



INS CONSULTANTS, INC.  
Insurance Regulatory Consultants

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**TO: Delaware Insurance Department**

**FROM: Dave Macesic, ACAS, MAAA**  
Chief Property/ Family Actuary  
INS Consultants, Inc. (INS)

**DATE: May 17, 2012**

**SUBJECT: Public Information Session**  
**Farm Family Casualty Insurance Company**  
**Personal Automobile Rate and Form Filing**  
**Company Filing Number: PA-007-20120048**  
**State Tracking Number: 46939**

### **Scope of Engagement**

INS Consultants, Inc. ("INS") has been retained by the Delaware Department of Insurance Commissioner ("Delaware") to conduct an independent actuarial review of the rate portion of Farm Family Insurance Company's ("Farm Family" or "Company") Personal Passenger Automobile Rate and Form Filing that was submitted on January 24, 2012. The scope includes a review of the rate portion of the filing submitted by Farm Family, an evaluation of the key assumptions contained in the Company's rate level analysis and the independent development of an indicated rate level change. The rate filing was submitted by Jennifer Sacco, Compliance Analyst, of Farm Family.

This review was conducted by David J. Macesic, ACAS, MAAA and key elements of this review were peer reviewed by Robert W. Gardner, FCAS, MAAA. This report presents the conclusions of INS' review.

### **Summary of Findings**

INS has reviewed the submission in its entirety, along with other filing material requested of, and received from Farm Family. The rate filing requested an overall rate level change of +14.3%. INS finds that the proposed rate level change of +14.3% is not substantiated by the materials received from the Company. INS finds that a proposed rate level change in an amount no larger than +11.1% is substantiated by the filing material received.

### **Detailed Comments**

Farm Family' requested an overall rate level change of +14.3% with an indicated rate level change of +18.8%.

INS finds that Farm Family's rate filing follows the Actuarial Standards of Practice concerning Property and Family Ratemaking.

INS reviewed the key assumptions contained in the rate level analysis and contained in responses to INS questions on February 23, 2012. Based on the information received from Farm Family, INS developed an indicated rate level change of +11.1%. The difference between the INS and the Farm Family estimates of the indicated rate level change is due to differences in the selection of certain ratemaking parameters, including loss development, trend, projected expenses and underwriting profit.

By email to INS on March 13, 2012, Farm Family intends to amend their original proposed rate level change from +14.3% to +9.9%. Farm Family has not submitted a filing amendment with the revised detailed rate schedules, preferring instead to await Delaware's notification that a proposal for this amount would be acceptable to Delaware.