

SERFF Tracking Number: AMMH-125312822 State: Arkansas  
Filing Company: American Modern Home Insurance Company State Tracking Number: AR-PC-07-026310  
Company Tracking Number: 20071003-02  
TOI: 04.0 Homeowners Sub-TOI: 04.0005 Other Homeowners  
Product Name: 077 AR DP1/Vacant  
Project Name/Number: AR DP1/Vacant - RATE/20071003-02

## Filing at a Glance

Company: American Modern Home Insurance Company

Product Name: 077 AR DP1/Vacant

TOI: 04.0 Homeowners

Sub-TOI: 04.0005 Other Homeowners

Filing Type: Rate

SERFF Tr Num: AMMH-125312822 State: Arkansas

SERFF Status: Closed

Co Tr Num: 20071003-02

Co Status:

Author: Krista Mahaffey

Date Submitted: 10/03/2007

State Tr Num: AR-PC-07-026310

State Status:

Reviewer(s): Becky Harrington,  
Betty Montesi, Brittany Yielding

Disposition Date: 10/24/2007

Disposition Status: Filed

Effective Date (New): 12/01/2007

Effective Date (Renewal):

12/01/2007

Effective Date Requested (New): 12/01/2007

Effective Date Requested (Renewal): 12/01/2007

## General Information

Project Name: AR DP1/Vacant - RATE

Project Number: 20071003-02

Reference Organization:

Reference Title:

Filing Status Changed: 10/24/2007

State Status Changed: 10/03/2007

Corresponding Filing Tracking Number:

Filing Description:

On behalf of American Modern Home Insurance Company I would like to present a revision to our existing DP-1 & Vacant Programs. This filing will take place of the current filing which was effective for new business on 07-01-2005. The corresponding form filing, which is project number 20070601-08, is also being submitted for your approval.

Status of Filing in Domicile:

Domicile Status Comments:

Reference Number:

Advisory Org. Circular:

Deemer Date:

## Company and Contact

### Filing Contact Information

Krista Mahaffey, Filing Analyst

7000 Midland Blvd

kmahaffey@amig.com

(800) 759-9008 [Phone]

SERFF Tracking Number: AMMH-125312822 State: Arkansas  
Filing Company: American Modern Home Insurance Company State Tracking Number: AR-PC-07-026310  
Company Tracking Number: 20071003-02  
TOI: 04.0 Homeowners Sub-TOI: 04.0005 Other Homeowners  
Product Name: 077 AR DPI/Vacant  
Project Name/Number: AR DPI/Vacant - RATE/20071003-02

Amelia, OH 45102 (513) 947-4695[FAX]

**Filing Company Information**

American Modern Home Insurance Company CoCode: 23469 State of Domicile: Ohio  
7000 Midland Blvd. Group Code: 127 Company Type:  
Amelia, OH 45102 Group Name: State ID Number:  
(800) 759-9008 ext. [Phone] FEIN Number: 31-0715697  
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SERFF Tracking Number: AMMH-125312822 State: Arkansas  
Filing Company: American Modern Home Insurance Company State Tracking Number: AR-PC-07-026310  
Company Tracking Number: 20071003-02  
TOI: 04.0 Homeowners Sub-TOI: 04.0005 Other Homeowners  
Product Name: 077 AR DPI/Vacant  
Project Name/Number: AR DPI/Vacant - RATE/20071003-02

## Filing Fees

Fee Required? Yes  
Fee Amount: \$100.00  
Retaliatory? No  
Fee Explanation: Rate Filing  
Per Company: No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
American Modern Home Insurance Company	\$0.00	10/03/2007	

SERFF Tracking Number: AMMH-125312822 State: Arkansas  
 Filing Company: American Modern Home Insurance Company State Tracking Number: AR-PC-07-026310  
 Company Tracking Number: 20071003-02  
 TOI: 04.0 Homeowners Sub-TOI: 04.0005 Other Homeowners  
 Product Name: 077 AR DPI/Vacant  
 Project Name/Number: AR DPI/Vacant - RATE/20071003-02

## Correspondence Summary

### Dispositions

Status	Created By	Created On	Date Submitted
Filed	Becky Harrington	10/24/2007	10/24/2007

### Objection Letters and Response Letters

Objection Letters				Response Letters		
Status	Created By	Created On	Date Submitted	Responded By	Created On	Date Submitted
Pending Industry Response	Becky Harrington	10/05/2007	10/05/2007	Krista Mahaffey	10/22/2007	10/22/2007

### Filing Notes

Subject	Note Type	Created By	Created On	Date Submitted
Filing Fee Check	Note To Reviewer	Krista Mahaffey	10/08/2007	10/08/2007

SERFF Tracking Number: AMMH-125312822 State: Arkansas  
Filing Company: American Modern Home Insurance Company State Tracking Number: AR-PC-07-026310  
Company Tracking Number: 20071003-02  
TOI: 04.0 Homeowners Sub-TOI: 04.0005 Other Homeowners  
Product Name: 077 AR DPI/Vacant  
Project Name/Number: AR DPI/Vacant - RATE/20071003-02

## Disposition

Disposition Date: 10/24/2007

Effective Date (New): 12/01/2007

Effective Date (Renewal): 12/01/2007

Status: Filed

Comment:

Rate data does NOT apply to filing.

SERFF Tracking Number: AMMH-125312822 State: Arkansas  
 Filing Company: American Modern Home Insurance Company State Tracking Number: AR-PC-07-026310  
 Company Tracking Number: 20071003-02  
 TOI: 04.0 Homeowners Sub-TOI: 04.0005 Other Homeowners  
 Product Name: 077 AR DP1/Vacant  
 Project Name/Number: AR DP1/Vacant - RATE/20071003-02

Item Type	Item Name	Item Status	Public Access
Supporting Document	Form RF-1 NAIC Loss Cost Data Entry Document--All P&C Lines	Filed	Yes
Supporting Document	Uniform Transmittal Document-Property & Casualty	Filed	Yes
Supporting Document	HPCS-Homeowners Premium Comparison Survey	Filed	No
Supporting Document	NAIC Loss Cost Filing Document for OTHER than Workers' Comp	Filed	No
Supporting Document	Cover Letter	Filed	Yes
Supporting Document	Actuary Indications	Filed	Yes
Supporting Document	Transmittal	Filed	Yes
Supporting Document	Response Cover Letter	Filed	Yes
Rate	Rate Filing	Filed	Yes

SERFF Tracking Number: AMMH-125312822 State: Arkansas  
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Company Tracking Number: 20071003-02  
TOI: 04.0 Homeowners Sub-TOI: 04.0005 Other Homeowners  
Product Name: 077 AR DPI/Vacant  
Project Name/Number: AR DPI/Vacant - RATE/20071003-02

## Objection Letter

Objection Letter Status Pending Industry Response

Objection Letter Date 10/05/2007

Submitted Date 10/05/2007

Respond By Date

Dear Krista Mahaffey,

This will acknowledge receipt of the captioned filing.

### Objection 1

- Transmittal (Supporting Document)

Comment: The 5-year history on Form RF-1 must be revised to include 2006 information.

### Objection 2

- Actuary Indications (Supporting Document)

Comment: The trended permissible loss/LAE ratio of .540 is greater than the developed weighted experience loss/LAE ratio of .519. Please explain the indicated rate need of 10.5% and the requested change of 4.34% shown on the RF-1.

### Objection 3

- Uniform Transmittal Document-Property & Casualty (Supporting Document)

Comment: The rate/rule schedule page of the uniform transmittal document must be submitted.

### Objection 4

- Rate Filing (Rate)

Comment: Have all the territory relativities, base rates, and protection class factors been increased by the same percentage? Provide details of the changes.

In accordance with Regulation 23, Section 7.A., this filing may not be implemented until 20 days after the requested amendment(s) and/or information is received.

Please feel free to contact me if you have questions.

Sincerely,  
Becky Harrington

## Response Letter

SERFF Tracking Number: AMMH-125312822 State: Arkansas  
Filing Company: American Modern Home Insurance Company State Tracking Number: AR-PC-07-026310  
Company Tracking Number: 20071003-02  
TOI: 04.0 Homeowners Sub-TOI: 04.0005 Other Homeowners  
Product Name: 077 AR DP1/Vacant  
Project Name/Number: AR DP1/Vacant - RATE/20071003-02

Response Letter Status Submitted to State  
Response Letter Date 10/22/2007  
Submitted Date 10/22/2007

Dear Becky Harrington,

**Comments:**

**Response 1**

Comments: On behalf of American Modern Home Insurance Company, I am presenting response to the questions you have regarding our recently submitted dwelling program revisions.

**Related Objection 1**

Applies To:

- Transmittal (Supporting Document)

Comment:

The 5-year history on Form RF-1 must be revised to include 2006 information.

**Related Objection 2**

Applies To:

- Actuary Indications (Supporting Document)

Comment:

The trended permissible loss/LAE ratio of .540 is greater than the developed weighted experience loss/LAE ratio of .519. Please explain the indicated rate need of 10.5% and the requested change of 4.34% shown on the RF-1.

**Related Objection 3**

Applies To:

- Uniform Transmittal Document-Property & Casualty (Supporting Document)

Comment:

The rate/rule schedule page of the uniform transmittal document must be submitted.

**Related Objection 4**

Applies To:

- Rate Filing (Rate)

Comment:

Have all the territory relativities, base rates, and protection class factors been increased by the same percentage? Provide details of the changes.

*SERFF Tracking Number:*      *AMMH-125312822*                      *State:*                      *Arkansas*  
*Filing Company:*              *American Modern Home Insurance Company*      *State Tracking Number:*      *AR-PC-07-026310*  
*Company Tracking Number:*      *20071003-02*  
*TOI:*                      *04.0 Homeowners*                      *Sub-TOI:*                      *04.0005 Other Homeowners*  
*Product Name:*                      *077 AR DP1/Vacant*  
*Project Name/Number:*              *AR DP1/Vacant - RATE/20071003-02*

**Changed Items:**

**Supporting Document Schedule Item Changes**

Satisfied -Name: Response Cover Letter

Comment: On behalf of American Modern Home Insurance Company, I am submitting response to the questions you presented regarding our recently submitted dwelling program revisions.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Sincerely,  
Krista Mahaffey

*SERFF Tracking Number:*      *AMMH-125312822*                      *State:*                      *Arkansas*  
*Filing Company:*              *American Modern Home Insurance Company*      *State Tracking Number:*      *AR-PC-07-026310*  
*Company Tracking Number:*      *20071003-02*  
*TOI:*                      *04.0 Homeowners*                      *Sub-TOI:*                      *04.0005 Other Homeowners*  
*Product Name:*              *077 AR DP1/Vacant*  
*Project Name/Number:*      *AR DP1/Vacant - RATE/20071003-02*

**Note To Reviewer**

**Created By:**

Krista Mahaffey on 10/08/2007 02:36 PM

**Subject:**

Filing Fee Check

**Comments:**

Hello,

I have sent the fee for this filing to the appropriate address; check number 77099439 in the amount of \$100.

I will also be addressing the concerns I received from you as soon as possible.

Thank You.

*SERFF Tracking Number:*      *AMMH-125312822*                      *State:*                      *Arkansas*  
*Filing Company:*              *American Modern Home Insurance Company*      *State Tracking Number:*      *AR-PC-07-026310*  
*Company Tracking Number:*      *20071003-02*  
*TOI:*                      *04.0 Homeowners*                      *Sub-TOI:*                      *04.0005 Other Homeowners*  
*Product Name:*              *077 AR DP1/Vacant*  
*Project Name/Number:*      *AR DP1/Vacant - RATE/20071003-02*

## **Rate Information**

Rate data does NOT apply to filing.

SERFF Tracking Number: AMMH-125312822 State: Arkansas  
Filing Company: American Modern Home Insurance Company State Tracking Number: AR-PC-07-026310  
Company Tracking Number: 20071003-02  
TOI: 04.0 Homeowners Sub-TOI: 04.0005 Other Homeowners  
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Project Name/Number: AR DP1/Vacant - RATE/20071003-02

## Rate/Rule Schedule

Review Status:	Exhibit Name:	Rule # or Page #:	Rate Action	Previous State Filing Attachments Number:
Filed	Rate Filing	G1-G2, E1, R1- R10	Replacement	Sent to State - AR077- DP1-07.pdf

**ARKANSAS  
AMERICAN MODERN HOME  
DP-1 PROGRAM**

**GENERAL RULES**

1. **DEFINITIONS**

- A. **Dwelling** – a structure used as the insured's primary residence containing not more than 4 dwelling units or more than 2 stories.
- B. **Vacant/Unoccupied Dwelling** – a dwelling that is unoccupied and/or being held for sale, whether or not the contents have been removed.
- C. **Seasonal Dwelling** - a dwelling that is not the primary residence of the insured, but one that is used on an intermittent basis by the insured and his (her) immediate family.
- D. **Rental Dwelling** – a dwelling that is rented to others for residential purposes. Insurance is written to cover the interest of the owner of a rented dwelling.
- E. **Single Building**
  - a. All buildings or sections of buildings which communicate through unprotected openings.
  - b. Buildings which are separated by a space shall be considered separate buildings.
  - c. Buildings or sections of buildings which are separated by an eight (8) inch masonry party wall which pierces or rises to the underside of the roof shall be considered separate buildings. Communication between buildings through masonry party walls described above shall be protected by at least a Class "A" Fire Door installed in a masonry wall section.
- F. **Construction Types** – The three different construction types are defined below.
  - a. **Frame (1)** - Exterior walls of wood or other combustible construction, including walls with metal, stucco, or metal lath and plaster on combustible supports. Aluminum or plastic siding over frame.
  - b. **Masonry Veneer (2)** - Exterior wall of combustible construction veneered with masonry materials. Rated as masonry.
  - c. **Masonry (3)** - Exterior walls constructed of masonry materials such as adobe, brick, concrete, concrete block, stone, tile or similar materials or non-combustible materials on non-combustible supports.
- G. **Public Fire Protection**  
Except in areas otherwise classified, all dwellings within the corporate limits shall take the fire protection classification of the municipality. All dwellings located outside of the corporate limits of a municipality shall be considered as unprotected, unless the fire protection in the district in which the dwelling is located is specifically classified.
- H. **Supplemental Heating Device**  
Wood, coal, or pellet burning stoves, space heaters, fireplace inserts or any other heating device that is not centralized.

2. **POLICY FORMS**

Coverage will be written on the Dwelling Property - Basic Form contained within this filing, which will consist of:

- A. Policy form, plus,
- B. Declaration page, plus
- C. Required endorsements, if any

3. **POLICY TERM**

All premiums and rates contained in the Rate Section of this manual are annual unless otherwise indicated. A Dwelling Policy must be written for a specified term not to exceed one year. For the purpose of maintaining common anniversary dates, it is permissible to write a Dwelling Policy for a term of less than one year on a pro rata basis.

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**ARKANSAS  
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DP-1 PROGRAM**

4. CHANGES
  - A. All changes requiring adjustments of premium shall be computed pro rata.
  - B. If a policy is amended and results in a premium adjustment of less than \$5.00, such adjustment may be waived. If there is a decrease in coverage requested by the company, the full return premium will be refunded to the Insured.
  
5. TRANSFER OR ASSIGNMENT  
Subject to the rules of this manual and any necessary adjustment of premium, a dwelling policy may be endorsed to effect transfer to another location within the same state; or assignment from one insured to another in the event of transfer of title of the dwelling.
  
6. CANCELLATION  
If a policy or form of coverage is cancelled or reduced at the request of the insured or by the Company, the return premium shall be calculated pro rata of the premium, subject to any applicable minimum premiums.
  
7. MINIMUM WRITTEN AND EARNED PREMIUM  
No policy shall be written for less than the minimum written and earned premiums shown on the rate pages.
  
8. WHOLE DOLLAR PREMIUM  
The premium shall be rounded to the nearest whole dollar separately for each coverage provided by the policy.  
  
A premium of \$.50 or more shall be rounded up to the next higher whole dollar.  
  
This procedure shall apply to all interim premium adjustments, including endorsements and cancellations.
  
9. MANUAL PREMIUM REVISION  
A manual premium revision, meaning any revision of premium applicable to the Dwelling Programs including changes due to reclassification of community or district, shall be made in accordance with the following procedures. The revision shall apply to any policy or endorsement with the effective date of the renewal of the policy or anniversary date of annual installment policy.
  
10. DEDUCTIBLES  
Coverages may be subject to the application of deductibles as shown on the rate pages.
  
11. INSPECTION FEE (ZK)  
A \$35.00 inspection fee will apply to all new business policies.

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**ARKANSAS  
AMERICAN MODERN HOME  
DP-1 PROGRAM  
ELIGIBILITY AND COVERAGES**

I. DP-1 Program

A. Eligible Risks

- (1) Owner Occupied
- (2) Seasonal
- (3) Rental

B. Property Coverages

- (1) Coverage A - Dwelling
- (2) Coverage B - Other Structures - Increase Optional
- (3) Coverage C - Personal Property - Optional
- (4) Coverage D - Fair Rental Value (Rental Program)

C. Other Coverages

Automatically included when coverage on the dwelling is provided.

- (1) Other Structures - Up to 10% of Coverage A (Reduces Coverage A)
- (2) Debris Removal
- (3) Improvements, Alterations and Additions (Reduces Coverage C)
- (4) World-Wide Coverage (Reduces Coverage C)
- (5) Rental Value (Reduces Coverage A)
- (6) Reasonable Repairs
- (7) Property Removed
- (8) Fire Department Service Charge

D. Perils Insured Against

- (1) Fire - Included
  - a. Fire or Lightning
  - b. Internal Explosion
- (2) Extended Coverage - Included
  - a. Windstorm or Hail
  - b. Explosion
  - c. Riot or Civil Commotion
  - d. Aircraft
  - e. Vehicles
  - f. Smoke
  - g. Volcanic Eruption
- (3) Vandalism or Malicious Mischief – Optional (Owner Occupied and Rental Risks)
- (4) Terrorism (Rental Risks)

E. Optional Coverages

The policy may be written to include:

- (1) Additional Living Expense (not available on seasonal or rental)
- (2) Residence Burglary (not available on seasonal)
- (3) Windstorm and Hail Buy-Back for Antennas
- (4) Other Structures

F. Liability Coverages - Owner Occupied - Optional **For Renewal business on Seasonal**

- (1) Coverage L – Personal Liability
  - a. Animal Liability Sub-Limit - Included when Personal Liability is purchased
  - b. Animal Liability Exclusion - Optional
- (2) Coverage M – Medical Payments to Others
- (3) Additional Coverages
 

Automatically included when liability coverage is purchased.

  - a. Claim Expenses
  - b. First Aid Expenses
  - c. Damage to Property of Others

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**ARKANSAS  
AMERICAN MODERN HOME  
DP-1 PROGRAM**

- G. Liability Coverages – Rental and Seasonal - Optional **For New business on Seasonal**
- (1) Premises Liability
  - (2) Premises Medical Payments
  - (3) Terrorism (Rental Only)

II. Vacant Program

- A. Eligible Risks
- (1) Vacant/Unoccupied dwellings
- B. Property Coverages
- (1) Coverage A – Dwelling
  - (2) Coverage B - Other Structures – Increase Optional
- C. Other Coverages  
Automatically included when coverage on the dwelling is provided.
- (1) Other Structures - Up to 10% of Coverage A (Reduces Coverage A)
  - (2) Debris Removal
  - (3) Rental Value (Reduces Coverage A)
  - (4) Reasonable Repairs
  - (5) Property Removed
  - (6) Fire Department Service Charge
- D. Perils Insured Against
- (1) Fire - Included
    - a. Fire or Lightning
    - b. Internal Explosion
  - (2) Extended Coverage - Included
    - a. Windstorm or Hail
    - b. Explosion
    - c. Riot or Civil Commotion
    - d. Aircraft
    - e. Vehicles
    - f. Smoke
    - g. Volcanic Eruption
  - (1) Vandalism or Malicious Mischief - Optional
- E. Optional Coverages  
The policy may be written to include:
- (1) Windstorm and Hail Buy-Back for Antennas
- F. Liability Coverages - Optional
- (1) Premises Liability
  - (2) Premises Medical Payments

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**ARKANSAS  
AMERICAN MODERN HOME  
DP-1 PROGRAM**

**RATE SECTION**

**TERRITORY DEFINITION**

Unless otherwise indicated, the rates and/or premiums apply to the entire state.

**Territory 60**

Remainder of State

**Territory 61**

Pulaski County

**Territory 62**

Desha County  
Jefferson County  
Mississippi County  
Poinsett County  
White County

**Territory 63**

Benton County  
Carroll County  
Crawford County  
Madison County  
Sebastian County  
Washington County

**Territory 64**

Clark County  
Faulkner County  
Garland County  
Hot Spring County  
Saline County

**DEDUCTIBLES**

**DP-1 and Vacant Dwelling Program**

The rates and/or premiums shown herein for all coverages on the dwelling are subject to a \$500 all peril deductible. The deductible is applicable per home, per loss occurrence.

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**ARKANSAS  
AMERICAN MODERN HOME  
DP-1 PROGRAM**

**BASE PREMIUM COMPUTATION**  
(Does not apply to Vacant)

1. Determine the value of the Dwelling = Dwelling limit. (round up to an even thousand)
2. Multiply the Flat Base Rate, Coverage Relativity, Territory Relativity, UVRC\* Relativity that corresponds to the Dwelling Limit and Protection Class Relativity.  
(Base Rate \* Coverage Relativity \* Territory Relativity \* UVRC Relativity \* Protection Class Relativity) = Sub Total 1  
(round to the nearest penny)
3. Multiply Sub Total 1 by the total surcharge/discount percentage, as defined by the applicable Risk Code Relativity Factors (if applies)  
(Sub Total 1 \* Total Risk Code percentage) = Hold 1 (round to the nearest penny)
4. Add Sub Total 1 and Hold 1.  
(Sub Total 1 + Hold 1) = Sub Total 2 (round to the nearest whole dollar)

\*UVRC is defined as Unit Value Relativity Curve. (UVRC Relativity Tables displayed on next page.)

**VACANT – BASE PREMIUM COMPUTATION**

1. Determine the value of the Dwelling.
2. Round the Dwelling Limit up to the nearest hundred, and divide by 100.  
(Adjusted Dwelling Limit/100 = Sub Total 1)
3. Multiply Sub Total 1 by the Rate per \$100 of Coverage.  
(Sub Total 1 \* Rate per \$100 of Coverage = Sub Total 2)
4. Multiply Sub Total 2 by the total surcharge/discount percentage, as defined by the applicable Risk Code Relativity Factors (if applies)  
(Sub Total 2 \* Total Risk Code Percentage) = Hold 1 (round to the nearest penny)
5. Add Sub Total 2 and Hold 1.  
(Sub Total 2 + Hold 1) = Total (round to the nearest whole dollar)

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**ARKANSAS  
AMERICAN MODERN HOME  
DP-1 PROGRAM**

**OWNER OCCUPIED, RENTAL OCCUPIED AND SEASONAL OCCUPIED**

**DP-1 Program (4V1/4V2/4V3)**

Fire and Extended Coverage

Frame and Masonry Construction

Product	Flat Base Rate	Covg Incr	Base Rate per Incr	Min Prem Amount	Min Rate Value	Min Val Accept	UVRC Code	Cov Relativity	Deductible
4V1	129.43	N/A	N/A	100.00	10,000	1,000	New	1.00	500.00
4V2	137.80	N/A	N/A	100.00	10,000	1,000	New	1.00	500.00
4V3	137.80	N/A	N/A	100.00	10,000	1,000	New	1.00	500.00

Territory Relativity Table				
60	61	62	63	64
1.00	2.32	2.01	0.87	0.92

Protection Class Table									
Class	Factor	Class	Factor	Class	Factor	Class	Factor	Class	Factor
1-3	1.00	4-6	1.07	7-8	1.50	9	2.00	10	2.40

Construction Type	
Masonry	0.94

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**ARKANSAS  
AMERICAN MODERN HOME  
DP-1 PROGRAM**

**OWNER OCCUPIED, RENTAL OCCUPIED AND SEASONAL OCCUPIED**

**DP-1 Program PERSONAL PROPERTY (7M1/7M2/7M3)**

Fire and Extended Coverage

Frame and Masonry Construction

Product	Flat Base Rate	Covg Incr	Base Rate per Incr	Min Prem Amount	Min Rate Value	Min Val Accept	UVRC Code	Cov Relativity	Deductible
7M1	53.00	1,000	N/A	100.00	10,000	1,000	C5	1.00	500.00
7M2	47.00	1,000	N/A	100.00	10,000	1,000	C5	1.00	500.00
7M3	47.00	1,000	N/A	100.00	10,000	1,000	C5	1.00	500.00

Territory Relativity Table				
60	61	62	63	64
1.00	2.32	2.01	0.87	0.95

Protection Class Table									
Class	Factor	Class	Factor	Class	Factor	Class	Factor	Class	Factor
1-3	1.00	4-6	1.07	7-8	1.50	9	2.00	10	2.40

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**ARKANSAS  
AMERICAN MODERN HOME  
DP-1 PROGRAM**

**UVRC RELATIVITY TABLES**

For Dwellings valued in excess of the maximum Dwelling Limit indicated, add the Greater Than Factor for each additional \$1,000 to the maximum relativity listed in each table.

**DP-1 Program (4V1/4V2/4V3)**

Home Value	UVRC	Home Value	UVRC	Home Value	UVRC
10,000	1.250	62,000	5.788	114,000	10.432
11,000	1.336	63,000	5.876	115,000	10.522
12,000	1.422	64,000	5.964	116,000	10.612
13,000	1.508	65,000	6.052	117,000	10.702
14,000	1.594	66,000	6.140	118,000	10.792
15,000	1.680	67,000	6.228	119,000	10.882
16,000	1.766	68,000	6.316	120,000	10.972
17,000	1.852	69,000	6.404	121,000	11.062
18,000	1.938	70,000	6.492	122,000	11.152
19,000	2.024	71,000	6.580	123,000	11.242
20,000	2.110	72,000	6.668	124,000	11.332
21,000	2.196	73,000	6.756	125,000	11.422
22,000	2.282	74,000	6.844	126,000	11.512
23,000	2.368	75,000	6.932	127,000	11.602
24,000	2.454	76,000	7.020	128,000	11.692
25,000	2.540	77,000	7.108	129,000	11.782
26,000	2.626	78,000	7.196	130,000	11.872
27,000	2.712	79,000	7.284	131,000	11.962
28,000	2.798	80,000	7.372	132,000	12.052
29,000	2.884	81,000	7.462	133,000	12.142
30,000	2.972	82,000	7.552	134,000	12.232
31,000	3.060	83,000	7.642	135,000	12.322
32,000	3.148	84,000	7.732	136,000	12.412
33,000	3.236	85,000	7.822	137,000	12.502
34,000	3.324	86,000	7.912	138,000	12.592
35,000	3.412	87,000	8.002	139,000	12.682
36,000	3.500	88,000	8.092	140,000	12.772
37,000	3.588	89,000	8.182	141,000	12.862
38,000	3.676	90,000	8.272	142,000	12.952
39,000	3.764	91,000	8.362	143,000	13.042
40,000	3.852	92,000	8.452	144,000	13.132
41,000	3.940	93,000	8.542	145,000	13.222
42,000	4.028	94,000	8.632	146,000	13.312
43,000	4.116	95,000	8.722	147,000	13.402
44,000	4.204	96,000	8.812	148,000	13.492
45,000	4.292	97,000	8.902	149,000	13.582
46,000	4.380	98,000	8.992	150,000	13.672
47,000	4.468	99,000	9.082		
48,000	4.556	100,000	9.172		
49,000	4.644	101,000	9.262		
50,000	4.732	102,000	9.352		
51,000	4.820	103,000	9.442		
52,000	4.908	104,000	9.532		
53,000	4.996	105,000	9.622		
54,000	5.084	106,000	9.712		
55,000	5.172	107,000	9.802		
56,000	5.260	108,000	9.892		
57,000	5.348	109,000	9.982		
58,000	5.436	110,000	10.072		
59,000	5.524	111,000	10.162		
60,000	5.612	112,000	10.252		
61,000	5.700	113,000	10.342		

*add'l rate per \$1,000* 0.09

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**ARKANSAS  
AMERICAN MODERN HOME  
DP-1 PROGRAM**

**UVRC RELATIVITY TABLES**

For Dwellings valued in excess of the maximum Dwelling Limit indicated, add the Greater Than Factor for each additional \$1,000 to the maximum relativity listed in each table.

**DP-1 Personal Property (7M1/7M2/7M3)**

Home Value	UVRC	Home Value	UVRC	Home Value	UVRC
10,000	0.726	61,000	3.527	113,000	6.387
11,000	0.781	62,000	3.582	114,000	6.442
12,000	0.836	63,000	3.637	115,000	6.497
13,000	0.890	64,000	3.692	116,000	6.552
14,000	0.946	65,000	3.747	117,000	6.607
15,000	1.000	66,000	3.802	118,000	6.662
16,000	1.055	67,000	3.857	119,000	6.717
17,000	1.111	68,000	3.912	120,000	6.772
18,000	1.166	69,000	3.967	121,000	6.827
19,000	1.221	70,000	4.022	122,000	6.882
20,000	1.275	71,000	4.077	123,000	6.937
21,000	1.330	72,000	4.132	124,000	6.992
22,000	1.385	73,000	4.187	125,000	7.047
23,000	1.440	74,000	4.242	126,000	7.102
24,000	1.495	75,000	4.297	127,000	7.157
25,000	1.549	76,000	4.352	128,000	7.212
26,000	1.604	77,000	4.407	129,000	7.267
27,000	1.659	78,000	4.462	130,000	7.322
28,000	1.714	79,000	4.517	131,000	7.377
29,000	1.769	80,000	4.572	132,000	7.432
30,000	1.823	81,000	4.627	133,000	7.487
31,000	1.878	82,000	4.682	134,000	7.542
32,000	1.933	83,000	4.737	135,000	7.597
33,000	1.988	84,000	4.792	136,000	7.652
34,000	2.043	85,000	4.847	137,000	7.707
35,000	2.098	86,000	4.902	138,000	7.762
36,000	2.153	88,000	4.957	139,000	7.817
37,000	2.208	89,000	5.012	140,000	7.872
38,000	2.263	90,000	5.067	141,000	7.927
39,000	2.318	91,000	5.122	142,000	7.982
40,000	2.373	92,000	5.177	143,000	8.037
41,000	2.428	93,000	5.232	144,000	8.092
42,000	2.483	94,000	5.287	145,000	8.147
43,000	2.538	95,000	5.342	146,000	8.202
44,000	2.593	96,000	5.397	147,000	8.257
45,000	2.647	97,000	5.452	148,000	8.312
46,000	2.702	98,000	5.507	149,000	8.367
47,000	2.757	99,000	5.562	150,000	8.422
48,000	2.812	100,000	5.617		
49,000	2.867	101,000	5.672		
50,000	2.922	102,000	5.727		
51,000	2.977	103,000	5.782		
52,000	3.032	104,000	5.837		
53,000	3.087	105,000	5.892		
54,000	3.142	106,000	5.947		
55,000	3.197	107,000	6.002		
56,000	3.252	108,000	6.057		
57,000	3.307	109,000	6.112		
58,000	3.362	110,000	6.167		
59,000	3.417	111,000	6.222		
60,000	3.472	112,000	6.277		
	6.332				

*add'l rate per \$1,000 - 0.055*

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**ARKANSAS  
AMERICAN MODERN HOME  
DP-1 PROGRAM**

**VACANT DWELLING Program (324/334)**  
 Fire and Extended Coverage  
 Construction Types -- Frame and Masonry

**3 Month Rate (324)**

Rates are per \$100 of coverage

**All Territories**

Protection Class:	<u>1 – 8</u>	<u>9-10</u>
Rate:	\$0.70	\$1.00

**6 Month Rate (334)**

Rates are per \$100 of coverage

**All Territories**

Protection Class:	<u>1 – 8</u>	<u>9 – 10</u>
Rate:	\$1.40	\$2.00

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**ARKANSAS  
AMERICAN MODERN HOME  
DP-1 PROGRAM**

**LIABILITY SECTION**

1. Personal Liability - Basic Premiums

(a) Limit of Liability - - optional

MEDICAL PAYMENTS	\$500 EACH PERSON/\$25,000 EACH OCCURRENCE
PROPERTY OF OTHERS	\$500 EACH OCCURRENCE
ANIMAL LIABILITY	\$10,000

(b) Premium - To include Personal Liability coverage on the owner occupied and **Renewal Seasonal** dwellings, add the following premium: (K3)

<u>\$25,000</u>	<u>\$50,000</u>	<u>\$100,000</u>	<u>\$200,000</u>	<u>\$300,000</u>
\$35.00	\$50.00	\$70.00	\$85.00	\$100.00

2. Premises Liability - Dwellings Rented to Others (L2) (New Business for Seasonal Programs)

To provide coverage for Premises Liability, the following premiums apply:

(a) Dwelling Premises Liability

<u>\$25,000</u>	<u>\$50,000</u>	<u>\$100,000</u>	<u>\$200,000</u>	<u>\$300,000</u>
\$35.00	\$50.00	\$70.00	\$85.00	\$100.00

The premiums include premises medical payments of \$500 each person, \$25,000 each occurrence.

(b) Vacant Premises Liability (V8)

3 month premium:

<u>\$25,000</u>	<u>\$50,000</u>	<u>\$100,000</u>	<u>\$200,000</u>	<u>\$300,000</u>
\$35.00	\$50.00	\$70.00	\$85.00	\$100.00

6 month premium:

<u>\$25,000</u>	<u>\$50,000</u>	<u>\$100,000</u>	<u>\$200,000</u>	<u>\$300,000</u>
\$70.00	\$100.00	\$140.00	\$170.00	\$200.00

The premiums include premises medical payments of \$500 each person, \$25,000 each accident.

3. Medical Payments – Personal Liability and Premises Liability (BA)

To increase the Medical Payments coverage, add the following additional premium:

<u>Medical Payments</u>	<u>Rate</u>
\$1,000/\$25,000	\$5.00

4. Animal Liability Exclusion (LE)

The policy may be endorsed to remove coverage for bodily injury or property damage caused by any animal owned by, or in care or custody of any insured person. Not available on policies without Personal Liability Coverage.

Rate: \$3.00 credit per home, per year.

**MISCELLANEOUS SURCHARGES AND SUPPLEMENTAL COVERAGES**

1. Miscellaneous Surcharges

A. Multiple Family Surcharge

For dwellings containing multiple families, the following surcharge applies:

Number of Families	Risk Code	Surcharge
1	27	Base

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**ARKANSAS  
AMERICAN MODERN HOME  
DP-1 PROGRAM**

2	28	Base
3	29	1.50
4	43	1.50

2. Supplemental Coverages

A. Additional Living Expense (46)

To provide Additional Living Expense for owner occupied dwellings in the Dwelling 1 Program, not to exceed 20% of Coverage A.

Rate: \$5.00 per \$1,000 of coverage

B. Optional Deductibles (H8)

The deductible may be changed by applying the following credit or surcharge to Coverage A, B, and C base premiums, prior to all other surcharges and discounts: For 3- and 6- month policies, the credit will be pro-rated and applied to each policy term. The change in deductible does not apply to the \$500 deductible for Vandalism and Malicious Mischief.

Wind & Hail Deductible Options\* (WH)

Dwelling 1 Program		3 and 6 month Vacant Program	
<u>Deductible</u>	<u>Credit</u>	<u>Deductible</u>	<u>Credit</u>
\$1,000	\$25	\$1,000	\$25

All Other Peril Deductible\* (H8)

Dwelling I Program		3 and 6 month Vacant Program	
<u>Deductible</u>	<u>Premium</u>	<u>Deductible</u>	<u>Premium</u>
\$250	\$15.00	\$500	Included
\$500	Included	\$1,000	(5%)
\$1,000	(\$15.00)		
\$2,500	(\$35.00)		
\$5,000	(\$60.00)		

C. Dwelling Property Basic Form Windstorm and Hail Buy-Back for Antennas (PK)

Rate: \$5.00

D. Other Structures (A1)

To provide coverage for Other Structures, add the following additional premium:

For each additional \$100, add: \$ 2.00

E. Other Structures Exclusion (AZ)

To remove coverage for Other Structures located at the insured location, subtract the following:

Rate: \$3.00 credit per home, per year.

F. Residence Burglary (B1)

To provide coverage for residence burglary on owner occupied or rental residences, add the following additional premium:

Rate: \$30.00 per \$1,000

G. Supplemental Heating Device (H2)

For dwellings equipped with a Supplemental Heating Device, the following surcharge applies:

Rate: \$50.00

H. Vandalism or Malicious Mischief (B2)

To provide coverage on owner occupied or rental residences or Vacant Dwelling Program, add the following additional premium.

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**ARKANSAS  
AMERICAN MODERN HOME  
DP-1 PROGRAM**

Rate: \$.70 per \$1,000  
A \$500 deductible will apply.

3. Minimum Written and Earned Premium

A. Owner Occupied, Seasonal and Rental Dwellings

Minimum Written & Earned Premium:

Owner Occupied	\$100.00
Seasonal	\$100.00
Rental	\$100.00

B. Vacant Program

Minimum Written Premium:

\$250 (Applies to total policy premium)

Minimum Earned Premium:

3 month policies	fully earned
6 month policies	50% earned

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**ARKANSAS  
AMERICAN MODERN HOME  
DP-1 PROGRAM**

**POLICY AND DECLARATION PAGE**

**Form Number**

S2001 (07/88)  
0110-4269 (5/92)

**Title**

Dwelling Property – Basic Form (Dwelling 1)  
Declaration Page

**OPTIONAL AND MANDATORY ENDORSEMENTS BY PROGRAM**

**Owner Occupied Dwelling  
Optional Endorsements**

70399 (03/85)	Notice of Cancellation or Non Renewal
71923 (01/06)	General Change
72677 (02/06)	Additional Living Expense
73182 (05/99)	Animal Liability Exclusion
DF001 (05/06)	Residence Burglary
SDA00 (09/00)	Dwelling Property Basic Form DP-1 7/88 Windstorm and Hail Buy-Back for Antennas
SD800 (10/02)	Dwelling Property Other Structures Exclusion

**Mandatory Endorsements**

73339 (07/02)	Condemnation Endorsement
DF003 (05/06)	Reduction in Coverage when Vacant or Unoccupied
EQDECLN 03 (03/00)	Application Supplement – Declination of Residential Earthquake Coverage
EQN03 (03/00)	Notice to Policyholders
71682 (08/01)	Special Provisions – Arkansas
SDC00 (03/03)	Dwelling Property Basic Form Criminal Acts Exclusion
71428 (02/02)	Arkansas Act 197 of 1987
IN614 (09/06)	Important Notice to Policyholders – Flood and Earthquake Exclusion

**Seasonal Dwelling  
Optional Endorsements**

70399 (03/85)	Notice of Cancellation or Non Renewal
71923 (01/06)	General Change
73182 (05/99)	Animal Liability Exclusion
SDA00 (09/00)	Dwelling Property Basic Form DP-1 7/88 Windstorm and Hail Buy-Back for Antennas
SD800 (10/02)	Dwelling Property Other Structures Exclusion

**Mandatory Endorsements**

73339 (07/02)	Condemnation Endorsement
EQDECLN 03 (03/00)	Application Supplement – Declination of Residential Earthquake Coverage
EQN03 (03/00)	Notice to Policyholders
71682 (08/01)	Special Provisions – Arkansas
SDC00 (03/03)	Dwelling Property Basic Form Criminal Acts Exclusion
71428 (02/02)	Arkansas Act 197 of 1987
IN614 (09/06)	Important Notice to Policyholders – Flood and Earthquake Exclusion

**Mandatory When Personal Liability is Purchased** (available on Owner Occupied & Renewal Seasonal Dwelling Fire Programs)

S2005 (07/88)	Comprehensive Personal Liability Policy
SDP03 (11/01)	Personal Liability Total Pollution Exclusion - Arkansas
73183 (05/06)	Special Limit for Animal Liability
73184 (05/99)	Business, Commercial or Farming Enterprise Exclusion
73185 (05/99)	Home Day Care Exclusion
73186 (03/00)	Personal Liability Lead Contamination Exclusion
DLB00 (02/00)	Assault and Battery Exclusion
DLE00 (03/00)	Punitive or Exemplary Damages Exclusion
SDM00 (06/02)	Personal Liability Mold Exclusions

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**ARKANSAS  
AMERICAN MODERN HOME  
DP-1 PROGRAM**

**Rental Dwelling**

**Optional Endorsements**

70399 (03/85)	Notice of Cancellation or Non Renewal
71487 (03/98)	Vandalism and Malicious Mischief Exclusion
71923 (01/06)	General Change
DF001 (05/06)	Residence Burglary
SDA00 (09/00)	Dwelling Property Basic Form DP-1 7/88 Windstorm and Hail Buy-Back for Antennas
SD800 (10/02)	Dwelling Property Other Structures Exclusion

**Mandatory Endorsements**

73339 (07/02)	Condemnation Endorsement
DF003 (05/06)	Reduction in Coverage when Vacant or Unoccupied
EQDECLN 03 (03/00)	Application Supplement – Declination of Residential Earthquake Coverage
EQN03 (03/00)	Notice to Policyholders
71682 (08/01)	Special Provisions – Arkansas
SDC00 (03/03)	Dwelling Property Basic Form Criminal Acts Exclusion
SDY03 (04/05)	Dwelling Property Cap on Losses from Certified Acts of Terrorism-Arkansas
71428 (02/02)	Arkansas Act 197 of 1987
IN614 (09/06)	Important Notice to Policyholders – Flood and Earthquake Exclusion

**Vacant Dwelling**

**Optional Endorsements**

70399 (03/85)	Notice of Cancellation or Non Renewal
71923 (01/06)	General Change
SDA00 (09/00)	Dwelling Property Basic Form DP-1 7/88 Windstorm and Hail Buy-Back for Antennas
SD800 (10/02)	Dwelling Property Other Structures Exclusion

**Mandatory Endorsements**

71884 (05/06)	Permitted Vacancy Clause
73339 (07/02)	Condemnation Endorsement
EQDECLN 03 (03/00)	Application Supplement – Declination of Residential Earthquake Coverage
EQN03 (03/00)	Notice to Policyholders
71682 (08/01)	Special Provisions – Arkansas
SDC00 (03/03)	Dwelling Property Basic Form Criminal Acts Exclusion
71428 (02/02)	Arkansas Act 197 of 1987
IN614 (09/06)	Important Notice to Policyholders – Flood and Earthquake Exclusion

**Mandatory when Premises Liability is Purchased** (available on the Rental, New Business Seasonal Dwelling & Vacant Dwelling Programs.)

PL003 (10/01)	Premises Liability Endorsement - Arkansas
73253 (03/00)	Premises Liability Lead Poisoning Exclusion
71562 (03/92)	Arkansas Premises Liability Amendatory
PLM00 (04/02)	Premises Liability Mold Exclusion
PLY03 (04/05)	Premises Liability Cap on Losses from Certified Acts of Terrorism-Arkansas (Rental Only)

NEW PAGE	X	PAGE NUMBER	EFFECTIVE DATE	PUBLICATION DATE
REVISION		F-2	07/01/05	10/02/07

SERFF Tracking Number: AMMH-125312822 State: Arkansas  
 Filing Company: American Modern Home Insurance Company State Tracking Number: AR-PC-07-026310  
 Company Tracking Number: 20071003-02  
 TOI: 04.0 Homeowners Sub-TOI: 04.0005 Other Homeowners  
 Product Name: 077 AR DPI/Vacant  
 Project Name/Number: AR DPI/Vacant - RATE/20071003-02

## Supporting Document Schedules

**Review Status:**  
**Bypassed -Name:** Form RF-1 NAIC Loss Cost Data Entry Document--All P&C Lines Filed 10/24/2007  
**Bypass Reason:** N/A  
**Comments:**

**Review Status:**  
**Satisfied -Name:** Uniform Transmittal Document-Property & Casualty Filed 10/24/2007  
**Comments:**  
**Attachment:**  
 RATE - F777AR\_021307[1].pdf

**Review Status:**  
**Bypassed -Name:** HPCS-Homeowners Premium Comparison Survey Filed 10/24/2007  
**Bypass Reason:** N/A  
**Comments:**

**Review Status:**  
**Bypassed -Name:** NAIC Loss Cost Filing Document for OTHER than Workers' Comp Filed 10/24/2007  
**Bypass Reason:** N/A  
**Comments:**

**Review Status:**  
**Satisfied -Name:** Cover Letter Filed 10/24/2007  
**Comments:**  
**Attachment:**  
 RATE - Cover LetterAR.pdf

**Review Status:**

SERFF Tracking Number: AMMH-125312822 State: Arkansas  
Filing Company: American Modern Home Insurance Company State Tracking Number: AR-PC-07-026310  
Company Tracking Number: 20071003-02  
TOI: 04.0 Homeowners Sub-TOI: 04.0005 Other Homeowners  
Product Name: 077 AR DP1/Vacant  
Project Name/Number: AR DP1/Vacant - RATE/20071003-02

**Satisfied -Name:** Actuary Indications Filed 10/24/2007

**Comments:**

**Attachment:**

Act Ind - 1- DP1\_77\_AR\_1Q07.pdf

SERFF Tracking Number: AMMH-125312822 State: Arkansas  
Filing Company: American Modern Home Insurance Company State Tracking Number: AR-PC-07-026310  
Company Tracking Number: 20071003-02  
TOI: 04.0 Homeowners Sub-TOI: 04.0005 Other Homeowners  
Product Name: 077 AR DP1/Vacant  
Project Name/Number: AR DP1/Vacant - RATE/20071003-02

**Review Status:**  
**Satisfied -Name:** Transmittal **Filed** 10/24/2007  
**Comments:**  
**Attachment:**  
Trans - Arkansas 077 DP1 Transmittal.pdf

**Review Status:**  
**Satisfied -Name:** Response Cover Letter **Filed** 10/24/2007  
**Comments:**  
On behalf of American Modern Home Insurance Company, I am submitting response to the questions you presented regarding our recently submitted dwelling program revisions.  
**Attachments:**  
Rate Obj Response.pdf  
RF-1.pdf  
F779AR\_021307[1].pdf  
AMH 077 Actuary Responses.pdf

## Property & Casualty Transmittal Document

<b>1. Reserved for Insurance Dept. Use Only</b>	<b>2. Insurance Department Use only</b>
	a. Date the filing is received:
	b. Analyst:
	c. Disposition:
	d. Date of disposition of the filing:
	e. Effective date of filing:
	New Business
	Renewal Business
	f. State Filing #:
	g. SERFF Filing #:
	h. Subject Codes

<b>3. Group Name</b>	<b>Group NAIC #</b>

4. Company Name(s)	Domicile	NAIC #	FEIN #	State #
American Modern Home Insurance Company	OH	23469	31-0715697	

<b>5. Company Tracking Number</b>	20071003-02
-----------------------------------	-------------

**Contact Info of Filer(s) or Corporate Officer(s)** [include toll-free number]

6.	Name and address	Title	Telephone #s	FAX #	e-mail
	Krista N. Mahaffey	Compliance Analyst	1-800-543-2644, ext. 5953	513-947-4695	<a href="mailto:KMahaffey@amig.com">KMahaffey@amig.com</a>

7. Signature of authorized filer	<i>Krista N. Mahaffey</i>
8. Please print name of authorized filer	Krista N. Mahaffey

**Filing information** (see General Instructions for descriptions of these fields)

9. Type of Insurance (TOI)	Homeowners
10. Sub-Type of Insurance (Sub-TOI)	DP1 & Vacant
11. State Specific Product code(s) (if applicable)[See State Specific Requirements]	
12. Company Program Title (Marketing title)	Arkansas DP1 & Vacant Program
13. Filing Type	<input type="checkbox"/> Rate/Loss Cost <input type="checkbox"/> Rules <input type="checkbox"/> Rates/Rules <input type="checkbox"/> Forms <input checked="" type="checkbox"/> Combination Rates/Rules/Forms <input type="checkbox"/> Withdrawal <input type="checkbox"/> Other (give description)
14. Effective Date(s) Requested	New: 12/01/2007                      Renewal: 12/01/2007
15. Reference Filing?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
16. Reference Organization (if applicable)	
17. Reference Organization # & Title	
18. Company's Date of Filing	

<b>19. Status of filing in domicile</b>	<input type="checkbox"/> Not Filed	<input type="checkbox"/> Pending	<input checked="" type="checkbox"/> Authorized	<input type="checkbox"/> Disapproved
-----------------------------------------	------------------------------------	----------------------------------	------------------------------------------------	--------------------------------------

## Property & Casualty Transmittal Document—

<b>20. This filing transmittal is part of Company Tracking #</b>	20071003-02
------------------------------------------------------------------	-------------

<b>21. Filing Description</b> [This area can be used in lieu of a cover letter or filing memorandum and is free-form text]
----------------------------------------------------------------------------------------------------------------------------

Please see cover letter for filing description.

<b>22. Filing Fees</b> (Filer must provide check # and fee amount if applicable) [If a state requires you to show how you calculated your filing fees, place that calculation below]
-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

**Check #:** Pending in Acct. Dept, will update SERFF with check number once received.  
**Amount:** \$100.00

**Refer to each state's checklist for additional state specific requirements or instructions on calculating fees.**

**\*\*\*Refer to the each state's checklist for additional state specific requirements (i.e. # of additional copies required, other state specific forms, etc.)**



AMERICAN MODERN SELECT  
INSURANCE COMPANY

October 3, 2007

ARKANSAS INSURANCE DEPARTMENT  
PROPERTY & CASUALTY DIVISION  
1200 W 3RD ST  
LITTLE ROCK AR 72201-1904

RE: American Modern Select Insurance Company  
DP-1 & Vacant Program  
Rate/Rule Filing ; 20071003-02  
NAIC Number: 23469

Dear Reviewer,

On behalf of American Modern Home Insurance Company I would like to present a revision to our existing DP-1 & Vacant Programs. This filing will take place of the current filing which was effective for new business on 07-01-2005. The corresponding form filing, which is project number 20070601-08, is also being submitted for your approval. I have enclosed the following to assist you with your review:

- Revised filing pages
- Actuarial Indications

Base rates have been changed as well as territory relativities and protection class factors.

I have included the appropriate forms and revised manual pages. The proposed effective date is December 1, 2007 for new business.

If you should have any questions or concerns regarding this submission please feel free to contact me by phone at 1-800-759-9008 Ext. 5953 or via email at [KMahaffey@amig.com](mailto:KMahaffey@amig.com).

Sincerely,

Krista N. Mahaffey  
Compliance Analyst



**American Modern Home Ins. Co.**  
**SITE BUILT DWELLING Rate Level Indication**  
**State: Arkansas**

Exhibit 1  
Page 2

**Complement of Credibility Calculation**

(1) Permissible Loss+LAE Ratio (Exhibit 9)	0.478
(2) Hurricane Load (capped at )	0.000
(3) Non-Hurricane Permissible	0.478
(4) Proposed <b>Renewal</b> Effective Date	12/1/2007
(5) Effective Date of Current Rates	7/1/2005
(6) Time Period in Years $\{(2) - (3)\} / 365$ (Capped at 2 years)	2.00
(7) Ann Prem Trend (Exh 1, Page 1, Column 4 Annualized)	0.3%
(8) Ann Loss Trend (Exhibit 6)	6.7%
(9) Ann Loss Ratio Trend $\{[1 + (6)] / [1 + (5)]\} - 1$	6.3%
(10) Selected Trend Factor (minimum = 1.000)	1.131
(11) Trended Permissible Loss+LAE Ratio (1) x (8)	0.540

**American Modern Home Ins. Co.**  
**SITE BUILT DWELLING Rate Level Indication**

Exhibit 2

**Program: DP-1**  
**State: Arkansas**  
**SOB: All Channels**  
 Prop Eff. Date: 12/01/07

	(1)	(2)	(3)	(4)	(5)	(6)	
Accident Year	Earned Premium	Rate Level Adj Factor	Curr Level Earned Premium (1)x(2)	Premium Trend Factor	Trended Current Level Earned Premium (3)x(4)	Earned Exposures	
3/31/03	442,804	1.263	559,131	1.021	570,613	968	
3/31/04	874,737	1.237	1,081,863	1.017	1,100,447	1,671	
3/31/05	1,174,182	1.148	1,348,143	1.014	1,366,788	2,023	
3/31/06	1,099,589	1.033	1,136,337	1.010	1,148,266	1,771	
3/31/07	823,280	1.002	824,594	1.007	830,511	1,343	

  

	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Accident Year	Incurred Loss+ALAE	Catastrophe Loss+ALAE	Catastrophe Factor	Cat Adjusted Incurred Loss+ALAE {(7)-(8)}x(9)	Incurred Loss+ALAE Trend Factor	Incurred Loss+ALAE Development Factor	ULAE Factor
3/31/03	521,054	7,460	1.141	586,011	1.324	1.000	1.042
3/31/04	390,262	10,995	1.141	432,743	1.289	1.002	1.042
3/31/05	466,859	42,886	1.141	483,754	1.191	0.999	1.042
3/31/06	425,769	30,299	1.141	451,231	1.103	0.993	1.042
3/31/07	251,561	38,834	1.141	242,721	1.041	1.030	1.042

  

	(14)	(15)	(16)	(17)
Accident Year	Trended Adjusted Incurred Loss+LAE Prod{(10):(13)}	Adjusted Loss+LAE Ratio (14)/(5)	Accident Year Weight	Reported Claim Counts
3/31/03	808,787	1.417	0.10	49
3/31/04	582,166	0.529	0.15	81
3/31/05	599,592	0.439	0.20	110
3/31/06	515,014	0.449	0.25	97
3/31/07	271,271	0.327	0.30	74

Weighted Experience Loss+LAE Ratio: **0.519**

**American Modern Home Ins. Co.**  
**SITE BUILT DWELLING**  
**Arkansas**

Rate Change History and Rate Level Adjustment Factors

Rate Changes by Program	
Renewal Effective Date	DP-1
8/1/1995	21.60%
6/1/2002	3.80%
5/1/2004	18.30%
7/1/2005	4.50%

Rate Level Adjustment Factors	
Acc Yr Ending	DP-1
3/31/03	1.263
3/31/04	1.237
3/31/05	1.148
3/31/06	1.033
3/31/07	1.002

**American Modern Home Ins. Co.**  
**Calculation of Premium Trend Factors**

Exhibit 4

**State:** Arkansas  
**Product:** SITE BUILT DWELLING  
**SOB:** All Channels  
**Program:** DP-1

Cov A Amount Group	Policies In Force *										Unit Value Relativity Curve
	Year: 2002		Year: 2003		Year: 2004		Year: 2005		Year: 2006		
	Beg @ 12/31/01	End @ 12/31/02	Beg @ 12/31/02	End @ 12/31/03	Beg @ 12/31/03	End @ 12/30/04	Beg @ 12/30/04	End @ 12/31/05	Beg @ 12/31/05	End @ 12/31/06	
6,000	6	6	5	5	4	4	3	3	3	3	0.592
12,000	24	24	37	42	51	50	57	56	51	51	0.674
18,000	85	85	188	183	238	237	257	256	242	239	0.918
24,000	57	57	159	159	222	222	210	211	191	190	1.163
30,000	44	44	131	129	175	173	175	172	153	152	1.409
36,000	23	23	70	70	113	110	124	126	117	121	1.659
42,000	17	17	93	93	174	171	176	172	148	145	1.909
48,000	9	9	48	48	98	103	90	87	76	76	2.159
54,000	0	0	15	16	32	36	36	38	35	37	2.409
60,000	0	0	8	8	41	41	52	54	43	44	2.660
66,000	0	0	10	11	23	24	29	29	25	23	2.910
72,000	0	0	9	9	15	15	15	15	12	13	3.160
78,000	0	0	6	6	22	22	25	29	23	25	3.410
84,000	0	0	3	3	15	15	15	16	13	12	3.664
90,000	0	0	1	1	7	7	6	5	5	5	3.920
96,000	0	0	0	0	5	5	3	3	3	3	4.176
102,000	0	0	2	2	5	5	8	8	8	9	4.432
108,000	0	0	0	0	2	2	2	2	2	2	4.688
114,000	0	0	0	0	2	2	1	2	2	2	4.944
120,000	0	0	0	0	1	1	1	1	0	0	5.200
126,000	0	0	3	3	2	2	2	2	3	3	5.456
132,000	0	0	0	0	0	0	1	1	0	0	5.712
138,000	0	0	1	1	1	1	1	1	1	1	5.968
144,000	0	0	0	0	0	0	1	1	1	1	6.224
150,000	0	0	0	0	0	0	4	4	2	2	6.480
Total PIF	265	265	789	789	1,248	1,248	1,294	1,294	1,159	1,159	
Avg Rel	1.193	1.193	1.456	1.458	1.629	1.636	1.658	1.668	1.640	1.647	

\* Includes only those policies on the books at the beginning and end of calendar year

Calendar Year	Beginning Average Relativity	Ending Average Relativity	Change In Average Relativity During Year	Cumulative Change in Relativity	Fitted Exponential Curve	Selected Annual Rate of Change
	2002	1.193	1.193	1.000	1.000	1.001
2003	1.456	1.458	1.001	1.001	1.004	
2004	1.629	1.636	1.004	1.006	1.008	
2005	1.658	1.668	1.006	1.012	1.011	
2006	1.640	1.647	1.004	1.016	1.014	0.003

Acc Year Ending	Trend Period			Premium Trend Factor
	Begins	Ends	Years	
3/31/2003	3/30/2002	5/31/2008	6.17	1.021
3/30/2004	3/31/2003	5/31/2008	5.17	1.018
3/30/2005	3/30/2004	5/31/2008	4.17	1.014
3/31/2006	3/30/2005	5/31/2008	3.17	1.011
3/31/2007	3/30/2006	5/31/2008	2.17	1.007

## American Modern Insurance Group

(Using American Modern Insurance Group Data)

### Dwelling Average Catastrophe Factor

ALL Dwelling Programs

## Arkansas

Accident Year Ending	(1) Catastrophe Losses	(2) All Losses	(3) All Less Catastrophe (2)-(1)	(4) Catastrophe Ratio (1)/(3)
12/31/1990	36,507	451,080	414,573	0.088
12/31/1991	28,758	324,344	295,586	0.097
12/31/1992	27,609	196,566	168,957	0.163
12/31/1993	1,067	293,493	292,426	0.004
12/31/1994	7,486	361,522	354,036	0.021
12/31/1995	15,965	263,202	247,237	0.065
12/31/1996	75,061	408,515	333,454	0.225
12/31/1997	98,119	286,510	188,390	0.521
12/31/1998	25,740	291,298	265,558	0.097
12/31/1999	249,611	421,403	171,791	1.453
12/31/2000	2,521	289,183	286,662	0.009
12/31/2001	11,377	44,503	33,126	0.343
12/31/2002	3,085	193,001	189,916	0.016
12/31/2003	9,670	726,333	716,664	0.013
12/31/2004	45,640	523,993	478,353	0.095
12/31/2005	11,814	417,690	405,875	0.029
12/31/2006	54,822	206,018	151,196	0.363

Wtd. Average: 0.141

**Selected Catastrophe Factor: 1.141**

American Modern Home Ins. Co.

Exhibit 6

State: Arkansas

Product: SITE BUILT DWELLING

U.S. Dept. of Labor - Bureau of Labor Statistics

Producer Price Index -- "Residential"

**Current Cost Factors**

12 Months Ending	Average CPI	Current Cost factor	Loss+ALAE Trend Factors *
3/31/2003	137.3	174.6 / 137.3 = 1.272	1.324
3/31/2004	141.1	174.6 / 141.1 = 1.238	1.289
3/31/2005	152.7	174.6 / 152.7 = 1.143	1.191
3/31/2006	164.8	174.6 / 164.8 = 1.059	1.103
3/31/2007	174.7	174.6 / 174.7 = 0.999	1.041

Average Value of the Latest Quarter = 174.6

The Latest Quarter = 1 st quarter of 2007

**Trended Cost Factors**

Year	Quarter Ending	Average CPI	12 Point
2004	June	149.3	149.9
2004	September	151.8	152.3
2004	December	153.5	154.8
2005	March	156.4	157.3
2005	June	159.6	159.9
2005	September	163.7	162.5
2005	December	166.8	165.1
2006	March	169.3	167.8
2006	June	174.8	170.6
2006	September	176.3	173.4
2006	December	173.1	176.2
2007	March	174.6	179.1

Quartely Trend = 1.6%

Annual Trend = 6.7%

Trend Period Begins: 2/14/2007

Trend Period Ends: 11/30/2008

Trended Period (Years) = 1.79

Trended Cost Factor = 1.123

\* Loss Trend Factor = Current Cost Factor X Trended Cost Factor



American Modern Home Ins. Co.  
 Incurred Loss & ALAE Development Factors  
 Arkansas SITE BUILT DWELLING  
 Countrywide Consolidated AMIG Data

**Indicated Incurred Age-to-Age Factors**

	3 to 6	6 to 9	9 to 12	12 to 15	15 to 18	18 to 21	21 to 24	24 to 27	27 to 30	30 to 33	33 to 36	36 to 39	39 to 42	42 to 45	45 to 48	48 to 51	51 to 54	54 to 57	57 to Ult
<b>Wtd Averages</b>																			
All Qtrs	1.050	1.006	1.002	1.018	1.001	0.999	1.002	0.995	1.003	0.998	0.997	0.999	0.999	0.999	1.002	0.997	1.004	1.000	1.000
4 Point	1.048	1.000	0.994	1.038	0.998	0.994	1.007	1.001	1.001	0.999	1.000	1.000	0.997	0.999	1.003	0.997			
8 Point	1.025	1.003	1.002	1.023	0.995	0.997	1.005	0.996	1.004	0.999	0.996	0.999							
12 Point	1.023	0.999	0.998	1.019	0.999	0.999	1.003	0.995											
Avg (4,8)	1.036	1.001	0.998	1.030	0.997	0.995	1.006	0.998	1.003	0.999	0.998	0.999							
<b>Arithmetic Averages</b>																			
All Qtrs	1.054	1.002	1.004	1.018	1.000	0.998	1.002	0.995	1.003	0.998	0.997	0.998	0.998	0.999	1.003	0.997	1.004	1.000	1.000
4 Point	1.046	1.005	1.002	1.042	0.998	0.990	1.006	1.000	1.001	1.000	1.001	0.999	0.997	0.999	1.003	0.997			
8 Point	1.032	0.997	1.009	1.023	0.994	0.996	1.005	0.996	1.004	0.999	0.997	0.998							
12 Point	1.028	0.995	1.002	1.020	0.998	0.998	1.003	0.995											
8 Pt H/L	1.030	0.995	1.010	1.022	0.996	0.997	1.004	0.994	1.001	0.998	0.998	0.998							
12 Pt H/L	1.025	0.993	1.002	1.018	0.998	0.999	1.002	0.994											
<b>Geometric Averages</b>																			
All Qtrs	1.053	1.002	1.004	1.018	1.000	0.998	1.002	0.995	1.003	0.998	0.997	0.998	0.998	0.999	1.003	0.997	1.004	1.000	1.000
4 Point	1.045	1.004	1.002	1.042	0.998	0.990	1.006	1.000	1.001	1.000	1.001	0.999	0.997	0.999	1.003	0.997			
8 Point	1.031	0.996	1.008	1.023	0.994	0.996	1.005	0.996	1.004	0.999	0.997	0.998							
12 Point	1.026	0.994	1.002	1.020	0.998	0.998	1.003	0.995											

**Selected Factors**

	3 to 6	6 to 9	9 to 12	12 to 15	15 to 18	18 to 21	21 to 24	24 to 27	27 to 30	30 to 33	33 to 36	36 to 39	39 to 42	42 to 45	45 to 48	48 to 51	51 to 54	54 to 57	57 to 60	60 to Ult
<b>Age-to-Age Factors</b>	1.042	0.980	1.028	1.022	0.999	0.993	1.001	0.996	1.000	0.999	1.002	0.996	1.000	1.001	1.000	1.000	1.002	1.000	1.000	1.000
	7614932.585																			
<b>Quarterly Age-to-Ult Factors</b>	3-Ult	6-Ult	9-Ult	12-Ult	15-Ult	18-Ult	21-Ult	24-Ult	27-Ult	30-Ult	33-Ult	36-Ult	39-Ult	42-Ult	45-Ult	48-Ult	51-Ult	54-Ult	57-Ult	60-Ult
	1.059	1.017	1.037	1.009	0.988	0.989	0.996	0.995	0.999	0.999	1.000	0.998	1.002	1.002	1.001	1.002	1.002	1.000	1.000	1.000
<b>Wtd Annual Age-to-Ult Factors</b>	12-Ult	15-Ult	18-Ult	21-Ult	24-Ult	27-Ult	30-Ult	33-Ult	36-Ult	39-Ult	42-Ult	45-Ult	48-Ult	51-Ult	54-Ult	57-Ult	60-Ult			
	1.030	1.012	1.005	0.996	0.993	0.995	0.997	0.998	0.999	0.999	1.000	1.001	1.002	1.002	1.001	1.001	1.000			

American Modern Home Ins. Co.  
SITE BUILT DWELLING  
**Arkansas**

**Calculation of ULAE Factor**  
Ratio to Incurred Loss+ALAE

All Annual Statement Lines Consolidated AMIG Data

Calendar Year	2006	2005	2004
ULAE Incurred	15,194,970	13,597,575	14,164,401
Adjusted Loss+ALAE Incu	286,958,949	449,443,085	330,745,172
Ratio to Incurred Loss+AL	5.3%	3.0%	4.3%
3 Year Average	4.2%		

Selected ULAE Factor: **1.042**

**American Modern Home Ins. Co.**

**Exhibit 9**

State: Arkansas

Product: SB / DP-1

**Determination of Permissible Loss Ratio**

	Calendar Year			Budget	Selected
	2004	2005	2006	2007	
(1) Pre-Paid Commissions	18.6%	18.0%	17.5%		17.8%
(1a) Contingent Commissions	5.3%	7.7%	6.1%	4.9%	4.9%
(2) Other Acquisition Expense (Consolidated AMIG)	3.8%	4.9%	5.1%	5.6%	5.4%
(3) General Expense (Consolidated AMIG)	11.4%	13.0%	12.9%	13.2%	13.0%
(4) Taxes, Licenses and Fees	3.9%	3.6%	3.4%		3.6%
(6) Reinsurance Expense (Consolidated AMIG)			0.6%	0.8%	0.8%
(7) Total Expense					45.6%

**Profit Loading Provision**

(8a) After Tax Return on Equity Goal	16.5%
(8b) Target Premium to Surplus Ratio	2.3:1
(8c) After Tax Return on Premium [(8a)/(8b)]	7.2%
(8d) After Tax Return Generated by Investment Income (Exhibit 10, Page 1)	2.9%
(8e) After Tax Return Needed from Underwriting Profit [(8c)-(8d)]	4.3%
(8f) Before Tax Return Needed from Underwriting Profit [(8e)/(1.000-0.35)]	6.6%
(8) Selected Profit Loading Provision	6.6%
(9) Total Expenses and Profit Provision [(7) + (8)]	52.2%
(10) Permissible Loss+LAE Ratio [1.000 - (9)]	47.8%

Data applied to calculate commission ratio:

AMHIC Arkansas SB / DP-1 Written Premium  
 AMHIC Arkansas SB / DP-1 Paid Commission

Calendar Year		
2004	2005	2006
1,385,009	1,076,451	771,427
257,695	193,921	135,279

Calendar Year

Estimated Investment Earnings on Unearned Premium and Loss Reserves

**A. Unearned Premium Reserve**

(1) Direct Earned Premium for 2006	\$157,362,467
(2) Mean Unearned Premium Reserve Ratio	46.9%
(3) Mean Unearned Premium Reserve (1) x (2)	\$73,825,981
(4) Deduction for Prepaid Expenses and Federal Taxes Payable	
(a) Commission	22.7%
(b) 50% of Other Acquisition	2.7%
(c) 50% of General Expenses	6.5%
(d) Taxes, Licenses, and Fees	3.6%
(e) Reinsurance Expense	0.8%
(f) Subtotal	36.3%
(g) Federal Taxes Payable	7.0%
(4T) Total Deductions	43.3%
(5) Unearned Premium Reserve Subject to Investment (3) x [1.0 - (4T)]	\$41,871,293

**B. Delayed Remission of Premium (Agent's Balances)**

(1) Agent's Balance or Uncollected Premium to Unearned Premium	
(a) Average Agent's Balance	\$124,288,418
(b) Direct Unearned Premium 2006 (All Lines)	\$394,423,161
(c) Ratio (a) / (b)	31.5%
(d) Direct Unearned Premium 2006 (ASLOB 1 & 2.1 Fire and Allied Lines)	\$81,353,142
(2) Delayed Remission (1c) x (1d)	\$25,635,546

**C. Loss and Loss Adjustment Expense Reserve**

(1) Expected Loss and Loss Adjustment Expense Ratio	47.8%
(2) Expected Losses and Loss Adjustment Expenses (A.1) x (C.1)	\$75,217,040
(3) Percent of Mean Loss & ALAE Reserves to Incurred Loss & ALAE	
(a) 2006 Mean Loss & ALAE Reserve to Incurred Loss & ALAE Ratio	54.9%
(b) 2005 Mean Loss & ALAE Reserve to Incurred Loss & ALAE Ratio	36.6%
(c) Average of Mean Loss Reserve to Incurred Loss Ratios $1/2 \times [(a) + (b)]$	45.8%
(4) Expected Mean Loss Reserves (2) x (3c) x .958	\$32,983,288

**D. Net Subject to Investment**

(A.5) - (B.2) + (C.4) \$49,219,034

**E. Before Tax Rate of Return**

[(Exhibit 10, Page 3)] 5.0%

**F. Average Rate of Return as a % of Direct Earned Premium**

[(D) x (E)] / (A.1) 1.6%

**G. Before Tax Investment Income Return (Including Surplus)**

(F) + [(E) x (1.0/Premium to Surplus Ratio)] 3.7%

**H. After Tax Average Rate of Return as a Percent of Direct Earned Premium**

(1) Average Federal Tax Rate on Inv. Inc. (Exhibit 10, Page 2)	22.3%
(2) After Tax Return Generated by Investment Income (G) x [1.0 - (H.1)]	2.9%
3 H.2 Adjusted for Assumed Data	0.03002107

**American Modern Home Ins. Co.**  
**Investment Income and Other Income**  
**ASLOB 1 & 2.1 Fire and Allied Lines**  
**Countrywide Consolidated AMIG Data**

**Exhibit 10**  
**Page 2**

Average Federal Tax Rate on Investment Income

	(1) Investment Income 2004-2006 (A)	(2) Allocation	(3) Current Tax Rate (B)	(4) Total Tax (2)x(3)
Bonds				
- Taxable	53,722,932	0.487	0.350	0.170
- Tax Exempt Municipal	35,250,174	0.319	0.053	0.017
Stocks				
- Acquired prior to 1987	0	0.000	0.105	0.000
- Acquired after 1987	\$17,021,019	15.4%	14.2%	2.2%
Short-Term Investments	4,348,938	0.039	0.350	0.014
Total	110,343,063	1.000		0.223

Notes: (A) From AMIG Annual Statement, Part 1.

(B) Under the 1986 Tax Reform Act, 15% of formerly tax-exempt income from securities purchased after August 7, 1986 is now taxable. Thus the estimated effective tax rates in 2007 will be:

Ordinary Income =	0.35
Tax Exempt Municipal - 35.0% x 15.0% =	0.0525
Stock Dividends (Acquired after 1987) - 40.5% x 35.0% =	0.14175
Stock Dividends (Acquired before 1987) - 30.0% x 35.0% =	0.105

**Investment Income as a Percentage of Invested Assets**

1995	5.5%
1996	5.1%
1997	5.1%
1998	4.7%
1999	4.5%
2000	5.0%
2001	5.2%
2002	5.2%
2003	4.5%
2004	4.3%
2005	4.4%
2006	4.5%
Twelve Year Average	4.8%
Latest Six Year Average	4.7%
Latest Year	4.5%
Projected 2007 (12 Year Trend)	4.4%
Projected 2007 ( 6 Year Trend)	4.1%

**Selected 2007 Rate of Return**

Before Tax	5.0%
After Tax [(1-0.223) x 5%]	3.9%

# ARKANSAS INSURANCE DEPARTMENT RATE FILING ABSTRACT

Form RF-1

Rev. 4/96

Insurer Name: American Modern Home Insurance  
 NAIC Number: \_\_\_\_\_  
 Name of Advisory Organization Whose Filing You are Referencing \_\_\_\_\_  
 Co. Affiliation to Advisory Organization: Member \_\_\_\_\_ Subscriber \_\_\_\_\_ Service Purchaser \_\_\_\_\_  
 Reference Filing #: \_\_\_\_\_ Proposed Effective Date: 12/1/2007

Contact Person: \_\_\_\_\_  
 Signature: \_\_\_\_\_  
 Telephone No: \_\_\_\_\_

(1) LINE OF INSURANCE By Coverage	(2) Indicated % Rate Level Change	(3) Requested % Rate Level Change	FOR LOSS COSTS ONLY				
			(4) Expected Loss Ratio	(5) Loss Cost Modification Factor	(6) Selected Loss Cost Multiplier	(7) Expense Constant (If Applicable)	(8) Co. Current Loss Cost Multiplier
DP1	10.5%	4.34%					
<b>TOTAL OVERALL EFFECT</b>							

N Apply Lost Cost Factors to Future Filings? (Y or N)  
6% Estimated Maximum Rate Increase for any Arkansas Insured (%)  
0% Estimated Maximum Rate Decrease for any Arkansas Insured (%)

Corresponds to Question 3 on RF-2 or RF-WC

				<u>5 Year History</u>			<u>Selected Provisions</u>	
Year	Policy Count	Rate Change History % Eff. Date	AR Earned Premium (000)	Incurred Losses (000)	Arkansas Loss Ratio	Countrywide Loss Ratio		
2001	741	0 -	83	11	.128	.624	A. Total Production Expense	<u>22.7%</u>
2002	1,324	3.8 6/1/2002	336	255	.760	.691	B. General Expense	<u>18.4%</u>
2003	1,855	0 -	779	672	.863	.683	C. Taxes, License & Fees	<u>3.6%</u>
2004	2,109	18.3 5/1/2004	1,121	463	.413	.498	D. Underwriting Profit & Contingencies	<u>6.6%</u>
2005	1,687	4.5 7/1/2005	1,232	378	.307	.453	E. Other (explain)	<u>0.8%</u>
							F. TOTAL	<u>52.2%</u>



AMERICAN MODERN SELECT  
INSURANCE COMPANY

October 22, 2007

ARKANSAS INSURANCE DEPARTMENT  
PROPERTY & CASUALTY DIVISION  
1200 W 3RD ST  
LITTLE ROCK AR 72201-1904

RE: American Modern Home Insurance Company  
DP1 Program  
Rate Filing  
Company File number: 20071003-02  
NAIC Number: 23469

Dear Reviewer,

On behalf of American Modern Home Insurance Company I would like to address questions and concerns you have regarding our dwelling program filing submission. I will address these questions in order which they were presented.

**Question 1)**

[The 5-year history on Form RF-1 must be revised to include 2006 information.](#)

**Answer:** See attached updated RF-1

**Question 2)**

[The trended permissible loss/LAE ratio of .540 is greater than the developed weighted experience loss/LAE ratio of .519. Please explain the indicated rate need of 10.5% and the requested change of 4.](#)

**Answer:** Please see the attached AMH Response spreadsheet.

**Question 3)**

[The rate/rule schedule page of the uniform transmittal document must be submitted.](#)

**Answer:** Please see the attached transmittal form.

**Question 4)**

Have all the territory relativities, base rates, and protection class factors been increased by the same percentage? Provide details of the changes.

**Answer:** We did not make changes to all the rating factors.

The changes that were made were:

- Increased the relativity factor 3% for Territory 60
- Increased the base rate 3%

All other territory factors remained the same.

We did not make any changes to the Protection Class factors.

I hope that I have answered your questions about this program and appreciate the time you have taken to review our filing.

If you should have any further questions or concerns regarding this submission please feel free to contact me by phone at 1-800-759-9008 Ext. 5953 or via email at [KMahaffey@amig.com](mailto:KMahaffey@amig.com).

Sincerely,

Krista N. Mahaffey  
Compliance Analyst

# ARKANSAS INSURANCE DEPARTMENT RATE FILING ABSTRACT

Form RF-1

Rev. 4/96

Insurer Name: American Modern Home Insurance  
 NAIC Number: \_\_\_\_\_  
 Name of Advisory Organization Whose Filing You are Referencing \_\_\_\_\_  
 Co. Affiliation to Advisory Organization: Member \_\_\_\_\_ Subscriber \_\_\_\_\_ Service Purchaser \_\_\_\_\_  
 Reference Filing #: \_\_\_\_\_ Proposed Effective Date: 12/1/2007

Contact Person: \_\_\_\_\_  
 Signature: \_\_\_\_\_  
 Telephone No: \_\_\_\_\_

(1) LINE OF INSURANCE By Coverage	(2) Indicated % Rate Level Change	(3) Requested % Rate Level Change	FOR LOSS COSTS ONLY				
			(4) Expected Loss Ratio	(5) Loss Cost Modification Factor	(6) Selected Loss Cost Multiplier	(7) Expense Constant (If Applicable)	(8) Co. Current Loss Cost Multiplier
DP1	10.5%	4.34%					
<b>TOTAL OVERALL EFFECT</b>							

N Apply Lost Cost Factors to Future Filings? (Y or N)  
6% Estimated Maximum Rate Increase for any Arkansas Insured (%)  
0% Estimated Maximum Rate Decrease for any Arkansas Insured (%)

Corresponds to Question 3 on RF-2 or RF-WC

Year	Policy Count	Rate Change History		5 Year History		Arkansas Loss Ratio	Countrywide Loss Ratio
		%	Eff. Date	AR Earned Premium (000)	Incurred Losses (000)		
2001	741	0	-	83	11	.128	.624
2002	1,324	3.8	6/1/2002	336	255	.760	.691
2003	1,855	0	-	779	672	.863	.683
2004	2,109	18.3	5/1/2004	1,121	463	.413	.498
2005	1,687	4.5	7/1/2005	1,232	378	.307	.453
2006	1,245	0	-	945	216	.229	.470

Selected Provisions

A. Total Production Expense	<u>22.7%</u>
B. General Expense	<u>18.4%</u>
C. Taxes, License & Fees	<u>3.6%</u>
D. Underwriting Profit & Contingencies	<u>6.6%</u>
E. Other (explain)	<u>0.8%</u>
F. TOTAL	<u>52.2%</u>

## RATE/RULE FILING SCHEDULE

(This form must be provided ONLY when making a filing that includes rate-related items such as Rate; Rule; Rate & Rule; Reference; Loss Cost; Loss Cost & Rule or Rate, etc.)

(Do not refer to the body of the filing for the component/exhibit listing, unless allowed by state.)

<b>1.</b>	<b>This filing transmittal is part of Company Tracking #</b>	<b>20070601-08</b>
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<b>2.</b>	<b>This filing corresponds to form filing number</b> (Company tracking number of form filing, if applicable)	<b>N/A</b>
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Rate Increase     
  Rate Decrease     
  Rate Neutral (0%)

<b>3.</b>	<b>Filing Method (Prior Approval, File &amp; Use, Flex Band, etc.)</b>	
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<b>4a.</b>	<b>Rate Change by Company (As Proposed)</b>
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Company Name	Overall % Indicated Change (when applicable)	Overall % Rate Impact	Written premium change for this program	# of policyholders affected for this program	Written premium for this program	Maximum % Change (where required)	Minimum % Change (where required)
AMH		4.34%	\$7,204	1148	\$165,984	6.00	6.00

<b>4b.</b>	<b>Rate Change by Company (As Accepted) For State Use Only</b>
------------	----------------------------------------------------------------

Company Name	Overall % Indicated Change (when applicable)	Overall % Rate Impact	Written premium change for this program	# of policyholders affected for this program	Written premium for this program	Maximum % Change (where required)	Minimum % Change (where required)

<b>Overall Rate Information (Complete for Multiple Company Filings only)</b>			
------------------------------------------------------------------------------	--	--	--

		COMPANY USE	STATE USE
<b>5a.</b>	<b>Overall percentage rate indication (when applicable)</b>		
<b>5b.</b>	<b>Overall percentage rate impact for this filing</b>	4.34%	
<b>5c.</b>	<b>Effect of Rate Filing – Written premium change for this program</b>	\$7,204.00	
<b>5d.</b>	<b>Effect of Rate Filing – Number of policyholders affected</b>	1148	

<b>6.</b>	<b>Overall percentage of last rate revision</b>	
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<b>7.</b>	<b>Effective Date of last rate revision</b>	
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<b>8.</b>	<b>Filing Method of Last filing (Prior Approval, File &amp; Use, Flex Band, etc.)</b>	
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9.	Rule # or Page # Submitted for Review	Replacement or Withdrawn?	Previous state filing number, if required by state
01	R1-R10, F1 & F2, G1 & G2, E1-E2	<input type="checkbox"/> New <input checked="" type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	
02		<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	
03		<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	

**American Modern Home Ins. Co.**  
**SITE BUILT DWELLING Rate Level Indication**  
**State: Arkansas**

**Response:**

We weight together the adjusted accident year loss+lae ratios and then credibility-weight the resulting ratio with the trended permissible loss+lae ratio. Credibility is based on the square root rule with 25000 Earned Exposures as the full credibility standard. We show the development of the complement of credibility on Exhibit 1, Page 2. We then divide by the permissible loss+lae ratio to get the Credibility-Weighted Indicated Rate Level Change.

Complement of Credibility Selection ---->	1 <--- 1: Trended PLR
(1) Weighted Experience Loss+LAE Ratio	0.519
(2) Hurricane Load	0.000
(3) Permissible Loss+LAE Ratio	0.478
(4) Loss Ratio Trend Factor	1.131
(5) Trended Permissible Loss+LAE Ratio used as Complement of Credibility	0.540
(6) Credibility (Square Root Rule, Full Credibility = 25000 Earned Exposures)	0.569
(7) Credibility-Weighted Loss+LAE Ratio [(1) x (6)] + [(5) x (1-(6))]	0.528
<b>(8) Credibility-Weighted Indicated Rate Level Change [(7) / (3)] -1</b>	<b>10.5%</b>

		Exhibit 1
		Page 2
<b><u>Complement of Credibility Calculation</u></b>		
(1) Permissible Loss+LAE Ratio (Exhibit 9)		0.478
(2) Hurricane Load		0.000
(3) Non-Hurricane Permissible		0.478
(4) Proposed Renewal Effective Date		12/1/2007
(5) Effective Date of Current Rates		7/1/2005
(6) Time Period in Years {(2) - (3)}/365 (Capped at 2 years)		2.00
(7) Ann Prem Trend (Exh 1, Page 1, Column 4 Annualized)		0.3%
(8) Ann Loss Trend (Exhibit 6)		6.7%
(9) Ann Loss Ratio Trend {[1 + (8)] / [1 + (7)]} - 1		6.3%
(10) Selected Trend Factor {MAX [(1+(9))^(6), 1.000]}		1.131
(11) Trended Permissible Loss+LAE Ratio (1) x (10)		0.540