

SERFF Tracking Number: AMMH-126567135 State: Arkansas
Filing Company: American Modern Select Insurance Company State Tracking Number: EFT \$100
Company Tracking Number:
TOI: 04.0 Homeowners Sub-TOI: 04.0003 Owner Occupied Homeowners
Product Name: AR AMSIC HO-10 '10 - RR
Project Name/Number: AR AMSIC HO-10 '10 - RR/20100105-06

Filing at a Glance

Company: American Modern Select Insurance Company

Product Name: AR AMSIC HO-10 '10 - RR SERFF Tr Num: AMMH-126567135 State: Arkansas
TOI: 04.0 Homeowners SERFF Status: Closed-Filed State Tr Num: EFT \$100
Sub-TOI: 04.0003 Owner Occupied Co Tr Num: State Status: Fees verified and received
Homeowners Reviewer(s): Becky Harrington, Betty Montesi
Filing Type: Rate/Rule Author: Kevin Vennefron Disposition Date: 04/12/2010
Disposition Status: Filed
Effective Date Requested (New): 08/01/2010 Effective Date (New): 08/01/2010
Effective Date Requested (Renewal): 08/01/2010 Effective Date (Renewal): 08/01/2010

State Filing Description:

General Information

Project Name: AR AMSIC HO-10 '10 - RR
Project Number: 20100105-06

Status of Filing in Domicile: Not Filed
Domicile Status Comments: This is an Ark. state specific filing.
Reference Number: N/A
Advisory Org. Circular: N/A

Reference Organization: N/A
Reference Title: N/A
Filing Status Changed: 04/12/2010
State Status Changed: 04/09/2010
Created By: Kevin Vennefron
Corresponding Filing Tracking Number: N/A
Filing Description:

Deemer Date:
Submitted By: Kevin Vennefron

We are filing a rate/rule revision to our currently approved HO-10 Program in Arkansas.

Company and Contact

Filing Contact Information

Kevin Vennefron, Filing Analyst kvennefron@amig.com
7000 Midland Blvd 800-759-9008 [Phone] 5793 [Ext]
Amelia, OH 45102

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Filing Company Information

American Modern Select Insurance Company CoCode: 38652 State of Domicile: Ohio
 7000 Midland Blvd. Group Code: 361 Company Type: Property/Casualty
 Amelia, OH 45102 Group Name: State ID Number:
 (513) 759-9008 ext. [Phone] FEIN Number: 38-2342976

Filing Fees

Fee Required? Yes
 Fee Amount: \$100.00
 Retaliatory? No
 Fee Explanation: SERFF and state filing handbook.
 Per Company: No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
American Modern Select Insurance Company	\$100.00	04/07/2010	35472295

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Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Filed	Becky Harrington	04/12/2010	04/12/2010

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	04/09/2010	04/09/2010	Kevin Vennefron	04/12/2010	04/12/2010

Filing Notes

Subject	Note Type	Created By	Created On	Date Submitted
Interoffice	Reviewer Note	Becky Harrington	04/12/2010	

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Disposition

Disposition Date: 04/12/2010
 Effective Date (New): 08/01/2010
 Effective Date (Renewal): 08/01/2010
 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):
American Modern Select Insurance Company	4.200%	4.030%	\$11,873	321	\$294,821	10.740%	-3.530%

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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 (revised)	NAIC loss cost data entry document	Filed	Yes
Supporting Document	NAIC loss cost data entry document		Yes
Supporting Document (revised)	Indications	Filed	Yes
Supporting Document	Indications		Yes
Supporting Document	Cover Letter	Filed	Yes
Rate	AR HO-10 Manual	Filed	Yes

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Objection Letter

Objection Letter Status Pending Industry Response

Objection Letter Date 04/09/2010

Submitted Date 04/09/2010

Respond By Date

Dear Kevin Vennefron,

This will acknowledge receipt of the captioned filing.

Objection 1

- Indications (Supporting Document)

Comment: Please convert this to a pdf document and re-submit.

Objection 2

- NAIC loss cost data entry document (Supporting Document)

Comment: This form is required with all rate change filings. It is not specific to loss cost filings. It is the equivalent of the RF-1.

Objection 3

No Objections

Comment: Provide a disruption chart.

Indicate the number of insureds receiving the maximum increase of 10.7%. Identify the specific elements driving the increase for those insureds.

Please feel free to contact me if you have questions.

In accordance with Regulation 23, Section 7.A., this filing may not be implemented until 20 days after the requested amendment(s) and/or information is received.

Sincerely,

Becky Harrington

Response Letter

Response Letter Status Submitted to State

Response Letter Date 04/12/2010

Submitted Date 04/12/2010

SERFF Tracking Number: AMMH-126567135 State: Arkansas
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Product Name: AR AMSIC HO-10 '10 - RR
Project Name/Number: AR AMSIC HO-10 '10 - RR/20100105-06

Dear Becky Harrington,

Comments:

Response 1

Comments: Becky,

Following up to your objection memo dated 4/9/2010; I am attaching the .pdf version of the indications as requested. Secondly, the supporting document RF-1 has been completed and attached as requested. Finally, a disruption chart has been created and is attached in order to answer the third item in the objection. Upon your review of the submitted items, please let me know if you have any additional questions or need any additional items. Thank you in advance for your help. Kevin

Related Objection 1

Applies To:

- Indications (Supporting Document)

Comment:

Please convert this to a pdf document and re-submit.

Changed Items:

Supporting Document Schedule Item Changes

Satisfied -Name: Indications

Comment:

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Response 2

Comments: Becky,

Following up to your objection memo dated 4/9/2010; I am attaching the .pdf version of the indications as requested. Secondly, the supporting document RF-1 has been completed and attached as requested. Finally, a disruption chart has been created and is attached in order to answer the third item in the objection. Upon your review of the submitted items, please let me know if you have any additional questions or need any additional items. Thank you in advance for your help. Kevin

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Applies To:

- NAIC loss cost data entry document (Supporting Document)

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Comment:

This form is required with all rate change filings. It is not specific to loss cost filings. It is the equivalent of the RF-1.

Changed Items:

Supporting Document Schedule Item Changes

Satisfied -Name: NAIC loss cost data entry document

Comment:

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Response 3

Comments: Becky,

Following up to your objection memo dated 4/9/2010; I am attaching the .pdf version of the indications as requested. Secondly, the supporting document RF-1 has been completed and attached as requested. Finally, a disruption chart has been created and is attached in order to answer the third item in the objection. Upon your review of the submitted items, please let me know if you have any additional questions or need any additional items. Thank you in advance for your help. Kevin

Related Objection 1

Comment:

Provide a disruption chart.

Indicate the number of insureds receiving the maximum increase of 10.7%. Identify the specific elements driving the increase for those insureds.

Changed Items:

No Supporting Documents changed.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

SERFF Tracking Number: *AMMH-126567135* *State:* *Arkansas*
Filing Company: *American Modern Select Insurance Company* *State Tracking Number:* *EFT \$100*
Company Tracking Number:
TOI: *04.0 Homeowners* *Sub-TOI:* *04.0003 Owner Occupied Homeowners*
Product Name: *AR AMSIC HO-10 '10 - RR*
Project Name/Number: *AR AMSIC HO-10 '10 - RR/20100105-06*

Sincerely,
Kevin Vennefron

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Reviewer Note

Created By:

Becky Harrington on 04/12/2010 02:41 PM

Last Edited By:

Becky Harrington

Submitted On:

04/12/2010 02:44 PM

Subject:

Interoffice

Comments:

OK

From: [Bill Lacy](#)
To: [Becky Harrington](#);
Subject: RE: American Modern Select HO-10 rate change
Date: Monday, April 12, 2010 2:40:08 PM

yes

From: Becky Harrington
Sent: Monday, April 12, 2010 2:35 PM
To: Bill Lacy
Subject: American Modern Select HO-10 rate change

Last change 11/1/09 3.4%

Program implement 12/2007

Indicated 4.2%

Overall 4.03%; maximum 10.7% Effective 8/1/2010

285 policies; LR for 2009 was 146.8%; Countrywide was 94.4%

Base rates change \$8. Protection class factors for 6 changed .07

OK?

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Rate Information

Rate data applies to filing.

Filing Method: Prior Approval
Rate Change Type: Increase
Overall Percentage of Last Rate Revision: 3.430%
Effective Date of Last Rate Revision: 11/01/2009
Filing Method of Last Filing: Prior Approval

Company Rate Information

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where required):	Minimum % Change (where required):
American Modern Select Insurance Company	4.200%	4.030%	\$11,873	321	\$294,821	10.740%	-3.530%

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Rate/Rule Schedule

Schedule Item	Exhibit Name:	Rule # or Page #:	Rate Action	Previous State Filing Attachments Number:
Filed 04/12/2010	AR HO-10 Manual	Manual Pages R-2, R-6 (08/10)	Replacement	AR085H1010pgr2.pdf AR085H1010pgr6.pdf

**ARKANSAS
AMERICAN MODERN SELECT INSURANCE COMPANY
HO-10 SPECIALTY HOMEOWNERS PROGRAM**

OWNER OCCUPIED AND SEASONAL OCCUPIED

HO-10 Program (1A7/0A7)

Product Code	Base Rate	Covg Incr	Base Rate per Incr	Min Prem Amount	Min Rate Value	Min Val Accept	UVRC Code	Cov Relativity	Deductibles
1A7	\$226.04	N/A	N/A	\$100.00	\$40,000	\$1,000	EH	1.00	\$500 All Other Peril \$500 Wind & Hail
0A7	\$218.40	N/A	N/A	\$100.00	\$40,000	\$1,000	EH	1.00	\$500 All Other Peril \$500 Wind & Hail

Territory Relativity Table			
70	71	72	73
1.00	0.90	1.60	2.00

Protection Class Relativity Table					
1-5	6	7	8	9	10
1.00	1.07	1.15	1.35	1.90	2.10

Insurance Score Relativity Table	
Score	Factor
1-479	1.94
480-509	1.75
510-539	1.50
540-559	1.40
560-589	1.30
0, 590-709 No Hit / Thin	1.00
710-744	0.92
745-997	0.85

Multiple Family Risk Code Table	
1 Family (27)	2 Family (28)
1.00	1.10

Construction Type Risk Code Table		
Frame	Masonry	Log
1.00	0.90	0.90

Claim Risk Code Table			
0 (L0)	1 (L1)	2 (L2)	3 (L3)
0.90	1.00	1.10	1.20

Age of Home Risk Code Table	
Age of Home	Proposed Relativity
0 - 1	0.90
2 - 3	0.92
4 - 5	0.94
6 - 7	0.96
8 - 10	0.98
11+	1.00

Maturity Risk Code Table
Insured 50 Years of age or older
.95

Protective Device Risk Code Table (maximum 5%)			
Central Fire Alarm	Central Burglar Alarm	Local Smoke & Burglar Alarm	Deadbolts, Smoke Alarm & Fire Extinguisher
.95	.95	.98	.98

NEW PAGE		PAGE NUMBER	EFFECTIVE DATE	PUBLICATION DATE
REVISION	X	R-2	8/1/10	4/7/10

**ARKANSAS
AMERICAN MODERN SELECT INSURANCE COMPANY
HO-10 SPECIALTY HOMEOWNERS PROGRAM**

HO-10 LOSS SETTLEMENT OPTIONS

(Apply rate after any credit or surcharges)

1) Actual Cash Value (Settlement Option 01)

Settlement Option included with the policy.

No additional premium associated with this option. (Factor of 1.00)

2) Replacement Cost (Settlement Option 02)

The policy may be endorsed to include full Replacement Cost Coverage to the Dwelling.

Rate: 10% of base premium (Factor of 1.10)

3) Full Repair Cost (Settlement Option 05)

The policy may be endorsed to include the full cost of repair without deduction for depreciation of the Structure. This coverage is not available if Replacement Cost coverage has been chosen.

Rate: 7% of base premium (Factor of 1.07)

NEW PAGE		PAGE NUMBER	EFFECTIVE DATE	PUBLICATION DATE
REVISION	X	R-6	8/1/10	4/7/10

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Supporting Document Schedules

	Item Status:	Status Date:
Satisfied - Item: H-1 Homeowners Abstract	Filed	04/12/2010
Comments:		
Attachment: F503AR Homeowners abstract.pdf		

	Item Status:	Status Date:
Satisfied - Item: NAIC loss cost data entry document	Filed	04/12/2010
Comments:		
Attachment: FORM RF-1 Rate Filing Abstract.pdf		

	Item Status:	Status Date:
Satisfied - Item: Indications	Filed	04/12/2010
Comments:		
Attachment: HO10_AR_085_4Q09_filing.pdf		

	Item Status:	Status Date:
Satisfied - Item: Cover Letter	Filed	04/12/2010
Comments:		
Attachment: ARAMSICHO10RRFiling040710.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 Modern Select Insurance Company

NAIC No. 38652 GROUP No. 361

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 credits or discounts for the following:

- | | |
|--|--------------|
| a. Fire Extinguisher | <u>2</u> % |
| b. Burglar Alarm | <u>2</u> % |
| c. Smoke Alarm | <u>2</u> % |
| d. Insured who has both homeowners
and auto with your company | <u>N/A</u> % |
| e. Deadbolt Locks | <u>2</u> % |
| f. Window or Door Locks | <u>N/A</u> % |
| g. Other (Specify) | _____ % |
| <u>Central Fire Alarm</u> | <u>5</u> % |
| <u>Central Burglar Alarm</u> | <u>5</u> % |

6. Are there any areas in the State of Arkansas in which your company will not write homeowners insurance?

N/A
If so, state areas and explain reason for not writing _____

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

<u>FORM</u>	<u>PREMIUM VOLUME</u>
HO-10 _____	Current Premium in the program is \$294,821. _____
_____	_____
_____	_____
_____	_____

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

9. Is there a surcharge on risks with wood heat? Yes _____

If yes, state surcharge \$50.00 _____

Does the surcharge apply to conventional fire places? No _____

If yes, state surcharge _____

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



Signature

Kevin E. Vennefron

Printed Name

Senior State Relations Specialist

Title

(800) 759-9008 ext. 5793

Telephone Number

kvennefron@amig.com

Email Address

NAIC LOSS COST DATA ENTRY DOCUMENT

1.	This filing transmittal is part of Company Tracking #	20100105-06
----	---	-------------

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
----	---	------------

Company Name		Company NAIC Number	
3.	A. American Modern Select Insurance Company	B.	38652

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. 04.0 Homeowners	B.	04.0003 Owner Occupied Homeowners

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
HO-10	4.20%	4.03%					
TOTAL OVERALL EFFECT							

6.		5 Year History	Rate Change History					
Year	Policy Count	% of Change	Effective Date	State Earned Premium (000)	Incurred Losses (000)	State Loss Ratio	Countrywide Loss Ratio	
2007*	1	NA	12/15/07	0	0	0%	71.2%	
2008	149	NA	NA	77	25	32.9%	83.4%	
2009	285	3.43%	11/1/09	182	268	146.8%	94.4%	

7.	
Expense Constants	Selected Provisions
A. Total Production Expense	26.5%
B. General Expense	12.2%
C. Taxes, License & Fees	2.8%
D. Underwriting Profit & Contingencies	7.4%
E. Other : Reinsurance Expense	1%
F. TOTAL	49.9%

*Program first implemented in late 2007

8. N Apply Lost Cost Factors to Future filings? (Y or N)

9. 10.7% Estimated Maximum Rate Increase for any Insured (%). Territory (if applicable): NA – (Owner risk located in Protection Class 6)

10. -3.53% Estimated Maximum Rate Decrease for any Insured (%) Territory (if applicable): NA – (Seasonal Risk seeing decrease due to Full Repair Cost rate adjustment).

American Modern Select Insurance Company
Arkansas
Site Built Homeowners HO-10

Exhibit 1
Page 1

Proposed Effective Date: 6/15/2010

	Premium in Force at 12/31/2009	Premium in Force Distribution	Indication
Site Built Homeowners HO-10	\$258,434	100.0%	4.2%

Rate Level Indications

	12/31/2007	12/31/2008	12/31/2009
(1) Earned Exposures	0	84	209
(2) Earned Premium	19	77,096	182,678
(3) Rate Level Adjustment Factor	1.034	1.034	1.034
(4) Current Level Earned Premium	20	79,740	188,831
(5) Premium Trend Factor	0.969	0.969	0.969
(6) Trended Current Level Earned Premium	19	77,269	182,977
(7) Total Incurred Losses & ALAE	-	20,001	273,577
(10) Incurred Loss & ALAE Trend Factor	1.098	1.087	1.076
(11) Incurred Loss & ALAE Development Factor	0.998	1.001	1.006
(12) ULAE Factor (to IL & ALAE)	1.036	1.036	1.036
(13) Trended Adj IL & ALAE Excl Cat	-	3,560	113,954
(14) Catastrophe Factor	0.214	0.214	0.214
(15) Trended Adjusted Cat Incurred Loss & LAE	-	762	24,386
(16) Total Trended Adjusted Incurred Loss & LAE	-	4,322	138,340
(17) Adjusted Loss & LAE Ratio *	-	0.056	0.756
(18) Accident Year Weights	-	0.30	0.70
(19) Non-Catastrophe Reported Claim Counts	-	6	26
(20) Weighted Experience Loss & LAE Ratio			0.546
(21) Permissible Loss & LAE Ratio			0.501
(24) Complement of Credibility - Trended Permissible			0.520
(25) Credibility (Square Root Rule, Full Credibility = 50000 Earned Exposures)			0.077
(26) Credibility Weighted Loss & LAE Ratio			0.522
(27) Credibility Weighted Indicated Rate Level Change			4.2%

**American Modern Select Insurance C
Arkansas
Site Built Homeowners HO-10**

Exhibit 3

Rate History

Rate Changes

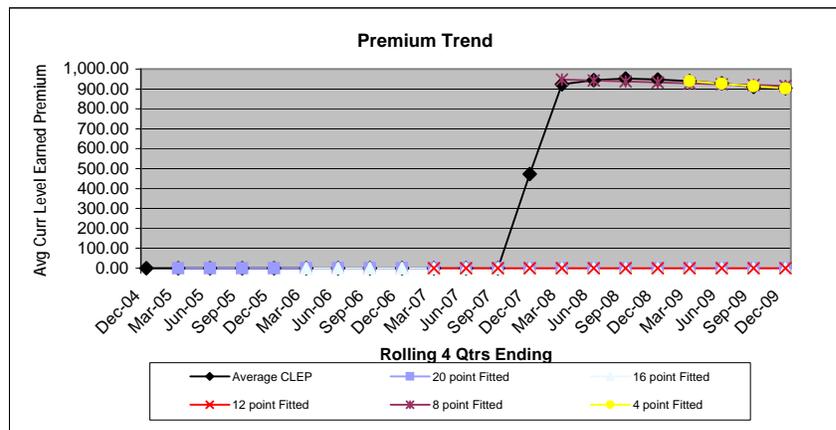
Effective Date	HO-10
11/1/2009	3.4%
12/15/2007	0.0%

Accident Year Ending	Rate Level Adjustment Factor HO-10
12/31/2005	0.000
12/31/2006	0.000
12/31/2007	1.034
12/31/2008	1.034
12/31/2009	1.034

Premium Trend

4 Qtrs Ending	Current Level Earned Premium	Earned Exposures	Average CLEP	20 point Fitted	16 point Fitted	12 point Fitted	8 point Fitted	4 point Fitted
12/31/2004	0	0	0.00					
3/31/2005	0	0	0.00					
6/30/2005	0	0	0.00					
9/30/2005	0	0	0.00					
12/31/2005	0	0	0.00					
3/31/2006	0	0	0.00					
6/30/2006	0	0	0.00					
9/30/2006	0	0	0.00					
12/31/2006	0	0	0.00					
3/31/2007	0	0	0.00					
6/30/2007	0	0	0.00					
9/30/2007	0	0	0.00					
12/31/2007	20	0	472.60					
3/31/2008	5,935	6	924.06				947.24	
6/30/2008	21,449	23	944.12				942.57	
9/30/2008	46,310	49	951.77				937.92	
12/31/2008	79,740	84	946.94				933.30	
3/31/2009	110,952	118	939.52				928.70	938.87
6/30/2009	137,343	148	927.71				924.12	926.55
9/30/2009	160,727	177	910.20				919.56	914.39
12/31/2009	188,831	209	904.78				915.03	902.39

Annual Premium Trend	
20 point fit	N/A
16 point fit	N/A
12 point fit	N/A
8 point fit	-2.0%
4 point fit	-5.1%
Historical Selected	0.0%
Prospective Selected	-2.0%



Accident Year Ending	Trend Period						Trend Factor
	Historical			Prospective			
	Beginning	End	Time(Yrs)	Beginning	End	Time(Yrs)	
12/31/2005	6/30/2005	11/15/2009	4.375	11/15/2009	6/15/2011	1.583	0.969
12/31/2006	6/30/2006	11/15/2009	3.375	11/15/2009	6/15/2011	1.583	0.969
12/31/2007	6/30/2007	11/15/2009	2.375	11/15/2009	6/15/2011	1.583	0.969
12/31/2008	6/30/2008	11/15/2009	1.375	11/15/2009	6/15/2011	1.583	0.969
12/31/2009	6/30/2009	11/15/2009	0.375	11/15/2009	6/15/2011	1.583	0.969

Insurance Score excluding Georgia
 Loss Trend

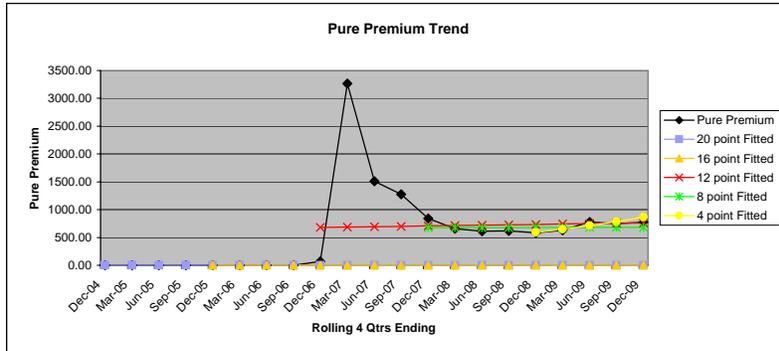
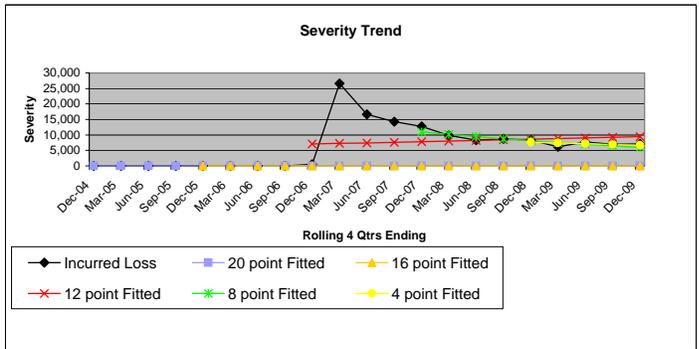
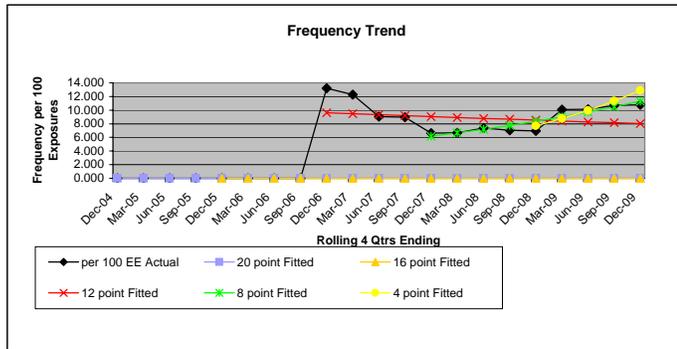
Loss Trend Based on Countrywide - American Modern Insurance Group Insurance Score Data Excluding Catastrophe Losses

Accident Period 4 Qtrs Ending	Ultimate Reported Claim Counts	Ultimate Non-Cat Incurred Loss & ALAE	Earned Exposures	Frequency					Average Incurred Loss	Severity				
				Frequency per 100 EE Actual	20 point Fitted	16 point Fitted	12 point Fitted	8 point Fitted		4 point Fitted	20 point Fitted	16 point Fitted	12 point Fitted	8 point Fitted
12/31/2004	0	0	0	0.000					0					
3/31/2005	0	0	0	0.000					0					
6/30/2005	0	0	0	0.000					0					
9/30/2005	0	0	0	0.000					0					
12/31/2005	0	0	0	0.000					0					
3/31/2006	0	0	0	0.000					0					
6/30/2006	0	0	1	0.000					0					
9/30/2006	0	0	8	0.000					0					
12/31/2006	5	2,502	38	13.230			9.613		499		7,082			
3/31/2007	18	480,277	147	12.267			9.470		26,628		7,257			
6/30/2007	33	550,860	365	9.067			9.330		16,659		7,436			
9/30/2007	64	914,568	717	8.947			9.191		14,261		7,620			
12/31/2007	81	1,030,090	1,225	6.623			9.055	6.181	12,692		7,808	10,950		
3/31/2008	124	1,222,102	1,859	6.694			8.921	6.666	9,821		8,001	10,157		
6/30/2008	192	1,594,530	2,596	7.391			8.788	7.188	8,312		8,198	9,422		
9/30/2008	241	2,107,159	3,414	7.067			8.658	7.752	8,733		8,401	8,740		
12/31/2008	297	2,477,893	4,259	6.970			8.530	8.360	8,348	7,704	8,608	8,107	7,614	
3/31/2009	512	3,183,115	5,073	10.100			8.403	9.015	6,213	8,761	8,821	7,520	7,380	
6/30/2009	593	4,544,108	5,861	10.122			8.278	9.722	7,659	9,962	9,039	6,976	7,152	
9/30/2009	706	4,951,127	6,604	10.689			8.156	10.485	7,014	11,328	9,262	6,471	6,932	
12/31/2009	789	5,625,349	7,309	10.789			8.035	11.307	7,134	12,882	9,491	6,002	6,719	

Accident Period 4 Qtrs Ending	Pure Premium					
	Pure Premium	20 point Fitted	16 point Fitted	12 point Fitted	8 point Fitted	4 point Fitted
12/31/2004	0.00					
3/31/2005	0.00					
6/30/2005	0.00					
9/30/2005	0.00					
12/31/2005	0.00					
3/31/2006	0.00					
6/30/2006	0.00					
9/30/2006	0.00					
12/31/2006	66.08			680.77		
3/31/2007	3266.39			687.24		
6/30/2007	1510.46			693.77		
9/30/2007	1275.92			700.36		
12/31/2007	840.57			707.01	676.84	
3/31/2008	657.47			713.73	677.07	
6/30/2008	614.30			720.51	677.30	
9/30/2008	617.18			727.35	677.52	
12/31/2008	581.81			734.26	677.75	586.61
3/31/2009	627.47			741.23	677.98	646.51
6/30/2009	775.30			748.28	678.21	712.52
9/30/2009	749.72			755.38	678.44	785.28
12/31/2009	769.70			762.56	678.66	865.46

	Annual Loss Trend		
	Frequency	Severity	Pure Premium
20 point fit	N/A	N/A	N/A
16 point fit	N/A	N/A	N/A
12 point fit	-5.8%	10.3%	3.9%
8 point fit	35.2%	-26.0%	0.1%
4 point fit	67.2%	-11.8%	47.5%
Historical Selected	-1.0%	2.0%	1.0%
Prospective Selected	5.0%	-1.0%	4.0%

Accident Year Ending	Trend Period						Trend Factor
	Historical			Prospective			
	Beginning	End	Time(Yrs)	Beginning	End	Time(Yrs)	
12/31/2005	6/30/2005	8/15/2009	4.125	8/15/2009	6/15/2011	1.833	1.120
12/31/2006	6/30/2006	8/15/2009	3.125	8/15/2009	6/15/2011	1.833	1.108
12/31/2007	6/30/2007	8/15/2009	2.125	8/15/2009	6/15/2011	1.833	1.098
12/31/2008	6/30/2008	8/15/2009	1.125	8/15/2009	6/15/2011	1.833	1.087
12/31/2009	6/30/2009	8/15/2009	0.125	8/15/2009	6/15/2011	1.833	1.076



Loss & ALAE Development

Data shown is Countrywide Consolidated American Modern Insurance Group SB Homeowners

Cumulative Incurred Loss and ALAE Development

Accident Qtr Ending	Development Age																					
	3	6	9	12	15	18	21	24	27	30	33	36	39	42	45	48	51	54	57	60	63	66
Mar-04	1,167,673	1,148,595	1,086,858	1,048,862	1,079,036	1,062,288	1,097,566	1,113,871	1,128,871	1,143,491	1,136,991	1,129,550	1,129,550	1,120,567	1,120,705	1,120,705	1,120,705	1,120,705	1,120,705	1,120,843	1,120,843	1,120,843
Jun-04	1,286,353	1,131,662	1,197,251	1,220,615	1,210,617	1,203,339	1,203,459	1,140,876	1,130,996	1,130,996	1,107,847	1,107,847	1,107,847	1,107,847	1,107,967	1,107,967	1,107,967	1,107,967	1,107,967	1,119,217	1,119,355	1,119,355
Sep-04	1,609,553	1,666,829	1,617,566	1,669,654	1,663,522	1,675,449	1,692,449	1,698,748	1,670,328	1,664,982	1,664,982	1,664,982	1,664,982	1,656,824	1,647,415	1,644,490	1,640,590	1,640,590	1,579,075	1,604,110	1,605,550	1,604,632
Dec-04	1,036,554	963,216	966,549	965,051	1,011,745	1,000,505	1,000,505	1,006,411	1,008,098	1,008,098	1,008,098	1,008,098	1,008,098	1,008,098	1,008,098	1,008,098	1,008,098	1,008,098	1,008,098	1,008,098	1,008,098	1,008,098
Mar-05	2,122,985	2,161,433	2,265,648	2,490,794	2,265,381	2,250,414	2,210,644	2,210,644	2,215,897	2,215,897	2,215,897	2,215,897	2,215,897	2,215,897	2,215,897	2,215,897	2,215,897	2,215,897	2,215,897	2,215,897	2,215,897	2,215,897
Jun-05	971,015	797,566	826,468	820,378	777,596	777,596	746,614	750,251	750,251	751,080	751,080	751,080	751,080	751,080	751,080	751,080	751,080	751,080	751,080	751,080	751,080	751,080
Sep-05	1,368,457	1,196,244	1,270,439	1,313,372	1,282,372	1,279,209	1,279,230	1,179,230	1,170,927	1,165,717	1,165,717	1,165,717	1,165,717	1,165,717	1,165,717	1,165,717	1,165,717	1,165,717	1,165,717	1,165,717	1,165,717	1,165,717
Dec-05	1,493,524	1,928,807	1,712,817	1,899,948	2,010,677	2,026,340	2,028,440	2,074,423	1,944,466	1,944,599	1,944,599	1,944,599	1,944,599	1,944,599	1,944,599	1,944,599	1,944,599	1,944,599	1,944,599	1,944,599	1,944,599	1,944,599
Mar-06	595,293	554,888	553,134	545,857	605,519	582,504	574,148	572,443	572,443	572,443	572,443	572,443	572,443	572,443	572,443	572,443	572,443	572,443	572,443	572,443	572,443	572,443
Jun-06	952,380	976,629	915,404	905,110	864,525	840,276	859,346	855,859	855,889	855,889	855,889	855,889	855,889	855,889	855,889	855,889	855,889	855,889	855,889	855,889	855,889	855,889
Sep-06	566,966	609,660	631,944	640,817	643,455	664,674	664,674	432,523	432,523	381,773	381,773	383,207	383,207	383,207	383,207	383,207	383,207	383,207	383,207	383,207	383,207	383,207
Dec-06	1,021,819	1,038,203	1,035,146	1,045,993	861,703	875,655	868,815	868,815	867,822	1,021,574	884,766	884,766	884,766	884,766	884,766	884,766	884,766	884,766	884,766	884,766	884,766	884,766
Mar-07	1,732,524	1,638,616	1,570,895	1,586,201	1,598,863	1,619,100	1,619,002	1,598,651	1,599,151	1,599,151	1,599,151	1,599,151	1,599,151	1,599,151	1,599,151	1,599,151	1,599,151	1,599,151	1,599,151	1,599,151	1,599,151	1,599,151
Jun-07	551,732	604,790	635,750	636,623	633,573	586,406	586,406	586,406	605,743	607,530	607,530	607,530	607,530	607,530	607,530	607,530	607,530	607,530	607,530	607,530	607,530	607,530
Sep-07	872,223	970,117	1,047,098	1,034,036	1,023,497	969,012	969,012	969,012	973,010	1,023,510	1,023,510	1,023,510	1,023,510	1,023,510	1,023,510	1,023,510	1,023,510	1,023,510	1,023,510	1,023,510	1,023,510	1,023,510
Dec-07	514,960	558,271	586,207	586,321	514,864	494,961	494,961	494,961	494,961	494,961	494,961	494,961	494,961	494,961	494,961	494,961	494,961	494,961	494,961	494,961	494,961	494,961
Mar-08	1,205,966	1,179,967	1,236,745	1,233,413	1,263,134	1,262,831	1,246,719	1,248,644	1,248,644	1,248,644	1,248,644	1,248,644	1,248,644	1,248,644	1,248,644	1,248,644	1,248,644	1,248,644	1,248,644	1,248,644	1,248,644	1,248,644
Jun-08	1,499,810	1,756,160	1,710,457	1,728,314	1,656,682	1,657,682	1,654,174	1,654,174	1,654,174	1,654,174	1,654,174	1,654,174	1,654,174	1,654,174	1,654,174	1,654,174	1,654,174	1,654,174	1,654,174	1,654,174	1,654,174	1,654,174
Sep-08	1,296,717	1,606,506	1,622,320	1,661,677	1,697,868	1,618,856	1,618,856	1,618,856	1,618,856	1,618,856	1,618,856	1,618,856	1,618,856	1,618,856	1,618,856	1,618,856	1,618,856	1,618,856	1,618,856	1,618,856	1,618,856	1,618,856
Dec-08	1,099,074	1,142,317	1,133,049	1,140,680	1,150,715	1,150,715	1,150,715	1,150,715	1,150,715	1,150,715	1,150,715	1,150,715	1,150,715	1,150,715	1,150,715	1,150,715	1,150,715	1,150,715	1,150,715	1,150,715	1,150,715	1,150,715
Mar-09	2,186,284	2,269,031	2,183,107	2,181,804	2,181,804	2,181,804	2,181,804	2,181,804	2,181,804	2,181,804	2,181,804	2,181,804	2,181,804	2,181,804	2,181,804	2,181,804	2,181,804	2,181,804	2,181,804	2,181,804	2,181,804	2,181,804
Jun-09	2,268,216	2,178,924	2,303,043	2,303,043	2,303,043	2,303,043	2,303,043	2,303,043	2,303,043	2,303,043	2,303,043	2,303,043	2,303,043	2,303,043	2,303,043	2,303,043	2,303,043	2,303,043	2,303,043	2,303,043	2,303,043	2,303,043
Sep-09	2,080,238	2,045,233	2,045,233	2,045,233	2,045,233	2,045,233	2,045,233	2,045,233	2,045,233	2,045,233	2,045,233	2,045,233	2,045,233	2,045,233	2,045,233	2,045,233	2,045,233	2,045,233	2,045,233	2,045,233	2,045,233	2,045,233
Dec-09	1,647,764	1,647,764	1,647,764	1,647,764	1,647,764	1,647,764	1,647,764	1,647,764	1,647,764	1,647,764	1,647,764	1,647,764	1,647,764	1,647,764	1,647,764	1,647,764	1,647,764	1,647,764	1,647,764	1,647,764	1,647,764	1,647,764

Historical Development Factors

Accident Qtr Ending	Development Age																				
	3 to 6	6 to 9	9 to 12	12 to 15	15 to 18	18 to 21	21 to 24	24 to 27	27 to 30	30 to 33	33 to 36	36 to 39	39 to 42	42 to 45	45 to 48	48 to 51	51 to 54	54 to 57	57 to 60	60 to 63	63 to 66
Mar-04	0.984	0.946	0.965	1.029	0.984	1.033	1.015	1.013	1.013	0.994	0.993	1.000	0.992	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Jun-04	0.880	1.058	1.020	0.992	0.994	1.000	0.948	0.991	1.000	0.980	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.010	1.000	1.000	1.000
Sep-04	1.036	0.970	1.032	0.996	1.007	1.010	1.004	0.983	0.997	1.000	1.000	0.995	0.994	0.998	1.000	0.963	1.016	1.001	0.999	1.000	1.000
Dec-04	0.929	1.003	0.998	1.048	0.989	1.000	1.006	1.002	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Mar-05	1.018	1.048	1.099	0.910	0.993	0.982	1.000	1.002	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Jun-05	0.821	1.036	0.993	0.948	1.000	0.960	1.005	1.001	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Sep-05	0.874	1.062	1.034	0.976	0.998	1.000	0.922	0.993	0.996	1.000	1.017	0.914	0.943	1.064	0.974	0.993	0.995	0.995	0.995	0.995	0.995
Dec-05	1.291	0.888	1.109	1.058	1.008	1.001	1.023	0.937	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Mar-06	0.932	0.997	0.987	1.109	0.962	0.986	0.997	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Jun-06	1.025	0.937	0.989	0.955	0.972	1.023	0.996	1.000	0.999	1.398	0.848	1.011	0.992	0.961	0.961	0.961	0.961	0.961	0.961	0.961	0.961
Sep-06	1.075	1.037	1.014	1.004	1.033	1.000	0.651	1.000	0.883	1.000	1.004	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Dec-06	1.016	0.997	1.010	0.824	1.016	0.992	1.000	0.999	1.177	0.866	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Mar-07	0.946	0.959	1.010	1.008	1.013	1.000	0.987	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Jun-07	1.096	1.051	1.001	0.995	0.926	1.000	1.000	1.033	1.003	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Sep-07	1.112	1.079	0.988	0.990	0.947	1.000	1.004	1.052	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Dec-07	1.084	1.050	1.000	0.878	0.961	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Mar-08	0.978	1.048	0.997	1.024	1.000	0.987	1.002	1.002	1.002	1.002	1.002	1.002	1.002	1.002	1.002	1.002	1.002	1.002	1.002	1.002	1.002
Jun-08	1.171	0.974	1.010	0.959	1.001	0.998	0.998	0.998	0.998	0.998	0.998	0.998	0.998	0.998	0.998	0.998	0.998	0.998	0.998	0.998	0.998
Sep-08	1.239	1.010	1.024	1.022	0.953	0.953	0.953	0.953													

Catastrophe Factor

Data shown is Arkansas American Modern Insurance Group - Site Built Homeowners HO-10- Central Region

Accident Year Ending	(1) Catastrophe Losses	(2) All Losses	(3) All Less Catastrophe (2)-(1)	(4) Catastrophe Ratio (1)/(3)	(5) Capped Catastrophe Ratio **	Excess
12/31/1990	-	-	-	0.000	0.000	0.000
12/31/1991	-	-	-	0.000	0.000	0.000
12/31/1992	-	-	-	0.000	0.000	0.000
12/31/1993	-	-	-	0.000	0.000	0.000
12/31/1994	-	-	-	0.000	0.000	0.000
12/31/1995	-	-	-	0.000	0.000	0.000
12/31/1996	-	-	-	0.000	0.000	0.000
12/31/1997	-	-	-	0.000	0.000	0.000
12/31/1998	-	-	-	0.000	0.000	0.000
12/31/1999	-	-	-	0.000	0.000	0.000
12/31/2000	-	-	-	0.000	0.000	0.000
12/31/2001	-	-	-	0.000	0.000	0.000
12/31/2002	-	-	-	0.000	0.000	0.000
12/31/2003	-	-	-	0.000	0.000	0.000
12/31/2004	-	-	-	0.000	0.000	0.000
12/31/2005	-	-	-	0.000	0.000	0.000
12/31/2006	-	-	-	0.000	0.000	0.000
12/31/2007	-	64,678	64,678	0.000	0.000	0.000
12/31/2008	80,957	395,638	314,681	0.257	0.257	0.000
12/31/2009	471,263	1,699,432	1,228,170	0.384	0.384	0.000
						0.000
Average:				0.214	0.214	0.597

Selected Catastrophe Factor: 1.214

** Catastrophe Ratio capped at: 0.597 and the excess is spread over 50 years.

Unallocated Loss Adjustment Expense

The ULAE Factor is calculated as a ratio to Incurred Loss and ALAE and is considered in the "loss" side of the indication.

Consolidated American Modern Insurance Group Data

Calendar Year	2006	2007	2008
ULAE Incurred	15,194,970	14,037,802	11,747,762
Adjusted Loss and ALAE Incurred	307,266,292	358,439,989	584,440,974
Ratio of ULAE to Incurred Loss & ALAE	4.9%	3.9%	2.0%
5 Year Average			3.6%
3 Year Average			3.6%
Selected ULAE Factor			1.036

Determination of Permissible Loss Ratio

				Budget	Selected
	2006	2007	2008	2009	
(1) Pre-Paid Commissions	N/A	20.3%	18.6%		18.6%
(2) Contingent Commissions	1.3%	1.3%	0.3%	2.6%	2.6%
(3) Other Acquisition Expense	5.1%	4.9%	5.0%	5.7%	5.3%
(4) General Expense	12.9%	13.4%	12.4%	12.0%	12.2%
(5) Taxes, Licenses and Fees	2.8%	2.8%	2.8%		2.8%
(7) Reinsurance Expense (Consolidated AMIG)	1.0%	1.3%	0.9%	1.0%	1.0%
(8) Total Expense					42.5%
Profit Loading Provision					
(9a) After Tax Return on Equity Goal				15.0%	
(9b) Target Premium to Surplus Ratio				2.3:1	
(9c) After Tax Return on Premium [(a)/(b)]				6.5%	
(9d) After Tax Return Generated by Inv Income				1.7%	
(9e) After Tax Return Needed From Underwriting Profit [(c) - (d)]				4.8%	
(9f) Before Tax Return Needed from Underwriting Profit [(e)/(1.00 - .35)]				7.4%	
(9g) Selected Profit Provision					7.4%
(10) Total Expenses and Profit Provision [(8) + (9)]					49.9%
(11) Permissible Loss & LAE Ratio [(1.000 - (10))]					50.1%

Data applied to calculate commission ratio:

	2006	2007	2008
AMS Arkansas Site Built Homeowners HO-10 Written Premium	0	457	143,480
AMS Arkansas Site Built Homeowners HO-10 Paid Commission	0	93	26,702

Data applied to calculate Taxes, Licenses and Fees:

	2006	2007	2008
AMS Arkansas Earned Premium from all AS Lines	381,382	848,581	1,238,173
AMS Arkansas Taxes, Licenses and Fees from all AS Lines	10,652	23,675	34,545

Investment Income Calculation

Estimated Investment Earnings on Unearned Premium and Loss Reserves

A. Unearned Premium Reserve		
(1)	Direct Earned Premium for 2008	\$ 215,364,187
(2)	Mean Unearned Premium Reserve Ratio	61.7%
(3)	Mean Unearned Premium Reserve (1) x (2)	\$ 132,963,511
(4)	Deduction for Prepaid Expenses and Federal Taxes Payable	
(a)	Commission	21.2%
(b)	50% of Other Acquisition	2.7%
(c)	50% of General Expenses	6.1%
(d)	Taxes, Licenses, and Fees	2.8%
(e)	Reinsurance Expense	1.0%
(f)	Subtotal	33.8%
(g)	Federal Taxes Payable	7.0%
(4T)	Total Deductions	40.8%
(5)	Unearned Premium Reserve Subject to Investment (3) x [1.0 - (4T)]	\$ 78,780,880
B. Delayed Remission of Premium (Agent's Balances)		
(1)	Agent's Balance or Uncollected Premium to Unearned Premium	
(a)	Average Agent's Balance	\$ 146,100,977
(b)	Direct Unearned Premium 2008 (All Lines)	\$ 492,239,510
(c)	Ratio (a) / (b)	29.7%
(d)	Direct Unearned Premium 2008 (ASLOB 4 Homeowners multi peril)	\$ 194,667,937
(2)	Delayed Remission (1c) x (1d)	\$ 57,779,140
C. Loss and Loss Adjustment Expense Reserve		
(1)	Expected Loss and Loss Adjustment Expense Ratio	50.1%
(2)	Expected Losses and Loss Adjustment Expenses (A.1) x (C.1)	\$ 107,897,458
(3)	Percent of Mean Loss & ALAE Reserves to Incurred Loss & ALAE	
(a)	2008 Mean Loss & ALAE Reserve to Incurred Loss & ALAE Ratio	19.1%
(b)	2007 Mean Loss & ALAE Reserve to Incurred Loss & ALAE Ratio	55.6%
(c)	Average of Mean Loss Reserve to Incurred Loss Ratios $1/2 \times [(a) + (b)]$	37.4%
(4)	Expected Mean Loss Reserves (2) x (3c) x .958	\$ 38,626,289
D. Net Subject to Investment		\$ 59,628,029
	(A.5) - (B.2) + (C.4)	
E. Before Tax Rate of Return		3.0%
	[Exhibit 10, Page 2]	
F. Average Rate of Return as a % of Direct Earned Premium		0.8%
	[(D) x (E)] / (A.1)]	
G. Before Tax Investment Income Return (Including Surplus)		2.1%
	(F) + [(E) x (1.0/Premium to Surplus Ratio)]	
H. After Tax Average Rate of Return as a Percent of Direct Earned Premium		
(1)	Average Federal Tax Rate on Inv. Inc. (Exhibit 10, Page 2)	19.7%
(2)	After Tax Return Generated by Investment Income (G) x [1.0 - (H.1)]	1.7%

Investment Income Calculation

Average Federal Tax Rate on Investment Income

	(1) Investment Income 2006 - 2008 (A)	(2) Allocation	(3) Current Tax Rate (B)	(4) Total Tax (2)x(3)
Bonds				
- Taxable	\$47,247,346	38.5%	35.0%	13.5%
- Tax Exempt Municipal	\$48,752,891	39.8%	5.3%	2.1%
Stocks				
- Acquired Prior to 1987	\$0	0.0%	10.5%	0.0%
- Acquired After 1987	\$20,201,322	16.5%	14.2%	2.3%
Short Term Investments	\$6,415,078	5.2%	35.0%	1.8%
Total	\$122,616,637	100.0%		19.7%

Notes:

- (A) From AMIG Annual Statement, Part 1
- (B) Under the 1986 Tax Reform Act, 15% of formerly tax-exempt income from securities purchased after August 7, 1986 is now taxable. Thus the estimated effective tax rates in 2009 will be:

Ordinary Income =	35.0%
Tax Exempt Municipal - 35.0% x 15.0% =	5.3%
Stock Dividends (Acquired after 1987) - 40.5% x 35.0% =	14.2%
Stock Dividends (Acquired before 1987) - 30.0% x 35.0% =	10.5%

Investment Income as a Percentage of Invested Assets

1997	5.1%
1998	4.7%
1999	4.5%
2000	5.0%
2001	5.2%
2002	5.2%
2003	4.5%
2004	4.3%
2005	4.4%
2006	4.5%
2007	4.6%
2008	4.4%
Twelve Year Average	4.7%
Latest Six Year Average	4.4%
Latest Year	4.4%
Projected 2009 (12 Year Trend)	4.3%
Projected 2009 (6 Year Trend)	4.5%

Selected 2009 Rate of Return

Before Tax	3.0% *
After Tax [(1-0.197) x 3%]	2.4%

* 3% selected based on change in investment philosophy due to the purchase of the American Modern Insurance Group by Munich Re. Specifically, Munich Re requires that investments for companies owned should not have "risk". This leads to a lower rate of return than we've seen in the past.

By Line Explanation of Investment Income Calculation

Line A-1

Direct Earned Premium is total limits earned premium for the captioned program written by the American Modern Insurance Group for the latest accident year.

Line A-2, A-3

The mean unearned premium reserve is determined by the average of the latest two years unearned premiums for the American Modern Insurance Group.

Line A-4

Deductions for prepaid expenses:

Production costs and a large portion of other company expenses connected with the writing and handling of insurance policies, exclusive of claim adjustment expenses, are incurred when the policy is written and before premium is paid. Therefore, the deduction of these expenses is determined by use of provisions for expenses used in our ratemaking procedures as shown. These provisions are based on the above referenced company's data as shown in Exhibit 9.

Line A-4 Federal Taxes Payable

The Tax Reform Act of 1986 taxes 20% of the unearned premium reserve. At a corporate tax rate of 35%, this tax equals 7.0% (.20 x .35 = .070) of the unearned premium reserve.

Line B-1

Delayed remission of premium:

This deduction is necessary due to the delay in collection and remission of premium to the company beyond the effective dates of the policies. Funds for the unearned premium reserve required during the initial days of all policies must be taken from the company's surplus, and are not available for investment.

Line B-1(c)

Average agent's balances as a percentage of 2008 Direct Unearned Premium (All Lines)

Line C-1

The expected loss and loss adjustment ratio reflects the expense provisions used in the filing. See Exhibit 9.

Line C-3

Mean loss reserve are determined by averaging the reserves at the beginning and ending of the year in question, and dividing by that year's loss and loss adjustment expenses. This ratio is based on countrywide data for the American Modern Insurance Group countrywide data for the American Modern Insurance Group.

Line C-4

The expected mean loss reserve is determined by multiplying the expected incurred losses in Line C-2 by the average ratio of the mean loss & loss adjustment reserves to the incurred losses & loss adjustment expenses from Line C-4. Then an adjustment for the estimated Federal Income Taxes payable due to discounting of loss reserves is added. The estimated reserve discount is 12% (based on all company data provided by the A.M. Best Company), the federal taxes payable (expressed as a % of reserves) is 4.2% (.12 x .35 = .042), and the appropriate adjustment is .958 (1.000 - .042 = .958).

Line E

This rate of return in the ratio of net investment income earned and net realized capital gains (or losses) to mean cash and invested assets (including interest, dividends and real estate income due and accrued) for the American Modern Insurance Group.

Line H-1

The average rate of Federal Tax was determined by applying the appropriate tax rates to the distribution of investment income earned for 2006 - 2008 for the American Modern Insurance Group. See Page 2 of this exhibit.

Complement of Credibility Calculation

	HO-10
(1) Permissible Loss & LAE Ratio	0.501
(2) Proposed Renewal Effective Date	6/15/2010
(3) Effective Date of Current Rates	11/1/2009
(4) Time Period in Years $\{(2) - (3) / 365\}$ **	0.622
(5) Annual Premium Trend	-2.0%
(6) Annual Loss Trend	4.0%
(7) Ann Loss Ratio Trend $\{[1 + (6)] / [1 + (5)] - 1\}$	6.1%
(8) Selected Trend Factor $\{[1 + (7)] ^ (4)\}$	1.038
(9) Complement of Credibility = $\{(1) * (8)\}$	0.520

** Capped at a minimum of 0.5 and a maximum of 2 year(s)



AMERICAN MODERN SELECT
INSURANCE COMPANY

April 7, 2010

Arkansas Insurance Department
Property & Casualty Division
1200 W 3rd St
Little Rock, Arkansas 72201-1904

RE: American Modern Select Insurance Company NAIC# 361-38652
Homeowners Program
HO-10 Specialty Homeowner Program
Rate/Rule Filing
Company File Number: 20100105-06

Dear Commissioner:

The American Modern Select Insurance Company submits for your approval a rate/rule revision for the above captioned program. This revision replaces the rate/rules currently on file with your department.

We request these revisions to be approved for our usage for new business and renewal business policies dated August 1, 2010.

We are proposing the following items with this revision:

1. Revised Owner Base Rate from \$218.40 to \$226.04
2. Revised Protection Class 6 Relativity from 1.00 to 1.07
3. Revised Protection Class 8 Relativity from 1.30 to 1.35
4. New Loss Settlement section incorporating Full Repair Cost and Replacement Cost from the Supplemental Coverages section

Attached are the revised program manual pages with the changes highlighted in yellow and the filing exhibits for your review.

To the best of our knowledge and belief, this filing is in compliance with the pertinent statutes and regulations of the state of Arkansas.

If you have any questions, please contact the undersigned at the telephone number or e-mail address shown.

Sincerely,
AMERICAN MODERN SELECT INSURANCE COMPANY

Kevin E. Vennefron
Senior State Relations Specialist
Phone: 1-800-759-9008, ext. 5793
E-mail: kvennefron@amig.com

Enclosures

SERFF Tracking Number: AMMH-126567135 State: Arkansas
 Filing Company: American Modern Select Insurance Company State Tracking Number: EFT \$100
 Company Tracking Number:
 TOI: 04.0 Homeowners Sub-TOI: 04.0003 Owner Occupied Homeowners
 Product Name: AR AMSIC HO-10 '10 - RR
 Project Name/Number: AR AMSIC HO-10 '10 - RR/20100105-06

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)
03/31/2010		Supporting NAIC loss cost data entry document	04/12/2010	Document