

**ARKANSAS INSURANCE DEPARTMENT
RATE FILING ABSTRACT**

Insurer Name: State Automobile Mutual Insurance Company
 NAIC Number: 25135
 Name of Advisory Organization Whose Filing You Are Referencing _____
 Co. Affiliation to Advisory Organization: Member Subscriber Service Purchaser
 Reference Filing #: _____ Proposed Effective Date: 11/15/2007

Contact Person: Theresa Brundage
 Signature: _____
 Telephone No: 800-695-9436 (ext. 5141)

(1) LINE OF INSURANCE By Coverage	(2) Indicated % Rate Level Change	(3) Requested % Rate Level Change	FOR LOSS COSTS ONLY				
			(4) Expected Loss Ratio	(5) Loss Cost Modification Factor	(6) Selected Loss Cost Multiplier	(7) Expense Constant If Applicable	(8) Co. Current Loss Cost Multiplier
Homeowner Options Program Forms HO-3 and HO-5 Form HO-4 Form HO-6	-16.4 0.0 0.0	-4.9 -10.7 -7.7					
FILED							
By bharrington at 3:01 pm, 9/14/07							
PROPERTY & CASUALTY ARKANSAS INSURANCE DEPARTMENT							
TOTAL OVERALL EFFECT	-16.0	-5.2					

N/A Apply Loss Cost Factors to Future Filings (Y or N)
+22.2% Estimated Maximum Rate Increase for any Arkansas Insured (%)
-23.7% Estimated Maximum Rate Decrease for any Arkansas Insured (%)

Corresponds to Question 3 on RF-2 or RF-WC

5 Year History								Selected Provisions	
Year	Policy Count	Rate Change History % Eff. Date	AR Earned Premium (000)	Incurred Losses (000)	Arkansas Loss Ratio	Countrywide Loss Ratio	A. Total Production Expense	See Exhibit I	
2002	2028	+7.9 05/17/2002	1060	598	56.4%	75.5	B. General Expense	_____	
2003	1741	+14.9 05/30/2003	1031	673	65.3%	60.2	C. Taxes, License & Fees	_____	
2004	1692	+6.7 11/15/2004	1016	463	45.6%	53.2	D. Underwriting Profit & Contingences	_____	
2005	1793	-2.7 11/15/2005	950	302	31.8%	39.0	E. Other (explain)	_____	
2006	1192	-5.3 11/15/2006	896	384	42.9%	62.8	F. TOTAL	_____	

Rate Level Indications -- Assumed Effective Date 11/15/2007

Accident Year	(1) Trended Adjusted Earned Premiums	(2) Earned House Years	(3) Trended Adjusted Incurred Loss & LAE	(4) Adjusted Incurred Claims	(5) (3) / (1) Loss & LAE Ratio	(6) Weights
2002	6,452,566	7,374	4,308,112	551	66.8%	0.10
2003	7,365,298	8,553	4,242,719	572	57.6%	0.15
2004	7,649,324	8,714	3,676,848	584	48.1%	0.20
2005	7,820,941	8,715	5,686,520	872	72.7%	0.25
2006	7,943,744	8,586	2,764,939	894	34.8%	0.30
	37,231,873	41,942	20,679,138	3,474	55.5%	1.00

(7)	Weighted Experience Loss & LAE Ratio	53.5%
(8)	Permissible Loss & LAE Ratio (A)	64.1%
(9)	Indicated Rate Level Change Before Credibility	-16.4%
(10)	Credibility (B)	1.00
(11)	Complement Loss & LAE Ratio (C)	68.3%
(12)	Credibility Weighted Loss & LAE Ratio (D)	53.5%
(13)	Credibility Weighted Indicated Rate Level Change	-16.4%

Other Acq. & Gen. Exp.	9.80%
Commissions Expense	17.00%
Taxes, Misc. Fees	3.13%
Profit & contingencies (E)	6.00%
<u>Expense Ratio</u>	<u>35.93%</u>

- (A) Permissible Loss Ratio = 1 - Expense Ratio
- (B) Credibility = [Total Column (2) / 40,000] ^ (1/2)
- (C) Trended Expected Loss Ratio
- (D) Credibility Weighted Loss & LAE Ratio = [Row (10) x Row (7)] + [(1 - Row (10)) x Row (11)]
- (E) Includes Offset For Investment Income

NOTE: The net effect of the Wind Procedure is a -21.4% change in losses.