

State: Arkansas **Filing Company:** Pharmacists Mutual Insurance Company
TOI/Sub-TOI: 19.0 Personal Auto/19.0001 Private Passenger Auto (PPA)
Product Name: Personal Automobile
Project Name/Number: APV-AR-07-13-RA/APV-AR-07-13-RA

Filing at a Glance

Company: Pharmacists Mutual Insurance Company
Product Name: Personal Automobile
State: Arkansas
TOI: 19.0 Personal Auto
Sub-TOI: 19.0001 Private Passenger Auto (PPA)
Filing Type: Rate
Date Submitted: 04/15/2013
SERFF Tr Num: PHAR-128981170
SERFF Status: Closed-Filed
State Tr Num:
State Status:
Co Tr Num: APV-AR-07-13-RA

Effective Date: 07/01/2013
Requested (New):
Effective Date: 07/01/2013
Requested (Renewal):
Author(s): Stephanie Marlow
Reviewer(s): Alexa Grissom (primary)
Disposition Date: 04/18/2013
Disposition Status: Filed
Effective Date (New): 07/01/2013
Effective Date (Renewal): 07/01/2013

State Filing Description:

State: Arkansas **Filing Company:** Pharmacists Mutual Insurance Company
TOI/Sub-TOI: 19.0 Personal Auto/19.0001 Private Passenger Auto (PPA)
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General Information

Project Name: APV-AR-07-13-RA Status of Filing in Domicile:
 Project Number: APV-AR-07-13-RA Domicile Status Comments:
 Reference Organization: ISO Reference Number: PP-2012-BRLA1
 Reference Title: Advisory Org. Circular:
 Filing Status Changed: 04/18/2013
 State Status Changed: Deemer Date:
 Created By: Stephanie Marlow Submitted By: Stephanie Marlow
 Corresponding Filing Tracking Number:

Filing Description:

Pharmacists Mutual Insurance Company is a member of ISO services in your state. With this filing we are adopting the loss cost revision. We will be modifying our loss cost multipliers. Our overall anticipation is an increase in rates of 4.0%

We would like for this revision to become effective for all business on or after July 1, 2013. Please note ISO has released this revision with an effective date of May 1, 2013.

Company and Contact

Filing Contact Information

Stephanie Marlow, stephanie.marlow@phmic.com
 PO Box 370 515-395-7236 [Phone]
 Algona, IA 50511 515-395-7484 [FAX]

Filing Company Information

Pharmacists Mutual Insurance Company CoCode: 13714 State of Domicile: Iowa
 808 Highway 18 West Group Code: 775 Company Type: Mutual
 P.O. Box 370 Group Name: PMC State ID Number:
 Algona, IA 50511 FEIN Number: 42-0223390
 (800) 247-5930 ext. [Phone]

Filing Fees

Fee Required? Yes
 Fee Amount: \$100.00
 Retaliatory? No
 Fee Explanation: Rate/Loss Cost Filing fee is \$100.00
 Per Company: No

Company	Amount	Date Processed	Transaction #
Pharmacists Mutual Insurance Company	\$100.00	04/15/2013	69347380

SERFF Tracking #:

PHAR-128981170

State Tracking #:

Company Tracking #:

APV-AR-07-13-RA

State:

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Pharmacists Mutual Insurance Company

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Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Filed	Alexa Grissom	04/18/2013	04/18/2013

State: Arkansas
TOI/Sub-TOI: 19.0 Personal Auto/19.0001 Private Passenger Auto (PPA)
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Filing Company: Pharmacists Mutual Insurance Company

Disposition

Disposition Date: 04/18/2013
 Effective Date (New): 07/01/2013
 Effective Date (Renewal): 07/01/2013
 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):
Pharmacists Mutual Insurance Company	6.000%	4.000%	\$22,829	304	\$567,827	10.100%	0.000%

Schedule	Schedule Item	Schedule Item Status	Public Access
Supporting Document	A-1 Private Passenger Auto Abstract	Filed	Yes
Supporting Document	APCS-Auto Premium Comparison Survey	Filed	Yes
Supporting Document	NAIC loss cost data entry document	Filed	Yes
Supporting Document	NAIC Loss Cost Filing Document for OTHER than Workers' Comp	Filed	Yes
Supporting Document	Actuarial Support	Filed	Yes
Supporting Document	Marked Up Manuals	Filed	Yes
Rate	AR Personal Auto Exception Pages	Filed	Yes
Rate	AR Personal Auto Rate Pages 2013	Filed	Yes

SERFF Tracking #:

PHAR-128981170

State Tracking #:

Company Tracking #:

APV-AR-07-13-RA

State:

Arkansas

Filing Company:

Pharmacists Mutual Insurance Company

TOI/Sub-TOI:

19.0 Personal Auto/19.0001 Private Passenger Auto (PPA)

Product Name:

Personal Automobile

Project Name/Number:

APV-AR-07-13-RA/APV-AR-07-13-RA

Rate Information

Rate data applies to filing.

Filing Method:

File & Use

Rate Change Type:

Increase

Overall Percentage of Last Rate Revision:

3.500%

Effective Date of Last Rate Revision:

08/01/2012

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):
Pharmacists Mutual Insurance Company	6.000%	4.000%	\$22,829	304	\$567,827	10.100%	0.000%

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Pharmacists Mutual Insurance Company

TOI/Sub-TOI:

19.0 Personal Auto/19.0001 Private Passenger Auto (PPA)

Product Name:

Personal Automobile

Project Name/Number:

APV-AR-07-13-RA/APV-AR-07-13-RA

Rate/Rule Schedule

Item No.	Schedule Item Status	Exhibit Name	Rule # or Page #	Rate Action	Previous State Filing Number	Attachments
1	Filed 04/18/2013	AR Personal Auto Exception Pages	ALL	Replacement	PHAR-128330499	AR APV Exception Page 07 13.pdf
2	Filed 04/18/2013	AR Personal Auto Rate Pages 2013	ALL	Replacement	PHAR-128330499	AR APV Rate Pages 2013.pdf

PHARMACISTS MUTUAL INSURANCE COMPANY

PERSONAL AUTOMOBILE PROGRAM MANUAL

ARKANSAS

Loss Cost Multiplier

PHARMACISTS MUTUAL INSURANCE COMPANY will use a loss cost multiplier of 1.417 for Uninsured/Underinsured Motorist Coverages, 1.336 for all other liability coverages and 1.620 for physical damage coverage, with all "Loss Costs" established by ISO for our Personal Automobile program.

Rule 3.E has been withdrawn and replaced by the following:

3.E Premium Determination

This rule is deleted, as Expense Fees will not be added to the premiums.

Rule 4.C.2.c has been withdrawn and replaced by the following:

c. AGE means the age attained within the first six months of the policy period.

Rule 7. has been withdrawn and replaced by the following:

7. Minimum Premium Rule

This rule is deleted.

Rule 9.C. has been amended by the following:

9.C. Minimal Premium Adjustments

The company's "Minimal Premium" is \$5.00.

Rule 10.A. has been withdrawn and replaced by the following:

10.A. If a policy, vehicle or form of coverage is cancelled, return premium will be computed pro rata.

Rule 18.A.2 has been amended by the addition of the following limit option:

18. Increased Limits

- A. Liability Increased Limits Tables
 - Bodily Injury Liability Increased Limits

<u>Limit</u>	<u>Factor</u>
500/500	2.34

PHARMACISTS MUTUAL INSURANCE COMPANY

PERSONAL AUTOMOBILE PROGRAM MANUAL

ARKANSAS

Rule 19.A.2.a. and 19.A.3.e have been withdrawn and replaced by the following:

19. Miscellaneous Types

Rules 19.A.2.a and 19.A.3.e are deleted, as Expense Fees will not be added to the premiums.

Rule 22. has been added:

22. Personal Package Discount

If an insured has their Personal Auto and Homeowners/ Mobile Homeowners policies with Pharmacists Mutual a premium credit will be given according to the following rules:

1. **Eligibility** - This rule applies only if Personal Auto and Homeowners/Mobile Homeowners policies are written for the same named insured with Pharmacists Mutual.
2. **Premium Discount** - A 5% credit shall apply separately to each policy, after application of all other premium modifications.
3. **Policy Term** - Policies should be written with concurrent inception or expiration dates if possible.

Rule 23. has been added:

23. Multivariate Rating Factors – premium discounts will be applied to total policy premium.

A. 3-D Discount

- i) A review period of 72 months determines if the discount applies.

(1) New Business

- (a) Incident Free Years will be determined by a review of all claims or accidents, including not-at-fault claims and uninsured and underinsured motorist claims, within 72 months of the effective date of the application.
- (b) Do not count the most recent not-at fault claim and/or any claim less than \$100.

(2) Renewal Business

- (a) Incident Free Years will be determined by a review of all at-fault claims within 72 months ending prior to the processing of the renewal.
- (b) If an at-fault claim is not counted at the first renewal following the claim, we reserve the right to count the incident at the subsequent renewal.

- ii) A policy may not be re-written for the express purpose of obtaining or increasing the discount.

PHARMACISTS MUTUAL INSURANCE COMPANY

PERSONAL AUTOMOBILE PROGRAM MANUAL

ARKANSAS

- iii) A coverage lapse of 30 days or more is considered a lapse of coverage and initiates a new inception date, resulting in loss of discount.
- iv) The inception date of re-written business or a new policy written from an existing policy will be the date the named insured was added on the existing policy.
- v) If a new policy is written from an existing policy as a result of a divorce, the inception date of each of the new policies will be the inception date of the existing policy.
- vi) Discount Determination
 - (1) A policy with an SDIP surcharge is not eligible for the 3-D Discount if driving record points have been added for convictions or accidents, as per ISO Personal Automobile Manual Rule 5.
 - (2) The policy will be eligible for the 3-D Discount if an SDIP surcharge has been applied because the principal operator of the auto has no point assigned for an accident or conviction but has been licensed less than two years, as per ISO Personal Automobile Manual Rule 5.B.1.c.(1).
 - (3) The inception date of the policy determines Loyalty Years.
 - (4) The 3-D discount shall be applied to all Private Passenger Autos and Miscellaneous Vehicles.

Incident Free Years	LOYALTY YEARS										
	<u>0 to 2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>	<u>11</u>	<u>12 or More</u>
0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
1	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
2	0.0%	0.0%	0.0%	0.0%	1.0%	1.0%	1.5%	1.5%	2.0%	2.0%	2.5%
3	0.0%	0.0%	0.0%	1.5%	2.0%	2.5%	3.0%	3.5%	4.0%	4.5%	5.0%
4	5.0%	5.0%	8.0%	8.5%	9.0%	10.0%	11.0%	12.0%	13.0%	14.0%	15.0%
5	5.0%	5.0%	8.0%	8.5%	9.0%	10.0%	11.0%	12.0%	13.0%	14.0%	15.0%
6 or more	10.0%	10.0%	13.0%	13.5%	14.0%	15.0%	16.0%	17.0%	18.0%	19.0%	20.0%

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- B. Payment Method –Full payment must be received by due date for discount to remain on the policy. If partial or EFT payment chosen, policy will be eligible for full payment option at next renewal date.

Payment Method	Discount
Partial/EFT	0%
Full	5%

- C. Insurance Score – the highest insurance score of all drivers on the policy will be used to determine this discount.

Insurance Score	Discount
No Hit	0%
Under 600	-15%
600-649	-7.5%
650-749	0%
750-849	5%
850+	10%

Filed Base Rates by Territory

ARKANSAS	Terr	\$75,000	25/50	\$25,000	1,000
		CSL	B.I.	P.D	Med
	21	627	286	232	44
	22	529	216	231	21
	23	492	194	226	19
	24	448	180	199	20
	25	505	242	171	29
	26	397	167	167	21
	27	314	130	136	17
	28	414	183	162	19
	29	290	118	128	13
	30	399	167	170	15
	31	389	154	178	19
	32	362	156	147	19
	33	413	168	182	19

Increased Limit Factors

Single Limit		Bodily Injury		Property Damage		Med Pay	
75,000	1.00	25/50	1.00	25,000	1.00	1,000	1.00
100,000	1.07	50/100	1.27	50,000	1.06	2,000	1.70
200,000	1.24	100/200	1.58	100,000	1.12	5,000	2.70
300,000	1.34	100/300	1.59	150,000	1.15	10,000	3.46
500,000	1.44	250/500	2.05	200,000	1.18	25,000	4.52
1,000,000	1.56	300/300	2.11	250,000	1.20	50,000	5.26
		500/500	2.34	500,000	1.25	75,000	5.50
		500/1000	2.36	750,000	1.27	100,000	5.58
		1000/1000	2.60	1,000,000	1.28		

COMPREHENSIVE \$500 Deductible

ARKANSAS <u>Terr</u>	Base Yr <u>2013</u>
21	155
22	102
23	73
24	128
25	219
26	183
27	241
28	230
29	204
30	128
31	142
32	225
33	126

Comprehensive Deductible Factors

<u>50</u>	<u>100</u>	<u>200</u>	<u>250</u>	<u>500</u>	<u>1000</u>	<u>1500</u>	<u>2000</u>	<u>2500</u>
1.36	1.30	1.19	1.15	1.00	0.81	0.66	0.55	0.45

COLLISION \$500 Deductible

<u>Terr</u>	Base Yr <u>2013</u>
21	575
22	484
23	432
24	432
25	468
26	437
27	436
28	452
29	403
30	356
31	361
32	458
33	418

Collision Deductible Factors

<u>100</u>	<u>200</u>	<u>250</u>	<u>500</u>	<u>1000</u>	<u>1500</u>	<u>2000</u>	<u>2500</u>
1.21	1.14	1.11	1.00	0.85	0.72	0.62	0.54

PVM RULE 14.A. Uninsured Motorists Coverage

PVM RULE 14.A. Uninsured Motorists Coverage

BI ONLY UM COVERAGE - SPLIT LIMITS

BI ONLY UM COVERAGE - SINGLE LIMIT

BASIC LIMITS - Charge the rates per registered auto displayed below depending on whether the risk is a Single Car or a Multi-Car risk. For Multi-Car risks, apply the rate to each car including the first car.

BASIC LIMITS - Charge the rates per registered auto displayed below depending on whether the risk is a Single Car or a Multi-Car risk. For Multi-Car risks, apply the rate to each car including the first car.

	Territories	Single Car	Multi-Car Per Car
\$25,000 / 50,000 BI	21	\$68	\$54
	22, 23, 24, and 25	\$28	\$22
	All Remaining	\$18	\$15

	Territories	Single Car	Multi-Car Per Car
\$50,000 UM	21	\$87	\$70
	22, 23, 24, and 25	\$36	\$29
	All Remaining	\$24	\$19

INCREASED LIMITS - Add the additional rate increments shown below to the basic limit rates.

INCREASED LIMITS - Add the additional rate increments shown below to the basic limit rates.

Territory 21

Territory 21

	Single Car	Multi-Car Per Car
50/100	\$24	\$20
100/200	\$54	\$43
100/300	\$55	\$44
250/500	\$94	\$75
300/300	\$100	\$80
500/500	\$119	\$95
500/1000	\$121	\$97
1000/1000	\$141	\$113

	Single Car	Multi-Car Per Car
75,000	\$17	\$14
100,000	\$31	\$24
200,000	\$62	\$50
300,000	\$80	\$64
500,000	\$100	\$80
1,000,000	\$121	\$97

Territories 22, 23, 24, and 25

Territories 22, 23, 24 and 25

	Single Car	Multi-Car Per Car
50/100	\$10	\$8
100/200	\$22	\$18
100/300	\$22	\$18
250/500	\$39	\$31
300/300	\$41	\$33
500/500	\$49	\$39
500/1000	\$49	\$39
1000/1000	\$58	\$46

	Single Car	Multi-Car Per Car
75,000	\$7	\$6
100,000	\$12	\$10
200,000	\$26	\$20
300,000	\$33	\$26
500,000	\$41	\$33
1,000,000	\$50	\$40

All Remaining Territories

All Remaining Territories

	Single Car	Multi-Car Per Car
50/100	\$7	\$5
100/200	\$15	\$12
100/300	\$15	\$12
250/500	\$26	\$21
300/300	\$27	\$22
500/500	\$33	\$26
500/1000	\$33	\$26
1000/1000	\$38	\$31

	Single Car	Multi-Car Per Car
75,000	\$5	\$4
100,000	\$8	\$7
200,000	\$17	\$14
300,000	\$22	\$17
500,000	\$27	\$22
1,000,000	\$33	\$26

BI & PD UM COMBINED - SPLIT LIMITS

BASIC LIMITS - Charge the rates per registered auto displayed below depending on whether the risk is a Single Car or a Multi-Car risk. For Multi-Car risks, apply the rate to each car including the first car.

	Territories	Single Car	Multi-Car Per Car
\$25,000/50,000/25,000 BI & PD*	21	\$124	\$99
	22, 23, 24, and 25	\$60	\$48
	All Remaining	\$38	\$31

* Property Damage Uninsured Motorists Coverage is subject to a \$200 deductible.

INCREASED LIMITS - BI UM Add the additional rate increments shown below to the basic limit rates.

Territory 21

	Single Car	Multi-Car Per Car
50/100	\$24	\$20
100/200	\$54	\$43
100/300	\$55	\$44
250/500	\$94	\$75
300/300	\$100	\$80
500/500	\$119	\$95
500/1000	\$121	\$97
1000/1000	\$141	\$113

Territories 22, 23, 24, and 25

	Single Car	Multi-Car Per Car
50/100	\$10	\$8
100/200	\$22	\$18
100/300	\$22	\$18
250/500	\$39	\$31
300/300	\$41	\$33
500/500	\$49	\$39
500/1000	\$49	\$39
1000/1000	\$58	\$46

All Remaining Territories

	Single Car	Multi-Car Per Car
50/100	\$7	\$5
100/200	\$15	\$12
100/300	\$15	\$12
250/500	\$26	\$21
300/300	\$27	\$22
500/500	\$33	\$26
500/1000	\$33	\$26
1000/1000	\$38	\$31

INCREASED LIMITS - PD UM Add the additional rate

BI & PD UM COMBINED - SINGLE LIMIT

BASIC LIMITS - Charge the rates per registered auto displayed below depending on whether the risk is a Single Car or a Multi-Car risk. For Multi-Car risks, apply the rate to each car including the first car.

	Territories	Single Car	Multi-Car Per Car
\$75,000 BI & PD*	21	\$101	\$125
	22, 23, 24, and 25	\$54	\$59
	All Remaining	\$35	\$39

* Property Damage Uninsured Motorists Coverage is subject to a \$200 deductible.

INCREASED LIMITS - BI UM Add the additional rate increments shown below to the basic limit rates.

Territory 21

	Single Car	Multi-Car Per Car
100,000	\$14	\$11
200,000	\$46	\$37
300,000	\$63	\$51
500,000	\$83	\$66
1,000,000	\$105	\$84

Territories 22, 23, 24, and 25

	Single Car	Multi-Car Per Car
100,000	\$6	\$5
200,000	\$19	\$15
300,000	\$26	\$21
500,000	\$34	\$27
1,000,000	\$43	\$34

All Remaining Territories

	Single Car	Multi-Car Per Car
100,000	\$4	\$3
200,000	\$13	\$10
300,000	\$17	\$14
500,000	\$23	\$18
1,000,000	\$29	\$23

increments shown below to the basic limit rates.

ALL TERRITORIES

Property Damage	Single Car	Multi-Car Per Car
50,000	\$1	\$1
100,000	\$2	\$2
200,000	\$3	\$3
300,000	\$4	\$3
500,000	\$5	\$4
1,000,000	\$6	\$5

PVM RULE 14.B. Underinsured Motorists Coverage

SPLIT LIMITS - The following rates apply for each auto depending on whether the risk is a single car or a multi-car risk. For Multi-Car risks, apply the rates to each car including the first car.

Territory 21

	Single Car	Multi-Car Per Car
25/50	\$46	\$37
50/100	\$80	\$64
100/200	\$127	\$102
100/300	\$128	\$102
250/500	\$203	\$162
300/300	\$216	\$173
500/500	\$259	\$207
500/1000	\$260	\$208
1000/1000	\$309	\$247

Territories 22, 23, 24, and 25

	Single Car	Multi-Car Per Car
25/50	\$40	\$32
50/100	\$70	\$56
100/200	\$113	\$90
100/300	\$113	\$90
250/500	\$179	\$143
300/300	\$191	\$153
500/500	\$228	\$183
500/1000	\$230	\$184
1000/1000	\$273	\$218

All Remaining Territories

	Single Car	Multi-Car Per Car
25/50	\$32	\$26
50/100	\$56	\$45
100/200	\$89	\$71
100/300	\$89	\$72
250/500	\$142	\$114
300/300	\$152	\$121
500/500	\$181	\$145
500/1000	\$182	\$146
1000/1000	\$217	\$173

PVM RULE 14.B. Underinsured Motorists Coverage Cont'd

SINGLE LIMITS - The following rates apply for each auto depending on whether the risk is a single car or a multi-car risk. For Multi-Car risks, apply the rates to each car including the first car.

Territory 21

	Single Car	Multi-Car Per Car
50,000	\$77	\$62
75,000	\$103	\$82
100,000	\$124	\$99
200,000	\$181	\$145
300,000	\$216	\$173
500,000	\$259	\$207
1,000,000	\$309	\$247

Territories 22, 23, 24, and 25

	Single Car	Multi-Car Per Car
50,000	\$68	\$54
75,000	\$91	\$72
100,000	\$109	\$87
200,000	\$160	\$128
300,000	\$191	\$153
500,000	\$228	\$183
1,000,000	\$273	\$218

All Remaining Territories

	Single Car	Multi-Car Per Car
50,000	\$54	\$43
75,000	\$72	\$58
100,000	\$87	\$69
200,000	\$127	\$101
300,000	\$152	\$121
500,000	\$181	\$145
1,000,000	\$217	\$173

14. MISCELLANEOUS COVERAGES

D. Optional Limits Transportation Expenses Coverage

Coverage	Rate Per Auto
\$30/\$900 Optional Limits Transportation Expenses Coverage	\$10
\$40/\$1200 Optional Limits Transportation Expenses Coverage	\$18
\$50/\$1500 Optional Limits Transportation Expenses Coverage	\$26

E. Towing and Labor Costs Coverage

Limit Per Disablement	Rate Per Auto, Per Year
\$25	\$4
50	\$6
75	\$8
100	\$10
Limit Per Disablement	Rate Per Motor Home, Per Year
\$150	\$10
200	\$14
250	\$17

F. Increased Limits For Excess Electronic Equipment

Maximum Limit of Liability For Excess Electronic Equipment

Equipment	Rate
\$1,500	\$47
2,000	\$94
2,500	\$141
3,000	\$189
3,500	\$236
4,000	\$283
4,500	\$330
5,000	\$377

For limits in excess of \$5,000, Refer to Company

G. Tapes, Records, Disks And Other Media Coverage

Limit of Coverage	Rate Per Auto, Per Year
\$200	\$16

H. Excess Custom Equipment Coverage

Maximum Limit of Liability for Excess Custom Equipment

Excess Custom Equipment	Rate Per Auto
\$2,000	\$8
\$3,000	\$24
\$4,000	\$40
\$5,000	\$57
\$6,000	\$73
\$7,000	\$89
\$8,000	\$105
\$9,000	\$121

19. MISCELLANEOUS TYPES

B. Trailers Designed For Use With Private Passenger Autos And Camper Bodies

2. All Other Trailers

Coverage	Deductible	Rate Per \$100
Comprehensive	\$500	\$0.74
Collision	\$500	\$0.76

D. Snowmobiles and All-Terrain Vehicles

Coverage	Deductible	Rate Per \$100
Comprehensive	\$500	\$1.46
Collision	\$500	\$1.67

E. Dune Buggies

Coverage	Deductible	Rate Per \$100
Comprehensive	\$500	\$1.54
Collision	\$500	\$6.01

F. Golf Carts

Coverage	Deductible	Rate Per \$100
Comprehensive	\$500	\$0.52
Collision	\$500	\$0.81

G. Antique Autos

Coverage	Deductible	Rate Per \$100
Comprehensive	\$500	\$0.78
Collision	\$500	\$1.15

ADDITIONAL RULE - ARKANSAS MEDICAL PAYMENTS INSURANCE, WORK LOSS COVERAGE AND ACCIDENTAL DEATH BENEFIT

The rates for Section B. are as follows:

- 2. Work Loss Coverage
 - b. Rates
 - (2) All Other Motor Vehicles
 - Per Car Per Year \$5
- 3. Accidental Death Benefit
 - b. Rates
 - (2) All Other Motor Vehicles
 - Per Car Per Year \$3

PHMIC

PERSONAL VEHICLE MANUAL

ARKANSAS (03)

\$10,000

\$138

For limits in excess of \$10,000, charge an additional \$10 per \$1000 of coverage.

I. Limited Mexico Coverage

Rate Per Year: \$6

K. Trip Interruption Coverage

Limit of Coverage

\$600

Rate Per Auto, Per Year

\$15

SERFF Tracking #:

PHAR-128981170

State Tracking #:

Company Tracking #:

APV-AR-07-13-RA

State:

Arkansas

Filing Company:

Pharmacists Mutual Insurance Company

TOI/Sub-TOI:

19.0 Personal Auto/19.0001 Private Passenger Auto (PPA)

Product Name:

Personal Automobile

Project Name/Number:

APV-AR-07-13-RA/APV-AR-07-13-RA

Supporting Document Schedules

Satisfied - Item:	A-1 Private Passenger Auto Abstract
Comments:	
Attachment(s):	PPA Abstract Form A1.pdf
Item Status:	Filed
Status Date:	04/18/2013

Satisfied - Item:	APCS-Auto Premium Comparison Survey
Comments:	
Attachment(s):	PPA Premium Comparison Survey.xlsx PPA Premium Comparison Survey.pdf
Item Status:	Filed
Status Date:	04/18/2013

Satisfied - Item:	NAIC loss cost data entry document
Comments:	
Attachment(s):	F319AR_051205[1].pdf
Item Status:	Filed
Status Date:	04/18/2013

Satisfied - Item:	NAIC Loss Cost Filing Document for OTHER than Workers' Comp
Comments:	
Attachment(s):	Summ Supp Info AO LI.pdf Summ Supp Info PD.pdf Summ Supp Info UMUI.pdf
Item Status:	Filed
Status Date:	04/18/2013

Satisfied - Item:	Actuarial Support
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SERFF Tracking #:

PHAR-128981170

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

APV-AR-07-13-RA

State:

Arkansas

Filing Company:

Pharmacists Mutual Insurance Company

TOI/Sub-TOI:

19.0 Personal Auto/19.0001 Private Passenger Auto (PPA)

Product Name:

Personal Automobile

Project Name/Number:

APV-AR-07-13-RA/APV-AR-07-13-RA

Comments:	
Attachment(s):	AR APV Summary of Changes.pdf AR APV Rate Indication Analysis 2013.pdf APV ROE Liability 2011.pdf APV ROE Physical Damage 2011.pdf AR APV Rate Memo -13.pdf
Item Status:	Filed
Status Date:	04/18/2013
Satisfied - Item:	Marked Up Manuals
Comments:	
Attachment(s):	AR APV Exception Page Comparison 08-12 to 07 13.pdf
Item Status:	Filed
Status Date:	04/18/2013

SERFF Tracking #:

PHAR-128981170

State Tracking #:

Company Tracking #:

APV-AR-07-13-RA

State:

Arkansas

Filing Company:

Pharmacists Mutual Insurance Company

TOI/Sub-TOI:

19.0 Personal Auto/19.0001 Private Passenger Auto (PPA)

Product Name:

Personal Automobile

Project Name/Number:

APV-AR-07-13-RA/APV-AR-07-13-RA

Attachment PPA Premium Comparison Survey.xlsx is not a PDF document and cannot be reproduced here.

ARKANSAS INSURANCE DEPARTMENT

FORM A-1 PRIVATE PASSENGER AUTOMOBILE 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 private passenger auto rate/rule submissions that do not alter the information contained herein need not include this form.

Company Name Pharmacists Mutual Insurance Company
 NAIC No. (including group #) 13714 (Group # 0775)

1. Are there any areas in the State of Arkansas in which your company will not write automobile insurance? Yes No
 If yes, list the areas: _____

2. Do you furnish a market for young drivers? Yes No

3. Do you require collateral business to support a youthful driver? Yes No

4. Do you insure drivers with an international or foreign driver's license? Yes No

5. Specify the percentage you allow in credit or discounts for the following:

- a. Driver Over 55 10 %
- b. Good Student Discount 15 %
- c. Multi-car Discount 20 %
- d. Accident Free Discount* 0-20 %

*Please Specify Qualification for Discount:

Please refer to the AR Personal Automobile Manual Exception Pages

- e. Anti-theft Discount 15 %
- f. Other (specify) – Driver Training 25 %
- Airbag / Seatbelt 30 %
- Antilock Brakes 5 %
- Personal Package Discount 5 %

6. Do you have an installment payment plan for automobile insurance? Yes No
 If so, what is the fee for installment payments? Electronic Funds \$1 per month, Quarterly \$5 per installment not counting the first installment, Semi-Annual \$5 per installment not counting the first

7. Does your company utilize a tiered rating plan? Yes No
 If so, list the programs and percentage difference and current volume for each plan:

Program	Percentage Difference	Volume
3-D Discount	0 to 20%	Please refer to our
Personal Automobile Exception Pages		
Payment Method	0 to 5%	
Insurance Score	Surcharge Discount -15 to 10%	

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

Stephanie R Marlow
Digitally signed by Stephanie R Marlow
 DN: cn=Stephanie R Marlow, o=Pharmacists Mutual Insurance Company, ou=Product Development, email=stephanie.marlow@pmic.com, c=US
 Date: 2013.04.10 15:23:29 -0500
 Signature

Stephanie R Marlow
 Printed Name

Rate Analyst
 Title

800-247-5930
 Telephone Number

Private Passenger Auto Premium Comparison Survey Form

FORM APCS - last modified May 2012

NAIC Number: 13714
Company Name: Pharmacists Mutual Insurance Company
Contact Person: Stephanie Marlow
Telephone No.: 800-247-5930
Email Address: stephanie.marlow@phmic.com
Effective Date: 7/1/2013

Assumptions to Use:

- 1 **Liability** -Minimum \$25,000 per person
- 2 **Bodily Injury** \$50,000 per accident
\$25,000 per accident
- 3 **Property Damage** \$100 deductible per accident
- 4 **Comprehensive & Collision** \$250 deductible per accident
- 5 **The insured has elected to accept:**
 Uninsured motorist property and bodily injury equal to liability coverage
 Underinsured bodily injury equal to liability coverage
- 6 **Personal Injury Protection** of \$5,000 for medical, loss wages according to statute and \$5,000 accidental death
- 7 **If male and female rates are different, use the highest of the two**

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 compact disk

DISCOUNTS OFFERED:

PASSIVE RESTRAINT/AIRBAG	30	%
AUTO/HOMEOWNERS	5	%
GOOD STUDENT	15	%
ANTI-THEFT DEVICE	15	%
Over 55 Defensive Driver Discount	10	%
\$250/\$500 Deductible Comp./Coll.	0/10	%

Vehicle	Coverages	Gender	Age	Fayetteville				Trumann				Little Rock				Lake Village				Pine Bluff			
				Female 18	Male 18	Male or Female 40	Male or Female 66	Female 18	Male 18	Male or Female 40	Male or Female 66	Female 18	Male 18	Male or Female 40	Male or Female 66	Female 18	Male 18	Male or Female 40	Male or Female 66	Female 18	Male 18	Male or Female 40	Male or Female 66
				2008 4.8L Chevrolet Silverado 1500 "LS" regular cab 119" WB	Minimum Liability			\$817	\$1,030	\$342	\$299	\$861	\$1,085	\$360	\$314	\$1,086	\$1,371	\$454	\$395	\$680	\$856	\$291	\$256
	Minimum Liability with Comprehensive and Collision			\$1,701	\$2,159	\$680	\$595	\$1,827	\$2,318	\$731	\$639	\$2,142	\$2,719	\$859	\$747	\$1,930	\$2,452	\$770	\$681	\$2,236	\$2,836	\$896	\$784
	100/300/50 Liability with Comprehensive and Collision			\$1,934	\$819	\$800	\$722	\$2,111	\$2,665	\$876	\$773	\$2,508	\$3,163	\$1,048	\$919	\$2,161	\$2,730	\$897	\$797	\$2,606	\$3,287	\$1,085	\$957
2009 Ford Explorer XLT 2WD, 4 door	Minimum Liability			\$817	\$1,030	\$342	\$299	\$861	\$1,085	\$360	\$314	\$1,086	\$1,371	\$454	\$395	\$680	\$856	\$291	\$256	\$1,003	\$1,263	\$424	\$368
	Minimum Liability with Comprehensive and Collision			\$1,717	\$2,178	\$687	\$601	\$1,844	\$2,340	\$736	\$643	\$2,165	\$2,749	\$867	\$754	\$1,941	\$2,466	\$774	\$685	\$2,250	\$2,855	\$902	\$789
	100/300/50 Liability with Comprehensive and Collision			\$1,980	\$2,496	\$826	\$728	\$2,128	\$2,687	\$881	\$777	\$2,531	\$3,193	\$1,056	\$926	\$2,172	\$2,744	\$901	\$801	\$2,620	\$3,306	\$1,091	\$962
2010 Honda Odyssey "EX"	Minimum Liability			\$817	\$1,030	\$342	\$299	\$861	\$1,085	\$360	\$314	\$1,086	\$1,371	\$454	\$395	\$680	\$856	\$291	\$256	\$1,003	\$1,263	\$424	\$368
	Minimum Liability with Comprehensive and Collision			\$1,766	\$2,242	\$705	\$616	\$1,897	\$2,407	\$758	\$662	\$2,226	\$2,823	\$890	\$773	\$2,006	\$2,549	\$800	\$706	\$2,316	\$2,940	\$926	\$812
	100/300/50 Liability with Comprehensive and Collision			\$2,029	\$2,560	\$844	\$743	\$2,181	\$2,754	\$903	\$796	\$2,592	\$3,267	\$1,079	\$945	\$2,237	\$2,827	\$927	\$822	\$2,686	\$3,391	\$1,115	\$985
2011 Toyota Camry 2.5L 4 door Sedan	Minimum Liability			\$817	\$1,030	\$342	\$299	\$861	\$1,085	\$360	\$314	\$1,086	\$1,371	\$454	\$395	\$680	\$856	\$291	\$256	\$1,003	\$1,263	\$424	\$368
	Minimum Liability with Comprehensive and Collision			\$2,116	\$2,687	\$839	\$735	\$2,279	\$2,895	\$903	\$789	\$2,641	\$3,357	\$1,050	\$912	\$2,503	\$3,182	\$990	\$875	\$2,804	\$3,563	\$1,114	\$976
	100/300/50 Liability with Comprehensive and Collision			\$2,379	\$3,005	\$978	\$862	\$2,563	\$3,242	\$1,048	\$923	\$3,007	\$3,801	\$1,239	\$1,084	\$2,734	\$3,460	\$1,117	\$991	\$3,174	\$4,014	\$1,303	\$1,149
2011 Cadillac Seville "CTS" AWD WAG 4 door 3.0L	Minimum Liability			\$817	\$1,030	\$342	\$299	\$861	\$1,085	\$360	\$314	\$1,086	\$1,371	\$454	\$395	\$680	\$856	\$291	\$256	\$1,003	\$1,263	\$424	\$368
	Minimum Liability with Comprehensive and Collision			\$2,504	\$3,182	\$988	\$865	\$2,702	\$3,435	\$1,065	\$931	\$3,105	\$3,947	\$1,227	\$1,066	\$3,049	\$3,880	\$1,198	\$1,060	\$3,343	\$4,251	\$1,321	\$1,158
	100/300/50 Liability with Comprehensive and Collision			\$2,767	\$3,500	\$1,127	\$992	\$2,986	\$3,782	\$1,210	\$1,065	\$3,471	\$4,391	\$1,416	\$1,238	\$3,280	\$4,158	\$1,325	\$1,176	\$3,713	\$4,702	\$1,510	\$1,331
2010 Hyundai Santa Fe SE 4X2	Minimum Liability			\$817	\$1,030	\$342	\$299	\$861	\$1,085	\$360	\$314	\$1,086	\$1,371	\$454	\$395	\$680	\$856	\$291	\$256	\$1,003	\$1,263	\$424	\$368
	Minimum Liability with Comprehensive and Collision			\$2,072	\$2,632	\$823	\$772	\$2,232	\$2,835	\$884	\$776	\$2,566	\$3,259	\$1,021	\$889	\$2,496	\$3,175	\$988	\$877	\$2,774	\$3,524	\$1,102	\$969
	100/300/50 Liability with Comprehensive and Collision			\$2,335	\$2,950	\$962	\$849	\$2,516	\$3,182	\$1,029	\$910	\$2,932	\$3,703	\$1,209	\$1,061	\$2,727	\$3,453	\$1,115	\$993	\$3,144	\$3,975	\$1,291	\$1,142

NAIC LOSS COST DATA ENTRY DOCUMENT

1.	This filing transmittal is part of Company Tracking #	APV-AR-07-13-RA
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2.	If filing is an adoption of an advisory organization loss cost filing, give name of Advisory Organization and Reference/ Item Filing Number	ISO - PP-2012-BRLA1
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	Company Name	Company NAIC Number
3.	A. Pharmacists Mutual Insurance Company	B. 13714

	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. 19.0 Personal Automobile	B. 19.0001 Private Passenger Auto

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
Personal Auto 19.1 & 19.2 Liability Coverage - all other liab	2.8	2.1	63.2	0.92	1.336	n/a	1.417
Personal Auto 19.1 & 19.2 Liability Coverage - UMUI	-6.0	15.2	63.2	0.98	1.417		1.417
Personal Auto 21.1 Physical Damage	14.8	2.4	53.9	1.05	1.620		1.679
TOTAL OVERALL EFFECT	6.0	4.0					

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
2008	409	-3.7	7/1/08	770	888	121.8	66.5
2009	386	-0.1	5/1/09	695	247	37.2	83.5
2010	372	4.2	6/1/10	677	340	60.0	85.7
2011	336	2.6	9/1/11	644	384	74.3	81.9
2012	304	3.5	08/01/2012	581	358	61.6	65.9

7.

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

8. Y Apply Lost Cost Factors to Future filings? (Y or N)
9. 10.1 Estimated Maximum Rate Increase for any Insured (%). Territory (if applicable): 25
10. 0.0 Estimated Maximum Rate Decrease for any Insured (%) Territory (if applicable): 21, 22, 24, 27, 28, 30, 33

PC RLC

FORM RF2-Reference filing abstract NAIC LOSS COST FILING DOCUMENT—OTHER THAN WORKERS' COMPENSATION

CALCULATION OF COMPANY LOSS COST MULTIPLIER

This filing transmittal is part of Company Tracking #	APV-AR-07-13-RA
This filing corresponds to form filing number (Company tracking number of form filing, if applicable)	

- Loss Cost Reference Filing** ISO PP-2012-BRLA1 **Independent Rate Filing**
(Advisory Org, & Reference filing #) LI-PA-2013-015

If this is a loss cost filing adopting an advisory organization's loss costs, the above insurer hereby declares that it is a member, subscriber or service purchaser of the named advisory organization for this line of insurance. The insurer hereby files (to be deemed to have independently submitted as its own filing) the prospective loss costs in the captioned Reference Filing. The insurer's rates will be the combination of the prospective loss costs and the loss cost multipliers and, if utilized, the expense constants specified in the attachments.

1. Check one of the following:

- The insurer hereby files to have its loss cost multipliers and, if utilized, expense constants be applicable to future revisions of the advisory organization's prospective loss costs for this line of insurance. The insurer's rates will be the combination of the advisory organization's prospective loss costs and the insurer's loss cost multipliers and if utilized, expense constants specified in the attachments. The rates will apply to policies written on or after the effective date of the advisory organization's prospective loss costs. This authorization is effective until disapproved by the Commissioner, or until amended or withdrawn by the insurer.

Note: Some states have statutes that prohibit this option for some lines of business.

- The insurer hereby files to have its loss cost multipliers and, if utilized, expense constants be applicable only to the above Advisory Organization Reference Filing.

2. Line, Subline, Coverage, Territory, Class, etc. combination to which this page applies: 19.0 Personal Automobile, 19.0001 Private Passenger Auto, All Other Liability

3. Loss cost modification:

A. The insurer hereby files to adopt the prospective loss costs in the captioned reference filing:

(Check One):

- Without Modification (factor = 1.000)
 With the following modification(s). (Cite the nature and percent modification, and attach supporting data and/or rationale for the modification.) -8%

B. Loss Cost Modification Expressed as a Factor: (See Examples Below) 0.92

Example 1: Loss cost Modification Factor: If your company's loss cost modification is -10%, a factor of .90 (1.000 - .100) should be used.

Example 2: Loss cost Modification Factor: If your company's loss cost modification is =15%, a factor of 1.15 (1.000 + .150) should be used.

NOTE: IF EXPENSE CONSTANTS ARE UTILIZED ATTACH "EXPENSE CONSTANT SUPPLEMENT" OR OTHER SUPPORTING INFORMATION. DO NOT COMPLETE ITEMS 4-8 BELOW.

4. Development of Expected Loss Ratio. (Attach exhibit detailing insurer expense data and/or other supporting information.)

		Selected Provisions	
A.	Total Production Expense	16.0	%
B.	General Expense	7.0	%
C.	Taxes, Licenses & Fee	3.1	%
D.	Underwriting profit & Contingencies (explain how investment income is taken into account)	5.1	%
E.	Other (explain)		%
F.	Total	31.2	%

5.	A.	Expected Loss Ratio: $ELR = 100\% - 4F = A$	68.8	%
	B.	ELR in Decimal Form =	.688	
6.		Company Formula Loss Cost Multiplier (3B/5B)	1.336	
7.		Company Selected Loss Cost Multiplier = (Attach explanation for any differences between 6 and 7)	1.336	
8.		Rate Level Change for the coverage(s) to which this page applies	-5.7	

FORM RF2-Reference filing abstract NAIC LOSS COST FILING DOCUMENT—OTHER THAN WORKERS' COMPENSATION

CALCULATION OF COMPANY LOSS COST MULTIPLIER

This filing transmittal is part of Company Tracking #	APV-AR-07-13-RA
This filing corresponds to form filing number (Company tracking number of form filing, if applicable)	

- Loss Cost Reference Filing** ISO PP-2012-BRLA1 **Independent Rate Filing**
 (Advisory Org, & Reference filing #) LI-PA-2013-015

If this is a loss cost filing adopting an advisory organization's loss costs, the above insurer hereby declares that it is a member, subscriber or service purchaser of the named advisory organization for this line of insurance. The insurer hereby files (to be deemed to have independently submitted as its own filing) the prospective loss costs in the captioned Reference Filing. The insurer's rates will be the combination of the prospective loss costs and the loss cost multipliers and, if utilized, the expense constants specified in the attachments.

1. Check one of the following:

- The insurer hereby files to have its loss cost multipliers and, if utilized, expense constants be applicable to future revisions of the advisory organization's prospective loss costs for this line of insurance. The insurer's rates will be the combination of the advisory organization's prospective loss costs and the insurer's loss cost multipliers and if utilized, expense constants specified in the attachments. The rates will apply to policies written on or after the effective date of the advisory organization's prospective loss costs. This authorization is effective until disapproved by the Commissioner, or until amended or withdrawn by the insurer.

Note: Some states have statutes that prohibit this option for some lines of business.

- The insurer hereby files to have its loss cost multipliers and, if utilized, expense constants be applicable only to the above Advisory Organization Reference Filing.

2. Line, Subline, Coverage, Territory, Class, etc. combination to which this page applies: 19.0 Personal Automobile, 19.0001 Private Passenger Auto, Physical Damage

3. Loss cost modification:

A. The insurer hereby files to adopt the prospective loss costs in the captioned reference filing:

(Check One):

- Without Modification (factor = 1.000)
 With the following modification(s). (Cite the nature and percent modification, and attach supporting data and/or rationale for the modification.) 5%

B. Loss Cost Modification Expressed as a Factor: (See Examples Below) 1.05

Example 1: Loss cost Modification Factor: If your company's loss cost modification is -10%, a factor of .90 (1.000 - .100) should be used.

Example 2: Loss cost Modification Factor: If your company's loss cost modification is =15%, a factor of 1.15 (1.000 + .150) should be used.

NOTE: IF EXPENSE CONSTANTS ARE UTILIZED ATTACH "EXPENSE CONSTANT SUPPLEMENT" OR OTHER SUPPORTING INFORMATION. DO NOT COMPLETE ITEMS 4-8 BELOW.

4. Development of Expected Loss Ratio. (Attach exhibit detailing insurer expense data and/or other supporting information.)

		Selected Provisions	
A.	Total Production Expense	16.0	%
B.	General Expense	7.0	%
C.	Taxes, Licenses & Fee	3.1	%
D.	Underwriting profit & Contingencies (explain how investment income is taken into account)	9.1	%
E.	Other (explain)		%
F.	Total	35.2	%

5.	A.	Expected Loss Ratio: $ELR = 100\% - 4F = A$	64.8	%
	B.	ELR in Decimal Form =	.648	
6.		Company Formula Loss Cost Multiplier (3B/5B)	1.620	
7.		Company Selected Loss Cost Multiplier = (Attach explanation for any differences between 6 and 7)	1.620	
8.		Rate Level Change for the coverage(s) to which this page applies	-3.5%	

FORM RF2-Reference filing abstract NAIC LOSS COST FILING DOCUMENT—OTHER THAN WORKERS' COMPENSATION

CALCULATION OF COMPANY LOSS COST MULTIPLIER

This filing transmittal is part of Company Tracking #	APV-AR-07-13-RA
This filing corresponds to form filing number (Company tracking number of form filing, if applicable)	

- Loss Cost Reference Filing** ISO PP-2012-BRLA1 **Independent Rate Filing**
(Advisory Org, & Reference filing #) LI-PA-2013-015

If this is a loss cost filing adopting an advisory organization's loss costs, the above insurer hereby declares that it is a member, subscriber or service purchaser of the named advisory organization for this line of insurance. The insurer hereby files (to be deemed to have independently submitted as its own filing) the prospective loss costs in the captioned Reference Filing. The insurer's rates will be the combination of the prospective loss costs and the loss cost multipliers and, if utilized, the expense constants specified in the attachments.

1. Check one of the following:

- The insurer hereby files to have its loss cost multipliers and, if utilized, expense constants be applicable to future revisions of the advisory organization's prospective loss costs for this line of insurance. The insurer's rates will be the combination of the advisory organization's prospective loss costs and the insurer's loss cost multipliers and if utilized, expense constants specified in the attachments. The rates will apply to policies written on or after the effective date of the advisory organization's prospective loss costs. This authorization is effective until disapproved by the Commissioner, or until amended or withdrawn by the insurer.

Note: Some states have statutes that prohibit this option for some lines of business.

- The insurer hereby files to have its loss cost multipliers and, if utilized, expense constants be applicable only to the above Advisory Organization Reference Filing.

2. Line, Subline, Coverage, Territory, Class, etc. combination to which this page applies: 19.0 Personal Automobile, 19.0001 Private Passenger Auto, UMUI

3. Loss cost modification:

A. The insurer hereby files to adopt the prospective loss costs in the captioned reference filing:

(Check One):

- Without Modification (factor = 1.000)
 With the following modification(s). (Cite the nature and percent modification, and attach supporting data and/or rationale for the modification.) -2%

B. Loss Cost Modification Expressed as a Factor: (See Examples Below) 0.98

Example 1: Loss cost Modification Factor: If your company's loss cost modification is -10%, a factor of .90 (1.000 - .100) should be used.

Example 2: Loss cost Modification Factor: If your company's loss cost modification is =15%, a factor of 1.15 (1.000 + .150) should be used.

NOTE: IF EXPENSE CONSTANTS ARE UTILIZED ATTACH "EXPENSE CONSTANT SUPPLEMENT" OR OTHER SUPPORTING INFORMATION. DO NOT COMPLETE ITEMS 4-8 BELOW.

4. Development of Expected Loss Ratio. (Attach exhibit detailing insurer expense data and/or other supporting information.)

		Selected Provisions	
A.	Total Production Expense	16.0	%
B.	General Expense	7.0	%
C.	Taxes, Licenses & Fee	3.1	%
D.	Underwriting profit & Contingencies (explain how investment income is taken into account)	5.1	%
E.	Other (explain)		%
F.	Total	31.2	%

5.	A.	Expected Loss Ratio: $ELR = 100\% - 4F = A$	68.8	%
	B.	ELR in Decimal Form =	.648	
6.		Company Formula Loss Cost Multiplier (3B/5B)	1.417	
7.		Company Selected Loss Cost Multiplier = (Attach explanation for any differences between 6 and 7)	1.417	
8.		Rate Level Change for the coverage(s) to which this page applies	0.0	

PHARMACISTS MUTUAL INSURANCE COMPANY

Summary of Automobile Changes
ARKANSAS

Coverage	Annualized Premium	Loss Costs	Deductible Relativity	Increased Limits	LCM	Total Change
UM/UI						
UM	\$11,553	31.5%	0.0%	0.0%	0.0%	31.5%
UMPD	\$10,276	19.4%	0.0%	0.0%	0.0%	19.4%
UMSLPD	\$5,890	20.8%	0.0%	0.0%	0.0%	20.8%
UICSL	\$13,453	9.8%	0.0%	0.0%	0.0%	9.8%
UI	\$35,341	9.8%	0.0%	0.0%	0.0%	9.8%
UM/UI Subtotal	\$76,513	15.2%	0.0%	0.0%	0.0%	15.2%
All Other Liability						
Bodily Injury	\$104,094	12.1%	0.0%	0.0%	-5.7%	5.7%
Combined Single Limit	\$55,657	12.1%	0.0%	0.0%	-5.7%	5.7%
Property Damage	\$78,093	2.8%	0.0%	0.0%	-5.7%	-3.0%
Med Pay	\$18,349	0.0%	0.0%	0.0%	-5.7%	-5.7%
ADB	\$1,635	0.0%	0.0%	0.0%	-5.7%	-5.7%
PIPWL	\$2,184	0.0%	0.0%	0.0%	-5.7%	-5.7%
All Other Liability Sub-Total	\$260,012	8.3%	0.0%	0.0%	-5.7%	2.1%
Total Liability Sub-Total	\$336,525	9.9%	0.0%	0.0%	-4.4%	5.1%
Physical Damage						
Comprehensive	\$71,378	5.2%	0.0%	0.0%	-3.6%	1.5%
Collison	155,561	6.7%	0.0%	0.0%	-3.6%	2.9%
Custom	370	0.0%	0.0%	0.0%	-3.6%	-3.6%
Increased Transportation Extension	1,181	0.0%	0.0%	0.0%	-3.6%	-3.6%
Loan	1,256	0.0%	0.0%	0.0%	-3.6%	-3.6%
Mtowing	6	0.0%	0.0%	0.0%	-3.6%	-3.6%
Towing	1,550	0.0%	0.0%	0.0%	-3.6%	-3.6%
Physical Damage Subtotal	\$231,302	6.2%	0.0%	0.0%	-3.6%	2.4%
Total All Coverages	\$567,827	8.4%	0.0%	0.0%	-4.1%	4.0%

	Current LCM	Proposed LCM
UM/UI	1.417	1.417
All Other Liability	1.417	1.336
Phys Dam	1.679	1.619

PHARMACISTS MUTUAL INSURANCE COMPANY

Exhibit 1

**Personal Automobile
Rate Level Indications at 12/31/2011
ARKANSAS**

Liability	Accident Year					5 year
	2007	2008	2009	2010	2011	Total
(1) Adjusted Earned Premium	492,413	363,237	336,438	338,606	300,626	1,831,319
(2) Developed - Trended Losses	267,369	698,594	102,470	194,651	275,083	1,538,167
(3) Actual Loss Ratio	54.3%	192.3%	30.5%	57.5%	91.5%	84.0%

Physical Damage

(1) Adjusted Earned Premium	318,115	314,802	295,127	281,683	255,124	1,464,852
(2) Developed - Trended Losses	174,765	286,792	146,741	196,707	209,688	1,014,691
(3) Actual Loss Ratio	54.9%	91.1%	49.7%	69.8%	82.2%	69.3%

Uninsured/Underinsured Motorists

(1) Adjusted Earned Premium	143,418	137,803	125,380	117,495	105,695	629,789
(2) Developed - Trended Losses	120,471	16,711	12,921	8,315	5,170	163,588
(3) Actual Loss Ratio	84.0%	12.1%	10.3%	7.1%	4.9%	26.0%

Total

Adjusted Earned Premium	953,946	815,842	756,945	737,784	661,444	3,925,961
Developed - Trended Losses	562,604	1,002,096	262,132	399,673	489,941	2,716,446
Actual Loss Ratio	59.0%	122.8%	34.6%	54.2%	74.1%	69.2%

ANNUAL TREND

	LI	PD	UM/UI	
(3) Actual Loss Ratio - 5 Year	84.0%	69.3%	26.0%	
(4) Expected Loss Ratio	62.2%	53.1%	62.2%	
(5) Indicated Change	34.9%	30.5%	-58.3%	
(6) Credibility	19.3%	49.7%	15.2%	
(7) Complement	80.7%	50.3%	84.8%	
(8) Annual Trend	2.4%	0.8%	0.7%	
(9) Weighted Indicated Chg	8.6%	15.5%	-8.3%	8.6%
(10) Selected Change	2.1%	2.4%	15.2%	4.0%

(1) Exhibit 3

(2) Exhibit 6

(3) (2) / (1)

(4) Exhibit 7

(5) ((3) / (4)) - 1.00

(6) Exhibit 9

(7) 1.0 - (6)

(8) Exhibit 5

(9) (5) * (6) + (7) * (8)

(10) Filing Summary

PHARMACISTS MUTUAL INSURANCE COMPANY

Exhibit 2

**Personal Automobile
Rate Level Indications at 12/31/2011
ARKANSAS**

Rate Change History

Effective Date	Liability		Physical Damage		Uninsured/Underinsured Motorists	
	Rate Change	Cumulative Index	Rate Change	Cumulative Index	Rate Change	Cumulative Index
8/1/2006	4.20%	1.000	-6.00%	1.000	5.70%	1.000
8/1/2007	-5.00%	1.042	0.00%	0.940	23.10%	1.057
7/1/2008	-3.50%	0.990	-3.70%	0.940	-4.70%	1.301
5/1/2009	-3.40%	0.955	4.30%	0.905	-4.50%	1.240
6/1/2010	10.10%	0.923	-3.40%	0.944	11.40%	1.184
8/1/2011	3.70%	1.016	2.30%	0.912	-0.60%	1.319
8/1/2012	3.70%	1.054	-4.90%	0.933	22.80%	1.311
		1.093		0.887		1.610

Year	Liability		Physical Damage		Uninsured/Underinsured Motorists	
	Average Rate Level	Current Rate Level	Average Rate Level	Current Rate Level	Average Rate Level	Current Rate Level
2007	1.030	1.060	0.950	0.934	1.069	1.507
2008	0.994	1.099	0.936	0.948	1.252	1.286
2009	0.952	1.147	0.918	0.966	1.235	1.304
2010	0.941	1.162	0.937	0.947	1.210	1.330
2011	1.011	1.080	0.917	0.968	1.307	1.232

PHARMACISTS MUTUAL INSURANCE COMPANY

Exhibit 3

**Personal Automobile
Adjusted Earned Premium
ARKANSAS**

(1)	Liability			Physical Damage			Uninsured/Underinsured Motorists		
	(2) Actual Earned Premium	(3) Current Rate Level Factor	(4) Adjusted Earned Premium	(2) Actual Earned Premium	(3) Current Rate Level Factor	(4) Adjusted Earned Premium	(2) Actual Earned Premium	(3) Current Rate Level Factor	(4) Adjusted Earned Premium
Accident Year									
2007	464,541	1.060	492,413	340,594	0.934	318,115	95,168	1.507	143,418
2008	330,516	1.099	363,237	332,070	0.948	314,802	107,156	1.286	137,803
2009	293,320	1.147	336,438	305,515	0.966	295,127	96,150	1.304	125,380
2010	291,399	1.162	338,606	297,448	0.947	281,683	88,342	1.330	117,495
2011	278,357	1.080	300,626	263,558	0.968	255,124	85,791	1.232	105,695

Source: (2) Internal Reports
(3) Exhibit 2
(4) = (2) * (3)

PHARMACISTS MUTUAL INSURANCE COMPANY

Exhibit 4a

PROJECTED DIRECT & ASSUMED ULTIMATE LOSSES BASED ON REPORTED LOSS DEVELOPMENT

Schedule P - Part 1B - Private Passenger Auto Liability / Medical / Uninsured/Underinsured Motorists

Direct & Assumed Cumulative Losses Reported (\$000's)										
Accident Year	Months of Development									
	12	24	36	48	60	72	84	96	108	120
2001	3,470	4,491	5,305	5,609	5,577	5,526	5,537	5,532	5,532	5,532
2002	3,226	3,795	4,388	4,634	4,616	4,580	4,565	4,522	4,532	
2003	4,990	7,213	7,390	7,149	7,140	7,136	7,154	7,136		
2004	5,378	6,787	6,547	6,744	6,841	6,745	6,745			
2005	4,386	6,133	6,095	6,259	6,243	6,243				
2006	4,197	4,685	4,793	4,887	5,001					
2007	3,463	4,430	5,893	6,351						
2008	2,654	3,460	3,979							
2009	3,752	5,079								
2010	4,028									

Direct & Assumed Reported Loss Link Ratios										
Accident Year	Development Intervals									
	12:24	24:36	36:48	48:60	60:72	72:84	84:96	96:108	108:120	120:Ult
2001	1.294	1.181	1.057	0.994	0.991	1.002	0.999	1.000	1.000	
2002	1.176	1.156	1.056	0.996	0.992	0.997	0.991	1.002		
2003	1.445	1.025	0.967	0.999	0.999	1.003	0.997			
2004	1.262	0.965	1.030	1.014	0.986	1.000				
2005	1.398	0.994	1.027	0.997	1.000					
2006	1.116	1.023	1.020	1.023						
2007	1.279	1.330	1.078							
2008	1.304	1.150								
2009	1.354									

Summary of Direct & Assumed Link Ratios										
	Development Intervals									
	12:24	24:36	36:48	48:60	60:72	72:84	84:96	96:108	108:120	120:Ult
Average	1.292	1.103	1.034	1.004	0.994	1.001	0.996	1.001	1.000	
3 Yr. Wght. Avg.	1.314	1.166	1.043	1.011	0.995	1.000	0.996	1.001	1.000	
Excl H-L	1.295	1.088	1.038	1.002	0.994	1.001	0.997	1.001	1.000	
Weighted Average	1.297	1.083	1.030	1.004	0.994	1.001	0.996	1.001	1.000	
Selected	1.300	1.100	1.030	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Cumulative	1.473	1.133	1.030	1.000	1.000	1.000	1.000	1.000	1.000	1.000

	2010	2009	2008	2007	2006
Loss Dev Factor	1.473	1.133	1.030	1.000	1.000

PHARMACISTS MUTUAL INSURANCE COMPANY

PROJECTED DIRECT & ASSUMED ULTIMATE LOSSES BASED ON REPORTED LOSS DEVELOPMENT

Exhibit 4b

Schedule P - Part 1J - Auto Physical Damage

Direct & Assumed Cumulative Losses Reported (\$000's)			
Accident Year	Months of Development		
	12	24	Prior
2001	4,660	4,493	(90)
2002	5,703	5,347	(71)
2003	6,272	5,984	(51)
2004	6,213	5,863	2
2005	5,786	5,733	(44)
2006	5,894	5,740	(53)
2007	5,252	5,100	(36)
2008	5,566	5,444	(29)
2009	5,346	5,106	
2010	4,953		

Direct & Assumed Reported Loss Link Ratios		
Accident Year	Development Intervals	
	12 to 24 months	Beyond 24 months
2001	0.964	-0.020
2002	0.938	-0.013
2003	0.954	-0.009
2004	0.944	0.000
2005	0.991	-0.008
2006	0.974	-0.009
2007	0.971	-0.007
2008	0.978	-0.005
2009	0.955	

Summary of Direct & Assumed Link Ratios		
	Development Intervals	
	12 to 24 months	Beyond 24 months
Average	0.963	-0.009
3 Year Wgt. Average	0.968	-0.007
Weighted Average	0.963	-0.009
Selected	0.990	1.000
Cumulative	0.990	1.000

**Personal Automobile
Actual & Developed Incurred Losses
ARKANSAS**

Actual Incurred Losses						
Liability/Med (as of 12/31/10)						
	2007	2008	2009	2010	2011	5 Yr Total
Total	227,224	607,663	88,571	156,550	174,185	1,254,193
Physical Damage (as of 12/31/10)						
	2007	2008	2009	2010	2011	5 Yr Total
Total	165,457	273,649	141,115	190,650	206,896	977,766
Uninsured/Underinsured Motorists (as of 12/31/10)						
	2007	2008	2009	2010	2011	5 Yr Total
Total	115,000	16,058	12,135	7,147	3,441	153,781

Developed Incurred Losses						
Liability/Med						
	Loss Development Factors (Exhibit 4a)					
	1.000	1.000	1.030	1.133	1.473	
	2007	2008	2009	2010	2011	5 Yr Total
Total	227,224	607,663	91,228	177,371	256,557	1,360,043
Physical Damage						
	Loss Development Factors (Exhibit 4b)					
	1.000	1.000	1.000	1.000	0.990	
	2007	2008	2009	2010	2011	5 Yr Total
Total	165,457	273,649	141,115	190,650	204,827	975,697
Uninsured/Underinsured Motorists						
	Loss Development Factors (Exhibit 4a)					
	1.000	1.000	1.030	1.133	1.473	
	2007	2008	2009	2010	2011	5 Yr Total
Total	115,000	16,058	12,499	8,098	5,068	156,723

**Personal Automobile
Loss Trend
ARKANSAS**

LIABILITY

Selected Annual Loss Trend 2.4%
Assumed Effective Date 7/1/2013

AY	(1)	(2)	(3)	(4)	(5)
2007	7/1/2007	7/1/2014	7.000	1.024	1.177
2008	7/1/2008	7/1/2014	6.000	1.024	1.150
2009	7/1/2009	7/1/2014	5.000	1.024	1.123
2010	7/1/2010	7/1/2014	4.000	1.024	1.097
2011	7/1/2011	7/1/2014	3.000	1.024	1.072

Physical Damage

Selected Annual Loss Trend 0.8%
Assumed Effective Date 7/1/2013

AY	(1)	(2)	(3)	(4)	(5)
2007	7/1/2007	7/1/2014	7.000	1.008	1.056
2008	7/1/2008	7/1/2014	6.000	1.008	1.048
2009	7/1/2009	7/1/2014	5.000	1.008	1.040
2010	7/1/2010	7/1/2014	4.000	1.008	1.032
2011	7/1/2011	7/1/2014	3.000	1.008	1.024

Uninsured/Underinsured Motorists

Selected Annual Loss Trend 0.7%
Assumed Effective Date 7/1/2013

AY	(1)	(2)	(3)	(4)	(5)
2007	7/1/2007	7/1/2014	7.000	1.007	1.048
2008	7/1/2008	7/1/2014	6.000	1.007	1.041
2009	7/1/2009	7/1/2014	5.000	1.007	1.034
2010	7/1/2010	7/1/2014	4.000	1.007	1.027
2011	7/1/2011	7/1/2014	3.000	1.007	1.020

- (1) Average Loss Date for experience years
- (2) Trend Date, average loss date when new rates are expected to be in effect
- (3) Number of years between (1) and (2)
- (4) Annual Exposure Trend - source: ISO Filing PP-2012-BRLA1, pg EX-4, Annual Loss Trend factors applied to PMIC premium by coverage, 0% applied to all other coverage premiums; see below
- (5) Trend Factor

ISO Loss Trend Assumptions		
	Trend	PMIC
<u>All Other Liability Coverage</u>	<u>Factor</u>	<u>Prem</u>
BI	3.7%	131,923
PD	0.8%	105,922
MP	2.1%	18,349
LI All Other	0.0%	3,819
wtd avg	2.4%	260,012
<u>UM/UI Coverage</u>		
UM BI	3.7%	11,553
UMPD	0.8%	10,276
UM All Other	0.0%	54,684
wtd avg	0.7%	76,513
<u>Physical Damage Coverage</u>		
Comp	0.8%	71,378
Coll	0.8%	155,561
PD All Other	0.0%	4,363
wtd avg	0.8%	231,302
<u>Total All Coverages</u>	1.5%	567,827

PHARMACISTS MUTUAL INSURANCE COMPANY

Exhibit 6

**Personal Automobile
Trended Ultimate Losses
ARKANSAS**

Liability

(1)	(2)	(3)	(4)	(5)
Accident Year	Actual Reported Losses	Loss Development Factor	Loss Trend Factor	Trended Ultimate Losses
2007	227,224	1.000	1.177	267,369
2008	607,663	1.000	1.150	698,594
2009	88,571	1.030	1.123	102,470
2010	156,550	1.133	1.097	194,651
2011	174,185	1.473	1.072	275,083

Physical Damage

(1)	(2)	(3)	(4)	(5)
Accident Year	Actual Reported Losses	Loss Development Factor	Loss Trend Factor	Trended Ultimate Losses
2007	165,457	1.000	1.056	174,765
2008	273,649	1.000	1.048	286,792
2009	141,115	1.000	1.040	146,741
2010	190,650	1.000	1.032	196,707
2011	206,896	0.990	1.024	209,688

Uninsured/Underinsured Motorists

(1)	(2)	(3)	(4)	(5)
Accident Year	Actual Reported Losses	Loss Development Factor	Loss Trend Factor	Trended Ultimate Losses
2007	115,000	1.000	1.048	120,471
2008	16,058	1.000	1.041	16,711
2009	12,135	1.030	1.034	12,921
2010	7,147	1.133	1.027	8,315
2011	3,441	1.473	1.020	5,170

Source: (2) Internal Reports
 (3) Exhibit 4
 (4) Exhibit 5
 (5) = (2) * (3) * (4) * (5)

PHARMACISTS MUTUAL INSURANCE COMPANY

Exhibit 7

Personal Automobile
Underwriting Expense History
ARKANSAS

Countrywide (\$000's omitted)												
	2007		2008		2009		2010		2011		Total	
	Dollars	Percent										
Written Premium	\$12,611		\$11,831		\$11,116		\$10,348		\$9,871		\$55,777	
Earned Premium	\$12,834		\$12,199		\$11,493		\$10,733		\$10,077		\$57,336	
Commission and Brokerage (W)	\$2	0.0%	\$4	0.0%	\$1	0.0%	\$1	0.0%	\$0	0.0%	\$8	0.0%
Other Acquisition Expense (W)	\$1,877	14.9%	\$1,879	15.9%	\$1,737	15.6%	\$1,675	16.2%	\$1,599	16.2%	\$8,767	15.7%
General Expense (E)	\$828	6.5%	\$853	7.0%	\$805	7.0%	\$767	7.1%	\$730	7.2%	\$3,983	6.9%
Taxes, Licenses, and Fees (W)	\$265	2.1%	\$281	2.4%	\$232	2.1%	\$201	1.9%	\$197	2.0%	\$1,176	2.1%
Incurring Loss	\$8,266		\$8,078		\$9,417		\$9,662		\$8,292		\$43,715	
Defense Expense	\$335	4.1%	\$249	3.1%	\$58	0.6%	(\$237)	-2.5%	\$154	1.9%	\$559	1.3%
Adjusting Expense	\$1,292	15.6%	\$1,216	15.1%	\$1,199	12.7%	\$1,174	12.2%	\$1,146	13.8%	\$6,027	13.8%
Total LAE	\$1,627	19.7%	\$1,465	18.1%	\$1,257	13.3%	\$937	9.7%	\$1,300	15.7%	6,586	15.1%

State of Arkansas (Actual Dollars)												
	2007		2008		2009		2010		2011		Total	
	Dollars	Percent	Dollars	Percent								
Written Premium	\$798,819		\$735,681		\$660,511		\$673,327		\$593,360		\$3,461,698	
Earned Premium	805,134		769,675		694,985		677,189		627,706		\$3,574,689	
Commission and Brokerage (W)	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	\$0	0.0%
Taxes, Licenses, and Fees (W)	25,065	3.1%	23,226	3.2%	20,116	3.0%	20,948	3.1%	18,653	3.1%	\$108,008	3.1%
Incurring Loss	\$417,905		\$765,245		\$263,597		\$764,205		\$391,674		\$2,602,626	
Defense Expense	51,769	12.4%	8,979	1.2%	(14,609)	-5.5%	(5,359)	-0.7%	23	0.0%	\$40,803	1.6%

Selected Expense Provisions	LI	PD	Total
Commission and Brokerage	0.0%	0.0%	0.0%
Other Acquisition Expense	16.0%	16.0%	16.0%
General Expense	7.0%	7.0%	7.0%
Taxes, Licenses, and Fees	3.1%	3.1%	3.1%
Total Underwriting Expenses	26.1%	26.1%	26.1%
Profit Provision	5.1%	9.1%	5.8%
Total Expense Provision	31.2%	35.2%	31.9%
Expected Loss & LAE Ratio	68.8%	64.8%	68.1%
Loss Adjustment Expense Ratio	10.5%	22.0%	16.0%
Expected Loss Ratio	62.2%	53.1%	58.7%

PHARMACISTS MUTUAL INSURANCE COMPANY

Exhibit 8

**Personal Automobile
Credibility
ARKANSAS**

A value of 1,082 claims implies that the number of claims (n) is within 5% of the expected value 90% of the time.

That is to say that $1,082 = (1.645/.05)^2$, where 1.645 is the 90th percentile of standard normal distribution.

If we assume a Poisson claim distribution, then CV is the coefficient of variation where:
CV = standard deviation/mean

Then the number of claims for full credibility = $N = n * (1 + CV^2)$

Based on a review of actual company data a coefficient of variation of 2.6 has been selected. This would imply that the number of claims needed for full credibility would be: 7,445 for liability and 2,982 for physical damage

Partial Credibility = $(\text{Actual number of claims} / N)^{.5}$

Accident Year	LI Claims Reported	PD Claims Reported	UM/UI Claims Reported	Total Claims
2007	64	164	4	232
2008	68	180	10	258
2009	57	131	5	193
2010	48	143	5	196
2011	39	118	1	158
5 Yr Total	276	736	25	1,037

# Claims for Full Credibility	7,445	2,982	1,082	8,396
5 Yr Credibility	19.3%	49.7%	15.2%	35.1%

**PHARMACISTS MUTUAL INSURANCE COMPANY
PERSONAL AUTOMOBILE**

**Calculation of Return on Equity
Lines 19.1 & 19.2 Liability**

Exhibit 1R-A

Estimated Target Rate of Return on Equity
(From Exhibit 4)

10.0%

	Percent of Premium		Percent of Surplus	
	Pre-Tax	After Tax	Pre-Tax	After Tax
A. Investment Income from Unearned Premium and Loss Reserves (From Exhibit 2R-A)	3.7%	2.9%	4.4%	3.5%
B. Investment Income From Surplus (From Exhibit 2R-A)	2.5%	2.0%	3.0%	2.4%
C. Underwriting Profit Provision (From Exhibit 3R-A)	5.1%	3.4%	6.1%	4.1%
D. Total Sources of Return on Equity (Sum of B, C, and D)	11.3%	8.3%	13.5%	10.0%

NOTES:

Premium to Surplus Ratio of 1.2 based on Exhibit 5R

Investment Income taxed at effective rate of 0.207

Underwriting Profit taxed at corporate rate of 0.340

**PHARMACISTS MUTUAL INSURANCE COMPANY
PERSONAL AUTOMOBILE**

Exhibit 2R-A

Lines 19.1 & 19.2 Liability

**Estimated Investment Earnings on Unearned Premium
Reserves and on Loss Reserves**

A. Unearned Premium Reserve			
1. Direct Earned Premium for Latest Available Year			\$5,789
2. Mean Unearned Premium Reserve: (1) x 50.7%			\$2,935
3. Deduction for Prepaid Expenses			
Commission and Brokerage Expense	8.0%		
Taxes, Licenses and Fees	2.2%		
50% of Other Acquisition Expense	4.0%		
50% of Company Operating Expense	3.8%		
Total		18.0%	
4. Deduction for Federal Taxes Payable			6.8%
5. Total Prepaid Expenses (2) x [(3) + (4)]			\$728
6. Net Subject to Investment (2) - (5)			\$2,207
B. Delayed Remission of Premium (Agents' Balances)			
1. Direct Earned Premium (A.1)			\$5,789
2. Average Agents' Balance			28.4%
3. Delayed Remission (1) x (2)			\$1,644
C. Loss Reserves			
1. Direct Earned Premium (A.1)			\$5,789
2a. Expected Incurred Losses and Loss Adjustment Ratio			72.8%
2b. Expected Incurred Losses and Loss			\$4,214
3a. Expected Mean Loss and LAE Reserve/Incurred Ratio			1.561
3b. Expected Mean Loss and LAE Reserves (3a)			\$6,578
D. Net Subject to Investment (A.6.) - (B.3.) + (C.3b.)			\$7,141
E. Average Rate of Return on Invested Assets			3.0%
F. Investment Earnings on Net Subject to Investment (D) x (E)			\$214
G. Average Rate of Return as a % of Direct Earned Premium (F) / (A.1)			3.7%
H. Average rate of Return as a % of Direct Earned Premium After Federal Income Taxes (G) x (1-0.2140)			2.9%

**PHARMACISTS MUTUAL INSURANCE COMPANY
PERSONAL AUTOMOBILE**

Exhibit 2R-A

Lines 19.1 & 19.2 Liability

**Estimated Investment Earnings on Unearned Premium
Reserves and on Loss Reserves**

EXPLANATORY NOTES

Line A.1 Direct earned premiums are from Page 14 of the Annual Statement for line of insurance for the latest available year. \$5,789

Line A.2 Mean Unearned Premium Reserve

The mean direct unearned premium reserve is determined by multiplying the direct earned premium in line (A.1) by the countrywide ratio of the mean direct unearned premium reserve to the direct earned premium for the latest calendar year for the line of insurance

1. Direct Earned Premium for the latest calendar year	\$5,789
2. Direct Unearned Premium Reserve as of the end of prior year	2,978
3. Direct Unearned Premium Reserve as of end of latest year	2,894
4. Mean Direct Unearned Premium Reserve [(2) + (3)] / 2	2,936
5. Ratio (4)/(1)	50.7%

Line A.3 Deduction for prepaid expenses:

Production costs and a large part of the other company expenses are incurred when the policy is written, but before the premium is paid. Therefore, the deduction for these expenses is determined by use of the provision for expenses used in our ratemaking procedure.

Line A.4 Deduction for Federal Taxes Payable

The Tax Reform Act of 1986 taxes 20% of the unearned premium reserve. At a corporate tax rate of 34%, this tax equals 6.8% (.20 x .34 = .068) of the unearned premium reserve.

Line B.2 Delayed Remission of Premium:

This deduction is necessary because of delay in collection and remission of premium to the companies beyond the effective dates of the policies. Funds for the unearned premium reserve required during the initial days of all policies must be taken from the company's surplus. (000's omitted)

1. Net Earned Premium for the latest calendar year	\$98,485
2. Net Agents' Balances as of end of prior year	28,108
3. Net Agents' Balances as of end of latest year	27,828
4. Mean Agents' Balances 1/2 [(2) + (3)]	27,968
5. Ratio (4)/(1)	28.4%

The above percentage include the effect of agents' balances or uncollected premiums overdue for more than 90 days.

**PHARMACISTS MUTUAL INSURANCE COMPANY
PERSONAL AUTOMOBILE**

Exhibit 2R-A

Lines 19.1 & 19.2 Liability

**Estimated Investment Earnings on Unearned Premium
Reserves and on Loss Reserves**

Line C.2 Expected Loss and LAE Ratio

The expected loss and LAE ratio is calculated by using an iterative approach. This ratio is dependent upon the underwriting expenses, the investment income from operations, the investment income from surplus, and the income tax on the underwriting profit. However, the investment income from operations and the underwriting profit are dependent on the expected loss and LAE ratio, as well as the target return on equity (ROE.) Starting with an initial value for the expected loss ratio, the values were calculated and recalculated until the values stabilized. The implied underwriting profit as well as the resulting components are shown in Exhibit 3. The resulting underwriting profit load implies a 10% ROE.

Line C.3 Mean Loss and LAE Reserves

The expected mean loss and loss expense reserves are determined by multiplying the expected incurred loss and loss expense in line (C.2) by the countrywide ratio of the mean loss and loss adjustment reserves to the incurred losses and loss adjustment expenses in the latest and prior calendar years. This ratio includes an adjustment for the estimated Federal Income Taxes payable due to discounting of loss reserves. (Source: Insurance Expense Exhibits) (000's omitted)

1. Incurred Loss and LAE for prior calendar year	\$6,822
2. Incurred Loss and LAE for current calendar year	\$5,473
3. Loss & LAE Reserves as of end of two years previous	\$8,930
4. Loss & LAE Reserves as of end of prior year	\$9,807
5. Loss & LAE Reserves as of end of current year	\$9,927
6. Mean Loss and LAE Reserves for prior year [(3) + (4)] / 2	\$9,369
7. Mean Loss and LAE Reserves for current year [(4) + (5)] / 2	\$9,867
8. Reserved/Incurred Ratio (6) / (1)	1.3734
9. Reserved/Incurred Ratio (7) / (2)	1.8029
10. Average of Reserved/Incurred Ratios [(8) + (9)] / 2	1.5882
11. Selected Mean Loss Reserve	1.5882
12. Estimated Reserve Discount	0.0497
13. Federal Taxes Payable (% of Reserves): (12) x .34	0.0169
14. After-tax Reserve/Incurred Ratio (11) x [1.0 - (13)]	1.5614

Line E Average Rate of Return

The rate of return is the ratio of net investment income earned plus realized capital gains to cash and invested assets (including interest, dividends, and real estate income due and accrued). (000's omitted)

<u>Year</u>	<u>Net Investment Income Earned (In Thousands of Dollars)</u>	<u>Mean Cash and Invested Assets (In Thousands of Dollars)</u>	<u>(1)/(2) Rate of Return</u>
Latest	\$5,534	\$172,331	3.2%
Prior	\$5,019	\$169,850	3.0%
Total	\$10,553	\$342,181	3.1%

<u>Year</u>	<u>Realized Capital Gains (or Losses) (In Thousands of Dollars)</u>	<u>Mean Cash and Invested Assets (In Thousands of Dollars)</u>	<u>Rate of Return</u>
Latest 5 Years	(\$138)	\$159,490	-0.1%

Total Rate of Return: Net Investment Income Earned and Net Realized
Capital Gains (or Losses) 3.0%

**PHARMACISTS MUTUAL INSURANCE COMPANY
PERSONAL AUTOMOBILE**

Exhibit 2R-A

Lines 19.1 & 19.2 Liability

**Estimated Investment Earnings on Unearned Premium
Reserves and on Loss Reserves**

Line H Federal Income Tax Adjustment on the Rate of Return

The average rate of Federal Income Tax was determined by applying the appropriate tax rates to the distribution of investment income earned and realized capital gains for the latest year. (000's omitted)

	<u>Investment Income Earned</u>	<u>Tax Rate</u>
<u>Bonds</u>		
Taxable	\$3,382	34.0%
Non-Taxable	<u>\$2,202</u>	<u>5.1%</u>
Total	<u>\$5,584</u>	<u>22.6%</u>
<u>Stocks (B)</u>		
Taxable	<u>\$987</u>	<u>13.8%</u>
Mortgage Loans and Real Estate	\$0	
Real Estate	\$312	
Collateral Loans	\$0	
Cash & Short Term Investments	\$15	
All Other	<u>\$23</u>	
Sub-Total	<u>\$350</u>	<u>34.0%</u>
Total	<u>\$6,921</u>	21.9%
Realized Capital Gains (Non-Affiliates)	\$787	34.0%
Investment Deductions	\$1,396	34.0%
Net Investment Income Earned	\$6,312	20.7%

Notes

(A) 100% of the income on tax-exempt bonds is subject to proration; that is, 15% of that income is taxed at a full corporate income tax rate of 34%. The applicable tax rate is thus 5.1% ($1 \times .15 \times .34 = .051$).

(B) 30% of dividend income is subject to the full corporate income tax rate of 34%. 12.8% of the remaining dividend income on stocks is subject to proration; that is, 15% of the remaining 70% of dividend income is taxed at a rate of 34%. The applicable tax rate is thus $((.30 \times .34) + (1 \times .70 \times .15 \times .34) = .1377)$.

PHARMACISTS MUTUAL INSURANCE COMPANY

Exhibit 3R-

PERSONAL AUTOMOBILE

Calculation of Permissible Loss and LAE Ratio

Rate of Return Implied Permissible Loss and LAE Ratio		
(1)	Total Underwriting Expenses (Exhibit 4)	25.2%
(2)	Permissible Loss and LAE Ratio = 1.00 + (6) + (7) - (1) - (5) - (8)	69.7%
(3)	Total Loss and Expense = (1) + (2)	94.9%
(4)	Underwriting Profit Provision = 1.00 - (3)	5.1%
(5)	Income Tax on Underwriting Profit = 0.34 x (4)	1.7%
(6)	Investment Income from Operations - After Tax = Exhibit 2, Page 2 - Line H	2.9%
(7)	Investment Income from Surplus - After Tax = [1.00/(9)] x Exhibit 2, Page 2, Line E x (1.00 - 0.214)	2.0%
(8)	Return as a Percent of Premium = (10)/(9)	8.3%
(9)	Premium to Surplus Ratio (Exhibit 6)	1.2
(10)	Desired After Tax Return on Equity (Exhibit 5)	10.0%

CONSOLIDATED INDUSTRY TOTALS - PROPERTY/CASUALTY

Exhibit 4R

Total Return on Policyholders' Surplus
(in millions)

	(1)	(2)	(3)	(4)	(5)	(6)
Year	Beginning of Year PHS	Net Income	Other Gain/Loss in PHS	\$ Total Return	Ending PHS	% Total Return
2001	332,207	20,559	(35,405)	(14,846)	317,361	-4.5%
2002	316,501	(6,970)	(19,925)	(26,895)	289,606	-8.5%
2003	294,538	9,169	(12,560)	(3,391)	291,147	-1.2%
2004	290,582	31,229	32,038	63,267	353,849	21.8%
2005	354,468	40,530	7,265	47,795	402,263	13.5%
2006	401,389	48,796	(11,455)	37,341	438,730	9.3%
2007	435,348	67,594	(1,735)	65,859	501,207	15.1%
2008	502,859	65,573	(31,244)	34,329	537,188	6.8%
2009	538,671	3,562	(67,052)	(63,490)	475,181	-11.8%
2010	477,640	31,348	22,620	53,968	531,608	11.3%
TOTAL	3,944,203	311,390	(117,453)	193,937	4,138,140	4.9%
Average All Years:						5.2%
Average Last 9 Years:						6.3%
Average Last 4 Years:						5.4%
Selected:						10.0%

Source: A.M. Best's Aggregates & Averages -- Property/Casualty

PHARMACISTS MUTUAL INSURANCE COMPANY

Exhibit 5R

2011 Premium to Surplus Ratios

Calendar Year	Direct Earned Premium	Surplus	Leverage Ratio
	(000 omitted)		
2011	\$80,065	\$67,983	1.178
	Selected Premium to Surplus Factor:		1.2

**PHARMACISTS MUTUAL INSURANCE COMPANY
PERSONAL AUTOMOBILE**

**Calculation of Return on Equity
Line 21.1 Physical Damage Coverages**

Exhibit 1R-B

Estimated Target Rate of Return on Equity
(From Exhibit 4)

10.0%

	Percent of Premium		Percent of Surplus	
	Pre-Tax	After Tax	Pre-Tax	After Tax
A. Investment Income from Unearned Premium and Loss Reserves (From Exhibit 2R-A)	0.4%	0.3%	0.5%	0.4%
B. Investment Income From Surplus (From Exhibit 2R-A)	2.5%	2.0%	3.0%	2.4%
C. Underwriting Profit Provision (From Exhibit 3R-A)	9.1%	6.0%	10.9%	7.2%
D. Total Sources of Return on Equity (Sum of B, C, and D)	12.0%	8.3%	14.4%	10.0%

NOTES:

Premium to Surplus Ratio of 1.2 based on Exhibit 5R

Investment Income taxed at effective rate of 0.207

Underwriting Profit taxed at corporate rate of 0.340

**PHARMACISTS MUTUAL INSURANCE COMPANY
PERSONAL AUTOMOBILE**

Exhibit 2R-B

Line 21.1 Physical Damage Coverages

**Estimated Investment Earnings on Unearned Premium
Reserves and on Loss Reserves**

A. Unearned Premium Reserve			
1. Direct Earned Premium for Latest Available Year			\$4,288
2. Mean Unearned Premium Reserve: (1) x 50.6%			\$2,170
3. Deduction for Prepaid Expenses			
Commission and Brokerage Expense	8.0%		
Taxes, Licenses and Fees	2.2%		
50% of Other Acquisition Expense	4.0%		
50% of Company Operating Expense	3.8%		
Total		18.0%	
4. Deduction for Federal Taxes Payable			6.8%
5. Total Prepaid Expenses (2) x [(3) + (4)]			\$538
6. Net Subject to Investment (2) - (5)			\$1,632
B. Delayed Remission of Premium (Agents' Balances)			
1. Direct Earned Premium (A.1)			\$4,288
2. Average Agents' Balance			28.4%
3. Delayed Remission (1) x (2)			\$1,218
C. Loss Reserves			
1. Direct Earned Premium (A.1)			\$4,288
2a. Expected Incurred Losses and Loss Adjustment Ratio			70.2%
2b. Expected Incurred Losses and Loss			\$3,010
3a. Expected Mean Loss and LAE Reserve/Incurred Ratio			0.057
3b. Expected Mean Loss and LAE Reserves (3a)			\$172
D. Net Subject to Investment (A.6.) - (B.3.) + (C.3b.)			\$586
E. Average Rate of Return on Invested Assets			3.0%
F. Investment Earnings on Net Subject to Investment (D) x (E)			\$18
G. Average Rate of Return as a % of Direct Earned Premium (F) / (A.1)			0.4%
H. Average rate of Return as a % of Direct Earned Premium After Federal Income Taxes (G) x (1-0.2140)			0.3%

**PHARMACISTS MUTUAL INSURANCE COMPANY
PERSONAL AUTOMOBILE**

Exhibit 2R-B

Line 21.1 Physical Damage Coverages

**Estimated Investment Earnings on Unearned Premium
Reserves and on Loss Reserves**

EXPLANATORY NOTES

Line A.1 Direct earned premiums are from Page 14 of the Annual Statement for line of insurance for the latest available year. \$4,288

Line A.2 Mean Unearned Premium Reserve

The mean direct unearned premium reserve is determined by multiplying the direct earned premium in line (A.1) by the countrywide ratio of the mean direct unearned premium reserve to the direct earned premium for the latest calendar year for the line of insurance

1. Direct Earned Premium for the latest calendar year	\$4,288
2. Direct Unearned Premium Reserve as of the end of prior year	2,229
3. Direct Unearned Premium Reserve as of end of latest year	2,108
4. Mean Direct Unearned Premium Reserve [(2) + (3)] / 2	2,169
5. Ratio (4)/(1)	50.6%

Line A.3 Deduction for prepaid expenses:

Production costs and a large part of the other company expenses are incurred when the policy is written, but before the premium is paid. Therefore, the deduction for these expenses is determined by use of the provision for expenses used in our ratemaking procedure.

Line A.4 Deduction for Federal Taxes Payable

The Tax Reform Act of 1986 taxes 20% of the unearned premium reserve. At a corporate tax rate of 34%, this tax equals 6.8% (.20 x .34 = .068) of the unearned premium reserve.

Line B.2 Delayed Remission of Premium:

This deduction is necessary because of delay in collection and remission of premium to the companies beyond the effective dates of the policies. Funds for the unearned premium reserve required during the initial days of all policies must be taken from the company's surplus. (000's omitted)

1. Net Earned Premium for the latest calendar year	\$98,485
2. Net Agents' Balances as of end of prior year	28,108
3. Net Agents' Balances as of end of latest year	27,828
4. Mean Agents' Balances 1/2 [(2) + (3)]	27,968
5. Ratio (4)/(1)	28.4%

The above percentage include the effect of agents' balances or uncollected premiums overdue for more than 90 days.

**PHARMACISTS MUTUAL INSURANCE COMPANY
PERSONAL AUTOMOBILE**

Exhibit 2R-B

Line 21.1 Physical Damage Coverages

**Estimated Investment Earnings on Unearned Premium
Reserves and on Loss Reserves**

Line C.2 Expected Loss and LAE Ratio

The expected loss and LAE ratio is calculated by using an iterative approach. This ratio is dependent upon the underwriting expenses, the investment income from operations, the investment income from surplus, and the income tax on the underwriting profit. However, the investment income from operations and the underwriting profit are dependent on the expected loss and LAE ratio, as well as the target return on equity (ROE.) Starting with an initial value for the expected loss ratio, the values were calculated and recalculated until the values stabilized. The implied underwriting profit as well as the resulting components are shown in Exhibit 3. The resulting underwriting profit load implies a 10% ROE.

Line C.3 Mean Loss and LAE Reserves

The expected mean loss and loss expense reserves are determined by multiplying the expected incurred loss and loss expense in line (C.2) by the countrywide ratio of the mean loss and loss adjustment reserves to the incurred losses and loss adjustment expenses in the latest and prior calendar years. This ratio includes an adjustment for the estimated Federal Income Taxes payable due to discounting of loss reserves. (Source: Insurance Expense Exhibits) (000's omitted)

1. Incurred Loss and LAE for prior calendar year	\$3,777
2. Incurred Loss and LAE for current calendar year	\$4,119
3. Loss & LAE Reserves as of end of two years previous	\$75
4. Loss & LAE Reserves as of end of prior year	\$239
5. Loss & LAE Reserves as of end of current year	\$367
6. Mean Loss and LAE Reserves for prior year [(3) + (4)] / 2	\$157
7. Mean Loss and LAE Reserves for current year [(4) + (5)] / 2	\$303
8. Reserved/Incurred Ratio (6) / (1)	0.0416
9. Reserved/Incurred Ratio (7) / (2)	0.0736
10. Average of Reserved/Incurred Ratios [(8) + (9)] / 2	0.0576
11. Selected Mean Loss Reserve	0.0576
12. Estimated Reserve Discount	0.0177
13. Federal Taxes Payable (% of Reserves): (12) x .34	0.0060
14. After-tax Reserve/Incurred Ratio (11) x [1.0 - (13)]	0.0573

Line E Average Rate of Return

The rate of return is the ratio of net investment income earned plus realized capital gains to cash and invested assets (including interest, dividends, and real estate income due and accrued). (000's omitted)

<u>Year</u>	<u>Net Investment Income Earned (In Thousands of Dollars)</u>	<u>Mean Cash and Invested Assets (In Thousands of Dollars)</u>	<u>(1)/(2) Rate of Return</u>
Latest	\$5,534	\$172,331	3.2%
Prior	\$5,019	\$169,850	3.0%
Total	\$10,553	\$342,181	3.1%

<u>Year</u>	<u>Realized Capital Gains (or Losses) (In Thousands of Dollars)</u>	<u>Mean Cash and Invested Assets (In Thousands of Dollars)</u>	<u>Rate of Return</u>
Latest 5 Years	(\$138)	\$159,490	-0.1%

Total Rate of Return: Net Investment Income Earned and Net Realized
Capital Gains (or Losses) 3.0%

**PHARMACISTS MUTUAL INSURANCE COMPANY
PERSONAL AUTOMOBILE**

Exhibit 2R-B

Line 21.1 Physical Damage Coverages

**Estimated Investment Earnings on Unearned Premium
Reserves and on Loss Reserves**

Line H Federal Income Tax Adjustment on the Rate of Return

The average rate of Federal Income Tax was determined by applying the appropriate tax rates to the distribution of investment income earned and realized capital gains for the latest year. (000's omitted)

	<u>Investment Income Earned</u>	<u>Tax Rate</u>
<u>Bonds</u>		
Taxable	\$3,382	34.0%
Non-Taxable	<u>\$2,202</u>	<u>5.1%</u>
Total	<u>\$5,584</u>	<u>22.6%</u>
<u>Stocks (B)</u>		
Taxable	<u>\$987</u>	<u>13.8%</u>
Mortgage Loans and Real Estate	\$0	
Real Estate	\$312	
Collateral Loans	\$0	
Cash & Short Term Investments	\$15	
All Other	<u>\$23</u>	
Sub-Total	<u>\$350</u>	<u>34.0%</u>
Total	<u>\$6,921</u>	21.9%
Realized Capital Gains (Non-Affiliates)	\$787	34.0%
Investment Deductions	\$1,396	34.0%
Net Investment Income Earned	\$6,312	20.7%

Notes

(A) 100% of the income on tax-exempt bonds is subject to proration; that is, 15% of that income is taxed at a full corporate income tax rate of 34%. The applicable tax rate is thus 5.1% ($1 \times .15 \times .34 = .051$).

(B) 30% of dividend income is subject to the full corporate income tax rate of 34%. 12.8% of the remaining dividend income on stocks is subject to proration; that is, 15% of the remaining 70% of dividend income is taxed at a rate of 34%. The applicable tax rate is thus $((.30 \times .34) + (1 \times .70 \times .15 \times .34) = .1377)$.

PHARMACISTS MUTUAL INSURANCE COMPANY

Exhibit 3R-

PERSONAL AUTOMOBILE

Calculation of Permissible Loss and LAE Ratio

Rate of Return Implied Permissible Loss and LAE Ratio		
(1)	Total Underwriting Expenses (Exhibit 4)	25.2%
(2)	Permissible Loss and LAE Ratio = 1.00 + (6) + (7) - (1) - (5) - (8)	65.7%
(3)	Total Loss and Expense = (1) + (2)	90.9%
(4)	Underwriting Profit Provision = 1.00 - (3)	9.1%
(5)	Income Tax on Underwriting Profit = 0.34 x (4)	3.1%
(6)	Investment Income from Operations - After Tax = Exhibit 2, Page 2 - Line H	0.3%
(7)	Investment Income from Surplus - After Tax = [1.00/(9)] x Exhibit 2, Page 2, Line E x (1.00 - 0.214)	2.0%
(8)	Return as a Percent of Premium = (10)/(9)	8.3%
(9)	Premium to Surplus Ratio (Exhibit 6)	1.2
(10)	Desired After Tax Return on Equity (Exhibit 5)	10.0%

CONSOLIDATED INDUSTRY TOTALS - PROPERTY/CASUALTY

Exhibit 4R

Total Return on Policyholders' Surplus
(in millions)

	(1)	(2)	(3)	(4)	(5)	(6)
Year	Beginning of Year PHS	Net Income	Other Gain/Loss in PHS	\$ Total Return	Ending PHS	% Total Return
2001	332,207	20,559	(35,405)	(14,846)	317,361	-4.5%
2002	316,501	(6,970)	(19,925)	(26,895)	289,606	-8.5%
2003	294,538	9,169	(12,560)	(3,391)	291,147	-1.2%
2004	290,582	31,229	32,038	63,267	353,849	21.8%
2005	354,468	40,530	7,265	47,795	402,263	13.5%
2006	401,389	48,796	(11,455)	37,341	438,730	9.3%
2007	435,348	67,594	(1,735)	65,859	501,207	15.1%
2008	502,859	65,573	(31,244)	34,329	537,188	6.8%
2009	538,671	3,562	(67,052)	(63,490)	475,181	-11.8%
2010	477,640	31,348	22,620	53,968	531,608	11.3%
TOTAL	3,944,203	311,390	(117,453)	193,937	4,138,140	4.9%
Average All Years:						5.2%
Average Last 9 Years:						6.3%
Average Last 4 Years:						5.4%
Selected:						10.0%

Source: A.M. Best's Aggregates & Averages -- Property/Casualty

PHARMACISTS MUTUAL INSURANCE COMPANY

Exhibit 5R

2011 Premium to Surplus Ratios

Calendar Year	Direct Earned Premium	Surplus	Leverage Ratio
	(000 omitted)		
2011	\$80,065	\$67,983	1.178
	Selected Premium to Surplus Factor:		1.2

PHARMACISTS MUTUAL INSURANCE COMPANY

Personal Automobile ARKANSAS Rate Memorandum

Pharmacists Mutual Insurance Company is a member of ISO for our Personal Automobile Program in your state. With this filing we would like to adopt of the following ISO revision:

PP-2012-BRLA1 - Loss Cost Revision

We are revising our LCM for Liability coverages from 1.417 to 1.336 for an overall rate increase of 2.1%. Our LCM for Physical Damage coverages is decreasing from 1.679 to 1.619 for a rate increase of 2.4%. Our LCM for UM/UI coverages is remaining at 1.417 for an overall rate increase of 15.2%.

We would like for all of these revisions to become effective for all policies written on or after July 1, 2013

Exhibit 1

Exhibit 1 presents the rate level indications for liability and physical damage for accident years 2007 – 2011 as of 12/31/2011. Actual earned premiums have been adjusted to current manual rates and losses have been developed to an ultimate settlement value and trended to the midpoint of the period that the rates are expected to be in effect. The resulting loss ratio is then compared to the expected loss ratio producing a gross indication. A credibility value has been assigned to the company data based on reported claim counts. The weighted indicated change is 8.6% for liability, -8.3% for UM/UI and 15.5% for physical damage.

Exhibit 2

Exhibit 2 contains Company rate change history and the calculation of current rate level factors.

Exhibit 3

In Exhibit 3 the Adjusted Earned Premium is calculated by applying the Current Rate Level Factors (Exhibit 2) to the accident year Actual Earned Premium.

Exhibits 4a, 4b and 4c

Exhibit 4a contains PMIC's loss development through 2011 from Schedule P – Part 1B – Private Passenger Auto Liability/Medical. The selected loss link ratios are most reflective of what we expect in the future, and represent the ratios used to measure company reserves for this line.

Exhibit 4b contains PMIC's loss development through 2011 from Schedule P – Part 1J – Auto Physical Damage. We have selected the following loss development factors from this data,

2011: 0.990 and 2010-2007: 1.000. We believe these to be most reflective of what we expect in the future. The selected factors in both 4a & 4b are applied to PMIC territory level data in Exhibit 4c. At the bottom of Exhibit 4c are calculated Weighted Average Combined Loss Development Factors used for our book in total (see Exhibit 5.)

Exhibit 5

Exhibit 5 contains the calculation of PMIC annual loss trend factors. The source of the selected Annual Loss Trend Factor is ISO's filing PP-2012-BRLA1, pg EX-4, for Arkansas. ISO's trend factors have been applied to PMIC's actual premium by coverage for a weighted average factor for our book of 2.4% for All Other Liability, 0.7% for UM/UI and 0.8% for Physical Damage Coverages.

Exhibit 6

In Exhibit 6 the Trended Annual Losses are calculated by applying the Loss Development Factors (Exhibits 4a and 4b) and Loss Trend Factors (Exhibit 5) to the accident year Actual Reported Losses.

Exhibit 7

PMIC's Countrywide and Arkansas Underwriting Expense History for the personal automobile line is contained in Exhibit 7. Selected Total Underwriting Expenses of 26.1% are used in this filing because that is our anticipated long-term expense ratio.

Exhibit 8

Exhibit 8 contains the calculation of the value of credibility assigned to the company data in the indications. 7,445 is used as the number of claims needed for full credibility for liability; 2,982 is used for physical damage and 1,082 is used for UM/UI.

Return on Equity Model

A Return on Equity analysis has been completed for both Liability & Physical Damage coverages. The calculation of the projected return on equity for each of these can be determined from the summation of the following three (3) sources of income, less federal income taxes:

1. Investment Income from unearned Premium and Loss Reserves
2. Investment Income from Surplus
3. Underwriting Profit Provision

Exhibits 1R-A and 1R-B

These exhibits show the estimated target rate of return on equity based on the review of the total return on policyholders' surplus for the property/casualty insurance industry. Exhibit 4R provides the detailed support for the target return on equity.

Exhibits 2R-A and 2R-B

The investment income from unearned premium reserves and loss reserves is determined on Exhibits 2R-A and 2R-B. The formula relies on calendar year reserves to produce a return on premium. The unearned premium reserves are adjusted to reflect the revenue offset provision of the 1986 Tax Reform Act. The loss reserves are adjusted to reflect federal taxation based upon discount losses; this is also a provision of the 1986 Tax Reform Act. Item B, Investment Income From Surplus, from Exhibit 1R-A and 1R-B addresses this income source.

Exhibits 3R-A and 3R-B

The investment income from surplus is determined from the average rate of return on invested assets during the last three calendar years. The federal income tax adjustment factors are calculated on Exhibit 3R. This is the complement of the average tax rate based on the Company's mix of taxable and tax-exempt investments. Item C, Underwriting Profit Provision, from Exhibit 1R-A and 1R-B addresses this income source.

The underwriting profit provision is determined as the target return on equity less the two previously determined sources of income. Item D, Total Sources of Return on Equity, of Exhibit 1R-A and 1R-B provides this calculation.

Exhibit 4R

This exhibit provides the supporting information for the selected total return on policyholder surplus.

Exhibit 5R

This exhibit provides the calculation of the Premium to Surplus Ratio for the year 2011.

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Loss Cost Multiplier

PHARMACISTS MUTUAL INSURANCE COMPANY will use a loss cost multiplier of 1.417 for Uninsured/Underinsured Motorist Coverages, ~~1.417~~ [1.336](#) for all other liability coverages and ~~1.679~~ [1.620](#) for physical damage coverage, with all "Loss Costs" established by ISO for our Personal Automobile program.

Rule 3.E has been withdrawn and replaced by the following:

3.E Premium Determination

This rule is deleted, as Expense Fees will not be added to the premiums.

Rule 4.C.2.c has been withdrawn and replaced by the following:

c. AGE means the age attained within the first six months of the policy period.

Rule 7. has been withdrawn and replaced by the following:

7. Minimum Premium Rule

This rule is deleted.

Rule 9.C. has been amended by the following:

9.C. Minimal Premium Adjustments

The company's "Minimal Premium" is \$5.00.

Rule 10.A. has been withdrawn and replaced by the following:

10.A. If a policy, vehicle or form of coverage is cancelled, return premium will be computed pro rata.

Rule 18.A.2 has been amended by the addition of the following limit option:

18. Increased Limits

- A. Liability Increased Limits Tables
Bodily Injury Liability Increased Limits

<u>Limit</u>	<u>Factor</u>
500/500	2.34

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Rule 19.A.2.a. and 19.A.3.e have been withdrawn and replaced by the following:

19. Miscellaneous Types

Rules 19.A.2.a and 19.A.3.e are deleted, as Expense Fees will not be added to the premiums.

Rule 22. has been added:

22. Personal Package Discount

If an insured has their Personal Auto and Homeowners/ Mobile Homeowners policies with Pharmacists Mutual a premium credit will be given according to the following rules:

1. **Eligibility** - This rule applies only if Personal Auto and Homeowners/Mobile Homeowners policies are written for the same named insured with Pharmacists Mutual.
2. **Premium Discount** - A 5% credit shall apply separately to each policy, after application of all other premium modifications.
3. **Policy Term** - Policies should be written with concurrent inception or expiration dates if possible.

Rule 23. has been added:

23. Multivariate Rating Factors – premium discounts will be applied to total policy premium.

A. 3-D Discount

- i) A review period of 72 months determines if the discount applies.

(1) New Business

- (a) Incident Free Years will be determined by a review of all claims or accidents, including not-at-fault claims and uninsured and underinsured motorist claims, within 72 months of the effective date of the application.
- (b) Do not count the most recent not-at fault claim and/or any claim less than \$100.

(2) Renewal Business

- (a) Incident Free Years will be determined by a review of all at-fault claims within 72 months ending prior to the processing of the renewal.
- (b) If an at-fault claim is not counted at the first renewal following the claim, we reserve the right to count the incident at the subsequent renewal.

- ii) A policy may not be re-written for the express purpose of obtaining or increasing the discount.

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- iii) A coverage lapse of 30 days or more is considered a lapse of coverage and initiates a new inception date, resulting in loss of discount.
- iv) The inception date of re-written business or a new policy written from an existing policy will be the date the named insured was added on the existing policy.
- v) If a new policy is written from an existing policy as a result of a divorce, the inception date of each of the new policies will be the inception date of the existing policy.
- vi) Discount Determination
 - (1) A policy with an SDIP surcharge is not eligible for the 3-D Discount if driving record points have been added for convictions or accidents, as per ISO Personal Automobile Manual Rule 5.
 - (2) The policy will be eligible for the 3-D Discount if an SDIP surcharge has been applied because the principal operator of the auto has no point assigned for an accident or conviction but has been licensed less than two years, as per ISO Personal Automobile Manual Rule 5.B.1.c.(1).
 - (3) The inception date of the policy determines Loyalty Years.
 - (4) The 3-D discount shall be applied to all Private Passenger Autos and Miscellaneous Vehicles.

Incident Free Years	LOYALTY YEARS										
	<u>0 to 2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>	<u>11</u>	<u>12 or More</u>
0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
1	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
2	0.0%	0.0%	0.0%	0.0%	1.0%	1.0%	1.5%	1.5%	2.0%	2.0%	2.5%
3	0.0%	0.0%	0.0%	1.5%	2.0%	2.5%	3.0%	3.5%	4.0%	4.5%	5.0%
4	5.0%	5.0%	8.0%	8.5%	9.0%	10.0%	11.0%	12.0%	13.0%	14.0%	15.0%
5	5.0%	5.0%	8.0%	8.5%	9.0%	10.0%	11.0%	12.0%	13.0%	14.0%	15.0%
6 or more	10.0%	10.0%	13.0%	13.5%	14.0%	15.0%	16.0%	17.0%	18.0%	19.0%	20.0%

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- B. Payment Method –Full payment must be received by due date for discount to remain on the policy. If partial or EFT payment chosen, policy will be eligible for full payment option at next renewal date.

Payment Method	Discount
Partial/EFT	0%
Full	5%

- C. Insurance Score – the highest insurance score of all drivers on the policy will be used to determine this discount.

Insurance Score	Discount
No Hit	0%
Under 600	-15%
600-649	-7.5%
650-749	0%
750-849	5%
850+	10%