

SERFF Tracking Number: PHXN-126927574 State: Arkansas
Filing Company: American Hallmark Insurance Company of Texas State Tracking Number: EFT \$100
Company Tracking Number: AR-HO122010
TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations
Product Name: Arkansas Home Rates
Project Name/Number: /

Filing at a Glance

Company: American Hallmark Insurance Company of Texas

Product Name: Arkansas Home Rates SERFF Tr Num: PHXN-126927574 State: Arkansas
TOI: 04.0 Homeowners SERFF Status: Closed-Filed State Tr Num: EFT \$100
Sub-TOI: 04.0000 Homeowners Sub-TOI Co Tr Num: AR-HO122010 State Status: Fees verified and received
Combinations
Filing Type: Rate/Rule Reviewer(s): Becky Harrington, Nancy Horton
Author: Greg Morris Disposition Date: 12/10/2010
Date Submitted: 12/02/2010 Disposition Status: Filed
Effective Date Requested (New): 12/29/2010 Effective Date (New): 12/29/2010
Effective Date Requested (Renewal): 02/28/2011 Effective Date (Renewal): 02/28/2011

State Filing Description:

General Information

Project Name: Status of Filing in Domicile: Not Filed
Project Number: Domicile Status Comments:
Reference Organization: Reference Number:
Reference Title: Advisory Org. Circular:
Filing Status Changed: 12/10/2010
State Status Changed: 12/02/2010 Deemer Date:
Created By: Greg Morris Submitted By: Greg Morris
Corresponding Filing Tracking Number:
Filing Description:
This filing introduces a rate revision for the Arkansas Homeowner program writtn by American Hallmark Insurance Company.

Company and Contact

Filing Contact Information

Gregory Morris, gmorris@hallmarkinsco.com
PO Box 250209 469-298-5743 [Phone]
Plano, TX 75025 469-298-5799 [FAX]

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Filing Company Information

American Hallmark Insurance Company of Texas
 6500 Pinecrest
 Suite 100
 Plano, TX 75025
 (800) 486-5616 ext. [Phone]

CoCode: 43494 State of Domicile: Texas
 Group Code: 3478 Company Type: Property & Casualty
 Group Name: Hallmark Insurance State ID Number:
 Group
 FEIN Number: 75-1817901

Filing Fees

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

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
American Hallmark Insurance Company of Texas	\$100.00	12/02/2010	42557611

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Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Filed	Becky Harrington	12/10/2010	12/10/2010

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	12/02/2010	12/02/2010	Greg Morris	12/03/2010	12/03/2010

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Disposition

Disposition Date: 12/10/2010
 Effective Date (New): 12/29/2010
 Effective Date (Renewal): 02/28/2011
 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):
American Hallmark Insurance Company of Texas	%	15.000%	\$37,997	404	\$253,317	26.200%	5.200%

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Schedule	Schedule Item	Schedule Item Status	Public Access
Supporting Document	Form RF-2 Loss Costs Only (not for workers' compensation)	Filed	Yes
Supporting Document	H-1 Homeowners Abstract	Filed	Yes
Supporting Document	HPCS-Homeowners Premium Comparison Survey	Filed	Yes
Supporting Document	NAIC loss cost data entry document	Filed	Yes
Supporting Document	Rate Memo/Cover Letter	Filed	Yes
Supporting Document (revised)	Rate Indications	Filed	Yes
Supporting Document	Rate Indications		Yes
Supporting Document	Rate Impact	Filed	Yes
Supporting Document	Expense Provisions	Filed	Yes
Supporting Document	Disruption Chart	Filed	Yes
Rate	UW Guide	Filed	Yes
Rate	Replacement Rate Tables	Filed	Yes

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Objection Letter

Objection Letter Status Pending Industry Response

Objection Letter Date 12/02/2010

Submitted Date 12/02/2010

Respond By Date

Dear Gregory Morris,

This will acknowledge receipt of the captioned filing.

Objection 1

Comment:

All request for rate changes submitted to the Department must include supporting data as required by Arkansas Code Annotated § 23-67-209 and Rule 23, Section 7.A.2. Rate changes are not acceptable without sufficient justification. Expense provisions were not provide. Documentation of trending was not provided.

Objection 2

Comment: Please provide a disruption chart.

Objection 3

Comment: Please indicate the major type of loss or losses driving the loss ratio.

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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Response Letter

Response Letter Status Submitted to State
Response Letter Date 12/03/2010
Submitted Date 12/03/2010

Dear Becky Harrington,

Comments:

Thanks you for your prompt response.

Response 1

Comments: Expense provisions and corrections to the indications exhibit were submitted in the scheduled items.

Related Objection 1

Comment:

All request for rate changes submitted to the Department must include supporting data as required by Arkansas Code Annotated § 23-67-209 and Rule 23, Section 7.A.2. Rate changes are not acceptable without sufficient justification. Expense provisions were not provide. Documentation of trending was not provided.

Changed Items:

Supporting Document Schedule Item Changes

Satisfied -Name: Rate Indications

Comment:

Satisfied -Name: Expense Provisions

Comment:

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Response 2

Comments: Disruption chart submitted as requested.

Related Objection 1

Comment:

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Please provide a disruption chart.

Changed Items:

Supporting Document Schedule Item Changes

Satisfied -Name: Disruption Chart

Comment:

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Response 3

Comments: The major loss type driving our high loss ratio is fire, which accounts for about 60% of the incurred losses.

Related Objection 1

Comment:

Please indicate the major type of loss or losses driving the loss ratio.

Changed Items:

No Supporting Documents changed.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

I believe this addresses all of the requested items. Please do not hesitate to contact me if you need any additional information.

Sincerely,
Greg Morris

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Rate Information

Rate data applies to filing.

Filing Method: File and Use
Rate Change Type: Increase
Overall Percentage of Last Rate Revision: 13.300%
Effective Date of Last Rate Revision: 11/05/2009
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):
American Hallmark Insurance Company of Texas	%	15.000%	\$37,997	404	\$253,317	26.200%	5.200%

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Rate/Rule Schedule

Schedule Item	Exhibit Name:	Rule # or Page	Rate Action	Previous State Filing Attachments
Status:		#:		Number:
Filed 12/10/2010	UW Guide		Replacement	PHXN-126332251 Homeowners Underwriting Guide ARV3.pdf
Filed 12/10/2010	Replacement Rate Tables		Replacement	PHXN-126332251 Repracement Rate Tables.pdf

Homeowners Programs

Arkansas

New Business – 12/29/2010
Renewal Business – 2/28/2011

Available Forms:

- HO-2 Broad Form Homeowners
- HO-4 Contents Broad Form (Renters)

- Toll-Free: 1.800.486.5616
- Fax: 1.800.876.6960
- Claims: 1.800. 486.5616
- Address: 6500 Pinecrest
Suite #100
Plano, Texas 75024

American Hallmark Insurance Company
of Texas

Rated "A-" Excellent by A.M. Best

GENERAL RULES

www.HallmarkInsCo.com

The Homeowners Program provides residential property and personal liability coverages for individuals under the forms and endorsements filed by the company. For coverage details refer to the form. This manual contains rules governing the usage of forms and endorsements. The rules, forms, and endorsements filed by the Company for each coverage shall govern all cases.

- | | | |
|-----------------------------------|---------------------------------------|--|
| 1. Application(s) | | The agent's and applicant's signatures are required . |
| 2. Insurance to Value | HO-2 & HO-3 | Dwellings should be insured for market value (the value a prudent buyer would pay) but should also be valued within 70% of replacement cost. Dwellings with a vast difference in market value and replacement cost are not eligible. DO NOT INSURE FOR REPLACEMENT COST. |
| 3. Limits | HO-2 & HO-3
HO-4 | Dwellings up to \$200,000 are eligible.
Contents limits between \$10,000 and \$40,000 are eligible. |
| 4. Occupancy and Risk Parameters | HO-2

HO-4 | Owner occupied dwellings used exclusively for private residential purposes.
Tenant occupied dwellings used exclusively for private residential purposes. Insureds must be married to be named on the same policy. Unmarried co-habitants must be written on separate Renters policies. |
| 5. Policy Term | HO-2
HO-4 | The policy may be written for a term of 12 months .
The policy may be written for a term of 6 or 12 months . |
| 6. Premium Determination | | Premiums are calculated by using the Rate Order of Calculation table. Developed premium is rounded to the nearest whole dollar . For example: \$100.50 would be \$101.00 and \$100.49 would be \$100.00 |
| 7. Cancellation Rule | | No flat cancellation is allowed if coverage has been provided under our policy. |
| 8. Minimum Written Premium | HO-2
HO-4 | There is a \$150 minimum written premium .
There is an \$80 minimum written premium |
| 9. Document Retention | | It is the agents' responsibility to secure the required documentation upon binding and retain this information in the insured's file for a period of seven (7) years after the last policy renewal expiration date. Any and all documentation must be made available upon company request. |
| 10. Changes in Limits or Coverage | | Changes requiring adjustments of premium shall be computed pro rata . Return premium of amounts less than \$3 will be waived. |
| 11. Transfer or Assignment | | Policies may not be transferred or assigned |
| 12. Fees | | A \$20.00 Policy Fee will apply to all policies.
A \$38.00 Inspection Fee will apply to all HO-2 and HO-3 policies.
A \$30.00 NSF/Return Payment fee applies on all returned payment items.
A \$7.00 Late Fee applies if payment is made after the due date.
A \$7.00 Installment Fee will be added to all installments, but not the initial down payment. |
| 13. Payment Plans | | In the event of a cancellation, all fees are fully earned.
All payment plans are direct bill. Policy premium for a term may be paid in full or through one of the Company's installment plans. |
| 14. Loss History Reports | | A loss history report may be ordered to verify prior claims. |

DEFINITIONS

1. Construction Type
- | | |
|----------------|---|
| Masonry | A dwelling with walls of masonry or masonry veneered construction. |
| Frame | A dwelling with walls of frame, or metal-sheathed or stuccoed frame construction, or with walls of metal lathe and plaster on combustible supports. |
2. Owner Occupied Dwelling
- Dwellings owned by the insured that are occupied on a **full-time** basis as the insured's primary residence for **at least five (5)** consecutive months. (Dwellings may not be rented to others for any length of time.)
3. Seasonal/Secondary Dwellings
- Dwellings owned by the insured that are occupied on an intermittent or **non-continuous** basis as the insured's secondary or seasonal residence for less than five (5) consecutive months. (Dwellings may not be rented to others for any length of time.)
4. Other Structures
- Structures on the dwelling premises which are **not attached** to the dwelling (including septic tanks).
5. Supplemental Heating Device
- Wood, coal or pellet burning stoves, space heaters, fireplace inserts or any other solid fuel burning device that is **not centralized**.

BINDING AND EFFECTIVE DATES

Producer must be properly appointed and issued a producer number prior to binding any policies. Applications for coverage must be consistent with the written program guidelines and producer agreement. The down payment or full premium must accompany the application or endorsement. Applications and endorsements processed through the Point Of Sale System will be bound effective the date and time assigned by the system. If the Point of Sale System is off-line at the time you submit an application, please call our Underwriting department for an exception. Applications will not be accepted with a future effective date exceeding sixty days from the current date. Applications or endorsements may not be bound to cover a loss which occurred before the application is signed.

Severe Weather Binding Restrictions

No new policy or coverage may be bound and no endorsement of existing policies that increases the company's exposure may be requested when:

- The National Weather Service has issued a severe weather "watch" or "warning". Normal operating procedures will resume 24 hours after the "watch" or "warning" has expired.
- Wildfire is within 30 miles of dwelling
- Earthquake (applicable when earthquake coverage is provided) restrictions begin with the occurrence of an earthquake or aftershock, of 5.0 Richter (or greater), and continue for a period of 72 hours for dwellings located in counties (in their entireties) within 100 miles of the epicenter.

UNDERWRITING GUIDELINES

ELIGIBILITY

Up to 4 Losses in the Last Three Years

- No more than 1 fire or liability loss.
- Prior losses include any loss incurred on any property and/or structure owned, rented, or leased by the applicant.
- Complete details regarding the loss such as cause, location, date, and the amount paid for the loss are required.
- When more than 1 claim in the last three years, minimum deductible is \$1,000.
- All repairs from prior losses must be complete.

Dwellings over 40 years old

- Must have updated wiring, plumbing, heating, and cooling systems
 - Plumbing – Plumbing must be updated to conform to current local codes with new water supply lines within the structure. New plumbing fixtures and components must be installed throughout the dwelling. Cast iron or galvanized plumbing does not qualify.
 - Heating – The entire heating system must be updated to conform to current local codes. Complete replacement of the burners, furnace, heating plant, heat exchanger or heat pump is required.
 - Cooling – The entire cooling system must be updated to conform to current local codes. Replacement of the central air conditioning unit, a/c compressor or heat pump is required.
 - Wiring – Replacement of fuse or breaker boxes (100 amp minimum) to conform to local codes is required. Adding additional circuits without increasing total system service does not qualify. Replacement of switches, wiring, fixtures, and components necessary.

Animals

- Animal liability exclusion must be applied when an animal with a bite history exists
- Risks with unusual, exotic, vicious, or potentially vicious animals must apply the animal liability exclusion regardless of a bite history.

Steps, Porches and Decks

- Must have secured handrails if 3 feet or more above the ground.

Uninsured Properties

- If the risk has been uninsured for 31-60 days provide complete explanation in Remarks section.
- Risks uninsured for more than 60 days are not eligible
- Prior insurance with no lapse in coverage is required for HO-2.

Swimming Pools

- In-ground pools must have a fence, at least four feet high with a locking gate that encloses the pool.
- Above-ground pools must have either a fence, at least four feet high with a locking gate that encloses the pool or steps and ladders that can be secured, locked, or removed when the pool is not in use.
- Risks not meeting these criteria are not acceptable.

Townhomes

- Townhomes or row houses are not eligible to be written on form HO-2.

INELIGIBLE RISKS

Applicants with these Characteristics

- Currently unemployed, other than retired or disabled
- Past felony conviction or conviction for arson, fraud, or other insurance-related offenses
- Five or more losses in the last three years

- Employees or family members of an employee of Hallmark Insurance Company or an affiliated company; or any agent, employee or family member of an agent.

Dwellings with these Characteristics

- Failure to maintain residence: Condition of roof, tree trimming, updates, etc
- Vacant dwellings
- Dwellings in foreclosure
- Mobile home
- More than 5 acres of property or on a farm, orchid, or grove
- Wood, slate, or tile roof
- Dwellings with pre-existing or un-repaired damage
- Dwellings in the course of construction
- Raised home on piers or stilts
- Farming exposure on premises
- Business exposure on premises
- Dwellings attached to or converted from a commercial risk
- Dwelling without utilities such as gas, electricity, or water
- Pool or spa on premises unenclosed by a fence and locking gate
- Properties with an excessive liability exposure such as a skateboard or bicycle ramp, diving board, or pool slide
- Risks without prior insurance with no lapse in coverage – HO-2 only
- In the name of a corporation (i.e. LLC, partnership, estate, or association)
- Properties that are unable to be inspected because either the inspector is unable to locate the property or the homeowner refuses the inspection
- Risks with open claims
- Dwellings of unconventional construction (i.e log home or earth home)
- Dwellings occupied by a fraternity, sorority, or similar housing arrangement
- Risks with more than 2 mortgages
- Cinder block foundation blocks
- On islands with no fire protection or in isolated areas not accessible by a road

FINAL UNDERWRITING AUTHORITY

THIS MANUAL MAY NOT ADDRESS every aspect that might affect the acceptance or continuation of a particular dwelling or risk. For this reason, the company RESERVES THE RIGHT TO remain the final authority in the acceptance or continuation of any risk.

BASIC DESCRIPTION OF COVERAGE

Coverage	HO-2	HO-4
Loss Settlement	Actual Cash Value	Actual Cash Value
Coverage A - Dwelling	Actual Cash Value	N/A
Coverage B - Other Structures	10% of Coverage A	N/A
Coverage C - Contents	40% of Coverage A	Limit Selected
Coverage D - Loss of Use	10% of Coverage A	10% of Coverage C
Coverage E - Liability	\$25,000	\$25,000
Maximum Animal Liability	\$25,000	\$25,000
Trampoline Liability	Excluded	Excluded
Minimum Deductible	\$500	\$500
Coverage F - Medical Payments to Others	\$1000	\$1000

CREDITS AND SURCHARGES

Credits/Surcharges	Availability	Rates	Important Information
Increased Deductible Discount - Homeowners	HO-2	Up to -30%	Deductibles: \$1,000, \$2,500, \$5,000
Increased Deductible Discount - Tenant	HO-4	-2%	Deductible: \$1,000
Masonry Construction Discount	HO-2	-10%	
Multi-Policy Discount	HO-2	-10%	Applies when the named insured maintains one or more personal lines policies with American Hallmark Insurance Company of Texas or Hallmark Insurance Company
Fire Alarm Discount	HO-2	-5%	Applies when dwelling is protected by a fire alarm that alerts a central station or directly notifies the fire department
Burglar Alarm Discount	HO-2	-2%	Applies when dwelling is protected by an electronic burglar alarm system that alerts a central station or the residents of the dwelling
Age of Dwelling Discount	HO-2	Up to -21%	Homes 10 years old or newer qualify. A surcharge applies to homes 80 years or older.
Age of Insured Discount	HO-2	-5%	Insured 50 Years of Age or Older

Supplemental Heating Devices	HO-2 HO-4	\$50	Applies when the dwelling or other structure is equipped with a wood, coal or pellet burning stoves, space heaters, fireplace inserts or any other solid fuel burning device that is not centralized
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OPTIONAL COVERAGES

Coverage	Availability	Limits	Rates	Important Information	Applicable
Increased Personal Liability	HO-2 HO-4	\$50,000	\$8		
		\$100,000	\$18		
Increased Medical Payments to Others	HO-2 HO-4	\$2,000	\$20		
		\$5000	\$40		
Increased Other Structures Coverage	HO-2	Up to 50% of Coverage A	\$15 per \$1,000		
Increased Personal Property	HO-2	Up to 80% of Coverage A	\$11.90 per \$1,000		
Increased Loss of Use	HO-2 HO-4	Up to 20% of Coverage A (HO-2) or Coverage C (HO-4)	\$5.30 per \$1,000		
Replacement Cost Loss Settlement - Personal Property	HO-2		25% of Base Policy Premium		HO 0490 10 00
	HO-4		25% of Base Policy Premium		
Equipment Breakdown Coverage	HO-2 HO-4	\$50,000 per Equipment Breakdown Occurrence	\$25 Annually		HICEB 0001 07 09
Identity Recovery Coverage	HO-2 HO-4	\$15,000 Annual Aggregate per Insured / ID Recovery Insured	\$25 Annually		HICID 0001 07 09

OPTIONAL EXCLUSIONS FOR RISK ACCEPTANCE

Coverage	Availability	Important Information	Applicable Form
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Other Structures Exclusion	HO-2	Exclusion will remove all Other Structures Coverage at the insured premises	HIC 0009 11 08
Animal Liability Exclusion	HO-2 HO-4	Exclusion removes liability related to animals	HIC 0001 0508
Roof Exclusion	HO-2 HO-3	Excludes coverage for loss to roof.	HIC 0010 03 09

PAYMENT OPTIONS

Payment Plan	Policy Term	Down Payment	# of Installments	1st Installment Due	Additional Installments Due
Paid In Full	Any	100.00%	n/a	n/a	n/a
10-Pay	Annual	8.33%	10	30 Days	Monthly
3-Pay	Annual	25.00%	3	3 Months	Quarterly
1-Pay	Annual	50.00%	1	6 Months	n/a
5-Pay	6-Month (Renters Only)	16.67%	5	30 Days	Monthly

**American Hallmark Insurance Company of Texas
Replacement Rate Tables**

Base Rate	Proposed	Current	Change
HO-2	\$1,020.00	\$970.00	5.2%
HO-4	\$180.00	\$155.00	16.1%

Territory	Proposed	Current	Change
10	0.85	0.85	0.0%
20	1.10	1.10	0.0%
30	1.15	1.15	0.0%
40	1.32	1.10	20.0%
50	0.80	0.80	0.0%
60	0.90	0.90	0.0%
70	1.20	1.05	14.3%
80	0.95	0.95	0.0%
90	0.90	0.90	0.0%
100	0.92	0.92	0.0%
110	0.92	0.92	0.0%

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Supporting Document Schedules

		Item Status:	Status Date:
Bypassed - Item:	Form RF-2 Loss Costs Only (not for workers' compensation)	Filed	12/10/2010
Bypass Reason:	Not applicable		
Comments:			

		Item Status:	Status Date:
Satisfied - Item:	H-1 Homeowners Abstract	Filed	12/10/2010
Comments:			
Attachment:	H-1 HO Abstract.pdf		

		Item Status:	Status Date:
Satisfied - Item:	NAIC loss cost data entry document	Filed	12/10/2010
Comments:			
Attachment:	FORM RF-1 Rate Filing Abstract.pdf		

		Item Status:	Status Date:
Satisfied - Item:	Rate Memo/Cover Letter	Filed	12/10/2010
Comments:			
Attachment:	Rate Cover Letter.pdf		

		Item Status:	Status Date:
Satisfied - Item:	Rate Indications	Filed	12/10/2010
Comments:			

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Attachment:
 Indicated V2.pdf

		Item Status:	Status Date:
Satisfied - Item:	Rate Impact	Filed	12/10/2010
Comments:			
Attachment:	Rate Impact.pdf		

		Item Status:	Status Date:
Satisfied - Item:	Expense Provisions	Filed	12/10/2010
Comments:			
Attachment:	Permissible.pdf		

		Item Status:	Status Date:
Satisfied - Item:	Disruption Chart	Filed	12/10/2010
Comments:			
Attachment:	Change Count.pdf		

ARKANSAS INSURANCE DEPARTMENT

FORM H-1 HOMEOWNERS ABSTRACT

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

Company Name American Hallmark Insurance Company of Texas
 NAIC # (including group #) 43494

1. If you have had an insurance to value campaign during the experience filing period, describe the campaign and estimate its impact.
 n/a

2. If you use a cost estimator (or some similar method) in order to make sure that dwellings (or contents) are insured at their value, state when this program was started in Arkansas and estimate its impact.
 n/a

3. If you require a minimum relationship between the amount of insurance to be written and the replacement value of the dwelling (contents) in order to purchase insurance, describe the procedures that are used.
 n/a

4. If you use an Inflation Guard form or similar type of coverage, describe the coverage(s) and estimate the impact.
 n/a

5. Specify the percentage given for credit or discounts for the following:

a. Fire Extinguisher	%
b. Burglar Alarm	2 %
c. Smoke Alarm	%
d. Insured who has both homeowners and auto with your company	5 %
e. Deadbolt Locks	%
f. Window or Door Locks	%
g. Other (specify)	%
Central Station Fire Alarm	5 %
	%

6. Are there any areas in the State of Arkansas In which your company will not write homeowners insurance? If so, state the areas and explain reason for not writing.
 No

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

Form	Premium Volume
HO-2	\$229,060
HO-4	\$27,770

8. Do you write homeowner risks which have aluminum, steel or vinyl siding? Yes No

9. Is there a surcharge on risks with wood heat? Yes
If yes, state the surcharge \$50
Does the surcharge apply to conventional fire places? No
If yes, state the surcharge

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

Signature
Gregory Morris

Printed Name
Product Manager

Title
800-468-5616 x5743

Telephone Number
gmorris@hallmarkinsco.com

Email address



December 2, 2010

Arkansas Insurance Department
Property & Casualty Division – Rate/Rule Filings
1200 West Third Street
Little Rock, AR 72201

Re: American Hallmark Insurance Company of Texas (NAIC #3478-43494)
Homeowners Rate/Rule Filing
Effective Date – New Business: December 29, 2010, Renewals: February 28, 2011

This filing revises territory factors for HO-2 and base rates for HO-2 and HO-4. Hallmark has been writing homeowners business in Arkansas since 2008 and the inception to date loss ratio for homeowners is 304%. We have increased the territory factors on the 2 territories that are cause of the high loss ratio. There are no decreases in this revision. The maximum change for a single policyholder is 26.2%.

The product will be marketed exclusively through independent agents and is designed to provide residential property coverage to Arkansas homeowners. The program was developed to provide these homeowners with competitive rates that are not excessive, inadequate, or unfairly discriminatory.

If you have any questions, or if I can be of further assistance, please do not hesitate to contact me. I can be reached at (469) 298-5743 or by e-mail at gmorris@hallmarkinsco.com.

Regards,

Gregory Morris
Product Manager
American Hallmark Insurance Company of Texas
Hallmark Insurance Company

A Subsidiary of Hallmark Financial Services, Inc.

6500 Pinecrest Dr #100 ♦ Plano, Texas 75025 ♦ 800-486-5616 ♦ www.hallmarkinsco.com

HO Rate Level Indication

	(1)	(2)	(3)	(4)	(5)
Year	Earned Premium	Current Level Rate Adj Factor	EP @ Current Level	Premium Trend	Trended Current Level EP
2006	\$ -	1.00	\$ -	1.00	\$ -
2007	\$ -	1.00	\$ -	1.00	\$ -
2008	\$ 4,390	1.13	\$ 4,974	1.00	\$ 4,974
2009	\$ 167,582	1.13	\$ 189,551	1.00	\$ 189,551
2010	\$ 213,737	1.06	\$ 226,719	1.00	\$ 226,719

	(6)	(7)	(8)	(9)	(10)
Year	Incurred Loss	Development Factor	Developed Incurred Loss	Incurred Loss Ratio	Weight
2006	\$ -	1.00	\$ -	0.0	0.00
2007	\$ -	1.00	\$ -	0.0	0.00
2008	\$ 2,500	1.00	\$ 2,500	50%	0.05
2009	\$ 324,875	1.00	\$ 324,875	171%	0.45
2010	\$ 600,709	1.00	\$ 600,709	265%	0.50

(11)	Weighted Loss Ratio	210%
(12)	Permissible Loss Ratio	59%
(13)	Number of Claims	87
(14)	Credibility	0.28
(15)	Credibility Wtd Loss Ratio $\{((14) \times (11)) + \{1 - (14)\} \times (12)\}$	1.02
(16)	Indicated $[(15) / (12)]$	72.7%
(17)	Selected	15.00%

(4)(7) Factors set to 1.0 as effect on loss indication is immaterial.

Rate Impact

Arkansas Homeowners

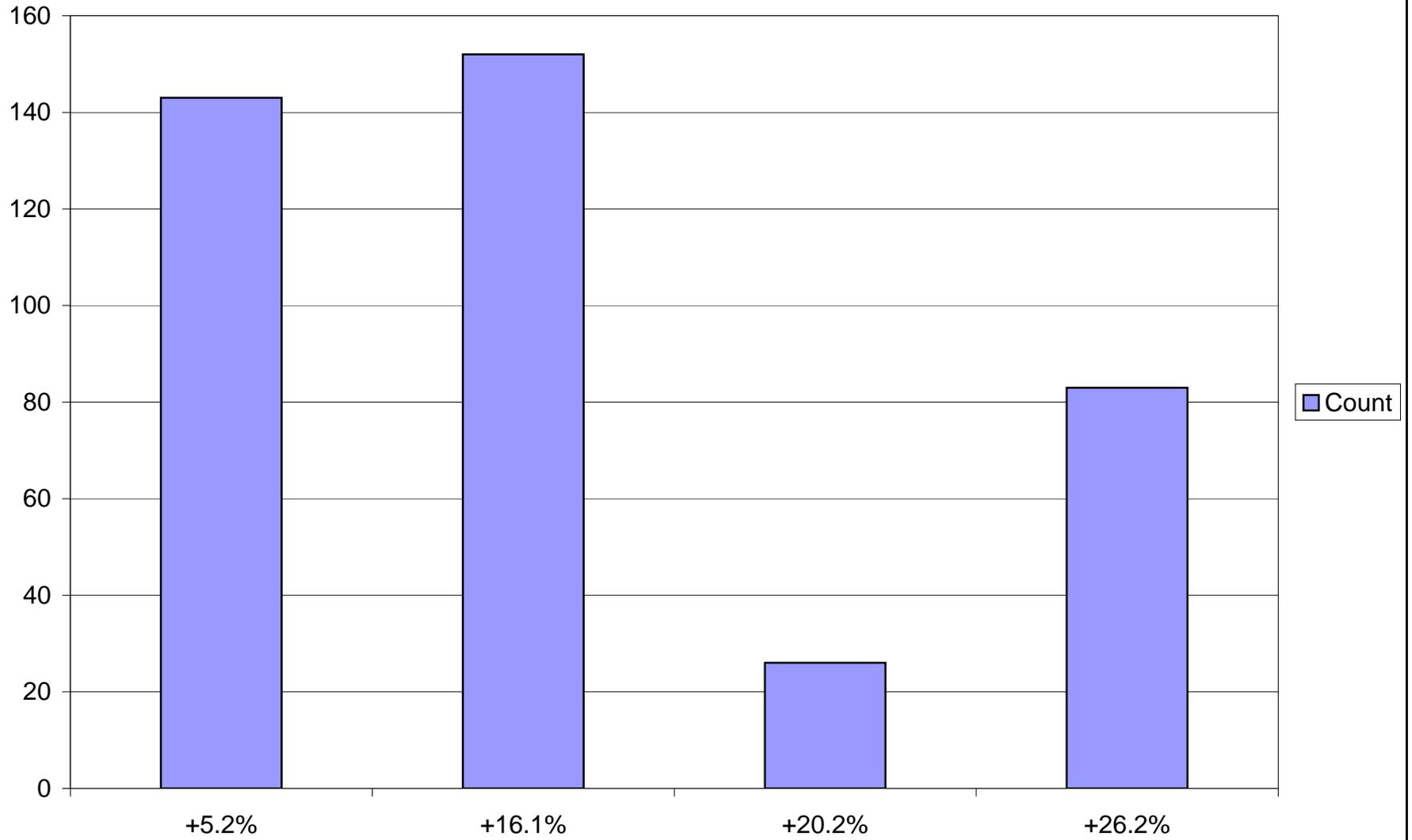
New: 12/29/2010 / Renewal: 2/28/2011

Description	HO-2	HO-4
Base Rate	5.2%	16.1%
Territory	9.0%	0.0%
Protection Class/Construction Type	0.0%	0.0%
Amount of Insurance	0.0%	0.0%
Deductible	0.0%	0.0%
Replacement Cost Contents	0.0%	0.0%
Number of Families	0.0%	0.0%
Term	0.0%	0.0%
# of Paid Claims	0.0%	0.0%
Other	0.0%	0.0%
Sum of Change	0.0%	0.0%
Change by Form	14.6%	16.1%
Percentage of Overall	89%	11%
Overall Rate Impact	15%	

American Hallmark Insurance Company of Texas
Development of Permissible Loss Ratio

Expenses	Homeowners
Commissions	20.50%
Other Acquisition	5.50%
General Expenses	7.00%
Tax, Licens & Fees	2.50%
Profit Provision	5.70%
Subtotal	41.20%
Total	41.20%
Permissible	<u><u>58.80%</u></u>

Policy Count



SERFF Tracking Number: PHXN-126927574 State: Arkansas
 Filing Company: American Hallmark Insurance Company of Texas State Tracking Number: EFT \$100
 Company Tracking Number: AR-HO122010
 TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations
 Product Name: Arkansas Home Rates
 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)
12/02/2010		Supporting Rate Indications Document	12/03/2010	Indicated.pdf (Superceded)

HO Rate Level Indication

	(1)	(2)	(3)	(4)	(5)
Year	Earned Premium	Current Level Rate Adj Factor	EP @ Current Level	Premium Trend	Trended Current Level EP
2006	\$ -	1.00	\$ -	1.00	\$ -
2007	\$ -	1.00	\$ -	1.00	\$ -
2008	\$ 4,390	1.13	\$ 4,974	1.00	\$ 4,974
2009	\$ 167,582	1.05	\$ 176,129	1.00	\$ 176,129
2010	\$ 213,737	1.00	\$ 213,737	1.00	\$ 213,737

	(6)	(7)	(8)	(9)	(10)
Year	Incurred Loss	Development Factor	Trended Incurred Loss	Incurred Loss Ratio	Weight
2006	\$ -	1.00	\$ -	0.0	0.00
2007	\$ -	1.00	\$ -	0.0	0.00
2008	\$ 2,500	1.00	\$ 2,500	50%	0.05
2009	\$ 324,875	1.00	\$ 324,875	184%	0.45
2010	\$ 600,709	1.00	\$ 600,709	281%	0.50

(11)	Weighted Loss Ratio	224%
(12)	Permissible Loss Ratio	59%
(13)	Number of Claims	87
(14)	Credibility	0.28
(15)	Credibility Wtd Loss Ratio $\{((14) \times (11)) + \{1 - (14)\} \times (12)\}$	1.06
(16)	Indicated $[(15) / (12)]$	79.4%
(17)	Selected	15.00%