

SERFF Tracking Number: PHXN-127744233 State: Arkansas  
Filing Company: American Hallmark Insurance Company of Texas State Tracking Number:  
Company Tracking Number: HO-AR102011R  
TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations  
Product Name: Homeowners  
Project Name/Number: HO-AR102011R

## Filing at a Glance

Company: American Hallmark Insurance Company of Texas

Product Name: Homeowners SERFF Tr Num: PHXN-127744233 State: Arkansas  
TOI: 04.0 Homeowners SERFF Status: Closed-Filed State Tr Num:  
Sub-TOI: 04.0000 Homeowners Sub-TOI Co Tr Num: HO-AR102011R State Status:  
Combinations  
Filing Type: Rate/Rule Reviewer(s): Becky Harrington,  
Nancy Horton  
Author: Nichelle Dawkins Disposition Date: 11/18/2011  
Date Submitted: 10/20/2011 Disposition Status: Filed  
Effective Date Requested (New): 11/14/2011 Effective Date (New): 11/28/2011  
Effective Date Requested (Renewal): 01/13/2012 Effective Date (Renewal):  
02/28/2012

State Filing Description:  
referred to Commissioner 10/24/11

## General Information

Project Name: HO-AR102011R Status of Filing in Domicile: Authorized  
Project Number: Domicile Status Comments:  
Reference Organization: Reference Number:  
Reference Title: Advisory Org. Circular:  
Filing Status Changed: 11/18/2011  
State Status Changed: 11/09/2011 Deemer Date:  
Created By: Nichelle Dawkins Submitted By: Nichelle Dawkins  
Corresponding Filing Tracking Number:  
Filing Description:  
American Hallmark Insurance Company of Texas is submitting for your approval the following revisions to our current  
Arkansas Homeowners programs:

- Base Rate Increase
- Revised Territory Relativities
- HO-4 Pay Plan Changes
- Eliminate Increase Coverage D
- Rate Order Calculation Rounding Revision

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- Revised Underwriting Rules

The overall impact of this filing is 20.4%. We propose this filing to be effective 11/14/2011 for new business and 1/13/2012 renewal business.

## Company and Contact

### Filing Contact Information

Nichelle Dawkins, Product Manager ndawkins@hallmarkinsco.com  
 PO Box 250209 800-486-5616 [Phone] 5847 [Ext]  
 Plano, TX 75025 469-298-5799 [FAX]

### Filing Company Information

American Hallmark Insurance Company of Texas CoCode: 43494 State of Domicile: Texas  
 6500 Pinecrest Group Code: 3478 Company Type: Property & Casualty  
 Suite 100 Group Name: Hallmark Insurance State ID Number:  
 Group  
 Plano, TX 75025 FEIN Number: 75-1817901  
 (800) 486-5616 ext. [Phone]

## Filing Fees

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

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
American Hallmark Insurance Company of Texas	\$100.00	10/20/2011	53029664

SERFF Tracking Number: PHXN-127744233 State: Arkansas  
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## Correspondence Summary

### Dispositions

Status	Created By	Created On	Date Submitted
Filed	Becky Harrington	11/18/2011	11/18/2011

### 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	11/09/2011	11/09/2011	Nichelle Dawkins	11/17/2011	11/17/2011
No response necessary	Becky Harrington	10/24/2011	10/24/2011			
Pending Industry Response	Becky Harrington	10/21/2011	10/21/2011	Nichelle Dawkins	10/21/2011	10/21/2011

### Filing Notes

Subject	Note Type	Created By	Created On	Date Submitted
Directive 2-2009	Note To Filer	Becky Harrington	10/21/2011	10/21/2011

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 Project Name/Number: HO-AR102011R/

## Disposition

Disposition Date: 11/18/2011  
 Effective Date (New): 11/28/2011  
 Effective Date (Renewal): 02/28/2012  
 Status: Filed  
 Comment:

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where required):	Minimum % Change (where required):
American Hallmark Insurance Company of Texas	35.800%	5.000%	\$	465	\$343,736	%	%

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

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## Objection Letter

Objection Letter Status Pending Industry Response  
Objection Letter Date 11/09/2011  
Submitted Date 11/09/2011  
Respond By Date

Dear Nichelle Dawkins,

The rate increase amount has been reviewed by Commissioner Bradford.

Please amend the overall increase to 5%. Provide revised effective dates.

Submit a revised HPCS.

NOTICE regarding, corrections to filings and scrivener's Errors:

Effective for all filings made on or after June 1, 2011, Arkansas no longer allows the re-opening of closed filings for corrections, changes in effective dates, scrivener's errors, amendments or substantive changes. Please see the General Instructions for how these events will be handled after the effective date of the change."

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: PHXN-127744233 State: Arkansas  
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 Project Name/Number: HO-AR102011R/

## Response Letter

Response Letter Status Submitted to State  
 Response Letter Date 11/17/2011  
 Submitted Date 11/17/2011

Dear Becky Harrington,

### Comments:

### Response 1

Comments: As requested, we have amended the overall increase to 5%. Attached is an updated rate supplement and rate change impact reflecting the change. We have also attached an updated HPCS as requested. We are requesting new dates of 11/28/2011 for new business and 2/28/2012 for renewal business. The underwriting guidelines were revised to reflect this change.

Sincerely,  
 Nichelle Dawkins

### Changed Items:

#### Supporting Document Schedule Item Changes

Satisfied -Name: HPCS-Homeowners Premium Comparison Survey  
 Comment: Hallmark does not write HO-3, DP-2, or HO-4 at the limits shown.  
 Satisfied -Name: Rate Change Impact  
 Comment:

No Form Schedule items changed.

#### Rate/Rule Schedule Item Changes

Exhibit Name	Rule # or Page #	Rate Action	Previous State Filing #
UW Guide		Replacement	PHXN-126927574
<b>Previous Version</b>			
UW Guide		Replacement	PHXN-126927574
Replacement Rate Tables		Replacement	PHXN-126927574
<b>Previous Version</b>			
Replacement Rate Tables		Replacement	PHXN-126927574



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Product Name: Homeowners  
Project Name/Number: HO-AR102011R/

## Objection Letter

Objection Letter Status No response necessary  
Objection Letter Date 10/24/2011  
Submitted Date 10/24/2011  
Respond By Date

Dear Nichelle Dawkins,

This will acknowledge receipt of the captioned filing.

Rate change requests greater than 6% are subject to Commissioner Bradford's review. This filing will be referred to the Commissioner.

NOTICE regarding, corrections to filings and scrivener's Errors:

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

Sincerely,

Becky Harrington

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Product Name: Homeowners  
Project Name/Number: HO-AR102011R/

## Objection Letter

Objection Letter Status Pending Industry Response

Objection Letter Date 10/21/2011

Submitted Date 10/21/2011

Respond By Date

Dear Nichelle Dawkins,

This will acknowledge receipt of the captioned filing.

### Objection 1

- NAIC loss cost data entry document (Supporting Document)

Comment: The 5-year rate history section should not include the proposed rate change amount and effective date.

Please amend to remove the 20.4% and effective date.

### Objection 2

Comment: Please amend the effective dates so as not to overlap the previous rate change.

### Objection 3

Comment: Does fire continue to be the major cause of loss driving the loss ratio?

NOTICE regarding, corrections to filings and scrivener's Errors:

Effective for all filings made on or after June 1, 2011, Arkansas no longer allows the re-opening of closed filings for corrections, changes in effective dates, scrivener's errors, amendments or substantive changes. Please see the General Instructions for how these events will be handled after the effective date of the change."

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

Sincerely,

Becky Harrington

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## Response Letter

Response Letter Status Submitted to State  
Response Letter Date 10/21/2011  
Submitted Date 10/21/2011

Dear Becky Harrington,

### Comments:

### Response 1

Comments: We have revised the NAIC loss date entry document by removing the change amount and effective date for 2011.

### Related Objection 1

Applies To:

- NAIC loss cost data entry document (Supporting Document)

Comment:

The 5-year rate history section should not include the proposed rate change amount and effective date. Please amend to remove the 20.4% and effective date.

### 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 2

Comments: To prevent overlap of the previous rate change we are requesting effective dates of 11/14/2011 for new business and 2/28/2012 for renewal business.

### Related Objection 1

Comment:

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Product Name: Homeowners  
Project Name/Number: HO-AR102011R/

Please amend the effective dates so as not to overlap the previous rate change.

**Changed Items:**

No Supporting Documents changed.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

**Response 3**

Comments: Yes, fire is the major peril driving our loss ratio.

**Related Objection 1**

Comment:

Does fire continue to be the major cause of loss driving the loss ratio?

**Changed Items:**

No Supporting Documents changed.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Sincerely,  
Nichelle Dawkins

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Product Name: Homeowners  
Project Name/Number: HO-AR102011R/

**Note To Filer**

**Created By:**

Becky Harrington on 10/21/2011 08:55 AM

**Last Edited By:**

Becky Harrington

**Submitted On:**

11/18/2011 09:25 AM

**Subject:**

Directive 2-2009

**Comments:**

Please see Directive 2-2009, Item 2.

I inadvertently omitted this from the objection letter.

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 Product Name: Homeowners  
 Project Name/Number: HO-AR102011R/

**Rate Information**

Rate data applies to filing.

**Filing Method:**

**Rate Change Type:** Increase

**Overall Percentage of Last Rate Revision:** 15.000%

**Effective Date of Last Rate Revision:** 12/29/2010

**Filing Method of Last Filing:**

**Company Rate Information**

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where required):	Minimum % Change (where required):
American Hallmark Insurance Company of Texas	35.800%	20.400%	\$69,989	465	\$343,736	31.000%	9.000%

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 Product Name: Homeowners  
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## Rate/Rule Schedule

Schedule Item	Exhibit Name:	Rule # or Page	Rate Action	Previous State Filing Attachments
Status:		#:		Number:
Filed 11/18/2011	UW Guide		Replacement	PHXN-126927574 Homeowners Underwriting Guide AR 11.28.2011.pdf
Filed 11/18/2011	Replacement Rate Tables		Replacement	PHXN-126927574 Rate Supplement 11.28.2011.pdf

# Homeowners Programs

## Arkansas

New Business – 11/28/2011  
Renewal Business – 2/28/2012

### Available Forms:

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

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

American Hallmark Insurance Company  
of Texas

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

### GENERAL RULES

[www.HallmarkInsCo.com](http://www.HallmarkInsCo.com)

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

- |                                   |                                       |  |
|-----------------------------------|---------------------------------------|--|
| 1. Application(s)                 |                                       | The agent's and applicant's <b>signatures</b> are <b>required</b> .  |
| 2. Insurance to Value             | <b>HO-2 &amp; HO-3</b>                | Dwellings should be insured for market value (the value a prudent buyer would pay) but should also be valued within 70% of replacement cost. Dwellings with a vast difference in market value and replacement cost are not eligible. <b>DO NOT INSURE FOR REPLACEMENT COST.</b>  |
| 3. Limits                         | <b>HO-2 &amp; HO-3</b><br><b>HO-4</b> | Dwellings up to <b>\$200,000</b> are eligible.<br>Contents limits between <b>\$10,000 and \$40,000</b> are eligible.   |
| 4. Occupancy and Risk Parameters  | <b>HO-2</b><br><b>HO-4</b>            | <b>Owner occupied</b> dwellings used exclusively for private residential purposes.<br><b>Tenant occupied</b> dwellings used exclusively for private residential purposes. Insureds must be married to be named on the same policy. Unmarried co-habitants must be written on separate Renters policies.  |
| 5. Policy Term                    | <b>HO-2 &amp; HO-4</b>                | The policy may be written for a term of <b>12 months</b> .   |
| 6. Premium Determination          |                                       | Premiums are calculated by using the Rate Order of Calculation table. Developed premium is rounded to the nearest <b>whole dollar</b> . For example: \$100.50 would be \$101.00 and \$100.49 would be \$100.00   |
| 7. Cancellation Rule              |                                       | <b>No flat cancellation</b> is allowed if coverage has been provided under our policy.   |
| 8. Minimum Written Premium        | <b>HO-2</b><br><b>HO-4</b>            | There is a <b>\$150 minimum written premium</b> .<br>There is an <b>\$80 minimum written premium</b>   |
| 9. Document Retention             |                                       | It is the agents' responsibility to secure the required documentation upon binding and retain this information in the insured's file for a period of seven (7) years after the last policy renewal expiration date. Any and all documentation must be made available upon company request.   |
| 10. Changes in Limits or Coverage |                                       | Changes requiring adjustments of premium shall be computed <b>pro rata</b> . Return premium of amounts less than \$3 will be waived.   |
| 11. Transfer or Assignment        |                                       | Policies may <b>not</b> be transferred or assigned   |
| 12. Fees                          |                                       | A \$20.00 Policy Fee will apply to all policies.<br>A \$38.00 Inspection Fee will apply to all HO-2 and HO-3 policies.<br>A \$30.00 NSF/Return Payment fee applies on all returned payment items.<br>A \$7.00 Late Fee applies if payment is made after the due date.<br>A \$7.00 Installment Fee will be added to all installments, but not the initial down payment.<br>In the event of a cancellation, all fees are fully earned. |
| 13. Payment Plans                 |                                       | All payment plans are direct bill. Policy premium for a term may be paid in full or through one of the Company's installment plans.  |
| 14. Loss History Reports          |                                       | A loss history report may be ordered to verify prior claims.   |

## DEFINITIONS

1. Construction Type
  - Masonry** A dwelling with walls of masonry or masonry veneered construction exceeding 50% of the exterior wall area.
  - Frame** A dwelling with walls of frame, or metal-sheathed or stuccoed frame construction, or with walls of metal lath and plaster on combustible supports.
2. Owner Occupied Dwelling Dwellings owned by the insured that are occupied on a **full-time** basis as the insured's primary residence for **at least five (5)** consecutive months. (Dwellings may not be rented to others for any length of time.)
3. Seasonal/Secondary Dwellings Dwellings owned by the insured that are occupied on an intermittent or **non-continuous** basis as the insured's secondary or seasonal residence for less than five (5) consecutive months. (Dwellings may not be rented to others for any length of time.)
4. Other Structures Structures on the dwelling premises which are **not attached** to the dwelling (including septic tanks).
5. Supplemental Heating Device Wood, coal or pellet burning stoves, space heaters, fireplace inserts or any other solid fuel burning device that is **not centralized**.

## BINDING AND EFFECTIVE DATES

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

### **Severe Weather Binding Restrictions**

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

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

# UNDERWRITING GUIDELINES

## ELIGIBILITY

### Up to 4 Non Weather Losses in the Last Five Years

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

### Dwellings over 40 years old

- Must have updated wiring, plumbing, heating, and cooling systems
  - Plumbing – Plumbing must be updated to conform to current local codes with new water supply lines within the structure. New plumbing fixtures and components must be installed throughout the dwelling. Cast iron or galvanized plumbing does not qualify.
  - Heating – The entire heating system must be updated to conform to current local codes. Complete replacement of the burners, furnace, heating plant, heat exchanger or heat pump is required.
  - Cooling – The entire cooling system must be updated to conform to current local codes. Replacement of the central air conditioning unit, a/c compressor or heat pump is required.
  - Wiring – Replacement of fuse or breaker boxes (100 amp minimum) to conform to local codes is required. Adding additional circuits without increasing total system service does not qualify. Replacement of switches, wiring, fixtures, and components necessary.
  - No dwellings built prior 1900

### Animals

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

### Steps, Porches and Decks

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

### Uninsured Properties

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

### Swimming Pools

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

### Townhomes

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

## INELIGIBLE RISKS

### **Applicants with these Characteristics**

- Currently unemployed, other than retired or disabled
- Past felony conviction or conviction for arson, fraud, or other insurance-related offenses
- Five or more non weather losses in the last five years
- Employees or family members of an employee of Hallmark Insurance Company or an affiliated company; or any agent, employee or family member of an agent.

### **Dwellings with these Characteristics**

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

### **FINAL UNDERWRITING AUTHORITY**

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

## BASIC DESCRIPTION OF COVERAGE

Coverage	HO-2	HO-4
<b>Loss Settlement</b>	Actual Cash Value	Actual Cash Value
<b>Coverage A - Dwelling</b>	Actual Cash Value	N/A
<b>Coverage B - Other Structures</b>	10% of Coverage A	N/A
<b>Coverage C - Contents</b>	40% of Coverage A	Limit Selected
<b>Coverage D - Loss of Use</b>	20% of Coverage A	20% of Coverage C
<b>Coverage E - Liability</b>	\$25,000	\$25,000
Maximum Animal Liability	\$25,000	\$25,000
Trampoline Liability	Excluded	Excluded
<b>Minimum Deductible</b>	\$500	\$500
<b>Coverage F - Medical Payments to Others</b>	\$1000	\$1000

## CREDITS AND SURCHARGES

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

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

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

## OPTIONAL EXCLUSIONS FOR RISK ACCEPTANCE

Coverage	Availability	Important Information	Applicable Form
Other Structures Exclusion	HO-2	Exclusion will remove all Other Structures Coverage at the insured premises	HIC 0009 11 08

Animal Liability Exclusion	HO-2 HO-4	Exclusion removes liability related to animals	HIC 0001 0508
Roof Exclusion	HO-2 HO-3	Excludes coverage for loss to roof.	HIC 0010 03 09

**PAYMENT OPTIONS**

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

## Rate Order of Calculation

Step	Description	Calculation	Rounding
1	Base Unity		
2	Territory Factor	x	thousandth
3	Protection Class/Construction Type Factor	x	thousandth
4	Amount of Insurance Factor	x	thousandth
5	Deductible Factor	x	thousandth
6	Replacement Cost Contents Factor	x	thousandth
7	Number of Families Factor	x	thousandth
8	Term	x	thousandth
9	# of Paid Claims	x	thousandth
		<b>Base Premium</b>	dollar round
<b>Premium Modification Factors</b>			
10	Multi-policy Discount	x	thousandth
11	Central Station Fire Alarm	x	thousandth
12	Central Station Burglar Alarm	x	thousandth
13	Age of Dwelling Factor	x	thousandth
14	Age of Insured	x	thousandth
		<b>Modified Premium</b>	dollar round
<b>Optional Coverages and Surcharges</b>			
15	Increased Cov B	+	
16	Increased Cov C	+	thousandth
17	Increased Cov D	+	thousandth
18	Increased Cov E	+	thousandth
19	Increased Cov F	+	thousandth
20	Woodburning Stove Surcharge	+	thousandth
21	Identity Theft	+	thousandth
22	Equipment Breakdown	+	thousandth
		<b>Total Premium</b>	dollar round

American Hallmark Insurance Company  
Arkansas Homeowners  
Rate Supplement

Base Rate	Premium
HO-2	\$1,033.00
HO-4	\$183.00

CT/PC	HO-2	HO-4
Frame/1	1.000	1.000
Frame/2	1.000	1.000
Frame/3	1.000	1.000
Frame/4	1.000	1.000
Frame/5	1.000	1.000
Frame/6	1.000	1.000
Frame/7	1.140	1.000
Frame/8	1.340	1.000
Frame/9	Premium Modification Factor	1.550
Frame/10	2.300	1.550
Masonry/1	0.850	1.000
Masonry/2	0.850	1.000
Masonry/3	0.850	1.000
Masonry/4	0.850	1.000
Masonry/5	0.850	1.000
Masonry/6	0.850	1.000
Masonry/7	0.970	1.000
Masonry/8	1.140	1.000
Masonry/9	1.670	1.550
Masonry/10	1.950	1.550

Deductible	HO-2	HO-4
\$500	1.000	1.000
\$1,000	0.850	0.980
\$2,500	0.800	0.000
\$5,000	0.700	0.000

Replacement Cost Contents	Factor
No	1.000
Yes	1.250

Number of Families	Factor
1	1.000
2	1.100
3	1.500
4	1.500

Term	Factor
6month	0.550
Annual	1.000

Not available for new business

Woodburning Stove Surcharge	
Flat Dollar Surcharge	\$50.00

Multi-policy Discount	
Yes	0.950
No	1.000

Protective Devices	
Central Station Fire Alarm	0.950
Central Station Burglar Alarm	0.980

Age of Insured	Factor
<50	1.000
50+	0.950

Territory	Homeowners	Renters
10	0.918	1.000
20	1.177	1.070
30	1.208	1.000
40	1.320	1.000
50	0.816	1.020
60	0.963	1.050
70	1.200	1.020
80	1.017	1.120
90	0.963	1.070
100	1.012	1.030
110	0.966	1.070

# of Paid Claims	
0	1.000
1	1.100
2	1.200
3	1.350
4	2.000

Age of Dwelling	Factor
0	0.790
1	0.810
2	0.830
3	0.850
4	0.870
5	0.890
6	0.920
7	0.940
8	0.960
9	0.980
10-79	1.000
80+	1.250

Renters	Amount of Insurance	Renters Factor
	10,000	0.600
	20,000	1.000
	30,000	1.400
	40,000	1.800

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Arkansas Homeowners  
Rate Supplement

Homeowners	Amount of	Home Factor	Lower Range	Upper Range
	20,000	0.467	21,000	20,000
21,000	0.478	22,000	21,000	
22,000	0.488	23,000	22,000	
23,000	0.500	24,000	23,000	
24,000	0.511	25,000	24,000	
25,000	0.521	26,000	25,000	
26,000	0.533	27,000	26,000	
27,000	0.545	28,000	27,000	
28,000	0.568	29,000	28,000	
29,000	0.571	30,000	29,000	
30,000	0.575	31,000	30,000	
31,000	0.586	32,000	31,000	
32,000	0.593	33,000	32,000	
33,000	0.600	34,000	33,000	
34,000	0.607	35,000	34,000	
35,000	0.618	36,000	35,000	
36,000	0.624	37,000	36,000	
37,000	0.628	38,000	37,000	
38,000	0.634	39,000	38,000	
39,000	0.637	40,000	39,000	
40,000	0.641	41,000	40,000	
41,000	0.649	42,000	41,000	
42,000	0.657	43,000	42,000	
43,000	0.662	44,000	43,000	
44,000	0.672	45,000	44,000	
45,000	0.689	46,000	45,000	
46,000	0.696	47,000	46,000	
47,000	0.701	48,000	47,000	
48,000	0.708	49,000	48,000	
49,000	0.709	50,000	49,000	
50,000	0.716	51,000	50,000	
51,000	0.721	52,000	51,000	
52,000	0.728	53,000	52,000	
53,000	0.733	54,000	53,000	
54,000	0.739	55,000	54,000	
55,000	0.746	56,000	55,000	
56,000	0.751	57,000	56,000	
57,000	0.758	58,000	57,000	
58,000	0.763	59,000	58,000	
59,000	0.770	60,000	59,000	
60,000	0.778	61,000	60,000	
61,000	0.783	62,000	61,000	
62,000	0.789	63,000	62,000	
63,000	0.796	64,000	63,000	
64,000	0.803	65,000	64,000	
65,000	0.816	66,000	65,000	
66,000	0.821	67,000	66,000	
67,000	0.826	68,000	67,000	
68,000	0.832	69,000	68,000	
69,000	0.837	70,000	69,000	
70,000	0.842	71,000	70,000	
71,000	0.847	72,000	71,000	
72,000	0.853	73,000	72,000	
73,000	0.858	74,000	73,000	
74,000	0.863	75,000	74,000	
75,000	0.868	76,000	75,000	
76,000	0.874	77,000	76,000	
77,000	0.879	78,000	77,000	
78,000	0.884	79,000	78,000	

Amount of	Home Factor	Lower Range	Upper Range
79,000	0.889	80,000	79,000
80,000	0.895	81,000	80,000
81,000	0.900	82,000	81,000
82,000	0.905	83,000	82,000
83,000	0.911	84,000	83,000
84,000	0.916	85,000	84,000
85,000	0.921	86,000	85,000
86,000	0.926	87,000	86,000
87,000	0.932	88,000	87,000
88,000	0.937	89,000	88,000
89,000	0.942	90,000	89,000
90,000	0.947	91,000	90,000
91,000	0.953	92,000	91,000
92,000	0.958	93,000	92,000
93,000	0.963	94,000	93,000
94,000	0.968	95,000	94,000
95,000	0.974	96,000	95,000
96,000	0.979	97,000	96,000
97,000	0.984	98,000	97,000
98,000	0.989	99,000	98,000
99,000	0.995	100,000	99,000
100,000	1.000	101,000	100,000
101,000	1.012	102,000	101,000
102,000	1.024	103,000	102,000
103,000	1.036	104,000	103,000
104,000	1.048	105,000	104,000
105,000	1.060	106,000	105,000
106,000	1.072	107,000	106,000
107,000	1.084	108,000	107,000
108,000	1.096	109,000	108,000
109,000	1.108	110,000	109,000
110,000	1.120	111,000	110,000
111,000	1.132	112,000	111,000
112,000	1.144	113,000	112,000
113,000	1.156	114,000	113,000
114,000	1.168	115,000	114,000
115,000	1.180	116,000	115,000
116,000	1.192	117,000	116,000
117,000	1.204	118,000	117,000
118,000	1.216	119,000	118,000
119,000	1.228	120,000	119,000
120,000	1.240	121,000	120,000
121,000	1.252	122,000	121,000
122,000	1.264	123,000	122,000
123,000	1.276	124,000	123,000
124,000	1.288	125,000	124,000
125,000	1.300	126,000	125,000
126,000	1.312	127,000	126,000
127,000	1.324	128,000	127,000
128,000	1.336	129,000	128,000
129,000	1.348	130,000	129,000
130,000	1.360	131,000	130,000
131,000	1.372	132,000	131,000
132,000	1.384	133,000	132,000
133,000	1.396	134,000	133,000
134,000	1.408	135,000	134,000
135,000	1.420	136,000	135,000
136,000	1.432	137,000	136,000
137,000	1.444	138,000	137,000

Amount of	Home Factor	Lower Range	Upper Range
138,000	1.456	139,000	138,000
139,000	1.468	140,000	139,000
140,000	1.480	141,000	140,000
141,000	1.492	142,000	141,000
142,000	1.504	143,000	142,000
143,000	1.516	144,000	143,000
144,000	1.528	145,000	144,000
145,000	1.540	146,000	145,000
146,000	1.552	147,000	146,000
147,000	1.564	148,000	147,000
148,000	1.576	149,000	148,000
149,000	1.588	150,000	149,000
150,000	1.600	151,000	150,000
151,000	1.612	152,000	151,000
152,000	1.624	153,000	152,000
153,000	1.636	154,000	153,000
154,000	1.648	155,000	154,000
155,000	1.660	156,000	155,000
156,000	1.672	157,000	156,000
157,000	1.684	158,000	157,000
158,000	1.696	159,000	158,000
159,000	1.708	160,000	159,000
160,000	1.720	161,000	160,000
161,000	1.732	162,000	161,000
162,000	1.744	163,000	162,000
163,000	1.756	164,000	163,000
164,000	1.768	165,000	164,000
165,000	1.780	166,000	165,000
166,000	1.792	167,000	166,000
167,000	1.804	168,000	167,000
168,000	1.816	169,000	168,000
169,000	1.828	170,000	169,000
170,000	1.840	171,000	170,000
171,000	1.852	172,000	171,000
172,000	1.864	173,000	172,000
173,000	1.876	174,000	173,000
174,000	1.888	175,000	174,000
175,000	1.900	176,000	175,000
176,000	1.912	177,000	176,000
177,000	1.924	178,000	177,000
178,000	1.936	179,000	178,000
179,000	1.948	180,000	179,000
180,000	1.960	181,000	180,000
181,000	1.972	182,000	181,000
182,000	1.984	183,000	182,000
183,000	1.996	184,000	183,000
184,000	2.008	185,000	184,000
185,000	2.020	186,000	185,000
186,000	2.032	187,000	186,000
187,000	2.044	188,000	187,000
188,000	2.056	189,000	188,000
189,000	2.068	190,000	189,000
190,000	2.080	191,000	190,000
191,000	2.092	192,000	191,000
192,000	2.104	193,000	192,000
193,000	2.116	194,000	193,000
194,000	2.128	195,000	194,000
195,000	2.140	196,000	195,000
196,000	2.152	197,000	196,000
197,000	2.164	198,000	197,000
198,000	2.176	199,000	198,000
199,000	2.188	200,000	199,000
200,000	2.200	201,000	200,000

American Hallmark Insurance Company  
Arkansas Homeowners  
Rate Supplement

Increased Coverage Limits		
Rate/\$1,000	HO-2	HO-4
Coverage B	\$15.00	\$0.00
Coverage C	\$11.90	\$0.00
<b>Coverage D</b>	<b>\$0.00</b>	<b>\$0.00</b>

Coverage E		
Limit	HO-2	HO-4
\$25,000	\$0.00	\$0.00
\$50,000	\$8.00	\$8.00
\$100,000	\$18.00	\$18.00

Coverage F		
Limit	Premium Modification Factors	HO-4
\$1,000	\$0.00	\$0.00
\$2,000	\$20.00	\$20.00
\$5,000	\$40.00	\$40.00

Identity Theft Recovery Coverage	Rate
	\$25.00

Equipment Breakdown Coverage	Rate
	\$25.00

American Hallmark Insurance Company  
Arkansas Homeowners  
Rate Supplement

	<b>Home</b>	<b>Renters</b>
<b>Policy Fee</b>	\$ 20.00	\$ 20.00
<b>Expense Constant/ Inspection Fee</b>	\$ 38.00	\$ -
<b>NSF Fee</b>	\$ 30.00	\$ -
<b>Installment</b>	\$ 7.00	\$ 7.00
<b>Late Fee</b>	\$ 7.00	\$ 7.00

Premium Modification Factors

American Hallmark Insurance Company  
Arkansas Homeowners  
Rate Supplement

Pay Plan	Policy Form	Term	Down Pay	# of Installments	1st Payment Due
Full Pay	HO-2, HO-4	12 Mo	100%	0	n/a
Full Pay	HO-4	6 mo	100%	0	n/a
Monthly	HO-2, HO-4	12 Mo	8.33%	10	30 Days
Monthly	HO-4	12 Mo	16.67%	10	30 Days
Monthly	HO-4	6 mo	16.67%	5	30 Days
Semi-annual	HO-2	12 Mo	50.00%	1	6 months from Effective Date
Quarterly	HO-2	12 Mo	25.00%	3	3 months from Effective Date

Not available for new business

SERFF Tracking Number: PHXN-127744233 State: Arkansas  
 Filing Company: American Hallmark Insurance Company of Texas State Tracking Number:  
 Company Tracking Number: HO-AR102011R  
 TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations  
 Product Name: Homeowners  
 Project Name/Number: HO-AR102011R/

## 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> Not applicable <b>Comments:</b>		
<b>Satisfied - Item:</b> H-1 Homeowners Abstract <b>Comments:</b> <b>Attachment:</b> H-1 HO Abstract.pdf	Filed	11/18/2011
<b>Satisfied - Item:</b> HPCS-Homeowners Premium Comparison Survey <b>Comments:</b> Hallmark does not write HO-3, DP-2, or HO-4 at the limits shown. <b>Attachment:</b> HPCS Form revised.pdf	Filed	11/18/2011
<b>Satisfied - Item:</b> NAIC loss cost data entry document <b>Comments:</b> <b>Attachment:</b> FORM RF-1 Rate Filing Abstract v2.pdf	Filed	11/18/2011
	Item Status:	Status Date:

SERFF Tracking Number: PHXN-127744233 State: Arkansas  
 Filing Company: American Hallmark Insurance Company of Texas State Tracking Number:  
 Company Tracking Number: HO-AR102011R  
 TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations  
 Product Name: Homeowners  
 Project Name/Number: HO-AR102011R/

**Satisfied - Item:** Cover Letter Filed 11/18/2011  
**Comments:**  
**Attachment:**  
 HO Cover Letter.pdf

**Item Status:** **Status**  
**Date:**  
**Satisfied - Item:** Filing Memo Filed 11/18/2011  
**Comments:**  
**Attachment:**  
 Filing Memo.pdf

**Item Status:** **Status**  
**Date:**  
**Satisfied - Item:** Rate Indications Filed 11/18/2011  
**Comments:**  
**Attachment:**  
 Arkansas Property Indication Exhibits.pdf

**Item Status:** **Status**  
**Date:**  
**Satisfied - Item:** Exhibit 1 Filed 11/18/2011  
**Comments:**  
**Attachment:**  
 Territory Relativities.pdf

**Item Status:** **Status**  
**Date:**  
**Satisfied - Item:** Change Histogram Filed 11/18/2011  
**Comments:**  
**Attachment:**  
 Change Histogram.pdf

**Item Status:** **Status**

SERFF Tracking Number: PHXN-127744233 State: Arkansas  
Filing Company: American Hallmark Insurance Company of Texas State Tracking Number:  
Company Tracking Number: HO-AR102011R  
TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations  
Product Name: Homeowners  
Project Name/Number: HO-AR102011R/

**Satisfied - Item:** Rate Change Impact Filed **Date:** 11/18/2011  
**Comments:**  
**Attachment:**  
Rate Impact Revised.pdf

ARKANSAS INSURANCE DEPARTMENT

FORM H-1 HOMEOWNERS ABSTRACT

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

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

1. If you have had an insurance to value campaign during the experience filing period, describe the campaign and estimate its impact.  
n/a
  
2. If you use a cost estimator (or some similar method) in order to make sure that dwellings (or contents) are insured at their value, state when this program was started in Arkansas and estimate its impact.  
n/a
  
3. If you require a minimum relationship between the amount of insurance to be written and the replacement value of the dwelling (contents) in order to purchase insurance, describe the procedures that are used.  
n/a
  
4. If you use an Inflation Guard form or similar type of coverage, describe the coverage(s) and estimate the impact.  
n/a
  
5. Specify the percentage given for credit or discounts for the following:
 

a. Fire Extinguisher	%
b. Burglar Alarm	2 %
c. Smoke Alarm	%
d. Insured who has both homeowners and auto with your company	5 %
e. Deadbolt Locks	%
f. Window or Door Locks	%
g. Other (specify)	%
Central Station Fire Alarm	5 %
	%
  
6. Are there any areas in the State of Arkansas In which your company will not write homeowners insurance? If so, state the areas and explain reason for not writing.  
No
  
7. Specify the form(s) utilized in writing homeowners insurance. Indicate the Arkansas premium volume for each form.
 

Form	Premium Volume
HO-2	\$252,754
HO-4	\$43,257

8. Do you write homeowner risks which have aluminum, steel or vinyl siding?  Yes  No
9. Is there a surcharge on risks with wood heat? Yes  
If yes, state the surcharge \$50  
Does the surcharge apply to conventional fire places? No  
If yes, state the surcharge

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

\_\_\_\_\_  
Signature  
**Nichelle Dawkins**  
\_\_\_\_\_  
Printed Name  
**Product Manager**  
\_\_\_\_\_  
Title  
**800-468-5616 x5847**  
\_\_\_\_\_  
Telephone Number  
**ndawkins@hallmarkinsco.com**  
\_\_\_\_\_  
Email address

NAIC Number: 43494  
 Company Name: American Hallmark Insurance Co of Texas  
 Contact Person: Nichelle Dawkins  
 Telephone No.: 800-486-5616 x5847  
 Email Address: ndawkins@hallmarkinsco.com  
 Effective Date: 11/28/2011

**Homeowners Premium Comparison Survey Form  
 FORM HP3S - last modified August, 2005**

Submit to: Arkansas Insurance Department  
 1200 West Third Street  
 Little Rock, AR 72201-1904  
 Telephone: 501-371-2800  
 Email as an attachment to: insurance.pnc@arkansas.gov  
 You may also attach to a SERFF filing or submit on a cdr disk

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

**Survey Form for HO3 (Homeowners) - Use \$500 Flat Deductible (Covers risk of direct physical loss for dwelling and other structures; named perils for personal property, replacement cost on dwelling, actual cash value on personal property)**

Public Protection Class	Dwelling Value	Washington		Baxter		Craighead		St. Francis		Desha		Union		Miller		Sebastian		Pulaski	
		Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame
3	\$80,000																		
	\$120,000																		
	\$160,000																		
6	\$80,000																		
	\$120,000																		
	\$160,000																		
9	\$80,000																		
	\$120,000																		
	\$160,000																		

**Survey Form for HO4 (Renters) - Use \$500 Flat Deductible (Named perils for personal property, actual cash value for loss, liability and medical payments for others included)**

Public Protection Class	Property Value	Washington		Baxter		Craighead		St. Francis		Arkansas		Union		Miller		Sebastian		Pulaski	
		Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame
3	\$5,000																		
	\$15,000																		
	\$25,000																		
6	\$5,000																		
	\$15,000																		
	\$25,000																		
9	\$5,000																		
	\$15,000																		
	\$25,000																		

**Survey Form for DP-2 (Dwelling/Fire) - Use \$500 Flat Deductible (Named perils for dwelling and personal property; replacement cost for dwelling, actual cash value for personal property, no liability coverage)**

Public Protection Class	Dwelling Value	Washington		Baxter		Craighead		St. Francis		Arkansas		Union		Miller		Sebastian		Pulaski	
		Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame
3	\$80,000																		
	\$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="0"/> %	\$1,000 Deductible	<input type="text" value="15"/> %
		Other (specify)	<input type="text"/> %
		Maximum Credit Allowed	<input type="text"/> %

**EARTHQUAKE INSURANCE**

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

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"/>





October 20, 2011

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

Re: American Hallmark Insurance Company of Texas (NAIC #3478-43494)  
Homeowners Rate/Rule Filing  
Effective Date – New Business: November 14, 2011, Renewals: January 13, 2012

American Hallmark Insurance Company of Texas is submitting for your approval the following revisions to our current Arkansas Homeowners programs:

- Base Rate Increase
- Revised Territory Relativities
- HO-4 Pay Plan Changes
- Eliminate Increase Coverage D
- Rate Order Calculation Rounding Revision
- Revised Underwriting Rules

The overall impact of this filing is 20.4%. We propose this filing to be effective 11/14/2011 for new business and 1/13/2012 renewal business.

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

Sincerely,

Nichelle Dawkins  
Product Manager  
American Hallmark Insurance Company of Texas  
Hallmark Insurance Company

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*A Subsidiary of Hallmark Financial Services, Inc.*

6500 Pinecrest Dr #100 ♦ Plano, Texas 75025 ♦ 800-486-5616 ♦ [www.hallmarkinsco.com](http://www.hallmarkinsco.com)

# FILING MEMORANDUM

## American Hallmark Insurance Company of Texas Arkansas Homeowners Revision

### OVERVIEW

This filing proposes revisions to the homeowners insurance program underwritten by American Hallmark Insurance Company of Texas ("Hallmark") in the state of Arkansas. The proposed revision results in a statewide change of 20.4%.

### PROPOSED REVISIONS

#### Program Changes

##### Revised Territory Relativities

We have revised territory relativities for our HO-2 product and introduced territory rating for HO-4 product. Revisions were based on experience and using key competitor relativities as a complements. Please See Exhibit 1 for details.

##### HO-4 Pay Plan Changes

With this revision, we are eliminated the 6 month pay plan for new business. We are also revising our monthly pay plan for tenant policies, requiring a 16.67% down payment.

##### Eliminate Increased Coverage D

Due to limited demand, we are removing increased coverage D factors for our HO-2 and HO-4 programs.

##### Rating Sequence Revision

We are revising the rounding rules in our rating sequence. Please see our rate supplement for details.

#### Revised Underwriting Rules

- Prior Loss Eligibility: We are revising the underwriting eligibility of prior losses from three years to five years.
- Older Dwellings: The ineligible risk section of the underwriting guide has been broadened to include dwellings built prior to 1900.
- Roommates/Boarders: The ineligible risk section of the underwriting guide has been revised to include more than 2 roomers, roommates, or boarders not related to the named insured.

**American Hallmark Insurance Company**  
**Arkansas Property**  
**Development of Indicated Statewide Rate Level Change**  
**Data As Of 07/31/2011**

[1] Actual Earned Premium	[2] On-Level Factor	[3] On-Level Earned Premium	[4] Incurred Loss & ALAE	[5] Loss Development Factor	[6] Trend Factor*	[7] ULAE Factor	[8] Trended Ultimate Loss & LAE	[9] Ultimate Loss & LAE Ratio	
Accident Year									
8/1/2008 - 7/31/2009	107,157	1.301	139,412	180,891	1.013	0.997	1.078	196,802	141.2%
8/1/2009 - 7/31/2010	308,974	1.200	370,768	973,476	1.022	0.998	1.078	1,063,991	287.0%
8/1/2010 - 7/31/2011	374,004	1.069	399,811	584,584	1.041	0.999	1.078	654,943	163.8%
<b>Total</b>	<b>790,135</b>	<b>NA</b>	<b>909,991</b>	<b>1,738,951</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>1,915,737</b>	<b>210.5%</b>

[10] Overall Projected Loss & LAE Ratio	
(a) Latest 3 Year Total Ratio	210.5%
(b) Latest 3 Year Weighted Ratio (0.20, 0.35, 0.45)	202.4%
(c) Latest 2 Year Weighted Ratio ( 0.40, 0.60)	213.1%
(d) Latest 2 Year Arithmetic Ratio	225.4%
[11] Selected Loss & LAE Ratio	210.5%
[12] Cat load	1.000
[13] Adjusted Loss & LAE Ratio	210.5%
[12] Permissible Loss & LAE Ratio	60.0%
[13] Indicated Statewide Rate Level Change (excluding credibility)	250.6%
[14] Credibility	13.7%
[15] Complement of Credibility ( ISO latest rate change 5/11/2011)	1.8%
[16] Indicated Statewide Rate Level Change (including credibility)	<b>35.8%</b>

American Hallmark Insurance Company

Year	Earned Premium	On-Level Factor	On-Level Earned Premium
7/1/2008 - 6/30/2009	107,157	1.301	139,412
7/1/2009 - 6/30/2010	308,974	1.200	370,768
7/1/2010 - 6/30/2011	374,004	1.069	399,811

All Companies Combined

Year	Earned Premium	On-Level Factor	On-Level Earned Premium
7/1/2008 - 6/30/2009	107,157	1.301	139,412
7/1/2009 - 6/30/2010	308,974	1.200	370,768
7/1/2010 - 6/30/2011	374,004	1.069	399,811

$$\text{Annual Net Trend} = \frac{\text{Loss Trend}}{\text{Premium Trend}}$$

Homeowners

Loss Trend: 2.8895%  
Premium Trend: 2.9473%

Net Trend Factor: -0.1000%

American Hallmark Insurance Company  
 Property  
 History of Expenses  
 As a percent of premium

Exhibit IV

Expenses	2007	2008	2009	Selected
Commissions		19.6%	21.2%	20.4%
Taxes		2.1%	2.3%	2.2%
Other Acquisitions		9.9%	15.9%	12.0%
General		3.7%	5.0%	4.4%
Profit				3.0%
Less Investment Expenses				-2.1%

Total Expenses 40.0%  
 Permissible Loss & LAE Ratio 60.0%

Expenses	2007	2008	2009	Selected
ALAE		0.0%	0.0%	0.0%
ULAE		0.0%	0.0%	0.0%

Total Expenses and LAE 42.0%  
 Permissible Loss Ratio 58.0%

$$\text{Credibility}^* = \sqrt{\frac{\text{Earned House Years}}{\text{Credibility Constant}}}$$

Year	Arkansas Earned House Years
2006	-
2008	-
2009	166
2010	246
2011	334
Total	746

$$\text{Credibility}^* = \sqrt{\frac{746}{40,000}}$$

$$\text{Credibility}^* = 13.7\%$$

\*If Claim Count is greater than Credibility Constant, then Credibility equals 100%

American Hallmark Insurance Company  
 ULTIMATE LOSS AND ALAE RATIOS  
 Data As Of 07/31/2011

Exhibit VI

STATE: [Arkansas](#)  
 LINE: Property

American Hallmark Insurance Company

Accident Year	Written Premium	Earned Premium	Paid Loss	Case Reserve	Paid ALAE	Total Loss & ALAE	Cats	Ult. Loss & ALAE	Ult Loss & ALAE Ratio
2009	270,031	89,438				180,891			
2010	315,495	290,801				973,476			
<a href="#">2011</a>	347,107	353,931				584,584			
<b>Total</b>	<b>932,633</b>	<b>734,170</b>				<b>1,738,951</b>			

American Hallmark Insurance Company  
Arkansas Property  
Calculation of Premium Trend

Form	Sum of Net Written	ISO Factors	Factor		
HO-2 (Broad)	239,257		3.90%	71.24%	2.78%
HO-4 (Renters)	43,608		1.30%	12.99%	0.17%
Manufactured Home	52,963		0.00%	15.77%	0.00%
<b>Grand Total</b>	<b>335,828</b>				
				100.00%	2.95%
				<b>2.947%</b>	

Premium Trend:

The amount of insurance purchased by insureds affects the cost of Homeowners insurance. As inflation affects the price of homes, insureds tend to buy higher amounts of insurance. As a result, premium revenue increases.

In order to reflect the increase in revenue, ISO uses a premium trend procedure, the effect of which is to reduce the indicated loss costs. The premium trend factors are based on trends in the amounts of coverage selected by insureds. Note that an analysis of recently reported data for the owners' forms indicates that the rate of growth in average policy limits has decreased relative to the average growth rate for the five-year historical time period underlying our loss cost level analysis. While this decreased growth rate is partially reflected in the average policy limits underlying the latter part of the historical time period, the overall growth for the historical time period exceeds the more-recently observed growth rate. In order to reflect this slowdown in the rate of growth, our premium trend procedure incorporates a tempering factor of 0.70. The annual trends in amount of insurance are:

<u>Form</u>	<u>Annual Premium Trend Factor</u>
Owners	+3.9%
Tenants	+1.3%
Condominium Unit Owners	+1.4%

Other Adjustments:

Standard actuarial procedures have been used in calculating the loss costs including the adjustment of losses to ultimate settlement level and the reflection of all loss adjustment expenses.

Exhibit VII

American Hallmark Insurance Company

Exhibit VIII

Arkansas Property

Calculation of Loss Trend  
Data from ISO Fact Track

4 Quarters Ending	Pure Premium	Paid Claim Frequency	Paid Claim Severity
6/30/2008	350	5.20%	6,732
9/30/2008	375	5.49%	6,835
12/31/2009	404	5.52%	7,311
3/31/2009	431	5.79%	7,436
6/30/2009	450	5.77%	7,792
9/30/2009	497	6.17%	8,053
12/31/2009	501	6.43%	7,797
3/31/2010	509	6.49%	7,835
6/30/2010	524	6.48%	8,083
9/30/2010	480	6.00%	8,004
12/31/2010	472	5.88%	8,020
3/31/2011	488	5.84%	8,348

4 Point Fitted Annual Change:	-8.82%	-12.29%	3.95%
6 Point Fitted Annual Change:	-5.06%	-9.32%	4.69%
8 Point Fitted Annual Change:	0.99%	-1.72%	2.76%
12 Point Fitted Annual Change:	11.99%	4.56%	7.11%

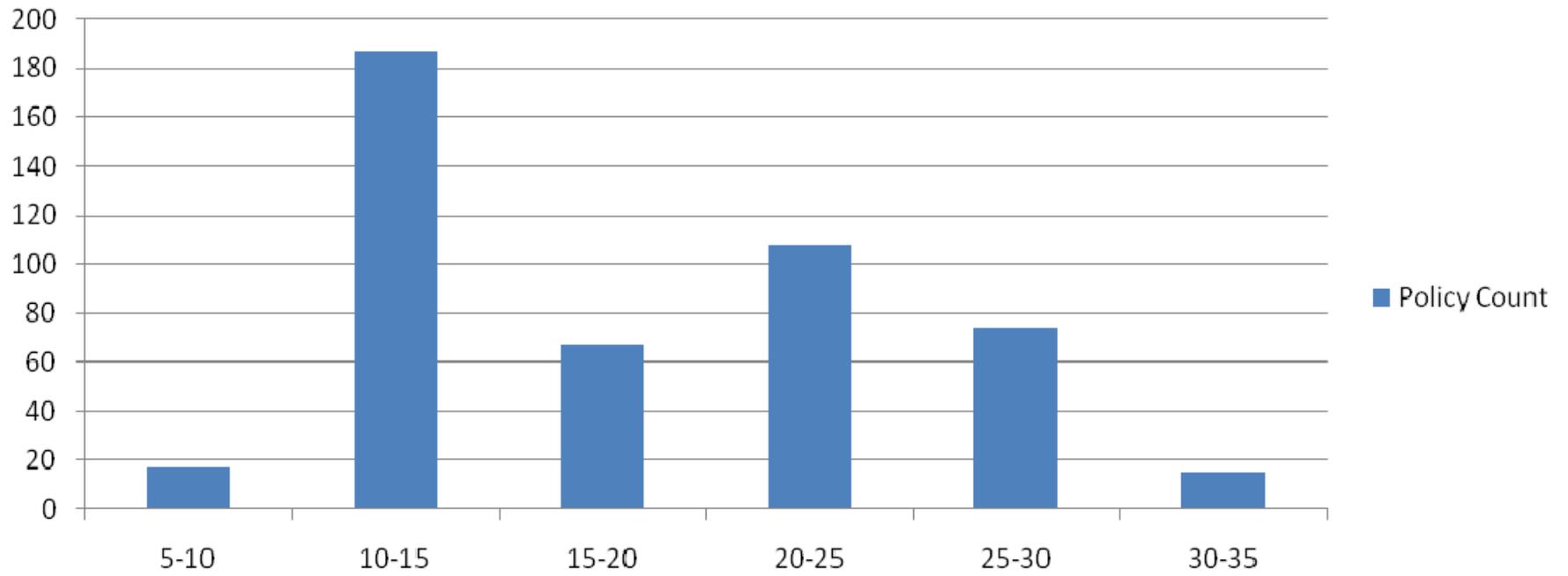
Selected Annual Change:	-1.72%	4.69%
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Selected Annual Loss Trend:	2.9%
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# Change Histogram



# American Hallmark Insurance Company

## Arkansas Property

### Rate Change Impact

Form	Total Rated Current	Total Factors Only	% Change	Base Rate Offset	Rate Change	Current Base Rates	Total Rate Change	Proposed Base Rates	Proposed Prem	Total Change
HO-2	\$ 281,226	\$ 292,791.00	4.11%	0.963	1%	\$1,020.00	1.30%	\$ 1,033	\$ 296,193	5.3%
HO-4	\$ 62,510	\$ 64,015.00	2.41%	0.963	3%	\$180.00	1.62%	\$ 183	\$ 64,782	3.6%
TOTAL HO	\$ 343,736	\$ 356,806	3.80%						\$ 360,975	5.0%

SERFF Tracking Number: PHXN-127744233 State: Arkansas  
 Filing Company: American Hallmark Insurance Company of Texas State Tracking Number:  
 Company Tracking Number: HO-AR102011R  
 TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations  
 Product Name: Homeowners  
 Project Name/Number: HO-AR102011R/

## Superseded Schedule Items

Please note that all items on the following pages are items, which have been replaced by a newer version. The newest version is located with the appropriate schedule on previous pages. These items are in date order with most recent first.

Creation Date:	Schedule	Schedule Item Name	Replacement Creation Date	Attached Document(s)
10/20/2011		Supporting NAIC loss cost data entry document Document	10/21/2011	FORM RF-1 Rate Filing Abstract.pdf (Superseded)
10/20/2011	Rate and Rule	Replacement Rate Tables	11/17/2011	Rate Supplement 11.14.2011.pdf (Superseded)
10/20/2011	Rate and Rule	UW Guide	10/21/2011	Homeowners Underwriting Guide AR 11.14.2011.pdf (Superseded)
10/20/2011	Supporting Document	HPCS-Homeowners Premium Comparison Survey	11/17/2011	HPCS Form.pdf (Superseded)
10/20/2011	Supporting Document	Rate Change Impact	11/17/2011	Rate Change Impact.pdf (Superseded)



## Rate Order of Calculation

Step	Description	Calculation	Rounding
1	Base Unity		
2	Territory Factor	x	thousandth
3	Protection Class/Construction Type Factor	x	thousandth
4	Amount of Insurance Factor	x	thousandth
5	Deductible Factor	x	thousandth
6	Replacement Cost Contents Factor	x	thousandth
7	Number of Families Factor	x	thousandth
8	Term	x	thousandth
9	# of Paid Claims	x	thousandth
		<b>Base Premium</b>	dollar round
<b>Premium Modification Factors</b>			
10	Multi-policy Discount	x	thousandth
11	Central Station Fire Alarm	x	thousandth
12	Central Station Burglar Alarm	x	thousandth
13	Age of Dwelling Factor	x	thousandth
14	Age of Insured	x	thousandth
		<b>Modified Premium</b>	dollar round
<b>Optional Coverages and Surcharges</b>			
15	Increased Cov B	+	
16	Increased Cov C	+	thousandth
17	Increased Cov D	+	thousandth
18	Increased Cov E	+	thousandth
19	Increased Cov F	+	thousandth
20	Woodburning Stove Surcharge	+	thousandth
21	Identity Theft	+	thousandth
22	Equipment Breakdown	+	thousandth
		<b>Total Premium</b>	dollar round

American Hallmark Insurance Company  
Arkansas Homeowners  
Rate Supplement

Base Rate	Premium
HO-2	\$1,178.00
HO-4	\$212.00

CT/PC	HO-2	HO-4
Frame/1	1.000	1.000
Frame/2	1.000	1.000
Frame/3	1.000	1.000
Frame/4	1.000	1.000
Frame/5	1.000	1.000
Frame/6	1.000	1.000
Frame/7	1.140	1.000
Frame/8	1.340	1.000
Frame/9	Modifier	1.550
Frame/10	2.300	1.550
Masonry/1	0.850	1.000
Masonry/2	0.850	1.000
Masonry/3	0.850	1.000
Masonry/4	0.850	1.000
Masonry/5	0.850	1.000
Masonry/6	0.850	1.000
Masonry/7	0.970	1.000
Masonry/8	1.140	1.000
Masonry/9	1.670	1.550
Masonry/10	1.950	1.550

Deductible	HO-2	HO-4
\$500	1.000	1.000
\$1,000	0.850	0.980
\$2,500	0.800	0.000
\$5,000	0.700	0.000

Replacement Cost Contents	Factor
No	1.000
Yes	1.250

Number of Families	Factor
1	1.000
2	1.100
3	1.500
4	1.500

Term	Factor
6month	0.550
Annual	1.000

Woodburning Stove Surcharge	
Flat Dollar Surcharge	\$50.00

Multi-policy Discount	
Yes	0.950
No	1.000

Protective Devices	
Central Station Fire Alarm	0.950
Central Station Burglar Alarm	0.980

Age of Insured	Factor
<50	1.000
50+	0.950

Territory	Homeowners	Renters
10	0.978	1.000
20	1.210	1.150
30	1.208	1.000
40	1.320	1.000
50	0.816	1.020
60	0.963	1.050
70	1.200	1.020
80	1.045	1.120
90	0.990	1.100
100	1.058	1.030
110	0.966	1.120

# of Paid Claims	
0	1.000
1	1.100
2	1.200
3	1.350
4	2.000

Age of Dwelling	Factor
0	0.790
1	0.810
2	0.830
3	0.850
4	0.870
5	0.890
6	0.920
7	0.940
8	0.960
9	0.980
10-79	1.000
80+	1.250

Renters	Amount of Insurance	Renters Factor
	10,000	0.600
	20,000	1.000
	30,000	1.400
	40,000	1.800

Not available for new business

American Hallmark Insurance Company  
Arkansas Homeowners  
Rate Supplement

Homeowners	Amount of	Home Factor	Lower Range	Upper Range
	20,000	0.467	21,000	20,000
21,000	0.478	22,000	21,000	
22,000	0.488	23,000	22,000	
23,000	0.500	24,000	23,000	
24,000	0.511	25,000	24,000	
25,000	0.521	26,000	25,000	
26,000	0.533	27,000	26,000	
27,000	0.545	28,000	27,000	
28,000	0.568	29,000	28,000	
29,000	0.571	30,000	29,000	
30,000	0.575	31,000	30,000	
31,000	0.586	32,000	31,000	
32,000	0.593	33,000	32,000	
33,000	0.600	34,000	33,000	
34,000	0.607	35,000	34,000	
35,000	0.618	36,000	35,000	
36,000	0.624	37,000	36,000	
37,000	0.628	38,000	37,000	
38,000	0.634	39,000	38,000	
39,000	0.637	40,000	39,000	
40,000	0.641	41,000	40,000	
41,000	0.649	42,000	41,000	
42,000	0.657	43,000	42,000	
43,000	0.662	44,000	43,000	
44,000	0.672	45,000	44,000	
45,000	0.689	46,000	45,000	
46,000	0.696	47,000	46,000	
47,000	0.701	48,000	47,000	
48,000	0.708	49,000	48,000	
49,000	0.709	50,000	49,000	
50,000	0.716	51,000	50,000	
51,000	0.721	52,000	51,000	
52,000	0.728	53,000	52,000	
53,000	0.733	54,000	53,000	
54,000	0.739	55,000	54,000	
55,000	0.746	56,000	55,000	
56,000	0.751	57,000	56,000	
57,000	0.758	58,000	57,000	
58,000	0.763	59,000	58,000	
59,000	0.770	60,000	59,000	
60,000	0.778	61,000	60,000	
61,000	0.783	62,000	61,000	
62,000	0.789	63,000	62,000	
63,000	0.796	64,000	63,000	
64,000	0.803	65,000	64,000	
65,000	0.816	66,000	65,000	
66,000	0.821	67,000	66,000	
67,000	0.826	68,000	67,000	
68,000	0.832	69,000	68,000	
69,000	0.837	70,000	69,000	
70,000	0.842	71,000	70,000	
71,000	0.847	72,000	71,000	
72,000	0.853	73,000	72,000	
73,000	0.858	74,000	73,000	
74,000	0.863	75,000	74,000	
75,000	0.868	76,000	75,000	
76,000	0.874	77,000	76,000	
77,000	0.879	78,000	77,000	
78,000	0.884	79,000	78,000	

Amount of	Home Factor	Lower Range	Upper Range
79,000	0.889	80,000	79,000
80,000	0.895	81,000	80,000
81,000	0.900	82,000	81,000
82,000	0.905	83,000	82,000
83,000	0.911	84,000	83,000
84,000	0.916	85,000	84,000
85,000	0.921	86,000	85,000
86,000	0.926	87,000	86,000
87,000	0.932	88,000	87,000
88,000	0.937	89,000	88,000
89,000	0.942	90,000	89,000
90,000	0.947	91,000	90,000
91,000	0.953	92,000	91,000
92,000	0.958	93,000	92,000
93,000	0.963	94,000	93,000
94,000	0.968	95,000	94,000
95,000	0.974	96,000	95,000
96,000	0.979	97,000	96,000
97,000	0.984	98,000	97,000
98,000	0.989	99,000	98,000
99,000	0.995	100,000	99,000
100,000	1.000	101,000	100,000
101,000	1.012	102,000	101,000
102,000	1.024	103,000	102,000
103,000	1.036	104,000	103,000
104,000	1.048	105,000	104,000
105,000	1.060	106,000	105,000
106,000	1.072	107,000	106,000
107,000	1.084	108,000	107,000
108,000	1.096	109,000	108,000
109,000	1.108	110,000	109,000
110,000	1.120	111,000	110,000
111,000	1.132	112,000	111,000
112,000	1.144	113,000	112,000
113,000	1.156	114,000	113,000
114,000	1.168	115,000	114,000
115,000	1.180	116,000	115,000
116,000	1.192	117,000	116,000
117,000	1.204	118,000	117,000
118,000	1.216	119,000	118,000
119,000	1.228	120,000	119,000
120,000	1.240	121,000	120,000
121,000	1.252	122,000	121,000
122,000	1.264	123,000	122,000
123,000	1.276	124,000	123,000
124,000	1.288	125,000	124,000
125,000	1.300	126,000	125,000
126,000	1.312	127,000	126,000
127,000	1.324	128,000	127,000
128,000	1.336	129,000	128,000
129,000	1.348	130,000	129,000
130,000	1.360	131,000	130,000
131,000	1.372	132,000	131,000
132,000	1.384	133,000	132,000
133,000	1.396	134,000	133,000
134,000	1.408	135,000	134,000
135,000	1.420	136,000	135,000
136,000	1.432	137,000	136,000
137,000	1.444	138,000	137,000

Amount of	Home Factor	Lower Range	Upper Range
138,000	1.456	139,000	138,000
139,000	1.468	140,000	139,000
140,000	1.480	141,000	140,000
141,000	1.492	142,000	141,000
142,000	1.504	143,000	142,000
143,000	1.516	144,000	143,000
144,000	1.528	145,000	144,000
145,000	1.540	146,000	145,000
146,000	1.552	147,000	146,000
147,000	1.564	148,000	147,000
148,000	1.576	149,000	148,000
149,000	1.588	150,000	149,000
150,000	1.600	151,000	150,000
151,000	1.612	152,000	151,000
152,000	1.624	153,000	152,000
153,000	1.636	154,000	153,000
154,000	1.648	155,000	154,000
155,000	1.660	156,000	155,000
156,000	1.672	157,000	156,000
157,000	1.684	158,000	157,000
158,000	1.696	159,000	158,000
159,000	1.708	160,000	159,000
160,000	1.720	161,000	160,000
161,000	1.732	162,000	161,000
162,000	1.744	163,000	162,000
163,000	1.756	164,000	163,000
164,000	1.768	165,000	164,000
165,000	1.780	166,000	165,000
166,000	1.792	167,000	166,000
167,000	1.804	168,000	167,000
168,000	1.816	169,000	168,000
169,000	1.828	170,000	169,000
170,000	1.840	171,000	170,000
171,000	1.852	172,000	171,000
172,000	1.864	173,000	172,000
173,000	1.876	174,000	173,000
174,000	1.888	175,000	174,000
175,000	1.900	176,000	175,000
176,000	1.912	177,000	176,000
177,000	1.924	178,000	177,000
178,000	1.936	179,000	178,000
179,000	1.948	180,000	179,000
180,000	1.960	181,000	180,000
181,000	1.972	182,000	181,000
182,000	1.984	183,000	182,000
183,000	1.996	184,000	183,000
184,000	2.008	185,000	184,000
185,000	2.020	186,000	185,000
186,000	2.032	187,000	186,000
187,000	2.044	188,000	187,000
188,000	2.056	189,000	188,000
189,000	2.068	190,000	189,000
190,000	2.080	191,000	190,000
191,000	2.092	192,000	191,000
192,000	2.104	193,000	192,000
193,000	2.116	194,000	193,000
194,000	2.128	195,000	194,000
195,000	2.140	196,000	195,000
196,000	2.152	197,000	196,000
197,000	2.164	198,000	197,000
198,000	2.176	199,000	198,000
199,000	2.188	200,000	199,000
200,000	2.200	201,000	200,000

American Hallmark Insurance Company  
Arkansas Homeowners  
Rate Supplement

Increased Coverage Limits	
Rate/\$1,000	HO-2
Coverage B	\$15.00
Coverage C	\$11.90
Coverage D	\$0.00

Coverage E	
Limit	HO-2
\$25,000	\$0.00
\$50,000	\$8.00
\$100,000	\$18.00

Coverage F	
Limit	Premium Modification Factor
\$1,000	\$0.00
\$2,000	\$20.00
\$5,000	\$40.00

Identity Theft Recovery Coverage	Rate
	\$25.00

Equipment Breakdown Coverage	Rate
	\$25.00

American Hallmark Insurance Company  
Arkansas Homeowners  
Rate Supplement

	<b>Home</b>	<b>Renters</b>
<b>Policy Fee</b>	\$ 20.00	\$ 20.00
<b>Expense Constant/ Inspection Fee</b>	\$ 38.00	\$ -
<b>NSF Fee</b>	\$ 30.00	\$ -
<b>Installment</b>	\$ 7.00	\$ 7.00
<b>Late Fee</b>	\$ 7.00	\$ 7.00

Premium Modification Factors

American Hallmark Insurance Company  
Arkansas Homeowners  
Rate Supplement

Pay Plan	Policy Form	Term	Down Pay	# of Installments	1st Payment Due
Full Pay	HO-2, HO-4	12 Mo	100%	0	n/a
Full Pay	HO-4	6 mo	100%	0	n/a
Monthly	HO-2, HO-4	12 Mo	8.33%	10	30 Days
Monthly	HO-4	12 Mo	16.67%	10	30 Days
Monthly	HO-4	6 mo	16.67%	5	30 Days
Semi-annual	HO-2	12 Mo	50.00%	1	6 months from Effective Date
Quarterly	HO-2	12 Mo	25.00%	3	3 months from Effective Date

Not available for new business

# Homeowners Programs

## Arkansas

New Business – 11/14/2011  
Renewal Business – 1/13/2012

### Available Forms:

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

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

American Hallmark Insurance Company  
of Texas  
Rated "A-" Excellent by A.M. Best

# GENERAL RULES

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

1. Application(s)
2. Insurance to Value **HO-2 & HO-3**

The agent's and applicant's **signatures** are **required**. Dwellings should be insured for market value (the value a prudent buyer would pay) but should also be valued within 70% of replacement cost. Dwellings with a vast difference in market value and replacement cost are not eligible. **DO NOT INSURE FOR REPLACEMENT COST.**
3. Limits  
**HO-2 & HO-3**

Dwellings up to **\$200,000** are eligible.

**HO-4**

Contents limits between **\$10,000 and \$40,000** are eligible.
4. Occupancy and Risk Parameters  
**HO-2**

**Owner occupied** dwellings used exclusively for private residential purposes.

**HO-4**

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

13. Payment Plans

All payment plans are direct bill. Policy premium for a term may be paid in full or through one of the Company's installment plans.

14. Loss History Reports

A loss history report may be ordered to verify prior claims.

## DEFINITIONS

1. Construction Type

**Masonry**

A dwelling with walls of masonry or masonry veneered construction exceeding 50% of the exterior wall area.

**Frame**

A dwelling with walls of frame, or metal-sheathed or stuccoed frame construction, or with walls of metal lathe and plaster on combustible supports.

2. Owner Occupied Dwelling

Dwellings owned by the insured that are occupied on a **full-time** basis as the insured's primary residence for **at least five (5)** consecutive months. (Dwellings may not be rented to others for any length of time.)

3. Seasonal/Secondary Dwellings

Dwellings owned by the insured that are occupied on an intermittent or **non-continuous** basis as the insured's secondary or seasonal residence for less than five (5) consecutive months. (Dwellings may not be rented to others for any length of time.)

4. Other Structures

Structures on the dwelling premises which are **not attached** to the dwelling (including septic tanks).

5. Supplemental Heating Device

Wood, coal or pellet burning stoves, space heaters, fireplace inserts or any other solid fuel burning device that is **not centralized**.

## BINDING AND EFFECTIVE DATES

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

### Severe Weather Binding Restrictions

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

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

# UNDERWRITING GUIDELINES

## ELIGIBILITY

### Up to 4 Losses in the Last Five Years

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

### Dwellings over 40 years old

- Must have updated wiring, plumbing, heating, and cooling systems
  - Plumbing – Plumbing must be updated to conform to current local codes with new water supply lines within the structure. New plumbing fixtures and components must be installed throughout the dwelling. Cast iron or galvanized plumbing does not qualify.
  - Heating – The entire heating system must be updated to conform to current local codes. Complete replacement of the burners, furnace, heating plant, heat exchanger or heat pump is required.
  - Cooling – The entire cooling system must be updated to conform to current local codes. Replacement of the central air conditioning unit, a/c compressor or heat pump is required.
  - Wiring – Replacement of fuse or breaker boxes (100 amp minimum) to conform to local codes is required. Adding additional circuits without increasing total system service does not qualify. Replacement of switches, wiring, fixtures, and components necessary.
  - No dwellings built prior 1900

### Animals

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

### Steps, Porches and Decks

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

### Uninsured Properties

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

### Swimming Pools

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

### Townhomes

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

## INELIGIBLE RISKS

### **Applicants with these Characteristics**

- Currently unemployed, other than retired or disabled
- Past felony conviction or conviction for arson, fraud, or other insurance-related offenses
- Five or more losses in the last five years
- Employees or family members of an employee of Hallmark Insurance Company or an affiliated company; or any agent, employee or family member of an agent.

### **Dwellings with these Characteristics**

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

### **FINAL UNDERWRITING AUTHORITY**

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

## BASIC DESCRIPTION OF COVERAGE

Coverage	HO-2	HO-4
<b>Loss Settlement</b>	Actual Cash Value	Actual Cash Value
<b>Coverage A - Dwelling</b>	Actual Cash Value	N/A
<b>Coverage B - Other Structures</b>	10% of Coverage A	N/A
<b>Coverage C - Contents</b>	40% of Coverage A	Limit Selected
<b>Coverage D - Loss of Use</b>	20% of Coverage A	20% of Coverage C
<b>Coverage E - Liability</b>	\$25,000	\$25,000
Maximum Animal Liability	\$25,000	\$25,000
Trampoline Liability	Excluded	Excluded
<b>Minimum Deductible</b>	\$500	\$500
<b>Coverage F - Medical Payments to Others</b>	\$1000	\$1000

## CREDITS AND SURCHARGES

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

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

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

## OPTIONAL EXCLUSIONS FOR RISK ACCEPTANCE

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

### PAYMENT OPTIONS

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

NAIC Number: 43494  
 Company Name: American Hallmark Insurance Co of Texas  
 Contact Person: Nichelle Dawkins  
 Telephone No.: 800-486-5616 x5847  
 Email Address: ndawkins@hallmarkinsco.com  
 Effective Date: 11/14/2011

**Homeowners Premium Comparison Survey Form  
 FORM HP3S - last modified August, 2005**

Submit to: Arkansas Insurance Department  
 1200 West Third Street  
 Little Rock, AR 72201-1904  
 Telephone: 501-371-2800  
 Email as an attachment to: insurance.pnc@arkansas.gov  
 You may also attach to a SERFF filing or submit on a cdr disk

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

**Survey Form for HO3 (Homeowners) - Use \$500 Flat Deductible (Covers risk of direct physical loss for dwelling and other structures; named perils for personal property, replacement cost on dwelling, actual cash value on personal property)**

Public Protection Class	Dwelling Value	Washington		Baxter		Craighead		St. Francis		Desha		Union		Miller		Sebastian		Pulaski	
		Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame
3	\$80,000																		
	\$120,000																		
	\$160,000																		
6	\$80,000																		
	\$120,000																		
	\$160,000																		
9	\$80,000																		
	\$120,000																		
	\$160,000																		

**Survey Form for HO4 (Renters) - Use \$500 Flat Deductible (Named perils for personal property, actual cash value for loss, liability and medical payments for others included)**

Public Protection Class	Property Value	Washington		Baxter		Craighead		St. Francis		Arkansas		Union		Miller		Sebastian		Pulaski	
		Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame
3	\$5,000																		
	\$15,000																		
	\$25,000																		
6	\$5,000																		
	\$15,000																		
	\$25,000																		
9	\$5,000																		
	\$15,000																		
	\$25,000																		

**Survey Form for DP-2 (Dwelling/Fire) - Use \$500 Flat Deductible (Named perils for dwelling and personal property; replacement cost for dwelling, actual cash value for personal property, no liability coverage)**

Public Protection Class	Dwelling Value	Washington		Baxter		Craighead		St. Francis		Arkansas		Union		Miller		Sebastian		Pulaski	
		Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame
3	\$80,000																		
	\$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="0"/> %	\$1,000 Deductible	<input type="text" value="15"/> %
		Other (specify)	<input type="text"/> %
		Maximum Credit Allowed	<input type="text"/> %

**EARTHQUAKE INSURANCE**

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

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

WHAT IS YOUR PERCENTAGE DEDUCTIBLE?  %

Zone: Brick  Frame

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

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

### Rate Change Impact

Form	Total Rated Current	Total Factors Only	% Change	Base Rate Offset	Rate Change	Current Base Rates	Total Rate Change	Proposed Base Rates	Proposed Prem	Total Change
HO-2	\$ 281,226	\$ 298,658	6.20%	0.946	15%	\$1,020.00	15.53%	\$ 1,178	\$ 340,728	21.2%
HO-4	\$ 62,510	\$ 64,715	3.53%	0.946	20%	\$180.00	17.52%	\$ 212	\$ 72,997	16.8%
<b>TOTAL HO</b>	<b>\$ 343,736</b>	<b>\$ 363,373</b>	<b>5.71%</b>						<b>\$ 413,725</b>	<b>20.4%</b>