

SERFF Tracking Number: AMAX-125697487 State: Arkansas
Filing Company: American Association of Insurance Services State Tracking Number: EFT \$250
Company Tracking Number: AAIS-2008-28
TOI: 26.0 Burglary & Theft Sub-TOI: 26.0001 Commercial Burglary & Theft
Product Name: Crime
Project Name/Number: CW Crime Loss Costs Rating Information AAIS-2008-28/AAIS-2008-28

Filing at a Glance

Company: American Association of Insurance Services

Product Name: Crime SERFF Tr Num: AMAX-125697487 State: Arkansas
TOI: 26.0 Burglary & Theft SERFF Status: Closed State Tr Num: EFT \$250
Sub-TOI: 26.0001 Commercial Burglary & Theft Co Tr Num: AAIS-2008-28 State Status: Fees verified and received

Filing Type: Rate Co Status: Reviewer(s): Betty Montesi,
Llyweyia Rawlins
Author: SPI AAIS Disposition Date: 06/16/2008
Date Submitted: 06/16/2008 Disposition Status: Filed
Effective Date Requested (New): 01/01/2009 Effective Date (New): 01/01/2009
Effective Date Requested (Renewal): Effective Date (Renewal):

State Filing Description:

General Information

Project Name: CW Crime Loss Costs Rating Information AAIS-2008-28 Status of Filing in Domicile: Pending
Project Number: AAIS-2008-28 Domicile Status Comments:
Reference Organization: Reference Number:
Reference Title: Advisory Org. Circular:
Filing Status Changed: 06/16/2008
State Status Changed: 06/16/2008 Deemer Date:
Corresponding Filing Tracking Number:
Filing Description:

Re: AAIS-2008-28
Commercial Crime Program
Revised Loss Costs Rating Information

Dear Sir or Madam:

SERFF Tracking Number: AMAX-125697487 State: Arkansas
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On behalf of our affiliated companies, the American Association of Insurance Services (AAIS) is filing a revision to the loss cost rating information filed under the AAIS Commercial Crime Program. At this time, no changes are being made to the Commercial Crime forms or manual rules, or to the supplementary rating information (rating factors) filed under the current Commercial Crime Program.

The Filing Memorandum provides a description of the material being proposed at this time. Copies of all materials are enclosed.

We propose that the material described in this filing become effective January 1, 2009. Companies will be advised to take the filing action outlined in the attached company action exhibit.

Please be advised that, upon approval, the materials that are the subject of this filing may also be provided to affiliated companies in an electronic format. We will be happy to furnish you the same materials electronically, upon request. Due to differences in printer configurations or other hardware or software differences, the appearance of the materials that are the subject of this filing may be altered slightly when produced by another system. Such alterations will be cosmetic only and will not affect the content of the filed materials.

Company and Contact

Filing Contact Information

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Filing Company Information

American Association of Insurance Services
1745 S. Naperville Road
Wheaton, IL 60187-8132
(630) 681-8347 ext. [Phone]

CoCode: 31400
Group Code:
Group Name:
FEIN Number: 36-2021360

State of Domicile: Delaware
Company Type:
State ID Number:

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Filing Fees

Fee Required? Yes
Fee Amount: \$250.00
Retaliatory? No
Fee Explanation:
Per Company: No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
American Association of Insurance Services	\$250.00	06/16/2008	20924804

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Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Filed	Llyweyia Rawlins	06/16/2008	06/16/2008

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Disposition

Disposition Date: 06/16/2008
 Effective Date (New): 01/01/2009
 Effective Date (Renewal):
 Status: Filed
 Comment:

Company Name:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Premium:	Maximum % Change (where required):	Minimum % Change (where required):	Overall % Indicated Change:
American Association of Insurance Services	-2.600%	\$-1,608		\$61,471	12.900%	-15.200%	-3.300%

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Item Type	Item Name	Item Status	Public Access
Supporting Document	Filing Memo - All	Filed	Yes
Supporting Document	Actuarial Memo	Filed	Yes
Supporting Document	CW Actuarial Exhibits	Filed	Yes
Supporting Document	AR Actuarial Exhibits	Filed	Yes
Supporting Document	AR Commercial Lines Loss Cost Company Action Exhibit	Filed	Yes
Rate	Loss Cost and Supplementary Rating Information	Filed	Yes

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Rate Information

Rate data applies to filing.

Filing Method: Prior Approval
Rate Change Type: Decrease
Overall Percentage of Last Rate Revision: 0.000%
Effective Date of Last Rate Revision: 07/01/2002
Filing Method of Last Filing: Prior Approval

Company Rate Information

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Premium:	Maximum % Change (where required):	Minimum % Change (where required):
American Association of Insurance Services	-3.300%	-2.600%	\$-1,608		\$61,471	12.900%	-15.200%

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Rate/Rule Schedule

Review Status:	Exhibit Name:	Rule # or Page #:	Rate Action	Previous State Filing Attachments Number:
Filed	Loss Cost and Supplementary Rating Information 1 - 7 Information	Rating	Replacement	Rating Information 1 - 7.PDF

AMERICAN ASSOCIATION OF INSURANCE SERVICES
 COMMERCIAL CRIME MANUAL
 LOSS COSTS AND SUPPLEMENTARY RATING INFORMATION

ARKANSAS

TERRITORY: 010

BURGLARY AND ROBBERY

LIMIT	RATE GROUP				
	1	2	3	4	5
\$5,000	\$83	\$90	\$131	\$162	\$175
10,000	114	121	163	194	239
15,000	146	153	226	257	302
20,000	178	184	258	289	365
25,000	209	216	321	352	429
30,000	242	248	354	384	492
35,000	274	280	417	447	555
40,000	305	311	448	479	619
45,000	337	343	511	542	682
50,000	368	375	544	575	746
EACH ADD'L					
\$5,000	\$16	\$16	\$16	\$16	\$16

LIMIT	RATE GROUP				
	6	7	8	9	10
\$5,000	\$201	\$260	\$298	\$309	\$378
10,000	264	323	361	372	441
15,000	328	387	425	436	505
20,000	391	450	488	499	568
25,000	455	545	583	594	663
30,000	518	608	646	657	726
35,000	581	672	710	721	790
40,000	645	735	773	784	853
45,000	708	830	867	879	947
50,000	772	894	932	943	1,012
EACH ADD'L					
\$5,000	\$16	\$16	\$16	\$16	\$16

AMERICAN ASSOCIATION OF INSURANCE SERVICES
 COMMERCIAL CRIME MANUAL
 LOSS COSTS AND SUPPLEMENTARY RATING INFORMATION

ARKANSAS

TERRITORY: 010

THEFT

LIMIT	RATE GROUP				
	1	2	3	4	5
\$5,000	\$119	\$129	\$187	\$231	\$250
10,000	163	173	233	277	341
15,000	209	219	323	367	432
20,000	254	264	369	413	522
25,000	299	309	459	503	613
30,000	345	355	505	549	703
35,000	391	401	595	639	793
40,000	435	445	640	684	885
45,000	481	491	730	774	975
50,000	526	536	777	821	1,066
EACH ADD'L					
\$5,000	\$23	\$23	\$23	\$23	\$23

LIMIT	RATE GROUP				
	6	7	8	9	10
\$5,000	\$287	\$372	\$425	\$442	\$540
10,000	378	462	515	532	630
15,000	469	554	607	624	722
20,000	559	644	697	714	812
25,000	650	779	832	849	947
30,000	740	869	922	939	1,037
35,000	830	961	1,014	1,031	1,129
40,000	922	1,051	1,104	1,121	1,219
45,000	1,012	1,186	1,239	1,256	1,354
50,000	1,103	1,278	1,331	1,348	1,446
EACH ADD'L					
\$5,000	\$23	\$23	\$23	\$23	\$23

AMERICAN ASSOCIATION OF INSURANCE SERVICES
 COMMERCIAL CRIME MANUAL
 LOSS COSTS AND SUPPLEMENTARY RATING INFORMATION

ARKANSAS

RULE

MONEY AND SECURITIES

TERRITORY 010 \$75

4.3.3 BURGLARY AND ROBBERY COVERAGES - SAFE BURGLARY AND
 MESSENGER ROBBERY, CR 0303

LIMITS	RATE GROUPS					
	1	2	3	4	5-6	7-10
	FACTORS					
\$1,000	1.21	1.24	1.31	1.46	1.60	1.83
1,500	1.34	1.38	1.46	1.62	1.78	2.03
2,000	1.49	1.53	1.62	1.80	1.98	2.25
2,500	1.65	1.70	1.80	2.00	2.20	2.50
5,000	2.07	2.13	2.23	2.52	2.75	3.15
10,000	2.59	2.66	2.79	3.15	3.44	3.94
15,000	3.08	3.17	3.32	3.75	4.09	4.68
20,000	3.60	3.71	3.88	4.38	4.79	5.48
25,000	4.11	4.22	4.42	5.00	5.46	6.25

Limits other than those shown may be developed by interpolation.

AMERICAN ASSOCIATION OF INSURANCE SERVICES
 COMMERCIAL CRIME MANUAL
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ARKANSAS

RULE

4.3.4 MONEY AND SECURITIES COVERAGE - INSIDE AND OUTSIDE OF PREMISES, CR 0304

Limits: IN=Inside Premises, OUT=Outside Premises

LIMIT	FACTORS		
	Apts.	Office	Other
\$1,000 IN; 0 OUT	.86	.92	.97
\$1,000 IN; 1,000 OUT	.98	1.04	1.10
\$1,500 IN; 0 OUT	.99	1.05	1.11
\$1,500 IN; 1,500 OUT	1.12	1.19	1.25
\$2,000 IN; 0 OUT	1.11	1.18	1.25
\$2,000 IN; 2,000 OUT	1.26	1.34	1.41
\$2,500 IN; 0 OUT	1.23	1.31	1.38
\$2,500 IN; 2,500 OUT	1.40	1.49	1.57
\$5,000 IN; 0 OUT	1.54	1.64	1.73
\$5,000 IN; 2,000 OUT	1.65	1.75	1.84
\$5,000 IN; 5,000 OUT	1.75	1.86	1.96
\$10,000 IN; 0 OUT	3.09	3.27	3.46
\$10,000 IN; 2,000 OUT	3.20	3.38	3.57
\$10,000 IN; 5,000 OUT	3.30	3.49	3.69
\$10,000 IN; 10,000 OUT	3.52	3.72	3.93
\$20,000 IN; 20,000 OUT	7.25	7.47	7.94
\$25,000 IN; 25,000 OUT	9.42	9.71	10.32

Limits other than those shown may be developed by interpolation.

4.3.5 THEFT COVERAGE - CHURCHES, CR 0307

LIMIT	FACTOR
\$1,000	1.37
1,500	1.57
2,000	1.76
2,500	1.97
5,000	2.45
10,000	3.63
15,000	4.53
20,000	5.66

Limits other than those shown may be developed by interpolation.

AMERICAN ASSOCIATION OF INSURANCE SERVICES
COMMERCIAL CRIME MANUAL
LOSS COSTS AND SUPPLEMENTARY RATING INFORMATION

ARKANSAS

RULE

4.3.6 EMPLOYEE DISHONESTY COVERAGE, CR 0308

LIMIT	Up to 5 Employees	Each Additional Employee
\$5,000	\$67	\$7
10,000	89	9
25,000	137	14
50,000	197	20
75,000	260	21
100,000	312	23
125,000	343	24
150,000	361	25
200,000	380	25
250,000	399	26
500,000	492	32
1,000,000	673	44

4.3.8 COMPUTER FRAUD COVERAGE, CR 0311

LIMIT	BASE CHARGE
\$5,000	\$97
10,000	127
15,000	149
20,000	170
25,000	192
30,000	204
40,000	233
50,000	262
Each Add'l \$5,000	
Up to \$100,000	\$11
Over \$100,000	Refer to Company for rating information filed with the Department of Insurance.

Annual Gross Sales Receipts for the Latest Fiscal Year

LIMIT	SALES FACTOR
\$0 - 3,000,000	.70
\$3,000,001 - 5,000,000	1.00
\$5,000,001 - 10,000,000	1.30
\$10,000,001 - 25,000,000	2.00
Over \$25,000,000	2.00
Each Additional \$10,000,000	.10

AMERICAN ASSOCIATION OF INSURANCE SERVICES
 COMMERCIAL CRIME MANUAL
 LOSS COSTS AND SUPPLEMENTARY RATING INFORMATION

ARKANSAS

RULE

4.3.9 PREMISES LIABILITY FOR GUESTS' PROPERTY, CR 0312

Limit per Occurrence: \$25,000

Limit per Guest: \$2,000

NUMBER OF UNITS

The first 25 \$3.95

The next 25 2.95

Units over 50 2.45

To increase the limit per Guest use the following factors:

	FACTOR
Limit per Guest: \$5,000	1.90
Limit per Guest: \$10,000	3.00

Limits other than those shown may be developed by interpolation.

4.3.10 COUNTERFEIT MONEY, MONEY ORDERS, AND TRAVELERS CHECKS, CR 0313

LIMIT	CHARGE
\$1,000	\$1.84
2,000	1.89
3,000	1.95
5,000	2.05
10,000	2.32

Limits other than those shown may be developed by interpolation.

4.3.11 FORGERY COVERAGE, CR 0314

LIMIT	Up to 5 Employees	Each Additional Employee
\$5,000	\$36	\$3
10,000	47	4
25,000	72	8
50,000	105	10
75,000	138	11
100,000	165	12
125,000	182	13
150,000	191	15
200,000	201	16
250,000	212	17
500,000	261	20
1,000,000	358	24

Limits other than those shown may be developed by interpolation.

AMERICAN ASSOCIATION OF INSURANCE SERVICES
 COMMERCIAL CRIME MANUAL
 LOSS COSTS AND SUPPLEMENTARY RATING INFORMATION

ARKANSAS

RULE

4.3.11 FORGERY COVERAGE, CR 0314 (CONT'D)

Personal Accounts

LIMIT	Up to 5 Employees	Each Additional Employee
\$1,000	\$9	\$1
2,000	10	2
3,000	11	3
5,000	14	6
10,000	18	8

Limits other than those shown may be developed by interpolation.

5 DEDUCTIBLE

DEDUCTIBLE OPTION	FACTOR
\$100	1.05
250	1.00
500	.95
1,000	.90
3,000	.85
5,000	.80

6.1 PROTECTIVE DEVICES

Watchperson:

PROTECTION	FACTOR
Central Station - Signals at least hourly	.75
Police Station - Signals at least hourly with at least one person on duty	.75
Watch Clock - Registered at least hourly	.85
Other	.95

Burglar Alarm System:

INSTALLATION	EXTENT	RESPONSE TIME FACTORS		
		15 min. or less	20 min. or less	30 min. or less
Local Alarm	2	.80	.85	.90
	3	.85	.90	.95
Central Station - all	1	.60	.65	.70
without keys	2	.70	.75	.80
	3	.75	.80	.85
Central Station - all	1	.50	.60	.70
with keys	2	.60	.70	.80
	3	.65	.75	.85

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Supporting Document Schedules

Satisfied -Name: Filing Memo - All	Review Status: Filed	06/16/2008
Comments:		
Attachment: Filing Memo - All.PDF		
Satisfied -Name: Actuarial Memo	Review Status: Filed	06/16/2008
Comments:		
Attachment: Actuarial Memo.PDF		
Satisfied -Name: CW Actuarial Exhibits	Review Status: Filed	06/16/2008
Comments:		
Attachment: CW Actuarial Exhibits.PDF		
Satisfied -Name: AR Actuarial Exhibits	Review Status: Filed	06/16/2008
Comments:		
Attachment: AR Actuarial Exhibits.PDF		
Satisfied -Name: AR Commercial Lines Loss Cost Company Action Exhibit	Review Status: Filed	06/16/2008
Comments:		
Attachment: AR Commercial Lines Loss Cost Company Action Exhibit.PDF		

**AMERICAN ASSOCIATION OF INSURANCE SERVICES
COMMERCIAL CRIME
LOSS COSTS RATING INFORMATION
FILING MEMORANDUM**

This filing consists of a revision to the loss cost rating information filed under the AAIS Commercial Crime Program. At this time, no changes are being made to the Commercial Crime forms or manual rules, or to the supplementary rating information (rating factors) filed under the current Commercial Crime Program.

The affected crime coverages include:

- Burglary/Robbery
- Theft
- Money and Securities
- Employee Dishonesty
- Computer Fraud
- Guest's Property
- Counterfeit Money
- Forgery

A separate Actuarial Memorandum and supporting exhibits are provided with this filing to address the proposed changes to the loss costs for the coverages listed above.

The Rating Information pages submitted under this filing include both loss costs and factors. As stated above, however, the supplementary rating factors remain unchanged. For convenience of review, the revised loss costs proposed in this filing have been surrounded by a border on the rate pages provided with this filing. The proposed changes are limited to the loss cost rating information within those borders.

AMERICAN ASSOCIATION OF INSURANCE SERVICES
Commercial Crime Program
Actuarial Memorandum

ARKANSAS

This Commercial Crime loss cost filing is in support of a proposed loss cost change of **-2.6%**. We are proposing a proposed loss cost change that is less change than the indicated change because we are assuming that some crime losses are underreported when the crime losses occur concurrently with other covered events, such as fire or wind.

A description of the ratemaking process and a list of supporting exhibits are provided. The following describes the fields and methodology of **Exhibit B: Rate Indications by Coverage**.

Column 1 shows the coverage under consideration.

Column 2 presents the 2002 – 2006 estimated loss costs. Five years of Commercial Crime policy detail data are used to calculate estimated cumulative loss costs, using the loss cost factor calculated in Exhibit H and the five year earned premium for the coverage. This method was used since the data is not suitable for extension of exposures techniques.

Column 3 presents 2002 – 2006 accident year ultimate losses. Losses are accumulated on an accident year basis. Exhibit C shows the calculations underlying the column. Adjustments are made for cost levels (Exhibit E), trend, and loss development (Exhibit G). Trend is calculated with a 1/1/2009 effective date. Column 4 then includes a provision for loss adjustment expenses calculated from historical industry data in Exhibit F.

Column 5 calculates the experience ratio as the product of the ultimate losses and the loss adjustment expense factor divided by the estimated loss costs. Column 6 computes the credibility of the experience using \$4,000,000 earned loss costs (Column 2) as the provision for full credibility and uses the square-root method for the calculation of partial credibility.

Column 7 presents the complement of credibility, which is calculated from Exhibit D for Burglary and Robbery, Theft, and Money and Securities coverages. Exhibit D relates the coverages current loss cost relationship to the average countrywide relationship and compares that relationship to a relationship calculated from FBI unit statistics data for 2 years (Exhibit J). For all other coverages, the complement of credibility is the countrywide indicated change.

Column 8 shows the credibility-weighted experience ratio, which has been converted to an indicated change in Column 9. Column 10 shows the selected changes which have been capped at +/-15%. In addition, the countrywide indication is selected for the last 5

Actuarial Memorandum

coverages listed as these are currently countrywide coverages, and AAIS intends to maintain them as such.

The selected changes in column 10 differ in several ways from the final filed changes in Exhibit A-2. For most coverages, the selected change differs due to rounding of the final proposed loss cost shown on Exhibit A-2. For Burglary and Robbery, Theft, and Money and Securities, the coverages have rating formulas that are related to one another. Thus, the final proposed loss cost for Money and Securities was used to calculate the Burglary and Robbery and Theft proposed loss costs and the change was calculated from those values.

Exhibit A-1 shows the proposed change by coverage and all coverages combined.

The following exhibits are attached:

Exhibit A-1	Rate Effect by Coverage
Exhibit A-2	Proposed Base Loss Costs
Exhibit B	Rate Level Indications by Coverage – State Specific
Exhibit B, CW	Rate Level Indications by Coverage - Countrywide
Exhibit C	Calculation of Trended Ultimate Incurred Losses by Coverage
Exhibit D	Development of Complement of Credibility Using Crime Index
Exhibit E	Development of Current Cost Index
Exhibit F	Development of Loss Adjustment Expense Factor
Exhibit G	Countrywide Loss Development
Exhibit H	Development of Loss Cost Factor
Exhibit J	State Crime Index

AMERICAN ASSOCIATION OF INSURANCE SERVICES
Commercial Crime Program
Rate Indications by Coverage

Countrywide

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Program	2002 - 2006 Loss Costs	2002 - 2006 Accident Year Ultimate Losses	Loss Adjustment Expense Factor	Experience Ratio	Credibility Factor	Complement of Credibility	Credibility Weighted Experience Ratio	Indicated Loss Cost Level Change
Burglery/Robbery/Theft	484,903	\$ 123,243	1.18	30.0%	0.348	1.129	84.0%	-16.0%
Money and Securities	12,082,647	6,434,805	1.18	62.8%	1.000	1.129	62.8%	-37.2%
Employee Dishonesty	506,200	79,332	1.18	18.5%	0.356	1.129	79.3%	-20.7%
Computer Fraud	-	-	1.18	0.0%	0.000	1.129	112.9%	12.9%
Guest's Property	-	-	1.18	0.0%	0.000	1.129	112.9%	12.9%
Counterfeit Money	10,072	-	1.18	0.0%	0.050	1.129	107.2%	7.2%
Forgery	41	-	1.18	0.0%	0.003	1.129	112.5%	12.5%
Totals	\$ 13,083,862	\$ 6,637,380		59.9%			64.3%	-35.7%

Notes:

- (2) Loss costs have been estimated from 2002 - 2006 earned premium
(3) Trended Ultimate 2002 - 2006 Ultimate Incurred Losses from Exhibit C, proposed effective date of 1/1/2009
(4) Exhibit F
(5) (3)*(4)/(2)
(6) ((2)/4 million)^1/2
(7) Trended Expected Experience Ratio
(8) (5)*(6)+(7)*(1-(6))*100%
(9) (8) - 1
(10) Selected

**AMERICAN ASSOCIATION OF INSURANCE SERVICES
Commercial Crime Program
Development of Current Cost Index**

Year	(1) Personal Consumption Expenditures ‡	(2) Natural Log of Index	(3) Fitted Natural Log	(4) Fitted Index
2002	100.0	4.605	4.606	100.0
2003	103.2	4.636	4.640	103.6
2004	108.0	4.682	4.675	107.2
2005	110.7	4.707	4.709	111.0
2006	114.7	4.743	4.744	114.9

Average Annual Percent of Change **3.5%**

Regression Output	
Constant	4.57096
Std Err of Y Estimate	0.00508
R Squared	0.99355
Degrees of Freedom	3
X Coefficient(s)	0.03455
Std Err of Coef	0.00161

‡**Source:** U.S. Department of Commerce Survey of Current Business, September 2007
Table 1.1.6 Real Gross Domestic Product, Chained Dollars
Personal Consumption Expenditures Nondurable Goods

Exhibit F

AMERICAN ASSOCIATION OF INSURANCE SERVICES
Commercial Crime Program
Development of Loss Adjustment Expense Factor

	Losses Incurred	DCC Incurred	AOE Incurred	LAE %
	(1)	(2)	(3)	{[(2)+(3)]/(1)}
2002	24,377	352	1,745	8.6%
2003	29,407	579	3,102	12.5%
2004	30,418	1,815	3,247	16.6%
2005	25,975	1,288	11,439	49.0%
2006	31,574	934	1,879	8.9%
Average				18.6%
Selected				18.0%

Source: Best's Aggregates and Averages, Insurance Expense
 Exhibit, Part III, ASL 26
 Columns 7, 9 and 11
 DCC is "Defense Costs and Containment"
 AOE is "All Other Expenses"

Exhibit G

AMERICAN ASSOCIATION OF INSURANCE SERVICES
Commercial Crime Program
Countrywide Loss Development

Accident Year Incurred Losses

	12 Months	24 Months	36 Months	48 Months	60 Months
2002	1,032,804	1,135,003	1,132,407	1,151,532	1,151,532
2003	1,109,838	1,174,893	1,105,743	1,151,808	
2004	1,689,276	1,814,542	1,509,684		
2005	1,127,335	996,181			
2006	1,252,311				

Age to Age Factors

	12 -- 24	24 -- 36	36 -- 48	48 -- 60
2002	1.099	0.998	1.017	1.000
2003	1.059	0.941	1.042	
2004	1.074	0.832		
2005	0.884			
Average	1.029	0.924	1.029	1.000
Selected	1.015	1.000	1.000	1.000

Ultimate Loss Development Factors

12 - Ult.	24 - Ult.	36 - Ult.	48 - Ult.	60 - Ult.
1.015	1.000	1.000	1.000	1.000

Exhibit H

**AMERICAN ASSOCIATION OF INSURANCE SERVICES
Commercial Crime Program
Development of Loss Cost Factor**

Expense Description	2004	2005	2006	3 Year Average
1. Commission & Brokerage	17.2%	12.7%	17.5%	15.8%
2. Other Acquisition Costs	12.0%	9.4%	10.1%	10.5%
3. General Expenses	18.0%	10.9%	19.7%	16.2%
4. Taxes, Licenses, and Fees	3.2%	3.7%	7.0%	4.6%
5. Total Expenses [1+2+3+4]				47.1%
6. Profit and Contingency Load			2.50%	
7. Investment Income Offset			0.00%	
8. Profit and Contingency Load less Investment Income				2.50%
9. Factor for Adjusting Premium to Loss Costs [1.00 - ((5)+(8))]				50.4%

Source:

Best's Aggregates and Averages (Property-Casualty)

Aggregate Insurance Expense Exhibit

By Line Underwriting Experience - Industry by Companies under 1M

Burglary and Theft - Line 26

**American Association of Insurance Services
Commercial Crime Program
State Crime Index**

Data from FBI records

State	Population 2005	Property Crime Per 1,000 People	Population 2006	Property Crime Per 1,000 People	2 Year Average Property Crime Per 1,000 People	Relativity to CW Average	
AL	Alabama	4,557,808	38.92	4,599,030	37.40	38.16	1.14
AK	Alaska	663,661	36.13	670,053	36.05	36.09	1.08
AZ	Arizona	5,939,292	48.38	6,166,318	46.28	47.33	1.41
AR	Arkansas	2,779,154	40.58	2,810,872	39.67	40.13	1.20
CA	California	36,132,147	33.23	36,457,549	31.71	32.47	0.97
CO	Colorado	4,665,177	40.39	4,753,377	34.51	37.45	1.12
CT	Connecticut	3,510,297	25.58	3,504,809	25.04	25.31	0.75
DE	Delaware	843,524	31.11	853,476	34.18	32.65	0.97
DC	District of Columbia	550,521	47.47	581,530	46.54	47.00	1.40
FL	Florida	17,789,864	40.08	18,089,888	39.86	39.97	1.19
GA	Georgia	9,072,576	41.72	9,363,941	38.89	40.31	1.20
HI	Hawaii	1,275,194	47.93	1,285,498	42.30	45.12	1.34
ID	Idaho	1,429,096	26.98	1,466,465	24.19	25.58	0.76
IL	Illinois	12,763,371	NA	12,831,970	30.20	30.20	0.90
IN	Indiana	6,271,868	34.56	6,313,520	35.02	34.79	1.04
IA	Iowa	2,966,334	28.34	2,982,085	28.03	28.18	0.84
KS	Kansas	2,744,687	37.87	2,764,075	37.50	37.69	1.12
KY	Kentucky	4,173,405	25.30	4,206,074	25.44	25.37	0.76
LA	Louisiana	4,523,628	36.83	4,287,768	39.94	38.38	1.14
ME	Maine	1,321,505	24.13	1,321,574	25.19	24.66	0.73
MD	Maryland	5,600,388	35.44	5,615,727	34.81	35.12	1.05
MA	Massachusetts	6,398,743	23.64	6,437,193	23.91	23.77	0.71
MI	Michigan	10,120,860	30.91	10,095,643	32.13	31.52	0.94
MN	Minnesota	5,132,799	30.84	5,167,101	30.79	30.82	0.92
MS	Mississippi	2,921,088	32.60	2,910,540	32.09	32.34	0.96
MO	Missouri	5,800,310	39.28	5,842,713	38.26	38.77	1.16
MT	Montana	935,670	31.43	944,632	26.88	29.15	0.87
NE	Nebraska	1,758,787	34.24	1,768,331	33.41	33.82	1.01
NV	Nevada	2,414,807	42.41	2,495,529	40.89	41.65	1.24
NH	New Hampshire	1,309,940	17.96	1,314,895	18.74	18.35	0.55
NJ	New Jersey	8,717,925	23.33	8,724,560	22.92	23.12	0.69
NM	New Mexico	1,928,384	41.48	1,954,599	39.37	40.43	1.20
NY	New York	19,254,630	21.09	19,306,183	20.53	20.81	0.62
NC	North Carolina	8,683,242	40.75	8,856,505	41.21	40.98	1.22
ND	North Dakota	636,677	19.78	635,867	20.00	19.89	0.59
OH	Ohio	11,464,042	36.63	11,478,006	36.79	36.71	1.09
OK	Oklahoma	3,547,890	40.42	3,579,212	36.04	38.23	1.14
OR	Oregon	3,641,056	44.00	3,700,758	36.72	40.36	1.20
PA	Pennsylvania	12,429,616	24.17	12,440,621	24.44	24.30	0.72
RI	Rhode Island	1,076,189	27.19	1,067,610	25.83	26.51	0.79
SC	South Carolina	4,255,083	43.39	4,321,249	42.42	42.91	1.28
SD	South Dakota	775,933	17.76	781,919	16.20	16.98	0.51
TN	Tennessee	5,962,959	42.76	6,038,803	41.28	42.02	1.25
TX	Texas	22,859,968	43.32	23,507,783	40.81	42.07	1.25
UT	Utah	2,469,585	38.69	2,550,063	35.16	36.93	1.10
VT	Vermont	623,050	22.81	623,908	23.05	22.93	0.68
VA	Virginia	7,567,465	26.38	7,642,884	24.78	25.58	0.76
WA	Washington	6,287,759	48.93	6,395,798	44.80	46.87	1.40
WV	West Virginia	1,816,856	26.25	1,818,470	26.22	26.23	0.78
WI	Wisconsin	5,536,201	26.60	5,556,506	28.18	27.39	0.82
WY	Wyoming	509,294	31.55	515,004	29.81	30.68	0.91
TOTAL		296,410,305	34.07	299,398,484	33.06	33.57	1.00

AMERICAN ASSOCIATION OF INSURANCE SERVICES
Commercial Crime Program
Rate Effect by Coverage

Arkansas

Coverage	2006 Written Premium	Percent of Written Premium	AAIS Loss Cost Change
Burglary/Robbery	\$ 1,292	2.1%	-3.5%
Theft	\$ 0	0.0%	-2.5%
Money and Securities	\$ 60,179	97.9%	-2.6%
Employee Dishonesty	\$ 0	0.0%	-15.2%
Computer Fraud	\$ 0	0.0%	12.8%
Guest's Property	\$ 0	0.0%	12.9%
Counterfeit Money	\$ 0	0.0%	7.0%
Forgery	\$ 0	0.0%	12.5%
Total	\$ 61,471	100.0%	
Overall Impact of Loss Cost Change			-2.6%

AMERICAN ASSOCIATION OF INSURANCE SERVICES
Commercial Crime Program
Proposed - Base Loss Costs

Arkansas

Coverage	Current Base Loss Cost	Proposed Change to Base*	Proposed Base Loss Cost
Burglary/Robbery	\$ 86.00	-3.5%	\$ 83.00
Theft	\$ 122.00	-2.5%	\$ 119.00
Money and Securities	\$ 77.00	-2.6%	\$ 75.00
Employee Dishonesty	\$ 79.00	-15.2%	\$ 67.00
Computer Fraud	\$ 86.00	12.8%	\$ 97.00
Guest's Property	\$ 3.50	12.9%	\$ 3.95
Counterfeit Money	\$ 1.72	7.0%	\$ 1.84
Forgery	\$ 32.00	12.5%	\$ 36.00
Forgery - Personal Accounts	\$ 8.00	12.5%	\$ 9.00

*Differences from Exhibit B due to rounding of proposed base loss costs and due to maintaining the relationship between the first three coverages

NOTES:

Burglary/Robbery	Territory 010, \$5,000 limit, Rate Group 1
Theft	Territory 010, \$5,000 limit, Rate Group 1
Money and Securities	Territory 010
Employee Dishonesty	\$5,000 limit, up to 5 employees
Computer Fraud	\$5,000 limit
Guest's Property	First 25 units
Counterfeit Money	\$1000 limit
Forgery	Up to 5 employees, \$5000 limit

AMERICAN ASSOCIATION OF INSURANCE SERVICES
Commercial Crime Program
Rate Indications by Coverage

Arkansas

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Program	2002 - 2006 Estimated Loss Costs	2002 - 2006 Accident Year Ultimate Losses	Loss Adjustment Expense Factor	Experience Ratio	Credibility Factor	Complement of Credibility	Credibility Weighted Experience Ratio	Indicated Loss Cost Level Change	Selected Loss Cost Level Change
Burglary/Robbery/Theft	\$ 1,883	\$ 0	1.18	0.0%	0.022	1.020	99.8%	-0.2%	-0.2%
Money and Securities	109,704	68,623	1.18	73.8%	0.166	1.020	97.3%	-2.7%	-2.7%
Employee Dishonesty	3,473	-	1.18	0.0%	0.029	0.793	77.0%	-23.0%	-15.0%
Computer Fraud	-	-	1.18	0.0%	0.000	1.129	112.9%	12.9%	12.9%
Guest's Property	-	-	1.18	0.0%	0.000	1.129	112.9%	12.9%	12.9%
Counterfeit Money	-	-	1.18	0.0%	0.000	1.072	107.2%	7.2%	7.2%
Forgery	-	-	1.18	0.0%	0.000	1.125	112.5%	12.5%	12.5%
Totals	\$ 115,059	\$ 68,623		70.4%			96.7%	-3.3%	-3.0%

Notes:

(2) Loss costs have been estimated from 2002 - 2006 earned premium

(3) Trended Ultimate 2002 - 2006 Ultimate Incurred Losses from Exhibit C, proposed effective date of 1/1/2009

(4) Exhibit F

(5) (3)*(4)/(2)

(6) ((2)/4 million)^1/2

(7) Countrywide indicated change (Exhibit B, CW) for most coverages, See Exhibit D for calculation of complement for Money and Securities and Burglary/Robbery/Theft

(8) (5)*(6)+(7)*(1-(6))*100%

(9) (8) - 1

(10) Selected

Exhibit C

**AMERICAN ASSOCIATION OF INSURANCE SERVICES
Crime Program
Calculation of Trended Ultimate Incurred Losses by Coverage**

Arkansas

Coverage	Accident Year				
	2002	2003	2004	2005	2006
Unadjusted Incurred Losses					
Burglary/Robbery	-	-	-	-	-
Theft	-	-	-	-	-
Money and Securities	-	18,798	27,957	7,243	2,437
Employee Dishonesty	-	-	-	-	-
Computer Fraud	-	-	-	-	-
Guest's Property	-	-	-	-	-
Counterfeit Money	-	-	-	-	-
Forgery	-	-	-	-	-
Proposed effective date of 1/1/2009					
Current Cost/Trend (Exhibit E)	1.296	1.252	1.210	1.169	1.129
Loss Development (Exhibit H)	1.000	1.000	1.000	1.000	1.015

Coverage	Accident Year					TOTAL
	2002	2003	2004	2005	2006	
Trended Ultimate Incurred Losses						
Burglary/Robbery	-	-	-	-	-	-
Theft	-	-	-	-	-	-
Money and Securities	-	23,535	33,828	8,467	2,793	68,623
Employee Dishonesty	-	-	-	-	-	-
Computer Fraud	-	-	-	-	-	-
Guest's Property	-	-	-	-	-	-
Counterfeit Money	-	-	-	-	-	-
Forgery	-	-	-	-	-	-

Exhibit D

AMERICAN ASSOCIATION OF INSURANCE SERVICES
Commercial Crime Program
Development of Complement of Credibility Using Crime Index

Arkansas

1. Current Money and Securities Loss Cost	77
2. Average Countrywide Money and Securities Loss Cost	65.69
3. Current Money and Securities Relationship to Average (2)/(1)	1.172
4. Proposed State Crime Factor (Exhibit J)	1.195
5. Complement of Credibility (4)/(3)	1.020

AMERICAN ASSOCIATION OF INSURANCE SERVICES

COMPANY ACTION EXHIBIT

ARKANSAS

LOSS COST RATING INFORMATION

Companies that are affiliated with AAIS for loss cost rating information for this line of insurance:

- can adopt AAIS loss cost rating information without notifying the Arkansas Insurance Department (ARID).

Companies are advised to make an internal (drawer) filing to document what AAIS materials are used and their effective date.