Filing at a Glance

Company:	Allstate Property and Casualty Insurance Company
Product Name:	APC HO
State:	Pennsylvania
TOI:	04.0 Homeowners
Sub-TOI:	04.0003 Owner Occupied Homeowners
Filing Type:	Rate/Rule
Date Submitted:	07/02/2013
SERFF Tr Num:	ALSE-129102533
SERFF Status:	Assigned
State Tr Num:	
State Status:	Received Review in Progress
Co Tr Num:	R26164: TCD DEDUCTIBLE REMOVAL & RATE CHANGE
Effective Date Requested (New):	11/18/2013
Effective Date Requested (Renewal):	01/02/2014
Author(s):	Bonnie Wittman
Reviewer(s):	Eric Zhou (primary), Michael McKenney (PC)
Disposition Date:	
Disposition Status:	
Effective Date (New):	
Effective Date (Renewal):	

State Filing Description:

State: *Pennsylvania* **Filing Company:** *Allstate Property and Casualty Insurance Company*
TOI/Sub-TOI: *04.0 Homeowners/04.0003 Owner Occupied Homeowners*
Product Name: *APC HO*
Project Name/Number: *TCD Deductible Removal & Rate Change/1359180*

General Information

Project Name: TCD Deductible Removal & Rate Change
Project Number: 1359180
Reference Organization:
Reference Title:
Filing Status Changed: 07/02/2013
State Status Changed: 07/10/2013
Created By: Bonnie Wittman
Corresponding Filing Tracking Number:

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

Deemer Date:
Submitted By: Bonnie Wittman

Filing Description:

With this filing, Allstate is removing the Tropical Cyclone Deductible requirement in its entirety from the Allstate Property and Casualty Insurance Company (AP&C) Owners program in the state of Pennsylvania. The applicable customers will no longer have a Tropical Cyclone Deductible; however, they will still be responsible for the respective All Peril Deductible and/or Wind/Hail Deductible on their policy. Furthermore, Allstate believes the removal of this deductible requirement will place Allstate in line with other competitors in the state who do not currently mandate a Tropical Cyclone Deductible.

Currently, the AP&C Owners program has 86.5% of customers with the Tropical Cyclone Deductible.

In addition to the changes described above, Allstate is proposing an overall 2.0% rate level change to the Allstate Property and Casualty Insurance Company (AP&C) Owners program in the state of Pensylvania. The impacts associated with the Tropical Cyclone deductible removal are 1.6%. Please note that the combined impact of these revisions arrives at an overall 3.6% premium level change.

The overall rate level change has been achieved through the revision of the Rate Adjustment Factor. We have also included clerical revisions with these changes. Further information regarding these changes can be found in the enclosed attachments.

Company and Contact

Filing Contact Information

Bonnie Wittman, State Filings Director
2775 Sanders Road
Suite A2-W
Northbrook, IL 60062

bwb4d@allstate.com
847-402-3144 [Phone] 23144 [Ext]
847-402-9757 [FAX]

Filing Company Information

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

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

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

Filing Fees

Fee Required? No

Retaliatory? No

Fee Explanation:

State Specific

*Filing Fee Amount: n/a
*Date Filing Fee Mailed: n/a
*Filing Fee Check Number: n/a
*Filing Fee Check Date: n/a
*NAIC Number: 17230

State: *Pennsylvania* **Filing Company:** *Allstate Property and Casualty Insurance Company*
TOI/Sub-TOI: *04.0 Homeowners/04.0003 Owner Occupied Homeowners*
Product Name: *APC HO*
Project Name/Number: *TCD Deductible Removal & Rate Change/1359180*

Rate Information

Rate data applies to filing.

Filing Method: Prior Approval
Rate Change Type: Increase
Overall Percentage of Last Rate Revision: 1.000%
Effective Date of Last Rate Revision: 11/22/2012
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 req'd):	Minimum % Change (where req'd):
Allstate Property and Casualty Insurance Company	12.600%	3.600%	$6,465,534	185,775	$179,598,171	10.400%	0.600%

State: *Pennsylvania* **Filing Company:** *Allstate Property and Casualty Insurance Company*
TOI/Sub-TOI: *04.0 Homeowners/04.0003 Owner Occupied Homeowners*
Product Name: *APC HO*
Project Name/Number: *TCD Deductible Removal & Rate Change/1359180*

Rate/Rule Schedule

Item No.	Schedule Item Status	Exhibit Name	Rule # or Page #	Rate Action	Previous State Filing Number	Attachments
1		Manual Page Cheking List	R26164	New		CheckingList - R26164.pdf
2		Manual Pages	R26164	Replacement		Manual - R26164.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 HOPC5-1 dated 10-1-2013
Page HOPC25-1 dated 10-1-2013

Withdrawn: Page HOPC5-1 dated 12-1-2007
Page HOPC5-2 dated 11-1-2006
Page HOPC25-1 dated 10-3-2005

PREMIUM SECTION

Enclosed: Page PCP-1 dated 10-1-2013
Page RFP-4 dated 10-1-2013
Page RFP-13 through RFP-16 dated 10-1-2013

Withdrawn: Pagce PCP-1 dated 7-2-2011
Page RFP-4 dated 9-2-2011
Page RFP-13 dated 7-2-2011
Page RFP-14 dated 9-1-2012
Page RFP-15 dated 7-2-2011
Page RFP-16 dated 7-2-2011

RULE 5 - DEDUCTIBLES

Policies may be written with the deductibles shown in the Rate Factor Pages applicable to perils insured under Section I. All deductibles apply on a flat (nondisappearing) basis. Deductibles do not apply to Loss of Use of Your Residence Premises, Fire Department Charges, Credit Card and Check Forgery provisions.

Deductible factors for Homeowners and Standard Homeowners policies should be based on the Coverage A amount. Deductible factors for the Select Homeowners and Standard Select Homeowners policies should be based on the full replacement cost of the dwelling. Factors for amounts not shown in the Rate Factor Pages may be obtained by interpolation.

Method for interpolation (example): A $500 deductible factor is desired for a Homeowners policy with a Coverage A limit of $83,420. $500 deductible factors for $80,000 and $90,000 are shown in the Rate Factor Pages.

1. Replacement Costs Shown — Factors Shown

$90,000	0.9300
$80,000	0.9200
$10,000 (difference in amounts)	0.0100 (difference in factors)

2. $ 3,420 (additional amount)
   $10,000 (difference in amounts)

   = 0.3420 (round to four decimals)

3. (Step 2 Result) x 0.0100 (difference in factors)

   = 0.0034

   0.9200 (factor for $80,000)
   0.0034 (factor for additional $3,420)
   0.9234 (factor for $83,420)

RULE 25 - CLAIM RATING

A factor (as shown in the Rate Factor Pages) will be applied to the otherwise applicable package premium based on a policyholder's chargeable claim experience. Determination of the chargeability of claims and reclassification due to the time elapsed since claims became chargeable will occur at each renewal.

Definition of a Qualifying Company: A Qualifying Company is defined as Allstate Insurance Company, Allstate Indemnity Company, Allstate Property and Casualty Insurance Company, Allstate Fire and Casualty Insurance Company, Castle Key Insurance Company, Castle Key Indemnity Company, Allstate County Mutual Insurance Company, and Allstate Texas Lloyd's.

Administration of claim rating:

Claim Rating Factors: The tables displaying the claim rating factors are shown in the Rate Factor Pages. The rating criteria utilized on the tables are as follows:

1. Number of claims
2. Claim type:
   - Group A:
     - Fire - fire, explosion, smoke (excluding lightning).
     - Theft – theft (on and off premises), mysterious disappearance (on and off premises), burglary, credit card fidelity, theft from an unattended vehicle.
     - Liability – any type of liability (excluding medical payments).
     - Vandalism – vandalism and malicious mischief, riot and civil commotion.
   - Group B:
     - All Other Claims – excluding the following types of claims: medical payments, worker's compensation, mine subsidence, earthquake, Allstate Scheduled Personal Property, and those claim types listed in Group A and C.
   - Group C:
     - Water – water, freeze, and water backup.
3. Underwriting Group as defined in Rule 24

PENNSYLVANIA
HOMEOWNERS
PREMIUM CALCULATION PAGES

ROUND AFTER EACH CALCULATION TO THE NEAREST PENNY

STEP #		Homeowners	Select Homeowners	Standard Homeowners	Standard Select Homeowners
1	HOMEOWNERS PACKAGE PREMIUM (PCP - 2; step 1E, 1L, or 1AB)				
2	RATE ADJUSTMENT FACTOR (RFP - 4)	x	x	x	x
3	CLAIM RATING FACTOR (RFP - 4 to RFP - 7)	x	x	x	x
4	CLAIM FREE DISCOUNT (RFP - 8)	x	x	x	x
5	COVERAGE BC - BUILDING CODES FACTOR (RFP - 8)	x		x	
6	DWELLINGS IN THE COURSE OF CONSTRUCTION FACTOR (RFP - 8)	x		x	
7	AGE OF HOME DISCOUNT (RFP - 8)	x	x	x	x
8	PARTIALLY RENOVATED HOME DISCOUNT (RFP - 8)	x	x	x	x
9	HOME BUYER DISCOUNT (RFP - 9)	x	x	x	x
10	FIRE RESISTIVE DISCOUNT (RFP - 9)	x	x	x	x
11	PROTECTIVE DEVICE DISCOUNT (RFP - 9)	x	x	x	x
12	55 AND RETIRED DISCOUNT (RFP - 9)	x	x	x	x
13	HOME AND AUTO DISCOUNT (RFP - 10)	x	x	x	x
14	THE GOOD HANDS PEOPLE ® DISCOUNT (RFP - 10)	x	x	x	x
15	MILES TO FIRE DEPARTMENT RATING FACTOR (RFP - 10)	x	x	x	x
16	ROOF RATING FACTOR (RFP - 11)	x	x	x	x
17	DEDUCTIBLE FACTOR (RFP - 12)	x	x	x	x
18	SECONDARY RESIDENCE FACTOR (RFP - 13)	x	x	x	x
19	SELECT HOMEOWNERS RATE SCHEDULE FACTOR (RFP - 13)		x		
20	BUILDING STRUCTURES REIMBURSEMENT EXTENDED LIMITS FACTOR (RFP - 13) [1]	x			
21	EXTENDED PROTECTION AMENDATORY ENDORSEMENT FACTOR (RFP - 13)	x	x		
22	WOODBURNING STOVES AMOUNT (SRP - 1)	+	+	+	+
23	RATE TRANSITION FACTOR (RFP - 16 and Rule 34)	x	x	x	x
24	IDENTITY THEFT EXPENSES AMOUNT (RFP - 13) [2]	+	+	+	+
25	WATER BACKUP AMOUNT (RFP - 13) [2]	+	+		
26	REINSURANCE CHARGE (RFP - 14 and RFP - 15)	+	+	+	+
27	FIXED EXPENSE POLICY FEE (SRP - 1)	+	+	+	+
28	ADDITIONAL PREMIUM [3]	+	+	+	+
29	TOTAL COVERAGE PREMIUM	=	=	=	=

[1] The Building Structures Reimbursement Extended Limits Factor should not be applied to policies purchasing the Extended Protection Amendatory Endorsement.

[2] The Water Backup coverages are only available to, and mandatory for, policies purchasing the Extended Protection Amendatory Endorsement.

[3] Additional premium applicable for endorsements, increased limits, additional coverage, or additional coverage deductible buy-downs, and subtract any applicable credit for reduced coverage shown on the Supplementary Rate Pates. Where applicable, use the same deductible amount applicable to Coverage A.

PENNSYLVANIA
HOMEOWNERS
RATE FACTOR PAGES

Order in Calculation

2 Rate Adjustment Factor:

Factor: 1.615

3 Claim Rating Factor:

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

Example using Rating Group 1:

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

Underwriting Groups 1-3

# of Chargeable Claims in the past 3 years			Group A					
			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

18 Secondary Residence Factor:

Factor: 1.11

19 Select Homeowners Rate Schedule Factor*:

Ratio of Select Value to Replacement Cost	Factor
.01-.15	0.73
.16-.20	0.77
.21-.25	0.79
.26-.30	0.81
.31-.35	0.82
.36-.40	0.83
.41-.45	0.84
.46-.50	0.85
.51-.55	0.86
.56-.60	0.87
.61-.65	0.88
.66-.70	0.89
.71-.75	0.90
.76-.80	0.91
.81-.85	0.92
.86-.90	0.94
.91-.95	0.96
.96-1.00	0.98

* Only applies to Standard Select and Select Homeowners policies, otherwise apply factor of 1.00

20 Building Structures Reimbursement Extended Limits Factor:

Factor: 1.01

21 Extended Protection Amendatory Endorsement Factor:

Factor: 1.10

24 Extended Protection Amendatory Endorsement - Identity Theft Expenses Amount:

Limit	Premium
$25,000	$40

25 Extended Protection Amendatory Endorsement - Water Backup Amount:

	Deductible	
Limit	$500	$1,000
$5,000	$80	$69
$10,000	$150	$129

PENNSYLVANIA
HOMEOWNERS
RATE FACTOR PAGES

Order in Calculation

26 Reinsurance Charge

Determine the charge as follows:

a. Determine the appropriate charge for the Reinsurance Charge from the Reinsurance Charge Pages. The deductible amount should match the policy's Wind/Hail deductible. If the policy does not have a Wind/Hail deductible, the Reinsurance Charge deductible should match the policy's All Peril deductible.

b. Multiply the appropriate charge by a Reinsurance Rate Adjustment Factor of 2.155 (round to three decimals).

c. Multiply by the appropriate Coverage A limits factor as shown on RFP-15.

All Other (Brick / Brick Veneer)

Line	Zone	$250	$500	$750	$1,000	$1,500	$2,000	$3,000	$5,000	2%
Owners	1	0.17	0.16	0.16	0.16	0.16	0.15	0.15	0.14	0.15
Owners	2	0.12	0.11	0.11	0.11	0.11	0.11	0.11	0.10	0.11
Owners	3	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.07	0.08
Owners	4	0.03	0.03	0.03	0.03	0.03	0.03	0.02	0.02	0.02

Frame

Line	Zone	$250	$500	$750	$1,000	$1,500	$2,000	$3,000	$5,000	2%
Owners	1	0.21	0.20	0.20	0.19	0.19	0.19	0.18	0.17	0.18
Owners	2	0.15	0.14	0.14	0.13	0.13	0.13	0.13	0.12	0.13
Owners	3	0.09	0.08	0.08	0.08	0.08	0.08	0.08	0.07	0.08
Owners	4	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03

Order in Calculation

26 (cont.) Limits Factors

	Coverage A/Coverage C	
	Limits	**Factor**
	6,000	6
	10,000	10
	11,000	11
	12,000	12
	13,000	13
	14,000	14
	15,000	15
	16,000	16
	17,000	17
	18,000	18
	19,000	19
	20,000	20
	25,000	25
	30,000	30
	35,000	35
	40,000	40
	45,000	45
	50,000	50
	55,000	55
	56,000	56
	57,000	57
	58,000	58
	59,000	59
	60,000	60
	61,000	61
	62,000	62
	63,000	63
	64,000	64
	65,000	65
	66,000	66
	67,000	67
	68,000	68
	69,000	69
	70,000	70
	71,000	71
	72,000	72
	73,000	73
	74,000	74
	75,000	75
	80,000	80
	85,000	85
	90,000	90
	95,000	95
	100,000	100
	110,000	110
	120,000	120
	130,000	130
	140,000	140
	150,000	150
	160,000	160
	170,000	170
	180,000	180
	190,000	190
	200,000	200
	225,000	225
	250,000	250
	275,000	275
	300,000	300
	325,000	325
Each Add'l	1,000	1

Reinsurance Charge
The Coverage Limits factor for a policy amount not shown on the Reinsurance Charge Pages may be obtained by interpolation.

Method for Interpolation (example): A Coverage Limits factor is desired for a policy amount of $83,000. Coverage Limit Factors are shown for $80,000 and $85,000 on the Reinsurance Charge Pages.

	Policy Amounts Shown	Factors Shown
1	$85,000	85
	80,000	80
	$ 5,000 (difference in amounts)	5 (difference in package)
2	$ 3,000 (additional amount) / $ 5,000 (difference in amounts)	x 5 (difference in factor)
	= 3.000 (round to three decimals)	
	80.000 (factor for $80,000)	
	3.000 (factor for additional $3,000)	
	83.000 (factor for $83,000, round to three decimals)	

Order in Calculation

23 Momentum Factors

MOMENTUM FACTORS (Rule 34)

MOMENTUM FACTOR	
A	1.1500
B	0.8500

SUBSEQUENT MOMENTUM FACTOR	
X	1.1500
Y	0.8500

Supporting Document Schedules

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

Satisfied - Item:	Actuarial Explanatory Memorandum & Supporting Exhibits (PC)
Comments:	
Attachment(s):	PA APC Owners Filing Memo.pdf PA APC Owners Exhibits R26164.xlsx
Item Status:	
Status Date:	

ALLSTATE PROPERTY AND CASUALTY INSURANCE COMPANY
OWNERS
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ALLSTATE PROPERTY AND CASUALTY INSURANCE COMPANY
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Attachment VI – **Impacts & Histograms**
Pages 1-4 Impacts & Histograms

Attachment VII – **Summary of Manual Changes**
Page 1 Summary of Manual Changes

Attachment VIII – **Manual Side by Sides**
Manual Side by Sides

ATTACHMENT I

Summary of Disclosures

ALLSTATE PROPERTY AND CASUALTY INSURANCE COMPANY
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ACTUARIAL STANDARDS OF PRACTICE

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

ATTACHMENT II

Summary of Rate Level Indication

ALLSTATE PROPERTY AND CASUALTY INSURANCE COMPANY
OWNERS
PENNSYLVANIA

SUMMARY OF THE DEVELOPMENT OF STATEWIDE RATE LEVEL INDICATION

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

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

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

ALLSTATE PROPERTY AND CASUALTY INSURANCE COMPANY
OWNERS
PENNSYLVANIA

ADJUSTMENTS TO NON-WEATHER LOSSES

Underlying Data

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

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

Accident Year Weights

In order to develop a credible measure of the indicated rate level, it is sometimes necessary to use more than one year of historical loss experience. A maximum of five accident years is combined to determine the indicated provision for loss and loss adjustment expense. The number of years used and the credibility per year is based upon a credibility procedure from the paper "On the Credibility of the Pure Premium" (Proceedings of the Casualty Actuarial Society, Vol. LV, 1968), by Mayerson, Jones and Bowers, and the appendix of the paper "Classical Partial Credibility with Application to Trend" (Proceedings of the Casualty Actuarial Society, Vol. LXXIII, 1986), by Venter and actuarial judgment. The analysis was completed using a k value of 0.075 and a P value of 90.0%; these parameters reflect the desire that the observed pure premium should be within 100k% of the expected pure premium with probability P. Assuming a Poisson frequency, an empirical review of the severity size of loss curve provides a gauge of credibility based on the number of claims closed with a payment.

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

Loss Development

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

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

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

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

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

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

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

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

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

claims paid with the exposures that produced the claims.

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

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

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

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ADJUSTMENTS TO WEATHER LOSSES

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

Underlying Data

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

Severity Accident Year Weights

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

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

Severity Development

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

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

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

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

Severity Trend

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

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

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

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

Frequency Estimation

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

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

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

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MODELED LOSSES

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

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

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

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

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EXPENSES AND PROFIT PROVISION

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

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

Fixed Expenses

Provisions

General and Other Acquisition Expense

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

Licenses & Fees

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

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

Rate Need Calculations

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

Trend (Inflation)

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

Variable Expenses

Commission and Brokerage Expense

The proposed commission and brokerage expense provision has been developed from the most recent calendar year commission and brokerage incurred expense ratio in Pennsylvania. The provision is shown in **Exhibit 13**.

Taxes

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

Underwriting Profit Provision

Allstate performs two separate cost of capital analyses in the estimation of its cost of equity. The first uses the Fama-French Three-factor Model (FF3F), which reflects developments in the field of financial economics as published in the *Casualty Actuarial Society Forum, Winter, 2004 and in Journal of Risk and Insurance, Vol. 72, No. 3, September 2005* ("Estimating the Cost of Equity Capital For Property-Liability Insurers" by J. David Cummins and Richard D. Phillips). The second is a Discounted Cash Flow (DCF) analysis, which estimates the expected future cash flows to investors in order to gauge the proper cost of equity. Once both the DCF and FF3F estimates had been calculated, Allstate selected a cost of equity of 9.5%, which reflected the outcomes of both analyses.

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

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

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

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

Debt Provision

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

Contingency Provision

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

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RETAINED RISK PROVISION

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

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

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ADJUSTMENTS TO PREMIUMS

Current Rate Level

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

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

Premium Trend

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

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

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

ATTACHMENT III

Modeled Loss Provision

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DEVELOPMENT OF THE HURRICANE PROVISION BASED ON THE 2011/2010 AIR VERSION 13.0 HURRICANE MODEL IN THE STATEWIDE RATE LEVEL INDICATION EXPLANATORY MEMORANDUM

I. INTRODUCTION

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

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

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

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

In order to estimate the potential loss from hurricanes, 100,000 scenario years of potential hurricanes are simulated. This large number of simulations attempts to ensure that the resulting

probability distribution of losses converges to a stable representative distribution of potential annual hurricane loss.

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

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

II. HURRICANE PARAMETERS AND WIND SPEED ESTIMATION

HURRICANE PARAMETERS

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

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

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

1. Hurricane Frequency

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

2. Landfall Location

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

3. Central Pressure

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

4. Radius of Maximum Winds

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

5. Forward Speed

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

6. Track Angle at Landfall

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

7. Storm Track

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

8. Gradient Wind Reduction Factor (GWRF)

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

9. Peak Weighting Factor (PWF)

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

HURRICANE WIND SPEED ESTIMATION

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

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

1. Maximum Gradient-Level Wind Speed

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

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

2. Adjustment to surface (10-meter) level

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

3. Storm Asymmetry

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

4. Storm Decay (Filling)

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

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

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

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

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

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

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

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

III. DAMAGE ESTIMATION AND DEMAND SURGE

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

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

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

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

IV. LOSS CALCULATION

ALLSTATE EXPOSURE DETAIL

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

MODELED LOSS ESTIMATES

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

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

ADJUSTMENTS TO MODELED LOSS ESTIMATES

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

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:

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 13.

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 a 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 and rounded to 3 decimals.

Allstate removes 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:

2011/2010 WSST Factors - Without Wind Pool	
State	Factor
PA	1.179

* 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 due to the hurricane peril. Allocated expenses are incurred while investigating and settling claims and are considered allocated because they can be linked directly to a claim file. Unallocated expenses are associated with processing claims but cannot be linked directly to a claim file. Modeled hurricane losses provided by AIR do not include LAE. Therefore it is necessary to develop a LAE provision to be applied to these losses for use in pricing and hurricane exposure management. In order to account for the LAEs associated with hurricane losses, we have applied a factor of 1.17 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)
Loss and allocated loss adjustment expense data for hurricane events from 1998 through 2010 was analyzed. Tropical storms are not included in the LAE analysis, as they are not simulated in the modeled loss data. A ratio of allocated loss adjustment expenses to losses was developed.

Unallocated Loss Adjustment Expense (ULAE)
Loss and unallocated loss adjustment expense data for hurricane events from the time period of 1998 through 2010 was analyzed. A ratio of unallocated loss adjustment expenses to losses was developed.

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

ALAE	1.8%
ULAE	16.4%
Total	18.2%
Selected:	17.0%

V. ACTUARIAL STANDARDS OF PRACTICE

The rules and procedures as set forth in 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 IV

Rate Level Indication Exhibits

Allstate Property and Casualty Insurance Company
Owners
Pennsylvania

Indicated Rate Level Change			
	Premium Distribution at Current Rates	**Indicated Rate Change**	**Selected Rate Change**
Variable Package Premium	85.9%	N/A	2.3%
Fixed Expense Premium	6.0%	N/A	0.0%
Additional Coverages	4.1%	N/A	0.0%
Total Owners, Excluding Net Cost of Reinsurance	96.0%	13.6%	2.1%
Net Cost of Reinsurance	4.0%	N/A	0.0%
Total	100.0%	N/A	2.0%

Premium Level Change from Tropical Cyclone Deductible Removal*			
	Premium Distribution at Current Rates		**Premium Level Change**
Variable Package Premium	85.9%		1.7%
Fixed Expense Premium	6.0%		0.0%
Additional Coverages	4.1%		0.0%
Total Owners, Excluding Net Cost of Reinsurance	96.0%		1.6%
Net Cost of Reinsurance	4.0%		2.4%
Total	100.0%		1.6%

*Refer to Attachment V of this filing.

Combined Premium Level Change			
	Premium Distribution at Current Rates		**Premium Level Change**
Variable Package Premium	85.9%		4.1%
Fixed Expense Premium	6.0%		0.0%
Additional Coverages	4.1%		0.0%
Total Owners, Excluding Net Cost of Reinsurance	96.0%		3.7%
Net Cost of Reinsurance	4.0%		2.4%
Total	100.0%		3.6%

Allstate Property and Casualty Insurance Company
Owners
Pennsylvania

Determination of Statewide Rate Level Indication

1) Indicated Provision for Loss and Loss Adjustment Expense [(a) + (b) + (c) + (d)]	$651.52
a) Non-Weather Loss and LAE	$296.17
b) Weather Loss and LAE	$337.52
c) Low-Layer Retained and Ceded Hurricane Loss and LAE	$10.20
d) High-Layer Retained Hurricane Loss and LAE	$7.63
2) Current Fixed Expense Ratio	10.5 %
3) Three Year Average Earned Premium	$714.62
4) Current Dollar Provision for Fixed Expense [(2) x (3)]	$75.04
5) Factor to Adjust for Subsequent Change in Fixed Expense	1.094
6) Indicated Provision for Fixed Expense [(4) x (5)]	$82.09
7) Variable Expense, Contingencies Ratio, and Profit Ratio [(a) + (b) + (c)]	24.6 %
a) Variable Expense Ratio (including Commissions, Taxes, and Debt Provision)	14.8 %
b) Contingencies Ratio	2.0 %
c) Profit Ratio	7.8 %
8) Indicated Retained Risk Provision	$25.55
9) Indicated Average Premium [(a) + (b) + (c)]	$1,001.49
a) Non-Weather Loss and LAE	$962.33
Weather Loss and LAE	
Low-Layer Retained and Ceded Hurricane Loss and LAE	
Fixed Expense	
[(1a) + (1b) + (1c) + (6)] / [1 -(7 Total)]	
b) High-Layer Retained Hurricane Loss and LAE (1d) / [1 - (7a) - (7b)]	$9.17
c) Retained Risk Provision (8) / [1 - (7a)]	$29.99
10) Projected Average Earned Premium at Current Rates	$881.48
11) Indicated Rate Level Change [(9 Total) / (10) - 1.0]	13.6 %

Allstate Property and Casualty Insurance Company
Owners
Pennsylvania

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

Fiscal Year Ending	(1) Earned Exposures	(2) Accident Year * Non-Weather Ultimate Loss	(3) Non-Weather Ultimate Loss and LAE	(4) Factor to Adjust Losses for Pure Premium Trend	(5) Projected Non-Weather Ultimate Loss and LAE	(6) Projected Average Non-Weather Loss and LAE	(7) Experience Year Weights
6/30/2011	181,908	47,835,000	$54,866,745	1.000	$54,866,745	$301.62	50%
6/30/2012	195,523	49,558,000	$56,843,026	1.000	$56,843,026	$290.72	50%
		(8) Indicated Provision for Non-Weather Loss and LAE				$296.17	

* Evaluated at 12 months

Allstate Property and Casualty Insurance Company
Owners
Pennsylvania

Development of Provision for Weather Loss and LAE
Total Weather Peril

Accident Year* Ending	(1) Accident Year * Ultimate Severity	(2) Ultimate Severity incl. LAE	(3) Severity Trend Factor	(4) Projected Ultimate Severity incl. LAE	(7) Experience Year Weights
6/30/2011	$4,452.55	$5,107.07	1.182	$6,036.56	50%
6/30/2012	$4,321.92	$4,957.24	1.126	$5,581.85	50%
(8) Indicated Provision for Severity Including All LAE				$5,809.21	
(9) Indicated Provision for Frequency				5.81%	
(10) Indicated Provision for Weather Loss and LAE				$337.52	

* Evaluated at 12 months

Allstate Property and Casualty Insurance Company
Owners
Pennsylvania

Calculation of Loss Development Factors
Non-Weather Peril excluding Earthquake

Incurred Losses †

Fiscal Accident Year Ending 6/30	12 Months	24 Months	36 Months	48 Months	60 Months	72 Months	84 Months‡	Earned Exposures
2001	40,965,833	45,656,607	47,439,118	48,762,238	49,245,821	49,717,096	49,665,290	324,105
2002	41,362,948	47,659,489	50,039,789	51,147,581	52,217,915	53,062,473	53,811,920	339,243
2003	42,300,507	49,429,056	51,945,289	53,318,282	53,542,326	54,026,762	54,233,612	346,570
2004	49,186,716	56,497,778	59,427,693	60,379,873	60,770,830	60,951,991	60,743,108	370,411
2005	52,695,910	59,639,898	62,571,181	63,731,473	64,589,671	64,909,458	65,105,147	402,197
2006	59,937,422	66,739,805	68,609,258	70,229,029	71,150,790	71,515,286	71,790,611	418,968
2007	74,066,671	81,550,696	84,878,980	87,608,261	88,378,585	88,458,795		433,437
2008	71,702,473	78,911,642	82,196,916	83,613,457	84,726,823			439,792
2009	84,860,641	94,010,567	97,595,910	99,355,532				436,602
2010	94,379,080	103,972,846	108,571,004					439,311
2011	92,786,122	102,720,483						438,561
2012	87,558,949							429,974

Selected Trend: 4.0%

Trended Incurred Losses

Fiscal Accident Year Ending 6/30	12 Months	24 Months	36 Months	48 Months	60 Months	72 Months	84 Months‡
2001							76,457,432
2002						78,545,422	79,654,787
2003					76,207,425	76,896,929	77,191,341
2004				82,634,025	83,169,077	83,417,008	83,131,138
2005			82,339,406	83,866,271	84,995,601	85,416,419	85,673,932
2006		84,447,145	86,812,599	88,862,126	90,028,448	90,489,651	90,838,025
2007	90,113,430	99,218,891	103,268,257	106,588,845	107,526,062	107,623,650	
2008	83,881,752	92,315,460	96,158,766	97,815,918	99,118,399		
2009	95,456,680	105,749,102	109,782,126	111,761,461			
2010	102,080,413	112,457,030	117,430,398				
2011	96,497,567	106,829,302					
2012	87,558,949						

Trended Additive Amounts per Exposure

Development	12 to 24	24 to 36	36 to 48	48 to 60	60 to 72	72 to 84	84 to 96
4th Prior	21.008	5.646	3.796	1.444	1.990	3.270	0.000
3rd Prior	19.177	9.342	4.892	2.808	0.669	0.850	0.000
2nd Prior	23.574	8.739	7.661	2.784	1.046	-0.772	0.000
1st Prior	23.620	9.237	3.768	2.162	1.101	0.640	0.000
3 Year Weighted Average:	23.58	9.77	5.31	2.64	0.78	0.27	0.00
5 Year Weighted Average:	22.19	8.89	4.94	2.46	0.97	0.92	0.00
5 Year Excluding High/Low Outliers:	22.72	9.10	4.42	2.58	0.95	0.77	0.00
5 Year Excluding Outlier	22.19	8.89	4.94	2.46	0.97	0.92	0.00
Selected:	22.19	8.89	4.94	2.46	0.97	0.92	0.00

Selected Methodology Additive Method

Loss Development Period (months):	12 - 84	24 - 84	36 - 84	48 - 84	60 - 84
Additive Amt per Exp:	40.37	18.18	9.29	4.35	1.89

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

Allstate Property and Casualty Insurance Company

Year	Trended Age-to-Ult Additive Amt Per Exposure	Earned Exposures	Trended Losses Yet To Emerge	De-Trended Losses Yet To Emerge	Incurred Loss & ALAE	Ultimate Loss & ALAE
2011	18.18	181,908	3,307,087	3,179,891	44,654,308	47,834,199
2012	40.37	195,523	7,893,264	7,893,264	41,664,838	49,558,102

Allstate Property and Casualty Insurance Company
Owners
Pennsylvania

Calculation of Loss Development Factors
Liability

Incurred Losses †

Fiscal Accident Year Ending 6/30	12 Months	24 Months	36 Months	48 Months	60 Months	72 Months	84 Months‡
2001	2,794,779	4,943,659	6,016,273	7,281,442	7,760,208	8,217,696	8,062,545
2002	3,526,276	6,171,301	7,597,986	8,413,334	8,700,887	9,131,341	9,900,106
2003	3,676,633	7,065,800	9,172,011	10,509,421	10,716,592	11,152,340	11,328,162
2004	3,830,427	7,509,210	9,854,333	10,824,348	11,153,140	11,255,119	11,032,716
2005	5,006,444	7,454,434	9,940,060	10,827,527	11,816,646	12,116,570	12,242,238
2006	5,142,065	8,327,192	10,086,440	11,948,905	12,837,459	13,150,018	13,430,167
2007	4,558,027	8,077,787	11,598,006	14,169,214	14,968,843	15,034,443	
2008	5,200,241	7,945,710	10,533,363	12,075,469	13,100,349		
2009	4,300,095	8,750,125	11,733,866	13,361,533			
2010	4,774,830	9,504,623	12,333,890				
2011	4,811,445	10,346,913					
2012	4,404,577						

Trended Incurred Losses

Development	12 to 24	24 to 36	36 to 48	48 to 60	60 to 72	72 to 84	84 to 96
4th Prior	1.772	1.211	1.089	1.030	1.041	1.084	1.000
3rd Prior	1.528	1.436	1.185	1.091	1.009	1.016	1.000
2nd Prior	2.035	1.326	1.222	1.074	1.025	0.980	1.000
1st Prior	1.991	1.341	1.146	1.056	1.024	1.010	1.000
Latest	2.150	1.298	1.139	1.085	1.004	1.021	1.000
3 Year Average:	2.059	1.322	1.169	1.072	1.018	1.004	1.000
5 Year Average:	1.895	1.322	1.156	1.067	1.021	1.022	1.000
5 Year Excluding High/Low Outliers:	1.933	1.322	1.157	1.072	1.019	1.016	1.000
5 Year Excluding Outliers:	1.895	1.322	1.156	1.067	1.021	1.022	1.000
Selected:	1.895	1.322	1.156	1.067	1.021	1.022	1.000

Selected Methodology Link Ratio Method

Loss Development Period (months):	12 - 84	24 - 84	36 - 84	48 - 84	60 - 84
Loss Development Factor:	3.224	1.701	1.287	1.113	1.043

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

Allstate Property and Casualty Insurance Company

Year	Incurred Loss	Factor to Ultimate	Ultimate Loss & ALAE
2011	$4,247,615	1.701	7,225,193
2012	$2,096,051	3.224	6,757,668

Allstate Property and Casualty Insurance Company
Owners
Pennsylvania

Calculation of Loss Development Factors
Non-Weather Excluding Liability

Incurred Losses †

Fiscal Accident Year Ending 6/30	12 Months	24 Months	36 Months	48 Months	60 Months	72 Months	84 Months‡
2001							41,602,745
2002						43,931,132	43,911,814
2003					42,825,734	42,874,422	42,905,450
2004				49,555,525	49,617,690	49,696,872	49,710,392
2005			52,631,121	52,903,946	52,773,025	52,792,888	52,862,909
2006		58,412,613	58,522,818	58,280,124	58,313,331	58,365,268	58,360,444
2007	69,508,644	73,472,909	73,280,974	73,439,047	73,409,742	73,424,352	
2008	66,502,232	70,965,932	71,663,553	71,537,988	71,626,474		
2009	80,560,546	85,260,442	85,862,044	85,993,999			
2010	89,604,250	94,468,223	96,237,114				
2011	87,974,677	92,373,570					
2012	83,154,372						

Link Ratios

Development	12 to 24	24 to 36	36 to 48	48 to 60	60 to 72	72 to 84	84 to 96
4th Prior	1.057	1.002	1.005	1.001	1.001	1.000	#REF!
3rd Prior	1.067	0.997	0.996	0.998	1.002	1.001	#REF!
2nd Prior	1.058	1.010	1.002	1.001	1.000	1.000	#REF!
1st Prior	1.054	1.007	0.998	1.000	1.001	1.001	#REF!
Latest	1.050	1.019	1.002	1.001	1.000	1.000	#REF!
3 Year Average:	1.054	1.012	1.001	1.001	1.000	1.000	#REF!
5 Year Average:	1.057	1.007	1.001	1.000	1.001	1.000	#REF!
5 Year Excluding High/Low Outliers:	1.056	1.006	1.001	1.001	1.001	1.000	#REF!
5 Year Excluding Outliers:	1.057	1.007	1.001	1.000	1.001	1.000	#REF!
Selected:	1.057	1.007	1.001	1.000	1.001	1.000	#REF!

Selected Methodology Link Ratio Method

Loss Development Period (months):	12 - 84	24 - 84	36 - 84	48 - 84	60 - 84
Loss Development Factor:	1.067	1.009	1.002	1.001	1.001

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

#REF!

Year	Incurred Loss	Factor to Ultimate	Ultimate Loss & ALAE
2011	$40,406,693	1.009	40,770,353
2012	$39,568,787	1.067	42,219,896

Allstate Property and Casualty Insurance Company
Pennsylvania
Owners

Ultimate Losses & ALAE
Total Non-Weather Peril

Ultimate Losses & ALAE

Year	Link Ratio Estimate*	Additive Estimate	Selected
2011	47,995,546	47,834,199	47,835,000
2012	48,977,564	49,558,102	49,558,000

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

ALLSTATE INSURANCE GROUP*

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

2009, 2010 & 2011

		2009 - 2011
1. Direct Losses and Allocated Loss Adjustment Expense Incurred excluding Earthquake and Hurricane Losses	$	43,201,888
2. Direct Unallocated Loss Adjustment Expense Incurred excluding Earthquake and Hurricane	$	6,356,078
3. Ratio (2)/(1)		0.147
4. Proposed Provision		0.147

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

** Includes Personal Property Lines and Private Passenger Automobile Insurance

(000 Omitted)

Allstate Property and Casualty Insurance Company
Owners
Pennsylvania

Calculation of Non-Weather Peril Pure Premium Trend Factor

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

	1st Prior Year	Current Year
1) Loss Trend Projection Date	6/6/2014	6/6/2014
2) Mid-Point of Current Year's Experience Period	12/31/2011	12/31/2011
3) Experience Period Ended	6/30/2011	6/30/2012
4) Midpoint of Experience Period	12/31/2010	12/31/2011
5) Historical: Number of Years from (4) to (2)	1.000	0.000
6) Projected: Number of Years from (2) to (1)	2.430	2.430

Calculation of Trend Factors

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

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

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

Allstate Property and Casualty Insurance Company
Owners
Pennsylvania

Loss Trends - Pure Premium
Non-Weather Peril excluding Earthquake

			Exponential Curve of Best Fit		
Year Ending	Actual Paid Pure Premium	Annual Change	24 pt.	12 pt.	6 pt.
09/06	72.22	%	166.01		
12/06	155.24		170.76		
03/07	221.47		175.63		
06/07	241.60		180.65		
09/07	214.47	196.99	185.81		
12/07	210.27	35.45	191.11		
03/08	176.99	-20.08	196.57		
06/08	217.57	-9.95	202.19		
09/08	212.08	-1.11	207.96		
12/08	217.38	3.38	213.90		
03/09	218.75	23.60	220.01		
06/09	236.17	8.55	226.29		
09/09	252.02	18.83	232.75	285.90	
12/09	260.59	19.88	239.40	283.81	
03/10	290.40	32.75	246.24	281.73	
06/10	305.50	29.36	253.27	279.67	
09/10	300.26	19.14	260.50	277.63	
12/10	302.11	15.93	267.94	275.60	
03/11	287.38	-1.04	275.60	273.58	284.13
06/11	271.03	-11.28	283.47	271.58	276.38
09/11	267.43	-10.93	291.56	269.59	268.85
12/11	266.57	-11.76	299.89	267.62	261.52
03/12	254.13	-11.57	308.45	265.66	254.39
06/12	246.32	-9.12	317.26	263.72	247.46

Regression	24 pt.	12 pt.	6 pt.
Avg Annual Percent Change Based on Best Fit:	11.92 %	-2.89 %	-10.47 %

Allstate Insurance Group
Owners
Pennsylvania

Provision for Weather Frequency

(1) Accident Year Ending	(2) Earned Exposures	(3) Accident Year * Paid Claims	(4) Accident Year Paid Frequency	(5) Accident Year Ultimate Paid Frequency
1987	194,071	9,224	4.75%	4.75%
1988	202,656	9,449	4.66%	4.66%
1989	213,016	11,357	5.33%	5.33%
1990	225,793	10,556	4.68%	4.68%
1991	234,430	12,159	5.19%	5.19%
1992	240,993	13,832	5.74%	5.74%
1993	247,596	16,688	6.74%	6.74%
1994	255,693	32,620	12.76%	12.76%
1995	267,673	14,631	5.47%	5.47%
1996	274,917	31,305	11.39%	11.39%
1997	283,863	13,115	4.62%	4.62%
1998	295,738	17,459	5.90%	5.90%
1999	305,973	16,381	5.35%	5.35%
2000	317,527	18,767	5.91%	5.91%
2001	332,016	14,659	4.42%	4.42%
2002	342,936	15,828	4.62%	4.62%
2003	356,187	19,820	5.56%	5.56%
2004	386,862	15,387	3.98%	3.98%
2005	412,203	14,626	3.55%	3.55%
2006	426,160	16,776	3.94%	3.94%
2007	438,348	17,176	3.92%	3.92%
2008	438,253	17,897	4.08%	4.08%
2009	437,045	21,728	4.97%	4.97%
2010	440,338	42,049	9.55%	9.57%
2011	435,501	32,411	7.44%	8.10%
(6) Pennsylvania Weather Frequency Provision				5.81%

* Evaluated at 12 months

Allstate Property and Casualty Insurance Company
Owners
Pennsylvania

Calculation of Weather Loss Severity Trend Factor

	Selected Annual Pure Premium Impacts	
Peril	Historical	Projected
Weather Peril	5.00%	5.00%

	1st Prior Year	Current Year
1) Loss Trend Projection Date	6/6/2014	6/6/2014
2) Mid-Point of Current Year's Experience Period	12/31/2011	12/31/2011
3) Experience Period Ended	6/30/2011	6/30/2012
4) Midpoint of Experience Period	12/31/2010	12/31/2011
5) Historical: Number of Years from (4) to (2)	1.000	0.000
6) Projected: Number of Years from (2) to (1)	2.430	2.430

Calculation of Trend Factors

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

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

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

Allstate Property and Casualty Insurance Company
Owners
Pennsylvania

Loss Trends - Severity
Total Weather Peril

			Exponential Curve of Best Fit		
Year Ending	Actual Paid Severity	Annual Change	24 pt.	12 pt.	6 pt.
09/06	2,979.71	%	3,125.88		
12/06	3,306.22		3,167.83		
03/07	3,497.04		3,210.35		
06/07	3,557.29		3,253.43		
09/07	3,552.50	19.22	3,297.10		
12/07	3,443.46	4.15	3,341.35		
03/08	3,327.05	-4.86	3,386.19		
06/08	3,265.31	-8.21	3,431.63		
09/08	3,189.64	-10.21	3,477.69		
12/08	3,187.84	-7.42	3,524.36		
03/09	3,310.11	-0.51	3,571.66		
06/09	3,479.88	6.57	3,619.60		
09/09	3,597.57	12.79	3,668.18	3,606.56	
12/09	3,732.13	17.07	3,717.41	3,671.52	
03/10	3,599.99	8.76	3,767.30	3,737.66	
06/10	3,672.13	5.52	3,817.86	3,804.99	
09/10	3,948.02	9.74	3,869.10	3,873.53	
12/10	4,052.97	8.60	3,921.02	3,943.30	
03/11	4,197.00	16.58	3,973.65	4,014.34	4,113.57
06/11	4,177.89	13.77	4,026.98	4,086.65	4,150.48
09/11	4,112.18	4.16	4,081.02	4,160.26	4,187.72
12/11	4,064.98	0.30	4,135.79	4,235.20	4,225.30
03/12	4,285.64	2.11	4,191.30	4,311.49	4,263.21
06/12	4,410.26	5.56	4,247.55	4,389.16	4,301.47

Regression	24 pt.	12 pt.	6 pt.
Avg Annual Percent Change Based on Best Fit:	5.48 %	7.40 %	3.64 %

Allstate Insurance Group
Owners
Pennsylvania

Calculation of Frequency Development Factors
Weather Peril

Paid Frequency

Accident Year Ending	12 Months	24 Months	36 Months	48 Months	60 Months	72 Months	84 Months
2000	4.84%	5.90%	5.91%	5.91%	5.91%	5.91%	5.91%
2001	4.03%	4.41%	4.41%	4.41%	4.41%	4.41%	4.41%
2002	4.16%	4.60%	4.61%	4.61%	4.62%	4.62%	4.62%
2003	5.13%	5.56%	5.56%	5.56%	5.56%	5.56%	5.56%
2004	3.59%	3.97%	3.97%	3.98%	3.98%	3.98%	3.98%
2005	3.27%	3.54%	3.55%	3.55%	3.55%	3.55%	3.55%
2006	3.66%	3.93%	3.93%	3.94%	3.94%	3.94%	
2007	3.54%	3.91%	3.92%	3.92%	3.92%		
2008	3.74%	4.07%	4.08%	4.08%			
2009	4.53%	4.96%	4.97%				
2010	8.94%	9.55%					
2011	7.44%						

Link Ratios

Development	12 to 24	24 to 36	36 to 48	48 to 60	60 to 72	72 to 84	84 to 96
4th Prior	1.074	1.002	1.000	1.000	1.000	1.000	1.000
3rd Prior	1.103	1.002	1.000	1.000	1.000	1.000	1.000
2nd Prior	1.089	1.002	1.000	1.000	1.000	1.000	1.000
1st Prior	1.094	1.002	1.000	1.000	1.000	1.000	1.000
Latest	1.068	1.002	1.000	1.000	1.000	1.000	1.000
3 Year Average:	1.084	1.002	1.000	1.000	1.000	1.000	1.000
5 Year Average:	1.086	1.002	1.000	1.000	1.000	1.000	1.000
5 Year Excluding High/Low Outliers:	1.086	1.002	1.000	1.000	1.000	1.000	1.000
5 Year Excluding Outliers:	1.086	1.002	1.000	1.000	1.000	1.000	1.000
Selected:	1.086	1.002	1.000	1.000	1.000	1.000	1.000

Selected Methodology Link Ratio Method

Development Period (months):	12 - 84	24 - 84	36 - 84	48 - 84	60 - 84
Frequency Development Factor:	1.088	1.002	1.000	1.000	1.000
Selected Ultimate Frequency:	8.10%	9.57%	4.97%	4.08%	3.92%

Allstate Insurance Group

Year	Paid Frequency	Factor to Ultimate	Ultimate Frequency
2007	3.92%	1.000	3.92%
2008	4.08%	1.000	4.08%
2009	4.97%	1.000	4.97%
2010	9.55%	1.002	9.57%
2011	7.44%	1.088	8.10%

Allstate Insurance Group
Owners
Pennsylvania

Calculation of Severity Development Factors
Weather Peril

Paid Severity

Fiscal Accident Year Ending 6/30	12 Months	24 Months	36 Months	48 Months	60 Months	72 Months	84 Months
2001	1,590	1,722	1,741	1,747	1,753	1,750	1,750
2002	1,713	1,873	1,917	1,927	1,939	1,950	1,991
2003	2,213	2,336	2,377	2,395	2,401	2,402	2,407
2004	2,033	2,169	2,210	2,221	2,223	2,225	2,227
2005	2,429	2,614	2,676	2,695	2,710	2,716	2,716
2006	2,353	2,522	2,591	2,614	2,618	2,620	2,620
2007	2,819	3,001	3,075	3,104	3,107	3,107	
2008	2,742	2,915	2,986	2,996	3,025		
2009	3,136	3,449	3,522	3,527			
2010	3,288	3,891	4,014				
2011	3,517	4,084					
2012	3,524						

Link Ratios

Development	12 to 24	24 to 36	36 to 48	48 to 60	60 to 72	72 to 84	84 to 96
4th Prior	1.065	1.027	1.007	1.001	1.000	1.021	1.000
3rd Prior	1.063	1.024	1.009	1.005	1.001	1.002	1.000
2nd Prior	1.100	1.024	1.009	1.001	1.002	1.001	1.000
1st Prior	1.184	1.021	1.003	1.001	1.001	1.000	1.000
Latest	1.161	1.031	1.001	1.010	1.000	1.000	1.000
3 Year Average:	1.148	1.025	1.004	1.004	1.001	1.000	1.000
5 Year Average:	1.115	1.025	1.006	1.004	1.001	1.005	1.000
5 Year Excluding High/Low Outliers:	1.109	1.025	1.006	1.002	1.001	1.001	1.000
5 Year Excluding Outliers:	1.115	1.025	1.006	1.004	1.001	1.005	1.000
Selected:	1.115	1.025	1.006	1.004	1.001	1.005	1.000

Selected Methodology Link Ratio Method

Development Period (months):	12 - 84	24 - 84	36 - 84	48 - 84	60 - 84
Severity Development Factor:	1.161	1.041	1.016	1.010	1.006

Allstate Property and Casualty Insurance Company
Owners
Pennsylvania

Summary of Expense Provisions

	Percent Fixed	Expense Provision
Commissions	0 %	11.3 %
Taxes †	0	2.1
Licenses and Fees	100	0.1
Other Acquisition	100	5.5
General Expense	100	4.9
Debt Provision	0	1.4
Contingency Provision	0	2.0
Profit Provision	0	7.8

† State Taxes - Does not include Federal Income Tax

Total

ALLSTATE INSURANCE GROUP*

Countrywide Experience for General Expenses

	General Expense**		
	2009	2010	2011
1. Direct Premium Earned Less Reinsurance Premium***	21,698,432	21,675,897	21,446,209
2. General Expense Incurred	1,011,399	1,018,249	1,124,614
3. Ratio (2)/(1)	0.0466	0.0470	0.0524
4. Three Year Average			0.0487
5. Proposed Provision			0.049

* 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		
	2009	2010	2011
1. Direct Premium Earned Less Reinsurance Premium**	21,698,432	21,675,897	21,446,209
2. Other Acquisition Expense Incurred	1,259,684	1,459,795	1,369,771
3. Ratio (2)/(1)	0.0581	0.0673	0.0639
4. Three Year Average			0.0631
5. Adjusted Three Year Average***			0.0548
6. Proposed Provision			0.055

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

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

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

(000's) omitted

Allstate Property and Casualty Insurance Company
Owners
Pennsylvania

Factor to Adjust for Subsequent Change in Fixed Expense
(For calendar years 2009-2011)

1) Average Earned Date of Experience Period	6/30/2010
2) Average Earned Date of Proposed Policy Period	6/6/2014
3) Number of Years from (1) to (2)	3.933
4) Selected Annual Impact	2.30%
5) Factor to Adjust for Subsequent Change in Fixed Expense [1.0 + (4)] ^ (3)	1.094

ALLSTATE PROPERTY AND CASUALTY INSURANCE COMPANY
HOMEOWNERS

Pennsylvania

Calculation of Present Value, as of the Average Earning Date
of a Policy year, of all Income and Outgo @ 1.7%*
force of interest, given an Operating Profit of 6.2%
and twelve-month Policy Terms

Years From Start of Policy Year	Cumulative Percent of Losses Paid	Yearly Percent of Losses Paid	Time from Start of Policy Year	Discounted ** to avg time of profit @ 1.7%	Discounted Payments
1	25.8%	25.8%	0.70	1.005	25.9%
2	88.1%	62.3%	1.50	0.992	61.8%
3	94.2%	6.1%	2.40	0.976	6.0%
4	96.4%	2.2%	3.40	0.960	2.1%
5	98.1%	1.7%	4.50	0.942	1.6%
Subsequent	100.0%	1.9%	7.00	0.903	1.7%
Total		100.0%			99.1%
Expected Losses and Loss Expense Ratio					65.0%
Present Value of Loss and Loss Expense Payments					64.4%
General Expense		4.9%	0.75	1.004	4.9%
Other Acquisition		5.5%	0.63	1.006	5.5%
Taxes		2.1%	0.33	1.011	2.1%
Commissions		11.3%	0.58	1.007	11.4%
Debt Provision		1.4%	1.00	1.000	1.4%
Profit Provision		7.8%	1.00	1.000	7.8%
Contingency Provision		2.0%	1.00	1.000	2.0%
Licenses and Fees		0.1%	0.33	1.011	0.1%
Total Present Value of Outgo					99.6%
Premiums		100.0%	0.57	1.007	100.7%
Difference, Present Value of Income Less Present Value of Outgo					1.1%

*Discount rate from Investments Department forecast

**exp (0.017 x (timing of profit being earned - timing of cash flow))

Allstate Property and Casualty Insurance Company
Owners
Pennsylvania

Development of Projected Average Earned Premium

Fiscal Year Ending	(1) Earned Exposures	(2) Earned Premium at Current Rates	(3) Factor to Adjust to Projected Premium Level	(4) Projected Earned Premium at Current Rates (2) x (3)	(5) Projected Average Earned Premium at Current Rates (4) / (1)	(6) Experience Year Weights
6/30/2012	195,523	$181,039,322	0.952	$172,349,435	$881.48	100 %
		(7) Projected Average Earned Premium at Current Rates			$881.48	

Allstate Property and Casualty Insurance Company
Owners
Pennsylvania

Calculation of Premium Trend Factor

Peril	Selected Annual Premium Impacts Projected
Total All Peril excluding EQ	-2.0%

	Current Year
1)Average Earned Date of Proposed Policy Period	6/6/2014
2) Mid-Point of Current Year's Experience Period	12/31/2011
3) Experience Period Ended	6/30/2012
4) Midpoint of Experience Period	12/31/2011
5) Historical: Number of Years from (4) to (2)	0.000
6) Projected: Number of Years from (2) to (1)	2.433

Calculation of Trend Factors

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

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

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

Allstate Property and Casualty Insurance Company
Owners
Pennsylvania

Premium Trends

Year Ending	Average Written Premium @ CRL	Annual Change	Exponential Curve of Best Fit 20 pt.	12 pt.	6 pt.
03/08	$965.49	%	976.93		
06/08	964.86		973.84		
09/08	965.82		970.77		
12/08	965.68		967.70		
03/09	967.55	0.21%	964.65		
06/09	967.78	0.30%	961.60		
09/09	967.61	0.19%	958.56		
12/09	964.05	-0.17%	955.54		
03/10	955.19	-1.28%	952.52	957.87	
06/10	951.75	-1.66%	949.51	953.88	
09/10	951.40	-1.68%	946.51	949.91	
12/10	946.22	-1.85%	943.52	945.95	
03/11	942.95	-1.28%	940.54	942.01	
06/11	937.86	-1.46%	937.57	938.09	
09/11	933.72	-1.86%	934.61	934.18	937.93
12/11	931.88	-1.52%	931.66	930.29	932.68
03/12	933.37	-1.02%	928.72	926.42	927.46
06/12	925.52	-1.32%	925.78	922.56	922.27
09/12	916.97	-1.79%	922.86	918.72	917.11
12/12	908.01	-2.56%	919.95	914.89	911.98

Regression	20 pt.	12 pt.	6 pt.
Avg Annual Percent Change Based on Best Fit:	-1.26%	-1.66%	-2.22%

Allstate Property and Casualty Insurance Company
Owners
Pennsylvania

AIY Trends

			Exponential Curve of Best Fit		
Year Ending	AIY	Annual Change	20 pt.	12 pt.	6 pt.
03/08	249.55	%	249.11		
06/08	251.23		249.40		
09/08	251.13		249.70		
12/08	251.02		249.99		
03/09	251.56	0.8%	250.29		
06/09	251.00	-0.1%	250.59		
09/09	250.97	-0.1%	250.88		
12/09	250.56	-0.2%	251.18		
03/10	250.20	-0.5%	251.48	248.37	
06/10	250.09	-0.4%	251.77	249.14	
09/10	250.04	-0.4%	252.07	249.91	
12/10	249.93	-0.3%	252.37	250.68	
03/11	250.07	-0.1%	252.67	251.46	
06/11	250.48	0.2%	252.97	252.23	
09/11	251.10	0.4%	253.27	253.01	252.13
12/11	253.41	1.4%	253.57	253.80	253.33
03/12	255.47	2.2%	253.87	254.58	254.53
06/12	256.76	2.5%	254.17	255.37	255.74
09/12	257.03	2.4%	254.47	256.16	256.95
12/12	257.10	1.5%	254.77	256.95	258.17

Regression	20 pt.	12 pt.	6 pt.
Avg Annual Percent Change Based on Best Fit:	0.47%	1.24%	1.91%
Selected Trend:			1.50%

Allstate Property and Casualty Insurance Company
Owners
Pennsylvania

Development of Provision for Hurricane Loss and LAE and Retained Risk

1) Hurricane Provision Per AIY Including All LAE	0.067
2) Retained Risk Provision Per AIY	0.096
3) Earned Exposures	195,523
4) Earned AIY	50,186,583
5) Average Earned AIY (4)/(3)	256.68
6) Factor to Adjust to Projected Average AIY Level	1.037
7) Average AIY Projected to 6/30/2012 (5)*(6)	266.18
8) Proportion of High-Layer Retained Modeled Losses to Total Modeled Losses	0.428
9) Expected Modeled Catastrophe Pure Premium (1)*(7)	$17.83
a) Low-Layer Retained and Ceded Hurricane Pure Premium [1 - (8)]*(9 Total)	$10.20
b) High-Layer Retained Hurricane Pure Premium (8)*(9 Total)	$7.63
10) Expected Retained Risk Provision (2)*(7)	$25.55

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

ATTACHMENT V

Removal of the Tropical Cyclone Deductible

ALLSTATE PROPERTY AND CASUALTY INSURANCE COMPANY
OWNERS
PENNSYLVANIA

REMOVAL OF THE TROPICAL CYCLONE DEDUCTIBLE

With this filing, Allstate is removing the 2% Tropical Cyclone Deductible (TCD) from all applicable policies in the state of Pennsylvania. The Tropical Cyclone Deductible factor will be removed from the rating plan and premiums will be adjusted accordingly. Refer to the **Attachment VI**, Impacts & Histograms, for details on the overall resulting premium level change.

ATTACHMENT VI

Impacts & Histograms

ALLSTATE PROPERTY AND CASUALTY INSURANCE COMPANY
OWNERS
PENNSYLVANIA

IMPACTS & HISTOGRAMS

With this filing, Allstate is proposing a flat 2% rate level increase and removing the Tropical Cyclone Deductible (TCD) on all applicable policies. The overall premium level impact as a result of these two changes is 3.6%.

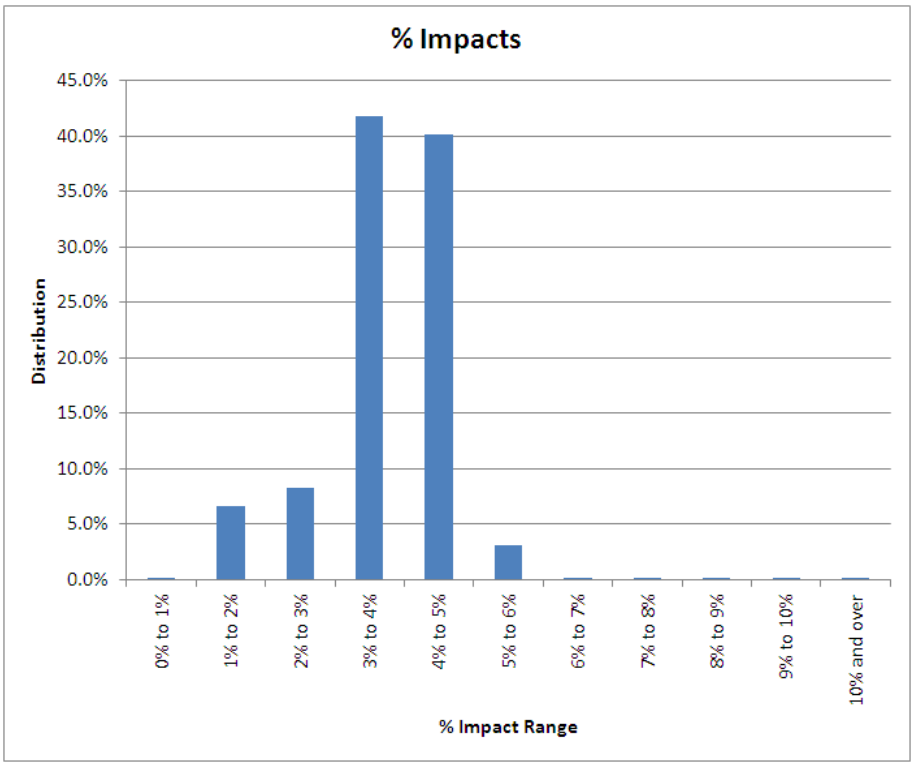
The removal of the TCD results in the Reinsurance Charge to change on some policies. Because the Reinsurance Charge is a flat dollar amount, this results in a wider range of percentage impacts beyond the average.

The maximum percent impact any single policyholder will receive as a result of these proposed changes is 10.4%, which is associated with a $36.54 increase. The minimum percent impact any single policyholder will receive as a result of these proposed changes is +0.6%, which is associated with a $47.2 increase.

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

ALLSTATE PROPERTY AND CASUALTY INSURANCE COMPANY
OWNERS
PENNSYLVANIA

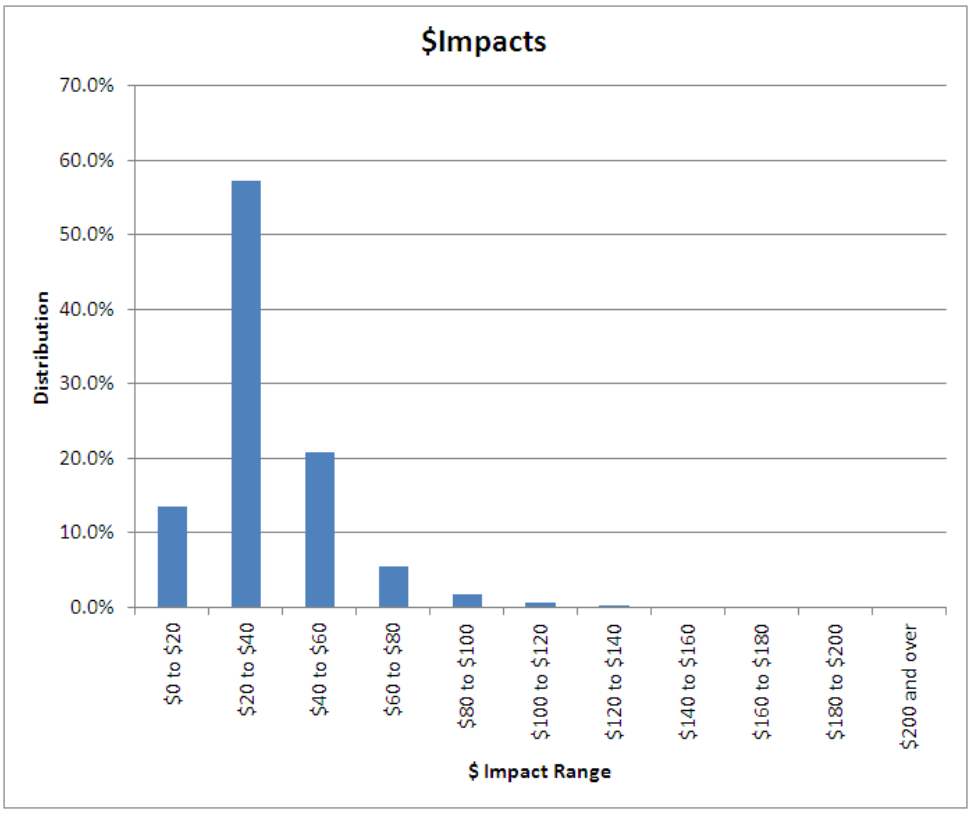
IMPACTS & HISTOGRAMS



% Impact Range	Distribution
0% to 1%	0.0%
1% to 2%	6.6%
2% to 3%	8.2%
3% to 4%	41.8%
4% to 5%	40.1%
5% to 6%	3.1%
6% to 7%	0.1%
7% to 8%	0.0%
8% to 9%	0.0%
9% to 10%	0.0%
10% and over	0.0%

ALLSTATE PROPERTY AND CASUALTY INSURANCE COMPANY
OWNERS
PENNSYLVANIA

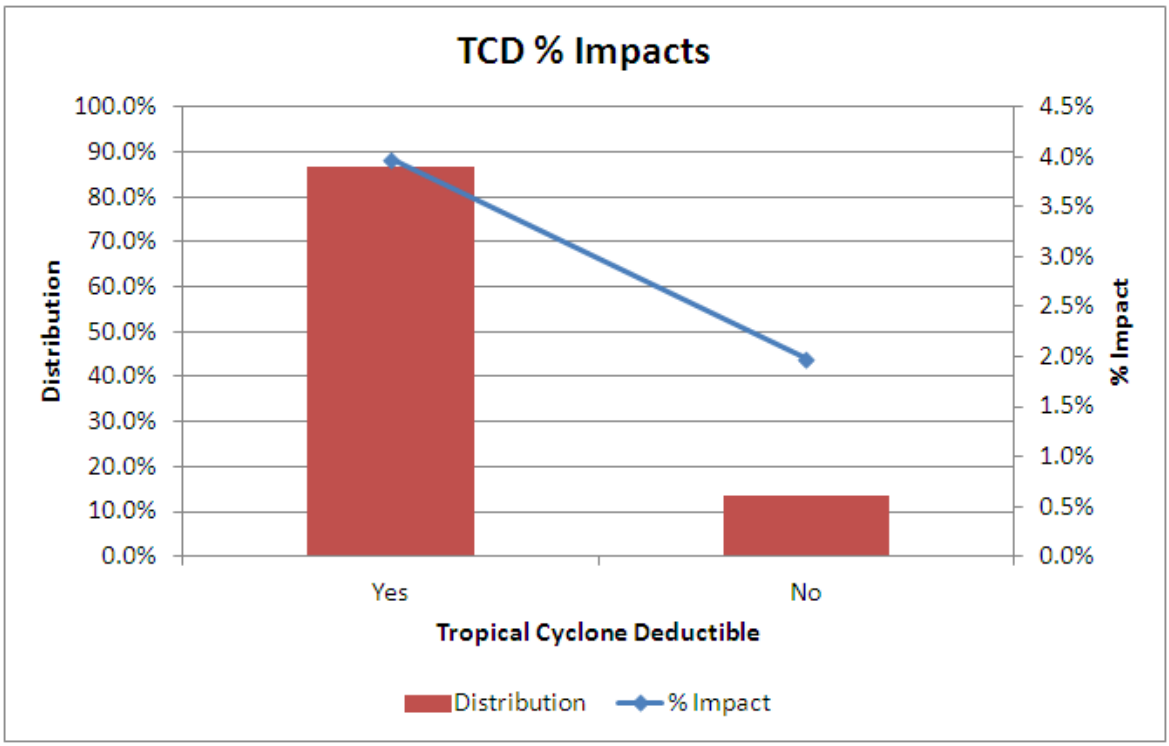
IMPACTS & HISTOGRAMS



$ Impact Range	Distribution
$0 to $20	13.6%
$20 to $40	57.2%
$40 to $60	20.9%
$60 to $80	5.6%
$80 to $100	1.7%
$100 to $120	0.6%
$120 to $140	0.2%
$140 to $160	0.1%
$160 to $180	0.0%
$180 to $200	0.0%
$200 and over	0.0%

ALLSTATE PROPERTY AND CASUALTY INSURANCE COMPANY
OWNERS
PENNSYLVANIA

IMPACTS & HISTOGRAMS



Tropical Cyclone Deductible	% Impact	Distribution
Yes	4.0%	86.5%
No	2.0%	13.5%

ATTACHMENT VII

Summary of Manual Changes

ALLSTATE PROPERTY AND CASUALTY INSURANCE COMPANY
OWNERS
PENNSYLVANIA

SUMMARY OF MANUAL CHANGES

RULES

Page HOPC5-1-2:

- Removed the Tropical Cyclone Deductible verbiage from rule. Deleted page HOPC5-2.

Page HOPC25-1:

- Revised the qualifying company names to current name.

RATES

PCP-1:

- Removed the Tropical Cyclone step and renumbered steps.

RFP-4:

- Revised the Rate Adjustment Factor. Added an example on how to calculate the claim rating factor.

RFP-13:

- Removed the Tropical Cyclone deductible factor and renumbered steps.

RFP-14:

- Removed the Tropical Cyclone Deductible verbiage from the Reinsurance Charge step.

RFP-15-16:

- Renumbered steps.

ATTACHMENT VIII

Manual Side by Sides

RULE 5 - DEDUCTIBLES

Policies may be written with the deductibles shown in the Rate Factor Pages applicable to perils insured under Section I. All deductibles apply on a flat (nondisappearing) basis. Deductibles do not apply to Loss of Use of Your Residence Premises, Fire Department Charges, Credit Card and Check Forgery provisions.

Deductible factors for Homeowners and Standard Homeowners policies should be based on the Coverage A amount. Deductible factors for the Select Homeowners and Standard Select Homeowners policies should be based on the full replacement cost of the dwelling. Factors for amounts not shown in the Rate Factor Pages may be obtained by interpolation.

Method for interpolation (example): A $500 deductible factor is desired for a Homeowners policy with a Coverage A limit of $83,420. $500 deductible factors for $80,000 and $90,000 are shown in the Rate Factor Pages.

1. Replacement Costs Shown — Factors Shown

$90,000	0.9300
$80,000	0.9200
$10,000 (difference in amounts)	0.0100 (difference in factors)

2. $ 3,420 (additional amount)
   $10,000 (difference in amounts)

   = 0.3420 (round to four decimals)

3. (Step 2 Result) x 0.0100 (difference in factors)

   = 0.0034

   0.9200 (factor for $80,000)
   0.0034 (factor for additional $3,420)
   0.9234 (factor for $83,420)

~~Tropical Cyclone Deductible~~

~~Tropical Cyclone deductibles apply as a percentage equal to 2% of Coverage A limits for Homeowners and Select Homeowners, Standard Homeowners, and Standard Select Homeowners Policies. A 2% Tropical Cyclone deductible is mandatory for all new business policies written on or after November 20, 2006. For those policies with a new business written date prior to November 20, 2006, a 2% tropical cyclone deductible is an optional deductible.~~

~~A Tropical Cyclone Deductible is triggered by a Tropical Storm, which is defined as a hurricane, a tropical storm, or any wind, hail or rain accompanying a hurricane or a tropical storm.~~

~~If a policy has a Tropical Cyclone Deductible and the Tropical Cyclone Deductible is triggered, the all peril deductible that is currently on the customer's policy will be ignored. The total deductible amount for that loss will be determined based only on the Tropical Cyclone Deductible on the policy.~~

~~Premiums may be determined by multiplying the appropriate premium by applicable current deductible factor and by the corresponding Tropical Cyclone Deductible factor as shown on the Homeowners Rating Factor Pages.~~

RULE 25 - CLAIM RATING

A factor (as shown in the Rate Factor Pages) will be applied to the otherwise applicable package premium based on a policyholder's chargeable claim experience. Determination of the chargeability of claims and reclassification due to the time elapsed since claims became chargeable will occur at each renewal.

Definition of a Qualifying Company: A Qualifying Company is defined as Allstate Insurance Company, Allstate Indemnity Company, Allstate Property and Casualty Insurance Company, Allstate Fire and Casualty Insurance Company, ~~Allstate Floridian~~ Castle Key Insurance Company, ~~Allstate Floridian~~Castle Key Indemnity Company, Allstate County Mutual Insurance Company, and Allstate Texas Lloyd's.

Administration of claim rating:

Claim Rating Factors: The tables displaying the claim rating factors are shown in the Rate Factor Pages. The rating criteria utilized on the tables are as follows:

1. Number of claims
2. Claim type:
   - Group A:
     - Fire - fire, explosion, smoke (excluding lightning).
     - Theft – theft (on and off premises), mysterious disappearance (on and off premises), burglary, credit card fidelity, theft from an unattended vehicle.
     - Liability – any type of liability (excluding medical payments).
     - Vandalism – vandalism and malicious mischief, riot and civil commotion.
   - Group B:
     - All Other Claims – excluding the following types of claims: medical payments, worker's compensation, mine subsidence, earthquake, Allstate Scheduled Personal Property, and those claim types listed in Group A and C.
   - Group C:
     - Water – water, freeze, and water backup.
3. Underwriting Group as defined in Rule 24

PENNSYLVANIA
HOMEOWNERS
PREMIUM CALCULATION PAGES

ROUND AFTER EACH CALCULATION TO THE NEAREST PENNY

STEP #		Homeowners	Select Homeowners	Standard Homeowners	Standard Select Homeowners
1	HOMEOWNERS PACKAGE PREMIUM (PCP - 2; step 1E, 1L, or 1AB)				
2	RATE ADJUSTMENT FACTOR (RFP - 4)	x	x	x	x
3	CLAIM RATING FACTOR (RFP - 4 to RFP - 7)	x	x	x	x
4	CLAIM FREE DISCOUNT (RFP - 8)	x	x	x	x
5	COVERAGE BC - BUILDING CODES FACTOR (RFP - 8)	x		x	
6	DWELLINGS IN THE COURSE OF CONSTRUCTION FACTOR (RFP - 8)	x		x	
7	AGE OF HOME DISCOUNT (RFP - 8)	x	x	x	x
8	PARTIALLY RENOVATED HOME DISCOUNT (RFP - 8)	x	x	x	x
9	HOME BUYER DISCOUNT (RFP - 9)	x	x	x	x
10	FIRE RESISTIVE DISCOUNT (RFP - 9)	x	x	x	x
11	PROTECTIVE DEVICE DISCOUNT (RFP - 9)	x	x	x	x
12	55 AND RETIRED DISCOUNT (RFP - 9)	x	x	x	x
13	HOME AND AUTO DISCOUNT (RFP - 10)	x	x	x	x
14	THE GOOD HANDS PEOPLE ® DISCOUNT (RFP - 10)	x	x	x	x
15	MILES TO FIRE DEPARTMENT RATING FACTOR (RFP - 10)	x	x	x	x
16	ROOF RATING FACTOR (RFP - 11)	x	x	x	x
17	DEDUCTIBLE FACTOR (RFP - 12)	x	x	x	x
~~18~~	~~TROPICAL CYCLONE DEDUCTIBLE FACTOR (RFP - 13)~~	~~x~~	~~x~~	~~x~~	~~x~~
~~19~~	SECONDARY RESIDENCE FACTOR (RFP - 13)	x	x	x	x
~~20~~	SELECT HOMEOWNERS RATE SCHEDULE FACTOR (RFP - 13)		x		
~~21~~	BUILDING STRUCTURES REIMBURSEMENT EXTENDED LIMITS FACTOR (RFP - 13) [1]	x			
~~22~~	EXTENDED PROTECTION AMENDATORY ENDORSEMENT FACTOR (RFP - 13)	x	x		
~~23~~	WOODBURNING STOVES AMOUNT (SRP - 1)	+	+	+	+
~~24~~	RATE TRANSITION FACTOR (RFP - 16 and Rule 34)	x	x	x	x
~~25~~	IDENTITY THEFT EXPENSES AMOUNT (RFP - 13) [2]	+	+	+	+
~~26~~	WATER BACKUP AMOUNT (RFP - 13) [2]	+	+		
~~27~~	REINSURANCE CHARGE (RFP - 14 and RFP - 15)	+	+	+	+
~~28~~	FIXED EXPENSE POLICY FEE (SRP - 1)	+	+	+	+
~~29~~	ADDITIONAL PREMIUM [3]	+	+	+	+
~~30~~	TOTAL COVERAGE PREMIUM	=	=	=	=

[1] The Building Structures Reimbursement Extended Limits Factor should not be applied to policies purchasing the Extended Protection Amendatory Endorsement.

[2] The Water Backup coverages are only available to, and mandatory for, policies purchasing the Extended Protection Amendatory Endorsement.

[3] Additional premium applicable for endorsements, increased limits, additional coverage, or additional coverage deductible buy-downs, and subtract any applicable credit for reduced coverage shown on the Supplementary Rate Pates. Where applicable, use the same deductible amount applicable to Coverage A.

PENNSYLVANIA
HOMEOWNERS
PREMIUM CALCULATION PAGES

ROUND AFTER EACH CALCULATION TO THE NEAREST PENNY

STEP #		Homeowners	Select Homeowners	Standard Homeowners	Standard Select Homeowners
1	HOMEOWNERS PACKAGE PREMIUM (PCP - 2; step 1E, 1L, or 1AB)				
2	RATE ADJUSTMENT FACTOR (RFP - 4)	x	x	x	x
3	CLAIM RATING FACTOR (RFP - 4 to RFP - 7)	x	x	x	x
4	CLAIM FREE DISCOUNT (RFP - 8)	x	x	x	x
5	COVERAGE BC - BUILDING CODES FACTOR (RFP - 8)	x		x	
6	DWELLINGS IN THE COURSE OF CONSTRUCTION FACTOR (RFP - 8)	x		x	
7	AGE OF HOME DISCOUNT (RFP - 8)	x	x	x	x
8	PARTIALLY RENOVATED HOME DISCOUNT (RFP - 8)	x	x	x	x
9	HOME BUYER DISCOUNT (RFP - 9)	x	x	x	x
10	FIRE RESISTIVE DISCOUNT (RFP - 9)	x	x	x	x
11	PROTECTIVE DEVICE DISCOUNT (RFP - 9)	x	x	x	x
12	55 AND RETIRED DISCOUNT (RFP - 9)	x	x	x	x
13	HOME AND AUTO DISCOUNT (RFP - 10)	x	x	x	x
14	THE GOOD HANDS PEOPLE ® DISCOUNT (RFP - 10)	x	x	x	x
15	MILES TO FIRE DEPARTMENT RATING FACTOR (RFP - 10)	x	x	x	x
16	ROOF RATING FACTOR (RFP - 11)	x	x	x	x
17	DEDUCTIBLE FACTOR (RFP - 12)	x	x	x	x
18	SECONDARY RESIDENCE FACTOR (RFP - 13)	x	x	x	x
19	SELECT HOMEOWNERS RATE SCHEDULE FACTOR (RFP - 13)		x		
20	BUILDING STRUCTURES REIMBURSEMENT EXTENDED LIMITS FACTOR (RFP - 13) [1]	x			
21	EXTENDED PROTECTION AMENDATORY ENDORSEMENT FACTOR (RFP - 13)	x	x		
22	WOODBURNING STOVES AMOUNT (SRP - 1)	+	+	+	+
23	RATE TRANSITION FACTOR (RFP - 16 and Rule 34)	x	x	x	x
24	IDENTITY THEFT EXPENSES AMOUNT (RFP - 13) [2]	+	+	+	+
25	WATER BACKUP AMOUNT (RFP - 13) [2]	+	+		
26	REINSURANCE CHARGE (RFP - 14 and RFP - 15)	+	+	+	+
27	FIXED EXPENSE POLICY FEE (SRP - 1)	+	+	+	+
28	ADDITIONAL PREMIUM [3]	+	+	+	+
29	TOTAL COVERAGE PREMIUM	=	=	=	=

[1] The Building Structures Reimbursement Extended Limits Factor should not be applied to policies purchasing the Extended Protection Amendatory Endorsement.

[2] The Water Backup coverages are only available to, and mandatory for, policies purchasing the Extended Protection Amendatory Endorsement.

[3] Additional premium applicable for endorsements, increased limits, additional coverage, or additional coverage deductible buy-downs, and subtract any applicable credit for reduced coverage shown on the Supplementary Rate Pates. Where applicable, use the same deductible amount applicable to Coverage A.

PENNSYLVANIA
HOMEOWNERS
RATE FACTOR PAGES

Order in Calculation

2 Rate Adjustment Factor:

Factor: ~~1.578~~

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

2 Rate Adjustment Factor:

Factor: 1.615

3 Claim Rating Factor:

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

Example using Rating Group 1:

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

Underwriting Groups 1-3
# of Chargeable Claims in the past 3 years

			Group A					
			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

~~**18**~~ ~~**2% Tropical Cyclone Deductible**~~

~~Factor:~~ ~~0.98~~

~~**19**~~ **Secondary Residence Factor:**

Factor: 1.11

~~**20**~~ **Select Homeowners Rate Schedule Factor*:**

Ratio of Select Value to Replacement Cost	Factor
.01-.15	0.73
.16-.20	0.77
.21-.25	0.79
.26-.30	0.81
.31-.35	0.82
.36-.40	0.83
.41-.45	0.84
.46-.50	0.85
.51-.55	0.86
.56-.60	0.87
.61-.65	0.88
.66-.70	0.89
.71-.75	0.90
.76-.80	0.91
.81-.85	0.92
.86-.90	0.94
.91-.95	0.96
.96-1.00	0.98

* Only applies to Standard Select and Select Homeowners policies, otherwise apply factor of 1.00

~~**21**~~ **Building Structures Reimbursement Extended Limits Factor:**

Factor: 1.01

~~**22**~~ **Extended Protection Amendatory Endorsement Factor:**

Factor: 1.10

~~**25**~~ **Extended Protection Amendatory Endorsement - Identity Theft Expenses Amount:**

Limit	Premium
$25,000	$40

~~**26**~~ **Extended Protection Amendatory Endorsement - Water Backup Amount:**

	Deductible	
Limit	$500	$1,000
$5,000	$80	$69
$10,000	$150	$129

PENNSYLVANIA
HOMEOWNERS
RATE FACTOR PAGES

Order in Calculation

18 **Secondary Residence Factor:**

Factor: 1.11

19 **Select Homeowners Rate Schedule Factor*:**

Ratio of Select Value to Replacement Cost	Factor
.01-.15	0.73
.16-.20	0.77
.21-.25	0.79
.26-.30	0.81
.31-.35	0.82
.36-.40	0.83
.41-.45	0.84
.46-.50	0.85
.51-.55	0.86
.56-.60	0.87
.61-.65	0.88
.66-.70	0.89
.71-.75	0.90
.76-.80	0.91
.81-.85	0.92
.86-.90	0.94
.91-.95	0.96
.96-1.00	0.98

* Only applies to Standard Select and Select Homeowners policies, otherwise apply factor of 1.00

20 **Building Structures Reimbursement Extended Limits Factor:**

Factor: 1.01

21 **Extended Protection Amendatory Endorsement Factor:**

Factor: 1.10

24 **Extended Protection Amendatory Endorsement - Identity Theft Expenses Amount:**

Limit	Premium
$25,000	$40

25 **Extended Protection Amendatory Endorsement - Water Backup Amount:**

	Deductible	
Limit	$500	$1,000
$5,000	$80	$69
$10,000	$150	$129

PENNSYLVANIA
HOMEOWNERS
RATE FACTOR PAGES

Order in Calculation

26 Reinsurance Charge

Determine the charge as follows:

a. ~~Determine the appropriate charge for the Reinsurance Charge from the Reinsurance Charge Pages. The deductible amount should match the policy's Tropical Cyclone deductible. If the policy does not have a Tropical Cyclone deductible then the deducible should match the Wind/Hail deductible. If the policy does not have either a Tropical Cyclone or a Wind/Hail deducible, the Reinsurance Charge deductible should match the policy's All Peril deductible.~~

b. Multiply the appropriate charge by a Reinsurance Rate Adjustment Factor of 2.155 (round to three decimals).

c. Multiply by the appropriate Coverage A limits factor as shown on RFP-15.

All Other (Brick / Brick Veneer)

Line	Zone	$250	$500	$750	$1,000	$1,500	$2,000	$3,000	$5,000	2%
Owners	1	0.17	0.16	0.16	0.16	0.16	0.15	0.15	0.14	0.15
Owners	2	0.12	0.11	0.11	0.11	0.11	0.11	0.11	0.10	0.11
Owners	3	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.07	0.08
Owners	4	0.03	0.03	0.03	0.03	0.03	0.03	0.02	0.02	0.02

Frame

Line	Zone	$250	$500	$750	$1,000	$1,500	$2,000	$3,000	$5,000	2%
Owners	1	0.21	0.20	0.20	0.19	0.19	0.19	0.18	0.17	0.18
Owners	2	0.15	0.14	0.14	0.13	0.13	0.13	0.13	0.12	0.13
Owners	3	0.09	0.08	0.08	0.08	0.08	0.08	0.08	0.07	0.08
Owners	4	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03

PENNSYLVANIA
HOMEOWNERS
RATE FACTOR PAGES

Order in Calculation

26 Reinsurance Charge

Determine the charge as follows:

a. Determine the appropriate charge for the Reinsurance Charge from the Reinsurance Charge Pages. The deductible amount should match the policy's Wind/Hail deductible. If the policy does not have a Wind/Hail deductible, the Reinsurance Charge deductible should match the policy's All Peril deductible.

b. Multiply the appropriate charge by a Reinsurance Rate Adjustment Factor of 2.155 (round to three decimals).

c. Multiply by the appropriate Coverage A limits factor as shown on RFP-15.

All Other (Brick / Brick Veneer)

Line	Zone	$250	$500	$750	$1,000	$1,500	$2,000	$3,000	$5,000	2%
Owners	1	0.17	0.16	0.16	0.16	0.16	0.15	0.15	0.14	0.15
Owners	2	0.12	0.11	0.11	0.11	0.11	0.11	0.11	0.10	0.11
Owners	3	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.07	0.08
Owners	4	0.03	0.03	0.03	0.03	0.03	0.03	0.02	0.02	0.02

Frame

Line	Zone	$250	$500	$750	$1,000	$1,500	$2,000	$3,000	$5,000	2%
Owners	1	0.21	0.20	0.20	0.19	0.19	0.19	0.18	0.17	0.18
Owners	2	0.15	0.14	0.14	0.13	0.13	0.13	0.13	0.12	0.13
Owners	3	0.09	0.08	0.08	0.08	0.08	0.08	0.08	0.07	0.08
Owners	4	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03

PENNSYLVANIA
HOMEOWNERS
RATE FACTOR PAGES

Order in Calculation

~~27 (cont.)~~ Limits Factors

Coverage A/Coverage C	
Limits	**Factor**
6,000	6
10,000	10
11,000	11
12,000	12
13,000	13
14,000	14
15,000	15
16,000	16
17,000	17
18,000	18
19,000	19
20,000	20
25,000	25
30,000	30
35,000	35
40,000	40
45,000	45
50,000	50
55,000	55
56,000	56
57,000	57
58,000	58
59,000	59
60,000	60
61,000	61
62,000	62
63,000	63
64,000	64
65,000	65
66,000	66
67,000	67
68,000	68
69,000	69
70,000	70
71,000	71
72,000	72
73,000	73
74,000	74
75,000	75
80,000	80
85,000	85
90,000	90
95,000	95
100,000	100
110,000	110
120,000	120
130,000	130
140,000	140
150,000	150
160,000	160
170,000	170
180,000	180
190,000	190
200,000	200
225,000	225
250,000	250
275,000	275
300,000	300
325,000	325
Each Add'l 1,000	1

Reinsurance Charge
The Coverage Limits factor for a policy amount not shown on the Reinsurance Charge Pages may be obtained by interpolation.

Method for Interpolation (example): A Coverage Limits factor is desired for a policy amount of $83,000. Coverage Limit Factors are shown for $80,000 and $85,000 on the Reinsurance Charge Pages.

	Policy Amounts Shown	Factors Shown
1	$85,000	85
	80,000	80
	$ 5,000 (difference in amounts)	5 (difference in package)
2	$ 3,000 (additional amount)	x 5 (difference in factor)
	$ 5,000 (difference in amounts)	

= 3.000 (round to three decimals)

80.000 (factor for $80,000)
3.000 (factor for additional $3,000)
83.000 (factor for $83,000, round to three decimals)

PENNSYLVANIA
HOMEOWNERS
RATE FACTOR PAGES

Order in Calculation

26 (cont.) Limits Factors

Coverage A/Coverage C	
Limits	**Factor**
6,000	6
10,000	10
11,000	11
12,000	12
13,000	13
14,000	14
15,000	15
16,000	16
17,000	17
18,000	18
19,000	19
20,000	20
25,000	25
30,000	30
35,000	35
40,000	40
45,000	45
50,000	50
55,000	55
56,000	56
57,000	57
58,000	58
59,000	59
60,000	60
61,000	61
62,000	62
63,000	63
64,000	64
65,000	65
66,000	66
67,000	67
68,000	68
69,000	69
70,000	70
71,000	71
72,000	72
73,000	73
74,000	74
75,000	75
80,000	80
85,000	85
90,000	90
95,000	95
100,000	100
110,000	110
120,000	120
130,000	130
140,000	140
150,000	150
160,000	160
170,000	170
180,000	180
190,000	190
200,000	200
225,000	225
250,000	250
275,000	275
300,000	300
325,000	325
Each Add'l 1,000	1

Reinsurance Charge
The Coverage Limits factor for a policy amount not shown on the Reinsurance Charge Pages may be obtained by interpolation.

Method for Interpolation (example): A Coverage Limits factor is desired for a policy amount of $83,000. Coverage Limit Factors are shown for $80,000 and $85,000 on the Reinsurance Charge Pages.

	Policy Amounts Shown	Factors Shown
1	$85,000	85
	80,000	80
	$ 5,000 (difference in amounts)	5 (difference in package)
2	$ 3,000 (additional amount)	x 5 (difference in factor)
	$ 5,000 (difference in amounts)	

= 3.000 (round to three decimals)

80.000 (factor for $80,000)
3.000 (factor for additional $3,000)
83.000 (factor for $83,000, round to three decimals)

PENNSYLVANIA
HOMEOWNERS
RATE FACTOR PAGES

Order in Calculation

~~24~~ Momentum Factors

MOMENTUM FACTORS (Rule 34)

MOMENTUM FACTOR	
A	1.1500
B	0.8500

SUBSEQUENT MOMENTUM FACTOR

PENNSYLVANIA
HOMEOWNERS
RATE FACTOR PAGES

Order in Calculation

23 Momentum Factors

MOMENTUM FACTORS (Rule 34)

MOMENTUM FACTOR	
A	1.1500
B	0.8500

SUBSEQUENT MOMENTUM FACTOR	
X	1.1500
Y	0.8500