

State: Arkansas **Filing Company:** Farmers Insurance Company, Inc.
TOI/Sub-TOI: 19.0 Personal Auto/19.0001 Private Passenger Auto (PPA)
Product Name: Farmers Auto 2.5
Project Name/Number: 2015 Rate Revision/A-14-AR2

Filing at a Glance

Company: Farmers Insurance Company, Inc.
Product Name: Farmers Auto 2.5
State: Arkansas
TOI: 19.0 Personal Auto
Sub-TOI: 19.0001 Private Passenger Auto (PPA)
Filing Type: Rate/Rule
Date Submitted: 10/17/2014
SERFF Tr Num: FARM-129766056
SERFF Status: Closed-Filed
State Tr Num:
State Status:
Co Tr Num: A-14-AR2
Effective Date: 01/07/2015
Requested (New):
Effective Date: 02/05/2015
Requested (Renewal):
Author(s): Cheryl Matter, Mark Kral, Jeremy Borell
Reviewer(s): Alexa Grissom (primary)
Disposition Date: 10/28/2014
Disposition Status: Filed
Effective Date (New): 01/07/2015
Effective Date (Renewal): 02/05/2015

State Filing Description:

State: Arkansas **Filing Company:** Farmers Insurance Company, Inc.
TOI/Sub-TOI: 19.0 Personal Auto/19.0001 Private Passenger Auto (PPA)
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General Information

Project Name: 2015 Rate Revision Status of Filing in Domicile:
 Project Number: A-14-AR2 Domicile Status Comments:
 Reference Organization: Reference Number:
 Reference Title: Advisory Org. Circular:
 Filing Status Changed: 10/28/2014
 State Status Changed: Deemer Date:
 Created By: Mark Kral Submitted By: Mark Kral
 Corresponding Filing Tracking Number:

Filing Description:
 *please see cover memo for details

Company and Contact

Filing Contact Information

Jeremy Borell, Product Manager jeremy.borell@farmersinsurance.com
 5990 W Creek Rd 216-674-7108 [Phone]
 Independence, OH 44131 216-674-7116 [FAX]

Filing Company Information

Farmers Insurance Company, Inc. CoCode: 21628 State of Domicile: Kansas
 10850 Lowell Avenue Group Code: 69 Company Type:
 Overland Park, KS 66210-1667 Group Name: State ID Number:
 (323) 930-4952 ext. [Phone] FEIN Number: 48-0609012

Filing Fees

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

Company	Amount	Date Processed	Transaction #
Farmers Insurance Company, Inc.	\$100.00	10/17/2014	87898650

State: Arkansas Filing Company: Farmers Insurance Company, Inc.
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Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Filed	Alexa Grissom	10/28/2014	10/28/2014

State: Arkansas

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Disposition

Disposition Date: 10/28/2014

Effective Date (New): 01/07/2015

Effective Date (Renewal): 02/05/2015

Status: Filed

Comment:

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	Number of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where req'd):	Minimum % Change (where req'd):
Farmers Insurance Company, Inc.	20.200%	5.700%	\$4,130,723	86,521	\$72,468,833	9.500%	1.400%

Schedule	Schedule Item	Schedule Item Status	Public Access
Supporting Document	A-1 Private Passenger Auto Abstract	Filed	Yes
Supporting Document	APCS-Auto Premium Comparison Survey	Filed	Yes
Supporting Document	NAIC loss cost data entry document	Filed	Yes
Supporting Document	NAIC Loss Cost Filing Document for OTHER than Workers' Comp	Filed	Yes
Supporting Document	Rate Level Adjustment Factor	Filed	Yes
Supporting Document	Filing Cover Memo	Filed	Yes
Supporting Document	Indication Summary	Filed	Yes
Supporting Document	Rule Guide	Filed	Yes
Supporting Document	Base Rates	Filed	Yes

SERFF Tracking #:

FARM-129766056

State Tracking #:

Company Tracking #:

A-14-AR2

State:

Arkansas

Filing Company:

Farmers Insurance Company, Inc.

TOI/Sub-TOI:

19.0 Personal Auto/19.0001 Private Passenger Auto (PPA)

Product Name:

Farmers Auto 2.5

Project Name/Number:

2015 Rate Revision/A-14-AR2

Rate Information

Rate data applies to filing.

Filing Method:

Modified File and Use

Rate Change Type:

Increase

Overall Percentage of Last Rate Revision:

0.200%

Effective Date of Last Rate Revision:

07/07/2014

Filing Method of Last Filing:

Modified File and Use

Company Rate Information

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	Number of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where req'd):	Minimum % Change (where req'd):
Farmers Insurance Company, Inc.	20.200%	5.700%	\$4,130,723	86,521	\$72,468,833	9.500%	1.400%

State: Arkansas

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Supporting Document Schedules

Satisfied - Item:	A-1 Private Passenger Auto Abstract
Comments:	
Attachment(s):	AR Form A-1.pdf
Item Status:	Filed
Status Date:	10/28/2014

Satisfied - Item:	APCS-Auto Premium Comparison Survey
Comments:	
Attachment(s):	PPA Survey FORM APCS.xls PPA Survey FORM APCS.pdf
Item Status:	Filed
Status Date:	10/28/2014

Satisfied - Item:	NAIC loss cost data entry document
Comments:	
Attachment(s):	NAIC Loss Cost.pdf
Item Status:	Filed
Status Date:	10/28/2014

Bypassed - Item:	NAIC Loss Cost Filing Document for OTHER than Workers' Comp
Bypass Reason:	n/a
Attachment(s):	
Item Status:	Filed
Status Date:	10/28/2014

Satisfied - Item:	Rate Level Adjustment Factor
Comments:	
Attachment(s):	RLAF.pdf
Item Status:	Filed
Status Date:	10/28/2014

Satisfied - Item:	Filing Cover Memo
Comments:	
Attachment(s):	Cover Memo.pdf
Item Status:	Filed

SERFF Tracking #:

FARM-129766056

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

A-14-AR2

State:

Arkansas

Filing Company:

Farmers Insurance Company, Inc.

TOI/Sub-TOI:

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Product Name:

Farmers Auto 2.5

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2015 Rate Revision/A-14-AR2

Status Date:	10/28/2014
Satisfied - Item:	Indication Summary
Comments:	
Attachment(s):	Indication Summary.pdf
Item Status:	Filed
Status Date:	10/28/2014
Satisfied - Item:	Rule Guide
Comments:	
Attachment(s):	Final Filing Rule Guide20150107Clean.pdf Final Filing Rule Guide20150107MarkedUp.pdf
Item Status:	Filed
Status Date:	10/28/2014
Satisfied - Item:	Base Rates
Comments:	
Attachment(s):	BaseRates.pdf
Item Status:	Filed
Status Date:	10/28/2014

ARKANSAS INSURANCE DEPARTMENT

FORM A-1 PRIVATE PASSENGER AUTOMOBILE ABSTRACT

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

Company Name Farmers Insurance Company
 NAIC # (including group #) 21628 (0069)

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

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

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

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

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

a. Driver over 55	-5 %
b. Good Student Discount	-10 %
c. Multi-car Discount	[-1,-23] %
d. Accident Free Discount*	N/A %

Please Specify Qualification for Discount:

e. Anti-Theft Discount	N/A %
f. Other (specify): Early Shopping Discount	[-1,-8] %

6. Do you have an installment payment plan for automobile insurance? Yes No
 If so, what is the fee for installment payments? \$5 (\$2 for EFT)

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

Program	Percentage Difference	Volume

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

Signature
Jeremy Borell
Printed Name
Assistant Product Manager
Title
(216) 674-7108
Telephone Number
jeremy.borell@farmersinsurance.com
Email Address

Private Passenger Auto Premium Comparison Survey Form

FORM APCS - last modified May 2012

NAIC Number: 21628
Company Name: Farmers Insurance Company
Contact Person: Jeremy Borell
Telephone No.: 216.674.7108
Email Address: jeremy.borell@farmersinsurance.com
Effective Date: 1/7/2015

Assumptions to Use:

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

Submit to: Arkansas Insurance Department
 1200 West Third Street
 Little Rock, AR 72201-1904

Telephone: 501-371-2800
 Email as an attachment insurance.pnc@arkansas.gov
 You may also attach to a SERFF filing or submit on a compact disk

DISCOUNTS OFFERED:

PASSIVE RESTRAINT/AIRBAG	0	%
AUTO/HOMEOWNERS	1-22	%
GOOD STUDENT	10	%
ANTI-THEFT DEVICE	0	%
Over 55 Defensive Driver Discount	5	%
\$250/\$500 Deductible Comp./Coll.	20-12	%

Vehicle	Coverages	Gender	Age	Fayetteville				Trumann				Little Rock				Lake Village				Pine Bluff			
				Female	Male	Male or Female	Male or Female	Female	Male	Male or Female	Male or Female	Female	Male	Male or Female	Male or Female	Female	Male	Male or Female	Male or Female	Female	Male	Male or Female	Male or Female
				18	18	40	66	18	18	40	66	18	18	40	66	18	18	40	66	18	18	40	66
2008 4.8L Chevrolet Silverado 1500 "LS" regular cab 119" WB	Minimum Liability			\$695	\$778	\$211	\$220	\$648	\$721	\$204	\$215	\$764	\$855	\$231	\$242	\$574	\$636	\$183	\$192	\$611	\$682	\$188	\$199
	Minimum Liability with Comprehensive and Collision			\$1,130	\$1,222	\$422	\$451	\$1,208	\$1,297	\$502	\$511	\$1,194	\$1,295	\$442	\$475	\$1,280	\$1,363	\$550	\$548	\$1,110	\$1,193	\$445	\$459
	100/300/50 Liability with Comprehensive and Collision			\$1,207	\$1,305	\$450	\$483	\$1,301	\$1,397	\$535	\$550	\$1,282	\$1,390	\$472	\$511	\$1,363	\$1,452	\$581	\$584	\$1,192	\$1,283	\$474	\$493
2009 Ford Explorer "XLT" 2WD, 4 door	Minimum Liability			\$510	\$568	\$159	\$168	\$516	\$571	\$167	\$179	\$570	\$636	\$177	\$188	\$447	\$492	\$147	\$156	\$476	\$529	\$150	\$161
	Minimum Liability with Comprehensive and Collision			\$828	\$894	\$314	\$326	\$922	\$990	\$387	\$387	\$886	\$959	\$332	\$347	\$956	\$1,018	\$416	\$409	\$838	\$901	\$339	\$343
	100/300/50 Liability with Comprehensive and Collision			\$900	\$973	\$340	\$356	\$1,012	\$1,088	\$420	\$426	\$969	\$1,050	\$361	\$381	\$1,035	\$1,103	\$446	\$443	\$918	\$989	\$368	\$376
2010 Honda Odyssey "EX"	Minimum Liability			\$457	\$508	\$144	\$151	\$456	\$502	\$149	\$158	\$508	\$565	\$159	\$168	\$399	\$438	\$133	\$140	\$421	\$467	\$135	\$143
	Minimum Liability with Comprehensive and Collision			\$797	\$856	\$308	\$317	\$890	\$950	\$383	\$378	\$845	\$911	\$323	\$334	\$942	\$998	\$419	\$406	\$807	\$864	\$335	\$334
	100/300/50 Liability with Comprehensive and Collision			\$858	\$923	\$331	\$342	\$966	\$1,033	\$411	\$410	\$916	\$988	\$349	\$363	\$1,009	\$1,071	\$445	\$436	\$875	\$938	\$359	\$362
2011 Toyota Camry 2.5L 4 door Sedan	Minimum Liability			\$535	\$593	\$170	\$179	\$533	\$584	\$178	\$188	\$593	\$657	\$188	\$198	\$470	\$514	\$160	\$168	\$491	\$542	\$160	\$169
	Minimum Liability with Comprehensive and Collision			\$986	\$1,056	\$387	\$396	\$1,106	\$1,177	\$484	\$475	\$1,041	\$1,117	\$405	\$416	\$1,186	\$1,253	\$534	\$516	\$1,002	\$1,069	\$423	\$420
	100/300/50 Liability with Comprehensive and Collision			\$1,059	\$1,135	\$415	\$427	\$1,196	\$1,274	\$519	\$515	\$1,124	\$1,208	\$435	\$451	\$1,267	\$1,340	\$567	\$553	\$1,082	\$1,155	\$453	\$454
2011 Cadillac Seville "CTS" AWD WAG 4 door 3.0L	Minimum Liability			\$488	\$539	\$157	\$164	\$484	\$530	\$163	\$172	\$537	\$594	\$172	\$181	\$439	\$477	\$151	\$158	\$448	\$493	\$148	\$155
	Minimum Liability with Comprehensive and Collision			\$1,214	\$1,285	\$489	\$491	\$1,373	\$1,446	\$605	\$588	\$1,261	\$1,337	\$503	\$508	\$1,547	\$1,621	\$694	\$667	\$1,250	\$1,318	\$534	\$524
	100/300/50 Liability with Comprehensive and Collision			\$1,287	\$1,363	\$517	\$522	\$1,462	\$1,541	\$640	\$627	\$1,342	\$1,425	\$534	\$543	\$1,633	\$1,711	\$728	\$705	\$1,329	\$1,403	\$564	\$558
2010 Hyundai Santa Fe SE 4X2	Minimum Liability			\$475	\$526	\$152	\$159	\$475	\$521	\$158	\$168	\$526	\$583	\$167	\$176	\$424	\$463	\$144	\$151	\$439	\$484	\$143	\$151
	Minimum Liability with Comprehensive and Collision			\$1,039	\$1,106	\$415	\$419	\$1,178	\$1,247	\$519	\$506	\$1,087	\$1,160	\$430	\$437	\$1,300	\$1,367	\$587	\$564	\$1,069	\$1,134	\$456	\$449
	100/300/50 Liability with Comprehensive and Collision			\$1,109	\$1,181	\$441	\$449	\$1,264	\$1,339	\$552	\$543	\$1,167	\$1,245	\$459	\$470	\$1,380	\$1,452	\$618	\$599	\$1,145	\$1,216	\$484	\$481

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

1.	This filing transmittal is part of Company Tracking #	
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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	
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		Company Name			Company NAIC Number
3.	A.		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.	A.		B.			

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
TOTAL OVERALL EFFECT							

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

7.	
Expense Constants	Selected Provisions
A. Total Production Expense	
B. General Expense	
C. Taxes, License & Fees	
D. Underwriting Profit & Contingencies	
E. Other (explain)	
F. TOTAL	

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



Jeremy Borell
5990 West Creek Rd.
Independence, OH 44131
Bus: (216) 674-7108
Fax: (216) 674-7116

October 17th, 2014

Honorable Jay Bradford
Commissioner, Arkansas Insurance Department
1200 West Third Street
Little Rock, AR 72201

ATTN: Property and Casualty Division

SUBJECT: PRIVATE PASSENGER AUTO RATE AND RULE REVISION

Dear Commissioner Bradford:

We respectfully submit for filing, on behalf of Farmers Insurance Company, Inc., revisions to rates for the 'Farmers Auto 2.5' (FA2.5) rating plan. The overall effect of these changes on all policyholders is 5.7%, while the loss experience indicates an overall rate need of 20.2%.

Incorporated into this revision are changes to our Base Rates and Rate Level Adjustment Factors (RLAF). Please refer to Exhibits 13 and 63 for details on Base Rates and RLAF, respectively. We are using the same exhibit numbers as in our original 'Farmers Auto 2.5' (FA2.5) filing, submitted under SERFF number FARM-129020125.

We are also updating the following rule on the Rule Guide:
- P57: Rate Stability

We are submitting a marked up and an updated version of the Rule Guide, reflecting the updates listed above, as well as several minor formatting edits to remove duplicate rule numbers, and an extraneous 'd' in 'replace' under Rule P14-Farmers Flex.

Our proposed effective date for this filing is 1/7/2015 for New Business and 2/5/2015 for Renewals.

Your acknowledgement of receipt of this material is greatly appreciated. If you have any questions on this material or require further information, please contact Jeremy Borell at (216) 674-7108 or e-mail jeremy.borell@farmersinsurance.com.

Sincerely,
Farmers Insurance Company, Inc.

Jeremy Borell
Assistant Product Manager
Personal Lines Product Management

All Companies

Arkansas

Line of Business: Auto
 Accident Year Data through Quarter 2, 2014

Evaluation Date: Quarter 2, 2014

Indication by Coverage

State	AR
Company	All Companies
Future Effective Date	2/5/2015

Catastrophe Factor	1.209
Selected Liability TCR	91.8%
Selected Physical Damage TCR	95.6%

Coverage	Trend Period	Rate Indications	Average Historical Premium Trend	Future Premium Trend	Historical Loss Trend	Future Loss Trend	Historical Net Trend	Future Net Trend
BI	1.24	8.7%	-8.2%	-7.6%	-2.2%	-2.2%	6.6%	5.9%
PD	1.24	36.4%	-6.0%	-5.5%	4.2%	4.2%	10.9%	10.3%
UM	1.24	26.4%	-4.8%	-5.4%	-0.5%	-0.5%	4.5%	5.1%
COMP	1.24	-0.7%	-4.2%	-5.0%	-2.0%	-2.0%	2.3%	3.1%
COLL	1.24	26.6%	-4.9%	-3.6%	5.2%	5.2%	10.6%	9.2%
BRB	1.24	18.9%	-9.4%	-9.9%	-0.9%	-0.9%	9.3%	10.0%
Overall	1.24	20.2%	-6.1%	-5.7%	1.6%	1.6%	8.2%	7.8%

State of Arkansas
Farmers Insurance Company, Inc.
Private Passenger Automobile Rules

Rules Filing

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State of Arkansas
Farmers Insurance Company, Inc.
Private Passenger Automobile Rules

Rules Filing

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State of Arkansas
Farmers Insurance Company, Inc.
Private Passenger Automobile Rules

Rules Filing

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G. GENERAL

Rule Number: G01

Rule Description: Definition of Private Passenger Autos

The term "private passenger auto" means a four-wheel passenger vehicle, owned or leased by the Named Insured or a resident relative which is not used for public or private livery conveyance or for commercial purposes other than "business use" as defined in Rule V02. Vehicles used for volunteer or charitable purposes or which normal operating expenses are received are also included in this definition.

Private passenger automobiles owned or leased by a partnership or corporation are acceptable if they meet the business use definition (Rule V02).

Rule Number: G02

Rule Description: Reserved For Future Use

Rule Number: G03

Rule Description: Reserved For Future Use

Rule Number: G04

Rule Description: Reserved For Future Use

Rule Number: G05

Rule Description: Reserved For Future Use

Rule Number: G06

Rule Description: Reserved For Future Use

Rule Number: G07

Rule Description: Reserved For Future Use

B. BILLING

Rule Number: B01

Rule Description: Return Premium Calculation on Cancelled Policies

Return premium on company-initiated cancellations will be computed on a daily pro rata basis. This means that unearned premium to be returned will be in the same proportion to total policy premium as the remaining policy term, after date of cancellation, bears to the total policy term. Return premium for cancellations for Insured's request and nonpayment of premium will be computed on a daily pro rata basis from the effective date of the cancellation.

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Rule Number: B02

Rule Description: NSF Fee

The Company charges a \$25 fee for each payment which is returned for non-sufficient funds.

Rule Number: B03

Rule Description: Installment Fee

The Company charges each invoice the following:

1. a \$5 Paper Bill Installment Fee.
2. a \$2 EFT Installment Fee.

Rule Number: B04

Rule Description: Late Fee

1. Billing account invoices not paid 5 or more days after the billing invoice due date are subject to a \$10 late fee per account.
2. Billing accounts with 24 or more months of tenure and no late fees or returned payments in the last 24 months will have the late fee waived.

Rule Number: B05

Rule Description: Policy Fee

A \$15 Policy Fee is charged for each new vehicle written in Farmers Insurance Company, Inc.

Rule Number: B06

Rule Description: Reinstatement with a Lapse in Coverage

Policies, which have been cancelled for non-payment of premium for up to 60 calendar days, can be reinstated with a lapse in coverage. The Insured must provide full payment for the amount listed on the cancellation notice within 60 days of the cancel effective date. If the policy has been cancelled for non-payment of premium for 10 days or more the Insured must also submit the reinstatement fee. For example: Cancellation date is June 30th. Reinstatement with lapse period is as follows: Day one starts on June 30th and day 60 ends on August 29th. Reinstatement will result in a \$25 reinstatement charge per vehicle.

P. POLICY

Rule Number: P01

Rule Description: Policy Period

Terms that may be offered are either six (6) month or twelve (12) month policies.

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Rule Number: P02

Rule Description: Territory Rating

Vehicles are rated at the territory level by coverage, and zip codes are used for territory placement based on the zip code in which the vehicle is principally garaged. Factors are assigned at the territory level for the following coverages: Bodily Injury, Property Damage, Personal Injury Protection, Comprehensive, Collision, Uninsured/Underinsured Motorist and Uninsured Motorist Property Damage.

Rule Number: P03

Rule Description: Summary of Coverages Offered

This program offers the following coverages: Bodily Injury, Property Damage, Personal Injury Protection, Comprehensive, Collision, Uninsured/Underinsured Motorist Protection, Uninsured Motorist Property Damage, Camper and Travel Trailer, Customized Equipment, Rental Reimbursement, Loss of Use, Farmers Flex, Residual Debt Coverage, Glass Deductible Buyback, Extended Theft to Stereo and Tapes, Accidental Death Indemnity and Specific Disability Benefits and Towing and Roadside Services.

Rule Number: P04

Rule Description: Bodily Injury

Bodily Injury limits are required to be greater than or equal to the minimum financial responsibility limits required by law in any state in which a vehicle is garaged for more than two (2) months out of the year. All vehicles on the policy must carry the same limits.

Available Limits are (\$000s):

25/50
50/100
100/300
*250/500
*500/500

* BI limits are only available if no driver has more than 10 (ten) points at new business or reinstatement > 60 days.

Rule Number: P05

Rule Description: Property Damage

Property Damage limits are required to be greater than or equal to the minimum financial responsibility limits required by law in any state in which a vehicle is garaged for more than two months out of the year. All vehicles on the policy must carry the same limits.

Available limits are (\$000s):

25
40
50
100
500

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Rule Number: P06

Rule Description: UM/UIM Limits

This coverage is mandatory as required by law, but can be rejected in writing. UM/UIM is a policy level coverage. Limits cannot exceed the bodily injury liability limits. If a UM/UIM increased limits rejection form is not signed, UM/UIM coverage will be automatically added to the policy at limits equal to the selected BI limits.

Available limits are (\$000s):

25/50
50/100
100/300
250/500
500/500

Rule Number: P07

Rule Description: UMPD Limits

UMPD may be purchased for any vehicle that is covered by uninsured motorist bodily injury coverage. ACV limit less the selected deductible.

The following deductibles can be selected in any combination:

\$25
\$50
\$100
\$500

Rule Number: P08

Rule Description: Reserved For Future Use

Rule Number: P09

Rule Description: Physical Damage Deductibles

We do not write physical damage only policies. We will allow Comp only on a vehicle provided liability exists on at least one (1) other vehicle on the policy (a surcharge will apply). Comp may be purchased without Collision (a surcharge will apply). Comp/Coll coverage will only be allowed on vehicles 1971 and newer. Physical Damage coverage does not have to be selected for each vehicle on a multi-vehicle policy. Only equipment that is permanently installed by the original manufacturer is covered under Comp/Coll coverages. To cover other permanently installed equipment, select Customized Equipment coverage.

The following deductibles can be selected in any combination:

\$100
\$250
\$500
\$750
\$1,000
\$2,500

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Rule Number: P10

Rule Description: Personal Injury Protection (PIP)

This coverage is mandatory by law unless rejected in writing. Chosen limits must be identical for all vehicles on a multi-car policy.

Basic Repairs Benefit (BRB) covers Medical, Hospital, and Funeral expenses. The available limits for BRB are \$5,000 and \$10,000.

Death and Dismemberment coverage is available at limits of \$5,000, \$10,000, and \$15,000.

Income Disability coverage is available at limits of \$140, \$200, and \$300 per week.

Rule Number: P11

Rule Description: Broad Form Use of Other Automobiles

The Broad Form Use of Other Automobiles endorsement may be added to a policy affording BIPD with respect to the described automobiles. It extends the coverage to apply to the Named Insured while using any non-owned automobile, regularly or frequently used by the Named Insured in his occupation or otherwise, except an automobile owned by the Named Insured or a member of his household.

Coverage does not apply to the owner of the vehicle the Insured is using, nor to any governmental agency or political subdivision. It does not apply to business use of an automobile unless it is being operated or occupied by the Named Insured, nor to any accident arising out of the operation of an automobile business. The Bodily Injury and Property Damage limits applicable to the Broad Form Use of Other Automobiles endorsement are identical to the limits on the unendorsed policy. PIP coverage on the endorsement may also be elected, if the unendorsed policy provided PIP coverage.

The endorsement does not afford coverage for Comprehensive car damage or Collision.

Rule Number: P12

Rule Description: Non-Owner Policy Endorsement

The Non-Owner Policy Endorsement is designed to cover an individual who does not own an automobile, but who desires BIPD protection while he is driving private passenger automobiles which may be borrowed or furnished him for use in connection with his employment or otherwise. The Endorsement excludes coverage for private passenger or utility-type cars owned by the Insured or a family member. The policy may be written to include PIP coverage and UM/UIM but not Comprehensive or Collision. A non-owner and owner policy may not be written in the same household. Non-owner policies are rated with a unique symbol code (66).

Rule Number: P13

Rule Description: Loss of Use

Loss of Use may be purchased for any vehicle covered by Comprehensive and/or Collision coverages.

The coverage reimburses the Insured for a flat sum to assist with expenses incurred for each qualified disablement on a covered vehicle. Qualified disablement means a loss covered by the Comprehensive or Collision sections of the policy. Collision or Comprehensive loss must exceed the deductible amount on a covered vehicle. In the event of a total loss, the payment will be the maximum limit.

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Available limit options are:

- K1 – \$10 per day up to a maximum of \$100 for extra expenses resulting from a Collision loss.
- K2 – \$15 per day up to a maximum of \$300 for extra expenses resulting from a Collision or Comprehensive loss.
- K3 – \$200 to return the repaired vehicle to Insured’s home or destination if loss occurs over 50 miles away from Insured’s home. Written in combination with K1, K2 or K4.
- K4 – \$25 per day up to a maximum of \$500 for extra expenses resulting from a Collision or Comprehensive loss. Coverage will pay \$10 per day up to \$500 in the event of a total theft.
- K5 – \$50 per day up to a maximum of \$1,000 for extra expenses resulting from a Collision or Comprehensive loss. If loss occurs over 50 miles away from Insured’s home, K5 will pay up to \$500 extra expense to return the repaired vehicle to Insured’s home or destination. Coverage will pay \$35 per day up to \$1,000 in the event of a total theft.

Rule Number: P14

Rule Description: Farmers Flex

Eligibility Requirements:

- All vehicles on a policy must have the same Flex package
- Flex cannot be added to a policy within 60 days of the renewal effective date
- All drivers in the household must meet the following age and experience criteria:
 - Age < 21: 0 chargeable at-fault accidents, 0 minor or speeding citations, 0 major or DUI citations and 3 years of driving experience. If driver has less than 3 years of driving experience they must have a qualifying parent in the household
 - Age 21-24: 0 chargeable at-fault accidents, 0 minor or speeding citations, 0 major or DUI citations and 3 years of driving experience
 - Age 25+: 0 chargeable at-fault accidents, no more than 1 minor or speeding citation, 0 major or DUI citations and 3 years of driving experience

Available Farmers Flex Packages:

- Flex Plus Package
 - Required coverages: BI,PD and UM/UIM for each vehicle on which the package is selected
 - Accident forgiveness - 1 in 3 years at the household level
- New Car Pledge
 - May be purchased in combination with the Farmers Flex Plus Package
 - New car replacement coverage – in the event of a total loss, settlement will be based on the cost to replace the covered vehicle without depreciation
 - Provides for the use of Original Manufacturer Parts for covered loss repair
 - Coverage is limited for 2 years or 24,000 miles, whichever comes first, from the original purchase date

Rule Number: P15

Rule Description: Residual Debt Coverage

Residual Debt Coverage provides coverage to pay the additional cost of terminating a finance contract in the event that the vehicle is a total loss. The maximum benefit is 25% of the vehicle ACV at the time of loss.

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Rule Number: P16

Rule Description: Glass Deductible Buyback

Glass Deductible Buyback may be purchased for any vehicle covered by Comprehensive coverage. Comprehensive deductible reduced to \$100 for glass losses. The coverage is not available if Comprehensive deductible is less than or equal to \$100.

Rule Number: P17

Rule Description: Extended Theft to Stereo and Tapes

Extended Theft to Stereo and Tapes may be purchased for any vehicle covered by Comprehensive coverage. The coverage removes policy exclusions for permanently installed sound and radio equipment up to selected limit.

Available limits are:

\$50
\$100
\$250
\$500
\$750
\$1,000
\$1,500
\$2,000
\$2,500
\$3,000
\$3,500
\$4,000

Rule Number: P18-P25

Rule Description: Reserved for Future Use

Rule Number: P26

Rule Description: Affinity Discount

An Affinity Discount applies to Bodily Injury, Property Damage, Personal Injury Protection, Comprehensive, Collision, Uninsured/Underinsured Motorist and Uninsured Motorist Property Damage coverage when the Primary Named Insured or spouse is employed with or retired from an approved occupation group.

Rule Number: P27

Rule Description: Alternative Fuel Discount

An Alternative Fuel Discount applies when the original factory installed vehicle fuel type is electric and gasoline hybrid, electric, ethanol fuel only, methanol gas only, compressed natural gas or propane.

Rule Number: P28

Rule Description: Good Student Discount

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Drivers under the age of 25 may qualify for the Good Student Discount if they are not excluded from the policy, have a valid, verifiable driver's license and meet the academic standards.

Web based transcripts are acceptable. Transcript MUST show the student's full name, the school's name and the school's web address.

Cumulative grades are acceptable. However, progress reports are not acceptable.

The driver must meet at least one of the following academic standards:

- Grade point average of at least a "B" (or equivalent) or 3.0 or higher on a 4.0 system for all subjects combined
- Named to "Dean's List" or "Honor Roll" or other comparable designation
- Ranked in upper 20% of academic standing of class
- Ranked in upper 20% on nationally recognized standardized achievement test taken within the past 12 months

Rule Number: P29

Rule Description: Early Shopping Discount

An Early Shopping Discount applies to Bodily Injury, Property Damage, Personal Injury Protection, Comprehensive, Collision, Uninsured/Underinsured Motorist and Uninsured Motorist Property Damage coverage when the policy is quoted 7 days prior to the policy effective date, and the Primary Named Insured has prior insurance with no lapse in coverage, and the Primary Named Insured and the spouse of the Primary Named Insured, if applicable, are 19 years old or older. The discount does not apply if the prior carrier of the Primary Named Insured is within the Farmers Insurance Group of Companies.

Rule Number: P30

Rule Description: Transfer Discount

A Transfer Discount applies to Bodily Injury, Property Damage, Medical Payments, Personal Injury Protection, Comprehensive, Collision, Uninsured/Underinsured Motorist and Uninsured Motorist Property Damage coverage when the Primary Named Insured has at least 6 months prior insurance with no lapse in coverage from an approved standard carrier.

Rule Number: P31

Rule Description: EFT Discount

An EFT Discount applies to Bodily Injury, Property Damage, Personal Injury Protection, Comprehensive, Collision, Uninsured/Underinsured Motorist and Uninsured Motorist Property Damage coverage when all installment premiums are paid via Electronic Funds Transfer (EFT).

Rule Number: P32

Rule Description: Multi-Car Discount

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A Multi-Car Discount applies to Bodily Injury, Property Damage, Personal Injury Protection, Comprehensive, Collision, Uninsured/Underinsured Motorist and Uninsured Motorist Property Damage coverage if there is more than one (1) vehicle in the household.

Rule Number: P33

Rule Description: Paid-In-Full Discount

A Paid-in-Full Discount applies to Bodily Injury, Property Damage, Personal Injury Protection, Comprehensive, Collision, Uninsured/Underinsured Motorist and Uninsured Motorist Property Damage coverage if the Primary Named Insured pays at least 100% of quoted policy premium at point-of-sale.

Rule Number: P34

Rule Description: Homeowner/Renter/Mobile Homeowner/Specialty Dwelling Discount

A Homeowner/Renter/Mobile homeowner/Specialty Dwelling Discount applies to Bodily Injury, Property Damage, Personal Injury Protection, Comprehensive, Collision, Uninsured/Underinsured Motorist and Uninsured Motorist Property Damage coverage. The Primary Named Insured or spouse must have an Auto policy and a homeowners, renters, specialty dwelling or mobilehome policy insured within the Farmers Group of Companies.

We allow selection of one cross sell discount based on the home policy type (homeowner, renter, mobile homeowner, specialty dwelling). Insureds with more than one such policy type cannot receive more than one discount.

Rule Number: P35

Rule Description: Life Discount

A Life Discount applies to Bodily Injury, Property Damage, Collision, Uninsured/Underinsured Motorist and Uninsured Motorist Property Damage. The discount applies when the Primary Named Insured or spouse is also the owner of a Term, Whole Life, Universal Life or Variable Universal Life policy with a face amount of \$50,000 or greater issued for an adult insured (age 18 or older) by Farmers Life. Farmers® Graded Death Benefit Whole Life (FGDBWL) policies also qualify regardless of face amount.

Rule Number: P36

Rule Description: Distant Student Discount

The Distant Student Discount applies to licensed single driver under the age of 23 and a child of the Primary Named Insured. Student must not have regular access to a covered vehicle while away at school. The student must reside at a school more than 100 miles from the nearest garaging zip code of the policy. This discount will not apply if policy has permissive losses in the past three years.

The teen driver discount and distant student discount are mutually exclusive. The teen driver discount will take precedence.

Rule Number: P37

Rule Description: Reserved for future use

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Rule Number: P38

Rule Description: Youthful Driver Discount

The Youthful Driver Discount applies to the policy when there are licensed single driver under the age of 25. It's based on the youngest qualifying youthful driver. The policy must be in force for at least twelve (12) months. Discount will be applied at the earliest of:

1. Endorsement date when adding the minor child to the policy.
2. First renewal upon meeting the twelve (12) month requirement.

Rule Number: P39

Rule Description: Rate Level Adjustment Factor

The rate level adjustment factor is applied outside of other Rate Order Calculation (ROC) variables and Rate Capping (see Rule P57). The factors are applied based on the policy's original inception date. Please see Rate Filing for coverages affected.

Rule Number: P40

Rule Description: Farmers Specialty Discount

A Farmers Specialty Discount applies to Bodily Injury, Property Damage, Personal Injury Protection, Comprehensive, Collision, Uninsured/Underinsured Motorist and Uninsured Motorist Property Damage coverage. The Primary Named Insured or spouse must have an Auto policy and a motorcycle, boat, watercraft, motor home or recreational vehicle policy insured within the Farmers Group of Companies.

Rule Number: P41

Rule Description: Home Owner Discount

A Homeowner Discount applies to Bodily Injury, Property Damage, Medical Payments, Comprehensive, Collision, Uninsured/Underinsured Motorist and Uninsured Motorist Property Damage coverage. The named insured must own a home, townhouse or condominium. Acceptable proof includes a homeowner policy, homeowner insurance declaration page, a deed, mortgage coupon, or property tax records.

Rule Number: P42

Rule Description: Length of Time with Immediate Prior Carrier Factor

Continuous Insurance Factor is a matrix of the Underwriting Tier and Continuous Insurance Factor Group. The Continuous Insurance Factor Group is defined using the length of continuous auto insurance with the most recent company of the Primary Named Insured or spouse, if applicable. Length of continuous insurance is verified through a third party vendor. The qualification of this factor is established at new business and will stay for the life of the policy. Policies that originated prior to the introduction of this factor will be assigned to the "grandfathered" factor category. See rate filings for details.

Rule Number: P43

Rule Description: Address Validation Factor

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This is a policy level factor. The factor will be determined by comparing the garaging ZIP Code provided by the customer for the first vehicle on the policy and the ZIP Code returned from the third party report that is ordered by the Company. If our third party report does not report a zip code, we will assume that there is no discrepancy.

If there is a No-Hit on the third party report or a ZIP Code is not returned, we will assume the ZIP Code matches the garaging ZIP Code.

At the request of the Primary Named Insured, Farmers will reorder credit information, re-derive the Address Validation code and determine the new Credit Address factor.

Rule Number: P44

Rule Description: Reserved for Future Use

Rule Number: P45

Rule Description: Reinstatement Factor

The reinstatement factor is based on the number of reinstatements with a lapse that occurred on the policy within the past 12 months (365 days). This factor will be calculated at each reinstatement greater than 60 days and renewal. Please see Rate Filing for coverages affected.

Rule Number: P46-P50

Rule Description: Reserved for Future Use

Rule Number: P51

Rule Description: Underwriting Criteria

Prior Insurance is used as underwriting criteria to determine tier placement.

The prior insurance criterion considers:

- A. Whether the Primary Named Insured has proof of private passenger automobile liability insurance, which verifies that the previous policy covered the Primary Named Insured or rated spouse;
- B. The length, if any, of the lapse in coverage; and
- C. At what level the prior private passenger automobile liability insurance Bodily Injury limits were previously written.

Rule Number: P52

Rule Description: Exception Farmers as Prior

Proof of private passenger automobile liability insurance from an affiliated company of the Farmers Insurance Group, including Farmers Insurance Company, Inc. is unacceptable, unless it is one (1) of the following situations:

1. Insured is moving to a new state.
2. Insured was originally listed on another Farmers policy that has been in force for at least six (6) months, where the other Farmers policy is remaining in force and is a parent's policy, a child's policy, or a separated/ divorced spouse policy.
3. Insured's prior policy lapsed or canceled due to an overseas military deployment or mission (see below).
4. Insured had at least six (6) months prior Bristol West or 21st Century experience with a 1-30 day lapse.

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Rule Number: P53

Rule Description: Financial Responsibility

The decision to request a credit confirmation is not to be based on race, color, creed, age, marital status, sex, or national origin of the consumer. Credit is ordered on the Primary Named Insured at least 19 years of age. If neither the Primary Named Insured nor rated spouse is at least 19 years of age, then the policy will be assigned to a designated credit tier.

Rule Number: P54

Rule Description: No Hits

A No-Hit occurs when the credit vendors are unable to return a credit report on the Primary Named Insured. No-Hits are classified into three (3) credit tiers based on the age of the Primary Named Insured. The age categories are less than 54 years old, 54-60 years old, and greater than 60 years old.

Rule Number: P55

Rule Description: Thin Files

A Thin File occurs when the credit report contains no eligible trade lines. Thin Files are classified into three (3) credit tiers at new business, based on the age of the Primary Named Insured. The age categories are less than 54 years old, 54-60 years old, and greater than 60 years old.

Certain trade lines are not eligible for scoring. For example, if a credit report includes only trade lines, which are disputed, or medical trade lines, then they will be ignored and the risk will be defined as a thin-file.

Rule Number: P56

Rule Description: Credit Rate Matrix

At the request of the Primary Named Insured, Farmers will reorder credit information, recalculate the insurance score and determine the new credit rate matrix. Farmers will proactively reorder credit information and recalculate the insurance score within 36 months following the previous order.

Rule Number: P57

Rule Description: Rate Stability

A large increase in auto insurance renewal premiums can cause significant customer disruption and dissatisfaction. We have a process that caps premium increases or decreases on renewal policies that would have a substantial increase or decrease due to changes in our rating structure at 7% and 0%.

Rate changes that result from the Company initiated changes to its rate plan, rather than customer-related changes to the "policy information" (i.e. the "data profile" of the policy), will be stabilized. This stabilization is applied at the policy level by applying a rate capping and a rate level adjustment factor. Please refer to the rates filing for the specifics on the rate level adjustment factors.

Policy information elements include driver data (e.g., age, marital status, driving record and license status, coverage history, consumer report information), selections made by the named insured (e.g., limits and

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deductibles, payment methods), and vehicle data (e.g., garaging address changes). When, in accordance with our rules, the Company applies changes in the policy information the rate stability feature continues to stabilize the customer's rate against other rate plan changes as described above.

We have a factor that controls the amount of increase on policies due to death of a household driver.

Also, a premium capping factor is applied during all midterm vehicle change transactions until it is re-calculated at the next renewal.

D. Driver

Rule Number: D01

Rule Description: Driver Classification

Drivers are classified by age, sex, and marital status.

Age refers to the age attained by the driver's last birthday before inception of the policy.

Marital status is defined as follows:

Single - an operator who is not married or is legally separated:

Married - Only legally married or those deemed married by state law would be rated as married. Drivers, who are single, widowed, separated, divorced, or same-sex couples (unless classified differently by law) must be rated as single.

Rule Number: D02

Rule Description: Driving Record Points

Driving record points are assigned to operators for chargeable accidents and violations.

Chargeable Period -all accidents and violations occurring in the thirty-six (36) month period prior to policy inception are considered in developing a driver's policy premiums. When a driver is added mid-term, accidents and violations will be charged for the entire 36 month period prior to the driver being added to the policy.

Chargeable Date -to determine if the accident or violation took place in the chargeable period, use the occurrence date instead of the conviction date.

Same Day Offenses - if two or more violations or accidents occur on the same day, charge for the violation or accident with the highest point charge. If multiple violations or accidents arose from different occurrences on the same day, charge the violation or accident, which develops the highest premium for each occurrence.

Source of Points -charge for accidents or violations occurring while a driver is operating a private passenger auto, commercial vehicle, motorcycle or recreational vehicle.

At-Fault Accidents -Accidents noted on the MVR or application will be assumed to be at-fault unless proof is received to verify that the Insured was not-at-fault. Accidents are considered not-at-fault if:

1. The vehicle was lawfully parked at the time of the accident.

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2. The accident was caused by collision with flying gravel, missiles or falling objects, or by contact with a bird or animal.
3. The vehicle was struck by a "hit-and-run" driver, and the accident was reported to the proper authorities within 24 hours.
4. A driver other than the driver of the Insured's vehicle was convicted of a moving violation in connection with the accident.
5. The owner or operator of the Insured's vehicle was reimbursed (or received judgment against another) for more than 50 percent of the property damage.
6. A portion of any covered Collision loss is recovered through subrogation.
7. In which the vehicle was struck in the rear by another vehicle and the operator of the vehicle, which was struck in the rear, was not convicted of a moving violation in connection with the accident.

Violation Classification - Point assignments vary by coverage and whether they occurred while at Farmers and are classified into the following major groups

<u>Description</u>	<u>Violation Point Class</u>
At Fault Accident	AAF
At Fault Accident, Total Loss >= \$10,000	ALL
At Fault Accident, PIP on Claim, PIP Loss >= \$1,000	API
At-Fault Non-chargeable	AFN
At-Fault Accident WITH DUI	AFD
Driving Under the Influence	DUI
Major Violation	MAJ
Minor Violation Class 1	MN1
Minor Violation Class 2	MN2
Minor Violation Class 3	MN3
Not-At Fault Accident	NAF
Comprehensive Claim > \$1000	OCG
Comprehensive Claim <= \$1000	OCL
Speeding (<= 15 MPH above speed limit)*	SPL
Speeding (> 15 MPH above speed limit)*	SPH

Rule Number: D03

Rule Description: Financial Responsibility Filings

At the Insureds request, the Company will issue a SR-22 financial responsibility filing for any listed operator on the policy.

1. All drivers requiring an SR-22 must be rated.

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2. A premium surcharge and a separate fee apply for SR-22 filings.
3. All vehicles owned by the driver requiring the filings must be on the Farmers policy.
4. The name on the filing must appear exactly as it reads on the driver's license.
5. Filings are not available for a driver with an unverifiable driving record. If Farmers is unable to verify the driving record of a driver requiring a filing, the policy is subject to cancellation.

Rule Number: D04

Rule Description: Named Driver Exclusion

Any listed operator, except individuals requiring an SR-22 filing, may be excluded from coverage under the policy. Excluded drivers will not be considered in the policy's premium computation.

The Company will not pay for any claim arising from an accident or loss which occurs while any vehicle is being driven, either with or without the Named Insured's permission, by any excluded driver.

Rule Number: D05

Rule Description: Mature Driver Discount

Driver must not be excluded and must have a valid, verifiable driver's license. In addition, the driver must be 55 or older and have completed a motor vehicle accident prevention course approved by the Department of Public Safety. Proof consists of a completion certificate dated within the most recent thirty-six (36) month period. The discount does not apply if the course is taken as punishment resulting from a moving violation. The premium reduction shall be effective for a period of three (3) years after completion of the course. At renewal, the Insured maintains the discount as long as the driver is not involved in an at-fault accident.

Rule Number: D06

Rule Description: Unverifiable Driving Record & Foreign Driver's License

Unverifiable Driving Record – A violation will be assessed on any driver whose driving record cannot be verified by a state's Bureau of Motor Vehicles. The points will be removed if the Company receives a valid current MVR containing at least 12 months of driving history. The MVR must be no more than thirty (30) days old.

A UDR will be charged for drivers age 19 and older and licensed less than 12 months. For drivers less than 19 years of age, UDR points will not be charged. Drivers with a learner's permit will not be charged for an Unverifiable Driving Record (UDR).

Foreign Drivers License - Drivers who have a valid foreign or international driver's license but not a valid U.S. License will be charged with a FDL violation until they are able to submit proof of a valid U.S. License having been in effect for at least 12 months

Rule Number: D07

Rule Description: Permit Rating

Drivers with a learner's permit who are single, under the age of 19, and a child of the Primary Named Insured, will not be included in the rating of the policy. The permit driver will become a rated driver at the earliest of

1. Notification by the Insured that the permit driver has obtained his/her full license, or

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2. The first renewal of the policy after the permit driver becomes 16 years of age. We will notify the customer of the change in rating.

All other permit drivers must be rated or specifically excluded from coverage by completing the driver exclusion block on the application.

Rule Number: D08

Rule Description: Excluded Driver Surcharge

A surcharge applies to Bodily Injury, Property Damage, Personal Injury Protection, Comprehensive, Collision, Uninsured/Underinsured Motorist and Uninsured Motorist Property Damage coverage for any vehicle(s) with an excluded driver. Any driver may be excluded from the policy other than drivers requiring a Financial Responsibility Filing (SR22). Individuals who have a permanently revoked license are not acceptable and must be excluded. The Named Insured must sign the Exclusion form to exclude a driver from coverage. A copy of the Exclusion form must be submitted or retained with the application. A surcharge may apply to policies with an excluded driver.

Rule Number: D09

Rule Description: Reserved For Future Use

Rule Number: D10

Rule Description: Average Driver Factor

The Average Driver Factor (ADF) is the average factor of drivers in the household. If there are more drivers than vehicles, the ADF is the average of the highest ranked drivers, up to the number of vehicles. The rank is determined by the BI driver factor for each driver. The ADF will be recalculated when a vehicle is added, a driver is added, a driver is deleted, or there are changes to driver factor.

V. VEHICLE

Rule Number: V01

Rule Description: Symbols

Vehicle symbols will be assigned to 1981 and newer model years. The symbols for Bodily Injury, Property Damage, Personal Injury Protection, Comprehensive, Collision, Uninsured/Underinsured Motorist and Uninsured Motorist Property Damage coverages may differ by coverage, and are determined by features including the year, make, model, sub model, vehicle type, body type, wheel drive and engine of the vehicle.

A stated value representing the value of the vehicle must be entered for vehicles with model years 1971 through 1980. Vehicles with liability only coverage will be assigned symbol 69 for all coverages and vehicles with liability and physical damage coverage or only physical damage coverage will be assigned symbol 67 for all coverages.

Vehicles with model year of 1970 and older are eligible for liability coverage only.

Rule Number: V02

Rule Description: Vehicle Use Definition

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1. Non-Business Use: A vehicle not used for business/commercial purposes;
2. Business Use:
 - A. There can be no more than two (2) Business Use vehicles on the policy
 - B. Definition
 - I. A vehicle is rated as used for business if it is required by or involved in the duties of any driver in his or her business, occupation or profession other than going to and from their principal place of work.
 - C. Business Use Guidelines – Business Use surcharge will apply:
 - I. Acceptable business use includes, but is not limited to:
 - a. Vehicles used to make regular and frequent trips for business errands (including trips to post offices, financial institutions, retail stores or business offices).
 - b. Vehicles used by real estate or insurance agents, lawyers, doctors, accountants or other professionals visiting multiple locations.
 - c. Vehicles owned by an Insured and used by a domestic employee on a regular basis (e.g. maids, chauffeurs, nannies). The driver must be listed on the policy.
 - d. Vehicles used by sales or service representatives, or for consumer oriented direct home sales (e.g. Avon, Mary Kay, Tupperware).
3. Storage: A non-business use vehicle in storage for which only comprehensive coverage is purchased. Available on policies that have at least one other vehicle with required liability coverages. One storage vehicle is allowed per policy.

Rule Number: V03

Rule Description: Customized Equipment Coverage

Customized Equipment Coverage provides physical damage protection for any permanently installed add-on equipment that was not installed by the original automobile manufacturer and may be purchased for any vehicle covered by both Comprehensive and Collision coverages.

A Customization Report must be completed and signed by the applicant. Customized Equipment Coverage is subject to the Comprehensive and Collision deductibles and provides coverage up to the lesser of actual cash value, declared value, or actual cost to repair. Maximum coverage is \$50,000.

Rule Number: V04

Rule Description: Model Year

The model year of the private passenger automobile is the year assigned by the original automobile manufacturer. If the auto is rebuilt or structurally altered, then the model year of the chassis determines the model year of the automobile.

Rule Number: V05

Rule Description: Rental Reimbursement Coverage

Rental Reimbursement may be purchased for any vehicle covered by Comprehensive and Collision coverages. The coverage reimburses the Insured for the lesser of actual daily rental charges or the purchased limit option for a maximum of 30 days for each qualified disablement on a covered vehicle. Qualified disablement means a loss covered by the Comprehensive or Collision sections of the policy. Available limit options are \$50 and \$100 per day.

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Rule Number: V06

Rule Description: Towing and Roadside Assistance

Towing and Roadside Service may be purchased for any vehicle. The coverage reimburses the Insured for each disablement on a covered vehicle.

The following options are available:

- “Sign and drive” - Upon verification of towing coverage, reasonable and necessary towing charges for up to \$150 will be automatically billed to Farmers. Insured must sign receipt at the time of the tow which authorizes Farmers to directly pay the towing vendor.
- If Insured does not select “sign and drive” or if the towing bill exceeds \$150, the Insured must pay the towing vendor directly and seek reimbursement from the agent or company. Request for reimbursement must be accompanied by an itemized receipt

Rule Number: V07

Rule Description: Vehicle Use Surcharge

A surcharge applies to Bodily Injury, Property Damage, Personal Injury Protection, Comprehensive, Collision, Uninsured/Underinsured Motorist and Uninsured Motorist Property Damage coverage for any vehicle classified as business use or storage.

Rule Number: V08

Rule Description: Driver to Vehicle Exposure Factor

A comparison is made between the number of vehicles rated on the policy and the number of rated drivers in the household. The factor applied varies based on the number of rated drivers and number of insured vehicles. A rating factor is selected for Bodily Injury, Property Damage, Personal Injury Protection, Comprehensive, Collision, Uninsured/Underinsured Motorist and Uninsured Motorist Property Damage coverage.

Rule Number: V09

Rule Description: Luxury Vehicle to Credit Group Factor

A comparison is made between the existence of a luxury vehicle and credit group factor. The factor applied varies based on the credit group and existence of a luxury vehicle. Vehicles that meet one of the following criteria are considered Luxury Vehicles:

Exotics (all model years): AM General, Aston Martin, Avanti, Bentley, Bugatti, Delorean, Ferrari, Laforza, Lamborghini, Lotus, Maserati, Maybach, Panther, Porsche, Rolls Royce, Sterling, Tesla, TVR

Mainstream (model year 1998 and newer): Acura, Audi, BMW, Cadillac, Infiniti, Jaguar, Land Rover, Lexus, Lincoln, Mercedes Benz, Saab, Volvo

Rule Number: V10

Rule Description: High Performance Vehicles

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A factor is applied to Bodily Injury, Property Damage, Personal Injury Protection, Comprehensive, Collision, Uninsured/Underinsured Motorist and Uninsured Motorist Property Damage coverage for any vehicle classified as high performance

Rule Number: V11

Rule Description: Camper and Travel Trailer Coverage

Camper and travel trailer coverage provides coverage for an owned camper or travel trailer when used with a private passenger auto. Campers and travel trailers are automatically covered for BIPD without any additional premium charge when used with a private passenger auto. Campers and travel trailers may be insured for comprehensive and collision coverage with an additional premium charge. Camper deductibles must match the private passenger auto. Travel trailer may be insured with any of the available deductibles.

The following deductibles can be selected in any combination:

\$100
\$250
\$500
\$750
\$1,000
\$2,500

Comprehensive and Collision coverage on campers and travel trailers must be carried at 100% of actual cash value.

Camper or travel trailer contents may also be insured against loss by fire when the camper or travel trailer is insured for comprehensive coverage.

Rental coverage for campers and travel trailers can be purchased for a daily rate, subject to a minimum dollar amount.

Rule Number: V12

Rule Description: Continuous Insurance Factor

Continuous Insurance Factor is a matrix of the Underwriting Tier and Continuous Insurance Factor Group. The Continuous Insurance Factor Group is defined using the length of continuous auto insurance with the most recent company of the Primary Named Insured or spouse, if applicable. In order to qualify, this discount must be verified through a third party vendor.

MISCELLANEOUS

Rule Number: M01

Rule Description: Rounding Rule

Premiums are rounded to the nearest ten cents (\$0.10), separately for each coverage provided by the policy. Premiums involving \$0.05 or more are rounded up to the nearest ten cents and premiums of less than \$0.05 are rounded down. Rounding occurs as the final step in the order of premium calculation.

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Rule Number: M02

Rule Description: Change of Vehicle

The company must be notified within thirty (30) days following the date of acquisition of the replacement vehicle. If additional coverage is required, the company must also be notified before the coverage will apply.

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G. GENERAL

Rule Number: G01

Rule Description: Definition of Private Passenger Autos

The term "private passenger auto" means a four-wheel passenger vehicle, owned or leased by the Named Insured or a resident relative which is not used for public or private livery conveyance or for commercial purposes other than "business use" as defined in Rule V02. Vehicles used for volunteer or charitable purposes or which normal operating expenses are received are also included in this definition.

Private passenger automobiles owned or leased by a partnership or corporation are acceptable if they meet the business use definition (Rule V02).

Rule Number: G02

Rule Description: Reserved For Future Use

Rule Number: G03

Rule Description: Reserved For Future Use

Rule Number: G04

Rule Description: Reserved For Future Use

Rule Number: G05

Rule Description: Reserved For Future Use

Rule Number: G06

Rule Description: Reserved For Future Use

Rule Number: G07

Rule Description: Reserved For Future Use

B. BILLING

Rule Number: B01

Rule Description: Return Premium Calculation on Cancelled Policies

Return premium on company-initiated cancellations will be computed on a daily pro rata basis. This means that unearned premium to be returned will be in the same proportion to total policy premium as the remaining policy term, after date of cancellation, bears to the total policy term. Return premium for cancellations for Insured's request and nonpayment of premium will be computed on a daily pro rata basis from the effective date of the cancellation.

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Rule Number: B02

Rule Description: NSF Fee

The Company charges a \$25 fee for each payment which is returned for non-sufficient funds.

Rule Number: B03

Rule Description: Installment Fee

The Company charges each invoice the following:

1. a \$5 Paper Bill Installment Fee.
2. a \$2 EFT Installment Fee.

Rule Number: B04

Rule Description: Late Fee

1. Billing account invoices not paid 5 or more days after the billing invoice due date are subject to a \$10 late fee per account.
2. Billing accounts with 24 or more months of tenure and no late fees or returned payments in the last 24 months will have the late fee waived.

Rule Number: B05

Rule Description: Policy Fee

A \$15 Policy Fee is charged for each new vehicle written in Farmers Insurance Company, Inc.

Rule Number: B06

Rule Description: Reinstatement with a Lapse in Coverage

Policies, which have been cancelled for non-payment of premium for up to 60 calendar days, can be reinstated with a lapse in coverage. The Insured must provide full payment for the amount listed on the cancellation notice within 60 days of the cancel effective date. If the policy has been cancelled for non-payment of premium for 10 days or more the Insured must also submit the reinstatement fee. For example: Cancellation date is June 30th. Reinstatement with lapse period is as follows: Day one starts on June 30th and day 60 ends on August 29th. Reinstatement will result in a \$25 reinstatement charge per vehicle.

P. POLICY

Rule Number: P01

Rule Description: Policy Period

Terms that may be offered are either six (6) month or twelve (12) month policies.

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Rules Filing

Rule Number: P02

Rule Description: Territory Rating

Vehicles are rated at the territory level by coverage, and zip codes are used for territory placement based on the zip code in which the vehicle is principally garaged. Factors are assigned at the territory level for the following coverages: Bodily Injury, Property Damage, Personal Injury Protection, Comprehensive, Collision, Uninsured/Underinsured Motorist and Uninsured Motorist Property Damage.

Rule Number: P03

Rule Description: Summary of Coverages Offered

This program offers the following coverages: Bodily Injury, Property Damage, Personal Injury Protection, Comprehensive, Collision, Uninsured/Underinsured Motorist Protection, Uninsured Motorist Property Damage, Camper and Travel Trailer, Customized Equipment, Rental Reimbursement, Loss of Use, Farmers Flex, Residual Debt Coverage, Glass Deductible Buyback, Extended Theft to Stereo and Tapes, Accidental Death Indemnity and Specific Disability Benefits and Towing and Roadside Services.

Rule Number: P04

Rule Description: Bodily Injury

Bodily Injury limits are required to be greater than or equal to the minimum financial responsibility limits required by law in any state in which a vehicle is garaged for more than two (2) months out of the year. All vehicles on the policy must carry the same limits.

Available Limits are (\$000s):

25/50
50/100
100/300
*250/500
*500/500

* BI limits are only available if no driver has more than 10 (ten) points at new business or reinstatement > 60 days.

Rule Number: P05

Rule Description: Property Damage

Property Damage limits are required to be greater than or equal to the minimum financial responsibility limits required by law in any state in which a vehicle is garaged for more than two months out of the year. All vehicles on the policy must carry the same limits.

Available limits are (\$000s):

25
40
50
100
500

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Rule Number: P06

Rule Description: UM/UIM Limits

This coverage is mandatory as required by law, but can be rejected in writing. UM/UIM is a policy level coverage. Limits cannot exceed the bodily injury liability limits. If a UM/UIM increased limits rejection form is not signed, UM/UIM coverage will be automatically added to the policy at limits equal to the selected BI limits.

Available limits are (\$000s):

25/50
50/100
100/300
250/500
500/500

Rule Number: P07

Rule Description: UMPD Limits

UMPD may be purchased for any vehicle that is covered by uninsured motorist bodily injury coverage. ACV limit less the selected deductible.

The following deductibles can be selected in any combination:

\$25
\$50
\$100
\$500

Rule Number: P08

Rule Description: Reserved For Future Use

Rule Number: P09

Rule Description: Physical Damage Deductibles

We do not write physical damage only policies. We will allow Comp only on a vehicle provided liability exists on at least one (1) other vehicle on the policy (a surcharge will apply). Comp may be purchased without Collision (a surcharge will apply). Comp/Coll coverage will only be allowed on vehicles 1971 and newer. Physical Damage coverage does not have to be selected for each vehicle on a multi-vehicle policy. Only equipment that is permanently installed by the original manufacturer is covered under Comp/Coll coverages. To cover other permanently installed equipment, select Customized Equipment coverage.

The following deductibles can be selected in any combination:

\$100
\$250
\$500
\$750
\$1,000
\$2,500

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Rule Number: P10

Rule Description: Personal Injury Protection (PIP)

This coverage is mandatory by law unless rejected in writing. Chosen limits must be identical for all vehicles on a multi-car policy.

Basic Reparations Benefit (BRB) covers Medical, Hospital, and Funeral expenses. The available limits for BRB are \$5,000 and \$10,000.

Death and Dismemberment coverage is available at limits of \$5,000, \$10,000, and \$15,000.

Income Disability coverage is available at limits of \$140, \$200, and \$300 per week.

Rule Number: P11

Rule Description: Broad Form Use of Other Automobiles

The Broad Form Use of Other Automobiles endorsement may be added to a policy affording BIPD with respect to the described automobiles. It extends the coverage to apply to the Named Insured while using any non-owned automobile, regularly or frequently used by the Named Insured in his occupation or otherwise, except an automobile owned by the Named Insured or a member of his household.

Coverage does not apply to the owner of the vehicle the Insured is using, nor to any governmental agency or political subdivision. It does not apply to business use of an automobile unless it is being operated or occupied by the Named Insured, nor to any accident arising out of the operation of an automobile business. The Bodily Injury and Property Damage limits applicable to the Broad Form Use of Other Automobiles endorsement are identical to the limits on the unendorsed policy. PIP coverage on the endorsement may also be elected, if the unendorsed policy provided PIP coverage.

The endorsement does not afford coverage for Comprehensive car damage or Collision.

Rule Number: P12

Rule Description: Non-Owner Policy Endorsement

The Non-Owner Policy Endorsement is designed to cover an individual who does not own an automobile, but who desires BIPD protection while he is driving private passenger automobiles which may be borrowed or furnished him for use in connection with his employment or otherwise. The Endorsement excludes coverage for private passenger or utility-type cars owned by the Insured or a family member. The policy may be written to include PIP coverage and UM/UIM but not Comprehensive or Collision. A non-owner and owner policy may not be written in the same household. Non-owner policies are rated with a unique symbol code (66).

Rule Number: P13

Rule Description: Loss of Use

Loss of Use may be purchased for any vehicle covered by Comprehensive and/or Collision coverages.

The coverage reimburses the Insured for a flat sum to assist with expenses incurred for each qualified disablement on a covered vehicle. Qualified disablement means a loss covered by the Comprehensive or Collision sections of the policy. Collision or Comprehensive loss must exceed the deductible amount on a covered vehicle. In the event of a total loss, the payment will be the maximum limit.

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Available limit options are:

- K1 – \$10 per day up to a maximum of \$100 for extra expenses resulting from a Collision loss.
- K2 – \$15 per day up to a maximum of \$300 for extra expenses resulting from a Collision or Comprehensive loss.
- K3 – \$200 to return the repaired vehicle to Insured’s home or destination if loss occurs over 50 miles away from Insured’s home. Written in combination with K1, K2 or K4.
- K4 – \$25 per day up to a maximum of \$500 for extra expenses resulting from a Collision or Comprehensive loss. Coverage will pay \$10 per day up to \$500 in the event of a total theft.
- K5 – \$50 per day up to a maximum of \$1,000 for extra expenses resulting from a Collision or Comprehensive loss. If loss occurs over 50 miles away from Insured’s home, K5 will pay up to \$500 extra expense to return the repaired vehicle to Insured’s home or destination. Coverage will pay \$35 per day up to \$1,000 in the event of a total theft.

Rule Number: P14

Rule Description: Farmers Flex

Eligibility Requirements:

- All vehicles on a policy must have the same Flex package
- Flex cannot be added to a policy within 60 days of the renewal effective date
- All drivers in the household must meet the following age and experience criteria:
 - Age < 21: 0 chargeable at-fault accidents, 0 minor or speeding citations, 0 major or DUI citations and 3 years of driving experience. If driver has less than 3 years of driving experience they must have a qualifying parent in the household
 - Age 21-24: 0 chargeable at-fault accidents, 0 minor or speeding citations, 0 major or DUI citations and 3 years of driving experience
 - Age 25+: 0 chargeable at-fault accidents, no more than 1 minor or speeding citation, 0 major or DUI citations and 3 years of driving experience

Available Farmers Flex Packages:

- Flex Plus Package
 - Required coverages: BI,PD and UM/UIM for each vehicle on which the package is selected
 - Accident forgiveness - 1 in 3 years at the household level
- New Car Pledge
 - May be purchased in combination with the Farmers Flex Plus Package
 - New car replacement coverage – in the event of a total loss, settlement will be based on the cost to replace the covered vehicle without depreciation
 - Provides for the use of Original Manufacturer Parts for covered loss repair
 - Coverage is limited for 2 years or 24,000 miles, whichever comes first, from the original purchase date

Rule Number: P15

Rule Description: Residual Debt Coverage

Residual Debt Coverage provides coverage to pay the additional cost of terminating a finance contract in the event that the vehicle is a total loss. The maximum benefit is 25% of the vehicle ACV at the time of loss.

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Rule Number: P16

Rule Description: Glass Deductible Buyback

Glass Deductible Buyback may be purchased for any vehicle covered by Comprehensive coverage. Comprehensive deductible reduced to \$100 for glass losses. The coverage is not available if Comprehensive deductible is less than or equal to \$100.

Rule Number: P17

Rule Description: Extended Theft to Stereo and Tapes

Extended Theft to Stereo and Tapes may be purchased for any vehicle covered by Comprehensive coverage. The coverage removes policy exclusions for permanently installed sound and radio equipment up to selected limit.

Available limits are:

\$50
\$100
\$250
\$500
\$750
\$1,000
\$1,500
\$2,000
\$2,500
\$3,000
\$3,500
\$4,000

Rule Number: P18-P25

Rule Description: Reserved for Future Use

Rule Number: P26

Rule Description: Affinity Discount

An Affinity Discount applies to Bodily Injury, Property Damage, Personal Injury Protection, Comprehensive, Collision, Uninsured/Underinsured Motorist and Uninsured Motorist Property Damage coverage when the Primary Named Insured or spouse is employed with or retired from an approved occupation group.

Rule Number: P27

Rule Description: Alternative Fuel Discount

An Alternative Fuel Discount applies when the original factory installed vehicle fuel type is electric and gasoline hybrid, electric, ethanol fuel only, methanol gas only, compressed natural gas or propane.

Rule Number: P28

Rule Description: Good Student Discount

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Drivers under the age of 25 may qualify for the Good Student Discount if they are not excluded from the policy, have a valid, verifiable driver's license and meet the academic standards.

Web based transcripts are acceptable. Transcript MUST show the student's full name, the school's name and the school's web address.

Cumulative grades are acceptable. However, progress reports are not acceptable.

The driver must meet at least one of the following academic standards:

- Grade point average of at least a "B" (or equivalent) or 3.0 or higher on a 4.0 system for all subjects combined
- Named to "Dean's List" or "Honor Roll" or other comparable designation
- Ranked in upper 20% of academic standing of class
- Ranked in upper 20% on nationally recognized standardized achievement test taken within the past 12 months

Rule Number: P29

Rule Description: Early Shopping Discount

An Early Shopping Discount applies to Bodily Injury, Property Damage, Personal Injury Protection, Comprehensive, Collision, Uninsured/Underinsured Motorist and Uninsured Motorist Property Damage coverage when the policy is quoted 7 days prior to the policy effective date, and the Primary Named Insured has prior insurance with no lapse in coverage, and the Primary Named Insured and the spouse of the Primary Named Insured, if applicable, are 19 years old or older. The discount does not apply if the prior carrier of the Primary Named Insured is within the Farmers Insurance Group of Companies.

Rule Number: P30

Rule Description: Transfer Discount

A Transfer Discount applies to Bodily Injury, Property Damage, Medical Payments, Personal Injury Protection, Comprehensive, Collision, Uninsured/Underinsured Motorist and Uninsured Motorist Property Damage coverage when the Primary Named Insured has at least 6 months prior insurance with no lapse in coverage from an approved standard carrier.

Rule Number: P31

Rule Description: EFT Discount

An EFT Discount applies to Bodily Injury, Property Damage, Personal Injury Protection, Comprehensive, Collision, Uninsured/Underinsured Motorist and Uninsured Motorist Property Damage coverage when all installment premiums are paid via Electronic Funds Transfer (EFT).

Rule Number: P32

Rule Description: Multi-Car Discount

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A Multi-Car Discount applies to Bodily Injury, Property Damage, Personal Injury Protection, Comprehensive, Collision, Uninsured/Underinsured Motorist and Uninsured Motorist Property Damage coverage if there is more than one (1) vehicle in the household.

Rule Number: P33

Rule Description: Paid-In-Full Discount

A Paid-in-Full Discount applies to Bodily Injury, Property Damage, Personal Injury Protection, Comprehensive, Collision, Uninsured/Underinsured Motorist and Uninsured Motorist Property Damage coverage if the Primary Named Insured pays at least 100% of quoted policy premium at point-of-sale.

Rule Number: P34

Rule Description: Homeowner/Renter/Mobile Homeowner/Specialty Dwelling Discount

A Homeowner/Renter/Mobile homeowner/Specialty Dwelling Discount applies to Bodily Injury, Property Damage, Personal Injury Protection, Comprehensive, Collision, Uninsured/Underinsured Motorist and Uninsured Motorist Property Damage coverage. The Primary Named Insured or spouse must have an Auto policy and a homeowners, renters, specialty dwelling or mobilehome policy insured within the Farmers Group of Companies.

We allow selection of one cross sell discount based on the home policy type (homeowner, renter, mobile homeowner, specialty dwelling). Insureds with more than one such policy type cannot receive more than one discount.

Rule Number: P35

Rule Description: Life Discount

A Life Discount applies to Bodily Injury, Property Damage, Collision, Uninsured/Underinsured Motorist and Uninsured Motorist Property Damage. The discount applies when the Primary Named Insured or spouse is also the owner of a Term, Whole Life, Universal Life or Variable Universal Life policy with a face amount of \$50,000 or greater issued for an adult insured (age 18 or older) by Farmers Life. Farmers® Graded Death Benefit Whole Life (FGDBWL) policies also qualify regardless of face amount.

Rule Number: P36

Rule Description: Distant Student Discount

The Distant Student Discount applies to licensed single driver under the age of 23 and a child of the Primary Named Insured. Student must not have regular access to a covered vehicle while away at school. The student must reside at a school more than 100 miles from the nearest garaging zip code of the policy. This discount will not apply if policy has permissive losses in the past three years.

The teen driver discount and distant student discount are mutually exclusive. The teen driver discount will take precedence.

Rule Number: P37

Rule Description: Reserved for future use

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Rule Number: P38

Rule Description: Youthful Driver Discount

The Youthful Driver Discount applies to the policy when there are licensed single driver under the age of 25. It's based on the youngest qualifying youthful driver. The policy must be in force for at least twelve (12) months. Discount will be applied at the earliest of:

1. Endorsement date when adding the minor child to the policy.
2. First renewal upon meeting the twelve (12) month requirement.

Rule Number: P39

Rule Description: Rate Level Adjustment Factor

The rate level adjustment factor is applied outside of other Rate Order Calculation (ROC) variables and Rate Capping (see Rule P57). The factors are applied based on the policy's original inception date. Please see Rate Filing for coverages affected.

Rule Number: P40

Rule Description: Farmers Specialty Discount

A Farmers Specialty Discount applies to Bodily Injury, Property Damage, Personal Injury Protection, Comprehensive, Collision, Uninsured/Underinsured Motorist and Uninsured Motorist Property Damage coverage. The Primary Named Insured or spouse must have an Auto policy and a motorcycle, boat, watercraft, motor home or recreational vehicle policy insured within the Farmers Group of Companies.

Rule Number: P41

Rule Description: Home Owner Discount

A Homeowner Discount applies to Bodily Injury, Property Damage, Medical Payments, Comprehensive, Collision, Uninsured/Underinsured Motorist and Uninsured Motorist Property Damage coverage. The named insured must own a home, townhouse or condominium. Acceptable proof includes a homeowner policy, homeowner insurance declaration page, a deed, mortgage coupon, or property tax records.

Rule Number: P42

Rule Description: Length of Time with Immediate Prior Carrier Factor

Continuous Insurance Factor is a matrix of the Underwriting Tier and Continuous Insurance Factor Group. The Continuous Insurance Factor Group is defined using the length of continuous auto insurance with the most recent company of the Primary Named Insured or spouse, if applicable. Length of continuous insurance is verified through a third party vendor. The qualification of this factor is established at new business and will stay for the life of the policy. Policies that originated prior to the introduction of this factor will be assigned to the "grandfathered" factor category. See rate filings for details.

Rule Number: P43

Rule Description: Address Validation Factor

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This is a policy level factor. The factor will be determined by comparing the garaging ZIP Code provided by the customer for the first vehicle on the policy and the ZIP Code returned from the third party report that is ordered by the Company. If our third party report does not report a zip code, we will assume that there is no discrepancy.

If there is a No-Hit on the third party report or a ZIP Code is not returned, we will assume the ZIP Code matches the garaging ZIP Code.

At the request of the Primary Named Insured, Farmers will reorder credit information, re-derive the Address Validation code and determine the new Credit Address factor.

Rule Number: P44

Rule Description: Reserved for Future Use

Rule Number: P45

Rule Description: Reinstatement Factor

The reinstatement factor is based on the number of reinstatements with a lapse that occurred on the policy within the past 12 months (365 days). This factor will be calculated at each reinstatement greater than 60 days and renewal. Please see Rate Filing for coverages affected.

Rule Number: P46-P50

Rule Description: Reserved for Future Use

Rule Number: P51

Rule Description: Underwriting Criteria

Prior Insurance is used as underwriting criteria to determine tier placement.

The prior insurance criterion considers:

- A. Whether the Primary Named Insured has proof of private passenger automobile liability insurance, which verifies that the previous policy covered the Primary Named Insured or rated spouse;
- B. The length, if any, of the lapse in coverage; and
- C. At what level the prior private passenger automobile liability insurance Bodily Injury limits were previously written.

Rule Number: P43-P50

Rule Description: Reserved for Future Use

~~Rule Number: P51~~

~~**Rule Description: Underwriting Criteria**~~

~~Prior Insurance is used as underwriting criteria to determine tier placement.~~

~~The prior insurance criterion considers:~~

- ~~D. Whether the Primary Named Insured has proof of private passenger automobile liability insurance, which verifies that the previous policy covered the Primary Named Insured or rated spouse;~~
- ~~E. The length, if any, of the lapse in coverage; and~~

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~~F.—At what level the prior private passenger automobile liability insurance Bodily Injury limits were previously written.~~

Rule Number: P52

Rule Description: Exception Farmers as Prior

Proof of private passenger automobile liability insurance from an affiliated company of the Farmers Insurance Group, including Farmers Insurance Company, Inc. is unacceptable, unless it is one (1) of the following situations:

1. Insured is moving to a new state.
2. Insured was originally listed on another Farmers policy that has been in force for at least six (6) months, where the other Farmers policy is remaining in force and is a parent's policy, a child's policy, or a separated/ divorced spouse policy.
3. Insured's prior policy lapsed or canceled due to an overseas military deployment or mission (see below).
4. Insured had at least six (6) months prior Bristol West or 21st Century experience with a 1-30 day lapse.

Rule Number: P53

Rule Description: Financial Responsibility

The decision to request a credit confirmation is not to be based on race, color, creed, age, marital status, sex, or national origin of the consumer. Credit is ordered on the Primary Named Insured at least 19 years of age. If neither the Primary Named Insured nor rated spouse is at least 19 years of age, then the policy will be assigned to a designated credit tier.

Rule Number: P54

Rule Description: No Hits

A No-Hit occurs when the credit vendors are unable to return a credit report on the Primary Named Insured. No-Hits are classified into three (3) credit tiers based on the age of the Primary Named Insured. The age categories are less than 54 years old, 54-60 years old, and greater than 60 years old.

Rule Number: P55

Rule Description: Thin Files

A Thin File occurs when the credit report contains no eligible trade lines. Thin Files are classified into three (3) credit tiers at new business, based on the age of the Primary Named Insured. The age categories are less than 54 years old, 54-60 years old, and greater than 60 years old.

Certain trade lines are not eligible for scoring. For example, if a credit report includes only trade lines, which are disputed, or medical trade lines, then they will be ignored and the risk will be defined as a thin-file.

Rule Number: P56

Rule Description: Credit Rate Matrix

At the request of the Primary Named Insured, Farmers will reorder credit information, recalculate the insurance score and determine the new credit rate matrix. Farmers will proactively reorder credit information and recalculate the insurance score within 36 months following the previous order.

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Rule Number: P57

Rule Description: Rate Stability

A large increase in auto insurance renewal premiums can cause significant customer disruption and dissatisfaction. We have a process that caps premium increases or decreases on renewal policies that would have a substantial increase or decrease due to changes in our rating structure at 722% and 0%.

Rate changes that result from the Company initiated changes to its rate plan, rather than customer-related changes to the “policy information” (i.e. the “data profile” of the policy), will be stabilized. This stabilization is applied at the policy level by applying a rate capping and a rate level adjustment factor. Please refer to the rates filing for the specifics on the rate level adjustment factors.

Policy information elements include driver data (e.g., age, marital status, driving record and license status, coverage history, consumer report information), selections made by the named insured (e.g., limits and deductibles, payment methods), and vehicle data (e.g., garaging address changes). When, in accordance with our rules, the Company applies changes in the policy information the rate stability feature continues to stabilize the customer’s rate against other rate plan changes as described above.

We have a factor that controls the amount of increase on policies due to death of a household driver.

Also, a premium capping factor is applied during all midterm vehicle change transactions until it is re-calculated at the next renewal.

D. Driver

Rule Number: D01

Rule Description: Driver Classification

Drivers are classified by age, sex, and marital status.

Age refers to the age attained by the driver's last birthday before inception of the policy.

Marital status is defined as follows:

Single - an operator who is not married or is legally separated:

Married - Only legally married or those deemed married by state law would be rated as married. Drivers, who are single, widowed, separated, divorced, or same-sex couples (unless classified differently by law) must be rated as single.

Rule Number: D02

Rule Description: Driving Record Points

Driving record points are assigned to operators for chargeable accidents and violations.

Chargeable Period -all accidents and violations occurring in the thirty-six (36) month period prior to policy inception are considered in developing a driver's policy premiums. When a driver is added mid-term, accidents and violations will be charged for the entire 36 month period prior to the driver being added to the policy.

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Chargeable Date -to determine if the accident or violation took place in the chargeable period, use the occurrence date instead of the conviction date.

Same Day Offenses - if two or more violations or accidents occur on the same day, charge for the violation or accident with the highest point charge. If multiple violations or accidents arose from different occurrences on the same day, charge the violation or accident, which develops the highest premium for each occurrence.

Source of Points -charge for accidents or violations occurring while a driver is operating a private passenger auto, commercial vehicle, motorcycle or recreational vehicle.

At-Fault Accidents -Accidents noted on the MVR or application will be assumed to be at-fault unless proof is received to verify that the Insured was not-at-fault. Accidents are considered not-at-fault if:

1. The vehicle was lawfully parked at the time of the accident.
2. The accident was caused by collision with flying gravel, missiles or falling objects, or by contact with a bird or animal.
3. The vehicle was struck by a "hit-and-run" driver, and the accident was reported to the proper authorities within 24 hours.
4. A driver other than the driver of the Insured's vehicle was convicted of a moving violation in connection with the accident.
5. The owner or operator of the Insured's vehicle was reimbursed (or received judgment against another) for more than 50 percent of the property damage.
6. A portion of any covered Collision loss is recovered through subrogation.
7. In which the vehicle was struck in the rear by another vehicle and the operator of the vehicle, which was struck in the rear, was not convicted of a moving violation in connection with the accident.

Violation Classification - Point assignments vary by coverage and whether they occurred while at Farmers and are classified into the following major groups

<u>Description</u>	<u>Violation Point Class</u>
At Fault Accident	AAF
At Fault Accident, Total Loss >= \$10,000	ALL
At Fault Accident, PIP on Claim, PIP Loss >= \$1,000	API
At-Fault Non-chargeable	AFN
At-Fault Accident WITH DUI	AFD
Driving Under the Influence	DUI
Major Violation	MAJ
Minor Violation Class 1	MN1
Minor Violation Class 2	MN2
Minor Violation Class 3	MN3
Not-At Fault Accident	NAF

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Comprehensive Claim > \$1000	OCG
Comprehensive Claim <= \$1000	OCL
Speeding (<= 15 MPH above speed limit)*	SPL
Speeding (> 15 MPH above speed limit)*	SPH

Rule Number: D03

Rule Description: Financial Responsibility Filings

At the Insureds request, the Company will issue a SR-22 financial responsibility filing for any listed operator on the policy.

1. All drivers requiring an SR-22 must be rated.
2. A premium surcharge and a separate fee apply for SR-22 filings.
3. All vehicles owned by the driver requiring the filings must be on the Farmers policy.
4. The name on the filing must appear exactly as it reads on the driver's license.
5. Filings are not available for a driver with an unverifiable driving record. If Farmers is unable to verify the driving record of a driver requiring a filing, the policy is subject to cancellation.

Rule Number: D04

Rule Description: Named Driver Exclusion

Any listed operator, except individuals requiring an SR-22 filing, may be excluded from coverage under the policy. Excluded drivers will not be considered in the policy's premium computation.

The Company will not pay for any claim arising from an accident or loss which occurs while any vehicle is being driven, either with or without the Named Insured's permission, by any excluded driver.

Rule Number: D05

Rule Description: Mature Driver Discount

Driver must not be excluded and must have a valid, verifiable driver's license. In addition, the driver must be 55 or older and have completed a motor vehicle accident prevention course approved by the Department of Public Safety. Proof consists of a completion certificate dated within the most recent thirty-six (36) month period. The discount does not apply if the course is taken as punishment resulting from a moving violation. The premium reduction shall be effective for a period of three (3) years after completion of the course. At renewal, the Insured maintains the discount as long as the driver is not involved in an at-fault accident.

Rule Number: D06

Rule Description: Unverifiable Driving Record & Foreign Driver's License

Unverifiable Driving Record – A violation will be assessed on any driver whose driving record cannot be verified by a state's Bureau of Motor Vehicles. The points will be removed if the Company receives a valid current MVR containing at least 12 months of driving history. The MVR must be no more than thirty (30) days old.

A UDR will be charged for drivers age 19 and older and licensed less than 12 months. For drivers less than 19 years of age, UDR points will not be charged. Drivers with a learner's permit will not be charged for an Unverifiable

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Driving Record (UDR).

Foreign Drivers License - Drivers who have a valid foreign or international driver's license but not a valid U.S. License will be charged with a FDL violation until they are able to submit proof of a valid U.S. License having been in effect for at least 12 months

Rule Number: D07

Rule Description: Permit Rating

Drivers with a learner's permit who are single, under the age of 19, and a child of the Primary Named Insured, will not be included in the rating of the policy. The permit driver will become a rated driver at the earliest of

1. Notification by the Insured that the permit driver has obtained his/her full license, or
2. The first renewal of the policy after the permit driver becomes 16 years of age. We will notify the customer of the change in rating.

All other permit drivers must be rated or specifically excluded from coverage by completing the driver exclusion block on the application.

Rule Number: D08

Rule Description: Excluded Driver Surcharge

A surcharge applies to Bodily Injury, Property Damage, Personal Injury Protection, Comprehensive, Collision, Uninsured/Underinsured Motorist and Uninsured Motorist Property Damage coverage for any vehicle(s) with an excluded driver. Any driver may be excluded from the policy other than drivers requiring a Financial Responsibility Filing (SR22). Individuals who have a permanently revoked license are not acceptable and must be excluded. The Named Insured must sign the Exclusion form to exclude a driver from coverage. A copy of the Exclusion form must be submitted or retained with the application. A surcharge may apply to policies with an excluded driver.

Rule Number: D09

Rule Description: Reserved For Future Use

Rule Number: D10

Rule Description: Average Driver Factor

The Average Driver Factor (ADF) is the average factor of drivers in the household. If there are more drivers than vehicles, the ADF is the average of the highest ranked drivers, up to the number of vehicles. The rank is determined by the BI driver factor for each driver. The ADF will be recalculated when a vehicle is added, a driver is added, a driver is deleted, or there are changes to driver factor.

V. VEHICLE

Rule Number: V01

Rule Description: Symbols

Vehicle symbols will be assigned to 1981 and newer model years. The symbols for Bodily Injury, Property Damage, Personal Injury Protection, Comprehensive, Collision, Uninsured/Underinsured Motorist and Uninsured Motorist

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Property Damage coverages may differ by coverage, and are determined by features including the year, make, model, sub model, vehicle type, body type, wheel drive and engine of the vehicle.

A stated value representing the value of the vehicle must be entered for vehicles with model years 1971 through 1980. Vehicles with liability only coverage will be assigned symbol 69 for all coverages and vehicles with liability and physical damage coverage or only physical damage coverage will be assigned symbol 67 for all coverages.

Vehicles with model year of 1970 and older are eligible for liability coverage only.

Rule Number: V02

Rule Description: Vehicle Use Definition

1. Non-Business Use: A vehicle not used for business/commercial purposes;
2. Business Use:
 - A. There can be no more than two (2) Business Use vehicles on the policy
 - B. Definition
 - I. A vehicle is rated as used for business if it is required by or involved in the duties of any driver in his or her business, occupation or profession other than going to and from their principal place of work.
 - C. Business Use Guidelines – Business Use surcharge will apply:
 - I. Acceptable business use includes, but is not limited to:
 - a. Vehicles used to make regular and frequent trips for business errands (including trips to post offices, financial institutions, retail stores or business offices).
 - b. Vehicles used by real estate or insurance agents, lawyers, doctors, accountants or other professionals visiting multiple locations.
 - c. Vehicles owned by an Insured and used by a domestic employee on a regular basis (e.g. maids, chauffeurs, nannies). The driver must be listed on the policy.
 - d. Vehicles used by sales or service representatives, or for consumer oriented direct home sales (e.g. Avon, Mary Kay, Tupperware).
3. Storage: A non-business use vehicle in storage for which only comprehensive coverage is purchased. Available on policies that have at least one other vehicle with required liability coverages. One storage vehicle is allowed per policy.

Rule Number: V03

Rule Description: Customized Equipment Coverage

Customized Equipment Coverage provides physical damage protection for any permanently installed add-on equipment that was not installed by the original automobile manufacturer and may be purchased for any vehicle covered by both Comprehensive and Collision coverages.

A Customization Report must be completed and signed by the applicant. Customized Equipment Coverage is subject to the Comprehensive and Collision deductibles and provides coverage up to the lesser of actual cash value, declared value, or actual cost to repair. Maximum coverage is \$50,000.

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Rule Number: V04

Rule Description: Model Year

The model year of the private passenger automobile is the year assigned by the original automobile manufacturer. If the auto is rebuilt or structurally altered, then the model year of the chassis determines the model year of the automobile.

Rule Number: V05

Rule Description: Rental Reimbursement Coverage

Rental Reimbursement may be purchased for any vehicle covered by Comprehensive and Collision coverages. The coverage reimburses the Insured for the lesser of actual daily rental charges or the purchased limit option for a maximum of 30 days for each qualified disablement on a covered vehicle. Qualified disablement means a loss covered by the Comprehensive or Collision sections of the policy. Available limit options are \$50 and \$100 per day.

Rule Number: V06

Rule Description: Towing and Roadside Assistance

Towing and Roadside Service may be purchased for any vehicle. The coverage reimburses the Insured for each disablement on a covered vehicle.

The following options are available:

- "Sign and drive" - Upon verification of towing coverage, reasonable and necessary towing charges for up to \$150 will be automatically billed to Farmers. Insured must sign receipt at the time of the tow which authorizes Farmers to directly pay the towing vendor.
- If Insured does not select "sign and drive" or if the towing bill exceeds \$150, the Insured must pay the towing vendor directly and seek reimbursement from the agent or company. Request for reimbursement must be accompanied by an itemized receipt

Rule Number: V07

Rule Description: Vehicle Use Surcharge

A surcharge applies to Bodily Injury, Property Damage, Personal Injury Protection, Comprehensive, Collision, Uninsured/Underinsured Motorist and Uninsured Motorist Property Damage coverage for any vehicle classified as business use or storage.

Rule Number: V08

Rule Description: Driver to Vehicle Exposure Factor

A comparison is made between the number of vehicles rated on the policy and the number of rated drivers in the household. The factor applied varies based on the number of rated drivers and number of insured vehicles. A rating factor is selected for Bodily Injury, Property Damage, Personal Injury Protection, Comprehensive, Collision, Uninsured/Underinsured Motorist and Uninsured Motorist Property Damage coverage.

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Rule Number: V09

Rule Description: Luxury Vehicle to Credit Group Factor

A comparison is made between the existence of a luxury vehicle and credit group factor. The factor applied varies based on the credit group and existence of a luxury vehicle. Vehicles that meet one of the following criteria are considered Luxury Vehicles:

Exotics (all model years): AM General, Aston Martin, Avanti, Bentley, Bugatti, Delorean, Ferrari, Laforza, Lamborghini, Lotus, Maserati, Maybach, Panther, Porsche, Rolls Royce, Sterling, Tesla, TVR

Mainstream (model year 1998 and newer): Acura, Audi, BMW, Cadillac, Infiniti, Jaguar, Land Rover, Lexus, Lincoln, Mercedes Benz, Saab, Volvo

Rule Number: V10

Rule Description: High Performance Vehicles

A factor is applied to Bodily Injury, Property Damage, Personal Injury Protection, Comprehensive, Collision, Uninsured/Underinsured Motorist and Uninsured Motorist Property Damage coverage for any vehicle classified as high performance

Rule Number: V11

Rule Description: Camper and Travel Trailer Coverage

Camper and travel trailer coverage provides coverage for an owned camper or travel trailer when used with a private passenger auto. Campers and travel trailers are automatically covered for BIPD without any additional premium charge when used with a private passenger auto. Campers and travel trailers may be insured for comprehensive and collision coverage with an additional premium charge. Camper deductibles must match the private passenger auto. Travel trailer may be insured with any of the available deductibles.

The following deductibles can be selected in any combination:

\$100
\$250
\$500
\$750
\$1,000
\$2,500

Comprehensive and Collision coverage on campers and travel trailers must be carried at 100% of actual cash value.

Camper or travel trailer contents may also be insured against loss by fire when the camper or travel trailer is insured for comprehensive coverage.

Rental coverage for campers and travel trailers can be purchased for a daily rate, subject to a minimum dollar amount.

Rule Number: V12

Rule Description: Continuous Insurance Factor

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Continuous Insurance Factor is a matrix of the Underwriting Tier and Continuous Insurance Factor Group. The Continuous Insurance Factor Group is defined using the length of continuous auto insurance with the most recent company of the Primary Named Insured or spouse, if applicable. In order to qualify, this discount must be verified through a third party vendor.

MISCELLANEOUS

Rule Number: M01

Rule Description: Rounding Rule

Premiums are rounded to the nearest ten cents (\$0.10), separately for each coverage provided by the policy. Premiums involving \$0.05 or more are rounded up to the nearest ten cents and premiums of less than \$0.05 are rounded down. Rounding occurs as the final step in the order of premium calculation.

Rule Number: M02

Rule Description: Change of Vehicle

The company must be notified within thirty (30) days following the date of acquisition of the replacement vehicle. If additional coverage is required, the company must also be notified before the coverage will apply.

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Farmers Auto 2.5 Program Effective 1/7/15 (NB), 2/5/15 (Renewals)

Exhibit 13: Base Rates

Coverage	Current Factor Amt.	Proposed Factor Amt.	% Change Factor Amt.
BRB	39.4800	41.7477	5.74%
BDOC with Primary - BI	2.9600	2.9600	0.00%
BDOC with Primary - PD	2.4200	2.8600	18.18%
BDOC without Primary - BI	51.1700	51.1700	0.00%
BDOC without Primary - PD	36.5500	43.1948	18.18%
BI - Bodily Injury	107.8200	107.8200	0.00%
Broad Form Lienholder	5.0000	5.0000	0.00%
BRB on BDOC	2.3000	2.4321	5.74%
COLL - Collision	181.3900	212.5456	17.18%
COMP - Comprehensive	100.5600	100.5600	0.00%
D&D (30002) - 10000 limit	3.7000	3.9125	5.74%
D&D (30002) - 15000 limit	5.5000	5.8159	5.74%
D&D (30002) - 5000 limit	1.9000	2.0091	5.74%
D&D on BDOC (30009) - 10000 limit	3.7000	3.9125	5.74%
D&D on BDOC (30009) - 15000 limit	5.5000	5.8159	5.74%
D&D on BDOC (30009) - 5000 limit	1.9000	2.0091	5.74%
GFM - Glass Farm on Machinery	4.5000	4.5000	0.00%
Inc Dis on BDOC (30011) \$140 per week	4.0000	4.2298	5.74%
Inc Dis on BDOC (30011) \$200 per week	5.5000	5.8159	5.74%
Inc Dis on BDOC (30011) \$300 per week	7.5000	7.9308	5.74%
Income Disability (30003) \$140 per week	4.0000	4.2298	5.74%
Income Disability (30003) \$200 per week	5.5000	5.8159	5.74%
Income Disability (30003) \$300 per week	7.5000	7.9308	5.74%
PD - Property Damage	99.3000	117.3529	18.18%
RENT 100 - Rental \$100 per day	67.3000	67.3000	0.00%
RENT 50 - Rental \$50 per day	33.6000	33.6000	0.00%
TOW - Towing and Labor	4.8000	4.8000	0.00%
UIM - Underinsured Motorists BI	6.6300	7.3623	11.05%
UM-Uninsured Motorists BI	16.3200	18.1225	11.04%
UMPD - Uninsured Motorists Prop. Damage	24.3300	27.0172	11.04%