



June 16, 2004

REVISED PENNSYLVANIA HOMEOWNERS RATE LEVEL APPROVED

BACKGROUND	MSO® reviewed its Homeowners rate level and territory assignments in Pennsylvania as compared to the major homeowners writers to determine what changes were needed based on loss indications and to better reflect the market condition.
MSO ACTION	We filed a revised base premium to be more in line with the premium level of the major writers. We also restructured the territories for MHO 2 & 3 expanding the territories from seven to ten. The base territory was also changed to more closely reflect the current homeowners market.
RATE EFFECT	The approved rate increase averages 20.7% for Forms MHO 2 and MHO 3, varying by territory.
EFFECTIVE	The revised rate level can be implemented immediately.
FUTURE ACTION	We are currently reviewing the MHO 4 and MHO 6 rates levels and since the approved rate level change was less than what was indicated, we will review the MHO 3 rate level again in six months to determine what additional changes are needed.
DISTRIBUTION	The revised manual pages will be included in the next CD-ROM. Affiliated companies will be able to access these on our website http://www.msonet.com .
QUESTIONS	Contact Dennis Carrigan at (800) 935-6900 or e-mail: dcarrigan@msonet.com .