

**State:** Arkansas **Filing Company:** Safeco Insurance Company of America  
**TOI/Sub-TOI:** 04.0 Homeowners/04.0000 Homeowners Sub-TOI Combinations  
**Product Name:** Home  
**Project Name/Number:** 2013-AR-HOME-RR-3260 /2013-AR-HOME-RR-3260

### Filing at a Glance

Company: Safeco Insurance Company of America  
Product Name: Home  
State: Arkansas  
TOI: 04.0 Homeowners  
Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations  
Filing Type: Rate/Rule  
Date Submitted: 08/15/2013  
SERFF Tr Num: LBPM-129157504  
SERFF Status: Closed-Filed  
State Tr Num:  
State Status:  
Co Tr Num: 2013-AR-HOME-RR-3260  
  
Effective Date 11/09/2013  
Requested (New):  
Effective Date 01/16/2014  
Requested (Renewal):  
Author(s): Bogdan Siekirka  
Reviewer(s): Becky Harrington (primary)  
Disposition Date: 09/18/2013  
Disposition Status: Filed  
Effective Date (New): 11/09/2013  
Effective Date (Renewal): 01/16/2014

State Filing Description:  
Referred to Commissioner 8/21/13; reviewed 9/11/13.

**State:** Arkansas **Filing Company:** Safeco Insurance Company of America  
**TOI/Sub-TOI:** 04.0 Homeowners/04.0000 Homeowners Sub-TOI Combinations  
**Product Name:** Home  
**Project Name/Number:** 2013-AR-HOME-RR-3260 /2013-AR-HOME-RR-3260

### General Information

Project Name: 2013-AR-HOME-RR-3260 Status of Filing in Domicile: Not Filed  
 Project Number: 2013-AR-HOME-RR-3260 Domicile Status Comments:  
 Reference Organization: Reference Number:  
 Reference Title: Advisory Org. Circular:  
 Filing Status Changed: 09/18/2013  
 State Status Changed: 09/11/2013 Deemer Date:  
 Created By: Bogdan Siekirka Submitted By: Bogdan Siekirka  
 Corresponding Filing Tracking Number:

**Filing Description:**

We are making some revisions to our Independent Homeowners Program that includes modifications to the base state unity for home, renters and condo. We are also revising package policy unities, renewal credit, and home & renters rate stabilization.

Please see the attached cover letter for additional information.

### Company and Contact

**Filing Contact Information**

Bogdan Siekirka, Industry Filings Analyst Bogdan.Siekirka@LibertyMutual.com  
 175 Berkeley Street 617-357-9500 [Phone] 42774 [Ext]  
 Mailstop 04G/H 617-654-3452 [FAX]  
 Boston, MA 02116

**Filing Company Information**

Safeco Insurance Company of America	CoCode: 24740	State of Domicile: New Hampshire
175 Berkeley Street	Group Code: 111	Company Type: Property & Casualty
Boston, MA 02116	Group Name: Liberty Mutual Group	State ID Number:
(617) 357-9500 ext. [Phone]	FEIN Number: 91-0742148	

### Filing Fees

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

Company	Amount	Date Processed	Transaction #
Safeco Insurance Company of America	\$100.00	08/15/2013	72983534

**State:** Arkansas  
**TOI/Sub-TOI:** 04.0 Homeowners/04.0000 Homeowners Sub-TOI Combinations  
**Product Name:** Home  
**Project Name/Number:** 2013-AR-HOME-RR-3260 /2013-AR-HOME-RR-3260

**Filing Company:** Safeco Insurance Company of America

## Correspondence Summary

### Dispositions

Status	Created By	Created On	Date Submitted
Filed	Becky Harrington	09/18/2013	09/18/2013

### Objection Letters and Response Letters

#### Objection Letters

Status	Created By	Created On	Date Submitted
Pending Industry Response	Becky Harrington	09/13/2013	09/13/2013
Pending Industry Response	Becky Harrington	09/11/2013	09/11/2013
No response necessary	Becky Harrington	08/21/2013	08/21/2013
Pending Industry Response	Becky Harrington	08/16/2013	08/16/2013

#### Response Letters

Responded By	Created On	Date Submitted
Bogdan Siekirka	09/16/2013	09/16/2013
Bogdan Siekirka	09/13/2013	09/13/2013
Bogdan Siekirka	09/13/2013	09/13/2013
Sandra Jackson	08/19/2013	08/19/2013

### Filing Notes

Subject	Note Type	Created By	Created On	Date Submitted
Meeting scheduled - status update	Note To Filer	Becky Harrington	09/04/2013	09/04/2013
Commissioner's Review	Note To Filer	Becky Harrington	08/21/2013	08/21/2013

**State:** Arkansas  
**TOI/Sub-TOI:** 04.0 Homeowners/04.0000 Homeowners Sub-TOI Combinations  
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**Filing Company:** Safeco Insurance Company of America

## Disposition

Disposition Date: 09/18/2013

Effective Date (New): 11/09/2013

Effective Date (Renewal): 01/16/2014

Status: Filed

Comment:

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where req'd):	Minimum % Change (where req'd):
Safeco Insurance Company of America	31.400%	15.000%	\$2,436,138	13,151	\$16,290,514	25.000%	10.000%

Schedule	Schedule Item	Schedule Item Status	Public Access
Supporting Document	Form RF-2 Loss Costs Only (not for workers' compensation)		Yes
Supporting Document	H-1 Homeowners Abstract	Filed	Yes
Supporting Document (revised)	HPCS-Homeowners Premium Comparison Survey	Filed	Yes
Supporting Document	HPCS-Homeowners Premium Comparison Survey		Yes
Supporting Document	HPCS-Homeowners Premium Comparison Survey		Yes
Supporting Document (revised)	NAIC loss cost data entry document	Filed	Yes
Supporting Document	NAIC loss cost data entry document		Yes
Supporting Document	NAIC loss cost data entry document		Yes
Supporting Document (revised)	Actuarial Support	Filed	Yes
Supporting Document	Actuarial Support		Yes
Supporting Document	Actuarial Support		Yes
Supporting Document (revised)	Cover Letter	Filed	Yes

**SERFF Tracking #:**

LBPM-129157504

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

2013-AR-HOME-RR-3260

**State:**

Arkansas

**Filing Company:**

Safeco Insurance Company of America

**TOI/Sub-TOI:**

04.0 Homeowners/04.0000 Homeowners Sub-TOI Combinations

**Product Name:**

Home

**Project Name/Number:**

2013-AR-HOME-RR-3260 /2013-AR-HOME-RR-3260

Schedule	Schedule Item	Schedule Item Status	Public Access
Supporting Document	Cover Letter		Yes
Supporting Document	Disruption	Filed	Yes
Rate (revised)	Form 30	Filed	Yes
Rate	Form 30		Yes
Rate (revised)	Form 85, 88	Filed	Yes
Rate	Form 85, 88		Yes
Rate (revised)	Form 30	Filed	Yes
Rate	Form 30		Yes
Rate	Form 30	Filed	Yes
Rate (revised)	Form 30	Filed	Yes
Rate	Form 30		Yes
Rate (revised)	Form 04	Filed	Yes
Rate	Form 04		Yes
Rate	Form 30	Filed	Yes

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**State:** Arkansas **Filing Company:** Safeco Insurance Company of America  
**TOI/Sub-TOI:** 04.0 Homeowners/04.0000 Homeowners Sub-TOI Combinations  
**Product Name:** Home  
**Project Name/Number:** 2013-AR-HOME-RR-3260 /2013-AR-HOME-RR-3260

## Objection Letter

Objection Letter Status	Pending Industry Response
Objection Letter Date	09/13/2013
Submitted Date	09/13/2013
Respond By Date	

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Dear Bogdan Siekirka,

**Introduction:**

*This will acknowledge receipt of the response dated 9/13/13.*

*Please explain why other rate pages were not revised.*

*The reponse indicates a post-submission update was submitted. It was not received.*

**Conclusion:**

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

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

*Sincerely,  
Becky Harrington*

State: Arkansas Filing Company: Safeco Insurance Company of America  
TOI/Sub-TOI: 04.0 Homeowners/04.0000 Homeowners Sub-TOI Combinations  
Product Name: Home  
Project Name/Number: 2013-AR-HOME-RR-3260 /2013-AR-HOME-RR-3260

## Objection Letter

Objection Letter Status Pending Industry Response  
Objection Letter Date 09/11/2013  
Submitted Date 09/11/2013  
Respond By Date

Dear Bogdan Siekirka,

**Introduction:**

The requested increase has been reviewed by the Commissioner.

Please amend the overall increase to 15%, with individual insureds receiving no more than 25%.

Provide a revised HPCS.

**Conclusion:**

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

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

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

Sincerely,  
Becky Harrington

**State:** Arkansas **Filing Company:** Safeco Insurance Company of America  
**TOI/Sub-TOI:** 04.0 Homeowners/04.0000 Homeowners Sub-TOI Combinations  
**Product Name:** Home  
**Project Name/Number:** 2013-AR-HOME-RR-3260 /2013-AR-HOME-RR-3260

## Objection Letter

Objection Letter Status	No response necessary
Objection Letter Date	08/21/2013
Submitted Date	08/21/2013
Respond By Date	

Dear Bogdan Siekirka,

**Introduction:**

*This will acknowledge receipt of the response dated 8/19/13.*

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

**Conclusion:**

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

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

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

Sincerely,  
Becky Harrington

**State:** Arkansas **Filing Company:** Safeco Insurance Company of America  
**TOI/Sub-TOI:** 04.0 Homeowners/04.0000 Homeowners Sub-TOI Combinations  
**Product Name:** Home  
**Project Name/Number:** 2013-AR-HOME-RR-3260 /2013-AR-HOME-RR-3260

## Objection Letter

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

Dear Bogdan Siekirka,

### Introduction:

This will acknowledge receipt of the captioned filing.

### Objection 1

- HPCS-Homeowners Premium Comparison Survey (Supporting Document)

Comments:

Form HPCS must be submitted in both Excel spreadsheet and pdf format. Companies may not change the form in any way or include formulas. Please provide the Excel version.

### Objection 2

- Actuarial Support (Supporting Document)

Comments: The EPCRL factors on page 1 are developed from the Safeco rate history in Oklahoma using the standard actuarial approach (typically known as the "parallelogram method"). This is done for individual quarters, and the quarterly EPCRL factors are applied to the quarterly EP, producing quarterly EPCRL. Page 3 shows the rate history for the state by form and company.

Please explain the use of Oklahoma. ACA 23-67-209 allows for companywide or AR specific experience.

### Objection 3

- Actuarial Support (Supporting Document)

Comments: Please remove the hurricane projected loss ratio. AR does not allow hurricane loads.

### Objection 4

- Actuarial Support (Supporting Document)

Comments: Identify states included in the hail region data of Exhibit H-5.

### Objection 5

Comments: Please provide a disruption chart.

### Conclusion:

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

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

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

Sincerely,  
Becky Harrington

SERFF Tracking #:

LBPM-129157504

State Tracking #:

Company Tracking #:

2013-AR-HOME-RR-3260

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State:

Arkansas

Filing Company:

Safeco Insurance Company of America

TOI/Sub-TOI:

04.0 Homeowners/04.0000 Homeowners Sub-TOI Combinations

Product Name:

Home

Project Name/Number:

2013-AR-HOME-RR-3260 /2013-AR-HOME-RR-3260

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## Response Letter

Response Letter Status	Submitted to State
Response Letter Date	09/16/2013
Submitted Date	09/16/2013

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*Dear Becky Harrington,*

**Introduction:**

*Thank you for your continued review of our filing.*

**Response 1**

**Comments:**

*The post submission update and the following exhibits have been included.*

*Home Unities*

*Home Coverage Level Unities*

*Renters Unities*

*Condo Unities*

**Changed Items:**

*No Supporting Documents changed.*

*No Form Schedule items changed.*

State: Arkansas

Filing Company:

Safeco Insurance Company of America

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

Product Name: Home

Project Name/Number: 2013-AR-HOME-RR-3260 /2013-AR-HOME-RR-3260

## Rate Schedule Item Changes

Item No.	Exhibit Name	Rule # or Page #	Rate Action	Previous State Filing Number	Date Submitted
1	Form 85, 88	Territory Unities	Replacement		09/16/2013 By: Bogdan Siekirka
<i>Previous Version</i>					
1	Form 85, 88	Territory Unities	Replacement		08/15/2013 By: Bogdan Siekirka
2	Form 30	Policy Level Unities	Replacement		09/16/2013 By: Bogdan Siekirka
<i>Previous Version</i>					
2	Form 30	Policy Level Unities	Replacement		08/15/2013 By: Bogdan Siekirka
3	Form 30	Homeowners State Unity	Replacement		09/16/2013 By: Bogdan Siekirka
<i>Previous Version</i>					
3	Form 30	Homeowners State Unity	Replacement		08/15/2013 By: Bogdan Siekirka
4	Form 04	Territory Unities	Replacement		09/16/2013 By: Bogdan Siekirka
<i>Previous Version</i>					
4	Form 04	Territory Unities	Replacement		08/15/2013 By: Bogdan Siekirka

**Conclusion:**

Please let us know if you have any other questions.

Sincerely,

Bogdan Siekirka

SERFF Tracking #:

LBPM-129157504

State Tracking #:

Company Tracking #:

2013-AR-HOME-RR-3260

State:

Arkansas

Filing Company:

Safeco Insurance Company of America

TOI/Sub-TOI:

04.0 Homeowners/04.0000 Homeowners Sub-TOI Combinations

Product Name:

Home

Project Name/Number:

2013-AR-HOME-RR-3260 /2013-AR-HOME-RR-3260

## Response Letter

Response Letter Status	Submitted to State
Response Letter Date	09/13/2013
Submitted Date	09/13/2013

*Dear Becky Harrington,*

**Introduction:**

*Thank you for your review.*

**Response 1**

**Comments:**

*The overall increase is now 15% for Home, Condo & Renters.*

*The excel version and pdf version have been included.*

*Further we have furnished the following exhibits for your reference because they have changed due to the amended rate per Objection 1:*

*Home & Renters Rate Stabilization*

*Evaluation of Change*

*Post submission update*

*ARRFARF1*

*HPCS (excel & pdf format)*

**Changed Items:**

**State:** Arkansas **Filing Company:** Safeco Insurance Company of America  
**TOI/Sub-TOI:** 04.0 Homeowners/04.0000 Homeowners Sub-TOI Combinations  
**Product Name:** Home  
**Project Name/Number:** 2013-AR-HOME-RR-3260 /2013-AR-HOME-RR-3260

### Supporting Document Schedule Item Changes

<b>Satisfied - Item:</b>	HPCS-Homeowners Premium Comparison Survey
<b>Comments:</b>	The excel version has been included
<b>Attachment(s):</b>	Final HO Premium Survey.pdf Final HO Premium Survey.xls
<i>Previous Version</i>	
<b>Satisfied - Item:</b>	<i>HPCS-Homeowners Premium Comparison Survey</i>
<b>Comments:</b>	<i>The excel version has been included</i>
<b>Attachment(s):</b>	<i>Final HO Premium Survey.pdf Final HO Premium Survey.xls</i>
<i>Previous Version</i>	
<b>Satisfied - Item:</b>	<i>HPCS-Homeowners Premium Comparison Survey</i>
<b>Comments:</b>	
<b>Attachment(s):</b>	<i>Final HO Premium Survey.pdf</i>

<b>Satisfied - Item:</b>	NAIC loss cost data entry document
<b>Comments:</b>	revised
<b>Attachment(s):</b>	ARRFARF1.pdf
<i>Previous Version</i>	
<b>Satisfied - Item:</b>	<i>NAIC loss cost data entry document</i>
<b>Comments:</b>	<i>revised</i>
<b>Attachment(s):</b>	<i>ARRFARF1.pdf</i>
<i>Previous Version</i>	
<b>Satisfied - Item:</b>	<i>NAIC loss cost data entry document</i>
<b>Comments:</b>	
<b>Attachment(s):</b>	<i>ARRFARF1.pdf</i>

**State:** Arkansas **Filing Company:** Safeco Insurance Company of America  
**TOI/Sub-TOI:** 04.0 Homeowners/04.0000 Homeowners Sub-TOI Combinations  
**Product Name:** Home  
**Project Name/Number:** 2013-AR-HOME-RR-3260 /2013-AR-HOME-RR-3260

<b>Satisfied - Item:</b>	Actuarial Support
<b>Comments:</b>	
<b>Attachment(s):</b>	Exhibits I and J - Investment Income.pdf Exhibit H -- Explanatory Memorandum.pdf EVofChange_Combined.pdf Exhibit H - Actuarial Justification.pdf
<i>Previous Version</i>	
<b>Satisfied - Item:</b>	<i>Actuarial Support</i>
<b>Comments:</b>	<p><i>This was a typo in the explanatory memo. The EPCRL factors on page 1 are developed from the Safeco rate history in Arkansas, not from the Oklahoma history. Attached please find an amended explanatory memorandum for Exhibit H.</i></p> <p><i>Attached is a revision of the indication summary(included in Exhibit H- Actuarial Justification).</i></p>
<b>Attachment(s):</b>	<i>Exhibits I and J - Investment Income.pdf</i> <i>EV of Change.pdf</i> <i>Exhibit H -- Explanatory Memorandum.pdf</i> <i>Exhibit H - Actuarial Justification.pdf</i>
<i>Previous Version</i>	
<b>Satisfied - Item:</b>	<i>Actuarial Support</i>
<b>Comments:</b>	
<b>Attachment(s):</b>	<i>Exhibit H -- Explanatory Memorandum Cov A - 4Q12.pdf</i> <i>Exhibits I and J - Investment Income.pdf</i> <i>EV of Change.pdf</i> <i>Exhibit H - Actuarial Justification.pdf</i>

**State:** Arkansas  
**TOI/Sub-TOI:** 04.0 Homeowners/04.0000 Homeowners Sub-TOI Combinations  
**Product Name:** Home  
**Project Name/Number:** 2013-AR-HOME-RR-3260 /2013-AR-HOME-RR-3260

**Filing Company:** Safeco Insurance Company of America

### Supporting Document Schedule Item Changes

**Satisfied - Item:** HPCS-Homeowners Premium Comparison Survey  
**Comments:** The excel version has been included  
**Attachment(s):** Final HO Premium Survey.pdf  
 Final HO Premium Survey.xls

#### Previous Version

**Satisfied - Item:** *HPCS-Homeowners Premium Comparison Survey*  
**Comments:** *The excel version has been included*  
**Attachment(s):** *Final HO Premium Survey.pdf*  
*Final HO Premium Survey.xls*

#### Previous Version

**Satisfied - Item:** *HPCS-Homeowners Premium Comparison Survey*  
**Comments:**  
**Attachment(s):** *Final HO Premium Survey.pdf*

**Satisfied - Item:** NAIC loss cost data entry document  
**Comments:** revised  
**Attachment(s):** ARRFARF1.pdf

#### Previous Version

**Satisfied - Item:** *NAIC loss cost data entry document*  
**Comments:** *revised*  
**Attachment(s):** *ARRFARF1.pdf*

#### Previous Version

**Satisfied - Item:** *NAIC loss cost data entry document*  
**Comments:**  
**Attachment(s):** *ARRFARF1.pdf*

**State:** Arkansas **Filing Company:** Safeco Insurance Company of America  
**TOI/Sub-TOI:** 04.0 Homeowners/04.0000 Homeowners Sub-TOI Combinations  
**Product Name:** Home  
**Project Name/Number:** 2013-AR-HOME-RR-3260 /2013-AR-HOME-RR-3260

<b>Satisfied - Item:</b>	Actuarial Support
<b>Comments:</b>	
<b>Attachment(s):</b>	Exhibits I and J - Investment Income.pdf Exhibit H -- Explanatory Memorandum.pdf EVofChange_Combined.pdf Exhibit H - Actuarial Justification.pdf
<i>Previous Version</i>	
<b>Satisfied - Item:</b>	<i>Actuarial Support</i>
<b>Comments:</b>	<p><i>This was a typo in the explanatory memo. The EPCRL factors on page 1 are developed from the Safeco rate history in Arkansas, not from the Oklahoma history. Attached please find an amended explanatory memorandum for Exhibit H.</i></p> <p><i>Attached is a revision of the indication summary(included in Exhibit H- Actuarial Justification).</i></p>
<b>Attachment(s):</b>	<i>Exhibits I and J - Investment Income.pdf</i> <i>EV of Change.pdf</i> <i>Exhibit H -- Explanatory Memorandum.pdf</i> <i>Exhibit H - Actuarial Justification.pdf</i>
<i>Previous Version</i>	
<b>Satisfied - Item:</b>	<i>Actuarial Support</i>
<b>Comments:</b>	
<b>Attachment(s):</b>	<i>Exhibit H -- Explanatory Memorandum Cov A - 4Q12.pdf</i> <i>Exhibits I and J - Investment Income.pdf</i> <i>EV of Change.pdf</i> <i>Exhibit H - Actuarial Justification.pdf</i>

**State:** Arkansas **Filing Company:** Safeco Insurance Company of America  
**TOI/Sub-TOI:** 04.0 Homeowners/04.0000 Homeowners Sub-TOI Combinations  
**Product Name:** Home  
**Project Name/Number:** 2013-AR-HOME-RR-3260 /2013-AR-HOME-RR-3260

### Supporting Document Schedule Item Changes

<b>Satisfied - Item:</b>	HPCS-Homeowners Premium Comparison Survey
<b>Comments:</b>	The excel version has been included
<b>Attachment(s):</b>	Final HO Premium Survey.pdf Final HO Premium Survey.xls
<i>Previous Version</i>	
<b>Satisfied - Item:</b>	<i>HPCS-Homeowners Premium Comparison Survey</i>
<b>Comments:</b>	<i>The excel version has been included</i>
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<b>Satisfied - Item:</b>	<i>HPCS-Homeowners Premium Comparison Survey</i>
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<b>Attachment(s):</b>	<i>Final HO Premium Survey.pdf</i>

<b>Satisfied - Item:</b>	NAIC loss cost data entry document
<b>Comments:</b>	revised
<b>Attachment(s):</b>	ARRFARF1.pdf
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<b>Satisfied - Item:</b>	<i>NAIC loss cost data entry document</i>
<b>Comments:</b>	<i>revised</i>
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<b>Satisfied - Item:</b>	<i>NAIC loss cost data entry document</i>
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**State:** Arkansas **Filing Company:** Safeco Insurance Company of America  
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<b>Satisfied - Item:</b>	Actuarial Support
<b>Comments:</b>	
<b>Attachment(s):</b>	Exhibits I and J - Investment Income.pdf Exhibit H -- Explanatory Memorandum.pdf EVofChange_Combined.pdf Exhibit H - Actuarial Justification.pdf
<i>Previous Version</i>	
<b>Satisfied - Item:</b>	<i>Actuarial Support</i>
<b>Comments:</b>	<p><i>This was a typo in the explanatory memo. The EPCRL factors on page 1 are developed from the Safeco rate history in Arkansas, not from the Oklahoma history. Attached please find an amended explanatory memorandum for Exhibit H.</i></p> <p><i>Attached is a revision of the indication summary(included in Exhibit H- Actuarial Justification).</i></p>
<b>Attachment(s):</b>	<i>Exhibits I and J - Investment Income.pdf</i> <i>EV of Change.pdf</i> <i>Exhibit H -- Explanatory Memorandum.pdf</i> <i>Exhibit H - Actuarial Justification.pdf</i>
<i>Previous Version</i>	
<b>Satisfied - Item:</b>	<i>Actuarial Support</i>
<b>Comments:</b>	
<b>Attachment(s):</b>	<i>Exhibit H -- Explanatory Memorandum Cov A - 4Q12.pdf</i> <i>Exhibits I and J - Investment Income.pdf</i> <i>EV of Change.pdf</i> <i>Exhibit H - Actuarial Justification.pdf</i>

No Form Schedule items changed.

SERFF Tracking #:

LBPM-129157504

State Tracking #:

Company Tracking #:

2013-AR-HOME-RR-3260

State: Arkansas

Filing Company:

Safeco Insurance Company of America

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

Product Name: Home

Project Name/Number: 2013-AR-HOME-RR-3260 /2013-AR-HOME-RR-3260

Rate Schedule Item Changes					
Item No.	Exhibit Name	Rule # or Page #	Rate Action	Previous State Filing Number	Date Submitted
1	Form 30	Comparison of Current Cap & Proposed Stabilization Levels	Replacement		09/13/2013 By: Bogdan Siekirka
<i>Previous Version</i>					
1	Form 30	Comparison of Current Cap & Proposed Stabilization Levels	Replacement		08/15/2013 By: Bogdan Siekirka

**Conclusion:**

If I can be of further assistance in your review, please feel free to contact me by email at bogdan.siekirka@libertymutual.com or call me at (857) 224-2774.

Sincerely,

Bogdan Siekirka

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**State:** Arkansas **Filing Company:** Safeco Insurance Company of America  
**TOI/Sub-TOI:** 04.0 Homeowners/04.0000 Homeowners Sub-TOI Combinations  
**Product Name:** Home  
**Project Name/Number:** 2013-AR-HOME-RR-3260 /2013-AR-HOME-RR-3260

## Response Letter

Response Letter Status	Submitted to State
Response Letter Date	09/13/2013
Submitted Date	09/13/2013

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Dear Becky Harrington,

**Introduction:**

Thank you for your review.

**Response 1**

**Comments:**

Please see our response to the 9/11 objection.

**Changed Items:**

No Supporting Documents changed.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

**Conclusion:**

Please let us know if you have any other questions.

Sincerely,

Bogdan Siekirka

**State:** Arkansas **Filing Company:** Safeco Insurance Company of America  
**TOI/Sub-TOI:** 04.0 Homeowners/04.0000 Homeowners Sub-TOI Combinations  
**Product Name:** Home  
**Project Name/Number:** 2013-AR-HOME-RR-3260 /2013-AR-HOME-RR-3260

## Response Letter

Response Letter Status Submitted to State  
 Response Letter Date 08/19/2013  
 Submitted Date 08/19/2013

Dear Becky Harrington,

### Introduction:

### Response 1

#### Comments:

The excel version has been included.

### Related Objection 1

Applies To:

- HPCS-Homeowners Premium Comparison Survey (Supporting Document)

Comments:

Form HPCS must be submitted in both Excel spreadsheet and pdf format. Companies may not change the form in any way or include formulas. Please provide the Excel version.

### Changed Items:

Supporting Document Schedule Item Changes	
<b>Satisfied - Item:</b>	HPCS-Homeowners Premium Comparison Survey
<b>Comments:</b>	The excel version has been included
<b>Attachment(s):</b>	Final HO Premium Survey.pdf Final HO Premium Survey.xls
<i>Previous Version</i>	
<b>Satisfied - Item:</b>	HPCS-Homeowners Premium Comparison Survey
<b>Comments:</b>	
<b>Attachment(s):</b>	Final HO Premium Survey.pdf

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<b>State:</b>	Arkansas	<b>Filing Company:</b>	Safeco Insurance Company of America
<b>TOI/Sub-TOI:</b>	04.0 Homeowners/04.0000 Homeowners Sub-TOI Combinations		
<b>Product Name:</b>	Home		
<b>Project Name/Number:</b>	2013-AR-HOME-RR-3260 /2013-AR-HOME-RR-3260		

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

## Response 2

### Comments:

This was a typo in the explanatory memo. The EPCRL factors on page 1 are developed from the Safeco rate history in Arkansas, not from the Oklahoma history. Attached please find an amended explanatory memorandum for Exhibit H.

## Related Objection 2

Applies To:

- Actuarial Support (Supporting Document)

Comments: The EPCRL factors on page 1 are developed from the Safeco rate history in Oklahoma using the standard actuarial approach (typically known as the "parallelogram method"). This is done for individual quarters, and the quarterly EPCRL factors are applied to the quarterly EP, producing quarterly EPCRL. Page 3 shows the rate history for the state by form and company.

Please explain the use of Oklahoma. ACA 23-67-209 allows for companywide or AR specific experience.

## Changed Items:

**State:** Arkansas **Filing Company:** Safeco Insurance Company of America  
**TOI/Sub-TOI:** 04.0 Homeowners/04.0000 Homeowners Sub-TOI Combinations  
**Product Name:** Home  
**Project Name/Number:** 2013-AR-HOME-RR-3260 /2013-AR-HOME-RR-3260

### Supporting Document Schedule Item Changes

<b>Satisfied - Item:</b>	Actuarial Support
<b>Comments:</b>	<p>This was a typo in the explanatory memo. The EPCRL factors on page 1 are developed from the Safeco rate history in Arkansas, not from the Oklahoma history. Attached please find an amended explanatory memorandum for Exhibit H.</p> <p>Attached is a revision of the indication summary(included in Exhibit H- Actuarial Justification).</p>
<b>Attachment(s):</b>	<p>Exhibits I and J - Investment Income.pdf            EV of Change.pdf            Exhibit H -- Explanatory Memorandum.pdf            Exhibit H - Actuarial Justification.pdf</p>
<i>Previous Version</i>	
<b>Satisfied - Item:</b>	<i>Actuarial Support</i>
<b>Comments:</b>	
<b>Attachment(s):</b>	<p><i>Exhibit H -- Explanatory Memorandum Cov A - 4Q12.pdf            Exhibits I and J - Investment Income.pdf            EV of Change.pdf            Exhibit H - Actuarial Justification.pdf</i></p>

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

### Response 3

#### Comments:

We have set the hurricane loss load to 0.0%, which reduced the indication to 31.4%. Attached is a revision of the indication summary, Form RF-1, and the Rate Rule Filing Schedule. Other supporting exhibits are unaffected by this change.

### Related Objection 3

Applies To:

- Actuarial Support (Supporting Document)

Comments: Please remove the hurricane projected loss ratio. AR does not allow hurricane loads.

**State:** Arkansas **Filing Company:** Safeco Insurance Company of America  
**TOI/Sub-TOI:** 04.0 Homeowners/04.0000 Homeowners Sub-TOI Combinations  
**Product Name:** Home  
**Project Name/Number:** 2013-AR-HOME-RR-3260 /2013-AR-HOME-RR-3260

**Changed Items:**

Supporting Document Schedule Item Changes	
<b>Satisfied - Item:</b>	NAIC loss cost data entry document
<b>Comments:</b>	revised
<b>Attachment(s):</b>	ARRFARF1.pdf
<i>Previous Version</i>	
<b>Satisfied - Item:</b>	<i>NAIC loss cost data entry document</i>
<b>Comments:</b>	
<b>Attachment(s):</b>	<i>ARRFARF1.pdf</i>

<b>Satisfied - Item:</b>	Actuarial Support
<b>Comments:</b>	<p>This was a typo in the explanatory memo. The EPCRL factors on page 1 are developed from the Safeco rate history in Arkansas, not from the Oklahoma history. Attached please find an amended explanatory memorandum for Exhibit H.</p> <p>Attached is a revision of the indication summary(included in Exhibit H- Actuarial Justification).</p>
<b>Attachment(s):</b>	Exhibits I and J - Investment Income.pdf EV of Change.pdf Exhibit H -- Explanatory Memorandum.pdf Exhibit H - Actuarial Justification.pdf
<i>Previous Version</i>	
<b>Satisfied - Item:</b>	<i>Actuarial Support</i>
<b>Comments:</b>	
<b>Attachment(s):</b>	<i>Exhibit H -- Explanatory Memorandum Cov A - 4Q12.pdf</i> <i>Exhibits I and J - Investment Income.pdf</i> <i>EV of Change.pdf</i> <i>Exhibit H - Actuarial Justification.pdf</i>

**State:** Arkansas **Filing Company:** Safeco Insurance Company of America  
**TOI/Sub-TOI:** 04.0 Homeowners/04.0000 Homeowners Sub-TOI Combinations  
**Product Name:** Home  
**Project Name/Number:** 2013-AR-HOME-RR-3260 /2013-AR-HOME-RR-3260

### Supporting Document Schedule Item Changes

<b>Satisfied - Item:</b>	NAIC loss cost data entry document
<b>Comments:</b>	revised
<b>Attachment(s):</b>	ARRFARF1.pdf
<i>Previous Version</i>	
<b>Satisfied - Item:</b>	<i>NAIC loss cost data entry document</i>
<b>Comments:</b>	
<b>Attachment(s):</b>	<i>ARRFARF1.pdf</i>

<b>Satisfied - Item:</b>	Actuarial Support
<b>Comments:</b>	<p>This was a typo in the explanatory memo. The EPCRL factors on page 1 are developed from the Safeco rate history in Arkansas, not from the Oklahoma history. Attached please find an amended explanatory memorandum for Exhibit H.</p> <p>Attached is a revision of the indication summary(included in Exhibit H- Actuarial Justification).</p>
<b>Attachment(s):</b>	<p>Exhibits I and J - Investment Income.pdf            EV of Change.pdf            Exhibit H -- Explanatory Memorandum.pdf            Exhibit H - Actuarial Justification.pdf</p>
<i>Previous Version</i>	
<b>Satisfied - Item:</b>	<i>Actuarial Support</i>
<b>Comments:</b>	
<b>Attachment(s):</b>	<p><i>Exhibit H -- Explanatory Memorandum Cov A - 4Q12.pdf</i>  <i>Exhibits I and J - Investment Income.pdf</i>  <i>EV of Change.pdf</i>  <i>Exhibit H - Actuarial Justification.pdf</i></p>

No Form Schedule items changed.

SERFF Tracking #:

LBPM-129157504

State Tracking #:

Company Tracking #:

2013-AR-HOME-RR-3260

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State: Arkansas

Filing Company: Safeco Insurance Company of America

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

Product Name: Home

Project Name/Number: 2013-AR-HOME-RR-3260 /2013-AR-HOME-RR-3260

No Rate/Rule Schedule items changed.

#### Response 4

##### Comments:

The hail region is comprised of Arkansas, Colorado, Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, Oklahoma, South Dakota, Texas, and Wyoming.

#### Related Objection 4

Applies To:

- Actuarial Support (Supporting Document)

Comments: Identify states included in the hail region data of Exhibit H-5.

#### Changed Items:

SERFF Tracking #:

LBPM-129157504

State Tracking #:

Company Tracking #:

2013-AR-HOME-RR-3260

**State:** Arkansas **Filing Company:** Safeco Insurance Company of America  
**TOI/Sub-TOI:** 04.0 Homeowners/04.0000 Homeowners Sub-TOI Combinations  
**Product Name:** Home  
**Project Name/Number:** 2013-AR-HOME-RR-3260 /2013-AR-HOME-RR-3260

### Supporting Document Schedule Item Changes

<b>Satisfied - Item:</b>	NAIC loss cost data entry document
<b>Comments:</b>	revised
<b>Attachment(s):</b>	ARRFARF1.pdf
<i>Previous Version</i>	
<b>Satisfied - Item:</b>	<i>NAIC loss cost data entry document</i>
<b>Comments:</b>	
<b>Attachment(s):</b>	<i>ARRFARF1.pdf</i>

<b>Satisfied - Item:</b>	Actuarial Support
<b>Comments:</b>	<p>This was a typo in the explanatory memo. The EPCRL factors on page 1 are developed from the Safeco rate history in Arkansas, not from the Oklahoma history. Attached please find an amended explanatory memorandum for Exhibit H.</p> <p>Attached is a revision of the indication summary(included in Exhibit H- Actuarial Justification).</p>
<b>Attachment(s):</b>	<p>Exhibits I and J - Investment Income.pdf            EV of Change.pdf            Exhibit H -- Explanatory Memorandum.pdf            Exhibit H - Actuarial Justification.pdf</p>
<i>Previous Version</i>	
<b>Satisfied - Item:</b>	<i>Actuarial Support</i>
<b>Comments:</b>	
<b>Attachment(s):</b>	<p><i>Exhibit H -- Explanatory Memorandum Cov A - 4Q12.pdf            Exhibits I and J - Investment Income.pdf            EV of Change.pdf            Exhibit H - Actuarial Justification.pdf</i></p>

**State:** Arkansas **Filing Company:** Safeco Insurance Company of America  
**TOI/Sub-TOI:** 04.0 Homeowners/04.0000 Homeowners Sub-TOI Combinations  
**Product Name:** Home  
**Project Name/Number:** 2013-AR-HOME-RR-3260 /2013-AR-HOME-RR-3260

### Supporting Document Schedule Item Changes

<b>Satisfied - Item:</b>	NAIC loss cost data entry document
<b>Comments:</b>	revised
<b>Attachment(s):</b>	ARRFARF1.pdf
<i>Previous Version</i>	
<b>Satisfied - Item:</b>	<i>NAIC loss cost data entry document</i>
<b>Comments:</b>	
<b>Attachment(s):</b>	<i>ARRFARF1.pdf</i>

<b>Satisfied - Item:</b>	Actuarial Support
<b>Comments:</b>	<p>This was a typo in the explanatory memo. The EPCRL factors on page 1 are developed from the Safeco rate history in Arkansas, not from the Oklahoma history. Attached please find an amended explanatory memorandum for Exhibit H.</p> <p>Attached is a revision of the indication summary(included in Exhibit H- Actuarial Justification).</p>
<b>Attachment(s):</b>	<p>Exhibits I and J - Investment Income.pdf            EV of Change.pdf            Exhibit H -- Explanatory Memorandum.pdf            Exhibit H - Actuarial Justification.pdf</p>
<i>Previous Version</i>	
<b>Satisfied - Item:</b>	<i>Actuarial Support</i>
<b>Comments:</b>	
<b>Attachment(s):</b>	<p><i>Exhibit H -- Explanatory Memorandum Cov A - 4Q12.pdf            Exhibits I and J - Investment Income.pdf            EV of Change.pdf            Exhibit H - Actuarial Justification.pdf</i></p>

No Form Schedule items changed.

**State:** Arkansas **Filing Company:** Safeco Insurance Company of America  
**TOI/Sub-TOI:** 04.0 Homeowners/04.0000 Homeowners Sub-TOI Combinations  
**Product Name:** Home  
**Project Name/Number:** 2013-AR-HOME-RR-3260 /2013-AR-HOME-RR-3260

No Rate/Rule Schedule items changed.

### Response 5

#### Comments:

Please see the attached chart, which shows the rate change that customers will experience from this revision.

### Related Objection 5

Comments: Please provide a disruption chart.

### Changed Items:

Supporting Document Schedule Item Changes	
<b>Satisfied - Item:</b>	Cover Letter
<b>Comments:</b>	Updated
<b>Attachment(s):</b>	_Filing Letter .pdf
<i>Previous Version</i>	
<b>Satisfied - Item:</b>	<i>Cover Letter</i>
<b>Comments:</b>	
<b>Attachment(s):</b>	<i>AR Filing Letter .pdf</i>
<b>Satisfied - Item:</b>	Disruption
<b>Comments:</b>	
<b>Attachment(s):</b>	Disruption_Chart.pdf

SERFF Tracking #:

LBPM-129157504

State Tracking #:

Company Tracking #:

2013-AR-HOME-RR-3260

State:

Arkansas

Filing Company:

Safeco Insurance Company of America

TOI/Sub-TOI:

04.0 Homeowners/04.0000 Homeowners Sub-TOI Combinations

Product Name:

Home

Project Name/Number:

2013-AR-HOME-RR-3260 /2013-AR-HOME-RR-3260

**Supporting Document Schedule Item Changes**

<b>Satisfied - Item:</b>	Cover Letter
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<b>Comments:</b>	Updated
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<b>Attachment(s):</b>	_Filing Letter .pdf
-----------------------	---------------------

*Previous Version*

<b>Satisfied - Item:</b>	<i>Cover Letter</i>
--------------------------	---------------------

<b>Comments:</b>	
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<b>Attachment(s):</b>	<i>AR Filing Letter .pdf</i>
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<b>Satisfied - Item:</b>	Disruption
--------------------------	------------

<b>Comments:</b>	
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<b>Attachment(s):</b>	Disruption_Chart.pdf
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*No Form Schedule items changed.*

*No Rate/Rule Schedule items changed.*

**Conclusion:**

*Sincerely,*

*Sandra Jackson*

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**State:** Arkansas **Filing Company:** Safeco Insurance Company of America  
**TOI/Sub-TOI:** 04.0 Homeowners/04.0000 Homeowners Sub-TOI Combinations  
**Product Name:** Home  
**Project Name/Number:** 2013-AR-HOME-RR-3260 /2013-AR-HOME-RR-3260

## Note To Filer

**Created By:**

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

**Last Edited By:**

Becky Harrington

**Submitted On:**

09/18/2013 07:35 AM

**Subject:**

Meeting scheduled - status update

**Comments:**

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

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

---

**State:** Arkansas **Filing Company:** Safeco Insurance Company of America  
**TOI/Sub-TOI:** 04.0 Homeowners/04.0000 Homeowners Sub-TOI Combinations  
**Product Name:** Home  
**Project Name/Number:** 2013-AR-HOME-RR-3260 /2013-AR-HOME-RR-3260

## Note To Filer

**Created By:**

Becky Harrington on 08/21/2013 08:25 AM

**Last Edited By:**

Becky Harrington

**Submitted On:**

09/18/2013 07:35 AM

**Subject:**

Commissioner's Review

**Comments:**

There will be a delay in the Commissioner's review of this filing. He will be out of the office until the first week of September.

**State:** Arkansas **Filing Company:** Safeco Insurance Company of America  
**TOI/Sub-TOI:** 04.0 Homeowners/04.0000 Homeowners Sub-TOI Combinations  
**Product Name:** Home  
**Project Name/Number:** 2013-AR-HOME-RR-3260 /2013-AR-HOME-RR-3260

## Post Submission Update Request Processed On 08/21/2013

Status: Allowed  
Created By: Sandra Jackson  
Processed By: Becky Harrington  
Comments:

### Company Rate Information:

Company Name:Safeco Insurance Company of America

Field Name	Requested Change	Prior Value
Overall % Indicated Change	31.400%	32.000%
Minimum %Change (where required)	10.000%	12.000%

**State:** Arkansas **Filing Company:** Safeco Insurance Company of America  
**TOI/Sub-TOI:** 04.0 Homeowners/04.0000 Homeowners Sub-TOI Combinations  
**Product Name:** Home  
**Project Name/Number:** 2013-AR-HOME-RR-3260 /2013-AR-HOME-RR-3260

### Post Submission Update Request Processed On 09/18/2013

Status: Allowed  
 Created By: Bogdan Siekirka  
 Processed By: Becky Harrington  
 Comments:

#### Company Rate Information:

Company Name:Safeco Insurance Company of America

Field Name	Requested Change	Prior Value
Overall % Rate Impact	15.000%	19.100%
Written Premium Change for this Program	\$2436138	\$3103517
Maximum %Change (where required)	25.000%	42.000%

SERFF Tracking #:

LBPM-129157504

State Tracking #:

Company Tracking #:

2013-AR-HOME-RR-3260

State: Arkansas  
 TOI/Sub-TOI: 04.0 Homeowners/04.0000 Homeowners Sub-TOI Combinations  
 Product Name: Home  
 Project Name/Number: 2013-AR-HOME-RR-3260 /2013-AR-HOME-RR-3260

Filing Company: Safeco Insurance Company of America

### Rate Information

Rate data applies to filing.

Filing Method: File and Use  
 Rate Change Type: Increase  
 Overall Percentage of Last Rate Revision: 14.600%  
 Effective Date of Last Rate Revision: 09/20/2012  
 Filing Method of Last Filing: File and Use

### Company Rate Information

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where req'd):	Minimum % Change (where req'd):
Safeco Insurance Company of America	31.400%	15.000%	\$2,436,138	13,151	\$16,290,514	25.000%	10.000%

State: Arkansas

Filing Company:

Safeco Insurance Company of America

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

Product Name: Home

Project Name/Number: 2013-AR-HOME-RR-3260 /2013-AR-HOME-RR-3260

## Rate/Rule Schedule

Item No.	Schedule Item Status	Exhibit Name	Rule # or Page #	Rate Action	Previous State Filing Number	Attachments
1	Filed 09/13/2013	Form 30	Comparison of Current Cap & Proposed Stabilization Levels	Replacement		Cap Comparison (Home & Renters).pdf
2	Filed 09/18/2013	Form 85, 88	Territory Unities	Replacement		AR Condo Unities.pdf
3	Filed 09/18/2013	Form 30	Policy Level Unities	Replacement		AR Home Cov Level Unities.pdf
4	Filed 09/13/2013	Form 30	Renewal Credit Unity	Replacement		AR Home Renewal Credit.pdf
5	Filed 09/18/2013	Form 30	Homeowners State Unity	Replacement		AR Home Unity.pdf
6	Filed 09/18/2013	Form 04	Territory Unities	Replacement		AR Renters Unities.pdf
7	Filed 09/13/2013	Form 30	Product Guide	Replacement		20131109_co_arh_pg.pdf

**Comparison of Current Cap & Proposed Stabilization Levels  
Arkansas  
Safeco Insurance Companies**

Current  
Homeowners Form 30  
Total Premium Stabilization

Lower	5%
Upper	20%

Proposed  
Homeowners Form 30  
Total Premium Stabilization

Lower	12%
Upper	25%

Current  
Renters Form 04  
Total Premium Stabilization

Lower	0%
Upper	20%

Proposed  
Renters Form 04  
Total Premium Stabilization

Lower	10%
Upper	20%

Homeowners

Enter Max % for Indicated Chg	Resulting Range	Selected Cap for Range (rate change)
-20%	<-20%	1.1200
-15%	[-20%,-15%)	1.1200
-10%	[-15%,-10%)	1.1200
-5%	[-10%,-5%)	1.1200
0%	[-5%,0%)	1.1300
3%	[0%,3%)	1.1400
5%	[3%,5%)	1.1500
8%	[5%,8%)	1.1600
10%	[8%,10%)	1.1700
12%	[10%,12%)	1.1700
15%	[12%,15%)	1.1700
18%	[15%,18%)	1.1900
25%	[18%,25%)	1.2000
30%	[25%,30%)	1.2100
35%	[30%,35%)	1.2100
40%	[35%,40%)	1.2300
	>=40%	1.2500

Renters

Enter Max % for Indicated Chg	Resulting Range	Selected Cap for Range (rate change)
-20%	<-20%	1.1000
-10%	[-20%,-10%)	1.1200
-5%	[-10%,-5%)	1.1200
-2%	[-5%,-2%)	1.1300
0%	[-2%,0%)	1.1300
2%	[0%,2%)	1.1400
4%	[2%,4%)	1.1500
6%	[4%,6%)	1.1500
8%	[6%,8%)	1.1600
10%	[8%,10%)	1.1600
12%	[10%,12%)	1.1700
14%	[12%,14%)	1.1700
15%	[14%,15%)	1.1800
20%	[15%,20%)	1.1900
99%	[20%,99%)	1.2000
	>=99%	1.2000

**Territory Unities**  
**Arkansas**  
**Safeco Insurance Companies**  
**Condo Form 85, 88**

**Current**

<b>Territory</b>	<b>Base Unity</b>
<b>32</b>	102
<b>100</b>	102
<b>110</b>	102
<b>111</b>	102
<b>112</b>	102
<b>113</b>	102
<b>116</b>	102
<b>118</b>	102
<b>119</b>	102
<b>120</b>	102
<b>121</b>	102
<b>122</b>	102
<b>123</b>	102
<b>124</b>	102
<b>125</b>	102
<b>126</b>	102
<b>127</b>	102
<b>128</b>	102

**Proposed**

<b>Territory</b>	<b>Base Unity</b>
<b>32</b>	128
<b>100</b>	128
<b>110</b>	128
<b>111</b>	128
<b>112</b>	128
<b>113</b>	128
<b>116</b>	128
<b>118</b>	128
<b>119</b>	128
<b>120</b>	128
<b>121</b>	128
<b>122</b>	128
<b>123</b>	127
<b>124</b>	128
<b>125</b>	128
<b>126</b>	128
<b>127</b>	128
<b>128</b>	128

**Policy Level Unities**  
**Arkansas**  
**Safeco Insurance Companies**  
**Form 30**

<b>Current</b>	
<b>Essential</b>	0
<b>NQP</b>	11
<b>Optimum</b>	26
<b>Ultra</b>	0

<b>Proposed</b>	
<b>Essential</b>	0
<b>NQP</b>	13
<b>Optimum</b>	30
<b>Ultra</b>	0

**Renewal Credit Unity  
Arkansas  
Safeco Insurance Companies  
Form 30**

<b>Current</b>	
<b>Tenure</b>	<b>Amount</b>
<b>0</b>	0%
<b>1</b>	2%
<b>2</b>	2%
<b>3</b>	3%
<b>4</b>	4%
<b>5</b>	5%
<b>6</b>	6%
<b>7</b>	7%
<b>8</b>	8%

<b>Proposed</b>	
<b>Tenure</b>	<b>Amount</b>
<b>0</b>	0%
<b>1</b>	1%
<b>2</b>	1%
<b>3</b>	1%
<b>4</b>	2%
<b>5</b>	2%
<b>6</b>	3%
<b>7</b>	3%
<b>8</b>	3%
<b>+9</b>	4%

**Homeowners State Unity  
Arkansas  
Safeco Insurance Companies  
Form 30**

<b>Current Unity</b>	\$852
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<b>Proposed Unity</b>	\$937
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**Territory Unities**  
**Arkansas**  
**Safeco Insurance Companies**  
**Renters Form 04**

**Current**

<b>Territory</b>	<b>Base Unity</b>
32	122
100	122
110	122
111	122
112	122
113	122
116	122
118	122
119	122
120	122
121	122
122	122
123	122
124	122
125	122
126	122
127	122
128	122

**Proposed**

<b>Territory</b>	<b>Base Unity</b>
32	143
100	143
110	142
111	143
112	143
113	142
116	143
118	142
119	142
120	143
121	143
122	142
123	143
124	142
125	143
126	143
127	143
128	143

# Arkansas

## Homeowners Product Guide (Form 30 Only)



### What's New

Effective Date of New and Revised Material  
Updates

### Eligibility Guidelines

### Binding Authority

### Rules

Levels of Coverage  
Safeco Essential™  
Safeco New Quality-Plus™  
Safeco Optimum™

Basic Coverage Limits  
Basic Premium Definition  
Description of Coverage  
Policy Period  
Changes on Policies  
Cancellation of Insurance  
Agent File Documentation  
Premium Revisions  
Secondary Dwellings  
Temporary Binder  
Fire Protection Rating Plan  
Construction Definitions

### Deductibles

Coverage A (Dwelling) Deductibles

### Increased Limits

Section I – Property Coverages  
Section II – Liability Coverages

Additional Policy Coverages

### Decreased Limits

Section I – Property Coverages

### Optional Coverages

Additional Interests  
Earthquake Coverage  
Equipment Breakdown Coverage  
Escape of Water from a Sump, Sump Pump or Drain on the Residence Premises (Building and Specified Contents)  
Escape of Water from a Sump, Sump Pump or Drain on The Residence Premises (Building and Contents)  
Extended Dwelling Coverage  
Home Business Package  
Home Day Care Services Coverage  
Identity Recovery Coverage  
Incidental Farm Coverage  
Landlord's Furnishings  
Outboard Motor Liability – 50 hp and Over  
Personal Offense Coverage  
Personal Property Replacement Cost  
Refrigerated Products Coverage  
Short Term Vacancy Coverage  
Special Personal Property Coverage  
Theft of Building Materials  
Valuable Articles Coverage

### Discounts

Umbrella Discount  
Package Auto Discount  
Burglar Alarm Discount  
Newer Home Discount  
Renewal Discount  
Sprinkler Discount  
Employee Discount

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### What's New

#### Effective Date of New and Revised Material

11/09/13 New Business • 01/16/14 Renewal Business

#### Updates

Renewal Discount has been updated 34

## Eligibility Guidelines

Click [here](#) to be directed to the Eligibility Guidelines document.

## Binding Authority

Click [here](#) to be directed to the Binding Authority document.

## Rules

Only those coverages provided for in these rules may be endorsed onto a policy.

## Levels of Coverage

A customer may purchase only one level of coverage. Changing to a different level of coverage can be requested and processed at anytime during a policy period.

Three levels of coverage are available. Click [here](#) for a high-level chart comparing coverages included with each of the three levels. They are:

### Safeco Essential™

Essential provides a base level of quality coverage for the customer who doesn't need the higher internal limits and optional coverage add-ons provided by Optimum and New Quality-Plus.

Features of this level of coverage include:

- Internal coverages typically limited in a homeowners policy is \$500. Internal limits include Special Limits of Liability Coverage C – Personal Property not otherwise described below, Property Damage to Others, Credit Card, Forgery Coverage and Loss Assessment.
- Coverage for certain motorized vehicles exposures is \$500.
- Coverage for money is \$250.
- Coverage for tapes, records, etc. is \$500.
- Coverage for watercraft, including their trailers and furnishings, is \$3,000.
- Coverage for trailers not used with watercraft is \$3,000.

- Coverage for business property located on premises is \$3,000. This limit also includes a sub-limit of \$1,000 for business property located off premises.
- Coverage for rugs and tapestries, not including wall to wall carpet, is \$5,000.
- Coverage for land stabilization is \$5,000.
- Criminal conviction reward is \$2,500/\$5,000.
- Arson reward is \$25,000.
- The per day limit of lost wages is \$200.

#### Safeco New Quality-Plus™

Safeco New Quality-Plus includes all of the benefits provided at the Safeco Essential level. In addition, coverage is broadened as follows:

- Internal coverages limit is increased to \$3,000 for those coverages limited to \$500 in the Safeco Essential policy (except for tapes, records and CDs while in a vehicle which remains at \$500 for all policy levels).
- Coverage for certain motorized vehicles exposures is increased to \$3,000.

- Golf carts are added and limited to \$7,500. Coverage is expanded to include collision for golf carts.
- Under Debris Removal, the aggregate limit for trees is increased to \$1,000. The per tree limit remains at \$500.
- Additional coverage is added for the re-keying of locks for all exterior doors following a covered theft loss.
- The per day limit of lost wages is \$250.

#### Safeco Optimum™

Safeco Optimum includes all of the benefits provided at the Safeco Essential and Safeco New Quality-Plus levels. In addition, coverage is broadened as follows:

- Internal coverages limit is increased to \$5,000 for those coverages limited to \$500 in the Safeco Essential policy (except for tapes, records and CDs while in a vehicle which remains at \$500 for all policy levels).
- Coverage for money is increased to \$1,000.

- Coverage for rugs and tapestries is increased to \$10,000.
- Coverage for land stabilization is increased to \$10,000.
- Coverage for certain motorized vehicles exposures is increased to \$5,000.
- Debris removal not only includes the increased coverage for trees, but also removes the restriction that requires a fallen tree to damage covered property.
- Locks coverage is expanded to include keys that are lost as well as stolen. Also included is the cost to replace and reprogram garage door transmitters.
- \$500 in coverage is included for refrigerated products lost or damaged due to a covered loss.
- Kidnap/Ransom Negotiation Expenses is included with a limit of \$50,000.
- Pair or Set clause is expanded to provide reimbursement for entire set when one is damaged.
- The per day limit of lost wages is \$500.

### Non-manufactured Homes

A Homeowners policy may be issued:

- For dwellings and premises that are well maintained
- To an owner/occupant of a dwelling which is used exclusively for private residential purposes and contains not more than two units and with not more than two roomers or boarders per family

### Optional Coverages

Once a customer chooses the level of coverage for their policy, Safeco also offers a full line of optional coverages.

Note: Please refer to the Form 30 policy and optional coverage forms for detailed coverage information.

## Basic Coverage Limits

### Section I – Property Coverages

#### Coverage A – Dwelling

Coverage A limits should reflect an amount that will allow the customer to rebuild their existing dwelling. The dwelling must be insured for 100 percent of its replacement cost as determined by the Safeco Cost

Guide. The Coverage A amount is displayed on the declarations page.

### Coverage B – Other Structures

Coverage B	
Form 30	10% of Cov. A

For additional or lower amounts of Coverage B, refer to the [Increased Limits](#) or [Decreased Limits](#) section.

### Coverage C – Personal Property

Coverage C	
Form 30	50% of Cov. A

For additional or lower amounts of Coverage C, refer to the [Increased Limits](#) or [Decreased Limits](#) section.

### Coverage D – Loss of Use

For all forms, loss of use coverage is included for the shortest time to repair or replace the damage. This time period may not exceed 24 months. This coverage is both time limited as well as limited to the coverage amount shown below.

Coverage D	
Form 30	20% of Cov. A

## Section II – Liability Coverages

### Coverage E – Personal Liability

Coverage E (each occurrence)	
Form 30	\$100,000

For higher limits of Coverage E, refer to the [Increased Limits](#) section.

### Coverage F – Medical Payments to Others

Coverage F (each person)	
Form 30	\$1,000

For higher limits of Coverage F, refer to the [Increased Limits](#) section.

## Basic Premium Definition

Basic premium is defined as the premium charged for the coverages outlined in the description of coverage and basic coverage limits sections for each form, after applying the appropriate deductible credit or debit. It does not include credits or debits for [Increased Limits](#) or [Decreased Limits](#) (except for changes to Cov. B and Cov. C limits), [Optional Coverages](#) or [Discounts](#).

## Description of Coverage

The following is a general description of the coverage provided.

### Section I – Property Coverages

Form 30 covers the dwelling (Coverage A) and other structures (Coverage B) against risk of physical loss (with certain exceptions). Personal property (Coverage C) is covered on a named perils basis. Loss of use (Coverage D) is provided when loss from a covered peril is sustained.

### Section II – Liability Coverages

Coverages include personal liability (Coverage E) and medical payments to others (Coverage F).

### Additional Coverages

#### Building Ordinance or Law Coverage – Section I coverage only

This is included at 10 percent of Coverage A and may not be eliminated.

For higher limits of Building Ordinance or Law, refer to the **Increased Limits** section.

### Loss Assessment Coverage – Section I and II coverage

This is included in Form 30 based on the selected policy level

Policy Level	Loss Assessment
Essential	\$500
New Quality-Plus	\$3,000
Optimum	\$5,000

For higher limits of Loss Assessment, refer to the **Increased Limits** section.

### Volunteer America Coverage – Section I and II coverage

Coverage is extended to provide additional Coverage C and Section II coverages for customers involved in volunteer activities.

## Policy Period

The policy period will be one year.

## Changes on Policies

Coverages and limits (above the minimum) may be increased or decreased, added or deleted, during the term of the policy by selecting Policy Change on Safeco Now<sup>®</sup> and submitting a change request to us.

Additional or return premium will be computed on a pro rata basis. Amounts of \$3 or less will be waived.

### **Cancellation of Insurance**

It is not permissible to cancel any of the mandatory coverages unless the entire policy is canceled. For Form 30, Coverages A, B, C, D, E and F are mandatory.

Return premium will be computed on a pro rata basis. Amounts of \$3 or less will be waived.

### **Agent File Documentation**

- Agents should maintain relevant file documentation for ten (10) years after policy expiration.
- This includes, but is not limited to signed applications, photographs and statutorily required forms, such as waivers, coverage declinations, or exclusions.
- The records can be scanned or imaged and stored electronically.

### **Premium Revisions**

Premium revisions will be made in accordance with the following procedures:

- The effective date of such revisions will be as announced by the company.
- Changes made under the following provisions may be made effective only on the inception or renewal date of the policy:

#### **New Business**

If the premium is decreased, a policy issued prior to the effective date of the premium change with an inception date on or after the effective date of the change may be endorsed to the new premium.

#### **Renewal Business**

If the premium is decreased, a policy on which an extension certificate has been issued prior to the effective date of the premium change with a renewal date on or after the effective date of the change may be endorsed to the new premium.

## Secondary Dwellings

If your customer owns another dwelling in addition to their primary residence, it is eligible for homeowners coverage but must be insured on a separate policy. Policies should be identified as such. The liability limit on the secondary must be the same as the liability limit on the primary.

## Temporary Binder

Temporary binder forms may not be used for binding homeowners insurance. New customers may be bound only by using an application form.

## Fire Protection Rating Plan

A primary dwelling that is:

- Located within five miles travel distance of a recognized Fire Department that will respond
- Located within 1,000 feet of a public fire hydrant or the responding Fire Department will transport water to use in fighting the fire at the site
- Not located in a severe brush or forest area, may be rated Protection Class 9

Please submit a completed Homeowners Credits Statement with the application or endorsement.

For statistical gathering purposes the letter “A” should be included after the protection class on all policies rated under this plan (Example: 9A).

## Construction Definitions

**Masonry** – A dwelling with walls of masonry or masonry veneered construction.

**Frame** – A dwelling with walls of frame, or metal-sheathed or stuccoed frame construction, or with walls of metal or metal lath and plaster on combustible supports.

**Mixed** – A dwelling will be classed as frame construction when the wall area of frame construction (including gables) exceeds 33.33 percent of the total wall area.

## Deductibles

### Coverage A (Dwelling) Deductibles

The following deductibles are available in Arkansas:

All Other Perils (AOP) Deductibles:

\$500\*, \$750\*, \$1,000, \$1,500, \$2,000, \$2,500, \$5,000, \$7,500

\*Only available when windstorm or hail deductible is selected.

Optional Windstorm or Hail Deductibles:

\$1,000, \$1,500, \$2,000, \$2,500, \$5,000, \$7,500

1%, 2%, 5%

### All Other Perils (AOP) Deductibles

Policy Amount	AOP Deductibles			
	\$1,000	\$2,500	\$5,000	\$7,500
\$ 5,000	-0.047	-0.138	-0.22	-0.271
50,000	-0.047	-0.138	-0.22	-0.271
75,000	-0.045	-0.133	-0.213	-0.263
100,000	-0.044	-0.13	-0.208	-0.258
125,000	-0.043	-0.127	-0.205	-0.254
150,000	-0.042	-0.125	-0.202	-0.25
175,000	-0.041	-0.124	-0.199	-0.248
200,000	-0.041	-0.122	-0.197	-0.245
250,000	-0.04	-0.119	-0.194	-0.241
300,000	-0.039	-0.117	-0.191	-0.238
400,000	-0.037	-0.114	-0.186	-0.233
500,000	-0.036	-0.111	-0.183	-0.229
760,000	-0.035	-0.107	-0.177	-0.222
1,000,000	-0.033	-0.104	-0.172	-0.217

## Windstorm or Hail Deductible

Policy Amount	W/H Deductibles		
	\$1,000	\$2,500	\$5,000
\$ 5,000	-0.126	-0.293	-0.353
50,000	-0.126	-0.293	-0.353
75,000	-0.106	-0.247	-0.335
100,000	-0.086	-0.201	-0.318
125,000	-0.077	-0.188	-0.297
150,000	-0.068	-0.174	-0.276
175,000	-0.059	-0.161	-0.255
200,000	-0.050	-0.148	-0.234
250,000	-0.049	-0.135	-0.207
300,000	-0.048	-0.120	-0.199
400,000	-0.047	-0.100	-0.185
500,000	-0.046	-0.086	-0.171
760,000	-0.045	-0.082	-0.140
1,000,000	-0.043	-0.079	-0.116

## Increased Limits

### Section I – Property Coverages

#### Coverage B and Coverage C

Increased limits for Coverage B and Coverage C may be selected.

Increased Coverage B Limit	Factor
5.0%	0.030
10.0%	0.060
15.0%	0.085
20.0%	0.110
25.0%	0.135
30.0%	0.160
35.0%	0.185
40.0%	0.210
45.0%	0.230
50.0%	0.250
55.0%	0.275
60.0%	0.295
65.0%	0.315
70.0%	0.335
75.0%	0.350
80.0%	0.370

Increased Coverage C Limit	Factor
5.0%	1.015
10.0%	1.030
15.0%	1.045
20.0%	1.060
25.0%	1.075
30.0%	1.090

### Section II – Liability Coverages

(Effective NB: 08/14/10 RB: 10/20/10)

#### Coverage E – Personal Liability

For an additional premium, increased limits for personal liability (Coverage E) of \$300,000 or \$500,000 may be selected.

Liability coverage may be provided for secondary dwellings owned and occupied by the named insured, but not insured with us.

Occupant Status = Primary			
Liability (Cov E)			
Limit	Number of Families		
	1 or 2	3	Other
\$100,000	Base	\$ 19	\$ 32
\$300,000	\$24	67	96
\$500,000	40	100	140
\$1,000,000	62	148	206
\$1,500,000	83	195	269

Occupant Status = Secondary			
Liability (Cov E)			
Limit	Number of Families		
	1 or 2	3	Other
\$100,000	Base	\$16	\$32
\$300,000	\$20	\$56	\$92
\$500,000	\$34	\$84	\$134
\$1,000,000	\$56	\$128	\$200
\$1,500,000	\$77	\$170	\$263

### Coverage F – Medical Payments to Others

For an additional premium, increased limits of liability may be provided for medical payments to others (Coverage F) at the following aggregate limits:

Limits	Premiums
\$1,000	Base
\$2,000	\$7
\$3,000	\$12
\$4,000	\$15
\$5,000	\$18
\$10,000	\$20

### Additional Policy Coverages

#### Increased Building Ordinance or Law Coverage

For an additional premium, the basic limit of 10 percent for building ordinance or law coverage can be increased to an aggregate of 20 or 50 percent.

Calculate the premium by multiplying the **Basic premium** by the following factor.

Aggregate Limit	Factor	Minimum
10% of Coverage A	Base	N/A
20% of Coverage A	.03	\$5
50% of Coverage A	.08	\$15

### Loss Assessment Coverage

For an additional premium, increased limits may be purchased for loss assessment at the following aggregate limits:

Limits	Policy Level		
	Essential	New Quality-Plus	Optimum
\$500	Base	N/A	N/A
\$1,000	\$5	N/A	N/A
\$3,000	\$7	Base	N/A
\$5,000	\$9	\$2	Base
\$10,000	\$12	\$5	\$3
\$15,000	\$14	\$7	\$5
\$50,000	\$19	\$12	\$10

## Decreased Limits

### Section I – Property Coverages

Decreased limits for Coverage B and Coverage C may be provided.

#### Coverage B – Other Structures

Coverage B may be reduced below the **Basic Coverage Limit** (as displayed in the Rules section), or eliminated entirely.

Decreased Coverage B Limit	Factor
-10%	0.063
-5%	0.030

#### Coverage C – Personal Property

##### Primary Dwellings

Customers with one-unit or two-unit dwellings have a **Basic Coverage Limit** (as displayed in the Rules section) for Coverage C which may not be reduced further.

Customers with three-unit or four-unit dwellings may reduce their Coverage C limits to a level lower than the **Basic Coverage Limit** (as displayed in the Rules section), subject to a minimum of 20 percent.

##### Secondary Dwellings

Customers with secondary dwellings may reduce their Coverage C limits to a level lower than the **Basic Coverage Limit** (as displayed in the Rules section), subject to a minimum of 20 percent.

Primary 3 & 4 Unit/ Secondary	
Decreased Coverage C Limit	Factor
-45%	0.865
-40%	0.880
-35%	0.895
-30%	0.910
-25%	0.925
-20%	0.940
-15%	0.955
-10%	0.970
-5%	0.985

## Optional Coverages

### Additional Interests

**HOM-7012EP** Additional Interests

#### Section I – Property Coverage

For no additional premium, Section I – Property Coverage may be extended to additional interests other than the named insured. See the table below for examples of Interest Types.

#### Section II – Liability Coverage

For an additional premium, Section II – Liability Coverage may be extended to additional interests other than the named insured. See the table below for examples of Interest Types. The limit of liability must be the same as the personal liability (Coverage E) limit.

Section II – Liability Coverage	
Limit of Liability	Premium
\$100,000	\$1
\$300,000	\$2
\$500,000	\$3

Note: Interests that apply to both Section I – Property Coverages and Section II – Liability Coverages will be charged in accordance with the chart above.

#### Additional Interest Table

Interest Types	Section I Additional Interest	Section II Additional Interest
Contract Sellers	Yes	Yes
Co Signers	Yes	Yes
Estates	Yes	Yes
Trusts	Yes	Yes
Municipalities	Yes	No
Property Management	No	No
Homeowners Association	Yes	No
LLC	Yes	Yes
LP or LLP	Yes	Yes

## Earthquake Coverage

Option EE is not available for any new business policy or as a new endorsement for in-force dwelling or condominium customers who previously did not have this coverage. The following coverage details only pertain to in-force customers who have dwellings or condominiums that meet age and construction requirements listed below.

Note: The Declination of Residential Earthquake Coverage must be completed. Each application contains this declination as required by the Arkansas Earthquake Authority Act.

Earthquake damage coverage may be extended to frame and masonry veneer dwellings. A deductible of 15 percent, 20 percent or 25 percent of the policy limit may be selected in any earthquake zone. A deductible of 10 percent of the policy limit may be selected only in earthquake zone 5. The deductible shall apply separately to the amount of insurance for Coverages A, B and C.

### *Age and Construction Requirements*

Dwellings and Condominiums must have an original construction date of 1960 or newer.

Dwellings and Condominiums with solid masonry construction are not eligible for coverage.

### *Zones by County*

Zone 2: Crittendon, Cross, Lee, Mississippi, Monroe, Poinsett, St. Francis,

Zone 3: Arkansas, Clay, Craighead, Greene, Jackson, Lawrence, Phillips, Prairie, Woodruff

Zone 4: Chicot, Desha, Independence, Lincoln, Lonoke, Randolph, Sharp, White,

Zone 5: Ashley, Baxter, Benton, Boone, Bradley, Calhoun, Carroll, Clark, Cleburne, Cleveland, Columbia, Conway, Crawford, Dallas, Drew, Faulkner, Franklin, Fulton, Garland, Grant, Hempstead, Hot Spring, Howard, Izaard, Jefferson, Johnson, Lafayette, Little River, Logan, Madison, Marion, Miller, Montgomery, Nevada, Newton, Ouachita, Perry, Pike, Polk,

Pope, Pulaski, Saline, Scott, Searcy,  
Sebastian, Sevier, Stone, Union, Van Buren,  
Washington, Yell.

Zone	Coverage A		
	Frame*	Masonry Veneer†	Masonry‡
<b>10% Deductible – Rates per \$1,000</b>			
5	.57	1.00	2.00
<b>15% Deductible – Rates per \$1,000</b>			
2	1.43	2.48	4.95
3	.60	1.00	2.00
4 & 5	.40	.70	1.40
<b>20% Deductible – Rates per \$1,000</b>			
2	.93	1.63	3.25
3	.39	.65	1.30
4 & 5	.28	.48	.93
<b>25% Deductible – Rates per \$1,000</b>			
2	.55	.95	1.93
3	.23	.39	.78
4 & 5	.15	.28	.55

\* Rate aluminum and plastic siding as frame construction.

† Rate log as masonry veneer.

‡ Rate superior and concrete block construction as masonry.

Zone	Increased Coverage C Limits
	Coverage C
<b>10% Deductible – Rates per \$1,000</b>	
5	.40
<b>15% Deductible – Rates per \$1,000</b>	
2	.95
3	.40
4 and 5	.28
<b>20% Deductible – Rates per \$1,000</b>	
2	.63
3	.26
4 and 5	.18
<b>25% Deductible – Rates per \$1,000</b>	
2	.38
3	.16
4 and 5	.10

If increased limits of Coverage B have been purchased, no additional charge for this coverage will be made.

The Declination of Residential Earthquake Coverage must be completed. Each application contains the necessary declination as required by the Arkansas Earthquake Authority Act.

The applicant's signature is required should they choose not to purchase earthquake coverage in any form.

No Earthquake coverage may be bound for 10 days following an earthquake in excess of 6.0 on the Richter scale.

### Equipment Breakdown Coverage

**HOM-7306EP** Equipment Breakdown Coverage

Coverage may be provided for accidental direct physical loss to your covered property located on the residence premises caused by equipment breakdown, up to a limit of \$50,000; and subject to a \$500 deductible.

The wear and tear exclusion in the policy applies to this coverage. Covered losses must be direct, accidental and sudden, such as a broken part or electrical arcing. Routine performance failure due to age is not covered. This endorsement also includes repair or replacement with Energy Star qualified products, expediting expense, spoilage coverage and cleanup and removal of pollutants or contaminants.

Some examples of the types of equipment covered are:

- air conditioners
- central air conditioning and heating systems
- home computers
- home security systems
- refrigerator/freezer units
- televisions.

Please see the endorsement form shown above for details.

Rate per Policy
\$24

## Escape of Water from a Sump, Sump Pump or Drain on the Residence Premises (Building and Specified Contents)

**HOM-7310EP** Escape of Water from a Sump, Sump Pump or Drain on the Residence Premises (Building and Specified Contents)

Coverage may be provided for a loss caused by water which backs up through, or overflows from, a sewer, drain, sump, sump pump, or any system on the residence premises designated to remove subsurface water from the foundation area. This coverage does not apply if the loss is flood induced. The maximum amount of coverage available is \$50,000.

This coverage is for the Building and the following specified items:

- clothes washers and dryers
- refrigeration units, not including contents
- cooking ovens and ranges
- dishwashers
- build-ins such as furnace, carpet, A/C, etc.

Limit	Premium
\$5,000	\$41
\$10,000	\$74
\$15,000	\$101
\$20,000	\$125
\$25,000	\$147
\$30,000	\$166
\$35,000	\$184
\$40,000	\$200
\$45,000	\$215
\$50,000	\$229

## Escape of Water from a Sump, Sump Pump or Drain on The Residence Premises (Building and Contents)

**HOM-7311EP** Escape of Water from a Sump, Sump Pump or Drain on the Residence Premises (Building and Contents)

Coverage may be provided for a loss caused by water which backs up through, or overflows from, a sewer, drain, sump, sump pump, or any system on the residence premises designated to remove subsurface water from the foundation area. This coverage does not apply if the loss is flood induced. The selected coverage

limit applies to any property covered under Section 1 of the policy. The maximum amount of coverage available is \$50,000.

Limit	Premium
\$5,000	\$46
\$10,000	\$84
\$15,000	\$116
\$20,000	\$146
\$25,000	\$174
\$30,000	\$200
\$35,000	\$226
\$40,000	\$250
\$45,000	\$274
\$50,000	\$298

## Extended Dwelling Coverage

**HOM-7300EP** Extended Dwelling Coverage

Extended Dwelling Coverage provides up to an additional 25 percent or 50 percent of the dwelling coverage amount should repair or replacement exceed the original dwelling coverage amount displayed on the declarations page.

A full inspection may be required based on the type of construction and the replacement value of the home.

Additional Cov A Percent	Factor
25%	.03
50%	.04

Extended Dwelling Coverage premium will be calculated and displayed as a single item on the declarations page and is a separate amount of insurance.

## Home Business Package

**HOM-7352EP** Home Day Care Services Coverage

The Safeco Home Business Package bundles coverages for the home-based business customer. This includes coverage for business personal property and business merchandise. In addition, coverage is also extended to other structures on the residence premises used for a home-based business. Last, on-premises liability coverage is also provided at the limit of liability for the residence premises. The limit of liability must be the same as the personal liability (Coverage E) limit.

Home Business Package coverage is designed for low exposure, low hazard businesses conducted on premises that are incidental to the occupancy of the premises as a personal residence. We expect very limited customer traffic in the home and no hazardous materials or chemicals on the property. Small home office exposures are acceptable while manufacturing and businesses with several employees on the premises are not eligible. Here are some examples of risks that may be acceptable:

- piano teachers
- tutors
- tax preparers or
- accountants

Here are some examples of risks that are not acceptable:

- manufacturing
- businesses with several employees
- doctors
- chiropractors

- psychologists
- computer programmers who access their clients' mainframe from their home or animal boarding, grooming or breeding

This option may be purchased for the following limits of business property:

Business Property Limit						
Liability Limit	\$1,000	\$5,000	\$10,000	\$15,000	\$20,000	\$25,000
\$100,000	\$21	\$26	\$32	\$38	\$44	\$50
\$300,000	\$25	\$30	\$36	\$42	\$48	\$54
\$500,000	\$29	\$34	\$40	\$46	\$52	\$58
\$1,000,000	\$41	\$46	\$52	\$58	\$64	\$70
\$1,500,000	\$45	\$50	\$56	\$62	\$68	\$74

## Home Day Care Services Coverage

**HOM-7352EP** Home Day Care Services Coverage

Liability coverage may be provided for home day care services at the residence premises for up to three persons. Home Day Care does not include care for medical purposes.

The limit of liability must be the same as the personal liability (Coverage E) limit.

Day care operations eligible for coverage will be small scale operations managed by the insured with appropriate safety measures designed for children.

Limit of Liability	Premium
\$100,000	\$100
\$300,000	\$133
\$500,000	\$149
\$1,000,000	\$171
\$1,500,000	\$186

## Identity Recovery Coverage

**HOM-7307EP** Identity Recovery Coverage

Coverage may be provided for expenses related to identity recovery, subject to an annual aggregate limit of \$25,000 per customer. Lost wages and expenses for child or elder care are covered, subject to a sub-limit of \$250 per day, \$5,000 total. Help-line assistance and case management services are provided at no additional charge for customers with this endorsement.

Rate per Policy
\$12

## Incidental Farm Coverage

**HOM-7377EP** Incidental Farming Package

The policy may be extended to provide coverage for certain exposures presented by eligible incidental or “hobby” farming.

Additional coverage offered by this option includes:

### Section I – Property Coverages

- Coverage B is extended to include other structures used for farming.
- \$10,000 coverage is provided for farm personal property (such as tools, spreaders, sprayers, etc.).
- \$1,000 animal collision coverage is provided (\$5,000 aggregate).

### Section II – Liability Coverages

- Liability coverage is extended to incidental farming.

- Medical payments coverage is extended to farm employees injured in the course of their employment.
- Chemical Drift coverage with a limit of \$25,000 is provided.

Additional farm personal property may be scheduled. See [Valuable Articles–Itemized–Farm Personal Property](#).

### Eligibility

A risk that is otherwise eligible for a homeowners policy and that has farming operations incidental to a typical residential situation is eligible for this option. Photographs of all structures on the premises are required.

Submit on a non-bound basis:

- risks with more than 10 acres
- risks with more than three horses
- risks with employees or seasonal help

The following exposures are ineligible:

- breeding, boarding, or training of non-owned horses
- providing grazing land for non-owned horses
- horse shows on premises
- horses (owned or non-owned) used for racing, rental or riding lessons

Liability	Premium
\$100,000	\$40
\$300,000	\$91
\$500,000	\$124
\$1,000,000	\$180
\$1,500,000	\$232

### Landlord's Furnishings

[HOM-7304EP](#) Landlord's Furnishings

Coverage may be extended to provide \$5,000 personal property coverage for certain landlord's furnishings, on a named peril basis, located on the residence premises and rented to others.

Rate per policy
\$20

## Outboard Motor Liability – 50 hp and Over

**HOM-7351EP** Outboard Motor Liability

Coverage may be provided for an outboard motor or combination of outboard motors of 50 or more total horsepower by indicating, on the application or endorsement, the number and power of such motors, the length of hull they are mounted on and the ages of all operators of these hulls.

Limit of Liability	Premium
\$100,000	\$65
\$300,000	\$79
\$500,000	\$96
\$1,000,000	\$114

Availability of this option is subject to our watercraft underwriting guidelines. This option is not available to motors mounted to hulls insured for physical damage on a separate watercraft insurance policy.

## Personal Offense Coverage

**HOM-7350EP** Personal Offense Coverage

Liability coverage may be provided for injury arising out of personal offenses such as false arrest, detention, imprisonment or malicious prosecution; libel, slander or defamation of character; or invasion of privacy, wrongful eviction or wrongful entry.

The limit of liability must be the same as the personal liability limit.

Limit of Liability	Premium
\$100,000	\$4
\$300,000	\$8
\$500,000	\$11
\$1,000,000	\$16
\$1,500,000	\$21

## Personal Property Replacement Cost

**HOM-7301EP** Personal Property Replacement Cost

Personal Property (Coverage C) is extended on a replacement cost basis to most items of personal property.

Factor
1.04

## Refrigerated Products Coverage

**HOM-7305EP** Refrigerated Spoilage Coverage

This coverage is optional for Essential™ and New Quality-Plus™ coverage levels only.

Coverage may be provided for loss to covered property stored in freezers/refrigerators up to \$500, subject to a \$100 deductible.

Rate per policy
\$12

## Short Term Vacancy Coverage

**HOM-7312EP** Short Term Vacancy

Coverage may be extended to provide short term vacancy coverage to the dwelling; up to 120 consecutive days.

This coverage is designed for well maintained properties that are temporarily vacant. It is not designed for dwellings under construction, abandoned or in disrepair. This coverage is available for in-force business only.

Calculate the short term vacancy premium by multiplying the Coverage A **Basic Premium** by 6 percent.

## Special Personal Property Coverage

**HOM-7308EP** Special Personal Property Coverage

Coverage C may be extended to include additional risks of physical loss (with certain exceptions).

Calculate the Special Personal Property premium by applying 8 percent to the Coverage A **Basic Premium**. The minimum premium is \$25.

## Theft of Building Materials

**HOM-7309EP** Theft of Building Materials

Coverage may be provided for theft of building materials or supplies due to remodeling, re-construction, renovation or repair.

Limit	Premium
\$5,000	\$30
\$10,000	\$34
\$15,000	\$37
\$20,000	\$40
\$25,000	\$43
\$50,000	\$57
\$75,000	\$69
\$100,000	\$82

## Valuable Articles Coverage

(Effective NB: 08/14/10 RB: 10/20/10)

There are two options for insuring valuable articles:

### Grouped (Unscheduled) Coverage

**HOM-7376EP** Valuable Articles Coverage

Grouped (or Unscheduled) Coverage provides protection for pieces without the need to specifically schedule each individual item. Group coverage is subject to a \$500 deductible per occurrence and a maximum per item limit of \$5,000. Covered losses are settled on a replacement cost basis. Five classes of property are eligible.

### Fine Arts

“**Fine Arts**” includes paintings, rugs, tapestry, wall hangings, statuary, sculpture, ceramics, porcelain, china, glass, crystal, objects made from marble or similar items of a collectible nature. For purposes of this coverage, ***fine arts*** does not include silverware, goldware or pewterware.

Limit		Premium	
Per Item	Aggregate	with breakage	without breakage
\$5,000	\$5,000	\$16	\$8
\$5,000	\$10,000	\$27	\$14
\$5,000	\$15,000	\$36	\$18
\$5,000	\$20,000	\$44	\$22
\$5,000	\$25,000	\$51	\$26
\$5,000	\$30,000	\$59	\$29
\$5,000	\$35,000	\$66	\$33
\$5,000	\$40,000	\$75	\$37
\$5,000	\$45,000	\$80	\$40
\$5,000	\$50,000	\$86	\$43

## Cameras

Limit		
Per Item	Aggregate	Premium
\$5,000	\$5,000	\$53
\$5,000	\$10,000	\$91
\$5,000	\$15,000	\$120
\$5,000	\$20,000	\$147
\$5,000	\$25,000	\$171
\$5,000	\$30,000	\$196
\$5,000	\$35,000	\$219
\$5,000	\$40,000	\$249
\$5,000	\$45,000	\$268
\$5,000	\$50,000	\$287

## Furs

Per Item	Limit	
	Aggregate	Premium
\$5,000	\$5,000	\$21
\$5,000	\$10,000	\$36
\$5,000	\$15,000	\$48
\$5,000	\$20,000	\$59
\$5,000	\$25,000	\$68
\$5,000	\$30,000	\$78
\$5,000	\$35,000	\$88
\$5,000	\$40,000	\$100
\$5,000	\$45,000	\$107
\$5,000	\$50,000	\$115

## Jewelry

Per Item	Limit	
	Aggregate	Premium
\$5,000	\$5,000	\$48
\$5,000	\$10,000	\$82
\$5,000	\$15,000	\$108
\$5,000	\$20,000	\$132
\$5,000	\$25,000	\$154
\$5,000	\$30,000	\$176
\$5,000	\$35,000	\$197
\$5,000	\$40,000	\$224
\$5,000	\$45,000	\$241
\$5,000	\$50,000	\$258

## Silverware

Limit		
Per Item	Aggregate	Premium
\$5,000	\$5,000	\$19
\$5,000	\$10,000	\$32
\$5,000	\$15,000	\$42
\$5,000	\$20,000	\$51
\$5,000	\$25,000	\$60
\$5,000	\$30,000	\$68
\$5,000	\$35,000	\$77
\$5,000	\$40,000	\$87
\$5,000	\$45,000	\$94
\$5,000	\$50,000	\$100

## Itemized (Scheduled) Coverage

**HOM-7376EP** Valuable Articles Coverage

Itemized (Scheduled) Coverage provides protection for pieces specifically scheduled and described in the policy. There is no deductible and the item is insured for its agreed value. Coverage losses are settled on an agreed value basis.

The following classes of personal property, owned by the policy holder, may be scheduled. Give complete descriptions on a scheduled personal property endorsement.

## Fine Arts

“**Fine Arts**” includes paintings, rugs, tapestry, wall hangings, statuary, sculpture, ceramics, porcelain, china, glass, crystal, objects made from marble or similar items of a collectible nature. For purposes of this coverage, ***fine arts*** does not include silverware, goldware or pewterware.

Rate per \$100
\$0.15

**Fine Arts with Breakage Coverage**

For an additional premium, loss caused by breakage of fine art is covered.

Rate per \$100
\$0.30

**Cellular Phones and Other Mobile Communication Equipment**

Rate per \$100
\$4.50

**Cameras, Guns, Stamp and Coin Collections, Comics and Trading Cards**

Rate per \$100
\$1.00

**Furs, Musical Instruments and Property Not Otherwise Classified (Including Electronic Systems)**

Rate per \$100
\$0.40

**Computer and Media Equipment**

Rate per \$100
\$0.75

**Silverware**

Rate per \$100
\$0.35

**Valued Jewelry**

Losses will be settled on the basis of the amount shown on the Valuable Article Schedule.

Rate per \$100
\$0.90

**In-vault Jewelry**

Jewelry items that are described in the policy as “in-vault” must be kept in a bank vault. There is no coverage for these items while they are out of the vault, unless we agree in advance to cover them. Use the rates displayed below to determine the applicable premium. In home safes and vaults are not eligible for this reduced pricing.

Rate per \$100
\$0.20

### Farm Personal Property

Available only with Incidental Farming Coverage. A \$250 deductible applies.

Rate per \$100
\$0.67

## Discounts

We offer several credits in the homeowners program which are calculated on the basic premium (except for the account credit and umbrella credit which applies to the total premium for the policy). Please refer to the definition of **Basic Premium** in the eligibility and rules section.

### Umbrella Discount

If the insured has a personal lines umbrella policy with us, a 2 percent premium credit will apply.

This credit will apply to total premium for the policy and is available for homeowners Form 30 only. The credit will be discontinued if the umbrella policy lapses.

### Package Auto Discount

(Effective NB: 09/20/12 RB: 01/16/13)

If the customer has a personal lines auto policy with us, a 17 percent premium credit will apply. Named non-owner auto policies do not qualify.

This credit will apply to the total premium for the policy and is available for all policy forms. The credit will be discontinued if the auto policy lapses.

### Burglar Alarm Discount

Customers are eligible for a premium credit for the installation of an approved and properly maintained burglar alarm system as follows:

Type of System	Credits
	Form 30
Local alarm system	2%
Police station alarm system	2%
Central station alarm system	2%

#### Definitions

- Local burglar alarm system is one in which the protective circuits and devices are connected to an enclosed and tamper-protected loud-sounding device attached to an outside wall of the residence premises. Disturbance of the protective devices or unauthorized entry automatically causes the sounding device to

operate until it is stopped by key control, exhaustion of the power supply or by a timing element set for a definite period of operation.

- Police station burglar alarm system is one in which a local alarm system with supplementary direct circuit or transmitting equipment is connected to constantly attended receiving equipment at a police station.
- Central station burglar alarm system is one in which the operation of circuits and devices are signaled automatically to, recorded in, maintained and supervised from a central station having trained operators and guards who will, upon receipt of a signal, take required action.

Apply the credit to the **Basic Premium** and round to the nearest dollar.

## Newer Home Discount

(Effective NB: 08/14/10 RB: 10/20/10)

Dwellings are eligible for a premium credit if they are less than ten years old. The available credits are shown below and are applied to the **Basic Premium**.

Credit Classification	0	1	2	3	4	5	6	7	8	9	10+
Credit Percentage	34%	30%	26%	22%	17%	12%	9%	6%	4%	2%	0%

## Renewal Discount

(Effective NB: 11/09/13 RB: 01/16/14)

A credit will be applied to the **Basic Premium** for homeowners renewals, if your customer's primary residence or contents has been continuously insured in one of our personal lines homeowners markets for a minimum of one year.

The amount of the credit applied will be based on the following schedule:

Number of Years	0	1	2	3	4	5	6	7	8	9+
Credits	0%	1%	1%	1%	2%	2%	3%	3%	3%	4%

The renewal credit will also apply to any secondary location policy also insured with us.

Eligibility and amount of credit are determined by the primary residence policy.

## Sprinkler Discount

Customers are eligible for a premium credit for fire sprinkler systems that have been both installed and maintained in accordance with nationally accepted fire sprinkler standards as follows:

Type of Sprinkler System	Credit Percentage
Automatic sprinkler in all areas except attic, bathrooms, closets and attached structure area that are protected by a fire detector.	4%
Automatic sprinkler in all areas including attics, bathrooms, closets and attached structure.	7%

Apply the credit to the **Basic Premium**. Round to the nearest dollar.

## Employee Discount

Persons eligible for the Employee Discount are employees of Liberty Mutual and its subsidiaries, their spouses, domestic partners, and family members in the household.

Retired employees and their surviving spouses or domestic partners are eligible to continue receiving this discount for life.

All other underwriting standards and provisions apply. This discount only applies to policies sold through Emerald City Insurance.

## Companies and Copyrights

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Safeco New Quality-Plus™ is a trademark of Safeco Insurance Company of America

Safeco Optimum™ is a trademark of Safeco Insurance Company of America

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SERFF Tracking #:

LBPM-129157504

State Tracking #:

Company Tracking #:

2013-AR-HOME-RR-3260

State:

Arkansas

Filing Company:

Safeco Insurance Company of America

TOI/Sub-TOI:

04.0 Homeowners/04.0000 Homeowners Sub-TOI Combinations

Product Name:

Home

Project Name/Number:

2013-AR-HOME-RR-3260 /2013-AR-HOME-RR-3260

## Supporting Document Schedules

<b>Satisfied - Item:</b>	H-1 Homeowners Abstract
<b>Comments:</b>	
<b>Attachment(s):</b>	ARFORMH1.pdf
<b>Item Status:</b>	Filed
<b>Status Date:</b>	09/13/2013

<b>Satisfied - Item:</b>	HPCS-Homeowners Premium Comparison Survey
<b>Comments:</b>	The excel version has been included
<b>Attachment(s):</b>	Final HO Premium Survey.pdf Final HO Premium Survey.xls
<b>Item Status:</b>	Filed
<b>Status Date:</b>	09/13/2013

<b>Satisfied - Item:</b>	NAIC loss cost data entry document
<b>Comments:</b>	revised
<b>Attachment(s):</b>	ARRFARF1.pdf
<b>Item Status:</b>	Filed
<b>Status Date:</b>	09/13/2013

<b>Satisfied - Item:</b>	Actuarial Support
<b>Comments:</b>	
<b>Attachment(s):</b>	Exhibits I and J - Investment Income.pdf Exhibit H -- Explanatory Memorandum.pdf EVofChange_Combined.pdf Exhibit H - Actuarial Justification.pdf
<b>Item Status:</b>	Filed
<b>Status Date:</b>	09/13/2013

SERFF Tracking #:

LBPM-129157504

State Tracking #:

Company Tracking #:

2013-AR-HOME-RR-3260

State:

Arkansas

Filing Company:

Safeco Insurance Company of America

TOI/Sub-TOI:

04.0 Homeowners/04.0000 Homeowners Sub-TOI Combinations

Product Name:

Home

Project Name/Number:

2013-AR-HOME-RR-3260 /2013-AR-HOME-RR-3260

<b>Satisfied - Item:</b>	Cover Letter
<b>Comments:</b>	Updated
<b>Attachment(s):</b>	_Filing Letter .pdf
<b>Item Status:</b>	Filed
<b>Status Date:</b>	09/13/2013

<b>Satisfied - Item:</b>	Disruption
<b>Comments:</b>	
<b>Attachment(s):</b>	Disruption_Chart.pdf
<b>Item Status:</b>	Filed
<b>Status Date:</b>	09/13/2013

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 Safeco Insurance Company of America  
 NAIC # (including group #) 111-24740

1. If you have had an insurance to value campaign during the experience filing period, describe the campaign and estimate its impact.  
 We have used all the dwelling information that has been provided about each policy. If there was any missing data, MSB’s database filled in the missing data based on address, original year of construction, construction style, number of stories, total living area, and dwelling type.
  
2. If you use a cost estimator (or some similar method) in order to make sure that dwellings (or contents) are insured at their value, state when this program was started in Arkansas and estimate its impact.  
 We contract with the Marshall Swift Boeckh Co. (MSB) to estimate dwelling values for the purpose of making sure that they are insured 100% to replacement value. Use of MSB estimates is the prevailing method throughout the industry. We have recently adopted a new MSB estimator RCT (Residential Component Technology) that has been in effect for new business in Arkansas since November of 2007.
  
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.  
 Customers are required to have the dwelling insured 100% to value. Dwelling value is determined using the Marshall Swift Boeckh Co. Cost estimator as described above.
  
4. If you use an Inflation Guard form or similar type of coverage, describe the coverage(s) and estimate the impact.  
 We will be running every policy through MSB’s cost estimator (RCT) upon renewal. They determine inflationary cost increases on a three digit zip-code basis.
  
5. Specify the percentage given for credit or discounts for the following:
 

a. Fire Extinguisher	0	%
b. Burglar Alarm	2	%
c. Smoke Alarm	0	%
d. Insured who has both homeowners and auto with your company	17	%
e. Deadbolt Locks	0	%
f. Window or Door Locks	0	%
g. Other (specify)		
Newer Home Credit	2-34	%
Renewal Credit	1-4%	
Umbrella Credit	2%	
<u>Sprinkler Credit</u>	4, 7%	

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

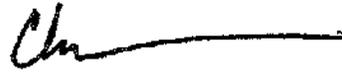
7. Specify the form(s) utilized in writing homeowners insurance. Indicate the Arkansas premium volume for each form.

Form	Premium Volume
Homeowners Form 30	\$15,698,329
Condominium Form 85, 88	\$113,553
Renters Form 4	\$478,632

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? No  
 If yes, state the surcharge \_\_\_\_\_  
 Does the surcharge apply to conventional fire places? No  
 If yes, state the surcharge \_\_\_\_\_

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



\_\_\_\_\_  
 Signature  
 Christopher Kwan  
 \_\_\_\_\_  
 Printed Name  
 Director of State Operations  
 \_\_\_\_\_  
 Title  
 206-473-6632  
 \_\_\_\_\_  
 Telephone Number  
 Christopher.kwan@safeco.com  
 \_\_\_\_\_  
 Email Address

NAIC Number: 24740  
 Company Name: Safeco Insurance Company of America  
 Contact Person: Christopher Kwan  
 Telephone No.: (206) 473 - 6632  
 Email Address: Christopher.Kwan@Safeco.com  
 Effective Date: 11/9/2013

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

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

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

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

Public Protection Class	Dwelling Value	Washington		Baxter		Craighead		St. Francis		Desha		Union		Miller		Sebastian		Pulaski	
		Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame
3	\$80,000	\$741.00	\$823.00	\$921.00	\$1,024.00	\$850.00	\$944.00	\$1,122.00	\$1,246.00	\$1,034.00	\$1,149.00	\$824.00	\$915.00	\$863.00	\$959.00	\$810.00	\$901.00	\$806.00	\$895.00
	\$120,000	\$994.00	\$1,105.00	\$1,236.00	\$1,374.00	\$1,141.00	\$1,267.00	\$1,505.00	\$1,673.00	\$1,387.00	\$1,541.00	\$1,105.00	\$1,228.00	\$1,158.00	\$1,287.00	\$1,088.00	\$1,209.00	\$1,081.00	\$1,201.00
	\$160,000	\$1,246.00	\$1,384.00	\$1,549.00	\$1,722.00	\$1,430.00	\$1,588.00	\$1,886.00	\$2,096.00	\$1,739.00	\$1,932.00	\$1,385.00	\$1,539.00	\$1,451.00	\$1,613.00	\$1,363.00	\$1,515.00	\$1,355.00	\$1,509.00
6	\$80,000	\$922.00	\$972.00	\$1,146.00	\$1,208.00	\$1,058.00	\$1,114.00	\$1,396.00	\$1,471.00	\$1,286.00	\$1,355.00	\$1,025.00	\$1,080.00	\$1,074.00	\$1,132.00	\$1,009.00	\$1,063.00	\$1,002.00	\$1,056.00
	\$120,000	\$1,237.00	\$1,304.00	\$1,538.00	\$1,621.00	\$1,420.00	\$1,495.00	\$1,873.00	\$1,973.00	\$1,726.00	\$1,818.00	\$1,376.00	\$1,450.00	\$1,442.00	\$1,519.00	\$1,354.00	\$1,426.00	\$1,345.00	\$1,417.00
	\$160,000	\$1,550.00	\$1,633.00	\$1,928.00	\$2,032.00	\$1,779.00	\$1,874.00	\$2,347.00	\$2,473.00	\$2,163.00	\$2,279.00	\$1,723.00	\$1,816.00	\$1,806.00	\$1,903.00	\$1,696.00	\$1,787.00	\$1,686.00	\$1,776.00
9	\$80,000	\$1,834.00	\$2,034.00	\$2,281.00	\$2,528.00	\$2,104.00	\$2,333.00	\$2,777.00	\$3,078.00	\$2,559.00	\$2,837.00	\$2,040.00	\$2,260.00	\$2,137.00	\$2,369.00	\$2,007.00	\$2,225.00	\$1,994.00	\$2,211.00
	\$120,000	\$2,461.00	\$2,728.00	\$3,061.00	\$3,393.00	\$2,824.00	\$3,130.00	\$3,725.00	\$4,130.00	\$3,434.00	\$3,807.00	\$2,737.00	\$3,033.00	\$2,868.00	\$3,178.00	\$2,693.00	\$2,985.00	\$2,676.00	\$2,967.00
	\$160,000	\$3,084.00	\$3,419.00	\$3,835.00	\$4,252.00	\$3,538.00	\$3,922.00	\$4,669.00	\$5,176.00	\$4,303.00	\$4,770.00	\$3,429.00	\$3,802.00	\$3,593.00	\$3,983.00	\$3,375.00	\$3,741.00	\$3,354.00	\$3,718.00

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	\$90.00	\$90.00	\$90.00	\$90.00	\$90.00	\$90.00	\$90.00	\$90.00	\$90.00	\$90.00	\$90.00	\$90.00	\$90.00	\$90.00	\$90.00	\$90.00	\$90.00	\$90.00
	\$15,000	\$167.00	\$167.00	\$169.00	\$169.00	\$169.00	\$169.00	\$169.00	\$169.00	\$167.00	\$167.00	\$167.00	\$167.00	\$169.00	\$169.00	\$167.00	\$167.00	\$167.00	\$167.00
	\$25,000	\$225.00	\$225.00	\$226.00	\$226.00	\$226.00	\$226.00	\$226.00	\$226.00	\$226.00	\$225.00	\$225.00	\$225.00	\$226.00	\$226.00	\$225.00	\$225.00	\$225.00	\$225.00
6	\$5,000	\$90.00	\$90.00	\$90.00	\$90.00	\$90.00	\$90.00	\$90.00	\$90.00	\$90.00	\$90.00	\$90.00	\$90.00	\$90.00	\$90.00	\$90.00	\$90.00	\$90.00	\$90.00
	\$15,000	\$167.00	\$167.00	\$169.00	\$169.00	\$169.00	\$169.00	\$169.00	\$169.00	\$167.00	\$167.00	\$167.00	\$167.00	\$169.00	\$169.00	\$167.00	\$167.00	\$167.00	\$167.00
	\$25,000	\$225.00	\$225.00	\$226.00	\$226.00	\$226.00	\$226.00	\$226.00	\$226.00	\$225.00	\$225.00	\$225.00	\$225.00	\$226.00	\$226.00	\$225.00	\$225.00	\$225.00	\$225.00
9	\$5,000	\$171.00	\$171.00	\$172.00	\$172.00	\$172.00	\$172.00	\$172.00	\$172.00	\$171.00	\$171.00	\$171.00	\$171.00	\$172.00	\$172.00	\$171.00	\$171.00	\$171.00	\$171.00
	\$15,000	\$319.00	\$319.00	\$321.00	\$321.00	\$321.00	\$321.00	\$321.00	\$321.00	\$319.00	\$319.00	\$319.00	\$319.00	\$321.00	\$321.00	\$319.00	\$319.00	\$319.00	\$319.00
	\$25,000	\$426.00	\$426.00	\$430.00	\$430.00	\$430.00	\$430.00	\$430.00	\$430.00	\$426.00	\$426.00	\$426.00	\$426.00	\$430.00	\$430.00	\$426.00	\$426.00	\$426.00	\$426.00

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																		
	\$120,000																		
	\$160,000																		
6	\$80,000																		
	\$120,000																		
	\$160,000																		
9	\$80,000																		
	\$120,000																		
	\$160,000																		

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

**HO3 and HO4 only**

Fire Extinguisher	0 %	Deadbolt Lock	0 %
Burglar Alarm	2 %	Window Locks	0 %
Smoke Alarm	0 %	\$1,000 Deductible	Cov A deper %
		Other (specify)	
		HO-3:Umbrella;Sprinkler	HO-3:2;4;7;2 %
		Maximum Credit Allowed	%

**EARTHQUAKE INSURANCE**

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

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

**FORM RF-1 Rate Filing Abstract NAIC LOSS COST DATA ENTRY DOCUMENT**

<b>1.</b>	This filing transmittal is part of Company Tracking #	2013-AR-HOME-RR-3260
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<b>2.</b>	If filing is an adoption of an advisory organization loss cost filing, give name of Advisory Organization and Reference/Item Filing Number	LBPM-129157504
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Company Name		Company NAIC Number	
<b>3.</b>	<b>A.</b> Safeco Insurance Company of America	<b>B.</b>	111-24740

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

**5.**

(A) COVERAGE (See Instructions)	(B) Indicated % Rate Level Change	(C) Requested % Rate Level Change	(D) Expected Loss Ratio	FOR LOSS COSTS ONLY			
				(E) Loss Cost Modification Factor	(F) Selected Loss Cost Multiplier	(G) Expense Constant (If Applicable)	(H) Co. Current Loss Cost Multiplier
Homeowners	31.4%	15.0%	N/A	N/A	N/A	N/A	N/A
Renters	31.4%	15.0%	N/A	N/A	N/A	N/A	N/A
Condo	31.4%	15.0%	N/A	N/A	N/A	N/A	N/A
TOTAL OVERALL EFFECT	31.4%	15.0%	N/A	N/A	N/A	N/A	N/A

**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
2012	11,105	14.6	9/20/2012	11710	6076	51.9	58.8
2011	8613	15.1	11/12/12	8930	7728	86.5	82.8
2010	7014	11.3	8/14/10	7889	6766	78.4	56.8
2009	7761	6.8	7/23/09	6805	8713	128.0	57.58
2008	7384	1.9	6/12/08	6366	6678	104.9	65.4

**7.**

Expense Constants	Selected Provisions
A. Total Production Expense	16.4%
B. General Expense	9.3%
C. Taxes, Licenses & Fees	4.0%
D. Underwriting Profit & Contingencies	8.5%
E. Other (explain)	N/A
F. TOTAL	38.2%

**8.** N/A Apply Loss Cost Factors to Future filings? (Y or N)

**9.** 25% Estimated Maximum Rate Increase for any Insured (%) Territory (if applicable): N/A

**10.** N/A Estimated Maximum Rate Decrease for any Insured (%) Territory (if applicable): N/A

Exhibit I

SAFECO INSURANCE COMPANY OF AMERICA  
CONTINUOUS HOMEOWNERS PROGRAM

ARKANSAS

Development of Target Pre-Tax Underwriting Gain

Indicated (target) pre-tax underwriting gains by coverage can be calculated based on the Target Operating Ratios by deducting Investment Income from Policyholders' Funds. An estimate of the income potential realized in the insurance transaction can be calculated using a discounted cash flow model. Explanatory notes and supporting detail are provided in this Exhibit. The calculation of the pre-tax target underwriting gain is shown below:

	(1)	(2)	(3)	(4)
	Target	After Tax	Federal Income	Target
	After Tax	Investment	Tax Rate	Underwriting
	Operating	Ratio to	on	Gain
	Ratio	Policyholders'	Underwriting	[(1) - (2)]/
		Funds	Income	[1 - (3)]
Homeowners	5.24%	0.34%	35.00%	7.54%

Details of the estimated after-tax investment ratio to Policyholders' Funds are shown in the Investment Income Exhibit

Exhibit J

SAFECO INSURANCE COMPANY OF AMERICA  
CONTINUOUS HOMEOWNERS PROGRAM

ARKANSAS

INVESTMENT INCOME EXHIBIT  
Summary Page

Estimated investment income from policyholder funds is derived for the continuous homeowners program.  
The after-tax results are as follows:

<u>Coverage</u>	<u>% of Earned Premium</u>
Continuous Homeowners Program	0.34%

The results are for the SAFECO Insurance Group and use the following state expenses:

<u>Expense Category</u>	<u>% of Expected Loss</u>	<u>% of Earned Premium</u>
Expected Loss		51.96
Expected AE	20.00	10.39
Commission		16.37
Tax		3.96
General Expense		9.31
Reinsurance/Assessment		0.47
Underwriting Profit		7.54

The results assume adequate rate levels exist. To the extent that rates are not at adequate levels, the investment income estimate may need to be adjusted. The underwriting profit provision listed above includes a consideration for investment income. Estimated investment income from policyholder funds is derived from a discounted cash model that calculates earnings from the net cash flow on the policy. The investment income estimate is equivalent to income earned from loss reserves and unearned premium reserves.

The following is an index to this Exhibit:

Pages 2, 3, and 4	Explanatory Notes
Page 5	Discounted Cash Flow Analysis Expected Investment Income from Policyholder Funds
Page 6	Premium Inflows from Premium Pay Plan Distribution
Pages 7 and 8	Loss Payment Pattern
Page 9	Timing of Federal Income Taxes
Page 10	Development of Rate of Return Applied to Policyholder Funds

Explanatory Notes

Estimated investment income from policyholder funds is calculated using a discounted cash flow model. Cash flows arising from transactions associated with a block of policies with the same effective date are composed of an inflow of premium payments and outflows of loss, expense, and federal income tax payments. The cash flows are discounted to the middle of the period for which the proposed rates are to be effective (generally, 180 days past inception date). The resulting discounted value of the net cash flow when compared with the undiscounted value yields the net investment income associated with the insurance transaction.

Page 5

Page 5 displays the timing of payments associated with the continuous homeowners program.

- Column (1) Premiums are received generally at the time due. The bulk are received within five days of the effective date, with advance payments judged to offset late payments. Additionally, there are a number of premium payment plans which allow for premium payments to be spread over the policy term. Premium flows associated with these plans are described on page 6.
- Column (2) Commission is generally paid on or near the policy effective date, at the end of the month in which the policy becomes effective. Therefore, 50% of the commission is assumed paid at day 0 and 50% at day 30.
- Column (3) Premium taxes are assumed to be paid quarterly, approximately 90 days after policies are effective.
- Column (4) Some general expenses, such as expenses associated with the processing of endorsements or expenses associated with statistical reporting to Bureaus, are paid during the policy term. A significant portion of general expenses are paid prior to a policy becoming effective. Examples are policy rating, marketing expenses and and some underwriting expenses. It is assumed that, on the average, general expenses are paid at policy inception.
- Column (5) Reinsurance and projected Assessment expenses are assumed to be paid quarterly, beginning 90 days after policies are effective.
- Column (6) The expected timing of loss payments is based on an analysis of historical paid loss. The derivation of the loss payment pattern is shown on pages 7 and 8.
- Column (7) The expected timing of AE payments is consistent with the allocation assumption of a fixed ratio of AE expense to pure loss uniformly spread over all subsequent months and years.
- Column (8) Federal income taxes attributable to underwriting income are shown. Income taxes attributable to investment income are reflected in the discount factors in column (10) and discussed later. The provisions of the Tax Reform Act of 1986, including the Revenue Offset provision which taxes the change in the unearned premium reserve and the Reserve Discounting provision, are reflected in determining the expected timing of income tax payments. The calculations of the expected income tax payments are shown on page 9.

Exhibit J

Page 5 - CONTINUED

Column (9) Col. (9) = Col. (1) - Col.(2) - Col. (3) - Col. (4) - Col. (5)  
- Col.(6) - Col.(7) - Col.(8)

Column (10) The discount factors reflect the after-tax investment income earned between the time the payments are made and the time premiums are earned (which is on the average the midpoint of the policy term or day 180). The investment rate of return used is determined by examining the latest new money rates available and the current investment strategy for cash inflows. Page 10 provides details on the after-tax rate chosen net of investment expenses.

Column (11) Col. (9) x Col. (10).

Column (12) Cumulative total of Column (11). Premium collected on the policy remains available for investment as long as the cumulative net cash flow is positive.

Column (13) Col. (9) x Col. (10) when Col. (12) > zero, Col. (9) otherwise.

Page 6

Page 6 displays the underlying statistics and derivation of the premium inflows used in Page 5. The top portion of the exhibit shows premium collection patterns for the four payment plans: checkless, monthly, budget, and full pay. The bottom portion of the exhibit shows the distribution by plan and derives the overall distribution by month.

The following assumptions are made in general regarding premium collection:

1. Premiums are billed upon due date.
2. Percentage of premiums booked under various billing programs follow distribution by policies in force. Average earned premium does not differ substantially between programs.
3. Book of business composed of 80% renewals, 20% new business. This affects only the monthly payment plan. In the first year, the policyholder is billed two months worth of premium in the first installment and in the fifth month (one month's worth of advance premium upon renewal). This is reflected in the 20% additional premium at 0 days, and 80% of one month's premium at -30 days.
4. The costs of the billing systems for the different payment plans are captured by appropriate finance charges.

Columns 1 through 4 assume a policy written for \$120.

Column 9 is the sum of Columns 5 through 8 and shows the distribution of overall premium over the entire policy term.

Explanatory Notes

## Page 6 - CONTINUED

Column 10 shows the same distribution for a policy written for \$100. This is the distribution used in page 5.

## Pages 7 and 8

Pages 7 and 8 display the underlying statistics and the derivation of the loss pay-out used in the exhibit. Paid loss development (including adjustment expense for liability sublines) for all coverages countrywide are displayed. Page 7 shows accident quarter development evaluated at quarterly intervals from 3 months through 24 months over the last four years, the age-to-age factors over the same period, and the selected loss development factors and cumulations. Page 8 shows accident quarter development evaluated at yearly intervals from 24 months to 120 months, the corresponding age-to-age factors, and the selected and cumulated loss development factors. The bottom of page 8 shows the derivation of the loss payout based on the above.

Column (2) shows the cumulative LDFs.

Column (3) shows the reciprocals of Column (2), and represents the cumulative payout of the accident quarter.

Column (4) shows the incremental change in Column (3).

Columns (5), (6), (7), and (8) represent one policy period of twelve months equal to 4 successive accident quarters.

Column (9) is the average of Columns (5) - (8) and is the final result. The quarterly pay-out for the first two years is spread uniformly to the days from policy inception date. For example, the first quarter pay-out is weighted one-sixth to 0 days, one-third to 30 days, one-third to 60 days, and one-sixth to 90 days, with similar distributions for the second through the fourth quarter pay-outs. The quarterly pay-outs for the second year are distributed one-half to the beginning of the interval and one-half to the end.

## Page 9

Notes for this exhibit showing the timing of federal income tax on underwriting appear on the page itself.

## Page 10

Notes for the above explaining the investment rate of return on policyholder funds appear on the page itself.

**SAFECO INSURANCE COMPANY OF AMERICA  
CONTINUOUS HOMEOWNERS PROGRAM  
ARKANSAS**

Discounted Cash Flow: Expected Investment Income from Policyholder Funds

**Discounted cash flow analysis per \$100 of premium**

**PAYMENTS DURING THE FIRST YEAR**

Days from Inception <u>Date</u>	(1) Premium <u>Received</u>	(2) <u>Comm.</u>	(3) Premium <u>Tax</u>	(4) General <u>Expense</u>	(5) Reins./ Assess. <u>Expense</u>	(6) Paid <u>Loss</u>	(7) <u>AE</u>	(8) Federal Income <u>Tax</u>	(9) Total Cash <u>Flow</u>	(10) Discount <u>Factor</u>	(11) Discounted Cash <u>Flow</u>	(12) Cumulative Discounted <u>Cash Flow</u>	(13) Discounted Cash Flow- <u>PH Funds</u>
-30	\$ 0.32								0.32	1.0038	0.32	0.32	0.32
0	72.81	8.19		9.31		0.85	0.17		54.29	1.0032	54.46	54.79	54.46
30	1.96	8.18				1.70	0.34		(8.27)	1.0027	(8.29)	46.50	(8.29)
60	1.96					1.70	0.34		(0.08)	1.0022	(0.08)	46.41	(0.08)
90	4.83		3.96		0.12	2.39	0.48	(1.76)	(0.36)	1.0016	(0.36)	46.05	(0.36)
120	1.96					3.08	0.62		(1.74)	1.0011	(1.74)	44.31	(1.74)
150	1.96					3.08	0.62		(1.74)	1.0005	(1.74)	42.57	(1.74)
180	1.96				0.12	3.33	0.67	1.58	(3.73)	1.0000	(3.73)	38.84	(3.73)
210	4.83					3.57	0.71		0.54	0.9995	0.54	39.37	0.54
240	1.96					3.57	0.71		(2.33)	0.9989	(2.33)	37.05	(2.33)
270	1.96				0.12	3.69	0.74	1.57	(4.16)	0.9984	(4.15)	32.90	(4.15)
300	1.96					3.81	0.76		(2.62)	0.9978	(2.61)	30.29	(2.61)
330	1.56					3.81	0.76		(3.02)	0.9973	(3.01)	27.28	(3.01)
<u>360</u>					<u>0.12</u>	<u>5.30</u>	<u>1.06</u>	<u>1.55</u>	<u>(8.02)</u>	<u>0.9968</u>	<u>(8.00)</u>	<u>19.28</u>	<u>(8.00)</u>
Year 1	\$100.00	16.37	3.96	9.31	0.47	39.89	7.98	2.94	19.08		19.28	19.28	19.28

**PAYMENTS DURING THE SECOND YEAR**

<u>Day</u>													
90						4.87	0.97	(0.06)	(5.79)	0.9952	(5.76)	13.53	(5.76)
180						2.29	0.46	(0.03)	(2.73)	0.9935	(2.71)	10.82	(2.71)
210						1.34	0.27	(0.02)	(1.59)	0.9930	(1.58)	9.23	(1.58)
<u>360</u>						<u>0.52</u>	<u>0.10</u>	<u>(0.01)</u>	<u>(0.62)</u>	<u>0.9903</u>	<u>(0.61)</u>	<u>8.62</u>	<u>(0.61)</u>
Year 2						9.03	1.81	(0.10)	(10.73)		(10.66)	8.62	(10.66)

**PAYMENTS DURING SUBSEQUENT YEARS**

<u>Year</u>													
3						1.63	0.33	(0.02)	(1.93)	0.9839	(1.90)	6.72	(1.90)
4						0.79	0.16	(0.01)	(0.94)	0.9776	(0.92)	5.80	(0.92)
5						0.36	0.07	(0.00)	(0.43)	0.9713	(0.42)	5.38	(0.42)
6						0.12	0.02	(0.00)	(0.14)	0.9650	(0.14)	5.25	(0.14)
7						0.04	0.01	(0.00)	(0.04)	0.9588	(0.04)	5.21	(0.04)
8						0.03	0.01	(0.00)	(0.03)	0.9526	(0.03)	5.18	(0.03)
9						0.05	0.01	(0.00)	(0.06)	0.9464	(0.06)	5.12	(0.06)
<u>10</u>						<u>0.03</u>	<u>0.01</u>	<u>(0.00)</u>	<u>(0.04)</u>	<u>0.9403</u>	<u>(0.04)</u>	<u>5.08</u>	<u>(0.04)</u>
Total	100.00	16.37	3.96	9.31	0.47	51.96	10.39	2.80	4.74		5.08	5.08	5.08

(14) Undiscounted cash flow (After-tax U/W profit) - Total col. (9)

4.74

(15) Discounted cash flow (After-tax operating return)- Total col. (13)

5.08

(16) Investment income from policyholder funds as a percent of premium ((15) - (14))/ 100

0.34%

SAFECO INSURANCE COMPANY OF AMERICA  
CONTINUOUS HOMEOWNERS PROGRAM  
ARKANSAS  
Premium Inflows From Premium Pay Plan Distribution

Days from Inception	(1) Checkless Pay Plan	(2) Monthly Pay Plan	(3) Budget Pay Plan	(4) Full Payment
-30	-	8.00	-	-
0	10.00	12.00	40.00	120.00
30	10.00	10.00	-	-
60	10.00	10.00	-	-
90	10.00	10.00	40.00	-
120	10.00	10.00	-	-
150	10.00	10.00	-	-
180	10.00	10.00	-	-
210	10.00	10.00	40.00	-
240	10.00	10.00	-	-
270	10.00	10.00	-	-
300	10.00	10.00	-	-
330	10.00	-	-	-
Premium from policy:	\$120.00	\$120.00	\$120.00	\$120.00

Weighted for pay plan distribution:

Days from Inception	(5) Checkless Pay Plan (1) x 0.187	(6) Monthly Pay Plan (2) x 0.048	(7) Budget Pay Plan (3) x 0.086	(8) Full Payment (4) x 0.679	(9) All Plans	(10) (9) x \$100/120
-30	-	0.38	-	-	0.38	0.32
0	1.87	0.58	3.44	81.48	87.37	72.81
30	1.87	0.48	-	-	2.35	1.96
60	1.87	0.48	-	-	2.35	1.96
90	1.87	0.48	3.44	-	5.79	4.83
120	1.87	0.48	-	-	2.35	1.96
150	1.87	0.48	-	-	2.35	1.96
180	1.87	0.48	-	-	2.35	1.96
210	1.87	0.48	3.44	-	5.79	4.83
240	1.87	0.48	-	-	2.35	1.96
270	1.87	0.48	-	-	2.35	1.96
300	1.87	0.48	-	-	2.35	1.96
330	1.87	-	-	-	1.87	1.56
	\$ 22.44	\$ 5.76	\$ 10.32	\$ 81.48	\$120.00	\$ 100.00

See page 3 of explanatory notes for assumptions used in the above analysis.

SAFECO INSURANCE COMPANY OF AMERICA  
CONTINUOUS HOMEOWNERS PROGRAM  
ARKANSAS  
Loss Payment Pattern

ACC. QT. <u>ENDING</u>	PAID LOSS MONTHS OF DEVELOPMENT							
	<u>3</u>	<u>6</u>	<u>9</u>	<u>12</u>	<u>15</u>	<u>18</u>	<u>21</u>	<u>24</u>
Mar-2008	47,880	79,289	91,395	96,746	99,839	102,648	103,667	104,306
Jun-2008	55,108	100,897	116,907	124,670	130,125	133,397	135,383	136,212
Sep-2008	73,711	147,445	171,515	185,108	193,428	197,267	199,578	202,059
Dec-2008	29,457	68,915	80,944	87,544	90,653	92,820	94,405	94,830
Mar-2009	51,739	95,576	109,582	117,948	121,412	123,633	125,621	126,792
Jun-2009	46,993	88,825	103,404	109,887	115,553	118,641	120,054	121,194
Sep-2009	50,387	84,588	97,391	104,320	109,368	111,755	113,278	115,435
Dec-2009	38,786	76,048	88,419	93,772	97,661	101,149	101,821	103,180
Mar-2010	43,129	80,853	94,001	99,114	102,391	104,211	105,638	106,508
Jun-2010	49,454	114,311	134,109	140,251	145,799	149,449	151,991	
Sep-2010	52,729	90,304	100,127	106,320	110,842	114,042		
Dec-2010	49,823	92,899	107,716	115,516	119,538			
Mar-2011	60,513	111,665	128,691	137,856				
Jun-2011	188,088	303,690	355,961					
Sep-2011	83,270	138,729						
Dec-2011	54,866							

ACC. QT. <u>ENDING</u>	AGE-TO-AGE FACTORS						
	<u>3-6</u>	<u>6-9</u>	<u>9-12</u>	<u>12-15</u>	<u>15-18</u>	<u>18-21</u>	<u>21-24</u>
Mar-08	1.656	1.153	1.059	1.032	1.028	1.010	1.006
Jun-08	1.831	1.159	1.066	1.044	1.025	1.015	1.006
Sep-08	2.000	1.163	1.079	1.045	1.020	1.012	1.012
Dec-08	2.339	1.175	1.082	1.036	1.024	1.017	1.005
Mar-09	1.847	1.147	1.076	1.029	1.018	1.016	1.009
Jun-09	1.890	1.164	1.063	1.052	1.027	1.012	1.009
Sep-09	1.679	1.151	1.071	1.048	1.022	1.014	1.019
Dec-09	1.961	1.163	1.061	1.041	1.036	1.007	1.013
Mar-10	1.875	1.163	1.054	1.033	1.018	1.014	1.008
Jun-10	2.311	1.173	1.046	1.040	1.025	1.017	
Sep-10	1.713	1.109	1.062	1.043	1.029		
Dec-10	1.865	1.159	1.072	1.035			
Mar-11	1.845	1.152	1.071				
Jun-11	1.615	1.172					
Sep-11	1.666						

	DEVELOPMENT PERIOD							
	<u>3-6</u>	<u>6-9</u>	<u>9-12</u>	<u>12-15</u>	<u>15-18</u>	<u>18-21</u>	<u>21-24</u>	<u>24-36</u>
SIMPLE AVERAGE	1.8729	1.1573	1.0663	1.0397	1.0247	1.0133	1.0099	
5 QT VOLUME-WTD.AVG	1.6972	1.1595	1.0609	1.0383	1.0257	1.0129	1.0118	
10-PT EXCLUDING HI-LO	1.8116	1.1589	1.0663	1.0400	1.0237	1.0136	1.0093	
<b>SELECTED</b>	<b>1.8100</b>	<b>1.1600</b>	<b>1.0670</b>	<b>1.0400</b>	<b>1.0250</b>	<b>1.0136</b>	<b>1.0101</b>	<b>1.0200</b>
CUMULATIVE PAID	2.5449	1.4060	1.2121	1.1360	1.0923	1.0657	1.0514	1.0409
CUMULATIVE % PAID	39.29%	71.12%	82.50%	88.03%	91.55%	93.84%	95.11%	96.07%
INCREMENTAL % PAID	39.29%	31.83%	11.38%	5.53%	3.52%	2.29%	1.28%	0.96%

**SAFECO INSURANCE COMPANY OF AMERICA  
CONTINUOUS HOMEOWNERS PROGRAM  
ARKANSAS  
Loss Payment Pattern**

ACC. QT. <u>ENDING</u>	MONTHS OF DEVELOPMENT							
	<u>24</u>	<u>36</u>	<u>48</u>	<u>60</u>	<u>72</u>	<u>84</u>	<u>96</u>	<u>108</u>
Mar-2002	114,441	116,796	117,715	117,330	117,653	117,693	117,754	118,169
Mar-2003	78,406	82,317	82,994	83,575	83,731	83,753	83,842	83,841
Mar-2004	67,087	68,528	69,523	69,452	69,442	69,387	69,437	
Mar-2005	58,654	61,442	62,436	62,721	62,939	63,018		
Mar-2006	83,685	85,638	86,148	86,729	86,780			
Mar-2007	90,018	91,053	93,007	93,034				
Mar-2008	104,306	106,607	107,605					
Mar-2009	126,792	129,574						
Mar-2010	106,508							

ACC. QT. <u>ENDING</u>	AGE-TO-AGE FACTORS							
	<u>24-36</u>	<u>36-48</u>	<u>48-60</u>	<u>60-72</u>	<u>72-84</u>	<u>84-96</u>	<u>96-108</u>	<u>108-ULT</u>
Mar-2002	1.021	1.008	0.997	1.003	1.000	1.001	1.004	
Mar-2003	1.050	1.008	1.007	1.002	1.000	1.001	1.000	
Mar-2004	1.021	1.015	0.999	1.000	0.999	1.001		
Mar-2005	1.048	1.016	1.005	1.003	1.001			
Mar-2006	1.023	1.006	1.007	1.001				
Mar-2007	1.012	1.021	1.000					
Mar-2008	1.022	1.009						
Mar-2009	1.022							

	<u>24-36</u>	<u>36-48</u>	<u>48-60</u>	<u>60-72</u>	<u>72-84</u>	<u>84-96</u>	<u>96-108</u>	<u>108-ULT</u>
SIMPLE AVERAGE	1.0273	1.0119	1.0024	1.0017	1.0003	1.0008	1.0018	
5-QTR WEIGHTED AVG	1.0234	1.0132	1.0036	1.0018	1.0003			
3-QTR SIMPLE AVERAGE	1.0185	1.0123	1.0039	1.0013	1.0002	1.0008		
<b>SELECTED</b>	<b>1.0200</b>	<b>1.0130</b>	<b>1.0036</b>	<b>1.0015</b>	<b>1.0002</b>	<b>1.0007</b>	<b>1.0012</b>	<b>1.0002</b>
CUMULATIVE PAID	1.0409	1.0205	1.0074	1.0038	1.0023	1.0021	1.0014	1.0002
CUMULATIVE % PAID	96.07%	97.99%	99.26%	99.62%	99.77%	99.79%	99.86%	99.98%
INCREMENTAL % PAID	0.96%	1.92%	1.27%	0.36%	0.15%	0.02%	0.07%	0.12%

**PAID LOSS PAYMENT PATTERN**

(1) MOS. OF <u>DEV.</u>	(2) Cum'l Paid	(3) Cum'l % Paid Loss <u>1 / (2)</u>	(4) Increment % of <u>Paid Loss</u>	(5) 1ST ACC. <u>QTR.</u>	(6) 2ND ACC. <u>QTR.</u>	(7) 3RD ACC. <u>QTR.</u>	(8) 4TH ACC. <u>QTR.</u>	(9) POL. <u>TERM</u>
3	2.5449	39.29%	39.29%	39.29%	0.00%	0.00%	0.00%	9.82%
6	1.4060	71.12%	31.83%	31.83%	39.29%	0.00%	0.00%	17.78%
9	1.2121	82.50%	11.38%	11.38%	31.83%	39.29%	0.00%	20.63%
12	1.1360	88.03%	5.53%	5.53%	11.38%	31.83%	39.29%	22.01%
15	1.0923	91.55%	3.52%	3.52%	5.53%	11.38%	31.83%	13.06%
18	1.0657	93.84%	2.29%	2.29%	3.52%	5.53%	11.38%	5.68%
21	1.0514	95.11%	1.28%	1.28%	2.29%	3.52%	5.53%	3.15%
24	1.0409	96.07%	0.96%	0.96%	1.28%	2.29%	3.52%	2.01%
36	1.0205	97.99%	1.92%	1.92%	2.40%	3.19%	5.00%	3.13%
48	1.0074	99.26%	1.27%	1.27%	1.44%	1.60%	1.76%	1.52%
60	1.0038	99.62%	0.36%	0.36%	0.59%	0.82%	1.04%	0.70%
72	1.0023	99.77%	0.15%	0.15%	0.20%	0.25%	0.31%	0.23%
84	1.0021	99.79%	0.02%	0.02%	0.05%	0.08%	0.12%	0.07%
96	1.0014	99.86%	0.07%	0.07%	0.06%	0.04%	0.03%	0.05%
108	1.0002	99.98%	0.12%	0.12%	0.11%	0.09%	0.08%	0.10%
120	1.0000	100.00%	0.02%	0.02%	0.04%	0.07%	0.09%	0.06%
				0.00%	0.00%	0.01%	0.01%	0.01%
				100.00%	100.00%	100.00%	100.00%	100.00%

SAFECO INSURANCE COMPANY OF AMERICA  
 CONTINUOUS HOMEOWNERS PROGRAM  
 ARKANSAS  
 Timing of Federal Income Tax on Underwriting Income

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
	Cum'l Written Premium	Cum'l Earned Premium	Ending UEP Reserve	Cum'l Incurred Expense	Cum'l Incurred Loss + AE	Incremntl Paid Loss + AE	Cum'l Paid Loss + AE	Cum'l Loss + AE Reserve	IRS Reserve Discount Factor	Discounted Loss + AE Reserve	Cum'l U/W (IRS) Income	Incremntl U/W (IRS) Income	20% of Change in UEP Reserve	Total Fedl Income Tax on U/W Income
0	100.00													
1	100.00	25.00	75.00	29.64	15.59	7.97	7.97	7.61	0.97	7.41	(20.02)	(20.02)	15.00	(1.76)
2	100.00	50.00	50.00	29.64	31.17	11.38	19.35	11.82	0.97	11.50	(10.49)	9.53	(5.00)	1.58
3	100.00	75.00	25.00	29.64	46.76	13.00	32.36	14.40	0.97	14.01	(1.01)	9.48	(5.00)	1.57
4	100.00	100.00	0.00	29.64	62.35	15.51	47.86	14.48	0.97	14.09	8.41	9.42	(5.00)	1.55
5	100.00	100.00	0.00	29.64	62.35	5.84	53.71	8.64	0.97	8.40	8.25	(0.16)	0.00	(0.06)
6	100.00	100.00	0.00	29.64	62.35	2.75	56.46	5.89	0.97	5.73	8.17	(0.08)	0.00	(0.03)
7	100.00	100.00	0.00	29.64	62.35	1.61	58.07	4.28	0.97	4.16	8.13	(0.04)	0.00	(0.02)
8	100.00	100.00	0.00	29.64	62.35	0.63	58.70	3.65	0.97	3.55	8.11	(0.02)	0.00	(0.01)
<b>Year</b>														
3	100.00	100.00	0.00	29.64	62.35	1.95	60.65	1.70	0.97	1.66	8.06	(0.05)	0.00	(0.02)
4	100.00	100.00	0.00	29.64	62.35	0.95	61.59	0.76	0.97	0.74	8.03	(0.03)	0.00	(0.01)
5	100.00	100.00	0.00	29.64	62.35	0.44	62.03	0.32	0.97	0.31	8.02	(0.01)	0.00	(0.00)
6	100.00	100.00	0.00	29.64	62.35	0.14	62.17	0.18	0.97	0.17	8.02	(0.00)	0.00	(0.00)
7	100.00	100.00	0.00	29.64	62.35	0.04	62.21	0.14	0.97	0.13	8.02	(0.00)	0.00	(0.00)
8	100.00	100.00	0.00	29.64	62.35	0.03	62.25	0.10	0.97	0.10	8.02	(0.00)	0.00	(0.00)
9	100.00	100.00	0.00	29.64	62.35	0.06	62.31	0.04	0.97	0.04	8.01	(0.00)	0.00	(0.00)
10	100.00	100.00	0.00	29.64	62.35	<u>0.04</u>	<u>62.35</u>	0.00	0.97	0.00	8.01	<u>(0.00)</u>	<u>0.00</u>	<u>(0.00)</u>
TOTAL						62.35	62.35					8.01	0.00	2.80

Col. Notes :

- (1) Premium is booked at policy inception.
- (2) Premium is earned pro rata over policy term.
- (3) Col. (1) - Col.(2)
- (4) Commission and premium tax are incurred when premium booked. General expense is incurred as paid.
- (5) Loss and AE are incurred pro rata over policy term.
- (6) Based on loss payment pattern, see pages 5, 7, and 8.
- (7) Col. (6) accumulated.
- (8) Col. (5) - Col. (7)
- (9) IRS loss reserve discount factor.
- (10) Col. (8) X Col. (9)
- (11) Col. (2) - Col. (4) - Col. (7) - Col. (10)
- (12) Change in Col. (11).
- (13) 20% of change in Col. (3)
- (14) 35% X (Col. (12) + Col. (13))

SAFECO INSURANCE COMPANY OF AMERICA  
CONTINUOUS HOMEOWNERS PROGRAM  
ARKANSAS  
Development of Rate of Return Applied to Policyholder Funds

The investment rate of return used in this analysis reflects the risk-free investment income earned from the investment of premiums written during the period that the proposed rates will be in effect. Displayed below are the auction average yields on 3-month and 1-year U.S. T-bills and average yields using constant maturities on U.S. Treasury Notes and Bonds:

<u>Quarter</u>	<u>U.S. T-bills</u>		<u>U.S. Treasury Bonds</u>		<u>(and Treasury Notes)</u>	
	<u>3 Month</u>	<u>1 Year</u>	<u>2 Year</u>	<u>3 Year</u>	<u>5 Year</u>	<u>10 Year</u>
Mar-11	0.13%	0.27%	0.69%	1.16%	2.12%	3.46%
Jun-11	0.05%	0.21%	0.57%	0.95%	1.86%	3.21%
Sep-11	0.02%	0.13%	0.28%	0.47%	1.15%	2.43%
<u>Dec-11</u>	<u>0.01%</u>	<u>0.11%</u>	<u>0.26%</u>	<u>0.42%</u>	<u>0.95%</u>	<u>2.05%</u>
4 Qtr. Avg.	0.05%	0.18%	0.45%	0.75%	1.52%	2.79%

SOURCE: Federal Reserve Statistical Release H.15, released weekly, Selected Interest Rates.

Note: If data for 1-Year T-Bills is unavailable, the discount rate for 1-Year T-Bonds is used

The greater of 1% or the average yield of the last four quarters on a 1-year T-Bill is used in the discounted cash flow analysis.

After-tax rate of return on investment income equals:

$$1\% \times (1 - 0.35) = 0.65\%$$

where 35% = tax rate on 1-year T-bills

**EXHIBIT H - EXPLANATORY MEMORANDUM: Homeowners**  
**Arkansas**  
**Rate Level Indication**

**Narrative**

The current rate level indication for Arkansas Homeowners is 31.4%.

**Past and Prospective Experience Within and Outside the State**

- Calendar year earned premium and accident year incurred losses are utilized in the indication. Five years of experience are used beginning 10/01/2007 and ending 9/30/2012. Losses are evaluated as of 9/30/2012. The Homeowners forms rate level indication is 31.4% (See Exhibit H). This indication serves as justification for all our forms, as our experience for Condos and Renters does not have significant credibility and is thus not reliable as an indicator of the adequacy of the company's current rates.
- Columns (2), (3) and (5) are the sum of the actual earned premiums, earned premiums at current rate level and the trended earned premiums at the current rate level (EPCRL) for the past five fiscal calendar years ending on the third quarter of each year. Premium trend factors (Column (4)) bring the premiums "up-to-date" and project them forward to the average date the policy is written in the effective period, based on a policy period of 01/16/2014 to 1/15/2015. The standard parallelogram method is used to derive the current rate level factors. Exhibit H-1 shows the details of the premium trend and of the current rate level factors used to adjust figures in Column (2) to Columns (3) and (5).

Exhibit H-1 contains two adjustments which are summarized on page 1. The first one is to adjust Earned Premium (EP) to the current rate level creating Earned Premium at the Current Rate Level (EPCRL). The second one values EPCRL at the projected average amount of insurance (EPCRL w/ premium trend).

The EPCRL factors on page 1 are developed from the Safeco rate history in Arkansas using the standard actuarial approach (typically known as the "parallelogram method"). This is done for individual quarters, and the quarterly EPCRL factors are applied to the quarterly EP, producing quarterly EPCRL. Page 3 shows the rate history for the state by form and company.

Page 2 shows the Premium Trend calculation. The Up-to-Date premium trends are calculated by fitting a curve to the average historical EPCRL. The projected premium trend is calculated to incorporate impacts from inflation and business mix shift.

- Column (6) represents normal (excludes weather and catastrophe) losses that have been leveled for abnormal severity fluctuations and brought to ultimate by means of loss development factors. When leveling, we smooth losses that are greater than \$100,000. Exhibit H-2 shows the loss development analysis. Exhibit H-3 shows the details of the large loss leveling procedure.

The ultimate capped incurred losses shown on page 1 of Exhibit H-2 are based on a loss development analysis. The chain ladder method is applied to normal incurred losses capped at \$100,000, capped at \$1,000,000, and uncapped. This is done separately for property versus liability claims. The result is ultimate normal incurred losses for property and liability for each capping level. The property and liability ultimates are added (as shown for the \$100,000 cap amount on page 1 of Exhibit H-2) to

derive ultimate normal incurred loss for each form group at the three capped amounts. The remaining pages of Exhibit H-2 show the derivations of all of the normal loss development components.

Exhibit H-3 shows how large loss factors from an eight-year experience period are used to supplement capped losses from the latest five years, resulting in smoothed total loss estimates for the five year period. Page 1 is a summary. On page 2, the losses capped at \$1,000,000 are compared to the losses capped at \$100,000 in order to create a factor for the layer from \$100,000 to \$1,000,000. The latest eight annual factors are averaged to produce a large loss factor for the layer. The same procedure is used to handle the layer from \$1,000,000 to uncapped. The factors from \$100,000 to \$1,000,000 are selected based on an average of Arkansas-specific experience and countrywide experience for states with a small proportion of high-valued homes. To calculate the factors from \$1,000,000 to uncapped we apply a 75% weight to countrywide experience and 25% weight to Arkansas-specific experience. The projected large loss factor, calculated on the bottom of page 2, is the product of the factors for the two excess layers.

- Column (7) displays the loss cost trend factors based on Safeco data. Loss cost trend factors bring the losses "up-to-date" and project them forward to the average date of loss for the effective policy. Exhibit H-4 provides the detailed calculations and data for the selected up-to-date and projected loss cost annual percentages of change. The resulting trended losses are shown in column (8).
- Column (8c) shows the regional losses which are used as the complement to credibility. These losses are derived by taking the regional average pure premium of (\$302) and multiplying by the number of exposures for Arkansas.
- Column (8t) is the credibility weighted normal losses using the normal losses from Arkansas in column (8) and weighted with the regional losses from (8c).

### **Credibility**

- Line (10.1) is the number of earned house years in our experience period. This is used along with our full credibility criterion of 80,000 to derive the credibility of our state data shown in line (10.2). The square root rule was applied to the ratio of (10.1) and the criterion.
- The credibility in (10.2) is applied to the losses in column (8) and the rest to the complement of credibility in column (8c) to get the credibility weighted losses in column (8t).
- Line (11.1) is the weighted average of column (9) and the weights selected.

### **Catastrophic Hazards**

- Line (11.2) is the projected severe storm and winter storm loss ratio excluding adjustment expense. Exhibit H-5, page 1 shows how the severe storm and winter storm weather loss ratio is calculated. Actual Arkansas severe storm and winter storm frequency and severity amounts on page 1 are projected to the average date of loss using severe storm and winter storm trend factors. The severe storm and winter storm trend factors are selected on page 2 using Hail region data. The average of the resulting projected severe storm and winter storm ex-hurricane pure premium is shown in (A). This pure premium is multiplied by the earned house years in the most recent twelve

months in line (B) and divided by the projected current earned premium to obtain the loss ratio in (D).

- Line (11.3) is the projected other weather and cat loss ratio. This includes all weather excluding severe storms and winter storms as well as catastrophe losses that do not fall under hurricane or cat fire. Exhibit H-5, page 3 shows how the other weather and cat loss ratio is derived. Actual Arkansas other weather and cat loss ratio frequency and severity amounts on page 1 are projected to the average date of loss using other weather and cat loss ratio trend factors. The other weather and cat loss ratio trend factors are selected on page 4 using Hail region data. The average of the resulting projected severe storm and winter storm ex-hurricane pure premium is shown in (A). This pure premium is multiplied by the earned house years in the most recent twelve months (B) and divided by the projected current earned premium (C) to obtain the loss ratio in (D).

### **Insurer Operating Expenses**

- Line (14) gives the projected adjustment expense ratio. Please see Exhibit H-6.
- Line (15.1) is the projected fixed expense ratio containing the fixed general operating expense and reinsurance cost. Please see Exhibit H-6.
- Line (15.2) is the projected variable expense ratio excluding the profit provision. As seen in Exhibit H-6, the ratio is the sum of commissions, variable general operating expenses, and taxes.
- Line (15.3) is the profit and contingencies provision. Please see exhibits I and J for details.
- Line (16) develops the percentage change rate indication.

## Evaluation of Overall Change

### Capped

Safeco Insurance Company of America  
Arkansas

Form	Coverage	Total Premium	Percent of Change	Dollars of Change
30	Primary Coverages	\$15,277,900	15.4%	\$2,345,844
	Misc Optional Coverages	\$420,429	0.4%	\$1,684
	<b>Total</b>	<b>\$15,698,329</b>	<b>15.0%</b>	<b>\$2,347,527</b>
88,85	Primary Coverages	\$106,521	16.0%	\$17,038
	Misc Optional Coverages	\$7,032	0.0%	\$0
	<b>Total</b>	<b>\$113,553</b>	<b>15.0%</b>	<b>\$17,038</b>
4	Primary Coverages	\$450,958	15.6%	\$70,549
	Misc Optional Coverages	\$27,674	3.7%	\$1,024
	<b>Total</b>	<b>\$478,632</b>	<b>15.0%</b>	<b>\$71,573</b>
<b>TOTAL</b>		<b>\$16,290,514</b>	<b>15.0%</b>	<b>\$2,436,138</b>



**Exhibit H-1, page 1**  
**Adjustments to Earned Premium**  
**Safeco Insurance Companies**  
**Regular Homeowners**  
**Arkansas**

Fiscal Calendar Year Ending (1)	Earned Premium (2)	Earned Premium at the Current Rate Level Factor (3)	Historical Premium Trend Factor (4)	Projected Premium Trend Factor (5)	Earned Premium at the Current Rate Level w/ Premium Trend (6)
9/30/2008	5,948,211	1.583	0.902	0.994	8,438,992
9/30/2009	6,305,764	1.582	0.925	0.994	9,172,099
9/30/2010	7,227,941	1.503	0.950	0.994	10,253,560
9/30/2011	8,456,355	1.399	0.974	0.994	11,454,945
9/30/2012	10,384,911	1.278	1.000	0.994	13,188,785

Column (3) - EPCRL factors are calculated by applying parallelogram method to the historical rate changes

Column (4) - see Exhibit H1, Page 2

Column (5) = (1 + Projected Premium Trend (*Exh. H1, Page 2*)) ^ Projection Period

Column (6) = (2) x (3) x (4) x (5)

**Exhibit H-1, page 2**  
**Calculation of Premium Trend Factor**  
**Safeco Insurance Companies**  
**Regular Homeowners**  
**Arkansas**

**Up-To-Date Premium Trend Calculation**

Fiscal Calendar Year Ending	Earned House Years (1)	EPCRL (2)	EPCRL Per Policy (3)=(2)/(1)
9/30/2008	6,241	9,416,584	1,509
9/30/2009	6,350	9,973,150	1,571
9/30/2010	7,004	10,864,235	1,551
9/30/2011	7,832	11,827,100	1,510
9/30/2012	9,009	13,269,388	1,473

<u>Historical Trend</u>	<u>Home</u>
4 year	-0.9%
3 year	-2.2%
2 year	-2.6%
1 year	-2.5%
Selected	<b>-2.6%</b>

**Projected Premium Trend Calculation**

Policy Amount Premium Trend

Annual AOI Projected Trend Based on Marshall Swift Boeckh	1.9%
Selected Annual Projected Trend	<b>1.9%</b>

Other than Policy Amount Premium Trend

Fiscal Calendar Year Ending	EPCRL Per Policy	AOI On-Level Factor	Adjusted EPCRL Per Policy	State Annual Change	CW Annual Change
9/30/2011	1,510	1.004	1,517		
9/30/2012	1,473	1.004	1,479	-2.5%	-1.7%
Weights				50.0%	50.0%
Selected Annual Projected Trend					<b>-2.1%</b>

Calculated Projected Premium Trend = Policy Amount Trend x Other than Policy Amount Trend -0.2%

**Selected Total Annual Projected Trend** **-0.2%**

**Exhibit H-1, page 3**  
**Rate History**  
**Safeco Insurance Companies**  
**Regular Homeowners**  
**Arkansas**

<u>Company</u>	<u>Safeco Essential Homes</u>	
Safeco	Renewal Business	Rate Change
	<u>Effective Date</u>	<u>Amount</u>
	10/20/2010	10.0%
	1/15/2012	15.3%
	1/16/2013	15.2%
	<b>Optimum Protection Homes, New Optimum Protection Homes, Quality Plus Homes, New Quality Plus Homes</b>	
<u>Companies</u>		
Safeco	Renewal Business	Rate Change
Safeco First National	<u>Effective Date</u>	<u>Amount</u>
Safeco General	7/22/2008	2.0%
	9/1/2009	7.6%
	10/20/2010	10.0%
	1/15/2012	15.3%
	1/16/2013	15.2%
<u>Companies</u>	<b>Quality Crest Homes &amp; Enhanced Protection Homes</b>	
Safeco	Renewal Business	Rate Change
Safeco First National	<u>Effective Date</u>	<u>Amount</u>
Safeco General	7/22/2008	1.1%
	9/1/2009	7.6%
	10/20/2010	10.0%
	1/15/2012	15.3%
	1/16/2013	15.2%

**Exhibit H-2, page 1**  
**Developed Losses**  
**Safeco Insurance Companies**  
**Regular Homeowners**  
**Arkansas**  
**Non-Weather**

Accident Year Ending	Non-Weather Losses Capped at 100,000	Combined LDF	Ultimate Capped Incurred Losses (4)
9/30/2008	1,549,834	0.997	1,545,297
9/30/2009	2,439,543	0.995	2,426,708
9/30/2010	2,254,908	0.986	2,223,166
9/30/2011	2,415,994	0.981	2,369,721
9/30/2012	2,408,511	1.042	2,508,662

Safeco Insurance Companies  
 Loss Development Factors as of 09/30/2012  
 Non-Weather Losses  
 Arkansas  
 Regular Homeowners

Property Incurred Capped At \$100,000 (Net Of S/S/D Incurred)

Accident Year Ending	12	24	36	48	60	72	84	96	Most Recent
9/30/2005	1,085,456	1,109,388	1,103,176	1,104,151	1,104,151	1,104,151	1,104,151	1,104,151	1,104,151
9/30/2006	683,881	679,906	755,624	728,842	728,842	728,842	728,842		728,842
9/30/2007	1,578,679	1,600,520	1,600,520	1,600,620	1,600,620	1,600,620			1,600,620
9/30/2008	1,297,684	1,428,220	1,427,201	1,427,201	1,427,201				1,427,201
9/30/2009	2,285,345	2,407,518	2,388,640	2,388,640					2,388,640
9/30/2010	1,849,932	2,134,608	2,133,909						2,133,909
9/30/2011	1,767,433	2,297,217							2,297,217
9/30/2012	2,370,546								2,370,546

Development Quarters

Accident Year Ending	12-24	24-36	36-48	48-60	60-72	72-84	84-96	
9/30/2005	1.022	0.994	1.001	1.000	1.000	1.000	1.000	
9/30/2006	0.994	1.111	0.965	1.000	1.000	1.000		
9/30/2007	1.014	1.000	1.000	1.000	1.000			
9/30/2008	1.101	0.999	1.000	1.000				
9/30/2009	1.053	0.992	1.000					
9/30/2010	1.154	1.000						
9/30/2011	1.300							
Average	all	1.091	1.016	0.993	1.000	1.000	1.000	1.000
Weighted	all	1.105	1.005	0.996	1.000	1.000		
Exc hi & lo	all	1.069	0.998	1.000	1.000			
Exc hi & lo	5 yrs	1.103	1.000	1.000				
Avg	3 yrs	1.169	0.997	1.000	1.000			
CW ex CA FL MA TX MI		1.047	0.997	0.999	0.999	1.000	1.000	1.000
<b>Selected</b>		<b>1.047</b>	<b>0.997</b>	<b>0.999</b>	<b>0.999</b>	<b>1.000</b>	<b>1.000</b>	<b>1.000</b>
ULDF		1.041	0.994	0.997	0.998	1.000	1.000	1.000

<b>Tail</b>
-------------

1.000

1.000

1.000

1.000

Safeco Insurance Companies  
 Loss Development Factors as of 09/30/2012  
 Non-Weather Losses  
 Arkansas  
 Regular Homeowners

Property Incurred Capped At \$1,000,000 (Net Of S/S/D Incurred)

Accident Year Ending	12	24	36	48	60	72	84	96	Most Recent
9/30/2005	1,808,078	1,720,459	1,714,180	1,715,155	1,715,155	1,715,155	1,715,155	1,715,155	1,715,155
9/30/2006	683,881	679,906	783,298	728,842	728,842	728,842	728,842		728,842
9/30/2007	2,917,664	2,982,497	2,865,865	2,865,865	2,865,865	2,865,865			2,865,865
9/30/2008	1,851,898	1,873,111	1,872,092	1,824,216	1,856,422				1,856,422
9/30/2009	4,725,292	4,726,566	4,650,072	4,650,072					4,650,072
9/30/2010	3,266,064	3,587,091	3,586,392						3,586,392
9/30/2011	3,930,935	4,409,065							4,409,065
9/30/2012	4,436,154								4,436,154

Development Quarters

Accident Year Ending	12-24	24-36	36-48	48-60	60-72	72-84	84-96		
9/30/2005	0.952	0.996	1.001	1.000	1.000	1.000	1.000		
9/30/2006	0.994	1.152	0.930	1.000	1.000	1.000			
9/30/2007	1.022	0.961	1.000	1.000	1.000				
9/30/2008	1.011	0.999	0.974	1.018					
9/30/2009	1.000	0.984	1.000						
9/30/2010	1.098	1.000							
9/30/2011	1.122								
Average	all	1.029	1.015	0.981	1.004	1.000	1.000	1.000	
Weighted	all	1.041	0.994	0.991	1.005	1.000			
Exc hi & lo	all	1.025	0.995	0.991	1.000				
Exc hi & lo	5 yrs	1.044	0.994	0.991					
Avg	3 yrs	1.073	0.994	0.991	1.006				
CW ex CA FL MA TX MI		1.028	0.990	0.994	0.996	0.999	1.000	1.000	1.000
<b>Selected</b>		<b>1.028</b>	<b>0.990</b>	<b>0.994</b>	<b>0.996</b>	<b>0.999</b>	<b>1.000</b>	<b>1.000</b>	<b>1.000</b>
ULDF		1.007	0.980	0.990	0.995	0.999	1.000	1.000	1.000

<b>Tail</b>
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**Safeco Insurance Companies  
Loss Development Factors as of 09/30/2012  
Non-Weather Losses  
Arkansas  
Regular Homeowners**

**Property Uncapped Incurred Loss (Net Of S/S/D Incurred)**

Accident Year Ending	12	24	36	48	60	72	84	96	Most Recent
9/30/2005	1,808,078	1,720,459	1,714,180	1,715,155	1,715,155	1,715,155	1,715,155	1,715,155	1,715,155
9/30/2006	683,881	679,906	783,298	728,842	728,842	728,842	728,842		728,842
9/30/2007	2,917,664	2,982,497	2,865,865	2,865,865	2,865,865	2,865,865			2,865,865
9/30/2008	1,851,898	1,873,111	1,872,092	1,824,216	1,856,422				1,856,422
9/30/2009	4,725,292	4,726,566	4,650,072	4,650,072					4,650,072
9/30/2010	3,266,064	3,587,091	3,586,392						3,586,392
9/30/2011	3,930,935	4,409,065							4,409,065
9/30/2012	4,436,154								4,436,154

**Development Quarters**

Accident Year Ending	12-24	24-36	36-48	48-60	60-72	72-84	84-96		
9/30/2005	0.952	0.996	1.001	1.000	1.000	1.000	1.000		
9/30/2006	0.994	1.152	0.930	1.000	1.000	1.000			
9/30/2007	1.022	0.961	1.000	1.000	1.000				
9/30/2008	1.011	0.999	0.974	1.018					
9/30/2009	1.000	0.984	1.000						
9/30/2010	1.098	1.000							
9/30/2011	1.122								
Average	all	1.029	1.015	0.981	1.004	1.000	1.000	1.000	
Weighted	all	1.041	0.994	0.991	1.005	1.000			
Exc hi & lo	all	1.025	0.995	0.991	1.000				
Exc hi & lo	5 yrs	1.044	0.994	0.991					
Avg	3 yrs	1.073	0.994	0.991	1.006				
CW ex CA FL MA TX MI		1.031	0.990	0.994	0.997	0.999	1.000	1.000	1.000
<b>Selected</b>		<b>1.031</b>	<b>0.990</b>	<b>0.994</b>	<b>0.997</b>	<b>0.999</b>	<b>1.000</b>	<b>1.000</b>	<b>1.000</b>
ULDF		1.012	0.981	0.991	0.996	0.999	1.000	1.000	1.000

<b>Tail</b>
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**Exhibit H-3, page 1  
Large Loss Leveling  
Safeco Insurance Companies  
Regular Homeowners  
Arkansas  
Non-Weather**

Accident Year Ending (1)	Ultimate Incurred Loss (2)	Ultimate Incurred Loss in Excess of \$100,000 per Individual Claim Capped at \$100,000 (3)	Leveled Losses (4) = ((2) - (3)) X 1.782
9/30/2008	1,974,162	428,864	2,753,462
9/30/2009	4,682,204	2,255,496	4,323,988
9/30/2010	3,666,804	1,443,638	3,961,310
9/30/2011	4,435,405	2,065,685	4,222,446
9/30/2012	4,527,238	2,018,576	4,470,017

**Calculation of Large Loss Factor  
SAFECO INSURANCE COMPANIES  
Cov A Forms - NonWeather Losses**

Exhibit H-3, page 2

State:	Arkansas AR			State Group: A			Layer 1		Layer 2	
Accident Year Ending (1)	Ultimate Incurred Losses Capped at \$100,000 (2)	Ultimate Incurred Losses Capped at \$1,000,000 (3)	Ultimate Incurred Losses Uncapped (4)	Layer 1 Large Loss Factor (5) = (3) / (2)	Layer 2 Large Loss Factor (6) = (4) / (3)	Layer 1 Large Loss Trend (7)	Layer 1 Trended Large Loss Factor (8)=(5)x(7)	Layer 2 Large Loss Trend (9)	Layer 2 Trended Large Loss Factor (10)=(6)x(9)	
9/30/2005	1,113,757	1,724,761	1,724,761	1.549	1.000	1.336	2.069	1.014	1.014	
9/30/2006	731,311	731,311	731,311	1.000	1.000	1.297	1.297	1.014	1.014	
9/30/2007	1,636,148	2,901,393	2,901,393	1.773	1.000	1.259	2.233	1.014	1.014	
9/30/2008	1,545,297	1,971,413	1,974,162	1.276	1.001	1.222	1.560	1.014	1.015	
9/30/2009	2,432,336	4,677,003	4,682,204	1.923	1.001	1.187	2.282	1.014	1.015	
9/30/2010	2,239,421	3,655,637	3,666,804	1.632	1.003	1.152	1.881	1.014	1.017	
9/30/2011	2,393,372	4,421,644	4,435,405	1.847	1.003	1.119	2.067	1.014	1.017	
9/30/2012	2,507,918	4,494,940	4,527,238	1.792	1.007	1.086	1.947	1.014	1.021	
Average Large Loss Factor:				1.599	1.002		1.917		1.016	

**Fitted Trends**

	All Years	All Years Ex Hi/Lo
Layer 1 Trend:	5.2%	2.5%
Layer 2 Trend:	0.1%	0.0%

**Selected Trends**

	Historical	Projected
Layer 1 Trend:	3.0%	3.0%
Layer 2 Trend:	0.0%	0.5%

**Selected Large Loss Factor**

- A. For layer from \$100,000 to \$1,000,000 (Layer 1)
- B. For layer above \$1,000,000 (Layer 2)
- C. Projected large loss factor = (A) x (B)

**Selected**

**1.718**  
**1.037**  
**1.782**

**CW - LH Group A LLFs**

1.519  
1.044  
1.586

\*CW - LH Group A includes AL, AZ, AR, GA, IA, IN, KY, MD, MN, MO, MS, MT, NC, ND, NE, NH, NM, OH, OK, PA, SC, SD, TN, UT, WI, and WV.  
The states in CW - LH Group A are those which have a small proportion of high-valued homes.

**Exhibit H-4, page 1  
Non-Weather Combined Water and Ex-Water Trends  
Safeco Insurance Companies  
Regular Homeowners  
Arkansas**

Fiscal/ Calendar Year Ending (1)	Up-To-Date Trend Period (2)	Projection Trend Period (3)	Frequency											Claim Count Distribution	
			Up-To-Date Trend		Projection Trend		Up-To-Date Trend Factor			Projection Trends			Cumulative Trend	Ex-Water	Water
			Ex-Water	Water	Ex-Water	Water	Ex-Water	Water	Combined	Ex-Water	Water	Combined	(14)=(10) x (13)	(15)	(16)
			(4)	(5)	(6)	(7)	(8)=(1+(4))^(2)	(9)=(1+(5))^(2)	(10)*	(11)=(1+(6))^(3)	(12)=(1+(7))^(3)	(13)*			
9/30/2008	4.00	2.79	-0.1%	4.2%	-0.1%	4.2%	0.998	1.181	1.061	0.998	1.123	1.041	1.105	63.2%	36.8%
9/30/2009	3.00	2.79	-0.1%	4.2%	-0.1%	4.2%	0.998	1.133	1.045	0.998	1.123	1.041	1.088	61.6%	38.4%
9/30/2010	2.00	2.79	-0.1%	4.2%	-0.1%	4.2%	0.999	1.087	1.029	0.998	1.123	1.041	1.072	66.7%	33.3%
9/30/2011	1.00	2.79	-0.1%	4.2%	-0.1%	4.2%	0.999	1.042	1.014	0.998	1.123	1.041	1.056	65.0%	35.0%
9/30/2012	0.00	2.79	-0.1%	4.2%	-0.1%	4.2%	1.000	1.000	1.000	0.998	1.123	1.041	1.041	70.0%	30.0%
														65.4%	34.6%

Fiscal/ Calendar Year Ending (1)	Up-To-Date Trend Period (2)	Projection Trend Period (3)	Severity											Incurred Losses Distribution	
			Up-To-Date Trend		Projection Trend		Up-To-Date Trend Factor			Projection Trends			Cumulative Trend	Ex-Water	Water
			Ex-Water	Water	Ex-Water	Water	Ex-Water	Water	Combined	Ex-Water	Water	Combined	(14)=(10) x (13)	(15)	(16)
			(4)	(5)	(6)	(7)	(8)=(1+(4))^(2)	(9)=(1+(5))^(2)	(10)**	(11)=(1+(6))^(3)	(12)=(1+(7))^(3)	(13)**			
9/30/2008	4.00	2.79	2.3%	4.7%	2.3%	4.7%	1.096	1.200	1.094	1.066	1.136	1.064	1.164	80.4%	19.6%
9/30/2009	3.00	2.79	2.3%	4.7%	2.3%	4.7%	1.071	1.146	1.069	1.066	1.136	1.064	1.138	79.0%	21.0%
9/30/2010	2.00	2.79	2.3%	4.7%	2.3%	4.7%	1.047	1.095	1.045	1.066	1.136	1.064	1.112	81.1%	18.9%
9/30/2011	1.00	2.79	2.3%	4.7%	2.3%	4.7%	1.023	1.047	1.022	1.066	1.136	1.064	1.088	76.7%	23.3%
9/30/2012	0.00	2.79	2.3%	4.7%	2.3%	4.7%	1.000	1.000	1.000	1.066	1.136	1.064	1.064	79.1%	20.9%

Fiscal/ Calendar Year Ending (1)	Up-To-Date Trend Period (2)	Projection Trend Period (3)	Loss Cost											Incurred Losses Distribution	
			Up-To-Date Trend		Projection Trend		Up-To-Date Trend Factor			Projection Trends			Cumulative Trend	Ex-Water	Water
			Ex-Water	Water	Ex-Water	Water	Ex-Water	Water	Combined	Ex-Water	Water	Combined	(14)=(10) x (13)	(15)	(16)
			(4)	(5)	(6)	(7)	(8)=(1+(4))^(2)	(9)=(1+(5))^(2)	(10)***	(11)=(1+(6))^(3)	(12)=(1+(7))^(3)	(13)***			
9/30/2008	4.00	2.79	2.3%	9.1%	2.3%	9.1%	1.093	1.417	1.161	1.064	1.276	1.108	1.286	80.4%	19.6%
9/30/2009	3.00	2.79	2.3%	9.1%	2.3%	9.1%	1.069	1.299	1.117	1.064	1.276	1.108	1.238	79.0%	21.0%
9/30/2010	2.00	2.79	2.3%	9.1%	2.3%	9.1%	1.046	1.190	1.076	1.064	1.276	1.108	1.192	81.1%	18.9%
9/30/2011	1.00	2.79	2.3%	9.1%	2.3%	9.1%	1.023	1.091	1.037	1.064	1.276	1.108	1.149	76.7%	23.3%
9/30/2012	0.00	2.79	2.3%	9.1%	2.3%	9.1%	1.000	1.000	1.000	1.064	1.276	1.108	1.108	79.1%	20.9%

(4) through (7) are derived on Pages 2 and 3 of this exhibit

(2) mid-point of each experience year to mid-point of the latest experience year

(3) mid-point of the latest experience year to the mid-point of the projected experience period

(10)\*, (13)\* Combined Frequency trend factors for water and ex-water are weighted together based on average claim distribution for Arkansas (see columns (15)-(16))

(10)\*\*, (13)\*\* Combined Severity trend factors are derived from the combined frequency and combined loss cost trend factors

(10)\*\*\*, (13)\*\*\* Combined Loss Cost trend factors for water and ex-water are weighted together based on average incurred losses distribution for Arkansas (see columns (15)-(16))

**Exhibit H-4, page 2**  
**Non-Weather Ex-Water Trend**  
**Safeco Insurance Companies**  
**Regular Homeowners**  
**Countrywide**

4 Quarters Ending	Frequency	Capped Severity	Loss Cost
12/06	1.32	8,176	107.83
03/07	1.37	8,069	110.42
06/07	1.37	8,192	111.97
09/07	1.36	8,414	114.16
12/07	1.33	8,195	109.19
03/08	1.35	8,428	113.43
06/08	1.37	8,589	117.48
09/08	1.37	8,527	117.11
12/08	1.41	8,946	125.76
03/09	1.40	9,164	128.66
06/09	1.40	9,152	128.30
09/09	1.38	9,146	125.78
12/09	1.36	9,166	124.41
03/10	1.37	8,776	119.94
06/10	1.38	8,612	118.90
09/10	1.42	8,641	122.35
12/10	1.42	8,679	123.01
03/11	1.42	8,971	127.37
06/11	1.39	9,175	127.89
09/11	1.39	9,009	125.19
12/11	1.38	9,068	125.08
03/12	1.32	9,156	120.60
06/12	1.30	9,324	121.52
09/12	1.29	9,831	126.52

**Exponential Fits**

<b>24 Quarters</b>	-0.1%	2.3%	2.3%
<b>20 Quarters</b>	-0.5%	2.0%	1.5%
<b>16 Quarters</b>	-1.5%	1.1%	-0.5%
<b>12 Quarters</b>	-2.1%	3.0%	0.8%

**Selected**

<b>Historical</b>	<b>-0.1%</b>	<b>2.3%</b>	<b>2.3%</b>
<b>Projected</b>	<b>-0.1%</b>	<b>2.3%</b>	<b>2.3%</b>

**Exhibit H-4, page 3**  
**Non-Weather Water Trend**  
**Safeco Insurance Companies**  
**Regular Homeowners**  
**Countrywide**

4 Quarters <u>Ending</u>	<u>Frequency</u>	<u>Capped Severity</u>	<u>Loss Cost</u>
12/06	0.83	6,454	53.36
03/07	0.85	6,737	57.27
06/07	0.85	7,061	60.34
09/07	0.86	7,273	62.57
12/07	0.87	7,234	62.70
03/08	0.87	7,240	62.76
06/08	0.87	7,029	61.43
09/08	0.89	7,219	64.03
12/08	0.90	7,455	67.04
03/09	0.89	7,466	66.62
06/09	0.91	7,722	70.64
09/09	0.93	7,764	71.86
12/09	0.94	7,793	72.87
03/10	0.95	7,862	74.85
06/10	0.96	7,897	75.87
09/10	0.99	7,964	79.04
12/10	0.99	8,065	80.11
03/11	1.00	8,324	83.05
06/11	1.01	8,454	84.98
09/11	1.02	8,585	87.91
12/11	1.04	8,601	89.41
03/12	1.04	8,527	88.87
06/12	1.03	8,610	89.06
09/12	1.01	8,510	86.33

**Exponential Fits**

<b>24 Quarters</b>	4.2%	4.7%	9.1%
<b>20 Quarters</b>	4.4%	4.5%	9.1%
<b>16 Quarters</b>	4.3%	4.2%	8.8%
<b>12 Quarters</b>	3.6%	4.2%	7.9%

**Selected**

<b>Historical</b>	<b>4.2%</b>	<b>4.7%</b>	<b>9.1%</b>
<b>Projected</b>	<b>4.2%</b>	<b>4.7%</b>	<b>9.1%</b>

**Exhibit H-5, page 1**  
**Severe Storm/Winter Storm Loss Ratio**  
**Safeco Insurance Companies**  
**Regular Homeowners**  
**Arkansas**

4 Qtr Ending	Actual			Frequency Projection Factor*	Severity Projection Factor*	Projected		Projected Pure Premium
	Frequency per 100 EHY	Developed Severity	Loss Cost			Frequency per 100 EHY	Projected Severity	
09/83	11.98	1,931	231.5	0.797	8.282	9.55	15,997	1,527.1
09/84	2.45	1,155	28.4	0.802	7.750	1.97	8,953	176.3
09/85	1.70	637	10.8	0.808	7.251	1.37	4,620	63.4
09/86	2.55	775	19.8	0.814	6.785	2.08	5,261	109.2
09/87	1.98	1,402	27.7	0.820	6.348	1.62	8,898	144.2
09/88	2.99	1,225	36.6	0.826	5.940	2.46	7,277	179.4
09/89	10.23	2,442	249.7	0.832	5.558	8.50	13,573	1,154.1
09/90	6.05	1,824	110.3	0.837	5.200	5.06	9,486	480.3
09/91	7.02	1,561	109.6	0.844	4.866	5.93	7,593	449.9
09/92	5.42	2,191	118.6	0.850	4.553	4.60	9,974	458.9
09/93	3.35	1,902	63.8	0.856	4.260	2.87	8,103	232.5
09/94	5.88	2,943	173.1	0.862	3.986	5.07	11,732	594.5
09/95	4.16	2,810	116.8	0.868	3.729	3.61	10,478	378.0
09/96	13.45	3,873	520.9	0.874	3.489	11.76	13,514	1,588.9
09/97	3.65	2,610	95.1	0.880	3.265	3.21	8,521	273.5
09/98	1.96	3,427	67.2	0.887	3.055	1.74	10,470	182.1
09/99	7.30	3,563	260.2	0.893	2.858	6.52	10,184	664.2
09/00	4.39	2,439	107.2	0.900	2.674	3.95	6,524	257.8
09/01	13.15	2,117	278.5	0.906	2.502	11.92	5,298	631.3
09/02	3.73	4,036	150.5	0.913	2.341	3.40	9,450	321.6
09/03	3.48	3,323	115.6	0.919	2.191	3.20	7,280	232.8
09/04	1.34	2,928	39.2	0.926	2.050	1.24	6,002	74.3
09/05	0.92	3,319	30.5	0.932	1.918	0.86	6,366	54.6
09/06	3.16	6,131	193.9	0.939	1.795	2.97	11,002	326.7
09/07	0.79	4,430	35.1	0.946	1.679	0.75	7,438	55.8
09/08	9.06	8,124	736.4	0.953	1.571	8.63	12,764	1,102.0
09/09	7.95	6,014	478.1	0.959	1.470	7.63	8,840	674.3
09/10	3.03	6,814	206.8	0.966	1.375	2.93	9,373	274.9
09/11	6.85	8,084	553.9	0.973	1.287	6.67	10,404	693.8
09/12	1.17	5,773	67.8	0.980	1.204	1.15	6,951	80.0

Average

447.9

(A) Selected Severe Storm/Winter Storm Pure Premium

**447.9**

(B) YE 09/30/12 ARKANSAS Earned House Years

9,009

(C) YE 09/30/12 ARKANSAS Projected Current Level Earned Premium

13,188,785

(D) Severe Storm/Winter Storm Loss Ratio = (A) x (B) / (C)

**30.6%**

\*Severe Storm/Winter Storm Trend Factors are calculated on page 2 of this Exhibit.

**Exhibit H-5, page 2**  
**Severe Storm/Winter Storm Loss Trend**  
**Safeco Insurance Companies**  
**Regular Homeowners**  
**Hail Region**

4 Quarters <u>Ending</u>	<u>Frequency</u>	<u>Severity</u>	<u>Loss Cost</u>
09/83	4.05	1,288	52.18
09/84	9.19	1,575	144.74
09/85	5.43	1,450	78.76
09/86	3.84	1,553	59.63
09/87	3.03	1,299	39.34
09/88	2.75	1,427	39.26
09/89	3.62	1,623	58.80
09/90	7.05	2,903	204.73
09/91	9.02	2,569	231.73
09/92	8.59	4,603	395.23
09/93	5.80	2,813	163.25
09/94	5.86	3,092	181.21
09/95	8.35	3,706	309.31
09/96	5.23	2,691	140.67
09/97	4.90	2,438	119.40
09/98	4.71	3,593	169.22
09/99	4.56	3,274	149.20
09/00	6.00	4,100	246.02
09/01	10.11	5,048	510.29
09/02	5.64	4,031	227.34
09/03	5.23	5,953	311.48
09/04	2.53	5,291	133.88
09/05	1.72	5,055	86.91
09/06	4.27	6,312	269.74
09/07	3.15	5,596	176.10
09/08	4.63	6,986	323.65
09/09	4.90	7,610	372.93
09/10	3.09	7,638	235.83
09/11	8.26	10,782	890.23
09/12	5.09	8,820	449.37

**Exponential Fits**

<b>30 Year</b>	-0.7%	6.9%	6.1%
<b>25 Year</b>	-1.4%	6.5%	5.1%
<b>20 Year</b>	-2.1%	6.9%	4.7%
<b>15 Year</b>	-1.1%	7.4%	6.1%

**Selected**

<b>Historical</b>	<b>-0.7%</b>	<b>6.9%</b>	<b>6.1%</b>
<b>Projected</b>	<b>-0.7%</b>	<b>6.9%</b>	<b>6.1%</b>

**Exhibit H-5, page 3**  
**Other Weather and Cat Loss Ratio**  
**Safeco Insurance Companies**  
**Regular Homeowners**  
**Arkansas**

4 Qtr Ending	Actual			Frequency Projection Factor*	Severity Projection Factor*	Projected		Projected Pure Premium
	Frequency per 100 EHY	Developed Severity	Loss Cost			Frequency per 100 EHY	Projected Severity	
09/83	1.14	285	3.3	0.197	11.427	0.23	3,259	7.4
09/84	1.39	493	6.8	0.208	10.585	0.29	5,215	15.0
09/85	1.59	6,137	97.5	0.218	9.804	0.35	60,171	208.8
09/86	1.04	659	6.9	0.230	9.081	0.24	5,985	14.3
09/87	0.68	770	5.2	0.242	8.411	0.16	6,476	10.6
09/88	1.72	664	11.4	0.255	7.791	0.44	5,170	22.7
09/89	1.90	906	17.2	0.268	7.216	0.51	6,541	33.3
09/90	1.51	630	9.5	0.282	6.684	0.43	4,212	18.0
09/91	1.59	1,140	18.1	0.297	6.191	0.47	7,058	33.3
09/92	1.40	3,895	54.4	0.312	5.734	0.44	22,335	97.4
09/93	1.37	1,024	14.0	0.329	5.311	0.45	5,439	24.5
09/94	1.95	1,122	21.8	0.346	4.920	0.67	5,519	37.1
09/95	1.29	5,048	64.9	0.364	4.557	0.47	23,001	107.6
09/96	2.02	3,241	65.6	0.383	4.221	0.78	13,679	106.0
09/97	1.28	1,756	22.5	0.403	3.909	0.52	6,863	35.5
09/98	1.04	1,413	14.7	0.424	3.621	0.44	5,116	22.5
09/99	1.52	1,121	17.0	0.446	3.354	0.68	3,760	25.5
09/00	1.14	2,548	29.1	0.470	3.107	0.54	7,916	42.4
09/01	1.22	1,101	13.4	0.494	2.877	0.60	3,168	19.1
09/02	0.81	1,838	14.8	0.520	2.665	0.42	4,898	20.6
09/03	0.45	7,018	31.8	0.548	2.469	0.25	17,325	43.0
09/04	0.39	2,276	8.9	0.576	2.287	0.23	5,203	11.8
09/05	0.52	6,276	32.3	0.607	2.118	0.31	13,292	41.5
09/06	0.38	2,467	9.3	0.638	1.962	0.24	4,839	11.6
09/07	0.28	1,816	5.0	0.672	1.817	0.19	3,301	6.1
09/08	0.50	3,248	16.1	0.707	1.683	0.35	5,466	19.1
09/09	0.53	2,740	14.6	0.744	1.559	0.40	4,272	17.0
09/10	0.48	4,786	23.2	0.783	1.444	0.38	6,911	26.2
09/11	0.71	6,994	49.9	0.824	1.337	0.59	9,353	55.0
09/12	0.35	3,018	10.7	0.867	1.239	0.31	3,738	11.5

Average

38.1

(A) Selected Other Weather and Cat Pure Premium

**38.1**

(B) YE 09/30/12 ARKANSAS Earned House Years

9,009

(C) YE 09/30/12 ARKANSAS Projected Current Level Earned Premium

13,188,785

(D) Other Weather and Cat Loss Ratio = (A) x (B) / (C)

**2.6%**

\*Other Weather and Cat Trend Factors are calculated on page 4 of this Exhibit.

**Exhibit H-5, page 4**  
**Other Weather and Cat Loss Trend**  
**Safeco Insurance Companies**  
**Regular Homeowners**  
**Hail Region**

4 Quarters Ending	Frequency	Severity	Loss Cost
09/83	0.57	706	4.05
09/84	0.55	1,073	5.88
09/85	0.57	1,094	6.19
09/86	0.61	1,929	11.72
09/87	0.69	1,160	8.01
09/88	0.51	1,523	7.76
09/89	0.69	1,300	8.99
09/90	0.83	1,497	12.45
09/91	0.79	1,292	10.26
09/92	0.78	1,583	12.41
09/93	0.87	1,490	12.94
09/94	0.70	1,760	12.36
09/95	0.76	2,133	16.19
09/96	0.72	1,909	13.75
09/97	0.57	1,890	10.86
09/98	0.64	2,009	12.78
09/99	0.70	1,863	13.10
09/00	0.67	1,977	13.19
09/01	0.65	2,374	15.41
09/02	0.45	3,892	17.47
09/03	0.24	3,567	8.46
09/04	0.22	4,649	10.02
09/05	0.26	4,424	11.51
09/06	0.19	3,245	6.31
09/07	0.19	4,994	9.50
09/08	0.21	4,993	10.64
09/09	0.19	8,729	16.93
09/10	0.23	7,845	17.95
09/11	0.22	8,231	18.48
09/12	0.16	12,988	20.93

**Exponential Fits**

<b>30 Year</b>	-5.0%	8.0%	2.6%
<b>25 Year</b>	-7.0%	9.0%	1.4%
<b>20 Year</b>	-9.0%	10.7%	0.7%
<b>15 Year</b>	-10.0%	13.4%	2.1%

**Selected**

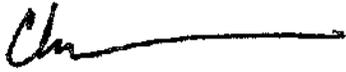
<b>Historical</b>	<b>-5.0%</b>	<b>8.0%</b>	<b>2.6%</b>
<b>Projected</b>	<b>-5.0%</b>	<b>8.0%</b>	<b>2.6%</b>

**Exhibit H-6  
Expense Assumptions  
Safeco Insurance Companies  
Regular Homeowners  
Arkansas  
2013**

(1) Projected EPCRL Per Policy	\$1,464
(2) Variable Expenses	
(A) Projected Commissions	16.4%
(B) Projected Taxes	4.0%
(C) Variable General Operating Expenses Projected	0.4%
(D) Total Variable Expenses = (A) + (B) + (C)	20.8%
(3) Fixed Expenses	8.9%
(4) Profit & Contingencies Load	8.5%
(5) Expected Loss And Adjustment Expense Ratio = 1 - (2) - (3) - (4)	61.8%
(6) Loss Adjustment Expense Ratio To Calendar Year Losses:	20.0%



Sincerely,

A handwritten signature in black ink, appearing to read 'Ch', followed by a long horizontal line extending to the right.

Christopher Kwan

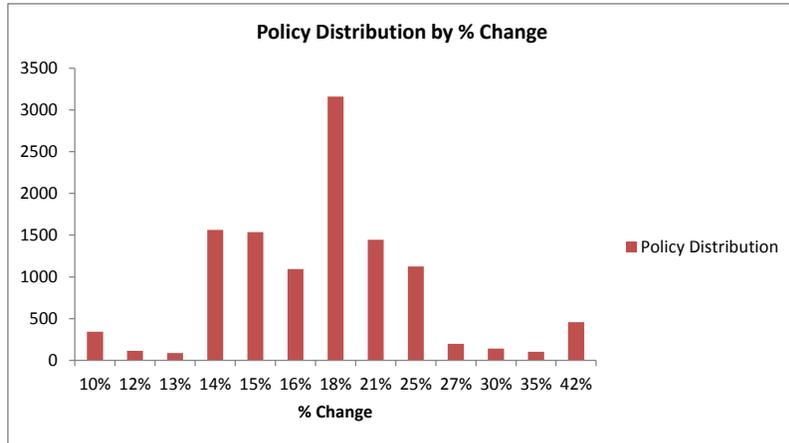
Director of State Operations

(206) 473-6632

Email: [christopher.kwan@safeco.com](mailto:christopher.kwan@safeco.com)

### Arkansas Home Disruption Chart

% Change	Policy Distribution
10%	342
12%	115
13%	85
14%	1561
15%	1534
16%	1095
18%	3161
21%	1443
25%	1125
27%	197
30%	139
35%	104
42%	457
Total Policies	11358



State: Arkansas

Filing Company:

Safeco Insurance Company of America

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

Product Name: Home

Project Name/Number: 2013-AR-HOME-RR-3260 /2013-AR-HOME-RR-3260

## Superseded Schedule Items

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

Creation Date	Schedule Item Status	Schedule	Schedule Item Name	Replacement Creation Date	Attached Document(s)
08/19/2013		Supporting Document	NAIC loss cost data entry document	09/13/2013	ARRFARF1.pdf (Superseded)
08/19/2013		Supporting Document	Actuarial Support	09/13/2013	Exhibits I and J - Investment Income.pdf EV of Change.pdf (Superseded) Exhibit H -- Explanatory Memorandum.pdf Exhibit H - Actuarial Justification.pdf
08/19/2013		Supporting Document	HPCS-Homeowners Premium Comparison Survey	09/13/2013	Final HO Premium Survey.pdf (Superseded) Final HO Premium Survey.xls (Superseded)
08/15/2013		Rate	Form 30	09/16/2013	AR Home Coverage Level Unities.pdf (Superseded)
08/15/2013		Rate	Form 30	09/16/2013	AR Home Unity.pdf (Superseded)
08/15/2013		Rate	Form 04	09/16/2013	AR Renters Territory Unities.pdf (Superseded)
08/12/2013		Rate	Form 30	09/13/2013	AR Capping Comparison.pdf (Superseded)
08/12/2013		Rate	Form 85, 88	09/16/2013	AR Condo Territory Unities.pdf (Superseded)
08/12/2013		Supporting Document	HPCS-Homeowners Premium Comparison Survey	08/19/2013	Final HO Premium Survey.pdf

**SERFF Tracking #:**

LBPM-129157504

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

2013-AR-HOME-RR-3260

**State:**

Arkansas

**Filing Company:**

Safeco Insurance Company of America

**TOI/Sub-TOI:**

04.0 Homeowners/04.0000 Homeowners Sub-TOI Combinations

**Product Name:**

Home

**Project Name/Number:**

2013-AR-HOME-RR-3260 /2013-AR-HOME-RR-3260

<b>Creation Date</b>	<b>Schedule Item Status</b>	<b>Schedule</b>	<b>Schedule Item Name</b>	<b>Replacement Creation Date</b>	<b>Attached Document(s)</b>
08/12/2013		Supporting Document	NAIC loss cost data entry document	08/19/2013	ARRFARF1.pdf (Superceded)
08/12/2013		Supporting Document	Actuarial Support	08/19/2013	Exhibit H -- Explanatory Memorandum Cov A - 4Q12.pdf (Superceded) Exhibits I and J - Investment Income.pdf EV of Change.pdf Exhibit H - Actuarial Justification.pdf (Superceded)
08/12/2013		Supporting Document	Cover Letter	08/19/2013	AR Filing Letter .pdf (Superceded)

**FORM RF-1 Rate Filing Abstract NAIC LOSS COST DATA ENTRY DOCUMENT**

<b>1.</b>	This filing transmittal is part of Company Tracking #	2013-AR-HOME-RR-3260
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<b>2.</b>	If filing is an adoption of an advisory organization loss cost filing, give name of Advisory Organization and Reference/Item Filing Number	LBPM-129157504
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<b>3.</b>		<b>A.</b>	Company Name	<b>B.</b>	Company NAIC Number
			Safeco Insurance Company of America		111-24740

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

(A) COVERAGE (See Instructions)	(B) Indicated % Rate Level Change	(C) Requested % Rate Level Change	(D) Expected Loss Ratio	FOR LOSS COSTS ONLY			
				(E) Loss Cost Modification Factor	(F) Selected Loss Cost Multiplier	(G) Expense Constant (If Applicable)	(H) Co. Current Loss Cost Multiplier
Homeowners	31.4%	19.2%	N/A	N/A	N/A	N/A	N/A
Renters	31.4%	16.3%	N/A	N/A	N/A	N/A	N/A
Condo	31.4%	11.6%	N/A	N/A	N/A	N/A	N/A
TOTAL OVERALL EFFECT	31.4%	19.1%	N/A	N/A	N/A	N/A	N/A

Year	Policy Count	% of Change	Effective Date	State Earned Premium (000)	Incurred Losses (000)	State Loss Ratio	Countrywide Loss Ratio
2012	11,105	14.6	9/20/2012	11710	6076	51.9	58.8
2011	8613	15.1	11/12/12	8930	7728	86.5	82.8
2010	7014	11.3	8/14/10	7889	6766	78.4	56.8
2009	7761	6.8	7/23/09	6805	8713	128.0	57.58
2008	7384	1.9	6/12/08	6366	6678	104.9	65.4

Expense Constants	Selected Provisions
A. Total Production Expense	16.4%
B. General Expense	9.3%
C. Taxes, Licenses & Fees	4.0%
D. Underwriting Profit & Contingencies	8.5%
E. Other (explain)	N/A
F. TOTAL	38.2%

- 8.** N/A Apply Loss Cost Factors to Future filings? (Y or N)
- 9.** 42% Estimated Maximum Rate Increase for any Insured (%) Territory (if applicable): N/A
- 10.** N/A Estimated Maximum Rate Decrease for any Insured (%) Territory (if applicable): N/A

**Evaluation of Overall Change**  
**Capped**  
 Safeco Insurance Company of America  
 Arkansas

Form	Coverage	Total Premium	Percent of Change	Dollars of Change
30	Primary Coverages	\$15,277,900	19.7%	\$3,013,902
	Misc Optional Coverages	\$420,430	-0.4%	-\$1,715
	<b>Total</b>	<b>\$15,698,329</b>	<b>19.2%</b>	<b>\$3,012,188</b>
88	Primary Coverages	\$106,521	12.4%	\$13,175
	Misc Optional Coverages	\$7,032	0.0%	\$0
	<b>Total</b>	<b>\$113,553</b>	<b>11.6%</b>	<b>\$13,175</b>
4	Primary Coverages	\$450,958	17.1%	\$76,968
	Misc Optional Coverages	\$27,674	4.3%	\$1,186
	<b>Total</b>	<b>\$478,632</b>	<b>16.3%</b>	<b>\$78,154</b>
<b>TOTAL</b>		<b>\$16,290,514</b>	<b>19.1%</b>	<b>\$3,103,517</b>

NAIC Number: 24740  
 Company Name: Safeco Insurance Company of America  
 Contact Person: Christopher Kwan  
 Telephone No.: (206) 473 - 6632  
 Email Address: Christopher.Kwan@Safeco.com  
 Effective Date: 11/9/2013

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

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

**USE THE APPROPRIATE FORM BELOW - IF NOT APPLICABLE, LEAVE  
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**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	\$765.00	\$850.00	\$954.00	\$1,059.00	\$879.00	\$877.00	\$1,158.00	\$1,287.00	\$1,069.00	\$1,188.00	\$851.00	\$946.00	\$892.00	\$992.00	\$838.00	\$931.00	\$833.00	\$926.00
	\$120,000	\$1,027.00	\$1,141.00	\$1,279.00	\$1,421.00	\$1,179.00	\$1,310.00	\$1,555.00	\$1,727.00	\$1,435.00	\$1,594.00	\$1,143.00	\$1,270.00	\$1,198.00	\$1,331.00	\$1,124.00	\$1,248.00	\$1,118.00	\$1,241.00
	\$160,000	\$1,287.00	\$1,431.00	\$1,603.00	\$1,782.00	\$1,478.00	\$1,641.00	\$1,948.00	\$2,165.00	\$1,798.00	\$1,998.00	\$1,432.00	\$1,591.00	\$1,501.00	\$1,668.00	\$1,408.00	\$1,565.00	\$1,400.00	\$1,556.00
6	\$80,000	\$953.00	\$1,004.00	\$1,187.00	\$1,250.00	\$1,094.00	\$1,152.00	\$1,442.00	\$1,519.00	\$1,331.00	\$1,401.00	\$1,059.00	\$1,117.00	\$1,111.00	\$1,170.00	\$1,042.00	\$1,099.00	\$1,036.00	\$1,092.00
	\$120,000	\$1,278.00	\$1,347.00	\$1,592.00	\$1,677.00	\$1,467.00	\$1,546.00	\$1,934.00	\$2,038.00	\$1,785.00	\$1,881.00	\$1,422.00	\$1,498.00	\$1,491.00	\$1,571.00	\$1,399.00	\$1,474.00	\$1,391.00	\$1,465.00
	\$160,000	\$1,602.00	\$1,688.00	\$1,995.00	\$2,102.00	\$1,839.00	\$1,937.00	\$2,424.00	\$2,554.00	\$2,237.00	\$2,357.00	\$1,782.00	\$1,877.00	\$1,868.00	\$1,968.00	\$1,753.00	\$1,847.00	\$1,742.00	\$1,836.00
9	\$80,000	\$1,895.00	\$2,101.00	\$2,360.00	\$2,616.00	\$2,175.00	\$2,411.00	\$2,868.00	\$3,179.00	\$2,647.00	\$2,934.00	\$2,109.00	\$2,337.00	\$2,210.00	\$2,450.00	\$2,073.00	\$2,299.00	\$2,062.00	\$2,285.00
	\$120,000	\$2,543.00	\$2,819.00	\$3,167.00	\$3,511.00	\$2,919.00	\$3,236.00	\$3,848.00	\$4,266.00	\$3,552.00	\$3,937.00	\$2,829.00	\$3,136.00	\$2,965.00	\$3,287.00	\$2,782.00	\$3,085.00	\$2,767.00	\$3,067.00
	\$160,000	\$3,186.00	\$3,533.00	\$3,968.00	\$4,400.00	\$3,658.00	\$4,055.00	\$4,822.00	\$5,346.00	\$4,450.00	\$4,934.00	\$3,545.00	\$3,930.00	\$3,716.00	\$4,119.00	\$3,487.00	\$3,866.00	\$3,467.00	\$3,843.00

**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	\$91.00	\$91.00	\$92.00	\$92.00	\$91.00	\$91.00	\$92.00	\$92.00	\$91.00	\$91.00	\$91.00	\$91.00	\$91.00	\$91.00	\$91.00	\$91.00	\$91.00	\$91.00
	\$15,000	\$170.00	\$170.00	\$171.00	\$171.00	\$170.00	\$170.00	\$171.00	\$171.00	\$170.00	\$170.00	\$170.00	\$170.00	\$170.00	\$170.00	\$170.00	\$170.00	\$170.00	\$170.00
	\$25,000	\$227.00	\$227.00	\$229.00	\$229.00	\$227.00	\$227.00	\$229.00	\$229.00	\$227.00	\$227.00	\$227.00	\$227.00	\$227.00	\$227.00	\$227.00	\$227.00	\$227.00	\$227.00
6	\$5,000	\$91.00	\$91.00	\$92.00	\$92.00	\$91.00	\$91.00	\$92.00	\$92.00	\$91.00	\$91.00	\$91.00	\$91.00	\$91.00	\$91.00	\$91.00	\$91.00	\$91.00	\$91.00
	\$15,000	\$170.00	\$170.00	\$171.00	\$171.00	\$170.00	\$170.00	\$171.00	\$171.00	\$170.00	\$170.00	\$170.00	\$170.00	\$170.00	\$170.00	\$170.00	\$170.00	\$170.00	\$170.00
	\$25,000	\$227.00	\$227.00	\$229.00	\$229.00	\$227.00	\$227.00	\$229.00	\$229.00	\$227.00	\$227.00	\$227.00	\$227.00	\$227.00	\$227.00	\$227.00	\$227.00	\$227.00	\$227.00
9	\$5,000	\$174.00	\$174.00	\$175.00	\$175.00	\$174.00	\$174.00	\$175.00	\$175.00	\$174.00	\$174.00	\$174.00	\$174.00	\$174.00	\$174.00	\$174.00	\$174.00	\$174.00	\$174.00
	\$15,000	\$323.00	\$323.00	\$326.00	\$326.00	\$323.00	\$323.00	\$326.00	\$326.00	\$323.00	\$323.00	\$323.00	\$323.00	\$323.00	\$323.00	\$323.00	\$323.00	\$323.00	\$323.00
	\$25,000	\$432.00	\$432.00	\$435.00	\$435.00	\$432.00	\$432.00	\$435.00	\$435.00	\$432.00	\$432.00	\$432.00	\$432.00	\$432.00	\$432.00	\$432.00	\$432.00	\$432.00	\$432.00

**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																		
	\$120,000																		
	\$160,000																		
6	\$80,000																		
	\$120,000																		
	\$160,000																		
9	\$80,000																		
	\$120,000																		
	\$160,000																		

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

**HO3 and HO4 only**

Fire Extinguisher	0 %	Deadbolt Lock	0 %
Burglar Alarm	2 %	Window Locks	0 %
Smoke Alarm	0 %	\$1,000 Deductible	Cov A dependant %
		Other (specify)	
		HO-3:Umbrella,Sprinkler,HO-3:2,4,7,2	%
		Maximum Credit Allowed	%

**EARTHQUAKE INSURANCE**

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

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

**Policy Level Unities**  
**Arkansas**  
**Safeco Insurance Companies**  
**Form 30**

<b>Current</b>	
<b>Essential</b>	0
<b>NQP</b>	11
<b>Optimum</b>	26
<b>Ultra</b>	0

<b>Proposed</b>	
<b>Essential</b>	0
<b>NQP</b>	18
<b>Optimum</b>	50
<b>Ultra</b>	0

**Homeowners State Unity  
Arkansas  
Safeco Insurance Companies  
Form 30**

<b>Current Unity</b>	\$852
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<b>Proposed Unity</b>	\$1,006
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**Territory Unities**  
**Arkansas**  
**Safeco Insurance Companies**  
**Renters Form 04**

**Current**

<b>Territory</b>	<b>Base Unity</b>
<b>32</b>	122
<b>100</b>	122
<b>110</b>	122
<b>111</b>	122
<b>112</b>	122
<b>113</b>	122
<b>116</b>	122
<b>118</b>	122
<b>119</b>	122
<b>120</b>	122
<b>121</b>	122
<b>122</b>	122
<b>123</b>	122
<b>124</b>	122
<b>125</b>	122
<b>126</b>	122
<b>127</b>	122
<b>128</b>	122

**Proposed**

<b>Territory</b>	<b>Base Unity</b>
<b>32</b>	145
<b>100</b>	144
<b>110</b>	144
<b>111</b>	144
<b>112</b>	144
<b>113</b>	144
<b>116</b>	145
<b>118</b>	144
<b>119</b>	144
<b>120</b>	144
<b>121</b>	144
<b>122</b>	144
<b>123</b>	144
<b>124</b>	144
<b>125</b>	144
<b>126</b>	144
<b>127</b>	145
<b>128</b>	145

**Comparison of Current Cap & Proposed Stabilization Levels  
Arkansas  
Safeco Insurance Companies**

Current  
Homeowners Form 30  
Total Premium Stabilization

Lower	5%
Upper	20%

Proposed  
Homeowners Form 30  
Total Premium Stabilization

Lower	12%
Upper	42%

Current  
Renters Form 04  
Total Premium Stabilization

Lower	0%
Upper	20%

Proposed  
Renters Form 04  
Total Premium Stabilization

Lower	3%
Upper	20%

Homeowners

Enter Max % for Indicated Chg	Resulting Range	Selected Cap for Range (rate change)
-20%	<-20%	1.1200
-15%	[-20%,-15%)	1.1300
-10%	[-15%,-10%)	1.1400
-5%	[-10%,-5%)	1.1400
0%	[-5%,0%)	1.1500
3%	[0%,3%)	1.1600
5%	[3%,5%)	1.1800
8%	[5%,8%)	1.1800
10%	[8%,10%)	1.1800
12%	[10%,12%)	1.1800
15%	[12%,15%)	1.1800
18%	[15%,18%)	1.2100
25%	[18%,25%)	1.2500
30%	[25%,30%)	1.2700
35%	[30%,35%)	1.3000
40%	[35%,40%)	1.3500
	>=40%	1.4200

Renters

Enter Max % for Indicated Chg	Resulting Range	Selected Cap for Range (rate change)
-20%	<-20%	1.0300
-10%	[-20%,-10%)	1.1000
-5%	[-10%,-5%)	1.1550
-2%	[-5%,-2%)	1.1550
0%	[-2%,0%)	1.1550
2%	[0%,2%)	1.1550
4%	[2%,4%)	1.1600
6%	[4%,6%)	1.1700
8%	[6%,8%)	1.1750
10%	[8%,10%)	1.1800
12%	[10%,12%)	1.1900
14%	[12%,14%)	1.1950
15%	[14%,15%)	1.2000
20%	[15%,20%)	1.2000
99%	[20%,99%)	1.2000
	>=99%	1.2000

**Territory Unities**  
**Arkansas**  
**Safeco Insurance Companies**  
**Condo Form 85, 88**

**Current**

<b>Territory</b>	<b>Base Unity</b>
32	102
100	102
110	102
111	102
112	102
113	102
116	102
118	102
119	102
120	102
121	102
122	102
123	102
124	102
125	102
126	102
127	102
128	102

**Proposed**

<b>Territory</b>	<b>Base Unity</b>
32	122
100	121
110	121
111	121
112	122
113	121
116	122
118	122
119	121
120	122
121	122
122	121
123	122
124	121
125	122
126	122
127	122
128	122

**FORM RF-1 Rate Filing Abstract NAIC LOSS COST DATA ENTRY DOCUMENT**

<b>1.</b>	This filing transmittal is part of Company Tracking #	2013-AR-HOME-RR-3260
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<b>2.</b>	If filing is an adoption of an advisory organization loss cost filing, give name of Advisory Organization and Reference/Item Filing Number	LBPM-129157504
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<b>3.</b>		<b>A.</b>	Company Name	<b>B.</b>	Company NAIC Number
			Safeco Insurance Company of America		111-24740

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

(A) COVERAGE (See Instructions)	(B) Indicated % Rate Level Change	(C) Requested % Rate Level Change	(D) Expected Loss Ratio	FOR LOSS COSTS ONLY			
				(E) Loss Cost Modification Factor	(F) Selected Loss Cost Multiplier	(G) Expense Constant (If Applicable)	(H) Co. Current Loss Cost Multiplier
Homeowners	32.0%	19.2%					
Renters	32.0%	16.3%					
Condo	32.0%	11.6%					
<b>TOTAL OVERALL EFFECT</b>	32.0%	19.1%					

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
2012	11,105	14.6	9/20/2012	11710	6076	51.9	58.8
2011	8613	15.1	11/12/12	8930	7728	86.5	82.8
2010	7014	11.3	8/14/10	7889	6766	78.4	56.8
2009	7761	6.8	7/23/09	6805	8713	128.0	57.58
2008	7384	1.9	6/12/08	6366	6678	104.9	65.4

7.	
Expense Constants	Selected Provisions
A. Total Production Expense	16.4%
B. General Expense	9.3%
C. Taxes, Licenses & Fees	4.0%
D. Underwriting Profit & Contingencies	8.5%
E. Other (explain)	
<b>F. TOTAL</b>	<b>38.2%</b>

- 8.** N/A Apply Loss Cost Factors to Future filings? (Y or N)
- 9.** 12% Estimated Maximum Rate Increase for any Insured (%) Territory (if applicable): \_\_\_\_\_
- 10.** 42% Estimated Maximum Rate Decrease for any Insured (%) Territory (if applicable): \_\_\_\_\_

**EXHIBIT H - EXPLANATORY MEMORANDUM: Homeowners**  
**Arkansas**  
**Rate Level Indication**

**Narrative**

The current rate level indication for Arkansas Homeowners is 32.0%.

**Past and Prospective Experience Within and Outside the State**

- Calendar year earned premium and accident year incurred losses are utilized in the indication. Five years of experience are used beginning 10/01/2007 and ending 9/30/2012. Losses are evaluated as of 9/30/2012. The Homeowners forms rate level indication is 32.0% (See Exhibit H). This indication serves as justification for all our forms, as our experience for Condos and Renters does not have significant credibility and is thus not reliable as an indicator of the adequacy of the company's current rates.
- Columns (2), (3) and (5) are the sum of the actual earned premiums, earned premiums at current rate level and the trended earned premiums at the current rate level (EPCRL) for the past five fiscal calendar years ending on the third quarter of each year. Premium trend factors (Column (4)) bring the premiums "up-to-date" and project them forward to the average date the policy is written in the effective period, based on a policy period of 01/16/2014 to 1/15/2015. The standard parallelogram method is used to derive the current rate level factors. Exhibit H-1 shows the details of the premium trend and of the current rate level factors used to adjust figures in Column (2) to Columns (3) and (5).

Exhibit H-1 contains two adjustments which are summarized on page 1. The first one is to adjust Earned Premium (EP) to the current rate level creating Earned Premium at the Current Rate Level (EPCRL). The second one values EPCRL at the projected average amount of insurance (EPCRL w/ premium trend).

The EPCRL factors on page 1 are developed from the Safeco rate history in Oklahoma using the standard actuarial approach (typically known as the "parallelogram method"). This is done for individual quarters, and the quarterly EPCRL factors are applied to the quarterly EP, producing quarterly EPCRL. Page 3 shows the rate history for the state by form and company.

Page 2 shows the Premium Trend calculation. The Up-to-Date premium trends are calculated by fitting a curve to the average historical EPCRL. The projected premium trend is calculated to incorporate impacts from inflation and business mix shift.

- Column (6) represents normal (excludes weather and catastrophe) losses that have been leveled for abnormal severity fluctuations and brought to ultimate by means of loss development factors. When leveling, we smooth losses that are greater than \$100,000. Exhibit H-2 shows the loss development analysis. Exhibit H-3 shows the details of the large loss leveling procedure.

The ultimate capped incurred losses shown on page 1 of Exhibit H-2 are based on a loss development analysis. The chain ladder method is applied to normal incurred losses capped at \$100,000, capped at \$1,000,000, and uncapped. This is done separately for property versus liability claims. The result is ultimate normal incurred losses for property and liability for each capping level. The property and liability ultimates are added (as shown for the \$100,000 cap amount on page 1 of Exhibit H-2) to

derive ultimate normal incurred loss for each form group at the three capped amounts. The remaining pages of Exhibit H-2 show the derivations of all of the normal loss development components.

Exhibit H-3 shows how large loss factors from an eight-year experience period are used to supplement capped losses from the latest five years, resulting in smoothed total loss estimates for the five year period. Page 1 is a summary. On page 2, the losses capped at \$1,000,000 are compared to the losses capped at \$100,000 in order to create a factor for the layer from \$100,000 to \$1,000,000. The latest eight annual factors are averaged to produce a large loss factor for the layer. The same procedure is used to handle the layer from \$1,000,000 to uncapped. The factors from \$100,000 to \$1,000,000 are selected based on an average of Arkansas-specific experience and countrywide experience for states with a small proportion of high-valued homes. To calculate the factors from \$1,000,000 to uncapped we apply a 75% weight to countrywide experience and 25% weight to Arkansas-specific experience. The projected large loss factor, calculated on the bottom of page 2, is the product of the factors for the two excess layers.

- Column (7) displays the loss cost trend factors based on Safeco data. Loss cost trend factors bring the losses "up-to-date" and project them forward to the average date of loss for the effective policy. Exhibit H-4 provides the detailed calculations and data for the selected up-to-date and projected loss cost annual percentages of change. The resulting trended losses are shown in column (8).
- Column (8c) shows the regional losses which are used as the complement to credibility. These losses are derived by taking the regional average pure premium of (\$302) and multiplying by the number of exposures for Arkansas.
- Column (8t) is the credibility weighted normal losses using the normal losses from Arkansas in column (8) and weighted with the regional losses from (8c).

### **Credibility**

- Line (10.1) is the number of earned house years in our experience period. This is used along with our full credibility criterion of 80,000 to derive the credibility of our state data shown in line (10.2). The square root rule was applied to the ratio of (10.1) and the criterion.
- The credibility in (10.2) is applied to the losses in column (8) and the rest to the complement of credibility in column (8c) to get the credibility weighted losses in column (8t).
- Line (11.1) is the weighted average of column (9) and the weights selected.

### **Catastrophic Hazards**

- Line (11.2) is the projected severe storm and winter storm loss ratio excluding adjustment expense. Exhibit H-5, page 1 shows how the severe storm and winter storm weather loss ratio is calculated. Actual Arkansas severe storm and winter storm frequency and severity amounts on page 1 are projected to the average date of loss using severe storm and winter storm trend factors. The severe storm and winter storm trend factors are selected on page 2 using Hail region data. The average of the resulting projected severe storm and winter storm ex-hurricane pure premium is shown in (A). This pure premium is multiplied by the earned house years in the most recent twelve

months in line (B) and divided by the projected current earned premium to obtain the loss ratio in (D).

- Line (11.3) is the projected other weather and cat loss ratio. This includes all weather excluding severe storms and winter storms as well as catastrophe losses that do not fall under hurricane or cat fire. Exhibit H-5, page 3 shows how the other weather and cat loss ratio is derived. Actual Arkansas other weather and cat loss ratio frequency and severity amounts on page 1 are projected to the average date of loss using other weather and cat loss ratio trend factors. The other weather and cat loss ratio trend factors are selected on page 4 using Hail region data. The average of the resulting projected severe storm and winter storm ex-hurricane pure premium is shown in (A). This pure premium is multiplied by the earned house years in the most recent twelve months (B) and divided by the projected current earned premium (C) to obtain the loss ratio in (D).

### **Insurer Operating Expenses**

- Line (14) gives the projected adjustment expense ratio. Please see Exhibit H-6.
- Line (15.1) is the projected fixed expense ratio containing the fixed general operating expense and reinsurance cost. Please see Exhibit H-6.
- Line (15.2) is the projected variable expense ratio excluding the profit provision. As seen in Exhibit H-6, the ratio is the sum of commissions, variable general operating expenses, and taxes.
- Line (15.3) is the profit and contingencies provision. Please see exhibits I and J for details.
- Line (16) develops the percentage change rate indication.



**Exhibit H-1, page 1**  
**Adjustments to Earned Premium**  
**Safeco Insurance Companies**  
**Regular Homeowners**  
**Arkansas**

Fiscal Calendar Year Ending (1)	Earned Premium (2)	Earned Premium at the Current Rate Level Factor (3)	Historical Premium Trend Factor (4)	Projected Premium Trend Factor (5)	Earned Premium at the Current Rate Level w/ Premium Trend (6)
9/30/2008	5,948,211	1.583	0.902	0.994	8,438,992
9/30/2009	6,305,764	1.582	0.925	0.994	9,172,099
9/30/2010	7,227,941	1.503	0.950	0.994	10,253,560
9/30/2011	8,456,355	1.399	0.974	0.994	11,454,945
9/30/2012	10,384,911	1.278	1.000	0.994	13,188,785

Column (3) - EPCRL factors are calculated by applying parallelogram method to the historical rate changes

Column (4) - see Exhibit H1, Page 2

Column (5) = (1 + Projected Premium Trend (*Exh. H1, Page 2*)) ^ Projection Period

Column (6) = (2) x (3) x (4) x (5)

**Exhibit H-1, page 2**  
**Calculation of Premium Trend Factor**  
**Safeco Insurance Companies**  
**Regular Homeowners**  
**Arkansas**

**Up-To-Date Premium Trend Calculation**

Fiscal Calendar Year Ending	Earned House Years (1)	EPCRL (2)	EPCRL Per Policy (3)=(2)/(1)
9/30/2008	6,241	9,416,584	1,509
9/30/2009	6,350	9,973,150	1,571
9/30/2010	7,004	10,864,235	1,551
9/30/2011	7,832	11,827,100	1,510
9/30/2012	9,009	13,269,388	1,473

<u>Historical Trend</u>	<u>Home</u>
4 year	-0.9%
3 year	-2.2%
2 year	-2.6%
1 year	-2.5%
Selected	<b>-2.6%</b>

**Projected Premium Trend Calculation**

Policy Amount Premium Trend

Annual AOI Projected Trend Based on Marshall Swift Boeckh	1.9%
Selected Annual Projected Trend	<b>1.9%</b>

Other than Policy Amount Premium Trend

Fiscal Calendar Year Ending	EPCRL Per Policy	AOI On-Level Factor	Adjusted EPCRL Per Policy	State Annual Change	CW Annual Change
9/30/2011	1,510	1.004	1,517		
9/30/2012	1,473	1.004	1,479	-2.5%	-1.7%
Weights				50.0%	50.0%
Selected Annual Projected Trend					<b>-2.1%</b>

Calculated Projected Premium Trend = Policy Amount Trend x Other than Policy Amount Trend -0.2%

**Selected Total Annual Projected Trend** **-0.2%**

**Exhibit H-1, page 3**  
**Rate History**  
**Safeco Insurance Companies**  
**Regular Homeowners**  
**Arkansas**

<u>Company</u>	<u>Safeco Essential Homes</u>	
Safeco	Renewal Business	Rate Change
	<u>Effective Date</u>	<u>Amount</u>
	10/20/2010	10.0%
	1/15/2012	15.3%
	1/16/2013	15.2%
	<b>Optimum Protection Homes, New Optimum Protection Homes, Quality Plus Homes, New Quality Plus Homes</b>	
<u>Companies</u>		
Safeco	Renewal Business	Rate Change
Safeco First National	<u>Effective Date</u>	<u>Amount</u>
Safeco General	7/22/2008	2.0%
	9/1/2009	7.6%
	10/20/2010	10.0%
	1/15/2012	15.3%
	1/16/2013	15.2%
<u>Companies</u>	<b>Quality Crest Homes &amp; Enhanced Protection Homes</b>	
Safeco	Renewal Business	Rate Change
Safeco First National	<u>Effective Date</u>	<u>Amount</u>
Safeco General	7/22/2008	1.1%
	9/1/2009	7.6%
	10/20/2010	10.0%
	1/15/2012	15.3%
	1/16/2013	15.2%

**Exhibit H-2, page 1**  
**Developed Losses**  
**Safeco Insurance Companies**  
**Regular Homeowners**  
**Arkansas**  
**Non-Weather**

Accident Year Ending	Non-Weather Losses Capped at 100,000	Combined LDF	Ultimate Capped Incurred Losses (4)
9/30/2008	1,549,834	0.997	1,545,297
9/30/2009	2,439,543	0.995	2,426,708
9/30/2010	2,254,908	0.986	2,223,166
9/30/2011	2,415,994	0.981	2,369,721
9/30/2012	2,408,511	1.042	2,508,662



**Safeco Insurance Companies  
 Loss Development Factors as of 09/30/2012  
 Non-Weather Losses  
 Arkansas  
 Regular Homeowners**

**Property Incurred Capped At \$1,000,000 (Net Of S/S/D Incurred)**

Accident Year Ending	12	24	36	48	60	72	84	96	Most Recent
9/30/2005	1,808,078	1,720,459	1,714,180	1,715,155	1,715,155	1,715,155	1,715,155	1,715,155	1,715,155
9/30/2006	683,881	679,906	783,298	728,842	728,842	728,842	728,842		728,842
9/30/2007	2,917,664	2,982,497	2,865,865	2,865,865	2,865,865	2,865,865			2,865,865
9/30/2008	1,851,898	1,873,111	1,872,092	1,824,216	1,856,422				1,856,422
9/30/2009	4,725,292	4,726,566	4,650,072	4,650,072					4,650,072
9/30/2010	3,266,064	3,587,091	3,586,392						3,586,392
9/30/2011	3,930,935	4,409,065							4,409,065
9/30/2012	4,436,154								4,436,154

**Development Quarters**

Accident Year Ending	12-24	24-36	36-48	48-60	60-72	72-84	84-96		
9/30/2005	0.952	0.996	1.001	1.000	1.000	1.000	1.000		
9/30/2006	0.994	1.152	0.930	1.000	1.000	1.000			
9/30/2007	1.022	0.961	1.000	1.000	1.000				
9/30/2008	1.011	0.999	0.974	1.018					
9/30/2009	1.000	0.984	1.000						
9/30/2010	1.098	1.000							
9/30/2011	1.122								
Average	all	1.029	1.015	0.981	1.004	1.000	1.000	1.000	
Weighted	all	1.041	0.994	0.991	1.005	1.000			
Exc hi & lo	all	1.025	0.995	0.991	1.000				
Exc hi & lo	5 yrs	1.044	0.994	0.991					
Avg	3 yrs	1.073	0.994	0.991	1.006				
CW ex CA FL MA TX MI		1.028	0.990	0.994	0.996	0.999	1.000	1.000	1.000
<b>Selected</b>		<b>1.028</b>	<b>0.990</b>	<b>0.994</b>	<b>0.996</b>	<b>0.999</b>	<b>1.000</b>	<b>1.000</b>	<b>1.000</b>
ULDF		1.007	0.980	0.990	0.995	0.999	1.000	1.000	1.000

<b>Tail</b>
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Safeco Insurance Companies  
 Loss Development Factors as of 09/30/2012  
 Non-Weather Losses  
 Arkansas  
 Regular Homeowners

Property Uncapped Incurred Loss (Net Of S/S/D Incurred)

Accident Year Ending	12	24	36	48	60	72	84	96	Most Recent
9/30/2005	1,808,078	1,720,459	1,714,180	1,715,155	1,715,155	1,715,155	1,715,155	1,715,155	1,715,155
9/30/2006	683,881	679,906	783,298	728,842	728,842	728,842	728,842		728,842
9/30/2007	2,917,664	2,982,497	2,865,865	2,865,865	2,865,865	2,865,865			2,865,865
9/30/2008	1,851,898	1,873,111	1,872,092	1,824,216	1,856,422				1,856,422
9/30/2009	4,725,292	4,726,566	4,650,072	4,650,072					4,650,072
9/30/2010	3,266,064	3,587,091	3,586,392						3,586,392
9/30/2011	3,930,935	4,409,065							4,409,065
9/30/2012	4,436,154								4,436,154

Development Quarters

Accident Year Ending	12-24	24-36	36-48	48-60	60-72	72-84	84-96		
9/30/2005	0.952	0.996	1.001	1.000	1.000	1.000	1.000		
9/30/2006	0.994	1.152	0.930	1.000	1.000	1.000			
9/30/2007	1.022	0.961	1.000	1.000	1.000				
9/30/2008	1.011	0.999	0.974	1.018					
9/30/2009	1.000	0.984	1.000						
9/30/2010	1.098	1.000							
9/30/2011	1.122								
Average	all	1.029	1.015	0.981	1.004	1.000	1.000	1.000	
Weighted	all	1.041	0.994	0.991	1.005	1.000			
Exc hi & lo	all	1.025	0.995	0.991	1.000				
Exc hi & lo	5 yrs	1.044	0.994	0.991					
Avg	3 yrs	1.073	0.994	0.991	1.006				
CW ex CA FL MA TX MI		1.031	0.990	0.994	0.997	0.999	1.000	1.000	1.000
<b>Selected</b>		<b>1.031</b>	<b>0.990</b>	<b>0.994</b>	<b>0.997</b>	<b>0.999</b>	<b>1.000</b>	<b>1.000</b>	<b>1.000</b>
ULDF		1.012	0.981	0.991	0.996	0.999	1.000	1.000	1.000
									<b>Tail</b>







**Exhibit H-3, page 1  
Large Loss Leveling  
Safeco Insurance Companies  
Regular Homeowners  
Arkansas  
Non-Weather**

Accident Year Ending (1)	Ultimate Incurred Loss (2)	Ultimate Incurred Loss in Excess of \$100,000 per Individual Claim Capped at \$100,000 (3)	Leveled Losses (4) = ((2) - (3)) X 1.782
9/30/2008	1,974,162	428,864	2,753,462
9/30/2009	4,682,204	2,255,496	4,323,988
9/30/2010	3,666,804	1,443,638	3,961,310
9/30/2011	4,435,405	2,065,685	4,222,446
9/30/2012	4,527,238	2,018,576	4,470,017

**Calculation of Large Loss Factor  
SAFECO INSURANCE COMPANIES  
Cov A Forms - NonWeather Losses**

Exhibit H-3, page 2

State:	Arkansas AR			State Group: A			Layer 1		Layer 2	
Accident Year Ending	Ultimate Incurred Losses Capped at \$100,000	Ultimate Incurred Losses Capped at \$1,000,000	Ultimate Incurred Losses Uncapped	Layer 1 Large Loss Factor	Layer 2 Large Loss Factor	Layer 1 Large Loss Trend	Layer 1 Trended Large Loss Factor	Layer 2 Large Loss Trend	Layer 2 Trended Large Loss Factor	
(1)	(2)	(3)	(4)	(5) = (3) / (2)	(6) = (4) / (3)	(7)	(8)=(5)x(7)	(9)	(10)=(6)x(9)	
9/30/2005	1,113,757	1,724,761	1,724,761	1.549	1.000	1.336	2.069	1.014	1.014	
9/30/2006	731,311	731,311	731,311	1.000	1.000	1.297	1.297	1.014	1.014	
9/30/2007	1,636,148	2,901,393	2,901,393	1.773	1.000	1.259	2.233	1.014	1.014	
9/30/2008	1,545,297	1,971,413	1,974,162	1.276	1.001	1.222	1.560	1.014	1.015	
9/30/2009	2,432,336	4,677,003	4,682,204	1.923	1.001	1.187	2.282	1.014	1.015	
9/30/2010	2,239,421	3,655,637	3,666,804	1.632	1.003	1.152	1.881	1.014	1.017	
9/30/2011	2,393,372	4,421,644	4,435,405	1.847	1.003	1.119	2.067	1.014	1.017	
9/30/2012	2,507,918	4,494,940	4,527,238	1.792	1.007	1.086	1.947	1.014	1.021	
Average Large Loss Factor:				1.599	1.002		1.917		1.016	

**Fitted Trends**

	All Years	All Years Ex Hi/Lo
Layer 1 Trend:	5.2%	2.5%
Layer 2 Trend:	0.1%	0.0%

**Selected Trends**

	Historical	Projected
Layer 1 Trend:	3.0%	3.0%
Layer 2 Trend:	0.0%	0.5%

**Selected Large Loss Factor**

- A. For layer from \$100,000 to \$1,000,000 (Layer 1)
- B. For layer above \$1,000,000 (Layer 2)
- C. Projected large loss factor = (A) x (B)

**Selected**

**1.718**  
**1.037**  
**1.782**

**CW - LH Group A LLFs**

1.519  
1.044  
1.586

\*CW - LH Group A includes AL, AZ, AR, GA, IA, IN, KY, MD, MN, MO, MS, MT, NC, ND, NE, NH, NM, OH, OK, PA, SC, SD, TN, UT, WI, and WV.  
The states in CW - LH Group A are those which have a small proportion of high-valued homes.

**Exhibit H-4, page 1  
Non-Weather Combined Water and Ex-Water Trends  
Safeco Insurance Companies  
Regular Homeowners  
Arkansas**

Fiscal/ Calendar Year Ending (1)	Up-To-Date Trend Period (2)	Projection Trend Period (3)	Frequency											Claim Count Distribution	
			Up-To-Date Trend		Projection Trend		Up-To-Date Trend Factor			Projection Trends			Cumulative Trend	Ex-Water	Water
			Ex-Water	Water	Ex-Water	Water	Ex-Water	Water	Combined	Ex-Water	Water	Combined	(14)=(10) x (13)	(15)	(16)
			(4)	(5)	(6)	(7)	(8)=(1+(4))^(2)	(9)=(1+(5))^(2)	(10)*	(11)=(1+(6))^(3)	(12)=(1+(7))^(3)	(13)*			
9/30/2008	4.00	2.79	-0.1%	4.2%	-0.1%	4.2%	0.998	1.181	1.061	0.998	1.123	1.041	1.105	63.2%	36.8%
9/30/2009	3.00	2.79	-0.1%	4.2%	-0.1%	4.2%	0.998	1.133	1.045	0.998	1.123	1.041	1.088	61.6%	38.4%
9/30/2010	2.00	2.79	-0.1%	4.2%	-0.1%	4.2%	0.999	1.087	1.029	0.998	1.123	1.041	1.072	66.7%	33.3%
9/30/2011	1.00	2.79	-0.1%	4.2%	-0.1%	4.2%	0.999	1.042	1.014	0.998	1.123	1.041	1.056	65.0%	35.0%
9/30/2012	0.00	2.79	-0.1%	4.2%	-0.1%	4.2%	1.000	1.000	1.000	0.998	1.123	1.041	1.041	70.0%	30.0%
														65.4%	34.6%

Fiscal/ Calendar Year Ending (1)	Up-To-Date Trend Period (2)	Projection Trend Period (3)	Severity											Incurred Losses Distribution	
			Up-To-Date Trend		Projection Trend		Up-To-Date Trend Factor			Projection Trends			Cumulative Trend	Ex-Water	Water
			Ex-Water	Water	Ex-Water	Water	Ex-Water	Water	Combined	Ex-Water	Water	Combined	(14)=(10) x (13)	(15)	(16)
			(4)	(5)	(6)	(7)	(8)=(1+(4))^(2)	(9)=(1+(5))^(2)	(10)**	(11)=(1+(6))^(3)	(12)=(1+(7))^(3)	(13)**			
9/30/2008	4.00	2.79	2.3%	4.7%	2.3%	4.7%	1.096	1.200	1.094	1.066	1.136	1.064	1.164	80.4%	19.6%
9/30/2009	3.00	2.79	2.3%	4.7%	2.3%	4.7%	1.071	1.146	1.069	1.066	1.136	1.064	1.138	79.0%	21.0%
9/30/2010	2.00	2.79	2.3%	4.7%	2.3%	4.7%	1.047	1.095	1.045	1.066	1.136	1.064	1.112	81.1%	18.9%
9/30/2011	1.00	2.79	2.3%	4.7%	2.3%	4.7%	1.023	1.047	1.022	1.066	1.136	1.064	1.088	76.7%	23.3%
9/30/2012	0.00	2.79	2.3%	4.7%	2.3%	4.7%	1.000	1.000	1.000	1.066	1.136	1.064	1.064	79.1%	20.9%

Fiscal/ Calendar Year Ending (1)	Up-To-Date Trend Period (2)	Projection Trend Period (3)	Loss Cost											Incurred Losses Distribution	
			Up-To-Date Trend		Projection Trend		Up-To-Date Trend Factor			Projection Trends			Cumulative Trend	Ex-Water	Water
			Ex-Water	Water	Ex-Water	Water	Ex-Water	Water	Combined	Ex-Water	Water	Combined	(14)=(10) x (13)	(15)	(16)
			(4)	(5)	(6)	(7)	(8)=(1+(4))^(2)	(9)=(1+(5))^(2)	(10)***	(11)=(1+(6))^(3)	(12)=(1+(7))^(3)	(13)***			
9/30/2008	4.00	2.79	2.3%	9.1%	2.3%	9.1%	1.093	1.417	1.161	1.064	1.276	1.108	1.286	80.4%	19.6%
9/30/2009	3.00	2.79	2.3%	9.1%	2.3%	9.1%	1.069	1.299	1.117	1.064	1.276	1.108	1.238	79.0%	21.0%
9/30/2010	2.00	2.79	2.3%	9.1%	2.3%	9.1%	1.046	1.190	1.076	1.064	1.276	1.108	1.192	81.1%	18.9%
9/30/2011	1.00	2.79	2.3%	9.1%	2.3%	9.1%	1.023	1.091	1.037	1.064	1.276	1.108	1.149	76.7%	23.3%
9/30/2012	0.00	2.79	2.3%	9.1%	2.3%	9.1%	1.000	1.000	1.000	1.064	1.276	1.108	1.108	79.1%	20.9%

(4) through (7) are derived on Pages 2 and 3 of this exhibit

(2) mid-point of each experience year to mid-point of the latest experience year

(3) mid-point of the latest experience year to the mid-point of the projected experience period

(10)\*, (13)\* Combined Frequency trend factors for water and ex-water are weighted together based on average claim distribution for Arkansas (see columns (15)-(16))

(10)\*\*, (13)\*\* Combined Severity trend factors are derived from the combined frequency and combined loss cost trend factors

(10)\*\*\*, (13)\*\*\* Combined Loss Cost trend factors for water and ex-water are weighted together based on average incurred losses distribution for Arkansas (see columns (15)-(16))

**Exhibit H-4, page 2**  
**Non-Weather Ex-Water Trend**  
**Safeco Insurance Companies**  
**Regular Homeowners**  
**Countrywide**

4 Quarters Ending	Frequency	Capped Severity	Loss Cost
12/06	1.32	8,176	107.83
03/07	1.37	8,069	110.42
06/07	1.37	8,192	111.97
09/07	1.36	8,414	114.16
12/07	1.33	8,195	109.19
03/08	1.35	8,428	113.43
06/08	1.37	8,589	117.48
09/08	1.37	8,527	117.11
12/08	1.41	8,946	125.76
03/09	1.40	9,164	128.66
06/09	1.40	9,152	128.30
09/09	1.38	9,146	125.78
12/09	1.36	9,166	124.41
03/10	1.37	8,776	119.94
06/10	1.38	8,612	118.90
09/10	1.42	8,641	122.35
12/10	1.42	8,679	123.01
03/11	1.42	8,971	127.37
06/11	1.39	9,175	127.89
09/11	1.39	9,009	125.19
12/11	1.38	9,068	125.08
03/12	1.32	9,156	120.60
06/12	1.30	9,324	121.52
09/12	1.29	9,831	126.52

**Exponential Fits**

<b>24 Quarters</b>	-0.1%	2.3%	2.3%
<b>20 Quarters</b>	-0.5%	2.0%	1.5%
<b>16 Quarters</b>	-1.5%	1.1%	-0.5%
<b>12 Quarters</b>	-2.1%	3.0%	0.8%

**Selected**

<b>Historical</b>	<b>-0.1%</b>	<b>2.3%</b>	<b>2.3%</b>
<b>Projected</b>	<b>-0.1%</b>	<b>2.3%</b>	<b>2.3%</b>

**Exhibit H-4, page 3**  
**Non-Weather Water Trend**  
**Safeco Insurance Companies**  
**Regular Homeowners**  
**Countrywide**

4 Quarters <u>Ending</u>	<u>Frequency</u>	<u>Capped Severity</u>	<u>Loss Cost</u>
12/06	0.83	6,454	53.36
03/07	0.85	6,737	57.27
06/07	0.85	7,061	60.34
09/07	0.86	7,273	62.57
12/07	0.87	7,234	62.70
03/08	0.87	7,240	62.76
06/08	0.87	7,029	61.43
09/08	0.89	7,219	64.03
12/08	0.90	7,455	67.04
03/09	0.89	7,466	66.62
06/09	0.91	7,722	70.64
09/09	0.93	7,764	71.86
12/09	0.94	7,793	72.87
03/10	0.95	7,862	74.85
06/10	0.96	7,897	75.87
09/10	0.99	7,964	79.04
12/10	0.99	8,065	80.11
03/11	1.00	8,324	83.05
06/11	1.01	8,454	84.98
09/11	1.02	8,585	87.91
12/11	1.04	8,601	89.41
03/12	1.04	8,527	88.87
06/12	1.03	8,610	89.06
09/12	1.01	8,510	86.33

**Exponential Fits**

<b>24 Quarters</b>	4.2%	4.7%	9.1%
<b>20 Quarters</b>	4.4%	4.5%	9.1%
<b>16 Quarters</b>	4.3%	4.2%	8.8%
<b>12 Quarters</b>	3.6%	4.2%	7.9%

**Selected**

<b>Historical</b>	<b>4.2%</b>	<b>4.7%</b>	<b>9.1%</b>
<b>Projected</b>	<b>4.2%</b>	<b>4.7%</b>	<b>9.1%</b>

**Exhibit H-5, page 1**  
**Severe Storm/Winter Storm Loss Ratio**  
**Safeco Insurance Companies**  
**Regular Homeowners**  
**Arkansas**

4 Qtr Ending	Actual			Frequency Projection Factor*	Severity Projection Factor*	Projected		Projected Pure Premium
	Frequency per 100 EHY	Developed Severity	Loss Cost			Frequency per 100 EHY	Projected Severity	
09/83	11.98	1,931	231.5	0.797	8.282	9.55	15,997	1,527.1
09/84	2.45	1,155	28.4	0.802	7.750	1.97	8,953	176.3
09/85	1.70	637	10.8	0.808	7.251	1.37	4,620	63.4
09/86	2.55	775	19.8	0.814	6.785	2.08	5,261	109.2
09/87	1.98	1,402	27.7	0.820	6.348	1.62	8,898	144.2
09/88	2.99	1,225	36.6	0.826	5.940	2.46	7,277	179.4
09/89	10.23	2,442	249.7	0.832	5.558	8.50	13,573	1,154.1
09/90	6.05	1,824	110.3	0.837	5.200	5.06	9,486	480.3
09/91	7.02	1,561	109.6	0.844	4.866	5.93	7,593	449.9
09/92	5.42	2,191	118.6	0.850	4.553	4.60	9,974	458.9
09/93	3.35	1,902	63.8	0.856	4.260	2.87	8,103	232.5
09/94	5.88	2,943	173.1	0.862	3.986	5.07	11,732	594.5
09/95	4.16	2,810	116.8	0.868	3.729	3.61	10,478	378.0
09/96	13.45	3,873	520.9	0.874	3.489	11.76	13,514	1,588.9
09/97	3.65	2,610	95.1	0.880	3.265	3.21	8,521	273.5
09/98	1.96	3,427	67.2	0.887	3.055	1.74	10,470	182.1
09/99	7.30	3,563	260.2	0.893	2.858	6.52	10,184	664.2
09/00	4.39	2,439	107.2	0.900	2.674	3.95	6,524	257.8
09/01	13.15	2,117	278.5	0.906	2.502	11.92	5,298	631.3
09/02	3.73	4,036	150.5	0.913	2.341	3.40	9,450	321.6
09/03	3.48	3,323	115.6	0.919	2.191	3.20	7,280	232.8
09/04	1.34	2,928	39.2	0.926	2.050	1.24	6,002	74.3
09/05	0.92	3,319	30.5	0.932	1.918	0.86	6,366	54.6
09/06	3.16	6,131	193.9	0.939	1.795	2.97	11,002	326.7
09/07	0.79	4,430	35.1	0.946	1.679	0.75	7,438	55.8
09/08	9.06	8,124	736.4	0.953	1.571	8.63	12,764	1,102.0
09/09	7.95	6,014	478.1	0.959	1.470	7.63	8,840	674.3
09/10	3.03	6,814	206.8	0.966	1.375	2.93	9,373	274.9
09/11	6.85	8,084	553.9	0.973	1.287	6.67	10,404	693.8
09/12	1.17	5,773	67.8	0.980	1.204	1.15	6,951	80.0

Average

447.9

(A) Selected Severe Storm/Winter Storm Pure Premium

**447.9**

(B) YE 09/30/12 ARKANSAS Earned House Years

9,009

(C) YE 09/30/12 ARKANSAS Projected Current Level Earned Premium

13,188,785

(D) Severe Storm/Winter Storm Loss Ratio = (A) x (B) / (C)

**30.6%**

\*Severe Storm/Winter Storm Trend Factors are calculated on page 2 of this Exhibit.

**Exhibit H-5, page 2**  
**Severe Storm/Winter Storm Loss Trend**  
**Safeco Insurance Companies**  
**Regular Homeowners**  
**Hail Region**

4 Quarters <u>Ending</u>	<u>Frequency</u>	<u>Severity</u>	<u>Loss Cost</u>
09/83	4.05	1,288	52.18
09/84	9.19	1,575	144.74
09/85	5.43	1,450	78.76
09/86	3.84	1,553	59.63
09/87	3.03	1,299	39.34
09/88	2.75	1,427	39.26
09/89	3.62	1,623	58.80
09/90	7.05	2,903	204.73
09/91	9.02	2,569	231.73
09/92	8.59	4,603	395.23
09/93	5.80	2,813	163.25
09/94	5.86	3,092	181.21
09/95	8.35	3,706	309.31
09/96	5.23	2,691	140.67
09/97	4.90	2,438	119.40
09/98	4.71	3,593	169.22
09/99	4.56	3,274	149.20
09/00	6.00	4,100	246.02
09/01	10.11	5,048	510.29
09/02	5.64	4,031	227.34
09/03	5.23	5,953	311.48
09/04	2.53	5,291	133.88
09/05	1.72	5,055	86.91
09/06	4.27	6,312	269.74
09/07	3.15	5,596	176.10
09/08	4.63	6,986	323.65
09/09	4.90	7,610	372.93
09/10	3.09	7,638	235.83
09/11	8.26	10,782	890.23
09/12	5.09	8,820	449.37

**Exponential Fits**

<b>30 Year</b>	-0.7%	6.9%	6.1%
<b>25 Year</b>	-1.4%	6.5%	5.1%
<b>20 Year</b>	-2.1%	6.9%	4.7%
<b>15 Year</b>	-1.1%	7.4%	6.1%

**Selected**

<b>Historical</b>	<b>-0.7%</b>	<b>6.9%</b>	<b>6.1%</b>
<b>Projected</b>	<b>-0.7%</b>	<b>6.9%</b>	<b>6.1%</b>

**Exhibit H-5, page 3**  
**Other Weather and Cat Loss Ratio**  
**Safeco Insurance Companies**  
**Regular Homeowners**  
**Arkansas**

4 Qtr Ending	Actual			Frequency Projection Factor*	Severity Projection Factor*	Projected		Projected Pure Premium
	Frequency per 100 EHY	Developed Severity	Loss Cost			Frequency per 100 EHY	Projected Severity	
09/83	1.14	285	3.3	0.197	11.427	0.23	3,259	7.4
09/84	1.39	493	6.8	0.208	10.585	0.29	5,215	15.0
09/85	1.59	6,137	97.5	0.218	9.804	0.35	60,171	208.8
09/86	1.04	659	6.9	0.230	9.081	0.24	5,985	14.3
09/87	0.68	770	5.2	0.242	8.411	0.16	6,476	10.6
09/88	1.72	664	11.4	0.255	7.791	0.44	5,170	22.7
09/89	1.90	906	17.2	0.268	7.216	0.51	6,541	33.3
09/90	1.51	630	9.5	0.282	6.684	0.43	4,212	18.0
09/91	1.59	1,140	18.1	0.297	6.191	0.47	7,058	33.3
09/92	1.40	3,895	54.4	0.312	5.734	0.44	22,335	97.4
09/93	1.37	1,024	14.0	0.329	5.311	0.45	5,439	24.5
09/94	1.95	1,122	21.8	0.346	4.920	0.67	5,519	37.1
09/95	1.29	5,048	64.9	0.364	4.557	0.47	23,001	107.6
09/96	2.02	3,241	65.6	0.383	4.221	0.78	13,679	106.0
09/97	1.28	1,756	22.5	0.403	3.909	0.52	6,863	35.5
09/98	1.04	1,413	14.7	0.424	3.621	0.44	5,116	22.5
09/99	1.52	1,121	17.0	0.446	3.354	0.68	3,760	25.5
09/00	1.14	2,548	29.1	0.470	3.107	0.54	7,916	42.4
09/01	1.22	1,101	13.4	0.494	2.877	0.60	3,168	19.1
09/02	0.81	1,838	14.8	0.520	2.665	0.42	4,898	20.6
09/03	0.45	7,018	31.8	0.548	2.469	0.25	17,325	43.0
09/04	0.39	2,276	8.9	0.576	2.287	0.23	5,203	11.8
09/05	0.52	6,276	32.3	0.607	2.118	0.31	13,292	41.5
09/06	0.38	2,467	9.3	0.638	1.962	0.24	4,839	11.6
09/07	0.28	1,816	5.0	0.672	1.817	0.19	3,301	6.1
09/08	0.50	3,248	16.1	0.707	1.683	0.35	5,466	19.1
09/09	0.53	2,740	14.6	0.744	1.559	0.40	4,272	17.0
09/10	0.48	4,786	23.2	0.783	1.444	0.38	6,911	26.2
09/11	0.71	6,994	49.9	0.824	1.337	0.59	9,353	55.0
09/12	0.35	3,018	10.7	0.867	1.239	0.31	3,738	11.5

Average

38.1

(A) Selected Other Weather and Cat Pure Premium

**38.1**

(B) YE 09/30/12 ARKANSAS Earned House Years

9,009

(C) YE 09/30/12 ARKANSAS Projected Current Level Earned Premium

13,188,785

(D) Other Weather and Cat Loss Ratio = (A) x (B) / (C)

**2.6%**

\*Other Weather and Cat Trend Factors are calculated on page 4 of this Exhibit.

**Exhibit H-5, page 4**  
**Other Weather and Cat Loss Trend**  
**Safeco Insurance Companies**  
**Regular Homeowners**  
**Hail Region**

4 Quarters Ending	Frequency	Severity	Loss Cost
09/83	0.57	706	4.05
09/84	0.55	1,073	5.88
09/85	0.57	1,094	6.19
09/86	0.61	1,929	11.72
09/87	0.69	1,160	8.01
09/88	0.51	1,523	7.76
09/89	0.69	1,300	8.99
09/90	0.83	1,497	12.45
09/91	0.79	1,292	10.26
09/92	0.78	1,583	12.41
09/93	0.87	1,490	12.94
09/94	0.70	1,760	12.36
09/95	0.76	2,133	16.19
09/96	0.72	1,909	13.75
09/97	0.57	1,890	10.86
09/98	0.64	2,009	12.78
09/99	0.70	1,863	13.10
09/00	0.67	1,977	13.19
09/01	0.65	2,374	15.41
09/02	0.45	3,892	17.47
09/03	0.24	3,567	8.46
09/04	0.22	4,649	10.02
09/05	0.26	4,424	11.51
09/06	0.19	3,245	6.31
09/07	0.19	4,994	9.50
09/08	0.21	4,993	10.64
09/09	0.19	8,729	16.93
09/10	0.23	7,845	17.95
09/11	0.22	8,231	18.48
09/12	0.16	12,988	20.93

**Exponential Fits**

<b>30 Year</b>	-5.0%	8.0%	2.6%
<b>25 Year</b>	-7.0%	9.0%	1.4%
<b>20 Year</b>	-9.0%	10.7%	0.7%
<b>15 Year</b>	-10.0%	13.4%	2.1%

**Selected**

<b>Historical</b>	<b>-5.0%</b>	<b>8.0%</b>	<b>2.6%</b>
<b>Projected</b>	<b>-5.0%</b>	<b>8.0%</b>	<b>2.6%</b>

**Exhibit H-6  
Expense Assumptions  
Safeco Insurance Companies  
Regular Homeowners  
Arkansas  
2013**

(1) Projected EPCRL Per Policy	\$1,464
(2) Variable Expenses	
(A) Projected Commissions	16.4%
(B) Projected Taxes	4.0%
(C) Variable General Operating Expenses Projected	0.4%
(D) Total Variable Expenses = (A) + (B) + (C)	20.8%
(3) Fixed Expenses	8.9%
(4) Profit & Contingencies Load	8.5%
(5) Expected Loss And Adjustment Expense Ratio = 1 - (2) - (3) - (4)	61.8%
(6) Loss Adjustment Expense Ratio To Calendar Year Losses:	20.0%

