

**State:** Arkansas **Filing Company:** QBE Insurance Corporation  
**TOI/Sub-TOI:** 04.0 Homeowners/04.0000 Homeowners Sub-TOI Combinations  
**Product Name:** Homeowners QBEIC  
**Project Name/Number:** /

## Filing at a Glance

Company: QBE Insurance Corporation  
Product Name: Homeowners QBEIC  
State: Arkansas  
TOI: 04.0 Homeowners  
Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations  
Filing Type: Rate  
Date Submitted: 08/10/2012  
SERFF Tr Num: QBEC-128627347  
SERFF Status: Closed-Filed  
State Tr Num:  
State Status:  
Co Tr Num: 12-880-HO-AR-QBEIC-R  
  
Effective Date: 12/01/2012  
Requested (New):  
Effective Date: 12/01/2012  
Requested (Renewal):  
Author(s): Virginia Putzu  
Reviewer(s): Becky Harrington (primary)  
Disposition Date: 08/17/2012  
Disposition Status: Filed  
Effective Date (New): 12/01/2012  
Effective Date (Renewal): 12/01/2012

State Filing Description:  
referred 8/15/12

**State:** Arkansas **Filing Company:** QBE Insurance Corporation  
**TOI/Sub-TOI:** 04.0 Homeowners/04.0000 Homeowners Sub-TOI Combinations  
**Product Name:** Homeowners QBEIC  
**Project Name/Number:** /

## General Information

Project Name: Status of Filing in Domicile: Authorized  
 Project Number: Domicile Status Comments:  
 Reference Organization: Reference Number:  
 Reference Title: Advisory Org. Circular:  
 Filing Status Changed: 08/17/2012  
 State Status Changed: 08/17/2012 Deemer Date:  
 Created By: Virginia Putzu Submitted By: Virginia Putzu  
 Corresponding Filing Tracking Number: 11-086-000-HO-AR-F

**Filing Description:**  
 We are submitting an update to our homeowners program for your review.

## Company and Contact

### Filing Contact Information

Virginia Putzu, Filing Manager Virginia.Putzu@QBEAmericas.com  
 88 Pine Street, 16th Floor 212-805-9740 [Phone]  
 Wall Street Plaza 212-805-9809 [FAX]  
 New York, NY 10005

### Filing Company Information

QBE Insurance Corporation CoCode: 39217 State of Domicile:  
 88 Pine Street - 16th Floor Group Code: 796 Pennsylvania  
 New York, NY 10005 Group Name: QBE Insurance Company Type:  
 (212) 422-9888 ext. [Phone] Group State ID Number:  
 FEIN Number: 22-2311816

## Filing Fees

Fee Required? Yes  
 Fee Amount: \$100.00  
 Retaliatory? No  
 Fee Explanation: \$100 for rate/rule filing.  
 Per Company: No

Company	Amount	Date Processed	Transaction #
QBE Insurance Corporation	\$100.00	08/10/2012	61597983

**SERFF Tracking #:**

QBEC-128627347

**State Tracking #:****Company Tracking #:**

12-880-HO-AR-QBEIC-R

**State:** Arkansas**Filing Company:**

QBE Insurance Corporation

**TOI/Sub-TOI:** 04.0 Homeowners/04.0000 Homeowners Sub-TOI Combinations**Product Name:** Homeowners QBEIC**Project Name/Number:** /

## Correspondence Summary

### Dispositions

Status	Created By	Created On	Date Submitted
Filed	Becky Harrington	08/17/2012	08/17/2012

### Objection Letters and Response Letters

#### Objection Letters

Status	Created By	Created On	Date Submitted
No response necessary	Becky Harrington	08/15/2012	08/15/2012
Pending Industry Response	Becky Harrington	08/15/2012	08/15/2012
Pending Industry Response	Becky Harrington	08/13/2012	08/13/2012

#### Response Letters

Responded By	Created On	Date Submitted
Virginia Putzu	08/15/2012	08/15/2012
Virginia Putzu	08/14/2012	08/14/2012

**State:** Arkansas **Filing Company:** QBE Insurance Corporation  
**TOI/Sub-TOI:** 04.0 Homeowners/04.0000 Homeowners Sub-TOI Combinations  
**Product Name:** Homeowners QBEIC  
**Project Name/Number:** /

## Disposition

Disposition Date: 08/17/2012

Effective Date (New): 12/01/2012

Effective Date (Renewal): 12/01/2012

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 req'd):	Minimum % Change (where req'd):
QBE Insurance Corporation	88.000%	10.000%	\$1,471	13	\$14,712	10.000%	10.000%

Schedule	Schedule Item	Schedule Item Status	Public Access
Supporting Document	Form RF-2 Loss Costs Only (not for workers' compensation)		No
Supporting Document	H-1 Homeowners Abstract	Filed	Yes
Supporting Document	HPCS-Homeowners Premium Comparison Survey	Filed	Yes
Supporting Document (revised)	NAIC loss cost data entry document	Filed	Yes
Supporting Document	NAIC loss cost data entry document		Yes
Supporting Document	Filing Memo	Filed	Yes
Supporting Document (revised)	Actuarial Memo and Support	Filed	Yes
Supporting Document	Actuarial Memo and Support		Yes
Rate	QBEIC Homeowners Manual	Filed	Yes

**State:** Arkansas **Filing Company:** QBE Insurance Corporation  
**TOI/Sub-TOI:** 04.0 Homeowners/04.0000 Homeowners Sub-TOI Combinations  
**Product Name:** Homeowners QBEIC  
**Project Name/Number:** /

## Objection Letter

Objection Letter Status	No response necessary
Objection Letter Date	08/15/2012
Submitted Date	08/15/2012
Respond By Date	

Dear Virginia Putzu,

**Introduction:**

*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%. Please do not respond at this time.*

**Conclusion:**

*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

**State:** Arkansas **Filing Company:** QBE Insurance Corporation  
**TOI/Sub-TOI:** 04.0 Homeowners/04.0000 Homeowners Sub-TOI Combinations  
**Product Name:** Homeowners QBEIC  
**Project Name/Number:** /

## Objection Letter

Objection Letter Status	Pending Industry Response
Objection Letter Date	08/15/2012
Submitted Date	08/15/2012
Respond By Date	

Dear Virginia Putzu,

**Introduction:**

*This will acknowledge receipt of the response dated 8/14/12.*

**Objection 1**

*Comments: AR is not allowing modeling for CAT loads. We also do not allow inclusion of hurricane loss information. Please re-calculate using the ISO information referenced in your response.*

**Conclusion:**

*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."*

Sincerely,  
Becky Harrington

**State:** Arkansas **Filing Company:** QBE Insurance Corporation  
**TOI/Sub-TOI:** 04.0 Homeowners/04.0000 Homeowners Sub-TOI Combinations  
**Product Name:** Homeowners QBEIC  
**Project Name/Number:** /

## Response Letter

Response Letter Status	Submitted to State
Response Letter Date	08/15/2012
Submitted Date	08/15/2012

Dear Becky Harrington,

### Introduction:

Thank you for your letter of August 15, 2012. We offer the following response to your concern:

### Response 1

#### Comments:

We have revised our exhibits using the ISO information. Attached is a revised Rate Filing Abstract and Actuarial Memo/Support.

### Related Objection 1

Comments: AR is not allowing modeling for CAT loads. We also do not allow inclusion of hurricane loss information. Please re-calculate using the ISO information referenced in your response.

### Changed Items:

#### Supporting Document Schedule Item Changes

Satisfied -Name: NAIC loss cost data entry document

Comment:

Satisfied -Name: Actuarial Memo and Support

Comment:

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

### Conclusion:

Should you need any additional information, please do not hesitate to contact me.

Sincerely, Virginia

Sincerely,

Virginia Putzu

**State:** Arkansas **Filing Company:** QBE Insurance Corporation  
**TOI/Sub-TOI:** 04.0 Homeowners/04.0000 Homeowners Sub-TOI Combinations  
**Product Name:** Homeowners QBEIC  
**Project Name/Number:** /

## Objection Letter

Objection Letter Status Pending Industry Response  
Objection Letter Date 08/13/2012  
Submitted Date 08/13/2012  
Respond By Date

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Dear Virginia Putzu,

**Introduction:**

*This will acknowledge receipt of the captioned filing.*

**Objection 1**

*- Actuarial Memo and Support (Supporting Document)*

*Comments: Please provide additional documentation or a greater detailed explanation for Exhibit 9.*

**Objection 2**

*- Actuarial Memo and Support (Supporting Document)*

*Comments: Form RF-1 indicates the program was initially filed in 2011. Exhibit 20 reflects experience from 2007-2011. Please explain.*

**Conclusion:**

*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*

**State:** Arkansas **Filing Company:** QBE Insurance Corporation  
**TOI/Sub-TOI:** 04.0 Homeowners/04.0000 Homeowners Sub-TOI Combinations  
**Product Name:** Homeowners QBEIC  
**Project Name/Number:** /

## Response Letter

Response Letter Status Submitted to State  
Response Letter Date 08/14/2012  
Submitted Date 08/14/2012

Dear Becky Harrington,

### **Introduction:**

Thank you for August 13, 2012. We offer the following responses to your concerns:

### **Response 1**

#### **Comments:**

For Exhibit 9, we used RMS v11.0 which includes Average Annual Losses based on the Demand Surge / Loss Amplification for Hurricane, Tornado/Hail, and Fire following Earthquake. By using the RMS data for the CAT load, our indication was 88.0%. If we had used ISOs Excess Wind & Water Factor for the CAT load, the indication would have been 86.6%.

### **Related Objection 1**

Applies To:

- Actuarial Memo and Support (Supporting Document)

Comments: Please provide additional documentation or a greater detailed explanation for Exhibit 9.

### **Changed Items:**

No Supporting Documents changed.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

### **Response 2**

#### **Comments:**

The initial filing for the Homeowners Program for QBE Insurance Corporation was based on the approved Fidelity and Deposit Company of Maryland program which is also managed by QBE FIRST. Except for enhancements and clarifications contained in the initial filing, there are no differences in the distribution, eligibility rules, or coverages between the approved Fidelity and Deposit Company of Maryland program and the QBE Insurance Corporation program. The QBE program was added as a carrier for new business and we wanted to include as much historical history as possible to make sure the rates were adequate.

### **Related Objection 2**

Applies To:

- Actuarial Memo and Support (Supporting Document)

Comments: Form RF-1 indicates the program was initially filed in 2011. Exhibit 20 reflects experience from 2007-2011.

Please explain.

### **Changed Items:**

No Supporting Documents changed.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

### **Conclusion:**

We appreciate your consideration.

Sincerely,

Virginia Putzu

SERFF Tracking #:

QBEC-128627347

State Tracking #:

Company Tracking #:

12-880-HO-AR-QBEIC-R

State: Arkansas

Filing Company: QBE Insurance Corporation

TOI/Sub-TOI: 04.0 Homeowners/04.0000 Homeowners Sub-TOI Combinations

Product Name: Homeowners QBEIC

Project Name/Number: /

### Rate Information

Rate data applies to filing.

Filing Method: File and Use

Rate Change Type: Increase

Overall Percentage of Last Rate Revision: 0.000%

Effective Date of Last Rate Revision: 10/01/2011

Filing Method of Last Filing: File and Use

### Company Rate Information

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where req'd):	Minimum % Change (where req'd):
QBE Insurance Corporation	88.000%	10.000%	\$1,471	13	\$14,712	10.000%	10.000%

**SERFF Tracking #:**

QBEC-128627347

**State Tracking #:****Company Tracking #:**

12-880-HO-AR-QBEIC-R

**State:**

Arkansas

**Filing Company:**

QBE Insurance Corporation

**TOI/Sub-TOI:**

04.0 Homeowners/04.0000 Homeowners Sub-TOI Combinations

**Product Name:**

Homeowners QBEIC

**Project Name/Number:**

/

## Rate/Rule Schedule

Item No.	Schedule Item Status	Exhibit Name	Rule # or Page #	Rate Action	Previous State Filing Number	Attachments
1	Filed 08/17/2012	QBEIC Homeowners Manual	HO-R-4	Replacement	SERFF Tr Num: QBEC-127195623	AR HO QI 20121201.Manual Page.pdf

**CLASSIFICATION TABLES**

(1) Form Factors

<b>Homeowners</b>	1.00
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(2) Protection - Construction Factors

<b>Prot.</b>	<b>Construction*</b>	
	<b>Frame</b>	<b>Masonry</b>
1	0.96	0.86
2	0.97	0.87
3	0.98	0.88
4	0.99	0.89
5	1.00	0.90
6	1.01	0.91
7	1.10	0.92
8	1.40	1.15
9	1.90	1.50
10	2.10	1.90

\* Masonry Veneer is rated as Masonry.

\* Aluminum or Plastic Siding over Frame is rated as Frame

**HO 00 03 AND HO 00 06 BASE RATES FOR  
\$100,000 COVERAGE A WITH \$1,000 ALL PERILS  
DEDUCTIBLE**

<b>Territory</b>	<b>Base Rate</b>
30	\$640.71
31	\$726.86
32	\$907.07
33	\$643.03
33A	\$634.08
33B	\$803.21

SERFF Tracking #:

QBEC-128627347

State Tracking #:

Company Tracking #:

12-880-HO-AR-QBEIC-R

State: Arkansas

Filing Company:

QBE Insurance Corporation

TOI/Sub-TOI: 04.0 Homeowners/04.0000 Homeowners Sub-TOI Combinations

Product Name: Homeowners QBEIC

Project Name/Number: /

## Supporting Document Schedules

		Item Status:	Status Date:
Satisfied - Item:	H-1 Homeowners Abstract	Filed	08/17/2012
Comments:			
Attachment(s):			
AR-HO-2012-Q01R ARFORMH1.pdf			

		Item Status:	Status Date:
Satisfied - Item:	HPCS-Homeowners Premium Comparison Survey	Filed	08/17/2012
Comments:			
Attachment(s):			
HO Survey FORM HPCS (AR QI).pdf HO Survey FORM HPCS (AR QI).xls			

		Item Status:	Status Date:
Satisfied - Item:	NAIC loss cost data entry document	Filed	08/17/2012
Comments:			
Attachment(s):			
AR-HO-2012-Q01R ARRFARF1 v2.pdf			

		Item Status:	Status Date:
Satisfied - Item:	Filing Memo	Filed	08/17/2012
Comments:			
Attachment(s):			
AR Filing Memo.pdf			

		Item Status:	Status Date:
Satisfied - Item:	Actuarial Memo and Support	Filed	08/17/2012
Comments:			

**SERFF Tracking #:**

QBEC-128627347

**State Tracking #:**

**Company Tracking #:**

12-880-HO-AR-QBEIC-R

**State:**

Arkansas

**Filing Company:**

QBE Insurance Corporation

**TOI/Sub-TOI:**

04.0 Homeowners/04.0000 Homeowners Sub-TOI Combinations

**Product Name:**

Homeowners QBEIC

**Project Name/Number:**

/

Attachment(s):

AR Actuarial Memo v2.pdf

AR Indication 2012 v3.pdf

ARKANSAS INSURANCE DEPARTMENT

FORM H-1 HOMEOWNERS ABSTRACT

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

Company Name QBE Insurance Corporation  
NAIC # (including group #) NAIC # 39217 Group NAIC # 0796

- 1. If you have had an insurance to value campaign during the experience filing period, describe the campaign and estimate its impact.  
Not Applicable
- 2. If you use a cost estimator (or some similar method) in order to make sure that dwellings (or contents) are insured at their value, state when this program was started in Arkansas and estimate its impact.  
Yes, we have used Marshall/Swift & Boeckh since inception.
- 3. If you require a minimum relationship between the amount of insurance to be written and the replacement value of the dwelling (contents) in order to purchase insurance, describe the procedures that are used.  
Insurance to value minimum required is 100% of estimated replacement cost.
- 4. If you use an Inflation Guard form or similar type of coverage, describe the coverage(s) and estimate the impact.  
Not applicable
- 5. Specify the percentage given for credit or discounts for the following:
 

a. Fire Extinguisher	0	%
b. Burglar Alarm	5	%
c. Smoke Alarm	2-5	%
d. Insured who has both homeowners and auto with your company	5	%
e. Deadbolt Locks	0	%
f. Window or Door Locks	0	%
g. Other (specify) _____		%

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

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

Form	Premium Volume
HO 00 03 and HO 00 06	\$14,712

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

9. Is there a surcharge on risks with wood heat? No

If yes, state the surcharge \_\_\_\_\_

Does the surcharge apply to conventional fire places? Not applicable

If yes, state the surcharge \_\_\_\_\_

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



\_\_\_\_\_  
Signature

Virginia Putzu

\_\_\_\_\_  
Printed Name

Rate/Form Implementation Leader

\_\_\_\_\_  
Title

212-805-9740

\_\_\_\_\_  
Telephone Number

vputzu@us.qbe.com

\_\_\_\_\_  
Email Address

NAIC Number: 39217  
 Company Name: QBE Insurance Company  
 Contact Person: Virginia Putzu  
 Telephone No.: 212-805-9740  
 Email Address: virginia.putzu@qbeamericas.com  
 Effective Date: 12/1/2012

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

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

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

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

Public Protection Class	Dwelling Value	Washington		Baxter		Craighead		St. Francis		Desha		Union		Miller		Sebastian		Pulaski	
		Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame
3	\$80,000	\$552.00	\$615.00	\$552.00	\$615.00	\$552.00	\$615.00	\$552.00	\$615.00	\$552.00	\$615.00	\$552.00	\$615.00	\$552.00	\$615.00	\$552.00	\$615.00	\$550.00	\$613.00
	\$120,000	\$650.00	\$723.00	\$650.00	\$723.00	\$650.00	\$723.00	\$650.00	\$723.00	\$650.00	\$723.00	\$650.00	\$723.00	\$650.00	\$723.00	\$650.00	\$723.00	\$647.00	\$721.00
	\$160,000	\$810.00	\$902.00	\$810.00	\$902.00	\$810.00	\$902.00	\$810.00	\$902.00	\$810.00	\$902.00	\$810.00	\$902.00	\$810.00	\$902.00	\$810.00	\$902.00	\$807.00	\$898.00
6	\$80,000	\$570.00	\$634.00	\$570.00	\$634.00	\$570.00	\$634.00	\$570.00	\$634.00	\$570.00	\$634.00	\$570.00	\$634.00	\$570.00	\$634.00	\$570.00	\$634.00	\$568.00	\$631.00
	\$120,000	\$672.00	\$745.00	\$672.00	\$745.00	\$672.00	\$745.00	\$672.00	\$745.00	\$672.00	\$745.00	\$672.00	\$745.00	\$672.00	\$745.00	\$672.00	\$745.00	\$669.00	\$743.00
	\$160,000	\$837.00	\$929.00	\$837.00	\$929.00	\$837.00	\$929.00	\$837.00	\$929.00	\$837.00	\$929.00	\$837.00	\$929.00	\$837.00	\$929.00	\$837.00	\$929.00	\$835.00	\$926.00
9	\$80,000	\$941.00	\$1,191.00	\$941.00	\$1,191.00	\$941.00	\$1,191.00	\$941.00	\$1,191.00	\$941.00	\$1,191.00	\$941.00	\$1,191.00	\$941.00	\$1,191.00	\$941.00	\$1,191.00	\$937.00	\$1,187.00
	\$120,000	\$1,107.00	\$1,403.00	\$1,107.00	\$1,403.00	\$1,107.00	\$1,403.00	\$1,107.00	\$1,403.00	\$1,107.00	\$1,403.00	\$1,107.00	\$1,403.00	\$1,107.00	\$1,403.00	\$1,107.00	\$1,403.00	\$1,103.00	\$1,397.00
	\$160,000	\$1,381.00	\$1,749.00	\$1,381.00	\$1,749.00	\$1,381.00	\$1,749.00	\$1,381.00	\$1,749.00	\$1,381.00	\$1,749.00	\$1,381.00	\$1,749.00	\$1,381.00	\$1,749.00	\$1,381.00	\$1,749.00	\$1,375.00	\$1,742.00

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

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

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

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

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

**HO3 and HO4 only**

Fire Extinguisher  %  
 Burglar Alarm  %  
 Smoke Alarm  %  
 Deadbolt Lock  %  
 Window Locks  %  
 \$1,000 Deductible  %  
 Other (specify)  %

**EARTHQUAKE INSURANCE**

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

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

WHAT IS YOUR PERCENTAGE DEDUCTIBLE?  %

WHAT IS YOUR PRICE PER \$1,000 OF COVERAGE?  
 Zone Highest Risk \$  Brick  Frame

Maximum Credit Allowed	%	Lowest Risk	\$		\$	
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I

**State:** Arkansas **Filing Company:** QBE Insurance Corporation  
**TOI/Sub-TOI:** 04.0 Homeowners/04.0000 Homeowners Sub-TOI Combinations  
**Product Name:** Homeowners QBEIC  
**Project Name/Number:** /

## Supporting Document Schedules

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

<b>1.</b>	This filing transmittal is part of Company Tracking #	12-880-HO-AR-QBEIC-R
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<b>2.</b>	If filing is an adoption of an advisory organization loss cost filing, give name of Advisory Organization and Reference/Item Filing Number	
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		Company Name	Company NAIC Number	
<b>3.</b>	<b>A.</b>	QBE Insurance Corporation	<b>B.</b>	39217

		Product Coding Matrix Line of Business (i.e., Type of Insurance)	Product Coding Matrix Line of Business (i.e., Sub-type of Insurance)	
<b>4.</b>	<b>A.</b>	4.0	<b>B.</b>	4.0000

(A) COVERAGE (See Instructions)	(B) Indicated % Rate Level Change	(C) Requested % Rate Level Change	(D) Expected Loss Ratio	FOR LOSS COSTS ONLY			
				(E) Loss Cost Modification Factor	(F) Selected Loss Cost Multiplier	(G) Expense Constant (If Applicable)	(H) Co. Current Loss Cost Multiplier
Homeowners	86.6%	10.0%	44.35%				
<b>TOTAL OVERALL EFFECT</b>							

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
2011	13	Initial Filing	10/1/2011	1,161	0	0.0%	49.4%

7.	
Expense Constants	Selected Provisions
A. Total Production Expense	34.5%
B. General Expense	6.0%
C. Taxes, Licenses & Fees	2.5%
D. Underwriting Profit & Contingencies	9.65%
E. Other (explain)	3.0%
<b>F. TOTAL</b>	<b>55.65%</b>

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



## **QBE Insurance Corporation Homeowners Program**

### **Rate Revision**

We would like to file an update to our manual for your review. We have revised the base rates for an overall impact of +10.0%. We are filing an increase less than the indicated rate needed in order to limit the impact to existing policyholders at this time. As the situation requires, we will file for the additional rate in the future. Please refer to the Actuarial Memo and Support for the rate analysis.

This rate revision is proposed to become effective December 1, 2012.

**QBE FIRST Homeowners**  
**Personal Homeowners Multi-Peril**  
**Actuarial Memorandum**  
**7/31/2012**

**Preferred/Standard Homeowners Program - Arkansas**

Enclosed is an Indication of +86.6% and the Exhibits that support the Indication (also attached) are as follows:

- Exhibit 20 - Indication for Arkansas HO
- Exhibit 3 - Earned Premium and Premium On-Level Factors
- Exhibit 4 - Premium Trend
- Exhibit 6 - Loss Development Factors
- Exhibit 8 - Loss and ALAE Trend
- Exhibit 9 – Catastrophe Exposure
- Exhibit 11 - Credibility Factor
- Exhibit 12 - Complement of Credibility
- Exhibit 18.1 - Calculation of Investment Income and Return on Equity
- Exhibit 18.2 - Calculation of Permissible Loss Ratio
- Exhibit 18.3 - Selection of Annual Investment Yield
- Exhibit 21 - ISO Development of Current Amount Factors and Amount of Insurance Projection Factor
- Exhibit 22 - ISO Development of Current Cost Factors (CCF) and Loss Projection Factor
- Exhibit 23 – Key Factors Exhibit
- Exhibit 24 – Average Endorsement Cost
- Exhibit 25 – Average Base Loss Cost Exhibit

**QBE FIRST Homeowners**  
**Personal Homeowners Multi-Peril**  
**Indication for Arkansas HO**  
 July 30, 2012

Rate-making Calculations

	Found on Exhibit		Accident Year					<u>ALL</u>
			<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	
1	3	Earned Premium	275,341	301,455	313,269	319,964	349,196	1,559,225
2	3	Premium on Level Factor	1.137	1.134	1.134	1.129	1.103	
3	4	Premium Trend factor	1.216	1.180	1.144	1.110	1.077	
4	1*2*3	Trended On-level premium	380,684	403,383	406,403	400,976	414,821	2,006,266
5		Incurred losses	76,651	587,383	300,392	407,630	755,993	2,128,049
6		CAT losses	0	133,046	71,480	69,716	145,850	420,092
7	5-6	Incurred losses Net of CAT	76,651	454,337	228,912	337,914	610,143	1,707,957
8		Loss development factor	1.016	1.025	1.043	1.105	1.285	
9	7*8	Ultimate Loss ex CATs	77,877	465,695	238,755	373,395	784,034	
10		CAT Load Factor	1.118	1.118	1.118	1.118	1.118	
11		Loss and ALAE trend	1.086	1.072	1.059	1.045	1.032	
12	(11*9)+(10-1.00)*5	Trended Loss and ALAE	93,620	568,537	288,288	438,298	898,330	2,287,073
13	12/4	Trended Loss and ALAE Ratio	24.6%	140.9%	70.9%	109.3%	216.6%	114.00%
14		Credibility						9.2%
15		Complement of Credibility						79.56%
16	13*14+(15*(1-14))	Cred Wght'd ratio						82.74%
17		Variable Expense Ratio						46.00%
18		Profit and Contingencies						10.70%
19		Investment yield offset to expenses						1.05%
20	1.00-17-18+19	Permissible Loss LAE ratio						44.35%
21	16	Projected Loss LAE ratio						82.74%
22	21/20-1.00	Indicated Rate Change						<b>86.6%</b>
23	Selected	Proposed Rate Change						<b>10.0%</b>

**QBE FIRST Homeowners  
Earned Premium & Premium On-Level Factor**

Quarter	Qtrly EP		Year	Adjusted		OLF
	Actual EP	Adjusted		EP	Actual EP	
2007.1	64,873	73,949	2007	313,079	275,341	1.137
2007.2	68,985	78,523	2008	341,718	301,455	1.134
2007.3	68,908	78,321	2009	355,203	313,269	1.134
2007.4	72,575	82,286	2010	361,248	319,964	1.129
2008.1	69,772	79,019	2011	385,068	349,196	1.103
2008.2	73,673	83,507				
2008.3	77,844	88,314	<b>Total</b>	1,756,316	1,559,225	
2008.4	80,166	90,878				
2009.1	77,897	88,300				
2009.2	77,717	88,186				
2009.3	78,999	89,582				
2009.4	78,656	89,135				
2010.1	78,359	88,791				
2010.2	79,062	89,467				
2010.3	80,693	91,029				
2010.4	81,850	91,961				
2011.1	78,498	87,778				
2011.2	83,768	93,043				
2011.3	90,932	100,167				
2011.4	95,998	104,080				

Rate Change Summary	
Date	Action
10/1/2011	15%

**QBE FIRST Homeowners  
Premium Trend**

Selected Factor: **1.031 \***

Projected From	Projected To	Number of Months	Calculation	Result
1/1/2007	6/1/2013	77	$1.031^{(77/12)}$	1.216
1/1/2008	6/1/2013	65	$1.031^{(65/12)}$	1.180
1/1/2009	6/1/2013	53	$1.031^{(53/12)}$	1.144
1/1/2010	6/1/2013	41	$1.031^{(41/12)}$	1.110
1/1/2011	6/1/2013	29	$1.031^{(29/12)}$	1.077

**Notes:**

The number of months is divided by 12 to change the unit into years.

The ^ symbol denotes raising to a power.

Selected Factor based on ISO trend, ISO circular LI-HO-2012-135.

\* See Exhibit 21



**QBE FIRST Homeowners  
Loss and ALAE Trend**

**Selected Factor:** 1.013 \*

Accident Year	Projected From	Projected To	Number of Months	Calculation	Result
2007	7/1/2007	12/1/2013	77	$1.013^{(77/12)}$	1.086
2008	7/1/2008	12/1/2013	65	$1.013^{(65/12)}$	1.072
2009	7/1/2009	12/1/2013	53	$1.013^{(53/12)}$	1.059
2010	7/1/2010	12/1/2013	41	$1.013^{(41/12)}$	1.045
2011	7/1/2011	12/1/2013	29	$1.013^{(29/12)}$	1.032

Notes:

The number of months is divided by 12 to change the unit into years.

The ^ symbol denotes raising to a power.

Selected Factor based on ISO trend, ISO circular LI-HO-2012-135

\* See Exhibit 22

ARKANSAS  
HOMEOWNER INSURANCE - OWNERS

DERIVATION OF EXCESS WIND & WATER FACTOR

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	Reported			Capped			Excess			
	Total-Wind-Excess			Capped			Excess			
	Reported	Reported	Water	Total	Wind & Excess Water To	W & XSW	W & XSW	W & XSW	Above	Excess
	Wind	Total	Losses	Wind & Excess Water To	Non-WXSW Ratio	Ratio	Ratio	Losses	The Cap	Losses
	Excess Water	Losses	(3) - (2) - (1)	((1)+(2))/(4)	<(5xMED)	(6)-AVG(6)	(4)x(7)	(5)-(6)	(4)x(9)	
Year	Losses	Losses	Losses							
Dec-60	172,190	0	1,295,891	1,123,701	0.153	0.153	0	0	0	0
Dec-61	997,311	0	2,562,293	1,564,982	0.637	0.637	0.127	198,753	0	198,753
Dec-62	254,488	0	2,618,917	2,364,429	0.108	0.108	0	0	0	0
Dec-63	264,547	0	3,298,379	3,033,832	0.087	0.087	0	0	0	0
Dec-64	1,422,916	0	5,016,190	3,593,274	0.396	0.396	0	0	0	0
Dec-65	1,844,312	0	6,265,687	4,421,375	0.417	0.417	0	0	0	0
Dec-66	1,626,975	0	6,808,591	5,181,616	0.314	0.314	0	0	0	0
Dec-67	1,520,154	0	6,529,762	5,009,608	0.303	0.303	0	0	0	0
Dec-68	3,713,415	0	9,309,461	5,596,046	0.664	0.664	0.154	861,791	0	861,791
Dec-69	701,950	0	5,856,919	5,154,969	0.136	0.136	0	0	0	0
Dec-70	555,329	0	6,259,496	5,704,167	0.097	0.097	0	0	0	0
Dec-71	840,757	0	6,951,687	6,110,930	0.138	0.138	0	0	0	0
Dec-72	4,238,719	0	10,847,372	6,608,653	0.641	0.641	0.131	865,734	0	865,734
Dec-73	7,247,944	0	14,972,391	7,724,447	0.938	0.938	0.428	3,306,063	0	3,306,063
Dec-74	2,344,049	0	11,962,186	9,618,137	0.244	0.244	0	0	0	0
Dec-75	7,175,517	0	18,697,682	11,523,165	0.623	0.623	0.113	1,302,005	0	1,302,005
Dec-76	1,129,272	0	13,664,046	12,534,774	0.09	0.09	0	0	0	0
Dec-77	1,038,904	0	13,812,420	12,773,516	0.081	0.081	0	0	0	0
Dec-78	5,532,826	0	17,676,815	12,143,989	0.456	0.456	0	0	0	0
Dec-79	4,176,703	0	15,927,989	11,751,286	0.355	0.355	0	0	0	0
Dec-80	7,220,985	0	22,943,126	15,722,141	0.459	0.459	0	0	0	0
Dec-81	2,470,295	0	19,659,208	17,188,913	0.144	0.144	0	0	0	0
Dec-82	7,275,259	0	31,555,192	24,279,933	0.3	0.3	0	0	0	0
Dec-83	5,500,977	0	31,357,266	25,856,289	0.213	0.213	0	0	0	0
Dec-84	11,102,710	0	34,846,145	23,743,435	0.468	0.468	0	0	0	0
Dec-85	2,807,537	0	24,682,238	21,874,701	0.128	0.128	0	0	0	0
Dec-86	3,914,542	0	22,621,108	18,706,566	0.209	0.209	0	0	0	0
Dec-87	5,023,485	0	23,811,661	18,788,176	0.267	0.267	0	0	0	0
Dec-88	2,238,399	0	15,609,478	13,371,079	0.167	0.167	0	0	0	0
Dec-89	11,752,070	168,718	28,199,612	16,278,824	0.732	0.732	0.222	3,613,899	0	3,613,899
Dec-90	5,411,612	0	19,074,443	13,662,831	0.396	0.396	0	0	0	0
Jun-92	5,775,982	0	20,467,065	14,691,083	0.393	0.393	0	0	0	0
Jun-93	2,662,045	0	15,446,750	12,784,705	0.208	0.208	0	0	0	0
Jun-94	5,144,128	932,235	17,120,892	11,044,529	0.55	0.55	0.04	441,781	0	441,781
Jun-95	4,756,299	0	17,775,918	13,019,619	0.365	0.365	0	0	0	0
Jun-96	27,579,358	0	47,797,990	20,218,632	1.364	1.364	0.854	17,266,712	0	17,266,712
Jun-97	10,122,480	0	31,269,446	21,146,966	0.479	0.479	0	0	0	0
Jun-98	6,024,801	705,376	23,745,150	17,014,973	0.396	0.396	0	0	0	0
Jun-99	21,545,874	2,634,710	41,978,389	17,797,805	1.359	1.359	0.849	15,110,336	0	15,110,336
Jun-00	8,898,521	947,614	36,515,650	26,669,515	0.369	0.369	0	0	0	0
Jun-01	12,639,360	13,855,425	56,293,595	29,798,810	0.889	0.889	0.379	11,293,749	0	11,293,749
Jun-02	9,787,678	1,692,040	32,836,705	21,356,987	0.538	0.538	0.028	597,996	0	597,996
Jun-03	4,465,265	1,858,205	28,931,670	22,608,200	0.28	0.28	0	0	0	0
Jun-04	11,617,142	428,574	30,728,798	18,683,082	0.645	0.645	0.135	2,522,216	0	2,522,216
Jun-05	5,972,897	982,434	27,691,699	20,736,368	0.335	0.335	0	0	0	0
Jun-06	27,961,943	0	57,404,386	29,442,443	0.95	0.95	0.44	12,954,675	0	12,954,675
Jun-07	9,144,194	0	37,359,276	28,215,082	0.324	0.324	0	0	0	0
Jun-08	63,267,351	0	99,496,466	36,229,115	1.746	1.746	1.236	44,779,186	0	44,779,186
Jun-09	42,467,770	19,273,809	99,797,725	38,056,146	1.622	1.622	1.112	42,318,434	0	42,318,434
Jun-10	27,442,263	5,951,142	71,320,618	37,927,213	0.88	0.88	0.37	14,033,069	0	14,033,069
Jun-11	76,048,656	2,810,601	117,224,240	38,364,983	2.056	1.965	1.455	55,821,050	0.091	3,491,213
Total	\$494,840,156	\$52,240,883	\$1,365,896,079	\$818,815,040	26.109	26.018	8.073	\$227,287,449	0.091	\$3,491,213
Average					0.512	0.51	0.158		0.002	\$230,778,662

- (12) NORMAL WIND TO NON-W&W RATIO = AVG. OF COL6 = 0.51
- (13) MEDIAN WIND TO NON-W&W RATIO = 0.393 \* 5 \* MEDIAN WIND TO NON-W&W = 1.965
- (14) EXCESS WIND FACTOR = 1.0 + ((AVG.(7) + AVG.(9))/(1.0 + (AVG.(6) - AVG.(7)))) = 1.118
- EXCESS WIND FACTOR = 1.0 + ((0.158 + 0.002)/(1.0 + 0.510 - 0.158))

**QBE FIRST Homeowners  
Credibility Factor**

<b>Year</b>	<b>Earned House Years</b>
<b>2007</b>	382
<b>2008</b>	416
<b>2009</b>	421
<b>2010</b>	409
<b>2011</b>	416
<b>Total</b>	2,044

The standard for 100% credibility is a five-year total of 240,000 house years, 192,000 for four years, or 144,000 for three years. Partial credibility is determined by the "square root rule." This is based on a Normal distribution with a 90% probability of meeting the test and a 5% departure from the expected value.

Credibility  
Factor      Square Root (2044/240000)                      0.092

**QBE FIRST Homeowners  
Complement of Credibility**

Expected Losses:

Year (1)	Earned House Years (2)	Average Coverage A (3)	Amount of Insurance Factor (4)	Endorsement Adjustment (5)	Average Loss Cost (6)	Expected Loss Cost (7)	Expected Losses (8)	Trended On Level Premium (9)	Loss Ratio Complement of Credibility (10)
2007	382	195,000	1.661	28.47%	\$366	\$781	\$297,985	\$380,684	78.28%
2008	416	195,000	1.661	28.47%	\$366	\$781	\$324,734	\$403,383	80.50%
2009	421	195,000	1.661	28.47%	\$366	\$781	\$329,062	\$406,403	80.97%
2010	409	195,000	1.661	28.47%	\$366	\$781	\$319,554	\$400,976	79.69%
2011	416	195,000	1.661	28.47%	\$366	\$781	\$324,793	\$414,821	78.30%
<b>Totals</b>						<b>\$3,905</b>	<b>\$1,596,128</b>	<b>\$2,006,266</b>	<b>79.56%</b>

- (1) Year of Loss
- (2) From Exhibit 11
- (3) Current Average Coverage A Amount
- (4) Amount of Insurance Factor of (3) - See Exhibit 23
- (5) Adjustment for Endorsements - See Exhibit 24
- (6) Industry Base Rate - See Exhibit 25 (Adjusted for \$1,000 base deductible)
- (7)  $(6) * (1+(5)) * (4)$
- (8)  $(2) * (7)$
- (9) Line 4 from Exhibit 20
- (10)  $(8) / (9)$

**QBE FIRST Homeowners**  
**Calculation of Investment Income and Return on Equity**

<b>Steady State Projections</b>		
(1)	Direct Written Premium	1,000,000
(2)	Direct Earned Premium	1,000,000
(3)	Beginning Unearned Premium Reserves	500,000
(4)	Ending Unearned Premium Reserves	500,000
(5)	Average Unearned Premium Reserves	500,000
(6)	Prepaid Expense Ratio	46.00% Exhibit 18.2
(7)	Investable Unearned Premium Reserves	270,000 = (5) x (1.00 - (6))
(8)	Beginning Loss Reserves	192,213 Payment Pattern
(9)	Ending Loss Reserves	192,213 assumes 66% paid in first year
(10)	Average Loss Reserves	192,213 and 90% in second year
(11)	Average Total Investable Reserves	462,213
(12)	Average Statutory Surplus	588,235 1.7 Prem to Surplus Ratio
(13)	Projected Annual Investment Yield	1.00% Exhibit 18.3
(14)	Projected Investment Income On Reserves	4,622 = (13) x (11) for 6 months on average
(15)	Projected Investment Income On Surplus	5,882 = (13) x (12) for 6 months on average
(16)	Total Projected Investment Income	10,504 = (14) + (15)
(17)	Total Projected Investment Income As Percent Of Earned Premium	1.05% = (16) / (2)
(18)	Underwriting Profit Percent	9.65% Exhibit 18.2
(19)	Underwriting Profit	96,500 = (18) x (2)
(20)	Total Projected Pre-Tax Profit	107,004 = (16) + (19)
(21)	Corporate Federal Income Tax Rate	34.0%
(22)	Expected After-Tax Profit	70,623 = (20) x (1.00 - (21))
(23)	<b>Expected After-Tax Roe</b>	<b>12.0%</b> = (22) / (12)
(24)	<b>Target After-Tax Roe</b>	<b>12.0%</b> Selected

- The expected average loss reserves are based on an anticipated payout pattern where 66.66% of accident year incurred losses are paid out at 12 months, 90% is paid at 24 months, and 100% is paid at 36 months.

- The surplus allocation is based on a direct written premium to surplus ratio of 1.7 to 1.0.

	Current Year
Earned Premium	1,000,000
Expected Ultimate Losses for year (plus time paid expenses)	443,500
Expected % Paid @ end of year	66.66%
Expected % Unpaid @ end of year	33.34%
Expected Loss & LAE Reserves @ end of year	147,863
Assumed Premium to Surplus Ratio	1.7

**QBE FIRST Homeowners  
Calculation of Permissible Loss Ratio**

<b>Rate</b>	<b>% of Premium</b>
<b>Breakdown</b>	
Comm & Brokerage	28.50%
Other Acquisition	6.00%
General Expense	6.00%
Taxes, Lic, Fees	2.500%
Reinsurance Costs	3.00%
Total Expense	46.00%
Underwriting Profit Less Inv Inc	9.65%
 Losses & LAE / L+LAE (plus time paid expenses)	 <b>44.35%</b>
 Underwriting Profit to Yield 12% ROS (no Inv Inc)	 10.70%
Investment Income Earned	1.05%
Net Underwriting Profit (after Inv Inc)	9.65%
 Commissions equal amount paid by contract	
<b>Other Acquisition:</b>	
Customer Service	2.0%
Postage and printing	1.4%
GUS & C.L.U.E. reports	0.9%
Lead Processing	0.7%
<u>Inspections</u>	<u>1.0%</u>
Total Other Acquisition	6.0%
 <b>General Expense:</b>	
Policy Management System	3.4%
A/R processing	0.6%
<u>Product Management Overhead</u>	<u>2.0%</u>
Total General	6.0%



INSURANCE SERVICES OFFICE, INC.

ARKANSAS  
HOMEOWNERS INSURANCE

DEVELOPMENT OF CURRENT AMOUNT FACTORS AND AMOUNT OF INSURANCE  
PROJECTION FACTOR

Year <u>End</u>	OWNERS		
	(1)	(2)	(3)
	Average <u>Relativity</u>	Relativity to Projected Point <u>1.932 / (1)</u>	Current Amount Factor <u>(((2)-1.0) x 0.70) + 1</u>
6/30/2007	1.538	1.256	1.179
6/30/2008	1.636	1.181	1.127
6/30/2009	1.717	1.125	1.088
6/30/2010	1.8	1.073	1.051
6/30/2011	1.829	1.056	1.039
11/15/2011	1.932		

Year <u>End</u>	TENANTS		
	(1)	(2)	(3)
	Average <u>Relativity</u>	Relativity to Projected Point <u>1.485 / (1)</u>	Current Amount Factor <u>(((2)-1.0) x 0.75) + 1</u>
6/30/2007	1.44	1.031	1.023
6/30/2008	1.442	1.03	1.023
6/30/2009	1.46	1.017	1.013
6/30/2010	1.479	1.004	1.003
6/30/2011	1.471	1.01	1.008
11/15/2011	1.485		

Year <u>End</u>	CONDOMINIUM UNIT OWNERS		
	(1)	(2)	(3)
	Average <u>Relativity</u>	Relativity to Projected Point <u>2.284 / (1)</u>	Current Amount Factor <u>(((2)-1.0) x 0.75) + 1</u>
6/30/2007	2.153	1.061	1.046
6/30/2008	2.18	1.048	1.036
6/30/2009	2.206	1.035	1.026
6/30/2010	2.213	1.032	1.024
6/30/2011	2.252	1.014	1.011
11/15/2011	2.284		

	<u>Owners</u>	<u>Tenants</u>	<u>Condominium Unit Owners</u>
(4) A (Mean of Fitted Line of Column (1)) =	1.704	1.458	2.201
(5) B (Average Annual Increment of Column (1)) =	0.075	0.010	0.023
(6) Annual Rate of Change = (5) / (4) =	0.044	0.007	0.010
(7) Annual Rate of Change Tempered 25% = (6) x 0.75* =	0.031	0.005	0.008
(8) Amount of Insurance Projection Factor = (1 + (7))17.5/12 =	1.046	1.007	1.012

\*0.70 for Owners.

INSURANCE SERVICES OFFICE, INC.

ARKANSAS  
HOMEOWNERS INSURANCE - OWNERS

DEVELOPMENT OF CURRENT COST FACTORS (CCF) AND LOSS PROJECTION FACTOR

QUARTER ENDING DECEMBER 31, 2011

**PART A: CURRENT COST INDEX (CCI)**

<u>Month</u>	<u>CCI</u>	<u>3 Month Average</u>	<u>Month</u>	<u>CCI</u>	<u>3 Month Average</u>
Jan-09	608.7		Jul-10	609.3	
Feb-09	606.9		Aug-10	609.4	
Mar-09	607.4	<b>607.7</b>	Sep-10	611.1	<b>609.9</b>
Apr-09	606.5		Oct-10	611.2	
May-09	603.2		Nov-10	613.5	
Jun-09	603.4	<b>604.4</b>	Dec-10	614.5	<b>613.1</b>
Jul-09	604.4		Jan-11	616.7	
Aug-09	603		Feb-11	612.2	
Sep-09	605.1	<b>604.2</b>	Mar-11	613.5	<b>614.1</b>
Oct-09	605.6		Apr-11	618.6	
Nov-09	609.2		May-11	620.2	
Dec-09	608.8	<b>607.9</b>	Jun-11	621.7	<b>620.2</b>
Jan-10	610.9		Jul-11	621.3	
Feb-10	609.6		Aug-11	624	
Mar-10	614.5	<b>611.7</b>	Sep-11	626.9	<b>624.1</b>
Apr-10	615.8		Oct-11	628.3	
May-10	615.2		Nov-11	629	
Jun-10	612	<b>614.3</b>	Dec-11	631.3	<b>629.5</b>

**PART B: CURRENT COST FACTORS (CCF)**

<u>Year</u>	<u>Average CCI</u>	<u>Current Cost Factors To Quarter Ending December 31, 2011 <math>629.5 \div \text{Average CCI}</math></u>
7/1/2006-6/30/2007	583.1	<b>1.080</b>
7/1/2007-6/30/2008	595.1	<b>1.058</b>
7/1/2008-6/30/2009	608.7	<b>1.034</b>
7/1/2009-6/30/2010	609.5	<b>1.033</b>
7/1/2010-6/30/2011	614.3	<b>1.025</b>

**PART C: COMPUTATION OF LOSS PROJECTION FACTOR**

ANNUAL RATE OF CHANGE	=	1.013 or +1.3%
LOSS PROJECTION FACTOR *	=	1.013 (23.5/12) = 1.026

\* TO PROJECT LOSSES FROM 11/15/2011 TO 11/1/2013.

**QBE FIRST Homeowners  
Key Factors Exhibit**

Amt of Insurance	Relativity	Amt of Insurance	Relativity	Amt of Insurance	Relativity
40,000	0.690	92,000	0.970	210,000	1.793
42,000	0.699	94,000	0.977	215,000	1.838
44,000	0.708	96,000	0.985	220,000	1.882
46,000	0.717	98,000	0.992	225,000	1.926
48,000	0.728	100,000	1.000	230,000	1.969
50,000	0.738	105,000	1.023	235,000	2.014
52,000	0.752	110,000	1.045	240,000	2.059
54,000	0.765	115,000	1.072	245,000	2.104
56,000	0.780	120,000	1.098	250,000	2.149
58,000	0.795	125,000	1.128	255,000	2.194
60,000	0.811	130,000	1.157	260,000	2.239
62,000	0.829	135,000	1.190	265,000	2.284
64,000	0.847	140,000	1.222	270,000	2.329
66,000	0.866	145,000	1.258	275,000	2.374
68,000	0.887	150,000	1.293	280,000	2.419
70,000	0.907	155,000	1.331	285,000	2.464
72,000	0.913	160,000	1.369	290,000	2.509
74,000	0.920	165,000	1.409	295,000	2.554
76,000	0.925	170,000	1.448	300,000	2.599
78,000	0.929	175,000	1.490		
80,000	0.933	180,000	1.531		
82,000	0.939	185,000	1.574		
84,000	0.945	190,000	1.617		
86,000	0.951	195,000	1.661		
88,000	0.956	200,000	1.705	Each Add'l	
90,000	0.962	205,000	1.749	\$1,000	0.009

Interpolation Method: Linear interpolation.

Example: What is the Key Factor for 118,000? 115,000 and 120,000 are the values in the table, with Key Factors of 1.072 and 1.098, respectively. So, we find the difference of the larger minus the smaller. **1.098 – 1.072 = 0.026**. Now, we divide this by one more than the number of values between the coverage amounts. There are four values between 115,000 and 120,000 (116,000, 117,000, 118,000, and 119,000) so we divide by five. **0.026 / 5 = .0052**. This is the amount that we must add to 115,000 to get to 116,000. To get to 118,000, we must add it **three** times. Note that if we were to add it five times, we would arrive at the Key Factor for 120,000. **1.072 + .0052 + .0052 + .0052 = 1.0876**. Be sure this number is rounded to three **decimal places** to get the Key Factor for 118,000: **1.088**.

Exhibit 24

**QBE FIRST Homeowners  
Average Endorsement Cost**

Endorsement (1)	Endorsement Premium Written (2)	Endorsement Cost (3)
HO9411/H3MUPT	17,220	36.00%
HO9412/H3MUGD	19,792	28.00%
HO9413/H3MUPS	7,544	17.00%
HO2347 & HO0490	30,065	21.00%
All Other	16,364	Misc.
<b>Total</b>	<b>90,985</b>	<b>28.47%</b>

**Base Premiums            319,570**

- (1) Endorsement Form Number
- (2) Premium Written In 2011
- (3) Cost of Endorsement

**QBE FIRST Homeowners  
Average Base Loss Cost Exhibit**

Territory (1)	Inforce Policies (2)	ISO Loss Cost (3)	Weighted Count (4)
30	88	378.97	33,349.36
31	31	274.60	8,512.60
32	10	566.01	5,660.10
33	278	365.01	101,472.78
33A	0	365.01	-
33B	0	365.01	-
<b>TOTAL:</b>	<b>407</b>	<b>TOTAL:</b>	<b>148,994.84</b>

Weighted Average	<b>366.00</b>
Loss Trend Factor:	1.001
Trended Average:	<b>366.00</b>

- (1) Company Territory Assignment
- (2) Inforce Policies as of 12/2011
- (3) ISO Loss Costs - Circular LI-HO-2012-135 -  
Adjusted for \$1,000 Deductible
- (4) (2) \* (3)

Note: The ISO Loss Trend Factor was trended from the effective date of ISO circular LI-HO-2012-135 (11/1/2012) to the effective date of this filing (12/1/2012).

State: Arkansas

Filing Company:

QBE Insurance Corporation

TOI/Sub-TOI: 04.0 Homeowners/04.0000 Homeowners Sub-TOI Combinations

Product Name: Homeowners QBEIC

Project Name/Number: /

## Superseded Schedule Items

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

Creation Date	Schedule	Schedule Item Name	Replacement Creation Date	Attached Document(s)
08/10/2012	Supporting Document	Actuarial Memo and Support	08/15/2012	AR Actuarial Memo.pdf (Superseded) AR Indication 2012.pdf (Superseded)
08/09/2012	Supporting Document	NAIC loss cost data entry document	08/15/2012	AR-HO-2012-Q01R ARRFARF1.pdf (Superseded)

**QBE FIRST Homeowners**  
**Personal Homeowners Multi-Peril**  
**Actuarial Memorandum**  
**7/31/2012**

**Preferred/Standard Homeowners Program - Arkansas**

Enclosed is an Indication of +88.0% and the Exhibits that support the Indication (also attached) are as follows:

- Exhibit 20 - Indication for Arkansas HO
- Exhibit 3 - Earned Premium and Premium On-Level Factors
- Exhibit 4 - Premium Trend
- Exhibit 6 - Loss Development Factors
- Exhibit 8 - Loss and ALAE Trend
- Exhibit 9 - Catastrophe Exposure
- Exhibit 11 - Credibility Factor
- Exhibit 12 - Complement of Credibility
- Exhibit 18.1 - Calculation of Investment Income and Return on Equity
- Exhibit 18.2 - Calculation of Permissible Loss Ratio
- Exhibit 18.3 - Selection of Annual Investment Yield
- Exhibit 21 - ISO Development of Current Amount Factors and Amount of Insurance Projection Factor
- Exhibit 22 - ISO Development of Current Cost Factors (CCF) and Loss Projection Factor
- Exhibit 23 - Key Factors Exhibit
- Exhibit 24 - Average Endorsement Cost
- Exhibit 25 - Average Base Loss Cost Exhibit

**QBE FIRST Homeowners**  
**Personal Homeowners Multi-Peril**  
**Indication for Arkansas HO**  
July 30, 2012

Rate-making Calculations

	Found on Exhibit		Accident Year					<u>ALL</u>
			<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	
1	3	Earned Premium	275,341	301,455	313,269	319,964	349,196	1,559,225
2	3	Premium on Level Factor	1.137	1.134	1.134	1.129	1.103	
3	4	Premium Trend factor	1.216	1.180	1.144	1.110	1.077	
4	1*2*3	Trended On-level premium	380,684	403,383	406,403	400,976	414,821	2,006,266
5		Incurred losses	76,651	587,383	300,392	407,630	755,993	2,128,049
6		CAT losses	0	133,046	71,480	69,716	145,850	420,092
7	5-6	Incurred losses Net of CAT	76,651	454,337	228,912	337,914	610,143	1,707,957
8		Loss development factor	1.016	1.025	1.043	1.105	1.285	
9	7*8	Ultimate Loss ex CATs	77,877	465,695	238,755	373,395	784,034	
10		CAT Load Factor	1.194	1.194	1.194	1.194	1.194	
11		Loss and ALAE trend	1.086	1.072	1.059	1.045	1.032	
12	(11*9)+(10-1.00)*5	Trended Loss and ALAE	158,428	577,482	331,684	467,987	889,598	2,425,178
13	12/4	Trended Loss and ALAE Ratio	41.6%	143.2%	81.6%	116.7%	214.5%	120.88%
14		Credibility						9.2%
15		Complement of Credibility						79.56%
16	13*14+(15*(1-14))	Cred Wght'd ratio						83.37%
17		Variable Expense Ratio						46.00%
18		Profit and Contingencies						10.70%
19		Investment yield offset to expenses						1.05%
20	1.00-17-18+19	Permissible Loss LAE ratio						44.35%
21	16	Projected Loss LAE ratio						83.37%
22	21/20-1.00	Indicated Rate Change						<b>88.0%</b>
23	Selected	Proposed Rate Change						<b>10.0%</b>

**QBE FIRST Homeowners  
Earned Premium & Premium On-Level Factor**

Quarter	Qtrly EP		Year	Adjusted		OLF
	Actual EP	Adjusted		EP	Actual EP	
2007.1	64,873	73,949	2007	313,079	275,341	1.137
2007.2	68,985	78,523	2008	341,718	301,455	1.134
2007.3	68,908	78,321	2009	355,203	313,269	1.134
2007.4	72,575	82,286	2010	361,248	319,964	1.129
2008.1	69,772	79,019	2011	385,068	349,196	1.103
2008.2	73,673	83,507				
2008.3	77,844	88,314	<b>Total</b>	1,756,316	1,559,225	
2008.4	80,166	90,878				
2009.1	77,897	88,300				
2009.2	77,717	88,186				
2009.3	78,999	89,582				
2009.4	78,656	89,135				
2010.1	78,359	88,791				
2010.2	79,062	89,467				
2010.3	80,693	91,029				
2010.4	81,850	91,961				
2011.1	78,498	87,778				
2011.2	83,768	93,043				
2011.3	90,932	100,167				
2011.4	95,998	104,080				

Rate Change Summary	
Date	Action
10/1/2011	15%

**QBE FIRST Homeowners  
Premium Trend**

Selected Factor: **1.031 \***

Projected From	Projected To	Number of Months	Calculation	Result
1/1/2007	6/1/2013	77	$1.031^{(77/12)}$	1.216
1/1/2008	6/1/2013	65	$1.031^{(65/12)}$	1.180
1/1/2009	6/1/2013	53	$1.031^{(53/12)}$	1.144
1/1/2010	6/1/2013	41	$1.031^{(41/12)}$	1.110
1/1/2011	6/1/2013	29	$1.031^{(29/12)}$	1.077

**Notes:**

The number of months is divided by 12 to change the unit into years.

The ^ symbol denotes raising to a power.

Selected Factor based on ISO trend, ISO circular LI-HO-2012-135.

\* See Exhibit 21



**QBE FIRST Homeowners  
Loss and ALAE Trend**

**Selected Factor:** 1.013 \*

Accident Year	Projected From	Projected To	Number of Months	Calculation	Result
2007	7/1/2007	12/1/2013	77	$1.013^{(77/12)}$	1.086
2008	7/1/2008	12/1/2013	65	$1.013^{(65/12)}$	1.072
2009	7/1/2009	12/1/2013	53	$1.013^{(53/12)}$	1.059
2010	7/1/2010	12/1/2013	41	$1.013^{(41/12)}$	1.045
2011	7/1/2011	12/1/2013	29	$1.013^{(29/12)}$	1.032

**Notes:**

The number of months is divided by 12 to change the unit into years.

The ^ symbol denotes raising to a power.

Selected Factor based on ISO trend, ISO circular LI-HO-2012-135

\* See Exhibit 22

**QBE FIRST**  
**Voluntary Program**  
**Catastrophe Exposure**  
 Data as of October 1, 2011

*Catastrophe Exposure by State*

State	Risk Count	Insurance in Force		Premium		CS AAL		
	Total	Total	Avg.	Total	Avg.	Total	Avg.	AAL/Prem.
Arkansas	438	\$163,522,300	\$373,339	\$421,243	\$962	\$81,927	\$187	19.4%

Note:

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- Average Annual Losses represent gross losses including Demand Surge/Loss Amplification for Hurricane, Tor/Hail, and Fire Following EQ.

**QBE FIRST Homeowners  
Credibility Factor**

<b>Year</b>	<b>Earned House Years</b>
<b>2007</b>	382
<b>2008</b>	416
<b>2009</b>	421
<b>2010</b>	409
<b>2011</b>	416
<b>Total</b>	2,044

The standard for 100% credibility is a five-year total of 240,000 house years, 192,000 for four years, or 144,000 for three years. Partial credibility is determined by the "square root rule." This is based on a Normal distribution with a 90% probability of meeting the test and a 5% departure from the expected value.

Credibility  
Factor      Square Root (2044/240000)                      0.092

**QBE FIRST Homeowners  
Complement of Credibility**

Expected Losses:

Year (1)	Earned House Years (2)	Average Coverage A (3)	Amount of Insurance Factor (4)	Endorsement Adjustment (5)	Average Loss Cost (6)	Expected Loss Cost (7)	Expected Losses (8)	Trended On Level Premium (9)	Loss Ratio Complement of Credibility (10)
2007	382	195,000	1.661	28.47%	\$366	\$781	\$297,985	\$380,684	78.28%
2008	416	195,000	1.661	28.47%	\$366	\$781	\$324,734	\$403,383	80.50%
2009	421	195,000	1.661	28.47%	\$366	\$781	\$329,062	\$406,403	80.97%
2010	409	195,000	1.661	28.47%	\$366	\$781	\$319,554	\$400,976	79.69%
2011	416	195,000	1.661	28.47%	\$366	\$781	\$324,793	\$414,821	78.30%
<b>Totals</b>						<b>\$3,905</b>	<b>\$1,596,128</b>	<b>\$2,006,266</b>	<b>79.56%</b>

- (1) Year of Loss
- (2) From Exhibit 11
- (3) Current Average Coverage A Amount
- (4) Amount of Insurance Factor of (3) - See Exhibit 23
- (5) Adjustment for Endorsements - See Exhibit 24
- (6) Industry Base Rate - See Exhibit 25 (Adjusted for \$1,000 base deductible)
- (7)  $(6) * (1+(5)) * (4)$
- (8)  $(2) * (7)$
- (9) Line 4 from Exhibit 20
- (10)  $(8) / (9)$

**QBE FIRST Homeowners**  
**Calculation of Investment Income and Return on Equity**

<b>Steady State Projections</b>		
(1)	Direct Written Premium	1,000,000
(2)	Direct Earned Premium	1,000,000
(3)	Beginning Unearned Premium Reserves	500,000
(4)	Ending Unearned Premium Reserves	500,000
(5)	Average Unearned Premium Reserves	500,000
(6)	Prepaid Expense Ratio	46.00% Exhibit 18.2
(7)	Investable Unearned Premium Reserves	270,000 = (5) x (1.00 - (6))
(8)	Beginning Loss Reserves	192,213 Payment Pattern
(9)	Ending Loss Reserves	192,213 assumes 66% paid in first year
(10)	Average Loss Reserves	192,213 and 90% in second year
(11)	Average Total Investable Reserves	462,213
(12)	Average Statutory Surplus	588,235 1.7 Prem to Surplus Ratio
(13)	Projected Annual Investment Yield	1.00% Exhibit 18.3
(14)	Projected Investment Income On Reserves	4,622 = (13) x (11) for 6 months on average
(15)	Projected Investment Income On Surplus	5,882 = (13) x (12) for 6 months on average
(16)	Total Projected Investment Income	10,504 = (14) + (15)
(17)	Total Projected Investment Income As Percent Of Earned Premium	1.05% = (16) / (2)
(18)	Underwriting Profit Percent	9.65% Exhibit 18.2
(19)	Underwriting Profit	96,500 = (18) x (2)
(20)	Total Projected Pre-Tax Profit	107,004 = (16) + (19)
(21)	Corporate Federal Income Tax Rate	34.0%
(22)	Expected After-Tax Profit	70,623 = (20) x (1.00 - (21))
(23)	<b>Expected After-Tax Roe</b>	<b>12.0%</b> = (22) / (12)
(24)	<b>Target After-Tax Roe</b>	<b>12.0%</b> Selected

- The expected average loss reserves are based on an anticipated payout pattern where 66.66% of accident year incurred losses are paid out at 12 months, 90% is paid at 24 months, and 100% is paid at 36 months.

- The surplus allocation is based on a direct written premium to surplus ratio of 1.7 to 1.0.

	Current Year
Earned Premium	1,000,000
Expected Ultimate Losses for year (plus time paid expenses)	443,500
Expected % Paid @ end of year	66.66%
Expected % Unpaid @ end of year	33.34%
Expected Loss & LAE Reserves @ end of year	147,863
Assumed Premium to Surplus Ratio	1.7

**QBE FIRST Homeowners  
Calculation of Permissible Loss Ratio**

<b>Rate</b>	<b>% of Premium</b>
<b>Breakdown</b>	
Comm & Brokerage	28.50%
Other Acquisition	6.00%
General Expense	6.00%
Taxes, Lic, Fees	2.500%
Reinsurance Costs	3.00%
Total Expense	46.00%
Underwriting Profit Less Inv Inc	9.65%
 Losses & LAE / L+LAE (plus time paid expenses)	 <b>44.35%</b>
 Underwriting Profit to Yield 12% ROS (no Inv Inc)	 10.70%
Investment Income Earned	1.05%
Net Underwriting Profit (after Inv Inc)	9.65%
 Commissions equal amount paid by contract	
<b>Other Acquisition:</b>	
Customer Service	2.0%
Postage and printing	1.4%
GUS & C.L.U.E. reports	0.9%
Lead Processing	0.7%
<u>Inspections</u>	<u>1.0%</u>
Total Other Acquisition	6.0%
 <b>General Expense:</b>	
Policy Management System	3.4%
A/R processing	0.6%
<u>Product Management Overhead</u>	<u>2.0%</u>
Total General	6.0%



INSURANCE SERVICES OFFICE, INC.

ARKANSAS  
HOMEOWNERS INSURANCE

DEVELOPMENT OF CURRENT AMOUNT FACTORS AND AMOUNT OF INSURANCE  
PROJECTION FACTOR

Year <u>End</u>	OWNERS		
	-1	-2	-3
	Average <u>Relativity</u>	Relativity to Projected Point <u>1.932 / (1)</u>	Current Amount Factor <u>((2)-1.0) x 0.70) + 1</u>
6/30/2007	1.538	1.256	1.179
6/30/2008	1.636	1.181	1.127
6/30/2009	1.717	1.125	1.088
6/30/2010	1.8	1.073	1.051
6/30/2011	1.829	1.056	1.039
11/15/2011	1.932		

Year <u>End</u>	TENANTS		
	-1	-2	-3
	Average <u>Relativity</u>	Relativity to Projected Point <u>1.485 / (1)</u>	Current Amount Factor <u>((2)-1.0) x 0.75) + 1</u>
6/30/2007	1.44	1.031	1.023
6/30/2008	1.442	1.03	1.023
6/30/2009	1.46	1.017	1.013
6/30/2010	1.479	1.004	1.003
6/30/2011	1.471	1.01	1.008
11/15/2011	1.485		

Year <u>End</u>	CONDOMINIUM UNIT OWNERS		
	-1	-2	-3
	Average <u>Relativity</u>	Relativity to Projected Point <u>2.284 / (1)</u>	Current Amount Factor <u>((2)-1.0) x 0.75) + 1</u>
6/30/2007	2.153	1.061	1.046
6/30/2008	2.18	1.048	1.036
6/30/2009	2.206	1.035	1.026
6/30/2010	2.213	1.032	1.024
6/30/2011	2.252	1.014	1.011
11/15/2011	2.284		

	<u>Owners</u>	<u>Tenants</u>	<u>Condominium Unit Owners</u>
(4) A (Mean of Fitted Line of Column (1)) =	1.704	1.458	2.201
(5) B (Average Annual Increment of Column (1)) =	0.075	0.010	0.023
(6) Annual Rate of Change = (5) / (4) =	0.044	0.007	0.010
(7) Annual Rate of Change Tempered 25% = (6) x 0.75* =	0.031	0.005	0.008
(8) Amount of Insurance Projection Factor = (1 + (7))17.5/12 =	1.046	1.007	1.012

\*0.70 for Owners.

INSURANCE SERVICES OFFICE, INC.

ARKANSAS  
HOMEOWNERS INSURANCE - OWNERS

DEVELOPMENT OF CURRENT COST FACTORS (CCF) AND LOSS PROJECTION FACTOR

QUARTER ENDING DECEMBER 31, 2011

**PART A: CURRENT COST INDEX (CCI)**

<u>Month</u>	<u>CCI</u>	<u>3 Month Average</u>	<u>Month</u>	<u>CCI</u>	<u>3 Month Average</u>
Jan-09	608.7		Jul-10	609.3	
Feb-09	606.9		Aug-10	609.4	
Mar-09	607.4	<b>607.7</b>	Sep-10	611.1	<b>609.9</b>
Apr-09	606.5		Oct-10	611.2	
May-09	603.2		Nov-10	613.5	
Jun-09	603.4	<b>604.4</b>	Dec-10	614.5	<b>613.1</b>
Jul-09	604.4		Jan-11	616.7	
Aug-09	603		Feb-11	612.2	
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Oct-09	605.6		Apr-11	618.6	
Nov-09	609.2		May-11	620.2	
Dec-09	608.8	<b>607.9</b>	Jun-11	621.7	<b>620.2</b>
Jan-10	610.9		Jul-11	621.3	
Feb-10	609.6		Aug-11	624	
Mar-10	614.5	<b>611.7</b>	Sep-11	626.9	<b>624.1</b>
Apr-10	615.8		Oct-11	628.3	
May-10	615.2		Nov-11	629	
Jun-10	612	<b>614.3</b>	Dec-11	631.3	<b>629.5</b>

**PART B: CURRENT COST FACTORS (CCF)**

<u>Year</u>	<u>Average CCI</u>	<u>Current Cost Factors To Quarter Ending December 31, 2011 <math>629.5 \div \text{Average CCI}</math></u>
7/1/2006-6/30/2007	583.1	<b>1.080</b>
7/1/2007-6/30/2008	595.1	<b>1.058</b>
7/1/2008-6/30/2009	608.7	<b>1.034</b>
7/1/2009-6/30/2010	609.5	<b>1.033</b>
7/1/2010-6/30/2011	614.3	<b>1.025</b>

**PART C: COMPUTATION OF LOSS PROJECTION FACTOR**

ANNUAL RATE OF CHANGE	=	1.013 or +1.3%
LOSS PROJECTION FACTOR *	=	1.013 (23.5/12) = 1.026

\* TO PROJECT LOSSES FROM 11/15/2011 TO 11/1/2013.

**QBE FIRST Homeowners  
Key Factors Exhibit**

Amt of Insurance	Relativity	Amt of Insurance	Relativity	Amt of Insurance	Relativity
40,000	0.690	92,000	0.970	210,000	1.793
42,000	0.699	94,000	0.977	215,000	1.838
44,000	0.708	96,000	0.985	220,000	1.882
46,000	0.717	98,000	0.992	225,000	1.926
48,000	0.728	100,000	1.000	230,000	1.969
50,000	0.738	105,000	1.023	235,000	2.014
52,000	0.752	110,000	1.045	240,000	2.059
54,000	0.765	115,000	1.072	245,000	2.104
56,000	0.780	120,000	1.098	250,000	2.149
58,000	0.795	125,000	1.128	255,000	2.194
60,000	0.811	130,000	1.157	260,000	2.239
62,000	0.829	135,000	1.190	265,000	2.284
64,000	0.847	140,000	1.222	270,000	2.329
66,000	0.866	145,000	1.258	275,000	2.374
68,000	0.887	150,000	1.293	280,000	2.419
70,000	0.907	155,000	1.331	285,000	2.464
72,000	0.913	160,000	1.369	290,000	2.509
74,000	0.920	165,000	1.409	295,000	2.554
76,000	0.925	170,000	1.448	300,000	2.599
78,000	0.929	175,000	1.490		
80,000	0.933	180,000	1.531		
82,000	0.939	185,000	1.574		
84,000	0.945	190,000	1.617		
86,000	0.951	195,000	1.661		
88,000	0.956	200,000	1.705	Each Add'l	
90,000	0.962	205,000	1.749	\$1,000	0.009

Interpolation Method: Linear interpolation.

Example: What is the Key Factor for 118,000? 115,000 and 120,000 are the values in the table, with Key Factors of 1.072 and 1.098, respectively. So, we find the difference of the larger minus the smaller. **1.098 – 1.072 = 0.026**. Now, we divide this by one more than the number of values between the coverage amounts. There are four values between 115,000 and 120,000 (116,000, 117,000, 118,000, and 119,000) so we divide by five. **0.026 / 5 = .0052**. This is the amount that we must add to 115,000 to get to 116,000. To get to 118,000, we must add it **three** times. Note that if we were to add it five times, we would arrive at the Key Factor for 120,000. **1.072 + .0052 + .0052 + .0052 = 1.0876**. Be sure this number is rounded to three **decimal places** to get the Key Factor for 118,000: **1.088**.

Exhibit 24

**QBE FIRST Homeowners  
Average Endorsement Cost**

Endorsement (1)	Endorsement Premium Written (2)	Endorsement Cost (3)
HO9411/H3MUPT	17,220	36.00%
HO9412/H3MUGD	19,792	28.00%
HO9413/H3MUPS	7,544	17.00%
HO2347 & HO0490	30,065	21.00%
All Other	16,364	Misc.
<b>Total</b>	<b>90,985</b>	<b>28.47%</b>

**Base Premiums            319,570**

- (1) Endorsement Form Number
- (2) Premium Written In 2011
- (3) Cost of Endorsement

**QBE FIRST Homeowners  
Average Base Loss Cost Exhibit**

Territory (1)	Inforce Policies (2)	ISO Loss Cost (3)	Weighted Count (4)
30	88	378.97	33,349.36
31	31	274.60	8,512.60
32	10	566.01	5,660.10
33	278	365.01	101,472.78
33A	0	365.01	-
33B	0	365.01	-
<b>TOTAL:</b>	<b>407</b>	<b>TOTAL:</b>	<b>148,994.84</b>

Weighted Average	<b>366.00</b>
Loss Trend Factor:	1.001
Trended Average:	<b>366.00</b>

- (1) Company Territory Assignment
- (2) Inforce Policies as of 12/2011
- (3) ISO Loss Costs - Circular LI-HO-2012-135 -  
Adjusted for \$1,000 Deductible
- (4) (2) \* (3)

Note: The ISO Loss Trend Factor was trended from the effective date of ISO circular LI-HO-2012-135 (11/1/2012) to the effective date of this filing (12/1/2012).

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

<b>1.</b>	This filing transmittal is part of Company Tracking #	12-880-HO-AR-QBEIC-R
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<b>2.</b>	If filing is an adoption of an advisory organization loss cost filing, give name of Advisory Organization and Reference/Item Filing Number	
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		Company Name			Company NAIC Number
<b>3.</b>	<b>A.</b>	QBE Insurance Corporation	<b>B.</b>	39217	

		Product Coding Matrix Line of Business (i.e., Type of Insurance)				Product Coding Matrix Line of Business (i.e., Sub-type of Insurance)
<b>4.</b>	<b>A.</b>	4.0	<b>B.</b>	4.0000		

(A) COVERAGE (See Instructions)	(B) Indicated % Rate Level Change	(C) Requested % Rate Level Change	(D) Expected Loss Ratio	FOR LOSS COSTS ONLY			
				(E) Loss Cost Modification Factor	(F) Selected Loss Cost Multiplier	(G) Expense Constant (If Applicable)	(H) Co. Current Loss Cost Multiplier
Homeowners	88.0%	10.0%	44.35%				
<b>TOTAL OVERALL EFFECT</b>							

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
2011	13	Initial Filing	10/1/2011	1,161	0	0.0%	49.4%

7.	
Expense Constants	Selected Provisions
A. Total Production Expense	34.5%
B. General Expense	6.0%
C. Taxes, Licenses & Fees	2.5%
D. Underwriting Profit & Contingencies	9.65%
E. Other (explain)	3.0%
<b>F. TOTAL</b>	<b>55.65%</b>

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