

SERFF Tracking Number: FARM-125315809 State: California
First Filing Company: Farmers Insurance Exchange, ... State Tracking Number: 07-6489;07-6490
Company Tracking Number: HCA0703-105800, HCA0703-305800
TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations
Product Name: H-CA-2007-HO-F
Project Name/Number: Homeowners Rate Revision/HCA0703-105800

Filing at a Glance

Companies: Farmers Insurance Exchange, Fire Insurance Exchange

Product Name: H-CA-2007-HO-F

SERFF Tr Num: FARM-125315809 State: California

TOI: 04.0 Homeowners

SERFF Status: Pending Industry State Tr Num: 07-6489;07-6490
Response

Sub-TOI: 04.0000 Homeowners Sub-TOI
Combinations

Co Tr Num: HCA0703-105800, State Status: Accepted
HCA0703-305800

Filing Type: Rate

Co Status: Reviewer(s): Polly Chan, Kam Fong

Authors: Anahit Bekarian, Jeanette Disposition Date:

Campion, Gayane Rupchian, Mina
Villegas, Chris SalvaCruz, Edmond
Balaian

Date Submitted: 10/05/2007

Disposition Status:

Effective Date Requested (New): 03/16/2008

Effective Date (New):

Effective Date Requested (Renewal): 03/16/2008

Effective Date (Renewal):

General Information

Project Name: Homeowners Rate Revision

Status of Filing in Domicile: Not Filed

Project Number: HCA0703-105800

Domicile Status Comments:

Reference Organization: Not Applicable

Reference Number: Not Applicable

Reference Title: Not Applicable

Advisory Org. Circular: Not Applicable

Filing Status Changed: 10/11/2007

Deemer Date: 12/18/2007

State Status Changed: 10/17/2007

Corresponding Filing Tracking Number:

Filing Description:

Revisions to our Homeowners Multiple Peril program.

Company and Contact

Filing Contact Information

Feliksa Barran, Manager - Business
Implementation

Feliksa_Barran@farmersinsurance.com

SERFF Tracking Number: FARM-125315809 State: California
First Filing Company: Farmers Insurance Exchange, ... State Tracking Number: 07-6489;07-6490
Company Tracking Number: HCA0703-105800, HCA0703-305800
TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations
Product Name: H-CA-2007-HO-F
Project Name/Number: Homeowners Rate Revision/HCA0703-105800

4700 Wilshire Blvd. (323) 932-3056 [Phone]
Los Angeles, CA 90010 ()-[FAX]

Filing Company Information

Farmers Insurance Exchange CoCode: 21652 State of Domicile: California
4680 Wilshire Blvd. Group Code: 212 Company Type:
Los Angeles, CA 90010 Group Name: State ID Number: 24000
(323) 932-3056 ext. [Phone] FEIN Number: 95-2575893

Fire Insurance Exchange CoCode: 21660 State of Domicile: California
4680 Wilshire Blvd. Group Code: 212 Company Type:
Los Angeles, CA 90010 Group Name: State ID Number: 27500
(323) 932-3056 ext. [Phone] FEIN Number: 95-6235715

SERFF Tracking Number: FARM-125315809 *State:* California
First Filing Company: Farmers Insurance Exchange, ... *State Tracking Number:* 07-6489;07-6490
Company Tracking Number: HCA0703-105800, HCA0703-305800
TOI: 04.0 Homeowners *Sub-TOI:* 04.0000 Homeowners Sub-TOI Combinations
Product Name: H-CA-2007-HO-F
Project Name/Number: Homeowners Rate Revision/HCA0703-105800

Filing Fees

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

SERFF Tracking Number: FARM-125315809 State: California
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 Company Tracking Number: HCA0703-105800, HCA0703-305800
 TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations
 Product Name: H-CA-2007-HO-F
 Project Name/Number: Homeowners Rate Revision/HCA0703-105800

Correspondence Summary

Objection Letters and Response Letters

Objection Letters

Response Letters

| Status | Created By | Created On | Date Submitted | Responded By | Created On | Date Submitted |
|--------|------------|------------|----------------|--------------|------------|----------------|
|--------|------------|------------|----------------|--------------|------------|----------------|

| | | | | | | |
|---------|--------------|------------|------------|--|--|--|
| Respond | Jesse Rivera | 10/11/2007 | 10/11/2007 | | | |
|---------|--------------|------------|------------|--|--|--|

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Filing Notes

| Subject | Note Type | Created By | Created On | Date Submitted |
|------------------|---------------|--------------|------------|----------------|
| Objection Letter | Note To Filer | Jesse Rivera | 10/11/2007 | 10/11/2007 |

SERFF Tracking Number: FARM-125315809 State: California
First Filing Company: Farmers Insurance Exchange, ... State Tracking Number: 07-6489;07-6490
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TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations
Product Name: H-CA-2007-HO-F
Project Name/Number: Homeowners Rate Revision/HCA0703-105800

Objection Letter

Objection Letter Status Respond immediately
Objection Letter Date 10/11/2007
Submitted Date 10/11/2007
Respond By Date
Dear Feliksa Barran,

Objection 1

- Prior Approval Rate Application (Supporting Document)

Comment: We are unable to accept your filing for review because the most recent last three data were not provided on page 7 and 8. Please provide these ASAP.

Sincerely,
Jesse Rivera

SERFF Tracking Number: FARM-125315809 *State:* California
First Filing Company: Farmers Insurance Exchange, ... *State Tracking Number:* 07-6489;07-6490
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TOI: 04.0 Homeowners *Sub-TOI:* 04.0000 Homeowners Sub-TOI Combinations
Product Name: H-CA-2007-HO-F
Project Name/Number: Homeowners Rate Revision/HCA0703-105800

Note To Filer

Created By:

Jesse Rivera on 10/11/2007 02:35 PM

Subject:

Objection Letter

Comments:

Please disregard the objection letter I sent earlier.

SERFF Tracking Number: FARM-125315809 State: California
 First Filing Company: Farmers Insurance Exchange, ... State Tracking Number: 07-6489;07-6490
 Company Tracking Number: HCA0703-105800, HCA0703-305800
 TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations
 Product Name: H-CA-2007-HO-F
 Project Name/Number: Homeowners Rate Revision/HCA0703-105800

Rate Information

Rate data applies to filing.

Filing Method: Prior Approval
Rate Change Type: Increase
Overall Percentage of Last Rate Revision: -11.400%
Effective Date of Last Rate Revision: 06/16/2007
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: | Premium: | Maximum % Change (where required): | Minimum % Change (where required): |
|----------------------------|-----------------------------|------------------------|--|--|---------------|------------------------------------|------------------------------------|
| Farmers Insurance Exchange | 15.400% | 6.900% | \$1,174,710 | 27,578 | \$17,024,789 | % | % |
| Fire Insurance Exchange | 15.400% | 6.900% | \$65,168,598 | 1,050,415 | \$944,472,433 | % | % |

Overall Rate Information for Multiple Company Filings

Overall % Rate Indicated: 15.400%
Overall Percentage Rate Impact For This Filing: 6.900%
Effect of Rate Filing - Written Premium Change For This Program: \$66,343,308
Effect of Rate Filing - Number of Policyholders Affected: 1077993

SERFF Tracking Number: FARM-125315809 State: California
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TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations
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Project Name/Number: Homeowners Rate Revision/HCA0703-105800

Rate/Rule Schedule

| Review Status: | Exhibit Name: | Rule # or Page #: | Rate Action | Previous State Filing Attachments Number: |
|----------------|---------------|---------------------|-------------|---|
| | Manual Pages | 138, 139, 140, 1803 | Replacement | Manual Pages.pdf |

HOMESOWNERS PACKAGE
 * FIRE INSURANCE EXCHANGE
 FARMERS INSURANCE EXCHANGE

~~(6) August 1, 2006~~
 (7) March 16, 2008

Premium Group Definitions and Factors

Renters, Townhouse (Contents), and Condominium Owners

| Territory | Protection Class | Premium Group | Relativity 1 Unit | Relativity 2-4 Units | Relativity 5+ Units |
|-----------|------------------|---------------|-------------------|----------------------|---------------------|
| AA | 1-8 | 1 | 1.00 | 0.91 | 0.84 |
| | 9-10 | 2 | 1.65 | 1.50 | 1.39 |
| AB | 1-8 | 1 | 1.00 | 0.91 | 0.84 |
| | 9-10 | 2 | 1.65 | 1.50 | 1.39 |
| AC | 1-8 | 1 | 1.00 | 0.91 | 1.05 |
| | 9-10 | 2 | 1.65 | 1.50 | 1.74 |
| AD | 1-8 | 1 | 1.00 | 0.91 | 1.05 |
| | 9-10 | 2 | 1.65 | 1.50 | 1.74 |
| AE | 1-8 | 1 | 1.00 | 0.91 | 0.84 |
| | 9-10 | 2 | 1.65 | 1.50 | 1.39 |
| AF | 1-8 | 1 | 1.00 | 0.91 | 0.83 |
| | 9-10 | 2 | 1.65 | 1.50 | 1.74 |
| AH | 1-8 | 1 | 1.00 | 0.91 | 1.05 |
| | 9-10 | 2 | 1.65 | 1.50 | 1.74 |
| AK | 1-8 | 1 | 1.00 | 0.91 | 1.05 |
| | 9-10 | 2 | 1.65 | 1.50 | 1.74 |
| AL | 1-8 | 1 | 1.00 | 0.91 | 0.84 |
| | 9-10 | 2 | 1.65 | 1.50 | 1.39 |
| AO | 1-8 | 1 | 1.00 | 0.91 | 0.84 |
| | 9-10 | 2 | 1.65 | 1.50 | 1.39 |
| AP | 1-8 | 1 | 1.00 | 0.91 | 1.05 |
| | 9-10 | 2 | 1.65 | 1.50 | 1.74 |
| DA | 1-8 | 1 | 1.00 | 0.91 | 1.07 |
| | 9-10 | 2 | 1.65 | 1.50 | 1.75 |
| DC | 1-8 | 1 | 1.00 | 0.91 | 0.91 |
| | 9-10 | 2 | 1.65 | 1.50 | 1.50 |
| DD | 1-8 | 1 | 1.00 | 0.91 | 1.02 |
| | 9-10 | 2 | 1.65 | 1.50 | 1.68 |
| DE | 1-8 | 1 | 1.00 | 0.91 | 1.07 |
| | 9-10 | 2 | 1.65 | 1.50 | 1.75 |
| DG | 1-8 | 1 | 1.00 | 0.91 | 1.07 |
| | 9-10 | 2 | 1.65 | 1.50 | 1.75 |
| DH | 1-8 | 1 | 1.00 | 0.91 | 0.91 |
| | 9-10 | 2 | 1.65 | 1.50 | 1.50 |
| DI | 1-8 | 1 | 1.00 | 0.91 | 1.02 |
| | 9-10 | 2 | 1.65 | 1.50 | 1.68 |
| DJ | 1-8 | 1 | 1.00 | 0.91 | 1.08 |
| | 9-10 | 2 | 1.65 | 1.50 | 1.78 |
| DK | 1-8 | 1 | 1.00 | 0.91 | 1.07 |
| | 9-10 | 2 | 1.65 | 1.50 | 1.75 |
| DL | 1-8 | 1 | 1.00 | 0.91 | 1.07 |
| | 9-10 | 2 | 1.65 | 1.50 | 1.75 |
| DM | 1-8 | 1 | 1.00 | 0.91 | 1.07 |
| | 9-10 | 2 | 1.65 | 1.50 | 1.75 |
| DN | 1-8 | 1 | 1.00 | 0.91 | 1.07 |
| | 9-10 | 2 | 1.65 | 1.50 | 1.75 |
| DO | 1-8 | 1 | 1.00 | 0.91 | 1.07 |
| | 9-10 | 2 | 1.65 | 1.50 | 1.75 |
| DP | 1-8 | 1 | 1.00 | 0.91 | 0.91 |
| | 9-10 | 2 | 1.65 | 1.50 | 1.50 |
| DQ | 1-8 | 1 | 1.00 | 0.91 | 1.07 |
| | 9-10 | 2 | 1.65 | 1.50 | 1.75 |
| EA | 1-8 | 1 | 1.00 | 0.91 | 1.08 |
| | 9-10 | 2 | 1.61 | 1.47 | 1.74 |
| EB | 1-8 | 1 | 1.00 | 0.91 | 1.08 |
| | 9-10 | 2 | 1.65 | 1.50 | 1.78 |
| EC | 1-8 | 1 | 1.00 | 0.91 | 1.08 |
| | 9-10 | 2 | 1.65 | 1.50 | 1.78 |
| ED | 1-8 | 1 | 1.00 | 0.91 | 1.08 |
| | 9-10 | 2 | 1.65 | 1.50 | 1.78 |
| GA | 1-8 | 1 | 1.00 | 0.91 | 1.08 |
| | 9-10 | 2 | 1.77 | 1.62 | 1.92 |
| GB | 1-8 | 1 | 1.00 | 0.91 | 0.84 |
| | 9-10 | 2 | 1.55 | 1.41 | 1.29 |
| GC | 1-8 | 1 | 1.00 | 0.91 | 0.84 |
| | 9-10 | 2 | 1.55 | 1.41 | 1.29 |

* Condominium Product Type Factor = .65
 .65

HOMEOWNERS PACKAGE
 * FIRE INSURANCE EXCHANGE
 FARMERS INSURANCE EXCHANGE

(6) August 1, 2006
 (7) March 16, 2008

Premium Group Definitions and Factors

Renters, Townhouse (Contents), and Condominium Owners

| Territory | Protection Class | Premium Group | Relativity 1 Unit | Relativity 2-4 Units | Relativity 5+ Units |
|-----------|------------------|---------------|-------------------|----------------------|---------------------|
| GD | 1-8 | 1 | 1.00 | 0.91 | 1.08 |
| | 9-10 | 2 | 1.77 | 1.62 | 1.92 |
| GF | 1-8 | 1 | 1.00 | 0.91 | 1.05 |
| | 9-10 | 2 | 1.77 | 1.62 | 1.86 |
| GH | 1-8 | 1 | 1.00 | 0.91 | 0.84 |
| | 9-10 | 2 | 1.40 | 1.27 | 1.18 |
| GI | 1-8 | 1 | 1.00 | 0.91 | 1.05 |
| | 9-10 | 2 | 1.00 | 0.91 | 1.05 |
| GK | 1-8 | 1 | 1.00 | 0.91 | 1.08 |
| | 9-10 | 2 | 1.77 | 1.62 | 1.92 |
| GN | 1-8 | 1 | 1.00 | 0.91 | 0.84 |
| | 9-10 | 2 | 1.00 | 0.91 | 0.84 |
| GO | 1-8 | 1 | 1.00 | 0.91 | 1.08 |
| | 9-10 | 2 | 1.77 | 1.62 | 1.92 |
| GP | 1-8 | 1 | 1.00 | 0.91 | 1.05 |
| | 9-10 | 2 | 1.77 | 1.62 | 1.86 |
| GQ | 1-8 | 1 | 1.00 | 0.91 | 1.08 |
| | 9-10 | 2 | 1.77 | 1.62 | 1.92 |
| GR | 1-8 | 1 | 1.00 | 0.91 | 0.84 |
| | 9-10 | 2 | 1.40 | 1.27 | 1.18 |
| GS | 1-8 | 1 | 1.00 | 0.91 | 0.84 |
| | 9-10 | 2 | 1.55 | 1.41 | 1.29 |
| GT | 1-8 | 1 | 1.00 | 0.91 | 1.10 |
| | 9-10 | 2 | 1.00 | 0.91 | 1.10 |
| GU | 1-8 | 1 | 1.00 | 0.91 | 1.08 |
| | 9-10 | 2 | 1.77 | 1.62 | 1.92 |
| GV | 1-8 | 1 | 1.00 | 0.91 | 0.84 |
| | 9-10 | 2 | 1.40 | 1.27 | 1.18 |
| GW | 1-8 | 1 | 1.00 | 0.91 | 0.84 |
| | 9-10 | 2 | 1.55 | 1.41 | 1.29 |
| GX | 1-8 | 1 | 1.00 | 0.91 | 0.84 |
| | 9-10 | 2 | 1.40 | 1.27 | 1.18 |
| GY | 1-8 | 1 | 1.00 | 0.91 | 0.84 |
| | 9-10 | 2 | 1.55 | 1.41 | 1.29 |
| GZ | 1-8 | 1 | 1.00 | 0.91 | 1.08 |
| | 9-10 | 2 | 1.77 | 1.62 | 1.92 |
| JA | 1-8 | 1 | 1.00 | 0.91 | 0.83 |
| | 9-10 | 2 | 1.50 | 1.37 | 1.26 |
| JB | 1-8 | 1 | 1.00 | 0.91 | 0.83 |
| | 9-10 | 2 | 1.00 | 0.91 | 0.83 |
| JC | 1-8 | 1 | 1.00 | 0.91 | 0.83 |
| | 9-10 | 2 | 1.00 | 0.91 | 0.83 |
| JD | 1-8 | 1 | 1.00 | 0.91 | 0.83 |
| | 9-10 | 2 | 1.00 | 0.91 | 0.83 |
| JE | 1-8 | 1 | 1.00 | 0.91 | 0.83 |
| | 9-10 | 2 | 1.50 | 1.37 | 1.26 |
| JF | 1-8 | 1 | 1.00 | 0.91 | 0.83 |
| | 9-10 | 2 | 1.50 | 1.37 | 1.26 |
| JG | 1-8 | 1 | 1.00 | 0.91 | 0.83 |
| | 9-10 | 2 | 1.00 | 0.91 | 0.83 |
| JH | 1-8 | 1 | 1.00 | 0.91 | 0.83 |
| | 9-10 | 2 | 1.45 | 1.32 | 1.21 |
| JI | 1-8 | 1 | 1.00 | 0.91 | 0.83 |
| | 9-10 | 2 | 1.00 | 0.91 | 0.83 |
| JJ | 1-8 | 1 | 1.00 | 0.91 | 0.83 |
| | 9-10 | 2 | 1.00 | 0.91 | 0.83 |
| JK | 1-8 | 1 | 1.00 | 0.91 | 0.83 |
| | 9-10 | 2 | 1.55 | 1.40 | 1.31 |
| JL | 1-8 | 1 | 1.00 | 0.91 | 0.83 |
| | 9-10 | 2 | 1.40 | 1.26 | 1.18 |
| JM | 1-8 | 1 | 1.00 | 0.91 | 0.83 |
| | 9-10 | 2 | 1.50 | 1.37 | 1.26 |
| JN | 1-8 | 1 | 1.00 | 0.91 | 0.83 |
| | 9-10 | 2 | 1.00 | 0.91 | 0.83 |
| JO | 1-8 | 1 | 1.00 | 0.91 | 0.83 |
| | 9-10 | 2 | 1.50 | 1.37 | 1.26 |

* Condominium Product Type Factor = .68

.85

HOMEOWNERS PACKAGE
Fire FIRE INSURANCE EXCHANGE
 FARMERS INSURANCE EXCHANGE

(6) August 1, 2006.
 (7) March 16, 2009

Premium Group Definitions and Factors

Renters, Townhouse (Contents), and Condominium Owners

| Territory | Protection Class | Premium Group | Relativity 1 Unit | Relativity 2-4 Units | Relativity 5+ Units |
|-----------|------------------|---------------|-------------------|----------------------|---------------------|
| JP | 1-8 | 1 | 1.00 | 0.91 | 0.83 |
| | 9-10 | 2 | 1.50 | 1.37 | 1.26 |
| JQ | 1-8 | 1 | 1.00 | 0.91 | 0.84 |
| | 9-10 | 2 | 1.55 | 1.41 | 1.29 |
| JR | 1-8 | 1 | 1.00 | 0.91 | 0.84 |
| | 9-10 | 2 | 1.40 | 1.27 | 1.18 |
| JS | 1-8 | 1 | 1.00 | 0.91 | 0.84 |
| | 9-10 | 2 | 1.45 | 1.32 | 1.22 |
| JT | 1-8 | 1 | 1.00 | 0.91 | 0.84 |
| | 9-10 | 2 | 1.40 | 1.27 | 1.18 |
| JU | 1-8 | 1 | 1.00 | 0.91 | 0.84 |
| | 9-10 | 2 | 1.45 | 1.32 | 1.22 |
| JV | 1-8 | 1 | 1.00 | 0.91 | 0.84 |
| | 9-10 | 2 | 1.40 | 1.27 | 1.18 |
| JW | 1-8 | 1 | 1.00 | 0.91 | 0.84 |
| | 9-10 | 2 | 1.40 | 1.27 | 1.18 |
| JX | 1-8 | 1 | 1.00 | 0.91 | 0.83 |
| | 9-10 | 2 | 1.00 | 0.91 | 0.83 |
| JY | 1-8 | 1 | 1.00 | 0.91 | 0.83 |
| | 9-10 | 2 | 1.00 | 0.91 | 0.83 |
| MA | 1-8 | 1 | 1.00 | 0.91 | 0.83 |
| | 9-10 | 2 | 1.65 | 1.50 | 1.39 |
| MB | 1-8 | 1 | 1.00 | 0.91 | 0.83 |
| | 9-10 | 2 | 1.65 | 1.50 | 1.39 |
| MC | 1-8 | 1 | 1.00 | 0.91 | 0.83 |
| | 9-10 | 2 | 1.65 | 1.50 | 1.39 |
| MD | 1-8 | 1 | 1.00 | 0.91 | 0.83 |
| | 9-10 | 2 | 1.65 | 1.50 | 1.39 |
| ME | 1-8 | 1 | 1.00 | 0.91 | 0.84 |
| | 9-10 | 2 | 1.64 | 1.49 | 1.39 |
| MG | 1-8 | 1 | 1.00 | 0.91 | 0.83 |
| | 9-10 | 2 | 1.65 | 1.50 | 1.39 |
| MH | 1-8 | 1 | 1.00 | 0.91 | 0.84 |
| | 9-10 | 2 | 1.64 | 1.49 | 1.39 |
| PA | 1-8 | 1 | 1.00 | 0.91 | 0.84 |
| | 9-10 | 2 | 1.64 | 1.49 | 1.39 |
| PB | 1-8 | 1 | 1.00 | 0.91 | 0.84 |
| | 9-10 | 2 | 1.64 | 1.49 | 1.39 |
| PC | 1-8 | 1 | 1.00 | 0.91 | 0.84 |
| | 9-10 | 2 | 1.64 | 1.49 | 1.39 |
| PD | 1-8 | 1 | 1.00 | 0.91 | 0.84 |
| | 9-10 | 2 | 1.64 | 1.49 | 1.39 |
| PE | 1-8 | 1 | 1.00 | 0.91 | 0.84 |
| | 9-10 | 2 | 1.64 | 1.49 | 1.39 |
| PF | 1-8 | 1 | 1.00 | 0.91 | 0.84 |
| | 9-10 | 2 | 1.64 | 1.49 | 1.39 |
| PG | 1-8 | 1 | 1.00 | 0.91 | 0.84 |
| | 9-10 | 2 | 1.64 | 1.49 | 1.39 |
| PH | 1-8 | 1 | 1.00 | 0.91 | 0.84 |
| | 9-10 | 2 | 1.64 | 1.49 | 1.39 |
| PI | 1-8 | 1 | 1.00 | 0.91 | 0.84 |
| | 9-10 | 2 | 1.64 | 1.49 | 1.39 |
| PJ | 1-8 | 1 | 1.00 | 0.91 | 0.84 |
| | 9-10 | 2 | 1.64 | 1.49 | 1.39 |
| PK | 1-8 | 1 | 1.00 | 0.91 | 0.84 |
| | 9-10 | 2 | 1.64 | 1.49 | 1.39 |
| PL | 1-8 | 1 | 1.00 | 0.91 | 0.83 |
| | 9-10 | 2 | 1.65 | 1.50 | 1.39 |
| PM | 1-8 | 1 | 1.00 | 0.91 | 0.84 |
| | 9-10 | 2 | 1.64 | 1.49 | 1.39 |
| PN | 1-8 | 1 | 1.00 | 0.91 | 0.83 |
| | 9-10 | 2 | 1.65 | 1.50 | 1.39 |

Condominium Product Type Factor = .68
 .95

**HOMEOWNERS PACKAGE
 FIRE INSURANCE EXCHANGE
 FARMERS INSURANCE EXCHANGE**

OPTIONAL COVERAGES — SECTION I — PROPERTY

BUILDING PROPERTY — E6161
 (Fire Insurance Exchange only)

Townhouse (contents) and Condominium only

| | |
|------------------|----------------------|
| Rate per \$1,000 | \$3.00 64 |
|------------------|----------------------|

RESIDENCE GLASS (Deductible Buyback) — E6154
 All Forms (Not Available on New Business)

| Deductible | Premium |
|-------------------|---------|
| \$50 All-Peril | \$14.00 |
| \$100 All-Peril | \$16.00 |
| \$250 All-Peril | \$18.00 |
| \$500 All-Peril | \$20.00 |
| \$600 All-Peril | \$21.00 |
| \$750 All-Peril | \$22.00 |
| \$1,000 All-Peril | \$24.00 |
| \$1,100 All-Peril | \$25.00 |
| \$1,500 All-Peril | \$30.00 |
| \$2,000 All-Peril | \$35.00 |
| \$2,500 All-Peril | \$36.00 |
| \$3,000 All Peril | \$38.00 |
| \$5,000 All-Peril | \$50.00 |

GOODS FOR SALE — E6143
 (Fire Insurance Exchange only)
 All Forms except Renters

Coverage can be provided for goods held for sale or sample either on or off the residence premises.
 Maximum Limit = \$2,500

| | |
|----------------|--------|
| Rate per \$500 | \$3.50 |
|----------------|--------|

**CONTENTS REPLACEMENT COST ON UNSCHEDULED PERSONAL PROPERTY
 (COVERAGE C) — E6120**
 All Forms except Protector Plus

If the policy is a Special or Townhouse (dwelling) policy the Coverage C limit increases to 70% of the Coverage A limit. To determine the premium for Replacement Cost Coverage multiply the premium developed from the final step of the Homeowners rating sequence by the appropriate factor below.

| Policy Form | Factor | Minimum Additional Premium |
|---|--------|----------------------------|
| Special, Townhouse (dwelling) | .15 | \$15 |
| Renters, Townhouse (contents), Condominium, Cal-Vet | .35 | \$15 |

SERFF Tracking Number: FARM-125315809 State: California
First Filing Company: Farmers Insurance Exchange, ... State Tracking Number: 07-6489;07-6490
Company Tracking Number: HCA0703-105800, HCA0703-305800
TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations
Product Name: H-CA-2007-HO-F
Project Name/Number: Homeowners Rate Revision/HCA0703-105800

Supporting Document Schedules

Review Status:
Bypassed -Name: Executive Compensation Report 10/05/2007
Bypass Reason: Not Applicable
Comments:

Review Status:
Satisfied -Name: Prior Approval Rate Application 10/05/2007
Comments:
Attachments:
HO PriorApprovalRateApplication Pg 1 - 6.pdf
HO PriorApprovalRateApplication Pg 7.pdf
HO PriorApprovalRateApplication Pg 7a - 7d.pdf
HO PriorApprovalRateApplication Pg 8 - 14C&more.pdf

Review Status:
Satisfied -Name: Cover Letter 10/05/2007
Comments:
Attachment:
CAHO CoverMemo.pdf

Review Status:
Satisfied -Name: Filing Memorandum 10/05/2007
Comments:
Attachment:
Filing Memorandum.pdf

Review Status:
Satisfied -Name: Exhibits 10/05/2007
Comments:
Attachment:
Filing Exhibits.pdf

PRIOR APPROVAL RATE APPLICATION

Completed by: L. Wehmuller

Date: 10/5/2007

Your File #: HCA0703-305800
(15 Characters Maximum)

SERFF CD (plus 1 paper copy) Paper (1 original plus 1 copy)

Does this filing include a variance request? Yes No

Is this a variance request submitted after the prior approval application to which it applies? Yes No

If yes, provide the applicable CDI File Number: _____

Does this file contain group data? Yes No

[Note: Complete page 2 if this is a group filing]

Is this a specialty filing? Yes No

Latest applicable CDI file number in this line, subtitle and/or program:
06-8851/06-8852

Company Name Fire Insurance Exchange

NAIC Company Code 21660

Group Name Farmers Insurance Group

NAIC Group Code 212

Organized under the Laws of the State of California

Line Code for this Line of Insurance: 4.0

Line of Insurance: HOMEOWNERS MULTIPLE PERIL Subline _____

Program _____

Home Office 4680 Wilshire Boulevard, Los Angeles, CA 90010

Name and Title of Contact Person Lynne Wehmuller, FCAS, MAAA; Staff Actuary

Toll Free Phone No. (323) 932-3141 Fax No.: (323) 932-3950

Email Address lynne_wehmuller@farmersinsurance.com

Mailing Address 4700 Wilshire Boulevard, Los Angeles, CA 90010

I declare under penalty of perjury under the laws of the State of California, that the information filed is true, complete, and correct.

Authorized Signature

October 5, 2007
Date of Filing

(323) 932-3141
Telephone Number

Important note: Refer to CDI website at <http://www.insurance.ca.gov/0250-insurers/0800-rate-filings/> for the most current rate template and prior approval factors.

| DEPARTMENT USE ONLY | |
|-------------------------------|---|
| Filing No.: | _____ |
| SERFF No.: | _____ |
| Date Filed: | _____ |
| Compliance Date: | _____ |
| Date Public Notified: | _____ |
| Deemer Date: | _____ |
| Intake Analyst: | _____ |
| Bureau & Senior: | _____ |
| Group Filing: | <input type="checkbox"/> No <input checked="" type="checkbox"/> Yes |
| X-Reference No.: | _____ |
| <input type="checkbox"/> Rate | <input type="checkbox"/> New Program <input type="checkbox"/> Rule |
| <input type="checkbox"/> Form | <input type="checkbox"/> Variance _____ % Change |

INSURER GROUP MULTI-COMPANY FILING

For private passenger auto insurance only, does CIC, 1861.16(c) apply? No Yes
If yes, please complete (Super Group) Exhibit 19.

List each insurance company in alphabetical order.

Company Name Farmers Insurance Exchange - HCA0703-105800 CDI Filing No. _____
(Department use only)
NAIC Company Code 21652

Company Name Fire Insurance Exchange - HCA0703-305800 CDI Filing No. _____
(Department use only)
NAIC Company Code 21660

Company Name _____ CDI Filing No. _____
(Department use only)
NAIC Company Code _____

Company Name _____ CDI Filing No. _____
(Department use only)
NAIC Company Code _____

Company Name _____ CDI Filing No. _____
(Department use only)
NAIC Company Code _____

Company Name _____ CDI Filing No. _____
(Department use only)
NAIC Company Code _____

Company Name _____ CDI Filing No. _____
(Department use only)
NAIC Company Code _____

Company Name _____ CDI Filing No. _____
(Department use only)
NAIC Company Code _____

Company Name _____ CDI Filing No. _____
(Department use only)
NAIC Company Code _____

Company Name _____ CDI Filing No. _____
(Department use only)
NAIC Company Code _____

PROPERTY AND LIABILITY FILING SUBMISSION DATA SHEET

The purpose of this filing is as follows: (More than one may be marked)

TYPE OF FILING

PRIOR APPROVAL RATE APPLICATION
PAGES and EXHIBITS REQUIRED

- | | |
|--|---|
| <input type="checkbox"/> New Program (Including adoption of advisory organization loss costs, forms and rules.) | Pages 1 through 7, 10, 12, 13 & 14, plus exhibit 17 |
| <input checked="" type="checkbox"/> Rates (Including adoption of advisory organization loss costs.) | |
| <input checked="" type="checkbox"/> Increase rates | Pages 1 through 10, 13 & 14, plus exhibits |
| <input type="checkbox"/> Decrease rate | Pages 1 through 10, 13 & 14, plus exhibits |
| <input type="checkbox"/> Zero Overall rate impact | Pages 1 through 10, 13 & 14, plus exhibits |
| <input checked="" type="checkbox"/> Variance | |
| <input checked="" type="checkbox"/> Filed together with the prior approval application to which it applies. | Page 11 and exhibit 13 |
| <input type="checkbox"/> Filed after the prior approval application to which it applies. | Pages 1 through 6, 11, plus exhibit 13 |
| <input type="checkbox"/> Coverage Forms (Including adoption of advisory organization forms.) | |
| <input type="checkbox"/> With rate impact | Pages 1 through 10, 12, 13 & 14 plus exhibits |
| <input type="checkbox"/> Without rate impact | Pages 1 through 5, 12 |
| <input type="checkbox"/> Rules (Including adoption of advisory organization rules.) | |
| <input type="checkbox"/> With rate impact | Pages 1 through 10, 13 & 14 plus exhibits |
| <input type="checkbox"/> Without rate impact | Pages 1 through 5 |

All Private Passenger Automobile class plans must be filed separately from the Prior Approval Rate Applications.

PROPERTY AND LIABILITY FILING SUBMISSION DATA SHEET (Continued)

Proposed Earned Premium Per Exposure: #REF!

Proposed Overall Rate Change 6.9%

| | <u>COVERAGE</u> | <u>INDICATED CHANGE (%)</u> | <u>PROPOSED CHANGE (%)</u> | <u>ADJUSTED EARNED PREMIUM*</u> | <u>PROJECTED EARNED PREMIUM</u> |
|-----|------------------------------|---------------------------------|--------------------------------|-------------------------------------|-------------------------------------|
| 1. | Protector Plus | 10.9% | 6.0% | 476,606,728 | 504,975,703 |
| 2. | Special | 18.6% | 6.8% | 329,112,126 | 351,414,848 |
| 3. | Renters | 6.9% | 0.9% | 23,297,440 | 23,510,702 |
| 4. | Townhouse/Condominium | 57.1% | 24.3% | 36,861,750 | 45,803,344 |
| 5. | | | | | |
| 6. | | | | | |
| 7. | | | | | |
| 8. | | | | | |
| 9. | | | | | |
| 10. | | | | | |
| | TOTAL: | 15.4% | 6.9% | 865,878,044 | 925,704,597 |

Total earned premium must include all income derived from miscellaneous fees and other charges.

* Adjusted earned premium is the historical earned premium for the most recent year adjusted to the current rate level and trended to the average date of loss of the proposed rating period.

FILING CHECKLIST

Use this checklist to assemble a complete application

- Prior Approval Rate Application, Page 1
- Group Filing, Page 2
- Property and Liability Filing Submission Data Sheet, Page 3
- Property and Liability Filing Submission Data Sheet, Page 4
- Filing Checklist, Page 5
- Supporting Data Exhibits, Page 6
- Ratemaking Data and Template (s), Page 7
- Reconciliation of Direct Earned Premium, Page 8
- Additional Data Required by Statute, Page 9
- Miscellaneous Fees and Other Charges, Page 10
- Variance Request, Page 11
- Forms, Page 12
- Excluded Expenses, Page 13
- Projected Yield and Federal Income Tax Rate on Investment Income, Page 14
- Filing Memorandum

See the prior approval rate filing instructions regarding the following attachments.

- Printed Rate and Rule Manual Pages
- Underwriting Rules
- Forms (Attach all independent forms and list all advisory organization forms)
- Copies of Reinsurance Agreements
(Applies only to Medical Malpractice with facultative reinsurance attachment points above one million dollars and Earthquake, where the cost of reinsurance is included in the rate development.)

SUPPORTING DATA EXHIBITS

Use this document to assemble a complete application

- Exhibit 1: Filing History
- Exhibit 2: Rate Level History
- Exhibit 3: Policy Term Distribution
- Exhibit 4: Premium Adjustment Factor
- Exhibit 5: Premium Trend Factor
- Exhibit 6: Miscellaneous Fees and Other Charges
- Exhibit 7: Loss and Defense & Cost Containment Expense (DCCE) Development Factors
- Exhibit 8: Loss and DCCE Trend
- Exhibit 9: Catastrophe Adjustment
- Exhibit 10: Credibility Adjustment
- Exhibit 11: Ancillary Income
- Exhibit 12: Reinsurance Premium and Recoverables
- Exhibit 13: Variance
- Exhibit 14: Insurer's Ratemaking Calculations
- Exhibit 15: Rate Distribution
- Exhibit 16: Rate Classification Relativities
- Exhibit 17: New Program
- Exhibit 18: Group Filing
- Exhibit 19: Super Group Corporate Structure Verification (PPA only)
- Exhibit 20:

| RATEMAKING DATA | | | | |
|---|--|---|------------------------------|---|
| <i>(Click + to expand for more than 3 years; - to contract)</i> | | | | |
| Completed by | | #REF! | | |
| Date Completed | | #REF! | | |
| Company/Group | | #REF! | | |
| Line Code | | 4.0 | | |
| Line Description | | HOMEOWNERS MULTIPLE PERIL | | |
| Coverage | | All Coverages | | |
| | | %Captive | %Direct | %Independent (Must add up to 100%) |
| Marketing System: | | 100.00% | | |
| Prior Effective Date (current rates) | | 6/16/2007 | | |
| Proposed Effective Date (new rates) | | 3/16/2008 | | |
| CDI File Number (Department use only) | | #REF! | | |
| Does the data provided below reflect a Request for Variance? | | No <input type="checkbox"/> | Variance #: | |
| Data below is: | | Accident Year Data <input type="checkbox"/> | | |
| | | 2nd Prior Fiscal Year | 1st Prior Fiscal Year | Most Recent Fiscal Year |
| | | 2005 | 2006 | 2007 |
| 1 | California Direct Written Premium | | | 904,130,770 |
| 2 | California Direct Earned Premium | | | 945,595,497 |
| 3 | Premium Adjustment Factor (Developed in Exhibit 4) | | | 0.886 |
| 4 | Premium Trend Factor * (Developed in Exhibit 5) | | | 1.034 |
| 5 | Miscellaneous Fees and Flat Charges (Not included in Line 2; Developed in Exhibit 6) | | | - |
| 6 | Earned Exposure Units | | | 1,195,988 |
| 7 | Historic Losses | | | 252,489,560 |
| 8 | Historic Defense and Cost Containment Expense (DCCE) | | | 4,534,793 |
| 9 | Loss Development Factor (Developed in Exhibit 7) | | | 1.357 |
| 10 | DCCE Development Factor (Developed in Exhibit 7) | | | 3.724 |
| 11 | Loss Trend Factor* (Developed in Exhibit 8) | | | 1.163 |
| 12 | DCCE Trend Factor* (Developed in Exhibit 8) | | | 1.163 |
| 13 | Catastrophe Adjustment Factor (Developed in Exh 9) | | | 1.242 |
| 14 | Credibility Factor for Losses & DCCE (Developed in Exhibit 10) | | | 100.00% |
| 15 | Excluded Expense Factor (From Page 13) | | | #REF! |
| 16 | Ancillary Income (Developed in Exhibit 11) | | | - |
| 17 | Projected Federal Income Tax Rate on Investment Income (From Page 14) | | | #REF! |
| 18 | Projected Yield (From Page 14) | | | #REF! |
| Complete 19, 20 & 21 For Earthquake and certain Medical Malpractice with Reinsurance Only (see instructions) | | | | |
| 19 | Direct Commissions | | | 0.00% |
| 20 | Reinsurance Premium (Developed in Exhibit 12) | | | |
| 21 | Reinsurance Recoverables (Developed in Exhibit 12) | | | |
| Variance Change to Rate of Return (Must be accompanied by Variance Request, subject to approval by CDI) | | | | |
| Variance Change to Efficiency Standard (Must be accompanied by Variance Request, subject to approval by CDI) | | | | |
| * For all trend factors, the Projected Column should reflect the annual trend expressed as a percentage. | | | | |
| Complete green bordered boxes for New Programs only. | | | | |

RATEMAKING DATA

(Click + to expand for more than 3 years; - to contract)

| | |
|---------------------------------------|---|
| Completed by | #REF! |
| Date Completed | #REF! |
| Company/Group | #REF! |
| Line Code | 4.0 |
| Line Description | HOMEOWNERS MULTIPLE PERIL |
| Coverage | All Coverages |
| Marketing System: | %Captive %Direct %Independent (Must add up to 100%) |
| Prior Effective Date (current rates) | 100.00% |
| Proposed Effective Date (new rates) | 6/16/2007 |
| CDI File Number (Department use only) | 3/16/2008 |
| | #REF! |

Does the data provided below reflect a Request for Variance? Yes No Variance #: 3A, 3B

Data below is: Accident Year Data

| | 2nd Prior Fisca Year | 1st Prior Fiscal Year | Most Recent Fiscal Year | Projected/ New Program* |
|---|-------------------------|--------------------------|----------------------------|----------------------------|
| 1 California Direct Written Premium | 2005 | 2006 | 2007 | #REF! |
| 2 California Direct Earned Premium | | | | #REF! |
| 3 Premium Adjustment Factor (Developed in Exhibit 4) | | | | #REF! |
| 4 Premium Trend Factor * (Developed in Exhibit 5) | | | | #REF! |
| 5 Miscellaneous Fees and Flat Charges (Not included in Line 2; Developed in Exhibit 6) | | | | #REF! |
| 6 Earned Exposure Units | | | | #REF! |
| 7 Historic Losses | | | | #REF! |
| 8 Historic Defense and Cost Containment Expense (DCCE) | | | | #REF! |
| 9 Loss Development Factor (Developed in Exhibit 7) | | | | #REF! |
| 10 DCCE Development Factor (Developed in Exhibit 7) | | | | #REF! |
| 11 Loss Trend Factor* (Developed in Exhibit 8) | | | | #REF! |
| 12 DCCE Trend Factor* (Developed in Exhibit 8) | | | | #REF! |
| 13 Catastrophe Adjustment Factor (Developed in Exh 9) | | | | #REF! |
| 14 Credibility Factor for Losses & DCCE (Developed in Exhibit 10) | | | | #REF! |
| 15 Excluded Expense Factor (From Page 13) | | | | #REF! |
| 16 Ancillary Income (Developed in Exhibit 11) | | | | #REF! |
| 17 Projected Federal Income Tax Rate on Investment Income (From Page 14) | | | | #REF! |
| 18 Projected Yield (From Page 14) | | | | #REF! |
| <u>Complete 19, 20 & 21 For Earthquake and certain Medical Malpractice with Reinsurance Only (see instructions)</u> | | | | |
| 19 Direct Commissions | | | | #REF! |
| 20 Reinsurance Premium (Developed in Exhibit 12) | | | | |
| 21 Reinsurance Recoverables (Developed in Exhibit 12) | | | | |

Variance Change to Rate of Return (Must be accompanied by Variance Request, subject to approval by CDI)
 Variance Change to Efficiency Standard (Must be accompanied by Variance Request, subject to approval by CDI)

| |
|-------|
| |
| 7.30% |

* For all trend factors, the Projected Column should reflect the annual trend expressed as a percentage.

Complete green bordered boxes for New Programs only.

RATEMAKING DATA

(Click + to expand for more than 3 years; - to contract)

Completed by: #REF!

Date Completed: #REF!

Company/Group: #REF!

Line Code: 4.0

Line Description: HOMEOWNERS MULTIPLE PERIL

Coverage: All Coverages

| | | | |
|---------------------------------------|-----------|---------|--------------|
| | %Captive | %Direct | %Independent |
| Marketing System: | 100.00% | | |
| Prior Effective Date (current rates) | 6/16/2007 | | |
| Proposed Effective Date (new rates) | 3/16/2008 | | |
| CDI File Number (Department use only) | #REF! | | |

Does the data provided below reflect a Request for Variance? Yes Variance #: 4

Data below is: Accident Year Data

| | 2nd Prior Fisca Year | 1st Prior Fiscal Year | Most Recent Fiscal Year | Projected/ New Program* |
|---|-------------------------|--------------------------|----------------------------|----------------------------|
| | 2005 | 2006 | 2007 | |
| 1 California Direct Written Premium | | | #REF! | |
| 2 California Direct Earned Premium | | | #REF! | |
| 3 Premium Adjustment Factor (Developed in Exhibit 4) | | | #REF! | |
| 4 Premium Trend Factor * (Developed in Exhibit 5) | | | #REF! | #REF! |
| 5 Miscellaneous Fees and Flat Charges (Not included in Line 2; Developed in Exhibit 6) | | | #REF! | |
| 6 Earned Exposure Units | | | #REF! | |
| 7 Historic Losses | | | #REF! | |
| 8 Historic Defense and Cost Containment Expense (DCCE) | | | #REF! | |
| 9 Loss Development Factor (Developed in Exhibit 7) | | | #REF! | |
| 10 DCCE Development Factor (Developed in Exhibit 7) | | | #REF! | |
| 11 Loss Trend Factor* (Developed in Exhibit 8) | | | #REF! | #REF! |
| 12 DCCE Trend Factor* (Developed in Exhibit 8) | | | #REF! | #REF! |
| 13 Catastrophe Adjustment Factor (Developed in Exh 9) | | | #REF! | |
| 14 Credibility Factor for Losses & DCCE (Developed in Exhibit 10) | | | | #REF! |
| 15 Excluded Expense Factor (From Page 13) | | | | #REF! |
| 16 Ancillary Income (Developed in Exhibit 11) | | | | |
| 17 Projected Federal Income Tax Rate on Investment Income (From Page 14) | | | | #REF! |
| 18 Projected Yield (From Page 14) | | | | #REF! |
| <u>Complete 19, 20 & 21 For Earthquake and certain Medical Malpractice with Reinsurance Only (see instructions)</u> | | | | |
| 19 Direct Commissions | | | | #REF! |
| 20 Reinsurance Premium (Developed in Exhibit 12) | | | | |
| 21 Reinsurance Recoverables (Developed in Exhibit 12) | | | | |

Variance Change to Rate of Return (Must be accompanied by Variance Request, subject to approval by CDI) 1.00%

Variance Change to Efficiency Standard (Must be accompanied by Variance Request, subject to approval by CDI)

* For all trend factors, the Projected Column should reflect the annual trend expressed as a percentage.

Complete green bordered boxes for New Programs only.

RATEMAKING DATA

(Click + to expand for more than 3 years; - to contract)

| | |
|---------------------------------------|---|
| Completed by | #REF! |
| Date Completed | #REF! |
| Company/Group | #REF! |
| Line Code | 4.0 |
| Line Description | HOMEOWNERS MULTIPLE PERIL |
| Coverage | All Coverages |
| | %Captive %Direct %Independent (Must add up to 100%) |
| Marketing System: | 100.00% |
| Prior Effective Date (current rates) | 6/16/2007 |
| Proposed Effective Date (new rates) | 3/16/2008 |
| CDI File Number (Department use only) | #REF! |

Does the data provided below reflect a Request for Variance? Yes Variance #: _____ 10

Data below is: Accident Year Data

| | 2nd Prior Fisca Year | 1st Prior Fiscal Year | Most Recent Fiscal Year | Projected/ New Program* |
|---|-------------------------|--------------------------|----------------------------|----------------------------|
| | 2005 | 2006 | 2007 | |
| 1 California Direct Written Premium | | | #REF! | |
| 2 California Direct Earned Premium | | | #REF! | |
| 3 Premium Adjustment Factor (Developed in Exhibit 4) | | | #REF! | |
| 4 Premium Trend Factor * (Developed in Exhibit 5) | | | #REF! | #REF! |
| 5 Miscellaneous Fees and Flat Charges (Not included in Line 2; Developed in Exhibit 6) | | | #REF! | |
| 6 Earned Exposure Units | | | #REF! | |
| 7 Historic Losses | | | #REF! | |
| 8 Historic Defense and Cost Containment Expense (DCCE) | | | #REF! | |
| 9 Loss Development Factor (Developed in Exhibit 7) | | | #REF! | |
| 10 DCCE Development Factor (Developed in Exhibit 7) | | | #REF! | |
| 11 Loss Trend Factor* (Developed in Exhibit 8) | | | 1.304 | 12.77% |
| 12 DCCE Trend Factor* (Developed in Exhibit 8) | | | 1.304 | 12.77% |
| 13 Catastrophe Adjustment Factor (Developed in Exh 9) | | | #REF! | |
| 14 Credibility Factor for Losses & DCCE (Developed in Exhibit 10) | | | | #REF! |
| 15 Excluded Expense Factor (From Page 13) | | | | #REF! |
| 16 Ancillary Income (Developed in Exhibit 11) | | | - | |
| 17 Projected Federal Income Tax Rate on Investment Income (From Page 14) | | | | #REF! |
| 18 Projected Yield (From Page 14) | | | | #REF! |
| <u>Complete 19, 20 & 21 For Earthquake and certain Medical Malpractice with Reinsurance Only (see instructions)</u> | | | | |
| 19 Direct Commissions | | | | #REF! |
| 20 Reinsurance Premium (Developed in Exhibit 12) | | | | |
| 21 Reinsurance Recoverables (Developed in Exhibit 12) | | | | |

Variance Change to Rate of Return (Must be accompanied by
Variance Request, subject to approval by CDI)
Variance Change to Efficiency Standard (Must be accompanied by
Variance Request, subject to approval by CDI)

| |
|--|
| |
| |

* For all trend factors, the Projected Column should reflect the annual trend expressed as a percentage.

Complete green bordered boxes for New Programs only.

RATEMAKING DATA

(Click + to expand for more than 3 years; - to contract)

| | |
|---------------------------------------|---|
| Completed by | #REF! |
| Date Completed | #REF! |
| Company/Group | #REF! |
| Line Code | 4.0 |
| Line Description | HOMEOWNERS MULTIPLE PERIL |
| Coverage | All Coverages |
| | %Captive %Direct %Independent (Must add up to 100%) |
| Marketing System: | 100.00% |
| Prior Effective Date (current rates) | 6/16/2007 |
| Proposed Effective Date (new rates) | 3/16/2008 |
| CDI File Number (Department use only) | #REF! |

Does the data provided below reflect a Request for Variance? Yes Variance #: 3A, 3B, 4, 10

Data below is: Accident Year Data

| | 2nd Prior Fisca Year | 1st Prior Fiscal Year | Most Recent Fiscal Year | Projected/ New Program* |
|---|-------------------------|--------------------------|----------------------------|----------------------------|
| | 2005 | 2006 | 2007 | |
| 1 California Direct Written Premium | | | #REF! | |
| 2 California Direct Earned Premium | | | #REF! | |
| 3 Premium Adjustment Factor (Developed in Exhibit 4) | | | #REF! | |
| 4 Premium Trend Factor * (Developed in Exhibit 5) | | | #REF! | #REF! |
| 5 Miscellaneous Fees and Flat Charges (Not included in Line 2; Developed in Exhibit 6) | | | #REF! | |
| 6 Earned Exposure Units | | | #REF! | |
| 7 Historic Losses | | | #REF! | |
| 8 Historic Defense and Cost Containment Expense (DCCE) | | | #REF! | |
| 9 Loss Development Factor (Developed in Exhibit 7) | | | #REF! | |
| 10 DCCE Development Factor (Developed in Exhibit 7) | | | #REF! | |
| 11 Loss Trend Factor* (Developed in Exhibit 8) | | | 1.304 | 12.77% |
| 12 DCCE Trend Factor* (Developed in Exhibit 8) | | | 1.304 | 12.77% |
| 13 Catastrophe Adjustment Factor (Developed in Exh 9) | | | #REF! | |
| 14 Credibility Factor for Losses & DCCE (Developed in Exhibit 10) | | | | #REF! |
| 15 Excluded Expense Factor (From Page 13) | | | | #REF! |
| 16 Ancillary Income (Developed in Exhibit 11) | | | - | |
| 17 Projected Federal Income Tax Rate on Investment Income (From Page 14) | | | | #REF! |
| 18 Projected Yield (From Page 14) | | | | #REF! |
| <u>Complete 19, 20 & 21 For Earthquake and certain Medical Malpractice with Reinsurance Only (see instructions)</u> | | | | |
| 19 Direct Commissions | | | | #REF! |
| 20 Reinsurance Premium (Developed in Exhibit 12) | | | | |
| 21 Reinsurance Recoverables (Developed in Exhibit 12) | | | | |

| | |
|---|-------|
| Variance Change to Rate of Return (Must be accompanied by Variance Request, subject to approval by CDI) | 1.00% |
| Variance Change to Efficiency Standard (Must be accompanied by Variance Request, subject to approval by CDI) | 7.30% |

* For all trend factors, the Projected Column should reflect the annual trend expressed as a percentage.

Complete green bordered boxes for New Programs only.

**STATUTORY PAGE 14 CALENDAR YEAR DATA
RECONCILIATION OF DIRECT EARNED PREMIUM DATA PER PROGRAM**

| Program | Most Recent CDI File # | 2nd Prior Year ##### | 1st Prior Year ##### | Most Recent Year #REF! |
|------------------------------|---------------------------|-------------------------------|-------------------------------|---------------------------------|
| 1. Homeowners | 06-8852 | | | \$ 963,497,067 |
| 2. Mobile Homeowners | 01-17742 | | | \$ 2,629,037 |
| 3. Farmers Next GenerationSM | 07-5865 | | | \$ 9,545,711 |
| 4. | | \$ - | \$ - | \$ - |
| 5. | | \$ - | \$ - | \$ - |
| 6. | | \$ - | \$ - | \$ - |
| 7. | | \$ - | \$ - | \$ - |
| 8. | | \$ - | \$ - | \$ - |
| 9. | | \$ - | \$ - | \$ - |
| 10. | | \$ - | \$ - | \$ - |
| | TOTAL | \$ - | \$ - | \$ 975,671,815 |
| | Statutory Page 14 | | | \$ 975,671,854 |
| | Difference | \$ - | \$ - | \$ (39) |

Explain the Differences:

This exhibit requires insurers to itemize each program until all data is reconciled to the corresponding annual statement line of insurance (Statutory Page 14).

For residual market data, a filing number is not required.

ADDITIONAL DATA REQUIRED BY STATUTE*

| <u>Calendar Year</u> | Year | <u>#REF!</u> |
|---|------|---|
| <u>DATA</u> | | |
| 1. Number of claims outstanding at beginning of year | | <u>5,252</u> |
| 2. Number of claims during the year | | <u>44,714</u> |
| 3. Number of claims closed during the year | | <u>44,994</u> |
| 4. Number of claims outstanding at year's end ((1) + (2) - (3)) | | <u>4,972</u> |
| 5. Unearned Premiums | | <u>524,763,897</u> |
| 6. Dollar amount of claims paid | | <u>299,749,770</u> |
| 7. Net loss reserves for outstanding claims excluding claims incurred but not reported | | <u>103,397,579</u> |
| 8. Net loss reserves for claims incurred but not reported | | <u>131,794,653</u> |
| 9. Losses incurred as a percentage of premiums earned - including IBNR | | <u>32.77%</u> |
| 10. Net investment gain or loss and other income or gain or loss allocated to the line. | | <u>20,818,095</u> |
| 11. Net income before federal and foreign income taxes (line 10 plus line 15) | | <u>283,727,978</u> |
| 12. Total number of policies in force on the last day of the reporting period | | <u>1,262,001</u> |
| 13. Total number of policies cancelled | | <u>177,119</u> |
| 14. Total number of policies non-renewed | | <u>Included in # policies cancelled</u> |
| 15. Net underwriting gain or loss (=CY earned premiums minus CY incurred loss minus CY incurred expense) | | <u>262,909,883</u> |
| 16. Separate allocations of expenses for: | | |
| a) commissions and brokerage expense, | | <u>171,527,102</u> |
| b) other acquisition costs, | | <u>70,988,547</u> |
| c) general office expenses, | | <u>37,061,012</u> |
| d) taxes, licenses and fees, | | <u>24,278,881</u> |
| e) loss adjustment expense (DCCE & AOE), and | | <u>93,303,118</u> |
| f) other expenses | | <u>-5,921,669</u> |

***CIC 1857.7, CIC 1857.9 and CIC 1864**

MISCELLANEOUS FEES AND OTHER CHARGES

Do any fees or installment finance charges apply to this program? No
If yes, identify the fee and the amount charged for each type of fee and for each transaction.

INDIVIDUAL POLICY CHARGES

| | New Business | Renewals |
|--|--------------|----------|
| <input checked="" type="checkbox"/> Policy fee | \$ 12 | n/a |
| <input checked="" type="checkbox"/> Installment fee | \$ 5 | \$ 5 |
| <input type="checkbox"/> Installment finance charges (ancillary income) | n/a APR | n/a |
| <input type="checkbox"/> Endorsement fee | n/a | n/a |
| <input type="checkbox"/> Inspection fee | n/a | n/a |
| <input type="checkbox"/> Cancellation fee | n/a | n/a |
| <input checked="" type="checkbox"/> Reinstatement fee | n/a | \$ 12 |
| <input type="checkbox"/> Late fee | n/a | n/a |
| <input type="checkbox"/> SR 22 | n/a | n/a |
| <input type="checkbox"/> Non-sufficient funds (NSF) fee (ancillary income) | n/a | n/a |
| <input type="checkbox"/> Membership dues (ancillary income) | n/a | n/a |
| <input type="checkbox"/> Other, specify: | n/a | n/a |

Except for installment finance charges, NSF fees, and membership dues, data relating to fees must be included in the ratemaking data, Page 7, Line 2 (direct earned premium) or Line 5 (miscellaneous fees) and Exhibit 6, miscellaneous fees, must be completed. Refer to the instructions for additional information.

6. Relief from operation of the efficiency standard for a line of insurance in which the insurer has never written over \$1 million in earned premium annually and the insurer is making a substantial investment in order to enter the market.

**Maximum Permitted Rate Change %
With Only This Variance** _____
(Change At Max Per Template)

7. The minimum permitted earned premium should be lower on the basis of the insurer's certification that the rate will not cause the insurer's financial condition to present an undue risk to its solvency.

**Maximum Permitted Rate Change %
With Only This Variance** _____
(Change At Max Per Template)

8. The insurer's financial condition is such that its maximum permitted earned premium should be increased in order to protect solvency.

**Maximum Permitted Rate Change %
With Only This Variance** _____
(Change At Max Per Template)

9. The loss development formula in CCR 2644.6 does not produce an actuarially sound result because:

- A. There is not enough data to be credible
 B. There is not enough years of data to fully calculate the development to ultimate;
 C. There are changes in the insurer's reserving or claims closing practices that significantly affect the data; or,
 D. There are changes in coverage or other policy terms that significantly affect the data; or,
 E. There are changes in the law that significantly affect the data.

**Maximum Permitted Rate Change %
With Only This Variance** _____
(Change At Max Per Template)

10. The trend formula in CCR 2644.7 does not produce an actuarially sound result because:

- A. There is a significant increase/decrease in the amount of business written or changes in the mix of business;
 B. There is a significant change in the law affecting frequency or severity of claims;
 C. It can be shown that trends calculated over a 10 year period are more reliable prospectively.
 D. There are changes in the insurer's claims closing practices that significantly affect the data; or,
 E. There are changes in coverage or other policy terms that significantly affect the data.

**Maximum Permitted Rate Change %
With Only This Variance** 0.47%
(Change At Max Per Template)

11. The maximum permitted earned premium would be confiscatory if applied.

**Maximum Permitted Rate Change %
With Only This Variance** _____
(Change At Max Per Template)

Overall Maximum Permitted Rate Change %
For All Variances 15.35%

Forms

Insurers who wish to use a new or replacement form in connection with a new or existing program must furnish the following information and documentation for our review. Revisions must be highlighted and the corresponding manual pages must be provided.

| FORM NO. | TITLE | TYPE | SOURCE | SOURCE FORM NO | CATEGORY | Restricts Coverage [Yes/ No] | Broadens Coverage [Yes/ No] | Rate Impact [Yes / No] | % Change | Flat Rate |
|----------|-------|-------|--------|----------------|----------|------------------------------|-----------------------------|------------------------|----------|-----------|
| 1] New: | _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ |
| Old: | _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ |
| 2] New: | _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ |
| Old: | _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ |
| 3] New: | _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ |
| Old: | _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ |
| 4] New: | _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ |
| Old: | _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ |
| 5] New: | _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ |
| Old: | _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ |

REQUIRED RESPONSES FOR THE ITEMS ABOVE

TYPE:

- 1) Application
- 2) Endorsement
- 3) Policy
- 4) Other (Please define)

SOURCE

- 1) ISO*
- 2) Other Advisory Organization*
- 3) Company
- 4) Other (describe)

CATEGORY

- 1) New, mandatory
- 2) New, optional
- 3) Replacement, mandatory
- 4) Replacement, optional
- 5) Withdrawn, mandatory
- 6) Withdrawn, optional

* Provide California Dept. of Insurance number (CDI#) under the column identified as Source Form No.

Additional Information and Documents Required

Describe the purpose of the form or form change

For **NEW FORMS**, furnish a copy of the form to be filed, unless identical to an advisory organization form. If the form is a new endorsement to the policy, describe any changes in coverage under the policy. Describe what adjustments, if any, will be made to the premium due to the introduction of the forms.

For **REVISED FORMS**, describe any changes in coverages between the proposed form and the current form. Reference pertinent sections of each form affected. Brackets [] should be used to identify any deletions on the current form and underline all changes in the revised form. Describe what adjustments, if any, will be made to the premium due to the revisions.

Excluded Expense Factor

Company Organization:

| (Insurer Group Data) | 2nd Prior Year #REF! | 1st Prior Year #REF! | Most Recent Year #REF! |
|---|-------------------------|-------------------------|------------------------------|
| Countrywide direct earned premium: | 13927473882 | 14321866829 | 14669846043 |
| Countrywide direct earned premium for lines of business subject to Proposition 103: | 13406949025 | 13768699640 | 14168503928 |

2644.10 (b): Executive Compensation

| | 2nd Prior Year #REF! | | 1st Prior Year #REF! | | Most Recent Year #REF! | |
|--|-----------------------------|---------------------------|-----------------------------|---------------------------|-----------------------------|---------------------------|
| | Cash & Salary | Bonus | Cash & Salary | Bonus | Cash & Salary | Bonus |
| 1st Highest Paid | 335,000 | 387,952 | 360,000 | 517,906 | 382,500 | 374,465 |
| 2nd Highest Paid | 220,752 | 227,381 | 222,000 | 329,478 | 206,900 | 496,264 |
| 3rd Highest Paid | 191,000 | 191,175 | 225,000 | 223,694 | 235,661 | 367,218 |
| 4th Highest Paid | 243,800 | 106,920 | 196,700 | 243,672 | 186,700 | 400,434 |
| 5th Highest Paid | 190,700 | 113,316 | 226,700 | 186,477 | 237,100 | 246,580 |
| | 2nd Prior Year #REF! | | 1st Prior Year #REF! | | Most Recent Year #REF! | |
| | Max Permissible Exc Comp | Excessive Compensation | Max Permissible Exc Comp | Excessive Compensation | Max Permissible Exc Comp | Excessive Compensation |
| 1st Highest Paid | 1,472,013 | 0 | 1,488,011 | 0 | 1,505,405 | 0 |
| 2nd Highest Paid | 770,289 | 0 | 777,480 | 0 | 785,286 | 0 |
| 3rd Highest Paid | 691,601 | 0 | 698,671 | 0 | 706,352 | 0 |
| 4th Highest Paid | 571,215 | 0 | 576,686 | 0 | 582,626 | 4,508 |
| 5th Highest Paid | 489,511 | 0 | 493,989 | 0 | 498,848 | 0 |
| Total Excessive Executive Comp: | 0 | 0 | 0 | 0 | 4,508 | 4,508 |

Excluded Expense Factor

| Countrywide Data | 2nd Prior Year #REF! | 1st Prior Year #REF! | Most Recent Year #REF! |
|--|-------------------------|-------------------------|------------------------------|
| 2644.10 (a): Political contribution and lobbying | 0 | 0 | 0 |
| 2644.10 (b): Excessive Executive Compensation | 0 | 0 | 4,508 |
| 2644.10 (c): Bad faith judgments and associated DCCE | 0 | 0 | 0 |
| 2644.10 (d): All costs for unsuccessful defense of discrimination claims | 0 | 0 | 0 |
| 2644.10 (e): Fines and penalties | 968 | 111,072 | 1,055,347 |
| 2644.10 (f): Institution advertising expenses | 0 | 0 | 0 |
| 2644.10 (g): Excessive payments to affiliates | 0 | 0 | 0 |
| Total excluded expenses | 968 | 111,072 | 1,059,855 |
| Excluded expense factor | 0.00% | 0.00% | 0.01% |
| 3-year average excluded expense factor | 0.00% | | |

PROJECTED YIELD AND FEDERAL INCOME TAX RATE ON INVESTMENT INCOME

| Line number | Short Term Assets | Intermediate Term Assets | | Long Term Assets | |
|--|-------------------------|-------------------------------------|---------------------------|----------------------------|-------------|
| | One year or less | Over 1 yr through 5 yrs | Over 5 yrs through 10 yrs | Over 10 yrs through 20 yrs | Over 20 yrs |
| 1.7 US governments | 168,007,592 | 457,161,008 | 173,845,685 | 203,228,524 | 2,948,576 |
| 2.7 All other governments | 0 | 0 | 0 | 0 | 0 |
| 3.7 States, territories and possessions | 67,325,011 | 463,429,062 | 448,080,493 | 0 | 0 |
| 4.7 Political subdivisions | 60,017,843 | 337,950,464 | 523,439,062 | 41,356,582 | 12,717,842 |
| 5.7 Special revenue and assessment obligations | 633,974,160 | 1,784,970,272 | 2,264,886,842 | 576,176,347 | 57,397,602 |
| 6.7 Public utilities unaffiliated | 10,302,447 | 111,799,313 | 243,790,168 | 12,231,502 | 12,257,941 |
| 7.7 Industrial and miscellaneous | 1,707,516,769 | 3,243,014,513 | 2,021,066,499 | 62,493,721 | 156,219,374 |
| 8.7 Credit tenant loans | 0 | 0 | 0 | 0 | 0 |
| 9.7 Parent, subsidiaries and affiliates | 0 | 0 | 0 | 0 | 0 |
| | <u>One year or less</u> | <u>Over 1 year through 10 years</u> | | <u>Over 10 years</u> | |
| (1) US government bonds Sum of line 1.7 and 2.7 | 168,007,592 | | 631,006,693 | | 206,177,100 |
| (2) Other taxable bonds Sum of line 6.7, 7.7, 8.7, 9.7 and half of 5.7 | 2,034,806,296 | | 7,644,599,050 | | 559,989,513 |
| (3) Tax exempt bonds Sum of line 3.7, 4.7, and half of 5.7 | 444,329,934 | | 3,797,827,638 | | 370,861,399 |

Data on line 1.7 through 9.7 are from the insurer group's most recent consolidated statutory annual statement, schedule D, part 1A, section 1.

PROJECTED YIELD AND FEDERAL INCOME TAX RATE ON INVESTMENT INCOME

| | Invested Assets [1] | Currently Available Yield * [2] | Return On Invested Assets [3]=[1]*[2] | Federal Income Tax Rate [4] | Federal Income Taxes [5]=[3]*[4] |
|----------------------------------|---------------------------|--|---|--------------------------------------|--|
| (1) US government bonds | | | | | |
| (A) Short | 168,007,592 | 4.86% | 8,159,569 | 35.00% | 2,855,849 |
| (B) Intermediate | 631,006,693 | 4.95% | 31,234,831 | 35.00% | 10,932,191 |
| (C) Long | 206,177,100 | 5.15% | 10,624,993 | 35.00% | 3,718,748 |
| (2) Other taxable bonds | | | | | |
| (A) Short | 2,034,806,296 | 5.24% | 106,691,677 | 35.00% | 37,342,087 |
| (B) Intermediate | 7,644,599,050 | 5.80% | 443,596,061 | 35.00% | 155,258,621 |
| (C) Long | 559,989,513 | 6.15% | 34,411,780 | 35.00% | 12,044,123 |
| (3) Tax exempt bonds | | | | | |
| (A) Short | 444,329,934 | 3.41% | 15,143,505 | 5.25% | 795,034 |
| (B) Intermediate | 3,797,827,638 | 4.05% | 153,860,520 | 5.25% | 8,077,677 |
| (C) Long | 370,861,399 | 4.47% | 16,571,578 | 5.25% | 870,008 |
| (4) Common Stock | 1,597,486,038 | | | | |
| (A) Dividends | | 1.70% | 27,157,263 | 14.18% | 3,849,542 |
| (B) Capital gains | | 11.21% | 179,095,935 | 34.10% | 61,071,714 |
| (5) Preferred stock dividends | 5,986,971 | 5.82% | 348,242 | 14.18% | 49,363 |
| (6) Mortgage loans | 0 | 6.15% | 0 | 35.00% | 0 |
| (7) Real estate | 109,350,429 | 6.91% | 7,557,330 | 35.00% | 2,645,065 |
| (8) Cash** | -348,323,338 | 4.86% | -16,916,903 | 35.00% | -5,920,916 |
| (9) Other*** | 592,258,690 | | | | |
| (A) Dividends | | 1.70% | 10,068,398 | 14.18% | 1,427,195 |
| (B) Capital gains | | 11.21% | 66,398,780 | 34.10% | 22,641,984 |
| (10) Total | | | | | |
| Sum of line (1) thru (9) | 17,814,364,004 | | 1,094,003,556 | | 317,658,285 |

Date in column [1], line (1) through (3), are from page 1 of exhibit 13. Data in column [1], line 4 through (9), are from the insurer group's most recent consolidated statutory annual statement page 2 - Assets.

* Currently available yields are defined in CCR §2644.20. Latest values are posted at <http://www.insurance.ca.gov/0250-insurers/0800-rate-filings/0200-prior-approval-factors/>

** Annual statement page 2, line 5, cash only. Cash equivalents and short-term investments are included in Schedule D.

*** Annual statement page 2, line 6 through 9.

PROJECTED YIELD AND FEDERAL INCOME TAX RATE ON INVESTMENT INCOME

| | Invested Assets [1] | Currently Available Yield [2] | Return On Invested Assets [3]=[1]*[2] | Federal Income Tax Rate [4] | Federal Income Taxes [5]=[3]*[4] |
|---|---------------------------|--|---|--------------------------------------|--|
| (10) Total line (10) exhibit 13, page 2 | <u>17,814,364,004</u> | | <u>1,094,003,556</u> | | <u>317,658,285</u> |
| (11) Investment expense Annual Statement (AS) page 11, line 25 | | | <u>14,795,699</u> | 35.00% | <u>5,178,495</u> |
| (12) Total after investment expense line (10) - line (11) | <u>17,814,364,004</u> | | <u>1,079,207,857</u> | | <u>312,479,791</u> |
| (13) Federal income tax rate line (12) column [5] / column [3] | | | | 28.95% | |
| (14) Projected yield on invested assets line (12) column [3] / column [1] | | <u>6.06%</u> | | | |
| Most Recent Year | | | | | |
| (15) Loss reserves AS page 3, line 1 | <u>6,120,479,286</u> | | | | |
| (16) Loss adjustment expense reserves AS page 3, line 3 | <u>1,737,701,476</u> | | | | |
| (17) Unearned premium reserves AS page 3, line 9 | <u>5,460,116,286</u> | | | | |
| (18) Surplus as regards to policyholders AS page 3, line 35 | <u>5,274,959,120</u> | | | | |
| (19) Total reserves and surplus Sum of line (15) to (18) | <u>18,593,256,168</u> | | | | |
| (20) Projected yield adjusted to reserve and surplus base line (14) * line (12) / line (19) | | 5.80% | | | |

| #REF! | RATE TEMPLATE | | | Version Date: | 9/1/2007 |
|---|---------------------|--------------|--------------|---------------|-----------------------|
| | (No input by filer) | | | | |
| CDI FILE NUMBER: | #REF! | | | | |
| COMPANY/GROUP: | #REF! | | | | |
| LINE OF INSURANCE: | #REF! | | | | |
| COVERAGE: | #REF! | | | | |
| PRIOR EFF DATE: | #REF! | | | Completed by: | #REF! |
| PROPOSED EFF DATE: | #REF! | | | Date: | #REF! |
| DATA PROVIDED BY FILER | | | | | |
| | Year: | #REF! | #REF! | #REF! | |
| | | PRIOR2 | PRIOR1 | RECENT | PROJECTED/ SUMMARY |
| WRT PREM | | #REF! | #REF! | #REF! | #REF! |
| ERN PREM | | #REF! | #REF! | #REF! | #REF! |
| PREM ADJ | | #REF! | #REF! | #REF! | |
| PREM TREND | | #REF! | #REF! | #REF! | #REF! |
| MISCELLANEOUS FEES (& other flat charges) | | #REF! | #REF! | #REF! | #REF! |
| EARNED_EXP | | #REF! | #REF! | #REF! | #REF! |
| LOSSES | | #REF! | #REF! | #REF! | #REF! |
| DCCE | | #REF! | #REF! | #REF! | #REF! |
| LOSS_DEV | | #REF! | #REF! | #REF! | |
| DCCE_DEV | | #REF! | #REF! | #REF! | |
| LOSS TREND | | #REF! | #REF! | #REF! | #REF! |
| DCCE TREND | | #REF! | #REF! | #REF! | #REF! |
| CAT ADJ | | #REF! | #REF! | #REF! | |
| CREDIBILITY | | | | | #REF! |
| EXPENSE EXCLUSION FACTOR | | | | | #REF! |
| ANC_INC | | #REF! | #REF! | #REF! | #REF! |
| FIT_INV | | | | | #REF! |
| YIELD | | | | | #REF! |
| CDI PARAMETERS: | | | | | |
| FIT_UW | | | | | 35.00% |
| EFF_STANDARD | | | | | #REF! |
| LEVERAGE | | | | | #REF! |
| PREMIUM_TAX_RATE | | | | | 2.35% |
| SURPLUS_RATIO | | | | | #REF! |
| UEP_RES_RATIO | | | | | #REF! |
| LOSS_RES_RATIO | | | | | #REF! |
| RISK_FREE_RATE_OF_RETURN | | | | | 4.91% |
| MAXIMUM_RATE_OF_RETURN | | | | | #REF! |
| MINIMUM_RATE_OF_RETURN | | | | | -6.00% |
| CDI CALCULATIONS: | | | | | |
| ADJ_PREM | | #REF! | #REF! | #REF! | #REF! |
| ADJUSTED_LOSSES | | #REF! | #REF! | #REF! | #REF! |
| ADJUSTED_DCCE | | #REF! | #REF! | #REF! | #REF! |
| ADJUSTED_LOSS+DCCE_RATIO | | #REF! | #REF! | #REF! | #REF! |
| TRENDED_CURRENT_RATE_LEVEL_PREMIUM | | #REF! | #REF! | #REF! | #REF! |
| LOSS+DCCE_PER_EXP | | #REF! | #REF! | #REF! | #REF! |
| COMP_LOSS+DCCE_PER_EXP | | #REF! | #REF! | #REF! | #REF! |
| CRED_LOSS_PER_EXP | | #REF! | #REF! | #REF! | #REF! |
| ANC_INC_PER_EXP | | #REF! | #REF! | #REF! | #REF! |
| FIXED_INV_INC | | #REF! | #REF! | #REF! | #REF! |
| FIXED_INV_INC_FACTOR | | | | | #REF! |
| VAR_INV_INC_FACTOR | | | | | #REF! |
| ANNUAL_NET_TREND | | | | | #REF! |
| COMP_TREND | | | | | #REF! |
| MAX_PROFIT | | | | | #REF! |
| MIN_PROFIT | | | | | #REF! |
| UW_PROFIT | | | | | #REF! |
| MAX_DENOM | | | | | #REF! |
| MIN_DENOM | | | | | #REF! |
| MAX_PREMIUM | | | | | #REF! |
| MIN_PREMIUM | | | | | #REF! |
| CHANGE_AT_MIN | | | | | #REF! |
| CHANGE_AT_MAX | | | | | #REF! |
| Alternate Calculation with Reinsurance | | | | | |
| COMMISSION_RATE | | | | | #REF! |
| RE_PREM | | #REF! | #REF! | #REF! | #REF! |
| RE_RECOV | | #REF! | #REF! | #REF! | #REF! |
| RE_PREM_PER_EXP | | #REF! | #REF! | #REF! | #REF! |
| RE_RECOV_PER_EXP | | #REF! | #REF! | #REF! | #REF! |
| COMP_LOSS_RE | | #REF! | #REF! | #REF! | #REF! |
| RMAX_PREMIUM | | | | | #REF! |
| RCHANGE_AT_MAX | | | | | #REF! |

EFFICIENCY STANDARD TABLE

SOURCE 2003 - 2005 ROLLING AVG

DATE: Revised 04/16/2007

 Blended ES: #REF!
 Captive #REF!
 Direct #REF!
 Indep #REF!
 LCES: #REF!
 #REF!
 #REF!
 #REF!
(Without ULAE)

| Line | Captive | Direct | Indep | Line Description | Line | Captive | Direct | Indep |
|------|---------|--------|--------|------------------------------------|------|---------|--------|--------|
| 1.0 | 38.84% | 24.80% | 29.99% | FIRE | 1.0 | 33.79% | 21.91% | 26.99% |
| 2.1 | 38.55% | 24.36% | 31.87% | ALLIED LINES | 2.1 | 32.35% | 21.60% | 29.20% |
| 3.0 | 34.01% | 23.46% | 39.80% | FARM OWNERS MULTIPLE PERIL | 3.0 | 27.18% | 22.87% | 35.03% |
| 4.0 | 34.80% | 29.72% | 36.56% | HOMEOWNERS MULTIPLE PERIL | 4.0 | 27.25% | 22.71% | 31.90% |
| 5.0 | 35.16% | 37.29% | 36.05% | COMMERCIAL MULTIPLE PERIL (COMBIN | 5.0 | 30.55% | 32.09% | 32.26% |
| 5.1 | 36.95% | 35.12% | 35.70% | COMMERCIAL MULTIPLE PERIL(NON-LIA | 5.1 | 32.02% | 31.91% | 32.20% |
| 5.2 | 31.39% | 39.02% | 36.45% | COMMERCIAL MULTIPLE PERIL(LIABILIT | 5.2 | 27.45% | 32.26% | 32.32% |
| 9.0 | 35.75% | 27.46% | 30.46% | INLAND MARINE | 9.0 | 25.35% | 26.46% | 27.84% |
| 11.1 | 22.60% | 25.91% | 29.81% | MEDICAL MALPRACTICE (occurrence) | 11.1 | 17.57% | 16.45% | 26.27% |
| 11.2 | 22.60% | 25.91% | 29.81% | MEDICAL MALPRACTICE (claims-made) | 11.2 | 17.57% | 16.45% | 26.27% |
| 12.0 | 24.04% | 26.76% | 24.71% | EARTHQUAKE | 12.0 | 23.13% | 26.63% | 23.53% |
| 17.1 | 31.70% | 30.87% | 28.26% | OTHER LIABILITY (occurrence) | 17.1 | 27.55% | 26.18% | 24.53% |
| 17.2 | 31.70% | 30.87% | 28.26% | OTHER LIABILITY (claims-made) | 17.2 | 27.55% | 26.18% | 24.53% |
| 18.1 | 29.02% | 29.90% | 30.76% | PRODUCTS LIABILITY (occurrence) | 18.1 | 17.51% | 18.07% | 25.11% |
| 18.2 | 29.02% | 29.90% | 30.76% | PRODUCTS LIABILITY (claims-made) | 18.2 | 17.51% | 18.07% | 25.11% |
| 19.2 | 32.37% | 25.56% | 34.08% | PRIVATE PASSENGER AUTO LIABILITY | 19.2 | 23.54% | 17.87% | 25.75% |
| 19.4 | 34.09% | 29.88% | 32.59% | COMMERCIAL AUTO LIABILITY | 19.4 | 24.79% | 25.27% | 27.21% |
| 21.1 | 33.24% | 26.65% | 33.95% | PRIVATE PASSENGER AUTO PHYSICAL I | 21.1 | 23.19% | 15.65% | 25.72% |
| 21.2 | 33.17% | 34.83% | 36.46% | COMMERCIAL AUTO PHYSICAL DAMAGE | 21.2 | 23.67% | 29.40% | 31.34% |
| 22.0 | 30.13% | 22.59% | 22.40% | AIRCRAFT | 22.0 | 29.96% | 20.04% | 21.11% |
| 23.0 | 24.00% | 37.24% | 31.01% | FIDELITY | 23.0 | 24.00% | 27.73% | 28.41% |
| 24.0 | 41.37% | 38.86% | 46.57% | SURETY | 24.0 | 41.37% | 37.66% | 42.83% |
| 26.0 | 43.27% | 24.82% | 27.38% | BURGLARY & THEFT | 26.0 | 42.53% | 20.65% | 26.97% |
| 27.0 | 21.70% | 21.29% | 39.52% | BOILER & MACHINERY | 27.0 | 21.40% | 20.63% | 37.01% |
| 33.0 | 43.68% | 22.40% | 24.95% | MISCELLANEOUS | 33.0 | 38.30% | 20.67% | 23.13% |

LEVERAGE RATIO TABLE

SOURCE: Bests Aggregates and Averages, 2005 Edition

DATE: Revised 04/16/2007

| Line | LF | Line Description |
|-------------|-----------|--|
| 1.0 | 1.5695 | FIRE |
| 2.1 | 1.5220 | ALLIED LINES |
| 3.0 | 2.0136 | FARM OWNERS MULTIPLE PERIL |
| 4.0 | 1.8836 | HOMEOWNERS MULTIPLE PERIL |
| 5.0 | 0.9757 | COMMERCIAL MULTIPLE PERIL (COMBINED) |
| 5.1 | 1.4540 | COMMERCIAL MULTIPLE PERIL(NON-LIABILITY) |
| 5.2 | 0.6574 | COMMERCIAL MULTIPLE PERIL(LIABILITY) |
| 9.0 | 1.8301 | INLAND MARINE |
| 11.1 | 0.3001 | MEDICAL MALPRACTICE (occurrence) |
| 11.2 | 0.6164 | MEDICAL MALPRACTICE (claims-made) |
| 12.0 | 1.0000 | EARTHQUAKE |
| 17.1 | 0.4609 | OTHER LIABILITY (occurrence) |
| 17.2 | 0.7265 | OTHER LIABILITY (claims-made) |
| 18.1 | 0.3009 | PRODUCTS LIABILITY (occurrence) |
| 18.2 | 0.8212 | PRODUCTS LIABILITY (claims-made) |
| 19.2 | 1.4114 | PRIVATE PASSENGER AUTO LIABILITY |
| 19.4 | 0.9519 | COMMERCIAL AUTO LIABILITY |
| 21.1 | 4.4178 | PRIVATE PASSENGER AUTO PHYSICAL DAMAGE |
| 21.2 | 2.6427 | COMMERCIAL AUTO PHYSICAL DAMAGE |
| 22.0 | 1.0690 | AIRCRAFT |
| 23.0 | 1.0859 | FIDELITY |
| 24.0 | 1.0780 | SURETY |
| 26.0 | 1.8645 | BURGLARY & THEFT |
| 27.0 | 1.7972 | BOILER & MACHINERY |
| 33.0 | 0.7816 | MISCELLANEOUS |

RESERVES RATIO TABLE

SOURCE: AM Best's Aggregates & Averages - Property Casualty, 2005 Edition

DATE: 4/16/2007

| LINE | UEP | LOSS | Line Description |
|------|------|------|--|
| 1.0 | 0.49 | 1.18 | FIRE |
| 2.1 | 0.46 | 0.65 | ALLIED LINES |
| 3.0 | 0.47 | 1.18 | FARM OWNERS MULTIPLE PERIL |
| 4.0 | 0.51 | 0.94 | HOMEOWNERS MULTIPLE PERIL |
| 5.0 | 0.49 | 2.24 | COMMERCIAL MULTIPLE PERIL (COMBINED) |
| 5.1 | 0.50 | 1.16 | COMMERCIAL MULTIPLE PERIL(NON-LIABILITY) |
| 5.2 | 0.46 | 3.12 | COMMERCIAL MULTIPLE PERIL(LIABILITY) |
| 9.0 | 0.39 | 0.94 | INLAND MARINE |
| 11.1 | 0.32 | 4.08 | MEDICAL MALPRACTICE (occurrence) |
| 11.2 | 0.36 | 2.71 | MEDICAL MALPRACTICE (claims-made) |
| 12.0 | 0.49 | 1.00 | EARTHQUAKE |
| 17.1 | 0.51 | 3.42 | OTHER LIABILITY (occurrence) |
| 17.2 | 0.45 | 2.30 | OTHER LIABILITY (claims-made) |
| 18.1 | 0.52 | 3.46 | PRODUCTS LIABILITY (occurrence) |
| 18.2 | 0.44 | 1.46 | PRODUCTS LIABILITY (claims-made) |
| 19.2 | 0.32 | 1.14 | PRIVATE PASSENGER AUTO LIABILITY |
| 19.4 | 0.44 | 2.18 | COMMERCIAL AUTO LIABILITY |
| 21.1 | 0.33 | 0.11 | PRIVATE PASSENGER AUTO PHYSICAL DAMAGE |
| 21.2 | 0.46 | 0.33 | COMMERCIAL AUTO PHYSICAL DAMAGE |
| 22.0 | 0.39 | 2.39 | AIRCRAFT |
| 23.0 | 0.54 | 2.54 | FIDELITY |
| 24.0 | 0.56 | 1.12 | SURETY |
| 26.0 | 0.53 | 5.56 | BURGLARY & THEFT |
| 27.0 | 0.47 | 3.37 | BOILER & MACHINERY |
| 33.0 | 1.10 | 2.58 | MISCELLANEOUS |



FARMERS

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October 5, 2007

Honorable Steve Poizner
Commissioner of Insurance
California Department of Insurance
45 Fremont Street, 23rd Floor
San Francisco, CA 94105

SUBJECT: **HOMEOWNERS RATE REVISION FILING**
Our Reference #: HCA0703-105800 – Farmers Insurance Exchange
HCA0703-305800 – Fire Insurance Exchange

Dear Commissioner:

On behalf of Farmers Insurance Exchange and Fire Insurance Exchange, we submit for your approval a Homeowners Rate Revision filing.

For a summary of our proposal, please see the attached filing memorandum. Our proposed effective date is March 16, 2008.

If you have any questions please contact me at (323) 932-3141.

Sincerely,
FARMERS INSURANCE GROUP OF COMPANIES

Lynne, Wehmuller, FCAS, MAAA
Staff Actuary and Assistant Home Product Manager
California

**Fire Insurance Exchange
Farmers Insurance Exchange
State of California**

Line of Business: Homeowners Multiple Peril

Filing Memorandum

We respectfully submit for your review and approval rate revisions to our Homeowners Multiple Peril program.

Loss experience based on the most recent fiscal accident year for Fire Insurance Exchange, Farmers Insurance Exchange and Mid-Century Insurance Company (excluding data from our Farmers Next GenerationSM Homeowners policy), brought to current rate levels and trended to expected future levels, indicates an overall rate change of +15.4%, including the impact of variance requests documented in this filing. In this submission, we are proposing an overall rate change of +6.9% to the Homeowners Multiple Peril line in Fire Insurance Exchange and Farmers Insurance Exchange only.

With this revision, we propose the following changes to our Homeowners Multiple Peril program:

1. Revisions to our territorial base rates for Special and Protector Plus policy forms. Exhibit 16, pages 2-5 provide indicated changes by territory within these forms. Our selected base rate changes were based on both these indications as well as competitive considerations. In addition, we are also reducing Renters base rates by 3% in Territories MB, MC and MD.
2. Revisions to rates for Increased Liability Limits. Exhibit 16, pages 6 provides support for our selected factors.
3. Revisions to our Condo rates by means of adjusting the Condo-Renter relativity. Exhibit 16, page 1 provides indications by policy form in support of this change and page 7 displays the current and proposed relativities.
4. Revision to the rate for Building Property coverage (E6161). This endorsement is an optional coverage attached to the Condo policy. Rates have not been adjusted for this coverage in many years. We applied the same rate change to this optional coverage as was applied to the Condo-Renter relativity, rounded to the nearest dollar. We are revising the current rate per \$1,000 of coverage from \$3 to \$4, as shown in Exhibit 16, page 7.

A summary of the premium effect of the above changes is provided in Exhibit 15.

A complete overview of the methods and assumptions underlying this filing is provided in the exhibit notes that follow.

Exhibit 1: Filing History

There have been five filing submissions by Fire Insurance Exchange or Farmers Insurance Exchange for this line of business over the last three fiscal years ending October 2007.

Exhibit 2: Rate Level History

Listed are the effective dates and corresponding percentage changes in rates in these companies and line of business over the last five fiscal years ending October 2007.

Exhibit 3: Policy Term Distribution

All Homeowners policies are effective for a 12-month policy term.

Exhibit 4: Premium Adjustment Factor

The Premium-at-Current Factor was calculated using the classical parallelogram estimation method. The historical premium was adjusted on a quarterly basis separately for each company, and then summed for the fiscal year in the experience period.

Exhibit 5: Premium Trend Factor

We applied an exponential trend procedure to quarterly average premiums per policy at current rate levels to estimate the average annual change in premium due to distributional shifts in limits, discounts, etc. Consistent with CCR 2644.7, the selected trend based on the 12-point rolling quarterly data is 1.5%.

Exhibit 6: Miscellaneous Fees and Other Charges

The total dollars associated with policy fees, reinstatement fees and installment fees is included in Page 7, line 2 – direct earned premium.

Exhibit 7: Loss and Defense and Cost Containment Expense (DCCE) Development Factors

We estimated fiscal-accident-year ultimate losses using a method consistent with CCR 2644.6. For each peril [Liability, Theft and Other-Than-Theft-or-Liability (OTL)], we used our customary loss development methodology of developing fiscal accident year case-incurred losses (excluding catastrophes) to ultimate settlement levels based upon historical patterns. The development factors were based on dollar-weighted averages of the age-to-age factors of the three most recent fiscal accident years. The factor displayed on application page 7, line 9 is determined by taking the quotient of ultimate non-catastrophe losses for all perils combined and the non-catastrophe case-incurred losses, as shown in page 7 of this exhibit.

With regard to DCCE, we used a method consistent with previous filings. This method develops fiscal accident year DCCE to Paid Loss ratios. The development factors were based on the average of the last five years, excluding the highest and lowest factors, labeled “Olympic” in Exhibit 7, page 8. We applied the ultimate DCCE/Paid Loss ratio to our ultimate losses to generate the ultimate DCCE. Page 9 shows the derivation of the DCCE development factor.

This exhibit also provides non-catastrophe paid loss and DCCE development triangles.

Exhibit 8: Loss and Defense and Cost Containment Expense (DCCE) Trend

Loss Trend

A loss trend analysis is performed separately for Liability, Theft and OTL excluding catastrophes to recognize varying degrees of trend that affect each peril. Exponential trend analyses are performed on average claim frequency, average claim severity and pure premium.

Consistent with CCR 2644.7, we selected trends for each peril group based on the 12-point rolling quarterly exponential fit of frequency and severity. For Liability, the only coverage that lacks full credibility, we have chosen to credibility-weight the California trend with the Farmers Companywide trend, also based on a 12-point rolling exponential fit of frequency and severity. The overall loss trend factor is based on a loss-weighting by peril group, as displayed in page 5 of this exhibit.

Also included on pages 6 and 7 of this exhibit is the result of our variance request on the loss trend factor, as documented in Exhibit 13.

DCCE Trend

The DCCE trend implicitly mirrors the average trend selection for loss.

Exhibit 9: Catastrophe Adjustment

Consistent with CCR 2644.5, Exhibit 9 shows the overall catastrophe factor calculation based on the most recent 20 fiscal accident years (using accident quarter data ending second quarter 2007). We use the traditional approach of separating California OTL paid losses into catastrophe and non-catastrophe components.

In the 20-year history shown, four years experienced significantly higher catastrophe losses than the remainder of the catastrophe history: 1991, 1993 & 2003 - brush fires, 1995-wind/hail/rainstorms. Outstanding reserves of \$2.4 million exist for the 2003 wildfires as of June 2007.

The selected catastrophe factor is the average of all quarters' catastrophe ratios. This factor is adjusted to reflect that Liability and Theft perils are not typically subject to catastrophic losses.

In addition to the traditional catastrophe load, we reflect a provision for Fire Following Earthquake (FFEQ), as allowed by CCR 2644.4. While earthquake coverage is excluded from our Homeowners policy, fire following earthquake is a covered peril and is reflected in our calculations of rate need. To do so, we adjusted the catastrophe factor to reflect our expected FFEQ losses. These losses are modeled using RMS 6.0 model with demand surge for buildings only. The model was run against our exposure in this book of business as of June 2007.

Exhibit 10: Credibility Adjustment

Based on a full credibility standard of 3,000 incurred claims, the statewide ratemaking data in the fiscal accident year experience period ending June 30, 2007 are fully credible for Homeowners Multiple Peril. Our systems do not have transactional data at the policy form level of detail (Special, Protector Plus, Renters and Condos) at this time. Instead, our data is separately trended, developed and catastrophe-adjusted based on peril groups, recognizing the differences that those perils present in

terms of loss frequency, loss severity, loss development and catastrophic exposure to the Homeowners line as a whole.

Exhibit 11: Ancillary Income

Fire Insurance Exchange and Farmers Insurance Exchange report zero ancillary income.

Exhibit 12: Reinsurance Premium and Recoverables.

Ratemaking for Homeowners Multiple Peril is on a direct basis, with no consideration for the cost or benefits of reinsurance, consistent with CCR 2644.25.

Exhibit 13: Request for Variance

This exhibit supports our request for variance under CCR 2644.27 (f) (3)(A), (3)(B), (4) and (10)(B).

Exhibit 14: Insurer's Ratemaking Calculations

This exhibit provides our estimate of Farmers rate indication. The indication of 17.7% is based on three fiscal accident years of experience (July 2004 through June 2007) evaluated as of June 30, 2007, with greater weight placed on the most recent year. This practice provides an appropriate balance between stability and responsiveness to recent trends in the data.

The indication assumes a March 16, 2008 effective date. Current level earned premium is projected to an average earned date of March 16, 2009, and ultimate incurred losses are projected to an average accident date of March 16, 2009.

Ratemaking assumptions that differ significantly from those required by California prior approval regulations are as follows:

Trend

Losses and premiums are trended using two part trending. First, an historical loss trend is selected for each of Liability, Theft and OTL to trend each fiscal accident year of the experience period to the midpoint of the latest fiscal accident year. Second, a future loss trend is selected to bring the entire experience period, now at the midpoint of the latest fiscal accident year, to the midpoint of the projection period. For Liability, the only coverage that lacks full credibility, we have chosen to credibility-weight the historical California trend with the Farmers Companywide trend. The historical loss trends are chosen to be the 12-point exponential fits for frequency and severity separately.

In selecting future loss trends, we relied on actuarial judgment and the recognition that loss trends have begun to deteriorate due to recent changes in both the economic environment as well as in claims regulation, as documented in Exhibit 13, Variance 10B.

A similar two-part trend selection is made for premium trend to estimate the average annual change in premium due to distributional shifts in limits, discounts, etc.

Loss Development

We developed fiscal accident year case-incurred losses (excluding catastrophes) and DCCE/Paid Loss ratios to ultimate settlement levels based upon historical patterns. We applied a traditional chain ladder method based on a five-year average of the age-age factors, excluding the highest and lowest factors (called "Olympic" in our exhibits). For DCCE, we averaged the ultimate DCCE/Paid Loss ratio over three years, for consistency with our experience period, and loaded this figure into the projected ultimate, trended and catastrophe-adjusted loss ratio.

Rate of Return and Investment Income

Our estimated indication is based on our corporate target rate of return of 15%. This is the return we seek for all lines of business in all states within our operating territory. Further, we account for investment income based on Farmers actual historical performance, both in terms of investment income ratio and net realized capital gains.

Overall Indication

We compare our projected loss and DCCE ratio to a permissible loss and DCCE ratio based on a Calendar Year Return on Equity (CYROE) model that incorporates our projected assumptions for leverage ratio, rate of return, expenses and investment income to generate the overall indication of 17.7%.

Exhibit 15: Rate Distribution

This exhibit provides the premium impact on our existing book of all revisions proposed in this submission. The premium impact was generated by re-rating our existing book with the current and proposed rates and calculating the resulting percentage change.

Exhibit 16: Rate Classification Relativities

Page 1

Indicated and Selected Changes by Policy Form

In spreading the Farmers statewide rate indication of 17.7% to policy form, we used 2002-July 2007 catastrophe-adjusted loss ratios, with premium adjusted to current rate levels. The catastrophe factor varies by policy form: policy forms with little or no dwelling exposure (Renter/Condominiums) have significantly lower catastrophe loads.

Condo rates are based on a single relativity to Renters rates. Due to the extent of the rate need in this form, we are increasing the Condo-Renter relativity from 0.65 to 0.85. In addition, we are increasing the rate for optional Condo Building Property coverage from \$3 to \$4. Finally, we are reducing Renters base rates in Territories MB, MC and MD by -3%.

The remaining selected changes by form were based on both profitability and market considerations.

Page 2-5 Indicated and Selected by Territory – Special Form and Protector Plus

These pages detail the indicated and selected rate changes by territory for Protector Plus and Special Form. We selected base rate changes based on indications subject to maximum and minimum caps, except in certain territories where we deviated based on competitive considerations.

Page 6 Increased Liability Limits Analysis

Exhibit 17: New Program

There are no new programs being introduced in this filing.

Exhibit 18: Insurer Group Filing

The rates, rules and forms are identical for Fire Insurance Exchange and Farmers Insurance Exchange by territory and amount of insurance within each policy form.

Also provided in this submission are marked-up manual pages reflecting the above changes. Upon your approval of this filing, we will submit final printed base rate and rating rule manual pages.

Our target effective date of this proposal is March 16, 2008 for New Business and Renewals.

**Fire Insurance Exchange
Farmers Insurance Exchange**

State of California

Line of Business: Homeowners Multiple Peril

Filing History

(Last Three Years - All Three Companies)

| Date of Filing Letter | Subject | CDI Filing Number |
|------------------------------|-----------------------------------|--------------------------|
| April 8, 2005 | Homeowners Manual Rule Revision | 05-2935/05-2936 |
| July 14, 2005 | Homeowners Manual Rule Revision | 05-5717/05-5715 |
| September 26, 2005 | Homeowners Manual Rule Revision | 05-10592/05-10593 |
| June 5, 2006 | Homeowners Form Revision | 06-3809/06-3813 |
| December 1, 2006 | Homeowners Rate and Rule Revision | 06-8851/06-8852 |

**Fire Insurance Exchange
Farmers Insurance Exchange**

State of California

Line of Business: Homeowners Multiple Peril

Rate Level History

(Last Five Years)

| <u>Effective Date</u> | <u>Percent Change</u> |
|------------------------------|------------------------------|
| June 16, 2007 | -11.4% |
| July 16, 2006 | 0.0% |
| November 1, 2005 | 0.0% |
| August 16, 2005 | -1.8% |
| February 16, 2004 | -0.8% |
| November 16, 2002 | 13.0% |

**Fire Insurance Exchange
Farmers Insurance Exchange**

State of California

Line of Business: Homeowners Multiple Peril

Rate Level History - By Form
(Last Five Years)

| Effective Date | Fire Insurance Exchange | | | |
|-----------------------|--------------------------------|-----------------------|----------------|---------------|
| | Special | Protector Plus | Renters | Condos |
| June 16, 2007 | -11.2% | -12.3% | -2.4% | -2.0% |
| July 16, 2006 | 0.0% | 0.0% | 0.0% | 0.0% |
| November 1, 2005 | 0.0% | 0.0% | 0.0% | 0.0% |
| August 16, 2005 | -1.8% | -1.8% | -1.8% | -1.8% |
| February 16, 2004 | 0.4% | -1.5% | 0.0% | 0.0% |
| November 16, 2002 | 12.6% | 13.2% | 4.4% | 25.0% |

| Effective Date | Farmers Insurance Exchange | | | |
|-----------------------|-----------------------------------|-----------------------|----------------|---------------|
| | Special | Protector Plus | Renters | Condos |
| June 16, 2007 | -6.9% | n/a | -2.3% | n/a |
| July 16, 2006 | 0.0% | n/a | 0.0% | n/a |
| November 1, 2005 | 0.0% | n/a | 0.0% | n/a |
| August 16, 2005 | -1.8% | n/a | -1.8% | n/a |
| February 16, 2004 | -2.5% | n/a | 0.0% | n/a |
| November 16, 2002 | 12.6% | n/a | 4.4% | n/a |

Note: Special and Renters are the only forms written in Farmers Insurance Exchange.

**Fire Insurance Exchange
Farmers Insurance Exchange**

State of California

Line of Business: Homeowners Multiple Peril

Policy Term Distribution

All Homeowners policies are effective for a 12-month term.

**Fire Insurance Exchange
Farmers Insurance Exchange**

State of California

Line of Business: Homeowners Multiple Peril

Premium Adjustment Factor

| Fiscal Accident Year Ending in <u>Qtr 2 of</u> 2007 | (1) Earned <u>Exposures</u> | (2) Collected Earned <u>Premium</u> | (3)=(4)/(2) Premium at Current <u>Factor</u> | (4) Earned Premium <u>At Current</u> |
|---|-----------------------------------|--|---|---|
| | 1,195,988 | 945,595,497 | 0.8860 | 837,753,007 |

Notes:

Premium adjustment factor calculation includes -1.8% impact from 8/16/05 manual rule revision.

Earned Premium at Current is calculated separately for each company and summed in column (4)

**Fire Insurance Exchange
Farmers Insurance Exchange**

State of California

Line of Business: Homeowners Multiple Peril

Premium Trend

| Calendar Year | Quarter | Earned Pols | (1) | Earned Premium @Current | (2) | (3) | Average Premium | Average Premium |
|------------------|---------|----------------|-----------------------------|-------------------------------|--------------------------------|--|--------------------|--------------------|
| | | | 4Q Moving Earned Pols | | 4Q Moving Earned Premium | = (2) / (1) 4Q Moving Average Premium | | |
| 2000 | 4 | 309,201 | | 221,761,174 | | | 717 | |
| 2001 | 1 | 310,774 | | 222,003,668 | | | 714 | |
| 2001 | 2 | 311,179 | | 220,507,636 | | | 709 | |
| 2001 | 3 | 310,284 | 1,241,437 | 221,512,013 | 885,784,492 | | 714 | 714 |
| 2001 | 4 | 307,742 | 1,239,978 | 222,218,833 | 886,242,151 | | 722 | 715 |
| 2002 | 1 | 305,208 | 1,234,413 | 219,040,411 | 883,278,893 | | 718 | 716 |
| 2002 | 2 | 302,392 | 1,225,626 | 214,045,857 | 876,817,114 | | 708 | 715 |
| 2002 | 3 | 298,412 | 1,213,754 | 214,271,339 | 869,576,440 | | 718 | 716 |
| 2002 | 4 | 293,533 | 1,199,545 | 205,843,584 | 853,201,191 | | 701 | 711 |
| 2003 | 1 | 288,285 | 1,182,622 | 199,343,679 | 833,504,459 | | 691 | 705 |
| 2003 | 2 | 283,145 | 1,163,375 | 192,528,329 | 811,986,931 | | 680 | 698 |
| 2003 | 3 | 279,447 | 1,144,410 | 190,520,457 | 788,236,049 | | 682 | 689 |
| 2003 | 4 | 278,530 | 1,129,407 | 184,649,022 | 767,041,487 | | 663 | 679 |
| 2004 | 1 | 279,523 | 1,120,645 | 187,471,126 | 755,168,935 | | 671 | 674 |
| 2004 | 2 | 281,289 | 1,118,789 | 187,271,842 | 749,912,448 | | 666 | 670 |
| 2004 | 3 | 284,016 | 1,123,358 | 193,892,138 | 753,284,128 | | 683 | 671 |
| 2004 | 4 | 287,680 | 1,132,508 | 194,158,426 | 762,793,531 | | 675 | 674 |
| 2005 | 1 | 291,327 | 1,144,312 | 196,472,582 | 771,794,987 | | 674 | 674 |
| 2005 | 2 | 294,560 | 1,157,583 | 199,938,148 | 784,461,293 | | 679 | 678 |
| 2005 | 3 | 298,153 | 1,171,720 | 202,945,306 | 793,514,462 | | 681 | 677 |
| 2005 | 4 | 301,934 | 1,185,973 | 206,922,094 | 806,278,131 | | 685 | 680 |
| 2006 | 1 | 305,199 | 1,199,845 | 208,553,847 | 818,359,396 | | 683 | 682 |
| 2006 | 2 | 308,316 | 1,213,601 | 212,110,439 | 830,531,687 | | 688 | 684 |
| 2006 | 3 | 310,275 | 1,225,723 | 216,093,267 | 843,679,648 | | 696 | 688 |
| 2006 | 4 | 306,000 | 1,229,790 | 213,893,685 | 850,651,238 | | 699 | 692 |
| 2007 | 1 | 295,902 | 1,220,492 | 207,738,240 | 849,835,630 | | 702 | 696 |
| 2007 | 2 | 283,812 | 1,195,988 | 200,027,816 | 837,753,007 | | 705 | 700 |

Exponential Regression Analysis

Average Premium per Policy

| <u>Regression</u> | <u>Trend</u> | <u>R²</u> |
|-------------------|--------------|----------------------|
| 4-point | 2.4% | 99.7% |
| 8-point | 1.9% | 98.4% |
| 12-point | 1.5% | 95.9% |
| 16-point | 0.8% | 49.0% |
| 20-point | -0.3% | 6.5% |
| 24-point | -0.7% | 31.7% |
| Selected | 1.5% | |

12

Future Premium Trend 1.5%

**Fire Insurance Exchange
Farmers Insurance Exchange**

State of California

Line of Business: Homeowners Multiple Peril

Premium Trend Factor

| | | | |
|---|--------------------------|----------------------|-----------------------------|
| Historical Trend: 1.5% | | Future Trend: | 1.5% |
| Fiscal Accident Year Ending in <u>Qtr 2 of</u> | (1) <u>Historical</u> | (2) <u>Future</u> | (3)=(1)*(2) <u>Total</u> |
| 2007 | 1.0000 | 1.0336 | 1.0336 |

Note

The Historical Trend Period for each Fiscal Accident Year in the Experience Period starts from the Experience Average Accident/Earned Date for that Fiscal Accident Year, and ends at the Experience Average Accident/Earned Date for the most recent Fiscal Accident Year in the Experience Period.

Future Trend Period Construction

| | |
|--|----------|
| (i) Proposed Effective Date | 03/16/08 |
| (ii) Projected Average Accident/Earned Date | 03/16/09 |
| (iii) Experience Accounting Date | 06/30/07 |
| (iv) Experience Average Accident/Earned Date | 12/31/06 |
| (v) Exponent for Trend (in years) | 2.21 |

Assumptions

Annual policies with rates in effect for one policy year.
 Average policy writing is six months after Proposed Effective Date.
 Average accident occurrence is six months after writing.
 Therefore, Projected Average Accident/Earned Date is one year after Proposed Effective Date.
 Experience Average Accident/Earned Date is for the last Fiscal AY in the experience period.
 Experience Average Accident Date is six months prior to Experience Accounting Date.
 $Exponent = [(ii) - (iv) + 1] / 365$

**Fire Insurance Exchange
Farmers Insurance Exchange**

State of California

Line of Business: Homeowners Multiple Peril

Miscellaneous Fees and Other Charges

| | 2006 | |
|-------------------|-------------|--------------|
| | Fee | Dollars |
| Policy Fee | \$ 12.00 | \$ 2,364,364 |
| Installment Fee | \$ 5.00 | \$ 905,035 |
| Reinstatement Fee | \$ 12.00 | \$ 99,583 |

Note:

These fees are included in earned premium in line 2, Page 7 of the application.

**Fire Insurance Exchange/Mid-Century Insurance Company/Farmers Insurance Exchange
State of California
Fiscal Accident Years Ending with Qtr 2 of 2007
Losses Developed through Qtr 2 of 2007**

**Homeowners Multiple Peril
Liability
Incurred Losses**

| Fiscal Accident Year | As of xx Quarters of Development | | | | | | | | | | | | |
|----------------------------|----------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| | 4 | 8 | 12 | 16 | 20 | 24 | 28 | 32 | 36 | 40 | 44 | 48 | 52 |
| 1995 | 19,492,374 | 32,368,700 | 40,702,037 | 42,490,127 | 42,374,803 | 42,407,093 | 42,404,888 | 42,273,099 | 42,174,919 | 42,339,782 | 42,363,252 | 42,431,558 | 42,430,558 |
| 1996 | 16,226,176 | 30,712,010 | 38,404,294 | 41,269,492 | 41,976,486 | 42,345,948 | 42,627,767 | 42,716,766 | 42,710,266 | 42,808,933 | 42,705,242 | 42,706,742 | |
| 1997 | 16,519,721 | 35,996,255 | 43,049,144 | 44,512,494 | 44,982,981 | 51,040,750 | 51,513,385 | 52,041,017 | 52,147,245 | 52,163,385 | 51,987,334 | | |
| 1998 | 19,960,100 | 43,431,123 | 50,823,536 | 52,820,921 | 54,529,435 | 54,635,260 | 54,663,733 | 54,934,623 | 54,933,767 | 54,909,211 | | | |
| 1999 | 19,599,813 | 41,536,071 | 49,609,259 | 50,697,532 | 51,126,402 | 51,729,367 | 51,807,957 | 53,317,269 | 53,345,673 | | | | |
| 2000 | 23,964,554 | 43,468,817 | 50,310,104 | 53,008,834 | 54,321,020 | 54,701,539 | 54,725,387 | 54,070,691 | | | | | |
| 2001 | 20,121,431 | 35,957,697 | 44,976,526 | 47,590,562 | 48,372,276 | 49,275,485 | 48,865,999 | | | | | | |
| 2002 | 16,781,158 | 32,284,226 | 44,056,651 | 46,066,465 | 46,705,232 | 47,794,830 | | | | | | | |
| 2003 | 14,941,448 | 31,627,784 | 41,223,601 | 44,662,217 | 45,306,964 | | | | | | | | |
| 2004 | 13,390,782 | 28,493,545 | 34,003,087 | 37,126,642 | | | | | | | | | |
| 2005 | 16,009,777 | 32,523,936 | 45,679,170 | | | | | | | | | | |
| 2006 | 18,408,666 | 39,005,427 | | | | | | | | | | | |
| 2007 | 17,009,143 | | | | | | | | | | | | |

| Fiscal Accident Year | Age-to-Age Development Factors | | | | | | | | | | | | |
|----------------------------|--------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| | 4-8 | 8-12 | 12-16 | 16-20 | 20-24 | 24-28 | 28-32 | 32-36 | 36-40 | 40-44 | 44-48 | 48-52 | 52-Ult |
| 1995 | 1.6606 | 1.2575 | 1.0439 | 0.9973 | 1.0008 | 0.9999 | 0.9969 | 0.9977 | 1.0039 | 1.0006 | 1.0016 | 1.0000 | |
| 1996 | 1.8927 | 1.2505 | 1.0746 | 1.0171 | 1.0088 | 1.0067 | 1.0021 | 0.9998 | 1.0023 | 0.9976 | 1.0000 | | |
| 1997 | 2.1790 | 1.1959 | 1.0340 | 1.0106 | 1.1347 | 1.0093 | 1.0102 | 1.0020 | 1.0003 | 0.9966 | | | |
| 1998 | 2.1759 | 1.1702 | 1.0393 | 1.0323 | 1.0019 | 1.0005 | 1.0050 | 1.0000 | 0.9996 | | | | |
| 1999 | 2.1192 | 1.1944 | 1.0219 | 1.0085 | 1.0118 | 1.0015 | 1.0291 | 1.0005 | | | | | |
| 2000 | 1.8139 | 1.1574 | 1.0536 | 1.0248 | 1.0070 | 1.0004 | 0.9880 | | | | | | |
| 2001 | 1.7870 | 1.2508 | 1.0581 | 1.0164 | 1.0187 | 0.9917 | | | | | | | |
| 2002 | 1.9238 | 1.3646 | 1.0456 | 1.0139 | 1.0233 | | | | | | | | |
| 2003 | 2.1168 | 1.3034 | 1.0834 | 1.0144 | | | | | | | | | |
| 2004 | 2.1278 | 1.1934 | 1.0919 | | | | | | | | | | |
| 2005 | 2.0315 | 1.4045 | | | | | | | | | | | |
| 2006 | 2.1189 | | | | | | | | | | | | |

| | | | | | | | | | | | | | |
|-----------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--|
| 3-Yr Avg | 2.0927 | 1.3004 | 1.0736 | 1.0149 | 1.0163 | 0.9979 | 1.0074 | 1.0009 | 1.0007 | 0.9983 | | | |
| 3-Yr Dollar Wtd | 2.0921 | 1.3050 | 1.0719 | 1.0149 | 1.0159 | 0.9980 | 1.0070 | 1.0008 | 1.0006 | 0.9981 | | | |
| 5-Yr Avg | 2.0638 | 1.3033 | 1.0665 | 1.0156 | 1.0125 | 1.0007 | 1.0069 | 1.0000 | | | | | |
| All-Yr Avg | 1.9956 | 1.2493 | 1.0546 | 1.0150 | 1.0259 | 1.0014 | 1.0052 | 1.0000 | 1.0015 | 0.9983 | 1.0008 | 1.0000 | |
| Olympic | 2.0890 | 1.3063 | 1.0651 | 1.0149 | 1.0125 | 1.0008 | 1.0058 | 1.0001 | | | | | |

| | | | | | | | | | | | | | |
|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|----------|------------|--------|
| Selected | 2.0921 | 1.3050 | 1.0719 | 1.0149 | 1.0159 | 0.9980 | 1.0070 | 1.0008 | 1.0006 | 0.9981 | 1.0008 | 1.0000 | 1.0000 |
| Age-Ult | 3.0336 | 1.4500 | 1.1111 | 1.0366 | 1.0213 | 1.0054 | 1.0074 | 1.0004 | 0.9995 | 0.9989 | 1.0008 | 1.0000 | 1.0000 |
| Method | 3-Yr Dollar Wtd | 3-Yr Dollar Wtd | 3-Yr Dollar Wtd | 3-Yr Dollar Wtd | 3-Yr Dollar Wtd | 3-Yr Dollar Wtd | 3-Yr Dollar Wtd | 3-Yr Dollar Wtd | 3-Yr Dollar Wtd | 3-Yr Dollar Wtd | 2-Yr Avg | Latest Obs | Tail |

Estimated Ultimate Losses

| Fiscal Accident Year | Incurred as Qtr 2 2007 | Selected Age-Ult Factor | Selected Ultimate Loss |
|----------------------------|------------------------------|-------------------------------|------------------------------|
| 1995 | 42,430,558 | 1.0000 | 42,430,558 |
| 1996 | 42,706,742 | 1.0000 | 42,706,735 |
| 1997 | 51,987,334 | 1.0008 | 52,028,933 |
| 1998 | 54,909,211 | 0.9989 | 54,850,586 |
| 1999 | 53,345,673 | 0.9995 | 53,320,824 |
| 2000 | 54,070,691 | 1.0004 | 54,090,609 |
| 2001 | 48,865,999 | 1.0074 | 49,225,317 |
| 2002 | 47,794,830 | 1.0054 | 48,051,329 |
| 2003 | 45,306,964 | 1.0213 | 46,273,714 |
| 2004 | 37,126,642 | 1.0366 | 38,485,004 |
| 2005 | 45,679,170 | 1.1111 | 50,753,162 |
| 2006 | 39,005,427 | 1.4500 | 56,558,001 |
| 2007 | 17,009,143 | 3.0336 | 51,598,753 |

Fire Insurance Exchange/Mid-Century Insurance Company/Farmers Insurance Exchange
 State of California
 Fiscal Accident Years Ending with Qtr 2 of 2007
 Losses Developed through Qtr 2 of 2007

Homeowners Multiple Peril
 Liability
 Paid Losses

| Fiscal Accident Year | 4 | 8 | 12 | 16 | 20 | As of xx Quarters of Development | | | | | | 44 | 48 | 52 |
|----------------------|-----------|------------|------------|------------|------------|----------------------------------|------------|------------|------------|------------|------------|------------|------------|----|
| | | | | | | 24 | 28 | 32 | 36 | 40 | | | | |
| 1995 | 6,003,324 | 20,507,937 | 32,666,748 | 39,645,445 | 41,289,912 | 41,606,492 | 41,725,287 | 41,847,749 | 41,860,319 | 42,005,569 | 42,132,039 | 42,389,558 | 42,412,058 | |
| 1996 | 5,438,006 | 17,616,158 | 31,069,745 | 39,177,831 | 40,420,085 | 41,372,648 | 42,238,076 | 42,529,075 | 42,546,075 | 42,637,742 | 42,648,742 | 42,648,742 | | |
| 1997 | 5,960,761 | 22,268,488 | 35,879,581 | 40,354,335 | 43,396,924 | 50,252,736 | 50,475,172 | 51,728,237 | 51,781,865 | 51,934,405 | 51,982,134 | | | |
| 1998 | 6,669,633 | 24,753,805 | 42,596,016 | 49,055,417 | 52,118,983 | 53,443,001 | 53,909,846 | 54,399,004 | 54,488,432 | 54,598,576 | | | | |
| 1999 | 6,759,011 | 26,449,389 | 41,757,757 | 47,136,695 | 49,406,501 | 50,393,871 | 51,326,261 | 52,895,569 | 53,110,937 | | | | | |
| 2000 | 9,250,849 | 30,050,449 | 43,321,762 | 49,317,440 | 52,653,609 | 53,589,549 | 53,805,697 | 53,894,491 | | | | | | |
| 2001 | 8,959,149 | 22,316,176 | 37,841,934 | 44,507,170 | 46,559,437 | 47,433,031 | 48,053,398 | | | | | | | |
| 2002 | 5,460,611 | 18,858,337 | 38,986,152 | 43,449,862 | 45,257,953 | 47,113,141 | | | | | | | | |
| 2003 | 4,200,706 | 17,590,845 | 33,608,396 | 39,799,245 | 43,345,448 | | | | | | | | | |
| 2004 | 3,346,423 | 16,330,620 | 27,554,779 | 33,588,478 | | | | | | | | | | |
| 2005 | 4,829,960 | 17,325,672 | 33,856,537 | | | | | | | | | | | |
| 2006 | 4,868,854 | 21,220,756 | | | | | | | | | | | | |
| 2007 | 5,327,011 | | | | | | | | | | | | | |

| Fiscal Accident Year | 4-8 | 8-12 | 12-16 | 16-20 | 20-24 | Age-to-Age Development Factors | | | | | | 44-48 | 48-52 | 52-Ult |
|----------------------|--------|--------|--------|--------|--------|--------------------------------|--------|--------|--------|--------|--------|--------|-------|--------|
| | | | | | | 24-28 | 28-32 | 32-36 | 36-40 | 40-44 | | | | |
| 1995 | 3.4161 | 1.5929 | 1.2136 | 1.0415 | 1.0077 | 1.0029 | 1.0029 | 1.0003 | 1.0035 | 1.0030 | 1.0061 | 1.0005 | | |
| 1996 | 3.2395 | 1.7637 | 1.2610 | 1.0317 | 1.0236 | 1.0209 | 1.0069 | 1.0004 | 1.0022 | 1.0003 | 1.0000 | | | |
| 1997 | 3.7358 | 1.6112 | 1.1247 | 1.0754 | 1.1580 | 1.0044 | 1.0248 | 1.0010 | 1.0029 | 1.0009 | | | | |
| 1998 | 3.7114 | 1.7208 | 1.1516 | 1.0625 | 1.0254 | 1.0087 | 1.0091 | 1.0016 | 1.0020 | | | | | |
| 1999 | 3.9132 | 1.5788 | 1.1288 | 1.0482 | 1.0200 | 1.0185 | 1.0306 | 1.0041 | | | | | | |
| 2000 | 3.2484 | 1.4416 | 1.1384 | 1.0676 | 1.0178 | 1.0040 | 1.0017 | | | | | | | |
| 2001 | 2.4909 | 1.6957 | 1.1761 | 1.0461 | 1.0188 | 1.0131 | | | | | | | | |
| 2002 | 3.4535 | 2.0673 | 1.1145 | 1.0416 | 1.0410 | | | | | | | | | |
| 2003 | 4.1876 | 1.9106 | 1.1842 | 1.0891 | | | | | | | | | | |
| 2004 | 4.8800 | 1.6873 | 1.2190 | | | | | | | | | | | |
| 2005 | 3.5871 | 1.9541 | | | | | | | | | | | | |
| 2006 | 4.3585 | | | | | | | | | | | | | |
| 3-Yr Avg | 4.2752 | 1.8507 | 1.1726 | 1.0589 | 1.0258 | 1.0119 | 1.0138 | 1.0023 | 1.0024 | 1.0014 | | | | |
| 3-Yr Dollar Wtd | 4.2067 | 1.8541 | 1.1666 | 1.0580 | 1.0254 | 1.0117 | 1.0135 | 1.0023 | 1.0024 | 1.0014 | | | | |
| 5-Yr Avg | 4.0933 | 1.8630 | 1.1664 | 1.0585 | 1.0246 | 1.0098 | 1.0146 | 1.0015 | | | | | | |
| All-Yr Avg | 3.6852 | 1.7295 | 1.1712 | 1.0560 | 1.0390 | 1.0104 | 1.0127 | 1.0015 | 1.0026 | 1.0014 | 1.0031 | 1.0005 | | |
| Olympic | 4.0444 | 1.8535 | 1.1662 | 1.0540 | 1.0214 | 1.0087 | 1.0136 | 1.0010 | | | | | | |

| | | | | | | | | | | | | | |
|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|---------------|---------------|---------------|
| Selected | 4.2067 | 1.8541 | 1.1666 | 1.0580 | 1.0254 | 1.0117 | 1.0135 | 1.0023 | 1.0024 | 1.0014 | 1.0031 | 1.0005 | 1.0000 |
| Age-Ult | 10.2187 | 2.4292 | 1.3101 | 1.1230 | 1.0615 | 1.0352 | 1.0232 | 1.0096 | 1.0073 | 1.0049 | 1.0036 | 1.0005 | 1.0000 |
| Method | 3-Yr Dollar Wtd | 3-Yr Dollar Wtd | 3-Yr Dollar Wtd | 3-Yr Dollar Wtd | 3-Yr Dollar Wtd | 3-Yr Dollar Wtd | 3-Yr Dollar Wtd | 3-Yr Dollar Wtd | 3-Yr Dollar Wtd | 3-Yr Dollar Wtd | 2-Yr Avg | Latest Obs | Tail |

Estimated Ultimate Losses

| Fiscal Accident Year | Paid as of Qtr 2 2007 | Selected Age-Ult Factor | Selected Ultimate Loss |
|----------------------|-----------------------|-------------------------|------------------------|
| 1995 | 42,412,058 | 1.0000 | 42,412,058 |
| 1996 | 42,648,742 | 1.0005 | 42,671,379 |
| 1997 | 51,982,134 | 1.0036 | 52,168,672 |
| 1998 | 54,598,576 | 1.0049 | 54,868,804 |
| 1999 | 53,110,937 | 1.0073 | 53,500,893 |
| 2000 | 53,894,491 | 1.0096 | 54,412,565 |
| 2001 | 48,053,398 | 1.0232 | 49,170,340 |
| 2002 | 47,113,141 | 1.0352 | 48,771,415 |
| 2003 | 43,345,448 | 1.0615 | 46,009,330 |
| 2004 | 33,588,478 | 1.1230 | 37,719,662 |
| 2005 | 33,856,537 | 1.3101 | 44,356,221 |
| 2006 | 21,220,756 | 2.4292 | 51,548,610 |
| 2007 | 5,327,011 | 10.2187 | 54,435,026 |

Fire Insurance Exchange/Mid-Century Insurance Company/Farmers Insurance Exchange
 State of California
 Fiscal Accident Years Ending with Qtr 2 of 2007
 Losses Developed through Qtr 2 of 2007

Homeowners Multiple Peril
 Theft
 Incurred Losses

| Fiscal Accident | As of xx Quarters of Development | | | | | | | | | | | | |
|-----------------|----------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Year | 4 | 8 | 12 | 16 | 20 | 24 | 28 | 32 | 36 | 40 | 44 | 48 | 52 |
| 1995 | 54,074,811 | 60,020,915 | 59,924,630 | 59,930,127 | 60,034,660 | 60,038,705 | 59,941,205 | 59,942,492 | 59,942,492 | 59,942,492 | 59,942,492 | 59,942,492 | 59,942,492 |
| 1996 | 41,215,655 | 46,784,566 | 46,571,563 | 46,718,913 | 46,768,405 | 46,876,313 | 46,876,313 | 46,876,313 | 46,882,313 | 46,882,313 | 46,882,313 | 46,882,313 | 46,882,313 |
| 1997 | 37,234,716 | 41,935,005 | 42,227,548 | 42,386,290 | 42,305,932 | 42,313,602 | 42,313,602 | 42,313,602 | 42,333,300 | 42,333,300 | 42,333,300 | 42,333,300 | 42,333,300 |
| 1998 | 38,893,001 | 44,975,660 | 44,891,668 | 44,961,361 | 44,969,258 | 44,969,258 | 44,969,258 | 44,969,258 | 44,969,258 | 44,969,258 | 44,969,258 | 44,969,258 | 44,969,258 |
| 1999 | 34,443,484 | 39,213,362 | 39,326,047 | 39,488,128 | 39,498,128 | 39,498,128 | 39,498,128 | 39,498,128 | 39,498,128 | 39,498,128 | 39,498,128 | 39,498,128 | 39,498,128 |
| 2000 | 31,249,302 | 36,965,100 | 36,782,114 | 36,802,242 | 36,996,291 | 36,996,291 | 36,996,291 | 36,996,291 | 36,996,291 | 36,996,291 | 36,996,291 | 36,996,291 | 36,996,291 |
| 2001 | 31,877,138 | 37,399,612 | 37,582,960 | 37,533,097 | 37,502,224 | 37,502,337 | 37,502,337 | 37,502,337 | 37,502,337 | 37,502,337 | 37,502,337 | 37,502,337 | 37,502,337 |
| 2002 | 27,268,961 | 31,492,409 | 31,843,398 | 31,830,841 | 31,942,513 | 31,940,672 | 31,940,672 | 31,940,672 | 31,940,672 | 31,940,672 | 31,940,672 | 31,940,672 | 31,940,672 |
| 2003 | 18,379,395 | 21,277,568 | 21,419,224 | 21,485,245 | 21,494,015 | 21,494,015 | 21,494,015 | 21,494,015 | 21,494,015 | 21,494,015 | 21,494,015 | 21,494,015 | 21,494,015 |
| 2004 | 16,072,772 | 18,549,591 | 18,502,254 | 18,516,658 | 18,516,658 | 18,516,658 | 18,516,658 | 18,516,658 | 18,516,658 | 18,516,658 | 18,516,658 | 18,516,658 | 18,516,658 |
| 2005 | 14,930,444 | 17,129,280 | 17,402,369 | 17,402,369 | 17,402,369 | 17,402,369 | 17,402,369 | 17,402,369 | 17,402,369 | 17,402,369 | 17,402,369 | 17,402,369 | 17,402,369 |
| 2006 | 17,866,359 | 20,665,603 | 20,665,603 | 20,665,603 | 20,665,603 | 20,665,603 | 20,665,603 | 20,665,603 | 20,665,603 | 20,665,603 | 20,665,603 | 20,665,603 | 20,665,603 |
| 2007 | 17,426,768 | 17,426,768 | 17,426,768 | 17,426,768 | 17,426,768 | 17,426,768 | 17,426,768 | 17,426,768 | 17,426,768 | 17,426,768 | 17,426,768 | 17,426,768 | 17,426,768 |

| Fiscal Accident | Age-to-Age Development Factors | | | | | | | | | | | | |
|-----------------|--------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Year | 4-8 | 8-12 | 12-16 | 16-20 | 20-24 | 24-28 | 28-32 | 32-36 | 36-40 | 40-44 | 44-48 | 48-52 | 52-Ult |
| 1995 | 1.1100 | 0.9984 | 1.0001 | 1.0017 | 1.0001 | 0.9984 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 1996 | 1.1351 | 0.9954 | 1.0032 | 1.0011 | 1.0023 | 1.0000 | 1.0000 | 1.0001 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 1997 | 1.1262 | 1.0070 | 1.0038 | 0.9981 | 1.0002 | 1.0000 | 1.0000 | 1.0005 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 1998 | 1.1564 | 0.9981 | 1.0016 | 1.0002 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 1999 | 1.1385 | 1.0029 | 1.0041 | 1.0003 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 2000 | 1.1829 | 0.9950 | 1.0005 | 1.0053 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 2001 | 1.1732 | 1.0049 | 0.9987 | 0.9992 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 2002 | 1.1549 | 1.0111 | 0.9996 | 1.0035 | 0.9999 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 2003 | 1.1577 | 1.0067 | 1.0031 | 1.0004 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 2004 | 1.1541 | 0.9974 | 1.0008 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 2005 | 1.1473 | 1.0159 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 2006 | 1.1567 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 3-Yr Avg | 1.1527 | 1.0067 | 1.0012 | 1.0010 | 1.0000 | 1.0000 | 1.0000 | 1.0002 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 3-Yr Dollar Wtd | 1.1530 | 1.0065 | 1.0009 | 1.0010 | 1.0000 | 1.0000 | 1.0000 | 1.0002 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 5-Yr Avg | 1.1541 | 1.0072 | 1.0005 | 1.0017 | 1.0000 | 1.0000 | 1.0000 | 1.0001 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| All-Yr Avg | 1.1494 | 1.0030 | 1.0015 | 1.0011 | 1.0003 | 0.9998 | 1.0000 | 1.0001 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| Olympic | 1.1552 | 1.0076 | 1.0003 | 1.0014 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |

| | | | | | | | | | | | | | | |
|----------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|----------|------------|------|
| Selected | 1.1530 | 1.0065 | 1.0009 | 1.0010 | 1.0000 | 1.0000 | 1.0000 | 1.0002 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | |
| Age-Ult | 1.1628 | 1.0085 | 1.0021 | 1.0011 | 1.0001 | 1.0002 | 1.0002 | 1.0002 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | |
| Method | 3-Yr Dollar Wtd | 3-Yr Dollar Wtd | 3-Yr Dollar Wtd | 3-Yr Dollar Wtd | 3-Yr Dollar Wtd | 3-Yr Dollar Wtd | 3-Yr Dollar Wtd | 3-Yr Dollar Wtd | 3-Yr Dollar Wtd | 3-Yr Dollar Wtd | 3-Yr Dollar Wtd | 2-Yr Avg | Latest Obs | Tail |

Estimated Ultimate Losses

| Fiscal Accident | Incurred as Qtr 2 2007 | Selected Age-Ult Factor | Selected Ultimate Loss |
|-----------------|------------------------|-------------------------|------------------------|
| 1995 | 59,942,492 | 1.0000 | 59,942,492 |
| 1996 | 46,882,313 | 1.0000 | 46,882,313 |
| 1997 | 42,333,300 | 1.0000 | 42,333,300 |
| 1998 | 44,969,258 | 1.0000 | 44,969,258 |
| 1999 | 39,498,128 | 1.0000 | 39,498,128 |
| 2000 | 36,996,291 | 1.0002 | 37,002,039 |
| 2001 | 37,502,337 | 1.0002 | 37,508,164 |
| 2002 | 31,940,672 | 1.0002 | 31,945,635 |
| 2003 | 21,494,015 | 1.0001 | 21,497,006 |
| 2004 | 18,516,658 | 1.0011 | 18,537,493 |
| 2005 | 17,402,369 | 1.0021 | 17,438,425 |
| 2006 | 20,665,603 | 1.0085 | 20,842,005 |
| 2007 | 17,426,768 | 1.1628 | 20,263,806 |

Fire Insurance Exchange/Mid-Century Insurance Company/Farmers Insurance Exchange
 State of California
 Fiscal Accident Years Ending with Qtr 2 of 2007
 Losses Developed through Qtr 2 of 2007

Homeowners Multiple Peril
 Theft
 Paid Losses

| Fiscal Accident | As of xx Quarters of Development | | | | | | | | | | | | |
|-----------------|----------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Year | 4 | 8 | 12 | 16 | 20 | 24 | 28 | 32 | 36 | 40 | 44 | 48 | 52 |
| 1995 | 49,139,312 | 58,969,222 | 59,664,931 | 59,809,928 | 59,934,560 | 59,938,705 | 59,941,205 | 59,942,492 | 59,942,492 | 59,942,492 | 59,942,492 | 59,942,492 | 59,942,492 |
| 1996 | 35,805,492 | 45,722,675 | 46,509,061 | 46,717,413 | 46,768,405 | 46,876,313 | 46,876,313 | 46,876,313 | 46,882,313 | 46,882,313 | 46,882,313 | 46,882,313 | 46,882,313 |
| 1997 | 31,324,265 | 41,096,499 | 41,677,649 | 42,250,090 | 42,305,932 | 42,313,602 | 42,313,602 | 42,313,602 | 42,333,300 | 42,333,300 | 42,333,300 | 42,333,300 | 42,333,300 |
| 1998 | 33,754,425 | 43,773,376 | 44,800,042 | 44,958,711 | 44,968,858 | 44,968,858 | 44,968,858 | 44,968,858 | 44,968,858 | 44,968,858 | 44,968,858 | 44,968,858 | 44,968,858 |
| 1999 | 30,287,525 | 38,700,459 | 39,270,607 | 39,488,128 | 39,498,128 | 39,498,128 | 39,498,128 | 39,498,128 | 39,498,128 | 39,498,128 | 39,498,128 | 39,498,128 | 39,498,128 |
| 2000 | 28,008,230 | 36,239,272 | 36,738,111 | 36,802,242 | 36,996,291 | 36,996,291 | 36,996,291 | 36,996,291 | 36,996,291 | 36,996,291 | 36,996,291 | 36,996,291 | 36,996,291 |
| 2001 | 28,489,925 | 36,599,637 | 37,369,838 | 37,450,096 | 37,487,067 | 37,487,280 | 37,487,280 | 37,487,280 | 37,487,280 | 37,487,280 | 37,487,280 | 37,487,280 | 37,487,280 |
| 2002 | 23,299,624 | 30,913,980 | 31,559,675 | 31,657,641 | 31,875,363 | 31,873,522 | 31,873,522 | 31,873,522 | 31,873,522 | 31,873,522 | 31,873,522 | 31,873,522 | 31,873,522 |
| 2003 | 16,423,841 | 21,185,898 | 21,398,316 | 21,444,837 | 21,473,607 | 21,473,607 | 21,473,607 | 21,473,607 | 21,473,607 | 21,473,607 | 21,473,607 | 21,473,607 | 21,473,607 |
| 2004 | 13,802,544 | 18,152,278 | 18,402,152 | 18,416,556 | 18,416,556 | 18,416,556 | 18,416,556 | 18,416,556 | 18,416,556 | 18,416,556 | 18,416,556 | 18,416,556 | 18,416,556 |
| 2005 | 13,302,775 | 17,013,328 | 17,400,369 | 17,400,369 | 17,400,369 | 17,400,369 | 17,400,369 | 17,400,369 | 17,400,369 | 17,400,369 | 17,400,369 | 17,400,369 | 17,400,369 |
| 2006 | 16,805,911 | 20,518,203 | 20,518,203 | 20,518,203 | 20,518,203 | 20,518,203 | 20,518,203 | 20,518,203 | 20,518,203 | 20,518,203 | 20,518,203 | 20,518,203 | 20,518,203 |
| 2007 | 16,328,419 | 16,328,419 | 16,328,419 | 16,328,419 | 16,328,419 | 16,328,419 | 16,328,419 | 16,328,419 | 16,328,419 | 16,328,419 | 16,328,419 | 16,328,419 | 16,328,419 |

| Fiscal Accident | Age-to-Age Development Factors | | | | | | | | | | | | |
|-----------------|--------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|---------------|---------------|---------------|
| Year | 4-8 | 8-12 | 12-16 | 16-20 | 20-24 | 24-28 | 28-32 | 32-36 | 36-40 | 40-44 | 44-48 | 48-52 | 52-Ult |
| 1995 | 1.2000 | 1.0118 | 1.0024 | 1.0021 | 1.0001 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 1996 | 1.2770 | 1.0172 | 1.0045 | 1.0011 | 1.0023 | 1.0000 | 1.0000 | 1.0000 | 1.0001 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 1997 | 1.3120 | 1.0141 | 1.0137 | 1.0013 | 1.0002 | 1.0000 | 1.0000 | 1.0005 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 1998 | 1.2968 | 1.0235 | 1.0035 | 1.0002 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 1999 | 1.2778 | 1.0147 | 1.0055 | 1.0003 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 2000 | 1.2939 | 1.0138 | 1.0017 | 1.0053 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 2001 | 1.2847 | 1.0210 | 1.0021 | 1.0010 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 2002 | 1.3268 | 1.0209 | 1.0031 | 1.0069 | 0.9999 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 2003 | 1.2900 | 1.0100 | 1.0022 | 1.0013 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 2004 | 1.3151 | 1.0138 | 1.0008 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 2005 | 1.2789 | 1.0227 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 2006 | 1.2209 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 3-Yr Avg | 1.2717 | 1.0155 | 1.0020 | 1.0031 | 1.0000 | 1.0000 | 1.0000 | 1.0002 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 3-Yr Dollar Wtd | 1.2681 | 1.0151 | 1.0022 | 1.0031 | 1.0000 | 1.0000 | 1.0000 | 1.0002 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 5-Yr Avg | 1.2863 | 1.0177 | 1.0020 | 1.0029 | 1.0000 | 1.0000 | 1.0000 | 1.0001 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| All-Yr Avg | 1.2812 | 1.0167 | 1.0040 | 1.0022 | 1.0003 | 1.0000 | 1.0000 | 1.0001 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| Olympic | 1.2947 | 1.0186 | 1.0020 | 1.0025 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| Selected | 1.2681 | 1.0151 | 1.0022 | 1.0031 | 1.0000 | 1.0000 | 1.0000 | 1.0002 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| Age-Ult | 1.2943 | 1.0207 | 1.0055 | 1.0033 | 1.0001 | 1.0002 | 1.0002 | 1.0002 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| Method | 3-Yr Dollar Wtd | 3-Yr Dollar Wtd | 3-Yr Dollar Wtd | 3-Yr Dollar Wtd | 3-Yr Dollar Wtd | 3-Yr Dollar Wtd | 3-Yr Dollar Wtd | 3-Yr Dollar Wtd | 3-Yr Dollar Wtd | 3-Yr Dollar Wtd | 2-Yr Avg | Latest Obs | Tail |

Estimated Ultimate Losses

| Fiscal Accident | Paid as of Qtr 2 2007 | Selected Age-Ult Factor | Selected Ultimate Loss |
|-----------------|-----------------------|-------------------------|------------------------|
| 1995 | 59,942,492 | 1.0000 | 59,942,492 |
| 1996 | 46,882,313 | 1.0000 | 46,882,313 |
| 1997 | 42,333,300 | 1.0000 | 42,333,300 |
| 1998 | 44,968,858 | 1.0000 | 44,968,858 |
| 1999 | 39,498,128 | 1.0000 | 39,498,128 |
| 2000 | 36,996,291 | 1.0002 | 37,002,039 |
| 2001 | 37,487,280 | 1.0002 | 37,493,105 |
| 2002 | 31,873,522 | 1.0002 | 31,878,474 |
| 2003 | 21,473,607 | 1.0001 | 21,476,615 |
| 2004 | 18,416,556 | 1.0033 | 18,476,794 |
| 2005 | 17,400,369 | 1.0055 | 17,496,154 |
| 2006 | 20,518,203 | 1.0207 | 20,942,105 |
| 2007 | 16,328,419 | 1.2943 | 21,133,843 |

Fire Insurance Exchange/Mid-Century Insurance Company/Farmers Insurance Exchange
 State of California
 Fiscal Accident Years Ending with Qtr 2 of 2007
 Losses Developed through Qtr 2 of 2007

Homeowners Multiple Peril
 Other-Than-Theft-Or-Liability (Excl. Cats)
 Incurred Losses

| Fiscal Accident | As of xx Quarters of Development | | | | | | | | | | | | |
|-----------------|----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Year | 4 | 8 | 12 | 16 | 20 | 24 | 28 | 32 | 36 | 40 | 44 | 48 | 52 |
| 1995 | 140,712,915 | 167,587,193 | 168,520,626 | 168,387,596 | 168,738,748 | 170,355,311 | 173,569,528 | 173,768,091 | 173,743,202 | 174,176,689 | 174,432,668 | 174,487,921 | 174,415,138 |
| 1996 | 128,547,815 | 155,137,908 | 161,040,289 | 161,623,190 | 162,840,342 | 163,182,069 | 163,042,355 | 163,611,979 | 163,552,825 | 163,571,488 | 163,463,596 | 163,450,784 | |
| 1997 | 138,193,863 | 169,770,433 | 171,347,774 | 172,972,692 | 173,886,806 | 175,167,924 | 175,682,455 | 174,568,921 | 174,732,809 | 174,720,665 | 174,939,550 | | |
| 1998 | 157,695,872 | 196,564,566 | 200,429,019 | 201,416,694 | 202,826,563 | 203,089,224 | 203,378,825 | 203,673,874 | 203,782,240 | 203,719,717 | | | |
| 1999 | 189,675,526 | 241,212,581 | 251,300,395 | 254,565,931 | 258,260,619 | 267,309,158 | 267,687,865 | 267,927,524 | 267,975,185 | | | | |
| 2000 | 239,043,654 | 298,055,901 | 304,609,298 | 308,418,831 | 310,611,025 | 311,721,016 | 312,856,368 | 313,035,284 | | | | | |
| 2001 | 294,983,919 | 362,982,553 | 372,449,135 | 374,590,413 | 376,451,000 | 377,653,940 | 381,413,634 | | | | | | |
| 2002 | 231,184,344 | 282,495,807 | 290,047,060 | 290,929,080 | 291,683,749 | 291,820,641 | | | | | | | |
| 2003 | 174,933,478 | 208,049,288 | 210,796,921 | 213,422,713 | 212,652,449 | | | | | | | | |
| 2004 | 146,171,774 | 174,592,103 | 177,775,581 | 178,117,002 | | | | | | | | | |
| 2005 | 154,328,471 | 188,595,711 | 192,510,678 | | | | | | | | | | |
| 2006 | 166,770,463 | 197,524,053 | | | | | | | | | | | |
| 2007 | 218,053,650 | | | | | | | | | | | | |

| Fiscal Accident | Age-to-Age Development Factors | | | | | | | | | | | | |
|-----------------|--------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Year | 4-8 | 8-12 | 12-16 | 16-20 | 20-24 | 24-28 | 28-32 | 32-36 | 36-40 | 40-44 | 44-48 | 48-52 | 52-Ult |
| 1995 | 1.1910 | 1.0056 | 0.9992 | 1.0021 | 1.0096 | 1.0189 | 1.0011 | 0.9999 | 1.0025 | 1.0015 | 1.0003 | 0.9996 | |
| 1996 | 1.2068 | 1.0380 | 1.0036 | 1.0075 | 1.0021 | 0.9991 | 1.0035 | 0.9996 | 1.0001 | 0.9993 | 0.9999 | | |
| 1997 | 1.2285 | 1.0093 | 1.0095 | 1.0053 | 1.0074 | 1.0029 | 0.9937 | 1.0009 | 0.9999 | 1.0013 | | | |
| 1998 | 1.2465 | 1.0197 | 1.0049 | 1.0070 | 1.0013 | 1.0014 | 1.0015 | 1.0005 | 0.9997 | | | | |
| 1999 | 1.2717 | 1.0418 | 1.0130 | 1.0145 | 1.0350 | 1.0014 | 1.0009 | 1.0002 | | | | | |
| 2000 | 1.2469 | 1.0220 | 1.0125 | 1.0071 | 1.0036 | 1.0036 | 1.0006 | | | | | | |
| 2001 | 1.2305 | 1.0261 | 1.0057 | 1.0050 | 1.0032 | 1.0100 | | | | | | | |
| 2002 | 1.2220 | 1.0267 | 1.0030 | 1.0026 | 1.0005 | | | | | | | | |
| 2003 | 1.1893 | 1.0132 | 1.0125 | 0.9964 | | | | | | | | | |
| 2004 | 1.1944 | 1.0182 | 1.0019 | | | | | | | | | | |
| 2005 | 1.2220 | 1.0208 | | | | | | | | | | | |
| 2006 | 1.1844 | | | | | | | | | | | | |

| | | | | | | | | | | | | | |
|-----------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--|
| 3-Yr Avg | 1.2003 | 1.0174 | 1.0058 | 1.0013 | 1.0024 | 1.0050 | 1.0010 | 1.0005 | 0.9999 | 1.0007 | | | |
| 3-Yr Dollar Wtd | 1.2000 | 1.0172 | 1.0057 | 1.0021 | 1.0025 | 1.0055 | 1.0009 | 1.0005 | 0.9999 | 1.0007 | | | |
| 5-Yr Avg | 1.2024 | 1.0210 | 1.0071 | 1.0051 | 1.0087 | 1.0039 | 1.0000 | 1.0002 | | | | | |
| All-Yr Avg | 1.2195 | 1.0219 | 1.0066 | 1.0053 | 1.0078 | 1.0053 | 1.0002 | 1.0002 | 1.0006 | 1.0007 | 1.0001 | 0.9996 | |
| Olympic | 1.2019 | 1.0217 | 1.0071 | 1.0049 | 1.0027 | 1.0027 | 1.0010 | 1.0002 | | | | | |

| | | | | | | | | | | | | | |
|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|----------|------------|--------|
| Selected | 1.2000 | 1.0172 | 1.0057 | 1.0021 | 1.0025 | 1.0055 | 1.0009 | 1.0005 | 0.9999 | 1.0007 | 1.0001 | 0.9996 | 1.0000 |
| Age-Ult | 1.2422 | 1.0352 | 1.0176 | 1.0119 | 1.0098 | 1.0072 | 1.0017 | 1.0008 | 1.0003 | 1.0004 | 0.9997 | 0.9996 | 1.0000 |
| Method | 3-Yr Dollar Wtd | 3-Yr Dollar Wtd | 3-Yr Dollar Wtd | 3-Yr Dollar Wtd | 3-Yr Dollar Wtd | 3-Yr Dollar Wtd | 3-Yr Dollar Wtd | 3-Yr Dollar Wtd | 3-Yr Dollar Wtd | 3-Yr Dollar Wtd | 2-Yr Avg | Latest Obs | Tail |

Estimated Ultimate Losses

| Fiscal Accident Year | Incurred as Qtr 2 2007 | Selected Age-Ult Factor | Selected Ultimate Loss |
|----------------------|------------------------|-------------------------|------------------------|
| 1995 | 174,415,138 | 1.0000 | 174,415,138 |
| 1996 | 163,450,784 | 0.9996 | 163,382,605 |
| 1997 | 174,939,550 | 0.9997 | 174,887,421 |
| 1998 | 203,719,717 | 1.0004 | 203,804,849 |
| 1999 | 267,975,185 | 1.0003 | 268,059,471 |
| 2000 | 313,035,284 | 1.0008 | 313,288,774 |
| 2001 | 381,413,634 | 1.0017 | 382,069,987 |
| 2002 | 291,820,641 | 1.0072 | 293,934,257 |
| 2003 | 212,652,449 | 1.0098 | 214,728,791 |
| 2004 | 178,117,002 | 1.0119 | 180,233,675 |
| 2005 | 192,510,678 | 1.0176 | 195,903,326 |
| 2006 | 197,524,053 | 1.0352 | 204,469,659 |
| 2007 | 218,053,650 | 1.2422 | 270,859,102 |

Fire Insurance Exchange/Mid-Century Insurance Company/Farmers Insurance Exchange
 State of California
 Fiscal Accident Years Ending with Qtr 2 of 2007
 Losses Developed through Qtr 2 of 2007

Homeowners Multiple Peril
 Other-Than-Theft-Or-Liability (Excl. Cats)
 Paid Losses

| Fiscal Accident | As of xx Quarters of Development | | | | | | | | | | | | |
|-----------------|----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Year | 4 | 8 | 12 | 16 | 20 | 24 | 28 | 32 | 36 | 40 | 44 | 48 | 52 |
| 1995 | 120,590,075 | 159,962,163 | 163,595,059 | 164,320,426 | 164,772,328 | 165,629,688 | 173,135,973 | 173,315,105 | 173,473,217 | 173,974,592 | 174,004,330 | 174,209,930 | 174,222,715 |
| 1996 | 109,271,836 | 151,306,553 | 159,574,252 | 160,749,831 | 162,168,124 | 162,237,160 | 162,484,069 | 162,944,975 | 163,120,444 | 163,198,565 | 163,376,313 | 163,404,982 | |
| 1997 | 113,438,726 | 165,173,918 | 169,835,500 | 172,236,846 | 173,319,916 | 174,545,603 | 175,259,116 | 174,229,156 | 174,223,593 | 174,574,017 | 174,597,626 | | |
| 1998 | 133,538,406 | 192,799,131 | 198,463,459 | 200,924,435 | 202,373,513 | 202,768,165 | 202,865,849 | 203,045,779 | 203,156,652 | 203,208,080 | | | |
| 1999 | 161,120,625 | 237,869,250 | 249,613,462 | 253,424,749 | 257,218,564 | 266,815,935 | 267,412,241 | 267,573,071 | 267,650,004 | | | | |
| 2000 | 213,851,155 | 293,814,938 | 301,555,726 | 306,772,756 | 308,081,942 | 309,202,580 | 312,365,393 | 312,479,673 | | | | | |
| 2001 | 269,290,113 | 354,859,609 | 368,321,809 | 372,407,840 | 375,110,521 | 376,965,914 | 380,866,809 | | | | | | |
| 2002 | 196,127,359 | 276,136,857 | 286,462,565 | 289,005,564 | 290,461,783 | 291,135,680 | | | | | | | |
| 2003 | 151,394,283 | 200,666,182 | 206,715,286 | 209,156,030 | 209,403,392 | | | | | | | | |
| 2004 | 124,188,917 | 167,175,951 | 173,882,371 | 176,518,031 | | | | | | | | | |
| 2005 | 131,239,307 | 181,569,015 | 189,129,875 | | | | | | | | | | |
| 2006 | 143,748,940 | 190,745,568 | | | | | | | | | | | |
| 2007 | 191,623,785 | | | | | | | | | | | | |

| Fiscal Accident | Age-to-Age Development Factors | | | | | | | | | | | | |
|-----------------|--------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Year | 4-8 | 8-12 | 12-16 | 16-20 | 20-24 | 24-28 | 28-32 | 32-36 | 36-40 | 40-44 | 44-48 | 48-52 | 52-Ult |
| 1995 | 1.3265 | 1.0227 | 1.0044 | 1.0028 | 1.0052 | 1.0453 | 1.0010 | 1.0009 | 1.0029 | 1.0002 | 1.0012 | 1.0001 | |
| 1996 | 1.3847 | 1.0546 | 1.0074 | 1.0088 | 1.0004 | 1.0015 | 1.0028 | 1.0011 | 1.0005 | 1.0011 | 1.0002 | | |
| 1997 | 1.4561 | 1.0282 | 1.0141 | 1.0063 | 1.0071 | 1.0041 | 0.9941 | 1.0000 | 1.0020 | 1.0001 | | | |
| 1998 | 1.4438 | 1.0294 | 1.0124 | 1.0072 | 1.0020 | 1.0005 | 1.0009 | 1.0005 | 1.0003 | | | | |
| 1999 | 1.4763 | 1.0494 | 1.0153 | 1.0150 | 1.0373 | 1.0022 | 1.0006 | 1.0003 | | | | | |
| 2000 | 1.3739 | 1.0263 | 1.0173 | 1.0043 | 1.0036 | 1.0102 | 1.0004 | | | | | | |
| 2001 | 1.3178 | 1.0379 | 1.0111 | 1.0073 | 1.0049 | 1.0103 | | | | | | | |
| 2002 | 1.4079 | 1.0374 | 1.0089 | 1.0050 | 1.0023 | | | | | | | | |
| 2003 | 1.3255 | 1.0301 | 1.0118 | 1.0012 | | | | | | | | | |
| 2004 | 1.3461 | 1.0401 | 1.0152 | | | | | | | | | | |
| 2005 | 1.3835 | 1.0416 | | | | | | | | | | | |
| 2006 | 1.3269 | | | | | | | | | | | | |
| 3-Yr Avg | 1.3522 | 1.0373 | 1.0119 | 1.0045 | 1.0036 | 1.0076 | 1.0006 | 1.0003 | 1.0009 | 1.0005 | | | |
| 3-Yr Dollar Wtd | 1.3515 | 1.0370 | 1.0114 | 1.0051 | 1.0037 | 1.0080 | 1.0006 | 1.0003 | 1.0009 | 1.0005 | | | |
| 5-Yr Avg | 1.3580 | 1.0374 | 1.0128 | 1.0065 | 1.0100 | 1.0055 | 0.9998 | 1.0006 | | | | | |
| All-Yr Avg | 1.3808 | 1.0362 | 1.0118 | 1.0064 | 1.0079 | 1.0106 | 1.0000 | 1.0006 | 1.0014 | 1.0005 | 1.0007 | 1.0001 | |
| Olympic | 1.3522 | 1.0385 | 1.0127 | 1.0055 | 1.0036 | 1.0055 | 1.0006 | 1.0006 | | | | | |

| | | | | | | | | | | | | | |
|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|----------|------------|--------|
| Selected | 1.3515 | 1.0370 | 1.0114 | 1.0051 | 1.0037 | 1.0080 | 1.0006 | 1.0003 | 1.0009 | 1.0005 | 1.0007 | 1.0001 | 1.0000 |
| Age-Ult | 1.4458 | 1.0697 | 1.0316 | 1.0199 | 1.0148 | 1.0110 | 1.0030 | 1.0024 | 1.0021 | 1.0012 | 1.0008 | 1.0001 | 1.0000 |
| Method | 3-Yr Dollar Wtd | 3-Yr Dollar Wtd | 3-Yr Dollar Wtd | 3-Yr Dollar Wtd | 3-Yr Dollar Wtd | 3-Yr Dollar Wtd | 3-Yr Dollar Wtd | 3-Yr Dollar Wtd | 3-Yr Dollar Wtd | 3-Yr Dollar Wtd | 2-Yr Avg | Latest Obs | Tail |

Estimated Ultimate Losses

| Fiscal Accident | Paid as of Qtr 2 2007 | Selected Age-Ult Factor | Selected Ultimate Loss |
|-----------------|-----------------------|-------------------------|------------------------|
| 1995 | 174,222,715 | 1.0000 | 174,222,715 |
| 1996 | 163,404,982 | 1.0001 | 163,416,974 |
| 1997 | 174,597,626 | 1.0008 | 174,728,917 |
| 1998 | 203,208,080 | 1.0012 | 203,452,719 |
| 1999 | 267,650,004 | 1.0021 | 268,210,188 |
| 2000 | 312,479,673 | 1.0024 | 313,222,180 |
| 2001 | 380,866,809 | 1.0030 | 381,993,783 |
| 2002 | 291,135,680 | 1.0110 | 294,344,192 |
| 2003 | 209,403,392 | 1.0148 | 212,504,799 |
| 2004 | 176,518,031 | 1.0199 | 180,039,036 |
| 2005 | 189,129,875 | 1.0316 | 195,105,850 |
| 2006 | 190,745,568 | 1.0697 | 204,048,944 |
| 2007 | 191,623,785 | 1.4458 | 277,043,170 |

Fire Insurance Exchange/Mid-Century Insurance Company/Farmers Insurance Exchange
 State of California
 Fiscal Accident Years Ending with Qtr 2 of 2007
 Losses Developed through Qtr 2 of 2007

Homeowners Multiple Peril
 Defense and Cost Containment Expenses Paid
 Excluding Catastrophes

| Fiscal Accident Year | As of xx Quarters of Development | | | | | | | | | | | | |
|----------------------------|----------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| | 4 | 8 | 12 | 16 | 20 | 24 | 28 | 32 | 36 | 40 | 44 | 48 | 52 |
| 1995 | 2,563,223 | 7,322,760 | 15,016,216 | 19,567,758 | 23,266,770 | 24,791,869 | 25,135,498 | 25,216,042 | 25,301,636 | 25,533,331 | 25,546,213 | 25,563,784 | 25,569,724 |
| 1996 | 2,461,028 | 7,210,591 | 13,738,499 | 17,157,630 | 18,939,627 | 19,979,719 | 20,698,607 | 21,322,242 | 21,360,419 | 21,367,121 | 21,380,799 | 21,387,462 | |
| 1997 | 3,058,995 | 8,708,768 | 15,114,911 | 18,692,214 | 20,902,751 | 22,110,171 | 22,728,380 | 23,537,091 | 23,554,589 | 23,583,241 | 23,598,515 | | |
| 1998 | 5,853,813 | 13,696,455 | 20,408,936 | 24,297,449 | 26,742,578 | 28,406,461 | 28,917,792 | 29,130,517 | 29,235,333 | 29,323,334 | | | |
| 1999 | 4,564,017 | 11,134,623 | 17,330,075 | 22,625,776 | 26,002,352 | 27,498,541 | 28,238,854 | 28,473,347 | 28,688,182 | | | | |
| 2000 | 4,488,074 | 11,003,106 | 17,977,528 | 23,663,963 | 27,307,518 | 29,052,509 | 29,954,746 | 30,304,408 | | | | | |
| 2001 | 8,634,920 | 19,013,690 | 31,273,515 | 39,029,780 | 42,744,892 | 44,322,608 | 45,100,806 | | | | | | |
| 2002 | 14,377,107 | 29,355,610 | 41,188,614 | 46,755,684 | 50,162,614 | 51,866,250 | | | | | | | |
| 2003 | 18,602,851 | 28,807,110 | 37,565,103 | 41,835,808 | 43,881,396 | | | | | | | | |
| 2004 | 10,721,510 | 16,675,483 | 23,979,617 | 29,196,876 | | | | | | | | | |
| 2005 | 8,076,646 | 13,381,505 | 19,729,473 | | | | | | | | | | |
| 2006 | 5,880,018 | 10,818,436 | | | | | | | | | | | |
| 2007 | 4,534,793 | | | | | | | | | | | | |

Fire Insurance Exchange/Mid-Century Insurance Company/Farmers Insurance Exchange
 California
 Fiscal Accident Years Ending with Qtr 2 of 2007
 Losses Developed through Qtr 2 of 2007

Homeowners Multiple Peril
 Defense and Cost Containment Expenses Paid to Paid Loss Ratio

| Fiscal Accident Year | As of xx Quarters of Development | | | | | | | | | | | | |
|----------------------------|----------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| | 4 | 8 | 12 | 16 | 20 | 24 | 28 | 32 | 36 | 40 | 44 | 48 | 52 |
| 1995 | 0.0102 | 0.0222 | 0.0431 | 0.0549 | 0.0647 | 0.0687 | 0.0682 | 0.0684 | 0.0686 | 0.0691 | 0.0690 | 0.0690 | 0.0690 |
| 1996 | 0.0136 | 0.0291 | 0.0505 | 0.0608 | 0.0665 | 0.0698 | 0.0721 | 0.0740 | 0.0741 | 0.0741 | 0.0741 | 0.0741 | 0.0741 |
| 1997 | 0.0284 | 0.0410 | 0.0610 | 0.0716 | 0.0779 | 0.0798 | 0.0816 | 0.0841 | 0.0841 | 0.0841 | 0.0841 | 0.0841 | 0.0841 |
| 1998 | 0.0404 | 0.0558 | 0.0736 | 0.0841 | 0.0911 | 0.0958 | 0.0972 | 0.0976 | 0.0979 | 0.0981 | 0.0981 | 0.0981 | 0.0981 |
| 1999 | 0.0237 | 0.0368 | 0.0522 | 0.0660 | 0.0744 | 0.0764 | 0.0781 | 0.0783 | 0.0789 | 0.0789 | 0.0789 | 0.0789 | 0.0789 |
| 2000 | 0.0185 | 0.0306 | 0.0466 | 0.0594 | 0.0678 | 0.0716 | 0.0732 | 0.0740 | 0.0740 | 0.0740 | 0.0740 | 0.0740 | 0.0740 |
| 2001 | 0.0294 | 0.0466 | 0.0707 | 0.0859 | 0.0929 | 0.0957 | 0.0964 | 0.0964 | 0.0964 | 0.0964 | 0.0964 | 0.0964 | 0.0964 |
| 2002 | 0.0644 | 0.0896 | 0.1144 | 0.1269 | 0.1348 | 0.1383 | 0.1383 | 0.1383 | 0.1383 | 0.1383 | 0.1383 | 0.1383 | 0.1383 |
| 2003 | 0.1093 | 0.1203 | 0.1422 | 0.1532 | 0.1582 | 0.1582 | 0.1582 | 0.1582 | 0.1582 | 0.1582 | 0.1582 | 0.1582 | 0.1582 |
| 2004 | 0.0376 | 0.0466 | 0.0618 | 0.0725 | 0.0725 | 0.0725 | 0.0725 | 0.0725 | 0.0725 | 0.0725 | 0.0725 | 0.0725 | 0.0725 |
| 2005 | 0.0541 | 0.0620 | 0.0821 | 0.0821 | 0.0821 | 0.0821 | 0.0821 | 0.0821 | 0.0821 | 0.0821 | 0.0821 | 0.0821 | 0.0821 |
| 2006 | 0.0360 | 0.0467 | 0.0467 | 0.0467 | 0.0467 | 0.0467 | 0.0467 | 0.0467 | 0.0467 | 0.0467 | 0.0467 | 0.0467 | 0.0467 |
| 2007 | 0.0224 | 0.0224 | 0.0224 | 0.0224 | 0.0224 | 0.0224 | 0.0224 | 0.0224 | 0.0224 | 0.0224 | 0.0224 | 0.0224 | 0.0224 |

| Fiscal Accident Year | Age-to-Age Development Factors | | | | | | | | | | | | |
|----------------------------|--------------------------------|---------|---------|---------|---------|---------|---------|---------|----------|----------|----------|------------|--------|
| | 4-8 | 8-12 | 12-16 | 16-20 | 20-24 | 24-28 | 28-32 | 32-36 | 36-40 | 40-44 | 44-48 | 48-52 | 52-Ult |
| 1995 | 2.1888 | 1.9380 | 1.2738 | 1.1788 | 1.0616 | 0.9931 | 1.0024 | 1.0028 | 1.0073 | 0.9997 | 0.9994 | 1.0001 | 1.0001 |
| 1996 | 2.1405 | 1.7374 | 1.2046 | 1.0926 | 1.0504 | 1.0323 | 1.0272 | 1.0011 | 0.9997 | 1.0000 | 1.0002 | 1.0001 | 1.0001 |
| 1997 | 1.4463 | 1.4885 | 1.1727 | 1.0889 | 1.0243 | 1.0217 | 1.0312 | 1.0005 | 0.9995 | 1.0003 | 1.0003 | 1.0001 | 1.0001 |
| 1998 | 1.3818 | 1.3196 | 1.1422 | 1.0834 | 1.0510 | 1.0147 | 1.0047 | 1.0027 | 1.0023 | 1.0023 | 1.0023 | 1.0023 | 1.0023 |
| 1999 | 1.5549 | 1.4159 | 1.2653 | 1.1276 | 1.0262 | 1.0223 | 1.0035 | 1.0067 | 1.0067 | 1.0067 | 1.0067 | 1.0067 | 1.0067 |
| 2000 | 1.6560 | 1.5246 | 1.2740 | 1.1405 | 1.0566 | 1.0221 | 1.0110 | 1.0110 | 1.0110 | 1.0110 | 1.0110 | 1.0110 | 1.0110 |
| 2001 | 1.5886 | 1.5167 | 1.2142 | 1.0822 | 1.0296 | 1.0076 | 1.0076 | 1.0076 | 1.0076 | 1.0076 | 1.0076 | 1.0076 | 1.0076 |
| 2002 | 1.3905 | 1.2764 | 1.1099 | 1.0618 | 1.0266 | 1.0266 | 1.0266 | 1.0266 | 1.0266 | 1.0266 | 1.0266 | 1.0266 | 1.0266 |
| 2003 | 1.1002 | 1.1826 | 1.0773 | 1.0327 | 1.0327 | 1.0327 | 1.0327 | 1.0327 | 1.0327 | 1.0327 | 1.0327 | 1.0327 | 1.0327 |
| 2004 | 1.2399 | 1.3278 | 1.1730 | 1.1730 | 1.1730 | 1.1730 | 1.1730 | 1.1730 | 1.1730 | 1.1730 | 1.1730 | 1.1730 | 1.1730 |
| 2005 | 1.1462 | 1.3242 | 1.3242 | 1.3242 | 1.3242 | 1.3242 | 1.3242 | 1.3242 | 1.3242 | 1.3242 | 1.3242 | 1.3242 | 1.3242 |
| 2006 | 1.2977 | 1.2977 | 1.2977 | 1.2977 | 1.2977 | 1.2977 | 1.2977 | 1.2977 | 1.2977 | 1.2977 | 1.2977 | 1.2977 | 1.2977 |
| 3-Yr Avg | 1.2280 | 1.2782 | 1.1200 | 1.0589 | 1.0376 | 1.0173 | 1.0064 | 1.0033 | 1.0005 | 1.0000 | 1.0000 | 1.0001 | 1.0001 |
| 5-Yr Avg | 1.2349 | 1.3256 | 1.1696 | 1.0890 | 1.0380 | 1.0177 | 1.0155 | 1.0027 | 1.0027 | 1.0027 | 1.0027 | 1.0027 | 1.0027 |
| All-Yr Avg | 1.5109 | 1.4593 | 1.1907 | 1.0987 | 1.0408 | 1.0163 | 1.0133 | 1.0027 | 1.0022 | 1.0000 | 0.9998 | 1.0001 | 1.0001 |
| Olympic | 1.2280 | 1.3095 | 1.1657 | 1.0905 | 1.0357 | 1.0195 | 1.0143 | 1.0022 | 1.0005 | 1.0000 | 0.9998 | 1.0001 | 1.0001 |
| Selected | 1.2280 | 1.3095 | 1.1657 | 1.0905 | 1.0357 | 1.0195 | 1.0143 | 1.0022 | 1.0005 | 1.0000 | 0.9998 | 1.0001 | 1.0000 |
| Age-Ult | 2.1951 | 1.7876 | 1.3651 | 1.1711 | 1.0739 | 1.0368 | 1.0170 | 1.0026 | 1.0005 | 1.0000 | 1.0000 | 1.0001 | 1.0000 |
| Method | Olympic | Olympic | Olympic | Olympic | Olympic | Olympic | Olympic | Olympic | 3-Yr Avg | 3-Yr Avg | 2-Yr Avg | Latest Obs | Tail |

Estimated Ultimate Losses

| Fiscal Accident Year | Ratio as of Qtr 2 2007 | Selected Age-Ult Factor | Selected Ultimate Ratio |
|----------------------------|------------------------------|-------------------------------|-------------------------------|
| 1995 | 0.0690 | 1.0000 | 0.0690 |
| 1996 | 0.0741 | 1.0001 | 0.0741 |
| 1997 | 0.0841 | 1.0000 | 0.0841 |
| 1998 | 0.0981 | 1.0000 | 0.0981 |
| 1999 | 0.0789 | 1.0005 | 0.0789 |
| 2000 | 0.0740 | 1.0026 | 0.0742 |
| 2001 | 0.0964 | 1.0170 | 0.0981 |
| 2002 | 0.1383 | 1.0368 | 0.1434 |
| 2003 | 0.1582 | 1.0739 | 0.1699 |
| 2004 | 0.0725 | 1.1711 | 0.0849 |
| 2005 | 0.0821 | 1.3651 | 0.1120 |
| 2006 | 0.0467 | 1.7876 | 0.0836 |
| 2007 | 0.0224 | 2.1951 | 0.0493 |

0.0493 <== Ratio to apply to ultimate loss to generate ultimate DCCE

**Fire Insurance Exchange
Farmers Insurance Exchange**

State of California

Line of Business: Homeowners Multiple Peril

Total Loss Development Factor

| Fiscal Accident Year Ending in <u>Qtr 2 of</u> | (1) Incurred Loss as of Qtr 2 <u>2007</u> | (2) Estimated Ultimate Loss | (3)=(2)/(1) Loss Development <u>Factor</u> |
|---|--|--------------------------------------|---|
| 2007 | 252,489,560 | 342,721,661 | 1.3574 |

DCCE Development Factor

| Fiscal Accident Year Ending in <u>Qtr 2 of</u> | (1) <u>Ultimate Loss</u> | (2) DCCE as of Qtr 2 <u>2007</u> | (3) <u>Ultimate DCCE*</u> | (4)=(3)/(2) Loss Development <u>Factor</u> |
|---|-----------------------------|---|------------------------------|---|
| 2007 | 342,721,661 | 4,534,793 | 16,888,270 | 3.7242 |

* Determined by applying ultimate DCCE/Paid Loss ratio for FAY 2007 from page 8 of this exhibit to ultimate loss in (1)

**Fire Insurance Exchange
Farmers Insurance Exchange**

State of California

Line of Business: Homeowners Multiple Peril

Loss Trend

Liability

| Calendar Year | Quarter | (1) | | (2) | | (3) | | Net Paid Loss | (4) | | (5) | | (6) | | (7) | |
|---------------|---------|-----------------------|-----------------------|-----------------------|-----------------------|---------------------------|---------------------------|---------------|---------------------|-------------------------------|-------------------------------|------------|--------------------------|--------------|----------------------------|----|
| | | 4Q Moving Earned Pols | 4Q Moving Earned Pols | 4Q Moving Paid Claims | 4Q Moving Paid Claims | 4Q Moving Incurred Claims | 4Q Moving Incurred Claims | | 4Q Moving Paid Loss | 4Q Moving Incurred Frequency* | 4Q Moving Incurred Frequency* | Claim Cost | 4Q Moving Avg Claim Cost | Pure Premium | 4Q Moving Avg Pure Premium | |
| 2000 | 4 | 309,201 | | 1,027 | | 999 | | 13,560,607 | | | 0.3231 | | 13,204 | | 44 | |
| 2001 | 1 | 310,774 | | 938 | | 925 | | 17,805,055 | | | 0.2976 | | 18,982 | | 57 | |
| 2001 | 2 | 311,179 | | 943 | | 831 | | 13,816,266 | | | 0.2670 | | 14,651 | | 44 | |
| 2001 | 3 | 310,284 | 1,241,437 | 967 | 3,875 | 1,001 | 3,756 | 11,262,748 | 56,444,676 | | 0.3226 | 0.3026 | 11,647 | 14,566 | 36 | 45 |
| 2001 | 4 | 307,742 | 1,239,978 | 852 | 3,700 | 734 | 3,491 | 9,982,569 | 52,866,639 | | 0.2385 | 0.2815 | 11,717 | 14,288 | 32 | 43 |
| 2002 | 1 | 305,208 | 1,234,413 | 780 | 3,542 | 946 | 3,512 | 9,783,294 | 44,844,877 | | 0.3100 | 0.2845 | 12,543 | 12,661 | 32 | 36 |
| 2002 | 2 | 302,392 | 1,225,626 | 707 | 3,306 | 712 | 3,393 | 17,720,543 | 48,749,154 | | 0.2355 | 0.2768 | 25,064 | 14,746 | 59 | 40 |
| 2002 | 3 | 298,412 | 1,213,754 | 631 | 2,970 | 686 | 3,078 | 9,000,336 | 46,486,742 | | 0.2299 | 0.2536 | 14,264 | 15,652 | 30 | 38 |
| 2002 | 4 | 293,533 | 1,199,545 | 622 | 2,740 | 557 | 2,901 | 10,364,520 | 46,868,693 | | 0.1898 | 0.2418 | 16,663 | 17,105 | 35 | 39 |
| 2003 | 1 | 288,285 | 1,182,622 | 649 | 2,609 | 765 | 2,720 | 10,545,539 | 47,630,938 | | 0.2654 | 0.2300 | 16,249 | 18,256 | 37 | 40 |
| 2003 | 2 | 283,145 | 1,163,375 | 575 | 2,477 | 445 | 2,453 | 14,041,395 | 43,951,790 | | 0.1572 | 0.2109 | 24,420 | 17,744 | 50 | 38 |
| 2003 | 3 | 279,447 | 1,144,410 | 565 | 2,411 | 660 | 2,427 | 12,773,333 | 47,724,787 | | 0.2362 | 0.2121 | 22,608 | 19,795 | 46 | 42 |
| 2003 | 4 | 278,530 | 1,129,407 | 585 | 2,374 | 462 | 2,332 | 14,112,391 | 51,472,659 | | 0.1659 | 0.2065 | 24,124 | 21,682 | 51 | 46 |
| 2004 | 1 | 279,523 | 1,120,645 | 592 | 2,317 | 320 | 1,887 | 12,264,084 | 53,191,203 | | 0.1145 | 0.1684 | 20,716 | 22,957 | 44 | 47 |
| 2004 | 2 | 281,289 | 1,118,789 | 531 | 2,273 | 392 | 1,834 | 10,822,596 | 49,972,404 | | 0.1394 | 0.1639 | 20,382 | 21,985 | 38 | 45 |
| 2004 | 3 | 284,016 | 1,123,358 | 481 | 2,189 | 503 | 1,677 | 12,384,628 | 49,583,699 | | 0.1771 | 0.1493 | 25,748 | 22,651 | 44 | 44 |
| 2004 | 4 | 287,680 | 1,132,508 | 481 | 2,085 | 427 | 1,642 | 11,198,989 | 46,670,297 | | 0.1484 | 0.1450 | 23,283 | 22,384 | 39 | 41 |
| 2005 | 1 | 291,327 | 1,144,312 | 470 | 1,963 | 391 | 1,713 | 8,981,897 | 43,388,110 | | 0.1342 | 0.1497 | 19,110 | 22,103 | 31 | 38 |
| 2005 | 2 | 294,560 | 1,157,583 | 490 | 1,922 | 437 | 1,758 | 10,416,424 | 42,981,939 | | 0.1484 | 0.1519 | 21,258 | 22,363 | 35 | 37 |
| 2005 | 3 | 298,153 | 1,171,720 | 429 | 1,870 | 501 | 1,756 | 8,931,593 | 39,528,904 | | 0.1680 | 0.1499 | 20,820 | 21,138 | 30 | 34 |
| 2005 | 4 | 301,934 | 1,185,973 | 420 | 1,809 | 451 | 1,780 | 8,823,550 | 37,153,465 | | 0.1494 | 0.1501 | 21,008 | 20,538 | 29 | 31 |
| 2006 | 1 | 305,199 | 1,199,845 | 457 | 1,796 | 432 | 1,821 | 12,375,875 | 40,547,442 | | 0.1415 | 0.1518 | 27,081 | 22,577 | 41 | 34 |
| 2006 | 2 | 308,316 | 1,213,601 | 464 | 1,770 | 399 | 1,783 | 9,646,185 | 39,777,203 | | 0.1294 | 0.1469 | 20,789 | 22,473 | 31 | 33 |
| 2006 | 3 | 310,275 | 1,225,723 | 482 | 1,823 | 511 | 1,793 | 13,140,071 | 43,985,681 | | 0.1647 | 0.1463 | 27,262 | 24,128 | 42 | 36 |
| 2006 | 4 | 306,000 | 1,229,790 | 458 | 1,861 | 398 | 1,740 | 10,314,963 | 45,477,094 | | 0.1301 | 0.1415 | 22,522 | 24,437 | 34 | 37 |
| 2007 | 1 | 295,902 | 1,220,492 | 455 | 1,859 | 353 | 1,661 | 13,458,490 | 46,559,709 | | 0.1193 | 0.1361 | 29,579 | 25,046 | 45 | 38 |
| 2007 | 2 | 283,812 | 1,195,988 | 511 | 1,906 | 390 | 1,652 | 13,980,244 | 50,893,769 | | 0.1374 | 0.1381 | 27,359 | 26,702 | 49 | 43 |

* Avg claim frequency per 100 policies.

Exponential Regression Analysis

| Frequency | | | Severity | | | Pure Premium | | |
|-----------------|--------------|-----------|-----------------|-------------|-----------|-----------------|-----------------|-------|
| Regression | Trend | R2 | Regression | Trend | R2 | Regression | Trend | R2 |
| 4-point | -8.1% | 74.6% | 4-point | 14.0% | 88.6% | 4-point | 24.2% | 88.7% |
| 8-point | -5.9% | 83.5% | 8-point | 15.0% | 93.3% | 8-point | 15.2% | 78.6% |
| 12-point | -2.8% | 50.3% | 12-point | 6.0% | 51.2% | 12-point | -2.0% | 3.0% |
| 16-point | -8.3% | 64.6% | 16-point | 4.6% | 50.9% | 16-point | -6.0% | 33.0% |
| 20-point | -11.7% | 80.9% | 20-point | 8.0% | 72.9% | 20-point | -3.1% | 17.2% |
| 24-point | -13.6% | 88.4% | 24-point | 10.9% | 80.8% | 24-point | -2.7% | 18.3% |
| Selected | -2.8% | 12 | Selected | 6.0% | 12 | Selected | Not Used | |

Credibility, Z

| | | | | | |
|---|-------|--------------------------------|-------|----|--------------|
| Full Credibility Standard Number of Claims | 6,000 | Historical Number of Claims | 1,906 | => | 0.564 |
|---|-------|--------------------------------|-------|----|--------------|

Credibility Weighted Liability Loss Trend

| | Frequency | Severity | Pure Prem | Loss Trend | Compl | CW Loss Trend |
|------------|-----------|----------|-----------|------------|-------|---------------|
| Historical | -2.8% | 6.0% | Not Used | 3.0% | -0.3% | 1.5% |
| Future | Not Used | Not Used | 1.5% | 1.5% | | 1.5% |

**Fire Insurance Exchange
Farmers Insurance Exchange**

State of California

Line of Business: Homeowners Multiple Peril

Loss Trend

Theft

| Calendar Year | Quarter | (1) | | (2) | | (3) | | Net Paid Loss | (4) | | (5) | | (6) | | (7) | |
|---------------|---------|-------------|-----------------------|-------------|-----------------------|-----------------|---------------------------|---------------|---------------------|---------------------|-------------------------------|------------|----------------------|--------------|------------------------|--|
| | | Earned Pols | 4Q Moving Earned Pols | Paid Claims | 4Q Moving Paid Claims | Incurred Claims | 4Q Moving Incurred Claims | | 4Q Moving Paid Loss | Incurred Frequency* | 4Q Moving Incurred Frequency* | Claim Cost | 4Q Moving Claim Cost | Pure Premium | 4Q Moving Pure Premium | |
| 2000 | 4 | 309,201 | | 3,201 | | 3,291 | | 9,583,080 | | 1.0644 | | 2,994 | | 31 | | |
| 2001 | 1 | 310,774 | | 3,297 | | 3,346 | | 9,673,887 | | 1.0767 | | 2,934 | | 31 | | |
| 2001 | 2 | 311,179 | | 3,223 | | 2,989 | | 8,789,635 | | 0.9605 | | 2,727 | | 28 | | |
| 2001 | 3 | 310,284 | 1,241,437 | 2,889 | 12,610 | 3,128 | 12,754 | 7,934,942 | 35,981,545 | 1.0081 | 1.0274 | 2,747 | 2,853 | 26 | 29 | |
| 2001 | 4 | 307,742 | 1,239,978 | 2,866 | 12,275 | 2,853 | 12,316 | 7,779,239 | 34,177,703 | 0.9271 | 0.9932 | 2,714 | 2,784 | 25 | 28 | |
| 2002 | 1 | 305,208 | 1,234,413 | 3,163 | 12,141 | 3,481 | 12,451 | 8,707,889 | 33,211,705 | 1.1405 | 1.0087 | 2,753 | 2,735 | 29 | 27 | |
| 2002 | 2 | 302,392 | 1,225,626 | 2,548 | 11,466 | 2,540 | 12,002 | 7,722,730 | 32,144,800 | 0.8400 | 0.9793 | 3,031 | 2,803 | 26 | 26 | |
| 2002 | 3 | 298,412 | 1,213,754 | 2,284 | 10,861 | 1,946 | 10,820 | 6,988,521 | 31,198,379 | 0.6521 | 0.8914 | 3,060 | 2,873 | 23 | 26 | |
| 2002 | 4 | 293,533 | 1,199,545 | 2,056 | 10,051 | 1,809 | 9,776 | 6,221,773 | 29,640,913 | 0.6163 | 0.8150 | 3,026 | 2,949 | 21 | 25 | |
| 2003 | 1 | 288,285 | 1,182,622 | 1,909 | 8,797 | 1,865 | 8,160 | 5,828,452 | 26,761,476 | 0.6469 | 0.6900 | 3,053 | 3,042 | 20 | 23 | |
| 2003 | 2 | 283,145 | 1,163,375 | 1,603 | 7,852 | 1,516 | 7,136 | 5,843,582 | 24,882,329 | 0.5354 | 0.6134 | 3,645 | 3,169 | 21 | 21 | |
| 2003 | 3 | 279,447 | 1,144,410 | 1,510 | 7,078 | 1,503 | 6,693 | 5,396,342 | 23,290,149 | 0.5378 | 0.5848 | 3,574 | 3,290 | 19 | 20 | |
| 2003 | 4 | 278,530 | 1,129,407 | 1,419 | 6,441 | 1,420 | 6,304 | 4,696,346 | 21,764,722 | 0.5098 | 0.5582 | 3,310 | 3,379 | 17 | 19 | |
| 2004 | 1 | 279,523 | 1,120,645 | 1,505 | 6,037 | 1,523 | 5,962 | 5,041,668 | 20,977,938 | 0.5449 | 0.5320 | 3,350 | 3,475 | 18 | 19 | |
| 2004 | 2 | 281,289 | 1,118,789 | 1,383 | 5,817 | 1,471 | 5,917 | 4,356,447 | 19,490,802 | 0.5230 | 0.5289 | 3,150 | 3,351 | 15 | 17 | |
| 2004 | 3 | 284,016 | 1,123,358 | 1,322 | 5,629 | 1,355 | 5,769 | 4,599,547 | 18,694,008 | 0.4771 | 0.5135 | 3,479 | 3,321 | 16 | 17 | |
| 2004 | 4 | 287,680 | 1,132,508 | 1,329 | 5,539 | 1,376 | 5,725 | 4,364,444 | 18,362,105 | 0.4783 | 0.5055 | 3,284 | 3,315 | 15 | 16 | |
| 2005 | 1 | 291,327 | 1,144,312 | 1,602 | 5,636 | 1,497 | 5,699 | 4,680,472 | 18,000,909 | 0.5139 | 0.4980 | 2,922 | 3,194 | 16 | 16 | |
| 2005 | 2 | 294,560 | 1,157,583 | 1,397 | 5,650 | 1,371 | 5,599 | 4,375,101 | 18,019,564 | 0.4654 | 0.4837 | 3,132 | 3,189 | 15 | 16 | |
| 2005 | 3 | 298,153 | 1,171,720 | 1,445 | 5,773 | 1,357 | 5,601 | 4,473,348 | 17,893,366 | 0.4551 | 0.4780 | 3,096 | 3,099 | 15 | 15 | |
| 2005 | 4 | 301,934 | 1,185,973 | 1,631 | 6,075 | 1,631 | 5,856 | 5,562,821 | 19,091,743 | 0.5402 | 0.4938 | 3,411 | 3,143 | 18 | 16 | |
| 2006 | 1 | 305,199 | 1,199,845 | 1,805 | 6,278 | 1,689 | 6,048 | 5,937,933 | 20,349,203 | 0.5534 | 0.5041 | 3,290 | 3,241 | 19 | 17 | |
| 2006 | 2 | 308,316 | 1,213,601 | 1,580 | 6,461 | 1,597 | 6,274 | 5,056,692 | 21,030,794 | 0.5180 | 0.5170 | 3,200 | 3,255 | 16 | 17 | |
| 2006 | 3 | 310,275 | 1,225,723 | 1,473 | 6,489 | 1,473 | 6,390 | 4,887,633 | 21,445,079 | 0.4747 | 0.5213 | 3,318 | 3,305 | 16 | 17 | |
| 2006 | 4 | 306,000 | 1,229,790 | 1,544 | 6,402 | 1,533 | 6,292 | 5,279,929 | 21,162,187 | 0.5010 | 0.5116 | 3,420 | 3,306 | 17 | 17 | |
| 2007 | 1 | 295,902 | 1,220,492 | 1,657 | 6,254 | 1,642 | 6,245 | 5,441,191 | 20,665,445 | 0.5549 | 0.5117 | 3,284 | 3,304 | 18 | 17 | |
| 2007 | 2 | 283,812 | 1,195,988 | 1,521 | 6,195 | 1,565 | 6,213 | 4,860,331 | 20,469,084 | 0.5514 | 0.5195 | 3,195 | 3,304 | 17 | 17 | |

* Avg claim frequency per 100 policies.

Exponential Regression Analysis

| Frequency | | | Severity | | | Pure Premium | | |
|-----------------|-------------|-----------|-----------------|-------------|-----------|-----------------|-----------------|-------|
| Regression | Trend | R2 | Regression | Trend | R2 | Regression | Trend | R2 |
| 4-point | -0.4% | 1.9% | 4-point | 0.0% | 46.0% | 4-point | -3.2% | 60.4% |
| 8-point | 4.0% | 64.5% | 8-point | 3.7% | 79.4% | 8-point | 5.4% | 49.6% |
| 12-point | 1.5% | 22.7% | 12-point | 0.7% | 7.6% | 12-point | 3.3% | 41.8% |
| 16-point | -2.0% | 23.4% | 16-point | -0.7% | 9.4% | 16-point | -2.7% | 17.4% |
| 20-point | -8.2% | 54.3% | 20-point | 1.4% | 19.6% | 20-point | -7.4% | 56.8% |
| 24-point | -12.3% | 72.4% | 24-point | 2.8% | 50.5% | 24-point | -9.7% | 75.0% |
| Selected | 1.5% | 12 | Selected | 0.7% | 12 | Selected | Not Used | |

Credibility, Z

| | | | | | |
|---|--------------|--------------------------------|--------------|----|--------------|
| Full Credibility Standard Number of Claims | 6,000 | Historical Number of Claims | 6,195 | => | 1.000 |
|---|--------------|--------------------------------|--------------|----|--------------|

Credibility Weighted Theft Loss Trend

| | Frequency | Severity | Pure Prem | Loss Trend | Compl | CW Loss Trend |
|------------|-----------|----------|-----------|------------|-------|---------------|
| Historical | 1.5% | 0.7% | Not Used | 2.2% | 3.9% | 2.2% |
| Future | 1.5% | 0.7% | Not Used | 2.2% | | 2.2% |

**Fire Insurance Exchange
Farmers Insurance Exchange**

State of California

Line of Business: Homeowners Multiple Peril

Loss Trend

Other-Than-Theft-Or-Liability

(Excl. Cats)

| Calendar Year | Quarter | (1) | | (2) | | (3) | | Net Paid Loss | (4) | | (5) | | (6) | | (7) | |
|---------------|---------|-------------|-----------------------|-------------|-----------------------|-----------------|---------------------------|---------------|---------------------|---------------------|-------------------------------|------------|----------------------|--------------|------------------------|--|
| | | Earned Pols | 4Q Moving Earned Pols | Paid Claims | 4Q Moving Paid Claims | Incurred Claims | 4Q Moving Incurred Claims | | 4Q Moving Paid Loss | Incurred Frequency* | 4Q Moving Incurred Frequency* | Claim Cost | 4Q Moving Claim Cost | Pure Premium | 4Q Moving Pure Premium | |
| 2000 | 4 | 309,201 | | 16,031 | | 15,873 | | 88,980,344 | | 5.1336 | | 5,551 | | 288 | | |
| 2001 | 1 | 310,774 | | 18,013 | | 18,922 | | 114,464,119 | | 6.0887 | | 6,355 | | 368 | | |
| 2001 | 2 | 311,179 | | 16,655 | | 14,408 | | 105,351,003 | | 4.6301 | | 6,325 | | 339 | | |
| 2001 | 3 | 310,284 | 1,241,437 | 10,547 | 61,246 | 11,118 | 60,321 | 77,235,682 | 386,031,147 | 3.5832 | 4.8590 | 7,323 | 6,303 | 249 | 311 | |
| 2001 | 4 | 307,742 | 1,239,978 | 11,049 | 56,264 | 10,514 | 54,962 | 72,982,097 | 370,032,901 | 3.4165 | 4.4325 | 6,605 | 6,577 | 237 | 298 | |
| 2002 | 1 | 305,208 | 1,234,413 | 13,853 | 52,104 | 16,591 | 52,631 | 77,727,471 | 333,296,254 | 5.4360 | 4.2636 | 5,611 | 6,397 | 255 | 270 | |
| 2002 | 2 | 302,392 | 1,225,626 | 12,024 | 47,473 | 11,760 | 49,983 | 70,795,321 | 298,740,572 | 3.8890 | 4.0782 | 5,888 | 6,293 | 234 | 244 | |
| 2002 | 3 | 298,412 | 1,213,754 | 8,996 | 45,922 | 8,660 | 47,525 | 71,582,704 | 293,087,594 | 2.9020 | 3.9155 | 7,957 | 6,382 | 240 | 241 | |
| 2002 | 4 | 293,533 | 1,199,545 | 8,216 | 43,089 | 7,119 | 44,130 | 66,860,712 | 286,966,208 | 2.4253 | 3.6789 | 8,138 | 6,660 | 228 | 239 | |
| 2003 | 1 | 288,285 | 1,182,622 | 9,375 | 38,611 | 9,032 | 36,571 | 66,275,753 | 275,514,490 | 3.1330 | 3.0924 | 7,069 | 7,136 | 230 | 233 | |
| 2003 | 2 | 283,145 | 1,163,375 | 6,501 | 33,088 | 5,581 | 30,392 | 49,394,670 | 254,113,839 | 1.9711 | 2.6124 | 7,598 | 7,680 | 174 | 218 | |
| 2003 | 3 | 279,447 | 1,144,410 | 5,272 | 29,364 | 5,338 | 27,070 | 54,018,771 | 236,549,905 | 1.9102 | 2.3654 | 10,246 | 8,056 | 193 | 207 | |
| 2003 | 4 | 278,530 | 1,129,407 | 5,216 | 26,364 | 4,394 | 24,345 | 44,811,183 | 214,500,376 | 1.5776 | 2.1556 | 8,591 | 8,136 | 161 | 190 | |
| 2004 | 1 | 279,523 | 1,120,645 | 6,720 | 23,709 | 6,540 | 21,853 | 54,267,143 | 202,491,766 | 2.3397 | 1.9500 | 8,075 | 8,541 | 194 | 181 | |
| 2004 | 2 | 281,289 | 1,118,789 | 5,394 | 22,602 | 5,374 | 21,646 | 45,611,764 | 198,708,861 | 1.9105 | 1.9348 | 8,456 | 8,792 | 162 | 178 | |
| 2004 | 3 | 284,016 | 1,123,358 | 4,613 | 21,943 | 4,870 | 21,178 | 44,099,902 | 188,789,992 | 1.7147 | 1.8852 | 9,560 | 8,604 | 155 | 168 | |
| 2004 | 4 | 287,680 | 1,132,508 | 4,855 | 21,582 | 4,907 | 21,691 | 45,014,525 | 188,993,334 | 1.7057 | 1.9153 | 9,272 | 8,757 | 156 | 167 | |
| 2005 | 1 | 291,327 | 1,144,312 | 7,109 | 21,971 | 7,693 | 22,844 | 52,497,339 | 187,223,530 | 2.6407 | 1.9963 | 7,385 | 8,521 | 180 | 164 | |
| 2005 | 2 | 294,560 | 1,157,583 | 5,302 | 21,879 | 3,872 | 21,342 | 45,881,117 | 187,492,883 | 1.3145 | 1.8437 | 8,654 | 8,570 | 156 | 162 | |
| 2005 | 3 | 298,153 | 1,171,720 | 4,962 | 22,228 | 4,786 | 21,258 | 50,414,146 | 193,807,127 | 1.6052 | 1.8143 | 10,160 | 8,719 | 169 | 165 | |
| 2005 | 4 | 301,934 | 1,185,973 | 4,590 | 21,963 | 4,469 | 20,820 | 46,003,745 | 194,796,347 | 1.4801 | 1.7555 | 10,023 | 8,869 | 152 | 164 | |
| 2006 | 1 | 305,199 | 1,199,845 | 8,334 | 23,188 | 8,890 | 22,017 | 60,708,309 | 203,007,317 | 2.9129 | 1.8350 | 7,284 | 8,755 | 199 | 169 | |
| 2006 | 2 | 308,316 | 1,213,601 | 5,792 | 23,678 | 5,423 | 23,568 | 53,794,341 | 210,920,541 | 1.7589 | 1.9420 | 9,288 | 8,908 | 174 | 174 | |
| 2006 | 3 | 310,275 | 1,225,723 | 5,625 | 24,341 | 5,805 | 24,587 | 55,811,236 | 216,317,631 | 1.8709 | 2.0059 | 9,922 | 8,887 | 180 | 176 | |
| 2006 | 4 | 306,000 | 1,229,790 | 5,011 | 24,762 | 4,905 | 25,023 | 55,652,521 | 225,966,407 | 1.6029 | 2.0347 | 11,106 | 9,126 | 182 | 184 | |
| 2007 | 1 | 295,902 | 1,220,492 | 8,083 | 24,511 | 8,006 | 24,139 | 78,160,920 | 243,419,018 | 2.7056 | 1.9778 | 9,670 | 9,931 | 264 | 199 | |
| 2007 | 2 | 283,812 | 1,195,988 | 5,573 | 24,292 | 5,344 | 24,060 | 64,361,001 | 253,985,678 | 1.8829 | 2.0117 | 11,549 | 10,456 | 227 | 212 | |

* Avg claim frequency per 100 policies.

Exponential Regression Analysis

| Frequency | | | Severity | | | Pure Premium | | |
|-----------------|-------------|-----------|-----------------|-------------|-----------|-----------------|-----------------|-------|
| Regression | Trend | R2 | Regression | Trend | R2 | Regression | Trend | R2 |
| 4-point | -0.8% | 4.7% | 4-point | 25.7% | 96.6% | 4-point | 29.0% | 98.5% |
| 8-point | 8.2% | 75.6% | 8-point | 9.8% | 73.2% | 8-point | 15.3% | 89.4% |
| 12-point | 2.6% | 22.6% | 12-point | 5.7% | 65.1% | 12-point | 8.1% | 68.7% |
| 16-point | -1.8% | 9.7% | 16-point | 4.6% | 69.4% | 16-point | 0.9% | 1.5% |
| 20-point | -10.7% | 51.7% | 20-point | 7.4% | 79.0% | 20-point | -4.7% | 27.7% |
| 24-point | -15.2% | 71.9% | 24-point | 8.3% | 87.1% | 24-point | -8.1% | 56.5% |
| Selected | 2.6% | 12 | Selected | 5.7% | 12 | Selected | Not Used | |

Credibility, Z

| | | | | | |
|---|-------|--------------------------------|--------|----|-------|
| Full Credibility Standard Number of Claims | 6,000 | Historical Number of Claims | 24,292 | => | 1.000 |
|---|-------|--------------------------------|--------|----|-------|

Credibility Weighted Other-Than-Theft-Or-Liability Loss Trend

| | Frequency | Severity | Pure Prem | Loss Trend | Compl | CW Loss Trend |
|------------|-----------|----------|-----------|------------|-------|---------------|
| Historical | 2.6% | 5.7% | Not Used | 8.4% | 7.4% | 8.4% |
| Future | 2.6% | 5.7% | Not Used | 8.4% | | 8.4% |

Farmers Insurance Group Preferred

Countrywide (excluding CA and TX)

Line of Business: Homeowners Multiple Peril

Loss Trend

Liability

| Calendar Year | Quarter | Earned Pols | (1) 4Q Moving Earned | | (2) 4Q Moving Paid | | (3) 4Q Moving Incurred | | Net Paid Loss | (4) 4Q Moving | | (5) (3) / (1) 4Q Moving | | (6) = (4) / (2) 4Q Moving | | (7) = (4) / (1) 4Q Moving | |
|---------------|---------|-------------|----------------------|-------|--------------------|--------|------------------------|------------|---------------|---------------|--------|-------------------------|---------------------|---------------------------|----------------|---------------------------|------------------|
| | | | Pols | Pols | Claims | Claims | Claims | Claims | | Loss | Loss | Frequency* | Incurred Frequency* | Claim Cost | Avg Claim Cost | Pure Premium | Avg Pure Premium |
| 2000 | 4 | 619,255 | | 1,460 | | 1,592 | | 11,306,559 | | | | 0.2368 | | 6,788 | | 17 | |
| 2001 | 1 | 622,829 | | 1,268 | | 1,188 | | 14,161,345 | | | | 0.2058 | | 12,665 | | 24 | |
| 2001 | 2 | 624,523 | | 1,341 | | 1,349 | | 12,250,476 | | | | 0.2242 | | 8,455 | | 20 | |
| 2001 | 3 | 622,340 | 2,488,947 | 1,542 | 5,611 | 1,499 | 5,628 | 13,811,894 | 51,530,275 | 0.2475 | 0.2288 | 9,603 | 9,167 | 24 | 21 | | |
| 2001 | 4 | 613,865 | 2,483,557 | 1,287 | 5,438 | 1,324 | 5,360 | 11,593,874 | 51,817,589 | 0.2047 | 0.2209 | 8,379 | 9,753 | 19 | 22 | | |
| 2002 | 1 | 604,401 | 2,465,129 | 1,030 | 5,200 | 1,077 | 5,249 | 10,422,202 | 48,078,447 | 0.1748 | 0.2134 | 9,218 | 9,078 | 18 | 20 | | |
| 2002 | 2 | 592,511 | 2,433,116 | 1,061 | 4,920 | 1,075 | 4,975 | 8,924,814 | 44,752,784 | 0.1815 | 0.2029 | 7,923 | 8,921 | 15 | 19 | | |
| 2002 | 3 | 578,932 | 2,389,709 | 1,293 | 4,671 | 1,189 | 4,665 | 10,698,766 | 41,639,655 | 0.2273 | 0.1971 | 9,140 | 8,780 | 19 | 18 | | |
| 2002 | 4 | 568,213 | 2,344,056 | 879 | 4,263 | 1,033 | 4,374 | 12,427,962 | 42,473,743 | 0.1520 | 0.1838 | 12,205 | 9,546 | 22 | 19 | | |
| 2003 | 1 | 560,453 | 2,300,108 | 803 | 4,036 | 819 | 4,116 | 10,279,415 | 42,330,956 | 0.1455 | 0.1768 | 11,918 | 10,094 | 19 | 19 | | |
| 2003 | 2 | 553,398 | 2,260,996 | 680 | 3,655 | 859 | 3,900 | 10,662,192 | 44,068,335 | 0.1202 | 0.1618 | 12,047 | 11,103 | 20 | 20 | | |
| 2003 | 3 | 546,187 | 2,228,250 | 854 | 3,216 | 893 | 3,604 | 10,411,884 | 43,781,453 | 0.1559 | 0.1436 | 12,249 | 12,011 | 20 | 20 | | |
| 2003 | 4 | 540,871 | 2,200,909 | 743 | 3,080 | 895 | 3,466 | 11,571,857 | 42,925,348 | 0.1390 | 0.1403 | 12,371 | 12,148 | 21 | 20 | | |
| 2004 | 1 | 538,050 | 2,178,505 | 578 | 2,855 | 756 | 3,403 | 11,408,619 | 44,054,553 | 0.1072 | 0.1307 | 14,903 | 12,734 | 21 | 20 | | |
| 2004 | 2 | 538,706 | 2,163,814 | 761 | 2,936 | 903 | 3,447 | 14,902,225 | 48,294,585 | 0.1381 | 0.1351 | 15,841 | 13,726 | 27 | 22 | | |
| 2004 | 3 | 541,599 | 2,159,226 | 914 | 2,996 | 909 | 3,463 | 11,418,065 | 49,300,766 | 0.1682 | 0.1382 | 11,876 | 13,777 | 20 | 22 | | |
| 2004 | 4 | 544,391 | 2,162,745 | 696 | 2,949 | 832 | 3,400 | 10,733,934 | 48,462,843 | 0.1262 | 0.1351 | 12,521 | 13,957 | 19 | 22 | | |
| 2005 | 1 | 547,657 | 2,172,353 | 593 | 2,964 | 763 | 3,407 | 13,012,066 | 50,066,291 | 0.1079 | 0.1352 | 16,402 | 14,407 | 23 | 22 | | |
| 2005 | 2 | 551,418 | 2,185,064 | 831 | 3,034 | 809 | 3,313 | 17,877,730 | 53,041,796 | 0.1485 | 0.1378 | 21,803 | 15,930 | 32 | 24 | | |
| 2005 | 3 | 556,152 | 2,199,617 | 1,003 | 3,123 | 989 | 3,393 | 11,762,099 | 53,385,830 | 0.1788 | 0.1408 | 11,891 | 15,797 | 21 | 24 | | |
| 2005 | 4 | 561,995 | 2,217,222 | 661 | 3,088 | 797 | 3,358 | 12,054,263 | 54,706,159 | 0.1151 | 0.1378 | 14,769 | 16,218 | 21 | 24 | | |
| 2006 | 1 | 568,675 | 2,238,240 | 597 | 3,092 | 713 | 3,308 | 13,347,754 | 55,041,846 | 0.1035 | 0.1365 | 18,468 | 16,608 | 23 | 24 | | |
| 2006 | 2 | 576,510 | 2,263,332 | 855 | 3,116 | 875 | 3,374 | 12,659,819 | 49,823,935 | 0.1474 | 0.1363 | 14,544 | 14,770 | 22 | 22 | | |
| 2006 | 3 | 584,181 | 2,291,361 | 974 | 3,087 | 921 | 3,306 | 12,134,680 | 50,196,516 | 0.1655 | 0.1336 | 12,943 | 15,266 | 20 | 22 | | |
| 2006 | 4 | 590,035 | 2,319,401 | 782 | 3,208 | 812 | 3,321 | 12,738,804 | 50,881,057 | 0.1320 | 0.1376 | 14,893 | 15,251 | 21 | 22 | | |
| 2007 | 1 | 594,202 | 2,344,928 | 516 | 3,127 | 666 | 3,274 | 9,399,892 | 46,933,196 | 0.0867 | 0.1330 | 14,468 | 14,286 | 16 | 20 | | |
| 2007 | 2 | 593,711 | 2,362,128 | 743 | 3,015 | 771 | 3,170 | 12,188,846 | 46,462,222 | 0.1251 | 0.1276 | 15,809 | 14,657 | 21 | 20 | | |

* Avg claim frequency per 100 policies.

Exponential Regression Analysis

| Frequency | | | Severity | | | Pure Premium | | |
|-----------------|--------------|-----------|-----------------|-------------|-----------|-----------------|-----------------|-------|
| Regression | Trend | R2 | Regression | Trend | R2 | Regression | Trend | R2 |
| 4-point | -6.6% | 50.4% | 4-point | -7.2% | 55.9% | 4-point | -13.9% | 83.1% |
| 8-point | -4.0% | 70.8% | 8-point | -6.4% | 60.1% | 8-point | -11.8% | 86.8% |
| 12-point | -1.6% | 33.8% | 12-point | 1.3% | 3.5% | 12-point | -4.3% | 34.3% |
| 16-point | -1.1% | 22.6% | 16-point | 5.9% | 48.7% | 16-point | 0.3% | 0.3% |
| 20-point | -5.9% | 55.7% | 20-point | 11.1% | 71.8% | 20-point | 3.1% | 25.8% |
| 24-point | -8.8% | 73.5% | 24-point | 11.8% | 82.0% | 24-point | 2.2% | 21.6% |
| Selected | -1.6% | 12 | Selected | 1.3% | 12 | Selected | Not Used | |

Credibility, Z

| | | |
|---------------------------|------------------|-------------|
| Full Credibility Standard | Historical | |
| Number of Claims | Number of Claims | => |
| 6,000 | 3,170 | 0.77 |

Credibility Weighted Liability Loss Trend

| | Frequency | Severity | Pure Prem | Loss Trend |
|------------|-----------|----------|-----------|--------------|
| Historical | -1.6% | 1.3% | Not Used | -0.3% |

**Fire Insurance Exchange
Farmers Insurance Exchange**

State of California

Line of Business: Homeowners Multiple Peril

Loss and DCCE Trend Factor

| <u>Liability</u> | | | | | |
|--|------------|--------|--------------------|---|--|
| (1) | (2) | (3) | (4) | (5) | (6) |
| Fiscal Accident Year Ending in Qtr 2 of | Liability | | (2) x (3) Total | Untrended Ultimate Incurred Losses | (4) x (5) Trended Ultimate Incurred Losses |
| | Historical | Future | | | |
| 2007 | 1.0000 | 1.0343 | 1.0343 | 51,598,753 | 53,368,889 |

| <u>Theft</u> | | | | | |
|--|------------|--------|---------------------|---|--|
| (7) | (8) | (9) | (10) | (11) | (12) |
| Fiscal Accident Year Ending in Qtr 2 of | Theft | | (9) x (10) Total | Untrended Ultimate Incurred Losses | (10) x (11) Trended Ultimate Incurred Losses |
| | Historical | Future | | | |
| 2007 | 1.0000 | 1.0496 | 1.0496 | 20,263,806 | 21,268,532 |

| <u>Other-Than-Theft-Or-Liability (OTL)</u> | | | | | |
|--|-------------------------------|--------|----------------------|---|--|
| (13) | (14) | (15) | (16) | (17) | (18) |
| Fiscal Accident Year Ending in Qtr 2 of | Other-Than-Theft-or-Liability | | (14) x (15) Total | Untrended Ultimate Incurred Losses | (16) x (17) Trended Ultimate Incurred Losses |
| | Historical | Future | | | |
| 2007 | 1.0000 | 1.1962 | 1.1962 | 270,859,102 | 324,003,170 |

| <u>Total All Perils Combined</u> | | | | | |
|--|---------------------------|--------|---|--|--|
| (19) | (20) | (21) | (22) | (23) | |
| Fiscal Accident Year Ending in Qtr 2 of | Total All Perils Combined | | Untrended Adjusted Ultimate Incurred Losses | Total Trended Ultimate Incurred Losses | |
| 2007 | | 1.1632 | 342,721,661 | 398,640,590 | |

Overall Trend: 7.08%

Notes:
 (5), (11) and (17) Exhibit 7
 (21) (23)/(22)
 (22) (5) + (11) + (17)
 (23) (6) + (12) + (18)

**Fire Insurance Exchange
Farmers Insurance Exchange**

State of California

Line of Business: Homeowners Multiple Peril

Loss Trend - With Variance 10B

**Other-Than-Theft-Or-Liability
(Excl. Cats)**

| Calendar Year | Quarter | Earned Pols | (1) | | (2) | | (3) | | Net Paid Loss | (4) | | (5) | | (6) | | (7) | |
|------------------|---------|----------------|-----------------------------|----------------|-----------------------------|--------------------|---------------------------------|--------------------|---------------------|---------------------------|------------------------|---|---------------|--------------------------------|-----------------|----------------------------------|--|
| | | | 4Q Moving Earned Pols | Paid Claims | 4Q Moving Paid Claims | Incurred Claims | 4Q Moving Incurred Claims | Incurred Claims | | 4Q Moving Paid Loss | Incurred frequency* | 4Q Moving Avg Incurred Frequency* | Claim Cost | 4Q Moving Avg Claim Cost | Pure Premium | 4Q Moving Avg Pure Premium | |
| 2000 | 4 | 309,201 | | 16,031 | | | 15,873 | | 88,980,344 | | 5.1336 | | | 5,551 | | 288 | |
| 2001 | 1 | 310,774 | | 18,013 | | | 18,922 | | 114,464,119 | | 6.0887 | | | 6,355 | | 368 | |
| 2001 | 2 | 311,179 | | 16,655 | | | 14,408 | | 105,351,003 | | 4.6301 | | | 6,325 | | 339 | |
| 2001 | 3 | 310,284 | 1,241,437 | 10,547 | 61,246 | 11,118 | 60,321 | 60,321 | 77,235,682 | 386,031,147 | 3.5832 | 4.8590 | 7,323 | 6,303 | 249 | 311 | |
| 2001 | 4 | 307,742 | 1,239,978 | 11,049 | 56,264 | 10,514 | 54,962 | 54,962 | 72,982,097 | 370,032,901 | 3.4165 | 4.4325 | 6,605 | 6,577 | 237 | 298 | |
| 2002 | 1 | 305,208 | 1,234,413 | 13,853 | 52,104 | 16,591 | 52,631 | 52,631 | 77,727,471 | 333,296,254 | 5.4360 | 4.2636 | 5,611 | 6,397 | 255 | 270 | |
| 2002 | 2 | 302,392 | 1,225,626 | 12,024 | 47,473 | 11,760 | 49,983 | 49,983 | 70,795,321 | 298,740,572 | 3.8890 | 4.0782 | 5,888 | 6,293 | 234 | 244 | |
| 2002 | 3 | 298,412 | 1,213,754 | 8,996 | 45,922 | 8,660 | 47,525 | 47,525 | 71,582,704 | 293,087,594 | 2.9020 | 3.9155 | 7,957 | 6,382 | 240 | 241 | |
| 2002 | 4 | 293,533 | 1,199,545 | 8,216 | 43,089 | 7,119 | 44,130 | 44,130 | 66,860,712 | 286,966,208 | 2.4253 | 3.6789 | 8,138 | 6,660 | 228 | 239 | |
| 2003 | 1 | 288,285 | 1,182,622 | 9,375 | 38,611 | 9,032 | 36,571 | 36,571 | 66,275,753 | 275,514,490 | 3.1330 | 3.0924 | 7,069 | 7,136 | 230 | 233 | |
| 2003 | 2 | 283,145 | 1,163,375 | 6,501 | 33,088 | 5,581 | 30,392 | 30,392 | 49,394,670 | 254,113,839 | 1.9711 | 2.6124 | 7,598 | 7,680 | 174 | 218 | |
| 2003 | 3 | 279,447 | 1,144,410 | 5,272 | 29,364 | 5,338 | 27,070 | 27,070 | 54,018,771 | 236,549,905 | 1.9102 | 2.3654 | 10,246 | 8,056 | 193 | 207 | |
| 2003 | 4 | 278,530 | 1,129,407 | 5,216 | 26,364 | 4,394 | 24,345 | 24,345 | 44,811,183 | 214,500,376 | 1.5776 | 2.1556 | 8,591 | 8,136 | 161 | 190 | |
| 2004 | 1 | 279,523 | 1,120,645 | 6,720 | 23,709 | 6,540 | 21,853 | 21,853 | 54,267,143 | 202,491,766 | 2.3397 | 1.9500 | 8,075 | 8,541 | 194 | 181 | |
| 2004 | 2 | 281,289 | 1,118,789 | 5,394 | 22,602 | 5,374 | 21,646 | 21,646 | 45,611,764 | 198,708,861 | 1.9105 | 1.9348 | 8,456 | 8,792 | 162 | 178 | |
| 2004 | 3 | 284,016 | 1,123,358 | 4,613 | 21,943 | 4,870 | 21,178 | 21,178 | 44,099,902 | 188,789,992 | 1.7147 | 1.8852 | 9,560 | 8,604 | 155 | 168 | |
| 2004 | 4 | 287,680 | 1,132,508 | 4,855 | 21,582 | 4,907 | 21,691 | 21,691 | 45,014,525 | 188,993,334 | 1.7057 | 1.9153 | 9,272 | 8,757 | 156 | 167 | |
| 2005 | 1 | 291,327 | 1,144,312 | 7,109 | 21,971 | 7,693 | 22,844 | 22,844 | 52,497,339 | 187,223,530 | 2.6407 | 1.9963 | 7,385 | 8,521 | 180 | 164 | |
| 2005 | 2 | 294,560 | 1,157,583 | 5,302 | 21,879 | 3,872 | 21,342 | 21,342 | 45,881,117 | 187,492,883 | 1.3145 | 1.8437 | 8,654 | 8,570 | 156 | 162 | |
| 2005 | 3 | 298,153 | 1,171,720 | 4,962 | 22,228 | 4,786 | 21,258 | 21,258 | 50,414,146 | 193,807,127 | 1.6052 | 1.8143 | 10,160 | 8,719 | 169 | 165 | |
| 2005 | 4 | 301,934 | 1,185,973 | 4,590 | 21,963 | 4,469 | 20,820 | 20,820 | 46,003,745 | 194,796,347 | 1.4801 | 1.7555 | 10,023 | 8,869 | 152 | 164 | |
| 2006 | 1 | 305,199 | 1,199,845 | 8,334 | 23,188 | 8,890 | 22,017 | 22,017 | 60,708,309 | 203,007,317 | 2.9129 | 1.8350 | 7,284 | 8,755 | 199 | 169 | |
| 2006 | 2 | 308,316 | 1,213,601 | 5,792 | 23,678 | 5,423 | 23,568 | 23,568 | 53,794,341 | 210,920,541 | 1.7589 | 1.9420 | 9,288 | 8,908 | 174 | 174 | |
| 2006 | 3 | 310,275 | 1,225,723 | 5,625 | 24,341 | 5,805 | 24,587 | 24,587 | 55,811,236 | 216,317,631 | 1.8709 | 2.0059 | 9,922 | 8,887 | 180 | 176 | |
| 2006 | 4 | 306,000 | 1,229,790 | 5,011 | 24,762 | 4,905 | 25,023 | 25,023 | 51,198,271 | 221,512,157 | 1.6029 | 2.0347 | 10,217 | 8,946 | 167 | 180 | |
| 2007 | 1 | 295,902 | 1,220,492 | 8,083 | 24,511 | 8,006 | 24,139 | 24,139 | 71,905,170 | 232,709,019 | 2.7056 | 1.9778 | 8,896 | 9,494 | 243 | 191 | |
| 2007 | 2 | 283,812 | 1,195,988 | 5,573 | 24,292 | 5,344 | 24,060 | 24,060 | 59,209,752 | 238,124,430 | 1.8829 | 2.0117 | 10,624 | 9,803 | 209 | 199 | |

* Avg claim frequency per 100 policies.

Exponential Regression Analysis

| Frequency | | | Severity | | | Pure Premium | | |
|-----------------|-------------|-----------|-----------------|-------------|-----------|-----------------|-----------------|-------|
| Regression | Trend | R2 | Regression | Trend | R2 | Regression | Trend | R2 |
| 4-point | -0.8% | 4.7% | 4-point | 15.2% | 92.8% | 4-point | 18.2% | 97.2% |
| 8-point | 8.2% | 75.6% | 8-point | 6.0% | 72.5% | 8-point | 11.3% | 93.2% |
| 12-point | 2.6% | 22.6% | 12-point | 3.9% | 69.0% | 12-point | 6.3% | 71.7% |
| 16-point | -1.8% | 9.7% | 16-point | 3.6% | 74.2% | 16-point | -0.2% | 0.1% |
| 20-point | -10.7% | 51.7% | 20-point | 6.7% | 75.9% | 20-point | -5.3% | 37.8% |
| 24-point | -15.2% | 71.9% | 24-point | 7.7% | 85.2% | 24-point | -8.5% | 63.0% |
| Selected | 2.6% | 12 | Selected | 3.9% | 12 | Selected | Not Used | |

Credibility, Z

| | | | | | |
|---|--------------|--------------------------------|---------------|----|--------------|
| Full Credibility Standard Number of Claims | 6,000 | Historical Number of Claims | 24,292 | => | 1.000 |
|---|--------------|--------------------------------|---------------|----|--------------|

Credibility Weighted Other-Than-Theft-Or-Liability Loss Trend

| | Frequency | Severity | Pure Prem | Loss Trend | Compl | CW Loss Trend |
|------------|-----------|----------|-----------|------------|-------|---------------|
| Historical | 2.6% | 3.9% | Not Used | 6.6% | 7.4% | 6.6% |
| Future | 2.6% | 12.6% | Not Used | 15.5% | | 15.5% |

**Fire Insurance Exchange
Farmers Insurance Exchange**

State of California

Line of Business: Homeowners Multiple Peril

Loss and DCCE Trend Factor - With Variance 10B

| Liability | | | | | |
|---|-------------------|---------------|---------------------------|--|---|
| (1) | (2) | (3) | (4) | (5) | (6) |
| Fiscal Accident Year Ending in <u>Qtr 2 of</u> | <u>Liability</u> | | (2) x (3) <u>Total</u> | Untrended Ultimate Incurred <u>Losses</u> | (4) x (5) Trended Ultimate Incurred <u>Losses</u> |
| | <u>Historical</u> | <u>Future</u> | | | |
| 2007 | 1.0000 | 1.0343 | 1.0343 | 51,598,753 | 53,368,889 |

| Theft | | | | | |
|---|-------------------|---------------|----------------------------|--|---|
| (7) | (8) | (9) | (10) | (11) | (12) |
| Fiscal Accident Year Ending in <u>Qtr 2 of</u> | <u>Theft</u> | | (9) x (10) <u>Total</u> | Untrended Ultimate Incurred <u>Losses</u> | (10) x (11) Trended Ultimate Incurred <u>Losses</u> |
| | <u>Historical</u> | <u>Future</u> | | | |
| 2007 | 1.0000 | 1.0496 | 1.0496 | 20,263,806 | 21,268,532 |

| Other-Than-Theft-Or-Liability (OTL) | | | | | |
|---|--------------------------------------|---------------|-----------------------------|--|---|
| (13) | (14) | (15) | (16) | (17) | (18) |
| Fiscal Accident Year Ending in <u>Qtr 2 of</u> | <u>Other-Than-Theft-or-Liability</u> | | (14) x (15) <u>Total</u> | Untrended Ultimate Incurred <u>Losses</u> | (16) x (17) Trended Ultimate Incurred <u>Losses</u> |
| | <u>Historical</u> | <u>Future</u> | | | |
| 2007 | 1.0000 | 1.3745 | 1.3745 | 270,859,102 | 372,305,987 |

| Total All Perils Combined | | | | | |
|---|----------------------------------|--------|--|---|--|
| (19) | (20) | (21) | (22) | (23) | |
| Fiscal Accident Year Ending in <u>Qtr 2 of</u> | <u>Total All Perils Combined</u> | | Untrended Adjusted Ultimate Incurred <u>Losses</u> | Total Trended Ultimate Incurred <u>Losses</u> | |
| 2007 | | 1.3041 | 342,721,661 | 446,943,408 | |

Overall Trend: 12.77%

Notes:
 (5), (11) and (17) Exhibit 7
 (21) (23)/(22)
 (22) (5) + (11) + (17)
 (23) (6) + (12) + (18)

**Fire Insurance Exchange
Farmers Insurance Exchange**

State of California

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

Catastrophe Adjustment

| | | | | (1) | (2) | (3) | (4) | | | | | (1) | (2) | (3) | (4) | | |
|----------|----------|-------------|-------------|-------------|---------|----------|----------|-------------|-------------|-------------|---------|----------|----------|-------------|-------------|-------------|---------|
| Accident | Accident | Non-Cat | Cat Paid | Total Paid | Total/ | Accident | Accident | Non-Cat | Cat Paid | Total Paid | Total/ | Accident | Accident | Non-Cat | Cat Paid | Total Paid | Total/ |
| Year | Quarter | Paid Losses | Losses | Losses | Non-Cat | Year | Quarter | Paid Losses | Losses | Losses | Non-Cat | Year | Quarter | Paid Losses | Losses | Losses | Non-Cat |
| 1987 | 3 | 17,424,138 | 0 | 17,424,138 | 1.0000 | 1997 | 3 | 44,296,894 | 0 | 44,296,894 | 1.0000 | 1997 | 3 | 44,296,894 | 0 | 44,296,894 | 1.0000 |
| 1987 | 4 | 24,993,525 | 4,747,464 | 29,740,989 | 1.1899 | 1997 | 4 | 56,896,645 | 690 | 56,897,335 | 1.0000 | 1997 | 4 | 56,896,645 | 690 | 56,897,335 | 1.0000 |
| 1988 | 1 | 24,219,162 | 5,115,551 | 29,334,713 | 1.2112 | 1998 | 1 | 55,621,578 | 23,744,292 | 79,365,870 | 1.4269 | 1998 | 1 | 55,621,578 | 23,744,292 | 79,365,870 | 1.4269 |
| 1988 | 2 | 15,689,447 | 0 | 15,689,447 | 1.0000 | 1998 | 2 | 46,392,962 | 3,296 | 46,396,258 | 1.0001 | 1998 | 2 | 46,392,962 | 3,296 | 46,396,258 | 1.0001 |
| 1988 | 3 | 20,570,714 | 0 | 20,570,714 | 1.0000 | 1998 | 3 | 63,170,341 | 0 | 63,170,341 | 1.0000 | 1998 | 3 | 63,170,341 | 0 | 63,170,341 | 1.0000 |
| 1988 | 4 | 21,404,083 | 11,773,999 | 33,178,082 | 1.5501 | 1998 | 4 | 70,496,944 | 7,196,064 | 77,693,007 | 1.1021 | 1998 | 4 | 70,496,944 | 7,196,064 | 77,693,007 | 1.1021 |
| 1989 | 1 | 24,434,639 | 1,641,331 | 26,075,971 | 1.0672 | 1999 | 1 | 59,989,125 | 50 | 59,989,175 | 1.0000 | 1999 | 1 | 59,989,125 | 50 | 59,989,175 | 1.0000 |
| 1989 | 2 | 18,654,722 | 0 | 18,654,722 | 1.0000 | 1999 | 2 | 73,993,594 | 2,028 | 73,995,622 | 1.0000 | 1999 | 2 | 73,993,594 | 2,028 | 73,995,622 | 1.0000 |
| 1989 | 3 | 19,043,348 | 0 | 19,043,348 | 1.0000 | 1999 | 3 | 71,145,149 | 0 | 71,145,149 | 1.0000 | 1999 | 3 | 71,145,149 | 0 | 71,145,149 | 1.0000 |
| 1989 | 4 | 27,581,287 | 3,086 | 27,584,373 | 1.0001 | 1999 | 4 | 73,250,488 | 5,114,331 | 78,364,819 | 1.0698 | 1999 | 4 | 73,250,488 | 5,114,331 | 78,364,819 | 1.0698 |
| 1990 | 1 | 23,218,267 | 5,584,362 | 28,802,629 | 1.2405 | 2000 | 1 | 91,349,964 | 8,892,902 | 100,242,866 | 1.0973 | 2000 | 1 | 91,349,964 | 8,892,902 | 100,242,866 | 1.0973 |
| 1990 | 2 | 24,504,904 | 22,191,149 | 46,696,053 | 1.9056 | 2000 | 2 | 76,734,071 | 8,596 | 76,742,667 | 1.0001 | 2000 | 2 | 76,734,071 | 8,596 | 76,742,667 | 1.0001 |
| 1990 | 3 | 21,295,511 | 0 | 21,295,511 | 1.0000 | 2000 | 3 | 89,063,831 | 0 | 89,063,831 | 1.0000 | 2000 | 3 | 89,063,831 | 0 | 89,063,831 | 1.0000 |
| 1990 | 4 | 34,690,055 | 31,581,223 | 66,271,278 | 1.9104 | 2000 | 4 | 102,883,796 | 0 | 102,883,796 | 1.0000 | 2000 | 4 | 102,883,796 | 0 | 102,883,796 | 1.0000 |
| 1991 | 1 | 32,362,894 | 12,968,520 | 45,331,415 | 1.4007 | 2001 | 1 | 109,111,647 | 9,728,446 | 118,840,094 | 1.0892 | 2001 | 1 | 109,111,647 | 9,728,446 | 118,840,094 | 1.0892 |
| 1991 | 2 | 29,883,397 | 2,968 | 29,886,364 | 1.0001 | 2001 | 2 | 79,807,535 | 1,111 | 79,808,645 | 1.0000 | 2001 | 2 | 79,807,535 | 1,111 | 79,808,645 | 1.0000 |
| 1991 | 3 | 26,272,008 | 156 | 26,272,164 | 1.0000 | 2001 | 3 | 78,764,786 | 0 | 78,764,786 | 1.0000 | 2001 | 3 | 78,764,786 | 0 | 78,764,786 | 1.0000 |
| 1991 | 4 | 35,157,647 | 109,982,357 | 145,140,004 | 4.1283 | 2001 | 4 | 73,751,428 | 4,672,129 | 78,423,557 | 1.0633 | 2001 | 4 | 73,751,428 | 4,672,129 | 78,423,557 | 1.0633 |
| 1992 | 1 | 33,605,867 | 7,376,778 | 40,982,646 | 1.2195 | 2002 | 1 | 76,814,545 | 8,198,127 | 85,012,673 | 1.1067 | 2002 | 1 | 76,814,545 | 8,198,127 | 85,012,673 | 1.1067 |
| 1992 | 2 | 24,773,718 | 1,762,998 | 26,536,716 | 1.0712 | 2002 | 2 | 61,804,920 | 760 | 61,805,680 | 1.0000 | 2002 | 2 | 61,804,920 | 760 | 61,805,680 | 1.0000 |
| 1992 | 3 | 44,388,205 | -478 | 44,387,726 | 1.0000 | 2002 | 3 | 65,276,482 | 303 | 65,276,784 | 1.0000 | 2002 | 3 | 65,276,482 | 303 | 65,276,784 | 1.0000 |
| 1992 | 4 | 45,176,919 | 307 | 45,177,226 | 1.0000 | 2002 | 4 | 55,433,517 | 9,586,025 | 65,019,543 | 1.1729 | 2002 | 4 | 55,433,517 | 9,586,025 | 65,019,543 | 1.1729 |
| 1993 | 1 | 42,727,930 | 31,802,349 | 74,530,279 | 1.7443 | 2003 | 1 | 45,570,438 | 7,253,057 | 52,823,496 | 1.1592 | 2003 | 1 | 45,570,438 | 7,253,057 | 52,823,496 | 1.1592 |
| 1993 | 2 | 32,851,740 | 0 | 32,851,740 | 1.0000 | 2003 | 2 | 43,122,955 | 0 | 43,122,955 | 1.0000 | 2003 | 2 | 43,122,955 | 0 | 43,122,955 | 1.0000 |
| 1993 | 3 | 34,051,593 | 4,983 | 34,056,576 | 1.0001 | 2003 | 3 | 45,571,023 | 0 | 45,571,023 | 1.0000 | 2003 | 3 | 45,571,023 | 0 | 45,571,023 | 1.0000 |
| 1993 | 4 | 38,646,230 | 97,506,913 | 136,153,143 | 3.5231 | 2003 | 4 | 51,839,204 | 244,044,089 | 295,883,293 | 5.7077 | 2003 | 4 | 51,839,204 | 244,044,089 | 295,883,293 | 5.7077 |
| 1994 | 1 | 47,718,677 | 1,482,976 | 49,201,653 | 1.0311 | 2004 | 1 | 43,701,951 | 0 | 43,701,951 | 1.0000 | 2004 | 1 | 43,701,951 | 0 | 43,701,951 | 1.0000 |
| 1994 | 2 | 42,576,206 | 0 | 42,576,206 | 1.0000 | 2004 | 2 | 35,405,853 | 0 | 35,405,853 | 1.0000 | 2004 | 2 | 35,405,853 | 0 | 35,405,853 | 1.0000 |
| 1994 | 3 | 38,295,106 | 0 | 38,295,106 | 1.0000 | 2004 | 3 | 45,115,257 | 0 | 45,115,257 | 1.0000 | 2004 | 3 | 45,115,257 | 0 | 45,115,257 | 1.0000 |
| 1994 | 4 | 53,813,967 | 0 | 53,813,967 | 1.0000 | 2004 | 4 | 52,675,731 | 0 | 52,675,731 | 1.0000 | 2004 | 4 | 52,675,731 | 0 | 52,675,731 | 1.0000 |
| 1995 | 1 | 44,775,480 | 99,915,969 | 144,691,449 | 3.2315 | 2005 | 1 | 47,451,344 | 0 | 47,451,344 | 1.0000 | 2005 | 1 | 47,451,344 | 0 | 47,451,344 | 1.0000 |
| 1995 | 2 | 37,338,162 | 5,572 | 37,343,735 | 1.0001 | 2005 | 2 | 43,887,543 | 0 | 43,887,543 | 1.0000 | 2005 | 2 | 43,887,543 | 0 | 43,887,543 | 1.0000 |
| 1995 | 3 | 39,365,318 | 0 | 39,365,318 | 1.0000 | 2005 | 3 | 42,863,072 | 7,032 | 42,870,104 | 1.0002 | 2005 | 3 | 42,863,072 | 7,032 | 42,870,104 | 1.0002 |
| 1995 | 4 | 47,237,917 | 36,130,541 | 83,368,457 | 1.7649 | 2005 | 4 | 49,126,657 | 2,528,950 | 51,655,606 | 1.0515 | 2005 | 4 | 49,126,657 | 2,528,950 | 51,655,606 | 1.0515 |
| 1996 | 1 | 43,132,964 | 1,559,121 | 44,692,085 | 1.0361 | 2006 | 1 | 54,671,575 | 0 | 54,671,575 | 1.0000 | 2006 | 1 | 54,671,575 | 0 | 54,671,575 | 1.0000 |
| 1996 | 2 | 33,668,783 | 0 | 33,668,783 | 1.0000 | 2006 | 2 | 44,084,264 | 4,351 | 44,088,615 | 1.0001 | 2006 | 2 | 44,084,264 | 4,351 | 44,088,615 | 1.0001 |
| 1996 | 3 | 32,820,010 | 0 | 32,820,010 | 1.0000 | 2006 | 3 | 53,346,090 | 0 | 53,346,090 | 1.0000 | 2006 | 3 | 53,346,090 | 0 | 53,346,090 | 1.0000 |
| 1996 | 4 | 47,665,683 | 23,485,584 | 71,151,266 | 1.4927 | 2006 | 4 | 59,214,810 | 0 | 59,214,810 | 1.0000 | 2006 | 4 | 59,214,810 | 0 | 59,214,810 | 1.0000 |
| 1997 | 1 | 54,864,234 | 17,797,949 | 72,662,182 | 1.3244 | 2007 | 1 | 58,473,391 | 0 | 58,473,391 | 1.0000 | 2007 | 1 | 58,473,391 | 0 | 58,473,391 | 1.0000 |
| 1997 | 2 | 39,247,699 | 889,500 | 40,137,200 | 1.0227 | 2007 | 2 | 20,589,494 | 0 | 20,589,494 | 1.0000 | 2007 | 2 | 20,589,494 | 0 | 20,589,494 | 1.0000 |

Average Catastrophe Factor **1.2514**

**Fire Insurance Exchange
Farmers Insurance Exchange**

State of California

Line of Business: Homeowners Multiple Peril

All Perils Catastrophe Factor

| (1) Peril | (2) Catastrophe Factor | (3) Ultimate Incurred Losses (excluding catastrophes) Fiscal Accident Year Ending in Qtr 2 of 2007 |
|---|------------------------------|---|
| Liability | 1.0000 | 51,598,753 |
| Theft | 1.0000 | 20,263,806 |
| OTL | 1.2514 | 270,859,102 |
| Total | 1.1987 | 342,721,661 |
| | | |
| (6) Total Catastrophe Factor | | 1.1987 |
| | | |
| (7) Expected Fire Following Earthquake Load RMS 6.0; June 2007 data, demand surge for buildings only | | 14,706,823 |
| | | |
| (8) Historical Losses (Exhibit 7) | | 252,489,560 |
| | | |
| (9) Loss Development Factor (Exhibit 7) | | 1.3574 |
| | | |
| (10) Trend Factor (Exhibit 8, page 5) | | 1.1632 |
| | | |
| (11) Adjusted Losses excluding FFEQ: (6) x (8) x (9) x (10) | | 477,848,627 |
| | | |
| (12) Adjusted FFEQ: (7) x (10) | | 17,106,408 |
| | | |
| (13) Total Ultimate, Adjusted and Trended Losse (11) + (12) | | 494,955,035 |
| | | |
| (14) Catastrophe Factor Adjusted for FFEQ: (13) divided by product of (8) through (10) | | <u>1.2416</u> |

Notes:

Catastrophe load is based on ratio of Total Paid Losses to Non-Catastrophe Paid Losses
A catastrophic loss is one associated with an event that is expected to generate \$5 million
in losses on an all-lines/all-companies basis.

**Fire Insurance Exchange
Farmers Insurance Exchange**

State of California

Line of Business: Homeowners Multiple Peril

Credibility Adjustment

One fiscal accident year of data for the Fire Insurance Exchange and Farmers Insurance Exchange is fully credible based on a standard of 3,000 claims.

**Fire Insurance Exchange
Farmers Insurance Exchange**

State of California

Line of Business: Homeowners Multiple Peril

Ancillary Income

Farmers Insurance Group, Inc. reports zero ancillary income.

**Fire Insurance Exchange
Farmers Insurance Exchange**

State of California

Line of Business: Homeowners Multiple Peril

Reinsurance Premium and Recoverables

Not applicable to Homeowners Multiple Peril.

Request for Variance 3A, 3B

1. Identify each variance requested.

CCR §2644.27 (f) (3): That the insurer should be allowed a higher or lower efficiency standard due to: (A) higher or lower quality of service, as demonstrated by objective measures of consumer satisfaction...; and (B) demonstrably superior or inferior service to underserved communities, as defined in section 2646.6...

2. Identify the extent or amount of the variance requested and the applicable efficiency standard, rate of return, loss development factors or trend which will result if the variance is granted.

Farmers is respectfully requesting a variance of 7.3 percentage points higher than the efficiency standard established in CCR §2644.12.

3. Set forth the expected result or impact on the maximum and minimum permitted earned premium that the granting of the variance will have as compared to the expected result if the variance is denied.

The expected impact due to the application of this variance is to increase the maximum permitted earned premium 13.1% and to increase the minimum permitted earned premium 10.5%.

4. Identify the facts and their source justifying the variance request and provide the documentation supporting the amount of the change in the applicable efficiency standard, rate of return, loss development factors or trend that is being proposed.

Variance (3A)

Farmers is requesting this variance on the basis of superior customer service afforded by both our agency and claims forces.

The efficiency standard as established by CCR §2644.12 is based on a peer group of insurers officially classified as captives. Each of these captive insurers has markedly different expense structures and in some cases, hybrid distribution channels. Farmers has elected to incur higher expenses than many insurers in this peer group to improve the customer experience at both the point of sale and throughout the claims process.

Farmers invests significantly in the training and development of its agency force and claims force to drive better than average performance in customer service.

Training and Development at the University of Farmers

The University of Farmers is an award-winning training facility responsible for the training and development of its distribution force, some 28,000 agents, district managers and staff, as well as a claims representative population of over 11,300. These numbers include over 4,000 California agents and their staff (for a total of about 8,000 field personnel) and about 3,400 California claims representatives.

For the agency force, training is provided for the lifetime of their business. Both online and face-to-face education is offered in the state-of-the-art facility in Agoura Hills (see attached news article and awards). This training facility is a two-story 120,000 square foot facility where Farmers agents, district managers, and their staff learn the industry's best practices in business, product, processing, marketing, sales, staffing, agency operations, and customer service.

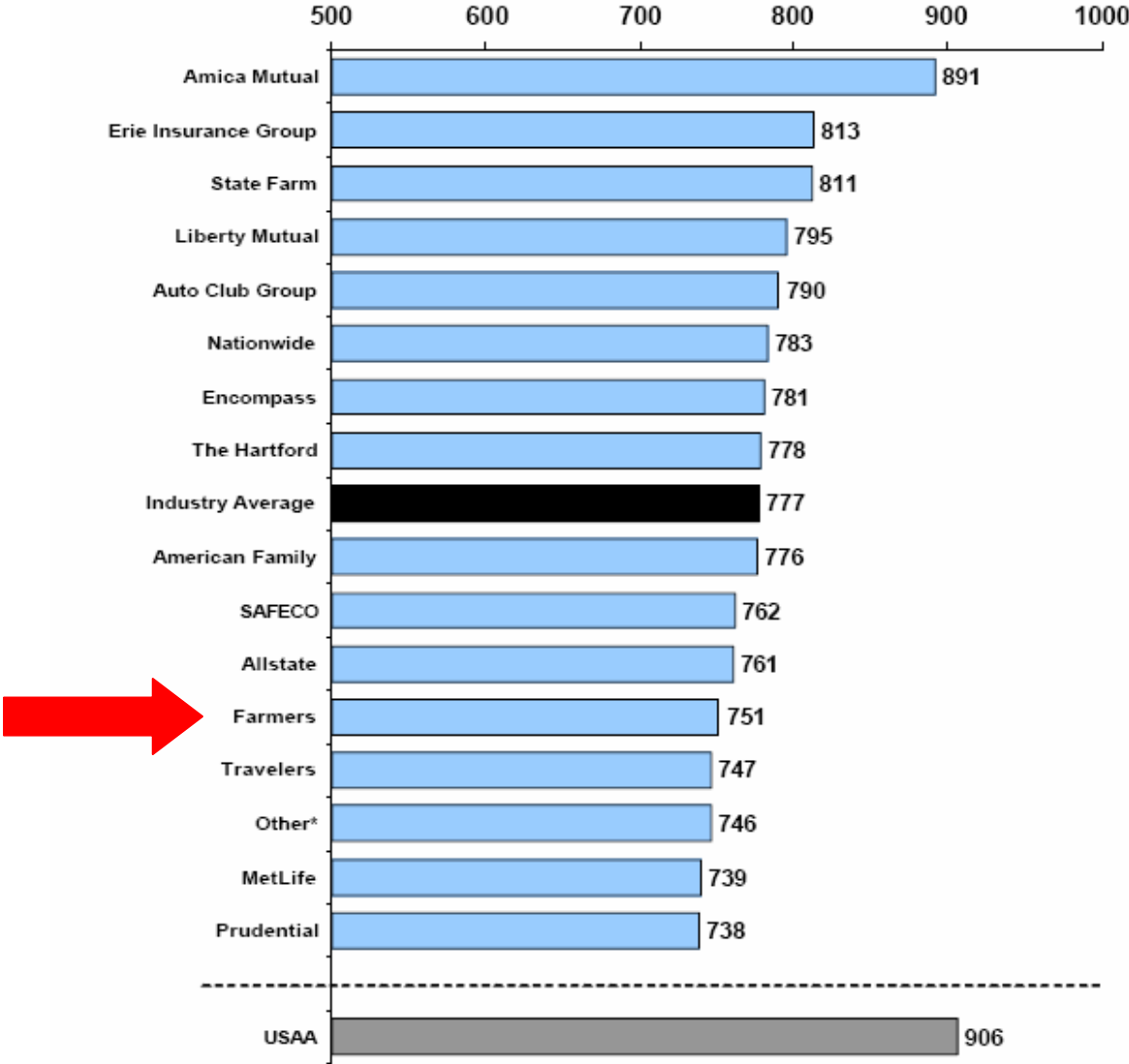
New claims representatives learn claims adjustment procedure in the hands-on learning environment which contains a mock body shop with 17 damaged cars and the two-story mock home in various stages of construction. Claims education focuses on new claims representative readiness as well as supervisor and managerial training. The University of Farmers trains 5,000 participants per year in over 40 different courses between agencies and claims. Please see news article on pages 11 and 12 for more information.

The total annual budget for the University of Farmers approaches \$19 million. California's property share of this capital investment is approximately \$2.1 million. Since the university's inception in 2004, Farmers has attained a demonstrable improvement in overall customer satisfaction as documented by JD Power and Associates. In 2003, Farmers scored 751 out of a possible 1000 points, falling short of industry average. The 2006 report shows Farmers coming in 7th place with a score of 765, surpassing the industry average (please refer to the exhibits below). That year, Farmers achieved the largest improvement of all measured homeowners insurers in overall customer satisfaction over the prior year's results. In the same study, Farmers home customers who indicated they would definitely recommend the insurer to a friend or relative rose 30% over 2005.

In addition, the university has won upwards of 14 awards for its success in driving change and career development. It was recognized with five excellence in practice citations from the American Society of Training and Development and in 2007, the training facility was honored as the Corporate University of the Year by Corporate University Exchange (CUX). Please see exhibit on page 10 for additional details on all awards.

J.D. Power and Associates 2003 National Homeowners Insurance StudySM

Overall Satisfaction



* "Other" is an aggregate of smaller insurance companies.

Note: USAA is an insurance provider open only to the U.S. military community and their families and therefore is not included in the rankings.

Not ranked due to small sample size: Auto Club of Southern California, California State Auto Association and OneBeacon.

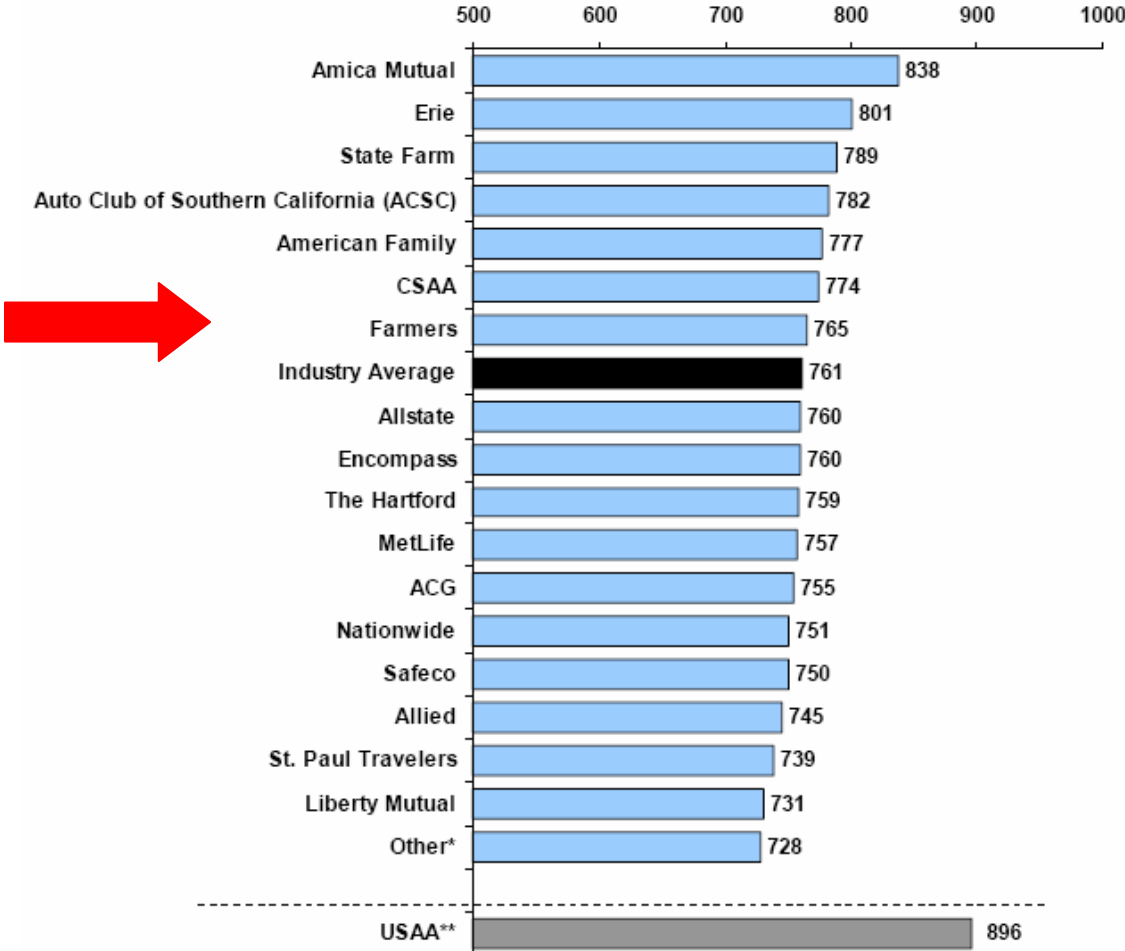
Source: J.D. Power and Associates 2003 National Homeowners Insurance StudySM

Charts and graphs extracted from this press release must be accompanied by a statement identifying J.D. Power and Associates as the publisher and the J.D. Power and Associates 2003 National Homeowners Insurance StudySM as the source. No advertising or other promotional use can be made of the information in this release or J.D. Power and Associates study results without the express prior written consent of J.D. Power and Associates.

J.D. Power and Associates 2006 Homeowners Insurance StudySM

Overall Satisfaction Ranking

(Based on a 1,000-point scale)



* "Other" is an aggregate of smaller insurance companies.

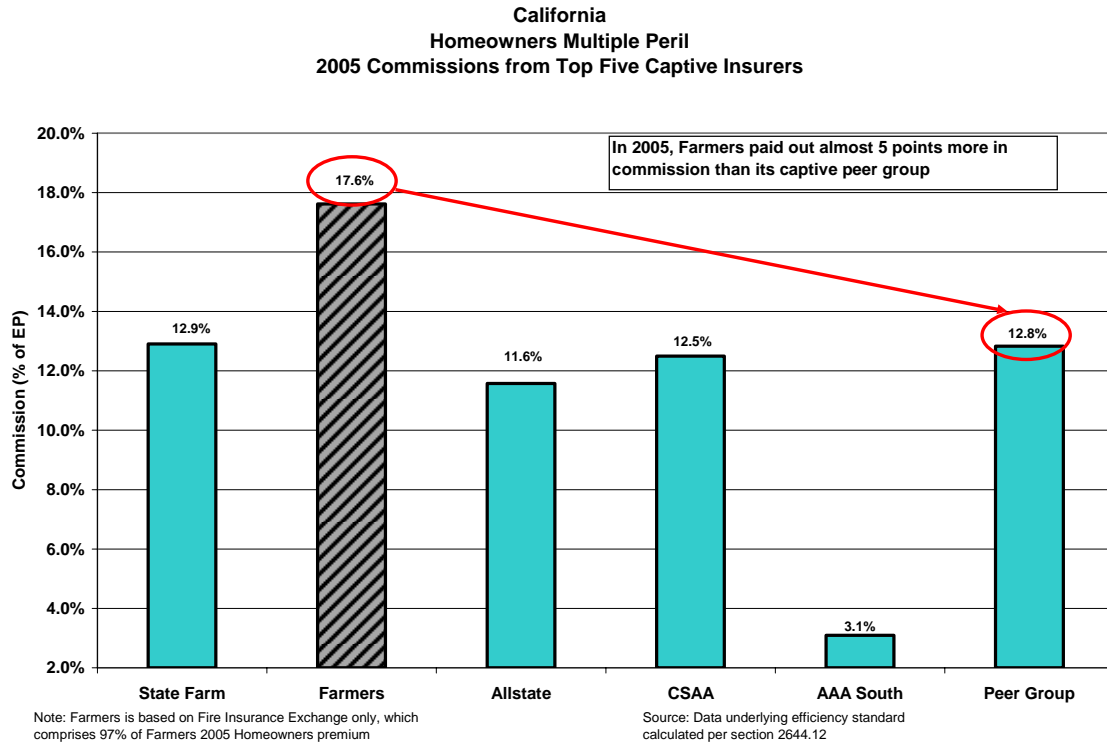
** USAA is an insurance provider open only to the U.S. military community and their families and therefore is not included in the rankings.

Source: J.D. Power and Associates 2006 Homeowners Insurance StudySM

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Customer Service from the Farmers Agency Force

In addition to the expenses incurred by Farmers for the training and development of its agents, Farmers promotes superior customer service in its agency force via its dynamic compensation plan. Farmers Homeowners commissions are among the highest in the industry, almost five points higher than the captive peer group average (see commission chart below).



Higher commission rates are afforded because an exceptional level of service is required. Farmers agents function as the primary point of contact for customers; they are charged with the responsibility of responding to customers' questions, problems and general needs. Less than 5% of the calls received at Farmers Servicing Centers are directly from customers. This is demonstrative of Farmers commitment to providing personalized service; Farmers agents are the name and the face of the company.

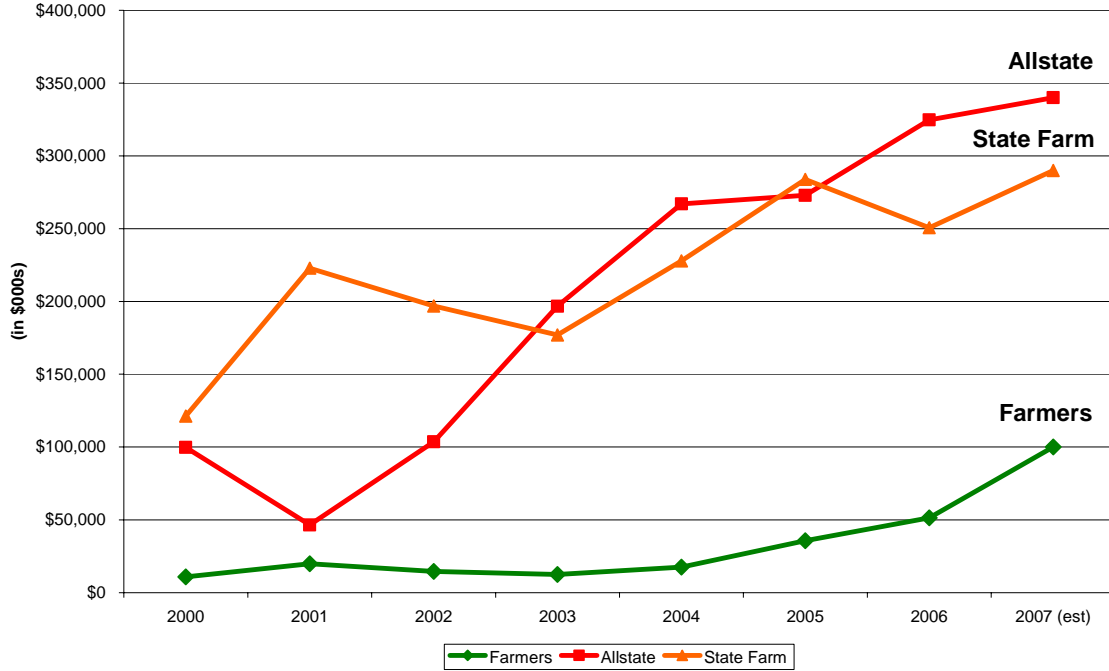
In order to meet the dual challenge of administering superior service while also driving growth, agents must invest in the necessary tools for success. One important resource is a quality staff to support business operations and provide service to new and existing customers. On average, Farmers agents employ more than one additional staff member. Agents are financially responsible for paying both the salary and benefits for their staff members. Farmers' compensation structure anticipates that a portion of agents' income will be allocated towards this expenditure.

Furthermore, the ability to deliver an exceptional level of customer service is reinforced by the agency's information technology equipment. Agents must incur the expense of developing and maintaining the technology infrastructure of their business.

Finally, Farmers agents must fund their own marketing endeavors, retaining almost exclusively the cost of their own advertising, and the expense of purchasing their own leads.

As the chart below demonstrates, Farmers' media spending is well below that of its peer group.

Media Spending



Customer Service from the Claims Force

In the Claims arena, Farmers has invested heavily in the establishment and maintenance of a call center operation geared towards providing an outstanding customer experience. Farmers HelpPoint claims center handles more than 4 million telephone, email and fax inquiries from customers every year. It is certified by the J. D. Power and Associates Call Center Certification program. To achieve this status, the HelpPoint center ranked within the top 20% in terms of customer service, passing a comprehensive audit of its business practices and quality assurance capabilities.

Additionally, HelpPoint was individually recognized by J.D. Power and Associates for call center operation customer satisfaction excellence in both 2005 and 2006:



Press Release

**J.D. Power and Associates Reports:
Farmers Insurance Recognized for Call Center Customer Satisfaction Excellence for a Second Consecutive Year**

WESTLAKE VILLAGE, Calif.: 8 November 2006 —Farmers Insurance Group's HelpPoint claims center has been recognized for call center operation customer satisfaction excellence for a second consecutive year under the J.D. Power and Associates Certified Call Center Program.SM This distinction acknowledges a strong commitment from Farmers' HelpPoint claims call center operations to provide an outstanding customer service experience.

Finally, claims has improved in resolution time (from date claim is first reported to date of first payment) from 25.1 days in 2004 to 8.4 days in 2007, a 67% reduction. The projected HelpPoint expenses for 2007 exceed \$122 million dollars; California's property portion is \$13.6 million.

In 2006, Farmers introduced their newest innovation to revolutionize the way claims are handled in the field - the Farmers Mobile Claims Center. The 45-foot long bus functions as a centralized claims-handling headquarters to provide immediate service to customers after a catastrophe. A global positioning system allows corporate to track the bus's location at all times, so that they are able to direct customers right to the site. In addition, flashing strobe lights act as a visual resource to lead people to the center.



*The bus is equipped to handle up to 70 customers at once, with workstations for 10 claims adjusters. The claims unit gives Farmers the ability to issue payments on the spot, which is essential for people who are displaced. The center also offers clothing, free laptop service and serves hot food to everyone at the scene, **whether they are a Farmers customer or not.** A flat-screen television on the side of the bus provides emergency messages and weather reports. Farmers invested a total of \$1.2 million on the Mobile Claims Center. Approximately \$0.1 million of that expenditure belongs to California property.*



Variance (3B)

In addition to the investments mentioned above, Farmers has invested considerably in emerging and diversity markets to service historically underserved markets. The total investment in these markets in California in 2006 was \$14.0 million and estimated investment for 2007 is \$17 million. California property's share is about \$5.6 million and \$6.8 million for 2006 and 2007, respectively.

Farmers has received numerous awards for its support and outreach to diverse markets. Farmers has been named Corporation of the Year by Hispanic Public Relations Association, The Bilingual Foundation of the Arts and the California Association of Bilingual Educators. Farmers has also been honored and recognized for its support and development of award-winning education programs by numerous organizations including Hispanas Organized for Political Equality (HOPE), Girls Today Women Tomorrow (GTWT) Mentor/Leadership Organization, The Miracle Mile Association, The Black Business Expo and many other community and business organizations. Additionally, Farmers will be honored as Corporation of the Year on September 29, 2007 by the Mayor of Los Angeles, Antonio Villaraigosa and the Getty House Foundation Board.

Farmers is committed to serving diverse markets and ensuring that it communicates with customers and consumers in their language of choice. While the agency force is already diverse in composition, there are practices in place to ensure that it number of bilingual agencies continues to grow. Farmers actively reaches out to bilingual candidates via partnerships with chambers of commerce and other business organizations and introduce them as the "best small business opportunity in America," – the opportunity to own their own Farmers Insurance Agency or District– and they are supported by the company with unparalleled training at the University of Farmers and financial support based on their ability to speak a second language.

Communicating with consumers in their native language is important to Farmers. Advertising is conducted in Spanish nationally on Telemundo, Univision and TV Azteca. Additionally, Farmers also advertises in other languages including Vietnamese, Cantonese, Mandarin, Korean, Tagalog and Hindi. Farmers publishes numerous brochures, sales & marketing materials that are bilingual and consumer friendly.

*Farmers also understands the importance of community, education and youth. The company actively supports many organizations including the California Interscholastic Federation (Farmers is the **only** major Insurance and Financial institution to support CIF), the California*

Bilingual Educators Association, the American Mexican Association of Educators, the Center for Democracy at the Japanese American Museum as well as many national organizations and their local chapters including: the National Council for Social Studies, the American Association of Educators, the National Educators Association, the Association of the Study of African American Life & History.

Furthermore, Farmers award-winning education programs and curriculum guides including the PBS special, the American Promise (seen by over 3 million students a year), the HBO documentary, the Bronze Screen 100 years of the Latino Image in Hollywood and Freedom's Song, the Struggle and Triumphs of African Americans, are distributed to any educator that requests them, free of charge. These programs were funded by Farmers and written by teachers for teachers.

Farmers also supports numerous cultural festivals and events including the Asian American Expo, the Black Business Expo, HOPE's Latina Women's Conference, CABA Conference, Oakland Chinatown Festival, the Angel City Classic and many others.

| Projected California-Related Extraordinary Expenses | |
|---|-----------------------|
| University of Farmers | \$2.1 million |
| HelpPoint | 13.6 million |
| Mobile Claims Center | 0.1 million |
| Underserved Markets | 6.8 million |
| Subtotal | \$22.7 million |
| Projected California Homeowners Earned Premium | \$925 million |
| Extraordinary Expense Associated w/Customer Service Efforts | 2.5% |
| Additional Commissions Over Peer-Group | 4.8% |
| Total Extraordinary Expenses | 7.3% |
| Requested Variance | 7.3% |

University of Farmers Awards



American Society of Training and Development (ASTD)

- 2006 Excellence in Practice Citation — Career Development, Organizational Learning, and Performance Improvement (*Journey to Success*)
- 2006 Excellence in Practice Award — Career Development and Organizational Learning (*University of Farmers for District Managers*)
- 2005 Excellence in Practice Citation — Career Development, Managing Change, and Organizational Learning (*University of Farmers for District Managers*)
- 2005 Excellence in Practice Award — Organizational Learning (*University of Farmers for Careers*)
- 2004 Excellence in Practice Citation — Career Development and Organizational Learning (*University of Farmers for Careers*)

Corporate University Exchange (CUX)

- 2007 Best Overall Corporate University
- 2007 Excellence Award — Measurement
- 2007 Best Practice Award — Marketing
- 2007 Best Practice Award — Launching
- 2007 Excellence Award — Alignment



Corporate University Best in Class (CUBIC)

- 2006 Winner — Best Evaluation Technique (*University of Farmers for District Managers*)
- 2006 Runner-up Corporate University Leader of the Year — *Annette Thompson*
- 2004 Runner-up Best Evaluation Technique
- 2004 Runner-up Best New Corporate University

STAR Business

www.VenturaCountyStar.com/vcs/business

“The training is completely designed to give Farmers’ customers the ultimate in service and care.”

Jerry Davies, Company spokesman

Farmers ensures quality workers

Insurer has new Agoura Hills training facility

By Roseann Keegan
Correspondent

As motorists zip along Highway 101 through Agoura Hills, new insurance agents work nearby, studying a collection of damaged vehicles and evaluating accident claims.

Farmers Insurance Group is providing the hands-on training at its new, 120,000-square-foot building off Agoura Road in Agoura Hills.

The facility opened last month as a claims, leadership and management school for the company’s 18,000 employees nationwide. It will be officially dedicated today.

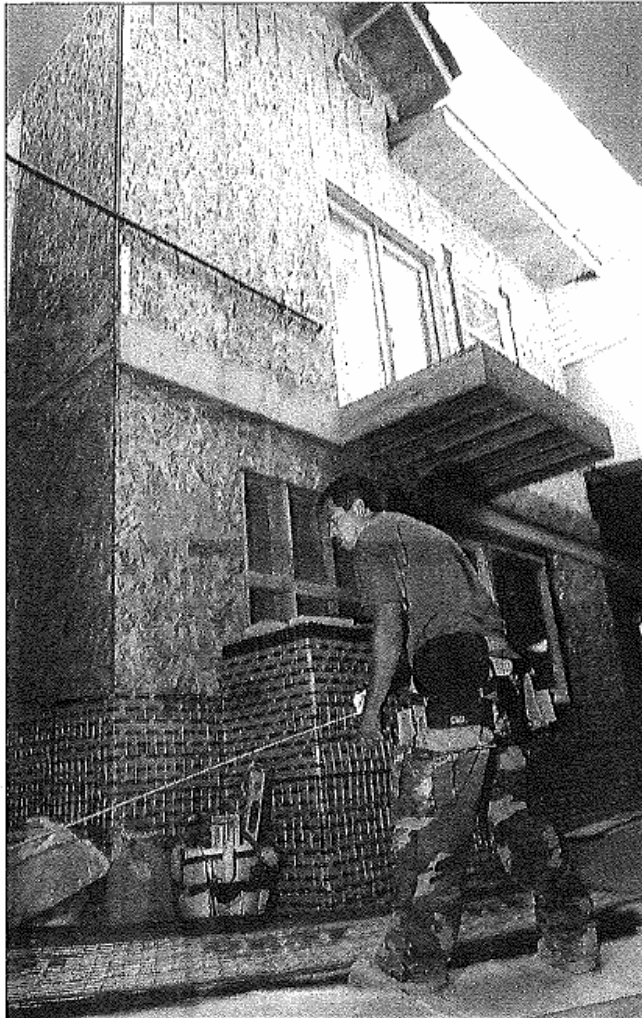
The campus houses 20 classrooms, video feedback, a mock auto bay that holds up to 20 damaged cars, and a two-story mock home in various stages of construction.

Company spokesman Jerry Davies said “The University of Farmers” boasts some of the most technologically advanced training methods in the country for claims personnel.

“The training is completely designed to give Farmers’ customers the ultimate in service and care,” Davies said.

Los Angeles-based Farmers, which has more than 1,000 employees in Ventura County, launched the training program at the Hilton hotel near Los Angeles International Airport in 2004.

Pleased with the program’s success, the company decided to expand the training to the Agoura Hills facility. All new



Photos by Rob Varela / Star staff



At Farmers Insurance’s Agoura Hills training site, employees can practice their skills determining damage to vehicles in the garage, left, and at the house, above, on site that is above under

Site to be dedicated today

FARMERS From D1

agents will take classes there, while current employees nationwide have the opportunity to apply, Davies said.

The program already has gained some recognition, Davies said, including five excellence in practice citations from the American Society of Training and Development, and two Corporate University Best in Class (CUBIC) awards from the International Quality and Productivity Center.

Farmers is currently the second-largest insurer in California and the third-largest carrier of property and casualty insurance lines in the country, according to the company's Web site.

The company provides financial services and auto, business, life and homeowner's insurance to more than 10 million households in 41 states.

Farmers is enhancing training at a time when the industry as a whole is coming under fire.

California Insurance Commissioner John Garamendi has been a leading critic.



Star staff

Last month, he announced that more than \$1 billion in savings will go to hundreds of thousands of insurance policyholders as auto insurers implement his "Good Driver" reforms, and as major homeowner insurers reduce rates in response to his requirement that insurers justify apparent excessive premiums.

The good driver program requires insurers to base rates primarily on how safely you drive, and not where you live.

Request for Variance 4

1. Identify each variance requested.

CCR §2644.27 (f) (4): That the insurer be allowed a higher or lower return on equity due to higher or lower financial investment in underserved communities, as defined in section 2646.6.

2. Identify the extent or amount of the variance requested and the applicable efficiency standard, rate of return, loss development factors or trend which will result if the variance is granted.

Farmers is respectfully requesting a variance of 1.0 percentage point higher than the return on equity established in CCR §2644.16.

3. Set forth the expected result or impact on the maximum and minimum permitted earned premium that the granting of the variance will have as compared to the expected result if the variance is denied.

The expected impact due to the application of this variance is to increase the maximum permitted earned premium 1.3%.

4. Identify the facts and their source justifying the variance request and provide the documentation supporting the amount of the change in the applicable efficiency standard, rate of return, loss development factors or trend that is being proposed.

Farmers, together with several other California insurers, voluntarily created a new and innovative investment organization, Impact Community Capital, dedicated to making investments in lower income communities in the state. Impact was incorporated in March of 1998 with initial capitalization of \$1.4M from eleven founding members, including Farmers. To date, Farmer's total investments and commitments to Impact consist of \$180.4 million.

The following are Farmers' specifically earmarked investments /commitments through Impact, all of which qualify under the California Organized Investment Network (COIN):

Affordable Housing

1. The \$164.2 million 2001-A loan Securitization (CMBS) fund focus is on affordable multi-family rental housing with majority (57%) of the loans made on California low to moderate income census tracts. Farmers has invested a total of \$20.5 million to date.

2. The \$1 billion Community Impact Loan (CIL) fund's focus is also on affordable multi – family rental housing. A majority (66%) of loans granted have been located in California low to moderate income census tracts. Farmers has committed to a total investment of \$129.6 million and funded \$10.5 million to date.

Childcare Facilities

The focus of this investment to finance community childcare facilities in California leveraging federal New Markets Tax Credits. This fund was created in 2003 to extend scope of Impact activity into community facilities, targeting high-profile facilities in low-income communities. Fully funded at \$10.3 million, ten facilities now serve 1,000 low-income and special needs children in low-income census tracts across California. To date, Farmers has invested \$1.5 million into this essential low to moderate income community service program.

Healthcare Facilities

This investment is intended to finance community healthcare facilities in California leveraging federal New Markets Tax Credits. The initial commitment of \$20.4 million may increase to \$50 million. Between 12 and 20 facilities will be funded, reaching 210,000 patients in low-income census tracts throughout California. To date, Farmers has invested \$1 million into these community healthcare facilities benefiting 55,000 California low to moderate income residents.

Commercial Facilities / Economic Development Fund

Created in 2006, the \$20 million fund provides a prototype for increased New Markets Tax Credit (NMTTC) commercial and economic development investment activity. Two major commercial centers provide employment and economic development benefits in low-income communities in downtown Los Angeles and San Bernardino. The facilities are fully drawn; no further advances or capital calls are expected. To date, Farmers has invested \$2.8 million toward this commercial and economic development venture that will benefit California low to moderate income residents.

Request for Variance 10B

1. Identify each variance requested.

CCR §2644.27 (f) (10): That the trend formula in section 2644.7 does not produce an actuarially sound result because (B) There is a significant change in the law affecting the frequency or severity of claims.....

2. Identify the extent or amount of the variance requested and the applicable efficiency standard, rate of return, loss development factors or trend which will result if the variance is granted.

Farmers is respectfully requesting a variance of 5.7 percentage points higher than the 12-point rolling quarterly loss severity trend as specified in CCR §2644.7.

3. Set forth the expected result or impact on the maximum and minimum permitted earned premium that the granting of the variance will have as compared to the expected result if the variance is denied.

The expected impact due to the application of this variance is to increase both the maximum and minimum permitted earned premiums 12.1 %.

4. Identify the facts and their source justifying the variance request and provide the documentation supporting the amount of the change in the applicable efficiency standard, rate of return, loss development factors or trend that is being proposed.

Change in Regulation

California Insurance Code §2051, under (b) (1) and (2), requires that (paraphrasing):

- o In the event of a total loss, the fair market value is to be used as the measure of ACV*
- o In the event of a partial loss, depreciation only applies to building components that are normally subject to repair and replacement during the useful life of the structure*

Effective August 30, 2006, CCR §2695.9 of Title 10, Chapter 5, Subchapter 7.5, Article 1. Fair Claims Settlement Practices Regulations was amended to add subsections (f)-(f)(1). Per this new provision, "except for the intrinsic labor costs that are included in the cost of manufactured materials or goods, the expense of labor necessary to repair, rebuild or replace covered property is not a component of physical depreciation and shall not be subject to depreciation or betterment."

That is, labor can no longer be depreciated in determining the actual cash value of property in the event of a total or partial loss.

For those claimants who ultimately receive the full cost to repair or replace their property, this regulation merely results in a higher up-front payment, with no impact on total ultimate cost per claim.

However, this change in regulation has a very real impact on loss severity for claimants who opt to "walk away" after receipt of their ACV payment. The chart below displays an analysis of the real impact of this regulation on our loss severity.

**California Property Losses
Impact of CCR Section 2695.9**

| Type of Loss | Percent of Claimants Who Walk Away After ACV Payment | Increase in Severity due to CCR Section 2695.9 | Impact on Severity Trend |
|---------------------|---|---|---------------------------------|
| Large Property | 4.0% | 15.8% | 0.6% |
| Property BCOs | 80.0% | 11.3% | 9.0% |
| Total | 77.2% | 11.4% | 8.7% |

| | |
|--|-------------|
| Ultimate Impact of Law on Severity Trends | 8.7% |
|--|-------------|

Source:
Analysis of random claims sample from both Large Property and BCO Claims Mgmt

The increase in severity is based on random samples of actual ACV claim payments for property losses, with and without labor depreciation, from both our Large Property Loss unit as well as Farmers local branch claims offices. The percent of claimants who never return for full repair or replacement cost payment is based on a sampling of random claims and Claims Management estimates, and range in the 3-4% range for Large Property and 70%-88% for Property BCOs. Measurements of 4% and 80%, respectively, have been selected as representative measures for this analysis.

As expected, large property loss claimants are more likely to receive full repair or replacement cost for their covered property loss, so the impact on loss severity of the regulation amendment is small (0.6%). Claimants with smaller property losses are significantly more likely to walk away with ACV payment only. Thus, the higher up-front payment translates into a much larger increase in the level of severity for these claimants. Based on this analysis, the overall true impact to property loss severity is estimated to be 8.7% on Other-Than-Theft-Or-Liability (OTL) perils.

Treatment of Change in Loss Severity Trend

Since the loss trend data is as of June 30, 2007 and the regulation went into effect August 30, 2006, the OTL net paid loss data has been adjusted in the last three quarters of history downward by 8.7%, and this amount has been added back to the 12-point rolling quarterly loss severity trend for this peril group.

The regulation change does not apply to Liability losses, and Theft losses do not appear to be impacted significantly by the new provision. Therefore, this change has been made to the OTL trend data only. The resulting addition to the overall trend is 5.7 points for all perils combined.

This regulation does not impact premium or loss frequency trend.

**Fire Insurance Exchange
Farmers Insurance Exchange**

State of California

Line of Business: Homeowners Multiple Peril

Projected Loss & DCCE Ratio

| | (1) | (2) | (3) | (4) =(1)+(2)+(3) | (5) |
|--|---|---|---|-----------------------------------|------------------------------------|
| Fiscal Accident Year Ending in <u>Qtr 2 of</u> | Projected Liability <u>Loss Ratio</u> | Projected Theft <u>Loss Ratio</u> | Projected Other-Than-Theft- Or-Liability <u>Loss Ratio</u> | Projected Loss <u>Ratio</u> | Accident Year <u>Weights</u> |
| 2005 | 7.3% | 2.3% | 44.2% | 53.7% | 0.20 |
| 2006 | 7.4% | 2.5% | 40.6% | 50.6% | 0.30 |
| 2007 | 6.7% | 2.5% | 50.4% | 59.6% | 0.50 |
| (6) Weighted Loss Ratio: = Sum[(4)x(5)] | | | | 55.7% | |
| (7) DCCE as a percentage of Loss | | | | 10.1% | |
| (8) Weighted Loss, DCCE & FFEQ Ratio: = (6)*[1 + (7)] | | | | 61.3% | |
| (9) Permissible Loss and ALAE Ratio: | | | | 52.1% | |
| (10) Statewide Indicated Change: (8)/(9)-1 | | | | 17.7% | |

**Fire Insurance Exchange
Farmers Insurance Exchange**

State of California

Line of Business: Homeowners Multiple Peril

Experience Loss Ratios

Liability

| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) |
|-----------------|------------------|----------------|---------------|--------------|---------------|-------------------|---------------|---------------|---------------|---------------------------------------|
| | | | | = (3)/(2) | | | | | | = (4) x (5) x (6) / [(7) x (8) x (9)] |
| Fiscal | Homeowners | | | | Historical | Future Homeowners | Historical | Future | | |
| Accident Year | Homeowners | Collected | Ultimate | Partial | Loss | Loss | Premium | Premium | Premium | Projected |
| Ending in | Earned | Earned | Incurred | Loss | Trend | Trend | at Current | Trend | Trend | Loss |
| <u>Qtr 2 of</u> | <u>Exposures</u> | <u>Premium</u> | <u>Losses</u> | <u>Ratio</u> | <u>Factor</u> | <u>Factor</u> | <u>Factor</u> | <u>Factor</u> | <u>Factor</u> | <u>Ratio</u> |
| 2005 | 1,157,583 | 903,131,918 | 50,317,416 | 5.6% | 1.0768 | 1.1182 | 0.9423 | 0.9980 | 0.9828 | 7.3% |
| 2006 | 1,213,601 | 947,927,141 | 56,126,022 | 5.9% | 1.0377 | 1.1182 | 0.9411 | 0.9990 | 0.9828 | 7.4% |
| 2007 | 1,195,988 | 945,595,497 | 51,129,363 | 5.4% | 1.0000 | 1.1182 | 0.9154 | 1.0000 | 0.9828 | 6.7% |

Theft

| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) |
|-----------------|------------------|----------------|---------------|--------------|---------------|-------------------|---------------|---------------|---------------|---------------------------------------|
| | | | | = (3)/(2) | | | | | | = (4) x (5) x (6) / [(7) x (8) x (9)] |
| Fiscal | Homeowners | | | | Historical | Future Homeowners | Historical | Future | | |
| Accident Year | Homeowners | Collected | Ultimate | Partial | Loss | Loss | Premium | Premium | Premium | Projected |
| Ending in | Earned | Earned | Incurred | Loss | Trend | Trend | at Current | Trend | Trend | Loss |
| <u>Qtr 2 of</u> | <u>Exposures</u> | <u>Premium</u> | <u>Losses</u> | <u>Ratio</u> | <u>Factor</u> | <u>Factor</u> | <u>Factor</u> | <u>Factor</u> | <u>Factor</u> | <u>Ratio</u> |
| 2005 | 1,157,583 | 903,131,918 | 17,432,710 | 1.9% | 1.0448 | 1.0447 | 0.9423 | 0.9980 | 0.9828 | 2.3% |
| 2006 | 1,213,601 | 947,927,141 | 20,858,312 | 2.2% | 1.0221 | 1.0447 | 0.9411 | 0.9990 | 0.9828 | 2.5% |
| 2007 | 1,195,988 | 945,595,497 | 20,319,471 | 2.1% | 1.0000 | 1.0447 | 0.9154 | 1.0000 | 0.9828 | 2.5% |

Other-Than-Theft-Or-Liability

| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) | (12) |
|-----------------|------------------|----------------|---------------------|---------------|---------------|--------------|---------------|-------------------|---------------|---------------|---------------|---|
| | | | | | = (3) x (4) | = (5) / (2) | | | | | | = (6) x (7) x (8) / [(9) x (10) x (11)] |
| Fiscal | Homeowners | | Ultimate | | Adjusted | | Historical | Future Homeowners | Historical | Future | | |
| Accident Year | Homeowners | Collected | Incurred Loss | Catastrophe | Ultimate | Partial | Loss | Loss | Premium | Premium | Premium | Projected |
| Ending in | Earned | Earned | Excluding | Adjustment | Incurred | Loss | Trend | Trend | at Current | Trend | Trend | Loss |
| <u>Qtr 2 of</u> | <u>Exposures</u> | <u>Premium</u> | <u>Catastrophes</u> | <u>Factor</u> | <u>Losses</u> | <u>Ratio</u> | <u>Factor</u> | <u>Factor</u> | <u>Factor</u> | <u>Factor</u> | <u>Factor</u> | <u>Ratio</u> |
| 2005 | 1,157,583 | 903,131,918 | 196,153,777 | 1.2648 | 248,087,716 | 27.5% | 1.1760 | 1.2639 | 0.9423 | 0.9980 | 0.9828 | 44.2% |
| 2006 | 1,213,601 | 947,927,141 | 205,627,554 | 1.2613 | 259,359,478 | 27.4% | 1.0844 | 1.2639 | 0.9411 | 0.9990 | 0.9828 | 40.6% |
| 2007 | 1,195,988 | 945,595,497 | 272,829,549 | 1.2437 | 339,315,429 | 35.9% | 1.0000 | 1.2639 | 0.9154 | 1.0000 | 0.9828 | 50.4% |

**Fire Insurance Exchange
Farmers Insurance Exchange**

State of California
Line of Business: Homeowners Multiple-Peril

Premium Impact of Proposed Rate Changes
Proposed Effective Date of March 16, 2008

| <u>Type of Change</u> | <u>Protector Plus</u> | <u>Special</u> | <u>Renter</u> | <u>Condo</u> | <u>Total</u> |
|--|------------------------------|-----------------------|----------------------|---------------------|---------------------|
| Base Rates | 5.2% | 6.1% | -0.2% | -0.2% | 5.2% |
| Increased Liability Limits | 0.7% | 0.6% | 1.1% | 2.4% | 0.8% |
| Condo Relativity and Condo Building Property | 0.0% | 0.0% | 0.0% | 21.7% | 0.9% |
| Overall Rate Change Effect | 6.0% | 6.8% | 0.9% | 24.3% | 6.9% |
| Annual Premium* | \$439,736,952 | \$303,652,371 | \$21,495,175 | \$34,010,165 | \$798,894,664 |
| Statewide Indicated Change (CDI, with variance) | | | | | 17.7% |
| Unfunded Rate Need | | | | | 10.1% |

* August 2007 IMPACT average deposit premium, rebalanced to current level earned premium

**Fire Insurance Exchange
Farmers Insurance Exchange**

State of California

Line of Business: Homeowners Multiple Peril

Indicated and Proposed Changes by Policy Form

| Policy Form | Cat Loaded Credibility Weighted Loss Ratio | Relative Change | Indicated Change | Overall Proposed Change | Base Rate Proposed Change Impact | Liability Change | Condo Changes |
|--------------------|---|----------------------------|-----------------------------|--|---|-----------------------------|--------------------------|
| Special | 33.84% | 1.028 | 21.0% | 6.8% | 6.1% | 0.6% | 0.0% |
| Protector Plus | 31.65% | 0.961 | 13.1% | 6.0% | 5.2% | 0.7% | 0.0% |
| Renters | 29.90% | 0.908 | 6.9% | 0.9% | -0.2% | 1.1% | 0.0% |
| Condos | 43.94% | 1.334 | 57.1% | 24.3% | -0.2% | 2.4% | 21.7% |
| Total | 32.94% | 1.000 | 17.7% | 6.9% | 5.2% | 0.8% | 0.9% |

**Fire Insurance Exchange
Farmers Insurance Exchange**

State of California

Line of Business: Homeowners Multiple Peril

Indicated and Proposed Change by Territory

Special Form

| Proposed Territory | Credibility Weighted Loss Ratio | Relative Change | Indicated Change | Proposed Base Rate Change | Proposed Liability Change | Overall Proposed Change |
|---------------------------|--|------------------------|-------------------------|----------------------------------|----------------------------------|--------------------------------|
| AA | 29.01% | 0.9025 | 9.2% | 6.2% | 0.5% | 6.1% |
| AB | 24.86% | 0.7734 | -6.5% | 6.2% | 0.7% | 6.4% |
| AC | 25.22% | 0.7844 | -5.1% | 6.2% | 0.4% | 6.2% |
| AD | 31.46% | 0.9788 | 18.4% | 6.2% | 1.1% | 6.0% |
| AE | 33.50% | 1.0422 | 26.1% | 6.2% | 0.8% | 6.2% |
| AF | 28.20% | 0.8774 | 6.1% | 6.2% | 0.9% | 6.0% |
| AH | 24.99% | 0.7773 | -6.0% | 6.2% | 0.6% | 6.2% |
| AK | 32.66% | 1.0159 | 22.9% | 6.2% | 0.8% | 4.9% |
| AL | 25.56% | 0.7950 | -3.8% | 6.2% | 0.5% | 6.1% |
| AO | 30.14% | 0.9376 | 13.4% | 6.2% | 0.6% | 6.1% |
| AP | 29.18% | 0.9077 | 9.8% | 6.2% | 0.4% | 5.2% |
| DA | 33.21% | 1.0331 | 25.0% | 6.2% | 0.6% | 5.9% |
| DC | 26.28% | 0.8174 | -1.1% | 6.2% | 0.7% | 6.0% |
| DD | 40.33% | 1.2545 | 51.7% | 6.2% | 0.8% | 6.1% |
| DE | 29.27% | 0.9106 | 10.1% | 6.2% | 0.6% | 6.0% |
| DG | 27.75% | 0.8634 | 4.4% | 6.2% | 0.5% | 6.2% |
| DH | 30.38% | 0.9450 | 14.3% | 6.2% | 0.9% | 5.7% |
| DI | 40.27% | 1.2526 | 51.5% | 6.2% | 0.3% | 6.2% |
| DJ | 30.70% | 0.9550 | 15.5% | 6.2% | 0.5% | 5.4% |
| DK | 34.20% | 1.0639 | 28.7% | 6.2% | 0.8% | 6.2% |
| DL | 32.81% | 1.0207 | 23.5% | 6.2% | 0.4% | 6.2% |
| DM | 31.48% | 0.9793 | 18.4% | 6.2% | 0.5% | 5.4% |
| DN | 35.28% | 1.0976 | 32.8% | 6.2% | 0.8% | 5.8% |
| DO | 29.52% | 0.9182 | 11.1% | 6.2% | 0.7% | 6.3% |
| DP | 33.64% | 1.0465 | 26.6% | 6.2% | 0.9% | 6.2% |
| DQ | 30.26% | 0.9413 | 13.9% | 6.2% | 1.0% | 6.3% |
| EA | 32.57% | 1.0133 | 22.6% | 6.2% | 0.9% | 5.9% |
| EB | 27.68% | 0.8609 | 4.1% | 6.2% | 0.7% | 5.7% |
| EC | 34.57% | 1.0753 | 30.1% | 6.2% | 0.7% | 5.9% |
| ED | 34.23% | 1.0647 | 28.8% | 6.2% | 0.9% | 5.5% |
| GA | 38.53% | 1.1987 | 45.0% | 9.0% | 0.5% | 8.3% |
| GB | 24.24% | 0.7540 | -8.8% | 5.0% | 0.4% | 5.1% |
| GC | 26.75% | 0.8323 | 0.7% | 5.0% | 0.5% | 5.1% |
| GD | 27.87% | 0.8671 | 4.9% | 5.0% | 0.5% | 4.9% |
| GF | 27.98% | 0.8703 | 5.3% | 5.0% | 0.3% | 4.8% |
| GH | 30.62% | 0.9525 | 15.2% | 5.0% | 0.7% | 5.0% |
| GI | 29.64% | 0.9221 | 11.5% | 5.0% | 0.2% | 4.8% |
| GK | 33.79% | 1.0512 | 27.1% | 9.0% | 0.4% | 8.4% |
| GN | 40.79% | 1.2689 | 53.5% | 9.0% | 0.5% | 8.5% |
| GO | 33.31% | 1.0361 | 25.3% | 9.0% | 0.5% | 8.3% |
| GP | 40.76% | 1.2681 | 53.4% | 9.0% | 0.3% | 8.5% |
| GQ | 53.49% | 1.6639 | 101.3% | 9.0% | 0.3% | 8.5% |
| GR | 42.26% | 1.3146 | 59.0% | 9.0% | 0.5% | 8.2% |
| GS | 31.29% | 0.9733 | 17.7% | 6.6% | 0.8% | 6.3% |
| GT | 40.13% | 1.2483 | 51.0% | 9.0% | 0.3% | 8.5% |
| GU | 33.81% | 1.0517 | 27.2% | 9.0% | 0.5% | 8.4% |
| GV | 31.94% | 0.9937 | 20.2% | 8.9% | 0.6% | 8.4% |
| GW | 36.27% | 1.1283 | 36.5% | 9.0% | 0.7% | 8.3% |
| GX | 32.48% | 1.0104 | 22.2% | 9.0% | 0.8% | 7.4% |
| GY | 37.81% | 1.1762 | 42.3% | 9.0% | 0.5% | 8.1% |
| GZ | 35.63% | 1.1084 | 34.1% | 9.0% | 0.5% | 8.3% |
| JA | 23.37% | 0.7270 | -12.1% | 3.8% | 0.9% | 4.1% |

**Fire Insurance Exchange
Farmers Insurance Exchange**

State of California

Line of Business: Homeowners Multiple Peril

Indicated and Proposed Change by Territory

Special Form

| Proposed Territory | Credibility Weighted Loss Ratio | Relative Change | Indicated Change | Proposed Base Rate Change | Proposed Liability Change | Overall Proposed Change |
|---------------------------|--|------------------------|-------------------------|----------------------------------|----------------------------------|--------------------------------|
| JB | 29.54% | 0.9191 | 11.2% | 5.8% | 0.7% | 5.3% |
| JC | 29.60% | 0.9208 | 11.4% | 5.8% | 1.0% | 5.7% |
| JD | 26.30% | 0.8180 | -1.1% | 7.8% | 1.0% | 7.7% |
| JE | 27.10% | 0.8431 | 2.0% | 5.8% | 1.1% | 5.7% |
| JF | 37.86% | 1.1777 | 42.5% | 9.8% | 0.7% | 8.7% |
| JG | 29.04% | 0.9035 | 9.3% | 5.8% | 0.6% | 6.0% |
| JH | 23.01% | 0.7157 | -13.4% | 5.8% | 0.9% | 5.5% |
| JI | 29.46% | 0.9164 | 10.8% | 5.8% | 0.6% | 6.0% |
| JJ | 26.12% | 0.8126 | -1.7% | 4.8% | 0.8% | 4.3% |
| JK | 26.20% | 0.8151 | -1.4% | 4.8% | 0.8% | 4.6% |
| JL | 29.55% | 0.9194 | 11.2% | 5.8% | 1.0% | 5.5% |
| JM | 29.94% | 0.9315 | 12.7% | 5.8% | 0.9% | 5.9% |
| JN | 14.10% | 0.4387 | -46.9% | 7.8% | 1.0% | 6.7% |
| JO | 31.54% | 0.9813 | 18.7% | 8.3% | 1.1% | 8.0% |
| JP | 27.55% | 0.8571 | 3.7% | 5.8% | 0.8% | 4.6% |
| JQ | 34.65% | 1.0779 | 30.4% | 9.8% | 0.7% | 9.0% |
| JR | 32.76% | 1.0190 | 23.3% | 9.8% | 1.0% | 8.8% |
| JS | 27.57% | 0.8577 | 3.7% | 4.8% | 1.1% | 4.7% |
| JT | 30.73% | 0.9560 | 15.6% | 7.8% | 1.0% | 7.1% |
| JU | 28.59% | 0.8893 | 7.6% | 4.8% | 0.8% | 4.1% |
| JV | 30.28% | 0.9421 | 14.0% | 6.3% | 0.9% | 5.7% |
| JW | 31.97% | 0.9944 | 20.3% | 9.8% | 1.2% | 8.7% |
| JX | 24.62% | 0.7658 | -7.4% | 5.8% | 1.0% | 5.8% |
| JY | 26.28% | 0.8177 | -1.1% | 5.8% | 0.6% | 5.4% |
| MA | 38.80% | 1.2069 | 46.0% | 9.0% | 0.4% | 8.6% |
| MB | 29.91% | 0.9304 | 12.5% | 6.7% | 0.4% | 6.3% |
| MC | 31.47% | 0.9790 | 18.4% | 6.7% | 0.5% | 5.6% |
| MD | 32.02% | 0.9960 | 20.5% | 6.7% | 0.5% | 6.2% |
| ME | 35.45% | 1.1028 | 33.4% | 9.0% | 0.5% | 8.7% |
| MF | 37.35% | 1.1619 | 40.5% | 9.0% | 0.4% | 8.6% |
| MG | 43.83% | 1.3634 | 64.9% | 9.0% | 0.4% | 8.8% |
| MH | 33.38% | 1.0383 | 25.6% | 9.0% | 0.3% | 8.9% |
| PA | 28.15% | 0.8756 | 5.9% | 5.0% | 0.6% | 4.6% |
| PB | 30.18% | 0.9389 | 13.6% | 5.0% | 0.4% | 4.6% |
| PC | 36.32% | 1.1299 | 36.7% | 9.0% | 0.4% | 8.1% |
| PD | 31.37% | 0.9760 | 18.0% | 6.9% | 0.3% | 6.5% |
| PE | 41.17% | 1.2809 | 54.9% | 9.0% | 0.3% | 8.3% |
| PF | 44.93% | 1.3978 | 69.1% | 9.0% | 0.6% | 8.2% |
| PG | 33.42% | 1.0396 | 25.7% | 9.0% | 0.5% | 8.1% |
| PH | 32.00% | 0.9955 | 20.4% | 9.0% | 0.4% | 8.4% |
| PI | 33.46% | 1.0409 | 25.9% | 9.0% | 0.6% | 7.6% |
| PJ | 35.97% | 1.1190 | 35.4% | 9.0% | 0.8% | 7.8% |
| PK | 36.47% | 1.1345 | 37.2% | 9.0% | 0.6% | 8.2% |
| PL | 28.07% | 0.8731 | 5.6% | 5.0% | 0.3% | 5.0% |
| PM | 42.89% | 1.3343 | 61.4% | 9.0% | 0.4% | 8.4% |
| PN | 32.63% | 1.0152 | 22.8% | 9.0% | 0.3% | 8.7% |
| Total | 32.15% | 1.0000 | 21.0% | | | |
| Total Impact | | | | 6.1% | 0.6% | 6.8% |

Minimum cap: 5.0%
Maximum cap: 9.0%

**Fire Insurance Exchange
Farmers Insurance Exchange**

State of California

Line of Business: Homeowners Multiple Peril

Indicated and Proposed Change by Territory

Protector Plus

| Proposed Territory | Credibility Weighted Loss Ratio | Relative Change | Indicated Change | Proposed Base Rate Change | Proposed Liability Change | Overall Proposed Change |
|---------------------------|--|------------------------|-------------------------|----------------------------------|----------------------------------|--------------------------------|
| AA | 28.67% | 0.9495 | 7.4% | 6.2% | 0.6% | 6.6% |
| AB | 25.90% | 0.8575 | -3.0% | 6.2% | 0.8% | 6.8% |
| AC | 28.19% | 0.9335 | 5.6% | 6.2% | 0.5% | 6.7% |
| AD | 33.29% | 1.1023 | 24.7% | 6.2% | 0.8% | 6.1% |
| AE | 33.41% | 1.1065 | 25.2% | 6.2% | 0.9% | 6.8% |
| AF | 32.46% | 1.0750 | 21.6% | 6.2% | 0.9% | 6.4% |
| AH | 34.86% | 1.1543 | 30.6% | 6.2% | 0.6% | 6.8% |
| AK | 33.10% | 1.0960 | 24.0% | 6.2% | 0.8% | 5.5% |
| AL | 28.86% | 0.9557 | 8.1% | 6.2% | 0.6% | 6.6% |
| AO | 32.38% | 1.0724 | 21.3% | 6.2% | 0.6% | 6.7% |
| AP | 29.15% | 0.9652 | 9.2% | 6.2% | 0.4% | 5.3% |
| DA | 43.65% | 1.4456 | 63.5% | 6.2% | 0.7% | 6.4% |
| DC | 27.57% | 0.9130 | 3.3% | 6.2% | 0.8% | 6.3% |
| DD | 32.17% | 1.0654 | 20.5% | 6.2% | 0.8% | 6.6% |
| DE | 33.46% | 1.1080 | 25.3% | 6.2% | 0.7% | 6.6% |
| DG | 36.42% | 1.2060 | 36.4% | 6.2% | 0.6% | 7.0% |
| DH | 27.91% | 0.9241 | 4.5% | 6.2% | 1.0% | 6.2% |
| DI | 32.26% | 1.0684 | 20.8% | 6.2% | 0.4% | 6.7% |
| DJ | 28.88% | 0.9563 | 8.2% | 6.2% | 0.5% | 6.0% |
| DK | 33.23% | 1.1005 | 24.5% | 6.2% | 0.8% | 6.4% |
| DL | 31.50% | 1.0430 | 18.0% | 6.2% | 0.5% | 7.0% |
| DM | 27.82% | 0.9213 | 4.2% | 6.2% | 0.4% | 6.0% |
| DN | 34.60% | 1.1458 | 29.6% | 6.2% | 0.8% | 6.4% |
| DO | 26.67% | 0.8832 | -0.1% | 6.2% | 0.7% | 6.9% |
| DP | 27.30% | 0.9039 | 2.2% | 6.2% | 0.9% | 6.7% |
| DQ | 33.29% | 1.1023 | 24.7% | 6.2% | 0.9% | 6.5% |
| EA | 27.60% | 0.9139 | 3.4% | 6.2% | 1.0% | 6.6% |
| EB | 35.13% | 1.1635 | 31.6% | 6.2% | 0.8% | 6.4% |
| EC | 34.06% | 1.1279 | 27.6% | 6.2% | 0.8% | 6.7% |
| ED | 45.63% | 1.5109 | 70.9% | 6.2% | 1.0% | 6.3% |
| GA | 27.98% | 0.9267 | 4.8% | 6.2% | 0.7% | 6.7% |
| GB | 25.22% | 0.8350 | -5.5% | 3.0% | 0.5% | 3.6% |
| GC | 23.81% | 0.7886 | -10.8% | 3.0% | 0.6% | 3.7% |
| GD | 27.93% | 0.9251 | 4.6% | 6.2% | 0.7% | 6.7% |
| GF | 27.66% | 0.9158 | 3.6% | 5.5% | 0.5% | 6.1% |
| GH | 26.20% | 0.8675 | -1.9% | 3.0% | 0.7% | 3.7% |
| GI | 26.46% | 0.8764 | -0.9% | 5.0% | 0.4% | 5.5% |
| GK | 31.52% | 1.0438 | 18.1% | 6.2% | 0.6% | 6.6% |
| GN | 34.80% | 1.1524 | 30.4% | 6.2% | 0.7% | 6.9% |
| GO | 26.76% | 0.8862 | 0.2% | 4.0% | 0.5% | 4.5% |
| GP | 29.48% | 0.9764 | 10.4% | 6.2% | 0.6% | 6.6% |
| GQ | 30.32% | 1.0040 | 13.6% | 6.2% | 0.5% | 6.7% |
| GR | 34.33% | 1.1368 | 28.6% | 6.2% | 0.6% | 6.7% |
| GS | 32.47% | 1.0753 | 21.6% | 6.2% | 0.9% | 6.8% |
| GT | 27.52% | 0.9114 | 3.1% | 4.0% | 0.5% | 4.4% |
| GU | 24.46% | 0.8099 | -8.4% | 6.2% | 0.8% | 6.7% |
| GV | 25.30% | 0.8377 | -5.2% | 4.0% | 0.7% | 4.7% |
| GW | 27.69% | 0.9171 | 3.7% | 6.2% | 0.9% | 6.8% |
| GX | 22.73% | 0.7527 | -14.9% | 3.0% | 1.0% | 3.6% |
| GY | 27.45% | 0.9090 | 2.8% | 5.5% | 0.7% | 6.0% |
| GZ | 25.09% | 0.8308 | -6.0% | 4.4% | 0.7% | 4.9% |
| JA | 25.63% | 0.8487 | -4.0% | 3.7% | 0.9% | 4.2% |

**Fire Insurance Exchange
Farmers Insurance Exchange**

State of California

Line of Business: Homeowners Multiple Peril

Indicated and Proposed Change by Territory

Protector Plus

| Proposed Territory | Credibility Weighted Loss Ratio | Relative Change | Indicated Change | Proposed Base Rate Change | Proposed Liability Change | Overall Proposed Change |
|---------------------------|--|------------------------|-------------------------|----------------------------------|----------------------------------|--------------------------------|
| JB | 26.50% | 0.8774 | -0.7% | 6.6% | 0.9% | 6.5% |
| JC | 29.72% | 0.9841 | 11.3% | 6.6% | 1.0% | 6.3% |
| JD | 22.89% | 0.7579 | -14.3% | 5.4% | 0.8% | 5.9% |
| JE | 25.30% | 0.8378 | -5.2% | 5.4% | 1.1% | 5.6% |
| JF | 25.16% | 0.8333 | -5.7% | 5.4% | 0.7% | 5.5% |
| JG | 25.60% | 0.8476 | -4.1% | 6.4% | 0.8% | 7.0% |
| JH | 21.43% | 0.7097 | -19.7% | 3.8% | 1.0% | 4.1% |
| JI | 26.69% | 0.8837 | 0.0% | 4.9% | 0.6% | 5.8% |
| JJ | 26.95% | 0.8925 | 1.0% | 4.9% | 0.8% | 4.6% |
| JK | 31.20% | 1.0331 | 16.9% | 7.4% | 1.1% | 7.5% |
| JL | 28.64% | 0.9484 | 7.3% | 6.6% | 0.9% | 6.6% |
| JM | 27.19% | 0.9004 | 1.8% | 6.6% | 0.9% | 7.3% |
| JN | 26.31% | 0.8712 | -1.5% | 6.6% | 1.0% | 6.1% |
| JO | 28.43% | 0.9414 | 6.5% | 6.6% | 1.1% | 6.8% |
| JP | 25.81% | 0.8548 | -3.3% | 7.4% | 0.9% | 6.0% |
| JQ | 31.37% | 1.0389 | 17.5% | 6.6% | 0.8% | 7.0% |
| JR | 26.87% | 0.8896 | 0.6% | 6.6% | 1.1% | 6.9% |
| JS | 24.98% | 0.8273 | -6.4% | 3.4% | 1.0% | 3.8% |
| JT | 24.72% | 0.8185 | -7.4% | 4.9% | 1.1% | 5.3% |
| JU | 22.12% | 0.7326 | -17.1% | 3.4% | 0.8% | 3.4% |
| JV | 23.44% | 0.7762 | -12.2% | 3.4% | 0.9% | 3.8% |
| JW | 25.90% | 0.8577 | -3.0% | 6.9% | 1.1% | 7.0% |
| JX | 23.92% | 0.7921 | -10.4% | 3.4% | 1.1% | 4.1% |
| JY | 25.63% | 0.8489 | -4.0% | 6.6% | 0.6% | 6.5% |
| MA | 35.62% | 1.1797 | 33.4% | 6.2% | 0.6% | 6.7% |
| MB | 24.50% | 0.8112 | -8.2% | 5.5% | 0.5% | 5.9% |
| MC | 36.59% | 1.2118 | 37.1% | 5.5% | 0.6% | 5.6% |
| MD | 32.68% | 1.0822 | 22.4% | 5.5% | 0.5% | 5.9% |
| ME | 30.96% | 1.0253 | 16.0% | 6.2% | 0.7% | 6.6% |
| MF | 38.33% | 1.2692 | 43.6% | 6.2% | 0.5% | 6.8% |
| MG | 33.95% | 1.1244 | 27.2% | 6.2% | 0.5% | 6.7% |
| MH | 29.40% | 0.9736 | 10.1% | 6.2% | 0.4% | 6.9% |
| PA | 35.99% | 1.1920 | 34.8% | 6.2% | 0.7% | 6.4% |
| PB | 28.71% | 0.9508 | 7.6% | 6.2% | 0.3% | 6.6% |
| PC | 31.75% | 1.0513 | 18.9% | 6.2% | 0.5% | 6.3% |
| PD | 29.26% | 0.9690 | 9.6% | 6.2% | 0.5% | 6.7% |
| PE | 27.23% | 0.9019 | 2.0% | 4.0% | 0.3% | 4.3% |
| PF | 36.32% | 1.2028 | 36.1% | 6.2% | 0.7% | 6.6% |
| PG | 30.98% | 1.0260 | 16.1% | 6.2% | 0.5% | 6.4% |
| PH | 27.28% | 0.9032 | 2.2% | 6.2% | 0.4% | 6.8% |
| PI | 40.26% | 1.3332 | 50.8% | 6.2% | 0.7% | 6.4% |
| PJ | 28.03% | 0.9281 | 5.0% | 6.2% | 0.7% | 6.4% |
| PK | 29.54% | 0.9782 | 10.7% | 6.2% | 0.6% | 6.7% |
| PL | 29.71% | 0.9837 | 11.3% | 6.2% | 0.4% | 6.8% |
| PM | 38.56% | 1.2771 | 44.5% | 6.2% | 0.6% | 6.5% |
| PN | 29.50% | 0.9769 | 10.5% | 6.2% | 0.4% | 6.7% |
| Total | 30.20% | 1.0000 | 13.1% | | | |
| Total Impact | | | | 5.2% | 0.7% | 6.0% |

Minimum cap: 3.0%
Maximum cap: 6.2%

**Fire Insurance Exchange
Farmers Insurance Exchange**

State of California

Line of Business: Homeowners Multiple Peril

Liability Increased Limits Analysis

**Developed Losses from Fiscal Accident Years 2003 to 2007 Ending Quarter 2
All Forms Combined**

| Policy Limit | Liability Losses Had the Policy Limit Been | | | |
|--|---|------------|------------|-------------|
| | \$100,000 | \$300,000 | \$500,000 | \$1,000,000 |
| \$100,000 | 37,770,001 | | | |
| \$300,000 | 40,156,595 | 56,756,516 | | |
| \$500,000 | 35,891,678 | 49,593,572 | 54,007,072 | |
| \$1,000,000 | 18,225,058 | 27,760,421 | 31,288,830 | 33,869,569 |
| Increased Limits Incremental Losses | 132,043,332 | 39,837,178 | 7,941,909 | 2,580,739 |
| Indicated Relativity (Incremental) | 0.00 | 0.42 | 0.15 | 0.14 |
| Indicated Relativity (Cumulative) | 0.00 | 0.42 | 0.57 | 0.71 |
| 2007 Total Policy Count | 1,261,921 | | | |
| CY 2007 Liability Loss as % of All-Peril Loss | 11.7% | | | |
| Fiscal Year 2007 Average Premium/PIF | 797.69 | | | |
| Calculated Premium (\$100,000) | 93.22 | | | |

| Upcharges | Calculated | Credibility | Adjusted | | Current |
|-------------|------------|-------------|------------|----------|---------|
| | | | Calculated | Selected | |
| \$100,000 | 0.00 | 100.0% | 0.00 | 0.00 | 0.00 |
| \$300,000 | 39.39 | 23.5% | 36.80 | 25.00 | 20.00 |
| \$500,000 | 53.07 | 10.4% | 57.49 | 45.00 | 35.00 |
| \$1,000,000 | 66.27 | 4.9% | 93.58 | 80.00 | 60.00 |

| Complement of Credibility | Upcharges | State Farm | Allstate | Countrywide | Selected |
|---------------------------|-------------|------------|----------|-------------|----------------|
| | | | | | Competitor Avg |
| | \$100,000 | 0.00 | 0.00 | 0.00 | 0.00 |
| | \$300,000 | 25.00 | 47.00 | 33.40 | 36.00 |
| | \$500,000 | 42.00 | 74.00 | 45.88 | 58.00 |
| | \$1,000,000 | 85.00 | 105.00 | 57.37 | 95.00 |

Notes:

Calculated upcharge = Calculated Premium for CPL \$100K x Cumulative Indicated Relativity
(less 1.00) for each increased CPL limit.

Adjusted Calculated Upcharge = Calculated Upcharge credibility-weighted against average competition
using 6,148 reported claims as a standard for full credibility, and the square-root rule

**Fire Insurance Exchange
Farmers Insurance Exchange**

State of California

Line of Business: Homeowners Multiple Peril

Condominium Relativity Proposal

| Current Relativity | Proposed Relativity |
|---------------------------|----------------------------|
| 0.65 | 0.85 |

Condominium Building Property Endorsement

| Current Rate per \$1,000 | Proposed Proposed Rate Per \$1,000 |
|---------------------------------|---|
| \$3.00 | \$4.00 |

**Fire Insurance Exchange
Farmers Insurance Exchange**

State of California

Line of Business: Homeowners Multiple Peril

New Program

There are no new programs being introduced in this filing.

**Fire Insurance Exchange
Farmers Insurance Exchange**

State of California

Line of Business: Homeowners Multiple Peril

Insurer Group Filing

The manual rates for Fire Insurance Exchange and Farmers Insurance Exchange are identical by territory and amount of insurance.

The data underlying the support for this rate proposal is based on Fire Insurance Exchange, Farmers Insurance Exchange and Mid-Century Insurance Company excluding estimated data from our Farmers Next GenerationSM Homeowners product.