

SERFF Tracking Number: ASPX-126632589 State: Arkansas  
Filing Company: American Security Insurance Company State Tracking Number: EFT \$100  
Company Tracking Number: HO AR03162ASR01  
TOI: 04.0 Homeowners Sub-TOI: 04.0005 Other Homeowners  
Product Name: Choice Homeowners  
Project Name/Number: Choice Homeowners/HO AR03162ASR01

## Filing at a Glance

Company: American Security Insurance Company

Product Name: Choice Homeowners SERFF Tr Num: ASPX-126632589 State: Arkansas  
TOI: 04.0 Homeowners SERFF Status: Closed-Filed State Tr Num: EFT \$100  
Sub-TOI: 04.0005 Other Homeowners Co Tr Num: HO AR03162ASR01 State Status: Fees verified and received  
Filing Type: Rate/Rule Reviewer(s): Becky Harrington, Betty Montesi  
Author: SPI AssurantPC Disposition Date: 07/21/2010  
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: Choice Homeowners Status of Filing in Domicile: Not Filed  
Project Number: HO AR03162ASR01 Domicile Status Comments:  
Reference Organization: Reference Number:  
Reference Title: Advisory Org. Circular:  
Filing Status Changed: 07/21/2010  
State Status Changed: 05/19/2010 Deemer Date:  
Created By: SPI AssurantPC Submitted By: SPI AssurantPC  
Corresponding Filing Tracking Number:  
Filing Description:  
May 14, 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-126632589 State: Arkansas  
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TOI: 04.0 Homeowners Sub-TOI: 04.0005 Other Homeowners  
Product Name: Choice Homeowners  
Project Name/Number: Choice Homeowners/HO AR03162ASR01

RE: AMERICAN SECURITY INSURANCE COMPANY  
NAIC# 019-42978 FEIN# 58-1529575  
LOB: Homeowners  
Choice Homeowners Program  
Company Filing Number#: HPC HO AR03162ASR01

#### RATE AND RULE FILING (For Approval)

State Exception Pages AR-1 October 1, 2010 replaces AR-1 June 1, 2007  
AR-3 thru AR-6, October 1, 2010 replaces AR-3 thru AR-6,  
November 1, 2000.  
AR-10, November 1, 2000 (DELETED)

General Rule Pages GR 1 through GR 5 October 1, 2010 replaces GR 1 through GR 5 May 1, 2000.

Dear Commissioner Bradford:

American Security Insurance Company (ASIC) would like to file several changes to its existing Choice 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 a new endorsement for Water Back Up and Sump Overflow. Finally, we would also like to revise another optional endorsement - Excess Dwelling Coverage (Specified Additional Amount of insurance for Coverage A - Dwelling).

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 HPC HO AR03162ASF01.

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

SERFF Tracking Number: ASPX-126632589 State: Arkansas  
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Company Tracking Number: HO AR03162ASR01  
TOI: 04.0 Homeowners Sub-TOI: 04.0005 Other Homeowners  
Product Name: Choice Homeowners  
Project Name/Number: Choice Homeowners/HO AR03162ASR01

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  
American Security Insurance Company  
Phone: 1-800-852-2244 Ext. 11547  
E-mail Address: Debbie.flowers@assurant.com

cc: HPC HO AR03162ASR01

## 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

American Security Insurance Company CoCode: 42978 State of Domicile: Delaware  
260 Interstate N. Circle NW Group Code: 19 Company Type:  
Atlanta, GA 33039 Group Name: Assurant, Inc. Group State ID Number:  
(305) 253-2244 ext. [Phone] FEIN Number: 581529575

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## Filing Fees

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

SERFF Tracking Number: ASPX-126632589 State: Arkansas  
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Company Tracking Number: HO AR03162ASR01  
TOI: 04.0 Homeowners Sub-TOI: 04.0005 Other Homeowners  
Product Name: Choice Homeowners  
Project Name/Number: Choice Homeowners/HO AR03162ASR01

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
American Security Insurance Company	\$100.00	05/18/2010	36611809

SERFF Tracking Number: ASPX-126632589 State: Arkansas  
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 TOI: 04.0 Homeowners Sub-TOI: 04.0005 Other Homeowners  
 Product Name: Choice Homeowners  
 Project Name/Number: Choice Homeowners/HO AR03162ASR01

## Correspondence Summary

### Dispositions

Status	Created By	Created On	Date Submitted
Filed	Becky Harrington	07/21/2010	07/21/2010

### 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	07/21/2010	07/21/2010
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

SERFF Tracking Number: ASPX-126632589  
 Filing Company: American Security Insurance Company  
 Company Tracking Number: HO AR03162ASR01  
 TOI: 04.0 Homeowners  
 Product Name: Choice Homeowners  
 Project Name/Number: Choice Homeowners/HO AR03162ASR01

State: Arkansas  
 State Tracking Number: EFT \$100  
 Sub-TOI: 04.0005 Other Homeowners

## Disposition

Disposition Date: 07/21/2010  
 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):
American Security Insurance Company	93.300%	10.000%	\$	360	\$281,773	%	%

SERFF Tracking Number: ASPX-126632589 State: Arkansas  
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 TOI: 04.0 Homeowners Sub-TOI: 04.0005 Other Homeowners  
 Product Name: Choice Homeowners  
 Project Name/Number: Choice Homeowners/HO AR03162ASR01

Schedule	Schedule Item	Schedule Item Status	Public Access
<b>Supporting Document</b>	Form RF-2 Loss Costs Only (not for workers' compensation)		Yes
<b>Supporting Document (revised)</b>	H-1 Homeowners Abstract	Filed	Yes
<b>Supporting Document</b>	H-1 Homeowners Abstract		Yes
<b>Supporting Document</b>	H-1 Homeowners Abstract		Yes
<b>Supporting Document (revised)</b>	HPCS-Homeowners Premium Comparison Survey	Filed	Yes
<b>Supporting Document</b>	HPCS-Homeowners Premium Comparison Survey		Yes
<b>Supporting Document</b>	HPCS-Homeowners Premium Comparison Survey		Yes
<b>Supporting Document</b>	HPCS-Homeowners Premium Comparison Survey		Yes
<b>Supporting Document</b>	HPCS-Homeowners Premium Comparison Survey		Yes
<b>Supporting Document (revised)</b>	Actuarial Memorandum, Actuarial Exhibits	Filed	Yes
<b>Supporting Document</b>	Actuarial Memorandum, Actuarial Exhibits		Yes
<b>Supporting Document</b>	Actuarial Memorandum, Actuarial Exhibits, Indicated Rate Level Change by Territories		Yes
<b>Supporting Document</b>	Actuarial Memorandum, Actuarial Exhibits		Yes
<b>Supporting Document (revised)</b>	NAIC loss cost data entry document	Filed	Yes
<b>Supporting Document</b>	NAIC loss cost data entry document		Yes
<b>Supporting Document</b>	NAIC loss cost data entry document		Yes
<b>Supporting Document</b>	NAIC loss cost data entry document		Yes
<b>Supporting Document</b>	NAIC loss cost data entry document		Yes
<b>Supporting Document (revised)</b>	Policy Rate Change Chart	Filed	Yes
<b>Supporting Document</b>	Policy Rate Change Chart		Yes
<b>Supporting Document</b>	Policy Rate Change Chart		Yes
<b>Rate (revised)</b>	State Exception Page	Filed	Yes
<b>Rate</b>	State Exception Page		Yes
<b>Rate (revised)</b>	State Exception Pages	Filed	Yes
<b>Rate</b>	State Exception Pages		Yes
<b>Rate</b>	State Exception Pages		Yes
<b>Rate</b>	State Exception Pages		Yes
<b>Rate (revised)</b>	Choice Homeowners General Rules	Filed	Yes

SERFF Tracking Number: ASPX-126632589 State: Arkansas  
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TOI: 04.0 Homeowners Sub-TOI: 04.0005 Other Homeowners  
Product Name: Choice Homeowners  
Project Name/Number: Choice Homeowners/HO AR03162ASR01  
**Rate** Choice Homeowners General Rules Yes  
**Rate** State Exception Pages Filed Yes

SERFF Tracking Number: ASPX-126632589 State: Arkansas  
Filing Company: American Security Insurance Company State Tracking Number: EFT \$100  
Company Tracking Number: HO AR03162ASR01  
TOI: 04.0 Homeowners Sub-TOI: 04.0005 Other Homeowners  
Product Name: Choice Homeowners  
Project Name/Number: Choice Homeowners/HO AR03162ASR01

## 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 7/15/10.

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 an 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-126632589 State: Arkansas  
Filing Company: American Security Insurance Company State Tracking Number: EFT \$100  
Company Tracking Number: HO AR03162ASR01  
TOI: 04.0 Homeowners Sub-TOI: 04.0005 Other Homeowners  
Product Name: Choice Homeowners  
Project Name/Number: Choice Homeowners/HO AR03162ASR01

## Response Letter

Response Letter Status Submitted to State  
Response Letter Date 07/21/2010  
Submitted Date 07/21/2010

Dear Becky Harrington,

### Comments:

Thank You Becky for your quick response. Please see the following in regards to your latest Objection Letter.

### 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: Actuarial Memorandum, Actuarial Exhibits

Comment:

Satisfied -Name: NAIC loss cost data entry document

Comment:

Satisfied -Name: Policy Rate Change Chart

Comment:

No Form Schedule items changed.

#### Rate/Rule Schedule Item Changes

SERFF Tracking Number: ASPX-126632589 State: Arkansas  
Filing Company: American Security Insurance Company State Tracking Number: EFT \$100  
Company Tracking Number: HO AR03162ASR01  
TOI: 04.0 Homeowners Sub-TOI: 04.0005 Other Homeowners  
Product Name: Choice Homeowners  
Project Name/Number: Choice Homeowners/HO AR03162ASR01

<b>Exhibit Name</b>	<b>Rule # or Page #</b>	<b>Rate Action</b>	<b>Previous State Filing #</b>
State Exception Pages	AR-2 thru AR-7	Replacement	
<b>Previous Version</b>			
State Exception Pages	AR-2 thru AR-7	Replacement	
State Exception Pages	AR-2 thru AR-7	Replacement	
State Exception Pages	AR-2 thru AR-6	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.com

Sincerely,  
SPI AssurantPC

SERFF Tracking Number: ASPX-126632589 State: Arkansas  
Filing Company: American Security Insurance Company State Tracking Number: EFT \$100  
Company Tracking Number: HO AR03162ASR01  
TOI: 04.0 Homeowners Sub-TOI: 04.0005 Other Homeowners  
Product Name: Choice Homeowners  
Project Name/Number: Choice Homeowners/HO AR03162ASR01

## 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 6/23/2010.

Objection 1

No Objections

Comment: Commissioner Bradford requests the overall increase be revised to 10%.

Submit revised HPCS and manual pages where 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-126632589 State: Arkansas  
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TOI: 04.0 Homeowners Sub-TOI: 04.0005 Other Homeowners  
Product Name: Choice Homeowners  
Project Name/Number: Choice Homeowners/HO AR03162ASR01

## 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: Hi Becky, since we last talked Actuarial Dept has revisited our filing and has revamped and staggered the rate increase request. Please take a moment to review the revised State Pages, Memorandum, Exhibits, HPCS premium survey, etc. We hope to comply with Commissioner Bradford's wished regarding the overall increase.

### Related Objection 1

Comment:

Commissioner Bradford requests the overall increase be revised to 10%.

### Changed Items:

#### Supporting Document Schedule Item Changes

Satisfied -Name: HPCS-Homeowners Premium Comparison Survey

Comment:

Satisfied -Name: Actuarial Memorandum, Actuarial Exhibits

Comment:

Satisfied -Name: NAIC loss cost data entry document

Comment:

Satisfied -Name: Policy Rate Change Chart

Comment:

No Form Schedule items changed.

### Rate/Rule Schedule Item Changes

Exhibit Name	Rule # or Page #	Rate Action	Previous State Filing #
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SERFF Tracking Number: ASPX-126632589 State: Arkansas  
Filing Company: American Security Insurance Company State Tracking Number: EFT \$100  
Company Tracking Number: HO AR03162ASR01  
TOI: 04.0 Homeowners Sub-TOI: 04.0005 Other Homeowners  
Product Name: Choice Homeowners  
Project Name/Number: Choice Homeowners/HO AR03162ASR01

State Exception Pages AR-2 thru AR-7 Replacement

**Previous Version**

State Exception Pages AR-2 thru AR-7 Replacement

State Exception Pages AR-2 thru AR-6 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-126632589 State: Arkansas  
Filing Company: American Security Insurance Company State Tracking Number: EFT \$100  
Company Tracking Number: HO AR03162ASR01  
TOI: 04.0 Homeowners Sub-TOI: 04.0005 Other Homeowners  
Product Name: Choice Homeowners  
Project Name/Number: Choice Homeowners/HO AR03162ASR01

## 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 HPCS is a pdf document. It must be an xls (excel) document. Please correct.

### Objection 2

- NAIC loss cost data entry document (Supporting Document)

Comment: Please revise this form to include 5-year premium, policy count, loss history, regardless of whether there was a rate change in the previous 5-years.

### Objection 3

No Objections

Comment: Provide a disruption chart. Indicate the number of insureds/rate effect. Explain how many are receiving the maximum increase indicated in the filing.

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-126632589 State: Arkansas  
Filing Company: American Security Insurance Company State Tracking Number: EFT \$100  
Company Tracking Number: HO AR03162ASR01  
TOI: 04.0 Homeowners Sub-TOI: 04.0005 Other Homeowners  
Product Name: Choice Homeowners  
Project Name/Number: Choice Homeowners/HO AR03162ASR01

## 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: I have attached the Excel Document as requested. Thanks for your Patience on this matter.

### Related Objection 1

Applies To:

- HPCS-Homeowners Premium Comparison Survey (Supporting Document)

Comment:

The HPCS is a pdf document. It must be an xls (excel) document. Please correct.

### 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.

### Response 2

Comments: Please see attached document below

### Related Objection 1

Applies To:

- NAIC loss cost data entry document (Supporting Document)

Comment:

SERFF Tracking Number: ASPX-126632589 State: Arkansas  
Filing Company: American Security Insurance Company State Tracking Number: EFT \$100  
Company Tracking Number: HO AR03162ASR01  
TOI: 04.0 Homeowners Sub-TOI: 04.0005 Other Homeowners  
Product Name: Choice Homeowners  
Project Name/Number: Choice Homeowners/HO AR03162ASR01

Please revise this form to include 5-year premium, policy count, loss history, regardless of whether there was a rate change in the previous 5-years.

**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: Please see Policy Rate Change Chart attached

**Related Objection 1**

Comment:

Provide a disruption chart. Indicate the number of insureds/rate effect. Explain how many are receiving the maximum increase indicated in the filing.

**Changed Items:**

**Supporting Document Schedule Item Changes**

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

*SERFF Tracking Number:* ASPX-126632589      *State:* Arkansas  
*Filing Company:* American Security Insurance Company      *State Tracking Number:* EFT \$100  
*Company Tracking Number:* HO AR03162ASR01  
*TOI:* 04.0 Homeowners      *Sub-TOI:* 04.0005 Other Homeowners  
*Product Name:* Choice Homeowners  
*Project Name/Number:* Choice Homeowners/HO AR03162ASR01

Sincerely,  
SPI AssurantPC

SERFF Tracking Number: ASPX-126632589 State: Arkansas  
Filing Company: American Security Insurance Company State Tracking Number: EFT \$100  
Company Tracking Number: HO AR03162ASR01  
TOI: 04.0 Homeowners Sub-TOI: 04.0005 Other Homeowners  
Product Name: Choice Homeowners  
Project Name/Number: Choice Homeowners/HO AR03162ASR01

## 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

- Actuarial Memorandum, Actuarial Exhibits (Supporting Document)

Comment:

Provide statistical justification for the expanded territories. Show the loss ratios for each territory/county.

### 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, AR-1 (Rate)

- State Exception Pages, AR-2 thru AR-6 (Rate)

- Choice Homeowners General Rules, GR-1 thru GR-5 (Rate)

- Actuarial Memorandum, Actuarial Exhibits (Supporting Document)

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

### Objection 5

No Objections

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

### Objection 6

SERFF Tracking Number: ASPX-126632589 State: Arkansas  
Filing Company: American Security Insurance Company State Tracking Number: EFT \$100  
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Project Name/Number: Choice Homeowners/HO AR03162ASR01

- State Exception Page, AR-1 (Rate)
- Actuarial Memorandum, Actuarial Exhibits (Supporting Document)

Comment: Please explain why optional endorsements were previously unavailable to the various tiers.

Provide criteria for tier placement.

Objection 7

No Objections

Comment: Identify the type of loss most responsible for the significant loss ratio.

Please feel free to contact me if you have questions.

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

Sincerely,

Becky Harrington

SERFF Tracking Number: ASPX-126632589 State: Arkansas  
 Filing Company: American Security Insurance Company State Tracking Number: EFT \$100  
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 TOI: 04.0 Homeowners Sub-TOI: 04.0005 Other Homeowners  
 Product Name: Choice Homeowners  
 Project Name/Number: Choice Homeowners/HO AR03162ASR01

## 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.  
 Requesting October 15, 2010 for New Business and December 15, 2010 for Renewal Business

### Response 1

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

### Related Objection 1

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.

### Rate/Rule Schedule Item Changes

Exhibit Name	Rule # or Page #	Rate Action	Previous State Filing #
State Exception Page	AR-1	Replacement	
<b>Previous Version</b>			
State Exception Page	AR-1	Replacement	
State Exception Pages	AR-2 thru AR-7	Replacement	
<b>Previous Version</b>			
State Exception Pages	AR-2 thru AR-6	Replacement	

SERFF Tracking Number: ASPX-126632589 State: Arkansas  
Filing Company: American Security Insurance Company State Tracking Number: EFT \$100  
Company Tracking Number: HO AR03162ASR01  
TOI: 04.0 Homeowners Sub-TOI: 04.0005 Other Homeowners  
Product Name: Choice Homeowners  
Project Name/Number: Choice Homeowners/HO AR03162ASR01  
State Exception Pages AR-10 Replacement

## 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: Please see attached exhibits with the justification for expanded territories. We have made changes making the 2%/\$2000, 3%/\$3000 and 5%/\$5000 Windstorm or Hail Deductibles All Optional.

### Related Objection 1

Applies To:

- Actuarial Memorandum, Actuarial Exhibits (Supporting Document)

Comment:

Provide statistical justification for the expanded territories. Show the loss ratios for each territory/county.

### Related Objection 2

Applies To:

- State Exception Page, AR-1 (Rate)
- State Exception Pages, AR-2 thru AR-6 (Rate)
- Choice Homeowners General Rules, GR-1 thru GR-5 (Rate)
- Actuarial Memorandum, Actuarial Exhibits (Supporting Document)

Comment:

SERFF Tracking Number: ASPX-126632589 State: Arkansas  
Filing Company: American Security Insurance Company State Tracking Number: EFT \$100  
Company Tracking Number: HO AR03162ASR01  
TOI: 04.0 Homeowners Sub-TOI: 04.0005 Other Homeowners  
Product Name: Choice Homeowners  
Project Name/Number: Choice Homeowners/HO AR03162ASR01

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

**Changed Items:**

**Supporting Document Schedule Item Changes**

Satisfied -Name: Actuarial Memorandum, Actuarial Exhibits, Indicated Rate Level Change by Territories  
Comment:

No Form Schedule items changed.

**Rate/Rule Schedule Item Changes**

Exhibit Name	Rule # or Page #	Rate Action	Previous State Filing #
Choice Homeowners General Rules	GR-1 thru GR-5	Replacement	
<i>Previous Version</i>			
Choice Homeowners General Rules	GR-1 thru GR-5	Replacement	

**Response 4**

Comments: Fire losses currently account for 70% of our total paid losses. Please see attached HPCS in Excel format.

**Related Objection 1**

Applies To:  
- 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.

**Related Objection 2**

Comment:  
Identify the type of loss most responsible for the significant loss ratio.

**Changed Items:**

**Supporting Document Schedule Item Changes**

SERFF Tracking Number: ASPX-126632589 State: Arkansas  
Filing Company: American Security Insurance Company State Tracking Number: EFT \$100  
Company Tracking Number: HO AR03162ASR01  
TOI: 04.0 Homeowners Sub-TOI: 04.0005 Other Homeowners  
Product Name: Choice Homeowners  
Project Name/Number: Choice Homeowners/HO AR03162ASR01

Satisfied -Name: H-1 Homeowners Abstract

Comment:

Satisfied -Name: HPCS-Homeowners Premium Comparison Survey

Comment:

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

## Response 5

Comments: When the program was originally filed in May 2000, several endorsements were not priced for the higher, more risky tiers. This occurred not only in Kentucky, but countrywide for this product's original filing. Due to increased demand from clients, we have decided to provide rates for and thus open these endorsements for the higher tiers.

### Related Objection 1

Applies To:

- State Exception Page, AR-1 (Rate)
- Actuarial Memorandum, Actuarial Exhibits (Supporting Document)

Comment:

Please explain why optional endorsements were previously unavailable to the various tiers.

Provide criteria for tier placement.

### Changed Items:

No Supporting Documents changed.

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

*SERFF Tracking Number:* ASPX-126632589      *State:* Arkansas  
*Filing Company:* American Security Insurance Company      *State Tracking Number:* EFT \$100  
*Company Tracking Number:* HO AR03162ASR01  
*TOI:* 04.0 Homeowners      *Sub-TOI:* 04.0005 Other Homeowners  
*Product Name:* Choice Homeowners  
*Project Name/Number:* Choice Homeowners/HO AR03162ASR01

Sincerely,  
SPI AssurantPC

SERFF Tracking Number: ASPX-126632589

State: Arkansas

Filing Company: American Security Insurance Company

State Tracking Number: EFT \$100

Company Tracking Number: HO AR03162ASR01

TOI: 04.0 Homeowners

Sub-TOI: 04.0005 Other Homeowners

Product Name: Choice Homeowners

Project Name/Number: Choice Homeowners/HO AR03162ASR01

## 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:**

11/01/2000

**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):
American Security Insurance Company	93.300%	29.700%	\$66,780	360	\$281,773	43.100%	-10.000%

SERFF Tracking Number: ASPX-126632589 State: Arkansas  
 Filing Company: American Security Insurance Company State Tracking Number: EFT \$100  
 Company Tracking Number: HO AR03162ASR01  
 TOI: 04.0 Homeowners Sub-TOI: 04.0005 Other Homeowners  
 Product Name: Choice Homeowners  
 Project Name/Number: Choice Homeowners/HO AR03162ASR01

## Rate/Rule Schedule

Schedule Item Status:	Exhibit Name:	Rule # or Page #:	Rate Action	Previous State Filing Attachments Number:
Filed 07/21/2010	State Exception Page	AR-1	Replacement	R2_MSEP_CHOAR10 1510_pg 1_rev 060710_HPC#3162.P DF
Filed 07/21/2010	State Exception Pages	AR-2 thru AR-7	Replacement	R2_MSEP_CHOAR10 1510_pgs 2 thru 7_rev 071910_HPC#3162.P DF
Filed 07/21/2010	Choice Homeowners General Rules	GR-1 thru GR-5	Replacement	R2_GNRP_AR CHO GENERAL RULES_HPC#3162.P DF
Filed 07/21/2010	State Exception Pages	AR-10	Replacement	R2_MSEP_CHOAR10 1510_pg 10_rev 060710_HPC#3162.P DF

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FORMS LIST

**A. Mandatory Forms**

Homeowners 3 Special Form	HO 00 03 04 91
Declarations	HO 98 90a (Rev. 03-2000)
Special Provisions – Arkansas	HO 98 84 06 07
Inflation Guard	HO 98 13a (Rev. 03-2000)
Animal Liability Special Limit	HO 98 04a (Rev. 03-2000)
No Section II Liability for Home Day Care Business and Limited Section I Property Coverage for Home Day Care Business	HO 04 96 04 91
Arkansas Notice	FS N-1 AR 12 04

**B. Optional Coverages**

Additional Insured	HO 04 41 04 91
Additional Interests	HO 04 10 10 00
Additional Residence Rented to Others	HO 24 70 04 91
Coverage C Increased Special Limits of Liability	HO 04 65 04 91
Excess Dwelling Coverage (Specified Additional Amount of Insurance for Coverage A – Dwelling)	HO 23 47 08 97
Extended Liability Secondary Residence	HO 98 14 10 98
Homeowners Package Endorsement	HO 98 01a (Rev. 11-2009)
Loss Assessment Coverage	HO 04 35 04 91
Mortgage Protection Endorsement	HO 98 02 10 98
Ordinance or Law – Increased Amount of Coverage	HO 04 77 06 94
Other Structures Increased Limits	HO 04 48 04 91
Personal Injury Liability	HO 24 82 04 91
Personal Property Replacement Cost	HO 04 90 04 91
Premises Alarm or/Fire Protection System	HO 04 16 04 91
Scheduled Personal Property Endorsement	HO 04 61 04 91
Structures Rented to Others	HO 04 40 04 91
Water Back Up and Sump Overflow	HO 04 95 11 92
Watercraft Liability	HO 24 75 04 91
Watercraft Physical Damage	HO 98 05 10 98
Windstorm or Hail Special Deductible	HO 98 99 05 09

**C. General Forms**

Change Endorsement	HO/DP 98 99 (10-98)
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**AMERICAN SECURITY INSURANCE COMPANY  
CHOICE HOMEOWNER PROGRAM  
STATE EXCEPTIONS**

**October 15, 2010**

**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		

**2. BASE RATE(S)**

Premiums are determined by multiplying the applicable base rate by the Amount of Insurance for the Dwelling, rounded to the nearest hundred dollars. Rates shown below are for a 12-month term and include a \$250 Deductible.

<b>Tier</b>	<b>Territory 1</b>	<b>Territory 2</b>	<b>Territory 3</b>	<b>Territory 4</b>	<b>Territory 5</b>	<b>Territory 6</b>
1	\$ .981	\$ 1.007	0.956	1.209	0.930	1.066
2	1.047	1.074	1.019	1.289	0.992	1.137
3	1.163	1.193	1.132	1.432	1.102	1.263
4	1.227	1.260	1.195	1.512	1.163	1.333

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**3. DEDUCTIBLE OPTIONS**

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
\$ 250	included
\$ 500	0.900
\$ 1,000	0.850
\$ 2,500	0.800

All Perils Deductible	Windstorm or Hail Deductible	Adjustment Factor
\$ 250	2%/\$2,000	0.880
\$ 500	2%/\$2,000	0.792
\$ 1,000	2%/\$2,000	0.748
\$ 2,500	2%/\$2,000	0.704
\$ 250	3%/\$3,000	0.860
\$ 500	3%/\$3,000	0.774
\$ 1,000	3%/\$3,000	0.731
\$ 2,500	3%/\$3,000	0.688
\$ 250	5%/\$5,000	0.830
\$ 500	5%/\$5,000	0.747
\$ 1,000	5%/\$5,000	0.706
\$ 2,500	5%/\$5,000	0.664

**4. CREDITS**

Credits apply only to Base Premium.

<b>A. New Home Credit:</b>	
1) 1 <sup>st</sup> year	20%
2) 2 <sup>nd</sup> year	17%
3) 3 <sup>rd</sup> year	14%
4) 4 <sup>th</sup> year	11%
5) 5 <sup>th</sup> year	8%
6) 6 <sup>th</sup> year	5%
7) 7 <sup>th</sup> year	2%
8) 8 <sup>th</sup> year or more	0%
<b>B. New Loan Credit:</b>	
1) 1 <sup>st</sup> year	10%
2) 2 <sup>nd</sup> year	7%
3) 3 <sup>rd</sup> year	3%
* The New Home Credit and the New Loan Credit may not be combined. If both credits apply, use only the credit that allows the highest discount.	

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C. Protective Sanguard Credit:	
1) Alarm to Fire or Police department	3%
2) Local Fire or Burglar Alarm or Smoke Detectors	2%
3) Gated & 24 hour-7day Patrol, Central Station Burglar or Fire Alarm	5%
4) Automatic Sprinkler	5%
D. Loss Free	
Must be claim and loss free as of the policy third anniversary. Applies each subsequent year if policy continues loss free.	2%

**5. OPTIONAL COVERAGES**

**A. Other Structures Increased Limits – (HO 04 48 04 91)**

When the value of Other Structures exceeds 10% of the Coverage A limit, this endorsement can be used to increase the amount of insurance. The maximum coverage amount allowed will be 50% of Coverage A. The limit of liability will be shown on the declarations page.

Rate	Tier 1	Tier 2	Tier 3	Tier 4
per \$1,000 of increased value	\$1.00	\$1.07	\$1.19	\$1.26

**B. Structures Rented to Others – (HO 04 40 04 91)**

When insurance is written for a specific structure on the residence premises that is rented to others for dwelling purposes, the following rate shall apply. Each structure must be rated separately.

Rate	Tier 1	Tier 2	Tier 3	Tier 4
per \$1,000 of insured value	\$4.00	\$4.50	\$5.00	\$5.50

**C. Excess Dwelling Coverage (Specified Additional Amount of Insurance for Coverage A – Dwelling) – (HO 23 47 08 97)**

When the residence (structure) is insured for 100% of the estimated replacement cost, this endorsement may be added to increase the Coverage A limit shown on the Declaration Page an additional 25% or 50%.

**Additional Coverage A Amount**

25%  
50%

**Premium Charge**

1.5% of Revised Base Premium  
2.5% of Revised Base Premium

**D. Personal Property Increased Limits**

When the value of unscheduled personal property exceeds 50% of the Coverage C limit, this rate can be used to increase the amount of insurance to 70% of the Coverage A limit. The limit of liability will be shown on the declarations page.

	Tier 1	Tier 2	Tier 3	Tier 4
Rate per \$1,000	\$2.00	\$2.00	\$2.20	\$2.20

**E. Increased Loss of Use Coverage**

Loss of Use is included at 20% of Coverage A. This may be increased to 40% of Coverage A. The limit of liability will be shown on the declarations page.

Premium charge: \$10.00

**F. Replacement Cost – Personal Property – (HO 04 90 04 91)**

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

Premium charge is 10% of the revised base premium.

**G. Homeowners Package Endorsement – (HO 98 01a Rev. 11-2009)**

When this endorsement is added, several coverage limits are changed as follows:

- Mortgage Protection endorsement is added;
- Specified Additional Amount of Insurance for Coverage A – Dwelling endorsement is added;
- Replacement Cost – Personal Property is added;
- Coverage C amount of insurance is increased to 70% of Coverage A;
- Coverage D amount of insurance is increased to 40% of Coverage A;
- Section I – Personal Property Coverage, Special Limits of Liability is changed as follows:
  - The limit for loss by theft of jewelry, watches, furs, precious and semi-precious stones is increased to \$1,500.
  - The limit for loss by theft of silverware is increased to \$3,000.

Premium charge is 15% of the revised base premium.

**H. Mortgage Protection Endorsement – (HO 98 02 10 98 )**

When this endorsement is added, the insured’s mortgage payment on the first trust deed or mortgage on the insured dwelling will be paid, up to \$1,500.00 per month for 12 months, if the home remains uninhabitable 45 days after a covered loss.

	<b>Tier 1</b>	<b>Tier 2</b>	<b>Tier 3</b>	<b>Tier 4</b>
Annual Premium	\$15.00	\$18.00	\$22.00	\$25.00

**I. Loss Assessment – (HO 04 35 04 91)**

When this endorsement is added, the insured is indemnified for assessments levied by the association of property owners for certain losses not covered by the association’s insurance program. The basic policy provides up to \$1,000 of automatic coverage.

Premium Per Amount of Coverage and Tier:

<b>Amount of Insurance</b>		<b>Tier 1</b>		<b>Tier 2</b>		<b>Tier 3</b>		<b>Tier 4</b>
\$ 10,000	\$	10.00	\$	12.00	\$	14.00	\$	16.00
15,000		15.00		17.00		19.00		21.00
50,000		22.00		25.00		28.00		31.00

**J. Ordinance or Law – Increased Amount of Coverage – (HO 04 77 06 94)**

This endorsement responds to the operation of building laws or ordinances regulating the construction, repair or demolition of the Dwelling (Coverage A) and/or Other Structures (Coverage B) after a covered loss. This endorsement responds only when the dwelling is actually repaired or replaced.

This endorsement provides an additional amount of insurance equal to 25% of Coverage A Limit.

The premium is a percentage of the revised base premium determined by the age of the structure.

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<b>Age of Dwelling</b>	<b>% of Revised Base Premium</b>
0 -10	5%
11-20	10%
21-35	20%
36-50	25%
Over 50 year of age, not available	

**K. Coverage C Increased Special Limits of Liability – (HO 04 65 04 91)**

**1). Unscheduled Jewelry, Watches and Furs**

The special limit for loss to unscheduled jewelry, watches and furs may be increased to a maximum total limit of \$5,000 (not to exceed \$1,000 for any one item).

	<b>Tier 1</b>	<b>Tier 2</b>	<b>Tier 3</b>	<b>Tier 4</b>
Rate per \$1000 of additional coverage	\$20.00	\$22.00	\$24.00	\$26.00

**2). Unscheduled Silverware, Goldware and Pewterware**

The special limit for loss to unscheduled silverware, goldware or pewterware may be increased to \$10,000.

	<b>Tier 1</b>	<b>Tier 2</b>	<b>Tier 3</b>	<b>Tier 4</b>
Rate per \$100 of additional coverage	\$ .60	\$ .66	\$ .72	\$ .78

**L. Scheduled Personal Property – (HO 04 61 04 91)**

The maximum total limits of all scheduled personal property that can be written in this program cannot exceed 10% of the Coverage A limit or \$35,000, (whichever is less).

Jewelry is limited to a maximum total of \$10,000.

Individual items valued between \$1,000 and \$4,999 require an appraisal that is less than 5 years old. Individual items valued at \$5,000 or more require an appraisal that is less than 1 year old.

- Silverware, Goldware, Pewterware must be justified with list and appraisals.
- Musical Instruments must be Non-Professional Only.
- Coins or Collections require descriptions of items that must include year of issue, condition, denomination and place of origin. We prefer a sales slip noting the purchase price.

Property not eligible for Coverage:

- Loose precious or semi-precious stones.
- Property held by merchants or dealers
- Property held by or on loan to museums, art galleries, or art institutions
- Items used in the insured's business(s) or profession(s)
- Firearms

Rate per \$100

	<b>Tier 1</b>	<b>Tier 2</b>	<b>Tier 3</b>	<b>Tier 4</b>

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<b>Jewelry</b>	\$ 1.50	\$ 2.00	\$ 2.20	\$ 2.42
<b>Furs</b>	.70	.80	.88	.97
<b>Cameras</b>	1.85	2.00	2.20	2.42
<b>Silver/Gold Ware</b>	.60	.65	.72	.79
<b>Musical Instruments</b>	.50	.55	.61	.65
<b>Golfers Equipment</b>	1.20	1.30	1.43	1.57
<b>Stamps</b>	.45	.50	.55	.61
<b>Fine Arts</b>	.25	.30	.33	.36
<b>Coins or Collections</b>	2.50	2.75	3.03	3.33

**M. Personal Liability and Medical Payment Limits.** Limits selected must be the same as the Section II liability limits.

- 1) **Increased Limits** – \$100,000 Coverage E limit, including Medical Payments to Others of \$1,000 per person are included in the Base Premium. To increase Coverage E and Coverage F limits, determine the additional premium by limit and tier.

	Tier 1		Tier 2		Tier 3		Tier 4	
<b>Cov E. Limit</b>	<b>Cov F. Limit</b>	<b>Prem</b>						
<b>\$ 100,000</b>	\$ 1,000	\$ Incl.						
<b>100,000</b>	2,000	10.00	2,000	12.00	2,000	13.00	2,000	15.00
<b>100,000</b>	5,000	20.00	5,000	22.00	5,000	24.00	5,000	25.00
<b>300,000</b>	1,000	18.00	1,000	20.00	1,000	25.00	1,000	30.00
<b>300,000</b>	2,000	27.00	2,000	28.00	2,000	30.00	2,000	35.00
<b>300,000</b>	5,000	34.00	5,000	36.00	5,000	35.00	5,000	40.00
<b>500,000</b>	1,000	30.00	1,000	35.00	1,000	40.00	1,000	45.00
<b>500,000</b>	2,000	35.00	2,000	40.00	2,000	45.00	2,000	50.00
<b>500,000</b>	5,000	45.00	5,000	50.00	5,000	55.00	5,000	60.00

**2) Extended Liability Secondary Residence (HO 98 14 10 98)**

This endorsement offers coverage for personal liability and medical payments coverage for other locations occupied by the insured. Determine the premium by tier, limits and number of families for Coverage E Liability or Medical Payments, Coverage F.

Tier 1				
Coverage E - Liability			Coverage F - Medical Payments	
Limit	1 Family Premium	2 Family Premium	Limit	Premium
\$ 100,000	\$ 15.00	\$ 20.00	\$ 1,000	\$ 3.00
300,000	18.00	24.00	2,000	5.00
500,000	20.00	27.00	5,000	10.00

Tier 2 - 4				
Coverage E - Liability			Coverage F - Medical Payments	
Limit	1 Family Premium	2 Family Premium	Limit	Premium
\$ 100,000	\$ 17.00	\$ 22.00	\$ 1,000	\$ 6.00
300,000	20.00	28.00	2,000	8.00
500,000	24.00	32.00	5,000	15.00

INDEX

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

<b>1. ELIGIBILITY REQUIREMENTS</b>
------------------------------------

A. General Eligibility

- 1) Owner occupied property
- 2) 1 to 2 unit dwelling showing "Pride of Ownership" as demonstrated by a well-maintained dwelling.
- 3) The named insured must be an individual
- 4) Maximum of four named insureds on a policy
- 5) Plumbing, heating, and electrical systems must be in good condition
- 6) Modular homes are acceptable if affixed to a permanent foundation
- 7) Roof must be in good condition
- 8) Brush Exposure
  - a) Non combustible roof: Must be at least 300 feet from mild or heavy brush
  - b) Combustible roof: Must be at least 2,500 feet from mild or heavy brush
- 9) Claim History. An applicant with any claims within the past three years must provide information on the circumstances pertaining to the type of loss, cause of loss, location of loss, amount paid and if open, the amount of reserve. Weather related and catastrophe losses will not be considered as chargeable claims for tier placement.
- 10) Minimum value - \$40,000
- 11) Business use is eligible if the business is incidental in nature without customer traffic, subject to company review.

B. Tier 1

- 1) Age of Dwelling
  - a) New Business: 60 years or newer
  - b) Renewal Business: 63 years or newer
- 2) Protection Class: 1 – 6; within 1,000 feet of hydrant and within 5 miles of a paid Fire Department
- 3) Occupancy: Owner occupied primary residence
- 4) Construction: No modular homes are eligible
- 5) Claims History: No claims in the last three years

C. Tier 2

- 1) Age of Dwelling
  - a) New Business: 60 years or newer
  - b) Renewal Business: 63 years or newer
- 2) Protection Class: 1 – 6; within 1,000 feet of hydrant and within 5 miles of a paid Fire Department
- 3) Occupancy: Owner occupied primary residence
- 4) Claims History: No more than one claim in the last three years subject to company review

D. Tier 3

- 1) Age of Dwelling
  - a) New Business: 90 years or newer
  - b) Renewal Business: 93 years or newer
- 2) Protection Class: 1 – 8; within 1,000 feet of hydrant and within 5 miles of a paid Fire Department
- 3) Occupancy: Owner occupied primary or secondary residence
- 4) Claims History
  - a) New Business: No more than two claims in the last three years subject to company review

**AMERICAN SECURITY INSURANCE COMPANY  
CHOICE HOMEOWNER PROGRAM  
GENERAL RULES**

**ARKANSAS**

**October 15, 2010**

- E. Tier 4
- 1) Age of Dwelling
    - a) New Business: 90 years or newer
    - b) Renewal Business: 93 years or newer
  - 2) Protection Class: 1 – 8
  - 3) Occupancy: Owner occupied primary or secondary residence
  - 4) Claims History: No more than two claims in the last three years subject to company review

**2. POLICY TERM**

Policies will be issued for a term of 12 months.

**3. COVERAGES AND LIMITS**

	<b>COVERAGE</b>	<b>MINIMUM / LIMIT</b>
Section I	A. Dwelling	\$ 40,000
	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. Personal Liability	\$100,000 per occurrence
	F. Medical Payments	\$1,000 per person/occurrence

**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 Homeowner Policy forms which will consist of:

- a. Homeowners 3 Special Form
- b. Declarations Page
- c. Mandatory and/or Optional Endorsements, if any.

**6. RISKS NOT ELIGIBLE**

- A. General
  - 1. Vacant property
  - 2. Homes showing lack of "Pride of Ownership"
  - 3. Homes under the course of construction
  - 4. Homes under major renovation
  - 5. Condominiums, Townhouses, and Rowhouses
  - 6. Mobile or Manufactured Homes
  - 7. Commercial or Farm use
  - 8. Homes with open foundations
  - 9. Homes with more than three mortgages
  - 10. Homes with an alternate primary heat source, including space heaters, kerosene stoves, wood stoves, fireplaces and portable heaters.
- B. Cancellation
  - 1). Tiers 1-3: Not eligible if cancelled or nonrenewed by prior carrier for any reason in the past three years (excluding cancellation due to carrier withdrawal from market).
  - 2). Tier 4: Not eligible if cancelled or nonrenewed by prior carrier for any reason in the past three years unless an explanation of the reason for cancellation or nonrenewal is provided at the time of application (excluding cancellation due to carrier withdrawal from market).
- C. Liability Exposures
  - 1). No swimming pools, unless completely enclosed by a fence at least 4 feet high with locking gate.
  - 2). No Home Day Care Business use.
  - 3). Any unusual liability not covered in this section that may be regarded as hazardous.
- D. Animals or Pets
  - 1). A risk is not eligible if it has an animal or pet that is vicious or has previously bitten or injured, or if any occupant has a dog of the breed shown:
    - a) Pit Bull, Rottweiler, Doberman Pinscher, Bullmastiff, Staffordshire Terrier, Presa Canario, any wolf hybrid, or any mix of these breeds.
  - 2). The following breeds may only be written in Tier 4:
    - a) Akita, Chow, German Sheppard, Alaskan Malamute, Great Dane, Rodesian Ridgeback, or any mix of these breeds.
  - 3). The following animal risks are also unacceptable:
    - a) Residences with more than 3 dogs.
    - b) Farm Animals
    - c) Non-Domesticate and Exotic Animals

**7. PREMIUMS**

- a. Premium and premium refunds will be rounded to the nearest whole dollar. 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 Premium is determined by multiplying the base rate by the Amount of Insurance, rounded to the nearest hundred. Round the Base Premium to the nearest whole dollar.

- b. To compute the Revised Base Premium, sum the applicable debits and credits and apply the resulting factor to the Base Premium. Round to the nearest whole dollar.
- c. Optional coverage premiums calculated as a percentage of the Revised Base Premium is calculated by multiplying the percentage indicated by the Revised Base Premium. Do not round.
- d. Sum all optional coverage premiums and the Revised Base Premium to determine the total policy premium. Round to the nearest whole dollar.

**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 effected 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**

Each installment payment is subject to the following nonrefundable fee:

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

**ARKANSAS**

**Q. Water Back Up and Sump Overflow Endorsement – (HO 04 95 11 92)**

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

SERFF Tracking Number: ASPX-126632589 State: Arkansas  
 Filing Company: American Security Insurance Company State Tracking Number: EFT \$100  
 Company Tracking Number: HO AR03162ASR01  
 TOI: 04.0 Homeowners Sub-TOI: 04.0005 Other Homeowners  
 Product Name: Choice Homeowners  
 Project Name/Number: Choice Homeowners/HO AR03162ASR01

## Supporting Document Schedules

	Item Status:	Status Date:
<b>Bypassed - Item:</b> Form RF-2 Loss Costs Only (not for workers' compensation) <b>Bypass Reason:</b> N/A <b>Comments:</b>		
<b>Satisfied - Item:</b> H-1 Homeowners Abstract <b>Comments:</b> <b>Attachment:</b> R2_TRNFM_INS01787_H 1 homeowners abstract_071910_HPC#3162.PDF	Filed	07/21/2010
<b>Satisfied - Item:</b> HPCS-Homeowners Premium Comparison Survey <b>Comments:</b> <b>Attachments:</b> R2_TRNFM_INS0179_ FORM HPCS_Revised 071910_HPC#3162.PDF R2_TRNFM_INS0179_ FORM HPCS_Revised 071910_HPC#3162.XLS	Filed	07/21/2010
<b>Satisfied - Item:</b> Actuarial Memorandum, Actuarial Exhibits <b>Comments:</b> <b>Attachments:</b> R2_ACTPKG_Addendum Memo_Revised 071910_HPC#3162.PDF R2_ACTPKG_CHO HO AR exhibits_Revised 071910_HPC#3162.PDF R2_ACTPKG_CHO HO AR exhibits_Revised 071910_HPC#3162.XLS	Filed	07/21/2010

*SERFF Tracking Number:* ASPX-126632589      *State:* Arkansas  
*Filing Company:* American Security Insurance Company      *State Tracking Number:* EFT \$100  
*Company Tracking Number:* HO AR03162ASR01  
*TOI:* 04.0 Homeowners      *Sub-TOI:* 04.0005 Other Homeowners  
*Product Name:* Choice Homeowners  
*Project Name/Number:* Choice Homeowners/HO AR03162ASR01

	<b>Item Status:</b>	<b>Status</b>
		<b>Date:</b>
<b>Satisfied - Item:</b> NAIC loss cost data entry document	Filed	07/21/2010
<b>Comments:</b>		
<b>Attachment:</b>		
R2_TRNFM_INS01783_Form RF 1_Revised 071910_NAIC Loss Cost_HPC#3162.PDF		

	<b>Item Status:</b>	<b>Status</b>
		<b>Date:</b>
<b>Satisfied - Item:</b> Policy Rate Change Chart	Filed	07/21/2010
<b>Comments:</b>		
<b>Attachments:</b>		
R2_ACTPKG_Policy Rate Chg Chart_rev 071910_HPC#3162.PDF		
R2_ACTPKG_Policy Rate Chg Chart_rev 071910_HPC#3162.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 American Security Insurance Company  
 NAIC # (including group #) 0019-42978

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

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

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

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

a. Fire Extinguisher	N/A	%
b. Burglar Alarm	2	%
c. Smoke Alarm	2	%
d. Insured who has both homeowners and auto with your company	N/A	%
e. Deadbolt Locks	N/A	%
f. Window or Door Locks	N/A	%
g. Other (specify)	Automatic Sprinkler	5 %
	Gated & 24 Hour-7 Day Patrol / Fire Alarm	5 %
		%

6. Are there any areas in the State of Arkansas In which your company will not write homeowners insurance? If so, state the areas and explain reason for not writing.  
 N/A

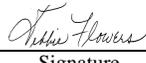
7. Specify the form(s) utilized in writing homeowners insurance. Indicate the Arkansas premium volume for each form.

Form	Premium Volume
Form HO 03	281,773

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? N/A  
If yes, state the surcharge \_\_\_\_\_  
Does the surcharge apply to conventional fire places? N/A  
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: 0019-42978  
 Company Name: American Security 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	670	670	768	768	725	725	768	768	768	768	768	768	768	768	768	670	670	870	870
	\$120,000	1004	1004	1151	1151	1088	1088	1151	1151	1151	1151	1151	1151	1151	1151	1151	1004	1004	1306	1306
	\$160,000	1339	1339	1535	1535	1450	1450	1535	1535	1535	1535	1535	1535	1535	1535	1535	1339	1339	1741	1741
6	\$80,000	670	670	768	768	725	725	768	768	768	768	768	768	768	768	768	670	670	870	870
	\$120,000	1004	1004	1151	1151	1088	1088	1151	1151	1151	1151	1151	1151	1151	1151	1151	1004	1004	1306	1306
	\$160,000	1339	1339	1535	1535	1450	1450	1535	1535	1535	1535	1535	1535	1535	1535	1535	1339	1339	1741	1741
9	\$80,000	670	670	768	768	725	725	768	768	768	768	768	768	768	768	768	670	670	870	870
	\$120,000	1004	1004	1151	1151	1088	1088	1151	1151	1151	1151	1151	1151	1151	1151	1151	1004	1004	1306	1306
	\$160,000	1339	1339	1535	1535	1450	1450	1535	1535	1535	1535	1535	1535	1535	1535	1535	1339	1339	1741	1741

**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="2"/> %	Window Locks	<input type="text" value="0"/> %
Smoke Alarm	<input type="text" value="2"/> %	\$1,000 Deductible	<input type="text" value="15"/> %
		Other (specify)	
		Automatic Sprinkler	<input type="text" value="5"/> %

**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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I

**American Security Insurance Company  
Choice Homeowners Program**

**Arkansas**

**Actuarial Memorandum**

***Amended to include Objection Changes***

American Security Insurance Company (ASIC) would like to file several changes to its existing Choice 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 several optional endorsements to Tiers 3 and 4 that were previously only available to Tiers 1 and 2. Fifth, we would like to introduce a new endorsement for Water Back Up and Sump Overflow. Finally, we would also like to revise another optional endorsement – Specified Additional Amount of Insurance for Coverage A - Dwelling. The following support is provided for these changes.

**Rate Level Indication**

Our indicated rate level change is 49.7%, 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. 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. Since there have been no rate changes in Arkansas, the on-level factor is 1.000

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 17.4% 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 ASIC 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 ASIC'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 changes 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. In this proposal, no insured will 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 -5%, -2.5%, -7.5%, 17%, -10%, and 3.2%, respectively, from the previous territory 2. Some counties previously in territory 1 that are now in territory 6 are receiving a 21% rate change. The table below details our current and proposed rates.

	Current Rates				Proposed Rates			
	Tier 1	Tier 2	Tier 3	Tier 4	Tier 1	Tier 2	Tier 3	Tier 4
<b>Terr 1</b>	0.881	0.940	1.044	1.102	0.981	1.047	1.163	1.227
<b>Terr 2</b>	1.033	1.102	1.224	1.292	1.007	1.074	1.193	1.260
<b>Terr 3</b>	N/A	N/A	N/A	N/A	0.956	1.019	1.132	1.195
<b>Terr 4</b>	N/A	N/A	N/A	N/A	1.209	1.289	1.432	1.512
<b>Terr 5</b>	N/A	N/A	N/A	N/A	0.930	0.992	1.102	1.163
<b>Terr 6</b>	N/A	N/A	N/A	N/A	1.066	1.137	1.263	1.333

### **Endorsements Rated for Tiers 3 and 4**

As the product currently stands, there are three endorsements that are only offered to and rated for Tiers 1 and 2. These endorsements are

1. Other Structures Increased Limits - allows the insured to increase their Coverage B limit.
2. Structures Rented to Others - allows insured to cover a specific structure on the residence premises that is rented to others for dwelling purposes.
3. Homeowners Package - adds a combination of several endorsements as defined in our state exception pages and increases Coverages C and D to 70% and 40% of Coverage A, respectively.

In addition, a fourth endorsement - Loss Assessment, which provides indemnification to the insured for assessments levied by the association of property owners for certain losses not covered by the association's insurance program - only offers the limit of \$10,000 to Tiers 3 and 4 while Tiers 1 and 2 are also eligible for limits of \$15,000 and \$50,000. We would like to now offer these optional endorsements and additional limits to Tiers 3 and 4. The rates for these endorsements were selected in a manner to be consistent with the rates for Tiers 1 and 2, as well as the base rate relativities among the four tiers, and can be seen in Exhibit 17.

### **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.

### **Revised Endorsement – Specified Additional Amount of Insurance for Coverage A – Dwelling**

Finally, we would like to revise the Specified Additional Amount of Insurance for Coverage A – Dwelling Endorsement. When the residence (structure) is insured for 100% of the estimated replacement cost, this endorsement may be added to extend the Coverage A limit to 150% of the original Coverage A limit. ISO currently has 125%/150% of Coverage A limit options available for 3%/6% of the revised base premium. We would like to now offer the same endorsements at a rate of 1.5%/2.5% of the revised base premium.

### **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 and Tier (Revised)
- 14 - Overall Rate Level Effect (Revised)
- 15 - Add Endorsement Availability for Tiers 3 and 4

**AMERICAN SECURITY INSURANCE COMPANY  
CHOICE 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	69,203	57,728	1.000	1.229	70,967
2005	116,913	87,188	1.000	1.188	103,560
2006	213,614	164,734	1.000	1.148	189,056
2007	293,466	247,197	1.000	1.109	274,107
2008	281,773	288,393	1.000	1.071	308,952
Jun-09	161,334	152,420	1.000	1.044	159,151
<b>Total</b>	<b>1,136,303</b>	<b>997,659</b>			<b>1,105,793</b>

Calendar Year	(6) Incurred Losses	(7) Loss Trend Factor (Exhibit 4)	(8) Modified Losses (6)*(7)	(9) Trended Loss Ratio (8)/(5)
2004	89,792	1.501	134,767	189.9%
2005	19,901	1.403	27,916	27.0%
2006	85,805	1.311	112,493	59.5%
2007	364,720	1.225	446,901	163.0%
2008	597,133	1.145	683,721	221.3%
Jun-09	643,604	1.089	700,680	440.3%
<b>Total</b>	<b>1,800,955</b>		<b>2,106,478</b>	<b>190.5%</b>

(10) 5.5 -Year Loss Ratio	190.5%
(11) Credibility (from Exhibit 5)	17.4%
(12) Permissible Loss Ratio (from Exhibit 6)	53.9%
(13) Trended Expected Loss Ratio (7) x (12) / (4)	57.6%
(14) Credibility-Weighted Loss Ratio (11) x (10) + [ 1 - (11) ] x (13)	80.7%
(15) Indicated Rate Level Change [ (14) / (12) - 1 ]	49.7%
<b>(16) Selected Rate Level Change</b>	<b>10.0%</b>

**AMERICAN SECURITY INSURANCE COMPANY  
CHOICE 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

**AMERICAN SECURITY INSURANCE COMPANY  
CHOICE HOMEOWNERS PROGRAM  
ARKANSAS**

Premium Trend Factor

Calendar Year	Written Premium	Written Exposures	Average Premium	Fitted Average Premium*	Indicated Premium Trend
2004	69,203	63	1,097	1,116	
2005	116,913	99	1,179	1,159	1.04
2006	213,614	179	1,195	1,202	1.04
2007	293,466	230	1,277	1,246	1.04
2008	281,773	223	1,265	1,289	1.03

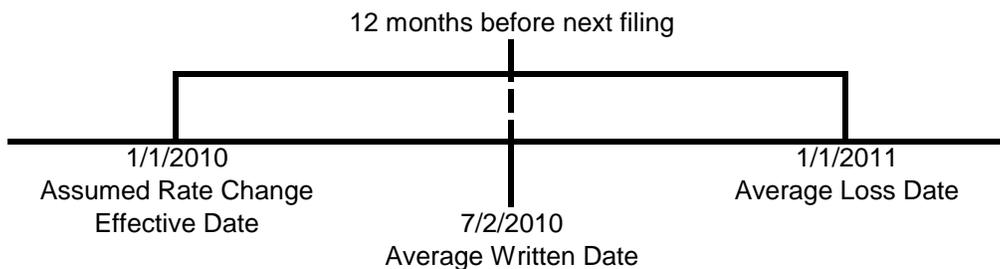
\* Based on a linear regression of average premium.

3.5% (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	1.229
12/31/2005	1.188
12/31/2006	1.148
12/31/2007	1.109
12/31/2008	1.071
6/30/2009	1.044

$$(2) = [ 1 + (A) ] ^ [ \{(B) - (1)\} / 365.25 + .5 ]$$



**AMERICAN SECURITY INSURANCE COMPANY  
CHOICE HOMEOWNERS PROGRAM  
COUNTRYWIDE EXPERIENCE**

Loss Trend Factor

Calendar Year	Paid Losses	Claim Count	Average Loss	Fitted Average Losses*	Indicated Loss Trend
2004	5,910,745	698	8,468	8,225	
2005	9,259,812	1,150	8,052	9,237	1.123
2006	15,648,581	1,647	9,501	10,249	1.110
2007	32,296,679	2,106	15,336	11,261	1.099
2008	27,207,893	2,752	9,887	12,273	1.090

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	4,564,245	626	7,291	7,534	
2005	7,866,953	1,043	7,543	8,153	1.082
2006	14,625,092	1,442	10,142	8,772	1.076
2007	16,593,757	1,755	9,455	9,391	1.071
2008	19,376,160	2,055	9,429	10,010	1.066

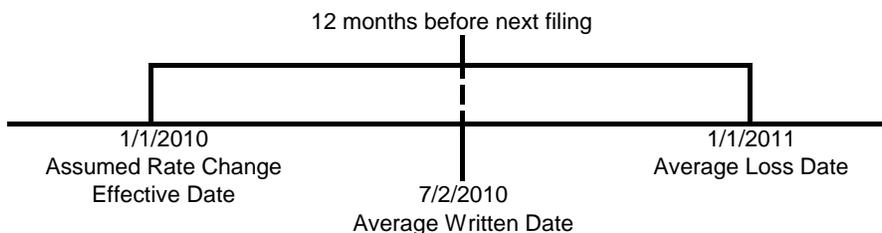
\* Based on a linear regression of paid per claim.

7.0% (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	1.501
12/31/2005	1.403
12/31/2006	1.311
12/31/2007	1.225
12/31/2008	1.145
6/30/2009	1.089

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



**AMERICAN SECURITY INSURANCE COMPANY  
CHOICE 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>	16,306
(1) Paid Losses CY 2004 - June 2009:	1,320,818
(2) Claim Count CY 2004 - June 2009:	81
(C) Paid Losses for Full Credibility (A)*(B)	17,643,519
(D) Permissible Loss Ratio (Exhibit 6)	53.9%
(E) Indicated Earned Premium for Full Credibility (C)/(D)	32,733,802
(F) Selected Earned Premium for Full Credibility	33,000,000
(G) Actual Earned Premium (2004 - June 2009) (Exhibit 1)	997,659
(H) Credibility $\min(\sqrt{(G)/(F)}, 100\%)$	17.4%

**AMERICAN SECURITY INSURANCE COMPANY  
CHOICE 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)	41,043	100.0%	45,546	100.0%	44,140	100.0%	100.0%	
Adjusted Direct Premium Earned (Part III, Col 3)	34,723	100.0%	43,850	100.0%	44,515	100.0%	100.0%	
Adj Dir Commissions & Brokerage (W) (Part III, Col 23)	11,610	28.3%	8,778	19.3%	6,269	14.2%	20.6%	20.0%
Other Acquisition Incurred (E) (Part III, Col 27)	1,632	4.7%	999	2.3%	740	1.7%	2.9%	2.5%
General Expenses Incurred (E) (Part III, Col 29)	6,569	18.9%	6,600	15.1%	5,986	13.4%	15.8%	15.0%
Taxes, Licenses, & Fees (W) (Part III, Col 25)	1,103	2.7%	1,251	2.7%	1,160	2.6%	2.7%	3.6%
Total Expenses								41.1%
Profit & Contingencies (Exhibit 11)								5.0%
Permissible Loss & LAE Ratio								53.9%

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

**AMERICAN SECURITY INSURANCE COMPANY  
CHOICE 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	1.92
(3)	Expected Investment Income on Reserves as a % of Premium	2.4%
(4)	Expected Investment Income on Reserves as a % of Surplus = (3) x (2)	4.5%
(5)	Expected Investment Income on Surplus as a % of Surplus	4.2%
(6)	Total Expected Investment Income as a % of Surplus = (4) + (5)	8.7%
(7)	Federal Income Tax on Investment Income as a % of Surplus = (6) x 25.4%	2.2%
(8)	After-Tax Investment Income on Surplus = (6) - (7)	6.5%
(9)	Target After-Tax Underwriting Profit as a % of Surplus = (1) - (8)	8.5%
(10)	Target After-Tax Underwriting Profit as a % of Premium = (9) / (2)	4.4%
(11)	Target Pre-Tax Underwriting Profit as a % of Premium = (10) / {1-35%}	6.8%
(12)	Selected Pre-Tax Underwriting Profit as a % of Premium	5.0%

**AMERICAN SECURITY INSURANCE COMPANY  
CHOICE HOMEOWNERS PROGRAM**

**COUNTRYWIDE EXPERIENCE**

Estimated Investment Earnings on Unearned Premium and Loss Reserves

A.	Unearned Premium Reserve	
1.	Direct Earned Premium	\$44,514,625
2.	Mean Unearned Premium Reserve	\$22,795,691
3.	Percentage Total of Prepaid Expense	
a.	Commission and Brokerage	20.00%
b.	Taxes, Licenses and Fees	3.60%
c.	50% of Other Acquisition Expense	1.25%
d.	50% of General Expense	<u>7.50%</u>
e.	Total	32.35%
4.	Dollar Total of Prepaid Expense (A2) x (A3e)	\$7,374,406
5.	Subject to Investment (A2) - (A4)	\$15,421,285
B.	Delayed Remission of Premium	\$1,261,226
C.	Expected Loss and Loss Adjustment Reserve	
1.	Direct Earned Premium (A1)	\$44,514,625
	x (Expected Loss and Loss Adjustment Ratio)	53.0%
2.	Expected Incurred Loss and Loss Adjustment	\$23,597,203
	x (Reserve to Incurred Ratio)	44.9%
3.	Expected Loss and Loss Adjustment Reserve	\$10,589,461
D.	Net Subject to Investment (A5) - (B) + (C3)	\$24,749,520
E.	Average Rate of Return on Invested Assets	4.2%
F.	Investment Earnings on Net Subject to Investment (D) x (E)	\$1,047,369
G.	Ratio of Investment Earnings to Earned Premium (F) ÷ (A1)	2.4%

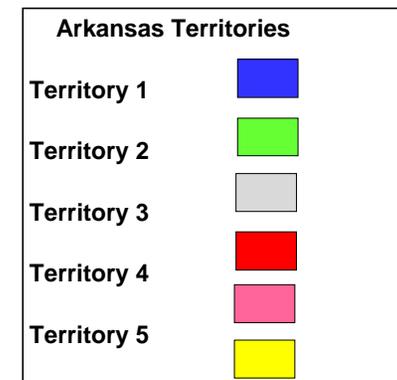
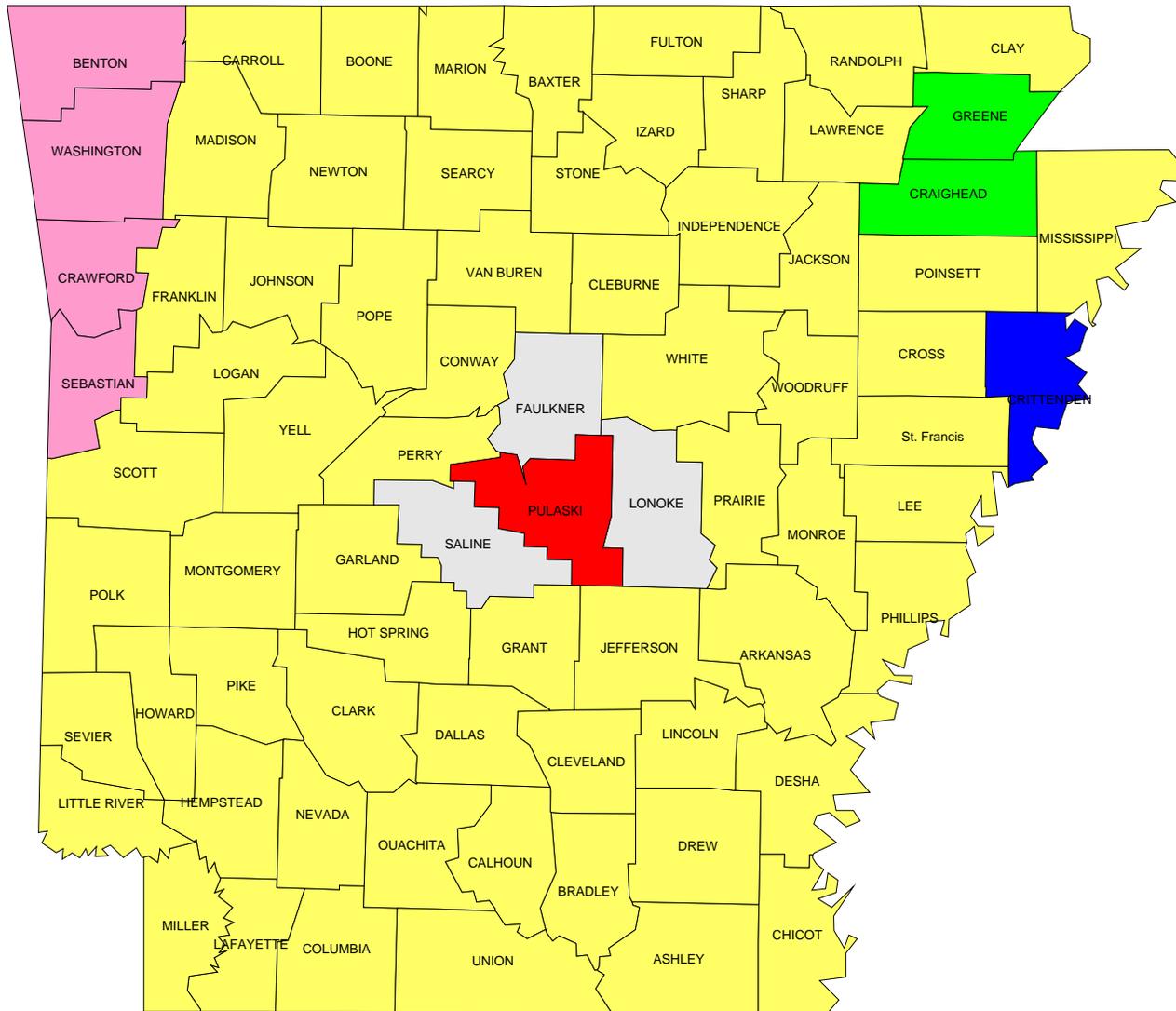
**AMERICAN SECURITY INSURANCE COMPANY  
CHOICE HOMEOWNERS PROGRAM  
ARKANSAS**

Territory Definitions

Territory 1					
CRITTENDEN					
Territory 2					
CRAIGHEAD		GREENE			
Territory 3					
FAULKNER		LONOKE		SALINE	
Territory 4					
PULASKI					
Territory 5					
BENTON		CRAWFORD		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		

**AMERICAN SECURITY INSURANCE COMPANY  
CHOICE HOMEOWNERS PROGRAM  
ARKANSAS**

Territory Definitions (Map)



**AMERICAN SECURITY INSURANCE COMPANY  
CHOICE HOMEOWNERS PROGRAM  
ARKANSAS**

Derivation of Optional Deductible Credits

**All Territories**

<u>Wind/Hail Deductible</u>			
Ground Up Losses	\$1,432,441	\$1,432,441	\$1,432,441
Optional Deductible Amount Paid	2% / \$2,000 \$1,296,822	3% / \$3,000 \$1,269,831	5% / \$5,000 \$1,236,780
Losses Eliminated	\$135,619	\$162,610	\$195,662

(1) Loss Elimination Ratio	9.5%	11.4%	13.7%
(2) Safety Factor	90.0%	90.0%	90.0%
(3) Tempered LER	8.5%	10.2%	12.3%
(4) Variable Expenses from PLR	28.6%	28.6%	28.6%
(5) Indicated Discount	11.9%	14.3%	17.2%
(6) Selected Discount	12.0%	14.0%	17.0%

(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))

**AMERICAN SECURITY INSURANCE COMPANY  
CHOICE 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
\$250	0.0%	12.0%	14.0%	17.0%
\$500	10.0%	20.8%	22.6%	25.3%
\$1,000	15.0%	25.2%	26.9%	29.5%
\$2,500	20.0%	29.6%	31.2%	33.6%

**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
\$250	included	0.880	0.860	0.830
\$500	0.900	0.792	0.774	0.747
\$1,000	0.850	0.748	0.731	0.706
\$2,500	0.800	0.704	0.688	0.664

**AMERICAN SECURITY INSURANCE COMPANY  
CHOICE HOMEOWNERS PROGRAM  
ARKANSAS**

Base Rate Change by Territory

Old Territory	New Territory	Rate Chg Eff.		Year 1 Rate Impact
		10/15/2010	% of State	
1	6	21.0%	38.1%	8.0%
2	1	-5.0%	0.5%	0.0%
2	2	-2.5%	3.4%	-0.1%
2	3	-7.5%	6.7%	-0.5%
2	4	17.0%	17.4%	3.0%
2	5	-10.0%	10.7%	-1.1%
2	6	3.2%	23.3%	0.7%
<b>Grand Total</b>			<b>100.0%</b>	<b>10.0%</b>

**AMERICAN SECURITY INSURANCE COMPANY  
CHOICE HOMEOWNERS PROGRAM  
ARKANSAS**

Overall Rate Level Effect

Overall Rate Level Effect	10.0%
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**AMERICAN SECURITY INSURANCE COMPANY  
CHOICE HOMEOWNERS PROGRAM  
ARKANSAS**

Add Endorsement Availability to Tiers 3 and 4

<b>Endorsement</b>	<b>Current Rates</b>				<b>Proposed Rates</b>			
	Tier 1	Tier 2	Tier 3*	Tier 4*	Tier 1	Tier 2	Tier 3*	Tier 4*
Other Structures Increased Limits	1.00	1.07	N/A	N/A	1.00	1.07	1.19	1.26
Structures Rented to Others	4.00	4.50	N/A	N/A	4.00	4.50	5.00	5.50
Loss Assessment - \$15,000 limit	15.00	17.00	N/A	N/A	15.00	17.00	19.00	21.00
Loss Assessment - \$50,000 limit	22.00	25.00	N/A	N/A	22.00	25.00	28.00	31.00

\* Tiers 3 & 4 were previously ineligible for these optional endorsements.

**FORM RF-1 Rate Filing Abstract NAIC LOSS COST DATA ENTRY DOCUMENT**

1.	This filing transmittal is part of Company Tracking #	HO AR03162ASR01
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. American Security Insurance Company	B.	0019-42978

Product Coding Matrix Line of Business (i.e., Type of Insurance)		Product Coding Matrix Line of Insurance (i.e., Sub-type of Insurance)	
4.	A. 04.0 Homeowners	B.	04.0005 Other Homeowners

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
Homeowners Multi-Peril	49.7%	10.0%	N/A	N/A	N/A	N/A	N/A
TOTAL OVERALL EFFECT	49.7%	10.0%					

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	128	N/A	N/A	87	20	22.8%	51.3%
2006	264	N/A	N/A	165	86	52.1%	54.9%
2007	376	N/A	N/A	247	365	147.5%	87.9%
2008	377	N/A	N/A	288	597	207.1%	61.9%
June 2009	192	10.0%	10/15/2010	152	644	422.3%	70.3%

7.

Expense Constants	Selected Provisions
A. Total Production Expense	22.5%
B. General Expense	15.0%
C. Taxes, License & Fees	3.6%
D. Underwriting Profit & Contingencies	5.0%
E. Other (explain)	
F. TOTAL	46.1%

8. N/A Apply Lost Cost Factors to Future filings? (Y or N)
9. 21.0 Estimated Maximum Rate Increase for any Insured (%). Territory (if applicable): \_\_\_\_\_
10. -10.0 Estimated Maximum Rate Decrease for any Insured (%). Territory (if applicable): \_\_\_\_\_



**AMERICAN SECURITY INSURANCE COMPANY  
CHOICE HOMEOWNERS  
ARKANSAS  
POLICY RATE CHANGE CHART**

<u>Overall Rate Change</u>	<u># of Policies</u>
-10.0%	27
-7.5%	13
-5.0%	2
-2.5%	9
3.2%	57
17.0%	42
21.0%	94
<hr/> Grand Total	<hr/> 244

SERFF Tracking Number: ASPX-126632589 State: Arkansas  
 Filing Company: American Security Insurance Company State Tracking Number: EFT \$100  
 Company Tracking Number: HO AR03162ASR01  
 TOI: 04.0 Homeowners Sub-TOI: 04.0005 Other Homeowners  
 Product Name: Choice Homeowners  
 Project Name/Number: Choice Homeowners/HO AR03162ASR01

## 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)
05/18/2010	Rate and Rule	State Exception Page	06/14/2010	AR-1.PDF (Superseded)
07/15/2010	Rate and Rule	State Exception Pages	07/21/2010	R2_MSEP_CHOAR101510_pgs 2 thru 7_rev 070910_HPC#3162.PDF (Superseded)
06/14/2010	Rate and Rule	State Exception Pages	07/15/2010	R2_MSEP_CHOAR101510_pgs 2 thru 7_HPC#3162.PDF (Superseded)
05/18/2010	Rate and Rule	State Exception Pages	06/14/2010	AR-2 thru AR-6.PDF (Superseded)
05/18/2010	Rate and Rule	Choice Homeowners General Rules	06/14/2010	GR-1 thru GR-5.PDF (Superseded)
06/14/2010	Supporting Document	H-1 Homeowners Abstract	07/21/2010	R2_TRNFM_INS01787_H 1 homeowners abstract_#HPC#3162.PDF (Superseded)
05/18/2010	Supporting Document	H-1 Homeowners Abstract	06/14/2010	Form H-1 Homeowners Abstract.PDF (Superseded)

SERFF Tracking Number: ASPX-126632589 State: Arkansas  
 Filing Company: American Security Insurance Company State Tracking Number: EFT \$100  
 Company Tracking Number: HO AR03162ASR01  
 TOI: 04.0 Homeowners Sub-TOI: 04.0005 Other Homeowners  
 Product Name: Choice Homeowners  
 Project Name/Number: Choice Homeowners/HO AR03162ASR01

07/15/2010	Supporting HPCS-Homeowners Premium Document Comparison Survey	07/21/2010	R2_TRNFM_INS0179_ FORM HPCS_Revised 070910_HPC#3162.PDF (Superceded) R2_TRNFM_INS0179_ FORM HPCS_Revised 070910_HPC#3162.XLS (Superceded)
06/23/2010	Supporting HPCS-Homeowners Premium Document Comparison Survey	07/15/2010	R2_TRNFM_INS0179_ FORM HPCS_HPC#3162.PDF (Superceded) R2_TRNFM_INS0179_ FORM HPCS_HPC#3162.XLS (Superceded)
06/14/2010	Supporting HPCS-Homeowners Premium Document Comparison Survey	06/23/2010	R2_TRNFM_INS01789_prem ium comparison survey form_#HPC#3162.PDF (Superceded)
05/18/2010	Supporting HPCS-Homeowners Premium Document Comparison Survey	06/14/2010	Homeowners Premium Comparison Survey Form.PDF (Superceded)
07/15/2010	Supporting Actuarial Memorandum, Actuarial Document Exhibits	07/21/2010	R2_ACTPKG_Addendum Memo_Revised 070910_HPC#3162.PDF (Superceded) R2_ACTPKG_CHO HO AR exhibits_Revised 070910_HPC#3162.PDF (Superceded)

SERFF Tracking Number: ASPX-126632589 State: Arkansas  
 Filing Company: American Security Insurance Company State Tracking Number: EFT \$100  
 Company Tracking Number: HO AR03162ASR01  
 TOI: 04.0 Homeowners Sub-TOI: 04.0005 Other Homeowners  
 Product Name: Choice Homeowners  
 Project Name/Number: Choice Homeowners/HO AR03162ASR01

R2\_ACTPKG\_CHO HO AR  
 exhibits\_Revised  
 070910\_HPC#3162.XLS  
 (Superceded)

06/14/2010 Supporting Actuarial Memorandum, Actuarial 07/15/2010  
 Document Exhibits, Indicated Rate Level  
 Change by Territories

R2\_ACTPKG\_CHO HO AR  
 Memo\_Revised  
 052810\_HPC#3162.PDF  
 (Superceded)  
 R2\_ACTPKG\_CHO HO AR  
 exhibits\_Revised  
 052810\_HPC#3162.PDF  
 (Superceded)  
 R2\_ACTPKG\_CHO HO AR  
 exhibits\_Revised  
 052810\_HPC#3162.XLS  
 (Superceded)  
 R2\_ATTTEX\_Territory  
 Indicators\_060610\_HPC#316  
 2.PDF (Superceded)  
 R2\_ATTTEX\_Territory  
 Indicators\_060610\_HPC#316  
 2.XLS (Superceded)

05/18/2010 Supporting Actuarial Memorandum, Actuarial 06/14/2010  
 Document Exhibits

Actuarial Memorandum.PDF  
 (Superceded)  
 Actuarial Exhibits.PDF  
 (Superceded)  
 Actuarial Exhibits.XLS  
 (Superceded)

07/15/2010 Supporting NAIC loss cost data entry document 07/21/2010  
 Document

R2\_TRNFM\_INS01783\_Form  
 RF 1\_Revised 071310\_NAIC  
 Loss Cost\_HPC#3162.PDF  
 (Superceded)

SERFF Tracking Number: ASPX-126632589 State: Arkansas  
 Filing Company: American Security Insurance Company State Tracking Number: EFT \$100  
 Company Tracking Number: HO AR03162ASR01  
 TOI: 04.0 Homeowners Sub-TOI: 04.0005 Other Homeowners  
 Product Name: Choice Homeowners  
 Project Name/Number: Choice Homeowners/HO AR03162ASR01

06/23/2010	Supporting NAIC loss cost data entry document Document	07/15/2010	R2_TRNFM_INS01783_Form RF 1_Revised 062210_NAIC Loss Cost_HPC#3162.PDF (Superseded)
06/14/2010	Supporting NAIC loss cost data entry document Document	06/23/2010	R2_TRNFM_INS01783_Form RF 1_NAIC Loss Cost_HPC#3162.PDF (Superseded)
05/18/2010	Supporting NAIC loss cost data entry document Document	06/14/2010	
07/15/2010	Supporting Policy Rate Change Chart Document	07/21/2010	R2_ACTPKG_Policy Rate Chg Chart_rev 071310_HPC#3162.PDF (Superseded) R2_ACTPKG_Policy Rate Chg Chart_rev 071310_HPC#3162.XLS (Superseded)
06/23/2010	Supporting Policy Rate Change Chart Document	07/15/2010	R2_ACTPKG_Policy Rate Chg Chart_HPC#3162.PDF (Superseded) R2_ACTPKG_Policy Rate Chg Chart_HPC#3162.XLS (Superseded)

**AMERICAN SECURITY INSURANCE COMPANY  
CHOICE HOMEOWNER PROGRAM  
STATE EXCEPTIONS**

**October 1, 2010**

**ARKANSAS**

FORMS LIST

**A. Mandatory Forms**

Homeowners 3 Special Form	HO 00 03 04 91
Declarations	HO 98 90a (Rev. 03-2000)
Special Provisions – Arkansas	HO 98 84 06 07
Inflation Guard	HO 98 13a (Rev. 03-2000)
Animal Liability Special Limit	HO 98 04a (Rev. 03-2000)
No Section II Liability for Home Day Care Business and Limited Section I Property Coverage for Home Day Care Business	HO 04 96 04 91
Arkansas Notice	FS N-1 AR 12 04
Windstorm or Hail Special Deductible	HO 98 99 05 09

**B. Optional Coverages**

Additional Insured	HO 04 41 04 91
Additional Interests	HO 04 10 10 00
Additional Residence Rented to Others	HO 24 70 04 91
Coverage C Increased Special Limits of Liability	HO 04 65 04 91
Excess Dwelling Coverage (Specified Additional Amount of Insurance for Coverage A – Dwelling)	HO 23 47 08 97
Extended Liability Secondary Residence	HO 98 14 10 98
Homeowners Package Endorsement	HO 98 01a (Rev. 11-2009)
Loss Assessment Coverage	HO 04 35 04 91
Mortgage Protection Endorsement	HO 98 02 10 98
Ordinance or Law – Increased Amount of Coverage	HO 04 77 06 94
Other Structures Increased Limits	HO 04 48 04 91
Personal Injury Liability	HO 24 82 04 91
Personal Property Replacement Cost	HO 04 90 04 91
Premises Alarm or/Fire Protection System	HO 04 16 04 91
Scheduled Personal Property Endorsement	HO 04 61 04 91
Structures Rented to Others	HO 04 40 04 91
Water Back Up and Sump Overflow	HO 04 95 11 92
Watercraft Liability	HO 24 75 04 91
Watercraft Physical Damage	HO 98 05 10 98

**C. General Forms**

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	American Security Insurance Company
NAIC # (including group #)	0019-42978

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

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

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

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

a. Fire Extinguisher	N/A	%
b. Burglar Alarm	2	%
c. Smoke Alarm	2	%
d. Insured who has both homeowners and auto with your company	N/A	%
e. Deadbolt Locks	N/A	%
f. Window or Door Locks	N/A	%
g. Other (specify)		
Automatic Sprinkler	5	%
Gated & 24 Hour-7 Day Patrol / Fire Alarm	5	%
		%

6. Are there any areas in the State of Arkansas In which your company will not write homeowners insurance? If so, state the areas and explain reason for not writing.  
N/A

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

Form	Premium Volume
Form HO 03	281,773

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? N/A  
If yes, state the surcharge \_\_\_\_\_  
Does the surcharge apply to conventional fire places? N/A  
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

**AMERICAN SECURITY INSURANCE COMPANY  
CHOICE HOMEOWNER PROGRAM  
STATE EXCEPTIONS**

**October 15, 2010**

**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		

**2. BASE RATE(S)**

Premiums are determined by multiplying the applicable base rate by the Amount of Insurance for the Dwelling, rounded to the nearest hundred dollars. Rates shown below are staggered over a 2 year period and include a \$250 Deductible.

	<u>Effective 10/15/2010</u>	<u>Effective 10/15/2011</u>
--	-----------------------------	-----------------------------

	<b>Tier 1</b>	<b>Tier 2</b>	<b>Tier 3</b>	<b>Tier 4</b>	<b>Tier 1</b>	<b>Tier 2</b>	<b>Tier 3</b>	<b>Tier 4</b>
<b>Terr 1</b>	0.981	1.047	1.163	1.227	0.981	1.057	1.198	1.301
<b>Terr 2</b>	1.007	1.074	1.193	1.260	1.007	1.085	1.229	1.335
<b>Terr 3</b>	0.956	1.019	1.132	1.195	0.956	1.030	1.166	1.267
<b>Terr 4</b>	1.209	1.289	1.432	1.512	1.291	1.391	1.576	1.712
<b>Terr 5</b>	0.930	0.992	1.102	1.163	0.930	1.002	1.135	1.233
<b>Terr 6</b>	1.066	1.137	1.263	1.333	1.154	1.244	1.409	1.530

**ARKANSAS**

**3. DEDUCTIBLE OPTIONS**

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	AdjustmentFactor
\$ 250	included
\$ 500	0.900
\$ 1,000	0.850
\$ 2,500	0.800

All Perils Deductible	Windstorm or Hail Deductible	Adjustment Factor
\$ 250	2%/\$2,000	0.880
\$ 500	2%/\$2,000	0.792
\$ 1,000	2%/\$2,000	0.748
\$ 2,500	2%/\$2,000	0.704
\$ 250	3%/\$3,000	0.860
\$ 500	3%/\$3,000	0.774
\$ 1,000	3%/\$3,000	0.731
\$ 2,500	3%/\$3,000	0.688
\$ 250	5%/\$5,000	0.830
\$ 500	5%/\$5,000	0.747
\$ 1,000	5%/\$5,000	0.706
\$ 2,500	5%/\$5,000	0.664

**4. CREDITS**

Credits apply only to Base Premium.

<b>A. New Home Credit:</b>	
1) 1 <sup>st</sup> year	20%
2) 2 <sup>nd</sup> year	17%
3) 3 <sup>rd</sup> year	14%
4) 4 <sup>th</sup> year	11%
5) 5 <sup>th</sup> year	8%
6) 6 <sup>th</sup> year	5%
7) 7 <sup>th</sup> year	2%
8) 8 <sup>th</sup> year or more	0%
<b>B. New Loan Credit:</b>	
1) 1 <sup>st</sup> year	10%
2) 2 <sup>nd</sup> year	7%
3) 3 <sup>rd</sup> year	3%

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* The New Home Credit and the New Loan Credit may not be combined. If both credits apply, use only the credit that allows the highest discount.	
C. Protective Safeguard Credit:	
1) Alarm to Fire or Police department	3%
2) Local Fire or Burglar Alarm or Smoke Detectors	2%
3) Gated & 24 hour-7day Patrol, Central Station Burglar or Fire Alarm	5%
4) Automatic Sprinkler	5%
D. Loss Free	
Must be claim and loss free as of the policy third anniversary. Applies each subsequent year if policy continues loss free.	2%

**5. OPTIONAL COVERAGES**

**A. Other Structures Increased Limits – (HO 04 48 04 91)**

When the value of Other Structures exceeds 10% of the Coverage A limit, this endorsement can be used to increase the amount of insurance. The maximum coverage amount allowed will be 50% of Coverage A. The limit of liability will be shown on the declarations page.

Rate	Tier 1	Tier 2	Tier 3	Tier 4
per \$1,000 of increased value	\$1.00	\$1.07	\$1.19	\$1.26

**B. Structures Rented to Others – (HO 04 40 04 91)**

When insurance is written for a specific structure on the residence premises that is rented to others for dwelling purposes, the following rate shall apply. Each structure must be rated separately.

Rate	Tier 1	Tier 2	Tier 3	Tier 4
per \$1,000 of insured value	\$4.00	\$4.50	\$5.00	\$5.50

**C. Excess Dwelling Coverage (Specified Additional Amount of Insurance for Coverage A – Dwelling) – (HO 23 47 08 97)**

When the residence (structure) is insured for 100% of the estimated replacement cost, this endorsement may be added to increase the Coverage A limit shown on the Declaration Page an additional 25% or 50%.

<u>Additional Coverage A Amount</u>	<u>Premium Charge</u>
25%	1.5% of Revised Base Premium
50%	2.5% of Revised Base Premium

**D. Personal Property Increased Limits**

When the value of unscheduled personal property exceeds 50% of the Coverage C limit, this rate can be used to increase the amount of insurance to 70% of the Coverage A limit. The limit of liability will be shown on the declarations page.

	Tier 1	Tier 2	Tier 3	Tier 4
Rate per \$1,000	\$2.00	\$2.00	\$2.20	\$2.20

**E. Increased Loss of Use Coverage**

Loss of Use is included at 20% of Coverage A. This may be increased to 40% of Coverage A. The limit of liability will be shown on the declarations page.

Premium charge: \$10.00

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**F. Replacement Cost – Personal Property – (HO 04 90 04 91)**

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

Premium charge is 10% of the revised base premium.

**G. Homeowners Package Endorsement – (HO 98 01a Rev. 11-2009)**

When this endorsement is added, several coverage limits are changed as follows:

- Mortgage Protection endorsement is added;
- Specified Additional Amount of Insurance for Coverage A – Dwelling endorsement is added;
- Replacement Cost – Personal Property is added;
- Coverage C amount of insurance is increased to 70% of Coverage A;
- Coverage D amount of insurance is increased to 40% of Coverage A;
- Section I – Personal Property Coverage, Special Limits of Liability is changed as follows:
  - The limit for loss by theft of jewelry, watches, furs, precious and semi-precious stones is increased to \$1,500.
  - The limit for loss by theft of silverware is increased to \$3,000.

Premium charge is 15% of the revised base premium.

**H. Mortgage Protection Endorsement – (HO 98 02 10 98 )**

When this endorsement is added, the insured’s mortgage payment on the first trust deed or mortgage on the insured dwelling will be paid, up to \$1,500.00 per month for 12 months, if the home remains uninhabitable 45 days after a covered loss.

	<b>Tier 1</b>	<b>Tier 2</b>	<b>Tier 3</b>	<b>Tier 4</b>
Annual Premium	\$15.00	\$18.00	\$22.00	\$25.00

**I. Loss Assessment – (HO 04 35 04 91)**

When this endorsement is added, the insured is indemnified for assessments levied by the association of property owners for certain losses not covered by the association’s insurance program. The basic policy provides up to \$1,000 of automatic coverage.

Premium Per Amount of Coverage and Tier:

<b>Amount of Insurance</b>		<b>Tier 1</b>		<b>Tier 2</b>		<b>Tier 3</b>		<b>Tier 4</b>
\$ 10,000	\$	10.00	\$	12.00	\$	14.00	\$	16.00
15,000		15.00		17.00		19.00		21.00
50,000		22.00		25.00		28.00		31.00

**J. Ordinance or Law – Increased Amount of Coverage – (HO 04 77 06 94)**

This endorsement responds to the operation of building laws or ordinances regulating the construction, repair or demolition of the Dwelling (Coverage A) and/or Other Structures (Coverage B) after a covered loss. This endorsement responds only when the dwelling is actually repaired or replaced.

This endorsement provides an additional amount of insurance equal to 25% of Coverage A Limit.

The premium is a percentage of the revised base premium determined by the age of the structure.

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<b>Age of Dwelling</b>	<b>% of Revised Base Premium</b>
0 -10	5%
11-20	10%
21-35	20%
36-50	25%
Over 50 year of age, not available	

**K. Coverage C Increased Special Limits of Liability – (HO 04 65 04 91)**

**1). Unscheduled Jewelry, Watches and Furs**

The special limit for loss to unscheduled jewelry, watches and furs may be increased to a maximum total limit of \$5,000 (not to exceed \$1,000 for any one item).

	<b>Tier 1</b>	<b>Tier 2</b>	<b>Tier 3</b>	<b>Tier 4</b>
Rate per \$1000 of additional coverage	\$20.00	\$22.00	\$24.00	\$26.00

**2). Unscheduled Silverware, Goldware and Pewterware**

The special limit for loss to unscheduled silverware, goldware or pewterware may be increased to \$10,000.

	<b>Tier 1</b>	<b>Tier 2</b>	<b>Tier 3</b>	<b>Tier 4</b>
Rate per \$100 of additional coverage	\$ .60	\$ .66	\$ .72	\$ .78

**L. Scheduled Personal Property – (HO 04 61 04 91)**

The maximum total limits of all scheduled personal property that can be written in this program cannot exceed 10% of the Coverage A limit or \$35,000, (whichever is less).

Jewelry is limited to a maximum total of \$10,000.

Individual items valued between \$1,000 and \$4,999 require an appraisal that is less than 5 years old. Individual items valued at \$5,000 or more require an appraisal that is less than 1 year old.

- Silverware, Goldware, Pewterware must be justified with list and appraisals.
- Musical Instruments must be Non-Professional Only.
- Coins or Collections require descriptions of items that must include year of issue, condition, denomination and place of origin. We prefer a sales slip noting the purchase price.

Property not eligible for Coverage:

- Loose precious or semi-precious stones.
- Property held by merchants or dealers
- Property held by or on loan to museums, art galleries, or art institutions
- Items used in the insured's business(s) or profession(s)
- Firearms

Rate per \$100

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	<b>Tier 1</b>	<b>Tier 2</b>	<b>Tier 3</b>	<b>Tier 4</b>
<b>Jewelry</b>	\$ 1.50	\$ 2.00	\$ 2.20	\$ 2.42
<b>Furs</b>	.70	.80	.88	.97
<b>Cameras</b>	1.85	2.00	2.20	2.42
<b>Silver/Gold Ware</b>	.60	.65	.72	.79
<b>Musical Instruments</b>	.50	.55	.61	.65
<b>Golfers Equipment</b>	1.20	1.30	1.43	1.57
<b>Stamps</b>	.45	.50	.55	.61
<b>Fine Arts</b>	.25	.30	.33	.36
<b>Coins or Collections</b>	2.50	2.75	3.03	3.33

**M. Personal Liability and Medical Payment Limits.** Limits selected must be the same as the Section II liability limits.

- 1) **Increased Limits** – \$100,000 Coverage E limit, including Medical Payments to Others of \$1,000 per person are included in the Base Premium. To increase Coverage E and Coverage F limits, determine the additional premium by limit and tier.

	<b>Tier 1</b>		<b>Tier 2</b>		<b>Tier 3</b>		<b>Tier 4</b>	
	<b>Cov E. Limit</b>	<b>Cov F. Limit Prem</b>						
<b>\$ 100,000</b>	\$ 1,000	\$ Incl.	\$ 1,000	\$ Incl.	\$ 1,000	\$ Incl.	\$ 1,000	\$ Incl.
<b>100,000</b>	2,000	10.00	2,000	12.00	2,000	13.00	2,000	15.00
<b>100,000</b>	5,000	20.00	5,000	22.00	5,000	24.00	5,000	25.00
<b>300,000</b>	1,000	18.00	1,000	20.00	1,000	25.00	1,000	30.00
<b>300,000</b>	2,000	27.00	2,000	28.00	2,000	30.00	2,000	35.00
<b>300,000</b>	5,000	34.00	5,000	36.00	5,000	35.00	5,000	40.00
<b>500,000</b>	1,000	30.00	1,000	35.00	1,000	40.00	1,000	45.00
<b>500,000</b>	2,000	35.00	2,000	40.00	2,000	45.00	2,000	50.00
<b>500,000</b>	5,000	45.00	5,000	50.00	5,000	55.00	5,000	60.00

**2) Extended Liability Secondary Residence (HO 98 14 10 98)**

This endorsement offers coverage for personal liability and medical payments coverage for other locations occupied by the insured. Determine the premium by tier, limits and number of families for Coverage E Liability or Medical Payments, Coverage F.

<b>Tier 1</b>				
<b>Coverage E - Liability</b>			<b>Coverage F – Medical Payments</b>	
<b>Limit</b>	<b>1 Family Premium</b>	<b>2 Family Premium</b>	<b>Limit</b>	<b>Premium</b>
\$ 100,000	\$ 15.00	\$ 20.00	\$ 1,000	\$ 3.00
300,000	18.00	24.00	2,000	5.00
500,000	20.00	27.00	5,000	10.00

<b>Tier 2 – 4</b>				
<b>Coverage E - Liability</b>			<b>Coverage F – Medical Payments</b>	
<b>Limit</b>	<b>1 Family Premium</b>	<b>2 Family Premium</b>	<b>Limit</b>	<b>Premium</b>
\$ 100,000	\$ 17.00	\$ 22.00	\$ 1,000	\$ 6.00
300,000	20.00	28.00	2,000	8.00
500,000	24.00	32.00	5,000	15.00

**AMERICAN SECURITY INSURANCE COMPANY  
CHOICE HOMEOWNER PROGRAM  
STATE EXCEPTIONS**

**October 15, 2010**

**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		

**2. BASE RATE(S)**

Premiums are determined by multiplying the applicable base rate by the Amount of Insurance for the Dwelling, rounded to the nearest hundred dollars. Rates shown below are for a 12-month term and include a \$250 Deductible.

<u>Tier</u>	<u>Territory 1</u>	<u>Territory 2</u>	<u>Territory 3</u>	<u>Territory 4</u>	<u>Territory 5</u>	<u>Territory 6</u>
1	\$ .981	\$ 1.007	0.956	1.291	0.930	1.189
2	1.057	1.085	1.030	1.391	1.002	1.282
3	1.198	1.229	1.166	1.576	1.135	1.452
4	1.301	1.335	1.267	1.712	1.233	1.577

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**3. DEDUCTIBLE OPTIONS**

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	AdjustmentFactor
\$ 250	included
\$ 500	0.90
\$ 1,000	0.85
\$ 2,500	0.80

All Perils Deductible	Windstorm or Hail Deductible	Adjustment Factor
\$ 250	2%/\$2,000	0.880
\$ 500	2%/\$2,000	0.792
\$ 1,000	2%/\$2,000	0.748
\$ 2,500	2%/\$2,000	0.704
\$ 250	3%/\$3,000	0.860
\$ 500	3%/\$3,000	0.774
\$ 1,000	3%/\$3,000	0.731
\$ 2,500	3%/\$3,000	0.688
\$ 250	5%/\$5,000	0.830
\$ 500	5%/\$5,000	0.747
\$ 1,000	5%/\$5,000	0.706
\$ 2,500	5%/\$5,000	0.664

**4. CREDITS**

Credits apply only to Base Premium.

<b>A. New Home Credit:</b>	
1) 1 <sup>st</sup> year	20%
2) 2 <sup>nd</sup> year	17%
3) 3 <sup>rd</sup> year	14%
4) 4 <sup>th</sup> year	11%
5) 5 <sup>th</sup> year	8%
6) 6 <sup>th</sup> year	5%
7) 7 <sup>th</sup> year	2%
8) 8 <sup>th</sup> year or more	0%
<b>B. New Loan Credit:</b>	
1) 1 <sup>st</sup> year	10%
2) 2 <sup>nd</sup> year	7%
3) 3 <sup>rd</sup> year	3%

**ARKANSAS**

* The New Home Credit and the New Loan Credit may not be combined. If both credits apply, use only the credit that allows the highest discount.	
C. Protective Safeguard Credit:	
1) Alarm to Fire or Police department	3%
2) Local Fire or Burglar Alarm or Smoke Detectors	2%
3) Gated & 24 hour-7day Patrol, Central Station Burglar or Fire Alarm	5%
4) Automatic Sprinkler	5%
D. Loss Free	
Must be claim and loss free as of the policy third anniversary. Applies each subsequent year if policy continues loss free.	2%

**5. OPTIONAL COVERAGES**

**A. Other Structures Increased Limits – (HO 04 48 04 91)**

When the value of Other Structures exceeds 10% of the Coverage A limit, this endorsement can be used to increase the amount of insurance. The maximum coverage amount allowed will be 50% of Coverage A. The limit of liability will be shown on the declarations page.

Rate	Tier 1	Tier 2	Tier 3	Tier 4
per \$1,000 of increased value	\$1.00	\$1.07	\$1.19	\$1.26

**B. Structures Rented to Others – (HO 04 40 04 91)**

When insurance is written for a specific structure on the residence premises that is rented to others for dwelling purposes, the following rate shall apply. Each structure must be rated separately.

Rate	Tier 1	Tier 2	Tier 3	Tier 4
per \$1,000 of insured value	\$4.00	\$4.50	\$5.00	\$5.50

**C. Excess Dwelling Coverage (Specified Additional Amount of Insurance for Coverage A – Dwelling) – (HO 23 47 08 97)**

When the residence (structure) is insured for 100% of the estimated replacement cost, this endorsement may be added to increase the Coverage A limit shown on the Declaration Page an additional 25% or 50%.

<u>Additional Coverage A Amount</u>	<u>Premium Charge</u>
25%	1.5% of Revised Base Premium
50%	2.5% of Revised Base Premium

**D. Personal Property Increased Limits**

When the value of unscheduled personal property exceeds 50% of the Coverage C limit, this rate can be used to increase the amount of insurance to 70% of the Coverage A limit. The limit of liability will be shown on the declarations page.

	Tier 1	Tier 2	Tier 3	Tier 4
Rate per \$1,000	\$2.00	\$2.00	\$2.20	\$2.20

**E. Increased Loss of Use Coverage**

Loss of Use is included at 20% of Coverage A. This may be increased to 40% of Coverage A. The limit of liability will be shown on the declarations page.

Premium charge: \$10.00

**ARKANSAS**

**F. Replacement Cost – Personal Property – (HO 04 90 04 91)**

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

Premium charge is 10% of the revised base premium.

**G. Homeowners Package Endorsement – (HO 98 01a Rev. 11-2009)**

When this endorsement is added, several coverage limits are changed as follows:

- Mortgage Protection endorsement is added;
- Specified Additional Amount of Insurance for Coverage A – Dwelling endorsement is added;
- Replacement Cost – Personal Property is added;
- Coverage C amount of insurance is increased to 70% of Coverage A;
- Coverage D amount of insurance is increased to 40% of Coverage A;
- Section I – Personal Property Coverage, Special Limits of Liability is changed as follows:
  - The limit for loss by theft of jewelry, watches, furs, precious and semi-precious stones is increased to \$1,500.
  - The limit for loss by theft of silverware is increased to \$3,000.

Premium charge is 15% of the revised base premium.

**H. Mortgage Protection Endorsement – (HO 98 02 10 98 )**

When this endorsement is added, the insured’s mortgage payment on the first trust deed or mortgage on the insured dwelling will be paid, up to \$1,500.00 per month for 12 months, if the home remains uninhabitable 45 days after a covered loss.

	<b>Tier 1</b>	<b>Tier 2</b>	<b>Tier 3</b>	<b>Tier 4</b>
Annual Premium	\$15.00	\$18.00	\$22.00	\$25.00

**I. Loss Assessment – (HO 04 35 04 91)**

When this endorsement is added, the insured is indemnified for assessments levied by the association of property owners for certain losses not covered by the association’s insurance program. The basic policy provides up to \$1,000 of automatic coverage.

Premium Per Amount of Coverage and Tier:

<b>Amount of Insurance</b>		<b>Tier 1</b>		<b>Tier 2</b>		<b>Tier 3</b>		<b>Tier 4</b>
\$ 10,000	\$	10.00	\$	12.00	\$	14.00	\$	16.00
15,000		15.00		17.00		19.00		21.00
50,000		22.00		25.00		28.00		31.00

**J. Ordinance or Law – Increased Amount of Coverage – (HO 04 77 06 94)**

This endorsement responds to the operation of building laws or ordinances regulating the construction, repair or demolition of the Dwelling (Coverage A) and/or Other Structures (Coverage B) after a covered loss. This endorsement responds only when the dwelling is actually repaired or replaced.

This endorsement provides an additional amount of insurance equal to 25% of Coverage A Limit.

The premium is a percentage of the revised base premium determined by the age of the structure.

**ARKANSAS**

<b>Age of Dwelling</b>	<b>% of Revised Base Premium</b>
0 -10	5%
11-20	10%
21-35	20%
36-50	25%
Over 50 year of age, not available	

**K. Coverage C Increased Special Limits of Liability – (HO 04 65 04 91)**

**1). Unscheduled Jewelry, Watches and Furs**

The special limit for loss to unscheduled jewelry, watches and furs may be increased to a maximum total limit of \$5,000 (not to exceed \$1,000 for any one item).

	<b>Tier 1</b>	<b>Tier 2</b>	<b>Tier 3</b>	<b>Tier 4</b>
Rate per \$1000 of additional coverage	\$20.00	\$22.00	\$24.00	\$26.00

**2). Unscheduled Silverware, Goldware and Pewterware**

The special limit for loss to unscheduled silverware, goldware or pewterware may be increased to \$10,000.

	<b>Tier 1</b>	<b>Tier 2</b>	<b>Tier 3</b>	<b>Tier 4</b>
Rate per \$100 of additional coverage	\$ .60	\$ .66	\$ .72	\$ .78

**L. Scheduled Personal Property – (HO 04 61 04 91)**

The maximum total limits of all scheduled personal property that can be written in this program cannot exceed 10% of the Coverage A limit or \$35,000, (whichever is less).

Jewelry is limited to a maximum total of \$10,000.

Individual items valued between \$1,000 and \$4,999 require an appraisal that is less than 5 years old. Individual items valued at \$5,000 or more require an appraisal that is less than 1 year old.

- Silverware, Goldware, Pewterware must be justified with list and appraisals.
- Musical Instruments must be Non-Professional Only.
- Coins or Collections require descriptions of items that must include year of issue, condition, denomination and place of origin. We prefer a sales slip noting the purchase price.

Property not eligible for Coverage:

- Loose precious or semi-precious stones.
- Property held by merchants or dealers
- Property held by or on loan to museums, art galleries, or art institutions
- Items used in the insured's business(s) or profession(s)
- Firearms

Rate per \$100

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	<b>Tier 1</b>	<b>Tier 2</b>	<b>Tier 3</b>	<b>Tier 4</b>
<b>Jewelry</b>	\$ 1.50	\$ 2.00	\$ 2.20	\$ 2.42
<b>Furs</b>	.70	.80	.88	.97
<b>Cameras</b>	1.85	2.00	2.20	2.42
<b>Silver/Gold Ware</b>	.60	.65	.72	.79
<b>Musical Instruments</b>	.50	.55	.61	.65
<b>Golfers Equipment</b>	1.20	1.30	1.43	1.57
<b>Stamps</b>	.45	.50	.55	.61
<b>Fine Arts</b>	.25	.30	.33	.36
<b>Coins or Collections</b>	2.50	2.75	3.03	3.33

**M. Personal Liability and Medical Payment Limits.** Limits selected must be the same as the Section II liability limits.

- 1) **Increased Limits** – \$100,000 Coverage E limit, including Medical Payments to Others of \$1,000 per person are included in the Base Premium. To increase Coverage E and Coverage F limits, determine the additional premium by limit and tier.

	<b>Tier 1</b>		<b>Tier 2</b>		<b>Tier 3</b>		<b>Tier 4</b>	
	<b>Cov E. Limit</b>	<b>Cov F. Limit Prem</b>						
<b>\$ 100,000</b>	\$ 1,000	\$ Incl.	\$ 1,000	\$ Incl.	\$ 1,000	\$ Incl.	\$ 1,000	\$ Incl.
<b>100,000</b>	2,000	10.00	2,000	12.00	2,000	13.00	2,000	15.00
<b>100,000</b>	5,000	20.00	5,000	22.00	5,000	24.00	5,000	25.00
<b>300,000</b>	1,000	18.00	1,000	20.00	1,000	25.00	1,000	30.00
<b>300,000</b>	2,000	27.00	2,000	28.00	2,000	30.00	2,000	35.00
<b>300,000</b>	5,000	34.00	5,000	36.00	5,000	35.00	5,000	40.00
<b>500,000</b>	1,000	30.00	1,000	35.00	1,000	40.00	1,000	45.00
<b>500,000</b>	2,000	35.00	2,000	40.00	2,000	45.00	2,000	50.00
<b>500,000</b>	5,000	45.00	5,000	50.00	5,000	55.00	5,000	60.00

**2) Extended Liability Secondary Residence (HO 98 14 10 98)**

This endorsement offers coverage for personal liability and medical payments coverage for other locations occupied by the insured. Determine the premium by tier, limits and number of families for Coverage E Liability or Medical Payments, Coverage F.

<b>Tier 1</b>				
<b>Coverage E - Liability</b>			<b>Coverage F – Medical Payments</b>	
<b>Limit</b>	<b>1 Family Premium</b>	<b>2 Family Premium</b>	<b>Limit</b>	<b>Premium</b>
\$ 100,000	\$ 15.00	\$ 20.00	\$ 1,000	\$ 3.00
300,000	18.00	24.00	2,000	5.00
500,000	20.00	27.00	5,000	10.00

<b>Tier 2 – 4</b>				
<b>Coverage E - Liability</b>			<b>Coverage F – Medical Payments</b>	
<b>Limit</b>	<b>1 Family Premium</b>	<b>2 Family Premium</b>	<b>Limit</b>	<b>Premium</b>
\$ 100,000	\$ 17.00	\$ 22.00	\$ 1,000	\$ 6.00
300,000	20.00	28.00	2,000	8.00
500,000	24.00	32.00	5,000	15.00

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	American Security Insurance Company
NAIC # (including group #)	0019-42978

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

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

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

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

a. Fire Extinguisher	N/A	%
b. Burglar Alarm	2	%
c. Smoke Alarm	2	%
d. Insured who has both homeowners and auto with your company	N/A	%
e. Deadbolt Locks	N/A	%
f. Window or Door Locks	N/A	%
g. Other (specify)	5	%
Automatic Sprinkler	5	%
Gated & 24 Hour-7 Day Patrol / Fire Alarm	5	%
		%

6. Are there any areas in the State of Arkansas In which your company will not write homeowners insurance? If so, state the areas and explain reason for not writing.  
N/A

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

Form	Premium Volume
Form HO 03	281,773

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? N/A  
If yes, state the surcharge \_\_\_\_\_  
Does the surcharge apply to conventional fire places? N/A  
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

**AMERICAN SECURITY INSURANCE COMPANY  
CHOICE HOMEOWNER PROGRAM  
STATE EXCEPTIONS**

**October 1, 2010**

**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		

**2. BASE RATE(S)**

Premiums are determined by multiplying the applicable base rate by the Amount of Insurance for the Dwelling, rounded to the nearest hundred dollars. Rates shown below are for a 12-month term and include a \$250 Deductible.

<u>Tier</u>	<u>Territory 1</u>	<u>Territory 2</u>	<u>Territory 3</u>	<u>Territory 4</u>	<u>Territory 5</u>	<u>Territory 6</u>
1	\$ .981	\$ 1.007	0.956	1.291	0.930	1.189
2	1.057	1.085	1.030	1.391	1.002	1.282
3	1.198	1.229	1.166	1.576	1.135	1.452
4	1.301	1.335	1.267	1.712	1.233	1.577

**ARKANSAS**

**3. DEDUCTIBLE OPTIONS**

The All Other 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>
\$ 250	2%/\$2,000	included
\$ 500	2%/\$2,000	0.900
\$ 1,000	2%/\$2,000	0.850
\$ 2,500	2%/\$2,000	0.800
\$ 250	3%/\$3,000	0.970
\$ 500	3%/\$3,000	0.873
\$ 1,000	3%/\$3,000	0.825
\$ 2,500	3%/\$3,000	0.776
\$ 250	5%/\$5,000	0.940
\$ 500	5%/\$5,000	0.846
\$ 1,000	5%/\$5,000	0.799
\$ 2,500	5%/\$5,000	0.752

**4. CREDITS**

Credits apply only to Base Premium.

A. New Home Credit:	
1) 1 <sup>st</sup> year	20%
2) 2 <sup>nd</sup> year	17%
3) 3 <sup>rd</sup> year	14%
4) 4 <sup>th</sup> year	11%
5) 5 <sup>th</sup> year	8%
6) 6 <sup>th</sup> year	5%
7) 7 <sup>th</sup> year	2%
8) 8 <sup>th</sup> year or more	0%
B. New Loan Credit:	
1) 1 <sup>st</sup> year	10%
2) 2 <sup>nd</sup> year	7%
3) 3 <sup>rd</sup> year	3%
* The New Home Credit and the New Loan Credit may not be combined. If both credits apply, use only the credit that allows the highest discount.	
C. Protective Safeguard Credit:	
1) Alarm to Fire or Police department	3%
2) Local Fire or Burglar Alarm or Smoke Detectors	2%
3) Gated & 24 hour-7day Patrol, Central Station Burglar or Fire Alarm	5%
4) Automatic Sprinkler	5%
D. Loss Free	
Must be claim and loss free as of the policy third anniversary. Applies	

**ARKANSAS**

each subsequent year if policy continues loss free.	2%
---	----

**5. OPTIONAL COVERAGES**

**A. Other Structures Increased Limits – (HO 04 48 04 91)**

When the value of Other Structures exceeds 10% of the Coverage A limit, this endorsement can be used to increase the amount of insurance. The maximum coverage amount allowed will be 50% of Coverage A. The limit of liability will be shown on the declarations page.

Rate	Tier 1	Tier 2	Tier 3	Tier 4
per \$1,000 of increased value	\$1.00	\$1.07	\$1.19	\$1.26

**B. Structures Rented to Others – (HO 04 40 04 91)**

When insurance is written for a specific structure on the residence premises that is rented to others for dwelling purposes, the following rate shall apply. Each structure must be rated separately.

Rate	Tier 1	Tier 2	Tier 3	Tier 4
per \$1,000 of insured value	\$4.00	\$4.50	\$5.00	\$5.50

**C. Excess Dwelling Coverage (Specified Additional Amount of Insurance for Coverage A – Dwelling) – (HO 23 47 08 97)**

When the residence (structure) is insured for 100% of the estimated replacement cost, this endorsement may be added to increase the Coverage A limit shown on the Declaration Page an additional 25% or 50%.

<u>Additional Coverage A Amount</u>	<u>Premium Charge</u>
25%	1.5% of Revised Base Premium
50%	2.5% of Revised Base Premium

**D. Personal Property Increased Limits**

When the value of unscheduled personal property exceeds 50% of the Coverage C limit, this rate can be used to increase the amount of insurance to 70% of the Coverage A limit. The limit of liability will be shown on the declarations page.

	Tier 1	Tier 2	Tier 3	Tier 4
Rate per \$1,000	\$2.00	\$2.00	\$2.20	\$2.20

**E. Increased Loss of Use Coverage**

Loss of Use is included at 20% of Coverage A. This may be increased to 40% of Coverage A. The limit of liability will be shown on the declarations page.

Premium charge: \$10.00

**F. Replacement Cost – Personal Property – (HO 04 90 04 91)**

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

Premium charge is 10% of the revised base premium.

**ARKANSAS**

**G. Homeowners Package Endorsement – (HO 98 01a Rev. 11-2009)**

When this endorsement is added, several coverage limits are changed as follows:

- Mortgage Protection endorsement is added;
- Specified Additional Amount of Insurance for Coverage A – Dwelling endorsement is added;
- Replacement Cost – Personal Property is added;
- Coverage C amount of insurance is increased to 70% of Coverage A;
- Coverage D amount of insurance is increased to 40% of Coverage A;
- Section I – Personal Property Coverage, Special Limits of Liability is changed as follows:
  - The limit for loss by theft of jewelry, watches, furs, precious and semi-precious stones is increased to \$1,500.
  - The limit for loss by theft of silverware is increased to \$3,000.

Premium charge is 15% of the revised base premium.

**H. Mortgage Protection Endorsement – (HO 98 02 10 98 )**

When this endorsement is added, the insured’s mortgage payment on the first trust deed or mortgage on the insured dwelling will be paid, up to \$1,500.00 per month for 12 months, if the home remains uninhabitable 45 days after a covered loss.

	<b>Tier 1</b>	<b>Tier 2</b>	<b>Tier 3</b>	<b>Tier 4</b>
Annual Premium	\$15.00	\$18.00	\$22.00	\$25.00

**I. Loss Assessment – (HO 04 35 04 91)**

When this endorsement is added, the insured is indemnified for assessments levied by the association of property owners for certain losses not covered by the association’s insurance program. The basic policy provides up to \$1,000 of automatic coverage.

Premium Per Amount of Coverage and Tier:

<b>Amount of Insurance</b>		<b>Tier 1</b>		<b>Tier 2</b>		<b>Tier 3</b>		<b>Tier 4</b>
\$ 10,000	\$	10.00	\$	12.00	\$	14.00	\$	16.00
15,000		15.00		17.00		19.00		21.00
50,000		22.00		25.00		28.00		31.00

**J. Ordinance or Law – Increased Amount of Coverage – (HO 04 77 06 94)**

This endorsement responds to the operation of building laws or ordinances regulating the construction, repair or demolition of the Dwelling (Coverage A) and/or Other Structures (Coverage B) after a covered loss. This endorsement responds only when the dwelling is actually repaired or replaced.

This endorsement provides an additional amount of insurance equal to 25% of Coverage A Limit.

The premium is a percentage of the revised base premium determined by the age of the structure.

Age of Dwelling	% of Revised Base Premium
0 -10	5%
11-20	10%
21-35	20%
36-50	25%
Over 50 year of age, not available	

**ARKANSAS**

**K. Coverage C Increased Special Limits of Liability – (HO 04 65 04 91)**

**1). Unscheduled Jewelry, Watches and Furs**

The special limit for loss to unscheduled jewelry, watches and furs may be increased to a maximum total limit of \$5,000 (not to exceed \$1,000 for any one item).

	<b>Tier 1</b>	<b>Tier 2</b>	<b>Tier 3</b>	<b>Tier 4</b>
Rate per \$1000 of additional coverage	\$20.00	\$22.00	\$24.00	\$26.00

**2). Unscheduled Silverware, Goldware and Pewterware**

The special limit for loss to unscheduled silverware, goldware or pewterware may be increased to \$10,000.

	<b>Tier 1</b>	<b>Tier 2</b>	<b>Tier 3</b>	<b>Tier 4</b>
Rate per \$100 of additional coverage	\$.60	\$.66	\$.72	\$.78

**L. Scheduled Personal Property – (HO 04 61 04 91)**

The maximum total limits of all scheduled personal property that can be written in this program cannot exceed 10% of the Coverage A limit or \$35,000, (whichever is less).

Jewelry is limited to a maximum total of \$10,000.

Individual items valued between \$1,000 and \$4,999 require an appraisal that is less than 5 years old. Individual items valued at \$5,000 or more require an appraisal that is less than 1 year old.

- Silverware, Goldware, Pewterware must be justified with list and appraisals.
- Musical Instruments must be Non-Professional Only.
- Coins or Collections require descriptions of items that must include year of issue, condition, denomination and place of origin. We prefer a sales slip noting the purchase price.

Property not eligible for Coverage:

- Loose precious or semi-precious stones.
- Property held by merchants or dealers
- Property held by or on loan to museums, art galleries, or art institutions
- Items used in the insured's business(s) or profession(s)
- Firearms

Rate per \$100

	<b>Tier 1</b>	<b>Tier 2</b>	<b>Tier 3</b>	<b>Tier 4</b>
<b>Jewelry</b>	\$ 1.50	\$ 2.00	\$ 2.20	\$ 2.42
<b>Furs</b>	.70	.80	.88	.97
<b>Cameras</b>	1.85	2.00	2.20	2.42
<b>Silver/Gold Ware</b>	.60	.65	.72	.79
<b>Musical Instruments</b>	.50	.55	.61	.65
<b>Golfers Equipment</b>	1.20	1.30	1.43	1.57
<b>Stamps</b>	.45	.50	.55	.61
<b>Fine Arts</b>	.25	.30	.33	.36
<b>Coins or Collections</b>	2.50	2.75	3.03	3.33

INDEX

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

<b>1. ELIGIBILITY REQUIREMENTS</b>
------------------------------------

A. General Eligibility

- 1) Owner occupied property
- 2) 1 to 2 unit dwelling showing "Pride of Ownership" as demonstrated by a well-maintained dwelling.
- 3) The named insured must be an individual
- 4) Maximum of four named insureds on a policy
- 5) Plumbing, heating, and electrical systems must be in good condition
- 6) Modular homes are acceptable if affixed to a permanent foundation
- 7) Roof must be in good condition
- 8) Brush Exposure
  - a) Non combustible roof: Must be at least 300 feet from mild or heavy brush
  - b) Combustible roof: Must be at least 2,500 feet from mild or heavy brush
- 9) Claim History. An applicant with any claims within the past three years must provide information on the circumstances pertaining to the type of loss, cause of loss, location of loss, amount paid and if open, the amount of reserve. Weather related and catastrophe losses will not be considered as chargeable claims for tier placement.
- 10) Minimum value - \$40,000
- 11) Business use is eligible if the business is incidental in nature without customer traffic, subject to company review.

B. Tier 1

- 1) Age of Dwelling
  - a) New Business: 60 years or newer
  - b) Renewal Business: 63 years or newer
- 2) Protection Class: 1 – 6; within 1,000 feet of hydrant and within 5 miles of a paid Fire Department
- 3) Occupancy: Owner occupied primary residence
- 4) Construction: No modular homes are eligible
- 5) Claims History: No claims in the last three years

C. Tier 2

- 1) Age of Dwelling
  - a) New Business: 60 years or newer
  - b) Renewal Business: 63 years or newer
- 2) Protection Class: 1 – 6; within 1,000 feet of hydrant and within 5 miles of a paid Fire Department
- 3) Occupancy: Owner occupied primary residence
- 4) Claims History: No more than one claim in the last three years subject to company review

D. Tier 3

- 1) Age of Dwelling
  - a) New Business: 90 years or newer
  - b) Renewal Business: 93 years or newer
- 2) Protection Class: 1 – 8; within 1,000 feet of hydrant and within 5 miles of a paid Fire Department
- 3) Occupancy: Owner occupied primary or secondary residence
- 4) Claims History
  - a) New Business: No more than two claims in the last three years subject to company review

- E. Tier 4
- 1) Age of Dwelling
    - a) New Business: 90 years or newer
    - b) Renewal Business: 93 years or newer
  - 2) Protection Class: 1 – 8
  - 3) Occupancy: Owner occupied primary or secondary residence
  - 4) Claims History: No more than two claims in the last three years subject to company review

## **2. POLICY TERM**

Policies will be issued for a term of 12 months.

## **3. COVERAGES AND LIMITS**

	<b>COVERAGE</b>	<b>MINIMUM / LIMIT</b>
Section I	A. Dwelling	\$ 40,000
	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. Personal Liability	\$100,000 per occurrence
	F. Medical Payments	\$1,000 per person/occurrence

## **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 Homeowner Policy forms which will consist of:

- a. Homeowners 3 Special Form
- b. Declarations Page
- c. Mandatory and/or Optional Endorsements, if any.

**6. RISKS NOT ELIGIBLE**

- A. General
1. Vacant property
  2. Homes showing lack of "Pride of Ownership"
  3. Homes under the course of construction
  4. Homes under major renovation
  5. Condominiums, Townhouses, and Rowhouses
  6. Mobile or Manufactured Homes
  7. Commercial or Farm use
  8. Homes with open foundations
  9. Homes with more than three mortgages
  10. Homes with an alternate primary heat source, including space heaters, kerosene stoves, wood stoves, fireplaces and portable heaters.
- B. Cancellation
- 1). Tiers 1-3: Not eligible if cancelled or nonrenewed by prior carrier for any reason in the past three years (excluding cancellation due to carrier withdrawal from market).
  - 2). Tier 4: Not eligible if cancelled or nonrenewed by prior carrier for any reason in the past three years unless an explanation of the reason for cancellation or nonrenewal is provided at the time of application (excluding cancellation due to carrier withdrawal from market).
- C. Liability Exposures
- 1). No swimming pools, unless completely enclosed by a fence at least 4 feet high with locking gate.
  - 2). No Home Day Care Business use.
  - 3). Any unusual liability not covered in this section that may be regarded as hazardous.
- D. Animals or Pets
- 1). A risk is not eligible if it has an animal or pet that is vicious or has previously bitten or injured, or if any occupant has a dog of the breed shown:
    - a) Pit Bull, Rottweiler, Doberman Pinscher, Bullmastiff, Staffordshire Terrier, Presa Canario, any wolf hybrid, or any mix of these breeds.
  - 2). The following breeds may only be written in Tier 4:
    - a) Akita, Chow, German Sheppard, Alaskan Malamute, Great Dane, Rodesian Ridgeback, or any mix of these breeds.
  - 3). The following animal risks are also unacceptable:
    - a) Residences with more than 3 dogs.
    - b) Farm Animals
    - c) Non-Domesticate and Exotic Animals

**7. PREMIUMS**

- a. Premium and premium refunds will be rounded to the nearest whole dollar. 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 Premium is determined by multiplying the base rate by the Amount of Insurance, rounded to the nearest hundred. Round the Base Premium to the nearest whole dollar.

**AMERICAN SECURITY INSURANCE COMPANY  
CHOICE HOMEOWNER PROGRAM  
GENERAL RULES**

**ARKANSAS**

**October 1, 2010**

- b. To compute the Revised Base Premium, sum the applicable debits and credits and apply the resulting factor to the Base Premium. Round to the nearest whole dollar.
- c. Optional coverage premiums calculated as a percentage of the Revised Base Premium is calculated by multiplying the percentage indicated by the Revised Base Premium. Do not round.
- d. Sum all optional coverage premiums and the Revised Base Premium to determine the total policy premium. Round to the nearest whole dollar.

**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 effected 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**

Each installment payment is subject to the following nonrefundable fee:

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

NAIC Number: 0019-42978  
 Company Name: American Security Insurance Company  
 Contact Person: Debbie Flowers  
 Telephone No.: 770-763-1000 Ext 11547  
 Email Address: Debbie Flowers  
 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	\$670.00	\$670.00	\$831.00	\$831.00	\$725.00	\$725.00	\$831.00	\$831.00	\$831.00	\$831.00	\$831.00	\$831.00	\$831.00	\$831.00	\$670.00	\$670.00	\$930.00	\$930.00
	\$120,000	\$1,004.00	\$1,004.00	\$1,246.00	\$1,246.00	\$1,088.00	\$1,088.00	\$1,246.00	\$1,246.00	\$1,246.00	\$1,246.00	\$1,246.00	\$1,246.00	\$1,246.00	\$1,246.00	\$1,004.00	\$1,004.00	\$1,394.00	\$1,394.00
	\$160,000	\$1,339.00	\$1,339.00	\$1,662.00	\$1,662.00	\$1,450.00	\$1,450.00	\$1,662.00	\$1,662.00	\$1,662.00	\$1,662.00	\$1,662.00	\$1,662.00	\$1,662.00	\$1,662.00	\$1,339.00	\$1,339.00	\$1,859.00	\$1,859.00
6	\$80,000	\$670.00	\$670.00	\$831.00	\$831.00	\$725.00	\$725.00	\$831.00	\$831.00	\$831.00	\$831.00	\$831.00	\$831.00	\$831.00	\$831.00	\$670.00	\$670.00	\$930.00	\$930.00
	\$120,000	\$1,004.00	\$1,004.00	\$1,246.00	\$1,246.00	\$1,088.00	\$1,088.00	\$1,246.00	\$1,246.00	\$1,246.00	\$1,246.00	\$1,246.00	\$1,246.00	\$1,246.00	\$1,246.00	\$1,004.00	\$1,004.00	\$1,394.00	\$1,394.00
	\$160,000	\$1,339.00	\$1,339.00	\$1,662.00	\$1,662.00	\$1,450.00	\$1,450.00	\$1,662.00	\$1,662.00	\$1,662.00	\$1,662.00	\$1,662.00	\$1,662.00	\$1,662.00	\$1,662.00	\$1,339.00	\$1,339.00	\$1,859.00	\$1,859.00
9	\$80,000	\$817.00	\$817.00	\$1,014.00	\$1,014.00	\$885.00	\$885.00	\$1,014.00	\$1,014.00	\$1,014.00	\$1,014.00	\$1,014.00	\$1,014.00	\$1,014.00	\$1,014.00	\$817.00	\$817.00	\$1,135.00	\$1,135.00
	\$120,000	\$1,226.00	\$1,226.00	\$1,521.00	\$1,521.00	\$1,327.00	\$1,327.00	\$1,521.00	\$1,521.00	\$1,521.00	\$1,521.00	\$1,521.00	\$1,521.00	\$1,521.00	\$1,521.00	\$1,226.00	\$1,226.00	\$1,702.00	\$1,702.00
	\$160,000	\$1,634.00	\$1,634.00	\$2,028.00	\$2,028.00	\$1,770.00	\$1,770.00	\$2,028.00	\$2,028.00	\$2,028.00	\$2,028.00	\$2,028.00	\$2,028.00	\$2,028.00	\$2,028.00	\$1,634.00	\$1,634.00	\$2,269.00	\$2,269.00

**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	0 %	Deadbolt Lock	0 %
Burglar Alarm	2 %	Window Locks	0 %
Smoke Alarm	2 %	\$1,000 Deductible	15 %
		Other (specify)	
		Automatic Sprinkler	5 %

**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: 0019-42978  
 Company Name: American Security Insurance Company  
 Contact Person: Debbie Flowers  
 Telephone No.: 770-763-1000 Ext 11547  
 Email Address: Debbie Flowers  
 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	\$670.00	\$670.00	\$856.00	\$856.00	\$725.00	\$725.00	\$856.00	\$856.00	\$856.00	\$856.00	\$856.00	\$856.00	\$856.00	\$856.00	\$670.00	\$670.00	\$930.00	\$930.00
	\$120,000	\$1,004.00	\$1,004.00	\$1,284.00	\$1,284.00	\$1,088.00	\$1,088.00	\$1,284.00	\$1,284.00	\$1,284.00	\$1,284.00	\$1,284.00	\$1,284.00	\$1,284.00	\$1,284.00	\$1,004.00	\$1,004.00	\$1,394.00	\$1,394.00
	\$160,000	\$1,339.00	\$1,339.00	\$1,712.00	\$1,712.00	\$1,450.00	\$1,450.00	\$1,712.00	\$1,712.00	\$1,712.00	\$1,712.00	\$1,712.00	\$1,712.00	\$1,712.00	\$1,712.00	\$1,339.00	\$1,339.00	\$1,859.00	\$1,859.00
6	\$80,000	\$670.00	\$670.00	\$856.00	\$856.00	\$725.00	\$725.00	\$856.00	\$856.00	\$856.00	\$856.00	\$856.00	\$856.00	\$856.00	\$856.00	\$670.00	\$670.00	\$930.00	\$930.00
	\$120,000	\$1,004.00	\$1,004.00	\$1,284.00	\$1,284.00	\$1,088.00	\$1,088.00	\$1,284.00	\$1,284.00	\$1,284.00	\$1,284.00	\$1,284.00	\$1,284.00	\$1,284.00	\$1,284.00	\$1,004.00	\$1,004.00	\$1,394.00	\$1,394.00
	\$160,000	\$1,339.00	\$1,339.00	\$1,712.00	\$1,712.00	\$1,450.00	\$1,450.00	\$1,712.00	\$1,712.00	\$1,712.00	\$1,712.00	\$1,712.00	\$1,712.00	\$1,712.00	\$1,712.00	\$1,339.00	\$1,339.00	\$1,859.00	\$1,859.00
9	\$80,000	\$817.00	\$817.00	\$1,045.00	\$1,045.00	\$885.00	\$885.00	\$1,045.00	\$1,045.00	\$1,045.00	\$1,045.00	\$1,045.00	\$1,045.00	\$1,045.00	\$1,045.00	\$817.00	\$817.00	\$1,135.00	\$1,135.00
	\$120,000	\$1,226.00	\$1,226.00	\$1,568.00	\$1,568.00	\$1,327.00	\$1,327.00	\$1,568.00	\$1,568.00	\$1,568.00	\$1,568.00	\$1,568.00	\$1,568.00	\$1,568.00	\$1,568.00	\$1,226.00	\$1,226.00	\$1,702.00	\$1,702.00
	\$160,000	\$1,634.00	\$1,634.00	\$2,091.00	\$2,091.00	\$1,770.00	\$1,770.00	\$2,091.00	\$2,091.00	\$2,091.00	\$2,091.00	\$2,091.00	\$2,091.00	\$2,091.00	\$2,091.00	\$1,634.00	\$1,634.00	\$2,269.00	\$2,269.00

**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	0 %	Deadbolt Lock	0 %
Burglar Alarm	2 %	Window Locks	0 %
Smoke Alarm	2 %	\$1,000 Deductible	15 %
		Other (specify)	
		Automatic Sprinkler	5 %

**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: 42978  
 Company Name: American Security 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	670	670	856	856	725	725	856	856	856	856	856	856	856	856	670	670	930	930
	\$120,000	1004	1004	1284	1284	1088	1088	1284	1284	1284	1284	1284	1284	1284	1284	1004	1004	1394	1394
	\$160,000	1339	1339	1712	1712	1450	1450	1712	1712	1712	1712	1712	1712	1712	1712	1339	1339	1859	1859
6	\$80,000	670	670	856	856	725	725	856	856	856	856	856	856	856	856	670	670	930	930
	\$120,000	1004	1004	1284	1284	1088	1088	1284	1284	1284	1284	1284	1284	1284	1284	1004	1004	1394	1394
	\$160,000	1339	1339	1712	1712	1450	1450	1712	1712	1712	1712	1712	1712	1712	1712	1339	1339	1859	1859
9	\$80,000	817	817	1045	1045	885	885	1045	1045	1045	1045	1045	1045	1045	1045	817	817	1135	1135
	\$120,000	1226	1226	1568	1568	1327	1327	1568	1568	1568	1568	1568	1568	1568	1568	1226	1226	1702	1702
	\$160,000	1634	1634	2091	2091	1770	1770	2091	2091	2091	2091	2091	2091	2091	2091	1634	1634	2269	2269

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	2	%	Window Locks	0	%
Smoke Alarm	2	%	\$1,000 Deductible	15	%
			Other (specify)		
			Automatic Sprinkler	5	%
			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: 42978  
 Company Name: American Security 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**

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 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	670	670	856	856	725	725	856	856	856	856	856	856	856	856	670	670	930	930
	\$120,000	1004	1004	1284	1284	1088	1088	1284	1284	1284	1284	1284	1284	1284	1284	1004	1004	1394	1394
	\$160,000	1339	1339	1712	1712	1450	1450	1712	1712	1712	1712	1712	1712	1712	1712	1339	1339	1859	1859
6	\$80,000	670	670	856	856	725	725	856	856	856	856	856	856	856	856	670	670	930	930
	\$120,000	1004	1004	1284	1284	1088	1088	1284	1284	1284	1284	1284	1284	1284	1284	1004	1004	1394	1394
	\$160,000	1339	1339	1712	1712	1450	1450	1712	1712	1712	1712	1712	1712	1712	1712	1339	1339	1859	1859
9	\$80,000	817	817	1045	1045	885	885	1045	1045	1045	1045	1045	1045	1045	1045	817	817	1135	1135
	\$120,000	1226	1226	1568	1568	1327	1327	1568	1568	1568	1568	1568	1568	1568	1568	1226	1226	1702	1702
	\$160,000	1634	1634	2091	2091	1770	1770	2091	2091	2091	2091	2091	2091	2091	2091	1634	1634	2269	2269

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	2	%	Window Locks	0	%
Smoke Alarm	2	%	\$1,000 Deductible	15	%
			Other (specify)		
			Automatic Sprinkler	5	%
			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"/>

**American Security Insurance Company  
Choice 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 will 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.

	Current Rates				Effective 10/15/2010				Effective 10/15/2011			
	Tier 1	Tier 2	Tier 3	Tier 4	Tier 1	Tier 2	Tier 3	Tier 4	Tier 1	Tier 2	Tier 3	Tier 4
<b>Terr 1</b>	0.881	0.940	1.044	1.102	0.981	1.047	1.163	1.227	0.981	1.057	1.198	1.301
<b>Terr 2</b>	1.033	1.102	1.224	1.292	1.007	1.074	1.193	1.260	1.007	1.085	1.229	1.335
<b>Terr 3</b>	N/A	N/A	N/A	N/A	0.956	1.019	1.132	1.195	0.956	1.030	1.166	1.267
<b>Terr 4</b>	N/A	N/A	N/A	N/A	1.209	1.289	1.432	1.512	1.291	1.391	1.576	1.712
<b>Terr 5</b>	N/A	N/A	N/A	N/A	0.930	0.992	1.102	1.163	0.930	1.002	1.135	1.233
<b>Terr 6</b>	N/A	N/A	N/A	N/A	1.066	1.137	1.263	1.333	1.154	1.244	1.409	1.530

**Actuarial Memorandum**

American Security Insurance Company (ASIC) would like to file several changes to its existing Choice 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 several optional endorsements to Tiers 3 and 4 that were previously only available to Tiers 1 and 2. Fifth, we would like to introduce a new endorsement for Water Back Up and Sump Overflow. Finally, we would also like to revise another optional endorsement – Specified Additional Amount of Insurance for Coverage A - Dwelling. The following support is provided for these changes.

**Rate Level Indication**

Our indicated rate level change is 49.7%, 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. 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. Since there have been no rate changes in Arkansas, the on-level factor is 1.000

Incurring 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 17.4% 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 ASIC 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 ASIC'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. As stated previously, we want to implement a 2-year staggered rate change. Counties in newly defined territories 1, 2, 3, 4, 5, and 6 are receiving ultimate rate changes of -5%, -2.5%, -7.5%, 25%, -10%, and 11.72%, respectively, from the previous territory 2. Some counties previously in territory 1 that are now in territory 6 are receiving a 31% rate change. Policies classified as tier 2, 3, and 4 are receiving rate changes of 1%, 3%, and 6%, respectively. The table listed previously above details our current and proposed rates.

### **Endorsements Rated for Tiers 3 and 4**

As the product currently stands, there are three endorsements that are only offered to and rated for Tiers 1 and 2. These endorsements are

1. Other Structures Increased Limits - allows the insured to increase their Coverage B limit.
2. Structures Rented to Others - allows insured to cover a specific structure on the residence premises that is rented to others for dwelling purposes.
3. Homeowners Package - adds a combination of several endorsements as defined in our state exception pages and increases Coverages C and D to 70% and 40% of Coverage A, respectively.

In addition, a fourth endorsement - Loss Assessment, which provides indemnification to the insured for assessments levied by the association of property owners for certain losses not covered by the association's insurance program - only offers the limit of \$10,000 to Tiers 3 and 4 while Tiers 1 and 2 are also eligible for limits of \$15,000 and \$50,000. We would like to now offer these optional endorsements and additional limits to Tiers 3 and 4. The rates for these endorsements were selected in a manner to be consistent with the rates for Tiers 1 and 2, as well as the base rate relativities among the four tiers, and can be seen in Exhibit 15.

#### **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.

#### **Revised Endorsement – Specified Additional Amount of Insurance for Coverage A – Dwelling**

Finally, we would like to revise the Specified Additional Amount of Insurance for Coverage A – Dwelling Endorsement. When the residence (structure) is insured for 100% of the estimated replacement cost, this endorsement may be added to extend the Coverage A limit to 150% of the original Coverage A limit. ISO currently has 125%/150% of Coverage A limit options available for 3%/6% of the revised base premium. We would like to now offer the same endorsements at a rate of 1.5%/2.5% of the revised base premium.

#### **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 and Tier (Revised)
- 14 - Overall Rate Level Effect (Revised)
- 15 - Add Endorsement Availability for Tiers 3 and 4

**AMERICAN SECURITY INSURANCE COMPANY  
CHOICE 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	69,203	57,728	1.000	1.229	70,967
2005	116,913	87,188	1.000	1.188	103,560
2006	213,614	164,734	1.000	1.148	189,056
2007	293,466	247,197	1.000	1.109	274,107
2008	281,773	288,393	1.000	1.071	308,952
Jun-09	161,334	152,420	1.000	1.044	159,151
<b>Total</b>	<b>1,136,303</b>	<b>997,659</b>			<b>1,105,793</b>

Calendar Year	(6) Incurred Losses	(7) Loss Trend Factor (Exhibit 4)	(8) Modified Losses (6)*(7)	(9) Trended Loss Ratio (8)/(5)
2004	89,792	1.501	134,767	189.9%
2005	19,901	1.403	27,916	27.0%
2006	85,805	1.311	112,493	59.5%
2007	364,720	1.225	446,901	163.0%
2008	597,133	1.145	683,721	221.3%
Jun-09	643,604	1.089	700,680	440.3%
<b>Total</b>	<b>1,800,955</b>		<b>2,106,478</b>	<b>190.5%</b>

(10) 5.5 -Year Loss Ratio	190.5%
(11) Credibility (from Exhibit 5)	17.4%
(12) Permissible Loss Ratio (from Exhibit 6)	53.9%
(13) Trended Expected Loss Ratio (7) x (12) / (4)	57.6%
(14) Credibility-Weighted Loss Ratio (11) x (10) + [ 1 - (11) ] x (13)	80.7%
(15) Indicated Rate Level Change [ (14) / (12) - 1 ]	49.7%
<b>(16) Selected Rate Level Change</b>	<b>21.0%</b>

**AMERICAN SECURITY INSURANCE COMPANY  
CHOICE 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

**AMERICAN SECURITY INSURANCE COMPANY  
CHOICE HOMEOWNERS PROGRAM  
ARKANSAS**

Premium Trend Factor

Calendar Year	Written Premium	Written Exposures	Average Premium	Fitted Average Premium*	Indicated Premium Trend
2004	69,203	63	1,097	1,116	
2005	116,913	99	1,179	1,159	1.04
2006	213,614	179	1,195	1,202	1.04
2007	293,466	230	1,277	1,246	1.04
2008	281,773	223	1,265	1,289	1.03

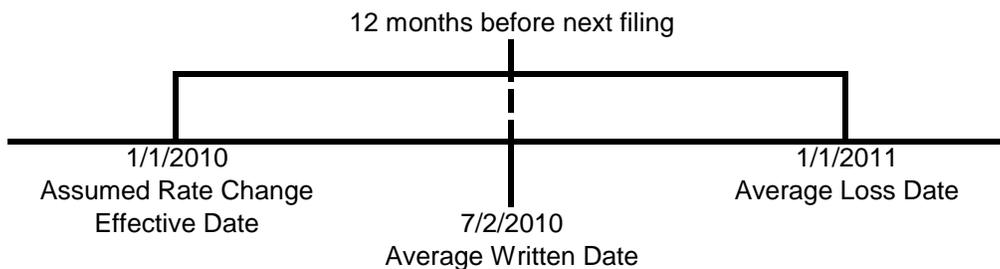
\* Based on a linear regression of average premium.

3.5% (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	1.229
12/31/2005	1.188
12/31/2006	1.148
12/31/2007	1.109
12/31/2008	1.071
6/30/2009	1.044

$$(2) = [ 1 + (A) ] ^ [ \{(B) - (1)\} / 365.25 + .5 ]$$



**AMERICAN SECURITY INSURANCE COMPANY  
CHOICE HOMEOWNERS PROGRAM  
COUNTRYWIDE EXPERIENCE**

Loss Trend Factor

Calendar Year	Paid Losses	Claim Count	Average Loss	Fitted Average Losses*	Indicated Loss Trend
2004	5,910,745	698	8,468	8,225	
2005	9,259,812	1,150	8,052	9,237	1.123
2006	15,648,581	1,647	9,501	10,249	1.110
2007	32,296,679	2,106	15,336	11,261	1.099
2008	27,207,893	2,752	9,887	12,273	1.090

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	4,564,245	626	7,291	7,534	
2005	7,866,953	1,043	7,543	8,153	1.082
2006	14,625,092	1,442	10,142	8,772	1.076
2007	16,593,757	1,755	9,455	9,391	1.071
2008	19,376,160	2,055	9,429	10,010	1.066

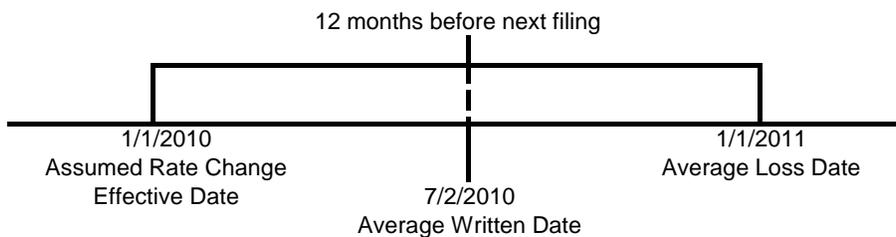
\* Based on a linear regression of paid per claim.

7.0% (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	1.501
12/31/2005	1.403
12/31/2006	1.311
12/31/2007	1.225
12/31/2008	1.145
6/30/2009	1.089

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



**AMERICAN SECURITY INSURANCE COMPANY  
CHOICE 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>		16,306
(1) Paid Losses CY 2004 - June 2009:	1,320,818	
(2) Claim Count CY 2004 - June 2009:	81	
(C) Paid Losses for Full Credibility (A)*(B)		17,643,519
(D) Permissible Loss Ratio (Exhibit 6)		53.9%
(E) Indicated Earned Premium for Full Credibility (C)/(D)		32,733,802
(F) Selected Earned Premium for Full Credibility		33,000,000
(G) Actual Earned Premium (2004 - June 2009) (Exhibit 1)		997,659
(H) Credibility $\min(\sqrt{(G)/(F)}, 100\%)$		17.4%

**AMERICAN SECURITY INSURANCE COMPANY  
CHOICE 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)	41,043	100.0%	45,546	100.0%	44,140	100.0%	100.0%	
Adjusted Direct Premium Earned (Part III, Col 3)	34,723	100.0%	43,850	100.0%	44,515	100.0%	100.0%	
Adj Dir Commissions & Brokerage (W) (Part III, Col 23)	11,610	28.3%	8,778	19.3%	6,269	14.2%	20.6%	20.0%
Other Acquisition Incurred (E) (Part III, Col 27)	1,632	4.7%	999	2.3%	740	1.7%	2.9%	2.5%
General Expenses Incurred (E) (Part III, Col 29)	6,569	18.9%	6,600	15.1%	5,986	13.4%	15.8%	15.0%
Taxes, Licenses, & Fees (W) (Part III, Col 25)	1,103	2.7%	1,251	2.7%	1,160	2.6%	2.7%	3.6%
Total Expenses								41.1%
Profit & Contingencies (Exhibit 11)								5.0%
Permissible Loss & LAE Ratio								53.9%

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

**AMERICAN SECURITY INSURANCE COMPANY  
CHOICE 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	1.92
(3)	Expected Investment Income on Reserves as a % of Premium	2.4%
(4)	Expected Investment Income on Reserves as a % of Surplus = (3) x (2)	4.5%
(5)	Expected Investment Income on Surplus as a % of Surplus	4.2%
(6)	Total Expected Investment Income as a % of Surplus = (4) + (5)	8.7%
(7)	Federal Income Tax on Investment Income as a % of Surplus = (6) x 25.4%	2.2%
(8)	After-Tax Investment Income on Surplus = (6) - (7)	6.5%
(9)	Target After-Tax Underwriting Profit as a % of Surplus = (1) - (8)	8.5%
(10)	Target After-Tax Underwriting Profit as a % of Premium = (9) / (2)	4.4%
(11)	Target Pre-Tax Underwriting Profit as a % of Premium = (10) / {1-35%}	6.8%
(12)	Selected Pre-Tax Underwriting Profit as a % of Premium	5.0%

**AMERICAN SECURITY INSURANCE COMPANY  
CHOICE HOMEOWNERS PROGRAM**

**COUNTRYWIDE EXPERIENCE**

Estimated Investment Earnings on Unearned Premium and Loss Reserves

A.	Unearned Premium Reserve	
1.	Direct Earned Premium	\$44,514,625
2.	Mean Unearned Premium Reserve	\$22,795,691
3.	Percentage Total of Prepaid Expense	
a.	Commission and Brokerage	20.00%
b.	Taxes, Licenses and Fees	3.60%
c.	50% of Other Acquisition Expense	1.25%
d.	50% of General Expense	<u>7.50%</u>
e.	Total	32.35%
4.	Dollar Total of Prepaid Expense (A2) × (A3e)	\$7,374,406
5.	Subject to Investment (A2) - (A4)	\$15,421,285
B.	Delayed Remission of Premium	\$1,261,226
C.	Expected Loss and Loss Adjustment Reserve	
1.	Direct Earned Premium (A1)	\$44,514,625
	x (Expected Loss and Loss Adjustment Ratio)	53.0%
2.	Expected Incurred Loss and Loss Adjustment	\$23,597,203
	x (Reserve to Incurred Ratio)	44.9%
3.	Expected Loss and Loss Adjustment Reserve	\$10,589,461
D.	Net Subject to Investment (A5) - (B) + (C3)	\$24,749,520
E.	Average Rate of Return on Invested Assets	4.2%
F.	Investment Earnings on Net Subject to Investment (D) × (E)	\$1,047,369
G.	Ratio of Investment Earnings to Earned Premium (F) ÷ (A1)	2.4%

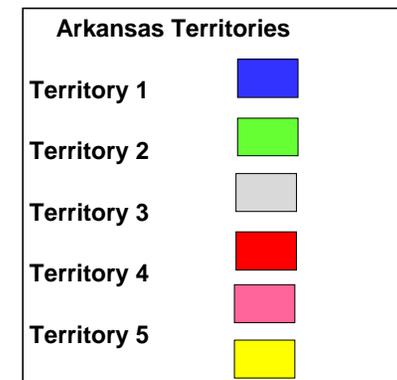
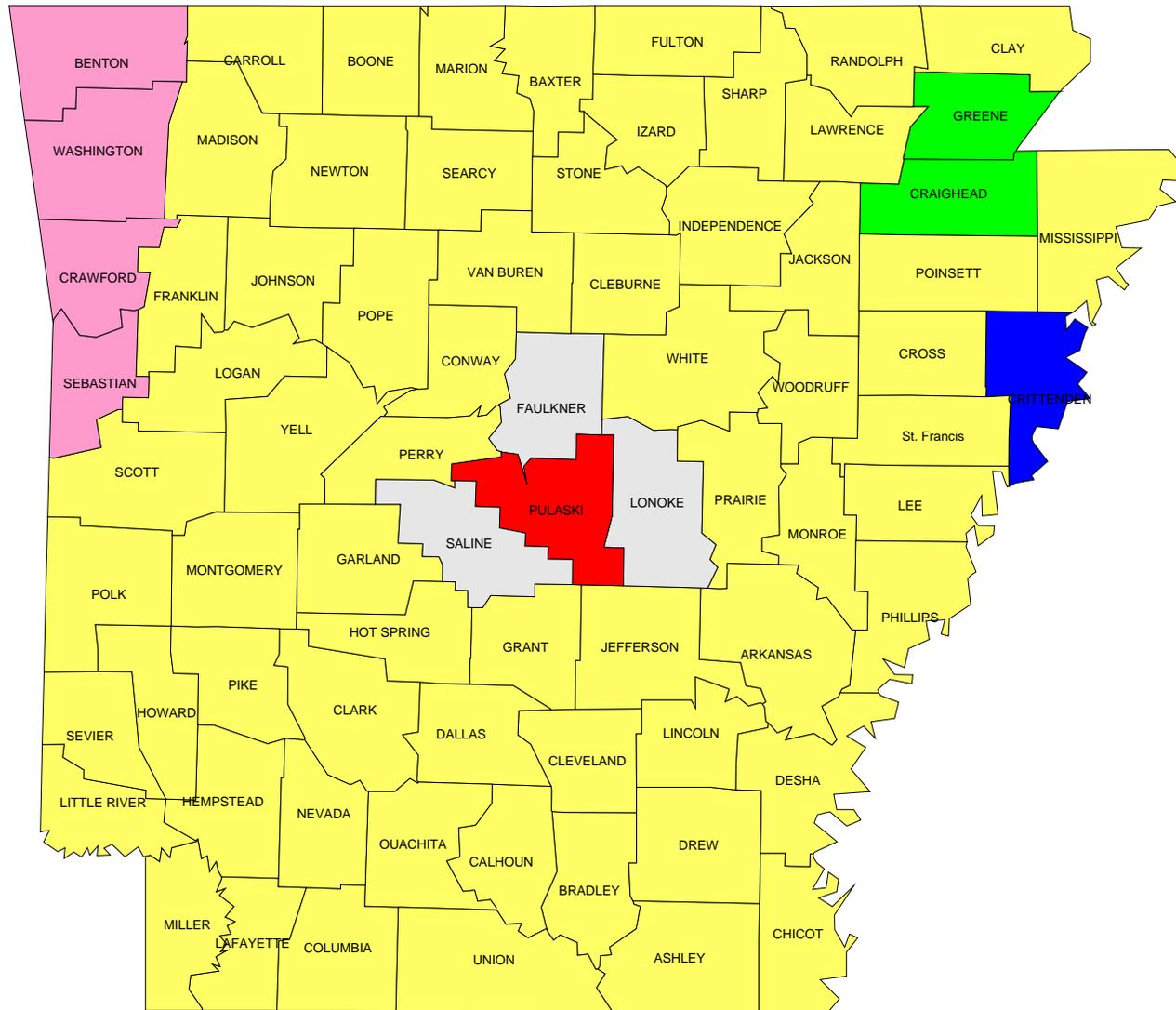
**AMERICAN SECURITY INSURANCE COMPANY  
CHOICE HOMEOWNERS PROGRAM  
ARKANSAS**

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		

**AMERICAN SECURITY INSURANCE COMPANY  
CHOICE HOMEOWNERS PROGRAM  
ARKANSAS**

Territory Definitions (Map)



**AMERICAN SECURITY INSURANCE COMPANY  
CHOICE HOMEOWNERS PROGRAM  
ARKANSAS**

Derivation of Optional Deductible Credits

**All Territories**

<u>Wind/Hail Deductible</u>			
Ground Up Losses	\$1,432,441	\$1,432,441	\$1,432,441
Optional Deductible	2% / \$2,000	3% / \$3,000	5% / \$5,000
Amount Paid	\$1,296,822	\$1,269,831	\$1,236,780
Losses Eliminated	\$135,619	\$162,610	\$195,662

(1) Loss Elimination Ratio	9.5%	11.4%	13.7%
(2) Safety Factor	90.0%	90.0%	90.0%
(3) Tempered LER	8.5%	10.2%	12.3%
(4) Variable Expenses from PLR	28.6%	28.6%	28.6%
(5) Indicated Discount	11.9%	14.3%	17.2%
(6) Selected Discount	12.0%	14.0%	17.0%

(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))

**AMERICAN SECURITY INSURANCE COMPANY  
CHOICE 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
\$250	0.0%	12.0%	14.0%	17.0%
\$500	10.0%	20.8%	22.6%	25.3%
\$1,000	15.0%	25.2%	26.9%	29.5%
\$2,500	20.0%	29.6%	31.2%	33.6%

**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
\$250	included	0.880	0.860	0.830
\$500	0.900	0.792	0.774	0.747
\$1,000	0.850	0.748	0.731	0.706
\$2,500	0.800	0.704	0.688	0.664

**AMERICAN SECURITY INSURANCE COMPANY  
CHOICE HOMEOWNERS PROGRAM  
ARKANSAS**

A.

## 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	21.0%	8.0%	8.3%	3.1%	38.1%	31.0%
2	1	-5.0%	0.0%	0.0%	0.0%	0.5%	-5.0%
2	2	-2.5%	-0.1%	0.0%	0.0%	3.4%	-2.5%
2	3	-7.5%	-0.5%	0.0%	0.0%	6.7%	-7.5%
2	4	17.0%	3.0%	6.8%	1.2%	17.4%	25.0%
2	5	-10.0%	-1.1%	0.0%	0.0%	10.7%	-10.0%
2	6	3.2%	0.7%	8.3%	1.9%	23.3%	11.7%
<b>Grand Total</b>			<b>10.0%</b>		<b>6.3%</b>	<b>100.0%</b>	

B.

## Base Rate Change by Tier

Tier	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	0.0%	0.0%	0.0%	0.0%	15.2%	0.0%
2	0.0%	0.0%	1.0%	0.1%	14.4%	1.0%
3	0.0%	0.0%	3.0%	0.8%	27.9%	3.0%
4	0.0%	0.0%	6.0%	2.5%	42.4%	6.0%
<b>Grand Total</b>		<b>0.0%</b>		<b>3.5%</b>	<b>100.0%</b>	

**AMERICAN SECURITY INSURANCE COMPANY  
CHOICE HOMEOWNERS PROGRAM  
ARKANSAS**

Overall Rate Level Effect

(1) Year 1 Rate Increase by Territory Exhibit 13	10.0%		(3) Year 2 Rate Increase by Territory Exhibit 13	6.3%
(2) Year 1 Rate Increase by Tier Exhibit 13	0.0%		(4) Year 2 Rate Increase by Tier Exhibit 13	3.5%
(5) Year 1 Rate Level Effect $\{[1 + (1)] * [1 + (2)]\} - 1$	10.0%		(6) Year 2 Rate Level Effect $\{[1 + (3)] * [1 + (4)]\} - 1$	10.0%
		(7)	Overall Rate Level Effect $\{[1 + (5)] * [1 + (6)]\} - 1$	21.0%

**AMERICAN SECURITY INSURANCE COMPANY  
CHOICE HOMEOWNERS PROGRAM  
ARKANSAS**

Add Endorsement Availability to Tiers 3 and 4

<b>Endorsement</b>	<b>Current Rates</b>				<b>Proposed Rates</b>			
	Tier 1	Tier 2	Tier 3*	Tier 4*	Tier 1	Tier 2	Tier 3*	Tier 4*
Other Structures Increased Limits	1.00	1.07	N/A	N/A	1.00	1.07	1.19	1.26
Structures Rented to Others	4.00	4.50	N/A	N/A	4.00	4.50	5.00	5.50
Loss Assessment - \$15,000 limit	15.00	17.00	N/A	N/A	15.00	17.00	19.00	21.00
Loss Assessment - \$50,000 limit	22.00	25.00	N/A	N/A	22.00	25.00	28.00	31.00

\* Tiers 3 & 4 were previously ineligible for these optional endorsements.

**American Security Insurance Company  
Choice Homeowners Program**

**Arkansas**

**Actuarial Memorandum**

***Amended to include Objection Responses***

American Security Insurance Company (ASIC) would like to file several changes to its existing Choice 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 several optional endorsements to Tiers 3 and 4 that were previously only available to Tiers 1 and 2. Fifth, we would like to introduce a new endorsement for Water Back Up and Sump Overflow. Finally, we would also like to revise another optional endorsement – Specified Additional Amount of Insurance for Coverage A - Dwelling. The following support is provided for these changes.

**Rate Level Indication**

Our indicated rate level change is 49.7%, 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. 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. Since there have been no rate changes in Arkansas, the on-level factor is 1.000

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 17.4% 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 ASIC 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 ASIC'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, to reach an overall rate change of 23.7%.

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 -5%, -2.5%, -7.5%, 25%, -10%, and 15.14%, respectively, from the previous territory 2. Some counties previously in territory 1 that are now in territory 6 are receiving a 35% rate change. Policies classified as tier 2, 3, and 4 are receiving rate changes of 1%, 3%, and 6%, respectively. The table below details our current and proposed rates.

	Current Rates				Proposed Rates			
	Tier 1	Tier 2	Tier 3	Tier 4	Tier 1	Tier 2	Tier 3	Tier 4
<b>Terr 1</b>	0.881	0.940	1.044	1.102	0.981	1.057	1.198	1.301
<b>Terr 2</b>	1.033	1.102	1.224	1.292	1.007	1.085	1.229	1.335
<b>Terr 3</b>	N/A	N/A	N/A	N/A	0.956	1.030	1.166	1.267
<b>Terr 4</b>	N/A	N/A	N/A	N/A	1.291	1.391	1.576	1.712
<b>Terr 5</b>	N/A	N/A	N/A	N/A	0.930	1.002	1.135	1.233
<b>Terr 6</b>	N/A	N/A	N/A	N/A	1.189	1.282	1.452	1.577

### **Endorsements Rated for Tiers 3 and 4**

As the product currently stands, there are three endorsements that are only offered to and rated for Tiers 1 and 2. These endorsements are

1. Other Structures Increased Limits - allows the insured to increase their Coverage B limit.
2. Structures Rented to Others - allows insured to cover a specific structure on the residence premises that is rented to others for dwelling purposes.
3. Homeowners Package - adds a combination of several endorsements as defined in our state exception pages and increases Coverages C and D to 70% and 40% of Coverage A, respectively.

In addition, a fourth endorsement - Loss Assessment, which provides indemnification to the insured for assessments levied by the association of property owners for certain losses not covered by the association's insurance program - only offers the limit of \$10,000 to Tiers 3 and 4 while Tiers 1 and 2 are also eligible for limits of \$15,000 and \$50,000. We would like to now offer these optional endorsements and additional limits to Tiers 3 and 4. The rates for these endorsements were selected in a manner to be consistent with the rates for Tiers 1 and 2, as well as the base rate relativities among the four tiers, and can be seen in Exhibit 15.

### **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.

### **Revised Endorsement – Specified Additional Amount of Insurance for Coverage A – Dwelling**

Finally, we would like to revise the Specified Additional Amount of Insurance for Coverage A – Dwelling Endorsement. When the residence (structure) is insured for 100% of the estimated replacement cost, this endorsement may be added to extend the Coverage A limit to 150% of the original Coverage A limit. ISO currently has 125%/150% of Coverage A limit options available for 3%/6% of the revised base premium. We would like to now offer the same endorsements at a rate of 1.5%/2.5% of the revised base premium.

### **Objection 7 Response**

Fire losses currently account for 70% of our total paid losses.

### **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 and Tier
- 14 - Overall Rate Level Effect
- 15 - Add Endorsement Availability for Tiers 3 and 4

**AMERICAN SECURITY INSURANCE COMPANY  
CHOICE 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	69,203	57,728	1.000	1.229	70,967
2005	116,913	87,188	1.000	1.188	103,560
2006	213,614	164,734	1.000	1.148	189,056
2007	293,466	247,197	1.000	1.109	274,107
2008	281,773	288,393	1.000	1.071	308,952
Jun-09	161,334	152,420	1.000	1.044	159,151
<b>Total</b>	<b>1,136,303</b>	<b>997,659</b>			<b>1,105,793</b>

Calendar Year	(6) Incurred Losses	(7) Loss Trend Factor (Exhibit 4)	(8) Modified Losses (6)*(7)	(9) Trended Loss Ratio (8)/(5)
2004	89,792	1.501	134,767	189.9%
2005	19,901	1.403	27,916	27.0%
2006	85,805	1.311	112,493	59.5%
2007	364,720	1.225	446,901	163.0%
2008	597,133	1.145	683,721	221.3%
Jun-09	643,604	1.089	700,680	440.3%
<b>Total</b>	<b>1,800,955</b>		<b>2,106,478</b>	<b>190.5%</b>

(10) 5.5 -Year Loss Ratio	190.5%
(11) Credibility (from Exhibit 5)	17.4%
(12) Permissible Loss Ratio (from Exhibit 6)	53.9%
(13) Trended Expected Loss Ratio (7) x (12) / (4)	57.6%
(14) Credibility-Weighted Loss Ratio (11) x (10) + [ 1 - (11) ] x (13)	80.7%
(15) Indicated Rate Level Change [ (14) / (12) - 1 ]	49.7%
<b>(16) Selected Rate Level Change</b>	<b>23.7%</b>

**AMERICAN SECURITY INSURANCE COMPANY  
CHOICE 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

**AMERICAN SECURITY INSURANCE COMPANY  
CHOICE HOMEOWNERS PROGRAM  
ARKANSAS**

Premium Trend Factor

Calendar Year	Written Premium	Written Exposures	Average Premium	Fitted Average Premium*	Indicated Premium Trend
2004	69,203	63	1,097	1,116	
2005	116,913	99	1,179	1,159	1.04
2006	213,614	179	1,195	1,202	1.04
2007	293,466	230	1,277	1,246	1.04
2008	281,773	223	1,265	1,289	1.03

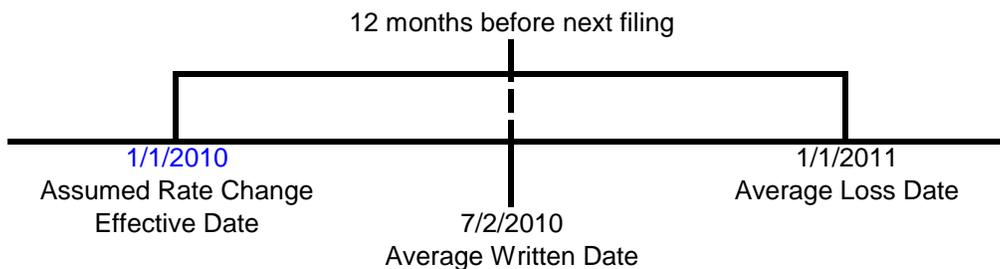
\* Based on a linear regression of average premium.

3.5% (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	1.229
12/31/2005	1.188
12/31/2006	1.148
12/31/2007	1.109
12/31/2008	1.071
6/30/2009	1.044

$$(2) = [ 1 + (A) ] ^ [ \{(B) - (1)\} / 365.25 + .5 ]$$



**AMERICAN SECURITY INSURANCE COMPANY  
CHOICE HOMEOWNERS PROGRAM  
COUNTRYWIDE EXPERIENCE**

Loss Trend Factor

Calendar Year	Paid Losses	Claim Count	Average Loss	Fitted Average Losses*	Indicated Loss Trend
2004	5,910,745	698	8,468	8,225	
2005	9,259,812	1,150	8,052	9,237	1.123
2006	15,648,581	1,647	9,501	10,249	1.110
2007	32,296,679	2,106	15,336	11,261	1.099
2008	27,207,893	2,752	9,887	12,273	1.090

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	4,564,245	626	7,291	7,534	
2005	7,866,953	1,043	7,543	8,153	1.082
2006	14,625,092	1,442	10,142	8,772	1.076
2007	16,593,757	1,755	9,455	9,391	1.071
2008	19,376,160	2,055	9,429	10,010	1.066

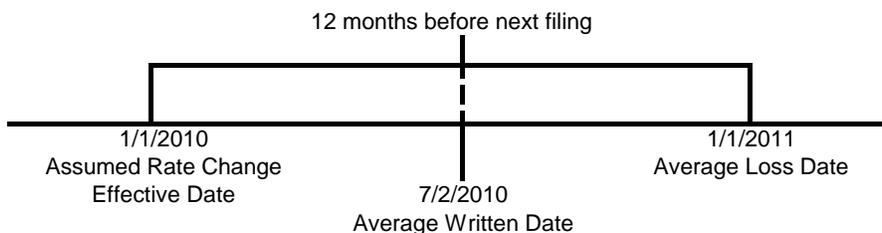
\* Based on a linear regression of paid per claim.

7.0% (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	1.501
12/31/2005	1.403
12/31/2006	1.311
12/31/2007	1.225
12/31/2008	1.145
6/30/2009	1.089

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



**AMERICAN SECURITY INSURANCE COMPANY  
CHOICE 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>		16,306
(1) Paid Losses CY 2004 - June 2009:	1,320,818	
(2) Claim Count CY 2004 - June 2009:	81	
(C) Paid Losses for Full Credibility (A)*(B)		17,643,519
(D) Permissible Loss Ratio (Exhibit 6)		53.9%
(E) Indicated Earned Premium for Full Credibility (C)/(D)		32,733,802
(F) Selected Earned Premium for Full Credibility		33,000,000
(G) Actual Earned Premium (2004 - June 2009) (Exhibit 1)		997,659
(H) Credibility min(sqrt[(G)/(F)],100%)		17.4%

**AMERICAN SECURITY INSURANCE COMPANY  
CHOICE 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)	41,043	100.0%	45,546	100.0%	44,140	100.0%	100.0%	
Adjusted Direct Premium Earned (Part III, Col 3)	34,723	100.0%	43,850	100.0%	44,515	100.0%	100.0%	
Adj Dir Commissions & Brokerage (W) (Part III, Col 23)	11,610	28.3%	8,778	19.3%	6,269	14.2%	20.6%	20.0%
Other Acquisition Incurred (E) (Part III, Col 27)	1,632	4.7%	999	2.3%	740	1.7%	2.9%	2.5%
General Expenses Incurred (E) (Part III, Col 29)	6,569	18.9%	6,600	15.1%	5,986	13.4%	15.8%	15.0%
Taxes, Licenses, & Fees (W) (Part III, Col 25)	1,103	2.7%	1,251	2.7%	1,160	2.6%	2.7%	3.6%
Total Expenses								41.1%
Profit & Contingencies (Exhibit 11)								5.0%
Permissible Loss & LAE Ratio								53.9%

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

**AMERICAN SECURITY INSURANCE COMPANY  
CHOICE 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	1.92
(3)	Expected Investment Income on Reserves as a % of Premium	2.4%
(4)	Expected Investment Income on Reserves as a % of Surplus = (3) x (2)	4.5%
(5)	Expected Investment Income on Surplus as a % of Surplus	4.2%
(6)	Total Expected Investment Income as a % of Surplus = (4) + (5)	8.7%
(7)	Federal Income Tax on Investment Income as a % of Surplus = (6) x 25.4%	2.2%
(8)	After-Tax Investment Income on Surplus = (6) - (7)	6.5%
(9)	Target After-Tax Underwriting Profit as a % of Surplus = (1) - (8)	8.5%
(10)	Target After-Tax Underwriting Profit as a % of Premium = (9) / (2)	4.4%
(11)	Target Pre-Tax Underwriting Profit as a % of Premium = (10) / {1-35%}	6.8%
(12)	Selected Pre-Tax Underwriting Profit as a % of Premium	5.0%

**AMERICAN SECURITY INSURANCE COMPANY  
CHOICE HOMEOWNERS PROGRAM**

**COUNTRYWIDE EXPERIENCE**

Estimated Investment Earnings on Unearned Premium and Loss Reserves

A.	Unearned Premium Reserve	
1.	Direct Earned Premium	\$44,514,625
2.	Mean Unearned Premium Reserve	\$22,795,691
3.	Percentage Total of Prepaid Expense	
a.	Commission and Brokerage	20.00%
b.	Taxes, Licenses and Fees	3.60%
c.	50% of Other Acquisition Expense	1.25%
d.	50% of General Expense	<u>7.50%</u>
e.	Total	32.35%
4.	Dollar Total of Prepaid Expense (A2) x (A3e)	\$7,374,406
5.	Subject to Investment (A2) - (A4)	\$15,421,285
B.	Delayed Remission of Premium	\$1,261,226
C.	Expected Loss and Loss Adjustment Reserve	
1.	Direct Earned Premium (A1)	\$44,514,625
	x (Expected Loss and Loss Adjustment Ratio)	53.0%
2.	Expected Incurred Loss and Loss Adjustment	\$23,597,203
	x (Reserve to Incurred Ratio)	44.9%
3.	Expected Loss and Loss Adjustment Reserve	\$10,589,461
D.	Net Subject to Investment (A5) - (B) + (C3)	\$24,749,520
E.	Average Rate of Return on Invested Assets	4.2%
F.	Investment Earnings on Net Subject to Investment (D) x (E)	\$1,047,369
G.	Ratio of Investment Earnings to Earned Premium (F) ÷ (A1)	2.4%

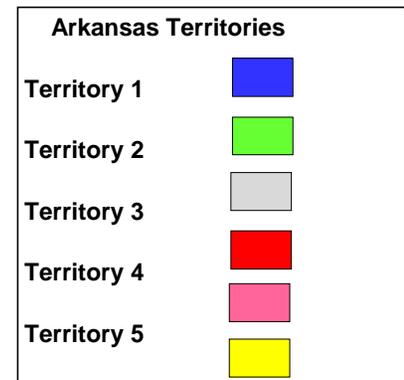
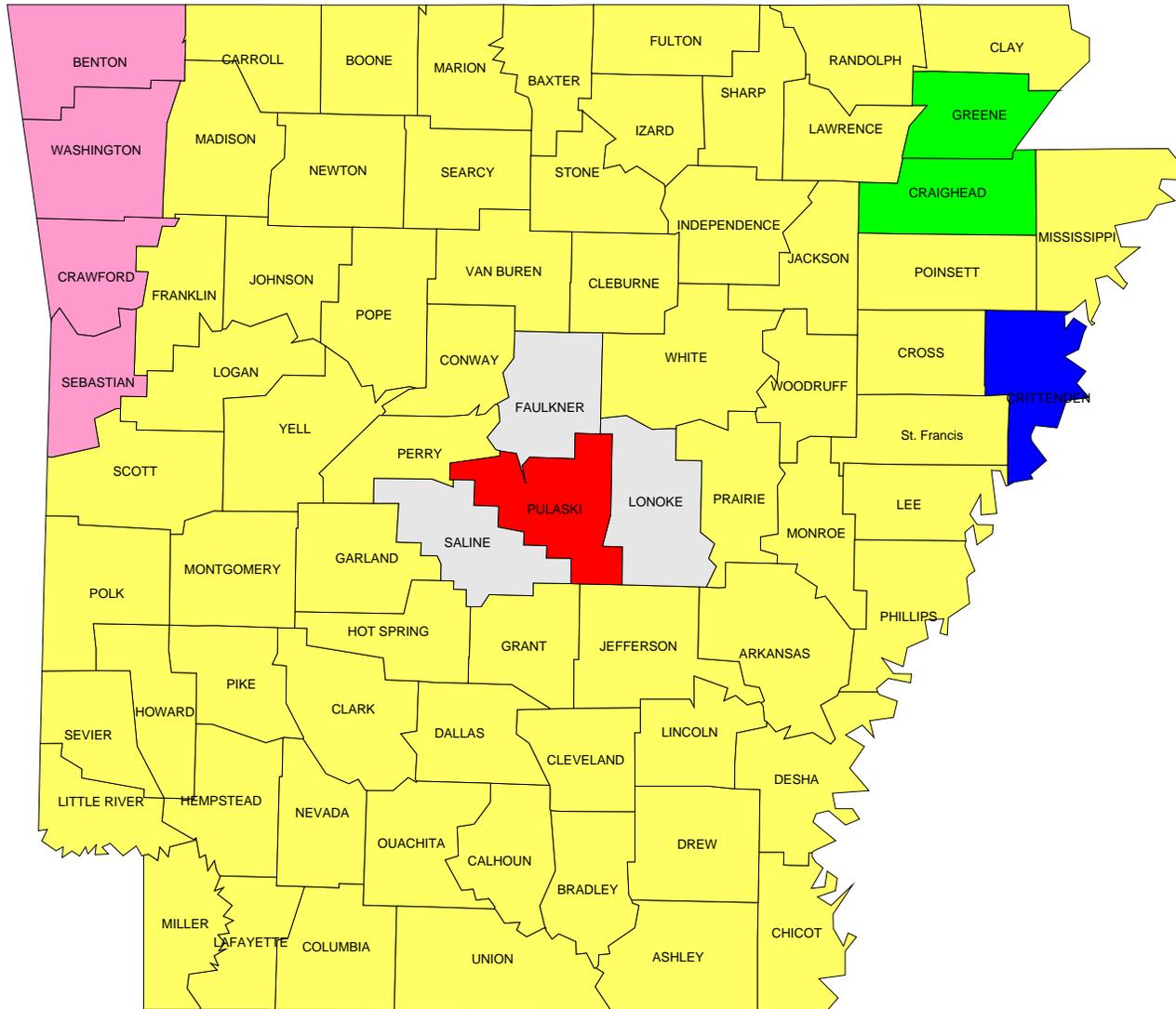
**AMERICAN SECURITY INSURANCE COMPANY  
CHOICE HOMEOWNERS PROGRAM  
ARKANSAS**

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		

**AMERICAN SECURITY INSURANCE COMPANY  
CHOICE HOMEOWNERS PROGRAM  
ARKANSAS**

Territory Definitions (Map)



**AMERICAN SECURITY INSURANCE COMPANY  
CHOICE HOMEOWNERS PROGRAM  
ARKANSAS**

Derivation of Optional Deductible Credits

**All Territories**

<u>Wind/Hail Deductible</u>			
Ground Up Losses	\$1,432,441	\$1,432,441	\$1,432,441
Optional Deductible	2% / \$2,000	3% / \$3,000	5% / \$5,000
Amount Paid	\$1,296,822	\$1,269,831	\$1,236,780
Losses Eliminated	\$135,619	\$162,610	\$195,662

(1) Loss Elimination Ratio	9.5%	11.4%	13.7%
(2) Safety Factor	90.0%	90.0%	90.0%
(3) Tempered LER	8.5%	10.2%	12.3%
(4) Variable Expenses from PLR	28.6%	28.6%	28.6%
(5) Indicated Discount	11.9%	14.3%	17.2%
(6) Selected Discount	12.0%	14.0%	17.0%

(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))

**AMERICAN SECURITY INSURANCE COMPANY  
CHOICE 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
\$250	0.0%	12.0%	14.0%	17.0%
\$500	10.0%	20.8%	22.6%	25.3%
\$1,000	15.0%	25.2%	26.9%	29.5%
\$2,500	20.0%	29.6%	31.2%	33.6%

**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
\$250	included	0.880	0.860	0.830
\$500	0.900	0.792	0.774	0.747
\$1,000	0.850	0.748	0.731	0.706
\$2,500	0.800	0.704	0.688	0.664

**AMERICAN SECURITY INSURANCE COMPANY  
CHOICE HOMEOWNERS PROGRAM  
ARKANSAS**

**A.** Base Rate Change by Territory

Old Territory	New Territory	Rate Change	% of State	Effective Change
1	6	35.0%	38.1%	13.3%
2	1	-5.0%	0.5%	0.0%
2	2	-2.5%	3.4%	-0.1%
2	3	-7.5%	6.7%	-0.5%
2	4	25.0%	17.4%	4.3%
2	5	-10.0%	10.7%	-1.1%
2	6	15.1%	23.3%	3.5%
<b>Grand Total</b>			<b>100.0%</b>	<b>19.5%</b>

**B.** Base Rate Change by Tier

Tier	Rate Change	% of State	Rate Impact
1	0.0%	15.2%	0.0%
2	1.0%	14.4%	0.1%
3	3.0%	27.9%	0.8%
4	6.0%	42.4%	2.5%
<b>Grand Total</b>		<b>100.0%</b>	<b>3.5%</b>

**AMERICAN SECURITY INSURANCE COMPANY  
CHOICE HOMEOWNERS PROGRAM  
ARKANSAS**

Overall Rate Level Effect

(1) Overall Rate Increase by Territory Exhibit 13	19.5%
(2) Overall Rate Increase by Tier Exhibit 13	3.5%
Overall Rate Level Effect $\{[1 + (1)] * [1 + (2)]\} - 1$	23.7%

**AMERICAN SECURITY INSURANCE COMPANY  
CHOICE HOMEOWNERS PROGRAM  
ARKANSAS**

Add Endorsement Availability to Tiers 3 and 4

<b>Endorsement</b>	<b>Current Rates</b>				<b>Proposed Rates</b>			
	Tier 1	Tier 2	Tier 3*	Tier 4*	Tier 1	Tier 2	Tier 3*	Tier 4*
Other Structures Increased Limits	1.00	1.07	N/A	N/A	1.00	1.07	1.19	1.26
Structures Rented to Others	4.00	4.50	N/A	N/A	4.00	4.50	5.00	5.50
Loss Assessment - \$15,000 limit	15.00	17.00	N/A	N/A	15.00	17.00	19.00	21.00
Loss Assessment - \$50,000 limit	22.00	25.00	N/A	N/A	22.00	25.00	28.00	31.00

\* Tiers 3 & 4 were previously ineligible for these optional endorsements.

**AMERICAN SECURITY INSURANCE COMPANY  
CHOICE 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	7,620	7,467	1.000	1.229	9,180
2005	27,428	15,910	1.000	1.188	18,898
2006	68,363	44,557	1.000	1.148	51,135
2007	89,352	81,423	1.000	1.109	90,287
2008	93,949	91,920	1.000	1.071	98,473
Jun-09	57,480	50,931	1.000	1.044	53,181
<b>Total</b>	<b>344,192</b>	<b>292,209</b>			<b>321,153</b>

Calendar Year	(6)	(7)	(8)	(9)
	Incurred Losses	Loss Trend Factor	Modified Losses (6)*(7)	Trended Loss Ratio (8)/(5)
2004	2,057	1.501	3,088	33.6%
2005	11,849	1.403	16,622	88.0%
2006	23,070	1.311	30,246	59.1%
2007	189,782	1.225	232,545	257.6%
2008	217,959	1.145	249,564	253.4%
Jun-09	304,142	1.089	331,114	622.6%
<b>Total</b>	<b>748,860</b>		<b>863,178</b>	<b>268.8%</b>

(10) 5.5 -Year Loss Ratio	268.8%
(11) Credibility	9.4%
(12) Permissible Loss Ratio	52.5%
(13) Trended Expected Loss Ratio (7) x (12) / (4)	56.1%
(14) Credibility-Weighted Loss Ratio (11) x (10) + [ 1 - (11) ] x (13)	76.1%
(15) Indicated Rate Level Change [ (14) / (12) - 1 ]	45.0%
<b>(16) Selected Rate Level Change</b>	<b>35.0%</b>

**AMERICAN SECURITY INSURANCE COMPANY  
CHOICE 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	3,355	3,300	1.000	1.229	4,057
2005	4,894	3,775	1.000	1.188	4,484
2006	6,674	6,518	1.000	1.148	7,480
2007	7,097	6,090	1.000	1.109	6,753
2008	6,357	6,907	1.000	1.071	7,400
Jun-09	647	2,047	1.000	1.044	2,138
<b>Total</b>	<b>29,024</b>	<b>28,638</b>			<b>32,312</b>

Calendar Year	(6) Incurred Losses	(7) Loss Trend Factor	(8) Modified Losses (6)*(7)	(9) Trended Loss Ratio (8)/(5)
2004	77	1.501	116	2.9%
2005	843	1.403	1,183	26.4%
2006	7,600	1.311	9,963	133.2%
2007	(62)	1.225	(76)	-1.1%
2008	906	1.145	1,037	14.0%
Jun-09	(554)	1.089	(603)	-28.2%
<b>Total</b>	<b>8,810</b>		<b>11,621</b>	<b>36.0%</b>

(10) 5.5 - Year Loss Ratio	36.0%
(11) Credibility	2.9%
(12) Permissible Loss Ratio	52.5%
(13) Trended Expected Loss Ratio (7) x (12) / (4)	56.1%
(14) Credibility-Weighted Loss Ratio (11) x (10) + [ 1 - (11) ] x (13)	55.5%
(15) Indicated Rate Level Change [ (14) / (12) - 1 ]	5.8%
<b>(16) Selected Rate Level Change</b>	<b>-5%</b>

**AMERICAN SECURITY INSURANCE COMPANY  
CHOICE HOMEOWNERS  
ARKANSAS  
Old Territory 2 - New Territory 2**

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	1,997	1,346	1.000	1.229	1,655
2005	1,231	1,237	1.000	1.188	1,470
2006	2,560	2,497	1.000	1.148	2,866
2007	8,840	4,514	1.000	1.109	5,006
2008	10,295	8,746	1.000	1.071	9,370
Jun-09	2,120	4,699	1.000	1.044	4,906
<b>Total</b>	<b>27,043</b>	<b>23,040</b>			<b>25,273</b>

Calendar Year	(6)	(7)	(8)	(9)
	Incurred Losses	Loss Trend Factor	Modified Losses (6)*(7)	Trended Loss Ratio (8)/(5)
2004	40	1.501	60	3.6%
2005	52	1.403	73	5.0%
2006	243	1.311	318	11.1%
2007	1,232	1.225	1,510	30.2%
2008	8,077	1.145	9,248	98.7%
Jun-09	6,757	1.089	7,357	149.9%
<b>Total</b>	<b>16,401</b>		<b>18,566</b>	<b>73.5%</b>

(10) 5.5 -Year Loss Ratio	73.5%
(11) Credibility	2.6%
(12) Permissible Loss Ratio	52.5%
(13) Trended Expected Loss Ratio (7) x (12) / (4)	56.1%
(14) Credibility-Weighted Loss Ratio (11) x (10) + [ 1 - (11) ] x (13)	56.6%
(15) Indicated Rate Level Change [ (14) / (12) - 1 ]	7.8%
<b>(16) Selected Rate Level Change</b>	<b>-2.5%</b>

**AMERICAN SECURITY INSURANCE COMPANY  
CHOICE HOMEOWNERS  
ARKANSAS  
Old Territory 2 - New Territory 3**

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	268	938	1.000	1.229	1,153
2005	10,843	5,333	1.000	1.188	6,334
2006	14,596	11,930	1.000	1.148	13,692
2007	20,481	16,233	1.000	1.109	18,000
2008	15,650	19,179	1.000	1.071	20,546
Jun-09	13,562	9,504	1.000	1.044	9,923
<b>Total</b>	<b>75,400</b>	<b>63,117</b>			<b>69,649</b>

Calendar Year	(6) Incurred Losses	(7) Loss Trend Factor	(8) Modified Losses (6)*(7)	(9) Trended Loss Ratio (8)/(5)
2004	(8)	1.501	(11)	-1.0%
2005	884	1.403	1,240	19.6%
2006	2,801	1.311	3,673	26.8%
2007	877	1.225	1,074	6.0%
2008	480	1.145	550	2.7%
Jun-09	(126)	1.089	(137)	-1.4%
<b>Total</b>	<b>4,909</b>		<b>6,388</b>	<b>9.2%</b>

(10) 5.5 -Year Loss Ratio	9.2%
(11) Credibility	4.4%
(12) Permissible Loss Ratio	52.5%
(13) Trended Expected Loss Ratio (7) x (12) / (4)	56.1%
(14) Credibility-Weighted Loss Ratio (11) x (10) + [ 1 - (11) ] x (13)	54.1%
(15) Indicated Rate Level Change [ (14) / (12) - 1 ]	3.0%
<b>(16) Selected Rate Level Change</b>	<b>-7.5%</b>

**AMERICAN SECURITY INSURANCE COMPANY  
CHOICE 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	14,947	13,322	1.000	1.229	16,377
2005	19,010	15,900	1.000	1.188	18,886
2006	37,572	27,780	1.000	1.148	31,882
2007	65,407	46,616	1.000	1.109	51,690
2008	49,085	57,577	1.000	1.071	61,682
Jun-09	25,332	29,603	1.000	1.044	30,911
<b>Total</b>	<b>211,353</b>	<b>190,799</b>			<b>211,428</b>

Calendar Year	(6)	(7)	(8)	(9)
	Incurred Losses	Loss Trend Factor	Modified Losses (6)*(7)	Trended Loss Ratio (8)/(5)
2004	646	1.501	969	5.9%
2005	1,987	1.403	2,788	14.8%
2006	18,150	1.311	23,795	74.6%
2007	45,699	1.225	55,996	108.3%
2008	232,440	1.145	266,145	431.5%
Jun-09	99,715	1.089	108,557	351.2%
<b>Total</b>	<b>398,636</b>		<b>458,250</b>	<b>216.7%</b>

(10) 5.5 -Year Loss Ratio	216.7%
(11) Credibility	7.6%
(12) Permissible Loss Ratio	52.5%
(13) Trended Expected Loss Ratio (7) x (12) / (4)	56.1%
(14) Credibility-Weighted Loss Ratio (11) x (10) + [ 1 - (11) ] x (13)	68.3%
(15) Indicated Rate Level Change [ (14) / (12) - 1 ]	30.1%
<b>(16) Selected Rate Level Change</b>	<b>25.0%</b>

**AMERICAN SECURITY INSURANCE COMPANY  
CHOICE HOMEOWNERS  
ARKANSAS  
Old Territory 2 - New Territory 5**

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	10,705	10,296	1.000	1.229	12,657
2005	19,504	13,601	1.000	1.188	16,155
2006	22,554	20,708	1.000	1.148	23,766
2007	28,829	26,869	1.000	1.109	29,794
2008	26,195	26,424	1.000	1.071	28,307
Jun-09	17,191	14,427	1.000	1.044	15,064
<b>Total</b>	<b>124,978</b>	<b>112,324</b>			<b>125,742</b>

Calendar Year	(6) Incurred Losses	(7) Loss Trend Factor	(8) Modified Losses (6)*(7)	(9) Trended Loss Ratio (8)/(5)
2004	8,761	1.501	13,149	103.9%
2005	1,182	1.403	1,658	10.3%
2006	1,820	1.311	2,387	10.0%
2007	1,562	1.225	1,914	6.4%
2008	21,481	1.145	24,595	86.9%
Jun-09	18,858	1.089	20,531	136.3%
<b>Total</b>	<b>53,665</b>		<b>64,235</b>	<b>51.1%</b>

(10) 5.5 -Year Loss Ratio	51.1%
(11) Credibility	5.8%
(12) Permissible Loss Ratio	52.5%
(13) Trended Expected Loss Ratio (7) x (12) / (4)	56.1%
(14) Credibility-Weighted Loss Ratio (11) x (10) + [ 1 - (11) ] x (13)	55.8%
(15) Indicated Rate Level Change [ (14) / (12) - 1 ]	6.3%
<b>(16) Selected Rate Level Change</b>	<b>-10.0%</b>

**AMERICAN SECURITY INSURANCE COMPANY  
CHOICE 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	30,311	21,059	1.000	1.229	25,888
2005	34,003	31,431	1.000	1.188	37,334
2006	61,295	50,744	1.000	1.148	58,236
2007	73,460	65,452	1.000	1.109	72,577
2008	80,242	77,639	1.000	1.071	83,174
Jun-09	45,002	41,208	1.000	1.044	43,028
<b>Total</b>	<b>324,313</b>	<b>287,533</b>			<b>320,236</b>

Calendar Year	(6)	(7)	(8)	(9)
	Incurred Losses	Loss Trend Factor	Modified Losses (6)*(7)	Trended Loss Ratio (8)/(5)
2004	78,219	1.501	117,396	453.5%
2005	3,103	1.403	4,352	11.7%
2006	32,121	1.311	42,111	72.3%
2007	125,630	1.225	153,938	212.1%
2008	115,791	1.145	132,582	159.4%
Jun-09	214,811	1.089	233,861	543.5%
<b>Total</b>	<b>569,675</b>		<b>684,240</b>	<b>213.7%</b>

(10) 5.5 -Year Loss Ratio	213.7%
(11) Credibility	9.3%
(12) Permissible Loss Ratio	52.5%
(13) Trended Expected Loss Ratio (7) x (12) / (4)	56.1%
(14) Credibility-Weighted Loss Ratio (11) x (10) + [ 1 - (11) ] x (13)	70.8%
(15) Indicated Rate Level Change [ (14) / (12) - 1 ]	34.9%
<b>(16) Selected Rate Level Change</b>	<b>15.1%</b>

**American Security Insurance Company  
Choice Homeowners Program**

**Arkansas**

**Actuarial Memorandum**

American Security Insurance Company (ASIC) would like to file several changes to its existing Choice 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 Tiers 3 and 4 that were previously only available to Tiers 1 and 2. Sixth, we would like to introduce a new endorsement for Water Back Up and Sump Overflow. Finally, we would also like to revise another optional endorsement – Specified Additional Amount of Insurance for Coverage A - Dwelling. The following support is provided for these changes.

**Rate Level Indication**

Our indicated rate level change is 88.3%, 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. 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. Since there have been no rate changes in Arkansas, the on-level factor is 1.000

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 - year experience is 18.9% 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 ASIC 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 ASIC'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 revising the deductibles on this program for the individual territories. A mandatory 2%/\$2,000 Windstorm and Hail deductible will be added to all six territories. The associated rate impacts are derived in Exhibit 11.

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

### **Overall Rate Change**

Exhibits 13 through 15 show the effect of the deductible changes, aggregated with the rate level changes, to reach an overall rate change of 29.7%.

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 -5%, -2.5%, -7.5%, 25%, -10%, and 15.14%, respectively, from the previous territory 2. Some counties previously in territory 1 that are now in territory 6 are receiving a 35% rate change. Policies classified as tier 2, 3, and 4 are receiving rate changes of 1%, 3%, and 6%, respectively. The table below details our current and proposed rates.

	Current Rates				Proposed Rates			
	Tier 1	Tier 2	Tier 3	Tier 4	Tier 1	Tier 2	Tier 3	Tier 4
<b>Terr 1</b>	0.881	0.940	1.044	1.102	0.981	1.057	1.198	1.301
<b>Terr 2</b>	1.033	1.102	1.224	1.292	1.007	1.085	1.229	1.335
<b>Terr 3</b>	N/A	N/A	N/A	N/A	0.956	1.030	1.166	1.267
<b>Terr 4</b>	N/A	N/A	N/A	N/A	1.291	1.391	1.576	1.712
<b>Terr 5</b>	N/A	N/A	N/A	N/A	0.930	1.002	1.135	1.233
<b>Terr 6</b>	N/A	N/A	N/A	N/A	1.189	1.282	1.452	1.577

### **Endorsements Rated for Tiers 3 and 4**

As the product currently stands, there are three endorsements that are only offered to and rated for Tiers 1 and 2. These endorsements are

1. Other Structures Increased Limits - allows the insured to increase their Coverage B limit.
2. Structures Rented to Others - allows insured to cover a specific structure on the residence premises that is rented to others for dwelling purposes.
3. Homeowners Package - adds a combination of several endorsements as defined in our state exception pages and increases Coverages C and D to 70% and 40% of Coverage A, respectively.

In addition, a fourth endorsement - Loss Assessment, which provides indemnification to the insured for assessments levied by the association of property owners for certain losses not covered by the association's insurance program - only offers the limit of \$10,000 to Tiers 3 and 4 while Tiers 1 and 2 are also eligible for limits of \$15,000 and \$50,000. We would like to now offer these optional endorsements and additional limits to Tiers 3 and 4. The rates for these endorsements were selected in a manner to be consistent with the rates for Tiers 1 and 2, as well as the base rate relativities among the four tiers, and can be seen in Exhibit 17.

### **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.

### **Revised Endorsement – Specified Additional Amount of Insurance for Coverage A – Dwelling**

Finally, we would like to revise the Specified Additional Amount of Insurance for Coverage A – Dwelling Endorsement. When the residence (structure) is insured for 100% of the estimated replacement cost, this endorsement may be added to extend the Coverage A limit to 150% of the original Coverage A limit. ISO currently has 125%/150% of Coverage A limit options available for 3%/6% of the revised base premium. We would like to now offer the same endorsements at a rate of 1.5%/2.5% of the revised base premium.

### **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 and Tier
- 16 - Overall Rate Level Effect
- 17 - Add Endorsement Availability for Tiers 3 and 4

**AMERICAN SECURITY INSURANCE COMPANY  
CHOICE 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	69,203	57,728	1.000	1.251	72,198
2005	116,913	87,188	1.000	1.208	105,357
2006	213,614	164,734	1.000	1.168	192,336
2007	293,466	247,197	1.000	1.128	278,862
2008	281,773	288,393	1.000	1.090	314,312
Jun-09	161,334	152,420	1.000	1.071	163,311
<b>Total</b>	<b>1,136,303</b>	<b>997,659</b>			<b>1,126,376</b>

Calendar Year	(6) Incurred Losses	(7) Loss Trend Factor (Exhibit 4)	(8) Modified Losses (6)*(7)	(9) Trended Loss Ratio (8)/(5)
2004	89,173	1.553	138,442	191.8%
2005	121,806	1.451	176,742	167.8%
2006	315,259	1.356	427,538	222.3%
2007	685,395	1.267	868,729	311.5%
2008	650,201	1.184	770,101	245.0%
Jun-09	651,601	1.145	746,311	457.0%
<b>Total</b>	<b>2,513,434</b>		<b>3,127,863</b>	<b>277.7%</b>

(10) 5.5 -Year Loss Ratio	277.7%
(11) Credibility (from Exhibit 5)	18.9%
(12) Permissible Loss Ratio (from Exhibit 6)	53.9%
(13) Trended Expected Loss Ratio (7) x (12)	63.8%
(14) Credibility-Weighted Loss Ratio (11) x (10) + [ 1 - (11) ] x (13)	104.2%
(15) Indicated Rate Level Change [ (14) / (12) - 1 ]	93.3%
<b>(16) Selected Rate Level Change</b>	<b>29.7%</b>

**AMERICAN SECURITY INSURANCE COMPANY  
CHOICE 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

**AMERICAN SECURITY INSURANCE COMPANY  
CHOICE HOMEOWNERS PROGRAM  
ARKANSAS**

Premium Trend Factor

Calendar Year	Written Premium	Written Exposures	Average Premium	Fitted Average Premium*	Indicated Premium Trend
2004	69,203	63	1,097	1,116	
2005	116,913	99	1,179	1,159	1.04
2006	213,614	179	1,195	1,202	1.04
2007	293,466	230	1,277	1,246	1.04
2008	281,773	223	1,265	1,289	1.03

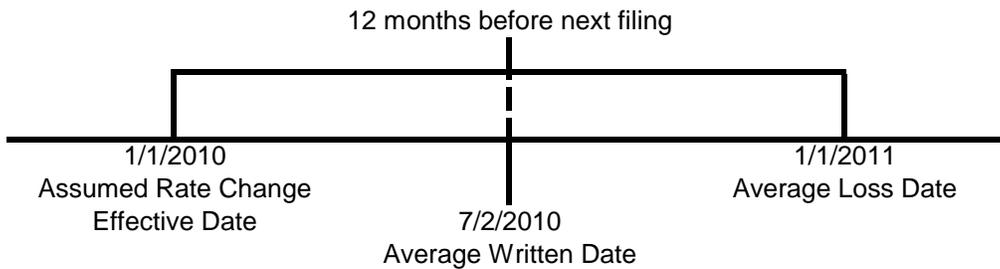
\* Based on a linear regression of average premium.

3.5% (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	1.251
12/31/2005	1.208
12/31/2006	1.168
12/31/2007	1.128
12/31/2008	1.090
6/30/2009	1.071

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



**AMERICAN SECURITY INSURANCE COMPANY  
CHOICE HOMEOWNERS PROGRAM  
COUNTRYWIDE EXPERIENCE**

Loss Trend Factor

Calendar Year	Paid Losses	Claim Count	Average Loss	Fitted Average Losses*	Indicated Loss Trend
2004	5,910,745	698	8,468	8,225	
2005	9,259,812	1,150	8,052	9,237	1.123
2006	15,648,581	1,647	9,501	10,249	1.110
2007	32,296,679	2,106	15,336	11,261	1.099
2008	27,207,893	2,752	9,887	12,273	1.090

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	4,564,245	626	7,291	7,534	
2005	7,866,953	1,043	7,543	8,153	1.082
2006	14,625,092	1,442	10,142	8,772	1.076
2007	16,593,757	1,755	9,455	9,391	1.071
2008	19,376,160	2,055	9,429	10,010	1.066

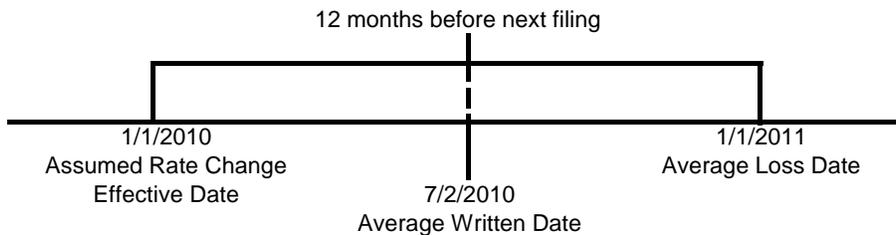
\* Based on a linear regression of paid per claim.

7.0% (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	1.553
12/31/2005	1.451
12/31/2006	1.356
12/31/2007	1.267
12/31/2008	1.184
6/30/2009	1.145

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



**AMERICAN SECURITY INSURANCE COMPANY  
CHOICE 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>		13,568
(1) Paid Losses CY 2004 - 2008:	868,336	
(2) Claim Count CY 2004 - 2008:	64	
(C) Paid Losses for Full Credibility (A)*(B)		14,680,309
(D) Permissible Loss Ratio (Exhibit 6)		53.9%
(E) Indicated Earned Premium for Full Credibility (C)/(D)		27,236,195
(F) Selected Earned Premium for Full Credibility		28,000,000
(G) Actual Earned Premium (2004 - 2008) (Exhibit 1)		997,659
(H) Credibility $\min(\sqrt{(G)/(F)}, 100\%)$		18.9%

**AMERICAN SECURITY INSURANCE COMPANY  
CHOICE 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)	41,043	100.0%	45,546	100.0%	44,140	100.0%	100.0%	
Adjusted Direct Premium Earned (Part III, Col 3)	34,723	100.0%	43,850	100.0%	44,515	100.0%	100.0%	
Adj Dir Commissions & Brokerage (W) (Part III, Col 23)	11,610	28.3%	8,778	19.3%	6,269	14.2%	20.6%	20.0%
Other Acquisition Incurred (E) (Part III, Col 27)	1,632	4.7%	999	2.3%	740	1.7%	2.9%	2.5%
General Expenses Incurred (E) (Part III, Col 29)	6,569	18.9%	6,600	15.1%	5,986	13.4%	15.8%	15.0%
Taxes, Licenses, & Fees (W) (Part III, Col 25)	1,103	2.7%	1,251	2.7%	1,160	2.6%	2.7%	3.6%
Total Expenses								41.1%
Profit & Contingencies (Exhibit 11)								5.0%
Permissible Loss & LAE Ratio								53.9%

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

**AMERICAN SECURITY INSURANCE COMPANY  
CHOICE 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	1.92
(3)	Expected Investment Income on Reserves as a % of Premium	2.4%
(4)	Expected Investment Income on Reserves as a % of Surplus = (3) x (2)	4.5%
(5)	Expected Investment Income on Surplus as a % of Surplus	4.2%
(6)	Total Expected Investment Income as a % of Surplus = (4) + (5)	8.7%
(7)	Federal Income Tax on Investment Income as a % of Surplus = (6) x 25.4%	2.2%
(8)	After-Tax Investment Income on Surplus = (6) - (7)	6.5%
(9)	Target After-Tax Underwriting Profit as a % of Surplus = (1) - (8)	8.5%
(10)	Target After-Tax Underwriting Profit as a % of Premium = (9) / (2)	4.4%
(11)	Target Pre-Tax Underwriting Profit as a % of Premium = (10) / {1-35%}	6.8%
(12)	Selected Pre-Tax Underwriting Profit as a % of Premium	5.0%

**AMERICAN SECURITY INSURANCE COMPANY  
CHOICE HOMEOWNERS PROGRAM**

**COUNTRYWIDE EXPERIENCE**

Estimated Investment Earnings on Unearned Premium and Loss Reserves

A.	Unearned Premium Reserve	
1.	Direct Earned Premium	\$44,514,625
2.	Mean Unearned Premium Reserve	\$22,795,691
3.	Percentage Total of Prepaid Expense	
a.	Commission and Brokerage	20.00%
b.	Taxes, Licenses and Fees	3.60%
c.	50% of Other Acquisition Expense	1.25%
d.	50% of General Expense	<u>7.50%</u>
e.	Total	32.35%
4.	Dollar Total of Prepaid Expense (A2) × (A3e)	\$7,374,406
5.	Subject to Investment (A2) - (A4)	\$15,421,285
B.	Delayed Remission of Premium	\$1,261,226
C.	Expected Loss and Loss Adjustment Reserve	
1.	Direct Earned Premium (A1)	\$44,514,625
	x (Expected Loss and Loss Adjustment Ratio)	53.0%
2.	Expected Incurred Loss and Loss Adjustment	\$23,597,203
	x (Reserve to Incurred Ratio)	44.9%
3.	Expected Loss and Loss Adjustment Reserve	\$10,589,461
D.	Net Subject to Investment (A5) - (B) + (C3)	\$24,749,520
E.	Average Rate of Return on Invested Assets	4.2%
F.	Investment Earnings on Net Subject to Investment (D) × (E)	\$1,047,369
G.	Ratio of Investment Earnings to Earned Premium (F) ÷ (A1)	2.4%

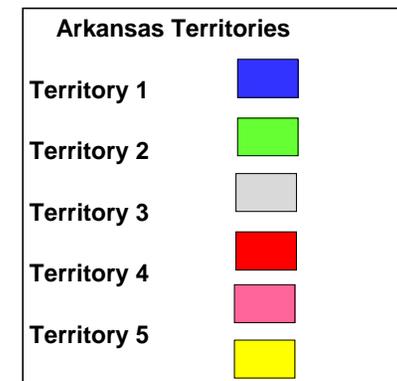
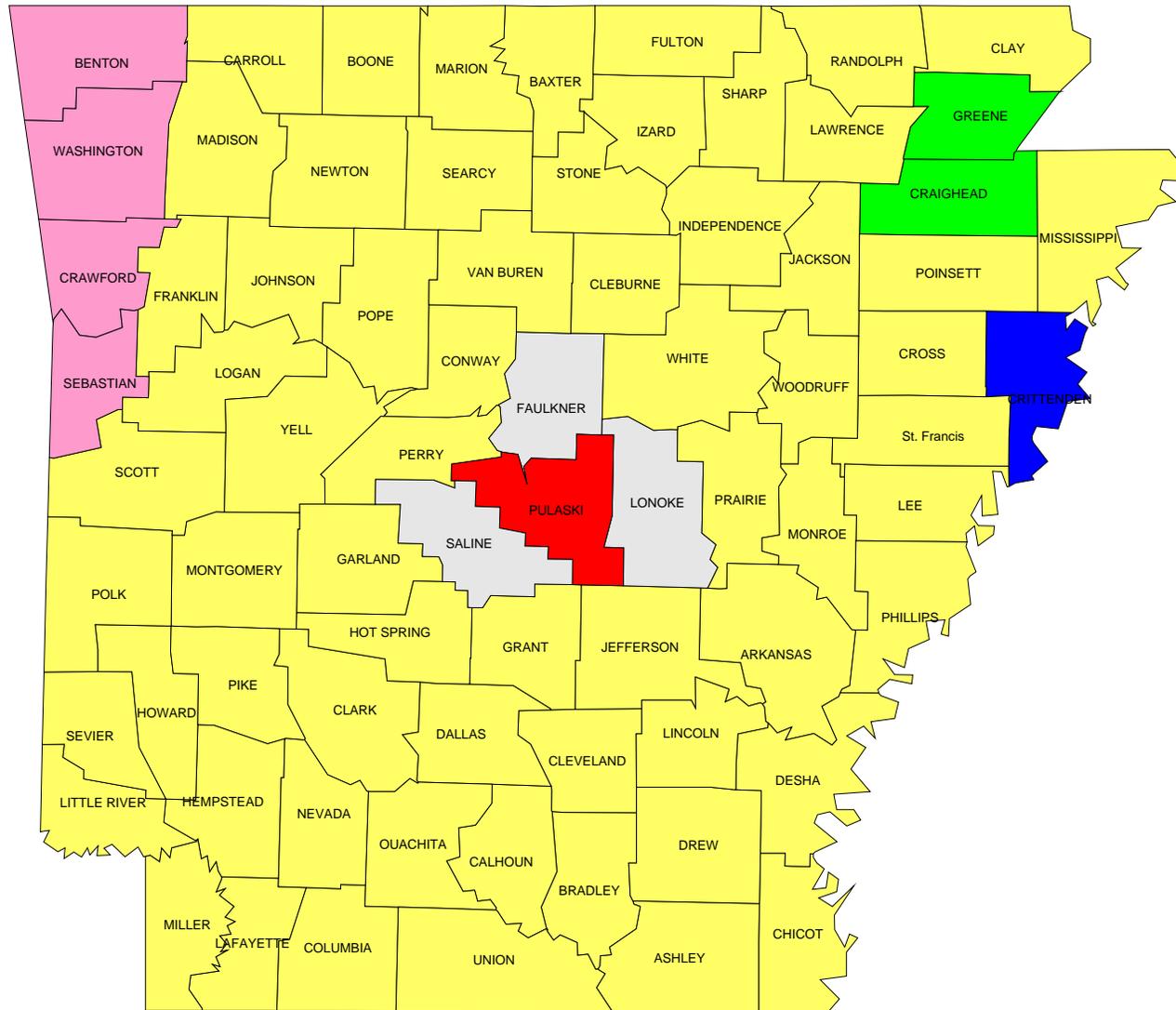
**AMERICAN SECURITY INSURANCE COMPANY  
CHOICE HOMEOWNERS PROGRAM  
ARKANSAS**

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		

**AMERICAN SECURITY INSURANCE COMPANY  
CHOICE HOMEOWNERS PROGRAM  
ARKANSAS**

Territory Definitions (Map)



**AMERICAN SECURITY INSURANCE COMPANY  
CHOICE HOMEOWNERS PROGRAM  
ARKANSAS**

Derivation of Deductible Credits and Rate Impact

**All Territories**

<u>All Perils</u>				
Ground Up Losses	\$1,432,441	\$1,432,441	\$1,432,441	\$1,432,441
All Perils Deductible	\$250	\$500	\$1,000	\$2,500
Amount Paid	\$1,407,941	\$1,383,441	\$1,334,950	\$1,216,788
New Windstorm and Hail Deductible	2% / \$2,000	2% / \$2,000	2% / \$2,000	2% / \$2,000
Amount Paid	\$1,329,822	\$1,316,322	\$1,289,340	\$1,222,274
Losses Eliminated	\$78,119	\$67,119	\$45,610	(\$5,486)

(1) Loss Elimination Ratio	5.5%	4.9%	3.4%	-0.5%
(2) Safety Factor	0.9	0.9	0.9	0.9
(3) Tempered LER	5.0%	4.4%	3.1%	-0.4%
(4) Variable Expenses from PLR	28.6%	28.6%	28.6%	28.6%
(5) Indicated Discount	7.0%	6.1%	4.3%	-0.6%
(6) Rate Level Impact	7.5%	6.5%	4.5%	-0.6%

(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))

(6) = 1 / (1 - (5)) - 1

**AMERICAN SECURITY INSURANCE COMPANY  
CHOICE HOMEOWNERS PROGRAM  
ARKANSAS**

Derivation of Optional Deductible Credits

**All Territories**

<u>Wind/Hail Deductible</u>		
Ground Up Losses	\$1,432,441	\$1,432,441
Previous Deductible Amount Paid	2% / \$2,000 \$1,296,822	2% / \$2,000 \$1,296,822
New Deductible Amount Paid	3% / \$3,000 \$1,269,831	5% / \$5,000 \$1,236,780
Losses Eliminated	\$26,991	\$60,042

(1) Loss Elimination Ratio	2.1%	4.6%
(2) Safety Factor	90.0%	90.0%
(3) Tempered LER	1.9%	4.2%
(4) Variable Expenses from PLR	28.6%	28.6%
(5) Indicated Discount	2.6%	5.8%
(6) Selected Discount	3.0%	6.0%

(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))

**AMERICAN SECURITY INSURANCE COMPANY  
CHOICE HOMEOWNERS PROGRAM  
ARKANSAS**

Deductible Changes - Rate Level Impact to Existing Insureds

<u>Current Deductible</u>	<u>New Deductible</u>	Rate Level <u>Impact</u>	% <u>Distribution</u>
\$250 All Perils	\$250 All Other Perils 2%/\$2000 Windstorm and Hail	1.075	1.23%
\$500 All Perils	\$500 All Other Perils 2%/\$2000 Windstorm and Hail	1.065	24.59%
\$1000 All Perils	\$1000 All Other Perils 2%/\$2000 Windstorm and Hail	1.045	69.67%
\$2500 All Perils	\$2500 All Other Perils 2%/\$2000 Windstorm and Hail	0.994	4.51%
	OVERALL IMPACT OF DEDUCTIBLE CHANGE	1.048	100.00%

**AMERICAN SECURITY INSURANCE COMPANY  
CHOICE HOMEOWNERS PROGRAM  
ARKANSAS**

**Deductible Options and Credits**

<u>All Other Perils Deductible</u>	<u>Windstorm &amp; Hail Deductible</u>		
	2%/\$2,000	3%/\$3,000	5%/\$5,000
\$250	0.0%	3.0%	6.0%
\$500	10.0%	12.7%	15.4%
\$1,000	15.0%	17.6%	20.1%
\$2,500	20.0%	22.4%	24.8%

**Adjustment Factors**

<u>All Other Perils Deductible</u>	<u>Windstorm &amp; Hail Deductible</u>		
	2%/\$2,000	3%/\$3,000	5%/\$5,000
\$250	included	0.970	0.940
\$500	0.900	0.873	0.846
\$1,000	0.850	0.825	0.799
\$2,500	0.800	0.776	0.752

**AMERICAN SECURITY INSURANCE COMPANY  
CHOICE HOMEOWNERS PROGRAM  
ARKANSAS**

**A.** Base Rate Change by Territory

Old Territory	New Territory	Rate Change	% of State	Effective Change
1	6	35.0%	38.1%	13.3%
2	1	-5.0%	0.5%	0.0%
2	2	-2.5%	3.4%	-0.1%
2	3	-7.5%	6.7%	-0.5%
2	4	25.0%	17.4%	4.3%
2	5	-10.0%	10.7%	-1.1%
2	6	15.1%	23.3%	3.5%
<b>Grand Total</b>			<b>100.0%</b>	<b>19.5%</b>

**B.** Base Rate Change by Tier

Tier	Rate Change	% of State	Rate Impact
1	0.0%	15.2%	0.0%
2	1.0%	14.4%	0.1%
3	3.0%	27.9%	0.8%
4	6.0%	42.4%	2.5%
<b>Grand Total</b>		<b>100.0%</b>	<b>3.5%</b>

**AMERICAN SECURITY INSURANCE COMPANY  
CHOICE HOMEOWNERS PROGRAM  
ARKANSAS**

Overall Rate Level Effect

(1) Overall Rate Increase by Territory Exhibit 15	19.5%
(2) Overall Rate Increase by Tier Exhibit 15	3.5%
(3) Effect of Deductible Change Exhibit 13	4.8%
Overall Rate Level Effect $\{[1 + (1)] * [1 + (2)] * [1 + (3)]\} - 1$	29.7%

**AMERICAN SECURITY INSURANCE COMPANY  
CHOICE HOMEOWNERS PROGRAM  
ARKANSAS**

Add Endorsement Availability to Tiers 3 and 4

<b>Endorsement</b>	<b>Current Rates</b>				<b>Proposed Rates</b>			
	Tier 1	Tier 2	Tier 3*	Tier 4*	Tier 1	Tier 2	Tier 3*	Tier 4*
Other Structures Increased Limits	1.00	1.07	N/A	N/A	1.00	1.07	1.19	1.26
Structures Rented to Others	4.00	4.50	N/A	N/A	4.00	4.50	5.00	5.50
Loss Assessment - \$15,000 limit	15.00	17.00	N/A	N/A	15.00	17.00	19.00	21.00
Loss Assessment - \$50,000 limit	22.00	25.00	N/A	N/A	22.00	25.00	28.00	31.00

\* Tiers 3 & 4 were previously ineligible for these optional endorsements.

**FORM RF-1 Rate Filing Abstract NAIC LOSS COST DATA ENTRY DOCUMENT**

1.	This filing transmittal is part of Company Tracking #	HO AR03162ASR01
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. American Security Insurance Company	B.	0019-42978

Product Coding Matrix Line of Business (i.e., Type of Insurance)		Product Coding Matrix Line of Insurance (i.e., Sub-type of Insurance)	
4.	A. 04.0 Homeowners	B.	04.0005 Other Homeowners

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
Homeowners Multi-Peril	49.7%	21.0%	N/A	N/A	N/A	N/A	N/A
TOTAL OVERALL EFFECT	49.7%	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	128	N/A	N/A	87	20	22.8%	51.3%
2006	264	N/A	N/A	165	86	52.1%	54.9%
2007	376	N/A	N/A	247	365	147.5%	87.9%
2008	377	N/A	N/A	288	597	207.1%	61.9%
June 2009	192	21.0%	10/15/2010	152	644	422.3%	70.3%

7.

Expense Constants	Selected Provisions
A. Total Production Expense	22.5%
B. General Expense	15.0%
C. Taxes, License & Fees	3.6%
D. Underwriting Profit & Contingencies	5.0%
E. Other (explain)	
F. TOTAL	46.1%

8. N/A Apply Lost Cost Factors to Future filings? (Y or N)
9. 38.9 Estimated Maximum Rate Increase for any Insured (%). Territory (if applicable): \_\_\_\_\_
10. -10.0 Estimated Maximum Rate Decrease for any Insured (%). Territory (if applicable): \_\_\_\_\_

**FORM RF-1 Rate Filing Abstract NAIC LOSS COST DATA ENTRY DOCUMENT**

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Company Name		Company NAIC Number	
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Product Coding Matrix Line of Business (i.e., Type of Insurance)		Product Coding Matrix Line of Insurance (i.e., Sub-type of Insurance)	
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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
Homeowners Multi-Peril	49.7%	23.7%	N/A	N/A	N/A	N/A	N/A
TOTAL OVERALL EFFECT	49.7%	23.7%					

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	128	N/A	N/A	87	20	22.8%	51.3%
2006	264	N/A	N/A	165	86	52.1%	54.9%
2007	376	N/A	N/A	247	365	147.5%	87.9%
2008	377	N/A	N/A	288	597	207.1%	61.9%
June 2009	192	23.7%	8/1/2010	152	644	422.3%	70.3%

7.

Expense Constants	Selected Provisions
A. Total Production Expense	22.5%
B. General Expense	15.0%
C. Taxes, License & Fees	3.6%
D. Underwriting Profit & Contingencies	5.0%
E. Other (explain)	
F. TOTAL	46.1%

8. N/A Apply Lost Cost Factors to Future filings? (Y or N)
9. 43.1 Estimated Maximum Rate Increase for any Insured (%). Territory (if applicable): \_\_\_\_\_
10. -10.0 Estimated Maximum Rate Decrease for any Insured (%). Territory (if applicable): \_\_\_\_\_

**FORM RF-1 Rate Filing Abstract NAIC LOSS COST DATA ENTRY DOCUMENT**

1.	This filing transmittal is part of Company Tracking #	HO AR03162ASR01
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. American Security Insurance Company	B.	0019-42978

Product Coding Matrix Line of Business (i.e., Type of Insurance)		Product Coding Matrix Line of Insurance (i.e., Sub-type of Insurance)	
4.	A. 04.0 Homeowners	B.	04.0005 Other Homeowners

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
Homeowners Multi-Peril	49.7%	23.7%	N/A	N/A	N/A	N/A	N/A
TOTAL OVERALL EFFECT	49.7%	23.7%					

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
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

7.

Expense Constants	Selected Provisions
A. Total Production Expense	22.5%
B. General Expense	15.0%
C. Taxes, License & Fees	3.6%
D. Underwriting Profit & Contingencies	5.0%
E. Other (explain)	
F. TOTAL	46.1%

8. N/A Apply Lost Cost Factors to Future filings? (Y or N)
9. 43.1 Estimated Maximum Rate Increase for any Insured (%). Territory (if applicable): \_\_\_\_\_
10. -10.0 Estimated Maximum Rate Decrease for any Insured (%). Territory (if applicable): \_\_\_\_\_

**AMERICAN SECURITY INSURANCE COMPANY  
CHOICE HOMEOWNERS  
ARKANSAS  
POLICY RATE CHANGE CHART**

Overall Rate Change	# of Policies
-10.0%	7
-9.1%	3
-7.5%	1
-7.3%	10
-6.6%	4
-4.7%	1
-4.6%	7
-2.5%	2
-2.2%	1
-1.9%	7
0.4%	4
0.7%	1
3.4%	3
11.7%	5
12.8%	16
15.1%	12
18.4%	24
25.0%	8
26.3%	2
28.8%	15
31.0%	12
32.3%	7
32.5%	17
34.9%	30
38.9%	45
Grand Total	244

**AMERICAN SECURITY INSURANCE COMPANY  
CHOICE HOMEOWNERS  
ARKANSAS  
POLICY RATE CHANGE CHART**

Overall Rate Change	# of Policies
-10.0%	7
-9.1%	3
-7.5%	1
-7.3%	10
-6.6%	4
-4.7%	1
-4.6%	7
-2.5%	2
-2.2%	1
-1.9%	7
0.4%	4
0.7%	1
3.4%	3
15.1%	5
16.3%	16
18.6%	12
22.0%	24
25.0%	8
26.3%	2
28.8%	15
32.5%	17
35.0%	12
36.4%	7
39.1%	30
43.1%	45
Grand Total	244