Filing at a Glance

Company:	Allstate Property and Casualty Insurance Company
Product Name:	APC HO
State:	Pennsylvania
TOI:	04.0 Homeowners
Sub-TOI:	04.0003 Owner Occupied Homeowners
Filing Type:	Rate/Rule
Date Submitted:	11/16/2015
SERFF Tr Num:	ALSE-130331044
SERFF Status:	Assigned
State Tr Num:	
State Status:	Received Review in Progress
Co Tr Num:	R28721: 7.9% RATE INCREASE
Effective Date Requested (New):	01/11/2016
Effective Date Requested (Renewal):	02/25/2016
Author(s):	Bonnie Wittman
Reviewer(s):	Eric Zhou (primary), Michael McKenney
Disposition Date:	
Disposition Status:	
Effective Date (New):	
Effective Date (Renewal):	

State Filing Description:

State: *Pennsylvania* **Filing Company:** *Allstate Property and Casualty Insurance Company*
TOI/Sub-TOI: *04.0 Homeowners/04.0003 Owner Occupied Homeowners*
Product Name: *APC HO*
Project Name/Number: *7.9% Rate Increase/RITM00487768*

General Information

Project Name: 7.9% Rate Increase
Project Number: RITM00487768
Reference Organization:
Reference Title:
Filing Status Changed: 11/16/2015
State Status Changed: 11/16/2015
Created By: Adriana Cahue
Corresponding Filing Tracking Number:

Status of Filing in Domicile:
Domicile Status Comments:
Reference Number:
Advisory Org. Circular:

Deemer Date:
Submitted By: Bonnie Wittman

Filing Description:

With this filing, Allstate is proposing an overall 7.9% rate level change to the Allstate Property and Casualty Insurance Company (AP&C) Owners program in the state of Pennsylvania.

Allstate is also proposing revisions to the following rating plan: Deductible Options Factors. The overall rate level change has been achieved through revision of the Rate Adjustment Factors. Further information regarding these changes can be found in the enclosed attachments.

Allstate is also adding several existing zip codes which were inadvertently left out of the manual pages. This is a clerical revision only.

This change will apply to new business written on or after January 11, 2016 for renewals effective on or after February 25, 2016.

This filing company is closed to new business. We have, however, supplied a new business effective date for special business cases, for example, to accommodate a new business policy in the same company to a policyholder that has been reinstated, or if a cancel/re-write is necessary.

Company and Contact

Filing Contact Information

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Filing Company Information

Allstate Property and Casualty Insurance Company
2775 Sanders Rd.
Suite A2-W
Northbrook, IL 60062
(847) 402-5000 ext. [Phone]

CoCode: 17230
Group Code: 8
Group Name: Allstate
FEIN Number: 36-3341779

State of Domicile: Illinois
Company Type: Property and Casualty
State ID Number:

Filing Fees

Fee Required? No

State: *Pennsylvania* **Filing Company:** *Allstate Property and Casualty Insurance Company*
TOI/Sub-TOI: *04.0 Homeowners/04.0003 Owner Occupied Homeowners*
Product Name: *APC HO*
Project Name/Number: *7.9% Rate Increase/RITM00487768*

Retaliatory? No

Fee Explanation:

State Specific

*Filing Fee Amount: N/A
*Date Filing Fee Mailed: N/A
*Filing Fee Check Number: N/A
*Filing Fee Check Date: N/A
*NAIC Number: 17230

SERFF Tracking #:	*ALSE-130331044*	***State Tracking #:***		***Company Tracking #:***	*R28721: 7.9% RATE INCREASE*

State:	*Pennsylvania*	***Filing Company:***	*Allstate Property and Casualty Insurance Company*
TOI/Sub-TOI:	*04.0 Homeowners/04.0003 Owner Occupied Homeowners*		
Product Name:	*APC HO*		
Project Name/Number:	*7.9% Rate Increase/RITM00487768*		

Rate Information

Rate data applies to filing.

Filing Method:	Prior Approval
Rate Change Type:	Increase
Overall Percentage of Last Rate Revision:	-0.600%
Effective Date of Last Rate Revision:	12/09/2013
Filing Method of Last Filing:	Prior Approval

Company Rate Information

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	Number of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where req'd):	Minimum % Change (where req'd):
Allstate Property and Casualty Insurance Company	7.900%	7.900%	$10,845,481	142,002	$137,158,954	9.000%	-1.700%

SERFF Tracking #:	*ALSE-130331044*	***State Tracking #:***		***Company Tracking #:***	*R28721: 7.9% RATE INCREASE*

State:	*Pennsylvania*	***Filing Company:***	*Allstate Property and Casualty Insurance Company*
TOI/Sub-TOI:	*04.0 Homeowners/04.0003 Owner Occupied Homeowners*		
Product Name:	*APC HO*		
Project Name/Number:	*7.9% Rate Increase/RITM00487768*		

Rate/Rule Schedule

Item No.	Schedule Item Status	Exhibit Name	Rule # or Page #	Rate Action	Previous State Filing Number	Attachments
1		Manual	RFP-4; RFP-12; HOPCT-13; HOPCT-25	Replacement	ALSE-129102533, ALSX-126303261, SPIN-4WC02V5QV/00-00/00-00/00	5. R28721 Manual.pdf.pdf

TERRITORIAL ZONES CONTINUED

ZIP	ZONE	ZIP	ZONE	ZIP	ZONE	ZIP	ZONE
19350	29	19460	25	19541	3		
19352	29	19462	10	19543	1		
19355	29	19464	7	19547	19		
19362	31	19465	7	19549	1		
19363	29	19468	9	19551	19		
19365	27	19473	9	19555	19		
19372	24	19475	9	19560	19		
19373	30	19477	30	19562	1		
19374	25	19492	9	19565	34		
19380	41	19501	1	19567	1		
19382	29	19503	7	19601	3		
19383	29	19504	7	19602	21		
19390	25	19505	1	19604	21		
19401	10	19506	1	19605	1		
19403	9	19507	1	19606	34		
19405	10	19508	19	19607	19		
19406	14	19510	19	19608	1		
19422	9	19512	1	19609	1		
19425	9	19518	1	19610	1		
19426	9	19520	7	19611	1		
19428	14	19522	1	15075	17		
19435	9	19525	2	15937	17		
19436	14	19526	1	16058	21		
19438	9	19529	21	16361	34		
19440	9	19530	19	18063	1		
19444	14	19533	3				
19446	9	19534	1				
19453	25	19539	1				
19454	9	19540	1				

REINSURANCE ZONES

Zip	Zone	Zip	Zone	Zip	Zone	Zip	Zone	Zip	Zone
19425	2	19490	3	19549	2				
19426	2	19492	2	19550	2				
19428	3	19501	2	19551	2				
19430	3	19503	2	19554	2				
19432	3	19504	2	19555	2				
19435	2	19505	2	19559	2				
19436	3	19506	2	19560	2				
19437	3	19507	2	19562	2				
19438	3	19508	2	19564	2				
19440	3	19510	2	19565	2				
19442	3	19511	2	19567	2				
19443	3	19512	2	19601	2				
19444	3	19516	2	19602	2				
19446	3	19518	2	19604	2				
19450	2	19519	2	19605	2				
19451	2	19520	2	19606	2				
19453	2	19522	2	19607	2				
19454	3	19523	2	19608	2				
19456	2	19525	2	19609	2				
19457	2	19526	2	19610	2				
19460	2	19529	2	19611	2				
19462	3	19530	2	19612	2				
19464	2	19533	2	16058	4				
19465	2	19534	2						
19468	2	19535	2						
19470	2	19536	2						
19472	2	19538	2						
19473	2	19539	2						
19474	2	19540	2						
19475	2	19541	2						
19477	3	19543	2						
19478	3	19544	2						
19480	3	19545	2						
19481	3	19547	2						
19486	3	19548	2						

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RATE FACTOR PAGES

Order in Calculation

2 Rate Adjustment Factor:

Factor: 1.763

3 Claim Rating Factor:

To calculate the claim rating factor for additional B claims or C claims, start with the factor for Group A claims and Total of Group B and C claims factor and multiply it by the factor for Each Additional B or C claim located below the table (round to 3 decimal places). Note that the factors will be different for each rating group table.

Example using Rating Group 1:

0 Group A claims, 0 B claim & 1 C claim factor:	0.513		
Each additional B claim factor:	1.070		
Each additional C claim factor:	1.180		
Resulting claim rating factor for each additional B claim:	0.549	=	0.513 x 1.070
Resulting claim rating factor for each additional C claim:	0.605	=	0.513 x 1.180

Underwriting Groups 1-3

# of Chargeable Claims in the past 3 years

			Group A					
			0	1	2	3	4	5
Total Group B and C	# of C	# of B						
0	0	0	0.450	0.545	0.713	0.934	1.224	1.604
1	0	1	0.459	0.555	0.728	0.953	1.249	1.636
1	1	0	0.513	0.621	0.813	1.065	1.395	1.828
2	0	2	0.491	0.594	0.778	1.020	1.336	1.750
2	1	1	0.523	0.633	0.829	1.087	1.423	1.865
2	2	0	0.605	0.732	0.960	1.257	1.647	2.157

Each Additional Chargeable Group A Claim - apply factor of 1.310 to the claim rating factor
Each Additional Chargeable Group B Claim - apply factor of 1.070 to the claim rating factor
Each Additional Chargeable Group C Claim - apply factor of 1.180 to the claim rating factor

Underwriting Groups 4-6

# of Chargeable Claims in the past 3 years

			Group A					
			0	1	2	3	4	5
Total Group B and C	# of C	# of B						
0	0	0	0.470	0.569	0.745	0.976	1.278	1.675
1	0	1	0.479	0.580	0.760	0.995	1.304	1.708
1	1	0	0.536	0.648	0.849	1.113	1.457	1.909
2	0	2	0.513	0.621	0.813	1.065	1.395	1.828
2	1	1	0.547	0.661	0.866	1.135	1.487	1.947
2	2	0	0.632	0.765	1.002	1.313	1.720	2.253

Each Additional Chargeable Group A Claim - apply factor of 1.310 to the claim rating factor
Each Additional Chargeable Group B Claim - apply factor of 1.070 to the claim rating factor
Each Additional Chargeable Group C Claim - apply factor of 1.180 to the claim rating factor

Underwriting Groups 7-9

# of Chargeable Claims in the past 3 years

			Group A					
			0	1	2	3	4	5
Total Group B and C	# of C	# of B						
0	0	0	0.500	0.605	0.793	1.038	1.360	1.782
1	0	1	0.510	0.617	0.808	1.059	1.387	1.817
1	1	0	0.570	0.690	0.904	1.184	1.551	2.031
2	0	2	0.546	0.660	0.865	1.133	1.484	1.945
2	1	1	0.581	0.703	0.922	1.207	1.582	2.072
2	2	0	0.673	0.814	1.066	1.397	1.830	2.397

Each Additional Chargeable Group A Claim - apply factor of 1.310 to the claim rating factor
Each Additional Chargeable Group B Claim - apply factor of 1.070 to the claim rating factor
Each Additional Chargeable Group C Claim - apply factor of 1.180 to the claim rating factor

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HOMEOWNERS
RATE FACTOR PAGES

Order in Calculation

Note: Deductible amounts and factor breakouts may change.

17 Deductible Factor:

		Factor										
Amount		**250**	**250 / 500 WH**	**250 / 1,000 WH**	**500**	**500 / 1,000 WH**	**750**	**1000**	**1500**	**2000**	**3000**	**5000**
$40,000	or less	1.000	0.973	0.931	0.929	0.887	0.868	0.817	0.663	0.612	0.545	0.475
$50,000		1.000	0.973	0.932	0.929	0.888	0.869	0.818	0.665	0.613	0.546	0.476
$60,000		1.000	0.975	0.936	0.933	0.893	0.874	0.825	0.672	0.620	0.553	0.482
$70,000		1.000	0.977	0.939	0.935	0.898	0.879	0.832	0.680	0.627	0.558	0.486
$80,000		1.000	0.978	0.942	0.938	0.903	0.884	0.838	0.688	0.636	0.566	0.493
$90,000		1.000	0.979	0.945	0.941	0.907	0.889	0.845	0.696	0.647	0.576	0.500
$100,000		1.000	0.980	0.947	0.942	0.910	0.892	0.849	0.701	0.653	0.583	0.507
$110,000		1.000	0.980	0.948	0.944	0.912	0.895	0.852	0.706	0.658	0.589	0.512
$120,000		1.000	0.981	0.949	0.945	0.914	0.897	0.855	0.709	0.662	0.594	0.517
$130,000		1.000	0.981	0.950	0.946	0.916	0.899	0.858	0.713	0.667	0.599	0.522
$140,000		1.000	0.982	0.952	0.948	0.918	0.902	0.862	0.717	0.671	0.606	0.528
$150,000		1.000	0.982	0.953	0.949	0.920	0.904	0.865	0.721	0.677	0.613	0.534
$160,000		1.000	0.983	0.954	0.951	0.922	0.907	0.869	0.725	0.681	0.618	0.540
$170,000		1.000	0.983	0.955	0.952	0.924	0.910	0.872	0.730	0.687	0.625	0.547
$180,000		1.000	0.984	0.956	0.954	0.926	0.912	0.876	0.734	0.692	0.630	0.554
$200,000		1.000	0.985	0.959	0.956	0.931	0.917	0.882	0.743	0.702	0.642	0.566
$220,000		1.000	0.985	0.961	0.959	0.934	0.921	0.888	0.750	0.710	0.651	0.577
$240,000		1.000	0.986	0.963	0.961	0.938	0.925	0.893	0.756	0.717	0.661	0.588
$260,000		1.000	0.987	0.965	0.963	0.941	0.929	0.899	0.762	0.725	0.670	0.599
$280,000		1.000	0.988	0.967	0.965	0.944	0.933	0.904	0.770	0.733	0.679	0.608
$300,000		1.000	0.989	0.969	0.967	0.947	0.937	0.909	0.776	0.741	0.688	0.619
$350,000		1.000	0.990	0.972	0.971	0.953	0.944	0.919	0.788	0.755	0.706	0.639
$400,000		1.000	0.991	0.975	0.974	0.958	0.951	0.928	0.799	0.769	0.721	0.657
$500,000		1.000	0.993	0.978	0.979	0.965	0.960	0.940	0.815	0.788	0.743	0.678
$600,000		1.000	0.993	0.980	0.982	0.969	0.965	0.947	0.824	0.798	0.755	0.696
$700,000		1.000	0.994	0.981	0.985	0.972	0.969	0.953	0.832	0.807	0.766	0.707
$800,000		1.000	0.994	0.982	0.986	0.974	0.972	0.957	0.835	0.812	0.772	0.714
$900,000		1.000	0.994	0.982	0.987	0.975	0.973	0.960	0.839	0.815	0.776	0.718
$1,000,000	or more	1.000	0.994	0.982	0.988	0.976	0.975	0.961	0.840	0.817	0.779	0.720

SERFF Tracking #:	*ALSE-130331044*	***State Tracking #:***		***Company Tracking #:***	*R28721: 7.9% RATE INCREASE*

State:	*Pennsylvania*	***Filing Company:***	*Allstate Property and Casualty Insurance Company*
TOI/Sub-TOI:	*04.0 Homeowners/04.0003 Owner Occupied Homeowners*		
Product Name:	*APC HO*		
Project Name/Number:	*7.9% Rate Increase/RITM00487768*		

Supporting Document Schedules

Bypassed - Item:	Authorization to File (PC)
Bypass Reason:	N/A
Attachment(s):	
Item Status:	
Status Date:	

Satisfied - Item:	Actuarial Explanatory Memorandum & Supporting Exhibits (PC)
Comments:	
Attachment(s):	3. R28721 Filing Memo.pdf.pdf
Item Status:	
Status Date:	

ALLSTATE PROPERTY AND CASUALTY INSURANCE COMPANY
OWNERS
PENNSYLVANIA

INDEX OF ATTACHMENTS

ALLSTATE PROPERTY AND CASUALTY INSURANCE COMPANY
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PENNSYLVANIA

INDEX OF ATTACHMENTS (continued)

ATTACHMENT I

Summary of Disclosures

ALLSTATE PROPERTY AND CASUALTY INSURANCE COMPANY
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ACTUARIAL STANDARDS OF PRACTICE

This document confirms compliance with the Actuarial Standards of Practice that are applicable to the preparation of statewide rate filings performed by casualty actuaries as stated in "Applicability Guidelines for Actuarial Standards of Practice" (American Academy of Actuaries, September 2004).

ATTACHMENT II

Summary of Rate Level Indication

ALLSTATE PROPERTY AND CASUALTY INSURANCE COMPANY
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SUMMARY OF THE DEVELOPMENT OF STATEWIDE RATE LEVEL INDICATION

The calculation of the rate level indication is consistent with the Statement of Principles Regarding Property and Casualty Insurance Ratemaking.

A rate level indication is a test of the adequacy of expected revenues versus expected costs during the future policy period. Therefore, to derive the indicated rate level need accurately, Allstate's historical premium and loss experience needs to be adjusted. In accordance with Section 3.1 of Actuarial Standard of Practice No. 13, *Trending Procedures in Property/Casualty Insurance Ratemaking,* Allstate trends the underlying historical experience for premiums, losses, and fixed expenses to appropriately reflect historical and projected changes in these components of the rate level indications. In addition, historical premiums must be adjusted to reflect the current rate level, and historical losses must be adjusted to reflect expected development over time. All hurricane losses during the experience period were removed and replaced with a provision to reflect those expected losses. Details of these necessary adjustments to the historical data used in the rate level indication are described in this memorandum.

In past rate level indications, the number of paid claims was counted on a per policy, per event, per coverage basis. With this rate level indication, the number of paid claims is counted on a per policy, per event basis. This change provides a more consistent process for counting paid claims because it is not affected by the number of coverages under which claim payments are made. This change applies any time that claim counts are used in the indication.

Attachment IV, Exhibit 1.0 summarizes the indicated and proposed rate changes. The determination of the overall indicated change is included in **Exhibit 1.1**, and described in detail throughout this filing.

ALLSTATE PROPERTY AND CASUALTY INSURANCE COMPANY
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ADJUSTMENTS TO NON-WEATHER LOSSES

Underlying Data

The data used in the calculation of the rate level indication was selected in accordance with the considerations listed in Section 3.2 of Actuarial Standard of Practice No. 23, *Data Quality.* Please reference **Exhibit 2.1** for the fiscal accident years used in developing the rate level indications.

Non-weather losses are defined as those whose primary cause of loss was Fire, Theft, Liability, or All Other perils. Allocated loss adjustment expense (ALAE) is included in the losses.

Accident Year Weights

In order to develop a credible measure of the indicated rate level, it is sometimes necessary to use more than one year of historical loss experience. A maximum of five accident years is combined to determine the indicated provision for loss and loss adjustment expense. The number of years used and the credibility per year is based upon a credibility procedure from the paper "On the Credibility of the Pure Premium" (Proceedings of the Casualty Actuarial Society, Vol. LV, 1968), by Mayerson, Jones and Bowers, and the appendix of the paper "Classical Partial Credibility with Application to Trend" (Proceedings of the Casualty Actuarial Society, Vol. LXXIII, 1986), by Venter and actuarial judgment. The analysis was completed using a k value of 0.05 and a P value of 90.0%; these parameters reflect the desire that the observed pure premium should be within 100k% of the expected pure premium with probability P. Assuming a Poisson frequency, an empirical review of the severity size of loss curve provides a gauge of credibility based on the number of claims closed with a payment.

This approach for incorporating credibility in determination of the accident year weights is consistent with the Current Practices and Alternatives detailed in Section 3 of Actuarial Standard of Practice No. 25, *Credibility Procedures Applicable to Accident and Health, Group Term Life, and Property/Casualty Coverages.*

Loss Development

Allstate's standard loss development procedure is to select ultimate accident year losses after analyzing estimates developed using the Link Ratio and Additive methods.

While the Link Ratio method assumes that future development is proportional to losses that have already emerged as of a given evaluation date, the Additive method assumes that future development is proportional to the number of earned exposures in the accident period, where the expected development per exposure is based on historical development patterns per exposure, adjusted to account for differences in frequency and severity over time. Allstate believes the approach of considering two loss development procedures when estimating ultimate losses better upholds the suggestion contained in the *Statement of Principles Regarding Property and Casualty Loss and Loss Adjustment Expense Reserves* that “Ordinarily the actuary will examine

the indications of more than one method when estimating the loss and loss adjustment expense liability for a specific group of claims."

To calculate estimated ultimate losses using the Link Ratio method, historical age-to-age link ratios are calculated, which represent loss development between different evaluation periods. An average of the historical link ratios is then used to estimate the ultimate level of paid losses to be used in ratemaking. This method assumes that historical loss development patterns can be used to estimate future loss development on current immature claims.

For the Additive loss development method, historical losses are first trended to today's price level using selected pure premium trends. This is done to avoid distortions due to changes in the underlying loss costs. Please note that the selected pure premium trend that is used in loss development often differs from the selected trend that applies to the underlying data. This is due to both the consideration of the data used when selecting the pure premium trend for the underlying data, as well as the different lengths of trend periods in each analysis. Trended additive amounts per exposure are calculated, which represent trended loss development between different evaluation periods. An average of the historical trended additive amount per exposure is then used to estimate the ultimate trended level of paid losses. Trended age-to-ultimate additive amounts per exposure are multiplied by earned exposures for each accident year to calculate trended losses that have yet to emerge. A final step in the additive method is to detrend the trended losses yet to emerge. Losses are detrended because the application of trend is accounted for in a separate step in the ratemaking process. This method assumes that historical loss development patterns per exposure can be used to estimate future loss development on current immature claims.

Refer to **Exhibits 4.1 through 4.3** for the loss development using both the Link Ratio and Additive methods of loss development. A summary of the estimated ultimate losses using each method as well as the selected ultimate losses is shown in **Exhibit 5**.

Loss Adjustment Expenses

Allocated loss adjustment expenses (ALAE) are included in the losses. Losses in the experience period have been adjusted to account for non-hurricane unallocated loss adjustment expenses (ULAE). A provision is developed using countrywide Allstate Insurance Group data.
A three-year average of the ratios of countrywide, combined-lines, calendar year non-hurricane ULAE to countrywide, combined-lines, calendar year non-hurricane incurred losses and allocated loss adjustment expense is used to determine the ULAE provision. The average ratio is then applied to the losses for each year used in the formula calculation. The ULAE ratio that has been used in this filing is shown in **Exhibit 6**.

Loss Trend

The past changes in actual frequency and severity on a twelve-month-moving basis (evaluated at each quarter) were analyzed. The data has been adjusted as described below.

Frequency and severity amounts are calculated using the methodology in "The Effect of changing Exposure Levels on Calendar Year Loss Trends" (*Casualty Actuarial Society Forum,* Winter 2005*)* by Chris Styrsky. This methodology helps to more consistently match losses and

claims paid with the exposures that produced the claims.

Exhibits 8 display the paid pure premium trends. The credibility level of Allstate loss trend data was analyzed based on the number of claims paid in the latest experience year, which is consistent with the criteria for selecting a credibility procedure outlined in Section 3 of Actuarial Standard of Practice No. 25, *Credibility Procedures Applicable to Accident and Health. Group Term Life, and Property/Casualty Coverages*.

After considering past results, credibility level of Allstate data, and actuarial judgment, annual pure premium trends were selected. The selected trends and projections are displayed in **Exhibit 7**. These annual selections are used to project the data from the average occurrence date of the experience period to the average occurrence date of the future policy period.

This approach for selecting pure premium trends and projections is consistent with the Current Practices and Alternatives detailed in *Appendix 1 – Background and Current Practices* of Actuarial Standard of Practice No. 13, *Trending Procedures in Property/Casualty Insurance Ratemaking*.

ALLSTATE PROPERTY AND CASUALTY INSURANCE COMPANY
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ADJUSTMENTS TO WEATHER LOSSES

The indicated provision for weather losses is determined based on individual frequency and severity components. Allstate has found that separate analyses of frequency and severity for weather losses provide a better estimate of pure premium given the inherent complication of process variance in these losses. The specific base data and methodology for weather losses is explained in detail below.

Underlying Data

Weather losses are defined as those whose primary cause of loss was Water, Wind, Hail, or Lightning perils. Allocated loss adjustment expense (ALAE) is included in the losses. Please note that although Water claims arise from both weather and non-weather events, data limitations currently prevent separate classifications of claims within this peril. All Water claims have been classified as weather events for purposes of this analysis. Please reference **Exhibit 3** for the fiscal accident years used for the severity analysis.

Severity Accident Year Weights

A maximum of five accident years is combined to determine the indicated weather severity provision. The number of years used and the credibility per year is based upon a credibility procedure from the paper "On the Credibility of the Pure Premium" (Proceedings of the Casualty Actuarial Society, Vol. LV, 1968), by Mayerson, Jones and Bowers, and the appendix of the paper "Classical Partial Credibility with Application to Trend" (Proceedings of the Casualty Actuarial Society, Vol. LXXIII, 1986), by Venter and actuarial judgment. The analysis was completed using a k value of 0.05 and a P value of 90.0%; these parameters reflect the desire that the observed severity should be within 100k% of the expected severity with probability P. Unlike its non-weather counterpart, this analysis does not rely on a frequency assumption; rather, an empirical review of the severity size of loss curve provided a gauge of credibility based on the number of claims closed with a payment.

This approach for incorporating credibility in determination of the accident year weights is consistent with the Current Practices and Alternatives detailed in Section 3 of Actuarial Standard of Practice No. 25, *Credibility Procedures Applicable to Accident and Health, Group Term Life, and Property/Casualty Coverages.*

Severity Development

Allstate determines ultimate accident year weather severity using the Link Ratio method, which assumes that future development is proportional to losses that have already emerged as of a given evaluation date. As severities are not considered on a per-exposure basis, no Additive loss development estimate is developed for the weather provision.

To calculate estimated ultimate severities using the Link Ratio method, historical age-to-age link ratios are calculated, which represent loss development between different evaluation periods. An

average of the historical link ratios is then used to estimate the ultimate level of paid losses to be used in ratemaking. This method assumes that historical loss development patterns can be used to estimate future loss development on current immature claims.

Refer to **Exhibit 12.2** for the weather severity loss development using the Link Ratio method. The estimated ultimate severity is shown in **Exhibit 3**.

Severity Trend

The past changes in actual severity on a twelve-month-moving basis (evaluated at each quarter) were analyzed.

Exhibit 11 displays the paid severity trends. The credibility level of Allstate loss trend data was analyzed based on the number of claims paid in the latest experience year, which is consistent with the criteria for selecting a credibility procedure outlined in Section 3 of Actuarial Standard of Practice No. 25, *Credibility Procedures Applicable to Accident and Health. Group Term Life, and Property/Casualty Coverages*.

After considering past results, credibility level of Allstate data, and actuarial judgment, annual severity trends were selected. The selected trends and projections are displayed in **Exhibit 10**. These annual selections are used to project the data from the average occurrence date of the experience period to the average occurrence date of the future policy period.

This approach for selecting severity trends and projections is consistent with the Current Practices and Alternatives detailed in *Appendix 1 – Background and Current Practices* of Actuarial Standard of Practice No. 13, *Trending Procedures in Property/Casualty Insurance Ratemaking.*

Frequency Estimation

Exhibit 9 displays the number of years of data used to calculate the average frequency for Pennsylvania for the combined Water, Wind, Hail, and Lightning perils (i.e., weather). Each accident year's claim frequencies are developed to ultimate. The straight average is used as the state estimate of future claims frequency**.** Note that no trend is applied to this frequency estimate.

To calculate estimated ultimate frequencies using the Link Ratio method, historical age-to-age link ratios are calculated, which represent claim development between different evaluation periods. An average of the historical link ratios is then used to estimate the ultimate level of frequencies to be used in ratemaking. This method assumes that historical claim development patterns can be used to estimate future claim development on current immature claims.

Refer to **Exhibit 12.1** for the weather frequency claim development using the Link Ratio method. The estimated ultimate frequency is shown in **Exhibit 3**.

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MODELED LOSSES

Allstate separately identifies and accounts for its exposure to loss due to the occurrence of hurricane or other modeled events within a state. All hurricane losses during the experience period were removed and then replaced with a provision to reflect expected modeled losses in Pennsylvania.

Attachment III describes the modeled provision in detail. **Attachment IV, Exhibit 22** displays the total modeled provision used in Pennsylvania.

Please note that in developing the Provision for Modeled Loss and LAE, the Amount of Insurance Years (AIY's) are used as an exposure base. One AIY is equal to $1,000 of Coverage in force for one year. The AIY's must be adjusted to represent the AIY's that we expect to be in force during the policy period. **Exhibit 21** shows the average AIY trend for Pennsylvania**.** A 1.5% provision is selected to project the AIY's to the average earned date of the proposed policy period.

This approach for selecting AIY projections is consistent with the Current Practices and Alternatives detailed in *Appendix 1 – Background and Current Practices* of Actuarial Standard of Practice No. 13, *Trending Procedures in Property/Casualty Insurance Ratemaking.*

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EXPENSES AND PROFIT PROVISION

The expense provisions described below were derived in accordance with Section 3.2, Determining Expense Provisions, of Actuarial Standard of Practice No. 29, *Expense Provisions in Property/Casualty Insurance Ratemaking*.

Exhibit 13 shows the expense provisions used in developing the current fixed and variable expense ratios, as well as the underwriting profit and debt provisions.

Fixed Expenses

Provisions

General and Other Acquisition Expense

The provisions for general expense and other acquisition expense are based on countrywide data. To develop the provision for general and other acquisition expenses, a three-year average of countrywide, combined-lines, calendar year incurred expense divided by countrywide calendar year direct earned premium was calculated. Because premiums charged for the net cost of reinsurance (NCOR) do not include provisions for general and other acquisition expenses, the earned premium used in the development of the general and other acquisition expenses is countrywide direct earned premium less countrywide NCOR premium. The provision for other acquisition expense has been reduced by the amount of installment fees collected. In addition, the provision has been adjusted for premiums written off.

Licenses & Fees

A provision for licenses and fees that do not vary by premium size is determined by taking the arithmetic average ratio of these licenses and fees from the latest three calendar years in Pennsylvania. The provision for licenses and fees is considered, along with the general and other acquisition expense provisions, to be a fixed expense and is shown in **Exhibit 13**.

The expense provisions for general and other acquisition expenses are developed on **Exhibits 14 and 15**.

Rate Need Calculations

In developing the dollar provision for general and other acquisition expenses used in the calculation of the rate level need, the three-year average expense ratio is applied to the average earned group premium of Pennsylvania. The group average earned premium is developed using the same three-year period used in the calculation of the countrywide expense ratio. The provision is then adjusted for the trend expected to occur from the midpoint of the three years used in the calculation of the average earned premium to the average earned date of the proposed policy period to derive the provision included in the rate level indications.

Trend (Inflation)

The method used to calculate the fixed expense trend is similar to the method used by the Insurance Services Office (I.S.O.) and other competitors to determine a fixed expense trend. The method utilizes the CPI (Consumer Price Index) and the ECI (Employment Cost Index – Insurance Carriers, Agents, Brokers, & Service) and is discussed by Geoffrey Todd Werner, FCAS, MAAA in his paper *Incorporation of Fixed Expenses*, which was published in the *CAS Forum* (Winter 2004). Based on a review of the historical indices, an annual percentage change is selected for each index. These selected annual percent changes are then weighted together using the distribution of the Allstate expenditures in the latest calendar year for the two broad expense categories that these indices represent. This method is expected to produce stable and reasonable estimates of the true trend in fixed expenses and is consistent with the Current Practices and Alternatives detailed in *Appendix 1 – Background and Current Practices* of Actuarial Standard of Practice No. 13, *Trending Procedures in Property/Casualty Insurance Ratemaking*. This trend is applied to all fixed expenses. The factor to adjust for subsequent change in Fixed Expense is shown in **Exhibit 16**.

Variable Expenses

Commission and Brokerage Expense

The commission and brokerage expense provision has been developed from the commission and brokerage incurred expense ratios for the three most recent calendar years in Pennsylvania. The provision is shown in **Exhibit 13**.

Taxes

The provision for taxes is determined by taking the currently prescribed Pennsylvania premium tax ratio and adding to that the arithmetic average ratio of other assessments that vary by the size of the premium from the latest three or five calendar years. The provision is shown in **Exhibit 13**.

Underwriting Profit Provision

Allstate performs two separate cost of capital analyses in the estimation of its cost of equity. The first uses the Fama-French Three-factor Model (FF3F), which reflects developments in the field of financial economics as published in the *Casualty Actuarial Society Forum, Winter, 2004 and in Journal of Risk and Insurance, Vol. 72, No. 3, September 2005* ("Estimating the Cost of Equity Capital For Property-Liability Insurers" by J. David Cummins and Richard D. Phillips). The second is a Discounted Cash Flow (DCF) analysis, which estimates the expected future cash flows to investors in order to gauge the proper cost of equity. Once both the DCF and FF3F estimates had been calculated, Allstate selected a cost of equity of 10.0%, which reflected the outcomes of both analyses.

An analysis of premium, loss and expense cash flows is used to calculate the investment income on policyholder supplied funds (PHSF). This methodology is one of the two examples given in Actuarial Standard of Practice, No. 30, *Treatment of Profit and Contingency Provisions and the Cost of Capital in Property/Casualty Insurance Ratemaking*, as appropriate methods for recognizing investment income from insurance operations (page 4).

The calculations detailing this investment income analysis are found in **Exhibit 17.** The expected investment yield rate (applied as a force of interest) used to discount losses and expenses includes anticipated net investment income and anticipated capital gains, both realized and unrealized. Operating cash flows are discounted to the average time of earnings of premium and profit for the policy year, rather than to the start of the policy year.

The final pre-tax underwriting profit provision at present value is shown in **Exhibit 13** as well.

The underwriting profit provision will not apply to the retained risk provision or the high-layer retained hurricane losses.

Debt Provision

The cost of debt is listed as a separate provision in the Variable Expense and Profit Ratio. The debt provision amount is shown in **Exhibit 13**.

Contingency Provision

The contingency provision of 2% is shown in **Exhibit 13**. Please note that the contingency provision does not apply to the retained risk provision.

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RETAINED RISK PROVISION

Allstate includes a retained risk provision in determining the rate level need in Pennsylvania. This provision is meant to provide appropriate returns on the high-layer retained hurricane exposure. **Exhibit 22** displays the retained risk provision per AIY used in Pennsylvania. Please note that in developing the Provision for Modeled Loss and LAE and Retained Risk, the Amount of Insurance Years (AIY's) are used as an exposure base. One AIY is equal to $1,000 of Coverage in force for one year. The AIY's must be adjusted to represent the AIY's that we expect to be in force during the policy period. **Exhibit 21** shows the average AIY trend**.** We have selected a 1.5% provision to project the AIY's to the average earned date of the proposed policy period. This approach for selecting AIY projections is consistent with the Current Practices and Alternatives detailed in *Appendix 1 – Background and Current Practices* of Actuarial Standard of Practice No. 13, *Trending Procedures in Property/Casualty Insurance Ratemaking*. Due to the retained risk provision representing an appropriate return for this high-layer retained hurricane exposure, the underwriting profit provision for the corresponding loss and LAE is not applied.

The methodology used to develop this retained risk provision is based upon the approach detailed in the presentation "Quantifying Risk Load for Property Catastrophe Exposure" by David Appel from the 2010 Casualty Actuarial Society Ratemaking and Product Management Seminar (http://www.casact.org/education/rpm/2010/handouts/RR3-Appel.pdf).

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ADJUSTMENTS TO PREMIUMS

Current Rate Level

All premiums in the experience period were adjusted to current rate level. Allstate applies the "Miller-Davis-Karlinski" method to adjust premiums since it more accurately calculates factors to current rate level in instances when exposures are changing throughout the year, whether through growth, shrinkage or seasonality. When exposures are, in fact, written uniformly throughout the year, this method produces approximately the same answers as the parallelogram method.

The Miller-Davis-Karlinski method is also used to bring premiums to current rate level prior to calculating the changes in average premium used in the premium trends.

Premium Trend

In addition to bringing premiums to current rate level, changes in the average written premium at the current premium level were reviewed. Unlike losses, premium is relatively stable. Only the latest year of premium is used in the calculation of the indication, which eliminates the need for premium trend. Premium projections are still selected to account for shifts in the distribution of various underlying factors. Given that the effects on losses caused by these shifts are reflected in the loss projections, it is important that Allstate also account for the anticipated future changes in premiums.

The projected average earned premium as well as the calculation of the premium projection factor is displayed in **Exhibits 18** and **19,** respectively. This annual projection is used to project the data from the average occurrence date of the most recent experience period to the average occurrence date of the future policy period. Premium trend data is provided in **Exhibit 20.**

This approach for selecting a premium projection is consistent with the Current Practices and Alternatives detailed in *Appendix 1 – Background and Current Practices* of Actuarial Standard of Practice No. 13, *Trending Procedures in Property/Casualty Insurance Ratemaking.*

ATTACHMENT III

Modeled Loss Provision

ALLSTATE INSURANCE GROUP
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DEVELOPMENT OF THE HURRICANE PROVISION BASED ON THE 2013/2012 AIR CLASIC/2 VERSION 15.0 HURRICANE MODEL IN THE STATEWIDE RATE LEVEL INDICATION

EXPLANATORY MEMORANDUM

I. INTRODUCTION

The Casualty Actuarial Society Statement of Principles Regarding Property and Casualty Ratemaking defines a rate as "…an estimate of the expected value of future costs" and further states that "a rate provides for all costs associated with the transfer of risk". Rates are therefore an estimate of the costs for the policies to which the rates will apply. In our property ratemaking we assume that the proposed rates will apply to the policies written for one year from the effective date of the rates. Each provision of the rate is based on an estimate of the costs associated with those policies.

Losses expected from a hurricane are significantly different than losses expected from other types of loss events. Hurricanes are unique because of the large potential impact such storms can have on the company's solvency and because of the relatively low frequency of such events.

The significant variation in the frequency of different magnitudes of hurricanes diminishes the accuracy of historical hurricane loss experience for projecting expected loss levels for the policies to which proposed rates will apply. Average expected recurrence periods for the larger, more severe storms are so long that many external variables will change in the time periods between occurrences. For example, the area of southern Florida hit by Hurricane Andrew in 1992 was last hit by a major hurricane, Hurricane Betsy, in 1965. The type, number, value, vulnerability and geographical distribution of exposed properties in the area impacted by Hurricane Andrew are very different than those of the exposed properties in 1965. Actual loss statistics from a hurricane that occurred many years ago are not easily adjusted for the type, number, value, and vulnerability of present day structures.

Since historical hurricane losses cannot be used to accurately estimate current hurricane loss potential, Allstate has contracted with an outside vendor, AIR Worldwide (AIR), which uses an alternative methodology based on Monte Carlo simulation to arrive at Allstate's expected annual hurricane losses. This approach involves the development of computer programs that describe in detail the frequency of hurricanes, their meteorological characteristics, and their effects on exposed properties. A high-speed computer then simulates a large set of hypothetical hurricanes and estimates the resulting property losses based on Allstate's exposure.

In order to estimate the potential loss from hurricanes, 100,000 scenario years of potential hurricanes are simulated. This large number of simulations attempts to ensure that the resulting probability distribution of losses converges to a stable representative distribution of potential annual hurricane loss.

The pattern of simulated hurricanes is representative of what has occurred historically because meteorological data on the actual events since 1900 were used to estimate the parameters of the AIR hurricane simulation model. The meteorological sources used to develop the model are the most complete and accurate databases available from various agencies of the National Weather Service and the National Oceanic and Atmospheric Administration (NOAA), including the National Hurricane Center.

This explanatory memorandum incorporates text taken directly from documents supplied to Allstate by AIR Worldwide (AIR) and should not be copied or distributed without the express, written permission of AIR.

II. HURRICANE PARAMETERS AND WIND SPEED ESTIMATION

HURRICANE PARAMETERS

The primary characteristics of hurricanes used to simulate each storm and resulting wind speeds are:

1. Hurricane Frequency
2. Landfall Location
3. Central Pressure
4. Radius of Maximum Winds
5. Forward Speed
6. Track Angle at Landfall
7. Storm Track
8. Gradient Wind Reduction Factor
9. Peak Weighting Factor

The probability distributions for several of these variables (2-6) are estimated for coastal segments of equal length from Texas to Maine. Random samples are generated from the probability distributions of these input variables to assign values to the variables for each simulated hurricane.

1. Hurricane Frequency

More than one hundred years of history, spanning the period 1900-2008, were used to estimate the parameters of the annual frequency distribution.

2. Landfall Location

There are 62 segments of fifty nautical miles in the AIR hurricane simulation model, totaling 3,100 nautical miles of coastline. Of these, segment 29 in Southern Florida is split into two parts, one of which represents Key West in Florida. Historical landfalls are tabulated by the 62 segments and the frequencies are then smoothed to produce an estimate of the landfall probability for each segment. A cumulative probability distribution of landfall locations is developed for the entire coastline. Once a landfall segment has been selected from this distribution, the exact landfall location is selected from a uniform distribution within the segment.

3. Central Pressure

Central pressure is the lowest sea-level pressure at the center of the hurricane. This variable is the primary determinant of hurricane wind speed. All else being equal, wind speeds increase as the central pressure decreases, or more precisely, as the difference between the central and peripheral pressure increases. Distributions are first fitted to historical central pressure data for each hundred nautical mile coastal segment. Separate distributions are then estimated for larger regions defined based on broad meteorological differences. The final distribution used for each segment is a mixture, with appropriate weights applied, of the regional distributions and the segment distribution.

4. Radius of Maximum Winds

Radius of Maximum Winds (R_{max}) is the distance from the storm's center (eye) to the point where the strongest winds are found. The R_{max} of stochastic events is estimated using a procedure that relates the R_{max} to the central pressure of the storm and to latitude. The R_{max} is allowed to vary after landfall over the life of the storm.

5. Forward Speed

Forward Speed is the speed at which a hurricane moves from point to point. The parameters of the distribution of forward speed at landfall are estimated for each coastal segments. The lower bound of the distribution of forward speed is three nautical miles. The upper bound is dependent on latitude. Forward speed is allowed to vary after landfall based on historical distributions.

6. Track Angle at Landfall

Track Angle at Landfall is the angle between track direction and due north at landfall location. Separate distributions for track angle at landfall are estimated for segments of coastline that have variable orientation.

7. Storm Track

A times-series model is employed to reflect dependent variables in the historical data to produce simulated storm tracks. The track direction of each simulated hurricane has the capability to curve and recurve on a fully probabilistic basis using conditional probability matrices. Thus, the AIR hurricane simulation model has the ability to propagate a storm track that accurately imitates actual storm motion.

8. Gradient Wind Reduction Factor (GWRF)

The model uses a stochastic GWRF, which varies from storm to storm according to a probability distribution. The probability distribution is developed based on dropsonde data for the period 2002-2005 along with published literature.

9. Peak Weighting Factor (PWF)

The PWF is a stochastic parameter used to reflect the vertical slant of the hurricane eye. The PWF and GWRF are generated jointly using a bounded Bivariate Normal distribution.

HURRICANE WIND SPEED ESTIMATION

Once the key parameters have been generated, the meteorological relationships among them are used to develop a complete time profile of wind speeds for each location affected by the storm. This involves the following calculations for each simulated hurricane:

1. Gradient-Level Wind Speed
2. Adjustment to surface (10-meter) level
3. Storm Asymmetry
4. Storm Decay (Filling)
5. Radial Decay (Storm Center-Relative Wind Speed)
6. Adjustment of Wind Speed for Surface Friction and Averaging Time

1. Gradient-Level Wind Speed

A maximum upper-level (or gradient-level) wind speed is determined based on central and peripheral pressures, as well as radius of maximum winds and latitude coordinates. The upper level wind is then determined above the location of interest by adjusting the

maximum value based on the distance of location from the eye of the storm. This is done using an expected radial gradient wind profile derived from the scientific literature. This wind, called the gradient-level wind speed, is estimated over a 10-minute averaging time.

2. Adjustment to surface (10-meter) level

The gradient-level wind is then reduced to a 10-meter height level through application of a scaling factor and a spatial relationship adjustment. The gradient-wind adjustment factor (GWRF) that is used is a variable factor that represents the observed relationship between gradient-level winds and those measured at a 10-m height. The spatial adjustment accounts for differences in the GWRF relationship between the core and the periphery of the storm. The resulting wind represents the surface-level (10-meter) wind speed over an open water surface.

3. Storm Asymmetry

An asymmetry factor is calculated based on the forward speed of the hurricane and the relationship between the track direction and the surface wind direction. Since storms in the Northern Hemisphere rotate counterclockwise, this factor is added to the wind speeds calculated to the right of the hurricane track and is subtracted from those calculated to the left of the hurricane track. The wind field's asymmetry is therefore a function of how quickly the storm is propagating.

4. Storm Decay (Filling)

Once over land, the hurricane moves away from its source of energy, i.e., warm ocean water. Central pressure rises and as a result, the eye "fills" and winds degrade. Filling equations used in the AIR model estimate the reduction in over-land wind speed as a function of time since landfall, rather than distance. A fast moving storm can produce damaging winds further inland than a slow moving storm with the same landfall intensity (wind speed). Some storms can also reintensify after landfall, in accordance with historical data, but central pressure cannot be lower than the central pressure at landfall. The filling equations vary by coastal region and smoothing is performed to ensure that there are no unrealistic jumps between regions.

5. Radial Decay (Storm Center-Relative Wind Speed)

The wind speed in any five-digit zip code is dependent on the distance of the zip code centroid from the eye of the storm. The estimated wind speed at any point within the hurricane is dependent on the radius of maximum winds (R_{max}), the distance between the eye of the storm and the centroid of the zip code area, the translational factor between upper-level winds and surface-level wind speeds, and the vertical slant in the eye of a hurricane. As a zip code centroid lies farther from the eyewall, the winds decay until they reach an ambient level at the periphery of the storm.

6. Adjustment of Wind Speeds for Surface Friction and Averaging Time

Differences in surface terrain also affect wind speeds. The roughness of the underlying surface induces friction which tends to slow down the winds, and induces turbulence effects which tend to generate short-lived gusts. The friction and gust effects are estimated based on the roughness of the surface over which the wind passes and from which direction the winds are coming.

A friction factor is calculated to capture surface roughness at each affected site and the associated decrease in wind speed that results from surface obstacles. Estimates of surface roughness are derived from digital US Geological Survey (USGS) land use/land cover data. Each terrain type has a different "roughness value" that will lead to different frictional effects on wind speeds at different locations. In general, the rougher the terrain the larger the effect of friction on wind speeds.

As soon as a storm crosses the coastline, there is an immediate reduction in wind speed. The reduction factors reach equilibrium values when the terrain is homogeneous over sufficiently large areas such that the surface winds come in balance with the surface. Thus, most local variability occurs when the underlying surface is diverse.

A gust factor is calculated to capture the effects of surface turbulence and is also associated with the roughness of the terrain. Smooth surfaces impart only a small turbulent effect. The adjustment for rougher surfaces is more substantial since rough surfaces tend to generate short-lived gusts which will translate to a stronger maximum 1-minute sustained wind speed. The gust factor is computed using the same USGS land use data set as is used for the friction calculation. The final adjusted wind represents a 1-minute at a 10-meter height that accounts for the impacts of the local environment and the forward motion of the storm.

III. DAMAGE ESTIMATION AND DEMAND SURGE

AIR engineers have developed damage functions that describe the interaction between buildings, (including both structural and nonstructural components) and their contents, and the local wind speeds to which they are exposed. These functions relate the mean damage level as well as the variability of damage to wind speed at each location. Because different structural types will experience different degrees of damage, the damage functions vary according to construction class, occupancy, and height. The model estimates a complete distribution around the mean level of damage for each local wind speed and each structural type. Losses are calculated by applying the appropriate damage function to the replacement value of the insured property.

The AIR damage functions capture the effects of wind duration as well as the effect of peak wind speed. The longer a property experiences severe wind speeds, the greater the damage. The

hurricane damageability relationships incorporate well-documented engineering studies published by wind engineers and other experts outside of AIR. They also incorporate the results of post-hurricane field surveys performed by AIR engineers. These relationships are continually refined and validated based on actual client companies' loss data.

Any major hurricane event causes an increase in demand for materials and services to repair and rebuild damaged property. This can put pressure on costs, resulting in higher than expected costs. Therefore, AIR applies aggregate demand surge functions to loss estimates to take into account the combined effects of events clustered in both time and geography.

IV. LOSS CALCULATION

ALLSTATE EXPOSURE DETAIL

Allstate has supplied AIR with a detailed exposure database containing insured values by policy level and ZIP Code for each line of business, construction, and deductible combination. Damage functions relating wind speed and wind duration to the percentage of property damaged for varying types of coverage and construction are used to produce loss estimates by zip code for each simulated hurricane.

MODELED LOSS ESTIMATES

Losses estimated from 100,000 years of simulated potential hurricanes are summed and divided by 100,000 to produce the expected annual losses from all hurricanes for each ZIP Code. ZIP Code loss estimates are then aggregated to produce expected annual loss by county and state.

Hurricane factors are then calculated as the total loss estimate for a given ZIP Code, county, or state divided by the total insured value in thousands of dollars (amount of insurance years). This factor is applied to the expected average amount of insurance years in the determination of the overall rate level indication.

ADJUSTMENTS TO MODELED LOSS ESTIMATES

As advances in science and changes in claim payment behaviors evolve, Allstate re-evaluates how it currently reflects modeled hurricane losses in ratemaking. At times it is necessary to adjust the modeled losses to more accurately estimate the Property and Casualty industry's risk from hurricanes. Note that all adjustments made to the modeled losses are under continual development and may change in the future as Allstate learns more about the changing risk environment. Modeled loss estimates include adjustments for:

- Loss Adjustment Expenses

Loss Adjustment Expenses

Loss Adjustment Expense (LAE), both allocated and unallocated, represents the cost of adjusting, investigating and settling losses due to the hurricane peril. Allocated expenses are incurred while investigating and settling claims and are considered allocated because they can be linked directly to a claim file. Unallocated expenses are associated with processing claims, but cannot be linked directly to a claim file. Modeled hurricane losses provided by AIR do not include LAE. Therefore, it is necessary to develop a LAE provision to be applied to these losses for use in pricing and hurricane exposure management. In order to account for the LAE associated with hurricane losses, we have applied a factor of 1.195 to the modeled losses for all property lines. The selection of this provision was based on a study of the LAE associated with hurricane losses for Allstate.

Methodology:

Loss, allocated loss adjustment expense, and unallocated loss adjustment expense data for hurricane events from 2005 through 2013 were analyzed. These years were selected as the prevailing claims settlement practices better reflect the current practices. Additional adjustments to historical unallocated expenses were made where needed to best represent the expected claims staffing model and costs. Tropical storms are not included in the LAE analysis, as they are not simulated in the modeled loss data. A ratio of loss adjustment expenses to losses was developed.

Allstate Insurance Group
Allstate Personal and Commercial Lines Combined
Loss Adjustment Expense Analysis - Hurricane Peril

ALAE	2.1%
ULAE	17.3%
Total	19.4%
Selected:	19.5%

V. ACTUARIAL STANDARDS OF PRACTICE

The rules and procedures as set forth in ASOP38-Using Models Outside the Actuary's Area of Expertise (Property and Casualty) were applied in reviewing the modeled losses.

ATTACHMENT IV

Rate Level Indication Exhibits

Allstate Property and Casualty Insurance Company
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Indicated Rate Level Change			
	Premium Distribution at Current Rates	**Indicated Rate Change**	**Selected Rate Change**
Variable Package Premium	87.1%	N/A	8.7%
Fixed Expense Premium	4.9%	N/A	0.0%
Additional Coverages	3.8%	N/A	0.0%
Total Owners, Excluding Net Cost of Reinsurance	95.8%	7.9%	7.9%
Net Cost of Reinsurance	4.2%	N/A	0.0%
Total	100.0%	N/A	7.6%

Allstate Property and Casualty Insurance Company
Owners
Pennsylvania

Determination of Statewide Rate Level Indication

1) Indicated Provision for Loss and Loss Adjustment Expense [(a) + (b) + (c) + (d)]	$683.51
a) Non-Weather Loss and LAE	$315.19
b) Weather Loss and LAE	$350.38
c) Low-Layer Retained and Ceded Hurricane Loss and LAE	$11.25
d) High-Layer Retained Hurricane Loss and LAE	$6.69
2) Current Fixed Expense Ratio	11.0 %
3) Three Year Average Earned Premium	$822.82
4) Current Dollar Provision for Fixed Expense [(2) x (3)]	$90.51
5) Factor to Adjust for Subsequent Change in Fixed Expense	1.097
6) Indicated Provision for Fixed Expense [(4) x (5)]	$99.29
7) Variable Expense, Contingencies Ratio, and Profit Ratio [(a) + (b) + (c)]	24.6 %
a) Variable Expense Ratio (including Commissions, Taxes, and Debt Provision)	14.8 %
b) Contingencies Ratio	2.0 %
c) Profit Ratio	7.8 %
8) Indicated Retained Risk Provision	$26.51
9) Indicated Average Premium [(a) + (b) + (c)]	$1,068.48
a) Non-Weather Loss and LAE Weather Loss and LAE Low-Layer Retained and Ceded Hurricane Loss and LAE Fixed Expense [(1a) + (1b) + (1c) + (6)] / [1 -(7 Total)]	$1,029.32
b) High-Layer Retained Hurricane Loss and LAE (1d) / [1 - (7a) - (7b)]	$8.04
c) Retained Risk Provision (8) / [1 - (7a)]	$31.12
10) Projected Average Earned Premium at Current Rates	$989.81
11) Indicated Rate Level Change [(9 Total) / (10) - 1.0]	7.9 %

Allstate Property and Casualty Insurance Company
Owners
Pennsylvania

Development of Provision for Non-Weather Loss and LAE
Non-Weather Peril excluding Earthquake

Fiscal Year Ending	(1) Earned Exposures	(2) Accident Year * Non-Weather Ultimate Loss	(3) Non-Weather Ultimate Loss and LAE	(4) Factor to Adjust Losses for Pure Premium Trend	(5) Projected Non-Weather Ultimate Loss and LAE	(6) Projected Average Non-Weather Loss and LAE	(7) Experience Year Weights
3/31/2012	193,475	$45,152,000	$51,834,496	1.000	$51,834,496	$267.91	7%
3/31/2013	194,438	$47,436,000	$54,456,528	1.000	$54,456,528	$280.07	31%
3/31/2014	174,918	$50,495,000	$57,968,260	1.000	$57,968,260	$331.40	31%
3/31/2015	156,378	$46,967,000	$53,918,116	1.000	$53,918,116	$344.79	31%
(8) Indicated Provision for Non-Weather Loss and LAE						$315.19	

* Evaluated at 12 months

Allstate Property and Casualty Insurance Company
Owners
Pennsylvania

Development of Provision for Weather Loss and LAE
Total Weather Peril

Accident Year* Ending	(1) Accident Year * Ultimate Severity	(2) Ultimate Severity incl. LAE	(3) Severity Trend Factor	(4) Projected Ultimate Severity incl. LAE	(5) Experience Year Weights
3/31/2011	$6,302.00	$7,234.70	1.066	$7,712.19	20%
3/31/2012	$5,354.01	$6,146.40	1.055	$6,484.45	20%
3/31/2013	$5,481.10	$6,292.30	1.045	$6,575.45	20%
3/31/2014	$5,795.30	$6,653.00	1.035	$6,885.86	20%
3/31/2015	$7,519.61	$8,632.51	1.024	$8,839.69	20%
(6) Indicated Provision for Severity Including All LAE				$7,299.53	
(7) Indicated Provision for Frequency				4.80%	
(8) Indicated Provision for Weather Loss and LAE				$350.38	

* Evaluated at 12 months

Allstate Insurance Group*
Owners
Pennsylvania

Calculation of Loss Development Factors
Non-Weather Peril - Excluding Earthquake
Additive Method

Incurred Losses †

Fiscal Accident Year Ending 3/31	12 Months	24 Months	36 Months	48 Months	60 Months	72 Months	84 Months‡	Earned Exposures
2004							59,598,664	362,835
2005						63,886,914	64,147,625	394,994
2006					71,068,323	70,971,935	71,222,470	415,720
2007				79,495,761	81,141,544	81,301,953	81,235,193	429,899
2008			84,465,688	86,190,187	86,687,596	86,841,814	86,985,174	439,456
2009		86,614,934	90,538,902	92,178,132	93,680,316	93,771,880	94,080,044	437,388
2010	96,225,713	105,345,796	110,581,788	113,233,413	113,639,116	114,024,438		438,087
2011	93,941,069	104,786,304	109,621,652	112,512,764	113,016,946			439,668
2012	85,123,622	93,084,183	96,720,681	98,597,071				433,437
2013	80,688,336	88,203,059	92,114,755					410,464
2014	74,749,797	85,039,483						368,692
2015	72,835,249							332,994

Selected Trend:	2.0%

Trended Incurred Losses

Fiscal Accident Year Ending 3/31	12 Months	24 Months	36 Months	48 Months	60 Months	72 Months	84 Months‡
2004							74,103,448
2005						77,877,792	78,195,597
2006					84,933,225	84,818,032	85,117,445
2007				93,141,954	95,070,251	95,258,196	95,179,976
2008			97,024,525	99,005,432	99,576,799	99,753,947	99,918,623
2009		97,542,484	101,961,509	103,807,548	105,499,251	105,602,367	105,949,410
2010	106,240,962	116,310,271	122,091,229	125,018,838	125,466,766	125,892,193	
2011	101,684,834	113,424,065	118,658,002	121,787,434	122,333,177		
2012	90,333,869	98,781,680	102,640,760	104,632,001			
2013	83,948,145	91,766,463	95,836,191				
2014	76,244,793	86,740,273					
2015	72,835,249						

Trended Additive Amounts per Exposure

Development	12 to 24	24 to 36	36 to 48	48 to 60	60 to 72	72 to 84	84 to 96
4th Prior	22.985	10.103	4.508	4.485	-0.277	0.805	0.000
3rd Prior	26.700	13.196	4.221	1.300	0.437	0.720	0.000
2nd Prior	19.490	11.904	6.683	3.868	0.403	-0.182	0.000
1st Prior	19.048	8.903	7.118	1.022	0.236	0.375	0.000
5 Year Weighted Average:	23.24	10.82	5.43	2.37	0.36	0.50	0.00
Selected:	23.24	10.82	5.43	2.37	0.36	0.50	0.00

Loss Development Period (months):	12 - 84	24 - 84	36 - 84	48 - 84
Additive Amt per Exp:	42.72	19.48	8.66	3.23

†Includes ALAE
‡Includes supplemental reserves in addition to case reserves

Allstate Property and Casualty Insurance Company

Year	Trended Age-to-Ult Additive Amt Per Exposure	Earned Exposures	Trended Losses Yet To Emerge	De-Trended Losses Yet To Emerge	Incurred Loss & ALAE	Ultimate Loss & ALAE
2012	3.23	193,475	624,924	588,880	44,599,251	45,188,131
2013	8.66	194,438	1,683,833	1,618,448	45,783,186	47,401,634
2014	19.48	174,918	3,407,403	3,340,591	45,916,680	49,257,271
2015	42.72	156,378	6,680,468	6,680,468	39,543,454	46,223,922

* Allstate Insurance Company, Allstate Indemnity Company, Allstate Property and Casualty Insurance Company

Allstate Insurance Group*
Owners
Pennsylvania

Calculation of Loss Development Factors
Non-Weather - Liability Only
Link-Ratio Method

Incurred Losses †

Fiscal Accident Year Ending 3/31	12 Months	24 Months	36 Months	48 Months	60 Months	72 Months	84 Months‡
2004							11,607,281
2005						10,917,642	11,135,174
2006					13,352,664	13,366,078	13,619,070
2007				13,137,769	14,683,190	14,881,783	14,813,723
2008			10,582,266	12,368,201	12,777,313	12,916,814	13,063,382
2009		8,336,696	11,749,180	13,390,942	15,039,559	15,218,901	15,465,068
2010	4,977,482	9,282,197	12,561,143	14,784,064	15,203,753	15,521,926	
2011	4,479,522	9,790,640	14,113,100	16,434,376	17,008,071		
2012	4,761,468	8,832,893	11,517,352	13,401,844			
2013	4,527,438	9,003,011	12,309,521				
2014	5,673,163	12,241,113					
2015	5,164,595						

Link Ratios

Development	12 to 24	24 to 36	36 to 48	48 to 60	60 to 72	72 to 84	84 to 96
4th Prior	1.865	1.409	1.169	1.118	1.001	1.020	1.000
3rd Prior	2.186	1.353	1.140	1.033	1.014	1.019	1.000
2nd Prior	1.855	1.441	1.177	1.123	1.011	0.995	1.000
1st Prior	1.989	1.304	1.164	1.028	1.012	1.011	1.000
Latest	2.158	1.367	1.164	1.035	1.021	1.016	1.000
5 Year Average:	2.011	1.375	1.163	1.067	1.012	1.012	1.000
Selected:	2.011	1.375	1.163	1.067	1.012	1.012	1.000

Loss Development Period (months):	12 - 84	24 - 84	36 - 84	48 - 84
Loss Development Factor:	3.514	1.747	1.271	1.093

†Includes ALAE
‡Includes supplemental reserves in addition to case reserves

Allstate Property and Casualty Insurance Company

Year	Incurred Loss	Factor to Ultimate	Ultimate Loss & ALAE
2012	$5,963,966	1.093	6,518,615
2013	$6,082,626	1.271	7,731,018
2014	$7,214,641	1.747	12,603,978
2015	$2,315,701	3.514	8,137,373

* Allstate Insurance Company, Allstate Indemnity Company, Allstate Property and Casualty Insurance Company

Allstate Insurance Group*
Owners
Pennsylvania

Calculation of Loss Development Factors
Non-Weather Excluding Liability
Link Ratio Method

Incurred Losses †

Fiscal Accident Year Ending 3/31	12 Months	24 Months	36 Months	48 Months	60 Months	72 Months	84 Months‡
2004							47,991,383
2005						52,969,272	53,012,451
2006					57,715,659	57,605,857	57,603,400
2007				66,357,992	66,458,354	66,420,170	66,421,470
2008			73,883,422	73,821,986	73,910,283	73,925,000	73,921,792
2009		78,278,238	78,789,722	78,787,190	78,640,757	78,552,979	78,614,976
2010	91,248,231	96,063,599	98,020,645	98,449,349	98,435,363	98,502,512	
2011	89,461,547	94,995,664	95,508,552	96,078,388	96,008,875		
2012	80,362,154	84,251,290	85,203,329	85,195,227			
2013	76,160,898	79,200,048	79,805,234				
2014	69,076,634	72,798,370					
2015	67,670,654						

Link Ratios

Development	12 to 24	24 to 36	36 to 48	48 to 60	60 to 72	72 to 84	84 to 96
4th Prior	1.053	1.007	0.999	1.002	0.998	1.001	1.000
3rd Prior	1.062	1.020	1.000	1.001	0.999	1.000	1.000
2nd Prior	1.048	1.005	1.004	0.998	1.000	1.000	1.000
1st Prior	1.040	1.011	1.006	1.000	0.999	1.000	1.000
Latest	1.054	1.008	1.000	0.999	1.001	1.001	1.000
5 Year Average:	1.051	1.010	1.002	1.000	0.999	1.000	1.000
Selected:	1.051	1.010	1.002	1.000	0.999	1.000	1.000

Loss Development Period (months):	12 - 84	24 - 84	36 - 84	48 - 84
Loss Development Factor:	1.063	1.011	1.001	0.999

†Includes ALAE
‡Includes supplemental reserves in addition to case reserves

Allstate Property and Casualty Insurance Company

Year	Incurred Loss	Factor to Ultimate	Ultimate Loss & ALAE
2012	$38,635,285	0.999	38,596,650
2013	$39,700,560	1.001	39,740,261
2014	$38,702,039	1.011	39,127,761
2015	$37,227,753	1.063	39,573,101

* Allstate Insurance Company, Allstate Indemnity Company, Allstate Property and Casualty Insurance Company

Allstate Property and Casualty Insurance Company
Pennsylvania
Owners

Ultimate Losses & ALAE
Total Non-Weather Peril

Ultimate Losses & ALAE

Year	Link Ratio Estimate*	Additive Estimate	Selected**
2012	$ 45,115,265	$ 45,188,131	$ 45,152,000
2013	$ 47,471,279	$ 47,401,634	$ 47,436,000
2014	$ 51,731,739	$ 49,257,271	$ 50,495,000
2015	$ 47,710,474	$ 46,223,922	$ 46,967,000

* Link Ratio includes Liability and All Excluding Liability, excluding Earthquake.
** Selected was found by taking average of Link Ratio and Additive Estimates and rounding to the nearst thousand place.

ALLSTATE INSURANCE GROUP*

Countrywide Expense Experience
Unallocated Loss Adjustment Expense (Adjusting and Other Expense) Factors**

2011, 2012 & 2013

		2011 - 2013
1. Direct Losses and Allocated Loss Adjustment Expense Incurred excluding Earthquake and Hurricane Losses	$	41,778,864
2. Direct Unallocated Loss Adjustment Expense Incurred excluding Earthquake and Hurricane	$	6,165,245
3. Ratio (2)/(1)		0.148
4. Proposed Provision		0.148

* Allstate Insurance Company, Allstate Indemnity Company, Allstate Property and Casualty Insurance Company
Allstate County Mutual Insurance Company, Allstate Fire & Casualty, Northbrook Indemnity, and Allstate Texas Lloyds

** Includes Personal Property Lines and Private Passenger Automobile Insurance

Allstate Property and Casualty Insurance Company
Owners
Pennsylvania

Calculation of Non-Weather Peril Pure Premium Trend Factor

	Selected Annual Pure Premium Impacts	
Peril	Historical	Projected
Non-Weather Peril excluding Earthquake	0.00%	0.00%

	3rd Prior Year	2nd Prior Year	1st Prior Year	Current Year
1) Loss Trend Projection Date	3/1/2017	3/1/2017	3/1/2017	3/1/2017
2) Mid-Point of Current Year's Experience Period	9/30/2014	9/30/2014	9/30/2014	9/30/2014
3) Experience Period Ended	3/31/2012	3/31/2013	3/31/2014	3/31/2015
4) Midpoint of Experience Period	9/30/2011	9/30/2012	9/30/2013	9/30/2014
5) Historical: Number of Years from (4) to (2)	3.000	2.000	1.000	0.000
6) Projected: Number of Years from (2) to (1)	2.416	2.416	2.416	2.416

Calculation of Trend Factors

(a) Historical Pure Premium Factors are the Annual Historical Impacts plus unity compounded for the number of years in (5)

(b) Projected Pure Premium Factors are the Annual Projected Impacts plus unity compounded for the number of years in (6)

(c) Factor to Adjust Losses for Pure Premium Trend = (a) x (b)

Allstate Property and Casualty Insurance Company
Owners
Pennsylvania

Loss Trends - Pure Premium
Non-Weather Peril excluding Earthquake

			Exponential Curve of Best Fit		
Year Ending	Actual Paid Pure Premium	Annual Change	16 pt.	12 pt.	6 pt.
06/11	$271.03	-11.28 %	$252.91		
09/11	267.43	-10.93	252.19		
12/11	266.57	-11.76	251.46		
03/12	254.13	-11.57	250.74		
06/12	246.32	-9.12	250.01	$230.49	
09/12	250.68	-6.26	249.29	232.55	
12/12	235.78	-11.55	248.58	234.62	
03/13	227.14	-10.62	247.86	236.71	
06/13	231.22	-6.13	247.15	238.82	
09/13	221.32	-11.71	246.44	240.95	
12/13	224.25	-4.89	245.73	243.10	$227.13
03/14	237.77	4.68	245.02	245.26	235.66
06/14	244.87	5.90	244.31	247.45	244.51
09/14	255.35	15.38	243.61	249.65	253.69
12/14	266.00	18.62	242.91	251.88	263.21
03/15	269.10	13.18	242.21	254.12	273.09

Regression	16 pt.	12 pt.	6 pt.
Avg Annual Percent Change Based on Best Fit:	-1.15 %	3.61 %	15.89 %

Allstate Insurance Group**
Owners
Pennsylvania

Provision for Weather Frequency

(1) Accident Year Ending	(2) Earned Exposures	(3) Accident Year * Paid Claims	(4) Accident Year Paid Frequency	(5) Accident Year Ultimate Paid Frequency
1987	194,073	8,274	4.26%	4.26%
1988	202,655	8,442	4.17%	4.17%
1989	213,017	10,196	4.79%	4.79%
1990	225,794	9,297	4.12%	4.12%
1991	234,430	10,663	4.55%	4.55%
1992	240,994	12,293	5.10%	5.10%
1993	247,597	14,796	5.98%	5.98%
1994	255,694	29,880	11.69%	11.69%
1995	267,674	12,511	4.67%	4.67%
1996	274,916	28,723	10.45%	10.45%
1997	283,863	11,437	4.03%	4.03%
1998	295,738	13,915	4.71%	4.71%
1999	305,973	13,769	4.50%	4.50%
2000	317,527	16,058	5.06%	5.06%
2001	332,017	12,384	3.73%	3.73%
2002	342,938	12,937	3.77%	3.77%
2003	356,188	16,357	4.59%	4.59%
2004	386,862	12,549	3.24%	3.24%
2005	412,202	11,805	2.86%	2.86%
2006	426,162	13,243	3.11%	3.11%
2007	438,347	13,270	3.03%	3.03%
2008	438,255	14,006	3.20%	3.20%
2009	437,046	17,305	3.96%	3.96%
2010	440,340	32,306	7.34%	7.34%
2011	435,500	25,893	5.95%	5.95%
2012	419,044	12,108	2.89%	2.90%
2013	378,817	10,270	2.71%	2.72%
2014	341,469	18,801	5.51%	5.93%

(6) Pennsylvania Weather Frequency Provision 4.80%

* Evaluated at 12 months
**Allstate Insurance Company, Allstate Indemnity Company, Allstate Property and Casualty Insurance Company

Allstate Property and Casualty Insurance Company
Owners
Pennsylvania

Calculation of Weather Loss Severity Trend Factor

Peril	Selected Annual Pure Premium Impacts Historical	Projected
Weather Peril	1.00%	1.00%

	4th Prior Year	3rd Prior Year	2nd Prior Year	1st Prior Year	Current Year
1) Loss Trend Projection Date	3/1/2017	3/1/2017	3/1/2017	3/1/2017	3/1/2017
2) Mid-Point of Current Year's Experience Period	9/30/2014	9/30/2014	9/30/2014	9/30/2014	9/30/2014
3) Experience Period Ended	3/31/2011	3/31/2012	3/31/2013	3/31/2014	3/31/2015
4) Midpoint of Experience Period	9/30/2010	9/30/2011	9/30/2012	9/30/2013	9/30/2014
5) Historical: Number of Years from (4) to (2)	4.000	3.000	2.000	1.000	0.000
6) Projected: Number of Years from (2) to (1)	2.416	2.416	2.416	2.416	2.416

Calculation of Trend Factors

(a) Historical Weather Loss Severity Factors are the Annual Historical Impacts plus unity compounded for the number of years in (5)

(b) Projected Weather Loss Severity Factors are the Annual Projected Impacts plus unity compounded for the number of years in (6)

(c) Factor to Adjust Losses for Weather Loss Severity Trend = (a) x (b)

Allstate Property and Casualty Insurance Company
Owners
Pennsylvania

Loss Trends - Severity
Total Weather Peril

			Exponential Curve of Best Fit		
Year Ending	Actual Paid Severity	Annual Change	16 pt.	12 pt.	6 pt.
06/11	$5,659	22.6 %	$5,400		
09/11	5,373	5.3	5,427		
12/11	5,356	1.9	5,454		
03/12	5,743	2.6	5,481		
06/12	5,875	3.8	5,509	$5,369	
09/12	5,764	7.3	5,536	5,415	
12/12	5,722	6.8	5,564	5,463	
03/13	5,445	-5.2	5,592	5,511	
06/13	5,350	-8.9	5,620	5,559	
09/13	5,175	-10.2	5,648	5,607	
12/13	5,100	-10.9	5,677	5,656	$4,836
03/14	4,982	-8.5	5,705	5,706	5,170
06/14	5,335	-0.3	5,734	5,755	5,527
09/14	5,900	14.0	5,762	5,806	5,909
12/14	6,266	22.9	5,791	5,856	6,317
03/15	6,952	39.5	5,820	5,908	6,753

Regression	16 pt.	12 pt.	6 pt.
Avg Annual Percent Change Based on Best Fit:	2.02 %	3.54 %	30.62 %

Allstate Insurance Group*
Owners
Pennsylvania

Calculation of Frequency Development Factors
Weather Peril

Paid Frequency - Link Ratio Method

Accident Year Ending	12 Months	24 Months	36 Months	48 Months	60 Months	72 Months	84 Months
2003							4.59%
2004						3.24%	3.24%
2005					2.86%	2.86%	2.86%
2006				3.11%	3.11%	3.11%	3.11%
2007			3.02%	3.03%	3.03%	3.03%	3.03%
2008		3.19%	3.19%	3.20%	3.20%	3.20%	3.20%
2009	3.59%	3.94%	3.96%	3.96%	3.96%	3.96%	
2010	6.84%	7.32%	7.33%	7.34%	7.34%		
2011	5.62%	5.92%	5.94%	5.95%			
2012	2.68%	2.88%	2.89%				
2013	2.53%	2.71%					
2014	5.51%						

Link Ratios

Development	12 to 24	24 to 36	36 to 48	48 to 60	60 to 72	72 to 84	84 to 96
4th Prior	1.097	1.000	1.003	1.000	1.000	1.000	1.000
3rd Prior	1.070	1.005	1.003	1.000	1.000	1.000	1.000
2nd Prior	1.053	1.001	1.000	1.000	1.000	1.000	1.000
1st Prior	1.075	1.003	1.001	1.000	1.000	1.000	1.000
Latest	1.071	1.003	1.002	1.000	1.000	1.000	1.000
5 Year Average:	1.073	1.002	1.002	1.000	1.000	1.000	1.000
Selected:	1.073	1.002	1.002	1.000	1.000	1.000	1.000

Development Period (months):	12 - 84	24 - 84	36 - 84	48 - 84	60 - 84
Frequency Development Factor:	1.077	1.004	1.002	1.000	1.000

Allstate Insurance Group*

Year	Paid Frequency	Factor to Ultimate	Ultimate Frequency
2010	7.34%	1.000	7.34%
2011	5.95%	1.000	5.95%
2012	2.89%	1.002	2.90%
2013	2.71%	1.004	2.72%
2014	5.51%	1.077	5.93%

*Allstate Insurance Company, Allstate Indemnity Company, Allstate Property and Casualty Insurance Company

Allstate Insurance Group*
Owners
Pennsylvania

Calculation of Severity Development Factors
Weather Peril
Paid Severity - Link Ratio Method

Fiscal Accident Year Ending 3/31	12 Months	24 Months	36 Months	48 Months	60 Months	72 Months	84 Months
2004							2,739
2005						3,134	3,134
2006					3,307	3,309	3,309
2007				3,878	3,886	3,886	3,887
2008			3,891	3,914	3,949	3,949	3,949
2009		4,210	4,284	4,293	4,295	4,296	4,298
2010	3,806	4,297	4,406	4,437	4,441	4,441	
2011	5,341	5,981	6,111	6,129	6,135		
2012	4,853	5,064	5,119	5,123			
2013	4,989	5,288	5,312				
2014	4,826	5,497					
2015	6,758						

Link Ratios

Development	12 to 24	24 to 36	36 to 48	48 to 60	60 to 72	72 to 84
4th Prior	1.129	1.018	1.006	1.002	1.001	1.000
3rd Prior	1.120	1.025	1.002	1.009	1.000	1.000
2nd Prior	1.043	1.022	1.007	1.000	1.000	1.000
1st Prior	1.060	1.011	1.003	1.001	1.000	1.000
Latest	1.139	1.005	1.001	1.001	1.000	1.000
5 Year Average:	1.098	1.016	1.004	1.003	1.000	1.000
Selected:	1.098	1.016	1.004	1.003	1.000	1.000

Development Period (months):	12 - 84	24 - 84	36 - 84	48 - 84	60 - 84
Severity Development Factor:	1.123	1.023	1.007	1.003	1.000

Allstate Property and Casualty Insurance Company

Year	Paid Severity	Factor to Ultimate	Ultimate Severity
2011	6,302	1.000	6,302.00
2012	5,338	1.003	5,354.01
2013	5,443	1.007	5,481.10
2014	5,665	1.023	5,795.30
2015	6,696	1.123	7,519.61

*Allstate Insurance Company, Allstate Indemnity Company, Allstate Property and Casualty Insurance Company

Allstate Property and Casualty Insurance Company
Owners
Pennsylvania

Summary of Expense Provisions

	Percent Fixed	Expense Provision
Commissions	0 %	11.5 %
Taxes †	0	2.1
Licenses and Fees	100	0.1
Other Acquisition	100	5.4
General Expense	100	5.5
Debt Provision	0	1.2
Contingency Provision	0	2.0
Profit Provision	0	7.8

† State Taxes - Does not include Federal Income Tax

ALLSTATE INSURANCE GROUP*

Countrywide Experience for General Expenses

	General Expense**		
	2011	2012	2013
1. Direct Premium Earned Less Reinsurance Premium***	21,889,933	21,815,813	22,129,879
2. General Expense Incurred	1,134,661	1,316,189	1,422,519
3. Ratio (2)/(1)	0.052	0.060	0.064
4. Three Year Average			0.059
5. Proposed Provision			0.055

* Allstate Insurance Company, Allstate Property and Casualty Insurance Company, Allstate Indemnity Company, Northbrook Indemnity Company, Allstate Fire & Casualty Insurance Company and Allstate County Mutual

** Data includes Personal Property Lines (excluding Earthquake) and Private Passenger Automobile Insurance

*** Premiums for Net Cost of Reinsurance (NCOR) do not include provisions for General Expenses. Therefore, direct premiums must be reduced by NCOR premiums to get the premium base upon which the general expense provision is applied.

(000's) omitted

ALLSTATE INSURANCE GROUP*

Personal Property Lines

Countrywide Experience for Other Acquisition Expenses*

	Other Acquisition Expense		
	2011	2012	2013
1. Direct Premium Earned Less Reinsurance Premium**	21,889,933	21,815,813	22,129,879
2. Other Acquisition Expense Incurred	1,397,619	1,326,479	1,319,920
3. Ratio (2)/(1)	0.0638	0.0608	0.0596
4. Three Year Average			0.0614
5. Adjusted Three Year Average***			0.0538
6. Proposed Provision			0.054

* Allstate Insurance Company, Allstate Property and Casualty Insurance Company, Allstate Indemnity Company, Northbrook Indemnity Company, Allstate Fire & Casualty and Allstate County Mutual. Data includes Personal Property Lines and Private Passenger Automobile Insurance

** Premiums for Net Cost of Reinsurance (NCOR) do not include provisions for General and Other Acquisition expenses. Therefore, direct premiums must be reduced by NCOR premiums to get the premium base upon which general and other acquisition expense provisions are applied.

*** Reduced by 1.01% to reflect the amount of Installment Fees collected for Allstate Insurance Group Personal Property Lines and includes a 0.18% provision for Allstate Insurance Group Personal Property Lines premiums written off.

(000's) omitted

Allstate Property and Casualty Insurance Company
Owners
Pennsylvania

Factor to Adjust for Subsequent Change in Fixed Expense
(For calendar years 2011-2013)

1) Average Earned Date of Experience Period	6/30/2012
2) Average Earned Date of Proposed Policy Period	3/1/2017
3) Number of Years from (1) to (2)	4.668
4) Selected Annual Impact	2.00%
5) Factor to Adjust for Subsequent Change in Fixed Expense [1.0 + (4)] ^ (3)	1.097

Allstate Property and Casualty Insurance Company
Owners
Pennsylvania
Investment Income

Calculation of Present Value, as of the Average Earning Date of a Policy Year, of all Income and Outgo @ 1.9% †force of interest, assuming an Operating Profit of 5.90% and twelve month Policy Terms

Years From Start of Policy Year	Cumulative Percent of Losses Paid	Yearly Percent of Losses Paid	Time from Start of Policy Year	Discounted‡ to Average Time of Profit @ 1.9%	Discounted Payments
1	37.3 %	37.30 %	0.70	1.006	37.5 %
2	88.2	50.90	1.40	0.992	50.5
3	95.0	6.80	2.40	0.974	6.6
4	97.0	2.00	3.40	0.955	1.9
5	98.3	1.30	4.30	0.939	1.2
Subsequent	100.0	1.70	6.90	0.894	1.5
Total					99.2 %
Expected Losses and Loss Expense Ratio					64.4 %
Present Value of Loss and Loss Expense Payments					63.9 %
General Expense		5.5 %	0.75	1.005	5.5 %
Other Acquisition		5.4 %	0.63	1.007	5.4 %
Taxes		2.1 %	0.25	1.014	2.1 %
Licenses and Fees		0.1 %	0.25	1.014	0.1 %
Commissions		11.5 %	0.58	1.008	11.6 %
Debt Provision		1.2 %	1.00	1.000	1.2 %
Contingency Provision		2.0 %	1.00	1.000	2.0 %
Profit		7.8 %	1.00	1.000	7.8 %
Total Present Value of Outgo					99.6 %
Premiums		100.0 %	0.78	1.004	100.4 %
Difference, Present Value of Income Less Present Value of Outgo					0.8 %

†Discount rate from Investment Department forecast
‡exp (force of interest x (timing of profit being earned – timing of cash flow))

Allstate Property and Casualty Insurance Company
Owners
Pennsylvania

Development of Projected Average Earned Premium

Fiscal Year Ending	(1) Earned Exposures	(2) Earned Premium at Current Rates	(3) Factor to Adjust to Projected Premium Level	(4) Projected Earned Premium at Current Rates (2) x (3)	(5) Projected Average Earned Premium at Current Rates (4) / (1)	(6) Experience Year Weights
3/31/2015	156,378	$149,262,053	1.037	$154,784,749	$989.81	100 %
			(7) Projected Average Earned Premium at Current Rates		$989.81	

Allstate Property and Casualty Insurance Company
Owners
Pennsylvania

Calculation of Premium and AIY Trend Factor

Peril	Selected Annual Premium Impacts Projected
Premium Impact	1.5%
AIY Impact	1.5%

	Current Year
1)Average Earned Date of Proposed Policy Period	3/1/2017
2) Mid-Point of Current Year's Experience Period	9/30/2014
3) Experience Period Ended	3/31/2015
4) Midpoint of Experience Period	9/30/2014
5) Historical: Number of Years from (4) to (2)	0.000
6) Projected: Number of Years from (2) to (1)	2.416

Calculation of Trend Factors

(a) Historical Premium Factors are the Annual Historical Impacts plus unity compounded for the number of years in (5)

(b) Projected Premium Factors are the Annual Projected Impacts plus unity compounded for the number of years in (6)

(c) Factor to Adjust to Projected Premium Level = (a) x (b)

Allstate Property and Casualty Insurance Company
Owners
Pennsylvania

Premium Trends

Year Ending	Average Written Premium @ CRL	Annual Change	Exponential Curve of Best Fit 8 pt.	6 pt.	4 pt.
06/13	$936.68	-0.53 %	$937.10		
09/13	940.88	0.97	940.47		
12/13	943.3	1.09	943.87	$943.93	
03/14	947.14	1.42	947.27	947.31	
06/14	951.2	1.55	950.68	950.70	$951.70
09/14	955.26	1.53	954.11	954.10	954.57
12/14	957.57	1.51	957.55	957.51	957.45
03/15	960.02	1.36	961.00	960.94	960.33

Regression	8 pt.	6 pt.	4 pt.
Avg Annual Percent Change Based on Best Fit:	1.45%	1.44%	1.21%

Allstate Property and Casualty Insurance Company
Owners
Pennsylvania

AIY Trends

			Exponential Curve of Best Fit		
Year Ending	AIY	Annual Change	8 pt.	6 pt.	4 pt.
06/13	260.24	1.22 %	260.43		
09/13	261.47	1.59	261.47		
12/13	262.35	1.70	262.52	262.67	
03/14	263.68	1.76	263.57	263.67	
06/14	264.95	1.81	264.62	264.68	265.10
09/14	266.03	1.74	265.68	265.69	265.88
12/14	266.82	1.70	266.75	266.71	266.67
03/15	267.32	1.38	267.82	267.73	267.47

Regression	8 pt.	6 pt.	4 pt.
Avg Annual Percent Change Based on Best Fit:	1.61%	1.54%	1.19%

Allstate Property and Casualty Insurance Company
Owners
Pennsylvania

Development of Provision for Hurricane Loss and LAE and Retained Risk

1) Hurricane Provision Per AIY Including All LAE	0.065
2) Retained Risk Provision Per AIY	0.096
3) Earned Exposures	156,378
4) Earned AIY	41,638,480
5) Average Earned AIY (4)/(3)	266.27
6) Factor to Adjust to Projected Average AIY Level	1.037
7) Average AIY Projected to 3/1/2017 (5)*(6)	276.12
8) Proportion of High-Layer Retained Modeled Losses to Total Modeled Losses	0.373
9) Expected Modeled Catastrophe Pure Premium (1)*(7)	$17.95
a) Low-Layer Retained and Ceded Hurricane Pure Premium [1 - (8)]*(9 Total)	$11.25
b) High-Layer Retained Hurricane Pure Premium (8)*(9 Total)	$6.69
10) Expected Retained Risk Provision (2)*(7)	$26.51

*1 AIY = One Amount of Insurance Years = $1000 of Coverage in Force for One Year

ATTACHMENT V

Summary of Rating Plan Factor Changes

ALLSTATE PROPERTY AND CASUALTY INSURANCE COMPANY
OWNERS
PENNSYLVANIA

Summary of Rating Plan Factor Changes

With this filing, Allstate Property and Casualty Insurance Company (APC) will be revising the Deductible Factors and Rate Adjustment Factor. These changes result in an overall rate level impact of 7.9%, which is equivalent to a 7.6% rate level change to total premium including NCOR. Allstate believes that these changes will put the company in a better competitive position in the marketplace.

	Premium Distribution at Current Rates	Indicated Rate Change	Selected Rate Change
Variable Package Premium	87.1%	N/A	8.7%
Fixed Expense Premium	4.9%	N/A	0.0%
Additional Coverages	3.8%	N/A	0.0%
Total Owners, Excluding Net Cost of Reinsurance	95.8%	7.9%	7.9%
Net Cost of Reinsurance	4.2%	N/A	0.0%
Total	100.0%	N/A	7.6%

Deductible

The revisions to the Deductible factors reflect a business decision to incent customers to take higher deductibles. There is a belief that this will facilitate policyholders taking a larger role in the loss prevention process, which will then reduce the number of claims incurred. The table below shows the Allstate Property and Casualty Insurance Company exposure distribution in Pennsylvania segmented into two deductible groups. This table demonstrates that the vast majority of insureds are selecting low deductibles, potentially because they do not feel that the premium savings offered by a higher deductible is large enough to justify choosing a higher deductible. Accordingly, a business decision was made to increase the spread in the deductible factor tables, while still ensuring actuarial soundness in the proposed factor tables. This was done by selecting factors by amount of insurance and deductible that do not create reversals and that are consistent and intuitive relative to the other factors in each table.

DEDUCTIBLE		
	Exposure Distribution	Average Total Premium Impact
Under $1500	96%	8.3%
$1500 & Above	4%	-1.6%

Please see the attached side-by-sides for the current and proposed rating factors.

Rate Adjustment Factor

The Rate Adjustment Factor is being revised to achieve the overall rate level impact. Please see the attached side-by-sides for the current and proposed rating factors.

ATTACHMENT VI

Impacts & Histograms

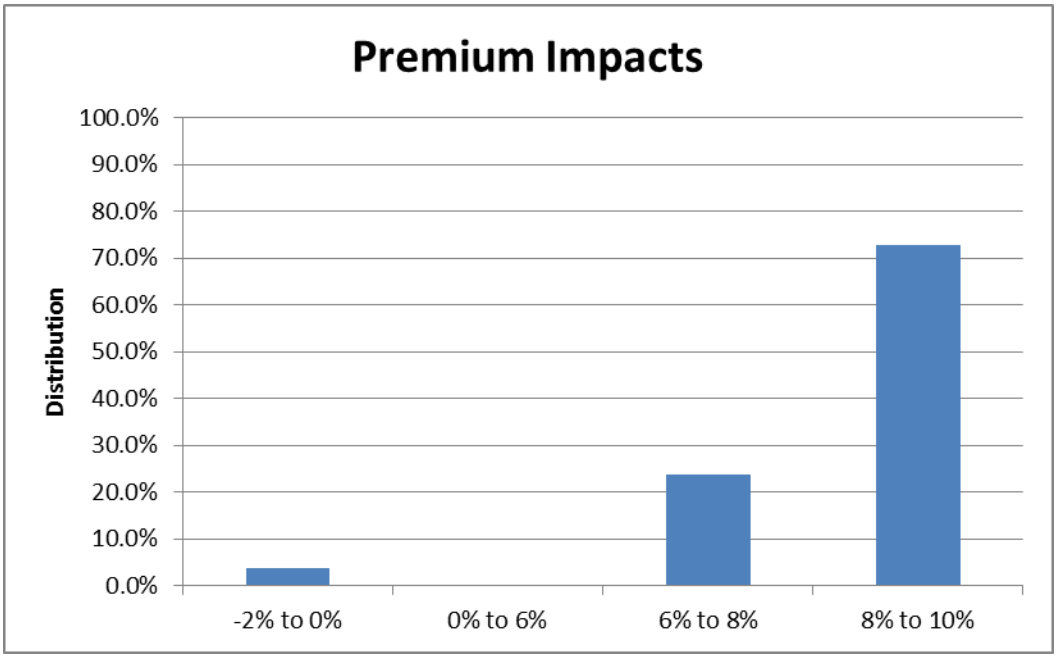
ALLSTATE PROPERTY AND CASUALTY INSURANCE COMPANY
OWNERS
PENNSYLVANIA

IMPACTS & HISTOGRAMS

The impact tables and histograms below show the overall premium level changes, including additional coverage and the Reinsurance Charge.

The maximum percent impact any single policyholder will receive as a result of these proposed changes is 9.0%, which is associated with a $564.6 increase. The minimum percent impact any single policyholder will receive as a result of these proposed changes is -1.7%, which is associated with a $113.48 decrease.

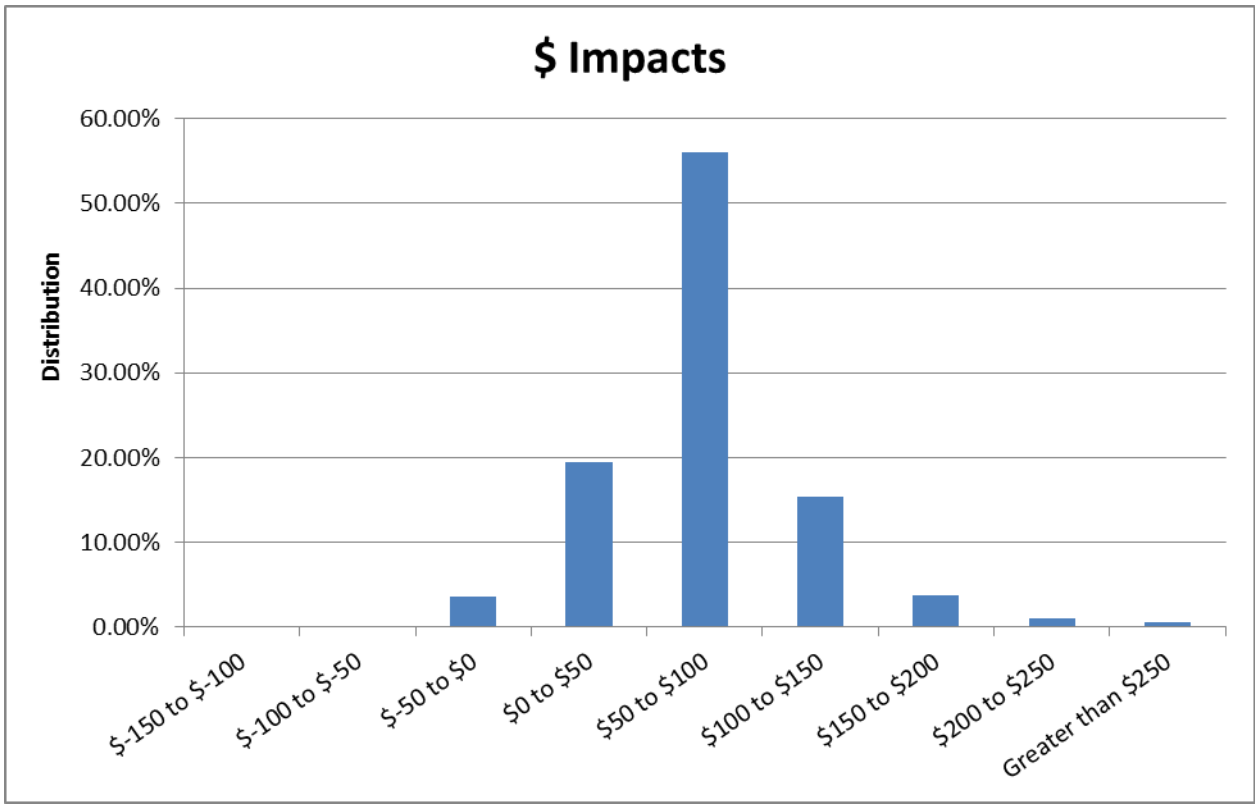
IMPACTS & HISTOGRAMS



% Impact Range	Distribution
-2% to 0%	3.8%
0% to 6%	0.0%
6% to 8%	23.6%
8% to 10%	72.7%

ALLSTATE PROPERTY AND CASUALTY INSURANCE COMPANY
OWNERS
PENNSYLVANIA

IMPACTS & HISTOGRAMS



$ Impact Range	Distribution
$-150 to $-100	0.01%
$-100 to $-50	0.08%
$-50 to $0	3.68%
$0 to $50	19.45%
$50 to $100	55.96%
$100 to $150	15.40%
$150 to $200	3.73%
$200 to $250	1.08%
Greater than $250	0.62%

ATTACHMENT VII

Summary of Manual Changes

ALLSTATE PROPERTY AND CASUALTY INSURANCE COMPANY
OWNERS
PENNSYLVANIA

SUMMARY OF MANUAL CHANGES

Rules Manual:

HOPCT-13	▪ Added zip codes: 15075, 15937, 16058, 16361, 18063 to Territory Definitions. This is a clerical update only.
HOPCT-25	▪ Added new zip code 16058 to Reinsurance Territory Definitions. This is a clerical update only.

Rates Manual:

RFP-4	▪ Revised Rate Adjustment Factor.
RFP-12	▪ Revised Deductible Options Factors for Deductible Options $1500 and above.

ATTACHMENT VIII

Manual Side by Sides

HOMEOWNERS MANUAL

PENNSYLVANIA
TERRITORIAL PAGE

TERRITORIAL ZONES CONTINUED

ZIP	ZONE	ZIP	ZONE	ZIP	ZONE	ZIP	ZONE
19350	29	19460	25	19541	3		
19352	29	19462	10	19543	1		
19355	29	19464	7	19547	19		
19362	31	19465	7	19549	1		
19363	29	19468	9	19551	19		
19365	27	19473	9	19555	19		
19372	24	19475	9	19560	19		
19373	30	19477	30	19562	1		
19374	25	19492	9	19565	34		
19380	41	19501	1	19567	1		
19382	29	19503	7	19601	3		
19383	29	19504	7	19602	21		
19390	25	19505	1	19604	21		
19401	10	19506	1	19605	1		
19403	9	19507	1	19606	34		
19405	10	19508	19	19607	19		
19406	14	19510	19	19608	1		
19422	9	19512	1	19609	1		
19425	9	19518	1	19610	1		
19426	9	19520	7	19611	1		
19428	14	19522	1				
19435	9	19525	2				
19436	14	19526	1				
19438	9	19529	21				
19440	9	19530	19				
19444	14	19533	3				
19446	9	19534	1				
19453	25	19539	1				
19454	9	19540	1				

HOMEOWNERS MANUAL

PENNSYLVANIA
TERRITORIAL PAGE

TERRITORIAL ZONES CONTINUED

ZIP	ZONE	ZIP	ZONE	ZIP	ZONE	ZIP	ZONE
19350	29	19460	25	19541	3		
19352	29	19462	10	19543	1		
19355	29	19464	7	19547	19		
19362	31	19465	7	19549	1		
19363	29	19468	9	19551	19		
19365	27	19473	9	19555	19		
19372	24	19475	9	19560	19		
19373	30	19477	30	19562	1		
19374	25	19492	9	19565	34		
19380	41	19501	1	19567	1		
19382	29	19503	7	19601	3		
19383	29	19504	7	19602	21		
19390	25	19505	1	19604	21		
19401	10	19506	1	19605	1		
19403	9	19507	1	19606	34		
19405	10	19508	19	19607	19		
19406	14	19510	19	19608	1		
19422	9	19512	1	19609	1		
19425	9	19518	1	19610	1		
19426	9	19520	7	19611	1		
19428	14	19522	1	15075	17		
19435	9	19525	2	15937	17		
19436	14	19526	1	16058	21		
19438	9	19529	21	16361	34		
19440	9	19530	19	18063	1		
19444	14	19533	3				
19446	9	19534	1				
19453	25	19539	1				
19454	9	19540	1				

HOMEOWNERS MANUAL **PENNSYLVANIA TERRITORIAL PAGE**

REINSURANCE ZONES

Zip	Zone	Zip	Zone	Zip	Zone	Zip	Zone	Zip	Zone
19425	2	19490	3	19549	2				
19426	2	19492	2	19550	2				
19428	3	19501	2	19551	2				
19430	3	19503	2	19554	2				
19432	3	19504	2	19555	2				
19435	2	19505	2	19559	2				
19436	3	19506	2	19560	2				
19437	3	19507	2	19562	2				
19438	3	19508	2	19564	2				
19440	3	19510	2	19565	2				
19442	3	19511	2	19567	2				
19443	3	19512	2	19601	2				
19444	3	19516	2	19602	2				
19446	3	19518	2	19604	2				
19450	2	19519	2	19605	2				
19451	2	19520	2	19606	2				
19453	2	19522	2	19607	2				
19454	3	19523	2	19608	2				
19456	2	19525	2	19609	2				
19457	2	19526	2	19610	2				
19460	2	19529	2	19611	2				
19462	3	19530	2	19612	2				
19464	2	19533	2						
19465	2	19534	2						
19468	2	19535	2						
19470	2	19536	2						
19472	2	19538	2						
19473	2	19539	2						
19474	2	19540	2						
19475	2	19541	2						
19477	3	19543	2						
19478	3	19544	2						
19480	3	19545	2						
19481	3	19547	2						
19486	3	19548	2						

HOMEOWNERS MANUAL **PENNSYLVANIA TERRITORIAL PAGE**

REINSURANCE ZONES

Zip	Zone	Zip	Zone	Zip	Zone	Zip	Zone	Zip	Zone
19425	2	19490	3	19549	2				
19426	2	19492	2	19550	2				
19428	3	19501	2	19551	2				
19430	3	19503	2	19554	2				
19432	3	19504	2	19555	2				
19435	2	19505	2	19559	2				
19436	3	19506	2	19560	2				
19437	3	19507	2	19562	2				
19438	3	19508	2	19564	2				
19440	3	19510	2	19565	2				
19442	3	19511	2	19567	2				
19443	3	19512	2	19601	2				
19444	3	19516	2	19602	2				
19446	3	19518	2	19604	2				
19450	2	19519	2	19605	2				
19451	2	19520	2	19606	2				
19453	2	19522	2	19607	2				
19454	3	19523	2	19608	2				
19456	2	19525	2	19609	2				
19457	2	19526	2	19610	2				
19460	2	19529	2	19611	2				
19462	3	19530	2	19612	2				
19464	2	19533	2	16058	4				
19465	2	19534	2						
19468	2	19535	2						
19470	2	19536	2						
19472	2	19538	2						
19473	2	19539	2						
19474	2	19540	2						
19475	2	19541	2						
19477	3	19543	2						
19478	3	19544	2						
19480	3	19545	2						
19481	3	19547	2						
19486	3	19548	2						

PENNSYLVANIA
HOMEOWNERS
RATE FACTOR PAGES

Order in Calculation

2 Rate Adjustment Factor:

Factor: ~~1.615~~

3 Claim Rating Factor:

To calculate the claim rating factor for additional B claims or C claims, start with the factor for Group A claims and Total of Group B and C claims factor and multiply it by the factor for Each Additional B or C claim located below the table (round to 3 decimal places). Note that the factors will be different for each rating group table.

Example using Rating Group 1:

0 Group A claims, 0 B claim & 1 C claim factor:	0.513		
Each additional B claim factor:	1.070		
Each additional C claim factor:	1.180		
Resulting claim rating factor for each additional B claim:	0.549	=	0.513 x 1.070
Resulting claim rating factor for each additional C claim:	0.605	=	0.513 x 1.180

Underwriting Groups 1-3

# of Chargeable Claims in the past 3 years — Group A

Total Group B and C	# of C	# of B	0	1	2	3	4	5
0	0	0	0.450	0.545	0.713	0.934	1.224	1.604
1	0	1	0.459	0.555	0.728	0.953	1.249	1.636
1	1	0	0.513	0.621	0.813	1.065	1.395	1.828
2	0	2	0.491	0.594	0.778	1.020	1.336	1.750
2	1	1	0.523	0.633	0.829	1.087	1.423	1.865
2	2	0	0.605	0.732	0.960	1.257	1.647	2.157

Each Additional Chargeable Group A Claim - apply factor of 1.310 to the claim rating factor
Each Additional Chargeable Group B Claim - apply factor of 1.070 to the claim rating factor
Each Additional Chargeable Group C Claim - apply factor of 1.180 to the claim rating factor

Underwriting Groups 4-6

# of Chargeable Claims in the past 3 years — Group A

Total Group B and C	# of C	# of B	0	1	2	3	4	5
0	0	0	0.470	0.569	0.745	0.976	1.278	1.675
1	0	1	0.479	0.580	0.760	0.995	1.304	1.708
1	1	0	0.536	0.648	0.849	1.113	1.457	1.909
2	0	2	0.513	0.621	0.813	1.065	1.395	1.828
2	1	1	0.547	0.661	0.866	1.135	1.487	1.947
2	2	0	0.632	0.765	1.002	1.313	1.720	2.253

Each Additional Chargeable Group A Claim - apply factor of 1.310 to the claim rating factor
Each Additional Chargeable Group B Claim - apply factor of 1.070 to the claim rating factor
Each Additional Chargeable Group C Claim - apply factor of 1.180 to the claim rating factor

Underwriting Groups 7-9

# of Chargeable Claims in the past 3 years — Group A

Total Group B and C	# of C	# of B	0	1	2	3	4	5
0	0	0	0.500	0.605	0.793	1.038	1.360	1.782
1	0	1	0.510	0.617	0.808	1.059	1.387	1.817
1	1	0	0.570	0.690	0.904	1.184	1.551	2.031
2	0	2	0.546	0.660	0.865	1.133	1.484	1.945
2	1	1	0.581	0.703	0.922	1.207	1.582	2.072
2	2	0	0.673	0.814	1.066	1.397	1.830	2.397

Each Additional Chargeable Group A Claim - apply factor of 1.310 to the claim rating factor
Each Additional Chargeable Group B Claim - apply factor of 1.070 to the claim rating factor
Each Additional Chargeable Group C Claim - apply factor of 1.180 to the claim rating factor

PENNSYLVANIA
HOMEOWNERS
RATE FACTOR PAGES

Order in Calculation

2 Rate Adjustment Factor:

Factor: 1.763

3 Claim Rating Factor:

To calculate the claim rating factor for additional B claims or C claims, start with the factor for Group A claims and Total of Group B and C claims factor and multiply it by the factor for Each Additional B or C claim located below the table (round to 3 decimal places). Note that the factors will be different for each rating group table.

Example using Rating Group 1:

0 Group A claims, 0 B claim & 1 C claim factor:	0.513		
Each additional B claim factor:	1.070		
Each additional C claim factor:	1.180		
Resulting claim rating factor for each additional B claim:	0.549	=	0.513 x 1.070
Resulting claim rating factor for each additional C claim:	0.605	=	0.513 x 1.180

Underwriting Groups 1-3

# of Chargeable Claims in the past 3 years — Group A

Total Group B and C	# of C	# of B	0	1	2	3	4	5
0	0	0	0.450	0.545	0.713	0.934	1.224	1.604
1	0	1	0.459	0.555	0.728	0.953	1.249	1.636
1	1	0	0.513	0.621	0.813	1.065	1.395	1.828
2	0	2	0.491	0.594	0.778	1.020	1.336	1.750
2	1	1	0.523	0.633	0.829	1.087	1.423	1.865
2	2	0	0.605	0.732	0.960	1.257	1.647	2.157

Each Additional Chargeable Group A Claim - apply factor of 1.310 to the claim rating factor
Each Additional Chargeable Group B Claim - apply factor of 1.070 to the claim rating factor
Each Additional Chargeable Group C Claim - apply factor of 1.180 to the claim rating factor

Underwriting Groups 4-6

# of Chargeable Claims in the past 3 years — Group A

Total Group B and C	# of C	# of B	0	1	2	3	4	5
0	0	0	0.470	0.569	0.745	0.976	1.278	1.675
1	0	1	0.479	0.580	0.760	0.995	1.304	1.708
1	1	0	0.536	0.648	0.849	1.113	1.457	1.909
2	0	2	0.513	0.621	0.813	1.065	1.395	1.828
2	1	1	0.547	0.661	0.866	1.135	1.487	1.947
2	2	0	0.632	0.765	1.002	1.313	1.720	2.253

Each Additional Chargeable Group A Claim - apply factor of 1.310 to the claim rating factor
Each Additional Chargeable Group B Claim - apply factor of 1.070 to the claim rating factor
Each Additional Chargeable Group C Claim - apply factor of 1.180 to the claim rating factor

Underwriting Groups 7-9

# of Chargeable Claims in the past 3 years — Group A

Total Group B and C	# of C	# of B	0	1	2	3	4	5
0	0	0	0.500	0.605	0.793	1.038	1.360	1.782
1	0	1	0.510	0.617	0.808	1.059	1.387	1.817
1	1	0	0.570	0.690	0.904	1.184	1.551	2.031
2	0	2	0.546	0.660	0.865	1.133	1.484	1.945
2	1	1	0.581	0.703	0.922	1.207	1.582	2.072
2	2	0	0.673	0.814	1.066	1.397	1.830	2.397

Each Additional Chargeable Group A Claim - apply factor of 1.310 to the claim rating factor
Each Additional Chargeable Group B Claim - apply factor of 1.070 to the claim rating factor
Each Additional Chargeable Group C Claim - apply factor of 1.180 to the claim rating factor

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Note: Deductible amounts and factor breakouts may change.

17 Deductible Factor:

Amount		Factor 250	250 / 500 WH	250 / 1,000 WH	500	500 / 1,000 WH	750	1000	1500	2000	3000	5000
$40,000	or less	1.000	0.973	0.931	0.929	0.887	0.868	0.817	~~0.737~~	~~0.680~~	~~0.606~~	~~0.528~~
$50,000		1.000	0.973	0.932	0.929	0.888	0.869	0.818	~~0.739~~	~~0.681~~	~~0.607~~	~~0.529~~
$60,000		1.000	0.975	0.936	0.933	0.893	0.874	0.825	~~0.747~~	~~0.689~~	~~0.614~~	~~0.535~~
$70,000		1.000	0.977	0.939	0.935	0.898	0.879	0.832	~~0.755~~	~~0.697~~	~~0.620~~	~~0.540~~
$80,000		1.000	0.978	0.942	0.938	0.903	0.884	0.838	~~0.764~~	~~0.707~~	~~0.629~~	~~0.548~~
$90,000		1.000	0.979	0.945	0.941	0.907	0.889	0.845	~~0.773~~	~~0.719~~	~~0.640~~	~~0.556~~
$100,000		1.000	0.980	0.947	0.942	0.910	0.892	0.849	~~0.779~~	~~0.725~~	~~0.648~~	~~0.563~~
$110,000		1.000	0.980	0.948	0.944	0.912	0.895	0.852	~~0.784~~	~~0.731~~	~~0.654~~	~~0.569~~
$120,000		1.000	0.981	0.949	0.945	0.914	0.897	0.855	~~0.788~~	~~0.736~~	~~0.660~~	~~0.574~~
$130,000		1.000	0.981	0.950	0.946	0.916	0.899	0.858	~~0.792~~	~~0.741~~	~~0.666~~	~~0.580~~
$140,000		1.000	0.982	0.952	0.948	0.918	0.902	0.862	~~0.797~~	~~0.746~~	~~0.673~~	~~0.587~~
$150,000		1.000	0.982	0.953	0.949	0.920	0.904	0.865	~~0.801~~	~~0.752~~	~~0.681~~	~~0.593~~
$160,000		1.000	0.983	0.954	0.951	0.922	0.907	0.869	~~0.806~~	~~0.757~~	~~0.687~~	~~0.600~~
$170,000		1.000	0.983	0.955	0.952	0.924	0.910	0.872	~~0.811~~	~~0.763~~	~~0.694~~	~~0.608~~
$180,000		1.000	0.984	0.956	0.954	0.926	0.912	0.876	~~0.816~~	~~0.769~~	~~0.700~~	~~0.615~~
$200,000		1.000	0.985	0.959	0.956	0.931	0.917	0.882	~~0.825~~	~~0.780~~	~~0.713~~	~~0.629~~
$220,000		1.000	0.985	0.961	0.959	0.934	0.921	0.888	~~0.833~~	~~0.789~~	~~0.723~~	~~0.641~~
$240,000		1.000	0.986	0.963	0.961	0.938	0.925	0.893	~~0.840~~	~~0.797~~	~~0.734~~	~~0.653~~
$260,000		1.000	0.987	0.965	0.963	0.941	0.929	0.899	~~0.847~~	~~0.806~~	~~0.744~~	~~0.665~~
$280,000		1.000	0.988	0.967	0.965	0.944	0.933	0.904	~~0.855~~	~~0.814~~	~~0.754~~	~~0.676~~
$300,000		1.000	0.989	0.969	0.967	0.947	0.937	0.909	~~0.862~~	~~0.823~~	~~0.764~~	~~0.688~~
$350,000		1.000	0.990	0.972	0.971	0.953	0.944	0.919	~~0.875~~	~~0.839~~	~~0.784~~	~~0.710~~
$400,000		1.000	0.991	0.975	0.974	0.958	0.951	0.928	~~0.888~~	~~0.854~~	~~0.801~~	~~0.730~~
$500,000		1.000	0.993	0.978	0.979	0.965	0.960	0.940	~~0.905~~	~~0.875~~	~~0.825~~	~~0.753~~
$600,000		1.000	0.993	0.980	0.982	0.969	0.965	0.947	~~0.916~~	~~0.887~~	~~0.839~~	~~0.773~~
$700,000		1.000	0.994	0.981	0.985	0.972	0.969	0.953	~~0.924~~	~~0.897~~	~~0.851~~	~~0.786~~
$800,000		1.000	0.994	0.982	0.986	0.974	0.972	0.957	~~0.928~~	~~0.902~~	~~0.858~~	~~0.793~~
$900,000		1.000	0.994	0.982	0.987	0.975	0.973	0.960	~~0.932~~	~~0.906~~	~~0.862~~	~~0.798~~
$1,000,000	or more	1.000	0.994	0.982	0.988	0.976	0.975	0.961	~~0.933~~	~~0.908~~	~~0.865~~	~~0.800~~

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17 Deductible Factor:

Amount		Factor 250	250 / 500 WH	250 / 1,000 WH	500	500 / 1,000 WH	750	1000	1500	2000	3000	5000
$40,000	or less	1.000	0.973	0.931	0.929	0.887	0.868	0.817	0.663	0.612	0.545	0.475
$50,000		1.000	0.973	0.932	0.929	0.888	0.869	0.818	0.665	0.613	0.546	0.476
$60,000		1.000	0.975	0.936	0.933	0.893	0.874	0.825	0.672	0.620	0.553	0.482
$70,000		1.000	0.977	0.939	0.935	0.898	0.879	0.832	0.680	0.627	0.558	0.486
$80,000		1.000	0.978	0.942	0.938	0.903	0.884	0.838	0.688	0.636	0.566	0.493
$90,000		1.000	0.979	0.945	0.941	0.907	0.889	0.845	0.696	0.647	0.576	0.500
$100,000		1.000	0.980	0.947	0.942	0.910	0.892	0.849	0.701	0.653	0.583	0.507
$110,000		1.000	0.980	0.948	0.944	0.912	0.895	0.852	0.706	0.658	0.589	0.512
$120,000		1.000	0.981	0.949	0.945	0.914	0.897	0.855	0.709	0.662	0.594	0.517
$130,000		1.000	0.981	0.950	0.946	0.916	0.899	0.858	0.713	0.667	0.599	0.522
$140,000		1.000	0.982	0.952	0.948	0.918	0.902	0.862	0.717	0.671	0.606	0.528
$150,000		1.000	0.982	0.953	0.949	0.920	0.904	0.865	0.721	0.677	0.613	0.534
$160,000		1.000	0.983	0.954	0.951	0.922	0.907	0.869	0.725	0.681	0.618	0.540
$170,000		1.000	0.983	0.955	0.952	0.924	0.910	0.872	0.730	0.687	0.625	0.547
$180,000		1.000	0.984	0.956	0.954	0.926	0.912	0.876	0.734	0.692	0.630	0.554
$200,000		1.000	0.985	0.959	0.956	0.931	0.917	0.882	0.743	0.702	0.642	0.566
$220,000		1.000	0.985	0.961	0.959	0.934	0.921	0.888	0.750	0.710	0.651	0.577
$240,000		1.000	0.986	0.963	0.961	0.938	0.925	0.893	0.756	0.717	0.661	0.588
$260,000		1.000	0.987	0.965	0.963	0.941	0.929	0.899	0.762	0.725	0.670	0.599
$280,000		1.000	0.988	0.967	0.965	0.944	0.933	0.904	0.770	0.733	0.679	0.608
$300,000		1.000	0.989	0.969	0.967	0.947	0.937	0.909	0.776	0.741	0.688	0.619
$350,000		1.000	0.990	0.972	0.971	0.953	0.944	0.919	0.788	0.755	0.706	0.639
$400,000		1.000	0.991	0.975	0.974	0.958	0.951	0.928	0.799	0.769	0.721	0.657
$500,000		1.000	0.993	0.978	0.979	0.965	0.960	0.940	0.815	0.788	0.743	0.678
$600,000		1.000	0.993	0.980	0.982	0.969	0.965	0.947	0.824	0.798	0.755	0.696
$700,000		1.000	0.994	0.981	0.985	0.972	0.969	0.953	0.832	0.807	0.766	0.707
$800,000		1.000	0.994	0.982	0.986	0.974	0.972	0.957	0.835	0.812	0.772	0.714
$900,000		1.000	0.994	0.982	0.987	0.975	0.973	0.960	0.839	0.815	0.776	0.718
$1,000,000	or more	1.000	0.994	0.982	0.988	0.976	0.975	0.961	0.840	0.817	0.779	0.720