

State: Pennsylvania **Filing Company:** Truck Insurance Exchange
TOI/Sub-TOI: 04.0 Homeowners/04.0000 Homeowners Sub-TOI Combinations
Product Name: NGHO
Project Name/Number: PA Next Gen. Rate Change/F-17-PA1

Filing at a Glance

Company: Truck Insurance Exchange
 Product Name: NGHO
 State: Pennsylvania
 TOI: 04.0 Homeowners
 Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations
 Filing Type: Rate
 Date Submitted: 11/15/2016
 SERFF Tr Num: FARM-130808910
 SERFF Status: Assigned
 State Tr Num:
 State Status: Received Review in Progress
 Co Tr Num: RTPA041417

Effective Date Requested (New):
 Effective Date 04/14/2017
 Requested (Renewal):
 Author(s): Jeanette Campion, Janessa Szymczyk, Kathy Thompson, Michael Moore, David Tepper, Matthew York
 Reviewer(s): Jim Di Santo (primary), Michael McKenney
 Disposition Date:
 Disposition Status:
 Effective Date (New):
 Effective Date (Renewal):

 State Filing Description:

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General Information

Project Name: PA Next Gen. Rate Change Status of Filing in Domicile:
 Project Number: F-17-PA1 Domicile Status Comments:
 Reference Organization: Reference Number:
 Reference Title: Advisory Org. Circular:
 Filing Status Changed: 11/16/2016
 State Status Changed: 11/19/2016 Deemer Date:
 Created By: Kathy Thompson Submitted By: Kathy Thompson
 Corresponding Filing Tracking Number:

Filing Description:
 Please see cover letter in Supporting Documentation.

Company and Contact

Filing Contact Information

Michael Moore, michael.moore@farmersinsurance.com
 6301 Owensmouth Ave. 818-965-0662 [Phone]
 Woodland Hills, CA 91367

Filing Company Information

Truck Insurance Exchange	CoCode: 21709	State of Domicile: California
6301 Owensmouth Avenue	Group Code: 69	Company Type:
Woodland Hills, CA 91367	Group Name:	State ID Number:
(818) 965-0662 ext. [Phone]	FEIN Number: 95-2575892	

Filing Fees

Fee Required? No
 Retaliatory? No
 Fee Explanation:

State Specific

*Filing Fee Amount: \$0
 *Date Filing Fee Mailed: N/A
 *Filing Fee Check Number: N/A
 *Filing Fee Check Date: N/A
 *NAIC Number: 21709

SERFF Tracking #:

FARM-130808910

State Tracking #:

Company Tracking #:

RTPA041417

State: Pennsylvania

Filing Company: Truck Insurance Exchange

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Rate Information

Rate data applies to filing.

Filing Method:

Rate Change Type: Increase

Overall Percentage of Last Rate Revision: 6.700%

Effective Date of Last Rate Revision: 04/14/2016

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):
Truck Insurance Exchange	65.800%	11.000%	\$6,147,000	70,330	\$55,883,188	11.500%	0.000%

SERFF Tracking #:

FARM-130808910

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

RTPA041417

State:

Pennsylvania

Filing Company:

Truck Insurance Exchange

TOI/Sub-TOI:

04.0 Homeowners/04.0000 Homeowners Sub-TOI Combinations

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PA Next Gen. Rate Change/F-17-PA1

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):	CoverLetter_HO.pdf
Item Status:	
Status Date:	

Satisfied - Item:	Exhibits
Comments:	
Attachment(s):	Filing Exhibits - Final.pdf Additional Filing Exhibits v2.pdf
Item Status:	
Status Date:	



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November 15, 2016

Honorable Teresa D. Miller
Insurance Commissioner
Pennsylvania Insurance Department
1326 Strawberry Square
Harrisburg, PA 17120

SUBJECT: Homeowners Rate Revision

Dear Commissioner Miller:

We respectfully submit for filing revisions to our Homeowners Rates for Truck Insurance Exchange. Attached are supporting exhibits for this rate review.

The five-year fiscal-accident-year loss experience for Truck Insurance Exchange, brought to current levels and trended, indicates an overall rate change of 65.8%. The selected changes will result in an overall increase of 11.0% or an estimated impact of \$6,147,000.

The following changes have been made to our Homeowners products:

Farmers Next Generation[®] Homeowners:

1. Revision of Base Rates

See Exhibits 1 through 9 for support for our proposed revisions to the Next Generation[®] Homeowners product.

The following supporting exhibits will assist in your review of our proposal:

Exhibit 1 Indicated and Selected Changes by Policy Form

A by-form standard loss ratio analysis of Pennsylvania specific data was performed using the data from April 1, 2011 through March 31, 2016. The complement of credibility applied is the Pennsylvania statewide loss ratio. This exhibit includes all Homeowners products, including Next Generation[®] Homeowners.

Exhibit 2 Calculation of Rate Level Indication

A rate level indication is calculated on a fiscal-accident-year basis using five years of experience, April 1, 2011 through March 31, 2016, valued as of March 31, 2016.

The indications assume an April 14, 2017 effective date. Current level earned premium is projected to an average date of April 14, 2018, and ultimate incurred losses are projected to an average accident date of April 14, 2018.

The overall indication is determined by comparing the Projected Loss, DCC, and A&O Ratio to the Permissible Loss, DCC, and A&O Ratio.

Exhibit 3 Expense Exhibit

This exhibit summarizes underwriting expense for 2012-2014 and the expected expense ratio underlying the Permissible Loss, DCC, and A&O Ratio used in our indication for the period that rates will be in effect.

Exhibit 4 Determination of Premium Trends

We applied an exponential trend procedure to average premium per policy at current rate levels to estimate the average annual change in premium due primarily to increasing amounts of insurance written, distributional shifts in limits, discounts, etc.

Since Pennsylvania is a new exclusive agent state and there is not enough experience for us to have a good estimate of the premium trend, our selection of the premium trend is based on Annual Premium Trend Factor from ISO circular LI-HO-2015-168.

Exhibit 5 Loss Development Exhibits

Commonly accepted loss development methods and procedures are used to derive ultimate losses. Consideration is given to the relative strengths and weaknesses of each of the methods. These methods include, but not limited to, the following:

- Incurred Loss Development (Incurred LDF)
- Paid Loss Development (Paid LDF)

Exhibit 6 Determination of Loss Trends

Exponential trend analysis is performed on non-catastrophe pure premium data.

Since Pennsylvania is a new exclusive agent state and there is not enough experience for us to have a good estimate of the loss trend, our selection of the loss trend is based on Annual Loss Trend Factor from ISO circular LI-HO-2015-168.

Exhibit 7A Determination of Catastrophe Provision

This exhibit shows non-catastrophe Other-Than-Liability-Or-Theft losses, catastrophe Other-Than-Liability-Or-Theft losses, and total Other-Than-Liability-Or-Theft losses for 2011Q2 through 2016Q1. Ratios of total to non-catastrophe Other-Than-Liability-Or-Theft losses are calculated for each quarter in the historical period. The selected catastrophe factor for Other-Than-Liability-Or-Theft is the average of these historical ratios. The selected total catastrophe factor is a weighted average of the selected catastrophe factor for Other-Than-Liability-Or-Theft and 1.0000 for Liability and Theft, based on non-catastrophe ultimate losses for the five years of experience, April 1, 2011 through March 31, 2016.

Exhibit 7B Hurricane Provision

Two models are used in estimation of the hurricane provision: RMS RiskLink v15.0.1 and AIR v3.0. The selected modeled losses in the attached exhibit are an average of the long-term modeled losses from these two models by policy form.

A risk provision for high layer hurricane losses, defined as losses with a probability of attachment of 20% or less, is estimated based on catastrophe bond profit multiples. The

approach is detailed in the presentation “Quantifying Risk Load for Property Catastrophe Exposure- Using Catastrophe Bonds to Infer Risk Premiums, Profit Loads, & Reinsurance Costs” by Paul D. Anderson and Seth A. Goodchild from the 2011 Casualty Actuarial Society Ratemaking and Product Management Seminar (<http://www.casact.org/education/rpm/2011/handouts/rr2-anderson-goodchild.pdf>). A diversification factor is applied to the selected profit multiples to account for the risk diversification benefit within Farmers risk categories. Exhibit 7-b-ii through Exhibit 7-b-iv detail the calculation of the total hurricane provision for state of Pennsylvania.

The total hurricane provision by form is calculated based on the low layer hurricane losses, high layer hurricane losses, and the risk provision for high layer hurricane losses. This total hurricane provision is then divided by the total in-force premium at current rate levels to produce a hurricane loss ratio.

Exhibit 8 Defense and Cost Containment Expense (DCC)

The selected DCC Ratio is a straight average of countrywide incurred DCC to countrywide incurred losses based on five years of experience from 2011 to 2015, excluding California and Texas.

Adjusting and Other Expense (A&O)

The selected A&O Ratio is a straight average of countrywide incurred A&O to countrywide incurred losses based on five years of experience from 2011 to 2015.

We have also provided additional exhibits (Exhibit A through Exhibit E), in accordance with Pennsylvania Bulletin 5779. Since we are a top 20 insurer in the state of Pennsylvania and this rate change is proposing more than a 7.5% rate increase, this additional information will help in your review of our filing.

The following exhibit documents the changes proposed in this filing submission.

Next Generation® Homeowners Exhibits

Exhibit 9 Current and Selected Base Rates

Base rates have been adjusted to address current rate need.

Our proposed renewal effective date for this filing is April 14, 2017. Please indicate our reference numbers listed above when replying to this submission.

If you have any questions on this material or require further information for your analysis, feel free to contact Janessa Szymczyk at (616) 956-2652 or janessa.szymczyk@farmersinsurance.com.

Sincerely,
Truck Insurance Exchange

Janessa Szymczyk
Product Manager
Home Product Management

Truck Insurance Exchange
Pennsylvania

Line of Business: Homeowners Multiple Peril

Rate Level Indication

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)		
				= (1)*(2)*(3)			= (5)*(6)	= (7)/(4)	= (8)*(CAT Factor from Exhibit 7)			
Fiscal	Homeowners	Homeowners	Homeowners	Homeowners	Homeowners	Homeowners	Trended	Projected	Expected	Accident		
Ending in	Earned	Collected	Premium	Earned	Premium	Ultimate	Ultimate	xCAT	Total	Year		
Qtr 1 of	Exposures	Premium	Factor	at Current	Factor	Losses	Losses	Loss Ratio	Loss Ratio	Weights		
2012	1,591	962,100	1.2184	1,172,250	1.0783	1,264,083	288,839	1.2394	357,976	28.3%	35.2%	0.01
2013	7,947	5,022,508	1.2288	6,171,828	1.0660	6,578,994	3,175,198	1.1994	3,808,211	57.9%	72.0%	0.07
2014	19,052	12,972,764	1.1977	15,537,563	1.0537	16,372,645	6,990,852	1.1607	8,113,958	49.6%	61.6%	0.16
2015	35,400	24,819,247	1.1609	28,813,679	1.0417	30,014,072	13,244,820	1.1232	14,876,518	49.6%	61.6%	0.30
2016	55,252	41,017,481	1.1075	45,427,578	1.0297	46,777,398	22,989,356	1.0869	24,988,180	53.4%	66.4%	0.46
(11)	Weighted Loss Ratio:						64.2%					
(12)	DCC as a percentage of Loss:						1.2%					
(13)	A&O as a percentage of Loss:						14.3%					
(14)	Weighted Loss, DCC and A&O:						74.1%					
(15)	Hurricane Provision:						15.6%					
(16)	Weighted Loss, DCC, A&O, and Hurricane Provision:						89.7%					
(17)	Permissible Loss, DCC, and A&O Ratio:						54.1%					
(18)	Statewide Indicated Change:						65.8%					

Truck Insurance Exchange

**Expense Analysis
Pennsylvania**

Homeowners Multiple Peril

(Amounts in Thousands)

Expense Component	2012		2013		2014		Selected
	Amount	%	Amount	%	Amount	%	%
Premiums Written	\$6,375	100.0%	\$15,471.54	100.0%	\$28,588	100.0%	
Commissions and Brokerage	\$943	14.8%	\$2,246	14.5%	\$3,941	13.8%	14.2%
Taxes, Licenses, & Fees	\$154	2.4%	\$419	2.7%	\$704	2.5%	2.4%
Premiums Earned	\$3,722	100.0%	\$10,653.24	100.0%	\$21,378	100.0%	
Other Acquisition & General	\$3,315	89.1%	\$4,276	40.1%	\$8,179	38.3%	17.5%
Other Income less Other Expenses	(\$57)	-1.5%	(\$110)	-1.0%	(\$145)	-0.7%	-0.2%
Total		104.8%		56.3%		53.8%	33.9%

SOURCES

Premiums Written	Financials underlying Annual Statement Page 14 Line 4 column 1
Commissions and Brokerage	Financials underlying Insurance Expense Exhibit Part III Line 4 column 23
Taxes, Licenses, & Fees	Financials underlying Insurance Expense Exhibit Part III Line 4 column 12
Premiums Earned	Financials underlying Annual Statement Page 14 Line 4 column 2
Other Acquisition & General	Financials underlying Insurance Expense Exhibit Part III Line 4 columns 27 and 29
Other Income less Other Expenses	Financials underlying Insurance Expense Exhibit Part III Line 4 column 31

Farmers Insurance Group of Companies

Expense Analysis
CountrywideHomeowners Multiple Peril
(Amounts in Thousands)

Expense Component	2012		2013		2014		Selected %
	Amount	%	Amount	%	Amount	%	
Premiums Written, Countrywide only	\$3,688,438	100.0%	\$3,948,685.72	100.0%	\$3,939,371	100.0%	
Commissions and Brokerage	\$616,694	16.7%	\$636,204	16.1%	\$638,204	16.2%	16.3%
Taxes, Licenses, & Fees	\$81,494	2.2%	\$83,507	2.1%	\$91,926	2.3%	2.3%
Premiums Earned, Countrywide only	\$3,576,949	100.0%	\$3,897,053.65	100.0%	\$3,902,578	100.0%	
Other Acquisition & General	\$524,415	14.7%	\$648,842	16.6%	\$684,652	17.5%	17.4%
Other Income less Other Expenses	(\$14,434)	-0.4%	(\$11,118)	-0.3%	(\$4,807)	-0.1%	-0.2%
Total		33.2%		34.6%		36.0%	35.8%

SOURCES

Premiums Written, Countrywide only	Sum of All Companies For all states Financials underlying Annual Statement Page 14 Line 4 column 1
Commissions and Brokerage	Sum of All Companies For all states Financials underlying Insurance Expense Exhibit Part III Line 4 column 23
Taxes, Licenses, & Fees	Sum of All Companies For all states Financials underlying Insurance Expense Exhibit Part III Line 4 column 12
Premiums Earned, Countrywide only	Sum of All Companies For all states Financials underlying Annual Statement Page 14 Line 4 column 2
Other Acquisition & General	Sum of All Companies For all states Financials underlying Insurance Expense Exhibit Part III Line 4 columns 27 and 29
Other Income less Other Expenses	Sum of All Companies For all states Financials underlying Insurance Expense Exhibit Part III Line 4 column 31

**Truck Insurance Exchange
Pennsylvania**

**Line of Business: Homeowners Multiple Peril
Premium Trend**

<u>Year</u>	<u>Calendar Quarter</u>	<u>Earned Pols</u>	<u>Earned Premium @Current</u>	<u>Average Premium</u>
2011	1	5	52,342	10,646
2011	2	80	25,083	315
2011	3	235	204,557	870
2011	4	486	354,286	729
2012	1	790	588,324	745
2012	2	1,186	918,384	774
2012	3	1,678	1,310,433	781
2012	4	2,245	1,747,507	778
2013	1	2,838	2,195,503	774
2013	2	3,554	2,862,987	805
2013	3	4,342	3,561,752	820
2013	4	5,170	4,265,211	825
2014	1	5,986	4,847,613	810
2014	2	6,994	5,764,154	824
2014	3	8,180	6,568,876	803
2014	4	9,453	7,801,678	825
2015	1	10,773	8,678,971	806
2015	2	12,077	9,888,845	819
2015	3	13,328	11,015,209	826
2015	4	14,432	11,953,944	828
2016	1	15,414	12,569,580	815

Exponential Regression Analysis

Average Premium per Policy

<u>Regression</u>	<u>Trend</u>
16-point	1.6%
Selected	1.2%

**Truck Insurance Exchange
Pennsylvania
Fiscal Accident Years Ending with Qtr 1 of 2016
Losses Developed through Qtr 1 of 2016**

**Homeowners Multiple Peril
xCAT Incurred Losses**

Fiscal Accident Year	<u>As of xx Quarters of Development</u>					
<u>Ending Q1</u>	<u>4</u>	<u>8</u>	<u>12</u>	<u>16</u>	<u>20</u>	
2012	162,998	226,313	232,313	272,313	272,313	
2013	2,667,186	3,291,304	3,250,336	3,158,836		
2014	5,888,466	6,826,755	6,946,800			
2015	10,131,016	12,959,496				
2016	17,104,658					
Fiscal Accident Year	<u>Age-to-Age Development Factors</u>					
<u>Year</u>	<u>4-8</u>	<u>8-12</u>	<u>12-16</u>	<u>16-20</u>		
2012	1.3884	1.0265	1.172	1.000		
2013	1.2340	0.9876	0.972			
2014	1.1593	1.0176				
2015	1.2792					
3-Yr Avg	1.2242	1.0105	1.0720	1.0000	1.0000	
3-Yr Dollar Wtd	1.2350	1.0082	0.9852	1.0000	1.0000	
5-Yr Avg	1.2652	1.0105	1.0720	1.0000	1.0000	
Olympic	1.0000	1.0000	1.0000	1.0000	1.0000	
Tail						
Selected	1.3151	1.0156	1.0011	0.9477	1.0607	1.0000
Age-Ult	1.3440	1.0220	1.0063	1.0052	1.0607	1.0000

Estimated Ultimate Losses

Fiscal Accident Year	Incurred as Qtr 1 <u>2016</u>	Selected Age-Ult <u>Factor</u>	Selected Ultimate <u>Loss</u>
2012	272,313	1.061	288,839
2013	3,158,836	1.005	3,175,198
2014	6,946,800	1.006	6,990,852
2015	12,959,496	1.022	13,244,820
2016	17,104,658	1.344	22,989,356

**Truck Insurance Exchange
Pennsylvania**

Line of Business: Homeowners Multiple Peril

Loss Trend

**All Peril
(xCAT)**

Accident		Earned	Ultimate	Pure
<u>Year</u>	<u>Quarter</u>	<u>Pols</u>	<u>Loss</u>	<u>Premium</u>
			<u>Untrended</u>	
2011	1	5	0	0
2011	2	80	28,063	353
2011	3	235	75,499	321
2011	4	486	58,113	120
2012	1	790	127,164	161
2012	2	1,186	451,683	381
2012	3	1,678	408,010	243
2012	4	2,245	1,854,466	826
2013	1	2,838	461,039	162
2013	2	3,554	2,100,170	591
2013	3	4,342	854,587	197
2013	4	5,170	1,870,535	362
2014	1	5,986	2,165,560	362
2014	2	6,994	2,655,403	380
2014	3	8,180	2,456,496	300
2014	4	9,453	2,697,804	285
2015	1	10,773	5,435,117	504
2015	2	12,077	5,642,557	467
2015	3	13,328	5,222,577	392
2015	4	14,432	4,686,430	325
2016	1	15,414	7,437,792	483

Regression

16-quarter

Historic Selected

Future Selected

**Pure
Premium Trend**

5.3%

3.3%

3.3%

**Truck Insurance Exchange
Pennsylvania**

**Line of Business: Homeowners Multiple Peril
Other-Than-Theft-Or-Liability**

Catastrophe Adjustment

Accident Year	Accident Quarter	Non-CAT Losses	CAT Losses	Total Losses	Total/ Non-CAT
2011	2	12,302	15,720	28,022	2.2778
2011	3	64,971	6,446	71,417	1.0992
2012	4	6,389	0	6,389	1.0000
2012	1	125,094	0	125,094	1.0000
2012	2	422,281	705	422,986	1.0017
2012	3	285,881	135,865	421,746	1.4753
2013	4	1,340,710	0	1,340,710	1.0000
2013	1	387,530	6,129	393,659	1.0158
2013	2	1,850,005	122,430	1,972,434	1.0662
2013	3	726,805	53,351	780,155	1.0734
2014	4	1,747,653	0	1,747,653	1.0000
2014	1	1,935,021	1,478,105	3,413,125	1.7639
2014	2	2,214,654	4,949,449	7,164,103	3.2349
2014	3	1,999,935	162,976	2,162,911	1.0815
2015	4	2,416,822	0	2,416,822	1.0000
2015	1	4,408,184	637,391	5,045,575	1.1446
2015	2	4,330,736	1,306,666	5,637,402	1.3017
2015	3	3,701,830	0	3,701,830	1.0000
2016	4	2,823,439	0	2,823,439	1.0000
2016	1	2,270,633	282,994	2,553,627	1.1246

Dollar Weighted Catastrophe Factor

1.2769

(1) Peril	(2) Catastrophe Factor	(3) Non-CAT Ultimate Loss Fiscal Accident Years 2012-2016
Theft and Liability	1.0000	5,690,225
OTL	1.2769	40,998,841
Total	1.2432	46,689,066

(4) Total Catastrophe Factor 1.2432

**Truck Insurance Exchange
Pennsylvania**

**Line of Business: Homeowners Multiple Peril
Other-Than-Theft-Or-Liability**

Hurricane Provision

(1) Selected Model Losses	8,053,142
(2) In Force Premium at Current	51,695,466
(3) Loss Ratio =(1)/(2)	15.6%

**Truck Insurance Exchange
Pennsylvania
Homeowners
Calculation of Hurricane Provision**

Data assumes policy distribution as of 2016Q1

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
				= (1) x [1.00 + (2) + (3)]	= (4) x 0.0%	= (4) - (5)		= (6) x (7)	= (5) + (6)* + (8)*
<u>Form</u>	<u>Modeled AAL</u>	<u>DCC Ratio For Hurricane</u>	<u>A&O Ratio For Hurricane</u>	<u>Hurricane Loss, DCC and A&O</u>	<u>Expected Low Layer Hurricane Losses</u>	<u>Expected High Layer Hurricane Losses</u>	<u>Profit Multiple For High Layer Hurricane Losses</u>	<u>Risk Provision For High Layer Hurricane Losses</u>	<u>Total Hurricane Provision</u>
NextGen	1,087,752	1.2%	14.3%	1,256,673	0	1,256,673	6.964	8,751,473	8,006,517
Renters	3,187	1.2%	14.3%	3,682	0	3,682	6.964	25,639	23,456
Condo	3,148	1.2%	14.3%	3,636	0	3,636	6.964	25,325	23,169
Total Homeowners	1,094,087	1.2%	14.3%	1,263,991	0	1,263,991	6.964	8,802,437	8,053,142

Note:

1. (*) adjusted for the capital requirements difference among (5), (6) and (7).

Farmers Insurance Group
March 2016 Pennsylvania CAT Bond Exhibit
All Lines of Business, Excluding Auto Property Damage
RMS RiskLink v15.0.1 - Historical (long-term) rates with demand surge.

Probability of Attachment (Percent)	Probability of Exhaustion (Percent)	Modeled Loss Distribution	Selected Profit Multiple
0.0%	0.0%	0.0%	20.30
0.4%	0.0%	38.1%	20.30
1.0%	0.4%	23.4%	6.90
2.0%	1.0%	18.9%	4.60
5.0%	2.0%	17.6%	3.10
10.0%	5.0%	2.0%	2.00
20.0%	10.0%	0.0%	1.10

Diversification Factor: 0.644

Profit Multiple for High Layers: 6.964

Farmers Insurance Group
Countrywide
All Lines of Business, Excluding Auto Property Damage
Catastrophe Bond Profit Multiples

Layer	# of CAT Bonds (2000-2016)	Average of Amount (US \$Mil) (2000-2016)	Average of Profit	Average of Profit	Median of Profit	Mean excluding max	Selection
			Multiple (2000-2016)- Long Term	Multiple (2007 -2016)- Long Term	Multiple (2000-2016)- Long Term	and min (2000-2016)- Long Term	
0.0%~0.06%	9	205	128.96	187.00	100.50	100.34	20.30
0.06%~0.4%	20	77	23.09	44.69	11.39	20.30	20.30
0.4%~1.0%	90	165	7.02	6.87	6.49	7.13	6.90
1.0%~2.0%	147	118	4.71	4.61	4.19	4.75	4.60
2.0%~5.0%	158	130	3.12	3.12	2.87	3.15	3.10
5.0%~10.0%	63	64	1.97	1.97	1.81	2.01	2.00
10.0%~20.0%	13	72	1.17	1.15	1.16	1.28	1.10

Source: Lane Financial LLC, Annual Securitization Reviews

**5-Year Countrywide DCC / A&O
Homeowners Multiple Peril
(\$000s)**

	(1)	(2)	(3)	(4)	(5) = (3)/(1)	(6)	(7)	(8)	(9)	(10) = (8)/(6)
	Countrywide ex. CA, TX	Countrywide ex. CA, TX	Countrywide ex. CA, TX	Countrywide ex. CA, TX		Countrywide	Countrywide	Countrywide	Countrywide	
Calendar Year	Incurring Loss	Paid Loss	Incurring DCC	Paid DCC	DCC Pct	Incurring Loss	Paid Loss	Incurring A&O	Paid A&O	A&O Pct
2011	1,295,042	1,368,222	13,538	21,547	1.0%	2,065,882	2,217,058	320,931	334,800	15.5%
2012	1,167,846	1,205,374	17,367	23,126	1.5%	2,049,585	2,107,070	330,804	329,576	16.1%
2013	1,293,277	1,280,852	13,090	17,788	1.0%	2,140,861	2,128,120	292,537	287,725	13.7%
2014	1,093,282	1,143,061	9,417	15,341	0.9%	1,975,004	1,981,032	273,112	280,361	13.8%
2015	993,665	1,013,852	17,105	16,330	1.7%	2,070,442	1,985,555	255,735	269,897	12.4%
			DCC Average		1.2%			A&O Average		14.3%

Truck Insurance Exchange
Pennsylvania
Next Generation Homeowners
Base Rates
Premium Component

	1	2	3	4	5	6	7
Current	\$181.3100	\$109.3300	\$71.8900	\$210.2800	\$81.7000	\$76.3000	\$10.3700
Selected	\$202.8700	\$122.3300	\$80.4400	\$235.2800	\$91.4100	\$85.3700	\$11.6000

**Truck Insurance Exchange
Pennsylvania**

Impact by Form (Exclusive Agents)

<u>Form</u>	<u>Percentage Change (%)</u>		<u>Dollar Change (\$)</u>
Next Generation Homeowners	11.5%	\$	6,147,000.00
Renters	0.0%	\$	-
Condo	0.0%	\$	-
Total	11.0%	\$	6,147,000.00

**Truck Insurance Exchange
Pennsylvania**

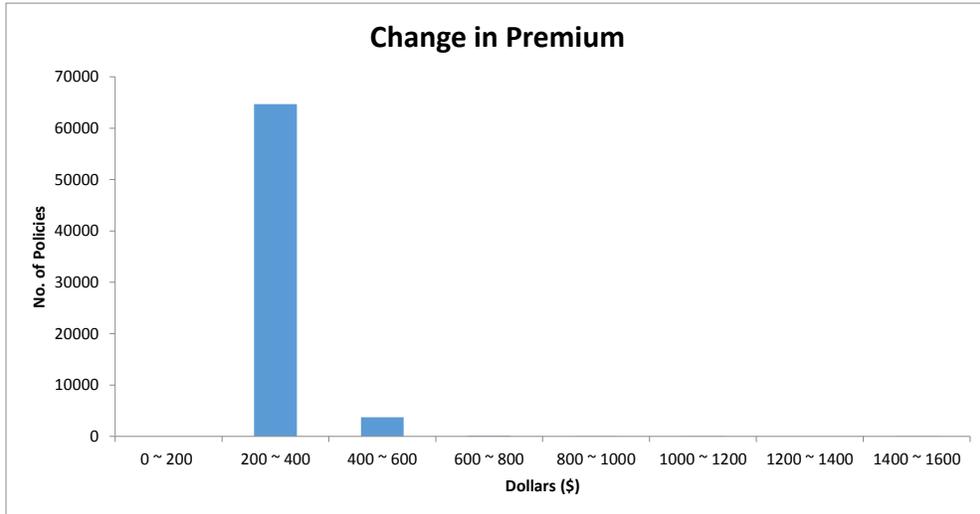
Impact by Form

	<u>Form</u>	<u>Percentage Change (%)</u>	<u>Dollar Change (\$)</u>
Exclusive Agents			
	Next Generation Homeowners	11.5%	\$ 6,147,000.00
	Renters	0.0%	\$ -
	Condo	0.0%	\$ -
Independent Agents			
	Distinct Choice	0.0%	\$ -
Total		10.2%	\$ 6,147,000.00

**Truck Insurance Exchange
Pennsylvania
Next Generation Homeowners**

Impact by Dollar Change

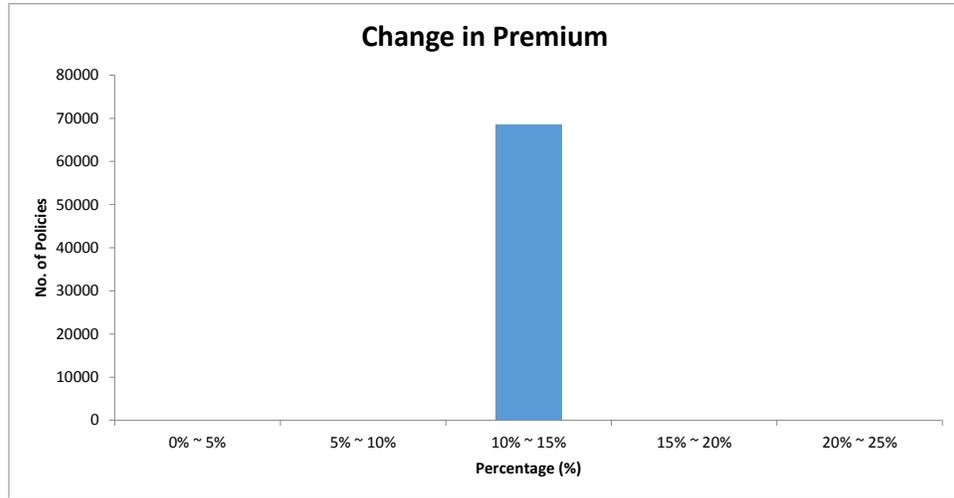
<i>Dollar Change</i>	<i>Policy Count</i>
0 ~ 200	0
200 ~ 400	64699
400 ~ 600	3735
600 ~ 800	124
800 ~ 1000	12
1000 ~ 1200	1
1200 ~ 1400	0
1400 ~ 1600	1



Maximum Change: The maximum dollar impact a policyholder will receive as a result of this rate change is \$1,220.00

**Truck Insurance Exchange
Pennsylvania
Next Generation Homeowners
Impact by Percentage Change**

<i>Percentage Change</i>	<i>Policy Count</i>
0% ~ 5%	0
5% ~ 10%	0
10% ~ 15%	68572
15% ~ 20%	0
20% ~ 25%	0

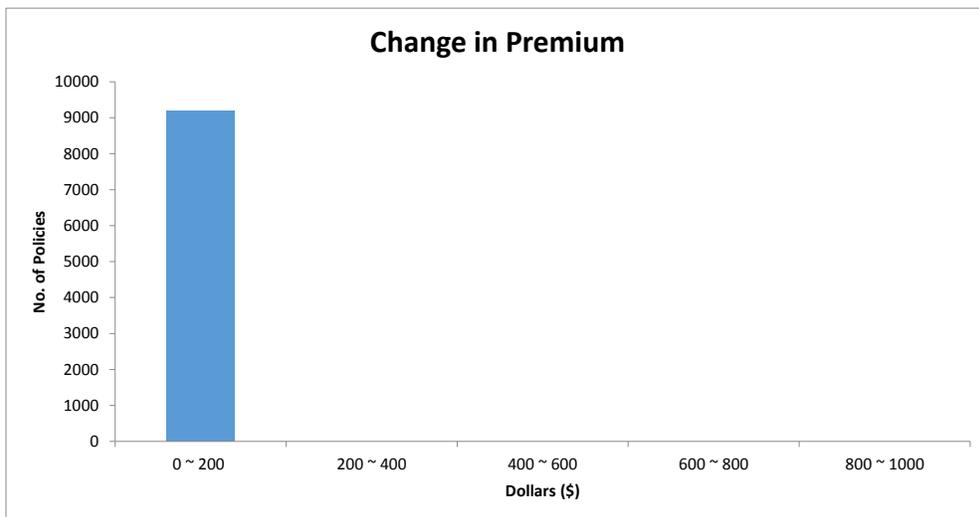


Maximum Change: The maximum percentage impact a policyholder will receive as a result of this rate change is 11.5%

**Truck Insurance Exchange
Pennsylvania
Renters**

Impact by Dollar Change

<i>Dollar Change</i>	<i>Policy Count</i>
0 ~ 200	9196
200 ~ 400	0
400 ~ 600	0
600 ~ 800	0
800 ~ 1000	0

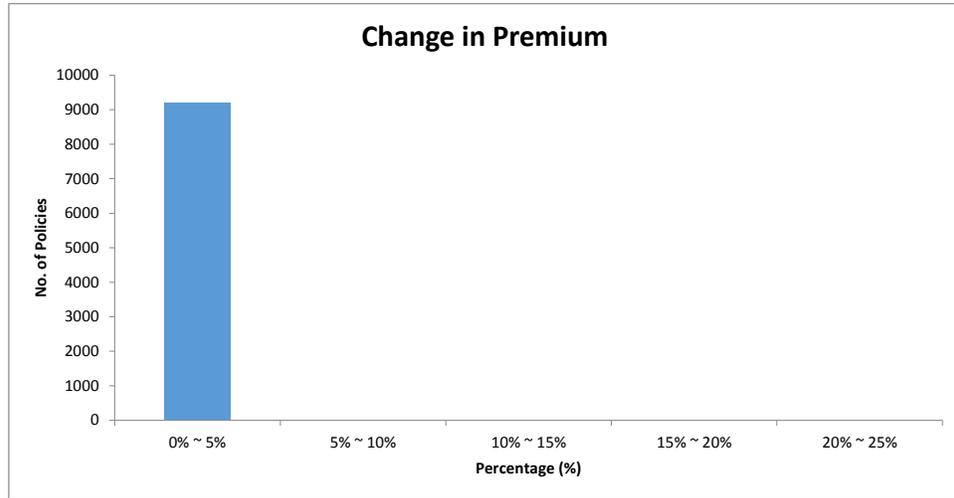


Maximum Change: The maximum dollar impact a policyholder will receive as a result of this rate change is \$0

**Truck Insurance Exchange
Pennsylvania
Renters**

Impact by Percentage Change

<i>Percentage Change</i>	<i>Policy Count</i>
0% ~ 5%	9196
5% ~ 10%	0
10% ~ 15%	0
15% ~ 20%	0
20% ~ 25%	0

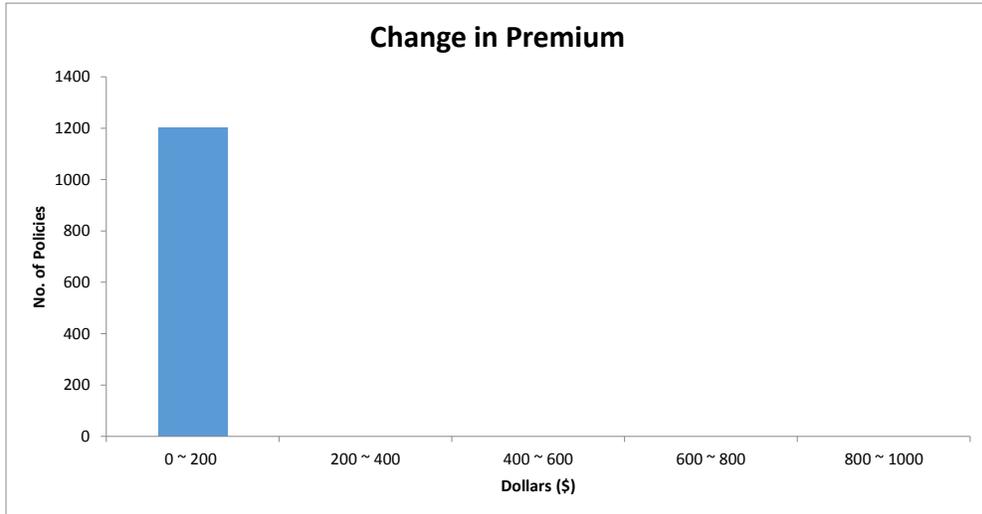


Maximum Change: The maximum percentage impact a policyholder will receive as a result of this rate change is \$0

**Truck Insurance Exchange
Pennsylvania
Condo**

Impact by Dollar Change

<i>Dollar Change</i>	<i>Policy Count</i>
0 ~ 200	1203
200 ~ 400	0
400 ~ 600	0
600 ~ 800	0
800 ~ 1000	0

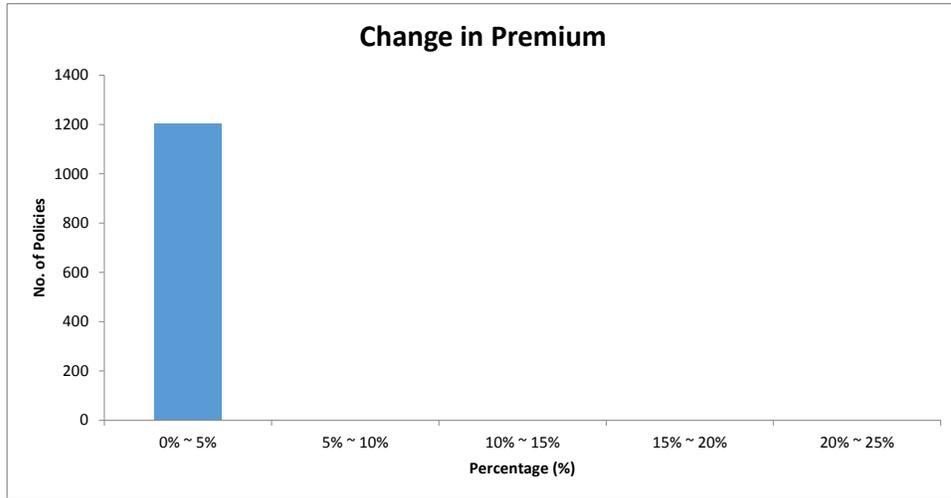


Maximum Change: The maximum dollar impact a policyholder will receive as a result of this rate change is \$0

**Truck Insurance Exchange
Pennsylvania
Condo**

Impact by Percentage Change

<i>Percentage Change</i>	<i>Policy Count</i>
0% ~ 5%	1203
5% ~ 10%	0
10% ~ 15%	0
15% ~ 20%	0
20% ~ 25%	0



Maximum Change: The maximum percentage impact a policyholder will receive as a result of this rate change is \$0

Truck Insurance Exchange

Pennsylvania

<u>Eff. Date</u>	<u>Form</u>	<u>Rate Change Effect (%)</u>	<u>Rate Change Effect (\$)</u>	<u>SERFF #</u>
03/01/2011	Next Generation Homeowners	0.0%	0.00	FARM-126806682
	Renters	0.0%		FARM-126848147
	Condo	0.0%		FARM-126848147
02/26/2013	Next Generation Homeowners	5.6%	71,000.00	FARM-128822377
	Renters	0.0%		-
	Condo	0.0%		-
10/08/2013	Next Generation Homeowners	0.0%	-53,000.00	-
	Renters	-7.8%		FARM-129091204
	Condo	-18.3%		FARM-129091204
03/25/2014	Next Generation Homeowners	3.5%	299,000.00	FARM-129360136
	Renters	0.0%		-
	Condo	0.0%		-
12/09/2014	Next Generation Homeowners	-0.7%	-84,000.00	FARM-129641103
	Renters	0.0%		-
	Condo	0.0%		-
04/14/2015	Next Generation Homeowners	8.5%	1,582,000.00	FARM-129800183
	Renters	0.0%		-
	Condo	0.0%		-
04/14/2016	Next Generation Homeowners	7.0%	2,527,000.00	FARM-130338950
	Renters	0.0%		-
	Condo	0.0%		-

Truck Insurance Exchange**Pennsylvania**

Accident Year	Written
Ending	House Years:
<u>Qtr. 1 of:</u>	
2012	3,311
2013	18,137
2014	31,599
2015	46,048
2016	52,951

Truck Insurance Exchange**Pennsylvania**

Accident Year Ending <u>Qtr. 1 of:</u>	Next Generation Earned <u>House Years:</u>	Renters Earned <u>House Years:</u>	Condo Earned <u>House Years:</u>
2012	1,116	447	28
2013	6,042	1,780	126
2014	15,369	3,406	276
2015	28,964	5,879	557
2016	45,876	8,394	982

Truck Insurance Exchange

Pennsylvania

Accident Year	Next Generation	Next Generation	Renters	Renters	Condo	Condo
Ending	Collected	Premium	Collected	Premium	Collected	Premium
<u>Qtr. 1 of:</u>	<u>Earned Premium</u>	<u>At Current</u>	<u>Earned Premium</u>	<u>At Current</u>	<u>Earned Premium</u>	<u>At Current</u>
2012	848,258	1,068,796	99,475	91,716	14,367	11,738
2013	4,584,585	5,774,463	376,959	347,557	60,964	49,807
2014	12,169,899	14,800,647	684,596	637,827	118,269	99,090
2015	23,504,988	27,514,872	1,092,603	1,082,051	221,656	216,756
2016	39,084,684	43,494,780	1,521,069	1,521,069	411,728	411,728

