

Filing at a Glance

Company: Allstate Indemnity Company
Product Name: Mobile Home
TOI: 04.0 Homeowners
Sub-TOI: 04.0002 Mobile Homeowners
Filing Type: Rate

SERFF Tr Num: ALSX-125220261 State: Arkansas
SERFF Status: Closed State Tr Num: AR-PC-07-025260
Co Tr Num: R18289 State Status:
Co Status: Reviewer(s): Becky Harrington,
Betty Montesi
Author: SPI AllState Disposition Date: 07-27-2007
Date Submitted: 06-28-2007 Disposition Status: Filed
Effective Date Requested (New): 08-06-2007 Effective Date (New): 09-03-2007
Effective Date Requested (Renewal): 09-20-2007 Effective Date (Renewal): 10-18-2007

General Information

Project Name: Rate Filing
Project Number: R18289
Reference Organization:
Reference Title:
Filing Status Changed: 07-27-2007
State Status Changed: 06-28-2007
Corresponding Filing Tracking Number:
Filing Description:

Status of Filing in Domicile: Not Filed
Domicile Status Comments:
Reference Number:
Advisory Org. Circular:
Deemer Date:

Allstate has again purchased countrywide catastrophe aggregate excess reinsurance agreements to mitigate our exposure to catastrophic losses. One agreement has a one year term, effective 6/1/2007 to 5/31/2008, and the other agreement has a two year term, effective 6/1/2007 to 5/31/2009. The one year term agreement has been 15% placed and the two year term agreement has been 80% placed, leaving Allstate the option of placing an additional 15% in year two. Together the catastrophe aggregate excess reinsurance agreements will apply to Allstate and Encompass brand personal auto and personal property policies nationwide (excluding Florida), providing coverage for the term 6/1/2007 to 5/31/2008 of 95% of the first \$2 billion in excess of \$2 billion of retained losses from storms named or numbered by the National Weather Service, earthquakes, and fire following earthquakes, subject to the terms, conditions, and limitations set forth in these agreements. These agreements replace Allstate's countrywide catastrophe aggregate excess reinsurance agreement that was effective from June 1, 2006 to May 31, 2007.

With this filing, information is provided to support the revision of the distinct charge to cover the fire following an earthquake portion of the net cost of reinsurance in Allstate Insurance Company for the Manufactured Home program in the state of Arkansas. The net cost of reinsurance is equal to the reinsurance premium paid, less expected reinsurance recoveries under the contract.

Allstate's decreased reinsurance cost will be reflected by revising the reinsurance rate adjustment factor in the rate calculation for the Owners program. The factor is currently 1.000 for Manufactured Homes. The revised reinsurance rate adjustment factor will apply to the calculation of the reinsurance charge for all policies and will therefore have the same effect as a reinsurance base rate change. The proposed reinsurance rate adjustment factor is 0.745.

The target effective date for new business written is August 06, 2007 and renewal business effective September 20, 2007.

Company and Contact

Filing Contact Information

Carrie Deppe, Assistant State Filings Manager cdepp@allstate.com
2775 Sanders Road (847) 402-2774 [Phone]
Northbrook, IL 60062 (847) 402-9757[FAX]

Filing Company Information

Allstate Indemnity Company	CoCode: 19240	State of Domicile: Illinois
2775 Sanders Road	Group Code: 8	Company Type:
Suite A5		
Northbrook, IL 60062	Group Name: Allstate	State ID Number:
(847) 402-5000 ext. [Phone]	FEIN Number: 36-6115679	

Filing Fees

Fee Required?	Yes
Fee Amount:	\$100.00
Retaliatory?	No
Fee Explanation:	rate filing
Per Company:	No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
Allstate Indemnity Company	\$100.00	06-28-2007	14373570

Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Filed	Becky Harrington	07-27-2007	07-27-2007

Objection Letters and Response Letters

Objection Letters

Status	Created By	Created On	Date Submitted
Pending Industry Response	Becky Harrington	06-29-2007	06-29-2007

Response Letters

Responded By	Created On	Date Submitted
SPI AllState	07-25-2007	07-25-2007

Disposition

Disposition Date: 07-27-2007

Effective Date (New): 09-03-2007

Effective Date (Renewal): 10-18-2007

Status: Filed

Comment:

Company Name:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Premium:	Maximum % Change (where required):	Minimum % Change (where required):	Overall % Indicated Change:
Allstate Indemnity Company	0.000%	\$0	2,722	\$1,404,590	0.000%	0.000%	0.000%

Item Type	Item Name	Item Status	Public Access
Supporting Document	Uniform Transmittal Document-Property & Casualty	Filed	Yes
Supporting Document	NAIC Loss Cost Filing Document for OTHER than Workers' Comp	Filed	Yes
Supporting Document	Support_R18289	Filed	Yes
Supporting Document	Response to 06.29.07 Objection	Filed	Yes
Rate <i>(revised)</i>	CheckingListR18289A#1	Filed	Yes
Rate	CheckingListR18289		Yes
Rate <i>(revised)</i>	ManualR18289A#1	Filed	Yes
Rate	ManualR18289		Yes

Objection Letter

Objection Letter Status Pending Industry Response
Objection Letter Date 06-29-2007
Submitted Date 06-29-2007

Dear Carrie Deppe,

This will acknowledge receipt of the captioned filing.

Objection 1

- Support_R18289 (Supporting Document)

Comment: The after tax operation profit appears excessive. Please explain the change from the previous filing.

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

Please feel free to contact me if you have questions.

Sincerely,

Becky Harrington

Response Letter

Response Letter Status Submitted to State
Response Letter Date 07-25-2007
Submitted Date 07-25-2007

Dear Becky Harrington,

Comments: Response to June 29, 2007 objection letter

Response 1

Comments: Attached is our response, revised manual page, and revised checking list.

Related Objection 1

Applies to:

- Support_R18289 (Supporting Document)

Comment: The after tax operation profit appears excessive. Please explain the change from the previous filing.

Supporting Document Schedule Item Changes

Satisfied -Name: Response to 06.29.07 Objection

Comment:

No Form Schedule items changed.

Rate/Rule Schedule Item Changes

Exhibit Name	Rule # or Page #	Rate Action	Previous State Filing #
CheckingListR18289A#1	R18289	Replacement	

Created by SERFF on 07-27-2007 08:18 AM

ManualR18289A#1

R18289

Replacement

AR-PC-06-020748

Created by SERFF on 07-27-2007 08:18 AM

If you have any questions, please feel free to contact me at 847-402-2774.

Sincerely,

Carrie Deppe

Sincerely,

SPI AllState

Rate Information

Rate data applies to filing.

Filing Method:

File and Use

Rate Change Type:

Neutral

Overall Percentage of Last Rate Revision:

0.000%

Effective Date of Last Rate Revision:

09-04-2006

Filing Method of Last Filing:

File and Use

Company Rate Information

Company Name:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Premium:	Maximum % Change (where required):	Minimum % Change (where required):	Overall % Indicated Change:
Allstate Indemnity Company	0.000%	\$0	2,722	\$1,404,590	0.000%	0.000%	0.000%

Rate/Rule Schedule

Review Status:	Exhibit Name:	Rule # or Page #:	Rate Action	Previous State Filing Number:	Filing Attachments
Filed	CheckingListR18289A #1	R18289	Replacement		R18289.PDF
Filed	ManualR18289A#1	R18289	Replacement	AR-PC-06-020748	R18289.PDF

CHECKING LIST FOR MANUFACTURED HOME

Printing dates are shown on each page to facilitate identification of different editions, but have no direct connection with the effective date of the page.

RATE PAGE CALCULATION OPTIONS

Enclosed: Page IMHRC-1 dated 7-2-07

Withdrawn: Page IMHRC-1 dated 7-1-07

The premium calculations should be done in the following order:

1. Determine the \$250 deductible Package Premium for Class 1 Manufactured Home from the State Rate Pages according to the Territorial Zone. Penny round.
2. Apply the appropriate tie down status factor from the State Rate Pages. Penny round.
3. Apply the appropriate park size factor from the State Rate Pages. Penny round.
4. Apply the appropriate amount of insurance from the State Rate Pages.
5. Apply the appropriate deductible factor, as shown in the Rate Factor Pages.
6. Out-of-Park Surcharge – Multiply by the appropriate factor shown in the Rate Factor Pages.
7. Rating Group – Multiply by the appropriate factor shown in the Rate Factor Pages.
8. Original Owner Discount – Multiply by the appropriate factor shown in the Rate Factor Pages.
9. Age of Manufactured Home Factor - Multiply by the appropriate factor shown in the Rate Factor Pages.
10. Personal Property Reimbursement Provision – Multiply by the appropriate factor shown in the Rate Factor Pages.
11. Protective Device Discount - Multiply by the appropriate factor shown in the Rate Factor Pages.
12. 55 and Retired Discount - Multiply by the appropriate factor shown in the Rate Factor Pages.
13. Multiple Policy Discount – Multiply by the appropriate factor shown in the Rate Factors Pages.
14. For Class 2 Manufactured Homes, apply the Class 2 factor shown in the Rate Factor Pages.
15. The Good Hands People® Discount - Multiply by the appropriate factor shown in the Rate Factor Pages.
16. Excess Dwelling Endorsement Factor – Multiply by the appropriate factor shown in the Rate Factor Pages.
17. Add the appropriate Reinsurance Charge. Determine the charge as follows:
 - a. Determine the appropriate Base Reinsurance Charge from the Reinsurance Charge Pages.
 - b. Multiply the appropriate charge by a Reinsurance Rate Adjustment Factor of 0.724 (round to three decimals).
 - c. Multiply by the appropriate Coverage A Reinsurance Limit Factor as shown in the Reinsurance Charge Pages (penny round).

Supporting Document Schedules

Satisfied -Name: Uniform Transmittal Document-Property & Casualty	Review Status: Filed	07-27-2007
Comments:		
Attachments: AR - NAIC P&C TRANSMITTAL DOCUMENT.PDF AR - NAIC RATE RULE FILING SCHEDULE.PDF		
Satisfied -Name: NAIC Loss Cost Filing Document for OTHER than Workers' Comp	Review Status: Filed	07-27-2007
Comments:		
Attachment: StateFilingForms01 - NAIC Loss Cost Data Entry.PDF		
Satisfied -Name: Support_R18289	Review Status: Filed	07-27-2007
Comments:		
Attachment: Support_R18289.PDF		
Satisfied -Name: Response to 06.29.07 Objection	Review Status: Filed	07-27-2007
Comments:		
Attachment: Response to 06_29_07 Objection.PDF		

Property & Casualty Transmittal Document

1. Reserved for Insurance Dept. Use Only	2. Insurance Department Use only a. Date the filing is received: b. Analyst: c. Disposition: d. Date of disposition of the filing: e. Effective date of filing: <table style="width: 100%; border: none;"> <tr> <td style="width: 50%; border: none;">New Business</td> <td style="border: none;"></td> </tr> <tr> <td style="border: none;">Renewal Business</td> <td style="border: none;"></td> </tr> </table> f. State Filing #: g. SERFF Filing #: h. Subject Codes	New Business		Renewal Business	
New Business					
Renewal Business					

3. Group Name	Group NAIC #
Allstate	008

4. Company Name(s)	Domicile	NAIC #	FEIN #	State #
Allstate Indemnity Company	IL	19240	36-6115679	

5. Company Tracking Number	R18289
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Contact Info of Filer(s) or Corporate Officer(s) [include toll-free number]

6.	Name and address	Title	Telephone #s	FAX #	e-mail
	Carrie M. Deppe 2775 Sanders Road, Suite A5 Northbrook IL 60062	Assistant State Filings Manager	800-366-2958 Ext. 22774	847-402-9757	cdepp@allstate.com

7.	Signature of authorized filer	
8.	Please print name of authorized filer	Carrie M. Deppe

Filing Information (see General Instructions for descriptions of these fields)

9.	Type of Insurance (TOI)	04.0 Homeowners
10.	Sub-Type of Insurance (Sub-TOI)	04.0002 Mobile Homeowners
11.	State Specific Product code(s) (if applicable) [See State Specific Requirements]	
12.	Company Program Title (Marketing Title)	Mobile Homeowners
13.	Filing Type	<input checked="" type="checkbox"/> Rate/Loss Cost <input type="checkbox"/> Rules <input type="checkbox"/> Rates/Rules <input type="checkbox"/> Forms <input type="checkbox"/> Combination Rates/Rules/Forms <input type="checkbox"/> Withdrawal <input type="checkbox"/> Other (give description)
14.	Effective Date(s) Requested	New: 08/06/2007 Renewal: 09/20/2007
15.	Reference Filing?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
16.	Reference Organization (if applicable)	Not applicable
17.	Reference Organization # & Title	Not applicable
18.	Company's Date of Filing	June 28, 2007
19.	Status of filing in domicile	<input checked="" type="checkbox"/> Not Filed <input type="checkbox"/> Pending <input type="checkbox"/> Authorized <input type="checkbox"/> Disapproved

Property & Casualty Transmittal Document

20.	This filing transmittal is part of Company Tracking #	R18289
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21.	Filing Description [This area can be used in lieu of a cover letter or filing memorandum and is free-form text]
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Allstate has again purchased countrywide catastrophe aggregate excess reinsurance agreements to mitigate our exposure to catastrophic losses. One agreement has a one year term, effective 6/1/2007 to 5/31/2008, and the other agreement has a two year term, effective 6/1/2007 to 5/31/2009. The one year term agreement has been 15% placed and the two year term agreement has been 80% placed, leaving Allstate the option of placing an additional 15% in year two. Together the catastrophe aggregate excess reinsurance agreements will apply to Allstate and Encompass brand personal auto and personal property policies nationwide (excluding Florida), providing coverage for the term 6/1/2007 to 5/31/2008 of 95% of the first \$2 billion in excess of \$2 billion of retained losses from storms named or numbered by the National Weather Service, earthquakes, and fire following earthquakes, subject to the terms, conditions, and limitations set forth in these agreements. These agreements replace Allstate's countrywide catastrophe aggregate excess reinsurance agreement that was effective from June 1, 2006 to May 31, 2007.

With this filing, information is provided to support the revision of the distinct charge to cover the fire following an earthquake portion of the net cost of reinsurance in Allstate Insurance Company for the Manufactured Home program in the state of Arkansas. The net cost of reinsurance is equal to the reinsurance premium paid, less expected reinsurance recoveries under the contract.

Allstate's decreased reinsurance cost will be reflected by revising the reinsurance rate adjustment factor in the rate calculation for the Owners program. The factor is currently 1.000 for Manufactured Homes. The revised reinsurance rate adjustment factor will apply to the calculation of the reinsurance charge for all policies and will therefore have the same effect as a reinsurance base rate change. The proposed reinsurance rate adjustment factor is 0.745.

The target effective date for new business written is August 06, 2007 and renewal business effective September 20, 2007.

22.	Filing Fees (Filer must provide check # and fee amount if applicable.) [If a state requires you to show how you calculated your filing fees, place that calculation below]
Check #:	Not applicable. Fee will be paid via Electronic Funds Transfer.
Amount:	\$100.00
	rate filing
Refer to each state's checklist for additional state specific requirements or instructions on calculating fees.	

***Refer to each state's checklist for additional state specific requirements (i.e. # of additional copies required, other state specific forms, etc.)

PROPERTY & CASUALTY RATE/RULE FILING SCHEDULE

(This form must be provided ONLY when making a filing that includes rate-related items such as Rate; Rule; Rate & Rule; Reference; Loss Cost; Loss Cost & Rule or Rate, etc.)

(Do not refer to the body of the filing for the component/exhibit listing, unless allowed by state.)

1.	This filing transmittal is part of Company Tracking #	R18289
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2.	This filing corresponds to form filing number (Company tracking number of form filing, if applicable)	Not applicable
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Rate Increase
 Rate Decrease
 Rate Neutral (0%)

3.	Filing Method (Prior Approval, File & Use, Flex Band, etc.)	File and Use
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4a. Rate Change by Company (As Proposed)							
Company Name	Overall % Indicated Change (when Applicable)	Overall % Rate Impact	Written Premium Change for this program	# of policyholders affected for this program	Written premium for this program	Maximum %Change (where required)	Minimum %Change (where required)
Allstate Indemnity Company	0	0	0	2722	1404590		

4b. Rate Change by Company (As Accepted) For State Use Only							
Company Name	Overall % Indicated Change (when Applicable)	Overall % Rate Impact	Written Premium Change for this program	# of policyholders affected for this program	Written premium for this program	Maximum %Change (where required)	Minimum %Change (where required)

5. Overall Rate Information (Complete for Multiple Company Filings only)			
		COMPANY USE	STATE USE
5a.	Overall percentage rate indication(when applicable)		
5b.	Overall percentage rate impact for this filing		
5c.	Effect of Rate Filing – Written premium change for this program		
5d.	Effect of Rate Filing - Number of policyholders affected		

6.	Overall percentage of last rate revision	0
7.	Effective Date of last rate revision	09/04/2006
8.	Filing Method of Last filing (Prior Approval, File & Use, Flex Band, etc.)	File and Use

9.	Rule # or Page # Submitted for Review	Replacement or withdrawn?	Previous state filing number, if required by state
01	Please refer to checking list	<input type="checkbox"/> New <input checked="" type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	AR-PC-06-020748
02		<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	
03		<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	

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

1.	This filing transmittal is part of Company Tracking #	R18289
2.	If filing is an adoption of an advisory organization loss cost filing, give name of Advisory Organization and Reference/ Item Filing Number	N/A

Company Name		Company NAIC Number	
3.	A.	Allstate Indemnity Company	B. 19240

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

5.

(A) COVERAGE (See Instructions)	(B) Indicated % Rate Level Change	(C) Requested % Rate Level Change	FOR LOSS COSTS ONLY				
			(D) Expected Loss Ratio	(E) Loss Cost Modification Factor	(F) Selected Loss Cost Multiplier	(G) Expense Constant (If Applicable)	(H) Co. Current Loss Cost Multiplier
Manufactured Homes	N/A	N/A	59.0%	N/A	N/A	41.0%	N/A
TOTAL OVERALL EFFECT							

6. 5 Year History Rate Change History

Year	Policy Count	% of Change	Effective Date	State Earned Premium (000)	Incurred Losses (000)	State Loss Ratio	Countrywide Loss Ratio
2005		N/A	5/30/2005	18,550	6,458	34.8	110.9
2004				N/A	N/A		
2003				N/A	N/A		
2002				N/A	N/A		
2001				N/A	N/A		

7.

Expense Constants	Selected Provisions
A. Total Production Expense	17.9
B. General Expense	4.8
C. Taxes, License & Fees	3.0
D. Underwriting Profit & Contingencies	15.3
E. Other (explain)	
F. TOTAL	

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

**ALLSTATE INSURANCE GROUP
MOBILEHOME
ARKANSAS**

DEVELOPMENT OF THE AVERAGE INDICATED REINSURANCE CHARGE

With this filing, Allstate is revising the distinct charge to cover the net cost of reinsurance for fire following an earthquake in Arkansas. The net cost of reinsurance is equal to the reinsurance premium paid, which includes premium for a countrywide reinsurance contract, less expected reinsurance recoveries under this contract, and represents the incremental cost to Allstate of the contract. This is the net cost for Allstate Insurance Group as allocation to the company level was not available. Net cost figures were only available at the state and line level.

The reinsurance premium, net of expected Benfield Inc.'s premium adjustment provision, has been distributed to the individual states and lines in proportion to their expected loss recovery. Allstate has relied on expected loss recoveries provided by Benfield Inc. These expected losses have been loaded, by Benfield Inc., with Allstate's loss adjustment expense. The inclusion of this adjustment increases the expected recoveries under the contract, resulting in a lower net cost of reinsurance. Note: The adjustment was applied to gross modeled losses, then the terms of the contract were applied to determine expected loss recoveries.

Additionally, the countrywide annual aggregate reinsurance contract premiums displayed in this filing represent the current cost of this contract. However, the final costs may increase, remain unchanged or decrease, based on Allstate's exposures as of June 30, 2007 and December 31, 2007.

This packet further displays, in greater detail, the determination of the indicated reinsurance charge per Amount of Insurance Year (AIY)* for the Owners line.

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

**ALLSTATE INSURANCE GROUP
MANUFACTURED HOME
ARKANSAS**

**DETERMINATION OF THE AVERAGE INDICATED REINSURANCE CHARGE
EXPLANATORY MEMORANDUM**

Page 4 shows the development of the indicated reinsurance charge. An explanation, with references to the supporting exhibit, is provided below.

1. Reinsurance Premium:
Reinsurance premium paid, net of expected Benfield Inc. premium adjustment provision.
2. Loss Savings Due to Reinsurance:
Provided loss recoveries under the reinsurance contracts.
3. Net Cost of Reinsurance: (1) - (2)
Provided loss recoveries are subtracted from the reinsurance premium to determine the net cost of reinsurance.
4. 2007 Reinsurance Expense Provision per 2006 AIY Distributions:
Allstate calculated a reinsurance expense provision per AIY in 2006 of 0.041 by dividing the 2006 net cost of reinsurance by the expected AIYs associated with the reinsurance contracts effective 6/1/2006 to 5/31/2007. To reflect this reinsurance expense provision in terms of the 2007 net cost of reinsurance, the 0.041 is multiplied by the change in the net cost of reinsurance between years 2006 and 2007. [$0.041 * (\$312,177 / \$289,950)$]
5. Commissions, Taxes, and Profit Ratio:
Expense ratio for commissions, taxes, and profit. **Page 5** details the expense ratios.
6. Reinsurance Charge per 2006 AIY Distributions:
This line shows the charge per AIY, by loading the reinsurance expense provision per AIY, (4) / [1 - line (5)], with commissions, taxes, and profit.
7. Allstate's Expected Recovery of the Net Cost of Reinsurance:
This is the amount of the net cost of reinsurance Allstate would recover assuming the 2006 base rates applied to expected AIY distributions associated with the reinsurance contracts effective 6/1/2007 to 5/31/2008.
8. Reinsurance Rate Adjustment Factor:
To attain the Reinsurance Charge per AIY shown in Line (6), Allstate will revise the reinsurance rate adjustment factor. The revised reinsurance rate adjustment factor will apply to the calculation of the reinsurance charge for all policies and will therefore have the same effect as a reinsurance base rate change. However, Line (6) is the reinsurance charge needed assuming an AIY distribution associated with the reinsurance contracts effective 6/1/2006 to 5/31/2007.

To accurately reflect distributional AIY shifts that have occurred, the reinsurance rate adjustment factor was calculated by applying the commissions, taxes, and profit to the net cost of reinsurance and comparing it to the expected recovery of the net cost of reinsurance found in Line (7).

*1 AIY = One Amount of Insurance Year
= \$1,000 of Coverage in Force for One Year.

**ALLSTATE INSURANCE GROUP
 MANUFACTURED HOME
 ARKANSAS
 DETERMINATION OF THE AVERAGE INDICATED REINSURANCE CHARGE**

	<u>2007</u>
1. Reinsurance Premium	\$5,982
2. Loss Savings Due to Reinsurance	\$594
3. Net Cost of Reinsurance	\$5,388
4. 2007 Reinsurance Expense Provision per 2006 AIY Distributions	0.072
5. Commissions, Taxes, and Profit Ratio	26.4%
6. Reinsurance Charge Per 2006 AIY Distribution (4) / [1 - (5)]	0.098
7. Allstate's Expected Recovery of the Net Cost of Reinsurance	\$9,830
8. Reinsurance Rate Adjustment Factor [(3) / (1 - (5))] / (7)	0.745

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

**ALLSTATE INSURANCE GROUP
MANUFACTURED HOME
ARKANSAS
COMMISSIONS, TAXES, AND PROFIT RATIO USED IN THE
DETERMINATION OF THE AVERAGE INDICATED REINSURANCE CHARGE**

	Provision in Rate
Commission and Brokerage	13.5%
Taxes, Licenses and Fees *	3.1%
Underwriting Profit**	9.8%
	<hr/> <hr/>
Commissions, Taxes, and Profit Ratio	26.4%

* State Taxes - Does not include Federal Income Tax

** Reflects a Total After-Tax Operating Profit of 10.20%

**ALLSTATE INDEMNITY COMPANY
MANUFACTURED HOMES
ARKANSAS**

RESPONSE TO DOI OBJECTION

OBJECTION:

The After-Tax Operating Profit used in the determination of the average indicated reinsurance charge and permissible loss ratio has approximately doubled from that of the previous filing and appears excessive. Explain and provide the pre-tax provision amount.

Regarding the distinct charge for the net cost of reinsurance, in order to expedite the approval of filing R18289, Allstate has selected a reinsurance rate adjustment factor of 0.724. This selection is consistent with the reinsurance rate adjustment factor developed using an after-tax underwriting profit of 5% (7.7% pre-tax), which is the profit requested by the Arkansas Department of Insurance last year with regard to Allstate filing R17524. The development of the net cost of reinsurance using a 5% after-tax underwriting profit provision is shown on Exhibit 1.

The target effective date for new business has been revised to September 3, 2007 and the target effective date for renewal business has been revised to October 18, 2007.

**ALLSTATE INSURANCE GROUP
MANUFACTURED HOME
ARKANSAS
DETERMINATION OF THE AVERAGE REINSURANCE CHARGE**

	Indicated Average Reinsurance <u>Charge</u>	Average Reinsurance Charge Using 5% After-Tax Underwriting <u>Profit Provision</u>	<u>Selected</u>
1. Reinsurance Premium	\$5,982	\$5,982	
2. Loss Savings Due to Reinsurance	\$594	\$594	
3. Net Cost of Reinsurance	\$5,388	\$5,388	
4. 2007 Reinsurance Expense Provision per 2006 AIY* Distributions	0.072	0.072	
5. Commissions, Taxes, and Profit Ratio	26.4%	24.3%**	
6. Reinsurance Charge per 2006 AIY Distribution (4) / [1 - (5)]	0.098	0.095	
7. Allstate's Expected Recovery of the Net Cost of Reinsurance	9830	9830	
8. Reinsurance Rate Adjustment Factor [(3) / (1 - (5))] / (7)	0.745	0.724	0.724

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

** Commissions Provision: 13.5%
Taxes, Licenses, and Fees: 3.1%
Pre-tax Underwriting Profit: 7.7%

Superseded Attachments

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

Original Date:	Schedule	Document Name	Replaced Date	Attach Document
No original date	Rate and Rule	CheckingListR18289	06-28-2007	R18289.PDF
No original date	Rate and Rule	ManualR18289	06-28-2007	R18289.PDF

CHECKING LIST FOR MANUFACTURED HOME

Printing dates are shown on each page to facilitate identification of different editions, but have no direct connection with the effective date of the page.

RATE PAGE CALCULATION OPTIONS

Enclosed: Page IMHRC-1 dated 7-1-07

Withdrawn: Page IMHRC-1 dated 9-1-06

The premium calculations should be done in the following order:

1. Determine the \$250 deductible Package Premium for Class 1 Manufactured Home from the State Rate Pages according to the Territorial Zone. Penny round.
2. Apply the appropriate tie down status factor from the State Rate Pages. Penny round.
3. Apply the appropriate park size factor from the State Rate Pages. Penny round.
4. Apply the appropriate amount of insurance from the State Rate Pages.
5. Apply the appropriate deductible factor, as shown in the Rate Factor Pages.
6. Out-of-Park Surcharge – Multiply by the appropriate factor shown in the Rate Factor Pages.
7. Rating Group – Multiply by the appropriate factor shown in the Rate Factor Pages.
8. Original Owner Discount – Multiply by the appropriate factor shown in the Rate Factor Pages.
9. Age of Manufactured Home Factor - Multiply by the appropriate factor shown in the Rate Factor Pages.
10. Personal Property Reimbursement Provision – Multiply by the appropriate factor shown in the Rate Factor Pages.
11. Protective Device Discount - Multiply by the appropriate factor shown in the Rate Factor Pages.
12. 55 and Retired Discount - Multiply by the appropriate factor shown in the Rate Factor Pages.
13. Multiple Policy Discount – Multiply by the appropriate factor shown in the Rate Factors Pages.
14. For Class 2 Manufactured Homes, apply the Class 2 factor shown in the Rate Factor Pages.
15. The Good Hands People® Discount - Multiply by the appropriate factor shown in the Rate Factor Pages.
16. Excess Dwelling Endorsement Factor – Multiply by the appropriate factor shown in the Rate Factor Pages.
17. Add the appropriate Reinsurance Charge. Determine the charge as follows:
 - a. Determine the appropriate Base Reinsurance Charge from the Reinsurance Charge Pages.
 - b. Multiply the appropriate charge by a Reinsurance Rate Adjustment Factor of 0.745 (round to three decimals).
 - c. Multiply by the appropriate Coverage A Reinsurance Limit Factor as shown in the Reinsurance Charge Pages (penny round).