

State: Arkansas **Filing Company:** Foremost Property & Casualty Insurance Company
TOI/Sub-TOI: 04.0 Homeowners/04.0002 Mobile Homeowners
Product Name: Manufactured Home Insurance Program
Project Name/Number: /

Filing at a Glance

Company: Foremost Property & Casualty Insurance Company
Product Name: Manufactured Home Insurance Program
State: Arkansas
TOI: 04.0 Homeowners
Sub-TOI: 04.0002 Mobile Homeowners
Filing Type: Rate
Date Submitted: 05/13/2013
SERFF Tr Num: FORE-129025719
SERFF Status: Closed-Filed
State Tr Num:
State Status:
Co Tr Num: K-6

Effective Date: 09/01/2013
Requested (New):
Effective Date: 09/01/2013
Requested (Renewal):
Author(s): Kristen Kennedy
Reviewer(s): Becky Harrington (primary)
Disposition Date: 07/01/2013
Disposition Status: Filed
Effective Date (New): 09/01/2013
Effective Date (Renewal): 09/01/2013

State Filing Description:

State: Arkansas **Filing Company:** Foremost Property & Casualty Insurance Company
TOI/Sub-TOI: 04.0 Homeowners/04.0002 Mobile Homeowners
Product Name: Manufactured Home Insurance Program
Project Name/Number: /

General Information

Project Name: Status of Filing in Domicile:
 Project Number: Domicile Status Comments:
 Reference Organization: Reference Number:
 Reference Title: Advisory Org. Circular:
 Filing Status Changed: 07/01/2013
 State Status Changed: Deemer Date:
 Created By: Kristen Kennedy Submitted By: Kristen Kennedy
 Corresponding Filing Tracking Number:

Filing Description:
 We are requesting revisions to the Rate Section.

Company and Contact

Filing Contact Information

Kaan Cidanli, Administrator kaan.cidanli@farmersinsurance.com
 PO Box 2450 616-956-3645 [Phone]
 Grand Rapids, MI 49501-2450

Filing Company Information

Foremost Property & Casualty Insurance Company	CoCode: 11800	State of Domicile: Michigan
P.O. Box 2450	Group Code: 212	Company Type: Property and Casualty
Grand Rapids, MI 49501-2450	Group Name:	State ID Number:
(616) 942-3000 ext. [Phone]	FEIN Number: 35-1604635	

Filing Fees

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

Company	Amount	Date Processed	Transaction #
Foremost Property & Casualty Insurance Company	\$100.00	05/13/2013	70206907

State: Arkansas
TOI/Sub-TOI: 04.0 Homeowners/04.0002 Mobile Homeowners
Product Name: Manufactured Home Insurance Program
Project Name/Number: /

Filing Company: Foremost Property & Casualty Insurance Company

Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Filed	Becky Harrington	07/01/2013	07/01/2013

Objection Letters and Response Letters

Objection Letters

Status	Created By	Created On	Date Submitted
Pending Industry Response	Becky Harrington	06/21/2013	06/21/2013
Pending Industry Response	Becky Harrington	05/24/2013	05/24/2013
Pending Industry Response	Becky Harrington	05/15/2013	05/15/2013

Response Letters

Responded By	Created On	Date Submitted
Kristen Kennedy	06/27/2013	07/01/2013
Kristen Kennedy	06/20/2013	06/20/2013
Kristen Kennedy	05/23/2013	05/23/2013

Filing Notes

Subject	Note Type	Created By	Created On	Date Submitted
Objection 3	Note To Filer	Becky Harrington	05/15/2013	05/15/2013

State: Arkansas
 TOI/Sub-TOI: 04.0 Homeowners/04.0002 Mobile Homeowners
 Product Name: Manufactured Home Insurance Program
 Project Name/Number: /

Filing Company: Foremost Property & Casualty Insurance Company

Disposition

Disposition Date: 07/01/2013
 Effective Date (New): 09/01/2013
 Effective Date (Renewal): 09/01/2013
 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):
Foremost Property & Casualty Insurance Company	65.800%	9.820%	\$192,143	2,159	\$1,956,649	17.850%	4.740%

Schedule	Schedule Item	Schedule Item Status	Public Access
Supporting Document (revised)	NAIC loss cost data entry document	Filed	Yes
Supporting Document	NAIC loss cost data entry document		Yes
Supporting Document	NAIC Loss Cost Filing Document for OTHER than Workers' Comp		Yes
Supporting Document	Cover Letter	Filed	Yes
Supporting Document (revised)	Exhibits	Filed	Yes
Supporting Document	Exhibits		Yes
Supporting Document	Exhibits		Yes
Supporting Document	Exhibits		Yes
Rate (revised)	Rate Page	Filed	Yes
Rate	Rate Page		Yes
Rate (revised)	Rate Page	Filed	Yes

SERFF Tracking #:

FORE-129025719

State Tracking #:

Company Tracking #:

K-6

State:

Arkansas

Filing Company:

Foremost Property & Casualty Insurance Company

TOI/Sub-TOI:

04.0 Homeowners/04.0002 Mobile Homeowners

Product Name:

Manufactured Home Insurance Program

Project Name/Number:

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Schedule	Schedule Item	Schedule Item Status	Public Access
Rate	Rate Page		Yes
Rate (revised)	Rate Page	Filed	Yes
Rate	Rate Page		Yes
Rate (revised)	Rate Page	Filed	Yes
Rate	Rate Page		Yes
Rate (revised)	Rate Page	Filed	Yes
Rate	Rate Page		Yes
Rate (revised)	Rate Page	Filed	Yes
Rate	Rate Page		Yes

State: Arkansas **Filing Company:** Foremost Property & Casualty Insurance Company
TOI/Sub-TOI: 04.0 Homeowners/04.0002 Mobile Homeowners
Product Name: Manufactured Home Insurance Program
Project Name/Number: /

Objection Letter

Objection Letter Status Pending Industry Response
Objection Letter Date 06/21/2013
Submitted Date 06/21/2013
Respond By Date

Dear Kaan Cidanli,

Introduction:

This will acknowledge receipt of the recent response.

Objection 1

Comments: The explanation regarding compliance with ACA 23-63-109 stated that weather is a small piece of the credit model; however, the final factors are comprised of 45% weather related losses. The supporting documentation submitted with this filing is insufficient to justify the use of natural cause events in combination with credit as a factor to determine the final rate the insured is charged, pursuant to Directive 2-2009 (tier placement) and ACA 23-63-109. Please revise accordingly.

Objection 2

Comments: Manual pages do not include how no-hits/thin files are treated. Please provide the manual page containing the rule or revise the rate page.

Objection 3

Comments: The overall requested rate change amount has been reviewed by the Commissioner. Please amend the overall amount to 10%.

Provide a revised HPCS.

Conclusion:

NOTICE regarding, corrections to filings and scrivener's Errors:

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

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

*Sincerely,
Becky Harrington*

State: Arkansas **Filing Company:** Foremost Property & Casualty Insurance Company
TOI/Sub-TOI: 04.0 Homeowners/04.0002 Mobile Homeowners
Product Name: Manufactured Home Insurance Program
Project Name/Number: /

Objection Letter

Objection Letter Status Pending Industry Response
Objection Letter Date 05/24/2013
Submitted Date 05/24/2013
Respond By Date

Dear Kaan Cidanli,

Introduction:

This will acknowledge receipt of the recent response.

Objection 1

- Rate Page, R-10 (Rate)

Comments: Please withdraw the calendar year impact rule.

Our statutes require rate changes be filed using the most recent 5-years' experience, which include trending for premiums and losses. Additionally, as filed, this factor may result in rates that are unfairly discriminatory pursuant to ACA 23-67-208(d).

Objection 2

Comments: It is the Departments position that separately rating of perils relating to weather is in conflict with the Legislative intent of Arkansas Code Annotated § 23-63-109, which is to avoid penalizing insureds for natural cause events beyond their control. We have applied this rationale in the past to the consideration of weather related and catastrophe claims for placement into rating tiers and surcharges. We believe it is appropriate to apply this concept to any rating scheme that might result in the unfair consideration of natural cause events. Please explain how the retro-validation study and developed factors complies with the above.

Objection 3

Comments: The pure premium exhibit is insufficient to support the retrovalidation study factors. In addition, we have been unable to locate the filing in which the scoring model was filed.

Please provide: (1) the actual model; (2) the loss experience (premiums and losses); and a detailed explanation of how the factors by-peril are developed and correlate to the supporting information. Please refer to ACA 23-67-409.

Conclusion:

NOTICE regarding, corrections to filings and scrivener's Errors:

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

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

Sincerely,
Becky Harrington

State: Arkansas **Filing Company:** Foremost Property & Casualty Insurance Company
TOI/Sub-TOI: 04.0 Homeowners/04.0002 Mobile Homeowners
Product Name: Manufactured Home Insurance Program
Project Name/Number: /

Objection Letter

Objection Letter Status Pending Industry Response
Objection Letter Date 05/15/2013
Submitted Date 05/15/2013
Respond By Date

Dear Kaan Cidanli,

Introduction:

This will acknowledge receipt of the captioned filing.

Objection 1

Comments: Insurance score factors were recently changed effective 8/1/13. Please explain how the supporting documentation has changed to justify another revision. Provide the actual loss experience used in the model to develop the indicated factors as required by ACA 23-67-405.

Indicated the possible maximum impact to insureds when the credit score is re-run, but remains in the same score bracket.

Objection 2

Comments: Provide the SERFF filing number for the 40% increase shown as the previous rate revision on the Rate/Rule Schedule tab.

Objection 3

Comments: Provide an exhibit detailing consideration of investment income as required by ACA 23-67-211.

Conclusion:

NOTICE regarding, corrections to filings and scrivener's Errors:

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

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

Sincerely,
Becky Harrington

SERFF Tracking #:

FORE-129025719

State Tracking #:

Company Tracking #:

K-6

State:

Arkansas

Filing Company:

Foremost Property & Casualty Insurance Company

TOI/Sub-TOI:

04.0 Homeowners/04.0002 Mobile Homeowners

Product Name:

Manufactured Home Insurance Program

Project Name/Number:

/

Response Letter

Response Letter Status	Submitted to State
Response Letter Date	06/27/2013
Submitted Date	07/01/2013

Dear Becky Harrington,

Introduction:

This is in response to your objection letter dated 6/21/13.

Response 1

Comments:

The credit retrovalidation study has been revised to remove weather related losses. The selected credit factors have been revised as a result of this change.

Related Objection 1

Comments: The explanation regarding compliance with ACA 23-63-109 stated that weather is a small piece of the credit model; however, the final factors are comprised of 45% weather related losses. The supporting documentation submitted with this filing is insufficient to justify the use of natural cause events in combination with credit as a factor to determine the final rate the insured is charged, pursuant to Directive 2-2009 (tier placement) and ACA 23-63-109. Please revise accordingly.

Changed Items:

State: Arkansas

TOI/Sub-TOI: 04.0 Homeowners/04.0002 Mobile Homeowners

Product Name: Manufactured Home Insurance Program

Project Name/Number: /

Filing Company:

Foremost Property & Casualty Insurance Company

Supporting Document Schedule Item Changes

Satisfied - Item:	Exhibits
Comments:	
Attachment(s):	<p>Indications - B's and C's - Property Only (SOP - Non-Hurricane State) - 107 only.pdf AR FPC EXHIBIT 5-23-13.pdf investment income 5-23-13.pdf AR MH DOI Obj Exhibit 6-13.pdf InScore 3.0 HO3 Countrywide Model.pdf MH Filing Support AR 6-13 .pdf</p>
<i>Previous Version</i>	
Satisfied - Item:	<i>Exhibits</i>
Comments:	
Attachment(s):	<p><i>Indications - B's and C's - Property Only (SOP - Non-Hurricane State) - 107 only.pdf MH Filing Support AR.pdf AR FPC EXHIBIT 5-23-13.pdf investment income 5-23-13.pdf AR MH DOI Obj Exhibit 6-13.pdf InScore 3.0 HO3 Countrywide Model.pdf</i></p>
<i>Previous Version</i>	
Satisfied - Item:	<i>Exhibits</i>
Comments:	
Attachment(s):	<p><i>Indications - B's and C's - Property Only (SOP - Non-Hurricane State) - 107 only.pdf MH Filing Support AR.pdf AR FPC EXHIBIT 5-23-13.pdf investment income 5-23-13.pdf</i></p>
<i>Previous Version</i>	
Satisfied - Item:	<i>Exhibits</i>
Comments:	

SERFF Tracking #:

FORE-129025719

State Tracking #:

Company Tracking #:

K-6

State:

Arkansas

Filing Company:

Foremost Property & Casualty Insurance Company

TOI/Sub-TOI:

04.0 Homeowners/04.0002 Mobile Homeowners

Product Name:

Manufactured Home Insurance Program

Project Name/Number:

/

Attachment(s):

Indications - B's and C's - Property Only (SOP - Non-Hurricane State) - 107 only.pdf
MH Filing Support AR.pdf

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Response 2

Comments:

The rate page has been revised to include no-hits/thin files.

Related Objection 2

Comments: Manual pages do not include how no-hits/thin files are treated. Please provide the manual page containing the rule or revise the rate page.

Changed Items:

No Supporting Documents changed.

No Form Schedule items changed.

State: Arkansas
 TOI/Sub-TOI: 04.0 Homeowners/04.0002 Mobile Homeowners
 Product Name: Manufactured Home Insurance Program
 Project Name/Number: /

Filing Company: Foremost Property & Casualty Insurance Company

Rate Schedule Item Changes

Item No.	Exhibit Name	Rule # or Page #	Rate Action	Previous State Filing Number	Date Submitted
1	Rate Page	R-5	Replacement		07/01/2013 By: Kristen Kennedy
<i>Previous Version</i>					
1	Rate Page	R-5	Replacement		05/13/2013 By: Kristen Kennedy
2	Rate Page	R-6	Replacement		07/01/2013 By: Kristen Kennedy
<i>Previous Version</i>					
2	Rate Page	R-6	Replacement		05/13/2013 By: Kristen Kennedy
3	Rate Page	R-7	Replacement		07/01/2013 By: Kristen Kennedy
<i>Previous Version</i>					
3	Rate Page	R-7	Replacement		05/13/2013 By: Kristen Kennedy
4	Rate Page	R-8	Replacement		07/01/2013 By: Kristen Kennedy
<i>Previous Version</i>					
4	Rate Page	R-8	Replacement		05/13/2013 By: Kristen Kennedy
5	Rate Page	R-11	Replacement		07/01/2013 By: Kristen Kennedy
<i>Previous Version</i>					
5	Rate Page	R-11	Replacement		05/13/2013 By: Kristen Kennedy

SERFF Tracking #:

FORE-129025719

State Tracking #:

Company Tracking #:

K-6

State:

Arkansas

Filing Company:

Foremost Property & Casualty Insurance Company

TOI/Sub-TOI:

04.0 Homeowners/04.0002 Mobile Homeowners

Product Name:

Manufactured Home Insurance Program

Project Name/Number:

/

Response 3

Comments:

The filing has been amended to result in an overall rate impact of +9.82%. The rate pages, company rate information and NAIC Loss Cost Data Entry Document have been revised as a result of this change.

Related Objection 3

Comments: The overall requested rate change amount has been reviewed by the Commissioner. Please amend the overall amount to 10%.

Provide a revised HPCS.

Changed Items:

SERFF Tracking #:

FORE-129025719

State Tracking #:

Company Tracking #:

K-6

State:

Arkansas

Filing Company:

Foremost Property & Casualty Insurance Company

TOI/Sub-TOI:

04.0 Homeowners/04.0002 Mobile Homeowners

Product Name:

Manufactured Home Insurance Program

Project Name/Number:

/

Supporting Document Schedule Item Changes

Satisfied - Item:	NAIC loss cost data entry document
Comments:	
Attachment(s):	NAIC LOSS COST DATA ENTRY DOCUMENT 6-13.pdf
<i>Previous Version</i>	
Satisfied - Item:	<i>NAIC loss cost data entry document</i>
Comments:	
Attachment(s):	<i>NAIC LOSS COST DATA ENTRY DOCUMENT.pdf</i>

Satisfied - Item:	Exhibits
Comments:	
Attachment(s):	Indications - B's and C's - Property Only (SOP - Non-Hurricane State) - 107 only.pdf AR FPC EXHIBIT 5-23-13.pdf investment income 5-23-13.pdf AR MH DOI Obj Exhibit 6-13.pdf InScore 3.0 HO3 Countrywide Model.pdf MH Filing Support AR 6-13 .pdf
<i>Previous Version</i>	
Satisfied - Item:	<i>Exhibits</i>
Comments:	
Attachment(s):	<i>Indications - B's and C's - Property Only (SOP - Non-Hurricane State) - 107 only.pdf MH Filing Support AR.pdf AR FPC EXHIBIT 5-23-13.pdf investment income 5-23-13.pdf AR MH DOI Obj Exhibit 6-13.pdf InScore 3.0 HO3 Countrywide Model.pdf</i>
<i>Previous Version</i>	
Satisfied - Item:	<i>Exhibits</i>
Comments:	

SERFF Tracking #:

FORE-129025719

State Tracking #:

Company Tracking #:

K-6

State:

Arkansas

Filing Company:

Foremost Property & Casualty Insurance Company

TOI/Sub-TOI:

04.0 Homeowners/04.0002 Mobile Homeowners

Product Name:

Manufactured Home Insurance Program

Project Name/Number:

/

Attachment(s):	<i>Indications - B's and C's - Property Only (SOP - Non-Hurricane State) - 107 only.pdf</i> <i>MH Filing Support AR.pdf</i> <i>AR FPC EXHIBIT 5-23-13.pdf</i> <i>investment income 5-23-13.pdf</i>
<i>Previous Version</i>	
Satisfied - Item:	<i>Exhibits</i>
Comments:	
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SERFF Tracking #:

FORE-129025719

State Tracking #:

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State:

Arkansas

Filing Company:

Foremost Property & Casualty Insurance Company

TOI/Sub-TOI:

04.0 Homeowners/04.0002 Mobile Homeowners

Product Name:

Manufactured Home Insurance Program

Project Name/Number:

/

Supporting Document Schedule Item Changes

Satisfied - Item:	NAIC loss cost data entry document
Comments:	
Attachment(s):	NAIC LOSS COST DATA ENTRY DOCUMENT 6-13.pdf
<i>Previous Version</i>	
Satisfied - Item:	<i>NAIC loss cost data entry document</i>
Comments:	
Attachment(s):	<i>NAIC LOSS COST DATA ENTRY DOCUMENT.pdf</i>

Satisfied - Item:	Exhibits
Comments:	
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Satisfied - Item:	<i>Exhibits</i>
Comments:	
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<i>Previous Version</i>	
Satisfied - Item:	<i>Exhibits</i>
Comments:	

SERFF Tracking #:

FORE-129025719

State Tracking #:

Company Tracking #:

K-6

State:

Arkansas

Filing Company:

Foremost Property & Casualty Insurance Company

TOI/Sub-TOI:

04.0 Homeowners/04.0002 Mobile Homeowners

Product Name:

Manufactured Home Insurance Program

Project Name/Number:

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Attachment(s):	<i>Indications - B's and C's - Property Only (SOP - Non-Hurricane State) - 107 only.pdf</i> <i>MH Filing Support AR.pdf</i> <i>AR FPC EXHIBIT 5-23-13.pdf</i> <i>investment income 5-23-13.pdf</i>
<i>Previous Version</i>	
Satisfied - Item:	<i>Exhibits</i>
Comments:	
Attachment(s):	<i>Indications - B's and C's - Property Only (SOP - Non-Hurricane State) - 107 only.pdf</i> <i>MH Filing Support AR.pdf</i>

No Form Schedule items changed.

State: Arkansas
 TOI/Sub-TOI: 04.0 Homeowners/04.0002 Mobile Homeowners
 Product Name: Manufactured Home Insurance Program
 Project Name/Number: /

Filing Company: Foremost Property & Casualty Insurance Company

Rate Schedule Item Changes

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1	Rate Page	R-5	Replacement		07/01/2013 By: Kristen Kennedy
<i>Previous Version</i>					
1	Rate Page	R-5	Replacement		05/13/2013 By: Kristen Kennedy
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5	Rate Page	R-11	Replacement		07/01/2013 By: Kristen Kennedy
<i>Previous Version</i>					
5	Rate Page	R-11	Replacement		05/13/2013 By: Kristen Kennedy

SERFF Tracking #:

FORE-129025719

State Tracking #:

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State:

Arkansas

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Foremost Property & Casualty Insurance Company

TOI/Sub-TOI:

04.0 Homeowners/04.0002 Mobile Homeowners

Product Name:

Manufactured Home Insurance Program

Project Name/Number:

/

Conclusion:

Please withdraw:

Rate Page R-5 through R-8 - Revised Printing 5/13

Rate Page R-11 - Revised Printing 5/13

Please insert:

Rate Page R-5 through R-8 - Revised Printing 6/13

Rate Page R-11 - Revised Printing 6/13

Your attention to our filing is appreciated.

Kaan K. Cidanli

State Filings Administrator

Sincerely,

Kristen Kennedy

State: Arkansas
TOI/Sub-TOI: 04.0 Homeowners/04.0002 Mobile Homeowners
Product Name: Manufactured Home Insurance Program
Project Name/Number: /

Filing Company: Foremost Property & Casualty Insurance Company

Response Letter

Response Letter Status Submitted to State
 Response Letter Date 06/20/2013
 Submitted Date 06/20/2013

Dear Becky Harrington,

Introduction:

Response 1

Comments:

We are removing the Calendar Year Premium Modifier.

Related Objection 1

Applies To:

- Rate Page, R-10 (Rate)

Comments: Please withdraw the calendar year impact rule.

Our statutes require rate changes be filed using the most recent 5-years' experience, which include trending for premiums and losses. Additionally, as filed, this factor may result in rates that are unfairly discriminatory pursuant to ACA 23-67-208(d).

Changed Items:

No Supporting Documents changed.

No Form Schedule items changed.

Rate Schedule Item Changes

Item No.	Exhibit Name	Rule # or Page #	Rate Action	Previous State Filing Number	Date Submitted
1	Rate Page	R-10	Replacement		06/20/2013 By: Kristen Kennedy
<i>Previous Version</i>					
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State:	Arkansas	Filing Company:	Foremost Property & Casualty Insurance Company
TOI/Sub-TOI:	04.0 Homeowners/04.0002 Mobile Homeowners		
Product Name:	Manufactured Home Insurance Program		
Project Name/Number:	/		

Response 2

Comments:

Our retrovalidation study and developed factors complies with Arkansas Code Annotated 23-63-109. We are not cancelling or non-renewing any policies as the result of claims arising from natural causes. No policyholders individual loss experience affects their credit factor. Also, since weather is only a small piece of the credit models, no actions are taken solely on the basis of weather.

Related Objection 2

Comments: It is the Departments position that separately rating of perils relating to weather is in conflict with the Legislative intent of Arkansas Code Annotated § 23-63-109, which is to avoid penalizing insureds for natural cause events beyond their control. We have applied this rationale in the past to the consideration of weather related and catastrophe claims for placement into rating tiers and surcharges. We believe it is appropriate to apply this concept to any rating scheme that might result in the unfair consideration of natural cause events. Please explain how the retro-validation study and developed factors complies with the above.

Changed Items:

No Supporting Documents changed.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Response 3

Comments:

State:	Arkansas	Filing Company:	Foremost Property & Casualty Insurance Company
TOI/Sub-TOI:	04.0 Homeowners/04.0002 Mobile Homeowners		
Product Name:	Manufactured Home Insurance Program		
Project Name/Number:	/		

The actual model is the In Score 3.0 HO 3/5 0702 and is attached for your review.

Please see attached exhibit for loss experience by credit tier. Different credit factors by-peril are developed using countrywide data because each peril has similar predictive variables countrywide, and different loss behavior in different states is primarily driven by the different perils impacting each state. In this modeling process, a separate loss model is developed based on countrywide data for each of the following perils:

Total Fire

Partial Fire

Wind

Tornado

Hail

Other Weather (primarily weather-related water damage)

Water

Other

To determine appropriate factors for Arkansas, the distribution of incurred losses by peril in Arkansas is used to weight the individual peril factors together to determine a set of all cause factors that are appropriate for Arkansas. For example, since our loss experience shows total fire losses to be dominant in Arkansas, the countrywide total fire factors dominate the all peril factors for Arkansas.

Related Objection 3

Comments: The pure premium exhibit is insufficient to support the retrovalidation study factors. In addition, we have been unable to locate the filing in which the scoring model was filed.

Please provide: (1) the actual model; (2) the loss experience (premiums and losses); and a detailed explanation of how the factors by-peril are developed and correlate to the supporting information. Please refer to ACA 23-67-409.

Changed Items:

State: Arkansas

Filing Company:

Foremost Property & Casualty Insurance Company

TOI/Sub-TOI: 04.0 Homeowners/04.0002 Mobile Homeowners

Product Name: Manufactured Home Insurance Program

Project Name/Number: /

Supporting Document Schedule Item Changes

Satisfied - Item:	Exhibits
Comments:	
Attachment(s):	<p>Indications - B's and C's - Property Only (SOP - Non-Hurricane State) - 107 only.pdf</p> <p>MH Filing Support AR.pdf</p> <p>AR FPC EXHIBIT 5-23-13.pdf</p> <p>investment income 5-23-13.pdf</p> <p>AR MH DOI Obj Exhibit 6-13.pdf</p> <p>InScore 3.0 HO3 Countrywide Model.pdf</p>
<i>Previous Version</i>	
Satisfied - Item:	<i>Exhibits</i>
Comments:	
Attachment(s):	<p><i>Indications - B's and C's - Property Only (SOP - Non-Hurricane State) - 107 only.pdf</i></p> <p><i>MH Filing Support AR.pdf</i></p> <p><i>AR FPC EXHIBIT 5-23-13.pdf</i></p> <p><i>investment income 5-23-13.pdf</i></p>
<i>Previous Version</i>	
Satisfied - Item:	<i>Exhibits</i>
Comments:	
Attachment(s):	<p><i>Indications - B's and C's - Property Only (SOP - Non-Hurricane State) - 107 only.pdf</i></p> <p><i>MH Filing Support AR.pdf</i></p>

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Conclusion:

SERFF Tracking #:

FORE-129025719

State Tracking #:

Company Tracking #:

K-6

State:

Arkansas

Filing Company:

Foremost Property & Casualty Insurance Company

TOI/Sub-TOI:

04.0 Homeowners/04.0002 Mobile Homeowners

Product Name:

Manufactured Home Insurance Program

Project Name/Number:

/

Please withdraw:

Rate Page R-10 - Revised Printing 5/13

Please insert:

Rate Page R-10 - Revised Printing 6/13

Your attention to our filing is appreciated.

Kaan K. Cidanli

State Filings Administrator

Sincerely,

Kristen Kennedy

State: Arkansas
TOI/Sub-TOI: 04.0 Homeowners/04.0002 Mobile Homeowners
Product Name: Manufactured Home Insurance Program
Project Name/Number: /

Filing Company: Foremost Property & Casualty Insurance Company

Response Letter

Response Letter Status	Submitted to State
Response Letter Date	05/23/2013
Submitted Date	05/23/2013

Dear Becky Harrington,

Introduction:

This is in response to your objection letter dated 5/15/2013.

Response 1

Comments:

Please refer to the attached exhibit for details.

Due to a recent business initiative, we will no longer be able to support the FACET scoring model. We apologize for filing it in the first place but since we are also unable to withdraw it, we are proposing the two model approach in this filing.

A policyholder may possibly see a rate increase of 15% as a result of his/her credit score being recalculated.

Related Objection 1

Comments: Insurance score factors were recently changed effective 8/1/13. Please explain how the supporting documentation has changed to justify another revision. Provide the actual loss experience used in the model to develop the indicated factors as required by ACA 23-67-405.

Indicated the possible maximum impact to insureds when the credit score is re-run, but remains in the same score bracket.

Changed Items:

No Supporting Documents changed.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Response 2

Comments:

This is a typographical error. The filing that went into effect on 6/1/12 got approved with a rate increase of 10%. The Rate Information tab has been corrected.

Related Objection 2

State: Arkansas

Filing Company: Foremost Property & Casualty Insurance Company

TOI/Sub-TOI: 04.0 Homeowners/04.0002 Mobile Homeowners

Product Name: Manufactured Home Insurance Program

Project Name/Number: /

Comments: Provide the SERFF filing number for the 40% increase shown as the previous rate revision on the Rate/Rule Schedule tab.

Changed Items:

No Supporting Documents changed.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Response 3

Comments:

Please refer to the attached exhibit for details.

Related Objection 3

Comments: Provide an exhibit detailing consideration of investment income as required by ACA 23-67-211.

Changed Items:

Supporting Document Schedule Item Changes	
Satisfied - Item:	Exhibits
Comments:	
Attachment(s):	Indications - B's and C's - Property Only (SOP - Non-Hurricane State) - 107 only.pdf MH Filing Support AR.pdf AR FPC EXHIBIT 5-23-13.pdf investment income 5-23-13.pdf
<i>Previous Version</i>	
Satisfied - Item:	<i>Exhibits</i>
Comments:	
Attachment(s):	<i>Indications - B's and C's - Property Only (SOP - Non-Hurricane State) - 107 only.pdf</i> <i>MH Filing Support AR.pdf</i>

No Form Schedule items changed.

SERFF Tracking #:

FORE-129025719

State Tracking #:

Company Tracking #:

K-6

State:

Arkansas

Filing Company:

Foremost Property & Casualty Insurance Company

TOI/Sub-TOI:

04.0 Homeowners/04.0002 Mobile Homeowners

Product Name:

Manufactured Home Insurance Program

Project Name/Number:

/

No Rate/Rule Schedule items changed.

Conclusion:

Your attention to our filing is appreciated.

Kaan Cidanli

State Filings Administrator

Sincerely,

Kristen Kennedy

State: Arkansas **Filing Company:** Foremost Property & Casualty Insurance Company
TOI/Sub-TOI: 04.0 Homeowners/04.0002 Mobile Homeowners
Product Name: Manufactured Home Insurance Program
Project Name/Number: /

Note To Filer

Created By:

Becky Harrington on 05/15/2013 11:05 AM

Last Edited By:

Becky Harrington

Submitted On:

07/01/2013 10:04 AM

Subject:

Objection 3

Comments:

Objection 3 should reference ACA 23-67-209(d) instead of 211.

I apologize for the error.

State: Arkansas **Filing Company:** Foremost Property & Casualty Insurance Company
TOI/Sub-TOI: 04.0 Homeowners/04.0002 Mobile Homeowners
Product Name: Manufactured Home Insurance Program
Project Name/Number: /

Post Submission Update Request Processed On 07/01/2013

Status: Allowed
Created By: Kristen Kennedy
Processed By: Becky Harrington
Comments: per dept request reduced overall

Company Rate Information:

Company Name:Foremost Property & Casualty Insurance Company

Field Name	Requested Change	Prior Value
Overall % Rate Impact	9.820%	21.700%
Written Premium Change for this Program	\$192143	\$424593
Maximum %Change (where required)	17.850%	25.500%
Minimum %Change (where required)	4.740%	16.200%

State: Arkansas **Filing Company:** Foremost Property & Casualty Insurance Company
TOI/Sub-TOI: 04.0 Homeowners/04.0002 Mobile Homeowners
Product Name: Manufactured Home Insurance Program
Project Name/Number: /

Post Submission Update Request Processed On 05/24/2013

Status: Allowed
Created By: Kristen Kennedy
Processed By: Becky Harrington
Comments: correcting previous rate filing info

Rate Information:

Field Name	Requested Change	Prior Value
Overall Pct. of Last Revision	10.000%	40.000%

SERFF Tracking #:

FORE-129025719

State Tracking #:

Company Tracking #:

K-6

State:

Arkansas

Filing Company:

Foremost Property & Casualty Insurance Company

TOI/Sub-TOI:

04.0 Homeowners/04.0002 Mobile Homeowners

Product Name:

Manufactured Home Insurance Program

Project Name/Number:

/

Rate Information

Rate data applies to filing.

Filing Method:

Prior Approval

Rate Change Type:

Increase

Overall Percentage of Last Rate Revision:

10.000%

Effective Date of Last Rate Revision:

06/01/2012

Filing Method of Last Filing:

Prior Approval

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):
Foremost Property & Casualty Insurance Company	65.800%	9.820%	\$192,143	2,159	\$1,956,649	17.850%	4.740%

SERFF Tracking #:

FORE-129025719

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

K-6

State:

Arkansas

Filing Company:

Foremost Property & Casualty Insurance Company

TOI/Sub-TOI:

04.0 Homeowners/04.0002 Mobile Homeowners

Product Name:

Manufactured Home Insurance Program

Project Name/Number:

/

Rate/Rule Schedule

Item No.	Schedule Item Status	Exhibit Name	Rule # or Page #	Rate Action	Previous State Filing Number	Attachments
1	Filed 07/01/2013	Rate Page	R-5	Replacement		R-5 6-13.pdf
2	Filed 07/01/2013	Rate Page	R-6	Replacement		R-6 6-13.pdf
3	Filed 07/01/2013	Rate Page	R-7	Replacement		R-7 6-13.pdf
4	Filed 07/01/2013	Rate Page	R-8	Replacement		R-8 6-13.pdf
5	Filed 07/01/2013	Rate Page	R-10	Replacement		R-10 6-13.pdf
6	Filed 07/01/2013	Rate Page	R-11	Replacement		R-11 6-13.pdf

ARKANSAS

MANUFACTURED HOME INSURANCE PROGRAM

ANNUAL RATES/PREMIUMS
(Continued)

HOMEOWNERS INSURANCE FOR MANUFACTURED HOMES
HOMEOWNERS INSURANCE FOR MANUFACTURED HOMES – PROPERTY COVERAGE ONLY

* COVERAGE A - DWELLING

Primary Residence – \$500 Deductible
Secondary Residence - \$500 Deductible

Manufactured Home 11 Years Old or Older
Out of Park
Named Insured 50 Years of Age or Older

Territory A

<u>Rating Base</u>	<u>Premium</u>
First \$5,999	\$228.23
Between \$6,000 and \$9,999, for each additional \$1,000 or any part thereof, ADD:	13.49
Between \$10,000 and \$19,999, for each additional \$1,000 or any part thereof, ADD:	9.98
Between \$20,000 and \$39,999, for each additional \$1,000 or any part thereof, ADD:	9.27
Over \$39,999, for each additional \$1,000 or any part thereof, ADD:	5.14

**Foremost® Property and
Casualty Insurance Company**

ARKANSAS

MANUFACTURED HOME INSURANCE PROGRAM

ANNUAL RATES/PREMIUMS
(Continued)

HOMEOWNERS INSURANCE FOR MANUFACTURED HOMES
HOMEOWNERS INSURANCE FOR MANUFACTURED HOMES – PROPERTY COVERAGE ONLY

* COVERAGE A - DWELLING

Primary Residence – \$500 Deductible
Secondary Residence - \$500 Deductible

Manufactured Home 11 Years Old or Older
Out of Park
Named Insured 50 Years of Age or Older

Territory B

<u>Rating Base</u>	<u>Premium</u>
First \$5,999	\$377.66
Between \$6,000 and \$9,999, for each additional \$1,000 or any part thereof, ADD:	21.65
Between \$10,000 and \$19,999, for each additional \$1,000 or any part thereof, ADD:	21.11
Between \$20,000 and \$39,999, for each additional \$1,000 or any part thereof, ADD:	18.04
Over \$39,999, for each additional \$1,000 or any part thereof, ADD:	18.04

ARKANSAS

MANUFACTURED HOME INSURANCE PROGRAM

ANNUAL RATES/PREMIUMS
(Continued)

HOMEOWNERS INSURANCE FOR MANUFACTURED HOMES
HOMEOWNERS INSURANCE FOR MANUFACTURED HOMES – PROPERTY COVERAGE ONLY

* COVERAGE B - OTHER STRUCTURES

Primary Residence – \$500 Deductible
Secondary Residence - \$500 Deductible

Out of Park
Named Insured 50 Years of Age or Older

Territory A		
<u>Amount of Insurance</u>	<u>Premiums</u>	<u>For Each Additional \$100</u>
\$100	\$8.27	\$.56

Territory B		
<u>Amount of Insurance</u>	<u>Premiums</u>	<u>For Each Additional \$100</u>
\$100	\$15.55	\$ 1.07

ARKANSAS

MANUFACTURED HOME INSURANCE PROGRAM

ANNUAL RATES/PREMIUMS
(Continued)

HOMEOWNERS INSURANCE FOR MANUFACTURED HOMES
HOMEOWNERS INSURANCE FOR MANUFACTURED HOMES – PROPERTY COVERAGE ONLY

* COVERAGE C - PERSONAL PROPERTY

Primary Residence – \$500 Deductible
Secondary Residence - \$500 Deductible

Out of Park
Named Insured 50 Years of Age or Older

	Territory A	
<u>Amount of Insurance</u>	<u>Premiums</u>	<u>For Each Additional \$100</u>
\$ 100	\$71.75	\$.68

	Territory B	
<u>Amount of Insurance</u>	<u>Premiums</u>	<u>For Each Additional \$100</u>
\$ 100	\$134.78	\$1.25

Foremost® Property and Casualty Insurance Company

ARKANSAS

MANUFACTURED HOME INSURANCE PROGRAM

ANNUAL RATES/PREMIUMS
(Continued)

PREMIUM MODIFIERS

* APPLICATION OF PREMIUM MODIFIERS

The premium modifiers will be applied to Coverage A - Dwelling, Coverage B - Other Structures and Coverage C - Personal Property premiums, if applicable, in the following order:

- | | |
|--|-----------------------------|
| 1. Named Insured Under 50 Years of Age | 5. Insurance Score |
| 2. In Park Manufactured Home | 6. Auxiliary Heating Device |
| 3. Deductible | 7. Farm or Ranch |
| 4. 10 Years Old or Newer Manufactured Home | 8. Central Alarm |

AUXILIARY HEATING DEVICE
Primary and Secondary Residence

A \$50 charge applies when the manufactured home or other structure is equipped with an auxiliary heating device.

*

CENTRAL ALARM
Primary and Secondary Residence

Reduce the premium for Coverage A – Dwelling by \$20 when the manufactured home is equipped with an alarm system that will alert a fire department or central dispatcher in case of fire or burglary.

DEDUCTIBLE

Multiply the Coverage A – Dwelling, Coverage B – Other Structures, and Coverage C – Personal Property premiums by the appropriate deductible factor.

<u>Deductible Amount</u>	<u>Coverage</u>	<u>Deductible Factors</u>	
		<u>Primary Residence</u>	<u>Secondary Residence</u>
\$100	Coverage A – Dwelling	1.11	1.11
	Coverage B – Other Structures	1.11	1.11
	Coverage C – Personal Property	1.11	1.11
\$250	Coverage A – Dwelling	1.05	1.05
	Coverage B – Other Structures	1.05	1.05
	Coverage C – Personal Property	1.05	1.05
\$500	Coverage A – Dwelling	Included	Included
	Coverage B – Other Structures	Included	Included
	Coverage C – Personal Property	Included	Included
\$750	Coverage A – Dwelling	0.96	0.96
	Coverage B – Other Structures	0.96	0.96
	Coverage C – Personal Property	0.96	0.96
\$950	Coverage A – Dwelling	0.93	0.93
	Coverage B – Other Structures	0.93	0.93
	Coverage C – Personal Property	0.93	0.93

FARM OR RANCH
Primary Residence

Increase the premium for Coverage A - Dwelling by \$25 when the manufactured home is used as a Farm or Ranch.

**Foremost® Property and
Casualty Insurance Company**

ARKANSAS

MANUFACTURED HOME INSURANCE PROGRAM

ANNUAL RATES/PREMIUMS
(Continued)

PREMIUM MODIFIERS (continued)

INSURANCE SCORE

Primary and Secondary Residence

Insurance Score I

Insurance Score I is only applicable to policies with an original inception date on or after the implementation of the filing designated Company File # K-5 and prior to the implementation of the filing designated Company File # K-6.

<u>Insurance Score</u>	<u>Factor</u>	<u>Insurance Score</u>	<u>Factor</u>
<450	1.90	650 – 674	1.00
450 – 474	1.70	675 – 699	1.00
475 – 499	1.50	700 – 724	1.00
500 – 524	1.30	725 – 749	1.00
525 – 549	1.25	750 – 774	.95
550 – 574	1.20	775 - 799	.95
575 – 599	1.15	800+	.90
600 – 624	1.10		
625 – 649	1.05		

Multiply the Coverage A – Dwelling, Coverage B – Other Structures, and Coverage C – Personal Property premiums by the appropriate factor.

* Insurance Score II

Insurance Score II is only applicable to policies with an insurance score calculated on or after the implementation of the filing designated Company File #K-6.

<u>Insurance Score</u>	<u>Factor</u>	<u>Insurance Score</u>	<u>Factor</u>
<375	2.29	650 – 674	0.95
375 – 399	2.09	675 – 699	0.90
400 – 424	1.92	700 – 724	0.90
425 – 449	1.76	725 – 749	0.90
450 – 474	1.62	750 – 774	0.90
475 – 499	1.50	775 - 799	0.90
500 – 524	1.39	800+	0.90
525 – 549	1.29	No Score	1.00
550 – 574	1.21	No Hit	1.00
575 – 599	1.13		
600 – 624	1.06		
625 – 649	1.00		

Multiply the Coverage A – Dwelling, Coverage B – Other Structures, and Coverage C – Personal Property premiums by the appropriate factor.

The insurance score will be calculated for new business and for the renewal of the third term since the previously used insurance score was first applied. For the terms in which an insurance score is not automatically calculated, the insurance score will be calculated at renewal at the insured's request. Change of occupancy may activate this modifier during the policy term.

The factor for the insurance score will also be subject to modification in the event of an extraordinary life event which has an adverse effect on the insurance score. An extraordinary life event includes catastrophic illness or injury, death of a spouse, child or parent, temporary loss of employment, divorce, identity fraud, including theft of identity, military deployment overseas, or any similar life event.

IN PARK MANUFACTURED HOME

Primary and Secondary Residence

When the manufactured home is located in park, multiply Coverage A – Dwelling, Coverage B – Other Structures, and Coverage C – Personal Property by the following factors:

<u>Territory</u>	<u>Factor</u>
A	0.80
B	0.73

NAMED INSURED UNDER 50 YEARS OF AGE

Primary and Secondary Residence

Multiply the Coverage A – Dwelling, Coverage B – Other Structures and Coverage C – Personal Property premiums by a factor of 2.00 when the named insured is under 50 years of age.

10 YEARS OLD OR NEWER MANUFACTURED HOME

Primary and Secondary Residence

Reduce the premium for Coverage A - Dwelling by \$10 when the manufactured home is 10 years old or newer.

State: Arkansas
TOI/Sub-TOI: 04.0 Homeowners/04.0002 Mobile Homeowners
Product Name: Manufactured Home Insurance Program
Filing Company: Foremost Property & Casualty Insurance Company
Project Name/Number: /

Supporting Document Schedules

Satisfied - Item:	NAIC loss cost data entry document
Comments:	
Attachment(s):	NAIC LOSS COST DATA ENTRY DOCUMENT 6-13.pdf
Item Status:	Filed
Status Date:	07/01/2013

Bypassed - Item:	NAIC Loss Cost Filing Document for OTHER than Workers' Comp
Bypass Reason:	Not applicable.
Attachment(s):	
Item Status:	
Status Date:	

Satisfied - Item:	Cover Letter
Comments:	
Attachment(s):	AR FPC MHO K-6 5-13.pdf
Item Status:	Filed
Status Date:	07/01/2013

Satisfied - Item:	Exhibits
Comments:	
Attachment(s):	Indications - B's and C's - Property Only (SOP - Non-Hurricane State) - 107 only.pdf AR FPC EXHIBIT 5-23-13.pdf investment income 5-23-13.pdf AR MH DOI Obj Exhibit 6-13.pdf InScore 3.0 HO3 Countrywide Model.pdf MH Filing Support AR 6-13 .pdf
Item Status:	Filed
Status Date:	07/01/2013

NAIC LOSS COST DATA ENTRY DOCUMENT

1.	This filing transmittal is part of Company Tracking #	K-6
-----------	---	------------

2.	If filing is an adoption of an advisory organization loss cost filing, give name of Advisory Organization and Reference/ Item Filing Number	n/a
-----------	---	------------

Company Name		Company NAIC Number		
3.	A.	Foremost Property & Casualty Insurance Company	B.	212-11800

Product Coding Matrix Line of Business (i.e., Type of Insurance)		Product Coding Matrix Line of Insurance (i.e., Sub-type of Insurance)		
4.	A.	4.0000	B.	4.0002

5.			FOR LOSS COSTS ONLY				
(A) COVERAGE (See Instructions)	(B) Indicated % Rate Level Change	(C) Requested % Rate Level Change	(D) Expected Loss Ratio	(E) Loss Cost Modification Factor	(F) Selected Loss Cost Multiplier	(G) Expense Constant (If Applicable)	(H) Co. Current Loss Cost Multiplier
Manufactured Home	+65.8%	+9.82%					
TOTAL OVERALL EFFECT	+65.8%	+9.82%					

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	2034	-1.7%	5/1/08	1370	1781	130.0	70.9	
2009	2085	+2.2%	6/1/09	1447	1815	125.4	56.8	
2010	2112			1534	1116	72.7	55.6	
2011	2131	+14.3%	5/1/11	1735	1605	98.0	66.1	
2012	2159	+10.0%	6/1/12	1836	1170	63.7	57.2	

7.	
Expense Constants	Selected Provisions
A. Total Production Expense	8.10
B. General Expense	17.85
C. Taxes, License & Fees	4.04
D. Underwriting Profit & Contingencies	8.00
E. Other (explain) Re & ULAE	2.30
F. TOTAL	40.29

- 8.** N Apply Lost Cost Factors to Future filings? (Y or N)
- 9.** 17.85 Estimated Maximum Rate Increase for any Insured (%). Territory (if applicable): _____
- 10.** 4.74 Estimated Maximum Rate Decrease for any Insured (%) Territory (if applicable): _____

**Foremost® Property and
Casualty Insurance Company**

ADMINISTRATIVE OFFICES
5600 Beech Tree Lane
Caledonia, Michigan 49316-0050

MAILING ADDRESS
ATTN: STATE FILINGS DEPT.
P.O. Box 2450
Grand Rapids, Michigan 49501-2450

May 13, 2013

Honorable Jay Bradford
Commissioner of Insurance
Arkansas Insurance Department
1200 West Third Street
Little Rock, Arkansas 72201-1904

RE: Foremost Property and Casualty Insurance Company
NAIC #212-11800
Manufactured Home Insurance Program
Revision to the Rate Section
Company Tracking Number: K-6

We submit this filing for your formal stamp of approval or acknowledgement.

The enclosed Summary of Revisions has been developed to assist your review of this filing. The filing results in an overall rate level adjustment of +21.7%.

The following rule of implementation will apply:

This filing will be effective for all new and renewal policies written to be effective on and after September 1, 2013. No policy effective prior to the above date is to be cancelled and rewritten to take advantage of or to avoid the application of this filing except at the request of the insured.

Your attention to our filing is appreciated.

Very truly yours,

Kaan K. Cidanli
State Filings Administrator
State Filings
Phone No. (616) 956-3645
Fax No. (616) 956-2093
e-mail: kaan.cidanli@farmersinsurance.com

KKC/klk

Enclosures: Section A – Summary of Revisions 5/13
Sections B & C
NAIC Loss Cost Data Document
Exhibit I
Rate Pages

ARKANSAS

MANUFACTURED HOME INSURANCE PROGRAM

CONTENTS

SECTION	PAGE NUMBER
Section A – Summary of Revisions	A-1 through A-2
Section B – Supporting Experience	B-1 through B-5
Section C – Explanatory Material	C-1 through C-6

ARKANSAS

MANUFACTURED HOME INSURANCE PROGRAM

SECTION A – SUMMARY OF REVISIONS

RATE SECTION

Our last rate level adjustment was effective on June 1, 2012 for new and renewal business, resulting in an overall effect of +10.0%.

RATE LEVEL ADJUSTMENT

In this filing, we are proposing to amend our annual rates/premiums for Section I – Your Property Coverages, Coverage A – Dwelling, Coverage B – Other Structures, and Coverage C – Personal Property. Attached are Section B – Supporting Experience and Section C – Explanatory Material that shows how our experience developed and why rate action is necessary. The indicated and proposed rate level adjustments are as follows:

<u>Coverage</u>	<u>Indicated Change</u>	<u>Proposed Change</u>
Section I – Your Property Coverages		
Statewide	+65.80%	+21.70%
Territory A	+63.30%	+21.65%
Territory B	+35.20%	+22.52%

In addition, we are proposing the following changes:

PREMIUM MODIFIERS

Application of Premium Modifiers

“Calendar Year” has been changed to “Calendar Year Premium Modifier.”

INSURANCE SCORE

We have divided our insurance score premium modifier into Insurance Score I and Insurance Score II.

Insurance Score I

Policies with an original inception on or after the implementation of the filing designated Company File #K-5 and prior to the implementation of this filing will remain with Insurance Score I until the score is recalculated.

Insurance Score II

Insurance Score II is available to policies with an original inception on or after the implementation of this filing and their subsequent renewals and policies with an original inception date prior to the implementation of this filing whose score is recalculated as part of the renewal process.

For details and support, refer to Exhibit I – Retrovalidation Study.

CALENDAR YEAR PREMIUM MODIFIER

“Calendar Year” has been changed to “Calendar Year Premium Modifier.” And “Tenant” has been removed from the sub-heading and the superscript has been updated with the current year.

ARKANSAS

MANUFACTURED HOME INSURANCE PROGRAM

SECTION A – SUMMARY OF REVISIONS

OVERALL EFFECT

The combined overall effect of these changes is +21.7%.

REPLACEMENT OF MANUAL PAGES

Please withdraw:

- Rate Page R-5 – Revised Printing 1/31/12
- Rate Page R-6 through R-8 – Revised Printing 1/12
- Rate Page R-10 through R-11 – Revised Printing 3/13

Please insert:

- Rate Page R-5 – Revised Printing 5/13
- Rate Page R-6 through R-8 – Revised Printing 5/13
- Rate Page R-10 through R-11 – Revised Printing 5/13

Foremost Property & Casualty Insurance Company
Arkansas
Manufactured Home Insurance Program

Section B - Supporting Experience

Summary of Rate Level Changes:

Set forth on page B-2 is a summary of the indicated and proposed changes developed on subsequent pages.

Section I - Your Property Coverages, Indicated Rate Level Based on Standard Ratemaking Procedure

Using standard ratemaking procedures, the needed rate level adjustment for the state is developed on pages B-3-5

Foremost Property & Casualty Insurance Company
Arkansas
Manufactured Home Insurance Program

Section B - Supporting Experience

Summary of Rate Level Changes

<u>Coverage</u>	<u>Indicated Change</u>	<u>Proposed Change</u>
Section I - Your Property Coverages		
Statewide	65.80%	21.70%
Territory A	63.30%	21.65%
Territory B	35.20%	22.52%

Foremost Property & Casualty Insurance Company
Arkansas
Statewide
Manufactured Home Insurance Program

Section B - Supporting Experience
Development of Indicated Rate Level
Section I - Your Property Coverages

Year	(1) Earned Premium At Current Premium Levels	(2) Incurred Losses and Allocated Loss Adjustment Expense	(3) Current Cost Factor
2008	\$1,507,162	\$1,682,360	1.14
2009	\$1,605,465	\$1,649,687	1.12
2010	\$1,682,097	\$1,174,555	1.09
2011	\$1,761,045	\$1,491,927	1.06
2012	\$1,831,566	\$995,955	1.02
Year	(4) Incurred Losses at Current Cost Levels (2) X (3)	(5) Trended Incurred Losses (4) X 1.086	(6) Adjusted Loss Ratios (5) / (1)
2008	\$1,917,890	\$2,082,829	1.382
2009	\$1,847,649	\$2,006,547	1.250
2010	\$1,280,265	\$1,390,368	0.827
2011	\$1,581,443	\$1,717,447	0.975
2012	\$1,015,874	\$1,103,239	0.602

(7)	Aggregate Loss Ratio [sum of (5) / sum of (1)] =	0.990
(8)	Total number of claims =	2,566
(9)	Credibility [Square Root (# of claims / 1,082)] =	1.000
(10)	Credibility Complement (Expected Loss Ratio) =	0.597
(11)	Credibility Weighted Loss Ratio =	0.990
(12)	Indicated Premium Adjustment =	65.8%

Foremost Property & Casualty Insurance Company
Arkansas
Territory A
Manufactured Home Insurance Program

Section B - Supporting Experience
Development of Indicated Rate Level
Section I - Your Property Coverages

Year	(1) Earned Premium At Current Premium Levels	(2) Incurred Losses and Allocated Loss Adjustment Expense	(3) Current Cost Factor
2008	\$1,449,247	\$1,633,320	1.14
2009	\$1,547,690	\$1,526,553	1.12
2010	\$1,619,821	\$1,105,284	1.09
2011	\$1,696,064	\$1,449,424	1.06
2012	\$1,756,529	\$909,966	1.02
Year	(4) Incurred Losses at Current Cost Levels (2) X (3)	(5) Trended Incurred Losses (4) X 1.086	(6) Adjusted Loss Ratios (5) / (1)
2008	\$1,861,985	\$2,022,116	1.395
2009	\$1,709,739	\$1,856,777	1.200
2010	\$1,204,760	\$1,308,369	0.808
2011	\$1,536,389	\$1,668,518	0.984
2012	\$928,165	\$1,007,987	0.574

(7)	Aggregate Loss Ratio [sum of (5) / sum of (1)] =	0.975
(8)	Total number of claims =	2,487
(9)	Credibility [Square Root (# of claims / 1,082)] =	1.000
(10)	Credibility Compliment (Expected Loss Ratio) =	0.597
(11)	Credibility Weighted Loss Ratio =	0.975
(12)	Indicated Premium Adjustment =	63.3%

Foremost Property & Casualty Insurance Company
Arkansas
Territory B
Manufactured Home Insurance Program

Section B - Supporting Experience
Development of Indicated Rate Level
Section I - Your Property Coverages

Year	(1) Earned Premium At Current Premium Levels	(2) Incurred Losses and Allocated Loss Adjustment Expense	(3) Current Cost Factor
2008	\$57,915	\$49,040	1.14
2009	\$57,775	\$123,134	1.12
2010	\$62,276	\$69,271	1.09
2011	\$64,981	\$42,503	1.06
2012	\$75,037	\$85,989	1.02
Year	(4) Incurred Losses at Current Cost Levels (2) X (3)	(5) Trended Incurred Losses (4) X 1.086	(6) Adjusted Loss Ratios (5) / (1)
2008	\$55,906	\$60,714	1.048
2009	\$137,910	\$149,770	2.592
2010	\$75,505	\$81,998	1.317
2011	\$45,053	\$48,928	0.753
2012	\$87,709	\$95,252	1.269

(7)	Aggregate Loss Ratio [sum of (5) / sum of (1)] =	1.373
(8)	Total number of claims =	79
(9)	Credibility [Square Root (# of claims / 1,082)] =	0.270
(10)	Credibility Compliment (Expected Loss Ratio) =	0.597
(11)	Credibility Weighted Loss Ratio =	0.807
(12)	Indicated Premium Adjustment =	35.2%

Foremost Property & Casualty Insurance Company
Arkansas
Manufactured Home Insurance Program

Section C - Explanatory Material

Contents

	<u>Pages</u>
Explanatory Memorandum	C-2
Cost Index (Trend) Supplement	C-3-6

Foremost Property & Casualty Insurance Company
Arkansas
Manufactured Home Insurance Program

Section C - Explanatory Material

Explanatory Memorandum

Calculation of Indicated Rate Adjustment

The following is a detailed explanation of the calculation of the indicated adjustments developed in Section B, pages B-3 through B-5. The purpose of this calculation is to test whether the present premiums are sufficient to pay losses and allow for a reasonable profit.

EXPERIENCE PERIOD

The underlying experience is that of Foremost Property & Casualty Insurance Company in the state of Arkansas. Experience for the five year review period is on an accident year losses incurred and calendar year earned premium basis.

EARNED PREMIUM

Before reported experience can be utilized to evaluate premium level adequacy, it must be adjusted to reflect current conditions. The earned premium is adjusted (Column 1) to what it would be if present rate levels had been charged during the experience period.

INCURRED LOSSES

Losses should reflect as nearly as possible the current dollar requirements needed to meet today's costs. The losses in column 2 reflect non-hurricane losses. The factors in column 3 bring losses to a Current Cost Level (Column 4). A trend factor then projects these losses to an anticipated level 12 months beyond the anticipated effective date of the filing (Column 5).

With premiums at current premium levels (Column 1) and losses projected as previously noted, an aggregate loss ratio over the 5 year experience period is calculated (sum of Column 5 divided by the sum of Column 1).

BALANCE POINT OR EXPECTED LOSS RATIO

The balance point loss ratio is the complement of the provision in the rates for expenses, investment income, and an underwriting profit and contingency factor. This underwriting profit follows if losses and expenses do not exceed those anticipated. Recently, expenses within the annual statement were re-classified. This changed the reported general expenses, other acquisition and commissions. When all three classifications are added together, it is apparent that our expenses have actually declined slightly over time. These provisions as a percentage of premium are set forth below:

General and Other Acquisition	20.2%
Production Cost Allowance	8.1%
Taxes, Licenses and Fees	4.0%
<u>Underwriting Profit & Contingencies</u>	<u>8.0%</u>
Total	40.3%
Expected Loss and ALAE Ratio (ELR)	59.7%

Foremost Property & Casualty Insurance Company
Arkansas
Manufactured Home Insurance Program

Section C - Explanatory Material

Explanatory Memorandum

Cost Index Supplement

A rate level formula is intended to produce indications of needed movement to the overall rate levels in keeping with standards as set forth in the rate regulatory laws. Such standards require that due consideration be given to past and prospective loss and expense experience, to catastrophe and other contingencies, and a reasonable allowance for underwriting profit. The prospective premium level established is intended to reflect all these factors during the period of application to the end that this premium level is adequate and reasonable.

In reviewing experience attention is given to adjustment of premiums to current premium levels. Need for a similar adjustment on the loss side is evident. In the study resulting in the recommendation of this adjustment in Manufactured Homeowners ratemaking, Foremost management sought a simplified method that would be suitable for translating prior year's losses into current and future dollars requirements. After investigation of the many indices available from either governmental or other statistical reporting agencies, it was concluded that a reasonable and logical adjustment could be attained if the Producer Price Index were applied to the Section I - Your Property Coverages.

The Producer Price Index measures the average change over time in the selling prices received by domestic producers for manufactured homes, and manufacturing. The Producer Price Index is produced monthly by the Bureau of Labor Statistics of the U.S. Department of Labor.

An explanation of the implementation of the Current Cost and Trending Procedures employed in this filing follows.

Foremost Property & Casualty Insurance Company
Arkansas
Manufactured Home Insurance Program

Section C - Explanatory Material

Explanatory Memorandum

Descriptions of Index Development

PART A

This is the quarterly average of the Producer Price Index (PPI)

PART B

This shows the development of the Current Cost Factors. These are based on the Average Annual PPI data for the years under review. These annual cost indices are related to the latest quarterly average PPI to develop the Current Cost Factors shown in Column (2) of Pages B-3 through B-5.

PART C

The Trend Factor is developed through the use of the Least Squares Method to determine the Line of Best Fit. The slope (or average quarterly increment) and the midpoint of the segment of the line of best fit defining the latest quarter of information are then used to determine a factor to project the line into the future twelve months beyond the revision date. The factor thus determined is the Trend Factor used in Column (5) on Pages B-3 through B-5.

Foremost Property & Casualty Insurance Company
Arkansas
Manufactured Home Insurance Program

Section C - Explanatory Material

Development of Current Cost Factors (CCF) and Trended Cost Factors (TCF)

Quarter Ending December, 2012

PART A: Establishment of quarterly averages for the "Manufactured Home" ("MH PPI") component of the Producer Price Index compiled monthly by the U.S. Department of Labor, Bureau of Labor Statistics. (Base: June, 1981 = 100)

Month	3 Mo. Avg.		3 Mo. Avg.		3 Mo. Avg.	
	MH PPI		MH PPI		MH PPI	
	2010		2011		2012	
01	227.4		235.8		245.1	
02	227.2		236.3		245.5	
03	229.1	227.9	237.8	236.6	246.1	245.6
	2010		2011		2012	
04	229.9		238.1		246.6	
05	230.4		238.6		248.4	
06	231.2	230.5	239.5	238.7	249.7	248.2
	2010		2011		2012	
07	235.5		242.0		250.5	
08	235.4		242.5		251.2	
09	235.4	235.4	243.7	242.7	251.4	251.0
	2010		2011		2012	
10	235.5		244.0		252.6	
11	235.5		244.2		255.0	
12	235.7	235.6	244.1	244.1	255.0	254.2

PART B: Use of average annual MH PPI values to calculate current cost factors (CCF).

Current Cost Factors
Based on Average MH PPI Values
Quarter Ending December, 2012

Year	4th Qtr		Annual Avg.	=	CCF
2001	254.2	/	170.0	=	1.50
2002	254.2	/	172.6	=	1.47
2003	254.2	/	175.8	=	1.45
2004	254.2	/	190.0	=	1.34
2005	254.2	/	204.4	=	1.24
2006	254.2	/	212.4	=	1.20
2007	254.2	/	214.7	=	1.18
2008	254.2	/	222.6	=	1.14
2009	254.2	/	226.3	=	1.12
2010	254.2	/	232.4	=	1.09
2011	254.2	/	240.5	=	1.06
2012	254.2	/	249.7	=	1.02

Foremost Property & Casualty Insurance Company
Arkansas
Manufactured Home Insurance Program

Section C - Explanatory Material

Development of Current Cost Factors (CCF) and Trended Cost Factors (TCF)

Quarter Ending December, 2012

PART C: Computation of trended PPI cost factor (TCF)

Calendar Year Ending	PPI	
	Average PPI	Fitted Values
2003	175.8	183.9
2004	190.0	191.3
2005	204.4	198.6
2006	212.4	205.9
2007	214.7	213.2
2008	222.6	220.5
2009	226.3	227.9
2010	232.4	235.2
2011	240.5	242.5
2012	249.7	249.8

With linear fitting, line takes the form:	$Y = MX + B$
M = Average quarterly increment	7.32
X = Number of Years	10
B = Y intercept	176.61

- (1) Fitted MH PPI trend at midpoint of 2012
(M x #qtrs) + B = 249.81
- (2) Average Annual rate of change $\{ [(1) \div (B) - 1] \div (\# \text{ years}) \} + 1$ 1.041
- (3) Midpoint of latest PPI Quarter 11/14/12
- (4) Effective Date of Proposed Change 12/01/13
- (5) Twelve months past proposed Effective Date 12/01/14
- (6) Number of years to trend forward 2.047
Years elapsed from (3) to (5).
- (7) Trended Cost Factor 1.086
(To 12/01/14)

Arkansas
Foremost Property & Casualty Insurance Company
Manufactured Home Insurance Program
2009 Data

Credit Bin	Actual Pure Premium
No Score	1,030
<375	3,668
>=375, <400	281
>=400, <425	1,058
>=425, <450	929
>=450, <475	1,098
>=475, <500	1,289
>=500, <525	1,039
>=525, <550	1,119
>=550, <575	817
>=575, <600	1,012
>=600, <625	590
>=625, <650	742
>=650, <675	610
>=675, <700	419
>=700, <725	552
>=725, <750	367
>=750, <775	258
>=775, <800	270
>=800	304

2012

FOREMOST PROPERTY & CASUALTY INSURANCE COMPANY

Arkansas Investment Income

Manufactured Home

Estimated Investment Earnings on Unearned Premium Reserves and on Loss Reserves

A. Unearned Premium Reserve			
1. Direct earned premium for calendar year ended December 31, 2012.			121,111,337
2. Mean unearned premium reserve			32,370,902
3. Percentage total of prepaid expense			
a. Production Cost Allowance		8.1%	
b. Taxes, licenses and fees		4.0%	
c. 50% of expenses (see p.5, b)		10.1%	
d. Total		22.2%	
4. Deduction for Federal Income Taxes Payable			7.0%
5. Dollar total of prepaid expense (Line A.2 x (Line A.3.d. + Line A.4))			9,452,303
6. Subject to investment (Line A.2 - Line A.5)			22,918,599
B. Delayed Remission Of Premiums			
1. Direct Earned Premium			121,111,337
2. Average Agents' Balances			0.167
3. Delayed Remission (Line B.1 x Line B.2)			20,225,593
C. Loss Reserve			
1. Direct earned premium			121,111,337
2. Expected Incurred Loss & ALAE	0.579 x Line C.1		70,123,464
3. Expected Mean Loss Reserves	0.202 x Line C.2		14,164,940
D. Net Subject to Investment (Line A.6 - Line B.3 + Line C.3)			16,857,946
E. 2012 After Tax Rate of Return			0.014
F. Investment Earnings on Net Subject to Investment (Line D x Line E)			234,248
G. Average Rate of Return as a Percent of Earned Premium After Federal Income Taxes (Line F / Line A.1)			0.0019
H. Investment Income Factor (1+ Line G)			1.0019

2012

FOREMOST PROPERTY & CASUALTY INSURANCE COMPANY

Arkansas Investment Income

Manufactured Home

Line A-1

Earned premiums are 2012 data for Countrywide Manufactured Home Insurance for Foremost Property & Casualty Insurance Company.

Line A-2

The estimated mean unearned premium reserve for 1 year of business is determined by adding together the estimated unearned premium reserves for December 31, 2011, and December 31, 2012, and dividing by 2.

1. Estimated Unearned Premium Reserve for 1 year business as of 12/31/11	\$ 63,220,437
2. Estimated Unearned Premium Reserve for 1 year business as of 12/31/12	\$ 1,521,367
3. Mean Unearned Premium Reserve (.5 x [Line 1+Line 2])	\$ 32,370,902

Line A-3

Deduction for prepaid expenses:

Production costs and a large part of the other company expenses in connection with the writing and handling of Manufactured Home insurance policies, exclusive of claim adjustment expenses, are incurred when the policy is written and before the premium is paid. Therefore, the deduction for these expenses is determined by use of the provisions for expenses used in our ratemaking procedures as shown (See page 5).

Line A-4

The Tax Reform Act of 1996 taxes 20% of the unearned premium reserve. At a corporate tax of 35%, this tax equals 7.0% (.20 x .35 = .070) 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 company, which amounts to approximately 60 to 75 days after the effective dates of the policies. Therefore, funds for the unearned premium reserves required during the initial days of all policies must be taken from the company's surplus.

2012

FOREMOST PROPERTY & CASUALTY INSURANCE COMPANY

Arkansas Investment Income

Manufactured Home

Line B-2 (cont)

Based on Countrywide data for Foremost Property & Casualty Insurance Company, agents' premiums due less than 90 days amount to 16.7% of direct earned premiums. Agents' balances for premiums due over 90 days amount to 0.0%. The total % of agents' balances in the course of collection amounts to 16.7% based on the following:

1. Direct Earned Premium for Calendar Year 2012	\$	130,006,984
2. Agents' Balances at 12/31/11 (under 90 days)	\$	21,422,000
3. Agents' Balances at 12/31/12 (under 90 days)	\$	22,130,000
4. Mean Agents' Balances under 90 days (Line 2 + Line 3) / 2	\$	21,776,000
5. Line 4 / Line 1		0.167
6. Agents' Balances at 12/31/11 (over 90 days)	\$	1,268
7. Agents' Balances at 12/31/12 (over 90 days)	\$	296
8. Mean Agents' Balances over 90 days (Line 6 + Line 7) / 2	\$	782
9. Line 8 / Line 1		0.000
10. Line 5 + Line 9		0.167

Line C-2

The expected loss and allocated loss adjustment expense ratio is the balance point loss ratio used in the current rate filing (See page 5).

Line C-3

The expected mean loss reserve is determined by multiplying the expected incurred losses in line (2) by the ratio of the mean loss and loss adjustment reserves to the incurred losses and loss adjustment expenses in 2012 for Countrywide Manufactured Home insurance for Foremost Property & Casualty Insurance Company.

1. Incurred Losses* for Calendar Year 2012	\$	70,243,912
2. Loss Reserves* as of 12/31/11	\$	14,589,400
3. Loss Reserves* as of 12/31/12	\$	13,844,687
4. Mean Loss Reserve* (.5 x [Line 2 + Line 3])	\$	14,217,044
5. Line 4 / Line 1		0.202

*Including allocated loss adjustment

2012

FOREMOST PROPERTY & CASUALTY INSURANCE COMPANY

Arkansas Investment Income

Manufactured Home

Line E

The after-tax rate of return is based on a profile of the company's investment portfolio as follows:

<u>Category</u>	2012 Investment Income Earned	Tax Rate	After- Tax Portion	2012 After-Tax Investment Income
Taxable*	\$381,657	0.350	0.650	\$248,077
Non-Taxable	10,714	0.053	0.948	\$10,152
Stocks*	-	na	1.000	\$0
Bond Discount Amortization	<u>4,336</u>	0.350	0.650	<u>\$2,818</u>
Total	396,707			\$261,047
Expenses	<u>12,752</u>	0.350	0.650	<u>\$8,289</u>
Net Investment Income Earned	383,955	0.342	0.658	\$252,758

Invested Assets as of 12/31/11** 18,197,103

Invested Assets as of 12/31/12** 18,182,944

Average Invested Assets** \$18,190,024

After-Tax Rate of Return

$$\$252,758 \quad / \quad \$18,190,024 \quad = \quad 0.0139 \quad = \quad 1.39\%$$

*Net of internal company transactions.

**Net of affiliates.

2012

FOREMOST PROPERTY & CASUALTY INSURANCE COMPANY

Arkansas Investment Income

Manufactured Home

BALANCE POINT (OR EXPECTED) LOSS RATIO

A. Production Cost Allowance	8.1%
B. General and Other Acquisitions	20.2%
C. Taxes, Licenses, and Fees	4.0%
D. Underwriting Profit and Contingencies	9.8%
Total	42.1%
Expected Loss and ALAE Ratio (ELR)	57.9%
Total	100.0%

2012

FOREMOST PROPERTY & CASUALTY INSURANCE COMPANY

Arkansas Investment Income

Manufactured Home

Development of Expected Operating Ratio

Operating Return:

1) Earned Premium	100.0%
- 2) Expected Losses	57.9%
- 3) Production Cost Allowance	8.1%
- 4) General and Other Acquisition	20.2%
- 5) Premium Taxes, Licenses and Fees	4.0%
= 6) Before Federal Income Tax (FIT) Underwriting Margin	9.8%
- 7) Federal Income Tax (.35 * Line 6)	3.4%
= 8) After Tax Underwriting Margin	6.4%
+ 9) After Tax Investment Income from Loss Reserves and Unearned Premium (Exhibit IV, Line G)	0.19%
= 10) After Tax Return from Insurance Operations Operating Ratio	6.6%

Total Rate of Return:

11) Statutory Premium to Surplus Ratio =	2.032
12) Convert line 10 to After Tax Return on Statutory Surplus (Line 10 x Line 11)	13.3%
13) After Tax Investment Income Rate of Return (Exhibit IV, Line E)	1.39%
14) Total Return on Statutory Surplus After FIT (Line 12 + Line 13)	14.7%

Not subject to Freedom of Information Act, confidential information pursuant to A.C.A. §23-67-409(b).

Foremost Insurance Group

Return on Equity for Financial Services Companies

<u>Year</u>	<u>Return</u>
1992	15.8%
1993	17.8%
1994	15.5%
1995	17.2%
1996	17.2%
1997	18.5%
1998	18.1%
1999	18.7%
2000	18.5%
2001	14.5%
2002	14.9%
2003	16.7%
2004	15.6%
2005	17.0%
2006	17.2%
2007	11.3%
2008	2.9%
2009	7.0%
2010	9.0%
2011	10.0%
20 Year Linear Average	14.7%

EXHIBIT I
RETROVALIDATION STUDY

Foremost has performed a retrovalidation study to determine the factors to be used with the Credit-Based Insurance Risk Assessment Score. This retrovalidation study used data from 2007 through 2009, and was prepared with the assistance of the Equifax credit bureau. To increase the credibility of the results, the data was analyzed by peril on a countrywide basis. Multivariate loss models for the dwelling coverage were built that included all of the major rating parameters. Shown below are the credit factors by peril that result from this modeling process. These by peril factors are weighted together by a distribution selected by examining short and long term loss trends in the state over a ten year period.

Arkansas Selected Distribution Of Loss By Peril

Total fire*	Partial fire	Wind	Tornado	Hail	Weather	Water	Other
38%	5%	12%	10%	10%	13%	10%	2%

Modeled Countrywide By Peril Credit Factors

Score	Modeled Countrywide By Peril Credit Factors								All Peril Credit Factors Baseline	Rebased Selected Credit Factors
	Total fire	Partial fire	Wind	Tornado	Hail	Weather	Water	Other		
No Score	1.50	2.64	1.00	1.00	1.00	1.00	0.87	0.91	1.26	1.00
No Hit	1.50	2.64	1.00	1.00	1.00	1.00	0.87	0.91	1.26	1.00
No Information	1.50	2.64	1.00	1.00	1.00	1.00	0.87	0.91	1.26	1.00
< 375	3.79	2.88	1.00	1.00	1.00	1.00	1.97	2.18	2.29	2.29
>= 375, < 400	3.35	2.61	1.00	1.00	1.00	1.00	1.84	2.01	2.09	2.09
>= 400, < 425	2.97	2.37	1.00	1.00	1.00	1.00	1.72	1.86	1.92	1.92
>= 425, < 450	2.63	2.16	1.00	1.00	1.00	1.00	1.60	1.71	1.76	1.76
>= 450, < 475	2.33	1.96	1.00	1.00	1.00	1.00	1.50	1.58	1.62	1.62
>= 475, < 500	2.07	1.78	1.00	1.00	1.00	1.00	1.41	1.45	1.50	1.50
>= 500, < 525	1.83	1.62	1.00	1.00	1.00	1.00	1.32	1.36	1.39	1.39
>= 525, < 550	1.62	1.47	1.00	1.00	1.00	1.00	1.25	1.28	1.29	1.29
>= 550, < 575	1.44	1.33	1.00	1.00	1.00	1.00	1.18	1.20	1.21	1.21
>= 575, < 600	1.27	1.21	1.00	1.00	1.00	1.00	1.11	1.13	1.13	1.13
>= 600, < 625	1.13	1.10	1.00	1.00	1.00	1.00	1.05	1.06	1.06	1.06
>= 625, < 650	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
>= 650, < 675	0.89	0.91	1.00	1.00	1.00	1.00	0.95	0.94	0.95	0.95
>= 675, < 700	0.78	0.83	1.00	1.00	1.00	1.00	0.91	0.88	0.90	0.90
>= 700, < 725	0.70	0.75	1.00	1.00	1.00	1.00	0.86	0.83	0.85	0.90
>= 725, < 750	0.62	0.68	1.00	1.00	1.00	1.00	0.81	0.78	0.81	0.90
>= 750, < 775	0.55	0.62	1.00	1.00	1.00	1.00	0.77	0.73	0.78	0.90
>= 775, < 800	0.48	0.56	1.00	1.00	1.00	1.00	0.73	0.69	0.75	0.90
>= 800	0.43	0.51	1.00	1.00	1.00	1.00	0.69	0.65	0.72	0.90

* Defined as a fire loss where the incurred amount is equal to or greater than 80% of the Coverage A - Dwelling insured value.

State: Arkansas

Filing Company:

Foremost Property & Casualty Insurance Company

TOI/Sub-TOI: 04.0 Homeowners/04.0002 Mobile Homeowners

Product Name: Manufactured Home Insurance Program

Project Name/Number: /

Superseded Schedule Items

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

Creation Date	Schedule Item Status	Schedule	Schedule Item Name	Replacement Creation Date	Attached Document(s)
06/20/2013		Supporting Document	Exhibits	06/27/2013	Indications - B's and C's - Property Only (SOP - Non-Hurricane State) - 107 only.pdf MH Filing Support AR.pdf (Superceded) AR FPC EXHIBIT 5-23-13.pdf investment income 5-23-13.pdf AR MH DOI Obj Exhibit 6-13.pdf InScore 3.0 HO3 Countrywide Model.pdf
05/23/2013		Supporting Document	Exhibits	06/20/2013	Indications - B's and C's - Property Only (SOP - Non-Hurricane State) - 107 only.pdf MH Filing Support AR.pdf AR FPC EXHIBIT 5-23-13.pdf investment income 5-23-13.pdf
05/13/2013		Supporting Document	Exhibits	05/23/2013	Indications - B's and C's - Property Only (SOP - Non-Hurricane State) - 107 only.pdf MH Filing Support AR.pdf
05/13/2013		Rate	Rate Page	07/01/2013	R-5.pdf (Superceded)
05/13/2013		Rate	Rate Page	07/01/2013	R-6.pdf (Superceded)
05/13/2013		Rate	Rate Page	07/01/2013	R-7.pdf (Superceded)
05/13/2013		Rate	Rate Page	07/01/2013	R-8.pdf (Superceded)

SERFF Tracking #:

FORE-129025719

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

K-6

State:

Arkansas

Filing Company:

Foremost Property & Casualty Insurance Company

TOI/Sub-TOI:

04.0 Homeowners/04.0002 Mobile Homeowners

Product Name:

Manufactured Home Insurance Program

Project Name/Number:

/

Creation Date	Schedule Item Status	Schedule	Schedule Item Name	Replacement Creation Date	Attached Document(s)
05/13/2013		Rate	Rate Page	06/20/2013	R-10.pdf (Superceded)
05/13/2013		Rate	Rate Page	07/01/2013	R-11.pdf (Superceded)
05/13/2013		Supporting Document	NAIC loss cost data entry document	06/27/2013	NAIC LOSS COST DATA ENTRY DOCUMENT.pdf (Superceded)

EXHIBIT I
RETROVALIDATION STUDY

Foremost has performed a retrovalidation study to determine the factors to be used with the Credit-Based Insurance Risk Assessment Score. This retrovalidation study used data from 2007 through 2009, and was prepared with the assistance of the Equifax credit bureau. To increase the credibility of the results, the data was analyzed by peril on a countrywide basis. Multivariate loss models for the dwelling coverage were built that included all of the major rating parameters. Shown below are the credit factors by peril that result from this modeling process. These by peril factors are weighted together by a distribution selected by examining short and long term loss trends in the state over a ten year period.

Arkansas Selected Distribution Of Loss By Peril

Total fire*	Partial fire	Wind	Tornado	Hail	Weather	Water	Other
38%	5%	12%	10%	10%	13%	10%	2%

Modeled Countrywide By Peril Credit Factors

Score	Modeled Countrywide By Peril Credit Factors								All Peril Credit Factors Baseline	Rebased Selected Credit Factors
	Total fire	Partial fire	Wind	Tornado	Hail	Weather	Water	Other		
No Score	1.50	2.64	0.91	1.04	0.99	0.94	0.87	0.91	1.24	1.00
No Hit	1.50	2.64	0.91	1.04	0.99	0.94	0.87	0.91	1.24	1.00
No Information	1.50	2.64	0.91	1.04	0.99	0.94	0.87	0.91	1.24	1.00
< 375	3.79	2.88	1.84	2.11	1.41	2.18	1.97	2.18	2.69	2.69
>= 375, < 400	3.35	2.61	1.74	1.94	1.36	2.01	1.84	2.01	2.44	2.44
>= 400, < 425	2.97	2.37	1.65	1.78	1.31	1.86	1.72	1.86	2.21	2.21
>= 425, < 450	2.63	2.16	1.56	1.65	1.26	1.72	1.60	1.71	2.01	2.01
>= 450, < 475	2.33	1.96	1.48	1.53	1.22	1.60	1.50	1.58	1.83	1.83
>= 475, < 500	2.07	1.78	1.40	1.42	1.18	1.49	1.41	1.45	1.67	1.67
>= 500, < 525	1.83	1.62	1.32	1.33	1.14	1.38	1.32	1.36	1.52	1.52
>= 525, < 550	1.62	1.47	1.25	1.25	1.11	1.29	1.25	1.28	1.40	1.40
>= 550, < 575	1.44	1.33	1.18	1.17	1.08	1.21	1.18	1.20	1.28	1.28
>= 575, < 600	1.27	1.21	1.12	1.11	1.05	1.13	1.11	1.13	1.18	1.18
>= 600, < 625	1.13	1.10	1.06	1.05	1.02	1.06	1.05	1.06	1.08	1.08
>= 625, < 650	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
>= 650, < 675	0.89	0.91	0.95	0.96	0.98	0.94	0.95	0.94	0.93	0.93
>= 675, < 700	0.78	0.83	0.89	0.92	0.96	0.89	0.91	0.88	0.86	0.90
>= 700, < 725	0.70	0.75	0.85	0.88	0.95	0.84	0.86	0.83	0.80	0.90
>= 725, < 750	0.62	0.68	0.80	0.85	0.94	0.80	0.81	0.78	0.74	0.90
>= 750, < 775	0.55	0.62	0.76	0.83	0.94	0.76	0.77	0.73	0.69	0.90
>= 775, < 800	0.48	0.56	0.72	0.80	0.93	0.72	0.73	0.69	0.65	0.90
>= 800	0.43	0.51	0.68	0.79	0.93	0.69	0.69	0.65	0.61	0.90

* Defined as a fire loss where the incurred amount is equal to or greater than 80% of the Coverage A - Dwelling insured value.

**Foremost® Property and
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ARKANSAS

MANUFACTURED HOME INSURANCE PROGRAM

ANNUAL RATES/PREMIUMS
(Continued)

HOMEOWNERS INSURANCE FOR MANUFACTURED HOMES
HOMEOWNERS INSURANCE FOR MANUFACTURED HOMES – PROPERTY COVERAGE ONLY

* COVERAGE A - DWELLING

Primary Residence – \$500 Deductible
Secondary Residence - \$500 Deductible

Manufactured Home 11 Years Old or Older
Out of Park
Named Insured 50 Years of Age or Older

Territory A

<u>Rating Base</u>	<u>Premium</u>
First \$5,999	\$255.00
Between \$6,000 and \$9,999, for each additional \$1,000 or any part thereof, ADD:	15.07
Between \$10,000 and \$19,999, for each additional \$1,000 or any part thereof, ADD:	11.16
Between \$20,000 and \$39,999, for each additional \$1,000 or any part thereof, ADD:	10.35
Over \$39,999, for each additional \$1,000 or any part thereof, ADD:	5.74

**Foremost® Property and
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ARKANSAS

MANUFACTURED HOME INSURANCE PROGRAM

ANNUAL RATES/PREMIUMS
(Continued)

HOMEOWNERS INSURANCE FOR MANUFACTURED HOMES
HOMEOWNERS INSURANCE FOR MANUFACTURED HOMES – PROPERTY COVERAGE ONLY

* COVERAGE A - DWELLING

Primary Residence – \$500 Deductible
Secondary Residence - \$500 Deductible

Manufactured Home 11 Years Old or Older
Out of Park
Named Insured 50 Years of Age or Older

Territory B

<u>Rating Base</u>	<u>Premium</u>
First \$5,999	\$426.73
Between \$6,000 and \$9,999, for each additional \$1,000 or any part thereof, ADD:	24.47
Between \$10,000 and \$19,999, for each additional \$1,000 or any part thereof, ADD:	23.86
Between \$20,000 and \$39,999, for each additional \$1,000 or any part thereof, ADD:	20.39
Over \$39,999, for each additional \$1,000 or any part thereof, ADD:	20.39

ARKANSAS

MANUFACTURED HOME INSURANCE PROGRAM

ANNUAL RATES/PREMIUMS
(Continued)

HOMEOWNERS INSURANCE FOR MANUFACTURED HOMES
HOMEOWNERS INSURANCE FOR MANUFACTURED HOMES – PROPERTY COVERAGE ONLY

* COVERAGE B - OTHER STRUCTURES

Primary Residence – \$500 Deductible
Secondary Residence - \$500 Deductible

Out of Park
Named Insured 50 Years of Age or Older

Territory A		
<u>Amount of Insurance</u>	<u>Premiums</u>	<u>For Each Additional \$100</u>
\$100	\$9.24	\$.63
Territory B		
<u>Amount of Insurance</u>	<u>Premiums</u>	<u>For Each Additional \$100</u>
\$100	\$17.57	\$ 1.21

ARKANSAS

MANUFACTURED HOME INSURANCE PROGRAM

ANNUAL RATES/PREMIUMS
(Continued)

HOMEOWNERS INSURANCE FOR MANUFACTURED HOMES
HOMEOWNERS INSURANCE FOR MANUFACTURED HOMES – PROPERTY COVERAGE ONLY

* COVERAGE C - PERSONAL PROPERTY

Primary Residence – \$500 Deductible
Secondary Residence - \$500 Deductible

Out of Park
Named Insured 50 Years of Age or Older

	Territory A	
<u>Amount of Insurance</u>	<u>Premiums</u>	<u>For Each Additional \$100</u>
\$ 100	\$80.17	\$.76

	Territory B	
<u>Amount of Insurance</u>	<u>Premiums</u>	<u>For Each Additional \$100</u>
\$ 100	\$152.29	\$1.41

**Foremost® Property and
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ARKANSAS

MANUFACTURED HOME INSURANCE PROGRAM

ANNUAL RATES/PREMIUMS
(Continued)

PREMIUM MODIFIERS

APPLICATION OF PREMIUM MODIFIERS

The premium modifiers will be applied to Coverage A - Dwelling, Coverage B - Other Structures and Coverage C - Personal Property premiums, if applicable, in the following order:

- | | |
|--|-----------------------------|
| 1. Named Insured Under 50 Years of Age | 6. Insurance Score |
| 2. In Park Manufactured Home | 7. Auxiliary Heating Device |
| *3. Calendar Year Premium Modifier | 8. Farm or Ranch |
| 4. Deductible | 9. Central Alarm |
| 5. 10 Years Old or Newer Manufactured Home | |

AUXILIARY HEATING DEVICE

Primary and Secondary Residence

A \$50 charge applies when the manufactured home or other structure is equipped with an auxiliary heating device.

* CALENDAR YEAR PREMIUM MODIFIER

Primary and Secondary Residence

Multiply the Coverage A – Dwelling, Coverage B – Other Structures and Coverage C – Personal Property premiums by the greater of 1.00 or 1.02^(effective year - 2013) not to exceed one year.

CENTRAL ALARM

Primary and Secondary Residence

Reduce the premium for Coverage A – Dwelling by \$20 when the manufactured home is equipped with an alarm system that will alert a fire department or central dispatcher in case of fire or burglary.

DEDUCTIBLE

Multiply the Coverage A – Dwelling, Coverage B – Other Structures, and Coverage C – Personal Property premiums by the appropriate deductible factor.

Deductible Amount	Coverage	<u>Deductible Factors</u>	
		<u>Primary Residence</u>	<u>Secondary Residence</u>
\$100	Coverage A – Dwelling	1.11	1.11
	Coverage B – Other Structures	1.11	1.11
	Coverage C – Personal Property	1.11	1.11
\$250	Coverage A – Dwelling	1.05	1.05
	Coverage B – Other Structures	1.05	1.05
	Coverage C – Personal Property	1.05	1.05
\$500	Coverage A – Dwelling	Included	Included
	Coverage B – Other Structures	Included	Included
	Coverage C – Personal Property	Included	Included
\$750	Coverage A – Dwelling	0.96	0.96
	Coverage B – Other Structures	0.96	0.96
	Coverage C – Personal Property	0.96	0.96
\$950	Coverage A – Dwelling	0.93	0.93
	Coverage B – Other Structures	0.93	0.93
	Coverage C – Personal Property	0.93	0.93

FARM OR RANCH

Primary Residence

Increase the premium for Coverage A - Dwelling by \$25 when the manufactured home is used as a Farm or Ranch.

Foremost® Property and Casualty Insurance Company

ARKANSAS

MANUFACTURED HOME INSURANCE PROGRAM

ANNUAL RATES/PREMIUMS
(Continued)

PREMIUM MODIFIERS (continued)

* INSURANCE SCORE

Primary and Secondary Residence

Insurance Score I

Insurance Score I is only applicable to policies with an original inception date on or after the implementation of the filing designated Company File # K-5 and prior to the implementation of the filing designated Company File # K-6.

<u>Insurance Score</u>	<u>Factor</u>	<u>Insurance Score</u>	<u>Factor</u>
<450	1.90	650 – 674	1.00
450 – 474	1.70	675 – 699	1.00
475 – 499	1.50	700 – 724	1.00
500 – 524	1.30	725 – 749	1.00
525 – 549	1.25	750 – 774	.95
550 – 574	1.20	775 - 799	.95
575 – 599	1.15	800+	.90
600 – 624	1.10		
625 – 649	1.05		

Multiply the Coverage A – Dwelling, Coverage B – Other Structures, and Coverage C – Personal Property premiums by the appropriate factor.

Insurance Score II

Insurance Score II is only applicable to policies with an insurance score calculated on or after the implementation of the filing designated Company File #K-6.

<u>Insurance Score</u>	<u>Factor</u>	<u>Insurance Score</u>	<u>Factor</u>
<375	2.69	650 – 674	0.93
375 – 399	2.44	675 – 699	0.90
400 – 424	2.21	700 – 724	0.90
425 – 449	2.01	725 – 749	0.90
450 – 474	1.83	750 – 774	0.90
475 – 499	1.67	775 - 799	0.90
500 – 524	1.52	800+	0.90
525 – 549	1.40		
550 – 574	1.28		
575 – 599	1.18		
600 – 624	1.08		
625 – 649	1.00		

Multiply the Coverage A – Dwelling, Coverage B – Other Structures, and Coverage C – Personal Property premiums by the appropriate factor.

The insurance score will be calculated for new business and for the renewal of the third term since the previously used insurance score was first applied. For the terms in which an insurance score is not automatically calculated, the insurance score will be calculated at renewal at the insured's request. Change of occupancy may activate this modifier during the policy term.

The factor for the insurance score will also be subject to modification in the event of an extraordinary life event which has an adverse effect on the insurance score. An extraordinary life event includes catastrophic illness or injury, death of a spouse, child or parent, temporary loss of employment, divorce, identity fraud, including theft of identity, military deployment overseas, or any similar life event.

IN PARK MANUFACTURED HOME

Primary and Secondary Residence

When the manufactured home is located in park, multiply Coverage A – Dwelling, Coverage B – Other Structures, and Coverage C – Personal Property by the following factors:

<u>Territory</u>	<u>Factor</u>
A	0.80
B	0.73

NAMED INSURED UNDER 50 YEARS OF AGE

Primary and Secondary Residence

Multiply the Coverage A – Dwelling, Coverage B – Other Structures and Coverage C – Personal Property premiums by a factor of 2.00 when the named insured is under 50 years of age.

10 YEARS OLD OR NEWER MANUFACTURED HOME

Primary and Secondary Residence

Reduce the premium for Coverage A - Dwelling by \$10 when the manufactured home is 10 years old or newer.

NAIC LOSS COST DATA ENTRY DOCUMENT

1.	This filing transmittal is part of Company Tracking #	K-6
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2.	If filing is an adoption of an advisory organization loss cost filing, give name of Advisory Organization and Reference/ Item Filing Number	n/a
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Company Name		Company NAIC Number		
3.	A.	Foremost Property & Casualty Insurance Company	B.	212-11800

Product Coding Matrix Line of Business (i.e., Type of Insurance)		Product Coding Matrix Line of Insurance (i.e., Sub-type of Insurance)		
4.	A.	4.0000	B.	4.0002

5.			FOR LOSS COSTS ONLY				
(A) COVERAGE (See Instructions)	(B) Indicated % Rate Level Change	(C) Requested % Rate Level Change	(D) Expected Loss Ratio	(E) Loss Cost Modification Factor	(F) Selected Loss Cost Multiplier	(G) Expense Constant (If Applicable)	(H) Co. Current Loss Cost Multiplier
Manufactured Home	+65.8%	+21.7%					
TOTAL OVERALL EFFECT	+65.8%	+21.7%					

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	2034	-1.7%	5/1/08	1370	1781	130.0	70.9
2009	2085	+2.2%	6/1/09	1447	1815	125.4	56.8
2010	2112			1534	1116	72.7	55.6
2011	2131	+14.3%	5/1/11	1735	1605	98.0	66.1
2012	2159	+10.0%	6/1/12	1836	1170	63.7	57.2

7.	
Expense Constants	Selected Provisions
A. Total Production Expense	8.10
B. General Expense	17.85
C. Taxes, License & Fees	4.04
D. Underwriting Profit & Contingencies	8.00
E. Other (explain) Re & ULAE	2.30
F. TOTAL	40.29

- 8.** N Apply Lost Cost Factors to Future filings? (Y or N)
- 9.** 25.5 Estimated Maximum Rate Increase for any Insured (%). Territory (if applicable): _____
- 10.** 16.2 Estimated Maximum Rate Decrease for any Insured (%) Territory (if applicable): _____