

SERFF Tracking Number: ASPX-125322426 State: Arkansas
Filing Company: American Security Insurance Company State Tracking Number: AR-PC-07-026426
Company Tracking Number: CA AR02182ASR01
TOI: 33.0 Other Lines of Business Sub-TOI: 33.0002 Other Commercial Lines
Product Name: Blanket Vendor Single Interest
Project Name/Number: Blanket Vendor Single Interest/CA AR02182ASR01

Filing at a Glance

Company: American Security Insurance Company

Product Name: Blanket Vendor Single Interest SERFF Tr Num: ASPX-125322426 State: Arkansas
TOI: 33.0 Other Lines of Business SERFF Status: Closed State Tr Num: AR-PC-07-026426
Sub-TOI: 33.0002 Other Commercial Lines Co Tr Num: CA AR02182ASR01 State Status:
Filing Type: Rate Co Status: Reviewer(s): Betty Montesi,
Llyweyia Rawlins, Brittany Yielding
Author: SPI AssurantPC Disposition Date: 10/16/2007
Date Submitted: 10/12/2007 Disposition Status: Exempt from
Review
Effective Date Requested (New): 12/01/2007 Effective Date (New): 12/01/2007
Effective Date Requested (Renewal): Effective Date (Renewal):

General Information

Project Name: Blanket Vendor Single Interest
Project Number: CA AR02182ASR01
Reference Organization:
Reference Title:
Filing Status Changed: 10/16/2007
State Status Changed: 10/15/2007
Corresponding Filing Tracking Number:
Filing Description:

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

We are introducing a new program called Blanket Vendor Single Interest. (BVSI) provides single interest coverage on vehicles and other types of similar types of equipment serving as loan collateral. The purpose of this program is to protect the lender against loss or damage to that collateral. The optional endorsements allow the lender to tailor the program to meet their individual portfolio needs. The forms have been submitted under separate cover.

Company and Contact

Filing Contact Information

Lori Roberge, Contract Development Analyst Lori.Roberge@assurant.com

SERFF Tracking Number: ASPX-125322426 State: Arkansas
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11222 Quail Roost Drive (305) 253-2244 [Phone]
Miami, FL 33157 (561) 333-5746[FAX]

Filing Company Information

American Security Insurance Company CoCode: 42978 State of Domicile: Delaware
0 Group Code: 19 Company Type:
0, DE 00000 Group Name: Assurant, Inc. Group State ID Number:
(305) 253-2244 ext. [Phone] FEIN Number: 581529575

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Filing Fees

Fee Required? Yes
Fee Amount: \$100.00
Retaliatory? No
Fee Explanation: \$100 per Rate/Rule filing.
Per Company: No

CHECK NUMBER	CHECK AMOUNT	CHECK DATE
12148835	\$100.00	10/12/2007

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Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Exempt from Review	Llyweyia Rawlins	10/16/2007	10/16/2007

<i>SERFF Tracking Number:</i>	<i>ASPX-125322426</i>	<i>State:</i>	<i>Arkansas</i>
<i>Filing Company:</i>	<i>American Security Insurance Company</i>	<i>State Tracking Number:</i>	<i>AR-PC-07-026426</i>
<i>Company Tracking Number:</i>	<i>CA AR02182ASR01</i>		
<i>TOI:</i>	<i>33.0 Other Lines of Business</i>	<i>Sub-TOI:</i>	<i>33.0002 Other Commercial Lines</i>
<i>Product Name:</i>	<i>Blanket Vendor Single Interest</i>		
<i>Project Name/Number:</i>	<i>Blanket Vendor Single Interest/CA AR02182ASR01</i>		

Disposition

Disposition Date: 10/16/2007

Effective Date (New): 12/01/2007

Effective Date (Renewal):

Status: Exempt from Review

Comment: This filing is approved contingent on receiving the filing fees the company indicates in the filing that they have sent.

This line is exempt from filing rates in compliance with ACA 23-67-206 which states that P&C insurance for commercial risks, excluding workers' compensation, employers' liability and professional liability insurance, including but not limited to, medical malpractice insurance, are exempted from the rate and rule filing and review requirements.

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An error occurred rendering Disposition 125274430: null.

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Rate Information

Rate data applies to filing.

Filing Method: File and Use
Rate Change Type: Neutral
Overall Percentage of Last Rate Revision: Neutral
Effective Date of Last Rate Revision:
Filing Method of Last Filing:

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):
American Security Insurance Company	%	%				%	%

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Rate/Rule Schedule

Review Status:	Exhibit Name:	Rule # or Page #:	Rate Action	Previous State Filing Attachments Number:
Accepted for Informational Purposes	State Exception Pages	AS#BVSI#AR-	New	AS#BVSI#AR-.PDF
Accepted for Informational Purposes	General Rule Pages	AS#BVSI#GR-	New	AS#BVSI#GR-.PDF

AMERICAN SECURITY INSURANCE COMPANY

BLANKET VENDOR SINGLE INTEREST PROGRAM

ARKANSAS STATE EXCEPTION PAGES

FORMS LIST

Mandatory Forms

	<u>Form Number</u>
Policy Declarations	AS8602DQQ-0905
Blanket Vendor Single Interest Policy	AS8603PQQ-0905
General Change Endorsement	AS8604EQQ-0905
Mandatory Amendatory Endorsement	AS8907EPC-0407
Worksheet for Monthly Blanket Rates – Per Monthly Outstanding Balance	R8085-0905

Optional Forms

Repossessed Collateral Coverage Endorsement	AS8606EQQ-0905
Security Instrument Non-Filing Errors and Omissions Coverage Endorsement	AS8607EQQ-0905
Basic Skip, Conversion and Confiscation Coverage Endorsement	AS8608EQQ-0905
Waiver of Actual Cash Value Settlement Option Coverage Endorsement	AS8609EQQ-0905
Modified Skip, Conversion and Confiscation Coverage Endorsement	AS8616EQQ-0905
Extended Limit of Liability Coverage Endorsement	AS8619EQQ-0905
Extended Loss Reporting Period Coverage Endorsement	AS8623EQQ-0905

AMERICAN SECURITY INSURANCE COMPANY

BLANKET VENDOR SINGLE INTEREST PROGRAM

ARKANSAS STATE EXCEPTION PAGES

Per \$1000 of Monthly Outstanding Balance Rate Formula - see Worksheet for Monthly Blanket Rates - Per Monthly Outstanding Balance (based upon projection of covered losses).

A. Base Coverage:

The premium for All Risk Physical Damage coverage will be determined on a monthly outstanding balance basis.

B. Deductible Options:

Per Loss	<u>Deductible</u>	<u>Rating Factor</u>
	\$0	1.05
	\$100	1.00
	\$250	.95
	\$500	.88

C. Optional Coverages:

Surcharge (+) or Credit (-) to Base Rate

Repossessed Collateral	+5%
Security Interest Non-Filing Errors and Omissions	+5%
Basic Skip, Conversion and Confiscation	+15%
Modified Skip, Conversion and Confiscation	+20%
Waiver of Actual Cash Value Settlement Option	+5% if the financed amount does not exceed the average retail value of the collateral by more than 10% at the time of the credit agreement +10% if the financed amount does not exceed the average retail value of the collateral by more than 20% at the time of the credit agreement
Annual Aggregate Limit	-5% to -25%
Extended Loss Reporting Period	+15% for up to 12 months of coverage +30 % for up to 24 months of coverage
Extended Limit of Liability Coverage	+5%

AMERICAN SECURITY INSURANCE COMPANY

BLANKET VENDOR SINGLE INTEREST PROGRAM

ARKANSAS STATE EXCEPTION PAGES

Individual Risk Premium Modification Plans

The following modifications may be applied to recognize such special characteristics of the risk as are not fully reflected in the basic premium or rates. These modifications contemplate the standard allowance for expenses. If the expenses are less than standard, such modification, if a credit, shall be increased or if a debit, shall be decreased by the amount of reduction in expenses. The total credits or debits developed from the following table may not exceed +/- 40%.

Risk Characteristics Not Fully Reflected in the Base Rates	Range of Modifications - - - -	
	Maximum Credit	Maximum Debit
Management Experience, Qualifications and Stability	10%	10%
Audit and Internal Management Administrative Standards and Controls	10%	10%
Financial Strength; Future Potential	10%	10%
Average Loan Balance	10%	10%
Type of Average Loan (Direct vs. Indirect)	10%	10%
Average Term of Loan	10%	10%
Cooperation of Insured	10%	10%
Prior Loss Experience	10%	10%

The base rates may be modified, subject to a maximum +/- 40% modification variance, to reflect such characteristics of the risk not reflected in its experience.

Individual Risk Premium Modification Plans Instructions

This special modification plan recognizes two things:

1. Blanket Vendor Single Interest is not traditional physical damage insurance, and the modifications are to be applied based on lending institution practices.
2. Lending institutions are not all the same as each insured has individual characteristics which will reflect its experience.

For the purpose of establishing uniform usage of the modification plans, we believe it is important to offer an extended explanation of the risk characteristics.

AMERICAN SECURITY INSURANCE COMPANY

BLANKET VENDOR SINGLE INTEREST PROGRAM

ARKANSAS STATE EXCEPTION PAGES

1. **Management Experience, Qualifications and Stability**

Installment lending officers have more than average experience in installment lending business. Most of the officers have been with the insured for more than the average period of time. There is less than average turnover of key personnel who are responsible for verifying primary insurance, keeping it in force, and are responsible for loan collections, repossessions and skips.

2. **Audit and Internal Management and Administrative Standards and Controls**

Insured has established better than average procedures for checking primary insurance and for follow up on renewals and cancellations. Delinquency rate is below average. Insured has better than average procedures for loan collections and handling repossessions.

3. **Financial Strength, Future Potential**

Previous experience indicates that the number of new loans made is increasing each year. The institution plans to increase its number of new loans made during the next year above the prior year's number. National banks are more tightly controlled financially than state banks because of federal regulations. This may be recognized when applying modifications.

4. **Average Loan Balance**

Average loan balance is below the national industry average.

5. **Type of Average Loan**

The mix of Indirect and Direct loans within the insured portfolio may be more favorable than the industry average.

6. **Average Term of Loan**

Average term of loan is shorter than the national industry average.

7. **Cooperation of Insured**

The named insured is willing to modify procedures if necessary to comply with loss control procedures. Insured continually makes professional efforts to locate missing borrowers.

8. **Prior Loss Experience**

It can be demonstrated that the named insured has favorable prior loss experience.

Note: The above listed explanations refer to characteristics which would indicate a credit to the base premium. Debits should be applied if opposite characteristics are present.

AMERICAN SECURITY INSURANCE COMPANY

BLANKET VENDOR SINGLE INTEREST PROGRAM GENERAL RULES

This Blanket Vendor Single Interest program is designed to protect the interest of the Insured Lender against losses resulting from All Risk Physical Damage to collateral securing its credit transactions. The Company's liability under the program is limited to the lesser of: (1) the costs to repair or replace the collateral; (2) the actual cash value of the collateral; or (3) the loan balance as of the date of the repossession.

Eligible Collateral and Maximum Amount Financed

Collateral securing loans made by the Lender are eligible for coverage.

Collateral Type	Limit
Aircraft (not in motion)	50,000
Automobiles	50,000
Boats (pleasure only)	50,000
Campers	50,000
Farm Equipment	50,000
Horse Trailers	50,000
Miscellaneous Motorized Light Equipment	50,000
Mobile Homes	50,000
Motor Homes	50,000
Motorcycles	50,000
Office Trailers	50,000
Recreational Vehicles	50,000
Stationary Equipment	50,000
Trailers	50,000
Trucks	50,000

Collateral that is valued above the specified limit must be approved by the Company before coverage is granted.

Maximum Security Agreement Term

The maximum Security Agreement Term shall be sixty (60) months. Security Agreements with terms greater than sixty (60) months must be approved by the Company before coverage is granted.

Coverage

All Risk Physical Damage – any physical damage or loss from any external cause unless otherwise excluded.

Policy Term

As requested.

Rating

Premiums are computed on a monthly outstanding balance basis.

Rate Expression

After determining the premium, the rate may be expressed as either a percentage of outstanding loan balance or as a dollar amount per new loan. The per new loan rate is obtained by dividing the total premium by the number of new loans made.

Report and Remittance of Premium

Within ten (10) days after the end of each calendar month during the effective term of this coverage, the insured shall submit a report showing the outstanding balances on all loans as of the last business day of such month, and the number of loans made or acquired during such month. The premium shall be paid with each such report.

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Supporting Document Schedules

Bypassed -Name: NAIC Loss Cost Filing Document
 for OTHER than Workers' Comp
Bypass Reason: N/A
Comments:

Review Status:
 Accepted for Informational 10/16/2007
 Purposes

Satisfied -Name: Uniform Transmittal Document-
 Property & Casualty
Comments:
 PC Transmittal attached
Attachment:
 PC Transmittal Form.PDF

Review Status:
 Accepted for Informational 10/16/2007
 Purposes

Satisfied -Name: NAIC loss cost data entry document
Comments:
 RF-1 attached
Attachment:
 RF-1 Form .PDF

Review Status:
 Accepted for Informational 10/16/2007
 Purposes

Satisfied -Name: Actuarial Memorandum
Comments:
 Actuarial Memorandum
Attachment:
 Actuarial Memorandum.PDF

Review Status:
 Accepted for Informational 10/16/2007
 Purposes

Satisfied -Name: Cover Letter
Review Status:
 Accepted for Informational 10/16/2007
 Purposes

SERFF Tracking Number: ASPX-125322426 *State:* Arkansas
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Comments:

Cover Letter

Attachment:

Cover Letter.PDF

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Satisfied -Name: Exhibits **Review Status:** Accepted for Informational Purposes 10/16/2007

Comments:

Exhibits

Attachment:

Exhibits.PDF

Satisfied -Name: Rate Schedule Transmittal **Review Status:** Accepted for Informational Purposes 10/16/2007

Comments:

Rate Schedule

Attachment:

Rate Schedule Transmittal.PDF

Satisfied -Name: Worksheet **Review Status:** Accepted for Informational Purposes 10/16/2007

Comments:

Worksheet

Attachment:

Worksheet.PDF

Property & Casualty Transmittal Document

1. Reserved for Insurance Dept. Use Only	2. Insurance Department Use only a. Date the filing is received: b. Analyst: c. Disposition: d. Date of disposition of the filing: e. Effective date of filing: <table style="width: 100%; border: none;"> <tr> <td style="width: 60%; border: none;">New Business</td> <td style="border: none;"></td> </tr> <tr> <td style="border: none;">Renewal Business</td> <td style="border: none;"></td> </tr> </table> f. State Filing #: g. SERFF Filing #: h. Subject Codes	New Business		Renewal Business	
New Business					
Renewal Business					

3. Group Name	Group NAIC #
Assurant, Inc. Group	0019

4. Company Name(s)	Domicile	NAIC #	FEIN #	State #
American Security Insurance Company	DE	42978	581529575	

5. Company Tracking Number	CA AR02182ASR01
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Contact Info of Filer(s) or Corporate Officer(s) [include toll-free number]

6.	Name and address	Title	Telephone #s	FAX #	e-mail
	Lori L. Roberge 11222 Quail Roost Drive Miami FL 33157	Sr. Contract Compliance Analyst	800-852-2244 Ext. 33131	305-256-7108	Lori.Roberge@assurant.com

7. Signature of authorized filer	
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8. Please print name of authorized filer	Lori L. Roberge
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Filing Information (see General Instructions for descriptions of these fields)

9.	Type of Insurance (TOI)	20.0 Commercial Auto
10.	Sub-Type of Insurance (Sub-TOI)	20.0003 Other (Physical Damage)
11.	State Specific Product code(s) (if applicable) [See State Specific Requirements]	N/A
12.	Company Program Title (Marketing Title)	Blanket Vendor Single Interest
13.	Filing Type	<input type="checkbox"/> Rate/Loss Cost <input type="checkbox"/> Rules <input checked="" type="checkbox"/> Rates/Rules <input type="checkbox"/> Forms <input type="checkbox"/> Combination Rates/Rules/Forms <input type="checkbox"/> Withdrawal <input type="checkbox"/> Other (give description)
14.	Effective Date(s) Requested	New: 12-01-07 Renewal:
15.	Reference Filing?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
16.	Reference Organization (if applicable)	N/A
17.	Reference Organization # & Title	N/A
18.	Company's Date of Filing	10-12-07
19.	Status of filing in domicile	<input type="checkbox"/> Not Filed <input type="checkbox"/> Pending <input checked="" type="checkbox"/> Authorized <input type="checkbox"/> Disapproved

Property & Casualty Transmittal Document

20.	This filing transmittal is part of Company Tracking #	CA AR02182ASR01
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21.	Filing Description [This area can be used in lieu of a cover letter or filing memorandum and is free-form text]
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We are introducing a new program called Blanket Vendor Single Interest. (BVSI) provides single interest coverage on vehicles and other types of similar types of equipment serving as loan collateral. The purpose of this program is to protect the lender against loss or damage to that collateral. The optional endorsements allow the lender to tailor the program to meet their individual portfolio needs.

The forms have been submitted under separate cover.

22.	Filing Fees (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]
<p>Check #: 12148835 Amount: \$100</p> <p>\$100 per rate/rule filing</p> <p style="text-align: center;">Refer to each state's checklist for additional state specific requirements or instructions on calculating fees.</p>	

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

FORM RF-1 Rate Filing Abstract NAIC LOSS COST DATA ENTRY DOCUMENT

1.	This filing transmittal is part of Company Tracking #	CA AR02182ASR01
2.	If filing is an adoption of an advisory organization loss cost filing, give name of Advisory Organization and Reference/ Item Filing Number	N/A

Company Name		Company NAIC Number	
3.	A. American Security Insurance Company	B.	0019-42978

Product Coding Matrix Line of Business (i.e., Type of Insurance)		Product Coding Matrix Line of Insurance (i.e., Sub-type of Insurance)	
4.	A. 20.0 Commercial Auto	B.	20.0003 Physical damage

5.

(A) COVERAGE (See Instructions)	(B) Indicated % Rate Level Change	(C) Requested % Rate Level Change	FOR LOSS COSTS ONLY				
			(D) Expected Loss Ratio	(E) Loss Cost Modification Factor	(F) Selected Loss Cost Multiplier	(G) Expense Constant (If Applicable)	(H) Co. Current Loss Cost Multiplier
	0	0	N/A	N/A	N/A	N/A	N/A
TOTAL OVERALL EFFECT							

6. 5 Year History Rate Change History

Year	Policy Count	% of Change	Effective Date	State Earned Premium (000)	Incurred Losses (000)	State Loss Ratio	Countrywide Loss Ratio
New Program	0	0		0	0	0	0

7.

Expense Constants	Selected Provisions
A. Total Production Expense	
B. General Expense	
C. Taxes, License & Fees	
D. Underwriting Profit & Contingencies	
E. Other (explain)	
F. TOTAL	

8. Apply Lost Cost Factors to Future filings? (Y or N)
9. Estimated Maximum Rate Increase for any Insured (%). Territory (if applicable): 0
10. Estimated Maximum Rate Decrease for any Insured (%). Territory (if applicable): 0

AMERICAN SECURITY INSURANCE COMPANY
BLANKET VENDOR SINGLE INTEREST PROGRAM

ARKANSAS

ACTUARIAL MEMORANDUM

American Security Insurance Company would like to introduce its Blanket Vendor Single Interest (BVSI) program in the state of Arkansas. BVSI is designed to protect the interests of the insured lender against losses resulting from All Risk Physical Damage to collateral securing its credit transactions.

The structure for this program is based on a similar physical damage blanket program previously written by one of our sister companies. We have also largely based BVSI on a major competitor's blanket loan program, namely the program of Ohio Indemnity.

Eligible Classes of Collateral: BVSI covers any collateral that is securing a loan made by the lender. Please refer to the General Rules for a list of covered collateral types and their corresponding limits of liability.

Rating Structure: The base rate is calculated using the Worksheet for Monthly Blanket Rates. This worksheet allows us to use past experience of the lender and the projected blanket period to determine a rate per lender, which is based on the specific underwritten risk of the portfolio. The rate determined from the worksheet is stated on a monthly outstanding balance basis.

At the end of each month during the effective term of this coverage, the insured will send us a report showing the amount of their outstanding loan portfolio and the number of new loans made or acquired during the month. The monthly premium is then calculated for the lender using the base rate and any other selected endorsements.

Upon calculating the premium, the base rate may be expressed as a percentage of outstanding loan balance, or it may be converted to a per new loan basis. In order to express the rate on a per new loan basis, the total premium is divided by the number of new loans made or acquired during the month.

Optional Deductibles: The base deductible associated with the program is \$100 per loss. Other deductibles may be elected for an associated base rate change, as detailed on the State Exception Pages.

Optional Endorsements:

Rates for the optional endorsements were developed through the review of Ohio Indemnity's blanket program and through the review of other collateral programs that we have written in the past.

I. Repossessed Collateral Coverage Endorsement – If elected, this endorsement provides coverage to the collateral for a loss occurring up to 120 days after repossession of the collateral. The rate is a 5% surcharge that is to be applied to the base rate.

II. Security Interest Non-Filing Errors and Omissions Coverage Endorsement – This endorsement covers losses to the collateral that result from the lender’s failure to record the security interest with the proper authorities. This endorsement has an associated surcharge of 5% to the base rate.

III. Basic Skip, Conversion and Confiscation Coverage Endorsement – For a premium, this endorsement provides coverage for losses due to skip, conversion or confiscation, as defined in the policy. The additional cost of this endorsement is a 15% surcharge to the base rate.

IV. Modified Skip, Conversion and Confiscation Coverage Endorsement – This endorsement enhances the Basic Skip, Conversion and Confiscation Endorsement by extending additional coverage to the lender in the event that the borrower substantially changes or destroys the insured collateral. This endorsement has an associated rate of 20% times the base rate.

V. Waiver of Actual Cash Value Settlement Option Coverage Endorsement – This optional endorsement removes ACV as a loss settlement option within the policy. The endorsement offers two rates, which differ based on the relationship between the financed amount and the retail value at the time of the credit agreement. The first option is available at a 5% surcharge to the base rate, and provides coverage if the financed amount does not exceed the collateral’s retail value by more than 10%. The second rate is a 10% surcharge to the base rate, and is applicable if the financed amount does not exceed the collateral’s retail value by more than 20%.

VI. Extended Limit of Liability Coverage Endorsement – This endorsement extends coverage to any security agreement which has a limit of liability or term that is greater than the maximum limit or term, as defined in the policy. The rate associated with this additional coverage is a 5% surcharge to the base rate.

VII. Extended Loss Reporting Period Coverage Endorsement – In the case of policy termination, cancellation, or expiration, this option endorsement extends coverage a period of twelve or twenty-four months for any loss to collateral that was reported to us and had premium paid to us prior to the termination of the policy. If the twelve months of extended coverage is elected, the base rate will be surcharged by 15%. If the twenty-four months of extended coverage is elected, the surcharge to the base rate will be 30%. Upon termination of the policy, the insured is expected to provide detailed information to us regarding the characteristics of all covered loans in the portfolio.

Individual Risk Premium Modification Plans:

The individual risk premium modification plan is used to recognize risk characteristics that are not fully reflected in the base rates. These risk characteristics are defined on the State Exception Pages, and have a +/-10% factor associated with each of them. The maximum modification variance to the base rates from the individual risk premium modification factors is +/-40%.

Filing Exhibits:

Please review the attached supporting filing exhibits:

Exhibit 1 – Permissible Loss & LAE Ratio

Exhibit 2 – Estimated Investment Earnings on Unearned Premium and Loss Reserves

Exhibit 3 – Surplus Ratio

Exhibit 4 – Derivation of Underwriting Profit Provision



ASSURANT

American Security
Insurance Company
11222 Quail Roost Drive
Miami, FL 33157-6596
T 305.253.2244 F 305.252.6987

www.assurant.com

October 12, 2007

Ms. Julie Benafield Bowman, Commissioner
Arkansas Department of Insurance
Property and Casualty Division
1200 West Third Street
Little Rock AR, 72201-1904

RE: **AMERICAN SECURITY INSURANCE COMPANY**
NAIC# 019-42978 FEIN# 58-1529575
LOB: Commercial Auto Physical Damage
Blanket Vendor Single Interest Program
Company Filing Number: CA AR02182ASR1

RATE AND RULE FILING (File and Use)

General Rule Pages AS#BVSI#GR-0905
State Exception Pages AS#BVSI#AR-0407

Dear Examiner:

American Security Insurance Company would like to introduce its new Blanket Vendor Single Interest (BVSI) program for your review and approval. BVSI provides single interest coverage on vehicles and other similar types of equipment serving as loan collateral. The purpose of this program is to protect the Lender against loss or damage to that collateral. The optional endorsements allow the Lender to tailor the program to fit their individual portfolio needs.

The Actuarial Memorandum, General Rules and State Exception Pages are attached. The Form filing has been submitted separate cover.

Our requested effective date is December 1, 2007. Thank you for your time and attention to this filing. Please contact me with any questions at 1-800-852-2244, extension 33131 or via email at Lori.Roberge@assurant.com.

Sincerely,

Lori Roberge
Sr. Contract Compliance Analyst
State Filings Department
American Security Insurance Company

cc: BVS ARAS_R1

**AMERICAN SECURITY INSURANCE COMPANY
BLANKET VENDOR SINGLE INTEREST PROGRAM**

COUNTRYWIDE EXPERIENCE

Development of Permissible Loss & LAE Ratio

Calendar Year	2003		2004		2005		3 Year Average	Selected
	\$(in 000's)	%	\$(in 000's)	%	\$(in 000's)	%		
Adjusted Direct Premium Written (Part III, Col 1)	3,283	100.0%	3,412	100.0%	7,740	100.0%	100.0%	
Adjusted Direct Premium Earned (Part III, Col 3)	5,426	100.0%	4,284	100.0%	4,615	100.0%	100.0%	
Adj Dir Commissions & Brokerage (W) (Part III, Col 23)	1,112	33.9%	1,434	42.0%	1,871	24.2%	33.4%	20.0%
Other Acquisition Incurred (E) (Part III, Col 27)	40	0.7%	46	1.1%	117	2.5%	1.4%	0.9%
General Expenses Incurred (E) (Part III, Col 29)	627	11.6%	623	14.5%	1,551	33.6%	19.9%	10.0%
Taxes, Licenses, & Fees (W) (Part III, Col 25)	71	2.2%	122	3.6%	294	3.8%	3.2%	2.0%
Total Expenses								32.9%
Profit & Contingencies								1.4%
Permissible Loss & LAE Ratio								65.7%

Source: Insurance Expense Exhibit - 2003-2005 line 21 (Auto Physical Damage)

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Estimated Investment Earnings on Unearned Premium and Loss Reserves

A. Unearned Premium Reserve		
1. Direct Earned Premium		\$4,615,526
2. Mean Unearned Premium Reserve		\$3,779,365
3. Percentage Total of Prepaid Expense		
a. Commission and Brokerage	20.00%	
b. Taxes, Licenses and Fees	2.00%	
c. 50% of Other Acquisition Expense	0.45%	
d. 50% of General Expense	<u>5.00%</u>	
e. Total	27.45%	
4. Dollar Total of Prepaid Expense (A2) x (A3e)		\$1,037,436
5. Subject to Investment (A2) - (A4)		\$2,741,930
B. Delayed Remission of Premium		\$369,694
C. Expected Loss and Loss Adjustment Reserve		
1. Direct Earned Premium (A1)	\$4,615,526	
x (Expected Loss and Loss Adjustment Ratio)	66.0%	
2. Expected Incurred Loss and Loss Adjustment	\$3,046,247	
x (Reserve to Incurred Ratio)	32.4%	
3. Expected Loss and Loss Adjustment Reserve	\$986,984	
D. Net Subject to Investment (A5) - (B) + (C3)		\$3,359,220
E. Average Rate of Return on Invested Assets		7.8%
F. Investment Earnings on Net Subject to Investment (D) x (E)		\$262,939
G. Ratio of Investment Earnings to Earned Premium (F) ÷ (A1)		5.7%

**AMERICAN SECURITY INSURANCE COMPANY
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Surplus Ratio

Calendar Year	(1) Surplus as Regards Policyholders	(2) Net Written Premium All Lines	(3) Surplus Ratio
2001	\$172,623,819	\$116,428,639	0.67
2002	\$176,892,248	\$327,195,291	1.85
2003	\$172,207,037	\$361,895,464	2.10
2004	\$225,109,642	\$389,251,808	1.73
2005	\$267,039,365	\$486,521,693	1.82
Average Selected	\$1,013,872,111	\$1,681,292,895	1.66 1.60

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(2) / (1)

**AMERICAN SECURITY INSURANCE COMPANY
BLANKET VENDOR SINGLE INTEREST PROGRAM**

Derivation of Underwriting Profit Provision

(1)	Target After-Tax Rate of Return on Surplus	14.0%
(2)	Ratio of Written Premium to Surplus	1.60
(3)	Expected Investment Income on Reserves as a % of Premium	5.7%
(4)	Expected Investment Income on Reserves as a % of Surplus = (3) x (2)	9.1%
(5)	Expected Investment Income on Surplus as a % of Surplus	7.8%
(6)	Total Expected Investment Income as a % of Surplus = (4) + (5)	16.9%
(7)	Federal Income Tax on Investment Income as a % of Surplus = (6) x 24.08%	4.1%
(8)	After-Tax Investment Income on Surplus = (6) - (7)	12.9%
(9)	Target After-Tax Underwriting Profit as a % of Surplus = (1) - (8)	1.1%
(10)	Target After-Tax Underwriting Profit as a % of Premium = (9) / (2)	0.7%
(11)	Target Pre-Tax Underwriting Profit as a % of Premium = (10) / {1-35%}	1.1%

PROPERTY & CASUALTY 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.)

1.	This filing transmittal is part of Company Tracking #	CA AR02182ASR01
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2.	This filing corresponds to form filing number (Company tracking number of form filing, if applicable)	N/A
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Rate Increase
 Rate Decrease
 Rate Neutral (0%)

3.	Filing Method (Prior Approval, File & Use, Flex Band, etc.)	Prior Approval
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4a. Rate Change by Company (As Proposed)							
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)
American Security Insurance Company	0%	0%	N/A New Program	0	\$0	N/A	N/A

4b. Rate Change by Company (As Accepted) For State Use Only							
Company Name	Overall % Indicated Change (when Applicable)	Overall % Rate Impact	Written Premium Change for this program	# of policyholder affected for this program	Written premium for this program	Maximum %Change (where required)	Minimum %Change (where required)

5. Overall Rate Information (Complete for Multiple Company Filings only)			
		COMPANY USE	STATE USE
5a.	Overall percentage rate indication(when applicable)	0%	
5b.	Overall percentage rate impact for this filing	0%	
5c.	Effect of Rate Filing – Written premium change for this program	\$0	
5d.	Effect of Rate Filing - Number of policyholders affected	0	

6.	Overall percentage of last rate revision	N/A
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7.	Effective Date of last rate revision	N/A
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8.	Filing Method of Last filing (Prior Approval, File & Use, Flex Band, etc.)	N/A New Program
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9.	Rule # or Page # Submitted for Review	Replacement or withdrawn?	Previous state filing number, if required by state
01	General Rule Pages AS#BVSI#GR-0905	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	N/A
02	State Exception Pages AS#BVSI#AR-0407	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	N/A

AMERICAN SECURITY INSURANCE COMPANY

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BLANKET VENDOR SINGLE INTEREST PROGRAM

Worksheet for Monthly Blanket Rates – Per Monthly Outstanding Balance

Experience for Past 5 Years	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
1. Lender Incurred Losses					
2. Number of Claims					
3. Per Loss Deductible					
4. Ground-up Losses					
5. Inflation Trend Factor					
6. Number of Loans					
7. Loan Adjustment Factor					
8. Trended Losses					
9. Weights					
Projection For Blanket Period					
10. Expected Ground-up Blanket Losses					
11. Expected Number of Claims					
12. Expected Blanket Losses w/base deductible per loss					
13. Expected Net Outstanding Balance (000)					
14. Expected Annual Loss per \$1,000					
15. Expected Monthly Loss per \$1,000					
16. Permissible Loss Ratio					
17. Blanket Rate w/base deductible per Loss					
18. Per Loss Deductible Factor	Selected Deductible: \$		Deductible Factor:		
19. Individual Risk Premium Modification Factor					
20. Total M.O.B. rate per \$1,000					

Worksheet Notes for Monthly Blanket Rates – Per Monthly Outstanding Balance

The following items are to be gathered for the past five years for the purpose of determining the blanket rate:

1. **Lender Incurred Losses** from coverage similar to that being proposed by the blanket. If coverage is different, judgmental adjustments may be made.
2. **Number of Claims** should only include claims on which payments were made.
3. **Per Loss Deductible** should reflect the actual deductible per loss (if any) for each year. If the deductible changed during the year, this should reflect the average.
4. **Ground-up Losses** equals $(1) + [(2) \times (3)]$.
5. **Inflation Trend Factor** accounts for inflation in an attempt to bring historical losses to current loss levels. Each factor should bring losses from the average loss date to the average loss date of the blanket being rated.
6. **Number of loans** should reflect the average number of loans eligible under the prior coverage during each year.
7. **Loan Adjustment Factor** is the ratio of the number of loans expected to be covered during the blanket to (6).
8. **Trended Losses** equals $(4) \times (5) \times (7)$.
9. **Weights** are judgmental and reflect the weight that each year should be given. The sum of the weights should equal one. It is possible for larger financial institutions to have older years with weights of zero.

The following items are projections for the time period the blanket will be in effect:

10. **Expected Ground-up Blanket Losses** equals the weighted average of (8) using the weights on line (9).
11. **Expected Number of Claims** equals the weighted average of (2) x (7) using line (9) as weights.
12. **Expected Blanket Losses with base deductible per Loss** equals $(10) - [100 \times (11)]$.
13. **Expected Net Outstanding Balance (000)** should equal the net outstanding balance (in thousands) expected during the term the blanket is in effect.
14. **Expected Annual Loss per \$1,000** equals $(12) / (13)$.
15. **Expected Monthly Loss per \$1,000** equals $(14) / 12$.
16. **Permissible Loss Ratio** reflects Blanket VSI target loss ratio based upon our expenses and anticipated profit.
17. **Blanket Rate with base deductible per Loss** equals $(15) / (16)$.
18. **Per Loss Deductible Factor** is the rate factor corresponding to the per loss deductible selected by the lender. The base deductible of \$100 has a rating factor of 1.000. Lenders may choose to elect other per loss deductibles. Please refer to the State Exception Pages for the applicable rating factors.
19. **Individual Risk Premium Modification Factor** is the credit or debit which is used to modify the lender's premium in recognition of those risk characteristics that are not fully reflected in the basic premium or rates. Please refer to the General Rules for a further description of qualifying risk characteristics. The total credit or debit is expressed in decimal format. The Individual Risk Premium Modification Factor equals $1.00 + (\text{total credit or debit})$.
20. **Total M.O.B. Rate per \$1,000** equals $(17) \times (18) \times (19)$ [The Total M.O.B. Blanket Rate per \$1,000 is to be rounded to 3 decimal places.]