

SERFF Tracking Number: ASPX-126632539 State: Arkansas  
Filing Company: Standard Guaranty Insurance Company State Tracking Number: EFT \$100  
Company Tracking Number: HO AR04165SGR01  
TOI: 04.0 Homeowners Sub-TOI: 04.0005 Other Homeowners  
Product Name: First Select Homeowners Program  
Project Name/Number: First Select Homeowners Program/HO AR04165SGR01

## Filing at a Glance

Company: Standard Guaranty Insurance Company

Product Name: First Select Homeowners SERFF Tr Num: ASPX-126632539 State: Arkansas

Program

TOI: 04.0 Homeowners

SERFF Status: Closed-Filed

State Tr Num: EFT \$100

Sub-TOI: 04.0005 Other Homeowners

Co Tr Num: HO AR04165SGR01

State Status: Fees verified and received

Filing Type: Rate/Rule

Reviewer(s): Becky Harrington, Betty Montesi

Author: SPI AssurantPC

Disposition Date: 07/23/2010

Date Submitted: 05/18/2010

Disposition Status: Filed

Effective Date Requested (New): 10/01/2010

Effective Date (New): 10/01/2010

Effective Date Requested (Renewal): 12/01/2010

Effective Date (Renewal):

12/01/2010

State Filing Description:

## General Information

Project Name: First Select Homeowners Program

Status of Filing in Domicile:

Project Number: HO AR04165SGR01

Domicile Status Comments:

Reference Organization:

Reference Number:

Reference Title:

Advisory Org. Circular:

Filing Status Changed: 07/23/2010

State Status Changed: 05/19/2010

Deemer Date:

Created By: SPI AssurantPC

Submitted By: SPI AssurantPC

Corresponding Filing Tracking Number:

Filing Description:

May 17, 2010

Commissioner Jay Bradford

Arkansas Department of Insurance

1200 West Third Street

Little Rock, Arkansas 72201-1904

Attn: Property & Casualty Division

SERFF Tracking Number: ASPX-126632539 State: Arkansas  
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Product Name: First Select Homeowners Program  
Project Name/Number: First Select Homeowners Program/HO AR04165SGR01

RE: STANDARD GUARANTY INSURANCE COMPANY  
NAIC# 019-42986 FEIN# 58-1529579  
LOB: Homeowners  
First Select Homeowners Program  
Company Filing Number#: FSD HO AR04165SGR01

RATE AND RULE FILING (For Approval)

State Exception Pages AR-R1 October 1, 2010 replaces AR-R1 June 1, 2007  
AR-R2 thru AR-R4 October 1, 2010, 2010 replaces AR-R2 thru AR- R4 November 1, 2000

General Rule Pages GR 1 through GR October 1, 2010 replaces GR 1 through GR 3 May 1, 2000.

Dear Commissioner Bradford:

Standard Guaranty Insurance Company (SGIC) would like to file several changes to its existing First Select Homeowners Program in the state of Arkansas. First, we are dividing the state into six territories. Currently, Arkansas is divided into 2 territories. We would like to divide it into 6 territories consisting of counties that are similar in their respective loss and premium trends. Second, we are revising the rates for each territory. Third, we are adding a mandatory 2%/\$2,000 Windstorm and Hail deductible to all six territories. Fourth, we are adding optional 3%/\$3,000 and 5%/\$5,000 Windstorm and Hail deductibles in all six territories. Fifth, we would like to make available several optional endorsements to Tier 3 and 4 that were previously only available to Tiers 1 and 2. Sixth, we would like to introduce new endorsement Water Back Up and Sump Overflow. Finally, we would like to add Increased Personal Liability and Medical Payment limits.

We would like to also introduce a new territorial rating by county. The state of Arkansas will now be broken into 6 contiguous territories, described in Exhibit 9 and depicted in Exhibit 10.

Please see the attached Actuarial Memorandum and Supporting Exhibits for a more detailed explanation.

Please be advised that a companion form filing is being submitted at this time under separate cover per Company Filing Number FSD HO AR04165SGF01.

We are submitting \$100.00 for a combined rate/rule filing which is being submitted to your Department via EFT.

SERFF Tracking Number: ASPX-126632539 State: Arkansas  
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Product Name: First Select Homeowners Program  
Project Name/Number: First Select Homeowners Program/HO AR04165SGR01

We are requesting effective dates of October 1, 2010 for new business and December 1, 2010 for renewal business.

Thank you for your time and attention to this filing. Please contact me with any questions at 1-800-852-2244 ext.11547 or via e-mail at Debbie.flowers@assurant.com.

Sincerely,

Debbie Flowers  
Contract Compliance Analyst  
State Filings Department  
Standard Guaranty Insurance Company  
Phone: 1-800-852-2244 Ext. 11547  
E-mail Address: Debbie.flowers@assurant.com

cc: FSD HO AR04165SGR01

## Company and Contact

### Filing Contact Information

Debbie Flowers, Contract Compliance Analyst Debbie.Flowers@assurant.com  
260 Interstate N. Circle SE 770-763-1000 [Phone] 11547 [Ext]  
Atlanta, GA 30339 770-859-4296 [FAX]

### Filing Company Information

Standard Guaranty Insurance Company CoCode: 42986 State of Domicile: Delaware  
11222 Quail Roost Drive Group Code: 19 Company Type:  
Miami, FL 33157 Group Name: Assurant, Inc. Group State ID Number:  
(305) 253-2244 ext. [Phone] FEIN Number: 58-1529579

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## Filing Fees

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

SERFF Tracking Number: ASPX-126632539 State: Arkansas  
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TOI: 04.0 Homeowners Sub-TOI: 04.0005 Other Homeowners  
Product Name: First Select Homeowners Program  
Project Name/Number: First Select Homeowners Program/HO AR04165SGR01

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
Standard Guaranty Insurance Company	\$100.00	05/18/2010	36611679

SERFF Tracking Number: ASPX-126632539 State: Arkansas  
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 Company Tracking Number: HO AR04165SGR01  
 TOI: 04.0 Homeowners Sub-TOI: 04.0005 Other Homeowners  
 Product Name: First Select Homeowners Program  
 Project Name/Number: First Select Homeowners Program/HO AR04165SGR01

## Correspondence Summary

### Dispositions

Status	Created By	Created On	Date Submitted
Filed	Becky Harrington	07/23/2010	07/23/2010

### 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	07/16/2010	07/16/2010	SPI AssurantPC	07/22/2010	07/22/2010
Pending Industry Response	Becky Harrington	06/23/2010	06/23/2010	SPI AssurantPC	07/15/2010	07/15/2010
Pending Industry Response	Becky Harrington	06/18/2010	06/18/2010	SPI AssurantPC	06/23/2010	06/23/2010
Pending Industry Response	Becky Harrington	05/19/2010	05/19/2010	SPI AssurantPC	06/14/2010	06/14/2010

### Filing Notes

Subject	Note Type	Created By	Created On	Date Submitted
Regarding your Note To Filer - Subject: Additional Objection May 19, 2010.	Note To Reviewer	SPI AssurantPC	06/14/2010	06/14/2010
Additional Objection	Note To Filer	Becky Harrington	05/19/2010	05/19/2010

*SERFF Tracking Number:* ASPX-126632539                      *State:* Arkansas  
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*TOI:* 04.0 Homeowners                      *Sub-TOI:* 04.0005 Other Homeowners  
*Product Name:* First Select Homeowners Program  
*Project Name/Number:* First Select Homeowners Program/HO AR04165SGR01

SERFF Tracking Number: ASPX-126632539 State: Arkansas  
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 TOI: 04.0 Homeowners Sub-TOI: 04.0005 Other Homeowners  
 Product Name: First Select Homeowners Program  
 Project Name/Number: First Select Homeowners Program/HO AR04165SGR01

## Disposition

Disposition Date: 07/23/2010  
 Effective Date (New): 10/01/2010  
 Effective Date (Renewal): 12/01/2010  
 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):
Standard Guaranty Insurance Company	39.100%	10.000%	\$	85	\$70,700	18.000%	4.200%

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 TOI: 04.0 Homeowners Sub-TOI: 04.0005 Other Homeowners  
 Product Name: First Select Homeowners Program  
 Project Name/Number: First Select Homeowners Program/HO AR04165SGR01

Schedule	Schedule Item	Schedule Item Status	Public Access
Supporting Document (revised)	H-1 Homeowners Abstract	Filed	Yes
Supporting Document	H-1 Homeowners Abstract		Yes
Supporting Document	H-1 Homeowners Abstract		Yes
Supporting Document (revised)	HPCS-Homeowners Premium Comparison Survey	Filed	Yes
Supporting Document	HPCS-Homeowners Premium Comparison Survey		Yes
Supporting Document	HPCS-Homeowners Premium Comparison Survey		Yes
Supporting Document	HPCS-Homeowners Premium Comparison Survey		Yes
Supporting Document	HPCS-Homeowners Premium Comparison Survey		Yes
Supporting Document	Form RF-2 Loss Costs Only (not for workers' compensation)		Yes
Supporting Document (revised)	NAIC loss cost data entry document	Filed	Yes
Supporting Document	NAIC loss cost data entry document		Yes
Supporting Document	NAIC loss cost data entry document		Yes
Supporting Document	NAIC loss cost data entry document		Yes
Supporting Document	NAIC loss cost data entry document		Yes
Supporting Document	Territory Only Indicators	Filed	Yes
Supporting Document (revised)	Actuarial Memorandum	Filed	Yes
Supporting Document	Actuarial Memorandum		Yes
Supporting Document	Actuarial Memorandum		Yes
Supporting Document (revised)	Actuarial Exhibits	Filed	Yes
Supporting Document	Actuarial Exhibits		Yes
Supporting Document	Actuarial Exhibits		Yes
Supporting Document (revised)	Policy Rate Change Chart	Filed	Yes
Supporting Document	Policy Rate Change Chart		Yes
Supporting Document	Policy Rate Change Chart		Yes
Rate (revised)	State Exception Page	Filed	Yes
Rate	State Exception Page		Yes
Rate (revised)	State Exception Pages	Filed	Yes
Rate	State Exception Pages		Yes
Rate	State Exception Pages		Yes

SERFF Tracking Number: ASPX-126632539 State: Arkansas  
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TOI: 04.0 Homeowners Sub-TOI: 04.0005 Other Homeowners  
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**Rate** General Rules Pages Filed Yes  
Yes

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Product Name: First Select Homeowners Program  
Project Name/Number: First Select Homeowners Program/HO AR04165SGR01

## Objection Letter

Objection Letter Status Pending Industry Response

Objection Letter Date 07/16/2010

Submitted Date 07/16/2010

Respond By Date

Dear Debbie Flowers,

This will acknowledge receipt of the response dated 7/15/2010.

Objection 1

No Objections

Comment: The staggered rate change does not appear to comply with ACA 23-67-209 which requires the use of the past 5-years experience. The benefits of the first year increase along with the loss experience would not be taken into consideration, thus resulting in excessive or inadequate rates, ACA 23-67-208.

Please amend the filing to 10% overall and no more than 25% per insured, one year only. You may make and additional filing next year with updated data.

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

SERFF Tracking Number: ASPX-126632539 State: Arkansas  
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Company Tracking Number: HO AR04165SGR01  
TOI: 04.0 Homeowners Sub-TOI: 04.0005 Other Homeowners  
Product Name: First Select Homeowners Program  
Project Name/Number: First Select Homeowners Program/HO AR04165SGR01

## Response Letter

Response Letter Status Submitted to State  
Response Letter Date 07/22/2010  
Submitted Date 07/22/2010

Dear Becky Harrington,

### Comments:

Thank You Becky for your quick response. Please see the following in regards to your latest Objection Letter dated July 16, 2010.

### Response 1

Comments: We have removed the staggered rate change and have amended the Memorandum, Exhibits, State Pages, etc to reflect a one year 10% overall rate change. Please review the attached documents.

### Related Objection 1

Comment:

The staggered rate change does not appear to comply with ACA 23-67-209 which requires the use of the past 5-years experience. The benefits of the first year increase along with the loss experience would not be taken into consideration, thus resulting in excessive or inadequate rates, ACA 23-67-208.

### Changed Items:

#### Supporting Document Schedule Item Changes

Satisfied -Name: H-1 Homeowners Abstract

Comment:

Satisfied -Name: HPCS-Homeowners Premium Comparison Survey

Comment:

Satisfied -Name: NAIC loss cost data entry document

Comment:

Satisfied -Name: Actuarial Memorandum

Comment:

Satisfied -Name: Actuarial Exhibits

Comment:

Satisfied -Name: Policy Rate Change Chart

Comment:

SERFF Tracking Number: ASPX-126632539 State: Arkansas  
Filing Company: Standard Guaranty Insurance Company State Tracking Number: EFT \$100  
Company Tracking Number: HO AR04165SGR01  
TOI: 04.0 Homeowners Sub-TOI: 04.0005 Other Homeowners  
Product Name: First Select Homeowners Program  
Project Name/Number: First Select Homeowners Program/HO AR04165SGR01

No Form Schedule items changed.

### Rate/Rule Schedule Item Changes

Exhibit Name	Rule # or Page #	Rate Action	Previous State Filing #
State Exception Pages	R-2 THRU R-4	Replacement	
<b>Previous Version</b>			
State Exception Pages	R-2 THRU R-4	Replacement	
State Exception Pages	R-2 THRU R-4	Replacement	
State Exception Pages	R-2 THRU R-4	Replacement	

In closing, thanks for your patience. Please let me know if you have any further questions.

Debbie Flowers  
Contract Compliance Analyst  
1-800-852-2244 ext 11547  
debbie.flowers@assurant.co

Sincerely,  
SPI AssurantPC

SERFF Tracking Number: ASPX-126632539 State: Arkansas  
Filing Company: Standard Guaranty Insurance Company State Tracking Number: EFT \$100  
Company Tracking Number: HO AR04165SGR01  
TOI: 04.0 Homeowners Sub-TOI: 04.0005 Other Homeowners  
Product Name: First Select Homeowners Program  
Project Name/Number: First Select Homeowners Program/HO AR04165SGR01

## Objection Letter

Objection Letter Status Pending Industry Response

Objection Letter Date 06/23/2010

Submitted Date 06/23/2010

Respond By Date

Dear Debbie Flowers,

This will acknowledge receipt of the response dated 6/23/10.

Objection 1

No Objections

Comment: Please amend the filing to an overall increase of 10% with individual increases of no more than 25%.

Provide a revised HPCS and manual pages as necessary.

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

SERFF Tracking Number: ASPX-126632539 State: Arkansas  
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Product Name: First Select Homeowners Program  
Project Name/Number: First Select Homeowners Program/HO AR04165SGR01

## Response Letter

Response Letter Status Submitted to State  
Response Letter Date 07/15/2010  
Submitted Date 07/15/2010

Dear Becky Harrington,

### Comments:

Dear Ms. Harrington:

Thank you for your recent conversation with explanation in regards to your objection. Please review the following as a response to your previous objection.

### Response 1

Comments: Since we last talked, our Actuarial Dept has revisited our filing and has revamped and staggered the rate increase request over a 2 year period . Please take a moment to review the revised State Pages (pg 3 revised), Memorandum, Exhibits, HPCS premium survey, etc. We hope to comply with Commissioner Bradford's wished regarding the overall increase.

### Related Objection 1

Comment:

Please amend the filing to an overall increase of 10% with individual increases of no more than 25%.

### Changed Items:

#### Supporting Document Schedule Item Changes

Satisfied -Name: H-1 Homeowners Abstract

Comment:

Satisfied -Name: HPCS-Homeowners Premium Comparison Survey

Comment:

Satisfied -Name: NAIC loss cost data entry document

Comment:

Satisfied -Name: Actuarial Memorandum

Comment:

Satisfied -Name: Actuarial Exhibits

Comment:

Satisfied -Name: Policy Rate Change Chart

Comment:

SERFF Tracking Number: ASPX-126632539 State: Arkansas  
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Company Tracking Number: HO AR04165SGR01  
TOI: 04.0 Homeowners Sub-TOI: 04.0005 Other Homeowners  
Product Name: First Select Homeowners Program  
Project Name/Number: First Select Homeowners Program/HO AR04165SGR01

No Form Schedule items changed.

### Rate/Rule Schedule Item Changes

Exhibit Name	Rule # or Page #	Rate Action	Previous State Filing #
State Exception Pages	R-2 THRU R-4	Replacement	
<b>Previous Version</b>			
State Exception Pages	R-2 THRU R-4	Replacement	
State Exception Pages	R-2 THRU R-4	Replacement	

In closing, I want to thank you for your time, patience, and assistance on this filing. I hope with these proposed amendments, we may be granted an approval on this filing.

Should you have any questions, please don't hesitate to contact me.

Thank You!  
Debbie Flowers  
Contract Compliance Analyst  
1-800-852-2244 ext 11547

debbie.flowers@assurant.com

Sincerely,  
SPI AssurantPC

SERFF Tracking Number: ASPX-126632539 State: Arkansas  
Filing Company: Standard Guaranty Insurance Company State Tracking Number: EFT \$100  
Company Tracking Number: HO AR04165SGR01  
TOI: 04.0 Homeowners Sub-TOI: 04.0005 Other Homeowners  
Product Name: First Select Homeowners Program  
Project Name/Number: First Select Homeowners Program/HO AR04165SGR01

## Objection Letter

Objection Letter Status Pending Industry Response

Objection Letter Date 06/18/2010

Submitted Date 06/18/2010

Respond By Date

Dear Debbie Flowers,

This will acknowledge receipt of the response dated 6/14/2010.

### Objection 1

- HPCS-Homeowners Premium Comparison Survey (Supporting Document)

Comment: The document submitted is a pdf document. It must be an xls document (excel format).

### Objection 2

- NAIC loss cost data entry document (Supporting Document)

Comment: The 5-year history should include policy count, premium etc for the most recent 5 years regardless of whether there has been a rate change. Please revise the form as necessary.

### Objection 3

No Objections

Comment: Provide a disruption chart showing the number of insureds and the rate change percentages. How many are actually receiving the maximum increase of 56.3%?

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

SERFF Tracking Number: ASPX-126632539 State: Arkansas  
Filing Company: Standard Guaranty Insurance Company State Tracking Number: EFT \$100  
Company Tracking Number: HO AR04165SGR01  
TOI: 04.0 Homeowners Sub-TOI: 04.0005 Other Homeowners  
Product Name: First Select Homeowners Program  
Project Name/Number: First Select Homeowners Program/HO AR04165SGR01

## Response Letter

Response Letter Status Submitted to State  
Response Letter Date 06/23/2010  
Submitted Date 06/23/2010

Dear Becky Harrington,

### Comments:

Thank you for your recent response. Please be advised that we have attached documents in regards to your recent inquiry.

### Response 1

Comments: Sorry for attaching the wrong format and I thank you for your patience in this matter. I have attached the necessary files to address your objections.

#### Related Objection 1

Applies To:

- HPCS-Homeowners Premium Comparison Survey (Supporting Document)

Comment:

The document submitted is a pdf document. It must be an xls document (excel format).

#### Related Objection 2

Applies To:

- NAIC loss cost data entry document (Supporting Document)

Comment:

The 5-year history should include policy count, premium etc for the most recent 5 years regardless of whether there has been a rate change. Please revise the form as necessary.

#### Related Objection 3

Comment:

Provide a disruption chart showing the number of insureds and the rate change percentages. How many are actually receiving the maximum increase of 56.3%?

### Changed Items:

#### Supporting Document Schedule Item Changes

Satisfied -Name: HPCS-Homeowners Premium Comparison Survey

Comment:

*SERFF Tracking Number:* ASPX-126632539                      *State:* Arkansas  
*Filing Company:* Standard Guaranty Insurance Company                      *State Tracking Number:* EFT \$100  
*Company Tracking Number:* HO AR04165SGR01  
*TOI:* 04.0 Homeowners                      *Sub-TOI:* 04.0005 Other Homeowners  
*Product Name:* First Select Homeowners Program  
*Project Name/Number:* First Select Homeowners Program/HO AR04165SGR01

Satisfied -Name: NAIC loss cost data entry document

Comment:

Satisfied -Name: Policy Rate Change Chart

Comment:

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Thank you for your patience regarding this filing. I hope we have satisfied your requirements and an approval will be granted.

Sincerely,  
Debbie Flowers  
Contract Compliance Analyst  
1-800-852-2244 Ext 11547

Sincerely,  
SPI AssurantPC

SERFF Tracking Number: ASPX-126632539 State: Arkansas  
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Company Tracking Number: HO AR04165SGR01  
TOI: 04.0 Homeowners Sub-TOI: 04.0005 Other Homeowners  
Product Name: First Select Homeowners Program  
Project Name/Number: First Select Homeowners Program/HO AR04165SGR01

## Objection Letter

Objection Letter Status Pending Industry Response

Objection Letter Date 05/19/2010

Submitted Date 05/19/2010

Respond By Date

Dear Debbie Flowers,

This will acknowledge receipt of the captioned filing.

Objection 1

No Objections

Comment: The actuarial memorandum and supporting exhibits was not provided.

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.

Include justification for the territorial rating differentials.

Objection 2

- HPCS-Homeowners Premium Comparison Survey (Supporting Document)

Comment:

Form HPCS must be submitted in Excel spreadsheet format. Companies may not change the form in any way or include formulas.

Objection 3

- NAIC loss cost data entry document (Supporting Document)

Comment: This form is required with all rate change filings.

Objection 4

- State Exception Page, R-1 (Rate)

- State Exception Pages, R-2 THRU R-4 (Rate)

Comment: AR does not allow mandatory separate wind/hail deductibles. Please revise your rule to offer them as optional, at the choice of the insured.

Objection 5

- State Exception Page, R-1 (Rate)

Comment: The Lenders Loss Payable endorsement is not being approved in the form filings. Please amend as necessary.

*SERFF Tracking Number:* ASPX-126632539                      *State:* Arkansas  
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*TOI:* 04.0 Homeowners                      *Sub-TOI:* 04.0005 Other Homeowners  
*Product Name:* First Select Homeowners Program  
*Project Name/Number:* First Select Homeowners Program/HO AR04165SGR01

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

SERFF Tracking Number: ASPX-126632539 State: Arkansas  
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TOI: 04.0 Homeowners Sub-TOI: 04.0005 Other Homeowners  
Product Name: First Select Homeowners Program  
Project Name/Number: First Select Homeowners Program/HO AR04165SGR01

## Response Letter

Response Letter Status Submitted to State  
Response Letter Date 06/14/2010  
Submitted Date 06/14/2010

Dear Becky Harrington,

### Comments:

Per your Objection dated May 19, 2010, please see attached correspondence and documents addressing your concerns:

We would also like to request a change in effective dates due to system restraints. Effective date for New Business October 15, 2010, and for Renewal Business December 15, 2010.

### Response 1

Comments: Sorry, failed to attach previously. Please see attached below.

### Related Objection 1

Comment:

The actuarial memorandum and supporting exhibits was not provided.

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.

Include justification for the territorial rating differentials.

### Changed Items:

#### Supporting Document Schedule Item Changes

Satisfied -Name: Territory Only Indicators

Comment:

Satisfied -Name: Actuarial Memorandum

Comment:

Satisfied -Name: Actuarial Exhibits

Comment:

SERFF Tracking Number: ASPX-126632539 State: Arkansas  
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Company Tracking Number: HO AR04165SGR01  
TOI: 04.0 Homeowners Sub-TOI: 04.0005 Other Homeowners  
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Project Name/Number: First Select Homeowners Program/HO AR04165SGR01

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

## Response 2

Comments: We are submitting the NAIC loss cost data entry as required.

### Related Objection 1

Applies To:

- NAIC loss cost data entry document (Supporting Document)

Comment:

This form is required with all rate change filings.

### 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: We have made changes making the 2%/\$2000, 3%/\$3000 and 5%/\$5000 Windstorm or Hail Deductibles All Optional.

### Related Objection 1

Applies To:

- State Exception Page, R-1 (Rate)
- State Exception Pages, R-2 THRU R-4 (Rate)

Comment:

AR does not allow mandatory separate wind/hail deductibles. Please revise your rule to offer them as optional, at the choice of the insured.

### Changed Items:

No Supporting Documents changed.

SERFF Tracking Number: ASPX-126632539 State: Arkansas  
 Filing Company: Standard Guaranty Insurance Company State Tracking Number: EFT \$100  
 Company Tracking Number: HO AR04165SGR01  
 TOI: 04.0 Homeowners Sub-TOI: 04.0005 Other Homeowners  
 Product Name: First Select Homeowners Program  
 Project Name/Number: First Select Homeowners Program/HO AR04165SGR01

No Form Schedule items changed.

**Rate/Rule Schedule Item Changes**

Exhibit Name	Rule # or Page #	Rate Action	Previous State Filing #
State Exception Page	R-1	Replacement	
<b>Previous Version</b>			
State Exception Page	R-1	Replacement	
State Exception Pages	R-2 THRU R-4	Replacement	
<b>Previous Version</b>			
State Exception Pages	R-2 THRU R-4	Replacement	

**Response 4**

Comments: We wish to withdraw the Lenders Loss Payable Endorsement and the State Pages have been revised to reflect the change.

**Related Objection 1**

Applies To:

- State Exception Page, R-1 (Rate)

Comment:

The Lenders Loss Payable endorsement is not being approved in the form filings. Please amend as necessary.

**Changed Items:**

No Supporting Documents changed.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

**Response 5**

Comments: Form HPCS is formatted in an Excel worksheet as required.

**Related Objection 1**

Applies To:

- HPCS-Homeowners Premium Comparison Survey (Supporting Document)

Comment:

*SERFF Tracking Number:* ASPX-126632539                      *State:* Arkansas  
*Filing Company:* Standard Guaranty Insurance Company                      *State Tracking Number:* EFT \$100  
*Company Tracking Number:* HO AR04165SGR01  
*TOI:* 04.0 Homeowners                      *Sub-TOI:* 04.0005 Other Homeowners  
*Product Name:* First Select Homeowners Program  
*Project Name/Number:* First Select Homeowners Program/HO AR04165SGR01

Form HPCS must be submitted in Excel spreadsheet format. Companies may not change the form in any way or include formulas.

**Changed Items:**

**Supporting Document Schedule Item Changes**

Satisfied -Name: HPCS-Homeowners Premium Comparison Survey

Comment:

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

In closing, We hope we have addressed all of your concerns. Thank you and please let me know if you have any other questions.

Thanks!

Debbie Flowers

1 800 852 2244 ext 11547

Sincerely,

SPI AssurantPC

*SERFF Tracking Number:* ASPX-126632539                      *State:* Arkansas  
*Filing Company:* Standard Guaranty Insurance Company                      *State Tracking Number:* EFT \$100  
*Company Tracking Number:* HO AR04165SGR01  
*TOI:* 04.0 Homeowners                      *Sub-TOI:* 04.0005 Other Homeowners  
*Product Name:* First Select Homeowners Program  
*Project Name/Number:* First Select Homeowners Program/HO AR04165SGR01

**Note To Reviewer**

**Created By:**

SPI AssurantPC on 06/14/2010 11:28 AM

**Last Edited By:**

Becky Harrington

**Submitted On:**

07/23/2010 07:21 AM

**Subject:**

Regarding your Note To Filer - Subject: Additional Objection May 19, 2010.

**Comments:**

Please advised that I made typographical errors in my NAIC description and there should not have been any reference to Tiers. Please disregard.

SERFF Tracking Number: ASPX-126632539 State: Arkansas  
Filing Company: Standard Guaranty Insurance Company State Tracking Number: EFT \$100  
Company Tracking Number: HO AR04165SGR01  
TOI: 04.0 Homeowners Sub-TOI: 04.0005 Other Homeowners  
Product Name: First Select Homeowners Program  
Project Name/Number: First Select Homeowners Program/HO AR04165SGR01

**Note To Filer**

**Created By:**

Becky Harrington on 05/19/2010 02:51 PM

**Last Edited By:**

Becky Harrington

**Submitted On:**

07/23/2010 07:21 AM

**Subject:**

Additional Objection

**Comments:**

Please explain the reference to tiers. The manual pages show no evidence of tier rating.

Provide criteria for tier placement.

SERFF Tracking Number: ASPX-126632539 State: Arkansas  
 Filing Company: Standard Guaranty Insurance Company State Tracking Number: EFT \$100  
 Company Tracking Number: HO AR04165SGR01  
 TOI: 04.0 Homeowners Sub-TOI: 04.0005 Other Homeowners  
 Product Name: First Select Homeowners Program  
 Project Name/Number: First Select Homeowners Program/HO AR04165SGR01

**Rate Information**

Rate data applies to filing.

**Filing Method:** Prior Approval  
**Rate Change Type:** Increase  
**Overall Percentage of Last Rate Revision:** 0.000%  
**Effective Date of Last Rate Revision:** 12/01/2000  
**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):
Standard Guaranty Insurance Company	46.300%	43.300%	\$26,795	85	\$70,700	56.300%	4.200%

SERFF Tracking Number: ASPX-126632539 State: Arkansas  
 Filing Company: Standard Guaranty Insurance Company State Tracking Number: EFT \$100  
 Company Tracking Number: HO AR04165SGR01  
 TOI: 04.0 Homeowners Sub-TOI: 04.0005 Other Homeowners  
 Product Name: First Select Homeowners Program  
 Project Name/Number: First Select Homeowners Program/HO AR04165SGR01

## Rate/Rule Schedule

Schedule Item	Exhibit Name:	Rule # or Page	Rate Action	Previous State Filing Attachments
Status:		#:		Number:
Filed 07/23/2010	State Exception Page	R-1	Replacement	R3_MSEP_FSH-AR 101510_Revised_all pgs_FSD#4165.PDF
Filed 07/23/2010	State Exception Pages	R-2 THRU R-4	Replacement	R3_MSEP_FSH-AR 101510_Revised_071 610_Pgs 2 thru 4_FSD#4165.PDF
Filed 07/23/2010	General Rules Pages	GR-1 thru GR-3	Replacement	GR-1 thru GR-3.PDF

**STANDARD GUARANTY INSURANCE COMPANY  
FIRST SELECT HOMEOWNER PROGRAM  
STATE EXCEPTION PAGES**

**ARKANSAS**

FORMS

FORM NAME	NUMBER
<u>Mandatory Forms</u>	
Homeowners 3 Special Form Policy	HO 00 03 04 91
Declarations Page	FS HO DEC 01-2000
Special Provisions – Arkansas	HO 98 84 06 07
Arkansas Notice	FS N-1 AR 12 04
Animal Liability Special Limit	HO 98-04a(03-2000)
<u>Optional Forms</u>	
Additional Interests	HO 04 10 10 00
Excess Dwelling Coverage (Specified Additional Amount of Insurance for Coverage A – Dwelling)	HO 23 47 08 97
Personal Property Replacement Cost	HO 04 90 04 91
Water Back Up and Sump Overflow	HO 04 95 11 92
Windstorm or Hail Special Deductible	HO 98 99 05 09
<u>General Forms</u>	
Change Endorsement	HO/DP 98 99 (10-98)

**STANDARD GUARANTY INSURANCE COMPANY  
FIRST SELECT HOMEOWNER PROGRAM  
STATE EXCEPTION PAGES**

**ARKANSAS**

Territory Definitions

Territory 1

CRITTENDEN

Territory 2

CRAIGHEAD

GREENE

Territory 3

FAULKNER

LONOKE

SALINE

Territory 4

PULASKI

Territory 5

BENTON

CRAWFORD

SEBASTIAN

WASHINGTON

Territory 6

ARKANSAS	CLEVELAND	HEMPSTEAD	LINCOLN	OUACHITA	SEARCY
ASHLEY	COLUMBIA	HOT SPRING	LITTLE RIVER	PERRY	SEVIER
BAXTER	CONWAY	HOWARD	LOGAN	PHILLIPS	SHARP
BOONE	CROSS	INDEPENDENCE	MADISON	PIKE	ST. FRANCIS
BRADLEY	DALLAS	IZARD	MARION	POINSETT	STONE
CALHOUN	DESHA	JACKSON	MILLER	POLK	UNION
CARROLL	DREW	JEFFERSON	MISSISSIPPI	POPE	VAN BUREN
CHICOT	FRANKLIN	JOHNSON	MONROE	PRAIRIE	WHITE
CLARK	FULTON	LAFAYETTE	MONTGOMERY	RANDOLPH	WOODRUFF
CLAY	GARLAND	LAWRENCE	NEVADA	SCOTT	YELL
CLEBURNE	GRANT	LEE	NEWTON		

**STANDARD GUARANTY INSURANCE COMPANY  
FIRST SELECT HOMEOWNER PROGRAM  
STATE EXCEPTION PAGES**

**ARKANSAS**

1. DEDUCTIBLE

The All Other Perils deductible included in the base rate is \$250. If another deductible option is desired, apply the appropriate factor from the following table to the base rate to determine the adjusted base rate.

A Optional 2%/\$2,000, 3%/\$3,000, and 5%/\$5,000 Windstorm and Hail deductible will be added to all six territories.

All Perils Deductible		Adjustment Factor
\$ 100		1.075
\$ 250		included
\$ 500		0.930
\$ 1,000		0.850

<u>All Perils Deductible</u>	<u>W indstorm or Hail Deductible.</u>	<u>Adjustment Factor</u>
\$ 100	2%/2000	0.978
\$ 250	2%/2000	0.910
\$ 500	2%/2000	0.846
\$ 1,000	2%/2000	0.774
\$ 100	3%/3000	0.957
\$ 250	3%/3000	0.890
\$ 500	3%/3000	0.828
\$ 1,000	3%/3000	0.757
\$ 100	5%5000	0.935
\$ 250	5%5000	0.870
\$ 500	5%5000	0.809
\$ 1,000	5%5000	0.740

2. BASE RATE

- a. Premium is determined by multiplying each \$100 of dwelling amount by the applicable rate.

Territory 1	Territory 2	Territory 3	Territory 4	Territory 5	Territory 6
\$ 1.496	\$ 1.536	\$ 1.457	\$ 1.969	\$ 1.417	\$ 1.814

**STANDARD GUARANTY INSURANCE COMPANY  
FIRST SELECT HOMEOWNER PROGRAM  
STATE EXCEPTION PAGES**

**ARKANSAS**

3. OPTIONAL COVERAGES

A. Specified Additional Amount of Insurance for Coverage A – Dwelling

When the residence is insured for 100% of its replacement cost value, this endorsement may be added to increase the Coverage A limit to 25% of the Coverage A limit shown on the Declarations.

Premium charge: 2% of the Base Premium

Attach endorsement HO 23 47 08 97

B. Personal Property Replacement Cost

When this endorsement is added, personal property losses will be settled on a replacement cost basis. This endorsement does not increase the Coverage C limit.

Premium charge: 10% of the Base Premium  
\$25.00 minimum

Attach endorsement HO 04 90 04 91

C. Water Back Up and Sump Overflow Endorsement

For an additional premium, the policy may be endorsed to provide coverage for loss resulting from water which backs up through sewers or drains or which overflows from a sump. The limit of liability is \$5,000 with a \$250 deductible.

Premium Charge: \$35.00

Attach endorsement HO 45 95 11 92

D. Personal Liability and Medical Payment to Others Limits – Increased Limits

\$100,000 Coverage E limit, including Medical Payments to Others of \$1,000 per person is included in the Base Premium. To increase Coverage E and Coverage F limits, determine the additional premium by Coverage E and Coverage F limit combination:

		Medical Payment to Others (Coverage F) Limit		
		<b>\$1,000</b>	<b>\$2,000</b>	<b>\$5,000</b>
Personal Liability (Coverage E) Limit	<b>\$100,000</b>	Included	\$15.00	\$25.00
	<b>\$300,000</b>	\$30.00	\$35.00	\$40.00

**STANDARD GUARANTY INSURANCE COMPANY  
FIRST SELECT HOMEOWNER PROGRAM  
STATE EXCEPTION PAGES**

**ARKANSAS**

Territory Definitions

Territory 1

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Territory 6

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BOONE	CROSS	INDEPENDENCE	MADISON	PIKE	ST. FRANCIS
BRADLEY	DALLAS	IZARD	MARION	POINSETT	STONE
CALHOUN	DESHA	JACKSON	MILLER	POLK	UNION
CARROLL	DREW	JEFFERSON	MISSISSIPPI	POPE	VAN BUREN
CHICOT	FRANKLIN	JOHNSON	MONROE	PRAIRIE	WHITE
CLARK	FULTON	LAFAYETTE	MONTGOMERY	RANDOLPH	WOODRUFF
CLAY	GARLAND	LAWRENCE	NEVADA	SCOTT	YELL
CLEBURNE	GRANT	LEE	NEWTON		

**STANDARD GUARANTY INSURANCE COMPANY  
FIRST SELECT HOMEOWNER PROGRAM  
STATE EXCEPTION PAGES**

**ARKANSAS**

1. DEDUCTIBLE

The All Other Perils deductible included in the base rate is \$250. If another deductible option is desired, apply the appropriate factor from the following table to the base rate to determine the adjusted base rate.

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All Perils Deductible	Adjustment Factor
\$ 100	1.075
\$ 250	included
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\$ 1,000	0.850

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\$ 1.496	\$ 1.535	\$ 1.360	\$ 1.554	\$ 1.360	\$ 1.369

**STANDARD GUARANTY INSURANCE COMPANY  
FIRST SELECT HOMEOWNER PROGRAM  
STATE EXCEPTION PAGES**

**ARKANSAS**

3. OPTIONAL COVERAGES

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Premium charge: 2% of the Base Premium

Attach endorsement HO 23 47 08 97

B. Personal Property Replacement Cost

When this endorsement is added, personal property losses will be settled on a replacement cost basis. This endorsement does not increase the Coverage C limit.

Premium charge: 10% of the Base Premium  
\$25.00 minimum

Attach endorsement HO 04 90 04 91

C. Water Back Up and Sump Overflow Endorsement

For an additional premium, the policy may be endorsed to provide coverage for loss resulting from water which backs up through sewers or drains or which overflows from a sump. The limit of liability is \$5,000 with a \$250 deductible.

Premium Charge: \$35.00

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D. Personal Liability and Medical Payment to Others Limits – Increased Limits

\$100,000 Coverage E limit, including Medical Payments to Others of \$1,000 per person is included in the Base Premium. To increase Coverage E and Coverage F limits, determine the additional premium by Coverage E and Coverage F limit combination:

		Medical Payment to Others (Coverage F) Limit		
		<b>\$1,000</b>	<b>\$2,000</b>	<b>\$5,000</b>
Personal Liability (Coverage E) Limit	<b>\$100,000</b>	Included	\$15.00	\$25.00
	<b>\$300,000</b>	\$30.00	\$35.00	\$40.00

**STANDARD GUARANTY INSURANCE COMPANY**  
**FirstSelect Homeowner Program**

**GENERAL RULES**

INDEX

	<u>GENERAL RULES</u>	<u>PAGE</u>
1.	Eligible Property	GR-2
2.	Policy Term	GR-2
3.	Coverages and Limits	GR-2
4.	Deductible	GR-2
5.	Policy and Forms	GR-2
6.	Risks Not Eligible	GR-2
7.	Premiums	GR-3
8.	Computation Methods	GR-3
9.	Changes	GR-3
10.	Cancellations	GR-3
11.	Payment Plan	GR-3

**STANDARD GUARANTY INSURANCE COMPANY**  
**FirstSelect Homeowner Program**

**GENERAL RULES**

1. ELIGIBLE PROPERTY

- a. Owner occupied property only.
- b. 1 or 2 unit dwelling showing "Pride of Ownership" as demonstrated by a well-maintained dwelling.
- c. Primary, seasonal or secondary occupancy.

2. POLICY TERM

Policies will be issued for a term of 12 months.

3. COVERAGES AND LIMITS

COVERAGE		MINIMUM	MAXIMUM
Section I	A. Dwelling	\$35,000	\$500,000
	B. Other Structures	10% of Coverage A	
	C. Personal Property	50% of Coverage A	
	D. Loss of Use	20% of Coverage A	
Section II	E. Comprehensive Personal Liability	\$100,000	\$300,000
	F. Medical Payments to Others	\$1,000	\$5,000
	Damage to Property of Others	\$500	\$500

4. DEDUCTIBLE

The All Perils deductible included in the base rate is \$250. Refer to the State Exception pages for specific options or limitations.

5. POLICY AND FORMS

Coverage will be written on the ISO Homeowners 3 Special Form which will consist of:

- a. Homeowners 3 Special Form Policy (HO 00 03 04 91);
- b. Declarations Page;
- c. Mandatory and/or Optional Endorsements, if any.

6. RISKS NOT ELIGIBLE

- a. Homes built prior to 1900;
- b. Vacant property;
- c. Condominiums, Townhouses, and Rowhouses;
- d. Mobile Home or Manufactured Homes;
- e. Modular Home, unless affixed to a permanent foundation;
- f. Homes declined or cancelled by any Fair Plan Association or condemned by a governmental authority.

**STANDARD GUARANTY INSURANCE COMPANY**  
**FirstSelect Homeowner Program**

**GENERAL RULES**

7. PREMIUMS

- a. Premium and premium refunds will be rounded to the nearest whole dollar. Rounding will be performed as the last step of the rating calculation. A premium or premium refund of \$.49 or less will be rounded down to the nearest whole dollar. A premium or premium refund of \$.50 or more will be rounded up to the nearest whole dollar. The procedure will apply to all interim premium adjustments including endorsements.
- b. Any rating discrepancy involving a premium of \$5.00 or less may be waived except that an overcharge shall be refunded, regardless of amount.

8. COMPUTATION METHODS

- a. The base rate may be adjusted based upon the application of the adjustment factors.
- b. To compute the final adjusted base rate, sum the applicable debits and credits and apply the resulting factor to the base rate.
- c. Base Premium is calculated by multiplying the adjusted base rate to each \$100 of the dwelling amount.

9. CHANGES

- a. All changes will be by written endorsement.
- b. All changes requiring adjustments of premium shall be computed pro rata and based upon the rates in effect at the time of the change.
- c. If a policy or a form of coverage that was canceled from a policy at the request of the Insured is reinstated without lapse within 30 days, the premium will be the same as the amount that was returned at the time of cancellation.

10. CANCELLATIONS

Cancellation may be affected as follows, subject to the policy provisions:

- a. The Insured may cancel the policy by mailing to the Company a written notice telling the Company the future date cancellation is to be effective.
- b. When a Mortgagee named in the policy has acquired ownership of the insured property, the Mortgagee may, for the account of all parties at interest under the policy, cancel the policy.
- c. Retroactive or backdated cancellations are prohibited unless proof of other coverage or a closing statement is provided.

11. PAYMENT PLANS

Plan Type	Down Payment	Number of Remaining Installments	Charge per Billing Installment	Installments Due
Full Pay	100%	None		None
4 Pay	31%	3	\$3.00	Every 60 days
6 Pay	20%	5	\$3.00	Every 30 days

SERFF Tracking Number: ASPX-126632539 State: Arkansas  
 Filing Company: Standard Guaranty Insurance Company State Tracking Number: EFT \$100  
 Company Tracking Number: HO AR04165SGR01  
 TOI: 04.0 Homeowners Sub-TOI: 04.0005 Other Homeowners  
 Product Name: First Select Homeowners Program  
 Project Name/Number: First Select Homeowners Program/HO AR04165SGR01

## Supporting Document Schedules

	<b>Item Status:</b>	<b>Status Date:</b>
<b>Satisfied - Item:</b> H-1 Homeowners Abstract	Filed	07/23/2010
<b>Comments:</b>		
<b>Attachment:</b> R3_TRNFM_INS01787_H1 Homeowners Abstract_rev 072110_FSD#4165.PDF		

	<b>Item Status:</b>	<b>Status Date:</b>
<b>Satisfied - Item:</b> HPCS-Homeowners Premium Comparison Survey	Filed	07/23/2010
<b>Comments:</b>		
<b>Attachments:</b> R3_TRNFM_INS0179_FORM HPCS_Rev 071610_FSD#4165.PDF R3_TRNFM_INS0179_FORM HPCS_Rev 071610_FSD#4165.XLS		

	<b>Item Status:</b>	<b>Status Date:</b>
<b>Satisfied - Item:</b> NAIC loss cost data entry document	Filed	07/23/2010
<b>Comments:</b>		
<b>Attachment:</b> R3_TRNFM_INS01783_Form RF 1_NAIC Loss Cost_Revised 071610_FSD#4165.PDF		

	<b>Item Status:</b>	<b>Status Date:</b>
<b>Satisfied - Item:</b> Territory Only Indicators	Filed	07/23/2010
<b>Comments:</b>		
<b>Attachments:</b> R3_ATTEX_FS HO AR Territory Only Indications_052810_FSD#4165.PDF R3_ATTEX_FS HO AR Territory Only Indications_052810_FSD#4165.XLS		

	<b>Item Status:</b>	<b>Status</b>
--	---------------------	---------------

SERFF Tracking Number: ASPX-126632539 State: Arkansas  
Filing Company: Standard Guaranty Insurance Company State Tracking Number: EFT \$100  
Company Tracking Number: HO AR04165SGR01  
TOI: 04.0 Homeowners Sub-TOI: 04.0005 Other Homeowners  
Product Name: First Select Homeowners Program  
Project Name/Number: First Select Homeowners Program/HO AR04165SGR01

**Satisfied - Item:** Actuarial Memorandum Filed **Date:** 07/23/2010  
**Comments:**  
**Attachment:**  
R3\_ACTPKG\_FS HO AR memo\_Revised 071610\_FSD#4165.PDF

**Item Status:** Filed **Status:**  
**Date:** 07/23/2010  
**Satisfied - Item:** Actuarial Exhibits  
**Comments:**  
**Attachments:**  
R3\_ACTPKG\_FS HO AR exhibits\_Revised 071610\_FSD#4165.PDF  
R3\_ACTPKG\_FS HO AR exhibits\_Revised 071610\_FSD#4165.XLS

**Item Status:** Filed **Status:**  
**Date:** 07/23/2010  
**Satisfied - Item:** Policy Rate Change Chart  
**Comments:**  
**Attachments:**  
R3\_ATTEX\_ Policy Rate Change Exhibit\_Rev 071610\_FSD#4165.PDF  
R3\_ATTEX\_ Policy Rate Change Exhibit\_Rev 071610\_FSD#4165.XLS

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	Standard Guaranty Insurance Company
NAIC # (including group #)	0019-42986

1. If you have had an insurance to value campaign during the experience filing period, describe the campaign and estimate its impact.  
None

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.  
None

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.  
Not applicable to contents. Minimum requirement on dwelling insurance to value is 80%.

4. If you use an Inflation Guard form or similar type of coverage, describe the coverage(s) and estimate the impact.  
Not applicable

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

- |   |      |   |
|---|------|---|
| a. Fire Extinguisher  | None | % |
| b. Burglar Alarm  | None | % |
| c. Smoke Alarm  | None | % |
| d. Insured who has both homeowners and auto with your company | None | % |
| e. Deadbolt Locks   | None | % |
| f. Window or Door Locks                                       | None | % |
| g. Other (specify)  |      | % |
|   |      | % |

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.  
None

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

Form	Premium Volume
HO 00 03	70,700

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

9. Is there a surcharge on risks with wood heat? No  
If yes, state the surcharge \_\_\_\_\_  
Does the surcharge apply to conventional fire places? Not Applicable  
If yes, state the surcharge \_\_\_\_\_

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

  
\_\_\_\_\_  
Signature  
**Debbie Flowers**  
\_\_\_\_\_  
Printed Name  
**Contract Compliance Analyst**  
\_\_\_\_\_  
Title  
**770-763-1000 Ext. 11547**  
\_\_\_\_\_  
Telephone Number  
**Debbie.Flowers@assurant.com**  
\_\_\_\_\_  
Email address

NAIC Number: 0019-42986  
 Company Name: Standard Guaranty Insurance Company  
 Contact Person: Debbie Flowers  
 Telephone No.: 770-763-1000 Ext 11547  
 Email Address: debbie.flowers@assurant.com  
 Effective Date: 15-Oct-10

**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	979	979	986	986	1106	1106	986	986	986	986	986	986	986	986	979	979	1119	1119
	\$120,000	1469	1469	1478	1478	1658	1658	1478	1478	1478	1478	1478	1478	1478	1478	1469	1469	1678	1678
	\$160,000	1958	1958	1971	1971	2211	2211	1971	1971	1971	1971	1971	1971	1971	1971	1958	1958	2237	2237
6	\$80,000	979	979	986	986	1106	1106	986	986	986	986	986	986	986	986	979	979	1119	1119
	\$120,000	1469	1469	1478	1478	1658	1658	1478	1478	1478	1478	1478	1478	1478	1478	1469	1469	1678	1678
	\$160,000	1958	1958	1971	1971	2211	2211	1971	1971	1971	1971	1971	1971	1971	1971	1958	1958	2237	2237
9	\$80,000	979	979	986	986	1106	1106	986	986	986	986	986	986	986	986	979	979	1119	1119
	\$120,000	1469	1469	1478	1478	1658	1658	1478	1478	1478	1478	1478	1478	1478	1478	1469	1469	1678	1678
	\$160,000	1958	1958	1971	1971	2211	2211	1971	1971	1971	1971	1971	1971	1971	1971	1958	1958	2237	2237

**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																		
	\$120,000																		
	\$160,000																		
6	\$80,000																		
	\$120,000																		
	\$160,000																		
9	\$80,000																		
	\$120,000																		
	\$160,000																		

**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="0"/> %	Window Locks	<input type="text" value="0"/> %
Smoke Alarm	<input type="text" value="0"/> %	\$1,000 Deductible	<input type="text" value="15"/> %
		Other (specify)	<input type="text"/> %

**EARTHQUAKE INSURANCE**

**IMPORTANT, homeowners insurance does NOT automatically cover losses from earthquakes. Ask your agent about this cov**

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 Highest Risk \$  \$

Maximum Credit Allowed	N/A	%	Lowest Risk	\$		\$	
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I

### NAIC LOSS COST DATA ENTRY DOCUMENT

1. This filing transmittal is part of Company Tracking # **HO AR04165SGR01**

2. If filing is an adoption of an advisory organization loss cost filing, give name of Advisory Organization and Reference/ Item Filing Number

		Company Name		Company NAIC Number
3.	A.	<b>Standard Guaranty Insurance Company</b>	B.	<b>019-42986</b>

		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.	<b>04.0 Homeowners</b>	B.	<b>04.0005 Other Homeowners</b>

5.

(A) COVERAGE (See Instructions)	(B) Indicated % Rate Level Change	(C) Requested % Rate Level Change	FOR LOSS COSTS ONLY				
			(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
<b>Homeowners Multi-Peril</b>	<b>39.1%</b>	<b>10.0%</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>TOTAL OVERALL EFFECT</b>	<b>39.1%</b>	<b>10.0%</b>					

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
<b>2005</b>	<b>45</b>	<b>N/A</b>	<b>N/A</b>	<b>37</b>	<b>144</b>	<b>391.8%</b>	<b>52.2%</b>
<b>2006</b>	<b>69</b>	<b>N/A</b>	<b>N/A</b>	<b>54</b>	<b>(-12)</b>	<b>(-21.4)%</b>	<b>59.4%</b>
<b>2007</b>	<b>89</b>	<b>N/A</b>	<b>N/A</b>	<b>71</b>	<b>267</b>	<b>374.5%</b>	<b>107.9%</b>
<b>2008</b>	<b>82</b>	<b>N/A</b>	<b>N/A</b>	<b>78</b>	<b>1</b>	<b>1.5%</b>	<b>101.3%</b>
<b>June 2009</b>	<b>46</b>	<b>10.0%</b>	<b>10/15/2010</b>	<b>39</b>	<b>16</b>	<b>41.1%</b>	<b>114.4%</b>

7.

Expense Constants	Selected Provisions
A. Total Production Expense	<b>25.0%</b>
B. General Expense	<b>15.0%</b>
C. Taxes, License & Fees	<b>2.5%</b>
D. Underwriting Profit & Contingencies	<b>5.0%</b>
E. Other (explain)	
<b>F. TOTAL</b>	<b>47.5%</b>

8. N/A Apply Lost Cost Factors to Future filings? (Y or N)
9. 18.0% Estimated Maximum Rate Increase for any Insured (%). Territory (if applicable): \_\_\_\_\_
10. N/A% Estimated Maximum Rate Decrease for any Insured (%) Territory (if applicable): \_\_\_\_\_

**STANDARD GUARANTY INSURANCE COMPANY  
FIRST SELECT HOMEOWNERS  
ARKANSAS  
Old Territory 1 - New Territory 6**

Indicated Rate Level Change

Calendar Year	(1)	(2)	(3)	(4)	(5)
	Written Premium	Earned Premium	Current Level Factor	Premium Trend Factor	Trended Earned Premium (2)*(3)*(4)
2004	6,505	7,289	1.000	1.265	9,224
2005	8,841	6,572	1.000	1.217	7,996
2006	14,363	12,286	1.000	1.170	14,374
2007	22,347	18,151	1.000	1.125	20,420
2008	16,102	19,892	1.000	1.082	21,517
Jun-09	14,727	9,681	1.000	1.051	10,170
<b>Total</b>	<b>82,885</b>	<b>73,870</b>			<b>83,701</b>

Calendar Year	(6)	(7)	(8)	(9)
	Incurred Losses	Loss Trend Factor	Modified Losses (6)*(7)	Trended Loss Ratio (8)/(5)
2004	(187)	2.082	(389)	-4.2%
2005	141,000	1.843	259,849	3249.5%
2006	(31,963)	1.631	(52,132)	-362.7%
2007	256,962	1.444	370,925	1816.5%
2008	(46,750)	1.277	(59,705)	-277.5%
Jun-09	802	1.166	935	9.2%
<b>Total</b>	<b>319,865</b>		<b>519,483</b>	<b>620.6%</b>

(10) 5.5 -Year Loss Ratio	620.6%
(11) Credibility	4.1%
(12) Permissible Loss Ratio	52.5%
(13) Trended Expected Loss Ratio (7) x (12) x (4)	62.0%
(14) Credibility-Weighted Loss Ratio (11) x (10) + [ 1 - (11) ] x (13)	84.9%
(15) Indicated Rate Level Change [ (14) / (12) - 1 ]	61.7%
<b>(16) Selected Rate Level Change</b>	<b>56.3%</b>

**STANDARD GUARANTY INSURANCE COMPANY**  
**FIRST SELECT HOMEOWNERS**  
**ARKANSAS**  
**Old Territory 2 - New Territory 1**

Indicated Rate Level Change

Calendar Year	(1) Written Premium	(2) Earned Premium	(3) Current Level Factor	(4) Premium Trend Factor	(5) Trended Earned Premium (2)*(3)*(4)
2004			1.000	1.265	-
2005	2,476	1,135	1.000	1.217	1,381
2006	681	1,823	1.000	1.170	2,132
2007	-	200	1.000	1.125	225
2008	-	-	1.000	1.082	-
Jun-09	-	-	1.000	1.051	-
<b>Total</b>	<b>3,157</b>	<b>3,157</b>			<b>3,738</b>

Calendar Year	(6) Incurred Losses	(7) Loss Trend Factor	(8) Modified Losses (6)*(7)	(9) Trended Loss Ratio (8)/(5)
2004	-	2.082	-	0.0%
2005	217	1.843	400	29.0%
2006	140	1.631	229	10.7%
2007	(319)	1.444	(460)	-205.0%
2008	(39)	1.277	(49)	0.0%
Jun-09	-	1.166	-	0.0%
<b>Total</b>	<b>(0)</b>		<b>120</b>	<b>3.2%</b>

(10) 5.5 - Year Loss Ratio	3.2%
(11) Credibility	0.8%
(12) Permissible Loss Ratio	52.5%
(13) Trended Expected Loss Ratio (7) x (12) x (4)	62.0%
(14) Credibility-Weighted Loss Ratio (11) x (10) + [ 1 - (11) ] x (13)	61.5%
(15) Indicated Rate Level Change [ (14) / (12) - 1 ]	17.1%
<b>(16) Selected Rate Level Change</b>	<b>10%</b>

**STANDARD GUARANTY INSURANCE COMPANY**  
**FIRST SELECT HOMEOWNERS**  
**ARKANSAS**  
**Old Territory 2 - New Territory 2**

Indicated Rate Level Change

Calendar Year	(1) Written Premium	(2) Earned Premium	(3) Current Level Factor	(4) Premium Trend Factor	(5) Trended Earned Premium (2)*(3)*(4)
2004	-	238	1.000	1.265	301
2005	-	-	1.000	1.217	-
2006	-	-	1.000	1.170	-
2007	-	-	1.000	1.125	-
2008	-	-	1.000	1.082	-
Jun-09	-	-	1.000	1.051	-
<b>Total</b>	<b>-</b>	<b>238</b>			<b>301</b>

Calendar Year	(6) Incurred Losses	(7) Loss Trend Factor	(8) Modified Losses (6)*(7)	(9) Trended Loss Ratio (8)/(5)
2004	(46)	2.082	(95)	-31.7%
2005	(34)	1.843	(62)	0.0%
2006	-	1.631	-	0.0%
2007	-	1.444	-	0.0%
2008	-	1.277	-	0.0%
Jun-09	-	1.166	-	0.0%
<b>Total</b>	<b>(80)</b>		<b>(158)</b>	<b>-52.3%</b>

(10) 5.5 -Year Loss Ratio	-52.3%
(11) Credibility	0.2%
(12) Permissible Loss Ratio	52.5%
(13) Trended Expected Loss Ratio (7) x (12) x (4)	62.0%
(14) Credibility-Weighted Loss Ratio (11) x (10) + [ 1 - (11) ] x (13)	61.7%
(15) Indicated Rate Level Change [ (14) / (12) - 1 ]	17.6%
<b>(16) Selected Rate Level Change</b>	<b>12.9%</b>

**STANDARD GUARANTY INSURANCE COMPANY  
FIRST SELECT HOMEOWNERS  
ARKANSAS  
Old Territory 2 - New Territory 3**

Indicated Rate Level Change

Calendar Year	(1)	(2)	(3)	(4)	(5)
	Written Premium	Earned Premium	Current Level Factor	Premium Trend Factor	Trended Earned Premium (2)*(3)*(4)
2004	2,943	2,503	1.000	1.265	3,167
2005	5,421	3,926	1.000	1.217	4,777
2006	7,180	6,700	1.000	1.170	7,839
2007	6,772	6,188	1.000	1.125	6,962
2008	5,036	5,840	1.000	1.082	6,317
Jun-09	-	2,658	1.000	1.051	2,793
<b>Total</b>	<b>27,352</b>	<b>27,816</b>			<b>31,855</b>

Calendar Year	(6)	(7)	(8)	(9)
	Incurred Losses	Loss Trend Factor	Modified Losses (6)*(7)	Trended Loss Ratio (8)/(5)
2004	11,804	2.082	24,580	776.0%
2005	397	1.843	731	15.3%
2006	563	1.631	918	11.7%
2007	(115)	1.444	(165)	-2.4%
2008	(11)	1.277	(14)	-0.2%
Jun-09	143	1.166	167	6.0%
<b>Total</b>	<b>12,781</b>		<b>26,216</b>	<b>82.3%</b>

(10) 5.5 -Year Loss Ratio	82.3%
(11) Credibility	2.5%
(12) Permissible Loss Ratio	52.5%
(13) Trended Expected Loss Ratio (7) x (12) x (4)	62.0%
(14) Credibility-Weighted Loss Ratio (11) x (10) + [ 1 - (11) ] x (13)	62.5%
(15) Indicated Rate Level Change [ (14) / (12) - 1 ]	19.0%
<b>(16) Selected Rate Level Change</b>	<b>7.1%</b>

**STANDARD GUARANTY INSURANCE COMPANY**  
**FIRST SELECT HOMEOWNERS**  
**ARKANSAS**  
**Old Territory 2 - New Territory 4**

Indicated Rate Level Change

Calendar Year	(1)	(2)	(3)	(4)	(5)
	Written Premium	Earned Premium	Current Level Factor	Premium Trend Factor	Trended Earned Premium (2)*(3)*(4)
2004	9,570	9,137	1.000	1.265	11,562
2005	13,972	13,271	1.000	1.217	16,148
2006	15,782	13,250	1.000	1.170	15,502
2007	23,844	20,158	1.000	1.125	22,679
2008	20,990	22,760	1.000	1.082	24,619
Jun-09	13,316	12,313	1.000	1.051	12,934
<b>Total</b>	<b>97,474</b>	<b>90,889</b>			<b>103,444</b>

Calendar Year	(6)	(7)	(8)	(9)
	Incurred Losses	Loss Trend Factor	Modified Losses (6)*(7)	Trended Loss Ratio (8)/(5)
2004	(51)	2.082	(107)	-0.9%
2005	1,245	1.843	2,294	14.2%
2006	839	1.631	1,368	8.8%
2007	4,228	1.444	6,104	26.9%
2008	6,947	1.277	8,872	36.0%
Jun-09	11,214	1.166	13,075	101.1%
<b>Total</b>	<b>24,422</b>		<b>31,606</b>	<b>30.6%</b>

(10) 5.5 -Year Loss Ratio	30.6%
(11) Credibility	4.5%
(12) Permissible Loss Ratio	52.5%
(13) Trended Expected Loss Ratio (7) x (12) x (4)	62.0%
(14) Credibility-Weighted Loss Ratio (11) x (10) + [ 1 - (11) ] x (13)	60.6%
(15) Indicated Rate Level Change [ (14) / (12) - 1 ]	15.3%
<b>(16) Selected Rate Level Change</b>	<b>44.8%</b>

**STANDARD GUARANTY INSURANCE COMPANY**  
**FIRST SELECT HOMEOWNERS**  
**ARKANSAS**  
**Old Territory 2 - New Territory 5**

Indicated Rate Level Change

Calendar Year	(1)	(2)	(3)	(4)	(5)
	Written Premium	Earned Premium	Current Level Factor	Premium Trend Factor	Trended Earned Premium (2)*(3)*(4)
2004	4,467	2,524	1.000	1.265	3,194
2005	5,909	5,167	1.000	1.217	6,287
2006	8,850	6,687	1.000	1.170	7,824
2007	13,206	10,534	1.000	1.125	11,851
2008	12,052	12,783	1.000	1.082	13,827
Jun-09	5,101	6,436	1.000	1.051	6,761
<b>Total</b>	<b>49,585</b>	<b>44,131</b>			<b>49,744</b>

Calendar Year	(6)	(7)	(8)	(9)
	Incurred Losses	Loss Trend Factor	Modified Losses (6)*(7)	Trended Loss Ratio (8)/(5)
2004	141	2.082	294	9.2%
2005	631	1.843	1,163	18.5%
2006	3,078	1.631	5,021	64.2%
2007	1,144	1.444	1,651	13.9%
2008	32,109	1.277	41,007	296.6%
Jun-09	1,168	1.166	1,362	20.1%
<b>Total</b>	<b>38,272</b>		<b>50,498</b>	<b>101.5%</b>

(10) 5.5 -Year Loss Ratio	101.5%
(11) Credibility	3.2%
(12) Permissible Loss Ratio	52.5%
(13) Trended Expected Loss Ratio (7) x (12) x (4)	62.0%
(14) Credibility-Weighted Loss Ratio (11) x (10) + [ 1 - (11) ] x (13)	63.2%
(15) Indicated Rate Level Change [ (14) / (12) - 1 ]	20.5%
<b>(16) Selected Rate Level Change</b>	<b>4.2%</b>

**STANDARD GUARANTY INSURANCE COMPANY**  
**FIRST SELECT HOMEOWNERS**  
**ARKANSAS**  
**Old Territory 2 - New Territory 6**

Indicated Rate Level Change

Calendar Year	(1)	(2)	(3)	(4)	(5)
	Written Premium	Earned Premium	Current Level Factor	Premium Trend Factor	Trended Earned Premium (2)*(3)*(4)
2004	5,590	5,430	1.000	1.265	6,872
2005	7,699	6,670	1.000	1.217	8,116
2006	16,136	13,264	1.000	1.170	15,519
2007	18,970	16,105	1.000	1.125	18,118
2008	16,520	16,848	1.000	1.082	18,225
Jun-09	7,529	8,033	1.000	1.051	8,439
<b>Total</b>	<b>72,443</b>	<b>66,351</b>			<b>75,289</b>

Calendar Year	(6)	(7)	(8)	(9)
	Incurred Losses	Loss Trend Factor	Modified Losses (6)*(7)	Trended Loss Ratio (8)/(5)
2004	282	2.082	587	8.5%
2005	507	1.843	934	11.5%
2006	15,760	1.631	25,705	165.6%
2007	5,237	1.444	7,559	41.7%
2008	8,924	1.277	11,397	62.5%
Jun-09	2,743	1.166	3,198	37.9%
<b>Total</b>	<b>33,452</b>		<b>49,380</b>	<b>65.6%</b>

(10) 5.5 -Year Loss Ratio	65.6%
(11) Credibility	3.9%
(12) Permissible Loss Ratio	52.5%
(13) Trended Expected Loss Ratio (7) x (12) x (4)	62.0%
(14) Credibility-Weighted Loss Ratio (11) x (10) + [ 1 - (11) ] x (13)	62.1%
(15) Indicated Rate Level Change [ (14) / (12) - 1 ]	18.3%
<b>(16) Selected Rate Level Change</b>	<b>33.3%</b>

**Standard Guaranty Insurance Company  
First Select Homeowners Program**

**Arkansas**

**Actuarial Memorandum**

***Amended to include Objection Changes***

Standard Guaranty Insurance Company (SGIC) would like to file several changes to its existing First Select Homeowners Program in the state of Arkansas. First, we are dividing the state into six territories. Currently, Arkansas is divided into 2 territories. We would like to divide it into 6 territories consisting of counties that are similar in their respective loss and premium trends. Second, we are revising the rates for each territory. Third, we are adding optional 2%/\$2,000, 3%/\$3,000, and 5%/\$5,000 Windstorm and Hail deductibles in all six territories. Fourth, we would like to make available a Water Back Up and Sump Overflow endorsement. Finally, we would like to add Increased Personal Liability and Medical Payment limits.

**Rate Level Indication**

Our indicated rate level change is 39.1%, as shown in Exhibit 1 and supported in Exhibits 2 through 8. In Exhibit 1, the loss ratio ratemaking methodology was used to calculate the rate indication proposed in this filing. In essence, a projected loss ratio based on Arkansas experience was compared to its permissible loss ratio. The projected loss ratio was based on five and a half calendar years of earned premium and incurred loss experience.

Exhibit 2 shows how historical premiums were on-leveled up to the latest approved rate change in order to reflect the current rate situation. Since there have been no rate changes in Arkansas, the on-level factor is 1.000. Premiums have been trended to an assumed average written date of 7/2//2010 using our Arkansas experience. The trend is based on average premiums fitted on a linear regression, as shown in Exhibit 3. Incurred losses have been trended to an assumed average accident date of 1/1/2011 using our countrywide experience, as shown in Exhibit 4. The trend is based on average loss per claim fitted on a linear regression.

Exhibit 5 uses our Arkansas average claim severity to show that our 5.5 - year experience is 8.3% credible.

Our permissible loss ratio is developed in Exhibit 6. Factors for commissions and brokerage, other acquisition incurred, general expenses, and taxes, licenses, and fees are based on 3-year averages of the ratios of these expenses to premiums reported by SGIC on the Insurance Expense Exhibit for the Homeowners Multi-Peril line.

The provision for profit and contingencies is calculated in Exhibit 7. Exhibits 7 and 8 are both based on SGIC's annual financial statements.

**Territory Rating**

We would like to introduce a new territorial rating by county. Previously, Arkansas was broken into 2 territories. The state of Arkansas will now be broken into 6 territories, described in Exhibit 9 and depicted in Exhibit 10.

**Deductible Options**

We are adding optional 2%/\$2,000, 3%/\$3,000 and 5%/\$5,000 Windstorm and Hail deductibles to all six territories. The associated rate impacts are derived in Exhibit 11. The computation of the credits for these optional deductibles can be seen in Exhibit 12.

**Overall Rate Change**

Exhibits 13 and 14 show the effect of the territorial base rate changes, to reach an overall rate change of 10%.

Territories 3, 4, 5 and 6 are new territories that were created from the redefinition of territories 1 and 2. In this proposal, no insured would receive a rate change greater than 25% in any given year. Counties in newly defined territories 1, 2, 3, 4, 5, and 6 are receiving rate changes of 10%, 12.9%, 0%, 14.25%, 0%, and 0.65%, respectively, from the previous territory 2. Some counties previously in territory 1 that are now in territory 6 are receiving an 18% rate change. The table below details our current and proposed rates.

	<b>Current Rates</b>	<b>Proposed Rates</b>
<b>Terr 1</b>	1.160	1.496
<b>Terr 2</b>	1.360	1.535
<b>Terr 3</b>	N/A	1.360
<b>Terr 4</b>	N/A	1.554
<b>Terr 5</b>	N/A	1.360
<b>Terr 6</b>	N/A	1.369

**New Endorsement – Water Back Up And Sump Overflow**

We would like to introduce a new endorsement for Water Back Up And Sump Overflow. ISO forms will be used, and the rate is comparable to that provided by ISO. A rate of \$35 will be charged in all territories. The limit of liability is \$5,000 with a \$250 deductible.

**Increased Personal Liability and Medical Payment Limits**

SGIC currently offers only a \$100,000 limit in personal liability (Coverage E) and a \$1,000 limit in medical payments (Coverage F), both of which are part of the First Select Homeowners base coverage. We would now like to offer optional increased limits of \$300,000 for personal liability and \$2,000 or \$5,000 for medical payments. Our proposed rates are seen below and were adopted from a similar program from SGIC’s sister company – American Security Insurance Company’s Choice Homeowner program. Furthermore, similar to American Security’s program, claims arising out of domestic pets or domestic animals owned or in the care, custody or control of the insured will be limited to \$50,000 via the Animal Liability Special Limit form.

		<b>Medical Payment (Coverage F) Limit</b>		
		<b>\$1,000</b>	<b>\$2,000</b>	<b>\$5,000</b>
<b>Personal Liability (Coverage E) Limit</b>	<b>\$100,000</b>	Included	\$15.00	\$25.00
	<b>\$300,000</b>	\$30.00	\$35.00	\$40.00

### **Supporting Exhibits**

- 1 - Indicated Rate Level Change
- 2 - Earned Premium at Current Rate Level
- 3 - Premium Trend Factor
- 4 - Loss Trend Factor
- 5 - Credibility Calculation
- 6 - Development of Permissible Loss & LAE Ratio
- 7 - Derivation of Underwriting Profit Provision
- 8 - Estimated Investment Earnings on Unearned Premium and Loss Reserves
- 9 - Territorial Definitions
- 10 - Territorial Map
- 11 - Derivation of Optional Deductible Changes
- 12 - Deductible Options and Credits
- 13 - Base Rate Change by Territory (Revised)
- 14 - Overall Rate Level Effect (Revised)

**STANDARD GUARANTY INSURANCE COMPANY  
FIRST SELECT HOMEOWNERS PROGRAM  
ARKANSAS**

Indicated Rate Level Change					
Calendar Year	(1) Written Premium	(2) Earned Premium	(3) Current Level Factor (Exhibit 2)	(4) Premium Trend Factor (Exhibit 3)	(5) Trended Earned Premium (2)*(3)*(4)
2004	29,076	27,122	1.000	1.265	34,321
2005	44,318	36,741	1.000	1.217	44,705
2006	62,993	54,009	1.000	1.170	63,190
2007	85,139	71,336	1.000	1.125	80,255
2008	70,700	78,123	1.000	1.082	84,504
Jun-09	40,673	39,121	1.000	1.051	41,097
<b>Total</b>	<b>332,898</b>	<b>306,453</b>			<b>348,072</b>
Calendar Year	(6) Incurred Losses	(7) Loss Trend Factor (Exhibit 4)	(8) Modified Losses (6)*(7)	(9) Trended Loss Ratio (8)/(5)	
2004	11,943	2.082	24,869	72.5%	
2005	143,964	1.843	265,310	593.5%	
2006	(11,583)	1.631	(18,891)	-29.9%	
2007	267,138	1.444	385,614	480.5%	
2008	1,181	1.277	1,508	1.8%	
Jun-09	16,071	1.166	18,737	45.6%	
<b>Total</b>	<b>428,714</b>		<b>677,146</b>	<b>194.5%</b>	
(10) 5.5 -Year Loss Ratio				194.5%	
(11) Credibility (from Exhibit 5)				8.3%	
(12) Permissible Loss Ratio				52.5%	
(13) Trended Expected Loss Ratio (7) x (12) / (4)				62.0%	
(14) Credibility-Weighted Loss Ratio (11) x (10) + [ 1 - (11) ] x (13)				73.0%	
(15) Indicated Rate Level Change [ (14) / (12) - 1 ]				39.1%	
<b>(16) Selected Rate Level Change</b>				<b>10.0%</b>	

**STANDARD GUARANTY INSURANCE COMPANY  
FIRST SELECT HOMEOWNERS PROGRAM  
ARKANSAS**

Earned Premium at Current Rate Level

There have been no rate changes in Arkansas since inception.  
The current level factor for 2004-2008 is 1.000

**STANDARD GUARANTY INSURANCE COMPANY  
FIRST SELECT HOMEOWNERS PROGRAM  
ARKANSAS**

Premium Trend Factor

Calendar Year	Written Premium	Written Exposures	Average Premium	Fitted Average Premium*	Indicated Premium Trend
2004	29,076	26	1,135	1,199	
2005	44,318	34	1,322	1,256	1.05
2006	62,993	47	1,326	1,313	1.05
2007	85,139	61	1,401	1,370	1.04
2008	70,700	51	1,380	1,427	1.04

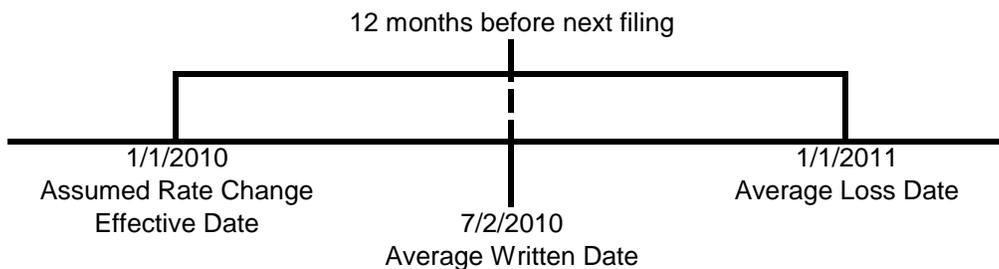
\* Based on a linear regression of average premium.

4.0% (A) Selected Annual Premium Trend

7/2/2010 (B) Average Written Date for Projected Rates

(1) Cal/Acc Year Ending	(2) Premium Trend Factor
12/31/2004	1.265
12/31/2005	1.217
12/31/2006	1.170
12/31/2007	1.125
12/31/2008	1.082
6/30/2009	1.051

$$(2) = [ 1 + (A) ] ^ [ \{(B) - (1)\} / 365.25 + 0.5 ]$$



**STANDARD GUARANTY INSURANCE COMPANY  
FIRST SELECT HOMEOWNERS PROGRAM  
COUNTRYWIDE EXPERIENCE**

Loss Trend Factor

Calendar Year	Paid Losses	Claim Count	Average Loss	Fitted Average Losses*	Indicated Loss Trend
2004	1,163,983	105	11,086	11,307	
2005	1,753,604	131	13,386	13,037	1.153
2006	2,604,342	212	12,285	14,766	1.133
2007	5,962,792	280	21,296	16,496	1.117
2008	6,548,205	415	15,779	18,225	1.105

Calendar Year	Non-Cat Paid Losses	Non-Cat Claim Count	Average Non-Cat Loss	Fitted Non-Cat Average Losses*	Non-Cat Indicated Loss Trend
2004	768,885	84	9,153	9,906	
2005	1,709,103	120	14,243	11,847	1.196
2006	2,387,740	195	12,245	13,788	1.164
2007	3,469,157	237	14,638	15,730	1.141
2008	6,065,280	325	18,662	17,671	1.123

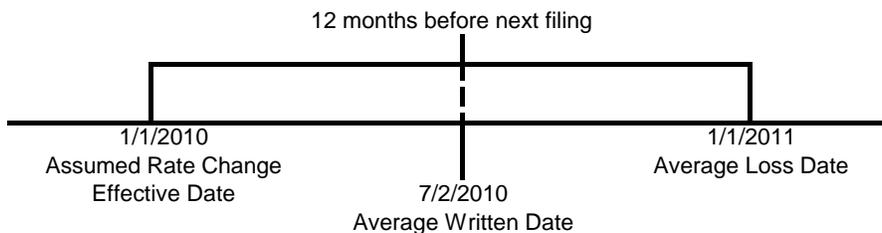
\* Based on a linear regression of paid per claim.

13.0% (A) Selected Annual Loss Trend

1/1/2011 (B) Average Accident Date for Projected Rates

(1) Cal/Acc Year Ending	(2) Loss Trend Factor
12/31/2004	2.082
12/31/2005	1.843
12/31/2006	1.631
12/31/2007	1.444
12/31/2008	1.277
6/30/2009	1.166

$$(2) = [ 1 + (A) ] ^ [ ((B) - (1))/365.25 + 0.5 ]$$



**STANDARD GUARANTY INSURANCE COMPANY  
FIRST SELECT HOMEOWNERS PROGRAM  
ARKANSAS**

Credibility Calculation

(A) Full Credibility Standard (90% confidence that the calculated value is within 5% of the true value)		1,082 Claims
(B) Average Claim Severity <sup>(1)/(2)</sup>		20,961
(1) Paid Losses CY 2004 - June 2009:	377,301	
(2) Claim Count CY 2004 - June 2009:	18	
(C) Paid Losses for Full Credibility (A)*(B)		22,679,999
(D) Permissible Loss Ratio (Exhibit 6)		52.5%
(E) Indicated Earned Premium for Full Credibility (C)/(D)		43,199,998
(F) Selected Earned Premium for Full Credibility		44,000,000
(G) Actual Earned Premium (2004 - June 2009) (Exhibit 1)		306,453
(H) Credibility $\min(\sqrt{(G)/(F)}, 100\%)$		8.3%

**STANDARD GUARANTY INSURANCE COMPANY  
FIRST SELECT HOMEOWNERS PROGRAM  
COUNTRYWIDE EXPERIENCE**

Development of Permissible Loss & LAE Ratio

Calendar Year	2006		2007		2008		3 Year Average	Budgeted
	\$(in 000's)	%	\$(in 000's)	%	\$(in 000's)	%		
Adjusted Direct Premium Written (Part III, Col 1)	5,736	100.0%	8,001	100.0%	14,992	100.0%	100.0%	
Adjusted Direct Premium Earned (Part III, Col 3)	5,168	100.0%	6,125	100.0%	12,749	100.0%	100.0%	
Adj Dir Commissions & Brokerage (W) (Part III, Col 23)	1,181	20.6%	1,321	16.5%	3,042	20.3%	19.1%	20.00%
Other Acquisition Incurred (E) (Part III, Col 27)	119	2.3%	635	10.4%	359	2.8%	5.2%	5.00%
General Expenses Incurred (E) (Part III, Col 29)	1,018	19.7%	5,137	83.9%	3,120	24.5%	42.7%	15.00%
Taxes, Licenses, & Fees (W) (Part III, Col 25)	154	2.7%	206	2.6%	178	1.2%	2.1%	2.50%
Total Expenses								42.50%
Profit & Contingencies (Exhibit 7)								5.00%
Permissible Loss & LAE Ratio								52.50%

Source: Insurance Expense Exhibit - 2006-2008 Lines 4 Homeowners Multiple Peril

**STANDARD GUARANTY INSURANCE COMPANY  
FIRST SELECT HOMEOWNERS PROGRAM**

**COUNTRYWIDE EXPERIENCE**

Derivation of Underwriting Profit Provision

(1)	Target After-Tax Rate of Return on Surplus	15.0%
(2)	Ratio of Written Premium to Surplus	1.77
(3)	Expected Investment Income on Reserves as a % of Premium	1.3%
(4)	Expected Investment Income on Reserves as a % of Surplus = (3) x (2)	2.2%
(5)	Expected Investment Income on Surplus as a % of Surplus	2.9%
(6)	Total Expected Investment Income as a % of Surplus = (4) + (5)	5.1%
(7)	Federal Income Tax on Investment Income as a % of Surplus = (6) x 32.3%	1.7%
(8)	After-Tax Investment Income on Surplus = (6) - (7)	3.5%
(9)	Target After-Tax Underwriting Profit as a % of Surplus = (1) - (8)	11.5%
(10)	Target After-Tax Underwriting Profit as a % of Premium = (9) / (2)	6.5%
(11)	Target Pre-Tax Underwriting Profit as a % of Premium = (10) / {1-35%}	10.0%
(12)	Selected Pre-Tax Underwriting Profit as a % of Premium	5.0%

**STANDARD GUARANTY INSURANCE COMPANY  
FIRST SELECT HOMEOWNERS PROGRAM**

**COUNTRYWIDE EXPERIENCE**

Estimated Investment Earnings on Unearned Premium and Loss Reserves

A.	Unearned Premium Reserve	
1.	Direct Earned Premium	\$12,749,187
2.	Mean Unearned Premium Reserve	\$4,946,000
3.	Percentage Total of Prepaid Expense	
	a. Commission and Brokerage	20.00%
	b. Taxes, Licenses and Fees	2.50%
	c. 50% of Other Acquisition Expense	2.50%
	d. 50% of General Expense	<u>7.50%</u>
	e. Total	32.50%
4.	Dollar Total of Prepaid Expense (A2) × (A3e)	\$1,607,450
5.	Subject to Investment (A2) - (A4)	\$3,338,550
B.	Delayed Remission of Premium	\$27,822
C.	Expected Loss and Loss Adjustment Reserve	
1.	Direct Earned Premium (A1)	\$12,749,187
	x (Expected Loss and Loss Adjustment Ratio)	51.6%
2.	Expected Incurred Loss and Loss Adjustment	\$6,578,580
	x (Reserve to Incurred Ratio)	33.5%
3.	Expected Loss and Loss Adjustment Reserve	\$2,203,824
D.	Net Subject to Investment (A5) - (B) + (C3)	\$5,514,551
E.	Average Rate of Return on Invested Assets	2.9%
F.	Investment Earnings on Net Subject to Investment (D) × (E)	\$159,994
G.	Ratio of Investment Earnings to Earned Premium (F) ÷ (A1)	1.3%

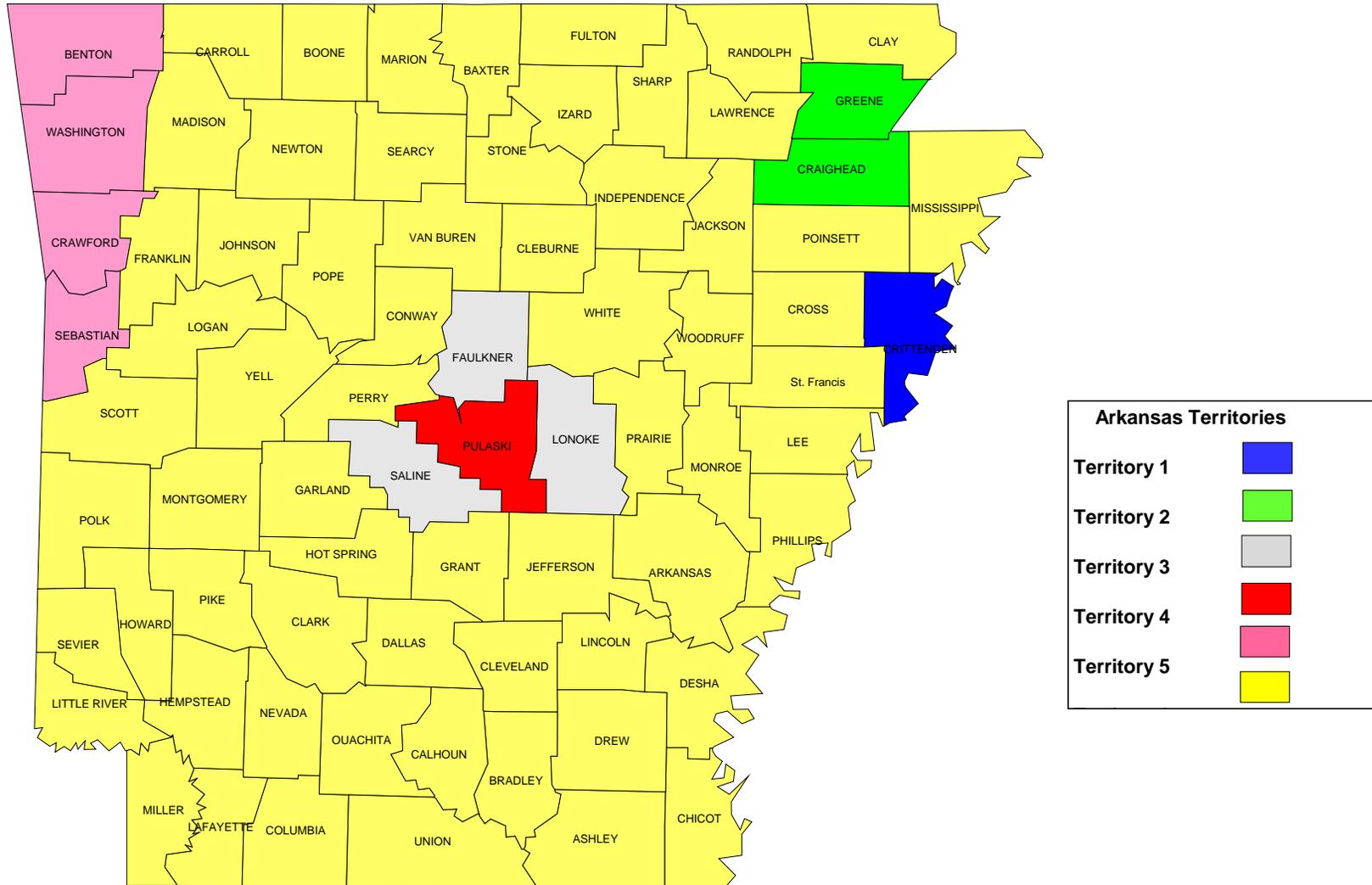
**STANDARD GUARANTY INSURANCE COMPANY  
FIRST SELECT HOMEOWNERS PROGRAM  
ARKANSAS**

Territory Definitions

Territory 1					
CRITTENDEN					
Territory 2					
CRAIGHEAD		GREENE			
Territory 3					
FAULKNER	LONOKE			SALINE	
Territory 4					
PULASKI					
Territory 5					
BENTON	CRAWFORD	SEBASTIAN	WASHINGTON		
Territory 6					
ARKANSAS	CLEVELAND	HEMPSTEAD	LINCOLN	OUACHITA	SEARCY
ASHLEY	COLUMBIA	HOT SPRING	LITTLE RIVER	PERRY	SEVIER
BAXTER	CONWAY	HOWARD	LOGAN	PHILLIPS	SHARP
BOONE	CROSS	INDEPENDENCE	MADISON	PIKE	ST. FRANCIS
BRADLEY	DALLAS	IZARD	MARION	POINSETT	STONE
CALHOUN	DESHA	JACKSON	MILLER	POLK	UNION
CARROLL	DREW	JEFFERSON	MISSISSIPPI	POPE	VAN BUREN
CHICOT	FRANKLIN	JOHNSON	MONROE	PRAIRIE	WHITE
CLARK	FULTON	LAFAYETTE	MONTGOMERY	RANDOLPH	WOODRUFF
CLAY	GARLAND	LAWRENCE	NEVADA	SCOTT	YELL
CLEBURNE	GRANT	LEE	NEWTON		

**STANDARD GUARANTY INSURANCE COMPANY  
FIRST SELECT HOMEOWNERS PROGRAM  
ARKANSAS**

Territory Definitions (Map)



**STANDARD GUARANTY INSURANCE COMPANY  
FIRST SELECT HOMEOWNERS PROGRAM  
ARKANSAS**

Derivation of Optional Deductible Credits

**All Territories**

<u>Wind/Hail Deductible</u>			
Ground Up Losses	\$406,618	\$406,618	\$406,618
New Deductible	2% / \$2,000	3% / \$3,000	5% / \$5,000
Amount Paid	\$377,935	\$371,882	\$365,611
Losses Eliminated	\$28,683	\$34,736	\$41,007

(1) Loss Elimination Ratio	7.1%	8.5%	10.1%
(2) Safety Factor	90.0%	90.0%	90.0%
(3) Tempered LER	6.3%	7.7%	9.1%
(4) Variable Expenses from PLR	27.5%	27.5%	27.5%
(5) Indicated Discount	8.8%	10.6%	12.5%
(6) Selected Discount	9.0%	11.0%	13.0%

(1) = Losses Eliminated / Amount Paid under Previous Deductible

(3) = (1) \* (2)

(4) = Commission & Brokerage + Taxes, Licenses, & Fees + Profit & Contingencies (see Exhibit 6)

(5) = (3) / (1 - (4))

**STANDARD GUARANTY INSURANCE COMPANY  
FIRST SELECT HOMEOWNERS PROGRAM  
ARKANSAS**

**Deductible Options and Credits**

<u>All Other Perils Deductible</u>	<u>Windstorm &amp; Hail Deductible</u>			
	No Wind/Hail Deductible	2%/\$2,000	3%/\$3,000	5%/\$5,000
\$100	-7.5%	2.2%	4.3%	6.5%
\$250	0.0%	9.0%	11.0%	13.0%
\$500	7.0%	15.4%	17.2%	19.1%
\$1,000	15.0%	22.7%	24.4%	26.1%

**Adjustment Factors**

<u>All Other Perils Deductible</u>	<u>Windstorm &amp; Hail Deductible</u>			
	No Wind/Hail Deductible	2%/\$2,000	3%/\$3,000	5%/\$5,000
\$100	1.075	0.978	0.957	0.935
\$250	included	0.910	0.890	0.870
\$500	0.930	0.846	0.828	0.809
\$1,000	0.850	0.774	0.757	0.740

**STANDARD GUARANTY INSURANCE COMPANY  
FIRST SELECT HOMEOWNERS PROGRAM  
ARKANSAS**

Base Rate Change by Territory

Old Territory	New Territory	Rate Chg Eff. 10/15/2010	% of State	Year 1 Rate Impact
1	6	18.0%	31.4%	5.7%
2	1	10.0%	0.0%	0.0%
2	2	12.9%	0.0%	0.0%
2	3	0.0%	5.6%	0.0%
2	4	14.3%	29.7%	4.2%
2	5	0.0%	15.7%	0.0%
2	6	0.7%	17.6%	0.1%
<b>Grand Total</b>			<b>100.0%</b>	<b>10.0%</b>

**STANDARD GUARANTY INSURANCE COMPANY  
FIRST SELECT HOMEOWNERS PROGRAM  
ARKANSAS**

Overall Rate Level Effect

(3) Overall Rate Level Effect	10.0%
Exhibit 13	

**STANDARD GUARANTY INSURANCE COMPANY  
FIRST SELECT HOMEOWNERS  
ARKANSAS  
POLICY RATE CHANGE CHART**

Overall Rate Change	# of Policies
0.0%	10
0.6%	11
14.3%	16
18.0%	19
Grand Total	56

SERFF Tracking Number: ASPX-126632539 State: Arkansas  
 Filing Company: Standard Guaranty Insurance Company State Tracking Number: EFT \$100  
 Company Tracking Number: HO AR04165SGR01  
 TOI: 04.0 Homeowners Sub-TOI: 04.0005 Other Homeowners  
 Product Name: First Select Homeowners Program  
 Project Name/Number: First Select Homeowners Program/HO AR04165SGR01

## 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)
06/14/2010	Supporting Document	HPCS-Homeowners Premium Comparison Survey	06/23/2010	R3_TRNFM_INS01789_Premium Comparison Survey_FSD#4165.PDF (Superseded)
05/18/2010	Supporting Document	HPCS-Homeowners Premium Comparison Survey	06/14/2010	Homeowners Premium Comparison Survey Form.PDF (Superseded)
07/15/2010	Supporting Document	NAIC loss cost data entry document	07/22/2010	R3_TRNFM_INS01783_Form RF 1_NAIC Loss Cost_Revised 071410_FSD#4165.PDF (Superseded)
06/23/2010	Supporting Document	NAIC loss cost data entry document	07/15/2010	R3_TRNFM_INS01783_Form RF 1_NAIC Loss Cost_Revised 062210_FSD#4165.PDF (Superseded)
06/14/2010	Supporting Document	NAIC loss cost data entry document	06/23/2010	R3_TRNFM_INS01783_Form RF 1_NAIC Loss Cost_FSD#4165.PDF (Superseded)
05/18/2010	Supporting Document	NAIC loss cost data entry document	06/14/2010	

SERFF Tracking Number: ASPX-126632539 State: Arkansas  
 Filing Company: Standard Guaranty Insurance Company State Tracking Number: EFT \$100  
 Company Tracking Number: HO AR04165SGR01  
 TOI: 04.0 Homeowners Sub-TOI: 04.0005 Other Homeowners  
 Product Name: First Select Homeowners Program  
 Project Name/Number: First Select Homeowners Program/HO AR04165SGR01

07/15/2010	Supporting Actuarial Memorandum Document	07/22/2010	R3_ACTPKG_FS HO AR memo_Revised 070910_FSD#4165.PDF (Superceded)
06/14/2010	Supporting Actuarial Memorandum Document	07/15/2010	R3_ACTPKG_FS HO AR memo_Revised 052810_FSD#4165.PDF (Superceded)
07/15/2010	Supporting Actuarial Exhibits Document	07/22/2010	R3_ACTPKG_FS HO AR exhibits_Revised 070910_FSD#4165.PDF (Superceded) R3_ACTPKG_FS HO AR exhibits_Revised 070910_FSD#4165.XLS (Superceded)
06/14/2010	Supporting Actuarial Exhibits Document	07/15/2010	R3_ACTPKG_FS HO AR exhibits_Revised 052810_FSD#4165.PDF (Superceded) R3_ACTPKG_FS HO AR exhibits_Revised 052810_FSD#4165.XLS (Superceded)
07/15/2010	Supporting Policy Rate Change Chart Document	07/22/2010	R3_ATTTEX_ Policy Rate Change Exhibit_Rev 071410_FSD#4165.PDF (Superceded) R3_ATTTEX_ Policy Rate Change Exhibit_Rev 071410_FSD#4165.XLS

SERFF Tracking Number: ASPX-126632539 State: Arkansas  
 Filing Company: Standard Guaranty Insurance Company State Tracking Number: EFT \$100  
 Company Tracking Number: HO AR04165SGR01  
 TOI: 04.0 Homeowners Sub-TOI: 04.0005 Other Homeowners  
 Product Name: First Select Homeowners Program  
 Project Name/Number: First Select Homeowners Program/HO AR04165SGR01

(Superseded)

06/23/2010	Supporting Policy Rate Change Chart Document	07/15/2010	R3_ATTEX_ Policy Rate Change Exhibit_FSD#4165.PDF (Superseded) R3_ATTEX_ Policy Rate Change Exhibit_FSD#4165.XLS (Superseded)
05/18/2010	Rate and State Exception Page Rule	06/14/2010	R-1.PDF (Superseded)
07/15/2010	Rate and State Exception Pages Rule	07/22/2010	R3_MSEP_FSH-AR 101510_Revised_071510_Pgs 2 thru 4_FSD#4165.PDF (Superseded)
06/14/2010	Rate and State Exception Pages Rule	07/15/2010	R3_MSEP_FSH-AR 101510_Revised_Pgs 2 thru 4_FSD#4165.PDF (Superseded)
05/18/2010	Rate and State Exception Pages Rule	06/14/2010	R-2 THRU R-4.PDF (Superseded)
07/15/2010	Supporting H-1 Homeowners Abstract Document	07/22/2010	R3_TRNFM_INS01787_H1 Homeowners Abstract_rev 070910_FSD#4165.PDF (Superseded)
05/18/2010	Supporting H-1 Homeowners Abstract Document	07/15/2010	H-1 Homeowners Abstract.PDF (Superseded)

*SERFF Tracking Number:* ASPX-126632539      *State:* Arkansas  
*Filing Company:* Standard Guaranty Insurance Company      *State Tracking Number:* EFT \$100  
*Company Tracking Number:* HO AR04165SGR01  
*TOI:* 04.0 Homeowners      *Sub-TOI:* 04.0005 Other Homeowners  
*Product Name:* First Select Homeowners Program  
*Project Name/Number:* First Select Homeowners Program/HO AR04165SGR01

07/15/2010	Supporting HPCS-Homeowners Premium Document Comparison Survey	07/22/2010	R3_TRNFM_INS0179_FORM HPCS_Rev 071410_FSD#4165.PDF (Superceded) R3_TRNFM_INS0179_FORM HPCS_Rev 071410_FSD#4165.XLS (Superceded)
06/23/2010	Supporting HPCS-Homeowners Premium Document Comparison Survey	07/15/2010	R3_TRNFM_INS0179_FORM HPCS_FSD#4165.PDF (Superceded) R3_TRNFM_INS0179_FORM HPCS_FSD#4165.XLS (Superceded)

NAIC Number: 0019-42986  
 Company Name: Standard Guaranty Insurance Company  
 Contact Person: Debbie Flowers  
 Telephone No.: 770-763-1000 Ext. 11547  
 Email Address: Debbie.Flowers@assurant.com  
 Effective Date: 10/1/2010

**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 [insurance.pnc@arkansas.gov](mailto: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	1054	1054	1350	1350	1143	1143	1350	1350	1350	1350	1350	1350	1350	1350	1054	1054	1465	1465
	\$120,000	1581	1581	2024	2024	1714	1714	2024	2024	2024	2024	2024	2024	2024	2024	1581	1581	2197	2197
	\$160,000	2108	2108	2699	2699	2286	2286	2699	2699	2699	2699	2699	2699	2699	2699	2108	2108	2930	2930
6	\$80,000	1054	1054	1350	1350	1143	1143	1350	1350	1350	1350	1350	1350	1350	1350	1054	1054	1465	1465
	\$120,000	1581	1581	2024	2024	1714	1714	2024	2024	2024	2024	2024	2024	2024	2024	1581	1581	2197	2197
	\$160,000	2108	2108	2699	2699	2286	2286	2699	2699	2699	2699	2699	2699	2699	2699	2108	2108	2930	2930
9	\$80,000	1054	1054	1350	1350	1143	1143	1350	1350	1350	1350	1350	1350	1350	1350	1054	1054	1465	1465
	\$120,000	1581	1581	2024	2024	1714	1714	2024	2024	2024	2024	2024	2024	2024	2024	1581	1581	2197	2197
	\$160,000	2108	2108	2699	2699	2286	2286	2699	2699	2699	2699	2699	2699	2699	2699	2108	2108	2930	2930

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	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	\$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		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																		

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

**HO3 and HO4 only**

Fire Extinguisher	0	%	Deadbolt Lock	0	%
Burglar Alarm	0	%	Window Locks	0	%
Smoke Alarm	0	%	\$1,000 Deductible	15	%
			Other (specify)		%
			Maximum Credit Allowed	N/A	%

**EARTHQUAKE INSURANCE**

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

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

WHAT IS YOUR PERCENTAGE DEDUCTIBLE?  %

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

Zone	Brick	Frame
Highest Risk	\$ <input type="text"/>	\$ <input type="text"/>
Lowest Risk	\$ <input type="text"/>	\$ <input type="text"/>

NAIC Number: 0019-42986  
 Company Name: Standard Guaranty Insurance Company  
 Contact Person: Debbie Flowers  
 Telephone No.: 770-763-1000 Ext. 11547  
 Email Address: Debbie.Flowers@assurant.com  
 Effective Date: 10/1/2010

**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 [insurance.pnc@arkansas.gov](mailto: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	1054	1054	1350	1350	1143	1143	1350	1350	1350	1350	1350	1350	1350	1350	1054	1054	1465	1465
	\$120,000	1581	1581	2024	2024	1714	1714	2024	2024	2024	2024	2024	2024	2024	2024	1581	1581	2197	2197
	\$160,000	2108	2108	2699	2699	2286	2286	2699	2699	2699	2699	2699	2699	2699	2699	2108	2108	2930	2930
6	\$80,000	1054	1054	1350	1350	1143	1143	1350	1350	1350	1350	1350	1350	1350	1350	1054	1054	1465	1465
	\$120,000	1581	1581	2024	2024	1714	1714	2024	2024	2024	2024	2024	2024	2024	2024	1581	1581	2197	2197
	\$160,000	2108	2108	2699	2699	2286	2286	2699	2699	2699	2699	2699	2699	2699	2699	2108	2108	2930	2930
9	\$80,000	1054	1054	1350	1350	1143	1143	1350	1350	1350	1350	1350	1350	1350	1350	1054	1054	1465	1465
	\$120,000	1581	1581	2024	2024	1714	1714	2024	2024	2024	2024	2024	2024	2024	2024	1581	1581	2197	2197
	\$160,000	2108	2108	2699	2699	2286	2286	2699	2699	2699	2699	2699	2699	2699	2699	2108	2108	2930	2930

**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	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	\$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		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																		

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

**HO3 and HO4 only**

Fire Extinguisher	0	%	Deadbolt Lock	0	%
Burglar Alarm	0	%	Window Locks	0	%
Smoke Alarm	0	%	\$1,000 Deductible	15	%
			Other (specify)		%
			Maximum Credit Allowed	N/A	%

**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?	no	(yes or no)
WHAT IS YOUR PERCENTAGE DEDUCTIBLE?	N/A	%
WHAT IS YOUR PRICE PER \$1,000 OF COVERAGE?		
	Zone	
	Highest Risk	\$ [ ]
	Lowest Risk	\$ [ ]

## NAIC LOSS COST DATA ENTRY DOCUMENT

1.	This filing transmittal is part of Company Tracking #	HO AR04165SGR01
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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	
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Company Name		Company NAIC Number		
3.	A.	<b>Standard Guaranty Insurance Company</b>	B.	<b>019-42986</b>

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.	<b>04.0 Homeowners</b>	B.	<b>04.0005 Other Homeowners</b>

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
Homeowners Multi-Peril	39.1%	21.0%	N/A	N/A	N/A	N/A	N/A
TOTAL OVERALL EFFECT	39.1%	21.0%					

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
2005	45	N/A	N/A	37	144	391.8%	52.2%
2006	69	N/A	N/A	54	(-12)	(-21.4)%	59.4%
2007	89	N/A	N/A	71	267	374.5%	107.9%
2008	82	N/A	N/A	78	1	1.5%	101.3%
June 2009	46	21.0%	10/15/2010	39	16	41.1%	114.4%

7.	
Expense Constants	Selected Provisions
A. Total Production Expense	25.0%
B. General Expense	15.0%
C. Taxes, License & Fees	2.5%
D. Underwriting Profit & Contingencies	5.0%
E. Other (explain)	
F. TOTAL	47.5%

8. N/A Apply Lost Cost Factors to Future filings? (Y or N)
9. 35.7% Estimated Maximum Rate Increase for any Insured (%). Territory (if applicable): \_\_\_\_\_
10. -6.8% 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 # **HO AR04165SGR01**

2. If filing is an adoption of an advisory organization loss cost filing, give name of Advisory Organization and Reference/ Item Filing Number

		Company Name		Company NAIC Number
3.	A.	<b>Standard Guaranty Insurance Company</b>	B.	<b>019-42986</b>

		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.	<b>04.0 Homeowners</b>	B.	<b>04.0005 Other Homeowners</b>

5.

(A) COVERAGE (See Instructions)	(B) Indicated % Rate Level Change	(C) Requested % Rate Level Change	FOR LOSS COSTS ONLY				
			(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
<b>Homeowners Multi-Peril</b>	<b>39.1%</b>	<b>37.9%</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>TOTAL OVERALL EFFECT</b>	<b>39.1%</b>	<b>37.9%</b>					

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
2005	45	N/A	N/A	37	144	391.8%	52.2%
2006	69	N/A	N/A	54	(-12)	(-21.4)%	59.4%
2007	89	N/A	N/A	71	267	374.5%	107.9%
2008	82	N/A	N/A	78	1	1.5%	101.3%
June 2009	46	37.9%	8/1/2010	39	16	41.1%	114.4%

7.

Expense Constants	Selected Provisions
A. Total Production Expense	<b>25.0%</b>
B. General Expense	<b>15.0%</b>
C. Taxes, License & Fees	<b>2.5%</b>
D. Underwriting Profit & Contingencies	<b>5.0%</b>
E. Other (explain)	
F. TOTAL	<b>47.5%</b>

8. N/A Apply Lost Cost Factors to Future filings? (Y or N)
9. 56.3% Estimated Maximum Rate Increase for any Insured (%). Territory (if applicable): \_\_\_\_\_
10. N/A 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 #	HO AR04165SSGR01
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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	
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Company Name		Company NAIC Number		
3.	A.	<b>Standard Guaranty Insurance Company</b>	B.	<b>019-42986</b>

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.	<b>04.0 Homeowners</b>	B.	<b>04.0005 Other Homeowners</b>

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
<b>Homeowners Multi-Peril</b>	<b>39.1%</b>	<b>37.9%</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
TOTAL OVERALL EFFECT	<b>39.1%</b>	<b>37.9%</b>					

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
<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>

7.	
Expense Constants	Selected Provisions
A. Total Production Expense	<b>25.0%</b>
B. General Expense	<b>15.0%</b>
C. Taxes, License & Fees	<b>2.5%</b>
D. Underwriting Profit & Contingencies	<b>5.0%</b>
E. Other (explain)	
F. TOTAL	<b>47.5%</b>

8. N/A Apply Lost Cost Factors to Future filings? (Y or N)
9. 56.3% Estimated Maximum Rate Increase for any Insured (%). Territory (if applicable): \_\_\_\_\_
10. N/A Estimated Maximum Rate Decrease for any Insured (%) Territory (if applicable): \_\_\_\_\_



**Standard Guaranty Insurance Company  
First Select Homeowners Program**

**Arkansas**

**Addendum**

We would like to implement an overall 21.0% rate change, staggered over a 2-year period. This would allow us to adjust our rates accordingly while also allowing our policyholders to ease into their respective rates. We would take a 10% rate increase in the first year, effective 10/15/2010, followed by a 10% rate increase the following year, effective 10/15/2011. In this proposal, no insured would receive a rate change greater than 25% in any given year. The table below outlines our current rates as well as our proposed rates based upon our proposed rate change plan.

	<b>Effective 10/15/2010</b>	<b>Effective 10/15/2011</b>
<b>Terr 1</b>	1.496	1.496
<b>Terr 2</b>	1.535	1.535
<b>Terr 3</b>	1.360	1.303
<b>Terr 4</b>	1.554	1.761
<b>Terr 5</b>	1.360	1.268
<b>Terr 6</b>	1.369	1.574

**Actuarial Memorandum**

Standard Guaranty Insurance Company (SGIC) would like to file several changes to its existing First Select Homeowners Program in the state of Arkansas. First, we are dividing the state into six territories. Currently, Arkansas is divided into 2 territories. We would like to divide it into 6 territories consisting of counties that are similar in their respective loss and premium trends. Second, we are revising the rates for each territory. Third, we are adding optional 2%/\$2,000, 3%/\$3,000, and 5%/\$5,000 Windstorm and Hail deductibles in all six territories. Fourth, we would like to make available a Water Back Up and Sump Overflow endorsement. Finally, we would like to add Increased Personal Liability and Medical Payment limits.

**Rate Level Indication**

Our indicated rate level change is 39.1%, as shown in Exhibit 1 and supported in Exhibits 2 through 8. In Exhibit 1, the loss ratio ratemaking methodology was used to calculate the rate indication proposed in this filing. In essence, a projected loss ratio based on Arkansas experience was compared to its permissible loss ratio. The projected loss ratio was based on five and a half calendar years of earned premium and incurred loss experience.

Exhibit 2 shows how historical premiums were on-leveled up to the latest approved rate change in order to reflect the current rate situation. Since there have been no rate changes in Arkansas, the on-level factor is 1.000. Premiums have been trended to an assumed average written date of 7/2//2010 using our Arkansas experience. The trend is based on average premiums fitted on a linear regression, as shown in Exhibit 3. Incurred losses have been trended to an assumed average accident date of 1/1/2011 using our countrywide experience, as shown in Exhibit 4. The trend is based on average loss per claim fitted on a linear regression.

Exhibit 5 uses our Arkansas average claim severity to show that our 5.5 - year experience is 8.3% credible.

Our permissible loss ratio is developed in Exhibit 6. Factors for commissions and brokerage, other acquisition incurred, general expenses, and taxes, licenses, and fees are based on 3-year averages of the ratios of these expenses to premiums reported by SGIC on the Insurance Expense Exhibit for the Homeowners Multi-Peril line.

The provision for profit and contingencies is calculated in Exhibit 7. Exhibits 7 and 8 are both based on SGIC's annual financial statements.

**Territory Rating**

We would like to introduce a new territorial rating by county. Previously, Arkansas was broken into 2 territories. The state of Arkansas will now be broken into 6 territories, described in Exhibit 9 and depicted in Exhibit 10.

**Deductible Options**

We are adding optional 2%/\$2,000, 3%/\$3,000 and 5%/\$5,000 Windstorm and Hail deductibles to all six territories. The associated rate impacts are derived in Exhibit 11. The computation of the credits for these optional deductibles can be seen in Exhibit 12.

**Overall Rate Change**

Exhibits 13 and 14 show the effect of territorial and tier changes, between year one and year two, to reach an overall rate change of 21.0%.

Territories 3, 4, 5 and 6 are new territories that were created from the redefinition of territories 1 and 2. Counties in newly defined territories 1, 2, 3, 4, 5, and 6 are receiving ultimate rate changes of 10%, 12.9%, -4.2%, 29.5%, -6.8%, and 15.7%, respectively, from the previous territory 2. Some counties previously in territory 1 that are now in territory 6 are receiving a 35.7% ultimate rate change. The table listed previously above details our current and proposed rates.

**New Endorsement – Water Back Up And Sump Overflow**

We would like to introduce a new endorsement for Water Back Up And Sump Overflow. ISO forms will be used, and the rate is comparable to that provided by ISO. A rate of \$35 will be charged in all territories. The limit of liability is \$5,000 with a \$250 deductible.

**Increased Personal Liability and Medical Payment Limits**

SGIC currently offers only a \$100,000 limit in personal liability (Coverage E) and a \$1,000 limit in medical payments (Coverage F), both of which are part of the First Select Homeowners base coverage. We would now like to offer optional increased limits of \$300,000 for personal liability and \$2,000 or \$5,000 for medical payments. Our proposed rates are seen below and were adopted from a similar program from SGIC's sister company – American Security Insurance Company's Choice Homeowner program. Furthermore, similar to American Security's program, claims arising out of domestic pets or domestic animals owned or in the care, custody or control of the insured will be limited to \$50,000 via the Animal Liability Special Limit form.

		Medical Payment (Coverage F) Limit		
		\$1,000	\$2,000	\$5,000
Personal Liability (Coverage E) Limit	\$100,000	Included	\$15.00	\$25.00
	\$300,000	\$30.00	\$35.00	\$40.00

## **Supporting Exhibits**

- 1 - Indicated Rate Level Change
- 2 - Earned Premium at Current Rate Level
- 3 - Premium Trend Factor
- 4 - Loss Trend Factor
- 5 - Credibility Calculation
- 6 - Development of Permissible Loss & LAE Ratio
- 7 - Derivation of Underwriting Profit Provision
- 8 - Estimated Investment Earnings on Unearned Premium and Loss Reserves
- 9 - Territorial Definitions
- 10 - Territorial Map
- 11 - Derivation of Optional Deductible Changes
- 12 - Deductible Options and Credits
- 13 - Base Rate Change by Territory (Revised)
- 14 - Overall Rate Level Effect (Revised)

**Standard Guaranty Insurance Company  
First Select Homeowners Program**

**Arkansas**

**Actuarial Memorandum**

***Amended to include Objection Changes***

Standard Guaranty Insurance Company (SGIC) would like to file several changes to its existing First Select Homeowners Program in the state of Arkansas. First, we are dividing the state into six territories. Currently, Arkansas is divided into 2 territories. We would like to divide it into 6 territories consisting of counties that are similar in their respective loss and premium trends. Second, we are revising the rates for each territory. Third, we are adding optional 2%/\$2,000, 3%/\$3,000, and 5%/\$5,000 Windstorm and Hail deductibles in all six territories. Fourth, we would like to make available a Water Back Up and Sump Overflow endorsement. Finally, we would like to add Increased Personal Liability and Medical Payment limits.

**Rate Level Indication**

Our indicated rate level change is 39.1%, as shown in Exhibit 1 and supported in Exhibits 2 through 8. In Exhibit 1, the loss ratio ratemaking methodology was used to calculate the rate indication proposed in this filing. In essence, a projected loss ratio based on Arkansas experience was compared to its permissible loss ratio. The projected loss ratio was based on five and a half calendar years of earned premium and incurred loss experience.

Exhibit 2 shows how historical premiums were on-leveled up to the latest approved rate change in order to reflect the current rate situation. Since there have been no rate changes in Arkansas, the on-level factor is 1.000. Premiums have been trended to an assumed average written date of 7/2//2010 using our Arkansas experience. The trend is based on average premiums fitted on a linear regression, as shown in Exhibit 3. Incurred losses have been trended to an assumed average accident date of 1/1/2011 using our countrywide experience, as shown in Exhibit 4. The trend is based on average loss per claim fitted on a linear regression.

Exhibit 5 uses our Arkansas average claim severity to show that our 5.5 - year experience is 8.3% credible.

Our permissible loss ratio is developed in Exhibit 6. Factors for commissions and brokerage, other acquisition incurred, general expenses, and taxes, licenses, and fees are based on 3-year averages of the ratios of these expenses to premiums reported by SGIC on the Insurance Expense Exhibit for the Homeowners Multi-Peril line.

The provision for profit and contingencies is calculated in Exhibit 7. Exhibits 7 and 8 are both based on SGIC's annual financial statements.

**Territory Rating**

We would like to introduce a new territorial rating by county. Previously, Arkansas was broken into 2 territories. The state of Arkansas will now be broken into 6 territories, described in Exhibit 9 and depicted in Exhibit 10.

### Deductible Options

We are adding optional 2%/\$2,000, 3%/\$3,000 and 5%/\$5,000 Windstorm and Hail deductibles to all six territories. The associated rate impacts are derived in Exhibit 11. The computation of the credits for these optional deductibles can be seen in Exhibit 12.

### Overall Rate Change

Exhibits 13 and 14 show the effect of the territorial base rate changes, to reach an overall rate change of 37.9%.

Territories 3, 4, 5 and 6 are new territories that were created from the redefinition of territories 1 and 2. Counties in newly defined territories 1, 2, 3, 4, 5, and 6 are receiving rate changes of 10%, 12.9%, 7.1%, 44.8%, 4.2%, and 33.4%, respectively, from the previous territory 2. Some counties previously in territory 1 that are now in territory 6 are receiving a 56.3% rate change. The table below details our current and proposed rates.

	<b>Current Rates</b>	<b>Proposed Rates</b>
<b>Terr 1</b>	1.160	1.496
<b>Terr 2</b>	1.360	1.536
<b>Terr 3</b>	N/A	1.457
<b>Terr 4</b>	N/A	1.969
<b>Terr 5</b>	N/A	1.417
<b>Terr 6</b>	N/A	1.814

### New Endorsement – Water Back Up And Sump Overflow

We would like to introduce a new endorsement for Water Back Up And Sump Overflow. ISO forms will be used, and the rate is comparable to that provided by ISO. A rate of \$35 will be charged in all territories. The limit of liability is \$5,000 with a \$250 deductible.

### Increased Personal Liability and Medical Payment Limits

SGIC currently offers only a \$100,000 limit in personal liability (Coverage E) and a \$1,000 limit in medical payments (Coverage F), both of which are part of the First Select Homeowners base coverage. We would now like to offer optional increased limits of \$300,000 for personal liability and \$2,000 or \$5,000 for medical payments. Our proposed rates are seen below and were adopted from a similar program from SGIC's sister company – American Security Insurance Company's Choice Homeowner program. Furthermore, similar to American Security's program, claims arising out of domestic pets or domestic animals owned or in the care, custody or control of the insured will be limited to \$50,000 via the Animal Liability Special Limit form.

		Medical Payment (Coverage F) Limit		
		<b>\$1,000</b>	<b>\$2,000</b>	<b>\$5,000</b>
Personal Liability (Coverage E) Limit	<b>\$100,000</b>	Included	\$15.00	\$25.00
	<b>\$300,000</b>	\$30.00	\$35.00	\$40.00

### **Supporting Exhibits**

- 1 - Indicated Rate Level Change
- 2 - Earned Premium at Current Rate Level
- 3 - Premium Trend Factor
- 4 - Loss Trend Factor
- 5 - Credibility Calculation
- 6 - Development of Permissible Loss & LAE Ratio
- 7 - Derivation of Underwriting Profit Provision
- 8 - Estimated Investment Earnings on Unearned Premium and Loss Reserves
- 9 - Territorial Definitions
- 10 – Territorial Map
- 11 - Derivation of Deductible Changes and Rate Level Impact
- 12 - Derivation of Optional Deductible Changes
- 13 - Deductible Changes - Rate Level Impact to Existing Insureds
- 14 - Deductible Options and Credits
- 15 - Base Rate Change by Territory
- 16 - Overall Rate Level Effect

**STANDARD GUARANTY INSURANCE COMPANY  
FIRST SELECT HOMEOWNERS PROGRAM  
ARKANSAS**

Indicated Rate Level Change					
Calendar Year	(1) Written Premium	(2) Earned Premium	(3) Current Level Factor (Exhibit 2)	(4) Premium Trend Factor (Exhibit 3)	(5) Trended Earned Premium (2)*(3)*(4)
2004	29,076	27,122	1.000	1.265	34,321
2005	44,318	36,741	1.000	1.217	44,705
2006	62,993	54,009	1.000	1.170	63,190
2007	85,139	71,336	1.000	1.125	80,255
2008	70,700	78,123	1.000	1.082	84,504
Jun-09	40,673	39,121	1.000	1.051	41,097
Total	332,898	306,453			348,072
Calendar Year	(6) Incurred Losses	(7) Loss Trend Factor (Exhibit 4)	(8) Modified Losses (6)*(7)	(9) Trended Loss Ratio (8)/(5)	
2004	11,943	2.082	24,869	72.5%	
2005	143,964	1.843	265,310	593.5%	
2006	(11,583)	1.631	(18,891)	-29.9%	
2007	267,138	1.444	385,614	480.5%	
2008	1,181	1.277	1,508	1.8%	
Jun-09	16,071	1.166	18,737	45.6%	
Total	428,714		677,146	194.5%	
(10) 5.5 -Year Loss Ratio				194.5%	
(11) Credibility (from Exhibit 5)				8.3%	
(12) Permissible Loss Ratio				52.5%	
(13) Trended Expected Loss Ratio (7) x (12) / (4)				62.0%	
(14) Credibility-Weighted Loss Ratio (11) x (10) + [ 1 - (11) ] x (13)				73.0%	
(15) Indicated Rate Level Change [ (14) / (12) - 1 ]				39.1%	
<b>(16) Selected Rate Level Change</b>				<b>21.0%</b>	

**STANDARD GUARANTY INSURANCE COMPANY  
FIRST SELECT HOMEOWNERS PROGRAM  
ARKANSAS**

Earned Premium at Current Rate Level

There have been no rate changes in Arkansas since inception.  
The current level factor for 2004-2008 is 1.000

**STANDARD GUARANTY INSURANCE COMPANY  
FIRST SELECT HOMEOWNERS PROGRAM  
ARKANSAS**

Premium Trend Factor

Calendar Year	Written Premium	Written Exposures	Average Premium	Fitted Average Premium*	Indicated Premium Trend
2004	29,076	26	1,135	1,199	
2005	44,318	34	1,322	1,256	1.05
2006	62,993	47	1,326	1,313	1.05
2007	85,139	61	1,401	1,370	1.04
2008	70,700	51	1,380	1,427	1.04

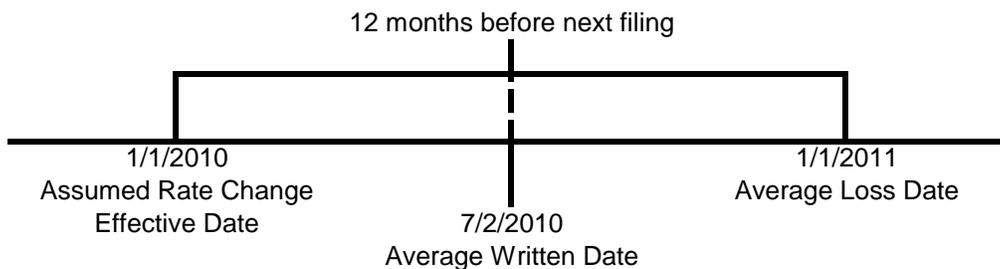
\* Based on a linear regression of average premium.

4.0% (A) Selected Annual Premium Trend

7/2/2010 (B) Average Written Date for Projected Rates

(1) Cal/Acc Year Ending	(2) Premium Trend Factor
12/31/2004	1.265
12/31/2005	1.217
12/31/2006	1.170
12/31/2007	1.125
12/31/2008	1.082
6/30/2009	1.051

$$(2) = [ 1 + (A) ] ^ [ \{(B) - (1)\} / 365.25 + 0.5 ]$$



**STANDARD GUARANTY INSURANCE COMPANY  
FIRST SELECT HOMEOWNERS PROGRAM  
COUNTRYWIDE EXPERIENCE**

Loss Trend Factor

Calendar Year	Paid Losses	Claim Count	Average Loss	Fitted Average Losses*	Indicated Loss Trend
2004	1,163,983	105	11,086	11,307	
2005	1,753,604	131	13,386	13,037	1.153
2006	2,604,342	212	12,285	14,766	1.133
2007	5,962,792	280	21,296	16,496	1.117
2008	6,548,205	415	15,779	18,225	1.105

Calendar Year	Non-Cat Paid Losses	Non-Cat Claim Count	Average Non-Cat Loss	Fitted Non-Cat Average Losses*	Non-Cat Indicated Loss Trend
2004	768,885	84	9,153	9,906	
2005	1,709,103	120	14,243	11,847	1.196
2006	2,387,740	195	12,245	13,788	1.164
2007	3,469,157	237	14,638	15,730	1.141
2008	6,065,280	325	18,662	17,671	1.123

\* Based on a linear regression of paid per claim.

13.0% (A) Selected Annual Loss Trend

1/1/2011 (B) Average Accident Date for Projected Rates

(1) Cal/Acc Year Ending	(2) Loss Trend Factor
12/31/2004	2.082
12/31/2005	1.843
12/31/2006	1.631
12/31/2007	1.444
12/31/2008	1.277
6/30/2009	1.166

$$(2) = [ 1 + (A) ] ^ [ ((B) - (1))/365.25 + 0.5 ]$$



**STANDARD GUARANTY INSURANCE COMPANY  
FIRST SELECT HOMEOWNERS PROGRAM  
ARKANSAS**

Credibility Calculation

(A) Full Credibility Standard (90% confidence that the calculated value is within 5% of the true value)	1,082 Claims
(B) Average Claim Severity <sup>(1)</sup> / <sub>(2)</sub>	20,961
(1) Paid Losses CY 2004 - June 2009:	377,301
(2) Claim Count CY 2004 - June 2009:	18
(C) Paid Losses for Full Credibility (A)*(B)	22,679,999
(D) Permissible Loss Ratio (Exhibit 6)	52.5%
(E) Indicated Earned Premium for Full Credibility (C)/(D)	43,199,998
(F) Selected Earned Premium for Full Credibility	44,000,000
(G) Actual Earned Premium (2004 - June 2009) (Exhibit 1)	306,453
(H) Credibility $\min(\sqrt{(G)/(F)}, 100\%)$	8.3%

**STANDARD GUARANTY INSURANCE COMPANY  
FIRST SELECT HOMEOWNERS PROGRAM  
COUNTRYWIDE EXPERIENCE**

Development of Permissible Loss & LAE Ratio

Calendar Year	2006		2007		2008		3 Year Average	Budgeted
	\$ (in 000's)	%	\$ (in 000's)	%	\$ (in 000's)	%		
Adjusted Direct Premium Written (Part III, Col 1)	5,736	100.0%	8,001	100.0%	14,992	100.0%	100.0%	
Adjusted Direct Premium Earned (Part III, Col 3)	5,168	100.0%	6,125	100.0%	12,749	100.0%	100.0%	
Adj Dir Commissions & Brokerage (W) (Part III, Col 23)	1,181	20.6%	1,321	16.5%	3,042	20.3%	19.1%	20.00%
Other Acquisition Incurred (E) (Part III, Col 27)	119	2.3%	635	10.4%	359	2.8%	5.2%	5.00%
General Expenses Incurred (E) (Part III, Col 29)	1,018	19.7%	5,137	83.9%	3,120	24.5%	42.7%	15.00%
Taxes, Licenses, & Fees (W) (Part III, Col 25)	154	2.7%	206	2.6%	178	1.2%	2.1%	2.50%
Total Expenses								42.50%
Profit & Contingencies (Exhibit 7)								5.00%
Permissible Loss & LAE Ratio								52.50%

Source: Insurance Expense Exhibit - 2006-2008 Lines 4 Homeowners Multiple Peril

**STANDARD GUARANTY INSURANCE COMPANY  
FIRST SELECT HOMEOWNERS PROGRAM**

**COUNTRYWIDE EXPERIENCE**

Derivation of Underwriting Profit Provision

(1)	Target After-Tax Rate of Return on Surplus	15.0%
(2)	Ratio of Written Premium to Surplus	1.77
(3)	Expected Investment Income on Reserves as a % of Premium	1.3%
(4)	Expected Investment Income on Reserves as a % of Surplus = (3) x (2)	2.2%
(5)	Expected Investment Income on Surplus as a % of Surplus	2.9%
(6)	Total Expected Investment Income as a % of Surplus = (4) + (5)	5.1%
(7)	Federal Income Tax on Investment Income as a % of Surplus = (6) x 32.3%	1.7%
(8)	After-Tax Investment Income on Surplus = (6) - (7)	3.5%
(9)	Target After-Tax Underwriting Profit as a % of Surplus = (1) - (8)	11.5%
(10)	Target After-Tax Underwriting Profit as a % of Premium = (9) / (2)	6.5%
(11)	Target Pre-Tax Underwriting Profit as a % of Premium = (10) / {1-35%}	10.0%
(12)	Selected Pre-Tax Underwriting Profit as a % of Premium	5.0%

**STANDARD GUARANTY INSURANCE COMPANY  
FIRST SELECT HOMEOWNERS PROGRAM**

**COUNTRYWIDE EXPERIENCE**

Estimated Investment Earnings on Unearned Premium and Loss Reserves

A.	Unearned Premium Reserve	
1.	Direct Earned Premium	\$12,749,187
2.	Mean Unearned Premium Reserve	\$4,946,000
3.	Percentage Total of Prepaid Expense	
	a. Commission and Brokerage	20.00%
	b. Taxes, Licenses and Fees	2.50%
	c. 50% of Other Acquisition Expense	2.50%
	d. 50% of General Expense	<u>7.50%</u>
	e. Total	32.50%
4.	Dollar Total of Prepaid Expense (A2) × (A3e)	\$1,607,450
5.	Subject to Investment (A2) - (A4)	\$3,338,550
B.	Delayed Remission of Premium	\$27,822
C.	Expected Loss and Loss Adjustment Reserve	
1.	Direct Earned Premium (A1)	\$12,749,187
	x (Expected Loss and Loss Adjustment Ratio)	51.6%
2.	Expected Incurred Loss and Loss Adjustment	\$6,578,580
	x (Reserve to Incurred Ratio)	33.5%
3.	Expected Loss and Loss Adjustment Reserve	\$2,203,824
D.	Net Subject to Investment (A5) - (B) + (C3)	\$5,514,551
E.	Average Rate of Return on Invested Assets	2.9%
F.	Investment Earnings on Net Subject to Investment (D) × (E)	\$159,994
G.	Ratio of Investment Earnings to Earned Premium (F) ÷ (A1)	1.3%

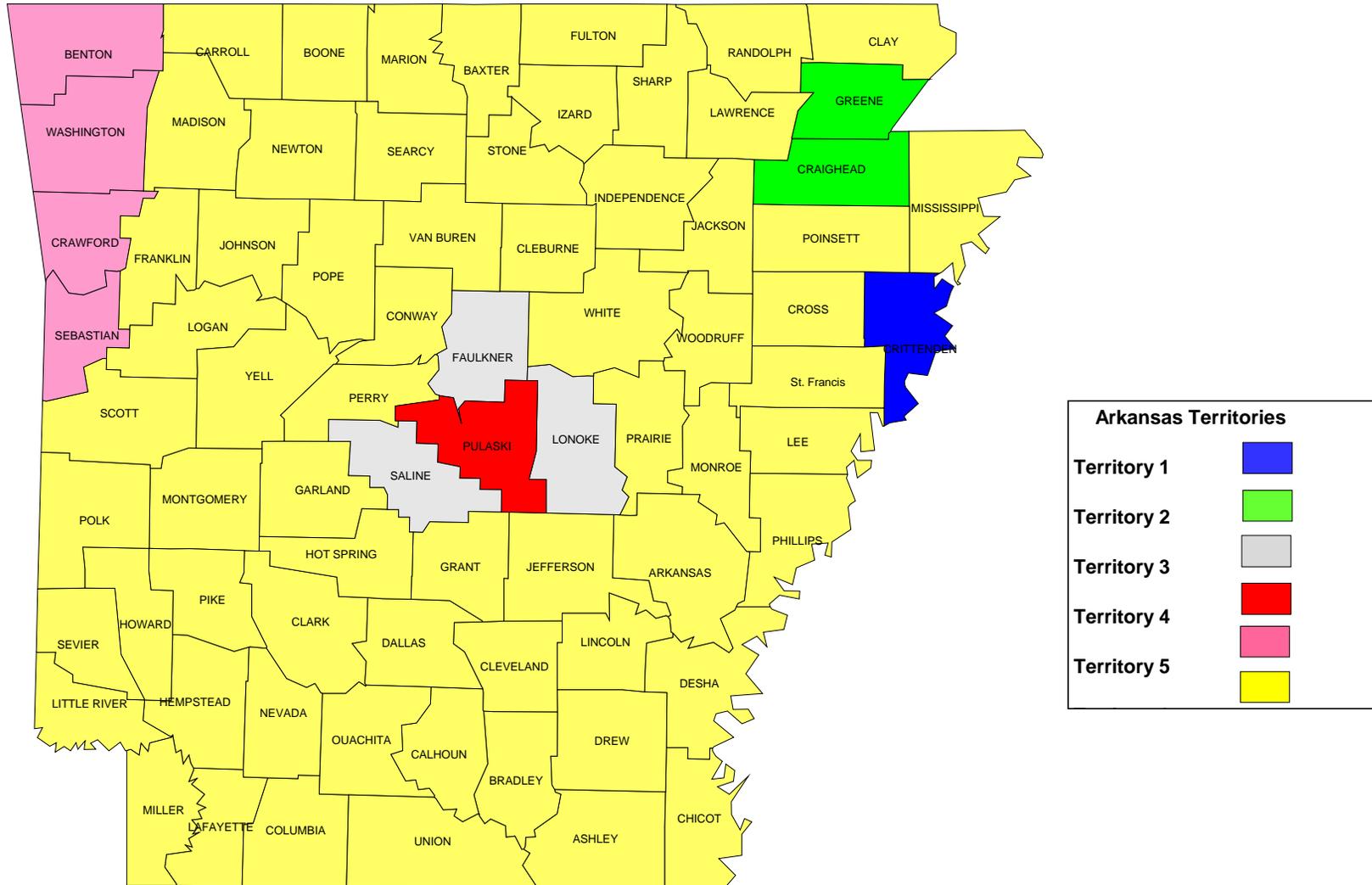
**STANDARD GUARANTY INSURANCE COMPANY  
FIRST SELECT HOMEOWNERS PROGRAM  
ARKANSAS**

Territory Definitions

Territory 1					
CRITTENDEN					
Territory 2					
CRAIGHEAD		GREENE			
Territory 3					
FAULKNER	LONOKE			SALINE	
Territory 4					
PULASKI					
Territory 5					
BENTON	CRAWFORD	SEBASTIAN	WASHINGTON		
Territory 6					
ARKANSAS	CLEVELAND	HEMPSTEAD	LINCOLN	OUACHITA	SEARCY
ASHLEY	COLUMBIA	HOT SPRING	LITTLE RIVER	PERRY	SEVIER
BAXTER	CONWAY	HOWARD	LOGAN	PHILLIPS	SHARP
BOONE	CROSS	INDEPENDENCE	MADISON	PIKE	ST. FRANCIS
BRADLEY	DALLAS	IZARD	MARION	POINSETT	STONE
CALHOUN	DESHA	JACKSON	MILLER	POLK	UNION
CARROLL	DREW	JEFFERSON	MISSISSIPPI	POPE	VAN BUREN
CHICOT	FRANKLIN	JOHNSON	MONROE	PRAIRIE	WHITE
CLARK	FULTON	LAFAYETTE	MONTGOMERY	RANDOLPH	WOODRUFF
CLAY	GARLAND	LAWRENCE	NEVADA	SCOTT	YELL
CLEBURNE	GRANT	LEE	NEWTON		

**STANDARD GUARANTY INSURANCE COMPANY  
FIRST SELECT HOMEOWNERS PROGRAM  
ARKANSAS**

Territory Definitions (Map)



**STANDARD GUARANTY INSURANCE COMPANY  
FIRST SELECT HOMEOWNERS PROGRAM  
ARKANSAS**

Derivation of Optional Deductible Credits

**All Territories**

<u>Wind/Hail Deductible</u>			
Ground Up Losses	\$406,618	\$406,618	\$406,618
New Deductible	2% / \$2,000	3% / \$3,000	5% / \$5,000
Amount Paid	\$377,935	\$371,882	\$365,611
Losses Eliminated	\$28,683	\$34,736	\$41,007

(1) Loss Elimination Ratio	7.1%	8.5%	10.1%
(2) Safety Factor	90.0%	90.0%	90.0%
(3) Tempered LER	6.3%	7.7%	9.1%
(4) Variable Expenses from PLR	27.5%	27.5%	27.5%
(5) Indicated Discount	8.8%	10.6%	12.5%
(6) Selected Discount	9.0%	11.0%	13.0%

(1) = Losses Eliminated / Amount Paid under Previous Deductible

(3) = (1) \* (2)

(4) = Commission & Brokerage + Taxes, Licenses, & Fees + Profit & Contingencies (see Exhibit 6)

(5) = (3) / (1 - (4))

**STANDARD GUARANTY INSURANCE COMPANY  
FIRST SELECT HOMEOWNERS PROGRAM  
ARKANSAS**

**Deductible Options and Credits**

<u>All Other Perils Deductible</u>	<u>Windstorm &amp; Hail Deductible</u>			
	No Wind/Hail Deductible	2%/\$2,000	3%/\$3,000	5%/\$5,000
\$100	-7.5%	2.2%	4.3%	6.5%
\$250	0.0%	9.0%	11.0%	13.0%
\$500	7.0%	15.4%	17.2%	19.1%
\$1,000	15.0%	22.7%	24.4%	26.1%

**Adjustment Factors**

<u>All Other Perils Deductible</u>	<u>Windstorm &amp; Hail Deductible</u>			
	No Wind/Hail Deductible	2%/\$2,000	3%/\$3,000	5%/\$5,000
\$100	1.075	0.978	0.957	0.935
\$250	included	0.910	0.890	0.870
\$500	0.930	0.846	0.828	0.809
\$1,000	0.850	0.774	0.757	0.740

**STANDARD GUARANTY INSURANCE COMPANY  
FIRST SELECT HOMEOWNERS PROGRAM  
ARKANSAS**

Base Rate Change by Territory

Old Territory	New Territory	Rate Chg Eff. 10/15/2010	Year 1 Rate Impact	Rate Chg Eff. 10/15/2011	Year 2 Rate Impact	% of State	Effective Change
1	6	18.0%	5.7%	15.0%	4.7%	31.4%	35.7%
2	1	10.0%	0.0%	0.0%	0.0%	0.0%	10.0%
2	2	12.9%	0.0%	0.0%	0.0%	0.0%	12.9%
2	3	0.0%	0.0%	-4.2%	-0.2%	5.6%	-4.2%
2	4	14.3%	4.2%	13.3%	4.0%	29.7%	29.5%
2	5	0.0%	0.0%	-6.8%	-1.1%	15.7%	-6.8%
2	6	0.7%	0.1%	15.0%	2.6%	17.6%	15.7%
<b>Grand Total</b>			<b>10.0%</b>		<b>10.0%</b>	<b>100.0%</b>	

**STANDARD GUARANTY INSURANCE COMPANY  
FIRST SELECT HOMEOWNERS PROGRAM  
ARKANSAS**

Overall Rate Level Effect

(1) Year 1 Rate Level Effect Exhibit 13	10.0%
(2) Year 2 Rate Level Effect Exhibit 13	10.0%
(3) Overall Rate Level Effect Exhibit 13 $\{[1 + (1)] * [1 + (2)]\} - 1$	21.0%

**STANDARD GUARANTY INSURANCE COMPANY  
FIRST SELECT HOMEOWNERS PROGRAM  
ARKANSAS**

Indicated Rate Level Change					
Calendar Year	(1) Written Premium	(2) Earned Premium	(3) Current Level Factor (Exhibit 2)	(4) Premium Trend Factor (Exhibit 3)	(5) Trended Earned Premium (2)*(3)*(4)
2004	29,076	27,122	1.000	1.265	34,321
2005	44,318	36,741	1.000	1.217	44,705
2006	62,993	54,009	1.000	1.170	63,190
2007	85,139	71,336	1.000	1.125	80,255
2008	70,700	78,123	1.000	1.082	84,504
Jun-09	40,673	39,121	1.000	1.051	41,097
<b>Total</b>	<b>332,898</b>	<b>306,453</b>			<b>348,072</b>
Calendar Year	(6) Incurred Losses	(7) Loss Trend Factor (Exhibit 4)	(8) Modified Losses (6)*(7)	(9) Trended Loss Ratio (8)/(5)	
2004	11,943	2.082	24,869	72.5%	
2005	143,964	1.843	265,310	593.5%	
2006	(11,583)	1.631	(18,891)	-29.9%	
2007	267,138	1.444	385,614	480.5%	
2008	1,181	1.277	1,508	1.8%	
Jun-09	16,071	1.166	18,737	45.6%	
<b>Total</b>	<b>428,714</b>		<b>677,146</b>	<b>194.5%</b>	
(10) 5.5 -Year Loss Ratio				194.5%	
(11) Credibility (from Exhibit 5)				8.3%	
(12) Permissible Loss Ratio				52.5%	
(13) Trended Expected Loss Ratio (7) x (12) / (4)				62.0%	
(14) Credibility-Weighted Loss Ratio (11) x (10) + [ 1 - (11) ] x (13)				73.0%	
(15) Indicated Rate Level Change [ (14) / (12) - 1 ]				39.1%	
<b>(16) Selected Rate Level Change</b>				<b>37.9%</b>	

**STANDARD GUARANTY INSURANCE COMPANY  
FIRST SELECT HOMEOWNERS PROGRAM  
ARKANSAS**

Earned Premium at Current Rate Level

There have been no rate changes in Arkansas since inception.  
The current level factor for 2004-2008 is 1.000

**STANDARD GUARANTY INSURANCE COMPANY  
FIRST SELECT HOMEOWNERS PROGRAM  
ARKANSAS**

Premium Trend Factor

Calendar Year	Written Premium	Written Exposures	Average Premium	Fitted Average Premium*	Indicated Premium Trend
2004	29,076	26	1,135	1,199	
2005	44,318	34	1,322	1,256	1.05
2006	62,993	47	1,326	1,313	1.05
2007	85,139	61	1,401	1,370	1.04
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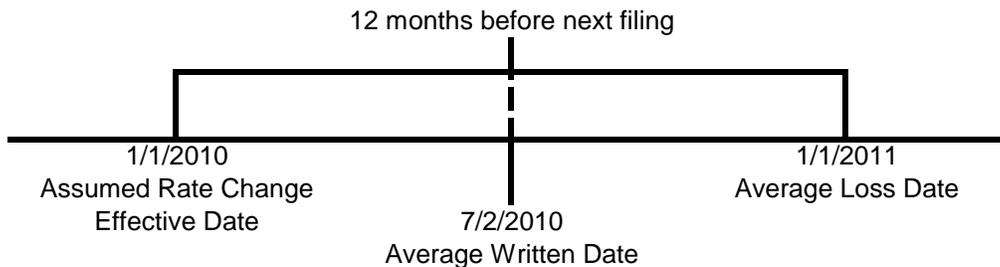
\* Based on a linear regression of average premium.

4.0% (A) Selected Annual Premium Trend

7/2/2010 (B) Average Written Date for Projected Rates

(1) Cal/Acc Year Ending	(2) Premium Trend Factor
12/31/2004	1.265
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12/31/2006	1.170
12/31/2007	1.125
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6/30/2009	1.051

$$(2) = [ 1 + (A) ] ^ [ \{(B) - (1)\} / 365.25 + 0.5 ]$$



**STANDARD GUARANTY INSURANCE COMPANY  
FIRST SELECT HOMEOWNERS PROGRAM  
COUNTRYWIDE EXPERIENCE**

Loss Trend Factor

Calendar Year	Paid Losses	Claim Count	Average Loss	Fitted Average Losses*	Indicated Loss Trend
2004	1,163,983	105	11,086	11,307	
2005	1,753,604	131	13,386	13,037	1.153
2006	2,604,342	212	12,285	14,766	1.133
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2008	6,548,205	415	15,779	18,225	1.105

Calendar Year	Non-Cat Paid Losses	Non-Cat Claim Count	Average Non-Cat Loss	Fitted Non-Cat Average Losses*	Non-Cat Indicated Loss Trend
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2006	2,387,740	195	12,245	13,788	1.164
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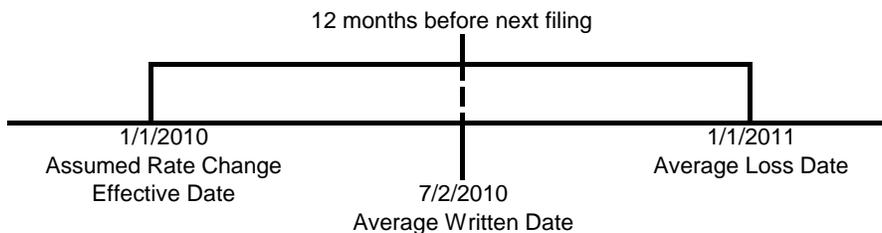
\* Based on a linear regression of paid per claim.

13.0% (A) Selected Annual Loss Trend

1/1/2011 (B) Average Accident Date for Projected Rates

(1) Cal/Acc Year Ending	(2) Loss Trend Factor
12/31/2004	2.082
12/31/2005	1.843
12/31/2006	1.631
12/31/2007	1.444
12/31/2008	1.277
6/30/2009	1.166

$$(2) = [ 1 + (A) ] ^ [ ((B) - (1))/365.25 + 0.5 ]$$



**STANDARD GUARANTY INSURANCE COMPANY  
FIRST SELECT HOMEOWNERS PROGRAM  
ARKANSAS**

Credibility Calculation

(A) Full Credibility Standard (90% confidence that the calculated value is within 5% of the true value)		1,082 Claims
(B) Average Claim Severity <sup>(1)/(2)</sup>		20,961
(1) Paid Losses CY 2004 - June 2009:	377,301	
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(C) Paid Losses for Full Credibility (A)*(B)		22,679,999
(D) Permissible Loss Ratio (Exhibit 6)		52.5%
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(G) Actual Earned Premium (2004 - June 2009) (Exhibit 1)		306,453
(H) Credibility min(sqrt[(G)/(F)], 100%)		8.3%

**STANDARD GUARANTY INSURANCE COMPANY  
FIRST SELECT HOMEOWNERS PROGRAM  
COUNTRYWIDE EXPERIENCE**

Development of Permissible Loss & LAE Ratio

Calendar Year	2006		2007		2008		3 Year Average	Budgeted
	\$(in 000's)	%	\$(in 000's)	%	\$(in 000's)	%		
Adjusted Direct Premium Written (Part III, Col 1)	5,736	100.0%	8,001	100.0%	14,992	100.0%	100.0%	
Adjusted Direct Premium Earned (Part III, Col 3)	5,168	100.0%	6,125	100.0%	12,749	100.0%	100.0%	
Adj Dir Commissions & Brokerage (W) (Part III, Col 23)	1,181	20.6%	1,321	16.5%	3,042	20.3%	19.1%	20.00%
Other Acquisition Incurred (E) (Part III, Col 27)	119	2.3%	635	10.4%	359	2.8%	5.2%	5.00%
General Expenses Incurred (E) (Part III, Col 29)	1,018	19.7%	5,137	83.9%	3,120	24.5%	42.7%	15.00%
Taxes, Licenses, & Fees (W) (Part III, Col 25)	154	2.7%	206	2.6%	178	1.2%	2.1%	2.50%
Total Expenses								42.50%
Profit & Contingencies (Exhibit 7)								5.00%
Permissible Loss & LAE Ratio								52.50%

Source: Insurance Expense Exhibit - 2006-2008 Lines 4 Homeowners Multiple Peril

**STANDARD GUARANTY INSURANCE COMPANY  
FIRST SELECT HOMEOWNERS PROGRAM**

**COUNTRYWIDE EXPERIENCE**

Derivation of Underwriting Profit Provision

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(9)	Target After-Tax Underwriting Profit as a % of Surplus = (1) - (8)	11.5%
(10)	Target After-Tax Underwriting Profit as a % of Premium = (9) / (2)	6.5%
(11)	Target Pre-Tax Underwriting Profit as a % of Premium = (10) / {1-35%}	10.0%
(12)	Selected Pre-Tax Underwriting Profit as a % of Premium	5.0%

**STANDARD GUARANTY INSURANCE COMPANY  
FIRST SELECT HOMEOWNERS PROGRAM**

**COUNTRYWIDE EXPERIENCE**

Estimated Investment Earnings on Unearned Premium and Loss Reserves

A.	Unearned Premium Reserve	
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	a. Commission and Brokerage	20.00%
	b. Taxes, Licenses and Fees	2.50%
	c. 50% of Other Acquisition Expense	2.50%
	d. 50% of General Expense	<u>7.50%</u>
	e. Total	32.50%
4.	Dollar Total of Prepaid Expense (A2) × (A3e)	\$1,607,450
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2.	Expected Incurred Loss and Loss Adjustment	\$6,578,580
	x (Reserve to Incurred Ratio)	33.5%
3.	Expected Loss and Loss Adjustment Reserve	\$2,203,824
D.	Net Subject to Investment (A5) - (B) + (C3)	\$5,514,551
E.	Average Rate of Return on Invested Assets	2.9%
F.	Investment Earnings on Net Subject to Investment (D) × (E)	\$159,994
G.	Ratio of Investment Earnings to Earned Premium (F) ÷ (A1)	1.3%

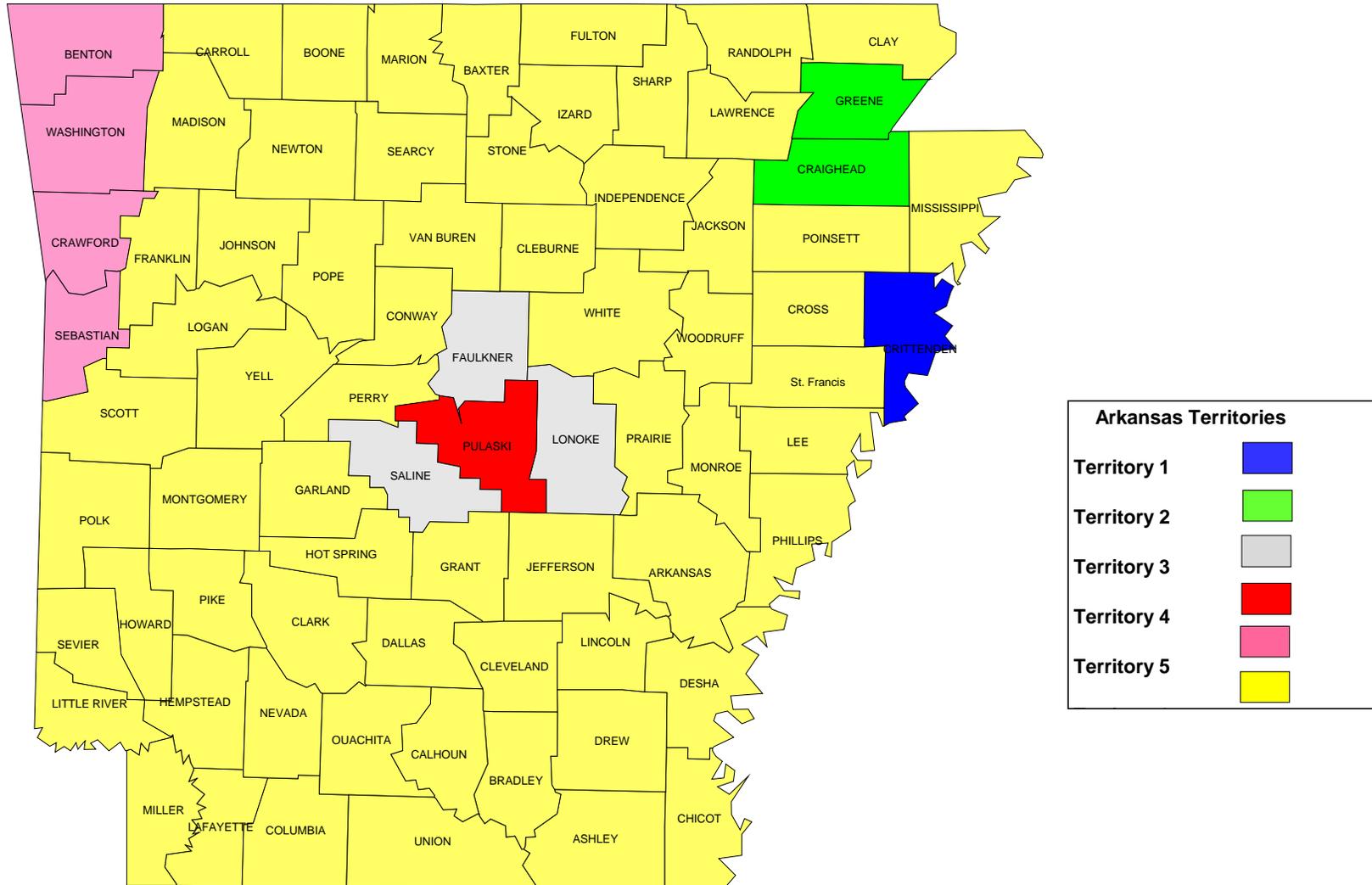
**STANDARD GUARANTY INSURANCE COMPANY  
FIRST SELECT HOMEOWNERS PROGRAM  
ARKANSAS**

Territory Definitions

Territory 1					
CRITTENDEN					
Territory 2					
CRAIGHEAD		GREENE			
Territory 3					
FAULKNER	LONOKE			SALINE	
Territory 4					
PULASKI					
Territory 5					
BENTON	CRAWFORD	SEBASTIAN	WASHINGTON		
Territory 6					
ARKANSAS	CLEVELAND	HEMPSTEAD	LINCOLN	OUACHITA	SEARCY
ASHLEY	COLUMBIA	HOT SPRING	LITTLE RIVER	PERRY	SEVIER
BAXTER	CONWAY	HOWARD	LOGAN	PHILLIPS	SHARP
BOONE	CROSS	INDEPENDENCE	MADISON	PIKE	ST. FRANCIS
BRADLEY	DALLAS	IZARD	MARION	POINSETT	STONE
CALHOUN	DESHA	JACKSON	MILLER	POLK	UNION
CARROLL	DREW	JEFFERSON	MISSISSIPPI	POPE	VAN BUREN
CHICOT	FRANKLIN	JOHNSON	MONROE	PRAIRIE	WHITE
CLARK	FULTON	LAFAYETTE	MONTGOMERY	RANDOLPH	WOODRUFF
CLAY	GARLAND	LAWRENCE	NEVADA	SCOTT	YELL
CLEBURNE	GRANT	LEE	NEWTON		

**STANDARD GUARANTY INSURANCE COMPANY  
FIRST SELECT HOMEOWNERS PROGRAM  
ARKANSAS**

Territory Definitions (Map)



**STANDARD GUARANTY INSURANCE COMPANY  
FIRST SELECT HOMEOWNERS PROGRAM  
ARKANSAS**

Derivation of Optional Deductible Credits

**All Territories**

<u>Wind/Hail Deductible</u>			
Ground Up Losses	\$406,618	\$406,618	\$406,618
New Deductible	2% / \$2,000	3% / \$3,000	5% / \$5,000
Amount Paid	\$377,935	\$371,882	\$365,611
Losses Eliminated	\$28,683	\$34,736	\$41,007

(1) Loss Elimination Ratio	7.1%	8.5%	10.1%
(2) Safety Factor	90.0%	90.0%	90.0%
(3) Tempered LER	6.3%	7.7%	9.1%
(4) Variable Expenses from PLR	27.5%	27.5%	27.5%
(5) Indicated Discount	8.8%	10.6%	12.5%
(6) Selected Discount	9.0%	11.0%	13.0%

(1) = Losses Eliminated / Amount Paid under Previous Deductible

(3) = (1) \* (2)

(4) = Commission & Brokerage + Taxes, Licenses, & Fees + Profit & Contingencies (see Exhibit 6)

(5) = (3) / (1 - (4))

**STANDARD GUARANTY INSURANCE COMPANY  
FIRST SELECT HOMEOWNERS PROGRAM  
ARKANSAS**

**Deductible Options and Credits**

<u>All Other Perils Deductible</u>	<u>Windstorm &amp; Hail Deductible</u>			
	No Wind/Hail Deductible	2%/\$2,000	3%/\$3,000	5%/\$5,000
\$100	-7.5%	2.2%	4.3%	6.5%
\$250	0.0%	9.0%	11.0%	13.0%
\$500	7.0%	15.4%	17.2%	19.1%
\$1,000	15.0%	22.7%	24.4%	26.1%

**Adjustment Factors**

<u>All Other Perils Deductible</u>	<u>Windstorm &amp; Hail Deductible</u>			
	No Wind/Hail Deductible	2%/\$2,000	3%/\$3,000	5%/\$5,000
\$100	1.075	0.978	0.957	0.935
\$250	included	0.910	0.890	0.870
\$500	0.930	0.846	0.828	0.809
\$1,000	0.850	0.774	0.757	0.740

**STANDARD GUARANTY INSURANCE COMPANY  
FIRST SELECT HOMEOWNERS PROGRAM  
ARKANSAS**

Base Rate Change by Territory

Old Territory	New Territory	Rate Change	% of State	Effective Change
1	6	56.3%	31.4%	17.7%
2	1	10.0%	0.0%	0.0%
2	2	12.9%	0.0%	0.0%
2	3	7.1%	5.6%	0.4%
2	4	44.8%	29.7%	13.3%
2	5	4.2%	15.7%	0.7%
2	6	33.3%	17.6%	5.9%
<b>Grand Total</b>			<b>100.0%</b>	<b>37.9%</b>

**STANDARD GUARANTY INSURANCE COMPANY  
FIRST SELECT HOMEOWNERS PROGRAM  
ARKANSAS**

Overall Rate Level Effect

(1) Overall Rate Level Effect	37.9%
Exhibit 13	

**STANDARD GUARANTY INSURANCE COMPANY  
FIRST SELECT HOMEOWNERS  
ARKANSAS  
POLICY RATE CHANGE CHART**

Overall Rate Change	# of Policies
-6.8%	9
-4.2%	2
15.7%	11
29.5%	16
35.7%	18
Grand Total	56

**STANDARD GUARANTY INSURANCE COMPANY  
FIRST SELECT HOMEOWNERS  
ARKANSAS  
POLICY RATE CHANGE CHART**

Overall Rate Change	# of Policies
4.2%	9
7.1%	2
33.3%	11
44.8%	16
56.3%	18
Grand Total	56

**STANDARD GUARANTY INSURANCE COMPANY  
FIRST SELECT HOMEOWNER PROGRAM  
STATE EXCEPTION PAGES**

**ARKANSAS**

FORMS

FORM NAME	NUMBER
<u>Mandatory Forms</u>	
Homeowners 3 Special Form Policy	HO 00 03 04 91
Declarations Page	FS HO DEC 01-2000
Special Provisions – Arkansas	HO 98 84 06 07
Arkansas Notice	FS N-1 AR 12 04
Animal Liability Special Limit	HO 98-04a(03-2000)
Windstorm or Hail Special Deductible	HO 98 99 05 09
<u>Optional Forms</u>	
Additional Interests	HO 04 10 10 00
Excess Dwelling Coverage (Specified Additional Amount of Insurance for Coverage A – Dwelling)	HO 23 47 08 97
Personal Property Replacement Cost	HO 04 90 04 91
Water Back Up and Sump Overflow	HO 04 95 11 92
<u>General Forms</u>	
Change Endorsement	HO/DP 98 99 (10-98)
Lenders Loss Payable Endorsement	438BFU NS 05 42

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	Standard Guaranty Insurance Company
NAIC # (including group #)	0019-42986

1. If you have had an insurance to value campaign during the experience filing period, describe the campaign and estimate its impact.  
None

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.  
None

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.  
Not applicable to contents. Minimum requirement on dwelling insurance to value is 80%.

4. If you use an Inflation Guard form or similar type of coverage, describe the coverage(s) and estimate the impact.  
Not applicable

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

a. Fire Extinguisher	None	%
b. Burglar Alarm	None	%
c. Smoke Alarm	None	%
d. Insured who has both homeowners and auto with your company	None	%
e. Deadbolt Locks	None	%
f. Window or Door Locks	None	%
g. Other (specify)		%
		%

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.  
None

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

Form	Premium Volume
HO 00 03	70,700

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

9. Is there a surcharge on risks with wood heat? No  
If yes, state the surcharge \_\_\_\_\_  
Does the surcharge apply to conventional fire places? Not Applicable  
If yes, state the surcharge \_\_\_\_\_

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

  
Signature

Debbie Flowers  
Printed Name

Contract Compliance Analyst  
Title

770-763-1000 Ext. 11547  
Telephone Number

Debbie.Flowers@assurant.com  
Email address

**STANDARD GUARANTY INSURANCE COMPANY  
FIRST SELECT HOMEOWNER PROGRAM  
STATE EXCEPTION PAGES**

**ARKANSAS**

Territory Definitions

Territory 1

CRITTENDEN

Territory 2

CRAIGHEAD

GREENE

Territory 3

FAULKNER

LONOKE

SALINE

Territory 4

PULASKI

Territory 5

BENTON

CRAWFORD

SEBASTIAN

WASHINGTON

Territory 6

ARKANSAS	CLEVELAND	HEMPSTEAD	LINCOLN	OUACHITA	SEARCY
ASHLEY	COLUMBIA	HOT SPRING	LITTLE RIVER	PERRY	SEVIER
BAXTER	CONWAY	HOWARD	LOGAN	PHILLIPS	SHARP
BOONE	CROSS	INDEPENDENCE	MADISON	PIKE	ST. FRANCIS
BRADLEY	DALLAS	IZARD	MARION	POINSETT	STONE
CALHOUN	DESHA	JACKSON	MILLER	POLK	UNION
CARROLL	DREW	JEFFERSON	MISSISSIPPI	POPE	VAN BUREN
CHICOT	FRANKLIN	JOHNSON	MONROE	PRAIRIE	WHITE
CLARK	FULTON	LAFAYETTE	MONTGOMERY	RANDOLPH	WOODRUFF
CLAY	GARLAND	LAWRENCE	NEVADA	SCOTT	YELL
CLEBURNE	GRANT	LEE	NEWTON		

**STANDARD GUARANTY INSURANCE COMPANY  
FIRST SELECT HOMEOWNER PROGRAM  
STATE EXCEPTION PAGES**

**ARKANSAS**

DEDUCTIBLE

The All Other Perils deductible included in the base rate is \$250. If another deductible option is desired, apply the appropriate factor from the following table to the base rate to determine the adjusted base rate.

A Optional 2%/\$2,000, 3%/\$3,000, and 5%/\$5,000 Windstorm and Hail deductible will be added to all six territories.

All Perils Deductible		Adjustment Factor
\$ 100		1.075
\$ 250		included
\$ 500		0.930
\$ 1,000		0.850

<u>All Perils Deductible</u>	<u>W indstorm or Hail Deductible.</u>	<u>Adjustment Factor</u>
\$ 100	2%/2000	0.978
\$ 250	2%/2000	0.910
\$ 500	2%/2000	0.846
\$ 1,000	2%/2000	0.774
\$ 100	3%/3000	0.957
\$ 250	3%/3000	0.890
\$ 500	3%/3000	0.828
\$ 1,000	3%/3000	0.757
\$ 100	5%5000	0.935
\$ 250	5%5000	0.870
\$ 500	5%5000	0.809
\$ 1,000	5%5000	0.740

1. BASE RATE

- a. Premium is determined by multiplying each \$100 of dwelling amount by the applicable rate. The table below indicates an overall 21.0% rate change staggered over a 2-year period.

	<u>Effective</u> <u>10/15/2010</u>	<u>Effective</u> <u>10/15/2011</u>
<b>Terr 1</b>	1.496	1.496
<b>Terr 2</b>	1.535	1.535
<b>Terr 3</b>	1.360	1.303
<b>Terr 4</b>	1.554	1.761
<b>Terr 5</b>	1.360	1.268
<b>Terr 6</b>	1.369	1.574

**STANDARD GUARANTY INSURANCE COMPANY  
FIRST SELECT HOMEOWNER PROGRAM  
STATE EXCEPTION PAGES**

**ARKANSAS**

2. OPTIONAL COVERAGES

A. Specified Additional Amount of Insurance for Coverage A – Dwelling

When the residence is insured for 100% of its replacement cost value, this endorsement may be added to increase the Coverage A limit to 25% of the Coverage A limit shown on the Declarations.

Premium charge: 2% of the Base Premium

Attach endorsement HO 23 47 08 97

B. Personal Property Replacement Cost

When this endorsement is added, personal property losses will be settled on a replacement cost basis. This endorsement does not increase the Coverage C limit.

Premium charge: 10% of the Base Premium  
\$25.00 minimum

Attach endorsement HO 04 90 04 91

C. Water Back Up and Sump Overflow Endorsement

For an additional premium, the policy may be endorsed to provide coverage for loss resulting from water which backs up through sewers or drains or which overflows from a sump. The limit of liability is \$5,000 with a \$250 deductible.

Premium Charge: \$35.00

Attach endorsement HO 45 95 11 92

D. Personal Liability and Medical Payment to Others Limits – Increased Limits

\$100,000 Coverage E limit, including Medical Payments to Others of \$1,000 per person is included in the Base Premium. To increase Coverage E and Coverage F limits, determine the additional premium by Coverage E and Coverage F limit combination:

		Medical Payment to Others (Coverage F) Limit		
		<b>\$1,000</b>	<b>\$2,000</b>	<b>\$5,000</b>
Personal Liability (Coverage E) Limit	<b>\$100,000</b>	Included	\$15.00	\$25.00
	<b>\$300,000</b>	\$30.00	\$35.00	\$40.00

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	<u>Standard Guaranty Insurance Company</u>
NAIC # (including group #)	<u>0019-42986</u>

1. If you have had an insurance to value campaign during the experience filing period, describe the campaign and estimate its impact.  
None

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.  
None

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.  
Not applicable to contents. Minimum requirement on dwelling insurance to value is 80%.

4. If you use an Inflation Guard form or similar type of coverage, describe the coverage(s) and estimate the impact.  
Not applicable

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

- |   |      |   |
|---|------|---|
| a. Fire Extinguisher  | None | % |
| b. Burglar Alarm  | None | % |
| c. Smoke Alarm  | None | % |
| d. Insured who has both homeowners and auto with your company | None | % |
| e. Deadbolt Locks   | None | % |
| f. Window or Door Locks                                       | None | % |
| g. Other (specify)  |      | % |
|   |      | % |

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.  
None

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

Form	Premium Volume
HO 00 03	70,700

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

9. Is there a surcharge on risks with wood heat? No  
If yes, state the surcharge \_\_\_\_\_  
Does the surcharge apply to conventional fire places? Not Applicable  
If yes, state the surcharge \_\_\_\_\_

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

  
\_\_\_\_\_  
Signature  
**Debbie Flowers**  
\_\_\_\_\_  
Printed Name  
**Contract Compliance Analyst**  
\_\_\_\_\_  
Title  
**770-763-1000 Ext. 11547**  
\_\_\_\_\_  
Telephone Number  
**Debbie.Flowers@assurant.com**  
\_\_\_\_\_  
Email address

**STANDARD GUARANTY INSURANCE COMPANY  
FIRST SELECT HOMEOWNER PROGRAM  
STATE EXCEPTION PAGES**

**ARKANSAS**

Territory Definitions

Territory 1

CRITTENDEN

Territory 2

CRAIGHEAD

GREENE

Territory 3

FAULKNER

LONOKE

SALINE

Territory 4

PULASKI

Territory 5

BENTON

CRAWFORD

SEBASTIAN

WASHINGTON

Territory 6

ARKANSAS	CLEVELAND	HEMPSTEAD	LINCOLN	OUACHITA	SEARCY
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BRADLEY	DALLAS	IZARD	MARION	POINSETT	STONE
CALHOUN	DESHA	JACKSON	MILLER	POLK	UNION
CARROLL	DREW	JEFFERSON	MISSISSIPPI	POPE	VAN BUREN
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CLARK	FULTON	LAFAYETTE	MONTGOMERY	RANDOLPH	WOODRUFF
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**STANDARD GUARANTY INSURANCE COMPANY  
FIRST SELECT HOMEOWNER PROGRAM  
STATE EXCEPTION PAGES**

**ARKANSAS**

1. DEDUCTIBLE

The All Other Perils deductible included in the base rate is \$250. If another deductible option is desired, apply the appropriate factor from the following table to the base rate to determine the adjusted base rate.

A Optional 2%/\$2,000, 3%/\$3,000, and 5%/\$5,000 Windstorm and Hail deductible will be added to all six territories.

All Perils Deductible	Adjustment Factor
\$ 100	1.075
\$ 250	included
\$ 500	0.930
\$ 1,000	0.850

<u>All Perils Deductible</u>	<u>W indstorm or Hail Deductible.</u>	<u>Adjustment Factor</u>
\$ 100	2%/2000	0.978
\$ 250	2%/2000	0.910
\$ 500	2%/2000	0.846
\$ 1,000	2%/2000	0.774
\$ 100	3%/3000	0.957
\$ 250	3%/3000	0.890
\$ 500	3%/3000	0.828
\$ 1,000	3%/3000	0.757
\$ 100	5%5000	0.935
\$ 250	5%5000	0.870
\$ 500	5%5000	0.809
\$ 1,000	5%5000	0.740

2. BASE RATE

- a. Premium is determined by multiplying each \$100 of dwelling amount by the applicable rate.

Territory 1	Territory 2	Territory 3	Territory 4	Territory 5	Territory 6
\$ 1.496	\$ 1.536	\$ 1.457	\$ 1.969	\$ 1.417	\$ 1.814

**STANDARD GUARANTY INSURANCE COMPANY  
FIRST SELECT HOMEOWNER PROGRAM  
STATE EXCEPTION PAGES**

**ARKANSAS**

3. OPTIONAL COVERAGES

A. Specified Additional Amount of Insurance for Coverage A – Dwelling

When the residence is insured for 100% of its replacement cost value, this endorsement may be added to increase the Coverage A limit to 25% of the Coverage A limit shown on the Declarations.

Premium charge: 2% of the Base Premium

Attach endorsement HO 23 47 08 97

B. Personal Property Replacement Cost

When this endorsement is added, personal property losses will be settled on a replacement cost basis. This endorsement does not increase the Coverage C limit.

Premium charge: 10% of the Base Premium  
\$25.00 minimum

Attach endorsement HO 04 90 04 91

C. Water Back Up and Sump Overflow Endorsement

For an additional premium, the policy may be endorsed to provide coverage for loss resulting from water which backs up through sewers or drains or which overflows from a sump. The limit of liability is \$5,000 with a \$250 deductible.

Premium Charge: \$35.00

Attach endorsement HO 45 95 11 92

D. Personal Liability and Medical Payment to Others Limits – Increased Limits

\$100,000 Coverage E limit, including Medical Payments to Others of \$1,000 per person is included in the Base Premium. To increase Coverage E and Coverage F limits, determine the additional premium by Coverage E and Coverage F limit combination:

**STANDARD GUARANTY INSURANCE COMPANY  
FIRST SELECT HOMEOWNER PROGRAM  
STATE EXCEPTION PAGES**

**ARKANSAS**

		Medical Payment to Others (Coverage F) Limit		
		<b>\$1,000</b>	<b>\$2,000</b>	<b>\$5,000</b>
Personal Liability (Coverage E) Limit	<b>\$100,000</b>	Included	\$15.00	\$25.00
	<b>\$300,000</b>	\$30.00	\$35.00	\$40.00

**STANDARD GUARANTY INSURANCE COMPANY  
FIRST SELECT HOMEOWNER PROGRAM  
STATE EXCEPTION PAGES**

**ARKANSAS**

Territory Definitions

Territory 1

CRITTENDEN

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Territory 3

FAULKNER

LONOKE

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PULASKI

Territory 5

BENTON

CRAWFORD

SEBASTIAN

WASHINGTON

Territory 6

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**STANDARD GUARANTY INSURANCE COMPANY  
FIRST SELECT HOMEOWNER PROGRAM  
STATE EXCEPTION PAGES**

**ARKANSAS**

1. DEDUCTIBLE

The All Perils deductible included in the base rate is \$250. A Mandatory 2%/\$2,000 Windstorm and Hail deductible will be added to all six territories.

If another deductible option is desired, apply the appropriate factor from the following table to the base rate to determine the adjusted base rate.

<u>All Perils Deductible</u>	<u>Windstorm or Hail Deductible.</u>	<u>Adjustment Factor</u>
\$ 100	2%/2000	1.075
\$ 250	2%/2000	included
\$ 500	2%/2000	0.930
\$ 1,000	2%/2000	0.850
\$ 100	3%/3000	1.054
\$ 250	3%/3000	0.980
\$ 500	3%/3000	0.911
\$ 1,000	3%/3000	0.833
\$ 100	5%5000	1.032
\$ 250	5%5000	0.960
\$ 500	5%5000	0.893
\$ 1,000	5%5000	0.816

2. BASE RATE

a. Premium is determined by multiplying each \$100 of dwelling amount by the applicable rate.

Territory 1	Territory 2	Territory 3	Territory 4	Territory 5	Territory 6
\$ 1.496	\$ 1.536	\$ 1.457	\$ 1.969	\$ 1.417	\$ 1.814

3. OPTIONAL COVERAGES

A. Specified Additional Amount of Insurance for Coverage A – Dwelling

When the residence is insured for 100% of its replacement cost value, this endorsement may be added to increase the Coverage A limit to 25% of the Coverage A limit shown on the Declarations.

Premium charge: 2% of the Base Premium

Attach endorsement HO 23 47 08 97

**STANDARD GUARANTY INSURANCE COMPANY  
FIRST SELECT HOMEOWNER PROGRAM  
STATE EXCEPTION PAGES**

**ARKANSAS**

**B. Personal Property Replacement Cost**

When this endorsement is added, personal property losses will be settled on a replacement cost basis. This endorsement does not increase the Coverage C limit.

Premium charge: 10% of the Base Premium  
\$25.00 minimum

Attach endorsement HO 04 90 04 91

**C. Water Back Up and Sump Overflow Endorsement**

For an additional premium, the policy may be endorsed to provide coverage for loss resulting from water which backs up through sewers or drains or which overflows from a sump. The limit of liability is \$5,000 with a \$250 deductible.

Premium Charge: \$35.00

Attach endorsement HO 45 95 11 92

**D. Personal Liability and Medical Payment to Others Limits – Increased Limits**

\$100,000 Coverage E limit, including Medical Payments to Others of \$1,000 per person is included in the Base Premium. To increase Coverage E and Coverage F limits, determine the additional premium by Coverage E and Coverage F limit combination:

		Medical Payment to Others (Coverage F) Limit		
		<b>\$1,000</b>	<b>\$2,000</b>	<b>\$5,000</b>
Personal Liability (Coverage E) Limit	<b>\$100,000</b>	Included	\$15.00	\$25.00
	<b>\$300,000</b>	\$30.00	\$35.00	\$40.00

NAIC Number: 0019-42986  
 Company Name: Standard Guaranty Insurance Company  
 Contact Person: Debbie Flowers  
 Telephone No.: 770-763-1000 Ext 11547  
 Email Address: debbie.flowers@assurant.com  
 Effective Date: 15-Oct-10

**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	\$943.00	\$943.00	\$1,171.00	\$1,171.00	\$1,143.00	\$1,143.00	\$1,171.00	\$1,171.00	\$1,171.00	\$1,171.00	\$1,171.00	\$1,171.00	\$1,171.00	\$1,171.00	\$1,171.00	\$943.00	\$943.00	\$1,310.00	\$1,310.00
	\$120,000	\$1,415.00	\$1,415.00	\$1,757.00	\$1,757.00	\$1,714.00	\$1,714.00	\$1,757.00	\$1,757.00	\$1,757.00	\$1,757.00	\$1,757.00	\$1,757.00	\$1,757.00	\$1,757.00	\$1,757.00	\$1,415.00	\$1,415.00	\$1,965.00	\$1,965.00
	\$160,000	\$1,866.00	\$1,866.00	\$2,342.00	\$2,342.00	\$2,286.00	\$2,286.00	\$2,342.00	\$2,342.00	\$2,342.00	\$2,342.00	\$2,342.00	\$2,342.00	\$2,342.00	\$2,342.00	\$2,342.00	\$1,866.00	\$1,866.00	\$2,620.00	\$2,620.00
6	\$80,000	\$943.00	\$943.00	\$1,171.00	\$1,171.00	\$1,143.00	\$1,143.00	\$1,171.00	\$1,171.00	\$1,171.00	\$1,171.00	\$1,171.00	\$1,171.00	\$1,171.00	\$1,171.00	\$1,171.00	\$943.00	\$943.00	\$1,310.00	\$1,310.00
	\$120,000	\$1,415.00	\$1,415.00	\$1,757.00	\$1,757.00	\$1,714.00	\$1,714.00	\$1,757.00	\$1,757.00	\$1,757.00	\$1,757.00	\$1,757.00	\$1,757.00	\$1,757.00	\$1,757.00	\$1,757.00	\$1,415.00	\$1,415.00	\$1,965.00	\$1,965.00
	\$160,000	\$1,866.00	\$1,866.00	\$2,342.00	\$2,342.00	\$2,286.00	\$2,286.00	\$2,342.00	\$2,342.00	\$2,342.00	\$2,342.00	\$2,342.00	\$2,342.00	\$2,342.00	\$2,342.00	\$2,342.00	\$1,866.00	\$1,866.00	\$2,620.00	\$2,620.00
9	\$80,000	\$943.00	\$943.00	\$1,171.00	\$1,171.00	\$1,143.00	\$1,143.00	\$1,171.00	\$1,171.00	\$1,171.00	\$1,171.00	\$1,171.00	\$1,171.00	\$1,171.00	\$1,171.00	\$1,171.00	\$943.00	\$943.00	\$1,310.00	\$1,310.00
	\$120,000	\$1,415.00	\$1,415.00	\$1,757.00	\$1,757.00	\$1,714.00	\$1,714.00	\$1,757.00	\$1,757.00	\$1,757.00	\$1,757.00	\$1,757.00	\$1,757.00	\$1,757.00	\$1,757.00	\$1,757.00	\$1,415.00	\$1,415.00	\$1,965.00	\$1,965.00
	\$160,000	\$1,866.00	\$1,866.00	\$2,342.00	\$2,342.00	\$2,286.00	\$2,286.00	\$2,342.00	\$2,342.00	\$2,342.00	\$2,342.00	\$2,342.00	\$2,342.00	\$2,342.00	\$2,342.00	\$2,342.00	\$1,866.00	\$1,866.00	\$2,620.00	\$2,620.00

**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																		
	\$120,000																		
	\$160,000																		
6	\$80,000																		
	\$120,000																		
	\$160,000																		
9	\$80,000																		
	\$120,000																		
	\$160,000																		

**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="0"/> %	Window Locks	<input type="text" value="0"/> %
Smoke Alarm	<input type="text" value="0"/> %	\$1,000 Deductible	<input type="text" value="15"/> %
		Other (specify)	<input type="text" value=""/> %

**EARTHQUAKE INSURANCE**

**IMPORTANT, homeowners insurance does NOT automatically cover losses from earthquakes. Ask your agent about this cov**

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 Highest Risk \$  Brick  Frame

Maximum Credit Allowed	N/A	%	Lowest Risk	\$		\$	
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NAIC Number: 0019-42986  
 Company Name: Standard Guaranty Insurance Company  
 Contact Person: Debbie Flowers  
 Telephone No.: 770-763-1000 Ext 11547  
 Email Address: debbie.flowers@assurant.com  
 Effective Date: 15-Oct-10

**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	1054	1054	1350	1350	1143	1143	1350	1350	1350	1350	1350	1350	1350	1350	1054	1054	1465	1465
	\$120,000	1581	1581	2024	2024	1714	1714	2024	2024	2024	2024	2024	2024	2024	2024	1581	1581	2197	2197
	\$160,000	2108	2108	2699	2699	2286	2286	2699	2699	2699	2699	2699	2699	2699	2699	2108	2108	2930	2930
6	\$80,000	1054	1054	1350	1350	1143	1143	1350	1350	1350	1350	1350	1350	1350	1350	1054	1054	1465	1465
	\$120,000	1581	1581	2024	2024	1714	1714	2024	2024	2024	2024	2024	2024	2024	2024	1581	1581	2197	2197
	\$160,000	2108	2108	2699	2699	2286	2286	2699	2699	2699	2699	2699	2699	2699	2699	2108	2108	2930	2930
9	\$80,000	1054	1054	1350	1350	1143	1143	1350	1350	1350	1350	1350	1350	1350	1350	1054	1054	1465	1465
	\$120,000	1581	1581	2024	2024	1714	1714	2024	2024	2024	2024	2024	2024	2024	2024	1581	1581	2197	2197
	\$160,000	2108	2108	2699	2699	2286	2286	2699	2699	2699	2699	2699	2699	2699	2699	2108	2108	2930	2930

**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																		
	\$120,000																		
	\$160,000																		
6	\$80,000																		
	\$120,000																		
	\$160,000																		
9	\$80,000																		
	\$120,000																		
	\$160,000																		

**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="0"/> %	Window Locks	<input type="text" value="0"/> %
Smoke Alarm	<input type="text" value="0"/> %	\$1,000 Deductible	<input type="text" value="15"/> %
		Other (specify)	<input type="text"/> %

**EARTHQUAKE INSURANCE**

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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 Highest Risk \$  \$

Maximum Credit Allowed	N/A	%	Lowest Risk	\$		\$	
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