

SERFF Tracking Number: ALSE-127353005 State: Pennsylvania
Filing Company: Allstate Property and Casualty Insurance Company State Tracking Number: B36691001
Company Tracking Number: R23391
TOI: 04.0 Homeowners Sub-TOI: 04.0003 Owner Occupied Homeowners
Product Name: PA APC HO Rate Change (+20.0%)
Project Name/Number: Rate Change/730242

Filing at a Glance

Company: Allstate Property and Casualty Insurance Company

Product Name: PA APC HO Rate Change (+20.0%) SERFF Tr Num: ALSE-127353005 State: Pennsylvania

TOI: 04.0 Homeowners SERFF Status: Assigned State Tr Num: B36691001
Sub-TOI: 04.0003 Owner Occupied Homeowners Co Tr Num: R23391 State Status: Received Review in Progress
Filing Type: Rate/Rule Reviewer(s): Ken Creighton (PC), Xiaofeng Lu (PC)

Authors: Bonnie Wittman, Andi Colosi

Disposition Date:

Date Submitted: 08/03/2011

Disposition Status:

Effective Date Requested (New): 09/05/2010

Effective Date (New):

Effective Date Requested (Renewal): 10/20/2010

Effective Date (Renewal):

State Filing Description:

General Information

Project Name: Rate Change

Status of Filing in Domicile:

Project Number: 730242

Domicile Status Comments:

Reference Organization:

Reference Number:

Reference Title:

Advisory Org. Circular:

Filing Status Changed: 08/04/2011

Deemer Date:

State Status Changed: 08/04/2011

Created By: Andi Colosi

Submitted By: Bonnie Wittman

Corresponding Filing Tracking Number:

Filing Description:

With this filing, Allstate Property & Casualty Insurance Company is proposing to update the Territorial Relativities, the Age of Home Discount, the Claim Free Discount, the Fire Resistive Discount, and the Rate Adjustment Factor (RAF) for the Owners line in the State of Pennsylvania. We are also revising the rules manual to clarify the definition of Fire Resistive construction type. An analysis of the premiums, losses, and expenses for this line of insurance resulted in a rate level indication of +39.3%. With the changes proposed in the filing, the overall proposed rate level change is +20.0%.

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The changes proposed in this filing modify the variable portion of the policy premium. No changes are being proposed to the fixed expense fee at this time. The total owners package premium includes both the fixed and variable portion of policy premium but does not include additional coverages. The overall average change to the total owners package premium is 21.0%. The impact information included in this filing is for the total owners package premium only. Including the additional coverage premium would flatten the impacts to an overall average change of 20.0%.

The maximum impact to the total owners package premium any single policyholder will receive as a result of these proposed changes is +56.3%. The current premium for that policy is \$1,350.97, and will receive an increase of \$760.62. The minimum impact to the total owners package premium any single policyholder will receive as a result of these proposed changes is -8.5%. The current premium for that policy is \$449.13, and will receive a decrease of \$-38.23.

Attachment I provides a summary of disclosures, including Actuarial Standards of Practice applicable to this filing and a description of material changes to our indication methodology from our previous owners rate filing in Pennsylvania. Attachment II provides detail on the indicated rate level change for the Owners line of Allstate Property and Casualty Insurance Company in Pennsylvania. Attachment III and Attachment IV contain detail on the catastrophe provisions used in the rate level indication. Attachment V provides supporting exhibits for Attachment II. Attachment VI describes the development of the indicated change by zone. Attachment VII and XIII describe the proposed the revisions to the Age of Home Discount, the Claim Free Discount, and the Fire Resistive Discount. Attachment IX summarizes the impacts from the proposed changes. Attachment X outlines the changes made to the rule/rate manual. Attachment XI contains the currently approved and proposed rule/rate manual pages.

The exhibits contained in Attachment V have been included in an Excel format as Attachment VII. This Excel file displays the Indication exhibits in Excel format, with cell formulas, underlying data, and derivations. The exhibits provided in Attachment V were produced using a proprietary indication program that produces Excel exhibits that do not contain calculations. For Attachment XII, formulas and/or formula step descriptions have been added to demonstrate the calculations and how the exhibits tie together. While we have attempted to recreate exactly the formulas by which the figures are calculated, differences in rounding procedures between the proprietary program and these Excel exhibits may cause slight differences between the values in these exhibits and the values in the exhibits contained in Attachment V.

We are targeting an effective date of 9/5/2010 for new business/renewals processed with renewals effective on 10/20/2010.

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Company and Contact

Filing Contact Information

Bonnie Wittman, State Filings Director bwb4d@allstate.com
 2775 Sanders Road 847-402-3144 [Phone] 23144 [Ext]
 Suite A5 847-402-9757 [FAX]
 Northbrook, IL 60062

Filing Company Information

Allstate Property and Casualty Insurance CoCode: 17230 State of Domicile: Illinois
 Company
 2775 Sanders Rd. Group Code: 8 Company Type: Property and
 Casualty
 Suite A5 Group Name: Allstate State ID Number:
 Northbrook, IL 60062 FEIN Number: 36-3341779
 (847) 402-5000 ext. [Phone]

Filing Fees

Fee Required? No
 Retaliatory? No
 Fee Explanation:
 Per Company: Yes

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
Allstate Property and Casualty Insurance Company	\$0.00	08/03/2011	

State Specific

*Filing Fee Amount: 0
 *Date Filing Fee Mailed: NA
 *Filing Fee Check Number: NA
 *Filing Fee Check Date: NA
 *NAIC Number: 17230

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Rate Information

Rate data applies to filing.

Filing Method: Prior Approval
Rate Change Type: Increase
Overall Percentage of Last Rate Revision: -0.800%
Effective Date of Last Rate Revision: 08/02/2010
Filing Method of Last Filing: Prior Approval

Company Rate Information

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where required):	Minimum % Change (where required):
Allstate Property and Casualty Insurance Company	39.300%	20.000%	\$26,349,866	173,559	\$131,749,330	56.300%	-8.500%

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Rate/Rule Schedule

Schedule Item	Exhibit Name:	Rule # or Page	Rate Action	Previous State Filing Attachments
Status:		#:		Number:
	CheckingList		New	PA APC HO CheckingList R23391.pdf
	ManualR23391		Replacement	PA APC HO Manual R23391.pdf

CHECKING LIST FOR HOMEOWNERS

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.

RULES

Enclosed: Page HOPCT-26 dated 9-1-2011

Withdrawn: Page HOPCT-26 dated 2-1-2007

PREMIUM SECTION

Enclosed: Page RFP-1 dated 9-1-2011
Page RFP-4 dated 9-1-2011
Page RFP-8 dated 9-1-2011
Page RFP-9 dated 9-1-2011

Withdrawn: Page RFP-1 dated 10-3-2005
Page RFP-4 dated 4-1-2010
Page RFP-8 dated 10-3-2005
Page RFP-9 dated 10-3-2005

When a zip code is added by the U.S. Post Office in Pennsylvania by dividing an existing zip code into two or more new zip codes, the rating zone assigned to the existing zip code should be used. For example, if zip code 12345 in rating zone 1 is divided into two new zip codes, 22345 and 33345, policies in the new zip codes should still be rated in zone 1.

Zip codes may refer to post offices rather than geographical locations. Zip codes assigned to post office boxes rather than geographical locations should not be used for rating purposes.

CONSTRUCTION TYPES

Fire Resistive - A building with all exterior walls, floors, roof and interior supports of brick or other non-combustible materials.

**PENNSYLVANIA
HOMEOWNERS
RATE FACTOR PAGES**

**Order in
Calculation**

1A Base Rate: \$1,026

1B Territorial Relativity:

<u>Zone</u>	<u>Relativity</u>	Town Class <u>Group</u>	AOI <u>Scale</u>
1	0.876	1	1
2	0.982	1	1
3	0.882	1	1
4	0.932	1	1
5	0.764	1	1
6	0.944	1	1
7	0.889	1	1
8	1.148	1	1
9	0.965	1	1
10	1.267	1	1
11	0.711	1	1
12	1.192	1	1
13	0.940	1	1
14	1.234	1	1
15	0.942	1	1
16	1.136	1	1
17	1.040	1	1
18	1.243	1	1
19	0.888	1	1
20	1.122	1	1
21	0.810	1	1
22	1.047	1	1
23	0.950	1	1
24	0.967	1	1
25	1.095	1	1
26	1.346	1	1
27	1.037	1	1
28	1.256	1	1
29	1.025	1	1
30	1.353	1	1
31	1.009	1	1
32	1.158	1	1
33	1.362	1	1
34	1.063	1	1
35	0.856	1	1
36	0.911	1	1
37	0.862	1	1
38	1.193	1	1
39	1.537	1	1
40	1.398	1	1
41	1.248	1	1
42	1.059	1	1
43	1.493	1	1
44	1.560	1	1

**PENNSYLVANIA
HOMEOWNERS
RATE FACTOR PAGES**

**Order in
Calculation**

2 Rate Adjustment Factor:

Factor: 1.581

3 Claim Rating Factor:

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

**PENNSYLVANIA
HOMEOWNERS
RATE FACTOR PAGES**

**Order in
Calculation**

4 Claim Free Discount:

Factor: 0.81

5 Coverage BC - Building Codes Factor:

Factor: 1.05

6 Dwellings in the Course of Construction Factor:

Factor: 0.70

7 Age of Home Discount:

<u>Age of Home</u>	<u>Factor</u>
0	0.55
1	0.57
2	0.60
3	0.63
4	0.66
5	0.69
6	0.72
7	0.75
8	0.78
9	0.82
10-14	0.86
15-19	0.92
20-29	0.96
30-39	0.96
40-49	0.98
50+	1.00

8 Partially Renovated Home Discount:

Note: To calculate the Renovated Home Discount Factor, add together the appropriate discounts and subtract the total from one.

<u>Age of Renovation</u>	<u>Plumbing</u>	<u>Heating/Cooling</u>	<u>Electrical</u>	<u>Roof</u>	<u>Major</u>	<u>Miscellane</u>
0	0.02	0.05	0.09	0.08	0.00	0.00
1	0.02	0.05	0.07	0.07	0.00	0.00
2	0.01	0.04	0.07	0.06	0.00	0.00
3	0.01	0.03	0.06	0.05	0.00	0.00
4	0.00	0.03	0.05	0.04	0.00	0.00
5	0.00	0.02	0.04	0.03	0.00	0.00
6	0.00	0.02	0.03	0.03	0.00	0.00
7	0.00	0.02	0.02	0.02	0.00	0.00
8	0.00	0.02	0.01	0.02	0.00	0.00
9	0.00	0.01	0.01	0.01	0.00	0.00
10-49	0.00	0.00	0.01	0.00	0.00	0.00
50+	0.00	0.00	0.00	0.00	0.00	0.00

**PENNSYLVANIA
HOMEOWNERS
RATE FACTOR PAGES**

**Order in
Calculation**

9 Home Buyer Discount:

<u>Policy Age</u>	<u>Factor</u>
0	0.90
1	0.92
2	0.94
3	0.96
4	0.98
5+	1.00

10 Fire Resistive Discount:

Factor: 0.95

11 Protective Device Discount:

<u>Classification</u>	<u>Factor</u>
1	0.96
2	0.96
3	0.95
4	0.95
5	0.95
6	0.94
7	0.94
8	0.94
9	0.95
10	0.94
11	0.94

12 55 and Retired Discount:

Factor: 0.90

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Supporting Document Schedules

	Item Status:	Status Date:
Bypassed - Item: Authorization to File (PC)		
Bypass Reason: NA		
Comments:		

	Item Status:	Status Date:
Satisfied - Item: Actuarial Explanatory Memorandum & Supporting Exhibits (PC)		
Comments:		
Attachments:		
PA APC HO Filing Memo R23391.pdf		
PA APC HO Attachment XII - R23391.xls		

**ALLSTATE PROPERTY AND CASUALTY INSURANCE COMPANY
OWNERS FORMS
PENNSYLVANIA**

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ATTACHMENT I

Summary of Disclosures

**ALLSTATE PROPERTY AND CASUALTY INSURANCE COMPANY
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PENNSYLVANIA**

DEFINITIONS

Please note that throughout this filing, the following terms and their definitions are used:

Owners Policy – a policy which covers a freestanding dwelling or townhome that is not classified as a manufactured home.

Homeowners Policy – An owners, condominium, co-op, or renters policy.

**ALLSTATE PROPERTY AND CASUALTY INSURANCE COMPANY
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ACTUARIAL STANDARDS OF PRACTICE

This document confirms compliance with the following Actuarial Standards of Practices 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). In addition, references to relevant sections of this filing are included, where applicable.

- Actuarial Standard of Practice No. 13, *Trending Procedures in Property/Casualty Insurance Ratemaking*
 - Attachment II, Page 1: Summary of the Development of Statewide Rate Level Indication
 - Attachment II, Page 4: Adjustment to Losses – Loss Trend
 - Attachment II, Page 5: Adjustment to Losses – Catastrophes (AIY’s)
 - Attachment II, Page 8: Expenses, Profit Provision, and Contingency Factor – Fixed Expenses – Trend (Inflation)
 - Attachment II, Page 10: Adjustments to Premiums – Premium Trend
- Actuarial Standard of Practice No. 23, *Data Quality*
 - Attachment II, Page 1: Summary of the Development of Statewide Rate Level Indication
 - Attachment IV, Page 1: Development of the Hurricane Provision Based on the 2009/08 AIR Version 11.0 Hurricane Model in the Statewide Rate Level Indication Explanatory Memorandum
- Actuarial Standard of Practice No. 25, *Credibility Procedures Applicable to Accident and Health, Group Term Life, and Property/Casualty Coverages*
 - Attachment II, Page 2: Base Data – Accident Year Weights-
- Actuarial Standard of Practice No. 29, *Expense Provisions in Property/Casualty Insurance Ratemaking*
 - Attachment II, Page 7: Expenses, Profit Provision, and Contingency Factor
- Actuarial Standard of Practice No. 30, *Treatment of Profit and Contingency Provisions and the Cost of Capital in Property/Casualty Insurance Ratemaking*
 - Attachment II, Page 9: Expenses, Profit Provision, and Contingency Factor – Variable Expenses – Underwriting Profit
- Actuarial Standard of Practice No. 38, *Using Models Outside the Actuary’s Area of Expertise (Property and Casualty)*
 - Attachment IV, Page 1: Development of the Hurricane Provision Based on the 2009/08 AIR Version 11.0 Hurricane Model in the Statewide Rate Level Indication Explanatory Memorandum
- Actuarial Standard of Practice No. 39, *Treatment of Catastrophe Losses in Property/Casualty Insurance Ratemaking*

- Attachment III, Page 1: Summary of the Total Non-Modeled Catastrophe Adjustment
- Attachment IV, Page 1: Development of the Hurricane Provision Based on the 2009/08 AIR Version 11.0 Hurricane Model in the Statewide Rate Level Indication Explanatory Memorandum
- Actuarial Standard of Practice No. 41, *Actuarial Communications*
 - Applies to this filing in its entirety

**ALLSTATE PROPERTY AND CASUALTY INSURANCE COMPANY
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MATERIAL CHANGES IN SOURCES OF DATA, ASSUMPTIONS, OR METHODS

This document lists all material changes in sources of data, assumptions, or methods from the last Allstate Owners rate level indication filing. These changes are further described in the subsequent memos in compliance with Actuarial Standard of Practice No. 41, *Actuarial Communications*.

- ULAE Provision
 - Use of combined-lines expense data, rather than expense data separated out by line of business, as described in Attachment II, Page 4
- Provision for General and Other Acquisition Expenses
 - Use of combined-lines expense data, rather than expense data separated out by line of business, as described in Attachment II, Page 7

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 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*. 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 actual catastrophe losses during the experience period were removed and then replaced with a provision to reflect expected catastrophe losses. Details of these necessary adjustments to the historical data used in the rate level indication are described in this memorandum. The adjustments have been applied to Pennsylvania's premium and loss experience in deriving the indicated rate level change.

The table below summarizes the indicated rate change, and the actual rate level change being proposed. The determination of the overall indicated change is included in Attachment V, Exhibit 1, and described in detail throughout this filing.

	Premium Distribution at Current Rates	Indicated Change	Selected Change
Fixed Expense Premium	6.9%	NA	N/C
Variable Package Premium	88.3%	NA	22.6%
Total Owners Package	95.2%	NA	21.0%
Additional Coverages	4.8%	NA	N/C
Total Owners	100.0%	39.3%	20.0%

**ALLSTATE PROPERTY AND CASUALTY INSURANCE COMPANY
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BASE DATA

In developing rate level indications for Pennsylvania, data from fiscal accident years ending September 30, 2006, 2007, 2008, 2009, and 2010 was used. Each of these fiscal accident years is evaluated as of September 30, 2010.

Accident Year Weights

A weight is applied to each year in order to appropriately consider responsiveness and stability.

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.

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*.

**ALLSTATE PROPERTY AND CASUALTY INSURANCE COMPANY
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ADJUSTMENTS TO LOSSES

Loss Development

As with past filings, Allstate determines ultimate accident year losses (including allocated loss adjustment expense) after analyzing ultimate incurred loss estimates arising from two methods: the link ratio method and the additive method.

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.”

Due to the limited amount of Allstate Property and Casualty Insurance Company data, loss development factors and additive amounts were based on Allstate Property and Casualty Insurance Company and Allstate Insurance Company combined data. Loss development patterns for Allstate Property and Casualty Insurance Company and Allstate Insurance Company are expected to be similar, since claims settlement practices are the same for each company.

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.

Liability and non-liability losses were developed separately for the link ratio method. For the additive method, the historical additive amounts per exposure calculated for all losses combined would be equivalent to the sum of the historical additive amounts per exposure calculated for liability and non-liability losses separately. Therefore, it is not necessary to develop liability and non-liability losses separately for the additive method.

For the additive loss development method, historical losses are first trended to today’s price level using pure premium trends selected from Allstate Insurance Group data. This is done to avoid distortions due to changes in the underlying loss costs. Please note that due to the different lengths of trend periods in each analysis, the selected pure premium trend that is used in loss

development often differs from the selected trend that applies to the underlying data. Trended additive amounts per exposures 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 through 5 of Attachment V 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 on Exhibit 3. Please note that the actual five year average loss development factors and additive amounts per exposure were used for all perils.

Loss Adjustment Expenses

Allocated loss adjustment expense (ALAE) is 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. In previous filings, expense data had been separated out by line of business, as is done in the Insurance Expense Exhibit, to determine the ULAE provisions by line. Moving forward, Allstate has opted to leave the ULAE data in combined-lines form since the allocation of ULAE by line of business is done by accounting formula rather than pricing analysis.

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 ratios that have been used in this filing are shown in Exhibit 6.

Loss Trend

Allstate Property & Casualty Insurance Company was introduced in Pennsylvania in October 2005. To address credibility concerns in evaluating loss trends for this rate level indication, Pennsylvania Allstate Property & Casualty Insurance Company and Allstate Insurance Company data was used in selecting pure premium trends. In addition, Pennsylvania specific Homeowners Industry data was examined.

Using Allstate Property and Casualty Insurance Company and Allstate Insurance Company data for the state of Pennsylvania, the past changes in actual frequency and severity on a twelve-month-moving basis (evaluated at each quarter) over a five year period were examined. After

considering past results, industry data, and actuarial judgment, annual pure premium trends were selected. The Allstate Property and Casualty Insurance Company 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.

The selected trend is displayed in Exhibit 7. This annual selection is used to project the data from the average occurrence date of the experience period to the average occurrence date of the future policy period. The projection is also shown in Exhibit 7. Allstate Property and Casualty Insurance Company and Allstate Insurance Company trend data is included as Exhibit 8.0.

Selections were based primarily on Allstate Property and Casualty Insurance Company and Allstate Insurance Company data. Exhibit 8.0 and 8.1 displays the twenty-, twelve-, and six-point paid pure premium trends for Allstate Property and Casualty Insurance Company and Allstate Insurance Company, and Pennsylvania Homeowners Industry data, respectively. Because of the limited amount of Allstate Property and Casualty Insurance Company data available, Allstate Property and Casualty Insurance Company and Allstate Insurance Company data was considered in the selection process.

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*.

Catastrophes

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

The catastrophe provision is composed of a non-modeled catastrophe provision and a modeled catastrophe provision. The non-modeled catastrophe provision is described in detail in Attachment III. The modeled catastrophe provision is described in detail in Attachment IV. Exhibit 9, Development of Provisions for Catastrophe Loss and LAE, displays the total catastrophe provision used in Pennsylvania.

Please note that in developing the Provision for Catastrophe 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. Selections were based on Allstate Property and Casualty Insurance Company data. Exhibit 13 shows the twenty-, twelve-, and six-point average AIY

trends for Pennsylvania. We have selected a 0.0% 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*.

**ALLSTATE PROPERTY AND CASUALTY INSURANCE COMPANY
OWNERS FORMS
PENNSYLVANIA**

EXPENSES, PROFIT PROVISION & CONTINGENCY FACTOR

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

Exhibit 14 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

General and Other Acquisition Expense

Provisions

The provisions for general expense and other acquisition expense are based on countrywide data. Since the methods and procedures that incur these expenses are uniform within each state, it is a reasonable assumption that these expense provisions are uniform across all states. To develop the provision for other acquisition and general expenses, a three-year average of countrywide 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.

In previous filings, expense data had been separated out by line of business, as is done in the Insurance Expense Exhibit, to determine the general and other acquisition expense provisions by line. Moving forward, Allstate has opted to leave the expense data in combined-lines form since the allocation of general and other acquisition expenses by line of business is done by accounting formula rather than pricing analysis. However, company- and line-specific adjustments to other acquisition expenses continue to be made, such as the reduction by the amount of installment fees collected and the adjustment for premiums written off.

Rate Need Calculations

In developing the dollar provision for general and other acquisition expenses used in the calculation of our Pennsylvania rate level need, the three-year countrywide average expense ratio for general and other acquisition expenses is applied to the average earned group premium of Pennsylvania. The Pennsylvania 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.

The expense provisions for general and other acquisition expenses are developed on Exhibits 15 and 16.

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 on Exhibit 14.

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 on Exhibit 17.

Variable Expenses

Commission and Brokerage Expense

The proposed commission and brokerage expense provision has been developed from the 2009 calendar year commission and brokerage incurred expense ratio in Pennsylvania. The provision is shown on Exhibit 14.

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 ending 12/31/2009 in Pennsylvania. The provision is shown on Exhibit 14.

Contingency Provision

As with previous Allstate filings, the contingency provision of 2% is shown on Exhibit 14. The calculation of the contingency provision is shown on Exhibit 20.

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%, 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 on Exhibit 18. 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 18 as well.

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 on Exhibit 14. The calculation of the debt provision is shown on Exhibit 19.

**ALLSTATE PROPERTY AND CASUALTY INSURANCE COMPANY
OWNERS FORMS
PENNSYLVANIA**

ADJUSTMENTS TO PREMIUMS

Current Rate Level

All premiums in the experience period were adjusted to current rate level in Pennsylvania. As in the last filing, Allstate uses the “Miller-Davis-Karlinski” method to do this 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.

We also use the Miller-Davis-Karlinski method to bring premiums to current rate level prior to calculating the changes in average premium (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. Since 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 projection was based on Allstate Property and Casualty Insurance Company data. The selected projection is displayed in Exhibit 22. The 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. Allstate Property and Casualty Insurance Company premium trend data is included as Exhibit 23.

This approach for selecting premium 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*.

ATTACHMENT III

Summary of Non-Modeled Catastrophe Provision

**ALLSTATE INSURANCE GROUP (INCLUDES ALLSTATE INSURANCE COMPANY
AND ALLSTATE PROPERTY AND CASUALTY INSURANCE COMPANY)
HOMEOWNERS FORMS
PENNSYLVANIA**

SUMMARY OF THE TOTAL NON-MODELED CATASTROPHE ADJUSTMENT

Allstate separately identifies and accounts for its exposure to loss due to the occurrence of catastrophic events within a state. The adjustment to account for non-modeled catastrophes described below is consistent with the Analysis of Issues and Recommended Practices detailed in Section 3.4 of Actuarial Standard of Practice No. 39, *Treatment of Catastrophe Losses in Property/Casualty Insurance Ratemaking*.

An estimation of our non-hurricane, non-earthquake catastrophe exposure is first developed on a total company statewide level. Subsequent relativities are used to estimate our catastrophe exposure by line and by company.

In order to estimate our non-hurricane, non-earthquake catastrophe exposure at a state-wide level, we develop a long-term relativity of each state to our countrywide catastrophe factor for the latest fifteen years of data. We then apply this relativity to a countrywide catastrophe factor based on the most recent ten calendar years of data ending 9/30/2010. By using this approach, we are able to balance the stability of a long-term estimate of catastrophe potential in Pennsylvania (needed because of the infrequent occurrence of catastrophes) and the responsiveness of more recent data (needed because of changing demographic conditions).

Within our method we incorporated a credibility procedure designed to stabilize the results of individual states. The credibility is based on the standard (Buhlmann/Bayesian) credibility method as described in *Loss Models*, by Klugman, Panjer and Willmot, chapter 5, pages 436 to 441. The credibility reflects the confidence we have in the state's average relativity. In order to develop the credibility, we consider the number of years used to determine the relativity as well as the variance of all states' relativities to countrywide.* The complement of credibility is applied to a relativity of 1.000.

The final relativity is applied to the countrywide catastrophe factor to develop the Pennsylvania catastrophe factor.

Exhibit 10 displays the Development of the Total non-hurricane, non-earthquake, catastrophe provision of 0.284 for Pennsylvania.

This total non-hurricane, non-earthquake, catastrophe provision is then adjusted to account for the difference in the average catastrophe ratio between Owners and Homeowners as well as the difference in the average amount of insurance between Allstate Property and Casualty Insurance Company and Allstate Insurance Group.

Exhibit 11 displays the development of the Allstate Insurance Group line-specific (Owners, Renters, Condominium) non-hurricane, non-earthquake, catastrophe provision. Allstate

Insurance Group Homeowner data is used to develop a non-hurricane, non-earthquake catastrophe provision for the state. Line specific loss data is used to develop catastrophe ratio relativities by line. These relativities are then re-indexed using the most recent year's AIYs and then are applied to the state-specific non-hurricane, non-earthquake catastrophe provision for each line.

Exhibit 12 displays the development of the Allstate company specific Owners non-hurricane, non-earthquake catastrophe provision. To more appropriately allocate the non-hurricane, non-earthquake catastrophe provision between companies Allstate has researched an Amount of Insurance scale based upon wind and non-hurricane catastrophes. The relativity is based on the average Amount of Insurance by company.

This line specific and company specific provision is the final non-modeled Catastrophe provision per AIY used in the Development of Provisions for Catastrophe Loss and LAE shown on Exhibit 9.

* Note: The number of years is used rather than exposures (as recommended in the standard model) because increased exposures does not necessarily lead to more stable estimates for catastrophes, particularly when the exposures are geographically concentrated.

ATTACHMENT IV

Summary of Modeled Catastrophe Provision

**ALLSTATE INSURANCE GROUP
OWNERS FORMS
PENNSYLVANIA**

**DEVELOPMENT OF THE HURRICANE PROVISION
BASED ON THE 2009/08 AIR VERSION 11.0 HURRICANE MODEL
IN THE STATEWIDE RATE LEVEL INDICATION
EXPLANTATORY 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 catastrophic events. Hurricanes are unique because of the large potential impact such storms can have on the company's solvency and because of the relatively less frequent pattern for such events than those accounted for in the basic catastrophe provision.

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 Corporation (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 hurricane experience 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 Oceanographic and Atmospheric Administration (NOAA), including the National Hurricane Center.

This explanatory memorandum incorporates text taken directly from documents supplied to Allstate by AIR Worldwide Corporation (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

The probability distributions of these variables 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 1900-2007, were used to estimate the parameters of the annual frequency distribution.

2. Landfall Location

There are 3,100 possible landfall points in the AIR hurricane simulation model. The cumulative distribution of landfall locations is developed for fifty nautical mile lengths of

coastline. This is done by first tabulating historical landfalls by fifty-mile coastal segments. The historical frequencies are then smoothed to produce an estimate of the landfall probability for each 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 combination, 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 radius of maximum winds (R_{\max}) of stochastic events is estimated using a procedure that relates the radius of maximum winds to the central pressure of the storm and to latitude.

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 are estimated for 100 nautical mile coastal segments. The lower bound of the distribution of forward speed is four nautical miles. The upper bound is dependent on latitude.

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 are variable in length with length dependent on general orientation of coastline.

7. Storm Track

The track direction of each simulated hurricane has the capability to curve and recurve on a fully probabilistic basis. Thus, the AIR hurricane simulation model has the ability to propagate a storm track that more accurately imitates actual storm motion.

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. Maximum Gradient-Level Wind Speed
2. Storm Asymmetry
3. Storm Decay (Filling)
4. Radial Decay (Storm Center-Relative Wind Speed)
5. Adjustment of Wind Speed for Surface Friction and Averaging Time

1. Maximum Gradient-Level Wind Speed

The generated maximum wind speed is based on central and peripheral pressures, as well as radius of maximum winds and meteorological coefficients accounting for air density and latitude coordinates. This wind, called the gradient-level wind speed, is estimated over a 10-minute averaging time and is reduced to the 10-meter height level through a scaling factor. The resulting wind represents the maximum wind speed attainable over water.

2. 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. 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. This accounts for the additional wind speed contributed by the forward speed of the hurricane due to the counterclockwise movement of winds relative to the hurricane track. The wind field's asymmetry is therefore a function of how quickly the storm is propagating.

3. Storm Decay (Filling)

Once over land, the hurricane moves away from its source of energy, i.e., warm ocean water. As a result, the eye "fills" and winds degrade subsequent to landfall. Filling equations used in the AIR model estimate the reduction in over-water 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). The filling equations vary by coastal region and smoothing is performed to ensure that there are no unrealistic jumps between regions.

4. 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 maximum wind speed at each hour, the radius of maximum winds (R_{\max}), and the distance between the eye of the storm and the centroid of the zip code area. As a zip code centroid lies farther from the eyewall (at R_{\max}), the winds decay until they reach an ambient level at the periphery of the storm.

5. 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.

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 such that the 10-minute average wind speed is similar to the 1-minute average. 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.

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 catastrophic 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 hurricane experience 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). The hurricane factor for the state 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 catastrophe 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 catastrophes. 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:

1. Atlantic Warm Sea Surface Temperature
2. Loss Adjustment Expenses

1. Atlantic Warm Sea Surface Temperature Adjustment

Meteorological research has identified correlations between naturally varying ocean temperatures and hurricane activity originating in the Atlantic that affects both the Gulf and the Atlantic coastlines. The active 2004 and 2005 hurricane seasons have heightened Allstate's awareness of such relationships. Scientists have concluded that the climate is presently undergoing a cycle of warmer than average sea surface temperatures which is expected to result in increased hurricane activity in the United States. It is well known that the ocean is able to retain heat for very long periods of time, a physical characteristic known as persistence. Due to the ocean's long-term persistence and the associated ocean current cycle known as the Atlantic Thermohaline Circulation, most scientists believe that the Atlantic Ocean is likely to remain warmer than average for the next several years.

Methodology:

Since our cost estimates are for the policy period to which rates will apply, it is important that we use a methodology that recognizes any cyclical patterns. The AIR WSST hurricane catalog (using 50,000 years of simulations) is a catalog developed to account for the impact of warm sea surface temperatures in the Atlantic Ocean on hurricane landfall activity. The WSST catalog is based on AIR's standard hurricane catalog with adjustments made to landfall frequencies by region to reflect the expected impact of warmer-than-average sea surface temperatures. All of the model components aside from the catalog are that of the AIR Atlantic Tropical Cyclone Model, Version 11.0.

The AIR WSST catalog was used to calculate an Average Annual Loss net of deductible and gross of reinsurance (referred to as "Gross AAL"). In addition, the AIR standard hurricane catalog (using the first 50,000 years of simulations) was used to calculate an Average Annual Loss net of deductible and gross of reinsurance (referred to as "Gross AAL"). The WSST Factor was developed by taking the ratio of the Gross AAL from the WSST hurricane catalog to the Gross AAL from the standard hurricane model.

$$\text{Indicated WSST Factor} = \frac{\text{Gross AAL from AIR WSST hurricane catalog}}{\text{Gross AAL from AIR standard hurricane catalog}}$$

The WSST Factors were calculated for each state and line of business.

Allstate reviewed the methodology for WSST factors and determined to remove the wind pool policies from the factor calculations to be consistent with the Hurricane Factor

Methodology. The impact of removing wind pool losses had minimal to no impact to the WSST factors.

Data:

2009/08 WSST Factors - Without Wind Pool	
<u>State</u>	<u>Factor</u>
PA	1.185

* Uses 50,000 Years

2. Loss Adjustment Expenses

Loss Adjustment Expenses (LAE), both allocated and unallocated, represent the costs of adjusting, investigating and settling losses. Allocated expenses are incurred while investigating and settling claims during the catastrophe and are considered allocated since 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 catastrophe exposure management. In order to account for the LAEs associated with hurricane losses, we have applied a factor of 1.16 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:

Allocated Loss Adjustment Expense (ALAE)

Ten years of loss and allocated expense information is obtained from our corporate database with the 2008 hurricanes as the latest addition to the analysis. Tropical storms are not included in the ALAE analysis, as they are not simulated in the modeled loss data. Ratios of allocated expenses to losses were developed for events from 1999 through 2008.

Unallocated Loss Adjustment Expense (ULAE)

Loss and unallocated expense information is obtained from various corporate databases starting in 1999 and includes the 2008 hurricane as the latest addition. Tropical storms are not included in the ULAE analysis, as they are not simulated in the modeled loss data. Ratios of unallocated expenses to losses were developed for events from 1999 through 2008.

Allstate Insurance Group	
Allstate Personal and Commercial Lines Combined	
Loss Adjustment Expense Analysis - Hurricane Peril	
ALAE	1.4%
ULAE	17.0%
Total	<u>18.4%</u>
Selected:	16.0%

V. ACTUARIAL STANDARDS OF PRACTICE

The rules and procedures as set forth in Actuarial Standard of Practice No. 23, *Data Quality* and Actuarial Standard of Practice No. 38, *Using Models Outside the Actuary's Area of Expertise (Property and Casualty)* were applied in reviewing the modeled losses.

ATTACHMENT V

Rate Level Indication Exhibits

Allstate Property & Casualty Insurance Company
Owners
Pennsylvania

Determination of Statewide Rate Level Indication

1) Indicated Provision for Loss and Loss Adjustment Expense [(a) + (b)]	\$677.86
a) Non-Catastrophe Loss and LAE	\$581.73
b) Catastrophe Loss and LAE	\$96.13
2) Current Fixed Expense Ratio	10.0 %
3) Three Year Average Earned Premium	\$692.99
4) Current Dollar Provision for Fixed Expense [(2) x (3)]	\$69.30
5) Factor to Adjust for Subsequent Change in Fixed Expense	1.065
6) Indicated Provision for Fixed Expense [(4) x (5)]	\$73.80
7) Variable Expense, Contingencies Ratio, and Profit Ratio	25.3 %
8) Indicated Average Premium [(1) + (6)] / [1 - (7)]	\$1,006.24
9) Projected Average Earned Premium at Current Rates	\$722.39
10) Indicated Rate Level Change [(8) / (9) - 1.0]	39.3 %

Allstate Property & Casualty Insurance Company
Owners
Pennsylvania

Development of Provision for Non-Cat Loss and LAE
Total All Perils excluding Earthquake

Fiscal Year Ending	(1) Earned Exposures	(2) Accident Year * Non-Catastrophe Ultimate Loss	(3) Non-Cat Ultimate Loss and LAE	(4) Factor to Adjust Losses for Pure Premium Trend	(5) Projected Non-Cat. Ultimate Loss and LAE	(6) Projected Average Non-Cat. Loss and LAE	(7) Experience Year Weights
9/30/2008	102,079	\$36,672,000	\$42,539,520	1.361	\$57,896,287	\$567.17	25 %
9/30/2009	133,397	56,538,000	65,584,080	1.260	82,635,941	619.47	35
9/30/2010	165,515	68,200,000	79,112,000	1.167	92,323,704	557.80	40
						(8) Indicated Provision for Non-Cat Loss and LAE	\$581.73

* Evaluated at 12 months

Allstate Property & Casualty Insurance Company
Pennsylvania
Owners

Ultimate Losses & ALAE
Total All Peril

Ultimate Losses & ALAE			
<u>Year</u>	<u>Link Ratio</u> <u>Estimate*</u>	<u>Additive</u> <u>Estimate</u>	<u>Selected</u>
2008	36,999,733	36,671,511	36,672,000
2009	56,787,943	56,537,470	56,538,000
2010	69,291,819	68,199,021	68,200,000

* Link Ratio includes Liability and All Excluding Liability, excluding Earthquake.

Allstate Insurance Company and Allstate Property and Casualty Insurance Company
Owners
Pennsylvania

Calculation of Loss Development Factors
Total All Perils excluding Earthquake

Fiscal Accident Year Ending 9/30	Incurred Losses †										Earned Exposures
	12 Months	24 Months	36 Months	48 Months	60 Months	72 Months	84 Months	96 Months	108 Months	120 Months‡	
1997	50,896,617	55,797,278	58,122,055	59,010,279	59,260,863	59,422,911	59,365,491	59,473,174	59,444,123	59,594,044	280,045
1998	44,900,737	49,456,660	50,569,126	50,757,187	51,617,534	51,897,992	54,704,086	54,774,471	55,073,015	55,140,554	290,863
1999	54,514,900	61,188,863	63,325,485	64,220,583	64,805,839	64,971,623	65,245,745	65,285,877	65,414,028	65,428,396	299,378
2000	58,434,027	65,134,953	66,615,671	68,304,660	68,926,834	68,916,303	69,131,407	69,147,601	69,138,070	69,193,661	308,514
2001	61,703,048	68,274,859	70,488,543	71,346,926	71,779,769	72,343,251	73,155,006	73,386,308	73,439,389	73,448,258	319,446
2002	60,441,405	69,358,796	71,886,798	73,919,264	74,692,568	75,474,376	75,678,016	75,716,485	75,786,546		331,794
2003	67,734,937	77,814,504	81,273,107	82,508,375	82,789,991	83,297,702	83,392,985	83,458,150			339,331
2004	74,906,010	84,376,202	87,859,394	89,446,747	89,930,785	90,487,151	90,679,541				364,637
2005	77,398,986	84,928,302	87,728,647	89,536,594	90,073,583	90,148,203					391,101
2006	82,174,533	92,241,373	94,127,110	96,342,111	97,707,172						405,536
2007	102,783,218	114,117,753	118,436,384	121,717,378							421,582
2008	106,470,790	117,736,520	121,643,677								426,452
2009	125,434,369	142,501,615									425,474
2010	135,381,493										430,799

Selected Trend: 5.0%

Fiscal Accident Year Ending 9/30	Trended Incurred Losses									
	12 Months	24 Months	36 Months	48 Months	60 Months	72 Months	84 Months	96 Months	108 Months	120 Months‡
1997									112,090,760	112,373,458
1998								98,367,080	98,903,222	99,024,513
1999							111,592,366	111,661,005	111,880,187	111,904,761
2000						112,257,396	112,607,777	112,634,156	112,618,631	112,709,183
2001					111,353,981	112,228,127	113,487,425	113,846,250	113,928,596	113,942,355
2002				109,212,419	110,354,941	111,510,028	111,810,897	111,867,733	111,971,245	
2003			114,359,423	116,097,569	116,493,831	117,208,232	117,342,304	117,433,998		
2004		113,072,180	117,739,991	119,867,196	120,515,853	121,261,437	121,519,258			
2005	98,782,899	108,389,873	111,966,455	114,273,904	114,959,253	115,054,489				
2006	99,883,658	112,119,965	114,412,090	117,104,438	118,763,678					
2007	118,984,423	132,105,564	137,104,919	140,903,080						
2008	117,384,046	129,804,513	134,112,154							
2009	131,706,087	149,626,696								
2010	135,381,493									

Development	Trended Additive Amounts per Exposure								
	12 to 24	24 to 36	36 to 48	48 to 60	60 to 72	72 to 84	84 to 96	96 to 108	108 to 120
4th Prior	24.564	12.801	5.122	3.443	2.736	1.136	0.229	1.843	1.009
3rd Prior	30.173	9.145	5.834	1.168	3.481	3.942	0.086	0.732	0.417
2nd Prior	31.124	5.652	5.900	1.779	2.105	0.907	1.123	-0.050	0.082
1st Prior	29.125	11.859	6.639	1.752	2.045	0.395	0.171	0.258	0.294
Latest	42.119	10.101	9.009	4.091	0.244	0.707	0.270	0.312	0.043
3 Year Weighted Average:	34.13	9.25	7.22	2.58	1.42	0.67	0.51	0.18	0.14
5 Year Weighted Average:	31.55	9.88	6.59	2.47	2.05	1.38	0.38	0.60	0.36
Selected:	31.55	9.88	6.59	2.47	2.05	1.38	0.38	0.60	0.36

Loss Development Period (months):	12 - 120	24 - 120	36 - 120	48 - 120	60 - 120
Additive Amt per Exp:	55.26	23.71	13.83	7.24	4.77

†Includes ALAE

‡Includes supplemental reserves in addition to case reserves

Allstate Insurance Company and Allstate Property and Casualty Insurance Company
Owners
Pennsylvania

Calculation of Loss Development Factors
Total All Perils excluding Earthquake

Allstate Property & 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
2008	13.83	102,079	1,411,753	1,280,502	35,391,009	36,671,511
2009	23.71	133,397	3,162,843	3,012,231	53,525,239	56,537,470
2010	55.26	165,515	9,146,359	9,146,359	59,052,662	68,199,021

Allstate Insurance Company and Allstate Property and Casualty Insurance Company
Owners
Pennsylvania

Calculation of Loss Development Factors
Liability
Incurred Losses †

Fiscal Accident Year Ending 9/30	12 Months	24 Months	36 Months	48 Months	60 Months	72 Months	84 Months	96 Months	108 Months	120 Months‡
1997	2,636,180	4,542,281	6,064,959	6,995,947	7,245,013	7,436,140	7,426,491	7,517,589	7,518,776	7,668,723
1998	2,549,808	4,266,128	5,203,856	5,582,867	6,401,752	6,554,697	9,300,173	9,362,096	9,655,057	9,728,119
1999	3,171,007	5,703,131	6,960,991	7,872,862	8,404,855	8,673,765	8,981,488	9,000,260	9,117,909	9,132,480
2000	3,392,231	5,615,674	6,849,045	8,163,812	8,565,011	8,620,628	8,630,913	8,646,638	8,636,226	8,641,560
2001	3,352,151	5,203,317	6,911,600	7,733,995	8,144,837	8,654,312	8,874,849	9,048,715	9,160,819	9,203,250
2002	2,971,410	6,286,900	7,618,790	8,803,888	9,054,207	9,428,178	9,585,095	9,614,760	9,740,117	
2003	3,763,809	6,718,768	9,426,695	10,338,625	10,634,022	10,991,007	11,070,805	11,137,315		
2004	3,373,664	7,711,280	9,775,882	11,108,469	11,441,434	12,073,460	12,116,201			
2005	5,241,875	7,655,156	10,285,941	11,620,801	12,030,368	12,004,168				
2006	4,570,421	7,725,266	9,832,473	11,975,687	13,329,594					
2007	4,047,317	7,671,671	10,565,706	13,633,204						
2008	5,497,361	8,541,279	11,374,747							
2009	3,689,066	9,341,909								
2010	5,060,910									

Link Ratios

Development	12 to 24	24 to 36	36 to 48	48 to 60	60 to 72	72 to 84	84 to 96	96 to 108	108 to 120
4th Prior	1.460	1.268	1.097	1.028	1.063	1.001	1.002	1.031	1.020
3rd Prior	1.690	1.344	1.136	1.029	1.041	1.025	1.002	1.013	1.008
2nd Prior	1.895	1.273	1.130	1.030	1.034	1.017	1.020	0.999	1.002
1st Prior	1.554	1.377	1.218	1.035	1.055	1.007	1.003	1.012	1.001
Latest	2.532	1.332	1.290	1.113	0.998	1.004	1.006	1.013	1.005
3 Year Average:	1.994	1.327	1.213	1.059	1.029	1.009	1.010	1.008	1.003
5 Year Average:	1.826	1.319	1.174	1.047	1.038	1.011	1.007	1.014	1.007
Selected:	1.826	1.319	1.174	1.047	1.038	1.011	1.007	1.014	1.007

Loss Development Period (months):	12 - 120	24 - 120	36 - 120	48 - 120	60 - 120
Loss Development Factor:	3.195	1.749	1.326	1.130	1.079

†Includes ALAE

‡Includes supplemental reserves in addition to case reserves

Allstate Property & Casualty Insurance Company

Year	Incurred Loss	Factor to Ultimate	Ultimate Loss & ALAE
2008	3,970,929	1.326	5,265,452
2009	3,145,349	1.749	5,501,215
2010	1,986,966	3.195	6,348,356

Allstate Insurance Company and Allstate Property and Casualty Insurance Company
Owners
Pennsylvania

Calculation of Loss Development Factors
All Excluding Liability
Incurred Losses †

Fiscal Accident Year Ending 9/30	12 Months	24 Months	36 Months	48 Months	60 Months	72 Months	84 Months	96 Months	108 Months	120 Months‡
1997									51,925,347	51,925,321
1998								45,412,375	45,417,958	45,412,435
1999							56,264,257	56,285,617	56,296,119	56,295,916
2000						60,295,675	60,500,494	60,500,963	60,501,844	60,552,101
2001					63,634,932	63,688,939	64,280,157	64,337,593	64,278,570	64,245,008
2002				65,115,376	65,638,361	66,046,198	66,092,921	66,101,725	66,046,429	
2003			71,846,412	72,169,750	72,155,969	72,306,695	72,322,180	72,320,835		
2004		76,664,922	78,083,512	78,338,278	78,489,351	78,413,691	78,563,340			
2005	72,157,111	77,271,146	77,442,706	77,915,793	78,043,215	78,144,035				
2006	77,604,112	84,516,107	84,294,637	84,366,424	84,377,578					
2007	98,735,901	106,446,082	107,870,678	108,084,174						
2008	100,973,429	109,195,241	110,268,930							
2009	121,745,303	133,159,706								
2010	130,320,583									
Link Ratios										
Development	12 to 24	24 to 36	36 to 48	48 to 60	60 to 72	72 to 84	84 to 96	96 to 108	108 to 120	
4th Prior	1.071	1.019	1.005	1.008	1.001	1.003	1.000	1.000	1.000	
3rd Prior	1.089	1.002	1.003	1.000	1.006	1.009	1.000	1.000	1.000	
2nd Prior	1.078	0.997	1.006	1.002	1.002	1.001	1.001	1.000	1.000	
1st Prior	1.081	1.013	1.001	1.002	0.999	1.000	1.000	0.999	1.001	
Latest	1.094	1.010	1.002	1.000	1.001	1.002	1.000	0.999	0.999	
3 Year Average:	1.084	1.007	1.003	1.001	1.001	1.001	1.000	0.999	1.000	
5 Year Average:	1.083	1.008	1.003	1.002	1.002	1.003	1.000	1.000	1.000	
Selected:	1.083	1.008	1.003	1.002	1.002	1.003	1.000	1.000	1.000	
Loss Development Period (months):	12 - 120	24 - 120	36 - 120	48 - 120	60 - 120					
Loss Development Factor:	1.103	1.018	1.010	1.007	1.005					

†Includes ALAE

‡Includes supplemental reserves in addition to case reserves

Allstate Property & Casualty Insurance Company

Year	Incurred Loss	Factor to Ultimate	Ultimate Loss & ALAE
2008	\$31,420,080	1.010	31,734,281
2009	\$50,379,890	1.018	51,286,728
2010	\$57,065,696	1.103	62,943,463

ALLSTATE INSURANCE GROUP*

Countrywide Expense Experience - Unallocated (Adjusting and Other Expense) Factor

2007, 2008 & 2009

	<u>2007 - 2009**</u>
1. Direct Losses and Allocated Loss Adjustment Expense Incurred excluding Earthquake and Hurricane Losses	\$39,781,693
2. Direct Unallocated Loss Adjustment Expense Incurred excluding Earthquake and Hurricane	\$6,347,066
3. Ratio (2)/(1)	0.160
4. Proposed Provision	0.160

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

** Includes Personal Property Lines and Private Passenger Automobile Insurance

(000 Omitted)

SOURCE: FDW

Allstate Property & Casualty Insurance Company
Owners
Pennsylvania

Calculation of Pure Premium Trend Factor

<u>Peril</u>	Selected Annual Pure Premium Impacts	
	<u>Historical</u>	<u>Projected</u>
Total All Perils excluding Earthquake	8.00%	8.00%

	<u>2nd Prior Year</u>	<u>1st Prior Year</u>	<u>Current Year</u>
1) Loss Trend Projection Date	4/1/2012	4/1/2012	4/1/2012
2) Mid-Point of Current Year's Experience Period	3/31/2010	3/31/2010	3/31/2010
3) Experience Period Ended	9/30/2008	9/30/2009	9/30/2010
4) Midpoint of Experience Period	3/31/2008	3/31/2009	3/31/2010
5) Historical: Number of Years from (4) to (2)	2.000	1.000	0.000
6) Projected: Number of Years from (2) to (1)	2.003	2.003	2.003

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 & Casualty Insurance Company & Allstate Insurance Company
Owners
Pennsylvania

Loss Trends - Pure Premium
Total All Perils excluding Earthquake

Year Ending	Actual Paid Pure		Exponential Curve of Best Fit		
	Premium	Annual Change	20 pt.	12 pt.	6 pt.
12/05	\$229.63	-3.19 %	\$218.61		
03/06	228.52	-0.77	224.21		
06/06	230.48	3.48	229.96		
09/06	227.02	-1.66	235.85		
12/06	238.62	3.91	241.90		
03/07	252.56	10.52	248.10		
06/07	257.38	11.67	254.46		
09/07	268.90	18.45	260.98		
12/07	267.27	12.01	267.67	\$257.60	
03/08	264.88	4.88	274.53	265.73	
06/08	272.00	5.68	281.57	274.13	
09/08	272.80	1.45	288.79	282.79	
12/08	283.85	6.20	296.19	291.73	
03/09	298.35	12.64	303.79	300.95	
06/09	311.09	14.37	311.57	310.46	\$317.95
09/09	327.93	20.21	319.56	320.27	325.88
12/09	340.77	20.05	327.75	330.39	334.02
03/10	345.77	15.89	336.15	340.83	342.36
06/10	352.33	13.26	344.77	351.60	350.90
09/10	353.08	7.67	353.61	362.71	359.66
Regression			20 pt.	12 pt.	6 pt.
Avg Annual Percent Change Based on Best Fit:			10.65 %	13.25 %	10.36 %

NAIL Fast Track Industry Data
Owners
Pennsylvania

Loss Trends - Pure Premium
Total All Perils

Year Ending	Actual Paid Pure		Exponential Curve of Best Fit		
	Premium	Annual Change	20 pt.	12 pt.	6 pt.
12/05	\$245.30	0.37 %	\$235.77		
03/06	246.73	2.29	241.43		
06/06	244.99	3.22	247.23		
09/06	244.37	1.60	253.17		
12/06	251.76	2.63	259.25		
03/07	256.92	4.13	265.48		
06/07	269.98	10.20	271.86		
09/07	286.41	17.20	278.39		
12/07	289.39	14.95	285.07	\$286.76	
03/08	297.97	15.98	291.92	293.43	
06/08	299.21	10.83	298.93	300.25	
09/08	298.88	4.35	306.11	307.23	
12/08	308.91	6.75	313.46	314.38	
03/09	318.58	6.92	320.99	321.69	
06/09	332.13	11.00	328.70	329.17	\$336.58
09/09	345.44	15.58	336.60	336.82	341.75
12/09	351.24	13.70	344.68	344.65	346.99
03/10	351.15	10.22	352.96	352.67	352.32
06/10	355.49	7.03	361.44	360.87	357.73
09/10	360.36	4.32	370.12	369.26	363.22
Regression			20 pt.	12 pt.	6 pt.
Avg Annual Percent Change Based on Best Fit:			9.96 %	9.63 %	6.28 %

Allstate Property & Casualty Insurance Company
Owners
Pennsylvania

Development of Provision for Catastrophe Loss and LAE

1) Non-Modeled Catastrophe Provision Per AIY*	0.281
2) Non-Modeled Catastrophe Provision Per AIY Including All LAE	0.326
3) Hurricane Provision Per AIY Including All LAE	0.058
4) Total Catastrophe Provision Per AIY Including All LAE (2)+(3)	0.384
5) Earned Exposures	165,515
6) Earned AIY*	41,433,429
7) Average Earned AIY (6)/(5)	250.33
8) Factor to Adjust to Projected Average AIY Level	1.000
9) Average AIY Projected to 4/1/2012 (7)*(8)	250.33
10) Expected Catastrophe Pure Premium (4)*(9)	\$96.13

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

**ALLSTATE INSURANCE GROUP
HOMEOWNERS INSURANCE
PENNSYLVANIA
BASIC CATASTROPHE PROVISION**

(1)	(2)	(3)	(4)	(5)	(6)
<u>CALENDAR YEAR</u>	<u>AMOUNT OF INSURANCE YEARS</u>	<u>CATASTROPHE INCURRED LOSS</u>	<u>STATE CATASTROPHE RATIO</u>	<u>COUNTRYWIDE CATASTROPHE RATIO</u>	<u>RELATIVITIES</u>
1995	32,715,163	3,837,000	0.117	0.645	0.181
1996	34,885,560	31,652,000	0.907	0.742	1.222
1997	37,266,168	4,691,000	0.126	0.246	0.512
1998	39,620,960	9,471,000	0.239	0.427	0.560
1999	41,384,963	2,693,000	0.065	0.432	0.150
2000	43,766,657	9,645,000	0.220	0.598	0.368
2001	46,886,948	(1,088,000)	-0.023	0.517	-0.044
2002	50,167,667	4,174,000	0.083	0.371	0.224
2003	54,965,570	13,361,000	0.243	0.704	0.345
2004	64,384,231	5,934,000	0.092	0.236	0.390
2005	74,826,385	8,150,000	0.109	0.203	0.537
2006	83,172,668	12,264,000	0.147	0.456	0.322
2007	90,578,266	17,874,000	0.197	0.536	0.368
2008	95,722,540	12,189,000	0.127	0.795	0.160
2009	98,337,861	19,773,000	0.201	0.832	0.242
(7) Average Relativity					0.369
(8) Standard Deviation					0.287
(9) Credibility					0.763
(10) Credibility Weighted Relativity					0.519
(11) Countrywide Selected Catastrophe Factor					0.547
(12) Pennsylvania Catastrophe Factor					0.284

Allstate Insurance Group
Owners
Pennsylvania

Development of Owners Catastrophe Provisions by Line

CONDOMINIUM				RENTERS			
(1a) Calendar Year	(2a) Amount of Insurance Years	(3a) Catastrophe Incurred Loss	(4a) State Catastrophe Ratio	(1b) Calendar Year	(2b) Amount of Insurance Years	(3b) Catastrophe Incurred Loss	(4b) State Catastrophe Ratio
1995	258,228	8,820	0.034	1995	809,301	11,465	0.014
1996	284,058	185,548	0.653	1996	847,290	47,971	0.057
1997	317,634	5,096	0.016	1997	872,831	-1,042	-0.001
1998	342,806	8,124	0.024	1998	930,233	32,040	0.034
1999	371,934	912	0.002	1999	997,815	32,745	0.033
2000	398,960	26,649	0.067	2000	1,090,697	31,021	0.028
2001	433,148	7,235	0.017	2001	1,205,843	10,716	0.009
2002	467,575	10,287	0.022	2002	1,251,525	9,129	0.007
2003	515,534	74,683	0.145	2003	1,284,837	28,775	0.022
2004	571,526	56,930	0.100	2004	1,350,220	24,461	0.018
2005	627,459	80,166	0.128	2005	1,927,759	39,338	0.020
2006	687,693	63,538	0.092	2006	1,582,200	58,480	0.037
2007	763,046	76,529	0.100	2007	1,477,842	78,611	0.053
2008	805,418	64,403	0.080	2008	1,533,333	38,259	0.025
2009	825,202	170,286	0.206	2009	1,609,187	60,485	0.038

OWNERS				HOMEOWNERS*			
(1c) Calendar Year	(2c) Amount of Insurance Years	(3c) Catastrophe Incurred Loss	(4c) State Catastrophe Ratio	(1d) Calendar Year	(2d) Amount of Insurance Years	(3d) Catastrophe Incurred Loss	(4d) State Catastrophe Ratio
1995	31,647,634	3,816,336	0.121	1995	32,715,163	3,836,621	0.117
1996	33,754,212	31,418,014	0.931	1996	34,885,560	31,651,533	0.907
1997	36,075,703	4,686,506	0.130	1997	37,266,168	4,690,560	0.126
1998	38,347,921	9,430,457	0.246	1998	39,620,960	9,470,621	0.239
1999	40,015,214	2,659,026	0.066	1999	41,384,963	2,692,683	0.065
2000	42,277,000	9,586,978	0.227	2000	43,766,657	9,644,648	0.220
2001	45,247,957	-1,106,441	-0.024	2001	46,886,948	-1,088,490	-0.023
2002	48,448,567	4,154,533	0.086	2002	50,167,667	4,173,949	0.083
2003	53,165,199	13,257,096	0.249	2003	54,965,570	13,360,554	0.243
2004	62,462,485	5,852,426	0.094	2004	64,384,231	5,933,817	0.092
2005	72,271,167	8,030,167	0.111	2005	74,826,385	8,149,671	0.109
2006	80,902,775	12,142,361	0.150	2006	83,172,668	12,264,379	0.147
2007	88,337,378	17,719,171	0.201	2007	90,578,266	17,874,311	0.197
2008	93,383,789	12,086,504	0.129	2008	95,722,540	12,189,166	0.127
2009	95,903,472	19,542,038	0.204	2009	98,337,861	19,772,809	0.201

(5) Average State Catastrophe Ratio	(6) Line To Homeowners*	(7) 2009 Amount Of Insurance	(8) 2009 Weighted Line To Homeowners*	(9) Ratio Balanced To Homeowners*	(10) Line Specific Catastrophe Factor
Owners	0.195	1.026	95,903,472	1.026	1.018
Renters	0.026	0.137	1,609,187	0.137	0.136
Condominium	0.112	0.589	825,202	0.589	0.166
Homeowners*	0.190	1.000	98,337,861	1.008	1.000

* Includes Owners, Renters and Condominium lines

Allstate Insurance Group
Owners
Pennsylvania

Development of Catastrophe Provisions by Company

<u>Company</u>	<u>Earned Exposures</u>	<u>Projected Average AIYs</u>	<u>Expected Catastrophe Loss Relativity</u>	<u>Expected Catastrophe Loss Per Policy</u>	<u>Indicated Catastrophe Provision</u>
AIC	265,284	209.36	1.253	61.61	0.294
AI	9,596	146.05	0.982	48.28	0.331
AP&C	165,515	250.33	1.429	70.26	0.281
Total	440,395	223.38	1.313	64.56	0.289

Allstate Property & Casualty Insurance Company
Owners
Pennsylvania

AIY Trends

Year Ending	AIY	Annual Change	Exponential Curve of Best Fit		
			20 pt.	12 pt.	6 pt.
12/05	234.66		239.85		
03/06	235.66		240.59		
06/06	237.41		241.34		
09/06	240.07		242.09		
12/06	243.70	3.85 %	242.84		
03/07	245.24	4.07	243.60		
06/07	247.62	4.30	244.36		
09/07	249.55	3.95	245.11		
12/07	251.23	3.09	245.88	251.43	
03/08	251.13	2.40	246.64	251.29	
06/08	251.02	1.37	247.41	251.15	
09/08	251.56	0.81	248.18	251.00	
12/08	251.00	-0.09	248.95	250.86	
03/09	250.97	-0.06	249.72	250.72	
06/09	250.56	-0.18	250.50	250.58	250.38
09/09	250.20	-0.54	251.27	250.44	250.29
12/09	250.09	-0.36	252.06	250.29	250.20
03/10	250.04	-0.37	252.84	250.15	250.10
06/10	249.93	-0.25	253.62	250.01	250.01
09/10	250.07	-0.05	254.41	249.87	249.91
Regression			20 pt.	12 pt.	6 pt.
Avg Annual Percent Change Based on Best Fit:			1.25 %	-0.23 %	-0.15 %

Allstate Property & Casualty Insurance Company
Owners
Pennsylvania

Summary of Expense Provisions

	<u>Percent Fixed</u>	<u>Expense Provision</u>
Commissions	0 %	11.5 %
Taxes †	0	2.1
Licenses and Fees	100	0.1
Other Acquisition	100	5.1
General Expense	100	4.8
Contingency Provision	0	2.0
Profit Provision	0	8.4
Debt Provision	0	1.3

† State Taxes - Does not include Federal Income Tax

ALLSTATE INSURANCE GROUP*

Countrywide Experience for General Expenses

	General Expense**		
	2007	2008	2009
1. Direct Premium Earned Less Reinsurance Premium***	\$22,348,897	\$22,179,653	\$21,698,432
2. General Expense Incurred	1,037,950	1,103,876	1,011,399
3. Ratio (2)/(1)	0.0464	0.0498	0.0466
4. Three Year Average			0.048
5. Proposed Provision			0.048

* 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		
	2007	2008	2009
1. Direct Premium Earned Less Reinsurance Premium**	\$22,348,897	\$22,179,653	\$21,698,432
2. Other Acquisition Expense Incurred	1,403,527	1,286,955	1,259,684
3. Ratio (2)/(1)	0.0628	0.0580	0.0581
4. Three Year Average			0.0596
5. Adjusted Three Year Average***			0.0513
6. Proposed Provision			0.051

* 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 Other Acquisition expenses. Therefore, direct premiums must be reduced by NCOR premiums to get the premium base upon which the other acquisition expense provision is 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 & Casualty Insurance Company
Owners
Pennsylvania

Factor to Adjust for Subsequent Change in Fixed Expense
(For calendar years 2007-2009)

1) Average Earned Date of Experience Period	6/30/2008
2) Average Earned Date of Proposed Policy Period	4/1/2012
3) Number of Years from (1) to (2)	3.754
4) Selected Annual Impact	1.70 %
5) Factor to Adjust for Subsequent Change in Fixed Expense [1.0 + (4)] ^ (3)	1.065

Allstate Property & 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 @ 2.4%*
force of interest, given an Operating Profit of 7.1%
and twelve-month Policy Terms

Years From Start of Policy Year	Pennsylvania Cumulative Percent of Losses Paid	Pennsylvania Yearly Percent of Losses Paid	Time from Start of Policy Year	Discounted ** to avg time of profit @ 2.4%	Discounted Payments
1	26.8%	26.8%	0.70	1.007	27.0%
2	86.1%	59.3%	1.40	0.990	58.7%
3	93.0%	6.9%	2.40	0.967	6.7%
4	96.4%	3.4%	3.40	0.944	3.2%
5	98.4%	2.0%	4.40	0.922	1.8%
Subsequent	100.0%	1.6%	7.00	0.866	1.4%
Total		100.0%			98.8%
Expected Losses and Loss Expense Ratio					64.7%
Present Value of Loss and Loss Expense Payments					63.9%
General Expense		4.8%	0.75	1.006	4.8%
Other Acquisition		5.1%	0.63	1.009	5.1%
Taxes		2.1%	1.29	0.993	2.1%
Commissions		11.5%	0.58	1.010	11.6%
Debt Provision		1.3%	1.00	1.000	1.3%
Profit Provision		8.4%	1.00	1.000	8.4%
Contingency Provision		2.0%	1.00	1.000	2.0%
Licenses and Fees		0.1%	1.29	0.993	0.1%
Total Present Value of Outgo					99.3%
Premiums		100.0%	0.57	1.010	101.0%
Difference, Present Value of Income Less Present Value of Outgo					1.7%

*Discount rate from Investments Department forecast

**exp (0.024 x (timing of profit being earned - timing of cash flow))

ALLSTATE INSURANCE GROUP*

Calculation of Debt Provision

	<u>Amount</u>
(1) Outstanding Debt	\$ 5,602
(2) After-tax Cost of Debt**	4.0%
(3) Earned Premium	\$ 25,771
(4) After-Tax Debt Provision [(1) * (2) / (3)]	0.9%
(5) Federal Tax Rate	35.0%
(6) Pre-tax Debt Provision [(4) / (1 - (5))]	1.3%

*Excluding Allstate New Jersey and Allstate Floridian

**Treasury Department Estimate based on the yield to maturity for the outstanding debt at 12/31/2009

Dollar values are in millions

Allstate Insurance Group
Owners
Countrywide

Contingency Factor Support

<u>Unexpected Event</u>	<u>Total Estimated Loss</u>
New Jersey Oil Tanks	\$14,039,223
Texas Slab Losses	\$6,395,953
Countrywide Mold	\$196,869,231
Texas Mold	\$114,230,031
Maryland Water Back-Up	\$104,745
California Senate Bill 1899	\$56,626,400

Total Unexpected Event Estimated Loss: \$388,265,584

Total Countrywide Ex-CAT Losses for Accident Years
1996-2003: \$14,082,669,021

Indicated Contingency Provision as Percentage of Ex-
CAT Losses: 2.8%

Ratio of Ex-CAT Losses to Total Losses for Accident
Years 1996-2003 77.6%

Indicated Contingency Provision as Percentage of Total
Loss: 2.1%

Countrywide Fixed Expense Total 10.1%

Countrywide Variable Expense Total 14.3%

Countrywide Permissible Loss Ratio 75.6%

Indicated contingency provision adjusted for expenses: 1.9%

Selected Contingency Provision: 2.0%

Allstate Property & 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
9/30/2010	165,515	\$123,264,378	0.970	\$119,566,447	\$722.39	100 %
					(7) Projected Average Earned Premium at Current Rates	\$722.39

Allstate Property & Casualty Insurance Company
Owners
Pennsylvania

Calculation of Premium Trend Factor

<u>Peril</u>	Selected Annual Premium Impacts <u>Projected</u>
Total All Peril excluding EQ	-1.50%
	<u>Current Year</u>
1) Average Earned Date of Proposed Policy Period	4/1/2012
2) Mid-Point of Current Year's Experience Period	3/31/2010
3) Experience Period Ended	9/30/2010
4) Midpoint of Experience Period	3/31/2010
5) Historical: Number of Years from (4) to (2)	0.000
6) Projected: Number of Years from (2) to (1)	2.003

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 & Casualty Insurance Company
Owners
Pennsylvania

Premium Trends

Year Ending	Average Written Premium @ CRL Annual Change		Exponential Curve of Best Fit		
			20 pt.	12 pt.	6 pt.
12/05	\$746.36		\$751.61		
03/06	747.68		751.55		
06/06	736.03		751.48		
09/06	747.45		751.42		
12/06	752.12	0.77 %	751.35		
03/07	752.03	0.58	751.29		
06/07	757.76	2.95	751.22		
09/07	756.91	1.27	751.15		
12/07	756.42	0.57	751.09	\$761.68	
03/08	757.16	0.68	751.02	759.91	
06/08	757.06	-0.09	750.96	758.14	
09/08	758.52	0.21	750.89	756.37	
12/08	758.71	0.30	750.83	754.61	
03/09	758.57	0.19	750.76	752.85	
06/09	755.78	-0.17	750.70	751.10	\$753.72
09/09	748.84	-1.28	750.63	749.35	750.73
12/09	746.14	-1.66	750.57	747.61	747.75
03/10	745.87	-1.67	750.50	745.87	744.78
06/10	741.77	-1.85	750.44	744.13	741.82
09/10	739.27	-1.28	750.37	742.40	738.87
Regression			20 pt.	12 pt.	6 pt.
Avg Annual Percent Change Based on Best Fit:			-0.03 %	-0.93 %	-1.58 %

ATTACHMENT VI

Indicated Change by Zone

**ALLSTATE PROPERTY AND CASUALTY INSURANCE COMPANY
OWNERS FORMS**

PENNSYLVANIA

INDICATED CHANGES BY ZONE

With this filing, we are revising the Zone relativities for our Allstate Property and Casualty Insurance Company (AP&C) Owners program. We are not changing the territorial definitions. In developing the indicated changes by zone for Pennsylvania, data from Allstate Property and Casualty Insurance Company Pennsylvania owners policies for accident years ending September 30, 2006, 2007, 2008, 2009, and 2010 was used. Each of these fiscal accident years is evaluated as of September 30, 2010.

Attachment VI, Exhibit 1 shows the development of the indicated changes by zone as well as the selected changes.

Allstate Property and Casualty Insurance Company
Homeowners
Pennsylvania

Development of Indicated Percent Change by Zone

(1)	(2)	(3)	(4)	(5)	(6)=(5)/(3)	(7)	(8)=(4)/(7)	(9)=(8)/(2)	(10)=(6)-(9)	(11)	(12)=(4)*(11)	(13)=(12)/(2)	(14)=(10)+(15)=(10)/(16)=SQRT((13)/(3)/2000)	(17)	(18)	(19)=(17)*(18)	(20)=(19)/(18)	(21)=(15)*(16)+(22)=(21)*(13)	(23)=(22)+(24)	(24)=23/Total	(25)	(26)=(24)/(25)	(27)=(26)/2	(28)	(29)=(28)/(28)	(30)=(27)/(29) - 1					
Zone	Five Year Paid Claim Count	Latest Year Earned Exposure	Five Year Earned Exposure	Latest Year Trended Earned Aiy	Five-Non-Cat Incurred Losses	Non-Cat Pure Premium	Expected Non-Hurr Cat Losses per Aiy*	Expected Non-Hurr Cat Pure Premium	Non-Hurr Cat Total Non-Hurr Pure Premium	Expected Hurr Cat Losses per Aiy*	Expected Hurr Cat Pure Premium	Total Pure Premium	Non-Hurr Pure Premium Relativity	Credibility	Total Avg Premium	Windstorm or Hail Exclusion Factor**	Non-Hurr portion of premium	Current Non-Hurr Prem Rel	Indicated Non-Hurr Prem Rel	Derived PP	Indicated Total PP	Indicated Relativity	Average Rating Factor	Indicated Zone Relativity	Rebalanced Zone Relativity	Current Zone Rel	Rebalanced to SW Avg	Indicated Zone Change	Selected Zone Change		
1	2,830	22,098	66,325	5,124,456	24,912,064	375.61	0.281	1,439,972	65.16	440.77	0.037	189,605	8.58	449.35	1.006	100.0%	482.65	1.00	482.65	0.736	1.006	440.77	449.35	0.992	0.601	1.652	1.016	0.783	0.773	31.4%	11.9%
2	37	322	1,000	95,390	350,625	380.80	0.281	26,804	83.25	434.05	0.054	5,151	16.00	450.05	0.990	20.4%	660.27	1.00	660.27	1.007	1.004	439.93	455.93	1.007	0.639	1.575	0.970	1.007	0.995	-2.5%	-2.5%
3	1,921	14,188	42,772	3,348,558	16,118,560	376.85	0.281	940,945	66.32	443.17	0.047	157,382	11.09	454.26	1.011	100.0%	517.24	1.00	517.24	0.789	1.011	443.17	454.26	1.003	0.637	1.574	0.969	0.791	0.781	24.0%	11.5%
4	8	90	263	21,072	31,262	118.96	0.281	5,921	65.90	184.86	0.029	611	6.80	191.66	0.422	10.5%	625.69	1.00	625.69	0.954	0.899	393.89	400.69	0.885	0.601	1.471	0.905	1.014	1.002	-9.6%	-8.1%
5	1,092	7,491	22,073	1,740,064	5,843,873	264.75	0.281	488,958	65.27	330.02	0.025	43,502	5.81	335.83	0.753	95.9%	496.94	1.00	496.94	0.758	0.753	330.11	335.92	0.742	0.605	1.227	0.755	0.801	0.791	-4.6%	-4.6%
6	3	24	58	4,349	2,488	42.83	0.281	1,222	50.67	93.50	0.030	130	5.41	98.91	0.213	4.9%	586.39	1.00	586.39	0.894	0.861	377.35	382.76	0.845	0.558	1.514	0.932	1.024	1.011	-7.8%	-7.8%
7	809	5,782	17,274	1,411,407	5,384,251	311.69	0.281	396,605	68.59	380.28	0.033	46,576	8.06	388.34	0.868	84.8%	501.68	1.00	501.68	0.765	0.852	373.48	381.53	0.842	0.588	1.432	0.881	0.831	0.821	7.4%	7.0%
8	1,783	9,399	26,146	2,066,147	12,212,121	467.08	0.281	580,587	61.77	528.85	0.073	150,829	16.05	544.90	1.207	100.0%	749.29	1.00	749.29	1.143	1.207	528.85	544.90	1.203	0.653	1.842	1.134	1.118	1.104	2.7%	2.7%
9	744	6,012	18,861	2,147,202	5,252,038	278.46	0.281	603,364	100.36	378.82	0.071	152,451	25.36	404.18	0.864	88.6%	765.79	1.00	765.79	1.168	0.899	393.93	419.29	0.926	0.707	1.309	0.805	1.055	1.042	-22.7%	-8.5%
10	324	2,079	6,040	638,925	2,793,938	462.56	0.281	179,538	86.37	548.94	0.076	48,558	23.36	572.30	1.252	50.2%	918.88	1.00	918.88	1.402	1.327	581.52	604.89	1.336	0.668	2.000	1.231	1.341	1.324	-7.1%	-5.5%
11	728	5,971	17,211	1,552,776	3,773,365	219.25	0.281	436,330	73.08	292.32	0.022	34,161	5.72	298.04	0.667	84.7%	508.06	1.00	508.06	0.775	0.683	299.58	305.30	0.674	0.590	1.142	0.703	0.839	0.829	-15.2%	-15.2%
12	2,880	14,776	40,543	3,409,254	19,401,215	478.54	0.281	958,000	64.83	543.37	0.074	252,285	17.07	560.45	1.240	100.0%	747.21	1.00	747.21	1.140	1.240	543.37	560.45	1.238	0.647	1.913	1.178	1.126	1.112	5.9%	5.9%
13	54	430	1,312	177,658	290,158	221.10	0.281	49,922	116.07	61.87	0.063	11,192	26.02	363.20	0.769	23.4%	916.68	1.00	916.68	1.398	1.251	548.40	574.42	1.268	0.841	1.508	0.928	1.062	1.049	-11.5%	-11.5%
14	1,131	6,746	20,650	2,412,623	7,926,745	383.85	0.281	677,947	100.50	484.35	0.081	195,422	28.97	513.32	1.105	92.8%	1,040.74	1.00	1,040.74	1.587	1.140	499.66	528.63	1.167	0.752	1.552	0.955	1.349	1.332	-28.3%	-8.5%
15	742	4,271	12,486	940,437	4,922,976	394.29	0.281	264,263	61.87	456.17	0.020	18,809	4.40	460.57	1.041	72.1%	519.35	1.00	519.35	0.792	0.971	425.80	430.20	0.950	0.596	1.593	0.981	0.849	0.839	16.9%	11.0%
16	4,468	24,861	66,797	5,318,114	25,191,249	377.13	0.281	1,494,390	60.11	437.24	0.085	452,040	18.18	455.42	0.998	100.0%	711.39	1.00	711.39	1.085	0.998	407.24	455.42	1.006	0.610	1.648	1.014	1.136	1.122	-9.6%	0.0%
17	61	376	1,055	87,548	332,298	314.88	0.281	24,601	65.49	380.37	0.044	3,852	10.25	390.62	0.868	21.0%	611.25	1.00	611.25	0.932	0.919	402.73	412.99	0.912	0.556	1.641	1.010	1.072	1.059	-4.6%	-3.0%
18	223	1,088	3,414	462,540	1,011,253	296.17	0.281	129,974	119.41	415.58	0.082	37,928	34.85	450.43	0.948	37.7%	1,200.80	1.00	1,200.80	1.832	1.498	656.76	691.61	1.527	0.861	1.773	1.091	1.359	1.342	-18.7%	-8.5%
19	1,075	8,529	25,847	1,936,198	7,410,516	286.71	0.281	544,072	63.79	350.50	0.031	60,022	7.04	357.53	0.800	100.0%	519.16	1.00	519.16	0.792	0.800	350.50	357.53	0.789	0.554	1.426	0.878	0.914	0.903	-2.8%	-2.8%
20	0	18	51	3,258	0	0	0.281	915	50.60	50.60	0.035	114	6.30	56.91	0.115	4.6%	641.78	1.00	641.78	0.979	0.939	411.55	417.85	0.923	0.521	1.770	1.089	1.200	1.185	-8.1%	-6.5%
21	249	1,810	5,458	416,179	1,309,867	239.98	0.281	116,946	64.61	304.59	0.038	15,815	8.74	313.33	0.695	47.7%	564.48	1.00	564.48	0.861	0.782	342.68	351.41	0.776	0.597	1.299	0.799	0.921	0.910	-12.1%	-12.1%
22	38	247	703	41,639	124,819	177.45	0.281	11,701	47.42	224.87	0.024	999	4.05	228.92	0.513	17.1%	531.13	1.00	531.13	0.810	0.759	332.80	336.85	0.744	0.453	1.644	1.012	1.144	1.130	-10.5%	-8.5%
23	90	681	2,002	138,821	748,531	373.83	0.281	39,009	57.32	431.15	0.017	2,360	3.47	434.62	0.984	28.9%	518.12	1.00	518.12	0.970	0.846	370.88	374.35	0.827	0.542	1.524	0.938	0.931	0.920	2.0%	2.0%
24	403	2,898	8,542	659,177	2,767,299	323.97	0.281	185,229	63.91	387.89	0.036	23,730	8.19	396.07	0.885	59.7%	542.26	1.00	542.26	0.827	0.862	377.66	385.85	0.852	0.549	1.551	0.954	0.962	0.950	0.5%	0.5%
25	470	3,360	10,614	1,189,624	4,273,340	402.62	0.281	334,284	99.50	502.12	0.074	88,032	26.20	528.33	1.146	83.6%	836.96	1.00	836.96	1.277	1.189	521.37	547.57	1.209	0.688	1.756	1.081	1.185	1.170	-7.6%	-7.6%
26	54	346	1,057	105,705	261,083	246.99	0.281	29,703	85.87	332.86	0.092	9,725	18.12	360.98	0.759	21.0%	989.38	1.00	989.38	1.509	1.352	592.51	620.62	1.370	0.656	2.091	1.287	1.471	1.453	-11.4%	-8.5%
27	447	3,201	9,670	756,613	3,612,936	373.61	0.281	212,608	66.42	440.03	0.045	34,048	10.64	456.67	1.004	63.5%	557.65	1.00	557.65	0.851	0.948	415.49	426.12	0.941	0.561	1.678	1.032	0.969	0.957	7.9%	7.0%
28	492	2,889	8,598	736,003	3,871,773	450.31	0.281	206,817	71.58	521.89	0.080	58,880	20.38	542.27	1.191	59.9%	766.06	1.00	766.06	1.168	1.182	517.99	538.36	1.189	0.594	2.000	1.231	1.256	1.241	-0.8%	0.0%
29	255	1,978	6,051	813,132	2,201,339	363.79	0.281	228,490	115.50	479.29	0.067	54,480	27.54	506.83	1.093	50.2%	973.96	1.00	973.96	1.486	1.289	564.86	592.40	1.308	0.796	1.644	1.012	1.193	1.178	-14.1%	-14.1%
30	498	2,791	8,717	1,073,106	3,343,551	383.59	0.281	301,543	108.05	491.64	0.090	96,580	34.61	526.25	1.122	60.3%	1,133.80	1.00	1,133.80	1.729	1.363	597.49	632.10	1.396	0.747	1.868	1.150	1.479	1.461	-21.3%	-8.5%
31	35	223	648	51,764	340,698	525.52	0.281	14,546	65.33	590.84	0.038	1,967	8.83	599.68	1.348	16.4%	618.14	1.00	618.14	0.943	1.009	442.45	451.29	0.997	0.615	1.619	0.997	0.979	0.967	3.1%	3.1%
32	378	2,040	6,259	460,128	2,136,971	341.44	0.281	129,296	63.37	404.81	0.118	54,295	26.61	431.42	0.924	51.1%	770.69	1.00	770.69	1.176	1.047										

ATTACHMENT VII

Age of Home Discount and Claim Free Discount

**ALLSTATE PROPERTY AND CASUALTY INSURANCE COMPANY
OWNERS FORMS**

PENNSYLVANIA

AGE OF HOME DISCOUNT and CLAIM FREE DISCOUNT

With this filing, we are revising the Age of Home Discount factors for our Allstate Property and Casualty Insurance Company (AP&C) Owners program.

Methodology

A multivariate analysis using Generalized Linear Models (GLMs) is used to determine indicated factors for these rating plans. GLMs allow us to consider all major rating plans simultaneously to account for correlation among variables. They provide regression-like modeling of the response variable of pure premium, but provide more flexibility versus linear regression, as GLMs allow the response variable to come from an exponential family of distributions (including normal, Poisson, binomial, negative binomial, gamma and Tweedie distributions). Six models are developed for this analysis; one GLM for each of Fire, Liability, Theft, Water, Wind/CAT, and Other perils. The Hurricane peril factors have not been updated.

For more information on GLMs and usage in insurance ratemaking, please see the following references:

1. Anderson, D.; Feldblum, S; Modlin, C; Schirmacher, D. Schirmacher, E.; and Thandi, N., "A Practitioner's Guide to Generalized Linear Models" (Second Edition), CAS Study Note, May 2005.
<http://www.casact.org/pubs/dpp/dpp04/04dpp1.pdf>
2. McCullagh, P. and Nelder, J., Generalized Linear Models (Second Edition), Chapman and Hall, London, 1989.

Data

The indicated Age of Home Discount and Claim Free Discount factors are based on an analysis of our AP&C rating plan. The data used in the analysis is Allstate countrywide homeowners policies for accident years 2003-2006, evaluated at March 31, 2007. Since the updated rating plan factors will be utilized on the newer (AP&C) book of business, the data was limited to those policies that have renewed seven or fewer times.

Model and Variables Structure

For these rating plans, indicated rating plan factors are produced by fitting a GLM using a Tweedie distribution with a log link function to predict the response variable of pure premium.

Indicated and Proposed Rating Plan Factors

Current, Indicated, and Proposed rating plan factors are included below. Proposed factors were based on indicated factors, competitive position, smoothing techniques, and actuarial judgment.

AGE OF HOME DISCOUNT

Age of Home	Current Age of Home Discount Factor	Indicated Age of Home Discount Factor	Proposed Age of Home Discount Factor
0	0.60	0.46	0.55
1	0.63	0.45	0.57
2	0.66	0.52	0.60
3	0.68	0.52	0.63
4	0.71	0.59	0.66
5	0.74	0.63	0.69
6	0.77	0.68	0.72
7	0.80	0.70	0.75
8	0.83	0.76	0.78
9	0.85	0.84	0.82
10-14	0.88	0.84	0.86
15-19	0.92	1.00	0.92
20-29	0.96	1.00	0.96
30-39	0.96	0.97	0.96
40-49	0.98	0.95	0.98
50+	1.00	0.88	1.00

CLAIM FREE DISCOUNT

Current Claim Free Discount Factor	Indicated Claim Free Discount Factor	Proposed Claim Free Discount Factor
0.85	0.81	0.81

ATTACHMENT VIII

Fire Resistive Discount

**ALLSTATE PROPERTY AND CASUALTY INSURANCE COMPANY
OWNERS FORMS**

PENNSYLVANIA

FIRE RESISTIVE DISCOUNT

With this filing, we are revising the Fire Resistive Discount for our Allstate Property and Casualty Insurance Company (AP&C) Owners program.

The Fire Resistive Discount risk classification identifies policies that have a dwelling of fire resistive construction type, and those that do not. Fire resistive construction is defined as a building with all exterior walls, floors, roof and interior supports of brick or other non-combustible materials.

Methodology

A Loss Ratio based analysis was performed to develop the Indicated Factor for the Fire Resistive Discount. The Adjusted Loss Ratio Relativities represent the ratio of Incurred Losses to Adjusted Earned Premium. The Earned Premium was adjusted by removing the effect of the current Fire Resistive Discount to bring the premium for both risk classes to a common rate level for the purposes of comparing the expected loss cost for their respective risk class.

Data

To analyze the Fire Resistive Discount, premium and loss data from Allstate Property and Casualty Insurance Company Pennsylvania owners program was used. Due to data limitations our data is limited to April 2009 to December 2010.

Indicated and Proposed Rating Plan Factors

Based on this information the analysis shows that a discount is no longer indicated. We have elected to reduce the discount from 15% to 5% in order to address the loss pressures in this segment while also reducing the disruption to these customers. We will continue to monitor this segment in the future. Current, Indicated, and Proposed rating plan factors are included below.

Current Fire Resistive Discount Factor	Indicated Fire Resistive Discount Factor	Proposed Fire Resistive Discount Factor
0.85	1.10	0.95

ATTACHMENT IX

Impacts & Histograms

**ALLSTATE PROPERTY AND CASUALTY INSURANCE COMPANY
OWNERS FORMS
PENNSYLVANIA**

IMPACTS & HISTOGRAMS

Premium in the Owners line of insurance for Allstate Property & Casualty Insurance Company in Pennsylvania is made up of a fixed expense policy fee and a variable premium. The fixed expense policy fee is a flat premium of \$50 that applies to every policy, regardless of any risk characteristics or the size of the premium for that policy. Variable premium is determined by all the risk characteristics that are rated on such as territory, amount of insurance, town class, and the other discounts and rating plans.

The changes proposed in this filing modify the variable portion of the policy premium. No changes are being proposed to the fixed expense fee at this time. In addition to the changes proposed in this filing, the size of the total premium has an effect on the impacts individual policyholders may receive. The higher the total premium, the smaller the proportion of that premium is made up of the fixed expense policy fee. Since a larger portion of that premium is made up of variable premium, the policies with high levels of premium see a larger increase than those with average premium levels.

The total owners package premium includes both the fixed and variable portion of policy premium but does not include additional coverages. The overall average change to the total owners package premium is 21.0%. The impact information included in this filing is for the total owners package premium only. Including the additional coverage premium would flatten the impacts to an overall average change of 20.0%.

Attachment IX, Exhibit 1 shows a histogram detailing the policyholder impacts proposed in this filing. Attachment IX, Exhibit 2 shows the average impact by territory. Attachment IX, Exhibit 3.0 shows the average impact for policies with the Age of Home Discount, and those without. Attachment IX, Exhibit 3.1 shows the average impact for various Age of Home Discount segments. Attachment IX, Exhibit 4 shows the average impact for policies with the Claim Free Discount, and those without. Attachment IX, Exhibit 5 shows the average impact for policies with the Fire Resistive Discount, and those without.

The maximum impact any single policyholder will receive as a result of these proposed changes is +56.3%. The current premium for that policy is \$1,350.97, and will receive an increase of \$760.62.

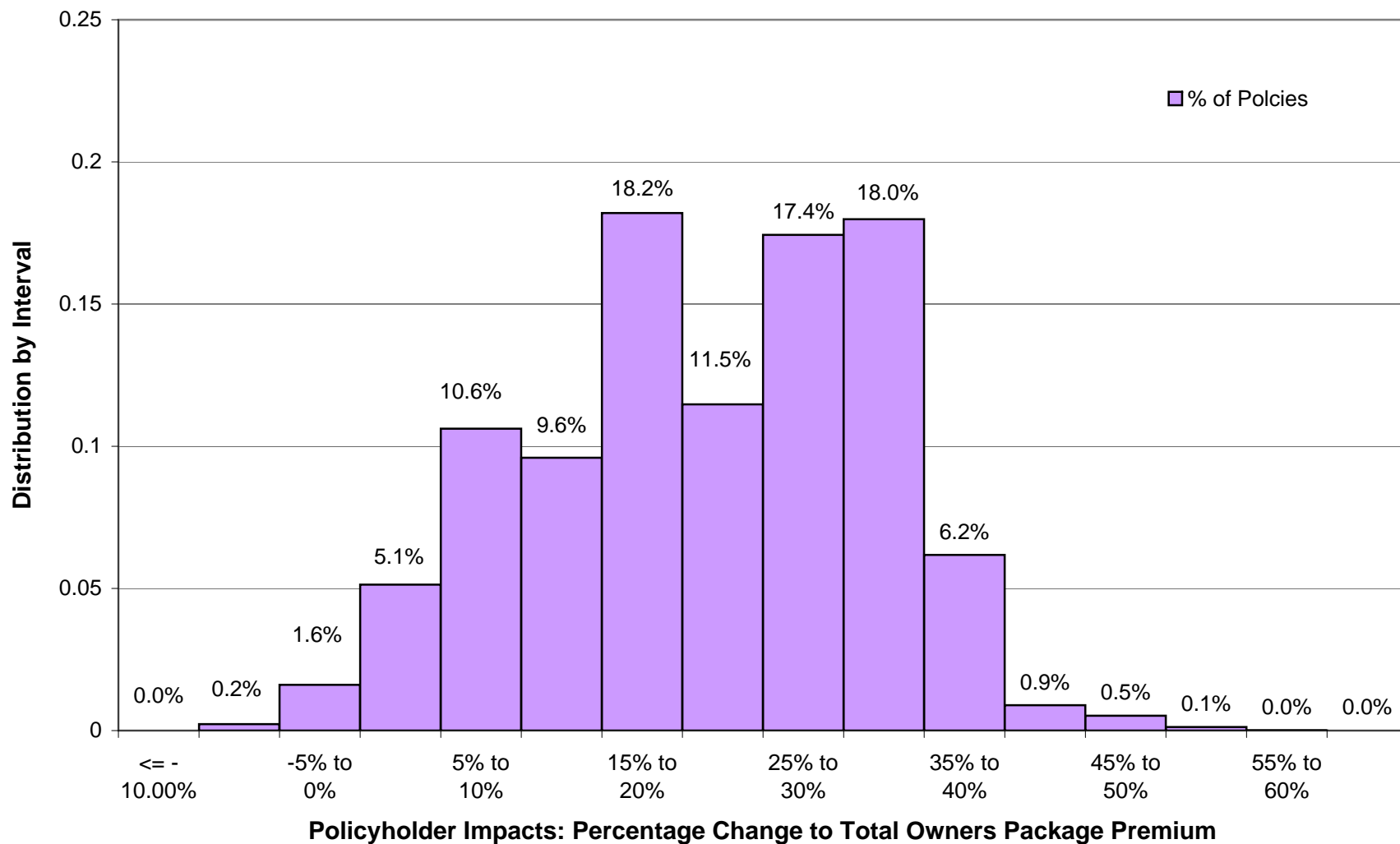
The minimum impact any single policyholder will receive as a result of these proposed changes is -8.5%. The current premium for that policy is \$449.13, and will receive a decrease of \$-38.23.

When selecting proposed factors, Allstate took into account the number of policies that would exceed an impact greater than 25 percentage points above the average total owners package premium change of 21.0%. Factor selections for the Territorial Relativities, Age of Home Discount, Claim Free Discount and Rate Adjustment Factor were made such that no policies

would go above the 25% threshold. However, after the factor selections for these rating plans were finalized internally we determined that policies with the Fire Resistive Discount are experiencing significant loss pressures. Attachment VIII, Page 1 shows that the indicated discount for this segment is actually a surcharge. We have elected to reduce the discount from 15% to 5% in order to address the loss pressures in this segment while also reducing the disruption to these customers. We will continue to monitor this segment in the future. The changes proposed in this filing cause 836 policies to go above the 25% threshold. This represents approximately 0.5% of the total Allstate Property and Casualty Insurance Company owners policies. All of the policies that go above the 25% threshold currently have the Fire Resistive Discount.

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Allstate Property & Casualty Insurance Company Owners - Pennsylvania Policyholder Impacts Histogram

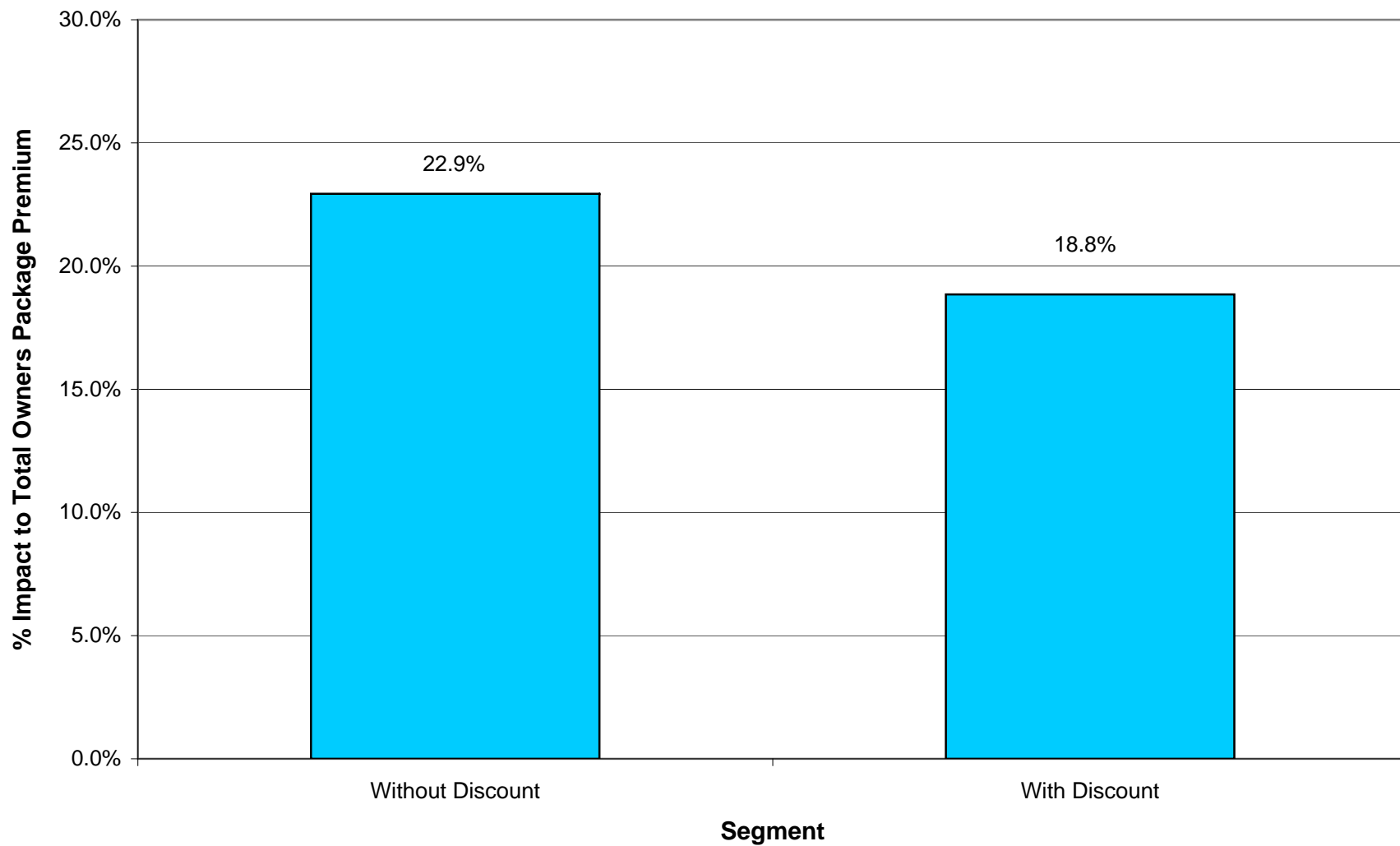


Allstate Property & Casualty Insurance Company
Owners
Pennsylvania

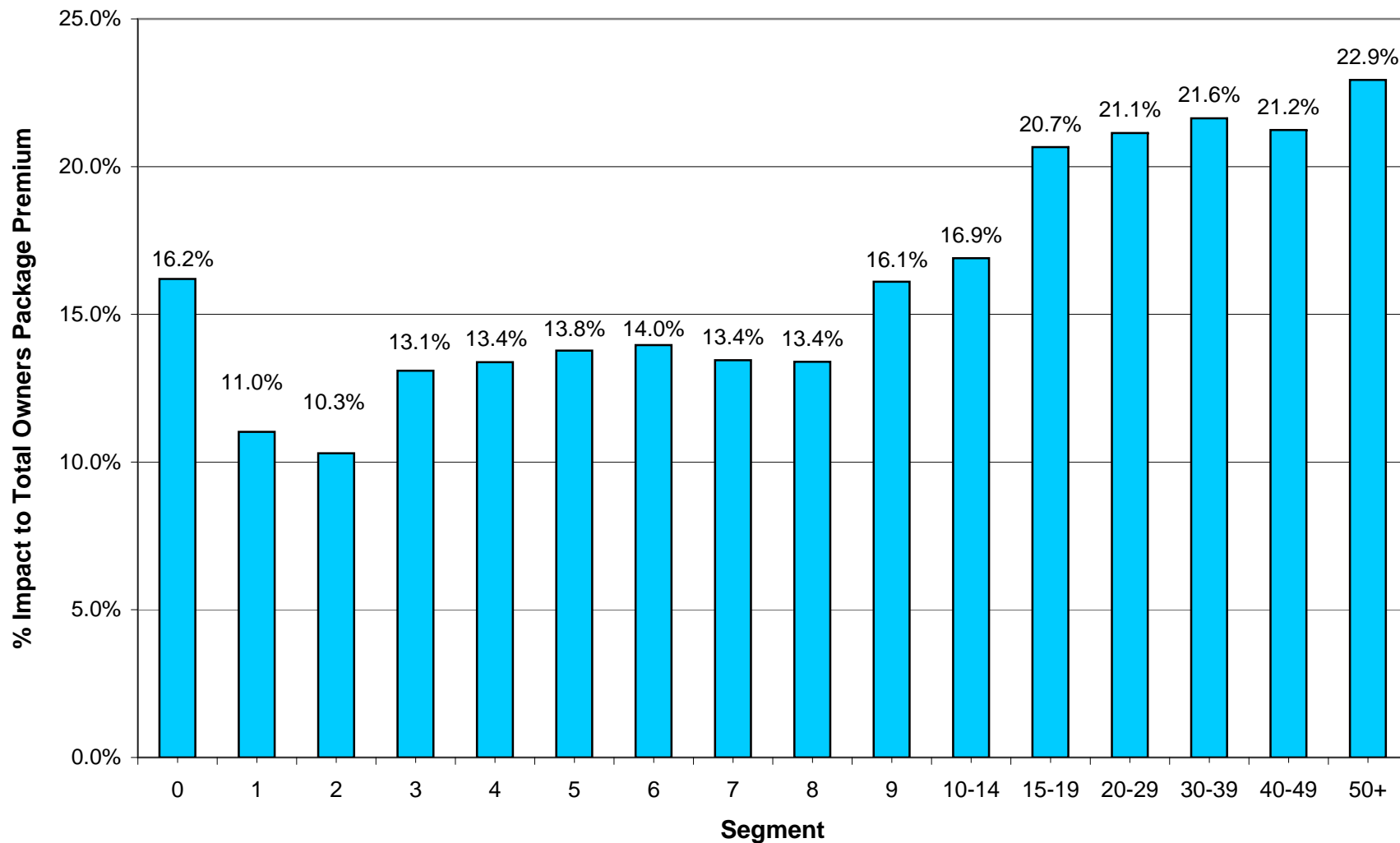
Impacts by Territory

Territory	Current Average Premium	Proposed Average Premium	Avg % Change	Avg \$ Change
1	\$533	\$702	32%	\$ 168.95
2	\$710	\$816	15%	\$ 105.75
3	\$567	\$744	31%	\$ 177.13
4	\$676	\$742	10%	\$ 66.13
5	\$547	\$628	15%	\$ 81.27
6	\$636	\$710	12%	\$ 73.52
7	\$552	\$699	27%	\$ 147.58
8	\$799	\$1,006	26%	\$ 206.35
9	\$816	\$892	9%	\$ 76.64
10	\$969	\$1,112	15%	\$ 142.80
11	\$558	\$572	2%	\$ 13.92
12	\$797	\$1,031	29%	\$ 233.66
13	\$967	\$1,037	7%	\$ 70.78
14	\$1,091	\$1,221	12%	\$ 130.08
15	\$569	\$757	33%	\$ 187.47
16	\$761	\$934	23%	\$ 173.01
17	\$661	\$772	17%	\$ 110.65
18	\$1,251	\$1,396	12%	\$ 145.10
19	\$569	\$658	16%	\$ 88.84
20	\$692	\$785	13%	\$ 93.25
21	\$614	\$650	6%	\$ 35.44
22	\$581	\$642	10%	\$ 60.73
23	\$568	\$698	23%	\$ 130.14
24	\$592	\$709	20%	\$ 117.23
25	\$887	\$977	10%	\$ 89.58
26	\$1,039	\$1,149	11%	\$ 110.09
27	\$608	\$772	27%	\$ 164.68
28	\$816	\$986	21%	\$ 169.95
29	\$1,024	\$1,057	3%	\$ 32.73
30	\$1,184	\$1,311	11%	\$ 126.98
31	\$668	\$822	23%	\$ 153.61
32	\$821	\$912	11%	\$ 91.40
33	\$1,135	\$1,259	11%	\$ 124.17
34	\$606	\$770	27%	\$ 163.95
35	\$656	\$674	3%	\$ 18.15
36	\$775	\$836	8%	\$ 61.39
37	\$559	\$563	1%	\$ 3.94
38	\$980	\$1,114	14%	\$ 134.26
39	\$1,116	\$1,315	18%	\$ 198.24
40	\$789	\$990	26%	\$ 201.30
41	\$914	\$1,077	18%	\$ 162.67
42	\$638	\$769	20%	\$ 130.54
43	\$929	\$1,244	34%	\$ 314.21
44	\$1,505	\$1,833	22%	\$ 328.01

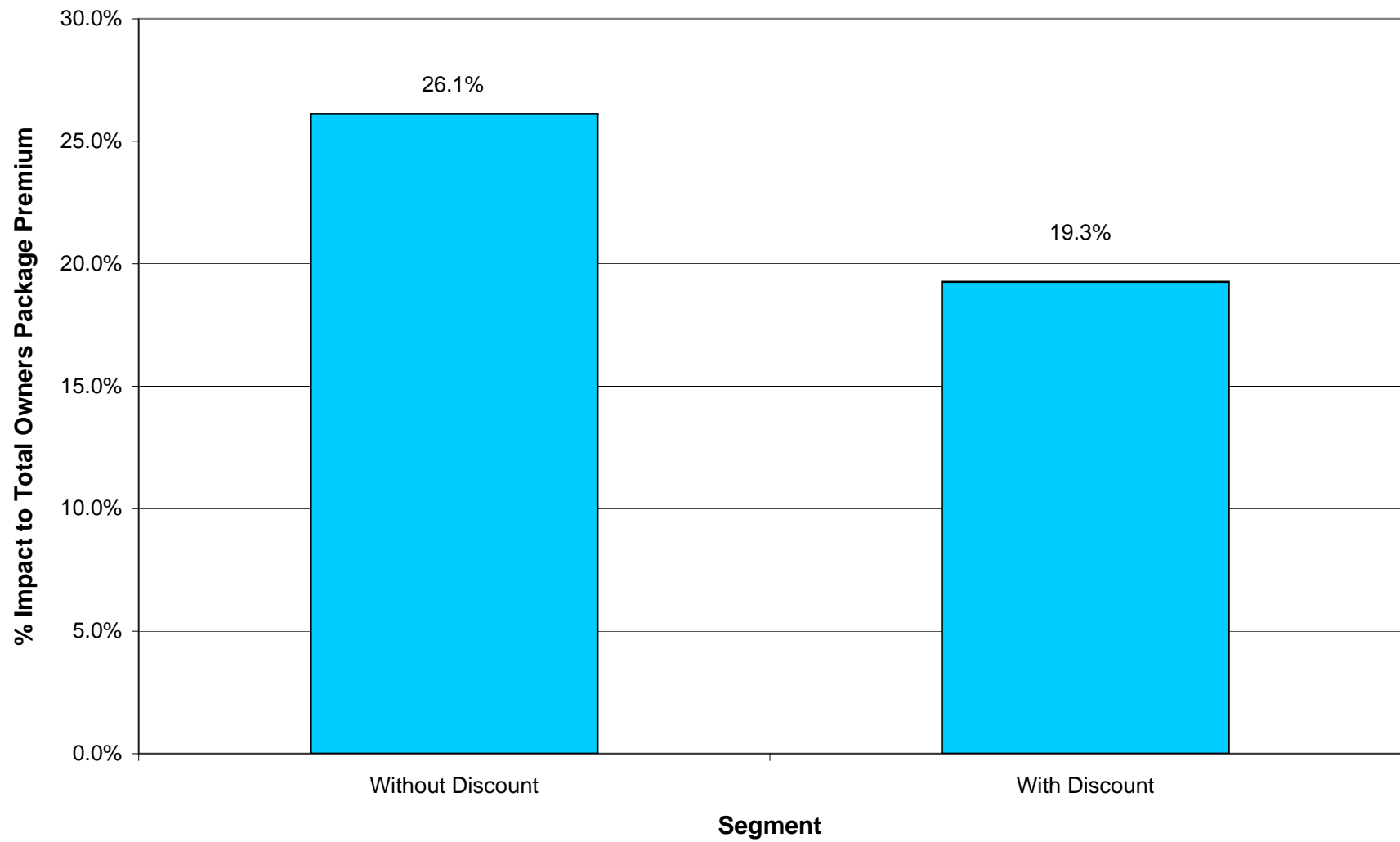
Allstate Property & Casualty Insurance Company Owners - Pennsylvania Age of Home Discount Impacts



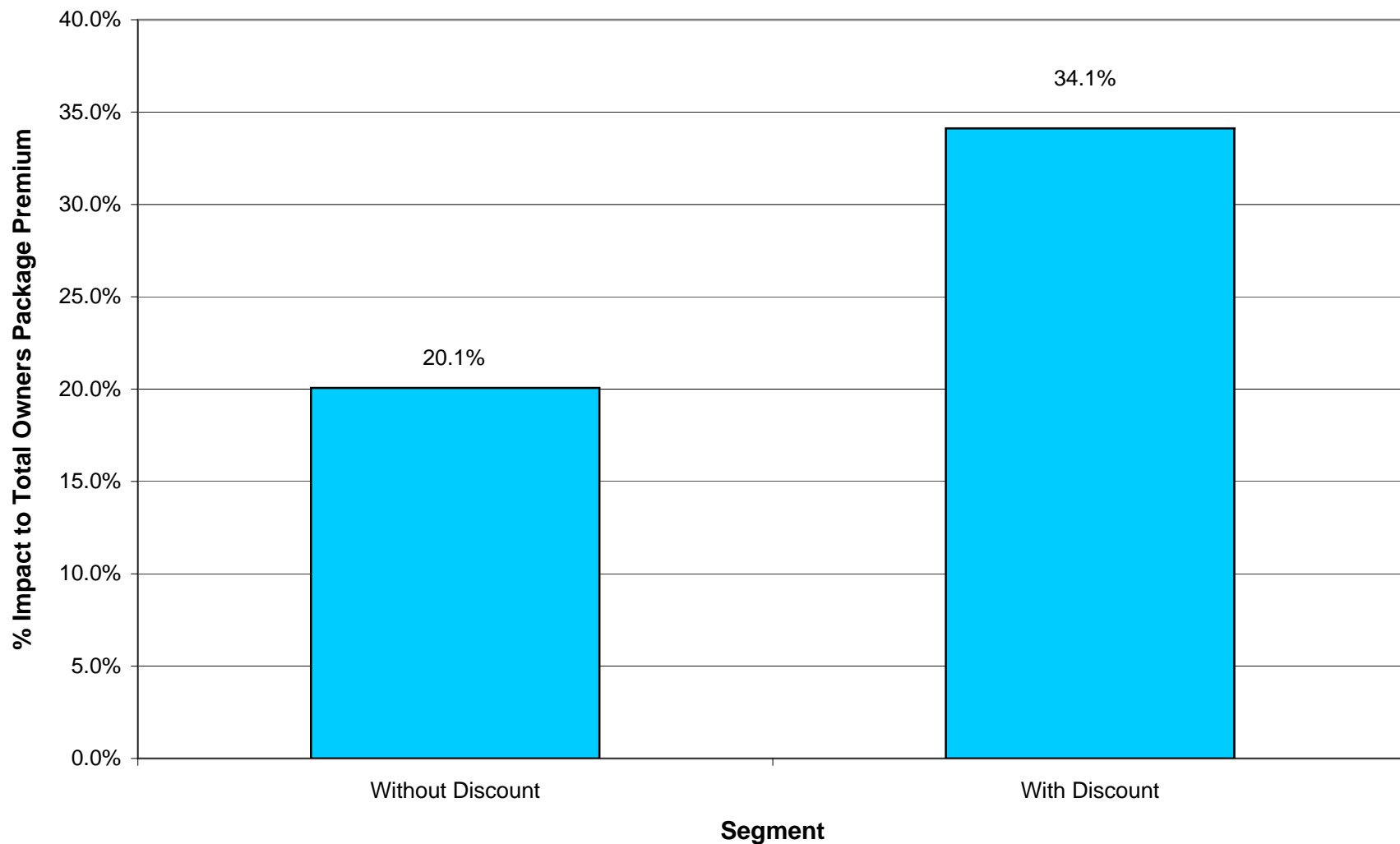
Allstate Property & Casualty Insurance Company Owners - Pennsylvania Age of Home Discount Impacts by Segment



Allstate Property & Casualty Insurance Company Owners - Pennsylvania Claim Free Discount Impacts



Allstate Property & Casualty Insurance Company Owners - Pennsylvania Fire Resistive Discount Impacts



ATTACHMENT X

Summary of Manual Changes

**ALLSTATE PROPERTY AND CASUALTY INSURANCE COMPANY
OWNERS FORMS
PENNSYLVANIA**

SUMMARY OF MANUAL CHANGES

RATE PAGES

Page RFP-1

Updated the Territorial Relativities

Page RFP-4

Updated the Rate Adjustment Factor

Page RFP-8

Updated the Age of Home Discount and the Claim Free Discount

Page RFP-9

Updated the Fire Resistive Discount

RULES MANUAL

Homeowners Manual – Territorial Pages– Page HOPCT-26

Introduced the Fire Resistive construction type definition

ATTACHMENT XI

Current and Proposed Manual Changes

Current

PENNSYLVANIA
HOMEOWNERS
RATE FACTOR PAGES

Order in
Calculation

1A Base Rate: \$1,026

1B Territorial Relativity:

Zone	Relativity	Town Class Group	AOI Scale
1	0.783	1	1
2	1.007	1	1
3	0.791	1	1
4	1.014	1	1
5	0.801	1	1
6	1.024	1	1
7	0.821	1	1
8	1.118	1	1
9	1.055	1	1
10	1.241	1	1
11	0.839	1	1
12	1.126	1	1
13	1.062	1	1
14	1.249	1	1
15	0.849	1	1
16	1.136	1	1
17	1.072	1	1
18	1.359	1	1
19	0.914	1	1
20	1.200	1	1
21	0.921	1	1
22	1.144	1	1
23	0.931	1	1
24	0.962	1	1
25	1.185	1	1
26	1.471	1	1
27	0.969	1	1
28	1.256	1	1
29	1.193	1	1
30	1.479	1	1
31	0.979	1	1
32	1.266	1	1
33	1.489	1	1
34	0.993	1	1
35	1.001	1	1
36	1.011	1	1
37	1.041	1	1
38	1.264	1	1
39	1.551	1	1
40	1.235	1	1
41	1.272	1	1
42	1.059	1	1
43	1.245	1	1
44	1.568	1	1

Proposed

PENNSYLVANIA
HOMEOWNERS
RATE FACTOR PAGES

Order in
Calculation

1A Base Rate: \$1,026

1B Territorial Relativity:

Zone	Relativity	Town Class Group	AOI Scale
1	0.876	1	1
2	0.982	1	1
3	0.882	1	1
4	0.932	1	1
5	0.764	1	1
6	0.944	1	1
7	0.889	1	1
8	1.148	1	1
9	0.965	1	1
10	1.267	1	1
11	0.711	1	1
12	1.192	1	1
13	0.940	1	1
14	1.234	1	1
15	0.942	1	1
16	1.136	1	1
17	1.040	1	1
18	1.243	1	1
19	0.888	1	1
20	1.122	1	1
21	0.810	1	1
22	1.047	1	1
23	0.950	1	1
24	0.967	1	1
25	1.095	1	1
26	1.346	1	1
27	1.037	1	1
28	1.256	1	1
29	1.025	1	1
30	1.353	1	1
31	1.009	1	1
32	1.158	1	1
33	1.362	1	1
34	1.063	1	1
35	0.856	1	1
36	0.911	1	1
37	0.862	1	1
38	1.193	1	1
39	1.537	1	1
40	1.398	1	1
41	1.248	1	1
42	1.059	1	1
43	1.493	1	1
44	1.560	1	1

Current

**PENNSYLVANIA
HOMEOWNERS
RATE FACTOR PAGES**

Order in
Calculation

2 Rate Adjustment Factor:

Factor: 1.248

3 Claim Rating Factor:

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

Proposed

**PENNSYLVANIA
HOMEOWNERS
RATE FACTOR PAGES**

Order in
Calculation

2 Rate Adjustment Factor:

Factor: 1.581

3 Claim Rating Factor:

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

Current

PENNSYLVANIA
HOMEOWNERS
RATE FACTOR PAGES

Order in
Calculation

4 Claim Free Discount:

Factor: 0.85

5 Coverage BC - Building Codes Factor:

Factor: 1.05

6 Dwellings in the Course of Construction Factor:

Factor: 0.70

7 Age of Home Discount:

Age of Home	Factor
0	0.60
1	0.63
2	0.66
3	0.68
4	0.71
5	0.74
6	0.77
7	0.80
8	0.83
9	0.85
10-14	0.88
15-19	0.92
20-29	0.96
30-39	0.96
40-49	0.98
50+	1.00

8 Partially Renovated Home Discount:

Note: To calculate the Renovated Home Discount Factor, add together the appropriate discounts and subtract the total from one.

Age of Renovation	Plumbing	Heating/Cooling	Electrical	Roof	Major	Miscellaneous
0	0.02	0.05	0.09	0.08	0.00	0.00
1	0.02	0.05	0.07	0.07	0.00	0.00
2	0.01	0.04	0.07	0.06	0.00	0.00
3	0.01	0.03	0.06	0.05	0.00	0.00
4	0.00	0.03	0.05	0.04	0.00	0.00
5	0.00	0.02	0.04	0.03	0.00	0.00
6	0.00	0.02	0.03	0.03	0.00	0.00
7	0.00	0.02	0.02	0.02	0.00	0.00
8	0.00	0.02	0.01	0.02	0.00	0.00
9	0.00	0.01	0.01	0.01	0.00	0.00
10-49	0.00	0.00	0.01	0.00	0.00	0.00
50+	0.00	0.00	0.00	0.00	0.00	0.00

Proposed

PENNSYLVANIA
HOMEOWNERS
RATE FACTOR PAGES

Order in
Calculation

4 Claim Free Discount:

Factor: 0.81

5 Coverage BC - Building Codes Factor:

Factor: 1.05

6 Dwellings in the Course of Construction Factor:

Factor: 0.70

7 Age of Home Discount:

Age of Home	Factor
0	0.55
1	0.57
2	0.60
3	0.63
4	0.66
5	0.69
6	0.72
7	0.75
8	0.78
9	0.82
10-14	0.86
15-19	0.92
20-29	0.96
30-39	0.96
40-49	0.98
50+	1.00

8 Partially Renovated Home Discount:

Note: To calculate the Renovated Home Discount Factor, add together the appropriate discounts and subtract the total from one.

Age of Renovation	Plumbing	Heating/Cooling	Electrical	Roof	Major	Miscellaneous
0	0.02	0.05	0.09	0.08	0.00	0.00
1	0.02	0.05	0.07	0.07	0.00	0.00
2	0.01	0.04	0.07	0.06	0.00	0.00
3	0.01	0.03	0.06	0.05	0.00	0.00
4	0.00	0.03	0.05	0.04	0.00	0.00
5	0.00	0.02	0.04	0.03	0.00	0.00
6	0.00	0.02	0.03	0.03	0.00	0.00
7	0.00	0.02	0.02	0.02	0.00	0.00
8	0.00	0.02	0.01	0.02	0.00	0.00
9	0.00	0.01	0.01	0.01	0.00	0.00
10-49	0.00	0.00	0.01	0.00	0.00	0.00
50+	0.00	0.00	0.00	0.00	0.00	0.00

Current

**PENNSYLVANIA
HOMEOWNERS
RATE FACTOR PAGES**

**Order in
Calculation**

9 Home Buyer Discount:

<u>Policy Age</u>	<u>Factor</u>
0	0.90
1	0.92
2	0.94
3	0.96
4	0.98
5+	1.00

10 Fire Resistive Discount:

Factor: 0.85

11 Protective Device Discount:

<u>Classification</u>	<u>Factor</u>
1	0.96
2	0.96
3	0.95
4	0.95
5	0.95
6	0.94
7	0.94
8	0.94
9	0.95
10	0.94
11	0.94

12 55 and Retired Discount:

Factor: 0.90

Proposed

**PENNSYLVANIA
HOMEOWNERS
RATE FACTOR PAGES**

**Order in
Calculation**

9 Home Buyer Discount:

<u>Policy Age</u>	<u>Factor</u>
0	0.90
1	0.92
2	0.94
3	0.96
4	0.98
5+	1.00

10 Fire Resistive Discount:

Factor: 0.95

11 Protective Device Discount:

<u>Classification</u>	<u>Factor</u>
1	0.96
2	0.96
3	0.95
4	0.95
5	0.95
6	0.94
7	0.94
8	0.94
9	0.95
10	0.94
11	0.94

12 55 and Retired Discount:

Factor: 0.90

HOMEOWNERS MANUAL

PENNSYLVANIA
TERRITORIAL PAGE

When a zip code is added by the U.S. Post Office in Pennsylvania by dividing an existing zip code into two or more new zip codes, the rating zone assigned to the existing zip code should be used. For example, if zip code 12345 in rating zone 1 is divided into two new zip codes, 22345 and 33345, policies in the new zip codes should still be rated in zone 1.

Zip codes may refer to post offices rather than geographical locations. Zip codes assigned to post office boxes rather than geographical locations should not be used for rating purposes.

HOMEOWNERS MANUAL

PENNSYLVANIA
TERRITORIAL PAGE

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Zip codes may refer to post offices rather than geographical locations. Zip codes assigned to post office boxes rather than geographical locations should not be used for rating purposes.

CONSTRUCTION TYPES

Fire Resistive - A building with all exterior walls, floors, roof and interior supports of brick or other non-combustible materials.

SERFF Tracking Number: ALSE-127353005 *State:* Pennsylvania
Filing Company: Allstate Property and Casualty Insurance *State Tracking Number:* B36691001
Company
Company Tracking Number: R23391
TOI: 04.0 Homeowners *Sub-TOI:* 04.0003 Owner Occupied Homeowners
Product Name: PA APC HO Rate Change (+20.0%)
Project Name/Number: Rate Change/730242

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