

SERFF Tracking Number: USAA-125859479 State: Arkansas
First Filing Company: Garrison Property and Casualty Insurance Company, ... State Tracking Number: EFT \$100
Company Tracking Number:
TOI: 01.0 Property Sub-TOI: 01.0002 Personal Property (Fire and Allied Lines)
Product Name: Dwelling Fire & Allied Lines Rate Revision 2008
Project Name/Number: /

Filing at a Glance

Companies: Garrison Property and Casualty Insurance Company, United Services Automobile Association, USAA Casualty Insurance Company, USAA General Indemnity Company
Product Name: Dwelling Fire & Allied Lines SERFF Tr Num: USAA-125859479 State: Arkansas
Rate Revision 2008
TOI: 01.0 Property SERFF Status: Closed State Tr Num: EFT \$100
Sub-TOI: 01.0002 Personal Property (Fire and Allied Lines) Co Tr Num: State Status: Fees verified and received
Filing Type: Rate Co Status: Pending Reviewer(s): Becky Harrington, Betty Montesi, Brittany Yielding
Disposition Date: 10/24/2008
Authors: Nick Almendarez, Scott Hawthorne
Date Submitted: 10/15/2008 Disposition Status: Filed
Effective Date Requested (New): 02/28/2009 Effective Date (New): 02/28/2009
Effective Date Requested (Renewal): 02/28/2009 Effective Date (Renewal): 02/28/2009

State Filing Description:

General Information

Project Name: Status of Filing in Domicile:
Project Number: Domicile Status Comments:
Reference Organization: Reference Number:
Reference Title: Advisory Org. Circular:
Filing Status Changed: 10/24/2008
State Status Changed: 10/22/2008 Deemer Date:
Corresponding Filing Tracking Number:
Filing Description:
USAA Group (USAA, USAA-CIC, USAA-GIC, and Garrison) wishes to revise our Fire and Allied Lines premiums with an overall effect of 11.1%.

SERFF Tracking Number: USAA-125859479 State: Arkansas
First Filing Company: Garrison Property and Casualty Insurance State Tracking Number: EFT \$100
Company, ...
Company Tracking Number:
TOI: 01.0 Property Sub-TOI: 01.0002 Personal Property (Fire and Allied
Lines)
Product Name: Dwelling Fire & Allied Lines Rate Revision 2008
Project Name/Number: /
9800 Fredericksburg Road Group Code: 200 Company Type: Stock
San Antonio, TX 78288 Group Name: USAA State ID Number:
(800) 531-8722 ext. [Phone] FEIN Number: 74-1718283

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Filing Fees

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

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
Garrison Property and Casualty Insurance Company	\$0.00	10/15/2008	
United Services Automobile Association	\$100.00	10/15/2008	23199923
USAA Casualty Insurance Company	\$0.00	10/15/2008	
USAA General Indemnity Company	\$0.00	10/15/2008	

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Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Filed	Becky Harrington	10/24/2008	10/24/2008

Objection Letters and Response Letters

Objection Letters				Response Letters		
Status	Created By	Created On	Date Submitted	Responded By	Created On	Date Submitted
Pending Industry Response	Becky Harrington	10/22/2008	10/22/2008	Scott Hawthorne	10/23/2008	10/23/2008

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Disposition

Disposition Date: 10/24/2008
 Effective Date (New): 02/28/2009
 Effective Date (Renewal): 02/28/2009
 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:
Garrison Property and Casualty Insurance Company	11.400%	\$1,308	18	\$11,474	%	%	33.400%
United Services Automobile Association	11.100%	\$119,591	2,011	\$1,077,398	%	%	33.400%
USAA Casualty Insurance Company	11.400%	\$29,779	345	\$261,221	%	%	33.400%
USAA General Indemnity Company	11.200%	\$687	8	\$6,132	%	%	33.400%

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Product Name: Dwelling Fire & Allied Lines Rate Revision 2008
Project Name/Number: /

Overall Rate Information for Multiple Company Filings

Overall Percentage Rate Indicated For This Filing	33.400%
Overall Percentage Rate Impact For This Filing	11.100%
Effect of Rate Filing-Written Premium Change For This Program	\$151,365
Effect of Rate Filing - Number of Policyholders Affected	2,382

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Item Type	Item Name	Item Status	Public Access
Supporting Document	Form RF-1 NAIC Loss Cost Data Entry Document--All P&C Lines	Filed	Yes
Supporting Document	HPCS-Homeowners Premium Comparison Survey	Filed	Yes
Supporting Document	NAIC Loss Cost Filing Document for OTHER than Workers' Comp	Filed	Yes
Supporting Document	Uniform Transmittal Document-Property & Casualty	Filed	Yes
Supporting Document (revised)	Actuarial Support	Filed	Yes
Supporting Document	Actuarial Support		Yes
Rate	AR Fire Rate Pages	Filed	Yes

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Objection Letter

Objection Letter Status Pending Industry Response
Objection Letter Date 10/22/2008
Submitted Date 10/22/2008
Respond By Date
Dear Scott Hawthorne,

This will acknowledge receipt of the captioned filing.

Objection 1

- Actuarial Support (Supporting Document)

Comment: The memo and actuarial support states 12/31/08 for an effective date. All other places in the filing show 2/28/09. Please clarify.

Objection 2

- Actuarial Support (Supporting Document)

Comment: Please remove the hurricane provision. The Department does not believe this is appropriate for Arkansas.

Objection 3

No Objections

Comment: Provide the SERFF filing number of the previous rate filing with an effective date of 7/1/08 referenced on the transmittal document and rate tab.

Please feel free to contact me if you have questions.

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.

Sincerely,

Becky Harrington

Response Letter

Response Letter Status Submitted to State
Response Letter Date 10/23/2008
Submitted Date 10/23/2008

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Company, ...
Company Tracking Number:
TOI: 01.0 Property Sub-TOI: 01.0002 Personal Property (Fire and Allied
Lines)
Product Name: Dwelling Fire & Allied Lines Rate Revision 2008

Project Name/Number: /
Dear Becky Harrington,

Comments:

Response 1

Comments: The referenced 07/01/08 filing was in fact a rule filing. The correct rate filing was effective 07-01-2006. The SERFF Tracking # is SERT-6LVUEV182 and the State Tracking # is AR-PC-06-017998.

Related Objection 1

Applies To:

- Actuarial Support (Supporting Document)

Comment:

The memo and actuarial support states 12/31/08 for an effective date. All other places in the filing show 2/28/09. Please clarify.

Related Objection 2

Applies To:

- Actuarial Support (Supporting Document)

Comment:

Please remove the hurricane provision. The Department does not believe this is appropriate for Arkansas.

Related Objection 3

Comment:

Provide the SERFF filing number of the previous rate filing with an effective date of 7/1/08 referenced on the transmittal document and rate tab.

Changed Items:

Supporting Document Schedule Item Changes

Satisfied -Name: Actuarial Support

Comment: The correct effective date is 02-28-09. Also, I have taken the Hurricane Provision from the Allied Lines Indication. The resulting indication is 15.4%, down from 16.7 with the hurricane provision. Likewise, the combined lines indication is 33.4%, down from 34.2%.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

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 Project Name/Number: /

Rate Information

Rate data applies to filing.

Filing Method: File & Use
Rate Change Type: Increase
Overall Percentage of Last Rate Revision: 0.000%
Effective Date of Last Rate Revision: 07/01/2008
Filing Method of Last Filing: File & 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):
Garrison Property and Casualty Insurance Company	%	11.400%	\$1,308	18	\$11,474	%	%
United Services Automobile Association	%	11.100%	\$119,591	2,011	\$1,077,398	%	%
USAA Casualty Insurance Company	%	11.400%	\$29,779	345	\$261,221	%	%
USAA General Indemnity Company	%	11.200%	\$687	8	\$6,132	%	%

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First Filing Company: Garrison Property and Casualty Insurance Company, ... State Tracking Number: EFT \$100
Company Tracking Number:
TOI: 01.0 Property Sub-TOI: 01.0002 Personal Property (Fire and Allied Lines)
Product Name: Dwelling Fire & Allied Lines Rate Revision 2008
Project Name/Number: /

Overall Rate Information for Multiple Company Filings

Overall % Rate Indicated:

Overall Percentage Rate Impact For This Filing:

11.100%

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

\$151,365

Effect of Rate Filing - Number of Policyholders Affected:

2382

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 Company, ...
 Company Tracking Number:
 TOI: 01.0 Property Sub-TOI: 01.0002 Personal Property (Fire and Allied
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 Product Name: Dwelling Fire & Allied Lines Rate Revision 2008
 Project Name/Number: /

Rate/Rule Schedule

Review Status:	Exhibit Name:	Rule # or Page #:	Rate Action	Previous State Filing Number:	Attachments
Filed	AR Fire Rate Pages	DP-R-4-8;	DP-R-Replacement 9-18	AR-PC-06-017998	AR Fire Rate Pages.pdf

DWELLING POLICY PROGRAM MANUAL
RATE PAGE

301. BASE PREMIUM COMPUTATION

Fire - Coverages A and C - All Forms

1.

UNITY FIRE PREMIUMS		
Company	COV A	COV C
USAA	\$82	\$22
USAA-CIC	\$121	\$31
USAA-GIC	\$121	\$31
Garrison	\$121	\$31

2.

TERRITORIAL RELATIVITY		
Coverages A and C		
Terr.	COV A	COV C
ALL	1.000	1.000

3.

PROTECTION/CONSTRUCTION RELATIVITY			
Const.	Prot. Class	FACTOR	
		COV A	COV C
Masonry	1-3	0.479	0.600
	4	0.585	0.600
	5	0.690	0.680
	6	0.849	0.760
	7	1.294	1.040
	8	1.490	1.120
Frame	8B, 9	1.680	1.320
	10	2.310	1.680
	1-3	0.690	0.760
	4	0.756	0.840
**	5	0.849	0.840
	6	1.000	1.000
	7	1.471	1.240
	8	1.840	1.440
	8B, 9	2.670	1.920
	10	3.490	2.400

** Rate mobile homes as frame

@ Use this limit of liability to develop premiums for policy amounts less than \$1,000.

4.

NUMBER OF FAMILIES RELATIVITY		
Number of Families	COV A	COV C
1	1.000	1.000
2	1.100	1.000
3	1.600	1.300
4	1.600	1.300
5+ Families - COV C		
Construction	P.C.	Factor
Masonry	1-3	2.133
	4	2.400
	5	2.176
	6	2.105
	7	1.808
	8	1.786
Frame	8B, 9	1.818
	10	1.714
	1-3	2.211
	4	2.095
5.	5	2.238
	6	2.000
	7	1.871
	8	1.750
	8B, 9	1.583
	10	1.467

5.

OCCUPANCY RELATIVITY		
	COV A	COV C
Owner	1.000	1.000
Tenant	1.250	1.000

7.

SEASONAL/NONSEASONAL RELATIVITY		
	COV A	COV C
Non-Seasonal	1.000	1.000
Seasonal		
TERR-ALL	1.000	1.000

6.

Amount of Insurance Relativity Curve		
Limit of Liability	COV A	COV C
\$ @1,000	0.310	0.35
2,000	0.346	0.48
3,000	0.382	0.61
4,000	0.419	0.74
5,000	0.455	0.87
6,000	0.491	1.00
7,000	0.528	1.13
8,000	0.564	1.26
9,000	0.600	1.39
10,000	0.637	1.52
11,000	0.673	1.65
12,000	0.709	1.78
13,000	0.746	1.91
14,000	0.782	2.04
15,000	0.818	2.17
16,000	0.855	2.30
17,000	0.891	2.43
18,000	0.927	2.56
19,000	0.964	2.69
20,000	1.000	2.82
21,000	1.016	2.95
22,000	1.033	3.08
23,000	1.049	3.21
24,000	1.065	3.34
25,000	1.082	3.47
26,000	1.098	3.60
27,000	1.114	3.73
28,000	1.131	3.86
29,000	1.147	3.99
30,000	1.163	4.12
31,000	1.180	4.25
32,000	1.196	4.38
33,000	1.212	4.51
34,000	1.229	4.64
35,000	1.245	4.77
36,000	1.261	4.90
37,000	1.278	5.03
38,000	1.294	5.16
39,000	1.310	5.29
40,000	1.327	5.42
41,000	1.343	5.55
42,000	1.359	5.68
43,000	1.376	5.81
44,000	1.392	5.94
45,000	1.408	6.07
46,000	1.425	6.20
47,000	1.441	6.33
48,000	1.457	6.46
49,000	1.474	6.59
50,000	1.490	6.72
Each Add'l		
\$1,000	0.016	0.13

DWELLING POLICY PROGRAM MANUAL
RATE PAGE

301. BASE PREMIUM

Extended Coverage, Broad and
Special Forms - Coverage A and C

1.

USAA Unity Premiums		
	Cov A	Cov C
Extended Coverage	\$72	\$8
Broad Form	\$36	\$8
Special Form	\$55	-

USAA-CIC Unity Premiums		
	Cov A	Cov C
Extended Coverage	\$106	\$9
Broad Form	\$52	\$12
Special Form	\$81	-

USAA-GIC Unity Premiums		
	Cov A	Cov C
Extended Coverage	\$106	\$9
Broad Form	\$52	\$12
Special Form	\$81	-

GARRISON Unity Premiums		
	Cov A	Cov C
Extended Coverage	\$106	\$9
Broad Form	\$52	\$12
Special Form	\$81	-

2.

Territorial Relativity					
	EXTENDED COVERAGE FACTOR		BROAD FORM FACTOR		SPECIAL FORM FACTOR
Terr	Cov A	Cov C	Cov A	Cov C	Cov A
ALL	1.000	1.000	1.000	1.000	1.000

4.

Seasonal/Non-Seasonal Relativity					
	EXTENDED COVERAGE FACTOR		BROAD FORM FACTOR		SPECIAL FORM FACTOR
	Cov A	Cov C	Cov A	Cov C	Cov A
Non-Seasonal	1.000	1.000	1.000	1.000	1.000
Seasonal TERR-ALL	1.000	1.000	1.568	1.400	1.406

@ Use this limit of liability to develop premiums for policy amounts less than \$1,000.

3.

Amount of Insurance Relativity Curve		
Limit of Liability	COV A	COV C
\$ @1,000	0.566	0.17
2,000	0.588	0.33
3,000	0.611	0.50
4,000	0.634	0.67
5,000	0.657	0.83
6,000	0.680	1.00
7,000	0.703	1.17
8,000	0.726	1.34
9,000	0.749	1.50
10,000	0.771	1.67
11,000	0.794	1.84
12,000	0.817	2.00
13,000	0.840	2.17
14,000	0.862	2.33
15,000	0.885	2.50
16,000	0.908	2.67
17,000	0.931	2.84
18,000	0.953	3.00
19,000	0.976	3.17
20,000	1.000	3.34
21,000	1.023	3.51
22,000	1.046	3.67
23,000	1.068	3.84
24,000	1.091	4.00
25,000	1.114	4.17
26,000	1.137	4.34
27,000	1.159	4.51
28,000	1.182	4.68
29,000	1.205	4.85
30,000	1.228	5.02
31,000	1.250	5.19
32,000	1.273	5.36
33,000	1.296	5.53
34,000	1.320	5.70
35,000	1.342	5.87
36,000	1.365	6.04
37,000	1.388	6.21
38,000	1.411	6.38
39,000	1.433	6.55
40,000	1.456	6.72
41,000	1.479	6.89
42,000	1.502	7.06
43,000	1.524	7.23
44,000	1.547	7.40
45,000	1.570	7.57
46,000	1.593	7.74
47,000	1.615	7.91
48,000	1.639	8.08
49,000	1.662	8.25
50,000	1.685	8.42
Each Add'l		
\$1,000	0.023	0.17

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Supporting Document Schedules

Satisfied -Name: Form RF-1 NAIC Loss Cost Data
 Entry Document--All P&C Lines
Review Status: Filed 10/24/2008

Comments:

Attachments:

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

Satisfied -Name: HPCS-Homeowners Premium
 Comparison Survey
Review Status: Filed 10/24/2008

Comments:

Attachments:

HPCS 200-25941.XLS
 HPCS 200-25968.XLS
 HPCS 200-18600.XLS
 HPCS 200-21253.XLS

Satisfied -Name: Uniform Transmittal Document-
 Property & Casualty
Review Status: Filed 10/24/2008

Comments:

Attachment:

AR Fire Property and Casualty Transmittal Doc.pdf

Satisfied -Name: Actuarial Support
Review Status: Filed 10/24/2008

Comments:

The correct effective date is 02-28-09. Also, I have taken the Hurricane Provision from the Allied Lines Indication. The

NAIC LOSS COST DATA ENTRY DOCUMENT

1.	This filing transmittal is part of Company Tracking #	USAA-125859479
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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	N/A
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	Company Name		Company NAIC Number
3.	A.	USAA	B. 200-25941

	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.	01.0 Property	B. 01.0002 Personal Property (Fire and Allied Lines)

5.			FOR LOSS COSTS ONLY				
(A) COVERAGE (See Instructions)	(B) Indicated % Rate Level Change	(C) Requested % Rate Level Change	(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
Fire	61.4% (Group)	10.7%					
Allied Lines	16.7% (Group)	12.5%					
TOTAL OVERALL EFFECT	34.2% (Group)	11.1%					

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
2003	1,600	N/A	N/A	660	360	55%	58%
2004	1,705	N/A	N/A	736	221	30%	105%
2005	1,822	5.9%	12/1/2005	839	589	70%	78%
2006	1,900	N/A	N/A	921	329	36%	49%
2007	2,011	N/A	N/A	1,034	1,087	105%	51%

Expense Constants	Selected Provisions
A. Total Production Expense	13.8%
B. General Expense	0.9%
C. Taxes, License & Fees	2.8%
D. Underwriting Profit & Contingencies	13.0%
E. Other (explain)	
F. TOTAL	30.5%

- 8.** N Apply Lost Cost Factors to Future filings? (Y or N)
- 9.** 14.7% Estimated Maximum Rate Increase for any Insured (%). Territory (if applicable): _____
- 10.** 0.0% Estimated Maximum Rate Decrease for any Insured (%). Territory (if applicable): _____

NAIC LOSS COST DATA ENTRY DOCUMENT

1.	This filing transmittal is part of Company Tracking #	USAA-125859479
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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	N/A
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	Company Name		Company NAIC Number
3.	A.	USAA-CIC	B. 200-25968

	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.	01.0 Property	B. 01.0002 Personal Property (Fire and Allied Lines)

5.			FOR LOSS COSTS ONLY				
(A) COVERAGE (See Instructions)	(B) Indicated % Rate Level Change	(C) Requested % Rate Level Change	(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
Fire	61.4% (Group)	10.9%					
Allied Lines	16.7% (Group)	12.6%					
TOTAL OVERALL EFFECT	34.2% (Group)	11.4%					

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
2003	220	N/A	N/A	131	15	11%	42%
2004	284	N/A	N/A	165	35	21%	80%
2005	321	6.0%	12/1/2005	217	129	60%	60%
2006	335	N/A	N/A	238	195	82%	38%
2007	345	N/A	N/A	260	70	27%	43%

7.	
Expense Constants	Selected Provisions
A. Total Production Expense	13.8%
B. General Expense	0.9%
C. Taxes, License & Fees	2.8%
D. Underwriting Profit & Contingencies	13.0%
E. Other (explain)	
F. TOTAL	30.5%

- 8.** N Apply Lost Cost Factors to Future filings? (Y or N)
- 9.** 13.0% Estimated Maximum Rate Increase for any Insured (%). Territory (if applicable): _____
- 10.** 0.0% Estimated Maximum Rate Decrease for any Insured (%). Territory (if applicable): _____

NAIC LOSS COST DATA ENTRY DOCUMENT

1.	This filing transmittal is part of Company Tracking #	USAA-125859479
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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	N/A
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Company Name		Company NAIC Number		
3.	A.	USAA-GIC	B.	200-18600

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.	01.0 Property	B.	01.0002 Personal Property (Fire and Allied Lines)

5.			FOR LOSS COSTS ONLY				
(A) COVERAGE (See Instructions)	(B) Indicated % Rate Level Change	(C) Requested % Rate Level Change	(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
Fire	61.4% (Group)	10.4%					
Allied Lines	16.7% (Group)	12.6%					
TOTAL OVERALL EFFECT	34.2% (Group)	11.2%					

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
2003	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2004	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2005	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2006	1	N/A	N/A	0.2	0.4	223%	246%
2007	8	N/A	N/A	2.6	1.2	46%	110%

7.	
Expense Constants	Selected Provisions
A. Total Production Expense	13.8%
B. General Expense	0.9%
C. Taxes, License & Fees	2.8%
D. Underwriting Profit & Contingencies	13.0%
E. Other (explain)	
F. TOTAL	30.5%

- 8.** N Apply Lost Cost Factors to Future filings? (Y or N)
- 9.** 12.1% Estimated Maximum Rate Increase for any Insured (%). Territory (if applicable): _____
- 10.** 0.0% Estimated Maximum Rate Decrease for any Insured (%). Territory (if applicable): _____

NAIC LOSS COST DATA ENTRY DOCUMENT

1.	This filing transmittal is part of Company Tracking #	USAA-125859479
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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	N/A
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	Company Name		Company NAIC Number
3.	A.	USAA-Garrison	B.
			200-21253

	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.	01.0 Property	B.
			01.0002 Personal Property (Fire and Allied Lines)

5.			FOR LOSS COSTS ONLY				
(A) COVERAGE (See Instructions)	(B) Indicated % Rate Level Change	(C) Requested % Rate Level Change	(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
Fire	61.4% (Group)	11.0%					
Allied Lines	16.7% (Group)	12.6%					
TOTAL OVERALL EFFECT	34.2% (Group)	11.4%					

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
2003	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2004	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2005	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2006	16	N/A	N/A	2.8	0.2	8%	13%
2007	18	N/A	N/A	10.8	3.0	28%	86%

7.	
Expense Constants	Selected Provisions
A. Total Production Expense	13.8%
B. General Expense	0.9%
C. Taxes, License & Fees	2.8%
D. Underwriting Profit & Contingencies	13.0%
E. Other (explain)	
F. TOTAL	30.5%

- 8.** N Apply Lost Cost Factors to Future filings? (Y or N)
- 9.** 12.2% Estimated Maximum Rate Increase for any Insured (%). Territory (if applicable): _____
- 10.** 0.0% Estimated Maximum Rate Decrease for any Insured (%). Territory (if applicable): _____

NAIC Number: 25941
 Company Name: United Services Automobile Association
 Contact Person: Scott Hawthorne, MSIM, CPCU, ARC
 Telephone No.: 800-531-8722, ext. 8-5315
 Email Address: scott.hawthorne@usaa.com
 Effective Date: 2/28/2009

Homeowners Premium Comparison Survey Form
FORM HPCS - last modified August, 2005

USE THE APPROPRIATE FORM BELOW - IF NOT APPLICABLE, LEAVE BLANK

Submit to: Arkansas Insurance Department
 1200 West Third Street
 Little Rock, AR 72201-1904
 Telephone: 501-371-2800
 Email as an attachment to: insurance.pnc@arkansas.gov
 You may also attach to a SERFF filing or submit on a cdr disk

Survey Form for HO3 (Homeowners) - Use \$500 Flat Deductible (Covers risk of direct physical loss for dwelling and other structures; named perils for personal property, replacement cost on dwelling, actual cash value on personal property)

Public Protection Class	Dwelling Value	Washington		Baxter		Craighead		St. Francis		Desha		Union		Miller		Sebastian		Pulaski	
		Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame
3	\$80,000																		
	\$120,000																		
	\$160,000																		
6	\$80,000																		
	\$120,000																		
	\$160,000																		
9	\$80,000																		
	\$120,000																		
	\$160,000																		

Survey Form for HO4 (Renters) - Use \$500 Flat Deductible (Named perils for personal property, actual cash value for loss, liability and medical payments for others included)

Public Protection Class	Property Value	Washington		Baxter		Craighead		St. Francis		Arkansas		Union		Miller		Sebastian		Pulaski	
		Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame
3	\$5,000																		
	\$15,000																		
	\$25,000																		
6	\$5,000																		
	\$15,000																		
	\$25,000																		
9	\$5,000																		
	\$15,000																		
	\$25,000																		

Survey Form for DP-2 (Dwelling/Fire) - Use \$500 Flat Deductible (Named perils for dwelling and personal property; replacement cost for dwelling, actual cash value for personal property, no liability coverage)

Public Protection Class	Dwelling Value	Washington		Baxter		Craighead		St. Francis		Arkansas		Union		Miller		Sebastian		Pulaski	
		Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame
3	\$80,000	\$682.27	\$612.95	\$682.27	\$612.95	\$682.27	\$612.95	\$682.27	\$612.95	\$682.27	\$612.95	\$682.27	\$612.95	\$682.27	\$612.95	\$682.27	\$612.95	\$682.27	\$612.95
	\$120,000	\$978.66	\$880.84	\$978.66	\$880.84	\$978.66	\$880.84	\$978.66	\$880.84	\$978.66	\$880.84	\$978.66	\$880.84	\$978.66	\$880.84	\$978.66	\$880.84	\$978.66	\$880.84
	\$160,000	\$1,275.06	\$1,148.74	\$1,275.06	\$1,148.74	\$1,275.06	\$1,148.74	\$1,275.06	\$1,148.74	\$1,275.06	\$1,148.74	\$1,275.06	\$1,148.74	\$1,275.06	\$1,148.74	\$1,275.06	\$1,148.74	\$1,275.06	\$1,148.74
6	\$80,000	\$785.23	\$707.18	\$785.23	\$707.18	\$785.23	\$707.18	\$785.23	\$707.18	\$785.23	\$707.18	\$785.23	\$707.18	\$785.23	\$707.18	\$785.23	\$707.18	\$785.23	\$707.18
	\$120,000	\$1,124.04	\$1,011.67	\$1,124.04	\$1,011.67	\$1,124.04	\$1,011.67	\$1,124.04	\$1,011.67	\$1,124.04	\$1,011.67	\$1,124.04	\$1,011.67	\$1,124.04	\$1,011.67	\$1,124.04	\$1,011.67	\$1,124.04	\$1,011.67
	\$160,000	\$1,462.86	\$1,316.16	\$1,462.86	\$1,316.16	\$1,462.86	\$1,316.16	\$1,462.86	\$1,316.16	\$1,462.86	\$1,316.16	\$1,462.86	\$1,316.16	\$1,462.86	\$1,316.16	\$1,462.86	\$1,316.16	\$1,462.86	\$1,316.16
9	\$80,000	\$1,255.41	\$964.31	\$1,255.41	\$964.31	\$1,255.41	\$964.31	\$1,255.41	\$964.31	\$1,255.41	\$964.31	\$1,255.41	\$964.31	\$1,255.41	\$964.31	\$1,255.41	\$964.31	\$1,255.41	\$964.31
	\$120,000	\$1,781.32	\$1,373.24	\$1,781.32	\$1,373.24	\$1,781.32	\$1,373.24	\$1,781.32	\$1,373.24	\$1,781.32	\$1,373.24	\$1,781.32	\$1,373.24	\$1,781.32	\$1,373.24	\$1,781.32	\$1,373.24	\$1,781.32	\$1,373.24
	\$160,000	\$2,307.24	\$1,782.18	\$2,307.24	\$1,782.18	\$2,307.24	\$1,782.18	\$2,307.24	\$1,782.18	\$2,307.24	\$1,782.18	\$2,307.24	\$1,782.18	\$2,307.24	\$1,782.18	\$2,307.24	\$1,782.18	\$2,307.24	\$1,782.18

SPECIFY THE PERCENTAGE GIVEN FOR CREDITS OR DISCOUNTS FOR THE FOLLOWING:

HO3 and HO4 only

Fire Extinguisher	<input type="text" value="0"/> %	Deadbolt Lock	<input type="text" value="0"/> %
Burglar Alarm	<input type="text" value="2 to 15"/> %	Window Locks	<input type="text" value="0"/> %
Smoke Alarm	<input type="text" value="2 to 15"/> %	\$1,000 Deductible	<input type="text" value="14 to 17"/> %
		Other (specify)	<input type="text"/>
		Maximum Credit	<input type="text" value="varies"/> %

EARTHQUAKE INSURANCE

IMPORTANT, Homeowners insurance does NOT automatically cover losses from earthquakes. Ask your agent about this coverage.

ARE YOU CURRENTLY WRITING EARTHQUAKE COVERAGE IN ARKANSAS? (yes or no)
 WHAT IS YOUR PERCENTAGE DEDUCTIBLE? %
 WHAT IS YOUR PRICE PER \$1,000 OF COVERAGE?

Zone	Brick	Frame
Highest Risk	\$ <input type="text" value="1.99"/>	\$ <input type="text" value="0.35"/>
Lowest Risk	\$ <input type="text" value="0.77"/>	\$ <input type="text" value="0.81"/>

NAIC Number:	25968
Company Name:	USAA Casualty Insurance Company
Contact Person:	Scott Hawthorne, MSIM, CPCU, ARC
Telephone No.:	800-531-8722, ext. 8-5315
Email Address:	scott.hawthorne@usaa.com
Effective Date:	2/28/2009

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Public Protection Class	Dwelling Value	Washington		Baxter		Craighead		St. Francis		Desha		Union		Miller		Sebastian		Pulaski	
		Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame
3	\$80,000																		
	\$120,000																		
	\$160,000																		
6	\$80,000																		
	\$120,000																		
	\$160,000																		
9	\$80,000																		
	\$120,000																		
	\$160,000																		

Survey Form for HO4 (Renters) - Use \$500 Flat Deductible (Named perils for personal property, actual cash value for loss, liability and medical payments for others included)

Public Protection Class	Property Value	Washington		Baxter		Craighead		St. Francis		Arkansas		Union		Miller		Sebastian		Pulaski	
		Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame
3	\$5,000																		
	\$15,000																		
	\$25,000																		
6	\$5,000																		
	\$15,000																		
	\$25,000																		
9	\$5,000																		
	\$15,000																		
	\$25,000																		

Survey Form for DP-2 (Dwelling/Fire) - Use \$500 Flat Deductible (Named perils for dwelling and personal property; replacement cost for dwelling, actual cash value for personal property, no liability coverage)

Public Protection Class	Dwelling Value	Washington		Baxter		Craighead		St. Francis		Arkansas		Union		Miller		Sebastian		Pulaski	
		Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame
3	\$80,000	\$962.54	\$862.66	\$962.54	\$862.66	\$962.54	\$862.66	\$962.54	\$862.66	\$962.54	\$862.66	\$962.54	\$862.66	\$962.54	\$862.66	\$962.54	\$862.66	\$962.54	\$862.66
	\$120,000	\$1,378.14	\$1,237.38	\$1,378.14	\$1,237.38	\$1,378.14	\$1,237.38	\$1,378.14	\$1,237.38	\$1,378.14	\$1,237.38	\$1,378.14	\$1,237.38	\$1,378.14	\$1,237.38	\$1,378.14	\$1,237.38	\$1,378.14	\$1,237.38
	\$160,000	\$1,793.73	\$1,612.12	\$1,793.73	\$1,612.12	\$1,793.73	\$1,612.12	\$1,793.73	\$1,612.12	\$1,793.73	\$1,612.12	\$1,793.73	\$1,612.12	\$1,793.73	\$1,612.12	\$1,793.73	\$1,612.12	\$1,793.73	\$1,612.12
6	\$80,000	\$1,110.86	\$999.30	\$1,110.86	\$999.30	\$1,110.86	\$999.30	\$1,110.86	\$999.30	\$1,110.86	\$999.30	\$1,110.86	\$999.30	\$1,110.86	\$999.30	\$1,110.86	\$999.30	\$1,110.86	\$999.30
	\$120,000	\$1,587.28	\$1,426.85	\$1,587.28	\$1,426.85	\$1,587.28	\$1,426.85	\$1,587.28	\$1,426.85	\$1,587.28	\$1,426.85	\$1,587.28	\$1,426.85	\$1,587.28	\$1,426.85	\$1,587.28	\$1,426.85	\$1,587.28	\$1,426.85
	\$160,000	\$2,063.68	\$1,854.38	\$2,063.68	\$1,854.38	\$2,063.68	\$1,854.38	\$2,063.68	\$1,854.38	\$2,063.68	\$1,854.38	\$2,063.68	\$1,854.38	\$2,063.68	\$1,854.38	\$2,063.68	\$1,854.38	\$2,063.68	\$1,854.38
9	\$80,000	\$1,790.79	\$1,370.28	\$1,790.79	\$1,370.28	\$1,790.79	\$1,370.28	\$1,790.79	\$1,370.28	\$1,790.79	\$1,370.28	\$1,790.79	\$1,370.28	\$1,790.79	\$1,370.28	\$1,790.79	\$1,370.28	\$1,790.79	\$1,370.28
	\$120,000	\$2,536.51	\$1,947.80	\$2,536.51	\$1,947.80	\$2,536.51	\$1,947.80	\$2,536.51	\$1,947.80	\$2,536.51	\$1,947.80	\$2,536.51	\$1,947.80	\$2,536.51	\$1,947.80	\$2,536.51	\$1,947.80	\$2,536.51	\$1,947.80
	\$160,000	\$3,282.22	\$2,525.33	\$3,282.22	\$2,525.33	\$3,282.22	\$2,525.33	\$3,282.22	\$2,525.33	\$3,282.22	\$2,525.33	\$3,282.22	\$2,525.33	\$3,282.22	\$2,525.33	\$3,282.22	\$2,525.33	\$3,282.22	\$2,525.33

SPECIFY THE PERCENTAGE GIVEN FOR CREDITS OR DISCOUNTS FOR THE FOLLOWING:

HO3 and HO4 only

Fire Extinguisher	0	%	Deadbolt Lock	0	%
Burglar Alarm	2 to 15	%	Window Locks	0	%
Smoke Alarm	2 to 15	%	\$1,000 Deductible	14 to 17	%
			Other (specify)		%
			Maximum Credit	varies	%

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ARE YOU CURRENTLY WRITING EARTHQUAKE COVERAGE IN ARKANSAS? Yes No (yes or no)

WHAT IS YOUR PERCENTAGE DEDUCTIBLE? 10 %

WHAT IS YOUR PRICE PER \$1,000 OF COVERAGE?

Zone	Brick	Frame
Highest Risk	\$ 1.99	\$ 0.35
Lowest Risk	\$ 0.77	\$ 0.81

NAIC Number:	18600
Company Name:	USAA General Indemnity Company
Contact Person:	Scott Hawthorne, MSIM, CPCU, ARC
Telephone No.:	800-531-8722, ext. 8-5315
Email Address:	scott.hawthorne@usaa.com
Effective Date:	2/28/2009

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FORM HP3S - last modified August, 2005**

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Public Protection Class	Dwelling Value	Washington		Baxter		Craighead		St. Francis		Desha		Union		Miller		Sebastian		Pulaski	
		Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame
3	\$80,000																		
	\$120,000																		
	\$160,000																		
6	\$80,000																		
	\$120,000																		
	\$160,000																		
9	\$80,000																		
	\$120,000																		
	\$160,000																		

Survey Form for HO4 (Renters) - Use \$500 Flat Deductible (Named perils for personal property, actual cash value for loss, liability and medical payments for others included)

Public Protection Class	Property Value	Washington		Baxter		Craighead		St. Francis		Arkansas		Union		Miller		Sebastian		Pulaski	
		Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame
3	\$5,000																		
	\$15,000																		
	\$25,000																		
6	\$5,000																		
	\$15,000																		
	\$25,000																		
9	\$5,000																		
	\$15,000																		
	\$25,000																		

Survey Form for DP-2 (Dwelling/Fire) - Use \$500 Flat Deductible (Named perils for dwelling and personal property; replacement cost for dwelling, actual cash value for personal property, no liability coverage)

Public Protection Class	Dwelling Value	Washington		Baxter		Craighead		St. Francis		Arkansas		Union		Miller		Sebastian		Pulaski	
		Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame
3	\$80,000	\$962.54	\$862.66	\$962.54	\$862.66	\$962.54	\$862.66	\$962.54	\$862.66	\$962.54	\$862.66	\$962.54	\$862.66	\$962.54	\$862.66	\$962.54	\$862.66	\$962.54	\$862.66
	\$120,000	\$1,378.14	\$1,237.38	\$1,378.14	\$1,237.38	\$1,378.14	\$1,237.38	\$1,378.14	\$1,237.38	\$1,378.14	\$1,237.38	\$1,378.14	\$1,237.38	\$1,378.14	\$1,237.38	\$1,378.14	\$1,237.38	\$1,378.14	\$1,237.38
	\$160,000	\$1,793.73	\$1,612.12	\$1,793.73	\$1,612.12	\$1,793.73	\$1,612.12	\$1,793.73	\$1,612.12	\$1,793.73	\$1,612.12	\$1,793.73	\$1,612.12	\$1,793.73	\$1,612.12	\$1,793.73	\$1,612.12	\$1,793.73	\$1,612.12
6	\$80,000	\$1,110.86	\$999.30	\$1,110.86	\$999.30	\$1,110.86	\$999.30	\$1,110.86	\$999.30	\$1,110.86	\$999.30	\$1,110.86	\$999.30	\$1,110.86	\$999.30	\$1,110.86	\$999.30	\$1,110.86	\$999.30
	\$120,000	\$1,587.28	\$1,426.85	\$1,587.28	\$1,426.85	\$1,587.28	\$1,426.85	\$1,587.28	\$1,426.85	\$1,587.28	\$1,426.85	\$1,587.28	\$1,426.85	\$1,587.28	\$1,426.85	\$1,587.28	\$1,426.85	\$1,587.28	\$1,426.85
	\$160,000	\$2,063.68	\$1,854.38	\$2,063.68	\$1,854.38	\$2,063.68	\$1,854.38	\$2,063.68	\$1,854.38	\$2,063.68	\$1,854.38	\$2,063.68	\$1,854.38	\$2,063.68	\$1,854.38	\$2,063.68	\$1,854.38	\$2,063.68	\$1,854.38
9	\$80,000	\$1,790.79	\$1,370.28	\$1,790.79	\$1,370.28	\$1,790.79	\$1,370.28	\$1,790.79	\$1,370.28	\$1,790.79	\$1,370.28	\$1,790.79	\$1,370.28	\$1,790.79	\$1,370.28	\$1,790.79	\$1,370.28	\$1,790.79	\$1,370.28
	\$120,000	\$2,536.51	\$1,947.80	\$2,536.51	\$1,947.80	\$2,536.51	\$1,947.80	\$2,536.51	\$1,947.80	\$2,536.51	\$1,947.80	\$2,536.51	\$1,947.80	\$2,536.51	\$1,947.80	\$2,536.51	\$1,947.80	\$2,536.51	\$1,947.80
	\$160,000	\$3,282.22	\$2,525.33	\$3,282.22	\$2,525.33	\$3,282.22	\$2,525.33	\$3,282.22	\$2,525.33	\$3,282.22	\$2,525.33	\$3,282.22	\$2,525.33	\$3,282.22	\$2,525.33	\$3,282.22	\$2,525.33	\$3,282.22	\$2,525.33

SPECIFY THE PERCENTAGE GIVEN FOR CREDITS OR DISCOUNTS FOR THE FOLLOWING:

HO3 and HO4 only

Fire Extinguisher	0	%	Deadbolt Lock	0	%
Burglar Alarm	2 to 15	%	Window Locks	0	%
Smoke Alarm	2 to 15	%	\$1,000 Deductible	14 to 17	%
			Other (specify)		%
			Maximum Credit	varies	%

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ARE YOU CURRENTLY WRITING EARTHQUAKE COVERAGE IN ARKANSAS?	Yes	(yes or no)	
WHAT IS YOUR PERCENTAGE DEDUCTIBLE?	10	%	
WHAT IS YOUR PRICE PER \$1,000 OF COVERAGE?			
	Zone	Brick	Frame
	Highest Risk	\$ 1.99	\$ 0.35
	Lowest Risk	\$ 0.77	\$ 0.81

NAIC Number: 21253
 Company Name: Garrison Property and Casualty Insurance Company
 Contact Person: Scott Hawthorne, MSIM, CPCU, ARC
 Telephone No.: 800-531-8722, ext. 8-5315
 Email Address: scott.hawthorne@usaa.com
 Effective Date: 2/28/2009

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 Little Rock, AR 72201-1904
 Telephone: 501-371-2800
 Email as an attachment to: insurance.pnc@arkansas.gov
 You may also attach to a SERFF filing or submit on a cdr disk

Survey Form for HO3 (Homeowners) - Use \$500 Flat Deductible (Covers risk of direct physical loss for dwelling and other structures; named perils for personal property, replacement cost on dwelling, actual cash value on personal property)

Public Protection Class	Dwelling Value	Washington		Baxter		Craighead		St. Francis		Desha		Union		Miller		Sebastian		Pulaski	
		Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame
3	\$80,000																		
	\$120,000																		
	\$160,000																		
6	\$80,000																		
	\$120,000																		
	\$160,000																		
9	\$80,000																		
	\$120,000																		
	\$160,000																		

Survey Form for HO4 (Renters) - Use \$500 Flat Deductible (Named perils for personal property, actual cash value for loss, liability and medical payments for others included)

Public Protection Class	Property Value	Washington		Baxter		Craighead		St. Francis		Arkansas		Union		Miller		Sebastian		Pulaski	
		Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame
3	\$5,000																		
	\$15,000																		
	\$25,000																		
6	\$5,000																		
	\$15,000																		
	\$25,000																		
9	\$5,000																		
	\$15,000																		
	\$25,000																		

Survey Form for DP-2 (Dwelling/Fire) - Use \$500 Flat Deductible (Named perils for dwelling and personal property; replacement cost for dwelling, actual cash value for personal property, no liability coverage)

Public Protection Class	Dwelling Value	Washington		Baxter		Craighead		St. Francis		Arkansas		Union		Miller		Sebastian		Pulaski	
		Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame
3	\$80,000	\$962.54	\$862.66	\$962.54	\$862.66	\$962.54	\$862.66	\$962.54	\$862.66	\$962.54	\$862.66	\$962.54	\$862.66	\$962.54	\$862.66	\$962.54	\$862.66	\$962.54	\$862.66
	\$120,000	\$1,378.14	\$1,237.38	\$1,378.14	\$1,237.38	\$1,378.14	\$1,237.38	\$1,378.14	\$1,237.38	\$1,378.14	\$1,237.38	\$1,378.14	\$1,237.38	\$1,378.14	\$1,237.38	\$1,378.14	\$1,237.38	\$1,378.14	\$1,237.38
	\$160,000	\$1,793.73	\$1,612.12	\$1,793.73	\$1,612.12	\$1,793.73	\$1,612.12	\$1,793.73	\$1,612.12	\$1,793.73	\$1,612.12	\$1,793.73	\$1,612.12	\$1,793.73	\$1,612.12	\$1,793.73	\$1,612.12	\$1,793.73	\$1,612.12
6	\$80,000	\$1,110.86	\$999.30	\$1,110.86	\$999.30	\$1,110.86	\$999.30	\$1,110.86	\$999.30	\$1,110.86	\$999.30	\$1,110.86	\$999.30	\$1,110.86	\$999.30	\$1,110.86	\$999.30	\$1,110.86	\$999.30
	\$120,000	\$1,587.28	\$1,426.85	\$1,587.28	\$1,426.85	\$1,587.28	\$1,426.85	\$1,587.28	\$1,426.85	\$1,587.28	\$1,426.85	\$1,587.28	\$1,426.85	\$1,587.28	\$1,426.85	\$1,587.28	\$1,426.85	\$1,587.28	\$1,426.85
	\$160,000	\$2,063.68	\$1,854.38	\$2,063.68	\$1,854.38	\$2,063.68	\$1,854.38	\$2,063.68	\$1,854.38	\$2,063.68	\$1,854.38	\$2,063.68	\$1,854.38	\$2,063.68	\$1,854.38	\$2,063.68	\$1,854.38	\$2,063.68	\$1,854.38
9	\$80,000	\$1,790.79	\$1,370.28	\$1,790.79	\$1,370.28	\$1,790.79	\$1,370.28	\$1,790.79	\$1,370.28	\$1,790.79	\$1,370.28	\$1,790.79	\$1,370.28	\$1,790.79	\$1,370.28	\$1,790.79	\$1,370.28	\$1,790.79	\$1,370.28
	\$120,000	\$2,536.51	\$1,947.80	\$2,536.51	\$1,947.80	\$2,536.51	\$1,947.80	\$2,536.51	\$1,947.80	\$2,536.51	\$1,947.80	\$2,536.51	\$1,947.80	\$2,536.51	\$1,947.80	\$2,536.51	\$1,947.80	\$2,536.51	\$1,947.80
	\$160,000	\$3,282.22	\$2,525.33	\$3,282.22	\$2,525.33	\$3,282.22	\$2,525.33	\$3,282.22	\$2,525.33	\$3,282.22	\$2,525.33	\$3,282.22	\$2,525.33	\$3,282.22	\$2,525.33	\$3,282.22	\$2,525.33	\$3,282.22	\$2,525.33

SPECIFY THE PERCENTAGE GIVEN FOR CREDITS OR DISCOUNTS FOR THE FOLLOWING:

HO3 and HO4 only

Fire Extinguisher	0	%	Deadbolt Lock	0	%
Burglar Alarm	2 to 15	%	Window Locks	0	%
Smoke Alarm	2 to 15	%	\$1,000 Deductible	14 to 17	%
			Other (specify)		%
			Maximum Credit	varies	%

EARTHQUAKE INSURANCE

IMPORTANT, Homeowners insurance does NOT automatically cover losses from earthquakes. Ask your agent about this coverage.

ARE YOU CURRENTLY WRITING EARTHQUAKE COVERAGE IN ARKANSAS?	Yes	(yes or no)	
WHAT IS YOUR PERCENTAGE DEDUCTIBLE?	10	%	
WHAT IS YOUR PRICE PER \$1,000 OF COVERAGE?			
	Zone	Brick	Frame
	Highest Risk	\$ 1.99	\$ 0.35
	Lowest Risk	\$ 0.77	\$ 0.81

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: 50%; 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 #
USAA Group	200

4. Company Name(s)	Domicile	NAIC #	FEIN #	State #
United Services Automobile Association	TX	25941	74-0959140	
USAA Casualty Insurance Company	TX	25968	59-3019540	
USAA General Indemnity Company	TX	18600	74-1718283	
Garrison Property & Casualty Insurance Company	TX	21253	43-1803614	

5. Company Tracking Number	USAA-125859479
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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
	Scott Hawthorne, MSIM 9800 Fredericksburg Rd San Antonio, TX 78288	Compliance Analyst	800-531-8722, ext 85315	866-358-3638	scott.hawthorne@usaa.com

7. Signature of authorized filer	<i>Scott Hawthorne</i>
8. Please print name of authorized filer	Scott Hawthorne, MSIM, CPCU, ARC

Filing Information (see General Instructions for descriptions of these fields)

9. Type of Insurance (TOI)	01.0 Property
10. Sub-Type of Insurance (Sub-TOI)	01.0002 Personal Property (Fire and Allied Lines)
11. State Specific Product code(s) (if applicable) [See State Specific Requirements]	N/A
12. Company Program Title (Marketing Title)	Personal Fire Policy
13. Filing Type	<input checked="" type="checkbox"/> Rate/Loss Cost <input type="checkbox"/> Rules <input 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: 02-28-2009 Renewal: 02-28-2009
15. Reference Filing?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
16. Reference Organization (if applicable)	N/A
17. Reference Organization # & Title	
18. Company's Date of Filing	N/A
19. Status of filing in domicile	<input checked="" type="checkbox"/> Not Filed <input type="checkbox"/> Pending <input type="checkbox"/> Authorized <input type="checkbox"/> Disapproved

Property & Casualty Transmittal Document

20.	This filing transmittal is part of Company Tracking #	USAA-125859479
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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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USAA Group (USAA, USAA-CIC, USAA-GIC, and Garrison) wishes to revise our Fire and Allied Lines premiums with an overall effect of 11.1%. The effects by form apply as follows:

Coverage Form	USAA	CIC	GIC	Garrison	Group
Fire	10.7%	10.9%	10.4%	11.0%	10.7%
Allied Lines (Variable Premium)	12.5%	12.6%	12.6%	12.6%	12.5%
Allied Lines (Flat Premium)	0.0%	0.0%	0.0%	0.0%	0.0%
Combined	11.1%	11.4%	11.2%	11.4%	11.1%

The proposed changes include revising the Unity Premium. The attached exhibits support these revisions.

An effective date of February, 28, 2009, for these revisions will apply to all policies.

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]
------------	--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

Check #: EFT
Amount: \$100.00

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

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

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 #	USAA-125859479
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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.)	
-----------	------------------------------------------------------------------------	--

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)
USAA		11.1	\$119,591	2,011	\$1,077,398		
USAA-CIC		11.4	\$29,779	345	\$261,221		
USAA-GIC		11.2	\$687	8	\$6,132		
Garrison		11.4	\$1,308	18	\$11,474		

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 policyholders 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)		
5b.	Overall percentage rate impact for this filing	11.1	
5c.	Effect of Rate Filing – Written premium change for this program	\$151,365	
5d.	Effect of Rate Filing - Number of policyholders affected	2,382	

6.	Overall percentage of last rate revision	0.0%
7.	Effective Date of last rate revision	07-01-2008
8.	Filing Method of Last filing (Prior Approval, File & Use, Flex Band, etc.)	File & Use

9.	Rule # or Page # Submitted for Review	Replacement or withdrawn?	Previous state filing number, if required by state
01	DP-R-4-8	<input type="checkbox"/> New <input checked="" type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	AR-PC-06-017998
02	DP-R-9-18	<input type="checkbox"/> New <input checked="" type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	AR-PC-06-017998
03		<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	

USAA Group
Arkansas
Fire and Allied Lines Filing Memorandum

USAA Group (USAA, USAA-CIC, USAA-GIC, and Garrison) wishes to revise our Fire and Allied Lines premiums with an overall effect of 11.1%. The effects by form apply as follows:

Coverage Form	USAA	CIC	GIC	Garrison	Group
Fire	10.7%	10.9%	10.4%	11.0%	10.7%
Allied Lines (Variable Premium)	12.5%	12.6%	12.6%	12.6%	12.5%
Allied Lines (Flat Premium)	0.0%	0.0%	0.0%	0.0%	0.0%
Combined	11.1%	11.4%	11.2%	11.4%	11.1%

The proposed changes include revising the Unity Premium. The attached exhibits support these revisions.

An effective date of February 28, 2009, for these revisions will apply to all policies.

USAA Group
Arkansas
Explanatory Memorandum
Allied Lines

The attached exhibits are in support of the Allied Lines Rate revision in Arkansas with a proposed effective date of 02/28/2009. Exhibits I through IX develop the rate level indication.

Exhibit I illustrates USAA Group Arkansas experience for the latest five accident years ending March 31, 2008 as of June 30, 2008. The indicated rate level change is developed in this exhibit and the proposed change is also provided. A large loss procedure was applied to the losses, which is detailed in Exhibit III.

Exhibit II displays the calculation of the premium trend factors to reflect increasing amounts of insurance, as well as all other distributional changes. The selected factors are based on USAA Group Arkansas data. The current amount factors are based on actual trend to current in average earned premium at present rates (EPPR). The trended amount factor was selected based on the change in annual average EPPR. The data was fitted to an exponential curve.

Exhibit III shows the 10-year smoothing technique USAA Group uses to reflect the excess loss potential in Arkansas. The Large Loss Adjustment establishes an excess loss cut-off as a percentage of the average amount of insurance written for each year. The procedure then removes the portion of developed loss in excess of the cut-off, ratios the excess losses to the developed non-excess (normal) losses, and selects a weighted average of this ratio as the excess loss factor.

Exhibit IV displays the calculation of USAA Group loss development factors for Arkansas. Loss data used for these calculations excludes catastrophes.

Exhibit V shows the loss trend underlying the rate level indication. Various exponential fits including 20-, 16-, 12-, 8-, and 4-points are shown. The selected current cost factor (CCF) and trended cost factor (TCF) are based on the results of these exponential fits. Due to the volatility and lack of credibility in Arkansas, the selected Group Arkansas loss trend was credibility weighted with USAA Group countrywide excluding California, Florida and Texas loss trend data. The Arkansas credibility weighted current cost factor and trended cost factor are displayed on Page 2.

Exhibit VI 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-accident years 2005, 2006, and 2007.

Exhibit VII calculates the expected catastrophe loss and LAE factors. The non-hurricane catastrophe data, based on actual USAA Group Arkansas experience over a 20 year period, is shown.

Exhibit VIII shows the development of the variable permissible loss and LAE ratio for Arkansas on Page 1. Provisions for other expense categories are based on countrywide data from the Insurance Expense Exhibit while taxes, licenses, and fees are based upon actual Arkansas experience for USAA Group. 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 IX details USAA Group's method for selecting its underwriting profit and contingency provision, which is included in the permissible loss ratio.

USAA Group
Arkansas
Indicated Rate Change
Allied Lines Forms
As of 06/30/2008

Calendar/ Accident Year Ending (1)	Earned Premium at Present Rates (2)	Premium Trend Factor ^A (3)	Prospective Earned Premium at Present Rates (4) = (2) * (3)	Smoothed Developed Incurred Losses Excluding Catastrophes ^B (5)	Loss Trend Factor ^C (6)	LAE Factor ^D (7)	Prospective Incurred Losses and LAE Excluding Catastrophes (8) = (5) * (6) * (7)	Prospective Loss and LAE Ratio Excluding Catastrophes (9) = (8) / (4)	Weight (10)
03/31/2004	\$536,021	1.268	\$679,675	\$185,581	2.827	1.170	\$613,826	0.903	0.100
03/31/2005	619,304	1.180	730,779	152,232	2.404	1.170	428,180	0.586	0.150
03/31/2006	714,619	1.116	797,515	256,949	2.043	1.170	614,188	0.770	0.200
03/31/2007	741,157	1.116	827,131	236,058	1.738	1.170	480,015	0.580	0.250
03/31/2008	811,774	1.074	871,845	374,221	1.477	1.170	646,688	0.742	0.300
Five Year Weighted Loss and LAE Ratio Excluding Catastrophes =									0.700
Catastrophe Loss and LAE Ratio ^F =									0.135
Trended Fixed Expense Ratio ^E =									0.140
Variable Permissible Loss and LAE Ratio ^E =									0.845
Indicated Rate Level Change =						(0.700 + 0.135 + 0.140) / 0.845 - 1			15.4%
Proposed Rate Level Change =									12.5%

^A Developed in Exhibit II

^B Developed in Exhibit III

^C Developed in Exhibit V, Page 2 of 2

^D Developed in Exhibit VI

^E Developed in Exhibit VIII, Page 1 of 2

^F Developed in

USAA Group
Arkansas
Premium Trend
Allied Lines Forms

Exhibit II

Year Ending Quarter (1)	Total Earned Premium at Present Rates (2)	Earned Exposures (3)	Average Earned Premium at Present Rates (4)	Annual Change (5)	Current Amount Factors 344.48 / (4)
2003/2	513,339.88	1,809.51	283.69		1.214
2003/3	519,242.10	1,815.89	285.94		1.205
2003/4	524,832.36	1,819.32	288.48		1.194
2004/1	536,021.12	1,838.16	291.61		1.181
2004/2	551,858.60	1,864.08	296.05	4.4%	1.164
2004/3	570,273.14	1,890.67	301.62	5.5%	1.142
2004/4	595,010.38	1,932.72	307.86	6.7%	1.119
2005/1	619,303.31	1,975.11	313.55	7.5%	1.099
2005/2	645,417.64	2,022.57	319.11	7.8%	1.080
2005/3	672,206.06	2,076.57	323.71	7.3%	1.064
2005/4	695,793.14	2,121.35	328.00	6.5%	1.050
2006/1	714,619.58	2,155.40	331.55	5.7%	1.039
2006/2	726,289.37	2,178.42	333.40	4.5%	1.033
2006/3	732,021.37	2,193.87	333.67	3.1%	1.032
2006/4	733,802.69	2,209.61	332.10	1.3%	1.037
2007/1	741,156.81	2,236.43	331.40	0.0%	1.039
2007/2	754,195.49	2,269.21	332.36	-0.3%	1.036
2007/3	774,100.13	2,306.89	335.56	0.6%	1.027
2007/4	795,173.01	2,339.90	339.83	2.3%	1.014
2008/1	811,774.03	2,356.55	344.48	3.9%	1.000

Trended Amount Factor:

	Least Squares Results				
	20 pt	16 pt	12 pt	8 pt	4 pt
Exponential Fits					
Annualized Change:	4.2%	3.4%	2.0%	1.7%	4.9%
R-squared Value:	0.914	0.854	0.806	0.587	0.994
Selected Annual Trend Factor:	1.030				

Premium Trend Factor

<u>Accident Year Ending</u>	Current Amount Factors (1)	Trended Amount Selection (2)	Trended Amount Period ^A (3)	Trended Amount Factors (4) = (2) ^ (3)	Premium Trend Factors (5) = (1) * (4)
	03/31/2004	1.181	1.030	2.420	1.074
03/31/2005	1.099	1.030	2.420	1.074	1.180
03/31/2006	1.039	1.030	2.420	1.074	1.116
03/31/2007	1.039	1.030	2.420	1.074	1.116
03/31/2008	1.000	1.030	2.420	1.074	1.074

^A From the average earned date in the most recent accident year, 09/30/2007, to the average earned date in the effective period, 02/28/2010

USAA Group
Arkansas
Large Loss Adjustment
Allied Lines Forms
As of 06/30/2008

Exhibit III

Calendar/ Accident Year Ending	Average Amount of Insurance	Cutoff 25% of (2)	Incurred Losses Excluding Catastrophes	Loss Development Factors	Developed Losses Excluding Catastrophes	Number of Excess Losses	Large Losses	Excess Losses	Normal Losses	Excess Ratio	Smoothed Developed Incurred Losses Ex Cats
(1)	(2)	(3)	(4)	(5) ^A	(6)	(7)	(8)	(9) = (8) - (7) * (3)	(10) = (6) - (9)	(11) = (9) / (10)	(12) ^C
03/31/1999	\$87,736	\$21,934	\$149,494	1.0000	\$149,494	0	\$0	\$0	\$149,494	0.000	\$153,979
03/31/2000	92,680	\$23,170	149,106	1.0000	\$149,106	1	\$29,234	6,064	143,042	0.042	\$147,333
03/31/2001	98,332	\$24,583	243,700	1.0000	\$243,700	0	\$0	0	243,700	0.000	\$251,011
03/31/2002	102,390	\$25,598	128,353	1.0000	\$128,353	0	\$0	0	128,353	0.000	\$132,204
03/31/2003	104,958	\$26,240	226,839	1.0000	\$226,839	2	\$67,252	14,772	212,067	0.070	\$218,429
03/31/2004	118,403	\$29,601	187,142	1.0000	\$187,142	2	\$66,168	6,966	180,176	0.039	\$185,581
03/31/2005	133,866	\$33,467	147,798	1.0000	\$147,798	0	\$0	0	147,798	0.000	\$152,232
03/31/2006	143,875	\$35,969	279,124	0.9992	\$278,901	1	\$65,405	29,436	249,465	0.118	\$256,949
03/31/2007	151,012	\$37,753	234,063	0.9982	\$233,642	1	\$42,212	4,459	229,183	0.019	\$236,058
03/31/2008	160,584	\$40,146	359,013	1.0120	\$363,321	0	\$0	0	363,321	0.000	\$374,221
								\$61,697	\$2,046,599		

Weighted Average Excess Ratio^B = 0.030

Weighted Average Excess Factor = 1.030

^A Developed in Exhibit IV

^B Weighted Average Excess Ratio = Sum of Column (9) / Sum of Column (10)

^C (12) = (10) * Weighted Average Excess Factor

USAA Group

Arkansas

Loss Development

Incurred Losses Excluding Catastrophes

Allied Lines Forms

Exhibit IV

Accident Year Ending	15 months	27 months	39 months	51 months	63 months
03/31/1999					149,494
03/31/2000				144,110	149,106
03/31/2001			243,700	243,700	243,700
03/31/2002		128,353	128,353	128,353	128,353
03/31/2003	216,475	228,573	228,100	227,157	226,839
03/31/2004	182,435	187,643	187,142	187,142	187,142
03/31/2005	147,169	147,798	147,798	147,798	
03/31/2006	276,704	279,124	279,124		
03/31/2007	238,472	234,063			
03/31/2008	359,013				

Age-to-Age Factors

Accident Year Ending	15 to 27 Months	27 to 39 Months	39 to 51 Months	51 to 63 Months
03/31/1999				
03/31/2000				1.0347
03/31/2001			1.0000	1.0000
03/31/2002		1.0000	1.0000	1.0000
03/31/2003	1.0559	0.9979	0.9959	0.9986
03/31/2004	1.0285	0.9973	1.0000	1.0000
03/31/2005	1.0043	1.0000	1.0000	
03/31/2006	1.0087	1.0000		
03/31/2007	0.9815			
Latest 3-year Average	0.9982	0.9991	0.9986	0.9995
Latest 4-year Average	1.0058	0.9988	0.9990	0.9997
Latest 5-year Average	1.0158	0.9990	0.9992	1.0067
Latest 3-out-of-5-year Average	1.0138	0.9993	1.0000	1.0000
Selected Age-to-Age Factors	1.0138	0.9990	0.9992	1.0000

Cumulative Factors ^A

	15 to Ultimate	27 to Ultimate	39 to Ultimate	51 to 63 Months
Selected Cumulative Factors	1.0120	0.9982	0.9992	1.0000

^A Cumulative factors are adjusted to ultimate with a factor of 1.0000

USAA Group
Arkansas
USAA Group CW Excl CA, FL, & TX
Allied Lines Forms

Year Ending Quarter	Calendar Year Paid Frequency				Calendar Year Paid Severity				Calendar Year Paid Pure Premium			
	Series 1 ^A	Annual Change	Series 2 ^B	Annual Change	Series 1 ^A	Annual Change	Series 2 ^B	Annual Change	Series 1 ^A	Annual Change	Series 2 ^B	Annual Change
2003/3	0.0314		0.0209		3,294		3,258		103.43		68.10	
2003/4	0.0286		0.0197		2,492		3,403		71.29		66.97	
2004/1	0.0290		0.0200		2,768		3,508		80.26		70.10	
2004/2	0.0330		0.0207		2,140		3,620		70.56		74.87	
2004/3	0.0387	23.3%	0.0200	-4.3%	2,174	-34.0%	3,979	22.1%	84.21	-18.6%	79.59	16.9%
2004/4	0.0333	16.5%	0.0187	-5.1%	2,522	1.2%	4,149	21.9%	84.07	17.9%	77.49	15.7%
2005/1	0.0321	10.7%	0.0185	-7.2%	2,619	-5.4%	4,266	21.6%	84.04	4.7%	79.12	12.9%
2005/2	0.0315	-4.4%	0.0175	-15.4%	2,659	24.2%	4,497	24.2%	83.80	18.8%	78.72	5.1%
2005/3	0.0253	-34.7%	0.0174	-13.2%	2,987	37.4%	4,519	13.6%	75.57	-10.3%	78.42	-1.5%
2005/4	0.0284	-14.7%	0.0171	-8.2%	2,923	15.9%	4,611	11.2%	83.08	-1.2%	79.03	2.0%
2006/1	0.0330	2.8%	0.0168	-9.4%	3,479	32.8%	5,031	17.9%	114.80	36.6%	84.51	6.8%
2006/2	0.0340	7.9%	0.0173	-1.4%	3,530	32.8%	5,263	17.0%	120.07	43.3%	90.85	15.4%
2006/3	0.0382	50.9%	0.0171	-1.4%	4,222	41.3%	5,683	25.8%	161.18	113.3%	97.27	24.0%
2006/4	0.0387	36.3%	0.0177	3.2%	4,389	50.1%	5,842	26.7%	170.03	104.7%	103.37	30.8%
2007/1	0.0330	0.1%	0.0184	9.5%	4,089	17.6%	5,795	15.2%	135.14	17.7%	106.64	26.2%
2007/2	0.0310	-9.0%	0.0195	12.8%	4,401	24.7%	5,938	12.8%	136.30	13.5%	115.58	27.2%
2007/3	0.0243	-36.4%	0.0207	20.8%	3,567	-15.5%	5,954	4.8%	86.66	-46.2%	123.11	26.6%
2007/4	0.0217	-44.1%	0.0209	18.3%	3,913	-10.8%	6,015	3.0%	84.80	-50.1%	125.94	21.8%
2008/1	0.0248	-25.0%	0.0209	13.5%	4,377	7.0%	6,236	7.6%	108.48	-19.7%	130.29	22.2%
2008/2	0.0318	2.7%	0.0214	10.0%	4,538	3.1%	6,290	5.9%	144.41	6.0%	134.64	16.5%
Exponential Fits	R-squared Value	Annualized Change	R-squared Value	Annualized Change	R-squared Value	Annualized Change	R-squared Value	Annualized Change	R-squared Value	Annualized Change	R-squared Value	Annualized Change
20-point fit	0.059	-2.9%	0.006	0.4%	0.710	14.9%	0.976	15.8%	0.315	11.6%	0.911	16.2%
16-point fit	0.175	-6.1%	0.316	4.0%	0.811	19.7%	0.956	13.9%	0.231	12.4%	0.921	18.4%
12-point fit	0.071	-5.6%	0.869	10.2%	0.570	13.7%	0.896	12.4%	0.039	7.3%	0.991	23.9%
8-point fit	0.503	-21.2%	0.936	14.5%	0.005	0.7%	0.925	5.6%	0.323	-20.7%	0.984	21.0%
4-point fit	0.585	45.9%	0.814	4.1%	0.971	39.6%	0.934	8.4%	0.841	103.7%	0.991	12.9%

^A Series 1 is based on USAA Group Arkansas data

^B Series 2 is based on USAA Group CW Excl CA, FL, & TX data

USAA Group
Arkansas
USAA Group CW Excl CA, FL, & TX
Allied Lines Forms

	Series 1 Frequency ^A	Series 2 Frequency ^B	Cred-Weighted Frequency ^C	Series 1 Severity ^A	Series 2 Severity ^B	Cred-Weighted Severity ^C	Cred-Weighted Pure Premium
Current Cost Selection	0.950	1.030	1.023	1.150	1.150	1.150	1.176
Trended Cost Selection	1.000	1.100	1.092	1.050	1.080	1.077	1.176

<u>Accident Year Ending</u>	Loss Trend Factor						
	Current Cost Selection (1)	Current Cost Period ^D (2)	Current Cost Factor (3) = (1) ^ (2)	Trended Cost Selection (4)	Trended Cost Period ^E (5)	Trended Cost Factor (6) = (4) ^ (5)	Loss Trend Factor (7) = (3) * (6)
03/31/2004	1.176	4.250	1.992	1.176	2.160	1.419	2.827
03/31/2005	1.176	3.250	1.694	1.176	2.160	1.419	2.404
03/31/2006	1.176	2.250	1.440	1.176	2.160	1.419	2.043
03/31/2007	1.176	1.250	1.225	1.176	2.160	1.419	1.738
03/31/2008	1.176	0.250	1.041	1.176	2.160	1.419	1.477

^A Series 1 is based on USAA Group Arkansas data

^B Series 2 is based on USAA Group CW Excl CA, FL, & TX data

^C USAA Group Arkansas is 8.4% credible based on 75 claims; used the Square Root method with a full credibility standard of 10,623 claims.

^D From the average date of loss in the respective accident year to 12/31/2007

^E From 12/31/2007 to the average date of loss in the effective period, 02/28/2010

USAA Group
Countrywide
 Loss Adjustment Expense (LAE) Factor
All Forms Combined
 As of 6/30/2008

Non-Catastrophe Loss Adjustment Expense Factor			
Calendar/Accident Year Ending	Incurred Losses	Loss Adjustment Expense	LAE Ratio
12/31/2005	55,808,806	13,022,723	0.233
12/31/2006	59,785,482	8,639,673	0.145
12/31/2007	87,818,538	10,660,103	0.121
Average LAE Ratio			0.166
Selected Non-Catastrophe LAE Factor			1.170

Non-Hurricane Catastrophe Loss Adjustment Expense Factor			
Calendar/Accident Year Ending	Incurred Losses	Loss Adjustment Expense	LAE Ratio
12/31/2005	6,367,656	343,531	0.054
12/31/2006	13,324,683	994,713	0.075
12/31/2007	15,744,120	704,548	0.045
Average LAE Ratio			0.058
Selected Non-Hurricane Catastrophe LAE Factor			1.060

USAA Group
Arkansas
 Expected Catastrophe Ratio
Allied Lines Forms
 As of 06/30/2008

Accident Year Ending	Earned Premium	Direct Catastrophe Losses	Cat/Prem Ratio
3/31/1989	223,870	9,929	0.044
3/31/1990	241,397	104,258	0.432
3/31/1991	261,462	30,372	0.116
3/31/1992	277,471	57,855	0.209
3/31/1993	296,251	17,478	0.059
3/31/1994	299,386	13,962	0.047
3/31/1995	304,190	1,215	0.004
3/31/1996	310,858	52,440	0.169
3/31/1997	312,443	104,518	0.335
3/31/1998	317,483	0	0.000
3/31/1999	334,806	79,195	0.237
3/31/2000	379,377	9,241	0.024
3/31/2001	429,808	27,613	0.064
3/31/2002	430,975	4,851	0.011
3/31/2003	424,273	3,786	0.009
3/31/2004	446,277	24,039	0.054
3/31/2005	515,593	117,550	0.228
3/31/2006	599,938	88,311	0.147
3/31/2007	710,242	72,841	0.103
3/31/2008	811,765	194,310	0.239
Average (Catastrophe Losses) / (Direct Earned Premium) =			0.127
Selected Catastrophe LAE Factor ^A =			1.060
Catastrophe Loss and LAE Ratio =			0.135

^A Developed in Exhibit VI

USAA Group
Arkansas
Fixed and Variable Expense Provisions
Allied Lines Forms

	2006	2007	2-Year Straight Average	Selected
(1) Average General Expenses Per Earned Exposure ^A	\$2.92	\$3.11		
(2) Selected Annual Expense Trend ^B	3.0%	3.0%		
(3) Trend Period ^C	3.67	2.67		
(4) Projected Average General Expenses Per Earned Exposure (1) * [1.03] ^ (3)	\$3.25	\$3.37	\$3.31	\$3.31
(5) Average Other Acquisition Expense Per Written Exposure ^A	\$44.31	\$42.26		
(6) Selected Annual Expense Trend ^B	3.0%	3.0%		
(7) Trend Period ^D	3.16	2.16		
(8) Projected Average Other Acquisition Expense Per Written Exposure (5) * [1.03] ^ (7)	\$48.65	\$45.05	\$46.85	\$46.85
(9) Average Licenses and Fees Expense Per Written Exposure ^E	\$1.42	\$1.93		
(10) Selected Annual Expense Trend ^B	3.0%	3.0%		
(11) Trend Period ^D	3.16	2.16		
(12) Projected Average Licenses and Fees Expense Per Written Exposure (9) * [1.03] ^ (11)	\$1.56	\$2.06	\$1.81	\$1.81
(13) Total Fixed Expense (4) + (8) + (12)				\$51.97
(14) Average Projected Premium at Present Rates ^F				\$369.90
(15) Projected Fixed Expense Provision (13) / (14)				0.140
(16) Commission and Brokerage	0.0%	0.0%	0.0%	0.0%
(17) Taxes ^G	2.1%	3.3%	2.7%	2.7%
(18) Profit and Contingencies Provision ^H				12.8%
(19) Total Variable Expenses (16) + (17) + (18)				15.5%
(20) Variable Permissible Loss and LAE Ratio 1 - (19)				84.5%

^A USAA Group Countrywide data

^B Developed in Exhibit VIII, Page 2 of 2

^C From the midpoint of the respective year to the average earned date in effective period, 02/28/2010

^D From the midpoint of the respective year to the average written date in effective period, 08/28/2009

^E Arkansas USAA Group data

^F Arkansas USAA Group data for Allied Lines Forms only

^G Arkansas USAA Group data as a percent of direct written premium

^H Developed in Exhibit IX

USAA Group
Countrywide
Calculation of Annual Expense Trend

(1) Employment Cost Index - Finance, Insurance & Real Estate, excluding Sales Occupations - (annual change over latest 2 years ending 03/31/2008) U.S. Department of Labor	2.8%
(2) % of Other Acquisition and General Expenses used for Salaries and Employee Relations & Welfare - USAA Group Insurance Expense Exhibit, 2007	53.4%
(3) Consumer Price Index, All Items - (annual change over latest 2 years ending 03/31/2008)	3.4%
(4) Annual Expense Trend - $\{ (1) * (2) \} + \{ (3) * [1 - (2)] \}$	3.1%
<hr/> Selected Annual Expense Trend	<hr/> 3.0%

USAA Group
Arkansas
Explanatory Memorandum
Fire Lines

The attached exhibits are in support of the Fire Rate revision in Arkansas with a proposed effective date of 02/28/2009. Exhibits I-F through X-F develop the rate level indication.

Exhibit I-F illustrates USAA Group Arkansas experience for the latest five accident years ending March 31, 2008 as of June 30, 2008. The indicated rate level change is developed in this exhibit and the proposed change is also provided. A large loss procedure was applied to the losses, which is detailed in Exhibit III-F.

Exhibit II-F displays the calculation of the premium trend factors to reflect increasing amounts of insurance, as well as all other distributional changes. The selected factors are based on USAA Group Arkansas data. The current amount factors are based on actual trend to current in average earned premium at present rates (EPPR). The trended amount factor was selected based on the change in annual average EPPR. The data was fitted to an exponential curve.

Exhibit III-F shows the 10-year smoothing technique USAA Group uses to reflect the excess loss potential in Arkansas. The Large Loss Adjustment establishes an excess loss cut-off as a percentage of the average amount of insurance written for each year. The procedure then removes the portion of developed loss in excess of the cut-off, ratios the excess losses to the developed non-excess (normal) losses, and selects a weighted average of this ratio as the excess loss factor.

Exhibit IV-F displays the calculation of USAA Group loss development factors for Arkansas. Loss data used for these calculations excludes catastrophes.

Exhibit V-F shows the loss trend underlying the rate level indication. Various exponential fits including 20-, 16-, 12-, 8-, and 4-points are shown. The selected current cost factor (CCF) and trended cost factor (TCF) are based on the results of these exponential fits. Due to the volatility and lack of credibility in Arkansas, the selected Group Arkansas loss trend was credibility weighted with USAA Group countrywide excluding California, Florida and Texas loss trend data. The Arkansas credibility weighted current cost factor and trended cost factor are displayed on Page 2.

Exhibit VI-F develops the loss adjustment expense (LAE) factor used in calculating the indication in Exhibit I-F. The factor is based upon USAA Group countrywide data for calendar-accident years 2005, 2006, and 2007.

Exhibit VII-F calculates the expected catastrophe loss and LAE factors. The non-hurricane catastrophe data, based on actual USAA Group Arkansas experience over a 20 year period, is shown on Page 1. The modeled earthquake and fire following catastrophe losses net of recoveries are shown on Page 2.

Exhibit VIII-F shows the development of the variable permissible loss and LAE ratio for Arkansas on Page 1. Provisions for other expense categories are based on countrywide data from the Insurance Expense Exhibit while taxes, licenses, and fees are based upon actual Arkansas experience for USAA Group. 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-F.

Exhibit IX-F details USAA Group's method for selecting its underwriting profit and contingency provision, which is included in the permissible loss ratio.

USAA Group
Arkansas
 Indicated Rate Change
Fire Forms
 As of 06/30/2008

Calendar/ Accident Year Ending (1)	Earned Premium at Present Rates (2)	Premium Trend Factor ^A (3)	Prospective Earned Premium at Present Rates (4) = (2) * (3)	Smoothed Developed Incurred Losses Excluding Catastrophes ^B (5)	Loss Trend Factor ^C (6)	LAE Factor ^D (7)	Prospective Incurred Losses and LAE Excluding Catastrophes (8) = (5) * (6) * (7)	Prospective Loss and LAE Ratio Excluding Catastrophes (9) = (8) / (4)	Weight (10)
03/31/2004	\$324,665	1.346	\$436,999	\$250,417	2.136	1.170	\$625,822	1.432	0.100
03/31/2005	377,052	1.246	469,807	79,616	1.851	1.170	172,422	0.367	0.150
03/31/2006	438,432	1.169	512,527	249,107	1.604	1.170	467,494	0.912	0.200
03/31/2007	463,506	1.147	531,641	147,289	1.390	1.170	239,536	0.451	0.250
03/31/2008	509,671	1.100	560,638	908,297	1.204	1.170	1,279,500	2.282	0.300

Five Year Weighted Loss and LAE Ratio Excluding Catastrophes =	1.178
Non-Hurricane Catastrophe Loss and LAE Ratio ^F =	0.002
EQ FF Cat Loss and LAE Ratio ^H =	0.018
Trended Fixed Expense Ratio ^E =	0.158
Variable Permissible Loss and LAE Ratio ^E =	0.840
Indicated Rate Level Change =	(1.178 + 0.002 + 0.018 + 0.158) / 0.840 - 1
Proposed Rate Level Change =	61.4%
	10.7%

^A Developed in Exhibit II-F

^B Developed in Exhibit III-F

^C Developed in Exhibit V-F, Page 2 of 2

^D Developed in Exhibit VI-F

^E Developed in Exhibit VIII-F, Page 1 of 2

^F Developed in Exhibit VII-F

^G Developed in Exhibit VIII-F, Page 1 of 2

^H Developed in Exhibit VIII-F, Page 2 of 2

USAA Group
Arkansas
Premium Trend
Fire Forms

Exhibit II-F

Year Ending Quarter (1)	Total Earned Premium at Present Rates (2)	Earned Exposures (3)	Average Earned Premium at Present Rates (4)	Annual Change (5)	Current Amount Factors 216.29 / (4)
2003/2	304,362.28	1,807.72	168.37		1.285
2003/3	309,855.45	1,814.60	170.76		1.267
2003/4	315,705.47	1,818.32	173.62		1.246
2004/1	324,664.11	1,837.16	176.72		1.224
2004/2	335,172.57	1,863.08	179.90	6.8%	1.202
2004/3	347,122.08	1,889.71	183.69	7.6%	1.177
2004/4	362,365.83	1,932.01	187.56	8.0%	1.153
2005/1	377,051.16	1,974.85	190.93	8.0%	1.133
2005/2	392,852.60	2,022.65	194.23	8.0%	1.114
2005/3	409,887.56	2,076.62	197.38	7.5%	1.096
2005/4	425,225.22	2,121.15	200.47	6.9%	1.079
2006/1	438,431.86	2,154.74	203.47	6.6%	1.063
2006/2	447,880.25	2,177.46	205.69	5.9%	1.052
2006/3	452,789.70	2,193.15	206.46	4.6%	1.048
2006/4	456,500.88	2,209.14	206.64	3.1%	1.047
2007/1	463,506.02	2,236.02	207.29	1.9%	1.043
2007/2	473,394.86	2,268.76	208.66	1.4%	1.037
2007/3	486,489.92	2,306.42	210.93	2.2%	1.025
2007/4	499,250.79	2,339.44	213.41	3.3%	1.013
2008/1	509,671.04	2,356.44	216.29	4.3%	1.000

Trended Amount Factor:

	Least Squares Results				
	20 pt	16 pt	12 pt	8 pt	4 pt
Exponential Fits					
Annualized Change:	5.4%	4.6%	3.4%	2.8%	4.9%
R-squared Value:	0.955	0.939	0.946	0.898	0.998
Selected Annual Trend Factor:	1.040				

Premium Trend Factor

Accident Year Ending

03/31/2004
03/31/2005
03/31/2006
03/31/2007
03/31/2008

Current Amount Factors (1)	Trended Amount Selection (2)	Trended Amount Period ^A (3)	Trended Amount Factors (4) = (2) ^ (3)	Premium Trend Factors (5) = (1) * (4)
1.224	1.040	2.420	1.100	1.346
1.133	1.040	2.420	1.100	1.246
1.063	1.040	2.420	1.100	1.169
1.043	1.040	2.420	1.100	1.147
1.000	1.040	2.420	1.100	1.100

^A From the average earned date in the most recent accident year, 09/30/2007, to the average earned date in the effective period, 02/28/2010

USAA Group
Arkansas
Large Loss Adjustment
Fire Forms
As of 06/30/2008

Exhibit III-F

Calendar/ Accident Year Ending	Average Amount of Insurance	Cutoff 25% of (2)	Incurred Losses Excluding Catastrophes	Loss Development Factors	Developed Losses Excluding Catastrophes	Number of Excess Losses	Large Losses	Excess Losses	Normal Losses	Excess Ratio	Smoothed Developed Incurred Losses Ex Cats
(1)	(2)	(3)	(4)	(5) ^A	(6)	(7)	(8)	(9) = (8) - (7) * (3)	(10) = (6) - (9)	(11) = (9) / (10)	(12) ^C
03/31/1999	\$87,741	\$21,935	\$163,860	1.0000	\$163,860	3	\$138,938	\$73,133	\$90,727	0.806	\$181,273
03/31/2000	92,680	\$23,170	218,361	1.0000	\$218,361	3	\$193,884	124,374	93,987	1.323	\$187,786
03/31/2001	98,332	\$24,583	84,315	1.0000	\$84,315	1	\$56,515	31,932	52,383	0.610	\$104,661
03/31/2002	102,390	\$25,598	148,568	1.0000	\$148,568	3	\$132,551	55,757	92,811	0.601	\$185,436
03/31/2003	104,958	\$26,240	43,975	1.0000	\$43,975	0	\$0	0	43,975	0.000	\$87,862
03/31/2004	118,403	\$29,601	228,828	1.0000	\$228,828	3	\$192,297	103,494	125,334	0.826	\$250,417
03/31/2005	133,866	\$33,467	39,848	1.0000	\$39,848	0	\$0	0	39,848	0.000	\$79,616
03/31/2006	143,875	\$35,969	287,165	1.0000	\$287,165	3	\$270,394	162,487	124,678	1.303	\$249,107
03/31/2007	151,020	\$37,755	171,876	1.0000	\$171,876	1	\$135,913	98,158	73,718	1.332	\$147,289
03/31/2008	160,798	\$40,200	1,021,991	0.9735	\$994,908	8	\$861,905	540,305	454,603	1.189	\$908,297
								\$1,189,640	\$1,192,064		

Weighted Average Excess Ratio^B = 0.998

Weighted Average Excess Factor = 1.998

^A Developed in Exhibit IV-F

^B Weighted Average Excess Ratio = Sum of Column (9) / Sum of Column (10)

^C (12) = (10) * Weighted Average Excess Factor

USAA Group
Arkansas
Loss Development
Incurred Losses Excluding Catastrophes
Fire Forms

Accident Year Ending	15 months	27 months	39 months	51 months	63 months
03/31/1999					163,860
03/31/2000				218,361	218,361
03/31/2001			84,315	84,315	84,315
03/31/2002		148,568	148,568	158,068	148,568
03/31/2003	64,956	64,956	43,975	43,975	43,975
03/31/2004	225,444	228,828	228,828	228,828	228,828
03/31/2005	43,284	39,848	39,848	39,848	
03/31/2006	287,165	287,165	287,165		
03/31/2007	197,936	171,876			
03/31/2008	1,021,991				

Age-to-Age Factors

Accident Year Ending	15 to 27 Months	27 to 39 Months	39 to 51 Months	51 to 63 Months
03/31/1999				
03/31/2000				1.0000
03/31/2001			1.0000	1.0000
03/31/2002		1.0000	1.0639	0.9399
03/31/2003	1.0000	0.6770	1.0000	1.0000
03/31/2004	1.0150	1.0000	1.0000	1.0000
03/31/2005	0.9206	1.0000	1.0000	
03/31/2006	1.0000	1.0000		
03/31/2007	0.8683			
Latest 3-year Average	0.9296	1.0000	1.0000	0.9800
Latest 4-year Average	0.9510	0.9193	1.0160	0.9850
Latest 5-year Average	0.9608	0.9354	1.0128	0.9880
Latest 3-out-of-5-year Average	0.9735	1.0000	1.0000	1.0000
Selected Age-to-Age Factors	0.9735	1.0000	1.0000	1.0000

Cumulative Factors ^A

	15 to Ultimate	27 to Ultimate	39 to Ultimate	51 to 63 Months
Selected Cumulative Factors	0.9735	1.0000	1.0000	1.0000

^A Cumulative factors are adjusted to ultimate with a factor of 1.0000

USAA Group
Arkansas
USAA Group CW Excl CA, FL, & TX
Fire Forms

Year Ending Quarter	Calendar Year Paid Frequency				Calendar Year Paid Severity				Calendar Year Paid Pure Premium			
	Series 1 ^A	Annual Change	Series 2 ^B	Annual Change	Series 1 ^A	Annual Change	Series 2 ^B	Annual Change	Series 1 ^A	Annual Change	Series 2 ^B	Annual Change
2003/3	0.0072		0.0039		7,372		16,438		52.80		64.27	
2003/4	0.0077		0.0038		8,641		19,171		66.55		72.81	
2004/1	0.0093		0.0038		13,924		18,488		129.49		70.91	
2004/2	0.0076		0.0039		16,913		17,811		127.99		68.95	
2004/3	0.0070	-2.4%	0.0037	-6.4%	15,814	114.5%	18,230	10.9%	110.59	109.5%	66.72	3.8%
2004/4	0.0074	-3.8%	0.0035	-8.3%	10,608	22.8%	18,640	-2.8%	78.57	18.1%	64.92	-10.8%
2005/1	0.0047	-49.9%	0.0033	-12.9%	3,087	-77.8%	21,359	15.5%	14.38	-88.9%	71.39	0.7%
2005/2	0.0041	-46.3%	0.0033	-14.5%	2,497	-85.2%	21,248	19.3%	10.16	-92.1%	70.32	2.0%
2005/3	0.0045	-36.2%	0.0034	-6.7%	17,738	12.2%	21,618	18.6%	79.15	-28.4%	73.83	10.7%
2005/4	0.0039	-48.0%	0.0032	-7.6%	30,764	190.0%	21,789	16.9%	118.49	50.8%	70.15	8.1%
2006/1	0.0047	1.2%	0.0033	-1.2%	39,258	1171.6%	21,273	-0.4%	185.09	1187.1%	70.24	-1.6%
2006/2	0.0047	14.5%	0.0035	7.3%	51,864	1976.8%	21,116	-0.6%	241.57	2277.7%	74.95	6.6%
2006/3	0.0032	-27.8%	0.0037	8.5%	53,439	201.3%	23,326	7.9%	172.07	117.4%	86.44	17.1%
2006/4	0.0018	-52.7%	0.0039	21.1%	70,900	130.5%	25,311	16.2%	129.26	9.1%	98.65	40.6%
2007/1	0.0009	-80.8%	0.0040	21.4%	68,562	74.6%	27,664	30.0%	62.07	-66.5%	110.92	57.9%
2007/2	0.0040	-13.3%	0.0040	11.5%	23,730	-54.2%	30,640	45.1%	95.86	-60.3%	121.23	61.7%
2007/3	0.0066	105.8%	0.0040	7.3%	32,174	-39.8%	29,746	27.5%	213.17	23.9%	118.23	36.8%
2007/4	0.0087	375.5%	0.0041	4.3%	26,156	-63.1%	27,124	7.2%	226.75	75.4%	110.24	11.7%
2008/1	0.0115	1174.4%	0.0041	1.4%	29,822	-56.5%	26,652	-3.7%	344.10	454.4%	108.34	-2.3%
2008/2	0.0127	215.1%	0.0042	6.9%	26,972	13.7%	24,440	-20.2%	343.30	258.1%	103.36	-14.7%
Exponential Fits	R-squared Value	Annualized Change	R-squared Value	Annualized Change	R-squared Value	Annualized Change	R-squared Value	Annualized Change	R-squared Value	Annualized Change	R-squared Value	Annualized Change
20-point fit	0.003	-5.1%	0.192	2.4%	0.316	45.9%	0.779	11.6%	0.470	38.4%	0.736	14.2%
16-point fit	0.152	9.1%	0.705	6.5%	0.181	56.2%	0.685	11.8%	0.538	70.4%	0.783	19.0%
12-point fit	0.472	46.7%	0.878	9.8%	0.018	-4.6%	0.479	11.0%	0.409	40.0%	0.696	21.9%
8-point fit	0.857	246.9%	0.819	5.8%	0.567	-42.7%	0.019	2.4%	0.636	98.7%	0.181	8.3%
4-point fit	0.978	145.4%	0.864	7.7%	0.313	-14.7%	0.944	-21.6%	0.837	109.3%	0.944	-15.5%

^A Series 1 is based on USAA Group Arkansas data

^B Series 2 is based on USAA Group CW Excl CA, FL, & TX data

USAA Group
Arkansas
USAA Group CW Excl CA, FL, & TX
Fire Forms

	Series 1 Frequency ^A	Series 2 Frequency ^B	Cred-Weighted Frequency ^C	Series 1 Severity ^A	Series 2 Severity ^B	Cred-Weighted Severity ^C	Cred-Weighted Pure Premium
Current Cost Selection	1.000	1.040	1.038	1.150	1.110	1.112	1.154
Trended Cost Selection	1.100	1.070	1.072	1.000	1.000	1.000	1.072

<u>Accident Year Ending</u>	Loss Trend Factor						
	Current Cost Selection	Current Cost Period ^D	Current Cost Factor	Trended Cost Selection	Trended Cost Period ^E	Trended Cost Factor	Loss Trend Factor
	(1)	(2)	(3) = (1) ^ (2)	(4)	(5)	(6) = (4) ^ (5)	(7) = (3) * (6)
03/31/2004	1.154	4.250	1.838	1.072	2.160	1.162	2.136
03/31/2005	1.154	3.250	1.593	1.072	2.160	1.162	1.851
03/31/2006	1.154	2.250	1.380	1.072	2.160	1.162	1.604
03/31/2007	1.154	1.250	1.196	1.072	2.160	1.162	1.390
03/31/2008	1.154	0.250	1.036	1.072	2.160	1.162	1.204

^A Series 1 is based on USAA Group Arkansas data

^B Series 2 is based on USAA Group CW Excl CA, FL, & TX data

^C USAA Group Arkansas is 5.3% credible based on 30 claims; used the Square Root method with a full credibility standard of 10,623 claims.

^D From the average date of loss in the respective accident year to 12/31/2007

^E From 12/31/2007 to the average date of loss in the effective period, 02/28/2010

USAA Group
Countrywide
 Loss Adjustment Expense (LAE) Factor
All Forms Combined
 As of 6/30/2008

Non-Catastrophe Loss Adjustment Expense Factor			
Calendar/Accident Year Ending	Incurred Losses	Loss Adjustment Expense	LAE Ratio
12/31/2005	55,808,806	13,022,723	0.233
12/31/2006	59,785,482	8,639,673	0.145
12/31/2007	87,818,538	10,660,103	0.121
Average LAE Ratio			0.166
Selected Non-Catastrophe LAE Factor			1.170

Non-Hurricane Catastrophe Loss Adjustment Expense Factor			
Calendar/Accident Year Ending	Incurred Losses	Loss Adjustment Expense	LAE Ratio
12/31/2005	6,367,656	343,531	0.054
12/31/2006	13,324,683	994,713	0.075
12/31/2007	15,744,120	704,548	0.045
Average LAE Ratio			0.058
Selected Non-Hurricane Catastrophe LAE Factor			1.060

USAA Group
Arkansas
Non-Hurricane Catastrophe Ratio
Fire Forms
As of 06/30/2008

Accident Year Ending	Direct Earned Premium	Non-Hurricane Catastrophe Losses	Non-Hurricane Cat/Prem Ratio
3/31/1989	261,794	0	0.000
3/31/1990	280,354	0	0.000
3/31/1991	292,515	2,512	0.009
3/31/1992	304,988	0	0.000
3/31/1993	323,163	0	0.000
3/31/1994	322,204	3,809	0.012
3/31/1995	321,335	0	0.000
3/31/1996	321,873	0	0.000
3/31/1997	314,247	0	0.000
3/31/1998	317,693	0	0.000
3/31/1999	333,313	0	0.000
3/31/2000	331,522	263	0.001
3/31/2001	355,156	0	0.000
3/31/2002	350,912	0	0.000
3/31/2003	336,233	0	0.000
3/31/2004	363,744	0	0.000
3/31/2005	422,458	0	0.000
3/31/2006	488,926	0	0.000
3/31/2007	477,010	0	0.000
3/31/2008	509,671	5,702	0.011
Average (Non-Hurricane Catastrophe Losses) / (Direct Earned Premium) =			0.002
Selected Non-Hurricane Catastrophe LAE Factor ^A =			1.060
Non-Hurricane Catastrophe Loss and LAE Ratio =			0.002

^A Developed in Exhibit VI-F

USAA Group
Arkansas
 Expected Net Fire Following Loss and LAE Ratio
Fire Forms

(1) Expected Annual Net Fire Following Cat Loss	\$10,22
(2) Prospective Earned Premium at Present Rates	\$560,63
(3) Fire Following Catastrophe Loss and LAE Ratio (1) / (2)	0.01
Selected Fire Following Catastrophe Loss and LAE Ratio	0.01

^A Based on Applied Insurance Research, Inc. (AIR) methodology and assumptions; net losses are based on exposure levels as of 05/31/2007 and trended for loss severity

USAA Group
Arkansas
Fixed and Variable Expense Provisions
Fire Forms

Exhibit VIII-F
Page 1 of 2

	2007	2008	2-Year Straight Average	Selected
(1) Average General Expenses Per Earned Exposure ^A	\$2.19	\$2.21		
(2) Selected Annual Expense Trend ^B	3.0%	3.0%		
(3) Trend Period ^C	2.67	1.67		
(4) Projected Average General Expenses Per Earned Exposure (1) * [1.03] ^ (3)	\$2.37	\$2.32	\$2.35	\$2.35
(5) Average Other Acquisition Expense Per Written Exposure ^A	\$33.04	\$32.05		
(6) Selected Annual Expense Trend ^B	3.0%	3.0%		
(7) Trend Period ^D	2.16	1.16		
(8) Projected Average Other Acquisition Expense Per Written Exposure (5) * [1.03] ^ (7)	\$35.22	\$33.17	\$34.20	\$34.20
(9) Average Licenses and Fees Expense Per Written Exposure ^E	\$0.90	\$1.15		
(10) Selected Annual Expense Trend ^B	3.0%	3.0%		
(11) Trend Period ^D	2.16	1.16		
(12) Projected Average Licenses and Fees Expense Per Written Exposure (9) * [1.03] ^ (11)	\$0.96	\$1.19	\$1.08	\$1.08
(13) Total Fixed Expense (4) + (8) + (12)				\$37.63
(14) Average Projected Premium at Present Rates ^F				\$237.86
(15) Projected Fixed Expense Provision (13) / (14)				0.158
(16) Commission and Brokerage	0.0%	0.0%	0.0%	0.0%
(17) Taxes ^G	2.2%	3.3%	2.8%	2.8%
(18) Profit and Contingencies Provision ^H				13.2%
(19) Total Variable Expenses (16) + (17) + (18)				16.0%
(20) Variable Permissible Loss and LAE Ratio 1 - (19)				84.0%

^A USAA Group Countrywide data

^B Developed in Exhibit VIII-F, Page 2 of 2

^C From the midpoint of the respective year to the average earned date in effective period, 02/28/2010

^D From the midpoint of the respective year to the average written date in effective period, 08/28/2009

^E Arkansas USAA Group data

^F Arkansas USAA Group data for Fire Forms only

^G Arkansas USAA Group data as a percent of direct written premium

^H Developed in Exhibit IX-F

USAA Group
Countrywide
Calculation of Annual Expense Trend

(1) Employment Cost Index - Finance, Insurance & Real Estate, excluding Sales Occupations - (annual change over latest 2 years ending 03/31/2008) U.S. Department of Labor	2.8%
(2) % of Other Acquisition and General Expenses used for Salaries and Employee Relations & Welfare - USAA Group Insurance Expense Exhibit, 2007	53.4%
(3) Consumer Price Index, All Items - (annual change over latest 2 years ending 03/31/2008)	3.4%
(4) Annual Expense Trend - $\{ (1) * (2) \} + \{ (3) * [1 - (2)] \}$	3.1%
<hr/> Selected Annual Expense Trend	<hr/> 3.0%

USAA GROUP
ARKANSAS FIRE
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' 2007 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 Arkansas Fire 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 2008 and 2009 and an after-tax return for each year is calculated.

USAA GROUP
ARKANSAS FIRE
UNDERWRITING PROFIT PROVISION

A.	Target Rate of Return (% of GAAP Surplus)	
1.	Capital Asset Pricing Model (Page 4, B4)	11.3%
2.	Selected Target Rate of Return	10.0%
B.	Target Underwriting Rate of Return (% of GAAP Surplus)	
1.	Investment Rate of Return After Tax (Page 5, B4)	3.6%
2.	Target Underwriting Return After Tax (A2) - (B1)	6.4%
3.	Target Underwriting Return Before Tax (B2) / (1.00 - 0.35)	9.8%
C.	Target Underwriting Profit Provision (% of Direct Earned Premium)	
1.	Direct Written Premium / GAAP Surplus Ratio (Page 9, B2b)	0.741
2.	Indicated Underwriting Profit Provision (B3) / (C1)	13.2%
3.	Selected Underwriting Profit Provision	13.2%

Actuarial Support (Supporting Document)

Comment: Please remove the hurricane provision. The Department does not believe this is appropriate for Arkansas.

We have removed the hurricane provision from the Allied Lines Indication. Please see the resubmitted Allied Lines Indication.

The resulting indication is 15.4%, down from 16.7% with the use of hurricane provision. Likewise, the combined lines indication is 33.4%, down from 34.2%.

SERFF Tracking Number: USAA-125859479 State: Arkansas
 First Filing Company: Garrison Property and Casualty Insurance State Tracking Number: EFT \$100
 Company, ...
 Company Tracking Number:
 TOI: 01.0 Property Sub-TOI: 01.0002 Personal Property (Fire and Allied
 Lines)
 Product Name: Dwelling Fire & Allied Lines Rate Revision 2008
 Project Name/Number: /

Superseded Attachments

Please note that all items on the following pages are items, which have been replaced by a newer version. The newest version is located with the appropriate schedule on previous pages. These items are in date order with most recent first.

Original Date:	Schedule	Document Name	Replaced Date	Attach Document
No original date	Supporting Document	Actuarial Support	10/15/2008	Filing Memo.pdf USAA Group Allied Lines Actuarial Support.pdf USAA Group Fire Actuarial Support.pdf

USAA Group
Arkansas
Fire and Allied Lines Filing Memorandum

USAA Group (USAA, USAA-CIC, USAA-GIC, and Garrison) wishes to revise our Fire and Allied Lines premiums with an overall effect of 11.1%. The effects by form apply as follows:

Coverage Form	USAA	CIC	GIC	Garrison	Group
Fire	10.7%	10.9%	10.4%	11.0%	10.7%
Allied Lines (Variable Premium)	12.5%	12.6%	12.6%	12.6%	12.5%
Allied Lines (Flat Premium)	0.0%	0.0%	0.0%	0.0%	0.0%
Combined	11.1%	11.4%	11.2%	11.4%	11.1%

The proposed changes include revising the Unity Premium. The attached exhibits support these revisions.

An effective date of December 31, 2008, for these revisions will apply to all policies.

USAA Group
Arkansas
Explanatory Memorandum
Allied Lines

The attached exhibits are in support of the Allied Lines Rate revision in Arkansas with a proposed effective date of 12/31/2008. Exhibits I through IX develop the rate level indication.

Exhibit I illustrates USAA Group Arkansas experience for the latest five accident years ending March 31, 2008 as of June 30, 2008. The indicated rate level change is developed in this exhibit and the proposed change is also provided. A large loss procedure was applied to the losses, which is detailed in Exhibit III.

Exhibit II displays the calculation of the premium trend factors to reflect increasing amounts of insurance, as well as all other distributional changes. The selected factors are based on USAA Group Arkansas data. The current amount factors are based on actual trend to current in average earned premium at present rates (EPPR). The trended amount factor was selected based on the change in annual average EPPR. The data was fitted to an exponential curve.

Exhibit III shows the 10-year smoothing technique USAA Group uses to reflect the excess loss potential in Arkansas. The Large Loss Adjustment establishes an excess loss cut-off as a percentage of the average amount of insurance written for each year. The procedure then removes the portion of developed loss in excess of the cut-off, ratios the excess losses to the developed non-excess (normal) losses, and selects a weighted average of this ratio as the excess loss factor.

Exhibit IV displays the calculation of USAA Group loss development factors for Arkansas. Loss data used for these calculations excludes catastrophes.

Exhibit V shows the loss trend underlying the rate level indication. Various exponential fits including 20-, 16-, 12-, 8-, and 4-points are shown. The selected current cost factor (CCF) and trended cost factor (TCF) are based on the results of these exponential fits. Due to the volatility and lack of credibility in Arkansas, the selected Group Arkansas loss trend was credibility weighted with USAA Group countrywide excluding California, Florida and Texas loss trend data. The Arkansas credibility weighted current cost factor and trended cost factor are displayed on Page 2.

Exhibit VI 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-accident years 2005, 2006, and 2007.

Exhibit VII calculates the expected catastrophe loss and LAE factors. The non-hurricane catastrophe data, based on actual USAA Group Arkansas experience over a 20 year period, is shown on Page 1. Modeled hurricane catastrophe losses net of recoveries are shown on Page 2.

Exhibit VIII shows the development of the variable permissible loss and LAE ratio for Arkansas on Page 1. Provisions for other expense categories are based on countrywide data from the Insurance Expense Exhibit while taxes, licenses, and fees are based upon actual Arkansas experience for USAA Group. 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 IX details USAA Group's method for selecting its underwriting profit and contingency provision, which is included in the permissible loss ratio.

USAA Group
Arkansas
Indicated Rate Change
Allied Lines Forms
As of 06/30/2008

Calendar/ Accident Year Ending (1)	Earned Premium at Present Rates (2)	Premium Trend Factor ^A (3)	Prospective Earned Premium at Present Rates (4) = (2) * (3)	Smoothed Developed Incurred Losses Excluding Catastrophes ^B (5)	Loss Trend Factor ^C (6)	LAE Factor ^D (7)	Prospective Incurred Losses and LAE Excluding Catastrophes (8) = (5) * (6) * (7)	Prospective Loss and LAE Ratio Excluding Catastrophes (9) = (8) / (4)	Weight (10)
03/31/2004	\$536,021	1.268	\$679,675	\$185,581	2.827	1.170	\$613,826	0.903	0.100
03/31/2005	619,304	1.180	730,779	152,232	2.404	1.170	428,180	0.586	0.150
03/31/2006	714,619	1.116	797,515	256,949	2.043	1.170	614,188	0.770	0.200
03/31/2007	741,157	1.116	827,131	236,058	1.738	1.170	480,015	0.580	0.250
03/31/2008	811,774	1.074	871,845	374,221	1.477	1.170	646,688	0.742	0.300
Five Year Weighted Loss and LAE Ratio Excluding Catastrophes =									0.700
Non-Hurricane Catastrophe Loss and LAE Ratio ^F =									0.135
Hurricane Catastrophe Loss and LAE Ratio ^G =									0.011
Trended Fixed Expense Ratio ^E =									0.140
Variable Permissible Loss and LAE Ratio ^E =									0.845
Indicated Rate Level Change =						(0.700 + 0.135 + 0.011 + 0.140) / 0.845 - 1			16.7%
Proposed Rate Level Change =									12.5%

^A Developed in Exhibit II

^B Developed in Exhibit III

^C Developed in Exhibit V, Page 2 of 2

^D Developed in Exhibit VI

^E Developed in Exhibit VIII, Page 1 of 2

^F Developed in VII, Page 1

USAA Group
Arkansas
Premium Trend
Allied Lines Forms

Exhibit II

Year Ending Quarter (1)	Total Earned Premium at Present Rates (2)	Earned Exposures (3)	Average Earned Premium at Present Rates (4)	Annual Change (5)	Current Amount Factors 344.48 / (4)
2003/2	513,339.88	1,809.51	283.69		1.214
2003/3	519,242.10	1,815.89	285.94		1.205
2003/4	524,832.36	1,819.32	288.48		1.194
2004/1	536,021.12	1,838.16	291.61		1.181
2004/2	551,858.60	1,864.08	296.05	4.4%	1.164
2004/3	570,273.14	1,890.67	301.62	5.5%	1.142
2004/4	595,010.38	1,932.72	307.86	6.7%	1.119
2005/1	619,303.31	1,975.11	313.55	7.5%	1.099
2005/2	645,417.64	2,022.57	319.11	7.8%	1.080
2005/3	672,206.06	2,076.57	323.71	7.3%	1.064
2005/4	695,793.14	2,121.35	328.00	6.5%	1.050
2006/1	714,619.58	2,155.40	331.55	5.7%	1.039
2006/2	726,289.37	2,178.42	333.40	4.5%	1.033
2006/3	732,021.37	2,193.87	333.67	3.1%	1.032
2006/4	733,802.69	2,209.61	332.10	1.3%	1.037
2007/1	741,156.81	2,236.43	331.40	0.0%	1.039
2007/2	754,195.49	2,269.21	332.36	-0.3%	1.036
2007/3	774,100.13	2,306.89	335.56	0.6%	1.027
2007/4	795,173.01	2,339.90	339.83	2.3%	1.014
2008/1	811,774.03	2,356.55	344.48	3.9%	1.000

Trended Amount Factor:

	Least Squares Results				
	20 pt	16 pt	12 pt	8 pt	4 pt
Exponential Fits					
Annualized Change:	4.2%	3.4%	2.0%	1.7%	4.9%
R-squared Value:	0.914	0.854	0.806	0.587	0.994
Selected Annual Trend Factor:	1.030				

Premium Trend Factor

<u>Accident Year Ending</u>	Current Amount Factors (1)	Trended Amount Selection (2)	Trended Amount Period ^A (3)	Trended Amount Factors (4) = (2) ^ (3)	Premium Trend Factors (5) = (1) * (4)
	03/31/2004	1.181	1.030	2.420	1.074
03/31/2005	1.099	1.030	2.420	1.074	1.180
03/31/2006	1.039	1.030	2.420	1.074	1.116
03/31/2007	1.039	1.030	2.420	1.074	1.116
03/31/2008	1.000	1.030	2.420	1.074	1.074

^A From the average earned date in the most recent accident year, 09/30/2007, to the average earned date in the effective period, 02/28/2010

USAA Group
Arkansas
Large Loss Adjustment
Allied Lines Forms
As of 06/30/2008

Exhibit III

Calendar/ Accident Year Ending	Average Amount of Insurance	Cutoff 25% of (2)	Incurred Losses Excluding Catastrophes	Loss Development Factors	Developed Losses Excluding Catastrophes	Number of Excess Losses	Large Losses	Excess Losses	Normal Losses	Excess Ratio	Smoothed Developed Incurred Losses Ex Cats
(1)	(2)	(3)	(4)	(5) ^A	(6)	(7)	(8)	(9) = (8) - (7) * (3)	(10) = (6) - (9)	(11) = (9) / (10)	(12) ^C
03/31/1999	\$87,736	\$21,934	\$149,494	1.0000	\$149,494	0	\$0	\$0	\$149,494	0.000	\$153,979
03/31/2000	92,680	\$23,170	149,106	1.0000	\$149,106	1	\$29,234	6,064	143,042	0.042	\$147,333
03/31/2001	98,332	\$24,583	243,700	1.0000	\$243,700	0	\$0	0	243,700	0.000	\$251,011
03/31/2002	102,390	\$25,598	128,353	1.0000	\$128,353	0	\$0	0	128,353	0.000	\$132,204
03/31/2003	104,958	\$26,240	226,839	1.0000	\$226,839	2	\$67,252	14,772	212,067	0.070	\$218,429
03/31/2004	118,403	\$29,601	187,142	1.0000	\$187,142	2	\$66,168	6,966	180,176	0.039	\$185,581
03/31/2005	133,866	\$33,467	147,798	1.0000	\$147,798	0	\$0	0	147,798	0.000	\$152,232
03/31/2006	143,875	\$35,969	279,124	0.9992	\$278,901	1	\$65,405	29,436	249,465	0.118	\$256,949
03/31/2007	151,012	\$37,753	234,063	0.9982	\$233,642	1	\$42,212	4,459	229,183	0.019	\$236,058
03/31/2008	160,584	\$40,146	359,013	1.0120	\$363,321	0	\$0	0	363,321	0.000	\$374,221
								\$61,697	\$2,046,599		

Weighted Average Excess Ratio^B = 0.030

Weighted Average Excess Factor = 1.030

^A Developed in Exhibit IV

^B Weighted Average Excess Ratio = Sum of Column (9) / Sum of Column (10)

^C (12) = (10) * Weighted Average Excess Factor

USAA Group

Arkansas

Loss Development

Incurred Losses Excluding Catastrophes

Allied Lines Forms

Exhibit IV

Accident Year Ending	15 months	27 months	39 months	51 months	63 months
03/31/1999					149,494
03/31/2000				144,110	149,106
03/31/2001			243,700	243,700	243,700
03/31/2002		128,353	128,353	128,353	128,353
03/31/2003	216,475	228,573	228,100	227,157	226,839
03/31/2004	182,435	187,643	187,142	187,142	187,142
03/31/2005	147,169	147,798	147,798	147,798	
03/31/2006	276,704	279,124	279,124		
03/31/2007	238,472	234,063			
03/31/2008	359,013				

Age-to-Age Factors

Accident Year Ending	15 to 27 Months	27 to 39 Months	39 to 51 Months	51 to 63 Months
03/31/1999				
03/31/2000				1.0347
03/31/2001			1.0000	1.0000
03/31/2002		1.0000	1.0000	1.0000
03/31/2003	1.0559	0.9979	0.9959	0.9986
03/31/2004	1.0285	0.9973	1.0000	1.0000
03/31/2005	1.0043	1.0000	1.0000	
03/31/2006	1.0087	1.0000		
03/31/2007	0.9815			
Latest 3-year Average	0.9982	0.9991	0.9986	0.9995
Latest 4-year Average	1.0058	0.9988	0.9990	0.9997
Latest 5-year Average	1.0158	0.9990	0.9992	1.0067
Latest 3-out-of-5-year Average	1.0138	0.9993	1.0000	1.0000
Selected Age-to-Age Factors	1.0138	0.9990	0.9992	1.0000

Cumulative Factors ^A

	15 to Ultimate	27 to Ultimate	39 to Ultimate	51 to 63 Months
Selected Cumulative Factors	1.0120	0.9982	0.9992	1.0000

^A Cumulative factors are adjusted to ultimate with a factor of 1.0000

USAA Group
Arkansas
USAA Group CW Excl CA, FL, & TX
Allied Lines Forms

Year Ending Quarter	Calendar Year Paid Frequency				Calendar Year Paid Severity				Calendar Year Paid Pure Premium			
	Series 1 ^A	Annual Change	Series 2 ^B	Annual Change	Series 1 ^A	Annual Change	Series 2 ^B	Annual Change	Series 1 ^A	Annual Change	Series 2 ^B	Annual Change
2003/3	0.0314		0.0209		3,294		3,258		103.43		68.10	
2003/4	0.0286		0.0197		2,492		3,403		71.29		66.97	
2004/1	0.0290		0.0200		2,768		3,508		80.26		70.10	
2004/2	0.0330		0.0207		2,140		3,620		70.56		74.87	
2004/3	0.0387	23.3%	0.0200	-4.3%	2,174	-34.0%	3,979	22.1%	84.21	-18.6%	79.59	16.9%
2004/4	0.0333	16.5%	0.0187	-5.1%	2,522	1.2%	4,149	21.9%	84.07	17.9%	77.49	15.7%
2005/1	0.0321	10.7%	0.0185	-7.2%	2,619	-5.4%	4,266	21.6%	84.04	4.7%	79.12	12.9%
2005/2	0.0315	-4.4%	0.0175	-15.4%	2,659	24.2%	4,497	24.2%	83.80	18.8%	78.72	5.1%
2005/3	0.0253	-34.7%	0.0174	-13.2%	2,987	37.4%	4,519	13.6%	75.57	-10.3%	78.42	-1.5%
2005/4	0.0284	-14.7%	0.0171	-8.2%	2,923	15.9%	4,611	11.2%	83.08	-1.2%	79.03	2.0%
2006/1	0.0330	2.8%	0.0168	-9.4%	3,479	32.8%	5,031	17.9%	114.80	36.6%	84.51	6.8%
2006/2	0.0340	7.9%	0.0173	-1.4%	3,530	32.8%	5,263	17.0%	120.07	43.3%	90.85	15.4%
2006/3	0.0382	50.9%	0.0171	-1.4%	4,222	41.3%	5,683	25.8%	161.18	113.3%	97.27	24.0%
2006/4	0.0387	36.3%	0.0177	3.2%	4,389	50.1%	5,842	26.7%	170.03	104.7%	103.37	30.8%
2007/1	0.0330	0.1%	0.0184	9.5%	4,089	17.6%	5,795	15.2%	135.14	17.7%	106.64	26.2%
2007/2	0.0310	-9.0%	0.0195	12.8%	4,401	24.7%	5,938	12.8%	136.30	13.5%	115.58	27.2%
2007/3	0.0243	-36.4%	0.0207	20.8%	3,567	-15.5%	5,954	4.8%	86.66	-46.2%	123.11	26.6%
2007/4	0.0217	-44.1%	0.0209	18.3%	3,913	-10.8%	6,015	3.0%	84.80	-50.1%	125.94	21.8%
2008/1	0.0248	-25.0%	0.0209	13.5%	4,377	7.0%	6,236	7.6%	108.48	-19.7%	130.29	22.2%
2008/2	0.0318	2.7%	0.0214	10.0%	4,538	3.1%	6,290	5.9%	144.41	6.0%	134.64	16.5%
Exponential Fits	R-squared Value	Annualized Change	R-squared Value	Annualized Change	R-squared Value	Annualized Change	R-squared Value	Annualized Change	R-squared Value	Annualized Change	R-squared Value	Annualized Change
20-point fit	0.059	-2.9%	0.006	0.4%	0.710	14.9%	0.976	15.8%	0.315	11.6%	0.911	16.2%
16-point fit	0.175	-6.1%	0.316	4.0%	0.811	19.7%	0.956	13.9%	0.231	12.4%	0.921	18.4%
12-point fit	0.071	-5.6%	0.869	10.2%	0.570	13.7%	0.896	12.4%	0.039	7.3%	0.991	23.9%
8-point fit	0.503	-21.2%	0.936	14.5%	0.005	0.7%	0.925	5.6%	0.323	-20.7%	0.984	21.0%
4-point fit	0.585	45.9%	0.814	4.1%	0.971	39.6%	0.934	8.4%	0.841	103.7%	0.991	12.9%

^A Series 1 is based on USAA Group Arkansas data

^B Series 2 is based on USAA Group CW Excl CA, FL, & TX data

USAA Group
Arkansas
USAA Group CW Excl CA, FL, & TX
Allied Lines Forms

	Series 1 Frequency ^A	Series 2 Frequency ^B	Cred-Weighted Frequency ^C	Series 1 Severity ^A	Series 2 Severity ^B	Cred-Weighted Severity ^C	Cred-Weighted Pure Premium
Current Cost Selection	0.950	1.030	1.023	1.150	1.150	1.150	1.176
Trended Cost Selection	1.000	1.100	1.092	1.050	1.080	1.077	1.176

<u>Accident Year Ending</u>	Loss Trend Factor						
	Current Cost Selection (1)	Current Cost Period ^D (2)	Current Cost Factor (3) = (1) ^ (2)	Trended Cost Selection (4)	Trended Cost Period ^E (5)	Trended Cost Factor (6) = (4) ^ (5)	Loss Trend Factor (7) = (3) * (6)
03/31/2004	1.176	4.250	1.992	1.176	2.160	1.419	2.827
03/31/2005	1.176	3.250	1.694	1.176	2.160	1.419	2.404
03/31/2006	1.176	2.250	1.440	1.176	2.160	1.419	2.043
03/31/2007	1.176	1.250	1.225	1.176	2.160	1.419	1.738
03/31/2008	1.176	0.250	1.041	1.176	2.160	1.419	1.477

^A Series 1 is based on USAA Group Arkansas data

^B Series 2 is based on USAA Group CW Excl CA, FL, & TX data

^C USAA Group Arkansas is 8.4% credible based on 75 claims; used the Square Root method with a full credibility standard of 10,623 claims.

^D From the average date of loss in the respective accident year to 12/31/2007

^E From 12/31/2007 to the average date of loss in the effective period, 02/28/2010

USAA Group
Countrywide
 Loss Adjustment Expense (LAE) Factor
All Forms Combined
 As of 6/30/2008

Non-Catastrophe Loss Adjustment Expense Factor			
Calendar/Accident Year Ending	Incurred Losses	Loss Adjustment Expense	LAE Ratio
12/31/2005	55,808,806	13,022,723	0.233
12/31/2006	59,785,482	8,639,673	0.145
12/31/2007	87,818,538	10,660,103	0.121
Average LAE Ratio			0.166
Selected Non-Catastrophe LAE Factor			1.170

Non-Hurricane Catastrophe Loss Adjustment Expense Factor			
Calendar/Accident Year Ending	Incurred Losses	Loss Adjustment Expense	LAE Ratio
12/31/2005	6,367,656	343,531	0.054
12/31/2006	13,324,683	994,713	0.075
12/31/2007	15,744,120	704,548	0.045
Average LAE Ratio			0.058
Selected Non-Hurricane Catastrophe LAE Factor			1.060

USAA Group
Arkansas
Non-Hurricane Catastrophe Ratio
Allied Lines Forms
As of 06/30/2008

Accident Year Ending	Direct Earned Premium	Non-Hurricane Catastrophe Losses	Non-Hurricane Cat/Prem Ratio
3/31/1989	223,870	9,929	0.044
3/31/1990	241,397	104,258	0.432
3/31/1991	261,462	30,372	0.116
3/31/1992	277,471	57,855	0.209
3/31/1993	296,251	17,478	0.059
3/31/1994	299,386	13,962	0.047
3/31/1995	304,190	1,215	0.004
3/31/1996	310,858	52,440	0.169
3/31/1997	312,443	104,518	0.335
3/31/1998	317,483	0	0.000
3/31/1999	334,806	79,195	0.237
3/31/2000	379,377	9,241	0.024
3/31/2001	429,808	27,613	0.064
3/31/2002	430,975	4,851	0.011
3/31/2003	424,273	3,786	0.009
3/31/2004	446,277	24,039	0.054
3/31/2005	515,593	117,550	0.228
3/31/2006	599,938	87,916	0.147
3/31/2007	710,242	72,841	0.103
3/31/2008	811,765	194,310	0.239
Average (Non-Hurricane Catastrophe Losses) / (Direct Earned Premium) =			0.127
Selected Non-Hurricane Catastrophe LAE Factor ^A =			1.060
Non-Hurricane Catastrophe Loss and LAE Ratio =			0.135

^A Developed in Exhibit VI

USAA Group
Arkansas
 Expected Net Hurricane Catastrophe
 Loss and LAE Ratio
Allied Lines Forms

(1) Expected Annual Net Hurricane Catastrophe Loss and LAE ^A	\$9,734
(2) Prospective Earned Premium at Present Rates	\$871,845
(3) Hurricane Catastrophe Loss and LAE Ratio (1) / (2)	0.011
Selected Hurricane Catastrophe Loss and LAE Ratio	0.011

^A Based on Applied Insurance Research, Inc. (AIR) methodology and assumptions; net losses are based on exposure levels as of 05/31/2007 and trended for loss severity

USAA Group
Arkansas
Fixed and Variable Expense Provisions
Allied Lines Forms

	2006	2007	2-Year Straight Average	Selected
(1) Average General Expenses Per Earned Exposure ^A	\$2.92	\$3.11		
(2) Selected Annual Expense Trend ^B	3.0%	3.0%		
(3) Trend Period ^C	3.67	2.67		
(4) Projected Average General Expenses Per Earned Exposure (1) * [1.03] ^ (3)	\$3.25	\$3.37	\$3.31	\$3.31
(5) Average Other Acquisition Expense Per Written Exposure ^A	\$44.31	\$42.26		
(6) Selected Annual Expense Trend ^B	3.0%	3.0%		
(7) Trend Period ^D	3.16	2.16		
(8) Projected Average Other Acquisition Expense Per Written Exposure (5) * [1.03] ^ (7)	\$48.65	\$45.05	\$46.85	\$46.85
(9) Average Licenses and Fees Expense Per Written Exposure ^E	\$1.42	\$1.93		
(10) Selected Annual Expense Trend ^B	3.0%	3.0%		
(11) Trend Period ^D	3.16	2.16		
(12) Projected Average Licenses and Fees Expense Per Written Exposure (9) * [1.03] ^ (11)	\$1.56	\$2.06	\$1.81	\$1.81
(13) Total Fixed Expense (4) + (8) + (12)				\$51.97
(14) Average Projected Premium at Present Rates ^F				\$369.90
(15) Projected Fixed Expense Provision (13) / (14)				0.140
(16) Commission and Brokerage	0.0%	0.0%	0.0%	0.0%
(17) Taxes ^G	2.1%	3.3%	2.7%	2.7%
(18) Profit and Contingencies Provision ^H				12.8%
(19) Total Variable Expenses (16) + (17) + (18)				15.5%
(20) Variable Permissible Loss and LAE Ratio 1 - (19)				84.5%

^A USAA Group Countrywide data

^B Developed in Exhibit VIII, Page 2 of 2

^C From the midpoint of the respective year to the average earned date in effective period, 02/28/2010

^D From the midpoint of the respective year to the average written date in effective period, 08/28/2009

^E Arkansas USAA Group data

^F Arkansas USAA Group data for Allied Lines Forms only

^G Arkansas USAA Group data as a percent of direct written premium

^H Developed in Exhibit IX

USAA Group
Countrywide
Calculation of Annual Expense Trend

(1) Employment Cost Index - Finance, Insurance & Real Estate, excluding Sales Occupations - (annual change over latest 2 years ending 03/31/2008) U.S. Department of Labor	2.8%
(2) % of Other Acquisition and General Expenses used for Salaries and Employee Relations & Welfare - USAA Group Insurance Expense Exhibit, 2007	53.4%
(3) Consumer Price Index, All Items - (annual change over latest 2 years ending 03/31/2008)	3.4%
(4) Annual Expense Trend - $\{ (1) * (2) \} + \{ (3) * [1 - (2)] \}$	3.1%
<hr/> Selected Annual Expense Trend	<hr/> 3.0%

USAA GROUP
ARKANSAS EXTENDED COVERAGE
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' 2007 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 Arkansas Extended Coverage 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 2008 and 2009 and an after-tax return for each year is calculated.

USAA GROUP
ARKANSAS EXTENDED COVERAGE
UNDERWRITING PROFIT PROVISION

A.	Target Rate of Return (% of GAAP Surplus)	
1.	Capital Asset Pricing Model (Page 4, B4)	11.3%
2.	Selected Target Rate of Return	10.0%
B.	Target Underwriting Rate of Return (% of GAAP Surplus)	
1.	Investment Rate of Return After Tax (Page 5, B4)	3.8%
2.	Target Underwriting Return After Tax (A2) - (B1)	6.2%
3.	Target Underwriting Return Before Tax (B2) / (1.00 - 0.35)	9.5%
C.	Target Underwriting Profit Provision (% of Direct Earned Premium)	
1.	Direct Written Premium / GAAP Surplus Ratio (Page 9, B2b)	0.741
2.	Indicated Underwriting Profit Provision (B3) / (C1)	12.8%
3.	Selected Underwriting Profit Provision	12.8%

USAA Group
Arkansas
Explanatory Memorandum
Fire Lines

The attached exhibits are in support of the Fire Rate revision in Arkansas with a proposed effective date of 12/31/2008. Exhibits I-F through X-F develop the rate level indication.

Exhibit I-F illustrates USAA Group Arkansas experience for the latest five accident years ending March 31, 2008 as of June 30, 2008. The indicated rate level change is developed in this exhibit and the proposed change is also provided. A large loss procedure was applied to the losses, which is detailed in Exhibit III-F.

Exhibit II-F displays the calculation of the premium trend factors to reflect increasing amounts of insurance, as well as all other distributional changes. The selected factors are based on USAA Group Arkansas data. The current amount factors are based on actual trend to current in average earned premium at present rates (EPPR). The trended amount factor was selected based on the change in annual average EPPR. The data was fitted to an exponential curve.

Exhibit III-F shows the 10-year smoothing technique USAA Group uses to reflect the excess loss potential in Arkansas. The Large Loss Adjustment establishes an excess loss cut-off as a percentage of the average amount of insurance written for each year. The procedure then removes the portion of developed loss in excess of the cut-off, ratios the excess losses to the developed non-excess (normal) losses, and selects a weighted average of this ratio as the excess loss factor.

Exhibit IV-F displays the calculation of USAA Group loss development factors for Arkansas. Loss data used for these calculations excludes catastrophes.

Exhibit V-F shows the loss trend underlying the rate level indication. Various exponential fits including 20-, 16-, 12-, 8-, and 4-points are shown. The selected current cost factor (CCF) and trended cost factor (TCF) are based on the results of these exponential fits. Due to the volatility and lack of credibility in Arkansas, the selected Group Arkansas loss trend was credibility weighted with USAA Group countrywide excluding California, Florida and Texas loss trend data. The Arkansas credibility weighted current cost factor and trended cost factor are displayed on Page 2.

Exhibit VI-F develops the loss adjustment expense (LAE) factor used in calculating the indication in Exhibit I-F. The factor is based upon USAA Group countrywide data for calendar-accident years 2005, 2006, and 2007.

Exhibit VII-F calculates the expected catastrophe loss and LAE factors. The non-hurricane catastrophe data, based on actual USAA Group Arkansas experience over a 20 year period, is shown on Page 1. The modeled earthquake and fire following catastrophe losses net of recoveries are shown on Page 2.

Exhibit VIII-F shows the development of the variable permissible loss and LAE ratio for Arkansas on Page 1. Provisions for other expense categories are based on countrywide data from the Insurance Expense Exhibit while taxes, licenses, and fees are based upon actual Arkansas experience for USAA Group. 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-F.

Exhibit IX-F details USAA Group's method for selecting its underwriting profit and contingency provision, which is included in the permissible loss ratio.

USAA Group
Arkansas
Indicated Rate Change
Fire Forms
As of 06/30/2008

Calendar/ Accident Year Ending (1)	Earned Premium at Present Rates (2)	Premium Trend Factor ^A (3)	Prospective Earned Premium at Present Rates (4) = (2) * (3)	Smoothed Developed Incurred Losses Excluding Catastrophes ^B (5)	Loss Trend Factor ^C (6)	LAE Factor ^D (7)	Prospective Incurred Losses and LAE Excluding Catastrophes (8) = (5) * (6) * (7)	Prospective Loss and LAE Ratio Excluding Catastrophes (9) = (8) / (4)	Weight (10)
03/31/2004	\$324,665	1.346	\$436,999	\$250,417	2.136	1.170	\$625,822	1.432	0.100
03/31/2005	377,052	1.246	469,807	79,616	1.851	1.170	172,422	0.367	0.150
03/31/2006	438,432	1.169	512,527	249,107	1.604	1.170	467,494	0.912	0.200
03/31/2007	463,506	1.147	531,641	147,289	1.390	1.170	239,536	0.451	0.250
03/31/2008	509,671	1.100	560,638	908,297	1.204	1.170	1,279,500	2.282	0.300
Five Year Weighted Loss and LAE Ratio Excluding Catastrophes =									1.178
Non-Hurricane Catastrophe Loss and LAE Ratio ^F =									0.002
EQ FF Cat Loss and LAE Ratio ^H =									0.018
Trended Fixed Expense Ratio ^E =									0.158
Variable Permissible Loss and LAE Ratio ^E =									0.840
Indicated Rate Level Change =						(1.178 + 0.002 + 0.018 + 0.158) / 0.840 - 1			61.4%
Proposed Rate Level Change =									10.7%

^A Developed in Exhibit II-F

^B Developed in Exhibit III-F

^C Developed in Exhibit V-F, Page 2 of 2

^D Developed in Exhibit VI-F

^E Developed in Exhibit VIII-F, Page 1 of 2

^F Developed in Exhibit VII-F

^G Developed in Exhibit VIII-F, Page 1 of 2

^H Developed in Exhibit VIII-F, Page 2 of 2

USAA Group
Arkansas
Premium Trend
Fire Forms

Exhibit II-F

Year Ending Quarter (1)	Total Earned Premium at Present Rates (2)	Earned Exposures (3)	Average Earned Premium at Present Rates (4)	Annual Change (5)	Current Amount Factors 216.29 / (4)
2003/2	304,362.28	1,807.72	168.37		1.285
2003/3	309,855.45	1,814.60	170.76		1.267
2003/4	315,705.47	1,818.32	173.62		1.246
2004/1	324,664.11	1,837.16	176.72		1.224
2004/2	335,172.57	1,863.08	179.90	6.8%	1.202
2004/3	347,122.08	1,889.71	183.69	7.6%	1.177
2004/4	362,365.83	1,932.01	187.56	8.0%	1.153
2005/1	377,051.16	1,974.85	190.93	8.0%	1.133
2005/2	392,852.60	2,022.65	194.23	8.0%	1.114
2005/3	409,887.56	2,076.62	197.38	7.5%	1.096
2005/4	425,225.22	2,121.15	200.47	6.9%	1.079
2006/1	438,431.86	2,154.74	203.47	6.6%	1.063
2006/2	447,880.25	2,177.46	205.69	5.9%	1.052
2006/3	452,789.70	2,193.15	206.46	4.6%	1.048
2006/4	456,500.88	2,209.14	206.64	3.1%	1.047
2007/1	463,506.02	2,236.02	207.29	1.9%	1.043
2007/2	473,394.86	2,268.76	208.66	1.4%	1.037
2007/3	486,489.92	2,306.42	210.93	2.2%	1.025
2007/4	499,250.79	2,339.44	213.41	3.3%	1.013
2008/1	509,671.04	2,356.44	216.29	4.3%	1.000

Trended Amount Factor:

Least Squares Results

Exponential Fits

Annualized Change:

R-squared Value:

Selected Annual Trend Factor:

	20 pt	16 pt	12 pt	8 pt	4 pt
Exponential Fits					
Annualized Change:	5.4%	4.6%	3.4%	2.8%	4.9%
R-squared Value:	0.955	0.939	0.946	0.898	0.998

Premium Trend Factor

Accident Year Ending

	Current Amount Factors (1)	Trended Amount Selection (2)	Trended Amount Period ^A (3)	Trended Amount Factors (4) = (2) ^ (3)	Premium Trend Factors (5) = (1) * (4)
03/31/2004	1.224	1.040	2.420	1.100	1.346
03/31/2005	1.133	1.040	2.420	1.100	1.246
03/31/2006	1.063	1.040	2.420	1.100	1.169
03/31/2007	1.043	1.040	2.420	1.100	1.147
03/31/2008	1.000	1.040	2.420	1.100	1.100

^A From the average earned date in the most recent accident year, 09/30/2007, to the average earned date in the effective period, 02/28/2010

USAA Group
Arkansas
Large Loss Adjustment
Fire Forms
As of 06/30/2008

Exhibit III-F

Calendar/ Accident Year Ending	Average Amount of Insurance	Cutoff 25% of (2)	Incurred Losses Excluding Catastrophes	Loss Development Factors	Developed Losses Excluding Catastrophes	Number of Excess Losses	Large Losses	Excess Losses	Normal Losses	Excess Ratio	Smoothed Developed Incurred Losses Ex Cats
(1)	(2)	(3)	(4)	(5) ^A	(6)	(7)	(8)	(9) = (8) - (7) * (3)	(10) = (6) - (9)	(11) = (9) / (10)	(12) ^C
03/31/1999	\$87,741	\$21,935	\$163,860	1.0000	\$163,860	3	\$138,938	\$73,133	\$90,727	0.806	\$181,273
03/31/2000	92,680	\$23,170	218,361	1.0000	\$218,361	3	\$193,884	124,374	93,987	1.323	\$187,786
03/31/2001	98,332	\$24,583	84,315	1.0000	\$84,315	1	\$56,515	31,932	52,383	0.610	\$104,661
03/31/2002	102,390	\$25,598	148,568	1.0000	\$148,568	3	\$132,551	55,757	92,811	0.601	\$185,436
03/31/2003	104,958	\$26,240	43,975	1.0000	\$43,975	0	\$0	0	43,975	0.000	\$87,862
03/31/2004	118,403	\$29,601	228,828	1.0000	\$228,828	3	\$192,297	103,494	125,334	0.826	\$250,417
03/31/2005	133,866	\$33,467	39,848	1.0000	\$39,848	0	\$0	0	39,848	0.000	\$79,616
03/31/2006	143,875	\$35,969	287,165	1.0000	\$287,165	3	\$270,394	162,487	124,678	1.303	\$249,107
03/31/2007	151,020	\$37,755	171,876	1.0000	\$171,876	1	\$135,913	98,158	73,718	1.332	\$147,289
03/31/2008	160,798	\$40,200	1,021,991	0.9735	\$994,908	8	\$861,905	540,305	454,603	1.189	\$908,297
								\$1,189,640	\$1,192,064		

Weighted Average Excess Ratio^B = 0.998

Weighted Average Excess Factor = 1.998

^A Developed in Exhibit IV-F

^B Weighted Average Excess Ratio = Sum of Column (9) / Sum of Column (10)

^C (12) = (10) * Weighted Average Excess Factor

USAA Group
Arkansas
Loss Development
Incurred Losses Excluding Catastrophes
Fire Forms

Accident Year Ending	15 months	27 months	39 months	51 months	63 months
03/31/1999					163,860
03/31/2000				218,361	218,361
03/31/2001			84,315	84,315	84,315
03/31/2002		148,568	148,568	158,068	148,568
03/31/2003	64,956	64,956	43,975	43,975	43,975
03/31/2004	225,444	228,828	228,828	228,828	228,828
03/31/2005	43,284	39,848	39,848	39,848	
03/31/2006	287,165	287,165	287,165		
03/31/2007	197,936	171,876			
03/31/2008	1,021,991				

Age-to-Age Factors

Accident Year Ending	15 to 27 Months	27 to 39 Months	39 to 51 Months	51 to 63 Months
03/31/1999				
03/31/2000				1.0000
03/31/2001			1.0000	1.0000
03/31/2002		1.0000	1.0639	0.9399
03/31/2003	1.0000	0.6770	1.0000	1.0000
03/31/2004	1.0150	1.0000	1.0000	1.0000
03/31/2005	0.9206	1.0000	1.0000	
03/31/2006	1.0000	1.0000		
03/31/2007	0.8683			
Latest 3-year Average	0.9296	1.0000	1.0000	0.9800
Latest 4-year Average	0.9510	0.9193	1.0160	0.9850
Latest 5-year Average	0.9608	0.9354	1.0128	0.9880
Latest 3-out-of-5-year Average	0.9735	1.0000	1.0000	1.0000
Selected Age-to-Age Factors	0.9735	1.0000	1.0000	1.0000

Cumulative Factors ^A

	15 to Ultimate	27 to Ultimate	39 to Ultimate	51 to 63 Months
Selected Cumulative Factors	0.9735	1.0000	1.0000	1.0000

^A Cumulative factors are adjusted to ultimate with a factor of 1.0000

USAA Group
Arkansas
USAA Group CW Excl CA, FL, & TX
Fire Forms

Year Ending Quarter	Calendar Year Paid Frequency				Calendar Year Paid Severity				Calendar Year Paid Pure Premium			
	Series 1 ^A	Annual Change	Series 2 ^B	Annual Change	Series 1 ^A	Annual Change	Series 2 ^B	Annual Change	Series 1 ^A	Annual Change	Series 2 ^B	Annual Change
2003/3	0.0072		0.0039		7,372		16,438		52.80		64.27	
2003/4	0.0077		0.0038		8,641		19,171		66.55		72.81	
2004/1	0.0093		0.0038		13,924		18,488		129.49		70.91	
2004/2	0.0076		0.0039		16,913		17,811		127.99		68.95	
2004/3	0.0070	-2.4%	0.0037	-6.4%	15,814	114.5%	18,230	10.9%	110.59	109.5%	66.72	3.8%
2004/4	0.0074	-3.8%	0.0035	-8.3%	10,608	22.8%	18,640	-2.8%	78.57	18.1%	64.92	-10.8%
2005/1	0.0047	-49.9%	0.0033	-12.9%	3,087	-77.8%	21,359	15.5%	14.38	-88.9%	71.39	0.7%
2005/2	0.0041	-46.3%	0.0033	-14.5%	2,497	-85.2%	21,248	19.3%	10.16	-92.1%	70.32	2.0%
2005/3	0.0045	-36.2%	0.0034	-6.7%	17,738	12.2%	21,618	18.6%	79.15	-28.4%	73.83	10.7%
2005/4	0.0039	-48.0%	0.0032	-7.6%	30,764	190.0%	21,789	16.9%	118.49	50.8%	70.15	8.1%
2006/1	0.0047	1.2%	0.0033	-1.2%	39,258	1171.6%	21,273	-0.4%	185.09	1187.1%	70.24	-1.6%
2006/2	0.0047	14.5%	0.0035	7.3%	51,864	1976.8%	21,116	-0.6%	241.57	2277.7%	74.95	6.6%
2006/3	0.0032	-27.8%	0.0037	8.5%	53,439	201.3%	23,326	7.9%	172.07	117.4%	86.44	17.1%
2006/4	0.0018	-52.7%	0.0039	21.1%	70,900	130.5%	25,311	16.2%	129.26	9.1%	98.65	40.6%
2007/1	0.0009	-80.8%	0.0040	21.4%	68,562	74.6%	27,664	30.0%	62.07	-66.5%	110.92	57.9%
2007/2	0.0040	-13.3%	0.0040	11.5%	23,730	-54.2%	30,640	45.1%	95.86	-60.3%	121.23	61.7%
2007/3	0.0066	105.8%	0.0040	7.3%	32,174	-39.8%	29,746	27.5%	213.17	23.9%	118.23	36.8%
2007/4	0.0087	375.5%	0.0041	4.3%	26,156	-63.1%	27,124	7.2%	226.75	75.4%	110.24	11.7%
2008/1	0.0115	1174.4%	0.0041	1.4%	29,822	-56.5%	26,652	-3.7%	344.10	454.4%	108.34	-2.3%
2008/2	0.0127	215.1%	0.0042	6.9%	26,972	13.7%	24,440	-20.2%	343.30	258.1%	103.36	-14.7%
Exponential Fits	R-squared Value	Annualized Change	R-squared Value	Annualized Change	R-squared Value	Annualized Change	R-squared Value	Annualized Change	R-squared Value	Annualized Change	R-squared Value	Annualized Change
20-point fit	0.003	-5.1%	0.192	2.4%	0.316	45.9%	0.779	11.6%	0.470	38.4%	0.736	14.2%
16-point fit	0.152	9.1%	0.705	6.5%	0.181	56.2%	0.685	11.8%	0.538	70.4%	0.783	19.0%
12-point fit	0.472	46.7%	0.878	9.8%	0.018	-4.6%	0.479	11.0%	0.409	40.0%	0.696	21.9%
8-point fit	0.857	246.9%	0.819	5.8%	0.567	-42.7%	0.019	2.4%	0.636	98.7%	0.181	8.3%
4-point fit	0.978	145.4%	0.864	7.7%	0.313	-14.7%	0.944	-21.6%	0.837	109.3%	0.944	-15.5%

^A Series 1 is based on USAA Group Arkansas data

^B Series 2 is based on USAA Group CW Excl CA, FL, & TX data

USAA Group
Arkansas
USAA Group CW Excl CA, FL, & TX
Fire Forms

	Series 1 Frequency ^A	Series 2 Frequency ^B	Cred-Weighted Frequency ^C	Series 1 Severity ^A	Series 2 Severity ^B	Cred-Weighted Severity ^C	Cred-Weighted Pure Premium
Current Cost Selection	1.000	1.040	1.038	1.150	1.110	1.112	1.154
Trended Cost Selection	1.100	1.070	1.072	1.000	1.000	1.000	1.072

<u>Accident Year Ending</u>	Loss Trend Factor						
	Current Cost Selection (1)	Current Cost Period ^D (2)	Current Cost Factor (3) = (1) ^ (2)	Trended Cost Selection (4)	Trended Cost Period ^E (5)	Trended Cost Factor (6) = (4) ^ (5)	Loss Trend Factor (7) = (3) * (6)
03/31/2004	1.154	4.250	1.838	1.072	2.160	1.162	2.136
03/31/2005	1.154	3.250	1.593	1.072	2.160	1.162	1.851
03/31/2006	1.154	2.250	1.380	1.072	2.160	1.162	1.604
03/31/2007	1.154	1.250	1.196	1.072	2.160	1.162	1.390
03/31/2008	1.154	0.250	1.036	1.072	2.160	1.162	1.204

^A Series 1 is based on USAA Group Arkansas data

^B Series 2 is based on USAA Group CW Excl CA, FL, & TX data

^C USAA Group Arkansas is 5.3% credible based on 30 claims; used the Square Root method with a full credibility standard of 10,623 claims.

^D From the average date of loss in the respective accident year to 12/31/2007

^E From 12/31/2007 to the average date of loss in the effective period, 02/28/2010

USAA Group
Countrywide
 Loss Adjustment Expense (LAE) Factor
All Forms Combined
 As of 6/30/2008

Non-Catastrophe Loss Adjustment Expense Factor			
Calendar/Accident Year Ending	Incurred Losses	Loss Adjustment Expense	LAE Ratio
12/31/2005	55,808,806	13,022,723	0.233
12/31/2006	59,785,482	8,639,673	0.145
12/31/2007	87,818,538	10,660,103	0.121
Average LAE Ratio			0.166
Selected Non-Catastrophe LAE Factor			1.170

Non-Hurricane Catastrophe Loss Adjustment Expense Factor			
Calendar/Accident Year Ending	Incurred Losses	Loss Adjustment Expense	LAE Ratio
12/31/2005	6,367,656	343,531	0.054
12/31/2006	13,324,683	994,713	0.075
12/31/2007	15,744,120	704,548	0.045
Average LAE Ratio			0.058
Selected Non-Hurricane Catastrophe LAE Factor			1.060

USAA Group
Arkansas
Non-Hurricane Catastrophe Ratio
Fire Forms
As of 06/30/2008

Accident Year Ending	Direct Earned Premium	Non-Hurricane Catastrophe Losses	Non-Hurricane Cat/Prem Ratio
3/31/1989	261,794	0	0.000
3/31/1990	280,354	0	0.000
3/31/1991	292,515	2,512	0.009
3/31/1992	304,988	0	0.000
3/31/1993	323,163	0	0.000
3/31/1994	322,204	3,809	0.012
3/31/1995	321,335	0	0.000
3/31/1996	321,873	0	0.000
3/31/1997	314,247	0	0.000
3/31/1998	317,693	0	0.000
3/31/1999	333,313	0	0.000
3/31/2000	331,522	263	0.001
3/31/2001	355,156	0	0.000
3/31/2002	350,912	0	0.000
3/31/2003	336,233	0	0.000
3/31/2004	363,744	0	0.000
3/31/2005	422,458	0	0.000
3/31/2006	488,926	0	0.000
3/31/2007	477,010	0	0.000
3/31/2008	509,671	5,702	0.011
Average (Non-Hurricane Catastrophe Losses) / (Direct Earned Premium) =			0.002
Selected Non-Hurricane Catastrophe LAE Factor ^A =			1.060
Non-Hurricane Catastrophe Loss and LAE Ratio =			0.002

^A Developed in Exhibit VI-F

USAA Group
Arkansas
 Expected Net Fire Following Loss and LAE Ratio
Fire Forms

(1) Expected Annual Net Fire Following Cat Loss	\$10,22
(2) Prospective Earned Premium at Present Rates	\$560,63
(3) Fire Following Catastrophe Loss and LAE Ratio (1) / (2)	0.01
Selected Fire Following Catastrophe Loss and LAE Ratio	0.01

^A Based on Applied Insurance Research, Inc. (AIR) methodology and assumptions; net losses are based on exposure levels as of 05/31/2007 and trended for loss severity

USAA Group
Arkansas
Fixed and Variable Expense Provisions
Fire Forms

Exhibit VIII-F
Page 1 of 2

	2007	2008	2-Year Straight Average	Selected
(1) Average General Expenses Per Earned Exposure ^A	\$2.19	\$2.21		
(2) Selected Annual Expense Trend ^B	3.0%	3.0%		
(3) Trend Period ^C	2.67	1.67		
(4) Projected Average General Expenses Per Earned Exposure (1) * [1.03] ^ (3)	\$2.37	\$2.32	\$2.35	\$2.35
(5) Average Other Acquisition Expense Per Written Exposure ^A	\$33.04	\$32.05		
(6) Selected Annual Expense Trend ^B	3.0%	3.0%		
(7) Trend Period ^D	2.16	1.16		
(8) Projected Average Other Acquisition Expense Per Written Exposure (5) * [1.03] ^ (7)	\$35.22	\$33.17	\$34.20	\$34.20
(9) Average Licenses and Fees Expense Per Written Exposure ^E	\$0.90	\$1.15		
(10) Selected Annual Expense Trend ^B	3.0%	3.0%		
(11) Trend Period ^D	2.16	1.16		
(12) Projected Average Licenses and Fees Expense Per Written Exposure (9) * [1.03] ^ (11)	\$0.96	\$1.19	\$1.08	\$1.08
(13) Total Fixed Expense (4) + (8) + (12)				\$37.63
(14) Average Projected Premium at Present Rates ^F				\$237.86
(15) Projected Fixed Expense Provision (13) / (14)				0.158
(16) Commission and Brokerage	0.0%	0.0%	0.0%	0.0%
(17) Taxes ^G	2.2%	3.3%	2.8%	2.8%
(18) Profit and Contingencies Provision ^H				13.2%
(19) Total Variable Expenses (16) + (17) + (18)				16.0%
(20) Variable Permissible Loss and LAE Ratio 1 - (19)				84.0%

^A USAA Group Countrywide data

^B Developed in Exhibit VIII-F, Page 2 of 2

^C From the midpoint of the respective year to the average earned date in effective period, 02/28/2010

^D From the midpoint of the respective year to the average written date in effective period, 08/28/2009

^E Arkansas USAA Group data

^F Arkansas USAA Group data for Fire Forms only

^G Arkansas USAA Group data as a percent of direct written premium

^H Developed in Exhibit IX-F

USAA Group
Countrywide
Calculation of Annual Expense Trend

(1) Employment Cost Index - Finance, Insurance & Real Estate, excluding Sales Occupations - (annual change over latest 2 years ending 03/31/2008) U.S. Department of Labor	2.8%
(2) % of Other Acquisition and General Expenses used for Salaries and Employee Relations & Welfare - USAA Group Insurance Expense Exhibit, 2007	53.4%
(3) Consumer Price Index, All Items - (annual change over latest 2 years ending 03/31/2008)	3.4%
(4) Annual Expense Trend - $\{ (1) * (2) \} + \{ (3) * [1 - (2)] \}$	3.1%
<hr/> Selected Annual Expense Trend	<hr/> 3.0%

USAA GROUP
ARKANSAS FIRE
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' 2007 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 Arkansas Fire 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 2008 and 2009 and an after-tax return for each year is calculated.

USAA GROUP
ARKANSAS FIRE
UNDERWRITING PROFIT PROVISION

A.	Target Rate of Return (% of GAAP Surplus)	
1.	Capital Asset Pricing Model (Page 4, B4)	11.3%
2.	Selected Target Rate of Return	10.0%
B.	Target Underwriting Rate of Return (% of GAAP Surplus)	
1.	Investment Rate of Return After Tax (Page 5, B4)	3.6%
2.	Target Underwriting Return After Tax (A2) - (B1)	6.4%
3.	Target Underwriting Return Before Tax (B2) / (1.00 - 0.35)	9.8%
C.	Target Underwriting Profit Provision (% of Direct Earned Premium)	
1.	Direct Written Premium / GAAP Surplus Ratio (Page 9, B2b)	0.741
2.	Indicated Underwriting Profit Provision (B3) / (C1)	13.2%
3.	Selected Underwriting Profit Provision	13.2%