

SERFF Tracking Number: STAT-126238165 State: Arkansas
 First Filing Company: State Auto Property and Casualty Insurance Company, ... State Tracking Number: EFT \$100
 Company Tracking Number: SAC-HO-2009-209
 TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations
 Product Name: AR HO RR
 Project Name/Number: Eff 11-15-09/SAC-HO-2009-209

Filing at a Glance

Companies: State Auto Property and Casualty Insurance Company, State Automobile Mutual Insurance Company
 Product Name: AR HO RR SERFF Tr Num: STAT-126238165 State: Arkansas
 TOI: 04.0 Homeowners SERFF Status: Closed-Filed State Tr Num: EFT \$100
 Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations Co Tr Num: SAC-HO-2009-209 State Status: Fees verified and received
 Filing Type: Rate/Rule Reviewer(s): Becky Harrington, Betty Montesi
 Authors: Doug Griffith, Barb Wickham Disposition Date: 09/16/2009
 Date Submitted: 08/25/2009 Disposition Status: Filed
 Effective Date Requested (New): 11/15/2009 Effective Date (New): 11/15/2009
 Effective Date Requested (Renewal): 11/15/2009 Effective Date (Renewal): 11/15/2009

State Filing Description:

General Information

Project Name: Eff 11-15-09 Status of Filing in Domicile:
 Project Number: SAC-HO-2009-209 Domicile Status Comments:
 Reference Organization: Reference Number:
 Reference Title: Advisory Org. Circular:
 Filing Status Changed: 09/16/2009 Deemer Date:
 State Status Changed: 08/26/2009 Submitted By: Barb Wickham
 Created By: Barb Wickham
 Corresponding Filing Tracking Number:
 Filing Description:
 With this filing we are revising our Homeowner Options program, as detailed in the Summary of Proposed Changes.

We estimate these revisions will result in an overall impact of +15.0%.

Attached are copies of the revised manual pages and rating document.

Your consideration and acknowledgement of our filing to become effective November 15, 2009 will be very much

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appreciated.

Company and Contact

Filing Contact Information

Bernie Buckland, Actuarial Technician Bernie.Buckland@StateAuto.com
 518 E. Broad Street 614-917-5921 [Phone]
 Columbus, OH 43215 614-719-0877 [FAX]

Filing Company Information

State Auto Property and Casualty Insurance CoCode: 25127 State of Domicile: Iowa
 Company
 1300 Woodland Ave Group Code: 175 Company Type: Property and
 Casualty
 PO Box 66150 Group Name: State ID Number:
 West Des Moines, IA 50265-0150 FEIN Number: 57-6010814
 (614) 464-5000 ext. [Phone]

 State Automobile Mutual Insurance Company CoCode: 25135 State of Domicile: Ohio
 518 E. Broad Street Group Code: 175 Company Type: Property and
 Casualty
 PO Box 182822 Group Name: State ID Number:
 Columbus, OH 43215 FEIN Number: 31-4316080
 (614) 464-5000 ext. [Phone]

Filing Fees

Fee Required? Yes
 Fee Amount: \$100.00
 Retaliatory? No
 Fee Explanation: \$100 For Rate/Rule filing
 Per Company: No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
State Auto Property and Casualty Insurance	\$100.00	08/25/2009	30087708

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Company

State Automobile Mutual Insurance Company \$0.00 08/25/2009

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Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Filed	Becky Harrington	09/16/2009	09/16/2009

Objection Letters and Response Letters

Objection Letters				Response Letters		
Status	Created By	Created On	Date Submitted	Responded By	Created On	Date Submitted
Pending Industry Response	Becky Harrington	09/10/2009	09/10/2009	Barb Wickham	09/14/2009	09/14/2009
Pending Industry Response	Becky Harrington	08/26/2009	08/26/2009	Barb Wickham	09/02/2009	09/09/2009

Amendments

Schedule	Schedule Item Name	Created By	Created On	Date Submitted
Supporting Document	Exhibit XIV	Doug Griffith	09/09/2009	09/09/2009

Filing Notes

Subject	Note Type	Created By	Created On	Date Submitted
Disruption Chart	Note To Filer	Becky Harrington	09/09/2009	09/09/2009

SERFF Tracking Number: STAT-126238165 State: Arkansas
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 Project Name/Number: Eff 11-15-09/SAC-HO-2009-209

Disposition

Disposition Date: 09/16/2009
 Effective Date (New): 11/15/2009
 Effective Date (Renewal): 11/15/2009
 Status: Filed
 Comment:

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where required):	Minimum % Change (where required):
State Auto Property and Casualty Insurance Company	18.400%	15.000%	\$1,527,726	11,260	\$9,514,499	36.400%	-5.900%
State Automobile Mutual Insurance Company	18.400%	15.000%	\$97,105	988	\$645,808	36.400%	-5.900%

Overall Rate Information for Multiple Company Filings

Overall Percentage Rate Indicated For This Filing	18.400%
Overall Percentage Rate Impact For This Filing	15.000%
Effect of Rate Filing-Written Premium Change For This Program	\$1,624,831
Effect of Rate Filing - Number of Policyholders Affected	12,248

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 Project Name/Number: Eff 11-15-09/SAC-HO-2009-209

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 (revised)	NAIC loss cost data entry document	Filed	Yes
Supporting Document	NAIC loss cost data entry document		Yes
Supporting Document (revised)	Exhibits	Filed	Yes
Supporting Document	Exhibits		Yes
Supporting Document (revised)	Filing Memorandum	Filed	Yes
Supporting Document	Filing Memorandum		Yes
Supporting Document	Exhibit XIV	Filed	Yes
Rate (revised)	Revised Manual Pages	Filed	Yes
Rate	Revised Manual Pages		Yes
Rate	Rate Document	Filed	Yes

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TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations
Product Name: AR HO RR
Project Name/Number: Eff 11-15-09/SAC-HO-2009-209

Objection Letter

Objection Letter Status Pending Industry Response
Objection Letter Date 09/10/2009
Submitted Date 09/10/2009
Respond By Date
Dear Bernie Buckland,

This will acknowledge receipt of the additional information submitted on 9/9/09.

Objection 1

No Objections

Comment: Discussions with Commissioner Bradford have prompted a couple of more questions.

Please identify the types of losses responsible for the non-wind/hail loss ratios of White County and Territory 42 (Johnson and Pope Counties).

Objection 2

No Objections

Comment: Current \$500 deductible insureds will renew at the same deductible. Do you anticipate rolling them to \$1000 at some point in the future?

Please feel free to contact me if you have questions.

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

Response Letter

Response Letter Status Submitted to State
Response Letter Date 09/14/2009
Submitted Date 09/14/2009

Dear Becky Harrington,

SERFF Tracking Number: STAT-126238165 State: Arkansas
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Product Name: AR HO RR
Project Name/Number: Eff 11-15-09/SAC-HO-2009-209

Comments:

Please see the responses below to the objections.

Response 1

Comments: The loss ratio of White County (Territory 34) is being driven by 25 water damage losses totaling \$119,549, 6 fire losses totaling \$91,866, 14 burglaries totaling \$36,063 and 3 mold losses totaling \$28,730. There are also 22 other non-wind/hail losses spread among 8 other categories which contribute toward the loss ratio. These 22 losses are less responsible than the losses mentioned above for Territory 34's loss ratio index of 2.4408.

The loss ratio of Territory 42 (Johnson and Pope Counties) is being driven by 6 fire losses totaling \$512,161, 40 water damage losses totaling \$261,320, and 20 lightning losses totaling \$100,144. There are also 23 other non-wind/hail losses spread among 8 other categories which contribute toward the loss ratio. These 23 losses are less responsible than the losses mentioned above for Territory 42's loss ratio index of 1.8105.

These dollar amounts reflect individual property losses that have been capped at the lower of \$250,000 or one-half of the Coverage A amount. For example, in Territory 42, there is a fire loss of approximately \$900,000 that is being capped at \$250,000.

Related Objection 1

Comment:

Discussions with Commissioner Bradford have prompted a couple of more questions.

Please identify the types of losses responsible for the non-wind/hail loss ratios of White County and Territory 42 (Johnson and Pope Counties).

Changed Items:

No Supporting Documents changed.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Response 2

Comments: We do not plan, at this point, rolling current \$500 deductible insureds to \$1000 in the near future.

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Company, ...
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Product Name: AR HO RR
Project Name/Number: Eff 11-15-09/SAC-HO-2009-209

Related Objection 1

Comment:

Current \$500 deductible insureds will renew at the same deductible. Do you anticipate rolling them to \$1000 at some point in the future?

Changed Items:

No Supporting Documents changed.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Please let me know if anything else is needed.

Thank You,

Bernie Buckland

Sincerely,

Barb Wickham, Doug Griffith

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Objection Letter

Objection Letter Status Pending Industry Response

Objection Letter Date 08/26/2009

Submitted Date 08/26/2009

Respond By Date

Dear Bernie Buckland,

This will acknowledge receipt of the captioned filing.

Objection 1

- HPCS-Homeowners Premium Comparison Survey (Supporting Document)

Comment: Please revise to include the earthquake rates.

Objection 2

- NAIC loss cost data entry document (Supporting Document)

Comment: Explain why the proposed rate filing was included on the RF-1 rate change history. This filing has not been "filed".

Objection 3

- Revised Manual Pages , Various (Rate)

- Rate Document , Complete (Rate)

- Filing Memorandum (Supporting Document)

Comment: AR does not allow mandatory wind/hail deductibles, either as percentages or flat amounts greater than the all other peril deductible. Please amend the filing accordingly.

Objection 4

- Revised Manual Pages , Various (Rate)

Comment: Protected Suburban Classes - provide an impact statement as required by ACA 23-88-104 or indicate the filing in which one has been previously provided.

Objection 5

- Filing Memorandum (Supporting Document)

Comment: Please indicate the number of insureds affected by the capping removal.

Objection 6

No Objections

Comment: Please indicate the number of insureds receiving an increase greater than the indicated.

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Product Name: AR HO RR
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Please feel free to contact me if you have questions.

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

Response Letter

Response Letter Status	Submitted to State
Response Letter Date	09/02/2009
Submitted Date	09/09/2009

Dear Becky Harrington,

Comments:

Please see the responses below.

Response 1

Comments: The Homeowners Premium Comparison Surveys have been updated to include the earthquake rates.

Related Objection 1

Applies To:

- HPCS-Homeowners Premium Comparison Survey (Supporting Document)

Comment:

Please revise to include the earthquake rates.

Changed Items:

Supporting Document Schedule Item Changes

Satisfied -Name: HPCS-Homeowners Premium Comparison Survey

Comment:

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

SERFF Tracking Number: STAT-126238165 State: Arkansas
First Filing Company: State Auto Property and Casualty Insurance State Tracking Number: EFT \$100
Company, ...
Company Tracking Number: SAC-HO-2009-209
TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations
Product Name: AR HO RR
Project Name/Number: Eff 11-15-09/SAC-HO-2009-209

Response 2

Comments: The proposed percent of change and effective date were inadvertently added to the exhibit.

Related Objection 1

Applies To:

- NAIC loss cost data entry document (Supporting Document)

Comment:

Explain why the proposed rate filing was included on the RF-1 rate change history. This filing has not been "filed".

Changed Items:

Supporting Document Schedule Item Changes

Satisfied -Name: NAIC loss cost data entry document

Comment:

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Response 3

Comments: We are withdrawing our proposed mandatory wind/hail deductibles and implementing a minimum \$1,000 all peril deductible for Owners Forms New Business. Existing deductibles for current insureds will not change. Exhibit XII, Page 2 of 2, has been revised to reflect our removal of the mandatory wind/hail deductibles. The minimum rate change for any insured on the NAIC loss cost data entry document has been revised. Page CD-3 of the manual has also been revised.

Related Objection 1

Applies To:

- Revised Manual Pages , Various (Rate)
- Rate Document , Complete (Rate)
- Filing Memorandum (Supporting Document)

Comment:

AR does not allow mandatory wind/hail deductibles, either as percentages or flat amounts greater than the all other peril deductible. Please amend the filing accordingly.

Changed Items:

SERFF Tracking Number: STAT-126238165 State: Arkansas
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 Company, ...
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 Project Name/Number: Eff 11-15-09/SAC-HO-2009-209

Supporting Document Schedule Item Changes

Satisfied -Name: Exhibits

Comment:

Satisfied -Name: Filing Memorandum

Comment: The filing memorandum has been revised to reflect the update being made with deductibles.

No Form Schedule items changed.

Rate/Rule Schedule Item Changes

Exhibit Name	Rule # or Page #	Rate Action	Previous State Filing #
Revised Manual Pages	Various	Replacement	
Previous Version			
Revised Manual Pages	Various	Replacement	

Response 4

Comments: There is no impact from this change because any insured classified as PC 10 that currently qualifies for the Protected Suburban Rule will continue to be rated under the Protected Suburban Rule. As of 11/15/2009, PC 10's are no longer eligible for Protected Suburban class.

Related Objection 1

Applies To:

- Revised Manual Pages , Various (Rate)

Comment:

Protected Suburban Classes - provide an impact statement as required by ACA 23-88-104 or indicate the filing in which one has been previously provided.

Changed Items:

No Supporting Documents changed.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Response 5

SERFF Tracking Number: STAT-126238165 State: Arkansas
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Company, ...
Company Tracking Number: SAC-HO-2009-209
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Product Name: AR HO RR
Project Name/Number: Eff 11-15-09/SAC-HO-2009-209

Comments: 114 insureds out of 12,804 will be affected by the capping removal. 107 of those 114 are Owners Forms.

Related Objection 1

Applies To:

- Filing Memorandum (Supporting Document)

Comment:

Please indicate the number of insureds affected by the capping removal.

Changed Items:

No Supporting Documents changed.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Response 6

Comments: Exhibit VIII shows our base rate impacts which vary by territory. These impacts vary from 4.3% up to 24.4% for Owners Forms. Just considering base rates, we are going to have insureds receiving an increase greater than the statewide indication of 18.9%. Considering all the changes combined, 2,429 insureds out of 12,804 are greater than the indication of 18.9%

Related Objection 1

Comment:

Please indicate the number of insureds receiving an increase greater than the indicated.

Changed Items:

No Supporting Documents changed.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Sincerely,

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Company, ...
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Project Name/Number: Eff 11-15-09/SAC-HO-2009-209

Amendment Letter

Submitted Date: 09/09/2009

Comments:

As requested, attached is the Distribution of Rate Change Impacts.

Please let us know if you have any additional questions.

Thanks,

Doug Griffith

Changed Items:

Supporting Document Schedule Item Changes:

User Added -Name: Exhibit XIV

Comment:

AR_HO_Exh_XIV.pdf

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Product Name: AR HO RR
Project Name/Number: Eff 11-15-09/SAC-HO-2009-209

Note To Filer

Created By:

Becky Harrington on 09/09/2009 11:43 AM

Last Edited By:

Becky Harrington

Submitted On:

09/16/2009 09:35 AM

Subject:

Disruption Chart

Comments:

Please provide a chart showing the number of policies with rate change percentages between the minimum and maximum effects of the filing using 5% increments.

Give me a call if the above is not clear.

Thanks,
Becky

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Rate Information

Rate data applies to filing.

Filing Method: File and Use
 Rate Change Type: Increase
 Overall Percentage of Last Rate Revision: -5.000%
 Effective Date of Last Rate Revision: 11/15/2007
 Filing Method of Last Filing: File and Use

Company Rate Information

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where required):	Minimum % Change (where required):
State Auto Property and Casualty Insurance Company	18.400%	15.000%	\$1,527,726	11,260	\$9,514,499	36.400%	-5.900%
State Automobile Mutual Insurance Company	18.400%	15.000%	\$97,105	988	\$645,808	36.400%	-5.900%

Overall Rate Information for Multiple Company Filings

Overall % Rate Indicated: 18.400%
 Overall Percentage Rate Impact For This Filing: 15.000%

<i>SERFF Tracking Number:</i>	<i>STAT-126238165</i>	<i>State:</i>	<i>Arkansas</i>
<i>First Filing Company:</i>	<i>State Auto Property and Casualty Insurance Company, ...</i>	<i>State Tracking Number:</i>	<i>EFT \$100</i>
<i>Company Tracking Number:</i>	<i>SAC-HO-2009-209</i>		
<i>TOI:</i>	<i>04.0 Homeowners</i>	<i>Sub-TOI:</i>	<i>04.0000 Homeowners Sub-TOI Combinations</i>
<i>Product Name:</i>	<i>AR HO RR</i>		
<i>Project Name/Number:</i>	<i>Eff 11-15-09/SAC-HO-2009-209</i>		
Effect of Rate Filing - Written Premium Change For This Program:			\$1,624,831
Effect of Rate Filing - Number of Policyholders Affected:			12248

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 Product Name: AR HO RR
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Rate/Rule Schedule

Schedule Item	Exhibit Name:	Rule # or Page	Rate Action	Previous State Filing Attachments
Status:		#:		Number:
Filed 09/16/2009	Revised Manual Pages	Various	Replacement	AR HO Revised Manual pages 0908.pdf
Filed 09/16/2009	Rate Document	Complete	Replacement	AR HO Rate Doc.pdf

ARKANSAS HOMEOWNER OPTIONS MANUAL

General Rules Section

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ARKANSAS HOMEOWNER OPTIONS MANUAL

General Rules Section

7. POLICY TERM/PAYMENT OPTIONS

- A. The Homeowner Options Policy may be written for a period of one year. Renewal terms are processed according to the current rates and forms.
- B. The Homeowner Options Program is eligible for Direct Bill and Electronic Fund Transfer Billing per the table below:

Twelve Month Policy Term			
Pay Plan Options	E-Pay Available	Service Charge	Billing Due Dates
Full Pay	Yes	N/A	Full payment due at inception of policy term.
Two Pay	Yes	☛\$5 N/A- EFT	50% due at inception with remaining due in 6 months
Four Pay	Yes	☛\$5 N/A- EFT	25% due at inception with remaining billed in 25% installments each 90 days
Monthly	Yes	☛\$5 N/A- EFT	1/12 th due at inception with remaining billed in installments every 30 days

C. **Timing Considerations**—The number of installments will be determined by the number of months remaining in the policy term at the time the policy is set up. At renewal, the payment cycle will convert to the valid pay plan that was selected.

D. **Electronic Funds Transfer (“E-Pay”)**

The insured has the option of choosing a date between the 1st and 28th of the month that they would like the deduction to take place on EFT billed policies. Using the effective date of the policy for the EFT effective date will ensure that the insured is current on installment payments. The insured will be notified by the company 14 days in advance of the initial amount of premium to be deducted, as well as any changes to that amount of one dollar (\$1.00) or more.

This option is available for new and existing business. Once State Auto receives the enrollment form, the insured’s policy will be set up for the electronic funds transfer. This option is not available on premium financed or mortgage billed policies.

E. **Customers Can Pay:**

- 1) **By Check** – Customers can mail in a check with the invoice billing stub.
- 2) **EFT** – Customers can have an automatic deduction taken from their bank account. Refer to item D.
- 3) Payments can be made any time of the day or night, seven days a week, by **credit** or **debit card** ((Visa or Master Card), or **automated check** (ACH payment), using either of these options:
 - a) **Pay on the Web** at www.stateauto.com – After selecting the option to “Pay Your Policy” customers can make a one-time payment without enrolling in the system or they can enroll in our “Pay Now” program where personal and payment type information is stored to facilitate and expedite future payments.
 - b) **Pay By Phone** using our automated service – just call 1-800-444-9950, extension 5118.

ARKANSAS HOMEOWNER OPTIONS MANUAL

General Rules Section

7. POLICY TERM/PAYMENT OPTIONS (CONT'D)

- F. Agent "Sweep" / Upload Payments** – Agents can collect insured payments in their office, deposit in their bank account, and State Auto "Sweeps" the money out via electronic transaction.
- 1) **New Business** – Agencies may upload insured new business and down payments through AgentSite netXpress.
 - 2) **Installment Payments** – Agents can "Sweep" insureds installment payments received in their office via State Auto's AgentSite.
- Contact Agency Interface Services at 1-888-999-8103 for more information on "Sweeping".
- G. NSF Charge** – A \$20 non-sufficient funds fee will be charged on all returned payments if returned for insufficient funds.
- H. Late Payment Fee** – A \$10 late payment fee will be charged for any payment received more than four days after the invoice due date.
- I.** If the policy is to be mortgagee bill, the policy must be paid in full.

8. OTHER INSURANCE

Credit for existing insurance is not permitted.

9. CANCELLATION OR REDUCTIONS IN LIMITS OF LIABILITY OR COVERAGES

It shall not be permissible to cancel any of the mandatory coverages in the policy unless the entire policy is canceled.

If insurance is canceled or reduced at the request of either the insured or insurer, the earned premium shall be computed on a pro rata basis as follows:

Refund of Unearned Premium:

1. If the company cancels the policy, the cancellation shall not be effective unless any unearned premium due to the insured is returned to the insured with the notice of cancellation or is delivered or sent by mail to the insured so as to be received by the insured on or before the effective date of cancellation.
2. If the insured cancels the policy, any return premium will be refunded within 30 days following the company's receipt of the request for cancellation.

ARKANSAS HOMEOWNER OPTIONS MANUAL

General Rules Section

10. MANUAL REVISION

Changes in manual rules or rates will be announced. Each revised page will show the effective date of the revision. Information with a pencil symbol (✎) indicates an important change. Minor editorial changes will not show the symbol.

A manual revision, meaning any revision of premium applicable to the Options Homeowner Program shall be made in accordance with the following procedures:

- A. The effective date of such revision shall be as announced.
- B. The revision shall apply to any policy or endorsement in the manner outlined in the announcement of the revision.
- C. When an existing Homeowners Policy is endorsed to take advantage of a reduction in premium, the adjustment shall be made on a pro rata basis.
- D. Unless otherwise provided at the time the premium revision becomes effective, the premium revision does not affect in-force policy forms and endorsements until the policy is renewed.

11. RESTRICTION OF INDIVIDUAL POLICIES

If a Homeowner Options Policy would not be issued because of unusual circumstances or exposures, the named insured may request a restriction of the policy provided no reduction in the premium is allowed. Such requests shall be approved by the Company before binding.

✎12. DEFINITIONS

A. Construction

Frame – exterior wall of wood or other combustible construction, including wood-iron clad, stucco on wood or plaster on combustible supports.

Aluminum or plastic siding over frame.

Masonry Veneer – exterior walls of combustible construction veneered with brick or stone shall be classified as masonry construction.

Masonry – exterior walls constructed of masonry materials such as adobe, brick, concrete, gypsum block, hollow concrete block, stone, tile or similar materials and floors and roof of combustible construction (disregarding floors resting directly on the ground).

Mixed – a combination of both frame and masonry construction shall be classed and coded as frame when the exterior walls of frame construction (including gables) exceed 33 1/3% of the total exterior wall area; otherwise class and code as masonry.

Non-Combustible – exterior walls, floors and roof constructed of, and supported by metal, asbestos, gypsum, or other non-combustible materials.

ARKANSAS HOMEOWNER OPTIONS MANUAL

General Rules Section

12. DEFINITIONS (CONT'D)

Masonry Non-Combustible – exterior walls constructed of masonry materials (as described in Masonry above) and floors and roof of metal or other non-combustible materials.

Fire Resistive – exterior walls and floors and roof constructed of masonry or other fire resistive materials.

For Non-Combustible, Masonry Non-Combustible and Fire Resistive construction types, refer to the Superior construction credit in the Credits/Discounts/Charges section.

B. Seasonal Dwelling Definition

A seasonal dwelling is a dwelling with continuous unoccupancy of three or more consecutive months during any one year period.

C. Single Building Definition

All buildings or sections of buildings which communicate through unprotected openings shall be considered as a single building.

Buildings which are separated by space shall be considered separate buildings.

Buildings or sections of buildings which are separated by an 8 inch masonry fire wall which extends uninterrupted from the foundation through the roof in the form of a parapet at least 24 inches high shall be considered single family dwellings. Communications between buildings with independent walls or through masonry fire walls described above shall be protected by at least a Class A Fire Door installed in a masonry wall section.

13. PROTECTION CLASS

A. The protection class listings in the Public Protection Classification manual apply to risks insured under Options Homeowner Policies.

B. Single Class Areas

In a classified area where the primary responding fire department has a single classification (e.g. 6), use the designated classification for all properties located within the classified area. The property must be located within five miles of the responding fire department.

If the risk is located in PC 8b, Rate as a PC9.

C. Multiple Class Areas

In a classified area where two or more classifications are shown for the primary responding fire department, (e.g. 6/9), the classification is determined as follows:

Distance to Primary Responding Fire Department	Protection Class
5 road miles or less and within 1,000 feet of a hydrant	Use the first class shown (e.g. 6/9), use 6
5 road miles or less and over 1,000 feet to hydrant	Use class 9
Over 5 road miles	10

ARKANSAS HOMEOWNER OPTIONS MANUAL

General Rules Section

14. PROTECTED SUBURBAN CLASSES

The Protected Suburban Rule may be applied to risks located in class 9 as determined by the Insurance Service Office. The protection class is based on the fire department which is the primary responding department. Back-up or secondary fire departments are not eligible for the Protected Suburban Rule. Refer to the Underwriting Guidelines for Eligibility Requirements.

Protection Class of Primary Responding Fire Department**	Identify on Application as "1" followed by the Primary Responding Fire Department Class	Will be rated as class:
1-4	11-14	7
5	15	7
6	16	7
7	17	7
8	18	8
9**	19	9

Dwellings currently classified as protection class 8b, 9 or 10 but located within 1,000 feet of a fire hydrant and within five miles travel distance over paved roads of the primary responding fire department are identified on the application as a class 18 and will be rated as a class 8.

Class 10 dwellings located within five miles driving distance over all-weather roads of the primary fire department are identified on the application as a class 19 and will be rated as class 9.

**If any part of a platted subdivision is within the required 5 miles, all property in the subdivision shall be considered as being within the required 5 miles therefore making PC 9's eligible for Protected Suburban Rating under this rule.

As of 11/15/2009, PC 10's are no longer eligible for Protected Suburban class.

15. PREMIUM DETERMINATION

Factors and rates for optional coverages are located in the homeowner manual. All other factors and rates are located within the rate document.

ARKANSAS HOMEOWNER OPTIONS MANUAL

Credits/Discounts/Charges

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ARKANSAS HOMEOWNER OPTIONS MANUAL

Credits/Discounts/Charges

1. AGE OF DWELLING DISCOUNT

Under the ESTATES, DEFENDER or SECURGARD options, for policy forms HO 0003 or HO 0005 the following premium credits apply to newer dwellings:

Age of Dwelling	Discount Percentage
0	25%
1	23%
2	21%
3	19%
4	17%
5	15%
6	13%
7	11%
8	9%
9	6%
10	3%
11+	0%

To determine the credit: Age of dwelling equals the current year minus the year the home was completed.

2. AUTO/HOME DISCOUNT

This credit is available to insureds that have both an automobile and homeowner policy written with State Auto Insurance Companies. While the application of this plan is relatively simple, we have outlined below a number of rules and requirements that apply to our various programs.

A. Credit

The credit is 15% of the base premium.

B. Eligibility

All HO 0003, HO 0004, HO 0005 and HO 0006 policies are eligible for the Auto/Home Discount, although there are a number of requirements in addition to our normal underwriting rules:

1. Primary and Secondary residences are eligible to receive the discount.
2. Private passenger autos written under a State Auto National policy will enable eligible homeowners to qualify for the discount.

Note: Any homeowner's policy, except HO 0004 and HO 0006 policies with Coverage C less than \$20,000 will qualify an eligible auto policy for the discount.

ARKANSAS HOMEOWNER OPTIONS MANUAL

Credits/Discounts/Charges

2. AUTO/HOME DISCOUNT (CONT'D)

C. Processing Instructions

1. New Applications

When a homeowner application is submitted that is eligible for the Auto/Home Discount, indicate in the Rating Credits area of the application under "other". Include the policy number of the corresponding auto risk.

2. Agent Issued Policies

Indicate on the daily and accompanying applications, the policy number for the corresponding policy.

EXAMPLE: Homeowner Policy – A/H DISCOUNT AAR X XXX XXX

3. Mid-Term Changes to Existing Policies

The Auto/Home Discount may be added to existing business as of the effective date of supporting coverage.

A change request for each policy, with the corresponding policy number shown, must be submitted.

4. Cancellation of a Policy With Auto/Home Discount

When one of the two policies with a discount applying is canceled, the Homeowner policy will be set up to remove the discount at the next renewal.

5. Declarations Pages

When the Auto/Home Discount credit applies, the annual amount of the credit will be displayed on the declarations page of the policy.

3. CLASS 4 AND TILE, CONCRETE OR SLATE ROOF DISCOUNT

Roof Discount

Risks may be eligible for one of the following discounts:

A. Class 4 Roof - A discount of 5% applies to all policies whose roofs are covered with Class 4 Impact Resistant Roofing Materials. To be eligible for the discount the roof must meet the following requirement:

1. Roof must be less than 15 years old.
2. Proof must be sent in at the time the discount is applied. Proof would consist of an invoice showing the UL ranking or an inspection (at the insured's expense) by a reputable roofing company.
3. This discount does not apply to HO 0004 and HO 0006 policies.

Class 4 Roof – Underwriters Laboratories (UL) ranks roofing material from Class 1 to Class 4 based on its resistance to various sized steel balls being dropped from various heights. Class 4 roofing material meets the UL standard for impact resistance based on a steel ball two inches in diameter being dropped from a height of 20 feet. Class 4 shingles use six fasteners per shingle (in high wind areas), have a 102 mile per hour wind warranty and a 30 to 40 year limited warranty depending on the type of shingle selected.

3.B. Tile, Concrete, or Slate Roof – A discount of 5% applies to policies in which the portion of the roof covering the living area of the dwelling is made entirely of clay, concrete, cement-fiber or slate. This discount does not apply to HO 0004 and HO 0006 policies.

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Credits/Discounts/Charges

4. DEDUCTIBLES

A. Deductible Options

The following deductible options are available:

All Forms		
Flat Deductible	Credit/Surcharge	Maximum Dollar Credit
\$500	None	N/A
\$1,000	-8%	\$200
\$1,500	-12%	\$275
\$2,000	-16%	\$325
\$2,500	-20%	\$400
\$5,000	-30%	\$675
⦿\$7,500	-37%	\$850

Note: The \$500 deductible option will not be available for HO 3 and HO 5 forms written on or after November 14, 2009.

B. Windstorm or Hail Deductibles – FI 187

All Forms except HO 0004

To compute the premium, multiply the BASE PREMIUM by the factor listed below for the deductible amounts selected:

All Other Perils Deductible Amount	⦿ALL PROGRAMS WINDSTORM OR HAIL DEDUCTIBLE FACTOR				
	\$1,000	\$1,500	\$2,000	\$2,500	\$5,000
\$500	.97	.96	.95	.94	.91
\$1,000	N/A	.91	.90	.89	.86
\$1,500	N/A	N/A	.87	.86	.83
\$2,000	N/A	N/A	N/A	.83	.81
\$2,500	N/A	N/A	N/A	N/A	.78

5. FINANCIAL STABILITY RATING

The option of this discount or surcharge is based on the insurance score ranking of the insured. The company will use mutually exclusive characteristics to assign tier levels to each new business risk.

ARKANSAS HOMEOWNER OPTIONS MANUAL

Credits/Discounts/Charges

6. LOSS EXPERIENCE RATING

The loss experience rating incorporates the number of losses with the length of time the insured has been with the company. A loss experience surcharge will apply to all programs based on a rolling three (3) year experience period as follows:

Number of Losses in the Last Three Years	0-9 years with State Auto	10 Plus Years with State Auto
1 loss	+15%	0%
2 losses	+40%	+25%

•...Apply the applicable percentage to the rate based on the number of losses the insured has had in the past three years. Surcharges only apply to losses for which any company has incurred costs in excess of \$1,000 and do not apply for catastrophes or weather related losses.

•...First losses of the following types will not result in a surcharge on policies written on renewed after 11/15/2009: Weight of Ice/Snow, Sinkhole, Riots/Civil commotion, Medical Payments or Mine Subsidence.

•...Claims submitted under the Prime of Life plan or HomeXtendedSM coverages will not be surcharged regardless of the number of claims.

Watercraft losses that are surcharged will be applied to the watercraft premium.

7. NUMBER OF FAMILY RATING

Apply the following factor to develop the base premium for a 3 or 4 family dwelling:

Number of Families	Factor
1 or 2	1.00
3	1.50
4	1.55

8. PRIME OF LIFE HOMEOWNERS DISCOUNT

Prime of Life Extra Value Coverages

The Prime of Life Plan affords extra value coverages provided by endorsement FI 199 for insureds **ages 45 and older**. It applies to policy forms HO 0003, HO 0005 and HO 0006 with Coverage C of \$20,000 or more that qualify for the Auto/Home Discount. Form FI 199 applies.

Prime of Life Discount

•...A discount is available to the named insureds and/or spouse who are at least **50 years of age or older** and their homeowner policy is part of an Auto/Home Discount account. This discount applies to the HO0003, HO0005 and HO0006 forms that are a part of an Auto/Home Discount account.

A. Credit

This credit is applied to the otherwise applicable annual base premium.

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Credits/Discounts/Charges

8. PRIME OF LIFE HOMEOWNERS DISCOUNT (CONT'D)

- 3% discount for named insured ages 50-54.
- 5% discount for named insured ages 55 and older.

B. Eligibility

In order for the Prime of Life Discount to apply, all new homeowners applications must be submitted concurrently with the personal automobile application or the personal automobile policy must concurrently be written with State Auto. No trial applications will be accepted, and the personal auto applications must meet all of our underwriting requirements to qualify for the discounts.

This credit is available for all HO 0003 and HO 0005 forms in all policy options and HO 0006 policy forms with Coverage C limit of \$20,000 or greater written in any policy option (ESTATES, DEFENDER or SECURGARD).

HO 0004 tenant homeowner forms do not qualify for the discount.

Primary and Secondary residences are eligible.

NOTE: Any homeowner's policy, except HO 0004 and HO 0006 policies with Coverage C less than \$20,000 will qualify an eligible auto policy for the discount.

C. Processing Instructions

1. New Applications

When homeowner applications are submitted that are eligible for the Prime of Life Homeowner Discount, the discount will be automatically applied to the policy. **PLEASE INDICATE IN THE APPLICANT INFORMATION SECTION OF THE ACORD™ APPLICATION THE DATE OF BIRTH AND SOCIAL SECURITY NUMBER FOR THE NAMED INSURED AND SPOUSE.**

2. Cancellation of a Policy With Prime of Life Discount

When one of the two policies receiving the Prime of Life Discount is canceled, the credit will be automatically removed from the remaining policy at the next renewal date.

3. Declarations Pages

When the Prime of Life Discount credit applies, the percentage will be displayed on the declarations page of the policy.

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Credits/Discounts/Charges

9. PROTECTIVE DEVICE CREDITS

The following premium credits may be allowed for the installation of an approved and properly maintained burglar alarm, fire alarm or sprinkler system in the dwelling:

PROTECTIVE DEVICE CREDITS		
TYPE CODE	PROTECTIVE DEVICE DESCRIPTION	DISCOUNT PERCENT
I	Central Station Burglary Alarm System	5%
J	Central Station Fire Alarm System	5%
K	Burglary Alarm System That Alerts the Police Department	3%
M	Fire Alarm System That Alerts the Fire Department	3%
N	Burglary and/or Fire Local Alarm System Including UL Approved Smoke Detector Devices	2%
O	Sprinkler System In All Areas Including Bathrooms, Attics and Attached Structures	13%
Q	Sprinkler System With Sprinklers Totally or Partly Omitted in Bathrooms, Closets, Attics and Attached Structures and With Fire Detectors In All Areas Where the Sprinkler is Omitted	8%

The total credit applies to the adjusted base policy premium derived from the basic premium charts and the Scheduled Personal Property premium for each class.

Note: Identify the type of device on the homeowner application.

Maximum Credit – The maximum credit for Protective Devices is 20% for both the Base Policy Premium and Scheduled Personal Property Premium.

10. SOLID FUEL HEATING DEVICE SURCHARGE

A surcharge of \$50 will be added to all policies with an acceptable solid fuel heating device. This would include wood, corn, pellet, coal stoves and other similar solid fuel units and fireplace inserts.

The surcharge will be added to the premium in the same rating steps as an optional endorsement.

This applies to all forms.

11. SUPERIOR CONSTRUCTION – ALL FORMS

The premium for an eligible dwelling or apartment unit in a building of superior construction is computed by multiplying the masonry BASE PREMIUM for a comparable dwelling or apartment unit by a factor of .85.

Refer to the Construction Definitions page in this manual for details.

ARKANSAS HOMEOWNER OPTIONS MANUAL

Credits/Discounts/Charges

12. TOWNHOUSE/MULTI FAMILY SURCHARGE

- A. All forms except HO 0004 and HO 0006
- B. A multiple family townhouse or row-house is *not eligible for coverage if the structure has a flat roof.*
- C. The premium for an eligible one, two, three or four family dwelling in a town or row house structure is computed by multiplying the BASE PREMIUM by the appropriate factor below:

TOWNHOUSE/ROWHOUSE FACTORS		
Total Number of Individual Family Units Within The Fire Division	Protection Class	
	1-8	9 and Protected Suburban
1 and 2	1.00	1.00
3 and 4	1.10	1.15
5 to 8	1.25	1.30
9 and over	1.35	1.40

Note:

An eligible two family owner-occupied dwelling attached to a one family dwelling but not separated by a fire wall would be considered 3 individual family units within a fire division. An eligible four family dwelling attached to a three family dwelling but not separated by a fire wall would be considered 7 individual family units within a fire division. Four 2 family dwellings not separated by fire walls would be considered 8 individual family units.

13. UTILITY UPDATE CREDIT

- A. Available for forms HO 0003 and HO 0005 only.
- B. For new business, or for renewal business after the home no longer qualifies for the age of dwelling discount, the insured may begin to qualify for a discount of up to 4% per utility for plumbing, electrical and the heating and cooling systems if there have been extensive updates made to those systems within the past seven (7) years. If components of any utility were updated in different years, the premium adjustment is based on the earliest year in which any one of the components of the utility was updated.
- C. The following guidelines must be met in order to qualify for the credit (All utility updates must meet current building code requirements):
 - PLUMBING** – Improvements include the installation of all new water lines within the structure, including plumbing fixtures, traps, pumps, holding tanks and hot water heater.
 - ELECTRICAL** – Improvements include the installation of a new, approved circuit breaker service box, fixtures, receptacles and wiring (aluminum wiring is not acceptable).
 - HEATING AND COOLING** – Improvements include the installation of a new heating plant, including burner, boiler, fans, coupling valves, safety switches or connectors, radiator and baseboard units and compressors on central air conditioning systems.

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Credits/Discounts/Charges

13. UTILITY UPDATE CREDIT (CONT'D)

D. Rehabilitated Home Certification Form – FI 249 must be completed, signed by the agent and insured and submitted with the application before this discount is permitted.

UTILITY UPDATE CREDIT			
Years Since Heating and Cooling Update	Years Since Electrical Update	Years Since Plumbing Update	Discount Per Utility
0	0	0	4%
1	1	1	4%
2	2	2	3%
3	3	3	3%
4	4	4	2%
5	5	5	2%
6	6	6	1%
7	7	7	1%
8 and above	8 and above	8 and above	0%

Note: The total Utility Update Credit is the sum of all applicable update utility discount percentages.

14. HOME PURCHASE DISCOUNT

This credit is available to any new homeowner policy where the insured has newly purchased their home, for a policy effective on or after 08/19/07 that meets the following requirements:

Eligibility

- For new business, the home must be purchased within the last twelve months prior to the effective date of the policy.
- Renewal policies will qualify only if they received the discount when the policy was newly issued and have had continuous coverage under State Auto.
- The discount applies to HO 0003 and HO 0005 policies only.
- Primary residences only are eligible for the discount.

The credits listed below apply to eligible policies:

Policy Age	Credit
• New Policy	8%
1 st Renewal	8%
2 nd Renewal	6%
3 rd Renewal	4%
4 th Renewal	2%
5 th Renewal +	0%

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Optional Coverages

14. BUILDING ADDITIONS AND ALTERATIONS HO 0449 AND HO 0451

A. All Forms – Building Additions and Alterations at Other Residence – HO 0449

When the policy is extended to provide this coverage at residences other than the residence premises, rented to an insured, the premium per \$1,000 of insurance shall be the HO 0004 Basic Premium at \$30,000 Coverage C multiplied by the “Each Additional \$10,000” factor then times 0.10. Financial Stability Rating applies to this coverage.

B. Form HO 0004 – Building Additions and Alterations Increased Limits – HO 0451

When the limit of liability of 10% of Coverage C is increased, the premium per \$1,000 of insurance shall be the HO 0004 Basic Premium at \$30,000 Coverage C multiplied by the “Each Additional \$10,000” factor then times 0.10. Financial Stability Rating applies to this coverage. Use form HO0451 to insure other structures on the residence premises for which a tenant has ownership.

15. BUSINESS PROPERTY/COMPUTER EQUIPMENT – INCREASED LIMITS – FI 0412

- A.** The \$2,500 limit of liability for business property on the residence premises may be increased to \$10,000 in increments of \$2,500.

The limit of liability in excess of \$2,500 does not apply to:

1. Business property in storage or held as a sample or for sale or delivery after the sale;
2. Business property pertaining to a business actually conducted on the residence premises. This exposure can be covered by the **HO 0442 – Permitted Incidental Occupancies endorsement**.

- B.** When the on premises limit is increased, the off premises limit for computer equipment is automatically increased, at no additional premium charge, to an amount equal to the on premises limits for business property.
- C.** When the on premises limit is increased, the off premises limit, other than computer equipment, is automatically increased at no additional premium charge to an amount that is 20% of the total on premises limit of liability.
- D.** The premium for each \$2,500 increase in coverage is \$25.

Note: This endorsement is not available with the FI 280AR, FI 281AR or FI 282AR forms since coverage is already provided at the maximum limit under those forms.

16. BUSINESS PURSUITS – HO 2471

Coverage may be provided for the liability of the insured arising out of business activities. Coverage is excluded if the insured owns the business, is a partner or maintains financial control in or of the business.

Clerical Employees			
Personal Liability (Coverage E)		Medical Payments (Coverage F)	
Limit	Premium	Limit	Premium
\$100,000	\$6	\$1,000	Included
\$200,000	\$7	\$2,000	\$1
\$300,000	\$8	\$3,000	\$2
\$400,000	\$9	\$4,000	\$3
\$500,000	\$9	\$5,000	\$4
\$1,000,000	\$10		

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18. CREDIT CARD, ELECTRONIC FUND TRANSFER CARD OR ACCESS DEVICE, FORGERY AND COUNTERFEIT MONEY HO 0453

When the limit of liability afforded under the policy is increased, the additional premium shall be developed as follows:

NEW LIMIT OF LIABILITY	ADDITIONAL PREMIUM PER POLICY OPTION		
	SECURGARD OPTION	DEFENDER OPTION or FI 264AR SECURGARD PLUS OPTION	ESTATES OPTION
\$1,000	\$1	Included	Included
\$2,500	\$2	\$1	Included
\$5,000	\$3	\$2	Included
\$7,500	\$4	\$3	Included
\$10,000	\$5	\$4	Included

Note: This endorsement is not available with endorsements FI 280AR; FI 282AR or FI 281AR since the maximum credit card coverage is already provided in the forms.

19. EARTHQUAKE COVERAGE FI 0454

This peril shall apply to all Property Coverage Sections for the same limits provided in the policy. The following conditions must be met in order to provide coverage:

1. A minimum deductible of 15% of the policy limit applies to Zone 2, a minimum deductible of 10% of the policy limit applies to Zone 3 and a 5% applies to all other zones. (See Higher Deductibles for credit)
2. The premium is fully earned upon adding the coverage to the policy.

ESTATES – HO 0005, HO 0006 and HO 0004									
The premium for each \$1,000 of insurance shall be developed by applying the following factors:									
EQ ZONES:	CONSTRUCTION								PREMIUM BASIS
	FRAME				ALL OTHER				
	2	3	4	5	2	3	4	5	
HO 0005	0.94	0.49	0.49	0.49	1.68	1.20	1.20	1.20	Coverage A Limit
Other Structures*	0.63	0.30	0.30	0.30	0.93	0.67	0.67	0.67	Increased Amount Only
Coverage C Increase	0.63	0.30	0.30	0.30	0.93	0.67	0.67	0.67	Increased Amount Only
HO 0006	0.95	0.45	0.45	0.45	1.40	1.01	1.01	1.01	Coverage C Limit
Other Structures*	0.63	0.30	0.30	0.30	0.93	0.67	0.67	0.67	Increased Amount Only
Coverage A	0.63	0.30	0.30	0.30	0.93	0.67	0.67	0.67	Coverage A Limit
HO 0004	0.82	0.39	0.39	0.39	1.21	0.87	0.87	0.87	Coverage C Limit
Other Structures	0.63	0.30	0.30	0.30	0.93	0.67	0.67	0.67	Increased Amount Only

Note: If coverage is not purchased the ACORD 67AR form must be signed and attached with the application.

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Optional Coverages

20. FARMERS PERSONAL LIABILITY -- HO 2473

The Homeowners policy may be endorsed to provide coverage for an incidental farming exposure on or away from the residence premises.

A. General Underwriting Guidelines -- Each of the following guidelines must be met in order to warrant further consideration as an incidental farming exposure for coverage in personal lines:

1. The total area of all land used for farming and related purposes must not exceed 25 acres.
2. The insured must not sell or trade more than 25% of the products raised in the farm operations.
3. The farm activity must involve no employees.

If the preceding general guidelines are met, the following specific rules regarding eligibility must be followed in order to provide coverage.

B. Eligible Risks

1. The entire farming operation, including all buildings, machinery and vehicles, must be located on the insured farming location.
2. Due to the exclusion in the basic homeowners policy for other structures used in whole or in part for business purposes, coverage for all outbuildings used in conjunction with the farming activities must be specifically scheduled on the HO 0448 Other Structures Endorsement. Because Coverage B does not apply, the entire value of the outbuilding must be shown on the endorsement.
3. All barns, outbuildings and other structures must be in good condition. The most preferred outbuildings would be fully enclosed with no open sheds attached; be constructed of continuous mortared masonry or concrete under all exterior walls; and contain noncombustible floors throughout the building, such as earth, concrete, gravel, sand, cinders, asphalt, bricks, blacktop or tile.
4. Photographs are required for all buildings on the property, whether or not insurance is provided. If there are more than three buildings on the property, a diagram is also required that must show all buildings on the property, whether insured or not, and must properly identify each building's size, location and the distance in feet between buildings.

C. Ineligible Risks

1. Truck farms involving labor-intensive crops such as vegetables, berries, cherries or nuts; short harvest periods in which farm activity is heightened; and an increased option of transporting crops to the market.
2. Vacant or unoccupied farms, or farms not operated by the named insured unless they are tenant operated under the insured's supervision or contract management.
3. Property containing buildings that are in poor condition, obsolete, or have little value with respect to the present operations or use of the land.
4. Farming operations where the primary activity is manufacturing or processing, or farms with storage facilities not normally included in a farming operation of that size.

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20. FARMERS PERSONAL LIABILITY -- HO 2473 (CONT'D)

5. Farming operations where the principal activity is supplying commodities for manufacturing or processing, or the principal activity is processing by the insured for sale to others, such as creameries or dairies; and farms operating freezing or dehydrating plants.
6. Farming operations involving the raising, boarding, training or use of animals for riding, racing or show purposes.
7. Farms that allow the public to pick their own produce.
8. Youth camps, vacation farms, bed and breakfast operations, dude or guest ranches, or property with barns used for public dances.
9. Properties involving auction sales of livestock and farm products.
10. Hunting or fishing camps commercially operated for the general public.
11. Greenhouses, unless they are incidental to the residence and contain a total area less than 400 square feet.
12. Farming operations involving the raising of poultry.
13. Farms classified as commercial hatcheries.
14. Commercial milling operations.
15. Custom crop drying operations within buildings.
16. Fur-bearing animal farms (e.g. mink, fox, and rabbit).

D. Premium

1. Farms Owned and Operated by the insured.

Initial Farm Premises and Each Additional Farm Premises					
Personal Liability (Coverage E)			Medical Payments (Coverage F)		
Limit	Initial Farm Premium	Additional Farm Premium	Limit	Initial Farm Premium	Additional Farm Premium
\$100,000	\$45	\$15	\$1,000	Included	Included
\$200,000	\$53	\$18	\$2,000	\$3	\$1
\$300,000	\$60	\$20	\$3,000	\$6	\$2
\$400,000	\$64	\$21	\$4,000	\$9	\$3
\$500,000	\$67	\$22	\$5,000	\$11	\$4
\$1,000,000	\$78	\$26			

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20. FARMERS PERSONAL LIABILITY -- HO 2473 (continued)

2. Farms Owned by Insured and Rented to Others

Each Farm Premises*			
Personal Liability (Coverage E)		Medical Payments (Coverage F)	
Limit	Premium	Limit	Premium
\$100,000	\$15	\$1,000	Included
\$200,000	\$18	\$2,000	\$1
\$300,000	\$20	\$3,000	\$2
\$400,000	\$21	\$4,000	\$3
\$500,000	\$22	\$5,000	\$4
\$1,000,000	\$26		

*The Coverage E and Coverage F charge apply separately to each Farm Premises.

3. Livestock Limited Mortality Coverage – FI 0452

\$400 limit per animal

Estimated Head Of Livestock	Premium
1 but not more than 100	\$10
101 but not more than 250	\$20
251 but not more than 500	\$30
501 but not more than 1,000	\$40

4. Farm Employees – Coverage is not available

21. FIRE DEPARTMENT SERVICE CHARGE – FI 55

The limit provided in the basic ISO contracts is \$500. If you purchased the FI 280AR, FI 281AR, FI 282AR, FI 270AR, FI 271AR, FI 272AR or the FI 264AR, the coverage was automatically increased to \$1,000. The limit provided, regardless of form selected, may be increased. The premium shall be \$1.80 per \$100 of increase.

22. HOME BASED BUSINESS -- FI 211 AND FI 212

See separate Home Based Business section in your manual for rules and rates.

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Optional Coverages

23. HomeXtendedSM COVERAGES ENDORSEMENT -- EX199

- A. Coverage Eligibility** – This package of coverages can be endorsed on any homeowner form (HO0003, HO0004, HO0005, HO0006) and is available to all insureds, except those that qualify for the Prime of Life Plan. If this endorsement is on the policy when the insured becomes eligible for the Prime of Life plan, the endorsement will automatically be removed from the policy and the Prime of Life will be added effective at renewal.
- B. Coverage Description** – A package of coverages including the following:
1. Guaranteed coverage for cellular phones;
 2. Coverage up to \$500 for a Global Positioning System (GPS) that is owned by an “insured” or “family member” ;
 3. Coverage for Rented Golf Cart – Physical Damage up to \$3,000;
 4. Computer – Personal Records Coverage up to \$1,500;
 5. Personal Property Business Use Coverage up to \$5,000;
 6. An additional limit of \$10,000 for identity Fraud Expense ;
 7. False Alarm Coverage up to \$1,000;
 8. Fire Extinguisher Coverage up to \$250;
 9. Personal Property Business Use Coverage up to \$5,000 subject to the;
 10. Coverage for added Mortgage & Related Expense coverage paying up to \$1,000 in acquisition costs for title search, appraisal fees and application fees as a result of a total loss to the property and up to \$2,000 per year for the difference in interest rate based on the balance owed on the current primary mortgage at the time of the loss and at the terms of the current primary mortgage;
 11. Volunteer Wrongful Acts Liability Coverage up to \$25,000.
- C. Rate - \$20 per annual premium.**
- D. Endorsement** – Attach the HomeXtendedSM Coverages Endorsement, **EX199**.

Note: The EX199 may not be applied to policies that are eligible and receiving the Prime of Life Plan.

24. HOME DAY CARE COVERAGE HO 0497

Eligible Risks

The policy may be endorsed to provide Property and Liability coverage arising from a home day care business for 1 to 3 children (other than the insured’s children) in the dwelling or in an other structure on the residence premises.

Ineligible Risks

If the day care business involves the care of adults or more than three children, it is **not eligible** for coverage.

A. Property Coverage

1. Other Structures

If the home day care business is located in another structure, Coverage B does not apply to that structure unless this coverage is indicated on the HO 0497 endorsement.

If the business is located in an other structure, charge \$5 per \$1,000 of specific insurance on the structure.

2. Contents

The HO 0497 endorsement provides coverage for that property of the permitted business up to the Coverage C limit. However, the HO 0497 does not increase the Coverage C limit. If increased Coverage C limits are desired, refer to the Increased *Limits on Personal Property* section of this manual.

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Optional Coverages

24. HOME DAY CARE COVERAGE HO 0497 (Continued)

B. Liability Coverage

This endorsement provides for an annual aggregate limit of liability for Personal Property – Coverages E and Medical Payments – F combined. The limit for Medical Payments is subject to the sub limit of liability which applies per person/per accident and *does not increase* the aggregate limit of liability.

Home Day Care Coverage – HO 0497			
1 to 3 children, other than insured's children, receiving day care services			
Personal Liability (Coverage E)		Medical Payments (Coverage F)	
Limit	Premium	Limit	Premium
\$100,000	\$100	\$1,000	Included
\$200,000	\$117	\$2,000	\$5
\$300,000	\$133	\$3,000	\$10
\$400,000	\$143	\$4,000	\$15
\$500,000	\$149	\$5,000	\$19
\$1,000,000	\$173		

25. IDENTITY FRAUD EXPENSE COVERAGE – HO 0455

A. Coverage Description

Identity Fraud is the act of knowingly transferring or using, without lawful authority, a means of identification of another person with the intent to commit, or to aid or abet another to commit, any unlawful activity that constitutes a violation of law.

Identity Fraud Expense Coverage endorsement provides \$15,000 of coverage to pay for expenses incurred by an insured as a direct result of any one identity fraud first discovered or learned of during the policy period. Such expenses include the costs for:

- Notarizing fraud affidavits or similar documents.
- Certified mail sent to law enforcement, financial institutions or credit agencies.
- Lost income resulting from time taken off work to meet with or talk to law enforcement or credit agencies up to a maximum of \$200 per day or \$5,000 aggregate.
- Loan application fees for re-applying for a loan when the application is rejected solely because the lender received incorrect credit information.
- Reasonable attorney's fees incurred to defend lawsuits brought against the insured and to remove criminal or civil judgments.

B. Limit of Liability

Up to \$15,000 coverage will be provided for the identity fraud of an insured discovered or first learned of during the policy period.

C. Deductible

A \$250 deductible applies to this coverage. No other deductible applies to identity fraud expense coverage.

D. Endorsement

Identity Fraud Expense Coverage, HO 0455, is a mandatory endorsement attached to all homeowners forms. This endorsement provides complete details on coverages, definitions and additional policy conditions applicable to this coverage.

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Optional Coverages

26. INCIDENTAL LOW POWER RECREATIONAL MOTOR VEHICLE COVERAGE – HO 2413

- A. The policy may be endorsed to provide liability coverage for certain types of recreational motor vehicles that cannot exceed a speed of 15 mile per hour on level ground. However, even with the endorsement there is no coverage for such vehicles if, at the time and place of an occurrence, the involved vehicle:
1. Is registered for use on public roads or property;
 2. Is not registered for use on public roads or property, but such registration is required by law, or regulation issued by a government agency, for it to be used at the place of an “occurrence”; or
 3. Is being:
 - a. Operated in, or practicing for, any prearranged or organized race, speed contest or other competition;
 - b. Rented to others;
 - c. Used to carry persons or cargo for a charge; or
 - d. Used for any “business” purpose except for motorized cart while on a golfing facility.
- B. The following may not be covered:
1. Motorized bicycles;
 2. Motorized golf carts; or
 3. Mopeds
- C. Read the endorsement for conditions of coverage applying to eligible motor vehicles.
- D. Premium –Select the appropriate premium for liability and medical payments from the chart on the next page.
- E. This endorsement is not available with forms FI 280AR, FI 281AR, FI 282AR, FI 270AR, FI 271AR, FI 272AR or FI 264AR since coverage is automatically provided under those endorsement forms.

Incidental Low Power Recreational Motor Vehicle Coverage			
Personal Liability (Coverage E)		Medical Payments (Coverage F)	
Limit	Premium	Limit	Premium
\$100,000	\$40	\$1,000	Included
\$200,000	\$47	\$2,000	\$1
\$300,000	\$53	\$3,000	\$2
\$400,000	\$57	\$4,000	\$3
\$500,000	\$60	\$5,000	\$4
\$1,000,000	\$69		

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Optional Coverages

27. COMMON CONSTRUCTION LOSS SETTLEMENT- FI248, SPECIAL SETTLEMENT- HO 0456

The standard Homeowners policy provides dwelling loss settlement on a replacement cost basis if the Coverage A limit of liability represents at least 80% of replacement value. If the applicant desires a Coverage A limit of liability less than 80% of the replacement value, we have two options available.

A. Common Construction Loss Settlement – FI 248

The replacement cost loss settlement may be replaced with Common Construction Loss Settlement FI 248. By use of this endorsement, the insured can select a Coverage A amount as low as 20% of replacement and as high as 70% of replacement in increments of 10%. There will be a corresponding premium savings.

The Coverage A limit of liability representing the reduced percentages of replacement value will be shown in the policy declarations. *Inflation percentage increases apply to risks with this coverage.*

To develop the premium for the Coverage A limit of liability shown in the policy declarations:

1. Multiply the Coverage A limit of liability by the appropriate factor from the table below and round to the nearest \$1,000.

Percentage of Replacement Value Selected	Factor
70%	1.14
60%	1.33
50%	1.60
40%	2.00
30%	2.67
20%	4.00

2. Determine the premium from the basic premium chart for the amount of insurance computed in step 1.

3. Multiply the premium determined in step 2 by the appropriate factor from the table below:

Percent of Replacement Value – Common Construction FI 248	Factor
70%	0.89
60%	0.87
50%	0.86
40%	0.84
30%	0.81
20%	0.77

B. Special Loss Settlement – HO 0456

If the applicant desires a Coverage A limit of liability less than 80% of the replacement value but still wants to retain the replacement cost loss settlement provision, they can do so by using the Special Loss Settlement HO 0456 endorsement. They will still be able to select their Coverage A limit from 20% to 70% to replacement as they do with the option A. above, but they retain the replacement cost loss settlement provision.

The Coverage A limit of liability representing the reduced percentage of the replacement value will be shown in the policy declarations. *Inflation percentage increases apply to risks with this coverage.*

To develop the premium for the Coverage A limit of liability shown in the policy declarations:

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27. COMMON CONSTRUCTION LOSS SETTLEMENT- FI248, SPECIAL SETTLEMENT- HO 0456 (Continued)

1. Multiply the Coverage A limit of liability by the appropriate factor from the table below and round to the nearest \$1,000.

Percentage of Replacement Value Selected	Factor
70%	1.14
60%	1.33
50%	1.60
40%	2.00
30%	2.67
20%	4.00

2. Determine the premium from the basic premium chart for the amount of insurance computed in step 1.
3. Multiply the premium determined in step 2 by the appropriate factor from the table below:

Percent of Replacement Value – Replacement Cost HO 0456	Factor
70%	0.99
60%	0.97
50%	0.95
40%	0.93
30%	0.90
20%	0.85

Note: The FI 248 and HO 0456 endorsements are not available with FI 280AR, FI 270AR, FI 281AR, FI 271AR, FI 282AR or FI 272AR forms.

28. LANDLORD'S FURNISHINGS – HO 0546

- A. Basic Limit-**Forms HO 0003 and HO 0005 automatically cover, on a named perils basis (except Theft), landlord furnishings in an apartment on the residence premises regularly rented or held for rental. The basic limit per apartment is \$2,500.
- B. Increased Limit-**The basic limit of \$2,500 may be increased in increments of \$500 up to a total of \$10,000 per apartment. The increased limit applies to the same perils that applies to the basic limit and may vary by rented unit.
- C. Premium-**charge applies on an apartment or unit basis as shown below.

Form HO 0003 -- \$1.00 per \$500 of increase per unit
Form HO 0005 -- \$1.50 per \$500 of increase per unit

Note: Coverage is available with the HO 0003 and HO 0005 forms only.

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29. LIVESTOCK LIMITED MORTALITY COVERAGE – FI 0452

A. Livestock Limited Mortality Coverage – FI 0452

Coverage may be provided on a named peril basis for livestock owned by the insured. Livestock is defined as cattle, sheep, swine, goats, horses, mules, donkeys, alpacas and llamas.

B. There is a maximum \$400 limit per animal.

C. No deductible applies.

D. Premium

Estimated Head Of Livestock	Premium
1 but not more than \$100	\$20
101 but not more than \$250	\$40
251 but not more than \$500	\$60
501 but not more than \$1,000	\$80

30. LOSS ASSESSMENT COVERAGE HO 0435

A. Residence Premises

1. Coverage Description

The basic policy automatically provides, under Section I Additional Coverage and Section II Additional Coverage, a limit of \$1,000 each for assessments relating to the residence premises, excluding assessments resulting from the peril of earthquake. This basic limit is automatically increased to \$5,000 under the FI 264AR and all DEFENDER Endorsements, FI 270AR, FI 271AR and FI 272AR and \$10,000 under all ESTATES Endorsements-FI 280AR, FI 281AR and FI 282AR.

2. Higher Limits

The policy may be endorsed to provide a single additional amount of insurance to be applied to one or more assessments arising out of a single loss covered under:

- a. Either Section I Additional Coverage or Section II Additional Coverage; or
- b. Both Section I and Section II Additional Coverages.

3. Premium

Additional Amount Of Coverage	Premium
\$5,000	\$4
\$10,000	\$6
Each Additional \$5,000*	\$1
* Up to \$50,000 Additional Coverage	

B. Additional Locations

1. The policy may be endorsed to provide loss assessment coverage pertaining to additional locations for the insured's share of loss assessments arising out of a single loss covered as noted in paragraph A.2.
2. No more than 2 additional locations can be written in addition to the residence premises.

ARKANSAS HOMEOWNER OPTIONS MANUAL

Optional Coverages

30. LOSS ASSESSMENT COVERAGE HO 0435 (Continued)

3. Premium:

New Amount Of Coverage	Premium
\$1,000	\$5
\$5,000	\$9
\$10,000	\$11
Each Additional \$5,000*	\$1
* Up to \$50,000 Maximum Coverage	

31. LOSS ASSESSMENT EARTHQUAKE COVERAGE HO 0436

A. Loss Assessment Coverage- Earthquake HO 0436

When the policy is extended to cover loss assessment resulting from loss by earthquake, the Limit of Liability shall be based on the unit-owners proportionate interest in total value of all collectively owned buildings and structures of the condominium. There is a base deductible of 5% for earthquake coverage.

No more than two additional locations can be written in addition to the residence premises.

The following rate per \$1,000 of Insurance shall apply:

Earthquake Zone	Frame	All Other
2	0.75	1.40
3,4,5	0.40	1.00

Note: Coverage is not available unless Earthquake is provided on the primary residence.

B. Premium for Higher Deductibles

Develop the premium as follows:

1. Determine the premium for the 5% Base Deductible
2. Select the credit factor for the percentage deductible desired from the following table
3. Multiply the premium in Step (1) by the Factor selected in Step (2)

Deductible Percentage	Factor	
	Frame	All Other
10%	0.54	0.58
15%	0.47	0.54
20%	0.41	0.50
25%	0.34	0.48

32. LOSS OF USE – INCREASED LIMITS

When the limit of liability for Coverage D is increased, the premium shall be \$4 per \$1,000 of insurance.

Note: This coverage is not available with the FI 280AR, FI 281AR or FI 282AR endorsements since unlimited coverage is provided for up to one year.

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33. ORDINANCE OR LAW COVERAGE HO 0477

A. Basic Limit

The basic policy automatically provides up to 10% of the Coverage A limit of liability for forms HO 0003 and HO 0005; for Form HO 0004 -- 10% of the Building Additions and Alterations limit and for HO 0006, 10% of the coverage A limit; to pay for the increased costs necessary to comply with the enforcement of an ordinance or law.

B. Increased Amount of Coverage

The policy may be endorsed to increase the basic Ordinance or Law Coverage amount to accommodate the increased costs known or estimated by the insured for materials and labor to repair or replace the damaged property and to demolish the undamaged portion of damaged property and clear the site of resulting debris according to ordinance or law.

C. Premium Determination -- HO 0003 and HO 0005 Forms -- One, Two, Three or Four Family

For forms HO 0003 and HO 0005, determine the Basic Premium for form HO 0003 for the territory, protection class and coverage amount that applies. Multiply this premium by the appropriate factor in the chart below, round to the nearest whole dollar and then apply the appropriate Financial Stability Rating Factor. The result is subject to the dollar minimum shown.

Percentage of Coverage A Cumulative Total Amount	Factor	Dollar Minimum
25%* DEFENDER Option and SECURGARD Option	0.05	\$30
50% DEFENDER Option and SECURGARD Option	0.14	\$80
50% ESTATES Option	0.09	\$50

*Estates Forms FI 280AR; FI 281AR and FI 282AR include the 25% limit built in.

D. Premium Determination -- HO 0004 Form

1. The basic amount of coverage may be increased from the base 10% option to 25% or 50% for the SECURGARD or DEFENDER Options, or from the base 25% option for ESTATES to 50% of the Form HO 0004 Building Additions and Alterations limit.
2. The premium for this additional coverage is determined based on the dollar amount of the increase, represented by the increase percentage selected above the basic limit.
3. The premium for each additional \$1,000 of insurance shall be the HO 0004 premium for "Each additional \$10,000" shown in the basic premium charts times 0.10. Financial Stability Rating applies to this coverage.

E. Premium Determination for HO 0006 Form

1. The basic amount of coverage may be increased from the base 10% provided in the SECURGARD and DEFENDER Options to 25% or 50%; or from the base 25% provided in the ESTATES Option to 50% of the Form HO 0006 Coverage A limit.
2. The premium for this additional coverage is determined based on the dollar amount of the increase, represented by the increase percentage selected above the basic limit.
3. The premium for each additional \$1,000 of insurance shall be the HO 0006 premium for "Each additional \$10,000" shown in the basic premium charts times 0.10. Financial Stability Rating applies to this coverage.

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34. OTHER MEMBERS OF A NAMED INSURED HOUSEHOLD – HO 0458

- A. The policy provides coverage to named insureds, resident relatives who are members of the insured's household and persons under the age of 21 who are in the care of an insured.
- B. The policy may be endorsed to provide coverage to a person who is a member of the named insured's household but does not fall under the definition of insured in the policy. It does not cover a guest, residence employee, roomer, boarder or tenant. Coverage extends to the person named in the endorsement, and a person under the age of 21 who is in the legal custody of that person.
- C. All coverages and provisions under Section I and II of the policy that apply to insureds also apply to the person described in Paragraph 1, except Coverages A, B and D (Fair Rental Value only).
- D. **Premium**—The premium charge to extend coverage for Contents and Additional Living Expenses is \$8. For the increased exposure of Personal Liability and Medical Payments, please refer to the chart below.

Other Members Of A Named Insured Household – HO 0458 Liability and Medical Payments			
Limit	Premium	Limit	Premium
\$100,000	\$47	\$1,000	Included
\$200,000	\$55	\$2,000	\$1
\$300,000	\$63	\$3,000	\$2
\$400,000	\$67	\$4,000	\$3
\$500,000	\$70	\$5,000	\$4
\$1,000,000	\$81		

35. OTHER STRUCTURES

When insurance is written on a specific structure:

- For increased limits
- Rented to others for dwelling purposes
- Off premises structures

Note: The following coverages for Other Structures (other than HO0448) are available on all forms.

A. Other Structures – HO 0448 (Forms HO0003 and HO 0005 only)

Charge \$4 per \$1,000 of insurance

B. Structures Rented to Others – Residence Premises – HO 0440 (All Forms)

Rented to others for dwelling purposes – each structure is rated separately.

1. Property Coverage

Charge \$5 per \$1,000 of insurance

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35. OTHER STRUCTURES (continued)

2. Liability Coverage: See Chart Below

Structures Rented to Others – Residence Premises – HO 0440			
Limit	Premium	Limit	Premium
\$100,000	\$11	\$1,000	Included
\$200,000	\$13	\$2,000	\$1
\$300,000	\$15	\$3,000	\$2
\$400,000	\$16	\$4,000	\$3
\$500,000	\$16	\$5,000	\$4
\$1,000,000	\$19		

Note: *Coverage E and F are applied per structure

C. Specific Structures Away from the Residence Premises – HO 0492

This endorsement extends property and liability coverage to other structures away from the residence premises which are not used for business or held for rental. Other structures that may be covered includes items such as, but not limited to, permanently attached boat docks, boat lifts and outbuildings used to store equipment. Minimum coverage amount is \$5,000. A photo of the structure is required to verify its condition.

Charge \$7 per \$1,000 of insurance

36. OWNED MOTORIZED GOLF CART – PHYSICAL LOSS COVERAGE HO 0528

- A. The policy may be endorsed to provide coverage for physical loss to a motorized golf cart, including permanently installed accessories, equipment and parts, owned by an insured.

Also covered, for an amount equal to 10% of the limit of the highest scheduled cart, are accessories, equipment or parts designed or made solely for the cart that are **not** permanently installed provided such property is at an insured's residence or in or upon the cart if off the insured's residence at the time of loss.

Coverage for loss caused by *collision* is *optional* and only applies if declared on the schedule of the endorsement.

- B. **Eligibility**—To be eligible for coverage, the motorized golf cart shall be of the type designed to carry up to four people on a golf course for the purpose of playing golf and shall not have been built, or modified after manufacture, to exceed a speed of 25 m.p.h. on level ground.

Read the endorsement for all conditions of coverage.

- C. **Limit of Liability**—The limit of liability shall be selected by the insured. However, the limit should be representative of the actual cash value of the motorized golf cart including any permanently installed accessories, etc.

- D. **Deductible**—A deductible amount of \$500 applies separately to each involved golf cart and, separately to Section I Property Coverages if not in or upon a golf cart at the time of loss.

The \$500 deductible replaces any other deductible in the policy with respect to property covered under the endorsement.

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36. OWNED MOTORIZED GOLF CART – PHYSICAL LOSS COVERAGE HO 0528 (Continued)

E. Premium—Rate each cart separately using the premium per \$500 of insurance as follows:

Golf Carts **with** Collision \$11 per \$500 of insurance

Golf Carts **without** Collision \$6 per \$500 of insurance.

Note: This endorsement is not available with the FI 280AR, FI 281AR or FI 282AR endorsements since coverage is already provided in those forms.

37. PERMITTED INCIDENTAL OCCUPANCIES – RESIDENCE PREMISES HO 0442 and HO 2443

A. Permitted Incidental Occupancies – Residence Premises HO 0442

The policy may be endorsed to provide Property and Liability coverage on a permitted incidental business occupancy on the *residence premises* or in an *other structure* on the residence premises.

B. Permitted Incidental Occupancies – Other Premises – HO 2443

The policy may be endorsed to provide liability coverage for a permitted incidental business occupancy in an *other residence* occupied by the insured.

C. Eligibility

Please contact your Personal Lines Specialist for eligible/ineligible risks. The rates are shown below:

1. Property Coverage – Residence Premises – HO 0442

a. Other Structures

If the permitted business is located in another structure, Coverage B does not apply to that structure. Coverage is provided as indicated on the HO 0442 endorsement.

If the business is located in another structure, charge \$5 per \$1,000 of specific insurance on the structure. Each structure is rated separately.

b. Contents

The HO 0442 endorsement provides coverage for that property of the permitted business up to the Coverage C limit. However, the HO 0442 does not increase the Coverage C limit. If increased Coverage C limits are desired, refer to the *Increased Limits on Personal Property* section of this manual.

2. Liability Coverage – Residence Premises – HO 0442 and Other Residence – HO 2443

Note: Liability and Med Pay charges are only applied to the first structure rated under this endorsement.

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37. PERMITTED INCIDENTAL OCCUPANCIES – RESIDENCE PREMISES HO 0442 and HO 2443 (Continued)

Permitted Incidental Occupancies – Residence Premises – HO 0442			
Personal Liability (Coverage E)		Medical Payments (Coverage F)	
Limit	Premium	Limit	Premium
\$100,000	\$20	\$1,000	Included
\$200,000	\$23	\$2,000	\$5
\$300,000	\$27	\$3,000	\$10
\$400,000	\$29	\$4,000	\$15
\$500,000	\$30	\$5,000	\$19
\$1,000,000	\$35		

Note: Liability and Med Payment Charge for the HO 2443 is *applied separately to each structure* insured.

Permitted Incidental Occupancies – Other Residence – HO 2443			
Personal Liability (Coverage E)		Medical Payments (Coverage F)	
Limit	Premium	Limit	Premium
\$100,000	\$19	\$1,000	Included
\$200,000	\$22	\$2,000	\$3
\$300,000	\$25	\$3,000	\$6
\$400,000	\$27	\$4,000	\$9
\$500,000	\$28	\$5,000	\$11
\$1,000,000	\$33		

38. PERSONAL INJURY – HO 2482

- A. Liability coverage for Personal Injury to others, such as false arrest, malicious prosecution, wrongful eviction, slander, libel or violations of right of privacy, may be added to the Homeowners Policy.
- B. The premium is developed as follows:

Personal Injury Liability – HO 2482	
Personal Liability – Coverage E	Premium
\$100,000	\$14
\$200,000	\$16
\$300,000	\$19
\$400,000	\$20
\$500,000	\$21
\$1,000,000	\$24

- C. Do not use this form with FI 280AR, FI 270AR, FI 281AR, FI 271AR, FI 282AR, FI 272AR or FI 264AR since coverage is already provided.

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39. PERSONAL PROPERTY

A. Increased Limit

When the limit of liability for Coverage C is increased, the additional premium shall be developed as follows:

Form HO 0003 -- \$2 per \$1,000 of increase
Form HO 0005 -- \$3 per \$1,000 of increase

B. Increased Limits – Other Residences – HO 0450

Coverage for personal property at other residences is limited in the policy form to 10% of Coverage C or \$1,000, whichever is greater. This limit may be increased.

All Forms -- \$7 per \$1,000

C. Increased Special Limits of Liability-FI 0465 (named perils) or FI 0466 (open perils)

1. Money (increased limits)

The special limit on money may be increased in increments of \$50 to a maximum of \$1,000. The additional premium should be developed as follows:

Premium for each additional \$50 of insurance is \$3

Note: This option is not available under the ESTATES forms FI 280AR; FI 281AR and FI 282AR since coverage is already provided at the \$1,000 maximum.

Current Money Limit By Form			
Basic Contract	FI 264AR SECURGARD PLUS Coverage	DEFENDER Option FI 270AR, FI 271AR and FI 272AR	ESTATES Option FI 280AR, FI 281AR and FI 282AR
\$200	\$250	\$250	\$1,000

2. Securities (increased limits)

The special limit on securities may be increased to a maximum of \$5,000 in increments of \$100. The additional premium should be developed as follows:

Premium for each additional \$100 of insurance is \$4

Note: This option is not available under the ESTATES forms FI 280AR; FI 281AR and FI 282AR since coverage is already provided at the \$5,000 maximum.

Current Securities Limit By Form			
Basic Contract	FI 264AR SECURGARD PLUS Coverage	DEFENDER Option FI 270AR, FI 271AR and FI 272AR	ESTATES Option FI 280AR, FI 281AR and FI 282AR
\$1,500	\$2,000	\$2,000	\$5,000

3. Firearms (increased limits)

The special limit of liability for loss by theft of firearms may be increased to a maximum of \$6,500 in increments of \$100. The additional premium should be developed as follows:

Premium for each additional \$100 of insurance is \$3

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39. PERSONAL PROPERTY (CONT'D)

Current Firearms Limit By Form			
Basic Contract	FI 264AR SECURGARD PLUS Coverage	DEFENDER Option FI 270AR, FI 271AR and FI 272AR	ESTATES Option FI 280AR, FI 281AR and FI 282AR
\$2,500	\$2,500	\$2,500	\$5,000

4. Electronic Apparatus

The special limit of liability of an apparatus in or upon a motor vehicle or motorized land conveyance may be increased to a maximum of \$6,000 in increments of \$500.

The additional premium is \$10 per each additional \$500 in coverage.

The special limit of liability for an apparatus not in or upon a motor vehicle or motorized land conveyance that is away from the residence premises and used for business may be increased to a maximum of \$6,000 in increments of \$500.

The additional premium is \$10 per each additional \$500 in coverage.

Note: For electronic apparatus which is "computer equipment", the same limit that is afforded for business property off premises is also afforded to electronic apparatus which is used in business and off the residence premises. For details, see form(s) FI264AR, FI270AR, FI271AR, FI272AR, FI280AR, FI281AR and FI282AR.

Current Electronic Apparatus Limit By Form			
Basic Contract	FI 264AR SECURGARD PLUS Coverage	DEFENDER Option FI 270AR, FI 271AR and FI 272AR	ESTATES Option FI 280AR, FI 281AR and FI 282AR
\$1,500	\$1,500	\$1,500	\$2,000

D. Increased Limits – Theft, and Open Peril Coverage

1. Jewelry, Watches and Furs

The special limit of liability for theft of jewelry, watches and furs may be increased to a maximum of \$6,500. See contract and endorsements for maximum on any one article.

Jewelry, Watches and Furs						
Premiums Per Each Additional \$500 by Deductible						
\$500	\$1,000	\$1,500	\$2,000	\$2,500	\$5,000	\$7,500
\$4.00	\$3.50	\$3.33	\$3.17	\$3.00	\$2.50	\$2.25

Current Jewelry, Watches and Furs Aggregate Limit By Form			
Basic Contract	FI 264AR SECURGARD PLUS Coverage	DEFENDER Option FI 270AR, FI 271AR and FI 272AR	ESTATES Option FI 280AR, FI 281AR and FI 282AR
\$1,500	\$3,000	\$3,000	\$5,000

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39. PERSONAL PROPERTY (CONT'D)

2. Silverware, Goldware and Pewterware

The special limit of liability for loss of theft of Silverware, Goldware and Pewterware may be increased to a maximum of \$10,000*.

Silverware, Goldware and Pewterware						
Premiums Per Each Additional \$500 by Deductible						
\$500	\$1,000	\$1,500	\$2,000	\$2,500	\$5,000	\$7,500
\$1.75	\$1.50	\$1.42	\$1.33	\$1.25	\$1.00	\$0.85

Current Silverware, Goldware and Pewterware Limit By Form			
Basic Contract	FI 264AR SECURGARD PLUS Coverage	DEFENDER Option FI 270AR, FI 271AR and FI 272AR	ESTATES Option FI 280AR, FI 281AR and FI 282AR
\$2,500	\$3,000	\$3,000	\$10,000

E. Endorsements

1. Named Perils Coverage

Where Named Perils Coverage is provided by the contract or corresponding endorsements, use form FI 0465 for the above desired increased limits.

2. Open Perils Coverage

When Open Perils Coverage is provided in the contract or corresponding endorsements, use endorsement FI 0466 for the above desired increased limits.

40. PERSONAL PROPERTY BLANKET COVERAGE – FI 2685

For additional premium, we will offer personal property coverage on a blanket basis for the classes of property listed below up to the limit shown in the Declarations.

The blanket maximum per class is \$25,000, and the maximum limit per item is \$5,000 with the exception of computer systems which offer a maximum class limit of \$10,000.

Property which is already specifically scheduled is not eligible for coverage under this form.

- Jewelry** covers articles of personal adornment composed at least partially of silver, gold, platinum or other precious metals or alloys, whether or not containing pearls, jewels, or precious or semi-precious stones.

We do not cover bullion, gold, silver, and other precious metals or unmounted gems.

- Silverware** covers silverware, silver-plated ware, gold-ware, gold-plated ware and pewter-ware worldwide.
- Fine Arts** covers paintings, etchings, lithographs, pictures, tapestries and other bona fide works of art (such as valuable rugs, statuary, marbles, bronzes, antique furniture and silver, manuscripts and rare books, porcelains, rare glass and bric-a-brac) of rarity, historical value or artistic merit.

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40. PERSONAL PROPERTY BLANKET COVERAGE – FI 2685

4. **Coin Collections** covers rare and current coins, medals, paper money, bank notes, tokens of money and other numismatic property, including coin albums, containers, frames, cards and display cabinets in use with such collections.
5. **Computers** covers:
 - a. Computers, monitors, printers and scanners;
 - b. Commercial software and data storage media including games, tapes, compact discs, DVD's and hard discs; and
 - c. Equipment and accessories related to the above.
6. **Firearms**

Blanket Personal Property Rates	
Property Class	Blanket Rate Per \$1,000
Jewelry	\$14.30
Silverware	\$3.90
Fine Arts	\$5.50
Coin Collections	\$17.60
Computers	\$7.50
Firearms	\$44.00
Minimum Premium Per Class	\$ 5.00

41. REFRIGERATED PERSONAL PROPERTY – HO 0498

- A. The policy may be endorsed to provide \$500 of covered property stored in freezers or refrigerators on the residence premises for loss caused by power service interruption or mechanical failure.
- B. A deductible of \$100 applies.

The additional premium is \$15.00

Note: This coverage is not available with forms FI 280AR; FI 270AR; FI 281AR; FI 271AR; FI 282AR; FI 272AR or FI 264AR since coverage is already provided under those forms.

42. RENTAL TO OTHERS – EXTENDED THEFT COVERAGE HO 0541

The policy may be endorsed to insure against loss by theft to covered property when all or part of the residence premises usually occupied by the insured is occasionally rented, in whole or in part, to others, or is regularly or occasionally rented to roomers or boarders.

The additional premium is \$30.

Important Note: Once added, coverage cannot be deleted until renewal.

Do not use this form if any of the following forms are reflected: HO0005, HO1731, HO0524, FI280AR, FI281AR or FI282. These forms provide open peril coverage for personal property. With any of these forms attached, this endorsement is not needed as coverage is not excluded.

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43. REPLACEMENT COST LOSS SETTLEMENT FOR CERTAIN NON-BUILDING STRUCTURES HO 0443

- A.** The policy provides actual cash value loss settlement for non-building structures covered under Coverage B or specifically scheduled under the policy.
- B.** The policy may be endorsed to provide repair or replacement cost loss settlement for the following types of non-building structures only if they are located *on the residence premises*:
1. Reinforced masonry walls;
 2. Metal or fiberglass fences;
 3. Fences made of plastic/resin materials such as polyvinyl chloride;
 4. Patios, walks (not made of wood or wood products); and
 5. Driveways
- C. Premium Computation-**The premium is computed by multiplying the HO 0003 base premium by a factor of 0.02 and applying the appropriate Financial Stability Rating Factor.

Important Note: This loss settlement condition applies only to Coverage B on the residence premises. This is not available with forms HO 0004 or HO 0006

44. REPLACEMENT COST PERSONAL PROPERTY – FI 0490

A. Loss Settlement Option-Personal Property:

The policy provides loss settlement on an Actual Cash Value basis for certain types of property. The policy may be endorsed to provide loss settlement on a Replacement Cost Basis for such property whether insured on a blanket or scheduled basis. The minimum Coverage C amount is 65% of the Coverage A limit.

B. Loss Settlement Option-Scheduled Personal Property with FI 461

1. When the Scheduled Personal Property Endorsement FI 461 is attached to a policy with Replacement Cost Personal Property loss settlement, the following property, if scheduled, will also be subject to repair or replacement cost loss settlement up to the scheduled limit of liability:
 - a. Jewelry;
 - b. Jewelry while stored in a safe or vault at described location;
 - c. Furs and garments trimmed with fur or consisting principally of fur;
 - d. Cameras, projection machines, films and related articles of equipment;
 - e. Musical instruments and related articles of equipment;
 - f. Silverware, Silver-plated ware, Goldware, Gold-plated ware and Pewterware, but excluding pens, pencils, flasks, smoking implements or jewelry; and,
 - g. Golfer's equipment meaning golf clubs, golf clothing and golf equipment.
 - h. Fine Arts;
 - i. Postage Stamps;
 - j. Rare and current coins;
 - k. Bicycles;
 - l. Gun collectors' coverage (not fired);
 - m. Gun coverage (fired);
 - n. Collectibles;
 - o. Sports Equipment; and
 - p. Hearing Aids
 - q. Farm Equipment
 - r. Tools
 - s. Cellular Phones

If the FI0490 endorsement is not attached, the loss settlement condition in Endorsement FI 461 will pay the insured the least of the following:

- a. Actual cash value of the property sustaining loss;
- b. The amount for which the property could be repaired or replaced; or

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44. REPLACEMENT COST PERSONAL PROPERTY – FI 0490 (continued)

- c. The amount of insurance of the property sustaining loss; the limit of liability that applies to each scheduled item should be carefully evaluated to ensure that the limit selected by the insured represents the cost to replace the item if lost or damaged beyond repair.

C. Loss Settlement Option-Scheduled Personal Property with Agreed Value FI 460

When Scheduled Personal Property – Jewelry – With Agreed Value Loss Settlement Endorsement FI 460 is attached to the policy with Replacement Cost Personal Property, the property subject to agreed value loss settlement will **not** be subject to repair or replacement cost loss settlement. When endorsement FI 460 is added minimum Coverage C amount is 65% of the Coverage A limit.

D. Premium Determination-

1. Forms HO 0003 and HO 0005

Multiply the base premium, including any premium adjustment for increased Coverage C, if applicable, by a factor of 0.10 and then apply the appropriate Financial Stability Rating Factor. This amount is subject to an annual minimum of \$30.

2. Forms HO 0004 and HO 0006

Multiply the base premium by a factor of 0.25 and then apply the appropriate Financial Stability Rating Factor. This amount is subject to an annual minimum of \$25.

Note: Endorsement FI 0490 is not available with forms FI 270AR, FI 280AR, FI 281AR, FI 271AR, FI 282AR, FI 264AR and FI 272AR since coverage is already provided in the forms.

45. RESIDENCE EMPLOYEES

- A. Charges do not apply to employees working less than half of the customary full time or to whom worker's compensation exclusion applies as stated in the Liability Coverage Section of the policy.
- B. There is no additional charge for up to two residence employees per household.
- C. The charge in the table below is applied on a per employee basis for each employee in the household over the two that are provided free in the contract. For example, if there are four employees, you would apply the charge to two of them.

Personal Liability (Coverage E)		Medical Payments (Coverage F)	
Limit	Premium	Limit	Premium
\$100,000	\$6	\$1,000	Included
\$200,000	\$7	\$2,000	\$1
\$300,000	\$8	\$3,000	\$2
\$400,000	\$9	\$4,000	\$3
\$500,000	\$9	\$5,000	\$4
\$1,000,000	\$10		

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46. RESIDENCE HELD IN TRUST – HO 0543

- A. Trust and Trustee – Named Insured** -- A homeowner policy may be issued in the name of both the trust and trustee when :
1. The residence held in trust is a 1,2,3 or 4 family dwelling or a condominium unit used exclusively for residential purposes, except for certain Permitted Business Occupancies provided:
 - a. The premises is occupied principally for private residential purposes, and
 - b. There is no other business occupancy on the premises.
 2. Legal title to the dwelling or condominium unit is held solely by the trust;
 3. The resident of the residence held in trust include at least one of the following: The trustee; the grantor of the trust, or the beneficiary of the trust; and
 4. The trust and trustee are both shown as the named insured on the policy declarations, regardless of who resides in the residence held in trust.
- B. Other Persons Insured – Grantor and/or Beneficiary Regularly Resides in the Residence Held in Trust.**
1. If the trustee regularly resides in the residence held in trust along with the grantor or beneficiary and grantor and/or beneficiary:
 - a. Is related to the trustee and is a member of the trustee's household, the grantor and/or beneficiary is an insured as defined in the policy form and should not be named in Endorsement HO 0543; or
 - b. Is not related to the trustee, or is related but not a member of the trustee's household, the grantor and/or beneficiary must be named in the Endorsement HO 0543 to be covered for personal property, additional living expense, personal liability and medical payments to others. If the grantor and beneficiary are related to each other and members of the same household, only one of the two should be named on the endorsement.
 2. If the trustee does not regularly reside in the residence held in trust, the grantor and/or beneficiary must be named in Endorsement HO 0543 whether or not they are related to the trustee. This is necessary to provide the grantor or beneficiary with coverage for personal property, additional living expense, personal liability and medical payments to others. If the grantor and beneficiary are related to each other and members of the same household, only one of the two should be named on the endorsement.
- C. Liability Coverage Explained**
1. Coverage E – Personal Liability and Coverage F – Medical Payments to Others is provided to the trust and trustee named insured who regularly resides on the residence premises. However, if the trustee named insured does not regularly reside in the residence premises, coverage for the trust and trustee is only provided for bodily injury or property damage arising out of the ownership, maintenance or use of the residence premises (premises liability).
 2. Endorsement HO 0543 excludes:
 - a. Liability coverage for claims or suits for bodily injury or property damage arising out of any act or decision or failure to act or decide by the trustee named insured in administering the trust except as provided in Paragraph 1; and
 - b. Liability coverage for bodily injury to all insureds covered under this policy, for example, the trustee named insured, the grantor or beneficiary of the trust who is named on the endorsement or any person acting on their behalf.
- D. Additional Conditions** – The policy may not be endorsed or extended to insure:
1. Under Section I, any other dwelling on the residence premises, or any other structure, on or away from the residence premises, unless legal title to that other dwelling or structure is held solely by the trust; or
 2. Under Section II, any location away from the residence premises unless legal title to that other location is held solely by the trust.
- E. Premium** – There will be no additional premium charge for this coverage.

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47. SCHEDULED PERSONAL PROPERTY – FI 461

See Scheduled Personal Property Section

48. SCHEDULED PERSONAL PROPERTY – AGREED VALUE FI 460

See Scheduled Personal Property Section.

49. SNOWMOBILE LIABILITY/PHYSICAL DAMAGE

Coverage is not available under the homeowners form in this state. Please refer to your Personal Automobile Manual for physical damage rating instructions.

50. SPECIAL COMPUTER COVERAGE -- HO 0414

The policy may be endorsed to insure computers and related equipment against risks of physical loss (open peril) subject to certain exclusions.

The additional premium is \$16

Note: This endorsement is not available with the HO 0005; HO 0524; HO 1731; FI 282AR or FI 281AR endorsements as they already provide open peril coverage for computers.

51. SPECIAL PERSONAL PROPERTY COVERAGE -- HO 0524

- A. Coverage C – Personal Property under the HO 0004 Contents Broad Form is insured under a named perils basis. The policy may be broadened to insure Coverage C against additional risks on an open peril basis subject to certain exclusions.
- B. The premium for this additional coverage is developed by applying a factor of 0.30 to the base HO 0004 premium for the coverage amount selected, then apply the appropriate Financial Stability Rating Factor. This amount is subject to an annual minimum premium of \$30

Note: If the **FI 282AR** endorsement is attached to the policy, do not attach this endorsement since Open Perils Coverage C is already provided in the form.

52. SPECIFIED ADDITIONAL AMOUNT OF INSURANCE FOR COVERAGE – A – DWELLING HO 2347

Forms HO 0003 and HO 0005 – This optional endorsement extends Coverage A protection under the policy to provide home replacement cost coverage on the dwelling, when a total loss occurs, up to 25% additional of the Coverage A limit in effect, if the amount of loss is more than the limit of liability indicated on the declarations. In order for this endorsement to be applicable, the insured must:

- A. Insure the dwelling and other building structures to 100% of their replacement cost, as determined by:
 - 1. A State Auto Home Replacement Cost Estimator completed and based on the accuracy of information furnished by the insured plus a photograph of the dwelling; or
 - 2. An inspection of the insured dwelling and other building structures.
- B. Accept the Inflation Protection Increase in the policy, agree to each annual adjustment in the dwelling protection coverage limits of liability and pay the premium charged.

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52. SPECIFIED ADDITIONAL AMOUNT OF INSURANCE FOR COVERAGE – A – DWELLING HO 2347 (CONT'D)

- C. Notify us within 90 days of the start of any additions or other physical changes which increase the value of the dwelling or other building structures on the residence premises by 5% or more, and pay any resulting additional premium.
- D. The premium for this 25% or 50% option is computed by:
1. Multiplying the HO 0003 base premium by the appropriate factor corresponding to the limit in the table below.
 2. Apply the applicable Financial Stability Rating Factor.
 3. This amount is subject to an annual minimum premium of \$10 for the 25% option, or \$20 for the 50% option.

Additional Amt.	CHARGES BY PROGRAM			
	SECURGARD	SEC. PLUS	DEFENDER	ESTATES
25%	.03	.03	Included	Included
50%	.06	.06	.03	.03

Note: This form is not valid with the FI 248 Common Construction Loss Settlement or the HO 0456 Special Loss Settlement Endorsements. ESTATES Endorsements FI 280 and FI 281 and DEFENDER Endorsements FI 270 and FI 271 provide this coverage up to 25% above the Coverage A limits.

53. THEFT OF BUILDING MATERIALS – FI 50

All forms except HO 0004 or HO 0006

Theft coverage for building materials, installed or not installed, may be provided by attaching the Theft of Building Materials Endorsement FI 50 to the policy.

Limit	Premium
\$2,000	\$35
\$5,000	\$80
\$10,000	\$150
\$15,000	\$215
\$20,000	\$275
\$25,000	\$330
\$50,000	\$530

54. UNIT OWNERS COVERAGE A – SPECIAL COVERAGE HO 1732

Unit-Owners Coverage A – Special Coverage – HO 1732

The Property Coverage Section I Perils Insured Against may be broadened for Coverage A to cover additional risks of loss. This changes the loss provisions from a named peril basis to an open peril basis. The additional premium is developed as follows:

1. \$5,000 basic policy limit -- \$6; plus
2. Each additional \$1,000 of Coverage A -- \$1

Note: If the **FI 281AR** or **FI 271AR** endorsement is attached to the policy do not attach this endorsement. Coverage is already included in these two forms.

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55. UNIT OWNERS COVERAGE A DWELLING – INCREASED LIMITS

Currently the Estates Option includes \$10,000 Coverage A and the DEFENDER and SECURGARD Options include \$5,000 Coverage A. **The Coverage A limit may be increased.** The premium is developed based on the additional limit of insurance. The premium for each additional \$1,000 shall be the HO 0006 premium for “Each Additional \$10,000” shown in the premium chart times 0.10 then apply the appropriate Financial Stability Rating Factor.

Enter the total Coverage A limit on the Declarations page.

56. UNIT OWNERS COVERAGE C – SPECIAL COVERAGE HO 1731

- A. Coverage C – Personal Property under the HO 0006 Unit Owners Form is insured under a named perils basis. The policy may be broadened to insure Coverage C against additional risks on an open peril basis subject to certain exclusions.
- B. This option may only be used when the condominium or cooperative unit is owner occupied and not rented to others.
- C. **Premium**-The premium for this additional coverage is developed by applying a factor of 0.30 to the base HO 0006 premium for the coverage amount selected, then apply the appropriate Financial Stability Rating Factor. This amount is subject to an annual minimum premium of \$30.

Note: If the **FI 281AR** endorsement is attached to the policy, do not attach this endorsement since Open Perils Contents Coverage is already provided in the form.

57. UNIT-OWNERS MODIFIED OTHER INSURANCE AND SERVICE AGREEMENT CONDITION – HO 1734

- A. Form HO 0006 provides that if there is other insurance in the name of a corporation or association of property owners covering the same property covered by HO 0006, payment for a covered loss under HO 0006 will be excess over the amount recoverable under such insurance. If the Association does not recover under its policy, for any reason, there is no payment to the insured unit-owner under form HO 0006.
- B. **Coverage Description** – The policy may be endorsed to alter the Other Insurance and Service Agreement Condition to provide for payment of a covered loss in excess of the amount due from the other insurance whether the corporation or association of property owners can collect on it or not.
- C. **Premium**-The premium for this additional coverage is developed by applying a factor of 0.25 to the base HO 0006 premium for the coverage amount selected, then apply the appropriate Financial Stability Rating Factor.
- D. Not available with HO 0005, HO 0004 or HO 0003 coverage forms.

58. UNIT OWNERS REGULARLY RENTED TO OTHERS HO 1733

Unit Regularly Rented to Others – HO 1733

- A. Form HO 0006 and HO 0006 with the HO 1731 excludes Coverage C Personal Property and Liability Coverage Section when the residence premises is regularly rented or held for rental to others.

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58. UNIT OWNERS REGULARLY RENTED TO OTHERS HO 1733 (Continued)

- B. The policy may be endorsed to provide such coverage, including theft, subject to the unit being owner occupied at least as often as it is rented to others.
- C. The premium charge is developed by applying a factor of 0.25 to the base HO 0006 premium for the coverage selected, then apply the appropriate Financial Stability Rating Factor. This amount is subject to an annual minimum premium of \$25.
- D. Not available with the HO 0005, HO 0004 or HO 0003 coverage forms.

59. VOLUNTEER WRONGFUL ACTS COVERAGE – FI 260

- A. Under the basic contract, there is no coverage for the insured(s) for volunteer wrongful acts liability for which they become legally responsible.
- B. With the purchase of this endorsement, we will pay on behalf of an “insured” amounts an insured becomes legally responsible to pay because of civil claims made against them for a wrongful act. A wrongful act, in respect to this coverage, means actual or alleged error, misleading statement, act or omission, neglect or breach of duty committed by an “insured” during the policy period in the insureds capacity as a volunteer.
- C. We do not cover volunteer activity of an insured involving an insured’s business or an organization for which an insured receives compensation or that requires the insured’s professional services.
- D. Our limit of liability for this coverage is limited to \$100,000. This is the most we will pay for all liability arising out of a single wrongful act regardless of the number of insured’s.
- E. Refer to the endorsement and contract for exclusions, limitations and conditions of this coverage.
- F. Premium-The premium charge to extend coverage is \$35.
- G. This endorsement is not available with the FI 280AR, FI 281AR or FI 282AR since coverage is already provided in those forms.

60. WATER BACK UP AND SUMP DISCHARGE OR OVERFLOW FI 0495

- A. The policy forms exclude coverage for loss resulting from water or water-borne material which backs up through sewers or drains or which overflows or is discharged from a sump, sump pump or related equipment.
- B. The Homeowner policy may be endorsed to cover the peril of water which backs up through sewers or drains.
 - 1. Coverage can be added at anytime. A 15 day waiting period exists before coverage becomes effective.
 - 2. A \$500 deductible applies to this coverage.

Amount of Coverage	Premium
\$5,000	\$20
\$10,000	\$30
\$15,000	\$50
\$20,000	\$70
\$25,000	\$90

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61. WATERBED LIABILITY FI 181

Coverage may be provided for property damage caused by waterbeds to non-owned property on the residence premises.

Personal Liability (Coverage E)	
Limit	Premium
\$100,000	\$15
\$200,000	\$18
\$300,000	\$20
\$400,000	\$21
\$500,000	\$22
\$1,000,000	\$26

Note: Coverage cannot be added with the FI 280AR, FI 281AR, FI 282AR, FI 270AR, FI 271AR, FI 272AR and FI 264AR forms since coverage is automatically provided.

62. WATERCRAFT

See special Watercraft Section in our manual for liability and physical damage options on all types of watercraft.

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HOME BASED BUSINESS – FI 211 AND FI 212

Home Based Business endorsement coverage offers a package of coverages tailored to the needs of small businesses and may be provided to homeowners who are owners of eligible businesses operated at the primary residence premises.  The ACORD 74 is required with all new business submissions and at least every three years for renewals to determine if the exposure is still acceptable. The frequency with which questionnaires will be required on renewal business will be dependent on the type of business and is subject to underwriting discretion.

A. Eligible Home-Based Business Operations

Please refer to the Home Based Business endorsement eligibility guidelines for a listing of acceptable types of business operations and whether products liability coverage is included. Not all home businesses are appropriate for this program.

B. Home-Based Business Endorsement – Underwriting Eligibility Guidelines

1. Maximum allowable gross sales/receipts is \$250,000 annually. Higher gross sales/receipts need prior approval.
2. The business must be operated out of the insured's primary residence, used primarily for dwelling purposes, and is the only location from which the operation of the home-based business is conducted.
3. The business must be wholly owned by the named insured and resident relatives and take the form of an individual proprietorship, a partnership or corporation.
4. The business must be in existence for three years unless the applicant worked in a related field for three years or received specific training (e.g., franchise training, etc.). Prior approval required if less than three years.
5. The business operation must occupy no more than 50% of the total area of the residence including basement, garages, and other structures.
6. The electrical, heating and plumbing systems of the residence premises must be modified to safely accommodate the operations of the home-based business.
7. The business must employ no more than one non-resident employee.
8. Applicants must not operate any other business under the same legal name as the covered business.
9. No more than one claim of any type related to the business operation in the past three years.
10. No single claim related to the business for more than \$5,000 in the prior three years.
11. All doors to the outside must be equipped with dead bolt locks and/or comparable slider locks for patio doors.
12. Operations which are engaged in sales over the internet are not eligible unless such sales are incidental to the home based business entity.

C. Home-Based Business Endorsement Coverage

General

1. Business covered by this endorsement must be listed on the declarations.
2. Insured includes partnerships and corporations provided only persons insured are involved.
3. Employees are included in the definition of insured. The business may employ no more than one non-resident relative.

Property

1. Business Personal Property is covered on or off premises up to \$10,000. Additional limits are available up to \$50,000.
2. Computer equipment used in the home-based business is included in the Business Personal Property limit.
3. Other structures on the premises used in the home-based business are covered.
4. Leased equipment is included as owned if leased for six months or more.
5. Business property of others in your care, custody or control is covered on or off the premises up to \$2,500. Additional limits are available up to \$10,000.
6. Business interruption (Business Income and Extra Expense) is included – limit equal to loss incurred for up to 12 months or up to 60 day, if loss is due to electronic media.
7. Increased limit on money -- \$2,000 on the residence premises -- \$1,000 off the residence premises.
8. Business credit cards -- \$5,000
9. Valuable Papers, Accounts Receivable, Business Data -- \$5,000. Includes coverage for loss to replace or restore business data.

**☛..SCHEDULED PERSONAL PROPERTY FI 461
AGREED VALUE JEWELRY FI 460**

☛..Shown below are the classes of Personal Property which may be added to a Homeowners Policy by attaching Scheduled Personal Property Endorsement FI 461. This form provides open perils coverage for physical loss or damage, with a few exceptions. We require a complete detailed description for all Scheduled Personal Property regardless of the value. For jewelry, furs, fine arts and gun collections (non-fired), any item(s) valued at \$5,000 or more will require an appraisal dated within the five years of the effective date the item(s) was added. For other categories of scheduled items, if the value is \$5,000 or more, a bill of sale is required.

Our State Auto Options policy has included expanded classes which will enable you to meet more of your insureds scheduling needs without the burden of going to a stand alone inland marine policy.

Note: The credit percentage for Protective Devices is applied to the FI 461 premium for each class. **A \$5.00 minimum premium per class will apply.**

CATEGORIES	DESCRIPTION	ANNUAL RATES PER \$1,000
JEWELRY	☛..This class covers personal jewelry anywhere in the world. On any one item with a value of at least \$5,000 and over, we require an acceptable appraisal dated within the last five years. Do not bind coverage on any one item valued at \$15,000 or more or a schedule of items totaling \$50,000 or more without prior approval by the company.	\$13.00
JEWELRY IN VAULTS	Specific items of scheduled jewelry which are kept in a vault in a bank may be insured. The Company must be notified in advance of removal from the vault and a pro-rata additional premium is charged for the period the jewelry is not vaulted. Use endorsement FI461– Scheduled Personal Property.	\$5.20
JEWELRY AGREED VALUE	Agreed Value- The policy may be endorsed to cover jewelry at an agreed value. This amount will be shown on the Declarations Page. ☛.. Note: Any one item with a value of at least \$5,000 must be accompanied by an acceptable appraisal dated within the past five years, regardless of the value of the item being insured. Neither the Property Coverage Section deductible, as shown on the Declarations Page, nor the provisions of the FI 461 apply to this coverage. Use endorsement FI 460 – Scheduled Personal Property – Agreed Value. Please indicate in the remarks section of the Homeowners application – Agreed Value Jewelry -- FI 460	\$15.60
JEWELRY AGREED VALUE - IN VAULTS	Specific items of scheduled jewelry which are kept in a vault in a bank may be insured. The Company must be notified in advance of removal from the vault and a pro-rata additional premium is charged for the period the jewelry is not vaulted. Use endorsement FI460 – Scheduled Personal Property – Agreed Value.	\$6.24
FURS	☛..This class covers fur garments and garments trimmed with fur anywhere in the world. This coverage does not include artificial furs of man-made fabrics. On any one item with a value of at least \$5,000 and over, we require a copy of the bill of sale or an acceptable appraisal dated within the past five years. Do not write or bind coverage on any one item valued at \$15,000 or more without prior approval by the company.	\$5.00

CATEGORIES	DESCRIPTION	ANNUAL RATES PER \$1,000
CAMERAS	This class covers personal cameras and related equipment anywhere in the world. Do not write or bind coverage on professional photographers. (Non-professional use only)	\$16.50
☛..MUSICAL INSTRUMENTS	This class covers personal musical instruments without restriction as to location. Organs not of a mobile nature are excluded. Non-professional use ☛..Professional use First \$1,500 Excess of first \$1,500	\$6.50 \$30.00 \$6.50
SILVERWARE	This class covers silverware, silver-plated ware, Goldware, Gold-plated ware and Pewterware anywhere in the world.	\$3.50
GOLFERS EQUIPMENT	This class covers golf clubs, golf clothing and golf equipment, excluding motorized carts. The coverage is provided wherever the property may be located.	\$12.00
FINE ARTS	☛..This class covers fine arts and antiques, such as paintings, statuary, tapestries, rare books and numerous other collector type items. Coverage is limited to a named location. Items valued in excess of \$5,000 must be accompanied by an acceptable appraisal dated within the last five years. Do not bind coverage on any one item valued at \$15,000 or more or a schedule of items totaling \$50,000 or more without prior approval by the company. Fine Arts Without Breakage Fine Arts With Breakage	\$3.50 \$5.00
POSTAGE STAMPS	This class covers a collection of postage stamps, including due, envelope, official, revenue, match and medicine stamps, locals, reprints, essays, proofs and other philatelic property. The coverage is extended to cover wherever the property may be located.	\$6.00
RARE AND CURRENT COINS	This class covers a collection of coins, medals, paper money, bank notes and other numismatic property. The coverage applies anywhere in the world.	\$16.00
BICYCLES	Losses of \$5 or less are not covered.	\$75.00
☛..FIREARMS	Firearms Collection – No Field Use (not fired) Firearms Used for Hunting and Field Use (fired)	\$3.00 \$40.00
☛..SPORTING EQUIPMENT	This class covers sporting equipment such as skiing, fishing, archery, scuba, camping, excluding golf equipment	\$25.50

CATEGORIES	DESCRIPTION	ANNUAL RATES PER \$1,000
<p>☛..COLLECTIBLES</p>	<p>This class covers various types of collections such as baseball cards, dolls (cloth or ceramic), beer cans, comic books, magazines, cigarette lighters, etc. A valid appraisal or some other reliable evidence of value must accompany the application for insuring each item.</p> <p>Without breakage With breakage</p>	<p>\$25.00 \$30.00</p>
<p>☛..FARM MACHINERY</p>	<p>This class covers scheduled farm machinery including serial number. Unscheduled mobile farm machinery, equipment, tools, accessories and spare parts are limited to \$1,000.</p>	<p>\$7.20</p>
<p>☛..TOOLS</p>	<p>This class covers portable tools, hand tools and similar items not used for business. Scheduling of specific tools is not required.</p>	<p>\$30.00</p>
<p>☛..CELLULAR PHONES</p>	<p>This class covers cellular phones or other portable personal communication devices which allows voice transmission. Does not apply to laptop computers, desk top computers, global positioning systems (GPS) or other similar devices.</p>	<p>\$40.00</p>
<p>HEARING AIDS</p>	<p>Use endorsement FI461 – Scheduled Personal Property.</p>	<p>\$30.00</p>

ARKANSAS HOMEOWNER OPTIONS MANUAL

Watercraft Section

5. CREDITS (CONT'D)

H. Optional Deductibles – The basic premiums are for a \$250 deductible. The following options are available:

Pleasure Boat – (Boat and Miscellaneous Equipment only – Applies to Physical Damage Only)

Yacht -- (Yacht, Equipment and Auxiliary Watercraft only—Applies to Physical Damage Only)

Deductible	Credit/Charge
\$ 100*	+15%
\$ 500	- 15%
\$1,000	- 30%
\$2,500	- 40%
\$5,000	- 50%

Note: \$100 deductible option is only available for outboard motors and boats insured under Forms FI-84 and FI254.

I. Auto/Home Discount – This credit is available for insureds who have both their automobile and homeowners policies written with the State Auto Insurance Companies.

Credit: 15% (applies to physical damage, liability and medical payments premiums)

J. Age of Hull - applies to Physical Damage Premiums. To determine the factor: Age of Hull equals 1 plus the current year minus the Hull Model year.

Age of Hull	Factor
0	0.90
1	0.90
2	0.91
3	0.92
4	0.93
5	0.94
6	0.95
7	0.96
8	0.97
9	0.98
10	0.99
11	1.00
12	1.03
13	1.05
14	1.07
15 or More	1.10

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Watercraft Section

6. DEBITS

The following debits apply to all watercraft unless indicated otherwise. Pleasure Boats –apply to hull and miscellaneous equipment premiums. Yachts – apply to hull, equipment and auxiliary watercraft premiums.

- A. Advertised Speed (Not applicable to Personal Watercraft)** – When advertised speed is greater than 45 mph, apply the following debit:

Debit: 80% (applies to physical damage, liability and medical payments premiums)

- B. Increased Navigation Period (Yacht only)** – Base premiums are calculated on a seven (7) month navigation period, with the exception of Territory III, Atlantic and Gulf Coastal Waters, where base premiums are calculated on a 12 month navigation period. This may be increased (except for territory III where base premiums already contemplate a 12 month navigation) for a premium debit.

Debit: 5% per month

7. TERRITORY DEFINITIONS

<u>Territory Number</u>	<u>Description</u>
I	Waters of the Great Lakes
II	Inland Waters of the U.S. (excluding the Great Lakes, Ohio and Mississippi Rivers)
III	Atlantic and Gulf Coastal Waters (including the inland water tributaries) – within 12 statute miles of the coastline
IV	Ohio and Mississippi Rivers
V	Chesapeake Bay and its inland tributaries

Note: Please include all territories in which the watercraft is navigated. The declarations page must reflect the territory or territories in which the craft is operated. Also, when two or more navigational territories apply, the highest rated territory will be used for rating.

ARKANSAS HOMEOWNER OPTIONS MANUAL

Watercraft Section

8. RATING

Pleasure Boat Rating

- A. Separate rates apply to Inboard, Inboard/Outdrive and Personal Watercraft (i.e. Jet Skis, Wet Bikes, Wave Runners, Mini-Jet Boats, etc.).
- B. Miscellaneous accessories must be included in the amount of insurance for the hull for rating purposes.
- C. When the amount of insurance is not in increments of \$1000, interpolation applies.
- D. Basic premiums are for a \$250 deductible. Refer to the Credit Section for optional deductibles.
- E. All premium calculations are to be rounded to the nearest dollar. Amounts of 50 cents or more are carried to the next higher dollar amount. Where multiple rating steps are needed, rounding is performed at the end of each step.
- F. To determine the premium, calculations should be performed in the following order:
 - 1. Determine the basic premium by territory, type of watercraft, and amount of insurance from the basic premium pages. If more than one territory applies, the rates for the highest rated territory shall apply.
 - 2. Apply deductible credit if appropriate.
 - 3. Apply any other miscellaneous credits or debits.

Yacht Rating

- A. Equipment, as defined in the policy, must be included in the amount of insurance for the hull for rating purposes.
- B. When the amount of insurance is not in increments of \$5000, interpolation applies.
- C. Base premiums are for a \$250 deductible, and seven (7) month navigation period (except territory III, Atlantic and Gulf Coastal Waters, which is based on a 12 month navigation period). Refer to Credit Section for optional deductibles.
- D. All premium calculations are to be rounded to the nearest dollar. Amounts of 50 cents or more are carried to the next higher dollar amount. Where multiple rating steps are needed, rounding is performed at the end of each step.
- E. To determine the premium, calculations should be performed in the following order:
 - 1. Determine the basic premium by territory, type of watercraft, and amount of insurance from the basic premium pages. If more than one territory applies, the rates for the highest rated territory shall apply.
 - 2. Apply a debit or credit for longer or shorter navigation period.
 - 3. Apply deductible credit if appropriate.
 - 4. Apply any other miscellaneous credits or debits.

ARKANSAS HOMEOWNER OPTIONS MANUAL

Watercraft Section

9. PHYSICAL DAMAGE RATES – FI 84

The following rates apply to Outboard Motors and Boats (including sailboats) 26 feet or less written subject to form FI 84 – Homeowners Watercraft Physical Damage Endorsement.

Note: This form does not provide liability coverage. Personal Watercraft and watercraft over 26 feet are not eligible for this form of coverage.

PHYSICAL DAMAGE PREMIUMS (Base Premium for \$250 Deductible)					
Sail Boats 26 Feet or Less					
Amount of Insurance	Territories				
	I	II	III	IV	V
\$1,000	\$30.00	\$30.00	\$46.00	\$30.00	\$30.00
Each Add'l \$1,000 – (add)	\$8.00	\$8.00	\$12.00	\$8.00	\$8.00

Subject to a \$25 Annual Minimum Premium

PHYSICAL DAMAGE PREMIUMS (Base Premium for \$250 Deductible)						
Outboard Boats 26 Feet or Less						
Horsepower	Amount of Insurance	Territories				
		I	II	III	IV	V
0-50	\$1,000	\$40.00	\$40.00	\$61.00	\$40.00	\$40.00
	Each Add'l \$1,000 – (add)	\$11.00	\$11.00	\$16.00	\$11.00	\$11.00
51-100	\$1,000	\$48.00	\$48.00	\$73.00	\$48.00	\$48.00
	Each Add'l \$1,000 – (add)	\$13.00	\$13.00	\$19.50	\$13.00	\$13.00
101-150	\$1,000	\$65.00	\$65.00	\$97.00	\$65.00	\$65.00
	Each Add'l \$1,000 – (add)	\$17.00	\$17.00	\$26.00	\$17.00	\$17.00
151-200	\$1,000	\$73.00	\$73.00	\$109.00	\$73.00	\$73.00
	Each Add'l \$1,000 – (add)	\$19.50	\$19.50	\$29.00	\$19.50	\$19.50
201 +	\$1,000	\$77.00	\$77.00	\$115.00	\$77.00	\$77.00
	Each Add'l \$1,000 – (add)	\$20.50	\$20.50	\$30.50	\$20.50	\$20.50

Subject to a \$25 Annual Minimum Premium

10. WATERCRAFT LIABILITY COVERAGE – FI 2475

Liability coverage is **included** in the policy at no additional charge for the following watercraft.

- Watercraft owned by the insured and powered by one or more outboard motors with 75 or less total horsepower; or, watercraft rented by an insured and powered by one or more outboard motors regardless of horsepower
- Sailboats with or without auxiliary power less than 26 feet in length owned by or rented to the insured; or,
- Watercraft rented to the insured with inboard or inboard-outdrive motor power up to 50 horsepower or;
- Any watercraft borrowed by the insured

For boats not described below, coverage is not permitted under the Homeowners Policy.

The premium in the state where the insured's residence premises is located shall apply. However, if the insured owns another residence premises in a different state and principally operates the boat from that residence, apply the premium for that state.

Accumulate total horsepower if two or more motors are regularly used together with any single watercraft owned by the insured.

ARKANSAS HOMEOWNER OPTIONS MANUAL

Watercraft Section

10. WATERCRAFT LIABILITY COVERAGE – FI 2475 (CONT'D)

A. Eligibility

1. All watercraft up to 26 feet in length with inboard or inboard-outdrive motors.
2. Sailboats with or without auxiliary power over 26 feet in length.
3. All watercraft up to 26 feet in length with outboard motor power more than 75 total horsepower.

Note: Note that forms FI254, Pleasure Boat endorsement and FI255, Yacht endorsement, provide coverage for damage to your watercraft as well as liability.

B. Liability Premiums For Watercraft (Inboard, Inboard-Outboard and Outboard)

Inboard, Inboard – Outdrive or Outboard Personal Liability – Coverage E					
Liability Limit	Horsepower				
	0-50	51-100	101-150	151-200	201 +
\$100,000	\$27	\$30	\$33	\$36	\$39
\$200,000	\$32	\$35	\$39	\$42	\$46
\$300,000	\$36	\$40	\$44	\$48	\$52
\$400,000	\$39	\$43	\$47	\$51	\$56
\$500,000	\$40	\$45	\$49	\$54	\$58
\$1,000,000	\$47	\$52	\$57	\$62	\$67

Sailboats – Personal Liability -- Coverage E					
Liability Limit	Length in Feet				
	0-26	27-40	41-50	51-60	61+
\$100,000	Included	\$36	\$61	\$79	\$97
\$200,000	Included	\$42	\$71	\$92	\$113
\$300,000	Included	\$48	\$81	\$105	\$129
\$400,000	Included	\$51	\$87	\$113	\$139
\$500,000	Included	\$54	\$91	\$118	\$145
\$1,000,000	Included	\$62	\$106	\$137	\$168

All Watercraft – Medical Payments – Coverage F	
Limit	Premium
\$1,000	Included
\$2,000	\$5
\$3,000	\$10
\$4,000	\$15
\$5,000	\$20

ARKANSAS HOMEOWNER OPTIONS MANUAL

Watercraft Section

☛..11. PLEASURE BOAT HOMEOWNERS – FI 254

The following rates apply to Outboard Motors and Boats, Inboard and Inboard/Outdrive Boats written subject to form FI254 – Homeowners Pleasure Boat Endorsement. Please note that this form of coverage includes physical damage, liability and medical payments coverage. When coverage is desired for Personal Watercraft, they must be insured on this form since, as an inboard craft, there is no coverage under the homeowners policy.

Note: Liability and Medical Payments Coverages may be written in any combination, but must be the same limits as provided under Homeowner Section II coverages. Accumulate total horsepower if two or more motors are regularly used together with any single watercraft owned by the insured.

A. The following rates apply to outboard motors and boats 26 feet or less.

☛..PHYSICAL DAMAGE PREMIUMS						
(Base Premium for \$250 Deductible)						
Outboard Boats 26 Feet or Less						
Horsepower	Amount of Insurance	Territories				
		I	II	III	IV	V
0-50	\$1,000	\$40.00	\$40.00	\$61.00	\$40.00	\$40.00
	Each Add'l \$1,000 – (add)	\$11.00	\$11.00	\$16.00	\$11.00	\$11.00
51-100	\$1,000	\$48.00	\$48.00	\$73.00	\$48.00	\$48.00
	Each Add'l \$1,000 – (add)	\$13.00	\$13.00	\$19.50	\$13.00	\$13.00
101-150	\$1,000	\$65.00	\$65.00	\$97.00	\$65.00	\$65.00
	Each Add'l \$1,000 – (add)	\$17.00	\$17.00	\$26.00	\$17.00	\$17.00
151-200	\$1,000	\$73.00	\$73.00	\$109.00	\$73.00	\$73.00
	Each Add'l \$1,000 – (add)	\$19.50	\$19.50	\$29.00	\$19.50	\$19.50
201 +	\$1,000	\$77.00	\$77.00	\$115.00	\$77.00	\$77.00
	Each Add'l \$1,000 – (add)	\$20.50	\$20.50	\$30.50	\$20.50	\$20.50

LIABILITY PREMIUMS				
Outboard Motors and Boats 26 Feet or Less				
All Territories				
Liability Limit	Horsepower			
	76-100	101-150	151-200	201 +
\$100,000	\$23	\$26	\$28	\$30
\$200,000	\$27	\$30	\$33	\$35
\$300,000	\$31	\$35	\$37	\$40
\$400,000	\$33	\$37	\$40	\$43
\$500,000	\$34	\$39	\$42	\$45
\$1,000,000	\$40	\$45	\$48	\$52

MEDICAL PAYMENTS PREMIUMS	
Outboard Motors and Boats 26 Feet or less	
All Territories	
Limit	Premium
\$1,000	Included in Base Liability
\$2,000	\$4
\$3,000	\$8
\$4,000	\$12
\$5,000	\$16

ARKANSAS HOMEOWNER OPTIONS MANUAL

Watercraft Section

11. PLEASURE BOAT HOMEOWNERS – FI 254 (CONT'D)

B. The following rates apply to inboard and inboard/outdrive boats.

PHYSICAL DAMAGE PREMIUMS (Base Premium for \$250 Deductible)					
Inboard, Inboard/Outdrive Boats 26 Feet or Less					
Territories					
Amount of Insurance	I	II	III	IV	v
\$1,000	\$43	\$43	\$65	\$43	\$43
Each Add'l \$1,000- (Add)	\$11.50	\$11.50	\$17.50	\$11.50	\$11.50

Subject to a \$35 annual minimum premium.

PHYSICAL DAMAGE PREMIUMS (Base Premium for \$250 Deductible)					
Personal Watercraft					
Territories					
Amount of Insurance	I	II	III	IV	v
\$1,000	\$86	\$86	\$130	\$86	\$86
Each Add'l \$1,000- (Add)	\$23	\$23	\$35	\$23	\$23

Subject to a \$75 annual minimum premium

LIABILITY PREMIUMS					
Inboard and Inboard/Outdrive Boats					
All Territories					
Liability Limit	Horsepower				
	0-50	51-100	101-150	151-200	201 +
\$100,000	\$21	\$23	\$26	\$28	\$30
\$200,000	\$25	\$27	\$30	\$33	\$35
\$300,000	\$28	\$31	\$35	\$37	\$40
\$400,000	\$30	\$33	\$37	\$40	\$43
\$500,000	\$31	\$34	\$39	\$42	\$45
\$1,000,000	\$36	\$40	\$45	\$48	\$52

ARKANSAS HOMEOWNER OPTIONS MANUAL

Watercraft Section

11. PLEASURE BOAT HOMEOWNERS – FI 254 (CONT'D)

LIABILITY PREMIUMS					
Personal Watercraft					
All Territories					
Liability Limit	Horsepower				
	0-50	51-100	101-150	151-200	201 +
\$100,000	\$42	\$46	\$52	\$56	\$60
\$200,000	\$49	\$54	\$61	\$66	\$70
\$300,000	\$56	\$61	\$69	\$74	\$80
\$400,000	\$60	\$66	\$74	\$80	\$86
\$500,000	\$63	\$69	\$77	\$83	\$89
\$1,000,000	\$73	\$80	\$90	\$97	\$104

MEDICAL PAYMENTS PREMIUMS	
Inboard and Inboard/Outdrive Boats and Sailboats 26 feet or Less	
All Territories	
Limit	Premium
\$1,000	Included in Base Liability
\$2,000	\$4
\$3,000	\$8
\$4,000	\$12
\$5,000	\$16

MEDICAL PAYMENTS PREMIUMS	
Personal Watercraft	
All Territories	
Limit	Premium
\$1,000	Included in Base Liability
\$2,000	\$8
\$3,000	\$16
\$4,000	\$24
\$5,000	\$32

ARKANSAS HOMEOWNER OPTIONS MANUAL

Watercraft Section

12. YACHT HOMEOWNERS – FI 255

The following rates apply to yachts and sailboats greater than 26 feet written subject to form FI255 – Homeowners Yacht Endorsement. Please note that this form of coverage includes physical damage, liability insurance and medical payments coverage.

Note: Liability and Medical Payments Coverages may be written in any combination, but must be the same limits as provided under Homeowner Section II coverages.

Accumulate total horsepower if two or more motors are regularly used together with any single watercraft owned by the insured.

PHYSICAL DAMAGE PREMIUMS					
(Base Premium for \$250 Deductible)					
Cruiser and Houseboats greater than 26 feet					
Amount of Insurance	Territories				
	I	II	III	IV	v
\$5,000	\$195	\$111	\$232	\$155	\$141
\$10,000	\$253	\$166	\$343	\$210	\$196
\$15,000	\$311	\$221	\$454	\$265	\$251
\$20,000	\$369	\$276	\$565	\$320	\$306
\$25,000	\$427	\$331	\$676	\$375	\$361
\$30,000	\$485	\$386	\$787	\$430	\$416
\$35,000	\$543	\$441	\$898	\$485	\$471
\$40,000	\$601	\$496	\$1009	\$540	\$526
\$45,000	\$659	\$551	\$1120	\$595	\$581
\$50,000	\$717	\$606	\$1231	\$650	\$636
\$55,000	\$775	\$661	\$1342	\$705	\$691
\$60,000	\$833	\$716	\$1453	\$760	\$746
\$65,000	\$891	\$771	\$1564	\$815	\$801
\$70,000	\$949	\$826	\$1675	\$870	\$856
\$75,000	\$1007	\$881	\$1786	\$925	\$911
\$80,000	\$1065	\$936	\$1897	\$980	\$966
\$85,000	\$1123	\$991	\$2008	\$1035	\$1021
\$90,000	\$1181	\$1046	\$2119	\$1090	\$1076
\$95,000	\$1239	\$1101	\$2230	\$1145	\$1131
\$100,000	\$1297	\$1156	\$2341	\$1200	\$1186
Each Add'l \$5,000- (Add)	\$58	\$55	\$111	\$55	\$55

Subject to a \$75 annual minimum premium.

ARKANSAS HOMEOWNER OPTIONS MANUAL

County	Territory	County	Territory
Arkansas	38	Lincoln.....	45
Ashley	45	Little River.....	39
Baxter.....	36	Logan	37
Benton.....	35	Lonoke	34
Boone.....	35	Madison	37
Bradley.....	39	Marion	41
Calhoun.....	39	Miller	59
Carroll.....	35	Mississippi.....	44
Chicot.....	45	Monroe.....	38
Clark.....	39	Montgomery.....	48
Clay	54	Nevada.....	39
Cleburne.....	36	Newton.....	35
Cleveland.....	39	Ouachita.....	39
Columbia.....	39	Perry	34
Conway	34	Phillips.....	45
Craighead.....	44	Pike	39
Crawford.....	37	Poinsett.....	44
Crittenden.....	45	Polk	49
Cross.....	38	Pope.....	42
Dallas	39	Prairie.....	34
Desha.....	45	Pulaski	31
Drew.....	39	• Little Rock.....	30
Faulkner	33	• North Little Rock.....	30
Franklin	37	Randolph.....	54
Fulton	36	St. Francis.....	45
Garland	40	Saline	39
Grant	39	Scott.....	37
Greene	54	Searcy.....	41
Hempstead.....	58	Sebastian.....	37
Hot Spring.....	34	• Ft. Smith	47
Howard.....	39	Sevier	39
Independence	36	Sharp	36
Izard	36	Stone.....	36
Jackson.....	44	Union.....	39
Jefferson	32	Van Buren.....	36
Johnson.....	42	Washington.....	35
Lafayette	39	• White.....	60
Lawrence.....	44	Woodruff	38
Lee	45	Yell.....	41

Arkansas
Home Options Base Rates and Relativities
Effective 11/15/2009

Coverage A Rating Steps

Form HO-0003 and HO-0005
(round to whole dollar after each step)

1. Base Rate
2. Result #1 X Protection/Construction Relativity
3. Result #2 X Policy Size Relativity
4. Result #3 X Form Relativity (HO 5)
5. Result #4 X Special Loss Settlement Rating Factor
6. Result #5 – Secondary Residence Credit (\$ amount)
7. Result #6 X Number of Family Factor
8. Result #7 X Townhouse/Rowhouse Factor
9. Result #8 X Superior Construction Factor
10. Result #9 X Age Dwelling/Update Factor
11. Result #10 X Home Purchase Discount Factor (if applicable)
12. Result #11 X Deductible Factor
13. Result #12 X Building Code Effectiveness Grading (BCEG) (if applicable)
14. Result #13 X Wind/Hail Exclusion Credit Factor (if applicable)
15. Result #14 X Windstorm Protective Devices Factor (if applicable)
16. Result #15 X Class 4, Tile, Slate, or Concrete Roof Discount Factor
17. Result #16 X ACV Wind/Hail Loss to Roof Factor
18. Result #17 X Loss Experience Rating Factor
19. Result #18 X Financial Stability Rating Factor
20. Result #19 X Protective Device Credit Factor
21. Result #20 X Package Factor
22. Result #21 + Package Charge (\$ Amt.)
23. Result #22 X Auto/Home Discount Factor
24. Result #23 X Prime of Life Discount Factor
25. Result #24 X Advantage/Group Factor (If applicable)
26. Result #25 X Term Factor

Securgard Plus Rating Steps – FI 264

Form HO-0003 and HO-0005
(round to whole dollar after each step)

The premium developed here is in addition to that developed above for the base Securgard option.

1. Base Rate
2. Result #1 X Protection/Construction Relativity
3. Result #2 X Policy Size Relativity
4. Result #3 X Form Relativity (HO 5)
5. Result #4 X Financial Stability Rating Factor
6. Result #5 X FI-264 Percentage (subject to a dollar minimum)
7. Result #6 + FI-264 Dollar Charge
8. Result #7 X Advantage/Group Factor (If applicable)
9. Result #8 X Term Factor

Arkansas
Home Options Base Rates and Relativities
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Coverage C Rating Steps

Form HO-0004

(round to whole dollar after each step)

1. Base Rate
2. Result #1 X Protection/Construction Relativity
3. Result #2 X Policy Size Relativity
4. Result #3 X Form Relativity
5. Result #4 – Secondary Residence Credit (\$ amount)
6. Result #5 X Superior Construction Factor
7. Result #6 X Deductible Factor
8. Result #7 X Building Code Effectiveness Grading (BCEG) (if applicable)
9. Result #8 X Wind/Hail Exclusion Credit Factor (if applicable)
10. Result #9 X Windstorm Protective Devices Factor (if applicable)
11. Result #10 X Loss Experience Rating Factor
12. Result #11 X Financial Stability Rating Factor
13. Result #12 X Protective Device Credit Factor
14. Result #13 X Package Factor
15. Result #14 + Package Charge (\$ Amt.)
16. Result #15 X Auto/Home Discount Factor
17. Result #16 X Advantage/Group Factor (If applicable)
18. Result #17 X Term Factor

Coverage C Rating Steps

Form HO-0006

(round to whole dollar after each step)

1. Base Rate
2. Result #1 X Protection/Construction Relativity
3. Result #2 X Policy Size Relativity
4. Result #3 X Form Relativity
5. Result #4 – Secondary Residence Credit (\$ amount)
6. Result #5 X Superior Construction Factor
7. Result #6 X Deductible Factor
8. Result #7 X Building Code Effectiveness Grading (BCEG) (if applicable)
9. Result #8 X Wind/Hail Exclusion Credit Factor (if applicable)
10. Result #9 X Windstorm Protective Devices Factor (if applicable)
11. Result #10 X Loss Experience Rating Factor
12. Result #11 X Financial Stability Rating Factor
13. Result #12 X Protective Device Credit Factor
14. Result #13 X Package Factor
15. Result #14 + Package Charge (\$ Amt.)
16. Result #15 X Auto/Home Discount Factor
17. Result #16 X Prime of Life Discount Factor
18. Result #17 X Advantage/Group Factor (if applicable)
19. Result #18 X Term Factor

**Arkansas
Home Options Base Rates and Relativities
Effective 11/15/2009**

Base Rates

\$500 Deductible

Terr	Form 3	Form 4	Form 6
30	531	193	156
31	556	193	156
32	572	193	156
33	490	193	156
34	521	193	156
35	463	193	156
36	468	193	156
37	449	193	156
38	548	193	156
39	601	193	156
40	443	193	156
41	538	193	156
42	475	193	156
44	668	193	156
45	648	193	156
47	467	193	156
48	626	193	156
49	556	193	156
54	516	193	156
58	599	193	156
59	596	193	156
60	591	193	156

**Arkansas
Home Options Base Rates and Relativities
Effective 11/15/2009**

Protection/Construction Relativities

FRAME

	Form 3 ALL Terrs.	Form 4 ALL Terrs.	Form 6 ALL Terrs.
PC Class			
1	1.00	1.00	1.00
2	1.00	1.00	1.00
3	1.00	1.00	1.00
4	1.10	1.00	1.00
5	1.10	1.10	1.10
6	1.16	1.10	1.10
7	1.34	1.26	1.26
8	1.88	1.26	1.26
9	2.54	1.65	1.65
10	3.25	1.65	1.65
11	1.34	1.26	1.26
12	1.34	1.26	1.26
13	1.34	1.26	1.26
14	1.34	1.26	1.26
15	1.34	1.26	1.26
16	1.34	1.26	1.26
17	1.34	1.26	1.26
18	1.88	1.26	1.26
19	2.54	1.65	1.65
8B	2.54	1.65	1.65

**Arkansas
Home Options Base Rates and Relativities
Effective 11/15/2009**

Protection/Construction Relativities

MASONRY

	Form 3 ALL Terrs.	Form 4 ALL Terrs.	Form 6 ALL Terrs.
PC Class			
1	0.91	1.00	1.00
2	0.91	1.00	1.00
3	0.91	1.00	1.00
4	1.00	1.00	1.00
5	1.00	1.10	1.10
6	1.03	1.10	1.10
7	1.18	1.26	1.26
8	1.55	1.26	1.26
9	2.13	1.65	1.65
10	2.85	1.65	1.65
11	1.18	1.26	1.26
12	1.18	1.26	1.26
13	1.18	1.26	1.26
14	1.18	1.26	1.26
15	1.18	1.26	1.26
16	1.18	1.26	1.26
17	1.18	1.26	1.26
18	1.55	1.26	1.26
19	2.13	1.65	1.65
8B	2.13	1.65	1.65

Arkansas
Home Options Base Rates and Relativities
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Policy Size Relativities – Forms 3 and 5

COV A (000's)	Form 3 ALL Terrs.		
		160	2.075
		170	2.206
		180	2.330
		190	2.463
		200	2.578
		210	2.708
		220	2.821
		230	2.950
		240	3.079
20	0.900	250	3.212
25	0.903	260	3.350
30	0.906	270	3.488
35	0.910	280	3.627
40	0.914	290	3.766
45	0.918	300	3.905
50	0.922	310	4.057
55	0.926	320	4.209
60	0.930	330	4.362
65	0.949	340	4.514
70	1.000	350	4.667
75	1.088	360	4.834
80	1.178	370	5.000
85	1.227	380	5.167
90	1.277	390	5.334
95	1.326	400	5.501
100	1.375	410	5.669
105	1.429	420	5.837
110	1.483	430	6.004
115	1.544	440	6.173
120	1.605	450	6.340
125	1.677	460	6.503
130	1.717	470	6.667
135	1.755	480	6.830
140	1.825	490	6.993
145	1.891	500	7.157
150	1.958	add10K	0.155

Interpolation of Premiums for Policy Amounts Not Shown Above

The premium for a policy amount, in excess of the minimum policy amount, not shown above may be obtained by interpolation.

**Arkansas
Home Options Base Rates and Relativities
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Policy Size Relativities – Forms 4 and 6

FORMS 4&6					
	Form 4	Form 6			
	ALL Terrs.	ALL Terrs.			
COV A (000's)					
			24	0.890	0.890
			25	0.908	0.908
			26	0.927	0.927
			27	0.945	0.945
			28	0.963	0.963
			29	0.982	0.982
			30	1.000	1.000
			31	1.019	1.019
			32	1.038	1.038
			33	1.058	1.058
			34	1.076	1.076
			35	1.096	1.096
5	0.260	0.260	36	1.113	1.113
6	0.313	0.313	37	1.129	1.129
7	0.365	0.365	38	1.146	1.146
8	0.417	0.417	39	1.163	1.163
9	0.469	0.469	40	1.181	1.181
10	0.521	0.521	45	1.265	1.265
11	0.573	0.573	50	1.338	1.338
12	0.625	0.625	55	1.416	1.416
13	0.651	0.651	60	1.493	1.493
14	0.676	0.676	65	1.570	1.570
15	0.699	0.699	70	1.647	1.647
16	0.724	0.724	75	1.724	1.724
17	0.750	0.750	80	1.801	1.801
18	0.772	0.772	85	1.878	1.878
19	0.794	0.794	90	1.955	1.955
20	0.816	0.816	95	2.032	2.032
21	0.838	0.838	100	2.109	2.109
22	0.857	0.857	Add10K	0.154	0.154
23	0.875	0.875			

Interpolation of Premiums for Policy Amounts Not Shown Above

The premium for a policy amount, in excess of the minimum policy amount, not shown above may be obtained by interpolation.

**Arkansas
Home Options Base Rates and Relativities
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Form Relativities

Form	Rel
3	1.00
4	1.00
5	1.05
6	1.00

Common Construction Loss Settlement / Special Loss Settlement

The Coverage A limit of liability should be multiplied by the following factor before selecting the appropriate policy size relativity from the table that is shown earlier in this document:

Percentage of Replacement Value Selected	Common Construction (FI 248) Factor	Special Loss Settlement (HO 0456) Factor
70%	1.14	1.14
60%	1.33	1.33
50%	1.60	1.60
40%	2.00	2.00
30%	2.67	2.67
20%	4.00	4.00

The premium for the coverage A limit of liability determined above should be multiplied by the appropriate factor from the tables below:

Percentage of Replacement Value Selected	Common Construction (FI 248) Factor	Special Loss Settlement (HO 0456) Factor
70%	0.89	0.99
60%	0.87	0.97
50%	0.86	0.95
40%	0.84	0.93
30%	0.81	0.90
20%	0.77	0.85

Secondary Residence Credit

\$11

Number of Family Factors

Number of Families	Factor
1 or 2	1.00
3	1.50
4	1.55

**Arkansas
Home Options Base Rates and Relativities
Effective 11/15/2009**

Townhouse/Rowhouse Factor

TOWNHOUSE/ROWHOUSE FACTORS		
Total Number of Individual Family Units Within The Fire Division	Protection Class	
	1-8	8B, 9, and 10
1 and 2	1.00	1.00
3 and 4	1.10	1.15
5 to 8	1.25	1.30
9 and over	1.35	1.40

Superior Construction Factor

0.85

Age of Dwelling Discount

Age of Dwelling	Discount Percentage
0	25%
1	23%
2	21%
3	19%
4	17%
5	15%
6	13%
7	11%
8	9%
9	6%
10	3%
11	0%
12 & above	0%

Note: the total Utility Update Credit is the sum of all applicable utility update discount percentages.

Home Purchase Discount

Policy Age	Discount Percentage
0	8%
1	8%
2	6%
3	4%
4	2%
5	0%

**Arkansas
Home Options Base Rates and Relativities
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Deductibles

Multiply by a factor from one (not both) of the following tables depending on whether the insured has selected a flat all-perils deductible or a separate wind/hail deductible.

Flat Deductible	Factor	Maximum Dollar Credit
\$500	None	N/A
\$1,000	0.92	\$200
\$1,500	0.88	\$275
\$2,000	0.84	\$325
\$2,500	0.80	\$400
\$5,000	0.70	\$675
\$7,500	0.63	\$850

All Other Perils Deductible Amount	ALL PROGRAMS WINDSTORM OR HAIL DEDUCTIBLE FACTOR					
	\$500	\$1,000	\$1,500	\$2,000	\$2,500	\$5,000
\$500	--	.97	.96	.95	.94	.91
\$1,000	--	--	.91	.90	.89	.86
\$1,500	--	--	--	.87	.86	.83
\$2,000	--	--	--	--	.83	.81
\$2,500	--	--	--	--	--	.78

**Arkansas
Home Options Base Rates and Relativities
Effective 11/15/2009**

Building Code Effectiveness Grading

Not applicable for Arkansas.

Wind/Hail Exclusion Credit

Not applicable for Arkansas.

Windstorm Protective Devices Credit Factor

Not applicable for Arkansas.

Class 4, Tile, Slate, Concrete Roof Discount

5%

Actual Cash Value Wind/Hail Loss to Roof Factor

0.99

Loss Experience Rating

Number of Losses in the Last Three Years	0-9 years with State Auto	10 Plus Years with State Auto
1	+15%	0%
2 or more	+40%	+25%

Arkansas
Home Options Base Rates and Relativities
Effective 11/15/2009

Financial Stability Rating

Credit Grade	Discount or Surcharge
A	-38.7%
B	-34.8%
C	-30.7%
D	-26.2%
E	-22.6%
F	-18.8%
G	-14.9%
H	-9.7%
I	-5.3%
J	0.0%
K	+3.5%
L	+7.1%
M	+10.8%
N	+14.7%
O	+18.7%
P	+22.9%
Q	+34.1%
R	+46.4%
S	+55.2%
T	+64.5%
U	+125.0%
V	0.0%
W	-22.6%

**Arkansas
Home Options Base Rates and Relativities
Effective 11/15/2009**

Protective Devices

TYPE CODE	PROTECTIVE DEVICE DESCRIPTION	DISCOUNT PERCENT
I	Central Station Burglary Alarm System	5%
J	Central Fire Alarm System	5%
K	Burglary Alarm System That Alerts the Police Department	3%
M	Fire Alarm System That Alerts the Fire Department	3%
N	Burglary and/or Fire Local Alarm System Including UL Approved Smoke Detector Devices	2%
O	Sprinkler System In All Areas Including Bathrooms, Attics and Attached Structures	13%
Q	Sprinkler System With Sprinklers Totally or Partly Omitted in Bathrooms, Closets, Attics and Attached Structures and With Fire Detectors In All Areas Where the Sprinkler is Omitted	8%

Maximum credit allowed is 20%.

Options Packages

Form(s)	Endorsement/Level	Percentage Charge	Dollar Charge
3 or 5	FI-264 / Securgard Plus	10%	\$20
3 or 5	FI-270 / Defender Option	11%	\$20
5	FI-280 / Estates Option	14%	\$75
6	FI-271 / Defender Option	25%	\$20
6	FI-281 / Estates Option	50%	\$75
4	FI-272 / Defender Option	25%	\$20
4	FI-282 / Estates Option	50%	\$75

The FI-264 percentage charge is subject to an annual minimum amount of \$15.

Auto/Home Discount

Form	Auto/Home Discount
3	15%
4	15%
5	15%
6	15%

Prime of Life Discount

Form	Prime of Life Discount Ages 50-54	Prime of Life Discount Ages 55+
3	3%	5%
4	N/A	N/A
5	3%	5%
6	3%	5%

**Arkansas
Home Options Base Rates and Relativities
Effective 11/15/2009**

Advantage/Group Factor

Not applicable for Arkansas.

Utility Update Credit

UTILITY UPDATE CREDIT			
Years Since Heating and Cooling Update	Years Since Electrical Update	Years Since Plumbing Update	Discount Per Utility
0	0	0	4%
1	1	1	4%
2	2	2	3%
3	3	3	3%
4	4	4	2%
5	5	5	2%
6	6	6	1%
7	7	7	1%
8 and above	8 and above	8 and above	0%

Note: the total Utility Update Credit is the sum of all applicable utility update discount percentages.

Minimum Premiums

Form	Minimum Premium
3	\$275
4	\$125
5	\$275
6	\$150

SERFF Tracking Number: STAT-126238165 State: Arkansas
 First Filing Company: State Auto Property and Casualty Insurance State Tracking Number: EFT \$100
 Company, ...
 Company Tracking Number: SAC-HO-2009-209
 TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations
 Product Name: AR HO RR
 Project Name/Number: Eff 11-15-09/SAC-HO-2009-209

Supporting Document Schedules

	Item Status:	Status Date:
Satisfied - Item: H-1 Homeowners Abstract	Filed	09/16/2009
Comments:		
Attachments:		
AR HO AID PC H -1 01-6 SAMIC.pdf		
AR HO AID PC H -1 01-6 SAPC.pdf		

	Item Status:	Status Date:
Satisfied - Item: HPCS-Homeowners Premium Comparison Survey	Filed	09/16/2009
Comments:		
Attachments:		
FORM HPCS - SAMIC.pdf		
FORM HPCS - SAMIC.xls		
FORM HPCS - SAPC.pdf		
FORM HPCS - SAPC.xls		

	Item Status:	Status Date:
Satisfied - Item: NAIC loss cost data entry document	Filed	09/16/2009
Comments:		
Attachments:		
PC RLC - SAMIC.pdf		
PC RLC - SAPC.pdf		

	Item Status:	Status Date:
Satisfied - Item: Exhibits	Filed	09/16/2009
Comments:		
Attachments:		

SERFF Tracking Number: STAT-126238165 State: Arkansas
First Filing Company: State Auto Property and Casualty Insurance State Tracking Number: EFT \$100
Company, ...
Company Tracking Number: SAC-HO-2009-209
TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations
Product Name: AR HO RR
Project Name/Number: Eff 11-15-09/SAC-HO-2009-209

AR HO Revised Exhibits.pdf
AR HO 5 Year History.pdf

	Item Status:	Status Date:
Satisfied - Item: Filing Memorandum	Filed	09/16/2009

Comments:

The filing memorandum has been revised to reflect the update being made with deductibles.

Attachment:

AR Home Filing Memorandum - Rev 09-09-09.pdf

	Item Status:	Status Date:
Satisfied - Item: Exhibit XIV	Filed	09/16/2009

Comments:

Attachment:

AR_HO_Exh_XIV.pdf

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 State Automobile Mutual Insurance Company
 NAIC # (including group #) 25135 Group 175

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.
 When we entered the state in 1981, we required a square foot estimator with all applications. We currently use E-2 Value.
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.
 Defender and Estates: 100% Insurance to Replacement Cost
 Securgard: As low as 20% Insurance to Replacement Cost by endorsement
4. If you use an Inflation Guard form or similar type of coverage, describe the coverage(s) and estimate the impact.
 Provides automatic increase at renewal in Section I Coverage, based on the E2 Value.
 The percentage increases for this year are between +1.5% and +2.0% based on zip code.
5. Specify the percentage given for credit or discounts for the following:

a. Fire Extinguisher	N/A	%
b. Burglar Alarm	5	%
c. Smoke Alarm	2	%
d. Insured who has both homeowners and auto with your company	15	%
e. Deadbolt Locks	N/A	%
f. Window or Door Locks	N/A	%
g. Other (specify)		%
Sprinkler Systems (All Areas)	13	%
Sprinkler Systems (Partial)	8	%
		%
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.
 No
7. Specify the form(s) utilized in writing homeowners insurance. Indicate the Arkansas premium volume for each form.

Form	Premium Volume
HO-3 & 5	613,172
HO-4	20,042
HO-6	12,595

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

9. Is there a surcharge on risks with wood heat? Yes _____
If yes, state the surcharge \$50 _____
Does the surcharge apply to conventional fire places? No _____
If yes, state the surcharge N/A _____

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

Signature
Bernie Buckland

Printed Name
Actuarial Technician

Title
614-917-5921

Telephone Number
bernie.buckland@stateauto.com

Email address

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 State Auto Property & Casualty Insurance Company
 NAIC # (including group #) 25127 Group 175

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.
 When we entered the state in 1981, we required a square foot estimator with all applications.
 We currently use E-2 Value.
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.
 Defender and Estates: 100% Insurance to Replacement Cost
 Securgard: As low as 20% Insurance to Replacement Cost by endorsement
4. If you use an Inflation Guard form or similar type of coverage, describe the coverage(s) and estimate the impact.
 Provides automatic increase at renewal in Section I Coverage, based on the E2 Value.
 The percentage increases for this year are between +1.5% and +2.0% based on zip code.
5. Specify the percentage given for credit or discounts for the following:

a. Fire Extinguisher	N/A	%
b. Burglar Alarm	5	%
c. Smoke Alarm	2	%
d. Insured who has both homeowners and auto with your company	15	%
e. Deadbolt Locks	N/A	%
f. Window or Door Locks	N/A	%
g. Other (specify)		%
Sprinkler Systems (All Areas)	13	%
Sprinkler Systems (Partial)	8	%
		%
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.
 No
7. Specify the form(s) utilized in writing homeowners insurance. Indicate the Arkansas premium volume for each form.

Form	Premium Volume
HO-3 & 5	9,285,290
HO-4	152,463
HO-6	76,746

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

9. Is there a surcharge on risks with wood heat? Yes
If yes, state the surcharge \$50
Does the surcharge apply to conventional fire places? No
If yes, state the surcharge N/A

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

Signature
Bernie Buckland

Printed Name
Actuarial Technician

Title
614-917-5921

Telephone Number
bernie.buckland@stateauto.com

Email address

NAIC Number: 25135
 Company Name: State Automobile Mutual Insurance Company
 Contact Person: Bernie Buckland
 Telephone No.: 614-917-5921
 Email Address: Bernie.Buckland@stateauto.com
 Effective Date: 11/15/2009

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

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

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

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

Public Protection Class	Dwelling Value	Washington		Baxter		Craighead		St. Francis		Desha		Union		Miller		Sebastian		Pulaski	
		Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame
3	\$80,000	\$496.00	\$545.00	\$502.00	\$551.00	\$716.00	\$787.00	\$695.00	\$763.00	\$695.00	\$763.00	\$644.00	\$708.00	\$638.00	\$702.00	\$482.00	\$529.00	\$596.00	\$655.00
	\$120,000	\$676.00	\$743.00	\$684.00	\$751.00	\$976.00	\$1,072.00	\$947.00	\$1,040.00	\$947.00	\$1,040.00	\$878.00	\$965.00	\$870.00	\$957.00	\$656.00	\$721.00	\$812.00	\$892.00
	\$160,000	\$874.00	\$961.00	\$884.00	\$971.00	\$1,262.00	\$1,386.00	\$1,224.00	\$1,345.00	\$1,224.00	\$1,345.00	\$1,135.00	\$1,247.00	\$1,125.00	\$1,237.00	\$849.00	\$932.00	\$1,050.00	\$1,154.00
6	\$80,000	\$562.00	\$633.00	\$568.00	\$640.00	\$810.00	\$913.00	\$786.00	\$886.00	\$786.00	\$886.00	\$729.00	\$821.00	\$723.00	\$814.00	\$544.00	\$614.00	\$675.00	\$760.00
	\$120,000	\$766.00	\$862.00	\$774.00	\$872.00	\$1,104.00	\$1,244.00	\$1,071.00	\$1,207.00	\$1,071.00	\$1,207.00	\$993.00	\$1,119.00	\$985.00	\$1,109.00	\$742.00	\$836.00	\$920.00	\$1,035.00
	\$160,000	\$990.00	\$1,114.00	\$1,000.00	\$1,127.00	\$1,428.00	\$1,608.00	\$1,384.00	\$1,560.00	\$1,384.00	\$1,560.00	\$1,284.00	\$1,446.00	\$1,274.00	\$1,434.00	\$959.00	\$1,081.00	\$1,189.00	\$1,338.00
9	\$80,000	\$1,162.00	\$1,385.00	\$1,174.00	\$1,401.00	\$1,676.00	\$1,999.00	\$1,626.00	\$1,939.00	\$1,626.00	\$1,939.00	\$1,508.00	\$1,799.00	\$1,495.00	\$1,783.00	\$1,126.00	\$1,343.00	\$1,395.00	\$1,663.00
	\$120,000	\$1,583.00	\$1,887.00	\$1,600.00	\$1,908.00	\$2,284.00	\$2,724.00	\$2,215.00	\$2,642.00	\$2,215.00	\$2,642.00	\$2,054.00	\$2,451.00	\$2,037.00	\$2,430.00	\$1,534.00	\$1,830.00	\$1,900.00	\$2,266.00
	\$160,000	\$2,046.00	\$2,440.00	\$2,069.00	\$2,467.00	\$2,953.00	\$3,521.00	\$2,864.00	\$3,415.00	\$2,864.00	\$3,415.00	\$2,656.00	\$3,169.00	\$2,633.00	\$3,142.00	\$1,984.00	\$2,366.00	\$2,457.00	\$2,930.00

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	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00
	\$15,000	\$135.00	\$135.00	\$135.00	\$135.00	\$135.00	\$135.00	\$135.00	\$135.00	\$135.00	\$135.00	\$135.00	\$135.00	\$135.00	\$135.00	\$135.00	\$135.00	\$135.00	\$135.00
	\$25,000	\$175.00	\$175.00	\$175.00	\$175.00	\$175.00	\$175.00	\$175.00	\$175.00	\$175.00	\$175.00	\$175.00	\$175.00	\$175.00	\$175.00	\$175.00	\$175.00	\$175.00	\$175.00
6	\$5,000	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00
	\$15,000	\$148.00	\$148.00	\$148.00	\$148.00	\$148.00	\$148.00	\$148.00	\$148.00	\$148.00	\$148.00	\$148.00	\$148.00	\$148.00	\$148.00	\$148.00	\$148.00	\$148.00	\$148.00
	\$25,000	\$192.00	\$192.00	\$192.00	\$192.00	\$192.00	\$192.00	\$192.00	\$192.00	\$192.00	\$192.00	\$192.00	\$192.00	\$192.00	\$192.00	\$192.00	\$192.00	\$192.00	\$192.00
9	\$5,000	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00
	\$15,000	\$222.00	\$222.00	\$222.00	\$222.00	\$222.00	\$222.00	\$222.00	\$222.00	\$222.00	\$222.00	\$222.00	\$222.00	\$222.00	\$222.00	\$222.00	\$222.00	\$222.00	\$222.00
	\$25,000	\$289.00	\$289.00	\$289.00	\$289.00	\$289.00	\$289.00	\$289.00	\$289.00	\$289.00	\$289.00	\$289.00	\$289.00	\$289.00	\$289.00	\$289.00	\$289.00	\$289.00	\$289.00

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	\$432.00	\$497.00	\$432.00	\$497.00	\$432.00	\$497.00	\$432.00	\$497.00	\$432.00	\$497.00	\$432.00	\$497.00	\$432.00	\$497.00	\$432.00	\$497.00	\$432.00	\$497.00
	\$120,000	\$578.00	\$662.00	\$578.00	\$662.00	\$578.00	\$662.00	\$578.00	\$662.00	\$578.00	\$662.00	\$578.00	\$662.00	\$578.00	\$662.00	\$578.00	\$662.00	\$578.00	\$662.00
	\$160,000	\$723.00	\$827.00	\$723.00	\$827.00	\$723.00	\$827.00	\$723.00	\$827.00	\$723.00	\$827.00	\$723.00	\$827.00	\$723.00	\$827.00	\$723.00	\$827.00	\$723.00	\$827.00
6	\$80,000	\$438.00	\$504.00	\$438.00	\$504.00	\$438.00	\$504.00	\$438.00	\$504.00	\$438.00	\$504.00	\$438.00	\$504.00	\$438.00	\$504.00	\$438.00	\$504.00	\$438.00	\$504.00
	\$120,000	\$586.00	\$672.00	\$586.00	\$672.00	\$586.00	\$672.00	\$586.00	\$672.00	\$586.00	\$672.00	\$586.00	\$672.00	\$586.00	\$672.00	\$586.00	\$672.00	\$586.00	\$672.00
	\$160,000	\$734.00	\$840.00	\$734.00	\$840.00	\$734.00	\$840.00	\$734.00	\$840.00	\$734.00	\$840.00	\$734.00	\$840.00	\$734.00	\$840.00	\$734.00	\$840.00	\$734.00	\$840.00
9	\$80,000	\$652.00	\$862.00	\$652.00	\$862.00	\$652.00	\$862.00	\$652.00	\$862.00	\$652.00	\$862.00	\$652.00	\$862.00	\$652.00	\$862.00	\$652.00	\$862.00	\$652.00	\$862.00
	\$120,000	\$865.00	\$1,138.00	\$865.00	\$1,138.00	\$865.00	\$1,138.00	\$865.00	\$1,138.00	\$865.00	\$1,138.00	\$865.00	\$1,138.00	\$865.00	\$1,138.00	\$865.00	\$1,138.00	\$865.00	\$1,138.00
	\$160,000	\$1,077.00	\$1,414.00	\$1,077.00	\$1,414.00	\$1,077.00	\$1,414.00	\$1,077.00	\$1,414.00	\$1,077.00	\$1,414.00	\$1,077.00	\$1,414.00	\$1,077.00	\$1,414.00	\$1,077.00	\$1,414.00	\$1,077.00	\$1,414.00

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="5"/> %	Window Locks	<input type="text" value=""/> %
Smoke Alarm	<input type="text" value="2"/> %	\$1,000 Deductible	<input type="text" value="8"/> %
		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 co

ARE YOU CURRENTLY WRITING EARTHQUAKE COVERAGE IN ARKANSAS?	<input type="text" value="Yes"/> (yes or no)									
WHAT IS YOUR PERCENTAGE DEDUCTIBLE?	<input type="text" value="5"/> %									
WHAT IS YOUR PRICE PER \$1,000 OF COVERAGE?	<table border="1"> <tr> <td>Zone</td> <td>Brick</td> <td>Frame</td> </tr> <tr> <td>Highest Risk</td> <td>\$ <input type="text" value="1.4"/></td> <td>\$ <input type="text" value="0.75"/></td> </tr> <tr> <td>Lowest Risk</td> <td>\$ <input type="text" value="1"/></td> <td>\$ <input type="text" value="0.4"/></td> </tr> </table>	Zone	Brick	Frame	Highest Risk	\$ <input type="text" value="1.4"/>	\$ <input type="text" value="0.75"/>	Lowest Risk	\$ <input type="text" value="1"/>	\$ <input type="text" value="0.4"/>
Zone	Brick	Frame								
Highest Risk	\$ <input type="text" value="1.4"/>	\$ <input type="text" value="0.75"/>								
Lowest Risk	\$ <input type="text" value="1"/>	\$ <input type="text" value="0.4"/>								

NAIC Number: 25127
 Company Name: State Auto Property & Insurance Company
 Contact Person: Bernie Buckland
 Telephone No.: 614-917-5921
 Email Address: Bernie.Buckland@stateauto.com
 Effective Date: 11/15/2009

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

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

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

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

Public Protection Class	Dwelling Value	Washington		Baxter		Craighead		St. Francis		Desha		Union		Miller		Sebastian		Pulaski	
		Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame
3	\$80,000	\$496.00	\$545.00	\$502.00	\$551.00	\$716.00	\$787.00	\$695.00	\$763.00	\$695.00	\$763.00	\$644.00	\$708.00	\$638.00	\$702.00	\$482.00	\$529.00	\$596.00	\$655.00
	\$120,000	\$676.00	\$743.00	\$684.00	\$751.00	\$976.00	\$1,072.00	\$947.00	\$1,040.00	\$947.00	\$1,040.00	\$878.00	\$965.00	\$870.00	\$957.00	\$656.00	\$721.00	\$812.00	\$892.00
	\$160,000	\$874.00	\$961.00	\$884.00	\$971.00	\$1,262.00	\$1,386.00	\$1,224.00	\$1,345.00	\$1,224.00	\$1,345.00	\$1,135.00	\$1,247.00	\$1,125.00	\$1,237.00	\$849.00	\$932.00	\$1,050.00	\$1,154.00
6	\$80,000	\$562.00	\$633.00	\$568.00	\$640.00	\$810.00	\$913.00	\$786.00	\$886.00	\$786.00	\$886.00	\$729.00	\$821.00	\$723.00	\$814.00	\$544.00	\$614.00	\$675.00	\$760.00
	\$120,000	\$766.00	\$862.00	\$774.00	\$872.00	\$1,104.00	\$1,244.00	\$1,071.00	\$1,207.00	\$1,071.00	\$1,207.00	\$993.00	\$1,119.00	\$985.00	\$1,109.00	\$742.00	\$836.00	\$920.00	\$1,035.00
	\$160,000	\$990.00	\$1,114.00	\$1,000.00	\$1,127.00	\$1,428.00	\$1,608.00	\$1,384.00	\$1,560.00	\$1,384.00	\$1,560.00	\$1,284.00	\$1,446.00	\$1,274.00	\$1,434.00	\$959.00	\$1,081.00	\$1,189.00	\$1,338.00
9	\$80,000	\$1,162.00	\$1,385.00	\$1,174.00	\$1,401.00	\$1,676.00	\$1,999.00	\$1,626.00	\$1,939.00	\$1,626.00	\$1,939.00	\$1,508.00	\$1,799.00	\$1,495.00	\$1,783.00	\$1,126.00	\$1,343.00	\$1,395.00	\$1,663.00
	\$120,000	\$1,583.00	\$1,887.00	\$1,600.00	\$1,908.00	\$2,284.00	\$2,724.00	\$2,215.00	\$2,642.00	\$2,215.00	\$2,642.00	\$2,054.00	\$2,451.00	\$2,037.00	\$2,430.00	\$1,534.00	\$1,830.00	\$1,900.00	\$2,266.00
	\$160,000	\$2,046.00	\$2,440.00	\$2,069.00	\$2,467.00	\$2,953.00	\$3,521.00	\$2,864.00	\$3,415.00	\$2,864.00	\$3,415.00	\$2,656.00	\$3,169.00	\$2,633.00	\$3,142.00	\$1,984.00	\$2,366.00	\$2,457.00	\$2,930.00

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	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00
	\$15,000	\$135.00	\$135.00	\$135.00	\$135.00	\$135.00	\$135.00	\$135.00	\$135.00	\$135.00	\$135.00	\$135.00	\$135.00	\$135.00	\$135.00	\$135.00	\$135.00	\$135.00	\$135.00
	\$25,000	\$175.00	\$175.00	\$175.00	\$175.00	\$175.00	\$175.00	\$175.00	\$175.00	\$175.00	\$175.00	\$175.00	\$175.00	\$175.00	\$175.00	\$175.00	\$175.00	\$175.00	\$175.00
6	\$5,000	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00
	\$15,000	\$148.00	\$148.00	\$148.00	\$148.00	\$148.00	\$148.00	\$148.00	\$148.00	\$148.00	\$148.00	\$148.00	\$148.00	\$148.00	\$148.00	\$148.00	\$148.00	\$148.00	\$148.00
	\$25,000	\$192.00	\$192.00	\$192.00	\$192.00	\$192.00	\$192.00	\$192.00	\$192.00	\$192.00	\$192.00	\$192.00	\$192.00	\$192.00	\$192.00	\$192.00	\$192.00	\$192.00	\$192.00
9	\$5,000	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00
	\$15,000	\$222.00	\$222.00	\$222.00	\$222.00	\$222.00	\$222.00	\$222.00	\$222.00	\$222.00	\$222.00	\$222.00	\$222.00	\$222.00	\$222.00	\$222.00	\$222.00	\$222.00	\$222.00
	\$25,000	\$289.00	\$289.00	\$289.00	\$289.00	\$289.00	\$289.00	\$289.00	\$289.00	\$289.00	\$289.00	\$289.00	\$289.00	\$289.00	\$289.00	\$289.00	\$289.00	\$289.00	\$289.00

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	\$432.00	\$497.00	\$432.00	\$497.00	\$432.00	\$497.00	\$432.00	\$497.00	\$432.00	\$497.00	\$432.00	\$497.00	\$432.00	\$497.00	\$432.00	\$497.00	\$432.00	\$497.00
	\$120,000	\$578.00	\$662.00	\$578.00	\$662.00	\$578.00	\$662.00	\$578.00	\$662.00	\$578.00	\$662.00	\$578.00	\$662.00	\$578.00	\$662.00	\$578.00	\$662.00	\$578.00	\$662.00
	\$160,000	\$723.00	\$827.00	\$723.00	\$827.00	\$723.00	\$827.00	\$723.00	\$827.00	\$723.00	\$827.00	\$723.00	\$827.00	\$723.00	\$827.00	\$723.00	\$827.00	\$723.00	\$827.00
6	\$80,000	\$438.00	\$504.00	\$438.00	\$504.00	\$438.00	\$504.00	\$438.00	\$504.00	\$438.00	\$504.00	\$438.00	\$504.00	\$438.00	\$504.00	\$438.00	\$504.00	\$438.00	\$504.00
	\$120,000	\$586.00	\$672.00	\$586.00	\$672.00	\$586.00	\$672.00	\$586.00	\$672.00	\$586.00	\$672.00	\$586.00	\$672.00	\$586.00	\$672.00	\$586.00	\$672.00	\$586.00	\$672.00
	\$160,000	\$734.00	\$840.00	\$734.00	\$840.00	\$734.00	\$840.00	\$734.00	\$840.00	\$734.00	\$840.00	\$734.00	\$840.00	\$734.00	\$840.00	\$734.00	\$840.00	\$734.00	\$840.00
9	\$80,000	\$652.00	\$862.00	\$652.00	\$862.00	\$652.00	\$862.00	\$652.00	\$862.00	\$652.00	\$862.00	\$652.00	\$862.00	\$652.00	\$862.00	\$652.00	\$862.00	\$652.00	\$862.00
	\$120,000	\$865.00	\$1,138.00	\$865.00	\$1,138.00	\$865.00	\$1,138.00	\$865.00	\$1,138.00	\$865.00	\$1,138.00	\$865.00	\$1,138.00	\$865.00	\$1,138.00	\$865.00	\$1,138.00	\$865.00	\$1,138.00
	\$160,000	\$1,077.00	\$1,414.00	\$1,077.00	\$1,414.00	\$1,077.00	\$1,414.00	\$1,077.00	\$1,414.00	\$1,077.00	\$1,414.00	\$1,077.00	\$1,414.00	\$1,077.00	\$1,414.00	\$1,077.00	\$1,414.00	\$1,077.00	\$1,414.00

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="5"/> %	Window Locks	<input type="text" value=""/> %
Smoke Alarm	<input type="text" value="2"/> %	\$1,000 Deductible	<input type="text" value="8"/> %
		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 co

ARE YOU CURRENTLY WRITING EARTHQUAKE COVERAGE IN ARKANSAS?	<input type="text" value="Yes"/> (yes or no)									
WHAT IS YOUR PERCENTAGE DEDUCTIBLE?	<input type="text" value="5"/> %									
WHAT IS YOUR PRICE PER \$1,000 OF COVERAGE?	<table border="1"> <tr> <td>Zone</td> <td>Brick</td> <td>Frame</td> </tr> <tr> <td>Highest Risk</td> <td>\$ <input type="text" value="1.4"/></td> <td>\$ <input type="text" value="0.75"/></td> </tr> <tr> <td>Lowest Risk</td> <td>\$ <input type="text" value="1"/></td> <td>\$ <input type="text" value="0.4"/></td> </tr> </table>	Zone	Brick	Frame	Highest Risk	\$ <input type="text" value="1.4"/>	\$ <input type="text" value="0.75"/>	Lowest Risk	\$ <input type="text" value="1"/>	\$ <input type="text" value="0.4"/>
Zone	Brick	Frame								
Highest Risk	\$ <input type="text" value="1.4"/>	\$ <input type="text" value="0.75"/>								
Lowest Risk	\$ <input type="text" value="1"/>	\$ <input type="text" value="0.4"/>								

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

1.	This filing transmittal is part of Company Tracking #	SAC-HO-2009-209
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2.	If filing is an adoption of an advisory organization loss cost filing, give name of advisory organization and Reference/Item Filing Number	N/A
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Company Name		Company NAIC Number	
3.	A.	State Auto Property & Casualty Insurance Company	B. 25127

Product Coding Matrix Line of Business (i.e., Type of Insurance)		Product Coding Matrix Line of Insurance (i.e., Sub-type of Insurance)	
4.	A.	04.0 Homeowners	B. 04.0000 Homeowners Sub-TOI

(A) COVERAGE (See Instructions)	(B) Indicated % Rate Level Change	(C) Requested % Rate Level Change	FOR LOSS COSTS ONLY				
			(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
Homeowner Options							
Forms HO-3 & HO-5	18.9%	15.4%					
Form HO-4	NA	0.3%					
Form HO-6	NA	0.3%					
TOTAL OVERALL EFFECT	18.4%	15.0%					

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
2004	8250	8.0%	11/15/04	5915	2380	40.2%	84.5%
2005	8005	-3.2%	11/15/05	6598	4327	65.6%	59.7%
2006	7938	-6.5%	11/15/06	7084	4576	64.6%	61.5%
2007	8229	-5.0%	11/15/07	7349	2781	37.8%	48.6%
2008	10469			8269	15736	190.3%	84.1%

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

8. N/A Apply Lost Cost Factors to Future filings? (Y or N)
9. +36.4 Estimated Maximum Rate Increase for any Insured (%). Territory (if applicable): _____
10. -3.0 Estimated Maximum Rate Decrease for any Insured (%). Territory (if applicable): _____

State Auto Insurance Companies
Homeowner Rate and Rule Filing – Arkansas

Index of Exhibits

Rate Indications Memorandum (i-iii)

Exhibit I	Rate Level Indications
Exhibit II	Premium Adjustments
Exhibit III	Loss Adjustments
Exhibit IV	Loss Development
Exhibit V	Unallocated Loss Adjustment Expense Factor
Exhibit VI	Wind & Hail Pure Premium Development
Exhibit VII	Territorial Indications
Exhibit VIII	Base Rate Impacts by Territory
Exhibit IX	Age of Dwelling Change
Exhibit X	Policy Size Relativity Change
Exhibit XI	Prime of Life Change
Exhibit XII	Deductible Change
Exhibit XIII	Summary of Rate Level Changes By Form

**State Auto Insurance Companies
Homeowner Rate and Rule Filing - Arkansas**

RATE INDICATIONS

State Auto Insurance Companies implemented the Homeowners Options Program on 05/30/2003 in the state of Arkansas. This single program replaced the Defender and Securgard Program. Exhibits I through VI display the development of statewide indications for Forms 3 and 5 for the Homeowner Options Program. This explanation outlines the development of indications.

PROGRAM INDICATIONS

Beginning with Exhibit I, the column titled Accident Year displays which experience years were used in developing the indications. Column 1 displays the trended, adjusted earned premiums that are developed in Exhibit II, and Column 2 shows the corresponding house years. The trended, adjusted incurred losses, developed in Exhibit III, are displayed in Column 3. Column 4 displays the incurred claims by year and Column 5 shows the Loss and LAE ratio of each year, calculated as (Column 3/Column 1). Column 6 displays the distribution used to weight five years of homeowners experience; this distribution gives more weight to the most recent years and also contemplates our changes in exposures. The weighted experience Loss & LAE ratio is shown in Line 7.

The Permissible Loss and LAE ratio (Line 8) is equal to unity less the expense ratio shown in Note (A). Line 9 reflects the experience indication before credibility (Line 7/Line 8 -1).

If the number of total house years is greater than 120,000, the state's data are considered fully credible. Otherwise, the credibility standard of 120,000 house years is used to determine the partial credibility displayed in Line 10. The partial credibility is the result of dividing the total house years by 120,000 and taking the square root of this quotient.

When the state's data are not fully credible, they are weighted with the Complement Loss and LAE ratio, displayed in Line 11. The Complement Loss and LAE ratio is the trended permissible loss ratio. Using it as the complement is based on the assumption that our current rates are adequate. That is, the indicated rate adjustment is the change necessary to keep up with the inflation as measured by the net loss ratio trend.

The Weighted Experience Loss and LAE ratio of Line 7 is multiplied by the credibility (Line 10) and added to the Complement Loss and LAE ratio (Line 11) multiplied by unity less the credibility. This yields the Credibility Weighted Loss and LAE ratio shown in Line 12. The Credibility Weighted Loss and LAE ratio divided by the Permissible Loss ratio less unity yields the final Credibility Weighted Indication displayed in Line 13.

PREMIUMS

The five years of earned premium displayed in Exhibit I have been adjusted for rate level changes and changes in the average values of homes. Exhibit II, Page 1 outlines the adjustments made to the earned premium. The earned premium on-level in the second column contemplates the effects of prior rate changes. The premiums are then further adjusted by the current amount factors, displayed in the third column and the premium projection factor, displayed in the fourth column. The current amount factors and the premium projection factor are developed in Exhibit II, Page 2.

Exhibit II, Page 2 (lower half of page), displays the ISO average relativities for the five latest annual periods from ISO Trend Circular AS-HO-2008-017. A standard linear regression is performed on the five average relativities to determine the average annual increment of 0.0843. This increment and the ISO relativities are used to develop average relativities for 2004 through 2008, as well as the relativity corresponding to the midpoint of the trend circular (08/15/2008).

Column 2, the relativity to the latest point, divides the relativity at the midpoint from the trend circular (08/15/2008) by the average relativity in Column 1. These factors adjust each year's premium for the increase in the average value of homes due to inflation. These factors are then tempered by 15% in Column 3 to account for factors such as changes in the distribution of new and renewal policies included in the data, and home renovations that increase the average coverage amount.

The final adjustment to the premium is accomplished by the premium projection factor. This is also calculated on Page 2 of Exhibit II, using the average annual increment of 0.0843. The average annual increment is divided by the five year average relativity shown at the bottom of the page. This amount is tempered 15% for the same reasons noted above. This factor is then used to project the change in premium from the time of the midpoint of the trend circular (08/15/2008) to the average written date of the policy, six months past the assumed effective date. These adjustments to the premium reflect the standard ISO Homeowner rate-making procedure.

LOSSES

The trended adjusted incurred losses of Column 3 on Exhibit I are developed in Exhibit III. Column 1 of Exhibit III, Page 1, shows the incurred accident losses for 2004 to 2008 developed to ultimate settlement level. The loss development triangles for these losses, separated by property vs. liability, are displayed in Exhibit IV. Column 2 displays the incurred wind & hail losses. The wind & hail losses are removed to yield the non-wind-&-hail losses in Column 3. The factors in Column 4 are based on a retrospective pure premium trend of 6.9% and are intended to bring prior years' losses to the level at the midpoint of the latest accident year, as shown in Columns 5 and 6.

The trended wind & hail pure premium of Column 7 is developed in Exhibit V and explained below. It is multiplied by the earned exposures in Column 8 to yield the trended wind & hail load in Column 9. Column 10 replaces the actual wind & hail losses with the wind & hail load developed in Column 9.

The losses are then further adjusted for unallocated loss adjustment expenses, first dollar trend, and projected costs. The Unallocated Loss Adjustment Expense factor shown in Column 11 is calculated in Exhibit VI. Exhibit III, Page 2, displays the derivation of the first dollar trend which will be explained below. The trended loss projection factor of 1.198 is based on an annual severity trend of 7.9% applied from 7/1/2008 to the average loss date of the effective period, 11/15/2010. The final trended, adjusted losses appear in Column 14.

WIND & HAIL SMOOTHING PROCEDURE

Exhibit VI, Page 1, Column 3 shows how the expected frequency of wind & hail losses is calculated as an average of the frequencies of wind & hail losses for the state of Arkansas over 15 years. Exhibit VI, Page 2, Column 3, displays State Auto's average wind & hail severities for the state of Arkansas over 15 years. A standard exponential regression is performed on the fifteen severities to determine the retrospective trend of 8.4%. This trend and the State Auto severities are used to develop a projected average wind & hail severity corresponding to the midpoint of the latest accident year (7/1/2008). The average frequency of 0.053 and the average trended severity of \$6,249 yield the trended wind & hail pure premium of \$330 displayed on Page 1 of Exhibit III.

FIRST DOLLAR TREND PROCEDURE

The first dollar trend calculation is shown in Exhibit III, Page 2 and begins with the number of property claims for five years distributed by deductible amount. The number of claims is then multiplied by the deductible amount to determine the amount of losses not paid due to the deductible. This loss amount is then adjusted by a weighted current cost factor. The weighting distribution gives more weight to the most recent years and also contemplates our changes in exposures. The weighted current cost factor is 1.043. The loss projection factor detailed above is then applied. The amount these trend factors generate when applied to the five year total of property losses below the deductible is the additional amount we expect to pay on similar claims in the future due to the impact of inflation. This additional amount divided by the incurred losses including all other adjustments plus unity yields the first dollar trend factor.

State Auto Insurance Companies
Arkansas Homeowners
All Programs
Owners Forms

Rate Level Indications -- Assumed Effective Date 11/15/2009

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
2004	8,596,846	8,714	6,887,028	585	80.1%	0.098
2005	8,622,348	8,714	7,682,761	907	89.1%	0.147
2006	8,536,841	8,586	6,020,853	905	70.5%	0.193
2007	8,524,797	8,499	6,304,790	550	74.0%	0.239
2008	9,416,637	9,627	8,841,664	2,531	93.9%	0.324
	43,697,469	44,141	35,737,096	5,478	81.8%	1.000

(7)	Weighted Experience Loss & LAE Ratio	82.6%
(8)	Permissible Loss & LAE Ratio (A)	63.9%
(9)	Indicated Rate Level Change Before Credibility	29.2%
(10)	Credibility (B)	0.61
(11)	Complement Loss & LAE Ratio (C)	65.6%
(12)	Credibility Weighted Loss & LAE Ratio (D)	76.0%
(13)	Credibility Weighted Indicated Rate Level Change	18.9%

Other Acquisition Expense	3.80%
General Expenses	6.40%
Commissions Expense	16.80%
Taxes, Misc. Fees	3.10%
Profit & Contingencies (E)	6.00%
Expense Ratio	36.10%

- (A) Permissible Loss Ratio = 1 - Expense Ratio
- (B) Credibility = [Total Column (2) / 120,000] ^ (1/2)
- (C) Trended Permissible Loss Ratio = PLR x [(Loss Proj. Factor x LTAF) / Prem. Proj. Factor]
- (D) Credibility Weighted Loss & LAE Ratio = [Row (10) x Row (7)] + [(1 - Row (10)) x Row (11)]
- (E) Includes Offset For Investment Income

Arkansas Homeowners
Forms 1-3,5

Assumed Effective Date: 11/15/2009

Trend Date: 05/16/2010

All Programs

Year	Earned Premium On Level	Current Amount Factor	Trended Premium Projection Factor	Adjusted Earned Premium	Earned House Years
2004	6,181,891	1.270	1.095	8,596,846	8,714
2005	6,556,445	1.201	1.095	8,622,348	8,714
2006	6,887,104	1.132	1.095	8,536,841	8,586
2007	7,248,792	1.074	1.095	8,524,797	8,499
2008	8,373,581	1.027	1.095	9,416,637	9,627
	<u>35,247,813</u>			<u>43,697,469</u>	<u>44,141</u>

Annual Premium Projection Factor: 1.053
 Projection Factor Trended From: 08/15/2008
 Projection Factor Trended To: 05/16/2010
 Trended Premium Projection Factor: 1.095

Arkansas Homeowners
Calculation of Current Amount and Premium Projection Factors

Forms 1-3,5

	(1)	(2)	(3)	(4)
	Average	Relativity To Latest	Current Amount	Annual Premium Projection
	<u>Relativity(a)</u>	<u>Point(b)</u>	<u>Factor(c)</u>	<u>Factor(d)</u>
01/01/2004	1.302	1.318	1.270	1.053
01/01/2005	1.388	1.237	1.201	1.053
01/01/2006	1.486	1.155	1.132	1.053
01/01/2007	1.579	1.087	1.074	1.053
01/01/2008	1.664	1.032	1.027	1.053

Notes:

- (a) Latest two points are projected.
- (b) $1.716 / \text{Column (1)}$, where 1.716 is the projected relativity at 8/15/2008.
- (c) $[\text{Column (2)} - 1] \times 0.85 + 1$.
- (d) $[\text{Avg. Annual Increment} / 5 \text{ Year Average Relativity}] \times 0.85 + 1$.

Year	ISO	Regression Output:
<u>Beginning</u>	<u>Average</u>	Constant
<u>X-Range</u>	<u>Relativity</u>	Std Err of Y Est
07/01/2002	1	1.202
07/01/2003	2	1.261
07/01/2004	3	1.342
07/01/2005	4	1.434
07/01/2006	5	1.537
5 Year Average Relativity		<u>1.355</u>
		R Squared
		No. of Observations
		Degrees of Freedom
		X Coefficient(s)
		Std Err of Coef.

Relativities from ISO Trend Circular: AS-HO-2008-017

State Auto Insurance Companies
Arkansas Homeowners
All Programs - Forms 3, 5 - Property and Liability Combined

	(1)	(2)	(3) (1) - (2)	(4)	(5) (2) x (4) Trended	(6) (3) x (4) Trended
Year	Total Ultimate Incurred Losses	Ultimate Incurred Wind & Hail Losses	Ultimate Incurred Non-Wind/Hail Losses	Retrospective Loss Trend Factor (a)	Ultimate Incurred Wind & Hail Losses	Ultimate Incurred Non-Wind/Hail Losses
2004	\$2,995,925	\$1,212,236	\$1,783,689	1.306	\$1,583,271	\$2,329,633
2005	\$5,634,101	\$3,235,140	\$2,398,961	1.222	\$3,952,477	\$2,930,889
2006	\$4,546,848	\$3,044,189	\$1,502,659	1.143	\$3,479,011	\$1,717,294
2007	\$2,991,389	\$1,157,536	\$1,833,854	1.069	\$1,237,447	\$1,960,455
2008	\$18,112,108	\$14,606,404	\$3,505,704	1.000	\$14,606,404	\$3,505,704
	<u>\$34,280,372</u>	<u>\$23,255,505</u>	<u>\$11,024,867</u>		<u>\$24,858,611</u>	<u>\$12,443,975</u>

Year	(7) 0.053 x \$6,249 Trended Wind & Hail Pure Premium (b)	(8) Earned House Years	(9) (7) x (8) Adjusted Trended Ultimate Wind & Hail Losses
2004	\$330	8,714	\$2,875,056
2005	\$330	8,714	\$2,875,154
2006	\$330	8,586	\$2,832,806
2007	\$330	8,499	\$2,804,223
2008	\$330	9,627	<u>\$3,176,149</u>
			<u>\$14,563,388</u>

Year	(10) (6) + (9) Wind & Hail Adjusted Total Trended Losses	(11) ULAE Factor	(12) First Dollar Trend Factor	(13) Prospective Loss Trend Factor (c)	(14) (10) x (11) x (12) x (13) Projected Losses
2004	\$5,204,689	1.059	1.043	1.198	\$6,887,028
2005	\$5,806,043	1.059	1.043	1.198	\$7,682,761
2006	\$4,550,100	1.059	1.043	1.198	\$6,020,853
2007	\$4,764,678	1.059	1.043	1.198	\$6,304,790
2008	<u>\$6,681,853</u>	1.059	1.043	1.198	<u>\$8,841,664</u>
	<u>\$27,007,363</u>				<u>\$35,737,096</u>

(a) Retrospective Loss Trend of 6.9% per year selected. (To 7/1/2008)

(b) Wind & Hail Loss Frequency and Severity based on 15 years of State Auto losses trended to 7/1/2008.

(c) Prospective Loss Trend of 7.9% per year selected. (To 11/15/2010)

NOTE: The net effect of the Wind Procedure is a -27.6 % change in losses.

Arkansas Homeowners
All Programs - Forms 3, 5
FIRST DOLLAR TREND FACTOR CALCULATION

Deductible Amount	2005 - 2009 Incurred Property Claims	2005 - 2009 Property Loss Below Deductible
\$50	0	0
\$100	7	700
\$150	0	0
\$250	268	67,000
\$300	0	0
\$500	3,577	1,788,500
\$600	0	0
\$750	0	0
\$1,000	1,342	1,342,000
\$1,500	2	3,000
\$2,000	1	2,000
\$2,500	41	102,500
\$5,000	8	40,000
\$7,500	0	0
	<u>5,246</u>	<u>3,345,700</u>

Weighted Current Cost Factor	Trended Loss Projection Factor	Trended Property Loss Above Deductible	Ult. Losses Excluding First Dollar Trend
1.106	1.198	1,089,208	25,547,606

FIRST DOLLAR TREND FACTOR: 1.043

Arkansas Homeowners
TRENDED LOSS FACTORS

ISO TREND CIRCULAR

AS-HO-2008-017

Assumed Effective Date: 11/15/2009
Year Past Effective Date: 11/15/2010

Selected Retrospective Loss Trend Factor: 1.069
Selected Loss Projection Factor: 1.079
Retrospective Factor Trended To/Projection Factor Trended From: 07/01/2008
Projection Factor Trended To: 11/15/2010
Trended Projection Factor: 1.198
ISO Premium Projection Factor: 1.053

State Auto Insurance Companies
Arkansas Homeowners
Options - Forms 3,5
Property

INCURRED LOSS AND ALAE DEVELOPMENT

YEAR END 12/31	AGE OF DEVELOPMENT								
	15 MTHS	27 MTHS	39 MTHS	51 MTHS	63 MTHS	75 MTHS	87 MTHS	99 MTHS	111 MTHS
2000	4,224,950	4,401,147	4,377,396	4,400,573	4,420,470	4,420,470	4,448,470	4,445,259	4,445,259
2001	1,914,568	1,908,950	1,913,679	1,915,945	1,918,270	1,918,270	1,918,270	1,918,270	
2002	2,295,673	2,334,861	2,634,370	2,629,479	2,629,527	2,629,704	2,629,704		
2003	2,818,895	2,722,661	2,705,642	2,715,996	2,722,567	2,722,567			
2004	2,992,487	2,998,952	2,964,552	2,969,056	2,969,056				
2005	5,269,948	5,653,964	5,380,703	5,512,155					
2006	4,351,562	4,298,101	4,302,932						
2007	2,929,721	2,900,164							
2008	17,123,001								

YEAR END 12/31	AGE - TO - AGE DEVELOPMENT FACTORS								
	15 to 27	27 to 39	39 to 51	51 to 63	63 to 75	75 to 87	87 to 99	99 to 111	Tail Factor
2000	1.0417	0.9946	1.0053	1.0045	1.0000	1.0063	0.9993	1.0000	1.0000
2001	0.9971	1.0025	1.0012	1.0012	1.0000	1.0000	1.0000		
2002	1.0171	1.1283	0.9981	1.0000	1.0001	1.0000			
2003	0.9659	0.9937	1.0038	1.0024	1.0000				
2004	1.0022	0.9885	1.0015	1.0000					
2005	1.0729	0.9517	1.0244						
2006	0.9877	1.0011							
2007	0.9899								
WTD ALL AVG	1.0157	0.9984	1.0084	1.0020	1.0000	1.0031	0.9995	1.0000	
WTD 5YR AVG	1.0115	0.9989	1.0092	1.0020	1.0000	0.0000	0.0000	0.0000	
STR 5 YR AVG	1.0037	1.0127	1.0058	1.0016	1.0000	0.0000	0.0000	0.0000	
SELECTED	1.0037	1.0127	1.0058	1.0016	1.0000	1.0000	1.0000	1.0000	1.0000
CUM	1.0240	1.0202	1.0075	1.0017	1.0000	1.0000	1.0000	1.0000	1.0000
ULT \$	17,534,372	2,958,882	4,335,125	5,521,257	2,969,106	2,722,567	2,629,704	1,918,270	4,445,259
ACC. YR.	12/2008	12/2007	12/2006	12/2005	12/2004	12/2003	12/2002	12/2001	12/2000

INCURRED COUNT DEVELOPMENT

YEAR END 12/31	AGE OF DEVELOPMENT								
	15 MTHS	27 MTHS	39 MTHS	51 MTHS	63 MTHS	75 MTHS	87 MTHS	99 MTHS	111 MTHS
2000	1,316	1,367	1,371	1,373	1,374	1,374	1,375	1,375	1,375
2001	504	511	515	516	516	516	516	516	
2002	527	532	532	532	532	532	532		
2003	536	540	542	544	545	545			
2004	562	564	565	567	567				
2005	770	860	874	888					
2006	855	871	872						
2007	509	514							
2008	2,405								

YEAR END 12/31	AGE - TO - AGE DEVELOPMENT FACTORS								
	15 to 27	27 to 39	39 to 51	51 to 63	63 to 75	75 to 87	87 to 99	99 to 111	Tail Factor
2000	1.0388	1.0029	1.0015	1.0007	1.0000	1.0007	1.0000	1.0000	1.0000
2001	1.0139	1.0078	1.0019	1.0000	1.0000	1.0000	1.0000		
2002	1.0095	1.0000	1.0000	1.0000	1.0000	1.0000			
2003	1.0075	1.0037	1.0037	1.0018	1.0000				
2004	1.0036	1.0018	1.0035	1.0000					
2005	1.1169	1.0163	1.0160						
2006	1.0187	1.0011							
2007	1.0098								
WTD ALL AVG	1.0323	1.0050	1.0048	1.0006	1.0000	1.0004	1.0000	1.0000	
WTD 5YR AVG	1.0362	1.0053	1.0063	1.0006	1.0000	0.0000	0.0000	0.0000	
STR 5 YR AVG	1.0313	1.0046	1.0050	1.0005	1.0000	0.0000	0.0000	0.0000	
SELECTED	1.0179	1.0179	1.0050	1.0005	1.0000	1.0000	1.0000	1.0000	1.0000
CUM	1.0419	1.0236	1.0056	1.0005	1.0000	1.0000	1.0000	1.0000	1.0000
ULT Count	2,506	526	877	888	567	545	532	516	1,375
ACC. YR.	12/2008	12/2007	12/2006	12/2005	12/2004	12/2003	12/2002	12/2001	12/2000

State Auto Insurance Companies
Arkansas Homeowners
Options - Forms 3,5
Liability

INCURRED LOSS AND ALAE DEVELOPMENT

YEAR END 12/31	AGE OF DEVELOPMENT								
	15 MTHS	27 MTHS	39 MTHS	51 MTHS	63 MTHS	75 MTHS	87 MTHS	99 MTHS	111 MTHS
2000	54,212	92,858	88,730	88,730	93,531	86,908	86,908	86,908	86,908
2001	16,368	14,028	14,028	14,028	14,028	14,028	14,028	14,028	
2002	36,462	28,483	29,393	26,041	26,041	26,041	26,041		
2003	57,365	59,678	87,822	95,784	85,807	85,807			
2004	29,020	44,020	26,283	26,283	26,283				
2005	62,295	71,132	104,814	108,393					
2006	203,535	192,169	191,551						
2007	24,123	23,873							
2008	326,782								

YEAR END 12/31	AGE - TO - AGE DEVELOPMENT FACTORS								
	15 to 27	27 to 39	39 to 51	51 to 63	63 to 75	75 to 87	87 to 99	99 to 111	Tail Factor
2000	1.7129	0.9555	1.0000	1.0541	0.9292	1.0000	1.0000	1.0000	0.0000
2001	0.8570	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000		
2002	0.7812	1.0320	0.8860	1.0000	1.0000	1.0000			
2003	1.0403	1.4716	1.0907	0.8958	1.0000				
2004	1.5169	0.5971	1.0000	1.0000					
2005	1.1419	1.4735	1.0342						
2006	0.9442	0.9968							
2007	0.9896								
WTD ALL AVG	1.0887	1.0801	1.0233	0.9794	0.9698	1.0000	1.0000	1.0000	
WTD 5YR AVG	1.0386	1.1122	1.0312	0.9794	0.9698	0.0000	0.0000	0.0000	
STR 5 YR AVG	1.1266	1.1142	1.0022	0.9900	0.9823	0.0000	0.0000	0.0000	
SELECTED	1.2984	1.2319	1.0617	1.0202	1.0204	1.0000	1.0000	1.0000	1.0000
CUM	1.7680	1.3617	1.1053	1.0411	1.0204	1.0000	1.0000	1.0000	1.0000
ULT \$	577,736	32,508	211,723	112,843	26,819	85,807	26,041	14,028	86,908
ACC. YR.	12/2008	12/2007	12/2006	12/2005	12/2004	12/2003	12/2002	12/2001	12/2000

INCURRED COUNT DEVELOPMENT

YEAR END 12/31	AGE OF DEVELOPMENT								
	15 MTHS	27 MTHS	39 MTHS	51 MTHS	63 MTHS	75 MTHS	87 MTHS	99 MTHS	111 MTHS
2000	31	40	40	40	40	39	39	39	39
2001	17	16	16	16	16	16	16	16	
2002	21	19	19	19	19	19	19		
2003	26	27	29	28	27	27			
2004	19	22	18	18	18				
2005	19	20	20	19					
2006	32	33	29						
2007	25	24							
2008	25								

YEAR END 12/31	AGE - TO - AGE DEVELOPMENT FACTORS								
	15 to 27	27 to 39	39 to 51	51 to 63	63 to 75	75 to 87	87 to 99	99 to 111	Tail Factor
2000	1.2903	1.0000	1.0000	1.0000	0.9750	1.0000	1.0000	1.0000	0.0000
2001	0.9412	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	0.0000	
2002	0.9048	1.0000	1.0000	1.0000	1.0000	1.0000	0.0000		
2003	1.0385	1.0741	0.9655	0.9643	1.0000	0.0000			
2004	1.1579	0.8182	1.0000	1.0000	0.0000				
2005	1.0526	1.0000	0.9500	0.0000					
2006	1.0313	0.8788	0.0000						
2007	0.9600	0.0000							
WTD ALL AVG	1.0579	0.9661	0.9859	0.9917	0.9902	1.0000	1.0000	1.0000	
WTD 5YR AVG	1.0413	0.9504	0.9804	0.9917	0.9902	0.0000	0.0000	0.0000	
STR 5 YR AVG	1.0480	0.9542	0.9831	0.9929	0.9938	0.0000	0.0000	0.0000	
SELECTED	1.0240	0.9972	0.9875	0.9963	0.9951	1.0000	1.0000	1.0000	1.0000
CUM	0.9996	0.9762	0.9790	0.9913	0.9951	1.0000	1.0000	1.0000	1.0000
ULT Count	25	23	28	19	18	27	19	16	39
ACC. YR.	12/2008	12/2007	12/2006	12/2005	12/2004	12/2003	12/2002	12/2001	12/2000

STATE AUTO INSURANCE COMPANIES
Homeowners Loss and Loss Adjustment Expense
Annual Statement Line 4.0

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>Selected</u>
Direct Losses Incurred	129,064,000	138,498,000	124,213,000	157,483,000	132,914,000	244,335,000	
Direct ALAE Incurred	6,536,253	8,149,813	8,079,609	11,770,098	9,384,191	18,422,152	
Direct ULAE Incurred	7,368,875	8,110,093	7,652,225	9,436,026	8,756,826	13,578,642	
ULAE Ratio	1.054	1.055	1.058	1.056	1.062	1.052	1.057

ULAE Ratio =
$$\frac{(\text{Direct Losses Incurred} + \text{Direct ALAE Incurred} + \text{Direct ULAE Incurred})}{(\text{Direct Losses Incurred} + \text{Direct ALAE Incurred})}$$

* For 2001, ALAE paid is used instead of ALAE incurred, due to an allocation change which affected 2001 ALAE outstanding.

* For 2004 Meridian business, Paid LAE amounts are used instead of Incurred due to a difference in reserving method versus State Auto business

Source of data: 1997 -- IEE for State Auto Group.
1998-2001 -- IEE and Internal Accounting Report for State Auto Group.

State Auto Insurance Companies
Arkansas Homeowners
Wind & Hail Incurred Claim Frequency

	(1)	(2)	(3) (2) / (1)	
<u>Year</u>	<u>Earned Exposures</u>	<u>Incurred Claims (a)</u>	<u>Average Frequency</u>	<u>Weight for Average</u>
1994	8,883	339	0.038	1.00
1995	7,620	264	0.035	1.00
1996	6,942	812	0.117	1.00
1997	6,992	196	0.028	1.00
1998	7,079	228	0.032	1.00
1999	6,813	707	0.104	1.00
2000	6,327	207	0.033	1.00
2001	6,417	177	0.028	1.00
2002	7,374	172	0.023	1.00
2003	8,553	228	0.027	1.00
2004	8,714	293	0.034	1.00
2005	8,714	597	0.069	1.00
2006	8,585	605	0.070	1.00
2007	8,499	206	0.024	1.00
2008	9,627	2,016	0.209	0.50

Average of Last 15 Years

Selected Frequency

State Auto Insurance Companies
Arkansas Homeowners
Wind & Hail Incurred Claim Trended Severity

	(1)	(2)	(3)	(4)		
			(1) / (2)			
Year	Incurred Losses (a)	Incurred Claims (a)	Average Severity	Original Projected Severity (b)	New Projected Severity (b)	Weight for Average
1994	\$649,985	339	\$1,917	\$4,919	\$5,918	1.00
1995	\$554,920	264	\$2,102	\$5,041	\$5,986	1.00
1996	\$3,871,807	812	\$4,768	\$10,692	\$12,528	0.50
1997	\$574,127	196	\$2,929	\$6,141	\$7,101	1.00
1998	\$602,667	228	\$2,643	\$5,181	\$5,912	1.00
1999	\$2,467,918	707	\$3,491	\$6,396	\$7,204	1.00
2000	\$618,417	207	\$2,988	\$5,118	\$5,688	1.00
2001	\$523,722	177	\$2,959	\$4,739	\$5,198	1.00
2002	\$482,303	172	\$2,804	\$4,199	\$4,545	1.00
2003	\$848,896	228	\$3,723	\$5,212	\$5,568	1.00
2004	\$1,212,215	293	\$4,137	\$5,415	\$5,709	1.00
2005	\$3,098,355	597	\$5,190	\$6,351	\$6,608	1.00
2006	\$3,016,670	605	\$4,986	\$5,705	\$5,857	1.00
2007	\$1,134,951	206	\$5,509	\$5,893	\$5,971	1.00
2008	\$14,263,725	2,016	\$7,075	\$7,075	\$7,075	1.00

(5) Calculated Severity Trend Based on 15 -Point Exponential Regression 7.0%

(6) Selected Severity Trend 1996 Average Severity Removed from Exponential Regression 8.4%

(7) 15 -Year Average Projected Severity \$6,458

(8) Selected Severity \$6,249

(a) Incurred Losses and Claims evaluated at year-end 2008.

(b) The Selected Severity Trend (5) is used to project losses from the midpoint of each accident year to the midpoint of the last year in the experience period (7/1/2008).

State Auto Insurance Companies
Arkansas Homeowners
Territorial Indications
Owners Forms

All Programs Combined			(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Current Territory	Proposed Territory		On-Level Written Premium	Adjusted Earned Premium	Earned House Years	2008 Avg. Prem.	2004-2008 Adjusted Incurred Losses	2004-2008 Earned House Years	2004-2008 Non-Wind&Hail Avg. Loss Cost	Credibility	2004-2008 Non-Wind&Hail Loss Ratio	Expected Wind & Hail Loss Ratio	Total Loss Ratio	Loss Ratio Index
30	30	City of Little Rock, City of North Little Rock	\$698,705	\$598,647	619	\$966	\$1,127,796	2,984	\$378	27.3%	39.1%	31.2%	70.3%	0.8518
31	31	Pulaski	\$240,101	\$208,325	222	\$937	\$450,841	1,020	\$442	16.0%	47.2%	30.5%	77.7%	0.9413
32	32	Jefferson	\$116,782	\$95,398	113	\$844	\$97,253	382	\$255	9.8%	30.2%	29.4%	59.6%	0.7219
33	33	Faulkner	\$400,041	\$312,930	386	\$812	\$785,483	1,474	\$533	19.2%	65.6%	34.2%	99.8%	1.2090
34	34	Conway, Hot Spring, Lonoke, Perry, etc.	\$443,326	\$362,957	401	\$906	\$688,748	1,786	\$386	21.1%	42.6%	28.2%	70.8%	0.8573
34	60	White County	\$213,966	\$150,710	206	\$732	\$1,074,803	861	\$1,249	14.7%	170.6%	30.9%	201.6%	2.4408
35	35	Benton, Boone, Carroll, Newton, etc.	\$870,929	\$788,870	943	\$837	\$2,378,926	5,134	\$463	35.8%	55.4%	40.1%	95.5%	1.1561
36	36	Baxter, Cleburne, Fulton, etc.	\$692,143	\$572,566	720	\$795	\$695,032	3,095	\$225	27.8%	28.3%	24.6%	52.8%	0.6399
37	37	Crawford, Franklin, Logan, Madison, etc.	\$402,180	\$331,146	439	\$754	\$278,567	1,681	\$166	20.5%	22.0%	39.8%	61.8%	0.7484
38	38	Arkansas, Cross, Monroe, Woodruff	\$79,228	\$35,468	42	\$852	\$25,061	152	\$165	6.2%	19.4%	21.7%	41.1%	0.4972
39	39	Bradley, Calhoun, Clark, Cleveland, etc.	\$1,488,685	\$1,284,100	1,354	\$948	\$3,468,707	5,843	\$594	38.2%	62.6%	28.5%	91.1%	1.1032
40	40	Garland	\$1,435,943	\$1,319,508	1,570	\$841	\$2,091,618	7,916	\$264	44.5%	31.4%	49.0%	80.4%	0.9740
41	41	Marion, Searcy, Yell	\$73,208	\$65,163	79	\$826	\$129,772	330	\$393	9.1%	47.6%	27.6%	75.2%	0.9109
42	42	Johnson, Pope	\$504,303	\$427,096	535	\$799	\$1,963,953	2,305	\$852	24.0%	106.7%	42.8%	149.5%	1.8105
44	44	Craighead, Jackson, Lawrence, etc.	\$313,156	\$191,774	210	\$914	\$172,822	822	\$210	14.3%	23.0%	14.3%	37.3%	0.4516
45	45	Ashley, Chicot, Crittenden, Desha, Lee, etc.	\$245,489	\$201,223	197	\$1,021	\$437,691	1,038	\$422	16.1%	41.3%	23.9%	65.1%	0.7889
47	47	City of Ft. Smith	\$499,277	\$415,943	547	\$760	\$488,821	2,012	\$243	22.4%	32.0%	53.2%	85.1%	1.0309
48	48	Montgomery	\$194,152	\$179,137	169	\$1,057	\$328,673	836	\$393	14.5%	37.2%	24.0%	61.2%	0.7408
49	49	Polk	\$129,412	\$106,230	141	\$754	\$302,839	668	\$453	12.9%	60.2%	35.4%	95.6%	1.1575
54	54	Clay, Greene, Randolph	\$243,501	\$173,372	211	\$821	\$359,495	1,038	\$346	16.1%	42.2%	19.3%	61.5%	0.7442
58	58	Hempstead	\$212,850	\$193,040	169	\$1,143	\$333,818	924	\$361	15.2%	31.6%	30.9%	62.5%	0.7571
59	59	Miller	\$401,084	\$361,415	354	\$1,022	\$481,070	1,836	\$262	21.4%	25.6%	38.7%	64.3%	0.7786
			\$9,898,462	\$8,375,017	9,627	\$870	\$18,161,791	44,137	\$411		47.3%	35.3%	82.6%	1.0000

Notes:

- (1) On-Level Written Premium is the actual premium written for the year ending 3/31/2009, adjusted for prior rate changes and for the removal of the premium cap.
- (2) Premium has been adjusted to reflect prior rate revisions and to remove capping.
- Individual property losses have been capped at the lower of \$250,000 or one half of Coverage A; individual liability losses have been capped at \$100,000.
- (8) Partial credibility is calculated using the square root method based on 2004-2008 house years with 40,000 as the credibility standard.
- (9) Column (7) / Column (4). These ratios include a load for ULAE, nonwind catastrophe losses, and the excess portions of capped losses.
- (10) Total loss ratio matches statewide indications, with relativities among territories based on AIR modeled losses using our 2008 exposures.
- (11) Column (9) + Column (10).
- (12) Column (11) / Total Column (11).

State Auto Insurance Companies
Arkansas Homeowners
Territorial Indications
Owners Forms

Territory		(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)
Current	Proposed	On-Level Written Premium	Loss Ratio Index	2004-2008 Non-Wind&Hail Frequency Index	Current Base Rate Index	Cred. Wtd. Base Rate Index	Indicated Relative Change	Indicated Change w/ Expense Flattening	Selected Relative Change
30	30 City of Little Rock, City of North Little Rock	\$698,705	0.8518	1.0689	1.0725	1.0255	-4.4%	-4.3%	-4.0%
31	31 Pulaski	\$240,101	0.9413	1.3366	1.0878	1.0739	-1.3%	-1.3%	-1.0%
32	32 Jefferson	\$116,782	0.7219	0.9114	1.1098	1.0758	-3.1%	-3.0%	0.0%
33	33 Faulkner	\$400,041	1.2090	1.0621	0.9146	0.9479	3.6%	3.5%	3.8%
34	34 Conway, Hot Spring, Lonoke, Perry, etc.	\$443,326	0.8573	1.0880	1.0418	1.0068	-3.4%	-3.3%	-3.0%
34	60 White County	\$213,966	2.4408	1.2129	1.0418	1.2575	20.7%	20.0%	10.0%
35	35 Benton, Boone, Carroll, Newton, etc.	\$870,929	1.1561	1.0563	0.8532	0.8977	5.2%	5.0%	5.3%
36	36 Baxter, Cleburne, Fulton, etc.	\$692,143	0.6399	0.5904	0.9562	0.8575	-10.4%	-10.0%	-5.0%
37	37 Crawford, Franklin, Logan, Madison, etc.	\$402,180	0.7484	0.7245	0.9168	0.8664	-5.5%	-5.3%	-5.0%
38	38 Arkansas, Cross, Monroe, Woodruff	\$79,228	0.4972	1.3363	1.0966	1.0589	-3.5%	-3.4%	-3.1%
39	39 Bradley, Calhoun, Clark, Cleveland, etc.	\$1,488,685	1.1032	1.1614	1.1229	1.1631	3.5%	3.4%	3.8%
40	40 Garland	\$1,435,943	0.9740	0.9341	0.8685	0.8555	-1.5%	-1.5%	-1.2%
41	41 Marion, Searcy, Yell	\$73,208	0.9109	1.1413	1.0527	1.0406	-1.2%	-1.2%	-0.8%
42	42 Johnson, Pope	\$504,303	1.8105	0.9940	0.8773	1.0443	19.0%	18.3%	5.0%
44	44 Craighead, Jackson, Lawrence, etc.	\$313,156	0.4516	1.0580	1.4037	1.2888	-8.2%	-8.0%	-7.7%
45	45 Ashley, Chicot, Crittenden, Desha, Lee, etc.	\$245,489	0.7889	1.2012	1.3006	1.2519	-3.8%	-3.7%	-3.4%
47	47 City of Ft. Smith	\$499,277	1.0309	0.7927	0.8992	0.9023	0.3%	0.3%	0.6%
48	48 Montgomery	\$194,152	0.7408	1.0061	1.2611	1.2096	-4.1%	-4.0%	-3.7%
49	49 Polk	\$129,412	1.1575	1.0856	1.0571	1.0749	1.6%	1.6%	1.9%
54	54 Clay, Greene, Randolph	\$243,501	0.7442	0.9777	1.0527	1.0058	-4.5%	-4.4%	-5.0%
58	58 Hempstead	\$212,850	0.7571	1.3802	1.1624	1.1156	-4.1%	-4.0%	0.0%
59	59 Miller	\$401,084	0.7786	0.8689	1.1558	1.0972	-5.1%	-5.0%	0.0%
		\$9,898,462	1.0000	1.0000	1.0000	1.0000	0.0%	0.0%	0.0%

Notes:

- (16) The Current Base Rate Index reflects the average current base rate under current territory designations.
- (17) [Column (8) x Column (14) x Column (16)] + [(1 - Column (8)) x Column (16)].
- (19) Column (19) adjusted to recognize fixed expenses of 3.1%.

State Auto Insurance Companies

Arkansas Homeowners

Base Rate Impacts

Securgard				Defender				Estates			
Territory	Form 3,5 Percent Change	Form 4 Percent Change	Form 6 Percent Change	Territory	Form 3,5 Percent Change	Form 4 Percent Change	Form 6 Percent Change	Territory	Form 3,5 Percent Change	Form 4 Percent Change	Form 6 Percent Change
30	8.6%	0.0%	0.0%	30	8.4%	0.0%	0.0%	30	8.2%	0.0%	0.0%
31	12.1%	0.0%	0.0%	31	11.8%	0.0%	0.0%	31	11.4%	0.0%	0.0%
32	13.0%	0.0%	0.0%	32	12.7%	0.0%	0.0%	32	12.3%	0.0%	0.0%
33	17.5%	0.0%	0.0%	33	17.0%	0.0%	0.0%	33	16.5%	0.0%	0.0%
34	9.7%	0.0%	0.0%	34	9.5%	0.0%	0.0%	34	9.2%	0.0%	0.0%
35	19.0%	0.0%	0.0%	35	18.6%	0.0%	0.0%	35	18.1%	0.0%	0.0%
36	7.3%	0.0%	0.0%	36	7.2%	0.0%	0.0%	36	7.0%	0.0%	0.0%
37	7.4%	0.0%	0.0%	37	7.2%	0.0%	0.0%	37	7.0%	0.0%	0.0%
38	9.6%	0.0%	0.0%	38	9.4%	0.0%	0.0%	38	9.6%	0.0%	0.0%
39	17.3%	0.0%	0.0%	39	17.0%	0.0%	0.0%	39	16.4%	0.0%	0.0%
40	11.9%	0.0%	0.0%	40	11.6%	0.0%	0.0%	40	11.4%	0.0%	0.0%
41	12.1%	0.0%	0.0%	41	11.8%	0.0%	0.0%	41	11.7%	0.0%	0.0%
42	18.7%	0.0%	0.0%	42	18.3%	0.0%	0.0%	42	17.8%	0.0%	0.0%
44	4.4%	0.0%	0.0%	44	4.3%	0.0%	0.0%	44	4.4%	0.0%	0.0%
45	9.3%	0.0%	0.0%	45	9.1%	0.0%	0.0%	45	9.1%	0.0%	0.0%
47	13.8%	0.0%	0.0%	47	13.6%	0.0%	0.0%	47	13.2%	0.0%	0.0%
48	8.9%	0.0%	0.0%	48	8.7%	0.0%	0.0%	48	8.5%	0.0%	0.0%
49	15.3%	0.0%	0.0%	49	15.0%	0.0%	0.0%	49	13.9%	0.0%	0.0%
54	7.5%	0.0%	0.0%	54	7.3%	0.0%	0.0%	54	7.1%	0.0%	0.0%
58	12.9%	0.0%	0.0%	58	12.8%	0.0%	0.0%	58	12.7%	0.0%	0.0%
59	13.0%	0.0%	0.0%	59	12.8%	0.0%	0.0%	59	12.5%	0.0%	0.0%
60	24.4%	0.0%	0.0%	60	23.8%	0.0%	0.0%	60	22.4%	0.0%	0.0%
	12.6%	0.0%	0.0%		12.9%	0.0%	0.0%		12.6%	0.0%	0.0%

Territory 60 is a new territory consisting of White County from 34.

**State Auto Insurance Companies
Homeowners By-Peril Univariate Analysis Results for Age of Dwelling**

Age	Frequency Relativities			Loss Ratio Relativities		
	Fire	Wind/Hail	Total	Fire	Wind/Hail	Total
A: 0-5	0.77	0.67	0.75	1.06	0.76	0.87
B: 6-10	0.90	1.19	1.11	0.95	1.32	1.13
C: 11-15	0.97	1.42	1.23	0.95	1.48	1.18
D: 16-20	1.03	1.18	1.13	0.79	1.21	1.07
E: 21-25	1.06	1.06	1.10	0.75	0.99	0.97
F: 26-30	1.12	1.09	1.08	1.11	0.97	1.03
G: 31-35	1.10	1.01	1.03	1.02	0.93	0.98
H: 36-40	1.05	1.01	1.01	1.04	0.98	1.00
I: 41-45	0.99	0.92	0.95	0.84	0.83	0.88
J: 46-50	0.89	0.89	0.91	0.79	0.80	0.83
K: 51-55	0.99	0.87	0.90	0.99	0.86	0.92
L: 56-60	1.08	0.90	0.92	1.17	0.85	0.95
M: 61-65	0.91	0.84	0.88	0.91	0.80	0.88
N: 66+	1.05	0.84	0.90	1.47	0.84	1.04
NA	0.99	1.23	1.14	0.93	1.34	1.15
Total	1.00	1.00	1.00	1.00	1.00	1.00

This table illustrates that for Fire, the primary non-weather peril, homes of ages 6-20 are performing fine. However, these homes are performing horribly for wind/hail.

Relativities shown are based on companywide owners' forms' experience for policy years 2002-2006, with losses evaluated at 6/30/2008.

State Auto Insurance Companies

Proposed Age of Dwelling Discount Changes

Arkansas Homeowners

Policies in force as of 3/2009

Age	Current Age of Dwelling	Actuarial Proposed Age of Dwelling	Rate Level Impact	Policy Count
0	25%	25%	0.0%	161
1	24%	23%	1.3%	164
2	23%	21%	2.6%	162
3	22%	19%	3.8%	187
4	21%	17%	5.1%	233
5	20%	15%	6.3%	196
6	18%	13%	6.1%	192
7	15%	11%	4.7%	193
8	12%	9%	3.4%	204
9	9%	6%	3.3%	233
10	6%	3%	3.2%	248
11	3%	0%	3.1%	252
12+	0%	0%	0.0%	9,190
			0.8%	11,615

State Auto Insurance Companies
Arkansas Homeowners
Owners' Forms
Policyholder Impacts due to Policy Size Relativity Change

State Auto Insurance Companies
Arkansas Homeowners
Owners' Forms
Policy Size Relativities

Coverage A Amount (000's)		Percent of Policies	Policyholder Impact		
\$20	-- \$70	2.0%	0.0%	--	0.0%
\$70	-- \$80	2.7%	0.0%	--	3.8%
\$80	-- \$90	4.5%	3.8%	--	3.8%
\$90	-- \$100	6.4%	3.8%	--	3.8%
\$100	-- \$110	6.7%	3.8%	--	3.8%
\$110	-- \$120	6.6%	3.8%	--	3.8%
\$120	-- \$130	6.6%	3.8%	--	1.9%
\$130	-- \$140	6.8%	1.9%	--	0.0%
\$140	-- \$150	5.8%	0.0%	--	0.0%
\$150	-- \$160	5.3%	0.0%	--	0.0%
\$160	-- \$170	5.1%	0.0%	--	0.0%
\$170	-- \$180	4.5%	0.0%	--	0.0%
\$180	-- \$190	3.7%	0.0%	--	0.0%
\$190	-- \$200	3.9%	0.0%	--	0.0%
\$200	-- \$210	3.2%	0.0%	--	0.0%
\$210	-- \$220	2.8%	0.0%	--	0.0%
\$220	-- \$230	2.5%	0.0%	--	0.0%
\$230	-- \$240	2.2%	0.0%	--	0.0%
\$240	-- \$250	2.0%	0.0%	--	0.0%
\$250	-- \$275	4.0%	0.0%	--	0.0%
\$275	-- \$300	3.0%	0.0%	--	0.0%
\$300	-- \$325	2.0%	0.0%	--	0.0%
\$325	-- \$350	1.8%	0.0%	--	0.0%
\$350	-- \$375	1.2%	0.0%	--	0.0%
\$375	-- \$400	1.0%	0.0%	--	0.0%
\$400	-- \$425	0.7%	0.0%	--	0.0%
\$425	-- \$450	0.7%	0.0%	--	0.0%
\$450	-- \$475	0.3%	0.0%	--	0.0%
\$475	-- \$500	0.3%	0.0%	--	0.0%
\$500	-- \$550	0.5%	0.0%	--	0.0%
\$550	-- \$600	0.3%	0.0%	--	0.0%
\$600	-- \$700	0.4%	0.0%	--	0.0%
\$700	-- \$800	0.2%	0.0%	--	0.0%
\$800	-- \$900	0.1%	0.0%	--	0.0%
\$900	-- \$1,000	0.0%	0.0%	--	0.0%
\$1,000	-- \$1,500	0.1%	0.0%	--	0.0%
\$1,500	-- \$2,000	0.0%	0.0%	--	0.0%
\$2,000	-- \$2,500	0.0%	0.0%	--	0.0%
\$2,500	-- \$3,000	0.0%	0.0%	--	0.0%
\$3,000	-- \$3,500	0.0%	0.0%	--	0.0%
\$3,500	-- \$4,000	0.0%	0.0%	--	0.0%
\$4,000	-- \$4,500	0.0%	0.0%	--	0.0%
\$4,500	-- \$5,000	0.0%	0.0%	--	0.0%

TOTAL

Coverage A (000's)	State Auto Current Relativity	State Auto Proposed Relativity	Impact
\$20	0.900	0.900	0.0%
\$25	0.903	0.903	0.0%
\$30	0.906	0.906	0.0%
\$35	0.910	0.910	0.0%
\$40	0.914	0.914	0.0%
\$45	0.918	0.918	0.0%
\$50	0.922	0.922	0.0%
\$55	0.926	0.926	0.0%
\$60	0.930	0.930	0.0%
\$65	0.949	0.949	0.0%
\$70	1.000	1.000	0.0%
\$75	1.068	1.088	1.9%
\$80	1.135	1.178	3.8%
\$85	1.183	1.227	3.8%
\$90	1.231	1.277	3.8%
\$95	1.278	1.326	3.8%
\$100	1.325	1.375	3.8%
\$105	1.377	1.429	3.8%
\$110	1.429	1.483	3.8%
\$115	1.488	1.544	3.8%
\$120	1.547	1.605	3.8%
\$125	1.616	1.677	3.8%
\$130	1.685	1.717	1.9%
\$135	1.755	1.755	0.0%
\$140	1.825	1.825	0.0%
\$145	1.891	1.891	0.0%
\$150	1.958	1.958	0.0%
\$160	2.075	2.075	0.0%
\$170	2.206	2.206	0.0%
\$180	2.330	2.330	0.0%
\$190	2.463	2.463	0.0%
\$200	2.578	2.578	0.0%
Add'l \$10K	0.155	0.155	

*Inforce policies as of 04/2009

State Auto Insurance Companies
Arkansas Homeowners
Prime of Life Discount Change
Policies in force as of 5/31/2009

Owners			State Auto		
Age	Premium	Counts	Current discount	Proposed discount	Premium after new discount
0-50	\$3,442,916	3,750	0.0%	0.0%	\$3,442,916
50-54	\$1,116,651	1,121	0.0%	3.0%	\$1,089,596
55+	\$6,262,371	7,109	5.0%	5.0%	\$6,262,371
	<u>\$10,821,939</u>	<u>11,980</u>			<u>10,794,883</u>

Condos			State Auto		
Age	Premium	Counts	Current discount	Proposed discount	Premium after new discount
0-50	\$14,606	39	0.0%	0.0%	\$14,606
50-54	\$10,033	19	0.0%	3.0%	\$9,766
55+	\$78,119	168	5.0%	5.0%	\$78,119
	<u>\$102,758</u>	<u>226</u>			<u>102,491</u>

TOTAL	\$10,924,696	12,206			10,897,374
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IMPACT -0.3%

State Auto Insurance Companies
Arkansas Homeowners
Deductible Change

CURRENT

All-Peril Deductibles		
Deductible	Factor	Maximum Dollar Credit
\$500	1.00	NA
\$1,000	0.90	\$200
\$1,500	0.86	\$275
\$2,000	0.82	\$325
\$2,500	0.78	\$400
\$5,000	0.65	\$675
\$7,500	NA	NA

All Other Perils Deductible Amount	All Programs Windstorm or Hail Deductible Factor (N/A for HO 0004)				
	\$1,000	\$1,500	\$2,000	\$2,500	\$5,000
	\$500	0.98	0.97	0.96	0.95
\$1,000		0.89	0.88	0.87	0.85
\$1,500			0.85	0.84	0.82
\$2,000				0.81	0.79
\$2,500					0.76

PROPOSED

All-Peril Deductibles		
Deductible	Factor	Maximum Dollar Credit
\$500	1.00	NA
\$1,000	0.92	\$200
\$1,500	0.88	\$275
\$2,000	0.84	\$325
\$2,500	0.80	\$400
\$5,000	0.70	\$675
\$7,500	0.63	\$850

All Other Perils Deductible Amount	All Programs Windstorm or Hail Deductible Factor (N/A for HO 0004)				
	\$1,000	\$1,500	\$2,000	\$2,500	\$5,000
	\$500	0.97	0.96	0.95	0.94
\$1,000		0.91	0.90	0.89	0.86
\$1,500			0.87	0.86	0.83
\$2,000				0.83	0.81
\$2,500					0.78

State Auto Insurance Companies
Arkansas Homeowners
Deductible Change

All-Peril Deductible	Forms 3,5 Policyholder		Form 4 Policyholder		Form 6 Policyholder	
	Policy Count*	Impact	Policy Count*	Impact	Policy Count*	Impact
500	7458	0.0%	529	0.0%	168	0.0%
1000	4084	1.7%	66	1.7%	51	1.7%
1500	44	2.3%	0	2.3%	0	2.3%
2000	29	2.4%	0	2.4%	0	2.4%
2500	264	3.0%	3	3.0%	6	3.0%
5000	70	7.9%	0	7.9%	0	7.9%
	<u>11949</u>		<u>598</u>		<u>225</u>	

Wind/Hail Deductibles

All-Peril Deductible	Wind/Hail Deductible	Forms 3,5 Policyholder		Form 6 Policyholder	
		Policy Count*	Impact	Policy Count*	Impact
500	1000	13	-1.0%	1	-1.0%
500	1500	1	-1.0%	0	-1.0%
500	2500	9	-0.7%	0	-0.7%
1000	1500	1	2.3%	0	2.3%
1000	2000	1	2.3%	0	2.3%
1000	2500	4	2.7%	0	2.7%
1000	5000	2	1.3%	0	1.3%
		<u>31</u>		<u>1</u>	

*Inforce policies as of 04/2009

State Auto Insurance Companies

Arkansas Homeowners

Summary of Rate Level Changes by Form

Form(s)	Level	On-Level Written Premium*	Base Rate	Prime of Life	Age of Dwelling	Minimum Premium Change	Deductible Factors	Policy Size Relativity Change	Total Impact	Total Dollar	Indicated	
											Percent	Dollar
3, 5	Securgard	\$1,513,985	12.6%	-0.2%	0.4%	0.0%	0.6%	2.0%	15.7%	\$237,405		
	Defender	\$7,773,608	12.9%	-0.2%	0.9%	0.0%	0.9%	0.7%	15.4%	\$1,197,146		
	Estates	\$610,869	12.6%	-0.4%	1.3%	0.0%	1.2%	0.1%	15.1%	\$92,277		
		\$9,898,462	12.8%	-0.2%	0.8%	0.0%	0.8%	0.9%	15.4%	\$1,526,829	18.9%	\$1,867,996
4	Securgard	\$55,072	0.0%	0.0%	0.0%	0.1%	0.2%	0.0%	0.2%	\$130	N/A	
	Defender	\$114,508	0.0%	0.0%	0.0%	0.1%	0.3%	0.0%	0.4%	\$416	N/A	
	Estates	\$2,924	0.0%	0.0%	0.0%	0.0%	1.4%	0.0%	1.4%	\$41	N/A	
		\$172,505	0.0%	0.0%	0.0%	0.1%	0.3%	0.0%	0.3%	\$586		
6	Securgard	\$23,814	0.0%	0.0%	0.0%	0.0%	0.1%	0.0%	0.1%	\$26	N/A	
	Defender	\$51,888	0.0%	-0.4%	0.0%	0.1%	0.8%	0.0%	0.4%	\$213	N/A	
	Estates	\$13,639	0.0%	-0.1%	0.0%	0.0%	0.6%	0.0%	0.5%	\$72	N/A	
		\$89,341	0.0%	-0.3%	0.0%	0.0%	0.6%	0.0%	0.3%	\$311		
Overall		\$10,160,307	12.5%	-0.2%	0.8%	0.0%	0.8%	0.9%	15.0%	\$1,527,726	18.4%	\$1,867,996

Watercraft Endorsements - from Annual Statement Lines 09.0 and 17.0

Estimated	Total	Total	Total Dollar
\$113,949	0.7%	0.7%	\$844

*On-Level Written Premium is the actual premium written for the year ending 3/31/2009, adjusted for prior rate changes and for the removal of the premium cap.

**Watercraft premium is uncapped 2007 written premium.

**Arkansas
Homeowners Option
5 year Rate History**

November 15, 2007	-5.0%
August 19, 2007	0%
November 15, 2006	-6.4%
June 1, 2006	0%
November 15, 2005	-3.1%

Summary of Proposed Changes

Arkansas - Homeowner Options Program
State Automobile Mutual Insurance Company
State Auto Property & Casualty Insurance Company
Page 1 of 5
Revised 09-09-09

1. Capping:

With our filing effective November 15, 2004, we began converting Securgard, and Defender business to the Options Program with an annual policyholder cap of +10.0%. With our filing effective November 15, 2006 we revised the annual policyholder cap to +15.0%. With this filing we are removing the cap.

2. Base Rates:

In response to experience, the following base rate changes are proposed, with variation by territory. The base rate impacts by form and package are summarized below:

	Forms 3 & 5	Form 4	Form 6
Securgard	+12.6%	0.0%	0.0%
Defender	+12.9%	0.0%	0.0%
Estates	+12.6%	0.0%	0.0%
	+12.8%	0.0%	0.0%

The overall impact of this change is +12.5%.

3. Territorial Revisions:

We are making the following territory changes:

- Territory 34 will consist of Conway, Hot Spring, Lonoke, Perry, and Prairie, all currently in Territory 34. White County, currently in Territory 34, has been reassigned to Territory 60.
- Territory 60 will consist of White County, previously in Territory 34.

4. Deductibles: (Revised 09-09-09)

- We are implementing a minimum \$1,000 all peril deductible for Owners Forms for new business. All existing insureds with the \$500 all-peril deductible will be grandfathered.
- We are also revising our all-peril deductible credits and our wind/hail deductible credits to align with ISO. The revision to the deductible credits has a rate level adequacy impact of +0.8%.
- We will be introducing a new all-peril deductible option of \$7,500. We are also offering the \$7,500 deductible options for the following two categories

Jewelry, Watches and Furs Premiums Per Each Additional \$500 by Deductible						
\$500	\$1,000	\$1,500	\$2,000	\$2,500	\$5,000	\$7,500
\$4.00	\$3.50	\$3.33	\$3.17	\$3.00	\$2.50	\$2.25

Silverware, Goldware and Pewterware Premiums Per Each Additional \$500 by Deductible						
\$500	\$1,000	\$1,500	\$2,000	\$2,500	\$5,000	\$7,500
\$1.75	\$1.50	\$1.42	\$1.33	\$1.25	\$1.00	\$0.85

5. Prime of Life:

We are extending a 3% discount to insureds aged 50-54 who meet all other requirements for the Prime of Life discount. The impact of this change is -0.2%.

Summary of Proposed Changes

Arkansas - Homeowner Options Program
State Automobile Mutual Insurance Company
State Auto Property & Casualty Insurance Company
Page 2 of 5
Revised 09-09-09

6. Age of Dwelling Discount:

We are proposing to amend the Age of Dwelling discounts as shown below. The impact associated with this change is +0.8% for owners' forms.

Age of Dwelling	Current Discount	Proposed Discount
0	25%	25%
1	24%	23%
2	23%	21%
3	22%	19%
4	21%	17%
5	20%	15%
6	18%	13%
7	15%	11%
8	12%	9%
9	9%	6%
10	6%	3%
11	3%	0%
12+	0%	0%

7. Policy Size Relativities:

In response to competitive concerns, we are increasing our owners' forms policy size relativities between \$70,000 and \$130,000. The impact from this change is +0.9%.

8. Loss Experience Rating:

We are proposing to change our threshold from \$500 to \$1,000 and waive the first claim due to Collapse or Mine Subsidence, Earthquake, Sinkhole Collapse, or Riot/Civil Commotion. We will also not surcharge claims that are covered exclusively by the "Prime of Life Plan" or "HomeXtended" extra-value coverages. The impact of this rule change is negligible.

9. Home Purchase Discount:

We propose revising the Home Purchase Discount for a new policy from 10% to 8%. The discounts at subsequent renewals will not change from their current levels. Therefore, this change will have no impact on our current book of business.

10. Water Back-Up:

We are adding limits of \$15,000, \$20,000 and \$25,000. Please see manual page OC-35 for further information. There is no impact from this change.

11. Class 4/Tile/Slate/Concrete Roof:

We will extend the Class 4 roof discount of 5% to Tile, Slate, and Concrete roofs. We will assume a 0% impact.

12. Solid Fuel Heating Device Surcharge:

We propose increasing the Solid Fuel Heating Device Surcharge from \$25 to \$50. The impact of this change is negligible.

13. HomeXtended Endorsement:

We are introducing a new optional coverage, HomeXtended, modeled after Prime of Life, available to insureds who do not qualify to receive the Prime of Life coverages for free. The annual premium will be \$20. Please see manual page OC-13 for eligibility and coverage details.

Summary of Proposed Changes

Arkansas - Homeowner Options Program
State Automobile Mutual Insurance Company
State Auto Property & Casualty Insurance Company
Page 3 of 5
Revised 09-09-09

14. Blanket Personal Property:

For an additional premium, we will offer personal property coverage on a blanket basis for the classes of Jewelry, Silverware, Fine Arts, Coin Collections, Computers, and Firearms. The blanket maximum per category is \$25,000, and the maximum limit per item is \$5,000 with the exception of computer systems which offer a maximum category limit of \$10,000.

15. Scheduled Personal Property:

We are expanding our Scheduled Personal Property coverages to include the items displayed below:

Categories	Proposed Annual Rates per \$1,000
Cellular Phones	\$40.00
Tools	\$30.00
Farm Machinery	\$7.20
Musical Instruments (Professional Use)	
First \$1,500	\$30.00
Excess of \$1,500	\$6.50

16. Livestock Limited Mortality Coverage:

Previously known as Livestock Collision Coverage (HO 0452), the coverage is being expanded to include additional perils. As a result, the rates are increasing. Please see page 31 for rates.

Estimated Head of Livestock	Current Premium	Proposed Premium
1 but not more than 100	\$10	\$20
101 but not more than 250	\$20	\$40
251 but not more than 500	\$30	\$60
501 but not more than 1,000	\$40	\$80

In addition, we are broadening coverage to include the following perils.

- Fire
- Lightning
- Windstorm
- Hail
- Explosion
- Strike, riot or civil commotion
- Earthquake
- Flood, collapse of a bridge
- Standing, sinking, burning or colliding of vessels
- Accidental shooting except if shooting is by insured, employee or resident employee or Tenants
- Drowning
- Electrocutation
- Attack by a dog or wild animal
- Theft of covered livestock

17. Minimum Premium:

The minimum premium will be increased to \$275 for Forms 3 and 5, \$125 for Form 4, and \$150 for Form 6. There are four policies that will be affected by this change. The impact of this change is negligible.

Summary of Proposed Changes

Arkansas - Homeowner Options Program
State Automobile Mutual Insurance Company
State Auto Property & Casualty Insurance Company

Page 4 of 5

Revised 09-09-09

18. Watercraft:

We will be revising our Pleasure Boat physical damage rates and territorial relativities, decreasing our Speed Debit and adding an Age of Hull rating factor. High-valued outboard pleasure boats will see the greatest benefit. We will no longer charge extra for pleasure boats navigated in the Great Lakes, the Ohio or Mississippi Rivers, or the Chesapeake Bay. Additionally, the physical damage rates for outboard pleasure boats will no longer apply separately to the hull and each motor, instead, the rates will apply once to the combined amount of insurance for the hull and motor(s). The overall estimated impact of these changes is +0.7% for Watercraft premium. Please see manual pages WS-6 – WS-12 and Attachment A for further details.

19. Fees:

We are revising our fees as follows:

- The installment fee for non-EFT policies will be increased from \$4 to \$5. We are also introducing an installment fee for the Annual two-pay option.
- With this change, we will be introducing a \$10 late payment fee. The fee will apply if an insured makes a payment more than 4 days past the due date.

20. Miscellaneous Manual Revisions:

The manual has been revised due to the changes below:

- The General Rules Table of Contents has been revised due to changes in this section.
- Pages GR-5 & GR-6, Rule 7 – Policy Period/Payment Plan – Revised wording. Revised Service Charge fee for the Four Pay and Monthly Non-EFT options from \$4 to \$5. Added a \$5 Service Charge for the Two Pay Non-EFT option. Added a Late Payment Fee for any payment received more than four days after the due date.
- Page GR-6, Rule 9 – Cancellation or Reductions in Limits of Liability or Coverages - Removed wording regarding instructions for determining the Pro-Rata Commission. Added wording regarding the refund of unearned premium.
- Previous Rule 10 – Homeowner Options Pro Rata Chart has been removed, causing the following rules to be renumbered and shift to different pages.
- Page GR-9, Rule 14 – Protected Suburban Classes – Added wording regarding PC-10's availability.
- Page GR-9, Rule 15 - Premium Determination – Moved the rates to the Rate Document.
- The Credit/Discounts/Charges Table of Contents has been revised due to changes in this section.
- Page CD-1, Rule 1 – Age of Dwelling Discount – The rates have been revised.
- Page CD-1, Rule 2 – Auto/Home Discount – Revised wording.
- Page CD-2, Rule 3 – Class 4 and Tile, Concrete or Slate Roof Discount – Revised the title of this rule and the formatting. Added Class 4 Roof and Tile Concrete or Slate Roof wording. This change caused wording to be shifted to different pages.
- Page CD-3, Rule 4 – Deductibles – Deductible Options - Added \$7,500 deductible and revised rates. Windstorm or Hail Deductibles – Revised credits.
- Page CD-4, Rule 6 – Loss Experience Rating – Revised chart to read 2 losses instead of 2 or more.
- Pages CD-4 & CD-5, Rule 8 - Prime of Life Homeowners Discount – Revised the age from 55 to 50 for the Prime of Life Discount. Added a 3% discount for named insured ages 50-54.
- Page CD-6, Rule 10 – Solid Fuel Heating Device Surcharge – Added additional device wording to specify covered items.
- Page CD-7, Rule 13 – Utility Update Credit – Replaced New Home Discount with Age of Dwelling Discount wording.
- Page CD-8, Rule 14 – Home Purchase Discount – Revised.
- The Optional Coverages Table of Contents has been revised due to changes in this section.
- Page OC-6, Rule 14 – Building Additions and Alterations – Revised wording.
- Page OC-8, Rule 19 – Earthquake Coverage – Removed wording regarding when coverage can be added and deleted.

Summary of Proposed Changes

Arkansas - Homeowner Options Program
State Automobile Mutual Insurance Company
State Auto Property & Casualty Insurance Company

Page 5 of 5

Revised 09-09-09

- Pages OC-10 - OC-12, Rule 20 – Farmers Personal Liability - Revised title of the rule and revised the title of sub rule D.3 to Livestock Limit Mortality Coverage.
- Page OC-13 – Rule 23 - HomeXtended Coverages Endorsement - Added Rule. This caused the following rules to be renumbered.
- Page OC-18, Rule 29 – Livestock Limited Mortality Coverage – Added Rule.
- Page OC-20, Rule 33 – Ordinance or Law Coverage – Revised wording.
- Page OC-22, Rule 35 – Other Structures – Revised wording.
- Pages OC-26 & OC-27, Rule 39 – Personal Property – Added \$7,500 deductible option for: Jewelry, Watches and Furs and Silverware, Goldenware, and Pewterwood.
- Pages OC-27 & OC-28, Rule 40 - Personal Property Blanket Coverage – Added Rule.
- Page OC-29, Rule 44 – Replacement Cost Personal Property – Added Farm Equipment, Tools and Cellular Phones to the Loss of Settlement Option – Schedule Personal Property with Endorsement FI461.
- Page OC-35, Rule 60 – Water Back-Up and Sump Discharge of Overflow – Added limits of \$15,000, \$20,000, and \$25,000.
- Page HB-1 – Home Based Business – Added ACORD 74 wording.
- Page SP-1 – Jewelry, Jewelry Agreed Value and Furs - Revised appraisal wording.
- Page SP-2 – Musical Instruments – Added Professional Use wording and rates.
- Page SP-2 – Fine Arts – Revised Appraisal wording.
- Page SP-2 – FireArms – Revised category and description wording to Firearms from Guns.
- Page SP-2 – Sporting Equipment – Revised wording.
- Page SP-3 – Collectibles – Wording was moved from the previous page, detailed description has been added.
- Page SP-3 – Added the following coverages: Farm Machinery, Tools and Cellular Phones.
- Page SP-3 – Hearing Aids – Revised Annual Rate per \$1,000 wording.
- Page WS-6, Rule 5 – Credits – Added Age of Hull, this caused wording to be shifted to different pages.
- Page WS-7, Rule 6 – Debits – Revised Debit amount from 100% to 80%.
- Page WS-9, Rule 9 – Physical Damage Rates – Revised rates for Sail Boats 26 Feet or Less. Added a chart for Outboard Boats 26 feet or Less. Added Subject to a \$25 Annual Minimum Premium. wording.
- Page WS-11, Rule 11 – Pleasure Boat Homeowners – Revised the Physical Damage Premiums rates for Outboard Motors and Boats 26 Feet or Less.
- Page WS-12, Rule 11 – Pleasure Boat Homeowners – Revised the Physical Damage Premiums rates for Inboard, Inboard/Outdrive Boats 26 feet or less. Revised the rates for Personal Watercraft. These changes cause wording to be shifted to different pages.
- Page TR-1 Revised White County from territory 34 to territory 60.

State Auto Insurance Companies
Arkansas Homeowners
Distribution of Rate Change Impacts

Impact Range	Policy Count
<0%	17
0%-5%	932
5%-10%	1,703
10%-15%	3,929
15%-20%	3,619
20%-25%	1,981
25%-30%	531
30%-35%	89
35%-40%	3
Total	12,804

* Policy counts are based on homeowners (all forms) policies inforce as of April 2009

SERFF Tracking Number: STAT-126238165 State: Arkansas
 First Filing Company: State Auto Property and Casualty Insurance State Tracking Number: EFT \$100
 Company, ...
 Company Tracking Number: SAC-HO-2009-209
 TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations
 Product Name: AR HO RR
 Project Name/Number: Eff 11-15-09/SAC-HO-2009-209

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	Schedule Item Name	Replacement Creation Date	Attached Document(s)
08/20/2009	Supporting	Filing Memorandum Document	09/09/2009	AR HO Filing Memorandum.pdf (Superseded)
08/20/2009	Supporting	Exhibits Document	09/08/2009	AR HO Exhibits.pdf (Superseded) AR HO 5 Year History.pdf (Superseded)
07/22/2009	Supporting	NAIC loss cost data entry document Document	09/02/2009	AR HO PC RLC - SAMIC.pdf (Superseded) AR HO PC RLC - SAPC.pdf (Superseded)
07/22/2009	Supporting	HPCS-Homeowners Premium Document Comparison Survey	09/02/2009	AR HO FORM HPCS - SAMIC.pdf (Superseded) FORM HPCS - SAMIC.xls (Superseded) AR HO FORM HPCS - SAPC.pdf (Superseded) FORM HPCS - SAPC.xls (Superseded)
08/20/2009	Rate and	Revised Manual Pages Rule	09/08/2009	AR HO Revised Manual Pages 0820.pdf (Superseded)

Summary of Proposed Changes

Arkansas - Homeowner Options Program
State Automobile Mutual Insurance Company
State Auto Property & Casualty Insurance Company
Page 1 of 5

1. Capping:

With our filing effective November 15, 2004, we began converting Securgard, and Defender business to the Options Program with an annual policyholder cap of +10.0%. With our filing effective November 15, 2006 we revised the annual policyholder cap to +15.0%. With this filing we are removing the cap.

2. Base Rates:

In response to experience, the following base rate changes are proposed, with variation by territory. The base rate impacts by form and package are summarized below:

	<u>Forms 3 & 5</u>	<u>Form 4</u>	<u>Form 6</u>
Securgard	+12.6%	0.0%	0.0%
Defender	+12.9%	0.0%	0.0%
Estates	+12.6%	0.0%	0.0%
	+12.8%	0.0%	0.0%

The overall impact of this change is +12.5%.

3. Territorial Revisions:

We are making the following territory changes:

- Territory 34 will consist of Conway, Hot Spring, Lonoke, Perry, and Prairie, all currently in Territory 34. White County, currently in Territory 34, has been reassigned to Territory 60.
- Territory 60 will consist of White County, previously in Territory 34.

4. Deductibles:

As a step toward mitigating our exposure to wind losses in Arkansas, we propose a minimum wind/hail deductible of \$1,000 for all forms except HO-4 in all territories. Existing customers with the \$500 all-peril deductible will be rolled up to a \$500/\$1000 deductible.

We are also revising our all-peril deductible credits and our wind/hail deductible credits to align with ISO. The revision to the deductible credits has a rate level adequacy impact of +0.8%.

We will be introducing a new all-peril deductible option of \$7,500. We are also offering the \$7,500 deductible options for the following two categories

Jewelry, Watches and Furs						
Premiums Per Each Additional \$500 by Deductible						
\$500	\$1,000	\$1,500	\$2,000	\$2,500	\$5,000	\$7,500
\$4.00	\$3.50	\$3.33	\$3.17	\$3.00	\$2.50	\$2.25

Silverware, Goldware and Pewterware						
Premiums Per Each Additional \$500 by Deductible						
\$500	\$1,000	\$1,500	\$2,000	\$2,500	\$5,000	\$7,500
\$1.75	\$1.50	\$1.42	\$1.33	\$1.25	\$1.00	\$0.85

5. Prime of Life:

We are extending a 3% discount to insureds aged 50-54 who meet all other requirements for the Prime of Life discount. The impact of this change is -0.2%.

Summary of Proposed Changes

Arkansas - Homeowner Options Program
State Automobile Mutual Insurance Company
State Auto Property & Casualty Insurance Company
Page 2 of 5

6. Age of Dwelling Discount:

We are proposing to amend the Age of Dwelling discounts as shown below. The impact associated with this change is +0.8% for owners' forms.

Age of Dwelling	Current Discount	Proposed Discount
0	25%	25%
1	24%	23%
2	23%	21%
3	22%	19%
4	21%	17%
5	20%	15%
6	18%	13%
7	15%	11%
8	12%	9%
9	9%	6%
10	6%	3%
11	3%	0%
12+	0%	0%

7. Policy Size Relativities:

In response to competitive concerns, we are increasing our owners' forms policy size relativities between \$70,000 and \$130,000. The impact from this change is +0.9%.

8. Loss Experience Rating:

We are proposing to change our threshold from \$500 to \$1,000 and waive the first claim due to Collapse or Mine Subsidence, Earthquake, Sinkhole Collapse, or Riot/Civil Commotion. We will also not surcharge claims that are covered exclusively by the "Prime of Life Plan" or "HomeXtended" extra-value coverages. The impact of this rule change is negligible.

9. Home Purchase Discount:

We propose revising the Home Purchase Discount for a new policy from 10% to 8%. The discounts at subsequent renewals will not change from their current levels. Therefore, this change will have no impact on our current book of business.

10. Water Back-Up:

We are adding limits of \$15,000, \$20,000 and \$25,000. Please see manual page OC-35 for further information. There is no impact from this change.

11. Class 4/Tile/Slate/Concrete Roof:

We will extend the Class 4 roof discount of 5% to Tile, Slate, and Concrete roofs. We will assume a 0% impact.

12. Solid Fuel Heating Device Surcharge:

We propose increasing the Solid Fuel Heating Device Surcharge from \$25 to \$50. The impact of this change is negligible.

13. HomeXtended Endorsement:

We are introducing a new optional coverage, HomeXtended, modeled after Prime of Life, available to insureds who do not qualify to receive the Prime of Life coverages for free. The annual premium will be \$20. Please see manual page OC-13 for eligibility and coverage details.

Summary of Proposed Changes

Arkansas - Homeowner Options Program
State Automobile Mutual Insurance Company
State Auto Property & Casualty Insurance Company
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14. Blanket Personal Property:

For an additional premium, we will offer personal property coverage on a blanket basis for the classes of Jewelry, Silverware, Fine Arts, Coin Collections, Computers, and Firearms. The blanket maximum per category is \$25,000, and the maximum limit per item is \$5,000 with the exception of computer systems which offer a maximum category limit of \$10,000.

15. Scheduled Personal Property:

We are expanding our Scheduled Personal Property coverages to include the items displayed below:

Categories	Proposed Annual Rates per \$1,000
Cellular Phones	\$40.00
Tools	\$30.00
Farm Machinery	\$7.20
Musical Instruments (Professional Use)	
First \$1,500	\$30.00
Excess of \$1,500	\$6.50

16. Livestock Limited Mortality Coverage:

Previously known as Livestock Collision Coverage (HO 0452), the coverage is being expanded to include additional perils. As a result, the rates are increasing. Please see page 31 for rates.

Estimated Head of Livestock	Current Premium	Proposed Premium
1 but not more than 100	\$10	\$20
101 but not more than 250	\$20	\$40
251 but not more than 500	\$30	\$60
501 but not more than 1,000	\$40	\$80

In addition, we are broadening coverage to include the following perils.

- Fire
- Lightning
- Windstorm
- Hail
- Explosion
- Strike, riot or civil commotion
- Earthquake
- Flood, collapse of a bridge
- Standing, sinking, burning or colliding of vessels
- Accidental shooting except if shooting is by insured, employee or resident employee or Tenants
- Drowning
- Electrocutation
- Attack by a dog or wild animal
- Theft of covered livestock

17. Minimum Premium:

The minimum premium will be increased to \$275 for Forms 3 and 5, \$125 for Form 4, and \$150 for Form 6. There are four policies that will be affected by this change. The impact of this change is negligible.

Summary of Proposed Changes

Arkansas - Homeowner Options Program
State Automobile Mutual Insurance Company
State Auto Property & Casualty Insurance Company
Page 4 of 5

18. Watercraft:

We will be revising our Pleasure Boat physical damage rates and territorial relativities, decreasing our Speed Debit and adding an Age of Hull rating factor. High-valued outboard pleasure boats will see the greatest benefit. We will no longer charge extra for pleasure boats navigated in the Great Lakes, the Ohio or Mississippi Rivers, or the Chesapeake Bay. Additionally, the physical damage rates for outboard pleasure boats will no longer apply separately to the hull and each motor, instead, the rates will apply once to the combined amount of insurance for the hull and motor(s). The overall estimated impact of these changes is +0.7% for Watercraft premium. Please see manual pages WS-6 – WS-12 and Attachment A for further details.

19. Fees:

We are revising our fees as follows:

- The installment fee for non-EFT policies will be increased from \$4 to \$5. We are also introducing an installment fee for the Annual two-pay option.
- With this change, we will be introducing a \$10 late payment fee. The fee will apply if an insured makes a payment more than 4 days past the due date.

20. Miscellaneous Manual Revisions:

The manual has been revised due to the changes below:

- The General Rules Table of Contents has been revised due to changes in this section.
- Pages GR-5 & GR-6, Rule 7 – Policy Period/Payment Plan – Revised wording. Revised Service Charge fee for the Four Pay and Monthly Non-EFT options from \$4 to \$5. Added a \$5 Service Charge for the Two Pay Non-EFT option. Added a Late Payment Fee for any payment received more than four days after the due date.
- Page GR-6, Rule 9 – Cancellation or Reductions in Limits of Liability or Coverages - Removed wording regarding instructions for determining the Pro-Rata Commission. Added wording regarding the refund of unearned premium.
- Previous Rule 10 – Homeowner Options Pro Rata Chart has been removed, causing the following rules to be renumbered and shift to different pages.
- Page GR-9, Rule 14 – Protected Suburban Classes – Added wording regarding PC-10's availability.
- Page GR-9, Rule 15 - Premium Determination – Moved the rates to the Rate Document.
- The Credit/Discounts/Charges Table of Contents has been revised due to changes in this section.
- Page CD-1, Rule 1 – Age of Dwelling Discount – The rates have been revised.
- Page CD-1, Rule 2 – Auto/Home Discount – Revised wording.
- Page CD-2, Rule 3 – Class 4 and Tile, Concrete or Slate Roof Discount – Revised the title of this rule and the formatting. Added Class 4 Roof and Tile Concrete or Slate Roof wording. This change caused wording to be shifted to different pages.
- Page CD-3, Rule 4 – Deductibles – Deductible Options - Added \$7,500 deductible and revised rates. Windstorm or Hail Deductibles – Revised rates and added wording regarding the \$1,000 minimum deductible.
- Page CD-4, Rule 6 – Loss Experience Rating – Revised chart to read 2 losses instead of 2 or more.
- Pages CD-4 & CD-5, Rule 8 - Prime of Life Homeowners Discount – Revised the age from 55 to 50 for the Prime of Life Discount. Added a 3% discount for named insured ages 50-54.
- Page CD-6, Rule 10 – Solid Fuel Heating Device Surcharge – Added additional device wording to specify covered items.

Summary of Proposed Changes

Arkansas - Homeowner Options Program
State Automobile Mutual Insurance Company
State Auto Property & Casualty Insurance Company
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- Page CD-7, Rule 13 – Utility Update Credit – Replaced New Home Discount with Age of Dwelling Discount wording.
- Page CD-8, Rule 14 – Home Purchase Discount – Revised the rate for new policies.
- The Optional Coverages Table of Contents has been revised due to changes in this section.
- Page OC-6, Rule 14 – Building Additions and Alterations – Revised wording.
- Page OC-8, Rule 19 – Earthquake Coverage – Removed wording regarding when coverage can be added and deleted.
- Pages OC-10 - OC-12, Rule 20 – Farmers Personal Liability - Revised title of the rule and revised the title of sub rule D.3 to Livestock Limit Mortality Coverage.
- Page OC-13 – Rule 23 - HomeXtended Coverages Endorsement - Added Rule. This caused the following rules to be renumbered.
- Page OC-18, Rule 29 – Livestock Limited Mortality Coverage – Added Rule.
- Page OC-20, Rule 33 – Ordinance or Law Coverage – Revised wording.
- Page OC-22, Rule 35 – Other Structures – Revised wording.
- Pages OC-26 & OC-27, Rule 39 – Personal Property – Added \$7,500 deductible option for: Jewelry, Watches and Furs and Silverware, Goldenware, and Pewterwood.
- Pages OC-27 & OC-28, Rule 40 - Personal Property Blanket Coverage – Added Rule.
- Page OC-29, Rule 44 – Replacement Cost Personal Property – Added Farm Equipment, Tools and Cellular Phones to the Loss of Settlement Option – Schedule Personal Property with Endorsement FI461.
- Page OC-35, Rule 60 – Water Back-Up and Sump Discharge of Overflow – Added limits of \$15,000, \$20,000, and \$25,000.
- Page HB-1 – Home Based Business – Added ACORD 74 wording.
- Page SP-1 – Jewelry, Jewelry Agreed Value and Furs - Revised appraisal wording.
- Page SP-2 – Musical Instruments – Added Professional Use wording and rates.
- Page SP-2 – Fine Arts – Revised Appraisal wording.
- Page SP-2 – FireArms – Revised category and description wording to Firearms from Guns.
- Page SP-2 – Sporting Equipment – Revised wording.
- Page SP-3 – Collectibles – Wording was moved from the previous page, detailed description has been added.
- Page SP-3 – Added the following coverages: Farm Machinery, Tools and Cellular Phones.
- Page SP-3 – Hearing Aids – Revised Annual Rate per \$1,000 wording.
- Page WS-6, Rule 5 – Credits – Added Age of Hull, this caused wording to be shifted to different pages.
- Page WS-7, Rule 6 – Debits – Revised Debit amount from 100% to 80%.
- Page WS-9, Rule 9 – Physical Damage Rates – Revised rates for Sail Boats 26 Feet or Less. Added a chart for Outboard Boats 26 feet or Less. Added Subject to a \$25 Annual Minimum Premium wording.
- Page WS-11, Rule 11 – Pleasure Boat Homeowners – Revised the Physical Damage Premiums rates for Outboard Motors and Boats 26 Feet or Less.
- Page WS-12, Rule 11 – Pleasure Boat Homeowners – Revised the Physical Damage Premiums rates for Inboard, Inboard/Outdrive Boats 26 feet or less. Revised the chart for Personal Watercraft.
- Page TR-1 - Revised White County from territory 34 to territory 60.

State Auto Insurance Companies
Homeowner Rate and Rule Filing – Arkansas

Index of Exhibits

Rate Indications Memorandum (i-iii)

Exhibit I	Rate Level Indications
Exhibit II	Premium Adjustments
Exhibit III	Loss Adjustments
Exhibit IV	Loss Development
Exhibit V	Unallocated Loss Adjustment Expense Factor
Exhibit VI	Wind & Hail Pure Premium Development
Exhibit VII	Territorial Indications
Exhibit VIII	Base Rate Impacts by Territory
Exhibit IX	Age of Dwelling Change
Exhibit X	Policy Size Relativity Change
Exhibit XI	Prime of Life Change
Exhibit XII	Deductible Change
Exhibit XIII	Summary of Rate Level Changes By Form

**State Auto Insurance Companies
Homeowner Rate and Rule Filing - Arkansas**

RATE INDICATIONS

State Auto Insurance Companies implemented the Homeowners Options Program on 05/30/2003 in the state of Arkansas. This single program replaced the Defender and Securgard Program. Exhibits I through VI display the development of statewide indications for Forms 3 and 5 for the Homeowner Options Program. This explanation outlines the development of indications.

PROGRAM INDICATIONS

Beginning with Exhibit I, the column titled Accident Year displays which experience years were used in developing the indications. Column 1 displays the trended, adjusted earned premiums that are developed in Exhibit II, and Column 2 shows the corresponding house years. The trended, adjusted incurred losses, developed in Exhibit III, are displayed in Column 3. Column 4 displays the incurred claims by year and Column 5 shows the Loss and LAE ratio of each year, calculated as (Column 3/Column 1). Column 6 displays the distribution used to weight five years of homeowners experience; this distribution gives more weight to the most recent years and also contemplates our changes in exposures. The weighted experience Loss & LAE ratio is shown in Line 7.

The Permissible Loss and LAE ratio (Line 8) is equal to unity less the expense ratio shown in Note (A). Line 9 reflects the experience indication before credibility (Line 7/Line 8 -1).

If the number of total house years is greater than 120,000, the state's data are considered fully credible. Otherwise, the credibility standard of 120,000 house years is used to determine the partial credibility displayed in Line 10. The partial credibility is the result of dividing the total house years by 120,000 and taking the square root of this quotient.

When the state's data are not fully credible, they are weighted with the Complement Loss and LAE ratio, displayed in Line 11. The Complement Loss and LAE ratio is the trended permissible loss ratio. Using it as the complement is based on the assumption that our current rates are adequate. That is, the indicated rate adjustment is the change necessary to keep up with the inflation as measured by the net loss ratio trend.

The Weighted Experience Loss and LAE ratio of Line 7 is multiplied by the credibility (Line 10) and added to the Complement Loss and LAE ratio (Line 11) multiplied by unity less the credibility. This yields the Credibility Weighted Loss and LAE ratio shown in Line 12. The Credibility Weighted Loss and LAE ratio divided by the Permissible Loss ratio less unity yields the final Credibility Weighted Indication displayed in Line 13.

PREMIUMS

The five years of earned premium displayed in Exhibit I have been adjusted for rate level changes and changes in the average values of homes. Exhibit II, Page 1 outlines the adjustments made to the earned premium. The earned premium on-level in the second column contemplates the effects of prior rate changes. The premiums are then further adjusted by the current amount factors, displayed in the third column and the premium projection factor, displayed in the fourth column. The current amount factors and the premium projection factor are developed in Exhibit II, Page 2.

Exhibit II, Page 2 (lower half of page), displays the ISO average relativities for the five latest annual periods from ISO Trend Circular AS-HO-2008-017. A standard linear regression is performed on the five average relativities to determine the average annual increment of 0.0843. This increment and the ISO relativities are used to develop average relativities for 2004 through 2008, as well as the relativity corresponding to the midpoint of the trend circular (08/15/2008).

Column 2, the relativity to the latest point, divides the relativity at the midpoint from the trend circular (08/15/2008) by the average relativity in Column 1. These factors adjust each year's premium for the increase in the average value of homes due to inflation. These factors are then tempered by 15% in Column 3 to account for factors such as changes in the distribution of new and renewal policies included in the data, and home renovations that increase the average coverage amount.

The final adjustment to the premium is accomplished by the premium projection factor. This is also calculated on Page 2 of Exhibit II, using the average annual increment of 0.0843. The average annual increment is divided by the five year average relativity shown at the bottom of the page. This amount is tempered 15% for the same reasons noted above. This factor is then used to project the change in premium from the time of the midpoint of the trend circular (08/15/2008) to the average written date of the policy, six months past the assumed effective date. These adjustments to the premium reflect the standard ISO Homeowner rate-making procedure.

LOSSES

The trended adjusted incurred losses of Column 3 on Exhibit I are developed in Exhibit III. Column 1 of Exhibit III, Page 1, shows the incurred accident losses for 2004 to 2008 developed to ultimate settlement level. The loss development triangles for these losses, separated by property vs. liability, are displayed in Exhibit IV. Column 2 displays the incurred wind & hail losses. The wind & hail losses are removed to yield the non-wind-&-hail losses in Column 3. The factors in Column 4 are based on a retrospective pure premium trend of 6.9% and are intended to bring prior years' losses to the level at the midpoint of the latest accident year, as shown in Columns 5 and 6.

The trended wind & hail pure premium of Column 7 is developed in Exhibit V and explained below. It is multiplied by the earned exposures in Column 8 to yield the trended wind & hail load in Column 9. Column 10 replaces the actual wind & hail losses with the wind & hail load developed in Column 9.

The losses are then further adjusted for unallocated loss adjustment expenses, first dollar trend, and projected costs. The Unallocated Loss Adjustment Expense factor shown in Column 11 is calculated in Exhibit VI. Exhibit III, Page 2, displays the derivation of the first dollar trend which will be explained below. The trended loss projection factor of 1.198 is based on an annual severity trend of 7.9% applied from 7/1/2008 to the average loss date of the effective period, 11/15/2010. The final trended, adjusted losses appear in Column 14.

WIND & HAIL SMOOTHING PROCEDURE

Exhibit VI, Page 1, Column 3 shows how the expected frequency of wind & hail losses is calculated as an average of the frequencies of wind & hail losses for the state of Arkansas over 15 years. Exhibit VI, Page 2, Column 3, displays State Auto's average wind & hail severities for the state of Arkansas over 15 years. A standard exponential regression is performed on the fifteen severities to determine the retrospective trend of 8.4%. This trend and the State Auto severities are used to develop a projected average wind & hail severity corresponding to the midpoint of the latest accident year (7/1/2008). The average frequency of 0.053 and the average trended severity of \$6,249 yield the trended wind & hail pure premium of \$330 displayed on Page 1 of Exhibit III.

FIRST DOLLAR TREND PROCEDURE

The first dollar trend calculation is shown in Exhibit III, Page 2 and begins with the number of property claims for five years distributed by deductible amount. The number of claims is then multiplied by the deductible amount to determine the amount of losses not paid due to the deductible. This loss amount is then adjusted by a weighted current cost factor. The weighting distribution gives more weight to the most recent years and also contemplates our changes in exposures. The weighted current cost factor is 1.043. The loss projection factor detailed above is then applied. The amount these trend factors generate when applied to the five year total of property losses below the deductible is the additional amount we expect to pay on similar claims in the future due to the impact of inflation. This additional amount divided by the incurred losses including all other adjustments plus unity yields the first dollar trend factor.

State Auto Insurance Companies
Arkansas Homeowners
All Programs
Owners Forms

Rate Level Indications -- Assumed Effective Date 11/15/2009

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
2004	8,596,846	8,714	6,887,028	585	80.1%	0.098
2005	8,622,348	8,714	7,682,761	907	89.1%	0.147
2006	8,536,841	8,586	6,020,853	905	70.5%	0.193
2007	8,524,797	8,499	6,304,790	550	74.0%	0.239
2008	9,416,637	9,627	8,841,664	2,531	93.9%	0.324
	43,697,469	44,141	35,737,096	5,478	81.8%	1.000

(7)	Weighted Experience Loss & LAE Ratio	82.6%
(8)	Permissible Loss & LAE Ratio (A)	63.9%
(9)	Indicated Rate Level Change Before Credibility	29.2%
(10)	Credibility (B)	0.61
(11)	Complement Loss & LAE Ratio (C)	65.6%
(12)	Credibility Weighted Loss & LAE Ratio (D)	76.0%
(13)	Credibility Weighted Indicated Rate Level Change	18.9%

Other Acquisition Expense	3.80%
General Expenses	6.40%
Commissions Expense	16.80%
Taxes, Misc. Fees	3.10%
Profit & Contingencies (E)	6.00%
Expense Ratio	36.10%

- (A) Permissible Loss Ratio = 1 - Expense Ratio
- (B) Credibility = [Total Column (2) / 120,000] ^ (1/2)
- (C) Trended Permissible Loss Ratio = PLR x [(Loss Proj. Factor x LTAF) / Prem. Proj. Factor]
- (D) Credibility Weighted Loss & LAE Ratio = [Row (10) x Row (7)] + [(1 - Row (10)) x Row (11)]
- (E) Includes Offset For Investment Income

Arkansas Homeowners
Forms 1-3,5

Assumed Effective Date: 11/15/2009

Trend Date: 05/16/2010

All Programs

Year	Earned Premium On Level	Current Amount Factor	Trended Premium Projection Factor	Adjusted Earned Premium	Earned House Years
2004	6,181,891	1.270	1.095	8,596,846	8,714
2005	6,556,445	1.201	1.095	8,622,348	8,714
2006	6,887,104	1.132	1.095	8,536,841	8,586
2007	7,248,792	1.074	1.095	8,524,797	8,499
2008	8,373,581	1.027	1.095	9,416,637	9,627
	<u>35,247,813</u>			<u>43,697,469</u>	<u>44,141</u>

Annual Premium Projection Factor: 1.053
 Projection Factor Trended From: 08/15/2008
 Projection Factor Trended To: 05/16/2010
 Trended Premium Projection Factor: 1.095

Arkansas Homeowners
Calculation of Current Amount and Premium Projection Factors

Forms 1-3,5

	(1)	(2)	(3)	(4)
	Average	Relativity To Latest	Current Amount	Annual Premium Projection
	<u>Relativity(a)</u>	<u>Point(b)</u>	<u>Factor(c)</u>	<u>Factor(d)</u>
01/01/2004	1.302	1.318	1.270	1.053
01/01/2005	1.388	1.237	1.201	1.053
01/01/2006	1.486	1.155	1.132	1.053
01/01/2007	1.579	1.087	1.074	1.053
01/01/2008	1.664	1.032	1.027	1.053

Notes:

- (a) Latest two points are projected.
- (b) $1.716 / \text{Column (1)}$, where 1.716 is the projected relativity at 8/15/2008.
- (c) $[\text{Column (2)} - 1] \times 0.85 + 1$.
- (d) $[\text{Avg. Annual Increment} / 5 \text{ Year Average Relativity}] \times 0.85 + 1$.

Year	ISO	Regression Output:
<u>Beginning</u>	<u>Average</u> <u>Relativity</u>	Constant
07/01/2002	1	1.1023
07/01/2003	2	Std Err of Y Est
07/01/2004	3	R Squared
07/01/2005	4	No. of Observations
07/01/2006	5	Degrees of Freedom
5 Year Average Relativity	<u>1.355</u>	X Coefficient(s)
		Std Err of Coef.

Relativities from ISO Trend Circular: AS-HO-2008-017

State Auto Insurance Companies
Arkansas Homeowners
All Programs - Forms 3, 5 - Property and Liability Combined

	(1)	(2)	(3) (1) - (2)	(4)	(5) (2) x (4) Trended	(6) (3) x (4) Trended
Year	Total Ultimate Incurred Losses	Ultimate Incurred Wind & Hail Losses	Ultimate Incurred Non-Wind/Hail Losses	Retrospective Loss Trend Factor (a)	Ultimate Incurred Wind & Hail Losses	Ultimate Incurred Non-Wind/Hail Losses
2004	\$2,995,925	\$1,212,236	\$1,783,689	1.306	\$1,583,271	\$2,329,633
2005	\$5,634,101	\$3,235,140	\$2,398,961	1.222	\$3,952,477	\$2,930,889
2006	\$4,546,848	\$3,044,189	\$1,502,659	1.143	\$3,479,011	\$1,717,294
2007	\$2,991,389	\$1,157,536	\$1,833,854	1.069	\$1,237,447	\$1,960,455
2008	\$18,112,108	\$14,606,404	\$3,505,704	1.000	\$14,606,404	\$3,505,704
	<u>\$34,280,372</u>	<u>\$23,255,505</u>	<u>\$11,024,867</u>		<u>\$24,858,611</u>	<u>\$12,443,975</u>

Year	(7) 0.053 x \$6,249 Trended Wind & Hail Pure Premium (b)	(8) Earned House Years	(9) (7) x (8) Adjusted Trended Ultimate Wind & Hail Losses
2004	\$330	8,714	\$2,875,056
2005	\$330	8,714	\$2,875,154
2006	\$330	8,586	\$2,832,806
2007	\$330	8,499	\$2,804,223
2008	\$330	9,627	<u>\$3,176,149</u>
			<u>\$14,563,388</u>

Year	(10) (6) + (9) Wind & Hail Adjusted Total Trended Losses	(11) ULAE Factor	(12) First Dollar Trend Factor	(13) Prospective Loss Trend Factor (c)	(14) (10) x (11) x (12) x (13) Projected Losses
2004	\$5,204,689	1.059	1.043	1.198	\$6,887,028
2005	\$5,806,043	1.059	1.043	1.198	\$7,682,761
2006	\$4,550,100	1.059	1.043	1.198	\$6,020,853
2007	\$4,764,678	1.059	1.043	1.198	\$6,304,790
2008	<u>\$6,681,853</u>	1.059	1.043	1.198	<u>\$8,841,664</u>
	<u>\$27,007,363</u>				<u>\$35,737,096</u>

(a) Retrospective Loss Trend of 6.9% per year selected. (To 7/1/2008)

(b) Wind & Hail Loss Frequency and Severity based on 15 years of State Auto losses trended to 7/1/2008.

(c) Prospective Loss Trend of 7.9% per year selected. (To 11/15/2010)

NOTE: The net effect of the Wind Procedure is a -27.6 % change in losses.

Arkansas Homeowners
All Programs - Forms 3, 5
FIRST DOLLAR TREND FACTOR CALCULATION

Deductible Amount	2005 - 2009 Incurred Property Claims	2005 - 2009 Property Loss Below Deductible
\$50	0	0
\$100	7	700
\$150	0	0
\$250	268	67,000
\$300	0	0
\$500	3,577	1,788,500
\$600	0	0
\$750	0	0
\$1,000	1,342	1,342,000
\$1,500	2	3,000
\$2,000	1	2,000
\$2,500	41	102,500
\$5,000	8	40,000
\$7,500	0	0
	<u>5,246</u>	<u>3,345,700</u>

Weighted Current Cost Factor	Trended Loss Projection Factor	Trended Property Loss Above Deductible	Ult. Losses Excluding First Dollar Trend
1.106	1.198	1,089,208	25,547,606

FIRST DOLLAR TREND FACTOR: 1.043

Arkansas Homeowners
TRENDED LOSS FACTORS

ISO TREND CIRCULAR

AS-HO-2008-017

Assumed Effective Date: 11/15/2009
Year Past Effective Date: 11/15/2010

Selected Retrospective Loss Trend Factor: 1.069
Selected Loss Projection Factor: 1.079
Retrospective Factor Trended To/Projection Factor Trended From: 07/01/2008
Projection Factor Trended To: 11/15/2010
Trended Projection Factor: 1.198
ISO Premium Projection Factor: 1.053

State Auto Insurance Companies
Arkansas Homeowners
Options - Forms 3,5
Property

INCURRED LOSS AND ALAE DEVELOPMENT

YEAR END 12/31	AGE OF DEVELOPMENT								
	15 MTHS	27 MTHS	39 MTHS	51 MTHS	63 MTHS	75 MTHS	87 MTHS	99 MTHS	111 MTHS
2000	4,224,950	4,401,147	4,377,396	4,400,573	4,420,470	4,420,470	4,448,470	4,445,259	4,445,259
2001	1,914,568	1,908,950	1,913,679	1,915,945	1,918,270	1,918,270	1,918,270	1,918,270	
2002	2,295,673	2,334,861	2,634,370	2,629,479	2,629,527	2,629,704	2,629,704		
2003	2,818,895	2,722,661	2,705,642	2,715,996	2,722,567	2,722,567			
2004	2,992,487	2,998,952	2,964,552	2,969,056	2,969,056				
2005	5,269,948	5,653,964	5,380,703	5,512,155					
2006	4,351,562	4,298,101	4,302,932						
2007	2,929,721	2,900,164							
2008	17,123,001								

YEAR END 12/31	AGE - TO - AGE DEVELOPMENT FACTORS								
	15 to 27	27 to 39	39 to 51	51 to 63	63 to 75	75 to 87	87 to 99	99 to 111	Tail Factor
2000	1.0417	0.9946	1.0053	1.0045	1.0000	1.0063	0.9993	1.0000	1.0000
2001	0.9971	1.0025	1.0012	1.0012	1.0000	1.0000	1.0000		
2002	1.0171	1.1283	0.9981	1.0000	1.0001	1.0000			
2003	0.9659	0.9937	1.0038	1.0024	1.0000				
2004	1.0022	0.9885	1.0015	1.0000					
2005	1.0729	0.9517	1.0244						
2006	0.9877	1.0011							
2007	0.9899								
WTD ALL AVG	1.0157	0.9984	1.0084	1.0020	1.0000	1.0031	0.9995	1.0000	
WTD 5YR AVG	1.0115	0.9989	1.0092	1.0020	1.0000	0.0000	0.0000	0.0000	
STR 5 YR AVG	1.0037	1.0127	1.0058	1.0016	1.0000	0.0000	0.0000	0.0000	
SELECTED	1.0037	1.0127	1.0058	1.0016	1.0000	1.0000	1.0000	1.0000	1.0000
CUM	1.0240	1.0202	1.0075	1.0017	1.0000	1.0000	1.0000	1.0000	1.0000
ULT \$	17,534,372	2,958,882	4,335,125	5,521,257	2,969,106	2,722,567	2,629,704	1,918,270	4,445,259
ACC. YR.	12/2008	12/2007	12/2006	12/2005	12/2004	12/2003	12/2002	12/2001	12/2000

INCURRED COUNT DEVELOPMENT

YEAR END 12/31	AGE OF DEVELOPMENT								
	15 MTHS	27 MTHS	39 MTHS	51 MTHS	63 MTHS	75 MTHS	87 MTHS	99 MTHS	111 MTHS
2000	1,316	1,367	1,371	1,373	1,374	1,374	1,375	1,375	1,375
2001	504	511	515	516	516	516	516	516	
2002	527	532	532	532	532	532	532		
2003	536	540	542	544	545	545			
2004	562	564	565	567	567				
2005	770	860	874	888					
2006	855	871	872						
2007	509	514							
2008	2,405								

YEAR END 12/31	AGE - TO - AGE DEVELOPMENT FACTORS								
	15 to 27	27 to 39	39 to 51	51 to 63	63 to 75	75 to 87	87 to 99	99 to 111	Tail Factor
2000	1.0388	1.0029	1.0015	1.0007	1.0000	1.0007	1.0000	1.0000	1.0000
2001	1.0139	1.0078	1.0019	1.0000	1.0000	1.0000	1.0000		
2002	1.0095	1.0000	1.0000	1.0000	1.0000	1.0000			
2003	1.0075	1.0037	1.0037	1.0018	1.0000				
2004	1.0036	1.0018	1.0035	1.0000					
2005	1.1169	1.0163	1.0160						
2006	1.0187	1.0011							
2007	1.0098								
WTD ALL AVG	1.0323	1.0050	1.0048	1.0006	1.0000	1.0004	1.0000	1.0000	
WTD 5YR AVG	1.0362	1.0053	1.0063	1.0006	1.0000	0.0000	0.0000	0.0000	
STR 5 YR AVG	1.0313	1.0046	1.0050	1.0005	1.0000	0.0000	0.0000	0.0000	
SELECTED	1.0179	1.0179	1.0050	1.0005	1.0000	1.0000	1.0000	1.0000	1.0000
CUM	1.0419	1.0236	1.0056	1.0005	1.0000	1.0000	1.0000	1.0000	1.0000
ULT Count	2,506	526	877	888	567	545	532	516	1,375
ACC. YR.	12/2008	12/2007	12/2006	12/2005	12/2004	12/2003	12/2002	12/2001	12/2000

State Auto Insurance Companies
Arkansas Homeowners
Options - Forms 3,5
Liability

INCURRED LOSS AND ALAE DEVELOPMENT

YEAR END 12/31	AGE OF DEVELOPMENT								
	15 MTHS	27 MTHS	39 MTHS	51 MTHS	63 MTHS	75 MTHS	87 MTHS	99 MTHS	111 MTHS
2000	54,212	92,858	88,730	88,730	93,531	86,908	86,908	86,908	86,908
2001	16,368	14,028	14,028	14,028	14,028	14,028	14,028	14,028	
2002	36,462	28,483	29,393	26,041	26,041	26,041	26,041		
2003	57,365	59,678	87,822	95,784	85,807	85,807			
2004	29,020	44,020	26,283	26,283	26,283				
2005	62,295	71,132	104,814	108,393					
2006	203,535	192,169	191,551						
2007	24,123	23,873							
2008	326,782								

YEAR END 12/31	AGE - TO - AGE DEVELOPMENT FACTORS								
	15 to 27	27 to 39	39 to 51	51 to 63	63 to 75	75 to 87	87 to 99	99 to 111	Tail Factor
2000	1.7129	0.9555	1.0000	1.0541	0.9292	1.0000	1.0000	1.0000	0.0000
2001	0.8570	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000		
2002	0.7812	1.0320	0.8860	1.0000	1.0000	1.0000			
2003	1.0403	1.4716	1.0907	0.8958	1.0000				
2004	1.5169	0.5971	1.0000	1.0000					
2005	1.1419	1.4735	1.0342						
2006	0.9442	0.9968							
2007	0.9896								
WTD ALL AVG	1.0887	1.0801	1.0233	0.9794	0.9698	1.0000	1.0000	1.0000	
WTD 5YR AVG	1.0386	1.1122	1.0312	0.9794	0.9698	0.0000	0.0000	0.0000	
STR 5 YR AVG	1.1266	1.1142	1.0022	0.9900	0.9823	0.0000	0.0000	0.0000	
SELECTED	1.2984	1.2319	1.0617	1.0202	1.0204	1.0000	1.0000	1.0000	1.0000
CUM	1.7680	1.3617	1.1053	1.0411	1.0204	1.0000	1.0000	1.0000	1.0000
ULT \$	577,736	32,508	211,723	112,843	26,819	85,807	26,041	14,028	86,908
ACC. YR.	12/2008	12/2007	12/2006	12/2005	12/2004	12/2003	12/2002	12/2001	12/2000

INCURRED COUNT DEVELOPMENT

YEAR END 12/31	AGE OF DEVELOPMENT								
	15 MTHS	27 MTHS	39 MTHS	51 MTHS	63 MTHS	75 MTHS	87 MTHS	99 MTHS	111 MTHS
2000	31	40	40	40	40	39	39	39	39
2001	17	16	16	16	16	16	16	16	
2002	21	19	19	19	19	19	19		
2003	26	27	29	28	27	27			
2004	19	22	18	18	18				
2005	19	20	20	19					
2006	32	33	29						
2007	25	24							
2008	25								

YEAR END 12/31	AGE - TO - AGE DEVELOPMENT FACTORS								
	15 to 27	27 to 39	39 to 51	51 to 63	63 to 75	75 to 87	87 to 99	99 to 111	Tail Factor
2000	1.2903	1.0000	1.0000	1.0000	0.9750	1.0000	1.0000	1.0000	0.0000
2001	0.9412	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	0.0000	
2002	0.9048	1.0000	1.0000	1.0000	1.0000	1.0000	0.0000		
2003	1.0385	1.0741	0.9655	0.9643	1.0000	0.0000			
2004	1.1579	0.8182	1.0000	1.0000	0.0000				
2005	1.0526	1.0000	0.9500	0.0000					
2006	1.0313	0.8788	0.0000						
2007	0.9600	0.0000							
WTD ALL AVG	1.0579	0.9661	0.9859	0.9917	0.9902	1.0000	1.0000	1.0000	
WTD 5YR AVG	1.0413	0.9504	0.9804	0.9917	0.9902	0.0000	0.0000	0.0000	
STR 5 YR AVG	1.0480	0.9542	0.9831	0.9929	0.9938	0.0000	0.0000	0.0000	
SELECTED	1.0240	0.9972	0.9875	0.9963	0.9951	1.0000	1.0000	1.0000	1.0000
CUM	0.9996	0.9762	0.9790	0.9913	0.9951	1.0000	1.0000	1.0000	1.0000
ULT Count	25	23	28	19	18	27	19	16	39
ACC. YR.	12/2008	12/2007	12/2006	12/2005	12/2004	12/2003	12/2002	12/2001	12/2000

STATE AUTO INSURANCE COMPANIES
Homeowners Loss and Loss Adjustment Expense
Annual Statement Line 4.0

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>Selected</u>
Direct Losses Incurred	129,064,000	138,498,000	124,213,000	157,483,000	132,914,000	244,335,000	
Direct ALAE Incurred	6,536,253	8,149,813	8,079,609	11,770,098	9,384,191	18,422,152	
Direct ULAE Incurred	7,368,875	8,110,093	7,652,225	9,436,026	8,756,826	13,578,642	
ULAE Ratio	1.054	1.055	1.058	1.056	1.062	1.052	1.057

ULAE Ratio =
$$\frac{(\text{Direct Losses Incurred} + \text{Direct ALAE Incurred} + \text{Direct ULAE Incurred})}{(\text{Direct Losses Incurred} + \text{Direct ALAE Incurred})}$$

* For 2001, ALAE paid is used instead of ALAE incurred, due to an allocation change which affected 2001 ALAE outstanding.

* For 2004 Meridian business, Paid LAE amounts are used instead of Incurred due to a difference in reserving method versus State Auto business

Source of data: 1997 -- IEE for State Auto Group.
1998-2001 -- IEE and Internal Accounting Report for State Auto Group.

State Auto Insurance Companies
Arkansas Homeowners
Wind & Hail Incurred Claim Frequency

	(1)	(2)	(3) (2) / (1)	
<u>Year</u>	<u>Earned Exposures</u>	<u>Incurred Claims (a)</u>	<u>Average Frequency</u>	<u>Weight for Average</u>
1994	8,883	339	0.038	1.00
1995	7,620	264	0.035	1.00
1996	6,942	812	0.117	1.00
1997	6,992	196	0.028	1.00
1998	7,079	228	0.032	1.00
1999	6,813	707	0.104	1.00
2000	6,327	207	0.033	1.00
2001	6,417	177	0.028	1.00
2002	7,374	172	0.023	1.00
2003	8,553	228	0.027	1.00
2004	8,714	293	0.034	1.00
2005	8,714	597	0.069	1.00
2006	8,585	605	0.070	1.00
2007	8,499	206	0.024	1.00
2008	9,627	2,016	0.209	0.50

Average of Last 15 Years

Selected Frequency

State Auto Insurance Companies
Arkansas Homeowners
Wind & Hail Incurred Claim Trended Severity

Year	(1) Incurred Losses (a)	(2) Incurred Claims (a)	(3) Average Severity (1) / (2)	(4) Original Projected Severity (b)	New Projected Severity (b)	Weight for Average
1994	\$649,985	339	\$1,917	\$4,919	\$5,918	1.00
1995	\$554,920	264	\$2,102	\$5,041	\$5,986	1.00
1996	\$3,871,807	812	\$4,768	\$10,692	\$12,528	0.50
1997	\$574,127	196	\$2,929	\$6,141	\$7,101	1.00
1998	\$602,667	228	\$2,643	\$5,181	\$5,912	1.00
1999	\$2,467,918	707	\$3,491	\$6,396	\$7,204	1.00
2000	\$618,417	207	\$2,988	\$5,118	\$5,688	1.00
2001	\$523,722	177	\$2,959	\$4,739	\$5,198	1.00
2002	\$482,303	172	\$2,804	\$4,199	\$4,545	1.00
2003	\$848,896	228	\$3,723	\$5,212	\$5,568	1.00
2004	\$1,212,215	293	\$4,137	\$5,415	\$5,709	1.00
2005	\$3,098,355	597	\$5,190	\$6,351	\$6,608	1.00
2006	\$3,016,670	605	\$4,986	\$5,705	\$5,857	1.00
2007	\$1,134,951	206	\$5,509	\$5,893	\$5,971	1.00
2008	\$14,263,725	2,016	\$7,075	\$7,075	\$7,075	1.00

(5) Calculated Severity Trend Based on 15 -Point Exponential Regression 7.0%

(6) Selected Severity Trend 1996 Average Severity Removed from Exponential Regression 8.4%

(7) 15 -Year Average Projected Severity \$6,458

(8) Selected Severity \$6,249

(a) Incurred Losses and Claims evaluated at year-end 2008.

(b) The Selected Severity Trend (5) is used to project losses from the midpoint of each accident year to the midpoint of the last year in the experience period (7/1/2008).

State Auto Insurance Companies
Arkansas Homeowners
Territorial Indications
Owners Forms

All Programs Combined			(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Current Territory	Proposed Territory		On-Level Written Premium	Adjusted Earned Premium	Earned House Years	2008 Avg. Prem.	2004-2008 Adjusted Incurred Losses	2004-2008 Earned House Years	2004-2008 Non-Wind&Hail Avg. Loss Cost	Credibility	2004-2008 Non-Wind&Hail Loss Ratio	Expected Wind & Hail Loss Ratio	Total Loss Ratio	Loss Ratio Index
30	30	City of Little Rock, City of North Little Rock	\$698,705	\$598,647	619	\$966	\$1,127,796	2,984	\$378	27.3%	39.1%	31.2%	70.3%	0.8518
31	31	Pulaski	\$240,101	\$208,325	222	\$937	\$450,841	1,020	\$442	16.0%	47.2%	30.5%	77.7%	0.9413
32	32	Jefferson	\$116,782	\$95,398	113	\$844	\$97,253	382	\$255	9.8%	30.2%	29.4%	59.6%	0.7219
33	33	Faulkner	\$400,041	\$312,930	386	\$812	\$785,483	1,474	\$533	19.2%	65.6%	34.2%	99.8%	1.2090
34	34	Conway, Hot Spring, Lonoke, Perry, etc.	\$443,326	\$362,957	401	\$906	\$688,748	1,786	\$386	21.1%	42.6%	28.2%	70.8%	0.8573
34	60	White County	\$213,966	\$150,710	206	\$732	\$1,074,803	861	\$1,249	14.7%	170.6%	30.9%	201.6%	2.4408
35	35	Benton, Boone, Carroll, Newton, etc.	\$870,929	\$788,870	943	\$837	\$2,378,926	5,134	\$463	35.8%	55.4%	40.1%	95.5%	1.1561
36	36	Baxter, Cleburne, Fulton, etc.	\$692,143	\$572,566	720	\$795	\$695,032	3,095	\$225	27.8%	28.3%	24.6%	52.8%	0.6399
37	37	Crawford, Franklin, Logan, Madison, etc.	\$402,180	\$331,146	439	\$754	\$278,567	1,681	\$166	20.5%	22.0%	39.8%	61.8%	0.7484
38	38	Arkansas, Cross, Monroe, Woodruff	\$79,228	\$35,468	42	\$852	\$25,061	152	\$165	6.2%	19.4%	21.7%	41.1%	0.4972
39	39	Bradley, Calhoun, Clark, Cleveland, etc.	\$1,488,685	\$1,284,100	1,354	\$948	\$3,468,707	5,843	\$594	38.2%	62.6%	28.5%	91.1%	1.1032
40	40	Garland	\$1,435,943	\$1,319,508	1,570	\$841	\$2,091,618	7,916	\$264	44.5%	31.4%	49.0%	80.4%	0.9740
41	41	Marion, Searcy, Yell	\$73,208	\$65,163	79	\$826	\$129,772	330	\$393	9.1%	47.6%	27.6%	75.2%	0.9109
42	42	Johnson, Pope	\$504,303	\$427,096	535	\$799	\$1,963,953	2,305	\$852	24.0%	106.7%	42.8%	149.5%	1.8105
44	44	Craighead, Jackson, Lawrence, etc.	\$313,156	\$191,774	210	\$914	\$172,822	822	\$210	14.3%	23.0%	14.3%	37.3%	0.4516
45	45	Ashley, Chicot, Crittenden, Desha, Lee, etc.	\$245,489	\$201,223	197	\$1,021	\$437,691	1,038	\$422	16.1%	41.3%	23.9%	65.1%	0.7889
47	47	City of Ft. Smith	\$499,277	\$415,943	547	\$760	\$488,821	2,012	\$243	22.4%	32.0%	53.2%	85.1%	1.0309
48	48	Montgomery	\$194,152	\$179,137	169	\$1,057	\$328,673	836	\$393	14.5%	37.2%	24.0%	61.2%	0.7408
49	49	Polk	\$129,412	\$106,230	141	\$754	\$302,839	668	\$453	12.9%	60.2%	35.4%	95.6%	1.1575
54	54	Clay, Greene, Randolph	\$243,501	\$173,372	211	\$821	\$359,495	1,038	\$346	16.1%	42.2%	19.3%	61.5%	0.7442
58	58	Hempstead	\$212,850	\$193,040	169	\$1,143	\$333,818	924	\$361	15.2%	31.6%	30.9%	62.5%	0.7571
59	59	Miller	\$401,084	\$361,415	354	\$1,022	\$481,070	1,836	\$262	21.4%	25.6%	38.7%	64.3%	0.7786
			\$9,898,462	\$8,375,017	9,627	\$870	\$18,161,791	44,137	\$411		47.3%	35.3%	82.6%	1.0000

Notes:

- (1) On-Level Written Premium is the actual premium written for the year ending 3/31/2009, adjusted for prior rate changes and for the removal of the premium cap.
- (2) Premium has been adjusted to reflect prior rate revisions and to remove capping.
- Individual property losses have been capped at the lower of \$250,000 or one half of Coverage A; individual liability losses have been capped at \$100,000.
- (8) Partial credibility is calculated using the square root method based on 2004-2008 house years with 40,000 as the credibility standard.
- (9) Column (7) / Column (4). These ratios include a load for ULAE, nonwind catastrophe losses, and the excess portions of capped losses.
- (10) Total loss ratio matches statewide indications, with relativities among territories based on AIR modeled losses using our 2008 exposures.
- (11) Column (9) + Column (10).
- (12) Column (11) / Total Column (11).

State Auto Insurance Companies
Arkansas Homeowners
Territorial Indications
Owners Forms

Territory		(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)
Current	Proposed	On-Level Written Premium	Loss Ratio Index	2004-2008 Non-Wind&Hail Frequency Index	Current Base Rate Index	Cred. Wtd. Base Rate Index	Indicated Relative Change	Indicated Change w/ Expense Flattening	Selected Relative Change
30	30 City of Little Rock, City of North Little Rock	\$698,705	0.8518	1.0689	1.0725	1.0255	-4.4%	-4.3%	-4.0%
31	31 Pulaski	\$240,101	0.9413	1.3366	1.0878	1.0739	-1.3%	-1.3%	-1.0%
32	32 Jefferson	\$116,782	0.7219	0.9114	1.1098	1.0758	-3.1%	-3.0%	0.0%
33	33 Faulkner	\$400,041	1.2090	1.0621	0.9146	0.9479	3.6%	3.5%	3.8%
34	34 Conway, Hot Spring, Lonoke, Perry, etc.	\$443,326	0.8573	1.0880	1.0418	1.0068	-3.4%	-3.3%	-3.0%
34	60 White County	\$213,966	2.4408	1.2129	1.0418	1.2575	20.7%	20.0%	10.0%
35	35 Benton, Boone, Carroll, Newton, etc.	\$870,929	1.1561	1.0563	0.8532	0.8977	5.2%	5.0%	5.3%
36	36 Baxter, Cleburne, Fulton, etc.	\$692,143	0.6399	0.5904	0.9562	0.8575	-10.4%	-10.0%	-5.0%
37	37 Crawford, Franklin, Logan, Madison, etc.	\$402,180	0.7484	0.7245	0.9168	0.8664	-5.5%	-5.3%	-5.0%
38	38 Arkansas, Cross, Monroe, Woodruff	\$79,228	0.4972	1.3363	1.0966	1.0589	-3.5%	-3.4%	-3.1%
39	39 Bradley, Calhoun, Clark, Cleveland, etc.	\$1,488,685	1.1032	1.1614	1.1229	1.1631	3.5%	3.4%	3.8%
40	40 Garland	\$1,435,943	0.9740	0.9341	0.8685	0.8555	-1.5%	-1.5%	-1.2%
41	41 Marion, Searcy, Yell	\$73,208	0.9109	1.1413	1.0527	1.0406	-1.2%	-1.2%	-0.8%
42	42 Johnson, Pope	\$504,303	1.8105	0.9940	0.8773	1.0443	19.0%	18.3%	5.0%
44	44 Craighead, Jackson, Lawrence, etc.	\$313,156	0.4516	1.0580	1.4037	1.2888	-8.2%	-8.0%	-7.7%
45	45 Ashley, Chicot, Crittenden, Desha, Lee, etc.	\$245,489	0.7889	1.2012	1.3006	1.2519	-3.8%	-3.7%	-3.4%
47	47 City of Ft. Smith	\$499,277	1.0309	0.7927	0.8992	0.9023	0.3%	0.3%	0.6%
48	48 Montgomery	\$194,152	0.7408	1.0061	1.2611	1.2096	-4.1%	-4.0%	-3.7%
49	49 Polk	\$129,412	1.1575	1.0856	1.0571	1.0749	1.6%	1.6%	1.9%
54	54 Clay, Greene, Randolph	\$243,501	0.7442	0.9777	1.0527	1.0058	-4.5%	-4.4%	-5.0%
58	58 Hempstead	\$212,850	0.7571	1.3802	1.1624	1.1156	-4.1%	-4.0%	0.0%
59	59 Miller	\$401,084	0.7786	0.8689	1.1558	1.0972	-5.1%	-5.0%	0.0%
		\$9,898,462	1.0000	1.0000	1.0000	1.0000	0.0%	0.0%	0.0%

Notes:

- (16) The Current Base Rate Index reflects the average current base rate under current territory designations.
- (17) [Column (8) x Column (14) x Column (16)] + [(1 - Column (8)) x Column (16)].
- (19) Column (19) adjusted to recognize fixed expenses of 3.1%.

State Auto Insurance Companies

Arkansas Homeowners

Base Rate Impacts

Securgard				Defender				Estates			
Territory	Form 3,5 Percent Change	Form 4 Percent Change	Form 6 Percent Change	Territory	Form 3,5 Percent Change	Form 4 Percent Change	Form 6 Percent Change	Territory	Form 3,5 Percent Change	Form 4 Percent Change	Form 6 Percent Change
30	8.6%	0.0%	0.0%	30	8.4%	0.0%	0.0%	30	8.2%	0.0%	0.0%
31	12.1%	0.0%	0.0%	31	11.8%	0.0%	0.0%	31	11.4%	0.0%	0.0%
32	13.0%	0.0%	0.0%	32	12.7%	0.0%	0.0%	32	12.3%	0.0%	0.0%
33	17.5%	0.0%	0.0%	33	17.0%	0.0%	0.0%	33	16.5%	0.0%	0.0%
34	9.7%	0.0%	0.0%	34	9.5%	0.0%	0.0%	34	9.2%	0.0%	0.0%
35	19.0%	0.0%	0.0%	35	18.6%	0.0%	0.0%	35	18.1%	0.0%	0.0%
36	7.3%	0.0%	0.0%	36	7.2%	0.0%	0.0%	36	7.0%	0.0%	0.0%
37	7.4%	0.0%	0.0%	37	7.2%	0.0%	0.0%	37	7.0%	0.0%	0.0%
38	9.6%	0.0%	0.0%	38	9.4%	0.0%	0.0%	38	9.6%	0.0%	0.0%
39	17.3%	0.0%	0.0%	39	17.0%	0.0%	0.0%	39	16.4%	0.0%	0.0%
40	11.9%	0.0%	0.0%	40	11.6%	0.0%	0.0%	40	11.4%	0.0%	0.0%
41	12.1%	0.0%	0.0%	41	11.8%	0.0%	0.0%	41	11.7%	0.0%	0.0%
42	18.7%	0.0%	0.0%	42	18.3%	0.0%	0.0%	42	17.8%	0.0%	0.0%
44	4.4%	0.0%	0.0%	44	4.3%	0.0%	0.0%	44	4.4%	0.0%	0.0%
45	9.3%	0.0%	0.0%	45	9.1%	0.0%	0.0%	45	9.1%	0.0%	0.0%
47	13.8%	0.0%	0.0%	47	13.6%	0.0%	0.0%	47	13.2%	0.0%	0.0%
48	8.9%	0.0%	0.0%	48	8.7%	0.0%	0.0%	48	8.5%	0.0%	0.0%
49	15.3%	0.0%	0.0%	49	15.0%	0.0%	0.0%	49	13.9%	0.0%	0.0%
54	7.5%	0.0%	0.0%	54	7.3%	0.0%	0.0%	54	7.1%	0.0%	0.0%
58	12.9%	0.0%	0.0%	58	12.8%	0.0%	0.0%	58	12.7%	0.0%	0.0%
59	13.0%	0.0%	0.0%	59	12.8%	0.0%	0.0%	59	12.5%	0.0%	0.0%
60	24.4%	0.0%	0.0%	60	23.8%	0.0%	0.0%	60	22.4%	0.0%	0.0%
	12.6%	0.0%	0.0%		12.9%	0.0%	0.0%		12.6%	0.0%	0.0%

Territory 60 is a new territory consisting of White County from 34.

**State Auto Insurance Companies
Homeowners By-Peril Univariate Analysis Results for Age of Dwelling**

Age	Frequency Relativities			Loss Ratio Relativities		
	Fire	Wind/Hail	Total	Fire	Wind/Hail	Total
A: 0-5	0.77	0.67	0.75	1.06	0.76	0.87
B: 6-10	0.90	1.19	1.11	0.95	1.32	1.13
C: 11-15	0.97	1.42	1.23	0.95	1.48	1.18
D: 16-20	1.03	1.18	1.13	0.79	1.21	1.07
E: 21-25	1.06	1.06	1.10	0.75	0.99	0.97
F: 26-30	1.12	1.09	1.08	1.11	0.97	1.03
G: 31-35	1.10	1.01	1.03	1.02	0.93	0.98
H: 36-40	1.05	1.01	1.01	1.04	0.98	1.00
I: 41-45	0.99	0.92	0.95	0.84	0.83	0.88
J: 46-50	0.89	0.89	0.91	0.79	0.80	0.83
K: 51-55	0.99	0.87	0.90	0.99	0.86	0.92
L: 56-60	1.08	0.90	0.92	1.17	0.85	0.95
M: 61-65	0.91	0.84	0.88	0.91	0.80	0.88
N: 66+	1.05	0.84	0.90	1.47	0.84	1.04
NA	0.99	1.23	1.14	0.93	1.34	1.15
Total	1.00	1.00	1.00	1.00	1.00	1.00

This table illustrates that for Fire, the primary non-weather peril, homes of ages 6-20 are performing fine. However, these homes are performing horribly for wind/hail.

Relativities shown are based on companywide owners' forms' experience for policy years 2002-2006, with losses evaluated at 6/30/2008.

State Auto Insurance Companies

Proposed Age of Dwelling Discount Changes

Arkansas Homeowners

Policies in force as of 3/2009

Age	Current Age of Dwelling	Actuarial Proposed Age of Dwelling	Rate Level Impact	Policy Count
0	25%	25%	0.0%	161
1	24%	23%	1.3%	164
2	23%	21%	2.6%	162
3	22%	19%	3.8%	187
4	21%	17%	5.1%	233
5	20%	15%	6.3%	196
6	18%	13%	6.1%	192
7	15%	11%	4.7%	193
8	12%	9%	3.4%	204
9	9%	6%	3.3%	233
10	6%	3%	3.2%	248
11	3%	0%	3.1%	252
12+	0%	0%	0.0%	9,190
			0.8%	11,615

State Auto Insurance Companies
Arkansas Homeowners
Owners' Forms
Policyholder Impacts due to Policy Size Relativity Change

State Auto Insurance Companies
Arkansas Homeowners
Owners' Forms
Policy Size Relativities

Coverage A Amount (000's)		Percent of Policies	Policyholder Impact		
\$20	-- \$70	2.0%	0.0%	--	0.0%
\$70	-- \$80	2.7%	0.0%	--	3.8%
\$80	-- \$90	4.5%	3.8%	--	3.8%
\$90	-- \$100	6.4%	3.8%	--	3.8%
\$100	-- \$110	6.7%	3.8%	--	3.8%
\$110	-- \$120	6.6%	3.8%	--	3.8%
\$120	-- \$130	6.6%	3.8%	--	1.9%
\$130	-- \$140	6.8%	1.9%	--	0.0%
\$140	-- \$150	5.8%	0.0%	--	0.0%
\$150	-- \$160	5.3%	0.0%	--	0.0%
\$160	-- \$170	5.1%	0.0%	--	0.0%
\$170	-- \$180	4.5%	0.0%	--	0.0%
\$180	-- \$190	3.7%	0.0%	--	0.0%
\$190	-- \$200	3.9%	0.0%	--	0.0%
\$200	-- \$210	3.2%	0.0%	--	0.0%
\$210	-- \$220	2.8%	0.0%	--	0.0%
\$220	-- \$230	2.5%	0.0%	--	0.0%
\$230	-- \$240	2.2%	0.0%	--	0.0%
\$240	-- \$250	2.0%	0.0%	--	0.0%
\$250	-- \$275	4.0%	0.0%	--	0.0%
\$275	-- \$300	3.0%	0.0%	--	0.0%
\$300	-- \$325	2.0%	0.0%	--	0.0%
\$325	-- \$350	1.8%	0.0%	--	0.0%
\$350	-- \$375	1.2%	0.0%	--	0.0%
\$375	-- \$400	1.0%	0.0%	--	0.0%
\$400	-- \$425	0.7%	0.0%	--	0.0%
\$425	-- \$450	0.7%	0.0%	--	0.0%
\$450	-- \$475	0.3%	0.0%	--	0.0%
\$475	-- \$500	0.3%	0.0%	--	0.0%
\$500	-- \$550	0.5%	0.0%	--	0.0%
\$550	-- \$600	0.3%	0.0%	--	0.0%
\$600	-- \$700	0.4%	0.0%	--	0.0%
\$700	-- \$800	0.2%	0.0%	--	0.0%
\$800	-- \$900	0.1%	0.0%	--	0.0%
\$900	-- \$1,000	0.0%	0.0%	--	0.0%
\$1,000	-- \$1,500	0.1%	0.0%	--	0.0%
\$1,500	-- \$2,000	0.0%	0.0%	--	0.0%
\$2,000	-- \$2,500	0.0%	0.0%	--	0.0%
\$2,500	-- \$3,000	0.0%	0.0%	--	0.0%
\$3,000	-- \$3,500	0.0%	0.0%	--	0.0%
\$3,500	-- \$4,000	0.0%	0.0%	--	0.0%
\$4,000	-- \$4,500	0.0%	0.0%	--	0.0%
\$4,500	-- \$5,000	0.0%	0.0%	--	0.0%

TOTAL

Coverage A (000's)	State Auto Current Relativity	State Auto Proposed Relativity	Impact
\$20	0.900	0.900	0.0%
\$25	0.903	0.903	0.0%
\$30	0.906	0.906	0.0%
\$35	0.910	0.910	0.0%
\$40	0.914	0.914	0.0%
\$45	0.918	0.918	0.0%
\$50	0.922	0.922	0.0%
\$55	0.926	0.926	0.0%
\$60	0.930	0.930	0.0%
\$65	0.949	0.949	0.0%
\$70	1.000	1.000	0.0%
\$75	1.068	1.088	1.9%
\$80	1.135	1.178	3.8%
\$85	1.183	1.227	3.8%
\$90	1.231	1.277	3.8%
\$95	1.278	1.326	3.8%
\$100	1.325	1.375	3.8%
\$105	1.377	1.429	3.8%
\$110	1.429	1.483	3.8%
\$115	1.488	1.544	3.8%
\$120	1.547	1.605	3.8%
\$125	1.616	1.677	3.8%
\$130	1.685	1.717	1.9%
\$135	1.755	1.755	0.0%
\$140	1.825	1.825	0.0%
\$145	1.891	1.891	0.0%
\$150	1.958	1.958	0.0%
\$160	2.075	2.075	0.0%
\$170	2.206	2.206	0.0%
\$180	2.330	2.330	0.0%
\$190	2.463	2.463	0.0%
\$200	2.578	2.578	0.0%
Add'l \$10K	0.155	0.155	

*Inforce policies as of 04/2009

State Auto Insurance Companies
Arkansas Homeowners
Prime of Life Discount Change
Policies in force as of 5/31/2009

Owners	Age	Premium	Counts	State Auto		Premium after new discount
				Current discount	Proposed discount	
	0-50	\$3,442,916	3,750	0.0%	0.0%	\$3,442,916
	50-54	\$1,116,651	1,121	0.0%	3.0%	\$1,089,596
	55+	\$6,262,371	7,109	5.0%	5.0%	\$6,262,371
		<u>\$10,821,939</u>	<u>11,980</u>			<u>10,794,883</u>

Condos	Age	Premium	Counts	State Auto		Premium after new discount
				Current discount	Proposed discount	
	0-50	\$14,606	39	0.0%	0.0%	\$14,606
	50-54	\$10,033	19	0.0%	3.0%	\$9,766
	55+	\$78,119	168	5.0%	5.0%	\$78,119
		<u>\$102,758</u>	<u>226</u>			<u>102,491</u>

TOTAL	\$10,924,696	12,206				10,897,374
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					IMPACT	-0.3%
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State Auto Insurance Companies
Arkansas Homeowners
Deductible Change

CURRENT

All-Peril Deductibles		
Deductible	Factor	Maximum Dollar Credit
\$500	1.00	NA
\$1,000	0.90	\$200
\$1,500	0.86	\$275
\$2,000	0.82	\$325
\$2,500	0.78	\$400
\$5,000	0.65	\$675
\$7,500	NA	NA

All Other Perils Deductible Amount	All Programs Windstorm or Hail Deductible Factor (N/A for HO 0004)				
	\$1,000	\$1,500	\$2,000	\$2,500	\$5,000
	\$500	0.98	0.97	0.96	0.95
\$1,000		0.89	0.88	0.87	0.85
\$1,500			0.85	0.84	0.82
\$2,000				0.81	0.79
\$2,500					0.76

PROPOSED

All-Peril Deductibles		
Deductible	Factor	Maximum Dollar Credit
\$500	1.00	NA
\$1,000	0.92	\$200
\$1,500	0.88	\$275
\$2,000	0.84	\$325
\$2,500	0.80	\$400
\$5,000	0.70	\$675
\$7,500	0.63	\$850

All Other Perils Deductible Amount	All Programs Windstorm or Hail Deductible Factor (N/A for HO 0004)				
	\$1,000	\$1,500	\$2,000	\$2,500	\$5,000
	\$500	0.97	0.96	0.95	0.94
\$1,000		0.91	0.90	0.89	0.86
\$1,500			0.87	0.86	0.83
\$2,000				0.83	0.81
\$2,500					0.78

State Auto Insurance Companies
Arkansas Homeowners
Deductible Change

All-Peril Deductible	Forms 3,5 Policyholder		Form 4 Policyholder		Form 6 Policyholder	
	Policy Count*	Impact	Policy Count*	Impact	Policy Count*	Impact
500**	7458	-3.0%	529	0.0%	168	-3.0%
1000	4084	1.7%	66	1.7%	51	1.7%
1500	44	2.3%	0	2.3%	0	2.3%
2000	29	2.4%	0	2.4%	0	2.4%
2500	264	3.0%	3	3.0%	6	3.0%
5000	70	7.9%	0	7.9%	0	7.9%
	<u>11949</u>		<u>598</u>		<u>225</u>	

Wind/Hail Deductibles

All-Peril Deductible	Wind/Hail Deductible	Forms 3,5 Policyholder		Form 6 Policyholder	
		Policy Count*	Impact	Policy Count*	Impact
500	1000	13	-1.0%	1	-1.0%
500	1500	1	-1.0%	0	-1.0%
500	2500	9	-0.7%	0	-0.7%
1000	1500	1	2.3%	0	2.3%
1000	2000	1	2.3%	0	2.3%
1000	2500	4	2.7%	0	2.7%
1000	5000	2	1.3%	0	1.3%
		<u>31</u>		<u>1</u>	

*Inforce policies as of 04/2009

**Forms 3,5 and 6 will be rolled to a 500/1000 deductible upon renewal.

State Auto Insurance Companies

Arkansas Homeowners

Summary of Rate Level Changes by Form

Form(s)	Level	On-Level Written Premium*	Base Rate	Prime of Life	Age of Dwelling	Minimum Premium Change	Deductible Factors	Policy Size Relativity Change	Total Impact	Total Dollar	Indicated	
											Percent	Dollar
3, 5	Securgard	\$1,513,985	12.6%	-0.2%	0.4%	0.0%	0.6%	2.0%	15.7%	\$237,405		
	Defender	\$7,773,608	12.9%	-0.2%	0.9%	0.0%	0.9%	0.7%	15.4%	\$1,197,146		
	Estates	\$610,869	12.6%	-0.4%	1.3%	0.0%	1.2%	0.1%	15.1%	\$92,277		
		\$9,898,462	12.8%	-0.2%	0.8%	0.0%	0.8%	0.9%	15.4%	\$1,526,829	18.9%	\$1,867,996
4	Securgard	\$55,072	0.0%	0.0%	0.0%	0.1%	0.2%	0.0%	0.2%	\$130	N/A	
	Defender	\$114,508	0.0%	0.0%	0.0%	0.1%	0.3%	0.0%	0.4%	\$416	N/A	
	Estates	\$2,924	0.0%	0.0%	0.0%	0.0%	1.4%	0.0%	1.4%	\$41	N/A	
		\$172,505	0.0%	0.0%	0.0%	0.1%	0.3%	0.0%	0.3%	\$586		
6	Securgard	\$23,814	0.0%	0.0%	0.0%	0.0%	0.1%	0.0%	0.1%	\$26	N/A	
	Defender	\$51,888	0.0%	-0.4%	0.0%	0.1%	0.8%	0.0%	0.4%	\$213	N/A	
	Estates	\$13,639	0.0%	-0.1%	0.0%	0.0%	0.6%	0.0%	0.5%	\$72	N/A	
		\$89,341	0.0%	-0.3%	0.0%	0.0%	0.6%	0.0%	0.3%	\$311		
Overall		\$10,160,307	12.5%	-0.2%	0.8%	0.0%	0.8%	0.9%	15.0%	\$1,527,726	18.4%	\$1,867,996

Watercraft Endorsements - from Annual Statement Lines 09.0 and 17.0

Estimated	Total	Total	Total Dollar
\$113,949	0.7%	0.7%	\$844

*On-Level Written Premium is the actual premium written for the year ending 3/31/2009, adjusted for prior rate changes and for the removal of the premium cap.

**Watercraft premium is uncapped 2007 written premium.

**Arkansas
Homeowners Option
5 year Rate History**

November 15, 2007	-5.0%
August 19, 2007	0%
November 15, 2006	-6.4%
June 1, 2006	0%
November 15, 2005	-3.1%

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

1. This filing transmittal is part of Company Tracking #	SAC-HO-2009-209
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2. If filing is an adoption of an advisory organization loss cost filing, give name of advisory organization and Reference/Item Filing Number	N/A
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Company Name		Company NAIC Number	
3. A.	State Auto Property & Casualty Insurance Company	B.	25127

Product Coding Matrix Line of Business (i.e., Type of Insurance)		Product Coding Matrix Line of Insurance (i.e., Sub-type of Insurance)	
4. A.	04.0 Homeowners	B.	04.0000 Homeowners Sub-TOI

(A) COVERAGE (See Instructions)	(B) Indicated % Rate Level Change	(C) Requested % Rate Level Change	FOR LOSS COSTS ONLY				
			(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
Homeowner Options							
Forms HO-3 & HO-5	18.9%	15.4%					
Form HO-4	NA	0.3%					
Form HO-6	NA	0.3%					
TOTAL OVERALL EFFECT	18.4%	15.0%					

6. 5 Year History		Rate Change History					
Year	Policy Count	% of Change	Effective Date	State Earned Premium (000)	Incurred Losses (000)	State Loss Ratio	Countrywide Loss Ratio
2004	8250	8.0%	11/15/04	5915	2380	40.2%	84.5%
2005	8005	-3.2%	11/15/05	6598	4327	65.6%	59.7%
2006	7938	-6.5%	11/15/06	7084	4576	64.6%	61.5%
2007	8229	-5.0%	11/15/07	7349	2781	37.8%	48.6%
2008	10469	15.0%	11/15/09	8269	15736	190.3%	84.1%

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

8. N/A Apply Lost Cost Factors to Future filings? (Y or N)
9. +36.4 Estimated Maximum Rate Increase for any Insured (%). Territory (if applicable): _____
10. -5.9 Estimated Maximum Rate Decrease for any Insured (%). Territory (if applicable): _____

NAIC Number: 25135
 Company Name: State Automobile Mutual Insurance Company
 Contact Person: Bernie Buckland
 Telephone No.: 614-917-5921
 Email Address: Bernie.Buckland@stateauto.com
 Effective Date: 11/15/2009

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

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

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

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	\$496.00	\$545.00	\$502.00	\$551.00	\$716.00	\$787.00	\$695.00	\$763.00	\$695.00	\$763.00	\$644.00	\$708.00	\$638.00	\$702.00	\$482.00	\$529.00	\$596.00	\$655.00
	\$120,000	\$676.00	\$743.00	\$684.00	\$751.00	\$976.00	\$1,072.00	\$947.00	\$1,040.00	\$947.00	\$1,040.00	\$878.00	\$965.00	\$870.00	\$957.00	\$656.00	\$721.00	\$812.00	\$892.00
	\$160,000	\$874.00	\$961.00	\$884.00	\$971.00	\$1,262.00	\$1,386.00	\$1,224.00	\$1,345.00	\$1,224.00	\$1,345.00	\$1,135.00	\$1,247.00	\$1,125.00	\$1,237.00	\$849.00	\$932.00	\$1,050.00	\$1,154.00
6	\$80,000	\$562.00	\$633.00	\$568.00	\$640.00	\$810.00	\$913.00	\$786.00	\$886.00	\$786.00	\$886.00	\$729.00	\$821.00	\$723.00	\$814.00	\$544.00	\$614.00	\$675.00	\$760.00
	\$120,000	\$766.00	\$862.00	\$774.00	\$872.00	\$1,104.00	\$1,244.00	\$1,071.00	\$1,207.00	\$1,071.00	\$1,207.00	\$993.00	\$1,119.00	\$985.00	\$1,109.00	\$742.00	\$836.00	\$920.00	\$1,035.00
	\$160,000	\$990.00	\$1,114.00	\$1,000.00	\$1,127.00	\$1,428.00	\$1,608.00	\$1,384.00	\$1,560.00	\$1,384.00	\$1,560.00	\$1,284.00	\$1,446.00	\$1,274.00	\$1,434.00	\$959.00	\$1,081.00	\$1,189.00	\$1,338.00
9	\$80,000	\$1,162.00	\$1,385.00	\$1,174.00	\$1,401.00	\$1,676.00	\$1,999.00	\$1,626.00	\$1,939.00	\$1,626.00	\$1,939.00	\$1,508.00	\$1,799.00	\$1,495.00	\$1,783.00	\$1,126.00	\$1,343.00	\$1,395.00	\$1,663.00
	\$120,000	\$1,583.00	\$1,887.00	\$1,600.00	\$1,908.00	\$2,284.00	\$2,724.00	\$2,215.00	\$2,642.00	\$2,215.00	\$2,642.00	\$2,054.00	\$2,451.00	\$2,037.00	\$2,430.00	\$1,534.00	\$1,830.00	\$1,900.00	\$2,266.00
	\$160,000	\$2,046.00	\$2,440.00	\$2,069.00	\$2,467.00	\$2,953.00	\$3,521.00	\$2,864.00	\$3,415.00	\$2,864.00	\$3,415.00	\$2,656.00	\$3,169.00	\$2,633.00	\$3,142.00	\$1,984.00	\$2,366.00	\$2,457.00	\$2,930.00

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	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00
	\$15,000	\$135.00	\$135.00	\$135.00	\$135.00	\$135.00	\$135.00	\$135.00	\$135.00	\$135.00	\$135.00	\$135.00	\$135.00	\$135.00	\$135.00	\$135.00	\$135.00	\$135.00	\$135.00
	\$25,000	\$175.00	\$175.00	\$175.00	\$175.00	\$175.00	\$175.00	\$175.00	\$175.00	\$175.00	\$175.00	\$175.00	\$175.00	\$175.00	\$175.00	\$175.00	\$175.00	\$175.00	\$175.00
6	\$5,000	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00
	\$15,000	\$148.00	\$148.00	\$148.00	\$148.00	\$148.00	\$148.00	\$148.00	\$148.00	\$148.00	\$148.00	\$148.00	\$148.00	\$148.00	\$148.00	\$148.00	\$148.00	\$148.00	\$148.00
	\$25,000	\$192.00	\$192.00	\$192.00	\$192.00	\$192.00	\$192.00	\$192.00	\$192.00	\$192.00	\$192.00	\$192.00	\$192.00	\$192.00	\$192.00	\$192.00	\$192.00	\$192.00	\$192.00
9	\$5,000	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00
	\$15,000	\$222.00	\$222.00	\$222.00	\$222.00	\$222.00	\$222.00	\$222.00	\$222.00	\$222.00	\$222.00	\$222.00	\$222.00	\$222.00	\$222.00	\$222.00	\$222.00	\$222.00	\$222.00
	\$25,000	\$289.00	\$289.00	\$289.00	\$289.00	\$289.00	\$289.00	\$289.00	\$289.00	\$289.00	\$289.00	\$289.00	\$289.00	\$289.00	\$289.00	\$289.00	\$289.00	\$289.00	\$289.00

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	\$432.00	\$497.00	\$432.00	\$497.00	\$432.00	\$497.00	\$432.00	\$497.00	\$432.00	\$497.00	\$432.00	\$497.00	\$432.00	\$497.00	\$432.00	\$497.00	\$432.00	\$497.00
	\$120,000	\$578.00	\$662.00	\$578.00	\$662.00	\$578.00	\$662.00	\$578.00	\$662.00	\$578.00	\$662.00	\$578.00	\$662.00	\$578.00	\$662.00	\$578.00	\$662.00	\$578.00	\$662.00
	\$160,000	\$723.00	\$827.00	\$723.00	\$827.00	\$723.00	\$827.00	\$723.00	\$827.00	\$723.00	\$827.00	\$723.00	\$827.00	\$723.00	\$827.00	\$723.00	\$827.00	\$723.00	\$827.00
6	\$80,000	\$438.00	\$504.00	\$438.00	\$504.00	\$438.00	\$504.00	\$438.00	\$504.00	\$438.00	\$504.00	\$438.00	\$504.00	\$438.00	\$504.00	\$438.00	\$504.00	\$438.00	\$504.00
	\$120,000	\$586.00	\$672.00	\$586.00	\$672.00	\$586.00	\$672.00	\$586.00	\$672.00	\$586.00	\$672.00	\$586.00	\$672.00	\$586.00	\$672.00	\$586.00	\$672.00	\$586.00	\$672.00
	\$160,000	\$734.00	\$840.00	\$734.00	\$840.00	\$734.00	\$840.00	\$734.00	\$840.00	\$734.00	\$840.00	\$734.00	\$840.00	\$734.00	\$840.00	\$734.00	\$840.00	\$734.00	\$840.00
9	\$80,000	\$652.00	\$862.00	\$652.00	\$862.00	\$652.00	\$862.00	\$652.00	\$862.00	\$652.00	\$862.00	\$652.00	\$862.00	\$652.00	\$862.00	\$652.00	\$862.00	\$652.00	\$862.00
	\$120,000	\$865.00	\$1,138.00	\$865.00	\$1,138.00	\$865.00	\$1,138.00	\$865.00	\$1,138.00	\$865.00	\$1,138.00	\$865.00	\$1,138.00	\$865.00	\$1,138.00	\$865.00	\$1,138.00	\$865.00	\$1,138.00
	\$160,000	\$1,077.00	\$1,414.00	\$1,077.00	\$1,414.00	\$1,077.00	\$1,414.00	\$1,077.00	\$1,414.00	\$1,077.00	\$1,414.00	\$1,077.00	\$1,414.00	\$1,077.00	\$1,414.00	\$1,077.00	\$1,414.00	\$1,077.00	\$1,414.00

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="5"/> %	Window Locks	<input type="text" value=""/> %
Smoke Alarm	<input type="text" value="2"/> %	\$1,000 Deductible	<input type="text" value="8"/> %
		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 co

ARE YOU CURRENTLY WRITING EARTHQUAKE COVERAGE IN ARKANSAS?
 Yes (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 Number: 25127
 Company Name: State Auto Property & Insurance Company
 Contact Person: Bernie Buckland
 Telephone No.: 614-917-5921
 Email Address: Bernie.Buckland@stateauto.com
 Effective Date: 11/15/2009

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

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

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

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	\$496.00	\$545.00	\$502.00	\$551.00	\$716.00	\$787.00	\$695.00	\$763.00	\$695.00	\$763.00	\$644.00	\$708.00	\$638.00	\$702.00	\$482.00	\$529.00	\$596.00	\$655.00
	\$120,000	\$676.00	\$743.00	\$684.00	\$751.00	\$976.00	\$1,072.00	\$947.00	\$1,040.00	\$947.00	\$1,040.00	\$878.00	\$965.00	\$870.00	\$957.00	\$656.00	\$721.00	\$812.00	\$892.00
	\$160,000	\$874.00	\$961.00	\$884.00	\$971.00	\$1,262.00	\$1,386.00	\$1,224.00	\$1,345.00	\$1,224.00	\$1,345.00	\$1,135.00	\$1,247.00	\$1,125.00	\$1,237.00	\$849.00	\$932.00	\$1,050.00	\$1,154.00
6	\$80,000	\$562.00	\$633.00	\$568.00	\$640.00	\$810.00	\$913.00	\$786.00	\$886.00	\$786.00	\$886.00	\$729.00	\$821.00	\$723.00	\$814.00	\$544.00	\$614.00	\$675.00	\$760.00
	\$120,000	\$766.00	\$862.00	\$774.00	\$872.00	\$1,104.00	\$1,244.00	\$1,071.00	\$1,207.00	\$1,071.00	\$1,207.00	\$993.00	\$1,119.00	\$985.00	\$1,109.00	\$742.00	\$836.00	\$920.00	\$1,035.00
	\$160,000	\$990.00	\$1,114.00	\$1,000.00	\$1,127.00	\$1,428.00	\$1,608.00	\$1,384.00	\$1,560.00	\$1,384.00	\$1,560.00	\$1,284.00	\$1,446.00	\$1,274.00	\$1,434.00	\$959.00	\$1,081.00	\$1,189.00	\$1,338.00
9	\$80,000	\$1,162.00	\$1,385.00	\$1,174.00	\$1,401.00	\$1,676.00	\$1,999.00	\$1,626.00	\$1,939.00	\$1,626.00	\$1,939.00	\$1,508.00	\$1,799.00	\$1,495.00	\$1,783.00	\$1,126.00	\$1,343.00	\$1,395.00	\$1,663.00
	\$120,000	\$1,583.00	\$1,887.00	\$1,600.00	\$1,908.00	\$2,284.00	\$2,724.00	\$2,215.00	\$2,642.00	\$2,215.00	\$2,642.00	\$2,054.00	\$2,451.00	\$2,037.00	\$2,430.00	\$1,534.00	\$1,830.00	\$1,900.00	\$2,266.00
	\$160,000	\$2,046.00	\$2,440.00	\$2,069.00	\$2,467.00	\$2,953.00	\$3,521.00	\$2,864.00	\$3,415.00	\$2,864.00	\$3,415.00	\$2,656.00	\$3,169.00	\$2,633.00	\$3,142.00	\$1,984.00	\$2,366.00	\$2,457.00	\$2,930.00

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	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00
	\$15,000	\$135.00	\$135.00	\$135.00	\$135.00	\$135.00	\$135.00	\$135.00	\$135.00	\$135.00	\$135.00	\$135.00	\$135.00	\$135.00	\$135.00	\$135.00	\$135.00	\$135.00	\$135.00
	\$25,000	\$175.00	\$175.00	\$175.00	\$175.00	\$175.00	\$175.00	\$175.00	\$175.00	\$175.00	\$175.00	\$175.00	\$175.00	\$175.00	\$175.00	\$175.00	\$175.00	\$175.00	\$175.00
6	\$5,000	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00
	\$15,000	\$148.00	\$148.00	\$148.00	\$148.00	\$148.00	\$148.00	\$148.00	\$148.00	\$148.00	\$148.00	\$148.00	\$148.00	\$148.00	\$148.00	\$148.00	\$148.00	\$148.00	\$148.00
	\$25,000	\$192.00	\$192.00	\$192.00	\$192.00	\$192.00	\$192.00	\$192.00	\$192.00	\$192.00	\$192.00	\$192.00	\$192.00	\$192.00	\$192.00	\$192.00	\$192.00	\$192.00	\$192.00
9	\$5,000	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00
	\$15,000	\$222.00	\$222.00	\$222.00	\$222.00	\$222.00	\$222.00	\$222.00	\$222.00	\$222.00	\$222.00	\$222.00	\$222.00	\$222.00	\$222.00	\$222.00	\$222.00	\$222.00	\$222.00
	\$25,000	\$289.00	\$289.00	\$289.00	\$289.00	\$289.00	\$289.00	\$289.00	\$289.00	\$289.00	\$289.00	\$289.00	\$289.00	\$289.00	\$289.00	\$289.00	\$289.00	\$289.00	\$289.00

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	\$432.00	\$497.00	\$432.00	\$497.00	\$432.00	\$497.00	\$432.00	\$497.00	\$432.00	\$497.00	\$432.00	\$497.00	\$432.00	\$497.00	\$432.00	\$497.00	\$432.00	\$497.00
	\$120,000	\$578.00	\$662.00	\$578.00	\$662.00	\$578.00	\$662.00	\$578.00	\$662.00	\$578.00	\$662.00	\$578.00	\$662.00	\$578.00	\$662.00	\$578.00	\$662.00	\$578.00	\$662.00
	\$160,000	\$723.00	\$827.00	\$723.00	\$827.00	\$723.00	\$827.00	\$723.00	\$827.00	\$723.00	\$827.00	\$723.00	\$827.00	\$723.00	\$827.00	\$723.00	\$827.00	\$723.00	\$827.00
6	\$80,000	\$438.00	\$504.00	\$438.00	\$504.00	\$438.00	\$504.00	\$438.00	\$504.00	\$438.00	\$504.00	\$438.00	\$504.00	\$438.00	\$504.00	\$438.00	\$504.00	\$438.00	\$504.00
	\$120,000	\$586.00	\$672.00	\$586.00	\$672.00	\$586.00	\$672.00	\$586.00	\$672.00	\$586.00	\$672.00	\$586.00	\$672.00	\$586.00	\$672.00	\$586.00	\$672.00	\$586.00	\$672.00
	\$160,000	\$734.00	\$840.00	\$734.00	\$840.00	\$734.00	\$840.00	\$734.00	\$840.00	\$734.00	\$840.00	\$734.00	\$840.00	\$734.00	\$840.00	\$734.00	\$840.00	\$734.00	\$840.00
9	\$80,000	\$652.00	\$862.00	\$652.00	\$862.00	\$652.00	\$862.00	\$652.00	\$862.00	\$652.00	\$862.00	\$652.00	\$862.00	\$652.00	\$862.00	\$652.00	\$862.00	\$652.00	\$862.00
	\$120,000	\$865.00	\$1,138.00	\$865.00	\$1,138.00	\$865.00	\$1,138.00	\$865.00	\$1,138.00	\$865.00	\$1,138.00	\$865.00	\$1,138.00	\$865.00	\$1,138.00	\$865.00	\$1,138.00	\$865.00	\$1,138.00
	\$160,000	\$1,077.00	\$1,414.00	\$1,077.00	\$1,414.00	\$1,077.00	\$1,414.00	\$1,077.00	\$1,414.00	\$1,077.00	\$1,414.00	\$1,077.00	\$1,414.00	\$1,077.00	\$1,414.00	\$1,077.00	\$1,414.00	\$1,077.00	\$1,414.00

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="5"/> %	Window Locks	<input type="text" value=""/> %
Smoke Alarm	<input type="text" value="2"/> %	\$1,000 Deductible	<input type="text" value="8"/> %
		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 co

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"/>	\$ <input type="text"/>
Lowest Risk	\$	<input type="text"/>	\$ <input type="text"/>

ARKANSAS HOMEOWNER OPTIONS MANUAL

General Rules Section

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ARKANSAS HOMEOWNER OPTIONS MANUAL

General Rules Section

7. POLICY TERM/PAYMENT OPTIONS

- A. The Homeowner Options Policy may be written for a period of one year. Renewal terms are processed according to the current rates and forms.
- B. The Homeowner Options Program is eligible for Direct Bill and Electronic Fund Transfer Billing per the table below:

Twelve Month Policy Term			
Pay Plan Options	E-Pay Available	Service Charge	Billing Due Dates
Full Pay	Yes	N/A	Full payment due at inception of policy term.
Two Pay	Yes	☛\$5 N/A- EFT	50% due at inception with remaining due in 6 months
Four Pay	Yes	☛\$5 N/A- EFT	25% due at inception with remaining billed in 25% installments each 90 days
Monthly	Yes	☛\$5 N/A- EFT	1/12 th due at inception with remaining billed in installments every 30 days

C. **Timing Considerations**—The number of installments will be determined by the number of months remaining in the policy term at the time the policy is set up. At renewal, the payment cycle will convert to the valid pay plan that was selected.

D. **Electronic Funds Transfer (“E-Pay”)**

The insured has the option of choosing a date between the 1st and 28th of the month that they would like the deduction to take place on EFT billed policies. Using the effective date of the policy for the EFT effective date will ensure that the insured is current on installment payments. The insured will be notified by the company 14 days in advance of the initial amount of premium to be deducted, as well as any changes to that amount of one dollar (\$1.00) or more.

This option is available for new and existing business. Once State Auto receives the enrollment form, the insured’s policy will be set up for the electronic funds transfer. This option is not available on premium financed or mortgagee billed policies.

E. **Customers Can Pay:**

- 1) **By Check** – Customers can mail in a check with the invoice billing stub.
- 2) **EFT** – Customers can have an automatic deduction taken from their bank account. Refer to item D.
- 3) Payments can be made any time of the day or night, seven days a week, by **credit** or **debit card** ((Visa or Master Card), or **automated check** (ACH payment), using either of these options:
 - a) **Pay on the Web** at www.stateauto.com – After selecting the option to “Pay Your Policy” customers can make a one-time payment without enrolling in the system or they can enroll in our “Pay Now” program where personal and payment type information is stored to facilitate and expedite future payments.
 - b) **Pay By Phone** using our automated service – just call 1-800-444-9950, extension 5118.

ARKANSAS HOMEOWNER OPTIONS MANUAL

General Rules Section

7. POLICY PERIOD/PAYMENT PLAN (CONT'D)

- F. Agent "Sweep" / Upload Payments** – Agents can collect insured payments in their office, deposit in their bank account, and State Auto "Sweeps" the money out via electronic transaction.
- 1) **New Business** – Agencies may upload insured new business and down payments through AgentSite netXpress.
 - 2) **Installment Payments** – Agents can "Sweep" insureds installment payments received in their office via State Auto's AgentSite.
- Contact Agency Interface Services at 1-888-999-8103 for more information on "Sweeping".
- G. NSF Charge** – A \$20 non-sufficient funds fee will be charged on all returned payments if returned for insufficient funds.
- H. Late Payment Fee** – A \$10 late payment fee will be charged for any payment received more than four days after the invoice due date.
- I.** If the policy is to be mortgagee bill, the policy must be paid in full.

8. OTHER INSURANCE

Credit for existing insurance is not permitted.

9. CANCELLATION OR REDUCTIONS IN LIMITS OF LIABILITY OR COVERAGES

It shall not be permissible to cancel any of the mandatory coverages in the policy unless the entire policy is canceled.

If insurance is canceled or reduced at the request of either the insured or insurer, the earned premium shall be computed on a pro rata basis as follows:

Refund of Unearned Premium:

1. If the company cancels the policy, the cancellation shall not be effective unless any unearned premium due to the insured is returned to the insured with the notice of cancellation or is delivered or sent by mail to the insured so as to be received by the insured on or before the effective date of cancellation.
2. If the insured cancels the policy, any return premium will be refunded within 30 days following the company's receipt of the request for cancellation.

ARKANSAS HOMEOWNER OPTIONS MANUAL

General Rules Section

10. MANUAL REVISION

Changes in manual rules or rates will be announced. Each revised page will show the effective date of the revision. Information with a pencil symbol (✎) indicates an important change. Minor editorial changes will not show the symbol.

A manual revision, meaning any revision of premium applicable to the Options Homeowner Program shall be made in accordance with the following procedures:

- A. The effective date of such revision shall be as announced.
- B. The revision shall apply to any policy or endorsement in the manner outlined in the announcement of the revision.
- C. When an existing Homeowners Policy is endorsed to take advantage of a reduction in premium, the adjustment shall be made on a pro rata basis.
- D. Unless otherwise provided at the time the premium revision becomes effective, the premium revision does not affect in-force policy forms and endorsements until the policy is renewed.

11. RESTRICTION OF INDIVIDUAL POLICIES

If a Homeowner Options Policy would not be issued because of unusual circumstances or exposures, the named insured may request a restriction of the policy provided no reduction in the premium is allowed. Such requests shall be approved by the Company before binding.

✎12. DEFINITIONS

A. Construction

Frame – exterior wall of wood or other combustible construction, including wood-iron clad, stucco on wood or plaster on combustible supports.

Aluminum or plastic siding over frame.

Masonry Veneer – exterior walls of combustible construction veneered with brick or stone shall be classified as masonry construction.

Masonry – exterior walls constructed of masonry materials such as adobe, brick, concrete, gypsum block, hollow concrete block, stone, tile or similar materials and floors and roof of combustible construction (disregarding floors resting directly on the ground).

Mixed – a combination of both frame and masonry construction shall be classed and coded as frame when the exterior walls of frame construction (including gables) exceed 33 1/3% of the total exterior wall area; otherwise class and code as masonry.

Non-Combustible – exterior walls, floors and roof constructed of, and supported by metal, asbestos, gypsum, or other non-combustible materials.

ARKANSAS HOMEOWNER OPTIONS MANUAL

General Rules Section

12. DEFINITIONS (CONT'D)

Masonry Non-Combustible – exterior walls constructed of masonry materials (as described in Masonry above) and floors and roof of metal or other non-combustible materials.

Fire Resistive – exterior walls and floors and roof constructed of masonry or other fire resistive materials.

For Non-Combustible, Masonry Non-Combustible and Fire Resistive construction types, refer to the Superior construction credit in the Credits/Discounts/Charges section.

B. Seasonal Dwelling Definition

A seasonal dwelling is a dwelling with continuous unoccupancy of three or more consecutive months during any one year period.

C. Single Building Definition

All buildings or sections of buildings which communicate through unprotected openings shall be considered as a single building.

Buildings which are separated by space shall be considered separate buildings.

Buildings or sections of buildings which are separated by an 8 inch masonry fire wall which extends uninterrupted from the foundation through the roof in the form of a parapet at least 24 inches high shall be considered single family dwellings. Communications between buildings with independent walls or through masonry fire walls described above shall be protected by at least a Class A Fire Door installed in a masonry wall section.

13. PROTECTION CLASS

A. The protection class listings in the Public Protection Classification manual apply to risks insured under Options Homeowner Policies.

B. Single Class Areas

In a classified area where the primary responding fire department has a single classification (e.g. 6), use the designated classification for all properties located within the classified area. The property must be located within five miles of the responding fire department.

If the risk is located in PC 8b, Rate as a PC9.

C. Multiple Class Areas

In a classified area where two or more classifications are shown for the primary responding fire department, (e.g. 6/9), the classification is determined as follows:

Distance to Primary Responding Fire Department	Protection Class
5 road miles or less and within 1,000 feet of a hydrant	Use the first class shown (e.g. 6/9), use 6
5 road miles or less and over 1,000 feet to hydrant	Use class 9
Over 5 road miles	10

ARKANSAS HOMEOWNER OPTIONS MANUAL

General Rules Section

14. PROTECTED SUBURBAN CLASSES

The Protected Suburban Rule may be applied to risks located in class 9 as determined by the Insurance Service Office. The protection class is based on the fire department which is the primary responding department. Back-up or secondary fire departments are not eligible for the Protected Suburban Rule. Refer to the Underwriting Guidelines for Eligibility Requirements.

Protection Class of Primary Responding Fire Department**	Identify on Application as "1" followed by the Primary Responding Fire Department Class	Will be rated as class:
1-4	11-14	7
5	15	7
6	16	7
7	17	7
8	18	8
9**	19	9

Dwellings currently classified as protection class 8b, 9 or 10 but located within 1,000 feet of a fire hydrant and within five miles travel distance over paved roads of the primary responding fire department are identified on the application as a class 18 and will be rated as a class 8.

Class 10 dwellings located within five miles driving distance over all-weather roads of the primary fire department are identified on the application as a class 19 and will be rated as class 9.

**If any part of a platted subdivision is within the required 5 miles, all property in the subdivision shall be considered as being within the required 5 miles therefore making PC 9's eligible for Protected Suburban Rating under this rule.

As of 11/15/2009, PC 10's are no longer eligible for Protected Suburban class.

15. PREMIUM DETERMINATION

Factors and rates for optional coverages are located in the homeowner manual. All other factors and rates are located within the rate document.

ARKANSAS HOMEOWNER OPTIONS MANUAL

Credits/Discounts/Charges

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ARKANSAS HOMEOWNER OPTIONS MANUAL

Credits/Discounts/Charges

1. AGE OF DWELLING DISCOUNT

Under the ESTATES, DEFENDER or SECURGARD options, for policy forms HO 0003 or HO 0005 the following premium credits apply to newer dwellings:

Age of Dwelling	Discount Percentage
0	25%
1	23%
2	21%
3	19%
4	17%
5	15%
6	13%
7	11%
8	9%
9	6%
10	3%
11+	0%

To determine the credit: Age of dwelling equals the current year minus the year the home was completed.

2. AUTO/HOME DISCOUNT

This credit is available to insureds that have both an automobile and homeowner policy written with State Auto Insurance Companies. While the application of this plan is relatively simple, we have outlined below a number of rules and requirements that apply to our various programs.

A. Credit

The credit is 15% of the base premium.

B. Eligibility

All HO 0003, HO 0004, HO 0005 and HO 0006 policies are eligible for the Auto/Home Discount, although there are a number of requirements in addition to our normal underwriting rules:

1. Primary and Secondary residences are eligible to receive the discount.
2. Private passenger autos written under a State Auto National policy will enable eligible homeowners to qualify for the discount.

Note: Any homeowner's policy, except HO 0004 and HO 0006 policies with Coverage C less than \$20,000 will qualify an eligible auto policy for the discount.

ARKANSAS HOMEOWNER OPTIONS MANUAL

Credits/Discounts/Charges

2. AUTO/HOME DISCOUNT (CONT'D)

C. Processing Instructions

1. New Applications

When a homeowner application is submitted that is eligible for the Auto/Home Discount, indicate in the Rating Credits area of the application under "other". Include the policy number of the corresponding auto risk.

2. Agent Issued Policies

Indicate on the daily and accompanying applications, the policy number for the corresponding policy.

EXAMPLE: Homeowner Policy – A/H DISCOUNT AAR X XXX XXX

3. Mid-Term Changes to Existing Policies

The Auto/Home Discount may be added to existing business as of the effective date of supporting coverage.

A change request for each policy, with the corresponding policy number shown, must be submitted.

4. Cancellation of a Policy With Auto/Home Discount

When one of the two policies with a discount applying is canceled, the Homeowner policy will be set up to remove the discount at the next renewal.

5. Declarations Pages

When the Auto/Home Discount credit applies, the annual amount of the credit will be displayed on the declarations page of the policy.

3. CLASS 4 AND TILE, CONCRETE OR SLATE ROOF DISCOUNT

Roof Discount

Risks may be eligible for one of the following discounts:

A. Class 4 Roof - A discount of 5% applies to all policies whose roofs are covered with Class 4 Impact Resistant Roofing Materials. To be eligible for the discount the roof must meet the following requirement:

1. Roof must be less than 15 years old.
2. Proof must be sent in at the time the discount is applied. Proof would consist of an invoice showing the UL ranking or an inspection (at the insured's expense) by a reputable roofing company.
3. This discount does not apply to HO 0004 and HO 0006 policies.

Class 4 Roof – Underwriters Laboratories (UL) ranks roofing material from Class 1 to Class 4 based on its resistance to various sized steel balls being dropped from various heights. Class 4 roofing material meets the UL standard for impact resistance based on a steel ball two inches in diameter being dropped from a height of 20 feet. Class 4 shingles use six fasteners per shingle (in high wind areas), have a 102 mile per hour wind warranty and a 30 to 40 year limited warranty depending on the type of shingle selected.

..B. Tile, Concrete, or Slate Roof – A discount of 5% applies to policies in which the portion of the roof covering the living area of the dwelling is made entirely of clay, concrete, cement-fiber or slate. This discount does not apply to HO 0004 and HO 0006 policies.

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Credits/Discounts/Charges

4. DEDUCTIBLES

A. Deductible Options

The following deductible options are available:

All Forms		
Flat Deductible	Credit/Surcharge	Maximum Dollar Credit
\$500	None	N/A
\$1,000	-8%	\$200
\$1,500	-12%	\$275
\$2,000	-16%	\$325
\$2,500	-20%	\$400
\$5,000	-30%	\$675
☛\$7,500	-37%	\$850

B. Windstorm or Hail Deductibles – FI 187

All Forms except HO 0004

To compute the premium, multiply the BASE PREMIUM by the factor listed below for the deductible amounts selected:

All Other Perils Deductible Amount	☛ALL PROGRAMS WINDSTORM OR HAIL DEDUCTIBLE FACTOR				
	\$1,000	\$1,500	\$2,000	\$2,500	\$5,000
\$500	.97	.96	.95	.94	.91
\$1,000	N/A	.91	.90	.89	.86
\$1,500	N/A	N/A	.87	.86	.83
\$2,000	N/A	N/A	N/A	.83	.81
\$2,500	N/A	N/A	N/A	N/A	.78

☛NOTE: A minimum \$1,000 wind/hail deductible is required for forms HO 0003, HO 0005 and HO 0006.

5. FINANCIAL STABILITY RATING

The option of this discount or surcharge is based on the insurance score ranking of the insured. The company will use mutually exclusive characteristics to assign tier levels to each new business risk.

ARKANSAS HOMEOWNER OPTIONS MANUAL

Credits/Discounts/Charges

6. LOSS EXPERIENCE RATING

The loss experience rating incorporates the number of losses with the length of time the insured has been with the company. A loss experience surcharge will apply to all programs based on a rolling three (3) year experience period as follows:

Number of Losses in the Last Three Years	0-9 years with State Auto	10 Plus Years with State Auto
1 loss	+15%	0%
2 losses	+40%	+25%

•...Apply the applicable percentage to the rate based on the number of losses the insured has had in the past three years. Surcharges only apply to losses for which any company has incurred costs in excess of \$1,000 and do not apply for catastrophes or weather related losses.

•...First losses of the following types will not result in a surcharge on policies written on renewed after 11/15/2009: Weight of Ice/Snow, Sinkhole, Riots/Civil commotion, Medical Payments or Mine Subsidence.

•...Claims submitted under the Prime of Life plan or HomeXtendedSM coverages will not be surcharged regardless of the number of claims.

Watercraft losses that are surcharged will be applied to the watercraft premium.

7. NUMBER OF FAMILY RATING

Apply the following factor to develop the base premium for a 3 or 4 family dwelling:

Number of Families	Factor
1 or 2	1.00
3	1.50
4	1.55

8. PRIME OF LIFE HOMEOWNERS DISCOUNT

Prime of Life Extra Value Coverages

The Prime of Life Plan affords extra value coverages provided by endorsement FI 199 for insureds **ages 45 and older**. It applies to policy forms HO 0003, HO 0005 and HO 0006 with Coverage C of \$20,000 or more that qualify for the Auto/Home Discount. Form FI 199 applies.

Prime of Life Discount

•...A discount is available to the named insureds and/or spouse who are at least **50 years of age or older** and their homeowner policy is part of an Auto/Home Discount account. This discount applies to the HO0003, HO0005 and HO0006 forms that are a part of an Auto/Home Discount account.

A. Credit

This credit is applied to the otherwise applicable annual base premium.

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Credits/Discounts/Charges

8. PRIME OF LIFE HOMEOWNERS DISCOUNT (CONT'D)

- 3% discount for named insured ages 50-54.
- 5% discount for named insured ages 55 and older.

B. Eligibility

In order for the Prime of Life Discount to apply, all new homeowners applications must be submitted concurrently with the personal automobile application or the personal automobile policy must concurrently be written with State Auto. No trial applications will be accepted, and the personal auto applications must meet all of our underwriting requirements to qualify for the discounts.

This credit is available for all HO 0003 and HO 0005 forms in all policy options and HO 0006 policy forms with Coverage C limit of \$20,000 or greater written in any policy option (ESTATES, DEFENDER or SECURGARD).

HO 0004 tenant homeowner forms do not qualify for the discount.

Primary and Secondary residences are eligible.

NOTE: Any homeowner's policy, except HO 0004 and HO 0006 policies with Coverage C less than \$20,000 will qualify an eligible auto policy for the discount.

C. Processing Instructions

1. New Applications

When homeowner applications are submitted that are eligible for the Prime of Life Homeowner Discount, the discount will be automatically applied to the policy. **PLEASE INDICATE IN THE APPLICANT INFORMATION SECTION OF THE ACORD™ APPLICATION THE DATE OF BIRTH AND SOCIAL SECURITY NUMBER FOR THE NAMED INSURED AND SPOUSE.**

2. Cancellation of a Policy With Prime of Life Discount

When one of the two policies receiving the Prime of Life Discount is canceled, the credit will be automatically removed from the remaining policy at the next renewal date.

3. Declarations Pages

When the Prime of Life Discount credit applies, the percentage will be displayed on the declarations page of the policy.

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Credits/Discounts/Charges

9. PROTECTIVE DEVICE CREDITS

The following premium credits may be allowed for the installation of an approved and properly maintained burglar alarm, fire alarm or sprinkler system in the dwelling:

PROTECTIVE DEVICE CREDITS		
TYPE CODE	PROTECTIVE DEVICE DESCRIPTION	DISCOUNT PERCENT
I	Central Station Burglary Alarm System	5%
J	Central Station Fire Alarm System	5%
K	Burglary Alarm System That Alerts the Police Department	3%
M	Fire Alarm System That Alerts the Fire Department	3%
N	Burglary and/or Fire Local Alarm System Including UL Approved Smoke Detector Devices	2%
O	Sprinkler System In All Areas Including Bathrooms, Attics and Attached Structures	13%
Q	Sprinkler System With Sprinklers Totally or Partly Omitted in Bathrooms, Closets, Attics and Attached Structures and With Fire Detectors In All Areas Where the Sprinkler is Omitted	8%

The total credit applies to the adjusted base policy premium derived from the basic premium charts and the Scheduled Personal Property premium for each class.

Note: Identify the type of device on the homeowner application.

Maximum Credit – The maximum credit for Protective Devices is 20% for both the Base Policy Premium and Scheduled Personal Property Premium.

10. SOLID FUEL HEATING DEVICE SURCHARGE

A surcharge of \$50 will be added to all policies with an acceptable solid fuel heating device. This would include wood, corn, pellet, coal stoves and other similar solid fuel units and fireplace inserts.

The surcharge will be added to the premium in the same rating steps as an optional endorsement.

This applies to all forms.

11. SUPERIOR CONSTRUCTION – ALL FORMS

The premium for an eligible dwelling or apartment unit in a building of superior construction is computed by multiplying the masonry BASE PREMIUM for a comparable dwelling or apartment unit by a factor of .85.

Refer to the Construction Definitions page in this manual for details.

ARKANSAS HOMEOWNER OPTIONS MANUAL

Credits/Discounts/Charges

12. TOWNHOUSE/MULTI FAMILY SURCHARGE

- A. All forms except HO 0004 and HO 0006
- B. A multiple family townhouse or row-house is *not eligible for coverage if the structure has a flat roof.*
- C. The premium for an eligible one, two, three or four family dwelling in a town or row house structure is computed by multiplying the BASE PREMIUM by the appropriate factor below:

TOWNHOUSE/ROWHOUSE FACTORS		
Total Number of Individual Family Units Within The Fire Division	Protection Class	
	1-8	9 and Protected Suburban
1 and 2	1.00	1.00
3 and 4	1.10	1.15
5 to 8	1.25	1.30
9 and over	1.35	1.40

Note:

An eligible two family owner-occupied dwelling attached to a one family dwelling but not separated by a fire wall would be considered 3 individual family units within a fire division. An eligible four family dwelling attached to a three family dwelling but not separated by a fire wall would be considered 7 individual family units within a fire division. Four 2 family dwellings not separated by fire walls would be considered 8 individual family units.

13. UTILITY UPDATE CREDIT

- A. Available for forms HO 0003 and HO 0005 only.
- B. For new business, or for renewal business after the home no longer qualifies for the age of dwelling discount, the insured may begin to qualify for a discount of up to 4% per utility for plumbing, electrical and the heating and cooling systems if there have been extensive updates made to those systems within the past seven (7) years. If components of any utility were updated in different years, the premium adjustment is based on the earliest year in which any one of the components of the utility was updated.
- C. The following guidelines must be met in order to qualify for the credit (All utility updates must meet current building code requirements):
 - PLUMBING** – Improvements include the installation of all new water lines within the structure, including plumbing fixtures, traps, pumps, holding tanks and hot water heater.
 - ELECTRICAL** – Improvements include the installation of a new, approved circuit breaker service box, fixtures, receptacles and wiring (aluminum wiring is not acceptable).
 - HEATING AND COOLING** – Improvements include the installation of a new heating plant, including burner, boiler, fans, coupling valves, safety switches or connectors, radiator and baseboard units and compressors on central air conditioning systems.

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Credits/Discounts/Charges

13. UTILITY UPDATE CREDIT (CONT'D)

D. Rehabilitated Home Certification Form – FI 249 must be completed, signed by the agent and insured and submitted with the application before this discount is permitted.

UTILITY UPDATE CREDIT			
Years Since Heating and Cooling Update	Years Since Electrical Update	Years Since Plumbing Update	Discount Per Utility
0	0	0	4%
1	1	1	4%
2	2	2	3%
3	3	3	3%
4	4	4	2%
5	5	5	2%
6	6	6	1%
7	7	7	1%
8 and above	8 and above	8 and above	0%

Note: The total Utility Update Credit is the sum of all applicable update utility discount percentages.

14. HOME PURCHASE DISCOUNT

This credit is available to any new homeowner policy where the insured has newly purchased their home, for a policy effective on or after 08/19/07 that meets the following requirements:

Eligibility

- For new business, the home must be purchased within the last twelve months prior to the effective date of the policy.
- Renewal policies will qualify only if they received the discount when the policy was newly issued and have had continuous coverage under State Auto.
- The discount applies to HO 0003 and HO 0005 policies only.
- Primary residences only are eligible for the discount.

The credits listed below apply to eligible policies:

Policy Age	Credit
• New Policy	8%
1 st Renewal	8%
2 nd Renewal	6%
3 rd Renewal	4%
4 th Renewal	2%
5 th Renewal +	0%

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Optional Coverages

14. BUILDING ADDITIONS AND ALTERATIONS HO 0449 AND HO 0451

A. All Forms – Building Additions and Alterations at Other Residence – HO 0449

When the policy is extended to provide this coverage at residences other than the residence premises, rented to an insured, the premium per \$1,000 of insurance shall be the HO 0004 Basic Premium at \$30,000 Coverage C multiplied by the “Each Additional \$10,000” factor then times 0.10. Financial Stability Rating applies to this coverage.

B. Form HO 0004 – Building Additions and Alterations Increased Limits – HO 0451

When the limit of liability of 10% of Coverage C is increased, the premium per \$1,000 of insurance shall be the HO 0004 Basic Premium at \$30,000 Coverage C multiplied by the “Each Additional \$10,000” factor then times 0.10. Financial Stability Rating applies to this coverage. Use form HO0451 to insure other structures on the residence premises for which a tenant has ownership.

15. BUSINESS PROPERTY/COMPUTER EQUIPMENT – INCREASED LIMITS – FI 0412

- A.** The \$2,500 limit of liability for business property on the residence premises may be increased to \$10,000 in increments of \$2,500.

The limit of liability in excess of \$2,500 does not apply to:

1. Business property in storage or held as a sample or for sale or delivery after the sale;
2. Business property pertaining to a business actually conducted on the residence premises. This exposure can be covered by the **HO 0442 – Permitted Incidental Occupancies endorsement**.

- B.** When the on premises limit is increased, the off premises limit for computer equipment is automatically increased, at no additional premium charge, to an amount equal to the on premises limits for business property.
- C.** When the on premises limit is increased, the off premises limit, other than computer equipment, is automatically increased at no additional premium charge to an amount that is 20% of the total on premises limit of liability.
- D.** The premium for each \$2,500 increase in coverage is \$25.

Note: This endorsement is not available with the FI 280AR, FI 281AR or FI 282AR forms since coverage is already provided at the maximum limit under those forms.

16. BUSINESS PURSUITS – HO 2471

Coverage may be provided for the liability of the insured arising out of business activities. Coverage is excluded if the insured owns the business, is a partner or maintains financial control in or of the business.

Clerical Employees			
Personal Liability (Coverage E)		Medical Payments (Coverage F)	
Limit	Premium	Limit	Premium
\$100,000	\$6	\$1,000	Included
\$200,000	\$7	\$2,000	\$1
\$300,000	\$8	\$3,000	\$2
\$400,000	\$9	\$4,000	\$3
\$500,000	\$9	\$5,000	\$4
\$1,000,000	\$10		

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Optional Coverages

18. CREDIT CARD, ELECTRONIC FUND TRANSFER CARD OR ACCESS DEVICE, FORGERY AND COUNTERFEIT MONEY HO 0453

When the limit of liability afforded under the policy is increased, the additional premium shall be developed as follows:

NEW LIMIT OF LIABILITY	ADDITIONAL PREMIUM PER POLICY OPTION		
	SECURGARD OPTION	DEFENDER OPTION or FI 264AR SECURGARD PLUS OPTION	ESTATES OPTION
\$1,000	\$1	Included	Included
\$2,500	\$2	\$1	Included
\$5,000	\$3	\$2	Included
\$7,500	\$4	\$3	Included
\$10,000	\$5	\$4	Included

Note: This endorsement is not available with endorsements FI 280AR; FI 282AR or FI 281AR since the maximum credit card coverage is already provided in the forms.

19. EARTHQUAKE COVERAGE FI 0454

This peril shall apply to all Property Coverage Sections for the same limits provided in the policy. The following conditions must be met in order to provide coverage:

1. A minimum deductible of 15% of the policy limit applies to Zone 2, a minimum deductible of 10% of the policy limit applies to Zone 3 and a 5% applies to all other zones. (See Higher Deductibles for credit)
2. The premium is fully earned upon adding the coverage to the policy.

ESTATES – HO 0005, HO 0006 and HO 0004									
The premium for each \$1,000 of insurance shall be developed by applying the following factors:									
EQ ZONES:	CONSTRUCTION								PREMIUM BASIS
	FRAME				ALL OTHER				
	2	3	4	5	2	3	4	5	
HO 0005	0.94	0.49	0.49	0.49	1.68	1.20	1.20	1.20	Coverage A Limit
Other Structures*	0.63	0.30	0.30	0.30	0.93	0.67	0.67	0.67	Increased Amount Only
Coverage C Increase	0.63	0.30	0.30	0.30	0.93	0.67	0.67	0.67	Increased Amount Only
HO 0006	0.95	0.45	0.45	0.45	1.40	1.01	1.01	1.01	Coverage C Limit
Other Structures*	0.63	0.30	0.30	0.30	0.93	0.67	0.67	0.67	Increased Amount Only
Coverage A	0.63	0.30	0.30	0.30	0.93	0.67	0.67	0.67	Coverage A Limit
HO 0004	0.82	0.39	0.39	0.39	1.21	0.87	0.87	0.87	Coverage C Limit
Other Structures	0.63	0.30	0.30	0.30	0.93	0.67	0.67	0.67	Increased Amount Only

Note: If coverage is not purchased the ACORD 67AR form must be signed and attached with the application.

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20. FARMERS PERSONAL LIABILITY -- HO 2473

The Homeowners policy may be endorsed to provide coverage for an incidental farming exposure on or away from the residence premises.

A. General Underwriting Guidelines -- Each of the following guidelines must be met in order to warrant further consideration as an incidental farming exposure for coverage in personal lines:

1. The total area of all land used for farming and related purposes must not exceed 25 acres.
2. The insured must not sell or trade more than 25% of the products raised in the farm operations.
3. The farm activity must involve no employees.

If the preceding general guidelines are met, the following specific rules regarding eligibility must be followed in order to provide coverage.

B. Eligible Risks

1. The entire farming operation, including all buildings, machinery and vehicles, must be located on the insured farming location.
2. Due to the exclusion in the basic homeowners policy for other structures used in whole or in part for business purposes, coverage for all outbuildings used in conjunction with the farming activities must be specifically scheduled on the HO 0448 Other Structures Endorsement. Because Coverage B does not apply, the entire value of the outbuilding must be shown on the endorsement.
3. All barns, outbuildings and other structures must be in good condition. The most preferred outbuildings would be fully enclosed with no open sheds attached; be constructed of continuous mortared masonry or concrete under all exterior walls; and contain noncombustible floors throughout the building, such as earth, concrete, gravel, sand, cinders, asphalt, bricks, blacktop or tile.
4. Photographs are required for all buildings on the property, whether or not insurance is provided. If there are more than three buildings on the property, a diagram is also required that must show all buildings on the property, whether insured or not, and must properly identify each building's size, location and the distance in feet between buildings.

C. Ineligible Risks

1. Truck farms involving labor-intensive crops such as vegetables, berries, cherries or nuts; short harvest periods in which farm activity is heightened; and an increased option of transporting crops to the market.
2. Vacant or unoccupied farms, or farms not operated by the named insured unless they are tenant operated under the insured's supervision or contract management.
3. Property containing buildings that are in poor condition, obsolete, or have little value with respect to the present operations or use of the land.
4. Farming operations where the primary activity is manufacturing or processing, or farms with storage facilities not normally included in a farming operation of that size.

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Optional Coverages

..20. FARMERS PERSONAL LIABILITY -- HO 2473 (CONT'D)

5. Farming operations where the principal activity is supplying commodities for manufacturing or processing, or the principal activity is processing by the insured for sale to others, such as creameries or dairies; and farms operating freezing or dehydrating plants.
6. Farming operations involving the raising, boarding, training or use of animals for riding, racing or show purposes.
7. Farms that allow the public to pick their own produce.
8. Youth camps, vacation farms, bed and breakfast operations, dude or guest ranches, or property with barns used for public dances.
9. Properties involving auction sales of livestock and farm products.
10. Hunting or fishing camps commercially operated for the general public.
11. Greenhouses, unless they are incidental to the residence and contain a total area less than 400 square feet.
12. Farming operations involving the raising of poultry.
13. Farms classified as commercial hatcheries.
14. Commercial milling operations.
15. Custom crop drying operations within buildings.
16. Fur-bearing animal farms (e.g. mink, fox, and rabbit).

D. Premium

1. Farms Owned and Operated by the insured.

Initial Farm Premises and Each Additional Farm Premises					
Personal Liability (Coverage E)			Medical Payments (Coverage F)		
Limit	Initial Farm Premium	Additional Farm Premium	Limit	Initial Farm Premium	Additional Farm Premium
\$100,000	\$45	\$15	\$1,000	Included	Included
\$200,000	\$53	\$18	\$2,000	\$3	\$1
\$300,000	\$60	\$20	\$3,000	\$6	\$2
\$400,000	\$64	\$21	\$4,000	\$9	\$3
\$500,000	\$67	\$22	\$5,000	\$11	\$4
\$1,000,000	\$78	\$26			

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Optional Coverages

20. FARMERS PERSONAL LIABILITY -- HO 2473 (continued)

2. Farms Owned by Insured and Rented to Others

Each Farm Premises*			
Personal Liability (Coverage E)		Medical Payments (Coverage F)	
Limit	Premium	Limit	Premium
\$100,000	\$15	\$1,000	Included
\$200,000	\$18	\$2,000	\$1
\$300,000	\$20	\$3,000	\$2
\$400,000	\$21	\$4,000	\$3
\$500,000	\$22	\$5,000	\$4
\$1,000,000	\$26		

*The Coverage E and Coverage F charge apply separately to each Farm Premises.

3. Livestock Limited Mortality Coverage – FI 0452

\$400 limit per animal

Estimated Head Of Livestock	Premium
1 but not more than 100	\$10
101 but not more than 250	\$20
251 but not more than 500	\$30
501 but not more than 1,000	\$40

4. Farm Employees – Coverage is not available

21. FIRE DEPARTMENT SERVICE CHARGE – FI 55

The limit provided in the basic ISO contracts is \$500. If you purchased the FI 280AR, FI 281AR, FI 282AR, FI 270AR, FI 271AR, FI 272AR or the FI 264AR, the coverage was automatically increased to \$1,000. The limit provided, regardless of form selected, may be increased. The premium shall be \$1.80 per \$100 of increase.

22. HOME BASED BUSINESS -- FI 211 AND FI 212

See separate Home Based Business section in your manual for rules and rates.

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Optional Coverages

23. HomeXtendedSM COVERAGES ENDORSEMENT -- EX199

- A. Coverage Eligibility** – This package of coverages can be endorsed on any homeowner form (HO0003, HO0004, HO0005, HO0006) and is available to all insureds, except those that qualify for the Prime of Life Plan. If this endorsement is on the policy when the insured becomes eligible for the Prime of Life plan, the endorsement will automatically be removed from the policy and the Prime of Life will be added effective at renewal.
- B. Coverage Description** – A package of coverages including the following:
1. Guaranteed coverage for cellular phones;
 2. Coverage up to \$500 for a Global Positioning System (GPS) that is owned by an “insured” or “family member” ;
 3. Coverage for Rented Golf Cart – Physical Damage up to \$3,000;
 4. Computer – Personal Records Coverage up to \$1,500;
 5. Personal Property Business Use Coverage up to \$5,000;
 6. An additional limit of \$10,000 for identity Fraud Expense ;
 7. False Alarm Coverage up to \$1,000;
 8. Fire Extinguisher Coverage up to \$250;
 9. Personal Property Business Use Coverage up to \$5,000 subject to the;
 10. Coverage for added Mortgage & Related Expense coverage paying up to \$1,000 in acquisition costs for title search, appraisal fees and application fees as a result of a total loss to the property and up to \$2,000 per year for the difference in interest rate based on the balance owed on the current primary mortgage at the time of the loss and at the terms of the current primary mortgage;
 11. Volunteer Wrongful Acts Liability Coverage up to \$25,000.
- C. Rate - \$20 per annual premium.**
- D. Endorsement** – Attach the HomeXtendedSM Coverages Endorsement, **EX199**.

Note: The EX199 may not be applied to policies that are eligible and receiving the Prime of Life Plan.

24. HOME DAY CARE COVERAGE HO 0497

Eligible Risks

The policy may be endorsed to provide Property and Liability coverage arising from a home day care business for 1 to 3 children (other than the insured’s children) in the dwelling or in an other structure on the residence premises.

Ineligible Risks

If the day care business involves the care of adults or more than three children, it is **not eligible** for coverage.

A. Property Coverage

1. Other Structures

If the home day care business is located in another structure, Coverage B does not apply to that structure unless this coverage is indicated on the HO 0497 endorsement.

If the business is located in an other structure, charge \$5 per \$1,000 of specific insurance on the structure.

2. Contents

The HO 0497 endorsement provides coverage for that property of the permitted business up to the Coverage C limit. However, the HO 0497 does not increase the Coverage C limit. If increased Coverage C limits are desired, refer to the Increased *Limits on Personal Property* section of this manual.

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Optional Coverages

24. HOME DAY CARE COVERAGE HO 0497 (Continued)

B. Liability Coverage

This endorsement provides for an annual aggregate limit of liability for Personal Property – Coverages E and Medical Payments – F combined. The limit for Medical Payments is subject to the sub limit of liability which applies per person/per accident and *does not increase* the aggregate limit of liability.

Home Day Care Coverage – HO 0497			
1 to 3 children, other than insured's children, receiving day care services			
Personal Liability (Coverage E)		Medical Payments (Coverage F)	
Limit	Premium	Limit	Premium
\$100,000	\$100	\$1,000	Included
\$200,000	\$117	\$2,000	\$5
\$300,000	\$133	\$3,000	\$10
\$400,000	\$143	\$4,000	\$15
\$500,000	\$149	\$5,000	\$19
\$1,000,000	\$173		

25. IDENTITY FRAUD EXPENSE COVERAGE – HO 0455

A. Coverage Description

Identity Fraud is the act of knowingly transferring or using, without lawful authority, a means of identification of another person with the intent to commit, or to aid or abet another to commit, any unlawful activity that constitutes a violation of law.

Identity Fraud Expense Coverage endorsement provides \$15,000 of coverage to pay for expenses incurred by an insured as a direct result of any one identity fraud first discovered or learned of during the policy period. Such expenses include the costs for:

- Notarizing fraud affidavits or similar documents.
- Certified mail sent to law enforcement, financial institutions or credit agencies.
- Lost income resulting from time taken off work to meet with or talk to law enforcement or credit agencies up to a maximum of \$200 per day or \$5,000 aggregate.
- Loan application fees for re-applying for a loan when the application is rejected solely because the lender received incorrect credit information.
- Reasonable attorney's fees incurred to defend lawsuits brought against the insured and to remove criminal or civil judgments.

B. Limit of Liability

Up to \$15,000 coverage will be provided for the identity fraud of an insured discovered or first learned of during the policy period.

C. Deductible

A \$250 deductible applies to this coverage. No other deductible applies to identity fraud expense coverage.

D. Endorsement

Identity Fraud Expense Coverage, HO 0455, is a mandatory endorsement attached to all homeowners forms. This endorsement provides complete details on coverages, definitions and additional policy conditions applicable to this coverage.

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Optional Coverages

26. INCIDENTAL LOW POWER RECREATIONAL MOTOR VEHICLE COVERAGE – HO 2413

- A. The policy may be endorsed to provide liability coverage for certain types of recreational motor vehicles that cannot exceed a speed of 15 mile per hour on level ground. However, even with the endorsement there is no coverage for such vehicles if, at the time and place of an occurrence, the involved vehicle:
1. Is registered for use on public roads or property;
 2. Is not registered for use on public roads or property, but such registration is required by law, or regulation issued by a government agency, for it to be used at the place of an “occurrence”; or
 3. Is being:
 - a. Operated in, or practicing for, any prearranged or organized race, speed contest or other competition;
 - b. Rented to others;
 - c. Used to carry persons or cargo for a charge; or
 - d. Used for any “business” purpose except for motorized cart while on a golfing facility.
- B. The following may not be covered:
1. Motorized bicycles;
 2. Motorized golf carts; or
 3. Mopeds
- C. Read the endorsement for conditions of coverage applying to eligible motor vehicles.
- D. Premium –Select the appropriate premium for liability and medical payments from the chart on the next page.
- E. This endorsement is not available with forms FI 280AR, FI 281AR, FI 282AR, FI 270AR, FI 271AR, FI 272AR or FI 264AR since coverage is automatically provided under those endorsement forms.

Incidental Low Power Recreational Motor Vehicle Coverage			
Personal Liability (Coverage E)		Medical Payments (Coverage F)	
Limit	Premium	Limit	Premium
\$100,000	\$40	\$1,000	Included
\$200,000	\$47	\$2,000	\$1
\$300,000	\$53	\$3,000	\$2
\$400,000	\$57	\$4,000	\$3
\$500,000	\$60	\$5,000	\$4
\$1,000,000	\$69		

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Optional Coverages

27. COMMON CONSTRUCTION LOSS SETTLEMENT- FI248, SPECIAL SETTLEMENT- HO 0456

The standard Homeowners policy provides dwelling loss settlement on a replacement cost basis if the Coverage A limit of liability represents at least 80% of replacement value. If the applicant desires a Coverage A limit of liability less than 80% of the replacement value, we have two options available.

A. Common Construction Loss Settlement – FI 248

The replacement cost loss settlement may be replaced with Common Construction Loss Settlement FI 248. By use of this endorsement, the insured can select a Coverage A amount as low as 20% of replacement and as high as 70% of replacement in increments of 10%. There will be a corresponding premium savings.

The Coverage A limit of liability representing the reduced percentages of replacement value will be shown in the policy declarations. *Inflation percentage increases apply to risks with this coverage.*

To develop the premium for the Coverage A limit of liability shown in the policy declarations:

1. Multiply the Coverage A limit of liability by the appropriate factor from the table below and round to the nearest \$1,000.

Percentage of Replacement Value Selected	Factor
70%	1.14
60%	1.33
50%	1.60
40%	2.00
30%	2.67
20%	4.00

2. Determine the premium from the basic premium chart for the amount of insurance computed in step 1.

3. Multiply the premium determined in step 2 by the appropriate factor from the table below:

Percent of Replacement Value – Common Construction FI 248	Factor
70%	0.89
60%	0.87
50%	0.86
40%	0.84
30%	0.81
20%	0.77

B. Special Loss Settlement – HO 0456

If the applicant desires a Coverage A limit of liability less than 80% of the replacement value but still wants to retain the replacement cost loss settlement provision, they can do so by using the Special Loss Settlement HO 0456 endorsement. They will still be able to select their Coverage A limit from 20% to 70% to replacement as they do with the option A. above, but they retain the replacement cost loss settlement provision.

The Coverage A limit of liability representing the reduced percentage of the replacement value will be shown in the policy declarations. *Inflation percentage increases apply to risks with this coverage.*

To develop the premium for the Coverage A limit of liability shown in the policy declarations:

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27. COMMON CONSTRUCTION LOSS SETTLEMENT- FI248, SPECIAL SETTLEMENT- HO 0456 (Continued)

1. Multiply the Coverage A limit of liability by the appropriate factor from the table below and round to the nearest \$1,000.

Percentage of Replacement Value Selected	Factor
70%	1.14
60%	1.33
50%	1.60
40%	2.00
30%	2.67
20%	4.00

2. Determine the premium from the basic premium chart for the amount of insurance computed in step 1.
3. Multiply the premium determined in step 2 by the appropriate factor from the table below:

Percent of Replacement Value – Replacement Cost HO 0456	Factor
70%	0.99
60%	0.97
50%	0.95
40%	0.93
30%	0.90
20%	0.85

Note: The FI 248 and HO 0456 endorsements are not available with FI 280AR, FI 270AR, FI 281AR, FI 271AR, FI 282AR or FI 272AR forms.

28. LANDLORD'S FURNISHINGS – HO 0546

- A. Basic Limit-**Forms HO 0003 and HO 0005 automatically cover, on a named perils basis (except Theft), landlord furnishings in an apartment on the residence premises regularly rented or held for rental. The basic limit per apartment is \$2,500.
- B. Increased Limit-**The basic limit of \$2,500 may be increased in increments of \$500 up to a total of \$10,000 per apartment. The increased limit applies to the same perils that applies to the basic limit and may vary by rented unit.
- C. Premium-**charge applies on an apartment or unit basis as shown below.

Form HO 0003 -- \$1.00 per \$500 of increase per unit
Form HO 0005 -- \$1.50 per \$500 of increase per unit

Note: Coverage is available with the HO 0003 and HO 0005 forms only.

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29. LIVESTOCK LIMITED MORTALITY COVERAGE – FI 0452

A. Livestock Limited Mortality Coverage – FI 0452

Coverage may be provided on a named peril basis for livestock owned by the insured. Livestock is defined as cattle, sheep, swine, goats, horses, mules, donkeys, alpacas and llamas.

B. There is a maximum \$400 limit per animal.

C. No deductible applies.

D. Premium

Estimated Head Of Livestock	Premium
1 but not more than \$100	\$20
101 but not more than \$250	\$40
251 but not more than \$500	\$60
501 but not more than \$1,000	\$80

30. LOSS ASSESSMENT COVERAGE HO 0435

A. Residence Premises

1. Coverage Description

The basic policy automatically provides, under Section I Additional Coverage and Section II Additional Coverage, a limit of \$1,000 each for assessments relating to the residence premises, excluding assessments resulting from the peril of earthquake. This basic limit is automatically increased to \$5,000 under the FI 264AR and all DEFENDER Endorsements, FI 270AR, FI 271AR and FI 272AR and \$10,000 under all ESTATES Endorsements-FI 280AR, FI 281AR and FI 282AR.

2. Higher Limits

The policy may be endorsed to provide a single additional amount of insurance to be applied to one or more assessments arising out of a single loss covered under:

- Either Section I Additional Coverage or Section II Additional Coverage; or
- Both Section I and Section II Additional Coverages.

3. Premium

Additional Amount Of Coverage	Premium
\$5,000	\$4
\$10,000	\$6
Each Additional \$5,000*	\$1
* Up to \$50,000 Additional Coverage	

B. Additional Locations

- The policy may be endorsed to provide loss assessment coverage pertaining to additional locations for the insured's share of loss assessments arising out of a single loss covered as noted in paragraph A.2.
- No more than 2 additional locations can be written in addition to the residence premises.

ARKANSAS HOMEOWNER OPTIONS MANUAL

Optional Coverages

30. LOSS ASSESSMENT COVERAGE HO 0435 (Continued)

3. Premium:

New Amount Of Coverage	Premium
\$1,000	\$5
\$5,000	\$9
\$10,000	\$11
Each Additional \$5,000*	\$1
* Up to \$50,000 Maximum Coverage	

31. LOSS ASSESSMENT EARTHQUAKE COVERAGE HO 0436

A. Loss Assessment Coverage- Earthquake HO 0436

When the policy is extended to cover loss assessment resulting from loss by earthquake, the Limit of Liability shall be based on the unit-owners proportionate interest in total value of all collectively owned buildings and structures of the condominium. There is a base deductible of 5% for earthquake coverage.

No more than two additional locations can be written in addition to the residence premises.

The following rate per \$1,000 of Insurance shall apply:

Earthquake Zone	Frame	All Other
2	0.75	1.40
3,4,5	0.40	1.00

Note: Coverage is not available unless Earthquake is provided on the primary residence.

B. Premium for Higher Deductibles

Develop the premium as follows:

1. Determine the premium for the 5% Base Deductible
2. Select the credit factor for the percentage deductible desired from the following table
3. Multiply the premium in Step (1) by the Factor selected in Step (2)

Deductible Percentage	Factor	
	Frame	All Other
10%	0.54	0.58
15%	0.47	0.54
20%	0.41	0.50
25%	0.34	0.48

32. LOSS OF USE – INCREASED LIMITS

When the limit of liability for Coverage D is increased, the premium shall be \$4 per \$1,000 of insurance.

Note: This coverage is not available with the FI 280AR, FI 281AR or FI 282AR endorsements since unlimited coverage is provided for up to one year.

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33. ORDINANCE OR LAW COVERAGE HO 0477

A. Basic Limit

The basic policy automatically provides up to 10% of the Coverage A limit of liability for forms HO 0003 and HO 0005; for Form HO 0004 -- 10% of the Building Additions and Alterations limit and for HO 0006, 10% of the coverage A limit; to pay for the increased costs necessary to comply with the enforcement of an ordinance or law.

B. Increased Amount of Coverage

The policy may be endorsed to increase the basic Ordinance or Law Coverage amount to accommodate the increased costs known or estimated by the insured for materials and labor to repair or replace the damaged property and to demolish the undamaged portion of damaged property and clear the site of resulting debris according to ordinance or law.

C. Premium Determination -- HO 0003 and HO 0005 Forms – One, Two, Three or Four Family

For forms HO 0003 and HO 0005, determine the Basic Premium for form HO 0003 for the territory, protection class and coverage amount that applies. Multiply this premium by the appropriate factor in the chart below, round to the nearest whole dollar and then apply the appropriate Financial Stability Rating Factor. The result is subject to the dollar minimum shown.

Percentage of Coverage A Cumulative Total Amount	Factor	Dollar Minimum
25%* DEFENDER Option and SECURGARD Option	0.05	\$30
50% DEFENDER Option and SECURGARD Option	0.14	\$80
50% ESTATES Option	0.09	\$50

*Estates Forms FI 280AR; FI 281AR and FI 282AR include the 25% limit built in.

D. Premium Determination – HO 0004 Form

1. The basic amount of coverage may be increased from the base 10% option to 25% or 50% for the SECURGARD or DEFENDER Options, or from the base 25% option for ESTATES to 50% of the Form HO 0004 Building Additions and Alterations limit.
2. The premium for this additional coverage is determined based on the dollar amount of the increase, represented by the increase percentage selected above the basic limit.
3. The premium for each additional \$1,000 of insurance shall be the HO 0004 premium for “Each additional \$10,000” shown in the basic premium charts times 0.10. Financial Stability Rating applies to this coverage.

E. Premium Determination for HO 0006 Form

1. The basic amount of coverage may be increased from the base 10% provided in the SECURGARD and DEFENDER Options to 25% or 50%; or from the base 25% provided in the ESTATES Option to 50% of the Form HO 0006 Coverage A limit.
2. The premium for this additional coverage is determined based on the dollar amount of the increase, represented by the increase percentage selected above the basic limit.
3. The premium for each additional \$1,000 of insurance shall be the HO 0006 premium for “Each additional \$10,000” shown in the basic premium charts times 0.10. Financial Stability Rating applies to this coverage.

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34. OTHER MEMBERS OF A NAMED INSURED HOUSEHOLD – HO 0458

- A. The policy provides coverage to named insureds, resident relatives who are members of the insured's household and persons under the age of 21 who are in the care of an insured.
- B. The policy may be endorsed to provide coverage to a person who is a member of the named insured's household but does not fall under the definition of insured in the policy. It does not cover a guest, residence employee, roomer, boarder or tenant. Coverage extends to the person named in the endorsement, and a person under the age of 21 who is in the legal custody of that person.
- C. All coverages and provisions under Section I and II of the policy that apply to insureds also apply to the person described in Paragraph 1, except Coverages A, B and D (Fair Rental Value only).
- D. **Premium**—The premium charge to extend coverage for Contents and Additional Living Expenses is \$8. For the increased exposure of Personal Liability and Medical Payments, please refer to the chart below.

Other Members Of A Named Insured Household – HO 0458 Liability and Medical Payments			
Limit	Premium	Limit	Premium
\$100,000	\$47	\$1,000	Included
\$200,000	\$55	\$2,000	\$1
\$300,000	\$63	\$3,000	\$2
\$400,000	\$67	\$4,000	\$3
\$500,000	\$70	\$5,000	\$4
\$1,000,000	\$81		

35. OTHER STRUCTURES

When insurance is written on a specific structure:

- For increased limits
- Rented to others for dwelling purposes
- Off premises structures

Note: The following coverages for Other Structures (other than HO0448) are available on all forms.

A. Other Structures – HO 0448 (Forms HO0003 and HO 0005 only)

Charge \$4 per \$1,000 of insurance

B. Structures Rented to Others – Residence Premises – HO 0440 (All Forms)

Rented to others for dwelling purposes – each structure is rated separately.

1. Property Coverage

Charge \$5 per \$1,000 of insurance

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35. OTHER STRUCTURES (continued)

2. Liability Coverage: See Chart Below

Structures Rented to Others – Residence Premises – HO 0440			
Limit	Premium	Limit	Premium
\$100,000	\$11	\$1,000	Included
\$200,000	\$13	\$2,000	\$1
\$300,000	\$15	\$3,000	\$2
\$400,000	\$16	\$4,000	\$3
\$500,000	\$16	\$5,000	\$4
\$1,000,000	\$19		

Note: *Coverage E and F are applied per structure

C. Specific Structures Away from the Residence Premises – HO 0492

This endorsement extends property and liability coverage to other structures away from the residence premises which are not used for business or held for rental. Other structures that may be covered includes items such as, but not limited to, permanently attached boat docks, boat lifts and outbuildings used to store equipment. Minimum coverage amount is \$5,000. A photo of the structure is required to verify its condition.

Charge \$7 per \$1,000 of insurance

36. OWNED MOTORIZED GOLF CART – PHYSICAL LOSS COVERAGE HO 0528

- A. The policy may be endorsed to provide coverage for physical loss to a motorized golf cart, including permanently installed accessories, equipment and parts, owned by an insured.

Also covered, for an amount equal to 10% of the limit of the highest scheduled cart, are accessories, equipment or parts designed or made solely for the cart that are **not** permanently installed provided such property is at an insured's residence or in or upon the cart if off the insured's residence at the time of loss.

Coverage for loss caused by *collision* is *optional* and only applies if declared on the schedule of the endorsement.

- B. **Eligibility**—To be eligible for coverage, the motorized golf cart shall be of the type designed to carry up to four people on a golf course for the purpose of playing golf and shall not have been built, or modified after manufacture, to exceed a speed of 25 m.p.h. on level ground.

Read the endorsement for all conditions of coverage.

- C. **Limit of Liability**—The limit of liability shall be selected by the insured. However, the limit should be representative of the actual cash value of the motorized golf cart including any permanently installed accessories, etc.

- D. **Deductible**—A deductible amount of \$500 applies separately to each involved golf cart and, separately to Section I Property Coverages if not in or upon a golf cart at the time of loss.

The \$500 deductible replaces any other deductible in the policy with respect to property covered under the endorsement.

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36. OWNED MOTORIZED GOLF CART – PHYSICAL LOSS COVERAGE HO 0528 (Continued)

E. Premium—Rate each cart separately using the premium per \$500 of insurance as follows:

Golf Carts **with** Collision \$11 per \$500 of insurance

Golf Carts **without** Collision \$6 per \$500 of insurance.

Note: This endorsement is not available with the FI 280AR, FI 281AR or FI 282AR endorsements since coverage is already provided in those forms.

37. PERMITTED INCIDENTAL OCCUPANCIES – RESIDENCE PREMISES HO 0442 and HO 2443

A. Permitted Incidental Occupancies – Residence Premises HO 0442

The policy may be endorsed to provide Property and Liability coverage on a permitted incidental business occupancy on the *residence premises* or in an *other structure* on the residence premises.

B. Permitted Incidental Occupancies – Other Premises – HO 2443

The policy may be endorsed to provide liability coverage for a permitted incidental business occupancy in an *other residence* occupied by the insured.

C. Eligibility

Please contact your Personal Lines Specialist for eligible/ineligible risks. The rates are shown below:

1. Property Coverage – Residence Premises – HO 0442

a. Other Structures

If the permitted business is located in another structure, Coverage B does not apply to that structure. Coverage is provided as indicated on the HO 0442 endorsement.

If the business is located in another structure, charge \$5 per \$1,000 of specific insurance on the structure. Each structure is rated separately.

b. Contents

The HO 0442 endorsement provides coverage for that property of the permitted business up to the Coverage C limit. However, the HO 0442 does not increase the Coverage C limit. If increased Coverage C limits are desired, refer to the *Increased Limits on Personal Property* section of this manual.

2. Liability Coverage – Residence Premises – HO 0442 and Other Residence – HO 2443

Note: Liability and Med Pay charges are only applied to the first structure rated under this endorsement.

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37. PERMITTED INCIDENTAL OCCUPANCIES – RESIDENCE PREMISES HO 0442 and HO 2443 (Continued)

Permitted Incidental Occupancies – Residence Premises – HO 0442			
Personal Liability (Coverage E)		Medical Payments (Coverage F)	
Limit	Premium	Limit	Premium
\$100,000	\$20	\$1,000	Included
\$200,000	\$23	\$2,000	\$5
\$300,000	\$27	\$3,000	\$10
\$400,000	\$29	\$4,000	\$15
\$500,000	\$30	\$5,000	\$19
\$1,000,000	\$35		

Note: Liability and Med Payment Charge for the HO 2443 is *applied separately to each structure* insured.

Permitted Incidental Occupancies – Other Residence – HO 2443			
Personal Liability (Coverage E)		Medical Payments (Coverage F)	
Limit	Premium	Limit	Premium
\$100,000	\$19	\$1,000	Included
\$200,000	\$22	\$2,000	\$3
\$300,000	\$25	\$3,000	\$6
\$400,000	\$27	\$4,000	\$9
\$500,000	\$28	\$5,000	\$11
\$1,000,000	\$33		

38. PERSONAL INJURY – HO 2482

- A. Liability coverage for Personal Injury to others, such as false arrest, malicious prosecution, wrongful eviction, slander, libel or violations of right of privacy, may be added to the Homeowners Policy.
- B. The premium is developed as follows:

Personal Injury Liability – HO 2482	
Personal Liability – Coverage E	Premium
\$100,000	\$14
\$200,000	\$16
\$300,000	\$19
\$400,000	\$20
\$500,000	\$21
\$1,000,000	\$24

- C. Do not use this form with FI 280AR, FI 270AR, FI 281AR, FI 271AR, FI 282AR, FI 272AR or FI 264AR since coverage is already provided.

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39. PERSONAL PROPERTY

A. Increased Limit

When the limit of liability for Coverage C is increased, the additional premium shall be developed as follows:

Form HO 0003 -- \$2 per \$1,000 of increase
Form HO 0005 -- \$3 per \$1,000 of increase

B. Increased Limits – Other Residences – HO 0450

Coverage for personal property at other residences is limited in the policy form to 10% of Coverage C or \$1,000, whichever is greater. This limit may be increased.

All Forms -- \$7 per \$1,000

C. Increased Special Limits of Liability-FI 0465 (named perils) or FI 0466 (open perils)

1. Money (increased limits)

The special limit on money may be increased in increments of \$50 to a maximum of \$1,000. The additional premium should be developed as follows:

Premium for each additional \$50 of insurance is \$3

Note: This option is not available under the ESTATES forms FI 280AR; FI 281AR and FI 282AR since coverage is already provided at the \$1,000 maximum.

Current Money Limit By Form			
Basic Contract	FI 264AR SECURGARD PLUS Coverage	DEFENDER Option FI 270AR, FI 271AR and FI 272AR	ESTATES Option FI 280AR, FI 281AR and FI 282AR
\$200	\$250	\$250	\$1,000

2. Securities (increased limits)

The special limit on securities may be increased to a maximum of \$5,000 in increments of \$100. The additional premium should be developed as follows:

Premium for each additional \$100 of insurance is \$4

Note: This option is not available under the ESTATES forms FI 280AR; FI 281AR and FI 282AR since coverage is already provided at the \$5,000 maximum.

Current Securities Limit By Form			
Basic Contract	FI 264AR SECURGARD PLUS Coverage	DEFENDER Option FI 270AR, FI 271AR and FI 272AR	ESTATES Option FI 280AR, FI 281AR and FI 282AR
\$1,500	\$2,000	\$2,000	\$5,000

3. Firearms (increased limits)

The special limit of liability for loss by theft of firearms may be increased to a maximum of \$6,500 in increments of \$100. The additional premium should be developed as follows:

Premium for each additional \$100 of insurance is \$3

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39. PERSONAL PROPERTY (CONT'D)

Current Firearms Limit By Form			
Basic Contract	FI 264AR SECURGARD PLUS Coverage	DEFENDER Option FI 270AR, FI 271AR and FI 272AR	ESTATES Option FI 280AR, FI 281AR and FI 282AR
\$2,500	\$2,500	\$2,500	\$5,000

4. Electronic Apparatus

The special limit of liability of an apparatus in or upon a motor vehicle or motorized land conveyance may be increased to a maximum of \$6,000 in increments of \$500.

The additional premium is \$10 per each additional \$500 in coverage.

The special limit of liability for an apparatus **not** in or upon a motor vehicle or motorized land conveyance that is away from the residence premises and used for business may be increased to a maximum of \$6,000 in increments of \$500.

The additional premium is \$10 per each additional \$500 in coverage.

Note: For electronic apparatus which is "computer equipment", the same limit that is afforded for business property off premises is also afforded to electronic apparatus which is used in business and off the residence premises. For details, see form(s) FI264AR, FI270AR, FI271AR, FI272AR, FI280AR, FI281AR and FI282AR.

Current Electronic Apparatus Limit By Form			
Basic Contract	FI 264AR SECURGARD PLUS Coverage	DEFENDER Option FI 270AR, FI 271AR and FI 272AR	ESTATES Option FI 280AR, FI 281AR and FI 282AR
\$1,500	\$1,500	\$1,500	\$2,000

D. Increased Limits – Theft, and Open Peril Coverage

1. Jewelry, Watches and Furs

The special limit of liability for theft of jewelry, watches and furs may be increased to a maximum of \$6,500. See contract and endorsements for maximum on any one article.

Jewelry, Watches and Furs						
Premiums Per Each Additional \$500 by Deductible						
\$500	\$1,000	\$1,500	\$2,000	\$2,500	\$5,000	\$7,500
\$4.00	\$3.50	\$3.33	\$3.17	\$3.00	\$2.50	\$2.25

Current Jewelry, Watches and Furs Aggregate Limit By Form			
Basic Contract	FI 264AR SECURGARD PLUS Coverage	DEFENDER Option FI 270AR, FI 271AR and FI 272AR	ESTATES Option FI 280AR, FI 281AR and FI 282AR
\$1,500	\$3,000	\$3,000	\$5,000

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39. PERSONAL PROPERTY (CONT'D)

2. Silverware, Goldware and Pewterware

The special limit of liability for loss of theft of Silverware, Goldware and Pewterware may be increased to a maximum of \$10,000*.

Silverware, Goldware and Pewterware						
Premiums Per Each Additional \$500 by Deductible						
\$500	\$1,000	\$1,500	\$2,000	\$2,500	\$5,000	\$7,500
\$1.75	\$1.50	\$1.42	\$1.33	\$1.25	\$1.00	\$0.85

Current Silverware, Goldware and Pewterware Limit By Form			
Basic Contract	FI 264AR SECURGARD PLUS Coverage	DEFENDER Option FI 270AR, FI 271AR and FI 272AR	ESTATES Option FI 280AR, FI 281AR and FI 282AR
\$2,500	\$3,000	\$3,000	\$10,000

E. Endorsements

1. Named Perils Coverage

Where Named Perils Coverage is provided by the contract or corresponding endorsements, use form FI 0465 for the above desired increased limits.

2. Open Perils Coverage

When Open Perils Coverage is provided in the contract or corresponding endorsements, use endorsement FI 0466 for the above desired increased limits.

40. PERSONAL PROPERTY BLANKET COVERAGE – FI 2685

For additional premium, we will offer personal property coverage on a blanket basis for the classes of property listed below up to the limit shown in the Declarations.

The blanket maximum per class is \$25,000, and the maximum limit per item is \$5,000 with the exception of computer systems which offer a maximum class limit of \$10,000.

Property which is already specifically scheduled is not eligible for coverage under this form.

- Jewelry** covers articles of personal adornment composed at least partially of silver, gold, platinum or other precious metals or alloys, whether or not containing pearls, jewels, or precious or semi-precious stones.

We do not cover bullion, gold, silver, and other precious metals or unmounted gems.

- Silverware** covers silverware, silver-plated ware, gold-ware, gold-plated ware and pewter-ware worldwide.
- Fine Arts** covers paintings, etchings, lithographs, pictures, tapestries and other bona fide works of art (such as valuable rugs, statuary, marbles, bronzes, antique furniture and silver, manuscripts and rare books, porcelains, rare glass and bric-a-brac) of rarity, historical value or artistic merit.

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40. PERSONAL PROPERTY BLANKET COVERAGE – FI 2685

4. **Coin Collections** covers rare and current coins, medals, paper money, bank notes, tokens of money and other numismatic property, including coin albums, containers, frames, cards and display cabinets in use with such collections.
5. **Computers** covers:
 - a. Computers, monitors, printers and scanners;
 - b. Commercial software and data storage media including games, tapes, compact discs, DVD's and hard discs; and
 - c. Equipment and accessories related to the above.
6. **Firearms**

Blanket Personal Property Rates	
Property Class	Blanket Rate Per \$1,000
Jewelry	\$14.30
Silverware	\$3.90
Fine Arts	\$5.50
Coin Collections	\$17.60
Computers	\$7.50
Firearms	\$44.00
Minimum Premium Per Class	\$ 5.00

41. REFRIGERATED PERSONAL PROPERTY – HO 0498

- A. The policy may be endorsed to provide \$500 of covered property stored in freezers or refrigerators on the residence premises for loss caused by power service interruption or mechanical failure.
- B. A deductible of \$100 applies.

The additional premium is \$15.00

Note: This coverage is not available with forms FI 280AR; FI 270AR; FI 281AR; FI 271AR; FI 282AR; FI 272AR or FI 264AR since coverage is already provided under those forms.

42. RENTAL TO OTHERS – EXTENDED THEFT COVERAGE HO 0541

The policy may be endorsed to insure against loss by theft to covered property when all or part of the residence premises usually occupied by the insured is occasionally rented, in whole or in part, to others, or is regularly or occasionally rented to roomers or boarders.

The additional premium is \$30.

Important Note: Once added, coverage cannot be deleted until renewal.

Do not use this form if any of the following forms are reflected: HO0005, HO1731, HO0524, FI280AR, FI281AR or FI282. These forms provide open peril coverage for personal property. With any of these forms attached, this endorsement is not needed as coverage is not excluded.

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43. REPLACEMENT COST LOSS SETTLEMENT FOR CERTAIN NON-BUILDING STRUCTURES HO 0443

- A.** The policy provides actual cash value loss settlement for non-building structures covered under Coverage B or specifically scheduled under the policy.
- B.** The policy may be endorsed to provide repair or replacement cost loss settlement for the following types of non-building structures only if they are located *on the residence premises*:
1. Reinforced masonry walls;
 2. Metal or fiberglass fences;
 3. Fences made of plastic/resin materials such as polyvinyl chloride;
 4. Patios, walks (not made of wood or wood products); and
 5. Driveways
- C. Premium Computation-**The premium is computed by multiplying the HO 0003 base premium by a factor of 0.02 and applying the appropriate Financial Stability Rating Factor.

Important Note: This loss settlement condition applies only to Coverage B on the residence premises. This is not available with forms HO 0004 or HO 0006

44. REPLACEMENT COST PERSONAL PROPERTY – FI 0490

A. Loss Settlement Option-Personal Property:

The policy provides loss settlement on an Actual Cash Value basis for certain types of property. The policy may be endorsed to provide loss settlement on a Replacement Cost Basis for such property whether insured on a blanket or scheduled basis. The minimum Coverage C amount is 65% of the Coverage A limit.

B. Loss Settlement Option-Scheduled Personal Property with FI 461

1. When the Scheduled Personal Property Endorsement FI 461 is attached to a policy with Replacement Cost Personal Property loss settlement, the following property, if scheduled, will also be subject to repair or replacement cost loss settlement up to the scheduled limit of liability:
 - a. Jewelry;
 - b. Jewelry while stored in a safe or vault at described location;
 - c. Furs and garments trimmed with fur or consisting principally of fur;
 - d. Cameras, projection machines, films and related articles of equipment;
 - e. Musical instruments and related articles of equipment;
 - f. Silverware, Silver-plated ware, Goldware, Gold-plated ware and Pewterware, but excluding pens, pencils, flasks, smoking implements or jewelry; and,
 - g. Golfer's equipment meaning golf clubs, golf clothing and golf equipment.
 - h. Fine Arts;
 - i. Postage Stamps;
 - j. Rare and current coins;
 - k. Bicycles;
 - l. Gun collectors' coverage (not fired);
 - m. Gun coverage (fired);
 - n. Collectibles;
 - o. Sports Equipment; and
 - p. Hearing Aids
 - q. Farm Equipment
 - r. Tools
 - s. Cellular Phones

If the FI0490 endorsement is not attached, the loss settlement condition in Endorsement FI 461 will pay the insured the least of the following:

- a. Actual cash value of the property sustaining loss;
- b. The amount for which the property could be repaired or replaced; or

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44. REPLACEMENT COST PERSONAL PROPERTY – FI 0490 (continued)

- c. The amount of insurance of the property sustaining loss; the limit of liability that applies to each scheduled item should be carefully evaluated to ensure that the limit selected by the insured represents the cost to replace the item if lost or damaged beyond repair.

C. Loss Settlement Option-Scheduled Personal Property with Agreed Value FI 460

When Scheduled Personal Property – Jewelry – With Agreed Value Loss Settlement Endorsement FI 460 is attached to the policy with Replacement Cost Personal Property, the property subject to agreed value loss settlement will **not** be subject to repair or replacement cost loss settlement. When endorsement FI 460 is added minimum Coverage C amount is 65% of the Coverage A limit.

D. Premium Determination-

1. Forms HO 0003 and HO 0005

Multiply the base premium, including any premium adjustment for increased Coverage C, if applicable, by a factor of 0.10 and then apply the appropriate Financial Stability Rating Factor. This amount is subject to an annual minimum of \$30.

2. Forms HO 0004 and HO 0006

Multiply the base premium by a factor of 0.25 and then apply the appropriate Financial Stability Rating Factor. This amount is subject to an annual minimum of \$25.

Note: Endorsement FI 0490 is not available with forms FI 270AR, FI 280AR, FI 281AR, FI 271AR, FI 282AR, FI 264AR and FI 272AR since coverage is already provided in the forms.

45. RESIDENCE EMPLOYEES

- A. Charges do not apply to employees working less than half of the customary full time or to whom worker's compensation exclusion applies as stated in the Liability Coverage Section of the policy.
- B. There is no additional charge for up to two residence employees per household.
- C. The charge in the table below is applied on a per employee basis for each employee in the household over the two that are provided free in the contract. For example, if there are four employees, you would apply the charge to two of them.

Personal Liability (Coverage E)		Medical Payments (Coverage F)	
Limit	Premium	Limit	Premium
\$100,000	\$6	\$1,000	Included
\$200,000	\$7	\$2,000	\$1
\$300,000	\$8	\$3,000	\$2
\$400,000	\$9	\$4,000	\$3
\$500,000	\$9	\$5,000	\$4
\$1,000,000	\$10		

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46. RESIDENCE HELD IN TRUST – HO 0543

- A. Trust and Trustee – Named Insured** -- A homeowner policy may be issued in the name of both the trust and trustee when :
1. The residence held in trust is a 1,2,3 or 4 family dwelling or a condominium unit used exclusively for residential purposes, except for certain Permitted Business Occupancies provided:
 - a. The premises is occupied principally for private residential purposes, and
 - b. There is no other business occupancy on the premises.
 2. Legal title to the dwelling or condominium unit is held solely by the trust;
 3. The resident of the residence held in trust include at least one of the following: The trustee; the grantor of the trust, or the beneficiary of the trust; and
 4. The trust and trustee are both shown as the named insured on the policy declarations, regardless of who resides in the residence held in trust.
- B. Other Persons Insured – Grantor and/or Beneficiary Regularly Resides in the Residence Held in Trust.**
1. If the trustee regularly resides in the residence held in trust along with the grantor or beneficiary and grantor and/or beneficiary:
 - a. Is related to the trustee and is a member of the trustee's household, the grantor and/or beneficiary is an insured as defined in the policy form and should not be named in Endorsement HO 0543; or
 - b. Is not related to the trustee, or is related but not a member of the trustee's household, the grantor and/or beneficiary must be named in the Endorsement HO 0543 to be covered for personal property, additional living expense, personal liability and medical payments to others. If the grantor and beneficiary are related to each other and members of the same household, only one of the two should be named on the endorsement.
 2. If the trustee does not regularly reside in the residence held in trust, the grantor and/or beneficiary must be named in Endorsement HO 0543 whether or not they are related to the trustee. This is necessary to provide the grantor or beneficiary with coverage for personal property, additional living expense, personal liability and medical payments to others. If the grantor and beneficiary are related to each other and members of the same household, only one of the two should be named on the endorsement.
- C. Liability Coverage Explained**
1. Coverage E – Personal Liability and Coverage F – Medical Payments to Others is provided to the trust and trustee named insured who regularly resides on the residence premises. However, if the trustee named insured does not regularly reside in the residence premises, coverage for the trust and trustee is only provided for bodily injury or property damage arising out of the ownership, maintenance or use of the residence premises (premises liability).
 2. Endorsement HO 0543 excludes:
 - a. Liability coverage for claims or suits for bodily injury or property damage arising out of any act or decision or failure to act or decide by the trustee named insured in administering the trust except as provided in Paragraph 1; and
 - b. Liability coverage for bodily injury to all insureds covered under this policy, for example, the trustee named insured, the grantor or beneficiary of the trust who is named on the endorsement or any person acting on their behalf.
- D. Additional Conditions** – The policy may not be endorsed or extended to insure:
1. Under Section I, any other dwelling on the residence premises, or any other structure, on or away from the residence premises, unless legal title to that other dwelling or structure is held solely by the trust; or
 2. Under Section II, any location away from the residence premises unless legal title to that other location is held solely by the trust.
- E. Premium** – There will be no additional premium charge for this coverage.

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47. SCHEDULED PERSONAL PROPERTY – FI 461

See Scheduled Personal Property Section

48. SCHEDULED PERSONAL PROPERTY – AGREED VALUE FI 460

See Scheduled Personal Property Section.

49. SNOWMOBILE LIABILITY/PHYSICAL DAMAGE

Coverage is not available under the homeowners form in this state. Please refer to your Personal Automobile Manual for physical damage rating instructions.

50. SPECIAL COMPUTER COVERAGE -- HO 0414

The policy may be endorsed to insure computers and related equipment against risks of physical loss (open peril) subject to certain exclusions.

The additional premium is \$16

Note: This endorsement is not available with the HO 0005; HO 0524; HO 1731; FI 282AR or FI 281AR endorsements as they already provide open peril coverage for computers.

51. SPECIAL PERSONAL PROPERTY COVERAGE -- HO 0524

- A. Coverage C – Personal Property under the HO 0004 Contents Broad Form is insured under a named perils basis. The policy may be broadened to insure Coverage C against additional risks on an open peril basis subject to certain exclusions.
- B. The premium for this additional coverage is developed by applying a factor of 0.30 to the base HO 0004 premium for the coverage amount selected, then apply the appropriate Financial Stability Rating Factor. This amount is subject to an annual minimum premium of \$30

Note: If the **FI 282AR** endorsement is attached to the policy, do not attach this endorsement since Open Perils Coverage C is already provided in the form.

52. SPECIFIED ADDITIONAL AMOUNT OF INSURANCE FOR COVERAGE – A – DWELLING HO 2347

Forms HO 0003 and HO 0005 – This optional endorsement extends Coverage A protection under the policy to provide home replacement cost coverage on the dwelling, when a total loss occurs, up to 25% additional of the Coverage A limit in effect, if the amount of loss is more than the limit of liability indicated on the declarations. In order for this endorsement to be applicable, the insured must:

- A. Insure the dwelling and other building structures to 100% of their replacement cost, as determined by:
 - 1. A State Auto Home Replacement Cost Estimator completed and based on the accuracy of information furnished by the insured plus a photograph of the dwelling; or
 - 2. An inspection of the insured dwelling and other building structures.
- B. Accept the Inflation Protection Increase in the policy, agree to each annual adjustment in the dwelling protection coverage limits of liability and pay the premium charged.

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52. SPECIFIED ADDITIONAL AMOUNT OF INSURANCE FOR COVERAGE – A – DWELLING HO 2347 (CONT'D)

- C. Notify us within 90 days of the start of any additions or other physical changes which increase the value of the dwelling or other building structures on the residence premises by 5% or more, and pay any resulting additional premium.
- D. The premium for this 25% or 50% option is computed by:
1. Multiplying the HO 0003 base premium by the appropriate factor corresponding to the limit in the table below.
 2. Apply the applicable Financial Stability Rating Factor.
 3. This amount is subject to an annual minimum premium of \$10 for the 25% option, or \$20 for the 50% option.

Additional Amt.	CHARGES BY PROGRAM			
	SECURGARD	SEC. PLUS	DEFENDER	ESTATES
25%	.03	.03	Included	Included
50%	.06	.06	.03	.03

Note: This form is not valid with the FI 248 Common Construction Loss Settlement or the HO 0456 Special Loss Settlement Endorsements. ESTATES Endorsements FI 280 and FI 281 and DEFENDER Endorsements FI 270 and FI 271 provide this coverage up to 25% above the Coverage A limits.

53. THEFT OF BUILDING MATERIALS – FI 50

All forms except HO 0004 or HO 0006

Theft coverage for building materials, installed or not installed, may be provided by attaching the Theft of Building Materials Endorsement FI 50 to the policy.

Limit	Premium
\$2,000	\$35
\$5,000	\$80
\$10,000	\$150
\$15,000	\$215
\$20,000	\$275
\$25,000	\$330
\$50,000	\$530

54. UNIT OWNERS COVERAGE A – SPECIAL COVERAGE HO 1732

Unit-Owners Coverage A – Special Coverage – HO 1732

The Property Coverage Section I Perils Insured Against may be broadened for Coverage A to cover additional risks of loss. This changes the loss provisions from a named peril basis to an open peril basis. The additional premium is developed as follows:

1. \$5,000 basic policy limit -- \$6; plus
2. Each additional \$1,000 of Coverage A -- \$1

Note: If the **FI 281AR** or **FI 271AR** endorsement is attached to the policy do not attach this endorsement. Coverage is already included in these two forms.

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55. UNIT OWNERS COVERAGE A DWELLING – INCREASED LIMITS

Currently the Estates Option includes \$10,000 Coverage A and the DEFENDER and SECURGARD Options include \$5,000 Coverage A. **The Coverage A limit may be increased.** The premium is developed based on the additional limit of insurance. The premium for each additional \$1,000 shall be the HO 0006 premium for “Each Additional \$10,000” shown in the premium chart times 0.10 then apply the appropriate Financial Stability Rating Factor.

Enter the total Coverage A limit on the Declarations page.

56. UNIT OWNERS COVERAGE C – SPECIAL COVERAGE HO 1731

- A. Coverage C – Personal Property under the HO 0006 Unit Owners Form is insured under a named perils basis. The policy may be broadened to insure Coverage C against additional risks on an open peril basis subject to certain exclusions.
- B. This option may only be used when the condominium or cooperative unit is owner occupied and not rented to others.
- C. **Premium**-The premium for this additional coverage is developed by applying a factor of 0.30 to the base HO 0006 premium for the coverage amount selected, then apply the appropriate Financial Stability Rating Factor. This amount is subject to an annual minimum premium of \$30.

Note: If the **FI 281AR** endorsement is attached to the policy, do not attach this endorsement since Open Perils Contents Coverage is already provided in the form.

57. UNIT-OWNERS MODIFIED OTHER INSURANCE AND SERVICE AGREEMENT CONDITION – HO 1734

- A. Form HO 0006 provides that if there is other insurance in the name of a corporation or association of property owners covering the same property covered by HO 0006, payment for a covered loss under HO 0006 will be excess over the amount recoverable under such insurance. If the Association does not recover under its policy, for any reason, there is no payment to the insured unit-owner under form HO 0006.
- B. **Coverage Description** – The policy may be endorsed to alter the Other Insurance and Service Agreement Condition to provide for payment of a covered loss in excess of the amount due from the other insurance whether the corporation or association of property owners can collect on it or not.
- C. **Premium**-The premium for this additional coverage is developed by applying a factor of 0.25 to the base HO 0006 premium for the coverage amount selected, then apply the appropriate Financial Stability Rating Factor.
- D. Not available with HO 0005, HO 0004 or HO 0003 coverage forms.

58. UNIT OWNERS REGULARLY RENTED TO OTHERS HO 1733

Unit Regularly Rented to Others – HO 1733

- A. Form HO 0006 and HO 0006 with the HO 1731 excludes Coverage C Personal Property and Liability Coverage Section when the residence premises is regularly rented or held for rental to others.

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58. UNIT OWNERS REGULARLY RENTED TO OTHERS HO 1733 (Continued)

- B. The policy may be endorsed to provide such coverage, including theft, subject to the unit being owner occupied at least as often as it is rented to others.
- C. The premium charge is developed by applying a factor of 0.25 to the base HO 0006 premium for the coverage selected, then apply the appropriate Financial Stability Rating Factor. This amount is subject to an annual minimum premium of \$25.
- D. Not available with the HO 0005, HO 0004 or HO 0003 coverage forms.

59. VOLUNTEER WRONGFUL ACTS COVERAGE – FI 260

- A. Under the basic contract, there is no coverage for the insured(s) for volunteer wrongful acts liability for which they become legally responsible.
- B. With the purchase of this endorsement, we will pay on behalf of an “insured” amounts an insured becomes legally responsible to pay because of civil claims made against them for a wrongful act. A wrongful act, in respect to this coverage, means actual or alleged error, misleading statement, act or omission, neglect or breach of duty committed by an “insured” during the policy period in the insureds capacity as a volunteer.
- C. We do not cover volunteer activity of an insured involving an insured’s business or an organization for which an insured receives compensation or that requires the insured’s professional services.
- D. Our limit of liability for this coverage is limited to \$100,000. This is the most we will pay for all liability arising out of a single wrongful act regardless of the number of insured’s.
- E. Refer to the endorsement and contract for exclusions, limitations and conditions of this coverage.
- F. Premium-The premium charge to extend coverage is \$35.
- G. This endorsement is not available with the FI 280AR, FI 281AR or FI 282AR since coverage is already provided in those forms.

60. WATER BACK UP AND SUMP DISCHARGE OR OVERFLOW FI 0495

- A. The policy forms exclude coverage for loss resulting from water or water-borne material which backs up through sewers or drains or which overflows or is discharged from a sump, sump pump or related equipment.
- B. The Homeowner policy may be endorsed to cover the peril of water which backs up through sewers or drains.
 - 1. Coverage can be added at anytime. A 15 day waiting period exists before coverage becomes effective.
 - 2. A \$500 deductible applies to this coverage.

Amount of Coverage	Premium
\$5,000	\$20
\$10,000	\$30
\$15,000	\$50
\$20,000	\$70
\$25,000	\$90

ARKANSAS HOMEOWNER OPTIONS MANUAL

Optional Coverages

61. WATERBED LIABILITY FI 181

Coverage may be provided for property damage caused by waterbeds to non-owned property on the residence premises.

Personal Liability (Coverage E)	
Limit	Premium
\$100,000	\$15
\$200,000	\$18
\$300,000	\$20
\$400,000	\$21
\$500,000	\$22
\$1,000,000	\$26

Note: Coverage cannot be added with the FI 280AR, FI 281AR, FI 282AR, FI 270AR, FI 271AR, FI 272AR and FI 264AR forms since coverage is automatically provided.

62. WATERCRAFT

See special Watercraft Section in our manual for liability and physical damage options on all types of watercraft.

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HOME BASED BUSINESS – FI 211 AND FI 212

Home Based Business endorsement coverage offers a package of coverages tailored to the needs of small businesses and may be provided to homeowners who are owners of eligible businesses operated at the primary residence premises.  The ACORD 74 is required with all new business submissions and at least every three years for renewals to determine if the exposure is still acceptable. The frequency with which questionnaires will be required on renewal business will be dependent on the type of business and is subject to underwriting discretion.

A. Eligible Home-Based Business Operations

Please refer to the Home Based Business endorsement eligibility guidelines for a listing of acceptable types of business operations and whether products liability coverage is included. Not all home businesses are appropriate for this program.

B. Home-Based Business Endorsement – Underwriting Eligibility Guidelines

1. Maximum allowable gross sales/receipts is \$250,000 annually. Higher gross sales/receipts need prior approval.
2. The business must be operated out of the insured's primary residence, used primarily for dwelling purposes, and is the only location from which the operation of the home-based business is conducted.
3. The business must be wholly owned by the named insured and resident relatives and take the form of an individual proprietorship, a partnership or corporation.
4. The business must be in existence for three years unless the applicant worked in a related field for three years or received specific training (e.g., franchise training, etc.). Prior approval required if less than three years.
5. The business operation must occupy no more than 50% of the total area of the residence including basement, garages, and other structures.
6. The electrical, heating and plumbing systems of the residence premises must be modified to safely accommodate the operations of the home-based business.
7. The business must employ no more than one non-resident employee.
8. Applicants must not operate any other business under the same legal name as the covered business.
9. No more than one claim of any type related to the business operation in the past three years.
10. No single claim related to the business for more than \$5,000 in the prior three years.
11. All doors to the outside must be equipped with dead bolt locks and/or comparable slider locks for patio doors.
12. Operations which are engaged in sales over the internet are not eligible unless such sales are incidental to the home based business entity.

C. Home-Based Business Endorsement Coverage

General

1. Business covered by this endorsement must be listed on the declarations.
2. Insured includes partnerships and corporations provided only persons insured are involved.
3. Employees are included in the definition of insured. The business may employ no more than one non-resident relative.

Property

1. Business Personal Property is covered on or off premises up to \$10,000. Additional limits are available up to \$50,000.
2. Computer equipment used in the home-based business is included in the Business Personal Property limit.
3. Other structures on the premises used in the home-based business are covered.
4. Leased equipment is included as owned if leased for six months or more.
5. Business property of others in your care, custody or control is covered on or off the premises up to \$2,500. Additional limits are available up to \$10,000.
6. Business interruption (Business Income and Extra Expense) is included – limit equal to loss incurred for up to 12 months or up to 60 day, if loss is due to electronic media.
7. Increased limit on money -- \$2,000 on the residence premises -- \$1,000 off the residence premises.
8. Business credit cards -- \$5,000
9. Valuable Papers, Accounts Receivable, Business Data -- \$5,000. Includes coverage for loss to replace or restore business data.

**☛..SCHEDULED PERSONAL PROPERTY FI 461
AGREED VALUE JEWELRY FI 460**

☛..Shown below are the classes of Personal Property which may be added to a Homeowners Policy by attaching Scheduled Personal Property Endorsement FI 461. This form provides open perils coverage for physical loss or damage, with a few exceptions. We require a complete detailed description for all Scheduled Personal Property regardless of the value. For jewelry, furs, fine arts and gun collections (non-fired), any item(s) valued at \$5,000 or more will require an appraisal dated within the five years of the effective date the item(s) was added. For other categories of scheduled items, if the value is \$5,000 or more, a bill of sale is required.

Our State Auto Options policy has included expanded classes which will enable you to meet more of your insureds scheduling needs without the burden of going to a stand alone inland marine policy.

Note: The credit percentage for Protective Devices is applied to the FI 461 premium for each class. **A \$5.00 minimum premium per class will apply.**

CATEGORIES	DESCRIPTION	ANNUAL RATES PER \$1,000
JEWELRY	<p>☛..This class covers personal jewelry anywhere in the world. On any one item with a value of at least \$5,000 and over, we require an acceptable appraisal dated within the last five years.</p> <p>Do not bind coverage on any one item valued at \$15,000 or more or a schedule of items totaling \$50,000 or more without prior approval by the company.</p>	\$13.00
JEWELRY IN VAULTS	<p>Specific items of scheduled jewelry which are kept in a vault in a bank may be insured. The Company must be notified in advance of removal from the vault and a pro-rata additional premium is charged for the period the jewelry is not vaulted. Use endorsement FI461– Scheduled Personal Property.</p>	\$5.20
JEWELRY AGREED VALUE	<p>Agreed Value-The policy may be endorsed to cover jewelry at an agreed value. This amount will be shown on the Declarations Page.</p> <p>☛..Note: Any one item with a value of at least \$5,000 must be accompanied by an acceptable appraisal dated within the past five years, regardless of the value of the item being insured.</p> <p>Neither the Property Coverage Section deductible, as shown on the Declarations Page, nor the provisions of the FI 461 apply to this coverage.</p> <p>Use endorsement FI 460 – Scheduled Personal Property – Agreed Value. Please indicate in the remarks section of the Homeowners application – Agreed Value Jewelry -- FI 460</p>	\$15.60
JEWELRY AGREED VALUE - IN VAULTS	<p>Specific items of scheduled jewelry which are kept in a vault in a bank may be insured. The Company must be notified in advance of removal from the vault and a pro-rata additional premium is charged for the period the jewelry is not vaulted. Use endorsement FI460 – Scheduled Personal Property – Agreed Value.</p>	\$6.24
FURS	<p>☛..This class covers fur garments and garments trimmed with fur anywhere in the world. This coverage does not include artificial furs of man-made fabrics. On any one item with a value of at least \$5,000 and over, we require a copy of the bill of sale or an acceptable appraisal dated within the past five years.</p> <p>Do not write or bind coverage on any one item valued at \$15,000 or more without prior approval by the company.</p>	\$5.00

CATEGORIES	DESCRIPTION	ANNUAL RATES PER \$1,000
CAMERAS	This class covers personal cameras and related equipment anywhere in the world. Do not write or bind coverage on professional photographers. (Non-professional use only)	\$16.50
☛..MUSICAL INSTRUMENTS	This class covers personal musical instruments without restriction as to location. Organs not of a mobile nature are excluded. Non-professional use ☛..Professional use First \$1,500 Excess of first \$1,500	\$6.50 \$30.00 \$6.50
SILVERWARE	This class covers silverware, silver-plated ware, Goldware, Gold-plated ware and Pewterware anywhere in the world.	\$3.50
GOLFERS EQUIPMENT	This class covers golf clubs, golf clothing and golf equipment, excluding motorized carts. The coverage is provided wherever the property may be located.	\$12.00
FINE ARTS	☛..This class covers fine arts and antiques, such as paintings, statuary, tapestries, rare books and numerous other collector type items. Coverage is limited to a named location. Items valued in excess of \$5,000 must be accompanied by an acceptable appraisal dated within the last five years. Do not bind coverage on any one item valued at \$15,000 or more or a schedule of items totaling \$50,000 or more without prior approval by the company. Fine Arts Without Breakage Fine Arts With Breakage	\$3.50 \$5.00
POSTAGE STAMPS	This class covers a collection of postage stamps, including due, envelope, official, revenue, match and medicine stamps, locals, reprints, essays, proofs and other philatelic property. The coverage is extended to cover wherever the property may be located.	\$6.00
RARE AND CURRENT COINS	This class covers a collection of coins, medals, paper money, bank notes and other numismatic property. The coverage applies anywhere in the world.	\$16.00
BICYCLES	Losses of \$5 or less are not covered.	\$75.00
☛..FIREARMS	Firearms Collection – No Field Use (not fired) Firearms Used for Hunting and Field Use (fired)	\$3.00 \$40.00
☛..SPORTING EQUIPMENT	This class covers sporting equipment such as skiing, fishing, archery, scuba, camping, excluding golf equipment	\$25.50

CATEGORIES	DESCRIPTION	ANNUAL RATES PER \$1,000
☛..COLLECTIBLES	<p>This class covers various types of collections such as baseball cards, dolls (cloth or ceramic), beer cans, comic books, magazines, cigarette lighters, etc. A valid appraisal or some other reliable evidence of value must accompany the application for insuring each item.</p> <p>Without breakage With breakage</p>	<p>\$25.00 \$30.00</p>
☛..FARM MACHINERY	<p>This class covers scheduled farm machinery including serial number. Unscheduled mobile farm machinery, equipment, tools, accessories and spare parts are limited to \$1,000.</p>	<p>\$7.20</p>
☛..TOOLS	<p>This class covers portable tools, hand tools and similar items not used for business. Scheduling of specific tools is not required.</p>	<p>\$30.00</p>
☛..CELLULAR PHONES	<p>This class covers cellular phones or other portable personal communication devices which allows voice transmission. Does not apply to laptop computers, desk top computers, global positioning systems (GPS) or other similar devices.</p>	<p>\$40.00</p>
HEARING AIDS	<p>Use endorsement FI461 – Scheduled Personal Property.</p>	<p>\$30.00</p>

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5. CREDITS (CONT'D)

H. Optional Deductibles – The basic premiums are for a \$250 deductible. The following options are available:

Pleasure Boat – (Boat and Miscellaneous Equipment only – Applies to Physical Damage Only)

Yacht -- (Yacht, Equipment and Auxiliary Watercraft only—Applies to Physical Damage Only)

Deductible	Credit/Charge
\$ 100*	+15%
\$ 500	- 15%
\$1,000	- 30%
\$2,500	- 40%
\$5,000	- 50%

Note: \$100 deductible option is only available for outboard motors and boats insured under Forms FI-84 and FI254.

I. Auto/Home Discount – This credit is available for insureds who have both their automobile and homeowners policies written with the State Auto Insurance Companies.

Credit: 15% (applies to physical damage, liability and medical payments premiums)

J. Age of Hull - applies to Physical Damage Premiums. To determine the factor: Age of Hull equals 1 plus the current year minus the Hull Model year.

Age of Hull	Factor
0	0.90
1	0.90
2	0.91
3	0.92
4	0.93
5	0.94
6	0.95
7	0.96
8	0.97
9	0.98
10	0.99
11	1.00
12	1.03
13	1.05
14	1.07
15 or More	1.10

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Watercraft Section

6. DEBITS

The following debits apply to all watercraft unless indicated otherwise. Pleasure Boats –apply to hull and miscellaneous equipment premiums. Yachts – apply to hull, equipment and auxiliary watercraft premiums.

- A. Advertised Speed (Not applicable to Personal Watercraft)** – When advertised speed is greater than 45 mph, apply the following debit:

Debit: 80% (applies to physical damage, liability and medical payments premiums)

- B. Increased Navigation Period (Yacht only)** – Base premiums are calculated on a seven (7) month navigation period, with the exception of Territory III, Atlantic and Gulf Coastal Waters, where base premiums are calculated on a 12 month navigation period. This may be increased (except for territory III where base premiums already contemplate a 12 month navigation) for a premium debit.

Debit: 5% per month

7. TERRITORY DEFINITIONS

<u>Territory Number</u>	<u>Description</u>
I	Waters of the Great Lakes
II	Inland Waters of the U.S. (excluding the Great Lakes, Ohio and Mississippi Rivers)
III	Atlantic and Gulf Coastal Waters (including the inland water tributaries) – within 12 statute miles of the coastline
IV	Ohio and Mississippi Rivers
V	Chesapeake Bay and its inland tributaries

Note: Please include all territories in which the watercraft is navigated. The declarations page must reflect the territory or territories in which the craft is operated. Also, when two or more navigational territories apply, the highest rated territory will be used for rating.

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Watercraft Section

8. RATING

Pleasure Boat Rating

- A. Separate rates apply to Inboard, Inboard/Outdrive and Personal Watercraft (i.e. Jet Skis, Wet Bikes, Wave Runners, Mini-Jet Boats, etc.).
- B. Miscellaneous accessories must be included in the amount of insurance for the hull for rating purposes.
- C. When the amount of insurance is not in increments of \$1000, interpolation applies.
- D. Basic premiums are for a \$250 deductible. Refer to the Credit Section for optional deductibles.
- E. All premium calculations are to be rounded to the nearest dollar. Amounts of 50 cents or more are carried to the next higher dollar amount. Where multiple rating steps are needed, rounding is performed at the end of each step.
- F. To determine the premium, calculations should be performed in the following order:
 - 1. Determine the basic premium by territory, type of watercraft, and amount of insurance from the basic premium pages. If more than one territory applies, the rates for the highest rated territory shall apply.
 - 2. Apply deductible credit if appropriate.
 - 3. Apply any other miscellaneous credits or debits.

Yacht Rating

- A. Equipment, as defined in the policy, must be included in the amount of insurance for the hull for rating purposes.
- B. When the amount of insurance is not in increments of \$5000, interpolation applies.
- C. Base premiums are for a \$250 deductible, and seven (7) month navigation period (except territory III, Atlantic and Gulf Coastal Waters, which is based on a 12 month navigation period). Refer to Credit Section for optional deductibles.
- D. All premium calculations are to be rounded to the nearest dollar. Amounts of 50 cents or more are carried to the next higher dollar amount. Where multiple rating steps are needed, rounding is performed at the end of each step.
- E. To determine the premium, calculations should be performed in the following order:
 - 1. Determine the basic premium by territory, type of watercraft, and amount of insurance from the basic premium pages. If more than one territory applies, the rates for the highest rated territory shall apply.
 - 2. Apply a debit or credit for longer or shorter navigation period.
 - 3. Apply deductible credit if appropriate.
 - 4. Apply any other miscellaneous credits or debits.

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Watercraft Section

9. PHYSICAL DAMAGE RATES – FI 84

The following rates apply to Outboard Motors and Boats (including sailboats) 26 feet or less written subject to form FI 84 – Homeowners Watercraft Physical Damage Endorsement.

Note: This form does not provide liability coverage. Personal Watercraft and watercraft over 26 feet are not eligible for this form of coverage.

PHYSICAL DAMAGE PREMIUMS (Base Premium for \$250 Deductible)					
Sail Boats 26 Feet or Less					
Amount of Insurance	Territories				
	I	II	III	IV	V
\$1,000	\$30.00	\$30.00	\$46.00	\$30.00	\$30.00
Each Add'l \$1,000 – (add)	\$8.00	\$8.00	\$12.00	\$8.00	\$8.00

Subject to a \$25 Annual Minimum Premium

PHYSICAL DAMAGE PREMIUMS (Base Premium for \$250 Deductible)						
Outboard Boats 26 Feet or Less						
Horsepower	Amount of Insurance	Territories				
		I	II	III	IV	V
0-50	\$1,000	\$40.00	\$40.00	\$61.00	\$40.00	\$40.00
	Each Add'l \$1,000 – (add)	\$11.00	\$11.00	\$16.00	\$11.00	\$11.00
51-100	\$1,000	\$48.00	\$48.00	\$73.00	\$48.00	\$48.00
	Each Add'l \$1,000 – (add)	\$13.00	\$13.00	\$19.50	\$13.00	\$13.00
101-150	\$1,000	\$65.00	\$65.00	\$97.00	\$65.00	\$65.00
	Each Add'l \$1,000 – (add)	\$17.00	\$17.00	\$26.00	\$17.00	\$17.00
151-200	\$1,000	\$73.00	\$73.00	\$109.00	\$73.00	\$73.00
	Each Add'l \$1,000 – (add)	\$19.50	\$19.50	\$29.00	\$19.50	\$19.50
201 +	\$1,000	\$77.00	\$77.00	\$115.00	\$77.00	\$77.00
	Each Add'l \$1,000 – (add)	\$20.50	\$20.50	\$30.50	\$20.50	\$20.50

Subject to a \$25 Annual Minimum Premium

10. WATERCRAFT LIABILITY COVERAGE – FI 2475

Liability coverage is **included** in the policy at no additional charge for the following watercraft.

- Watercraft owned by the insured and powered by one or more outboard motors with 75 or less total horsepower; or, watercraft rented by an insured and powered by one or more outboard motors regardless of horsepower
- Sailboats with or without auxiliary power less than 26 feet in length owned by or rented to the insured; or,
- Watercraft rented to the insured with inboard or inboard-outdrive motor power up to 50 horsepower or;
- Any watercraft borrowed by the insured

For boats not described below, coverage is not permitted under the Homeowners Policy.

The premium in the state where the insured's residence premises is located shall apply. However, if the insured owns another residence premises in a different state and principally operates the boat from that residence, apply the premium for that state.

Accumulate total horsepower if two or more motors are regularly used together with any single watercraft owned by the insured.

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10. WATERCRAFT LIABILITY COVERAGE – FI 2475 (CONT'D)

A. Eligibility

1. All watercraft up to 26 feet in length with inboard or inboard-outdrive motors.
2. Sailboats with or without auxiliary power over 26 feet in length.
3. All watercraft up to 26 feet in length with outboard motor power more than 75 total horsepower.

Note: Note that forms FI254, Pleasure Boat endorsement and FI255, Yacht endorsement, provide coverage for damage to your watercraft as well as liability.

B. Liability Premiums For Watercraft (Inboard, Inboard-Outboard and Outboard)

Inboard, Inboard – Outdrive or Outboard Personal Liability – Coverage E					
Liability Limit	Horsepower				
	0-50	51-100	101-150	151-200	201 +
\$100,000	\$27	\$30	\$33	\$36	\$39
\$200,000	\$32	\$35	\$39	\$42	\$46
\$300,000	\$36	\$40	\$44	\$48	\$52
\$400,000	\$39	\$43	\$47	\$51	\$56
\$500,000	\$40	\$45	\$49	\$54	\$58
\$1,000,000	\$47	\$52	\$57	\$62	\$67

Sailboats – Personal Liability -- Coverage E					
Liability Limit	Length in Feet				
	0-26	27-40	41-50	51-60	61+
\$100,000	Included	\$36	\$61	\$79	\$97
\$200,000	Included	\$42	\$71	\$92	\$113
\$300,000	Included	\$48	\$81	\$105	\$129
\$400,000	Included	\$51	\$87	\$113	\$139
\$500,000	Included	\$54	\$91	\$118	\$145
\$1,000,000	Included	\$62	\$106	\$137	\$168

All Watercraft – Medical Payments – Coverage F	
Limit	Premium
\$1,000	Included
\$2,000	\$5
\$3,000	\$10
\$4,000	\$15
\$5,000	\$20

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Watercraft Section

☛..11. PLEASURE BOAT HOMEOWNERS – FI 254

The following rates apply to Outboard Motors and Boats, Inboard and Inboard/Outdrive Boats written subject to form FI254 – Homeowners Pleasure Boat Endorsement. Please note that this form of coverage includes physical damage, liability and medical payments coverage. When coverage is desired for Personal Watercraft, they must be insured on this form since, as an inboard craft, there is no coverage under the homeowners policy.

Note: Liability and Medical Payments Coverages may be written in any combination, but must be the same limits as provided under Homeowner Section II coverages. Accumulate total horsepower if two or more motors are regularly used together with any single watercraft owned by the insured.

A. The following rates apply to outboard motors and boats 26 feet or less.

☛..PHYSICAL DAMAGE PREMIUMS						
(Base Premium for \$250 Deductible)						
Outboard Boats 26 Feet or Less						
Horsepower	Amount of Insurance	Territories				
		I	II	III	IV	V
0-50	\$1,000	\$40.00	\$40.00	\$61.00	\$40.00	\$40.00
	Each Add'l \$1,000 – (add)	\$11.00	\$11.00	\$16.00	\$11.00	\$11.00
51-100	\$1,000	\$48.00	\$48.00	\$73.00	\$48.00	\$48.00
	Each Add'l \$1,000 – (add)	\$13.00	\$13.00	\$19.50	\$13.00	\$13.00
101-150	\$1,000	\$65.00	\$65.00	\$97.00	\$65.00	\$65.00
	Each Add'l \$1,000 – (add)	\$17.00	\$17.00	\$26.00	\$17.00	\$17.00
151-200	\$1,000	\$73.00	\$73.00	\$109.00	\$73.00	\$73.00
	Each Add'l \$1,000 – (add)	\$19.50	\$19.50	\$29.00	\$19.50	\$19.50
201 +	\$1,000	\$77.00	\$77.00	\$115.00	\$77.00	\$77.00
	Each Add'l \$1,000 – (add)	\$20.50	\$20.50	\$30.50	\$20.50	\$20.50

LIABILITY PREMIUMS				
Outboard Motors and Boats 26 Feet or Less				
All Territories				
Liability Limit	Horsepower			
	76-100	101-150	151-200	201 +
\$100,000	\$23	\$26	\$28	\$30
\$200,000	\$27	\$30	\$33	\$35
\$300,000	\$31	\$35	\$37	\$40
\$400,000	\$33	\$37	\$40	\$43
\$500,000	\$34	\$39	\$42	\$45
\$1,000,000	\$40	\$45	\$48	\$52

MEDICAL PAYMENTS PREMIUMS	
Outboard Motors and Boats 26 Feet or less	
All Territories	
Limit	Premium
\$1,000	Included in Base Liability
\$2,000	\$4
\$3,000	\$8
\$4,000	\$12
\$5,000	\$16

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Watercraft Section

11. PLEASURE BOAT HOMEOWNERS – FI 254 (CONT'D)

B. The following rates apply to inboard and inboard/outdrive boats.

PHYSICAL DAMAGE PREMIUMS (Base Premium for \$250 Deductible)					
Inboard, Inboard/Outdrive Boats 26 Feet or Less					
Territories					
Amount of Insurance	I	II	III	IV	v
\$1,000	\$43	\$43	\$65	\$43	\$43
Each Add'l \$1,000- (Add)	\$11.50	\$11.50	\$17.50	\$11.50	\$11.50

Subject to a \$35 annual minimum premium.

PHYSICAL DAMAGE PREMIUMS (Base Premium for \$250 Deductible)					
Personal Watercraft					
Territories					
Amount of Insurance	I	II	III	IV	v
\$1,000	\$86	\$86	\$130	\$86	\$86
Each Add'l \$1,000- (Add)	\$23	\$23	\$35	\$23	\$23

Subject to a \$75 annual minimum premium

LIABILITY PREMIUMS					
Inboard and Inboard/Outdrive Boats					
All Territories					
Liability Limit	Horsepower				
	0-50	51-100	101-150	151-200	201 +
\$100,000	\$21	\$23	\$26	\$28	\$30
\$200,000	\$25	\$27	\$30	\$33	\$35
\$300,000	\$28	\$31	\$35	\$37	\$40
\$400,000	\$30	\$33	\$37	\$40	\$43
\$500,000	\$31	\$34	\$39	\$42	\$45
\$1,000,000	\$36	\$40	\$45	\$48	\$52

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Watercraft Section

11. PLEASURE BOAT HOMEOWNERS – FI 254 (CONT'D)

LIABILITY PREMIUMS					
Personal Watercraft					
All Territories					
Liability Limit	Horsepower				
	0-50	51-100	101-150	151-200	201 +
\$100,000	\$42	\$46	\$52	\$56	\$60
\$200,000	\$49	\$54	\$61	\$66	\$70
\$300,000	\$56	\$61	\$69	\$74	\$80
\$400,000	\$60	\$66	\$74	\$80	\$86
\$500,000	\$63	\$69	\$77	\$83	\$89
\$1,000,000	\$73	\$80	\$90	\$97	\$104

MEDICAL PAYMENTS PREMIUMS	
Inboard and Inboard/Outdrive Boats and Sailboats 26 feet or Less	
All Territories	
Limit	Premium
\$1,000	Included in Base Liability
\$2,000	\$4
\$3,000	\$8
\$4,000	\$12
\$5,000	\$16

MEDICAL PAYMENTS PREMIUMS	
Personal Watercraft	
All Territories	
Limit	Premium
\$1,000	Included in Base Liability
\$2,000	\$8
\$3,000	\$16
\$4,000	\$24
\$5,000	\$32

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Watercraft Section

12. YACHT HOMEOWNERS – FI 255

The following rates apply to yachts and sailboats greater than 26 feet written subject to form FI255 – Homeowners Yacht Endorsement. Please note that this form of coverage includes physical damage, liability insurance and medical payments coverage.

Note: Liability and Medical Payments Coverages may be written in any combination, but must be the same limits as provided under Homeowner Section II coverages.

Accumulate total horsepower if two or more motors are regularly used together with any single watercraft owned by the insured.

PHYSICAL DAMAGE PREMIUMS					
(Base Premium for \$250 Deductible)					
Cruiser and Houseboats greater than 26 feet					
Amount of Insurance	Territories				
	I	II	III	IV	v
\$5,000	\$195	\$111	\$232	\$155	\$141
\$10,000	\$253	\$166	\$343	\$210	\$196
\$15,000	\$311	\$221	\$454	\$265	\$251
\$20,000	\$369	\$276	\$565	\$320	\$306
\$25,000	\$427	\$331	\$676	\$375	\$361
\$30,000	\$485	\$386	\$787	\$430	\$416
\$35,000	\$543	\$441	\$898	\$485	\$471
\$40,000	\$601	\$496	\$1009	\$540	\$526
\$45,000	\$659	\$551	\$1120	\$595	\$581
\$50,000	\$717	\$606	\$1231	\$650	\$636
\$55,000	\$775	\$661	\$1342	\$705	\$691
\$60,000	\$833	\$716	\$1453	\$760	\$746
\$65,000	\$891	\$771	\$1564	\$815	\$801
\$70,000	\$949	\$826	\$1675	\$870	\$856
\$75,000	\$1007	\$881	\$1786	\$925	\$911
\$80,000	\$1065	\$936	\$1897	\$980	\$966
\$85,000	\$1123	\$991	\$2008	\$1035	\$1021
\$90,000	\$1181	\$1046	\$2119	\$1090	\$1076
\$95,000	\$1239	\$1101	\$2230	\$1145	\$1131
\$100,000	\$1297	\$1156	\$2341	\$1200	\$1186
Each Add'l \$5,000- (Add)	\$58	\$55	\$111	\$55	\$55

Subject to a \$75 annual minimum premium.

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County	Territory	County	Territory
Arkansas	38	Lincoln.....	45
Ashley	45	Little River.....	39
Baxter.....	36	Logan	37
Benton.....	35	Lonoke	34
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