

SERFF Tracking Number: USAA-126838790 State: Arkansas
First Filing Company: Garrison Property and Casualty Insurance Company, ... State Tracking Number: EFT \$100
Company Tracking Number: AR1013207
TOI: 01.0 Property Sub-TOI: 01.0002 Personal Property (Fire and Allied Lines)
Product Name: Rate Revision
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: Rate Revision SERFF Tr Num: USAA-126838790 State: Arkansas
TOI: 01.0 Property SERFF Status: Closed-Filed State Tr Num: EFT \$100
Sub-TOI: 01.0002 Personal Property (Fire and Allied Lines) Co Tr Num: AR1013207 State Status: Fees verified and received
Filing Type: Rate Reviewer(s): Becky Harrington, Nancy Horton
Author: Scott Hawthorne Disposition Date: 10/15/2010
Date Submitted: 10/04/2010 Disposition Status: Filed
Effective Date Requested (New): 12/31/2010 Effective Date (New): 12/31/2010
Effective Date Requested (Renewal): 12/31/2010 Effective Date (Renewal): 12/31/2010

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: 10/15/2010
State Status Changed: 10/06/2010 Deemer Date:
Created By: Scott Hawthorne Submitted By: Scott Hawthorne
Corresponding Filing Tracking Number:
Filing Description:
USAA Group (USAA, USAA-CIC, USAA-GIC, and Garrison) wishes to revise our Fire and Allied Lines program with an overall effect of 12.0%. The proposed changes include revising the Fire and Allied Lines Base Rates. The attached exhibits support these revisions.

An effective date of December 31, 2010, for these revisions will apply to all policies.

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Company and Contact

Filing Contact Information

Scott Hawthorne, Compliance Analyst scott.hawthorne@usaa.com
 A-03-W Insurance Regulatory Compliance 800-531-8722 [Phone] 85315 [Ext]
 9800 Fredericksburg Road 866-358-3638 [FAX]
 San Antonio, TX 78288-1033

Filing Company Information

Garrison Property and Casualty Insurance Company CoCode: 21253 State of Domicile: Texas

9800 Fredericksburg Road Group Code: 200 Company Type: Stock
 San Antonio, TX 78284-8496 Group Name: USAA State ID Number:
 (800) 531-8722 ext. [Phone] FEIN Number: 43-1803614

 United Services Automobile Association CoCode: 25941 State of Domicile: Texas
 9800 Federicksburg Road Group Code: 200 Company Type: Reciprocal
 San Antonio, TX 78288 Group Name: USAA State ID Number:
 (800) 531-8722 ext. [Phone] FEIN Number: 74-0959140

 USAA Casualty Insurance Company CoCode: 25968 State of Domicile: Texas
 9800 Fredericksburg Road Group Code: 200 Company Type: Stock
 San Antonio, TX 78288 Group Name: USAA State ID Number:
 (800) 531-8722 ext. [Phone] FEIN Number: 59-3019540

 USAA General Indemnity Company CoCode: 18600 State of Domicile: Texas
 9800 Fredericksburg Road Group Code: 200 Company Type: Stock
 San Antonio, TX 78288 Group Name: USAA State ID Number:
 (800) 531-8722 ext. [Phone] FEIN Number: 74-1718283

Filing Fees

Fee Required? Yes

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Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Filed	Becky Harrington	10/15/2010	10/15/2010

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	10/06/2010	10/06/2010	Scott Hawthorne	10/13/2010	10/13/2010

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Disposition

Disposition Date: 10/15/2010
 Effective Date (New): 12/31/2010
 Effective Date (Renewal): 12/31/2010
 Status: Filed
 Comment:

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where required):	Minimum % Change (where required):
Garrison Property and Casualty Insurance Company	45.700%	12.100%	\$4,717	42	\$38,983	12.800%	8.700%
United Services Automobile Association	45.700%	12.000%	\$185,396	2,370	\$1,544,969	13.400%	0.000%
USAA Casualty Insurance Company	45.700%	12.100%	\$45,304	403	\$374,412	13.100%	8.600%
USAA General Indemnity Company	45.700%	12.100%	\$4,405	40	\$36,404	13.000%	9.900%

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Product Name: Rate Revision
Project Name/Number: /

Overall Rate Information for Multiple Company Filings

Overall Percentage Rate Indicated For This Filing	45.700%
Overall Percentage Rate Impact For This Filing	12.000%
Effect of Rate Filing-Written Premium Change For This Program	\$239,822
Effect of Rate Filing - Number of Policyholders Affected	2,855

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Schedule	Schedule Item	Schedule 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 (revised)	AR Fire and Allied Lines Actuarial Support	Filed	Yes
Supporting Document	AR Fire and Allied Lines Actuarial Support		Yes
Supporting Document	10/13/10 Objection Response	Filed	Yes
Rate	AR Fire Rate Pages	Filed	Yes

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

Objection Letter

Objection Letter Status Pending Industry Response
Objection Letter Date 10/06/2010
Submitted Date 10/06/2010

Respond By Date

Dear Scott Hawthorne,

This will acknowledge receipt of the captioned filing.

Objection 1

- AR Fire and Allied Lines Actuarial Support (Supporting Document)

Comment: Please revise the indications using historical AR data instead of AIR models.

Remove the hurricane load.

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

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Product Name: Rate Revision
Project Name/Number: /

Response Letter

Response Letter Status Submitted to State
Response Letter Date 10/13/2010
Submitted Date 10/13/2010

Dear Becky Harrington,

Comments:

Response 1

Comments: We have revised our indicated rate change to use Arkansas historical catastrophe losses rather than the modeled losses provided by AIR; the hurricane load has been removed. Please refer to the following Exhibits that have revised to reflect this change:

Exhibit I – Revised Indicated Rate Change
Exhibit VIII – Revised Expenses
Exhibit IX – Revised Underwriting Profit Provision

Please note that using Arkansas' historical catastrophe losses results in indicated rate changes of 44.6% for Fire, and 49.9% for Allied Lines, which is sufficient to support our proposed overall rate change of 12.0%.

Related Objection 1

Applies To:

- AR Fire and Allied Lines Actuarial Support (Supporting Document)

Comment:

Please revise the indications using historical AR data instead of AIR models.

Remove the hurricane load.

Changed Items:

Supporting Document Schedule Item Changes

Satisfied -Name: AR Fire and Allied Lines Actuarial Support

Comment:

Satisfied -Name: 10/13/10 Objection Response

SERFF Tracking Number: USAA-126838790 State: Arkansas
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 Project Name/Number: /

Rate Information

Rate data applies to filing.

Filing Method: File and Use
Rate Change Type: Increase
Overall Percentage of Last Rate Revision: 11.100%
Effective Date of Last Rate Revision: 02/28/2009
Filing Method of Last Filing: File and Use

Company Rate Information

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where required):	Minimum % Change (where required):
Garrison Property and Casualty Insurance Company	45.700%	12.100%	\$4,717	42	\$38,983	12.800%	8.700%
United Services Automobile Association	45.700%	12.000%	\$185,396	2,370	\$1,544,969	13.400%	0.000%
USAA Casualty Insurance Company	45.700%	12.100%	\$45,304	403	\$374,412	13.100%	8.600%
USAA General Indemnity Company	45.700%	12.100%	\$4,405	40	\$36,404	13.000%	9.900%

<i>SERFF Tracking Number:</i>	<i>USAA-126838790</i>	<i>State:</i>	<i>Arkansas</i>
<i>First Filing Company:</i>	<i>Garrison Property and Casualty Insurance Company, ...</i>	<i>State Tracking Number:</i>	<i>EFT \$100</i>
<i>Company Tracking Number:</i>	<i>AR1013207</i>		
<i>TOI:</i>	<i>01.0 Property</i>	<i>Sub-TOI:</i>	<i>01.0002 Personal Property (Fire and Allied Lines)</i>
<i>Product Name:</i>	<i>Rate Revision</i>		
<i>Project Name/Number:</i>	<i>/</i>		

Overall Rate Information for Multiple Company Filings

Overall % Rate Indicated:	45.700%
Overall Percentage Rate Impact For This Filing:	12.000%
Effect of Rate Filing - Written Premium Change For This Program:	\$239,822
Effect of Rate Filing - Number of Policyholders Affected:	2855

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Rate/Rule Schedule

Schedule Item	Exhibit Name:	Rule # or Page	Rate Action	Previous State Filing Attachments
Status:		#:		Number:
Filed 10/15/2010	AR Fire Rate Pages	DP-R-4-8; DP-R-Replacement 9-18		USAA-125859479 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	\$93	\$22
USAA-CIC	\$137	\$33
USAA-GIC	\$137	\$33
Garrison	\$137	\$33

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

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
Construction P.C. Factor		
Masonry	1-3	2.133
	4	2.400
	5	2.176
	6	2.105
	7	1.808
	8	1.786
	8B, 9	1.818
	10	1.714
Frame	1-3	2.211
	4	2.095
	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

** Rate mobile homes as frame

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

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	\$82	\$8
Broad Form	\$39	\$8
Special Form	\$62	-

USAA-CIC Unity Premiums		
	Cov A	Cov C
Extended Coverage	\$120	\$9
Broad Form	\$59	\$16
Special Form	\$91	-

USAA-GIC Unity Premiums		
	Cov A	Cov C
Extended Coverage	\$120	\$9
Broad Form	\$59	\$16
Special Form	\$91	-

GARRISON Unity Premiums		
	Cov A	Cov C
Extended Coverage	\$120	\$9
Broad Form	\$59	\$16
Special Form	\$91	-

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

		Item Status:	Status Date:
Satisfied - Item:	Form RF-1 NAIC Loss Cost Data Entry Document--All P&C Lines	Filed	10/15/2010

Comments:

Attachments:

USAA RF-1.pdf
 CIC RF-1.pdf
 GIC RF-1.pdf
 Garrison RF-1.pdf

		Item Status:	Status Date:
Satisfied - Item:	HPCS-Homeowners Premium Comparison Survey	Filed	10/15/2010

Comments:

Attachments:

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

		Item Status:	Status Date:
Satisfied - Item:	AR Fire and Allied Lines Actuarial Support	Filed	10/15/2010

Comments:

Attachment:

AR Fire and Allied Lines Actuarial Support - Revised.pdf

		Item Status:	Status
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Product Name: Rate Revision
Project Name/Number: /

Satisfied - Item: 10/13/10 Objection Response

Filed

Date:
10/15/2010

Comments:

Attachment:

AR Fire Objection Response 10-13-10.pdf

NAIC LOSS COST DATA ENTRY DOCUMENT

1.	This filing transmittal is part of Company Tracking #	AR1013207
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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	45.7% (Group)	13.0%					
Allied Lines	75.6% (Group)	13.2%					
TOTAL OVERALL EFFECT	64.54% (Group)	12.0%					

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
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%
2008	2,181	0.0%	7/1/2008	1,133	2,343	207%	62%
2009	2,370	11.1%	2/28/2009	1,365	1,891	138%	55%

7.	
Expense Constants	Selected Provisions
A. Total Production Expense	10.9%
B. General Expense	1.9%
C. Taxes, License & Fees	3.2%
D. Underwriting Profit & Contingencies	14.8%
E. Other (explain)	
F. TOTAL	30.8%

- 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 #	AR1013207
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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	45.7% (Group)	13.1%					
Allied Lines	75.6% (Group)	12.9%					
TOTAL OVERALL EFFECT	64.54% (Group)	12.1%					

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
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%
2008	394	0.0%	7/1/2008	276	274	99%	44%
2009	403	11.4%	2/28/2009	330	241	73%	45%

7.	
Expense Constants	Selected Provisions
A. Total Production Expense	10.5%
B. General Expense	1.8%
C. Taxes, License & Fees	3.3%
D. Underwriting Profit & Contingencies	14.8%
E. Other (explain)	
F. TOTAL	30.4%

- 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 #	AR1013207
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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	45.7% (Group)	13.1%					
Allied Lines	75.6% (Group)	12.9%					
TOTAL OVERALL EFFECT	64.54% (Group)	12.1%					

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
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%
2008	19	0.0%	7/1/2008	10.0	6.1	62%	107%
2009	40	11.2%	2/28/2009	22.8	135.2	593%	83%

7.	
Expense Constants	Selected Provisions
A. Total Production Expense	20.2%
B. General Expense	2.5%
C. Taxes, License & Fees	3.4%
D. Underwriting Profit & Contingencies	14.8%
E. Other (explain)	
F. TOTAL	40.9%

- 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 #	AR1013207
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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	45.7% (Group)	13.1%					
Allied Lines	75.6% (Group)	12.9%					
TOTAL OVERALL EFFECT	64.54% (Group)	12.1%					

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
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%
2008	32	0.0%	7/1/2008	16.9	6.4	38%	68%
2009	42	11.4%	2/28/2009	31.7	13.5	42%	53%

Expense Constants	Selected Provisions
A. Total Production Expense	13.1%
B. General Expense	1.6%
C. Taxes, License & Fees	3.2%
D. Underwriting Profit & Contingencies	14.8%
E. Other (explain)	
F. TOTAL	32.7%

- 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, CCP
 Telephone No.: 800-531-8722, ext. 8-5315
 Email Address: scott.hawthorne@usaa.com
 Effective Date: 12/31/2010

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

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

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

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	\$723.01	\$649.25	\$723.01	\$649.25	\$723.01	\$649.25	\$723.01	\$649.25	\$723.01	\$649.25	\$723.01	\$649.25	\$723.01	\$649.25	\$723.01	\$649.25	\$723.01	\$649.25
	\$120,000	\$1,034.29	\$930.59	\$1,034.29	\$930.59	\$1,034.29	\$930.59	\$1,034.29	\$930.59	\$1,034.29	\$930.59	\$1,034.29	\$930.59	\$1,034.29	\$930.59	\$1,034.29	\$930.59	\$1,034.29	\$930.59
	\$160,000	\$1,345.57	\$1,211.93	\$1,345.57	\$1,211.93	\$1,345.57	\$1,211.93	\$1,345.57	\$1,211.93	\$1,345.57	\$1,211.93	\$1,345.57	\$1,211.93	\$1,345.57	\$1,211.93	\$1,345.57	\$1,211.93	\$1,345.57	\$1,211.93
6	\$80,000	\$832.49	\$751.27	\$832.49	\$751.27	\$832.49	\$751.27	\$832.49	\$751.27	\$832.49	\$751.27	\$832.49	\$751.27	\$832.49	\$751.27	\$832.49	\$751.27	\$832.49	\$751.27
	\$120,000	\$1,188.30	\$1,071.73	\$1,188.30	\$1,071.73	\$1,188.30	\$1,071.73	\$1,188.30	\$1,071.73	\$1,188.30	\$1,071.73	\$1,188.30	\$1,071.73	\$1,188.30	\$1,071.73	\$1,188.30	\$1,071.73	\$1,188.30	\$1,071.73
	\$160,000	\$1,544.11	\$1,392.18	\$1,544.11	\$1,392.18	\$1,544.11	\$1,392.18	\$1,544.11	\$1,392.18	\$1,544.11	\$1,392.18	\$1,544.11	\$1,392.18	\$1,544.11	\$1,392.18	\$1,544.11	\$1,392.18	\$1,544.11	\$1,392.18
9	\$80,000	\$1,337.78	\$1,025.86	\$1,337.78	\$1,025.86	\$1,337.78	\$1,025.86	\$1,337.78	\$1,025.86	\$1,337.78	\$1,025.86	\$1,337.78	\$1,025.86	\$1,337.78	\$1,025.86	\$1,337.78	\$1,025.86	\$1,337.78	\$1,025.86
	\$120,000	\$1,892.09	\$1,456.43	\$1,892.09	\$1,456.43	\$1,892.09	\$1,456.43	\$1,892.09	\$1,456.43	\$1,892.09	\$1,456.43	\$1,892.09	\$1,456.43	\$1,892.09	\$1,456.43	\$1,892.09	\$1,456.43	\$1,892.09	\$1,456.43
	\$160,000	\$2,446.41	\$1,887.02	\$2,446.41	\$1,887.02	\$2,446.41	\$1,887.02	\$2,446.41	\$1,887.02	\$2,446.41	\$1,887.02	\$2,446.41	\$1,887.02	\$2,446.41	\$1,887.02	\$2,446.41	\$1,887.02	\$2,446.41	\$1,887.02

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

NAIC Number:	25968
Company Name:	USAA Casualty Insurance Company
Contact Person:	Scott Hawthorne, MSIM, CPCU, CCP
Telephone No.:	800-531-8722, ext. 8-5315
Email Address:	scott.hawthorne@usaa.com
Effective Date:	12/31/2010

**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
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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	\$1,087.66	\$978.03	\$1,087.66	\$978.03	\$1,087.66	\$978.03	\$1,087.66	\$978.03	\$1,087.66	\$978.03	\$1,087.66	\$978.03	\$1,087.66	\$978.03	\$1,087.66	\$978.03	\$1,087.66	\$978.03
	\$120,000	\$1,557.31	\$1,403.11	\$1,557.31	\$1,403.11	\$1,557.31	\$1,403.11	\$1,557.31	\$1,403.11	\$1,557.31	\$1,403.11	\$1,557.31	\$1,403.11	\$1,557.31	\$1,403.11	\$1,557.31	\$1,403.11	\$1,557.31	\$1,403.11
	\$160,000	\$2,026.99	\$1,828.20	\$2,026.99	\$1,828.20	\$2,026.99	\$1,828.20	\$2,026.99	\$1,828.20	\$2,026.99	\$1,828.20	\$2,026.99	\$1,828.20	\$2,026.99	\$1,828.20	\$2,026.99	\$1,828.20	\$2,026.99	\$1,828.20
6	\$80,000	\$1,250.40	\$1,129.28	\$1,250.40	\$1,129.28	\$1,250.40	\$1,129.28	\$1,250.40	\$1,129.28	\$1,250.40	\$1,129.28	\$1,250.40	\$1,129.28	\$1,250.40	\$1,129.28	\$1,250.40	\$1,129.28	\$1,250.40	\$1,129.28
	\$120,000	\$1,786.37	\$1,612.46	\$1,786.37	\$1,612.46	\$1,786.37	\$1,612.46	\$1,786.37	\$1,612.46	\$1,786.37	\$1,612.46	\$1,786.37	\$1,612.46	\$1,786.37	\$1,612.46	\$1,786.37	\$1,612.46	\$1,786.37	\$1,612.46
	\$160,000	\$2,322.35	\$2,095.66	\$2,322.35	\$2,095.66	\$2,322.35	\$2,095.66	\$2,322.35	\$2,095.66	\$2,322.35	\$2,095.66	\$2,322.35	\$2,095.66	\$2,322.35	\$2,095.66	\$2,322.35	\$2,095.66	\$2,322.35	\$2,095.66
9	\$80,000	\$2,000.35	\$1,537.20	\$2,000.35	\$1,537.20	\$2,000.35	\$1,537.20	\$2,000.35	\$1,537.20	\$2,000.35	\$1,537.20	\$2,000.35	\$1,537.20	\$2,000.35	\$1,537.20	\$2,000.35	\$1,537.20	\$2,000.35	\$1,537.20
	\$120,000	\$2,831.48	\$2,184.28	\$2,831.48	\$2,184.28	\$2,831.48	\$2,184.28	\$2,831.48	\$2,184.28	\$2,831.48	\$2,184.28	\$2,831.48	\$2,184.28	\$2,831.48	\$2,184.28	\$2,831.48	\$2,184.28	\$2,831.48	\$2,184.28
	\$160,000	\$3,662.63	\$2,831.35	\$3,662.63	\$2,831.35	\$3,662.63	\$2,831.35	\$3,662.63	\$2,831.35	\$3,662.63	\$2,831.35	\$3,662.63	\$2,831.35	\$3,662.63	\$2,831.35	\$3,662.63	\$2,831.35	\$3,662.63	\$2,831.35

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	\$ 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, CCP
 Telephone No.: 800-531-8722, ext. 8-5315
 Email Address: scott.hawthorne@usaa.com
 Effective Date: 12/31/2010

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Submit to: Arkansas Insurance Department
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 Little Rock, AR 72201-1904
 Telephone: 501-371-2800
 Email as an attachment to: insurance.pnc@arkansas.gov
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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	\$1,087.66	\$978.03	\$1,087.66	\$978.03	\$1,087.66	\$978.03	\$1,087.66	\$978.03	\$1,087.66	\$978.03	\$1,087.66	\$978.03	\$1,087.66	\$978.03	\$1,087.66	\$978.03	\$1,087.66	\$978.03
	\$120,000	\$1,557.31	\$1,403.11	\$1,557.31	\$1,403.11	\$1,557.31	\$1,403.11	\$1,557.31	\$1,403.11	\$1,557.31	\$1,403.11	\$1,557.31	\$1,403.11	\$1,557.31	\$1,403.11	\$1,557.31	\$1,403.11	\$1,557.31	\$1,403.11
	\$160,000	\$2,026.99	\$1,828.20	\$2,026.99	\$1,828.20	\$2,026.99	\$1,828.20	\$2,026.99	\$1,828.20	\$2,026.99	\$1,828.20	\$2,026.99	\$1,828.20	\$2,026.99	\$1,828.20	\$2,026.99	\$1,828.20	\$2,026.99	\$1,828.20
6	\$80,000	\$1,250.40	\$1,129.28	\$1,250.40	\$1,129.28	\$1,250.40	\$1,129.28	\$1,250.40	\$1,129.28	\$1,250.40	\$1,129.28	\$1,250.40	\$1,129.28	\$1,250.40	\$1,129.28	\$1,250.40	\$1,129.28	\$1,250.40	\$1,129.28
	\$120,000	\$1,786.37	\$1,612.46	\$1,786.37	\$1,612.46	\$1,786.37	\$1,612.46	\$1,786.37	\$1,612.46	\$1,786.37	\$1,612.46	\$1,786.37	\$1,612.46	\$1,786.37	\$1,612.46	\$1,786.37	\$1,612.46	\$1,786.37	\$1,612.46
	\$160,000	\$2,322.35	\$2,095.66	\$2,322.35	\$2,095.66	\$2,322.35	\$2,095.66	\$2,322.35	\$2,095.66	\$2,322.35	\$2,095.66	\$2,322.35	\$2,095.66	\$2,322.35	\$2,095.66	\$2,322.35	\$2,095.66	\$2,322.35	\$2,095.66
9	\$80,000	\$2,000.35	\$1,537.20	\$2,000.35	\$1,537.20	\$2,000.35	\$1,537.20	\$2,000.35	\$1,537.20	\$2,000.35	\$1,537.20	\$2,000.35	\$1,537.20	\$2,000.35	\$1,537.20	\$2,000.35	\$1,537.20	\$2,000.35	\$1,537.20
	\$120,000	\$2,831.48	\$2,184.28	\$2,831.48	\$2,184.28	\$2,831.48	\$2,184.28	\$2,831.48	\$2,184.28	\$2,831.48	\$2,184.28	\$2,831.48	\$2,184.28	\$2,831.48	\$2,184.28	\$2,831.48	\$2,184.28	\$2,831.48	\$2,184.28
	\$160,000	\$3,662.63	\$2,831.35	\$3,662.63	\$2,831.35	\$3,662.63	\$2,831.35	\$3,662.63	\$2,831.35	\$3,662.63	\$2,831.35	\$3,662.63	\$2,831.35	\$3,662.63	\$2,831.35	\$3,662.63	\$2,831.35	\$3,662.63	\$2,831.35

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 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:	21253
Company Name:	Garrison Property and Casualty Insurance Company
Contact Person:	Scott Hawthorne, MSIM, CPCU, CCP
Telephone No.:	800-531-8722, ext. 8-5315
Email Address:	scott.hawthorne@usaa.com
Effective Date:	12/31/2010

**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	\$1,087.66	\$978.03	\$1,087.66	\$978.03	\$1,087.66	\$978.03	\$1,087.66	\$978.03	\$1,087.66	\$978.03	\$1,087.66	\$978.03	\$1,087.66	\$978.03	\$1,087.66	\$978.03	\$1,087.66	\$978.03
	\$120,000	\$1,557.31	\$1,403.11	\$1,557.31	\$1,403.11	\$1,557.31	\$1,403.11	\$1,557.31	\$1,403.11	\$1,557.31	\$1,403.11	\$1,557.31	\$1,403.11	\$1,557.31	\$1,403.11	\$1,557.31	\$1,403.11	\$1,557.31	\$1,403.11
	\$160,000	\$2,026.99	\$1,828.20	\$2,026.99	\$1,828.20	\$2,026.99	\$1,828.20	\$2,026.99	\$1,828.20	\$2,026.99	\$1,828.20	\$2,026.99	\$1,828.20	\$2,026.99	\$1,828.20	\$2,026.99	\$1,828.20	\$2,026.99	\$1,828.20
6	\$80,000	\$1,250.40	\$1,129.28	\$1,250.40	\$1,129.28	\$1,250.40	\$1,129.28	\$1,250.40	\$1,129.28	\$1,250.40	\$1,129.28	\$1,250.40	\$1,129.28	\$1,250.40	\$1,129.28	\$1,250.40	\$1,129.28	\$1,250.40	\$1,129.28
	\$120,000	\$1,786.37	\$1,612.46	\$1,786.37	\$1,612.46	\$1,786.37	\$1,612.46	\$1,786.37	\$1,612.46	\$1,786.37	\$1,612.46	\$1,786.37	\$1,612.46	\$1,786.37	\$1,612.46	\$1,786.37	\$1,612.46	\$1,786.37	\$1,612.46
	\$160,000	\$2,322.35	\$2,095.66	\$2,322.35	\$2,095.66	\$2,322.35	\$2,095.66	\$2,322.35	\$2,095.66	\$2,322.35	\$2,095.66	\$2,322.35	\$2,095.66	\$2,322.35	\$2,095.66	\$2,322.35	\$2,095.66	\$2,322.35	\$2,095.66
9	\$80,000	\$2,000.35	\$1,537.20	\$2,000.35	\$1,537.20	\$2,000.35	\$1,537.20	\$2,000.35	\$1,537.20	\$2,000.35	\$1,537.20	\$2,000.35	\$1,537.20	\$2,000.35	\$1,537.20	\$2,000.35	\$1,537.20	\$2,000.35	\$1,537.20
	\$120,000	\$2,831.48	\$2,184.28	\$2,831.48	\$2,184.28	\$2,831.48	\$2,184.28	\$2,831.48	\$2,184.28	\$2,831.48	\$2,184.28	\$2,831.48	\$2,184.28	\$2,831.48	\$2,184.28	\$2,831.48	\$2,184.28	\$2,831.48	\$2,184.28
	\$160,000	\$3,662.63	\$2,831.35	\$3,662.63	\$2,831.35	\$3,662.63	\$2,831.35	\$3,662.63	\$2,831.35	\$3,662.63	\$2,831.35	\$3,662.63	\$2,831.35	\$3,662.63	\$2,831.35	\$3,662.63	\$2,831.35	\$3,662.63	\$2,831.35

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? %

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

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

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 program with an overall effect of 12.0%. The effects by form apply as follows:

USAA Fire	13.0%
USAA Allied Lines	13.2%
USAA Misc	0.0%
USAA Combined	12.0%
USAA-CIC Fire	13.1%
USAA-CIC Allied Lines	12.9%
USAA-CIC Misc	0.0%
USAA-CIC Combined	12.1%
USAA-GIC Fire	13.1%
USAA-GIC Allied Lines	12.9%
USAA-GIC Misc	0.0%
USAA-GIC Combined	12.1%
Garrison Fire	13.1%
Garrison Allied Lines	12.9%
Garrison Misc	0.0%
Garrison Combined	12.1%
USAA Group Combined	12.0%

The proposed changes include revising the Fire and Allied Lines Base Rates. The attached exhibits support these revisions.

An effective date of December 31, 2010, for these revisions will apply to all policies. Details of these revisions are attached.

USAA Group
Arkansas
Fire and Allied Lines Filing Memorandum

Attachments in support of this filing:

Explanatory Memorandum (Allied Lines)

Exhibit I (Revised) – AL	Indicated Rate Change
Exhibit II – AL	Premium Trend
Exhibit III – AL	Large Loss Adjustment
Exhibit IV – AL	Loss Development
Exhibit V – AL	Loss Trend
Exhibit VI – AL	Loss Adjustment Expense (LAE)
Exhibit VII – AL	Catastrophe Ratio
Exhibit VIII (Revised) – AL	Expenses
Exhibit IX (Revised) – AL	Underwriting Profit Provision

Explanatory Memorandum (Fire)

Exhibit I (Revised) – FI	Indicated Rate Change
Exhibit II – FI	Premium Trend
Exhibit III – FI	Large Loss Adjustment
Exhibit IV – FI	Loss Development
Exhibit V – FI	Loss Trend
Exhibit VI – FI	Loss Adjustment Expense (LAE)
Exhibit VII – FI	Catastrophe Ratio
Exhibit VIII (Revised) – FI	Expenses
Exhibit IX (Revised) – FI	Underwriting Profit Provision

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 12/31/2010. 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, 2010 as of June 30, 2010. The indicated rate level change is developed in this exhibit. The proposed change is also provided. A large loss procedure was applied to the losses, which is detailed in Exhibit III.

Exhibit II - provides 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 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 Arkansas loss trend was credibility weighted with USAA countrywide loss trend data excluding CA, FL & TX. 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 countrywide data for calendar-accident years 2006, 2007, and 2008.

Exhibit VII - calculates the expected catastrophe loss and LAE factors. The 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

USAA All Co.
Arkansas
Indicated Rate Change
Allied Lines Forms
As of 06/30/2010

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)
03/31/2006	\$803,946	1.124	\$903,636	\$263,920	2.585	1.130	\$770,924	0.853	0.100
03/31/2007	838,063	1.123	941,145	242,692	2.190	1.130	600,590	0.638	0.150
03/31/2008	924,202	1.084	1,001,835	384,343	1.856	1.130	806,075	0.805	0.200
03/31/2009	1,029,143	1.060	1,090,892	274,653	1.573	1.130	488,193	0.448	0.250
03/31/2010	1,186,575	1.046	1,241,157	1,286,911	1.333	1.130	1,938,461	1.562	0.300
Five Year Weighted Loss and LAE Ratio Excluding Catastrophes =									0.923
Catastrophe Loss and LAE Ratio ^E =									0.203
Trended Fixed Expense Ratio ^F =									0.111
Variable Permissible Loss and LAE Ratio ^G =									0.825
Indicated Rate Level Change = (0.923 + 0.203 + 0.111) / 0.825 - 1									49.9%
Proposed Rate Level Change =									13.0%

^A Developed in Exhibit II - AL

^B Developed in Exhibit III - AL

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

^D Developed in Exhibit VI - AL

^E Developed in Exhibit VII - AL

^F Developed in Exhibit IX - AL

^G Developed in Exhibit IX - AL, Page 1 of 2

USAA All Co.
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 401.02 / (4)
2005/2	726,094.85	2,022.57	359.00		1.117
2005/3	756,231.82	2,076.57	364.17		1.101
2005/4	782,767.28	2,121.35	368.99		1.087
2006/1	803,947.03	2,155.40	372.99		1.075
2006/2	817,075.54	2,178.42	375.08	4.5%	1.069
2006/3	824,091.27	2,194.97	375.45	3.1%	1.068
2006/4	827,712.82	2,213.75	373.90	1.3%	1.073
2007/1	838,063.00	2,244.66	373.36	0.1%	1.074
2007/2	854,738.81	2,281.11	374.70	-0.1%	1.070
2007/3	879,177.49	2,322.97	378.47	0.8%	1.060
2007/4	904,397.04	2,359.24	383.34	2.5%	1.046
2008/1	924,202.36	2,386.48	387.27	3.7%	1.036
2008/2	944,005.68	2,417.86	390.43	4.2%	1.027
2008/3	962,435.15	2,454.92	392.04	3.6%	1.023
2008/4	991,099.18	2,516.97	393.77	2.7%	1.018
2009/1	1,027,804.18	2,595.37	396.01	2.3%	1.013
2009/2	1,047,794.64	2,674.31	391.80	0.4%	1.024
2009/3	1,071,457.05	2,739.34	391.14	-0.2%	1.025
2009/4	1,104,292.49	2,797.76	394.71	0.2%	1.016
2010/1	1,137,748.37	2,837.14	401.02	1.3%	1.000

Trended Amount Factor:

Exponential Fits

Annualized Change:

R-squared Value:

Selected Annual Trend Factor:

Accident Year Ending

03/31/2006
03/31/2007
03/31/2008
03/31/2009
03/31/2010

Least Squares Results

	20 pt	16 pt	12 pt	8 pt	4 pt
Exponential Fits					
Annualized Change:	2.0%	1.9%	1.9%	0.9%	3.2%
R-squared Value:	0.923	0.878	0.795	0.405	0.800
Selected Annual Trend Factor:	1.020				

Premium Trend Factor				
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)
1.075	1.020	2.250	1.046	1.124
1.074	1.020	2.250	1.046	1.123
1.036	1.020	2.250	1.046	1.084
1.013	1.020	2.250	1.046	1.060
1.000	1.020	2.250	1.046	1.046

^A From the average earned date in the most recent accident year, 09/30/2009, to the average earned date in the effective period, 12/31/2011

USAA All Co.
Arkansas
Large Loss Adjustment
Allied Lines Forms
As of 06/30/2010

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
03/31/2001	\$98,332	\$24,583	\$243,700	1.0000	\$243,700	0	\$0	\$0	\$243,700	0.000	\$257,591
03/31/2002	102,390	\$25,598	128,353	1.0000	\$128,353	0	\$0	0	128,353	0.000	\$135,669
03/31/2003	104,958	\$26,240	226,839	1.0000	\$226,839	2	\$67,252	14,772	212,067	0.070	\$224,155
03/31/2004	118,403	\$29,601	187,142	1.0000	\$187,142	2	\$66,168	6,966	180,176	0.039	\$190,446
03/31/2005	133,866	\$33,467	147,798	1.0000	\$147,798	0	\$0	0	147,798	0.000	\$156,222
03/31/2006	143,875	\$35,969	279,124	1.0000	\$279,124	1	\$65,405	29,436	249,688	0.118	\$263,920
03/31/2007	151,014	\$37,754	234,063	1.0000	\$234,063	1	\$42,212	4,458	229,605	0.019	\$242,692
03/31/2008	160,591	\$40,148	363,617	1.0000	\$363,617	0	\$0	0	363,617	0.000	\$384,343
03/31/2009	165,118	\$41,280	389,857	0.9995	\$389,662	1	\$171,100	129,820	259,842	0.500	\$274,653
03/31/2010	174,560	\$43,640	1,210,733	1.0056	\$1,217,513	0	\$0	0	1,217,513	0.000	\$1,286,911
								\$185,452	\$3,232,359		

Weighted Average Excess Ratio ^B = 0.057

Weighted Average Excess Factor = 1.057

^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 All Co.

Exhibit IV

Arkansas

Loss Development

Incurred Losses Excluding Catastrophes

Allied Lines Forms

Accident Year Ending	15 months	27 months	39 months	51 months	63 months
03/31/2001					243,700
03/31/2002				128,353	128,353
03/31/2003			228,100	227,157	226,839
03/31/2004		187,643	187,142	187,142	187,142
03/31/2005	147,169	147,798	147,798	147,798	147,798
03/31/2006	276,704	279,124	279,124	279,124	279,124
03/31/2007	238,472	234,063	234,063	234,063	
03/31/2008	362,194	364,117	363,617		
03/31/2009	381,783	389,857			
03/31/2010	1,210,733				

Age-to-Age Factors

Accident Year Ending	15 to 27 Months	27 to 39 Months	39 to 51 Months	51 to 63 Months
03/31/2001				
03/31/2002				1.0000
03/31/2003			0.9959	0.9986
03/31/2004		0.9973	1.0000	1.0000
03/31/2005	1.0043	1.0000	1.0000	1.0000
03/31/2006	1.0087	1.0000	1.0000	1.0000
03/31/2007	0.9815	1.0000	1.0000	
03/31/2008	1.0053	0.9986		
03/31/2009	1.0211			
Latest 3-year Average	1.0026	0.9995	1.0000	1.0000
Latest 4-year Average	1.0042	0.9997	1.0000	0.9997
Latest 5-year Average	1.0042	0.9992	0.9992	0.9997
Latest 3-out-of-5-year Average	1.0061	0.9995	1.0000	1.0000
Selected Age-to-Age Factors	1.0061	0.9995	1.0000	1.0000

Developed in Exhibit IX - AL

Cumulative Factors ^A

	15 to Ultimate	27 to Ultimate	39 to Ultimate	51 to 63 Months
Selected Cumulative Factors	1.0056	0.9995	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
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
2005/3	0.0253		0.0173		2,769		5,429		70.04		93.76	
2005/4	0.0284		0.0171		3,942		5,324		112.04		90.91	
2006/1	0.0330		0.0167		3,858		5,409		127.31		90.37	
2006/2	0.0340		0.0171		4,170		5,439		141.85		93.18	
2006/3	0.0382	50.9%	0.0170	-1.7%	4,296	55.1%	5,716	5.3%	164.00	134.2%	97.08	3.5%
2006/4	0.0387	36.3%	0.0176	2.8%	3,602	-8.6%	5,747	7.9%	139.53	24.5%	100.91	11.0%
2007/1	0.0330	0.1%	0.0183	9.4%	4,129	7.0%	6,232	15.2%	136.46	7.2%	113.91	26.0%
2007/2	0.0310	-9.0%	0.0193	12.7%	3,866	-7.3%	6,463	18.8%	119.73	-15.6%	124.81	33.9%
2007/3	0.0239	-37.5%	0.0205	20.7%	3,696	-14.0%	6,511	13.9%	88.14	-46.3%	133.52	37.5%
2007/4	0.0212	-45.2%	0.0207	18.0%	4,345	20.6%	6,719	16.9%	92.28	-33.9%	139.26	38.0%
2008/1	0.0244	-26.3%	0.0206	12.9%	4,479	8.5%	6,946	11.5%	109.10	-20.0%	143.30	25.8%
2008/2	0.0314	1.4%	0.0211	9.4%	5,015	29.7%	6,752	4.5%	157.45	31.5%	142.67	14.3%
2008/3	0.0377	58.1%	0.0208	1.4%	4,995	35.2%	6,971	7.1%	188.34	113.7%	144.92	8.5%
2008/4	0.0384	80.6%	0.0208	0.2%	4,720	8.6%	6,895	2.6%	181.08	96.2%	143.13	2.8%
2009/1	0.0359	47.3%	0.0219	6.1%	4,612	3.0%	6,932	-0.2%	165.45	51.6%	151.72	5.9%
2009/2	0.0299	-4.6%	0.0224	6.1%	4,144	-17.4%	7,029	4.1%	124.07	-21.2%	157.52	10.4%
2009/3	0.0371	-1.7%	0.0236	13.6%	7,721	54.6%	6,892	-1.1%	286.07	51.9%	162.76	12.3%
2009/4	0.0436	13.7%	0.0238	14.7%	7,845	66.2%	6,894	0.0%	342.09	88.9%	164.20	14.7%
2010/1	0.0523	45.8%	0.0237	8.4%	7,400	60.4%	6,971	0.6%	386.89	133.8%	165.41	9.0%
2010/2	0.0600	100.4%	0.0241	7.5%	7,096	71.2%	6,990	-0.6%	425.70	243.1%	168.37	6.9%
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	0.348	10.0%	0.947	8.7%	0.659	17.0%	0.832	6.6%	0.573	28.7%	0.950	15.9%
16-point fit	0.341	13.2%	0.936	9.1%	0.655	20.3%	0.696	4.8%	0.599	36.2%	0.920	14.3%
12-point fit	0.791	36.8%	0.875	7.0%	0.665	27.7%	0.483	1.7%	0.810	74.6%	0.948	8.8%
8-point fit	0.581	30.5%	0.910	10.0%	0.582	39.0%	0.023	0.2%	0.759	81.5%	0.926	10.2%
4-point fit	0.997	91.7%	0.722	2.2%	0.792	-11.7%	0.882	2.2%	0.993	69.3%	0.955	4.5%

^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
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	1.130	1.090	1.095	1.200	1.060	1.078	1.18
Trended Cost Selection	1.300	1.080	1.108	1.100	1.010	1.021	1.131

<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)
	03/31/2006	1.180	4.250	2.021	1.131	2.000	1.279
03/31/2007	1.180	3.250	1.712	1.131	2.000	1.279	2.190
03/31/2008	1.180	2.250	1.451	1.131	2.000	1.279	1.856
03/31/2009	1.180	1.250	1.230	1.131	2.000	1.279	1.573
03/31/2010	1.180	0.250	1.042	1.131	2.000	1.279	1.333

^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 12.5% credible based on 166 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 12/31/2009

^E From 12/31/2009 to the average date of loss in the effective period, 12/31/2011

USAA All Co.
Countrywide
 Loss Adjustment Expense (LAE) Factor
All Forms Combined
 As of 6/30/2009

Non-Catastrophe Loss Adjustment Expense Factor			
Calendar/Accident Year Ending	Incurred Losses	Loss Adjustment Expense	LAE Ratio
12/31/2006	72,156,485	9,284,161	0.129
12/31/2007	101,088,026	10,458,678	0.103
12/31/2008	109,984,056	18,182,381	0.165
Average LAE Ratio			0.132
Selected Non-Catastrophe LAE Factor			1.130

Catastrophe Loss Adjustment Expense Factor			
Calendar/Accident Year Ending	Incurred Losses	Loss Adjustment Expense	LAE Ratio
12/31/2006	13,347,223	994,859	0.075
12/31/2007	15,753,856	700,349	0.044
12/31/2008	24,178,931	706,535	0.029
Average LAE Ratio			0.049
Selected Catastrophe LAE Factor			1.050

USAA All Co.
 Arkansas
 Catastrophe Ratio
 Allied Lines Forms
 As of 06/30/2010

Accident Year Ending	Earned Premium	Direct Catastrophe Losses	Cat/Prem Ratio
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	821,504	201,910	0.246
3/31/2009	915,183	1,334,880	1.459
3/31/2010	1,130,724	385,711	0.341

Average (Catastrophe Losses) / (Direct Earned Premium) = 0.193

Selected Catastrophe LAE Factor ^A = 1.050

Catastrophe Loss and LAE Ratio = 0.203

Developed in Exhibit IX - AL

^A Developed in Exhibit VI

USAA All Co.
Arkansas
Fixed and Variable Expense Provisions
Allied Lines Forms

Exhibit VIII (Revised)
Page 1 of 2

	2007	2008	2-Year Straight Average	Selected
(1) Average General Expenses Per Earned Exposure ^A	\$3.48	\$6.04		
(2) Selected Annual Expense Trend ^B	1.5%	1.5%		
(3) Trend Period ^C	4.50	3.50		
(4) Projected Average General Expenses Per Earned Exposure (1) * [1.015] ^ (3)	\$3.72	\$6.36	\$5.04	\$5.04
(5) Average Other Acquisition Expense Per Written Exposure ^A	\$37.39	\$41.16		
(6) Selected Annual Expense Trend ^B	1.5%	1.5%		
(7) Trend Period ^D	4.00	3.00		
(8) Projected Average Other Acquisition Expense Per Written Exposure (5) * [1.015] ^ (7)	\$39.68	\$43.04	\$41.36	\$41.36
(9) Average Licenses and Fees Expense Per Written Exposure ^E	\$1.29	\$3.05		
(10) Selected Annual Expense Trend ^B	1.5%	1.5%		
(11) Trend Period ^D	4.00	3.00		
(12) Projected Average Licenses and Fees Expense Per Written Exposure (9) * [1.015] ^ (11)	\$1.37	\$3.19	\$2.28	\$2.28
(13) Total Fixed Expense (4) + (8) + (12)				\$48.68
(14) Average Projected Premium at Present Rates ^F				\$437.64
(15) Projected Fixed Expense Provision (13) / (14)				0.111
(16) Commission and Brokerage	0.0%	0.0%	0.0%	0.0%
(17) Taxes ^G	2.4%	2.4%	2.4%	2.4%
(18) Profit and Contingencies Provision ^H				15.1%
(19) Total Variable Expenses (16) + (17) + (18)				17.5%
(20) Variable Permissible Loss and LAE Ratio 1 - (19)				82.5%

^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, 12/31/2011

^D From the midpoint of the respective year to the average written date in effective period, 06/30/2011

^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 - AL

USAA All Co.
Countrywide
 Calculation of Annual Expense Trend

(1) Employment Cost Index - Financial activities, excluding incentive paid occupations (annual change over latest 2 years ending 06/30/2010) U.S. Department of Labor	2.0%
(2) % of Other Acquisition and General Expenses used for Salaries and Employee Relations & Welfare - USAA Group Insurance Expense Exhibit, 2009	58.1%
(3) Consumer Price Index, All Items - (annual change over latest 2 years ending 06/30/2010)	1.0%
(4) Annual Expense Trend - { (1) * (2) } + { (3) * [1 - (2)] }	1.6%
Selected Annual Expense Trend	1.5%

USAA GROUP
ARKANSAS ALLIED LINES
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 10.0% 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 35.0%, and then divided by the premium-to-surplus ratio to yield the target underwriting profit and contingency provision.

TARGET RATE OF RETURN

Results from the Capital Asset Pricing Model (CAPM), commonly used in evaluating investments, suggest a required rate of return around 9.0%. Historically, the CAPM has consistently supported a 10.0% rate of return. However, the unusually poor market performance in 2008 impacted the results. We still believe 10.0% is a reasonable rate of return and is consistent with our historical selection.

The data points used in the CAPM method are published historical values from Value Line, Inc.'s *Investment Survey* (as of 9/18/09) and from Ibbotson Associates' 2009 Stocks, Bonds, Bills & Inflation (SBBI) Yearbook. The companies composing the "P&C Insurance Industry", as identified by Value Line, Inc., were selected to determine the appropriate rate of return for a P&C company.

INVESTMENT RATE OF RETURN

The investment rate of return is determined by dividing the estimated investment earnings by the Countrywide 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 2010 and 2011 and an after-tax return for each year is calculated.

USAA Group
Arkansas
Explanatory Memorandum
Fire

The attached exhibits are in support of the Fire Rate revision in Arkansas with a proposed effective date of 12/31/2010. 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, 2010 as of June 30, 2010. The indicated rate level change is developed in this exhibit. The proposed change is also provided. A large loss procedure was applied to the losses, which is detailed in Exhibit III.

Exhibit II - provides 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 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 Arkansas loss trend was credibility weighted with USAA countrywide loss trend data excluding CA, FL & TX. 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 countrywide data for calendar-accident years 2006, 2007, and 2008.

Exhibit VII - calculates the expected catastrophe loss and LAE factors. The 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

USAA Group
Arkansas
Explanatory Memorandum
Fire

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. A separate explanatory memorandum is included with the exhibit.

USAA All Co.
Arkansas
Indicated Rate Change
Fire Forms
As of 06/30/2010

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)
03/31/2006	\$485,344	1.100	\$533,879	\$264,193	0.977	1.130	\$291,672	0.546	0.100
03/31/2007	515,206	1.079	555,907	156,208	0.952	1.130	168,042	0.302	0.150
03/31/2008	570,289	1.036	590,819	1,054,120	0.928	1.130	1,105,392	1.871	0.200
03/31/2009	631,321	1.019	643,316	426,010	0.905	1.130	435,659	0.677	0.250
03/31/2010	712,573	1.023	728,963	987,058	0.881	1.130	982,646	1.348	0.300
Five Year Weighted Loss and LAE Ratio Excluding Catastrophes =									1.048
Catastrophe Loss and LAE Ratio ^E =									0.002
Trended Fixed Expense Ratio ^F =									0.147
Variable Permissible Loss and LAE Ratio ^G =									0.828
Indicated Rate Level Change = (1.048 + 0.002 + 0.147) / 0.828 - 1									44.6%
Proposed Rate Level Change =									13.0%

^A Developed in Exhibit II - FI

^B Developed in Exhibit III - FI

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

^D Developed in Exhibit VI - FI

^E Developed in Exhibit VII - FI

^F Developed in Exhibit IX

^G Developed in Exhibit IX - FI, Page 1 of 2

USAA All Co.
Arkansas
Premium Trend
Fire 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 242.19 / (4)
2005/2	434,887.83	2,022.65	215.01		1.126
2005/3	453,745.53	2,076.62	218.50		1.108
2005/4	470,724.32	2,121.15	221.92		1.091
2006/1	485,344.07	2,154.74	225.24		1.075
2006/2	495,803.44	2,177.46	227.70	5.9%	1.064
2006/3	501,535.11	2,194.25	228.57	4.6%	1.060
2006/4	506,438.49	2,213.28	228.82	3.1%	1.058
2007/1	515,205.58	2,244.25	229.57	1.9%	1.055
2007/2	527,105.33	2,280.66	231.12	1.5%	1.048
2007/3	542,713.16	2,322.25	233.70	2.2%	1.036
2007/4	557,865.68	2,358.28	236.56	3.4%	1.024
2008/1	570,289.36	2,385.37	239.08	4.1%	1.013
2008/2	582,197.78	2,416.52	240.92	4.2%	1.005
2008/3	593,303.77	2,453.33	241.84	3.5%	1.001
2008/4	610,509.09	2,515.13	242.73	2.6%	0.998
2009/1	630,618.44	2,593.39	243.16	1.7%	0.996
2009/2	641,333.07	2,672.31	239.99	-0.4%	1.009
2009/3	653,103.76	2,737.99	238.53	-1.4%	1.015
2009/4	669,142.99	2,796.89	239.25	-1.4%	1.012
2010/1	687,087.06	2,837.01	242.19	-0.4%	1.000

Trended Amount Factor:

	Least Squares Results				
	20 pt	16 pt	12 pt	8 pt	4 pt
Exponential Fits					
Annualized Change:	2.3%	1.8%	1.2%	-0.4%	1.2%
R-squared Value:	0.857	0.763	0.456	0.119	0.354
Selected Annual Trend Factor:	1.010				

Premium Trend Factor

Accident Year Ending

03/31/2006
03/31/2007
03/31/2008
03/31/2009
03/31/2010

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)
1.075	1.010	2.250	1.023	1.100
1.055	1.010	2.250	1.023	1.079
1.013	1.010	2.250	1.023	1.036
0.996	1.010	2.250	1.023	1.019
1.000	1.010	2.250	1.023	1.023

^A From the average earned date in the most recent accident year, 09/30/2009, to the average earned date in the effective period, 12/31/2011

USAA All Co.
Arkansas
Large Loss Adjustment
Fire Forms
As of 06/30/2010

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
03/31/2001	\$98,332	\$24,583	\$84,315	1.0000	\$84,315	1	\$56,515	\$31,932	\$52,383	0.610	\$111,000
03/31/2002	102,390	\$25,598	148,568	1.0000	\$148,568	3	\$132,551	55,757	92,811	0.601	\$196,667
03/31/2003	104,958	\$26,240	43,975	1.0000	\$43,975	0	\$0	0	43,975	0.000	\$93,183
03/31/2004	118,403	\$29,601	228,828	1.0000	\$228,828	3	\$192,297	103,494	125,334	0.826	\$265,583
03/31/2005	133,866	\$33,467	39,848	1.0000	\$39,848	0	\$0	0	39,848	0.000	\$84,438
03/31/2006	143,875	\$35,969	287,165	1.0000	\$287,165	3	\$270,394	162,487	124,678	1.303	\$264,193
03/31/2007	151,021	\$37,755	171,876	1.0000	\$171,876	1	\$135,913	98,158	73,718	1.332	\$156,208
03/31/2008	160,804	\$40,201	1,015,172	1.0000	\$1,015,172	8	\$839,319	517,711	497,461	1.041	\$1,054,120
03/31/2009	165,165	\$41,291	634,221	1.0000	\$634,221	4	\$598,342	433,178	201,043	2.155	\$426,010
03/31/2010	174,560	\$43,640	1,010,651	0.9735	\$983,869	9	\$910,816	518,056	465,813	1.112	\$987,058
								\$1,920,773	\$1,717,064		

Weighted Average Excess Ratio ^B = 1.119

Weighted Average Excess Factor = 2.119

^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 All Co.

Exhibit IV

Arkansas

Loss Development

Incurred Losses Excluding Catastrophes

Fire Forms

Accident Year Ending	15 months	27 months	39 months	51 months	63 months
03/31/2001					84,315
03/31/2002				158,068	148,568
03/31/2003			43,975	43,975	43,975
03/31/2004		228,828	228,828	228,828	228,828
03/31/2005	43,284	39,848	39,848	39,848	39,848
03/31/2006	287,165	287,165	287,165	287,165	287,165
03/31/2007	197,936	171,876	171,876	171,876	
03/31/2008	1,021,991	1,037,758	1,015,172		
03/31/2009	634,221	634,221			
03/31/2010	1,010,651				

Age-to-Age Factors

Accident Year Ending	15 to 27 Months	27 to 39 Months	39 to 51 Months	51 to 63 Months
03/31/2001				
03/31/2002				0.9399
03/31/2003			1.0000	1.0000
03/31/2004		1.0000	1.0000	1.0000
03/31/2005	0.9206	1.0000	1.0000	1.0000
03/31/2006	1.0000	1.0000	1.0000	1.0000
03/31/2007	0.8683	1.0000	1.0000	
03/31/2008	1.0154	0.9782		
03/31/2009	1.0000			
Latest 3-year Average	0.9612	0.9927	1.0000	1.0000
Latest 4-year Average	0.9709	0.9946	1.0000	1.0000
Latest 5-year Average	0.9609	0.9956	1.0000	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

Developed in Exhibit IX

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
2005/3	0.0045		0.0033		19,833		26,276		88.50		87.28	
2005/4	0.0039		0.0031		30,764		28,673		118.49		89.33	
2006/1	0.0042		0.0032		51,148		30,828		217.04		98.08	
2006/2	0.0042		0.0034		64,990		32,501		272.43		110.72	
2006/3	0.0028	-38.1%	0.0035	6.8%	76,714	286.8%	30,361	15.5%	211.72	139.2%	107.70	23.4%
2006/4	0.0014	-64.5%	0.0037	19.2%	123,270	300.7%	30,583	6.7%	168.55	42.2%	113.55	27.1%
2007/1	0.0009	-78.7%	0.0038	20.3%	87,326	70.7%	28,827	-6.5%	79.06	-63.6%	110.33	12.5%
2007/2	0.0040	-3.6%	0.0038	10.3%	28,013	-56.9%	30,058	-7.5%	113.16	-58.5%	112.95	2.0%
2007/3	0.0066	140.1%	0.0038	7.2%	33,874	-55.8%	32,342	6.5%	224.43	6.0%	123.03	14.2%
2007/4	0.0082	502.3%	0.0039	5.6%	39,513	-67.9%	30,145	-1.4%	325.42	93.1%	118.23	4.1%
2008/1	0.0111	1127.2%	0.0039	2.4%	37,160	-57.4%	32,614	13.1%	412.89	422.2%	127.87	15.9%
2008/2	0.0123	204.6%	0.0041	8.8%	30,547	9.0%	31,583	5.1%	375.84	232.1%	129.14	14.3%
2008/3	0.0126	89.8%	0.0042	11.4%	34,921	3.1%	29,718	-8.1%	439.08	95.6%	125.94	2.4%
2008/4	0.0124	50.3%	0.0042	6.3%	27,626	-30.1%	30,128	-0.1%	341.90	5.1%	125.58	6.2%
2009/1	0.0105	-5.6%	0.0040	1.9%	26,258	-29.3%	29,880	-8.4%	275.29	-33.3%	119.35	-6.7%
2009/2	0.0061	-50.1%	0.0040	-1.5%	34,402	12.6%	27,757	-12.1%	211.30	-43.8%	111.76	-13.5%
2009/3	0.0069	-45.3%	0.0040	-4.5%	21,452	-38.6%	28,877	-2.8%	147.49	-66.4%	116.82	-7.2%
2009/4	0.0071	-42.8%	0.0039	-7.4%	31,181	12.9%	29,876	-0.8%	220.81	-35.4%	115.31	-8.2%
2010/1	0.0080	-23.3%	0.0040	0.3%	32,098	22.2%	27,382	-8.4%	258.19	-6.2%	109.70	-8.1%
2010/2	0.0094	53.0%	0.0040	-0.6%	30,839	-10.4%	25,663	-7.5%	289.78	37.1%	102.74	-8.1%
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	0.378	32.7%	0.682	5.1%	0.164	-12.1%	0.081	-1.2%	0.167	16.7%	0.235	3.8%
16-point fit	0.287	50.8%	0.422	2.5%	0.442	-24.4%	0.365	-3.1%	0.062	14.0%	0.011	-0.6%
12-point fit	0.062	-6.4%	0.024	0.6%	0.237	-8.0%	0.722	-6.3%	0.200	-13.9%	0.610	-5.8%
8-point fit	0.388	-22.1%	0.515	-3.3%	0.001	-0.4%	0.565	-6.7%	0.309	-22.4%	0.845	-9.8%
4-point fit	0.916	53.1%	0.001	0.2%	0.566	56.4%	0.728	-16.2%	0.957	139.4%	0.936	-16.0%

^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	1.300	1.040	1.053	0.850	0.980	0.974	1.026
Trended Cost Selection	1.000	0.990	0.990	1.050	0.940	0.945	0.936

<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)
03/31/2006	1.026	4.250	1.115	0.936	2.000	0.876	0.977
03/31/2007	1.026	3.250	1.087	0.936	2.000	0.876	0.952
03/31/2008	1.026	2.250	1.059	0.936	2.000	0.876	0.928
03/31/2009	1.026	1.250	1.033	0.936	2.000	0.876	0.905
03/31/2010	1.026	0.250	1.006	0.936	2.000	0.876	0.881

^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 4.9% credible based on 26 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 12/31/2009

^E From 12/31/2009 to the average date of loss in the effective period, 12/31/2011

USAA All Co.
Countrywide
 Loss Adjustment Expense (LAE) Factor
All Forms Combined
 As of 6/30/2009

Non-Catastrophe Loss Adjustment Expense Factor			
Calendar/Accident Year Ending	Incurred Losses	Loss Adjustment Expense	LAE Ratio
12/31/2006	72,156,485	9,284,161	0.129
12/31/2007	101,088,026	10,458,678	0.103
12/31/2008	109,984,056	18,182,381	0.165
Average LAE Ratio			0.132
Selected Non-Catastrophe LAE Factor			1.130

Catastrophe Loss Adjustment Expense Factor			
Calendar/Accident Year Ending	Incurred Losses	Loss Adjustment Expense	LAE Ratio
12/31/2006	13,347,223	994,859	0.075
12/31/2007	15,753,856	700,349	0.044
12/31/2008	24,178,931	706,535	0.029
Average LAE Ratio			0.049
Selected Catastrophe LAE Factor			1.050

USAA All Co.
 Arkansas
 Catastrophe Ratio
 Fire Forms
 As of 06/30/2010

Accident Year Ending	Earned Premium	Direct Catastrophe Losses	Cat/Prem Ratio
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	515,166	5,702	0.011
3/31/2009	570,511	2,006	0.004
3/31/2010	1,925,067	0	0.000

Average (Catastrophe Losses) / (Direct Earned Premium) = 0.002

Selected Catastrophe LAE Factor ^A = 1.050

Catastrophe Loss and LAE Ratio = 0.002

Developed in Exhibit IX

^A Developed in Exhibit VI

USAA All Co.
Arkansas
Fixed and Variable Expense Provisions
Fire Forms

Exhibit VIII (Revised)
Page 1 of 2

	2007	2008	2-Year Straight Average	Selected
(1) Average General Expenses Per Earned Exposure A	\$2.79	\$4.67		
(2) Selected Annual Expense Trend B	1.5%	1.5%		
(3) Trend Period C	4.50	3.50		
(4) Projected Average General Expenses Per Earned Exposure (1) * [1.02] ^ (3)	\$2.98	\$4.92	\$3.95	\$3.95
(5) Average Other Acquisition Expense Per Written Exposure A	\$29.68	\$31.73		
(6) Selected Annual Expense Trend B	1.5%	1.5%		
(7) Trend Period D	4.00	3.00		
(8) Projected Average Other Acquisition Expense Per Written Exposure (5) * [1.02] ^ (7)	\$31.50	\$33.18	\$32.34	\$32.34
(9) Average Licenses and Fees Expense Per Written Exposure E	\$0.79	\$1.83		
	1.5%	1.5%		
	4.00	3.00		
	\$0.84	\$1.91	\$1.38	\$1.38
(13) Total Fixed Expense (4) + (8) + (12)				\$37.67
(14) Average Projected Premium at Present Rates ^F				\$256.95
(15) Projected Fixed Expense Provision (13) / (14)				0.147
(16) Commission and Brokerage	0.0%	0.0%	0.0%	0.0%
(17) Taxes ^G	2.4%	2.4%	2.4%	2.4%
(18) Profit and Contingencies Provision ^H				14.8%
(19) Total Variable Expenses (16) + (17) + (18)				17.2%
(20) Variable Permissible Loss and LAE Ratio 1 - (19)				82.8%

^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, 12/31/2011

^D From the midpoint of the respective year to the average written date in effective period, 06/30/2011

^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 - FI

USAA All Co.
Countrywide
Calculation of Annual Expense Trend

(1) Employment Cost Index - Financial activities, excluding incentive paid occupations (annual change over latest 2 years ending 06/30/2010) U.S. Department of Labor	2.0%
(2) % of Other Acquisition and General Expenses used for Salaries and Employee Relations & Welfare - USAA Group Insurance Expense Exhibit, 2009	58.1%
(3) Consumer Price Index, All Items - (annual change over latest 2 years ending 06/30/2010)	1.0%
(4) Annual Expense Trend - { (1) * (2) } + { (3) * [1 - (2)] }	1.6%
<hr/> Selected Annual Expense Trend	<hr/> 1.5%

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 10.0% 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 35.0%, and then divided by the premium-to-surplus ratio to yield the target underwriting profit and contingency provision.

TARGET RATE OF RETURN

Results from the Capital Asset Pricing Model (CAPM), commonly used in evaluating investments, suggest a required rate of return around 9.0%. Historically, the CAPM has consistently supported a 10.0% rate of return. However, the unusually poor market performance in 2008 impacted the results. We still believe 10.0% is a reasonable rate of return and is consistent with our historical selection.

The data points used in the CAPM method are published historical values from Value Line, Inc.'s *Investment Survey* (as of 9/18/09) and from Ibbotson Associates' 2009 Stocks, Bonds, Bills & Inflation (SBBI) Yearbook. The companies composing the "P&C Insurance Industry", as identified by Value Line, Inc., were selected to determine the appropriate rate of return for a P&C company.

INVESTMENT RATE OF RETURN

The investment rate of return is determined by dividing the estimated investment earnings by the Countrywide 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 2010 and 2011 and an after-tax return for each year is calculated.

**1. Please revise the indications using historical AR data instead of AIR models.
Remove the hurricane load.**

We have revised our indicated rate change to use Arkansas historical catastrophe losses rather than the modeled losses provided by AIR; the hurricane load has been removed. Please refer to the following Exhibits that have revised to reflect this change:

Exhibit I – Revised	Indicated Rate Change
Exhibit VIII – Revised	Expenses
Exhibit IX – Revised	Underwriting Profit Provision

Please note that using Arkansas' historical catastrophe losses results in indicated rate changes of 44.6% for Fire, and 49.9% for Allied Lines, which is sufficient to support our proposed overall rate change of 12.0%.

SERFF Tracking Number: USAA-126838790 State: Arkansas
 First Filing Company: Garrison Property and Casualty Insurance State Tracking Number: EFT \$100
 Company, ...
 Company Tracking Number: AR1013207
 TOI: 01.0 Property Sub-TOI: 01.0002 Personal Property (Fire and Allied
 Lines)
 Product Name: Rate Revision
 Project Name/Number: /

Superseded Schedule Items

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.

Creation Date:	Schedule	Schedule Item Name	Replacement Creation Date	Attached Document(s)
10/04/2010	Supporting	AR Fire and Allied Lines Actuarial Document Support	10/13/2010	AR Fire and Allied Lines Actuarial Support.pdf (Superseded)

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 program with an overall effect of 12.0%. The effects by form apply as follows:

USAA Fire	13.0%
USAA Allied Lines	13.2%
USAA Misc	0.0%
USAA Combined	12.0%
USAA-CIC Fire	13.1%
USAA-CIC Allied Lines	12.9%
USAA-CIC Misc	0.0%
USAA-CIC Combined	12.1%
USAA-GIC Fire	13.1%
USAA-GIC Allied Lines	12.9%
USAA-GIC Misc	0.0%
USAA-GIC Combined	12.1%
Garrison Fire	13.1%
Garrison Allied Lines	12.9%
Garrison Misc	0.0%
Garrison Combined	12.1%
USAA Group Combined	12.0%

The proposed changes include revising the Fire and Allied Lines Base Rates. The attached exhibits support these revisions.

An effective date of December 31, 2010, for these revisions will apply to all policies. Details of these revisions are attached.

USAA Group
Arkansas
Fire and Allied Lines Filing Memorandum

Attachments in support of this filing:

Explanatory Memorandum (Allied Lines)

Exhibit I – AL	Indicated Rate Change
Exhibit II – AL	Premium Trend
Exhibit III – AL	Large Loss Adjustment
Exhibit IV – AL	Loss Development
Exhibit V – AL	Loss Trend
Exhibit VI – AL	Loss Adjustment Expense (LAE)
Exhibit VII – AL	Other Catastrophe Ratio
Exhibit VIII – AL	Expected Hurricane Catastrophe Loss and LAE Ratio
Exhibit IX – AL	Expected Severe Thunderstorm Catastrophe Loss and LAE Ratio
Exhibit X – AL	Expected Winter Storm Catastrophe Loss and LAE Ratio
Exhibit XI – AL	Expenses
Exhibit XII – AL	Underwriting Profit Provision

Explanatory Memorandum (Fire)

Exhibit I – FI	Indicated Rate Change
Exhibit II – FI	Premium Trend
Exhibit III – FI	Large Loss Adjustment
Exhibit IV – FI	Loss Development
Exhibit V – FI	Loss Trend
Exhibit VI – FI	Loss Adjustment Expense (LAE)
Exhibit VII – FI	Other Catastrophe Ratio
Exhibit VIII – FI	Fire Following Catastrophe Loss and LAE Ratio

USAA Group
Arkansas
Fire and Allied Lines Filing Memorandum

Exhibit IX – FI Expenses

Exhibit X – FI Underwriting Profit Provision

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 12/31/2010. Exhibits I through XII develop the rate level indication.

Exhibit I - illustrates USAA Group Arkansas experience for the latest five accident years ending March 31, 2010 as of June 30, 2010. The indicated rate level change is developed in this exhibit. The proposed change is also provided. A large loss procedure was applied to the losses, which is detailed in Exhibit III.

Exhibit II - provides 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 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 Arkansas loss trend was credibility weighted with USAA countrywide loss trend data excluding CA, FL & TX. 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 countrywide data for calendar-accident years 2006, 2007, and 2008.

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

USAA Group
Arkansas
Explanatory Memorandum
Allied Lines

Exhibit VIII - displays the expected hurricane catastrophe loss and LAE ratio calculation based on a hurricane simulation model developed by AIR Worldwide (AIR), Inc., of Boston, Massachusetts. AIR's Catastrophe Loss Analysis Service models hurricanes based on meteorological, engineering, and property damage data. The models estimate wind speeds by five-digit zip code based on various hurricane characteristics, including landfall location, size, intensity, storm track, direction, and wind speed. The model generates a large sample of simulated hurricanes, with the resultant hurricane characteristics superimposed on USAA's geographical distribution of exposures by county and zip code within the state. USAA uses the statewide estimated average annual hurricane loss provided by AIR in calculating the overall indication.

Exhibit IX - displays the expected severe thunderstorm catastrophe loss and LAE ratio calculation based on a severe thunderstorm simulation model developed by Applied Insurance Research (AIR), Inc., of Boston, Massachusetts. AIR's Severe Thunderstorm Model is based on meteorological, engineering, and property damage data. This service estimates thunderstorm damage by five digit ZIP code based on various thunderstorm characteristics, including size, intensity, and storm track. The model generates a large sample of simulated severe thunderstorm events superimposed on USAA's geographical distribution of exposures by county and ZIP code within the state. USAA uses the statewide estimated average annual severe thunderstorm loss provided by AIR in calculating the overall indication.

Exhibit X - displays the expected winter storm catastrophe loss and LAE ratio calculation based on a winter storm simulation model developed by Applied Insurance Research (AIR), Inc., of Boston, Massachusetts. AIR's Winter Storm Model is based on meteorological, engineering, and property damage data. This service estimates winter storm damage by five digit ZIP code based on various winter storm characteristics, including size, intensity, and storm track. The model generates a large sample of simulated winter storm events superimposed on USAA's geographical distribution of exposures by county and ZIP code within the state. USAA uses the statewide estimated average annual winter loss provided by AIR in calculating the overall indication.

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

USAA All Co.
Arkansas
Indicated Rate Change
Allied Lines Forms
As of 06/30/2010

Calendar/ Accident Year Ending	Earned Premium at Present Rates	Premium Trend Factor ^A	Prospective Earned Premium at Present Rates	Smoothed Developed Incurred Losses Excluding Catastrophes ^B	Loss Trend Factor ^C	LAE Factor ^D	Prospective Incurred Losses and LAE Excluding Catastrophes	Prospective Loss and LAE Ratio Excluding Catastrophes	Weight
(1)	(2)	(3)	(4) = (2) * (3)	(5)	(6)	(7)	(8) = (5) * (6) * (7)	(9) = (8) / (4)	(10)
03/31/2006	\$803,946	1.124	\$903,636	\$263,920	2.585	1.130	\$770,924	0.853	0.100
03/31/2007	838,063	1.123	941,145	242,692	2.190	1.130	600,590	0.638	0.150
03/31/2008	924,202	1.084	1,001,835	384,343	1.856	1.130	806,075	0.805	0.200
03/31/2009	1,029,143	1.060	1,090,892	274,653	1.573	1.130	488,193	0.448	0.250
03/31/2010	1,186,575	1.046	1,241,157	1,286,911	1.333	1.130	1,938,461	1.562	0.300
Five Year Weighted Loss and LAE Ratio Excluding Catastrophes =									0.923
Other Catastrophe Loss and LAE Ratio ^E =									0.007
Hurricane Catastrophe Loss and LAE Ratio ^F =									0.004
Severe Thunderstorm Catastrophe Loss and LAE Ratio ^G =									0.363
Winter Storm Catastrophe Loss and LAE Ratio ^H =									0.041
Trended Fixed Expense Ratio ^I =									0.111
Variable Permissible Loss and LAE Ratio ^J =									0.825
Indicated Rate Level Change = (.923 + 0.007 + 0.004 + 0.363 + 0.041 + 0.111) / 0.825 - 1									75.6%
Proposed Rate Level Change =									13.0%

^A Developed in Exhibit II - AL

^B Developed in Exhibit III - AL

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

^D Developed in Exhibit VI - AL

^E Developed in Exhibit VII - AL

^F Developed in Exhibit VIII - AL

^G Developed in Exhibit IX - AL

^H Developed in Exhibit X - AL

^I Developed in Exhibit XI - AL, Page 1 of 2

^J Developed in Exhibit XI - AL, Page 1 of 2

USAA All Co.
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 401.02 / (4)
2005/2	726,094.85	2,022.57	359.00		1.117
2005/3	756,231.82	2,076.57	364.17		1.101
2005/4	782,767.28	2,121.35	368.99		1.087
2006/1	803,947.03	2,155.40	372.99		1.075
2006/2	817,075.54	2,178.42	375.08	4.5%	1.069
2006/3	824,091.27	2,194.97	375.45	3.1%	1.068
2006/4	827,712.82	2,213.75	373.90	1.3%	1.073
2007/1	838,063.00	2,244.66	373.36	0.1%	1.074
2007/2	854,738.81	2,281.11	374.70	-0.1%	1.070
2007/3	879,177.49	2,322.97	378.47	0.8%	1.060
2007/4	904,397.04	2,359.24	383.34	2.5%	1.046
2008/1	924,202.36	2,386.48	387.27	3.7%	1.036
2008/2	944,005.68	2,417.86	390.43	4.2%	1.027
2008/3	962,435.15	2,454.92	392.04	3.6%	1.023
2008/4	991,099.18	2,516.97	393.77	2.7%	1.018
2009/1	1,027,804.18	2,595.37	396.01	2.3%	1.013
2009/2	1,047,794.64	2,674.31	391.80	0.4%	1.024
2009/3	1,071,457.05	2,739.34	391.14	-0.2%	1.025
2009/4	1,104,292.49	2,797.76	394.71	0.2%	1.016
2010/1	1,137,748.37	2,837.14	401.02	1.3%	1.000

Trended Amount Factor:

Exponential Fits

Annualized Change:

R-squared Value:

Selected Annual Trend Factor:

Accident Year Ending

03/31/2006
03/31/2007
03/31/2008
03/31/2009
03/31/2010

Least Squares Results

	20 pt	16 pt	12 pt	8 pt	4 pt
Exponential Fits					
Annualized Change:	2.0%	1.9%	1.9%	0.9%	3.2%
R-squared Value:	0.923	0.878	0.795	0.405	0.800
Selected Annual Trend Factor:	1.020				

Premium Trend Factor				
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)
1.075	1.020	2.250	1.046	1.124
1.074	1.020	2.250	1.046	1.123
1.036	1.020	2.250	1.046	1.084
1.013	1.020	2.250	1.046	1.060
1.000	1.020	2.250	1.046	1.046

^A From the average earned date in the most recent accident year, 09/30/2009, to the average earned date in the effective period, 12/31/2011

USAA All Co.
Arkansas
Large Loss Adjustment
Allied Lines Forms
As of 06/30/2010

Exhibit III

Calendar/ Accident Year Ending	Average Amount of Insurance	Cutoff 25% of (2)	Incurred Losses Excluding Catastrophes	Loss Development Factors (5) ^A	Developed Losses Excluding Catastrophes	Number of Excess Losses	Large Losses	Excess Losses (9) = (8) - (7) * (3)	Normal Losses (10) = (6) - (9)	Excess Ratio (11) = (9) / (10)	Smoothed Developed Incurred Losses Ex Cats (12) ^C
(1)	(2)	(3)	(4)	(5) ^A	(6)	(7)	(8)	(9) = (8) - (7) * (3)	(10) = (6) - (9)	(11) = (9) / (10)	(12) ^C
03/31/2001	\$98,332	\$24,583	\$243,700	1.0000	\$243,700	0	\$0	\$0	\$243,700	0.000	\$257,591
03/31/2002	102,390	\$25,598	128,353	1.0000	\$128,353	0	\$0	0	128,353	0.000	\$135,669
03/31/2003	104,958	\$26,240	226,839	1.0000	\$226,839	2	\$67,252	14,772	212,067	0.070	\$224,155
03/31/2004	118,403	\$29,601	187,142	1.0000	\$187,142	2	\$66,168	6,966	180,176	0.039	\$190,446
03/31/2005	133,866	\$33,467	147,798	1.0000	\$147,798	0	\$0	0	147,798	0.000	\$156,222
03/31/2006	143,875	\$35,969	279,124	1.0000	\$279,124	1	\$65,405	29,436	249,688	0.118	\$263,920
03/31/2007	151,014	\$37,754	234,063	1.0000	\$234,063	1	\$42,212	4,458	229,605	0.019	\$242,692
03/31/2008	160,591	\$40,148	363,617	1.0000	\$363,617	0	\$0	0	363,617	0.000	\$384,343
03/31/2009	165,118	\$41,280	389,857	0.9995	\$389,662	1	\$171,100	129,820	259,842	0.500	\$274,653
03/31/2010	174,560	\$43,640	1,210,733	1.0056	\$1,217,513	0	\$0	0	1,217,513	0.000	\$1,286,911
								\$185,452	\$3,232,359		

Weighted Average Excess Ratio ^B = 0.057

Weighted Average Excess Factor = 1.057

^A Developed in Exhibit IV - AL

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

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

USAA All Co.
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
03/31/2001					243,700
03/31/2002				128,353	128,353
03/31/2003			228,100	227,157	226,839
03/31/2004		187,643	187,142	187,142	187,142
03/31/2005	147,169	147,798	147,798	147,798	147,798
03/31/2006	276,704	279,124	279,124	279,124	279,124
03/31/2007	238,472	234,063	234,063	234,063	
03/31/2008	362,194	364,117	363,617		
03/31/2009	381,783	389,857			
03/31/2010	1,210,733				

Age-to-Age Factors

Accident Year Ending	15 to 27 Months	27 to 39 Months	39 to 51 Months	51 to 63 Months
03/31/2001				
03/31/2002				1.0000
03/31/2003			0.9959	0.9986
03/31/2004		0.9973	1.0000	1.0000
03/31/2005	1.0043	1.0000	1.0000	1.0000
03/31/2006	1.0087	1.0000	1.0000	1.0000
03/31/2007	0.9815	1.0000	1.0000	
03/31/2008	1.0053	0.9986		
03/31/2009	1.0211			
Latest 3-year Average	1.0026	0.9995	1.0000	1.0000
Latest 4-year Average	1.0042	0.9997	1.0000	0.9997
Latest 5-year Average	1.0042	0.9992	0.9992	0.9997
Latest 3-out-of-5-year Average	1.0061	0.9995	1.0000	1.0000
Selected Age-to-Age Factors	1.0061	0.9995	1.0000	1.0000

Cumulative Factors ^A

	15 to Ultimate	27 to Ultimate	39 to Ultimate	51 to 63 Months
Selected Cumulative Factors	1.0056	0.9995	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
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
2005/3	0.0253		0.0173		2,769		5,429		70.04		93.76	
2005/4	0.0284		0.0171		3,942		5,324		112.04		90.91	
2006/1	0.0330		0.0167		3,858		5,409		127.31		90.37	
2006/2	0.0340		0.0171		4,170		5,439		141.85		93.18	
2006/3	0.0382	50.9%	0.0170	-1.7%	4,296	55.1%	5,716	5.3%	164.00	134.2%	97.08	3.5%
2006/4	0.0387	36.3%	0.0176	2.8%	3,602	-8.6%	5,747	7.9%	139.53	24.5%	100.91	11.0%
2007/1	0.0330	0.1%	0.0183	9.4%	4,129	7.0%	6,232	15.2%	136.46	7.2%	113.91	26.0%
2007/2	0.0310	-9.0%	0.0193	12.7%	3,866	-7.3%	6,463	18.8%	119.73	-15.6%	124.81	33.9%
2007/3	0.0239	-37.5%	0.0205	20.7%	3,696	-14.0%	6,511	13.9%	88.14	-46.3%	133.52	37.5%
2007/4	0.0212	-45.2%	0.0207	18.0%	4,345	20.6%	6,719	16.9%	92.28	-33.9%	139.26	38.0%
2008/1	0.0244	-26.3%	0.0206	12.9%	4,479	8.5%	6,946	11.5%	109.10	-20.0%	143.30	25.8%
2008/2	0.0314	1.4%	0.0211	9.4%	5,015	29.7%	6,752	4.5%	157.45	31.5%	142.67	14.3%
2008/3	0.0377	58.1%	0.0208	1.4%	4,995	35.2%	6,971	7.1%	188.34	113.7%	144.92	8.5%
2008/4	0.0384	80.6%	0.0208	0.2%	4,720	8.6%	6,895	2.6%	181.08	96.2%	143.13	2.8%
2009/1	0.0359	47.3%	0.0219	6.1%	4,612	3.0%	6,932	-0.2%	165.45	51.6%	151.72	5.9%
2009/2	0.0299	-4.6%	0.0224	6.1%	4,144	-17.4%	7,029	4.1%	124.07	-21.2%	157.52	10.4%
2009/3	0.0371	-1.7%	0.0236	13.6%	7,721	54.6%	6,892	-1.1%	286.07	51.9%	162.76	12.3%
2009/4	0.0436	13.7%	0.0238	14.7%	7,845	66.2%	6,894	0.0%	342.09	88.9%	164.20	14.7%
2010/1	0.0523	45.8%	0.0237	8.4%	7,400	60.4%	6,971	0.6%	386.89	133.8%	165.41	9.0%
2010/2	0.0600	100.4%	0.0241	7.5%	7,096	71.2%	6,990	-0.6%	425.70	243.1%	168.37	6.9%
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	0.348	10.0%	0.947	8.7%	0.659	17.0%	0.832	6.6%	0.573	28.7%	0.950	15.9%
16-point fit	0.341	13.2%	0.936	9.1%	0.655	20.3%	0.696	4.8%	0.599	36.2%	0.920	14.3%
12-point fit	0.791	36.8%	0.875	7.0%	0.665	27.7%	0.483	1.7%	0.810	74.6%	0.948	8.8%
8-point fit	0.581	30.5%	0.910	10.0%	0.582	39.0%	0.023	0.2%	0.759	81.5%	0.926	10.2%
4-point fit	0.997	91.7%	0.722	2.2%	0.792	-11.7%	0.882	2.2%	0.993	69.3%	0.955	4.5%

^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
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	1.130	1.090	1.095	1.200	1.060	1.078	1.18
Trended Cost Selection	1.300	1.080	1.108	1.100	1.010	1.021	1.131

<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)
03/31/2006	1.180	4.250	2.021	1.131	2.000	1.279	2.585
03/31/2007	1.180	3.250	1.712	1.131	2.000	1.279	2.190
03/31/2008	1.180	2.250	1.451	1.131	2.000	1.279	1.856
03/31/2009	1.180	1.250	1.230	1.131	2.000	1.279	1.573
03/31/2010	1.180	0.250	1.042	1.131	2.000	1.279	1.333

^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 12.5% credible based on 166 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 12/31/2009

^E From 12/31/2009 to the average date of loss in the effective period, 12/31/2011

USAA All Co.
Countrywide
 Loss Adjustment Expense (LAE) Factor
All Forms Combined
 As of 6/30/2009

Non-Catastrophe Loss Adjustment Expense Factor			
Calendar/Accident Year Ending	Incurred Losses	Loss Adjustment Expense	LAE Ratio
12/31/2006	72,156,485	9,284,161	0.129
12/31/2007	101,088,026	10,458,678	0.103
12/31/2008	109,984,056	18,182,381	0.165
Average LAE Ratio			0.132
Selected Non-Catastrophe LAE Factor			1.130

Other Catastrophe Loss Adjustment Expense Factor			
Calendar/Accident Year Ending	Incurred Losses	Loss Adjustment Expense	LAE Ratio
12/31/2006	13,347,223	994,859	0.075
12/31/2007	15,753,856	700,349	0.044
12/31/2008	24,178,931	706,535	0.029
Average LAE Ratio			0.049
Selected Other Catastrophe LAE Factor			1.050

USAA All Co.
 Arkansas
 Other Catastrophe Ratio
 Allied Lines Forms
 As of 06/30/2010

Accident Year Ending	Earned Premium	Direct Other Catastrophe Losses	Cat/Prem Ratio
3/31/1991	261,462	0	0.000
3/31/1992	277,471	0	0.000
3/31/1993	296,251	0	0.000
3/31/1994	299,386	0	0.000
3/31/1995	304,190	0	0.000
3/31/1996	310,858	0	0.000
3/31/1997	312,443	0	0.000
3/31/1998	317,483	0	0.000
3/31/1999	334,806	0	0.000
3/31/2000	379,377	0	0.000
3/31/2001	429,808	0	0.000
3/31/2002	430,975	0	0.000
3/31/2003	424,273	0	0.000
3/31/2004	446,277	0	0.000
3/31/2005	515,593	0	0.000
3/31/2006	599,938	0	0.000
3/31/2007	710,242	0	0.000
3/31/2008	821,504	0	0.000
3/31/2009	915,183	65,732	0.072
3/31/2010	1,130,724	84,543	0.075
Average (Catastrophe Losses) / (Direct Earned Premium) =			0.007
Selected Catastrophe LAE Factor ^A =			1.050
Catastrophe Loss and LAE Ratio =			0.007

^A Developed in Exhibit VI - AL

USAA All Co.
Arkansas
Expected Net Hurricane Catastrophe
Loss and LAE Ratio
Allied Lines Forms

(1) Expected Annual Net Hurricane Catastrophe Loss and LAE ^A	\$5,250
(2) Prospective Earned Premium at Present Rates	\$1,241,157
(3) Hurricane Catastrophe Loss and LAE Ratio (1) / (2)	0.004
<hr/> Selected Hurricane Catastrophe Loss and LAE Ratio	<hr/> 0.004

^A Based on Applied Insurance Research, Inc. (AIR) methodology and assumptions; net losses are based on exposure levels as of 05/31/2009 and trended for loss severity

USAA All Co.
Arkansas
 Expected Net Severe Thunderstorm Loss and LAE Ratio
Allied Lines Forms

(1) Expected Annual Net Severe Thunderstorm Cat Loss	\$450,831
(2) Prospective Earned Premium at Present Rates	\$1,241,157
(3) Severe Thunderstorm Catastrophe Loss and LAE Ratio (1) / (2)	0.363
<hr/>	
Selected Severe Thunderstorm Catastrophe Loss and LAE Ratio	0.363

^A Based on Applied Insurance Research, Inc. (AIR) methodology and assumptions; net losses are based on exposure levels as of 05/31/2009 and trended for loss severity

USAA All Co.
Arkansas
 Expected Net Winter Storm Loss and LAE Ratio
Allied Lines Forms

(1) Expected Annual Net Winter Storm Cat Loss	\$50,577
(2) Prospective Earned Premium at Present Rates	\$1,241,157
(3) Winter Storm Catastrophe Loss and LAE Ratio (1) / (2)	0.041
<hr/>	
Selected Winter Storm Catastrophe Loss and LAE Ratio	0.041

^A Based on Applied Insurance Research, Inc. (AIR) methodology and assumptions; net losses are based on exposure levels as of 05/31/2009 and trended for loss severity

USAA All Co.
Arkansas
Fixed and Variable Expense Provisions
Allied Lines Forms

Exhibit XI
Page 1 of 2

	2007	2008	2-Year Straight Average	Selected
(1) Average General Expenses Per Earned Exposure ^A	\$3.48	\$6.04		
(2) Selected Annual Expense Trend ^B	1.5%	1.5%		
(3) Trend Period ^C	4.50	3.50		
(4) Projected Average General Expenses Per Earned Exposure (1) * [1.015] ^ (3)	\$3.72	\$6.36	\$5.04	\$5.04
(5) Average Other Acquisition Expense Per Written Exposure ^A	\$37.39	\$41.16		
(6) Selected Annual Expense Trend ^B	1.5%	1.5%		
(7) Trend Period ^D	4.00	3.00		
(8) Projected Average Other Acquisition Expense Per Written Exposure (5) * [1.015] ^ (7)	\$39.68	\$43.04	\$41.36	\$41.36
(9) Average Licenses and Fees Expense Per Written Exposure ^E	\$1.29	\$3.05		
(10) Selected Annual Expense Trend ^B	1.5%	1.5%		
(11) Trend Period ^D	4.00	3.00		
(12) Projected Average Licenses and Fees Expense Per Written Exposure (9) * [1.015] ^ (11)	\$1.37	\$3.19	\$2.28	\$2.28
(13) Total Fixed Expense (4) + (8) + (12)				\$48.68
(14) Average Projected Premium at Present Rates ^F				\$437.64
(15) Projected Fixed Expense Provision (13) / (14)				0.111
(16) Commission and Brokerage	0.0%	0.0%	0.0%	0.0%
(17) Taxes ^G	2.4%	2.4%	2.4%	2.4%
(18) Profit and Contingencies Provision ^H				15.1%
(19) Total Variable Expenses (16) + (17) + (18)				17.5%
(20) Variable Permissible Loss and LAE Ratio 1 - (19)				82.5%

^A USAA Group Countrywide data

^B Developed in Exhibit XI - AL, Page 2 of 2

^C From the midpoint of the respective year to the average earned date in effective period, 12/31/2011

^D From the midpoint of the respective year to the average written date in effective period, 06/30/2011

^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 XII - AL.

USAA All Co.
Countrywide
Calculation of Annual Expense Trend

(1) Employment Cost Index - Financial activities, excluding incentive paid occupations (annual change over latest 2 years ending 06/30/2010) U.S. Department of Labor	2.0%
(2) % of Other Acquisition and General Expenses used for Salaries and Employee Relations & Welfare - USAA Group Insurance Expense Exhibit, 2009	58.1%
(3) Consumer Price Index, All Items - (annual change over latest 2 years ending 06/30/2010)	1.0%
(4) Annual Expense Trend - { (1) * (2) } + { (3) * [1 - (2)] }	1.6%
<hr/> Selected Annual Expense Trend	1.5%

USAA GROUP
ARKANSAS ALLIED LINES
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 10.0% 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 35.0%, and then divided by the premium-to-surplus ratio to yield the target underwriting profit and contingency provision.

TARGET RATE OF RETURN

Results from the Capital Asset Pricing Model (CAPM), commonly used in evaluating investments, suggest a required rate of return around 9.0%. Historically, the CAPM has consistently supported a 10.0% rate of return. However, the unusually poor market performance in 2008 impacted the results. We still believe 10.0% is a reasonable rate of return and is consistent with our historical selection.

The data points used in the CAPM method are published historical values from Value Line, Inc.'s *Investment Survey* (as of 9/18/09) and from Ibbotson Associates' 2009 Stocks, Bonds, Bills & Inflation (SBBI) Yearbook. The companies composing the "P&C Insurance Industry", as identified by Value Line, Inc., were selected to determine the appropriate rate of return for a P&C company.

INVESTMENT RATE OF RETURN

The investment rate of return is determined by dividing the estimated investment earnings by the Countrywide 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 2010 and 2011 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	8.9%
2.	Selected Target Rate of Return	10.0%
B.	Target Underwriting Rate of Return (% of GAAP Surplus)	
1.	Investment Rate of Return After Tax	3.5%
2.	Target Underwriting Return After Tax (A2) - (B1)	6.5%
3.	Target Underwriting Return Before Tax (B2) / (1.00 - 0.35)	10.0%
C.	Target Underwriting Profit Provision (% of Direct Earned Premium)	
1.	Direct Written Premium / GAAP Surplus Ratio	0.662
2.	Indicated Underwriting Profit Provision (B3) / (C1)	15.1%
3.	Selected Underwriting Profit Provision	15.1%

USAA Group
Arkansas
Explanatory Memorandum
Fire

The attached exhibits are in support of the Fire Rate revision in Arkansas with a proposed effective date of 12/31/2010. Exhibits I through X develop the rate level indication.

Exhibit I - illustrates USAA Group Arkansas experience for the latest five accident years ending March 31, 2010 as of June 30, 2010. The indicated rate level change is developed in this exhibit. The proposed change is also provided. A large loss procedure was applied to the losses, which is detailed in Exhibit III.

Exhibit II - provides 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 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 Arkansas loss trend was credibility weighted with USAA countrywide loss trend data excluding CA, FL & TX. 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 countrywide data for calendar-accident years 2006, 2007, and 2008.

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

Exhibit VIII - displays the expected fire following earthquake catastrophe loss and LAE ratio calculation based on a fire following earthquake simulation model developed by AIR Worldwide (AIR), Inc., of Boston, Massachusetts. AIR's Catastrophe Loss Analysis

USAA Group
Arkansas
Explanatory Memorandum
Fire

Service models fire following earthquake based on geological, engineering, and property damage data. The models estimate damage by five digit ZIP code based on various earthquake causative characteristics, including ignition, population, and fire suppression ability. The model generates a large sample of simulated events which are then superimposed on USAA's geographical distribution of exposures by county and ZIP code within the state. USAA uses the statewide estimated average annual loss provided by AIR in calculating the overall indication.

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

USAA All Co.
Arkansas
Indicated Rate Change
Fire Forms
As of 06/30/2010

Calendar/ Accident Year Ending (1)	Earned Premium at Present Rates (2)	Premium Trend Factor ^A Factor ^A (3)	Prospective Earned Premium at Present Rates (4) = (2) * (3)	Smoothed Developed Incurred Losses Excluding Catastrophes ^B (5)	Loss Trend Factor ^C Factor ^C (6)	LAE Factor ^D 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)
03/31/2006	\$485,344	1.100	\$533,879	\$264,193	0.977	1.130	\$291,672	0.546	0.100
03/31/2007	515,206	1.079	555,907	156,208	0.952	1.130	168,042	0.302	0.150
03/31/2008	570,289	1.036	590,819	1,054,120	0.928	1.130	1,105,392	1.871	0.200
03/31/2009	631,321	1.019	643,316	426,010	0.905	1.130	435,659	0.677	0.250
03/31/2010	712,573	1.023	728,963	987,058	0.881	1.130	982,646	1.348	0.300
Five Year Weighted Loss and LAE Ratio Excluding Catastrophes =									1.048
Other Catastrophe Loss and LAE Ratio ^E =									0.002
Fire Following Catastrophe Loss and LAE Ratio ^F =									0.009
Trended Fixed Expense Ratio ^G =									0.147
Variable Permissible Loss and LAE Ratio ^H =									0.828
Indicated Rate Level Change = (2.160 + 0.002 + 0.017 + 0.000 + 0.144) / 0.863 - 1									45.7%
Proposed Rate Level Change =									13.0%

^A Developed in Exhibit II - FI

^B Developed in Exhibit III - FI

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

^D Developed in Exhibit VI - FI

^E Developed in Exhibit VII - FI

^F Developed in Exhibit VIII - FI

^G Developed in Exhibit IX - FI, Page 1 of 2

^H Developed in Exhibit IX - FI, Page 1 of 2

USAA All Co.
Arkansas
Premium Trend
Fire 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 242.19 / (4)
2005/2	434,887.83	2,022.65	215.01		1.126
2005/3	453,745.53	2,076.62	218.50		1.108
2005/4	470,724.32	2,121.15	221.92		1.091
2006/1	485,344.07	2,154.74	225.24		1.075
2006/2	495,803.44	2,177.46	227.70	5.9%	1.064
2006/3	501,535.11	2,194.25	228.57	4.6%	1.060
2006/4	506,438.49	2,213.28	228.82	3.1%	1.058
2007/1	515,205.58	2,244.25	229.57	1.9%	1.055
2007/2	527,105.33	2,280.66	231.12	1.5%	1.048
2007/3	542,713.16	2,322.25	233.70	2.2%	1.036
2007/4	557,865.68	2,358.28	236.56	3.4%	1.024
2008/1	570,289.36	2,385.37	239.08	4.1%	1.013
2008/2	582,197.78	2,416.52	240.92	4.2%	1.005
2008/3	593,303.77	2,453.33	241.84	3.5%	1.001
2008/4	610,509.09	2,515.13	242.73	2.6%	0.998
2009/1	630,618.44	2,593.39	243.16	1.7%	0.996
2009/2	641,333.07	2,672.31	239.99	-0.4%	1.009
2009/3	653,103.76	2,737.99	238.53	-1.4%	1.015
2009/4	669,142.99	2,796.89	239.25	-1.4%	1.012
2010/1	687,087.06	2,837.01	242.19	-0.4%	1.000

Trended Amount Factor:

	Least Squares Results				
	20 pt	16 pt	12 pt	8 pt	4 pt
Exponential Fits					
Annualized Change:	2.3%	1.8%	1.2%	-0.4%	1.2%
R-squared Value:	0.857	0.763	0.456	0.119	0.354
Selected Annual Trend Factor:	1.010				

Premium Trend Factor

Accident Year Ending

03/31/2006
03/31/2007
03/31/2008
03/31/2009
03/31/2010

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)
1.075	1.010	2.250	1.023	1.100
1.055	1.010	2.250	1.023	1.079
1.013	1.010	2.250	1.023	1.036
0.996	1.010	2.250	1.023	1.019
1.000	1.010	2.250	1.023	1.023

^A From the average earned date in the most recent accident year, 09/30/2009, to the average earned date in the effective period, 12/31/2011

USAA All Co.
Arkansas
Large Loss Adjustment
Fire Forms
As of 06/30/2010

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
03/31/2001	\$98,332	\$24,583	\$84,315	1.0000	\$84,315	1	\$56,515	\$31,932	\$52,383	0.610	\$111,000
03/31/2002	102,390	\$25,598	148,568	1.0000	\$148,568	3	\$132,551	55,757	92,811	0.601	\$196,667
03/31/2003	104,958	\$26,240	43,975	1.0000	\$43,975	0	\$0	0	43,975	0.000	\$93,183
03/31/2004	118,403	\$29,601	228,828	1.0000	\$228,828	3	\$192,297	103,494	125,334	0.826	\$265,583
03/31/2005	133,866	\$33,467	39,848	1.0000	\$39,848	0	\$0	0	39,848	0.000	\$84,438
03/31/2006	143,875	\$35,969	287,165	1.0000	\$287,165	3	\$270,394	162,487	124,678	1.303	\$264,193
03/31/2007	151,021	\$37,755	171,876	1.0000	\$171,876	1	\$135,913	98,158	73,718	1.332	\$156,208
03/31/2008	160,804	\$40,201	1,015,172	1.0000	\$1,015,172	8	\$839,319	517,711	497,461	1.041	\$1,054,120
03/31/2009	165,165	\$41,291	634,221	1.0000	\$634,221	4	\$598,342	433,178	201,043	2.155	\$426,010
03/31/2010	174,560	\$43,640	1,010,651	0.9735	\$983,869	9	\$910,816	518,056	465,813	1.112	\$987,058
								\$1,920,773	\$1,717,064		

Weighted Average Excess Ratio ^B = 1.119

Weighted Average Excess Factor = 2.119

^A Developed in Exhibit IV - FI

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

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

USAA All Co.
Arkansas
Loss Development
Incurred Losses Excluding Catastrophes
Fire Forms

Exhibit IV

Accident Year Ending	15 months	27 months	39 months	51 months	63 months
03/31/2001					84,315
03/31/2002				158,068	148,568
03/31/2003			43,975	43,975	43,975
03/31/2004		228,828	228,828	228,828	228,828
03/31/2005	43,284	39,848	39,848	39,848	39,848
03/31/2006	287,165	287,165	287,165	287,165	287,165
03/31/2007	197,936	171,876	171,876	171,876	
03/31/2008	1,021,991	1,037,758	1,015,172		
03/31/2009	634,221	634,221			
03/31/2010	1,010,651				

Age-to-Age Factors

Accident Year Ending	15 to 27 Months	27 to 39 Months	39 to 51 Months	51 to 63 Months
03/31/2001				
03/31/2002				0.9399
03/31/2003			1.0000	1.0000
03/31/2004		1.0000	1.0000	1.0000
03/31/2005	0.9206	1.0000	1.0000	1.0000
03/31/2006	1.0000	1.0000	1.0000	1.0000
03/31/2007	0.8683	1.0000	1.0000	
03/31/2008	1.0154	0.9782		
03/31/2009	1.0000			
Latest 3-year Average	0.9612	0.9927	1.0000	1.0000
Latest 4-year Average	0.9709	0.9946	1.0000	1.0000
Latest 5-year Average	0.9609	0.9956	1.0000	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
2005/3	0.0045		0.0033		19,833		26,276		88.50		87.28	
2005/4	0.0039		0.0031		30,764		28,673		118.49		89.33	
2006/1	0.0042		0.0032		51,148		30,828		217.04		98.08	
2006/2	0.0042		0.0034		64,990		32,501		272.43		110.72	
2006/3	0.0028	-38.1%	0.0035	6.8%	76,714	286.8%	30,361	15.5%	211.72	139.2%	107.70	23.4%
2006/4	0.0014	-64.5%	0.0037	19.2%	123,270	300.7%	30,583	6.7%	168.55	42.2%	113.55	27.1%
2007/1	0.0009	-78.7%	0.0038	20.3%	87,326	70.7%	28,827	-6.5%	79.06	-63.6%	110.33	12.5%
2007/2	0.0040	-3.6%	0.0038	10.3%	28,013	-56.9%	30,058	-7.5%	113.16	-58.5%	112.95	2.0%
2007/3	0.0066	140.1%	0.0038	7.2%	33,874	-55.8%	32,342	6.5%	224.43	6.0%	123.03	14.2%
2007/4	0.0082	502.3%	0.0039	5.6%	39,513	-67.9%	30,145	-1.4%	325.42	93.1%	118.23	4.1%
2008/1	0.0111	1127.2%	0.0039	2.4%	37,160	-57.4%	32,614	13.1%	412.89	422.2%	127.87	15.9%
2008/2	0.0123	204.6%	0.0041	8.8%	30,547	9.0%	31,583	5.1%	375.84	232.1%	129.14	14.3%
2008/3	0.0126	89.8%	0.0042	11.4%	34,921	3.1%	29,718	-8.1%	439.08	95.6%	125.94	2.4%
2008/4	0.0124	50.3%	0.0042	6.3%	27,626	-30.1%	30,128	-0.1%	341.90	5.1%	125.58	6.2%
2009/1	0.0105	-5.6%	0.0040	1.9%	26,258	-29.3%	29,880	-8.4%	275.29	-33.3%	119.35	-6.7%
2009/2	0.0061	-50.1%	0.0040	-1.5%	34,402	12.6%	27,757	-12.1%	211.30	-43.8%	111.76	-13.5%
2009/3	0.0069	-45.3%	0.0040	-4.5%	21,452	-38.6%	28,877	-2.8%	147.49	-66.4%	116.82	-7.2%
2009/4	0.0071	-42.8%	0.0039	-7.4%	31,181	12.9%	29,876	-0.8%	220.81	-35.4%	115.31	-8.2%
2010/1	0.0080	-23.3%	0.0040	0.3%	32,098	22.2%	27,382	-8.4%	258.19	-6.2%	109.70	-8.1%
2010/2	0.0094	53.0%	0.0040	-0.6%	30,839	-10.4%	25,663	-7.5%	289.78	37.1%	102.74	-8.1%
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	0.378	32.7%	0.682	5.1%	0.164	-12.1%	0.081	-1.2%	0.167	16.7%	0.235	3.8%
16-point fit	0.287	50.8%	0.422	2.5%	0.442	-24.4%	0.365	-3.1%	0.062	14.0%	0.011	-0.6%
12-point fit	0.062	-6.4%	0.024	0.6%	0.237	-8.0%	0.722	-6.3%	0.200	-13.9%	0.610	-5.8%
8-point fit	0.388	-22.1%	0.515	-3.3%	0.001	-0.4%	0.565	-6.7%	0.309	-22.4%	0.845	-9.8%
4-point fit	0.916	53.1%	0.001	0.2%	0.566	56.4%	0.728	-16.2%	0.957	139.4%	0.936	-16.0%

^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	1.300	1.040	1.053	0.850	0.980	0.974	1.026
Trended Cost Selection	1.000	0.990	0.990	1.050	0.940	0.945	0.936

<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)
03/31/2006	1.026	4.250	1.115	0.936	2.000	0.876	0.977
03/31/2007	1.026	3.250	1.087	0.936	2.000	0.876	0.952
03/31/2008	1.026	2.250	1.059	0.936	2.000	0.876	0.928
03/31/2009	1.026	1.250	1.033	0.936	2.000	0.876	0.905
03/31/2010	1.026	0.250	1.006	0.936	2.000	0.876	0.881

^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 4.9% credible based on 26 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 12/31/2009

^E From 12/31/2009 to the average date of loss in the effective period, 12/31/2011

USAA All Co.
Countrywide
 Loss Adjustment Expense (LAE) Factor
All Forms Combined
 As of 6/30/2009

Non-Catastrophe Loss Adjustment Expense Factor			
Calendar/Accident Year Ending	Incurred Losses	Loss Adjustment Expense	LAE Ratio
12/31/2006	72,156,485	9,284,161	0.129
12/31/2007	101,088,026	10,458,678	0.103
12/31/2008	109,984,056	18,182,381	0.165
Average LAE Ratio			0.132
Selected Non-Catastrophe LAE Factor			1.130

Other Catastrophe Loss Adjustment Expense Factor			
Calendar/Accident Year Ending	Incurred Losses	Loss Adjustment Expense	LAE Ratio
12/31/2006	13,347,223	994,859	0.075
12/31/2007	15,753,856	700,349	0.044
12/31/2008	24,178,931	706,535	0.029
Average LAE Ratio			0.049
Selected Other Catastrophe LAE Factor			1.050

USAA All Co.
Arkansas
 Other Catastrophe Ratio
Fire Forms
 As of 06/30/2010

Accident Year Ending	Earned Premium	Direct Other Catastrophe Losses	Cat/Prem Ratio
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	515,166	5,702	0.011
3/31/2009	570,511	2,006	0.004
3/31/2010	1,925,067	0	0.000
Average (Catastrophe Losses) / (Direct Earned Premium) =			0.002
Selected Catastrophe LAE Factor ^A =			1.050
Catastrophe Loss and LAE Ratio =			0.002

^A Developed in Exhibit VI - FI

USAA All Co.
Arkansas
 Expected Net Fire Following Loss and LAE Ratio
Fire Forms

(1) Expected Annual Net Fire Following Cat Loss	\$6,523
(2) Prospective Earned Premium at Present Rates	\$728,963
(3) Fire Following Catastrophe Loss and LAE Ratio (1) / (2)	0.009
<hr/>	
Selected Fire Following Catastrophe Loss and LAE Ratio	0.009

^A Based on Applied Insurance Research, Inc. (AIR) methodology and assumptions; net losses are based on exposure levels as of 05/31/2009 and trended for loss severity

USAA All Co.
Arkansas
Fixed and Variable Expense Provisions
Fire Forms

Exhibit IX
Page 1 of 2

	2007	2008	2-Year Straight Average	Selected
(1) Average General Expenses Per Earned Exposure A	\$2.79	\$4.67		
(2) Selected Annual Expense Trend B	1.5%	1.5%		
(3) Trend Period C	4.50	3.50		
(4) Projected Average General Expenses Per Earned Exposure (1) * [1.02] ^ (3)	\$2.98	\$4.92	\$3.95	\$3.95
(5) Average Other Acquisition Expense Per Written Exposure A	\$29.68	\$31.73		
(6) Selected Annual Expense Trend B	1.5%	1.5%		
(7) Trend Period D	4.00	3.00		
(8) Projected Average Other Acquisition Expense Per Written Exposure (5) * [1.02] ^ (7)	\$31.50	\$33.18	\$32.34	\$32.34
(9) Average Licenses and Fees Expense Per Written Exposure E	\$0.79	\$1.83		
	1.5%	1.5%		
	4.00	3.00		
	\$0.84	\$1.91	\$1.38	\$1.38
(13) Total Fixed Expense (4) + (8) + (12)				\$37.67
(14) Average Projected Premium at Present Rates ^F				\$256.95
(15) Projected Fixed Expense Provision (13) / (14)				0.147
(16) Commission and Brokerage	0.0%	0.0%	0.0%	0.0%
(17) Taxes ^G	2.4%	2.4%	2.4%	2.4%
(18) Profit and Contingencies Provision ^H				14.8%
(19) Total Variable Expenses (16) + (17) + (18)				17.2%
(20) Variable Permissible Loss and LAE Ratio 1 - (19)				82.8%

^A USAA Group Countrywide data

^B Developed in Exhibit IX - FI, Page 2 of 2

^C From the midpoint of the respective year to the average earned date in effective period, 12/31/2011

^D From the midpoint of the respective year to the average written date in effective period, 06/30/2011

^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 X - FI.

USAA All Co.
Countrywide
Calculation of Annual Expense Trend

(1) Employment Cost Index - Financial activities, excluding incentive paid occupations (annual change over latest 2 years ending 06/30/2010) U.S. Department of Labor	2.0%
(2) % of Other Acquisition and General Expenses used for Salaries and Employee Relations & Welfare - USAA Group Insurance Expense Exhibit, 2009	58.1%
(3) Consumer Price Index, All Items - (annual change over latest 2 years ending 06/30/2010)	1.0%
(4) Annual Expense Trend - { (1) * (2) } + { (3) * [1 - (2)] }	1.6%
<hr/> Selected Annual Expense Trend	1.5%

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 10.0% 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 35.0%, and then divided by the premium-to-surplus ratio to yield the target underwriting profit and contingency provision.

TARGET RATE OF RETURN

Results from the Capital Asset Pricing Model (CAPM), commonly used in evaluating investments, suggest a required rate of return around 9.0%. Historically, the CAPM has consistently supported a 10.0% rate of return. However, the unusually poor market performance in 2008 impacted the results. We still believe 10.0% is a reasonable rate of return and is consistent with our historical selection.

The data points used in the CAPM method are published historical values from Value Line, Inc.'s *Investment Survey* (as of 9/18/09) and from Ibbotson Associates' 2009 Stocks, Bonds, Bills & Inflation (SBBI) Yearbook. The companies composing the "P&C Insurance Industry", as identified by Value Line, Inc., were selected to determine the appropriate rate of return for a P&C company.

INVESTMENT RATE OF RETURN

The investment rate of return is determined by dividing the estimated investment earnings by the Countrywide 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 2010 and 2011 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	8.9%
2.	Selected Target Rate of Return	10.0%
B.	Target Underwriting Rate of Return (% of GAAP Surplus)	
1.	Investment Rate of Return After Tax	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	0.662
2.	Indicated Underwriting Profit Provision (B3) / (C1)	14.8%
3.	Selected Underwriting Profit Provision	14.8%