

SERFF Tracking Number: USPX-125305327 State: Arkansas  
First Filing Company: United Services Automobile Association, ... State Tracking Number: AR-PC-07-026230  
Company Tracking Number: HOMAR00019CGR01  
TOI: 04.0 Homeowners Sub-TOI: 04.0003 Owner Occupied Homeowners  
Product Name: 2007 Fourth Quarter Homeowners Rate Revision  
Project Name/Number: 2007 Fourth Quarter Homeowners Rate Revision/HOMAR00019CGR01

## 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: 2007 Fourth Quarter Homeowners Rate Revision  
SERFF Tr Num: USPX-125305327 State: Arkansas  
TOI: 04.0 Homeowners SERFF Status: Closed State Tr Num: AR-PC-07-026230  
Sub-TOI: 04.0003 Owner Occupied Homeowners Co Tr Num: HOMAR00019CGR01 State Status:  
Homeowners  
Filing Type: Rate Co Status: Reviewer(s): Becky Harrington, Betty Montesi, Brittany Yielding  
Author: SPI USAAPC Disposition Date: 09/28/2007  
Date Submitted: 09/26/2007 Disposition Status: Filed  
Effective Date Requested (New): 10/31/2007 Effective Date (New): 10/31/2007  
Effective Date Requested (Renewal): 12/31/2007 Effective Date (Renewal): 12/31/2007

## General Information

Project Name: 2007 Fourth Quarter Homeowners Rate Revision Status of Filing in Domicile:  
Project Number: HOMAR00019CGR01 Domicile Status Comments:  
Reference Organization: Reference Number:  
Reference Title: Advisory Org. Circular:  
Filing Status Changed: 09/28/2007  
State Status Changed: 09/26/2007 Deemer Date:  
Corresponding Filing Tracking Number:  
Filing Description:  
In order to be more competitive, the USAA Group wishes to revise Owners unity premiums for CIC, GIC and Garrison, revise New Home Discount credits for owners forms, revise New Home Discount credit caps for owners forms and revise Owners territory relativities for USAA.

A territory relativity analysis in which indicated relativities were derived was not performed. Therefore, premiums and losses were not used in the analysis. Instead, we relied on our monitoring of USAA's competitive position in the Arkansas homeowners market. Based on the feedback of our members and our analysis of premium rates throughout

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the state, we identified several specific locations where we believe decreases in the respective territory relativities are necessary for USAA to remain a viable, competitive choice for homeowners insurance. We have no desire for any of our Arkansas members see a rate increase as a result of this revision, so we elected not to pursue revenue-neutrality in this filing by off-balancing the base rates.

We are seeking an effective date of October 31, 2007 for New Business and December 31, 2007 for Renewal Business.

## 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 (866) 358-3638[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

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Garrison Property and Casualty Insurance CoCode: 21253 State of Domicile: Texas  
Company  
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: 43-1803614  
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## Filing Fees

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

CHECK NUMBER	CHECK AMOUNT	CHECK DATE
0002136991	\$100.00	09/26/2007

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## Correspondence Summary

### Dispositions

Status	Created By	Created On	Date Submitted
Filed	Becky Harrington	09/28/2007	09/28/2007

### 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	09/26/2007	09/26/2007	SPI USAAPC	09/26/2007	09/26/2007

### Amendments

Item	Schedule	Created By	Created On	Date Submitted
RF-1 Forms	Supporting Document	SPI USAAPC	09/26/2007	09/26/2007

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## Disposition

Disposition Date: 09/28/2007  
 Effective Date (New): 10/31/2007  
 Effective Date (Renewal): 12/31/2007  
 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	-18.800%	\$-1,973,322	10,354	\$10,496,394	0.000%	-54.900%	%
USAA Casualty Insurance Company	0.000%	\$0	4,008	\$3,818,620	5.200%	-27.210%	%
USAA General Indemnity Company	0.000%	\$0	36	\$13,892	%	%	%
Garrison Property and Casualty Insurance Company	0.000%	\$0	130	\$60,670	%	%	%

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**Overall Rate Information for Multiple Company Filings**

<b>Overall Percentage Rate Indicated For This Filing</b>	0.000%
<b>Overall Percentage Rate Impact For This Filing</b>	-13.900%
<b>Effect of Rate Filing-Written Premium Change For This Program</b>	\$-1,973,322
<b>Effect of Rate Filing - Number of Policyholders Affected</b>	14,528

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<b>Item Type</b>	<b>Item Name</b>	<b>Item Status</b>	<b>Public Access</b>
<b>Supporting Document</b>	Uniform Transmittal Document-Property & Casualty		No
<b>Supporting Document</b>	NAIC Loss Cost Filing Document for OTHER than Workers' Comp		No
<b>Supporting Document</b>	Form H-1 Homeowners Abstract	Filed	Yes
<b>Supporting Document</b>	Arkansas Filing and Explanatory Memorandums and Exhibits	Filed	Yes
<b>Supporting Document</b>	HPCS-Homeowners Premium Comparison Survey	Filed	Yes
<b>Supporting Document</b>	RF-1 Forms	Filed	Yes
<b>Rate</b>	Arkansas Rate Pages	Filed	Yes
<b>Rate</b>	Arkansas Optional Coverages Manual Pages	Filed	Yes

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## Objection Letter

Objection Letter Status Pending Industry Response

Objection Letter Date 09/26/2007

Submitted Date 09/26/2007

Respond By Date

Dear Scott Hawthorne,

This will acknowledge receipt of the captioned filing.

Objection 1

No Objections

Comment: The filing description indicates that the unity premiums were revised for all companies except USAA. Rate change information is not shown for these companies, only for USAA. Please explain.

Objection 2

- NAIC Loss Cost Filing Document for OTHER than Workers' Comp (Supporting Document)

Comment: Form RF-1 must be submitted.

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

Response Letter Status Submitted to State

Response Letter Date 09/26/2007

Submitted Date 09/26/2007

Dear Becky Harrington,

### Comments:

Please see the response below.

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## Response 1

Comments: While Owners unity premiums have been increased for CIC, GIC and Garrison, the New Home Discount Credits for Owners forms will negate this increase. The net affect for CIC, GIC, and Garrison is an estimated 0% Premium Impact.

In addition, I have included the RF-1 forms as requested.

Let me know if you have any questions or concerns.

### Related Objection 1

Comment:

The filing description indicates that the unity premiums were revised for all companies except USAA. Rate change information is not shown for these companies, only for USAA. Please explain.

### Related Objection 2

Applies To:

- NAIC Loss Cost Filing Document for OTHER than Workers' Comp (Supporting Document)

Comment:

Form RF-1 must be submitted.

### Changed Items:

No Supporting Documents changed.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Sincerely,  
SPI USAAPC

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**Amendment Letter**

Amendment Date:  
Submitted Date: 09/26/2007

**Comments:**

I am not sure if these were included in the previous response.

**Changed Items:**

**Supporting Document Schedule Item Changes:**

**User Added -Name: RF-1 Forms**

Comment: I am not sure if these went thru with the last amended filing.

RF-1 200-25941.PDF  
RF-1 200-25968.PDF  
RF-1 200-18600.PDF  
RF-1 200-21253.PDF

SERFF Tracking Number: *USPX-125305327* State: *Arkansas*  
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**Rate Information**

Rate data applies to filing.

**Filing Method:** File and Use  
**Rate Change Type:** Decrease  
**Overall Percentage of Last Rate Revision:** -18.800%  
**Effective Date of Last Rate Revision:** 04/15/2007  
**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	%	-18.800%	\$-1,973,322	10,354	\$10,496,394	0.000%	-54.900%
USAA Casualty Insurance Company	%	0.000%	\$0	4,008	\$3,818,620	5.200%	-27.210%
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Garrison Property and Casualty Insurance Company	%	0.000%	\$0	130	\$60,670	%	%

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### **Overall Rate Information for Multiple Company Filings**

**Overall % Rate Indicated:**

**Overall Percentage Rate Impact For This Filing:**

-13.900%

**Effect of Rate Filing - Written Premium Change For This Program:**

\$-1,973,322

**Effect of Rate Filing - Number of Policyholders Affected:**

14528

SERFF Tracking Number: *USPX-125305327* State: *Arkansas*  
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## Rate/Rule Schedule

Review Status:	Exhibit Name:	Rule # or Page #:	Rate Action	Previous State Filing Attachments Number:
Filed	Arkansas Rate Pages	AR-P-1	Replacement	AR-P-1.PDF
Filed	Arkansas Optional Coverages Manual Pages	AR-R-1	Replacement	AR-R-1.PDF

ARKANSAS (03)  
HOMEOWNERS

OWNERS FORMS

UNITY PREMIUM	
USAA	\$686.10
USAA-CIC	\$763.08
USAA-GIC	\$763.08
Garrison	\$763.08

1.	Tier	Factor
	1	0.65
	2	0.78
	3	0.92
	4	1.00
	5	1.15
	6	1.33
	7	1.66

2. AMOUNT OF INSURANCE AR06 RELATIVITY CURVE	
Coverage A	
<u>Limit</u>	<u>Relativity</u>
\$10,000	0.4060
\$20,000	0.4720
\$30,000	0.5380
\$40,000	0.6040
\$45,000	0.6370
\$50,000	0.6700
\$60,000	0.7360
\$70,000	0.8020
\$75,000	0.8350
\$80,000	0.8680
\$90,000	0.9340
\$100,000	1.0000
\$125,000	1.2300
\$150,000	1.4600
\$175,000	1.7300
\$200,000	2.0000
\$225,000	2.2600
\$250,000	2.5200
\$275,000	2.7900
\$300,000	3.0600
\$400,000	4.1400
\$500,000	5.2100
\$600,000	6.3800
\$700,000	7.5500
\$800,000	8.7200
\$900,000	9.8200
\$1,000,000	10.9200
\$1,100,000	12.0200
\$1,200,000	13.1200
\$1,300,000	14.2200
\$1,400,000	15.3200
\$1,500,000	16.4200
Each add'l \$5,000	0.0550

3. TERRITORIAL RELATIVITY			
Terr. Code	USAA Factor	CIC Factor	GIC/GARR Factor
58	0.52	0.77	0.77
59	1.07	1.07	1.07
60	0.54	0.91	0.91
61	0.54	0.52	0.85
62	1.04	1.04	1.04
63	0.67	0.96	0.96
64	0.53	0.88	0.88
65	0.70	1.00	1.00
66	0.59	0.43	1.01
67	0.53	0.51	0.98
68	0.62	0.55	1.04
69	1.03	1.03	1.03
70	1.03	1.03	1.03
71	1.12	1.12	1.12
72	0.76	0.76	0.76
73	0.60	0.78	0.78
74	1.02	1.02	1.02
75	0.68	1.01	1.01
76	0.75	1.06	1.06
77	1.21	1.21	1.21
78	1.00	1.00	1.00

4. PROTECTION/CONSTRUCTION RELATIVITY			
CONST	PROT. CLASS	FACTOR	
Masonry	1-4	0.85	
	5	0.87	
	6	0.88	
	7	1.20	
	8	1.30	
	8B, 9	1.60	
	10	2.00	
	Frame	1-4	1.00
		5	1.03
		6	1.04
7		1.31	
8		1.45	
8B, 9		1.90	
10		2.45	

5. POLICY FORM RELATIVITY	
FORM	FACTOR
3	1.00
9	1.00

**I. BASIC PREMIUM ADJUSTMENTS**

**1. New Home Discount - Form HO-3R & HO-9R**

A dwelling under 10 years of age may be eligible for a discount.

Apply the appropriate percentage shown below to the basic premium, subject to the maximum dollar amount of credit shown.

<u>Dwelling Age (Years)</u>	<u>Credit</u>	<u>Maximum \$ Amount</u>
0	-33%	\$1,980
1	-31%	1,860
2	-29%	1,740
3	-27%	1,620
4	-25%	1,500
5	-23%	1,380
6	-19%	1,140
7	-14%	840
8	-9%	540
9	-4%	240
Over 9	-0-	-0-

**2. Protective Devices - All Forms**

Approved and properly maintained installations of burglar alarms, fire alarms and automatic sprinklers in the dwelling may be recognized for a reduced premium. Apply the percentages shown below to the basic premium. The maximum reduction percentage is 15% for any combination of devices, subject to the maximum dollar amount of credit shown below.

Type of Installation*	Premium Credit
1. Central Station Reporting Burglar Alarm	12%
2. Central Station Reporting Fire Alarm	12%
3. Police Station Reporting Burglar Alarm	10%
4. Fire Department Reporting Fire Alarm	10%
5. Local Burglar Alarm	2%
6. Local Fire Alarm	2%
7. Automatic Sprinklers in all areas except attic, bathroom, closet and attached structures.	8%

  

<u>Total % Credit</u>	<u>Maximum \$ Amount</u>
15%	\$600
14%	560
12%	480
10%	400
8%	320
4%	160
2%	80

\*Refer to Procedures for eligibility, types of systems and devices, installation, and available credits.

Use Endorsement **HO-216**--Fire/Burglary Protection Credit

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## Supporting Document Schedules

<b>Satisfied -Name:</b> Form H-1 Homeowners Abstract	<b>Review Status:</b> Filed	09/28/2007
<b>Comments:</b>		
<b>Attachments:</b>		
H-1 200-25941.PDF		
H-1 200-25968.PDF		
H-1 200-18600.PDF		
H-1 200-21253.PDF		
<b>Satisfied -Name:</b> Arkansas Filing and Explanatory Memorandums and Exhibits	<b>Review Status:</b> Filed	09/28/2007
<b>Comments:</b>		
<b>Attachments:</b>		
Arkansas Filing and Explanatory Memorandums.PDF		
Arkansas Filing Exhibits.PDF		
<b>Satisfied -Name:</b> RF-1 Forms	<b>Review Status:</b> Filed	09/28/2007
<b>Comments:</b>		
I am not sure if these went thru with the last amended filing.		
<b>Attachments:</b>		
RF-1 200-25941.PDF		
RF-1 200-25968.PDF		
RF-1 200-18600.PDF		
RF-1 200-21253.PDF		

ARKANSAS INSURANCE DEPARTMENT  
FORM H-1 HOMEOWNERS ABSTRACT

**INSTRUCTIONS:** All questions must be answered. If the answer is “none” or “not applicable”, so state. If all questions are not answered, the filing will not be accepted for review by the Department. Use a separate abstract for each company if filing for a group. Subsequent homeowners rate/rule submissions that do not alter the information contained herein need not include this form.

Company Name United Services Automobile Association  
 NAIC No. 26941 Group No. 200

1. If you have had an insurance to value campaign during the experience filing period, describe the campaign and estimate its impact. We encourage homeowners to insure for 100% of replacement cost based on various valuation tools.
2. If you use a cost estimator (or some similar method) in order to make sure that dwellings (or contents) are insured at their value, state when this program was started in Arkansas and estimate its impact. United Services Automobile Association uses the Marshall Swift/Boeckh replacement cost tool.
3. If you require a minimum relationship between the amount of insurance to be written and the replacement value of the dwelling (contents) in order to purchase insurance, describe the procedures that are used. We require 100% insurance to value unless Form HO-256 (Special Loss Settlement) or Form HO-257 (Modified Loss Settlement-Per Loss Participation) is attached
4. If you use an Inflation Guard form or similar type of coverage, describe the coverage(s) and estimate the impact. We use an Adjusted Building Cost (ABC) Endorsement. Actual results vary by location. Application of ABC factors may result in an adjustment in policy limits of as much as 25% or more.
5. Specify the percentage given for credits or discounts for the following:
 

a. Fire Extinguisher	<u>No Credit</u>	%
b. Burglar Alarm	<u>2%/10%/12%</u>	%
c. Smoke Alarm	<u>2%/10%/12%</u>	%
d. Insured who has both homeowners and auto with your company	<u>No Credit</u>	%
e. Deadbolt Locks	<u>No Credit</u>	%
f. Window or Door Locks	<u>No Credit</u>	%
g. Other (specify)		%
<u>Automatic Sprinklers</u>	<u>8%</u>	%
		%
6. Are there any areas in the State of Arkansas in which your company will not write homeowners insurance? No If so, state areas and explain reason for not writing.

ARKANSAS INSURANCE DEPARTMENT  
FORM H-1 HOMEOWNERS ABSTRACT

7. Specify the form(s) utilized in writing homeowner insurance. Indicate the Arkansas premium volume for each form.

Form	Premium Volume
HO-3R Homeowners Special Form	2,063,402
HO-9R Preferred Protection Plan Form	8,362,983
HO-6R Unit-Owners Form	70,059
_____	_____

8. Do you write homeowner risks which have aluminum, steel or vinyl siding?  
Yes \_\_\_\_\_

9. Is there a surcharge on risks with wood heat? No  
If yes, state surcharge \_\_\_\_\_  
Does the surcharge apply to conventional fire places? No  
If yes, state surcharge \_\_\_\_\_

THIS INFORMATION PROVIDED IS CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

*Scott Hawthorne*

Signature

Compliance Analyst

Title

800-531-8722, extension 85315

Telephone Number

ARKANSAS INSURANCE DEPARTMENT  
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Company Name USAA Casualty Insurance Company  
 NAIC No. 25968 Group No. 200

1. If you have had an insurance to value campaign during the experience filing period, describe the campaign and estimate its impact. We encourage homeowners to insure for 100% of replacement cost based on various valuation tools.
2. If you use a cost estimator (or some similar method) in order to make sure that dwellings (or contents) are insured at their value, state when this program was started in Arkansas and estimate its impact. USAA Casualty Insurance Company uses the Marshall Swift/Boeckh replacement cost tool.
3. If you require a minimum relationship between the amount of insurance to be written and the replacement value of the dwelling (contents) in order to purchase insurance, describe the procedures that are used. We require 100% insurance to value unless Form HO-256 (Special Loss Settlement) or Form HO-257 (Modified Loss Settlement-Per Loss Participation) is attached
4. If you use an Inflation Guard form or similar type of coverage, describe the coverage(s) and estimate the impact. We use an Adjusted Building Cost (ABC) Endorsement. Actual results vary by location. Application of ABC factors may result in an adjustment in policy limits of as much as 25% or more.
5. Specify the percentage given for credits or discounts for the following:
 

a. Fire Extinguisher	<u>No Credit</u>	%
b. Burglar Alarm	<u>2%/10%/12%</u>	%
c. Smoke Alarm	<u>2%/10%/12%</u>	%
d. Insured who has both homeowners and auto with your company	<u>No Credit</u>	%
e. Deadbolt Locks	<u>No Credit</u>	%
f. Window or Door Locks	<u>No Credit</u>	%
g. Other (specify)		%
<u>Automatic Sprinklers</u>	<u>8%</u>	%
		%
6. Are there any areas in the State of Arkansas in which your company will not write homeowners insurance? No If so, state areas and explain reason for not writing.

ARKANSAS INSURANCE DEPARTMENT  
FORM H-1 HOMEOWNERS ABSTRACT

7. Specify the form(s) utilized in writing homeowner insurance. Indicate the Arkansas premium volume for each form.

Form	Premium Volume
<u>HO-3R Homeowners Special Form</u>	<u>587,264</u>
<u>HO-9R Preferred Protection Plan Form</u>	<u>3,207,354</u>
<u>HO-6R Unit-Owners Form</u>	<u>24,002</u>
<u> </u>	<u> </u>

8. Do you write homeowner risks which have aluminum, steel or vinyl siding?  
Yes

9. Is there a surcharge on risks with wood heat? No  
If yes, state surcharge    
Does the surcharge apply to conventional fire places? No  
If yes, state surcharge

THIS INFORMATION PROVIDED IS CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

Scott Hawthorne

Signature

Compliance Analyst

Title

800-531-8722, extension 85315

Telephone Number

ARKANSAS INSURANCE DEPARTMENT  
FORM H-1 HOMEOWNERS ABSTRACT

**INSTRUCTIONS:** All questions must be answered. If the answer is “none” or “not applicable”, so state. If all questions are not answered, the filing will not be accepted for review by the Department. Use a separate abstract for each company if filing for a group. Subsequent homeowners rate/rule submissions that do not alter the information contained herein need not include this form.

Company Name USAA General Indemnity Group  
 NAIC No. 18600 Group No. 200

1. If you have had an insurance to value campaign during the experience filing period, describe the campaign and estimate its impact. We encourage homeowners to insure for 100% of replacement cost based on various valuation tools.
2. If you use a cost estimator (or some similar method) in order to make sure that dwellings (or contents) are insured at their value, state when this program was started in Arkansas and estimate its impact. United Services Automobile Association uses the Marshall Swift/Boeckh replacement cost tool.
3. If you require a minimum relationship between the amount of insurance to be written and the replacement value of the dwelling (contents) in order to purchase insurance, describe the procedures that are used. We require 100% insurance to value unless Form HO-256 (Special Loss Settlement) or Form HO-257 (Modified Loss Settlement-Per Loss Participation) is attached
4. If you use an Inflation Guard form or similar type of coverage, describe the coverage(s) and estimate the impact. We use an Adjusted Building Cost (ABC) Endorsement. Actual results vary by location. Application of ABC factors may result in an adjustment in policy limits of as much as 25% or more.
5. Specify the percentage given for credits or discounts for the following:
 

a. Fire Extinguisher	<u>No Credit</u>	%
b. Burglar Alarm	<u>2%/10%/12%</u>	%
c. Smoke Alarm	<u>2%/10%/12%</u>	%
d. Insured who has both homeowners and auto with your company	<u>No Credit</u>	%
e. Deadbolt Locks	<u>No Credit</u>	%
f. Window or Door Locks	<u>No Credit</u>	%
g. Other (specify)		%
<u>Automatic Sprinklers</u>	<u>8%</u>	%
		%
6. Are there any areas in the State of Arkansas in which your company will not write homeowners insurance? No If so, state areas and explain reason for not writing.

ARKANSAS INSURANCE DEPARTMENT  
FORM H-1 HOMEOWNERS ABSTRACT

7. Specify the form(s) utilized in writing homeowner insurance. Indicate the Arkansas premium volume for each form.

Form	Premium Volume
HO-3R Homeowners Special Form	0
HO-9R Preferred Protection Plan Form	13,645
HO-6R Unit-Owners Form	247
_____	_____

8. Do you write homeowner risks which have aluminum, steel or vinyl siding?  
Yes \_\_\_\_\_

9. Is there a surcharge on risks with wood heat? No  
If yes, state surcharge \_\_\_\_\_  
Does the surcharge apply to conventional fire places? No  
If yes, state surcharge \_\_\_\_\_

THIS INFORMATION PROVIDED IS CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

*Scott Hawthorne*

\_\_\_\_\_  
Signature

Compliance Analyst

\_\_\_\_\_  
Title

800-531-8722, ext 85315

\_\_\_\_\_  
Telephone Number



ARKANSAS INSURANCE DEPARTMENT  
FORM H-1 HOMEOWNERS ABSTRACT

7. Specify the form(s) utilized in writing homeowner insurance. Indicate the Arkansas premium volume for each form.

Form	Premium Volume
<u>HO-3R Homeowners Special Form</u>	<u>8,437</u>
<u>HO-9R Preferred Protection Plan Form</u>	<u>51,108</u>
<u>HO-6R Unit-Owners Form</u>	<u>522</u>
<u> </u>	<u> </u>

8. Do you write homeowner risks which have aluminum, steel or vinyl siding?  
Yes

9. Is there a surcharge on risks with wood heat? No  
If yes, state surcharge \_\_\_\_\_  
Does the surcharge apply to conventional fire places? No  
If yes, state surcharge \_\_\_\_\_

THIS INFORMATION PROVIDED IS CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

Scott Hawthorne

Signature

Compliance Analyst

Title

800-531-8722, ext. 85315

Telephone Number

USAA Group  
*Arkansas*  
Homeowners Filing Memorandum

USAA Group (USAA, USAA-CIC, USAA-GIC, and Garrison) wishes to revise Homeowners premiums with an overall effect of -13.9%. The effects by form apply as follows:

USAA Owners Forms	-18.9%
USAA Unit-Owners Forms	0.0%
USAA All Forms Combined	-18.8%
USAA-CIC Owners Forms	0.0%
USAA-CIC Unit-Owners Forms	0.0%
USAA-CIC All Forms Combined	0.0%
USAA-GIC Owners Forms	0.0%
USAA-GIC Unit-Owners Forms	0.0%
USAA-GIC All Forms Combined	0.0%
Garrison Owners Forms	0.0%
Garrison Unit-Owners Forms	0.0%
Garrison All Forms Combined	0.0%
USAA Group All Forms Combined	-13.9%

The following structures will also be adjusted for competitive reasons: Owners unity premiums, new home discounts and credit caps for owners, and USAA territory relativities for owners.

An effective date of October 31, 2007, for these revisions will apply for new business and adjustments and an effective date of December 31, 2007 will apply for renewals. Details of these revisions are attached.

USAA Group  
*Arkansas*  
Homeowners Filing Memorandum  
Table of Contents

*Attachments in support of this filing:*

Explanatory Memorandum

Exhibit I: Owners New Home Discount and Credit Caps

Exhibit II: Territory Relativities

USAA Group  
*Arkansas*  
Homeowners Explanatory Memorandum Page 1 of 1

Exhibit I - provides the current and proposed credits for the new home discounts. This exhibit also provides the proposed dollar maximums for each discount.

Exhibit II - shows the proposed revisions to owners forms territory relativities for USAA. There are no changes to the territory relativities for CIC, GIC, or Garrison.

USAA Group  
Arkansas  
New Home Discount  
Owners Forms

<b>Age of Home</b>	<b>Current Discount</b>	<b>Proposed Discount</b>		<b>Current Maximum</b>	<b>Proposed Maximum</b>
0	-24%	-33%		-\$1,440	-\$1,980
1	-21%	-31%		-\$1,260	-\$1,860
2	-19%	-29%		-\$1,140	-\$1,740
3	-17%	-27%		-\$1,020	-\$1,620
4	-14%	-25%		-\$840	-\$1,500
5	-11%	-23%		-\$660	-\$1,380
6	-8%	-19%		-\$480	-\$1,140
7	-6%	-14%		-\$360	-\$840
8	-3%	-9%		-\$180	-\$540
9	-2%	-4%		-\$120	-\$240
10+	0%	0%		---	---

USAA  
*Arkansas*  
 Proposed Territory Relativities  
*Owners Forms*

<u>Territory</u>	<u>Current Relativity</u>	<u>Proposed Relativity</u>	<u>% Change</u>
58	0.77	0.52	-32.5%
59	1.07	1.07	0.0%
60	0.91	0.54	-40.7%
61	0.54	0.54	0.0%
62	1.04	1.04	0.0%
63	0.96	0.67	-30.2%
64	0.88	0.53	-39.8%
65	1.00	0.70	-30.0%
66	0.59	0.59	0.0%
67	0.53	0.53	0.0%
68	0.62	0.62	0.0%
69	1.03	1.03	0.0%
70	1.03	1.03	0.0%
71	1.12	1.12	0.0%
72	0.76	0.76	0.0%
73	0.78	0.60	-23.1%
74	1.02	1.02	0.0%
75	1.01	0.68	-32.7%
76	1.06	0.75	-29.2%
77	1.21	1.21	0.0%
78	1.00	1.00	0.0%

**NAIC LOSS COST DATA ENTRY DOCUMENT**

1. This filing transmittal is part of Company Tracking # \_\_\_\_\_

2. If filing is an adoption of an advisory organization loss cost filing, give name of Advisory Organization and Reference/ Item Filing Number \_\_\_\_\_

		Company Name		Company NAIC Number
3.	A.	<b>USAA</b>	B.	

		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.		B.	

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
<b>Homeowners</b>	<b>N/A</b>	<b>-18.8%</b>					
<b>TOTAL OVERALL EFFECT</b>	<b>N/A</b>	<b>-18.8%</b>					

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
<b>2002</b>	<b>7937</b>	<b>11.9%</b>	<b>5-1-02</b>	<b>5,500</b>	<b>3,526</b>	<b>64%</b>	<b>58%</b>
<b>2003</b>	<b>8162</b>	<b>15.3%</b>	<b>2-1-03</b>	<b>6,573</b>	<b>3,366</b>	<b>51%</b>	<b>61%</b>
<b>2003</b>	<b>8162</b>	<b>5.1%</b>	<b>10-1-03</b>	<b>6,573</b>	<b>3,366</b>	<b>51%</b>	<b>61%</b>
<b>2004</b>	<b>8674</b>	<b>0.0%</b>	<b>10-1-04</b>	<b>8,193</b>	<b>2,346</b>	<b>29%</b>	<b>71%</b>
<b>2005</b>	<b>9210</b>	<b>0.0%</b>	<b>10-1-05</b>	<b>9,323</b>	<b>4,407</b>	<b>47%</b>	<b>76%</b>
<b>2006</b>	<b>9720</b>	<b>-5.0%</b>	<b>11-01-06</b>	<b>10,115</b>	<b>4,627</b>	<b>46%</b>	<b>41%</b>
<b>2007(8 mo)</b>	<b>10345</b>	<b>-18.3%</b>	<b>4-15-07</b>	<b>7,025</b>	<b>4,677</b>	<b>67%</b>	<b>46%</b>

7.

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

8. \_\_\_\_\_ Apply Lost Cost Factors to Future filings? (Y or N)
9. 0.0% Estimated Maximum Rate Increase for any Insured (%). Territory (if applicable): 58-78
10. -54.9% Estimated Maximum Rate Decrease for any Insured (%) Territory (if applicable): 67

### NAIC LOSS COST DATA ENTRY DOCUMENT

1. This filing transmittal is part of Company Tracking # \_\_\_\_\_

2. If filing is an adoption of an advisory organization loss cost filing, give name of Advisory Organization and Reference/ Item Filing Number \_\_\_\_\_

		Company Name		Company NAIC Number
3.	A.	<b>USAA-CIC</b>	B.	

		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.		B.	

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
<b>Homeowners</b>	<b>N/A</b>	<b>0.0%</b>					
<b>TOTAL OVERALL EFFECT</b>	<b>N/A</b>	<b>0.0%</b>					

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
<b>2002</b>	<b>2723</b>	<b>12.1%</b>	<b>5-1-02</b>	<b>1,707</b>	<b>697</b>	<b>41%</b>	<b>59%</b>
<b>2003</b>	<b>2913</b>	<b>14.7%</b>	<b>2-1-03</b>	<b>2,168</b>	<b>1,056</b>	<b>49%</b>	<b>54%</b>
<b>2003</b>	<b>2913</b>	<b>4.6%</b>	<b>10-1-03</b>	<b>2,168</b>	<b>1,056</b>	<b>49%</b>	<b>54%</b>
<b>2004</b>	<b>3229</b>	<b>-3.8%</b>	<b>10-1-04</b>	<b>2,828</b>	<b>755</b>	<b>27%</b>	<b>63%</b>
<b>2005</b>	<b>3563</b>	<b>0.0%</b>	<b>10-1-05</b>	<b>3,263</b>	<b>1,504</b>	<b>46%</b>	<b>67%</b>
<b>2006</b>	<b>3782</b>	<b>-5.0%</b>	<b>11-1-06</b>	<b>3,654</b>	<b>2,780</b>	<b>46%</b>	<b>40%</b>
<b>2007(8mo)</b>	<b>4025</b>	<b>-20.1%</b>	<b>4-15-07</b>	<b>2,560</b>	<b>1,212</b>	<b>47%</b>	<b>44%</b>

7.

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

8. \_\_\_\_\_ Apply Lost Cost Factors to Future filings? (Y or N)
9. 5.2% Estimated Maximum Rate Increase for any Insured (%). Territory (if applicable): 60,63
10. -27.2% Estimated Maximum Rate Decrease for any Insured (%) Territory (if applicable): 67

### NAIC LOSS COST DATA ENTRY DOCUMENT

1. This filing transmittal is part of Company Tracking # \_\_\_\_\_

2. If filing is an adoption of an advisory organization loss cost filing, give name of Advisory Organization and Reference/ Item Filing Number \_\_\_\_\_

		Company Name		Company NAIC Number
3.	A.	<b>USAA-GIC</b>	B.	

		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.		B.	

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
<b>Homeowners</b>	<b>N/A</b>	<b>0%</b>					
<b>TOTAL OVERALL EFFECT</b>	<b>N/A</b>	<b>0%</b>					

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
<b>2006</b>	<b>20</b>	<b>-5.0%</b>	<b>9-01-06 new 11-01-06 renewal</b>	<b>3</b>	<b>1</b>	<b>31%</b>	<b>77%</b>
<b>2006</b>	<b>20</b>	<b>-5.0%</b>	<b>11-01-06</b>	<b>3</b>	<b>1</b>	<b>31%</b>	<b>77%</b>

7.

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

8.          Apply Lost Cost Factors to Future filings? (Y or N)
9. **4.4%** Estimated Maximum Rate Increase for any Insured (%). Territory (if applicable): 58-60,66,67,70,73,75,76
10. **-7.6%** Estimated Maximum Rate Decrease for any Insured (%) Territory (if applicable): 65,67

**NAIC LOSS COST DATA ENTRY DOCUMENT**

1. This filing transmittal is part of Company Tracking # \_\_\_\_\_

2. If filing is an adoption of an advisory organization loss cost filing, give name of Advisory Organization and Reference/ Item Filing Number \_\_\_\_\_

		Company Name <b>USAA-Garrison</b>			Company NAIC Number
3.	A.		B.		

		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.		B.		

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
<b>Homeowners</b>	<b>N/A</b>	<b>0%</b>					
<b>TOTAL OVERALL EFFECT</b>	<b>N/A</b>	<b>0%</b>					

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
<b>2006</b>	<b>63</b>	<b>-5.0%</b>	<b>9-01-06</b>	<b>15</b>	<b>1</b>	<b>5%</b>	<b>67%</b>
			<b>new</b>				
			<b>11-01-06</b>				
			<b>renewal</b>				
<b>2006</b>	<b>63</b>	<b>-5.0%</b>	<b>11-01-06</b>	<b>15</b>	<b>1</b>	<b>5%</b>	<b>69%</b>

7.

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

8. \_\_\_\_\_ Apply Lost Cost Factors to Future filings? (Y or N)
9. **4.4%** Estimated Maximum Rate Increase for any Insured (%). Territory (if applicable): 58-64,66-70,73,75,77
10. **-7.6%** Estimated Maximum Rate Decrease for any Insured (%) Territory (if applicable): 61,63,66,67,78