

**State:** Arkansas **First Filing Company:** The Hanover Insurance Company, ...  
**TOI/Sub-TOI:** 30.1 Dwelling Fire/Personal Liability/30.1000 Dwelling Fire/Personal Liability  
**Product Name:** \*DF- Dwelling Fire  
**Project Name/Number:** \*DF- Dwelling Fire/AR13391CG00001

### Filing at a Glance

**Companies:** The Hanover Insurance Company  
 Massachusetts Bay Insurance Company  
**Product Name:** \*DF- Dwelling Fire  
**State:** Arkansas  
**TOI:** 30.1 Dwelling Fire/Personal Liability  
**Sub-TOI:** 30.1000 Dwelling Fire/Personal Liability  
**Filing Type:** Rate  
**Date Submitted:** 08/15/2013  
**SERFF Tr Num:** HNVX-G129162614  
**SERFF Status:** Closed-Filed  
**State Tr Num:**  
**State Status:**  
**Co Tr Num:** AR13391CG00001  
  
**Effective Date** 11/18/2013  
**Requested (New):**  
**Effective Date** 11/18/2013  
**Requested (Renewal):**  
**Author(s):** SPI Hanover  
**Reviewer(s):** Becky Harrington (primary)  
**Disposition Date:** 09/13/2013  
**Disposition Status:** Filed  
**Effective Date (New):** 11/18/2013  
**Effective Date (Renewal):** 11/18/2013

**State Filing Description:**

Referred to Commissioner; reviewed 9/11/13. OK on amounts.

**State:** Arkansas **First Filing Company:** The Hanover Insurance Company, ...  
**TOI/Sub-TOI:** 30.1 Dwelling Fire/Personal Liability/30.1000 Dwelling Fire/Personal Liability  
**Product Name:** \*DF- Dwelling Fire  
**Project Name/Number:** \*DF- Dwelling Fire/AR13391CG00001

## General Information

Project Name: *DF- Dwelling Fire	Status of Filing in Domicile:
Project Number: AR13391CG00001	Domicile Status Comments:
Reference Organization:	Reference Number:
Reference Title:	Advisory Org. Circular:
Filing Status Changed: 09/13/2013	
State Status Changed: 09/13/2013	Deemer Date:
Created By: SPI Hanover	Submitted By: SPI Hanover
Corresponding Filing Tracking Number:	

### Filing Description:

Our proposal of a +20.0% increase is effected through base rate changes only, as no other aspects of the rating structure were revised. The effective dates for the proposal are 11/18/2013 for new and renewal business.

In support of this filing, attached is the following:

- \*Actuarial Memorandum and Exhibits
- \*Any required filing forms and transmittal forms
- \*Rate Manual Pages

Thank you for your attention and review of this filing. Should you have any questions regarding this filing, please contact our office.

## Company and Contact

### Filing Contact Information

Susan Whitworth, Pricing Analyst	swhitworth@hanover.com
440 Lincoln Street	508-855-4664 [Phone] 4664 [Ext]
Worcester, MA 01653	508-855-4311 [FAX]

### Filing Company Information

The Hanover Insurance Company	CoCode: 22292	State of Domicile: New Hampshire
440 Lincoln Street	Group Code: 88	Company Type:
Worcester, MA 01653	Group Name: The Hanover Insurance Group	State ID Number:
(508) 853-7200 ext. [Phone]	FEIN Number: 13-5129825	

Massachusetts Bay Insurance Company	CoCode: 22306	State of Domicile: New Hampshire
440 Lincoln Street	Group Code: 88	Company Type:
Worcester, MA 01653	Group Name: The Hanover Insurance Group	State ID Number:
(508) 853-7200 ext. [Phone]	FEIN Number: 04-2217600	

**State:** Arkansas **First Filing Company:** The Hanover Insurance Company, ...  
**TOI/Sub-TOI:** 30.1 Dwelling Fire/Personal Liability/30.1000 Dwelling Fire/Personal Liability  
**Product Name:** \*DF- Dwelling Fire  
**Project Name/Number:** \*DF- Dwelling Fire/AR13391CG00001

## Filing Fees

Fee Required? Yes  
 Fee Amount: \$100.00  
 Retaliatory? No  
 Fee Explanation: \$100.00 per Independent Rate Filing  
 Per Company: No

Company	Amount	Date Processed	Transaction #
The Hanover Insurance Company	\$100.00	08/15/2013	72982704

State: Arkansas

First Filing Company:

The Hanover Insurance Company, ...

TOI/Sub-TOI: 30.1 Dwelling Fire/Personal Liability/30.1000 Dwelling Fire/Personal Liability

Product Name: \*DF- Dwelling Fire

Project Name/Number: \*DF- Dwelling Fire/AR13391CG00001

## Correspondence Summary

### Dispositions

Status	Created By	Created On	Date Submitted
Filed	Becky Harrington	09/13/2013	09/13/2013

### Objection Letters and Response Letters

#### Objection Letters

Status	Created By	Created On	Date Submitted
No response necessary	Becky Harrington	08/26/2013	08/26/2013
Pending Industry Response	Becky Harrington	08/16/2013	08/16/2013

#### Response Letters

Responded By	Created On	Date Submitted
SPI Hanover	08/21/2013	08/21/2013

### Filing Notes

Subject	Note Type	Created By	Created On	Date Submitted
Effective Date	Note To Reviewer	SPI Hanover	09/12/2013	09/12/2013
Effective Dates	Note To Filer	Becky Harrington	09/11/2013	09/11/2013
Meeting scheduled	Note To Filer	Becky Harrington	09/04/2013	09/04/2013
Additional Objection	Note To Filer	Becky Harrington	08/16/2013	08/16/2013

State: Arkansas

First Filing Company: The Hanover Insurance Company, ...

TOI/Sub-TOI: 30.1 Dwelling Fire/Personal Liability/30.1000 Dwelling Fire/Personal Liability

Product Name: \*DF- Dwelling Fire

Project Name/Number: \*DF- Dwelling Fire/AR13391CG00001

## Disposition

Disposition Date: 09/13/2013

Effective Date (New): 11/18/2013

Effective Date (Renewal): 11/18/2013

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):
The Hanover Insurance Company	46.000%	20.000%	\$125,569	746	\$627,846	20.000%	20.000%
Massachusetts Bay Insurance Company	46.000%	20.000%	\$114,070	755	\$570,349	20.000%	20.000%

### Overall Rate Information for Multiple Company Filings

Overall Percentage Rate Indicated For This Filing 46.000%

Overall Percentage Rate Impact For This Filing 20.000%

Effect of Rate Filing-Written Premium Change For This Program \$239,639

Effect of Rate Filing - Number of Policyholders Affected 1,501

Schedule	Schedule Item	Schedule Item Status	Public Access
Supporting Document	Form RF-2 Loss Costs Only (not for workers' compensation)		Yes
Supporting Document (revised)	HPCS-Homeowners Premium Comparison Survey	Filed	Yes
Supporting Document	HPCS-Homeowners Premium Comparison Survey		Yes
Supporting Document	NAIC loss cost data entry document	Filed	Yes
Supporting Document (revised)	Explanatory Memorandum and Actuarial Exhibits	Filed	Yes
Supporting Document	Explanatory Memorandum and Actuarial Exhibits		Yes

SERFF Tracking #:

HNWX-G129162614

State Tracking #:

Company Tracking #:

AR13391CG00001

State: Arkansas

First Filing Company:

The Hanover Insurance Company, ...

TOI/Sub-TOI: 30.1 Dwelling Fire/Personal Liability/30.1000 Dwelling Fire/Personal Liability

Product Name: \*DF- Dwelling Fire

Project Name/Number: \*DF- Dwelling Fire/AR13391CG00001

Schedule	Schedule Item	Schedule Item Status	Public Access
Supporting Document	Manual Pages ~ Marked Copy	Filed	Yes
Supporting Document	H-1 Homeowners Abstract		Yes
Supporting Document	Exhibit A	Filed	Yes
Supporting Document	Exhibit B	Filed	Yes
Rate	Arkansas Dwelling Fire Manual; Rate Structure; Hanover and Massachusetts Bay Insurance Company	Filed	Yes

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**State:** Arkansas **First Filing Company:** The Hanover Insurance Company, ...  
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## Objection Letter

Objection Letter Status	No response necessary
Objection Letter Date	08/26/2013
Submitted Date	08/26/2013
Respond By Date	

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Dear Susan Whitworth,

**Introduction:**

*This will acknowledge receipt of the recent response.*

*This filing is being referred to the Commissioner for review due to the requested increase amount being greater than 6%. Please do not respond at this time.*

**Conclusion:**

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

*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

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**State:** Arkansas **First Filing Company:** The Hanover Insurance Company, ...  
**TOI/Sub-TOI:** 30.1 Dwelling Fire/Personal Liability/30.1000 Dwelling Fire/Personal Liability  
**Product Name:** \*DF- Dwelling Fire  
**Project Name/Number:** \*DF- Dwelling Fire/AR13391CG00001

## Objection Letter

Objection Letter Status	Pending Industry Response
Objection Letter Date	08/16/2013
Submitted Date	08/16/2013
Respond By Date	

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Dear Susan Whitworth,

**Introduction:**

*This will acknowledge receipt of the captioned filing.*

**Objection 1**

*- HPCS-Homeowners Premium Comparison Survey (Supporting Document)*

*Comments: The spreadsheet name (tab) has been changed. This is unacceptable. Please submit new Excel versions on the Department's form without ANY alterations.*

**Objection 2**

*Comments: Exhibit 6 does not appear to be actual experience. Please provide supporting documentation.*

**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 #:

HNVX-G129162614

State Tracking #:

Company Tracking #:

AR13391CG00001

State: Arkansas

First Filing Company:

The Hanover Insurance Company, ...

TOI/Sub-TOI: 30.1 Dwelling Fire/Personal Liability/30.1000 Dwelling Fire/Personal Liability

Product Name: \*DF- Dwelling Fire

Project Name/Number: \*DF- Dwelling Fire/AR13391CG00001

## Response Letter

Response Letter Status	Submitted to State
Response Letter Date	08/21/2013
Submitted Date	08/21/2013

Dear Becky Harrington,

### Introduction:

Thank you for your letter and Note to Filer of August 16, 2013 regarding this filing. Below is our response.

### Response 1

#### Comments:

Please see the corrected spreadsheets. We apologize for this oversight when the filing was submitted.

### Related Objection 1

Applies To:

- HPCS-Homeowners Premium Comparison Survey (Supporting Document)

Comments: The spreadsheet name (tab) has been changed. This is unacceptable. Please submit new Excel versions on the Department's form without ANY alterations.

### Changed Items:

State: Arkansas

First Filing Company:

The Hanover Insurance Company, ...

TOI/Sub-TOI: 30.1 Dwelling Fire/Personal Liability/30.1000 Dwelling Fire/Personal Liability

Product Name: \*DF- Dwelling Fire

Project Name/Number: \*DF- Dwelling Fire/AR13391CG00001

**Supporting Document Schedule Item Changes****Satisfied - Item:** HPCS-Homeowners Premium Comparison Survey**Comments:****Attachment(s):**

HO Survey FORM HPCS.PDF  
 HO Survey FORM HPCS.XLS  
 HO Survey FORM HPCS[[1]].PDF  
 HO Survey FORM HPCS[[1]].XLS

*Previous Version***Satisfied - Item:** *HPCS-Homeowners Premium Comparison Survey***Comments:****Attachment(s):**

*HO Survey FORM HPCS.PDF  
 HO Survey FORM HPCS.XLS  
 HO Survey FORM HPCS[[1]].PDF  
 HO Survey FORM HPCS[[1]].XLS*

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

**Response 2****Comments:**

Please refer to the revised Exhibit 6, updated to remove the hurricane provision and reference only actual experience. Please refer to new Exhibit A, showing the data supporting the Other Wind experience and Winter Freeze experience loads used in Exhibit 6. Also attached is the revised Exhibit 1, showing the updated indication to reflect the removal of the hurricane provision.

In addition, in response to your Note to Filer, please refer to Exhibit B - IRR Model for the investment income/reserves exhibit.

**Related Objection 2**

Comments: Exhibit 6 does not appear to be actual experience. Please provide supporting documentation.

**Changed Items:**

SERFF Tracking #:

HNWX-G129162614

State Tracking #:

Company Tracking #:

AR13391CG00001

State: Arkansas

First Filing Company:

The Hanover Insurance Company, ...

TOI/Sub-TOI: 30.1 Dwelling Fire/Personal Liability/30.1000 Dwelling Fire/Personal Liability

Product Name: \*DF- Dwelling Fire

Project Name/Number: \*DF- Dwelling Fire/AR13391CG00001

### Supporting Document Schedule Item Changes

**Satisfied - Item:** Explanatory Memorandum and Actuarial Exhibits

**Comments:**

**Attachment(s):** AR DF Filing Package 11-18-13 - v2.PDF

*Previous Version*

**Satisfied - Item:** *Explanatory Memorandum and Actuarial Exhibits*

**Comments:**

**Attachment(s):** *AR DF Filing Package 11-18-13.PDF*

**Satisfied - Item:** Exhibit A

**Comments:**

**Attachment(s):** Exhibit A - CAT Experience.PDF

**Satisfied - Item:** Exhibit B

**Comments:**

**Attachment(s):** Exhibit B -Reflection of Investment Income in rates.PDF

SERFF Tracking #:

HNWX-G129162614

State Tracking #:

Company Tracking #:

AR13391CG00001

State:

Arkansas

First Filing Company:

The Hanover Insurance Company, ...

TOI/Sub-TOI:

30.1 Dwelling Fire/Personal Liability/30.1000 Dwelling Fire/Personal Liability

Product Name:

\*DF- Dwelling Fire

Project Name/Number:

\*DF- Dwelling Fire/AR13391CG00001

### Supporting Document Schedule Item Changes

**Satisfied - Item:** Explanatory Memorandum and Actuarial Exhibits

**Comments:**

**Attachment(s):** AR DF Filing Package 11-18-13 - v2.PDF

*Previous Version*

**Satisfied - Item:** *Explanatory Memorandum and Actuarial Exhibits*

**Comments:**

**Attachment(s):** *AR DF Filing Package 11-18-13.PDF*

**Satisfied - Item:** Exhibit A

**Comments:**

**Attachment(s):** Exhibit A - CAT Experience.PDF

**Satisfied - Item:** Exhibit B

**Comments:**

**Attachment(s):** Exhibit B -Reflection of Investment Income in rates.PDF

SERFF Tracking #:

HNWX-G129162614

State Tracking #:

Company Tracking #:

AR13391CG00001

State: Arkansas

First Filing Company:

The Hanover Insurance Company, ...

TOI/Sub-TOI: 30.1 Dwelling Fire/Personal Liability/30.1000 Dwelling Fire/Personal Liability

Product Name: \*DF- Dwelling Fire

Project Name/Number: \*DF- Dwelling Fire/AR13391CG00001

### Supporting Document Schedule Item Changes

**Satisfied - Item:** Explanatory Memorandum and Actuarial Exhibits

**Comments:**

**Attachment(s):** AR DF Filing Package 11-18-13 - v2.PDF

*Previous Version*

**Satisfied - Item:** *Explanatory Memorandum and Actuarial Exhibits*

**Comments:**

**Attachment(s):** *AR DF Filing Package 11-18-13.PDF*

**Satisfied - Item:** Exhibit A

**Comments:**

**Attachment(s):** Exhibit A - CAT Experience.PDF

**Satisfied - Item:** Exhibit B

**Comments:**

**Attachment(s):** Exhibit B -Reflection of Investment Income in rates.PDF

*No Form Schedule items changed.*

*No Rate/Rule Schedule items changed.*

**Conclusion:**

*Thank you for your attention and continued review of this filing. Should you have any questions regarding this filing, please contact this office.*

*Sincerely,*

*SPI Hanover*

---

**State:** Arkansas **First Filing Company:** The Hanover Insurance Company, ...  
**TOI/Sub-TOI:** 30.1 Dwelling Fire/Personal Liability/30.1000 Dwelling Fire/Personal Liability  
**Product Name:** \*DF- Dwelling Fire  
**Project Name/Number:** \*DF- Dwelling Fire/AR13391CG00001

## Note To Reviewer

**Created By:**

SPI Hanover on 09/12/2013 09:19 AM

**Last Edited By:**

Becky Harrington

**Submitted On:**

09/13/2013 07:30 AM

**Subject:**

Effective Date

**Comments:**

In response to your Note to Filer of yesterday, please be advised we do not wish to change the effective date of this filing.

Thank you,  
Susan Whitworth

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**State:** Arkansas **First Filing Company:** The Hanover Insurance Company, ...  
**TOI/Sub-TOI:** 30.1 Dwelling Fire/Personal Liability/30.1000 Dwelling Fire/Personal Liability  
**Product Name:** \*DF- Dwelling Fire  
**Project Name/Number:** \*DF- Dwelling Fire/AR13391CG00001

## Note To Filer

**Created By:**

Becky Harrington on 09/11/2013 03:12 PM

**Last Edited By:**

Becky Harrington

**Submitted On:**

09/13/2013 07:30 AM

**Subject:**

Effective Dates

**Comments:**

The commissioner is allowing the requested increase amount. Please let me know if you will require effective date changes prior to me closing the filing.

**State:** Arkansas **First Filing Company:** The Hanover Insurance Company, ...  
**TOI/Sub-TOI:** 30.1 Dwelling Fire/Personal Liability/30.1000 Dwelling Fire/Personal Liability  
**Product Name:** \*DF- Dwelling Fire  
**Project Name/Number:** \*DF- Dwelling Fire/AR13391CG00001

## Note To Filer

**Created By:**

Becky Harrington on 09/04/2013 07:25 AM

**Last Edited By:**

Becky Harrington

**Submitted On:**

09/13/2013 07:30 AM

**Subject:**

Meeting scheduled

**Comments:**

I will meet with Commissioner Bradford on 9/11/13 at 2:30.

Our apologies for the delay in reviewing the requested increase and changes.

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**State:** Arkansas **First Filing Company:** The Hanover Insurance Company, ...  
**TOI/Sub-TOI:** 30.1 Dwelling Fire/Personal Liability/30.1000 Dwelling Fire/Personal Liability  
**Product Name:** \*DF- Dwelling Fire  
**Project Name/Number:** \*DF- Dwelling Fire/AR13391CG00001

## Note To Filer

**Created By:**

Becky Harrington on 08/16/2013 10:23 AM

**Last Edited By:**

Becky Harrington

**Submitted On:**

09/13/2013 07:30 AM

**Subject:**

Additional Objection

**Comments:**

All request for rate changes submitted to the Department must include supporting data as required by Arkansas Code Annotated § 23-67-209 (d). Explain the consideration given to all investment income attributable to premiums and to the reserves associated with those premiums and to loss reserve funds.

I apologize for omitting this in the letter.

SERFF Tracking #:

HNVX-G129162614

State Tracking #:

Company Tracking #:

AR13391CG00001

State: Arkansas

First Filing Company:

The Hanover Insurance Company, ...

TOI/Sub-TOI: 30.1 Dwelling Fire/Personal Liability/30.1000 Dwelling Fire/Personal Liability

Product Name: \*DF- Dwelling Fire

Project Name/Number: \*DF- Dwelling Fire/AR13391CG00001

### Rate Information

Rate data applies to filing.

Filing Method: File and Use

Rate Change Type: Increase

Overall Percentage of Last Rate Revision: 20.000%

Effective Date of Last Rate Revision: 11/18/2012

Filing Method of Last Filing: File and Use

### Company Rate Information

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where req'd):	Minimum % Change (where req'd):
The Hanover Insurance Company	46.000%	20.000%	\$125,569	746	\$627,846	20.000%	20.000%
Massachusetts Bay Insurance Company	46.000%	20.000%	\$114,070	755	\$570,349	20.000%	20.000%

**SERFF Tracking #:**

HNVX-G129162614

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

AR13391CG00001

**State:**

Arkansas

**First Filing Company:**

The Hanover Insurance Company, ...

**TOI/Sub-TOI:**

30.1 Dwelling Fire/Personal Liability/30.1000 Dwelling Fire/Personal Liability

**Product Name:**

\*DF- Dwelling Fire

**Project Name/Number:**

\*DF- Dwelling Fire/AR13391CG00001

## Rate/Rule Schedule

Item No.	Schedule Item Status	Exhibit Name	Rule # or Page #	Rate Action	Previous State Filing Number	Attachments
1	Filed 09/13/2013	Arkansas Dwelling Fire Manual; Rate Structure; Hanover and Massachusetts Bay Insurance Company	RS-1 and RS-2	Replacement	HNVX-G128644290	ARFIRE Manual 2013-11-18 changes only Clean.PDF

\_\_\_\_\_ANNOUNCEMENT OF REVISIONS\_\_\_\_\_

MANUAL

STATE OF ARKANSAS

REVISED MANUAL PAGES:  
DWELLING FIRE MANUAL

Rate Structure Pages..... RS-1, RS-2

SUMMARY OF CHANGE

- Revised Base Rates

EFFECTIVE NEW AND RENEWAL DATES: November 18, 2013

**HANOVER/MASS BAY**

**ARKANSAS**

**DWELLING FIRE**

**STANDARD COMPANY – HANOVER**

**PREFERRED COMPANY – MASSACHUSETTS BAY**

Base Rates - (\$20,000) Coverage A; Non-Seasonal				
PREM. GROUP	OWNER	OWNER and/or NON-OWNER EXTENDED COVERAGE		
	FIRE (ALL)	DP-1	DP-2	DP-3
1	179	85	128	155
2	211	85	128	155
3	294	85	128	155
4	376	85	128	155
5	234	85	128	155
6	283	85	128	155
7	307	85	128	155
8	426	85	128	155
9	541	85	128	155
10	100	60	90	108
11	119	60	90	108
12	164	60	90	108
13	211	60	90	108
14	131	60	90	108
15	131	60	90	108
16	170	60	90	108
17	239	60	90	108
18	302	60	90	108
19	139	66	100	119
20	164	66	100	119
21	229	66	100	119
22	294	66	100	119
23	185	66	100	119
24	222	66	100	119
25	239	66	100	119
26	331	66	100	119
27	422	66	100	119

Base Rates - (\$20,000) Coverage A; Non-Seasonal				
PREM. GROUP	OWNER	OWNER and/or NON-OWNER EXTENDED COVERAGE		
	FIRE (ALL)	DP-1	DP-2	DP-3
1	161	77	115	140
2	190	77	115	140
3	265	77	115	140
4	338	77	115	140
5	211	77	115	140
6	255	77	115	140
7	276	77	115	140
8	383	77	115	140
9	487	77	115	140
10	90	54	81	97
11	107	54	81	97
12	148	54	81	97
13	190	54	81	97
14	118	54	81	97
15	118	54	81	97
16	153	54	81	97
17	215	54	81	97
18	272	54	81	97
19	125	59	90	107
20	148	59	90	107
21	206	59	90	107
22	265	59	90	107
23	167	59	90	107
24	200	59	90	107
25	215	59	90	107
26	298	59	90	107
27	380	59	90	107

<u>KEY FACTORS</u>	<u>COV A</u>
Seasonal Dwellings	1.10
2 Family	1.05
3 or Four Family	1.30
5 or More Families	1.55
Non-Owner Occupied	1.15
<u>V&amp;MM PREM PER \$1,000</u>	
Hanover	0.100
Mass Bay	0.090

**STANDARD COMPANY – HANOVER**

**PREFERRED COMPANY – MASSACHUSETTS BAY**

Base Rates - (\$6,000)  
Coverage C; Non-Seasonal

PREM. GROUP	OWNER	OWNER and/or NON-OWNER		
	FIRE (ALL)	EXTENDED COVERAGE DP-1	DP-2	DP-3
1	50	7	19	19
2	60	7	19	19
3	83	7	19	19
4	106	7	19	19
5	66	7	19	19
6	79	7	19	19
7	85	7	19	19
8	119	7	19	19
9	151	7	19	19
10	36	5	13	13
11	42	5	13	13
12	59	5	13	13
13	74	5	13	13
14	46	5	13	13
15	46	5	13	13
16	60	5	13	13
17	84	5	13	13
18	106	5	13	13
19	38	5	14	14
20	46	5	14	14
21	65	5	14	14
22	83	5	14	14
23	53	5	14	14
24	61	5	14	14
25	66	5	14	14
26	95	5	14	14
27	118	5	14	14

Base Rates - (\$6,000)  
Coverage C; Non-Seasonal

PREM. GROUP	OWNER	OWNER and/or NON-OWNER		
	FIRE (ALL)	EXTENDED COVERAGE DP-1	DP-2	DP-3
1	45	6	17	17
2	54	6	17	17
3	75	6	17	17
4	95	6	17	17
5	59	6	17	17
6	71	6	17	17
7	77	6	17	17
8	107	6	17	17
9	136	6	17	17
10	32	5	12	12
11	38	5	12	12
12	53	5	12	12
13	67	5	12	12
14	41	5	12	12
15	41	5	12	12
16	54	5	12	12
17	76	5	12	12
18	95	5	12	12
19	34	5	13	13
20	41	5	13	13
21	59	5	13	13
22	75	5	13	13
23	48	5	13	13
24	55	5	13	13
25	59	5	13	13
26	86	5	13	13
27	106	5	13	13

<u>KEY FACTORS</u>	<u>COV C</u>
Seasonal Dwellings	1.15
2 Family	1.05
3 or Four Family	1.30
5 or More Families	1.55
Non-Owner Occupied	1.15
<u>V&amp;MM PREM PER \$1,000</u>	
Hanover	0.100
Mass Bay	0.090

SERFF Tracking #:

HNVX-G129162614

State Tracking #:

Company Tracking #:

AR13391CG00001

State: Arkansas

First Filing Company:

The Hanover Insurance Company, ...

TOI/Sub-TOI: 30.1 Dwelling Fire/Personal Liability/30.1000 Dwelling Fire/Personal Liability

Product Name: \*DF- Dwelling Fire

Project Name/Number: \*DF- Dwelling Fire/AR13391CG00001

## Supporting Document Schedules

<b>Satisfied - Item:</b>	HPCS-Homeowners Premium Comparison Survey
<b>Comments:</b>	
<b>Attachment(s):</b>	HO Survey FORM HPCS.PDF HO Survey FORM HPCS.XLS HO Survey FORM HPCS[[1]].PDF HO Survey FORM HPCS[[1]].XLS
<b>Item Status:</b>	Filed
<b>Status Date:</b>	09/13/2013

<b>Satisfied - Item:</b>	NAIC loss cost data entry document
<b>Comments:</b>	
<b>Attachment(s):</b>	AR RF-1 loss_cost_data_entry - Hanover.PDF AR RF-1 loss_cost_data_entry - Mass Bay.PDF
<b>Item Status:</b>	Filed
<b>Status Date:</b>	09/13/2013

<b>Satisfied - Item:</b>	Explanatory Memorandum and Actuarial Exhibits
<b>Comments:</b>	
<b>Attachment(s):</b>	AR DF Filing Package 11-18-13 - v2.PDF
<b>Item Status:</b>	Filed
<b>Status Date:</b>	09/13/2013

<b>Satisfied - Item:</b>	Manual Pages ~ Marked Copy
<b>Comments:</b>	
<b>Attachment(s):</b>	ARFIRE Manual 2013-11-18 changes only DRAFT.PDF
<b>Item Status:</b>	Filed
<b>Status Date:</b>	09/13/2013

**SERFF Tracking #:**

HNVX-G129162614

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

AR13391CG00001

**State:**

Arkansas

**First Filing Company:**

The Hanover Insurance Company, ...

**TOI/Sub-TOI:**

30.1 Dwelling Fire/Personal Liability/30.1000 Dwelling Fire/Personal Liability

**Product Name:**

\*DF- Dwelling Fire

**Project Name/Number:**

\*DF- Dwelling Fire/AR13391CG00001

<b>Satisfied - Item:</b>	Exhibit A
<b>Comments:</b>	
<b>Attachment(s):</b>	Exhibit A - CAT Experience.PDF
<b>Item Status:</b>	Filed
<b>Status Date:</b>	09/13/2013

<b>Satisfied - Item:</b>	Exhibit B
<b>Comments:</b>	
<b>Attachment(s):</b>	Exhibit B -Reflection of Investment Income in rates.PDF
<b>Item Status:</b>	Filed
<b>Status Date:</b>	09/13/2013

NAIC Number: 0088-22292  
 Company Name: The Hanover Insurance Company  
 Contact Person: Susan Whitworth  
 Telephone No.: (508)-855-4664  
 Email Address: swhitworth@hanover.com  
 Effective Date: 11/18/2013

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

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

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

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

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

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

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

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

Public Protection Class	Dwelling Value	Washington		Baxter		Craighead		St. Francis		Arkansas		Union		Miller		Sebastian		Pulaski	
		Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame
3	\$80,000	554	652	554	652	554	652	554	652	554	652	554	652	554	652	554	652	434	515
	\$120,000	731	860	731	860	731	860	731	860	731	860	731	860	731	860	731	860	571	679
	\$160,000	908	1069	908	1069	908	1069	908	1069	908	1069	908	1069	908	1069	908	1069	709	844
6	\$80,000	554	652	554	652	554	652	554	652	554	652	554	652	554	652	554	652	434	515
	\$120,000	731	860	731	860	731	860	731	860	731	860	731	860	731	860	731	860	571	679
	\$160,000	908	1069	908	1069	908	1069	908	1069	908	1069	908	1069	908	1069	908	1069	709	844
9	\$80,000	758	992	758	992	758	992	758	992	758	992	758	992	758	992	758	992	593	774
	\$120,000	1001	1311	1001	1311	1001	1311	1001	1311	1001	1311	1001	1311	1001	1311	1001	1311	783	1022
	\$160,000	1244	1630	1244	1630	1244	1630	1244	1630	1244	1630	1244	1630	1244	1630	1244	1630	972	1271

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

**HO3 and HO4 only**

Fire Extinguisher	<input type="text"/>	%	Deadbolt Lock	<input type="text"/>	%
Burglar Alarm	<input type="text"/>	%	Window Locks	<input type="text"/>	%
Smoke Alarm	<input type="text"/>	%	\$1,000 Deductible	<input type="text"/>	%
			Other (specify)	<input type="text"/>	%

**EARTHQUAKE INSURANCE**

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

ARE YOU CURRENTLY WRITING EARTHQUAKE COVERAGE IN ARKANSAS?  (yes or no)  
 WHAT IS YOUR PERCENTAGE DEDUCTIBLE?  %

Zone                      Brick                      Frame

			%	WHAT IS YOUR PRICE PER \$1,000 OF COVERAGE?	Highest Risk	\$		\$	
	<i>Maximum Credit Allowed</i>		%		Lowest Risk	\$		\$	

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NAIC Number: 0088-22292  
 Company Name: Massachusetts Bay Insurance Company  
 Contact Person: Susan Whitworth  
 Telephone No.: (508)-855-4664  
 Email Address: [swhitworth@hanover.com](mailto:swhitworth@hanover.com)  
 Effective Date: 11/18/2013

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

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

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

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

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

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

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

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

Public Protection Class	Dwelling Value	Washington		Baxter		Craighead		St. Francis		Arkansas		Union		Miller		Sebastian		Pulaski	
		Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame
3	\$80,000	499	588	499	588	499	588	499	588	499	588	499	588	499	588	499	588	391	466
	\$120,000	658	776	658	776	658	776	658	776	658	776	658	776	658	776	658	776	515	614
	\$160,000	817	964	817	964	817	964	817	964	817	964	817	964	817	964	817	964	639	762
6	\$80,000	499	588	499	588	499	588	499	588	499	588	499	588	499	588	499	588	391	466
	\$120,000	658	776	658	776	658	776	658	776	658	776	658	776	658	776	658	776	515	614
	\$160,000	817	964	817	964	817	964	817	964	817	964	817	964	817	964	817	964	639	762
9	\$80,000	684	893	684	893	684	893	684	893	684	893	684	893	684	893	684	893	535	698
	\$120,000	903	1180	903	1180	903	1180	903	1180	903	1180	903	1180	903	1180	903	1180	705	921
	\$160,000	1122	1467	1122	1467	1122	1467	1122	1467	1122	1467	1122	1467	1122	1467	1122	1467	876	1145

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

**HO3 and HO4 only**

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

**EARTHQUAKE INSURANCE**

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

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

WHAT IS YOUR PERCENTAGE DEDUCTIBLE?  %

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

Maximum Credit Allowed	%	Lowest Risk	\$		\$	
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**NAIC LOSS COST DATA ENTRY DOCUMENT** (EFFECTIVE AUG. 16, 2004)

1.	This filing transmittal is part of Company Tracking #	<b>AR13391CG00001</b>
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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	<b>N/A</b>
----	--------------------------------------------------------------------------------------------------------------------------------------------	------------

Company Name		Company NAIC Number	
3.	<b>A.</b>	<b>The Hanover Insurance Company</b>	<b>B.</b> <b>0088-22292</b>

Product Coding Matrix Line of Business (i.e., Type of Insurance)		Product Coding Matrix Line of Insurance (i.e., Sub-type of Insurance)	
4.	<b>A.</b>	<b>Property</b>	<b>B.</b> <b>Fire &amp; Allied Lines</b>

5.			FOR LOSS COSTS ONLY				
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
COVERAGE (See Instructions)	Indicated % Rate Level Change	Requested % Rate Level Change	Expected Loss Ratio	Loss Cost Modification Factor	Selected Loss Cost Multiplier	Expense Constant (If Applicable)	Co. Current Loss Cost Multiplier
<b>Dwelling Fire</b>	<b>46.0%</b>	<b>20.0%</b>					
<b>TOTAL OVERALL EFFECT</b>	<b>46.0%</b>	<b>20.0%</b>					

6.		5 Year History	Rate Change History				
Year	Policy Count	% of Change	Effective Date	State Earned Premium (000)	Incurred Losses (000)*	State Loss Ratio	Countrywide Loss Ratio
<b>2008</b>	<b>547</b>	<b>5.0%</b>	<b>10/13</b>	<b>315</b>	<b>52</b>	<b>.17</b>	
<b>2009</b>	<b>584</b>	<b>0</b>	<b>-</b>	<b>343</b>	<b>79</b>	<b>.23</b>	
<b>2010</b>	<b>683</b>	<b>7.5%</b>	<b>11/18</b>	<b>399</b>	<b>369</b>	<b>.92</b>	
<b>2011</b>	<b>758</b>	<b>12.5%</b>	<b>11/18</b>	<b>496</b>	<b>500</b>	<b>1.01</b>	
<b>2012</b>	<b>746</b>	<b>20.0%</b>	<b>11/18</b>	<b>563</b>	<b>920</b>	<b>1.63</b>	
					<b>*X-CAT</b>		

7.	
Expense Constants	Selected Provisions
A. Total Production Expense	<b>13.8%</b>
B. General & Other Expense	<b>16.4%</b>
C. Taxes, License & Fees	<b>2.2%</b>
D. Underwriting Profit & Contingencies	<b>15.0%</b>
E. Other	
F. TOTAL	<b>47.4%</b>

8.   N   Apply Lost Cost Factors to Future filings? (Y or N)
9.  20.0%  Estimated Maximum Rate Increase for any Insured (%). Territory (if applicable): \_\_\_\_\_
10.  20.0%  Estimated Maximum Rate Decrease for any Insured (%) Territory (if applicable): \_\_\_\_\_

**NAIC LOSS COST DATA ENTRY DOCUMENT** (EFFECTIVE AUG. 16, 2004)

<b>1.</b>	This filing transmittal is part of Company Tracking #	<b>AR13391CG00001</b>
-----------	-------------------------------------------------------	-----------------------

<b>2.</b>	If filing is an adoption of an advisory organization loss cost filing, give name of advisory organization and Reference/Item Filing Number	<b>N/A</b>
-----------	--------------------------------------------------------------------------------------------------------------------------------------------	------------

Company Name		Company NAIC Number		
<b>3.</b>	<b>A.</b>	<b>Massachusetts Bay Insurance Company</b>	<b>B.</b>	<b>0088-22306</b>

Product Coding Matrix Line of Business (i.e., Type of Insurance)		Product Coding Matrix Line of Insurance (i.e., Sub-type of Insurance)		
<b>4.</b>	<b>A.</b>	<b>Property</b>	<b>B.</b>	<b>Fire &amp; Allied Lines</b>

<b>5.</b>			<b>FOR LOSS COSTS ONLY</b>				
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
COVERAGES (See Instructions)	Indicated % Rate Level Change	Requested % Rate Level Change	Expected Loss Ratio	Loss Cost Modification Factor	Selected Loss Cost Multiplier	Expense Constant (If Applicable)	Co. Current Loss Cost Multiplier
<b>Dwelling Fire</b>	<b>46.0%</b>	<b>20.0%</b>					
<b>TOTAL OVERALL EFFECT</b>	<b>46.0%</b>	<b>20.0%</b>					

<b>6.</b>		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
<b>2008</b>	<b>722</b>	<b>5.0%</b>	<b>10/13</b>	<b>374</b>	<b>320</b>	<b>.86</b>	
<b>2009</b>	<b>744</b>	<b>0</b>	<b>-</b>	<b>416</b>	<b>186</b>	<b>.45</b>	
<b>2010</b>	<b>791</b>	<b>7.5%</b>	<b>11/18</b>	<b>436</b>	<b>337</b>	<b>.77</b>	
<b>2011</b>	<b>855</b>	<b>12.5%</b>	<b>11/18</b>	<b>518</b>	<b>622</b>	<b>1.2</b>	
<b>2012</b>	<b>755</b>	<b>20.0%</b>	<b>11/18</b>	<b>559</b>	<b>1,267</b>	<b>2.27</b>	
					<b>*X-CAT</b>		

<b>7.</b>	
Expense Constants	Selected Provisions
A. Total Production Expense	<b>13.8%</b>
B. General & Other Expense	<b>16.4%</b>
C. Taxes, License & Fees	<b>2.2%</b>
D. Underwriting Profit & Contingencies	<b>15.0%</b>
E. Other	
F. TOTAL	<b>47.4%</b>

- 8.**   N   Apply Lost Cost Factors to Future filings? (Y or N)
- 9.**   20.0%   Estimated Maximum Rate Increase for any Insured (%). Territory (if applicable): \_\_\_\_\_
- 10.**   20.0%   Estimated Maximum Rate Decrease for any Insured (%). Territory (if applicable): \_\_\_\_\_



**THE HANOVER INSURANCE COMPANY  
MASSACHUSETTS BAY INSURANCE COMPANY  
ARKANSAS DWELLING FIRE  
RATE PROPOSAL EFFECTIVE 11/18/2013**

**OVERALL INDICATION DESCRIPTION**

**Proposal**

We propose an overall +20.0% increase effective on 11/18/2013 for new and renewal business, through changes to base rates.

**General Philosophy**

Hanover data, within the state of Arkansas, is used whenever possible. If Hanover data, within the state of Arkansas, is not available, then Arkansas industry or countrywide data may be used in its place.

**Support for Overall Increase**

Our proposal of a +20.0% increase is effected through base rate changes only, as no other aspects of the rating structure were revised. The effective dates for the proposal are 11/18/2013 for new and renewal business and the proposal is supported by a +28.1% indication.

**Description of Actuarial Calculations**

The underlying experience is that of Arkansas. Experience for the most recently available five year review period (12/31/2008 to 12/31/2012) is on a calendar/accident year basis.

Full Credibility standard of \$10 million in earned premium is used. Partial credibility is determined using the square root rule.

**On-Level Premiums**

Reported premiums are adjusted to current rate level by using the parallelogram method.

**Premium Trend**

The average exponential premium trend rates are used in the indications. First, earned premium is adjusted to current rate level in column (4). Next, average on-level premium for each experience period is computed in column (5). After looking at premium trend for the five most recent years, we have made a selection of 4.0% for the retrospective premium trend and 4.0% for the prospective premium trend.

**Loss Development**

Arkansas, non-cat, incurred loss data was used to determine loss development factors (Exhibit 3).

**Loss Trend**

Hanover Arkansas data was used to calculate the loss trend component. We made Severity selections of +12.0% for the retrospective trend and +12.0% for the prospective trend. Frequency trends of -5.0% for the retrospective trend and -5.0% for the prospective trend were selected. Pure premium trends of +6.4% and +6.4% were implied from the frequency and severity trend selections. Loss trend factors project losses from the midpoint of each accident year to one year past the assumed renewal effective date (11/18/2013).

**Development of Target Loss and ALAE Ratio**

Exhibit 5 lists expense provision in the rates. The selected commission ratio is our actual commission ratio for Arkansas policies. Arkansas general and other acquisition expenses were the finest detail available. Expected Premium Taxes, Miscellaneous Licenses & Fees were based on a review of IEE data. The ULAE-to-Loss ratio was selected using Arkansas data. ALAE as a percentage of incurred losses was derived from projections of losses and ALAE to ultimate using Arkansas data.

**Catastrophe Load**

Catastrophe loads were selected based on based on AR experience-only data (Exhibit 6).

**Index of Exhibits**

Exhibit 1 – Indication

Exhibit 2 – Premium Trend

Exhibit 3 – Loss Development Factors

Exhibit 4 – Loss Trend

Exhibit 5– Development of Target Loss and ALAE Ratio

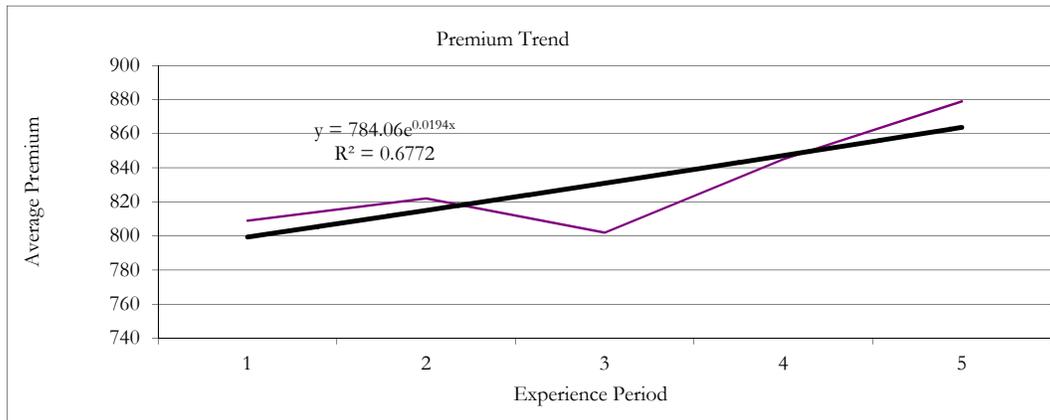
Exhibit 6– Catastrophe Load

**AR - All Companies Combined**  
**Dwelling Fire Rate Indication for Rates Effective**  
Dollars in Thousands

	<b>Accident Year Ending:</b>				
	<u>12/31/2008</u>	<u>12/31/2009</u>	<u>12/31/2010</u>	<u>12/31/2011</u>	<u>12/31/2012</u>
Earned Premium	690	758	835	1,014	1,122
Current Rate Level Factor	1.488	1.440	1.416	1.344	1.234
Premium at CRL	1,026	1,092	1,181	1,362	1,384
Annual Premium Trend - Retrospective	4.0%	4.0%	4.0%	4.0%	4.0%
Premium Trend Factor - Retrospective	1.170	1.125	1.082	1.040	1.000
Annual Premium Trend - Prospective	4.0%	4.0%	4.0%	4.0%	4.0%
Premium Trend Factor - Prospective	1.098	1.098	1.098	1.098	1.098
Trended Premium	1,318	1,349	1,403	1,556	1,520
Incurring Loss Evaluated @ 12/31/2012	602	321	831	1,949	1,274
Catastrophe Incurred Losses	239	50	51	1,049	7
Incurring Losses exc CAT	362	271	780	900	1,267
Loss Development Factor:	1.000	1.000	1.000	0.999	1.086
Expected Loss Ratio					0.408
Estim. Ultimate Incurred Loss Non-Cat	362	271	780	899	1,375
Est. Annual Loss Trend - Retrospective	6.4%	6.4%	6.4%	6.4%	6.4%
Loss Trend Factor - Retrospective	1.282	1.205	1.132	1.064	1.000
Est. Annual Loss Trend - Prospective	6.4%	6.4%	6.4%	6.4%	6.4%
Loss Trend Factor - Prospective	1.159	1.159	1.159	1.159	1.159
Trended Incurred Losses	538	379	1,024	1,109	1,595
ALAE (% of Loss)	2.0%	2.0%	2.0%	2.0%	2.0%
Trended Loss & ALAE	549	387	1,045	1,131	1,626
Projected Loss & ALAE Ratio	41.7%	28.7%	74.5%	72.7%	107.0%
Accident Year Weights	20.0%	20.0%	20.0%	20.0%	20.0%
Projected (Formula Weighted) Loss&ALAE Ratio Excluding All Catastrophes					64.9%
Hurricane Loss & ALAE Ratio					0.0%
Other Catastrophes Loss & ALAE Ratio					11.1%
Permissible Loss & ALAE Ratio Excluding All Catastrophes to yield a Combined Ratio of <u>89.7%</u>					41.6%
Cat Loss Annual Trend - Prospective					12.0%
Cat Loss Ratio Trend Factor - Prospective					1.193
NonCat Loss Ratio Trend Factor - Prospective					1.056
Trended Hurricane Loss & ALAE Ratio					0.0%
Trended Other Catastrophes Loss & ALAE Ratio					13.3%
Trended Permissible Loss & ALAE Ratio Excluding All Catastrophes					43.9%
Fixed Expense					12.8%
Variable Expense(incl Profit)					34.5%
Earned Premium (000s)	690	758	835	1,014	1,122
Credibility (assuming \$10M earned premium is fully credible)					66.5%
Credibility-Adjusted Loss & ALAE Ratio Excluding All Catastrophes					57.9%
<b>Indicated Rate Change</b>					<b>28.1%</b>

**The Hanover Group**  
**AR - Dwelling Fire & Allied Lines**  
**Premium Trend Calculation**

Calendar Year Ending	Quarter X value	(1) Earned Exposures	(2) Earned Premiums	(3) Current Rate Level Factors	(4)=(2)x(3) On-Level Earned Premium	(5)=(4)/(1) Average Adjusted Premium
12/31/2008	1	1,269	689,514	1.488	1,026,144	809
12/31/2009	2	1,328	758,311	1.440	1,092,051	822
12/31/2010	3	1,474	834,519	1.416	1,181,421	802
12/31/2011	4	1,613	1,013,941	1.344	1,362,251	845
12/31/2012	5	1,575	1,122,155	1.234	1,384,388	879

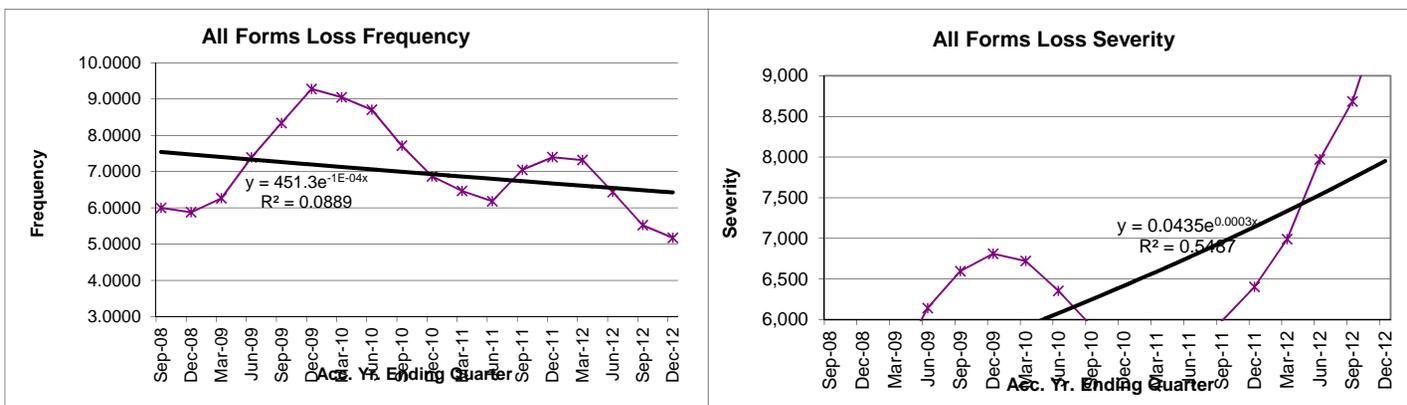


3 Yr Fitted Trend	4.7%
Retrospective Selection:	4.0%
Prospective Selection:	4.0%



**AR**  
**Loss Trend Selections**  
**Hanover Data**  
**All Losses Excluding Catastrophes**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Rolling 12 Month	Quarter X Value	Exposure	Claims	Incurred Losses	=(4)/(3) Frequency per 100	=(5)/(4) Severity	=(5)/(3) Pure Prem
9/30/2008	1	7,384	443	2,068,790	6.00	4,670	280
12/31/2008	2	7,520	442	2,074,973	5.88	4,695	276
3/31/2009	3	7,678	481	2,595,362	6.26	5,396	338
6/30/2009	4	7,865	581	3,568,452	7.39	6,142	454
9/30/2009	5	8,121	677	4,465,738	8.34	6,596	550
12/31/2009	6	8,483	787	5,359,790	9.28	6,810	632
3/31/2010	7	8,909	806	5,417,201	9.05	6,721	608
6/30/2010	8	9,421	820	5,210,260	8.70	6,354	553
9/30/2010	9	10,010	772	4,575,943	7.71	5,927	457
12/31/2010	10	10,600	728	4,087,761	6.87	5,615	386
3/31/2011	11	11,182	723	3,995,072	6.47	5,526	357
6/30/2011	12	11,741	726	4,103,646	6.18	5,652	350
9/30/2011	13	12,274	865	5,174,329	7.05	5,982	422
12/31/2011	14	12,766	944	6,043,478	7.39	6,402	473
3/31/2012	15	13,189	965	6,745,356	7.32	6,990	511
6/30/2012	16	13,498	869	6,927,138	6.44	7,971	513
9/30/2012	17	13,651	754	6,548,466	5.52	8,685	480
12/31/2012	18	13,702	709	7,019,566	5.17	9,901	512



	Frequency	Severity	Pure Premium
4-Year Prior	-5.6%	10.6%	4.4%
3-Year Prior	-14.4%	12.3%	-3.9%
2-Year Prior	-9.4%	34.7%	22.0%
Latest Year	-32.8%	54.6%	3.8%

<b>Retrospective Selected Trends (frequency, severity, loss):</b>	<b>-5.0%</b>	<b>12.0%</b>	<b>6.4%</b>
<b>Prospective Selected Trends (frequency, severity, loss):</b>	<b>-5.0%</b>	<b>12.0%</b>	<b>6.4%</b>

Note: Data is Hanover Data

**AR Dwelling Fire & Allied Lines  
Development of Target Loss & ALAE Ratio**

Personal Lines Dwelling Fire											
		<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>5 Year Average</u>	<u>3 Year Average</u>	Selected	% Fixed Expense	% Variable Expense
(1)	Commission	12.5%	12.5%	12.5%	12.5%	12.3%	12.5%	12.4%	<b>12.5%</b>	0%	100%
	Contingent Commission								<b>1.3%</b>	0%	100%
(2)	General & Other Acq.	15.4%	21.6%	20.2%	13.3%	11.4%	16.4%	15.0%	<b>16.4%</b>	50%	50%
(3)	Taxes, Licenses, and Fees								<b>2.2%</b>	0%	100%
(4)	ULAE/Premium	4.2%	3.7%	3.1%	3.3%	2.8%	3.4%	3.1%	<b>3.4%</b>	100%	0%
(5)	Profit and Contingency								<b>15.0%</b>	0%	100%
(6)	Reinsurance Premium								<b>1.2%</b>	100%	0%
(7)	Cat Load								<b>18.5%</b>	100%	0%
(7) = sum((1),(2),(3),(4),(5),(6)) * % Fixed)	Total Fixed Expense XCAT								<b>12.8%</b>		
(8) = sum((1),(2),(3),(4),(5),(6)) * % Var	Total Variable Expense								<b>39.2%</b>		
(9)	ALAE/Loss	2.2%	2.0%	1.3%	3.4%	1.4%	2.1%	2.0%	<b>2.0%</b>		

### Other Personal Lines - Net

State	Prop FTWP @ 6/30/12	Hurricane			Other Wind				Winter Freeze				Earthquake			Total CAT %	
		RMS	AIR	Selected	RMS	AIR	Experience	Credibility	Selected	RMS	AIR	Experience	Selected	RMS	AIR		Selected
AR	1,060,147	0.0%	0.0%	0.0%	18.2%	19.9%	9.1%	19.6%	9.1%	1.4%	2.0%	1.8%	1.8%	0.1%	0.1%	0.0%	10.9%

\_\_\_\_\_**ANNOUNCEMENT OF REVISIONS**\_\_\_\_\_

**MANUAL**

**STATE OF ARKANSAS**

REVISED MANUAL PAGES:  
DWELLING FIRE MANUAL

Rate Structure Pages..... RS-1, RS-2

SUMMARY OF CHANGE

- Revised Base Rates

EFFECTIVE NEW AND RENEWAL DATES: November 18, 2013

STANDARD COMPANY – HANOVER

PREFERRED COMPANY – MASSACHUSETTS BAY

Base Rates - (\$20,000)  
Coverage A; Non-Seasonal

PREM. GROUP	OWNER	OWNER and/or NON-OWNER EXTENDED COVERAGE		
	FIRE (ALL)	DP-1	DP-2	DP-3
1	179	85	128	155
2	211	85	128	155
3	294	85	128	155
4	376	85	128	155
5	234	85	128	155
6	283	85	128	155
7	307	85	128	155
8	426	85	128	155
9	541	85	128	155
10	100	60	90	108
11	119	60	90	108
12	164	60	90	108
13	211	60	90	108
14	131	60	90	108
15	131	60	90	108
16	170	60	90	108
17	239	60	90	108
18	302	60	90	108
19	139	66	100	119
20	164	66	100	119
21	229	66	100	119
22	294	66	100	119
23	185	66	100	119
24	222	66	100	119
25	239	66	100	119
26	331	66	100	119
27	422	66	100	119

Base Rates - (\$20,000)  
Coverage A; Non-Seasonal

PREM. GROUP	OWNER	OWNER and/or NON-OWNER EXTENDED COVERAGE		
	FIRE (ALL)	DP-1	DP-2	DP-3
1	161	77	115	140
2	190	77	115	140
3	265	77	115	140
4	338	77	115	140
5	211	77	115	140
6	255	77	115	140
7	276	77	115	140
8	383	77	115	140
9	487	77	115	140
10	90	54	81	97
11	107	54	81	97
12	148	54	81	97
13	190	54	81	97
14	118	54	81	97
15	118	54	81	97
16	153	54	81	97
17	215	54	81	97
18	272	54	81	97
19	125	59	90	107
20	148	59	90	107
21	206	59	90	107
22	265	59	90	107
23	167	59	90	107
24	200	59	90	107
25	215	59	90	107
26	298	59	90	107
27	380	59	90	107

KEY FACTORS	COV A
Seasonal Dwellings	1.10
2 Family	1.05
3 or Four Family	1.30
5 or More Families	1.55
Non-Owner Occupied	1.15
<u>V&amp;MM PREM PER \$1,000</u>	
Hanover	0.100
Mass Bay	0.090

STANDARD COMPANY – HANOVER

PREFERRED COMPANY – MASSACHUSETTS BAY

Base Rates - (\$6,000)  
Coverage C; Non-Seasonal

PREM. GROUP	OWNER	OWNER and/or NON-OWNER		
	FIRE (ALL)	EXTENDED COVERAGE DP-1	DP-2	DP-3
1	50	7	19	19
2	60	7	19	19
3	83	7	19	19
4	106	7	19	19
5	66	7	19	19
6	79	7	19	19
7	85	7	19	19
8	119	7	19	19
9	151	7	19	19
10	36	5	13	13
11	42	5	13	13
12	59	5	13	13
13	74	5	13	13
14	46	5	13	13
15	46	5	13	13
16	60	5	13	13
17	84	5	13	13
18	106	5	13	13
19	38	5	14	14
20	46	5	14	14
21	65	5	14	14
22	83	5	14	14
23	53	5	14	14
24	61	5	14	14
25	66	5	14	14
26	95	5	14	14
27	118	5	14	14

Base Rates - (\$6,000)  
Coverage C; Non-Seasonal

PREM. GROUP	OWNER	OWNER and/or NON-OWNER		
	FIRE (ALL)	EXTENDED COVERAGE DP-1	DP-2	DP-3
1	45	6	17	17
2	54	6	17	17
3	75	6	17	17
4	95	6	17	17
5	59	6	17	17
6	71	6	17	17
7	77	6	17	17
8	107	6	17	17
9	136	6	17	17
10	32	5	12	12
11	38	5	12	12
12	53	5	12	12
13	67	5	12	12
14	41	5	12	12
15	41	5	12	12
16	54	5	12	12
17	76	5	12	12
18	95	5	12	12
19	34	5	13	13
20	41	5	13	13
21	59	5	13	13
22	75	5	13	13
23	48	5	13	13
24	55	5	13	13
25	59	5	13	13
26	86	5	13	13
27	106	5	13	13

<u>KEY FACTORS</u>	<u>COV C</u>
Seasonal Dwellings	1.15
2 Family	1.05
3 or Four Family	1.30
5 or More Families	1.55
Non-Owner Occupied	1.15
<u>V&amp;MM PREM PER \$1,000</u>	
Hanover	0.100
Mass Bay	0.090

**ARKANSAS  
OTHER PERSONAL LINES (OPL)  
Other Wind Experience Cat Load Calculation**

**NON-CAT LOSS**

RISK_ST	AR
Cat_LOB	PL Property

Row Labels	Sum of Trended_IL
1990	8,618
1991	209,432
1992	70,783
1993	246,273
1994	139,348
1995	206,052
1996	180,910
1997	716,835
1998	280,978
1999	111,619
2000	145,781
2001	127,561
2002	92,671
2003	110,420
2004	342,093
2005	444,484
2006	98,058
2007	169,440
2008	411,681
2009	299,678
2010	828,001
2011	927,568
2012	1,266,807
Grand Total	7,435,093

**CAT LOSS**

RISK_ST	AR
Cat_LOB	PL Property
Cat_Type_Fix	W

Row Labels	Sum of Trended_IL
1990	2,175
1991	154
1992	0
1993	5,584
1995	5,000
1996	111,426
1997	7,874
1998	346
1999	819
2001	0
2002	3,253
2004	3,683
2005	708,317
2006	193,861
2008	121,593
2009	27,716
2010	4,560
2011	1,074,987
2012	7,191
Grand Total	2,278,538

(1) Experience Period	(2) LOB	(3) Risk_ST	(4) OW Total Incurred Loss	(5) NonCat Total Incurred Loss	(6) OW-to- NonCat Ratio	(7) ExCat ELR	(8) OW Experience Load
23 years	PL Property	AR	2,278,538	7,435,093	0.306	36.7%	11.3%

(1): Length of experience period in analysis

(6) = (4) / (5)

(7): Plan loss ratio for OPL, from PLAY Report as of December 2012

(8) = (6) x (7)

**ARKANSAS  
OTHER PERSONAL LINES (OPL)  
Winter Freeze Experience Cat Load Calculation**

**NON-CAT LOSS**

RISK_ST	AR
Cat_LOB	PL Property

Row Labels	Sum of Trended_IL
1990	8,618
1991	209,432
1992	70,783
1993	246,273
1994	139,348
1995	206,052
1996	180,910
1997	716,835
1998	280,978
1999	111,619
2000	145,781
2001	127,561
2002	92,671
2003	110,420
2004	342,093
2005	444,484
2006	98,058
2007	169,440
2008	411,681
2009	299,678
2010	828,001
2011	927,568
2012	1,266,807
<b>Grand Total</b>	<b>7,435,093</b>

**CAT LOSS**

RISK_ST	AR
Cat_LOB	PL Property
Cat_Type_Fix	F

Row Labels	Sum of Trended_IL
1994	2,886
1996	10,533
2000	48,434
2003	1,063
2006	2,382
2007	30,702
2008	111,310
2009	26,602
2010	49,019
2011	5,601
<b>Grand Total</b>	<b>288,532</b>

(1)	(2)	(3)	(4)	(5)	(6) WF-to-	(7) WF-	(8) WF-	(9)	(10) Cred-wtd WF-	(11)	(12) WF-
Experience	LOB	Risk_ST	WF Total Incurred Loss	NonCat Total Incurred Loss	NonCat Ratio	Credibility Constant	Credibility Weight	Region NonCat Ratio	WF-to- to-NonCat Ratio	ExCat ELR	Experience Load
23 years	PL Property	AR	288,532	7,435,093	0.039	64,461,781	0.103	0.062	0.059	36.7%	2.2%

(1): Length of experience period in analysis  
(6) = (4) / (5)  
(7): Bühlmann credibility constant calculated from a separate analysis  
(8) = (5) / [(5) + (7)]  
(9): Based on South Central region totals  
(10) = (6) x (8) + (9) x [1 - (8)]  
(11): Plan loss ratio for OPL, from PLAY Report as of December 2012  
(12) = (10) x (11)

## Reflection of Investment Income in Rates Dwelling Fire Arkansas

The Hanover Insurance Group utilizes an Internal Rate of Return (IRR) model on a net of reinsurance basis to determine the profit provision for our various lines of business. The IRR is the expected rate of return generated from modeling insurance company operations. Hanover targets a 15% after-tax rate of return. This implies that the underwriting and investment income after taxes attributable to the transaction of this business yields a 15% return on the company's capital required to support it. We believe this return to be a reasonable expected return on net worth.

The IRR model produces a target combined ratio on a net basis. The net target combined ratio is converted to a direct basis with the assumption that the profit is not attributable to the ceded premium because reinsurer's profit is contemplated in the reinsurance margin. The conversion is based on the following formula:

$$\text{Direct Target Combined Ratio} = \frac{(\text{Net Premium @ 15\% Rate of Return} \times \text{Net Target Combined Ratio}) + \text{Ceded Premium}}{\text{Total Direct Premium}}$$

The results for Dwelling Fire are shown in the following page. The direct target combined ratio is 89.7%, which yields an underwriting profit provision of 10.3%. Details regarding the Expense, Loss and Surplus assumptions are summarized below.

The IRR model is a single policyholder model. This means the profit provision is determined by modeling the cash flows for a hypothetical policyholder. The underwriting cash flows in the IRR model can be segregated into three categories: Premium, Loss and Expense.

The expenses assumed in the IRR model are countrywide line-of-business-specific figures. Listed below are the expense percentages along with the source of each expense. The split of General and Other Acquisition expenses between fixed and variable was based on a review of our Insurance Expense Exhibit.

Expense	% Of Net Prem	Source
Net Commission	14.0%	Prospective estimate obtained from our planning process.
Contingent Commission	0.0%	"
Other Acquisition	4.7%	"
General Expense	9.3%	"
Unallocated Loss Adj.	4.9%	"
Taxes	2.0%	"

To properly model the cash flows requires estimating when the premium is collected and expenses are paid. The premium collection pattern is based on a countrywide analysis of the payment plans for the Dwelling Fire book of business. Premium is earned evenly over the policy term. The acquisition expenses are paid as premium is collected with all other expenses, excluding dividends, paid as premium is earned. Dividends are not applicable to this line of business.

The Loss and ALAE payment pattern is based on a countrywide analysis of our net paid loss development triangle. The ultimate net loss ratio is based on the prospective estimate obtained from our planning process. The undiscounted Loss and ALAE reserve represents the difference between the incurred Loss and ALAE and any payments made to date. The published IRS discount factors are used to determine the Discounted Loss Reserve used in the income tax calculation.

The required surplus associated with the transaction changes over time and is related to the sum of the unearned premium and loss reserves based on the Reserve-to-Surplus assumption of 1.12. This analysis assumed an overall net Premium-to-Surplus ratio of 1.90. To obtain this, companywide required surplus was allocated to individual lines of business based on the risks associated with each line. These risks include underwriting (both cat and ex-cat), reserving, investment and reinsurance. The Total Assets is the sum of the Unearned Premium and Loss Reserves plus Required Surplus. The assets available for investment are the Total Assets less any Premium Receivable and Paid Expense.

**Reflection of Investment Income in Rates – Page 2**  
**Dwelling Fire**  
**Arkansas**

The investment income is that attributable to the Average Invested Assets from the balance sheet in the model. A pre-tax investment yield of 3.0% was used based on a combination of yields from existing and newly-invested assets. The Statutory Underwriting Income represents the difference between earned premium and incurred loss and expense. The model assumes expense is incurred based on each expense component's assumed patterns. The Change in Surplus represents the difference between the ending and beginning Required Surplus from the Balance Sheet. The Post-tax Equity Flow is the difference between the Statutory Pre-tax Income and the Change in Surplus adjusted for the estimated Income Tax. These equity flows are what is evaluated to determine the implied internal rate of return.

The tax rate assumed in the model is 31.5%.

State: Arkansas

First Filing Company:

The Hanover Insurance Company, ...

TOI/Sub-TOI: 30.1 Dwelling Fire/Personal Liability/30.1000 Dwelling Fire/Personal Liability

Product Name: \*DF- Dwelling Fire

Project Name/Number: \*DF- Dwelling Fire/AR13391CG00001

## 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)
08/15/2013		Supporting Document	HPCS-Homeowners Premium Comparison Survey	08/21/2013	HO Survey FORM HPCS.PDF (Superseded) HO Survey FORM HPCS.XLS (Superseded) HO Survey FORM HPCS[[1]].PDF (Superseded) HO Survey FORM HPCS[[1]].XLS (Superseded)
08/15/2013		Supporting Document	Explanatory Memorandum and Actuarial Exhibits	08/21/2013	AR DF Filing Package 11-18-13.PDF (Superseded)

SERFF Tracking #:

HNVX-G129162614

State Tracking #:

Company Tracking #:

AR13391CG00001

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State:

Arkansas

First Filing Company:

The Hanover Insurance Company, ...

TOI/Sub-TOI:

30.1 Dwelling Fire/Personal Liability/30.1000 Dwelling Fire/Personal Liability

Product Name:

\*DF- Dwelling Fire

Project Name/Number:

\*DF- Dwelling Fire/AR13391CG00001

***Attachment HO Survey FORM HPCS.XLS is not a PDF document and cannot be reproduced here.***

***Attachment HO Survey FORM HPCS[[1]].XLS is not a PDF document and cannot be reproduced here.***

NAIC Number: 0088-22292  
 Company Name: The Hanover Insurance Company  
 Contact Person: Susan Whitworth  
 Telephone No.: (508)-855-4664  
 Email Address: swhitworth@hanover.com  
 Effective Date: 11/18/2013

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

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

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

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

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

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

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

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

Public Protection Class	Dwelling Value	Washington		Baxter		Craighead		St. Francis		Arkansas		Union		Miller		Sebastian		Pulaski	
		Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame
3	\$80,000	554	652	554	652	554	652	554	652	554	652	554	652	554	652	554	652	434	515
	\$120,000	731	860	731	860	731	860	731	860	731	860	731	860	731	860	731	860	571	679
	\$160,000	908	1069	908	1069	908	1069	908	1069	908	1069	908	1069	908	1069	908	1069	709	844
6	\$80,000	554	652	554	652	554	652	554	652	554	652	554	652	554	652	554	652	434	515
	\$120,000	731	860	731	860	731	860	731	860	731	860	731	860	731	860	731	860	571	679
	\$160,000	908	1069	908	1069	908	1069	908	1069	908	1069	908	1069	908	1069	908	1069	709	844
9	\$80,000	758	992	758	992	758	992	758	992	758	992	758	992	758	992	758	992	593	774
	\$120,000	1001	1311	1001	1311	1001	1311	1001	1311	1001	1311	1001	1311	1001	1311	1001	1311	783	1022
	\$160,000	1244	1630	1244	1630	1244	1630	1244	1630	1244	1630	1244	1630	1244	1630	1244	1630	972	1271

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

**HO3 and HO4 only**

Fire Extinguisher	<input type="text"/>	%	Deadbolt Lock	<input type="text"/>	%
Burglar Alarm	<input type="text"/>	%	Window Locks	<input type="text"/>	%
Smoke Alarm	<input type="text"/>	%	\$1,000 Deductible	<input type="text"/>	%
			Other (specify)	<input type="text"/>	%

**EARTHQUAKE INSURANCE**

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

ARE YOU CURRENTLY WRITING EARTHQUAKE COVERAGE IN ARKANSAS?  (yes or no)  
 WHAT IS YOUR PERCENTAGE DEDUCTIBLE?  %

Zone                      Brick                      Frame

			%	WHAT IS YOUR PRICE PER \$1,000 OF COVERAGE?	Highest Risk	\$		\$	
	Maximum Credit Allowed		%		Lowest Risk	\$		\$	

I

NAIC Number: 0088-22306  
 Company Name: Massachusetts Bay Insurance Company  
 Contact Person: Susan Whitworth  
 Telephone No.: (508)-855-4664  
 Email Address: [swhitworth@hanover.com](mailto:swhitworth@hanover.com)  
 Effective Date: 11/18/2013

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

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

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 BLANK**

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

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

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

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

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

Public Protection Class	Dwelling Value	Washington		Baxter		Craighead		St. Francis		Arkansas		Union		Miller		Sebastian		Pulaski	
		Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame
3	\$80,000	499	588	499	588	499	588	499	588	499	588	499	588	499	588	499	588	391	466
	\$120,000	658	776	658	776	658	776	658	776	658	776	658	776	658	776	658	776	515	614
	\$160,000	817	964	817	964	817	964	817	964	817	964	817	964	817	964	817	964	639	762
6	\$80,000	499	588	499	588	499	588	499	588	499	588	499	588	499	588	499	588	391	466
	\$120,000	658	776	658	776	658	776	658	776	658	776	658	776	658	776	658	776	515	614
	\$160,000	817	964	817	964	817	964	817	964	817	964	817	964	817	964	817	964	639	762
9	\$80,000	684	893	684	893	684	893	684	893	684	893	684	893	684	893	684	893	535	698
	\$120,000	903	1180	903	1180	903	1180	903	1180	903	1180	903	1180	903	1180	903	1180	705	921
	\$160,000	1122	1467	1122	1467	1122	1467	1122	1467	1122	1467	1122	1467	1122	1467	1122	1467	876	1145

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

**HO3 and HO4 only**

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

**EARTHQUAKE INSURANCE**

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

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

WHAT IS YOUR PERCENTAGE DEDUCTIBLE?  %

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

Maximum Credit Allowed	%	Lowest Risk	\$		\$	
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**THE HANOVER INSURANCE COMPANY  
MASSACHUSETTS BAY INSURANCE COMPANY  
ARKANSAS DWELLING FIRE  
RATE PROPOSAL EFFECTIVE 11/18/2013**

**OVERALL INDICATION DESCRIPTION**

**Proposal**

We propose an overall +20.0% increase effective on 11/18/2013 for new and renewal business, through changes to base rates.

**General Philosophy**

Hanover data, within the state of Arkansas, is used whenever possible. If Hanover data, within the state of Arkansas, is not available, then Arkansas industry or countrywide data may be used in its place.

**Support for Overall Increase**

Our proposal of a +20.0% increase is effected through base rate changes only, as no other aspects of the rating structure were revised. The effective dates for the proposal are 11/18/2013 for new and renewal business and the proposal is supported by a +46.0% indication.

**Description of Actuarial Calculations**

The underlying experience is that of Arkansas. Experience for the most recently available five year review period (12/31/2008 to 12/31/2012) is on a calendar/accident year basis.

Full Credibility standard of \$10 million in earned premium is used. Partial credibility is determined using the square root rule.

**On-Level Premiums**

Reported premiums are adjusted to current rate level by using the parallelogram method.

**Premium Trend**

The average exponential premium trend rates are used in the indications. First, earned premium is adjusted to current rate level in column (4). Next, average on-level premium for each experience period is computed in column (5). After looking at premium trend for the five most recent years, we have made a selection of 4.0% for the retrospective premium trend and 4.0% for the prospective premium trend.

**Loss Development**

Arkansas, non-cat, incurred loss data was used to determine loss development factors (Exhibit 3).

**Loss Trend**

Hanover Arkansas data was used to calculate the loss trend component. We made Severity selections of +12.0% for the retrospective trend and +12.0% for the prospective trend. Frequency trends of -5.0% for the retrospective trend and -5.0% for the prospective trend were selected. Pure premium trends of +6.4% and +6.4% were implied from the frequency and severity trend selections. Loss trend factors project losses from the midpoint of each accident year to one year past the assumed renewal effective date (11/18/2013).

**Development of Target Loss and ALAE Ratio**

Exhibit 5 lists expense provision in the rates. The selected commission ratio is our actual commission ratio for Arkansas policies. Arkansas general and other acquisition expenses were the finest detail available. Expected Premium Taxes, Miscellaneous Licenses & Fees were based on a review of IEE data. The ULAE-to-Loss ratio was selected using Arkansas data. ALAE as a percentage of incurred losses was derived from projections of losses and ALAE to ultimate using Arkansas data.

**Catastrophe Load**

Catastrophe loads were selected based on based on AR experience-only data (Exhibit 6).

**Index of Exhibits**

Exhibit 1 – Indication

Exhibit 2 – Premium Trend

Exhibit 3 – Loss Development Factors

Exhibit 4 – Loss Trend

Exhibit 5– Development of Target Loss and ALAE Ratio

Exhibit 6– Catastrophe Load

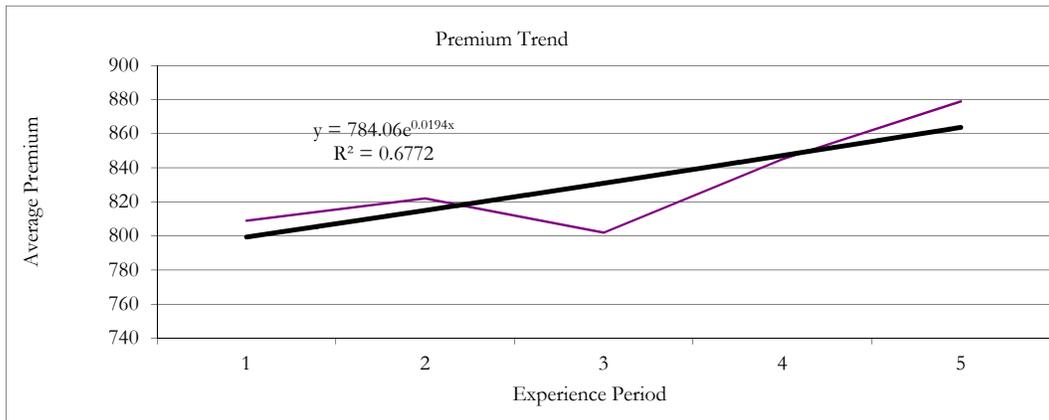
**AR - All Companies Combined**  
**Dwelling Fire Rate Indication for Rates Effective**  
Dollars in Thousands

	<b>Accident Year Ending:</b>				
	<u>12/31/2008</u>	<u>12/31/2009</u>	<u>12/31/2010</u>	<u>12/31/2011</u>	<u>12/31/2012</u>
Earned Premium	690	758	835	1,014	1,122
Current Rate Level Factor	1.488	1.440	1.416	1.344	1.234
Premium at CRL	1,026	1,092	1,181	1,362	1,384
Annual Premium Trend - Retrospective	4.0%	4.0%	4.0%	4.0%	4.0%
Premium Trend Factor - Retrospective	1.170	1.125	1.082	1.040	1.000
Annual Premium Trend - Prospective	4.0%	4.0%	4.0%	4.0%	4.0%
Premium Trend Factor - Prospective	1.098	1.098	1.098	1.098	1.098
Trended Premium	1,318	1,349	1,403	1,556	1,520
Incurring Loss Evaluated @ 12/31/2012	602	321	831	1,949	1,274
Catastrophe Incurred Losses	239	50	51	1,049	7
Incurring Losses exc CAT	362	271	780	900	1,267
Loss Development Factor:	1.000	1.000	1.000	0.999	1.086
Expected Loss Ratio					0.286
Estim. Ultimate Incurred Loss Non-Cat	362	271	780	899	1,375
Est. Annual Loss Trend - Retrospective	6.4%	6.4%	6.4%	6.4%	6.4%
Loss Trend Factor - Retrospective	1.282	1.205	1.132	1.064	1.000
Est. Annual Loss Trend - Prospective	6.4%	6.4%	6.4%	6.4%	6.4%
Loss Trend Factor - Prospective	1.159	1.159	1.159	1.159	1.159
Trended Incurred Losses	538	379	1,024	1,109	1,595
ALAE (% of Loss)	2.0%	2.0%	2.0%	2.0%	2.0%
Trended Loss & ALAE	549	387	1,045	1,131	1,626
Projected Loss & ALAE Ratio	41.7%	28.7%	74.5%	72.7%	107.0%
Accident Year Weights	20.0%	20.0%	20.0%	20.0%	20.0%
Projected (Formula Weighted) Loss&ALAE Ratio Excluding All Catastrophes					64.9%
Hurricane Loss & ALAE Ratio					0.0%
Other Catastrophes Loss & ALAE Ratio					18.8%
Permissible Loss & ALAE Ratio Excluding All Catastrophes					29.2%
to yield a Combined Ratio of <u>85.0%</u>					
Cat Loss Annual Trend - Prospective					12.0%
Cat Loss Ratio Trend Factor - Prospective					1.193
NonCat Loss Ratio Trend Factor - Prospective					1.056
Trended Hurricane Loss & ALAE Ratio					0.0%
Trended Other Catastrophes Loss & ALAE Ratio					22.5%
Trended Permissible Loss & ALAE Ratio Excluding All Catastrophes					30.8%
Fixed Expense					12.8%
Variable Expense(incl Profit)					39.2%
Earned Premium (000s)	690	758	835	1,014	1,122
Credibility (assuming \$10M earned premium is fully credible)					66.5%
Credibility-Adjusted Loss & ALAE Ratio Excluding All Catastrophes					53.5%

<b>Indicated Rate Change</b>	<b>46.0%</b>
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**The Hanover Group  
AR - Dwelling Fire & Allied Lines  
Premium Trend Calculation**

Calendar Year Ending	Quarter X value	(1) Earned Exposures	(2) Earned Premiums	(3) Current Rate Level Factors	(4)=(2)x(3) On-Level Earned Premium	(5)=(4)/(1) Average Adjusted Premium
12/31/2008	1	1,269	689,514	1.488	1,026,144	809
12/31/2009	2	1,328	758,311	1.440	1,092,051	822
12/31/2010	3	1,474	834,519	1.416	1,181,421	802
12/31/2011	4	1,613	1,013,941	1.344	1,362,251	845
12/31/2012	5	1,575	1,122,155	1.234	1,384,388	879

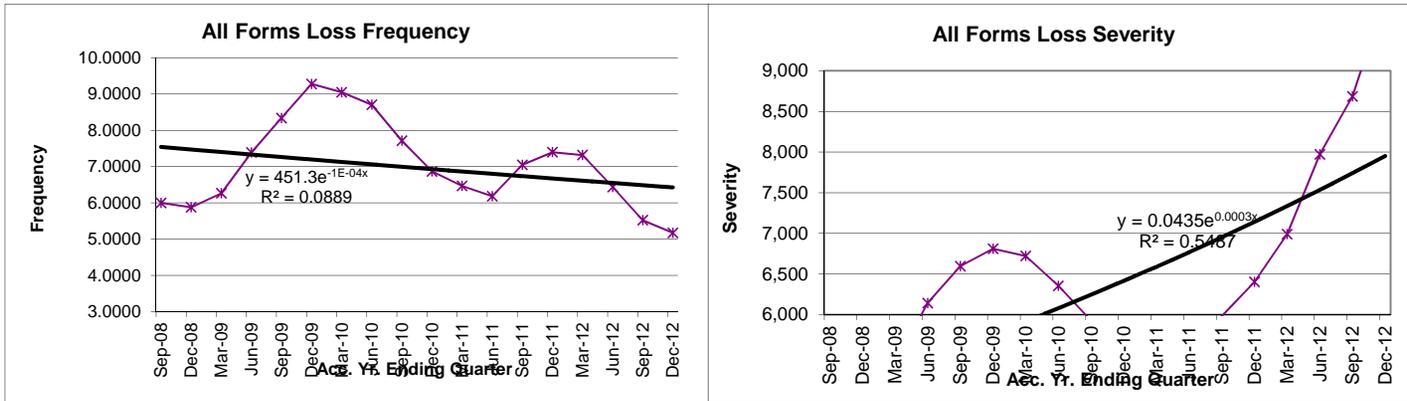


3 Yr Fitted Trend	4.7%
Retrospective Selection:	4.0%
Prospective Selection:	4.0%



**AR**  
**Loss Trend Selections**  
**Hanover Data**  
**All Losses Excluding Catastrophes**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Rolling 12 Month	Quarter X Value	Exposure	Claims	Incurred Losses	=(4)/(3) Frequency per 100	=(5)/(4) Severity	=(5)/(3) Pure Prem
9/30/2008	1	7,384	443	2,068,790	6.00	4,670	280
12/31/2008	2	7,520	442	2,074,973	5.88	4,695	276
3/31/2009	3	7,678	481	2,595,362	6.26	5,396	338
6/30/2009	4	7,865	581	3,568,452	7.39	6,142	454
9/30/2009	5	8,121	677	4,465,738	8.34	6,596	550
12/31/2009	6	8,483	787	5,359,790	9.28	6,810	632
3/31/2010	7	8,909	806	5,417,201	9.05	6,721	608
6/30/2010	8	9,421	820	5,210,260	8.70	6,354	553
9/30/2010	9	10,010	772	4,575,943	7.71	5,927	457
12/31/2010	10	10,600	728	4,087,761	6.87	5,615	386
3/31/2011	11	11,182	723	3,995,072	6.47	5,526	357
6/30/2011	12	11,741	726	4,103,646	6.18	5,652	350
9/30/2011	13	12,274	865	5,174,329	7.05	5,982	422
12/31/2011	14	12,766	944	6,043,478	7.39	6,402	473
3/31/2012	15	13,189	965	6,745,356	7.32	6,990	511
6/30/2012	16	13,498	869	6,927,138	6.44	7,971	513
9/30/2012	17	13,651	754	6,548,466	5.52	8,685	480
12/31/2012	18	13,702	709	7,019,566	5.17	9,901	512



	Frequency	Severity	Pure Premium
4-Year Prior	-5.6%	10.6%	4.4%
3-Year Prior	-14.4%	12.3%	-3.9%
2-Year Prior	-9.4%	34.7%	22.0%
Latest Year	-32.8%	54.6%	3.8%

<b>Retrospective Selected Trends (frequency, severity, loss):</b>	<b>-5.0%</b>	<b>12.0%</b>	<b>6.4%</b>
<b>Prospective Selected Trends (frequency, severity, loss):</b>	<b>-5.0%</b>	<b>12.0%</b>	<b>6.4%</b>

Note: Data is Hanover Data

**AR Dwelling Fire & Allied Lines  
Development of Target Loss & ALAE Ratio**

Personal Lines Dwelling Fire											
		<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>5 Year Average</u>	<u>3 Year Average</u>	Selected	% Fixed Expense	% Variable Expense
(1)	Commission	12.5%	12.5%	12.5%	12.5%	12.3%	12.5%	12.4%	<b>12.5%</b>	0%	100%
	Contingent Commission								<b>1.3%</b>	0%	100%
(2)	General & Other Acq.	15.4%	21.6%	20.2%	13.3%	11.4%	16.4%	15.0%	<b>16.4%</b>	50%	50%
(3)	Taxes, Licenses, and Fees								<b>2.2%</b>	0%	100%
(4)	ULAE/Premium	4.2%	3.7%	3.1%	3.3%	2.8%	3.4%	3.1%	<b>3.4%</b>	100%	0%
(5)	Profit and Contingency								<b>15.0%</b>	0%	100%
(6)	Reinsurance Premium								<b>1.2%</b>	100%	0%
(7)	Cat Load								<b>18.5%</b>	100%	0%
(7) = sum((1),(2),(3),(4),(5),(6)) * % Fixed)	Total Fixed Expense XCAT								<b>12.8%</b>		
(8) = sum((1),(2),(3),(4),(5),(6)) * % Var	Total Variable Expense								<b>39.2%</b>		
(9)	ALAE/Loss	2.2%	2.0%	1.3%	3.4%	1.4%	2.1%	2.0%	<b>2.0%</b>		

### Other Personal Lines - Net

State	Prop FTWP @ 6/30/12	Non-Hurricane Wind					Winter Freeze				Earthquake			Total CAT %
		RMS	AIR	Experience	Credibility	Selected	RMS	AIR	Experience	Selected	RMS	AIR	Selected	
AR	1,060,147	18.2%	19.9%	9.1%	19.6%	16.7%	1.4%	2.0%	1.8%	1.7%	0.1%	0.1%	0.1%	18.5%