

SERFF Tracking Number: KEMP-128155160 State: Arkansas  
Filing Company: Trinity Universal Insurance Company State Tracking Number:  
Company Tracking Number: AR\_HOME\_2012\_RATE\_1  
TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations  
Product Name: AR\_Home\_2012\_Rate\_1  
Project Name/Number: AR\_Home\_2012\_Rate\_1/AR\_Home\_2012\_Rate\_1

## Filing at a Glance

Company: Trinity Universal Insurance Company

Product Name: AR\_Home\_2012\_Rate\_1 SERFF Tr Num: KEMP-128155160 State: Arkansas  
TOI: 04.0 Homeowners SERFF Status: Closed-Filed State Tr Num:  
Sub-TOI: 04.0000 Homeowners Sub-TOI Co Tr Num: State Status:  
Combinations AR\_HOME\_2012\_RATE\_1  
Filing Type: Rate Reviewer(s): Becky Harrington  
Author: William Nibbelin Disposition Date: 03/30/2012  
Date Submitted: 03/22/2012 Disposition Status: Filed  
Effective Date Requested (New): 07/11/2012 Effective Date (New): 07/11/2012  
Effective Date Requested (Renewal): 07/11/2012 Effective Date (Renewal):  
07/11/2012

State Filing Description:  
referred to Commissioner 3/28/12

## General Information

Project Name: AR\_Home\_2012\_Rate\_1 Status of Filing in Domicile: Authorized  
Project Number: AR\_Home\_2012\_Rate\_1 Domicile Status Comments:  
Reference Organization: Reference Number:  
Reference Title: Advisory Org. Circular:  
Filing Status Changed: 03/30/2012  
State Status Changed: 03/30/2012 Deemer Date:  
Created By: William Nibbelin Submitted By: William Nibbelin  
Corresponding Filing Tracking Number:

Filing Description:

The above captioned company, member of the Kemper group of companies, proposes a revision to its rates and rules for use with its Arkansas Homeowners program. This revision includes changes to our base rates, amount of insurance factors, tier factors, discounts, and rate order calculation for all forms. This revision will impact new and renewal business. An all-coverage statewide premium level change of +15.0% is estimated to result from this change.

State Narrative:

## Company and Contact

### Filing Contact Information

SERFF Tracking Number: KEMP-128155160 State: Arkansas  
 Filing Company: Trinity Universal Insurance Company State Tracking Number:  
 Company Tracking Number: AR\_HOME\_2012\_RATE\_1  
 TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations  
 Product Name: AR\_Home\_2012\_Rate\_1  
 Project Name/Number: AR\_Home\_2012\_Rate\_1/AR\_Home\_2012\_Rate\_1

William Nibbelin, Product Manager wnibbelin@eKemper.com  
 12926 Gran Bay Pkwy. West 904-596-8427 [Phone]  
 Jacksonville, FL 32258 904-245-5601 [FAX]

**Filing Company Information**

Trinity Universal Insurance Company	CoCode: 19887	State of Domicile: Texas
12926 Gran Bay Parkway West	Group Code: 215	Company Type:
Jacksonville, FL 32258	Group Name:	State ID Number:
(904) 245-5600 ext. [Phone]	FEIN Number: 75-0620550	

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**Filing Fees**

Fee Required?	Yes
Fee Amount:	\$100.00
Retaliatory?	No
Fee Explanation:	This is a rate filing. The fee for a rate filing is \$100.00
Per Company:	No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
Trinity Universal Insurance Company	\$100.00	03/22/2012	57390627

SERFF Tracking Number: KEMP-128155160 State: Arkansas  
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## Correspondence Summary

### Dispositions

Status	Created By	Created On	Date Submitted
Filed	Becky Harrington	03/30/2012	03/30/2012

### 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	03/28/2012	03/28/2012	William Nibbelin	03/28/2012	03/28/2012
Pending Industry Response	Becky Harrington	03/26/2012	03/26/2012	William Nibbelin	03/27/2012	03/27/2012

### Amendments

Schedule	Schedule Item Name	Created By	Created On	Date Submitted
Supporting Document	Form RF-2 Loss Costs Only (not for workers' compensation)	William Nibbelin	03/27/2012	03/27/2012
Supporting Document	HPCS-Homeowners Premium Comparison Survey	William Nibbelin	03/27/2012	03/27/2012
Supporting Document	NAIC loss cost data entry document	William Nibbelin	03/27/2012	03/27/2012
Supporting Document	Response to Objections - Actuarial Indication Memo Correction and Pricing Level Factor Support	William Nibbelin	03/27/2012	03/27/2012

SERFF Tracking Number: KEMP-128155160 State: Arkansas  
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 Product Name: AR\_Home\_2012\_Rate\_1  
 Project Name/Number: AR\_Home\_2012\_Rate\_1/AR\_Home\_2012\_Rate\_1

## Disposition

Disposition Date: 03/30/2012  
 Effective Date (New): 07/11/2012  
 Effective Date (Renewal): 07/11/2012  
 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):
Trinity Universal Insurance Company	19.700%	15.000%	\$87,729	585	\$584,859	25.000%	10.400%

SERFF Tracking Number: KEMP-128155160 State: Arkansas  
 Filing Company: Trinity Universal Insurance Company State Tracking Number:  
 Company Tracking Number: AR\_HOME\_2012\_RATE\_1  
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 Product Name: AR\_Home\_2012\_Rate\_1  
 Project Name/Number: AR\_Home\_2012\_Rate\_1/AR\_Home\_2012\_Rate\_1

Schedule	Schedule Item	Schedule Item Status	Public Access
<b>Supporting Document (revised)</b>	Form RF-2 Loss Costs Only (not for workers' compensation)	Filed	Yes
<b>Supporting Document</b>	H-1 Homeowners Abstract	Filed	Yes
<b>Supporting Document (revised)</b>	HPCS-Homeowners Premium Comparison Survey	Filed	Yes
<b>Supporting Document (revised)</b>	NAIC loss cost data entry document	Filed	Yes
<b>Supporting Document</b>	Supporting Documents	Filed	Yes
<b>Supporting Document</b>	Response to Objections - Actuarial Indication Memo Correction and Pricing Level Factor Support	Filed	Yes
<b>Supporting Document</b>	Form RF-2 Loss Costs Only (not for workers' compensation)		Yes
<b>Supporting Document</b>	HPCS-Homeowners Premium Comparison Survey		Yes
<b>Supporting Document</b>	NAIC loss cost data entry document		Yes

SERFF Tracking Number: KEMP-128155160 State: Arkansas  
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Product Name: AR\_Home\_2012\_Rate\_1  
Project Name/Number: AR\_Home\_2012\_Rate\_1/AR\_Home\_2012\_Rate\_1

## Objection Letter

Objection Letter Status No response necessary  
Objection Letter Date 03/28/2012  
Submitted Date 03/28/2012  
Respond By Date

Dear William Nibbelin,

This will acknowledge receipt of the recent response.

This filing is being referred to the Commissioner for review due to the requested increase amount being greater than 6%. 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: KEMP-128155160 State: Arkansas  
Filing Company: Trinity Universal Insurance Company State Tracking Number:  
Company Tracking Number: AR\_HOME\_2012\_RATE\_1  
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Product Name: AR\_Home\_2012\_Rate\_1  
Project Name/Number: AR\_Home\_2012\_Rate\_1/AR\_Home\_2012\_Rate\_1

## Response Letter

Response Letter Status Submitted to State  
Response Letter Date 03/28/2012  
Submitted Date 03/28/2012

Dear Becky Harrington,

### Comments:

Thank you for the notification.

### Response 1

Comments: No response necessary noted.

### Changed Items:

No Supporting Documents changed.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Please let me know if there are any questions. Thanks.

William Nibbelin | Product Manager | Kemper Preferred  
(904)596-8427 | wnibbelin@kemper.com

Sincerely,  
William Nibbelin

SERFF Tracking Number: KEMP-128155160 State: Arkansas  
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Company Tracking Number: AR\_HOME\_2012\_RATE\_1  
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Product Name: AR\_Home\_2012\_Rate\_1  
Project Name/Number: AR\_Home\_2012\_Rate\_1/AR\_Home\_2012\_Rate\_1

## Objection Letter

Objection Letter Status Pending Industry Response

Objection Letter Date 03/26/2012

Submitted Date 03/26/2012

Respond By Date

Dear William Nibbelin,

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

- NAIC loss cost data entry document (Supporting Document)

Comment: Please revise the 5-year history to include data for 2011.

### Objection 3

- Supporting Documents (Supporting Document)

Comment: Information regarding catastrophe, hurricane, tornad/hail losses in the Exhibit Memo (page 2) is not consistent with the exhibits. Please confirm the catastrophe load does not include any hurricane or modeled tornato/hail amounts.

### Objection 4

- Supporting Documents (Supporting Document)

Comment: Please provide supporting documentation justifying the changes to the pricing level factors.

### Objection 5

Comment: Please complete the rate data and attach manual pages under the rate/rule schedule tab. A post-submission update may be required to include the rate data.

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."



SERFF Tracking Number: KEMP-128155160 State: Arkansas  
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Company Tracking Number: AR\_HOME\_2012\_RATE\_1  
TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations  
Product Name: AR\_Home\_2012\_Rate\_1  
Project Name/Number: AR\_Home\_2012\_Rate\_1/AR\_Home\_2012\_Rate\_1

## Response Letter

Response Letter Status Submitted to State  
Response Letter Date 03/27/2012  
Submitted Date 03/27/2012

Dear Becky Harrington,

### Comments:

Please see responses to objections below.

### Response 1

Comments: Form HPCS has been submitted as a pdf version.

#### 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:

No Supporting Documents changed.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

### Response 2

Comments: The NAIC loss cost data entry document has been revised and submitted to include 2011 in the 5-year history.

#### Related Objection 1

Applies To:

- NAIC loss cost data entry document (Supporting Document)

Comment:

Please revise the 5-year history to include data for 2011.

SERFF Tracking Number: KEMP-128155160 State: Arkansas  
Filing Company: Trinity Universal Insurance Company State Tracking Number:  
Company Tracking Number: AR\_HOME\_2012\_RATE\_1  
TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations  
Product Name: AR\_Home\_2012\_Rate\_1  
Project Name/Number: AR\_Home\_2012\_Rate\_1/AR\_Home\_2012\_Rate\_1

**Changed Items:**

No Supporting Documents changed.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

**Response 3**

Comments: The information regarding catastrophe, hurricane, tornado/hail losses in the Exhibit Memo (page 2) is a based on a countrywide template. This exhibit has been revised and resubmitted as a separate pdf. The catastrophe load does not include any hurricane or tornado/hail modeling.

**Related Objection 1**

Applies To:

- Supporting Documents (Supporting Document)

Comment:

Information regarding catastrophe, hurricane, tornad/hail losses in the Exhibit Memo (page 2) is not consistent with the exhibits. Please confirm the catastrophe load does not include any hurricane or modeled tornato/hail amounts.

**Changed Items:**

No Supporting Documents changed.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

**Response 4**

Comments: Supporting documentation justifying the changes to the pricing level factors has been provided to include current policy distribution, current rates, proposed rates, actuarial indicated rates, and impacts for territory base rates, amount of insurance factors, tier factors, and the mature homeowners discount factor.

**Related Objection 1**

Applies To:

- Supporting Documents (Supporting Document)

SERFF Tracking Number: KEMP-128155160 State: Arkansas  
Filing Company: Trinity Universal Insurance Company State Tracking Number:  
Company Tracking Number: AR\_HOME\_2012\_RATE\_1  
TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations  
Product Name: AR\_Home\_2012\_Rate\_1  
Project Name/Number: AR\_Home\_2012\_Rate\_1/AR\_Home\_2012\_Rate\_1

**Comment:**

Please provide supporting documentation justifying the changes to the pricing level factors.

**Changed Items:**

No Supporting Documents changed.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

**Response 5**

Comments: The rate data has been completed and manual pages have been attached as well under the rate/rule schedule tab.

**Related Objection 1**

**Comment:**

Please complete the rate data and attach manual pages under the rate/rule schedule tab. A post-submission update may be required to include the rate data.

**Changed Items:**

No Supporting Documents changed.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Sincerely,  
William Nibbelin

SERFF Tracking Number: KEMP-128155160 State: Arkansas  
Filing Company: Trinity Universal Insurance Company State Tracking Number:  
Company Tracking Number: AR\_HOME\_2012\_RATE\_1  
TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations  
Product Name: AR\_Home\_2012\_Rate\_1  
Project Name/Number: AR\_Home\_2012\_Rate\_1/AR\_Home\_2012\_Rate\_1

**Amendment Letter**

Submitted Date: 03/27/2012

**Comments:**

New files as well as revised files added in response to objections.

**Changed Items:**

**Supporting Document Schedule Item Changes:**

**Satisfied -Name: Form RF-2 Loss Costs Only (not for workers' compensation)**

Comment:

AR Home Filing Form Industry\_rates\_loss\_cost\_data\_entry - 02.pdf

**Satisfied -Name: HPCS-Homeowners Premium Comparison Survey**

Comment:

AR Home Filing Form HO\_Survey\_FORM\_HPCS - 01.xls

AR Home Filing Form HO\_Survey\_FORM\_HPCS - 01.pdf

**Satisfied -Name: NAIC loss cost data entry document**

Comment:

AR Home Filing Form Industry\_rates\_loss\_cost\_data\_entry - 02.pdf

**User Added -Name: Response to Objections - Actuarial Indication Memo Correction and Pricing Level Factor**

**Support**

Comment:

AR Home Filing Actuarial Support - Memo - Revised Page 2.pdf

AR Home Filing Pricing Level Factors Support - 01.pdf

SERFF Tracking Number: KEMP-128155160 State: Arkansas  
 Filing Company: Trinity Universal Insurance Company State Tracking Number:  
 Company Tracking Number: AR\_HOME\_2012\_RATE\_1  
 TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations  
 Product Name: AR\_Home\_2012\_Rate\_1  
 Project Name/Number: AR\_Home\_2012\_Rate\_1/AR\_Home\_2012\_Rate\_1

**Post Submission Update Request Processed On 03/28/2012**

**Status:** Allowed  
**Created By:** William Nibbelin  
**Processed By:** Becky Harrington  
**Comments:**

**Rate Information:**

Field Name	Requested Change	Prior Value
Rate Data Applies	Yes	No
Filing Method	File and Use	
Rate Change Type	Increase	
Overall Pct. of Last Revision	6.000%	
Effective Date of Last revision	07/11/2011	
Filing Method of Last Filing	File and Use	

**Company Rate Information:**

**Company Name:** Trinity Universal Insurance Company

Field Name	Requested Change	Prior Value
Overall % Indicated Change	19.700%	
Overall % Rate Impact	15.000%	
Written Premium Change for this Program	\$87729	
# of Policy Holders Affected for this Program	585	
Written Premium for this Program	\$584859	
Maximum %Change (where required)	25.000%	
Minimum %Change (where required)	10.400%	

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 Product Name: AR\_Home\_2012\_Rate\_1  
 Project Name/Number: AR\_Home\_2012\_Rate\_1/AR\_Home\_2012\_Rate\_1

## Rate Information

Rate data applies to filing.

**Filing Method:** File and Use  
**Rate Change Type:** Increase  
**Overall Percentage of Last Rate Revision:** 6.000%  
**Effective Date of Last Rate Revision:** 07/11/2011  
**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):
Trinity Universal Insurance Company	19.700%	15.000%	\$87,729	585	\$584,859	25.000%	10.400%

SERFF Tracking Number: KEMP-128155160 State: Arkansas  
 Filing Company: Trinity Universal Insurance Company State Tracking Number:  
 Company Tracking Number: AR\_HOME\_2012\_RATE\_1  
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 Product Name: AR\_Home\_2012\_Rate\_1  
 Project Name/Number: AR\_Home\_2012\_Rate\_1/AR\_Home\_2012\_Rate\_1

## Supporting Document Schedules

	<b>Item Status:</b>	<b>Status Date:</b>
<b>Satisfied - Item:</b> Form RF-2 Loss Costs Only (not for workers' compensation)	Filed	03/30/2012

**Comments:**

**Attachment:**

AR Home Filing Form Industry\_rates\_loss\_cost\_data\_entry - 02.pdf

	<b>Item Status:</b>	<b>Status Date:</b>
<b>Satisfied - Item:</b> H-1 Homeowners Abstract	Filed	03/30/2012

**Comments:**

**Attachment:**

AR Home Filing Form H-1 ed1-06 - 01.pdf

	<b>Item Status:</b>	<b>Status Date:</b>
<b>Satisfied - Item:</b> HPCS-Homeowners Premium Comparison Survey	Filed	03/30/2012

**Comments:**

**Attachments:**

AR Home Filing Form HO\_Survey\_FORM\_HPCS - 01.xls

AR Home Filing Form HO\_Survey\_FORM\_HPCS - 01.pdf

	<b>Item Status:</b>	<b>Status Date:</b>
<b>Satisfied - Item:</b> NAIC loss cost data entry document	Filed	03/30/2012

**Comments:**

**Attachment:**

AR Home Filing Form Industry\_rates\_loss\_cost\_data\_entry - 02.pdf

	<b>Item Status:</b>	<b>Status</b>
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SERFF Tracking Number: KEMP-128155160 State: Arkansas  
Filing Company: Trinity Universal Insurance Company State Tracking Number:  
Company Tracking Number: AR\_HOME\_2012\_RATE\_1  
TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations  
Product Name: AR\_Home\_2012\_Rate\_1  
Project Name/Number: AR\_Home\_2012\_Rate\_1/AR\_Home\_2012\_Rate\_1

**Satisfied - Item:** Supporting Documents Filed **Date:** 03/30/2012

**Comments:**

**Attachments:**

- AR Home Filing Cover Letter - 01.pdf
- AR Home Filing Memorandum - 01.pdf
- AR Home Filing Actuarial Support - 01.pdf
- AR Home Filing Manual (Highlighted Changes) - 01.pdf
- AR Home Filing Rate Workbook (Highlighted Changes) - 01.pdf

**Satisfied - Item:** Response to Objections - Actuarial Indication Memo Correction and Pricing Level Factor Support Filed **Item Status:** **Status:** **Date:** 03/30/2012

**Comments:**

**Attachments:**

- AR Home Filing Actuarial Support - Memo - Revised Page 2.pdf
- AR Home Filing Pricing Level Factors Support - 01.pdf

**NAIC LOSS COST DATA ENTRY DOCUMENT** (EFFECTIVE AUG. 16, 2004)

<b>1.</b>	This filing transmittal is part of Company Tracking #	AR_Home_2012_Rate_1
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<b>2.</b>	If filing is an adoption of an advisory organization loss cost filing, give name of advisory organization and Reference/Item Filing Number	N/A
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Company Name		Company NAIC Number	
<b>3.</b>	<b>A.</b> Trinity Universal Insurance Company	<b>B.</b>	19887

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.</b>	<b>A.</b> 4.0 Homeowners	<b>B.</b>	4.0000 Homeowners TOI Combinations

<b>5.</b>			FOR LOSS COSTS ONLY				
(A) COVERAGE (See Instructions)	(B) Indicated % Rate Level Change	(C) Requested % Rate Level Change	(D) Expected Loss Ratio	(E) Loss Cost Modification Factor	(F) Selected Loss Cost Multiplier	(G) Expense Constant (If Applicable)	(H) Co. Current Loss Cost Multiplier
HO 00 03		+15.0%					
HO 00 04		+14.9%					
HO 00 06		+14.9%					
<b>TOTAL OVERALL EFFECT</b>	<b>+19.7%</b>	<b>+15.0%</b>					

<b>6.</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
2006	497	10.0%	5/1/2006	581	60	10.3%	60.4%
2007	546	N/A	N/A	426	225	52.8%	62.3%
2008	593	-2.0%	2/1/2008	473	2,174	459.6%	103.1%
2009	597	5.9%	7/1/2009	561	627	111.8%	60.2%
2010	573	N/A	N/A	555	249	44.9%	56.3%
2011	585	6.0%	7/11/2011	556	589	106.3%	80.3%

<b>7.</b>	
Expense Constants	Selected Provisions
A. Total Production Expense	21.7%
B. General Expense	4.1%
C. Taxes, License & Fees	3.8%
D. Underwriting Profit & Contingencies	5.6%
E. Other (explain)	0.1% (reinsurance)
<b>F. TOTAL</b>	<b>35.3%</b>

- 8.** N/A Apply Lost Cost Factors to Future filings? (Y or N)
- 9.** 25.0% Estimated Maximum Rate Increase for any Insured (%). Territory (if applicable): \_\_\_\_\_ N/A
- 10.** 7.4% Estimated Maximum Rate Decrease for any Insured (%) Territory (if applicable): \_\_\_\_\_ N/A

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 Trinity Universal Insurance Company  
 NAIC # (including group #) 215-19887

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.  
The estimator is required when coverage is written at 100% of replacement cost.
  
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.  
100% replacement cost is for all policies, and required if the Replacement Cost Dwelling Endorsement is written.
  
4. If you use an Inflation Guard form or similar type of coverage, describe the coverage(s) and estimate the impact.  
Coverage is increased 4% at no charge, greater increases can be purchased at a percentage of the base premium.
  
5. Specify the percentage given for credit or discounts for the following:
 

a. Fire Extinguisher ( <u>With Smoke Alarm and Deadbolt Locks</u> )	<u>3%</u>	%
b. Burglar Alarm	Varies	%
c. Smoke Alarm ( <u>With Fire Extinguisher and Deadbolt Locks</u> )	<u>3%</u>	%
d. Insured who has both homeowners and auto with your company	Varies	%
e. Deadbolt Locks ( <u>With Fire Extinguisher and Smoke Alarm</u> )	<u>3%</u>	%
f. Window or Door Locks	<u>0%</u>	%
g. Other (specify)		%

Customer Loyalty Discount, Hail Resistant Roof Credit, Mature, Homeowner Credit, Network Discount, Seasonal or Secondary, Dwelling Credit, Secondary Residence Credit, Superior Construction

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

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

Form	Premium Volume
HO 00 03	545,538 (2009 Earned Premium)
HO 00 04	12,846 (2009 Earned Premium)
HO 00 06	2,832 (2009 Earned Premium)

8. Do you write homeowner risks which have aluminum, steel or vinyl siding?  Yes  No
9. Is there a surcharge on risks with wood heat? Yes
- If yes, state the surcharge 8%
- Does the surcharge apply to conventional fire places? No
- If yes, state the surcharge N/A

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

William Nibbelin  
Signature

William Nibbelin  
Printed Name

Product Manager  
Title

(904) 596-8427  
Telephone Number

[wnibbelin@ekemper.com](mailto:wnibbelin@ekemper.com)  
Email address

NAIC Number: 19887  
 Company Name: Trinity Universal Insurance Company  
 Contact Person: William Nibbelin  
 Telephone No.: (904) 596-8427  
 Email Address: wribbelin@ekemper.com  
 Effective Date: 7/11/2012

**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	\$917.00	\$1,000.00	\$1,060.00	\$1,157.00	\$928.00	\$1,012.00	\$1,122.00	\$1,225.00	\$1,013.00	\$1,105.00	\$1,060.00	\$1,157.00	\$1,070.00	\$1,168.00	\$760.00	\$827.00	\$878.00	\$956.00
	\$120,000	\$1,000.00	\$1,091.00	\$1,157.00	\$1,264.00	\$1,012.00	\$1,104.00	\$1,225.00	\$1,338.00	\$1,105.00	\$1,206.00	\$1,157.00	\$1,264.00	\$1,169.00	\$1,276.00	\$827.00	\$901.00	\$957.00	\$1,043.00
	\$160,000	\$1,178.00	\$1,286.00	\$1,365.00	\$1,493.00	\$1,192.00	\$1,302.00	\$1,447.00	\$1,582.00	\$1,303.00	\$1,424.00	\$1,365.00	\$1,493.00	\$1,379.00	\$1,507.00	\$971.00	\$1,058.00	\$1,126.00	\$1,229.00
6	\$80,000	\$936.00	\$1,055.00	\$1,082.00	\$1,221.00	\$947.00	\$1,067.00	\$1,145.00	\$1,293.00	\$1,033.00	\$1,166.00	\$1,082.00	\$1,221.00	\$1,092.00	\$1,233.00	\$775.00	\$871.00	\$895.00	\$1,009.00
	\$120,000	\$1,020.00	\$1,151.00	\$1,181.00	\$1,335.00	\$1,033.00	\$1,165.00	\$1,250.00	\$1,414.00	\$1,128.00	\$1,274.00	\$1,181.00	\$1,335.00	\$1,193.00	\$1,348.00	\$844.00	\$949.00	\$976.00	\$1,101.00
	\$160,000	\$1,202.00	\$1,358.00	\$1,394.00	\$1,577.00	\$1,216.00	\$1,375.00	\$1,477.00	\$1,672.00	\$1,330.00	\$1,504.00	\$1,394.00	\$1,577.00	\$1,408.00	\$1,593.00	\$990.00	\$1,117.00	\$1,149.00	\$1,297.00
9	\$80,000	\$1,557.00	\$1,740.00	\$1,811.00	\$2,025.00	\$1,576.00	\$1,762.00	\$1,921.00	\$2,149.00	\$1,727.00	\$1,931.00	\$1,811.00	\$2,025.00	\$1,829.00	\$2,046.00	\$1,278.00	\$1,426.00	\$1,487.00	\$1,661.00
	\$120,000	\$1,704.00	\$1,906.00	\$1,984.00	\$2,220.00	\$1,726.00	\$1,930.00	\$2,105.00	\$2,356.00	\$1,891.00	\$2,116.00	\$1,984.00	\$2,220.00	\$2,004.00	\$2,243.00	\$1,397.00	\$1,560.00	\$1,627.00	\$1,819.00
	\$160,000	\$2,020.00	\$2,260.00	\$2,354.00	\$2,636.00	\$2,045.00	\$2,289.00	\$2,498.00	\$2,798.00	\$2,243.00	\$2,511.00	\$2,354.00	\$2,636.00	\$2,378.00	\$2,663.00	\$1,652.00	\$1,847.00	\$1,927.00	\$2,156.00

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

Public Protection Class	Property Value	Washington		Baxter		Craighead		St. Francis		Arkansas		Union		Miller		Sebastian		Pulaski	
		Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame
3	\$5,000	\$177.00	\$192.00	\$149.00	\$162.00	\$113.00	\$122.00	\$142.00	\$154.00	\$149.00	\$162.00	\$149.00	\$162.00	\$144.00	\$156.00	\$171.00	\$187.00	\$157.00	\$171.00
	\$15,000	\$177.00	\$192.00	\$149.00	\$162.00	\$113.00	\$122.00	\$142.00	\$154.00	\$149.00	\$162.00	\$149.00	\$162.00	\$144.00	\$156.00	\$171.00	\$187.00	\$157.00	\$171.00
	\$25,000	\$177.00	\$192.00	\$149.00	\$162.00	\$113.00	\$122.00	\$142.00	\$154.00	\$149.00	\$162.00	\$149.00	\$162.00	\$144.00	\$156.00	\$171.00	\$187.00	\$157.00	\$171.00
6	\$5,000	\$180.00	\$203.00	\$152.00	\$171.00	\$115.00	\$128.00	\$145.00	\$163.00	\$152.00	\$171.00	\$152.00	\$171.00	\$147.00	\$165.00	\$175.00	\$197.00	\$160.00	\$180.00
	\$15,000	\$180.00	\$203.00	\$152.00	\$171.00	\$115.00	\$128.00	\$145.00	\$163.00	\$152.00	\$171.00	\$152.00	\$171.00	\$147.00	\$165.00	\$175.00	\$197.00	\$160.00	\$180.00
	\$25,000	\$180.00	\$203.00	\$152.00	\$171.00	\$115.00	\$128.00	\$145.00	\$163.00	\$152.00	\$171.00	\$152.00	\$171.00	\$147.00	\$165.00	\$175.00	\$197.00	\$160.00	\$180.00
9	\$5,000	\$299.00	\$333.00	\$250.00	\$279.00	\$185.00	\$206.00	\$237.00	\$264.00	\$250.00	\$279.00	\$250.00	\$279.00	\$240.00	\$268.00	\$289.00	\$323.00	\$264.00	\$294.00
	\$15,000	\$299.00	\$333.00	\$250.00	\$279.00	\$185.00	\$206.00	\$237.00	\$264.00	\$250.00	\$279.00	\$250.00	\$279.00	\$240.00	\$268.00	\$289.00	\$323.00	\$264.00	\$294.00
	\$25,000	\$299.00	\$333.00	\$250.00	\$279.00	\$185.00	\$206.00	\$237.00	\$264.00	\$250.00	\$279.00	\$250.00	\$279.00	\$240.00	\$268.00	\$289.00	\$323.00	\$264.00	\$294.00

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	3 %
Burglar Alarm	2 %	Window Locks	- %
Smoke Alarm	3 %	\$1,000 Deductible	- %
		Other (specify)	- %
		Maximum Credit Allowed	25 %

**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, 20 %
WHAT IS YOUR PRICE PER \$1,000 OF COVERAGE?	Zone Highest Risk \$ 3 Lowest Risk \$ 0.62
	Brick Frame \$ 3 \$ 1.16 \$ 0.62 \$ 0.28

**NAIC LOSS COST DATA ENTRY DOCUMENT** (EFFECTIVE AUG. 16, 2004)

<b>1.</b>	This filing transmittal is part of Company Tracking #	AR_Home_2012_Rate_1
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<b>2.</b>	If filing is an adoption of an advisory organization loss cost filing, give name of advisory organization and Reference/Item Filing Number	N/A
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Company Name		Company NAIC Number	
<b>3.</b>	<b>A.</b> Trinity Universal Insurance Company	<b>B.</b>	19887

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.</b>	<b>A.</b> 4.0 Homeowners	<b>B.</b>	4.0000 Homeowners TOI Combinations

<b>5.</b>			FOR LOSS COSTS ONLY				
(A) COVERAGE (See Instructions)	(B) Indicated % Rate Level Change	(C) Requested % Rate Level Change	(D) Expected Loss Ratio	(E) Loss Cost Modification Factor	(F) Selected Loss Cost Multiplier	(G) Expense Constant (If Applicable)	(H) Co. Current Loss Cost Multiplier
HO 00 03		+15.0%					
HO 00 04		+14.9%					
HO 00 06		+14.9%					
<b>TOTAL OVERALL EFFECT</b>	<b>+19.7%</b>	<b>+15.0%</b>					

<b>6.</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
2006	497	10.0%	5/1/2006	581	60	10.3%	60.4%
2007	546	N/A	N/A	426	225	52.8%	62.3%
2008	593	-2.0%	2/1/2008	473	2,174	459.6%	103.1%
2009	597	5.9%	7/1/2009	561	627	111.8%	60.2%
2010	573	N/A	N/A	555	249	44.9%	56.3%
2011	585	6.0%	7/11/2011	556	589	106.3%	80.3%

<b>7.</b>	
Expense Constants	Selected Provisions
A. Total Production Expense	21.7%
B. General Expense	4.1%
C. Taxes, License & Fees	3.8%
D. Underwriting Profit & Contingencies	5.6%
E. Other (explain)	0.1% (reinsurance)
<b>F. TOTAL</b>	<b>35.3%</b>

- 8.** N/A Apply Lost Cost Factors to Future filings? (Y or N)
- 9.** 25.0% Estimated Maximum Rate Increase for any Insured (%). Territory (if applicable): \_\_\_\_\_ N/A
- 10.** 7.4% Estimated Maximum Rate Decrease for any Insured (%) Territory (if applicable): \_\_\_\_\_ N/A



**Headquarters**  
12926 Gran Bay Parkway West  
Jacksonville FL 32258  
eKemper.com

March 22, 2012

Arkansas Department of Insurance  
Property & Casualty Rate Division  
1200 West Third Street  
Little Rock, AR 77201

RE: **ARKANSAS HOMEOWNERS FILING**  
Trinity Universal Insurance Company (NAIC 19887 FEIN 75-0620550)  
SERF Filing Number: KEMP-128155160  
Company Tracking No.: AR\_Home\_2012\_Rate\_1

To whom it may concern:

The above captioned company, member of the Kemper group of companies, proposes a revision to its rates for use with its Arkansas Homeowners program. This revision includes changes to our base rates, amount of insurance factors, tier factors, discounts, and rate order calculation for all forms. This revision will impact new and renewal business. An all-coverage statewide premium level change of +15.0% is estimated to result from this change.

Please feel free to call me at (904) 596-8427 or email [wnibbelin@Kemper.com](mailto:wnibbelin@Kemper.com) if you have any questions.

Sincerely,

William J. Nibbelin  
Product Manager  
Kemper Preferred  
12926 Gran Bay Parkway West  
Jacksonville, Florida 32258  
904-596-8427 (direct line)  
904-245-5601 (fax)  
[wnibbelin@Kemper.com](mailto:wnibbelin@Kemper.com)  
[www.Kemper.com](http://www.Kemper.com)

**ARKANSAS HOMEOWNERS  
FILING MEMORANDUM  
TRINITY UNIVERSAL INSURANCE COMPANY**  
(NAIC 19887 FEIN 75-0620550)  
SERF FILING #: KEMP-128155160  
COMPANY TRACKING #: AR\_Home\_2012\_Rate\_1

Effective July 11, 2012 for new and renewal business, Trinity Universal Insurance Company will be revising its Homeowners rates in Arkansas. A description in detail of all changes being proposed in this filing is provided below.

- **Territory Base Rates**  
We are revising our base rates in the direction of statewide indications by form along with slightly higher rates on the homeowners form for poorer than average territory experience to reposition ourselves to ensure competitive and adequate pricing levels.
- **Amount of Insurance**  
The Coverage A amount of insurance factors are set to move in the direction of actuarial recommendations.
- **Tier Factors**  
The Tier factors on the homeowners form were moved in the direction of actuarial recommended factors. The package discount on the condominium form was revised from a constant factor varying by tier to align with an internal countrywide initiative for standardization.
- **Mature Homeowners Discount Factors**  
The discount for Mature Homeowners Discount was lowered toward actuarial recommended for all forms.
- **Rate Order Calculation**  
The rate order calculation has been expanded and modified to adhere to company specific countrywide standards.

## **SUMMARY**

These proposed changes are necessary for Trinity Universal Insurance Company to better position themselves in the Arkansas market and to be a viable new business option.

**Kemper, A Unitrin Business**  
**Arkansas Homeowners Experience Projection - All Forms Combined**  
**Home Indication Table of Contents**

<u>Exhibit</u>	<u>Contents</u>
[Memo]	Indication Memo
[1-1]	Indicated Rate Change
[2-1]	Present Rate Factors
[2-2]	History of Rate Changes
[3-1]	Large Losses
[4-1]	Catastrophe Provision
[5-1]	Incurred Loss & DCC Development Triangles
[6-1]	Adjusting & Other Expense
[7-1]	Trend Selections and Calculation of Trend Factors
[7-2]	Premium Trend
[7-3]	Arkansas Accident Year Pure Premium Trend
[8-3]	Investment Income, ROE, and Underwriting Profit Provision
[9-1]	Credibility
[10-1]	Complement of Credibility
[11-1]	List of Companies



A UNITRIN BUSINESS

Indication Memo

**UNDERLYING DATA SUPPORTING THE PROPOSED PREMIUM LEVEL REVISIONS**

Exhibit [1-1] displays our Arkansas Homeowners indicated rate level change. The experience period includes the 5.75 accident years beginning January 1, 2006 and ending September 30, 2011 evaluated as of September 30, 2011.

The indicated change was calculated using the loss ratio method and the underlying ratemaking formulas described below:

**INDICATED RATE CHANGE**

The sum of the projected loss ratio and the trended fixed expenses divided by the complement of the variable expenses and profit load less unity is the indicated rate level change. The overall indicated rate level change for all forms combined is listed below:

Type of Coverage	Indicated Rate Level Change w/o Credibility & w/o Modeled Loads	Indicated Rate Level Change w/ Credibility & Modeled Loads
Homeowners	32.3%	19.7%

**PREMIUMS AT PRESENT RATE LEVEL**

The earned premiums shown on Exhibit [1-1], line 1 are the premiums collected at the level charged during the respective period.

The premiums at present rates on Exhibit [1-1], line 3 were adjusted to present rate levels by determining the proportion of each previous rate change not reflected in each year's earned premiums and multiplying those ratios on a cumulative basis to determine the present rate factor; also known as the parallelogram method. The calculation of the present rate factors is displayed on Exhibit [2-1].

The following table shows the present rate factors by form by accident year.

Accident Year	Present Rate Factor		
	HO3	HO4	HO6
2006	1.097	1.000	1.209
2007	1.097	1.208	1.209
2008	1.107	1.199	1.198
2009	1.112	1.167	1.162
2010	1.067	1.065	1.049
2011	1.053	1.044	1.029



A UNITRIN BUSINESS

Indication Memo

**ADJUSTMENT FOR CATASTROPHE INCURRED LOSSES & DCC**

In order to stabilize the indication, we have subtracted the actual catastrophe incurred losses & DCC from our loss history and added appropriate provision(s) that reflect our expectations over a long period of time.

A provision for the catastrophe losses was estimated using a ratio to amount of insurance years.

*Catastrophes*

Catastrophe incurred losses & DCC were subtracted from each year's historical incurred loss & DCC prior to applying incurred loss & DCC factors. An average provision for catastrophe incurred losses & DCC was added to the non-catastrophe incurred loss & DCC. The provision for each year is the product of the selected average ratio of catastrophe losses to amount of insurance years, multiplied by the amount of insurance for that year. The development of the catastrophe load is shown in Exhibit [4].

*Hurricane Losses*

We developed our projected hurricane load using the latest RMS RiskLink hurricane model developed by Risk Management Solutions, Inc. along with AIR Worldwide's hurricane model and Kemper's exposures in-force as of June 30, 2011. The average annual loss adjusted for demand inflation and LAE was divided by the number of locations to calculate a modeled expected incurred loss & DCC cost. The calculation of the DCC factor is shown on Exhibit [7-3]. The modeled incurred loss & DCC ratio was calculated by dividing incurred loss & DCC cost by the average premium at present rates. This calculation is displayed on Exhibit [8-1].

*Tornado/Hail Losses*

We developed our projected hurricane load using the latest RMS RiskLink hurricane model developed by Risk Management Solutions, Inc. and Kemper's exposures in-force as of June 30, 2011. The average annual loss adjusted for demand inflation and LAE was divided by the number of locations to calculate a modeled expected incurred loss & DCC cost. The calculation of the DCC factor is shown on Exhibit [8-1]. The modeled incurred loss & DCC ratio was calculated by dividing incurred loss & DCC cost by the average premium at present rates. This calculation is displayed on Exhibit [8-2].

**INCURRED LOSS & DCC DEVELOPMENT FACTORS**

The incurred losses & DCC expenses were developed to an ultimate settlement basis by applying the development factors shown below by coverage by accident year.

Accident Year	Loss Development Factor
2006	1.0000
2007	1.0000
2008	1.0000
2009	1.0000
2010	1.0000
2011	1.0534

The selected development factors are based on Arkansas experience. The incurred loss & DCC triangles and selected factors are displayed in Exhibit [5-1].



A UNITRIN BUSINESS

Indication Memo

**LOSS ADJUSTMENT EXPENSE**

Incurred losses have been combined with Defense and Cost Containment (DCC) expense. Adjusting & Other (A&O) expense have been included by applying the following factors to the incurred losses and DCC:

Type of Coverage	A&O Factor
Homeowners	1.0951

These factors were derived from the Companies' countrywide Adjusting & Other expense experience from the Insurance Expense Exhibits for calendar years 2008-2010. The calculation of the Adjusting & Other expense factors is shown on Exhibit [6-1]

**INCURRED LOSS & DCC RATIO TREND**

The loss ratio projection factors shown in line 9 of Exhibit [1-1] reflect both loss trend and premium trend. Loss trend is based on Kemper and Insurance Service Office (ISO) current cost factors, and projected loss trend. The premium trend is based solely on Kemper experience.

*Premium Trend*

A historical and prospective annual trend in average premium is estimated by fitting an exponential curve to the rolling four quarter average on-level premium. The historical and prospective trends are then compared to the annual trend in average AOI. The annual trend in average AOI is estimated by fitting an exponential curve to the average AOI by year. The historical premium is first trended to May 15, 2011, the approximate average written date during the latest year of experience. Then, the prospective trend selection is used to trend premium to July 1, 2013, the expected average date of premium during the first year after the proposed effective date. The premium projection factors are shown on Exhibits 7-1 and 7-2.

*Incurred Loss & DCC Trend*

We have employed a two-step incurred loss & DCC trend procedure. First, historical losses & DCC expense are trended to May 15, 2011, the approximate average accident date. The selected trends are based primarily on ISO Fast Track data for Arkansas, as well as Kemper's own experience in Arkansas. The incurred losses & DCC expense were then trended to July 1, 2013. This is the expected average date of loss for claims incurred during the first year after the proposed effective date. The incurred Loss & DCC projection factors are shown on Exhibits [7].

The ratios of the incurred losses & DCC projection factors to the premium projection factors are the incurred loss & DCC ratio projection factors. These factors are shown by accident year in line 8 of Exhibit [7-1].

**EXPENSE ELEMENTS UNDERLYING THE PERMISSIBLE LOSS**

*Fixed Expense*

General Expenses and Other Acquisition Expenses are based upon countrywide data from the 2008-2010 Insurance Expense Exhibits. These components have been multiplied by factors of 0.65 and 0.35 to obtain the fixed and variable portion of the expense elements. The fixed portion has been separately trended to reflect changes in salaries and the overall Consumer Price Index. The adjusted fixed General and Other Acquisition expense are shown on line 11 of Exhibit [8-1].



A UNITRIN BUSINESS

Indication Memo

*Variable Expense*

State specific Commissions and Brokerage Expense along with Taxes, Licenses, and Fees are pulled directly from the 2008-2010 Annual Statements. A selection based on the average of these three years is used as the projection for commissions and brokerage expense as well as taxes, licenses, and fees. These are included in line 12 of Exhibit [8-1]. The other 35% of General and Other Acquisition Expenses as listed above are also included in the variable expense calculation. The last variable expense piece comes from the state, line, specific allocation of our cost of reinsurance. Total Variable Expense is listed in line 12 of Exhibit [8-1].

*Investment Income, Profit, and Return on Equity*

The calculation of a profit provision reflecting investment income for the companies is shown in Exhibit 9R. The cash flows for one policy are projected for 40 quarters and discounted after tax investment income. The profit provision required to achieve a target Return On Equity (ROE) of 11.1% is calculated based on the projected cash flows.

*Permissible Loss, LAE, and Fixed Expense Ratio*

The calculation of the Permissible Loss, the denominator of the loss ratio method, is shown on line 13 of Exhibit [8-1]. Each expense component and the resulting Permissible Loss, LAE, and Fixed Expense Ratio is listed below:

Fixed Expenses	Homeowners
Total	7.20%

  

Variable Expenses	Homeowners
General & Other Acquisition	3.89%
Commissions and Brokerage	14.78%
Cost of Reinsurance	0.13%
State Taxes, Licenses & Fees	3.78%
Total	22.58%

  

Underwriting Profit Provision	Homeowners
Total	5.55%

  

Permissible Loss, LAE, & Fixed Expense Ratio	Homeowners
Total	71.87%

**CREDIBILITY**

The credibility standard is calculated using the Limited Fluctuation Method for Full Credibility. This methodology applies a severity adjustment to the frequency credibility standard. The calculation is as follows,

$$\text{Full Credibility} = \text{Frequency Credibility Standard} * (1 + (s/m)^2),$$

where s is the standard deviation of the severity distribution and m is the mean of the severity distribution.

This calculation with a p value of 95% and a k value of 10% resulted in the full credibility standard displayed on Exhibit [9-1].

**COMPLEMENT OF CREDIBILITY**

The complement of credibility is calculated on Exhibit [10-1], using the net trend of the prospective premium and loss trends compounded by the time between the current effective date and the proposed effective date. All claimants from perils which were modeled have been removed from the credibility calculation.

**Kemper, A Unitrin Business**  
**Arkansas Homeowners Experience Projection - All Forms Combined**  
**Indicated Rate Change**

**Proposed Effective Date: July 1, 2012**

	<u>Earned Accident Years Evaluated as of 09/2011</u>						
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>Total</u>
[1] Earned Premiums At Collected Premium Level:	666	230,626	472,566	560,018	554,584	412,531	2,230,992
[2] Present Premium Level Factors, [Exhibit 2]:	1.0987	1.0987	1.1085	1.1138	1.0670	1.0526	
[3] Earned Premiums At Present Rate Level, ([1] * [2]):	732	253,389	523,840	623,748	591,741	434,230	2,427,680
[4] Total Incurred Loss & DCC (Defense & Cost Containment Expense):	0	163,220	2,022,582	766,885	249,199	588,804	3,790,690
[4a] Excess Large Loss & DCC:	0	12,365	0	140,897	0	0	153,262
[4b] Excess Large Loss & DCC Provision, [Exhibit 3]:	987	30,172	32,306	33,019	31,346	25,433	153,262
[4e] Incurred Catastrophe Loss & DCC, [Exhibit 4]:	0	0	1,698,929	113,239	34,189	417,049	2,263,406
[4f] Catastrophe Loss & DCC Provision, [Exhibit 4]:	150	48,431	96,880	114,288	118,970	92,814	471,533
[5] Incurred Loss & DCC Development Factors, [Exhibit 5]:	1.000	1.000	1.000	1.000	1.000	1.053	
[6] A&O (Adjusting & Other Expense) Factor, [Exhibit 6]:	1.0951	1.0951	1.0951	1.0951	1.0951	1.0951	
[7] Ultimate Loss & LAE (Loss Adjustment Expense): (([4] - [4a] - [4e]) x [5] + [4b] + [4f]) x [6]	1,245	251,286	495,917	722,845	400,079	327,641	2,199,014
[8] Ultimate Loss & LAE Ratio, ([7] / [3]):	170.09%	99.17%	94.67%	115.89%	67.61%	75.45%	90.58%
[9] Ultimate Loss & LAE Ratio Projection Factor, [Exhibit 7]:	0.9081	0.9262	0.9448	0.9636	0.9829	1.0000	
[10] Ultimate Trended Loss & LAE Ratio, ([8] * [9]):	154.45%	91.85%	89.44%	111.67%	66.45%	75.45%	
[11] Selected Weights:	0.0400	0.1100	0.1600	0.2100	0.2600	0.2200	
[12] Selected Ultimate Trended Loss & LAE Ratio, ([10] * [11]):	6.18%	10.10%	14.31%	23.45%	17.28%	16.60%	87.92%
[13] Trended Fixed Expense Ratio, [Exhibit 8]:							7.20%
[14] Ultimate Trended Loss, LAE, & Fixed Expense Ratio, ([12] + [13]):							95.12%
[15] Permissible Loss, LAE, & Fixed Expense Ratio [Exhibit 8]:							71.87%
[16] Indicated Rate Change For 5.55% Profit, ([14]/([15]) - 1), [Non-Credibility Weighted]:							32.3%
[17] Credibility, [Exhibit 9]:							61.0%
[18] Complement of Credibility, [Exhibit 10]:							0.0%
[19] Indicated Rate Change, (((1+([16]x[17])+([18]x(1-[17]))) x ([15]))/[15])-1, [Credibility Weighted]:							19.7%

**Kemper, A Unitrin Business**  
**Arkansas Homeowners Experience Projection**  
**Present Rate Factors**

**All Companies Combined**

**[1] Earned Present Rate Factors**

<u>Year</u>	<u>HO-3</u>	<u>HO-4</u>	<u>HO-6</u>
2006	1.0969	1.0000	1.2088
2007	1.0969	1.2079	1.2088
2008	1.1066	1.1988	1.1978
2009	1.1123	1.1674	1.1616
2010	1.0671	1.0651	1.0494
2011	1.0529	1.0441	1.0292

**[2] Earned Premiums**

<u>Year</u>	<u>HO-3</u>	<u>HO-4</u>	<u>HO-6</u>	<u>Total Home Premium</u>
2006	655	0	11	666
2007	226,957	3,015	653	230,626
2008	462,632	8,159	1,775	472,566
2009	544,349	12,837	2,832	560,018
2010	540,278	11,927	2,379	554,584
2011	400,254	10,259	2,019	412,531

**[3] Combined Forms**

**Earned Present Rate Factors**

<u>Year</u>	<u>Total Home</u>
2006	1.0987
2007	1.0987
2008	1.1085
2009	1.1138
2010	1.0670
2011	1.0526

**[4] Earned Premiums at Present Rates**

<u>Year</u>	<u>HO-3</u>	<u>HO-4</u>	<u>HO-6</u>	<u>All Forms Combined</u>
2006	719	0	13	732
2007	248,949	3,642	790	253,381
2008	511,949	9,781	2,126	523,856
2009	605,480	14,986	3,290	623,755
2010	576,531	12,704	2,496	591,731
2011	421,427	10,712	2,078	434,216

**Kemper, A Unitrin Business**  
Arkansas Homeowners Experience Projection  
History of Rate Changes

<b>TUIC</b>	<b>Rate Change</b>			
	<u>Date</u>	<u>HO-3</u>	<u>HO-4</u>	<u>HO-6</u>
	1/1/2005	2.2%	1.7%	0.0%
	5/1/2006	0.0%	0.0%	0.0%
	11/1/2006	0.0%	0.0%	0.0%
	2/1/2008	-2.1%	1.8%	2.2%
	7/1/2009	5.7%	13.0%	14.5%
	7/11/2011	6.0%	5.0%	3.3%

**Kemper, A Unitrin Business**  
**Arkansas Homeowners Experience Projection - All Forms Combined**  
**Large Losses**

<b>Accident Year</b>	<b>Claims</b>	<b>Amount</b>	<b>% of Loss</b>	<b>Excess Loss</b>	<b>xCat Losses</b>	<b>Cat Losses</b>	<b>Written Exposures</b>	<b>Written Exposure Distribution</b>	<b>Large Loss &amp; DCC Provision</b>
2007	1	112,365	68.84%	12,365	112,365	0	550	19.69%	30,172
2008	0	0	0.00%	0	0	0	589	21.08%	32,306
2009	2	340,897	44.45%	140,897	340,897	0	602	21.54%	33,019
2010	0	0	0.00%	0	0	0	572	20.45%	31,346
2011	1	161,886	27.49%	0	0	161,886	464	16.59%	25,433
<b>Total</b>	<b>4</b>	<b>615,148</b>		<b>153,262</b>	<b>453,262</b>	<b>161,886</b>	<b>2,795</b>		<b>153,262</b>

**Kemper, A Unitrin Business**  
Arkansas Homeowners Experience Projection - All Forms Combined  
Catastrophe Provision

	[1]	[2]	[3]	[4]	[5]	[6]	[7]
<b>Accident Year</b>	<b>Amount of Insurance Years</b>	<b>Total Non-CAT Loss&amp;DCC</b>	<b>Total CAT Loss&amp;DCC</b>	<b>Total Non-CAT Claimants</b>	<b>Total CAT Claimants</b>	<b>Ratio of CAT Loss&amp;DCC to AOI Years</b>	<b>Selected Catastrophe Provision</b>
2007	48,431	163,220	0	15	0	0.000	48,431
2008	96,880	323,653	1,698,929	69	329	17.536	96,880
2009	114,288	653,646	113,239	67	41	0.991	114,288
2010	118,970	215,010	34,189	35	6	0.287	118,970
2011	92,814	171,755	417,049	39	41	4.493	92,814
2001 - 2010 Total	688,912	2,281,848	2,376,824	420	450		

	<b>CAT Loss&amp;DCC to AOI Years</b>
2007 - 2011 Wtd Avg Cat Loss&DCC to AOI Ratio	4.802
2007 - 2011 Avg Cat Loss&DCC to AOI Ratio	4.662
2007 - 2011 Avg (Ex Hi&Lo) Cat Loss&DCC to AOI Ratio	1.924

[8] Selected CAT Load

**Kemper, A Unitrin Business**  
Arkansas Homeowner Experience Projection  
Development as of 9/30/2011  
Catastrophe, Tornado/Hail, and Hurricane Loss&DCC Excluded  
Arkansas - All Companies Combined

Used for Accident Years 2006 - 2010

All Forms Combined

	<b>Incurred Loss&amp;DCC</b>									
	<u>21</u>	<u>33</u>	<u>45</u>	<u>57</u>	<u>69</u>	<u>81</u>	<u>93</u>	<u>105</u>	<u>117</u>	<u>129</u>
2001	322,911	321,620	310,582	310,582	310,582	310,582	310,582	310,582	310,582	310,582
2002	102,739	102,434	102,294	102,294	102,294	102,294	102,294	102,294	102,294	310,582
2003	18,475	18,475	18,475	18,475	18,475	18,475	18,475	18,475	18,475	
2004	1,418	1,418	1,418	1,418	1,418	1,418	1,418	1,418		
2005	0	0	0	0	0	0				
2006	0	0	0	0	0					
2007	155,487	155,487	155,487	155,487						
2008	144,837	158,993	158,993							
2009	544,053	542,257								
2010	156,110									
	<b>Age-To-Age</b>									
	<u>21-33</u>	<u>33-45</u>	<u>45-57</u>	<u>57-69</u>	<u>69-81</u>	<u>81-93</u>	<u>93-105</u>	<u>105-117</u>	<u>117-129</u>	
2001	0.996	0.966	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2002	0.997	0.999	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
2003	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000		
2004	1.000	1.000	1.000	1.000	1.000	1.000	1.000			
2005	1.000	1.000	1.000	1.000	1.000					
2006	1.000	1.000	1.000	1.000						
2007	1.000	1.000	1.000							
2008	1.098	1.000								
2009	0.997									
	<b>Selections</b>									
3-Yr Average	1.031	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
3-Yr Wt Average	1.015	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
5-Yr Average	1.019	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
5-Yr Wt Average	1.015	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Total Average	1.010	0.996	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Average xMin, xMax	0.999	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Straight Average	1.012	0.994	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Selected	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Cumulative	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000

**Kemper, A Unitrin Business**  
Arkansas Homeowner Experience Projection  
Development as of 9/30/2011  
Catastrophe, Tornado/Hail, and Hurricane Loss&DCC Excluded  
Arkansas - All Companies Combined

Used for Accident Year 2011

All Forms Combined

	<b>Incurred Loss&amp;DCC</b>									
	<u>9</u>	<u>21</u>	<u>33</u>	<u>45</u>	<u>57</u>	<u>69</u>	<u>81</u>	<u>93</u>	<u>105</u>	<u>117</u>
2002	84,924	82,447	82,447	82,307	82,307	82,307	82,307	82,307	82,307	82,307
2003	19,696	18,475	18,475	18,475	18,475	18,475	18,475	18,475	18,475	18,475
2004	770	1,418	1,418	1,418	1,418	1,418	1,418	1,418	1,418	
2005	0	0	0	0	0	0	0	0		
2006	0	0	0	0	0	0				
2007	188,933	153,157	153,157	153,157	153,157					
2008	112,423	109,239	115,252	115,252						
2009	609,335	517,750	515,954							
2010	67,693	139,516								
2011	144,468									
	<b>Age-To-Age</b>									
	<u>9-21</u>	<u>21-33</u>	<u>33-45</u>	<u>45-57</u>	<u>57-69</u>	<u>69-81</u>	<u>81-93</u>	<u>93-105</u>	<u>105-117</u>	
2002	0.971	1.000	0.998	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2003	0.938	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
2004	1.841	1.000	1.000	1.000	1.000	1.000	1.000			
2005	1.000	1.000	1.000	1.000	1.000	1.000				
2006	1.000	1.000	1.000	1.000	1.000					
2007	0.811	1.000	1.000	1.000						
2008	0.972	1.055	1.000							
2009	0.850	0.997								
2010	2.061									
	<b>Selections</b>									
3-Yr Average	1.294	1.017	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
3-Yr Wt Average	0.971	1.005	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
5-Yr Average	1.139	1.010	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
5-Yr Wt Average	0.940	1.005	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Total Average	1.160	1.006	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Average xMin, xMax	1.082	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Straight Average	1.206	1.009	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Selected	1.053	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Cumulative	1.053	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000

**Kemper, A Unitrin Business**  
Arkansas Homeowners Experience Projection - All Forms Combined  
Adjusting & Other Expense

Countrywide Data, All Kemper Companies Combined\*

			<u>HOMEOWNERS</u>
[1]	Total Losses and DCC Incurred (000 omitted)	2008 2009 2010 Total	223,089 174,002 <u>190,994</u> 588,085
[2]	A&O Incurred (000 omitted)	2008 2009 2010 Total	22,330 14,229 <u>19,385</u> 55,944
[3]	Percent A&O to Losses and DCC [3] = [2] / [1]	2008 2009 2010 Total	10.01% 8.18% <u>10.15%</u> 9.51%
[4]	Selected A&O Factor		<u>9.51%</u>

\* Insurance Expense Exhibit - Exhibit III (Direct), Calendar Year information.

**Kemper, A Unitrin Business**  
**Arkansas Homeowners Experience Projection - All Forms Combined**  
**Trend Selections and Calculation of Trend Factors**

**Proposed Effective Date July 1, 2012**

**Trend Dates**

<b>[1]</b>	Loss Projection Date, (One year beyond the proposed effective date):	July 1, 2013
<b>[2]</b>	Premium Projection Date, (One year beyond the proposed effective date):	July 1, 2013
<b>[3]</b>	Average Date of Latest Experience (Between evaluation date and beginning of year):	May 15, 2011

	<b>[5]</b>	<b>[6]</b>	<b>[7]</b>	<b>[8]</b>
<b>Accident Year</b>	<b>Average Amount of Insurance</b>	<b>Premium Projection Factor</b>	<b>Pure Premium Projection Factor</b>	<b>Loss &amp; DCC Ratio Factor [7] / [6]</b>
2002	118.54	1.1920	1.0000	0.8389
2003	124.78	1.1687	1.0000	0.8557
2004	172.09	1.1457	1.0000	0.8728
2005	68.00	1.1233	1.0000	0.8903
2006	175.80	1.1013	1.0000	0.9081
2007	164.94	1.0797	1.0000	0.9262
2008	170.84	1.0585	1.0000	0.9448
2009	186.37	1.0377	1.0000	0.9636
2010	204.12	1.0174	1.0000	0.9829
2011	216.02	1.0000	1.0000	1.0000
<b>[9]</b>	Annual Trend in Average Amount of Insurance			8.0%
<b>[10]</b>	Selected Historical Pure Premium Trend to May 15, 2011*			0.0%
<b>[11]</b>	Selected Prospective Pure Premium Trend to January 1, 2013*			0.0%
<b>[11]</b>	Selected Historical Premium Trend to May 15, 2011			2.0%
<b>[12]</b>	Selected Prospective Premium Trend to January 1, 2013			0.0%

\* Selected based on ISO Fast Track data as of 06/30/2011 and Kemper data as of 09/30/2011.

**Kemper, A Unitrin Business**  
Arkansas Homeowners Experience Projection - All Forms Combined  
Premium Trend  
Kemper Experience through September 30, 2011

**Homeowners / All Forms Combined**

		[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]
		Rolling 4 quarter data									
Accident	Written	Written	Average	Onlevel	Onlevel	Onlevel	Exposures	Premium	Onlevel	Annual	
<u>Year</u>	<u>Qtr</u>	<u>Exposures</u>	<u>Premium</u>	<u>Factor</u>	<u>Avg Prem</u>	<u>Premium</u>	<u>sum([1])</u>	<u>sum([6])</u>	<u>Avg Prem</u>	<u>Change in</u>	
			<u>[2] / [1]</u>		<u>[3] x [4]</u>	<u>[2] x [4]</u>			<u>[8] / [7]</u>	<u>Avg Prem</u>	
2006	12	18	13,824	768	1.0969	842	15,163	18	15,163	842	
2007	3	111	87,087	785	1.0988	862	95,690	129	110,853	859	
2007	6	154	120,348	780	1.0993	857	132,302	283	243,155	858	
2007	9	176	136,325	773	1.0990	850	149,826	460	392,981	855	
2007	12	109	87,458	806	1.0977	885	96,002	550	473,819	861	2.2%
2008	3	121	108,550	900	1.1135	1,002	120,868	560	498,998	891	3.7%
2008	6	164	144,259	881	1.1224	989	161,923	569	528,619	929	8.2%
2008	9	190	161,929	851	1.1217	955	181,636	583	560,430	961	12.4%
2008	12	114	103,284	902	1.1239	1,014	116,081	589	580,509	985	14.4%
2009	3	168	159,344	946	1.1223	1,061	178,825	637	638,466	1,002	12.4%
2009	6	159	149,263	939	1.1222	1,054	167,506	632	644,049	1,019	9.7%
2009	9	165	158,685	961	1.0598	1,018	168,167	607	630,579	1,039	8.1%
2009	12	109	103,374	944	1.0596	1,000	109,535	602	624,033	1,036	5.2%
2010	3	145	138,223	950	1.0597	1,007	146,481	579	591,689	1,022	1.9%
2010	6	161	156,098	970	1.0596	1,028	165,402	581	589,584	1,015	-0.4%
2010	9	151	141,919	942	1.0598	999	150,411	566	571,829	1,009	-2.8%
2010	12	115	111,158	970	1.0593	1,028	117,748	572	580,042	1,015	-2.1%
2011	3	143	133,790	936	1.0596	991	141,764	569	575,325	1,011	-1.1%
2011	6	167	165,141	988	1.0596	1,047	174,989	575	584,912	1,017	0.2%
2011	9	154	152,346	992	1.0062	998	153,297	578	587,798	1,016	0.7%

	Premium
16-point trend	3.5%
12-point trend	0.3%
8-point trend	-0.8%
4-point trend	0.4%

Selected Historical Premium Trend	2.0%
Selected Prospective Premium Trend	0.0%

## Kemper, A Unitrin Business

Arkansas Homeowners Experience Projection - All Forms Combined

Arkansas Accident Year Pure Premium Trend

Kemper Experience Excluding Catastrophes, Hurricane and Tornado/Hail Losses through September 30, 2011

### Homeowners / All Forms Combined

	[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]
	Rolling 4 quarter data									
	AY	AY					Frequency			Pure
Quarter	Earned Exposures	Ultimate Loss&DCC	Ultimate Claimants	Pure Premium	Exposures sum([1])	Loss&DCC sum([2])	Claimants sum([3])	Per 100 Hrs ([7]/[5]) x 100	Severity [6] / [7]	Premium [6] / [5]
200612	1	0	0	0						
200703	20	0	0	0						
200706	51	121,952	8	2,398						
200709	94	31,206	4	332	165	153,157	12	7.26	12,763	926
200712	129	2,329	2	18	294	155,487	14	4.77	11,106	530
200803	137	58,861	15	431	411	214,348	29	7.06	7,391	522
200806	138	41,763	10	302	498	134,159	31	6.22	4,328	269
200809	145	14,628	7	101	549	117,582	34	6.20	3,458	214
200812	147	43,741	11	297	567	158,993	43	7.58	3,698	280
200903	150	72,238	18	481	581	172,370	46	7.92	3,747	297
200906	157	374,246	18	2,383	599	504,853	54	9.01	9,349	842
200909	155	69,471	5	447	610	559,695	52	8.52	10,763	917
200912	151	26,303	7	175	613	542,257	48	7.83	11,297	884
201003	147	16,935	5	115	610	486,955	35	5.75	13,894	799
201006	147	96,023	12	654	599	208,732	29	4.87	7,157	348
201009	146	26,558	6	182	590	165,820	30	5.12	5,487	281
201012	144	16,594	6	116	583	156,110	29	5.02	5,332	268
201103	142	71,581	11	506	578	210,756	35	6.10	5,981	365
201106	143	37,521	13	262	574	152,255	36	6.34	4,181	265
201109	145	43,086	9	297	573	168,783	40	6.91	4,261	294

[11] Loglinear Regressions using rolling 4 quarter data:

	Frequency	Severity	Pure Premium
16-point trend	-2.6%	-4.1%	-6.6%
12-point trend	-12.9%	-9.2%	-20.9%
8-point trend	1.3%	-47.2%	-46.5%
6-point trend	34.4%	-31.4%	-7.8%

Selected Historical Pure Premium Trend	0.0%
Selected Prospective Pure Premium Trend	0.0%

**Kemper, A Unitrin Business**  
**Arkansas Homeowners Experience Projection - All Forms Combined**  
**Fixed Expense, Variable Expense, and Permissible Loss Ratio**

[1]	Arkansas 2010 Collected Earned Premium ((Exhibit 1-1))	\$	554,584
[2]	General and Other Acquisition Expense		
	a. General Expense <sup>1</sup>		4.15%
	b. Other Acquisition Expense <sup>1</sup>		<u>6.95%</u>
	c. Total ([1a]+[1b])		11.10%
[3]	General and Other Acquisition Expense dollars ([1] x [2c])	\$	61,559
[4]	65% of General and Other Acquisition Expenses Dollars (65% x [3])	\$	40,013
[5]	Trend and Trend Period <sup>2</sup> Applicable to General and Other Acquisition Expense:		
	a. Trend Period: 7/1/2010 to 7/1/2013		3.003
	b.	<u>Weight</u>	<u>Annual Trend</u>
		=	<u>Weighted</u>
	Salaries <sup>3</sup>	75%	x 2.00% = 1.50%
	Other Expenses <sup>3</sup>	25%	x 2.40% = 0.60%
			Total 2.10%
	c. Trend Projection Factor ((1 + [5b]) ^ [5a])		1.064
[6]	Trended Fixed Expense Dollars ([4] x [5c])	\$	42,590
[7]	Arkansas 2010 Earned Premium at Present Rates ((Exhibit 1-1))	\$	591,741
[8]	Adjusted General and Other Acquisition Fixed Expense ([6] / [7])		7.20%
[9]	Trend and Trend Period <sup>2</sup> Applicable to Premium:		
	a. Trend Period: 7/1/2010 to 7/1/2013		3.003
	b. Selected Prospective Premium Trend ((Exhibit 7-1))		0.00%
	c. Trend Projection Factor ((1 + [9b]) ^ [9a])		1.0000
[10]	Trended Earned Premium for Fixed Expense ([7] x [9c])	\$	591,741
[11]	<b>Trended Adjusted Fixed Expense Ratio at Present Rates</b> ([6] / [10])		<b>7.20%</b>
[12]	Variable Expense Excluding Profit:		
	a. 35% of General and Other Acquisition Expense ([35%] x [2c])		3.89%
	b. Commissions & Brokerage Expense <sup>1</sup>		14.78%
	c. Cost of Reinsurance Expense		0.13%
	d. Taxes, Licenses, and Fees Expense <sup>1</sup>		3.78%
	e. <b>Total Variable Expense Excluding Profit</b> ([12a] + [12b] + [12c] + [12d])		<b>22.58%</b>
[13]	<b>Permissible Loss, LAE, and Fixed Expense Ratio</b>		<b>71.87%</b>
	(1.00 - [12e] - [Exhibit 8-3 Underwriting Profit Provision])		

<sup>1</sup> Selected Expense Projections are based on All Company Combined, Countrywide, 2008, 2009, and 2010 Annual Statements and Insurance Expense Exhibits (Direct), Calendar Year Information. Details are shown on Exhibit 8-2.

<sup>2</sup> The Trend Period is projected from the midpoint of the latest full year of the experience (7/1/2010) to the renewal of the new effective date (7/1/2013).

<sup>3</sup> The 2.0 % annual change for salaries is based on All Company Combined, Countrywide, 2008, 2009, and 2010 Calendar Year Information and the weights applied to Salaries and Other Expense are based upon cost analysis provided by the Companies Controllers.

**Kemper, A Unitrin Business**  
**Arkansas Homeowners Experience Projection - All Forms Combined**  
**General, Other, Commission, and Tax Expense**

[1]	[a]	[b]	[c]	[d]
	<b>General Expense<sup>1</sup>:</b>			
		<b>Countrywide</b>	<b>Countrywide</b>	<b>General</b>
	<b>Calendar</b>	<b>Earned</b>	<b>General</b>	<b>Expense</b>
	<b>Year</b>	<b>Premium</b>	<b>Expense</b>	<b>Ratio ([1c] / [1b])</b>
	2008	305,425	15,877	5.20%
	2009	313,121	13,746	4.39%
	2010	310,783	11,138	3.58%
	<b>Selected General Expense Ratio Projection<sup>2</sup>:</b>			<b>4.15%</b>

[2]	[a]	[b]	[c]	[d]
	<b>Other Acquisition Expense<sup>1</sup>:</b>			
		<b>Countrywide</b>	<b>Countrywide</b>	<b>Other Acquisition</b>
	<b>Calendar</b>	<b>Earned</b>	<b>Other Acquisition</b>	<b>Expense</b>
	<b>Year</b>	<b>Premium</b>	<b>Expense</b>	<b>Ratio ([2c] / [2b])</b>
	2008	305,425	18,593	6.09%
	2009	313,121	20,606	6.58%
	2010	310,783	23,360	7.52%
	<b>Selected Other Acquisition Expense Ratio Projection<sup>2</sup>:</b>			<b>6.95%</b>

[3]	[a]	[b]	[c]	[d]
	<b>Commission &amp; Brokerage Expense<sup>1</sup>:</b>			
		<b>Arkansas</b>	<b>Arkansas</b>	<b>Commission &amp; Brokerage</b>
	<b>Calendar</b>	<b>Written</b>	<b>Commission &amp; Brokerage</b>	<b>Expense</b>
	<b>Year</b>	<b>Premium</b>	<b>Expense</b>	<b>Ratio ([3c] / [3b])</b>
	2008	518,022	79,507	15.35%
	2009	570,666	84,831	14.87%
	2010	547,398	79,386	14.50%
	<b>Selected Commission &amp; Brokerage Expense Ratio Projection<sup>2</sup>:</b>			<b>14.78%</b>

[4]	[a]	[b]	[c]	[d]
	<b>Taxes, Licenses, &amp; Fees Expense<sup>1</sup>:</b>			
		<b>Arkansas</b>	<b>Arkansas</b>	<b>Taxes, Licenses, &amp; Fees</b>
	<b>Calendar</b>	<b>Written</b>	<b>Taxes, Licenses, &amp; Fees</b>	<b>Expense</b>
	<b>Year</b>	<b>Premium</b>	<b>Expense</b>	<b>Ratio ([4c] / [4b])</b>
	2008	518,022	23,660	4.57%
	2009	570,666	27,309	4.79%
	2010	547,398	18,820	3.44%
	<b>Selected Taxes, Licenses, &amp; Fees Expense Ratio Projection<sup>2</sup>:</b>			<b>3.78%</b>

<sup>1</sup> Premium and Expense Amounts from All Company Combined 2008, 2009, and 2010 Annual Statements and Insurance Expense Exhibits (Direct), Calendar Year Information.

<sup>2</sup> Selected Projection uses a 20%, 30%, and 50% weight on 2008, 2009, and 2010, respectively.

**Kemper, A Unitrin Business**  
**Arkansas Homeowners Experience Projection - All Forms Combined**  
**Investment Income, ROE, and Underwriting Profit Provision**

[1] Loss & LAE Ratio	87.92%	[7] Interest Rate Factor	1.0544	[13] Underwriting Tax Rate	35.00%
[2] Fixed Expense Ratio	7.20%	[8] Investment Tax Rate	31.46%	[14] Premium to Surplus Ratio	1.4200
[3] Variable Expense Ratio	22.58%			[15] ROE	11.11%
[4] Expense Paid w/ EP	50.00%			[16] Underwriting Profit Provision	5.6%
[5] Expense Paid w/ WP	50.00%			[17] Required Change in Written	32.3%
[6] Annual Exposures	1.0000				
		[9] Pre-Tax Investment Income Factor	1.0544		
		[10] Post-Tax Investment Income Factor	1.0371		
			<u>Annually</u>	<u>Quarterly</u>	
			1.0544	1.0133	
			1.0371	1.0091	
		[11] Combined Ratio Prior to Change	117.69%		
		[12] Combined Ratio Post Change	94.45%		

	[18]	[19]	[20]	[21]	[22]	[23]	[24]	[25]	[26]	[27]	[28]	[29]	[30]	[31]	[32]	[33]
	Written Premium	Earned Premium	Loss&LAE Incurred	Expense Paid	Underwriting Income	Unearned Premium Reserve	Taxable Unearned Change	Acc Qtr Reserve Pattern	Loss&LAE Reserve	IRS Discount Factor	IRS Discount Reserve	Change In Reserve Discount	Collected Premium	Paid Loss&LAE	Underwriting Taxes Paid	Total Cash Flow
1	1.3235	0.3309	0.2198	0.2317	-0.1207	0.9926	0.1985	0.6664	0.1465	0.9872	0.1446	0.0019	0.0000	0.0733	0.0279	-0.3330
2		0.3309	0.2198	0.0463	0.0647	0.6617	-0.0662	0.3161	0.2160	0.9746	0.2105	0.0036	1.3235	0.1503	0.0008	1.1261
3		0.3309	0.2198	0.0463	0.0647	0.3309	-0.0662	0.2067	0.2614	0.9622	0.2515	0.0044		0.1744	0.0010	-0.2217
4		0.3309	0.2198	0.0463	0.0647	0.0000	-0.0662	0.1432	0.2929	0.9499	0.2782	0.0048		0.1883	0.0012	-0.2358
5								0.1107	0.1708	0.9378	0.1601	-0.0040		0.1221	-0.0014	-0.1207
6								0.0902	0.1211	0.9259	0.1121	-0.0016		0.0497	-0.0006	-0.0491
7								0.0748	0.0921	0.9140	0.0842	-0.0011		0.0290	-0.0004	-0.0286
8								0.0609	0.0740	0.9024	0.0668	-0.0007		0.0181	-0.0002	-0.0179
9								0.0515	0.0610	0.8909	0.0543	-0.0006		0.0130	-0.0002	-0.0128
10								0.0439	0.0508	0.8795	0.0447	-0.0005		0.0102	-0.0002	-0.0100
11								0.0372	0.0425	0.8683	0.0369	-0.0005		0.0083	-0.0002	-0.0081
12								0.0314	0.0360	0.8572	0.0309	-0.0005		0.0065	-0.0002	-0.0063
13								0.0266	0.0306	0.8463	0.0259	-0.0004		0.0055	-0.0002	-0.0053
14								0.0217	0.0257	0.8355	0.0215	-0.0005		0.0049	-0.0002	-0.0047
15								0.0178	0.0214	0.8248	0.0177	-0.0005		0.0043	-0.0002	-0.0041
16								0.0138	0.0176	0.8143	0.0143	-0.0005		0.0039	-0.0002	-0.0037
17								0.0109	0.0141	0.8039	0.0113	-0.0005		0.0034	-0.0002	-0.0033
18								0.0079	0.0111	0.7937	0.0088	-0.0005		0.0030	-0.0002	-0.0029
19								0.0060	0.0085	0.7835	0.0066	-0.0004		0.0026	-0.0002	-0.0024
20								0.0040	0.0063	0.7735	0.0049	-0.0004		0.0022	-0.0001	-0.0020
21								0.0030	0.0046	0.7637	0.0035	-0.0003		0.0017	-0.0001	-0.0016
22								0.0020	0.0033	0.7539	0.0025	-0.0003		0.0013	-0.0001	-0.0012
23								0.0010	0.0022	0.7443	0.0016	-0.0002		0.0011	-0.0001	-0.0010
24								0.0010	0.0015	0.7348	0.0011	-0.0002		0.0007	-0.0001	-0.0006
25								0.0010	0.0011	0.7254	0.0008	-0.0001		0.0004	0.0000	-0.0004
26								0.0010	0.0009	0.7162	0.0006	-0.0001		0.0002	0.0000	-0.0002
27								0.0010	0.0009	0.7070	0.0006	0.0000		0.0000	0.0000	0.0000
28								0.0010	0.0009	0.6980	0.0006	0.0000		0.0000	0.0000	0.0000
29								0.0010	0.0009	0.6891	0.0006	0.0000		0.0000	0.0000	0.0000
30								0.0010	0.0009	0.6803	0.0006	0.0000		0.0000	0.0000	0.0000
31								0.0010	0.0009	0.6716	0.0006	0.0000		0.0000	0.0000	0.0000
32								0.0000	0.0007	0.6631	0.0004	-0.0001		0.0002	0.0000	-0.0002
33								0.0000	0.0004	0.6546	0.0003	-0.0001		0.0002	0.0000	-0.0002
34								0.0000	0.0002	0.6463	0.0001	-0.0001		0.0002	0.0000	-0.0002
35								0.0000	0.0000	0.6380	0.0000	-0.0001		0.0002	0.0000	-0.0002
36								0.0000	0.0000	0.6299	0.0000	0.0000		0.0000	0.0000	0.0000
37								0.0000	0.0000	0.6218	0.0000	0.0000		0.0000	0.0000	0.0000
38								0.0000	0.0000	0.6139	0.0000	0.0000		0.0000	0.0000	0.0000
39								0.0000	0.0000	0.6061	0.0000	0.0000		0.0000	0.0000	0.0000
40								0.0000	0.0000	0.5983	0.0000	0.0000		0.0000	0.0000	0.0000
<b>NPV</b>				0.3666									1.3075	0.8486	0.0259	0.0665
<b>SUM</b>	1.3235	0.8792	0.3708	0.0735		0.0000						0.0000	1.3235	0.8792	0.0257	

**Kemper, A Unitrin Business**  
**Arkansas Homeowners Experience Projection - All Forms Combined**  
**Credibility**

<b>[1]</b>							
<b>Incurred Claimants:</b>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	
	0	15	398	108	41	80	
<b>[2]</b>							
<b>2006 - 2011 Total Claimants*</b>	642						
<b>[3]</b>							
<b>Credibility Standard</b>	1,727						
<b>[4]</b>							
<b>Credibility**:</b>	61.0%						

\* The Total amount as shown is the sumproduct of the incurred claimants listed above and the selected weights used in the calculation of the weighted loss ratio shown on Exhibit 1.

\*\* Credibility = minimum( ([1] / [3]) ^ (1/2), 1 )

**Kemper, A Unitrin Business**  
Arkansas Homeowners Experience Projection - All Forms Combined  
Complement of Credibility

[1]	Prospective Loss&DCC Trend:	0.0%
[2]	Prospective Premium Trend:	0.0%
[3]	Effective Date:	7/1/2012
[4]	Prior Effective Date:	7/11/2011
[5]	Complement of Credibility:	<span style="border: 1px solid red; padding: 2px;">0.0%</span>

**Kemper, A Unitrin Business**  
**Arkansas Homeowners Experience Projection - All Forms Combined**  
**List of Companies**

- Lumbermens Mutual Casualty Company
- American Motorists Insurance Company
- American Manufacturers Mutual Insurance Company
- American Protection Insurance Company
- Kemper Independence Insurance Company
- Unitrin Auto and Home Insurance Company
- Unitrin Preferred Insurance Company
- Unitrin Advantage Insurance Company
- Trinity Universal Insurance Company
- Trinity Universal Insurance Company of Kansas
- Milwaukee Casualty Insurance Company
- Milwaukee Insurance Company
- Valley Property and Casualty
- Valley Insurance Company
- Milwaukee Safeguard Insurance Company
- Security National Insurance Company
- Trinity Lloyd's Insurance Company
- Union Auto Indemnity Company
- Charter County Mutual



## **ARKANSAS**

### **TRINITY UNIVERSAL INSURANCE COMPANY**

**HOMEOWNERS INSURANCE FOR THE WAY  
YOUR CUSTOMERS LIVE**

**THEIR HOME IS THEIR BIGGEST INVESTMENT. KEMPER WILL HELP YOUR AGENCY MAKE SURE IT'S FULLY PROTECTED. WE PROVIDE A NUMBER OF INNOVATIVE OPTIONS SO YOU CAN DESIGN THE PERFECT COVERAGE TO MEET YOUR CUSTOMER'S NEEDS.**

#### **WHAT'S NEW?**

- Rates only

#### **EDITION DATE**

New: 07/11/2012

Renewal: 07/11/2012

## TABLE OF CONTENTS / RAPID REFERENCE

Topic	Page #	Topic	Page #
Underwriting Guidelines: <a href="#">Underwriting Guidelines HO 00 03s</a>	3-4	<a href="#">Inflation Guard</a>	23
<a href="#">Underwriting Guidelines – HO 00 04 and HO 00 06</a>	5	<a href="#">Loss Assessment coverage</a>	24
<a href="#">Binding Authority</a>	6	<a href="#">Loss of Use - Increased Limit</a>	24
<a href="#">Agency Documentation Retention</a>	7	<a href="#">Ordinance or Law Coverage</a>	25
<a href="#">Product Summary</a>	8	<a href="#">Other Structures</a>	26
<a href="#">Homeowners Policy Features</a>	9	<a href="#">Rental to Others – Theft Coverage</a>	27
<a href="#">Ultimate Coverage</a>	10	<a href="#">Replacement Cost Dwelling Coverage</a>	27
<a href="#">Special Homeowners Endorsement</a>	11	<a href="#">Sinkhole Collapse Coverage</a>	28
Deductibles <a href="#">All Other Perils</a> <a href="#">Windstorm or Hail</a>	12	<a href="#">Water Back Up Coverage</a>	28
<a href="#">Discounts</a>	13-14	<a href="#">Blanket Valuable Items</a>	29-30
<a href="#">Surcharges</a>	15	<a href="#">Business Property – Increased Limits</a>	31
<a href="#">Additional Insured</a>	16	<a href="#">Credit Card, Fund Transfer Card, Forgery, and Counterfeit Money</a>	31
<a href="#">Changes or Cancellation</a>	16	<a href="#">Identity Fraud Expense Coverage</a>	31
<a href="#">Construction Definitions</a>	16	<a href="#">Personal Property – Increased Limits</a>	32
<a href="#">Credit For Existing Insurance</a>	16	<a href="#">Personal Property Increased Special Limits of Liability</a>	33
<a href="#">Manual Premium Revision</a>	16	<a href="#">Refrigerated Property</a>	34
<a href="#">Policy Period</a>	17	<a href="#">Replacement Cost Contents Coverage</a>	34
<a href="#">Protection Class Codes</a>	17	<a href="#">Special Computer Coverage</a>	34
<a href="#">Single Building Definition</a>	17	<a href="#">Personal Property - Scheduled</a>	35
<a href="#">Secondary Residence Premises</a>	17	<a href="#">Agreed Value</a>	35
<a href="#">Town House or Row House</a>	18	<a href="#">Special Personal Property</a>	36
<a href="#">Waiver of Premium</a>	18	<a href="#">Other Exposures – Personal Liability Increased Limits</a>	37
<a href="#">Whole Dollar Premium</a>	18	<a href="#">Other Exposures – Medical Payments</a>	37
<a href="#">Payment Plans</a>	19	<a href="#">Personal Injury</a>	37
<a href="#">Additional Options Table</a>	20	<a href="#">Residence Employees</a>	37
<a href="#">Building Additions and Alterations HO 00 04</a>	21	<a href="#">Incidental Farming Personal Liability</a>	38
<a href="#">Earthquake Coverage (Full)</a>	21	<a href="#">Permitted Incidental Occupancies</a>	39
<a href="#">Form HO 00 06 Coverage A</a>	22	<a href="#">Business Pursuits</a>	39
<a href="#">Form HO 00 06 Coverage A Increased Limits</a>	22	<a href="#">Additional Residence</a> <a href="#">Additional Residence Rented to Others</a>	40
<a href="#">Form HO 00 06 Coverage A Special Coverage</a>	22	<a href="#">State Specific Amendatory Endorsements</a>	41
<a href="#">Form HO 00 06 Units Regularly Rented To Others</a>	22	<a href="#">Territory Assignments</a>	42-45
		<a href="#">Endorsement Index</a>	46-47

# UNDERWRITING GUIDELINES

## TIERING CRITERIA

### Losses:

- No Non-Cat/Non-Weather Losses of any type acceptable in Tier A-D
- Two Non-Cat/Non-Weather losses of any type acceptable in Tier S-Z
- More than two Non-Cat/Non-Weather losses of any type not acceptable

### Age of Dwelling:

- Homes built prior to 1920 only acceptable in Tier T-Z

### Seasonal Homes:

- Seasonal home acceptable in Tier H-Z for Coverage A value

## ACCEPTABILITY CRITERIA

### The following apply to all risks at all any tier:

- Insurance to 100% of replacement cost is required – validated by 360Value replacement cost estimate
- Home must demonstrate pride of ownership, good housekeeping, free of yard debris
- Kemper must insure primary residence for Secondary/Seasonal homes. Secondary/Seasonal homes must be accessible year round by fire and safety equipment. At least one other dwelling should have a clear, unobstructed view.
- Home built prior to 1920 are not acceptable with Replacement Cost Dwelling Coverage endorsement
- Maximum of 2 mortgagees (if either is an individual, must be prior owner or insured's relative)
- Minimum \$1,000 deductible for package policies
- Minimum \$2,000 deductible for mono-line policies
- Wood burning stoves must be inspected prior to binding
- Coverage A maximum for PC 9 risks is \$800,000
- Central Station Fire & Burglar Alarm Requirements:
  - Dwellings in Protection Class 1-8: Coverage A values \$750,000 and above
  - Dwellings in Protection Class 9: Coverage A values \$400,000 and above
- Dwelling in Protection Class 10 must
  - 1) Built in last 40 years; 2) Coverage A max of \$400,000 for primary and \$200,000 for secondary or seasonal; 3) No Wood Burning Stoves or Wood Roofs; 4) Year round access on paved roads; 5) Active Central Station Fire and Burglar alarm

### **Required Updates** – All dwellings must have acceptable roof, plumbing, electric, and heat source:

- **Electric** – full service to a breaker box with a minimum of 100 amps. The presence of the following in any amount is ineligible: fuses, knob & tube wiring, and/or aluminum wiring.
- **Heat Source** – must have central heat source. Units in service longer than 20 years eligible with inspection/documentation of regular cleaning/servicing/replacement of worn parts and condition of unit.
- **Roof** – older than 20 years ineligible. Flat roofs require resealing within 5 years.
- **Plumbing** – cooper or PVC water supply lines. No mixed lead & copper. No galvanized plumbing.
- Owner occupied 1 or 2 family primary dwellings. Applicants that currently own a home and are uninsured are not eligible. Dwellings with boarders or roomers on premises are not eligible.

## **ELIGIBILITY CRITERIA**

The following are not eligible at any Tier:

- Losses involving negligence or carelessness
- Homes on any Historical Registry
- Homes with exterior walls constructed of Exterior Insulation and Finish Systems (also known as EIFS, Faux Stucco, Synthetic Stucco, or Dryvit)
- Homes with asbestos siding
- Homes with open foundations
- Homes under renovation
- Unfenced pools
- Pets characterized by aggressive behavior, including but not limited to the following dog breeds: Akita, Alaskan Malamute, American Staffordshire Terrier, Bull Terrier, Cane Corso, Chow Chow, Doberman Pinscher, English Bull Terrier, German Shepherd, Pit Bull, Presa Canario, Rottweiler, Siberian Husky, Staffordshire Bull Terrier, and Wolfdog/Wolf hybrids.
- Risks with exotic or non-domestic pets
- Trampolines without safety netting and protective padding
- Individuals subject to high public exposure
- Other Structures over 1000 square feet and/or in poor condition
- Risks with Farm Barns of any type (Risks with livestock must have underwriting approval before binding)
- Mobile Homes, Log Homes, Trailer Homes, or House Trailers and their contents
- Business exposures that do not qualify for Home Business Endorsement

# UNDERWRITING GUIDELINES – HO 00 04 AND HO 00 06

## TIERING CRITERIA

- One Non-CAT/Non-Weather loss of any type acceptable in Tier 5 and 6
- More than one Non-CAT/Non-Weather loss of any type not acceptable

## ACCEPTABILITY CRITERIA

The following apply to all risks at any tier:

- HO 00 06 – Kemper must insure primary residence for Secondary/Seasonal risks. Secondary/Seasonal risks must be accessible year round by fire and safety equipment. At least one other dwelling should have a clear, unobstructed view.
- HO 00 06 0 Maximum of 2 mortgagees (if either is an individual, must be prior owner or insured's relative)
- Minimum \$1,000 deductible for package policies
- Minimum \$2,000 deductible for mono-line policies

## ELIGIBILITY CRITERIA

The following apply to all risks at any tier:

- Losses involving negligence or carelessness
- Pets characterized by aggressive behavior, including but not limited to the following dog breeds: Akita, Alaskan Malamute, American Staffordshire Terrier, Bull Terrier, Cane Corso, Chow Chow, Doberman Pinscher, English Bull Terrier, German Shepherd, Pit Bull, Presa Canario, Rottweiler, Siberian Husky, Staffordshire Bull Terrier, and Wolfdog/Wolf hybrids.
- Risks with exotic or non-domestic pets
- Unfenced pools
- Trampolines without safety netting or protective padding
- Individuals subject to high public exposure
- Mobile homes, Trailer homes, or House Trailers and their contents
- Business exposures that do not qualify for Home Business Endorsement

## **BINDING AUTHORITY**

### **BRUSH, RANGE OR FOREST FIRE**

Any dwelling exposed to an announced Brush, Range or Forest Fire, or within the susceptible path of an existing fire may not be bound.

### **STORM WATCH OR WARNING**

Do not bind, issue or request issuance of policies when a tornado watch or warning has been announced by the Weather Bureau for the area. No new or additional property coverage is to be accepted after the Weather Bureau has declared a "Tornado Watch" or other storm warnings that forecast the probability that an abnormally severe storm will strike the area – until the threat has passed and the warnings have been withdrawn. During this time deductibles cannot be reduced.

For individual risk binding, please refer to your agency binding authority schedule.

## AGENCY DOCUMENTATION RETENTION

REQUIREMENT	FAX TO UNDERWRITING AND RETAIN IN AGENCY FILE	RETAIN IN AGENCY FILE	ACCEPTABLE DOCUMENTATION
ACORD Application		X	Completed and signed application
Square Footage Estimator		X	Replacement cost calculation and verification form
Central Alarm Certificate		X	Central station alarm proof of purchase and installation
Appraisal	X		Scheduled personal property appraisals
Photo		X	Residency photo
Updates – Dwellings over 30 years		X	Proof of plumbing, electrical, roof and heating updated equipment
Woodstove Questionnaire		X	Completed questionnaire and photo
Dog Questionnaire		X	Completed questionnaire required prior to possible underwriting approval of an unacceptable breed
Non-Smoking Household Form		X	VS 2105: Non-Smoking Household Discount Form

**Note:** Documentation must be retained as long as the coverage remains in force with the company, **plus** the additional statutory requirement for record retention after the policy is non-renewed or cancelled.

***All documentation must be made available to the company at the Underwriter's request.***

# PRODUCT SUMMARY

## BASIC LIMITS OF LIABILITY AND COVERAGE RELATIONSHIPS

The basic Limits of Liability required under the Homeowners are as follows:

Section I - Property Damage			
Coverage	Description		Amount
A	Dwelling		Selected Coverage A limits should reflect the amount that will allow the customer to rebuild their existing dwelling.
B	Other Structures	HO 00 03 1 or 2 Family Dwelling 3 or 4 Family Dwelling	10% of A 5% of A
C	Personal Property	HO 00 03 1 or 2 Family Dwelling 3 Family Dwelling 4 Family Dwelling	50% of A 30% of A 25% of A
D	Loss of Use	HO 00 03 HO 00 04 HO 00 06	20% of A 20% of C 40% of C
Section II - Liability			
E	Personal Liability		\$100,000 Each Occurrence
F	Medical Payments to Others		\$1,000 Each Person

## DESCRIPTION OF COVERAGES

The policy shall be consulted for exact contract conditions.

Section I Coverage - Property		HO 00 03	HO 00 04 & HO 00 06
Fire or Lightning		Coverage A, B, C & D	Coverage C & D
Windstorm or Hail, Explosion, Riot or Civil Commotion, Aircraft, Vehicles or Smoke		Coverage A, B, C & D	Coverage C & D
Vandalism or Malicious Mischief		Coverage A, B, C & D	Coverage C & D
Theft		Coverage A, B, C & D	Coverage C & D
Volcanic Eruption		Coverage A, B, C & D	Coverage C & D
Falling objects, Weight of ice snow or sleet, Accidental discharge of water or steam, Sudden and accidental tearing apart of a heating system or appliance, Freezing, Sudden accidental damage from electrical current		Coverage A, B, C & D	Coverage C & D
Additional risks with certain exceptions (Special Coverage)		Coverage A, B, & D	No
Section II Coverage- Liability			
<b>Coverage E Personal Liability</b>	Covers payment on behalf of any 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 or personal activities.		
<b>Coverage F Medical Payments to Others</b>	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.		

## MANDATORY COVERAGES

It is mandatory that insurance be written for all coverages provided under both Sections I and II of the Homeowners Policy.

**Note:** Section II Coverage is not mandatory for the secondary residence policy if the same company insures the initial and secondary residence.

# HOMEOWNERS POLICY FEATURES

Coverage	Standard Homeowners	Special VK 1119	Package Plus	Classic VS 2360	Ultimate VS 2403 VS 2404
<b>Monoline</b>	Yes	Yes	Yes	Yes	Yes
<b>Package</b>	N/A	N/A	Yes	Yes	Yes
<b>Blanket Property Limit</b>	N/A	N/A	Included	Included	Included
<b>Covered Peril</b>					
<b>Dwelling</b>	Open Perils	Open Perils	Open Perils	Open Perils	Open Perils
<b>Contents</b>	Named Perils	Named Perils	Named Perils	Open Perils	Open Perils
<b>Money</b>	\$200	\$200	\$200	\$1,000	\$1,000
<b>Securities</b>	\$1,000	\$1,000	\$1,000	\$5,000	\$5,000
<b>Watercraft</b>	\$1,000	\$1,000	\$1,000	\$3,000	\$3,000
<b>Trailers</b>	\$1,000	\$1,000	\$1,000	\$3,000	\$3,000
<b>Theft of Jewelry</b>	\$2,500	\$3,000	\$5,000	\$5,000	\$10,000
<b>Per- Item Limit</b>	\$1,000	\$1,000	\$1,000	\$5,000	\$10,000
<b>Theft of Firearms</b>	\$2,000	\$2,000	\$2,000	\$5,000	\$5,000
<b>Theft of Silverware</b>	\$2,500	\$3,000	\$5,000	\$5,000	\$10,000
<b>Business Property</b>					
<b>On Premises</b>	\$2,500	\$2,500	\$2,500	\$5,000	\$10,000
<b>Off Premises</b>	\$250	\$250	\$250	\$500	\$5,000
<b>Trees, Shrubs and plants</b>	5% of dwelling	5% of dwelling	5% of Blanket Limit	5% of Blanket Limit	5% of Blanket Limit
<b>Per-item limit</b>	\$500	\$500	\$500	\$500	\$1,000
<b>Credit Card</b>	\$500	\$1,000	\$5,000	\$10,000	\$10,000
<b>Loss Assessments</b>	\$1,000	\$1,000	\$1,000	\$10,000	\$50,000
<b>Refrigerated Property (\$100 deductible)</b>	Add HO 0498	\$500	\$500	\$500	\$500 Included
<b>Lock Replacement</b>	N/A	N/A	50% of cost, to \$500	50% of cost, to \$500	50% of cost, to \$500
<b>Water Backup</b>	\$5,000 by endt VS 2271	\$5,000 by endt VS 2271	Up to \$10,000 by endt VS 2271	\$10,000 included	\$15,000 included
<b>Ordinance or Law</b>	10% of Dwelling	10% of Dwelling	10% of Blanket Limit	10% of Blanket Limit	15% of Blanket Limit
<b>Agreed Amount on Scheduled Personal Property</b>	Add VK 1035	Add VK 1035	Add VK 1035	Included	Included
<b>Identity Fraud Coverage</b>	Add VS 2016	Add VS 2016	Add VS 2016	\$25,000 Included	\$50,000 Included
<b>Personal Injury</b>	Add HO 2482	Included	Included	Included	Included
<b>Debris Removal</b>	\$500	\$500	\$500	\$500	\$1,000
<b>Reward Coverage</b>	N/A	N/A	N/A	\$1,000	\$1,000
<b>Claim Expense</b>	\$50 per day	\$50 per day	\$50 per day	\$250 per day	\$250 per day

# ULTIMATE COVERAGE

The following coverages are included with the Ultimate Coverage Option

COVERAGE	LIMIT PROVIDED	OTHER LIMITS AVAILABLE
Blanket Property Limit	Optional	
<b>Section I Property Coverage</b>		
Builders Risk	% of BPL	
Debris Removal	Additional 5% of Limit of Liability: \$1,000	No
Evacuation Due to Civil Authority (after 48 hours)	7 days	
Evacuation Due to Civil Authority due to neighboring county	2 weeks	
Land Stabilization	10% of BPL	No
Lock Replacement	50% of Loss, \$500 max	No
Loss Assessment	\$50,000	No
Materials and Supplies (Theft Coverage)	Included	No
Mortgage Extra Expenses	\$250 month/ \$12,000 max.	No
Increased Monthly Mortgage Expenses	\$2,000	No
Acquisition Costs		No
Ordinance or Law Coverage	15% of BPL	Yes
Replacement Cost Dwelling	Extended: 125%	
Reward Coverage	10% of the loss, \$1,000 max	No
Trees, shrubs and other plants (\$1,000 per item)	5% of the BPL	Yes
VMM for Vacant Dwelling	Included	
<b>Coverage C – Personal Property</b>		
Business Property away from the Residence Premises	\$5,000	No
Business Property on the Residence Premises	\$10,000	No
Credit Card, Fund Transfer, Card, etc.	\$10,000	No
Data Records Coverage	\$5,000	No
Electronic Apparatus not in vehicle (no special limit)	Included in Coverage C	
Electronic Apparatus in the vehicle (no special limit)	Included in Coverage C	
Firearms	\$5,000	
Jewelry, watches, furs, precious and semi-precious stones Coverage is also provided if the item is misplaced or lost	\$10,000	No
Landlord's Furnishings (N/A for HO-4 or HO-6)	\$5,000	No
Money, Bank Notes, bullion, etc.	\$1,000	No
Refrigerated Property	\$500	No
Replacement Cost Contents	Included	
Silverware, Goldware, etc.	\$10,000	No
Special Personal Property Coverage	Included	No
Trailers – Not Used with Watercraft	\$3,000	
Water Backup	\$15,000	Yes (under auto)
Watercraft	\$3,000	No
<b>Coverage D – Loss of Use (HO-3 and HO-4)</b>	30% of Coverage A	
<b>Coverage D – Loss of Use (HO-6)</b>	40% of Coverage C	
<b>Section I Conditions</b>		
Replacement Cost Holdback Threshold	\$3,000	No
<b>Section II Liability Coverages</b>		
Claims Expense	\$250 per day	No
Coverage F: Medical Expenses (Residence Premises Only)	\$5,000	No
Loss Assessment	\$50,000	No
Volunteer Wrongful Acts Coverage (\$10,000 limit)	Included	
Personal Injury	Included	

## SPECIAL HOMEOWNERS ENDORSEMENT

This endorsement is **not** available for Seasonal dwellings. The following coverage is included in the Special Homeowners Endorsement:

Personal Property (Coverage C) Replacement Cost Coverage	<ul style="list-style-type: none"> <li>• Replacement Value may be substituted for Actual Cash Value for the following Section I - Coverage C - Unscheduled Personal Property Coverage.</li> <li>• Coverage C is automatically elevated to 70% of Coverage A at no additional charge.</li> <li>• This coverage does not apply to residences rented or leased to others.</li> </ul>
Credit Card, Fund Transfer Card, Forgery and Counterfeit Money	<ul style="list-style-type: none"> <li>• The limit of liability for Section I is increased by \$500.</li> </ul>
Refrigerated Property	<ul style="list-style-type: none"> <li>• Loss to contents of freezer and refrigerator units on the residence premises will be covered up to \$500.</li> <li>• The loss must be caused by change in temperature resulting from interruption of electrical service, caused by damage to generating or transmission lines or equipment; or, mechanical or electrical breakdown.</li> <li>• A deductible of \$100 applies.</li> </ul>
Personal Property - Special Limit of Liability	<p>The special limit of liability under Section I - Coverage C - Personal Property are increased as follows:</p> <ul style="list-style-type: none"> <li>• The special limit of liability for Jewelry, Watches and Furs is increased by \$500; not to exceed \$1,000 for any one article.</li> <li>• The Special limit of liability for Silverware, Silver-plated ware, Gold-plated ware and Pewterware is increased by \$500.</li> </ul>
Watercraft liability Coverage	<ul style="list-style-type: none"> <li>• Motors up to and including 50 horsepower.</li> </ul>
Personal Injury Liability	

Attach: VK 1119: Special Homeowners Endorsement

In addition to the above coverages the following are included in VS 2100: Special Homeowners Coverage Endorsement.

Motorized Golf Cart Liability Coverage	When used to play on a golf course.
Trees, Shrubs, and Other Plants	Limit of Liability is \$250 with no deductible and no damage to the dwelling is required.

**Note:** The VS 2100 endorsement is for MLI Consolidated policies only.

# DEDUCTIBLES

## ALL OTHER PERILS DEDUCTIBLES – ALL FORMS

All Homeowners Policies are subject to a deductible applicable to loss from all Section I perils covered under the policy on an occurrence basis. When a separate deductible amount applies to a certain peril such as Windstorm or Hail, also enter that deductible amount and peril in the Deductible declaration of the policy.

Base Deductible: \$1,000 on Package Policies and \$2,000 on Mono-line Policies

Optional Other Deductibles: \$100\*, \$200\*, \$250\*, \$500\*, \$1,500\*\*, \$2,000, \$2,500, \$5,000, \$7,500, \$10,000, \$25,000, \$50,000

\*The \$100, \$200, \$250 and \$500 options are only available on renewal policies which currently carry one of these deductibles.

\*\*The \$1,500 option is not available to Mono-line policies.

\$250 Theft Deductible (only open to renewals which currently carry this deductible)  
Mandatory for HO 00 04, Package Plus Tenants and Seasonal Dwellings.

The theft deductible applies to Coverage C Personal Property and is available only when the \$100 deductible applies to All Other Perils or a higher deductible applies to the peril of Windstorm or Hail, and a \$100 deductible applies to All Other Perils.

## WINDSTORM OR HAIL DEDUCTIBLES – HO 00 03

In conjunction with the deductible applicable to All Other Section I perils, a percentage Windstorm or Hail Deductible may be used. A percentage of 1%, 2% or 5% of the Coverage A limit of liability is available when the dollar amount of the percentage deductible selected exceeds the amount of the deductible applicable to All Other Section I Perils. In the event of a Windstorm loss to covered property, the dollar amount is deducted from the total of the loss of all coverages. Separately enter, on the policy declarations, the deductible amounts that apply to Windstorm or Hail and All Other Section I Perils.

Attach: HO 0312: Windstorm Percentage Deductible - Monoline or

VS 1415: Windstorm Percentage Deductible - Package Plus, Package Plus Classic or Package Ultimate

Windstorm or Hail Deductibles: \$1,000\*, \$2,000\*, \$5,000, 1%\*\* , 2%\*\* , or 5%\*\*

\* The \$1,000 and \$2,000 Windstorm or Hail Deductibles are not available to Mono-line policies.

\*\* The Windstorm or Hail Percentage deductibles are only available when the equivalent dollar amount is greater than the all-peril deductible.

# DISCOUNTS

The following discounts are offered in the Homeowners Program

Discount and Endorsement #	Requirement	% Discount																																							
Age of Dwelling	<p>A discount may apply based on the newness of the home.</p> <p>Current calendar year            One year preceding current calendar year            Two years preceding current calendar year            Three years preceding current calendar year            Four years preceding current calendar year            Five years preceding current calendar year            Six years preceding current calendar year            Seven years preceding current calendar year            Eight years preceding current calendar year            Nine years preceding current calendar year            Ten years preceding current calendar year            Eleven years preceding current calendar year</p> <p>*Please see surcharges for older homes</p>	<p>30%            29%            26%            23%            20%            17%            14%            12%            10%            8%            6%            3%</p>																																							
Home Buyer (HO 00 03 and HO 00 06 only)	<p>Insureds who have recently purchased a home may qualify for a Home Buyer discount as outlined below.</p> <p><u>Discount Structure</u></p> <ul style="list-style-type: none"> <li>• Available to Homeowner and Condominium policies only</li> <li>• Home must have been purchased within the last 24 months to initially qualify</li> <li>• Existing policyholders will qualify only as part of a new dwelling purchase (currently insured dwellings are not eligible)</li> </ul> <p>Credits will be reduced at each annual policy renewal</p> <table border="0"> <thead> <tr> <th><u>Construction Type</u></th> <th><u>Years Since Purchased</u></th> <th></th> </tr> </thead> <tbody> <tr> <td>New Construction</td> <td>0</td> <td>5%</td> </tr> <tr> <td>New Construction</td> <td>1</td> <td>12%</td> </tr> <tr> <td>New Construction</td> <td>2</td> <td>9%</td> </tr> <tr> <td>New Construction</td> <td>3</td> <td>6%</td> </tr> <tr> <td>New Construction</td> <td>4</td> <td>3%</td> </tr> <tr> <td>Recent Construction</td> <td>0</td> <td>8%</td> </tr> <tr> <td>Recent Construction</td> <td>1</td> <td>7%</td> </tr> <tr> <td>Recent Construction</td> <td>2</td> <td>5%</td> </tr> <tr> <td>Recent Construction</td> <td>3</td> <td>3%</td> </tr> <tr> <td>Recent Construction</td> <td>4</td> <td>1%</td> </tr> <tr> <td>Vintage Construction</td> <td>0</td> <td>5%</td> </tr> <tr> <td>Vintage Construction</td> <td>1</td> <td>3%</td> </tr> </tbody> </table>	<u>Construction Type</u>	<u>Years Since Purchased</u>		New Construction	0	5%	New Construction	1	12%	New Construction	2	9%	New Construction	3	6%	New Construction	4	3%	Recent Construction	0	8%	Recent Construction	1	7%	Recent Construction	2	5%	Recent Construction	3	3%	Recent Construction	4	1%	Vintage Construction	0	5%	Vintage Construction	1	3%	
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Recent Construction	4	1%																																							
Vintage Construction	0	5%																																							
Vintage Construction	1	3%																																							
Loss Free	<p>Loss Free three years immediately preceding the new business effective date</p> <p>*Please see surcharges when the loss record is not loss free within the experience period.</p>	5%																																							
Mature Homeowner	Insured 55+ and home during the day.	5%																																							
Network Group	<p>Member to group relationship:</p> <ul style="list-style-type: none"> <li>• Employees of a corporation, partnership, credit union, association, or governmental department, unit or agency; or</li> <li>• Who hold mortgages, loan, credit cards, and/or checking or savings accounts at a financial institution; or</li> <li>• Group of individuals in any other organization formed in good faith for</li> </ul>	5%																																							

	purposes other than that of obtaining insurance	
Package Plus	When Homeowners is combined with Automobile Blanket Property Limit with enhanced coverage (see <a href="#">Features Comparison</a> )	Varies
Package Plus Classic	When Homeowners is combined with Automobile Blanket Property Limit with additional enhanced coverages (see <a href="#">Features Comparison</a> )	Varies
Protective Devices HO 0416	<p>Approved and properly maintained installations of burglar alarms, fire alarms, automatic sprinklers and smoke detectors in the dwelling The Smoke detector credit is not applicable if the Residence Safety Package Credit is applied.</p> <p>*The Maximum Credit for all Protective Devices is 20%.</p> <p><b><u>Type of Installation</u></b></p> <p>Central Station Reporting Burglar Alarm Central Station Reporting Fire Alarm Police Station Reporting Burglar Alarm Fire Department Reporting Fire Alarm Local Burglar and/or Fire Alarm and/or Smoke Detectors Automatic Sprinklers in all areas including attics, bathrooms, closets, and attached structures Automatic Sprinklers in all areas except attic, bathroom, closets, and attached structure areas that are protected by a fire detector</p>	<p><b><u>Percent</u></b></p> <p>10% 10% 5% 5% 2% 13% 8%</p>
Residence Safety VK 1012	Smoke Detectors, Fire Extinguishers and Deadbolt Locks on all exterior doors	3%
Seasonal or Secondary Dwelling	Monoline home policy written in conjunction with a Package Plus, Package Plus Classic or Ultimate policy. Company must write primary.	5%
Superior Construction	Non-combustible or Fire-resistive constructions	15%
Hail Resistant Roof	If the dwelling's roof covering meets the impact resistance of the Underwriters Laboratories testing criteria of UL Standard 2218.	5%
Customer Loyalty	For policies that have been in-force with either Security National Insurance Company, Trinity Universal Insurance Company or Trinity Universal Insurance Company of Kansas for five or more policy terms.	1%

# SURCHARGES

Surcharge Type	Requirement	Surcharge %
Age of Dwelling	<p>A surcharge may apply based on the newness of the home.</p> <p>Thirty Four to Forty Six years preceding current calendar year            Forty Seven to Fifty Five years preceding current calendar year            Fifty Six to Sixty Two years preceding current calendar year            Sixty Three to Seventy Two years preceding current calendar year            Seventy Three to Eighty Three years preceding current calendar year            Eighty Four to One Hundred and Three years preceding current calendar year            One Hundred and Four or more years preceding current calendar year</p> <p>*Please see discounts for newer homes.</p>	<p>1%            2%            7%            8%            12%            14%            16%</p>
Loss Record	<p>A chargeable loss will be defined as any loss not related to weather within the experience period with the exception of the first loss under \$1,000. However, if the non-weather loss occurs within the first 12 months of being insured with The Company, regardless of the dollar amount, the loss is chargeable. (The loss amount will be determined after application of the insured's deductible.) The experience period shall be the three years immediately preceding the new business effective date or the preparation date of the renewal.</p> <p>The premium adjustment:</p> <ol style="list-style-type: none"> <li>1. applies separately to each residence premises on the policy.</li> <li>2. does not apply to premiums for earthquake.</li> </ol> <p><u># of Losses</u></p> <p>One non-weather related loss within 25-36 months            One non-weather related loss within 13-24 months            One non-weather related loss within 0-12 months            Two non-weather related losses within the experience period            Three non-weather related losses within the experience period            Four non-weather related losses within the experience period            Five non-weather related losses within the experience period            Six non-weather related losses within the experience period            Seven non-weather related losses within the experience period</p> <p>Please see discounts when the loss record is loss free within the experience period.</p>	<p><u>Percent</u></p> <p>15%            15%            15%            35%            65%            105%            145%            185%            225%</p>
Pool Surcharge	For HO-3 policies that have a pool present at the insured location a surcharge applies.	5%
Wood Burning Stoves	<p>A surcharge applies to dwellings which contain wood burning stoves.</p> <p>A wood burning stove includes:</p> <ul style="list-style-type: none"> <li>• Fireplace inserts</li> <li>• Freestanding stoves</li> <li>• Furnace add-ons</li> </ul> <p>Dwellings located in Protection Class 9 or 10 must have prior approval before being written or bound. A wood burning stove used as a primary heat source is not acceptable.</p>	8%
Wood Roof Surcharge (HO 00 03)	If the roof composition consists of wood shake, wood shingle, or similar wood shingle materials, a surcharge applies. No surcharge applies if the roof covering meets UL Standard 2218.	8%

## **ADDITIONAL INSURED**

### **HO 00 03 ONLY**

It is permissible to extend the Homeowners Policy, without additional premium charge, to cover the interest of a non-occupant joint owner in the building and for premises liability.

Attach: VS 1146: Additional Insured

## **CHANGES OR CANCELLATION**

Mandatory coverages cannot be canceled unless the entire policy is cancelled. If insurance is increased, cancelled or reduced, the additional return premium shall be computed on a pro rata basis.

## **CONSTRUCTION DEFINITIONS**

- Frame - exterior wall of wood or other combustible construction, including wood iron-clad, stucco on wood or plaster on combustible supports. Aluminum, plastic or vinyl siding over frame.
- Masonry Veneer - exterior walls of combustible construction veneered with brick or stone.
- Masonry - exterior walls constructed of masonry materials such as adobe, brick, concrete, gypsum block, hollow concrete brick, stone, tile or similar materials and floors and roof of combustible construction (Disregarding floors resting directly on the ground).
- Superior Construction
  - Non-Combustible - exterior walls and floors and roof constructed of, and supported by metal, asbestos, gypsum, or other non-combustible materials.
  - Masonry Non-Combustible - exterior walls constructed of masonry materials (as described in C. above) and floors and roof of metal or other non-combustible materials.
  - Fire Resistive - exterior walls and floors and roof constructed of masonry or other fire resistive materials.

**Note:** Mixed (Masonry/Frame) - a combination of both frame and masonry construction shall be classed and coded as frame when the exterior walls of frame construction (including gables) exceed 33 1/3% of the total exterior wall area; otherwise class and code as masonry.

## **CREDIT FOR EXISTING INSURANCE**

### **PACKAGE PLUS, PACKAGE PLUS CLASSIC AND ULTIMATE ONLY**

To determine the credit for existing insurance:

- Develop the applicable full term homeowners premium based on the effective date of the Package Plus policy.
- Calculate a pro rata factor based on the expiration date of the insured's existing Homeowners policy.
- Multiply the applicable full term homeowners premium by the pro rata factor.

Attach: VK 1116: Existing Insurance

## **MANUAL PREMIUM REVISION**

A manual premium revision shall be made in accordance with the following procedures:

- The effective date of such revision shall be announced.
- The revision shall apply to any policy or endorsement in the manner outlined in the announcement of the revision.

- Unless otherwise provided at the time of the announcement of the premium revision, the revision shall not affect in-force policy forms, endorsements or premiums, until the policy is renewed.

## POLICY PERIOD

The policy may be written for a period of one year and may be continued for successive policy periods based upon the premiums, forms and endorsements then in effect for the company.

## PROTECTION CLASS CODES

The Protection Class listings in the Public Protection Classification manual apply to risks insured under Homeowners policies. The protection class indicated applies in a municipality or classified area where a single class of fire protection is available throughout (8, 7, 6, etc.)

In a classified area where two or more classifications are shown (e.g. 6/9), the classification is determined as follows:

Distance to Fire Station	Class
5 road miles or less with hydrant within 1,000 feet	First protection class (e.g. 6/9, use Class 6)
5 road miles or less with hydrant beyond 1,000 feet	9
Over 5 road miles but within 10 road miles	10
All other properties	10

## SINGLE BUILDING DEFINITION

The following will be considered single buildings:

- Buildings, or sections of buildings, accessible through unprotected openings

The following will be considered separate buildings:

- Buildings which are separated by space
- Buildings, or sections of buildings, which are separated by a 6 inch reinforced concrete or an 8 inch masonry party wall, which pierces or rises to the underside of the roof and which pierces or extends to the inner side of the exterior wall.
- Buildings, or sections of buildings, which are separated by a documented minimum two-hour non-combustible wall which has been laboratory tested for independent structural integrity under fire conditions, which pierces or rises to the underside of the roof and which pierces or extends to the inner side of the exterior wall.

Accessibility between buildings with independent walls or through masonry, party walls described above shall be protected by at least a Class A Fire Door installed in a masonry wall section.

## SECONDARY RESIDENCE PREMISES

The company must insure the primary residence. Homeowners coverage on a secondary residence premises may be provided under a separate policy. Section II Coverage is not mandatory for the secondary residence policy when the same company insures the initial and secondary residence.

- A credit will apply to the Secondary Residence policy since Section II coverage is provided under the initial residence.
- Add the charge for Other Insured Locations Occupied by Insured to the policy covering the initial residence.

## **TOWN HOUSE OR ROW HOUSE**

### **ALL FORMS EXCEPT HO 00 04 AND HO 00 06**

Coverage may be provided for an eligible 1 or 2 family dwelling which is part of a town house or row house.

An eligible two family owner-occupied dwelling attached to a one family dwelling but not separated by a fire wall would be considered 3 individual family units within a fire division. Four 2 family dwellings not separated by a fire wall would be considered 8 individual family units.

## **WAIVER OF PREMIUM**

When a policy is endorsed after the inception date, any additional or return premium of \$5 or less may be waived.

## **WHOLE DOLLAR PREMIUM**

Each premium shown on the policy and endorsements will be rounded to the nearest whole dollar. A premium of fifty cents (\$.50) or more will be rounded to the next higher whole dollar. In the event of cancellation by the company, the return premium may be carried to the next higher whole dollar.

## PAYMENT PLANS

Pay Plan	Payment Method	Down Payment Requirements (for 6 and 12 month policies)
Monthly Pay	Paper billing	20% down payment required
Monthly Pay	Recurring Bill Pay – EFT Recurring Bill Pay – Credit Card	1 month down payment required, remaining drawn monthly
Quarterly Pay (Only for 12-month policies)	Paper billing Recurring Bill Pay – EFT Recurring Bill Pay – Credit Card	25% down payment required on policy effective date. Remaining drawn quarterly.
Two Pay	Paper billing Recurring Bill Pay – EFT Recurring Bill Pay – Credit Card	50% down payment required on policy effective date. Remaining billed half way through policy.
One Pay	Paper billing Recurring Bill Pay – EFT Recurring Bill Pay – Credit Card	100% down payment required on policy effective date.

Note: All payment methods require a down payment.

## BILLING FEES

- \$6.00 Bill Fee per installment
- \$20.00 Late Payment Fee
- \$15.00 Reinstatement Fee
- \$25.00 NSF Fee
- \$2.00 Billing Fee on each recurring bill pay installment

## DOWN PAYMENTS

### DOWN PAYMENTS ARE REQUIRED:

1. On every new business policy written where the payor is the Insured or Other and none of the conditions below exist
2. Only on the side of a package policy where the side is a new business policy but the other side meets one of the conditions below

### DOWN PAYMENTS ARE NOT REQUIRED:

1. If the policy is a rewrite, which is defined by the Prior Carrier = Kemper (or one of the Unitrin Companies)
2. If the policy is an approved block transfer
3. If the policy is an inter-agency transfer
4. If the policy has a Mortgagee as the Payor for a home monoline policy
5. For the side of a policy with a CEC (Credit for Existing Coverage) as long as the CEC effective date is 30 days after the processing date  
A CEC allows an agent to write a package with non concurrent effective dates for auto and home.

## ADDITIONAL OPTIONAL COVERAGE AVAILABILITY BY FORM

HO 00 03	HO 00 04	HO 00 06	Package Plus	Classic	Coverage
	X				Building Additions and Alterations
X			X	X	Debris Removal
X			X	X	Dwelling Under Construction
X	X	X	X	X	Earthquake
X			X	X	Inflation Guard
		X			HO 00 06 Unit-Owners Increased Coverage A
		X			HO 00 06 Unit-Owners Rental to Others
X	X	X	X	X	Loss Assessment
X	X	X	X	X	Ordinance or Law
X					Other Structures – Increased Limits
X			X	X	Other Structures – Rented to Others
X	X	X	X	X	Other Structures Off Premises
X			X	X	Rental to Others - Theft
X			X	X	Replacement Cost Dwelling
X			X	X	Sinkhole Collapse
X	X	X	X	\$5,000 included	Water Back-up
X	X	X	X	X	Blanket Valuable Items
X	X	X	X	X	Collectibles
X	X	X	X	\$5,000 included	Business Property – Increased Limit
X	X	X	\$5,000 included	\$10,000 included	Credit Card, Fund Transfer Card
X	X	X	X	X	Identity Fraud
X	X	X	Included	Included	Replacement Cost Personal Property
X	X	X	X	X	Scheduled Personal Property
X	X	X	X	Included	Scheduled Personal Property – Agreed Value
X	X	X	X	X	Personal Property – Other Residences
X	X	X	X	X	Increased Special Limits Personal Property
X	X	X	Included	Included	Refrigerated Property
X	X	X	X	X	Special Computer Coverage
X		X	X	Included	Special Personal Property
X	X	X	X	X	Additional Residence - Liability
X	X	X	X	X	Additional Residence Rented to Others - Liability
X	X	X	X	X	Business Pursuits - Liability
X		X	X	X	Incidental Farming
X	X	X	X	X	Permitted Incidental Occupancies
X	X	X	Included	Included	Personal Injury
X	X	X	X	X	Residence Employees

# BUILDING ADDITIONS AND ALTERATIONS

## FORM HO 00 04

The limit of liability of 10% of Coverage C (10% of the Blanket Property Limit for Package Plus) may be increased.

Attach: HO 0451: Building Additions and Alterations Increased Limits

## EARTHQUAKE COVERAGE (FULL)

The policy may be endorsed to provide coverage against a loss resulting from the peril of Earthquake. This peril applies to all Section I Coverages for the same limits provided in the policy.

Attach: VS 2407: Earthquake for all forms or VS 2408: Earthquake for Package Plus

### EARTHQUAKE COVERAGE RATING:

The Earthquake coverage applies to:

- Coverage A limit for Form HO 00 03, or the Coverage A rating limit for Package Plus\* (One or Two Family Residences) after any adjustments have been made, if applicable
- Coverage C limit for Form HO 00 04 or 06 or the Coverage C rating limit for Package Plus (Condominiums and Tenants)
- Coverage C or D increased limits (For Package Plus\*, charge for 20% of the Coverage A rating limit using the rates found in Table B)
- Ordinance or Law total amount of insurance (if increased amounts of coverage are requested)
- Other Building or Structure options (e.g. Other Structures HO 04 40, HO 04 48 and HO 04 92; Building Additions and Alterations HO 04 51)
- HO 00 06 Cov. A Increased Limits over 20%
- For HO 00 03 and HO 00 06:
  - If Exterior Masonry Veneer is covered - rate as Masonry.
  - If Exterior Masonry Veneer is not covered - rate as Frame. Make appropriate declaration on endorsement.
- For HO 00 04
  - The construction type chosen for the dwelling must equal the construction type chosen for the earthquake coverage

### EARTHQUAKE COVERAGE DEDUCTIBLES

The base deductible is 5% of the limit of liability for either Coverage A or C, whichever is greater and is subject to a \$250 minimum. This deductible may be increased for a premium credit. In the event of an Earthquake loss to covered property, the dollar amount is deducted from the total of the loss for Coverages A, B and C.

Optional Percentage Deductibles: 5%, 10%, 15%, 20%

### ZONE DEFINITIONS

Zone	Counties
2	Clay, Craighead, Crittenden, Cross, Greene, Jackson, Mississippi, and Poinsett
3	Independence, Lawrence, Lee, Monroe, Phillips, Randolph, St. Francis, White, and Woodruff

4	Arkansas, Baxter, Cleburne, Conway, Desha, Faulkner, Izard, Jefferson, Little River, Lonoke, Marion, Prairie, Pulaski, Searcy, Sebastian, Sharp, Stone, and Van Buren
5	Remainder of State

## **FORM HO 00 06 COVERAGE A**

This rule does not apply to Package Plus, Package Plus Classic or Ultimate since the limit for Coverage A is included in the Blanket Property Limit and Coverage A is provided on a Special Coverage basis. If additional Coverage A is needed, increase the Blanket Property Limit.

The Coverage A Limit of Liability provided in the policy is:

- 50% of the Limit of Liability for Coverage C during the first 90 days the policy is in effect, rounded up to the nearest hundred. (This does not apply to renewal or continuation of the policy.)
- 20% of the Limit of Liability for Coverage C after the first 90 days the policy is in effect, rounded up to the nearest hundred.

This coverage is automatically included on all HO 00 06 policies.

Attach: VK 1044: Unit-Owners Building Items

### **FORM HO 00 06 COVERAGE A INCREASED LIMITS**

The basic limit may be increased. The premium is developed based on the additional limit of insurance.

### **FORM HO 00 06 COVERAGE A SPECIAL COVERAGE**

The Section I Perils Insured Against may be broadened to cover additional risks of loss. This rule does not apply when Endorsement VS 1244 Special Personal Property Coverage - HO 00 06 is used.

Attach: HO 1736: Unit-Owners Coverage A - Special Coverage

### **FORM HO 00 06 UNITS REGULARLY RENTED TO OTHERS**

Not Applicable to Package Plus, Package Plus Classic or Ultimate

There is no coverage for Coverage C - Personal Property and Section II Liability when the residence premises is regularly rented or held for rental to others. The policy may be endorsed, however, to provide such coverage, including theft. The Coverage C minimum limit of liability may be waived when the value of the insured's personal property in the rented unit is less than \$6,000.

Attach: HO 1733: Unit-Owners Rental to Others

## **INFLATION GUARD**

### **ALL FORMS EXCEPT HO 00 04 AND HO 00 06**

The limits of liability on Coverages A, B, C and D will be automatically increased by 4% per year at no additional charge. The increase will be 1% per quarter.

Attach: VK 220-1: Inflation Protection Endorsement - HO 00 03 or  
VK 1090: Inflation Protection Endorsement - Package Plus or Package Plus Classic

### **INFLATION GUARD - INCREASED LIMITS**

The policy may be endorsed to provide higher annual increases of the Section I limits of liability as selected by the insured. The Inflation Guard Program does not apply when Endorsement VS 1406, VS 2292, VS 2403 and VS 2404 is used.

Attach: VK 1091: Inflation Guard - Package Plus or Package Plus Classic

## **LOSS ASSESSMENT COVERAGE**

### **RESIDENCE PREMISES**

The policy automatically provides, at no additional charge, \$1,000 (\$10,000 for Package Plus Classic, \$50,000 for Ultimate) of loss assessment coverage, excluding Earthquake, for assessments relating to the residence premises. This limit may be increased.

Attach: HO 0435: Loss Assessment Coverage

### **ADDITIONAL LOCATIONS**

The policy may be endorsed to provide loss assessment coverage pertaining to additional locations. No more than 2 locations can be written in addition to the residence premises. Endorsement HO 04 35 does not cover loss to property under Section I caused by Earthquake.

Attach: HO 0435: Loss Assessment Coverage

### **LOSS OF USE - INCREASED LIMIT**

Not Applicable to Package Plus, Package Plus Classic or Ultimate (The total limit for Coverage D should be included in the Blanket Property Limit).

The Limit of Liability for Coverage D may be increased.

## **ORDINANCE OR LAW COVERAGE**

The policy automatically provides up to 10% of the Coverage A limit of liability (or for Form HO 00 04, the Building Additions and Alterations limit) to pay for the increased costs necessary to comply with the enforcement of an ordinance or law. For a Package Plus One or Two Family Residence or Condominium policy, coverage is provided up to 10% of the Blanket Property Limit. For a Package Plus Tenants policy, coverage is provided up to 10% of the Building Additions and Alterations limit. For an ULTIMATE policy, coverage is provided up to 15% of the Blanket Property Limit.

### **HO 00 03 AND PACKAGE - INCREASED LIMITS**

The policy may be endorsed to increase the basic ordinance or law coverage amount to accommodate the increased costs known or estimated by the insured for materials and labor to repair or replace the damaged property and to demolish the undamaged portion of damaged property and clear the site of resulting debris according to the ordinance or law.

### **HO 00 04 AND HO 00 06 - INCREASED LIMITS**

The basic amount of coverage may be initially increased to 100% of the HO 00 04 Building Additions and Alterations limit or 50% of the HO 00 06 Coverage A limit. This amount may be further increased in 25% increments higher than those listed above.

Attach: HO 0477: Ordinance or Law Coverage - Increased Amount of Coverage – HO 00 03, HO 00 04 and HO 00 06  
VS 1233: Ordinance or Law Coverage - Increased Amount of Coverage - Package Plus, Package Plus Classic or Ultimate

## **OTHER STRUCTURES**

The policy may be endorsed to provide increased limits of coverage on specific structures on the residence premises.

This rule does not apply for Package Plus, Package Plus Classic or Package Ultimate (One or Two Family Residences). The total limit for Coverage B should be included in the Blanket Property Limit.

Attach: HO 0448 Other Structures

## **RENTED TO OTHERS - RESIDENCE PREMISES**

The policy may be endorsed to provide Section I and Section II coverage when a structure on the residence premises is rented to others for dwelling purposes.

Attach: HO 0440 Structures Rented to Others - Residence Premises

## **OFF-PREMISES STRUCTURES**

Under Form HO 00 03, the policy automatically provides Coverage B - Other Structures at 10% of Coverage A on a blanket basis to structures located on the residence premises. This blanket coverage may be endorsed to expand coverage to include structures located away from the residence premises if used in connection with the residence premises.

Attach: HO 0491: Coverage B - Off Premises or

VS 1161: Coverage B - Off Premises - Package Plus, Package Plus Classic or Package Ultimate

Under All Forms, coverage may also be provided to a specific structure located away from the residence premises.

Attach: HO 0492: Specific Structures Away From Residence Premises

## RENTAL TO OTHERS – THEFT COVERAGE

### NOT AVAILABLE WITH VS 2371, VS 2372 OR VS 2373

The policy may be endorsed to cover loss by theft while the portion of the residence premises usually occupied by the insured is occasionally rented in whole or in part to others, or while there is rental to a roomer or boarder.

Attach: HO 0480: Residence Rental Theft

## REPLACEMENT COST DWELLING COVERAGE

Extended Dwelling Replacement Cost Coverage is available for HO 00 03 policies or Package Plus or Package Plus Classic (One or Two Family Residence) policies. The limit of liability for Coverage A - Dwelling is extended to provide coverage up to the dwelling replacement cost subject to a limit of 125% of the Dwelling value for policies. The Blanket Property Limit for Package Plus or Package Plus Classic policies will be increased up to 25%.

Ultimate includes an additional amount of insurance equal to 25% of the Coverage A limit of liability

The following risks are not eligible for Replacement Cost Dwelling Coverage:

- Dwellings located in Protection Class 10
- Dwellings not insured to 100% replacement cost
- Dwellings under construction
- Dwellings built before 1920

### HO 00 03 - LIMIT OF LIABILITY

The Limit of Liability for Coverages B, C, and D is determined by multiplying the following percentages times the Coverage A replacement cost as of the time of the loss:

Coverage B - Other Structures 10%  
Coverage C - Personal Property 50%  
Coverage D - Loss of Use 20%

**(Note:** If the Replacement Cost Value Endorsement for Personal Property is used, the limit of liability for Coverage C is automatically increased to 70% of Coverage A.)

If any changes are made to the dwelling which increase the dwelling replacement cost by 5% (\$5,000 for Package Plus or Package Plus Classic) or more, notification must be submitted to the Company within 30 days after completion. Policy premiums will be based on annually revised dwelling values updated by the use of a residential building index used by the Company.

Package Plus or Package Plus Classic – The Limit of Liability for Coverages B, C, and D in the aggregate is 100% of the dwelling replacement cost at the time of the loss.

Attach: VS 2427: Specified Additional Amount of Insurance Coverage

VS 2292: Extended Dwelling Replacement Cost Coverage - Package Plus or Package Plus Classic

## **SINKHOLE COLLAPSE COVERAGE**

### **ALL FORMS EXCEPT HO 00 04 AND HO 00 06**

The policy may be endorsed to provide sinkhole collapse coverage.

Attach: HO 0499: Sinkhole Collapse

## **WATER BACK UP COVERAGE**

Coverage may be provided for loss by water which backs up through sewers or drains, or overflows from a sump and is subject to a \$250 Deductible.

Available Limits: \$5,000, \$10,000, \$15,000, \$20,000, \$25,000, \$30,000\*, \$40,000\*, \$50,000\*

\*Available for HO 00 03 policies with Coverage A greater than or equal to \$250,000 (Blanket Property Limit greater than or equal to \$500,000 for Package policies).

- PACKAGE PLUS CLASSIC includes \$10,000\*\*
- ULTIMATE includes \$15,000\*\*

\*\*The Water Back Up limits included in PACKAGE PLUS CLASSIC and ULTIMATE are in addition to the increased limits available with VS 2271.

Attach: VS 2271: Water Back Up and Sump Overflow

## **BLANKET VALUABLE ITEMS**

The classes of valuable items listed below are covered under a blanket coverage basis. The items are insured against risk of direct loss only if the loss is a physical loss to property.

Attach: VS 1599: Coverage G - Blanket Valuable Items

No deductible applies to this coverage, except if a loss under this coverage is also covered under Coverage C of this policy, such Coverage C insurance shall be excess and the Section I deductible shall apply to the excess coverage. Charge the rate shown below. A minimum coverage amount of \$1,000, with a minimum premium of \$10 applies.

The following property classes have a per item limit of \$10,000 and an aggregate limit of \$50,000:

- Jewelry
- Furs
- Fine Arts – Protection Class 1 – 9
- Fine Arts – Protection Class 10
- Silverware
- All Classes (except Guns)

The following property classes have a per item limit of \$5,000 and an aggregate limit of \$25,000:

- Golfer's Equipment
- Cameras
- Guns
- Musical Instruments
- Fragile Articles (includes breakage coverage) – Protection Class 1 – 9
- Fragile Articles (includes breakage coverage) – Protection Class 10

The Collectibles Class has a per item limit of \$5,000 and an aggregate limit of \$50,000.

## COLLECTIBLES

CODE	TITLE	CODE	TITLE
701	Advertising Memorabilia	748	Lamps & Lighting
702	Art - Craft Equipment and Tools	749	License Plates
703	Art - Paintings, Prints, Sculpture	750	Lighted Signs
704	Autograph Collection	751	Maps
705	Beauty & Grooming Tools and Memorabilia	752	Marbles
706	Bell Collection	753	Matchcovers and Matchbooks
707	Bicycles	754	McDonalds Memorabilia
708	Books - Bibles & Liturgy	755	Metal Detecting
709	Books - Comic	756	Metal Signs
710	Books - General	757	Microfiche (film and equipment)
711	Bottles	758	Military
712	Breweriana	759	Movies/Television films
713	Bric-a-brac (not otherwise classified)	760	Music Boxes
714	Business History, Signage, Documents	761	Music Memorabilia & Related
715	Buttons	762	Musical Instruments
716	Canes	763	Native Artifacts
717	Celebrity Memorabilia	764	Paperweights
718	Ceramics	765	Perfume Bottles
719	China	766	Photography Cameras, Projectors, Equipment
720	Clocks	767	Photography Prints, books
721	Coins	768	Plaques
722	Comic Characters	769	Political Memorabilia
723	Computers (unique/antique)	770	Porcelain
724	Correspondence	771	Postcards
725	Costumes	772	Posters/Paper
726	Currency	773	Quilts
727	Depression Glass	774	Radio Memorabilia & Related
728	Disney	775	Railroad Memorabilia & Related
729	Dolls - Barbie and accessories	776	Religious (statues, votive, books, papers)
730	Dolls - Cinnabar and accessories	777	Royalty Memorabilia
731	Dolls - General	778	Science Fiction (models, books, educational material)
732	Dolls - Kachina and accessories	779	Shells/Stones/Gems
733	Dolls - Stuffed Dolls and Animals	780	Soda Collectibles
734	Eyeglasses and Magnifiers	781	Space & Flying (models, books, education material)
735	Farm Memorabilia & Related	782	Spoons
736	Figurines - Hummel	783	Sports Cards/Baseball Cards
737	Figurines - Miniatures	784	Sports Memorabilia (Autographs, equipment, posters, film)
738	Figurines - Royal Doulton	785	Stamps
739	Fire Memorabilia & Related	786	Textiles & Needlework (equipment, material)
740	Firearms	787	Tobacco History (equipment, books, posters, advertisement)
741	Fountain Pens	788	Tokens & Medals
742	Glass Sculpture	789	Tools & Machinery
743	Golf Equipment and Memorabilia	790	Toys & Games
744	Holiday Ornaments	791	Trains (model, toy)

745	Hubcaps	792	Transportation
746	Kitchen Tools & Utensils	793	Western
747	Knives	794	Wine

## **BUSINESS PROPERTY – INCREASED LIMITS**

The \$2,500 (\$5,000 for Package Plus Classic, \$10,000 for Ultimate) limit of liability for business property on the residence premises may be increased to \$10,000 in increments of \$2,500. The limit of liability in excess of \$2,500 does not apply to:

- Business property in storage or held as a sample or for sale or delivery after sale;
- Business property pertaining to a business actually conducted on the residence premises. (This exposure is addressed by HO 04 42 - Permitted Incidental Occupancies.)

When the on-premises limit is increased, the off-premises limit of \$250 (\$500 for Package Plus Classic, \$5,000 for Ultimate) is automatically increased, at no additional charge, to an amount that is 10% of the total on-premises limit of liability.

Attach: HO 0412: Increased Limits of Business Property

## **CREDIT CARD, FUND TRANSFER CARD, FORGERY, AND COUNTERFEIT MONEY**

Package Plus Classic and Ultimate includes \$10,000 of coverage. The limit of \$500 (\$5,000 for Package Plus) may be increased for an additional premium.

The \$1,000 limit is included when Endorsement VK 1119 and VS 2100 Special Homeowners Endorsement is used.

Attach: HO 0453: Credit Card, Fund Transfer Card, Forgery and Counterfeit Money Coverage Increased Limits

Available Limits: \$1,000, \$2,500, \$5,000, \$7,500, \$10,000

## **IDENTITY FRAUD EXPENSE COVERAGE**

Up to \$15,000 of coverage will be provided for the identity fraud of an insured discovered or first learned of during the policy period, subject to a \$250 deductible.

- Ultimate Endorsement: Includes coverage up to \$50,000
- Package Plus Classic: Includes coverage up to \$25,000

Coverage is available to pay for the following expenses:

- Costs for notarizing fraud affidavits or similar documents
- Certified mail sent to law enforcement, financial institutions and credit agencies
- Lost income resulting from time taken off work to meet with or talk to law enforcement or credit agencies
- Loan application fees for re-applying for a loan when the application is rejected solely because the lender received incorrect credit information
- Reasonable attorney's fees incurred to defend lawsuits brought against the insured and to remove criminal or civil judgments

Attach: VS 2016: Identity Fraud Expense Coverage

## **PERSONAL PROPERTY – INCREASED LIMITS**

This rule does not apply to Package Plus, Package Plus Classic or Package Ultimate. The total limit for Coverage C should be included in the Blanket Property Limit.

The limit of liability for Coverage C may be increased, or the amount may be decreased to an amount not less than 40% of the Coverage A limit.

Reduction in the limit of liability for Coverage C is not permitted when the following endorsements are used:

- VS 1406: Extended Dwelling Replacement Cost Coverage - Monoline
- VK 1036: Replacement Value
- VK 1119: Special Homeowners Endorsement
- VS 2403: Ultimate - Monoline

## **PERSONAL PROPERTY - INCREASED LIMITS - OTHER RESIDENCES**

Coverage for personal property owned by the insured that is usually located at other residences is limited in the policy form to 10% of Coverage C or \$1,000, whichever is greater. This limit may be increased.

Attach: HO 0450: Increased Limits on Personal Property in Other Residences

# **PERSONAL PROPERTY INCREASED SPECIAL LIMITS OF LIABILITY**

## **INCREASED SPECIAL LIMITS OF LIABILITY**

### **JEWELRY, WATCHES, AND FURS**

The special limit of liability of \$2,500 for theft of jewelry, watches and furs is automatically provided at no additional charge on all Homeowners policies. This limit may be increased to a maximum of \$5,000 but not exceeding \$1,000 for any one article.

- Ultimate: The special limit of liability is \$10,000 without a per article limit
- Package Plus Classic: The special limit of liability is \$5,000 without a per article limit.
- Package Plus: The special limit of liability is \$5,000 with a per article limit of \$1,000.
- VK 1119 Special Homeowners Endorsement: An additional \$500 is automatically included.

Attach: VK 1046: Unscheduled Jewelry, Watches and Furs Increased Limits of Liability

### **MONEY AND SECURITIES**

The special limit of liability of \$200 on money may be increased to a maximum of \$1,000. The \$1,000 limit on securities may be increased to a maximum of \$2,000.

- Package Plus Classic and Ultimate includes limits of \$1,000 for Money and \$5,000 for Securities.

### **SILVERWARE, GOLDWARE, AND PEWTERWARE**

The special limit of liability of \$2,500 for loss by theft of silverware, etc., may be increased to a maximum of \$10,000 in increments of \$500.

- ULTIMATE: The special limit of liability is \$10,000.
- Package Plus Classic: The special limit of liability is \$5,000.
- Package Plus: The special limit of liability is \$5,000.
- VK 1119 Special Homeowners Endorsement: An additional \$500 is automatically included.

### **FIREARMS**

The special limit of liability of \$2,000 for loss by theft of firearms may be increased to a maximum of \$6,000 in increments of \$100.

- Package Plus Classic and Ultimate: The special limit of liability is \$5,000.

### **ELECTRONIC APPARATUS**

The policy provides coverage, as described below, for loss of electronic apparatus equipped to be operated from the electrical system of a motor vehicle or motorized land conveyance while retaining its capability of being operated by other sources of power:

- Up to \$1,000 for apparatus in or upon a motor vehicle or motorized land conveyance, and
- Up to \$1,000 for apparatus not in or upon a motor vehicle that is away from the residence premises and used for business.

Each of these limits may be increased to a maximum of \$5,000 in increments of \$500.

This coverage is included when ULTIMATE is used.

Attach: HO 0465: Coverage C Increased Special Limits of Liability or

VS 1302: Coverage C Increased Special Limits of Liability for policies with VS 2371, VS 2372 or VS 2373

## **REFRIGERATED PROPERTY**

The policy may be endorsed to provide \$500 of coverage for covered property stored in freezers or refrigerators on the residence premises for loss caused by power service interruption or mechanical failure. A deductible of \$100 applies.

This coverage is included when VK 1119 or VS 2100 Special Homeowners Endorsement or Package Plus, Package Plus Classic and Ultimate is used.

Attach: VS 1213: Refrigerated Property Coverage

## **REPLACEMENT COST CONTENTS COVERAGE**

"Replacement Value" may be substituted for "Actual Cash Value" for Section I - Coverage C - Unscheduled Personal Property. The Replacement Value Endorsement will not apply to residences rented or leased to others. Replacement Cost Coverage also applies to articles or classes of property separately described and specifically insured in this policy, as listed in the Scheduled Personal Property endorsement.

For an HO 00 03 Coverage C is automatically elevated to 70% of Coverage A at no additional charge.

This coverage is included when VK 1119 Special Homeowners Endorsement or Package Plus, Package Plus Classic and Ultimate is used.

Attach: VK 1036: Replacement Value Endorsement

## **SPECIAL COMPUTER COVERAGE**

The policy may be endorsed to insure computers and related equipment against additional risks of physical loss subject to certain exclusions.

This coverage is included when Package Plus Classic and Ultimate is used.

Attach: VS 1776: Special Computer Coverage

## **PERSONAL PROPERTY - SCHEDULED**

The following classes of property may be covered on a scheduled basis: Camera, Coins, Fine Arts, Furs, Guns, Golfer's Equipment, Jewelry, Musical Instruments, Personal Electronic Equipment, Silverware, and Stamps.

Under Fine Arts, breakage coverage for fragile articles may be extended to cover all risk of physical loss. The value of the fragile articles covered and the additional premium shall be stated separately on the schedule. The premium is in addition to the premium for the Fine Arts basic coverage. When Special breakage coverage is extended to fine arts, rate that portion with breakage and that portion without breakage separately.

For articles being transported between the primary location and secondary locations, the highest applicable protection class shall apply when determining the premium.

Under the Jewelry class, melee is defined as an array of stones sometimes used to compliment a larger primary stone in a jewelry setting. This rate class may be used for items whose primary value is determined by more than three stones. Jewelry is considered "highly protected" if the covered article(s) is kept at all times, when not being worn, in a secured on-premises safe or vault. The safe or vault must be permanently attached to the residential structure and not capable of being lifted or moved by an individual person.

The minimum coverage amount per class is \$1,000. The minimum endorsement premium is \$17.

Note: For Professional Camera and Professional Musical Instruments please refer to Underwriting to add these items.

Attach: HO 04 61: Scheduled Personal Property for all classes except Personal Electronic Equipment  
VK 935: Scheduled Personal Electronic Equipment  
IJF 10 11: Jewelry Broad Pair & Set  
IJF 10 12: Jewelry in Vaults  
VS 1837: Highly Protected Property  
ISC 1311: Stamp and Coin Collection Safe Credit Endorsement

## **AGREED VALUE**

The claim settlement procedure for a total loss to an article may be amended to allow for stated amount settlement in lieu of actual cash value for all classes listed above except personal electronic equipment.

This coverage is included in Package Plus Classic and Ultimate.

Attach: VK 1035: Scheduled Agreed Amount

## **SPECIAL PERSONAL PROPERTY**

### **HO 00 03 ONLY**

Coverages A and B under Form HO 00 03 are insured against additional risks of physical loss subject to certain exclusions. Coverage C is insured against perils named in the form. The policy may be endorsed to insure Coverage C against additional risks of physical loss subject to certain exclusions

This coverage is included with Package Plus Classic and Ultimate.

Attach: VS 2373: Special Personal Property Coverage - HO 00 03 Only

VS 2371: Special Personal Property Coverage – Package Plus or Package Plus Classic

### **HO 00 06 ONLY**

Coverage C and Coverage A under Form HO 00 06 are insured against perils named in the form. The policy may be endorsed to insure Coverage C and Coverage A against additional risks of physical loss subject to certain exclusions. This option may only be used when the condominium or cooperative unit is owner occupied.

This coverage is included with Package Plus Classic and Ultimate.

Attach: VS 2372: Special Personal Property Coverage - HO 00 06 Only

VS 2371: Special Personal Property Coverage – Package Plus or Package Plus Classic

**Note:** Endorsements VS 2371, VS 2372, and VS 2373 do not cover loss to personal property under Section I caused by Earthquake.

## **OTHER EXPOSURES – SECTION II**

### **LIABILITY INCREASED LIMITS AND OTHER EXPOSURES**

Coverage E – Liability: \$100,000

Coverage F – Medical Payments to Others: \$1,000

If increase limits are written for the Residence Premises then the same limits must apply to any other Section II exposure, unless otherwise indicated.

The additional charge applies to the following exposures:

- Additional Residence
- Additional Residence Rented to Others
- Business Pursuits
- Incidental Farming
- Permitted Incidental Farming
- Personal Injury
- Residence Employees
- Other Structures Rented to Others

Personal Liability Increased Limits: \$200,000, \$300,000, \$400,000, \$500,000

Medical Payments to Others Increased Limits: \$2,000, \$3,000, \$4,000, \$5,000

## **PERSONAL INJURY**

Liability coverage for personal injury to others, such as false arrest, libel or invasion of privacy, may be added to the policy. This coverage is included when VK 1119 or VS2100 Special Homeowners Endorsement or Package Plus, Package Plus Classic or Ultimate is used.

Attach: HO 2482: Personal Injury

## **RESIDENCE EMPLOYEES**

Charges do not apply to employees working less than half of the customary full time or to whom workers' compensation exclusion applies as stated in Section II of the policy. There is no additional charge for up to two residence employees.

# **INCIDENTAL FARMING PERSONAL LIABILITY**

## **ON THE RESIDENCE PREMISES**

The policy may be endorsed to provide coverage for the liability of the insured when farming is conducted on the residence premises and is incidental to the use of the premises as a dwelling, and the income derived from the farming operation is not the insured's primary source of income.

The policy may also be endorsed to provide coverage when the residence premises is used for the sheltering and grazing of animals. However, coverage is not available if the residence premises is used for racing purposes.

Attach: HO 2472: Incidental Farming Personal Liability

## **AWAY FROM THE RESIDENCE PREMISES**

The policy may be endorsed to provide coverage for the liability of the insured whose incidental farming activities are conducted at the specified locations, which are away from the residence premises. Such incidental farming activities may include the boarding or grazing of the insured's animals or use of the land as garden space if the income derived from such activities is not the insured's primary source of income. However, coverage is not available if the locations specified in the endorsement are used for racing purposes.

Attach: HO 2472: Incidental Farming Personal Liability

# **PERMITTED INCIDENTAL OCCUPANCIES**

## **RESIDENCE PREMISES AND OTHER RESIDENCES**

Coverage for a permitted incidental occupancy is limited under Section I and excluded under Section II. The policy may be endorsed to provide expanded Section I coverage and Section II coverage on a permitted incidental occupancy located in the dwelling or in an other structure on the residence premises. When the business is conducted on the residence premises, both Section I and II coverage may be extended by this endorsement. When it is conducted from another residence, only Section II coverage is available. If the permitted incidental occupancy is located in another structure, Coverage B does not apply to that structure. The Permitted Incidental Occupancies Endorsement also covers personal property pertaining to the permitted incidental occupancy within the Coverage C limits stated in the declaration. If increased Coverage C limits are desired, refer to the Personal Property Optional Coverage.

Examples of such permitted incidental occupancies are Offices, Schools or Studios, meaning offices for business or professional purposes, and private schools or studios for music, dance, photography and other instructional purposes.

Attach: HO 0442: Permitted Incidental Occupancies Residence Premises  
HO 2443: Permitted Incidental Occupancies - Other Residence

## **BUSINESS PURSUITS**

The policy may be endorsed to provide coverage for the liability of the insured arising out of business activities. Coverage is excluded if the insured owns the business, is a partner or maintains financial control in the business. Classes of business activity include clerical employees, sales persons, collectors or messengers, teachers.

Attach: HO 2471: Business Pursuits

## **ADDITIONAL RESIDENCE – OTHER INSURED LOCATIONS OCCUPIED BY INSURED**

Section II coverage may be provided on locations other than the residence premises, where an insured resides, but which are insured for Section I coverage under another insurance program or by another company.

Attach: ADRES: Additional Residence

## **ADDITIONAL RESIDENCE RENTED TO OTHERS**

The policy may be endorsed to provide coverage when an additional residence is rented to others.

Attach: HO 2470: Additional Residence Rented to Others

## **STATE SPECIFIC AMENDATORY ENDORSEMENTS**

### **SPECIAL STATE REQUIREMENTS**

The below forms may be listed on the declarations page. For your convenience a short explanation is provided.

#### **VS 2159: SPECIAL PROVISIONS ENDORSEMENT**

Use with all Homeowner policies.

#### **VS 2108: SPECIAL PROVISIONS ENDORSEMENT**

Use with all Package Plus or package Plus Classic policies.

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# TERRITORY ASSIGNMENTS

The Territory Codes shown in the links are to be used as stated. Policy territory codes are subject to periodic review.

Zip Code	Territory
71601	139
71602	138
71603	129
71611	140
71612	140
71613	140
71630	134
71631	140
71635	140
71638	134
71639	134
71640	134
71642	135
71643	139
71644	137
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71651	137
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71657	143
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71659	140
71660	143
71661	134
71662	134
71663	134
71665	140
71666	134
71667	137
71670	134
71671	140
71674	134
71675	139
71676	134
71677	134
71678	140
71701	140
71711	140
71720	140
71721	140
71722	140
71724	137

Zip Code	Territory
72023	128
72024	140
72025	136
72026	134
72027	136
72028	140
72029	134
72030	140
72031	140
72032	214
72033	214
72034	111
72035	137
72036	133
72037	140
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72055	134
72057	140
72058	140
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72060	135
72061	142
72063	140
72064	140
72065	141
72066	140
72067	140
72068	140
72069	134
72070	140
72072	135
72073	143
72074	140

Zip Code	Territory
72335	133
72336	140
72338	131
72339	133
72340	133
72341	134
72342	134
72346	133
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72348	133
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72394	133
72395	131
72396	133
72401	132
72402	140
72403	140

Zip Code	Territory
72624	143
72626	135
72628	139
72629	140
72630	137
72631	140
72632	140
72633	140
72634	140
72635	143
72636	140
72638	140
72639	140
72640	140
72641	140
72642	140
72644	137
72645	137
72648	140
72650	137
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72653	126
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71766	143
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72949	140
72950	140
72951	140
72952	124
72955	122
72956	122
72957	124
72958	140
72959	140

# ENDORSEMENT INDEX

ENDT NO	ENDORSEMENT NAME
<a href="#">ADRES</a>	ADDITIONAL RESIDENCES
<a href="#">HO 0312</a>	WINDSTORM OR HAIL PERCENTAGE DEDUCTIBLE - HO 00 03
<a href="#">HO 0412</a>	INCREASED LIMITS OF BUSINESS PROPERTY
<a href="#">HO 0416</a>	PREMISES ALARM OR FIRE PROTECTION
<a href="#">HO 0435</a>	LOSS ASSESSMENT COVERAGE
<a href="#">HO 0440</a>	STRUCTURES RENTED TO OTHERS - RESIDENCE PREMISES
<a href="#">HO 0442</a>	PERMITTED INCIDENTAL OCCUPANCIES - RESIDENCE PREMISES
<a href="#">HO 0448</a>	OTHER STRUCTURES - INCREASED LIMITS
<a href="#">HO 0450</a>	INCREASED LIMITS ON PERSONAL PROPERTY IN OTHER RESIDENCES
<a href="#">HO 0451</a>	BUILDING ADDITIONS AND ALTERATIONS - INCREASED LIMITS
<a href="#">HO 0453</a>	CREDIT CARD, FUND TRANSFER CARD, FORGERY & COUNTERFEIT MONEY
<a href="#">HO 0461</a>	SCHEDULED PERSONAL PROPERTY
<a href="#">HO 0465</a>	COVERAGE C INCREASED SPECIAL LIMITS OF LIABILITY
<a href="#">HO 0477</a>	ORDINANCE OR LAW COVERAGE
<a href="#">HO 0480</a>	RENTAL TO OTHERS - THEFT COVERAGE
<a href="#">HO 0491</a>	COVERAGE B - OFF PREMISES (MONOLINE)
<a href="#">HO 0492</a>	SPECIFIC STRUCTURES AWAY FROM RESIDENCE PREMISES
<a href="#">HO 0499</a>	SINKHOLE COLLAPSE
<a href="#">HO 1736</a>	UNIT-OWNERS COVERAGE A - SPECIAL COVERAGE
<a href="#">HO 1733</a>	UNIT-OWNERS RENTAL TO OTHERS
<a href="#">HO 2443</a>	PERMITTED INCIDENTAL OCCUPANCIES - OTHER RESIDENCE
<a href="#">HO 2470</a>	ADDITIONAL RESIDENCE RENTED TO OTHERS
<a href="#">HO 2471</a>	BUSINESS PURSUITS LIABILITY
<a href="#">HO 2472</a>	INCIDENTAL FARMING PERSONAL LIABILITY
<a href="#">HO 2482</a>	PERSONAL INJURY
<a href="#">IJF 1011</a>	JEWELRY BROAD PAIR & SET CLAUSE
<a href="#">IJF 1012</a>	JEWELRY IN VAULTS ENDORSEMENT
<a href="#">ISC 1311</a>	STAMP & COIN COLLECTION SAFE CREDIT ENDORSEMENT
<a href="#">VK 1012</a>	RESIDENCE SAFETY PACKAGE
<a href="#">VK 1035</a>	AGREED AMOUNT INSURANCE
<a href="#">VK 1036</a>	REPLACEMENT VALUE ENDORSEMENT
<a href="#">VK 1044</a>	UNIT-OWNERS BUILDING ITEMS
<a href="#">VK 1046</a>	UNSCHEDULED JEWELRY, WATCHES AND FURS INCREASED LIMITS OF LIABILITY
<a href="#">VK 1090</a>	INFLATION PROTECTION – PACKAGE PLUS, PACKAGE PLUS CLASSIC OR ULTIMATE
<a href="#">VK 1091</a>	INFLATION GUARD – PACKAGE PLUS, PACKAGE PLUS OR ULTIMATE
<a href="#">VK 1116</a>	EXISTING INSURANCE
<a href="#">VK 1119</a>	SPECIAL HOMEOWNERS ENDORSEMENT
<a href="#">VK 220-1</a>	INFLATION PROTECTION ENDORSEMENT
<a href="#">VK 935</a>	SCHEDULED PERSONAL ELECTRONIC EQUIPMENT
<a href="#">VS 1146</a>	ADDITIONAL INSURED
<a href="#">VS 1161</a>	COVERAGE B - OFF PREMISES – PACKAGE PLUS, PACKAGE PLUS CLASSIC OR PACKAGE ULTIMATE
<a href="#">VS 1213</a>	REFRIGERATED PROPERTY COVERAGE
<a href="#">VS 1233</a>	ORDINANCE OR LAW INCREASED AMT. OF COVERAGE – PACKAGE PLUS, PACKAGE PLUS OR ULTIMATE
<a href="#">VS 1302</a>	COVERAGE C INCREASED SPECIAL LIMITS OF LIABILITY
<a href="#">VS 1415</a>	WINDSTORM OR HAIL PERCENTAGE DEDUCTIBLE - PACKAGE PLUS, PACKAGE PLUS or

	ULTIMATE
<a href="#">VS 1599</a>	BLANKET VALUABLE ITEMS
<a href="#">VS 1776</a>	SPECIAL COMPUTER COVERAGE
<a href="#">VS 1837</a>	HIGHLY PROTECTED PROPERTY
<a href="#">VS 2016</a>	IDENTITY FRAUD EXPENSE COVERAGE
<a href="#">VS 2100</a>	SPECIAL HOMEOWNERS ENDORSEMENT
<a href="#">VS 2108</a>	SPECIAL PROVISIONS ENDORSEMENT - PACKAGE PLUS OR PACKAGE PLUS CLASSIC
<a href="#">VS 2159</a>	SPECIAL PROVISIONS ENDORSEMENT
<a href="#">VS 2271</a>	WATER BACK-UP AND SUMP OVERFLOW
<a href="#">VS 2292</a>	EXTENDED DWELLING REPLACEMENT COST COVERAGE
<a href="#">VS 2360</a>	PACKAGE PLUS CLASSIC
<a href="#">VS 2371</a>	SPECIAL PERSONAL PROPERTY
<a href="#">VS 2372</a>	SPECIAL PERSONAL PROPERTY COVERAGE - HO 00 06
<a href="#">VS 2373</a>	SPECIAL PERSONAL PROPERTY COVERAGE - HO 00 03
<a href="#">VS 2403</a>	ULTIMATE - MONOLINE
<a href="#">VS 2404</a>	ULTIMATE – PACKAGE PLUS
<a href="#">VS 2407</a>	EARTHQUAKE – MONOLINE
<a href="#">VS 2408</a>	EARTHQUAKE – PACKAGE PLUS
<a href="#">VS 2427</a>	SPECIFIED ADDITIONAL AMOUNT OF INSURANCE - MONOLINE

**Rating State:** ARKANSAS

**Company:** Trinity Universal Insurance Company

**Business Line:** Homeowners

New Business Effective Date: 8/11/2012

Renewal Business Effective Date: 8/11/2012

Page Header: TUIC HO ARKANSAS

	Page	Edition
Rating Order (Home)	ROC - 1	8/11/2012
Rating Order (Boat)	ROC - 2	8/11/2012
Base Rates	RT - 1	8/11/2012
Protection Construction	RT - 2	8/11/2012
Pricing Level	RT - 3	8/11/2012
Amount of Insurance	RT - 4	8/11/2012
Age of Home	RT - 5	8/11/2012
Home Buyer Discount	RT - 6	8/11/2012
Deductibles	RT - 7	8/11/2012
Package - Classic	RT - 8	8/11/2012
Ordinance or Law	RT - 9	8/11/2012
Earthquake	RT - 10	8/11/2012
Discounts	RT - 11	8/11/2012
Protective Devices	RT - 12	8/11/2012
Surcharges	RT - 13	8/11/2012
Misc. Endorsements Cov. A, B & D	RT - 14	8/11/2012
Misc Endorsements Cov. C	RT - 15	8/11/2012
BVI & SPP	RT - 16	8/11/2012
Liability	RT - 17	8/11/2012
Territory Definitions	RT - 18	8/11/2012
Expense Fee	RT - 19	8/11/2012
Boatowners	RT - 20	8/11/2012
Home Business	RT - 21	8/11/2012

**RATING ORDER**

	HO-2 / HO-3	HO-4	HO-6
	1 or 2 Family Residence	Tenants	Condominium
Base Rate			
Protection Class / Construction Factor	x	x	x
Amount of Insurance Factor	x	x	x
Pricing Level Factor	x	x	x
Loss History Factor	x	x	x
Age of Dwelling Factor	x		
Special Personal Property Coverage	x		x
Superior Construction Factor	x	x	x
Wood Roof Surcharge or Hail-Resistant Roof Credit	x		
Mature Homeowner Discount	x	x	x
Townhouse Factor	x		
Alarm Credits	x	x	x
Inflation Guard	x		
All Perils Deductible Factor	x	x	x
Windstorm/Hail Deductible Factor	x	x	x
Wood Burning Stove Surcharge	x	x	x
ACV Roof Settlement Factor	x		x
Package Plus / Package Plus Classic / or Cov Option Factors	x	x	x
Secondary / Seasonal Residence Discount	x	x	x
Pool Surcharge	x		
Customer Loyalty Discount	x		
Home Buyer Discount	x		x
Network Discount	x	x	x
Expense Fee	+	+	+
<b>Adjusted Base Premium</b>			
<b>The following are factors off of the adjusted Base Premium above for non-cov option states</b>			
Replacement Cost Contents	+	+	+
Replacement Cost Dwelling	+		
Special Homeowners Coverage	+	+	+
Ultimate Homeowners Coverage	+		+
<b>Misc. Coverages (Network Discount applies individually to the following coverages)</b>			
Building Additions & Alterations		+	
Increase/Decrease Coverage C/D	+		
Increased Coverage A	+	+	+
Increased Coverage E & F	+	+	+
Loss Assessment	+	+	+
Ordinance or Law	+	+	+
Other Endorsement or Additional Coverage	+	+	+
Residence Employees	+	+	+
Scheduled Personal Property / BVI	+	+	+
Secondary Residence Premium	+		+
Unit-Owners Coverage A - Special Coverage			+
Water Backup	+	+	+
<b>Misc. Coverages (Network Discount does NOT apply)</b>			
Earthquake Coverage	+	+	+
PCL (if applicable)	+	+	+
<b>Developed Premium</b>			

Round to the nearest whole dollar after each step.

**Proposed Countrywide Boatowners ROC Template**

	Liability	Hull PD	MP	UB	Motor PD	Trailer PD
Base Rate						
Trailer/Motor Factor					x	x
Liability ILF / PD AOI	x	x			x	x
Territory Factor	x	x			x	x
Deductible Factor		x			x	x
Age of Boat Factor	x	x			x	x
Repair/Replacement	x	x			x	x
Safety Equipment Credit	x	x			x	x
Coastal Surcharge	x	x			x	x
Territorial Water Surcharge	x	x			x	x
Seamanship Credit	x	x			x	x
Account Factor	x	x			x	x
Group/Network Discount	x	x			x	x
<b>Developed Premium</b>						

Round to the nearest whole dollar after each step.

**BASE RATES**

<b>Territory</b>	<b>HO 00 03</b>	<b>HO 00 04</b>	<b>HO 00 06</b>
100	1,371	155	186
101	1,438	155	186
102	1,371	155	186
103	1,044	83	176
104	1,370	150	84
105	1,370	150	84
106	1,440	177	186
107	1,440	177	186
108	1,440	177	186
109	1,440	177	186
110	1,504	155	186
111	1,440	177	186
112	1,370	150	84
113	1,440	177	186
114	1,440	177	186
115	1,440	177	186
116	1,370	150	84
117	1,098	84	196
118	1,154	171	206
119	1,154	171	206
120	1,154	171	206
121	1,154	171	206
122	1,211	171	206
123	1,154	171	206
124	1,165	171	209
125	1,154	171	206
126	1,690	146	168
127	1,553	161	172
128	1,536	150	93
129	1,862	177	206
130	1,502	105	94
131	1,638	129	152
132	1,459	105	93
133	1,798	138	168
134	1,607	146	168
135	1,580	135	173
136	1,708	140	162
137	1,496	139	162
138	1,708	84	139
139	1,880	140	183
140	1,558	118	206
141	1,536	128	93
142	1,591	159	177
143	1,570	147	158
200	1,671	155	206
201	1,671	155	206
202	1,663	155	209
204	1,159	83	196
207	1,601	177	206
208	1,601	177	206
210	1,601	177	206
211	1,772	155	209
212	1,671	155	206
213	1,688	155	209
214	1,601	177	206
215	1,521	150	93
218	1,617	177	209

**PROTECTION CONSTRUCTION FACTORS**

Protection Class	HO 00 03		HO 00 04		HO 00 06	
	Frame	Masonry	Frame	Masonry	Frame	Masonry
1	0.99	0.90	0.99	0.90	0.99	0.90
2	0.99	0.90	0.99	0.90	0.99	0.90
3	0.99	0.90	0.99	0.90	0.99	0.90
4	0.99	0.90	0.99	0.90	0.99	0.90
5	1.00	0.91	1.00	0.91	1.00	0.91
6	1.05	0.92	1.05	0.92	1.05	0.92
7	1.17	1.06	1.17	1.06	1.17	1.06
8	1.20	1.15	1.20	1.15	1.20	1.15
8B	1.80	1.60	1.80	1.60	1.80	1.60
9	1.80	1.60	1.80	1.60	1.80	1.60
10	1.93	1.75	1.93	1.75	1.93	1.75

**PRICING LEVEL FACTORS - HO 00 03**

Symbol	Monoline Factor	Package Factor
A	0.79	0.66
B	0.80	0.67
C	0.81	0.68
D	0.83	0.70
E	0.85	0.71
F	0.86	0.73
G	0.88	0.75
H	0.89	0.76
J	0.92	0.77
K	0.96	0.81
L	1.00	0.85
M	1.07	0.89
N	1.14	0.96
P	1.19	1.00
Q	1.25	1.05
R	1.32	1.10
S	1.44	1.16
T	1.55	1.24
U	1.65	1.29
V	1.75	1.37
W	1.99	1.53
X	2.17	1.66
Y	2.36	1.80
Z	2.57	1.94

**PRICING LEVEL FACTORS - HO 00 04**

Price Level	Monoline Factor	Package Factor
1	0.75	0.75
2	0.90	0.90
3	1.00	1.00
4	1.10	1.10
5	1.60	1.60
6	2.00	2.00

**PRICING LEVEL FACTORS - HO 00 06**

Price Level	Monoline Factor	Package Factor
1	0.75	0.66
2	0.90	0.79
3	1.00	0.88
4	1.10	0.96
5	1.60	1.40
6	2.00	1.75

**AMOUNT OF INSURANCE FACTORS**

HO 00 03	
AOI	Factor
50	0.615
60	0.625
70	0.635
80	0.645
90	0.655
100	0.665
110	0.675
120	0.710
130	0.750
140	0.780
150	0.811
160	0.849
170	0.888
180	0.925
190	0.963
200	1.000
210	1.040
220	1.075
230	1.107
240	1.141
250	1.175
260	1.210
270	1.249
280	1.278
290	1.320
300	1.357
310	1.390
320	1.421
330	1.461
340	1.491
350	1.528
360	1.568
370	1.610
380	1.650
390	1.691
400	1.736
410	1.778
420	1.822
430	1.865
440	1.908
450	1.946
460	1.989
470	2.030
480	2.075
490	2.119
500	2.160
600	2.595
700	3.030
800	3.465
900	3.900

HO 00 04 & HO 00 06	
AOI	Factor
25	1.000
30	1.091
40	1.280
50	1.491
60	1.640
70	1.800
80	1.960
90	2.143
100	2.843

Each additional \$5,000 above  
\$100,000 use: 0.20

Each additional \$10,000 above \$900,000 use: 0.040

## AGE OF HOME

Homes written on Form HO 00 03 are eligible for the following premium credits depending on the calendar year in which the dwelling was completed. The credits shown below apply to the BASE PREMIUM only.

<b>Home Completed During</b>	<b>Factor</b>
Current calendar year	0.70
One year preceding current calendar year	0.71
Two years preceding current calendar year	0.74
Three years preceding current calendar year	0.77
Four years preceding current calendar year	0.80
Five years preceding current calendar year	0.83
Six years preceding current calendar year	0.86
Seven years preceding current calendar year	0.88
Eight years preceding current calendar year	0.90
Nine years preceding current calendar year	0.92
Ten years preceding current calendar year	0.94
Eleven years preceding current calendar year	0.97
Twelve to Twenty Eight years preceding current calendar year	1.00
Twenty Nine to Thirty Three years preceding current calendar year	1.00
Thirty Four to Thirty Seven years preceding current calendar year	1.01
Thirty Eight to Forty Six years preceding current calendar year	1.01
Forty Seven to Fifty Five years preceding current calendar year	1.02
Fifty-six to Sixty-two years preceding current calendar year	1.07
Sixty-three to Seventy-two years preceding current calendar year	1.08
Seventy-three to Eighty-three years preceding current calendar year	1.12
Eighty-four to One Hundred and three years preceding current calendar year	1.14
One hundred and four or more years preceding current calendar year	1.16

## HOME BUYER DISCOUNT

HO 00 03 and HO 00 06 Only

Insureds who have recently purchased a home may qualify for a discount as outlined below.

### Discount Rules

1. Three classes of construction: New, Recent and Vintage
2. Each class will have a discount that corresponds to the years since purchase of the home
3. Discount will be available for Homeowner and Condominium policies
4. Credits will be reduced at each annual policy renewal
5. Proof of recent inspection (as part of home purchase) required for eligibility
6. Existing policyholders will qualify only as part of a new dwelling purchase (currently insured dwellings not eligible)
7. Home must have been purchased in the last 24 months to initially qualify

### Discount Structure

Apply the discount, if applicable based on the construction definitions below:

New Construction: year of purchase minus year of construction equals 0

Recent Construction: year of purchase minus year of construction is greater than zero but less than 63

Vintage Construction: year of purchase minus year of construction is greater than or equal to 63

<u>Yrs since Purchase</u>	<u>Codes</u>	<u>New Construction</u>	<u>Recent Construction</u>	<u>Vintage Construction</u>
0	0	0.85	0.92	0.95
1	1	0.88	0.93	0.97
2	2	0.91	0.95	1.00
3	3	0.94	0.97	1.00
4	4	0.97	0.99	1.00
5	5	1.00	1.00	1.00
6	6	1.00	1.00	1.00
7	7	1.00	1.00	1.00
8	8	1.00	1.00	1.00
9	9	1.00	1.00	1.00
10+	999	1.00	1.00	1.00

**DEDUCTIBLES**

**All Other Perils Deductibles - All Forms**

Deductible	Factor
\$100*	1.43
\$200*	1.32
\$250*	1.21
\$500*	1.10
\$1,000**	1.00
\$1,500**	0.96
\$2,000	0.92
\$2,500	0.85
\$5,000	0.74
\$7,500	0.63
\$10,000	0.60
\$25,000	0.56
\$50,000	0.52

\* Not available for new business

\*\* Not available for Mono-line new business

**Windstorm or Hail Deductible - HO 00 03**

Coverage A Amount	All Other Perils Deductible	Windstorm or Hail Deductible (Available Statewide)					
		\$1,000*	\$2,000**	\$5,000	1%***	2%***	5%***
	\$100*	0.89	0.76	0.39	0.94	0.86	0.64
	\$100 w/ \$250 THEFT*	0.89	0.76	0.39	0.94	0.86	0.64
	\$200*	0.90	0.78	0.40	0.95	0.88	0.65
\$0- \$59,999	\$250*	0.91	0.78	0.41	0.96	0.88	0.66
	\$500*	0.94	0.81	0.44	0.99	0.91	0.69
	\$1,000**	-	0.88	0.50	-	0.98	0.75
	\$1,500**	-	0.91	0.56	-	-	0.81
	\$2,000	-	-	0.62	-	-	0.87
	\$2,500	-	-	0.69	-	-	0.94
	\$5,000	-	-	-	-	-	-
	\$7,500	-	-	-	-	-	-
	\$10,000	-	-	-	-	-	-
	\$25,000	-	-	-	-	-	-
	\$50,000	-	-	-	-	-	-
	\$100*	0.93	0.86	0.64	0.93	0.86	0.64
	\$100 w/ \$250 THEFT*	0.93	0.86	0.64	0.93	0.86	0.64
	\$200*	0.94	0.87	0.65	0.94	0.87	0.65
\$60,000 - \$99,000	\$250*	0.95	0.87	0.65	0.95	0.87	0.65
	\$500*	0.96	0.89	0.67	0.96	0.89	0.67
	\$1,000**	-	0.93	0.71	-	0.93	0.71
	\$1,500**	-	0.98	0.74	-	0.98	0.74
	\$2,000	-	-	0.78	-	-	0.78
	\$2,500	-	-	0.82	-	-	0.82
	\$5,000	-	-	-	-	-	-
	\$7,500	-	-	-	-	-	-
	\$10,000	-	-	-	-	-	-
	\$25,000	-	-	-	-	-	-
	\$50,000	-	-	-	-	-	-
	\$100*	0.95	0.89	0.70	0.93	0.86	0.63
	\$100 w/ \$250 THEFT*	0.95	0.89	0.70	0.93	0.86	0.63
	\$200*	0.95	0.89	0.71	0.94	0.86	0.64
\$100,000 - \$200,000	\$250*	0.95	0.89	0.71	0.94	0.86	0.64
	\$500*	0.97	0.91	0.73	0.95	0.88	0.65
	\$1,000**	-	0.94	0.76	0.98	0.91	0.71
	\$1,500**	-	0.97	0.79	0.99	0.94	0.72
	\$2,000	-	-	0.82	-	0.98	0.73
	\$2,500	-	-	0.85	-	-	0.75
	\$5,000	-	-	-	-	-	0.85
	\$7,500	-	-	-	-	-	-
	\$10,000	-	-	-	-	-	-
	\$25,000	-	-	-	-	-	-
	\$50,000	-	-	-	-	-	-
	\$100*	0.96	0.92	0.84	0.88	0.80	0.60
	\$100 w/ \$250 THEFT*	0.96	0.92	0.84	0.88	0.80	0.60
	\$200*	0.97	0.93	0.84	0.89	0.80	0.60
\$200,001 & UP	\$250*	0.97	0.93	0.85	0.89	0.81	0.60
	\$500*	0.98	0.94	0.86	0.90	0.82	0.61
	\$1,000**	-	0.96	0.88	0.92	0.84	0.63
	\$1,500**	-	0.98	0.90	0.95	0.86	0.65
	\$2,000	-	0.99	0.92	0.98	0.88	0.67
	\$2,500	-	-	0.94	-	0.90	0.69
	\$5,000	-	-	-	-	-	0.80
	\$7,500	-	-	-	-	-	0.85
	\$10,000	-	-	-	-	-	0.90
	\$25,000	-	-	-	-	-	-
	\$50,000	-	-	-	-	-	-

\* Not available for new business

\*\* Not available for Mono-line new business

\*\*\* The Windstorm or Hail Percentage deductibles are only available when the equivalent dollar amount is greater than the all peril deductible.

**\$250 Theft Deductible**

The theft deductible applies to Coverage C Personal Property and is available only when the \$100 deductible applies to All Other Perils or a higher deductible applies to the peril of Windstorm or Hail, and a \$100 deductible applies to All Other Perils.

When the \$100 deductible applies to All Other Perils, and a separate Wind-storm or Hail Deductible is not desired, compute the premium by multiplying the base premium by a factor of 1.15 for all forms except HO 00 04 and HO 00 06; 1.10 for HO 00 04 and HO 00 06.

## PACKAGE PLUS & PACKAGE PLUS CLASSIC

### Package Plus Rates

Form	Factor
HO 00 03	1.00
HO 00 04	1.40
HO 00 06	1.00

### Classic Coverage Enhancement Rates

Form	Factor
HO 00 03	1.15
HO 00 06	1.37

### Kemper Elite

Not available to new business

Apply the following factor to the ADJUSTED BASE PREMIUM.

Form	Factor
HO 00 03	0.49
HO 00 04	0.49
HO 00 06	0.49

### Special Homeowners Endorsement- VK 11 19 & VK 21 00

Apply the following factor to the ADJUSTED BASE PREMIUM.

Form	Factor
HO 00 03	0.12
HO 00 04	0.50
HO 00 06	0.20

### Ultimate Endorsement Rate

Apply the following factor to the BASE PREMIUM.

Form	Factor
HO 00 03	0.30
HO 00 06	0.30

## ORDINANCE OR LAW

The policy automatically provides up to 10% of the Coverage A limit of liability (or for Form HO 00 04, the limit) to pay for the increased costs necessary to comply with the enforcement of an ordinance or law. For a Package Plus Residence or Condominium policy, coverage is provided up to 10% of the Blanket Property Limit. For a Package Plus is provided up to 10% of the Building Additions and Alterations limit. For an ULTIMATE policy, coverage is provided up to 10% of the Blanket Property Limit.

### Ordinance or Law Coverage - Increased Limits

The policy may be endorsed to increase the basic ordinance or law coverage amount, as noted below, to the amount known or estimated by the insured for materials and labor to repair or replace the damaged property and to clear the damaged property and clear the site of resulting debris according to the ordinance or law.

Attach: HO 04 77: Ordinance or Law Coverage - Increased Amount of Coverage - HO 00 03, HO 00 04, HO 00 05  
 Attach: VS 12 33: Ordinance or Law Coverage - Increased Amount of Coverage - PACKAGE PLUS, CLASSIC

Percentage of Coverage A or Blanket Amount		HO 00 03	Package Plus
Increase In Amount	Total Amount		
15%	25%	0.13	0.35
40%	50%	0.35	0.67
65%	75%	0.51	0.83
90%	100%	0.67	0.99
For each additional 25% increment, up to a maximum of 200%, add		0.16	N/A

# EARTHQUAKE

Attach: VS 13 05: Earthquake for all forms or VS 13 04: Earthquake for PACKAGE PLUS

## Earthquake Coverage Rates

Develop the HO 00 03 base premium as follows:

- Determine if Rate Table A, B, or C apply
- Determine the Earthquake Zone
- Select the rate according to construction

Zone	Counties
2	Clay, Craighead, Crittenden, Cross, Greene, Jackson, Mississippi, and Poinsett
3	Independence, Lawrence, Lee, Monroe, Phillips, Randolph, St. Francis, White, and Woodruff
4	Arkansas, Baxter, Cleburne, Conway, Desha, Faulkner, Izard, Jefferson, Little River, Lonoke, Marion, Prairie, Pulaski, Searcy,
5	Remainder of state

Apply the rate determined above to the Coverage A limit for Form HO 00 03, or the Coverage A rating limit for PACKAGE PLUS (One or Two Family Residences) after any adjustments have been made.

Earthquake				
Table	Zone	Rates per \$1,000		
		Frame+	Masonry+	Superior
A HO 00 03	2 & 3	1.16	3.00	2.50
	4	0.56	1.15	0.85
	5	0.28	0.62	0.43
B HO 00 04 or HO 00 06, Higher Coverage C Limits for other forms	2 & 3	0.58	0.85	0.63
	4	0.27	0.63	0.29
	5	0.20	0.56	0.21
C HO6 Increased Coverage A Limits over 20% Higher Coverage D Limits, HO 04 48 & Other Bldg. Options, or Ordinance or Law	2 & 3	0.58	3.41	1.20
	4	0.27	0.73	0.48
	5	0.20	0.38	0.34

For HO 00 04 or HO 00 06, determine the flat rate based on zone and construction type.

For HO 00 03 and HO 00 06: +If Exterior Masonry Veneer is covered - rate as Masonry. If Exterior Masonry Veneer is not covered - rate as Frame. Make appropriate declaration on endorsement.

For HO 00 04: +The construction type chosen for the dwelling must equal the construction type chosen for the earthquake coverage.

The Earthquake charges apply to:

- Coverage A limit for Form HO 00 03, or the Coverage A rating limit for PACKAGE PLUS (One or Two Family Residences) after any adjustments have been made, if applicable
- Coverage C limit for Form HO 00 04 or 06 or the Coverage C rating limit for PACKAGE PLUS (Condominiums and Tenants)
- Coverage C or D increased limits (For PACKAGE PLUS, charge for 20% of the Coverage A rating limit using the rates found in Table B)
- Ordinance or Law total amount of insurance (if increased amounts of coverage are requested)
- Other Building or Structure options (Other Structures HO 04 40, HO 04 48 and HO 04 92; Building Additions and Alterations HO 04 51)
- HO 00 06 Coverage A Increased Limits over 20%

## Earthquake Coverage Deductibles

The base deductible is 5% of the limit of liability for each coverage A or C, whichever is greater and is subject to a \$250 minimum. This deductible may be increased for a premium credit. In the event of an Earthquake loss to covered property, the dollar amount is deducted from the total of the loss for Coverages A, B and C.

% Deductible	Frame	Superior	Masonry
5%	1.00	1.00	1.00
10%	0.90	0.90	0.95
15%	0.80	0.80	0.90
20%	0.70	0.70	0.85

## DISCOUNTS

### Customer Loyalty Discount

HO 00 03 only

Multiply the BASE PREMIUM by a factor of **0.99** for policies that has been in-force with either Kemper Independence Insurance Company or Unitrin Preferred Insurance Company for five or more policy terms.

### Hail Resistant Roof Credit

HO 00 03 only

Apply a factor of 0.95 to the BASE PREMIUM if the dwelling's roof covering meets the impact resistance of the Underwriters Laboratories testing criteria of UL Standard 2218.

### Mature Homeowner Credit

Dwellings are eligible for the Mature Homeowner credit if the named insured is 55 years of age and an adult is usually home during the day

Multiply the BASE PREMIUM by a factor of 0.92

### Network Discount

The Network Discount is a plan to provide Homeowners Insurance to individual members of a "Network Group."

All rules and rates of this manual are applicable to individual members of the Network Group. A Network Group is defined as follows:

1. A group of individuals who are employees of a corporation, partnership, credit union, association, or governmental department, unit or agency or
2. A group of individuals who are members of a corporation, partnership, credit union, association or governmental department, unit or agency or
3. A group of individuals who hold mortgages, loan, credit cards, and/or checking or savings accounts at a financial institution
4. A group of individuals in any other organization formed in good faith for purposes other than that of obtaining insurance

### Network Discount Factor

A discount of 5% will be provided on group policies. The discount is applicable to all coverages except Earthquake and Umbrella (PCL).

This discount is the result of reduced commission.

### Seasonal or Secondary Dwelling Credit

Seasonal homes must be written as part of a package, and the company must insure the primary home.

Apply a 5% discount to the BASE PREMIUM of a monoline homeowners policy.

### Secondary Residence Credit

Homeowners coverage on a secondary residence premises may be provided under a separate policy.

Section II Coverage is not mandatory for the secondary residence policy when the same company insures the initial and secondary residence.

### Secondary Residence Rates

When coverage is provided on the initial and secondary residence premises under separate policies in the same company, the following premium adjustments should be made:

1. Reduce the BASE PREMIUM for the policy covering the secondary residence by \$17; and
2. Add the charge for Other Insured Location Occupied by Insured to the policy covering the initial residence

### Superior Construction

The premium for a dwelling or apartment unit in a building of superior construction is computed by multiplying the masonry BASE PREMIUM for a comparable dwelling or apartment unit by a factor of 0.85.

**PROTECTIVE DEVICES**

Approved and properly maintained installations of burglar alarms, fire alarms and automatic sprinklers in the dwelling may be recognized for a reduced premium computed by multiplying the BASE PREMIUM by the selected factors below. Unless otherwise indicated, credits may be cumulative.

The Smoke Detector credit is not applicable if the Residence Safety Package Credit is applied.

Attach: HO 04 16: Premises Alarm or Fire Protection System

Type of Installation	Factor
Central Station Reporting Burglar Alarm	0.90
Central Station Reporting Fire Alarm	0.90
Police Station Reporting Burglar Alarm	0.95
Fire Department Reporting Fire Alarm	0.95
Local Burglar and/or Fire Alarm and/or Smoke Detectors	0.98*
Automatic Sprinklers in all areas including attics, bathrooms, closets, and attached structures	0.87
Automatic Sprinklers in all areas except attic, bathroom, closets, and attached structure areas that are protected by a fire detector	0.92

\* The smoke detector credit is not applicable if the Residence Safety Package Credit is applied.

**Residence Safety Package Credit**

A factor of 0.97 will be applied to the BASE PREMIUM for the installation and proper maintenance of the following three items in the dwelling:

- Smoke Detectors
- Deadbolt Locks
- Fire Extinguishers

Attach: VK 10 12: Residence Safety Package

## SURCHARGES

### Loss Record

A chargeable loss is defined as any loss within the experience period, with the exception of the first loss under \$1000. However, if the loss occurs within the first 12 months of being insured with The Company, regardless of the dollar amount, the loss is chargeable. (The loss amount will be determined after application of the insured's deductible.)  
The premium adjustment applies separately to each residence premises on the policy, and does not apply to premiums for earthquake.

# of Losses	Code	Factor
Loss free within the experience period	0	0.95
One non-weather related loss within 25-36 months	1	1.15
One non-weather related loss within 13-24 months	2	1.15
One non-weather related loss within 0-12 months	3	1.15
Two non-weather related losses within the experience period	4	1.35
Three non-weather related losses within the experience period	5	1.65
Four non-weather related losses within the experience period	6	2.05
Five non-weather related losses within the experience period	7	2.45
Six non-weather related losses within the experience period	8	2.85
Seven non-weather related losses within the experience period	9	3.25

### Pool Surcharge:

For HO-3 policies with a swimming pool on the premises, multiply the base premium by a factor of 1.05

### Town House or Row House

All Forms Except HO 00 04 and HO 00 06

The premium for an eligible 1 or 2 family dwelling in a town or row house structure is computed by multiplying the BASE PREMIUM by the appropriate factor below.

An eligible two family owner-occupied dwelling attached to a one family dwelling but not separated by a fire wall would be considered 3 individual family units within a fire division.

Four 2 family dwellings not separated by a firewall would be considered 8 individual family units.

Total No. of Individual Family Units Within the Fire Division	Protection Class	
	1- 8	9- 10
1	1.00	1.00
2	1.00	1.00
3	1.10	1.15
4	1.10	1.15
5	1.25	1.30
6	1.25	1.30
7	1.25	1.30
8	1.25	1.30
9 & over	refer to company	

### Wood Burning Stove - All Forms:

A wood burning stove includes:

- Fireplace inserts
- Furnace add-ons
- Freestanding stoves

The wood burning stove must not be used as a primary heat source. Annual written verification that the stove has been professionally cleaned is required. New business located in Protection Classes 9 or 10 must have prior approval before being written or bound.

### Wood Burning Stove Rates:

Multiply the BASE PREMIUM by a factor of 1.08.

### Wood Roof Surcharge - HO 00 03:

If the roof composition consists of wood shake, wood shingle, or similar wood shingle materials, multiply the BASE PREMIUM by a factor of 1.08. This surcharge does not apply if the roof covering meets UL Standard 2218

**MISC. ENDORSEMENT COVERAGE A, B & D**

**Building Additions and Alterations**

**Increased Limits - Form HO 00 04**

The limit of *liability* of 10% of Coverage C (10% of the Blanket Property Limit for PACKAGE PLUS) may be increased.

**Increased Limits - Form HO 00 04 Rates:**

To develop the premium per \$1,000 of coverage multiply the \$25,000 HO 00 04 premium by a factor of .05

**Debris Removal - Broadened Tree Removal**

Coverage up to \$5,000 will be provided to remove fallen trees from the residence premises felled by any peril insured against. No more than \$1,500 of this limit may be used for the removal of any one tree. A \$250 deductible applies.

**Debris Removal - Broadened Tree Removal Rates: \$50 per policy**

Attach: VS 15 39: Debris Removal Monoline or

Attach: VS 15 40: Debris Removal – PACKAGE PLUS & CLASSIC COVERAGE ENHANCEMENT

**Dwelling Under Construction**

The policy may be endorsed to cover property while under construction from the following losses. Coverage applies to the property during construction until occupied or for 180 days, whichever is less.

**Collapse**

Coverage against loss caused by:

directly or indirectly by landslide or other earth movement, excluding earthquake

by water below the surface of the ground which exerts pressure on, or flows, seeps or leaks through: sidewalks, driveways, foundations, walls (basement or otherwise), doors, windows, or any other openings in (a) through (d) above.

Attach: VS 13 41 Collapse Coverage

**Collapse Coverage Rates: \$35 per policy.**

**Theft**

The policy may be extended to cover theft, including burglary, or attempted burglary of lumber, building materials, supplies, fixtures, and equipment which will be or are permanently part of the dwelling and the other structures.

The coverage applies only while the property is on or next to the residence premises and may only be purchased when Collapse coverage is applicable

Attach: VS 10 68 Theft Coverage

**Theft Coverage rates: \$25 per policy.**

**Inflation Guard**

All Forms except HO 00 04 and HO 00 06

The limits of *liability* on Coverages A, B, C and D will be automatically increased by 4% per year at no additional charge.

The increase will be 1% per quarter.

Attach VK 220-1: Inflation Protection Endorsement - HO 00 03 or VK 10 91: Inflation Protection Endorsement - PACKAGE PLUS or CLASSIC Coverage Endorsement

**Inflation Guard - Increased Limits**

The policy may be endorsed to provide higher annual increases of the Section I limits of liability as selected by the insured.

The Inflation Guard Program does not apply when HO 0420 or VS 17 80 is used.

Attach HO 04 46: Inflation Guard - HO 00 03 or VK 10 91: Inflation Guard - PACKAGE PLUS or CLASSIC COVERAGE ENDORSEMENT

Amount of Annual Increase	Factor
6%	1.03
8%	1.04
Each additional 4% over 8%, add	0.02

**MISC. ENDORSEMENT COVERAGE A, B & D**

**HO 00 06 Unit-Owners - Coverage A**

This rule does not apply to PACKAGE PLUS, CLASSIC, or ULTIMATE COVERAGE ENHANCEMENT since the limit for Coverage A is included in the Blanket Property Limit and Coverage A is provided on a Special Coverage basis. If additional Coverage A is needed, increase the Blanket Property Limit.

The Coverage A Limit of *Liability* provided in the policy is:

50% of the Limit of Liability for Coverage C during the first 90 days the policy is in effect, rounded up to the nearest hundred.  
(This does not apply to renewal or continuation of the policy.)

20% of the Limit of Liability for Coverage C after the first 90 days the policy is in effect, rounded up to the nearest hundred.

This coverage is automatically included on all HO 00 06 policies.

Attach VK 10 44: Unit-Owners Building Items

**HO 00 06 Unit-Owners - Coverage A Increased Limits**

The basic limit may be increased. The premium is developed based on the additional limit of insurance.

To develop the premium for each additional \$1,000 of insurance, multiply the \$25,000 HO 00 06 premium by a factor of .05

**HO 00 06 Unit-Owners Coverage A Special Coverage**

The Section I Perils Insured Against may be broadened to cover additional risks of loss.

This rule does not apply when Endorsement VS 1244 Special Personal Property Coverage - HO 00 06 is used.

The additional premium is developed as follows:

\$2 per policy for 20% in basic form

\$1 for each additional \$1,000 of coverage A

Attach: HO 17 36: Unit-Owners Coverage A - Special Coverage

**HO 00 06 Unit-Owners Rental to Others**

Not applicable to PACKAGE PLUS, CLASSIC, or ULTIMATE COVERAGE ENHANCEMENT

There is no coverage for Coverage C - Personal Property and Section II *Liability* when the residence premises is regularly rented or held for rental to others.

The policy may be endorsed, however, to provide such coverage, including theft.

The Coverage C minimum limit of liability may be waived when the value of the insured's personal property in the rented unit is less than \$10,000.

Attach: HO 17 33: Unit-Owners Rental to Others

**Form HO 00 06 Units Regularly Rented to Others Rate:**

Multiply the Coverage C base premium (after it has been adjusted for a higher or lower *deductible*, if , if applicable) by a factor of 0.25.

**Loss Assessment Coverage**

**Residence Premises**

The policy automatically provides, at no additional charge, \$1,000 (\$10,000 for CLASSIC COVERAGE ENHANCEMENT) of loss assessment coverage, excluding Earthquake, for assessments relating to the residence premises.

Attach: HO 04 35: Loss Assessment Coverage

This limit may be increased, using the rates below.

New Amount of Coverage	All Forms Except HO 00 06	HO 00 06
\$1,000	Included	Included
\$25,000	\$8	\$5
\$50,000	\$13	\$10

**Loss Assessment - Additional Locations**

The policy may be endorsed to provide loss assessment coverage pertaining to additional locations.

The premiums listed below apply to each location covered. No more than 2 locations can be written in addition to the residence premises.

Endorsement HO 04 35 does not cover loss to property caused by Earthquake.

New Amount of Coverage	All Forms Except HO 00 06	HO 00 06
\$1,000	\$5	\$5
\$25,000	\$13	\$10
\$50,000	\$18	\$20

**Loss of Use - Increased Limit**

Not Applicable to PACKAGE PLUS, CLASSIC, or ULTIMATE COVERAGE ENDORSEMENT

\$4 per \$1,000 of coverage

**MISC. ENDORSEMENT COVERAGE A, B & D**

**Other Structures**

**Increased Limits**

This rule does not apply for PACKAGE PLUS, CLASSIC, or PACKAGE ULTIMATE Coverage Endorsement (One or Two Family Residences).  
 The total limit for Coverage B should be included in the Blanket Property Limit.  
 Attach HO 04 48: Other Structures

**Other Structures Increased Limits Rate:**

\$4 per \$1,000 of coverage (applies separately to each structure).

**Other Structures - Rented to Others - Residence Premises**

The policy may be endorsed to provide coverage when a structure on the residence premises is rented to others for dwelling purposes.  
 Attach HO 04 40: Structures Rented to Others - Residence Premises

**Other Structures Rented to Other - Residence Premises Rates:**

\$5 per \$1,000 of coverage plus the premium for the increased Coverages E and F exposure (\$10 per structure)

**Other Structures - Off Premises Structures**

Under Form HO 00 03, the policy automatically provides Coverage B - Other Structures at 10% of Coverage A on a blanket basis to structures located on the residence premises. This blanket coverage may be endorsed to expand coverage to include structures located away from the residence premises if used in connection with the residence premises. Under all forms, when insurance is written on a specific structure located away from the residence premises, the rate per \$1,000 of insurance shall apply separately to each location.  
 Attach HO 04 91: Coverage B - Off Premises – Monoline or VS 11 61: Coverage B - Off Premises - PACKAGE PLUS, CLASSIC, or PACKAGE ULTIMATE COVERAGE ENDORSEMENT  
 Attach: HO 04 92: Specific Structures Away From Residence Premises

**Off Premises Structures Rate:**

Blanket Basis: \$12 per policy  
 Specific Structure: \$3 per \$1,000 of coverage

**Rental to Others - Theft Coverage**

Not available with VS 12 42, VS 12 43, or VS 12 44  
 The policy may be endorsed to cover loss by theft while the portion of the residence premises usually occupied by the insured is occasionally rented in whole or in part to others, or while there is rental to a roomer or boarder.  
 Attach HO 04 80: Residence Rental Theft

**Rental to Others - Theft Coverage Rate:** \$15 per policy

**Replacement Cost Dwelling Coverage**

Extended *Replacement Cost* Coverage is available for HO 00 03 policies.  
 The dwelling amount is extended to provide coverage up to the dwelling replacement cost subject to a limit of 125% of the Coverage A limit.  
 The following risks are not eligible for Replacement Cost Dwelling Coverage:  
 Dwellings located in *Protection Class* 10  
 Dwellings under construction  
 Homes built prior to 1950  
 Dwellings not insured to 100% replacement cost  
 Attach: HO 23 47: Specific Additional Amount of Insurance Monoline or  
 Attach: VS 17 80: Extended Dwelling Replacement Cost Coverage - PACKAGE PLUS or CLASSIC COVERAGE ENDORSEMENT  
 ULTIMATE includes an additional amount of insurance equal to 25% of the Coverage A limit of liability  
**Replacement Cost Dwelling Rate:** Apply a factor of .04 to the adjusted base premium  
 If any changes are made to the dwelling which increase the dwelling replacement cost by 5% (\$5,000 for PACKAGE PLUS or Classic Coverage Enhancement) or more, notification must be submitted to the Company within 30 days after completion.  
 Policy premiums will be based on annually revised dwelling values updated by the use of a residential building index used by the Company.

**Sinkhole Collapse Coverage**

ALL FORMS EXCEPT HO 00 04 AND HO 00 06  
 The policy may be endorsed to provide *sinkhole collapse* coverage.  
 Attach: HO 04 99: Sinkhole Collapse

**Sinkhole Collapse Rate:** \$0.35 per \$1,000 coverage

Multiply the Rate shown by the:  
 Coverage A amount of insurance.  
 Increased Limits for Coverage C and D  
 Loss Assessment Coverage, increased limits and additional locations;  
 Ordinance or Law coverage, increased limits and additional locations;  
 Other Building or Structure options (e.g. Other Structures HO 04 40, HO 04 48, and HO 04 92)  
 For PACKAGE PLUS, CLASSIC, or ULTIMATE Coverage Endorsement, the additional premium charge shall be \$0.35 per \$1,000 of the Coverage A rating limit.

**Water Back Up Coverage**

Coverage may be provided for loss by water which backs up through sewers or drains, or overflows from a sump and is subject to a \$250 Deductible  
 Attach: VS 12 93 Water Back Up and Sump Overflow for \$5,000 - Package Plus or Monoline

**Water Back Up Rates:**

Coverage	Min Cov A Required	Rate
\$5,000	-	\$40
\$10,000	-	\$80
\$15,000	-	\$120
\$20,000	-	\$130
\$25,000	-	\$180
\$30,000	\$250,000	\$220
\$40,000	\$250,000	\$300
\$50,000	\$250,000	\$400

PACKAGE PLUS CLASSIC includes \$10,000\*\*  
 ULTIMATE includes \$15,000\*\*

**MISC. ENDORSEMENT COVERAGE A, B & D**

\*\*The Water Back Up limits included in PACKAGE PLUS CLASSIC and ULTIMATE are in addition to the increased limits available with VS 2271.

## MISC ENDORSEMENT COVERAGE C

### Business Property - Increased Limits

The \$2,500 (\$5,000 for CLASSIC, \$10,000 for ULTIMATE Coverage Endorsement) limit of liability for business property on the residence premises may be increased to \$10,000 in increments of \$2,500.

The limit of liability in excess of \$2,500 does not apply to:

Business property in storage or held as a sample or for sale or delivery after sale;

Business property pertaining to a business actually conducted on the residence premises. (This exposure is addressed by HO 04 42 - Permitted Incidental Occupancies.)

When the on-premises limit is increased, the off-premises limit of \$250 (\$500 for CLASSIC, \$5,000 for ULTIMATE Coverage Endorsement) is automatically increased, at no additional charge, to an amount that is 10% of the total on-premises limit.

Attach HO 04 12: Increased Limits of Business Property

**Business Property - Increased Limits Rate:** \$25 for each \$2,500 increase

### Credit Card, Fund Transfer Card, Forgery, and Counterfeit Money

The \$1,000 limit is included when Endorsement VK 1119 Special Homeowners Endorsement is used.

CLASSIC and ULTIMATE Coverage Endorsement includes \$10,000 of coverage.

Refer limits over \$10,000 to Company.

Attach HO 04 53: Credit Card, Fund Transfer Card, Forgery and Counterfeit Money Coverage Increased Limits

### Credit Card, Fund Transfer Card, Forgery, and Counterfeit Money Rates:

When the limit of \$500 (\$5,000 for Package PLUS) is increased, the additional premium shall be developed as follows:

Limit	Monoline Rate	Package Plus Rate
\$1,000	\$1	--
\$2,500	\$3	--
\$5,000	\$4	Included
\$7,500	\$5	\$3
\$10,000	\$6	\$4

### Identity Fraud Expense Coverage

When the optional Identity Fraud Expense Coverage endorsement is attached to the policy, coverage is available to pay for the following expenses incurred by an insured as a direct result of any one identity fraud first discovered or learned of during the policy period:

Costs for notarizing fraud affidavits or similar documents

Certified mail sent to law enforcement, financial institutions and credit agencies

Lost income resulting from time taken off work to meet with or talk to law enforcement or credit agencies

Loan application fees for re-applying for a loan when the application is rejected solely because the lender received incorrect credit information

Reasonable attorney's fees incurred to defend lawsuits brought against the insured and to remove criminal or civil judgments

Up to \$15,000 coverage will be provided for the identity fraud of an insured discovered or first learned of during the policy period, subject to a \$250 deductible.

Attach HO 04 55: Identity Fraud Expense Coverage

Ultimate Endorsement: Includes coverage up to \$50,000

Classic Coverage Enhancement: Includes coverage up to \$25,000

**Identity Fraud Rate -** \$25 per policy

### Replacement Cost Contents Coverage

Included in PACKAGE PLUS, CLASSIC, or ULTIMATE COVERAGE ENHANCEMENT, VK 11 19

"Replacement Value" may be substituted for "Actual Cash Value" for Section I - Coverage C - Unscheduled *Personal Property*.

The Replacement Value Endorsement is not available for residences rented or leased to others, seasonal, or secondary dwellings.

Replacement Cost Coverage also applies to classes of property separately described and specifically insured in this policy,

as listed in the Scheduled Personal Property endorsement.

Attach VK 10 36: Replacement Value Endorsement

### Personal Property Replacement Cost Coverage Rates:

HO 00 03: Add a 10% surcharge to the base premium for Coverage A after it has been adjusted for a higher or lower deductible, if applicable.

Coverage C is automatically elevated to 70% of Coverage A at no additional charge.

HO 00 04: Add a 40% surcharge to the base premium after it has been adjusted or a higher or lower deductible, if applicable.

HO 00 06: Add a 15% surcharge to the base premium after it has been adjusted or a higher or lower deductible, if applicable.

### Personal Property - Increased Limit

This rule does not apply to PACKAGE PLUS, CLASSIC, or PACKAGE ULTIMATE COVERAGE ENDORSEMENT.

The total limit for Coverage C should be included in the Blanket Property Limit.

Otherwise, the limit of liability for Coverage C may be increased, or the amount may be decreased to an amount not less than 40% of the Coverage A limit

Reduction in the limit of liability for Coverage C is not permitted when the following endorsements are used VK 10 36 Replacement Value,

VK 11 19: Special Homeowners Endorsement or HO 2347 Additional Limits of Liability for Cov A

### Personal Property Increased Limits Rates:

HO 00 03 without VS 11 78: \$2 per \$1,000 of coverage

HO 00 03 with VS 11 78: \$3 per \$1,000 of coverage

**Personal Property - Reduction in Limit Rate:** \$1 credit per \$1,000 of coverage

### Personal Property - Increased Limits - Other Residences

Coverage for *personal property* usually located at other residences is limited in the policy form to 10% of Coverage C or \$1,000, whichever is greater. This limit may be increased.

Attach HO 04 50: Increased Limits on Personal Property in Other Residences

**Personal Property - Increased Limits - Other Residences Rate:** \$7 per \$1,000 of coverage

## MISC ENDORSEMENT COVERAGE C

### Increased Special Limits of Liability

Special Limits of *Liability* for Jewelry, Watches, and Furs, Money and Securities, Silverware, Goldware, and Pewterware, Firearms, and Electronic Apparatus may be increased.  
 Attach HO 04 65: Coverage C Increased Special Limits of Liability or VS 13 02: Coverage C Increased Special Limits of Liability for policies with  
 VS 12 42, VS 12 43 or VS 12 44

### Increased Special Limits of Liability - Jewelry, Watches, and Furs

ULTIMATE COVERAGE ENDORSEMENT: The special limit of liability is \$10,000 without a per article limit  
 CLASSIC COVERAGE ENHANCEMENT: The special limit of liability is \$5,000 without a per article limit.  
 PACKAGE PLUS: The special limit of liability is \$5,000 with a per article limit of \$1,000.  
 VK 11 19 Special Homeowners Endorsement: An additional \$500 is automatically included  
 The special limit of liability of \$2,500 for theft of jewelry, watches and furs is automatically provided at no additional charge on all Homeowners policies.  
 This limit may be increased to a maximum of \$5,000 but not exceeding \$1,000 for any one article.  
 An additional \$500 is automatically included when VK 11 19 Special Homeowners Endorsement is used.  
 Attach: VK 10 46 Unscheduled Jewelry, Watches and Furs Increased Limits of Liability

#### Jewelry, Watches, and Furs Rates:

Limit	Rate
\$2,500	Included
\$3,000	\$9
\$4,000	\$15
\$5,000	\$21

### Increased Special Limits of Liability - Money and Securities

CLASSIC and ULTIMATE COVERAGE ENDORSEMENT includes limits of \$1,000 for Money and \$5,000 for Securities.  
 The special limit of liability of \$200 on money may be increased to a maximum of \$1,000. The \$1,000 limit on securities may be increased to a maximum of \$2,000.

#### Money and Securities Rates:

Money: \$6 per \$100 of Coverage  
 Securities: \$4 per \$100 of coverage

PACKAGE PLUS CLASSIC and ULTIMATE includes limits of \$1,000 for Money and \$5,000 for Securities.

### Increased Special Limits of Liability - Silverware, Goldware, and Pewterware

CLASSIC COVERAGE ENHANCEMENT: The special limit of liability is \$5,000.  
 PACKAGE PLUS: The special limit of liability is \$5,000.  
 VK 11 19 Special Homeowners Endorsement: An additional \$500 is automatically included.  
 The special limit of liability of \$2,500 for loss by theft of silverware, etc., may be increased to a maximum of \$10,000 in increments of \$500.  
 An additional \$500 is automatically included when VK 1119 Special Homeowners Endorsement is used.  
 Attach VK 10 46 Unscheduled Jewelry, Watches and furs Increased Limits of Liability.

#### Silverware, Goldware, and Pewterware Rate: \$3.25 per \$500 of coverage

ULTIMATE COVERAGE ENDORSEMENT: The special limit of liability is \$10,000  
 CLASSIC COVERAGE ENHANCEMENT: The special limit of liability is \$5,000  
 PACKAGE PLUS: The special limit of liability is \$5,000  
 VK 11 19 Special Homeowners Endorsement: An additional \$500 is automatically included

### Increased Special Limits of Liability - Firearms

CLASSIC or ULTIMATE COVERAGE ENHANCEMENT: The special limit of liability is \$5,000 without a per article limit.  
 PACKAGE PLUS: The special limit of liability is \$5,000 with a per article limit of \$1,000.  
 The special limit of liability of \$2,000 for loss by theft of firearms may be increased to a maximum of \$6,000 in increments of \$100.  
**Firearms Rate:** \$3 per \$100 of coverage

### Increased Special Limits of Liability - Electronic Apparatus

The policy provides coverage, as described below, for loss of electronic apparatus equipped to be operated from the electrical system of a motor vehicle or motorized land conveyance while retaining its capability of being operated by other sources of power:  
 Up to \$1,000 for apparatus in or upon a motor vehicle or motorized land conveyance, and  
 Up to \$1,000 for apparatus not in or upon a motor vehicle that is away from the residence premises and used for business.  
 Each of these limits may be increased to a maximum of \$5,000 in increments of \$500.

#### Electronic Apparatus Rate: \$8 per \$500 of coverage

This coverage is included when ULTIMATE is used.

### Refrigerated Property

Not Applicable with PACKAGE PLUS, CLASSIC, or ULTIMATE COVERAGE ENDORSEMENT, VS 1213.  
 The policy may be endorsed to provide \$500 of coverage for covered property stored in freezers or refrigerators on the residence premises for loss caused by power service interruption or mechanical failure. A deductible of \$100 applies.  
 This coverage is included in the VK 11 19 Special Homeowners Endorsement or PACKAGE PLUS or CLASSIC COVERAGE ENHANCEMENT service interruption or mechanical failure. A deductible of \$100 applies. Attach HO 0498: Refrigerated Property Coverage  
 Attach HO 04 98: Refrigerated Property Coverage

#### Refrigerated Property Rate: \$10 per policy

### Special Computer Coverage

The policy may be endorsed to insure computers and related equipment against additional risks of physical loss subject to certain exclusions.  
 Attach VS 17 76: Special Computer Coverage

#### Special Computer Coverage Rate: \$15 per policy

This coverage is included when PACKAGE PLUS CLASSIC and ULTIMATE is used.

### Special Personal Property

**HO 00 03 Only**  
 Coverages A and B under Form HO 00 03 are insured against additional risks of physical loss subject to certain exclusions.  
 Coverage C is insured against perils named in the form.  
 The policy may be endorsed to insure Coverage C against additional risks of physical loss subject to certain exclusions.  
 The \$100 Deductible is not applicable when this coverage is included in the policy.  
 Attach VS 17 78: Special *Personal Property* Coverage - HO 00 03 Only or VS 17 77: Special Personal Property Coverage – PACKAGE PLUS,

**MISC ENDORSEMENT COVERAGE C**

CLASSIC, or ULTIMATE COVERAGE ENDORSEMENTS.

**HO 00 06 Only**

Coverage C and Coverage A under Form HO 00 06 are insured against perils named in the form.

The policy may be endorsed to insure Coverage C and Coverage A against additional risks of physical loss subject to certain exclusions.

This option may only be used when the condominium or cooperative unit is owner occupied.

The \$100 Deductible is not applicable when this coverage is included in the policy.

Attach VS 17 79: Special Personal Property Coverage - HO 00 06 Only or VS 17 77: Special Personal Property Coverage – PACKAGE PLUS CLASSIC, or ULTIMATE COVERAGE ENDORSEMENTS.

Endorsements VS 12 42, VS 12 43, and VS 12 44 do not cover loss to personal property under Section I casued by Earthquake.

**Special Personal Property Rates:**

Form	Factor
HO 00 03	1.15
HO 00 06	1.20

**BLANKET VALUABLE ITEMS**

The classes of valuable items listed below are covered under a blanket coverage basis. The items are insured against risk of direct loss only if the loss is a physical loss to property. No *deductible* applies to this coverage, except if a loss under this coverage is also covered under Coverage C of this policy, such Coverage C insurance shall be excess and the Section I deductible shall apply to the excess coverage. Charge the rate shown below. A minimum coverage amount \$1,000 with a minimum premium of \$10 applies. Attach VS 15 99: Coverage G - Blanket Valuable Items

The following property classes have a per item limit of \$10,000 and an aggregate limit of \$50,000:

Class	Rate per \$100
Jewelry	\$1.13
Furs	\$0.31
Fine Arts PC 1-9	\$0.18
Fine Arts PC 10	\$0.23
Silverware	\$0.23
All Classes	\$1.13

The following property classes have a per item limit of \$5,000 and an aggregate limit of \$25,000:

Class	Rate per \$100
Golfer's Equipment	\$0.59
Cameras	\$1.02
Guns	\$2.72
Musical Instruments	\$0.32
Fragile Articles (includes breakage coverage) PC 1-9	\$0.43
Fragile Articles (includes breakage coverage) PC 10	\$0.51

**Collectibles**

The following property classes have a per item limit of \$5,000 and an aggregate limit of \$25,000:

Class	Rate/\$100	Class	Rate/\$100
Advertising Memorabilia	\$0.41	Lamps & Lighting	\$0.51
Art - Craft Equipment and Tools	\$0.46	License Plates	\$0.39
Art - Paintings, Prints, Sculpture	\$0.39	Lighted Signs	\$0.36
Autograph Collection	\$0.44	Maps	\$0.39
Beauty & Grooming Tools and Memorabilia	\$0.41	Marbles	\$0.35
Bell Collection	\$0.39	Matchcovers and Matchbooks	\$0.37
Bicycles	\$0.53	McDonalds Memorabilia	\$0.52
Books - Bibles & Liturgy	\$0.36	Metal Detecting	\$0.32
Books - Comic	\$0.43	Metal Signs	\$0.41
Books - General	\$0.42	Microfiche (film and equipment)	\$0.47
Bottles	\$0.51	Military	\$0.37
Breweriana	\$0.39	Movies/Television films	\$0.45
Bric-a-brac (not otherwise classified)	\$0.49	Music Boxes	\$0.42
Business History, Signage, Documents	\$0.51	Music Memorabilia & Related	\$0.37
Buttons	\$0.37	Musical Instruments	\$0.60
Canes	\$0.32	Native Artifacts	\$0.38
Celebrity Memorabilia	\$0.51	Paperweights	\$0.42
Ceramics	\$0.48	Perfume Bottles	\$0.46
China	\$0.48	Photography Cameras, Projectors, Equipment	\$0.61
Clocks	\$0.42	Photography Prints, books	\$0.43
Coins	\$1.25	Plaques	\$0.38
Comic Characters	\$0.45	Political Memorabilia	\$0.39
Computers (unique/antique)	\$0.53	Porcelain	\$0.48
Correspondence	\$0.42	Postcards	\$0.37
Costumes	\$0.51	Posters/Paper	\$0.37
Currency	\$1.25	Quilts	\$0.36
Depression Glass	\$0.44	Radio Memorabilia & Related	\$0.37
Disney	\$0.52	Railroad Memorabilia & Related	\$0.38
Dolls - Barbie and accessories	\$0.41	Religious (statues, votive, books, papers)	\$0.38
Dolls - Cinnabar and accessories	\$0.41	Royalty Memorabilia	\$0.38
Dolls - General	\$0.41	Science Fiction (models, books, educational material)	\$0.43
Dolls - Kachina and accessories	\$0.41	Shells/Stones/Gems	\$0.42
Dolls - Stuffed Dolls and Animals	\$0.44	Soda Collectibles	\$0.41
Eyeglasses and Magnifiers	\$0.47	Space & Flying (models, books, education material)	\$0.43
Farm Memorabilia & Related	\$0.33	Spoons	\$0.42
Figurines - Hummel	\$0.43	Sports Cards/Baseball Cards	\$0.38
Figurines - Miniatures	\$0.44	Sports Memorabilia (Autographs, equipment, posters, film)	\$0.44
Figurines - Royal Doulton	\$0.41	Stamps	\$0.36
Fire Memorabilia & Related	\$0.44	Textiles & Needlework (equipment, material)	\$0.36
Firearms	\$0.70	Tobacco History (equipment, books, posters, advertisement)	\$0.41
Fountain Pens	\$0.37	Tokens & Medals	\$0.39
Glass Sculpture	\$0.44	Tools & Machinery	\$0.46
Golf Equipment and Memorabilia	\$0.48	Toys & Games	\$0.42
Holiday Ornaments	\$0.45	Trains (model, toy)	\$0.33
Hubcaps	\$0.82	Transportation	\$0.35
Kitchen Tools & Utensils	\$0.34	Western	\$0.39
Knives	\$0.41	Wine	\$0.50

**SCHEDULED PERSONAL PROPERTY**

Minimum coverage amount per class is \$1,000. Minimum endorsement premium is \$17.  
 Jewelry is considered "Highly Protected" if the covered article(s) is kept at all times, when not being worn, in a secured on-premises safe or vault.  
 The safe or vault must be permanently attached to the residential structure and not capable of being lifted or moved by an individual person.  
 Bicycles cannot be scheduled, they can be added to the Blanket Valuables endorsement.  
 Attach VS 17 77: Scheduled Personal Property

**Agreed Value**

Agreed value can be added for an additional 5% per \$100 of coverage  
 This coverage is Included with CLASSIC and ULTIMATE COVERAGE ENHANCEMENT. Not available for Personal Electronic Equipment.  
 Attach VK 10 35: Scheduled Personal Property - Agreed Value

**Scheduled Personal Property Rates (Jewelry Rates, separate chart)**

Scheduled Personal Property Rates Class	Rate per \$100
Cameras - Personal	\$1.15
Cameras - Professional	\$2.30
Coins	\$1.25
Stamps (Endorsement ISC 1311 Stamp & Coin Collection Safe Credit Endorsement)	\$0.45
Furs	\$0.35
Golfer's Equipment	\$0.65
Guns - Single item up to \$5,000	\$3.00
Guns - Single item over \$5,000	\$4.00
Musical Instruments - Personal	\$0.35
Musical Instruments - Professional (Bass violins not eligible)	\$0.70
Personal Electronics (Endorsement VK 935) Minimum Premium \$15	\$0.50
Silverware	\$0.25

**Scheduled Personal Property - Jewelry Rates**

Single Articles Valued: Rate per \$100	Up to \$24,999	\$25,000 to \$49,999	\$50,000 to \$74,999	\$75,000 to \$99,999
Basic	\$1.25	\$1.31	\$1.38	\$1.44
Melee	\$1.06	\$1.12	\$1.17	\$1.22
Highly Protected	\$1.06	\$1.12	\$1.17	\$1.22
Melee Highly Protected	\$0.88	\$0.92	\$0.96	\$1.01
Vault	\$0.30	\$0.32	\$0.33	\$0.35
Melee Vault	\$0.26	\$0.27	\$0.28	\$0.29
Broad Pair and Set**	\$0.50	\$0.53	\$0.55	\$0.58

\*\*Broad Pair and Set is in addition to the basic, highly protected or vaulted rate  
 Attach Endorsement VS 18 37: Highly Protected Property (includes Melee)  
 Attach Endorsement IJF 10 12: Jewelry in Vaults (includes Melee)  
 Attach Endorsement IJF 10 11: Jewelry Broad pair & Set Clause

**Scheduled Personal Property - Fine Arts**

For the Primary Location stated in the Declaration of the Policy, use the chart below.  
 For Secondary Locations - If risk or articles of the Fine Arts private collection have considerable transit exposure between Primary and Secondary Locations use highest applicable protection class premium. Use the chart below if located in this state.  
 If located in another state, refer to that state's manual or the Company.  
 Breakage coverage for fragile articles may be extended to cover all risk of physical loss at a rate of \$0.15 per \$100. When special breakage coverage is extended to fine arts, rate that portion with breakage and that portion without breakage separately.

Single Articles Valued: Rate per \$100	Up to \$24,999	\$25,000 to \$49,999	\$50,000 to \$74,999	\$75,000 to \$99,999
Fine Arts- Homeowner Residence				
Masonry & Frame PC 1-8	\$0.12	\$0.10	\$0.10	\$0.10
Masonry & Frame PC 8B, 9-10	\$0.22	\$0.18	\$0.18	\$0.18
Fine Arts- Condo or Tenants Residence				
Masonry & Frame PC 1-8	\$0.22	\$0.18	\$0.18	\$0.18
Masonry & Frame PC 8B, 9-10	\$0.33	\$0.28	\$0.27	\$0.27

**ADDITIONAL OPTIONS- LIABILITY**

**Additional Residence**

Section II coverage may be provided on locations other than the residence premises, where an insured resides, but which are insured for Section I coverage under another insurance program or by another company.  
 Attach ADRES: Additional Residence

**Other Insured Location Rates:**

Residence Type	Rate
One Family	\$6
Two Family	\$12
Three Family	\$24
Four Family	\$25

**Additional Residence Rented to Others**

The policy may be endorsed to provide coverage when an additional residence is rented to others.  
 Attach HO 24 70: Additional Residence Rented to Others

**Additional Residence Rates:**

Residence Type	Rate
One Family	\$10
Two Family	\$16
Three Family	\$28
Four Family	\$30

**Business Pursuits**

The policy may be endorsed to provide coverage for the *liability* of the insured arising out of business activities. Coverage is excluded if the insured owns the business, is a partner or maintains financial control in the business.  
 Attach HO 24 71: Business Pursuits

**Business Pursuits Rates:**

Insured Person	Rate per Person
Clerical Employees	\$4
Salesperson, Collector or Messenger - Installation, Demonstration or Servicing operation: Included	\$6
Sales person, Collector or Messenger - Installation, Demonstration or Servicing operation: Excluded	\$4
Teachers: Laboratory, athletic, manual, or physical training	\$11
Teachers: Other	\$5

**Incidental Farming Personal Liability**

**On the Residence Premises**

The policy may be endorsed to provide coverage for the *liability* of the insured when farming is conducted on the residence premises and is incidental to the use of the premises as a dwelling, and the income derived from the farming operation is not the insured's primary source of income. However, coverage is not available if the location specified in the endorsement is used for racing purposes.  
 The policy may also be endorsed to provide coverage when the residence premises is used for the sheltering and grazing of animals. However, coverage is not available if the residence premises is used for racing purposes.  
 Attach HO 24 72: Incidental Farming Personal Liability

**Incidental Farming - Away From the Residence Premises**

The policy may be endorsed to provide coverage for the *liability* of the insured whose incidental farming activities are conducted at the locations specified in the endorsement, which are away from the residence premises. Such incidental farming activities may include the boarding or grazing of the insured's animals, or use of the land as garden space if the income derived from such activities is not the insured's primary source of income. However, coverage is not available if the locations specified in the endorsement are used for racing purposes.  
 Attach HO 24 72: Incidental Farming Personal Liability

**Incidental Farming Personal Liability Rates:**

Location	Rate
On the Residence Premises	\$40
Away From the Residence Premises	\$50

**Other Exposures**

**Other Exposures - Medical Payments to Others Increased Limits**

Coverage F - Medical Payments	\$2,000	\$3,000	\$4,000	\$5,000
Home Business Insurance Coverage:				
Under 10 Business Visitors per Week	\$ 5	\$ 10	\$ 15	\$ 19
10 or more visitors per week				
1. Gross Annual Receipts of \$100,000 or less	\$ 8	\$ 13	\$ 18	\$ 22
2. Gross Annual Receipts over \$100,000	\$ 9	\$ 14	\$ 19	\$ 23
Other Insured Locations Occupied By Insured	\$ 1	\$ 2	\$ 3	\$ 4
Residence Employees	\$ 1	\$ 2	\$ 3	\$ 4
Additional Residence Rented to Others	\$ 1	\$ 2	\$ 3	\$ 4
Other Structures Rented to Others Residence Premises	\$ 1	\$ 2	\$ 3	\$ 4
Permitted Incidental Occupancies				
• Residence Premises	\$ 5	\$ 10	\$ 15	\$ 19
• Other Residences	\$ 3	\$ 6	\$ 9	\$ 11
Business Pursuits				
• Clerical Employees	\$ 1	\$ 2	\$ 3	\$ 4
• Salesperson, Installation, etc.	\$ 1	\$ 2	\$ 3	\$ 4
• Lab Teachers	\$ 2	\$ 4	\$ 6	\$ 7
• Other Teachers	\$ 1	\$ 2	\$ 3	\$ 4
Incidental Farming Personal Liability	\$ 1	\$ 2	\$ 3	\$ 4

**ADDITIONAL OPTIONS- LIABILITY**

**Other Exposures - Personal Liability Increased Limits**

Apply the appropriate factor shown below to the basic limits premium for each exposure

Limit	Factor
\$200,000	1.15
\$300,000	1.24
\$400,000	1.30
\$500,000	1.35

**Permitted Incidental Occupancies**

**Residence Premises and Other Residences**

Coverage for a permitted incidental occupancy is limited under Section I and excluded under Section II. The policy may be endorsed to provide expanded Section I coverage and Section II coverage on a permitted incidental occupancy in the dwelling or in another structure on the residence premises.

**Permitted Incidental Occupancies**

Examples of such occupancies are Offices, Schools or Studios meaning offices for business or professional purposes, and private schools or studios for music, dance, photography and other instructional purposes.

If the permitted incidental occupancy is located in another structure, Coverage B does not apply to that structure. See below, for charge for specific insurance on the structure. The permitted incidental occupancies endorsement also covers personal property pertaining to the permitted incidental occupancy within the Coverage C limits stated in the declarations.

Attach HO 04 42: Permitted Incidental Occupancies Residence Premises  
 Attach HO 24 43: Permitted Incidental Occupancies - Other Residence

**Section I: Property - Permitted Incidental Occupancies Rates:**

If the permitted incidental occupancy is located in the dwelling, no additional charge is made.  
 If the permitted incidental occupancy is located in another structure, charge \$5 per \$1,000 of coverage.

**Section II: Liability - Permitted Incidental Occupancies Rates:**

Location	Rate Per Residence
Residence Premises	\$19
Other Residence	\$18

**Personal Injury**

Liability coverage for personal injury to others, such as false arrest, libel or invasion of privacy, may be added to the policy.

This coverage is included in the VK 11 19 Special Homeowners Endorsement or PACKAGE PLUS, CLASSIC, or ULTIMATE ENDORSEMENTS is used

Attach HO 24 82: Personal Injury

**Personal Injury Rate:** \$13 per policy

**Residence Employees**

Charges do not apply to employees working less than half of the customary full time or to whom workers' compensation exclusion applies as stated in Section II of the policy. There is no additional charge for up to two residence employees.

**Residence Employees Rate:** \$5 per person (in excess of two).

**Residence Premises - Basic and Increased limits**

If increased limits are written, then the same limits must apply to any Other Exposures covered under the policy, unless otherwise stated.

**Coverage E - Liability**

Limit	1 or 2 Family Premium	3 or 4 Family Premium
\$100,000	Included	Included
\$200,000	\$10	\$25/\$32
\$300,000	\$15	\$40/\$52
\$400,000*	\$18	\$50/\$65
\$500,000	\$20	\$59/\$76

\* Not Available for Package Plus or Classic Coverage Enhancement

**Coverage F - Medical Payments to Others**

Limit	Rate
\$1,000	Included
\$2,000	\$3
\$3,000	\$6
\$4,000	\$9
\$5,000	\$12

State	Zip Code	Current
AR	71601	139
AR	71602	138
AR	71603	129
AR	71611	140
AR	71612	140
AR	71613	140
AR	71630	134
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AR	71844	140
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State	Zip Code	Current
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State	Zip Code	Current
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State	Zip Code	Current
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State	Zip Code	Current
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State	Zip Code	Current
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AR	72701	106
AR	72702	207
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AR	72704	106
AR	72711	137

State	Zip Code	Current
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AR	72714	218
AR	72715	115
AR	72716	136
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AR	72917	119
AR	72918	120
AR	72919	139

State	Zip Code	Current
AR	72921	122
AR	72923	124
AR	72926	143
AR	72927	140
AR	72928	140
AR	72930	140
AR	72932	124
AR	72933	135
AR	72934	124
AR	72935	125
AR	72936	124
AR	72937	125
AR	72938	124
AR	72940	124
AR	72941	123
AR	72943	143
AR	72944	140
AR	72945	123
AR	72946	125
AR	72947	124
AR	72948	124
AR	72949	140
AR	72950	140
AR	72951	140
AR	72952	124
AR	72955	122
AR	72956	122
AR	72957	124
AR	72958	140
AR	72959	140

<b>Form</b>	<b>Fixed Expense Fee</b>
HO-03	95.00
HO-04	20.00
HO-06	30.00

## TUIC BO Arkansas

### Liability and Medical Payments

engine or motor or combination up to 25 HP (50 HP with VK 1119, PACKAGE PLUS or Classic Coverage Enhancement), and sailboats less than 26 feet in overall length with or without auxiliary power. The watercraft limit of liability shall be the same as the homeowners. Attach: VS 1803: Boatowners

Coverage is included in the homeowners policy form, at no additional charge, for watercraft powered by an outboard engine or motor or combination up to 25 HP (50 HP with VK 1119, PACKAGE PLUS, CLASSIC, or ULTIMATE Coverage Enhancement), and sailboats less than 26 feet in overall length with or without auxiliary power. The watercraft limit of liability shall be the same as the homeowners.

### Liability Rates

Use the following premiums for all other boats and motors for a limit of 100,000 *Personal Liability*.

Watercraft Type	Rate
Outboard less than 26 feet	\$16
Outboard 26 feet or more	\$32
Inboard or Inboard/Outboard 15 feet & under	\$25
Inboard or Inboard/Outboard over 15 feet	\$34
Sail 26 feet or more	\$25
Personal Watercraft < 600 CCs	\$79
Personal Watercraft 600+ CCs	\$96

**Note:** Use the Homeowners Other Exposures-Personal Liability Increased Limits for limits over 100,000. If physical damage coverage is written on the boat; 100,000 liability and 1,000 medical payment is included at no additional cost.

### Medical Payments Rates

Limit	Rate
1,000	Included
2,000	\$4
3,000	\$8
4,000	\$12
5,000	\$14

### Portable Equipment

Coverage is provided up to a \$500 limit for unscheduled portable equipment and accessories. Do not include the value of portable electronic equipment or other excluded items. Excluded items means:

- Electronic, photographic or water sports equipment
- Fishing gear

Coverage for electronic and photographic equipment may be purchased under the Scheduled *Personal Property* Endorsement, the Blanket Valuable Items Coverage Endorsement or the Scheduled Personal Electronic Equipment Endorsement.

### Portable Equipment Additional Coverage Rate

\$3 per \$100 over \$500

### Repair or Replacement Coverage

#### For Damage to Your Boat

In the event of a total loss caused by other than fire, theft or larceny, the Limit of Liability will be the lesser of: the reasonable cost to recover and repair the boat with like kind and quality; or the cost of a new boat of the same make, length, model, type and equipment as the damaged boat. This coverage may apply to motors and trailers less than 5 years of age, if the coverage is requested and a premium is charged for the unit, being shown on the boatowners endorsement.

For total loss we will pay the unpaid amount due on the lease/loan less and deductions specified under the endorsement.

This coverage is available only for previously untitled boats, purchased or leased new. (current and immediate prior model year.)

Coverage must be added within 45 days of purchase or lease of a new boat for existing policyholders.

For new policyholders, the coverage must be written within 1 year of purchase or lease of a previously untitled boat.

The Limit of Liability must equal the purchase price of the boat and any additional equipment.

Coverage is available until the boat is 5 years old. Coverage must be continuously maintained with no decrease in the Limit of Liability.

Personal Watercraft is not eligible for Repair or Replacement Coverage.

Attach: VS 1451: Repair or Replacement Boat Loan/Lease For Damage to Your Boat

### Repair or Replacement Coverage for Damage to Your Boat Rate

Apply a factor of 1.15 to the Adjusted Base Premium

**Uninsured Boaters Coverage**

Uninsured Boaters Coverage is available for boats at limits less than or equal to the liability limits. Uninsured Boaters Coverage is NOT available for Personal Watercraft and will be excluded. No credits or surcharges are applied to this optional coverage.

**Uninsured Boaters Rates**

Limit	Rate
10,000	\$15
25,000	\$25
100,000	\$50
200,000	\$68
300,000	\$80
400,000*	\$90
500,000	\$100
750,000*	\$200
1,000,000*	\$200

\*Only available where home *personal liability* limit amount offered.

**Deductible**

Determine the *deductible* to be used on the endorsement. Only one deductible amount may apply for all items on a single endorsement.

Apply the following factor to the base premium:

Deductible	Factor
\$100	1.15
\$200	1.05
\$250	1
\$500	0.9
\$1,000	0.78

**Physical Damage Rates**

The rates below apply to boats, motors and trailers. For motors and trailers use the rate of the boat type the unit is used with, and apply a factor of 0.45. Values over 100,000 must be approved before binding. For values not displayed interpolate, use the same methodology as used for the home coverage limits.

Amount	Outboard	Inboard/Outdrive and Inboards	Sailboat	Personal Watercraft
1000	43	60	43	85
2000	53	74	53	104
3000	62	87	62	123
4000	71	99	71	142
5000	81	112	81	161
6000	88	123	88	180
7000	95	133	95	199
8000	102	143	102	218
9000	110	152	110	237
10000	117	163	117	256
11000	124	174	124	275
12000	132	185	132	294
13000	139	195	139	313
14000	146	206	146	332
15000	153	217	153	351
16000	160	228	160	370
17000	167	239	167	389
18000	174	250	174	408
19000	180	260	180	427
20000	187	271	187	446
21000	194	282	194	
22000	201	293	201	
23000	208	304	208	
24000	215	315	215	
25000	222	326	222	
26000	229	336	229	
27000	236	347	236	
28000	243	358	243	
29000	250	369	250	
30000	257	380	257	
35000	293	434	293	
40000	327	488	327	
45000	363	540	363	
50000	398	592	398	
55000	433	645	433	
60000	468	697	468	
65000	503	750	503	
70000	538	802	538	
75000	573	854	573	
80000	608	907	608	
85000	643	959	643	
90000	678	1011	678	
95000	713	1063	713	
100000	748	1115	748	



**Older Boat Surcharge**

The Older Boat Surcharge applies to boats, motors and trailers in excess of 5 years of age. Does not apply to Personal Watercraft.

Apply the appropriate factor:

Age of Boat	Factor
0 to 5 years	1
6 to 10 years	1.1
11 to 14 years	1.2
15 years and older	1.4

**Territory Extension and Coastal Water Surcharge**

**Territory Extension**

The Policy Territory Extension Endorsement extends the saltwater limitation up to 50 miles offshore. The following requirements apply:

- Must be a powerboat with a minimum length of 26 feet.
- The boat must be equipped with a compass, ship to shore radio and GPS. UHF communications recommended.

This option is not available for Personal Watercraft.

Attach: UK 635: Policy Territory Extension

**Territory Extension Rate**

Apply a factor of 1.10 to the Adjusted Base Rate

Endorsement is not applicable when in Mexican territory. The surcharge applies to each boat unit only when the extension is requested.

**Coastal Water Surcharge**

A surcharge shall be applied to the premiums of any boat used in coastal waters. Not applicable to Personal Watercraft. All surcharges are applied before credits are allowed.

Apply a factor of 1.25 to the adjusted base rate.

**Safety Equipment Credit**

Approved and properly maintained safety equipment may be recognized for a reduced premium. This credit does not apply to Personal Watercraft. Total Safety Equipment credit can not exceed 25%.

Apply the following Credits to the Boat or motor (if applicable) Adjusted Base Premium:

Equipment	Credit
Built in CO-2 Fire Extinguisher	0.95
Radar Equipment	0.95
VHF Ship to Shore Radio Telephone (not Citizens Band Radio)	0.95
Loran or GPS	0.95
Vapor Detector System	0.98
Depth Finder	0.98
Outdrive Lock and Outboard Motor Transom Lock	0.98
Diesel Powered Sailboat; and Diesel Powered Powerboat	0.9

**Seamanship Credits**

Only one of the credits below may be used to reduce the premium for each Boat and will apply to all premiums except Uninsured Boaters. This credit does not apply to Personal Watercraft.

**Credit I**

A 5% credit is available for completion of at least one of the following courses of the United States Coast Guard Auxiliary by the *Named Insured*:

- Basic Piloting Course
- Advance Piloting Course
- Seamanship Course
- Basic Seamanship Course

Apply a factor of .95 to the Adjusted Base Premium

**Credit II**

A 10% credit is available if the Insured is an active member of the Power Squadron or Coast Guard Auxiliary.

Apply a factor of .90 to the Adjusted Base Premium.

**Package Plus Discount**

A discount of .95 applies if the policy is written as part of a package.

**Home Business Coverage - Premium**

Add the Section I and Section II premium components described below to arrive at the Home Business Coverage premium. HO 0417 Section I and II Exclusions for Computer Related Damage or Injury Endorsement will automatically be attached to all policies that include VS 2178. Attach: VS 2178: Home Business Insurance Coverage

**Section I: Property**

Determine the base premium as follows:

HO 00 03: Select the \$100,000 *Frame* /Protection Class 5 rate for the appropriate territory and tier,  
 HO 00 04 and HO 00 06: Select the \$25,000 *Frame/Protection Class* 5 rate for the appropriate territory and tier that applies to the residence premises with the home business and multiply it by the appropriate factor shown in the Gross Annual Receipt table below. For a new business, use the \$50,001 to \$100,000 classification.

Gross Annual Receipts	HO 00 03	HO 00 04	HO 00 06
Up to \$50,000	0.08	0.44	0.49
\$ 50,001 to \$100,000	0.12	0.7	0.78
\$100,001 to \$175,000	0.18	1.03	1.14
\$175,001 to \$250,000	0.25	1.42	1.58

Multiply the result computed above by the rating factors for the following risk categories:

Protection Class	Frame	Masonry
1-6	1	0.88
7	1.2	1.06
8	1.25	1.1
9	2	1.76
10	2.3	2.02

Only apply *Superior Construction* and Protective Devices credits if they are applied to the dwelling building or other structure for the residential exposure.

For Townhouse or Row House Construction: For all Forms except HO 00 04 and Form HO 00 06, apply the same factor used for the residential exposure. For Forms HO 00 04 and HO 00 06, apply the factor listed on the Townhouse or Row House page for the number of individual family units within a fire division that best describes the building that contain the residential and business property.

When a home business is operated from one or more other structures on the residence premises and declared on the Schedule, multiply the limit of liability for each structure by the premium per \$1,000 shown on the Other Structures page.

**Business Income, Extended Business Income and Extra Expense Rates**

The \$5,000 limit of liability may be increased.

Total Coverage Limit	Rate
\$25,000	\$40
\$50,000	\$90
\$100,000	\$190

**Section II: Business Liability**

Low traffic = fewer than 10 visitors per week; High traffic = 10+ visitors per week. For a new business, use high traffic and \$50,001 to \$100,000 classification rates

**Office Classification**

Gross Annual Receipts	Low Traffic	High Traffic
\$0 - \$250,000	\$8	\$12

**Service Classification**

Gross Annual Receipts	Low Traffic	High Traffic
\$0 - \$50,000	\$22	\$33
\$50,001 - \$100,000	\$67	\$100
\$100,001 - \$175,000	\$123	\$184
\$175,001 - \$250,000	\$190	\$285

**Sales Classification**

Gross Annual Receipts	Low Traffic	High Traffic
\$0 - \$50,000	\$12	\$17
\$50,001 - \$100,000	\$35	\$52
\$100,001 - \$175,000	\$64	\$96
\$175,001 - \$250,000	\$99	\$148

**Crafts Classification**

Gross Annual Receipts	Low Traffic	High Traffic
\$0 - \$50,000	\$16	\$24
\$50,001 - \$100,000	\$48	\$72
\$100,001 - \$175,000	\$87	\$131
\$175,001 - \$250,000	\$135	\$203

**COVERAGE E AND F INCREASED LIMITS**

When the Coverage E or Coverage F limit is increased for Homeowners Insurance, the Home Business Insurance Coverage limits will also be increased.

**Personal Liability Increased Limits**

Apply the appropriate factor shown below to the basic limits premium for each exposure.

LIMIT	FACTOR
\$200,000	1.15
\$300,000	1.24
\$400,000	1.3
\$500,000	1.35

**Medical Payments Increased Limits**

COVERAGE F - MEDICAL PAYMENTS	\$2,000	\$3,000	\$4,000	\$5,000
Home Business Insurance Coverage				
• Under 10 Business Visitors per Week	\$5	\$10	\$15	\$19
• 10 or More Business Visitors per Week				
1. Gross Annual Receipts of \$100,000 or less	8	13	18	22
2. Gross Annual Receipts over \$100,000	9	14	19	23

**Note:** HO 0417 Section I and II Exclusions for Computer Related Damage or Injury Endorsement will automatically be attached to all policies that include VS 1788.



A UNITRIN BUSINESS

Indication Memo

**ADJUSTMENT FOR CATASTROPHE INCURRED LOSSES & DCC**

In order to stabilize the indication, we have subtracted the actual catastrophe incurred losses & DCC from our loss history and added appropriate provision(s) that reflect our expectations over a long period of time.

*Catastrophes*

Catastrophe incurred losses & DCC were subtracted from each year's historical incurred loss & DCC prior to applying incurred loss & DCC factors. An average provision for catastrophe incurred losses & DCC was added to the non-catastrophe incurred loss & DCC. The provision for each year is the product of the selected average ratio of catastrophe losses to amount of insurance years, multiplied by the amount of insurance for that year. The development of the catastrophe load is shown in Exhibit [4].

**INCURRED LOSS & DCC DEVELOPMENT FACTORS**

The incurred losses & DCC expenses were developed to an ultimate settlement basis by applying the development factors shown below by coverage by accident year.

Accident Year	Loss Development Factor
2006	1.0000
2007	1.0000
2008	1.0000
2009	1.0000
2010	1.0000
2011	1.0534

The selected development factors are based on Arkansas experience. The incurred loss & DCC triangles and selected factors are displayed in Exhibit [5-1].

# Kemper Preferred

## Arkansas Homeowners

### Objection 4 - RESPONSE - Part A

#### Territory Base Rates

<u>Territory</u>	<u>9/30/2011 Policies In-Force</u>	<u>Current Base Rate</u>	<u>Indicated Relativity Change Only<sup>1</sup></u>	<u>Indicated Rate Change<sup>2</sup></u>	<u>Proposed Base Rate</u>	<u>Impact</u>
100	6	1,185	-1.3%	18.1%	1,371	15.7%
101	2	1,243	-2.2%	17.1%	1,438	15.7%
102	1	1,185	-0.4%	19.2%	1,371	15.7%
103	3	902	0.4%	20.1%	1,044	15.7%
104	2	1,184	-2.3%	16.9%	1,370	15.7%
105	0	1,184	-0.4%	19.2%	1,370	15.7%
106	4	1,245	-2.8%	16.4%	1,440	15.7%
107	0	1,245	-0.4%	19.2%	1,440	15.7%
108	0	1,245	-0.4%	19.2%	1,440	15.7%
109	3	1,245	-6.7%	11.6%	1,440	15.7%
110	1	1,300	-0.4%	19.2%	1,504	15.7%
111	1	1,245	-0.3%	19.4%	1,440	15.7%
112	2	1,184	-0.4%	19.2%	1,370	15.7%
113	2	1,245	-0.4%	19.2%	1,440	15.7%
114	0	1,245	-0.4%	19.2%	1,440	15.7%
115	0	1,245	-0.4%	19.2%	1,440	15.7%
116	0	1,184	-0.4%	19.2%	1,370	15.7%
117	6	949	-1.9%	17.4%	1,098	15.7%
118	2	997	-3.5%	15.5%	1,154	15.7%
119	180	997	-6.2%	12.3%	1,154	15.7%
120	0	997	-0.4%	19.2%	1,154	15.7%
121	46	997	2.7%	22.9%	1,154	15.7%
122	120	997	12.8%	35.0%	1,211	21.5%
123	13	997	-2.1%	17.2%	1,154	15.7%
124	47	1,007	-3.8%	15.2%	1,165	15.7%
125	7	997	-3.6%	15.4%	1,154	15.7%
126	1	1,461	-0.4%	19.2%	1,690	15.7%
127	6	1,342	0.5%	20.2%	1,553	15.7%
128	8	1,328	-1.6%	17.8%	1,536	15.7%
129	6	1,609	-0.4%	19.2%	1,862	15.7%
130	6	1,298	-3.9%	14.9%	1,502	15.7%
131	7	1,348	52.5%	82.5%	1,638	21.5%
132	7	1,261	-0.5%	19.0%	1,459	15.7%
133	0	1,554	-0.4%	19.2%	1,798	15.7%
134	0	1,389	-0.4%	19.2%	1,607	15.7%
135	6	1,366	-1.8%	17.5%	1,580	15.7%
136	1	1,476	-0.4%	19.2%	1,708	15.7%
137	3	1,293	-0.4%	19.2%	1,496	15.7%
138	1	1,476	0.6%	20.4%	1,708	15.7%
139	1	1,625	-0.4%	19.2%	1,880	15.7%
140	13	1,347	-7.5%	10.7%	1,558	15.7%
141	0	1,328	-2.0%	17.2%	1,536	15.7%
142	0	1,375	-0.4%	19.2%	1,591	15.7%
143	3	1,357	0.8%	20.7%	1,570	15.7%
200	1	1,444	-0.4%	19.2%	1,671	15.7%
201	0	1,444	-0.4%	19.2%	1,671	15.7%
202	2	1,437	1.7%	21.7%	1,663	15.7%
204	0	1,002	-0.4%	19.2%	1,159	15.7%
207	0	1,384	-0.4%	19.2%	1,601	15.7%
208	1	1,384	0.5%	20.2%	1,601	15.7%
210	2	1,384	-0.4%	19.2%	1,601	15.7%
211	0	1,459	7.0%	28.0%	1,772	21.5%
212	0	1,444	-0.4%	19.2%	1,671	15.7%
213	1	1,459	3.7%	24.1%	1,688	15.7%
214	1	1,384	-0.7%	18.8%	1,601	15.7%
215	1	1,315	-0.4%	19.2%	1,521	15.7%
218	1	1,398	-0.4%	19.2%	1,617	15.7%

<sup>1</sup> Indicated Territorial Relativity Change is based on 2006 through 2011 accident year experience as of September 31, 2011.

<sup>2</sup> The product of the overall statewide rate need of +19.7% and the Indicated Territorial Relativity Change.

# Kemper Preferred

Arkansas Homeowners

Objection 4 - RESPONSE - Part B

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## Coverage A Amount of Insurance (AOI)

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<u>Coverage A</u>	<u>9/30/2011 Policies In-Force</u>	<u>Current AOI Factor</u>	<u>Indicated Relativity Factor<sup>1</sup></u>	<u>Indicated Percent Change</u>	<u>Proposed AOI Factor</u>	<u>Impact</u>
100,000 <sup>2</sup>	0	0.604	0.718	18.9%	0.665	10.1%
110,000	3	0.648	0.748	15.4%	0.675	4.2%
120,000	9	0.689	0.777	12.8%	0.710	3.0%
130,000	12	0.731	0.806	10.3%	0.750	2.6%
140,000	22	0.772	0.832	7.8%	0.780	1.0%
150,000	26	0.811	0.859	5.9%	0.811	0.0%
160,000	36	0.849	0.885	4.2%	0.849	0.0%
170,000	32	0.888	0.914	2.9%	0.888	0.0%
180,000	35	0.925	0.942	1.8%	0.925	0.0%
190,000	49	0.963	0.971	0.8%	0.963	0.0%
200,000	50	1.000	1.000	0.0%	1.000	0.0%
210,000	27	1.040	1.040	0.0%	1.040	0.0%
220,000	22	1.075	1.080	0.5%	1.075	0.0%
230,000	18	1.107	1.120	1.2%	1.107	0.0%
240,000	16	1.141	1.161	1.8%	1.141	0.0%
250,000	21	1.175	1.201	2.2%	1.175	0.0%
260,000	19	1.210	1.241	2.6%	1.210	0.0%
270,000	10	1.249	1.281	2.6%	1.249	0.0%
280,000	13	1.278	1.321	3.4%	1.278	0.0%
290,000	11	1.320	1.361	3.1%	1.320	0.0%
300,000	10	1.357	1.401	3.2%	1.357	0.0%
310,000	4	1.390	1.441	3.7%	1.390	0.0%
320,000	8	1.421	1.481	4.2%	1.421	0.0%
330,000	6	1.461	1.521	4.1%	1.461	0.0%
340,000	5	1.491	1.561	4.7%	1.491	0.0%
350,000	7	1.528	1.602	4.8%	1.528	0.0%
360,000	8	1.568	1.642	4.7%	1.568	0.0%
370,000	4	1.610	1.682	4.5%	1.610	0.0%
380,000	0	1.650	1.722	4.4%	1.650	0.0%
390,000	3	1.691	1.763	4.3%	1.691	0.0%
400,000	5	1.736	1.803	3.9%	1.736	0.0%
410,000	4	1.778	1.843	3.7%	1.778	0.0%
420,000	0	1.822	1.883	3.3%	1.822	0.0%
430,000	2	1.865	1.924	3.2%	1.865	0.0%
440,000	2	1.908	1.964	2.9%	1.908	0.0%
450,000	2	1.946	2.005	3.0%	1.946	0.0%
460,000	4	1.989	2.045	2.8%	1.989	0.0%
470,000	0	2.030	2.086	2.8%	2.030	0.0%
480,000	1	2.075	2.126	2.5%	2.075	0.0%
490,000	1	2.119	2.167	2.3%	2.119	0.0%
500,000	2	2.160	2.208	2.2%	2.160	0.0%
510,000	2	2.204	2.248	2.0%	2.204	0.0%
520,000	2	2.247	2.289	1.9%	2.247	0.0%
530,000	2	2.291	2.330	1.7%	2.291	0.0%
540,000	0	2.334	2.371	1.6%	2.334	0.0%
550,000	1	2.378	2.412	1.5%	2.378	0.0%
560,000	1	2.421	2.453	1.3%	2.421	0.0%
570,000	0	2.465	2.493	1.2%	2.465	0.0%
580,000	0	2.508	2.534	1.0%	2.508	0.0%
590,000	0	2.552	2.576	1.0%	2.552	0.0%
600,000	0	2.595	2.617	0.8%	2.595	0.0%
610,000	0	2.639	2.658	0.7%	2.639	0.0%
620,000	0	2.682	2.699	0.6%	2.682	0.0%
630,000	0	2.726	2.740	0.5%	2.726	0.0%
640,000	2	2.769	2.782	0.5%	2.769	0.0%
650,000	1	2.813	2.823	0.4%	2.813	0.0%
660,000	0	2.856	2.864	0.3%	2.856	0.0%
670,000	1	2.900	2.906	0.2%	2.900	0.0%
680,000	0	2.943	2.947	0.1%	2.943	0.0%
690,000	0	2.987	2.989	0.1%	2.987	0.0%

## Kemper Preferred

Arkansas Homeowners

### Objection 4 - RESPONSE - Part B

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#### Coverage A Amount of Insurance (AOI)

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<u>Coverage A</u>	<u>9/30/2011 Policies In-Force</u>	<u>Current AOI Factor</u>	<u>Indicated Relativity Factor<sup>1</sup></u>	<u>Indicated Percent Change</u>	<u>Proposed AOI Factor</u>	<u>Impact</u>
700,000	0	3.030	3.030	0.0%	3.030	0.0%
710,000	0	3.074	3.072	0.0%	3.074	0.0%
720,000	0	3.117	3.114	-0.1%	3.117	0.0%
730,000	0	3.161	3.155	-0.2%	3.161	0.0%
740,000	0	3.204	3.197	-0.2%	3.204	0.0%
750,000	1	3.248	3.239	-0.3%	3.248	0.0%
760,000	0	3.291	3.285	-0.2%	3.291	0.0%
770,000	0	3.335	3.331	-0.1%	3.335	0.0%
780,000	0	3.378	3.378	0.0%	3.378	0.0%
790,000	0	3.422	3.424	0.1%	3.422	0.0%
800,000	0	3.465	3.470	0.1%	3.465	0.0%
810,000	1	3.509	3.517	0.2%	3.509	0.0%
820,000	0	3.552	3.563	0.3%	3.552	0.0%
830,000	0	3.596	3.610	0.4%	3.596	0.0%
840,000	0	3.639	3.656	0.5%	3.639	0.0%
850,000	0	3.683	3.703	0.6%	3.683	0.0%
860,000	0	3.726	3.749	0.6%	3.726	0.0%
870,000	1	3.770	3.796	0.7%	3.770	0.0%
880,000	0	3.813	3.843	0.8%	3.813	0.0%
890,000	0	3.857	3.890	0.9%	3.857	0.0%
900,000	1	3.900	3.937	0.9%	3.900	0.0%

<sup>1</sup> Indicated factors are based on a countrywide AOI curve analysis using accident years 2004-2008 as of March 31, 2009.

<sup>2</sup> Factors below 100,000 are extrapolated down to 50,000 based on the factors for 110,000 and 120,000. Note there are no in-force policies with a Coverage A amount below 100,000.

# Kemper Preferred

## Arkansas Homeowners

### Objection 4 - RESPONSE - Part C

#### Tier

<u>Tier</u>	<u>Policy Type</u>	<u>9/30/2011 Policies In-Force</u>	<u>Current Tier Factor</u>	<u>Indicated Relativity Factor<sup>1</sup></u>	<u>Indicated Percent Change</u>	<u>Proposed Tier Factor</u>	<u>Impact</u>
A	Mono-line	3	0.790	0.670	-15.2%	0.790	0.0%
B	Mono-line	8	0.800	0.690	-13.8%	0.800	0.0%
C	Mono-line	20	0.810	0.718	-11.4%	0.810	0.0%
D	Mono-line	33	0.830	0.747	-10.0%	0.830	0.0%
E	Mono-line	35	0.850	0.777	-8.6%	0.850	0.0%
F	Mono-line	16	0.860	0.808	-6.0%	0.860	0.0%
G	Mono-line	21	0.880	0.840	-4.5%	0.880	0.0%
H	Mono-line	28	0.890	0.874	-1.8%	0.890	0.0%
J	Mono-line	23	0.920	0.909	-1.2%	0.920	0.0%
K	Mono-line	19	0.960	0.954	-0.6%	0.960	0.0%
L	Mono-line	14	1.000	1.000	0.0%	1.000	0.0%
M	Mono-line	6	1.070	1.050	-1.9%	1.070	0.0%
N	Mono-line	6	1.140	1.113	-2.4%	1.140	0.0%
P	Mono-line	9	1.190	1.180	-0.8%	1.190	0.0%
Q	Mono-line	3	1.250	1.263	1.0%	1.250	0.0%
R	Mono-line	5	1.320	1.351	2.3%	1.320	0.0%
S	Mono-line	3	1.400	1.446	3.3%	1.442	3.0%
T	Mono-line	1	1.500	1.562	4.1%	1.545	3.0%
U	Mono-line	1	1.600	1.687	5.4%	1.648	3.0%
V	Mono-line	0	1.700	1.822	7.2%	1.751	3.0%
W	Mono-line	0	1.850	1.986	7.4%	1.986	7.4%
X	Mono-line	0	2.000	2.165	8.3%	2.165	8.3%
Y	Mono-line	0	2.200	2.360	7.3%	2.360	7.3%
Z	Mono-line	0	2.430	2.572	5.8%	2.572	5.8%
A	Package	18	0.670	0.657	-1.9%	0.660	-1.5%
B	Package	11	0.680	0.676	-0.6%	0.670	-1.5%
C	Package	16	0.680	0.698	2.6%	0.680	0.0%
D	Package	23	0.700	0.718	2.6%	0.700	0.0%
E	Package	23	0.710	0.738	3.9%	0.710	0.0%
F	Package	14	0.730	0.759	4.0%	0.730	0.0%
G	Package	28	0.750	0.781	4.1%	0.750	0.0%
H	Package	23	0.760	0.804	5.8%	0.760	0.0%
J	Package	17	0.770	0.830	7.8%	0.770	0.0%
K	Package	15	0.810	0.865	6.8%	0.810	0.0%
L	Package	18	0.850	0.900	5.9%	0.850	0.0%
M	Package	10	0.890	0.935	5.1%	0.890	0.0%
N	Package	4	0.960	0.973	1.4%	0.960	0.0%
P	Package	17	1.000	1.010	1.0%	1.000	0.0%
Q	Package	11	1.050	1.053	0.3%	1.050	0.0%
R	Package	13	1.100	1.101	0.1%	1.100	0.0%
S	Package	7	1.150	1.155	0.4%	1.155	0.4%
T	Package	3	1.200	1.240	3.3%	1.236	3.0%
U	Package	1	1.250	1.323	5.8%	1.288	3.0%
V	Package	1	1.330	1.417	6.5%	1.370	3.0%
W	Package	0	1.420	1.532	7.9%	1.532	7.9%
X	Package	0	1.510	1.662	10.1%	1.662	10.1%
Y	Package	0	1.630	1.795	10.1%	1.795	10.1%
Z	Package	0	1.760	1.937	10.1%	1.937	10.1%

<sup>1</sup> Indicated factors are based on a countrywide analysis using policy years 2002-2005 as of March 31, 2007.

# Kemper Preferred

## Arkansas Homeowners

### Objection 4 - RESPONSE - Part D

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#### Mature Homeowners Discount

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<u>Mature Homeowner</u>	<u>9/30/2011 Policies In-Force</u>	<u>Current Discount Factor</u>	<u>Indicated Relativity Factor<sup>1</sup></u>	<u>Indicated Percent Change</u>	<u>Proposed Discount Factor</u>	<u>Impact</u>
Yes	109	0.950	0.850	-10.5%	0.920	-3.2%
No	471	1.000	1.000	0.0%	1.000	0.0%

<sup>1</sup> Indicated factors are based on a countrywide analysis using policy years 2002-2005 as of March 31, 2007.

SERFF Tracking Number: KEMP-128155160 State: Arkansas  
 Filing Company: Trinity Universal Insurance Company State Tracking Number:  
 Company Tracking Number: AR\_HOME\_2012\_RATE\_1  
 TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations  
 Product Name: AR\_Home\_2012\_Rate\_1  
 Project Name/Number: AR\_Home\_2012\_Rate\_1/AR\_Home\_2012\_Rate\_1

## Superseded Schedule Items

Please note that all items on the following pages are items, which have been replaced by a newer version. The newest version is located with the appropriate schedule on previous pages. These items are in date order with most recent first.

Creation Date:	Schedule	Schedule Item Name	Replacement Creation Date	Attached Document(s)
03/08/2012	Supporting Document	NAIC loss cost data entry document	03/27/2012	AR Home Filing Form Industry_rates_loss_cost_data_entry - 01.pdf (Superseded)
03/08/2012	Supporting Document	Form RF-2 Loss Costs Only (not for workers' compensation)	03/27/2012	AR Home Filing Form Industry_rates_loss_cost_data_entry - 01.pdf (Superseded)
03/08/2012	Supporting Document	HPCS-Homeowners Premium Comparison Survey	03/27/2012	AR Home Filing Form HO_Survey_FORM_HPCS - 01.xls

**NAIC LOSS COST DATA ENTRY DOCUMENT** (EFFECTIVE AUG. 16, 2004)

1.	This filing transmittal is part of Company Tracking #	AR_Home_2012_Rate_1
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2.	If filing is an adoption of an advisory organization loss cost filing, give name of advisory organization and Reference/Item Filing Number	N/A
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Company Name		Company NAIC Number	
3.	A. Trinity Universal Insurance Company	B.	19887

Product Coding Matrix Line of Business (i.e., Type of Insurance)		Product Coding Matrix Line of Insurance (i.e., Sub-type of Insurance)	
4.	A. 4.0 Homeowners	B.	4.0000 Homeowners TOI Combinations

(A) COVERAGE (See Instructions)	(B) Indicated % Rate Level Change	(C) Requested % Rate Level Change	FOR LOSS COSTS ONLY			
			(D) Expected Loss Ratio	(E) Loss Cost Modification Factor	(F) Selected Loss Cost Multiplier	(G) Expense Constant (If Applicable)
HO 00 03		+15.0%				
HO 00 04		+14.9%				
HO 00 06		+14.9%				
<b>TOTAL OVERALL EFFECT</b>	<b>+19.7%</b>	<b>+15.0%</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
2006	497	10.0%	5/1/2006	581	60	10.3%	60.4%
2007	546	N/A	N/A	426	225	52.8%	62.3%
2008	593	-2.0%	2/1/2008	473	2,174	459.6%	103.1%
2009	597	5.9%	7/1/2009	561	627	111.8%	60.2%
2010	573	N/A	N/A	555	249	44.9%	56.3%

Expense Constants	Selected Provisions
A. Total Production Expense	21.7%
B. General Expense	4.1%
C. Taxes, License & Fees	3.8%
D. Underwriting Profit & Contingencies	5.6%
E. Other (explain)	0.1% (reinsurance)
F. TOTAL	35.3%

8. N/A Apply Lost Cost Factors to Future filings? (Y or N)
9. 25.0% Estimated Maximum Rate Increase for any Insured (%). Territory (if applicable): \_\_\_\_\_ N/A
10. 7.4% Estimated Maximum Rate Decrease for any Insured (%) Territory (if applicable): \_\_\_\_\_ N/A

**NAIC LOSS COST DATA ENTRY DOCUMENT** (EFFECTIVE AUG. 16, 2004)

1.	This filing transmittal is part of Company Tracking #	AR_Home_2012_Rate_1
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2.	If filing is an adoption of an advisory organization loss cost filing, give name of advisory organization and Reference/Item Filing Number	N/A
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Company Name		Company NAIC Number	
3.	A. Trinity Universal Insurance Company	B.	19887

Product Coding Matrix Line of Business (i.e., Type of Insurance)		Product Coding Matrix Line of Insurance (i.e., Sub-type of Insurance)	
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			(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
HO 00 03		+15.0%					
HO 00 04		+14.9%					
HO 00 06		+14.9%					
<b>TOTAL OVERALL EFFECT</b>	<b>+19.7%</b>	<b>+15.0%</b>					

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E. Other (explain)	0.1% (reinsurance)
F. TOTAL	35.3%

8. N/A Apply Lost Cost Factors to Future filings? (Y or N)
9. 25.0% Estimated Maximum Rate Increase for any Insured (%). Territory (if applicable): \_\_\_\_\_ N/A
10. 7.4% Estimated Maximum Rate Decrease for any Insured (%) Territory (if applicable): \_\_\_\_\_ N/A