Acquisitions (2)	5,725	4.1	6,589	4.0	6,976	4.0
General Expenses (2)	1,503	1.1	1,723	1.0	1,818	1.0
Tax, License, and Fees *	4,197	2.7	5,307	2.9	6,152	3.0
Reinsurance Expenses *						
<u>Total Expenses</u>	<u>38,698</u>	<u>25.2</u>	<u>45,892</u>	<u>25.2</u>	<u>50,330</u>	<u>25.4</u>
Total Losses and Expenses	117,710	81.9	125,851	74.4	130,793	72.1
Gain from Underwriting	21,713	18.1	36,802	25.6	41,657	27.9

\* - Ratios Calculated to Written Premium (1)Uses Companywide Info (2)Uses AO Group Info # - Uses Combined Coverage Info

+ - FIGA Excluded @ - Guaranty Fund Expenses Excluded Earthquake Excluded

# *Auto-Owners Insurance*

Homeowners  
Arkansas  
Form 3 Total

## Determination of Rate Level Indications for Accident Year Data

	<u>Jun-07</u>	<u>Jun-08</u>	<u>Jun-09</u>	<u>Jun-10</u>	<u>Jun-11</u>
(1) <i>Current Level Trended Premiums</i>	1,184,701	2,472,312	3,680,731	5,280,308	7,100,910
(2) <i>Trended Incurred Losses and ALAE</i>	2,973,500	5,026,085	9,375,738	11,755,364	13,900,656
(3) <i>Projected Loss Ratio</i> <i>(2)/(1)</i>	251.0%	203.3%	254.7%	222.6%	195.8%
(4) <i>Weights</i>	10.0%	15.0%	20.0%	25.0%	30.0%
(5) <i>Weighted Projected Loss Ratio</i>					220.9%
(6) <i>Net Projected Loss Ratio</i>					220.9%
(7) <i>Permissible Loss Ratio</i>					62.9%
(8) <i>Indicated Rate Level Change</i> <i>(6)/(7)</i>					251.2%

### Past Rate Changes

<u>New Business</u>	<u>Renewal Business</u>	<u>Percent Change</u>
11/15/2007	12/20/2007	-2.0 %
02/15/2010	03/23/2010	10.0 %
06/13/2011	07/19/2011	15.0 %

# *Auto-Owners Insurance*

Homeowners  
Arkansas

## Calculation of Premium Trend Factors

	Experience Period	Form 3 Total	
		Developed	Selected
(1) Current Premium Trend Factor <i>Latest Avg. Written Premium ÷ Historic Avg. Earned Premium at current level</i>	2007	0.918	0.918
	2008	0.902	0.902
	2009	0.890	0.890
	2010	0.877	0.877
	2011	0.850	0.850
(2) Calculated Proj Premium Trend		0.93%	0.93%
(3) Trend Start Date	2007	07/01/2006	
	2008	07/01/2007	
	2009	07/01/2008	
	2010	07/01/2009	
	2011	07/01/2010	
(4) Trend End Date <i>6 months past renewal date of 07/19/2012</i>	2007	01/17/2013	
	2008	01/17/2013	
	2009	01/17/2013	
	2010	01/17/2013	
	2011	01/17/2013	
(6) Years of Trend Extension Proj <i># of Years between the Premium Trends midpoint and (4) 01/01/2011</i>	2007		2.044
	2008		2.044
	2009		2.044
	2010		2.044
	2011		2.044
(7) Premium Trend Factor <i>(1)*[1+(2)]^(6)</i>	2007		0.936
	2008		0.919
	2009		0.907
	2010		0.894
	2011		0.866

# *Auto-Owners Insurance*

Homeowners  
Arkansas

## Calculation of Current Level Trended Premiums

Part	Year	Earned Premiums	Current Level Factor	Premium Trend Factor	Current Level Trended Premiums
		(1)	(2)	(3)	(4)
Form 3 Total	2007	\$1,021,049	1.2402	0.936	\$1,184,701
	2008	\$2,163,277	1.2435	0.919	\$2,472,312
	2009	\$3,215,237	1.2623	0.907	\$3,680,731
	2010	\$4,686,595	1.2605	0.894	\$5,280,308
	2011	\$6,957,248	1.1784	0.866	\$7,100,910

### Notes

- (1) Actual Earned Premiums
- (2) Per Parallelogram Method
- (3) See Calculation of Premium Trend Factor
- (4) (1) \* (2) \* (3)

# *Auto-Owners Insurance*

Homeowners

Arkansas

Form 3 Total

## Ultimate Losses

### Form 3 Total

Experience Period	Losses Less Large and Cats	Cat Losses Smoothed	Large Less Large Cats Smoothed	Final Ultimate Loss	ULAE Acc Year	Final Ultimate Loss With Factor
2007	1,293,120	937,587	113,844	2,344,551	1.0283	2,410,902
2008	1,922,992	1,986,445	241,199	4,150,636	1.0237	4,249,006
2009	4,788,730	2,952,415	358,489	8,099,634	1.0203	8,264,057
2010	5,765,224	4,303,501	522,540	10,591,265	1.0199	10,802,031
2011	5,884,588	6,388,543	775,711	13,048,842	1.0203	13,313,733

Arkansas  
Homeowners  
Auto-Owners Insurance Group  
Form 3 Total  
Period Ending 6/2011  
All Reviewable Coverages  
Loss Development Exhibit

01/06/2012

**LOSSES - Losses Less Large and Cats : Incurred Amount**

Accident Year	12	24	36	48	60	72	84	96	108	120
7/1/01 - 6/30/02										
7/1/02 - 6/30/03										
7/1/03 - 6/30/04										
7/1/04 - 6/30/05										
7/1/05 - 6/30/06	163,392	153,556	133,707	133,707	133,707	133,707				
7/1/06 - 6/30/07	1,022,186	1,353,384	1,335,210	1,291,113	1,292,028					
7/1/07 - 6/30/08	2,014,368	1,942,534	1,916,770	1,920,625						
7/1/08 - 6/30/09	3,856,503	4,737,313	4,777,901							
7/1/09 - 6/30/10	5,504,361	5,768,979								
7/1/10 - 6/30/11	5,622,790									

**RATIOS - Standard Method**

Accident Year	1st-2nd	2nd-3rd	3rd-4th	4th-5th	5th-6th	6th-7th	7th-8th	8th-9th	9th-10th
7/1/01 - 6/30/02									
7/1/02 - 6/30/03									
7/1/03 - 6/30/04									
7/1/04 - 6/30/05									
7/1/05 - 6/30/06	0.9398	0.8707	1.0000	1.0000	1.0000				
7/1/06 - 6/30/07	1.3240	0.9866	0.9670	1.0007					
7/1/07 - 6/30/08	0.9643	0.9867	1.0020						
7/1/08 - 6/30/09	1.2284	1.0086							
7/1/09 - 6/30/10	1.0481								

**AVERAGE RATIOS - Standard Method**

Average Type	1st-2nd	2nd-3rd	3rd-4th	4th-5th	5th-6th	6th-7th	7th-8th	8th-9th	9th-10th
1 Year Average	1.0481	1.0086	1.0020	1.0007	1.0000				
2 Year Average	1.1382	0.9976	0.9845	1.0004	1.0000				
3 Year Average	1.0803	0.9940	0.9897	1.0004	1.0000				
4 Year Average	1.1412	0.9632	0.9897	1.0004	1.0000				
5 Year Average	1.1009	0.9632	0.9897	1.0004	1.0000				
6 Year Average	1.1009	0.9632	0.9897	1.0004	1.0000				
7 Year Average	1.1009	0.9632	0.9897	1.0004	1.0000				
8 Year Average	1.1009	0.9632	0.9897	1.0004	1.0000				
9 Year Average	1.1009	0.9632	0.9897	1.0004	1.0000				
Middle 3 of 5	1.0803	0.9480	0.9835	1.0000					
Middle 5 of 7	1.0452	0.9480	0.9835	1.0000					
3 Year Volume Weighted	1.0944	0.9996	0.9881	1.0006	1.0000				
5 Year Volume Weighted	1.1111	0.9972	0.9881	1.0006	1.0000				
7 Year Volume Weighted	1.1111	0.9972	0.9881	1.0006	1.0000				
9 Year Volume Weighted	1.1111	0.9972	0.9881	1.0006	1.0000				

**SELECTED AND CUSTOM RATIOS - Standard Method**

Accident Year	1st-2nd	2nd-3rd	3rd-4th	4th-5th	5th-6th	6th-7th	7th-8th	8th-9th	9th-10th
Selected Custom	< 1.0465	< 0.9955	< 0.9992	< 0.9968	< 0.9990	< 0.9997	< 0.9999	< 1.0000	< 1.0000
Cumulative	1.0362	0.9901	0.9946	0.9954	0.9986	0.9996	0.9999	1.0000	1.0000
Ratio to Ultimate	0.9651	1.0100	1.0054	1.0046	1.0014	1.0004	1.0001	1.0000	1.0000

Arkansas  
Homeowners  
Auto-Owners Insurance Group  
Form 3 Total  
Period Ending 6/2011  
All Reviewable Coverages  
Loss Development Exhibit

01/06/2012

**LOSSES - Losses Less Large and Cats : Incurred Amount**

Accident Year	12	24	36	48	60	72	84	96	108	120
7/1/01 - 6/30/02										
7/1/02 - 6/30/03										
7/1/03 - 6/30/04										
7/1/04 - 6/30/05										
7/1/05 - 6/30/06	163,392	153,556	133,707	133,707	133,707	133,707				
7/1/06 - 6/30/07	1,022,186	1,353,384	1,335,210	1,291,113	1,292,028					
7/1/07 - 6/30/08	2,014,368	1,942,534	1,916,770	1,920,625						
7/1/08 - 6/30/09	3,856,503	4,737,313	4,777,901							
7/1/09 - 6/30/10	5,504,361	5,768,979								
7/1/10 - 6/30/11	5,622,790									

**RATIOS - Percent Premium Method**

Accident Year	1st-2nd	2nd-3rd	3rd-4th	4th-5th	5th-6th	6th-7th	7th-8th	8th-9th	9th-10th
7/1/01 - 6/30/02									
7/1/02 - 6/30/03									
7/1/03 - 6/30/04									
7/1/04 - 6/30/05									
7/1/05 - 6/30/06	-0.0526	-0.1061	0.0000	0.0000	0.0000				
7/1/06 - 6/30/07	0.3244	-0.0178	-0.0432	0.0009					
7/1/07 - 6/30/08	-0.0332	-0.0119	0.0018						
7/1/08 - 6/30/09	0.2739	0.0126							
7/1/09 - 6/30/10	0.0565								

**AVERAGE RATIOS - Percent Premium Method**

Average Type	1st-2nd	2nd-3rd	3rd-4th	4th-5th	5th-6th	6th-7th	7th-8th	8th-9th	9th-10th
1 Year Average	0.0565	0.0126	0.0018	0.0009	0.0000				
2 Year Average	0.1652	0.0003	-0.0207	0.0004	0.0000				
3 Year Average	0.0991	-0.0057	-0.0138	0.0004	0.0000				
4 Year Average	0.1554	-0.0308	-0.0138	0.0004	0.0000				
5 Year Average	0.1138	-0.0308	-0.0138	0.0004	0.0000				
6 Year Average	0.1138	-0.0308	-0.0138	0.0004	0.0000				
7 Year Average	0.1138	-0.0308	-0.0138	0.0004	0.0000				
8 Year Average	0.1138	-0.0308	-0.0138	0.0004	0.0000				
9 Year Average	0.1138	-0.0308	-0.0138	0.0004	0.0000				
Middle 3 of 5	0.0991	-0.0453	-0.0216	0.0000					
Middle 5 of 7	0.0612	-0.0453	-0.0216	0.0000					
3 Year Volume Weighted	0.1143	0.0016	-0.0160	0.0008	0.0000				
5 Year Volume Weighted	0.1292	-0.0005	-0.0160	0.0008	0.0000				
7 Year Volume Weighted	0.1292	-0.0005	-0.0160	0.0008	0.0000				
9 Year Volume Weighted	0.1292	-0.0005	-0.0160	0.0008	0.0000				

**SELECTED AND CUSTOM RATIOS - Percent Premium Method**

Accident Year	1st-2nd	2nd-3rd	3rd-4th	4th-5th	5th-6th	6th-7th	7th-8th	8th-9th	9th-10th	
Selected Custom	< 0.0307	< -0.0031	< -0.0002	< -0.0017	< -0.0006	< -0.0002	< -0.0001	< 0.0000	< 0.0000	< 0.0000
Cumulative	0.0248	-0.0059	-0.0028	-0.0026	-0.0009	-0.0003	-0.0001	0.0000	0.0000	0.0000

Arkansas  
Homeowners  
Auto-Owners Insurance Group  
Form 3 Total  
Period Ending 6/2011  
All Reviewable Coverages  
Loss Development Exhibit

01/06/2012

**LOSSES - Losses Less Large and Cats : Paid Amount**

Accident Year	12	24	36	48	60	72	84	96	108	120
7/1/01 - 6/30/02										
7/1/02 - 6/30/03										
7/1/03 - 6/30/04										
7/1/04 - 6/30/05										
7/1/05 - 6/30/06	23,192	53,556	133,707	133,707	133,707	133,707				
7/1/06 - 6/30/07	916,436	1,320,307	1,333,935	1,291,113	1,292,028					
7/1/07 - 6/30/08	1,451,592	1,905,827	1,915,570	1,918,075						
7/1/08 - 6/30/09	3,104,099	4,732,300	4,758,108							
7/1/09 - 6/30/10	4,461,434	5,621,265								
7/1/10 - 6/30/11	4,424,041									

**RATIOS - Standard Method**

Accident Year	1st-2nd	2nd-3rd	3rd-4th	4th-5th	5th-6th	6th-7th	7th-8th	8th-9th	9th-10th
7/1/01 - 6/30/02									
7/1/02 - 6/30/03									
7/1/03 - 6/30/04									
7/1/04 - 6/30/05									
7/1/05 - 6/30/06	2.3092	2.4966	1.0000	1.0000	1.0000				
7/1/06 - 6/30/07	1.4407	1.0103	0.9679	1.0007					
7/1/07 - 6/30/08	1.3129	1.0051	1.0013						
7/1/08 - 6/30/09	1.5245	1.0055							
7/1/09 - 6/30/10	1.2600								

**AVERAGE RATIOS - Standard Method**

Average Type	1st-2nd	2nd-3rd	3rd-4th	4th-5th	5th-6th	6th-7th	7th-8th	8th-9th	9th-10th
1 Year Average	1.2600	1.0055	1.0013	1.0007	1.0000				
2 Year Average	1.3922	1.0053	0.9846	1.0004	1.0000				
3 Year Average	1.3658	1.0070	0.9897	1.0004	1.0000				
4 Year Average	1.3845	1.3794	0.9897	1.0004	1.0000				
5 Year Average	1.5695	1.3794	0.9897	1.0004	1.0000				
6 Year Average	1.5695	1.3794	0.9897	1.0004	1.0000				
7 Year Average	1.5695	1.3794	0.9897	1.0004	1.0000				
8 Year Average	1.5695	1.3794	0.9897	1.0004	1.0000				
9 Year Average	1.5695	1.3794	0.9897	1.0004	1.0000				
Middle 3 of 5	1.4260	1.0070	0.9840	1.0000					
Middle 5 of 7	1.3845	1.0070	0.9840	1.0000					
3 Year Volume Weighted	1.3596	1.0062	0.9881	1.0006	1.0000				
5 Year Volume Weighted	1.3692	1.0162	0.9881	1.0006	1.0000				
7 Year Volume Weighted	1.3692	1.0162	0.9881	1.0006	1.0000				
9 Year Volume Weighted	1.3692	1.0162	0.9881	1.0006	1.0000				

**SELECTED AND CUSTOM RATIOS - Standard Method**

Accident Year	1st-2nd	2nd-3rd	3rd-4th	4th-5th	5th-6th	6th-7th	7th-8th	8th-9th	9th-10th
Selected Custom	< 1.3735	< 1.0272	< 1.0103	< 1.0056	< 1.0023	< 1.0011	< 1.0004	< 1.0003	< 1.0000
Cumulative	1.4393	1.0479	1.0201	1.0097	1.0041	1.0018	1.0007	1.0003	1.0000
Ratio to Ultimate	0.6948	0.9543	0.9803	0.9904	0.9959	0.9982	0.9993	0.9997	1.0000

Arkansas  
Homeowners  
Auto-Owners Insurance Group  
Form 3 Total  
Period Ending 6/2011  
All Reviewable Coverages  
Loss Development Exhibit

01/06/2012

**LOSSES - Losses Less Large and Cats : Paid Amount**

Accident Year	12	24	36	48	60	72	84	96	108	120
7/1/01 - 6/30/02										
7/1/02 - 6/30/03										
7/1/03 - 6/30/04										
7/1/04 - 6/30/05										
7/1/05 - 6/30/06	23,192	53,556	133,707	133,707	133,707	133,707				
7/1/06 - 6/30/07	916,436	1,320,307	1,333,935	1,291,113	1,292,028					
7/1/07 - 6/30/08	1,451,592	1,905,827	1,915,570	1,918,075						
7/1/08 - 6/30/09	3,104,099	4,732,300	4,758,108							
7/1/09 - 6/30/10	4,461,434	5,621,265								
7/1/10 - 6/30/11	4,424,041									

**RATIOS - Percent Premium Method**

Accident Year	1st-2nd	2nd-3rd	3rd-4th	4th-5th	5th-6th	6th-7th	7th-8th	8th-9th	9th-10th
7/1/01 - 6/30/02									
7/1/02 - 6/30/03									
7/1/03 - 6/30/04									
7/1/04 - 6/30/05									
7/1/05 - 6/30/06	0.1622	0.4283	0.0000	0.0000	0.0000				
7/1/06 - 6/30/07	0.3955	0.0133	-0.0419	0.0009					
7/1/07 - 6/30/08	0.2100	0.0045	0.0012						
7/1/08 - 6/30/09	0.5064	0.0080							
7/1/09 - 6/30/10	0.2475								

**AVERAGE RATIOS - Percent Premium Method**

Average Type	1st-2nd	2nd-3rd	3rd-4th	4th-5th	5th-6th	6th-7th	7th-8th	8th-9th	9th-10th
1 Year Average	0.2475	0.0080	0.0012	0.0009	0.0000				
2 Year Average	0.3770	0.0062	-0.0204	0.0004	0.0000				
3 Year Average	0.3213	0.0086	-0.0136	0.0004	0.0000				
4 Year Average	0.3398	0.1135	-0.0136	0.0004	0.0000				
5 Year Average	0.3043	0.1135	-0.0136	0.0004	0.0000				
6 Year Average	0.3043	0.1135	-0.0136	0.0004	0.0000				
7 Year Average	0.3043	0.1135	-0.0136	0.0004	0.0000				
8 Year Average	0.3043	0.1135	-0.0136	0.0004	0.0000				
9 Year Average	0.3043	0.1135	-0.0136	0.0004	0.0000				
Middle 3 of 5	0.2843	0.0086	-0.0210	0.0000					
Middle 5 of 7	0.2538	0.0086	-0.0210	0.0000					
3 Year Volume Weighted	0.3306	0.0080	-0.0158	0.0008	0.0000				
5 Year Volume Weighted	0.3362	0.0109	-0.0158	0.0008	0.0000				
7 Year Volume Weighted	0.3362	0.0109	-0.0158	0.0008	0.0000				
9 Year Volume Weighted	0.3362	0.0109	-0.0158	0.0008	0.0000				

**SELECTED AND CUSTOM RATIOS - Percent Premium Method**

Accident Year	1st-2nd	2nd-3rd	3rd-4th	4th-5th	5th-6th	6th-7th	7th-8th	8th-9th	9th-10th
Selected Custom	< 0.1675	< 0.0172	< 0.0057	< 0.0028	< 0.0011	< 0.0007	< 0.0003	< 0.0001	< 0.0000
Cumulative	0.1954	0.0279	0.0107	0.0050	0.0022	0.0011	0.0004	0.0001	0.0000

Arkansas  
Homeowners  
Auto-Owners Insurance Group  
Form 3 Total  
Period Ending 6/2011  
All Reviewable Coverages  
Loss Development Exhibit

01/06/2012

**LOSSES - Large Less Large Cats : Incurred Amount**

Accident Year	12	24	36	48	60	72	84	96	108	120
7/1/01 - 6/30/02										
7/1/02 - 6/30/03										
7/1/03 - 6/30/04										
7/1/04 - 6/30/05										
7/1/05 - 6/30/06	0	0	0	0	0	0				
7/1/06 - 6/30/07	64,249	84,469	84,789	85,269	85,821					
7/1/07 - 6/30/08	0	0	0	0						
7/1/08 - 6/30/09	1,175,806	1,177,138	1,177,138							
7/1/09 - 6/30/10	496,690	634,754								
7/1/10 - 6/30/11	268,931									

**RATIOS - Standard Method**

Accident Year	1st-2nd	2nd-3rd	3rd-4th	4th-5th	5th-6th	6th-7th	7th-8th	8th-9th	9th-10th
7/1/01 - 6/30/02									
7/1/02 - 6/30/03									
7/1/03 - 6/30/04									
7/1/04 - 6/30/05									
7/1/05 - 6/30/06									
7/1/06 - 6/30/07	1.3147	1.0038	1.0057	1.0065					
7/1/07 - 6/30/08									
7/1/08 - 6/30/09	1.0011	1.0000							
7/1/09 - 6/30/10	1.2780								

**AVERAGE RATIOS - Standard Method**

Average Type	1st-2nd	2nd-3rd	3rd-4th	4th-5th	5th-6th	6th-7th	7th-8th	8th-9th	9th-10th
1 Year Average	1.2780	1.0000		1.0065					
2 Year Average	1.1396	1.0000	1.0057	1.0065					
3 Year Average	1.1396	1.0019	1.0057	1.0065					
4 Year Average	1.1979	1.0019	1.0057	1.0065					
5 Year Average	1.1979	1.0019	1.0057	1.0065					
6 Year Average	1.1979	1.0019	1.0057	1.0065					
7 Year Average	1.1979	1.0019	1.0057	1.0065					
8 Year Average	1.1979	1.0019	1.0057	1.0065					
9 Year Average	1.1979	1.0019	1.0057	1.0065					
Middle 3 of 5	1.1396	1.0000							
Middle 5 of 7	1.1396	1.0000							
3 Year Volume Weighted	1.0833	1.0003	1.0057	1.0065					
5 Year Volume Weighted	1.0919	1.0003	1.0057	1.0065					
7 Year Volume Weighted	1.0919	1.0003	1.0057	1.0065					
9 Year Volume Weighted	1.0919	1.0003	1.0057	1.0065					

**SELECTED AND CUSTOM RATIOS - Standard Method**

Accident Year	1st-2nd	2nd-3rd	3rd-4th	4th-5th	5th-6th	6th-7th	7th-8th	8th-9th	9th-10th	
Selected Custom	< 1.2523	< 0.9936	< 0.9313	< 0.9769	< 1.0136	< 0.9830	< 0.9961	< 1.0027	< 1.0037	< 1.0000
Cumulative	1.1307	0.9029	0.9087	0.9758	0.9988	0.9854	1.0025	1.0064	1.0037	1.0000
Ratio to Ultimate	0.8844	1.1075	1.1004	1.0248	1.0012	1.0148	0.9975	0.9936	0.9963	1.0000

Arkansas  
Homeowners  
Auto-Owners Insurance Group  
Form 3 Total  
Period Ending 6/2011  
All Reviewable Coverages  
Loss Development Exhibit

01/06/2012

**LOSSES - Cat Losses : Incurred Amount**

Accident Year	12	24	36	48	60	72	84	96	108	120
7/1/01 - 6/30/02										
7/1/02 - 6/30/03										
7/1/03 - 6/30/04										
7/1/04 - 6/30/05										
7/1/05 - 6/30/06	3,328	3,328	3,328	3,328	3,328	3,328				
7/1/06 - 6/30/07	84,948	124,718	117,463	117,463	117,463					
7/1/07 - 6/30/08	1,139,451	1,236,317	1,236,317	1,236,317						
7/1/08 - 6/30/09	2,715,089	3,183,198	3,205,814							
7/1/09 - 6/30/10	480,676	533,404								
7/1/10 - 6/30/11	9,351,175									

**RATIOS - Standard Method**

Accident Year	1st-2nd	2nd-3rd	3rd-4th	4th-5th	5th-6th	6th-7th	7th-8th	8th-9th	9th-10th
7/1/01 - 6/30/02									
7/1/02 - 6/30/03									
7/1/03 - 6/30/04									
7/1/04 - 6/30/05									
7/1/05 - 6/30/06	1.0000	1.0000	1.0000	1.0000	1.0000				
7/1/06 - 6/30/07	1.4682	0.9418	1.0000	1.0000					
7/1/07 - 6/30/08	1.0850	1.0000	1.0000						
7/1/08 - 6/30/09	1.1724	1.0071							
7/1/09 - 6/30/10	1.1097								

**AVERAGE RATIOS - Standard Method**

Average Type	1st-2nd	2nd-3rd	3rd-4th	4th-5th	5th-6th	6th-7th	7th-8th	8th-9th	9th-10th
1 Year Average	1.1097	1.0071	1.0000	1.0000	1.0000				
2 Year Average	1.1410	1.0036	1.0000	1.0000	1.0000				
3 Year Average	1.1224	0.9830	1.0000	1.0000	1.0000				
4 Year Average	1.2088	0.9872	1.0000	1.0000	1.0000				
5 Year Average	1.1671	0.9872	1.0000	1.0000	1.0000				
6 Year Average	1.1671	0.9872	1.0000	1.0000	1.0000				
7 Year Average	1.1671	0.9872	1.0000	1.0000	1.0000				
8 Year Average	1.1671	0.9872	1.0000	1.0000	1.0000				
9 Year Average	1.1671	0.9872	1.0000	1.0000	1.0000				
Middle 3 of 5	1.1224	0.9806	1.0000	1.0000					
Middle 5 of 7	1.0918	0.9806	1.0000	1.0000					
3 Year Volume Weighted	1.1425	1.0034	1.0000	1.0000	1.0000				
5 Year Volume Weighted	1.1486	1.0034	1.0000	1.0000	1.0000				
7 Year Volume Weighted	1.1486	1.0034	1.0000	1.0000	1.0000				
9 Year Volume Weighted	1.1486	1.0034	1.0000	1.0000	1.0000				

**SELECTED AND CUSTOM RATIOS - Standard Method**

Accident Year	1st-2nd	2nd-3rd	3rd-4th	4th-5th	5th-6th	6th-7th	7th-8th	8th-9th	9th-10th
Selected Custom	< 1.2436	< 1.0010	< 1.0004	< 1.0005	< 1.0002	< 1.0000	< 0.9991	< 1.0000	< 1.0000
Cumulative	1.2451	1.0012	1.0002	0.9998	0.9993	0.9991	0.9991	1.0000	1.0000
Ratio to Ultimate	0.8032	0.9988	0.9998	1.0002	1.0007	1.0009	1.0009	1.0000	1.0000

# *Auto-Owners Insurance*

Homeowners  
Arkansas

## Calculation of Loss Trends

### Frequency

	Experience Period	Form 3 Total	
		CL	Proj
(1) Calculated Loss Trend		0.09%	0.09%
(2) Selected Loss Trend		0.09%	0.09%
(3) Trend Start Date	2007	01/01/2007	
	2008	01/01/2008	
	2009	01/01/2009	
	2010	01/01/2010	
	2011	01/01/2011	
(4) Trend End Date	2007	07/19/2013	
<i>12 months past renewal date of 07/19/2012</i>	2008	07/19/2013	
	2009	07/19/2013	
	2010	07/19/2013	
	2011	07/19/2013	
(5) Years of Trend Extension CL	2007	4.250	
<i># of Years between (3) and the midpoint of Loss Trends 04/01/2011</i>	2008	3.250	
	2009	2.250	
	2010	1.250	
	2011	0.250	
(6) Years of Trend Extension Proj	2007	2.299	
<i># of Years between (4) and the midpoint of Loss Trends 04/01/2011</i>	2008	2.299	
	2009	2.299	
	2010	2.299	
	2011	2.299	
(7) Loss Trend Factor	2007	1.006	
$((1+(2)_{CL})^{(5)}) * ((1+(2)_{Proj})^{(6)})$	2008	1.005	
	2009	1.004	
	2010	1.003	
	2011	1.002	

# *Auto-Owners Insurance*

Homeowners  
Arkansas

## Calculation of Loss Trends

### Average Paid

	Experience Period	Form 3 Total	
		CL	Proj
(1) Calculated Loss Trend		4.16%	1.35%
(2) Selected Loss Trend		4.16%	1.35%
(3) Trend Start Date	2007	01/01/2007	
	2008	01/01/2008	
	2009	01/01/2009	
	2010	01/01/2010	
	2011	01/01/2011	
(4) Trend End Date	2007	07/19/2013	
<i>12 months past renewal date of 07/19/2012</i>	2008	07/19/2013	
	2009	07/19/2013	
	2010	07/19/2013	
	2011	07/19/2013	
(5) Years of Trend Extension CL	2007	4.250	
<i># of Years between (3) and the midpoint of Loss Trends 04/01/2011</i>	2008	3.250	
	2009	2.250	
	2010	1.250	
	2011	0.250	
(6) Years of Trend Extension Proj	2007	2.299	
<i># of Years between (4) and the midpoint of Loss Trends 04/01/2011</i>	2008	2.299	
	2009	2.299	
	2010	2.299	
	2011	2.299	
(7) Loss Trend Factor	2007	1.226	
$((1+(2)_{CL})^{(5)}) * ((1+(2)_{Proj})^{(6)})$	2008	1.177	
	2009	1.130	
	2010	1.085	
	2011	1.042	

Arkansas  
Loss Trends Exhibit  
Auto-Owners Insurance Group  
Homeowners - Form 3 Total

LOSS TRENDS  
REPORT

Actuarial  
01/06/2012

All Reviewable Coverages

Qtr/Yr	Statewide						Companywide					
	Written Units	Paid Count	Paid Amount	Freq	Average Paid	Pure Premium	Written Units	Paid Count	Paid Amount	Freq	Average Paid	Pure Premium
09/2006	970	29	65,203	29.89	2,248.36	67.21	1,103,167	70,783	406,134,555	64.16	5,737.74	368.15
12/2006	1,266	45	150,210	35.54	3,338.01	118.64	1,105,688	68,402	404,410,360	61.86	5,912.26	365.75
03/2007	1,581	58	528,395	36.69	9,110.26	334.24	1,110,253	67,914	407,882,941	61.17	6,005.87	367.38
06/2007	2,028	76	1,011,049	37.47	13,303.27	498.52	1,116,903	69,128	430,571,725	61.89	6,228.62	385.51
09/2007	2,404	89	1,394,529	37.03	15,668.87	580.18	1,117,326	73,639	478,016,604	65.91	6,491.35	427.82
12/2007	2,680	108	1,703,041	40.30	15,768.90	635.44	1,119,835	75,984	499,923,168	67.85	6,579.32	446.43
03/2008	2,925	138	1,655,476	47.19	11,996.20	566.07	1,124,223	77,621	513,682,292	69.04	6,617.83	456.92
06/2008	3,275	191	1,955,834	58.33	10,239.97	597.27	1,131,195	79,172	528,063,017	69.99	6,669.82	466.82
09/2008	3,643	254	2,246,173	69.73	8,843.20	616.64	1,139,670	79,024	522,873,809	69.34	6,616.65	458.79
12/2008	3,976	288	3,391,571	72.43	11,776.29	852.99	1,146,316	78,670	526,747,733	68.63	6,695.66	459.51
03/2009	4,274	321	3,832,610	75.11	11,939.60	896.75	1,156,535	83,746	556,394,031	72.41	6,643.83	481.09
06/2009	4,702	347	4,402,371	73.80	12,686.95	936.28	1,171,017	84,987	566,351,171	72.58	6,663.97	483.64
09/2009	5,101	416	5,447,616	81.55	13,095.23	1,067.91	1,184,889	84,033	578,872,918	70.92	6,888.64	488.55
12/2009	5,729	509	5,008,648	88.84	9,840.17	874.22	1,197,748	85,156	581,199,190	71.10	6,825.11	485.24
03/2010	6,297	543	5,333,083	86.24	9,821.52	846.99	1,209,517	79,454	561,883,113	65.69	7,071.80	464.55
06/2010	6,754	775	6,724,561	114.74	8,676.85	995.61	1,226,310	76,690	548,074,872	62.54	7,146.63	446.93
09/2010	7,445	792	5,874,366	106.38	7,417.13	789.07	1,240,139	77,714	546,744,717	62.67	7,035.34	440.87
12/2010	7,961	752	6,022,131	94.46	8,008.15	756.44	1,252,298	78,998	573,166,303	63.08	7,255.45	457.69
03/2011	8,392	791	6,668,756	94.26	8,430.79	794.65	1,259,849	79,893	572,317,093	63.41	7,163.54	454.27
06/2011	8,977	651	5,937,956	72.52	9,121.28	661.46	1,264,890	82,434	591,779,701	65.17	7,178.83	467.85
09/2011	9,127	701	6,530,419	76.80	9,315.86	715.47	1,293,997	83,406	603,052,933	64.46	7,230.33	466.04

Composition: 12 MTD    LAE: ✓    Bad Faith:    Cats:    Refund Assessment:    Large Losses: ✓

# *Auto-Owners Insurance*

Homeowners  
Arkansas  
Form 3 Total

## Development of the Permissible Loss Ratio

(1)	Commission and Brokerage Expense	18.2%
(2)	Other Acquisitions	4.1%
(3)	General Expenses	1.1%
(4)	Tax, License, and Fees	3.2%
(5)	Reinsurance Expense	0.5%
(6)	Total Expenses <i>(1)+(2)+(3)+(4)+(5)</i>	27.1%
(7)	Profit and Contingency	10.0%
(8)	Permissible Loss Ratio <i>1 - ((6) + (7))</i>	62.9%

**Expense Exhibit - Homeowners**

**Auto-Owners Insurance Group**

**Arkansas**

**All Reviewable Coverages - Form 3 Total**

	12 MTD Ending 6 / 2007		12 MTD Ending 6 / 2008		12 MTD Ending 6 / 2009		12 MTD Ending 6 / 2010		12 MTD Ending 6 / 2011	
	Amount	Ratio								
<u>Loss Experience</u>										
Written Premium	1,629,258		2,674,550		3,837,342		5,679,229		8,137,944	
Earned Premium	1,021,049	100.0	2,163,277	100.0	3,215,237	100.0	4,686,595	100.0	6,957,248	100.0
Incurred Amount	1,087,246	106.5	3,337,526	154.3	7,389,084	229.8	7,522,340	160.5	15,208,153	218.6
Allocated LAE	54,411	5.3	250,962	11.6	464,855	14.5	242,955	5.2	834,042	12.0
Unallocated LAE	38,327	3.8	176,800	8.2	385,455	12.0	470,312	10.0	639,031	9.2
<u>Total Losses</u>	<u>1,179,984</u>	<u>115.6</u>	<u>3,765,288</u>	<u>174.1</u>	<u>8,239,394</u>	<u>256.3</u>	<u>8,235,608</u>	<u>175.7</u>	<u>16,681,226</u>	<u>239.8</u>
<u>Expenses Incurred</u>										
Commission and Brokerage *	281,094	17.3	464,334	17.4	635,832	16.6	931,754	16.4	1,493,823	18.4
Other Acquisitions (2)	40,395	4.0	80,472	3.7	122,129	3.8	211,534	4.5	275,042	4.0
General Expenses (2)	9,829	1.0	20,561	1.0	30,235	0.9	55,236	1.2	74,678	1.1
Tax, License, and Fees *	56,145	3.4	93,727	3.5	122,900	3.2	176,406	3.1	265,152	3.3
<u>Total Expenses</u>	<u>387,463</u>	<u>25.7</u>	<u>659,094</u>	<u>25.6</u>	<u>911,096</u>	<u>24.5</u>	<u>1,374,930</u>	<u>25.2</u>	<u>2,108,695</u>	<u>26.8</u>
Total Losses and Expenses	1,567,447	141.3	4,424,382	199.7	9,150,490	280.8	9,610,537	200.9	18,789,921	266.6
Gain from Underwriting	-546,399	-41.3	-2,261,105	-99.7	-5,935,252	-180.8	-4,923,943	-100.9	-11,832,674	-166.6

	3 Year Total		4 Year Total		5 Year Total	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
<u>Loss Experience</u>						
Written Premium	17,654,515		20,329,065		21,958,323	
Earned Premium	14,859,080	100.0	17,022,357	100.0	18,043,405	100.0
Incurred Amount	30,119,578	202.7	33,457,103	196.5	34,544,350	191.5
Allocated LAE	1,541,852	10.4	1,792,814	10.5	1,847,225	10.2
Unallocated LAE	1,494,798	10.1	1,671,598	9.8	1,709,925	9.5
<u>Total Losses</u>	<u>33,156,228</u>	<u>223.1</u>	<u>36,921,516</u>	<u>216.9</u>	<u>38,101,500</u>	<u>211.2</u>

	3 Year Total		4 Year Total		5 Year Total	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
<u>Expenses Incurred</u>						
Commission and Brokerage *	3,061,408	17.3	3,525,742	17.3	3,806,837	17.3
Other Acquisitions (2)	608,705	4.1	689,177	4.0	729,572	4.0
General Expenses (2)	160,149	1.1	180,711	1.0	190,540	1.0
Tax, License, and Fees *	564,458	3.2	658,185	3.2	714,329	3.3
Reinsurance Expenses *						
<u>Total Expenses</u>	<u>4,394,720</u>	<u>25.7</u>	<u>5,053,815</u>	<u>25.5</u>	<u>5,441,278</u>	<u>25.6</u>
Total Losses and Expenses	37,550,948	248.8	41,975,330	242.4	43,542,778	236.8
Gain from Underwriting	-22,691,869	-148.8	-24,952,973	-142.4	-25,499,372	-136.8

\* - Ratios Calculated to Written Premium (1)Uses Companywide Info (2)Uses AO Group Info # - Uses Combined Coverage Info

+ - FIGA Excluded @ - Guaranty Fund Expenses Excluded Earthquake Excluded

# *Auto-Owners Insurance*

Homeowners  
Arkansas  
Form 4 Total

## Determination of Rate Level Indications for Accident Year Data

	<u>Jun-07</u>	<u>Jun-08</u>	<u>Jun-09</u>	<u>Jun-10</u>	<u>Jun-11</u>
(1) <i>Current Level Trended Premiums</i>	9,826	21,299	33,161	45,696	72,606
(2) <i>Trended Incurred Losses and ALAE</i>	387	1,385	1,548	4,749	6,473
(3) <i>Projected Loss Ratio</i> (2)/(1)	3.9%	6.5%	4.7%	10.4%	8.9%
(4) <i>Weights</i>	10.0%	15.0%	20.0%	25.0%	30.0%
(5) <i>Weighted Projected Loss Ratio</i>					7.6%
(6) <i>Net Projected Loss Ratio</i>					7.6%
(7) <i>Permissible Loss Ratio</i>					62.7%
(8) <i>Indicated Rate Level Change</i> (6)/(7)					-87.9%

### Past Rate Changes

<u>New Business</u>	<u>Renewal Business</u>	<u>Percent Change</u>
11/15/2007	12/20/2007	0.0 %
02/15/2010	03/23/2010	0.0 %
06/13/2011	07/19/2011	0.1 %

# *Auto-Owners Insurance*

Homeowners  
Arkansas

## Calculation of Premium Trend Factors

	Experience Period	Form 4 Total	
		Developed	Selected
(1) Current Premium Trend Factor <i>Latest Avg. Written Premium ÷ Historic Avg. Earned Premium at current level</i>	2007	1.021	1.021
	2008	0.960	0.960
	2009	0.961	0.961
	2010	0.981	0.981
	2011	1.007	1.007
(2) Calculated Proj Premium Trend		0.04%	0.04%
(3) Trend Start Date	2007	07/01/2006	
	2008	07/01/2007	
	2009	07/01/2008	
	2010	07/01/2009	
	2011	07/01/2010	
(4) Trend End Date <i>6 months past renewal date of 07/19/2012</i>	2007	01/17/2013	
	2008	01/17/2013	
	2009	01/17/2013	
	2010	01/17/2013	
	2011	01/17/2013	
(6) Years of Trend Extension Proj <i># of Years between the Premium Trends midpoint and (4) 01/01/2011</i>	2007		2.044
	2008		2.044
	2009		2.044
	2010		2.044
	2011		2.044
(7) Premium Trend Factor <i>(1)*[1+(2)]^(6)</i>	2007		1.022
	2008		0.961
	2009		0.962
	2010		0.982
	2011		1.008

# *Auto-Owners Insurance*

Homeowners  
Arkansas

## Calculation of Current Level Trended Premiums

Part	Year	Earned Premiums	Current Level Factor	Premium Trend Factor	Current Level Trended Premiums
		(1)	(2)	(3)	(4)
Form 4 Total	2007	\$9,600	1.0013	1.022	\$9,826
	2008	\$22,131	1.0013	0.961	\$21,299
	2009	\$34,430	1.0012	0.962	\$33,161
	2010	\$46,495	1.0012	0.982	\$45,696
	2011	\$71,965	1.0012	1.008	\$72,606

### Notes

- (1) Actual Earned Premiums
- (2) Per Parallelogram Method
- (3) See Calculation of Premium Trend Factor
- (4) (1) \* (2) \* (3)

# *Auto-Owners Insurance*

Homeowners

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Form 4 Total

## Ultimate Losses

### Form 4 Total

Experience Period	Losses Less Cats	Cat Losses Smoothed	Final Ultimate Loss	ULAE Acc Year	Final Ultimate Loss With Factor
2007	390	142	532	1.0283	547
2008	1,485	327	1,812	1.0237	1,855
2009	1,417	508	1,925	1.0203	1,964
2010	4,906	687	5,593	1.0199	5,704
2011	6,148	1,063	7,211	1.0203	7,357

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All Reviewable Coverages  
Loss Development Exhibit

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**LOSSES - Losses Less Cats : Incurred Amount**

Accident Year	12	24	36	48	60	72	84	96	108	120
7/1/01 - 6/30/02										
7/1/02 - 6/30/03										
7/1/03 - 6/30/04										
7/1/04 - 6/30/05										
7/1/05 - 6/30/06										
7/1/06 - 6/30/07	386	386	386	386	386					
7/1/07 - 6/30/08	1,417	1,417	1,417	1,417						
7/1/08 - 6/30/09	1,242	1,242	1,242							
7/1/09 - 6/30/10	5,893	4,568								
7/1/10 - 6/30/11	3,175									

**RATIOS - Standard Method**

Accident Year	1st-2nd	2nd-3rd	3rd-4th	4th-5th	5th-6th	6th-7th	7th-8th	8th-9th	9th-10th
7/1/01 - 6/30/02									
7/1/02 - 6/30/03									
7/1/03 - 6/30/04									
7/1/04 - 6/30/05									
7/1/05 - 6/30/06									
7/1/06 - 6/30/07	1.0000	1.0000	1.0000	1.0000					
7/1/07 - 6/30/08	1.0000	1.0000	1.0000						
7/1/08 - 6/30/09	1.0000	1.0000							
7/1/09 - 6/30/10	0.7752								

**AVERAGE RATIOS - Standard Method**

Average Type	1st-2nd	2nd-3rd	3rd-4th	4th-5th	5th-6th	6th-7th	7th-8th	8th-9th	9th-10th
1 Year Average	0.7752	1.0000	1.0000	1.0000					
2 Year Average	0.8876	1.0000	1.0000	1.0000					
3 Year Average	0.9251	1.0000	1.0000	1.0000					
4 Year Average	0.9438	1.0000	1.0000	1.0000					
5 Year Average	0.9438	1.0000	1.0000	1.0000					
6 Year Average	0.9438	1.0000	1.0000	1.0000					
7 Year Average	0.9438	1.0000	1.0000	1.0000					
8 Year Average	0.9438	1.0000	1.0000	1.0000					
9 Year Average	0.9438	1.0000	1.0000	1.0000					
Middle 3 of 5	0.9251	1.0000	1.0000						
Middle 5 of 7	0.9251	1.0000	1.0000						
3 Year Volume Weighted	0.8451	1.0000	1.0000	1.0000					
5 Year Volume Weighted	0.8518	1.0000	1.0000	1.0000					
7 Year Volume Weighted	0.8518	1.0000	1.0000	1.0000					
9 Year Volume Weighted	0.8518	1.0000	1.0000	1.0000					

**SELECTED AND CUSTOM RATIOS - Standard Method**

Accident Year	1st-2nd	2nd-3rd	3rd-4th	4th-5th	5th-6th	6th-7th	7th-8th	8th-9th	9th-10th
Selected Custom	< 0.9984	< 0.9901	< 0.9893	< 1.0025	< 1.0004	< 0.9996	< 1.0000	< 1.0000	< 1.0000
Cumulative	0.9804	0.9820	0.9918	1.0025	1.0000	0.9996	1.0000	1.0000	1.0000
Ratio to Ultimate	1.0200	1.0184	1.0083	0.9975	1.0000	1.0004	1.0000	1.0000	1.0000

Arkansas  
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Auto-Owners Insurance Group  
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All Reviewable Coverages  
Loss Development Exhibit

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**LOSSES - Losses Less Cats : Incurred Amount**

Accident Year	12	24	36	48	60	72	84	96	108	120
7/1/01 - 6/30/02										
7/1/02 - 6/30/03										
7/1/03 - 6/30/04										
7/1/04 - 6/30/05										
7/1/05 - 6/30/06										
7/1/06 - 6/30/07	386	386	386	386	386					
7/1/07 - 6/30/08	1,417	1,417	1,417	1,417						
7/1/08 - 6/30/09	1,242	1,242	1,242							
7/1/09 - 6/30/10	5,893	4,568								
7/1/10 - 6/30/11	3,175									

**RATIOS - Percent Premium Method**

Accident Year	1st-2nd	2nd-3rd	3rd-4th	4th-5th	5th-6th	6th-7th	7th-8th	8th-9th	9th-10th
7/1/01 - 6/30/02									
7/1/02 - 6/30/03									
7/1/03 - 6/30/04									
7/1/04 - 6/30/05									
7/1/05 - 6/30/06									
7/1/06 - 6/30/07	0.0000	0.0000	0.0000	0.0000					
7/1/07 - 6/30/08	0.0000	0.0000	0.0000						
7/1/08 - 6/30/09	0.0000	0.0000							
7/1/09 - 6/30/10	-0.0285								

**AVERAGE RATIOS - Percent Premium Method**

Average Type	1st-2nd	2nd-3rd	3rd-4th	4th-5th	5th-6th	6th-7th	7th-8th	8th-9th	9th-10th
1 Year Average	-0.0285	0.0000	0.0000	0.0000					
2 Year Average	-0.0142	0.0000	0.0000	0.0000					
3 Year Average	-0.0095	0.0000	0.0000	0.0000					
4 Year Average	-0.0071	0.0000	0.0000	0.0000					
5 Year Average	-0.0071	0.0000	0.0000	0.0000					
6 Year Average	-0.0071	0.0000	0.0000	0.0000					
7 Year Average	-0.0071	0.0000	0.0000	0.0000					
8 Year Average	-0.0071	0.0000	0.0000	0.0000					
9 Year Average	-0.0071	0.0000	0.0000	0.0000					
Middle 3 of 5	-0.0095	0.0000	0.0000						
Middle 5 of 7	-0.0095	0.0000	0.0000						
3 Year Volume Weighted	-0.0196	0.0000	0.0000	0.0000					
5 Year Volume Weighted	-0.0188	0.0000	0.0000	0.0000					
7 Year Volume Weighted	-0.0188	0.0000	0.0000	0.0000					
9 Year Volume Weighted	-0.0188	0.0000	0.0000	0.0000					

**SELECTED AND CUSTOM RATIOS - Percent Premium Method**

Accident Year	1st-2nd	2nd-3rd	3rd-4th	4th-5th	5th-6th	6th-7th	7th-8th	8th-9th	9th-10th
Selected Custom	< -0.0025	< -0.0051	< -0.0041	< 0.0018	< 0.0001	< -0.0001	< 0.0000	< 0.0000	< 0.0000
Cumulative	-0.0099	-0.0074	-0.0023	0.0018	0.0000	-0.0001	0.0000	0.0000	0.0000

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**LOSSES - Losses Less Cats : Paid Amount**

Accident Year	12	24	36	48	60	72	84	96	108	120
7/1/01 - 6/30/02										
7/1/02 - 6/30/03										
7/1/03 - 6/30/04										
7/1/04 - 6/30/05										
7/1/05 - 6/30/06										
7/1/06 - 6/30/07	386	386	386	386	386					
7/1/07 - 6/30/08	1,417	1,417	1,417	1,417						
7/1/08 - 6/30/09	1,242	1,242	1,242							
7/1/09 - 6/30/10	4,568	4,568								
7/1/10 - 6/30/11	3,175									

**RATIOS - Standard Method**

Accident Year	1st-2nd	2nd-3rd	3rd-4th	4th-5th	5th-6th	6th-7th	7th-8th	8th-9th	9th-10th
7/1/01 - 6/30/02									
7/1/02 - 6/30/03									
7/1/03 - 6/30/04									
7/1/04 - 6/30/05									
7/1/05 - 6/30/06									
7/1/06 - 6/30/07	1.0000	1.0000	1.0000	1.0000					
7/1/07 - 6/30/08	1.0000	1.0000	1.0000						
7/1/08 - 6/30/09	1.0000	1.0000							
7/1/09 - 6/30/10	1.0000								

**AVERAGE RATIOS - Standard Method**

Average Type	1st-2nd	2nd-3rd	3rd-4th	4th-5th	5th-6th	6th-7th	7th-8th	8th-9th	9th-10th
1 Year Average	1.0000	1.0000	1.0000	1.0000					
2 Year Average	1.0000	1.0000	1.0000	1.0000					
3 Year Average	1.0000	1.0000	1.0000	1.0000					
4 Year Average	1.0000	1.0000	1.0000	1.0000					
5 Year Average	1.0000	1.0000	1.0000	1.0000	1.0000				
6 Year Average	1.0000	1.0000	1.0000	1.0000	1.0000				
7 Year Average	1.0000	1.0000	1.0000	1.0000	1.0000				
8 Year Average	1.0000	1.0000	1.0000	1.0000	1.0000				
9 Year Average	1.0000	1.0000	1.0000	1.0000	1.0000				
Middle 3 of 5	1.0000	1.0000	1.0000						
Middle 5 of 7	1.0000	1.0000	1.0000						
3 Year Volume Weighted	1.0000	1.0000	1.0000	1.0000					
5 Year Volume Weighted	1.0000	1.0000	1.0000	1.0000	1.0000				
7 Year Volume Weighted	1.0000	1.0000	1.0000	1.0000	1.0000				
9 Year Volume Weighted	1.0000	1.0000	1.0000	1.0000	1.0000				

**SELECTED AND CUSTOM RATIOS - Standard Method**

Accident Year	1st-2nd	2nd-3rd	3rd-4th	4th-5th	5th-6th	6th-7th	7th-8th	8th-9th	9th-10th
Selected Custom	< 1.2761	< 1.0231	< 1.0252	< 1.0105	< 1.0021	< 1.0002	< 1.0000	< 1.0000	< 1.0000
Cumulative	1.3556	1.0623	1.0383	1.0128	1.0023	1.0002	1.0000	1.0000	1.0000
Ratio to Ultimate	0.7377	0.9413	0.9631	0.9873	0.9977	0.9998	1.0000	1.0000	1.0000

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Auto-Owners Insurance Group  
Form 4 Total  
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All Reviewable Coverages  
Loss Development Exhibit

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**LOSSES - Losses Less Cats : Paid Amount**

Accident Year	12	24	36	48	60	72	84	96	108	120
7/1/01 - 6/30/02										
7/1/02 - 6/30/03										
7/1/03 - 6/30/04										
7/1/04 - 6/30/05										
7/1/05 - 6/30/06										
7/1/06 - 6/30/07	386	386	386	386	386					
7/1/07 - 6/30/08	1,417	1,417	1,417	1,417						
7/1/08 - 6/30/09	1,242	1,242	1,242							
7/1/09 - 6/30/10	4,568	4,568								
7/1/10 - 6/30/11	3,175									

**RATIOS - Percent Premium Method**

Accident Year	1st-2nd	2nd-3rd	3rd-4th	4th-5th	5th-6th	6th-7th	7th-8th	8th-9th	9th-10th
7/1/01 - 6/30/02									
7/1/02 - 6/30/03									
7/1/03 - 6/30/04									
7/1/04 - 6/30/05									
7/1/05 - 6/30/06									
7/1/06 - 6/30/07	0.0000	0.0000	0.0000	0.0000					
7/1/07 - 6/30/08	0.0000	0.0000	0.0000						
7/1/08 - 6/30/09	0.0000	0.0000							
7/1/09 - 6/30/10	0.0000								

**AVERAGE RATIOS - Percent Premium Method**

Average Type	1st-2nd	2nd-3rd	3rd-4th	4th-5th	5th-6th	6th-7th	7th-8th	8th-9th	9th-10th
1 Year Average	0.0000	0.0000	0.0000	0.0000					
2 Year Average	0.0000	0.0000	0.0000	0.0000					
3 Year Average	0.0000	0.0000	0.0000	0.0000					
4 Year Average	0.0000	0.0000	0.0000	0.0000					
5 Year Average	0.0000	0.0000	0.0000	0.0000					
6 Year Average	0.0000	0.0000	0.0000	0.0000					
7 Year Average	0.0000	0.0000	0.0000	0.0000					
8 Year Average	0.0000	0.0000	0.0000	0.0000					
9 Year Average	0.0000	0.0000	0.0000	0.0000					
Middle 3 of 5	0.0000	0.0000	0.0000						
Middle 5 of 7	0.0000	0.0000	0.0000						
3 Year Volume Weighted	0.0000	0.0000	0.0000	0.0000					
5 Year Volume Weighted	0.0000	0.0000	0.0000	0.0000					
7 Year Volume Weighted	0.0000	0.0000	0.0000	0.0000					
9 Year Volume Weighted	0.0000	0.0000	0.0000	0.0000					

**SELECTED AND CUSTOM RATIOS - Percent Premium Method**

Accident Year	1st-2nd	2nd-3rd	3rd-4th	4th-5th	5th-6th	6th-7th	7th-8th	8th-9th	9th-10th
Selected Custom	< 0.0696	< 0.0075	< 0.0077	< 0.0055	< 0.0003	< 0.0004	< 0.0000	< 0.0000	< 0.0000
Cumulative	0.0910	0.0214	0.0139	0.0062	0.0007	0.0004	0.0000	0.0000	0.0000

Arkansas  
Homeowners  
Auto-Owners Insurance Group  
Form 4 Total  
Period Ending 6/2011  
All Reviewable Coverages  
Loss Development Exhibit

01/06/2012

**LOSSES - Cat Losses : Incurred Amount**

Accident Year	12	24	36	48	60	72	84	96	108	120
7/1/01 - 6/30/02										
7/1/02 - 6/30/03										
7/1/03 - 6/30/04										
7/1/04 - 6/30/05										
7/1/05 - 6/30/06										
7/1/06 - 6/30/07	0	0	0	0	0					
7/1/07 - 6/30/08	0	0	0	0						
7/1/08 - 6/30/09	2,550	600	600							
7/1/09 - 6/30/10	0	0								
7/1/10 - 6/30/11	2,640									

**RATIOS - Standard Method**

Accident Year	1st-2nd	2nd-3rd	3rd-4th	4th-5th	5th-6th	6th-7th	7th-8th	8th-9th	9th-10th
7/1/01 - 6/30/02									
7/1/02 - 6/30/03									
7/1/03 - 6/30/04									
7/1/04 - 6/30/05									
7/1/05 - 6/30/06									
7/1/06 - 6/30/07									
7/1/07 - 6/30/08									
7/1/08 - 6/30/09	0.2353	1.0000							
7/1/09 - 6/30/10									

**AVERAGE RATIOS - Standard Method**

Average Type	1st-2nd	2nd-3rd	3rd-4th	4th-5th	5th-6th	6th-7th	7th-8th	8th-9th	9th-10th
1 Year Average		1.0000							
2 Year Average	0.2353	1.0000							
3 Year Average	0.2353	1.0000							
4 Year Average	0.2353	1.0000							
5 Year Average	0.2353	1.0000							
6 Year Average	0.2353	1.0000							
7 Year Average	0.2353	1.0000							
8 Year Average	0.2353	1.0000							
9 Year Average	0.2353	1.0000							
Middle 3 of 5									
Middle 5 of 7									
3 Year Volume Weighted	0.2353	1.0000							
5 Year Volume Weighted	0.2353	1.0000							
7 Year Volume Weighted	0.2353	1.0000							
9 Year Volume Weighted	0.2353	1.0000							

**SELECTED AND CUSTOM RATIOS - Standard Method**

Accident Year	1st-2nd	2nd-3rd	3rd-4th	4th-5th	5th-6th	6th-7th	7th-8th	8th-9th	9th-10th
Selected Custom	< 0.8222	< 1.0000	< 1.0000	< 0.9928	< 1.0000	< 1.0000	< 1.0000	< 1.0000	< 1.0000
Cumulative	0.8163	0.9928	0.9928	0.9928	1.0000	1.0000	1.0000	1.0000	1.0000
Ratio to Ultimate	1.2251	1.0073	1.0073	1.0073	1.0000	1.0000	1.0000	1.0000	1.0000

# *Auto-Owners Insurance*

Homeowners  
Arkansas

## Calculation of Loss Trends

### Frequency

	Experience Period	Form 4 Total	
		CL	Proj
(1) Calculated Loss Trend		-3.21%	-2.77%
(2) Selected Loss Trend		-3.21%	-2.77%
(3) Trend Start Date	2007	01/01/2007	
	2008	01/01/2008	
	2009	01/01/2009	
	2010	01/01/2010	
	2011	01/01/2011	
(4) Trend End Date	2007	07/19/2013	
<i>12 months past renewal date of</i>	2008	07/19/2013	
<i>07/19/2012</i>	2009	07/19/2013	
	2010	07/19/2013	
	2011	07/19/2013	
(5) Years of Trend Extension CL	2007	4.250	
<i># of Years between (3) and the</i>	2008	3.250	
<i>midpoint of Loss Trends</i>	2009	2.250	
<i>04/01/2011</i>	2010	1.250	
	2011	0.250	
(6) Years of Trend Extension Proj	2007	2.299	
<i># of Years between (4) and the</i>	2008	2.299	
<i>midpoint of Loss Trends</i>	2009	2.299	
<i>04/01/2011</i>	2010	2.299	
	2011	2.299	
(7) Loss Trend Factor	2007	0.816	
$((1+(2)_{CL})^{(5)}) * ((1+(2)_{Proj})^{(6)})$	2008	0.843	
	2009	0.871	
	2010	0.900	
	2011	0.930	

# *Auto-Owners Insurance*

Homeowners  
Arkansas

## Calculation of Loss Trends

### Average Paid

	Experience Period	Form 4 Total	
		CL	Proj
(1) Calculated Loss Trend		-2.17%	-2.17%
(2) Selected Loss Trend		-2.17%	-2.17%
(3) Trend Start Date	2007	01/01/2007	
	2008	01/01/2008	
	2009	01/01/2009	
	2010	01/01/2010	
	2011	01/01/2011	
(4) Trend End Date	2007	07/19/2013	
<i>12 months past renewal date of</i>	2008	07/19/2013	
<i>07/19/2012</i>	2009	07/19/2013	
	2010	07/19/2013	
	2011	07/19/2013	
(5) Years of Trend Extension CL	2007	4.250	
<i># of Years between (3) and the</i>	2008	3.250	
<i>midpoint of Loss Trends</i>	2009	2.250	
<i>04/01/2011</i>	2010	1.250	
	2011	0.250	
(6) Years of Trend Extension Proj	2007	2.299	
<i># of Years between (4) and the</i>	2008	2.299	
<i>midpoint of Loss Trends</i>	2009	2.299	
<i>04/01/2011</i>	2010	2.299	
	2011	2.299	
(7) Loss Trend Factor	2007	0.866	
$((1+(2)_{CL})^{(5)}) * ((1+(2)_{Proj})^{(6)})$	2008	0.886	
	2009	0.905	
	2010	0.925	
	2011	0.946	

Arkansas  
Loss Trends Exhibit  
Auto-Owners Insurance Group  
Homeowners - Form 4 Total

All Reviewable Coverages

Qtr/Yr	Statewide						Companywide					
	Written Units	Paid Count	Paid Amount	Freq	Average Paid	Pure Premium	Written Units	Paid Count	Paid Amount	Freq	Average Paid	Pure Premium
09/2006	26	0	0	0.00	0.00	0.00	95,550	1,606	5,465,240	16.81	3,403.01	57.20
12/2006	36	1	386	27.78	386.34	10.73	95,634	1,522	5,354,322	15.91	3,517.95	55.99
03/2007	40	1	386	24.94	386.34	9.63	95,779	1,456	5,342,804	15.20	3,669.51	55.78
06/2007	56	1	386	17.83	386.34	6.89	95,830	1,455	5,505,160	15.18	3,783.61	57.45
09/2007	68	1	386	14.73	386.34	5.69	96,147	1,394	5,199,408	14.50	3,729.85	54.08
12/2007	83	2	1,142	24.10	570.76	13.75	96,367	1,433	5,053,465	14.87	3,526.49	52.44
03/2008	89	3	1,417	33.63	472.17	15.88	96,436	1,495	4,968,218	15.50	3,323.22	51.52
06/2008	96	3	1,417	31.32	472.17	14.79	96,992	1,501	5,304,645	15.48	3,534.07	54.69
09/2008	112	4	2,658	35.81	664.51	23.80	97,840	1,585	5,731,980	16.20	3,616.39	58.59
12/2008	117	2	1,517	17.11	758.25	12.97	97,960	1,613	6,203,988	16.47	3,846.24	63.33
03/2009	129	1	1,242	7.78	1,241.50	9.65	98,608	1,627	6,380,289	16.50	3,921.51	64.70
06/2009	138	1	1,242	7.26	1,241.50	9.02	99,145	1,635	5,934,464	16.49	3,629.64	59.86
09/2009	145	0	0	0.00	0.00	0.00	100,061	1,531	5,283,469	15.30	3,450.99	52.80
12/2009	160	1	1,010	6.25	1,010.00	6.31	101,495	1,500	4,979,943	14.78	3,319.96	49.07
03/2010	179	2	3,343	11.16	1,671.67	18.66	102,565	1,443	4,808,795	14.07	3,332.50	46.89
06/2010	196	3	4,568	15.35	1,522.77	23.37	104,872	1,446	4,881,012	13.79	3,375.53	46.54
09/2010	233	4	4,568	17.15	1,142.08	19.59	107,811	1,504	5,185,861	13.95	3,448.05	48.10
12/2010	261	3	5,219	11.49	1,739.74	19.99	110,707	1,546	5,238,243	13.96	3,388.26	47.32
03/2011	290	3	4,386	10.36	1,462.08	15.15	113,331	1,596	5,345,753	14.08	3,349.47	47.17
06/2011	322	3	3,175	9.31	1,058.30	9.85	116,324	1,555	5,041,975	13.37	3,242.43	43.34
09/2011	346	2	3,175	5.77	1,587.46	9.17	119,178	1,598	4,938,610	13.41	3,090.49	41.44

# *Auto-Owners Insurance*

Homeowners  
Arkansas  
Form 4 Total

## Development of the Permissible Loss Ratio

(1)	Commission and Brokerage Expense	18.5%
(2)	Other Acquisitions	4.1%
(3)	General Expenses	1.1%
(4)	Tax, License, and Fees	3.1%
(5)	Reinsurance Expense	0.5%
(6)	Total Expenses <i>(1)+(2)+(3)+(4)+(5)</i>	27.3%
(7)	Profit and Contingency	10.0%
(8)	Permissible Loss Ratio <i>1 - ((6) + (7))</i>	62.7%

**Expense Exhibit - Homeowners  
Auto-Owners Insurance Group  
Arkansas**

**All Reviewable Coverages - Form 4 Total**

	12 MTD Ending 6 / 2007		12 MTD Ending 6 / 2008		12 MTD Ending 6 / 2009		12 MTD Ending 6 / 2010		12 MTD Ending 6 / 2011	
	Amount	Ratio								
<u>Loss Experience</u>										
Written Premium	14,980		30,506		38,320		54,973		89,893	
Earned Premium	9,600	100.0	22,131	100.0	34,430	100.0	46,495	100.0	71,965	100.0
Incurred Amount	-358	-3.7	1,072	4.8	3,620	10.5	4,424	9.5	4,222	5.9
Allocated LAE	372	3.9	1,198	5.4	1,157	3.4	-595	-1.3	3,712	5.2
Unallocated LAE	-9	-0.1	414	1.9	113	0.3	113	0.2	1,129	1.6
<u>Total Losses</u>	<u>4</u>	<u>0.1</u>	<u>2,683</u>	<u>12.1</u>	<u>4,889</u>	<u>14.2</u>	<u>3,942</u>	<u>8.4</u>	<u>9,063</u>	<u>12.7</u>
 <u>Expenses Incurred</u>										
Commission and Brokerage *	2,708	18.1	5,090	16.7	6,396	16.7	8,926	16.2	16,774	18.7
Other Acquisitions (2)	380	4.0	823	3.7	1,308	3.8	2,099	4.5	2,845	4.0
General Expenses (2)	92	1.0	210	1.0	324	0.9	548	1.2	772	1.1
Tax, License, and Fees *	509	3.4	848	2.8	711	1.9	1,875	3.4	3,155	3.5
<u>Total Expenses</u>	<u>3,689</u>	<u>26.5</u>	<u>6,972</u>	<u>24.2</u>	<u>8,739</u>	<u>23.3</u>	<u>13,448</u>	<u>25.3</u>	<u>23,546</u>	<u>27.3</u>
Total Losses and Expenses	3,693	26.6	9,655	36.3	13,628	37.5	17,389	33.7	32,609	40.0
Gain from Underwriting	5,906	73.4	12,476	63.7	20,802	62.5	29,105	66.3	39,356	60.0

	3 Year Total		4 Year Total		5 Year Total	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
<u>Loss Experience</u>						
Written Premium	183,186		213,692		228,672	
Earned Premium	152,889	100.0	175,020	100.0	184,620	100.0
Incurred Amount	12,265	8.0	13,337	7.6	12,979	7.0
Allocated LAE	4,274	2.8	5,471	3.1	5,843	3.2
Unallocated LAE	1,355	0.9	1,769	1.0	1,759	1.0
<u>Total Losses</u>	<u>17,894</u>	<u>11.7</u>	<u>20,577</u>	<u>11.8</u>	<u>20,581</u>	<u>11.1</u>
 <u>Expenses Incurred</u>						
Commission and Brokerage *	32,096	17.5	37,187	17.4	39,894	17.4
Other Acquisitions (2)	6,251	4.1	7,075	4.0	7,454	4.0
General Expenses (2)	1,644	1.1	1,855	1.0	1,947	1.0
Tax, License, and Fees *	5,741	3.1	6,589	3.1	7,098	3.1
Reinsurance Expenses *						
<u>Total Expenses</u>	<u>45,733</u>	<u>25.8</u>	<u>52,705</u>	<u>25.5</u>	<u>56,394</u>	<u>25.5</u>
Total Losses and Expenses	63,626	37.5	73,281	37.3	76,975	36.6
Gain from Underwriting	89,263	62.5	101,739	62.7	107,645	63.4

\* - Ratios Calculated to Written Premium (1)Uses Companywide Info (2)Uses AO Group Info # - Uses Combined Coverage Info

+ - FIGA Excluded @ - Guaranty Fund Expenses Excluded Earthquake Excluded

Arkansas Homeowners Age of Insured Relativities

Age of Insured	All Companies and Programs				
	Present	Indicated	Proposed	% Chg	Rebased
18	1.000	1.090	1.020	2.0%	1.000
19	1.000	1.090	1.020	2.0%	1.000
20	1.000	1.090	1.020	2.0%	1.000
21	1.000	1.090	1.020	2.0%	1.000
22	1.000	1.090	1.020	2.0%	1.000
23	1.000	1.090	1.020	2.0%	1.000
24	1.000	1.090	1.020	2.0%	1.000
25	1.000	1.090	1.020	2.0%	1.000
26	1.000	1.079	1.020	2.0%	1.000
27	1.000	1.073	1.020	2.0%	1.000
28	1.000	1.067	1.020	2.0%	1.000
29	1.000	1.060	1.020	2.0%	1.000
30	1.000	1.053	1.020	2.0%	1.000
31	1.000	1.046	1.020	2.0%	1.000
32	1.000	1.038	1.020	2.0%	1.000
33	1.000	1.029	1.020	2.0%	1.000
34	1.000	1.021	1.020	2.0%	1.000
35	1.000	1.012	1.012	1.2%	0.992
36	1.000	1.003	1.003	0.3%	0.983
37	1.000	0.994	0.994	-0.6%	0.974
38	1.000	0.984	0.990	-1.0%	0.971
39	1.000	0.975	0.990	-1.0%	0.971
40	0.960	0.965	0.965	0.5%	0.946
41	0.960	0.955	0.955	-0.5%	0.936
42	0.960	0.945	0.950	-1.0%	0.931
43	0.960	0.935	0.950	-1.0%	0.931
44	0.960	0.926	0.950	-1.0%	0.931
45	0.960	0.916	0.950	-1.0%	0.931
46	0.960	0.906	0.950	-1.0%	0.931

Age of Insured	All Companies and Programs				
	Present	Indicated	Proposed	% Chg	Rebased
47	0.960	0.896	0.950	-1.0%	0.931
48	0.960	0.887	0.950	-1.0%	0.931
49	0.960	0.877	0.950	-1.0%	0.931
50	0.920	0.868	0.910	-1.1%	0.892
51	0.920	0.859	0.910	-1.1%	0.892
52	0.920	0.850	0.910	-1.1%	0.892
53	0.920	0.841	0.910	-1.1%	0.892
54	0.920	0.832	0.910	-1.1%	0.892
55	0.800	0.824	0.810	1.3%	0.794
56	0.800	0.816	0.810	1.3%	0.794
57	0.800	0.808	0.808	1.0%	0.792
58	0.800	0.801	0.801	0.1%	0.785
59	0.800	0.794	0.794	-0.8%	0.778
60	0.800	0.787	0.790	-1.3%	0.775
61	0.800	0.780	0.790	-1.3%	0.775
62	0.800	0.774	0.790	-1.3%	0.775
63	0.800	0.768	0.790	-1.3%	0.775
64	0.800	0.762	0.790	-1.3%	0.775
65	0.750	0.757	0.757	0.9%	0.742
66	0.750	0.752	0.752	0.3%	0.737
67	0.750	0.748	0.748	-0.3%	0.733
68	0.750	0.744	0.744	-0.9%	0.729
69	0.750	0.740	0.740	-1.3%	0.725
70	0.700	0.737	0.710	1.4%	0.696
71	0.700	0.734	0.710	1.4%	0.696
72	0.700	0.734	0.710	1.4%	0.696
73	0.700	0.734	0.710	1.4%	0.696
74	0.700	0.734	0.710	1.4%	0.696
75+	0.700	0.734	0.710	1.4%	0.696

### Proposed Distribution Chart

Percent Range	Form 3	Form 4	Form 6
40 and Over	1	0	0
30.0 to 39.9	30	0	0
25.0 to 29.9	204	0	0
20.0 to 24.9	937	0	0
15.0 to 19.9	2,521	0	0
12.5 to 14.9	1,846	0	0
10.0 to 12.4	1,482	0	1
7.5 to 9.9	950	1	5
5.0 to 7.4	902	8	4
2.5 to 4.9	194	29	17
0.0 to 2.4	23	130	48
-2.5 to -0.1	5	129	40
-5.0 to -2.6	1	35	18
-5.1 and Under	0	0	2
Total	9,096	332	135

**Form 3:**

The only policy over 40%, a 58.3% increase, is a result of the Paid Loss Surcharge threshold changing from \$3,000 to \$2,500 for those continuously insured for 3 or more years.

Arkansas Homeowners Age of Construction Discount

Construction Age	All Companies and Programs			
	Present	Indicated	Proposed	% Chg
Less than Year	0.800	0.449	0.790	-1.3%
1	0.810	0.480	0.800	-1.2%
2	0.820	0.529	0.810	-1.2%
3	0.830	0.546	0.820	-1.2%
4	0.840	0.604	0.830	-1.2%
5	0.850	0.700	0.840	-1.2%
6	0.860	0.759	0.850	-1.2%
7	0.870	0.818	0.860	-1.1%
8	0.880	0.870	0.870	-1.1%
9	0.890	0.926	0.890	0.0%
10	0.900	0.973	0.910	1.1%
11	0.920	1.000	0.930	1.1%
12	0.930	1.000	0.940	1.1%
13	0.940	1.000	0.950	1.1%
14	0.950	1.000	0.960	1.1%
15	0.960	1.000	0.970	1.0%
16	0.970	1.000	0.980	1.0%
17	0.980	1.000	0.990	1.0%
18	0.990	1.000	1.000	1.0%
19	1.000	1.000	1.000	0.0%
20	1.000	1.000	1.000	0.0%
21+	1.000	1.000	1.000	0.0%

Paid Loss Surcharge Exhibit

Company	Threshold	Number of Losses Where Surcharge Starts
AO Current	\$3,000	2 non-weather losses
<b>AO Proposed</b>	<b>\$2,500</b>	<b>2 non-weather losses</b>
State Farm	No Limit	1 non-weather losses
State Auto	\$500	1 non-weather loss
Cincinnati	No Limit	2 non-weather losses
Shelter	\$250	1 non-weather loss

Arkansas Homeowners Premium Adjustments

Premium Adjustments	All Companies and Programs			
	Present	Indicated	Proposed	% Chg
Alarm System				
None	1.000	1.000		
Central Station Premises	0.850	1.000	0.880	3.5%
Local	0.900	1.000	0.930	3.3%
Cov A Less Than Replacement Cost				
No	1.000	1.000		
Yes	1.080	1.163	1.100	1.9%
Dwelling Under Construction				
No	1.000	1.000		
Yes	0.900	1.104	1.100	22.2%
Gated Community				
No	1.000	1.000		
Yes	0.950	1.000	0.970	2.1%
Multi-Policy				
Auto				
No	1.000	1.000		
Yes (Age 18-35)	0.850	0.842	0.860	1.2%
Yes (Age 36-40)	0.850	0.890	0.860	1.2%
Yes (Age 41-65)	0.850	0.891	0.860	1.2%
Yes (Age 66-70)	0.850	0.898	0.860	1.2%
Yes (Age 71+)	0.850	0.927	0.860	1.2%
Protected Subdivision				
No	1.000	1.000		
Yes	0.900	0.977	0.920	2.2%

## Explanatory Memorandum In Support of Personal Property GLM Analysis

### Purpose

A Generalized Linear Modeling (GLM) analysis was conducted for the Personal Property line of business. The purpose of this analysis was to provide guidance in the selection of relativities and test potential enhancements to our rating algorithm. All analysis was conducted using commercially available modeling software and Auto-Owners' internal databases. Explanatory variables that are being used from the modeling are either present in our current rating or used by other carriers for the rating of personal property insurance.

### Data Preparation

The modeling database included all states in which we currently write business. Premium and loss data contained five years of experience with an additional eight months of development. The database was checked for completeness by balancing exposures written and earned, losses and allocated loss adjustment expense paid, incurred claim counts, and outstanding case reserves against a known source. Additional balancing was performed by state, company, coverage, and peril. All data was found to be complete. Model-ready files were then prepared and rebalanced. Invalid values for any variable were grouped into a miscode value. The volume of miscoded data was considered insignificantly small and unlikely to materially affect any parameter estimates. Final reasonability checks were performed on explanatory variable exposure distributions and univariate observed results.

### Modeling Process

Modeling was conducted separately for frequency and severity, assuming independence between models. The selected model structure was:

Model Type	Link Function	Error Structure Distribution	Variance Function
Frequency	Log	Poisson	$\mu$
Severity	Log	Gamma	$\mu^2$

Structural selections were based on actuarial literature which generally supports these assumptions. The use of a log link function also supports our goal of maintaining a rating algorithm similar to our current algorithm. The model form was tested using scatter plots and histograms of the standardized deviance residuals.

The models were broken out by Coverage (A/B, C, D, and E/F) and into eight perils - Fire, Hail, Lightning, Other (Non-Weather), Other (Weather), Theft, Water, and Wind excluding Catastrophe and Hurricane. Coverage A and B were combined before modeling. The same was done with Coverage E and F. Due to data volume, some perils were combined when modeling Coverages C and D.

In all models, each variable was tested to verify significance to the model. The following criteria were used to determine significance: 1) Consistency over time; 2) Chi-Squared test; 3) Subject area expertise.

Next, the variables considered to be significant in the model were tested to see if any two-way interactions existed between them. Only two-way interactions in our current algorithm were tested. After checking for interactions, all significant variables were simplified. When variables are simplified the following things are considered: 1) Do certain levels make more sense together than others?; 2) How does the simplification look over time?; 3) How much data is in each level of the variable?

The included simplified variables were tested to see if they were still significant to the model. This was done in two ways. First, a backward regression using all of the included variables and interactions (in simplified form) was run to see if they were still significant to the model. Second, the models were checked against a holdout sample to determine if the model represented the sample.

Once each frequency and severity model was finished, they were combined into a pure premium model. The pure premium model only contains the underlying modeled data from the frequency and severity. The model structure used was:

Model Type	Link Function	Error Structure Distribution	Variance Function
Combined	Log	Gamma	$\mu^2$

In the pure premium model, only variables and interactions found to be significant in the frequency and severity models were included. Then, decisions to include or simplify variables and interaction were made based upon our current algorithm.

#### Arkansas Target Relativity Development

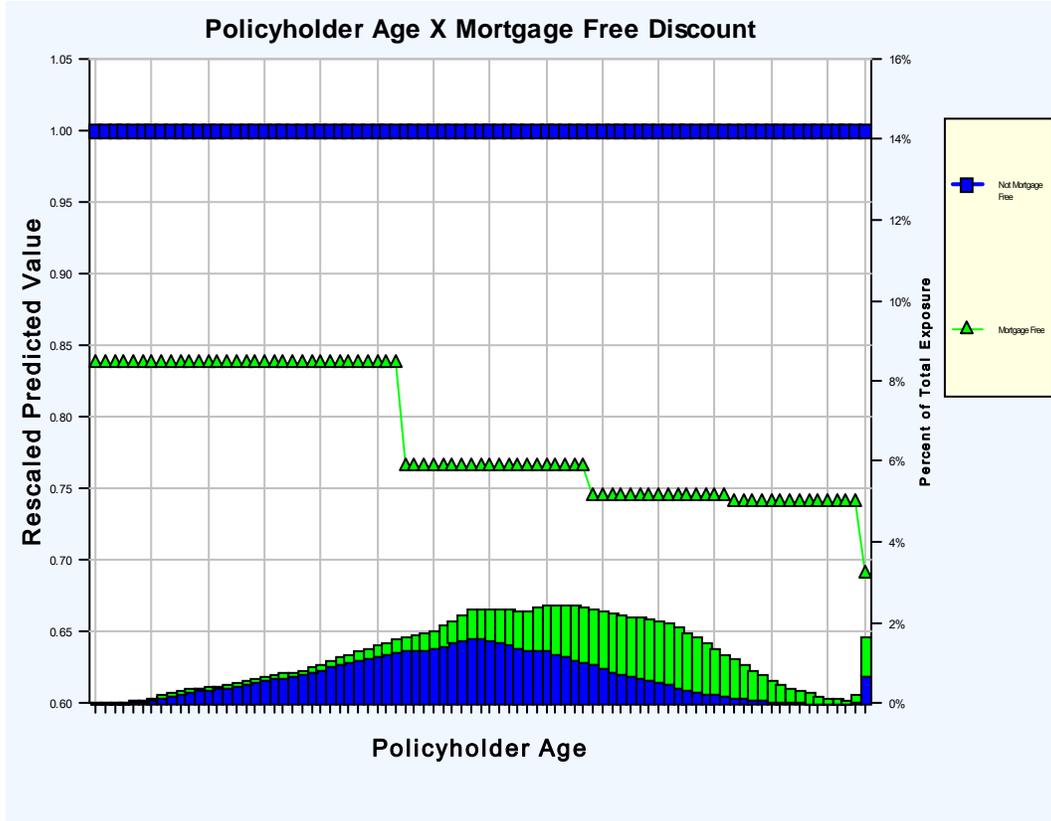
Arkansas target relativities were developed by modifying the Companywide combined model. To develop the Arkansas target relativities, any rating based on previous Weather claims was removed from the combined model. In addition, all variables and coverage combinations not applicable to Arkansas were removed, including the exposures of all states except Missouri, Kansas, and Colorado. These states were retained due to the lack of historical data in Arkansas and the similarity in exposures.

Once the exposures from all other states were removed, the model was refit. This allowed for the Regional relativities to shift from the Companywide relativities where there are differences in exposure distribution and correlation. The overall structure, simplifications and interactions did not change when moving from Companywide data to Regional data.

## Mortgage Free

During the modeling process, all variables were tested for statistical significance, distinct pattern and consistency over time. Mortgage free discount and the Policyholder Age and Coverage A limit interactions passed all three of the above tests.

Please see the below graphs showing the interacted Mortgage Free X Policyholder Age and interacted Mortgage Free X Coverage A limit. The graphs were rescaled to the base level to enhance the ability to see patterns between levels.





Auto-Owners Insurance Group  
Arkansas Homeowners  
Summary of Proposed Changes

**All Forms**

1. Introduce a 5% Claim Free Discount. Please see manual pages AOUQZ342 and AOAQZ068.
2. Revise the sum of claims threshold for the Paid Loss Surcharge from \$3,000 to \$2,500 for insureds who have been continuously insured with Auto-Owners for 3 or more years. Please see manual page AOUQZ347.
  - Please see “Paid Loss Surcharge Exhibit” attached under the Actuarial Support item in the Supporting Documentation Tab for competitor support for changing the threshold.
3. Introduce a Mortgage Free Discount. Please see manual pages AOUQZ345 and AOAQZ083.
4. Modify the Age of Construction Discount. Please see manual page AOUQZ339.
  - This change is based on Generalized Linear Modeling. Please see the “Age of Construction Exhibit” attached under the Actuarial Support Item in the Supporting Documentation Tab.
5. Change the Mature Discount to an Age of Insured Discount and introduce new relativities. Please see manual pages AOUQZ341 and AOAQZ067.
  - The Age of Insured Discounts were developed using generalized Linear Modeling, In some cases the full indicated relativity was not taken in order to mitigate increases/decreases to individual policyholders. All relativities have been rebased. Please see the “Age of Insured Exhibit” attached under the Actuarial Support Item in the Supporting Documentation Tab.
6. Decrease the Central Stations Alarm Discount. Please see manual page AOUQZ340.
  - This change is based on Generalized Linear Modeling. Please see the “GLM Indication Exhibit” attached under the Actuarial Support Item in the Supporting Documentation Tab.
7. Decrease the Local Alarm Discount. Please see manual page AOUQZ340.
  - This change is based on Generalized Linear Modeling. Please see the “GLM Indication Exhibit” attached under the Actuarial Support Item in the Supporting Documentation Tab.
8. Decrease the Gated Community Discount. Please see manual page AOUQZ359.
  - This change is based on Generalized Linear Modeling. Please see the “GLM Indication Exhibit” attached under the Actuarial Support Item in the Supporting Documentation Tab.
9. Decrease the Multi Policy Discount. Please see manual page AOUQZ346.
  - This change is based on Generalized Linear Modeling. Please see the “GLM Indication Exhibit” attached under the Actuarial Support Item in the Supporting Documentation Tab.
10. Editorial changes for the Construction Types manual page. Please see manual page AOUQZ338.
11. Show higher limits on Deductible Options manual page. Please see manual page AOUQZ343.

12. Create a Definitions manual page to define continuous foundation. Please see manual page AOUQZ357.
13. Add "Water Seepage and Leakage" to Coverage Form Descriptions page along with other editorial changes. Please see manual page AOUQZ361.
14. Modify Rating Procedure page to include Mortgage Free Discount and Claim Free Discount. Please see manual page AOAQZ087.
15. Obsolete manual pages AOUQZ220 and AOUQZ316.

### **Form 3**

16. Decrease the Maximum Amount of Insurance eligibility requirement from \$2,000,000 to \$1,000,000 in Premier Plus and from \$3,000,000 to \$2,000,000 for Premier. Please see manual page AOUQZ356.
17. Revise the Previous Insurance History eligibility for all insureds in the Premier program to indicate "No paid non-weather related losses in the past 36 months". Also revise the Previous Insurance History eligibility for all insureds in the Auto-Owners Standard program to indicate "No more than 1 paid non-weather related loss not to exceed \$2,500 in the past 36 months". Please see manual page AOUQZ356.
18. No longer allow manufactured or modular homes, or dwellings with asbestos siding in our Homeowners Program as new business. Please see manual page AOUQZ356.
19. No longer allow an agent to bind homes with Coverage A \$1.5 million or greater. If the Protection Class is 9 or 10, no longer allow an agent to bind homes with Coverage A \$1 million or greater. Please see manual page AOUQZ356.
20. Require supporting business for Seasonal/Secondary high value homes. Please see manual page AOUQZ356.
21. Manufactured and modular homes will no longer be eligible for Guaranteed Home Replacement Cost Coverage and the Increased Cost Endorsement. Guaranteed Home Replacement Cost Coverage and Increased Cost Endorsement will no longer be available on high value homes. Please see manual page AOUQZ352 and AOUQZ354.
22. Increase the Coverage A Less Than 100% Replacement Cost Surcharge. Please see manual page AOUQZ358.
  - This change is based on Generalized Linear Modeling. Please see the "GLM Indication Exhibit" attached under the Actuarial Support Item in the Supporting Documentation Tab.
23. Replace the Dwelling Under Construction Discount (-10%) with a 10% Dwelling Under Construction Surcharge. Please see manual pages AOUQZ344 and AOUQZ351.
  - This change is based on Generalized Linear Modeling. Since this surcharge is only available for one term, no current policyholder will see an increase due to the Dwelling Under Construction Surcharge when they renew. Please see the "GLM Indication Exhibit" attached under the Actuarial Support Item in the Supporting Documentation Tab.

The following discounts/coverages will no longer be allowed on Dwelling Under Construction policies:

- Protected Subdivision Discount; please see manual page AOUQZ348.
- Alarm System Discounts; please see manual page AOUQZ340.

- Protective Devices Discount; please see manual page AOUQZ349.
- Roof Discount; please see manual page AOUQZ350.
- Age of Construction Discount; please see manual page AOUQZ339.
- Guaranteed Home Replacement Cost Coverage; please see manual page AOUQZ352.
- Increased Cost Endorsement; please see manual page AOUQZ354.

24. Decrease the Protected Subdivision Discount. Please see manual page AOUQZ348.

- This change is based on Generalized Linear Modeling. Please see the “GLM Indication Exhibit” attached under the Actuarial Support Item in the Supporting Documentation Tab.

25. Separate Water Backup Coverage from the Homeowners Plus Endorsement and the Premier Plus policy. Introduce new limits and a new rating algorithm for Water Backup coverage. Please see manual pages AOUQZ355, AOAQZ084, and AOAQZ086.

26. Decrease the Homeowners Plus Endorsement to account for the removal of the included limit of Water Backup coverage and broadening of coverage to include water seepage and leakage. Please see manual page AOUQZ353.

27. Decrease the Premier Plus deviation. Please see manual page AOAQZ070.

- The 5 year actual loss ratio for Premier Plus is 234.2% compared to the statewide loss ratio of 200.9%.

28. Modify Roof Surcharge. Please see manual page AOUQZ350.

- For the 5 year period ending June 2011, 58.2% of our losses in Arkansas occurred from wind, hail, and lightning. It is our understanding that aged roofs are more susceptible to wind and hail losses and the ability of a roof to withstand repeated exposure to hail quickly deteriorates after 10 years. It has also been cited that Asphalt shingles will have a dramatically shorter lifespan in warmer climates such as Arkansas, than in cooler climates.

29. Increase territory relativities as shown below. Please see manual page AOAQZ072.

Territory	Current	Proposed	5 year actual loss ratio
4	0.97	0.98	467.7%

Form 3 Total      200.9%

30. Modify Coverage A Amount of Insurance Relativities. Please see manual page AOAQZ069.

- The 5 year actual loss ratio for policies with Coverage A \$240,000 or greater is 229.9% compared to the total 5 year actual loss ratio of 200.9%.

31. Combine the two current manual pages for Form 3 Amount of Insurance Relativities. The only relativities changing are those referenced in #30 of Actuarial Memorandum. Combine the two current manual pages for Form 3 Protection Class Relativities. The relativities will remain the same. Combine the two current manual pages for Form 3 Territory Relativities. The only relativities changing are those referenced in #29 of Actuarial Memorandum. Please see manual pages AOAQZ069, AOAQZ071, and AOAQZ072.

32. Increase the base rate 22.5% for an overall increase of 15.0%. Please see manual page AOAQZ070.

#### **Form 4**

33. Combine the two current manual pages for Form 4 Amount of Insurance Relativities. The relativities will remain the same. Combine the two current manual pages for Form 4 Protection Class Relativities. The relativities will remain the same. Combine the two current manual pages for Form 4 Number of Family Relativities. The relativities will remain the same. Combine the two current manual pages for Form 4 Territory Relativities. The relativities will remain the same. Please see manual pages AOAQZ073, AOAQZ076, AOAQZ075 and AOAQZ077.
34. Increase the base rate 5.7% for an overall no change. Please see manual page AOAQZ074.

#### **Form 6**

35. Introduce Water Backup limits and modify rates. Separate Water Backup Coverage from the Condo-Owners Plus Endorsement. Please see manual page AOAQZ085.
36. Decrease the Condo-Owners Plus Endorsement to account for the removal of the included limit of Water backup Coverage and including the coverage for water leakage and seepage. Please see manual page AOUQZ360.
37. Combine the two current manual pages for Form 6 Amount of Insurance Relativities. The relativities will remain the same. Combine the two current manual pages for Form 6 Protection Class Relativities. The relativities will remain the same. Combine the two current manual pages for Form 6 Number of Family Relativities. The relativities will remain the same. Combine the two current manual pages for Form 6 Territory Relativities. The relativities will remain the same. Please see manual pages AOAQZ078, AOAQZ081, AOAQZ080 and AOAQZ082.
38. Increase the base rate 3.8% for an overall increase of 0.1%. Please see manual page AOAQZ079.

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 Filing Company: Auto-Owners Insurance Company State Tracking Number:  
 Company Tracking Number: HOM-AR-01-06/13/2012-01  
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 Product Name: Arkansas Homeowners  
 Project Name/Number: Arkansas Homeowners Rate and Rule Filing/HOM-AR-01-06/13/2012-01

## 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)
01/06/2012	Supporting Document	HPCS-Homeowners Premium Comparison Survey	02/24/2012	HO Survey FORM HPCS.xlsx
01/31/2012	Supporting Document	Actuarial Support	02/27/2012	Form 6 Indication.pdf Form 3 Indication.pdf Form 4 Indication.pdf Age of Insured Exhibit.pdf Proposed Distribution Chart.pdf Age of Construction Exhibit.pdf Paid Loss Surcharge Exhibit.pdf GLM Indication Exhibit.pdf GLM Memo - AR.pdf