

State: Arkansas **Filing Company:** Property and Casualty Insurance Company of Hartford
TOI/Sub-TOI: 04.0 Homeowners/04.0000 Homeowners Sub-TOI Combinations
Product Name: Homeowners - PLIC 2000 (PCIC)
Project Name/Number: Homeowners/FN.14.799/RWG.2013.01

Filing at a Glance

Company: Property and Casualty Insurance Company of Hartford
Product Name: Homeowners - PLIC 2000 (PCIC)
State: Arkansas
TOI: 04.0 Homeowners
Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations
Filing Type: Rate/Rule
Date Submitted: 02/14/2013
SERFF Tr Num: HART-128896499
SERFF Status: Closed-Filed
State Tr Num:
State Status: Suspended Review
Co Tr Num: FN.14.799/RWG.2013.01

Effective Date 04/06/2013
Requested (New):
Effective Date 05/23/2013
Requested (Renewal):
Author(s): Cheryl Doyle, Nancy Daly, Marie Gomez, Nancy Hornat, Cathy Marshall, Maureen Church, Allison Polverari
Reviewer(s): Becky Harrington (primary)
Disposition Date: 03/06/2013
Disposition Status: Filed
Effective Date (New): 04/06/2013
Effective Date (Renewal): 05/23/2013

State Filing Description:

State: Arkansas **Filing Company:** Property and Casualty Insurance Company of Hartford
TOI/Sub-TOI: 04.0 Homeowners/04.0000 Homeowners Sub-TOI Combinations
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General Information

Project Name: Homeowners Status of Filing in Domicile: Not Filed
 Project Number: FN.14.799/RWG.2013.01 Domicile Status Comments:
 Reference Organization: Reference Number:
 Reference Title: Advisory Org. Circular:
 Filing Status Changed: 03/06/2013
 State Status Changed: 02/15/2013 Deemer Date:
 Created By: Nancy Daly Submitted By: Nancy Daly
 Corresponding Filing Tracking Number:

Filing Description:

The Hartford is filing changes to our homeowners business written in the Property and Casualty Insurance Company of Hartford. This change will have an effective date of April 6, 2013 for policies with renewal effective dates on or after May 23, 2013. The overall impact of these changes is +8.0%.

Company and Contact

Filing Contact Information

Nancy Daly, Product Consultant nancy.daly@thehartford.com
 One Hartford Plaza 860-547-7395 [Phone]
 HO-GL-19
 Hartford, CT 06155

Filing Company Information

Property and Casualty Insurance CoCode: 34690 State of Domicile: Indiana
 Company of Hartford Group Code: 91 Company Type: Property
 Hartford Plaza Group Name: State ID Number:
 Hartford, CT 06155 FEIN Number: 06-1276326
 (860) 547-5000 ext. [Phone]

Filing Fees

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

Company	Amount	Date Processed	Transaction #
Property and Casualty Insurance Company of Hartford	\$100.00	02/14/2013	67524847

SERFF Tracking #:

HART-128896499

State Tracking #:

Company Tracking #:

FN.14.799/RWG.2013.01

State:

Arkansas

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Property and Casualty Insurance Company of Hartford

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Homeowners - PLIC 2000 (PCIC)

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Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Filed	Becky Harrington	03/06/2013	03/06/2013

Objection Letters and Response Letters

Objection Letters

Status	Created By	Created On	Date Submitted
Pending Industry Response	Becky Harrington	02/15/2013	02/15/2013

Response Letters

Responded By	Created On	Date Submitted

State: Arkansas **Filing Company:** Property and Casualty Insurance Company of Hartford
TOI/Sub-TOI: 04.0 Homeowners/04.0000 Homeowners Sub-TOI Combinations
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Disposition

Disposition Date: 03/06/2013

Effective Date (New): 04/06/2013

Effective Date (Renewal): 05/23/2013

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):
Property and Casualty Insurance Company of Hartford	9.600%	8.000%	\$427,074	4,792	\$5,361,021	9.000%	0.000%

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	NAIC loss cost data entry document	Filed	Yes
Supporting Document	Explanatory Memorandum	Filed	Yes
Supporting Document	Supporting Exhibits - Indication Exhibits	Filed	Yes
Supporting Document	Supporting Exhibits - Building Trends	Filed	Yes
Supporting Document	Supporting Exhibits - T&C Trends	Filed	Yes
Supporting Document	Supporting Exhibits - Triangles, Profit Load & Impacts	Filed	Yes
Supporting Document	Supporting Exhibits - Rule Page Mockups (AR-511.1, AR-900.3 & AR-900.4)	Filed	Yes

SERFF Tracking #:

HART-128896499

State Tracking #:

Company Tracking #:

FN.14.799/RWG.2013.01

State: Arkansas

Filing Company:

Property and Casualty Insurance Company of Hartford

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

Product Name: Homeowners - PLIC 2000 (PCIC)

Project Name/Number: Homeowners/FN.14.799/RWG.2013.01

Schedule	Schedule Item	Schedule Item Status	Public Access
Supporting Document	Supporting Exhibits - Rate Page Mockups (R-1 & R-2)	Filed	Yes
Rate	Rate Page	Filed	Yes
Rate	Rate Page	Filed	Yes
Rate	Rule Page	Filed	Yes
Rate	Rule Page	Filed	Yes
Rate	Rule Page	Filed	Yes

State: Arkansas **Filing Company:** Property and Casualty Insurance Company of Hartford

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

Product Name: Homeowners - PLIC 2000 (PCIC)

Project Name/Number: Homeowners/FN.14.799/RWG.2013.01

Objection Letter

Objection Letter Status	Pending Industry Response
Objection Letter Date	02/15/2013
Submitted Date	02/15/2013
Respond By Date	

Dear Nancy Daly,

Introduction:

This will acknowledge receipt of the captioned filing.

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:

Arkansas does not allow the re-opening of closed filings for corrections, changes in effective dates, scrivener's errors, amendments or substantive changes. Please see the General Instructions for how these events will be handled after the effective date of the change."

In accordance with Regulation 23, Section 7.A., this filing may not be implemented until 20 days after the requested amendment(s) and/or information is received.

Sincerely,

Becky Harrington

SERFF Tracking #:

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Company Tracking #:

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Rate Information

Rate data applies to filing.

Filing Method: File & Use
Rate Change Type: Increase
Overall Percentage of Last Rate Revision: 0.000%
Effective Date of Last Rate Revision: 08/06/2011
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 req'd):	Minimum % Change (where req'd):
Property and Casualty Insurance Company of Hartford	9.600%	8.000%	\$427,074	4,792	\$5,361,021	9.000%	0.000%

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

FN.14.799/RWG.2013.01

State: Arkansas**Filing Company:**

Property and Casualty Insurance Company of Hartford

TOI/Sub-TOI: 04.0 Homeowners/04.0000 Homeowners Sub-TOI Combinations**Product Name:** Homeowners - PLIC 2000 (PCIC)**Project Name/Number:** Homeowners/FN.14.799/RWG.2013.01

Rate/Rule Schedule

Item No.	Schedule Item Status	Exhibit Name	Rule # or Page #	Rate Action	Previous State Filing Number	Attachments
1	Filed 03/06/2013	Rate Page	R-1	Replacement		AR P2K R-1 04.06.13.pdf
2	Filed 03/06/2013	Rate Page	R-2	Replacement		AR P2K R-2 04.06.13.pdf
3	Filed 03/06/2013	Rule Page	AR-511.1	Replacement		AR-511.1.pdf
4	Filed 03/06/2013	Rule Page	AR-900.3	Replacement		AR-900.3.pdf
5	Filed 03/06/2013	Rule Page	AR-900.4	New		AR-900.4.pdf



POLICY FORMS HO 00 02, HO 00 03, HO 00 05

TABLE 1 - PREMIUM FACTORS

Policy Form	Type of Construction	Protection Class								
		1 - 3	4	5	6	7	8	8B	9	10
HO 00 02	Frame	0.98	1.08	1.13	1.27	1.42	1.62	2.06	2.40	3.58
	Masonry	0.88	0.97	1.01	1.15	1.28	1.46	1.85	2.17	3.22
HO 00 03	Frame	1.00	1.10	1.15	1.30	1.45	1.65	2.10	2.45	3.65
	Masonry	0.90	0.99	1.04	1.17	1.31	1.49	1.89	2.21	3.29
HO 00 05	Frame	1.10	1.21	1.27	1.43	1.60	1.82	2.31	2.70	4.02
	Masonry	0.99	1.09	1.14	1.29	1.44	1.64	2.08	2.43	3.62

TABLE 2A - UNITY TABLE

TERRITORY	CURVE #	UNITY
13	1	\$1,787
14	1	\$1,619
15	1	\$2,507
16	1	\$2,322
17	1	\$2,354
18	1	\$2,073
19	1	\$1,955
20	1	\$1,888
21	1	\$2,265
22	1	\$1,671
24	1	\$2,032
29	1	\$2,031
30	1	\$2,551
31	1	\$2,624
32	1	\$2,332

TABLE 2B - AMOUNT OF INSURANCE TABLE

Coverage A Amount	Curve #1
\$ 10,000	0.267
20,000	0.307
30,000	0.346
40,000	0.385
50,000	0.409
60,000	0.447
70,000	0.504
80,000	0.557
90,000	0.614
100,000	0.668
110,000	0.738
120,000	0.804
130,000	0.870
140,000	0.934
150,000	1.000
180,000	1.066
210,000	1.131
240,000	1.197
270,000	1.264
300,000	1.323
330,000	1.396
360,000	1.463
390,000	1.529
420,000	1.596
450,000	1.664
480,000	1.733
510,000	1.802
540,000	1.864
570,000	1.919
600,000	1.973
630,000	2.035
660,000	2.097
690,000	2.155
720,000	2.210
750,000	2.264
Each add'l \$10,000- ADD	0.064



POLICY FORMS HO 00 04, HO 00 06

TABLE 3 - PREMIUM FACTORS

Policy Form	Type of Construction	Protection Class			
		1 - 4	5, 6	7, 8, 8B	9, 10
HO 00 04	Frame	1.00	1.10	1.28	1.63
	Masonry	1.00	1.10	1.28	1.63

TABLE 4A - UNITY TABLE

TERRITORY	CURVE #	UNITY
13	1	\$61
14	1	\$61
15	1	\$61
16	1	\$61
17	1	\$61
18	1	\$61
19	1	\$61
20	1	\$61
21	1	\$61
22	1	\$61
24	1	\$61
29	1	\$61
30	1	\$62
31	1	\$61
32	1	\$61

TABLE 4B - AMOUNT OF INSURANCE TABLE

Coverage C Amount	Curve #1
\$ 6,000	0.893
10,000	1.000
15,000	1.150
20,000	1.375
25,000	1.650
30,000	1.950
35,000	2.250
40,000	2.550
45,000	2.875
50,000	3.200
55,000	3.525
60,000	3.850
65,000	4.150
70,000	4.450
75,000	4.750
80,000	5.050
85,000	5.350
90,000	5.650
95,000	5.950
100,000	6.250
Each add'l \$1,000-ADD	0.060

POLICY FORM FACTOR

Policy Form	Factor
HO 00 04	1.00
HO 00 06	0.76



**Property and Casualty Insurance Company
of Hartford
Arkansas Homeowners Policy Program**

Effective Date 4/6/2013

ISO2000

HO

511 LOSS ASSESSMENT COVERAGE

A. Residence Premises

1. Coverage Description

The policy automatically provides, under Section I Additional Coverage and Section II Additional Coverage, a limit of \$1,000 each for assessments relating to the residence premises, excluding assessments resulting from the peril of earthquake. (Refer to Rule 505 Earthquake Coverage for the Earthquake rule of application.)

2. Higher Limits

The policy may be endorsed to provide a single additional amount of insurance to be applied to one or more assessments arising out of a single loss covered under:

- a. Either Section I Additional Coverage or Section II Additional Coverage; or
- b. Both Section I and Section II Additional Coverages.

3. Premium

The premiums listed apply to each location covered:

★ <u>Additional Amount of Coverage</u>	<u>All Forms except HO 00 03, HO 00 05 or HO 00 06 with HO 17 32</u>	<u>HO 00 03, HO 00 05 or HO 00 06 with HO 17 32</u>
\$5,000	\$3	\$4
\$10,000	\$5	\$7
Each add'l \$5,000 (up to \$50,000)	\$1	\$2

B. Additional Locations

1. Coverage Description

- a. The policy may be endorsed to provide loss assessment coverage pertaining to additional locations for the insured's share of loss assessments arising out of a single loss covered as noted in Paragraph A.2.
- b. No more than 2 additional locations can be written in addition to the residence premises.



**Property and Casualty Insurance Company
of Hartford
Arkansas Homeowners Policy Program**

Effective Date 4/6/2013

ISO2000

HO

B. ★Extrapolation and Interpolation

1. Extrapolation

If the desired Amount of Insurance limit of liability is higher than those shown in the Amount of Insurance Table (2B/4B), use the following calculations to develop the base premium:

Step 1

Find the unity in the Unity Table (2A/4A).

Step 2

Find the highest displayed Amount of Insurance limit and the associated curve factor in the Amount of Insurance Table (2B/4B).

Step 3

Subtract the highest displayed Amount of Insurance limit identified in Step 2 from the desired Amount of Insurance limit. This is the additional Amount of Insurance limit desired.

Step 4

Multiply the unity identified in Step 1 by the Amount of Insurance curve factor identified in Step 2. This is the premium for the highest displayed Amount of Insurance limit in the Amount of Insurance Table.

Step 5

Determine the additional amount of premium by the following formula:

a. Forms HO 00 02, HO 00 03, HO 00 05:

- 1) Multiply the unity identified in Step 1 by the "Each add'1 \$10,000" factor from the Amount of Insurance Table (2B) and round to zero decimal places. This is the additional amount of premium per \$10,000 Amount of Insurance.
- 2) Multiply the additional amount of premium per \$10,000 Amount of Insurance (from Step 5a.1) by the additional Amount of Insurance limit desired (from Step 3) and divide by 10,000. This is the premium for the additional Amount of Insurance limit desired.

b. Forms HO 00 04, HO 00 06:

- 1) Multiply the unity in Step 1 by the "Each add'1 \$1,000" factor from the Amount of Insurance Table (4B) and round to zero decimal places. This is the additional amount of premium per \$1,000 Amount of Insurance.
- 2) Multiply the additional amount of premium per \$1,000 Amount of Insurance (from Step 5b.1) by the additional Amount of Insurance desired (from Step 3) and divide by 1,000. This is the premium for the additional Amount of Insurance limit desired.

Step 6

Add the premiums from Step 4 and Step 5 and round to 3 decimal places. This is your base premium.



**Property and Casualty Insurance Company
of Hartford
Arkansas Homeowners Policy Program**

Effective Date 4/6/2013

ISO2000

HO

2. Interpolation

If the desired Amount of Insurance limit of liability is not displayed, but is less than the highest limit in the Amount of Insurance Table (2B/4B), use the following calculations to develop the base premium:

Step 1

Locate the nearest lower and nearest higher Amount of Insurance limits to the desired Amount of Insurance limit of liability and the curve factors associated with the nearest Amount of Insurance limits from Amount of Insurance Table (2B/4B).

Step 2

Take the difference between the desired Amount of Insurance limit and the lower displayed Amount of Insurance limit identified in Step 1 and divide by the difference between the higher displayed limit and the lower displayed limit identified in Step 1.

Step 3

Calculate the difference in the higher Amount of Insurance curve factor and the lower Amount of Insurance curve factor (from Step 1) and multiply this by the result of Step 2. This is the additional curve factor needed for the desired Amount of Insurance limit.

Step 4

Add the additional curve factor needed for the desired Amount of Insurance limit calculated in Step 3 to the displayed curve factor of the lower nearest Amount of Insurance limit from Step 1 and round to 3 decimal places. This is the Amount of Insurance curve factor for the desired Amount of Insurance limit of liability.

Step 5

Find the unity in the Unity Table (2A/4A). Multiply the unity by The Amount of Insurance curve factor for the desired Amount of Insurance limit of liability (from Step 4) and round to 3 decimal places. This is your base premium.

SERFF Tracking #:

HART-128896499

State Tracking #:

Company Tracking #:

FN.14.799/RWG.2013.01

State:

Arkansas

Filing Company:

Property and Casualty Insurance Company of Hartford

TOI/Sub-TOI:

04.0 Homeowners/04.0000 Homeowners Sub-TOI Combinations

Product Name:

Homeowners - PLIC 2000 (PCIC)

Project Name/Number:

Homeowners/FN.14.799/RWG.2013.01

Supporting Document Schedules

		Item Status:	Status Date:
Satisfied - Item:	H-1 Homeowners Abstract	Filed	03/06/2013
Comments:	The Homeowners Abstract is attached.		
Attachment(s):			
AR_P_Form H-1.pdf			

		Item Status:	Status Date:
Satisfied - Item:	HPCS-Homeowners Premium Comparison Survey	Filed	03/06/2013
Comments:	The Premium Comparison Survey is attached in both PDF and Excel.		
Attachment(s):			
HO Survey FORM HPCS.pdf HO Survey FORM HPCS.xls			

		Item Status:	Status Date:
Satisfied - Item:	NAIC loss cost data entry document	Filed	03/06/2013
Comments:	Attached is the NAIC loss cost data entry document.		
Attachment(s):			
AR_P_Form RF-1.pdf			

		Item Status:	Status Date:
Satisfied - Item:	Explanatory Memorandum	Filed	03/06/2013
Comments:	The Explanatory Memorandum is attached.		
Attachment(s):			
AR P2K Explanatory Memorandum 04.06.13.pdf			

		Item Status:	Status Date:
Satisfied - Item:	Supporting Exhibits - Indication Exhibits	Filed	03/06/2013
Comments:	Attached are the Indication Exhibits.		

SERFF Tracking #:

HART-128896499

State Tracking #:

Company Tracking #:

FN.14.799/RWG.2013.01

State: Arkansas

Filing Company:

Property and Casualty Insurance Company of Hartford

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

Product Name: Homeowners - PLIC 2000 (PCIC)

Project Name/Number: Homeowners/FN.14.799/RWG.2013.01

Attachment(s):

AR PLIC 2000 Indication 04.06.13.pdf

Item Status:

Status Date:

Satisfied - Item:

Supporting Exhibits - Building Trends

Filed

03/06/2013

Comments:

Attached are the Building Trends.

Attachment(s):

Building Trends.pdf

Item Status:

Status Date:

Satisfied - Item:

Supporting Exhibits - T&C Trends

Filed

03/06/2013

Comments:

Attached are the T&C Trends.

Attachment(s):

T+C Trends.pdf

Item Status:

Status Date:

Satisfied - Item:

Supporting Exhibits - Triangles, Profit Load & Impacts

Filed

03/06/2013

Comments:

Attached are the Triangles, Profit Load & Impacts supporting exhibits.

Attachment(s):

Triangles.pdf

AR Profit Load Support.pdf

AR Impacts 04.06.13.pdf

Item Status:

Status Date:

Satisfied - Item:

Supporting Exhibits - Rule Page Mockups (AR-511.1, AR-900.3 & AR-900.4)

Filed

03/06/2013

Comments:

Attached are the rule page mockups.

Attachment(s):

SERFF Tracking #:

HART-128896499

State Tracking #:

Company Tracking #:

FN.14.799/RWG.2013.01

State:

Arkansas

Filing Company:

Property and Casualty Insurance Company of Hartford

TOI/Sub-TOI:

04.0 Homeowners/04.0000 Homeowners Sub-TOI Combinations

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Homeowners/FN.14.799/RWG.2013.01

AR-511.1_MU.pdf

AR-900.3 (2)_MU.pdf

AR-900.3_MU.pdf

AR-900.4_MU.pdf

Item Status:

Status Date:

Satisfied - Item:

Supporting Exhibits - Rate Page Mockups (R-1 & R-2)

Filed

03/06/2013

Comments:

Attachment(s):

AR P2K R-1 04.06.13_MU.pdf

AR P2K R-2 04.06.13_MU.pdf

ARKANSAS INSURANCE DEPARTMENT

HOMEOWNERS ABSTRACT

Page 1 of 2

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 Property and Casualty Insurance Company of Hartford
 NAIC No. 34690 Group No. 00914

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

2011	2.5	2008	3.7
2010	5.8	2007	4.2
2009	4.8	2006	7.4

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. Marshall & Swift Boeckh (American Appraisal Associates) in 1994
Impact not quantifiable.

3. If you require a minimum relationship between the amount of insurance to be written and the replacement value of the dwelling (contents) in order to purchase insurance, describe the procedures that are used. 100% ITV is requested.

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

Annual Increase	4%	6%	8%	Each additional 4% over 8% add:
Change	2%	3%	4%	2%

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

a. Fire Extinguisher	<u>0.0</u>	%
b. Burglar Alarm	<u>2.0</u>	%
c. Smoke Alarm	<u>2.0</u>	%
d. Insured who has both homeowners and auto with your company	<u>15.0</u>	%
e. Deadbolt Locks	<u>2.0</u>	%
f. Window or Door Locks	<u>0.0</u>	%
g. Other (specify)		%
<u>Limited Access (HO-4, HO-6)</u>	<u>10.0</u>	%
<u>Full Automatic Sprinklers</u>	<u>13.0</u>	%
<u>Partial Automatic Sprinklers</u>	<u>8.0</u>	%
<u>Fire Alarm Reporting to Central Station</u>	<u>10.0</u>	%
<u>Burglar Alarm Reporting to Central Station</u>	<u>10.0</u>	%

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

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

Form	Premium Volume
<u>HO-2</u>	<u>0</u>
<u>HO-3</u>	<u>5,045,397</u>
<u>HO-5</u>	<u>22,766</u>
<u>HO-4</u>	<u>162,681</u>
<u>HO-6</u>	<u>64,930</u>

8. Do you write homeowner risks which have aluminum, steel or vinyl siding? Yes

9. Is there a surcharge on risks with wood heat? No
 If yes, state surcharge N/A
 Does the surcharge apply to conventional fire places? N/A
 If yes, state surcharge N/A

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

Matt Estes
Signature

Central Region Analyst
Title

(860) 843- 8655
Telephone Number

NAIC Number:	34690
Company Name:	Property and Casualty Insurance Company of Hartford
Contact Person:	Matt Estes
Telephone No.:	860-843-8655
Email Address:	matthew.estes@thehartford.com
Effective Date:	4/6/2013

**Homeowners Premium Comparison Survey Form
FORM HP3 - 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	\$687	\$760	\$709	\$784	\$855	\$947	\$1,048	\$1,161	\$1,048	\$1,161	\$986	\$1,092	\$973	\$1,078	\$756	\$836	\$1,095	\$1,214
	\$120,000	\$1,014	\$1,123	\$1,046	\$1,159	\$1,265	\$1,402	\$1,554	\$1,723	\$1,554	\$1,723	\$1,461	\$1,620	\$1,441	\$1,598	\$1,116	\$1,237	\$1,625	\$1,802
	\$160,000	\$1,254	\$1,390	\$1,293	\$1,434	\$1,566	\$1,737	\$1,925	\$2,136	\$1,925	\$2,136	\$1,810	\$2,007	\$1,785	\$1,980	\$1,381	\$1,531	\$2,014	\$2,234
6	\$80,000	\$885	\$980	\$912	\$1,010	\$1,103	\$1,222	\$1,353	\$1,500	\$1,353	\$1,500	\$1,273	\$1,411	\$1,256	\$1,392	\$973	\$1,078	\$1,415	\$1,569
	\$120,000	\$1,309	\$1,451	\$1,350	\$1,497	\$1,636	\$1,814	\$2,011	\$2,231	\$2,011	\$2,231	\$1,890	\$2,097	\$1,865	\$2,069	\$1,442	\$1,599	\$2,103	\$2,334
	\$160,000	\$1,621	\$1,798	\$1,672	\$1,855	\$2,027	\$2,249	\$2,494	\$2,768	\$2,494	\$2,768	\$2,344	\$2,601	\$2,312	\$2,566	\$1,786	\$1,981	\$2,609	\$2,895
9	\$80,000	\$1,644	\$1,820	\$1,696	\$1,877	\$2,056	\$2,276	\$2,530	\$2,801	\$2,530	\$2,801	\$2,377	\$2,632	\$2,345	\$2,597	\$1,812	\$2,005	\$2,646	\$2,930
	\$120,000	\$2,446	\$2,709	\$2,524	\$2,795	\$3,063	\$3,392	\$3,772	\$4,178	\$3,772	\$4,178	\$3,543	\$3,925	\$3,496	\$3,872	\$2,697	\$2,987	\$3,946	\$4,372
	\$160,000	\$3,036	\$3,362	\$3,132	\$3,469	\$3,802	\$4,212	\$4,684	\$5,189	\$4,684	\$5,189	\$4,400	\$4,875	\$4,341	\$4,809	\$3,347	\$3,708	\$4,901	\$5,430

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	\$44	\$44	\$44	\$44	\$44	\$44	\$44	\$44	\$44	\$44	\$44	\$44	\$44	\$44	\$44	\$44	\$44	\$44
	\$15,000	\$57	\$57	\$57	\$57	\$57	\$57	\$57	\$57	\$57	\$57	\$57	\$57	\$57	\$57	\$57	\$57	\$57	\$57
	\$25,000	\$82	\$82	\$82	\$82	\$82	\$82	\$82	\$82	\$82	\$82	\$82	\$82	\$82	\$82	\$82	\$82	\$82	\$82
6	\$5,000	\$49	\$49	\$49	\$49	\$49	\$49	\$49	\$49	\$49	\$49	\$49	\$49	\$49	\$49	\$49	\$49	\$49	\$49
	\$15,000	\$63	\$63	\$63	\$63	\$63	\$63	\$63	\$63	\$63	\$63	\$63	\$63	\$63	\$63	\$63	\$63	\$63	\$63
	\$25,000	\$90	\$90	\$90	\$90	\$90	\$90	\$90	\$90	\$90	\$90	\$90	\$90	\$90	\$90	\$90	\$90	\$90	\$90
9	\$5,000	\$72	\$72	\$72	\$72	\$72	\$72	\$72	\$72	\$72	\$72	\$72	\$72	\$72	\$72	\$72	\$72	\$72	\$72
	\$15,000	\$93	\$93	\$93	\$93	\$93	\$93	\$93	\$93	\$93	\$93	\$93	\$93	\$93	\$93	\$93	\$93	\$93	\$93
	\$25,000	\$133	\$133	\$133	\$133	\$133	\$133	\$133	\$133	\$133	\$133	\$133	\$133	\$133	\$133	\$133	\$133	\$133	\$133

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	<input type="text" value="0"/> %	Deadbolt Lock	<input type="text" value="2"/> %
Burglar Alarm	<input type="text" value="2-10"/> %	Window Locks	<input type="text" value="0"/> %
Smoke Alarm	<input type="text" value="2-10"/> %	\$1,000 Deductible	<input type="text" value="14-26"/> %
		Other (specify)	
		Sprinkler System	<input type="text" value="8-13"/> %
		Maximum Credit Allowed	<input type="text" value=""/> %

EARTHQUAKE INSURANCE

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

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	Brick	Frame
Highest Risk	\$ <input type="text" value="1.40"/>	\$ <input type="text" value="0.61"/>
Lowest Risk	\$ <input type="text" value="1.07"/>	\$ <input type="text" value="0.41"/>

NAIC LOSS COST DATA ENTRY DOCUMENT

1. This filing transmittal is part of Company Tracking # _____

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

		Company Name			Company NAIC Number
3.	A.	Property and Casualty Insurance Company of Hartford	B.		34690

		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.

(A) COVERAGE (See Instructions)	(B) Indicated % Rate Level Change	(C) Requested % Rate Level Change	FOR LOSS COSTS ONLY				
			(D) Expected Loss Ratio	(E) Loss Cost Modification Factor	(F) Selected Loss Cost Multiplier	(G) Expense Constant (If Applicable)	(H) Co. Current Loss Cost Multiplier
HO2, HO3, HO5	10.5%	8.3%	82.3	n/a	n/a	n/a	n/a
HO4, HO6	-10.6%	0%	68.5	n/a	n/a	n/a	n/a
TOTAL OVERALL EFFECT	10.2%	8.0%					

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	3781	n/a	n/a	2787	1252	44.9%	53.1%
2008	4171	n/a	n/a	3316	2941	88.7%	65.3%
2009	4844	n/a	n/a	3768	4538	120.4%	72.6%
2010	5549	12.7%	6/12/2010	4464	2949	66.1%	63.8%
2011	5552	14.4%	7/9/2011	4834	5662	117.1%	80.6%

7.

Expense Constants	Selected Provisions
A. Total Production Expense	
B. General Expense	15.2%
C. Taxes, License & Fees	3.0%
D. Underwriting Profit & Contingencies	9.7%
E. Other (explain)	
F. TOTAL	27.9%

8. N Apply Lost Cost Factors to Future filings? (Y or N)

9. 9.0% Estimated Maximum Rate Increase for any Insured (%). Territory (if applicable): _____

10. 0% Estimated Maximum Rate Decrease for any Insured (%) Territory (if applicable): _____

PC RLC

**PROPERTY AND CASUALTY INSURANCE COMPANY OF HARTFORD
ARKANSAS HOMEOWNERS**

EXPLANATORY MEMORANDUM

The Hartford is filing changes to our homeowners business written in the Property and Casualty Insurance Company of Hartford. This change will have an effective date of April 6, 2013 for policies with renewal effective dates on or after May 23, 2013. The overall impact of these changes is +8.0%.

The attached exhibits detail the development of the statewide rate level indications using data ending June 30, 2012. The indicated rate need and the impact of these revisions are shown below.

Homeowners Rate Change:

Policy Form	Current Inforce Premium	Indicated Rate Level Change	Overall Change
Buildings (2,3,5)	\$5,126,337	+ 10.5%	+ 8.3%
Tenant/Condo (4,6)	\$234,684	-10.6%	+ 0.0%
Total	\$5,361,021	+ 9.6%	+ 8.0%

1. Revision of Base Rates:

The rate change being proposed is a flat amount of +8.3% for Building Forms. There is no rate impact to Tenant/Condo Forms.

2. Revised Rate Pages:

We are proposing base rate changes for Building forms. Revised rate page R-1 and reprinted rate page R-2 are attached.

3. Revised Rule Pages:

We are including additional rule changes. There is no rating impact from any of these changes as we are updating our rules to clarify how we are currently rating policies. Revised rule pages 511.1, 900.3 and new rate page 900.4 are attached.

This filing has been prepared by Matt Estes, Region Analyst. Any questions regarding the contents of this filing should be directed to his attention.

Matt Estes
Region Analyst
Matthew.Estes@thehartford.com
(860) 843-8655

PROPERTY AND CASUALTY INSURANCE COMPANY OF HARTFORD

ARKANSAS HOMEOWNERS

INDICATION EXHIBITS INDEX

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ARKANSAS
Property and Casualty Insurance Company of Hartford
Personal Property Insurance
Statewide Rate Level Indication
Building Policy Forms
Accident Year Data Ending 6/30/2012

Accident Year Ending	(1) Trended Adjusted EPAPR	(2) Trended Smoothed Ultimate Losses (x-CAT/Hail)	(3) Trended Adjusted Loss Ratio	(4) Selected Accident Year Weights
6/30/2008	3,949,116	1,340,711	33.9%	10%
6/30/2009	4,482,248	2,244,080	50.1%	15%
6/30/2010	5,303,184	2,272,512	42.9%	20%
6/30/2011	5,708,668	2,648,513	46.4%	25%
6/30/2012	5,546,620	2,001,511	36.1%	30%
	24,989,836	10,507,327	42.0%	100%

(5) Trended Weighted Loss Ratio (x-CAT/Hail).....	41.9%
(6) Credibility.....	69.4%
(7) Complement of Credibility.....	26.4%
(8) Credibility Weighted Non-CAT Loss Ratio.....	37.1%
(9) CAT Annual Loss Ratio.....	24.8%
(10) Non-CAT Hail Average Annual Loss Ratio.....	6.7%
(11) Total Loss Ratio.....	68.7%
(12) Projected Loss Adjustment Expense.....	1.169
(13) Reinsurance Load.....	0.2%
(14) Other Underwriting Expenses (Fixed).....	8.1%
(15) Adjusted Weighted Loss Ratio.....	88.6%
(16) Permissible Loss Ratio.....	80.2%
(17) Indicated Rate Level Change.....	10.5%

Notes:

- (1) From Exhibit 2, Column (7)
- (2) From Exhibit 3, Column (4)
- (3) Column (2) / Column (1)
- (5) Weighted Average of Column (3) and Column (4)
- (6) Based on the square root rule with a full credibility standard of 40,000 Earned House Years
- (11) Row (8) + [Row (9) + Row (10)]
- (15) Row (11) x Row (12) + Row (13) + Row (14)
- (16) From Exhibit 1a, Row (6)
- (17) Row (15) / Row (16) - 1.0

ARKANSAS
Property and Casualty Insurance Company of Hartford
Personal Property Insurance
Statewide Rate Level Indication
Building Policy Forms
Calendar Year Through 2011

	(1)	(2)	(3)
<u>Calendar Year</u>	<u>Catastrophe Losses</u>	<u>Non-Catastrophe Losses</u>	<u>CAT to Non-CAT Ratio</u>
1999	1,392,454	2,155,037	64.6%
2000	1,400,663	4,264,983	32.8%
2001	654,140	2,612,898	25.0%
2002	172,886	3,653,787	4.7%
2003	191,172	2,470,305	7.7%
2004	368,834	1,939,469	19.0%
2005	200,558	2,077,076	9.7%
2006	1,755,050	2,186,146	80.3%
2007	48,167	2,174,445	2.2%
2008	5,331,972	3,157,887	168.8%
2009	2,844,989	4,535,544	62.7%
2010	350,907	3,325,368	10.6%
2011	4,048,004	4,500,644	89.9%
	18,759,798	39,053,590	48.0%

(4) Average CAT to Non-CAT Ratio.....	66.9%
(5) Credibility Weighted Non-CAT Loss Ratio.....	37.1%
(6) CAT annual Loss Ratio.....	24.8%

Notes:

- (1) From The Hartford data runs
- (2) From The Hartford data runs
- (3) Column(1)/Column(2)
- (4) Average of Column (3)
- (5) From Exhibit 1, Row (8)
- (6) Row (4) * Row (5)

ARKANSAS
Property and Casualty Insurance Company of Hartford
Personal Property Insurance
Permissible Loss Ratio
Building Policy Forms
Accident Year Data Ending 6/30/2012

As a percentage of premium:

(1) Commission and Brokerage.....	0.0%
(2) Other Underwriting Expense.....	7.1%
(3) Taxes, Licenses, Fees, Fair Plan.....	3.0%
(4) Underwriting Profit & Contingencies.....	9.7%
(5) Total Expenses.....	19.8%
(6) Permissible Loss & Loss Adjustment Expense Ratio.....	80.2%
(7) Total Premium.....	100.0%

Notes:

- (1) Represents the projected commissions and brokerage to be paid during the period the rates will be in effect for Personal Lines Homeowners policies to our agents in ARKANSAS.
- (2) The Variable portion of OUE represents the countrywide projected expenses for the period that these rates will be in effect.

ARKANSAS
Property and Casualty Insurance Company of Hartford
Personal Property Insurance
Development of Trended Adjusted Premiums at Present Rates
Building Policy Forms
Accident Year Data Ending 6/30/2012

Accident Year Ending	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Written Premium	Earned Premium	Premium Conversion Factors	Earned Premium at Present Rates	Current Average Premium Factor	Average Premium Projection Factor	Trended Adjusted EPAPR
6/30/2008	3,350,420	3,166,893	1.247	3,949,116	1.000	1.000	3,949,116
6/30/2009	3,869,345	3,585,798	1.250	4,482,248	1.000	1.000	4,482,248
6/30/2010	4,594,477	4,242,547	1.250	5,303,184	1.000	1.000	5,303,184
6/30/2011	5,095,566	4,833,758	1.181	5,708,668	1.000	1.000	5,708,668
6/30/2012	5,126,337	5,188,606	1.069	5,546,620	1.000	1.000	5,546,620
	22,036,145	21,017,602		24,989,836			24,989,836

Notes:

- (1) From The Hartford Data runs
- (2) From The Hartford Data runs
- (3) Calculated using rateable policy information
- (4) Column (2) x Column (3)
- (5) From Exhibit 5, Column (5)
- (6) From Exhibit 4, Row (7)
- (7) Column (4) x Column (5) x Column (6)

ARKANSAS
Property and Casualty Insurance Company of Hartford
Personal Property Insurance
Development of Trended Adjusted Ultimate Non-CAT (x-Hail) Losses
Building Policy Forms
Accident Year Data Ending 6/30/2012

	(1)	(2)	(3)	(4)
<u>Accident Year Ending</u>	<u>Smoothed Ultimate Losses</u>	<u>Retro. Trend Factors</u>	<u>Projected Trend Factor</u>	<u>Trended Smoothed Ultimate Losses</u>
6/30/2008	997,308	1.170	1.149	1,340,711
6/30/2009	1,736,064	1.125	1.149	2,244,080
6/30/2010	1,827,927	1.082	1.149	2,272,512
6/30/2011	2,216,403	1.040	1.149	2,648,513
6/30/2012	<u>1,741,959</u>	<u>1.000</u>	<u>1.149</u>	<u>2,001,511</u>
	8,519,662			10,507,327

Notes:

- (1) From Exhibit 6, Column (8)
- (2) Retrospective Trend
- (3) $(1+0.060 \text{ Annual Projected Trend})^{(2.39 \text{ Trend Period (\#Years)})}$
- (4) Column (1) x Column (2) x Column (3)

ARKANSAS
Property and Casualty Insurance Company of Hartford
Personal Property Insurance
Trend in Average Premium
Building Policy Forms
Accident Year Data Ending 6/30/2012

Accident Year Ending	(1) Average Premium
6/30/2008	1,244
6/30/2009	1,271
6/30/2010	1,310
6/30/2011	1,325
6/30/2012	1,322

(2) 2 Year Average Annual Premium Trend	-0.2%
(3) 3 Year Average Annual Exponential Premium Trend	0.5%
(4) 5 Year Average Annual Exponential Premium Trend	1.6%
(5) Selected Annual Premium Trend	0.0%
(6) Trend Period (# Years)	2.39
(7) Average Premium Projection Factor	1.000

Notes:

- (1) From Exhibit 5, Column (3)
- (2) (Column 1 Latest Year) / (Column 1 Previous Year) - 1
- (3) Derived from the exponential curve of best fit using the method of least-squares
- (4) Derived from the exponential curve of best fit using the method of least-squares
- (6) Represents the number of years from the midpoint of the last year of relativities data to 12 months beyond the anticipated renewal date of May 23, 2013
- (7) $[1.0 + \text{Row (5)}] ^ \text{Row (6)}$

ARKANSAS
Property and Casualty Insurance Company of Hartford
Personal Property Insurance
Development of Current Average Premium Factors
Building Policy Forms
Accident Year Data Ending 6/30/2012

(1)	(2)	(3)	(4)	(5)	
Accident Year Ending	Earned Premium at Present Rates	Earned House Years	Average Premium	Current Average Premium Factors	Selected Current Average Premium Factors
6/30/2008	3,949,116	3,174	1,244	1.063	1.000
6/30/2009	4,482,248	3,527	1,271	1.040	1.000
6/30/2010	5,303,184	4,048	1,310	1.009	1.000
6/30/2011	5,708,668	4,309	1,325	0.998	1.000
6/30/2012	5,546,620	4,197	1,322	1.000	1.000

Notes:

- (1) From Exhibit 2, Column (4)
- (2) From The Hartford data runs
- (3) Column (1) / Column (2)
- (4) Column (3) Latest Year / Column (3)

ARKANSAS
Property and Casualty Insurance Company of Hartford
Personal Property Insurance
Large Loss Adjustment
Building Policy Forms
Accident Year Data Ending 6/30/2012

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Accident Year Ending	Average Amount of Insurance	Cap Losses at 50% AOI	Ultimate Incurred Losses (x-CAT/Hail)	Excess Losses	Basic Limit Losses	Excess Ratio	Smoothed Ultimate Losses (x-CAT/Hail)
6/30/2008	160,216	80,108	799,598	107,023	692,575	0.440	997,308
6/30/2009	166,978	83,489	2,431,672	1,226,072	1,205,600	0.440	1,736,064
6/30/2010	173,918	86,959	2,144,754	875,360	1,269,394	0.440	1,827,927
6/30/2011	179,414	89,707	2,239,962	700,793	1,539,169	0.440	2,216,403
6/30/2012	179,736	89,868	1,758,150	548,456	1,209,694	0.440	1,741,959
			9,374,136		5,916,432		8,519,662

Notes:

- (2) Statewide Building Forms Average Amount of Insurance
- (3) Loss Capping Amount
- (4) From Exhibit 7 Column (10)
- (5) Loss exceeding Capping Amount
- (6) Column (4) - Column (5)
- (7) Excess Ratio based on 13 years of Hartford data
- (8) Column (6) x (1+Column (7))

ARKANSAS

Property and Casualty Insurance Company of Hartford
Personal Property Insurance

Development of Adjusted Incurred Losses to Ultimate (Catastrophe and Non-Cat Hail losses removed)

Building Policy Forms

Accident Year Data Ending 6/30/2012

Accident Year Ending	Section I - Property						Section II - Liability			Total
	(1) Total Section I Incurred Losses	(2) Actual CAT Incurred Losses	(3) Non-CAT Hail Incurred Losses	(4) Total Adjusted Incurred Losses	(5) Loss Development Factor	(6) Ultimate Losses	(7) Incurred Losses	(8) Loss Development Factor	(9) Ultimate Losses	(10) Ultimate Losses
6/30/2008	2,930,018	1,956,291	181,544	792,183	1.001	792,975	6,643	0.997	6,623	799,598
6/30/2009	4,469,549	1,651,594	440,874	2,377,081	1.002	2,381,835	49,987	0.997	49,837	2,431,672
6/30/2010	3,062,498	246,259	706,463	2,109,776	1.003	2,116,105	26,976	1.062	28,649	2,144,754
6/30/2011	5,435,238	2,606,392	625,135	2,203,711	1.005	2,214,730	20,922	1.206	25,232	2,239,962
6/30/2012	2,006,638	13,270	387,804	1,605,564	1.089	1,748,459	5,071	1.911	9,691	1,758,150
	17,903,941	6,473,806	2,341,820	9,088,315		9,254,104	109,599		120,032	9,374,136

Notes:

- (1) , (2), (3) & (7) From The Hartford data runs
- (4) Column (1) - Column (2) - Column (3)
- (5) Western Region factors developed from The Hartford loss triangles
- (6) Column (4) * Column (5)
- (8) Countrywide factors developed from The Hartford loss triangles
- (9) Column (7) * Column (8)
- (10) Column (6) + Column (9)

ARKANSAS

Mature Market Homeowners

Rate-level Indication Complement of Credibility

The Complement of Credibility used in Homeowners Rate-level indications is based on a Regional Loss Cost. The Regional Loss Cost is then multiplied by ARKANSAS Average Written Premium in order to translate the loss cost into a loss ratio. This loss ratio is the complement of credibility which is then credibility-weighted with ARKANSAS's non-cat/non-hail experience loss ratio as part of the indication computation.

The Regional Loss Cost is composed of 5-years of loss and exposure data from similar Mature

In order to reduce bias in the complement, three key adjustments are applied to the regional loss cost data to make it more reflective of the state historical experience.

- 1) The regional states' loss experience is trended using ARKANSAS's selected loss cost trend factors.
- 2) The regional states' loss experience is adjusted by an Amount of Insurance Adjustment Factor so as to better reflect ARKANSAS's severity levels.
- 3) The individual loss costs within the region are weighted together based on the stand-alone credibility levels of those states. This is to prevent one large state in the region from carrying too much weight in the regional loss cost.

ARKANSAS

Property and Casualty Insurance Company of Hartford
Personal Property Insurance

Development of Complement of Credibility

Building Policy Forms

Accident Year Data Ending 6/30/2012

(1)	(2)	(3)	(4)	(5)	(6)
Region	Adjusted Trended Smoothed Ultimate Losses (x- Cat/Hail)	Earned House Years	Loss Cost	Credibility	Weight
Arkansas Mature Market PLIC 84	7,140,600	14,377	497	60.0%	14.0%
Missouri Mature Market PLIC 2000	16,022,295	52,627	304	100.0%	23.3%
Oklahoma Mature Market PLIC 2000	15,846,327	43,795	362	100.0%	23.3%
Texas Mature Market PLIC 2004	44,671,526	151,548	295	100.0%	23.3%
Louisiana Mature Market PLIC 2004	5,857,755	19,382	302	69.6%	16.2%
Total	89,538,503	281,729		100.0%	100.0%

Regional Loss Cost **342**

Notes

- 2) - 3) Regional adjusted ultimate loss and exposures
- 4) Column (2) / Column (3)
- 5) Based on 40,000 Earned House Years
- 6) Normalization of Column (5) to 100% total

ARKANSAS
Property and Casualty Insurance Company of Hartford
Personal Property Insurance
Statewide Rate Level Indication
Tenant/Condo Policy Forms
Accident Year Data Ending 6/30/2012

Accident Year Ending	(1) Trended Adjusted EPAPR	(2) Trended Smoothed Ultimate Losses (x-CAT)	(3) Trended Adjusted Loss Ratio	(4) Selected Accident Year Weights
6/30/2008	155,090	37,203	24.0%	10%
6/30/2009	189,354	83,796	44.3%	15%
6/30/2010	230,945	82,569	35.8%	20%
6/30/2011	241,808	137,269	56.8%	25%
6/30/2012	249,840	137,861	55.2%	30%
	1,067,037	478,697	44.9%	100%

(5) Trended Weighted Loss Ratio (x-CAT).....	47.0%
(6) Credibility.....	46%
(7) Complement of Credibility.....	31.8%
(8) Credibility Weighted Non-CAT Loss Ratio.....	38.8%
(9) CAT Annual Loss Ratio.....	1.4%
(10) Total Loss Ratio.....	40.2%
(11) Projected Loss Adjustment Expense.....	1.169
(12) Reinsurance Load.....	0.1%
(13) Other Underwriting Expenses (Fixed).....	21.4%
(14) Adjusted Weighted Loss Ratio.....	68.5%
(15) Permissible Loss Ratio.....	76.7%
(16) Indicated Rate Level Change.....	-10.6%

Notes:

- (1) From Exhibit 2, Column (7)
- (2) From Exhibit 3, Column (4)
- (3) Column (2) / Column (1)
- (5) Weighted Average of Column (3) and Column (4)
- (6) Based on the square root rule with a full credibility standard of 25,000 Earned House Years
- (8) [Row (5) * Row (6)] + [Row (7) * (1 - Row (6))]
- (10) Row (8) + [Row (9)]
- (14) Row (10) x Row (11) + Row (12) + Row (13)
- (15) From Exhibit 1a, Row (6)
- (16) Row (14) / Row (15) - 1.0

ARKANSAS
 Sentinel Insurance Company, Ltd.
 Personal Property Insurance
Statewide Rate Level Indication
 Tenant/Condo Policy Forms
 Calendar Year Through 2011

Calendar Year	(1) Catastrophe Losses	(2) Non- Catastrophe Losses	(3) CAT to Non-CAT Ratio
1999	840	35,011	2.4%
2000	525	59,894	0.9%
2001	0	121,621	0.0%
2002	349	85,974	0.4%
2003	229	64,830	0.4%
2004	0	28,955	0.0%
2005	5,441	81,169	6.7%
2006	1,402	71,895	2.0%
2007	0	23,785	0.0%
2008	3,745	73,122	5.1%
2009	500	67,552	0.7%
2010	5,717	203,133	2.8%
2011	8,052	53,351	15.1%
	26,799	970,294	2.8%

(4) Average CAT to Non-CAT Ratio.....	4.8%
(5) Credibility Weighted Non-CAT Loss Ratio.....	29.4%
(6) CAT annual Loss Ratio.....	1.4%

Notes:

- (1) From The Hartford data runs
- (2) From The Hartford data runs
- (3) Column(1)/Column(2)
- (4) Average of Column (3)
- (5) From Exhibit 1, Row (8)
- (6) Row (4) * Row (5)

ARKANSAS
Property and Casualty Insurance Company of Hartford
Personal Property Insurance
Permissible Loss Ratio
Tenant/Condo Policy Forms
Accident Year Data Ending 6/30/2012

As a percentage of premium:

(1) Commission and Brokerage.....	0.0%
(2) Other Underwriting Expense.....	10.6%
(3) Taxes, Licenses, Fees, Fair Plan.....	3.0%
(4) Underwriting Profit & Contingencies.....	9.7%
(5) Total Expenses.....	23.3%
(6) Permissible Loss & Loss Adjustment Expense Ratio.....	76.7%
(7) Total Premium.....	100.0%

Notes:

- (1) Represents the projected commissions and brokerage to be paid during the period the rates will be in effect for Personal Lines Homeowners policies to our agents in ARKANSAS.
- (2) The Variable portion of OUE represents the countrywide projected expenses for the period that these rates will be in effect.

ARKANSAS
Property and Casualty Insurance Company of Hartford
Personal Property Insurance
Development of Trended Adjusted Premiums at Present Rates
Tenant/Condo Policy Forms
Accident Year Data Ending 6/30/2012

Accident Year Ending	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Written Premium	Earned Premium	Premium Conversion Factors	Earned Premium at Present Rates	Current Average Premium Factor	Average Premium Projection Factor	Trended Adjusted EPAPR	
6/30/2008	159,814	149,457	1.045	156,183	0.993	1.000	155,090
6/30/2009	206,453	181,763	1.047	190,306	0.995	1.000	189,354
6/30/2010	234,910	221,877	1.044	231,640	0.997	1.000	230,945
6/30/2011	239,835	234,326	1.034	242,293	0.998	1.000	241,808
6/30/2012	234,684	244,462	1.022	249,840	1.000	1.000	249,840
	1,075,696	1,031,885		1,070,262			1,067,037

Notes:

- (1) From The Hartford Data runs
- (2) From The Hartford Data runs
- (3) Calculated using rateable policy information
- (4) Column (2) x Column (3)
- (5) From Exhibit 5, Column (5)
- (6) From Exhibit 4, Row (7)
- (7) Column (4) x Column (5) x Column (6)

ARKANSAS
Property and Casualty Insurance Company of Hartford
Personal Property Insurance
Development of Trended Adjusted Ultimate Non-CAT Losses
Tenant/Condo Policy Forms
Accident Year Data Ending 6/30/2012

	(1)	(2)	(3)	(4)
<u>Accident Year Ending</u>	<u>Smoothed Ultimate Losses</u>	<u>Retro. Trend Factors</u>	<u>Projected Trend Factor</u>	<u>Trended Smoothed Ultimate Losses</u>
6/30/2008	34,544	1.016	1.060	37,203
6/30/2009	78,116	1.012	1.060	83,796
6/30/2010	77,277	1.008	1.060	82,569
6/30/2011	128,983	1.004	1.060	137,269
6/30/2012	<u>130,057</u>	<u>1.000</u>	<u>1.060</u>	<u>137,861</u>
	448,977			478,697

Notes:

- (1) From Exhibit 6, Column (8)
- (2) Retrospective Trend
- (3) $(1+0.025 \text{ Annual Projected Trend})^{(2.39 \text{ Trend Period (\#Years)})}$
- (4) Column (1) x Column (2) x Column (3)

ARKANSAS
Property and Casualty Insurance Company of Hartford
Personal Property Insurance
Trend in Average Premium
Tenant/Condo Policy Forms
Accident Year Data Ending 6/30/2012

<u>Accident Year Ending</u>	(1) <u>Average Premium</u>
6/30/2008	197
6/30/2009	200
6/30/2010	201
6/30/2011	203
6/30/2012	207

(2) 2 Year Average Annual Premium Trend	2.0%
(3) 3 Year Average Annual Exponential Premium Trend	1.5%
(4) 5 Year Average Annual Exponential Premium Trend	1.1%
(5) Selected Annual Premium Trend	0.0%
(6) Trend Period (# Years)	2.39
(7) Average Premium Projection Factor	1.000

Notes:

- (1) From Exhibit 5, Column (3)
- (2) (Column 1 Latest Year) / (Column 1 Previous Year) - 1
- (3) Derived from the exponential curve of best fit using the method of least-squares
- (4) Derived from the exponential curve of best fit using the method of least-squares
- (6) Represents the number of years from the midpoint of the last year of relativities data to 12 months beyond the anticipated renewal date of May 23, 2013
- (7) $[1.0 + \text{Row (5)}] ^ \text{Row (6)}$

ARKANSAS
Property and Casualty Insurance Company of Hartford
Personal Property Insurance
Development of Current Average Premium Factors
Tenant/Condo Policy Forms
Accident Year Data Ending 6/30/2012

Accident Year Ending	(1) Earned Premium at Present Rates	(2) Earned House Years	(3) Average Premium	(4) Current Average Premium Factors	(5) Selected Current Average Premium Factors
6/30/2008	156,183	792	197	1.051	0.993
6/30/2009	190,306	952	200	1.035	0.995
6/30/2010	231,640	1,155	201	1.030	0.997
6/30/2011	242,293	1,191	203	1.020	0.998
6/30/2012	249,840	1,207	207	1.000	1.000

Notes:

- (1) From Exhibit 2, Column (4)
- (2) From The Hartford data runs
- (3) Column (1) / Column (2)
- (4) Column (3) Latest Year / Column (3)

ARKANSAS
Property and Casualty Insurance Company of Hartford
Personal Property Insurance
Large Loss Adjustment
Tenant/Condo Policy Forms
Accident Year Data Ending 6/30/2012

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Accident Year Ending	Average Amount of Insurance	Cap Losses at 50% AOI	Ultimate Incurred Losses (x-CAT)	Excess Losses	Basic Limit Losses	Excess Ratio	Smoothed Ultimate Losses (x-CAT)
6/30/2008	34,207	17,104	28,835	0	28,835	0.198	34,544
6/30/2009	34,247	17,124	74,159	8,954	65,205	0.198	78,116
6/30/2010	33,710	16,855	64,505	0	64,505	0.198	77,277
6/30/2011	34,083	17,042	189,614	81,949	107,665	0.198	128,983
6/30/2012	34,663	17,332	227,033	118,471	108,562	0.198	130,057
			584,146		374,772		448,977

Notes:

- (2) Statewide T+C Forms Average Amount of Insurance
- (3) Loss Capping Amount
- (4) From Exhibit 7 Column (10)
- (5) Loss exceeding Capping Amount
- (6) Column (4) - Column (5)
- (7) Excess Ratio based on 13 years of Hartford data
- (8) Column (6) x (1+Column (7))

ARKANSAS
Property and Casualty Insurance Company of Hartford
Personal Property Insurance
Development of Adjusted Incurred Losses to Ultimate (Catastrophe losses removed)
Tenant/Condo Policy Forms
Accident Year Data Ending 6/30/2012

Accident Year Ending	Section I - Property						Section II - Liability			Total
	(1) Total Section I Incurred Losses	(2) Actual CAT Incurred Losses	(3) Non-CAT Hail Incurred Losses	(4) Total Adjusted Incurred Losses	(5) Loss Development Factor	(6) Ultimate Losses	(7) Incurred Losses	(8) Loss Development Factor	(9) Ultimate Losses	(10) Ultimate Losses
6/30/2008	32,609	3,745	0	28,864	0.999	28,835	0	1.005	0	28,835
6/30/2009	74,408	100	0	74,308	0.998	74,159	0	0.998	0	74,159
6/30/2010	66,308	1,674	0	64,634	0.998	64,505	0	1.016	0	64,505
6/30/2011	192,816	8,052	0	184,764	1.002	185,134	4,218	1.062	4,480	189,614
6/30/2012	152,472	0	3,015	152,472	1.075	163,907	46,553	1.356	63,126	227,033
	518,613	13,571	3,015	505,042		516,540	50,771		67,606	584,146

Notes:

- (1) , (2), (3) & (7) From The Hartford data runs
- (4) Column (1) - Column (2)
- (5) & (8) Countrywide factors developed from The Hartford loss triangles
- (6) Column (4) * Column (5)
- (9) Column (7) * Column (8)
- (10) Column (6) + Column (9)

ARKANSAS

Property and Casualty Insurance Company of Hartford

Personal Property Insurance

Development of Complement of Credibility

Tenant / Condo Policy Forms

Accident Year Data Ending 6/30/2012

(1)	(2)	(3)	(4)	(5)
	Adjusted Trended Smoothed Ultimate Losses (x- Cat/Hail)	Earned House Years	Trended Loss Cost	Loss Cost Adjusted to ARKANSAS Tenant / Condo Exposure Distribution
Product Channel				
Mature Market	77,808,882	845,271	92	64

Notes

- 2) - 3) Countrywide total excluding CA and FL
- 4) Column (2) / Column (3)
- 5) Adjustment factor of 0.7 applied

ARKANSAS

Mature Market Homeowners

Determination of Tenant / Condo Forms Exposure Distribution
Adjustment Factor for Complement of Credibility

The complement of credibility used in tenant/condo forms state-wide rate level indications is based on the Countrywide combined tenant/condo loss cost. California and Florida data are removed, as these states have statewide combined tenant/condo loss costs that are significantly higher than the remaining Countrywide average.

The Countrywide combined tenant/condo loss cost is based on the actual distribution of tenant and condo

In other words, the Countrywide combined tenant/condo loss cost is recomputed assuming the tenant/condo exposure distribution of the state in review.

***Countrywide Tenant / Condo Loss Costs**

<u>Form</u>	<u>Tenant</u>	<u>Condo</u>	<u>Combined</u>
1) Loss Cost	\$ 47	\$ 133	\$ 84
2) Exposure %	57.0%	43.0%	100.0%

*excluding CA & FL

ARKANSAS Tenant / Condo Exposure Distribution

	<u>Tenant</u>	<u>Condo</u>	<u>Total</u>
3) Exposure %	82.4%	17.6%	100.0%

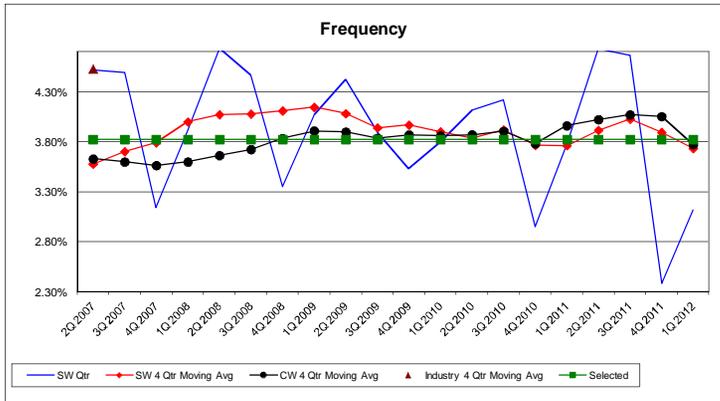
**Countrywide Tenant / Condo Loss Cost
Assuming ARKANSAS Exposure Distribution**

4) Weighted Loss Cost	\$ 62
5) Relativity to CW LC	0.740
6) Selected Adjustment Factor	0.700

Notes

- 1) - 2) Loss and Exposure data based on latest 5 years of Accident Year data
*excluding CA & FL
- 3) Distribution of policy form
- 4) = (Row (1) Tenant x Row (3) Tenant) + (Row (1) Condo x Row (3) Condo)
- 5) = Row (4) / Row (1) Combined LC
- 6) Selected Adjustment Factor

Accident Quarter	Frequency						Severity						Pure Premium						Premium				Loss Ratio			
	Statewide		Countywide		Industry		Statewide		Countywide		Industry		Statewide		Countywide		Industry		Statewide		Countywide		Statewide		Countywide	
	Ultimate	4 Qtr Moving Average	Ultimate	4 Qtr Moving Average	Ultimate	4 Qtr Moving Average	Ultimate	4 Qtr Moving Average	Ultimate	4 Qtr Moving Average	Ultimate	4 Qtr Moving Average	Ultimate	4 Qtr Moving Average	Ultimate	4 Qtr Moving Average	Ultimate	4 Qtr Moving Average	Onlevel	4 Qtr Moving Average	Ultimate	4 Qtr Moving Average	Ultimate	4 Qtr Moving Average	Ultimate	4 Qtr Moving Average
2Q 2006	3.54%		3.51%		4.71%		4,171		5,897		6,227		148		207		294									
3Q 2006	4.16%		4.12%		5.25%		3,679		5,722		5,767		153		236		303									
4Q 2006	2.61%		3.12%		4.06%		4,911		6,828		6,593		128		213		268									
1Q 2007	2.98%		3.64%		3.84%		5,370		7,033		7,432		160		256		286									
2Q 2007	4.52%	3.58%	3.67%	3.63%	4.98%	4.53%	5,318	4,819	6,061	6,382	6,621	6,561	240	172	222	232	330	297	1,079		834		22.3%		26.7%	
3Q 2007	4.49%	3.70%	3.90%	3.60%	6.10%	4.81%	4,501	4,990	6,759	6,656	6,197	6,622	202	185	263	240	378	318	1,101		846		18.4%		31.2%	
4Q 2007	3.15%	3.79%	3.08%	3.56%	4.21%	4.81%	5,763	5,175	8,023	6,944	7,250	6,777	181	196	247	247	305	326	1,111		853		16.3%		29.0%	
1Q 2008	3.92%	4.00%	3.76%	3.60%	4.12%	4.84%	5,317	5,180	6,936	6,922	8,105	6,960	208	207	261	249	334	337	1,113	1,101	857	848	18.7%	18.8%	30.4%	29.4%
2Q 2008	4.73%	4.07%	3.91%	3.66%	5.53%	4.98%	5,074	5,114	7,288	7,216	7,152	7,091	240	208	285	264	395	353	1,111	1,109	862	855	21.6%	18.8%	33.0%	30.9%
3Q 2008	4.47%	4.08%	4.10%	3.72%	6.64%	5.15%	5,551	5,396	6,041	6,987	6,589	7,169	248	220	248	260	437	369	1,116	1,113	867	860	22.2%	19.8%	28.6%	30.2%
4Q 2008	3.35%	4.11%	3.57%	3.83%	4.02%	5.08%	5,788	5,414	7,177	6,839	8,697	7,469	194	222	256	262	350	379	1,116	1,114	871	865	17.4%	20.0%	29.4%	30.3%
1Q 2009	4.07%	4.15%	4.06%	3.91%	4.43%	5.14%	6,141	5,618	8,642	7,299	8,660	7,612	250	233	351	285	383	391	1,113	1,114	873	868	22.5%	20.9%	40.2%	32.9%
2Q 2009	4.43%	4.08%	3.87%	3.90%	5.33%	5.10%	5,610	5,763	7,235	7,285	7,874	7,800	248	235	280	284	419	398	1,111	1,114	876	872	22.3%	21.1%	31.9%	32.6%
3Q 2009	3.89%	3.94%	3.83%	3.83%	6.16%	5.02%	5,927	5,862	6,570	7,405	7,258	7,998	231	231	252	284	447	401	1,113	1,113	883	876	20.7%	20.7%	28.5%	32.4%
4Q 2009	3.53%	3.97%	3.74%	3.87%	4.29%	5.06%	4,534	5,562	8,575	7,753	8,028	7,876	160	221	321	300	344	398	1,116	1,113	890	881	14.3%	19.8%	36.0%	34.1%
1Q 2010	3.80%	3.90%	4.00%	3.86%	4.30%	5.00%	5,787	5,482	8,201	7,659	8,587	7,877	220	214	328	296	369	394	1,116	1,114	896	887	19.7%	19.2%	36.6%	33.3%
2Q 2010	4.12%	3.84%	3.91%	3.87%	5.09%	4.95%	4,609	5,206	6,104	7,355	7,716	7,835	190	200	239	285	393	388	1,118	1,116	901	893	17.0%	17.9%	26.5%	31.9%
3Q 2010	4.22%	3.92%	3.97%	3.91%	6.44%	5.05%	5,125	5,015	7,240	7,509	6,953	7,709	216	197	288	293	448	389	1,120	1,117	895	896	19.3%	17.6%	32.2%	32.8%
4Q 2010	2.95%	3.77%	3.26%	3.78%	4.25%	5.03%	6,130	5,348	7,338	7,215	8,846	7,891	181	201	239	273	376	397	1,117	1,118	899	898	16.2%	18.0%	26.6%	30.4%
1Q 2011	3.78%	3.76%	4.72%	3.96%	4.18%	4.99%	6,325	5,486	8,223	7,273	9,264	8,034	239	206	388	288	387	401	1,113	1,117	897	898	21.5%	18.5%	43.2%	32.1%
2Q 2011	4.73%	3.92%	4.16%	4.02%	5.57%	5.11%	5,422	5,692	8,143	7,777	7,835	8,058	256	223	339	313	436	412	1,114	1,116	897	897	23.0%	20.0%	37.8%	34.9%
3Q 2011	4.66%	4.03%	4.16%	4.07%	6.23%	5.06%	5,941	5,913	7,698	7,889	7,723	8,308	277	238	320	321	481	420	1,116	1,115	900	898	24.8%	21.4%	35.6%	35.7%
4Q 2011	2.38%	3.89%	3.16%	4.05%	4.05%	5.01%	6,031	5,889	8,271	8,076	9,331	8,396	144	229	262	327	378	421	1,121	1,116	901	899	12.8%	20.5%	29.0%	36.4%
1Q 2012	3.11%	3.73%	3.58%	3.77%	3.61%	4.88%	6,722	5,946	8,541	8,136	10,432	8,573	209	222	306	307	376	418	1,123	1,119	899	899	18.6%	19.8%	34.0%	34.1%



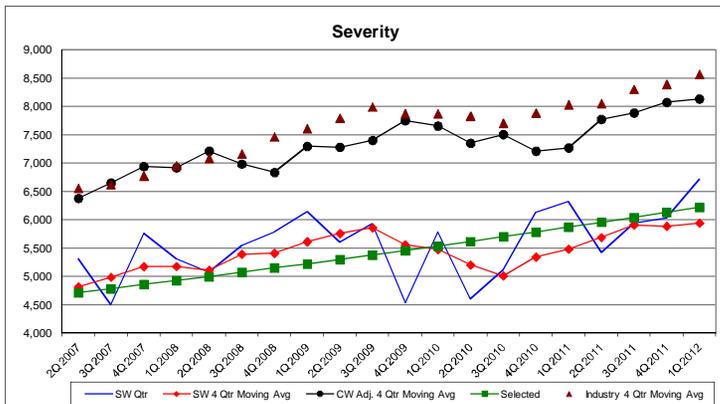
4 Qtr Moving Average
 Frequency
 Prospective Trend

AY Ending	SW	CW	Industry
16 Pt.	-2.0%	1.5%	-0.5%
12 Pt.	-1.4%	1.1%	-0.5%
8 Pt.	0.1%	1.2%	-0.5%
4 Pt.	-6.8%	-7.5%	-5.7%

Selected 0.0%

4 Qtr Moving Average
 Frequency
 Retrospective Factors

AY Ending	SW	CW
1Q 2008	0.934	1.048
1Q 2009	0.901	0.965
1Q 2010	0.957	0.977
1Q 2011	0.992	0.952
1Q 2012	1.000	1.000



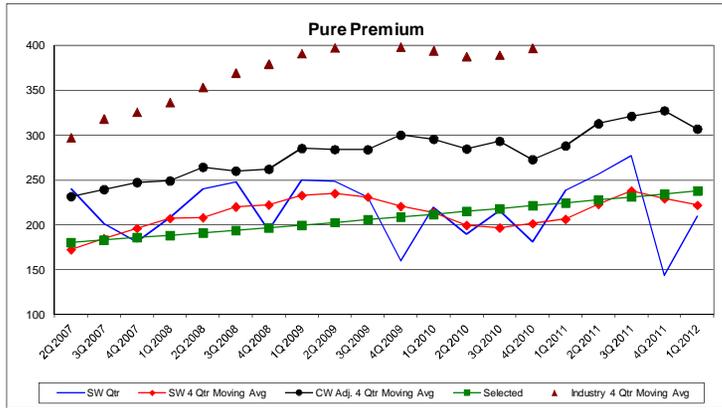
4 Qtr Moving Average
 Severity
 Prospective Trend

AY Ending	SW	CW	Industry
16 Pt.	2.0%	3.3%	3.9%
12 Pt.	1.9%	3.1%	3.0%
8 Pt.	10.5%	7.0%	6.0%
4 Pt.	5.2%	6.6%	8.2%

Selected 6.0%

4 Qtr Moving Average
 Severity
 Retrospective Factors

AY Ending	SW	CW
1Q 2008	1.148	1.175
1Q 2009	1.058	1.115
1Q 2010	1.085	1.062
1Q 2011	1.084	1.119
1Q 2012	1.000	1.000



4 Qtr Moving Average
 Pure Premium
 Prospective Trend

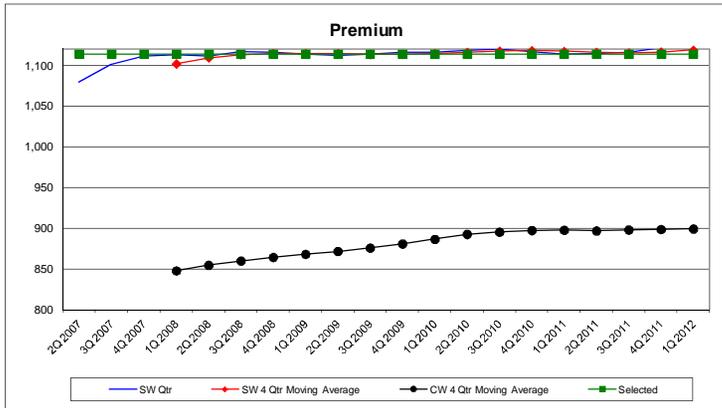
AY Ending	SW	CW	Industry
16 Pt.	0.0%	4.8%	3.4%
12 Pt.	0.5%	4.2%	2.5%
8 Pt.	10.5%	8.2%	5.5%
4 Pt.	-1.9%	-1.4%	2.0%

Selected 6.0%

4 Qtr Moving Average
 Pure Premium
 Retrospective Factors

AY Ending	SW	CW	Selected
1Q 2008	1.072	1.232	1.170
1Q 2009	0.953	1.076	1.125
1Q 2010	1.038	1.038	1.082
1Q 2011	1.076	1.066	1.040
1Q 2012	1.000	1.000	1.000

Selected
4.0%
4.0%
4.0%
4.0%



4 Qtr Moving Average
 Premium
 Prospective Trend

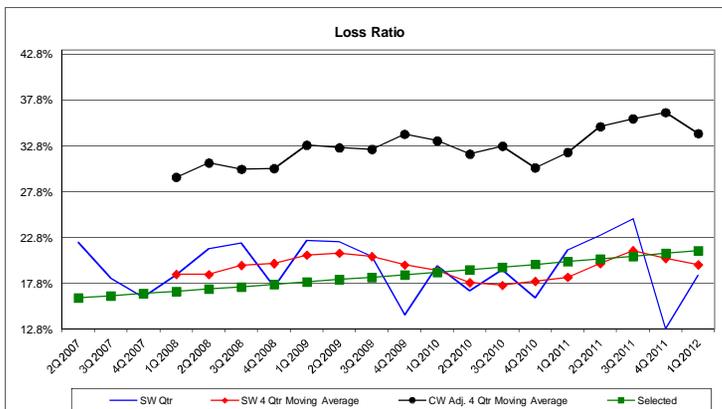
AY Ending	SW	CW
16 Pt.	0.1%	1.4%
12 Pt.	0.1%	1.1%
8 Pt.	0.0%	0.3%
4 Pt.	0.3%	0.4%

Selected 0.0%

4 Qtr Moving Average
 Premium
 Retrospective Factors

AY Ending	SW	CW	Selected
1Q 2008	1.015	1.061	1.000
1Q 2009	1.004	1.036	1.000
1Q 2010	1.004	1.014	1.000
1Q 2011	1.001	1.002	1.000
1Q 2012	1.000	1.000	1.000

Selected
0.0%
0.0%
0.0%
0.0%



4 Qtr Moving Average
 Loss Ratio
 Prospective Net Trend

AY Ending	SW	CW
16 Pt.	-0.2%	3.4%
12 Pt.	0.4%	3.0%
8 Pt.	10.5%	7.8%
4 Pt.	-2.2%	-1.8%

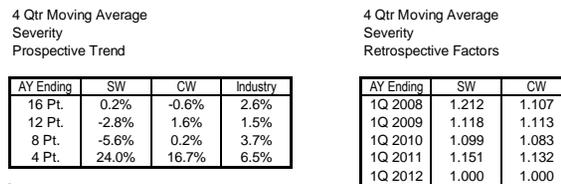
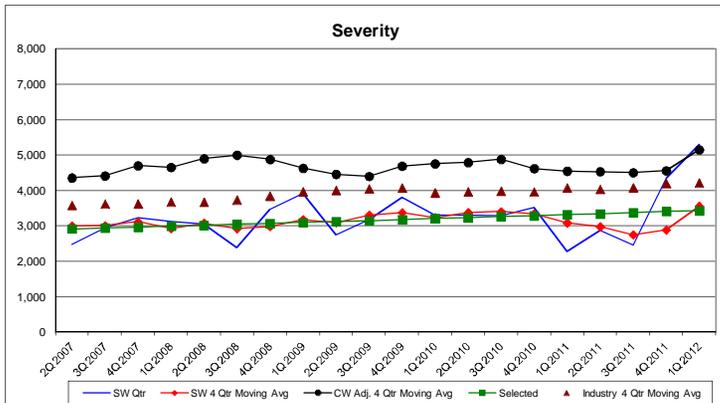
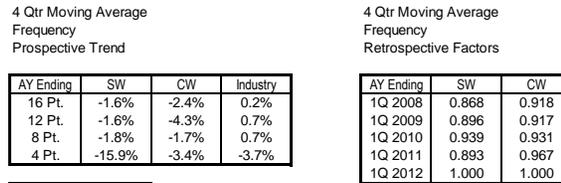
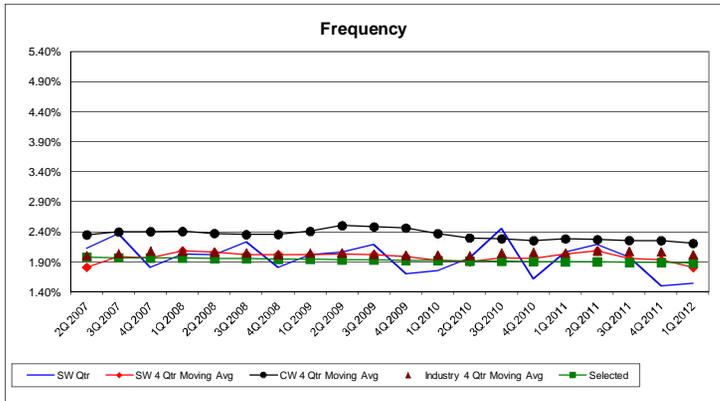
Selected 6.0%

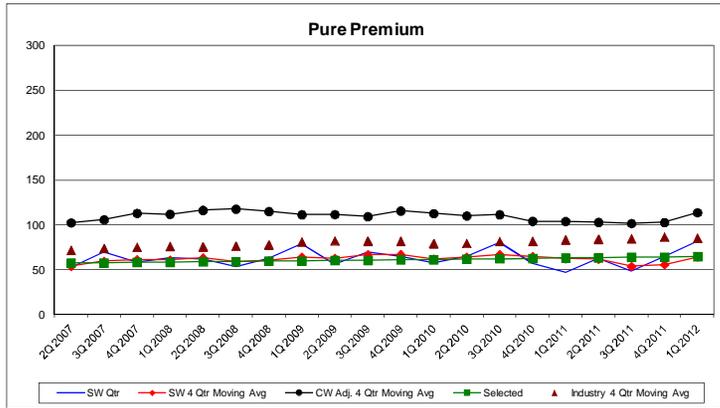
4 Qtr Moving Average
 Loss Ratio
 Retrospective Net Trend Factors

AY Ending	SW	CW	Selected
1Q 2008	1.055	1.162	1.170
1Q 2009	0.950	1.039	1.125
1Q 2010	1.034	1.024	1.082
1Q 2011	1.074	1.064	1.040
1Q 2012	1.000	1.000	1.000

Annual
4.0%
4.0%
4.0%
4.0%

Accident Quarter	Frequency						Severity						Pure Premium						Premium				Loss Ratio			
	Statewide		Countywide		Industry		Statewide		Countywide		Industry		Statewide		Countywide		Industry		Statewide		Countywide		Statewide		Countywide	
	Ultimate	4 Qtr Moving Average	Ultimate	4 Qtr Moving Average	Ultimate	4 Qtr Moving Average	Ultimate	4 Qtr Moving Average	Ultimate	4 Qtr Moving Average	Ultimate	4 Qtr Moving Average	Ultimate	4 Qtr Moving Average	Ultimate	4 Qtr Moving Average	Ultimate	4 Qtr Moving Average	Onlevel	4 Qtr Moving Average	Ultimate	4 Qtr Moving Average	Ultimate	4 Qtr Moving Average	Ultimate	4 Qtr Moving Average
2Q 2006	1.62%		2.43%		1.96%		2,063		4,223		3,794		33		103		74									
3Q 2006	1.69%		2.49%		2.27%		2,844		3,702		3,245		48		92		74									
4Q 2006	1.86%		2.25%		1.90%		2,754		4,061		3,535		51		91		67									
1Q 2007	1.54%		2.32%		1.85%		4,208		5,406		3,862		65		125		72									
2Q 2007	2.13%	1.81%	2.35%	2.35%	2.01%	2.01%	2,472	2,997	4,298	4,359	3,744	3,584	53	54	101	102	75	72	218		293		24.1%		34.5%	
3Q 2007	2.37%	1.98%	2.65%	2.40%	2.36%	2.04%	2,938	3,010	3,983	4,415	3,418	3,624	70	60	106	106	81	74	219		294		31.8%		35.9%	
4Q 2007	1.80%	1.97%	2.29%	2.40%	2.09%	2.08%	3,233	3,120	5,261	4,702	3,561	3,627	58	61	120	113	74	75	221		295		26.4%		40.8%	
1Q 2008	2.03%	2.08%	2.33%	2.41%	1.85%	2.08%	3,133	2,934	5,175	4,656	4,069	3,677	64	61	121	112	75	76	222	220	296	295	28.7%	27.8%	40.7%	38.0%
2Q 2008	2.02%	2.06%	2.22%	2.37%	1.95%	2.06%	3,054	3,079	5,341	4,902	3,728	3,673	62	63	119	116	73	76	222	221	297	296	27.7%	28.7%	40.0%	39.4%
3Q 2008	2.23%	2.02%	2.57%	2.35%	2.31%	2.05%	2,396	2,927	4,336	5,003	3,626	3,732	54	59	111	118	84	77	222	222	298	297	24.1%	26.7%	37.3%	39.7%
4Q 2008	1.81%	2.02%	2.30%	2.36%	1.98%	2.06%	3,475	2,985	4,759	4,880	4,027	3,849	63	60	109	115	80	78	223	222	298	297	28.2%	27.2%	36.8%	38.7%
1Q 2009	2.01%	2.02%	2.54%	2.41%	1.98%	2.05%	3,910	3,183	4,193	4,630	4,553	3,972	79	64	107	112	89	81	223	223	296	297	35.4%	28.9%	36.0%	37.5%
2Q 2009	2.07%	2.03%	2.60%	2.50%	1.98%	2.05%	2,740	3,097	4,582	4,462	3,900	4,009	57	63	119	112	77	82	222	222	295	297	25.4%	28.2%	40.5%	37.6%
3Q 2009	2.19%	2.02%	2.49%	2.48%	2.19%	2.03%	3,181	3,306	4,107	4,403	3,799	4,053	70	67	102	109	83	82	223	223	293	295	31.3%	30.0%	34.9%	37.0%
4Q 2009	1.70%	1.99%	2.23%	2.47%	1.92%	2.01%	3,805	3,382	5,988	4,692	4,128	4,078	65	67	134	116	79	82	223	223	292	294	29.0%	30.2%	45.9%	39.4%
1Q 2010	1.76%	1.92%	2.16%	2.37%	1.97%	2.01%	3,298	3,236	4,423	4,758	3,946	3,939	58	62	96	113	78	79	223	223	290	292	26.0%	28.0%	33.0%	38.6%
2Q 2010	1.96%	1.90%	2.31%	2.30%	1.94%	2.00%	3,310	3,383	4,703	4,792	4,027	3,970	65	64	109	110	78	80	222	223	288	291	29.2%	28.9%	37.6%	37.9%
3Q 2010	2.45%	1.97%	2.44%	2.29%	2.38%	2.05%	3,279	3,405	4,433	4,881	3,878	3,988	80	67	108	112	92	82	222	222	289	290	36.1%	30.1%	37.4%	38.5%
4Q 2010	1.62%	1.95%	2.10%	2.25%	1.95%	2.06%	3,513	3,339	4,963	4,622	4,029	3,965	57	65	104	104	79	82	223	223	289	289	25.4%	29.2%	36.2%	36.1%
1Q 2011	2.06%	2.02%	2.28%	2.28%	1.90%	2.05%	2,280	3,091	4,127	4,552	4,476	4,082	47	63	94	104	85	84	223	223	290	289	21.1%	28.1%	32.5%	36.0%
2Q 2011	2.19%	2.08%	2.26%	2.27%	2.10%	2.09%	2,882	2,984	4,653	4,536	3,860	4,041	63	62	105	103	81	84	223	223	290	289	28.3%	27.9%	36.2%	35.6%
3Q 2011	1.98%	1.96%	2.39%	2.26%	2.36%	2.08%	2,462	2,755	4,312	4,508	4,024	4,086	49	54	103	102	95	85	224	223	292	290	21.7%	24.1%	35.3%	35.1%
4Q 2011	1.50%	1.93%	2.08%	2.25%	1.90%	2.07%	4,344	2,891	5,246	4,562	4,540	4,203	65	56	109	103	86	87	225	224	294	291	28.8%	25.0%	37.2%	35.3%
1Q 2012	1.55%	1.81%	2.09%	2.21%	1.71%	2.02%	5,296	3,557	6,661	5,153	4,590	4,216	82	64	139	114	79	85	226	225	295	293	36.2%	28.6%	47.1%	38.9%





4 Qtr Moving Average
 Pure Premium
 Prospective Trend

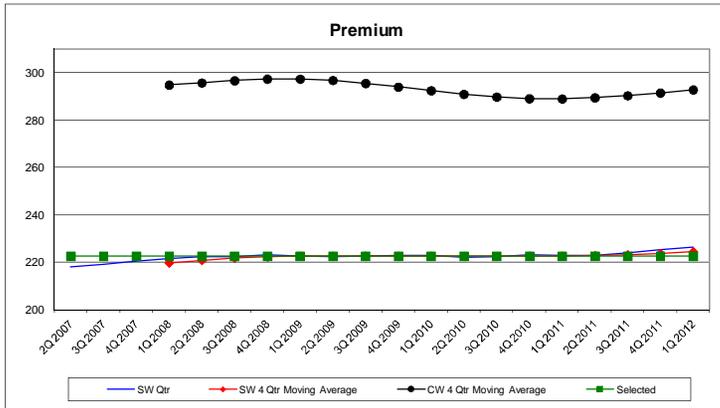
AY Ending	SW	CW	Industry
16 Pt.	-1.4%	-3.0%	2.8%
12 Pt.	-4.4%	-2.7%	2.2%
8 Pt.	-7.3%	-1.5%	4.4%
4 Pt.	4.2%	12.8%	2.5%

Selected 2.5%

4 Qtr Moving Average
 Pure Premium
 Retrospective Factors

AY Ending	SW	CW	Selected
1Q 2008	1.053	1.016	1.016
1Q 2009	1.001	1.021	1.012
1Q 2010	1.033	1.009	1.008
1Q 2011	1.028	1.095	1.004
1Q 2012	1.000	1.000	1.000

Selected
0.4%
0.4%
0.4%
0.4%



4 Qtr Moving Average
 Premium
 Prospective Trend

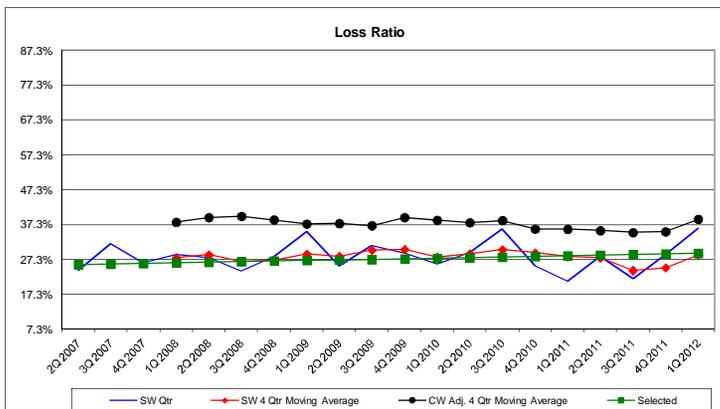
AY Ending	SW	CW
16 Pt.	0.2%	-0.7%
12 Pt.	0.2%	-0.6%
8 Pt.	0.5%	0.4%
4 Pt.	1.0%	1.5%

Selected 0.0%

4 Qtr Moving Average
 Premium
 Retrospective Factors

AY Ending	SW	CW	Selected
1Q 2008	1.022	0.993	0.993
1Q 2009	1.009	0.985	0.995
1Q 2010	1.009	1.001	0.997
1Q 2011	1.009	1.013	0.998
1Q 2012	1.000	1.000	1.000

Selected
-0.2%
-0.2%
-0.2%
-0.2%



4 Qtr Moving Average
 Loss Ratio
 Prospective Net Trend

AY Ending	SW	CW
16 Pt.	-1.7%	-2.2%
12 Pt.	-4.6%	-2.1%
8 Pt.	-7.7%	-1.9%
4 Pt.	3.2%	11.1%

Selected 2.5%

4 Qtr Moving Average
 Loss Ratio
 Retrospective Net Trend Factors

AY Ending	SW	CW	Selected
1Q 2008	1.030	1.023	1.023
1Q 2009	0.992	1.036	1.017
1Q 2010	1.023	1.008	1.011
1Q 2011	1.019	1.081	1.006
1Q 2012	1.000	1.000	1.000

Annual
0.6%
0.6%
0.6%
0.6%

	INCREMENTAL INCURRED LOSS DEVELOPMENT									
	12 MTH	24 MTH	36 MTH	48 MTH	60 MTH	72 MTH	84 MTH	96 MTH	108 MTH	120 MTH
200306	45,433,485	3,560,062	(560,204)	254,336	95,326	55,360	44,190	4,242	-	22,851
200406	44,148,607	1,738,268	(338,163)	(72,719)	102,142	2,336	18,586	26,814	1,559	
200506	42,292,640	3,408,347	163,238	(7,040)	(88,000)	2	(10,801)	(259)		
200606	49,907,451	2,995,805	143,025	232,721	79,953	8,127	9,463			
200706	59,736,578	3,047,220	666,230	42,960	(157,322)	34,040				
200806	73,890,458	5,428,491	191,153	207,170	206,384					
200906	68,984,298	7,640,914	(204,712)	(110,239)						
201006	69,609,741	4,055,782	(107,590)							
201106	79,390,632	9,476,508								
201206	72,570,981									

	CUMULATIVE INCURRED LOSS DEVELOPMENT									
	12 MTH	24 MTH	36 MTH	48 MTH	60 MTH	72 MTH	84 MTH	96 MTH	108 MTH	120 MTH
200306	45,433,485	48,993,546	48,433,342	48,687,678	48,783,004	48,838,364	48,882,554	48,886,796	48,886,796	48,909,647
200406	44,148,607	45,886,875	45,548,712	45,475,993	45,578,135	45,580,471	45,599,057	45,625,872	45,627,431	
200506	42,292,640	45,700,988	45,864,226	45,857,186	45,769,186	45,769,188	45,758,387	45,758,128		
200606	49,907,451	52,903,257	53,046,281	53,279,002	53,358,955	53,367,082	53,376,545			
200706	59,736,578	62,783,798	63,450,028	63,492,988	63,335,666	63,369,706				
200806	73,890,458	79,318,949	79,510,101	79,717,272	79,923,656					
200906	68,984,298	76,625,211	76,420,499	76,310,260						
201006	69,609,741	73,665,523	73,557,933							
201106	79,390,632	88,867,140								
201206	72,570,981									

	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120
200306	1.078	0.989	1.005	1.002	1.001	1.001	1.000	1.000	1.000
200406	1.039	0.993	0.998	1.002	1.000	1.000	1.001	1.000	
200506	1.081	1.004	1.000	0.998	1.000	1.000	1.000		
200606	1.060	1.003	1.004	1.002	1.000	1.000			
200706	1.051	1.011	1.001	0.998	1.001				
200806	1.073	1.002	1.003	1.003					
200906	1.111	0.997	0.999						
201006	1.058	0.999							
201106	1.119								

INCURRED LOSS DEVELOPMENT (WEIGHTED AVERAGE LINKS)										
DEV	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-ULT
ALL-YR AVG	1.078	1.000	1.001	1.001	1.000	1.000	1.000	1.000	1.000	1.000
3-YR AVG	1.097	0.999	1.001	1.001	1.000	1.000	1.000	1.000	1.000	1.000
5-YR AVG	1.084	1.002	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000

INCURRED LOSS DEVELOPMENT (STRAIGHT AVERAGE LINKS)										
DEV	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-ULT
ALL-YR AVG	1.075	1.000	1.001	1.001	1.000	1.000	1.000	1.000	1.000	1.000
3-YR AVG	1.096	0.999	1.001	1.001	1.000	1.000	1.000	1.000	1.000	1.000
5-YR AVG	1.083	1.002	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000

X HI-LO	1.081	1.001	1.001	1.001	1.000	1.000	1.000	1.000	1.000	1.000
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SELECTED LINK RATIOS	1.084	1.002	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000
CUMULATIVE LDF	1.089	1.005	1.003	1.002	1.001	1.001	1.001	1.000	1.000	1.000

SELECTED LDF:	1.089	1.005	1.003	1.002	1.001
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Previously Selected @ 2011/12	1.047	0.995	1.001	1.002	1.000
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INCREMENTAL INCURRED LOSS DEVELOPMENT										
	12 MTH	24 MTH	36 MTH	48 MTH	60 MTH	72 MTH	84 MTH	96 MTH	108 MTH	120 MTH
200306	5,942,599	2,792,359	499,283	661,791	257,687	(66,130)	4,999	30,771	-	4,000
200406	5,503,947	2,707,791	1,054,335	542,261	(69,138)	(139,587)	(89,332)	(10,001)	(86,000)	
200506	6,134,607	3,291,182	1,187,063	611,065	55,815	222,500	(62,000)	(2,000)		
200606	5,980,813	3,173,086	963,832	879,351	88,548	50,501	(11,427)			
200706	5,898,702	4,192,909	1,896,822	982,454	333,392	(35,000)				
200806	7,348,862	4,727,610	2,158,231	795,572	(440,930)					
200906	7,916,941	4,040,420	1,046,696	668,939						
201006	7,151,461	3,524,688	1,247,267							
201106	8,481,790	5,023,766								
201206	7,652,926									
CUMULATIVE INCURRED LOSS DEVELOPMENT										
	12 MTH	24 MTH	36 MTH	48 MTH	60 MTH	72 MTH	84 MTH	96 MTH	108 MTH	120 MTH
200306	5,942,599	8,734,958	9,234,241	9,896,031	10,153,718	10,087,588	10,092,587	10,123,358	10,123,358	10,127,358
200406	5,503,947	8,211,738	9,266,074	9,808,335	9,739,197	9,599,610	9,510,278	9,500,277	9,414,277	
200506	6,134,607	9,425,789	10,612,852	11,223,917	11,279,732	11,502,232	11,440,232	11,438,232		
200606	5,980,813	9,153,899	10,117,731	10,997,082	11,085,630	11,136,131	11,124,703			
200706	5,898,702	10,091,611	11,988,433	12,970,886	13,304,279	13,269,279				
200806	7,348,862	12,076,472	14,234,703	15,030,275	14,589,346					
200906	7,916,941	11,957,361	13,004,058	13,672,997						
201006	7,151,461	10,676,149	11,923,416							
201106	8,481,790	13,505,556								
201206	7,652,926									
	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-ULT
200306	1.470	1.057	1.072	1.026	0.993	1.000	1.003	1.000	1.000	1.000
200406	1.492	1.128	1.059	0.993	0.986	0.991	0.999	0.991		
200506	1.536	1.126	1.058	1.005	1.020	0.995	1.000			
200606	1.531	1.105	1.087	1.008	1.005	0.999				
200706	1.711	1.188	1.082	1.026	0.997					
200806	1.643	1.179	1.056	0.971						
200906	1.510	1.088	1.051							
201006	1.493	1.117								
201106	1.592									
INCURRED LOSS DEVELOPMENT (WEIGHTED AVERAGE LINKS)										
DEV	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-ULT
ALL-YR AVG	1.555	1.125	1.066	1.003	1.001	0.996	1.001	0.996	1.000	1.000
3-YR AVG	1.535	1.128	1.062	1.000	1.007	0.995	1.001	0.996	1.000	1.000
5-YR AVG	1.585	1.136	1.066	0.999	1.001	1.000	1.001	0.996	1.000	1.000
INCURRED LOSS DEVELOPMENT (STRAIGHT AVERAGE LINKS)										
DEV	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-ULT
ALL-YR AVG	1.553	1.123	1.066	1.005	1.000	0.996	1.001	0.995	1.000	1.000
3-YR AVG	1.532	1.128	1.063	1.001	1.007	0.995	1.001	0.995	1.000	1.000
5-YR AVG	1.590	1.135	1.067	1.000	1.000	0.996	1.001	0.995	1.000	1.000
X HI-LO	1.582	1.134	1.065	1.002	0.998	0.997	1.000	0.995	1.000	1.000
SELECTED LINK RATIOS	1.585	1.136	1.066	0.999	1.001	1.000	1.001	0.996	1.000	1.000
CUMULATIVE LDF	1.911	1.206	1.062	0.997	0.997	0.997	0.997	0.996	1.000	1.000
SELECTED LDF:	1.911	1.206	1.062	0.997	0.997					
Previously Selected @ 2011/12	2.015	1.198	1.081	0.998	1.002					

	INCREMENTAL INCURRED LOSS DEVELOPMENT									
	12 MTH	24 MTH	36 MTH	48 MTH	60 MTH	72 MTH	84 MTH	96 MTH	108 MTH	120 MTH
200306	10,367,158	382,624	(18,150)	(62,129)	827	7,220	200	100	-	(5,930)
200406	9,451,409	757,969	(31,963)	(80,408)	(59,009)	1,856	(133)	(37)	-	
200506	9,560,836	579,965	35,198	21,606	-	1,500	-	6,312		
200606	12,288,223	487,446	63,515	(39,115)	4,918	(23,714)	(6,014)			
200706	12,844,066	968,205	54,830	(13,410)	(20,799)	(6,672)				
200806	15,633,762	1,430,552	107,396	6,455	1,636					
200906	15,440,897	1,187,210	91,908	21,002						
201006	17,241,515	1,046,429	40,083							
201106	16,819,750	1,004,291								
201206	16,602,321									

	CUMULATIVE INCURRED LOSS DEVELOPMENT									
	12 MTH	24 MTH	36 MTH	48 MTH	60 MTH	72 MTH	84 MTH	96 MTH	108 MTH	120 MTH
200306	10,367,158	10,749,782	10,731,631	10,669,503	10,670,330	10,677,550	10,677,750	10,677,850	10,677,850	10,671,920
200406	9,451,409	10,209,378	10,177,416	10,097,008	10,037,999	10,039,854	10,039,721	10,039,684	10,039,684	
200506	9,560,836	10,140,802	10,175,999	10,197,605	10,197,605	10,199,105	10,199,105	10,205,418		
200606	12,288,223	12,775,669	12,839,184	12,800,069	12,804,987	12,781,273	12,775,260			
200706	12,844,066	13,812,271	13,867,101	13,853,691	13,832,893	13,826,221				
200806	15,633,762	17,064,315	17,171,711	17,178,166	17,179,803					
200906	15,440,897	16,628,106	16,720,015	16,741,016						
201006	17,241,515	18,287,944	18,328,027							
201106	16,819,750	17,824,040								
201206	16,602,321									

	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-ULT
200306	1.037	0.998	0.994	1.000	1.001	1.000	1.000	1.000	1.000	0.999
200406	1.080	0.997	0.992	0.994	1.000	1.000	1.000	1.000	1.000	
200506	1.061	1.003	1.002	1.000	1.000	1.000	1.000	1.001		
200606	1.040	1.005	0.997	1.000	0.998	1.000				
200706	1.075	1.004	0.999	0.998	1.000					
200806	1.092	1.006	1.000	1.000						
200906	1.077	1.006	1.001							
201006	1.061	1.002								
201106	1.060									

INCURRED LOSS DEVELOPMENT (WEIGHTED AVERAGE LINKS)										
DEV	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-ULT
ALL-YR AVG	1.066	1.003	0.998	0.999	1.000	1.000	1.000	1.000	0.999	1.000
3-YR AVG	1.065	1.005	1.000	1.000	0.999	1.000	1.000	1.000	0.999	1.000
5-YR AVG	1.072	1.005	1.000	0.999	1.000	1.000	1.000	1.000	0.999	1.000

INCURRED LOSS DEVELOPMENT (STRAIGHT AVERAGE LINKS)										
DEV	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-ULT
ALL-YR AVG	1.065	1.003	0.998	0.999	1.000	1.000	1.000	1.000	0.999	1.000
3-YR AVG	1.066	1.005	1.000	1.000	0.999	1.000	1.000	1.000	0.999	1.000
5-YR AVG	1.073	1.005	1.000	0.999	1.000	1.000	1.000	1.000	0.999	1.000
X HI-LO	1.071	1.005	1.000	1.000	1.000	1.000	1.000	1.000	0.999	1.000

SELECTED LINK RATIOS	1.073	1.005	1.000	0.999	1.000	1.000	1.000	1.000	0.999	1.000
CUMULATIVE LDF	1.075	1.002	0.998	0.998	0.999	1.000	1.000	0.999	0.999	1.000

SELECTED LDF:	1.075	1.002	0.998	0.998	0.999
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Previously Selected @ 2011/12	1.078	0.999	0.996	1.000	0.999
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	INCREMENTAL INCURRED LOSS DEVELOPMENT									
	12 MTH	24 MTH	36 MTH	48 MTH	60 MTH	72 MTH	84 MTH	96 MTH	108 MTH	120 MTH
200306	1,177,295	532,425	55,043	(85,094)	(59,830)	(170)	11,316	-	-	-
200406	1,679,184	733,918	220,921	29,522	(5,000)	(17,500)	25,852	-	2,860	-
200506	878,033	472,811	32,250	5,650	1,000	1,000	24,000	(5,500)	-	-
200606	1,379,523	139,651	70,118	64,998	-	(20,000)	2,860	-	-	-
200706	1,620,196	441,128	28,069	53,077	(1)	2,860	-	-	-	-
200806	2,138,702	431,504	68,359	54,793	(14,140)	-	-	-	-	-
200906	1,889,667	659,970	(12,835)	137,660	-	-	-	-	-	-
201006	2,398,929	743,631	326,038	-	-	-	-	-	-	-
201106	2,271,184	108,016	-	-	-	-	-	-	-	-
201206	2,463,003	-	-	-	-	-	-	-	-	-

	CUMULATIVE INCURRED LOSS DEVELOPMENT									
	12 MTH	24 MTH	36 MTH	48 MTH	60 MTH	72 MTH	84 MTH	96 MTH	108 MTH	120 MTH
200306	1,177,295	1,709,720	1,764,763	1,679,668	1,619,838	1,619,668	1,630,984	1,630,984	1,630,984	1,630,984
200406	1,679,184	2,413,102	2,634,024	2,663,546	2,658,546	2,641,046	2,666,898	2,666,898	2,669,758	-
200506	878,033	1,350,844	1,383,093	1,388,743	1,389,743	1,390,743	1,414,743	1,409,243	-	-
200606	1,379,523	1,519,175	1,589,293	1,654,291	1,654,291	1,634,291	1,637,151	-	-	-
200706	1,620,196	2,061,324	2,089,393	2,142,470	2,142,469	2,145,329	-	-	-	-
200806	2,138,702	2,570,206	2,638,565	2,693,358	2,679,218	-	-	-	-	-
200906	1,889,667	2,549,637	2,536,802	2,674,462	-	-	-	-	-	-
201006	2,398,929	3,142,560	3,468,599	-	-	-	-	-	-	-
201106	2,271,184	2,379,200	-	-	-	-	-	-	-	-
201206	2,463,003	-	-	-	-	-	-	-	-	-

	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120
200306	1.452	1.032	0.952	0.964	1.000	1.007	1.000	1.000	1.000
200406	1.437	1.092	1.011	0.998	0.993	1.010	1.000	1.001	-
200506	1.538	1.024	1.004	1.001	1.001	1.017	0.996	-	-
200606	1.101	1.046	1.041	1.000	0.988	1.002	-	-	-
200706	1.272	1.014	1.025	1.000	1.001	-	-	-	-
200806	1.202	1.027	1.021	0.995	-	-	-	-	-
200906	1.349	0.995	1.054	-	-	-	-	-	-
201006	1.310	1.104	-	-	-	-	-	-	-
201106	1.048	-	-	-	-	-	-	-	-

	INCURRED LOSS DEVELOPMENT (WEIGHTED AVERAGE LINKS)									
	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-ULT
DEV	1.276	1.046	1.018	0.994	0.996	1.009	0.999	1.001	1.000	1.000
ALL-YR AVG	1.230	1.046	1.034	0.998	0.997	1.009	0.999	1.001	1.000	1.000
3-YR AVG	1.231	1.041	1.031	0.998	0.996	1.000	0.999	1.001	1.000	1.000
5-YR AVG	-	-	-	-	-	-	-	-	-	-

	INCURRED LOSS DEVELOPMENT (STRAIGHT AVERAGE LINKS)									
	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-ULT
DEV	1.301	1.042	1.015	0.993	0.997	1.009	0.999	1.001	1.000	1.000
ALL-YR AVG	1.236	1.042	1.033	0.998	0.997	1.010	0.999	1.001	1.000	1.000
3-YR AVG	1.236	1.037	1.029	0.999	0.997	1.009	0.999	1.001	1.000	1.000
5-YR AVG	-	-	-	-	-	-	-	-	-	-

X HI-LO	1.261	1.029	1.029	0.999	0.998	1.008	1.000	1.001	1.000	1.000
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SELECTED LINK RATIOS	1.276	1.046	1.018	0.994	0.996	1.009	0.999	1.001	1.000	1.000
CUMULATIVE LDF	1.356	1.062	1.016	0.998	1.005	1.008	1.000	1.001	1.000	1.000

SELECTED LDF:	1.356	1.062	1.016	0.998	1.005
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Previously Selected @ 2011/12	1.278	1.024	1.008	1.002	1.002
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Calculation of Total Rate of Return
AARP Home

Policy Effective Period: March 1, 2012 through February 28, 2013

<u>Financials</u>	<u>Before-Tax</u>	<u>Premium %</u>
Earned Premium	\$100,000	
Expected Loss & LAE	\$70,923	70.9%
Expected Expenses	\$19,350	19.3%
Total Loss, LAE & Expenses	\$90,273	90.3%
Expected Underwriting Profit	\$9,727	9.7%

Assumptions

Timing of Accounting Entry

Average Earning Lag (Years)	1.00
Average Loss & LAE Incurral Lag (Years)	1.00
Average Expense Incurral Lag (Years)	0.79

Timing of Cash Flows

Average Premium Payment Lag (Years)	0.65
Average Loss & LAE Payment Lag (Years)	1.50
Average Expense Payment Lag (Years)	0.58

Investment and Tax

Investment Rate Before-tax	0.81%
Tax Loss Discount Rate	2.89%
Federal Income Tax Rate - Underwriting	35.0%
Federal Income Tax Rate - Investment	35.0%

Leverage and Surplus

Premium To Surplus Ratio	2.19
Liability To Surplus Ratio	1.15

Results

	<u>Before-Tax</u>	<u>After-Tax</u>
Underwriting Income (Profit)	\$9,727	\$6,323
Investment Income Credit (Operating)	\$427	\$277
Total Operating Income	\$10,154	\$6,600
Operating Return On Premium	10.2%	6.6%
Surplus		
Surplus Attributed	\$45,673	\$45,673
Investment Income On Surplus	\$357	\$232
Total Net Income	\$10,511	\$6,832

Expected Return on Surplus	15.0%
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ARKANSAS HOMEOWNERS IMPACT

Property and Casualty Insurance Company of Hartford

Territory	2013 Written Premium	Percent Change
13	329,456	8.3%
14	1,018,883	8.3%
15	335,872	8.3%
16	270,572	8.3%
17	56,060	8.3%
18	308,571	8.3%
19	226,301	8.3%
20	353,713	8.3%
21	105,671	8.3%
22	223,382	8.3%
24	430,139	8.3%
29	365,522	8.3%
30	579,790	8.3%
31	235,331	8.3%
32	287,074	8.3%
Total	5,126,337	8.3%

IMPACTS BY FORM

Forms	Written Premium	Total Impact
Building	5,126,337	8.3%
T+C	234,684	0.0%
Total	5,361,021	8.0%



**Property and Casualty Insurance Company
of Hartford
Arkansas Homeowners Policy Program**

Effective Date
~~8/3/2004~~4/6/2013

**ISO2000
HO**

511 LOSS ASSESSMENT COVERAGE

A. Residence Premises

1. Coverage Description

The policy automatically provides, under Section I Additional Coverage and Section II Additional Coverage, a limit of \$1,000 each for assessments relating to the residence premises, excluding assessments resulting from the peril of earthquake. (Refer to Rule 505 Earthquake Coverage for the Earthquake rule of application.)

2. Higher Limits

The policy may be endorsed to provide a single additional amount of insurance to be applied to one or more assessments arising out of a single loss covered under:

- a. Either Section I Additional Coverage or Section II Additional Coverage; or
- b. Both Section I and Section II Additional Coverages.

3. Premium

The premiums listed apply to each location covered:

<u>New ★ Additional Coverage</u> Amount of	<u>All Forms except HO 00 03, HO 00 05 or HO 00 06 with HO 17 32</u>	<u>HO 00 03, HO 00 05 or HO 00 06 with HO 17 32</u>
\$5,000	\$3	\$4
\$10,000	\$5	\$7
Each add'l \$5,000 (up to \$50,000)	\$1	\$2

B. Additional Locations

1. Coverage Description

- a. The policy may be endorsed to provide loss assessment coverage pertaining to additional locations for the insured's share of loss assessments arising out of a single loss covered as noted in Paragraph A.2.
- b. No more than 2 additional locations can be written in addition to the residence premises.



B.★-Extrapolation and Interpolation

ROUND EACH STEP TO 3 DECIMAL PLACES

1. Extrapolation

If the desired limit of liability is higher than that shown in the Amount of Insurance Table (2B/4B), use the following calculations to develop the base premium:

Step 1

Find the highest displayed limit in the Amount of Insurance Table (2B/4B).

Step 2

Subtract the highest limit from the desired limit. This is the additional amount.

Step 3

Determine the factor for the additional amount by the following formula:

For HO 00 02, HO 00 03, HO 00 05;

Additional amount divided by \$10,000 multiplied by the "Each add'l \$10,000-ADD" factor.

For HO 00 04, HO 00 06;

Additional amount divided by \$1,000 multiplied by the "Each add'l \$1,000-ADD" factor.

Step 4

Add the final factor from Step 3 to the factor displayed for the highest limit in the Amount of Insurance Table (2B/4B).

Step 5

Multiply the premium in the Unity Table (2A/4A) by the factor calculated in Step 4.

***NOTE:** Confirm the limit is HIGHER than the last Coverage A amount listed in the _____ Amount of Insurance Table (2B/4B).

2. Interpolation

If the desired limit of liability is not displayed, but is less than the highest limit in the Amount of Insurance Table (2B/4B), use the following calculations to develop the base premium:

Step 1

Locate the nearest limits to the desired limit of liability.

Step 2

Take the difference between the desired limit and the displayed limit and interpolate the base rate.



Property and Casualty Insurance Company
of Hartford
Arkansas Homeowners Policy Program

Effective Date 4/6/2013

ISO2000

HO

B. ★ Extrapolation and Interpolation

1. Extrapolation

If the desired Amount of Insurance limit of liability is higher than those shown in the Amount of Insurance Table (2B/4B), use the following calculations to develop the base premium:

Step 1

Find the unity in the Unity Table (2A/4A).

Step 2

Find the highest displayed Amount of Insurance limit and the associated curve factor in the Amount of Insurance Table (2B/4B).

Step 3

Subtract the highest displayed Amount of Insurance limit identified in Step 2 from the desired Amount of Insurance limit. This is the additional Amount of Insurance limit desired.

Step 4

Multiply the unity identified in Step 1 by the Amount of Insurance curve factor identified in Step 2. This is the premium for the highest displayed Amount of Insurance limit in the Amount of Insurance Table.

Step 5

Determine the additional amount of premium by the following formula:

a. Forms HO 00 02, HO 00 03, HO 00 05:

- 1) Multiply the unity identified in Step 1 by the "Each add'1 \$10,000" factor from the Amount of Insurance Table (2B) and round to zero decimal places. This is the additional amount of premium per \$10,000 Amount of Insurance.
- 2) Multiply the additional amount of premium per \$10,000 Amount of Insurance (from Step 5a.1) by the additional Amount of Insurance limit desired (from Step 3) and divide by 10,000. This is the premium for the additional Amount of Insurance limit desired.

b. Forms HO 00 04, HO 00 06:

- 1) Multiply the unity in Step 1 by the "Each add'1 \$1,000" factor from the Amount of Insurance Table (4B) and round to zero decimal places. This is the additional amount of premium per \$1,000 Amount of Insurance.
- 2) Multiply the additional amount of premium per \$1,000 Amount of Insurance (from Step 5b.1) by the additional Amount of Insurance desired (from Step 3) and divide by 1,000. This is the premium for the additional Amount of Insurance limit desired.

Step 6

Add the premiums from Step 4 and Step 5 and round to 3 decimal places. This is your base premium.



Property and Casualty Insurance Company
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Arkansas Homeowners Policy Program

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HO

2. Interpolation

If the desired Amount of Insurance limit of liability is not displayed, but is less than the highest limit in the Amount of Insurance Table (2B/4B), use the following calculations to develop the base premium:

Step 1

Locate the nearest lower and nearest higher Amount of Insurance limits to the desired Amount of Insurance limit of liability and the curve factors associated with the nearest Amount of Insurance limits from Amount of Insurance Table (2B/4B).

Step 2

Take the difference between the desired Amount of Insurance limit and the lower displayed Amount of Insurance limit identified in Step 1 and divide by the difference between the higher displayed limit and the lower displayed limit identified in Step 1.

Step 3

Calculate the difference in the higher Amount of Insurance curve factor and the lower Amount of Insurance curve factor (from Step 1) and multiply this by the result of Step 2. This is the additional curve factor needed for the desired Amount of Insurance limit.

Step 4

Add the additional curve factor needed for the desired Amount of Insurance limit calculated in Step 3 to the displayed curve factor of the lower nearest Amount of Insurance limit from Step 1 and round to 3 decimal places. This is the Amount of Insurance curve factor for the desired Amount of Insurance limit of liability.

Step 5

Find the unity in the Unity Table (2A/4A). Multiply the unity by The Amount of Insurance curve factor for the desired Amount of Insurance limit of liability (from Step 4) and round to 3 decimal places. This is your base premium.



POLICY FORMS HO 00 02, HO 00 03, HO 00 05

TABLE 1 - PREMIUM FACTORS

Policy Form	Type of Construction	Protection Class								
		1 - 3	4	5	6	7	8	8B	9	10
HO 00 02	Frame	0.98	1.08	1.13	1.27	1.42	1.62	2.06	2.40	3.58
	Masonry	0.88	0.97	1.01	1.15	1.28	1.46	1.85	2.17	3.22
HO 00 03	Frame	1.00	1.10	1.15	1.30	1.45	1.65	2.10	2.45	3.65
	Masonry	0.90	0.99	1.04	1.17	1.31	1.49	1.89	2.21	3.29
HO 00 05	Frame	1.10	1.21	1.27	1.43	1.60	1.82	2.31	2.70	4.02
	Masonry	0.99	1.09	1.14	1.29	1.44	1.64	2.08	2.43	3.62

TABLE 2A - UNITY TABLE

TERRITORY	CURVE #	UNITY
13	1	\$1,639
14	1	\$1,485
15	1	\$2,300
16	1	\$2,130
17	1	\$2,160
18	1	\$1,902
19	1	\$1,794
20	1	\$1,732
21	1	\$2,078
22	1	\$1,533
24	1	\$1,864
29	1	\$1,863
30	1	\$2,340
31	1	\$2,407
32	1	\$2,139

TABLE 2B - AMOUNT OF INSURANCE TABLE

Coverage A Amount	Curve #1
\$ 10,000	0.267
20,000	0.307
30,000	0.346
40,000	0.385
50,000	0.409
60,000	0.447
70,000	0.504
80,000	0.557
90,000	0.614
100,000	0.668
110,000	0.738
120,000	0.804
130,000	0.870
140,000	0.934
150,000	1.000
160,000	1.066
170,000	1.131
180,000	1.197
190,000	1.264
200,000	1.323
210,000	1.396
220,000	1.463
230,000	1.529
240,000	1.596
250,000	1.664
260,000	1.733
270,000	1.802
280,000	1.864
290,000	1.919
300,000	1.973
310,000	2.035
320,000	2.097
330,000	2.155
340,000	2.210
350,000	2.264
Each add'l \$10,000- ADD	0.064



POLICY FORMS HO 00 04, HO 00 06

TABLE 3 - PREMIUM FACTORS

Policy Form	Type of Construction	Protection Class			
		1 - 4	5, 6	7, 8, 8B	9, 10
HO 00 04	Frame	1.00	1.10	1.28	1.63
	Masonry	1.00	1.10	1.28	1.63

TABLE 4A - UNITY TABLE

TERRITORY	CURVE #	UNITY
13	1	\$61
14	1	\$61
15	1	\$61
16	1	\$61
17	1	\$61
18	1	\$61
19	1	\$61
20	1	\$61
21	1	\$61
22	1	\$61
24	1	\$61
29	1	\$61
30	1	\$62
31	1	\$61
32	1	\$61

TABLE 4B - AMOUNT OF INSURANCE TABLE

Coverage C Amount	Curve #1
\$ 6,000	0.893
10,000	1.000
15,000	1.150
20,000	1.375
25,000	1.650
30,000	1.950
35,000	2.250
40,000	2.550
45,000	2.875
50,000	3.200
55,000	3.525
60,000	3.850
65,000	4.150
70,000	4.450
75,000	4.750
80,000	5.050
85,000	5.350
90,000	5.650
95,000	5.950
100,000	6.250
Each add'l \$1,000-ADD	0.060

POLICY FORM FACTOR

Policy Form	Factor
HO 00 04	1.00
HO 00 06	0.76