

**State:** Arkansas **Filing Company:** Electric Insurance Company  
**TOI/Sub-TOI:** 04.0 Homeowners/04.0000 Homeowners Sub-TOI Combinations  
**Product Name:** Multi-Peril Homeowners  
**Project Name/Number:** /

## Filing at a Glance

Company: Electric Insurance Company  
 Product Name: Multi-Peril Homeowners  
 State: Arkansas  
 TOI: 04.0 Homeowners  
 Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations  
 Filing Type: Rate/Rule  
 Date Submitted: 01/29/2014  
 SERFF Tr Num: ELEC-129254129  
 SERFF Status: Closed-Filed  
 State Tr Num:  
 State Status:  
 Co Tr Num: AR-HR-14  
  
 Effective Date: 06/01/2014  
 Requested (New):  
 Effective Date: 06/01/2014  
 Requested (Renewal):  
 Author(s): Tom Kelley, Jenny Rybarczyk, Mike Franzese  
 Reviewer(s): Becky Harrington (primary)  
 Disposition Date: 05/14/2014  
 Disposition Status: Filed  
 Effective Date (New): 06/01/2014  
 Effective Date (Renewal): 06/01/2014

State Filing Description:  
 referred to commissioner 3/10; reviewed 3/19;

**State:** Arkansas **Filing Company:** Electric Insurance Company  
**TOI/Sub-TOI:** 04.0 Homeowners/04.0000 Homeowners Sub-TOI Combinations  
**Product Name:** Multi-Peril Homeowners  
**Project Name/Number:** /

## General Information

Project Name: Status of Filing in Domicile: Not Filed  
 Project Number: Domicile Status Comments:  
 Reference Organization: Reference Number:  
 Reference Title: Advisory Org. Circular:  
 Filing Status Changed: 05/14/2014  
 State Status Changed: 03/19/2014 Deemer Date:  
 Created By: Mike Franzese Submitted By: Mike Franzese  
 Corresponding Filing Tracking Number:

### Filing Description:

Electric Insurance Company submits for your review, under the file and use provision, a revision to our Multi-Peril Homeowners. We propose to revise our base rates for all forms. The overall effect of this change on our existing book of business is 25.0%. We intend to implement this change effective March 1, 2014 for new and renewal business. Please see the attached exhibits and manual pages for further details.

## Company and Contact

### Filing Contact Information

Michael Franzese, State Filing Specialist michael.franzese@electricinsurance.com  
 75 Sam Fonzo Drive 800-227-2757 [Phone] 5048 [Ext]  
 Beverly, MA 01915

### Filing Company Information

Electric Insurance Company	CoCode: 21261	State of Domicile:
75 Sam Fonzo Drive	Group Code: 57	Massachusetts
Beverly, MA 01915	Group Name: Electric	Company Type: Property &
(800) 227-2757 ext. [Phone]	FEIN Number: 04-2422119	Casualty
		State ID Number:

## Filing Fees

Fee Required? Yes  
 Fee Amount: \$100.00  
 Retaliatory? No  
 Fee Explanation: Rate/loss cost—changes to loss cost multiplier or independent rate filing \$100  
 Per Company: No

Company	Amount	Date Processed	Transaction #
Electric Insurance Company	\$100.00	01/29/2014	78822723

State: Arkansas

Filing Company: Electric Insurance Company

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

Product Name: Multi-Peril Homeowners

Project Name/Number: /

## Correspondence Summary

### Dispositions

Status	Created By	Created On	Date Submitted
Filed	Becky Harrington	05/14/2014	05/14/2014

### Objection Letters and Response Letters

#### Objection Letters

Status	Created By	Created On	Date Submitted
Pending Industry Response	Becky Harrington	03/19/2014	03/19/2014
No response necessary	Becky Harrington	03/10/2014	03/10/2014
Pending Industry Response	Becky Harrington	02/24/2014	02/24/2014
Pending Industry Response	Becky Harrington	01/29/2014	01/29/2014

#### Response Letters

Responded By	Created On	Date Submitted
Mike Franzese	05/08/2014	05/09/2014
Mike Franzese	03/10/2014	03/10/2014
Mike Franzese	02/24/2014	02/24/2014

### Filing Notes

Subject	Note Type	Created By	Created On	Date Submitted
Re: Status	Note To Reviewer	Mike Franzese	05/06/2014	05/06/2014
Status	Note To Filer	Becky Harrington	05/05/2014	05/05/2014

**State:** Arkansas **Filing Company:** Electric Insurance Company  
**TOI/Sub-TOI:** 04.0 Homeowners/04.0000 Homeowners Sub-TOI Combinations  
**Product Name:** Multi-Peril Homeowners  
**Project Name/Number:** /

## Disposition

Disposition Date: 05/14/2014

Effective Date (New): 06/01/2014

Effective Date (Renewal): 06/01/2014

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):
Electric Insurance Company	116.400%	19.900%	\$12,627	63	\$63,297	22.500%	4.100%

Schedule	Schedule Item	Schedule Item Status	Public Access
Supporting Document	Form RF-2 Loss Costs Only (not for workers' compensation)		Yes
Supporting Document	H-1 Homeowners Abstract	Filed	Yes
Supporting Document (revised)	HPCS-Homeowners Premium Comparison Survey	Filed	Yes
Supporting Document	HPCS-Homeowners Premium Comparison Survey		Yes
Supporting Document	HPCS-Homeowners Premium Comparison Survey		Yes
Supporting Document (revised)	NAIC loss cost data entry document	Filed	Yes
Supporting Document	NAIC loss cost data entry document		Yes
Supporting Document (revised)	Indication & Effect Exhibits	Filed	Yes
Supporting Document	Indication & Effect Exhibits		Yes
Supporting Document	Indication & Effect Exhibits		Yes
Supporting Document (revised)	Cover Letter & Memo	Filed	Yes
Supporting Document	Cover Letter & Memo		Yes
Supporting Document	Response Letter & Supplemental Indication Exhibits	Filed	Yes
Supporting Document	Response Letter 03.10.14	Filed	Yes
Rate (revised)	Revised Manual Pages	Filed	Yes
Rate	Revised Manual Pages		Yes

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**State:** Arkansas **Filing Company:** Electric Insurance Company  
**TOI/Sub-TOI:** 04.0 Homeowners/04.0000 Homeowners Sub-TOI Combinations  
**Product Name:** Multi-Peril Homeowners  
**Project Name/Number:** /

## Objection Letter

Objection Letter Status	Pending Industry Response
Objection Letter Date	03/19/2014
Submitted Date	03/19/2014
Respond By Date	

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Dear Michael Franzese,

**Introduction:**

The requested increase has been reviewed by the Commissioner.

Please amend the overall increase amount to 20%.

Provide a revised HPCS and indicate revised effective dates.

**Conclusion:**

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

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

Sincerely,  
Becky Harrington

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**State:** Arkansas **Filing Company:** Electric Insurance Company  
**TOI/Sub-TOI:** 04.0 Homeowners/04.0000 Homeowners Sub-TOI Combinations  
**Product Name:** Multi-Peril Homeowners  
**Project Name/Number:** /

## Objection Letter

Objection Letter Status	No response necessary
Objection Letter Date	03/10/2014
Submitted Date	03/10/2014
Respond By Date	

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Dear Michael Franzese,

**Introduction:**

*This will acknowledge receipt of the recent response.*

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

**Conclusion:**

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

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

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

Sincerely,  
Becky Harrington

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**State:** Arkansas **Filing Company:** Electric Insurance Company  
**TOI/Sub-TOI:** 04.0 Homeowners/04.0000 Homeowners Sub-TOI Combinations  
**Product Name:** Multi-Peril Homeowners  
**Project Name/Number:** /

## Objection Letter

Objection Letter Status	Pending Industry Response
Objection Letter Date	02/24/2014
Submitted Date	02/24/2014
Respond By Date	

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Dear Michael Franzese,

**Introduction:**

*This will acknowledge receipt of the recent response.*

**Objection 1**

- Indication & Effect Exhibits (Supporting Document)
- Response Letter & Supplemental Indication Exhibits (Supporting Document)

*Comments: It appears the projected catastrophe loss and LAE Ratio was developed using modeled catastrophe losses. AR does not allow the use of catastrophe models in the development of rate indications. Please use historical loss experience.*

**Conclusion:**

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

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

*Sincerely,  
Becky Harrington*

State: Arkansas Filing Company: Electric Insurance Company  
TOI/Sub-TOI: 04.0 Homeowners/04.0000 Homeowners Sub-TOI Combinations  
Product Name: Multi-Peril Homeowners  
Project Name/Number: /

## Objection Letter

Objection Letter Status Pending Industry Response  
Objection Letter Date 01/29/2014  
Submitted Date 01/29/2014  
Respond By Date

Dear Michael Franzese,

### Introduction:

This will acknowledge receipt of the captioned filing.

### Objection 1

- NAIC loss cost data entry document (Supporting Document)  
Comments: This form is required with all rate change filings.

### Objection 2

- HPCS-Homeowners Premium Comparison Survey (Supporting Document)  
Comments: Companies may not change the form in any way or include formulas. Cell references have been added.

### Objection 3

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

### Objection 4

Comments: All request for rate changes submitted to the Department must include supporting data as required by Arkansas Code Annotated § 23-67-209 and Rule 23, Section 7.A.2. Please provide exhibits supporting the factors used in the rate indication development of exhibit RN-2, specifically, line 10, 12, and 21.

Please provide actual 5-year countrywide loss experience as additional support given that AR data is not credible.

### Conclusion:

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

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

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

Sincerely,  
Becky Harrington

**State:** Arkansas **Filing Company:** Electric Insurance Company  
**TOI/Sub-TOI:** 04.0 Homeowners/04.0000 Homeowners Sub-TOI Combinations  
**Product Name:** Multi-Peril Homeowners  
**Project Name/Number:** /

## Response Letter

Response Letter Status Submitted to State  
 Response Letter Date 05/08/2014  
 Submitted Date 05/09/2014

Dear Becky Harrington,

**Introduction:**

Good afternoon Ms. Harrington,

Thank you for reviewing our filing.

**Response 1**

**Comments:**

Per the Department's request, we have revised our proposal. Please see the revised explanatory memo, effect exhibits, manual pages, and HPCS form attached for your review. Please also see the corresponding post-submission update.

**Changed Items:**

Supporting Document Schedule Item Changes	
<b>Satisfied - Item:</b>	HPCS-Homeowners Premium Comparison Survey
<b>Comments:</b>	
<b>Attachment(s):</b>	Revised Arkansas Home Rating Examples.xls Revised Arkansas Home Rating Examples.pdf
<i>Previous Version</i>	
<b>Satisfied - Item:</b>	HPCS-Homeowners Premium Comparison Survey
<b>Comments:</b>	
<b>Attachment(s):</b>	Arkansas Home Rating Examples.pdf HO Survey FORM HPCS.xls
<i>Previous Version</i>	
<b>Satisfied - Item:</b>	HPCS-Homeowners Premium Comparison Survey
<b>Comments:</b>	
<b>Attachment(s):</b>	Arkansas Home Rating Examples.xls Arkansas Home Rating Examples.pdf

**State:** Arkansas **Filing Company:** Electric Insurance Company  
**TOI/Sub-TOI:** 04.0 Homeowners/04.0000 Homeowners Sub-TOI Combinations  
**Product Name:** Multi-Peril Homeowners  
**Project Name/Number:** /

### Supporting Document Schedule Item Changes

<b>Satisfied - Item:</b>	HPCS-Homeowners Premium Comparison Survey
<b>Comments:</b>	
<b>Attachment(s):</b>	Revised Arkansas Home Rating Examples.xls Revised Arkansas Home Rating Examples.pdf
<i>Previous Version</i>	
<b>Satisfied - Item:</b>	<i>HPCS-Homeowners Premium Comparison Survey</i>
<b>Comments:</b>	
<b>Attachment(s):</b>	<i>Arkansas Home Rating Examples.pdf HO Survey FORM HPCS.xls</i>
<i>Previous Version</i>	
<b>Satisfied - Item:</b>	<i>HPCS-Homeowners Premium Comparison Survey</i>
<b>Comments:</b>	
<b>Attachment(s):</b>	<i>Arkansas Home Rating Examples.xls Arkansas Home Rating Examples.pdf</i>

<b>Satisfied - Item:</b>	Indication & Effect Exhibits
<b>Comments:</b>	
<b>Attachment(s):</b>	Arkansas Home Indication Exhibits 201306.pdf Amended Arkansas Home Indication Exhibits 201306.pdf Supplemental Support Exhibits.pdf Revised Arkansas Home Effect Exhibits.pdf
<i>Previous Version</i>	
<b>Satisfied - Item:</b>	<i>Indication &amp; Effect Exhibits</i>
<b>Comments:</b>	
<b>Attachment(s):</b>	<i>Arkansas Home Indication Exhibits 201306.pdf Arkansas Home Effect Exhibits.pdf Amended Arkansas Home Indication Exhibits 201306.pdf Supplemental Support Exhibits.pdf</i>
<i>Previous Version</i>	
<b>Satisfied - Item:</b>	<i>Indication &amp; Effect Exhibits</i>
<b>Comments:</b>	
<b>Attachment(s):</b>	<i>Arkansas Home Indication Exhibits 201306.pdf Arkansas Home Effect Exhibits.pdf</i>

**State:** Arkansas **Filing Company:** Electric Insurance Company  
**TOI/Sub-TOI:** 04.0 Homeowners/04.0000 Homeowners Sub-TOI Combinations  
**Product Name:** Multi-Peril Homeowners  
**Project Name/Number:** /

### Supporting Document Schedule Item Changes

<b>Satisfied - Item:</b>	HPCS-Homeowners Premium Comparison Survey
<b>Comments:</b>	
<b>Attachment(s):</b>	Revised Arkansas Home Rating Examples.xls Revised Arkansas Home Rating Examples.pdf
<i>Previous Version</i>	
<b>Satisfied - Item:</b>	<i>HPCS-Homeowners Premium Comparison Survey</i>
<b>Comments:</b>	
<b>Attachment(s):</b>	<i>Arkansas Home Rating Examples.pdf HO Survey FORM HPCS.xls</i>
<i>Previous Version</i>	
<b>Satisfied - Item:</b>	<i>HPCS-Homeowners Premium Comparison Survey</i>
<b>Comments:</b>	
<b>Attachment(s):</b>	<i>Arkansas Home Rating Examples.xls Arkansas Home Rating Examples.pdf</i>

<b>Satisfied - Item:</b>	Indication & Effect Exhibits
<b>Comments:</b>	
<b>Attachment(s):</b>	Arkansas Home Indication Exhibits 201306.pdf Amended Arkansas Home Indication Exhibits 201306.pdf Supplemental Support Exhibits.pdf Revised Arkansas Home Effect Exhibits.pdf
<i>Previous Version</i>	
<b>Satisfied - Item:</b>	<i>Indication &amp; Effect Exhibits</i>
<b>Comments:</b>	
<b>Attachment(s):</b>	<i>Arkansas Home Indication Exhibits 201306.pdf Arkansas Home Effect Exhibits.pdf Amended Arkansas Home Indication Exhibits 201306.pdf Supplemental Support Exhibits.pdf</i>
<i>Previous Version</i>	
<b>Satisfied - Item:</b>	<i>Indication &amp; Effect Exhibits</i>
<b>Comments:</b>	
<b>Attachment(s):</b>	<i>Arkansas Home Indication Exhibits 201306.pdf Arkansas Home Effect Exhibits.pdf</i>

**State:** Arkansas **Filing Company:** Electric Insurance Company  
**TOI/Sub-TOI:** 04.0 Homeowners/04.0000 Homeowners Sub-TOI Combinations  
**Product Name:** Multi-Peril Homeowners  
**Project Name/Number:** /

<b>Satisfied - Item:</b>	Cover Letter & Memo
<b>Comments:</b>	
<b>Attachment(s):</b>	Cover Letter.pdf Revised Memo.pdf
<i>Previous Version</i>	
<b>Satisfied - Item:</b>	Cover Letter & Memo
<b>Comments:</b>	
<b>Attachment(s):</b>	Cover Letter.pdf Memo.pdf

No Form Schedule items changed.

Rate Schedule Item Changes					
Item No.	Exhibit Name	Rule # or Page #	Rate Action	Previous State Filing Number	Date Submitted
1	Revised Manual Pages	B-2, B-3, B-4	Replacement	ELEC-126740432	05/09/2014 By: Mike Franzese
<i>Previous Version</i>					
1	Revised Manual Pages	B-2, B-3, B-4	Replacement	ELEC-126740432	01/29/2014 By: Mike Franzese

**Conclusion:**

If you require additional information or clarification, please feel free to contact me anytime. Thanks again.

Sincerely,

Michael Franzese  
 State Filing Specialist  
 Electric Insurance Company

Sincerely,  
 Mike Franzese

State: Arkansas

Filing Company: Electric Insurance Company

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

Product Name: Multi-Peril Homeowners

Project Name/Number: /

## Response Letter

Response Letter Status	Submitted to State
Response Letter Date	03/10/2014
Submitted Date	03/10/2014

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Dear Becky Harrington,

**Introduction:**

Good morning Ms. Harrington,

Thank you for reviewing our filing.

**Response 1****Comments:**

For our complete response, please see the attached letter and corresponding documents.

**Related Objection 1**

Applies To:

- Indication & Effect Exhibits (Supporting Document)
- Response Letter & Supplemental Indication Exhibits (Supporting Document)

Comments: It appears the projected catastrophe loss and LAE Ratio was developed using modeled catastrophe losses. AR does not allow the use of catastrophe models in the development of rate indications. Please use historical loss experience.

**Changed Items:**

**State:** Arkansas **Filing Company:** Electric Insurance Company  
**TOI/Sub-TOI:** 04.0 Homeowners/04.0000 Homeowners Sub-TOI Combinations  
**Product Name:** Multi-Peril Homeowners  
**Project Name/Number:** /

### Supporting Document Schedule Item Changes

<b>Satisfied - Item:</b>	Indication & Effect Exhibits
<b>Comments:</b>	
<b>Attachment(s):</b>	Arkansas Home Indication Exhibits 201306.pdf Arkansas Home Effect Exhibits.pdf Amended Arkansas Home Indication Exhibits 201306.pdf Supplemental Support Exhibits.pdf
<i>Previous Version</i>	
<b>Satisfied - Item:</b>	<i>Indication &amp; Effect Exhibits</i>
<b>Comments:</b>	
<b>Attachment(s):</b>	<i>Arkansas Home Indication Exhibits 201306.pdf Arkansas Home Effect Exhibits.pdf</i>

### Supporting Document Schedule Item Changes

<b>Satisfied - Item:</b>	Indication & Effect Exhibits
<b>Comments:</b>	
<b>Attachment(s):</b>	Arkansas Home Indication Exhibits 201306.pdf Arkansas Home Effect Exhibits.pdf Amended Arkansas Home Indication Exhibits 201306.pdf Supplemental Support Exhibits.pdf
<i>Previous Version</i>	
<b>Satisfied - Item:</b>	<i>Indication &amp; Effect Exhibits</i>
<b>Comments:</b>	
<b>Attachment(s):</b>	<i>Arkansas Home Indication Exhibits 201306.pdf Arkansas Home Effect Exhibits.pdf</i>

<b>Satisfied - Item:</b>	Response Letter 03.10.14
<b>Comments:</b>	
<b>Attachment(s):</b>	Response Letter 03.10.14.pdf

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

### Conclusion:

**SERFF Tracking #:**

ELEC-129254129

**State Tracking #:**

**Company Tracking #:**

AR-HR-14

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**State:**

Arkansas

**Filing Company:**

Electric Insurance Company

**TOI/Sub-TOI:**

04.0 Homeowners/04.0000 Homeowners Sub-TOI Combinations

**Product Name:**

Multi-Peril Homeowners

**Project Name/Number:**

/

*If you require additional information or clarification, please feel free to contact me anytime. Thanks again.*

*Sincerely,*

*Michael Franzese*

*State Filing Specialist*

*Electric Insurance Company*

*Sincerely,*

*Mike Franzese*

**State:** Arkansas **Filing Company:** Electric Insurance Company  
**TOI/Sub-TOI:** 04.0 Homeowners/04.0000 Homeowners Sub-TOI Combinations  
**Product Name:** Multi-Peril Homeowners  
**Project Name/Number:** /

## Response Letter

Response Letter Status Submitted to State  
 Response Letter Date 02/24/2014  
 Submitted Date 02/24/2014

Dear Becky Harrington,

### Introduction:

Good morning Ms. Harrington,

Thank you for reviewing our filing.

### Response 1

#### Comments:

For our complete response, please see the attached response letter and corresponding documents.

### Related Objection 1

Applies To:

- NAIC loss cost data entry document (Supporting Document)

Comments: This form is required with all rate change filings.

### Changed Items:

Supporting Document Schedule Item Changes	
<b>Satisfied - Item:</b>	NAIC loss cost data entry document
<b>Comments:</b>	
<b>Attachment(s):</b>	completed Rate Filing Abstract.pdf
<i>Previous Version</i>	
<b>Bypassed - Item:</b>	NAIC loss cost data entry document
<b>Bypass Reason:</b>	n/a
<b>Attachment(s):</b>	

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

**State:** Arkansas **Filing Company:** Electric Insurance Company  
**TOI/Sub-TOI:** 04.0 Homeowners/04.0000 Homeowners Sub-TOI Combinations  
**Product Name:** Multi-Peril Homeowners  
**Project Name/Number:** /

## Response 2

### Comments:

For our complete response, please see the attached response letter and corresponding documents.

## Related Objection 2

Applies To:

- HPCS-Homeowners Premium Comparison Survey (Supporting Document)

Comments: Companies may not change the form in any way or include formulas. Cell references have been added.

## Changed Items:

Supporting Document Schedule Item Changes	
<b>Satisfied - Item:</b>	HPCS-Homeowners Premium Comparison Survey
<b>Comments:</b>	
<b>Attachment(s):</b>	Arkansas Home Rating Examples.pdf HO Survey FORM HPCS.xls
<i>Previous Version</i>	
<b>Satisfied - Item:</b>	HPCS-Homeowners Premium Comparison Survey
<b>Comments:</b>	
<b>Attachment(s):</b>	Arkansas Home Rating Examples.xls Arkansas Home Rating Examples.pdf

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

## Response 3

### Comments:

For our complete response, please see the attached response letter and corresponding documents.

## Related Objection 3

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

## Changed Items:

**State:** Arkansas **Filing Company:** Electric Insurance Company  
**TOI/Sub-TOI:** 04.0 Homeowners/04.0000 Homeowners Sub-TOI Combinations  
**Product Name:** Multi-Peril Homeowners  
**Project Name/Number:** /

#### Supporting Document Schedule Item Changes

<b>Satisfied - Item:</b>	Response Letter & Supplemental Indication Exhibits
<b>Comments:</b>	
<b>Attachment(s):</b>	Response Letter.pdf Supplemental Indication Exhibits.pdf

*No Form Schedule items changed.*

*No Rate/Rule Schedule items changed.*

#### Response 4

##### Comments:

*For our complete response, please see the attached response letter and corresponding documents.*

#### Related Objection 4

*Comments: All request for rate changes submitted to the Department must include supporting data as required by Arkansas Code Annotated § 23-67-209 and Rule 23, Section 7.A.2. Please provide exhibits supporting the factors used in the rate indication development of exhibit RN-2, specifically, line 10, 12, and 21.*

*Please provide actual 5-year countrywide loss experience as additional support given that AR data is not credible.*

#### Changed Items:

#### Supporting Document Schedule Item Changes

<b>Satisfied - Item:</b>	Response Letter & Supplemental Indication Exhibits
<b>Comments:</b>	
<b>Attachment(s):</b>	Response Letter.pdf Supplemental Indication Exhibits.pdf

*No Form Schedule items changed.*

*No Rate/Rule Schedule items changed.*

#### Conclusion:

**SERFF Tracking #:**

ELEC-129254129

**State Tracking #:**

**Company Tracking #:**

AR-HR-14

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**State:**

Arkansas

**Filing Company:**

Electric Insurance Company

**TOI/Sub-TOI:**

04.0 Homeowners/04.0000 Homeowners Sub-TOI Combinations

**Product Name:**

Multi-Peril Homeowners

**Project Name/Number:**

/

*If you require additional information or clarification, please feel free to contact me anytime. Thanks again.*

*Sincerely,*

*Michael Franzese*

*State Filing Specialist*

*Electric Insurance Company*

*Sincerely,*

*Mike Franzese*

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**State:** Arkansas **Filing Company:** Electric Insurance Company  
**TOI/Sub-TOI:** 04.0 Homeowners/04.0000 Homeowners Sub-TOI Combinations  
**Product Name:** Multi-Peril Homeowners  
**Project Name/Number:** /

## Note To Reviewer

**Created By:**

Mike Franzese on 05/06/2014 06:20 AM

**Last Edited By:**

Becky Harrington

**Submitted On:**

05/14/2014 09:48 AM

**Subject:**

Re: Status

**Comments:**

Good morning Ms. Harrington,

We have adjusted our proposal to comply with the Department's request. We are currently in the process of reviewing (for accuracy) the revised effect exhibits and manual pages that will be submitted with the revised proposal. I expect that the new proposal will be ready for submission within the next 7 days. If you have any further concerns, please feel free to contact me anytime. Thank you.

Sincerely,

Michael Franzese  
State Filing Specialist  
Electric Insurance Company

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**State:** Arkansas **Filing Company:** Electric Insurance Company  
**TOI/Sub-TOI:** 04.0 Homeowners/04.0000 Homeowners Sub-TOI Combinations  
**Product Name:** Multi-Peril Homeowners  
**Project Name/Number:** /

## Note To Filer

**Created By:**

Becky Harrington on 05/05/2014 07:31 AM

**Last Edited By:**

Becky Harrington

**Submitted On:**

05/14/2014 09:48 AM

**Subject:**

Status

**Comments:**

Please provide an update on the status of a response to the letter of 3/19/14.

**State:** Arkansas **Filing Company:** Electric Insurance Company  
**TOI/Sub-TOI:** 04.0 Homeowners/04.0000 Homeowners Sub-TOI Combinations  
**Product Name:** Multi-Peril Homeowners  
**Project Name/Number:** /

## Post Submission Update Request Processed On 05/14/2014

**Status:** Allowed  
**Created By:** Mike Franzese  
**Processed By:** Becky Harrington  
**Comments:**

### General Information:

Field Name	Requested Change	Prior Value
Effective Date Requested (New)	06/01/2014	03/01/2014
Effective Date Requested (Renew)	06/01/2014	03/01/2014

### Company Rate Information:

Company Name: Electric Insurance Company

Field Name	Requested Change	Prior Value
Overall % Indicated Change	116.400%	64.200%
Overall % Rate Impact	19.900%	25.000%
Written Premium Change for this Program	\$12627	\$15819
Maximum %Change (where required)	22.500%	28.100%

**State:** Arkansas

**Filing Company:** Electric Insurance Company

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

**Product Name:** Multi-Peril Homeowners

**Project Name/Number:** /

## Rate Information

Rate data applies to filing.

**Filing Method:** File & Use

**Rate Change Type:** Increase

**Overall Percentage of Last Rate Revision:** 8.000%

**Effective Date of Last Rate Revision:** 10/20/2010

**Filing Method of Last Filing:** File & 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):
Electric Insurance Company	116.400%	19.900%	\$12,627	63	\$63,297	22.500%	4.100%

SERFF Tracking #:

ELEC-129254129

State Tracking #:

Company Tracking #:

AR-HR-14

State: Arkansas

Filing Company: Electric Insurance Company

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

Product Name: Multi-Peril Homeowners

Project Name/Number: /

## Rate/Rule Schedule

Item No.	Schedule Item Status	Exhibit Name	Rule # or Page #	Rate Action	Previous State Filing Number	Attachments
1	Filed 05/14/2014	Revised Manual Pages	B-2, B-3, B-4	Replacement	ELEC-126740432	Revised Manual Pages.pdf

**Electric Insurance Company  
Arkansas**

HO-00 Edition  
\$250 Deductible

**301 BASE PREMIUM COMPUTATION  
CLASSIFICATION AND KEY FACTOR TABLES  
A. 1. ALL FORMS EXCEPT HO 00 04 & 06  
a. CLASSIFICATION TABLES  
(1) FORM FACTORS**

Form HO 00 08                    1.15

**(2) PROTECTION - CONSTRUCTION FACTORS**

Protection Class	Construction*	
	Frame	Masonry
1-6	1.00	0.90
7	1.10	0.90
8	1.40	1.15
9	1.90	1.50
10	2.10	1.90

**B. BASE RATES BY TERRITORY**

\$100,000 BASE TERRITORY	FORMS		
	2	3	5
30	\$689	\$725	\$943
31	\$753	\$793	\$1,031
32	\$840	\$884	\$1,149
33	\$551	\$580	\$754

FOOTNOTES:

\*Masonry Veneer is rated as Masonry. Use Construction Code 2.  
Aluminum or Plastic Siding over Frame is rated as frame.  
Use Construction Code 5.  
Policy amounts to the nearest \$1,000.

Key Factors			
Cov A		Cov A	
Amt	Factor	Amt	Factor
10,000	0.648	160,000	1.369
15,000	0.651	165,000	1.409
20,000	0.653	170,000	1.448
25,000	0.657	175,000	1.490
30,000	0.663	180,000	1.531
35,000	0.676	185,000	1.574
40,000	0.690	190,000	1.617
45,000	0.713	195,000	1.661
50,000	0.737	200,000	1.705
55,000	0.773	205,000	1.749
60,000	0.811	210,000	1.793
65,000	0.857	215,000	1.838
70,000	0.907	220,000	1.882
75,000	0.923	225,000	1.926
80,000	0.933	230,000	1.969
85,000	0.948	235,000	2.014
90,000	0.962	240,000	2.059
95,000	0.981	245,000	2.104
100,000	1.000	250,000	2.149
105,000	1.023	255,000	2.194
110,000	1.045	260,000	2.239
115,000	1.072	265,000	2.284
120,000	1.098	270,000	2.329
125,000	1.128	275,000	2.374
130,000	1.157	280,000	2.419
135,000	1.190	285,000	2.464
140,000	1.222	290,000	2.509
145,000	1.258	295,000	2.554
150,000	1.293	300,000	2.599
155,000	1.331		
<b>Each Add'l</b>			
	<b>1,000</b>		<b>0.009</b>

**Electric Insurance Company  
Arkansas**

HO-00 Edition  
\$250 Deductible

**301 BASE PREMIUM COMPUTATION  
CLASSIFICATION AND KEY FACTOR TABLES  
A. 2. ALL HO 00 04  
a. CLASSIFICATION TABLE  
PROTECTION - CONSTRUCTION FACTORS**

Protection Class	Construction*	
	Frame	Masonry
1-6	1.00	0.90
7	1.30	0.90
8	1.30	0.90
9	1.60	1.30
10	1.95	1.50

**B. BASE RATES BY TERRITORY**

<b>\$20,000 BASE</b>	
TERRITORY	BASE RATES
30	\$126
31	\$109
32	\$119
33	\$102

**FOOTNOTES:**

\*Masonry Veneer is rated as Masonry. Use Construction Code 2.  
Aluminum or Plastic Siding over Frame is rated as frame.  
Use Construction Code 5.  
Policy amounts to the nearest \$1,000.

**Key Factors**

Cov C		Cov C	
Amt	Factor	Amt	Factor
6,000	0.356	51,000	2.178
7,000	0.402	52,000	2.216
8,000	0.448	53,000	2.254
9,000	0.494	54,000	2.292
10,000	0.540	55,000	2.330
11,000	0.584	56,000	2.358
12,000	0.628	57,000	2.386
13,000	0.672	58,000	2.414
14,000	0.716	59,000	2.442
15,000	0.760	60,000	2.470
16,000	0.808	61,000	2.498
17,000	0.856	62,000	2.526
18,000	0.904	63,000	2.554
19,000	0.952	64,000	2.582
20,000	1.000	65,000	2.610
21,000	1.038	66,000	2.638
22,000	1.076	67,000	2.666
23,000	1.114	68,000	2.694
24,000	1.152	69,000	2.722
25,000	1.190	70,000	2.750
26,000	1.228	71,000	2.778
27,000	1.266	72,000	2.806
28,000	1.304	73,000	2.834
29,000	1.342	74,000	2.862
30,000	1.380	75,000	2.890
31,000	1.418	76,000	2.918
32,000	1.456	77,000	2.946
33,000	1.494	78,000	2.974
34,000	1.532	79,000	3.002
35,000	1.570	80,000	3.030
36,000	1.608	81,000	3.058
37,000	1.646	82,000	3.086
38,000	1.684	83,000	3.114
39,000	1.722	84,000	3.142
40,000	1.760	85,000	3.170
41,000	1.798	86,000	3.198
42,000	1.836	87,000	3.226
43,000	1.874	88,000	3.254
44,000	1.912	89,000	3.282
45,000	1.950		
46,000	1.988		
47,000	2.026		
48,000	2.064		
49,000	2.102	Each Add'l	
50,000	2.140	1,000	0.028

**Electric Insurance Company  
Arkansas**

HO-00  
Edition \$250  
Deductible

**301 BASE PREMIUM COMPUTATION  
CLASSIFICATION AND KEY FACTOR TABLES  
A. 3. ALL HO 00 06  
a. CLASSIFICATION TABLE  
PROTECTION - CONSTRUCTION FACTORS**

Protection Class	Construction*	
	Frame	Masonry
1-6	1.00	0.90
7	1.30	0.90
8	1.30	0.90
9	1.60	1.30
10	1.95	1.50

**B. BASE RATES BY TERRITORY**

<b>\$20,000 BASE</b>	
TERRITORY	BASE RATES
30	\$133
31	\$118
32	\$119
33	\$109

**Key Factors**

Cov C		Cov C	
Amt	Factor	Amt	Factor
1,000	0.332	46,000	1.884
2,000	0.364	47,000	1.918
3,000	0.396	48,000	1.952
4,000	0.428	49,000	1.986
5,000	0.460	50,000	2.020
6,000	0.492	51,000	2.054
7,000	0.524	52,000	2.088
8,000	0.556	53,000	2.122
9,000	0.588	54,000	2.156
10,000	0.620	55,000	2.190
11,000	0.662	56,000	2.216
12,000	0.704	57,000	2.242
13,000	0.746	58,000	2.268
14,000	0.788	59,000	2.294
15,000	0.830	60,000	2.320
16,000	0.864	61,000	2.346
17,000	0.898	62,000	2.372
18,000	0.932	63,000	2.398
19,000	0.966	64,000	2.424
20,000	1.000	65,000	2.450
21,000	1.034	66,000	2.476
22,000	1.068	67,000	2.502
23,000	1.102	68,000	2.528
24,000	1.136	69,000	2.554
25,000	1.170	70,000	2.580
26,000	1.204	71,000	2.606
27,000	1.238	72,000	2.632
28,000	1.272	73,000	2.658
29,000	1.306	74,000	2.684
30,000	1.340	75,000	2.710
31,000	1.374	76,000	2.736
32,000	1.408	77,000	2.762
33,000	1.442	78,000	2.788
34,000	1.476	79,000	2.814
35,000	1.510	80,000	2.840
36,000	1.544	81,000	2.866
37,000	1.578	82,000	2.892
38,000	1.612	83,000	2.918
39,000	1.646	84,000	2.944
40,000	1.680	85,000	2.970
41,000	1.714	86,000	2.996
42,000	1.748	87,000	3.022
43,000	1.782	88,000	3.048
44,000	1.816	89,000	3.074
45,000	1.850		
<b>Each Add'l</b>			
<b>1,000</b>		<b>0.260</b>	

FOOTNOTES:

\*Masonry Veneer is rated as Masonry. Use Construction Code 2.  
Aluminum or Plastic Siding over Frame is rated as frame.  
Use Construction Code 5.  
Policy amounts to the nearest \$1,000.

**State:** Arkansas **Filing Company:** Electric Insurance Company  
**TOI/Sub-TOI:** 04.0 Homeowners/04.0000 Homeowners Sub-TOI Combinations  
**Product Name:** Multi-Peril Homeowners  
**Project Name/Number:** /

## Supporting Document Schedules

<b>Satisfied - Item:</b>	H-1 Homeowners Abstract
<b>Comments:</b>	
<b>Attachment(s):</b>	completed form H-1.pdf
<b>Item Status:</b>	Filed
<b>Status Date:</b>	05/14/2014

<b>Satisfied - Item:</b>	HPCS-Homeowners Premium Comparison Survey
<b>Comments:</b>	
<b>Attachment(s):</b>	Revised Arkansas Home Rating Examples.xls Revised Arkansas Home Rating Examples.pdf
<b>Item Status:</b>	Filed
<b>Status Date:</b>	05/14/2014

<b>Satisfied - Item:</b>	NAIC loss cost data entry document
<b>Comments:</b>	
<b>Attachment(s):</b>	completed Rate Filing Abstract.pdf
<b>Item Status:</b>	Filed
<b>Status Date:</b>	05/14/2014

<b>Satisfied - Item:</b>	Indication & Effect Exhibits
<b>Comments:</b>	
<b>Attachment(s):</b>	Arkansas Home Indication Exhibits 201306.pdf Amended Arkansas Home Indication Exhibits 201306.pdf Supplemental Support Exhibits.pdf Revised Arkansas Home Effect Exhibits.pdf
<b>Item Status:</b>	Filed
<b>Status Date:</b>	05/14/2014

<b>Satisfied - Item:</b>	Cover Letter & Memo
<b>Comments:</b>	
<b>Attachment(s):</b>	Cover Letter.pdf Revised Memo.pdf
<b>Item Status:</b>	Filed
<b>Status Date:</b>	05/14/2014

<b>Satisfied - Item:</b>	Response Letter & Supplemental Indication Exhibits
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SERFF Tracking #:

ELEC-129254129

State Tracking #:

Company Tracking #:

AR-HR-14

State:

Arkansas

Filing Company:

Electric Insurance Company

TOI/Sub-TOI:

04.0 Homeowners/04.0000 Homeowners Sub-TOI Combinations

Product Name:

Multi-Peril Homeowners

Project Name/Number:

/

<b>Comments:</b>	
<b>Attachment(s):</b>	Response Letter.pdf Supplemental Indication Exhibits.pdf
<b>Item Status:</b>	Filed
<b>Status Date:</b>	05/14/2014

<b>Satisfied - Item:</b>	Response Letter 03.10.14
<b>Comments:</b>	
<b>Attachment(s):</b>	Response Letter 03.10.14.pdf
<b>Item Status:</b>	Filed
<b>Status Date:</b>	05/14/2014

ARKANSAS INSURANCE DEPARTMENT

FORM H-1 HOMEOWNERS 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 homeowners rate/rule submissions that do not alter the information contained herein need not include this form.

Company Name Electric Insurance Company

NAIC # (including group #) 057-21261

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

N/A

- 2. If you use a cost estimator (or some similar method) in order to make sure that dwellings (or contents) are insured at their value, state when this program was started in Arkansas and estimate its impact.

We have used Marshall, Swift, Boeckh RCT applications for more than 14 years.

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

The minimum relationship between amount written and replacement value for the dwelling is 50%. If the home policy is endorsed with HO Plus or Smartchoice Endorsements, the minimum relationship changes to 75%. The system automatically calculates the amount of insurance written depending on the form and the endorsement.

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

We apply the residential inflation indexes provided by Marshal Swift and Boeckh on a quarterly basis.

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

- a. Fire Extinguisher 0 %
- b. Burglar Alarm 2 %
- c. Smoke Alarm 2 %
- d. Insured who has both homeowners and auto with your 10 %

company

- e. Deadbolt Locks 0 %
- f. Window or Door Locks 0 %
- g. Other (specify) 0 %
- 0 %
- 0 %

6. Are there any areas in the State of Arkansas In which your company will not write homeowners insurance? If so, state the areas and explain reason for not writing.

There are no areas of Arkansas where we will not write insurance.

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

	Form	Premium Volume
HO3		\$56184
HO4		\$495
HO6		\$295

8. Do you write homeower risks which have aluminum, steel or vinyl siding?  Yes  No

9. Is there a surcharge on risks with wood heat?

No

If yes, state the surcharge

Does the surcharge apply to conventional fire places?

If yes, state the surcharge

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



Signature

Michael Franzese

Printed Name

State Filing Specialist

Title

800.227.2757 Ext. 5048

Telephone Number

RegulatoryTracking@ElectricInsurance.com

Email address

NAIC Number:	21261
Company Name:	Electric Insurance Company
Contact Person:	Michael Franzese
Telephone No.:	800.227.2757 Ext. 5048
Email Address:	RegulatoryTracking@ElectricInsurance.com
Effective Date:	8-May-14

**Homeowners Premium Comparison Survey Form  
FORM HP3S - last modified August, 2005**

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

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

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

Public Protection Class	Dwelling Value	Washington		Baxter		Craighead		St. Francis		Desha		Union		Miller		Sebastian		Pulaski	
		Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame
3	\$80,000	\$443.00	\$492.00	\$443.00	\$492.00	\$443.00	\$492.00	\$443.00	\$492.00	\$443.00	\$492.00	\$443.00	\$492.00	\$443.00	\$492.00	\$443.00	\$492.00	\$606.00	\$673.00
	\$120,000	\$527.00	\$586.00	\$527.00	\$586.00	\$527.00	\$586.00	\$527.00	\$586.00	\$527.00	\$586.00	\$527.00	\$586.00	\$527.00	\$586.00	\$527.00	\$586.00	\$721.00	\$801.00
	\$160,000	\$658.00	\$730.00	\$658.00	\$730.00	\$658.00	\$730.00	\$658.00	\$730.00	\$658.00	\$730.00	\$658.00	\$730.00	\$658.00	\$730.00	\$658.00	\$730.00	\$899.00	\$999.00
6	\$80,000	\$443.00	\$492.00	\$443.00	\$492.00	\$443.00	\$492.00	\$443.00	\$492.00	\$443.00	\$492.00	\$443.00	\$492.00	\$443.00	\$492.00	\$443.00	\$492.00	\$606.00	\$673.00
	\$120,000	\$527.00	\$586.00	\$527.00	\$586.00	\$527.00	\$586.00	\$527.00	\$586.00	\$527.00	\$586.00	\$527.00	\$586.00	\$527.00	\$586.00	\$527.00	\$586.00	\$721.00	\$801.00
	\$160,000	\$658.00	\$730.00	\$658.00	\$730.00	\$658.00	\$730.00	\$658.00	\$730.00	\$658.00	\$730.00	\$658.00	\$730.00	\$658.00	\$730.00	\$658.00	\$730.00	\$899.00	\$999.00
9	\$80,000	\$739.00	\$935.00	\$739.00	\$935.00	\$739.00	\$935.00	\$739.00	\$935.00	\$739.00	\$935.00	\$739.00	\$935.00	\$739.00	\$935.00	\$739.00	\$935.00	\$1,010.00	\$1,279.00
	\$120,000	\$879.00	\$1,113.00	\$879.00	\$1,113.00	\$879.00	\$1,113.00	\$879.00	\$1,113.00	\$879.00	\$1,113.00	\$879.00	\$1,113.00	\$879.00	\$1,113.00	\$879.00	\$1,113.00	\$1,202.00	\$1,523.00
	\$160,000	\$1,096.00	\$1,388.00	\$1,096.00	\$1,388.00	\$1,096.00	\$1,388.00	\$1,096.00	\$1,388.00	\$1,096.00	\$1,388.00	\$1,096.00	\$1,388.00	\$1,096.00	\$1,388.00	\$1,096.00	\$1,388.00	\$1,499.00	\$1,898.00

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

Public Protection Class	Property Value	Washington		Baxter		Craighead		St. Francis		Arkansas		Union		Miller		Sebastian		Pulaski	
		Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame
3	\$5,000	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	\$15,000	\$65.00	\$73.00	\$65.00	\$73.00	\$65.00	\$73.00	\$65.00	\$73.00	\$65.00	\$73.00	\$65.00	\$73.00	\$65.00	\$73.00	\$65.00	\$73.00	\$69.00	\$77.00
	\$25,000	\$101.00	\$113.00	\$101.00	\$113.00	\$101.00	\$113.00	\$101.00	\$113.00	\$101.00	\$113.00	\$101.00	\$113.00	\$101.00	\$113.00	\$101.00	\$113.00	\$109.00	\$121.00
6	\$5,000	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	\$15,000	\$65.00	\$73.00	\$65.00	\$73.00	\$65.00	\$73.00	\$65.00	\$73.00	\$65.00	\$73.00	\$65.00	\$73.00	\$65.00	\$73.00	\$65.00	\$73.00	\$69.00	\$77.00
	\$25,000	\$101.00	\$113.00	\$101.00	\$113.00	\$101.00	\$113.00	\$101.00	\$113.00	\$101.00	\$113.00	\$101.00	\$113.00	\$101.00	\$113.00	\$101.00	\$113.00	\$109.00	\$121.00
9	\$5,000	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	\$15,000	\$94.00	\$115.00	\$94.00	\$115.00	\$94.00	\$115.00	\$94.00	\$115.00	\$94.00	\$115.00	\$94.00	\$115.00	\$94.00	\$115.00	\$94.00	\$115.00	\$100.00	\$123.00
	\$25,000	\$147.00	\$180.00	\$147.00	\$180.00	\$147.00	\$180.00	\$147.00	\$180.00	\$147.00	\$180.00	\$147.00	\$180.00	\$147.00	\$180.00	\$147.00	\$180.00	\$157.00	\$193.00

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

Public Protection Class	Dwelling Value	Washington		Baxter		Craighead		St. Francis		Arkansas		Union		Miller		Sebastian		Pulaski	
		Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame
3	\$80,000	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change
	\$120,000	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change
	\$160,000	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change
6	\$80,000	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change
	\$120,000	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change
	\$160,000	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change
9	\$80,000	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change
	\$120,000	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change
	\$160,000	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change

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

**HO3 and HO4 only**

Fire Extinguisher	<input type="text" value="0"/> %	Deadbolt Lock	<input type="text" value="0"/> %
Burglar Alarm	<input type="text" value="2"/> %	Window Locks	<input type="text" value="0"/> %
Smoke Alarm	<input type="text" value="2"/> %	\$1,000 Deductible	<input type="text" value="0"/> %
		Other (specify)	<input type="text" value=""/> %
		Maximum Credit Allowed	<input type="text" value=""/> %

**EARTHQUAKE INSURANCE**

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

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

WHAT IS YOUR PERCENTAGE DEDUCTIBLE?  %

WHAT IS YOUR PRICE PER \$1,000 OF COVERAGE?

Zone	Brick	Frame
Highest Risk	\$ <input type="text" value=""/>	\$ <input type="text" value=""/>
Lowest Risk	\$ <input type="text" value=""/>	\$ <input type="text" value=""/>

## NAIC LOSS COST DATA ENTRY DOCUMENT

<b>1.</b>	This filing transmittal is part of Company Tracking #	<b>AR-HR-14</b>
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<b>2.</b>	If filing is an adoption of an advisory organization loss cost filing, give name of Advisory Organization and Reference/ Item Filing Number	
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Company Name		Company NAIC Number		
<b>3.</b>	<b>A.</b>	<b>Electric Insurance Company</b>	<b>B.</b>	<b>21261</b>

Product Coding Matrix Line of Business (i.e., Type of Insurance)		Product Coding Matrix Line of Insurance (i.e., Sub-type of Insurance)		
<b>4.</b>	<b>A.</b>	<b>4.0 Homeowners</b>	<b>B.</b>	<b>4.0000 Homeowners Sub-TOI Combinations</b>

<b>5.</b>			<b>FOR LOSS COSTS ONLY</b>				
(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
<b>Homeowners</b>	<b>64.2</b>	<b>25.0</b>					
<b>TOTAL OVERALL EFFECT</b>	<b>64.2</b>	<b>25.0</b>					

5 Year History		Rate Change History					
Year	Policy Count	% of Change	Effective Date	State Earned Premium (000)	Incurred Losses (000)	State Loss Ratio	Countrywide Loss Ratio
<b>2013</b>	<b>62</b>			<b>58558</b>	<b>73807</b>	<b>122.8%</b>	<b>126.0%</b>
<b>2012</b>	<b>60</b>	-	-	<b>55369</b>	<b>63733</b>	<b>115.1%</b>	<b>95.0%</b>
<b>2011</b>	<b>58</b>			<b>54179</b>	<b>101468</b>	<b>187.3%</b>	<b>95.8%</b>
<b>2010</b>	<b>59</b>	<b>8.0</b>	<b>10/20/10</b>	<b>50159</b>	<b>646498</b>	<b>1288.9%</b>	<b>74.8%</b>
<b>2009</b>	<b>59</b>	-	-	<b>48162</b>	<b>33318</b>	<b>69.2%</b>	<b>68.3%</b>

7.	
Expense Constants	Selected Provisions
A. Total Production Expense	<b>9.9%</b>
B. General Expense	<b>12.1%</b>
C. Taxes, License & Fees	<b>6.3%</b>
D. Underwriting Profit & Contingencies	<b>8.0%</b>
E. Other (explain)	<b>4.2%</b>
F. TOTAL	<b>40.5%</b>

8.   N   Apply Lost Cost Factors to Future filings? (Y or N)
9.  28.1%  Estimated Maximum Rate Increase for any Insured (%). Territory (if applicable): \_\_\_\_\_
10.  n/a  Estimated Maximum Rate Decrease for any Insured (%) Territory (if applicable): \_\_\_\_\_

**ELECTRIC INSURANCE COMPANY  
ARKANSAS HOMEOWNERS  
OVERALL RATE LEVEL INDICATION SUMMARY**

EXPERIENCE VALUED AS OF JUNE 30, 2013

PROPOSED EFFECTIVE APRIL 1, 2014

<u>Coverage</u>	Trended On-Level EP for Fiscal Accident Year Ending <u>Mar 31, 2013</u>	Full Credibility Rate Level <u>Indication</u>	Credibility Weighted Rate Level <u>Indication</u>
Dwelling Forms (2, 3, 5, 8)	61,551	244.1%	64.9%
Contents Forms (4, 6)	746	-30.5%	5.7%
<b>All Forms</b>	<b>62,297</b>	<b>240.9%</b>	<b>64.2%</b>

**ELECTRIC INSURANCE COMPANY**  
**ARKANSAS HOMEOWNERS**  
**RATE LEVEL INDICATIONS SUMMARY: DWELLING FORMS (2, 3, 5, 8)**  
EXPERIENCE VALUED AS OF JUNE 30, 2013  
PROPOSED EFFECTIVE APRIL 1, 2014

		Fiscal Accident Year Ending Mar 31					Total
		2009	2010	2011	2012	2013	
[1]	Earned Premiums	43,457	46,392	46,727	50,012	54,748	241,336
[2]	Current Rate Level Factor	1.080	1.080	1.072	1.012	1.000	
[3]	Premium Trend Factor	1.306	1.258	1.212	1.167	1.124	
[4]	Trended Earned Premiums @ Current Rate Level = [1] x [2] x [3]	61,305	63,041	60,675	59,049	61,551	305,620
[5]	Reported Losses and Defense & Cost Containment Expenses Excluding Catastrophes (Valued as of June 30, 2013)	3,982	319,026	354,775	106,755	44,367	828,905
[6]	Non-Hurricane Catastrophic Losses and DCCE	75	28,931	8,092	41,589	0	78,688
[7]	Catastrophic Hurricane Losses and DCCE	0	0	0	0	0	0
[8]	Excess Wind and Water Losses and DCCE	1,527	0	274,627	101,061	0	377,215
[9]	Reported Loss and DCCE Excluding Catastrophic and Excess = [5] - [8]	2,455	319,026	80,147	5,694	44,367	451,689
[10]	Excess Wind and Water Load	1.206	1.206	1.206	1.206	1.206	
[11]	Development Factor to Ultimate Excluding Catastrophes	1.000	0.994	0.997	1.014	1.033	
[12]	Loss and LAE Trend Factor Excluding Catastrophes	1.336	1.291	1.247	1.204	1.163	
[13]	Ultimate Trended Loss and DCCE Excluding Catastrophes = ([9] x [10] x [11] x [12])	3,957	493,888	120,211	8,390	64,315	690,762
[14]	Factor for Adjusting and Other Expenses (EXHIBIT III)	1.088	1.088	1.088	1.088	1.088	
[15]	Developed, Trended Losses & LAE Excluding Catastrophes = [13] x [14]	4,306	537,443	130,812	9,130	69,987	751,679
[16]	Developed, Trended Loss & LAE Ratio at CRL Excluding Catastrophes = [15] / [4]	7.0%	852.5%	215.6%	15.5%	113.7%	246.0%
[17]	Accident Year Weights	10%	15%	20%	25%	30%	
[18]	Weighted Average Loss & LAE Ratio Excluding Catastrophes = Average of [16], weighted by [17]						209.7%
[19]	Fixed Expense Ratio (EXHIBIT III)						20.7%
[20]	Ex-Catastrophe Experience Loss, LAE and Fixed Expense Ratio = [18] + [19]						230.4%
[21]	Projected Catastrophe Loss and LAE Ratio						45.6%
[22]	Target Loss, LAE and Fixed Expense Ratio (EXHIBIT III)						80.2%
[23]	Full Credibility Indicated Rate Need = ([20] + [21]) / [22] - 1						244.1%
[24]	Earned Exposure Years	54	55	57	55	54	275
[25]	Credibility of Loss and LAE Experience = Square Root of ([24] / 60000), subject to maximum of 100%						6.8%
[26]	Ex-Catastrophe Target Loss & LAE Ratio						53.8%
[27]	Trended Target Ex-Catastrophe Loss & LAE Ratio = [26] trended from 10/20/2010 to 4/1/2014 according to net loss ratio trend (1.5% annually) and subject to a maximum trend period of 2 years.						55.5%
[28]	Credibility-Weighted Ex-Catastrophe Loss and LAE Ratio = ([18] x [25]) + ([27] x (100% - [25]))						65.9%
[29]	Aggregate Credibility-Weighted Loss, LAE and Fixed Expense Ratio = [19] + [21] + [28]						132.2%
[30]	<b>Credibility-Weighted Indicated Rate Need</b> = [29] / ([22] - 1)						<b>64.9%</b>

**ELECTRIC INSURANCE COMPANY**  
**ARKANSAS HOMEOWNERS**  
**RATE LEVEL INDICATIONS SUMMARY: CONTENTS FORMS (4, 6)**  
EXPERIENCE VALUED AS OF JUNE 30, 2013  
PROPOSED EFFECTIVE APRIL 1, 2014

		Fiscal Accident Year Ending Mar 31					Total
		2009	2010	2011	2012	2013	
[1]	Earned Premiums	852	807	668	920	838	4,086
[2]	Current Rate Level Factor	1.062	1.062	1.055	1.009	1.000	
[3]	Premium Trend Factor	0.654	0.706	0.763	0.824	0.890	
[4]	Trended Earned Premiums @ Current Rate Level = [1] x [2] x [3]	592	605	538	765	746	3,247
[5]	Reported Losses and Defense & Cost Containment Expenses Excluding Catastrophes (Valued as of June 30, 2013)	0	0	0	0	645	645
[6]	Non-Hurricane Catastrophic Losses and DCCE	0	0	0	0	0	0
[7]	Catastrophic Hurricane Losses and DCCE	0	0	0	0	0	0
[8]	Excess Wind and Water Losses and DCCE	0	0	0	0	0	0
[9]	Reported Loss and DCCE Excluding Catastrophic and Excess = [5] - [8]	0	0	0	0	645	645
[10]	Excess Wind and Water Load	1.000	1.000	1.000	1.000	1.000	
[11]	Development Factor to Ultimate Excluding Catastrophes	1.000	0.994	0.997	1.014	1.033	
[12]	Loss and LAE Trend Factor Excluding Catastrophes	0.975	0.972	0.968	0.965	0.962	
[13]	Ultimate Trended Loss and DCCE Excluding Catastrophes = ([9] x [10] x [11] x [12])	0	0	0	0	641	641
[14]	Factor for Adjusting and Other Expenses (EXHIBIT III)	1.088	1.088	1.088	1.088	1.088	
[15]	Developed, Trended Losses & LAE Excluding Catastrophes = [13] x [14]	0	0	0	0	698	698
[16]	Developed, Trended Loss & LAE Ratio at CRL Excluding Catastrophes = [15] / [4]	0.0%	0.0%	0.0%	0.0%	93.5%	21.5%
[17]	Accident Year Weights	10%	15%	20%	25%	30%	
[18]	Weighted Average Loss & LAE Ratio Excluding Catastrophes = Average of [16], weighted by [17]						28.0%
[19]	Fixed Expense Ratio (EXHIBIT III)						20.7%
[20]	Ex-Catastrophe Experience Loss, LAE and Fixed Expense Ratio = [18] + [19]						48.7%
[21]	Projected Catastrophe Loss and LAE Ratio						7.0%
[22]	Target Loss, LAE and Fixed Expense Ratio (EXHIBIT III)						80.2%
[23]	Full Credibility Indicated Rate Need = ([20] + [21]) / [22] - 1						-30.5%
[24]	Earned Exposure Years	5	5	5	6	6	25
[25]	Credibility of Loss and LAE Experience = Square Root of ([24] / 60000), subject to maximum of 100%						2.1%
[26]	Ex-Catastrophe Target Loss & LAE Ratio						53.8%
[27]	Trended Target Ex-Catastrophe Loss & LAE Ratio = [26] trended from 10/20/2010 to 4/1/2014 according to net loss ratio trend (3.5% annually) and subject to a maximum trend period of 2 years.						57.7%
[28]	Credibility-Weighted Ex-Catastrophe Loss and LAE Ratio = ([18] x [25]) + ([27] x (100% - [25]))						57.1%
[29]	Aggregate Credibility-Weighted Loss, LAE and Fixed Expense Ratio = [19] + [21] + [28]						84.8%
[30]	<b>Credibility-Weighted Indicated Rate Need</b> = [29] / ([22] - 1)						<b>5.7%</b>



**ELECTRIC INSURANCE COMPANY  
ARKANSAS**

**HOMEOWNERS  
ALL FORMS**

**OVERALL RATE NEED**

**EXPERIENCE VALUED AS OF JUN 30, 2013; TARGET EFFECTIVE DATE OF APR 1, 2014**

**Voluntary Business Only**

	Trended On-Level Earned Premium	Indicated Rate Need	
		Full Credibility	Credibility Weighted
Dwelling Forms (2, 3, 5, 8)	61,552	233.7%	118.0%
Contents Forms (4, 6)	746	-39.2%	-17.0%
<b>All Forms</b>	<b>62,298</b>	<b>230.4%</b>	<b>116.4%</b>

Notes:

Earned premium is for the latest accident year in the experience period (FAYe Mar 31, 2013), trended to the level of the expected rating period (Policy Year beginning Apr 1, 2014).

ELECTRIC INSURANCE COMPANY  
ARKANSAS  
HOMEOWNERS  
DWELLING FORMS (2, 3, 5, 8)

INDICATED RATE NEED SUMMARY

EXPERIENCE VALUED AS OF JUN 30, 2013; TARGET EFFECTIVE DATE OF APR 1, 2014

Voluntary Business Only

	Fiscal Accident Year Ending					Total
	200903	201003	201103	201203	201303	
[1] Earned Premiums	43,457	46,392	46,727	50,012	54,748	241,336
[2] Current Rate Level Factor (Exhibit RN-III)	1.080	1.080	1.072	1.012	1.000	
[3] Earned Premiums at Current Rate Level = [1] x [2]	46,952	50,123	50,086	50,604	54,759	252,523
[4] Premium Trend Factor (Exhibit RN-VIII)	1.306	1.258	1.211	1.167	1.124	
[5] Trended Earned Premiums @ Current Rate Level = [3] x [4]	61,305	63,041	60,679	59,052	61,552	305,630
[6] Ex-Catastrophe Pure Losses Incurred to Date (Valued as of June 30, 2013)	3,982	317,151	344,277	106,755	44,294	816,459
[7] Ex-Catastrophe DCCE Incurred to Date (Valued as of June 30, 2013)	0	1,875	10,498	0	73	12,446
[8] Ex-Catastrophe Losses and DCCE Incurred to Date = [6] + [7]	3,982	319,026	354,775	106,755	44,367	828,905
[9] Excess Wind and Water Losses and DCCE (Exhibit RN-V)	1,527	0	274,627	101,061	0	377,215
[10] Normal Losses and DCCE Incurred to Date (Ex-Catastrophe, Non-Excess) = [8] - [9]	2,455	319,026	80,147	5,694	44,367	451,689
[11] Ex-Catastrophe Development Factor to Ultimate (Exhibit RN-IV)	1.000	0.994	0.997	1.014	1.033	
[12] Ex-Catastrophe Ultimate Losses and DCCE = [10] x [11]	2,455	317,112	79,907	5,774	45,831	451,078
[13] Excess Wind and Water Load (Exhibit RN-V)	1.206	1.206	1.206	1.206	1.206	
[14] Ex-Catastrophe Ultimate Losses and DCCE Including Excess Wind and Water Load = [12] x [13]	2,961	382,437	96,367	6,964	55,272	544,001
[15] Ex-Catastrophe Loss Cost Trend Factor (Exhibit RN-VIII)	1.336	1.291	1.247	1.204	1.163	
[16] Ex-Catastrophe Ultimate Trended Losses and DCCE = [14] x [15]	3,957	493,709	120,165	8,387	64,303	690,521
[17] Catastrophe Losses and DCCE	75	28,931	8,092	41,589	0	78,688
[18] Catastrophe Development Factor to Ultimate (Exhibit RN-IV)	1.006	1.011	1.016	1.032	1.090	
[19] Catastrophe Ultimate Losses and DCCE = [17] x [18]	75	29,258	8,221	42,935	0	80,490
[20] Catastrophe Loss Cost Trend Factor (Exhibit RN-VIII)	1.336	1.291	1.247	1.204	1.163	
[21] Ultimate Trended Catastrophe Loss and DCCE = [19] x [20]	101	37,770	10,251	51,713	0	99,836
[22] Hurricane Losses and DCCE (informational only)	0	0	0	0	0	0
[23] Ex-Hurricane Catastrophe Losses and DCCE (informational only)	75	28,931	8,092	41,589	0	78,688
[24] Factor for Adjusting and Other Expenses (Exhibit RN-X)	1.088	1.088	1.088	1.088	1.088	
[25] Ultimate Loss and LAE = ([16] + [21]) x [24]	4,415	578,349	141,918	65,400	69,973	860,056
[26] Ultimate Loss and LAE Ratio = [25] / [5]	7.2%	917.4%	233.9%	110.8%	113.7%	281.4%
[27] Accident Year Weights	10.0%	15.0%	20.0%	25.0%	30.0%	
[28] Projected Loss and LAE Ratio = Average of [26], weighted by [27]						246.9%
[29] Fixed Expense Ratio (Exhibit RN-X)						20.7%
[30] Projected Loss, LAE and Fixed Expense Ratio = [28] + [0] + [29]						267.6%
[31] Target Loss, LAE and Fixed Expense Ratio (Exhibit RN-X)						80.2%
[32] Full Credibility Indicated Rate Need = ([30] / [31]) - 1						233.7%
[33] Earned Exposure Years	54	55	57	55	54	275
[34] Credibility (Full Credibility Standard: 60,000 Earned Exposures)						50.0%
[35] Target Loss & LAE Ratio (Exhibit RN-X)						59.5%
[36] Trended Target Loss & LAE Ratio = [35] trended 2.0 years at 1.5% annual loss ratio trend.						61.3%
[37] Credibility-Weighted Loss & LAE Ratio = ([28] + [0]) x [34] + ([36] x (1 - [34]))						154.1%
[38] Credibility-Weighted Loss, LAE and Fixed Expense Ratio = [37] + [29]						174.8%
[39] Credibility-Weighted Indicated Rate Need = [38] / [31] - 1						118.0%

ELECTRIC INSURANCE COMPANY  
ARKANSAS  
HOMEOWNERS  
CONTENTS FORMS (4, 6)

INDICATED RATE NEED SUMMARY

EXPERIENCE VALUED AS OF JUN 30, 2013; TARGET EFFECTIVE DATE OF APR 1, 2014

Voluntary Business Only

	Fiscal Accident Year Ending					Total
	200903	201003	201103	201203	201303	
[1] Earned Premiums	852	807	668	920	838	4,086
[2] Current Rate Level Factor (Exhibit RN-III)	1.062	1.062	1.055	1.009	1.000	
[3] Earned Premiums at Current Rate Level = [1] x [2]	905	857	705	929	839	4,235
[4] Premium Trend Factor (Exhibit RN-VIII)	0.654	0.706	0.763	0.824	0.890	
[5] Trended Earned Premiums @ Current Rate Level = [3] x [4]	592	605	538	765	746	3,247
[6] Ex-Catastrophe Pure Losses Incurred to Date (Valued as of June 30, 2013)	0	0	0	0	645	645
[7] Ex-Catastrophe DCCE Incurred to Date (Valued as of June 30, 2013)	0	0	0	0	0	0
[8] Ex-Catastrophe Losses and DCCE Incurred to Date = [6] + [7]	0	0	0	0	645	645
[9] Excess Wind and Water Losses and DCCE (Exhibit RN-V)	0	0	0	0	0	0
[10] Normal Losses and DCCE Incurred to Date (Ex-Catastrophe, Non-Excess) = [8] - [9]	0	0	0	0	645	645
[11] Ex-Catastrophe Development Factor to Ultimate (Exhibit RN-IV)	1.000	0.994	0.997	1.014	1.033	
[12] Ex-Catastrophe Ultimate Losses and DCCE = [10] x [11]	0	0	0	0	666	666
[13] Excess Wind and Water Load (Exhibit RN-V)	1.000	1.000	1.000	1.000	1.000	
[14] Ex-Catastrophe Ultimate Losses and DCCE Including Excess Wind and Water Load = [12] x [13]	0	0	0	0	666	666
[15] Ex-Catastrophe Loss Cost Trend Factor (Exhibit RN-VIII)	0.975	0.972	0.968	0.965	0.962	
[16] Ex-Catastrophe Ultimate Trended Losses and DCCE = [14] x [15]	0	0	0	0	641	641
[17] Catastrophe Losses and DCCE	0	0	0	0	0	0
[18] Catastrophe Development Factor to Ultimate (Exhibit RN-IV)	1.006	1.011	1.016	1.032	1.090	
[19] Catastrophe Ultimate Losses and DCCE = [17] x [18]	0	0	0	0	0	0
[20] Catastrophe Loss Cost Trend Factor (Exhibit RN-VIII)	0.975	0.972	0.968	0.965	0.962	
[21] Ultimate Trended Catastrophe Loss and DCCE = [19] x [20]	0	0	0	0	0	0
[22] Hurricane Losses and DCCE (informational only)	0	0	0	0	0	0
[23] Ex-Hurricane Catastrophe Losses and DCCE (informational only)	0	0	0	0	0	0
[24] Factor for Adjusting and Other Expenses (Exhibit RN-X)	1.088	1.088	1.088	1.088	1.088	
[25] Ultimate Loss and LAE = ([16] + [21]) x [24]	0	0	0	0	697	697
[26] Ultimate Loss and LAE Ratio = [25] / [5]	0.0%	0.0%	0.0%	0.0%	93.5%	21.5%
[27] Accident Year Weights	10.0%	15.0%	20.0%	25.0%	30.0%	
[28] Projected Loss and LAE Ratio = Average of [26], weighted by [27]						28.0%
[29] Fixed Expense Ratio (Exhibit RN-X)						20.7%
[30] Projected Loss, LAE and Fixed Expense Ratio = [28] + [0] + [29]						48.7%
[31] Target Loss, LAE and Fixed Expense Ratio (Exhibit RN-X)						80.2%
[32] Full Credibility Indicated Rate Need = ([30] / [31]) - 1						-39.2%
[33] Earned Exposure Years	5	5	5	6	6	25
[34] Credibility (Full Credibility Standard: 60,000 Earned Exposures)						50.0%
[35] Target Loss & LAE Ratio (Exhibit RN-X)						59.5%
[36] Trended Target Loss & LAE Ratio = [35] trended 2.0 years at 3.5% annual loss ratio trend.						63.8%
[37] Credibility-Weighted Loss & LAE Ratio = ([28] + [0]) x [34] + ([36] x (1 - [34]))						45.9%
[38] Credibility-Weighted Loss, LAE and Fixed Expense Ratio = [37] + [29]						66.6%
[39] Credibility-Weighted Indicated Rate Need = [38] / [31] - 1						-17.0%

**ELECTRIC INSURANCE COMPANY  
 ARKANSAS  
 HOMEOWNERS  
 ALL FORMS  
 CURRENT RATE LEVEL FACTORS  
 EXPERIENCE VALUED AS OF JUNE 30, 2013  
 Voluntary Business Only**

Effective Date
----------------

2010.10.20

	Rate Change
Forms Dwelling	8.0%
Contents	6.2%
All	8.0%

Premium Adjustment Factor by Fiscal Year					
	<u>200903</u>	<u>201003</u>	<u>201103</u>	<u>201203</u>	<u>201303</u>
Forms Dwelling	1.080	1.080	1.072	1.012	1.000
Contents	1.062	1.062	1.055	1.009	1.000



**ELECTRIC INSURANCE COMPANY  
ARKANSAS  
HOMEOWNERS  
ALL FORMS**

**EXCESS WIND AND WATER LOSSES  
EXPERIENCE VALUED AS OF JUNE 30, 2013**

**Voluntary Business Only; Excluding Catastrophes**

FAY Ending	[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]	[11]	[12]	[13]	[14]
	Incurred Loss + DCCE				Ratio of Water to Non W/W Losses	Excess Water Loss+DCCE	Non-Wind and Normal Water Loss+DCCE	Ratio of Wind and XS Water to Non-Wind and Normal Water	Capped Wind+XS Water Ratio	Capped XS Wind + XS Water Ratio	Capped XS Wind + XS Water Loss+DCCE	XS Wind + XS Water Ratio Over the Cap	XS Wind + XS Water Loss+DCCE Over the Cap	XS Wind + XS Water Loss+DCCE
	All Perils	Wind	Water	Non W/W										
199403	0	0	0	0	0.000	0	0	0.000	0.000	0.000	0	0.000	0	0
199503	0	0	0	0	0.000	0	0	0.000	0.000	0.000	0	0.000	0	0
199603	0	0	0	0	0.000	0	0	0.000	0.000	0.000	0	0.000	0	0
199703	408	0	408	0	0.000	0	408	0.000	0.000	0.000	0	0.000	0	0
199803	3,678	0	0	3,678	0.000	0	3,678	0.000	0.000	0.000	0	0.000	0	0
199903	5,677	1,253	327	4,097	0.080	0	4,424	0.283	0.250	0.132	586	0.033	148	734
200003	395	0	0	395	0.000	0	395	0.000	0.000	0.000	0	0.000	0	0
200103	41,798	1,715	0	40,083	0.000	0	40,083	0.043	0.043	0.000	0	0.000	0	0
200203	4,505	0	2,393	2,112	1.133	0	4,505	0.000	0.000	0.000	0	0.000	0	0
200303	6,478	0	6,478	0	0.000	0	6,478	0.000	0.000	0.000	0	0.000	0	0
200403	26,156	25,386	771	0	0.000	0	771	32.940	0.250	0.132	102	32.690	25,193	25,295
200503	24,293	4,416	18,757	1,120	16.751	16,886	2,991	7.123	0.250	0.132	396	6.873	20,555	20,951
200603	29,519	26,299	0	3,221	0.000	0	3,221	8.166	0.250	0.132	426	7.916	25,494	25,920
200703	11,707	4,780	4,766	2,161	2.205	1,155	5,773	1.028	0.250	0.132	764	0.778	4,492	5,257
200803	14,274	8,315	5,959	0	0.000	0	5,959	1.395	0.250	0.132	789	1.146	6,827	7,616
200903	3,982	1,785	2,197	0	0.000	0	2,197	0.813	0.250	0.132	291	0.563	1,236	1,527
201003	319,026	17,245	0	301,782	0.000	0	301,782	0.057	0.057	0.000	0	0.000	0	0
201103	354,775	10,902	317,018	26,855	11.805	272,147	71,725	3.946	0.250	0.132	9,497	3.696	265,131	274,627
201203	106,755	101,659	5,096	0	0.000	0	5,096	19.949	0.250	0.132	675	19.699	100,386	101,061
201303	44,367	0	26,210	18,157	1.443	0	44,367	0.000	0.000	0.000	0	0.000	0	0
Total	997,794	203,755	390,379	403,660		290,187	503,851				13,526		449,462	462,988
Average					1.671			0.980	0.117	0.060		3.670		
Median								0.050	0.165	0.077				
Cap								0.250						
[15]	Average Capped Excess Wind and Water Ratio							0.060 = Average [10].						
[16]	Average Excess Wind and Water Ratio Over the Cap							3.670 = Average [12].						
[17]	Average Capped Wind and Excess Water Ratio							0.117 = Average [9].						
[18]	Indicated Excess Wind and Water Load							352.5% = ([15] + [16]) / (1 + [17] - [15])						
[19]	ISO Industry Excess Wind Factor							1.103 FALSE						
[20]	ISO Industry Excess Water Factor							0.000 FALSE						
[21]	ISO Excess Wind and Water Load							10.3% FALSE						
[22]	Credibility of Indicated Factor							50.0% Exhibit RN-II (Dwelling), line [34] (subject to 50% minimum)						
[23]	Credibility-Weighted Excess Wind and Water Factor							181.4% = ([18] x [22]) + ([21] x (1 - [22]))						
[24]	Selected Credibility-Weighted Excess Wind and Water Factor							20.6% = Min ([23], 2*[21])						

Column Notes:

- [4] = [1] - [2] - [3].
- [5] = [3] / [4].
- [6] = ([5] - Average[5]) x [4] (subject to a minimum of 0).
- [7] = [1] - [2] - [6].
- [8] = ([2] + [6]) / [7]; Cap = 5 x Median.
- [9] = smaller of [8] and 5 x Median[8].
- [10] = [9] - Average[9].
- [11] = [7] x [10].
- [12] = [8] - [9].
- [13] = [7] x [12].
- [14] = [11] + [13].

**ELECTRIC INSURANCE COMPANY  
ARKANSAS  
HOMEOWNERS  
ALL FORMS**

**ELECTRIC INSURANCE PREMIUM TRENDS**

EXPERIENCE VALUED AS OF JUNE 30, 2013

Voluntary Business Only

FY Ending	ARKANSAS						COUNTRYWIDE					
	Dwelling Forms			Contents Forms			Dwelling Forms			Contents Forms		
	OnLevel EP	Earned Exposures	Average Premium	OnLevel EP	Earned Exposures	Average Premium	OnLevel EP (\$000)	Earned Exposures	Average Premium	OnLevel EP (\$000)	Earned Exposures	Average Premium
200806	44,963	54	835	906	4	205	54,071	47,253	1,144	2,137	7,184	297
200809	45,665	54	842	865	4	208	54,785	47,635	1,150	2,220	7,435	299
200812	46,180	54	859	837	4	208	55,725	48,197	1,156	2,312	7,718	300
200903	46,952	54	864	905	5	193	56,828	48,972	1,160	2,403	8,016	300
200906	47,845	54	887	974	5	193	58,041	49,826	1,165	2,490	8,328	299
200909	48,354	53	910	1,036	5	197	59,291	50,660	1,170	2,563	8,637	297
200912	49,083	54	911	973	5	196	60,354	51,354	1,175	2,635	8,912	296
201003	50,123	55	910	857	5	188	61,119	51,827	1,179	2,699	9,129	296
201006	50,521	56	899	708	4	188	61,603	52,188	1,180	2,745	9,289	296
201009	50,678	57	891	583	4	166	61,475	52,372	1,174	2,775	9,397	295
201012	50,649	57	888	605	4	153	61,321	52,494	1,168	2,804	9,509	295
201103	50,081	57	885	705	5	154	61,184	52,581	1,164	2,839	9,623	295
201106	50,906	57	900	810	5	151	60,954	52,535	1,160	2,868	9,765	294
201109	51,293	57	905	910	6	158	60,976	52,419	1,163	2,907	9,937	292
201112	51,178	56	913	973	6	155	60,935	52,257	1,166	2,943	10,101	291
201203	50,598	55	916	929	6	158	60,608	51,990	1,166	2,967	10,243	290
201206	50,673	54	931	893	6	155	60,214	51,650	1,166	3,022	10,407	290
201209	52,643	54	977	845	6	149	60,675	51,228	1,184	3,134	10,565	297
201212	53,317	54	990	812	5	155	59,891	50,710	1,181	3,167	10,716	296
201303	54,759	54	1,021	839	6	149	59,829	50,243	1,191	3,251	10,867	299

Exponential Regressions	
8 Quarter	7.7%
12 Quarter	4.8%
16 Quarter	2.7%
20 Quarter	3.0%

Exponential Regressions	
8 Quarter	-1.5%
12 Quarter	-4.4%
16 Quarter	-7.5%
20 Quarter	-7.7%

Exponential Regressions	
8 Quarter	1.5%
12 Quarter	0.4%
16 Quarter	0.2%
20 Quarter	0.4%

Exponential Regressions	
8 Quarter	1.1%
12 Quarter	0.1%
16 Quarter	-0.2%
20 Quarter	-0.4%

Weighted Averages	
Experience	3.5%
Future	5.3%

Weighted Averages	
Experience	-6.5%
Future	-4.2%

Weighted Averages	
Experience	0.3%
Future	0.8%

Weighted Averages	
Experience	-0.2%
Future	0.4%

**ELECTRIC INSURANCE COMPANY  
ARKANSAS  
HOMEOWNERS  
ALL FORMS  
ELECTRIC INSURANCE LOSS TRENDS  
EXPERIENCE VALUED AS OF JUNE 30, 2013**

Voluntary Business Only; *Excluding Catastrophes*

FAY Ending	ARKANSAS						COUNTRYWIDE					
	Dwelling Forms			Contents Forms			Dwelling Forms			Contents Forms		
	Frequency	Severity	Loss Cost									
200806	130.04	2,090	271.79	226.16	0	0.00	51.89	6,678	346.53	28.84	2,625	75.69
200809	129.14	1,553	200.53	240.96	0	0.00	54.31	6,103	331.44	29.75	4,252	126.48
200812	111.60	1,812	202.17	0.00	0	0.00	56.08	6,332	355.13	31.38	4,225	132.56
200903	92.04	796	73.27	0.00	0	0.00	55.75	7,057	393.41	32.46	4,418	143
200906	92.75	2,368	219.65	0.00	0	0.00	59.43	7,495	445.45	32.01	4,994	159.83
200909	94.16	3,489	328.54	0.00	0	0.00	64.54	7,464	481.75	30.16	4,511	136.09
200912	111.46	2,908	324.07	0.00	0	0.00	64.94	6,937	450.48	27.55	4,586	126.35
201003	145.32	39,598	5,754.25	0.00	0	0.00	64.31	6,391	411.01	27.66	4,467	123.57
201006	142.65	39,184	5,589.53	0.00	0	0.00	60.38	6,462	390.16	28.29	3,829	108.34
201009	140.90	76,930	10,839.74	0.00	0	0.00	55.99	7,496	419.69	28.72	3,733	107.19
201012	140.51	78,286	11,000.05	0.00	0	0.00	55.71	7,495	417.53	27.32	3,944	107.75
201103	123.90	50,433	6,248.74	0.00	0	0.00	58.27	7,574	441.29	28.56	4,590	131.11
201106	124.41	54,085	6,728.75	0.00	0	0.00	58.26	7,404	431.31	27.23	4,807	130.87
201109	106.32	12,180	1,294.99	0.00	0	0.00	56.54	6,945	392.66	27.87	4,694	130.83
201112	107.55	11,203	1,204.91	0.00	0	0.00	53.23	7,341	390.74	28.42	4,427	125.80
201203	90.94	21,547	1,959.39	0.00	0	0.00	48.45	7,875	381.50	24.68	4,059	100.18
201206	57.20	26,773	1,531.42	0.00	0	0.00	47.94	9,191	440.62	23.26	3,592	83.56
201209	38.51	35,895	1,382.18	0.00	0	0.00	48.19	9,634	464.29	22.23	3,848	85.54
201212	19.27	66,715	1,285.77	197.51	642	126.85	48.79	9,897	482.85	22.98	3,258	74.87
201303	58.01	14,726	854.27	184.87	642	118.73	49.98	11,062	552.91	23.71	3,867	91.67

	Exponential Regressions			Exponential Regressions			Exponential Regressions			Exponential Regressions		
8 Quarter	-56.4%	15.9%	-49.4%	NA	NA	NA	-9.6%	30.3%	17.8%	-12.2%	-16.9%	-27.0%
12 Quarter	-44.2%	-28.0%	-59.8%	NA	NA	NA	-7.9%	17.3%	7.9%	-8.9%	-4.2%	-12.8%
16 Quarter	-26.8%	51.5%	10.8%	NA	NA	NA	-7.9%	10.8%	2.1%	-7.3%	-5.8%	-12.7%
20 Quarter	-19.1%	105.0%	65.9%	NA	NA	NA	-3.6%	9.2%	5.2%	-6.1%	-0.8%	-6.9%
	Weighted Averages			Weighted Averages			Weighted Averages			Weighted Averages		
Experience	-19.1%	105.0%	<b>65.9%</b>	0.0%	0.0%	<b>0.0%</b>	-3.6%	9.2%	5.2%	-6.1%	-0.8%	-6.9%
Future	-32.7%	40.1%	<b>0.1%</b>	0.0%	0.0%	<b>0.0%</b>	-6.8%	14.2%	6.3%	-7.9%	-4.9%	-12.4%

- Notes:
1. Frequencies are per 1,000 earned house-years.
  2. Electric loss experience is based on incurred accident year activity, developed to expected ultimate values.

**ELECTRIC INSURANCE COMPANY  
ARKANSAS**

**HOMEOWNERS  
ALL FORMS**

**FAST TRACK TREND DATA**

EXPERIENCE VALUED AS OF JUNE 30, 2013

Voluntary Business Only; *Excluding Catastrophes*

FY Ending	ARKANSAS						COUNTRYWIDE					
	Dwelling Forms			Contents Forms			Dwelling Forms			Contents Forms		
	Frequency	Severity	Loss Cost									
200906	61.19	7,988	488.76	27.23	3,976	108.25	45.24	8,278	374.50	23.49	4,406	103.50
200909	65.74	8,234	541.30	26.88	4,267	114.68	44.94	8,437	379.12	23.34	4,467	104.27
200912	68.81	7,952	547.23	26.72	4,424	118.20	45.90	8,359	383.66	23.18	4,489	104.07
201003	69.47	7,989	554.97	27.37	4,601	125.94	45.18	8,396	379.32	22.81	4,449	101.46
201006	69.29	8,236	570.68	28.15	5,013	141.12	45.31	8,340	377.88	22.63	4,479	101.36
201009	63.98	8,169	522.59	28.09	5,007	140.66	46.04	8,317	382.89	22.99	4,447	102.24
201012	62.88	8,190	514.97	27.25	4,962	135.23	46.33	8,416	389.89	23.21	4,479	103.95
201103	62.71	8,537	535.34	26.06	4,911	128.00	47.29	8,460	400.11	23.56	4,516	106.42
201106	67.41	8,012	540.10	26.47	4,512	119.43	48.10	8,540	410.80	23.77	4,539	107.86
201109	71.04	8,118	576.71	26.86	4,391	117.96	47.80	8,676	414.71	23.93	4,546	108.80
201112	69.85	8,429	588.77	27.56	4,536	125.01	47.46	8,740	414.79	23.80	4,551	108.31
201203	66.50	8,421	560.04	27.24	4,586	124.92	45.96	8,823	405.47	23.38	4,555	106.48
201206	58.95	8,821	519.99	25.66	4,569	117.25	44.24	8,940	395.51	22.91	4,580	104.93
201209	55.13	8,957	493.80	24.94	4,643	115.80	42.70	9,112	389.06	22.59	4,641	104.84
201212	55.00	8,763	481.92	25.19	4,204	105.90	41.56	9,221	383.23	22.40	4,675	104.73
201303	60.20	8,203	493.81	26.02	3,972	103.34	41.32	9,282	383.50	22.26	4,704	104.70

	Exponential Regressions			Exponential Regressions			Exponential Regressions			Exponential Regressions		
4 Quarter	2.5%	-9.2%	-6.9%	2.1%	-18.8%	-17.1%	-8.9%	5.1%	-4.2%	-3.7%	3.5%	-0.3%
8 Quarter	-12.9%	3.8%	-9.6%	-3.7%	-4.9%	-8.4%	-9.6%	5.0%	-5.1%	-4.5%	2.2%	-2.4%
12 Quarter	-5.7%	2.2%	-3.6%	-3.3%	-6.6%	-9.7%	-4.1%	4.3%	0.1%	-1.1%	1.9%	0.7%
16 Quarter	-3.4%	2.2%	-1.3%	-1.9%	-0.8%	-2.6%	-1.7%	3.1%	1.3%	-0.6%	1.5%	0.8%
Wtd Avg	-5.6%	2.4%	<b>-3.4%</b>	-2.2%	-2.2%	<b>-4.4%</b>	-3.7%	3.8%	<b>-0.1%</b>	-0.8%	1.6%	<b>0.8%</b>

- Notes:
1. Source: ISO Homeowners Fast Track experience.
  2. Frequencies are per 1,000 earned house-years.
  3. Fast Track loss experience is based on paid calendar year activity.

**ELECTRIC INSURANCE COMPANY  
ARKANSAS**

**HOMEOWNERS  
ALL FORMS**

**TREND FACTOR CALCULATIONS**

EXPERIENCE VALUED AS OF JUN 30, 2013; TARGET EFFECTIVE DATE OF APR 1, 2014

Voluntary Business Only

**1. SELECTION OF ANNUAL TRENDS**

	Average Premium per Exposure				Loss Costs (including DCCE)			
	Dwelling Forms		Contents Forms		Dwelling Forms		Contents Forms	
	Experience	Future	Experience	Future	Experience	Future	Experience	Future
Electric:								
Countrywide	0.3%	0.8%	-0.2%	0.4%	5.2%	6.3%	-6.9%	-12.4%
Arkansas	3.5%	5.3%	-6.5%	-4.2%	65.9%	0.1%	0.0%	0.0%
Fast Track								
Countrywide					-0.1%		0.8%	
Arkansas					-3.4%		-4.4%	
ISO State Analysis					2.2%		1.0%	
ISO State Analysis	2.5%		1.2%		2.2%		1.0%	
<b>Selected Trends:</b>								
Ex Catastrophes	3.8%	5.3%	-7.4%	-5.0%	3.5%	7.0%	0.3%	-1.7%
<b>Implied Loss Ratio Trends (ex cats):</b>								
					-0.3%	1.5%	8.4%	3.5%

**2. CALCULATION OF TREND PERIODS**

Proposed Effective Date: 2014.04.01

FAY Ending	Average Experience Date by FAY	Average Experience Date for Latest FAY	Trend Years: Experience Period	Avg Exp Date for Projected Rate Period	Trend Years: Projection Period
200903	2008.09.29	2012.09.29	4.00	2015.04.01	2.25
201003	2009.09.29	2012.09.29	3.00	2015.04.01	2.25
201103	2010.09.29	2012.09.29	2.00	2015.04.01	2.25
201203	2011.09.30	2012.09.29	1.00	2015.04.01	2.25
201303	2012.09.29	2012.09.29	0.00	2015.04.01	2.25

**3. APPLIED TREND FACTORS**

FAY Ending	Average Premium		Loss Cost (including DCCE)			
	Dwelling	Contents	Ex Catastrophes		Catastrophes Only	
	Dwelling	Contents	Dwelling	Contents	Dwelling	Contents
200903	1.306	0.654	1.336	0.975	1.336	0.975
201003	1.258	0.706	1.291	0.972	1.291	0.972
201103	1.211	0.763	1.247	0.968	1.247	0.968
201203	1.167	0.824	1.204	0.965	1.204	0.965
201303	1.124	0.890	1.163	0.962	1.163	0.962

Notes:

- The "Experience" trend normalizes the 5-year experience period to a level consistent with the latest FAY in the experience; the "Future" trend adjusts all of the historical experience to a level consistent with the projected period during which the rates in question will be in effect.
- ISO trends are from circular LI-HO-2013-124, dated 2013.05.03. Contents forms trends are derived as an average of Renters and Condos.

**ELECTRIC INSURANCE COMPANY  
ARKANSAS  
HOMEOWNERS  
ALL FORMS**

**EXPENSE RATIO (\$000)**

CALENDAR YEAR FINANCIAL DATA THROUGH DECEMBER 31, 2012

Voluntary Business Only

	2010		2011		2012		2010 - 2012		Selected Percent
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	
<b>Bases for Expenses</b>									
[1] Direct Premiums Written (Arkansas)	51		53		56		161		
[2] Direct Premiums Written (Countrywide)	50,214		53,923		57,670		161,807		
[3] Direct Premiums Earned (Arkansas)	50		54		55		160		
[4] Direct Premiums Earned (Countrywide)	49,361		51,979		55,531		156,871		
[5] Direct Losses Incurred	36,931		49,815		51,433		138,179		
<b>Primary Underwriting Expenses (IEE)</b>									
[6] General Expenses (% of Direct Premiums Earned)	5,900	12.0%	6,231	12.0%	6,894	12.4%	19,025	12.1%	12.1%
[7] Other Acquisition Expenses (% of Direct Premiums Written)	4,858	9.7%	5,112	9.5%	5,975	10.4%	15,945	9.9%	9.9%
[8] Taxes, Licenses and Fees (Arkansas)	3	5.6%	3	6.4%	4	6.9%	10	6.3%	6.3%
[9] Taxes, Licenses and Fees (Countrywide) (% of Direct Premiums Written)	1,460	2.9%	1,471	2.7%	1,665	2.9%	4,596	2.8%	
[10] Commission & Brokerage Expenses (Arkansas)	0	0.0%	0	0.4%	0	0.0%	0	0.1%	0.0%
[11] Commission & Brokerage Expenses (Countrywide) (% of Direct Premiums Written)	2,132	4.2%	2,275	4.2%	2,236	3.9%	6,643	4.1%	
<b>Other Underwriting Expenses</b>									
[12] Catastrophe Reinsurance Risk Load (% of Direct Premiums Written)									0.3%
[13] Per-Risk Reinsurance Load (% of Direct Premiums Written)									3.9%
[14] Market Mechanism Expense Load (% of Direct Premiums Earned)									0.0%
<b>Loss Adjustment Expenses</b>									
[15] Defense & Cost Containment Expenses (% of Direct Losses Incurred)	798	2.2%	1,669	3.4%	802	1.6%	3,269	2.4%	2.4%
[16] Adjusting & Other Expenses (% of Direct Losses and DCCCE Incurred)	3,769	10.0%	4,195	8.1%	4,510	8.6%	12,474	8.8%	8.8%
[17] Total Loss Adjustment Expenses = (1 + [15]) x (1 + [16]) - 1 (% of Direct Losses Incurred)	4,567	12.4%	5,864	11.8%	5,312	10.3%	15,743	11.4%	11.4%
<b>Underwriting Expense Summary</b>									
[18] Total Underwriting Expenses = [6] + [7] + [8] + [10] + [12] + [13] + [14]							UW Exp by Peril Cats Ex-Cats		32.5%
[19] Fixed Underwriting Expenses = ([6] + [7]) x 75% + [12] + [13] + [14]							3.5% 29.0%		20.7%
[20] Variable Underwriting Expenses (excluding Profit) = [18] - [19]							2.4% 18.3%		11.8%
[21] Underwriting Profit Provision (EXHIBIT IND-X)							1.2% 10.7%		8.0%
[22] Total Underwriting Expenses and Profit Provision = [18] + [21]							0.8% 7.2%		40.5%
[23] Variable Underwriting Expenses and Profit Provision = [20] + [21]							4.3% 36.2%		19.8%
							2.0% 17.8%		
<b>Target Ratios</b>									
[24] Target Combined Ratio = 100% - [21]							Tgt Ratios by Peril Cats Ex-Cats		92.0%
[25] Target Loss, LAE and Fixed Expense Ratio = [24] - [20]							9.2% 82.8%		80.2%
[26] Target Loss and LAE Ratio = [25] - [19]							8.0% 72.2%		59.5%
[27] Target Pure Loss Ratio = [26] / (1 + [17])							5.7% 53.8%		53.4%
							5.1% 48.3%		

**ELECTRIC INSURANCE COMPANY  
ARKANSAS  
HOMEOWNERS  
ALL FORMS  
REQUIRED UNDERWRITING PROFIT PROVISION  
FINANCIAL DATA THROUGH DECEMBER 31, 2012  
Voluntary Business Only**

	2010	2011	2012	Average 2010 - 2012
<b>I. UNEARNED PREMIUM RESERVE</b>				
[1] Calendar Year Direct Earned Premium	49,364,584	51,983,035	55,534,161	52,293,927
[2] Beginning Unearned Premium Reserve	25,544,919	26,398,467	28,341,698	
[3] Ending Unearned Premium Reserve	26,398,467	28,341,698	30,480,959	
[4] Mean Unearned Premium Reserve = Average of [2] and [3]	25,971,693	27,370,083	29,411,329	27,584,368
[5] Deduction for Prepaid Expenses:				
50% of General Expenses	6.0%	6.0%	6.2%	
Other Acquisition Expenses	9.7%	9.5%	10.4%	
Taxes, Licenses and Fees (Arkansas)	5.6%	6.4%	6.9%	
Commission & Brokerage Expenses (Arkansas)	0.0%	0.4%	0.0%	
Total Prepaid Expenses	21.3%	22.2%	23.5%	
[6] Prepaid Expenses = [4] x [5]	5,531,185	6,082,548	6,900,590	6,171,441
[7] Agents' Balances	6,962,548	7,618,518	8,286,492	7,622,519
[8] Deduction for Federal Income Tax Payable				
Corporate Federal Income Tax Rate				35%
Deductible Portion of Tax Payable on UEPR				20%
Total Deduction = [4] x 35% x 20%				1,930,906
[9] Unearned Premium Reserve Subject to Investment Income = [4] - [6] - [7] - [8]				11,859,502
<b>II. LOSS AND LAE RESERVES</b>				
[10] Target Loss and LAE Ratio	59.5%	59.5%	59.5%	
[11] Expected Loss and Loss Adjustment Expenses = [1] x [10]	29,370,179	30,928,065	33,040,859	31,113,034
[12] Ratio of Investible Loss and LAE Reserves to Incurred Losses	10.9%	9.1%	11.8%	
[13] Loss and LAE Reserves Subject to Investment Income = [11] x [12]	3,186,717	2,800,166	3,893,545	3,293,476
<b>III. UNDERWRITING PROFIT PROVISION</b>				
[14] Reserves Subject to Investment Income = [9] + [13]				15,152,978
[15] Average Pre-Tax Investment Return on Assets				4.1%
[16] Investment Earnings on Net Reserves = [14] x [15]				619,331
[17] Average Pre-Tax Investment Return on Earned Premium = [16] / [1]				1.2%
[18] Effective Federal Income Tax Rate				21.3%
[19] Average After-Tax Investment Return on Earned Premium = [17] x (1 - [18])				0.9%
[20] Required After-Tax Rate of Return on Surplus				10.0%
[21] Expected After-Tax Return from Investing Surplus = [15] x (1 - [18])				3.2%
[22] Required After-Tax Return on Surplus from Insurance Operations = [20] - [21]				6.8%
[23] Leverage Ratio (Premium to Surplus)				1.1
[24] Required After-Tax Return on Premium from Insurance Operations = [22] / [23]				6.1%
[25] Required After-Tax Profit Provision (as % of Premium) = [24] - [19]				5.2%
[26] Required Pre-Tax Profit Provision (as % of Premium) = [25] / (1 - Corporate Federal Income Tax Rate)				8.0%
[27] Target Combined Ratio = 100% - [26]				92.0%

**ELECTRIC INSURANCE COMPANY  
ARKANSAS  
HOMEOWNERS  
ALL FORMS  
REINSURANCE EXPENSE RATIOS  
FINANCIAL DATA THROUGH DECEMBER 31, 2012  
Voluntary Business Only**

**Catastrophe Reinsurance Risk Load**

[1]	ARKANSAS's Contribution to Projected Ceded Losses	0.0%
[2]	Annual Catastrophe Reinsurance Premium	3,625,000
[3]	Premium Allocated to ARKANSAS = [1] x [2]	239
[4]	Risk Load for ARKANSAS = [3] x 75%	179
[5]	ARKANSAS Written Premium (Calendar Year 2012)	56,438
[6]	Risk Load as % of Premium = [4] / [5]	0.3%

**Per-Risk Reinsurance Risk Load**

[1]	ARKANSAS's Share of Countrywide Exposure in Ceded Layer	0.4%
[2]	Annual Per-Risk Reinsurance Premium	700,024
[3]	Premium Allocated to ARKANSAS = [1] x [2]	2,741
[4]	Risk Load for ARKANSAS = [3] x 80%	2,193
[5]	ARKANSAS Written Premium (Calendar Year 2012)	56,438
[6]	Risk Load as % of Premium = [4] / [5]	3.9%

**Exhibit Supp-7**

	Fiscal Accident Year Ending					Total
	200903	201003	201103	201203	201303	
Trended Earned Premiums @ Current Rate Level	61,305	63,041	60,679	59,052	61,552	305,630
Ex-Catastrophe Ultimate Trended Losses and DCCE	3,957	493,709	120,165	8,387	64,303	690,521
Ultimate Trended Catastrophe Loss and DCCE	101	37,770	10,251	51,713	0	99,836
Factor for Adjusting and Other Expenses	1.088	1.088	1.088	1.088	1.088	
Ultimate Loss and LAE Ex Catastrophe	4,306	537,248	130,762	9,127	69,973	751,416
Ultimate Loss and LAE Catastrophe Only	110	41,101	11,156	56,274	0	108,640
Ultimate Loss and LAE Ratio Ex Catastrophe	7.0%	852.2%	215.5%	15.5%	113.7%	245.9%
Ultimate Loss and LAE Ratio Catastrophe Only	0.2%	65.2%	18.4%	95.3%	0.0%	35.5%
Accident Year Weights	10.0%	15.0%	20.0%	25.0%	30.0%	
Projected Loss and LAE Ratio Ex Catastrophe						209.6%
Projected Catastrophe Loss and LAE Ratio						37.3%

**Exhibit Supp-8:** This table shows rates for an HO3 Policy in Sebastian County with \$150,000 Coverage A, \$500 Deductible, and a 2005 construction year.

Farmers Ins Company	\$2,185
Shelter Mutual Ins Co	\$1,630
Farm Bureau Mtl Ins	\$1,517
Allstate	\$1,374
State Farm	\$1,120
Nationwide Mutual Fire	\$1,077
<b>Electric Insurance Proposed</b>	<b>\$693</b>
Safeco Ins Co of Amer Essentl	\$629
Travelers	\$611
MetLife EPAC	\$561
<b>Electric Insurance Current</b>	<b>\$541</b>
USAA	\$536

Electric Insurance Company  
Arkansas Home Rate Filing  
Overall Effect  
Exhibit I

<b>Dwelling - Forms 2, 3, 5</b>		
<u>Component</u>	<u>Distribution</u>	<u>Effect</u>
Base Rates		22.4%
Basic Premium	90.4%	22.4%
Additive Premium	9.6%	0.0%
<b>Total Effect Dwelling Forms</b>		<b>20.2%</b>

<b>Contents - Form 4</b>		
<u>Component</u>	<u>Distribution</u>	<u>Effect</u>
Base Rates		6.5%
Basic Premium	82.9%	6.5%
Additive Premium	17.1%	0.0%
<b>Total Effect Renters Forms</b>		<b>5.4%</b>

<b>Contents - Form 6</b>		
<u>Component</u>	<u>Distribution</u>	<u>Effect</u>
Base Rates		9.0%
Basic Premium	56.4%	9.0%
Additive Premium	43.6%	0.0%
<b>Total Effect Condo Forms</b>		<b>5.1%</b>

<b>Overall Effect</b>		
	<u>Distribution</u>	<u>Effect</u>
Dwelling Forms	98.2%	20.2%
Renters Forms	0.9%	5.4%
Condo Forms	0.8%	5.1%
<b>Total Effect All Forms</b>		<b>19.9%</b>

Electric Insurance Company  
Arkansas Home Rate Filing  
Effect of Base Rate Change on Dwelling Forms  
Exhibit II

Territory	Premium Distribution	Current Rate	Proposed Rate	Change
30	6.8%	592	725	22.5%
31	4.9%	648	793	22.4%
32	0.0%	722	884	22.4%
33	88.3%	474	580	22.4%
Total				22.4%

Electric Insurance Company  
Arkansas Home Rate Filing  
Effect of Base Rate Change on Renters Forms  
Exhibit III

Territory	Premium Distribution	Current Rate	Proposed Rate	Change
30	41.6%	118	126	6.8%
31	0.0%	102	109	6.9%
32	0.0%	112	119	6.3%
33	58.4%	96	102	6.3%
Total				6.5%

Electric Insurance Company  
Arkansas Home Rate Filing  
Effect of Base Rate Change on Condo Forms  
Exhibit IV

Territory	Premium Distribution	Current Rate	Proposed Rate	Change
30	0.0%	122	133	9.0%
31	0.0%	108	118	9.3%
32	0.0%	109	119	9.2%
33	100.0%	100	109	9.0%
Total				9.0%



January 29, 2014

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

RE: Electric Insurance Company (NAIC 057-21261)  
Multi-Peril Homeowners – Rate Filing  
Our File Number: AR-HR-14

Dear Commissioner Bradford,

Electric Insurance Company submits for your review, under the file and use provision, a revision to our Multi-Peril Homeowners. We propose to revise our base rates for all forms. The overall effect of this change on our existing book of business is 25.0%. We intend to implement this change effective March 1, 2014 for new and renewal business. Please see the attached exhibits and manual pages for further details.

If you have any questions or concerns, please contact me by phone at 800.227.2757 Ext. 5048, by fax at 978.236.5048 or by email at [RegulatoryTracking@ElectricInsurance.com](mailto:RegulatoryTracking@ElectricInsurance.com).

Sincerely,

A handwritten signature in black ink, appearing to read "M Franzese".

Michael Franzese  
State Filing Specialist  
Electric Insurance Company



**Electric Insurance Company  
Multi-Peril Homeowners  
Explanatory Memorandum**

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Electric Insurance Company submits for your review, under the file and use provision, a revision to our homeowners program. We intend to implement the following changes effective June 1, 2014 for new and renewal business.

The overall rate impact on our homeowners book of business is 19.9% (20.2% Dwelling Forms, 5.4% Renters Forms, 5.1% Condo Forms).

With this filing, we propose to:

- **Revise Base Rates for Dwelling Forms :** The effect of this change can be seen in Exhibit II.
- **Revise Base Rates for Renters Forms :** The effect of this change can be seen in Exhibit III.
- **Revise Base Rates for Condo Forms :** The effect of this change can be seen in Exhibit IV.



February 24, 2014

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

RE: Electric Insurance Company (NAIC 057-21261)  
Multi-Peril Homeowners – Rate Filing  
Our File Number: AR-HR-14

Good afternoon Ms. Harrington,

Thank you for reviewing our filing. Your objections are listed in bold with our responses below.

**This form is required with all rate change filings.**

Please see the required form attached for your review.

**Companies may not change the form in any way or include formulas. Cell references have been added.**

Please see the corrected spreadsheet attached for your review.

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

We utilize the Calendar Year Return on Equity methodology to estimate the impact of investment income on our rate adequacy. This is documented in the attached Exhibit Supp-1.

**All request for rate changes submitted to the Department must include supporting data as required by Arkansas Code Annotated § 23-67-209 and Rule 23, Section 7.A.2. Please provide exhibits supporting the factors used in the rate indication development of exhibit RN-2, specifically, line 10, 12, and 21. Please provide actual 5-year countrywide loss experience as additional support given that AR data is not credible.**

Please see Exhibit Supp-2 for the supporting factors used in the rate development of our Excess Wind and Water Load. Similarly, please see Exhibit Supp-3 for explanation of our Loss and LAE Trend Factors-Excluding Catastrophes. Lastly, Exhibit Supp-4 demonstrates how our Projected Catastrophe Loss and LAE Ratio is determined. The dollar amounts calculated in this exhibit are then compared to our trended earned premiums from exhibit RN-2 as seen in Exhibit Supp-5, below. A weighted average of our 5 year Catastrophe Loss and LAE Ratio experience is taken as our projected loss ratio with more emphasis on recent years.

FAY Ending	Catastrophe Loss and DCCE	Catastrophe Loss and DCCE with Factor for AOE	Trended Earned Premiums @ Current Rate Level	Catastrophe Ultimate Loss and LAE Ratio	Accident Year Weights
200903	23,442	25,510	61,307	41.6%	10%
201003	24,813	27,001	63,041	42.8%	15%
201103	25,133	27,349	60,679	45.1%	20%
201203	26,413	28,742	59,052	48.7%	25%
201303	26,087	28,387	61,552	46.1%	30%
				Projected	45.6%

You also asked for actual 5-year countrywide loss experience as additional support given that AR data is not credible. We do not use countrywide data to complement credibility. Instead, a Trended Target Loss and LAE Ratio is determined for each state based on our fixed and variable expenses. See Exhibit Supp-6. This target ratio is used to complement the Projected Loss, LAE and Fixed Expense Ratio as seen in the definitions of exhibit RN-2 lines [27]-[30].

If you require additional information or clarification, please contact me by phone at 800.227.2757 Ext. 5048, by fax at 978.236.5048 or by email at [RegulatoryTracking@ElectricInsurance.com](mailto:RegulatoryTracking@ElectricInsurance.com).

Sincerely,



Michael Franzese  
State Filing Specialist  
Electric Insurance Company

**ELECTRIC INSURANCE COMPANY  
ARKANSAS  
HOMEOWNERS  
ALL FORMS  
REQUIRED UNDERWRITING PROFIT PROVISION  
FINANCIAL DATA THROUGH DECEMBER 31, 2012  
Voluntary Business Only**

	2010	2011	2012	Average 2010 - 2012
<b>I. UNEARNED PREMIUM RESERVE</b>				
[1] Calendar Year Direct Earned Premium	49,364,584	51,983,035	55,534,161	52,293,927
[2] Beginning Unearned Premium Reserve	25,544,919	26,398,467	28,341,698	
[3] Ending Unearned Premium Reserve	26,398,467	28,341,698	30,480,959	
[4] Mean Unearned Premium Reserve = Average of [2] and [3]	25,971,693	27,370,083	29,411,329	27,584,368
[5] Deduction for Prepaid Expenses:				
50% of General Expenses	6.0%	6.0%	6.2%	
Other Acquisition Expenses	9.7%	9.5%	10.4%	
Taxes, Licenses and Fees (Arkansas)	5.6%	6.4%	6.9%	
Commission & Brokerage Expenses (Arkansas)	0.0%	0.4%	0.0%	
Total Prepaid Expenses	21.3%	22.2%	23.5%	
[6] Prepaid Expenses = [4] x [5]	5,531,185	6,082,548	6,900,590	6,171,441
[7] Agents' Balances	6,962,548	7,618,518	8,286,492	7,622,519
[8] Deduction for Federal Income Tax Payable				
Corporate Federal Income Tax Rate				35%
Deductible Portion of Tax Payable on UEPR				20%
Total Deduction = [4] x 35% x 20%				1,930,906
[9] Unearned Premium Reserve Subject to Investment Income = [4] - [6] - [7] - [8]				11,859,502
<b>II. LOSS AND LAE RESERVES</b>				
[10] Target Loss and LAE Ratio	59.5%	59.5%	59.5%	
[11] Expected Loss and Loss Adjustment Expenses = [1] x [10]	29,370,179	30,928,065	33,040,859	31,113,034
[12] Ratio of Investible Loss and LAE Reserves to Incurred Losses	10.9%	9.1%	11.8%	
[13] Loss and LAE Reserves Subject to Investment Income = [11] x [12]	3,186,717	2,800,166	3,893,545	3,293,476
<b>III. UNDERWRITING PROFIT PROVISION</b>				
[14] Reserves Subject to Investment Income = [9] + [13]				15,152,978
[15] Average Pre-Tax Investment Return on Assets				4.1%
[16] Investment Earnings on Net Reserves = [14] x [15]				619,331
[17] Average Pre-Tax Investment Return on Earned Premium = [16] / [1]				1.2%
[18] Effective Federal Income Tax Rate				21.3%
[19] Average After-Tax Investment Return on Earned Premium = [17] x (1 - [18])				0.9%
[20] Required After-Tax Rate of Return on Surplus				10.0%
[21] Expected After-Tax Return from Investing Surplus = [15] x (1 - [18])				3.2%
[22] Required After-Tax Return on Surplus from Insurance Operations = [20] - [21]				6.8%
[23] Leverage Ratio (Premium to Surplus)				1.1
[24] Required After-Tax Return on Premium from Insurance Operations = [22] / [23]				6.1%
[25] Required After-Tax Profit Provision (as % of Premium) = [24] - [19]				5.2%
[26] Required Pre-Tax Profit Provision (as % of Premium) = [25] / (1 - Corporate Federal Income Tax Rate)				8.0%
[27] Target Combined Ratio = 100% - [26]				92.0%

**ELECTRIC INSURANCE COMPANY  
ARKANSAS  
HOMEOWNERS  
ALL FORMS**

**EXCESS WIND AND WATER LOSSES  
EXPERIENCE VALUED AS OF JUNE 30, 2013**

**Voluntary Business Only; Excluding Catastrophes**

FAY Ending	[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]	[11]	[12]	[13]	[14]
	Incurred Loss + DCCE				Ratio of Water to Non W/W Losses	Excess Water Loss+DCCE	Non-Wind and Normal Water Loss+DCCE	Ratio of Wind and XS Water to Non-Wind and Normal Water	Capped Wind+XS Water Ratio	Capped XS Wind + XS Water Ratio	Capped XS Wind + XS Water Loss+DCCE	XS Wind + XS Water Ratio Over the Cap	XS Wind + XS Water Loss+DCCE Over the Cap	XS Wind + XS Water Loss+DCCE
	All Perils	Wind	Water	Non W/W										
199403	0	0	0	0	0.000	0	0	0.000	0.000	0.000	0	0.000	0	0
199503	0	0	0	0	0.000	0	0	0.000	0.000	0.000	0	0.000	0	0
199603	0	0	0	0	0.000	0	0	0.000	0.000	0.000	0	0.000	0	0
199703	408	0	408	0	0.000	0	408	0.000	0.000	0.000	0	0.000	0	0
199803	3,678	0	0	3,678	0.000	0	3,678	0.000	0.000	0.000	0	0.000	0	0
199903	5,677	1,253	327	4,097	0.080	0	4,424	0.283	0.250	0.132	586	0.033	148	734
200003	395	0	0	395	0.000	0	395	0.000	0.000	0.000	0	0.000	0	0
200103	41,798	1,715	0	40,083	0.000	0	40,083	0.043	0.043	0.000	0	0.000	0	0
200203	4,505	0	2,393	2,112	1.133	0	4,505	0.000	0.000	0.000	0	0.000	0	0
200303	6,478	0	6,478	0	0.000	0	6,478	0.000	0.000	0.000	0	0.000	0	0
200403	26,156	25,386	771	0	0.000	0	771	32.940	0.250	0.132	102	32.690	25,193	25,295
200503	24,293	4,416	18,757	1,120	16.751	16,886	2,991	7.123	0.250	0.132	396	6.873	20,555	20,951
200603	29,519	26,299	0	3,221	0.000	0	3,221	8.166	0.250	0.132	426	7.916	25,494	25,920
200703	11,707	4,780	4,766	2,161	2.205	1,155	5,773	1.028	0.250	0.132	764	0.778	4,492	5,257
200803	14,274	8,315	5,959	0	0.000	0	5,959	1.395	0.250	0.132	789	1.146	6,827	7,616
200903	3,982	1,785	2,197	0	0.000	0	2,197	0.813	0.250	0.132	291	0.563	1,236	1,527
201003	319,026	17,245	0	301,782	0.000	0	301,782	0.057	0.057	0.000	0	0.000	0	0
201103	354,775	10,902	317,018	26,855	11.805	272,147	71,725	3.946	0.250	0.132	9,497	3.696	265,131	274,627
201203	106,755	101,659	5,096	0	0.000	0	5,096	19.949	0.250	0.132	675	19.699	100,386	101,061
201303	44,367	0	26,210	18,157	1.443	0	44,367	0.000	0.000	0.000	0	0.000	0	0
Total	997,794	203,755	390,379	403,660		290,187	503,851				13,526		449,462	462,988
Average					1.671			0.980	0.117	0.060		3.670		
Median								0.050	0.165	0.077				
Cap								0.250						
[15]	Average Capped Excess Wind and Water Ratio							0.060 = Average [10].						
[16]	Average Excess Wind and Water Ratio Over the Cap							3.670 = Average [12].						
[17]	Average Capped Wind and Excess Water Ratio							0.117 = Average [9].						
[18]	Indicated Excess Wind and Water Load							352.5% = (([15] + [16]) / (1 + [17] - [15]))						
[19]	ISO Industry Excess Wind Factor							1.103 FALSE						
[20]	ISO Industry Excess Water Factor							0.000 FALSE						
[21]	ISO Excess Wind and Water Load							10.3% FALSE						
[22]	Credibility of Indicated Factor							50.0% Exhibit RN-II (Dwelling), line [33] (subject to 50% minimum)						
[23]	Credibility-Weighted Excess Wind and Water Factor							181.4% = (([18] x [22]) + ([21] x (1 - [22])))						
[24]	Selected Credibility-Weighted Excess Wind and Water Factor							20.6% = Min ([23], 2*[21])						

Column Notes:

- [4] = [1] - [2] - [3].
- [5] = [3] / [4].
- [6] = ([5] - Average[5]) x [4] (subject to a minimum of 0).
- [7] = [1] - [2] - [6].
- [8] = ([2] + [6]) / [7]; Cap = 5 x Median.
- [9] = smaller of [8] and 5 x Median[8].
- [10] = [9] - Average[9].
- [11] = [7] x [10].
- [12] = [8] - [9].
- [13] = [7] x [12].
- [14] = [11] + [13].

**ELECTRIC INSURANCE COMPANY  
ARKANSAS  
HOMEOWNERS  
ALL FORMS**

**TREND FACTOR CALCULATIONS**

EXPERIENCE VALUED AS OF JUN 30, 2013; TARGET EFFECTIVE DATE OF APR 1, 2014

Voluntary Business Only

**1. SELECTION OF ANNUAL TRENDS**

	Average Premium per Exposure				Loss Costs (including DCCE)				
	Dwelling Forms		Contents Forms		Dwelling Forms		Contents Forms		
	Experience	Future	Experience	Future	Experience	Future	Experience	Future	
Electric:									
Countrywide	0.3%	0.8%	-0.2%	0.4%	5.2%	6.3%	-6.9%	-12.4%	
Arkansas	3.5%	5.3%	-6.5%	-4.2%	65.9%	0.1%	0.0%	0.0%	
Fast Track									
Countrywide					-0.1%		0.8%		
Arkansas					-3.4%		-4.4%		
ISO State Analysis		2.5%		1.2%		2.2%		1.0%	
<b>Selected Trends:</b>									
Ex Catastrophes		<b>3.8%</b>	<b>5.3%</b>	<b>-7.4%</b>	<b>-5.0%</b>	<b>3.5%</b>	<b>7.0%</b>	<b>0.3%</b>	<b>-1.7%</b>
<b>Implied Loss Ratio Trends (ex cats):</b>									
						-0.3%	1.5%	8.4%	3.5%

**2. CALCULATION OF TREND PERIODS**

Proposed Effective Date: 2014.04.01

FAY Ending	Average Experience Date by FAY	Average Experience Date for Latest FAY	Trend Years: Experience Period	Avg Exp Date for Projected Rate Period	Trend Years: Projection Period
200903	2008.09.29	2012.09.29	4.00	2015.04.01	2.2505
201003	2009.09.29	2012.09.29	3.00	2015.04.01	2.25
201103	2010.09.29	2012.09.29	2.00	2015.04.01	2.25
201203	2011.09.30	2012.09.29	1.00	2015.04.01	2.25
201303	2012.09.29	2012.09.29	0.00	2015.04.01	2.25

**3. APPLIED TREND FACTORS**

FAY Ending	Average Premium		Loss Cost (including DCCE) Ex Catastrophes	
	Dwelling	Contents	Dwelling	Contents
200903	1.306	0.654	1.336	0.975
201003	1.258	0.706	1.291	0.972
201103	1.211	0.763	1.247	0.968
201203	1.167	0.824	1.204	0.965
201303	1.124	0.890	1.163	0.962

Notes:

- The "Experience" trend normalizes the 5-year experience period to a level consistent with the latest FAY in the experience; the "Future" trend adjusts all of the historical experience to a level consistent with the projected period during which the rates in question will be in effect.
- ISO trends are from circular LI-HO-2013-124, dated 2013.05.03. Contents forms trends are derived as an average of Renters and Condos.

**ELECTRIC INSURANCE COMPANY  
ARKANSAS  
HOMEOWNERS  
ALL FORMS**

**MODELED CATASTROPHE LOSS ESTIMATES**

EXPERIENCE VALUED AS OF JUN 30, 2013; TARGET EFFECTIVE DATE OF APR 1, 2014

Voluntary Business Only

**Dwelling Forms**

	[1]	[2]	[3] = [1]*(1+ [2])
	Loss	DCCE Load	Loss + DCCE
Hurricane	287	2.4%	294
Tornado / Hail	22,962	2.4%	23,506
Winterstorm	2,344	2.4%	2,400
Catastrophe modeled exposure as of 2013.06.30:	25,594	2.4%	26,199
[4] Annual Trend for Catastrophes (Exhibit Supp-3)			2.5%
[5] Average Accident Date			2015.04.01
[6] Trend Period			1.75
[7]=(1+[4])^[6] Applied Trend Factor			1.044
[8]=[3]*[7] Projected Catastrophe Loss in Rating Period (FAYe 2015.04.01)			27,361
[9] Coverage A (\$000) as of 2013.06.30			21,100
[10]=[8]/[9] Damage Ratio (at FAYe 2015.04.01 equivalent level)			0.130%

	[11]	[12] = [10]	[13]=[15]/(1+[14])	[14]=[2]	[15]=[11]*[12]
FAY	Coverage A	Damage	Modeled	DCCE	Catastrophe
Ending	Amounts	Ratio	Catastrophe	Load for	Loss and
	(\$000)		Losses	Catastrophes	DCCE
200903	18,078	0.130%	22,901	2.4%	23,442
201003	19,135	0.130%	24,239	2.4%	24,813
201103	19,382	0.130%	24,552	2.4%	25,133
201203	20,368	0.130%	25,802	2.4%	26,413
201303	20,117	0.130%	25,484	2.4%	26,087

**Contents Forms**

	[1]	[2]	[3] = [1]*(1+ [2])
	Loss	DCCE Load	Loss + DCCE
Hurricane	1	2.4%	1
Tornado / Hail	48	2.4%	49
Winterstorm	5	2.4%	5
Catastrophe modeled exposure as of 2013.06.30:	53	2.4%	55
[4] Annual Trend for Catastrophes (Exhibit Supp-3)			2.3%
[5] Average Accident Date			2015.04.01
[6] Trend Period			1.75
[7]=(1+[4])^[6] Applied Trend Factor			1.041
[8]=[3]*[7] Projected Catastrophe Loss in Rating Period (FAYe 2015.04.01)			57
[9] Coverage C (\$000) as of 2013.06.30			153
[10]=[8]/[9] Damage Ratio (at FAYe 2015.04.01 equivalent level)			0.037%

	[11]	[12] = [10]	[13]=[15]/(1+[14])	[14]=[2]	[15]=[11]*[12]
FAY	Coverage C	Damage	Modeled	DCCE	Catastrophe
Ending	Amounts	Ratio	Catastrophe	Load for	Loss and
	(\$000)		Losses	Catastrophes	DCCE
200903	100	0.037%	36	2.4%	37
201003	120	0.037%	44	2.4%	45
201103	105	0.037%	38	2.4%	39
201203	140	0.037%	51	2.4%	52
201303	110	0.037%	40	2.4%	41

**Notes:**

1. Modeled losses based on the homeowners book as of 2013.06.30 are representative of FYe 2013.12.30

**ELECTRIC INSURANCE COMPANY  
ARKANSAS  
HOMEOWNERS  
ALL FORMS**

**EXPENSE RATIO (\$000)**

CALENDAR YEAR FINANCIAL DATA THROUGH DECEMBER 31, 2012

Voluntary Business Only

	2010		2011		2012		2010 - 2012		Selected Percent
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	
<b>Bases for Expenses</b>									
[1] Direct Premiums Written (Arkansas)	51		53		56		161		
[2] Direct Premiums Written (Countrywide)	50,214		53,923		57,670		161,807		
[3] Direct Premiums Earned (Arkansas)	50		54		55		160		
[4] Direct Premiums Earned (Countrywide)	49,361		51,979		55,531		156,871		
[5] Direct Losses Incurred	36,931		49,815		51,433		138,179		
<b>Primary Underwriting Expenses (IEE)</b>									
[6] General Expenses (% of Direct Premiums Earned)	5,900	12.0%	6,231	12.0%	6,894	12.4%	19,025	12.1%	12.1%
[7] Other Acquisition Expenses (% of Direct Premiums Written)	4,858	9.7%	5,112	9.5%	5,975	10.4%	15,945	9.9%	9.9%
[8] Taxes, Licenses and Fees (Arkansas)	3	5.6%	3	6.4%	4	6.9%	10	6.3%	6.3%
[9] Taxes, Licenses and Fees (Countrywide) (% of Direct Premiums Written)	1,460	2.9%	1,471	2.7%	1,665	2.9%	4,596	2.8%	2.8%
[10] Commission & Brokerage Expenses (Arkansas)	0	0.0%	0	0.4%	0	0.0%	0	0.1%	0.0%
[11] Commission & Brokerage Expenses (Countrywide) (% of Direct Premiums Written)	2,132	4.2%	2,275	4.2%	2,236	3.9%	6,643	4.1%	4.1%
<b>Other Underwriting Expenses</b>									
[12] Catastrophe Reinsurance Risk Load (% of Direct Premiums Written)									0.3%
[13] Per-Risk Reinsurance Load (% of Direct Premiums Written)									3.9%
[14] Market Mechanism Expense Load (% of Direct Premiums Earned)									0.0%
<b>Loss Adjustment Expenses</b>									
[15] Defense & Cost Containment Expenses (% of Direct Losses Incurred)	798	2.2%	1,669	3.4%	802	1.6%	3,269	2.4%	2.4%
[16] Adjusting & Other Expenses (% of Direct Losses and DCCCE Incurred)	3,769	10.0%	4,195	8.1%	4,510	8.6%	12,474	8.8%	8.8%
[17] Total Loss Adjustment Expenses = (1 + [15]) x (1 + [16]) - 1 (% of Direct Losses Incurred)	4,567	12.4%	5,864	11.8%	5,312	10.3%	15,743	11.4%	11.4%
<b>Underwriting Expense Summary</b>									
[18] Total Underwriting Expenses = [6] + [7] + [8] + [10] + [12] + [13] + [14]							UW Exp by Peril Cats Ex-Cats		32.5%
[19] Fixed Underwriting Expenses = ([6] + [7]) x 75% + [12] + [13] + [14]							3.5% 29.0%		20.7%
[20] Variable Underwriting Expenses (excluding Profit) = [18] - [19]							2.4% 18.3%		11.8%
[21] Underwriting Profit Provision (EXHIBIT IND-X)							1.2% 10.7%		8.0%
[22] Total Underwriting Expenses and Profit Provision = [18] + [21]							0.8% 7.2%		40.5%
[23] Variable Underwriting Expenses and Profit Provision = [20] + [21]							4.3% 36.2%		19.8%
							2.0% 17.8%		
<b>Target Ratios</b>									
[24] Target Combined Ratio = 100% - [21]							Tgt Ratios by Peril Cats Ex-Cats		92.0%
[25] Target Loss, LAE and Fixed Expense Ratio = [24] - [20]							9.2% 82.8%		80.2%
[26] Target Loss and LAE Ratio = [25] - [19]							8.0% 72.2%		59.5%
[27] Target Pure Loss Ratio = [26] / (1 + [17])							5.7% 53.8%		53.4%
							5.1% 48.3%		



March 10, 2014

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

RE: Electric Insurance Company (NAIC 057-21261)  
Multi-Peril Homeowners – Rate Filing  
Our File Number: AR-HR-14

Good afternoon Ms. Harrington,

Thank you for reviewing our filing. Your objections are listed in bold with our responses below.

**It appears the projected catastrophe loss and LAE Ratio was developed using modeled catastrophe losses. AR does not allow the use of catastrophe models in the development of rate indications. Please use historical loss experience.**

As requested, we have changed our methodology to exclude catastrophe modeling in our rate indication development. Please see the new exhibits detailing our process. With this change, we have also re-examined and changed our method for determining credibility. Without the consideration of modeled catastrophes, our loss ratios are extraordinarily volatile and are currently extremely unprofitable. Furthermore, our recent experience shows that our catastrophe experience in Arkansas is significant and warrants attention. Please see Supp-7 (Attached).

We are unprofitable and have significantly lower prices than many competitors. Please see Supp-8 (attached). Traditional credibility theory does not accurately reflect our rate need in Arkansas since we have less than 75 policies in force. Therefore we have chosen to use 50% credibility under the premise that our actual loss experience is at least as good a predictor as anything else could be. We have taken only one rate change in Arkansas in the past 15 years. This rate change is needed on our book and puts us more in line with our top competition.

If you require additional information or clarification, please contact me by phone at 800.227.2757 Ext. 5048, by fax at 978.236.5048 or by email at [RegulatoryTracking@ElectricInsurance.com](mailto:RegulatoryTracking@ElectricInsurance.com).

Sincerely,

A handwritten signature in black ink, appearing to read "M Franzese".

Michael Franzese  
State Filing Specialist  
Electric Insurance Company

State: Arkansas

Filing Company:

Electric Insurance Company

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

Product Name: Multi-Peril Homeowners

Project Name/Number: /

## Superseded Schedule Items

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

Creation Date	Schedule Item Status	Schedule	Schedule Item Name	Replacement Creation Date	Attached Document(s)
03/10/2014		Supporting Document	Indication & Effect Exhibits	05/09/2014	Arkansas Home Indication Exhibits 201306.pdf Arkansas Home Effect Exhibits.pdf (Superseded) Amended Arkansas Home Indication Exhibits 201306.pdf Supplemental Support Exhibits.pdf
02/24/2014		Supporting Document	HPCS-Homeowners Premium Comparison Survey	05/09/2014	Arkansas Home Rating Examples.pdf (Superseded) HO Survey FORM HPCS.xls (Superseded)
01/23/2014		Rate	Revised Manual Pages	05/09/2014	Revised Manual Pages.pdf (Superseded)
01/23/2014		Supporting Document	Indication & Effect Exhibits	03/10/2014	Arkansas Home Indication Exhibits 201306.pdf Arkansas Home Effect Exhibits.pdf
01/23/2014		Supporting Document	Cover Letter & Memo	05/09/2014	Cover Letter.pdf Memo.pdf (Superseded)
10/17/2013		Supporting Document	HPCS-Homeowners Premium Comparison Survey	02/24/2014	Arkansas Home Rating Examples.xls (Superseded) Arkansas Home Rating Examples.pdf
10/17/2013		Supporting Document	NAIC loss cost data entry document	02/24/2014	

SERFF Tracking #:

ELEC-129254129

State Tracking #:

Company Tracking #:

AR-HR-14

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State:

Arkansas

Filing Company:

Electric Insurance Company

TOI/Sub-TOI:

04.0 Homeowners/04.0000 Homeowners Sub-TOI Combinations

Product Name:

Multi-Peril Homeowners

Project Name/Number:

/

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

***Attachment Arkansas Home Rating Examples.xls is not a PDF document and cannot be reproduced here.***

Electric Insurance Company  
Arkansas Home Rate Filing  
Overall Effect  
Exhibit I

<b>Dwelling - Forms 2, 3, 5</b>		
<u>Component</u>	<u>Distribution</u>	<u>Effect</u>
Base Rates		28.1%
Basic Premium	90.4%	28.1%
Additive Premium	9.6%	0.0%
<b>Total Effect Dwelling Forms</b>		<b>25.3%</b>

<b>Contents - Form 4</b>		
<u>Component</u>	<u>Distribution</u>	<u>Effect</u>
Base Rates		6.5%
Basic Premium	82.9%	6.5%
Additive Premium	17.1%	0.0%
<b>Total Effect Renters Forms</b>		<b>5.4%</b>

<b>Contents - Form 6</b>		
<u>Component</u>	<u>Distribution</u>	<u>Effect</u>
Base Rates		9.0%
Basic Premium	56.4%	9.0%
Additive Premium	43.6%	0.0%
<b>Total Effect Condo Forms</b>		<b>5.1%</b>

<b>Overall Effect</b>		
	<u>Distribution</u>	<u>Effect</u>
Dwelling Forms	98.2%	25.3%
Renters Forms	0.9%	5.4%
Condo Forms	0.8%	5.1%
<b>Total Effect All Forms</b>		<b>25.0%</b>

Electric Insurance Company  
Arkansas Home Rate Filing  
Effect of Base Rate Change on Dwelling Forms  
Exhibit II

Territory	Premium Distribution	Current Rate	Proposed Rate	Change
30	6.8%	592	758	28.0%
31	4.9%	648	829	27.9%
32	0.0%	722	924	28.0%
33	88.3%	474	607	28.1%
Total				28.1%

Electric Insurance Company  
Arkansas Home Rate Filing  
Effect of Base Rate Change on Renters Forms  
Exhibit III

Territory	Premium Distribution	Current Rate	Proposed Rate	Change
30	41.6%	118	126	6.8%
31	0.0%	102	109	6.9%
32	0.0%	112	119	6.3%
33	58.4%	96	102	6.3%
Total				6.5%

Electric Insurance Company  
Arkansas Home Rate Filing  
Effect of Base Rate Change on Condo Forms  
Exhibit IV

Territory	Premium Distribution	Current Rate	Proposed Rate	Change
30	0.0%	122	133	9.0%
31	0.0%	108	118	9.3%
32	0.0%	109	119	9.2%
33	100.0%	100	109	9.0%
Total				9.0%

NAIC Number: 21261  
 Company Name: Electric Insurance Company  
 Contact Person: Michael Franzese  
 Telephone No.: 800.227.2757 Ext. 5048  
 Email Address: RegulatoryTracking@ElectricInsurance.com  
 Effective Date: 1-Mar-14

**Homeowners Premium Comparison Survey Form  
 FORM HP3S - last modified August, 2005**

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

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

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

Public Protection Class	Dwelling Value	Washington		Baxter		Craighead		St. Francis		Desha		Union		Miller		Sebastian		Pulaski	
		Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame
3	\$80,000	\$463.00	\$515.00	\$463.00	\$515.00	\$463.00	\$515.00	\$463.00	\$515.00	\$463.00	\$515.00	\$463.00	\$515.00	\$463.00	\$515.00	\$463.00	\$515.00	\$633.00	\$703.00
	\$120,000	\$552.00	\$613.00	\$552.00	\$613.00	\$552.00	\$613.00	\$552.00	\$613.00	\$552.00	\$613.00	\$552.00	\$613.00	\$552.00	\$613.00	\$552.00	\$613.00	\$753.00	\$837.00
	\$160,000	\$687.00	\$765.00	\$687.00	\$765.00	\$687.00	\$765.00	\$687.00	\$765.00	\$687.00	\$765.00	\$687.00	\$765.00	\$687.00	\$765.00	\$687.00	\$765.00	\$939.00	\$1,044.00
6	\$80,000	\$463.00	\$515.00	\$463.00	\$515.00	\$463.00	\$515.00	\$463.00	\$515.00	\$463.00	\$515.00	\$463.00	\$515.00	\$463.00	\$515.00	\$463.00	\$515.00	\$633.00	\$703.00
	\$120,000	\$552.00	\$613.00	\$552.00	\$613.00	\$552.00	\$613.00	\$552.00	\$613.00	\$552.00	\$613.00	\$552.00	\$613.00	\$552.00	\$613.00	\$552.00	\$613.00	\$753.00	\$837.00
	\$160,000	\$687.00	\$765.00	\$687.00	\$765.00	\$687.00	\$765.00	\$687.00	\$765.00	\$687.00	\$765.00	\$687.00	\$765.00	\$687.00	\$765.00	\$687.00	\$765.00	\$939.00	\$1,044.00
9	\$80,000	\$774.00	\$979.00	\$774.00	\$979.00	\$774.00	\$979.00	\$774.00	\$979.00	\$774.00	\$979.00	\$774.00	\$979.00	\$774.00	\$979.00	\$774.00	\$979.00	\$1,057.00	\$1,337.00
	\$120,000	\$920.00	\$1,165.00	\$920.00	\$1,165.00	\$920.00	\$1,165.00	\$920.00	\$1,165.00	\$920.00	\$1,165.00	\$920.00	\$1,165.00	\$920.00	\$1,165.00	\$920.00	\$1,165.00	\$1,257.00	\$1,591.00
	\$160,000	\$1,147.00	\$1,452.00	\$1,147.00	\$1,452.00	\$1,147.00	\$1,452.00	\$1,147.00	\$1,452.00	\$1,147.00	\$1,452.00	\$1,147.00	\$1,452.00	\$1,147.00	\$1,452.00	\$1,147.00	\$1,452.00	\$1,567.00	\$1,984.00

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

Public Protection Class	Property Value	Washington		Baxter		Craighead		St. Francis		Arkansas		Union		Miller		Sebastian		Pulaski	
		Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame
3	\$5,000	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	\$15,000	\$65.00	\$73.00	\$65.00	\$73.00	\$65.00	\$73.00	\$65.00	\$73.00	\$65.00	\$73.00	\$65.00	\$73.00	\$65.00	\$73.00	\$65.00	\$73.00	\$69.00	\$77.00
	\$25,000	\$101.00	\$113.00	\$101.00	\$113.00	\$101.00	\$113.00	\$101.00	\$113.00	\$101.00	\$113.00	\$101.00	\$113.00	\$101.00	\$113.00	\$101.00	\$113.00	\$109.00	\$121.00
6	\$5,000	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	\$15,000	\$65.00	\$73.00	\$65.00	\$73.00	\$65.00	\$73.00	\$65.00	\$73.00	\$65.00	\$73.00	\$65.00	\$73.00	\$65.00	\$73.00	\$65.00	\$73.00	\$69.00	\$77.00
	\$25,000	\$101.00	\$113.00	\$101.00	\$113.00	\$101.00	\$113.00	\$101.00	\$113.00	\$101.00	\$113.00	\$101.00	\$113.00	\$101.00	\$113.00	\$101.00	\$113.00	\$109.00	\$121.00
9	\$5,000	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	\$15,000	\$94.00	\$115.00	\$94.00	\$115.00	\$94.00	\$115.00	\$94.00	\$115.00	\$94.00	\$115.00	\$94.00	\$115.00	\$94.00	\$115.00	\$94.00	\$115.00	\$100.00	\$123.00
	\$25,000	\$147.00	\$180.00	\$147.00	\$180.00	\$147.00	\$180.00	\$147.00	\$180.00	\$147.00	\$180.00	\$147.00	\$180.00	\$147.00	\$180.00	\$147.00	\$180.00	\$157.00	\$193.00

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

Public Protection Class	Dwelling Value	Washington		Baxter		Craighead		St. Francis		Arkansas		Union		Miller		Sebastian		Pulaski	
		Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame
3	\$80,000	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change
	\$120,000	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change
	\$160,000	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change
6	\$80,000	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change
	\$120,000	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change
	\$160,000	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change
9	\$80,000	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change
	\$120,000	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change
	\$160,000	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change	No Change

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

**HO3 and HO4 only**

Fire Extinguisher	0 %	Deadbolt Lock	0 %
Burglar Alarm	2 %	Window Locks	0 %
Smoke Alarm	2 %	\$1,000 Deductible	0 %
		Other (specify)	
			%
		Maximum Credit Allowed	%

**EARTHQUAKE INSURANCE**

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

ARE YOU CURRENTLY WRITING EARTHQUAKE COVERAGE IN ARKANSAS?		(yes or no)
WHAT IS YOUR PERCENTAGE DEDUCTIBLE?		%
	Zone	Brick
		Frame
WHAT IS YOUR PRICE PER \$1,000 OF COVERAGE?	Highest Risk	\$
	Lowest Risk	\$

**Electric Insurance Company  
Arkansas**

HO-00 Edition  
\$250 Deductible

**301 BASE PREMIUM COMPUTATION  
CLASSIFICATION AND KEY FACTOR TABLES**

**A. 1. ALL FORMS EXCEPT HO 00 04 & 06**

**a. CLASSIFICATION TABLES**

**(1) FORM FACTORS**

Form HO 00 08                    1.15

**(2) PROTECTION - CONSTRUCTION FACTORS**

Protection Class	Construction*	
	Frame	Masonry
1-6	1.00	0.90
7	1.10	0.90
8	1.40	1.15
9	1.90	1.50
10	2.10	1.90

**B. BASE RATES BY TERRITORY**

\$100,000 BASE TERRITORY	FORMS		
	2	3	5
30	\$720	\$758	\$985
31	\$788	\$829	\$1,078
32	\$878	\$924	\$1,201
33	\$577	\$607	\$789

**FOOTNOTES:**

\*Masonry Veneer is rated as Masonry. Use Construction Code 2.

Aluminum or Plastic Siding over Frame is rated as frame.

Use Construction Code 5.

Policy amounts to the nearest \$1,000.

**Key Factors**

Cov A		Cov A	
Amt	Factor	Amt	Factor
10,000	0.648	160,000	1.369
15,000	0.651	165,000	1.409
20,000	0.653	170,000	1.448
25,000	0.657	175,000	1.490
30,000	0.663	180,000	1.531
35,000	0.676	185,000	1.574
40,000	0.690	190,000	1.617
45,000	0.713	195,000	1.661
50,000	0.737	200,000	1.705
55,000	0.773	205,000	1.749
60,000	0.811	210,000	1.793
65,000	0.857	215,000	1.838
70,000	0.907	220,000	1.882
75,000	0.923	225,000	1.926
80,000	0.933	230,000	1.969
85,000	0.948	235,000	2.014
90,000	0.962	240,000	2.059
95,000	0.981	245,000	2.104
100,000	1.000	250,000	2.149
105,000	1.023	255,000	2.194
110,000	1.045	260,000	2.239
115,000	1.072	265,000	2.284
120,000	1.098	270,000	2.329
125,000	1.128	275,000	2.374
130,000	1.157	280,000	2.419
135,000	1.190	285,000	2.464
140,000	1.222	290,000	2.509
145,000	1.258	295,000	2.554
150,000	1.293	300,000	2.599
155,000	1.331		

**Each Add'l**

**1,000                    0.009**

**Electric Insurance Company  
Arkansas**

HO-00 Edition  
\$250 Deductible

**301 BASE PREMIUM COMPUTATION  
CLASSIFICATION AND KEY FACTOR TABLES  
A. 2. ALL HO 00 04  
a. CLASSIFICATION TABLE  
PROTECTION - CONSTRUCTION FACTORS**

Protection Class	Construction*	
	Frame	Masonry
1-6	1.00	0.90
7	1.30	0.90
8	1.30	0.90
9	1.60	1.30
10	1.95	1.50

**B. BASE RATES BY TERRITORY**

<b>\$20,000 BASE</b>	
TERRITORY	BASE RATES
30	\$126
31	\$109
32	\$119
33	\$102

**FOOTNOTES:**

\*Masonry Veneer is rated as Masonry. Use Construction Code 2.  
Aluminum or Plastic Siding over Frame is rated as frame.  
Use Construction Code 5.  
Policy amounts to the nearest \$1,000.

**Key Factors**

Cov C		Cov C	
Amt	Factor	Amt	Factor
6,000	0.356	51,000	2.178
7,000	0.402	52,000	2.216
8,000	0.448	53,000	2.254
9,000	0.494	54,000	2.292
10,000	0.540	55,000	2.330
11,000	0.584	56,000	2.358
12,000	0.628	57,000	2.386
13,000	0.672	58,000	2.414
14,000	0.716	59,000	2.442
15,000	0.760	60,000	2.470
16,000	0.808	61,000	2.498
17,000	0.856	62,000	2.526
18,000	0.904	63,000	2.554
19,000	0.952	64,000	2.582
20,000	1.000	65,000	2.610
21,000	1.038	66,000	2.638
22,000	1.076	67,000	2.666
23,000	1.114	68,000	2.694
24,000	1.152	69,000	2.722
25,000	1.190	70,000	2.750
26,000	1.228	71,000	2.778
27,000	1.266	72,000	2.806
28,000	1.304	73,000	2.834
29,000	1.342	74,000	2.862
30,000	1.380	75,000	2.890
31,000	1.418	76,000	2.918
32,000	1.456	77,000	2.946
33,000	1.494	78,000	2.974
34,000	1.532	79,000	3.002
35,000	1.570	80,000	3.030
36,000	1.608	81,000	3.058
37,000	1.646	82,000	3.086
38,000	1.684	83,000	3.114
39,000	1.722	84,000	3.142
40,000	1.760	85,000	3.170
41,000	1.798	86,000	3.198
42,000	1.836	87,000	3.226
43,000	1.874	88,000	3.254
44,000	1.912	89,000	3.282
45,000	1.950		
46,000	1.988		
47,000	2.026		
48,000	2.064		
49,000	2.102		
50,000	2.140		
		<b>Each Add'l</b>	
		1,000	<b>0.028</b>

**Electric Insurance Company  
Arkansas**

HO-00  
Edition \$250  
Deductible

**301 BASE PREMIUM COMPUTATION  
CLASSIFICATION AND KEY FACTOR TABLES  
A. 3. ALL HO 00 06  
a. CLASSIFICATION TABLE  
PROTECTION - CONSTRUCTION FACTORS**

Protection Class	Construction*	
	Frame	Masonry
1-6	1.00	0.90
7	1.30	0.90
8	1.30	0.90
9	1.60	1.30
10	1.95	1.50

**B. BASE RATES BY TERRITORY**

<b>\$20,000 BASE</b>	
TERRITORY	BASE RATES
30	\$133
31	\$118
32	\$119
33	\$109

**Key Factors**

Cov C		Cov C	
Amt	Factor	Amt	Factor
1,000	0.332	46,000	1.884
2,000	0.364	47,000	1.918
3,000	0.396	48,000	1.952
4,000	0.428	49,000	1.986
5,000	0.460	50,000	2.020
6,000	0.492	51,000	2.054
7,000	0.524	52,000	2.088
8,000	0.556	53,000	2.122
9,000	0.588	54,000	2.156
10,000	0.620	55,000	2.190
11,000	0.662	56,000	2.216
12,000	0.704	57,000	2.242
13,000	0.746	58,000	2.268
14,000	0.788	59,000	2.294
15,000	0.830	60,000	2.320
16,000	0.864	61,000	2.346
17,000	0.898	62,000	2.372
18,000	0.932	63,000	2.398
19,000	0.966	64,000	2.424
20,000	1.000	65,000	2.450
21,000	1.034	66,000	2.476
22,000	1.068	67,000	2.502
23,000	1.102	68,000	2.528
24,000	1.136	69,000	2.554
25,000	1.170	70,000	2.580
26,000	1.204	71,000	2.606
27,000	1.238	72,000	2.632
28,000	1.272	73,000	2.658
29,000	1.306	74,000	2.684
30,000	1.340	75,000	2.710
31,000	1.374	76,000	2.736
32,000	1.408	77,000	2.762
33,000	1.442	78,000	2.788
34,000	1.476	79,000	2.814
35,000	1.510	80,000	2.840
36,000	1.544	81,000	2.866
37,000	1.578	82,000	2.892
38,000	1.612	83,000	2.918
39,000	1.646	84,000	2.944
40,000	1.680	85,000	2.970
41,000	1.714	86,000	2.996
42,000	1.748	87,000	3.022
43,000	1.782	88,000	3.048
44,000	1.816	89,000	3.074
45,000	1.850		
<b>Each Add'l</b>			
<b>1,000</b>		<b>0.260</b>	

**FOOTNOTES:**

\*Masonry Veneer is rated as Masonry. Use Construction Code 2.  
Aluminum or Plastic Siding over Frame is rated as frame.  
Use Construction Code 5.  
Policy amounts to the nearest \$1,000.



**Electric Insurance Company  
Multi-Peril Homeowners  
Explanatory Memorandum**

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Electric Insurance Company submits for your review, under the file and use provision, a revision to our homeowners program. We intend to implement the following changes effective March 1, 2014 for new and renewal business.

The overall rate impact on our homeowners book of business is 25.0% (25.3% Dwelling Forms, 5.4% Renters Forms, 5.1% Condo Forms).

With this filing, we propose to:

- **Revise Base Rates for Dwelling Forms :** The effect of this change can be seen in Exhibit II.
- **Revise Base Rates for Renters Forms :** The effect of this change can be seen in Exhibit III.
- **Revise Base Rates for Condo Forms :** The effect of this change can be seen in Exhibit IV.