

SERFF Tracking Number: USPX-125260716 State: Arkansas
First Filing Company: United Services Automobile Association, ... State Tracking Number: AR-PC-07-025784
Company Tracking Number: UMBAR00010CGR01
TOI: 17.2 Other Liability - Occurrence Only Sub-TOI: 17.2021 Personal Umbrella & Excess
Product Name: Actuary
Project Name/Number: Actuary/UMBAR00010CGR01

Filing at a Glance

Companies: United Services Automobile Association, USAA Casualty Insurance Company, USAA General Indemnity Company, Garrison Property and Casualty Insurance Company

Product Name: Actuary SERFF Tr Num: USPX-125260716 State: Arkansas
TOI: 17.2 Other Liability - Occurrence Only SERFF Status: Closed State Tr Num: AR-PC-07-025784
Sub-TOI: 17.2021 Personal Umbrella & Excess Co Tr Num: UMBAR00010CGR01 State Status:
Filing Type: Rate Co Status: Reviewer(s): Alexa Grissom, Betty Montesi, Brittany Yielding
Author: SPI USAAPC Disposition Date: 08/16/2007
Date Submitted: 08/13/2007 Disposition Status: Filed
Effective Date Requested (New): 10/15/2007 Effective Date (New): 10/15/2007
Effective Date Requested (Renewal): 10/15/2007 Effective Date (Renewal):

General Information

Project Name: Actuary Status of Filing in Domicile:
Project Number: UMBAR00010CGR01 Domicile Status Comments:
Reference Organization: Reference Number:
Reference Title: Advisory Org. Circular:
Filing Status Changed: 08/16/2007
State Status Changed: 08/14/2007 Deemer Date:
Corresponding Filing Tracking Number:
Filing Description:
United Services Automobile Association (USAA) and its affiliates, USAA Casualty Insurance Company (USAA-CIC), USAA General Indemnity Company (USAA-GIC), and Garrison Property and Casualty Insurance Company (Garrison) are revising our Personal Umbrella Policy available for use in Arkansas.

With this filing, we are revising the base rate as shown on page 3 of the General Rules Manual.

Your acknowledgement of this filing applicable to all business policies effective October 15, 2007 would be appreciated. If you have any questions, please call me at (800) 531-8722, extension 8-5315. I can also be reached via e-mail to scott.hawthorne@usaa.com or by facsimile at

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 (866) 358-3638.

Company and Contact

Filing Contact Information

Scott Hawthorne, Compliance Analyst scott.hawthorne@usaa.com
 9800 Fredericksburg Road (210) 498-5315 [Phone]
 San Antonio, TX 78288-1033 (210) 498-6675[FAX]

Filing Company Information

United Services Automobile Association CoCode: 25941 State of Domicile: Texas
 9800 Fredericksburg Road Group Code: 200 Company Type: Property & Casualty

ATTN: Insurance Regulatory Compliance, A-03-W
 San Antonio, TX 78288-0435 Group Name: USAA Group State ID Number:
 (210) 498-8722 ext. [Phone] FEIN Number: 74-0959140

USAA Casualty Insurance Company CoCode: 25968 State of Domicile: Texas
 9800 Fredericksburg Road Group Code: 200 Company Type: Property & Casualty

ATTN: Insurance Regulatory Compliance, A-03-W
 San Antonio, TX 78288-0435 Group Name: USAA Group State ID Number:
 (210) 498-8722 ext. [Phone] FEIN Number: 59-3019540

USAA General Indemnity Company CoCode: 18600 State of Domicile: Texas
 9800 Fredericksburg Road Group Code: 200 Company Type: Property & Casualty

ATTN: Insurance Regulatory Compliance, A-03-W
 San Antonio, TX 78288-0435 Group Name: USAA Group State ID Number:
 (210) 498-8722 ext. [Phone] FEIN Number: 74-1718283

Garrison Property and Casualty Insurance Company CoCode: 21253 State of Domicile: Texas
 9800 Fredericksburg Road Group Code: 200 Company Type: Property & Casualty

ATTN: Insurance Regulatory Compliance, A-03-W

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San Antonio, TX 78288-0435
(210) 498-8722 ext. [Phone]

Group Name: USAA Group
FEIN Number: 43-1803614

State ID Number:

SERFF Tracking Number: *USPX-125260716* State: *Arkansas*
First Filing Company: *United Services Automobile Association, ...* State Tracking Number: *AR-PC-07-025784*
Company Tracking Number: *UMBAR00010CGR01*
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Product Name: *Actuary*
Project Name/Number: *Actuary/UMBAR00010CGR01*

Filing Fees

Fee Required? *Yes*
Fee Amount: *\$100.00*
Retaliatory? *No*
Fee Explanation: *\$100 per rate filing.*
Per Company: *No*

State Specific

Check_No: *tbd*
Check_Amt: *100.00*
Check_Rec: *tbd*

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Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Filed	Alexa Grissom	08/16/2007	08/16/2007

SERFF Tracking Number: *USPX-125260716* State: *Arkansas*
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Disposition

Disposition Date: 08/16/2007
 Effective Date (New): 10/15/2007
 Effective Date (Renewal):
 Status: Filed
 Comment:

Company Name:	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):	Overall % Indicated Change:
United Services Automobile Association	10.000%	\$25,700	1,204	\$257,002	10.200%	7.500%	0.000%
USAA Casualty Insurance Company	10.100%	\$3,374	154	\$33,407	10.200%	8.600%	0.000%
USAA General Indemnity Company	10.000%	\$0	0	\$0	0.000%	0.000%	0.000%
Garrison Property and Casualty Insurance Company	10.200%	\$151	3	\$15	10.200%	10.200%	0.000%

<i>SERFF Tracking Number:</i>	<i>USPX-125260716</i>	<i>State:</i>	<i>Arkansas</i>
<i>First Filing Company:</i>	<i>United Services Automobile Association, ...</i>	<i>State Tracking Number:</i>	<i>AR-PC-07-025784</i>
<i>Company Tracking Number:</i>	<i>UMBAR00010CGR01</i>		
<i>TOI:</i>	<i>17.2 Other Liability - Occurrence Only</i>	<i>Sub-TOI:</i>	<i>17.2021 Personal Umbrella & Excess</i>
<i>Product Name:</i>	<i>Actuary</i>		
<i>Project Name/Number:</i>	<i>Actuary/UMBAR00010CGR01</i>		

Overall Rate Information for Multiple Company Filings

Overall Percentage Rate Indicated For This Filing	0.000%
Overall Percentage Rate Impact For This Filing	10.000%
Effect of Rate Filing-Written Premium Change For This Program	\$29,225
Effect of Rate Filing - Number of Policyholders Affected	1,361

SERFF Tracking Number: *USPX-125260716* State: *Arkansas*
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Item Type	Item Name	Item Status	Public Access
Supporting Document	Uniform Transmittal Document-Property & Casualty	Filed	Yes
Supporting Document	NAIC loss cost data entry document	Filed	Yes
Supporting Document	NAIC Loss Cost Filing Document for OTHER than Workers' Comp	Filed	Yes
Supporting Document	Arkansas Filing Memorandum	Filed	Yes
Supporting Document	Actuarial Exhibits	Filed	Yes
Rate	Arkansas Rate Page	Filed	Yes

SERFF Tracking Number: *USPX-125260716* State: *Arkansas*
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 Project Name/Number: *Actuary/UMBAR00010CGR01*

Rate Information

Rate data applies to filing.

Filing Method: File and Use
Rate Change Type: Increase
Overall Percentage of Last Rate Revision: 5.000%
Effective Date of Last Rate Revision: 02/01/2006
Filing Method of Last Filing: File and Use

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):
United Services Automobile Association	0.000%	10.000%	\$25,700	1,204	\$257,002	10.200%	7.500%
USAA Casualty Insurance Company	0.000%	10.100%	\$3,374	154	\$33,407	10.200%	8.600%
USAA General Indemnity Company	0.000%	10.000%	\$0	0	\$0	0.000%	0.000%
Garrison Property and Casualty Insurance Company	0.000%	10.200%	\$151	3	\$15	10.200%	10.200%

<i>SERFF Tracking Number:</i>	<i>USPX-125260716</i>	<i>State:</i>	<i>Arkansas</i>
<i>First Filing Company:</i>	<i>United Services Automobile Association, ...</i>	<i>State Tracking Number:</i>	<i>AR-PC-07-025784</i>
<i>Company Tracking Number:</i>	<i>UMBAR00010CGR01</i>		
<i>TOI:</i>	<i>17.2 Other Liability - Occurrence Only</i>	<i>Sub-TOI:</i>	<i>17.2021 Personal Umbrella & Excess</i>
<i>Product Name:</i>	<i>Actuary</i>		
<i>Project Name/Number:</i>	<i>Actuary/UMBAR00010CGR01</i>		

Overall Rate Information for Multiple Company Filings

Overall % Rate Indicated:	0.000%
Overall Percentage Rate Impact For This Filing:	10.000%
Effect of Rate Filing - Written Premium Change For This Program:	\$29,225
Effect of Rate Filing - Number of Policyholders Affected:	1361

SERFF Tracking Number: *USPX-125260716* State: *Arkansas*
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 Project Name/Number: *Actuary/UMBAR00010CGR01*

Rate/Rule Schedule

Review Status:	Exhibit Name:	Rule # or Page #:	Rate Action	Previous State Filing Attachments Number:
Filed	Arkansas Rate Page	Umbrella Rate Revision 2007	Replacement	Umbrella Rate Revision 2007.PDF

ARKANSAS
PERSONAL UMBRELLA BASE RATES
AND FACTOR TABLES

A. Basic

1.

Base Premium	\$ 246.75
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2.

Territory Factor	
Entire State:	1.00

3.

VEHICLE AND DRIVER FACTOR

NUMBER OF VEHICLES	NUMBER OF DRIVERS						
	0	1	2	3	4	5	6+
0	.42	.44	.46	.46	.46	.46	.46
1	.67	.70	.74	.77	.77	.77	.77
2	.85	.95	1.00	1.05	1.10	1.10	1.10
3	.98	1.11	1.24	1.30	1.37	1.43	1.43
4	.98	1.20	1.36	1.52	1.60	1.68	1.76
5	.98	1.20	1.43	1.62	1.81	1.90	2.00
6 OR MORE	.98	1.20	1.43	1.65	1.87	2.09	2.20

Includes all Auto, Trucks, Motorcycles, and Motorized Homes.

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Supporting Document Schedules

Satisfied -Name: Uniform Transmittal Document-Property & Casualty **Review Status:** Filed 08/16/2007

Comments:
See General Information Schedule.

Satisfied -Name: NAIC loss cost data entry document **Review Status:** Filed 08/16/2007

Comments:
Attachment:
RF-1 USAA GROUP.PDF

Satisfied -Name: Arkansas Filing Memorandum **Review Status:** Filed 08/16/2007

Comments:
Attachment:
Arkansas Filing Memorandum.PDF

Satisfied -Name: Actuarial Exhibits **Review Status:** Filed 08/16/2007

Comments:
Attachment:
Actuarial Exhibits.PDF

NAIC LOSS COST DATA ENTRY DOCUMENT

1.	This filing transmittal is part of Company Tracking #	UMBAR00010CGR01
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2.	If filing is an adoption of an advisory organization loss cost filing, give name of Advisory Organization and Reference/ Item Filing Number	
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Company Name		Company NAIC Number	
3.	A.	USAA Group	B. 200

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.	17.0 Other Liability – Claims Made/Occurrence	B. 17.0021 Personal Umbrella & Excell

5.			FOR LOSS COSTS ONLY				
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
COVERAGE (See Instructions)	Indicated % Rate Level Change	Requested % Rate Level Change	Expected Loss Ratio	Loss Cost Modification Factor	Selected Loss Cost Multiplier	Expense Constant (If Applicable)	Co. Current Loss Cost Multiplier
Umbrella	10.8%	10.0%					
TOTAL OVERALL EFFECT	10.8	10.0					

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	
2006	1,306	5.0%	2-1-06	277	417	151%	35%	
2005	1,221	5.0%	2-1-05	262	-13	-5%	57%	
2004	1,178	N/A	N/A	251	-80	-32%	66%	
2003	1,153	0.0%	11-1-03	249	1063	426%	74%	
2002	1,145	N/A	N/A	247	-606	-245%	62%	

7.	
Expense Constants	Selected Provisions
A. Total Production Expense	20.7%
B. General Expense	1.6%
C. Taxes, License & Fees	2.0%
D. Underwriting Profit & Contingencies	4.7%
E. Other (explain)	N/A
F. TOTAL	29.0%

8. N Apply Lost Cost Factors to Future filings? (Y or N)
9. 10.2% Estimated Maximum Rate Increase for any Insured (%). Territory (if applicable): N/A
10. N/A Estimated Maximum Rate Decrease for any Insured (%) Territory (if applicable): N/A

**USAA Group
Personal Umbrella Liability
Arkansas
Filing Memorandum**

United Services Automobile Association (USAA, USAA-CIC, USAA-GIC, and Garrison) wishes to revise our premiums for an overall effect of 10.0%. The effects by company apply as follows:

USAA	10.0%
USAA-CIC	10.1%
USAA-GIC	10.0%
Garrison	10.2%
USAA Group	10.0%

With these proposed changes we will be revising the basic premium. An effective date of October 15, 2007 for these revisions will apply to all policies. Details of these revisions are attached.

**USAA Group
Personal Umbrella Liability
Arkansas
Explanatory Memorandum**

Exhibit I – illustrates USAA Group Countrywide experience for the latest five accident years ending December 31, 2006 as of March 31, 2007. The indicated rate level change is developed in this exhibit and the proposed change is also provided.

Exhibit II – displays the premium trend data for USAA and USAA-CIC. The current amount factors and trended amount selection are shown.

Exhibit III – develops the earned premium to current rate level for USAA and USAA-CIC. The earned premium is brought to present rates by applying the premium at present rates factor. The current and trended amount premium factors selected in Exhibit II are then applied to come up the Prospective Earned Premium at Current Rate Level.

Exhibit IV – displays the calculation of USAA Group Countrywide loss development factors.

Exhibit V - develops the loss adjustment expense (LAE) factor used in calculating the indication in Exhibit I. The factor is based upon USAA Group countrywide data for calendar years 2004, 2005, and 2006.

Exhibit VI - shows the loss trend underlying the rate level indication. The loss trend data is based on trended Auto BI losses with losses of \$300,000 or greater. Various exponential fits including 16-, 12-, 8-, and 4-points are shown. The selected current cost factor and trended cost factor are based on the results of these exponential fits. Current cost factor and trended cost factor are displayed.

Exhibit VII - shows the development of the variable permissible loss and LAE ratio on Page 1. The calculation of the selected annual expense trend is shown on Page 2. The trend is derived by taking a weighted average of the Employment Cost Index and the Consumer Price Index. The expense trend is used to trend fixed expenses, which are used to develop the indication shown in Exhibit I.

Exhibit VIII - details USAA Group's method for selecting its underwriting profit and contingency provision, which is included in the permissible loss ratio. A separate explanatory memorandum is included with the exhibit.

**USAA Group
Countrywide Rate Level Indication
Personal Umbrella Liability**

Calendar Accident Year	Prospective Earned Premium at Present Rates ^A	Incurred Losses as of 3/31/07	Loss Development Factor ^B	Loss Trend Factor ^C	LAE Ratio ^D	Prospective Incurred Losses and LAE	Prospective Loss Ratio	Weight
(1)	(2)	(3)	(4)	(5)	(6)	(7) = (3) * (4) * (5) * (6)	(8) = (7) / (2)	(9)
2002	\$84,245,899	\$28,227,105	1.106	1.451	1.130	\$51,187,901	0.6076	0.20
2003	\$85,318,606	\$35,451,176	1.121	1.381	1.130	\$62,016,661	0.7269	0.20
2004	\$87,473,349	\$36,430,271	1.243	1.316	1.130	\$67,339,186	0.7698	0.20
2005	\$92,355,538	\$43,100,803	1.423	1.253	1.130	\$86,839,992	0.9403	0.20
2006	\$95,883,010	\$34,648,457	2.005	1.193	1.130	\$93,652,023	0.9767	0.20

Five-Year Loss Ratio	80.4%
Trended Fixed Expense Provision ^E	23.0%
Variable Permissible Loss Ratio ^E	93.3%
Indicated Rate Change	10.8%
Proposed Rate Change	10.0%

A Developed in Exhibit III
 B Developed in Exhibit IV
 C Developed in Exhibit VI
 D Developed in Exhibit V
 E Developed in Exhibit VII, Page 1 of 2

**USAA Group
Premium Trend
Personal Umbrella Liability**

USAA				
Year Ending Quarter	Average Earned Premium at Present Rates	Current Amount Factors	Annual Change	
01-02	343.50			
02-02	342.76			
03-02	342.07			
04-02	341.62	0.9415		
01-03	341.72		-0.5%	
02-03	341.43		-0.4%	
03-03	340.50		-0.5%	
04-03	339.21	0.9482	-0.7%	
01-04	338.23		-1.0%	
02-04	339.21		-0.6%	
03-04	340.58		0.0%	
04-04	338.83	0.9492	-0.1%	
01-05	338.60		0.1%	
02-05	337.93		-0.4%	
03-05	336.43		-1.2%	
04-05	331.45	0.9704	-2.2%	
01-06	328.06		-3.1%	
02-06	324.64		-3.9%	
03-06	321.41		-4.5%	
04-06	321.62	1.0000	-3.0%	
			Annual Fit	
	RSQ	Low	Est	High
20-pts	0.771	-1.6%	-1.2%	-0.9%
16-pts	0.790	-2.1%	-1.6%	-1.1%
12-pts	0.843	-2.9%	-2.2%	-1.5%
8-pts	0.963	-4.1%	-3.4%	-2.7%
4-pts	0.869	-5.9%	-2.7%	0.5%

CIC				
Year Ending Quarter	Average Earned Premium at Present Rates	Current Amount Factors	Annual Change	
01-02	310.63			
02-02	311.17			
03-02	311.75			
04-02	312.93	1.0359		
01-03	314.11		1.1%	
02-03	314.82		1.2%	
03-03	315.38		1.2%	
04-03	315.12	1.0287	0.7%	
01-04	315.35		0.4%	
02-04	317.34		0.8%	
03-04	321.86		2.1%	
04-04	322.13	1.0063	2.2%	
01-05	323.17		2.5%	
02-05	324.24		2.2%	
03-05	323.97		0.7%	
04-05	322.14	1.0062	0.0%	
01-06	322.15		-0.3%	
02-06	322.11		-0.7%	
03-06	321.40		-0.8%	
04-06	324.15	1.0000	0.6%	
			Annual Fit	
	RSQ	Low	Est	High
20-pts	0.850	0.8%	1.0%	1.2%
16-pts	0.714	0.5%	0.9%	1.2%
12-pts	0.380	0.1%	0.6%	1.1%
8-pts	0.115	-0.7%	-0.2%	0.3%
4-pts	0.335	-2.1%	0.7%	3.5%

Trended Amount Selection

0.0%

Trended Amount Selection

0.0%

USAA Group
Determination of Premium at Current Rate Level (CRL)
Personal Umbrella Liability

USAA

Calendar Year (1)	Earned Premium (2)	PPR Factors (3)	Current Amount Factors (4)	Trended Amount Factors (5)	Premium Trend Factors (6)	Prospective Earned Prem at CRL (7)
					(3)x(4)x(5)	(2) x (6)
2002	65,385,468	1.1871	0.9415	1.0000	1.1176	73,074,799
2003	65,000,703	1.1865	0.9482	1.0000	1.1249	73,119,291
2004	67,943,134	1.1466	0.9492	1.0000	1.0884	73,949,307
2005	73,455,283	1.0762	0.9704	1.0000	1.0443	76,709,352
2006	76,858,777	1.0182	1.0000	1.0000	1.0182	78,257,607

CIC

Calendar Year (1)	Earned Premium (2)	PPR Factors (3)	Current Amount Factors (4)	Trended Amount Factors (5)	Premium Trend Factors (6)	Prospective Earned Prem at CRL (7)
					(3)x(4)x(5)	(2) x (6)
2002	9,025,693	1.1949	1.0359	1.0000	1.2377	11,171,100
2003	9,930,252	1.1943	1.0287	1.0000	1.2285	12,199,315
2004	11,625,585	1.1560	1.0063	1.0000	1.1633	13,524,043
2005	14,395,240	1.0802	1.0062	1.0000	1.0869	15,646,186
2006	17,296,764	1.0190	1.0000	1.0000	1.0190	17,625,403

**USAA Group
Incurred Losses
Evaluated as of 3/31/07
Personal Umbrella Liability**

Accident Year	Incurred Loss													
	15	27	39	51	63	75	87	99	111	123	135	147	159	171
12/31/1993	10,809,596	19,920,048	21,783,746	23,114,494	26,295,650	28,258,544	30,288,064	31,948,644	32,097,543	32,092,543	32,017,543	32,017,543	32,017,543	32,017,543
12/31/1994	9,559,019	16,203,271	18,978,619	20,857,621	21,963,919	24,866,435	27,921,912	27,032,785	27,413,813	28,263,813	28,263,813	28,263,813	28,388,813	
12/31/1995	7,985,153	13,557,828	15,960,947	19,256,407	18,541,458	18,550,260	18,250,360	18,362,257	18,362,157	18,425,238	18,425,238	18,425,238		
12/31/1996	6,315,449	13,048,910	18,868,067	22,673,044	26,175,102	26,144,297	26,108,752	26,328,352	26,623,175	26,630,281	26,628,181			
12/31/1997	7,878,735	19,547,987	21,180,328	28,337,002	27,300,469	30,162,841	27,942,002	27,942,000	27,942,000	28,492,807				
12/31/1998	9,363,972	18,766,783	26,097,323	29,233,423	30,167,421	33,131,220	33,351,119	33,701,219	33,676,119					
12/31/1999	7,262,531	15,348,498	22,269,518	25,899,613	26,180,058	26,893,959	27,526,315	27,226,315						
12/31/2000	4,759,425	10,429,849	14,191,021	16,895,059	17,218,944	20,186,560	20,850,576							
12/31/2001	8,499,618	18,179,767	22,859,733	24,773,220	25,178,620	25,573,619								
12/31/2002	16,130,483	23,410,587	25,393,607	28,159,941	28,227,105									
12/31/2003	17,689,312	24,775,750	31,218,300	35,451,176										
12/31/2004	22,282,584	33,385,233	36,430,271											
12/31/2005	32,482,115	43,100,803												
12/31/2006	34,648,457													

Accident Year	Age to Age Factors												
	15-27	27-39	39-51	51-63	63-75	75-87	87-99	99-111	111-123	123-135	135-147	147-159	159-171
12/31/1993	1.843	1.094	1.061	1.138	1.075	1.072	1.055	1.005	1.000	0.998	1.000	1.000	1.000
12/31/1994	1.695	1.171	1.099	1.053	1.132	1.123	0.968	1.014	1.031	1.000	1.000	1.004	
12/31/1995	1.698	1.177	1.206	0.963	1.000	0.984	1.006	1.000	1.003	1.000	1.000		
12/31/1996	2.066	1.446	1.202	1.154	0.999	0.999	1.008	1.011	1.000	1.000			
12/31/1997	2.481	1.084	1.338	0.963	1.105	0.926	1.000	1.000	1.020				
12/31/1998	2.004	1.391	1.120	1.032	1.098	1.007	1.010	0.999					
12/31/1999	2.113	1.451	1.163	1.011	1.027	1.024	0.989						
12/31/2000	2.191	1.361	1.191	1.019	1.172	1.033							
12/31/2001	2.139	1.257	1.084	1.016	1.016								
12/31/2002	1.451	1.085	1.109	1.002									
12/31/2003	1.401	1.260	1.136										
12/31/2004	1.498	1.091											
12/31/2005	1.327												
Average	1.839	1.239	1.155	1.035	1.069	1.021	1.005	1.005	1.011	0.999	1.000	1.002	1.000
5 Yr Avg	1.563	1.211	1.136	1.016	1.084	0.998	1.003	1.005	1.011	N/A	N/A	N/A	N/A
3 Yr Avg	1.409	1.145	1.109	1.013	1.072	1.021	1.000	1.003	1.008	1.000	1.000	N/A	N/A
5 Yr Avg ex hi/lo	1.450	1.203	1.136	1.015	1.077	1.010	1.005	1.004	1.008	N/A	N/A	N/A	N/A
Selection	1.409	1.145	1.109	1.013	1.072	1.021	1.000	1.003	1.008	1.000	1.000	1.000	1.000
Age to Ult Factors	15 - Ult	27 - Ult	39 - Ult	51 - Ult	63 - Ult	75 - Ult	87 - Ult	99 - Ult	111 - Ult	123 - Ult	135 - Ult	147 - Ult	159 - Ult
	2.005	1.423	1.243	1.121	1.106	1.032	1.011	1.011	1.008	1.000	1.000	1.000	1.000

USAA Group
Loss Adjustment Expense (LAE) Factor
Personal Umbrella Liability

Calendar Year Ending	Incurred Losses	LAE	LAE Ratio
12/31/04	52,733,251	9,228,910	0.1750
12/31/05	49,826,066	4,871,787	0.0978
12/31/06	33,010,531	3,803,066	0.1152
Average LAE Ratio			0.1293

Selected Umbrella LAE Ratio **13.0%**

**USAA Group
Loss Trend
Personal Umbrella Liability**

Quarter	Frequency	Annual Change	Severity	Annual Change	Pure Premium	Annual Change
2002Q1	0.000020		427,455		8.448	
2002Q2	0.000032		439,603		14.116	
2002Q3	0.000032		351,894		11.165	
2002Q4	0.000027		408,761		10.866	
2003Q1	0.000028	40.3%	398,695	-6.73%	11.053	31%
2003Q2	0.000032	0.8%	416,708	-5.21%	13.491	-4%
2003Q3	0.000045	40.7%	450,165	27.93%	20.102	80%
2003Q4	0.000037	39.9%	438,735	7.33%	16.313	50%
2004Q1	0.000033	20.5%	373,844	-6.23%	12.492	13%
2004Q2	0.000040	23.6%	377,154	-9.49%	15.093	12%
2004Q3	0.000030	-33.7%	394,005	-12.48%	11.667	-42%
2004Q4	0.000037	0.4%	408,604	-6.87%	15.260	-6%
2005Q1	0.000036	9.1%	394,838	5.62%	14.391	15%
2005Q2	0.000028	-29.9%	421,360	11.72%	11.827	-22%
2005Q3	0.000042	42.1%	396,848	0.72%	16.695	43%
2005Q4	0.000032	-13.3%	413,207	1.13%	13.381	-12%
2006Q1	0.000039	6.3%	484,108	22.61%	18.752	30%
2006Q2	0.000035	25.1%	486,248	15.40%	17.071	44%
2006Q3	0.000030	-28.9%	475,978	19.94%	14.234	-15%

Exponential Fits	R-Squared Value	Annualized Change	R-Squared Value	Annualized Change	R-Squared Value	Annualized Change
16-point fit	0.020	2%	0.249	3%	0.106	6%
12-point fit	0.024	-2%	0.497	8%	0.096	5%
8-point fit	0.052	-5%	0.686	13%	0.096	8%
4-point fit	0.142	-13%	0.501	19%	0.002	4%

Current Cost Selection	1.00	1.05
Trended Cost Selection	1.00	1.08

Loss Trend Factor

Accident Year Ending	Current Cost Selection	Current Cost Period	Current Cost Factor	Trended Cost Selection	Trended Cost Period	Trended Cost Factor	Loss Trend Factor
	(1)	(2)	(3) = (1) ^ (2)	(4)	(5)	(6) = (4) ^ (5)	(7) = (3) * (6)
12/31/2002	1.050	4.000	1.216	1.080	2.296	1.193	1.451
12/31/2003	1.050	3.000	1.158	1.080	2.296	1.193	1.381
12/31/2004	1.050	2.000	1.103	1.080	2.296	1.193	1.316
12/31/2005	1.050	1.000	1.050	1.080	2.296	1.193	1.253
12/31/2006	1.050	0.000	1.000	1.080	2.296	1.193	1.193

USAA Group
Fixed and Variable Expense Provisions
Personal Umbrella Liability

	2006	Selected
(1) Average General Expenses Per Earned Exposure ^A	\$4.74	
(2) Selected Annual Expense Trend ^B	3.0%	
(3) Trend Period ^C	2.30	
(4) Projected Average General Expenses Per Earned Exposure (1) * [1.03] ^ (3)	\$5.07	\$5.07
(5) Average Other Acquisition Expense Per Written Exposure ^A	\$63.59	
(6) Selected Annual Expense Trend ^B	3.0%	
(7) Trend Period ^D	1.79	
(8) Projected Average Other Acquisition Expense Per Written Exposure (5) * [1.03] ^ (7)	\$67.06	\$67.06
(9) Average Licenses and Fees Expense Per Written Exposure ^A	\$1.81	
(10) Selected Annual Expense Trend ^B	3.0%	
(11) Trend Period ^D	1.79	
(12) Projected Average Licenses and Fees Expense Per Written Exposure (9) * [1.03] ^ (11)	\$1.91	\$1.91
(13) Total Fixed Expense (4) + (8) + (12)		\$74.04
(14) Average Projected Premium at Present Rates ^A		\$323.61
(15) Projected Fixed Expense Provision (13) / (14)		0.229
(16) Commission and Brokerage	0.0%	0.0%
(17) Taxes ^E	2.0%	2.0%
(18) Profit and Contingencies Provision ^F		4.7%
(19) Total Variable Expenses (16) + (17) + (18)		6.7%
(20) Variable Permissible Loss and LAE Ratio 1 - (19)		93.3%

^A USAA Group Countrywide data

^B Developed in Exhibit VII, Page 2 of 2

^C From the midpoint of the respective year to the average earned date in effective period, 10/15/2008

^D From the midpoint of the respective year to the average written date in effective period, 4/15/2008

^E USAA Group Countrywide data as a percent of direct written premium

^F Developed in Exhibit VIII

USAA Group
Calculation of Annual Expense Trend
Personal Umbrella Liability

(1) Employment Cost Index - Finance, Insurance & Real Estate, excluding Sales Occupations - (annual change over latest 2 years ending 12/31/2006) U.S. Department of Labor	2.7%
(2) % of Other Acquisition and General Expenses used for Salaries and Employee Relations & Welfare - USAA Group Insurance Expense Exhibit, 2006	59.7%
(3) Consumer Price Index, All Items - (annual change over latest 2 years ending 12/31/2006)	3.0%
(4) Annual Expense Trend - { (1) * (2) } + { (3) * [1 - (2)] }	2.8%
Selected Annual Expense Trend	3.0%

USAA GROUP
COUNTRYWIDE UMBRELLA
UNDERWRITING PROFIT PROVISION
EXPLANATORY MEMORANDUM

This exhibit is submitted in support of the underwriting profit and contingency provision included in the permissible loss ratio.

UNDERWRITING PROFIT PROVISION

The target underwriting profit and contingency provision needed to achieve our desired overall profit level is developed on Page 2. The selected target rate of return is 10% on GAAP (generally accepted accounting principles) equity.

The target underwriting return on an after-tax basis is derived by subtracting the after-tax investment rate of return on GAAP surplus from the target rate of return. This target underwriting rate of return is then adjusted to a before-tax basis, using the current corporate tax rate of 35%, and then divided by the premium-to-surplus ratio to yield the target underwriting profit and contingency provision.

TARGET RATE OF RETURN

USAA's selected target rate of return of 10% is supported by results from the Capital Asset Pricing Model (CAPM), the financial model commonly used in evaluating investments.

The data points used in the CAPM method are published historical values from Value Line, Inc.'s *Investment Survey* (as of 3/24/06) and from Ibbotson Associates' 2006 Stocks, Bonds, Bills & Inflation (SBBI) Yearbook. The companies composing the "P&C Insurance Industry", as identified by Value Line, Inc., were selected to determine the appropriate rate of return for a P&C company.

INVESTMENT RATE OF RETURN

The investment rate of return is determined by dividing the estimated investment earnings by the Countrywide Umbrella allocation of USAA Group surplus. The estimated investment earnings are calculated by applying a selected after-tax rate of return to the total funds subject to investment.

The selected after-tax rate of return is a weighted average after-tax return, using the projected proportion of the portfolio held in each component as weight. The composition of the portfolio is projected for 2007 and 2008 and an after-tax return for each year is calculated.

USAA GROUP
COUNTRYWIDE UMBRELLA
UNDERWRITING PROFIT PROVISION

A.	Target Rate of Return (% of GAAP Surplus)	
1.	Capital Asset Pricing Model	10.7%
2.	Selected Target Rate of Return	10.0%
B.	Target Underwriting Rate of Return (% of GAAP Surplus)	
1.	Investment Rate of Return After Tax	7.5%
2.	Target Underwriting Return After Tax (A2) - (B1)	2.5%
3.	Target Underwriting Return Before Tax (B2) / (1.00 - 0.35)	3.8%
C.	Target Underwriting Profit Provision (% of Direct Earned Premium)	
1.	Direct Written Premium / GAAP Surplus Ratio	0.802
2.	Indicated Underwriting Profit Provision (B3) / (C1)	4.7%
3.	Selected Underwriting Profit Provision	4.7%