

State: Arkansas **First Filing Company:** Garrison Property and Casualty Insurance Company, ...

TOI/Sub-TOI: 01.0 Property/01.0002 Personal Property (Fire and Allied Lines)

Product Name: Dwelling Fire

Project Name/Number: Rate Revision/AR1215353

Filing at a Glance

Companies: Garrison Property and Casualty Insurance Company
 United Services Automobile Association
 USAA Casualty Insurance Company
 USAA General Indemnity Company

Product Name: Dwelling Fire

State: Arkansas

TOI: 01.0 Property

Sub-TOI: 01.0002 Personal Property (Fire and Allied Lines)

Filing Type: Rate

Date Submitted: 09/06/2012

SERFF Tr Num: USAA-128675165

SERFF Status: Closed-Filed

State Tr Num:

State Status:

Co Tr Num: AR1215353

Effective Date: 02/22/2013

Requested (New):

Effective Date: 02/22/2013

Requested (Renewal):

Author(s): Nick Almendarez, Yolanda Rodriguez

Reviewer(s): Becky Harrington (primary)

Disposition Date: 10/17/2012

Disposition Status: Filed

Effective Date (New): 02/22/2013

Effective Date (Renewal): 02/22/2013

State Filing Description:

State: Arkansas First Filing Company: Garrison Property and Casualty Insurance Company, ...

TOI/Sub-TOI: 01.0 Property/01.0002 Personal Property (Fire and Allied Lines)

Product Name: Dwelling Fire

Project Name/Number: Rate Revision/AR1215353

General Information

Project Name: Rate Revision Status of Filing in Domicile: Not Filed

Project Number: AR1215353 Domicile Status Comments:

Reference Organization: Reference Number:

Reference Title: Advisory Org. Circular:

Filing Status Changed: 10/17/2012

State Status Changed: Deemer Date:

Created By: Nick Almendarez Submitted By: Nick Almendarez

Corresponding Filing Tracking Number:

Filing Description:

United Services Automobile Association (USAA), USAA Casualty Insurance Company (USAA-CIC), USAA General Indemnity Company (USAA-GIC) and Garrison Property and Casualty Insurance Company (Garrison) are revising the Fire base rates for our Dwelling Fire Program on file with your Department. The overall effect for our proposed changes is 7.0% for the Group. Our rate revision will be effective February 22, 2013.

Company and Contact

Filing Contact Information

Nick Almendarez, Compliance Analyst nick.almendarez@usaa.com

A-03-W Insurance Regulatory 800-531-8722 [Phone] 82844 [Ext]

Compliance 210-498-5081 [FAX]

9800 Fredericksburg Road

San Antonio, TX 78288-1033

State: Arkansas **First Filing Company:** Garrison Property and Casualty Insurance Company, ...
TOI/Sub-TOI: 01.0 Property/01.0002 Personal Property (Fire and Allied Lines)
Product Name: Dwelling Fire
Project Name/Number: Rate Revision/AR1215353

Filing Company Information

Garrison Property and Casualty Insurance Company
 9800 Fredericksburg Road
 San Antonio, TX 78284-8496
 (800) 531-8722 ext. [Phone]

CoCode: 21253
 Group Code: 200
 Group Name: USAA
 FEIN Number: 43-1803614

State of Domicile: Texas
 Company Type: Stock
 State ID Number:

United Services Automobile Association
 9800 Federicksburg Road
 San Antonio, TX 78288
 (800) 531-8722 ext. [Phone]

CoCode: 25941
 Group Code: 200
 Group Name: USAA
 FEIN Number: 74-0959140

State of Domicile: Texas
 Company Type: Reciprocal
 State ID Number:

USAA Casualty Insurance Company
 9800 Fredericksburg Road
 San Antonio, TX 78288
 (800) 531-8722 ext. [Phone]

CoCode: 25968
 Group Code: 200
 Group Name: USAA
 FEIN Number: 59-3019540

State of Domicile: Texas
 Company Type: Stock
 State ID Number:

USAA General Indemnity Company
 9800 Fredericksburg Road
 San Antonio, TX 78288
 (800) 531-8722 ext. [Phone]

CoCode: 18600
 Group Code: 200
 Group Name: USAA
 FEIN Number: 74-1718283

State of Domicile: Texas
 Company Type: Stock
 State ID Number:

Filing Fees

Fee Required? Yes
 Fee Amount: \$100.00
 Retaliatory? No
 Fee Explanation: \$100.00 filing fee per rate filing.
 Per Company: No

Company	Amount	Date Processed	Transaction #
Garrison Property and Casualty Insurance Company	\$100.00	09/06/2012	62344745
United Services Automobile Association	\$0.00	09/06/2012	
USAA Casualty Insurance Company	\$0.00	09/06/2012	
USAA General Indemnity Company	\$0.00	09/06/2012	

SERFF Tracking #:

USAA-128675165

State Tracking #:**Company Tracking #:**

AR1215353

State:

Arkansas

First Filing Company:

Garrison Property and Casualty Insurance Company, ...

TOI/Sub-TOI:

01.0 Property/01.0002 Personal Property (Fire and Allied Lines)

Product Name:

Dwelling Fire

Project Name/Number:

Rate Revision/AR1215353

Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Filed	Becky Harrington	10/17/2012	10/17/2012

Objection Letters and Response Letters

Objection Letters

Status	Created By	Created On	Date Submitted
Pending Industry Response	Becky Harrington	09/10/2012	09/10/2012

Response Letters

Responded By	Created On	Date Submitted
Yolanda Rodriguez	10/11/2012	10/11/2012

Amendments

Schedule	Schedule Item Name	Created By	Created On	Date Submitted
Supporting Document	P&C Actuarial Justification	Nick Almendarez	10/16/2012	10/16/2012

State: Arkansas
TOI/Sub-TOI: 01.0 Property/01.0002 Personal Property (Fire and Allied Lines)
Product Name: Dwelling Fire
Project Name/Number: Rate Revision/AR1215353

First Filing Company: Garrison Property and Casualty Insurance Company, ...

Disposition

Disposition Date: 10/17/2012

Effective Date (New): 02/22/2013

Effective Date (Renewal): 02/22/2013

Status: Filed

Comment: The overall increase was reviewed by the Commissioner and allowed without revision.

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 req'd):	Minimum % Change (where req'd):
Garrison Property and Casualty Insurance Company	13.800%	7.500%	\$6,445	80	\$85,930	15.000%	4.300%
United Services Automobile Association	13.800%	6.900%	\$162,954	2,976	\$2,361,657	16.000%	2.300%
USAA Casualty Insurance Company	13.800%	7.000%	\$42,783	547	\$611,184	15.700%	3.900%
USAA General Indemnity Company	13.800%	7.100%	\$15,605	211	\$219,787	14.900%	4.100%

Overall Rate Information for Multiple Company Filings

Overall Percentage Rate Indicated For This Filing

13.800%

Overall Percentage Rate Impact For This Filing

7.000%

Effect of Rate Filing-Written Premium Change For This Program

\$227,787

Effect of Rate Filing - Number of Policyholders Affected

3,814

SERFF Tracking #:

USAA-128675165

State Tracking #:**Company Tracking #:**

AR1215353

State:

Arkansas

First Filing Company:

Garrison Property and Casualty Insurance Company, ...

TOI/Sub-TOI:

01.0 Property/01.0002 Personal Property (Fire and Allied Lines)

Product Name:

Dwelling Fire

Project Name/Number:

Rate Revision/AR1215353

Schedule	Schedule Item	Schedule Item Status	Public Access
Supporting Document	Form RF-1 NAIC Loss Cost Data Entry Document--All P&C Lines	Filed	Yes
Supporting Document	HPCS-Homeowners Premium Comparison Survey	Filed	Yes
Supporting Document	NAIC Loss Cost Filing Document for OTHER than Workers' Comp		Yes
Supporting Document (revised)	P&C Actuarial Justification	Filed	Yes
Supporting Document	P&C Actuarial Justification		Yes
Supporting Document	Objection Response for letter received 09-10-12	Filed	Yes
Rate	Dwelling Fire Manual Rate Page	Filed	Yes

State: Arkansas **First Filing Company:** Garrison Property and Casualty Insurance Company, ...

TOI/Sub-TOI: 01.0 Property/01.0002 Personal Property (Fire and Allied Lines)

Product Name: Dwelling Fire

Project Name/Number: Rate Revision/AR1215353

Objection Letter

Objection Letter Status	Pending Industry Response
Objection Letter Date	09/10/2012
Submitted Date	09/10/2012
Respond By Date	

Dear Nick Almendarez,

Introduction:

This will acknowledge receipt of the captioned filing.

Objection 1

- P&C Actuarial Justification (Supporting Document)

Comments: The explanatory memorandum was not included.

Objection 2

- P&C Actuarial Justification (Supporting Document)

Comments: Please provide additional details concerning the fire losses (concentrated area, arson, lightning?) and explain any underwriting steps taken to address the losses.

Objection 3

Comments: Please provide a disruption chart showing the number of insureds and percentage increase ranges.

Conclusion:

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*

State: Arkansas
TOI/Sub-TOI: 01.0 Property/01.0002 Personal Property (Fire and Allied Lines)
Product Name: Dwelling Fire
Project Name/Number: Rate Revision/AR1215353

First Filing Company: Garrison Property and Casualty Insurance Company, ...

Response Letter

Response Letter Status	Submitted to State
Response Letter Date	10/11/2012
Submitted Date	10/11/2012

Dear Becky Harrington,

Introduction:

This is in response to your objection letter dated 09-10-12.

Response 1

Comments:

Please see items attached under P&C Actuarial Justification component.

Related Objection 1

Applies To:

- P&C Actuarial Justification (Supporting Document)

Comments: The explanatory memorandum was not included.

Changed Items:

No Supporting Documents changed.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Response 2

Comments:

Please review attached Question 2 document.

Related Objection 2

Applies To:

- P&C Actuarial Justification (Supporting Document)

Comments: Please provide additional details concerning the fire losses (concentrated area, arson, lightning?) and explain any underwriting steps taken to address the losses.

Changed Items:

SERFF Tracking #:

USAA-128675165

State Tracking #:

Company Tracking #:

AR1215353

State:

Arkansas

First Filing Company:

Garrison Property and Casualty Insurance Company, ...

TOI/Sub-TOI:

01.0 Property/01.0002 Personal Property (Fire and Allied Lines)

Product Name:

Dwelling Fire

Project Name/Number:

Rate Revision/AR1215353

Supporting Document Schedule Item Changes

Satisfied -Name: Objection Response for letter received 09-10-12

Comment:

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Response 3

Comments:

Please review attached Exhibit X.

Related Objection 3

Comments: Please provide a disruption chart showing the number of insureds and percentage increase ranges.

Changed Items:

Supporting Document Schedule Item Changes

Satisfied -Name: Objection Response for letter received 09-10-12

Comment:

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Conclusion:

Thank you in advance for your time and consideration. Have a great day!

Sincerely,

Yolanda Rodriguez

SERFF Tracking #:

USAA-128675165

State Tracking #:

Company Tracking #:

AR1215353

State:

Arkansas

First Filing Company:

Garrison Property and Casualty Insurance Company, ...

TOI/Sub-TOI:

01.0 Property/01.0002 Personal Property (Fire and Allied Lines)

Product Name:

Dwelling Fire

Project Name/Number:

Rate Revision/AR1215353

Amendment Letter

Submitted Date: 10/16/2012

Comments:

Hi Becky, Our AR Filing Memorandum and Exhibits packet was revised to include our Fire Explanatory Memorandum. Sincerely, Nick F. Almendarez

Changed Items:

Supporting Document Schedule Item Changes:

Satisfied -Name: P&C Actuarial Justification

Comment:

AR Filing Memorandum and Exhibits (Revised 10-16-2012).pdf

State: Arkansas

First Filing Company: Garrison Property and Casualty Insurance Company, ...

TOI/Sub-TOI: 01.0 Property/01.0002 Personal Property (Fire and Allied Lines)

Product Name: Dwelling Fire

Project Name/Number: Rate Revision/AR1215353

Rate Information

Rate data applies to filing.

Filing Method: File and Use

Rate Change Type: %

Overall Percentage of Last Rate Revision: 13.100%

Effective Date of Last Rate Revision: 02/22/2012

Filing Method of Last Filing: File and Use

Company Rate Information

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where req'd):	Minimum % Change (where req'd):
Garrison Property and Casualty Insurance Company	13.800%	7.500%	\$6,445	80	\$85,930	15.000%	4.300%
United Services Automobile Association	13.800%	6.900%	\$162,954	2,976	\$2,361,657	16.000%	2.300%
USAA Casualty Insurance Company	13.800%	7.000%	\$42,783	547	\$611,184	15.700%	3.900%
USAA General Indemnity Company	13.800%	7.100%	\$15,605	211	\$219,787	14.900%	4.100%

Overall Rate Information for Multiple Company Filings

Overall % Rate Indicated: 13.800%

Overall Percentage Rate Impact For This Filing: 7.000%

Effect of Rate Filing - Written Premium Change For This Program: \$227,787

Effect of Rate Filing - Number of Policyholders Affected: 3814

SERFF Tracking #:

USAA-128675165

State Tracking #:**Company Tracking #:**

AR1215353

State:

Arkansas

First Filing Company:

Garrison Property and Casualty Insurance Company, ...

TOI/Sub-TOI:

01.0 Property/01.0002 Personal Property (Fire and Allied Lines)

Product Name:

Dwelling Fire

Project Name/Number:

Rate Revision/AR1215353

Rate/Rule Schedule

Item No.	Schedule Item Status	Exhibit Name	Rule # or Page #	Rate Action	Previous State Filing Number	Attachments
1	Filed 10/17/2012	Dwelling Fire Manual Rate Page	DP-R-4-8	Replacement	USAA-127801012	DP-R-4-8.pdf

DWELLING POLICY PROGRAM MANUAL
RATE PAGE

301. BASE PREMIUM COMPUTATION

Fire - Coverages A and C - All Forms

1.

UNITY FIRE PREMIUMS		
Company	COV A	COV C
USAA	\$119	\$26
USAA-CIC	\$175	\$40
USAA-GIC	\$175	\$40
Garrison	\$175	\$40

2.

TERRITORIAL RELATIVITY		
Coverages A and C		
Terr.	COV A	COV C
ALL	1.000	1.000

3.

PROTECTION/CONSTRUCTION RELATIVITY			
Const.	Prot. Class	FACTOR	
		COV A	COV C
Masonry	1-3	0.479	0.600
	4	0.585	0.600
	5	0.690	0.680
	6	0.849	0.760
	7	1.294	1.040
	8	1.490	1.120
Frame	8B, 9	1.680	1.320
	10	2.310	1.680
	1-3	0.690	0.760
	4	0.756	0.840
**	5	0.849	0.840
	6	1.000	1.000
	7	1.471	1.240
	8	1.840	1.440
	8B, 9	2.670	1.920
	10	3.490	2.400

4.

NUMBER OF FAMILIES RELATIVITY		
Number of Families	Factor COV A	Factor COV C
1	1.000	1.000
2	1.100	1.000
3	1.600	1.300
4	1.600	1.300
Construction P.C. Factor		
Masonry	1-3	2.133
	4	2.400
	5	2.176
	6	2.105
	7	1.808
	8	1.786
	8B, 9	1.818
	10	1.714
Frame	1-3	2.211
	4	2.095
	5	2.238
	6	2.000
	7	1.871
	8	1.750
	8B, 9	1.583
	10	1.467

5.

OCCUPANCY RELATIVITY		
	COV A	COV C
Owner	1.000	1.000
Tenant	1.250	1.000

7.

SEASONAL/NONSEASONAL RELATIVITY		
	COV A	COV C
Non-Seasonal	1.000	1.000
Seasonal		
TERR-ALL	1.000	1.000

6.

Amount of Insurance Relativity Curve		
Limit of Liability	COV A	COV C
\$ @1,000	0.310	0.35
2,000	0.346	0.48
3,000	0.382	0.61
4,000	0.419	0.74
5,000	0.455	0.87
6,000	0.491	1.00
7,000	0.528	1.13
8,000	0.564	1.26
9,000	0.600	1.39
10,000	0.637	1.52
11,000	0.673	1.65
12,000	0.709	1.78
13,000	0.746	1.91
14,000	0.782	2.04
15,000	0.818	2.17
16,000	0.855	2.30
17,000	0.891	2.43
18,000	0.927	2.56
19,000	0.964	2.69
20,000	1.000	2.82
21,000	1.016	2.95
22,000	1.033	3.08
23,000	1.049	3.21
24,000	1.065	3.34
25,000	1.082	3.47
26,000	1.098	3.60
27,000	1.114	3.73
28,000	1.131	3.86
29,000	1.147	3.99
30,000	1.163	4.12
31,000	1.180	4.25
32,000	1.196	4.38
33,000	1.212	4.51
34,000	1.229	4.64
35,000	1.245	4.77
36,000	1.261	4.90
37,000	1.278	5.03
38,000	1.294	5.16
39,000	1.310	5.29
40,000	1.327	5.42
41,000	1.343	5.55
42,000	1.359	5.68
43,000	1.376	5.81
44,000	1.392	5.94
45,000	1.408	6.07
46,000	1.425	6.20
47,000	1.441	6.33
48,000	1.457	6.46
49,000	1.474	6.59
50,000	1.490	6.72
Each Add'l		
\$1,000	0.016	0.13

** Rate mobile homes as frame

@ Use this limit of liability to develop premiums for policy amounts less than \$1,000.

SERFF Tracking #:

USAA-128675165

State Tracking #:

Company Tracking #:

AR1215353

State: Arkansas

First Filing Company: Garrison Property and Casualty Insurance Company, ...

TOI/Sub-TOI: 01.0 Property/01.0002 Personal Property (Fire and Allied Lines)

Product Name: Dwelling Fire

Project Name/Number: Rate Revision/AR1215353

Supporting Document Schedules

		Item Status:	Status Date:
Satisfied - Item:	Form RF-1 NAIC Loss Cost Data Entry Document--All P&C Lines	Filed	10/17/2012
Comments:			
Attachment(s):			
Form RF-1 USAA Group.pdf			

		Item Status:	Status Date:
Satisfied - Item:	HPCS-Homeowners Premium Comparison Survey	Filed	10/17/2012
Comments:			
Attachment(s):			
HO Survey FORM HPCS (USAA).xls HO Survey FORM HPCS (USAA-CIC).xls HO Survey FORM HPCS (USAA-GIC).xls HO Survey FORM HPCS (Garrison).xls HO Survey FORM HPCS (USAA).pdf HO Survey FORM HPCS (USAA-CIC).pdf HO Survey FORM HPCS (USAA-GIC).pdf HO Survey FORM HPCS (Garrison).pdf			

		Item Status:	Status Date:
Satisfied - Item:	P&C Actuarial Justification	Filed	10/17/2012
Comments:			
Attachment(s):			
AR Filing Memorandum and Exhibits (Revised 10-16-2012).pdf			

		Item Status:	Status Date:
Satisfied - Item:	Objection Response for letter received 09-10-12	Filed	10/17/2012
Comments:			

SERFF Tracking #:

USAA-128675165

State Tracking #:

Company Tracking #:

AR1215353

State:

Arkansas

First Filing Company:

Garrison Property and Casualty Insurance Company, ...

TOI/Sub-TOI:

01.0 Property/01.0002 Personal Property (Fire and Allied Lines)

Product Name:

Dwelling Fire

Project Name/Number:

Rate Revision/AR1215353

Attachment(s):

Question 2.pdf

Exhibit X - Member Disruption Chart.pdf

NAIC LOSS COST DATA ENTRY DOCUMENT

1.	This filing transmittal is part of Company Tracking #	AR1215353
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2.	If filing is an adoption of an advisory organization loss cost filing, give name of Advisory Organization and Reference/ Item Filing Number	
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	Company Name		Company NAIC Number
3.	A.	USAA	B. 200-25941

	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.	01.0 Property	B. 01.0002 Personal Property (Fire and Allied Lines)

5.			FOR LOSS COSTS ONLY				
(A) COVERAGE (See Instructions)	(B) Indicated % Rate Level Change	(C) Requested % Rate Level Change	(D) Expected Loss Ratio	(E) Loss Cost Modification Factor	(F) Selected Loss Cost Multiplier	(G) Expense Constant (If Applicable)	(H) Co. Current Loss Cost Multiplier
Fire	43.9% (Group)	21.4%					
Allied Lines	-2.5% (Group)	0.0%					
TOTAL OVERALL EFFECT	13.8% (Group)	6.9%					

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
2008	2181	0.0%	7/1/2008	1,130	2,337	207%	62%
2009	2370	11.1%	2/28/2009	1,340	1,863	139%	54%
2010	2579	12.0%	12/31/2010	1,591	1,119	70%	56%
2011	2875	n/a	n/a	1,953	2,614	134%	68%
2012*	2976	13.1%	2/22/2012	936	451	48%	58%

7.	
Expense Constants	Selected Provisions
A. Total Production Expense	12.1%
B. General Expense	2.2%
C. Taxes, License & Fees	2.6%
D. Underwriting Profit & Contingencies	15.0%
E. Other (explain)	0.0%
F. TOTAL	31.9%

*This data is as of May 2012

- 8.** Apply Lost Cost Factors to Future filings? (Y or N) **N**
- 9.** Estimated Maximum Rate Increase for any Insured (%). Territory (if applicable): 16.0%
- 10.** Estimated Maximum Rate Decrease for any Insured (%). Territory (if applicable): N/A

NAIC LOSS COST DATA ENTRY DOCUMENT

1.	This filing transmittal is part of Company Tracking #	AR1215353
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2.	If filing is an adoption of an advisory organization loss cost filing, give name of Advisory Organization and Reference/ Item Filing Number	
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Company Name		Company NAIC Number	
3.	A.	USAA-CIC	B. 200-25968

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.	01.0 Property	B. 01.0002 Personal Property (Fire and Allied Lines)

5.			FOR LOSS COSTS ONLY				
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
COVERAGE (See Instructions)	Indicated % Rate Level Change	Requested % Rate Level Change	Expected Loss Ratio	Loss Cost Modification Factor	Selected Loss Cost Multiplier	Expense Constant (If Applicable)	Co. Current Loss Cost Multiplier
Fire	43.9% (Group)	21.4%					
Allied Lines	-2.5% (Group)	0.0%					
TOTAL OVERALL EFFECT	13.8% (Group)	7.0%					

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
2008	394	0.0%	7/1/2008	276	272	99%	44%
2009	403	11.4%	2/28/2009	325	235	72%	44%
2010	460	12.1%	12/31/2010	384	184	48%	49%
2011	534	N/A	N/A	475	582	123%	50%
2012*	547	13.1%	2/22/2012	241	266	110%	51%

7.	
Expense Constants	Selected Provisions
A. Total Production Expense	12.1%
B. General Expense	2.2%
C. Taxes, License & Fees	2.8%
D. Underwriting Profit & Contingencies	15.0%
E. Other (explain)	0.0%
F. TOTAL	32.1%

*This data is YTD May 2012

8. Apply Lost Cost Factors to Future filings? (Y or N) **N**
9. Estimated Maximum Rate Increase for any Insured (%). Territory (if applicable): **15.7%**
10. Estimated Maximum Rate Decrease for any Insured (%). Territory (if applicable): **N/A**

PC RLC U:\LossCostDraft\DataEntry.doc

*Note that the RF-1 form submitted with our previous filing (effective 12/31/2010) contained data from our "Other Liability" line of business. That portion of the data has been removed for this filing.

NAIC LOSS COST DATA ENTRY DOCUMENT

1. This filing transmittal is part of Company Tracking # **AR1215353**

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 USAA-GIC			Company NAIC Number 200-18600
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		Product Coding Matrix Line of Business (i.e., Type of Insurance) 01.0 Property			Product Coding Matrix Line of Insurance (i.e., Sub-type of Insurance) 01.0002 Personal Property (Fire and Allied Lines)
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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
Fire	43.9% (Group)	21.4%					
Allied Lines	-2.5% (Group)	0.0%					
TOTAL OVERALL EFFECT	13.8% (Group)	7.1%					

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
2008	19	0.0%	7/1/2008	10.0	6.0	61%	107%
2009	40	11.2%	2/28/2009	22.3	134.8	604%	83%
2010	89	12.1%	12/31/2010	52.8	181.0	343%	45%
2011	165	n/a	n/a	110.1	277.5	252%	74%
2012*	211	13.1%	2/22/2012	77.8	137.0	176%	61%

7.

Expense Constants	Selected Provisions
A. Total Production Expense	19.6%
B. General Expense	3.1%
C. Taxes, License & Fees	2.8%
D. Underwriting Profit & Contingencies	15.0%
E. Other (explain)	0.0%
F. TOTAL	40.5%

*This data is as of May 2012

8. Apply Lost Cost Factors to Future filings? (Y or N) **N**
 9. Estimated Maximum Rate Increase for any Insured (%). Territory (if applicable): **14.9%**
 10. Estimated Maximum Rate Decrease for any Insured (%) Territory (if applicable): **N/A**

NAIC LOSS COST DATA ENTRY DOCUMENT

1.	This filing transmittal is part of Company Tracking #	AR1215353
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2.	If filing is an adoption of an advisory organization loss cost filing, give name of Advisory Organization and Reference/ Item Filing Number	
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Company Name		Company NAIC Number	
3.	A.	Garrison	B. 200-21253

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.	01.0 Property	B. 01.0002 Personal Property (Fire and Allied Lines)

5.			FOR LOSS COSTS ONLY				
(A) COVERAGE (See Instructions)	(B) Indicated % Rate Level Change	(C) Requested % Rate Level Change	(D) Expected Loss Ratio	(E) Loss Cost Modification Factor	(F) Selected Loss Cost Multiplier	(G) Expense Constant (If Applicable)	(H) Co. Current Loss Cost Multiplier
Fire	43.9% (Group)	21.3%					
Allied Lines	-2.5% (Group)	0.0%					
TOTAL OVERALL EFFECT	13.8% (Group)	7.5%					

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
2008	32	0.0%	7/1/2008	16.8	6.2	37%	67%
2009	42	11.4%	2/28/2009	31.1	12.7	41%	51%
2010	55	12.1%	12/31/2010	42.7	19.0	44%	54%
2011	70	n/a	n/a	61.6	38.2	62%	79%
2012*	80	13.1%	2/22/2012	32.8	-4.7	-14%	42%

*This data is as of May 2012

7.	
Expense Constants	Selected Provisions
A. Total Production Expense	15.6%
B. General Expense	3.3%
C. Taxes, License & Fees	2.9%
D. Underwriting Profit & Contingencies	15.0%
E. Other (explain)	0.0%
F. TOTAL	36.8%

8. Apply Lost Cost Factors to Future filings? (Y or N) **N**
9. Estimated Maximum Rate Increase for any Insured (%). Territory (if applicable): **15.0%**
10. Estimated Maximum Rate Decrease for any Insured (%) Territory (if applicable): **N/A**

State: Arkansas **First Filing Company:** Garrison Property and Casualty Insurance Company, ...
TOI/Sub-TOI: 01.0 Property/01.0002 Personal Property (Fire and Allied Lines)
Product Name: Dwelling Fire
Project Name/Number: Rate Revision/AR1215353

Supporting Document Schedules

NAIC Number: 25941
 Company Name: United Services Automobile Association
 Contact Person: Nick F. Almendarez
 Telephone No.: 800-531-8722, ext. 8-2844
 Email Address: nick.almendarez@usaa.com
 Effective Date: 02/22/2013

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																		
	\$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	\$771.22	\$862.06	\$771.22	\$862.06	\$771.22	\$862.06	\$771.22	\$862.06	\$771.22	\$862.06	\$771.22	\$862.06	\$771.22	\$862.06	\$771.22	\$862.06	\$771.22	\$862.06
	\$120,000	\$1,103.51	\$1,230.92	\$1,103.51	\$1,230.92	\$1,103.51	\$1,230.92	\$1,103.51	\$1,230.92	\$1,103.51	\$1,230.92	\$1,103.51	\$1,230.92	\$1,103.51	\$1,230.92	\$1,103.51	\$1,230.92	\$1,103.51	\$1,230.92
	\$160,000	\$1,435.79	\$1,599.76	\$1,435.79	\$1,599.76	\$1,435.79	\$1,599.76	\$1,435.79	\$1,599.76	\$1,435.79	\$1,599.76	\$1,435.79	\$1,599.76	\$1,435.79	\$1,599.76	\$1,435.79	\$1,599.76	\$1,435.79	\$1,599.76
6	\$80,000	\$898.22	\$996.84	\$898.22	\$996.84	\$898.22	\$996.84	\$898.22	\$996.84	\$898.22	\$996.84	\$898.22	\$996.84	\$898.22	\$996.84	\$898.22	\$996.84	\$898.22	\$996.84
	\$120,000	\$1,278.82	\$1,420.06	\$1,278.82	\$1,420.06	\$1,278.82	\$1,420.06	\$1,278.82	\$1,420.06	\$1,278.82	\$1,420.06	\$1,278.82	\$1,420.06	\$1,278.82	\$1,420.06	\$1,278.82	\$1,420.06	\$1,278.82	\$1,420.06
	\$160,000	\$1,659.41	\$1,843.29	\$1,659.41	\$1,843.29	\$1,659.41	\$1,843.29	\$1,659.41	\$1,843.29	\$1,659.41	\$1,843.29	\$1,659.41	\$1,843.29	\$1,659.41	\$1,843.29	\$1,659.41	\$1,843.29	\$1,659.41	\$1,843.29
9	\$80,000	\$1,237.17	\$1,623.00	\$1,237.17	\$1,623.00	\$1,237.17	\$1,623.00	\$1,237.17	\$1,623.00	\$1,237.17	\$1,623.00	\$1,237.17	\$1,623.00	\$1,237.17	\$1,623.00	\$1,237.17	\$1,623.00	\$1,237.17	\$1,623.00
	\$120,000	\$1,752.60	\$2,290.25	\$1,752.60	\$2,290.25	\$1,752.60	\$2,290.25	\$1,752.60	\$2,290.25	\$1,752.60	\$2,290.25	\$1,752.60	\$2,290.25	\$1,752.60	\$2,290.25	\$1,752.60	\$2,290.25	\$1,752.60	\$2,290.25
	\$160,000	\$2,268.03	\$2,957.50	\$2,268.03	\$2,957.50	\$2,268.03	\$2,957.50	\$2,268.03	\$2,957.50	\$2,268.03	\$2,957.50	\$2,268.03	\$2,957.50	\$2,268.03	\$2,957.50	\$2,268.03	\$2,957.50	\$2,268.03	\$2,957.50

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

HO3 and HO4 only

Fire Extinguisher	<input type="text"/> %	Deadbolt Lock	<input type="text"/> %
Burglar Alarm	<input type="text"/> %	Window Locks	<input type="text"/> %
Smoke Alarm	<input type="text"/> %	\$1,000 Deductible	<input type="text"/> %
		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 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: 25968
 Company Name: USAA Casualty Insurance Company
 Contact Person: Nick F. Almendarez
 Telephone No.: 800-531-8722, ext. 8-2844
 Email Address: nick.almendarez@usaa.com
 Effective Date: 02/22/2013

**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
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 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	\$1,209.18	\$1,345.67	\$1,209.18	\$1,345.67	\$1,209.18	\$1,345.67	\$1,209.18	\$1,345.67	\$1,209.18	\$1,345.67	\$1,209.18	\$1,345.67	\$1,209.18	\$1,345.67	\$1,209.18	\$1,345.67	\$1,209.18	\$1,345.67
	\$120,000	\$1,735.37	\$1,927.06	\$1,735.37	\$1,927.06	\$1,735.37	\$1,927.06	\$1,735.37	\$1,927.06	\$1,735.37	\$1,927.06	\$1,735.37	\$1,927.06	\$1,735.37	\$1,927.06	\$1,735.37	\$1,927.06	\$1,735.37	\$1,927.06
	\$160,000	\$2,261.57	\$2,508.46	\$2,261.57	\$2,508.46	\$2,261.57	\$2,508.46	\$2,261.57	\$2,508.46	\$2,261.57	\$2,508.46	\$2,261.57	\$2,508.46	\$2,261.57	\$2,508.46	\$2,261.57	\$2,508.46	\$2,261.57	\$2,508.46
6	\$80,000	\$1,398.84	\$1,548.24	\$1,398.84	\$1,548.24	\$1,398.84	\$1,548.24	\$1,398.84	\$1,548.24	\$1,398.84	\$1,548.24	\$1,398.84	\$1,548.24	\$1,398.84	\$1,548.24	\$1,398.84	\$1,548.24	\$1,398.84	\$1,548.24
	\$120,000	\$1,997.51	\$2,211.73	\$1,997.51	\$2,211.73	\$1,997.51	\$2,211.73	\$1,997.51	\$2,211.73	\$1,997.51	\$2,211.73	\$1,997.51	\$2,211.73	\$1,997.51	\$2,211.73	\$1,997.51	\$2,211.73	\$1,997.51	\$2,211.73
	\$160,000	\$2,596.18	\$2,875.23	\$2,596.18	\$2,875.23	\$2,596.18	\$2,875.23	\$2,596.18	\$2,875.23	\$2,596.18	\$2,875.23	\$2,596.18	\$2,875.23	\$2,596.18	\$2,875.23	\$2,596.18	\$2,875.23	\$2,596.18	\$2,875.23
9	\$80,000	\$1,907.48	\$2,485.79	\$1,907.48	\$2,485.79	\$1,907.48	\$2,485.79	\$1,907.48	\$2,485.79	\$1,907.48	\$2,485.79	\$1,907.48	\$2,485.79	\$1,907.48	\$2,485.79	\$1,907.48	\$2,485.79	\$1,907.48	\$2,485.79
	\$120,000	\$2,709.42	\$3,516.33	\$2,709.42	\$3,516.33	\$2,709.42	\$3,516.33	\$2,709.42	\$3,516.33	\$2,709.42	\$3,516.33	\$2,709.42	\$3,516.33	\$2,709.42	\$3,516.33	\$2,709.42	\$3,516.33	\$2,709.42	\$3,516.33
	\$160,000	\$3,511.36	\$4,546.88	\$3,511.36	\$4,546.88	\$3,511.36	\$4,546.88	\$3,511.36	\$4,546.88	\$3,511.36	\$4,546.88	\$3,511.36	\$4,546.88	\$3,511.36	\$4,546.88	\$3,511.36	\$4,546.88	\$3,511.36	\$4,546.88

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

HO3 and HO4 only

Fire Extinguisher	_____ %	Deadbolt Lock	_____ %
Burglar Alarm	_____ %	Window Locks	_____ %
Smoke Alarm	_____ %	\$1,000 Deductible	_____ %
		Other (specify)	_____ %
		Maximum Credit	_____ %

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? _____ %
 Zone _____
 Highest Risk \$ _____
 Lowest Risk \$ _____

NAIC Number:	18600
Company Name:	USAA General Indemnity Company
Contact Person:	Nick F. Almendarez
Telephone No.:	800-531-8722, ext. 8-2844
Email Address:	nick.almendarez@usaa.com
Effective Date:	09/01/2011

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FORM HPCS - last modified August, 2005**

Submit to: Arkansas Insurance Department
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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	\$1,209.18	\$1,345.67	\$1,209.18	\$1,345.67	\$1,209.18	\$1,345.67	\$1,209.18	\$1,345.67	\$1,209.18	\$1,345.67	\$1,209.18	\$1,345.67	\$1,209.18	\$1,345.67	\$1,209.18	\$1,345.67	\$1,209.18	\$1,345.67
	\$120,000	\$1,735.37	\$1,927.06	\$1,735.37	\$1,927.06	\$1,735.37	\$1,927.06	\$1,735.37	\$1,927.06	\$1,735.37	\$1,927.06	\$1,735.37	\$1,927.06	\$1,735.37	\$1,927.06	\$1,735.37	\$1,927.06	\$1,735.37	\$1,927.06
	\$160,000	\$2,261.57	\$2,508.46	\$2,261.57	\$2,508.46	\$2,261.57	\$2,508.46	\$2,261.57	\$2,508.46	\$2,261.57	\$2,508.46	\$2,261.57	\$2,508.46	\$2,261.57	\$2,508.46	\$2,261.57	\$2,508.46	\$2,261.57	\$2,508.46
6	\$80,000	\$1,398.84	\$1,548.24	\$1,398.84	\$1,548.24	\$1,398.84	\$1,548.24	\$1,398.84	\$1,548.24	\$1,398.84	\$1,548.24	\$1,398.84	\$1,548.24	\$1,398.84	\$1,548.24	\$1,398.84	\$1,548.24	\$1,398.84	\$1,548.24
	\$120,000	\$1,997.51	\$2,211.73	\$1,997.51	\$2,211.73	\$1,997.51	\$2,211.73	\$1,997.51	\$2,211.73	\$1,997.51	\$2,211.73	\$1,997.51	\$2,211.73	\$1,997.51	\$2,211.73	\$1,997.51	\$2,211.73	\$1,997.51	\$2,211.73
	\$160,000	\$2,596.18	\$2,875.23	\$2,596.18	\$2,875.23	\$2,596.18	\$2,875.23	\$2,596.18	\$2,875.23	\$2,596.18	\$2,875.23	\$2,596.18	\$2,875.23	\$2,596.18	\$2,875.23	\$2,596.18	\$2,875.23	\$2,596.18	\$2,875.23
9	\$80,000	\$1,907.48	\$2,485.79	\$1,907.48	\$2,485.79	\$1,907.48	\$2,485.79	\$1,907.48	\$2,485.79	\$1,907.48	\$2,485.79	\$1,907.48	\$2,485.79	\$1,907.48	\$2,485.79	\$1,907.48	\$2,485.79	\$1,907.48	\$2,485.79
	\$120,000	\$2,709.42	\$3,516.33	\$2,709.42	\$3,516.33	\$2,709.42	\$3,516.33	\$2,709.42	\$3,516.33	\$2,709.42	\$3,516.33	\$2,709.42	\$3,516.33	\$2,709.42	\$3,516.33	\$2,709.42	\$3,516.33	\$2,709.42	\$3,516.33
	\$160,000	\$3,511.36	\$4,546.88	\$3,511.36	\$4,546.88	\$3,511.36	\$4,546.88	\$3,511.36	\$4,546.88	\$3,511.36	\$4,546.88	\$3,511.36	\$4,546.88	\$3,511.36	\$4,546.88	\$3,511.36	\$4,546.88	\$3,511.36	\$4,546.88

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

HO3 and HO4 only

Fire Extinguisher	<input type="text"/>	%	Deadbolt Lock	<input type="text"/>	%
Burglar Alarm	<input type="text"/>	%	Window Locks	<input type="text"/>	%
Smoke Alarm	<input type="text"/>	%	\$1,000 Deductible	<input type="text"/>	%
	<input type="text"/>	%	Other (specify)	<input type="text"/>	%
	<input type="text"/>	%	Maximum Credit	<input type="text"/>	%

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

WHAT IS YOUR PERCENTAGE DEDUCTIBLE? %

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

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

NAIC Number: 21253
 Company Name: Garrison Property and Casualty Insurance Company
 Contact Person: Nick F. Almendarez
 Telephone No.: 800-531-8722, ext. 8-2844
 Email Address: nick.almendarez@usaa.com
 Effective Date: 02/22/2013

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 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																
3	\$80,000	\$ 1,209.18	\$ 1,345.67	\$ 1,209.18	\$ 1,345.67	\$ 1,209.18	\$ 1,345.67	\$ 1,209.18	\$ 1,345.67	\$ 1,209.18	\$ 1,345.67	\$ 1,209.18	\$ 1,345.67	\$ 1,209.18	\$ 1,345.67	\$ 1,209.18	\$ 1,345.67	\$ 1,209.18	\$ 1,345.67
	\$120,000	\$ 1,735.37	\$ 1,927.06	\$ 1,735.37	\$ 1,927.06	\$ 1,735.37	\$ 1,927.06	\$ 1,735.37	\$ 1,927.06	\$ 1,735.37	\$ 1,927.06	\$ 1,735.37	\$ 1,927.06	\$ 1,735.37	\$ 1,927.06	\$ 1,735.37	\$ 1,927.06	\$ 1,735.37	\$ 1,927.06
	\$160,000	\$ 2,261.57	\$ 2,508.46	\$ 2,261.57	\$ 2,508.46	\$ 2,261.57	\$ 2,508.46	\$ 2,261.57	\$ 2,508.46	\$ 2,261.57	\$ 2,508.46	\$ 2,261.57	\$ 2,508.46	\$ 2,261.57	\$ 2,508.46	\$ 2,261.57	\$ 2,508.46	\$ 2,261.57	\$ 2,508.46
6	\$80,000	\$ 1,398.84	\$ 1,548.24	\$ 1,398.84	\$ 1,548.24	\$ 1,398.84	\$ 1,548.24	\$ 1,398.84	\$ 1,548.24	\$ 1,398.84	\$ 1,548.24	\$ 1,398.84	\$ 1,548.24	\$ 1,398.84	\$ 1,548.24	\$ 1,398.84	\$ 1,548.24	\$ 1,398.84	\$ 1,548.24
	\$120,000	\$ 1,997.51	\$ 2,211.73	\$ 1,997.51	\$ 2,211.73	\$ 1,997.51	\$ 2,211.73	\$ 1,997.51	\$ 2,211.73	\$ 1,997.51	\$ 2,211.73	\$ 1,997.51	\$ 2,211.73	\$ 1,997.51	\$ 2,211.73	\$ 1,997.51	\$ 2,211.73	\$ 1,997.51	\$ 2,211.73
	\$160,000	\$ 2,596.18	\$ 2,875.23	\$ 2,596.18	\$ 2,875.23	\$ 2,596.18	\$ 2,875.23	\$ 2,596.18	\$ 2,875.23	\$ 2,596.18	\$ 2,875.23	\$ 2,596.18	\$ 2,875.23	\$ 2,596.18	\$ 2,875.23	\$ 2,596.18	\$ 2,875.23	\$ 2,596.18	\$ 2,875.23
9	\$80,000	\$ 1,907.48	\$ 2,485.79	\$ 1,907.48	\$ 2,485.79	\$ 1,907.48	\$ 2,485.79	\$ 1,907.48	\$ 2,485.79	\$ 1,907.48	\$ 2,485.79	\$ 1,907.48	\$ 2,485.79	\$ 1,907.48	\$ 2,485.79	\$ 1,907.48	\$ 2,485.79	\$ 1,907.48	\$ 2,485.79
	\$120,000	\$ 2,709.42	\$ 3,516.33	\$ 2,709.42	\$ 3,516.33	\$ 2,709.42	\$ 3,516.33	\$ 2,709.42	\$ 3,516.33	\$ 2,709.42	\$ 3,516.33	\$ 2,709.42	\$ 3,516.33	\$ 2,709.42	\$ 3,516.33	\$ 2,709.42	\$ 3,516.33	\$ 2,709.42	\$ 3,516.33
	\$160,000	\$ 3,511.36	\$ 4,546.88	\$ 3,511.36	\$ 4,546.88	\$ 3,511.36	\$ 4,546.88	\$ 3,511.36	\$ 4,546.88	\$ 3,511.36	\$ 4,546.88	\$ 3,511.36	\$ 4,546.88	\$ 3,511.36	\$ 4,546.88	\$ 3,511.36	\$ 4,546.88	\$ 3,511.36	\$ 4,546.88

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

HO3 and HO4 only

Fire Extinguisher	<input type="text"/>	%	Deadbolt Lock	<input type="text"/>	%
Burglar Alarm	<input type="text"/>	%	Window Locks	<input type="text"/>	%
Smoke Alarm	<input type="text"/>	%	\$1,000 Deductible	<input type="text"/>	%
			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 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"/>

USAA Group
Arkansas
Fire and Allied Lines Filing Memorandum

USAA Group (USAA, USAA-CIC, USAA-GIC, and Garrison) wishes to revise our Fire and Allied Lines program with an overall effect of 7.0%. The effects by form apply as follows:

USAA Fire	21.4%
USAA Allied Lines	0.0%
USAA Misc	0.0%
USAA Combined	6.9%
USAA-CIC Fire	21.4%
USAA-CIC Allied Lines	0.0%
USAA-CIC Misc	0.0%
USAA-CIC Combined	7.0%
USAA-GIC Fire	21.4%
USAA-GIC Allied Lines	0.0%
USAA-GIC Misc	0.0%
USAA-GIC Combined	7.1%
Garrison Fire	21.3%
Garrison Allied Lines	0.0%
Garrison Misc	0.0%
Garrison Combined	7.5%
USAA Group Combined	7.0%

The proposed changes include revising the Fire Base Rates. The attached exhibits support these revisions.

An effective date of February 22, 2013, for these revisions will apply to all policies. Details of these revisions are attached.

USAA Group
Arkansas
Explanatory Memorandum
Fire

The attached exhibits are in support of the Fire Rate revision in Arkansas with a proposed effective date of 02/22/2013. Exhibits I through IX develop the rate level indication.

Exhibit I - illustrates USAA Group Arkansas experience for the latest five accident years ending December 31, 2011 as of March 31, 2012. The indicated rate level change is developed in this exhibit. The proposed change is also provided. A large loss procedure was applied to the losses, which is detailed in Exhibit III.

Exhibit II - provides the calculation of the premium trend factors to reflect increasing amounts of insurance, as well as all other distributional changes. The selected factors are based on USAA Group Arkansas data. The current amount factors are based on actual trend to current in average earned premium at present rates (EPPR). The trended amount factor was selected based on the change in annual average EPPR. The data was fitted to an exponential curve.

Exhibit III - shows the 10-year smoothing technique USAA Group uses to reflect the excess loss potential in Arkansas. The Large Loss Adjustment establishes an excess loss cut-off as a percentage of the average amount of insurance written for each year. The procedure then removes the portion of developed loss in excess of the cut-off, ratios the excess losses to the developed non-excess (normal) losses, and selects a weighted average of this ratio as the excess loss factor.

Exhibit IV - displays the calculation of USAA Group loss development factors for Arkansas. Loss data used for these calculations excludes catastrophes.

Exhibit V - shows the loss trend underlying the rate level indication. Various exponential fits including 20-, 16-, 12-, 8-, and 4-points are shown. The selected current cost factor (CCF) and trended cost factor (TCF) are based on the results of these exponential fits. Due to the volatility and lack of credibility in Arkansas, the selected Arkansas loss trend was credibility weighted with USAA Group countrywide loss trend data excluding CA, FL & TX. The Arkansas credibility-weighted current cost factor and trended cost factor are displayed on Page 2.

Exhibit VI - develops the loss adjustment expense (LAE) factor used in calculating the indication in Exhibit I. The factor is based upon USAA Group countrywide data for calendar-accident years 2008, 2009, and 2010.

Exhibit VII: Fire Following EQ - displays the expected fire following earthquake catastrophe loss and LAE ratio calculation based on a fire following earthquake simulation model developed by AIR Worldwide (AIR), Inc., of Boston, Massachusetts. AIR's Catastrophe Loss Analysis Service models fire following earthquake based on geological, engineering, and property damage data. The models estimate damage by five digit ZIP code based on various earthquake causative characteristics, including ignition,

USAA Group
Arkansas
Explanatory Memorandum
Fire

population, and fire suppression ability. The model generates a large sample of simulated events which are then superimposed on USAA Group's geographical distribution of exposures by county and ZIP code within the state. USAA Group uses the statewide estimated average annual loss provided by AIR in calculating the overall indication.

Exhibit VIII - shows the development of the variable permissible loss and LAE ratio for Arkansas on Page 1. Provisions for other expense categories are based on countrywide data from the Insurance Expense Exhibit while taxes, licenses, and fees are based upon actual Arkansas experience for USAA Group. The calculation of the selected annual expense trend is shown on Page 2. The trend is derived by taking a weighted average of the Employment Cost Index and the Consumer Price Index. The expense trend is used to trend fixed expenses, which are used to develop the indication shown in Exhibit I.

Exhibit IX - details USAA Group's method for selecting its underwriting profit and contingency provision, which is included in the permissible loss ratio. A separate explanatory memorandum is included with the exhibit.

USAA Group
 Arkansas
 Indicated Rate Change
 Fire Forms
 As of 03/31/2012

Accident Year Ending (1)	Earned Premium at Present Rates (2)	Premium Trend Factor ^A (3)	Prospective Earned Premium at Present Rates (4) = (2) * (3)	Smoothed Developed Incurred Losses Excluding Catastrophes ^B (5)	Loss Trend Factor ^C (6)	LAE Factor ^D (7)	Prospective Incurred Losses and LAE Excluding Catastrophes (8) = (5) * (6) * (7)	Prospective Loss and LAE Ratio Excluding Catastrophes (9) = (8) / (4)	Weight (10)
12/31/2007	\$662,278	1.243	\$823,212	\$961,186	0.900	1.117	\$966,280	1.174	0.100
12/31/2008	724,835	1.213	879,225	601,272	0.923	1.117	619,906	0.705	0.150
12/31/2009	813,645	1.201	977,188	797,098	0.947	1.117	843,169	0.863	0.200
12/31/2010	929,855	1.146	1,065,614	770,345	0.971	1.117	835,522	0.784	0.250
12/31/2011	1,104,901	1.095	1,209,867	1,696,590	0.996	1.117	1,887,511	1.560	0.300
Five Year Weighted Loss and LAE Ratio Excluding Catastrophes =									1.060
Fire Following Earthquake Catastrophe Loss and LAE Ratio ^E =									0.009
Trended Fixed Expense Ratio ^F =									0.118
Variable Permissible Loss and LAE Ratio ^G =									0.825
Indicated Rate Level Change = (1.06 + 0.009 + 0.118) / 0.825 - 1									43.9%
Proposed Rate Level Change =									21.4%

^A Developed in Exhibit II

^B Developed in Exhibit III

^C Developed in Exhibit V, Page 2 of 2

^D Developed in Exhibit VI

^E Developed in Exhibit VII

^F Developed in Exhibit VIII Page 1 of 2

^G Developed in Exhibit VIII Page 1 of 2

USAA Group
Arkansas
Premium Trend
Fire Forms

Exhibit II

Year Ending Quarter (1)	Total Earned Premium at Present Rates (2)	Earned Exposures (3)	Average Earned Premium at Present Rates (4)	Annual Change (5)	Current Amount Factors 327.48 / (4)
2007/1	613,060	2,182	280.96		1.166
2007/2	626,164	2,219	282.18		1.161
2007/3	644,220	2,261	284.93		1.149
2007/4	662,278	2,296	288.45		1.135
2008/1	677,116	2,324	291.36	3.7%	1.124
2008/2	691,250	2,354	293.65	4.1%	1.115
2008/3	704,464	2,391	294.63	3.4%	1.111
2008/4	724,835	2,452	295.61	2.5%	1.108
2009/1	730,854	2,527	289.22	-0.7%	1.132
2009/2	754,858	2,605	289.77	-1.3%	1.130
2009/3	779,552	2,668	292.19	-0.8%	1.121
2009/4	813,645	2,726	298.48	1.0%	1.097
2010/1	853,788	2,776	307.56	6.3%	1.065
2010/2	876,125	2,828	309.80	6.9%	1.057
2010/3	905,589	2,896	312.70	7.0%	1.047
2010/4	929,855	2,974	312.66	4.8%	1.047
2011/1	971,468	3,066	316.85	3.0%	1.034
2011/2	1,015,997	3,163	321.21	3.7%	1.020
2011/3	1,060,083	3,265	324.68	3.8%	1.009
2011/4	1,104,901	3,374	327.48	4.7%	1.000

Trended Amount Factor:

	Least Squares Results				
	20 pt	16 pt	12 pt	8 pt	4 pt
Exponential Fits					
Annualized Change:	3.1%	3.4%	4.9%	3.7%	4.5%
R-squared Value:	0.908	0.870	0.967	0.973	0.989
Selected Annual Trend Factor:	1.035				

Premium Trend Factor

Accident Year Ending

12/31/2007
12/31/2008
12/31/2009
12/31/2010
12/31/2011

Current Amount Factors (1)	Trended Amount Selection (2)	Trended Amount Period ^A (3)	Trended Amount Factors (4) = (2) ^ (3)	Premium Trend Factors (5) = (1) * (4)
1.135	1.035	2.650	1.095	1.243
1.108	1.035	2.650	1.095	1.213
1.097	1.035	2.650	1.095	1.201
1.047	1.035	2.650	1.095	1.146
1.000	1.035	2.650	1.095	1.095

^A From the average earned date in the most recent accident year, 06/30/2011, to the average earned date in the effective period, 02/22/2014

USAA Group
Arkansas
Large Loss Adjustment
Fire Forms
As of 03/31/2012

Exhibit III

Accident Year Ending	Average Amount of Insurance	Cutoff 25% of (2)	Incurred Losses Excluding Catastrophes	Loss Development Factors (5) ^A	Developed Losses Excluding Catastrophes	Number of Excess Losses	Large Losses	Excess Losses (9) = (8) - (7) * (3)	Normal Losses (10) = (6) - (9)	Excess Ratio (11) = (9) / (10)	Smoothed Developed Incurred Losses Ex Cats (12) ^C
(1)	(2)	(3)	(4)	(5) ^A	(6)	(7)	(8)	(9) = (8) - (7) * (3)	(10) = (6) - (9)	(11) = (9) / (10)	(12) ^C
12/31/2002	\$103,816	\$25,954	\$76,785	1.0000	\$76,785	1	\$34,786	\$8,832	\$67,953	0.130	\$145,555
12/31/2003	113,136	\$28,284	228,146	1.0000	\$228,146	3	\$192,297	107,445	120,701	0.890	\$258,542
12/31/2004	131,302	\$32,826	22,096	1.0000	\$22,096	0	\$0	0	22,096	0.000	\$47,330
12/31/2005	141,437	\$35,359	308,729	1.0000	\$308,729	3	\$270,394	164,317	144,412	1.138	\$309,331
12/31/2006	149,163	\$37,291	137,124	1.0000	\$137,124	1	\$135,913	98,622	38,502	2.561	\$82,471
12/31/2007	159,659	\$39,915	920,647	1.0000	\$920,647	7	\$751,319	471,914	448,733	1.052	\$961,186
12/31/2008	162,838	\$40,710	763,498	1.0000	\$763,498	5	\$686,342	482,792	280,706	1.720	\$601,272
12/31/2009	174,006	\$43,502	828,197	1.0000	\$828,197	7	\$760,583	456,069	372,128	1.226	\$797,098
12/31/2010	180,221	\$45,055	604,937	0.9956	\$602,275	6	\$512,967	242,637	359,638	0.675	\$770,345
12/31/2011	184,858	\$46,215	1,786,186	0.9972	\$1,781,185	12	\$1,543,706	989,126	792,059	1.249	\$1,696,590
								\$3,021,754	\$2,646,928		

Weighted Average Excess Ratio ^B = 1.142

Weighted Average Excess Factor = 2.142

^A Developed in Exhibit IV

^B Weighted Average Excess Ratio = Sum of Column (9) / Sum of Column (10)

^C (12) = (10) * Weighted Average Excess Factor

USAA Group
Arkansas
Loss Development
Incurred Losses Excluding Catastrophes
Fire Forms

Exhibit IV

Accident Year Ending	15 months	27 months	39 months	51 months	63 months
12/31/2002					76,785
12/31/2003				228,146	228,146
12/31/2004			22,096	22,096	22,096
12/31/2005		308,729	308,729	308,729	308,729
12/31/2006	137,124	137,124	137,124	137,124	137,124
12/31/2007	952,237	943,233	920,647	920,647	920,647
12/31/2008	763,498	763,498	763,498	763,498	
12/31/2009	812,743	826,744	828,197		
12/31/2010	604,901	604,937			
12/31/2011	1,786,186				

Age-to-Age Factors

Accident Year Ending	15 to 27 Months	27 to 39 Months	39 to 51 Months	51 to 63 Months
12/31/2002				
12/31/2003				1.0000
12/31/2004			1.0000	1.0000
12/31/2005		1.0000	1.0000	1.0000
12/31/2006	1.0000	1.0000	1.0000	1.0000
12/31/2007	0.9905	0.9761	1.0000	1.0000
12/31/2008	1.0000	1.0000	1.0000	
12/31/2009	1.0172	1.0018		
12/31/2010	1.0001			
Latest 3-year Average	1.0058	0.9926	1.0000	1.0000
Latest 4-year Average	1.0020	0.9945	1.0000	1.0000
Latest 5-year Average	1.0016	0.9956	1.0000	1.0000
Latest 3-out-of-5-year Average	1.0000	1.0000	1.0000	1.0000
Selected Age-to-Age Factors	1.0016	0.9956	1.0000	1.0000

Cumulative Factors

	15 to 51 Months	27 to 51 Months	39 to 51 Months	51 to 63 Months
Selected Cumulative Factors	0.9972	0.9956	1.0000	1.0000

USAA Group
Arkansas
USAA Group CW Excl CA, FL, & TX
Fire Forms

Year Ending Quarter	Calendar Year Paid Frequency				Calendar Year Paid Severity				Calendar Year Paid Pure Premium			
	Series 1 ^A	Annual Change	Series 2 ^B	Annual Change	Series 1 ^A	Annual Change	Series 2 ^B	Annual Change	Series 1 ^A	Annual Change	Series 2 ^B	Annual Change
2007/2	0.0041		0.0040		28,013		30,351		113.62		121.50	
2007/3	0.0066		0.0041		33,874		32,630		224.72		132.66	
2007/4	0.0087		0.0042		37,662		30,740		328.07		130.38	
2008/1	0.0116		0.0043		35,876		33,091		416.81		140.79	
2008/2	0.0127	214.2%	0.0044	9.3%	29,612	5.7%	31,818	4.8%	377.38	232.1%	139.21	14.6%
2008/3	0.0130	95.4%	0.0045	11.3%	33,876	0.0%	29,950	-8.2%	439.21	95.4%	135.56	2.2%
2008/4	0.0122	40.5%	0.0045	5.6%	27,626	-26.6%	30,043	-2.3%	338.00	3.0%	134.58	3.2%
2009/1	0.0103	-11.4%	0.0043	0.1%	26,258	-26.8%	30,092	-9.1%	270.17	-35.2%	128.20	-8.9%
2009/2	0.0061	-51.8%	0.0043	-2.1%	34,402	16.2%	27,891	-12.3%	211.30	-44.0%	119.43	-14.2%
2009/3	0.0067	-48.0%	0.0042	-6.6%	21,452	-36.7%	28,983	-3.2%	144.73	-67.0%	122.50	-9.6%
2009/4	0.0070	-43.0%	0.0041	-9.0%	31,181	12.9%	29,958	-0.3%	217.33	-35.7%	122.11	-9.3%
2010/1	0.0083	-19.5%	0.0042	-0.7%	38,138	45.2%	27,443	-8.8%	315.98	17.0%	116.08	-9.5%
2010/2	0.0103	67.0%	0.0042	-2.4%	34,409	0.0%	26,076	-6.5%	352.85	67.0%	109.02	-8.7%
2010/3	0.0090	33.1%	0.0045	6.9%	38,241	78.3%	24,143	-16.7%	343.33	137.2%	109.04	-11.0%
2010/4	0.0091	30.3%	0.0049	19.6%	31,696	1.7%	21,744	-27.4%	287.76	32.4%	105.96	-13.2%
2011/1	0.0075	-9.5%	0.0048	13.0%	31,819	-16.6%	22,951	-16.4%	238.69	-24.5%	109.74	-5.5%
2011/2	0.0082	-19.8%	0.0049	18.3%	41,380	20.3%	22,818	-12.5%	340.14	-3.6%	112.86	3.5%
2011/3	0.0098	9.2%	0.0045	-0.9%	46,483	21.6%	25,104	4.0%	455.58	32.7%	112.31	3.0%
2011/4	0.0098	7.7%	0.0040	-18.0%	53,711	69.5%	29,411	35.3%	525.33	82.6%	117.53	10.9%
2012/1	0.0106	41.6%	0.0038	-19.9%	44,996	41.4%	31,161	35.8%	477.85	100.2%	119.37	8.8%
Exponential Fits	R-squared Value	Annualized Change	R-squared Value	Annualized Change	R-squared Value	Annualized Change	R-squared Value	Annualized Change	R-squared Value	Annualized Change	R-squared Value	Annualized Change
20-point fit	0.006	3.6%	0.052	1.0%	0.351	8.2%	0.410	-5.2%	0.194	12.2%	0.557	-4.3%
16-point fit	0.090	-4.0%	0.000	-0.3%	0.561	15.2%	0.238	-4.9%	0.153	10.5%	0.577	-5.2%
12-point fit	0.573	16.3%	0.003	0.3%	0.583	21.6%	0.014	-1.8%	0.710	41.4%	0.087	-1.5%
8-point fit	0.069	4.8%	0.183	-6.7%	0.589	26.8%	0.397	13.5%	0.496	33.0%	0.771	5.9%
4-point fit	0.854	35.9%	0.962	-29.7%	0.203	17.2%	0.975	54.8%	0.628	59.2%	0.845	8.9%

^A Series 1 is based on USAA Group Arkansas data

^B Series 2 is based on USAA Group CW Excl CA, FL, & TX data

USAA Group
Arkansas
USAA Group CW Excl CA, FL, & TX
Fire Forms

	Series 1 Frequency ^A	Series 2 Frequency ^B	Cred-Weighted Frequency ^C	Series 1 Severity ^A	Series 2 Severity ^B	Cred-Weighted Severity ^C	Cred-Weighted Pure Premium
Current Cost Selection	1.163	1.000	1.010	1.120	0.955	0.965	0.975
Trended Cost Selection	1.100	1.000	1.006	1.080	0.990	0.995	1.001

<u>Accident Year Ending</u>	Loss Trend Factor						
	Current Cost Selection (1)	Current Cost Period ^D (2)	Current Cost Factor (3) = (1) ^ (2)	Trended Cost Selection (4)	Trended Cost Period ^E (5)	Trended Cost Factor (6) = (4) ^ (5)	Loss Trend Factor (7) = (3) * (6)
12/31/2007	0.975	4.250	0.898	1.001	2.400	1.002	0.900
12/31/2008	0.975	3.250	0.921	1.001	2.400	1.002	0.923
12/31/2009	0.975	2.250	0.945	1.001	2.400	1.002	0.947
12/31/2010	0.975	1.250	0.969	1.001	2.400	1.002	0.971
12/31/2011	0.975	0.250	0.994	1.001	2.400	1.002	0.996

^A Series 1 is based on USAA Group Arkansas data

^B Series 2 is based on USAA Group CW Excl CA, FL, & TX data

^C USAA Group Arkansas is 5.9% credible based on 37 claims; used the Square Root method with a full credibility standard of 10,623 claims.

^D From the average date of loss in the respective accident year to 09/30/2011

^E From 09/30/2011 to the average date of loss in the effective period, 02/22/2014

USAA Group
Countrywide
 Loss Adjustment Expense (LAE) Factor
All Forms Combined
 As of 6/30/2011

Non-Catastrophe Loss Adjustment Expense Factor			
Accident Year Ending	Incurred Losses	Loss Adjustment Expense	LAE Ratio
12/31/2008	90,686,897	11,116,819	0.123
12/31/2009	106,289,008	13,489,069	0.127
12/31/2010	117,099,835	11,970,940	0.102
Average LAE Ratio			0.117
Selected Non-Catastrophe LAE Factor			1.117

USAA Group
Arkansas
 Expected Net Fire Following Earthquake Loss and LAE Ratio
Fire Forms

(1) Expected Annual Net Fire Following Earthquake Cat Loss	\$10,322
(2) Prospective Earned Premium at Present Rates	\$1,209,867
(3) Fire Following Earthquake Catastrophe Loss and LAE Ratio (1) / (2)	0.009
<hr/>	
Selected Fire Following Earthquake Catastrophe Loss and LAE Ratio	0.009

^A Based on Applied Insurance Research, Inc. (AIR) methodology and assumptions; net losses are based on exposure levels as of 05/31/2011 and trended for loss severity

USAA Group
Arkansas
Fixed and Variable Expense Provisions
Fire Forms

Exhibit VIII
Page 1 of 2

	2010	2011	2-Year Straight Average	Selected
(1) Average General Expenses Per Earned Exposure ^A	\$3.85	\$6.77		
(2) Selected Annual Expense Trend ^B	2.0%	2.0%		
(3) Trend Period ^C	3.65	2.65		
(4) Projected Average General Expenses Per Earned Exposure (1) * [1.02] ^ (3)	\$4.14	\$7.13	\$5.64	\$5.64
(5) Average Other Acquisition Expense Per Written Exposure ^A	\$34.70	\$33.82		
(6) Selected Annual Expense Trend ^B	2.0%	2.0%		
(7) Trend Period ^D	3.15	2.15		
(8) Projected Average Other Acquisition Expense Per Written Exposure (5) * [1.02] ^ (7)	\$36.93	\$35.29	\$36.11	\$36.11
(9) Average Licenses and Fees Expense Per Written Exposure ^E	\$0.74	\$0.36		
(10) Selected Annual Expense Trend ^B	2.0%	2.0%		
(11) Trend Period ^D	3.15	2.15		
(12) Projected Average Licenses and Fees Expense Per Written Exposure (9) * [1.02] ^ (11)	\$0.79	\$0.38	\$0.59	\$0.59
(13) Total Fixed Expense (4) + (8) + (12)				\$42.34
(14) Average Projected Premium at Present Rates ^F				\$358.59
(15) Projected Fixed Expense Provision (13) / (14)				0.118
(16) Commission and Brokerage	0.0%	0.0%	0.0%	0.0%
(17) Taxes ^G	2.5%	2.4%	2.5%	2.5%
(18) Profit and Contingencies Provision ^H				15.0%
(19) Total Variable Expenses (16) + (17) + (18)				17.5%
(20) Variable Permissible Loss and LAE Ratio 1 - (19)				82.5%

^A USAA Group Countrywide data

^B Developed in Exhibit VIII, Page 2 of 2

^C From the midpoint of the respective year to the average earned date in effective period, 02/22/2014

^D From the midpoint of the respective year to the average written date in effective period, 08/22/2013

^E Arkansas USAA Group data

^F Arkansas USAA Group data for Fire Forms only

^G Arkansas USAA Group data as a percent of direct written premium

^H Developed in Exhibit IX Page 2 of 2

USAA Group
Countrywide
 Calculation of Annual Expense Trend

(1) Employment Cost Index - Insurance Carriers and related, excluding incentive paid (annual change over latest 2 years ending 12/31/2011) U.S. Department of Labor	2.2%
(2) % of Total Acquisition and General Expenses used for Salaries and Employee Relations & Welfare - USAA Group Insurance Expense Exhibit, 2011	57.3%
(3) Consumer Price Index, All Items - (annual change over latest 2 year ending 12/31/2011)	2.2%
(4) Annual Expense Trend - { (1) * (2) } + { (3) * [1 - (2)] }	2.2%
<hr/> Selected Annual Expense Trend	<hr/> 2.0%

USAA GROUP
ARKANSAS FIRE
UNDERWRITING PROFIT PROVISION
EXPLANATORY MEMORANDUM

This exhibit is submitted in support of the underwriting profit and contingency provision included in the permissible loss ratio.

UNDERWRITING PROFIT PROVISION

The target underwriting profit and contingency provision needed to achieve our desired overall profit level is developed on Page 2. The selected target rate of return is 10.0% on GAAP (generally accepted accounting principles) equity.

The target underwriting return on an after-tax basis is derived by subtracting the after-tax investment rate of return on GAAP surplus from the target rate of return. This target underwriting rate of return is then adjusted to a before-tax basis, using the current corporate tax rate of 35.0%, and then divided by the premium-to-surplus ratio to yield the target underwriting profit and contingency provision.

TARGET RATE OF RETURN

Results from the Capital Asset Pricing Model (CAPM), commonly used in evaluating investments, suggest a required rate of return around 8.6%. Historically, the CAPM has consistently supported a 10.0% rate of return. However, the unusually poor market performance in recent years has impacted the results. We still believe 10.0% is a reasonable rate of return and is consistent with our historical selection.

The data points used in the CAPM method are published historical values from Value Line, Inc.'s *Investment Survey* (as of 7/30/11) and from Ibbotson Associates' 2011 Stocks, Bonds, Bills & Inflation (SBBI) Yearbook. The companies composing the "P&C Insurance Industry", as identified by Value Line, Inc., were selected to determine the appropriate rate of return for a P&C company.

INVESTMENT RATE OF RETURN

The investment rate of return is determined by dividing the estimated investment earnings by the Arkansas Fire allocation of USAA Group surplus. The estimated investment earnings are calculated by applying a selected after-tax rate of return to the total funds subject to investment.

The selected after-tax rate of return is a weighted average after-tax return, using the projected proportion of the portfolio held in each component as weight. The composition of the portfolio is projected for 2012 and 2013 and an after-tax return for each year is calculated.

USAA GROUP
ARKANSAS FIRE
UNDERWRITING PROFIT PROVISION

A.	Target Rate of Return (% of GAAP Surplus)	
1.	Capital Asset Pricing Model	8.6%
2.	Selected Target Rate of Return	10.0%
B.	Target Underwriting Rate of Return (% of GAAP Surplus)	
1.	Investment Rate of Return After Tax	2.6%
2.	Target Underwriting Return After Tax (A2) - (B1)	7.4%
3.	Target Underwriting Return Before Tax (B2) / (1.00 - 0.35)	11.4%
C.	Target Underwriting Profit Provision (% of Direct Earned Premium)	
1.	Direct Written Premium / GAAP Surplus Ratio	0.625
2.	Indicated Underwriting Profit Provision (B3) / (C1)	18.2%
3.	Selected Underwriting Profit Provision	15.0%

Objection 2:

P&C Actuarial Justification (Supporting Document)

Comments:

Please provide additional details concerning the fire losses (concentrated area, arson, lightning?) and explain any underwriting steps taken to address the losses.

Response:**Concentrated Area:**

Approximately 68% of USAA's incurred Fire non-catastrophe losses from accident year 2011 came from USAA's rated territory #33. The geographic region covered by territory #33 is the entire state of Arkansas excluding Pulaski and Jefferson Counties. Our exposures in this region make up about 67% of our book of business there, so the relative amount of incurred non-cat losses mentioned above is not surprising. However, this is the region driving the highest dollar amount in losses. The next highest dollar amount of Fire non-catastrophe losses for the same time period came from our rated territory #30. The geographic region covered by territory #30 is the city of Little Rock. Incurred non-catastrophe losses in this territory make up about 31% of the state's losses; however, its earned exposures make up only 16% of our book of business.

Types of Losses:

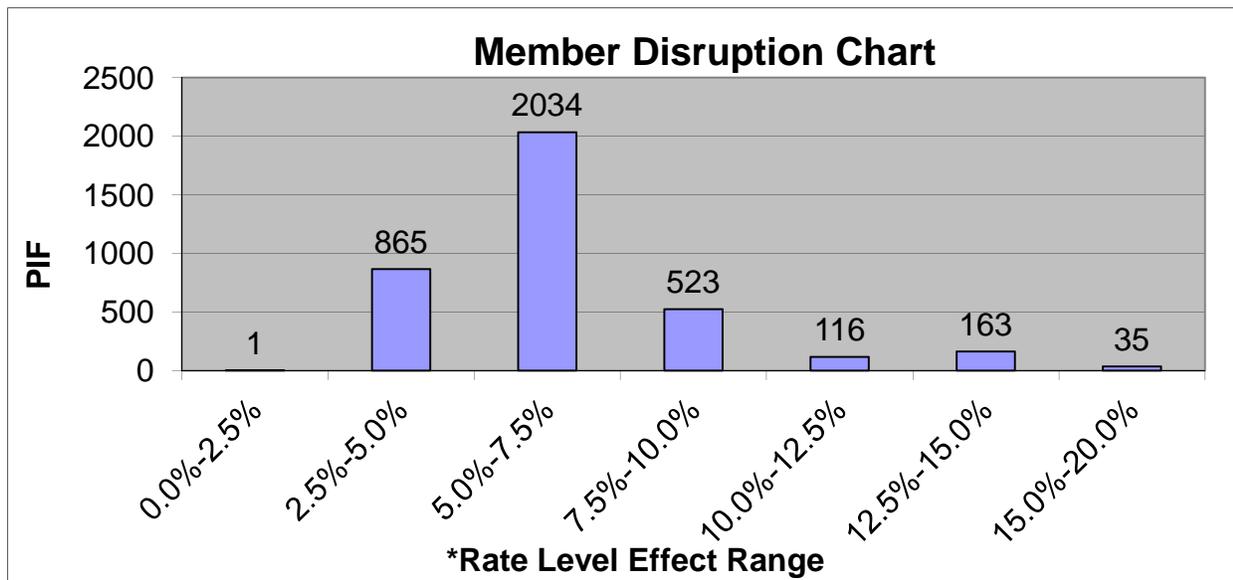
The types of Fire losses most prevalent in USAA's Arkansas historical data are basic fire peril losses (not lightning, arson, etc). However, Lightning claims are not insignificant. In calendar year 2011, we received 23 Fire claims and 5 Lightning claims. (The number of lightning claims has an average of 2.7 claims per year over the last 10 years). Total claims for that year was 35.

Calendar Year 2011 showed a 92% increase in the number of Fire claims from calendar year 2010 (12 Fire Claims). On a broader perspective, the average number of Fire claims in Arkansas on USAA's book of business for calendar years 2007-2011 was 13 per year while the same average for calendar years 2002-2006 was just 4 per year. We are seeing a significant increase in the number of regular Fire peril losses over the last 10 years, with the peak coming in calendar year 2011.

Underwriting Steps to Address these Losses:

Underwriting reviews policies with multiple paid claims activity which includes fire losses. Underwriting action after review of the circumstances of the losses is taken subject to regulatory restrictions. Action may include accept/renew, modification such as a deductible change, mitigate the exposure, provide the member with mitigation information to address concerns and non-renewal action.

USAA GROUP
ARKANSAS Rental Property Insurance
Member Disruption Exhibit



*Note that these rate level effects are based on a member's policy as a whole, which includes both Fire and Allied Lines coverage.

SERFF Tracking #:

USAA-128675165

State Tracking #:**Company Tracking #:**

AR1215353

State:

Arkansas

First Filing Company:

Garrison Property and Casualty Insurance Company, ...

TOI/Sub-TOI:

01.0 Property/01.0002 Personal Property (Fire and Allied Lines)

Product Name:

Dwelling Fire

Project Name/Number:

Rate Revision/AR1215353

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)
09/06/2012	Supporting Document	P&C Actuarial Justification	10/16/2012	AR Filing Memorandum and Exhibits.pdf (Superseded)

USAA Group
Arkansas
Fire and Allied Lines Filing Memorandum

USAA Group (USAA, USAA-CIC, USAA-GIC, and Garrison) wishes to revise our Fire and Allied Lines program with an overall effect of 7.0%. The effects by form apply as follows:

USAA Fire	21.4%
USAA Allied Lines	0.0%
USAA Misc	0.0%
USAA Combined	6.9%
USAA-CIC Fire	21.4%
USAA-CIC Allied Lines	0.0%
USAA-CIC Misc	0.0%
USAA-CIC Combined	7.0%
USAA-GIC Fire	21.4%
USAA-GIC Allied Lines	0.0%
USAA-GIC Misc	0.0%
USAA-GIC Combined	7.1%
Garrison Fire	21.3%
Garrison Allied Lines	0.0%
Garrison Misc	0.0%
Garrison Combined	7.5%
USAA Group Combined	7.0%

The proposed changes include revising the Fire Base Rates. The attached exhibits support these revisions.

An effective date of February 22, 2013, for these revisions will apply to all policies. Details of these revisions are attached.

USAA Group
Arkansas
Fire and Allied Lines Filing Memorandum

Attachments in support of this filing:

Explanatory Memo-Fire

Exhibit I Indicated Rate Change

Exhibit II Premium Trend

Exhibit III Large Loss Adjustment

Exhibit IV Loss Development

Exhibit V Loss Trend

Exhibit VI Loss Adjustment Expense (LAE)

Exhibit VII Expected Net Fire Following Earthquake Loss and LAE Ratio

Exhibit VIII Expenses

Exhibit IX Underwriting Profit Provision

USAA Group
 Arkansas
 Indicated Rate Change
 Fire Forms
 As of 03/31/2012

Accident Year Ending (1)	Earned Premium at Present Rates (2)	Premium Trend Factor ^A (3)	Prospective Earned Premium at Present Rates (4) = (2) * (3)	Smoothed Developed Incurred Losses Excluding Catastrophes ^B (5)	Loss Trend Factor ^C (6)	LAE Factor ^D (7)	Prospective Incurred Losses and LAE Excluding Catastrophes (8) = (5) * (6) * (7)	Prospective Loss and LAE Ratio Excluding Catastrophes (9) = (8) / (4)	Weight (10)
12/31/2007	\$662,278	1.243	\$823,212	\$961,186	0.900	1.117	\$966,280	1.174	0.100
12/31/2008	724,835	1.213	879,225	601,272	0.923	1.117	619,906	0.705	0.150
12/31/2009	813,645	1.201	977,188	797,098	0.947	1.117	843,169	0.863	0.200
12/31/2010	929,855	1.146	1,065,614	770,345	0.971	1.117	835,522	0.784	0.250
12/31/2011	1,104,901	1.095	1,209,867	1,696,590	0.996	1.117	1,887,511	1.560	0.300
Five Year Weighted Loss and LAE Ratio Excluding Catastrophes =									1.060
Fire Following Earthquake Catastrophe Loss and LAE Ratio ^E =									0.009
Trended Fixed Expense Ratio ^F =									0.118
Variable Permissible Loss and LAE Ratio ^G =									0.825
Indicated Rate Level Change = (1.06 + 0.009 + 0.118) / 0.825 - 1									43.9%
Proposed Rate Level Change =									21.4%

^A Developed in Exhibit II

^B Developed in Exhibit III

^C Developed in Exhibit V, Page 2 of 2

^D Developed in Exhibit VI

^E Developed in Exhibit VII

^F Developed in Exhibit VIII Page 1 of 2

^G Developed in Exhibit VIII Page 1 of 2

USAA Group
Arkansas
Premium Trend
Fire Forms

Exhibit II

Year Ending Quarter (1)	Total Earned Premium at Present Rates (2)	Earned Exposures (3)	Average Earned Premium at Present Rates (4)	Annual Change (5)	Current Amount Factors 327.48 / (4)
2007/1	613,060	2,182	280.96		1.166
2007/2	626,164	2,219	282.18		1.161
2007/3	644,220	2,261	284.93		1.149
2007/4	662,278	2,296	288.45		1.135
2008/1	677,116	2,324	291.36	3.7%	1.124
2008/2	691,250	2,354	293.65	4.1%	1.115
2008/3	704,464	2,391	294.63	3.4%	1.111
2008/4	724,835	2,452	295.61	2.5%	1.108
2009/1	730,854	2,527	289.22	-0.7%	1.132
2009/2	754,858	2,605	289.77	-1.3%	1.130
2009/3	779,552	2,668	292.19	-0.8%	1.121
2009/4	813,645	2,726	298.48	1.0%	1.097
2010/1	853,788	2,776	307.56	6.3%	1.065
2010/2	876,125	2,828	309.80	6.9%	1.057
2010/3	905,589	2,896	312.70	7.0%	1.047
2010/4	929,855	2,974	312.66	4.8%	1.047
2011/1	971,468	3,066	316.85	3.0%	1.034
2011/2	1,015,997	3,163	321.21	3.7%	1.020
2011/3	1,060,083	3,265	324.68	3.8%	1.009
2011/4	1,104,901	3,374	327.48	4.7%	1.000

Trended Amount Factor:

	Least Squares Results				
	20 pt	16 pt	12 pt	8 pt	4 pt
Exponential Fits					
Annualized Change:	3.1%	3.4%	4.9%	3.7%	4.5%
R-squared Value:	0.908	0.870	0.967	0.973	0.989
Selected Annual Trend Factor:	1.035				

Premium Trend Factor

Accident Year Ending

12/31/2007
12/31/2008
12/31/2009
12/31/2010
12/31/2011

Current Amount Factors (1)	Trended Amount Selection (2)	Trended Amount Period ^A (3)	Trended Amount Factors (4) = (2) ^ (3)	Premium Trend Factors (5) = (1) * (4)
1.135	1.035	2.650	1.095	1.243
1.108	1.035	2.650	1.095	1.213
1.097	1.035	2.650	1.095	1.201
1.047	1.035	2.650	1.095	1.146
1.000	1.035	2.650	1.095	1.095

^A From the average earned date in the most recent accident year, 06/30/2011, to the average earned date in the effective period, 02/22/2014

USAA Group
Arkansas
Large Loss Adjustment
Fire Forms
As of 03/31/2012

Exhibit III

Accident Year Ending	Average Amount of Insurance	Cutoff 25% of (2)	Incurred Losses Excluding Catastrophes	Loss Development Factors (5) ^A	Developed Losses Excluding Catastrophes	Number of Excess Losses	Large Losses	Excess Losses (9) = (8) - (7) * (3)	Normal Losses (10) = (6) - (9)	Excess Ratio (11) = (9) / (10)	Smoothed Developed Incurred Losses Ex Cats (12) ^C
(1)	(2)	(3)	(4)	(5) ^A	(6)	(7)	(8)	(9) = (8) - (7) * (3)	(10) = (6) - (9)	(11) = (9) / (10)	(12) ^C
12/31/2002	\$103,816	\$25,954	\$76,785	1.0000	\$76,785	1	\$34,786	\$8,832	\$67,953	0.130	\$145,555
12/31/2003	113,136	\$28,284	228,146	1.0000	\$228,146	3	\$192,297	107,445	120,701	0.890	\$258,542
12/31/2004	131,302	\$32,826	22,096	1.0000	\$22,096	0	\$0	0	22,096	0.000	\$47,330
12/31/2005	141,437	\$35,359	308,729	1.0000	\$308,729	3	\$270,394	164,317	144,412	1.138	\$309,331
12/31/2006	149,163	\$37,291	137,124	1.0000	\$137,124	1	\$135,913	98,622	38,502	2.561	\$82,471
12/31/2007	159,659	\$39,915	920,647	1.0000	\$920,647	7	\$751,319	471,914	448,733	1.052	\$961,186
12/31/2008	162,838	\$40,710	763,498	1.0000	\$763,498	5	\$686,342	482,792	280,706	1.720	\$601,272
12/31/2009	174,006	\$43,502	828,197	1.0000	\$828,197	7	\$760,583	456,069	372,128	1.226	\$797,098
12/31/2010	180,221	\$45,055	604,937	0.9956	\$602,275	6	\$512,967	242,637	359,638	0.675	\$770,345
12/31/2011	184,858	\$46,215	1,786,186	0.9972	\$1,781,185	12	\$1,543,706	989,126	792,059	1.249	\$1,696,590
								\$3,021,754	\$2,646,928		

Weighted Average Excess Ratio ^B = 1.142

Weighted Average Excess Factor = 2.142

^A Developed in Exhibit IV

^B Weighted Average Excess Ratio = Sum of Column (9) / Sum of Column (10)

^C (12) = (10) * Weighted Average Excess Factor

USAA Group
Arkansas
Loss Development
Incurred Losses Excluding Catastrophes
Fire Forms

Exhibit IV

Accident Year Ending	15 months	27 months	39 months	51 months	63 months
12/31/2002					76,785
12/31/2003				228,146	228,146
12/31/2004			22,096	22,096	22,096
12/31/2005		308,729	308,729	308,729	308,729
12/31/2006	137,124	137,124	137,124	137,124	137,124
12/31/2007	952,237	943,233	920,647	920,647	920,647
12/31/2008	763,498	763,498	763,498	763,498	
12/31/2009	812,743	826,744	828,197		
12/31/2010	604,901	604,937			
12/31/2011	1,786,186				

Age-to-Age Factors

Accident Year Ending	15 to 27 Months	27 to 39 Months	39 to 51 Months	51 to 63 Months
12/31/2002				
12/31/2003				1.0000
12/31/2004			1.0000	1.0000
12/31/2005		1.0000	1.0000	1.0000
12/31/2006	1.0000	1.0000	1.0000	1.0000
12/31/2007	0.9905	0.9761	1.0000	1.0000
12/31/2008	1.0000	1.0000	1.0000	
12/31/2009	1.0172	1.0018		
12/31/2010	1.0001			
Latest 3-year Average	1.0058	0.9926	1.0000	1.0000
Latest 4-year Average	1.0020	0.9945	1.0000	1.0000
Latest 5-year Average	1.0016	0.9956	1.0000	1.0000
Latest 3-out-of-5-year Average	1.0000	1.0000	1.0000	1.0000
Selected Age-to-Age Factors	1.0016	0.9956	1.0000	1.0000

Cumulative Factors

	15 to 51 Months	27 to 51 Months	39 to 51 Months	51 to 63 Months
Selected Cumulative Factors	0.9972	0.9956	1.0000	1.0000

USAA Group
Arkansas
USAA Group CW Excl CA, FL, & TX
Fire Forms

Year Ending Quarter	Calendar Year Paid Frequency				Calendar Year Paid Severity				Calendar Year Paid Pure Premium			
	Series 1 ^A	Annual Change	Series 2 ^B	Annual Change	Series 1 ^A	Annual Change	Series 2 ^B	Annual Change	Series 1 ^A	Annual Change	Series 2 ^B	Annual Change
2007/2	0.0041		0.0040		28,013		30,351		113.62		121.50	
2007/3	0.0066		0.0041		33,874		32,630		224.72		132.66	
2007/4	0.0087		0.0042		37,662		30,740		328.07		130.38	
2008/1	0.0116		0.0043		35,876		33,091		416.81		140.79	
2008/2	0.0127	214.2%	0.0044	9.3%	29,612	5.7%	31,818	4.8%	377.38	232.1%	139.21	14.6%
2008/3	0.0130	95.4%	0.0045	11.3%	33,876	0.0%	29,950	-8.2%	439.21	95.4%	135.56	2.2%
2008/4	0.0122	40.5%	0.0045	5.6%	27,626	-26.6%	30,043	-2.3%	338.00	3.0%	134.58	3.2%
2009/1	0.0103	-11.4%	0.0043	0.1%	26,258	-26.8%	30,092	-9.1%	270.17	-35.2%	128.20	-8.9%
2009/2	0.0061	-51.8%	0.0043	-2.1%	34,402	16.2%	27,891	-12.3%	211.30	-44.0%	119.43	-14.2%
2009/3	0.0067	-48.0%	0.0042	-6.6%	21,452	-36.7%	28,983	-3.2%	144.73	-67.0%	122.50	-9.6%
2009/4	0.0070	-43.0%	0.0041	-9.0%	31,181	12.9%	29,958	-0.3%	217.33	-35.7%	122.11	-9.3%
2010/1	0.0083	-19.5%	0.0042	-0.7%	38,138	45.2%	27,443	-8.8%	315.98	17.0%	116.08	-9.5%
2010/2	0.0103	67.0%	0.0042	-2.4%	34,409	0.0%	26,076	-6.5%	352.85	67.0%	109.02	-8.7%
2010/3	0.0090	33.1%	0.0045	6.9%	38,241	78.3%	24,143	-16.7%	343.33	137.2%	109.04	-11.0%
2010/4	0.0091	30.3%	0.0049	19.6%	31,696	1.7%	21,744	-27.4%	287.76	32.4%	105.96	-13.2%
2011/1	0.0075	-9.5%	0.0048	13.0%	31,819	-16.6%	22,951	-16.4%	238.69	-24.5%	109.74	-5.5%
2011/2	0.0082	-19.8%	0.0049	18.3%	41,380	20.3%	22,818	-12.5%	340.14	-3.6%	112.86	3.5%
2011/3	0.0098	9.2%	0.0045	-0.9%	46,483	21.6%	25,104	4.0%	455.58	32.7%	112.31	3.0%
2011/4	0.0098	7.7%	0.0040	-18.0%	53,711	69.5%	29,411	35.3%	525.33	82.6%	117.53	10.9%
2012/1	0.0106	41.6%	0.0038	-19.9%	44,996	41.4%	31,161	35.8%	477.85	100.2%	119.37	8.8%
Exponential Fits	R-squared Value	Annualized Change	R-squared Value	Annualized Change	R-squared Value	Annualized Change	R-squared Value	Annualized Change	R-squared Value	Annualized Change	R-squared Value	Annualized Change
20-point fit	0.006	3.6%	0.052	1.0%	0.351	8.2%	0.410	-5.2%	0.194	12.2%	0.557	-4.3%
16-point fit	0.090	-4.0%	0.000	-0.3%	0.561	15.2%	0.238	-4.9%	0.153	10.5%	0.577	-5.2%
12-point fit	0.573	16.3%	0.003	0.3%	0.583	21.6%	0.014	-1.8%	0.710	41.4%	0.087	-1.5%
8-point fit	0.069	4.8%	0.183	-6.7%	0.589	26.8%	0.397	13.5%	0.496	33.0%	0.771	5.9%
4-point fit	0.854	35.9%	0.962	-29.7%	0.203	17.2%	0.975	54.8%	0.628	59.2%	0.845	8.9%

^A Series 1 is based on USAA Group Arkansas data

^B Series 2 is based on USAA Group CW Excl CA, FL, & TX data

USAA Group
Arkansas
USAA Group CW Excl CA, FL, & TX
Fire Forms

	Series 1 Frequency ^A	Series 2 Frequency ^B	Cred-Weighted Frequency ^C	Series 1 Severity ^A	Series 2 Severity ^B	Cred-Weighted Severity ^C	Cred-Weighted Pure Premium
Current Cost Selection	1.163	1.000	1.010	1.120	0.955	0.965	0.975
Trended Cost Selection	1.100	1.000	1.006	1.080	0.990	0.995	1.001

<u>Accident Year Ending</u>	Loss Trend Factor						
	Current Cost Selection (1)	Current Cost Period ^D (2)	Current Cost Factor (3) = (1) ^ (2)	Trended Cost Selection (4)	Trended Cost Period ^E (5)	Trended Cost Factor (6) = (4) ^ (5)	Loss Trend Factor (7) = (3) * (6)
12/31/2007	0.975	4.250	0.898	1.001	2.400	1.002	0.900
12/31/2008	0.975	3.250	0.921	1.001	2.400	1.002	0.923
12/31/2009	0.975	2.250	0.945	1.001	2.400	1.002	0.947
12/31/2010	0.975	1.250	0.969	1.001	2.400	1.002	0.971
12/31/2011	0.975	0.250	0.994	1.001	2.400	1.002	0.996

^A Series 1 is based on USAA Group Arkansas data

^B Series 2 is based on USAA Group CW Excl CA, FL, & TX data

^C USAA Group Arkansas is 5.9% credible based on 37 claims; used the Square Root method with a full credibility standard of 10,623 claims.

^D From the average date of loss in the respective accident year to 09/30/2011

^E From 09/30/2011 to the average date of loss in the effective period, 02/22/2014

USAA Group
Countrywide
 Loss Adjustment Expense (LAE) Factor
All Forms Combined
 As of 6/30/2011

Non-Catastrophe Loss Adjustment Expense Factor			
Accident Year Ending	Incurred Losses	Loss Adjustment Expense	LAE Ratio
12/31/2008	90,686,897	11,116,819	0.123
12/31/2009	106,289,008	13,489,069	0.127
12/31/2010	117,099,835	11,970,940	0.102
Average LAE Ratio			0.117
Selected Non-Catastrophe LAE Factor			1.117

USAA Group
Arkansas
 Expected Net Fire Following Earthquake Loss and LAE Ratio
Fire Forms

(1) Expected Annual Net Fire Following Earthquake Cat Loss	\$10,322
(2) Prospective Earned Premium at Present Rates	\$1,209,867
(3) Fire Following Earthquake Catastrophe Loss and LAE Ratio (1) / (2)	0.009
<hr/>	
Selected Fire Following Earthquake Catastrophe Loss and LAE Ratio	0.009

^A Based on Applied Insurance Research, Inc. (AIR) methodology and assumptions; net losses are based on exposure levels as of 05/31/2011 and trended for loss severity

USAA Group
Arkansas
Fixed and Variable Expense Provisions
Fire Forms

Exhibit VIII
Page 1 of 2

	2010	2011	2-Year Straight Average	Selected
(1) Average General Expenses Per Earned Exposure ^A	\$3.85	\$6.77		
(2) Selected Annual Expense Trend ^B	2.0%	2.0%		
(3) Trend Period ^C	3.65	2.65		
(4) Projected Average General Expenses Per Earned Exposure (1) * [1.02] ^ (3)	\$4.14	\$7.13	\$5.64	\$5.64
(5) Average Other Acquisition Expense Per Written Exposure ^A	\$34.70	\$33.82		
(6) Selected Annual Expense Trend ^B	2.0%	2.0%		
(7) Trend Period ^D	3.15	2.15		
(8) Projected Average Other Acquisition Expense Per Written Exposure (5) * [1.02] ^ (7)	\$36.93	\$35.29	\$36.11	\$36.11
(9) Average Licenses and Fees Expense Per Written Exposure ^E	\$0.74	\$0.36		
(10) Selected Annual Expense Trend ^B	2.0%	2.0%		
(11) Trend Period ^D	3.15	2.15		
(12) Projected Average Licenses and Fees Expense Per Written Exposure (9) * [1.02] ^ (11)	\$0.79	\$0.38	\$0.59	\$0.59
(13) Total Fixed Expense (4) + (8) + (12)				\$42.34
(14) Average Projected Premium at Present Rates ^F				\$358.59
(15) Projected Fixed Expense Provision (13) / (14)				0.118
(16) Commission and Brokerage	0.0%	0.0%	0.0%	0.0%
(17) Taxes ^G	2.5%	2.4%	2.5%	2.5%
(18) Profit and Contingencies Provision ^H				15.0%
(19) Total Variable Expenses (16) + (17) + (18)				17.5%
(20) Variable Permissible Loss and LAE Ratio 1 - (19)				82.5%

^A USAA Group Countrywide data

^B Developed in Exhibit VIII, Page 2 of 2

^C From the midpoint of the respective year to the average earned date in effective period, 02/22/2014

^D From the midpoint of the respective year to the average written date in effective period, 08/22/2013

^E Arkansas USAA Group data

^F Arkansas USAA Group data for Fire Forms only

^G Arkansas USAA Group data as a percent of direct written premium

^H Developed in Exhibit IX Page 2 of 2

USAA Group
Countrywide
Calculation of Annual Expense Trend

(1) Employment Cost Index - Insurance Carriers and related, excluding incentive paid (annual change over latest 2 years ending 12/31/2011) U.S. Department of Labor	2.2%
(2) % of Total Acquisition and General Expenses used for Salaries and Employee Relations & Welfare - USAA Group Insurance Expense Exhibit, 2011	57.3%
(3) Consumer Price Index, All Items - (annual change over latest 2 year ending 12/31/2011)	2.2%
(4) Annual Expense Trend - { (1) * (2) } + { (3) * [1 - (2)] }	2.2%
<hr/> Selected Annual Expense Trend	<hr/> 2.0%

USAA GROUP
ARKANSAS FIRE
UNDERWRITING PROFIT PROVISION
EXPLANATORY MEMORANDUM

This exhibit is submitted in support of the underwriting profit and contingency provision included in the permissible loss ratio.

UNDERWRITING PROFIT PROVISION

The target underwriting profit and contingency provision needed to achieve our desired overall profit level is developed on Page 2. The selected target rate of return is 10.0% on GAAP (generally accepted accounting principles) equity.

The target underwriting return on an after-tax basis is derived by subtracting the after-tax investment rate of return on GAAP surplus from the target rate of return. This target underwriting rate of return is then adjusted to a before-tax basis, using the current corporate tax rate of 35.0%, and then divided by the premium-to-surplus ratio to yield the target underwriting profit and contingency provision.

TARGET RATE OF RETURN

Results from the Capital Asset Pricing Model (CAPM), commonly used in evaluating investments, suggest a required rate of return around 8.6%. Historically, the CAPM has consistently supported a 10.0% rate of return. However, the unusually poor market performance in recent years has impacted the results. We still believe 10.0% is a reasonable rate of return and is consistent with our historical selection.

The data points used in the CAPM method are published historical values from Value Line, Inc.'s *Investment Survey* (as of 7/30/11) and from Ibbotson Associates' 2011 Stocks, Bonds, Bills & Inflation (SBBI) Yearbook. The companies composing the "P&C Insurance Industry", as identified by Value Line, Inc., were selected to determine the appropriate rate of return for a P&C company.

INVESTMENT RATE OF RETURN

The investment rate of return is determined by dividing the estimated investment earnings by the Arkansas Fire allocation of USAA Group surplus. The estimated investment earnings are calculated by applying a selected after-tax rate of return to the total funds subject to investment.

The selected after-tax rate of return is a weighted average after-tax return, using the projected proportion of the portfolio held in each component as weight. The composition of the portfolio is projected for 2012 and 2013 and an after-tax return for each year is calculated.

USAA GROUP
ARKANSAS FIRE
UNDERWRITING PROFIT PROVISION

A.	Target Rate of Return (% of GAAP Surplus)	
1.	Capital Asset Pricing Model	8.6%
2.	Selected Target Rate of Return	10.0%
B.	Target Underwriting Rate of Return (% of GAAP Surplus)	
1.	Investment Rate of Return After Tax	2.6%
2.	Target Underwriting Return After Tax (A2) - (B1)	7.4%
3.	Target Underwriting Return Before Tax (B2) / (1.00 - 0.35)	11.4%
C.	Target Underwriting Profit Provision (% of Direct Earned Premium)	
1.	Direct Written Premium / GAAP Surplus Ratio	0.625
2.	Indicated Underwriting Profit Provision (B3) / (C1)	18.2%
3.	Selected Underwriting Profit Provision	15.0%