

SERFF Tracking Number: SFMA-128288963 State: Arkansas
Filing Company: State Farm Fire and Casualty Company State Tracking Number:
Company Tracking Number: ML-28842
TOI: 04.0 Homeowners Sub-TOI: 04.0005 Other Homeowners
Product Name: ML-28842
Project Name/Number: ML-28842/ML-28842

Filing at a Glance

Company: State Farm Fire and Casualty Company

Product Name: ML-28842 SERFF Tr Num: SFMA-128288963 State: Arkansas
TOI: 04.0 Homeowners SERFF Status: Closed-Filed State Tr Num:
Sub-TOI: 04.0005 Other Homeowners Co Tr Num: ML-28842 State Status:
Filing Type: Rate/Rule Reviewer(s): Becky Harrington
Disposition Date: 05/09/2012
Authors: Julie Davis, Robin Dunagan
Date Submitted: 04/20/2012 Disposition Status: Filed
Effective Date Requested (New): 09/15/2012 Effective Date (New): 09/15/2012
Effective Date Requested (Renewal): 11/01/2012 Effective Date (Renewal): 11/01/2012

State Filing Description:

Rental Program

General Information

Project Name: ML-28842 Status of Filing in Domicile: Not Filed
Project Number: ML-28842 Domicile Status Comments:
Reference Organization: Reference Number:
Reference Title: Advisory Org. Circular:
Filing Status Changed: 05/09/2012
State Status Changed: 05/09/2012 Deemer Date:
Created By: Robin Dunagan Submitted By: Robin Dunagan
Corresponding Filing Tracking Number:

Filing Description:

We respectfully submit a revision to our independent Rental Programs. The change results in a 13.9% rate level increase. Details of this change are described in the attached Filing Memorandum and supporting exhibits.

The rate level changes contained in this filing specifically consider the expected effect that any prior changes in policy language will have on our future underwriting experience.

We submit this filing to be effective September 15, 2012 for new business and November 1, 2012 for renewals.

Sincerely,

SERFF Tracking Number: SFMA-128288963 State: Arkansas
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Kathy Popejoy, F.C.A.S., MAAA
 Actuary and Assistant Secretary-Treasurer
 (309) 766-2325
 kathy.popejoy.a0gq@statefarm.com

Matt Frank
 Pricing Manager
 (309) 735-2187
 matt.frank.l3li@statefarm.com
 State Narrative:

Company and Contact

Filing Contact Information

Matt Frank, Pricing Manager matt.frank.L3li@statefarm.com
 One State Farm Plaza 309-735-2187 [Phone]
 D4 309-766-0225 [FAX]
 Bloomington, IL 61710

Filing Company Information

State Farm Fire and Casualty Company CoCode: 25143 State of Domicile: Illinois
 1 State Farm Plaza Group Code: 176 Company Type:
 Bloomington, IL 61710 Group Name: State ID Number:
 (309) 735-0649 ext. [Phone] FEIN Number: 37-0533080

Filing Fees

Fee Required? Yes
 Fee Amount: \$100.00
 Retaliatory? No
 Fee Explanation: \$100 per independant rate filing
 Per Company: No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
State Farm Fire and Casualty Company	\$100.00	04/20/2012	58252884

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Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Filed	Becky Harrington	05/09/2012	05/09/2012

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	05/07/2012	05/07/2012			
Pending Industry Response	Becky Harrington	04/23/2012	04/23/2012	Robin Dunagan	05/04/2012	05/07/2012

Filing Notes

Subject	Note Type	Created By	Created On	Date Submitted
Capping	Reviewer Note	Becky Harrington	04/23/2012	

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Disposition

Disposition Date: 05/09/2012
 Effective Date (New): 09/15/2012
 Effective Date (Renewal): 11/01/2012
 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):
State Farm Fire and Casualty Company	16.900%	13.900%	\$2,104,460	23,209	\$15,116,650	62.000%	-18.000%

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Schedule	Schedule Item	Schedule Item Status	Public Access
Supporting Document	Form RF-2 Loss Costs Only (not for workers' compensation)		Yes
Supporting Document	H-1 Homeowners Abstract		Yes
Supporting Document	HPCS-Homeowners Premium Comparison Survey		Yes
Supporting Document	NAIC loss cost data entry document	Filed	Yes
Supporting Document	Exhibits	Filed	Yes
Supporting Document	Response to 04/23 Inquiry	Filed	Yes
Rate	Manual Pages	Filed	Yes

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Objection Letter

Objection Letter Status No response necessary
Objection Letter Date 05/07/2012
Submitted Date 05/07/2012
Respond By Date

Dear Matt Frank,

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

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Objection Letter

Objection Letter Status Pending Industry Response

Objection Letter Date 04/23/2012

Submitted Date 04/23/2012

Respond By Date

Dear Matt Frank,

This will acknowledge receipt of the captioned filing.

Objection 1

- Exhibits (Supporting Document)

Comment: Provide an exhibit showing a breakdown of the actual impact to insureds without capping.

Objection 2

Comment: The filing references homeowner zone/subzone definitions. The current pending homeowner filing is moving away from zone/subzone. Please explain.

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."

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Sincerely,

Becky Harrington

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Response Letter

Response Letter Status Submitted to State
Response Letter Date 05/04/2012
Submitted Date 05/07/2012

Dear Becky Harrington,

Comments:

The following is in response to your inquiry dated April 23, 2012:

Response 1

Comments: Please see "Response to 04/23 Inquiry" under supporting documents.

Related Objection 1

Applies To:

- Exhibits (Supporting Document)

Comment:

Provide an exhibit showing a breakdown of the actual impact to insureds without capping.

Changed Items:

Supporting Document Schedule Item Changes

Satisfied -Name: Response to 04/23 Inquiry

Comment:

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Response 2

Comments: Please see "Response to 04/23 Inquiry" under supporting documents.

Related Objection 1

Comment:

The filing references homeowner zone/subzone definitions. The current pending homeowner filing is moving away from zone/subzone. Please explain.

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Product Name: ML-28842
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Changed Items:

Supporting Document Schedule Item Changes

Satisfied -Name: Response to 04/23 Inquiry

Comment:

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Sincerely,
Matt Frank
Pricing Manager

Sincerely,
Julie Davis, Robin Dunagan

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Reviewer Note

Created By:

Becky Harrington on 04/23/2012 11:55 AM

Last Edited By:

Becky Harrington

Submitted On:

05/09/2012 02:18 PM

Subject:

Capping

Comments:

30%, but lifted in next renewal. exhibit to show number receiving increase at next renewal.

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State: Arkansas
 State Tracking Number:
 Sub-TOI: 04.0005 Other Homeowners

Rate Information

Rate data applies to filing.

Filing Method: File & Use
Rate Change Type: Increase
Overall Percentage of Last Rate Revision: 10.900%
Effective Date of Last Rate Revision: 04/15/2010
Filing Method of Last Filing: File & 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):
State Farm Fire and Casualty Company	16.900%	13.900%	\$2,104,460	23,209	\$15,116,650	62.000%	-18.000%

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Rate/Rule Schedule

Schedule Item	Exhibit Name:	Rule # or Page	Rate Action	Previous State Filing Attachments
Status:		#:		Number:
Filed 05/09/2012	Manual Pages	See Attached	Replacement	AR RU Eff 09-15-12 (Operations) cn.pdf AR RD Eff 09-15-12 ck.pdf

SUMMARY OF REVISIONS

The following table summarizes the changes contained in this revision.

Item	Description
Base/Rates Factors	Base Rates and Factors are revised.
Rating Rule	Removed the Special Section II Exposure section from the Rating rule.
Deductibles	Revising deductible discounts/charges and remove the maximum dollar adjustments.
Automatic Sprinkler Credit	Automatic Sprinkler Credit is revised from 20% to 12%.
Home Alert Protection	Home Alert Protection discounts are revised.
Building Property Coverage - Increased Limits	Building Property Coverage - Increased Limits charge is revised.
Business Liability - Optional Limits	Business Liability - Optional Limits are revised for the \$500,000 and \$1,000,000 amounts.
Loss Assessments	Loss Assessments limits and charges are revised.
Building Property Coverage/Loss Assessments/Vacancy	The deductible adjustment no longer applies to the premium for Building Property Coverage, Loss Assessments, and Vacancy.

Throughout this manual, ***bold italics*** font indicates information that is not displayed in the Agents manual.

RULES

The rules, rates, and premiums in this manual govern the writing of all Rental Condominium Unitowners policies. The rules, rates, forms, and rating plans filed by or on behalf of the Company for each coverage shall govern in all cases not specifically provided for in these rules.

CANCELLATION

No basic coverage, with the exception of Loss of Rents Coverage, can be cancelled without the entire policy being cancelled.

When a policy is cancelled, the annual premium that applies to the policy period multiplied by the pro rata factor is returned to the insured.

Calculate the pro rata factor as follows:

- A. Compute the number of days left in the annual term until the policy expires. (Example: 122 days)
- B. Divide the number of days by 365 (days in a year) and round to 3 decimal places. This produces the pro rata factor. A few examples may help:

Number of Days	Divided By	Pro Rata Factor
360	365	0.986
240	365	0.658
122	365	0.334
73	365	0.200
34	365	0.093

CONSTRUCTION CLASSIFICATIONS**A. Frame**

A dwelling with exterior walls of combustible construction (including walls with metal, stucco, or metal lath and plaster on combustible supports) is classified as frame.

B. Masonry

A dwelling with exterior walls of brick, concrete, concrete block, adobe, tile, or other masonry materials is classified as masonry.

C. Noncombustible

Exterior walls, floors and roof are constructed of, and supported by metal, asbestos, gypsum, or other noncombustible materials.

D. Masonry Noncombustible

Exterior walls are of masonry materials such as adobe, brick, concrete, hollow concrete block, stone, or similar materials, and the floors and roof are constructed of metal or other noncombustible materials.

E. Masonry Veneer

A dwelling with walls of combustible construction veneered with masonry materials is classified as masonry veneer.

F. Fire Resistive

A building with walls, floor and roof constructed entirely of masonry or fire resistive materials with a Fire resistive rating of not less than one hour is classified as fire resistive.

G. Mixed Construction

A dwelling shall be classified as frame construction when the wall area of frame construction (excluding gables) exceeds 50% of the total wall area.

H. Log Construction

A dwelling with walls - and in some cases, structural framing members used to support multiple stories or the roof - made of logs, i.e. have not been milled into conventional lumber.

ELIGIBILITY

A Rental Condominium Unitowners Policy shall be written for:

- A. A legal entity (corporation, joint venture, partnership, etc.) which is a unitowner in a residential condominium association, townhouse or cooperative.
- B. An individual unitowner in a residential condominium association, townhouse or cooperative, if the unit is rented 100% of time (no owner occupancy).

INFLATION COVERAGE

The limit of liability specified in the Declarations applicable to Coverage B - Personal Property shall be increased at the same rate as the increase in the appropriate inflation coverage index. Coverage A - Buildings shall be increased by the same index when the Coverage B limit exceeds \$10,000 or when the Coverage A limit exceeds the \$1,000 minimum.

MID-TERM CHANGES

Changes that affect coverage or a risk characteristic used in rating the policy may be made during the policy term, unless otherwise stated in this manual. Mid-term changes to take advantage of a new discount or charge **or** a rate or classification change implemented by the Company during the policy term are **not** permitted.

If a different premium is required for the remainder of the current policy term, the additional or return premium is to be computed pro rata unless otherwise stated in this manual.

MINIMUM PREMIUM

The annual minimum premium is shown below.

Minimum Premium
\$125

POLICY PERIOD AND PREMIUM PAYMENT

All premiums and rates shown in this manual are on an annual term basis. All policies are initially written for a term up to one year and then automatically renewed annually. The rates on renewals will be those rates in effect at that time.

RESTRICTION OF COVERAGE

The named insured can request a restriction on an individual policy. The circumstances or exposure must be so unusual that without the restriction the policy would not be issued. No reduction from the prescribed rate and minimum premium is allowed. Refer each request to the Company.

ROUNDING OF PREMIUMS

Any computations for additional coverages or additional amounts are to be rounded separately to the nearest dollar. Fifty cents or more is to be considered as a dollar.

SCHEDULED POLICY

Blanket coverage is not permitted. Those policies including two or more units shall schedule each such unit.

ZONES

This section provides the rules for the assignment of the zone and subzone.

ZONE DEFINITIONS

Refer to Company for ZIP Codes not listed.

ZIP Code	City	County	Zone	Subzone
71601			25	13
71601	Outside		25	22
71602			25	10
71602	Outside		25	20
71603			25	13
71603	Outside		25	20
71612			25	10
71612	Outside		25	20
71613			25	13
71613	Outside		25	20
71630			25	14
71630	Outside		25	22
71631			25	22
71635			25	13
71638			25	13
71638	Outside		25	22
71639			25	12
71640			25	20
71642			25	22
71643			25	20
71644			25	20
71644	Outside		25	22
71646			25	14
71646	Outside		25	22
71647			25	22
71651			25	22
71652			25	22
71653			25	15
71654			25	14
71655			25	09
71656			25	10
71657			25	09
71658			25	19

ZONES

ZIP Code	City	County	Zone	Subzone
71659			25	20
71659	Outside		25	22
71660			25	22
71661			25	19
71662			25	22
71663			25	19
71665			25	22
71666			25	12
71667			25	14
71670			25	19
71671			25	12
71671	Outside		25	20
71674			25	19
71675			25	19
71676			25	19
71677			25	22
71678			25	22
71701			25	10
71701	Outside		25	16
71711			25	10
71711	Outside		25	16
71720			25	16
71720	Outside		25	22
71721			25	12
71721	Outside		25	20
71722			25	16
71722	Outside		25	22
71724			25	09
71724	Outside		25	12
71725			25	22
71726			25	12
71726	Outside		25	22
71728			25	12
71728	Outside		25	20
71730			25	09
71730	Outside		25	12
71740			25	09
71740	Outside		25	16
71742			25	12
71742	Outside		25	22
71743			25	12

ZONES

ZIP Code	City	County	Zone	Subzone
71743	Outside		25	20
71744			25	22
71745			25	22
71747			25	22
71748			25	22
71749			25	16
71750			25	09
71750	Outside		25	12
71751			25	22
71752			25	20
71753			25	08
71754			25	08
71758			25	22
71759			25	08
71762			25	16
71762	Outside		25	20
71763			25	22
71764		COLUMBIA	25	10
71764		OUACHITA	25	10
71764	Outside	COLUMBIA	25	22
71764	Outside	OUACHITA	25	22
71765			25	22
71766			25	20
71766	Outside		25	22
71769			25	22
71770			25	12
71770	Outside		25	16
71801			25	10
71801	Outside		25	12
71802			25	10
71802	Outside		25	12
71820			25	11
71820	Outside		25	19
71822			25	11
71822	Outside		25	19
71823			25	22
71825			25	22
71826			25	20
71827			25	09
71827	Outside		25	20
71828			25	22

ZONES

ZIP Code	City	County	Zone	Subzone
71831			25	22
71832			25	19
71832	Outside		25	22
71833			25	12
71833	Outside		25	16
71834			25	22
71835		HEMPSTEAD	25	20
71835		NEVADA	25	20
71835	Outside	HEMPSTEAD	25	22
71835	Outside	NEVADA	25	22
71836			25	12
71836	Outside		25	19
71837			25	22
71838			25	20
71839			25	20
71839	Outside		25	22
71840			25	22
71841			25	22
71842			25	19
71842	Outside		25	22
71845			25	12
71845	Outside		25	20
71846			25	22
71847			25	22
71851			25	20
71851	Outside		25	22
71852		HEMPSTEAD	25	13
71852		HOWARD	25	13
71852	Outside	HEMPSTEAD	25	20
71852	Outside	HOWARD	25	20
71853			25	16
71854			25	11
71854	Outside		25	12
71855			25	22
71857			25	12
71857	Outside		25	22
71858			25	22
71859			25	22
71860			25	09
71860	Outside		25	16
71861			25	20

ZONES

ZIP Code	City	County	Zone	Subzone
71861	Outside		25	22
71862			25	20
71862	Outside		25	22
71864			25	22
71865			25	12
71865	Outside		25	16
71866			25	22
71901		GARLAND	10	08
71901		HOT SPRING	10	16
71901	Outside	GARLAND	10	08
71901	Outside	HOT SPRING	10	16
71902			10	08
71903			10	08
71909		GARLAND	10	09
71909		SALINE	10	09
71909	Outside	GARLAND	10	12
71909	Outside	SALINE	10	12
71910			10	09
71910	Outside		10	12
71913		GARLAND	10	09
71913		HOT SPRING	10	10
71913	Outside	GARLAND	10	10
71913	Outside	HOT SPRING	10	12
71914			10	09
71914	Outside		10	10
71920			25	20
71920	Outside		25	22
71921			25	20
71921	Outside		25	22
71922			25	20
71923			25	09
71923	Outside		25	12
71929			25	09
71933			25	12
71933	Outside		25	16
71935			10	19
71937			10	19
71940			25	16
71940	Outside		25	20
71941			25	20
71942			25	22

ZONES

ZIP Code	City	County	Zone	Subzone
71943			25	12
71943	Outside		25	22
71944			10	19
71945			10	19
71949			10	18
71950			25	22
71952			25	22
71953			10	15
71953	Outside		10	19
71956			10	11
71956	Outside		10	18
71957			10	15
71957	Outside		10	19
71958			25	16
71958	Outside		25	22
71959			25	22
71960			10	19
71961			10	19
71962			25	22
71964		GARLAND	10	11
71964		HOT SPRING	10	16
71964	Outside	GARLAND	10	11
71964	Outside	HOT SPRING	10	16
71965			10	19
71968			10	14
71968	Outside		10	18
71969			10	19
71970			10	18
71971			25	22
71972			10	19
71973			10	19
71998			25	10
71999			25	09
72001			10	18
72002		PULASKI	25	09
72002		SALINE	25	09
72002	Outside	PULASKI	25	12
72002	Outside	SALINE	25	12
72003			25	22
72004			25	22
72005			30	18

ZONES

ZIP Code	City	County	Zone	Subzone
72006			30	13
72006	Outside		30	16
72007			25	20
72010			30	13
72010	Outside		30	15
72011			25	16
72011	Outside		25	20
72012			30	09
72012	Outside		30	15
72013			30	15
72014			30	22
72015			25	09
72015	Outside		25	16
72016		PERRY	10	13
72016		PULASKI	10	22
72016	Outside	PERRY	10	18
72016	Outside	PULASKI	10	22
72017			25	22
72018			25	09
72018	Outside		25	16
72019			25	12
72019	Outside		25	16
72020		INDEPENDENCE	30	15
72020		JACKSON	30	19
72020		WHITE	30	15
72020	Outside	INDEPENDENCE	30	15
72020	Outside	JACKSON	30	22
72020	Outside	WHITE	30	20
72021			25	13
72022			25	09
72022	Outside		25	12
72023		FAULKNER	25	07
72023		LONOKE	25	07
72023		PULASKI	25	07
72023	Outside	FAULKNER	25	07
72023	Outside	LONOKE	25	12
72023	Outside	PULASKI	25	12
72024			25	14
72024	Outside		25	22
72025			10	18
72026			25	22

ZONES

ZIP Code	City	County	Zone	Subzone
72027			30	15
72028			30	13
72028	Outside		30	15
72029			25	12
72029	Outside		25	17
72030			30	15
72031			30	08
72031	Outside		30	15
72032			30	08
72032	Outside		30	09
72033			30	08
72033	Outside		30	09
72034			30	07
72035			30	06
72036			30	16
72037			25	16
72037	Outside		25	20
72038			25	22
72039			30	15
72040			25	16
72040	Outside		25	22
72041			25	14
72041	Outside		25	22
72042			25	13
72042	Outside		25	16
72043			30	15
72043	Outside		30	22
72044			30	13
72045			30	15
72046		JEFFERSON	25	16
72046		LONOKE	25	16
72046		PULASKI	25	16
72046	Outside	JEFFERSON	25	20
72046	Outside	LONOKE	25	20
72046	Outside	PULASKI	25	20
72047			30	15
72048			25	22
72051			30	15
72052			30	16
72053			25	14
72053	Outside		25	16

ZONES

ZIP Code	City	County	Zone	Subzone
72055			25	20
72055	Outside		25	22
72057			25	20
72057	Outside		25	22
72058			30	11
72059			30	13
72059	Outside		30	16
72060			30	16
72061			30	11
72063			30	15
72064			25	16
72064	Outside		25	22
72065		GRANT	25	16
72065		PULASKI	25	16
72065		SALINE	25	16
72065	Outside	GRANT	25	16
72065	Outside	PULASKI	25	16
72065	Outside	SALINE	25	16
72066			25	22
72067			30	07
72068			30	13
72068	Outside		30	16
72069			25	20
72070			10	15
72072			25	20
72072	Outside		25	22
72073			25	20
72074			30	16
72075			30	15
72075	Outside		30	22
72076		FAULKNER	25	08
72076		LONOKE	25	08
72076		PULASKI	25	08
72076	Outside	FAULKNER	25	08
72076	Outside	LONOKE	25	09
72076	Outside	PULASKI	25	09
72078			25	08
72079			25	20
72080			30	15
72081			30	13
72081	Outside		30	15

ZONES

ZIP Code	City	County	Zone	Subzone
72082			30	15
72083			25	22
72084			25	20
72084	Outside		25	22
72085			30	11
72085	Outside		30	12
72086			25	12
72086	Outside		25	16
72087		GARLAND	25	12
72087		SALINE	25	20
72087	Outside	GARLAND	25	12
72087	Outside	SALINE	25	20
72088			30	07
72089			25	09
72089	Outside		25	12
72099			25	07
72099	Outside		25	09
72101		CROSS	30	19
72101		JACKSON	30	22
72101		WOODRUFF	30	11
72101	Outside	CROSS	30	19
72101	Outside	JACKSON	30	22
72101	Outside	WOODRUFF	30	16
72102			30	13
72102	Outside		30	15
72103			25	12
72104			25	08
72104	Outside		25	12
72105			25	22
72106			30	09
72106	Outside		30	15
72107			30	06
72107	Outside		30	15
72108			25	13
72110			30	08
72110	Outside		30	13
72111			30	15
72112		JACKSON	30	15
72112		POINSETT	30	14
72112	Outside	JACKSON	30	22
72112	Outside	POINSETT	30	14

ZONES

ZIP Code	City	County	Zone	Subzone
72113		FAULKNER	25	11
72113		PULASKI	25	10
72113	Outside	FAULKNER	25	11
72113	Outside	PULASKI	25	20
72114			25	07
72115			25	07
72116			25	08
72117			25	08
72117	Outside		25	12
72118			25	09
72118	Outside		25	20
72119			25	07
72120		FAULKNER	25	07
72120		PULASKI	25	07
72120	Outside	FAULKNER	25	07
72120	Outside	PULASKI	25	09
72121			30	09
72121	Outside		30	15
72122			25	20
72123			30	11
72123	Outside		30	16
72124			25	07
72125			10	15
72125	Outside		10	18
72126		PERRY	10	14
72126		PULASKI	10	22
72126	Outside	PERRY	10	18
72126	Outside	PULASKI	10	22
72127		CONWAY	30	06
72127		PERRY	30	06
72127	Outside	CONWAY	30	15
72127	Outside	PERRY	30	12
72128			25	22
72129			25	20
72130			30	15
72131			30	10
72131	Outside		30	15
72132			25	12
72133			25	22
72134			25	22
72135		PERRY	25	09

ZONES

ZIP Code	City	County	Zone	Subzone
72135		PULASKI	25	10
72135	Outside	PERRY	25	09
72135	Outside	PULASKI	25	10
72136			30	15
72137			30	15
72139			30	13
72139	Outside		30	15
72140			25	20
72141			30	15
72142			25	22
72143			30	11
72143	Outside		30	12
72145			30	11
72145	Outside		30	12
72149			30	10
72150			25	09
72152			25	10
72152	Outside		25	22
72153			30	08
72153	Outside		30	10
72156			30	15
72157			30	15
72160			25	12
72164			25	14
72164	Outside		25	16
72165			13	17
72166			25	19
72166	Outside		25	22
72167			25	20
72168			25	22
72169			30	15
72169	Outside		30	22
72170			25	22
72173			30	11
72173	Outside		30	15
72175			25	22
72176			25	12
72176	Outside		25	16
72178			30	11
72178	Outside		30	12
72179			30	15

ZONES

ZIP Code	City	County	Zone	Subzone
72180			25	16
72181			30	11
72182			25	22
72183			25	14
72183	Outside		25	16
72190			25	08
72199			25	08
72201			25	07
72201	Outside		25	09
72202			25	07
72202	Outside		25	22
72204			25	09
72205			25	07
72205	Outside		25	12
72206		PULASKI	25	14
72206		SALINE	25	14
72206	Outside	PULASKI	25	16
72206	Outside	SALINE	25	16
72207			25	06
72207	Outside		25	07
72209			25	11
72210		PULASKI	25	09
72210		SALINE	25	09
72210	Outside	PULASKI	25	12
72210	Outside	SALINE	25	12
72211			25	06
72211	Outside		25	07
72212			25	06
72212	Outside		25	07
72214			25	09
72215			25	07
72215	Outside		25	12
72216			25	14
72216	Outside		25	16
72217			25	06
72217	Outside		25	07
72219			25	11
72222			25	06
72222	Outside		25	07
72223			25	08
72223	Outside		25	12

ZONES

ZIP Code	City	County	Zone	Subzone
72225			25	07
72225	Outside		25	12
72227			25	07
72301			25	11
72303			25	11
72310			25	17
72311			25	22
72312			25	20
72313			25	21
72315			25	17
72319			25	17
72320			25	22
72321			25	17
72322			25	17
72324			25	21
72324	Outside		25	22
72325			25	20
72326			25	17
72327			25	16
72327	Outside		25	19
72328			25	22
72329			25	21
72330			25	21
72331		CRITTENDEN	25	15
72331		CROSS	25	21
72331	Outside	CRITTENDEN	25	20
72331	Outside	CROSS	25	21
72332			25	22
72333			25	16
72335			25	12
72336			25	12
72338			25	21
72339			25	20
72340			25	21
72341			25	22
72342			25	16
72346			25	22
72347		CROSS	25	21
72347		JACKSON	25	22
72347	Outside	CROSS	25	21
72347	Outside	JACKSON	25	22

ZONES

ZIP Code	City	County	Zone	Subzone
72348		CRITTENDEN	25	16
72348		ST FRANCIS	25	17
72348	Outside	CRITTENDEN	25	20
72348	Outside	ST FRANCIS	25	21
72350			25	21
72351			25	21
72352			25	20
72353			25	16
72354			25	17
72354	Outside		25	18
72355		LEE	25	21
72355		PHILLIPS	25	20
72355	Outside	LEE	25	21
72355	Outside	PHILLIPS	25	20
72358			25	22
72359			25	12
72360			25	13
72360	Outside		25	17
72364			25	16
72365			25	18
72366			25	16
72366	Outside		25	22
72367			25	22
72368			25	22
72369			25	22
72370			25	17
72370	Outside		25	21
72372			25	17
72373			25	15
72373	Outside		25	21
72374			25	19
72374	Outside		25	20
72376			25	22
72379			25	22
72383			25	16
72384			25	20
72386		CRITTENDEN	25	18
72386		MISSISSIPPI	25	18
72386		POINSETT	25	19
72386	Outside	CRITTENDEN	25	21
72386	Outside	MISSISSIPPI	25	21

ZONES

ZIP Code	City	County	Zone	Subzone
72386	Outside	POINSETT	25	22
72387			25	14
72389			25	22
72390			25	15
72391			25	22
72392			25	13
72394			25	13
72395			25	21
72396			25	14
72401			30	08
72402			30	08
72404			30	11
72410			30	19
72410	Outside		30	22
72411			30	11
72411	Outside		30	19
72412			30	22
72413			30	15
72414			30	18
72415			30	19
72415	Outside		30	22
72416			30	08
72417			30	15
72419			30	15
72419	Outside		30	19
72421		CRAIGHEAD	30	19
72421		JACKSON	30	19
72421	Outside	CRAIGHEAD	30	22
72421	Outside	JACKSON	30	22
72422			30	15
72425			30	22
72426			25	21
72427			30	19
72427	Outside		30	22
72428			25	22
72429			25	21
72430			30	18
72431			30	15
72431	Outside		30	22
72432			25	14
72433			30	15

ZONES

ZIP Code	City	County	Zone	Subzone
72433	Outside		30	22
72434			30	18
72434	Outside		30	22
72435			30	22
72436			30	19
72436	Outside		30	22
72437			30	11
72437	Outside		30	19
72438			25	20
72439			30	08
72440	Outside		30	19
72441			30	22
72442			25	17
72443			30	14
72443	Outside		30	22
72444			30	22
72445			30	22
72447			30	15
72449			30	22
72450			30	12
72450	Outside		30	15
72451			30	12
72451	Outside		30	15
72453			30	22
72454			30	18
72454	Outside		30	22
72455			30	10
72455	Outside		30	15
72456			30	22
72457			30	15
72458			30	19
72459			30	19
72459	Outside		30	22
72460			30	22
72461			30	18
72461	Outside		30	22
72462			30	15
72464			30	22
72465			30	22
72466			30	19
72466	Outside		30	22

ZONES

ZIP Code	City	County	Zone	Subzone
72467			30	11
72469		LAWRENCE	30	18
72469		SHARP	30	11
72469	Outside	LAWRENCE	30	22
72469	Outside	SHARP	30	15
72470			30	13
72470	Outside		30	22
72471			30	19
72472			25	13
72473			30	15
72474			30	12
72474	Outside		30	15
72475			25	21
72476			30	08
72476	Outside		30	22
72478			30	19
72479			25	15
72479	Outside		25	22
72482			13	17
72501			13	10
72512			13	09
72513			13	09
72513	Outside		13	15
72515			13	17
72517			13	15
72517	Outside		13	17
72519		BAXTER	13	11
72519		IZARD	13	11
72519		STONE	13	11
72519	Outside	BAXTER	13	13
72519	Outside	IZARD	13	17
72519	Outside	STONE	13	17
72520			13	17
72521			13	09
72522			13	17
72523			30	15
72524			13	17
72525			13	08
72526			13	17
72527			13	17
72528			13	17

ZONES

ZIP Code	City	County	Zone	Subzone
72529			13	08
72530			30	15
72531			13	17
72532			13	10
72533			30	15
72534			13	17
72536			13	17
72537			10	10
72538			13	17
72539			13	17
72540			13	17
72542			13	10
72543			30	07
72544			10	10
72546			30	15
72550			13	17
72553			13	12
72554			13	09
72554	Outside		13	17
72555			30	15
72556			13	16
72556	Outside		13	17
72560			30	14
72560	Outside		30	15
72561			13	17
72562			13	09
72562	Outside		13	15
72564			13	08
72565			13	15
72566			13	17
72567			30	15
72568			13	13
72569			13	17
72571			13	17
72572			30	22
72573			13	11
72573	Outside		13	17
72575			13	10
72576			13	07
72576	Outside		13	17
72577			13	17

ZONES

ZIP Code	City	County	Zone	Subzone
72578			13	17
72579			13	15
72581			30	15
72583			13	10
72583	Outside		13	17
72584			13	17
72585			13	17
72587			13	17
72601			10	10
72601	Outside		10	12
72602			10	10
72602	Outside		10	12
72610			30	15
72611			10	10
72611	Outside		10	12
72613			10	10
72613	Outside		10	18
72615			10	10
72615	Outside		10	12
72616			10	12
72616	Outside		10	18
72617			10	18
72619			10	12
72619	Outside		10	18
72623			10	18
72624			30	16
72626			10	10
72626	Outside		10	12
72628			30	16
72629			30	16
72630			10	13
72630	Outside		10	18
72631			10	10
72631	Outside		10	18
72632			10	10
72632	Outside		10	18
72633			10	19
72634			10	12
72635			10	09
72636			30	11
72638		CARROLL	10	12

ZONES

ZIP Code	City	County	Zone	Subzone
72638		NEWTON	10	14
72638	Outside	CARROLL	10	19
72638	Outside	NEWTON	10	19
72639			30	15
72640			30	16
72641			30	16
72642			10	10
72644			10	13
72644	Outside		10	18
72645			30	16
72648			30	16
72650			30	15
72651			10	10
72653			10	09
72653	Outside		10	10
72654			10	09
72654	Outside		10	10
72655			30	16
72658			10	14
72658	Outside		10	18
72660			10	15
72660	Outside		10	18
72661			10	18
72662			10	19
72663			30	15
72666			30	16
72668			10	18
72669			30	15
72670			30	15
72672			10	12
72672	Outside		10	18
72675			30	15
72677			10	12
72677	Outside		10	18
72679			30	16
72680			30	15
72682			10	14
72683			30	16
72685			30	13
72686			30	16
72687			10	12

ZONES

ZIP Code	City	County	Zone	Subzone
72687	Outside		10	18
72701			10	10
72703			10	10
72704			10	10
72711			10	10
72712			10	06
72714			10	06
72715			10	08
72717			10	18
72718			10	11
72719			10	06
72721			10	18
72722			10	08
72727			10	11
72728			10	09
72729			10	18
72730			10	10
72732			10	18
72733			10	18
72734			10	10
72735			10	10
72736			10	08
72737			10	10
72738			10	18
72739			10	08
72740			10	12
72740	Outside		10	18
72741			10	10
72742			10	18
72744			10	12
72745			10	10
72747			10	16
72749			10	18
72751			10	08
72752			10	18
72753			10	12
72756			10	10
72758			10	10
72760			10	08
72760	Outside		10	18
72761			10	10

ZONES

ZIP Code	City	County	Zone	Subzone
72762			10	09
72764			10	09
72765			10	09
72766			10	09
72768			10	08
72769			10	14
72770			10	09
72773			10	18
72774			10	10
72776			10	18
72801			30	08
72801	Outside		30	09
72802			30	08
72802	Outside		30	09
72812			30	08
72812	Outside		30	09
72820		FRANKLIN	10	19
72820		JOHNSON	10	22
72820	Outside	FRANKLIN	10	19
72820	Outside	JOHNSON	10	22
72821			10	13
72821	Outside		10	19
72823			30	09
72823	Outside		30	10
72824			30	13
72826			10	14
72827			30	16
72828			30	15
72829			30	08
72829	Outside		30	10
72830			30	09
72830	Outside		30	13
72832			30	10
72832	Outside		30	17
72833		SCOTT	30	05
72833		YELL	30	08
72833	Outside	SCOTT	30	08
72833	Outside	YELL	30	11
72834			30	08
72834	Outside		30	10
72835		LOGAN	10	18

ZONES

ZIP Code	City	County	Zone	Subzone
72835		YELL	10	21
72835	Outside	LOGAN	10	18
72835	Outside	YELL	10	21
72837			30	13
72838			30	16
72839			30	15
72840			30	13
72840	Outside		30	16
72841			10	19
72842			30	11
72843			30	15
72845			30	10
72845	Outside		30	15
72846			30	10
72846	Outside		30	15
72847			30	15
72851			10	19
72852			30	16
72853			30	12
72854			30	16
72855			10	10
72855	Outside		10	19
72856			30	16
72857			30	11
72857	Outside		30	12
72858			30	10
72860			30	15
72863			10	19
72865			10	16
72865	Outside		10	19
72901			10	07
72901	Outside		10	18
72903			10	10
72903	Outside		10	18
72904			10	07
72904	Outside		10	18
72905			10	14
72905	Outside		10	18
72906			10	10
72906	Outside		10	18
72908			10	10

ZONES

ZIP Code	City	County	Zone	Subzone
72913			10	10
72913	Outside		10	18
72914			10	07
72914	Outside		10	18
72916			10	10
72916	Outside		10	12
72917			10	10
72917	Outside		10	18
72918			10	10
72921			10	12
72921	Outside		10	14
72923			10	11
72924			10	18
72926			10	19
72927			10	15
72927	Outside		10	18
72928			10	18
72930			10	18
72932			10	18
72933			10	14
72933	Outside		10	18
72934			10	18
72935			10	12
72935	Outside		10	14
72936			10	13
72936	Outside		10	18
72937			10	18
72938			10	18
72940			10	18
72941			10	15
72941	Outside		10	18
72943			10	12
72943	Outside		10	19
72944			10	13
72944	Outside		10	18
72945			10	18
72946			10	18
72947			10	13
72947	Outside		10	18
72948			10	18
72949			10	13

ZONES

ZIP Code	City	County	Zone	Subzone
72949	Outside		10	18
72950			10	19
72951			10	18
72952			10	13
72955			10	18
72956			10	13
72957			10	13
72958			10	12
72958	Outside		10	18
72959			10	18

ZONE/SUBZONE ASSIGNMENT

For ZIP Codes not listed on the Zone/Subzone definition pages, the following rules apply in the assignment of the zone and subzone. Refer to Home Office for administration of these rules.

- A. A ZIP Code or geographic area omitted from the Zone/Subzone definition pages will be assigned to the lowest rated contiguous zone and subzone.*
- B. If a new ZIP Code is created, it will be assigned to the lowest rated zone and subzone of the ZIP Codes that formerly constituted the new ZIP Code's geographic area, subject to a 15% policy distribution minimum.*
- C. When an existing ZIP Code boundary changes, policies will be assigned to the zone and subzone of their revised ZIP Code.*

RENTAL CONDOMINIUM UNITOWNERS

This section provides details on coverages and rating for the Rental Condominium Unitowners policy form, including the information necessary to develop the basic premiums.

COVERAGES

A. Section I, Property

Coverages	Details	Minimums or Amounts
Coverage A: Building Property Coverage (Including building glass)	Form 3: Replacement Cost	30% of Coverage B \$1,000 Minimum Increased Limits Available
Coverage B: Personal Property	Form 3 only: (Premises Burglary) Actual Cash Value Replacement Cost Optional	\$2,000 Minimum Increased Limits Available
Coverage C: Loss of Rents	Fair Rental Value	Actual Loss Sustained Within 12 month period
Coverage D: Loss Assessments		\$1,000 Increased Limits Available
Additional Coverages	Arson Reward	\$1,000
	Burglary	Coverage B Limit
	Collapse	
	Debris Removal (Including tree debris)	
	Temporary Repairs	
	Trees, Shrubs and Other Plants (Specified Perils)	Up to 5% of Coverage B, not over \$500 each
	Fire Department Service Charge	Up to \$500
	Property Removed	
	Personal Effects	Up to \$100 per person/\$500 per occurrence
	Volcanic Action	

B. Section II, Liability

Coverages	Details	Minimums or Amounts
Coverage L: Business Liability	Occurrences arising out of the ownership, maintenance or use of the insured premises subject to an annual aggregate limit. The annual aggregate limit applies separately to each location.	Minimum \$300,000 per occurrence \$600,000 annual aggregate (Annual aggregate limit shall be twice the Per Occurrence limit) Increased Limits Available

RENTAL CONDOMINIUM UNITOWNERS

Coverages	Details	Minimums or Amounts
Coverage M: Premises Medical Payments	Medical expenses incurred within three years from the date of accident.	\$5,000 Minimum Increased Limits Available
Additional Coverages	Claim Expense	See Policy
	First Aid Expense	
	Personal Injury	Coverage L Limits
	Host Liquor Liability	
	Owners and Contractors Protective Liability	
	Products/Completed Operations	
	Contractual Liability	

C. Annual Aggregate Limit

The total limit of the Company's liability for all occurrences in any one policy year may be increased to more than twice the per occurrence limit of liability shown in the Declarations for Coverage L - Business Liability. Refer to Company.

The annual aggregate limit may be reinstated when exhausted. Refer to Company.

RATING

- A. Depending upon the loss settlement option selected, determine either the Replacement Cost and/or Actual Cash Value of the Personal Property for each unit. This value will be the Coverage B policy limit for each unit.
- B. Determine the basic premium for each unit.
 - 1. Select the correct ZONE, SUBZONE and CONSTRUCTION.
 - 2. Determine the Coverage B amount - this will be the RISK AMOUNT.
 - 3. From the basic rate pages, determine the premium based on the ZONE, SUBZONE and CONSTRUCTION from Step 1 and the RISK AMOUNT as determined in Step 2.

Premium = Zone Base Rate X Subzone Factor X Construction Factor X Amount Factor X Risk Amount / Base Amount *

* The Base Amount is the Risk Amount which has a factor of 1.000.

Note: For amounts greater than the largest risk amount shown, calculate the premium for the additional amount and add it to the premium for the largest risk amount shown.

 - 4. Apply all applicable basic premium adjustments from the Basic Premium Adjustment section sequentially in the order presented in that section to derive the basic premium.
- C. Apply any remaining percentage adjustments for optional coverages to the basic premium.
- D. Add any flat dollar adjustments for optional coverages to the basic premium except for Non-Owned Auto and Hired Auto Liability.
- E. Sum premium for each unit and add policy charge for Non-Owners Auto and Hired Auto Liability, if desired.
- F. Premium Calculation Example - Rental Condominium Unitowners Policy

The following example shows the sequence for applying optional discounts, charges, and options (actual premiums/rates were chosen arbitrarily for illustration purposes only).

1. Rental Condominium Unitowners Basic Premium

a. Premium	$\$105 \times 1.000 \times 1.000 \times 0.580 \times \$40,000 / \$10,000 = \243.60	Rounded = \$244
b. \$2,000 Deductible Adjustment (-24%)	$\$244 \times 0.24 = \58.56	Rounded = - \$59
		Subtotal = \$185
c. Home Alert Protection (-5%)	$\$185 \times 0.05 = \9.25	Rounded = - \$9
		Basic Premium = \$176

RENTAL CONDOMINIUM UNITOWNERS

2. Charge for \$7,500 Loss Assessment Coverage	
a. First \$1,000 (\$10 per \$1,000) = \$10	
b. Next \$6,500 (\$0.25 per \$1,000) = $0.25 \times 6.5 = \$1.625$ (Rounded \$2)	
c. Total (\$10 + \$2)	= \$12
3. Charge for \$10,000 additional Building Property Coverage	
\$10,000 X \$2.00 = \$20	= \$20
4. Charge for \$500,000 Section II Coverage	= \$10
5. Premium for One Unit (\$176 + 12 + 20 + 10)	<hr/> = \$218
6. Charge for Non-Owned Auto and Hired Auto Liability (per policy)	= +\$26
7. Final Premium (subject to policy minimum premium)	= \$244

Note: Each discount and charge is to be rounded to the nearest dollar before being subtracted from or added to the basic premium.

RENTAL CONDOMINIUM UNITOWNERS

**RENTAL CONDOMINIUM UNITOWNERS
\$1,000 ALL-PERIL DEDUCTIBLE
\$300,000 LIABILITY; \$5,000 MEDICAL PAYMENTS, LOSS OF INCOME**

Premium = Zone Base Rate X Subzone Factor X Construction Factor X Amount Factor X Risk Amount / \$10,000

ZONE BASE RATES

Zone	Rate
All Not Specifically Listed	\$95.34

RENTAL CONDOMINIUM UNITOWNERS

RENTAL CONDOMINIUM UNITOWNERS \$1,000 ALL-PERIL DEDUCTIBLE \$300,000 LIABILITY; \$5,000 MEDICAL PAYMENTS, LOSS OF INCOME

Premium = Zone Base Rate X Subzone Factor X Construction Factor X Amount Factor X Risk Amount / \$10,000

SUBZONE FACTORS

Subzone	Factor
All Not Specifically Listed	1.000

RENTAL CONDOMINIUM UNITOWNERS

**RENTAL CONDOMINIUM UNITOWNERS
\$1,000 ALL-PERIL DEDUCTIBLE
\$300,000 LIABILITY; \$5,000 MEDICAL PAYMENTS, LOSS OF INCOME**

Premium = Zone Base Rate X Subzone Factor X Construction Factor X Amount Factor X Risk Amount / \$10,000

CONSTRUCTION FACTORS

Construction	Factor
All Not Specifically Listed	1.000

RENTAL CONDOMINIUM UNITOWNERS

RENTAL CONDOMINIUM UNITOWNERS \$1,000 ALL-PERIL DEDUCTIBLE \$300,000 LIABILITY; \$5,000 MEDICAL PAYMENTS, LOSS OF INCOME

Premium = Zone Base Rate X Subzone Factor X Construction Factor X Amount Factor X Risk Amount / \$10,000

RISK AMOUNT FACTORS

Risk Amount	Factor
\$1	3.100
\$2,000	3.100
\$4,000	2.020
\$6,000	1.490
\$8,000	1.180
\$10,000	1.000
\$12,000	0.880
\$14,000	0.800
\$16,000	0.750
\$18,000	0.690
\$20,000	0.640
\$22,000	0.620
\$24,000	0.600
\$26,000	0.590
\$28,000	0.570
\$30,000	0.550
\$35,000	0.530
\$40,000	0.510
\$45,000	0.490
\$50,000	0.480
\$55,000	0.470
\$60,000	0.460
\$65,000	0.460
\$70,000	0.450
\$75,000	0.440
\$80,000	0.440
\$85,000	0.440
\$90,000	0.430
\$95,000	0.430
\$100,000	0.430
\$125,000	0.420
\$150,000	0.410
\$175,000	0.410

RENTAL CONDOMINIUM UNITOWNERS

Risk Amount	Factor
\$200,000	0.400
\$225,000	0.400
\$250,000	0.400

Each Additional	Factor
\$1,000	0.380

For risk amounts between those shown above, interpolate to derive the appropriate factor.

BASIC PREMIUM ADJUSTMENTS

BASIC PREMIUM ADJUSTMENT

The following adjustments apply to develop the basic premium. If applicable, these basic premium adjustments **must** be applied prior to adjustment for optional coverages.

The basic premium adjustments shall apply sequentially as presented in this section. Each subsequent adjustment is applied to the previously adjusted premium.

DEDUCTIBLES

The basic premiums include a \$1,000 deductible. For other deductibles, apply the adjustment shown in the table below.

BASIC DEDUCTIBLES

Policy Deductible	Basic Premium Adjustment	Minimum Adjustment	Maximum Adjustment
\$500	32%	Does Not Apply	Does Not Apply
\$1,000	0%	Does Not Apply	Does Not Apply
\$2,000	-10%	Does Not Apply	Does Not Apply
\$3,000	-18%	Does Not Apply	Does Not Apply
\$4,000	-20%	Does Not Apply	Does Not Apply
\$5,000	-23%	Does Not Apply	Does Not Apply

DELETION OF LOSS OF RENTS COVERAGE

Loss of Rents coverage can be deleted by indicating coverage does not apply on the Declarations Page. The following adjustment applies to the premium.

Basic Premium Adjustment
-5%

BASIC PREMIUM ADJUSTMENTS

HOME ALERT PROTECTION

The following basic premium adjustments apply for fire and burglary prevention efforts by the policyholder.

Description	Basic Premium Adjustment
Fire or Smoke Local Alarm	-2%
Burglar Alarm System	-3%
Fire or Smoke Detectors which also activate either a digital dialer or a voice synthesized (not tape) telephone dialer	-4%
Fire or Smoke Local Alarm and Burglar Alarm System	-5%
Fire or Smoke Local Alarm, Dead Bolt Locks and Fire Extinguisher	-5%
Fire or Smoke Detectors which also activate either a digital dialer or a voice synthesized (not tape) telephone dialer, Dead Bolt Locks and Fire Extinguisher	-6%
Burglar Alarm System, Fire or Smoke Local Alarm, Dead Bolt Locks and Fire Extinguisher	-6%
Fire and/or Burglar Alarm reporting to either Fire Dept., Police Dept. or Central Station, Dead Bolt Locks and Fire Extinguisher	-10%

Telephone dialer credits do not apply in areas where dialers are prohibited by ordinance or law.

Only one discount from the above schedule may be applied per unit. No combination of discounts, other than shown, is permitted.

BASIC PREMIUM ADJUSTMENTS

AUTOMATIC SPRINKLER PROTECTION DISCOUNT

The following discount applies to the basic premium for automatic sprinkler systems in the dwelling. This adjustment also applies to the premium developed for Building Property Coverage - Increased Limits.

Basic Premium Adjustment
-12%

BASIC PREMIUM ADJUSTMENTS

REPLACEMENT COST ON PERSONAL PROPERTY

The policy can be extended to include the full cost of repair or replacement of personal property without deduction for depreciation, subject to the terms of the Replacement Cost Option. To be eligible, inflation coverage must apply to the policy.

The additional premium for this coverage shall be determined by applying the following adjustment.

Basic Premium Adjustment	Minimum
22%	\$22

ACTIVATE: Option RC in the policy

BASIC PREMIUM ADJUSTMENTS

BUILDING ORDINANCE OR LAW

Coverage may be provided for loss which occurs to property covered under Coverage A - Buildings due to any ordinance or law in force at the time of loss regulating the construction or repair of damaged property.

The amount of coverage provided will be the greater of \$1,000 or 10% of the limit of liability of the building property covered.

The premium for this coverage shall be determined by applying the following adjustment to the basic premium.

Basic Premium Adjustment	Minimum Adjustment
2%	\$10

ATTACH: Ordinance or Law Coverage Endorsement, FE-6541

OPTIONAL COVERAGES

All options are to be applied to the basic premium as developed after applicable adjustments from the Basic Premium Adjustments section. Percentage options are to be applied to this basic premium prior to any adjustment for flat dollar options. The policy minimum premium applies to the policy premium after adjustments for options.

ADDITIONAL INSUREDS

The interest of additional insureds not declared on the Declaration Page can be covered as Named Additional Insureds for no additional premium.

ACTIVATE: Option AI in the Policy

BACK-UP OF SEWER OR DRAIN

Coverage may be provided for loss caused by water which backs up through sewers or drains including sump pumps, sump pump wells or any type of system designed to remove subsurface water.

A \$250 deductible applies to loss under this endorsement.

<i>Premium</i>
\$35

ATTACH: *Back-Up of Sewer or Drain Endorsement, FE-6534*

BUILDING PROPERTY COVERAGE - INCREASED LIMITS

The Coverage A - Building Property amount can be increased.

Rate for Each \$1,000 Increase
\$3.75

Automatic sprinkler discounts apply.

BUSINESS LIABILITY - OPTIONAL LIMITS

For other than basic limits, apply the following premium adjustments.

Limit		Premium
Per Occurrence	Annual Aggregate	
\$300,000	\$600,000	Basic
\$500,000	\$1,000,000	\$14
\$1,000,000	\$2,000,000	\$28
\$2,000,000	\$4,000,000	\$41
\$3,000,000	\$6,000,000	\$53
\$4,000,000	\$8,000,000	\$63
\$5,000,000	\$10,000,000	\$71

DELETION OF SECTION II, LIABILITY AND MEDICAL PAYMENTS

Section II must be deleted when the Bodily Injury and Property Damage Liability and Medical Payments pertaining to the property insured under Section I is insured in a general or blanket liability policy. The following discount applies to the premium.

Discount
\$18

OPTIONAL COVERAGES

EARTHQUAKE AND VOLCANIC EXPLOSION

Earthquake damage can be covered by the addition of an endorsement. The following provide additional details on this coverage.

EARTHQUAKE AND VOLCANIC EXPLOSION - EARTHQUAKE ZONES

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

EARTHQUAKE AND VOLCANIC EXPLOSION - RULES

The deductible amount applies separately to each of the following:

- A. the amount of insurance for each covered building or structure;
- B. the amount of insurance for personal property of each covered building or structure.

The minimum deductible for each occurrence is \$250.

EARTHQUAKE AND VOLCANIC EXPLOSION - BASIC RATES

The basic rates provide basic package amounts of coverage.

Deductible	Rate per \$1,000 - Coverage B			
	Zone			
	2	3	4	5
5%	N/A	N/A	\$0.22	\$0.19
10%	\$0.40	\$0.20	\$0.15	\$0.13

ATTACH: Earthquake and Volcanic Explosion Endorsement - Unitowners, FE-6535

OPTIONAL COVERAGES

EARTHQUAKE AND VOLCANIC EXPLOSION - INCREASED LIMITS

If higher than basic limits are provided for Coverage A, additional charges are made according to all applicable rates shown below. These rates apply only to the increased amount of coverage.

Deductible	Rate per \$1,000 - Coverage A			
	Zone			
	2	3	4	5
5%	N/A	N/A	\$0.30	\$0.26
10%	\$0.58	\$0.28	\$0.20	\$0.18

LOSS ASSESSMENTS - INCREASED LIMITS

The limit of liability for Loss Assessments Coverage (Coverage D) can be increased. The maximum limit of liability for Coverage D is \$100,000.

Rate Per \$1,000		
Coverage D Additional Amount		
First \$1,000	Next \$24,000	Next \$75,000
\$10.00	\$0.15	<i>\$0.10</i>

Note: An earthquake endorsement applicable to the policy shall also apply to Loss Assessments subject to a \$1,000 limit and a \$100 deductible.

MEDICAL PAYMENTS - OPTIONAL LIMITS

For other than basic limits, apply the following premium adjustments.

Medical Payments Limit	Premium
\$5,000	Basic
\$6,000	\$6.00
\$7,000	\$7.00
\$8,000	\$8.00
\$9,000	\$9.00
\$10,000	\$10.00

NON-OWNED AUTO AND HIRED AUTO LIABILITY

The policy can be endorsed to provide liability coverage for non-owned autos used in the insured's business which are operated by anyone but the insured. Hired auto coverage is also provided for vehicles the insured hires with or without a driver.

The following premium applies only once per policy:

Limit		Premium
Per Occurrence	Annual Aggregate	
\$300,000	\$600,000	\$26
\$500,000	\$1,000,000	\$28
\$1,000,000	\$2,000,000	\$31
\$2,000,000	\$4,000,000	\$65
\$3,000,000	\$6,000,000	\$95
\$4,000,000	\$8,000,000	\$113
\$5,000,000	\$10,000,000	\$130

Note: The selected limit amount must coincide with the policy Section II limit.

ATTACH: Non-Owned Auto and Hired Auto Liability Endorsement, FE-6533

SECTION II - INCREASED ANNUAL AGGREGATE LIMITS

The Annual General Aggregate limit and the Annual Products/Completed Operations Aggregate limit may be higher than twice the per occurrence limit. For higher limits, refer to Home Office for appropriate premium.

VACANCY COVERAGE

The policy limits coverage for vandalism and glass breakage if the Rental Condominium Unit has been vacant for over 30 days. For an additional fully earned premium, the limitations may be deleted. The following premium will not be refunded if this endorsement is cancelled.

Premium
\$45

ATTACH: Vacancy Endorsement, FE-8313

SUMMARY OF REVISIONS

The following table summarizes the changes contained in this revision.

Item	Description
Zone/Subzone	Subzones are revised.
Base Rates	Base Rates/Factors are revised. Base X Factor rating replaces precalculated premiums.
Utilities Rating Plan	Utilities Rating Plan adjustments are revised. Partial update provision revised to reflect updates within the last 16 years instead of 10.
Roof Surfaces - Impact Resistant	Rule revised to remove references specific to UL standards.
Mid-Term Changes/ Cancellation Rule	Simplified the Mid-Term Changes rule and enhanced the Cancellation rule to be consistent with other programs.
Home Alert Protection	Revised adjustments for Home Alert Protection.
Wood Surfaces - Wood	Revised Wood Shake and Wood Shingles Roof adjustments to 8% from 5%. Introduced a 10% adjustment for Composition Over Wood Roofs.
Deductibles	Deductible adjustments are revised. Removing Maximum dollar adjustments.
Solid Fuel Appliance	Solid Fuel rule is revised to include reference to outdoor furnaces.
Section II - Increased Limits	Rule is revised to indicate that the charge applies per dwelling.
Optional Coverages	Selected Optional Coverage premiums are revised.

Throughout this manual, ***bold italics*** font indicates information that is not displayed in the Agents manual.

RULES

The rules, rates and premiums in this manual govern the writing of all Rental Dwelling policies. The rules and rates filed by or on behalf of the Company for each coverage shall govern in all cases not specifically provided for in these rules.

CANCELLATION

When a policy is cancelled, the annual premium that applies to the policy period multiplied by the pro rata factor is returned to the insured.

Calculate the pro rata factor as follows:

- A. Compute the number of days left in the annual term until the policy expires. (Example: 122 days)
- B. Divide the number of days by 365 (days in a year) and round to 3 decimal places. This produces the pro rata factor. A few examples may help:

Number of Days	Divided By	Pro Rata Factor
360	365	0.986
240	365	0.658
122	365	0.334
73	365	0.200
34	365	0.093

CONSTRUCTION CLASSIFICATIONS

A. Frame

A dwelling with exterior walls of combustible construction (including walls with metal, stucco, or metal lath and plaster on combustible supports) is classified as frame.

B. Masonry

A dwelling with exterior walls of brick, concrete, concrete block, adobe, tile, or other masonry materials is classified as masonry.

C. Masonry Veneer

A dwelling with walls of combustible construction veneered with masonry materials is classified as masonry veneer.

D. Fire Resistive

A building with walls, floor, and roof constructed entirely of masonry or fire resistive materials with a Fire Resistance rating of not less than one hour is classified as fire resistive.

E. Mixed Construction

A dwelling shall be classified as frame construction when the wall area of frame construction (excluding gables) exceeds 50% of the total wall area.

F. Log Construction

A dwelling with walls - and in some cases, structural framing members used to support multiple stories or the roof - made of logs, i.e. have not been milled into conventional lumber.

ELIGIBILITY

A Rental Dwelling Policy can be written for:

- A. Any one or two family dwelling or fire division predominately occupied for habitational purposes including auxiliary service buildings, but excluding one or two family owner occupied dwelling(s); or
- B. A new dwelling that is under construction for one or two family occupancy, not to be occupied by the owner; or
- C. A single family unit within a row house or town house predominately occupied for habitational purposes, excluding those which are owner occupied.
- D. A dwelling, other than a rooming house, boarding house, or nursing home, that is owned by or rented to an organization that meets specific criteria (ie, a qualified organization). A qualified organization is a not-for-profit entity that sponsors, supports, organizes, or provides residential housing for persons with disabilities and their caregivers. The home shall house no more than four unrelated persons as full-time residents on an indefinite basis (not temporary or short-term basis). The organization also has its own insurance policy covering the liability of the organization and its employees. Refer to the company for the complete eligibility criteria for these homes.

ELIGIBILITY RULE SUPPLEMENT

A Rental Dwelling Policy can be written for a dwelling, other than a rooming house, boarding house, or nursing home, that is owned by or rented to an organization that meets all of the following criteria (a qualified organization) (and if all such criteria are met, the dwelling shall not be considered a rooming house, boarding house, or nursing home):

- A. The organization is not-for-profit that sponsors, supports, organizes, or provides residential housing for persons with disabilities or their caregivers.***
- B. The organization helps to physically maintain the house for residential occupancy by persons with disabilities.***
- C. The organization proposes to house no more than four (4) unrelated persons in the home for which Rental Dwelling insurance coverage is sought, including at least one resident with disabilities as well as their caregiver (s), who are full-time residents of the house.***
- D. The home for which Rental Dwelling insurance coverage is sought shall be the primary residence of the (up to) four unrelated persons residing therein, and such residents shall intend to reside in the home on an indefinite basis, as opposed to a defined temporary or short-term basis.***
- E. The organization has established and implemented effective procedures for screening, training, and supervising any needed caretakers to be placed in the home for which Rental Dwelling insurance coverage is sought.***
- F. The organization and/or the caretaker may provide assistance with over-the-counter and physician-prescribed drugs to the residents of the house.***
- G. The organization, and any group residence facilities operated or sponsored by it are in compliance with all applicable state and local laws, rules, and regulations.***
- H. The organization has developed and enforces a set of rules designed to reduce risk, including but not limited to, requiring fire extinguishers, prohibiting or restricting smoking, and other fire safety rules.***
- I. The organization has its own insurance policy that covers the liability of the organization and its own employees in connection with the operation of the group home.***

MID-TERM CHANGES

Changes that affect coverage or a risk characteristic used in rating the policy may be made during the policy term, unless otherwise stated in this manual. Mid-term changes to take advantage of a new discount or charge **or** a rate or classification change implemented by the company during the policy term are **not** permitted.

If a different premium is required for the remainder of the current policy term, the additional or return premium is to be computed pro rata unless otherwise stated in this manual.

MINIMUM PREMIUM

The annual minimum premium is shown below.

Minimum Premium
\$300

POLICY PERIOD AND PREMIUM PAYMENT

All premiums and rates shown in this manual are on an annual term basis. All policies are initially written for a one year term and are then automatically renewed annually. The rates on renewals will be those rates in effect at that time.

REFER TO COMPANY ITEMS

For all "Refer to Company" items, specific rates must be filed under individual risk filing guidelines with the Arkansas Insurance Department.

RESTRICTION OF COVERAGE

The named insured can request a restriction on an individual policy. The circumstances or exposure must be so unusual that without the restriction the policy would not be issued. No reduction from the prescribed rate and minimum premium is allowed. Refer each request to the Company.

ROUNDING OF PREMIUMS

Any computations for additional coverages or additional amounts of insurance are to be rounded separately to the nearest dollar. Fifty cents or more is to be considered as a dollar.

ZONES

This section provides the rules for the assignment of the zone and subzone.

ZONE DEFINITIONS

Refer to Company for ZIP Codes not listed.

ZIP Code	City	County	Zone	Subzone
71601			25	13
71601	Outside		25	19
71602			25	09
71602	Outside		25	17
71603			25	12
71603	Outside		25	17
71612			25	09
71612	Outside		25	17
71613			25	12
71613	Outside		25	17
71630			25	14
71630	Outside		25	19
71631			25	19
71635			25	14
71638			25	13
71638	Outside		25	19
71639			25	12
71640			25	18
71642			25	19
71643			25	17
71644			25	17
71644	Outside		25	19
71646			25	14
71646	Outside		25	19
71647			25	19
71651			25	19
71652			25	19
71653			25	15
71654			25	13
71655			25	09
71656			25	10
71657			25	09
71658			25	16

ZONES

ZIP Code	City	County	Zone	Subzone
71659			25	17
71659	Outside		25	19
71660			25	19
71661			25	16
71662			25	19
71663			25	16
71665			25	19
71666			25	10
71667			25	14
71670			25	16
71671			25	12
71671	Outside		25	17
71674			25	16
71675			25	16
71676			25	16
71677			25	19
71678			25	19
71701			25	10
71701	Outside		25	13
71711			25	10
71711	Outside		25	13
71720			25	13
71720	Outside		25	19
71721			25	09
71721	Outside		25	17
71722			25	13
71722	Outside		25	19
71724			25	08
71724	Outside		25	09
71725			25	19
71726			25	12
71726	Outside		25	19
71728			25	09
71728	Outside		25	17
71730			25	08
71730	Outside		25	09
71740			25	08
71740	Outside		25	13
71742			25	12
71742	Outside		25	19
71743			25	09

ZONES

ZIP Code	City	County	Zone	Subzone
71743	Outside		25	17
71744			25	19
71745			25	19
71747			25	19
71748			25	19
71749			25	13
71750			25	08
71750	Outside		25	09
71751			25	19
71752			25	17
71753			25	08
71754			25	08
71758			25	19
71759			25	08
71762			25	13
71762	Outside		25	17
71763			25	19
71764		COLUMBIA	25	10
71764		OUACHITA	25	10
71764	Outside	COLUMBIA	25	19
71764	Outside	OUACHITA	25	19
71765			25	19
71766			25	17
71766	Outside		25	19
71769			25	19
71770			25	09
71770	Outside		25	13
71801			25	10
71802			25	10
71820			25	11
71820	Outside		25	16
71822			25	11
71822	Outside		25	16
71823			25	19
71825			25	19
71826			25	17
71827			25	07
71827	Outside		25	17
71828			25	19
71831			25	19
71832			25	16

ZONES

ZIP Code	City	County	Zone	Subzone
71832	Outside		25	19
71833			25	11
71833	Outside		25	13
71834			25	19
71835		HEMPSTEAD	25	17
71835		NEVADA	25	17
71835	Outside	HEMPSTEAD	25	19
71835	Outside	NEVADA	25	19
71836			25	12
71836	Outside		25	16
71837			25	19
71838			25	17
71839			25	17
71839	Outside		25	19
71840			25	19
71841			25	19
71842			25	16
71842	Outside		25	19
71845			25	09
71845	Outside		25	17
71846			25	19
71847			25	19
71851			25	17
71851	Outside		25	19
71852		HEMPSTEAD	25	13
71852		HOWARD	25	13
71852	Outside	HEMPSTEAD	25	17
71852	Outside	HOWARD	25	17
71853			25	13
71854			25	11
71855			25	19
71857			25	11
71857	Outside		25	19
71858			25	19
71859			25	19
71860			25	07
71860	Outside		25	13
71861			25	17
71861	Outside		25	19
71862			25	17
71862	Outside		25	19

ZONES

ZIP Code	City	County	Zone	Subzone
71864			25	19
71865			25	12
71865	Outside		25	13
71866			25	19
71901		GARLAND	10	08
71901		HOT SPRING	10	13
71901	Outside	GARLAND	10	08
71901	Outside	HOT SPRING	10	13
71902			10	08
71903			10	08
71909			10	09
71910			10	09
71913			10	10
71914			10	10
71920			25	17
71920	Outside		25	19
71921			25	17
71921	Outside		25	19
71922			25	17
71923			25	09
71929			25	08
71933			25	09
71933	Outside		25	13
71935			10	16
71937			10	16
71940			25	13
71940	Outside		25	17
71941			25	17
71942			25	19
71943			25	12
71943	Outside		25	19
71944			10	16
71945			10	16
71949			10	15
71950			25	19
71952			25	19
71953			10	15
71953	Outside		10	16
71956			10	10
71956	Outside		10	15
71957			10	15

ZONES

ZIP Code	City	County	Zone	Subzone
71957	Outside		10	16
71958			25	15
71958	Outside		25	19
71959			25	19
71960			10	17
71961			10	18
71962			25	19
71964		GARLAND	10	11
71964		HOT SPRING	10	13
71964	Outside	GARLAND	10	11
71964	Outside	HOT SPRING	10	13
71965			10	19
71968			10	12
71968	Outside		10	15
71969			10	19
71970			10	15
71971			25	19
71972			10	16
71973			10	16
71998			25	10
71999			25	09
72001			10	16
72002			25	09
72003			25	19
72004			25	19
72005			30	15
72006			30	13
72007			25	17
72010			30	12
72011			25	13
72011	Outside		25	17
72012			30	09
72012	Outside		30	12
72013			30	13
72014			30	19
72015			25	09
72015	Outside		25	13
72016		PERRY	10	14
72016		PULASKI	10	19
72016	Outside	PERRY	10	15
72016	Outside	PULASKI	10	19

ZONES

ZIP Code	City	County	Zone	Subzone
72017			25	19
72018			25	09
72018	Outside		25	13
72019			25	12
72019	Outside		25	13
72020		INDEPENDENCE	30	13
72020		JACKSON	30	16
72020		WHITE	30	13
72020	Outside	INDEPENDENCE	30	13
72020	Outside	JACKSON	30	19
72020	Outside	WHITE	30	17
72021			25	13
72022			25	08
72022	Outside		25	09
72023		FAULKNER	25	07
72023		LONOKE	25	07
72023		PULASKI	25	07
72023	Outside	FAULKNER	25	07
72023	Outside	LONOKE	25	09
72023	Outside	PULASKI	25	09
72024			25	14
72024	Outside		25	19
72025			10	16
72026			25	19
72027			30	13
72028			30	13
72029			25	12
72029	Outside		25	14
72030			30	12
72031			30	09
72031	Outside		30	12
72032			30	09
72033			30	09
72034			30	07
72035			30	04
72036			30	13
72037			25	16
72037	Outside		25	17
72038			25	19
72039			30	14
72040			25	13

ZONES

ZIP Code	City	County	Zone	Subzone
72040	Outside		25	19
72041			25	14
72041	Outside		25	19
72042			25	12
72042	Outside		25	13
72043			30	14
72043	Outside		30	19
72044			30	10
72045			30	13
72046		JEFFERSON	25	16
72046		LONOKE	25	16
72046		PULASKI	25	16
72046	Outside	JEFFERSON	25	17
72046	Outside	LONOKE	25	17
72046	Outside	PULASKI	25	17
72047			30	15
72048			25	19
72051			30	12
72052			30	13
72053			25	14
72055			25	17
72055	Outside		25	19
72057			25	17
72057	Outside		25	19
72058			30	13
72059			30	13
72060			30	13
72061			30	13
72063			30	12
72064			25	15
72064	Outside		25	19
72065			25	16
72066			25	19
72067			30	07
72068			30	10
72068	Outside		30	13
72069			25	17
72070			10	12
72072			25	17
72072	Outside		25	19
72073			25	17

ZONES

ZIP Code	City	County	Zone	Subzone
72074			30	13
72075			30	14
72075	Outside		30	19
72076			25	08
72078			25	08
72079			25	17
72080			30	12
72081			30	12
72082			30	12
72083			25	19
72084			25	17
72084	Outside		25	19
72085			30	11
72086			25	13
72087		GARLAND	25	12
72087		SALINE	25	17
72087	Outside	GARLAND	25	12
72087	Outside	SALINE	25	17
72088			30	07
72089			25	08
72089	Outside		25	09
72099			25	06
72101		CROSS	30	16
72101		JACKSON	30	19
72101		WOODRUFF	30	11
72101	Outside	CROSS	30	16
72101	Outside	JACKSON	30	19
72101	Outside	WOODRUFF	30	13
72102			30	10
72102	Outside		30	12
72103			25	12
72104			25	08
72104	Outside		25	09
72105			25	19
72106			30	09
72106	Outside		30	12
72107			30	06
72107	Outside		30	12
72108			25	13
72110			30	08
72110	Outside		30	10

ZONES

ZIP Code	City	County	Zone	Subzone
72111			30	15
72112		JACKSON	30	14
72112		POINSETT	30	14
72112	Outside	JACKSON	30	19
72112	Outside	POINSETT	30	14
72113		FAULKNER	25	10
72113		PULASKI	25	10
72113	Outside	FAULKNER	25	10
72113	Outside	PULASKI	25	17
72114			25	07
72115			25	07
72116			25	08
72117			25	08
72117	Outside		25	09
72118			25	09
72118	Outside		25	17
72119			25	07
72120			25	07
72121			30	09
72121	Outside		30	12
72122			25	17
72123			30	11
72123	Outside		30	13
72124			25	07
72125			10	15
72126		PERRY	10	13
72126		PULASKI	10	19
72126	Outside	PERRY	10	15
72126	Outside	PULASKI	10	19
72127		CONWAY	30	06
72127		PERRY	30	06
72127	Outside	CONWAY	30	12
72127	Outside	PERRY	30	09
72128			25	19
72129			25	17
72130			30	12
72131			30	09
72131	Outside		30	12
72132			25	10
72133			25	19
72134			25	19

ZONES

ZIP Code	City	County	Zone	Subzone
72135			25	10
72136			30	13
72137			30	12
72139			30	12
72140			25	17
72141			30	13
72142			25	19
72143			30	11
72145			30	11
72149			30	10
72150			25	08
72152			25	10
72152	Outside		25	19
72153			30	08
72156			30	13
72157			30	12
72160			25	11
72164			25	14
72165			13	14
72166			25	16
72166	Outside		25	19
72167			25	17
72168			25	19
72169			30	14
72169	Outside		30	19
72170			25	19
72173			30	12
72175			25	19
72176			25	09
72176	Outside		25	13
72178			30	11
72179			30	12
72180			25	16
72181			30	13
72182			25	19
72183			25	14
72190			25	08
72199			25	08
72201			25	08
72202			25	07
72202	Outside		25	19

ZONES

ZIP Code	City	County	Zone	Subzone
72204			25	09
72205			25	06
72205	Outside		25	09
72206			25	14
72207			25	06
72209			25	11
72210			25	09
72211			25	04
72212			25	06
72214			25	09
72215			25	06
72215	Outside		25	09
72216			25	14
72217			25	06
72219			25	11
72222			25	06
72223			25	08
72223	Outside		25	09
72225			25	06
72225	Outside		25	09
72227			25	07
72301			25	11
72303			25	11
72310			25	18
72311			25	19
72312			25	17
72313			25	18
72315			25	19
72319			25	19
72320			25	19
72321			25	14
72322			25	14
72324			25	19
72325			25	17
72326			25	14
72327			25	16
72328			25	19
72329			25	18
72330			25	21
72331		CRITTENDEN	25	15
72331		CROSS	25	18

ZONES

ZIP Code	City	County	Zone	Subzone
72331	Outside	CRITTENDEN	25	17
72331	Outside	CROSS	25	18
72332			25	19
72333			25	16
72335			25	12
72336			25	12
72338			25	18
72339			25	17
72340			25	18
72341			25	19
72342			25	17
72346			25	19
72347		CROSS	25	18
72347		JACKSON	25	19
72347	Outside	CROSS	25	18
72347	Outside	JACKSON	25	19
72348		CRITTENDEN	25	13
72348		ST FRANCIS	25	14
72348	Outside	CRITTENDEN	25	17
72348	Outside	ST FRANCIS	25	18
72350			25	19
72351			25	21
72352			25	17
72353			25	16
72354			25	18
72355		LEE	25	18
72355		PHILLIPS	25	17
72355	Outside	LEE	25	18
72355	Outside	PHILLIPS	25	17
72358			25	22
72359			25	12
72360			25	13
72360	Outside		25	14
72364			25	13
72365			25	18
72366			25	16
72366	Outside		25	19
72367			25	19
72368			25	19
72369			25	19
72370			25	19

ZONES

ZIP Code	City	County	Zone	Subzone
72370	Outside		25	20
72372			25	14
72373			25	15
72373	Outside		25	18
72374			25	16
72374	Outside		25	17
72376			25	19
72379			25	20
72383			25	16
72384			25	17
72386		CRITTENDEN	25	18
72386		MISSISSIPPI	25	18
72386		POINSETT	25	18
72386	Outside	CRITTENDEN	25	18
72386	Outside	MISSISSIPPI	25	18
72386	Outside	POINSETT	25	19
72387			25	13
72389			25	19
72390			25	16
72391			25	20
72392			25	13
72394			25	11
72395			25	21
72396			25	13
72401			30	08
72402			30	08
72404			30	11
72410			30	16
72410	Outside		30	19
72411			30	08
72411	Outside		30	16
72412			30	19
72413			30	12
72414			30	15
72415			30	16
72415	Outside		30	19
72416			30	06
72417			30	12
72419			30	15
72419	Outside		30	16
72421		CRAIGHEAD	30	16

ZONES

ZIP Code	City	County	Zone	Subzone
72421		JACKSON	30	16
72421	Outside	CRAIGHEAD	30	19
72421	Outside	JACKSON	30	19
72422			30	14
72425			30	19
72426			25	21
72427			30	16
72427	Outside		30	19
72428			25	22
72429			25	18
72430			30	15
72431			30	14
72431	Outside		30	19
72432			25	14
72433			30	12
72433	Outside		30	19
72434			30	15
72434	Outside		30	19
72435			30	19
72436			30	16
72436	Outside		30	19
72437			30	08
72437	Outside		30	16
72438			25	20
72439			30	06
72440			30	16
72441			30	19
72442			25	19
72443			30	14
72443	Outside		30	19
72444			30	19
72445			30	19
72447			30	14
72449			30	19
72450			30	13
72451			30	13
72453			30	19
72454			30	16
72454	Outside		30	19
72455			30	10
72455	Outside		30	12

ZONES

ZIP Code	City	County	Zone	Subzone
72456			30	19
72457			30	12
72458			30	16
72459			30	16
72459	Outside		30	19
72460			30	19
72461			30	15
72461	Outside		30	19
72462			30	12
72464			30	19
72465			30	19
72466			30	16
72466	Outside		30	19
72467			30	13
72469		LAWRENCE	30	15
72469		SHARP	30	10
72469	Outside	LAWRENCE	30	19
72469	Outside	SHARP	30	12
72470			30	15
72470	Outside		30	19
72471			30	16
72472			25	13
72473			30	12
72474			30	13
72475			25	18
72476			30	09
72476	Outside		30	19
72478			30	16
72479			25	15
72479	Outside		25	19
72482			13	14
72501			13	09
72512			13	08
72513			13	09
72513	Outside		13	12
72515			13	14
72517			13	14
72519		BAXTER	13	12
72519		IZARD	13	12
72519		STONE	13	12
72519	Outside	BAXTER	13	12

ZONES

ZIP Code	City	County	Zone	Subzone
72519	Outside	IZARD	13	14
72519	Outside	STONE	13	14
72520			13	14
72521			13	09
72522			13	14
72523			30	12
72524			13	14
72525			13	08
72526			13	14
72527			13	14
72528			13	14
72529			13	08
72530			30	12
72531			13	14
72532			13	10
72533			30	15
72534			13	14
72536			13	14
72537			10	10
72538			13	14
72539			13	14
72540			13	17
72542			13	10
72543			30	07
72544			10	10
72546			30	12
72550			13	14
72553			13	10
72554			13	09
72554	Outside		13	14
72555			30	13
72556			13	17
72560			30	15
72561			13	14
72562			13	09
72562	Outside		13	12
72564			13	08
72565			13	13
72566			13	14
72567			30	13
72568			13	13

ZONES

ZIP Code	City	County	Zone	Subzone
72569			13	14
72571			13	14
72572			30	19
72573			13	12
72573	Outside		13	14
72575			13	09
72576			13	07
72576	Outside		13	14
72577			13	14
72578			13	14
72579			13	12
72581			30	12
72583			13	11
72583	Outside		13	14
72584			13	14
72585			13	15
72587			13	14
72601			10	12
72602			10	12
72610			30	12
72611			10	12
72613			10	10
72613	Outside		10	15
72615			10	12
72616			10	13
72616	Outside		10	15
72617			10	19
72619			10	12
72619	Outside		10	15
72623			10	15
72624			30	13
72626			10	12
72628			30	13
72629			30	13
72630			10	13
72630	Outside		10	15
72631			10	10
72631	Outside		10	15
72632			10	10
72632	Outside		10	15
72633			10	16

ZONES

ZIP Code	City	County	Zone	Subzone
72634			10	12
72635			10	09
72636			30	11
72638		CARROLL	10	14
72638		NEWTON	10	14
72638	Outside	CARROLL	10	16
72638	Outside	NEWTON	10	16
72639			30	14
72640			30	13
72641			30	13
72642			10	10
72644			10	13
72644	Outside		10	15
72645			30	13
72648			30	13
72650			30	13
72651			10	10
72653			10	10
72654			10	10
72655			30	13
72658			10	14
72658	Outside		10	15
72660			10	12
72660	Outside		10	15
72661			10	15
72662			10	16
72663			30	14
72666			30	13
72668			10	15
72669			30	12
72670			30	12
72672			10	12
72672	Outside		10	15
72675			30	12
72677			10	12
72677	Outside		10	15
72679			30	13
72680			30	13
72682			10	14
72683			30	13
72685			30	10

ZONES

ZIP Code	City	County	Zone	Subzone
72686			30	13
72687			10	12
72687	Outside		10	15
72701			10	11
72703			10	10
72704			10	10
72711			10	11
72712			10	07
72714			10	06
72715			10	08
72717			10	15
72718			10	11
72719			10	07
72721			10	15
72722			10	07
72727			10	11
72728			10	09
72729			10	15
72730			10	11
72732			10	15
72733			10	15
72734			10	10
72735			10	10
72736			10	08
72737			10	11
72738			10	15
72739			10	08
72740			10	13
72740	Outside		10	15
72741			10	10
72742			10	15
72744			10	12
72745			10	10
72747			10	13
72749			10	15
72751			10	08
72752			10	15
72753			10	13
72756			10	11
72758			10	10
72760			10	09

ZONES

ZIP Code	City	County	Zone	Subzone
72760	Outside		10	15
72761			10	11
72762			10	09
72764			10	09
72765			10	09
72766			10	09
72768			10	08
72769			10	14
72770			10	09
72773			10	15
72774			10	12
72776			10	15
72801			30	09
72802			30	09
72812			30	09
72820		FRANKLIN	10	16
72820		JOHNSON	10	19
72820	Outside	FRANKLIN	10	16
72820	Outside	JOHNSON	10	19
72821			10	14
72821	Outside		10	16
72823			30	09
72824			30	10
72826			10	13
72827			30	14
72828			30	13
72829			30	08
72830			30	09
72830	Outside		30	10
72832			30	09
72832	Outside		30	14
72833		SCOTT	30	07
72833		YELL	30	10
72833	Outside	SCOTT	30	10
72833	Outside	YELL	30	12
72834			30	08
72835		LOGAN	10	15
72835		YELL	10	18
72835	Outside	LOGAN	10	15
72835	Outside	YELL	10	18
72837			30	10

ZONES

ZIP Code	City	County	Zone	Subzone
72838			30	13
72839			30	12
72840			30	11
72840	Outside		30	13
72841			10	17
72842			30	11
72843			30	12
72845			30	10
72845	Outside		30	12
72846			30	10
72846	Outside		30	12
72847			30	12
72851			10	16
72852			30	13
72853			30	12
72854			30	13
72855			10	12
72855	Outside		10	16
72856			30	13
72857			30	12
72858			30	10
72860			30	14
72863			10	16
72865			10	15
72865	Outside		10	16
72901			10	07
72901	Outside		10	15
72903			10	10
72903	Outside		10	15
72904			10	07
72904	Outside		10	15
72905			10	15
72906			10	10
72906	Outside		10	15
72908			10	10
72913			10	10
72913	Outside		10	15
72914			10	07
72914	Outside		10	15
72916			10	12
72917			10	10

ZONES

ZIP Code	City	County	Zone	Subzone
72917	Outside		10	15
72918			10	10
72921			10	14
72923			10	11
72924			10	15
72926			10	16
72927			10	15
72928			10	15
72930			10	17
72932			10	15
72933			10	15
72934			10	15
72935			10	14
72936			10	13
72936	Outside		10	15
72937			10	15
72938			10	15
72940			10	15
72941			10	16
72943			10	14
72943	Outside		10	16
72944			10	13
72944	Outside		10	15
72945			10	15
72946			10	15
72947			10	13
72947	Outside		10	15
72948			10	15
72949			10	13
72949	Outside		10	15
72950			10	16
72951			10	15
72952			10	12
72955			10	15
72956			10	12
72957			10	12
72958			10	14
72958	Outside		10	15
72959			10	15

ZONE/SUBZONE ASSIGNMENT

For ZIP Codes not listed on the Zone/Subzone definition pages, the following rules apply in the assignment of the zone and subzone. Refer to Home Office for administration of these rules.

- A. A ZIP Code or geographic area omitted from the Zone/Subzone definition pages will be assigned to the lowest rated contiguous zone and subzone.*
- B. If a new ZIP Code is created, it will be assigned to the lowest rated zone and subzone of the ZIP Codes that formerly constituted the new ZIP Code's geographic area, subject to a 15% policy distribution minimum.*
- C. When an existing ZIP Code boundary changes, policies will be assigned to the zone and subzone of their revised ZIP Code.*

Rental Dwelling

This section provides details on coverages and rating for the Rental Dwelling policy form, including the information necessary to develop the basic premiums.

COVERAGES

A. Section I, Property

Coverages	Description	Minimums or Amounts
Coverage A: Dwelling (Including building glass)	Applies to the described dwelling	100% of Replacement Cost is suggested
	Applies to other structures on premises	10% of Coverage A Increased Limits Available
Coverage B: Personal Property	Actual Cash Value	5% of Coverage A Increased Limits Available
Coverage C: Loss of Rents	Actual Loss Sustained	12 Month Limit
Additional Coverages	Arson Reward	\$1,000
	Collapse	
	Debris Removal	
	Reasonable Repairs	
	Trees, Shrubs, and Other Plants	Up to 5% of Coverage A, not over \$500 each
	Fire Department Service Charge	\$500
	Land	\$10,000
	Property Removed	
	Personal Effects	\$100 per person / \$500 per occurrence
	Volcanic Action	

Coverage A and B limits are subject to inflation coverage.

B. Section II - Liability Coverages

Coverages	Description	Minimums or Amounts
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RENTAL DWELLING

Coverages	Description	Minimums or Amounts
Coverage L: Business Liability	Occurrences arising out of the ownership, maintenance or use of the insured's premises subject to an annual aggregate limit for all occurrences within one policy year.	Minimum \$300,000 Per Occurrence \$600,000 Annual Aggregate Increased Limits Available
Coverage M - Medical Payments	Medical Payments to Others	\$1,000 Minimum Increased Limits Available
Additional Coverages	Claim Expense	See Policy
	First Aid Expense	See Policy
	Personal Injury	Coverage L Limits

C. Annual Aggregate Limit

The total limit of the Company's liability for all occurrences in any one policy year shall not exceed twice the per occurrence limit of liability shown in the Declarations for Coverage L - Business Liability.

Reinstatement of the annual aggregate limit: Refer to the Company.

LOSSES INSURED

Accidental direct physical loss to the insured's property is covered under Section I of the policy, subject to the losses not insured provisions of the policy. There are three basic coverages under Section I.

- Coverage A - Dwelling
- Coverage B - Personal Property
- Coverage C - Loss of Rents

RATING

A. Non Scheduled Policy

1. From the basic rate pages, determine the premium based on the ZONE, SUBZONE, CONSTRUCTION, and RISK AMOUNT.

Premium = Zone Base Rate X Subzone Factor X Construction Factor X Amount Factor X Risk Amount/Base Amount*

*The Base Amount is the Risk Amount which has a factor of 1.000.

NOTE: For amounts greater than the largest risk amount shown, calculate the premium for the additional amount and add it to the premium for the largest risk amount shown.

2. Apply all applicable basic premium adjustments from the Base Premium Adjustment section sequentially in the order presented in that section to derive the final basic premium.
3. Apply any percentage adjustments for discounts, charges, or options to the final basic premium.
4. Apply any flat dollar adjustments for discounts, charges, and options.

B. Scheduled Policy

1. Rate each dwelling as provided for in the Rules. Blanket Coverage is not permitted.
2. After developing the Basic Premium, check for any discounts and charges,
3. Add charges for any optional coverages except Employers Non-Ownership and Hired Auto Liability.
4. Sum premium for each unit and add policy charge for Employers Non-Ownership and Hired Auto Liability, if desired.

ATTACH: Multiple Locations Endorsement, FE-8321

- C. As a final step, check the minimum premium.

**RENTAL DWELLING
\$1,000 DEDUCTIBLE, 1- 2 FAMILY
\$300,000 BUSINESS LIABILITY, \$1,000 MEDICAL PAYMENTS, LOSS OF RENTS,
REPLACEMENT COST**

Premium = Zone Base Rate X Subzone Factor X Construction Factor X Amount Factor X Risk Amount / \$100,000

ZONE BASE RATES

Zone	Rate
10	\$715.00
13	\$814.00
25	\$842.00
30	\$881.00

**RENTAL DWELLING
 \$1,000 DEDUCTIBLE, 1- 2 FAMILY
 \$300,000 BUSINESS LIABILITY, \$1,000 MEDICAL PAYMENTS, LOSS OF RENTS,
 REPLACEMENT COST**

Premium = Zone Base Rate X Subzone Factor X Construction Factor X Amount Factor X Risk Amount / \$100,000

SUBZONE FACTORS

Subzone	Factor
01	0.645
02	0.677
03	0.711
04	0.747
05	0.784
06	0.823
07	0.864
08	0.907
09	0.952
10	1.000
11	1.050
12	1.103
13	1.158
14	1.216
15	1.277
16	1.341
17	1.408
18	1.478
19	1.552
20	1.630
21	1.712
22	1.798

**RENTAL DWELLING
\$1,000 DEDUCTIBLE, 1- 2 FAMILY
\$300,000 BUSINESS LIABILITY, \$1,000 MEDICAL PAYMENTS, LOSS OF RENTS,
REPLACEMENT COST**

Premium = Zone Base Rate X Subzone Factor X Construction Factor X Amount Factor X Risk Amount / \$100,000

CONSTRUCTION FACTORS

Construction	Factor
Frame	1.000
Log	1.030
Masonry	0.910
Fire Resistive	0.780
Masonry Veneer	0.910

**RENTAL DWELLING
\$1,000 DEDUCTIBLE, 1- 2 FAMILY
\$300,000 BUSINESS LIABILITY, \$1,000 MEDICAL PAYMENTS, LOSS OF RENTS,
REPLACEMENT COST**

Premium = Zone Base Rate X Subzone Factor X Construction Factor X Amount Factor X Risk Amount / \$100,000

RISK AMOUNT FACTORS

Risk Amount	Factor
\$1	1.815
\$20,000	1.815
\$30,000	1.505
\$40,000	1.326
\$50,000	1.244
\$60,000	1.173
\$70,000	1.137
\$80,000	1.100
\$90,000	1.050
\$100,000	1.000
\$110,000	0.960
\$120,000	0.930
\$130,000	0.890
\$140,000	0.869
\$150,000	0.860
\$200,000	0.824
\$250,000	0.800
\$300,000	0.791
\$350,000	0.785
\$400,000	0.780
\$500,000	0.774
\$600,000	0.770
\$700,000	0.767
\$750,000	0.765

RISK AMOUNT FACTORS

Each Additional	Factor
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RENTAL DWELLING

Each Additional	Factor
\$1,000	0.765

For risk amounts between those shown above, interpolate to derive the appropriate factor.

BASIC PREMIUM ADJUSTMENTS

BASIC PREMIUM ADJUSTMENTS

The following adjustments apply to develop the basic premium. If applicable, these basic premium adjustments **must** be applied prior to adjustment for discounts, charges, or options.

The basic premium adjustments shall apply sequentially as presented in this section. Each subsequent adjustment is applied to the previously adjusted premium.

ROOF SURFACES - WOOD

The basic premiums contemplate standard roof covering materials. This rule recognizes differences in roof covering materials with appropriate adjustments to the basic premium for wood roof surfaces.

Roof Surface	Basic Premium Adjustment
Wood Shake	8%
Composite over Wood	10%
Wood Shingle	8%

ROOF SURFACES - IMPACT RESISTANT

The basic premiums contemplate standard roof covering materials. This rule recognizes differences in roof covering materials with appropriate discounts to the basic premiums.

Discounts apply only on policies insuring a risk on which new roof covering was installed:

- After 5/31/1996 and the roof covering meets U.L. qualifying standards (or acceptable equivalent testing) **or**
- Rigid roofs (roof materials: concrete tiles, slate, clay tiles, or fiber) meeting qualifying FM or U.L. Standards (or acceptable equivalent testing).

To qualify for the discount:

- Non-metal roof coverings must be replaced (no overlay) with a qualifying roof covering or must be new construction.
- For metal roofs, the following endorsement must be attached:

ATTACH: Exclusion of Cosmetic Loss to Metal Roof Coverings Caused by Hail, FE-8706

Discounts do **not** apply to wood shake, wood shingle, or composition over wood roofs. Discounts also do **not** apply to metal roofs unless FE-8706 is attached.

Class	Basic Premium Adjustment
1	0%
2	0%
3	-9%
4	-12%

DELETION OF SECTION II, LIABILITY

Section II must be deleted when the insured has a comprehensive liability policy pertaining to the property insured under Section I. Section II must also be deleted if statutory provisions or administrative directives prohibit the purchase of such coverage.

Basic Premium Adjustment
-5%

BASIC PREMIUM ADJUSTMENTS

MODIFIED LOSS SETTLEMENT

The loss settlement provision for coverage A buildings may be revised to provide for repair or replacement with commonly used materials. This endorsement may be attached only if the dwelling is insured to 80% or more of Replacement Cost.

Basic Premium Adjustment
-3%

ATTACH: Modified Loss Settlement Condition Endorsement, FE-8715

BASIC PREMIUM ADJUSTMENTS

MODIFIED REPLACEMENT COST

When the dwelling is insured for less than 80% of replacement cost, apply the following charge. This coverage revises the Loss Settlement provision for Coverage A to repair or replacement with commonly used materials.

Basic Premium Adjustment
25%

ATTACH: Modified Replacement Cost Endorsement, FE-7466

BASIC PREMIUM ADJUSTMENTS

UTILITIES RATING PLAN

The following adjustment applies to the basic premium depending on the calendar year that the dwelling was completed and first occupied OR the calendar year that utilities were updated. If the year first occupied is different than the year completed, the later year is used in determination of the applicable premium adjustment. If the utilities were updated in different years, then the premium adjustment is based on the earliest year in which any one of the utilities was updated.

For utilities to be considered completely updated and qualify for the discount, **ALL** of the following must be updated by qualified contractors with all work conforming to local code requirements:

- A. Plumbing - improvements should include the installation of new water lines within the structure and plumbing fixtures.
- B. Electrical service - improvements should include the replacement of fuse or breaker boxes, switches, fixtures, and wiring.
- C. Heating and cooling system - improvements should include furnace and air-conditioning replacement, or replacement of burners on furnaces and compressors on central air-conditioning systems.

Without a complete update of utilities (as outlined above), a partial update of utilities may be considered in the determination of the applicable premium adjustment. To be considered partially updated, the electrical service (replacement of fuse or breaker boxes) and heating and cooling systems (complete update as described above) must have been updated. If the policyholder certifies that these systems have been updated within the last 16 years, then, at the time of certification, the home will be considered to have updated utilities as of 16 years preceding the current calendar year.

For Homes Completed and Occupied or Utilities Updated	Basic Premium Adjustment
During current calendar year	-24%
One year preceding current calendar year	-22%
Two years preceding current calendar year	-19%
Three years preceding current calendar year	-16%
Four years preceding current calendar year	-14%
Five years preceding current calendar year	-11%
Six years preceding current calendar year	-8%
Seven years preceding current calendar year	-5%
Eight years preceding current calendar year	-5%
Nine years preceding current calendar year	-5%
Ten years preceding current calendar year	-5%
Eleven years preceding current calendar year	-5%
Twelve years preceding current calendar year	-5%
Thirteen years preceding current calendar year	-5%
Fourteen years preceding current calendar year	-4%
Fifteen years preceding current calendar year	-2%
Sixteen years through Thirty-nine years preceding current calendar year	0%

BASIC PREMIUM ADJUSTMENTS

For Homes Completed and Occupied or Utilities Updated	Basic Premium Adjustment
Forty years through Forty-nine years preceding current calendar year	1%
Fifty years through Fifty-four years preceding current calendar year	1%
Fifty-five years through Fifty-nine years preceding current calendar year	5%
Sixty years or more preceding current calendar year	10%

NOTES:

1. A dwelling under construction shall receive the same discount as would a home completed and occupied during the current calendar year. The Coverage A amount for a dwelling under construction should equal 100% of the completed dwelling replacement cost.
2. For a dwelling under construction, the return premium upon cancellation shall be subject to a minimum retained premium of \$100.

ATTACH: Valuation Endorsement, FE-7347

BASIC PREMIUM ADJUSTMENTS

HOME ALERT PROTECTION

The following discounts apply for fire and burglary prevention efforts by the policyholder.

Description	Basic Premium Adjustment
Fire or Smoke Local Alarm	-2%
Burglar Alarm System	-3%
Fire or Smoke Detectors which also activate either a digital dialer or a voice synthesized (not tape) telephone dialer	-4%
Fire or Smoke Local Alarm and Burglar Alarm System	-5%
Fire or Smoke Local Alarm, Dead Bolt Locks and Fire Extinguisher	-5%
Fire or Smoke Detectors which also activate either a digital dialer or a voice synthesized (not tape) telephone dialer, Dead Bolt Locks and Fire Extinguisher	-6%
Burglar Alarm System, Fire or Smoke Local Alarm, Dead Bolt Locks and Fire Extinguisher	-6%
Fire and/or Burglar Alarm reporting to either Fire Dept., Police Dept. or Central Station, Dead Bolt Locks and Fire Extinguisher	-10%

Telephone dialer discounts do not apply in areas where dialers are prohibited by ordinance or law.

Only one discount from the above schedule may be applied for each dwelling. No combination of discounts, other than shown, is permitted.

BASIC PREMIUM ADJUSTMENTS

AUTOMATIC SPRINKLER DISCOUNT

The following discounts apply to the basic premium for automatic sprinkler systems in the dwelling:

Description	Basic Premium Adjustment
Automatic sprinklers in all areas including bathrooms, attics, closets, and attached structures	-10%
Automatic sprinklers totally or partially omitted in bathrooms, attics, closets, and attached structures	-5%

BASIC PREMIUM ADJUSTMENTS

REPLACEMENT COST ON PERSONAL PROPERTY

The policy can be extended to include the full cost of repair or replacement of Personal Property without deduction for depreciation subject to the terms of the Replacement Cost Option. To be eligible, inflation coverage must apply.

The additional annual premium for this coverage shall be determined by applying the following basic premium adjustment. In addition to providing the replacement cost feature, this premium increases the Coverage B, Personal Property limit from 5% to 15% of the Coverage A limit.

Basic Premium Adjustment	Minimum Premium
8%	\$19

If an even higher Coverage B limit is desired, apply the rates shown in Coverage B - Increased Limits to the policy amounts above those provided by this option. The percentage charge above does not apply to the premium resulting from this increase in Coverage B.

ACTIVATE: Option RC in the policy.

BASIC PREMIUM ADJUSTMENTS

DEDUCTIBLES

The basic premiums include a \$1,000 all-peril deductible. For other deductibles, apply the adjustment shown in the tables below, based on the Coverage A amount.

Coverage A Amount of Insurance	Basic Premium Adjustment		
	Policy Deductible		
	1% (\$500 Minimum)	2%	3%
\$50,000 - \$64,999	8%	-4%	-11%
\$65,000 - \$74,999	5%	-7%	-13%
\$75,000 - \$84,999	2%	-9%	-15%
\$85,000 - \$99,999	-1%	-10%	-16%
\$100,000 - \$104,999	-2%	-11%	-17%
\$105,000 - \$114,999	-3%	-12%	-17%
\$115,000 - \$124,999	-4%	-12%	-18%
\$125,000 - \$134,999	-4%	-13%	-19%
\$135,000 - \$144,999	-5%	-14%	-19%
\$145,000 - \$154,999	-5%	-15%	-20%
\$155,000 - \$164,999	-6%	-16%	-20%
\$165,000 - \$174,999	-7%	-17%	-21%
\$175,000 - \$184,999	-7%	-17%	-21%
\$185,000 - \$194,999	-8%	-18%	-22%
\$195,000 - \$204,999	-8%	-18%	-22%
\$205,000 - \$214,999	-9%	-19%	-23%
\$215,000 - \$224,999	-10%	-19%	-23%
\$225,000 - \$234,999	-10%	-19%	-24%
\$235,000 - \$244,999	-10%	-19%	-24%
\$245,000 - \$274,999	-12%	-21%	-24%
\$275,000 - \$324,999	-14%	-21%	-26%
\$325,000 - \$374,999	-17%	-23%	-28%
\$375,000 - \$424,999	-18%	-24%	-29%
\$425,000 - \$474,999	-19%	-25%	-30%
\$475,000 - \$524,999	-20%	-26%	-31%
\$525,000 - \$574,999	-21%	-27%	-32%
\$575,000 - \$624,999	-21%	-28%	-33%
\$625,000 - \$674,999	-22%	-29%	-34%
\$675,000 - \$724,999	-23%	-30%	-35%
\$725,000 - \$781,499	-24%	-30%	-35%
\$781,500 - \$843,999	-24%	-31%	-36%
\$844,000 - \$906,499	-25%	-32%	-36%
\$906,500 - \$968,999	-25%	-32%	-37%
\$969,000 - \$1,062,499	-26%	-32%	-37%

BASIC PREMIUM ADJUSTMENTS

Coverage A Amount of Insurance	Basic Premium Adjustment		
	Policy Deductible		
	1% (\$500 Minimum)	2%	3%
\$1,062,500 - \$1,187,499	-26%	-33%	-37%
\$1,187,500 - \$1,312,499	-27%	-34%	-38%
\$1,312,500 - \$1,437,499	-27%	-34%	-38%
\$1,437,500 - \$1,562,499	-28%	-34%	-39%
\$1,562,500 - \$1,687,499	-28%	-35%	-39%
\$1,687,500 - \$1,812,499	-28%	-35%	-39%
\$1,812,500 - \$1,937,499	-29%	-35%	-39%
\$1,937,500 - \$2,124,999	-29%	-35%	-39%
\$2,125,000 - \$2,374,999	-29%	-35%	-40%
\$2,375,000 - \$2,749,999	-29%	-35%	-40%
\$2,750,000 - \$3,249,999	-30%	-35%	-40%
\$3,250,000 - \$3,749,999	-30%	-35%	-40%
\$3,750,000 - \$4,249,999	-30%	-35%	-40%
\$4,250,000 - \$4,749,999	-30%	-35%	-40%
\$4,750,000+	-30%	-35%	-40%

Coverage A Amount of Insurance	Basic Premium Adjustment					
	Policy Deductible					
	\$500	\$1,000	\$2,000	\$3,000	\$4,000	\$5,000
\$1 - \$99,999,999	16%	0%	-9%	-16%	-19%	-21%

Coverage A Amount of Insurance	Basic Premium Adjustment		
	Policy Deductible		
	\$500/1% W&H*	\$1,000/1% W&H*	\$2,000/1% W&H*
\$1 - \$99,999,999	13%	-2%	-7%

*Attach: Windstorm or Hail Deductible Endorsement, FE-5269

NOTE: Percentage deductibles are available for non-scheduled policies only.

BASIC PREMIUM ADJUSTMENTS

BUILDING ORDINANCE OR LAW COVERAGE

A policy may be endorsed to cover contingent liability due to operation of building laws. Loss under Coverage A will be settled on the basis of any ordinance or law regulating the construction, repair or demolition of the dwelling structures. Three coverage limits are available, stated as a percentage of Coverage A.

Percentage of Coverage A Limit	Basic Premium Adjustment	Minimum Adjustment
10%	2%	\$10
25%	5%	\$15
50%	10%	\$25

ATTACH:

Building Ordinance or Law Coverage Endorsement (10%), FE-7570

Building Ordinance or Law Coverage Endorsement (25%), FE-7571

Building Ordinance or Law Coverage Endorsement (50%), FE-7425

DISCOUNTS, CHARGES, AND OPTIONS

All discounts, charges, and options are to be applied to the basic premium as developed after applicable adjustments from the Basic Premium Adjustments section. Percentage discounts, charges, and options are to be applied to this basic premium prior to any adjustment for flat dollar discounts, charges, and options. The policy minimum premium applies to the policy premium after adjustments for discounts, charges, and options.

ADDITIONAL INSUREDS

A. Additional Insureds - Other than Contractors

The interest of additional insureds not declared on the Declarations Page may be covered as Named Additional Insureds for no additional premium.

ACTIVATE: Option AI in the Policy

B. Additional Insureds - Contractors

The interest of a contractor in the building may be covered for no additional premium.

ATTACH: Contractors' Interest Endorsement, FE-8302

COVERAGE B - INCREASED LIMITS

The Coverage B amount for Personal Property can be increased.

Each Additional \$1,000 - Add:
\$1.65

DWELLINGS UNDER CONSTRUCTION

Coverage can be provided while the eligible structures are in the course of construction.

A. Course of Construction

The return premium upon cancellation shall be subject to a minimum retained premium of \$100.

B. Contractors

The interest of the Contractor may only be included under Section I - Property.

C. Theft Coverage

Theft coverage in or to a newly constructed dwelling prior to occupancy is available if the dwelling is fully enclosed and capable of being locked. Coverage applies up to 120 days after completion or when occupied, whichever occurs first. The following premium will not be refunded if this endorsement is cancelled.

Premium
\$10

ATTACH: Theft Endorsement (Newly Constructed Dwelling), FE-7305

DISCOUNTS, CHARGES AND OPTIONS

EARTHQUAKE OR VOLCANIC ERUPTION

Earthquake or volcanic eruption damage can be covered by the addition of an endorsement. The following provide additional details of this coverage.

EARTHQUAKE OR VOLCANIC ERUPTION - RULES

A. Earthquake Zones

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

B. Deductible

A 5% or 10% deductible applies separately to each of the following:

1. total amount of insurance on Coverage A - Dwelling for each building
2. total amount of insurance on Other Structures for each structure
3. total amount of insurance on Coverage B - Personal Property for each building

The minimum deductible for each occurrence is \$250.

C. Exterior Masonry Veneer

The applicable charge for Earthquake Coverage depends on whether coverage is provided for exterior masonry veneer.

1. If coverage **is not** desired for exterior masonry veneer (or if the dwelling has no exterior masonry veneer), attach FE-8300 and use the rates for "excluding exterior masonry veneer".
2. If coverage **is** desired for exterior masonry veneer or if the dwelling is of masonry construction, attach FE-8301 and use the rates for "including exterior masonry veneer and masonry".

DISCOUNTS, CHARGES AND OPTIONS

EARTHQUAKE OR VOLCANIC ERUPTION - BASIC RATES

The basic rates provide basic package amounts of coverage. The rates shown below apply per \$1,000 of Coverage A.

Zone	Deductible	Rate per \$1,000	
		Excluding Exterior Masonry Veneer	Including Exterior Masonry Veneer and Masonry
2*	2%	\$1.51	\$1.89
2*	5%	\$0.93	\$1.15
2	10%	\$0.58	\$0.71
3*	2%	\$0.68	\$0.81
3*	5%	\$0.43	\$0.51
3	10%	\$0.28	\$0.33
4*	2%	\$0.46	\$0.58
4	5%	\$0.30	\$0.36
4	10%	\$0.20	\$0.24
5*	2%	\$0.40	\$0.50
5	5%	\$0.26	\$0.33
5	10%	\$0.18	\$0.21

*Renewals Only

DISCOUNTS, CHARGES AND OPTIONS

EARTHQUAKE OR VOLCANIC ERUPTION - INCREASING OTHER COVERAGES

If higher than basic limits are provided for the following types of coverage, additional charges are made according to all applicable rates shown below. These rates apply only to the increased amount of coverage.

COVERAGE B

Zone	Deductible	Additional Rate per \$1,000	
		Excluding Exterior Masonry Veneer	Including Exterior Masonry Veneer and Masonry
2*	2%	\$0.90	\$0.90
2*	5%	\$0.60	\$0.60
2	10%	\$0.40	\$0.40
3*	2%	\$0.45	\$0.45
3*	5%	\$0.30	\$0.30
3	10%	\$0.20	\$0.20
4*	2%	\$0.33	\$0.33
4	5%	\$0.22	\$0.22
4	10%	\$0.15	\$0.15
5*	2%	\$0.28	\$0.28
5	5%	\$0.19	\$0.19
5	10%	\$0.13	\$0.13

DWELLING EXTENSION

Zone	Deductible	Additional Rate per \$1,000	
		Excluding Exterior Masonry Veneer	Including Exterior Masonry Veneer and Masonry
2*	2%	\$1.51	\$1.89
2*	5%	\$0.93	\$1.15
2	10%	\$0.58	\$0.71
3*	2%	\$0.68	\$0.81
3*	5%	\$0.43	\$0.51
3	10%	\$0.28	\$0.33
4*	2%	\$0.46	\$0.58
4	5%	\$0.30	\$0.36
4	10%	\$0.20	\$0.24
5*	2%	\$0.40	\$0.50
5	5%	\$0.26	\$0.33
5	10%	\$0.18	\$0.21

DISCOUNTS, CHARGES AND OPTIONS

LOSS ASSESSMENTS

Zone	Deductible	Additional Rate per \$1,000	
		Excluding Exterior Masonry Veneer	Including Exterior Masonry Veneer and Masonry
2*	2%	\$1.51	\$1.89
2*	5%	\$0.93	\$1.15
2	10%	\$0.58	\$0.71
3*	2%	\$0.68	\$0.81
3*	5%	\$0.43	\$0.51
3	10%	\$0.28	\$0.33
4*	2%	\$0.46	\$0.58
4	5%	\$0.30	\$0.36
4	10%	\$0.20	\$0.24
5*	2%	\$0.40	\$0.50
5	5%	\$0.26	\$0.33
5	10%	\$0.18	\$0.21

*Renewal Only

Do not apply the increased Coverage B charge to policies with Replacement Cost on Personal Property Coverage.

ATTACH: Earthquake Endorsement, excluding Masonry Veneer FE-8300, or Earthquake Endorsement, FE-8301.

DISCOUNTS, CHARGES AND OPTIONS

EARTHQUAKE OR VOLCANIC ERUPTION - YEAR BUILT ADJUSTMENT

For policies covering dwellings built prior to 1950, apply the following factor to the basic earthquake premium.

Construction Description	Year Built	
	Prior to 1940	1940 to 1949
Including Exterior Masonry Veneer and Masonry	2.00	1.30

DISCOUNTS, CHARGES AND OPTIONS

EMPLOYERS NON-OWNERSHIP AND HIRED AUTOMOBILE LIABILITY

The policy can be endorsed to provide liability coverage for non-owned autos used in the insured's business which are operated by anyone but the insured. Hired auto coverage is also provided for vehicles the insured hires with or without a driver.

Limit*		Premium Per Policy
Occurrence	Aggregate	
\$100,000	\$200,000	\$23
\$300,000	\$600,000	\$26
\$500,000	\$1,000,000	\$28
\$1,000,000	\$2,000,000	\$31
\$2,000,000	\$4,000,000	\$65
\$3,000,000	\$6,000,000	\$95
\$4,000,000	\$8,000,000	\$113
\$5,000,000	\$10,000,000	\$126

*Selected amount must coincide with the policy Section II limit.

ATTACH: Employers Non-Ownership and Hired Automobile Endorsement, FE-8307

EXTRA REPLACEMENT COST COVERAGE

The policy provides Replacement Cost coverage on the dwelling up to the Coverage A limit and on other structures on the residence premises up to the limit shown for Dwelling Extension on the Declarations.

Coverage may be written to provide loss payment up to 120% of the stated limits for the dwelling and other building structures on premises.

One or two family dwellings or a single unit in a side-by-side rowhouse are eligible for this coverage.

Vertically stacked units are not eligible.

To qualify for this coverage, the insured must:

- A. Insure the dwelling building and other building structures on premises for 100% of Replacement Cost as determined by the Replacement Cost Calculator.
- B. Notify the company of any additions or other physical changes which increase the value of either the dwelling or other buildings on the premises by \$5,000 or more and pay the appropriate premium.

Premium
\$10

ATTACH: Extra Replacement Cost Endorsement, FE-8702

DISCOUNTS, CHARGES AND OPTIONS

LOSS ASSESSMENTS

If the insured is a member of a Homeowners Association, coverage may be purchased for the insured's portion of an assessment against all members of the association. Coverage applies when the assessment is made in accordance with the governing rules of the association as a result of:

- A. A direct loss to commonly owned property caused by a peril covered under Section I of the policy.
- B. An occurrence to which Section II would apply.
- C. Damages which the Association may be obligated to pay due to personal injury.

If an earthquake endorsement is attached to the policy, it also applies to this coverage. In this case, a separate charge for Earthquake Loss Assessments must also be made under Earthquake Coverage.

Coverage D Amount Rate Per \$1,000		
First \$1,000	Next \$24,000	Next \$75,000
\$2.10	\$0.20	\$0.10

ATTACH: Coverage D Loss Assessment Endorsement, FE-8304

MEDICAL PAYMENTS - OPTIONAL LIMITS

For other than basic limits, apply the following premium adjustments.

Medical Payments Limits	Premium
\$1,000	Basic
\$2,000	\$1
\$3,000	\$2
\$4,000*	\$3
\$5,000	\$4
\$10,000	\$9

*Renewals Only

DISCOUNTS, CHARGES AND OPTIONS

OTHER STRUCTURES - INCREASED LIMITS

The policy provides a limit of liability for other structures equal to 10% of Coverage A. Increased limits can be provided for other structures on the premises. The coverage will be the same as the basic policy and will be rated on the total value of the other structures in excess of 10% of Coverage A.

If an earthquake endorsement is attached to the policy, it applies to this coverage. In this case, a separate charge for Increased Other Structures must also be made under Earthquake Coverage.

Rate per \$1,000
\$2.00

DISCOUNTS, CHARGES AND OPTIONS

SECTION II - INCREASED LIMITS

For other limits, apply the following charges per dwelling.

Limit		Premium
Occurrence	Aggregate	
\$300,000	\$600,000	Basic
\$500,000	\$1,000,000	\$14
\$1,000,000	\$2,000,000	\$28
\$2,000,000	\$4,000,000	\$48
\$3,000,000	\$6,000,000	\$67
\$4,000,000	\$8,000,000	\$80
\$5,000,000	\$10,000,000	\$90

DISCOUNTS, CHARGES AND OPTIONS

SOLID FUEL APPLIANCES

When one or more solid fuel burning appliances are present, a charge applies. These appliances include, but are not limited to, fireplace inserts, furnaces, boilers, wood burning stoves, and coal burning stoves. Conventional masonry fireplaces, factory built fireplaces, coal furnaces, and outdoor furnaces used to heat the home are not included in this class as long as installed according to manufacturer specifications.

Premium
\$20

DISCOUNTS, CHARGES AND OPTIONS

STORED PERSONAL PROPERTY

Coverage may be provided under Coverage B for property owned by the named insured and stored on the residence premises.

Premium
\$10

ATTACH: Stored Personal Property Endorsement, FE-8311

VACANCY COVERAGE

The policy limits coverage for vandalism and glass breakage if the dwelling has been vacant for over 30 days. For an additional fully earned premium, the limitations may be deleted. The following premium will not be refunded if this endorsement is cancelled.

Premium
\$45

ATTACH: Vacancy Endorsement, FE-8313

SERFF Tracking Number: SFMA-128288963 State: Arkansas
 Filing Company: State Farm Fire and Casualty Company State Tracking Number:
 Company Tracking Number: ML-28842
 TOI: 04.0 Homeowners Sub-TOI: 04.0005 Other Homeowners
 Product Name: ML-28842
 Project Name/Number: ML-28842/ML-28842

Supporting Document Schedules

		Item Status:	Status Date:
Bypassed - Item:	Form RF-2 Loss Costs Only (not for workers' compensation)		
Bypass Reason:	N/A		
Comments:			
		Item Status:	Status Date:
Bypassed - Item:	H-1 Homeowners Abstract		
Bypass Reason:	The Homeowners Abstract does not apply. Our Rental Dwelling Program is not a Homeowners product, however, statistics are reported under annual statement line 4.		
Comments:			
		Item Status:	Status Date:
Bypassed - Item:	HPCS-Homeowners Premium Comparison Survey		
Bypass Reason:	The Homeowners Premium Comparison Survey does not apply. Our Rental Dwelling Program is not a Homeowners Product, however, statistics are reported under annual statement line 4.		
Comments:			
		Item Status:	Status Date:
Satisfied - Item:	NAIC loss cost data entry document	Filed	05/09/2012
Comments:			
Attachment:	Arkansas RDP-RCUP Filing - RDP FORM RF-1 Rate Filing Abstract.pdf		

		Item Status:	Status Date:
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SERFF Tracking Number: SFMA-128288963 State: Arkansas
Filing Company: State Farm Fire and Casualty Company State Tracking Number:
Company Tracking Number: ML-28842
TOI: 04.0 Homeowners Sub-TOI: 04.0005 Other Homeowners
Product Name: ML-28842
Project Name/Number: ML-28842/ML-28842

Satisfied - Item: Exhibits Filed 05/09/2012

Comments:

Attachment:

Arkansas RDP-RCUP Filing.pdf

Item Status: Filed **Status:**
Date: 05/09/2012

Satisfied - Item: Response to 04/23 Inquiry Filed 05/09/2012

Comments:

Attachment:

Response to 4-23-12 RDP-RCUP.pdf

NAIC LOSS COST DATA ENTRY DOCUMENT

1.	This filing transmittal is part of Company Tracking #	Filing # ML-28842
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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.	State Farm Fire & Casualty Company	B. 0176-25143

	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.		B.

5.			FOR LOSS COSTS ONLY				
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
COVERAGE (See Instructions)	Indicated % Rate Level Change	Requested % Rate Level Change	Expected Loss Ratio	Loss Cost Modification Factor	Selected Loss Cost Multiplier	Expense Constant (If Applicable)	Co. Current Loss Cost Multiplier
Rental Dwelling Program	17.0%	14.0%					
Rental Condominium Unitowners Program	3.5%	0.0%					
TOTAL OVERALL EFFECT	16.9%	13.9%	N/A	N/A	N/A	N/A	N/A

6.	5 Year History	Rate Change History					
Year	Policy Count	% of Change	Effective Date	State Earned Premium (000)	Incurred Losses (000)	State Loss Ratio	Countrywide Loss Ratio
2007	22,801	--	--	13,068	4,925	38%	51%
2008	23,478	--	--	13,518	19,894	147%	66%
2009	23,450	--	--	14,149	12,719	90%	60%
2010	23,209	10.9	4/15/10	14,487	8,786	61%	55%
2011	23,397	--	--	15,780	15,241	97%	68%

7.		
	Expense Constants	Selected Provisions
	A. Total Production Expense	21.8
	B. General Expense	3.4
	C. Taxes, License & Fees	3.1
	D. Underwriting Profit & Contingencies	7.0
	E. Other (explain)	
	F. TOTAL	35.3

8. N Apply Lost Cost Factors to Future filings? (Y or N)
9. +62% Estimated Maximum Rate Increase for any Insured (%). Territory (if applicable): _____
10. -18% Estimated Maximum Rate Decrease for any Insured (%) Territory (if applicable): _____

STATE FARM FIRE AND CASUALTY COMPANY
Arkansas Rental Programs
Filing Memorandum
Effective Dates: 09/15/2012 New Business
11/01/2012 Renewal Business

I. Indicated Rate Change and Rate Revision

Our Rental Programs line of Business consists of two programs.

Attached for your review is our methodology for forecasting premiums, losses, and expenses to arrive at a Rental Dwelling Program indicated change (see Exhibits 1-7). We have recently adopted a new procedure to determine the catastrophe provision. The details of this procedure are outlined in Exhibit 5. We have also recently adopted a new procedure to determine the total profit and contingencies in a state. The details of this procedure are outlined in Exhibit 7. The projections underlying the indicated change include the impact of applicable coverage changes. The result of the procedure is a 17.0% overall indicated change. This filing represents an overall 14.0% change for the Arkansas Rental Dwelling Program. The loss experience by year for the Rental Dwelling Program is shown in Exhibit 8.

An indicated rate change of 3.5% was developed for the Rental Condominium Unitowners Program (RCUP) based on a companywide indicated change for this program. Exhibit 9 shows the development of the companywide indicated change, and Exhibit 10 shows the allocation of the companywide indicated change to Arkansas. We are making changes resulting in an overall increase of 0.0% in RCUP. The loss experience by year for the Rental Condominium Unitowners Program is shown in Exhibit 11.

II. Summary of Indications and Changes by Program

Shown below are the indicated and overall changes by Program.

Program	Indicated Rate Change	Overall Change
Rental Dwelling Program	17.0%	14.0%
Rental Condominium Unitowners Program	3.5%	0.0%

III. Rental Dwelling Program Changes

A. Basic Premiums

After including the impact of all other changes in this filing, we are implementing basic premium changes that result in a statewide average 14.0% rate change for the Rental Dwelling Program.

B. Zone and Subzone Definitions

We are moving toward the Homeowners subzone definitions effective as of September 1, 2011 for new business and November 1, 2011 for renewal business. Please see the manual pages for the new definitions.

We see no positive or negative impact of our rates on the affected fire departments.

C. Zone Definition Pages

The Zone and Subzone Definition manual pages have been updated to reflect ZIP Code boundary changes and expired ZIP Codes.

D. Construction

We are adjusting rate relationships by Construction based primarily on a generalized linear model fit to companywide Rental Dwelling Program experience. Please refer to the table below for the revised Construction factors.

Construction Type	Current Factor	Revised Factor
Log	1.00	1.03
Frame	1.00	1.00
Masonry	0.94	0.91
Fire Resistive	0.80	0.78
Masonry Veneer	0.94	0.91

E. Deductible

We are adjusting our rate relationships by deductible based primarily on a generalized linear model fit to companywide Rental Dwelling Program experience. We are also removing the deductible maximum dollar adjustments.

Please refer to Exhibit 12 for the current and revised deductibles.

F. Amount of Insurance

We are adjusting our rate relationships by amount of insurance based primarily on a generalized linear model fit to companywide Rental Dwelling Program experience. In addition, to be consistent companywide, we are including \$1 in the Risk Amount table with the factor matching the lowest amount currently shown.

Please refer to Exhibit 13 for details of revised changes by amount of insurance.

G. Rate Manual

We are introducing a new rating approach which will simplify our personal lines manual. Under this approach, we will preprint base premiums by zone and include separate rating factors for subzone, construction, and amount of insurance. To obtain the premium for a particular policy, the system will then multiply the zone base premium by each of its rating factors. This will replace our current approach of preprinting already expanded basic premiums in the rating manual. This is similar to how our Homeowners rating manual is structured today.

We are also implementing an online rate manual that will be available for our agents. We will continue to include in our rate filings an electronic copy of the rates and rules in this online manual.

H. Utilities Rating Plan

Based primarily on a generalized linear model fit to companywide Rental Dwelling Program experience, we are revising selected discounts and charges under our Utilities Rating Plan as shown in the table below. With this change, the partial update rule will be revised from 10 years to 16 years.

Age of Utilities	Current Discount/Charge	Revised Discount/Charge
0	-20%	-24%
1	-18%	-22%
2	-15%	-19%
3	-12%	-16%
4	-9%	-14%
5	-6%	-11%
6	-3%	-8%
7	0%	-5%
8	0%	-5%
9	0%	-5%
10	0%	-5%
11	0%	-5%
12	0%	-5%
13	0%	-5%
14	0%	-4%
15	0%	-2%
16-39	0%	0%
40-49	6%	1%
50-54	6%	1%
55-59	6%	5%
60 or more	6%	10%

I. Deletion of Section II, Liability

Based on a companywide analysis, we are decreasing the Deletion of Section II discount from 10% to 5%.

J. Modified Replacement Cost

Based on a companywide analysis, we are increasing the Modified Replacement Cost charge from 20% to 25%.

K. Home Alert Protection

Based primarily on a generalized linear model fit to companywide Rental Dwelling Program experience, we are making changes to the Home Alert Protection discounts as shown in Exhibit 14.

L. Roof Surfaces – Wood

Based on a companywide analysis, we are revising Wood Shake and Wood Shingle roof charges from 5% to 8%. We are also introducing a 10% charge for Composition over Wood roofs.

M. Optional Coverages

Based on a companywide analysis, we are making adjustments to the optional coverages shown below:

Coverage	Current Charge	Revised Charge
Coverage B Increased Limits	\$1.34 per \$1,000	\$1.65 per \$1,000
Other Structures Increased Limits	\$2.24 per \$1,000	\$2.00 per \$1,000
New Dwellings Under Construction – Theft	\$11	\$10
Stored Personal Property	\$7	\$10
Section II Other Limits – Business Liability	\$300,000 Limit – 0	\$ 0
	\$500,000 Limit – 8	14
	\$1,000,000 Limit – 42	28
	\$2,000,000 Limit – 88	48
	\$3,000,000 Limit – 128	67
	\$4,000,000 Limit – 152	80
\$5,000,000 Limit – 170	90	

We are also making adjustments to the Loss Assessments structure and discounts as shown below.

Current		Revised	
Limit	Rate/\$1,000	Limit	Rate/\$1,000
First \$5,000	\$0.50	First \$1,000	\$2.10
Next \$20,000	\$0.25	Next \$24,000	\$0.20
Next \$75,000	\$0.10	Next \$75,000	\$0.10

N. Replacement Cost on Personal Property

We are adjusting the Replacement Cost on Personal Property charge from 7% to 8%.

O. Individual Premium Capping

This filing includes implementing a 30% cap on individual policyholder premium increases. The cap will expire one year after the selected renewal business effective date.

P. Miscellaneous Manual Items

To be consistent companywide, we are making the following miscellaneous manual changes.

- Clarify Solid Fuel rule to include reference to outdoor furnaces.
- Clarify Impact Resistive rule to remove reference to the specific UL & FM standards.
- Clarify Increased Limits – Section II rule to indicate the charge applies per dwelling.
- Simplify the presentation of the Mid-Term Change rule and include the Pro Rata clarification with the Cancellation rule.
- Revise the definition for the mixed construction type.
- Revise the Zone/Subzone Assignment Rule for ZIP Codes not listed in the Zone/Subzone definition pages.
- Revise the Loss Assessments rule to reference damages due to personal injury.

IV. Rental Condominium Unitowners Program Changes

A. Basic Premiums

After including the impact of all other changes in this filing, we are implementing basic premium changes that result in a statewide average 0.0% rate change for the Rental Condominium Unitowners Program.

B. Deductible and Amount of Insurance Changes

Based primarily on a generalized linear model fit to companywide Rental Condominium Unitowners Program experience, we are adjusting our rate relationships by deductible and amount of insurance. We are also removing the deductible maximum dollar adjustments.

Please refer to Exhibit 15 for details of changes by deductibles and Exhibit 16 for details of changes by amount of insurance.

In addition, to be consistent companywide, we are including \$1 in the Risk Amount table with the factor matching the lowest amount currently shown.

C. Home Alert Protection

Based primarily on a generalized linear model fit to companywide Rental Condominium Unitowners Program experience, we are revising selected Home Alert Protection discounts. Please refer to Exhibit 17 for details of these changes.

D. Automatic Sprinkler Protection

Based primarily on a generalized linear model fit to companywide Rental Condominium Unitowners Program experience, we are revising the Automatic Sprinkler Protection discount from 20% to 12%.

E. Optional Coverages

We will no longer vary the Increased Building Limits, Loss Assessments, and Vacancy rates by deductible.

In addition, based on a companywide analysis, we are revising premium adjustments to the optional coverages shown below:

Coverage A Increased Limits	
Current Charge	Revised Charge
\$3.46 per \$1,000	\$3.75 per \$1,000

Business Liability – Optional Limits		
Limit	Current Charge	Revised Charge
\$300,000	\$0	\$ 0
\$500,000	\$7	\$14
\$1,000,000	\$25	\$28
\$2,000,000	\$41	\$41
\$3,000,000	\$53	\$53
\$4,000,000	\$63	\$63
\$5,000,000	\$71	\$71

We are also making adjustments to the Loss Assessments structure and discounts as shown below.

Current		Revised	
Limit	Rate/\$1,000	Limit	Rate/\$1,000
First \$5,000	\$0.41	First \$1,000	\$10.00
Next \$20,000	\$0.21	Next \$24,000	\$ 0.15
Next \$75,000	\$0.08	Next \$75,000	\$ 0.10

F. Miscellaneous

To be consistent companywide, we are removing the Special Section II exposure section from the Rating rule.

State Farm Fire and Casualty Company
Arkansas Rental Programs
Index of Exhibits

Exhibit	Description
1	Rental Dwelling Program Calculation of Indicated Rate Level Adjustment
2	Rental Dwelling Program Average Premium Per Policy
3	Rental Dwelling Program Non-Cat Average Paid Claim and Claim Frequency
4	Rental Dwelling Program Adjustments to Paid Loss Ratio
5	Rental Dwelling Program Catastrophe Provision
6	Rental Dwelling Program Underwriting Expense Exhibit
7	Rental Dwelling Program Provision for Underwriting Profit and Contingencies Total Financial Needs Analysis
8	Rental Dwelling Program Gross Underwriting Profit or Loss
9	Rental Condominium Unitowners Program Calculation of Companywide Indicated Rate Level Adjustment
10	Rental Condominium Unitowners Program Calculation of Arkansas Indicated Rate Level Adjustment
11	Rental Condominium Unitowners Program Gross Underwriting Profit or Loss
12	Rental Dwelling Program Current and Revised Deductible Discounts/Charges
13	Rental Dwelling Program Amount of Insurance Relativities
14	Rental Dwelling Program Home Alert Protection Discounts
15	Rental Condominium Unitowners Current and Revised Deductible Discounts/Charges
16	Rental Condominium Unitowners Amount of Insurance Relativities
17	Rental Condominium Unitowners Home Alert Protection Discounts

Exhibit 1
 State Farm Fire and Casualty Company
 Arkansas Rental Dwelling
 Indicated Rate Level Adjustment
 Policies Effective: 9/15/2012 New 11/1/2012 Renewal

Premiums, Losses and Expenses Per Policy Projected To 11/1/2013

	\$Per Policy	% Of Earned Premium
Earned Premium	733.19	100.0
Non-Catastrophe Incurred Losses and Loss Adjustment Expenses	424.13	57.9
Incurred Losses	374.32	51.1
Incurred Loss Adjustment Expenses	49.81	6.8
Catastrophe Losses and Loss Adjustment Expense	145.89	19.9
Total Losses and Loss Adjustment Expenses	570.02	77.8
Total Underwriting Expenses	207.75	28.3
Fixed Expenses	90.66	12.4
Variable Expenses	117.09	15.9
Total Loss and Expenses	777.78	106.0

Indicated Rate Level Adjustment

The Rate Level adjustment is derived by solving the following formula:

$$IC = ((L + F) / (100 - V - P) - 1) * 100$$

where: *IC* = Indicated Change to Rate Level

L = Total Loss and Loss Adjustment Expenses

F = Fixed Expenses

V = Variable Expenses

P = Profit and Contingencies

all expressed as a percent of projected earned premium

Solving the equation using the data shown above and a 7.0% provision for profit and contingencies yields:

$$\begin{aligned}
 IC &= (((77.8 + 12.4) / (100 - 15.9 - 7.0)) - 1) \times 100 \\
 &= ((90.2 / 77.1) - 1) \times 100 \\
 &= (1.170 - 1) * 100 \\
 &= 17.0\% \text{ increase}
 \end{aligned}$$

Exhibit 2
State Farm Fire and Casualty Company
Arkansas Rental Dwelling
Average Premium Per Policy

Premium per policy for the current calendar year is projected by adjusting actual premium writings to current premium levels to reflect items such as changes in rates, inflation and distributions. The resulting current level written premium is then forecast by estimating the effects the same elements (rates, inflation and distribution changes) will have in future years. Written premium per policy and earned premium per policy are projected to the mid-point of the period proposed rates are to be in effect by straight-line interpolation between the appropriate calendar year forecasts.

I. Premium Adjustments

A. Rate Change Adjustment

Rather than assume a uniform distribution of premium writings by month to determine rates at current rate level, we assign a rate change factor by month and apply the factor to monthly written premium distributions.

Actual written premium per policy is adjusted to current rate level in recognition of the following rate changes.

We have not made any prior Rate changes that would impact this filing.

B. Inflation Adjustment

Actual written premium is further adjusted to reflect inflationary changes. Currently, a 1.0% change in policy amount results in a 0.85% change in policy premium.

The anticipated increase in policy amount and the resulting premium increase are shown below for Arkansas.

	2011	2012	2013	2014
Increase in Policy Amount	1.035	1.035	1.035	1.035
Premium Equivalence Factor	0.850	0.850	0.850	0.850
Resulting Effect on Premium	1.030	1.030	1.030	1.030

C. Adjustments For Anticipated Shifts in Distributions

Written premium per policy is further adjusted to recognize any projected changes in our distribution of business that are not reflected in current data or trends.

	2011	2012	2013	2014
Adjustment Factor	1.000	1.000	1.000	1.000

II. Premium Calculations

A. Current Calendar Year

Historical written premium is adjusted to reflect changes in rate level, inflation and distribution to get an estimate of the current calendar year written premium at current level, by month.

Earned premium is estimated by earning the premium written uniformly over a 13-month period with the first and last month each earning 1/24th and the remaining months each earning 1/12th of the premium written. This produces a more accurate estimate of earned premium than can be produced using the traditional parallelogram method.

Our estimate of 2011 premium per policy is: \$694.34.

This estimate reflects latest actual premium per policy adjusted for items such as current rates and inflation.

B. Subsequent Calendar Years

Each subsequent calendar year's written premium is estimated by applying adjustment factors for inflation and distribution changes to written premium distributions by month for the prior year. Since those written premiums have already been adjusted to current rate level no further rate change adjustment is necessary. Earned premium is estimated in the same manner as above.

Year	Prior Year Written Premium Per Policy	Adjustment Factors		Projected Written Premium Per Policy
		Inflation Coverage	Distribution Change	
2012	694.34	1.030	1.000	715.17
2013	715.17	1.030	1.000	736.63
2014	736.63	1.030	1.000	758.73

C. Period of Proposed Rates

The estimated premium per policy of the period that proposed rates are to be in effect is determined via straight-line interpolation between the appropriate calendar years to the mid-point of the annual period the rates are to be in effect. This is analogous to applying current level premium adjustments to the historical earned premium and a projection factor for inflationary effects.

Calendar Year	Projected Written Premium Per Policy	Projected Earned Premium Per Policy
2013	736.63	725.85
2014	758.73	747.63
11/1/2013	744.07	733.19

Exhibit 3
 State Farm Fire and Casualty Company
 Arkansas Rental Dwelling
 Non-Cat All Peril: Frequency, Severity and Pure Premium

Historical Data

Period	Severity	Frequency	Pure Premium
12/2004	7,274	2.56	185.98
3/2005	7,973	2.63	209.42
6/2005	7,011	2.76	193.45
9/2005	8,060	2.89	233.19
12/2005	7,962	2.84	226.15
3/2006	7,881	2.73	215.19
6/2006	7,959	2.87	228.78
9/2006	6,784	2.91	197.31
12/2006	6,449	2.89	186.12
3/2007	6,423	2.99	192.24
6/2007	6,496	2.75	178.88
9/2007	7,423	2.67	197.93
12/2007	7,669	2.85	218.44
3/2008	7,703	3.04	234.05
6/2008	7,844	3.21	251.73
9/2008	7,526	3.25	244.43
12/2008	8,276	3.12	258.01
3/2009	8,689	2.92	253.51
6/2009	9,327	3.01	281.03
9/2009	10,205	3.02	308.34
12/2009	9,922	3.07	304.78
3/2010	10,372	3.30	342.70
6/2010	10,224	3.25	332.42
9/2010	10,455	3.30	344.49
12/2010	10,517	3.51	368.76
3/2011	9,661	3.82	369.13
6/2011	9,118	4.15	378.25
9/2011	8,643	4.47	386.56

Trended Values❖

28 Point	11,152	3.10	345.71
20 Point	12,596	3.23	406.85
12 Point	10,351	3.41	352.97

Selected Values

Selected	11,597	3.22	373.43
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- ❖ Trended Values represent an ordinary Least Squares trend for Severity. The Frequency value is an average of the points selected. Trended and selected values are for the mid-point of the period that these rates would be in effect (11/1/2013).

The historical and selected Pure Premium figures are shown for All Perils. The selected figures are based on an in-depth analysis of Frequency, Severity and Pure Premium separately for each of the perils of Fire, Wind/Hail, OEC, Crime, Section II (Liability). An analysis by peril reveals trends and highlights abnormal results that cannot be determined in an analysis of All Perils data. The results are summed by peril to determine the selected figures shown. This figure is checked against historical Pure Premium data for reasonableness as shown above. The selected Pure Premium figures are consistent with historical data and recent trends.

Exhibit 4
State Farm Fire and Casualty Company
Arkansas Rental Dwelling
Adjustments to Non-Catastrophe Paid Loss Ratio

I. Factor to Adjust Non-Cat Paid Loss to Non Cat Incurred Loss

Year	Ratio of Non-Cat Incurred Losses to Non-Cat Paid Losses		
2006	1.0605		
2007	1.0588		
2008	0.9627		
2009	1.0723		
2010	0.9763		
09/2011	1.0583		
3 Year Average	1.0038		
5 Year Average	1.0261		
		Paid Loss Per Policy	Incurred Loss Per Policy
Selected 11/1/2013	1.0024	\$373.43	\$374.32

Non-Catastrophe Incurred Losses Projected To 11/1/2013: \$374.32

II. Factor to Adjust Non-Cat Incurred Losses to Non-Cat Incurred Loss and Loss Adjustment Expense (includes both Allocated and Unallocated Loss Adjustment Expenses)

Year	Non-Catastrophe Loss Adjustment Expenses Divided by Incurred Losses			Incurred Loss Per Policy	Adj. Expense
	A.L.A.E.*	U.L.A.E.*	Total		
2006	0.0206	0.2655	0.2860		
2007	0.0011	0.1811	0.1822		
2008	0.0299	0.1503	0.1802		
2009	0.0261	0.1317	0.1577		
2010	0.0146	0.1033	0.1179		
09/2011	0.0102	0.1095	0.1197		
3 Year Average	0.0235	0.1284	0.1519		
5 year Average	0.0185	0.1664	0.1848		
				Incurred Loss Per Policy	Adj. Expense
Selected 11/1/2013	0.0184	0.1147	0.1331	\$ 374.32	\$ 49.81

Non-Catastrophe Loss Adjustment Expenses Projected To 11/1/2013: \$ 49.81

* Beginning January 1, 1998, ALAE and ULAE are defined according to the Annual Statement Instructions. ALAE refers to "Claim Adjustment Services" including defense, litigation, and medical cost containment. ULAE refers to all remaining expenses associated with adjusting and recording policy claims.

Exhibit 5
State Farm Fire and Casualty Company
Arkansas Rental Dwelling
Catastrophe Provision

For ratemaking purposes, State Farm removes all catastrophe (CAT) losses from our loss data. Each state's CAT losses are analyzed separately and a CAT provision is developed according to the following procedure and used in the ratemaking formula. In those states with a hurricane exposure, a hurricane provision is developed independently.

I. Amount Of Insurance Years Exposure Base

The Amount of Insurance Years statistic (AIY) measures \$1,000's of building insurance in force for one year. For example, a \$100,000 dwelling insured on January 1st and in force continuously for that year equals 100 Amount of Insurance Years. Amount of Insurance Years reflects changing values and represents an accurate measure of our exposure to catastrophic loss.

II. Catastrophe Provision

A. Trend Factor

A catastrophe trend factor is applied to reflect the upward trend in our CAT ratios over the experience period.

Some reasons for this increasing trend include:

- The leveraging effect of a fixed dollar catastrophe threshold
- A change in the distribution of business in CAT prone areas
- Changes over time in the nature of exposures underlying the catastrophe data

Exhibit 5A shows the development of the trend factor. The trend factor is based on companywide Homeowners data since Rental Dwellings are expected to have a similar trend to Homeowners.

B. Weighted CAT Provision

Because catastrophes can be infrequent events, many years of history are needed to determine a provision. Contract changes and changes in the number of policies written in catastrophe prone areas, however, make it prudent to give greater weight to more recent years. The weighted CAT/AIY is calculated as the weighted average using the catastrophe data trended to a common projection date. Please see Exhibit 5B for more details.

C. Capping

To provide stability, the selected CAT provision was limited to +/-10% from the previous year's CAT provision. Each year the CAT provision will be calculated using the actual uncapped experience, but the selected provision may be limited. In choosing the selected CAT/AIY, appropriate consideration is given to historical data, future conditions, insurance and economic trends, along with other relevant considerations.

III. Catastrophe Loss & LAE

The Catastrophe Provision determined above is multiplied by projected AIY per policy to determine the CAT Loss & Loss Adjustment Expense (LAE) per policy used in the indicated change calculation.

Exhibit 5
State Farm Fire and Casualty Company
Arkansas Rental Dwelling
Catastrophe Provision

A.	Trended Catastrophe Ratio (from Exhibit 5B)	=	1.3608
B.	Previous Year's CAT Provision	=	1.1141
C.	Selected CAT Provision = A subject to capping described in Section II.C	=	1.2255
D.	Projected AIY per policy	=	119.04
E.	Catastrophe Loss & LAE per Policy (as of 11/1/2013) = C x D	=	145.88

EXHIBIT 5A
STATE FARM COMPANYWIDE
HOMEOWNERS DATA
DEVELOPMENT OF CATASTROPHE TREND

(1) Year	(2) Cat/AIY	(3) Fitted Cat/AIY
1980	0.4814	0.4145
1981	0.3125	0.4295
1982	0.5333	0.4446
1983	0.5967	0.4596
1984	0.4890	0.4747
1985	0.3878	0.4897
1986	0.2976	0.5047
1987	0.2416	0.5198
1988	0.2660	0.5348
1989	0.6302	0.5498
1990	0.7043	0.5649
1991	0.8077	0.5799
1992	0.7768	0.5950
1993	0.7078	0.6100
1994	0.7136	0.6250
1995	0.6354	0.6401
1996	0.8593	0.6551
1997	0.4167	0.6701
1998	0.8166	0.6852
1999	0.6956	0.7002
2000	0.8806	0.7153
2001	0.9355	0.7303
2002	0.6158	0.7453
2003	0.9931	0.7604
2004	0.3013	0.7754
2005	0.2840	0.7904
2006	0.6953	0.8055
2007	0.6297	0.8205
2008	1.1867	0.8356
2009	0.9302	0.8506
2010	1.0200	0.8656

(4) Annual Trend: 2.3%

(5) Selected Trend: 2.0%

Exhibit 5B
State Farm Fire and Casualty Company
Arkansas Rental Dwelling Program
Catastrophe Provision Development

(1)	(2)	(3)	(4)	(5)
Year	CAT/AIY	Trend Factor [1+(6)]^[((7)-Year)]	Trended Cat Ratio = (2) * (3)	Weight
1982	0.483	1.811	0.875	3.2%
1983	0.533	1.776	0.947	3.2%
1984	0.938	1.741	1.632	3.2%
1985	0.168	1.707	0.287	3.2%
1986	0.498	1.673	0.833	3.2%
1987	0.564	1.641	0.925	3.2%
1988	0.226	1.608	0.363	3.2%
1989	1.839	1.577	2.900	3.2%
1990	0.335	1.546	0.519	3.2%
1991	0.352	1.516	0.533	3.2%
1992	0.337	1.486	0.501	3.2%
1993	0.063	1.457	0.092	3.2%
1994	0.694	1.428	0.991	3.2%
1995	0.372	1.400	0.521	3.2%
1996	3.667	1.373	5.034	3.2%
1997	1.163	1.346	1.565	3.2%
1998	0.123	1.319	0.163	3.2%
1999	1.720	1.294	2.225	3.2%
2000	1.171	1.268	1.485	3.2%
2001	1.371	1.243	1.705	3.2%
2002	0.377	1.219	0.459	3.3%
2003	0.633	1.195	0.757	3.5%
2004	0.294	1.172	0.344	3.7%
2005	0.075	1.149	0.086	3.9%
2006	1.836	1.126	2.067	4.1%
2007	-0.149	1.104	-0.165	4.3%
2008	6.830	1.082	7.393	4.5%
2009	2.408	1.061	2.556	4.8%
2010	0.226	1.040	0.235	5.0%

- (6) Projected Annual Trend (from Exhibit 5A): 2.0%
- (7) Projection Year 2012
- (8) Trended Catastrophe Ratio (Column (4) weighted by Column (5)): 1.3608

(2) Non-Hurricane Catastrophe Loss and LAE. Data reflects Accident Year (AY) data from 1982-89 and Calendar Year (CY) data for 1990 and after. CY data is preferable for newer years since the AY losses would potentially be underdeveloped. Adjustments have been made as needed to incorporate any significant changes in the distribution of our book of business.

(5) The latest year is given a weight of 5%, with each prior year receiving 5% less weight back to 2002. For the years 1982-2001, the remainder of the distribution was spread evenly across the 20 year period.

Exhibit 6
State Farm Fire and Casualty Company
Arkansas Rental Dwelling
Underwriting Expense Exhibit

I. Variable Expense Ratios As a Percent of Earned Premium

<u>Calendar Year</u>	<u>Variable Expense Ratios</u>
2006	15.7%
2007	16.7
2008	16.1
2009	15.7
2010	16.4
3 Year Average	16.1
5 Year Average	16.1
Selected 2011	15.9
Selected 2012	15.9
Selected 2013	15.9
Selected 2014	15.9
Selected at 11/1/2013	15.9%
Variable Expense Per Policy 11/1/2013	\$117.09

II. Fixed Expenses as Dollars Per Average Policy in Force

<u>Calendar Year</u>	<u>Fixed Expense per Policy</u>
2006	\$75.27
2007	72.26
2008	81.67
2009	82.77
2010	79.41
Selected 2011	85.70
Selected 2012	87.77
Selected 2013	89.92
Selected 2014	92.12
Selected at 11/1/2013	\$90.66

III. Total Expenses Per Policy in Force

Total Variable Expense per policy:	\$117.09
Total Fixed Expense per policy:	<u>+ 90.66</u>
Total Expense per policy:	\$207.75

Exhibit 7
State Farm Fire and Casualty Company
Provision for Underwriting Profit and Contingencies

The following analysis demonstrates that the provisions for underwriting profit and contingencies, together with expected investment income, will produce an expected total return after tax for State Farm which is reasonable compared to that earned by other industries of similar risk and will enable the company to serve the insurance needs of its policyholders. These earnings provide the only source of funds for its Policyholder Protection Fund (Surplus), which is essential to State Farm's continued growth and financial strength.

Total Financial Needs Analysis

- A. Property and Casualty insurance premiums traditionally include provisions for normally expected losses and expenses (including an estimate of expected catastrophe losses) and a combined provision for underwriting profit and contingencies. The contingency provision reflects an allowance in the rates for losses and expenses arising from events which cannot be reasonably foreseen or predicted. It thus represents an allowance for adverse fluctuations from the otherwise expected results. The underwriting profit provision reflects the expected difference between earned premiums and incurred losses, expenses, and contingencies. The need for a contingency element in the rates is generally accepted actuarially and recognized in nearly all rating laws. Over the long term, the contingency element will not be realized as an underwriting profit, but will be offset by unanticipated losses and expenses.

State Farm Fire and Casualty Company's direct underwriting profit, before federal taxes, has averaged -7.7%, -5.4% adjusted for catastrophes, (see Exhibit 7A, Columns (2) and (2a)) in the last twelve years (approximately two underwriting cycles). These results were generated during a period when filed rates generally included a combined provision for underwriting profit and contingencies of 2% to 7%, averaging approximately 5% (in hurricane/earthquake states, additional risk provisions may also have been added). Based on the difference between our filed profit and contingencies provisions and our actual results, the contingency element has recently been averaging in excess of 2% of earned premium.

It is thus reasonable to expect that a 11.0% combined provision for **underwriting profit and contingencies** will produce an actual underwriting profit of no more than 9.0%.

- B. **Net Investment Income** (interest, dividends and real estate income) has declined as a percent of mean invested assets from 5.0% in 1999 to 3.8% in 2010 (see Exhibit 7D). Based on an analysis of these decreasing results, it is reasonable to expect a return of 4.0% on invested assets during the time the rates will be in effect.

Capital Gains have fluctuated between -7.6% and 6.1% of mean invested assets over the past twelve years (see Exhibit 7D), with a 12 year average of 0.2% and a 24 year average of 1.4%. The expected contribution of capital gains during the period rates will be in effect is 0.5% of invested assets.

As a result, the **Net Investment Yield** as a percent of invested assets is expected to be 4.5% during the time rates will be in effect.

Exhibit 7
(Continued)
State Farm Fire and Casualty Company

- C. **Other Income**, largely service charges for premium installment plans, has averaged 0.3% of earned premium during the past 12 years (see Exhibit 7A, Column (3)). The expected income during the time the rates will be in effect is 0.5%.
- D. All of these income sources combine to yield a total expected insurance operating profit of approximately 12.6% on earned premium, before tax, as summarized in the table on the following page. This includes the expected investment income attributable to unearned and advance premium reserves and that portion of loss and loss adjustment expense reserves resulting from policyholder supplied funds, as well as underwriting profit.

State Farm Fire and Casualty Company is exposed to large catastrophic losses. Some potential sources for such losses are earthquakes in the New Madrid and the Pacific Northwest areas as well as hurricanes along the Gulf and Mid-Atlantic coasts. On a direct basis (absent of reinsurance), the State Farm Fire and Casualty Company would need capital of at least \$1.00 per dollar of premium to adequately protect its policyholders.

Allowing for the expected investment income attributable to the capital of \$100 per \$100 of premium, the expected total return, after tax, is 12.4% as demonstrated in the following table.

Taking into account the equity in the unearned and advance premium reserve, the expected total return is approximately 10.9% on a GAAP adjusted basis. An expected total return up to 19% is reasonable in comparison to current returns in other industries. Recent median returns reported in Business Week and Fortune magazine average around 11% on a GAAP adjusted basis.

Based on the foregoing, we conclude that a 11.0% combined provision for underwriting profit and contingencies can be expected to produce a reasonable total return during the time the projected rates are to be in effect. If the contingency provision is actually realized as a profit in any year, the expected total return increases to 12.1%. Such a result would still be reasonable and not excessive.

While a 9% underwriting profit provision is supported for the combined State Farm Fire and Casualty Company, we recognize that not all states and segments of business present the same amount of risk to the entire enterprise. For the perils covered in the non-Earthquake lines of business, Arkansas presents less risk from extreme catastrophe events than the combined State Farm Fire and Casualty Company. As a result, we have selected a targeted profit provision of 5%, which is lower than our combined companywide target. We have also selected a 2% contingency provision, which matches our companywide provision.

We expect a 7% combined provision for profit and contingencies to produce an actual underwriting profit of no more than 5%.

Exhibit 7
State Farm Fire and Casualty Company
All Lines Combined

Expected Total Return

Premium = \$100

Assumed Capital = \$100

1)	Expected Contribution from a 2% Provision for Contingencies: \$100 x .000 (Item A above)	\$ 0.00
2)	Underwriting Profit Provision	\$ 9.00
3)	Investment Income on Unearned and Advance Premium Reserves \$100 x (Exhibit 7B, Line 7)	\$ 1.20
4)	Investment Income on Loss and LAE Reserves \$100 x (Exhibit 7C, Line 6)	\$ 1.90
5)	Other Income \$100 x (Item C above)	\$ 0.50
6)	Expected Insurance Operating Profit, Before Tax	\$ 12.60
7)	Investment Income on Capital \$100 x (Exhibit 7D, Selected Investment Yield)	\$ 4.50
8)	Federal Income Tax equals greater of: (Lines 1 + 2 + 5) x 20% + (Lines 3 + 4 + 7) x (Exhibit 7E AMT Tax Rate) and (Lines 1 + 2 + 5) x 35% + (Lines 3 + 4 + 7) x (Exhibit 7E Reg Tax Rate)	\$ 4.74
9)	Expected Total Return	\$ 12.36
10)	Expected Total Return as a Percent of Capital Line 9 / \$100	12.4%
11)	GAAP Adjusted Return Line 10 / (Exhibit 7F, Line 5)	10.9%

Exhibit 7A
State Farm Fire and Casualty Company
All Lines Combined

Companywide Insurance Operations

Year (1)	U/W Gain/Loss		Other Income (3)
	Actual (2)	Adjusted (2a)	
1999	-11.7%	-11.3%	0.1%
2000	-20.3%	-20.2%	0.2%
2001	-33.8%	-29.3%	0.0%
2002	-15.8%	-18.7%	0.2%
2003	7.6%	4.8%	0.5%
2004	17.4%	8.1%	0.4%
2005	-18.3%	6.4%	0.4%
2006	5.1%	3.6%	0.5%
2007	4.1%	-1.0%	0.4%
2008	-20.0%	-4.7%	0.5%
2009	-5.0%	-4.0%	0.4%
2010	-2.4%	2.0%	0.4%
Mean	-7.7%	-5.4%	0.3%
Std Dev	14.7%	12.0%	0.2%

All Columns are percentages of earned premium.
All Columns are percentages before federal taxes.

- (2) Insurance Expense Exhibit, Part III, Column 3 less Columns 7, 9, 11, 23, 25, 27, and 29, Line 35 less Lines 2.2, 2.3, 19 and 21 divided by Insurance Expense Exhibit, Part III, Column 3 Line 35 Less Lines 2.2, 2.3, 19 and 21 plus Change in Prepaid Expenses and Miscellaneous Changes Related to Insurance Operations.
- (2a) Equals Column (2) adjusted to smooth for the effects of catastrophe losses. Actual catastrophe losses are removed and replaced with the losses contemplated in our current catastrophe provision.
- (3) Insurance Expense Exhibit, Part III, Column 31, Line 35 less Lines 2.2, 2.3, 19 and 21 divided by Column 3, Line 35 less Lines 2.2, 2.3, 19 and 21, excluding insurance department fines, penalties, and miscellaneous income.

Exhibit 7B
State Farm Fire and Casualty Company
All Lines Combined

**Estimated Investment Income from Reserve for
Unearned Premium and Advance Premiums**

(1) Mean Reserve for Unearned and Advance Premiums, as a Ratio to Earned Premium	<u>All Lines</u>
(a) 2008	0.5283
(b) 2009	0.5322
(c) 2010	<u>0.5309</u>
(d) 3 Year Average	0.5305
(2) Delayed Remission of Premiums	
Ratio of Agents' Balances or Uncollected Premium to Unearned Premium and Advance Premiums	25.3%
(3) Expenses Incurred at Beginning of Policy Term (as a % of Written Premium)	
(a) Commissions and Other Acquisition Expenses	21.5%
(b) 50% of General Expenses	1.5%
(c) Taxes	2.4%
(d) Total	25.4%
(4) Mean Unearned Premium and Advance Premium Reserve Adjusted for Agents' Balances, Uncollected Premiums, and Prepaid Expenses	
(1d) * (1.000 - (2) - (3d))	0.2615
(5) Adjusted for Tax on Prepaid Expenses	
(4) - (1d) * 3% * 0.20 * 35%	0.2604
(6) Investment Yield, before Tax	4.5%
(7) Investment Income, as a % of Earned Premium	1.2%
(5) * (6)	

DATA SOURCES:

- Item 1 - Insurance Expense Exhibit, Part III, Columns 3 and 19, Line 35 less
Lines 2.2, 2.3, 19 and 21 plus Annual Statement, Page 3, Line 10
- Item 2 - Insurance Expense Exhibit, Part III, Columns 19 and 21, Line 35 less
Lines 2.2, 2.3, 19 and 21 plus Annual Statement, Page 3, Line 10
- Item 3 - Insurance Expense Exhibits 2008-2010 (three year average of the mean ratios)
- Item 5 - Assumes the unearned premium reserve will increase at a growth rate of
3%; 0.20 is the IRS prepaid expenses factor; 35% is the current
effective tax rate on underwriting income.
- Item 6 - From Exhibit 7D

Exhibit 7C
State Farm Fire and Casualty Company
All Lines Combined

**Estimated Investment Income from Reserve for
Losses and Loss Adjustment Expenses**

(1) Mean Reserve for Losses and Loss Adjustment Expense, as a Ratio to Incurred Losses and Loss Adjustment Expenses	<u>All Lines</u>
(a) 2006	0.7384
(b) 2007	0.6932
(c) 2008	0.5592
(d) 2009	0.6813
(e) 2010	<u>0.6619</u>
(f) 5 Year Average	0.6668
(2) Permissible Loss and LAE (% Earned Premium) (1.0000 - Expense Ratio - Underwriting Profit Provision)	63.5%
(3) Mean Reserves for Losses and Loss Adjustment Expenses as a Ratio to Earned Premium (2) * (1f)	0.4234
(4) Adjusted for Tax on Discounted Reserves (3) - (3) * 6% * 6.4% * 35%	0.4228
(5) Investment Yield, before Tax	4.5%
(6) Estimated Investment Income from Losses and Loss Adjustment Expense Reserves (as a % of Earned Premium) (4) * (5)	1.9%

DATA SOURCES:

- Item 1 - Insurance Expense Exhibit, Part III, Columns 7, 9, 11, 13, 15, and 17, Line 35 less Lines 2.2, 2.3, 19 and 21.
- Item 2 - 1.0000 minus provision for expenses and underwriting profit. Expense provision is the latest five year average of commissions, other acquisition, general expenses, and taxes, licenses, and fees from the Insurance Expense Exhibit.
- Item 4 - To recognize tax resulting from discounting of reserves; 6% is the estimated growth in loss reserves; 6.4% is the average discount of reserves; 35% is the current effective tax rate on underwriting income.
- Item 5 - From Exhibit 7D

Exhibit 7D
State Farm Fire and Casualty Company
All Lines Combined

Investment Rate of Return
As a Percent of Mean Invested Assets

<u>Year</u>	<u>Net Investment Income</u>	<u>Capital Gain/Loss</u>
1999	5.0%	3.0%
2000	4.9%	-0.2%
2001	4.8%	-2.9%
2002	4.7%	-7.6%
2003	4.6%	6.1%
2004	4.4%	1.3%
2005	4.5%	0.2%
2006	4.5%	3.0%
2007	4.3%	1.5%
2008	4.3%	-6.1%
2009	4.1%	2.6%
2010	3.8%	1.0%
Latest 24 Year Average	5.7%	1.4%
Latest Twelve Year Average	4.5%	0.2%
Latest Six Year Average	4.2%	0.3%
Selected 2011	4.0%	0.5%
Selected Investment Yield	4.5%	
= Sum of Line 4 (Net Investment Income + Capital Gain/Loss)		

Data Source: Annual Statement, Pages 2 and 12

Exhibit 7E
State Farm Fire and Casualty Company
All Lines Combined

Average Federal Tax Rate on Investment Income

Investment Type	Investment Income 2008 through 2010	Distribution	Current Tax Rate	
			Regular	AMT
Bonds (Taxable)	\$ 1,171,182,765	40.8%	35.0%	20.0%
Bonds (Tax Exempt)	1,347,870,033	47.0%	5.3%	15.8%
Stocks (Unaffiliated)	326,798,696	11.4%	14.2%	17.0%
Other (Net of Depreciation)	24,290,145	0.8%	35.0%	20.0%
Total	\$ 2,870,141,639		18.7%	17.7%

Item Sources:

Investment Income from Annual Statement, Page 12, Exhibit of Net Investment Income

Current Tax Rate computed according to the 1986 Tax Reform Act, as amended:

Under this Act, 15% of formerly tax-exempt income from securities purchased after August 7, 1986 is now taxable. Thirty percent of stock dividends are taxed at 35% and seventy percent are taxed at 15% of 35%. Thus, the estimated effective tax rate will be:

Ordinary Income	35.0%
Tax Exempt Bonds	5.3% = .15 x 35%
Stock Dividends	14.2% = (.30 + (.70 x .15)) x 35%

AMT is computed according to the 1986 Tax Reform Act Alternative Minimum Tax:

Under the Alternative Minimum Tax, a rate of 20% applies to the sum of regular tax income and 75% of tax exempt income. The estimated effective AMT will be:

Ordinary Income	20.0%
Tax Exempt Bonds	15.8% = (.15 + (.85 x .75)) x 20%
Stock Dividends	17.0% = [.30 + .70 x (.15 + (.85 x .75))] x 20%

Exhibit 7F
State Farm Fire and Casualty Company
All Lines Combined

Expected Total Return - Adjustment to GAAP

Item	Amount (,000's)	Source (Annual Statement)
(1) 12/31/2010 Assumed Capital (Based on \$1 Ratio to Direct Written Premium)	\$ 14,278,107	IEE, Part III, Line 35, Column 1 less IEE, Part III, Lines 2.2, 2.3, 19 and 21, Column 1
(2) Non-Admitted Assets	20,699	Page 13, Line 28, Column 1
(3) Equity in the Unearned and Advance Premium Reserve	1,895,728	(h)
(4) Total Adjustments	1,916,427	(2) + (3)
(5) GAAP Surplus Adjustment Factor	1.1342	((4) + (1)) / (1)

Calculation of Equity in the Unearned and Advance Premium Reserve

Item	Amount (,000's)	Source (Annual Statement)
(a) Commissions and Brokerage Expense Incurred	2,143,758	IEE, Part III, Line 35, Column 23 less IEE, Part III, Lines 2.2, 2.3, 19 and 21, Column 23 plus Part I, Line 3, Column 2
(b) Taxes, License & Fees Incurred	338,926	IEE, Part III, Line 35, Column 25 less IEE, Part III, Lines 2.2, 2.3, 19 and 21, Column 25
(c) Other Acquisition Expenses Incurred	889,656	IEE, Part III, Line 35, Column 27 less IEE, Part III, Lines 2.2, 2.3, 19 and 21, Column 27 less Part I, Line 3, Column 2
(d) General Expenses Incurred	411,081	IEE, Part III, Line 35, Column 29 less IEE, Part III, Lines 2.2, 2.3, 19 and 21, Column 29
(e) Total	3,577,881	(a) + (b) + (c) + 1/2 (d)
(f) 2010 Written Premium	14,278,107	IEE, Part III, Line 35, Column 1 less IEE, Part III, Lines 2.2, 2.3, 19 and 21, Column 1
(g) 2010 Ending Unearned and Advance Premium Reserve	7,565,207	IEE, Part III, Line 35, Column 19 less IEE, Part III, Lines 2.2, 2.3, 19 and 21, Column 19 and Page 3, Line 10, Column 1
(h) Equity in the Unearned and Advance Premium Reserve	1,895,728	(g) * ((e) / (f))

Exhibit 8
State Farm Fire and Casualty Company
Arkansas Rental Dwelling Program
Gross Underwriting Profit or Loss on a Statutory Basis

Arkansas						
Year	Earned Premium	Non-Cat Loss Ratio	Catastrophe Loss Ratio	Total Loss Ratio	Expense Ratio	Actual Combined Ratio
2007	12,999,197	47.7%	-2.5%	45.2%	30.1%	75.3%
2008	13,441,670	49.9%	116.5%	166.4%	30.3%	196.7%
2009	14,065,252	62.5%	41.6%	104.1%	29.3%	133.4%
2010	14,402,240	65.0%	3.8%	68.8%	27.5%	96.4%
2011	15,688,555	59.6%	50.6%	110.2%	27.6%	137.7%
07-11	70,596,914	57.2%	42.0%	99.3%	28.9%	128.2%

Companywide						
Year	Earned Premium	Non-Cat Loss Ratio	Catastrophe Loss Ratio	Total Loss Ratio	Expense Ratio	Actual Combined Ratio
2007	1,093,872,813	49.7%	11.4%	61.1%	29.1%	90.2%
2008	1,144,733,555	52.9%	24.3%	77.2%	30.1%	107.4%
2009	1,209,327,230	53.9%	17.2%	71.1%	29.2%	100.3%
2010	1,260,402,364	47.2%	17.5%	64.6%	29.0%	93.6%
2011	1,321,110,029	48.2%	31.0%	79.2%	29.5%	108.7%
07-11	6,029,445,991	50.3%	20.6%	70.9%	29.4%	100.2%

Expense Ratios include Agents' Commissions, Taxes, Other Acquisition and General Expenses.

Loss Ratios include Adjustment Expense.

Totals may not add due to rounding.

Exhibit 9
 State Farm Fire and Casualty Company
 Companywide Rental Condo Unitowners
 Indicated Rate Level Adjustment
 Policies Effective: 1/1/2012 New 1/1/2012 Renewal

Premiums, Losses and Expenses Per Policy Projected To 1/1/2013

	\$Per Policy	% Of Earned Premium
Earned Premium	243.13	100.0
Non-Catastrophe Incurred Losses and Loss Adjustment Expenses	163.12	67.1
Incurred Losses	125.61	51.7
Incurred Loss Adjustment Expenses	37.51	15.4
Catastrophe Losses and Loss Adjustment Expense	14.45	6.0
Total Losses and Loss Adjustment Expenses	177.57	73.1
Total Underwriting Expenses	64.45	26.4
Fixed Expenses	28.44	11.6
Variable Expenses	36.01	14.8
Total Loss and Expenses	242.03	99.5

Indicated Rate Level Adjustment

The Rate Level adjustment is derived by solving the following formula:

$$IC = ((L + F) / (100 - V - P) - 1) * 100$$

where: *IC* = Indicated Change to Rate Level

L = Total Loss and Loss Adjustment Expenses

F = Fixed Expenses

V = Variable Expenses

P = Profit and Contingencies

all expressed as a percent of projected earned premium

Solving the equation using the data shown above and a 10.0% provision for profit and contingencies yields:

$$\begin{aligned}
 IC &= (((73.1 + 11.6) / (100 - 14.8 - 10.0)) - 1) \times 100 \\
 &= ((84.7 / 75.2) - 1) \times 100 \\
 &= (1.126 - 1) * 100 \\
 &= 12.6\% \text{ increase}
 \end{aligned}$$

Exhibit 10
State Farm Fire and Casualty Company
Arkansas - Rental Condominium Unitowners Program
Indicated Rate Level Adjustment

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
State	Credibility Weighted Current Level Non-Cat & LAE Loss Ratio	Catastrophe Provision as a Percent of Earned Premium	2010 Fixed Expense Ratio	2010 Variable Expense Ratio	Total Formula Ratio	Index to Total	Index Adjusted For Off Balance	Indicated Change
Arkansas	63.9%	6.9%	10.6%	15.5%	105.0%	0.960	0.920	3.5%
Companywide	62.7%	5.4%	14.0%	15.0%	109.6%	1.040	1.000	12.6%

Column Explanations:

- (1) Calendar years 2006 - 2010 Non-Cat Incurred Loss and Loss Adjustment Expenses Divided by Current Level Earned Premiums adjusted for credibility.
- (2) Catastrophe Provision per 2010 Current Level Earned Premium.
- (3) 2010 Fixed Expenses divided by 2010 Current Level Earned Premium.
- (4) 2010 Variable Expenses divided by 2010 Current Level Earned Premium.
- (5) (Col(1) + Col(2) + Col(3)) divided by (1 - Col(4) - (Profit & Contingency Provision)).
- (6) Col(5) divided by CW Col(5). CW Col(6) weighted by 2010 Current Level Earned Premium.
- (7) Col(6) divided by CW Col(6).
- (8) ((1 + CW Col(8)) * Col(7)) - 1.

Exhibit 11
State Farm Fire and Casualty Company
Arkansas Rental Condominium Unitowners
Gross Underwriting Profit or Loss on a Statutory Basis

Arkansas						
Year	Earned Premium	Non-Cat Loss Ratio	Catastrophe Loss Ratio	Total Loss Ratio	Expense Ratio	Actual Combined Ratio
2007	68,842	22.8%	0.0%	22.8%	32.7%	55.5%
2008	75,856	35.5%	0.0%	35.5%	31.9%	67.3%
2009	83,850	35.1%	0.0%	35.1%	29.6%	64.7%
2010	84,848	21.8%	0.0%	21.8%	26.5%	48.2%
2011	91,461	108.2%	1.9%	110.1%	27.1%	137.3%
07-11	404,857	46.8%	0.4%	47.2%	29.3%	76.6%

Companywide						
Year	Earned Premium	Non-Cat Loss Ratio	Catastrophe Loss Ratio	Total Loss Ratio	Expense Ratio	Actual Combined Ratio
2007	43,688,327	64.6%	5.2%	69.9%	29.9%	99.7%
2008	48,472,978	71.0%	3.8%	74.8%	30.3%	105.1%
2009	54,706,997	75.6%	3.5%	79.1%	30.0%	109.1%
2010	59,766,725	70.3%	2.9%	73.2%	28.4%	101.6%
2011	65,946,989	70.5%	5.1%	75.6%	30.5%	106.1%
07-11	272,582,016	70.6%	4.1%	74.7%	29.8%	104.5%

Expense Ratios include Agents' Commissions, Taxes, Other Acquisition and General Expenses.

Loss Ratios include Adjustment Expense.

Totals may not add due to rounding.

Exhibit 12A
State Farm Fire and Casualty Company
Arkansas Rental Dwelling Program
Current and Revised Deductible Discounts/Charges

Deductible	Current Discount/Charge	Revised Discount/Charge
\$500	16%	16%
\$500/1% WH	13%	13%
\$1,000	No Adjustment	No Adjustment
\$1000/1% WH	-2% (\$40 max.)	-2%
\$2,000	-13% (\$215 max.)	-9%
\$2000/1% WH	-18% (\$365 max.)	-7%
\$3,000	-20% (\$365 max.)	-16%
\$4,000	-23% (\$450 max.)	-19%
\$5,000	-25% (\$535 max.)	-21%

Exhibit 12B
State Farm Fire and Casualty Company
Arkansas Rental Dwelling Program
Current and Revised Deductible Discounts/Charges

Amount Range	Current		
	1% (500 min)	2%	3%
0-49,999	N/A	N/A	N/A
50,000-54,999	16%	0%	-6%
55,000-59,999	14%	-1%	-8%
60,000-64,999	13%	-3%	-10%
65,000-69,999	11%	-4%	-12%
70,000-74,999	10%	-5%	-14%
75,000-79,999	8%	-6%	-15%
80,000-84,999	6%	-8%	-16%
85,000-89,999	5%	-9%	-17%
90,000-94,999	3%	-10%	-18%
95,000-99,999	2%	-12%	-19%
100,000-109,999	0%	-13%	-20%
110,000-119,999	-1%	-14%	-21%
120,000-129,999	-3%	-16%	-22%
130,000-139,999	-4%	-17%	-23%
140,000-149,999	-5%	-19%	-23%
150,000-159,999	-6%	-20%	-24%
160,000-169,999	-8%	-21%	-25%
170,000-179,999	-9%	-21%	-25%
180,000-189,999	-10%	-22%	-25%
190,000-199,999	-12%	-22%	-26%
200,000-249,999	-13%	-23%	-26%
250,000-299,999	-17%	-25%	-27%
300,000-349,999	-20%	-26%	-28%
350,000-399,999	-22%	-27%	-29%
400,000-449,999	-23%	-27%	-30%
450,000-499,999	-24%	-28%	-31%
500,000-549,999	-25%	-28%	-32%
550,000-599,999	-25%	-29%	-33%
600,000-649,999	-26%	-30%	-34%
650,000-699,999	-26%	-31%	-35%
700,000-749,999	-27%	-31%	-36%
750,000-999,999	-27%	-32%	-37%
1,000,000-1,499,999	-28%	-35%	-38%
1,500,000-1,999,999	-32%	-38%	-39%
2,000,000+	-35%	-39%	-40%

Amount Range	Revised		
	1% (500 min)	2%	3%
0-49,999	N/A	N/A	N/A
50,000-64,999	8%	-4%	-11%
65,000-74,999	5%	-7%	-13%
75,000-84,999	2%	-9%	-15%
85,000-99,999	-1%	-10%	-16%
100,000-104,999	-2%	-11%	-17%
105,000-114,999	-3%	-12%	-17%
115,000-124,999	-4%	-12%	-18%
125,000-134,999	-4%	-13%	-19%
135,000-144,999	-5%	-14%	-19%
145,000-154,999	-5%	-15%	-20%
155,000-164,999	-6%	-16%	-20%
165,000-174,999	-7%	-17%	-21%
175,000-184,999	-7%	-17%	-21%
185,000-194,999	-8%	-18%	-22%
195,000-204,999	-8%	-18%	-22%
205,000-214,999	-9%	-19%	-23%
215,000-224,999	-10%	-19%	-23%
225,000-234,999	-10%	-19%	-24%
235,000-244,999	-10%	-19%	-24%
245,000-274,999	-12%	-21%	-24%
275,000-324,999	-14%	-21%	-26%
325,000-374,999	-17%	-23%	-28%
375,000-424,999	-18%	-24%	-29%
425,000-474,999	-19%	-25%	-30%
475,000-524,999	-20%	-26%	-31%
525,000-574,999	-21%	-27%	-32%
575,000-624,999	-21%	-28%	-33%
625,000-674,999	-22%	-29%	-34%
675,000-724,999	-23%	-30%	-35%
725,000-781,499	-24%	-30%	-35%
781,500-843,999	-24%	-31%	-36%
844,000-906,499	-25%	-32%	-36%
906,500-968,999	-25%	-32%	-37%
969,000-1,062,499	-26%	-32%	-37%
1,062,500-1,187,499	-26%	-33%	-37%
1,187,500-1,312,499	-27%	-34%	-38%
1,312,500-1,437,499	-27%	-34%	-38%
1,437,500-1,562,499	-28%	-34%	-39%
1,562,500-1,687,499	-28%	-35%	-39%
1,687,500-1,812,499	-28%	-35%	-39%
1,812,500-1,937,499	-29%	-35%	-39%
1,937,500-2,124,999	-29%	-35%	-39%
2,125,000-2,374,999	-29%	-35%	-40%
2,375,000-2,749,999	-29%	-35%	-40%
2,750,000-3,249,999	-30%	-35%	-40%
3,250,000-3,749,999	-30%	-35%	-40%
3,750,000-4,249,999	-30%	-35%	-40%
4,250,000-4,749,999	-30%	-35%	-40%
4,750,000+	-30%	-35%	-40%

Exhibit 13
State Farm Fire and Casualty Company
Arkansas Rental Dwelling Program
Amount of Insurance Relativities

Amount	Current Relativities*	Revised Relativities
\$1	N/A	1.815
\$20,000	1.650	1.815
\$30,000	1.368	1.505
\$40,000	1.205	1.326
\$50,000	1.131	1.244
\$60,000	1.066	1.173
\$70,000	1.034	1.137
\$80,000	1.000	1.100
\$90,000	1.000	1.050
\$100,000	1.000	1.000
\$110,000	0.991	0.960
\$120,000	0.982	0.930
\$130,000	0.974	0.890
\$140,000	0.965	0.869
\$150,000	0.956	0.860
\$200,000	0.915	0.824
\$250,000	0.889	0.800
\$300,000	0.879	0.791
\$350,000	0.872	0.785
\$400,000	0.867	0.780
\$500,000	0.860	0.774
\$600,000	0.855	0.770
\$700,000	0.852	0.767
\$750,000	0.850	0.765
EA \$1,000	0.850	0.765

* Amount of Insurance relativities are not currently printed in the manual. These factors are derived from the preprinted base premiums.

Exhibit 14
State Farm Fire and Casualty Company
Arkansas Rental Dwelling Program
Home Alert Protection Plan

Description	Current	Revised
Fire or Smoke Local Alarm	-2%	-2%
Burglar Alarm System	-3%	-3%
Fire or Smoke Detectors which also activate either a digital dialer or a voice synthesized (not tape) telephone dialer	-4%	-4%
Fire or Smoke Local Alarm and Burglar Alarm System	-5%	-5%
Fire or Smoke Local Alarm, Dead Bolt Locks, and Fire Extinguisher	-5%	-5%
Fire or Smoke Detectors which also activate either a digital dialer or a voice synthesized (not tape) telephone dialer, Dead Bolt Locks, and Fire Extinguisher	-7%	-6%
Burglar Alarm System, Fire or Smoke Local Alarm, Dead Bolt Locks, and Fire Extinguisher	-7%	-6%
Fire and/or Burglar Alarm reporting to either Fire Dept., Police Dept. or Central Station, Dead Bolt Locks, and Fire Extinguisher	-15%	-10%

Exhibit 15
State Farm Fire and Casualty Company
Arkansas Rental Condominium Unitowners Program
Deductible Discounts and Charges

Deductible	Current Discount/Charge	Revised Discount/Charge
\$500	32%	32%
\$1,000	No Adjustment	No Adjustment
\$2,000	-5% (\$20 max.)	-10%
\$3,000	-16% (\$65 max.)	-18%
\$4,000	-20% (\$85 max.)	-20%
\$5,000	-22% (\$105 max.)	-23%

Exhibit 16
State Farm Fire and Casualty Company
Arkansas Rental Condominium Unitowners Program
Amount of Insurance Relativities

Amount	Current Factor	Revised Factor
\$1	N/A	3.100
\$2,000	3.258	3.100
\$4,000	1.882	2.020
\$6,000	1.386	1.490
\$8,000	1.152	1.180
\$10,000	1.000	1.000
\$12,000	N/A	0.880
\$14,000	N/A	0.800
\$16,000	N/A	0.750
\$18,000	N/A	0.690
\$20,000	0.713	0.640
\$22,000	N/A	0.620
\$24,000	N/A	0.600
\$26,000	N/A	0.590
\$28,000	N/A	0.570
\$30,000	0.610	0.550
\$35,000	N/A	0.530
\$40,000	0.562	0.510
\$45,000	N/A	0.490
\$50,000	0.533	0.480
\$55,000	N/A	0.470
\$60,000	N/A	0.460
\$65,000	N/A	0.460
\$70,000	N/A	0.450
\$75,000	N/A	0.440
\$80,000	N/A	0.440
\$85,000	N/A	0.440
\$90,000	N/A	0.430
\$95,000	N/A	0.430
\$100,000	N/A	0.430
\$125,000	N/A	0.420
\$150,000	N/A	0.410
\$175,000	N/A	0.410
\$200,000	N/A	0.400
\$225,000	N/A	0.400
\$250,000	N/A	0.400
EA \$1,000	0.417	0.380

Exhibit 17
State Farm Fire and Casualty Company
Arkansas Rental Condominium Unitowners Program
Home Alert Protection Plan

Description	Current	Revised
Fire or Smoke Local Alarm	-2%	-2%
Burglar Alarm System	-3%	-3%
Fire or Smoke Detectors which also activate either a digital dialer or a voice synthesized (not tape) telephone dialer	-4%	-4%
Fire or Smoke Local Alarm and Burglar Alarm System	-5%	-5%
Fire or Smoke Local Alarm, Dead Bolt Locks, and Fire Extinguisher	-5%	-5%
Fire or Smoke Detectors which also activate either a digital dialer or a voice synthesized (not tape) telephone dialer, Dead Bolt Locks, and Fire Extinguisher	-7%	-6%
Burglar Alarm System, Fire or Smoke Local Alarm, Dead Bolt Locks, and Fire Extinguisher	-7%	-6%
Fire and/or Burglar Alarm reporting to either Fire Dept., Police Dept. or Central Station, Dead Bolt Locks, and Fire Extinguisher	-15%	-10%

Arkansas Rental Programs
Response to Questions of April 23, 2012
ML-28842

Objection 1

- Exhibits (Supporting Document)

Comment: Provide an exhibit showing a breakdown of the actual impact to insureds without capping.

Please see the attached Supplemental Exhibit 1.

Objection 2

Comment: The filing references homeowner zone/subzone definitions. The current pending homeowner filing is moving away from zone/subzone. Please explain.

The Homeowners zone/subzone table will remain a part of the Homeowners manual for rating tenant policies and non-tenant policies without an accurate latitude and longitude coordinate. The Rental Dwelling program is moving toward the zone and subzone definitions currently effective for the Homeowners program.

Supplemental Exhibit 1
State Farm Fire and Casualty Company
Arkansas Rental Programs
Estimated Individual Policyholder Rate Effects

Rate Effect	RDP		RCUP	
	PIF	%	PIF	%
-20% to -15%	24	0%	0	0%
-15% to -10%	104	0%	32	13%
-10% to -5%	295	1%	48	19%
-5% to 5%	4,162	18%	78	31%
5% to 10%	3,117	14%	80	32%
10% to 15%	2,783	12%	6	2%
15% to 20%	2,630	11%	5	2%
20% to 25%	3,519	15%	1	0%
25% to 30%	3,050	13%	0	0%
30% to 35%	1,682	7%	2	1%
35% to 40%	901	4%	0	0%
40% to 45%	484	2%	0	0%
45% to 50%	159	1%	0	0%
Greater than 50%	47	0%	0	0%