

SERFF Tracking Number: ARMD-128234035 State: Arkansas
Filing Company: Armed Forces Insurance Exchange State Tracking Number:
Company Tracking Number: AR-DWG-3I-12-1
TOI: 01.0 Property Sub-TOI: 01.0002 Personal Property (Fire and Allied Lines)
Product Name: Dwelling
Project Name/Number: Rates,MH withdrawal,EQ, Rule deletion/AR-DWG-3I-12-1

Filing at a Glance

Company: Armed Forces Insurance Exchange

Product Name: Dwelling

SERFF Tr Num: ARMD-128234035 State: Arkansas

TOI: 01.0 Property

SERFF Status: Closed-Filed

State Tr Num:

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

Co Tr Num: AR-DWG-3I-12-1

State Status:

Filing Type: Rate/Rule

Reviewer(s): Becky Harrington

Authors: Kimberly McMillan, Brenda Garvey, Carol Rimmerman, Shanell Nieves, Heather Nordquist, Kelsey Kuykendall, Mike Donnelly

Disposition Date: 05/16/2012

Date Submitted: 05/01/2012

Disposition Status: Filed

Effective Date Requested (New): 09/03/2012

Effective Date (New): 09/03/2012

Effective Date Requested (Renewal): 09/03/2012

Effective Date (Renewal): 09/03/2012

State Filing Description:

General Information

Project Name: Rates,MH withdrawal,EQ, Rule deletion

Status of Filing in Domicile: Not Filed

Project Number: AR-DWG-3I-12-1

Domicile Status Comments:

Reference Organization: ISO

Reference Number: DP-2009-REQRU & DP-2010-RLA1

Reference Title:

Advisory Org. Circular: LI-DP-2009-066 & LI-DP-2010-065

Filing Status Changed: 05/16/2012

State Status Changed:

Deemer Date:

Created By: Shanell Nieves

Submitted By: Heather Nordquist

Corresponding Filing Tracking Number:

Filing Description:

Armed Forces Insurance Exchange is an ISO subscriber. The purpose of this filing is to:

1. File our effective date for revised rates, deductibles, and deductible factors.

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AFIE's Indicated Rate Level is developed for all coverages; however, when we review our Key Premiums/Key Factors and miscellaneous rates we analyze ISO's Loss Costs, the company expense provisions, as well as our indicated rate level. The Key Premiums and miscellaneous rates in this filing are based on ISO Loss Costs Reference Filing Numbers DP-2010-RLA1.

This filing will:

- Adopt ISO's revision to their Loss Costs with modifications for our indicated rate level.
- Revise Miscellaneous Rates

On a statewide basis, the change for Fire is -2.44% or -\$896, and the change for Extended Coverage is +50.77% or +\$12,739. This results in an overall change of +19.17% or +\$11,843.

2. Revise Rule 406. Deductibles.

With the introduction of a 5% Wind or Hail deductible, B.2.a.(1), which limited the description of the Wind or Hail deductible options to 1% or 2%, is revised to reflect Windstorm or Hail percentage deductibles of 1%, 2% or 5%.

3. Revise Rule 509. Earthquake Coverage and corresponding rating territory.

In Rules Filing DP-2009-REQRU, ISO revised Earthquake territories and manual Rule 509. We have incorporated changes into our current Dwelling Policy Program Manual as follows:

Rule 509. Earthquake Coverage:

- Paragraph D.2. is revised to delete reference to ZIP code of the residence premises based on revisions to Earthquake Territory Definitions.
- Paragraph D.3. is revised to replace the references to loss costs in Columns with references to specific coverages.
- Paragraph D.4. is revised to indicate that loss costs for Coverage B are used, instead of Column C, when rating Building Or Non-building Structure Items.
- Paragraph D.5. revises the rating instructions for when Ordinance Or Law Coverage is extended to a policy with Earthquake Coverage.
- Paragraph E. is revised to indicate that the deductible factors for higher deductibles (15%, 20%, and 25%) should be applied to the base premium for the 10% deductible.
- Paragraph 3. Territory Definitions Earthquake is revised. The previous ZIP Code based Earthquake Territories 1 thru 8 are replaced by Territories 21 thru 27.

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4. Withdraw reference to Mobilehome coverage.

Due to unique risk characteristics Armed Forces Insurance Exchange has never offered coverage for mobile or trailer homes under the Dwelling Program. Therefore, to correspond with current underwriting practices, all references to mobile or trailer homes have been removed from our Dwelling Manuals as follows:

- Sub-item B. under Rule 103. Eligibility, which had referred to Cov A on a mobile or trailer homes, is deleted and subsequent sections re-lettered.
- Sub-item D.1. under Rule 103. Eligibility is revised to remove reference to mobile or trailer home.
- Rule 404. Mobile or Trailer Homes DP 00 01 is retitled '‗Reserved for Future Use' (to preserve subsequent rule numbers in the manual), and the corresponding rate/factor deleted from the rate pages.
- Rule 408.A. Protective Devices Factors Table is revised to remove reference to mobile or trailer home specific factors.

5. Make deletions within the following Rules due to lack of applicability.

- Rule 206. Minimum Premium. Item C. is modified to delete reference to Theft coverage and to an Earthquake policy.
- Rule 406. Deductibles. References to Theft Coverage are deleted.
- Rule 501. Coverage B. Other Structures. Items C.1. and C.2. are modified to state that the options are not available.
- Rule 511. Sinkhole Collapse. Item B.2.c. is modified to specifically only mention Building Items Coverage. Item B.2.d. Other Personal Property Coverage Options is deleted; and therefore, Item B.2.e. is renumbered B.2.d.

6. Submit revised manual pages and corresponding page checklist.

We have revised our manual to incorporate the changes noted in Items 1 thru 5.

Any changes made to the content of our manual pages have been marked with a straight line in the left margin. Any rules or rates which are not marked are included solely to maintain the sequential numbering of pages, rules and/or rates.

Our corresponding Page Checklist notes the manual page revisions included with this filing.

This filing is submitted under the 'File and Use' provisions of Arkansas Insurance Laws, Section 23-67-211, and will be applicable to all policies effective on or after 3 September 2012.

State Narrative:

Company and Contact

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Filing Contact Information

Shanell Nieves, Regulatory Specialist II shanell.nieves@afi.org
 550 Eisenhower Rd 800-828-7732 [Phone] 4638 [Ext]
 Leavenworth, KS 66048 800-664-9320 [FAX]

Filing Company Information

Armed Forces Insurance Exchange CoCode: 41459 State of Domicile: Kansas
 550 Eisenhower Rd Group Code: Company Type: P&C
 Leavenworth, KS 66048 Group Name: State ID Number:
 (800) 828-7732 ext. [Phone] FEIN Number: 48-0933281

Filing Fees

Fee Required? Yes
 Fee Amount: \$100.00
 Retaliatory? No
 Fee Explanation: Loss Cost Rate: \$50
 Rule filing:\$50
 =\$100
 Per Company: No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
Armed Forces Insurance Exchange	\$100.00	05/01/2012	58822307

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Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Filed	Becky Harrington	05/16/2012	05/16/2012

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	05/02/2012	05/02/2012	Brenda Garvey	05/11/2012	05/11/2012

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Disposition

Disposition Date: 05/16/2012
 Effective Date (New): 09/03/2012
 Effective Date (Renewal): 09/03/2012
 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):
Armed Forces Insurance Exchange	19.300%	19.170%	\$11,843	80	\$61,765	26.340%	2.500%

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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	Filed	Yes
Supporting Document (revised)	P&C Actuarial Justification	Filed	Yes
Supporting Document	P&C Actuarial Justification		Yes
Rate	RULE 103.	Filed	Yes
Rate	RULE 206.	Filed	Yes
Rate	RULE 404.	Filed	Yes
Rate	RULE 406.	Filed	Yes
Rate	RULE 406.	Filed	Yes
Rate	RULE 408.	Filed	Yes
Rate	RULE 501.	Filed	Yes
Rate	RULE 509.	Filed	Yes
Rate	RULE 509.	Filed	Yes
Rate	RULE 511.	Filed	Yes
Rate	TERRITORY DEFINITIONS	Filed	Yes
Rate	TERRITORY DEFINITIONS	Filed	Yes
Rate	RATE PAGES	Filed	Yes
Rate	RATE PAGES	Filed	Yes
Rate	PAGE CHECKLIST	Filed	Yes

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Objection Letter

Objection Letter Status Pending Industry Response
Objection Letter Date 05/02/2012
Submitted Date 05/02/2012

Respond By Date

Dear Shanell Nieves,

This will acknowledge receipt of the captioned filing.

Objection 1

- P&C Actuarial Justification (Supporting Document)

Comment: Exhibit 6 includes hurricane losses. Please identify the amount of hurricane loss data in this exhibit. AR does not normally allow hurricane loss information or a load for hurricane losses to be included in the rate need calculations.

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 05/11/2012
Submitted Date 05/11/2012

Dear Becky Harrington,

Comments:

Thank you for reviewing our filing, I have attached a response for you.

Response 1

Comments: I have attached revised actuarial support, we have removed the countrywide hurricane data from Exhibit 6 and if you look at Exhibit 7, Page 5, you will see that we are not including any hurricane losses.

Related Objection 1

Applies To:

- P&C Actuarial Justification (Supporting Document)

Comment:

Exhibit 6 includes hurricane losses. Please identify the amount of hurricane loss data in this exhibit. AR does not normally allow hurricane loss information or a load for hurricane losses to be included in the rate need calculations.

Changed Items:

Supporting Document Schedule Item Changes

Satisfied -Name: P&C Actuarial Justification

Comment:

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Sincerely,

Brenda Garvey, Carol Rimmerman, Heather Nordquist, Kelsey Kuykendall, Kimberly McMillan, Mike Donnelly, Shanell Nieves

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Rate Information

Rate data applies to filing.

Filing Method: File and Use
Rate Change Type: Increase
Overall Percentage of Last Rate Revision: 7.930%
Effective Date of Last Rate Revision: 10/09/2006
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 required):	Minimum % Change (where required):
Armed Forces Insurance Exchange	19.300%	19.170%	\$11,843	80	\$61,765	26.340%	2.500%

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Rate/Rule Schedule

Schedule Item Status:	Exhibit Name:	Rule # or Page #:	Rate Action	Previous State Filing Attachments Number:
Filed 05/16/2012	RULE 103.	RU-103-1	Replacement	RU-103-1 .pdf
Filed 05/16/2012	RULE 206.	RU-206-1	Replacement	RU-206-1 .pdf
Filed 05/16/2012	RULE 404.	RU-404-1	Replacement	RU-404-1 .pdf
Filed 05/16/2012	RULE 406.	RU-406-1	Replacement	RU-406-1 .pdf
Filed 05/16/2012	RULE 406.	RU-406-2	Replacement	RU-406-2 .pdf
Filed 05/16/2012	RULE 408.	RU-408-1	Replacement	RU-408-1.pdf
Filed 05/16/2012	RULE 501.	RU-501-1	Replacement	RU-501-1.pdf
Filed 05/16/2012	RULE 509.	RU-509-1	Replacement	RU-509-1 .pdf
Filed 05/16/2012	RULE 509.	RU-509-2	New	RU-509-2 .pdf
Filed 05/16/2012	RULE 511.	RU-511-1	Replacement	RU-511-1.pdf
Filed 05/16/2012	TERRITORY DEFINITIONS	T-2 thru T-12	Replacement	T-2 thru T-12.pdf
Filed 05/16/2012	TERRITORY DEFINITIONS	T-13	Replacement	T-13.pdf

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Filed 05/16/2012 RATE PAGES RA-2 thru RA-6 Replacement RA-2 thru RA-6.pdf

Filed 05/16/2012 RATE PAGES RA-7 thru RA-8 New RA-7 thru RA-8.pdf

Filed 05/16/2012 PAGE CHECKLIST PAGE Replacement Page Checklist.pdf
CHECKLIST

**ARMED FORCES INSURANCE EXCHANGE
DWELLING POLICY PROGRAM MANUAL
ARKANSAS (03)**

**RULE 103.
ELIGIBILITY**

Eligibility requirements for individuals to participate in the Dwelling Policy Program and/or the Personal Liability Supplement to the Dwelling Policy Program will be governed by the bylaws of this Company with all applicable laws, rules, forms and rates.

A Dwelling Policy may be issued to provide insurance under:

- A.** Coverage **A** – on a dwelling building:
 - 1. Used solely for residential purposes except that certain incidental occupancies or up to 5 roomers or boarders are permitted;
 - 2. Containing not more than four apartments; and
 - 3. Which may be in a townhouse or rowhouse structure; or
 - 4. In course of construction.
- B.** Coverage **B**:
 - 1. At the same location as the dwelling eligible for insurance under Coverage **A**;
 - 2. Not used for business purposes except a permitted incidental occupancy or when rented for use as a private garage;
 - 3. At a separate location when used in connection with the insured location but not for business purposes.
- C.** Coverage **C** in:
 - 1. A dwelling with rental apartments including furnishings, equipment and appliances in halls or utility rooms; or
 - 2. Any apartment, cooperative or condominium unit used as private living quarters of the insured or rented to others.
- D.** Coverage **D** for the loss of the fair rental value of:
 - 1. A building eligible for insurance under Coverage **A** or **B**; or
 - 2. Private living quarters eligible under Coverage **C**.
- E.** Coverage **E** for the additional living expenses incurred to maintain the insured's household.

**ARMED FORCES INSURANCE EXCHANGE
DWELLING POLICY PROGRAM MANUAL
ARKANSAS (03)**

RULE 206.

MINIMUM PREMIUM

- A. For prepaid policies a minimum **annual** premium shall be charged for each policy.
- B. The minimum premium may include all chargeable endorsements or coverages for Fire or Fire and Allied Lines if written at inception of the policy.
- C. The minimum annual premium shall **not** include charges for Earthquake Coverage.
- D. Refer to [state rate pages](#) for minimum premium.

**ARMED FORCES INSURANCE EXCHANGE
DWELLING POLICY PROGRAM MANUAL
ARKANSAS (03)**

RULE 404.

RESERVED FOR FUTURE USE

**ARMED FORCES INSURANCE EXCHANGE
DWELLING POLICY PROGRAM MANUAL
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**RULE 406.
DEDUCTIBLES**

All policies are subject to a deductible that applies to loss from all perils except Earthquake. A separate deductible type applies to Earthquake Coverage as described in Rule 509.

Refer to the Earthquake Coverage rule for the applicable deductible provision.

A. Base Deductible

\$250 Deductible.

B. Optional Deductibles

1. All Perils Deductibles

Multiply the Base Premium for the Base Deductible by the appropriate factors selected from the following table:

Deductible	Fire	E.C., V.&M.M., Broad & Special Forms
\$ 100*	1.05	1.10
500	.97	.91
1,000	.95	.76
2,500	.88	.50
* Refer to the State Rate pages for the minimum additional premium charge that applies per policy.		

Table 406.B.1. All Perils Deductibles

2. Windstorm Or Hail Deductibles

The following deductible options are used in conjunction with a deductible applicable to all other perils covered under Extended Coverage, Broad or Special Forms.

a. Percentage Deductibles

(1) Deductible Amounts

This option provides for higher Windstorm or Hail percentage deductibles of 1%, 2% or 5% of the limit of liability that applies to Coverage **A**, **B**, **D** or **E**, whichever is greatest, when the dollar amount of the percentage deductible selected exceeds the amount of the All Other Perils deductible. This option is not available for policies covering only personal property

(2) Endorsement

Use Windstorm Or Hail Percentage Deductible Endorsement **DP 03 12**.

(3) Declarations Instructions

Enter, on the policy declarations, the percentage amount that applies to Windstorm or Hail and the dollar amount that applies to all other perils. For example:

Deductible – Windstorm or Hail 2% of the Coverage **A** limit and \$250 for all other perils.

(4) Deductible Application

In the event of a Windstorm or Hail loss to covered property, the dollar amount is deducted from the total of the loss for all coverages. For example:

**ARMED FORCES INSURANCE EXCHANGE
DWELLING POLICY PROGRAM MANUAL
ARKANSAS (03)**

**RULE 406.
DEDUCTIBLES (CONT)**

Cov.	Limit Of Liability	1% Ded.	Amount Of Loss	
			Before Ded.	After Ded.
A	\$ 100,000	\$ 1,000	\$ 7,500	–
B	–	–	3,000	–
C	35,000	–	–	–
D	18,500	–	660	–
E	–	–	–	–
			\$ 11,160	\$ 10,160

Table 406.B.2.a.(4) Example

(5) Use Of Factors

The factors displayed in Paragraph (6) incorporate the factors for the All Perils Deductibles shown in Paragraph B.1. Do **not** use the factors for the All Perils Deductibles when rating a policy with a higher Windstorm or Hail deductible.

(6) Deductible Factors

To compute the premium for this provision, multiply the Extended Coverage, Broad or Special Form Base Premium for the Base Deductible for each coverage insured under the policy by the appropriate factor selected from the following table for the deductible amounts desired:

Coverage A, B, D Or E And Coverage Options For Buildings And Non-Building Structures			
All Other Perils Ded. Amt.	Windstorm Or Hail Deductible Amounts		
	1%	2%	5%
\$ 100	.99	.92	.82
250	.93	.86	.77
500	.88	.81	.71
1,000	.72	.72	.63
2,500	.49	.49	.48

Table 406.B.2.a.(6)#1 Factors

Coverage C And Other Personal Property Coverage Options*	
All Other Perils Ded. Amt.	Windstorm Or Hail 1%, 2% Or 5% Deductible
\$ 100	1.07
250	.99
500	.90
1,000	.72
2,500	.49
* Only use when policy also covers building or non-building structures	

Table 406.B.2.a(6)#2 Factors

**ARMED FORCES INSURANCE EXCHANGE
DWELLING POLICY PROGRAM MANUAL
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**RULE 408.
PROTECTIVE DEVICES**

A. Protective Devices Factors

Approved and properly maintained installations of fire alarms and automatic sprinklers in the dwelling may be recognized for a reduced premium – computed by multiplying the Base Premium by the selected factors below:

Protective Devices Factors

Type Of Installation*	Dwelling Factor
Central Station Reporting Fire Alarm	.90
Fire Department Reporting Fire Alarm	.93
Local Fire Alarm	.95
Automatic Sprinklers In All Areas Including Attics, Bathrooms, Closets, Attached Structures	.80
Automatic Sprinklers In All Areas Except Attic, Bathroom, Closet And Attached Structure Areas That Are Protected By A Fire Detector	.90
* Refer to company for eligibility, types of systems and devices, installations, and available credits	

Table 408.A. Protective Devices Factors

B. Endorsement

Use Premises Alarm Or Fire Protection System Endorsement **DP 04 70**.

**ARMED FORCES INSURANCE EXCHANGE
DWELLING POLICY PROGRAM MANUAL
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RULE 501.

COVERAGE B – OTHER STRUCTURES

A. Coverage Description

Coverage for other structures described as covered under Coverage **B** is automatically provided on a blanket basis for up to 10% of the Coverage **A** limit.

1. Under Form **DP 00 01**, use of this option reduces the Coverage **A** limit for the same loss.
2. Under Form **DP 00 02** or **DP 00 03**, this limit is additional insurance.

The blanket limit may not be increased.

B. Specific Structures Coverage

Coverage may be purchased for specific structures. See Paragraph **C**.

C. Premium Computation

1. Structure Rented To Others For Dwelling Purposes

[This option is not available.](#)

2. Structure Not Rented To Others For Dwelling Purposes

Enter the limit of liability and description of each structure in the Coverages Declarations of the policy at inception or by Change Endorsement **DP 12 10** after policy inception.

- a. Policy includes Coverage **A** or structure does not have permitted incidental occupancy or is at same described location as the dwelling:

(1) Fire, Extended Coverage, Broad And Special Forms

Refer to the state rate [pages](#) Rule **500**. Miscellaneous Rates.

(2) Vandalism And Malicious Mischief (DP 00 01)

Refer to the state rate [pages](#) Rule **302**. Vandalism And Malicious Mischief.

- b. Policy does not include Coverage **A** or structure has permitted incidental occupancy or is not at same described location as the dwelling:

[This option is not available.](#)

**ARMED FORCES INSURANCE EXCHANGE
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**RULE 509.
EARTHQUAKE COVERAGE**

A. Coverage Description

The policy may be endorsed to provide coverage against a loss resulting from the peril of Earthquake. This peril shall apply to all Property Coverages for the same limits provided in the policy. When added to the Fire policy, this peril shall apply to the same coverages and for the same limits that apply to the peril of Fire. Use Earthquake Endorsement **DP 04 69**.

B. Earthquake Only Coverage

When a policy is written to cover only the peril of Earthquake:

1. Use Form **DP 00 01** for Actual Cash Value Loss Settlement or **DP 00 02** for Replacement Cost;
2. Refer to company for Endorsements; and
3. Multiply the rates in this rule by a **factor** of 1.10.

C. Deductible

Deductible percentage amounts of 5%, 10% 15%, 20% and 25% of the limit of liability for Coverage **A** and Coverage **C** are included in this rule.

In the event of an Earthquake loss to covered property, the dollar amount is deducted from the total of the loss for Coverages **A**, **B** and **C**.

Earthquake rates are displayed for the 5% and 10% deductible in the state rate [pages](#) Rule **509**. Credit factors for deductible percentage amounts of 15%, 20% and 25% are provided in Paragraph **E**. Premium For Higher Deductibles of this rule.

D. Premium For Base Deductible

Develop the Base Premium as follows:

1. Determine whether Construction Table **A**, **B**, and/or **C** applies for the appropriate deductible. Refer to state rate [pages](#).
2. Determine the Earthquake territory according to the State Territory Definitions section in this manual.
3. Add the results of the following three steps:
 - a. Multiply the Coverage **A** limit by the state [rate for Coverage A](#) in the table;
 - b. Multiply the Coverage **C** limit by the state [rate for Coverage C](#) in the table; and
 - c. Multiply the sum of the Additional Coverage **D** and **E** limits by the state [rate for Coverages D and E](#) in the table.
4. For Building or Non-Building Structure Items – All Forms:

Multiply the state [rate for Coverage B](#) in the table by the appropriate limit of liability for the following Other Building Coverage options, [as applicable, and add to the applicable premium determined in Paragraph D.3.](#)

 - a. [Coverage B – Specific Structures;](#)
 - b. [Improvements, Alterations and Additions – Increased Limits;](#)
 - c. [Building Items Coverage.](#)
5. For Ordinance or Law – Basic and Increased Limits – All Forms:

[When the basic Ordinance or Law Coverage limit is added or increased, the earthquake premium is developed based on the added or increased limit of insurance.](#)

 - a. [For Forms DP 00 01, DP 00 02 and DP 00 03, multiply the rate determined in Paragraph D.3.a. by the appropriate factor selected from Rule 303.B.3.a.](#)
 - b. [For Coverage B – Specific Structures, Improvements, Alterations and Additions and Building Items Coverage, the premium for this additional coverage is determined based on the dollar amount of added or increased coverage, represented by the increased percentage amount selected above the basic limit. The rate for each additional \\$1,000 of insurance is determined as follows: multiply the state rate for Coverage B in the table by .30 and add to the applicable premium determined in Paragraph D.](#)

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**RULE 509.
EARTHQUAKE COVERAGE (CONT)**

E. Premium For Higher Deductibles

Multiply the Earthquake base premium determined in Paragraph **D.** for the 10% deductible by the appropriate factor from the following table:

Deductible Percentage	Frame	Masonry	Superior
15%	.80	.85	.75
20%	.65	.70	.60
25%	.50	.60	.45

Table 509.E. Higher Deductibles Factors

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**RULE 511.
SINKHOLE COLLAPSE COVERAGE**

A. Coverage Description

The policy may be endorsed to provide Sinkhole Collapse Coverage.

B. Premium Computation

1. Refer to state rate [pages](#) and;
2. Multiply the rate per \$1,000 by:
 - a. Coverage **A**, **B** and/or **C** amounts of insurance;
 - b. Improvements, Alterations and Additions – Increased Limits;
 - c. Building Items Coverage;
 - d. Ordinance or Law Coverage – Increased amount of coverage.

C. Endorsement

Use Sinkhole Collapse Endorsement **DP 04 99**.

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TERRITORY DEFINITIONS (CONT)

3.TERRITORY DEFINITIONS – EARTHQUAKE

ZIP CODES 71601 – 71772

Earthquake ZIP Codes/Territories In Numerical Order By ZIP Code					
ZIP Code	USPS ZIP Code Name	Earthquake Territory	ZIP Code	USPS ZIP Code Name	Earthquake Territory
71601	PINE BLUFF	26	71676	WILMOT	27
71602	WHITE HALL	27	71677	WINCHESTER	25
71603	PINE BLUFF	27	71678	YORKTOWN	26
71611	PINE BLUFF	26	71701	CAMDEN	27
71612	WHITE HALL	27	71711	CAMDEN	27
71613	PINE BLUFF	27	71720	BEARDEN	27
71630	ARKANSAS CITY	25	71721	BEIRNE	27
71631	BANKS	27	71722	BLUFF CITY	27
71635	CROSSETT	27	71724	CALION	27
71638	DERMOTT	26	71725	CARTHAGE	27
71639	DUMAS	25	71726	CHIDESTER	27
71640	EUDORA	27	71728	CURTIS	27
71642	FOUNTAIN HILL	27	71730	EL DORADO	27
71643	GOULD	25	71731	EL DORADO	27
71644	GRADY	25	71740	EMERSON	27
71646	HAMBURG	27	71742	FORDYCE	27
71647	HERMITAGE	27	71743	GURDON	27
71651	JERSEY	27	71744	HAMPTON	27
71652	KINGSLAND	27	71745	HARRELL	27
71653	LAKE VILLAGE	27	71747	HUTTIG	27
71654	MC GEHEE	26	71748	IVAN	27
71655	MONTICELLO	27	71749	JUNCTION CITY	27
71656	MONTICELLO	27	71750	LAWSON	27
71657	MONTICELLO	27	71751	LOUANN	27
71658	MONTROSE	27	71752	MC NEIL	27
71659	MOSCOW	26	71753	MAGNOLIA	27
71660	NEW EDINBURG	27	71754	MAGNOLIA	27
71661	PARKDALE	27	71758	MOUNT HOLLY	27
71662	PICKENS	25	71759	NORPHLET	27
71663	PORTLAND	27	71762	SMACKOVER	27
71665	RISON	27	71763	SPARKMAN	27
71666	MC GEHEE	26	71764	STEPHENS	27
71667	STAR CITY	27	71765	STRONG	27
71670	TILLAR	26	71766	THORNTON	27
71671	WARREN	27	71768	URBANA	27
71674	WATSON	25	71770	WALDO	27
71675	WILMAR	27	71772	WHELEN SPRINGS	27

Table #1(T) ZIP Codes 71601 – 71772

**ARMED FORCES INSURANCE EXCHANGE
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TERRITORY DEFINITIONS (CONT)

3.TERRITORY DEFINITIONS – EARTHQUAKE (cont)

ZIP CODES 71801 – 71998

Earthquake ZIP Codes/Territories In Numerical Order By ZIP Code					
ZIP Code	USPS ZIP Code Name	Earthquake Territory	ZIP Code	USPS ZIP Code Name	Earthquake Territory
71801	HOPE	27	71903	HOT SPRINGS NATIONAL PARK	27
71802	HOPE	27	71909	HOT SPRINGS VILLAGE	27
71820	ALLEENE	27	71910	HOT SPRINGS VILLAGE	27
71822	ASHDOWN	27	71913	HOT SPRINGS NATIONAL PARK	27
71823	BEN LOMOND	27	71914	HOT SPRINGS NATIONAL PARK	27
71825	BLEVINS	27	71920	ALPINE	27
71826	BRADLEY	27	71921	AMITY	27
71827	BUCKNER	27	71922	ANTOINE	27
71828	CALE	27	71923	ARKADELPHIA	27
71831	COLUMBUS	27	71929	BISMARCK	27
71832	DE QUEEN	27	71932	BOARD CAMP	27
71833	DIERKS	27	71933	BONNERDALE	27
71834	DODDRIDGE	27	71935	CADDO GAP	27
71835	EMMET	27	71937	COVE	27
71836	FOREMAN	27	71940	DELIGHT	27
71837	FOUKE	27	71941	DONALDSON	27
71838	FULTON	27	71942	FRIENDSHIP	27
71839	GARLAND CITY	27	71943	GLENWOOD	27
71840	GENOA	27	71944	GRANNIS	27
71841	GILLHAM	27	71945	HATFIELD	27
71842	HORATIO	27	71949	JESSIEVILLE	27
71845	LEWISVILLE	27	71950	KIRBY	27
71846	LOCKESBURG	27	71952	LANGLEY	27
71847	MC CASKILL	27	71953	MENA	27
71851	MINERAL SPRINGS	27	71956	MOUNTAIN PINE	27
71852	NASHVILLE	27	71957	MOUNT IDA	27
71853	OGDEN	27	71958	MURFREESBORO	27
71854	TEXARKANA	27	71959	NEWHOPE	27
71855	OZAN	27	71960	NORMAN	27
71857	PRESCOTT	27	71961	ODEN	27
71858	ROSSTON	27	71962	OKOLONA	27
71859	SARATOGA	27	71964	PEARCY	27
71860	STAMPS	27	71965	PENCIL BLUFF	27
71861	TAYLOR	27	71968	ROYAL	27
71862	WASHINGTON	27	71969	SIMS	27
71864	WILLISVILLE	27	71970	STORY	27
71865	WILTON	27	71971	UMPIRE	27
71866	WINTHROP	27	71972	VANDERVOORT	27
71901	HOT SPRINGS NATIONAL PARK	27	71973	WICKES	27
71902	HOT SPRINGS NATIONAL PARK	27	71998	ARKADELPHIA	27

Table #2(T) ZIP Codes 71801 – 71998

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TERRITORY DEFINITIONS (CONT)

3.TERRITORY DEFINITIONS – EARTHQUAKE (cont)

ZIP CODES 71999 – 72088

Earthquake ZIP Codes/Territories In Numerical Order By ZIP Code					
ZIP Code	USPS ZIP Code Name	Earthquake Territory	ZIP Code	USPS ZIP Code Name	Earthquake Territory
71999	ARKADELPHIA	27	72042	DE WITT	26
72001	ADONA	27	72043	DIAZ	24
72002	ALEXANDER	27	72044	EDGEMONT	27
72003	ALMYRA	26	72045	EL PASO	27
72004	ALTHEIMER	25	72046	ENGLAND	24
72005	AMAGON	24	72047	ENOLA	27
72006	AUGUSTA	24	72048	ETHEL	25
72007	AUSTIN	27	72051	FOX	27
72010	BALD KNOB	26	72052	GARNER	26
72011	BAUXITE	27	72053	COLLEGE STATION	26
72012	BEEBE	26	72055	GILLETT	26
72013	BEE BRANCH	27	72057	GRAPEVINE	27
72014	BEEDEVILLE	24	72058	GREENBRIER	27
72015	BENTON	27	72059	GREGORY	24
72016	BIGELOW	27	72060	GRIFFITHVILLE	25
72017	BISCOE	25	72061	GUY	27
72018	BENTON	27	72063	HATTIEVILLE	27
72019	BENTON	27	72064	HAZEN	25
72020	BRADFORD	26	72065	HENSLEY	27
72021	BRINKLEY	25	72066	HICKORY PLAINS	26
72022	BRYANT	27	72067	HIGDEN	27
72023	CABOT	26	72068	HIGGINSON	25
72024	CARLISLE	26	72069	HOLLY GROVE	25
72025	CASA	27	72070	HOUSTON	27
72026	CASSCOE	25	72072	HUMNOKE	24
72027	CENTER RIDGE	27	72073	HUMPHREY	24
72028	CHOCTAW	27	72074	HUNTER	25
72029	CLARENDON	25	72075	JACKSONPORT	24
72030	CLEVELAND	27	72076	JACKSONVILLE	26
72031	CLINTON	27	72078	JACKSONVILLE	26
72032	CONWAY	27	72079	JEFFERSON	27
72033	CONWAY	27	72080	JERUSALEM	27
72034	CONWAY	27	72081	JUDSONIA	26
72035	CONWAY	27	72082	KENSETT	25
72036	COTTON PLANT	25	72083	KEO	24
72037	COY	24	72084	LEOLA	27
72038	CROCKETTS BLUFF	26	72085	LETONA	26
72039	DAMASCUS	27	72086	LONOKE	26
72040	DES ARC	25	72087	LONSDALE	27
72041	DE VALLS BLUFF	25	72088	FAIRFIELD BAY	27

Table #3(T) ZIP Codes 71999 – 72088

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TERRITORY DEFINITIONS (CONT)

3.TERRITORY DEFINITIONS – EARTHQUAKE (cont)

ZIP CODES 72089 – 72212

Earthquake ZIP Codes/Territories In Numerical Order By ZIP Code					
ZIP Code	USPS ZIP Code Name	Earthquake Territory	ZIP Code	USPS ZIP Code Name	Earthquake Territory
72089	BRYANT	27	72141	SCOTLAND	27
72099	LITTLE ROCK AIR FORCE BASE	27	72142	SCOTT	24
72101	MC CRORY	24	72143	SEARCY	26
72102	MC RAE	26	72145	SEARCY	26
72103	MABELVALE	27	72149	SEARCY	26
72104	MALVERN	27	72150	SHERIDAN	27
72105	JONES MILL	27	72152	SHERRILL	25
72106	MAYFLOWER	27	72153	SHIRLEY	27
72107	MENIFEE	27	72156	SOLGOHACHIA	27
72108	MONROE	25	72157	SPRINGFIELD	27
72110	MORRILTON	27	72160	STUTTGART	25
72111	MOUNT VERNON	27	72164	SWEET HOME	26
72112	NEWPORT	24	72165	THIDA	25
72113	MAUMELLE	26	72166	TICHNOR	26
72114	NORTH LITTLE ROCK	26	72167	TRASKWOOD	27
72115	NORTH LITTLE ROCK	26	72168	TUCKER	25
72116	NORTH LITTLE ROCK	27	72169	TUPELO	24
72117	NORTH LITTLE ROCK	25	72170	ULM	26
72118	NORTH LITTLE ROCK	27	72173	VILONIA	27
72119	NORTH LITTLE ROCK	26	72175	WABBASEKA	24
72120	SHERWOOD	27	72176	WARD	26
72121	PANGBURN	26	72178	WEST POINT	26
72122	PARON	27	72179	WILBURN	27
72123	PATTERSON	24	72180	WOODSON	27
72124	NORTH LITTLE ROCK	27	72181	WOOSTER	27
72125	PERRY	27	72182	WRIGHT	25
72126	PERRYVILLE	27	72183	WRIGHTSVILLE	26
72127	PLUMERVILLE	27	72190	NORTH LITTLE ROCK	27
72128	POYEN	26	72199	NORTH LITTLE ROCK	27
72129	PRATTSVILLE	27	72201	LITTLE ROCK	27
72130	PRIM	27	72202	LITTLE ROCK	27
72131	QUITMAN	27	72203	LITTLE ROCK	27
72132	REDFIELD	27	72204	LITTLE ROCK	27
72133	REYDELL	25	72205	LITTLE ROCK	27
72134	ROE	25	72206	LITTLE ROCK	26
72135	ROLAND	27	72207	LITTLE ROCK	27
72136	ROMANCE	27	72209	LITTLE ROCK	27
72137	ROSE BUD	27	72210	LITTLE ROCK	27
72139	RUSSELL	26	72211	LITTLE ROCK	27
72140	SAINT CHARLES	25	72212	LITTLE ROCK	27

Table #4(T) ZIP Codes 72089 – 72212

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TERRITORY DEFINITIONS (CONT)

3.TERRITORY DEFINITIONS – EARTHQUAKE (cont)

ZIP CODES 72214 – 72402

Earthquake ZIP Codes/Territories In Numerical Order By ZIP Code					
ZIP Code	USPS ZIP Code Name	Earthquake Territory	ZIP Code	USPS ZIP Code Name	Earthquake Territory
72214	LITTLE ROCK	27	72341	HAYNES	25
72215	LITTLE ROCK	27	72342	HELENA	25
72216	LITTLE ROCK	26	72346	HETH	21
72217	LITTLE ROCK	27	72347	HICKORY RIDGE	24
72219	LITTLE ROCK	27	72348	HUGHES	22
72221	LITTLE ROCK	27	72350	JOINER	21
72222	LITTLE ROCK	27	72351	KEISER	21
72223	LITTLE ROCK	27	72352	LA GRANGE	25
72225	LITTLE ROCK	27	72353	LAMBROOK	26
72227	LITTLE ROCK	27	72354	LEPANTO	21
72231	LITTLE ROCK	25	72355	LEXA	25
72260	LITTLE ROCK	27	72358	LUXORA	21
72295	LITTLE ROCK	27	72359	MADISON	24
72301	WEST MEMPHIS	22	72360	MARIANNA	25
72303	WEST MEMPHIS	22	72364	MARION	22
72310	ARMOREL	21	72365	MARKED TREE	21
72311	AUBREY	25	72366	MARVELL	25
72312	BARTON	25	72367	MELLWOOD	26
72313	BASSETT	21	72368	MORO	25
72315	BLYTHEVILLE	21	72369	ONEIDA	26
72316	BLYTHEVILLE	21	72370	OSCEOLA	21
72319	GOSNELL	21	72372	PALESTINE	24
72320	BRICKEYS	23	72373	PARKIN	21
72321	BURDETTE	21	72374	POPLAR GROVE	25
72322	CALDWELL	24	72376	PROCTOR	22
72324	CHERRY VALLEY	23	72377	RIVERVALE	21
72325	CLARKEDALE	21	72379	SNOW LAKE	25
72326	COLT	24	72383	TURNER	25
72327	CRAWFORDSVILLE	21	72384	TURRELL	21
72328	CRUMROD	26	72386	TYRONZA	21
72329	DRIVER	21	72387	VANNDALE	24
72330	DYESS	21	72389	WABASH	26
72331	EARLE	21	72390	WEST HELENA	25
72332	EDMONDSON	22	72391	WEST RIDGE	21
72333	ELAINE	26	72392	WHEATLEY	25
72335	FORREST CITY	24	72394	WIDENER	23
72336	FORREST CITY	24	72395	WILSON	21
72338	FRENCHMANS BAYOU	21	72396	WYNNE	24
72339	GILMORE	21	72401	JONESBORO	23
72340	GOODWIN	25	72402	JONESBORO	23

Table #5(T) ZIP Codes 72214 – 72402

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TERRITORY DEFINITIONS (CONT)

3.TERRITORY DEFINITIONS – EARTHQUAKE (cont)

ZIP CODES 72403 – 72528

Earthquake ZIP Codes/Territories In Numerical Order By ZIP Code					
ZIP Code	USPS ZIP Code Name	Earthquake Territory	ZIP Code	USPS ZIP Code Name	Earthquake Territory
72403	JONESBORO	23	72454	PIGGOTT	23
72404	JONESBORO	23	72455	POCAHONTAS	26
72410	ALICIA	25	72456	POLLARD	24
72411	BAY	21	72457	PORTIA	25
72412	BEECH GROVE	24	72458	POWHATAN	26
72413	BIGGERS	24	72459	RAVENDEN	26
72414	BLACK OAK	21	72460	RAVENDEN SPRINGS	27
72415	BLACK ROCK	26	72461	RECTOR	23
72416	BONO	24	72462	REYNO	24
72417	BROOKLAND	23	72464	SAINT FRANCIS	22
72419	CARAWAY	21	72465	SEDGWICK	24
72421	CASH	24	72466	SMITHVILLE	26
72422	CORNING	24	72467	STATE UNIVERSITY	21
72424	DATTO	24	72469	STRAWBERRY	26
72425	DELAPLAINE	24	72470	SUCCESS	25
72426	DELL	21	72471	SWIFTON	25
72427	EGYPT	24	72472	TRUMANN	21
72428	ETOWAH	21	72473	TUCKERMAN	25
72429	FISHER	24	72474	WALCOTT	23
72430	GREENWAY	23	72475	WALDENBURG	24
72431	GRUBBS	24	72476	WALNUT RIDGE	25
72432	HARRISBURG	23	72478	WARM SPRINGS	26
72433	HOXIE	25	72479	WEINER	24
72434	IMBODEN	26	72482	WILLIFORD	27
72435	KNOBEL	24	72501	BATESVILLE	26
72436	LAFE	24	72503	BATESVILLE	26
72437	LAKE CITY	21	72512	HORSESHOE BEND	27
72438	LEACHVILLE	21	72513	ASH FLAT	27
72439	LIGHT	24	72515	BEXAR	27
72440	LYNN	26	72517	BROCKWELL	27
72441	MC DOUGAL	24	72519	CALICO ROCK	27
72442	MANILA	21	72520	CAMP	27
72443	MARMADUKE	23	72521	CAVE CITY	27
72444	MAYNARD	26	72522	CHARLOTTE	26
72445	MINTURN	25	72523	CONCORD	27
72447	MONETTE	21	72524	CORD	25
72449	O KEAN	25	72525	CHEROKEE VILLAGE	27
72450	PARAGOULD	23	72526	CUSHMAN	26
72451	PARAGOULD	23	72527	DESHA	26
72453	PEACH ORCHARD	24	72528	DOLPH	27

Table #6(T) ZIP Codes 72403 – 72528

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TERRITORY DEFINITIONS (CONT)

3.TERRITORY DEFINITIONS – EARTHQUAKE (cont)

ZIP CODES 72529 – 72661

Earthquake ZIP Codes/Territories In Numerical Order By ZIP Code					
ZIP Code	USPS ZIP Code Name	Earthquake Territory	ZIP Code	USPS ZIP Code Name	Earthquake Territory
72529	CHEROKEE VILLAGE	27	72584	VIOLET HILL	27
72530	DRASCO	27	72585	WIDEMAN	27
72531	ELIZABETH	27	72587	WISEMAN	27
72532	EVENING SHADE	27	72601	HARRISON	27
72533	FIFTY SIX	27	72602	HARRISON	27
72534	FLORAL	27	72611	ALPENA	27
72536	FRANKLIN	27	72613	BEAVER	27
72537	GAMALIEL	27	72615	BERGMAN	27
72538	GEPP	27	72616	BERRYVILLE	27
72539	GLENCOE	27	72617	BIG FLAT	27
72540	GUION	27	72619	BULL SHOALS	27
72542	HARDY	27	72623	CLARKRIDGE	27
72543	HEBER SPRINGS	27	72624	COMPTON	27
72544	HENDERSON	27	72626	COTTER	27
72545	HEBER SPRINGS	27	72628	DEER	27
72546	IDA	27	72629	DENNARD	27
72550	LOCUST GROVE	27	72630	DIAMOND CITY	27
72553	MAGNESS	25	72631	EUREKA SPRINGS	27
72554	MAMMOTH SPRING	27	72632	EUREKA SPRINGS	27
72555	MARCELLA	27	72633	EVERTON	27
72556	MELBOURNE	27	72634	FLIPPIN	27
72560	MOUNTAIN VIEW	27	72635	GASSVILLE	27
72561	MOUNT PLEASANT	27	72636	GILBERT	27
72562	NEWARK	25	72638	GREEN FOREST	27
72564	OIL TROUGH	24	72639	HARRIET	27
72565	OXFORD	27	72640	HASTY	27
72566	PINEVILLE	27	72641	JASPER	27
72567	PLEASANT GROVE	27	72642	LAKEVIEW	27
72568	PLEASANT PLAINS	26	72644	LEAD HILL	27
72569	POUGHKEEPSIE	27	72645	LESLIE	27
72571	ROSIE	26	72648	MARBLE FALLS	27
72572	SAFFELL	26	72650	MARSHALL	27
72573	SAGE	27	72651	MIDWAY	27
72575	SALADO	26	72653	MOUNTAIN HOME	27
72576	SALEM	27	72654	MOUNTAIN HOME	27
72577	SIDNEY	27	72655	MOUNT JUDEA	27
72578	STURKIE	27	72657	TIMBO	27
72579	SULPHUR ROCK	26	72658	NORFORK	27
72581	TUMBLING SHOALS	27	72660	OAK GROVE	27
72583	VIOLA	27	72661	OAKLAND	27

Table #7(T) ZIP Codes 72529 – 72661

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3.TERRITORY DEFINITIONS – EARTHQUAKE (cont)

ZIP CODES 72662 – 72830

Earthquake ZIP Codes/Territories In Numerical Order By ZIP Code					
ZIP Code	USPS ZIP Code Name	Earthquake Territory	ZIP Code	USPS ZIP Code Name	Earthquake Territory
72662	OMAHA	27	72738	HINDSVILLE	27
72663	ONIA	27	72739	HIWASSE	27
72666	PARTHENON	27	72740	HUNTSVILLE	27
72668	PEEL	27	72741	JOHNSON	27
72669	PINDALL	27	72742	KINGSTON	27
72670	PONCA	27	72744	LINCOLN	27
72672	PYATT	27	72745	LOWELL	27
72675	SAINT JOE	27	72747	MAYSVILLE	27
72677	SUMMIT	27	72749	MORROW	27
72679	TILLY	27	72751	PEA RIDGE	27
72680	TIMBO	27	72752	PETTIGREW	27
72682	VALLEY SPRINGS	27	72753	PRAIRIE GROVE	27
72683	VENDOR	27	72756	ROGERS	27
72685	WESTERN GROVE	27	72757	ROGERS	27
72686	WITTS SPRINGS	27	72758	ROGERS	27
72687	YELLVILLE	27	72760	SAINT PAUL	27
72701	FAYETTEVILLE	27	72761	SILOAM SPRINGS	27
72702	FAYETTEVILLE	27	72762	SPRINGDALE	27
72703	FAYETTEVILLE	27	72764	SPRINGDALE	27
72704	FAYETTEVILLE	27	72765	SPRINGDALE	27
72711	AVOCA	27	72766	SPRINGDALE	27
72712	BENTONVILLE	27	72768	SULPHUR SPRINGS	27
72714	BELLA VISTA	27	72769	SUMMERS	27
72715	BELLA VISTA	27	72770	TONTITOWN	27
72716	BENTONVILLE	27	72773	WESLEY	27
72717	CANEHILL	27	72774	WEST FORK	27
72718	CAVE SPRINGS	27	72776	WITTER	27
72719	CENTERTON	27	72801	RUSSELLVILLE	27
72721	COMBS	27	72802	RUSSELLVILLE	27
72722	DECATUR	27	72811	RUSSELLVILLE	27
72727	ELKINS	27	72812	RUSSELLVILLE	27
72728	ELM SPRINGS	27	72820	ALIX	27
72729	EVANSVILLE	27	72821	ALTUS	27
72730	FARMINGTON	27	72823	ATKINS	27
72732	GARFIELD	27	72824	BELLEVILLE	27
72733	GATEWAY	27	72826	BLUE MOUNTAIN	27
72734	GENTRY	27	72827	BLUFFTON	27
72735	GOSHEN	27	72828	BRIGGSVILLE	27
72736	GRAVETTE	27	72829	CENTERVILLE	27
72737	GREENLAND	27	72830	CLARKSVILLE	27

Table #8(T) ZIP Codes 72662 – 72830

**ARMED FORCES INSURANCE EXCHANGE
DWELLING POLICY PROGRAM MANUAL
ARKANSAS (03)**

TERRITORY DEFINITIONS (CONT)

3.TERRITORY DEFINITIONS – EARTHQUAKE (cont)

ZIP CODES 72832 – 72959

Earthquake ZIP Codes/Territories In Numerical Order By ZIP Code					
ZIP Code	USPS ZIP Code Name	Earthquake Territory	ZIP Code	USPS ZIP Code Name	Earthquake Territory
72832	COAL HILL	27	72926	BOLES	27
72833	DANVILLE	27	72927	BOONEVILLE	27
72834	DARDANELLE	27	72928	BRANCH	27
72835	DELAWARE	27	72930	CECIL	27
72837	DOVER	27	72932	CEDARVILLE	27
72838	GRAVELLY	27	72933	CHARLESTON	27
72839	HAGARVILLE	27	72934	CHESTER	27
72840	HARTMAN	27	72935	DYER	27
72841	HARVEY	27	72936	GREENWOOD	27
72842	HAVANA	27	72937	HACKETT	27
72843	HECTOR	27	72938	HARTFORD	27
72845	KNOXVILLE	27	72940	HUNTINGTON	27
72846	LAMAR	27	72941	LAVACA	27
72847	LONDON	27	72943	MAGAZINE	27
72851	NEW BLAINE	27	72944	MANSFIELD	27
72852	OARK	27	72945	MIDLAND	27
72853	OLA	27	72946	MOUNTAINBURG	27
72854	OZONE	27	72947	MULBERRY	27
72855	PARIS	27	72948	NATURAL DAM	27
72856	PELSOR	27	72949	OZARK	27
72857	PLAINVIEW	27	72950	PARKS	27
72858	POTTSVILLE	27	72951	RATCLIFF	27
72860	ROVER	27	72952	RUDY	27
72863	SCRANTON	27	72955	UNIONTOWN	27
72865	SUBIACO	27	72956	VAN BUREN	27
72901	FORT SMITH	27	72957	VAN BUREN	27
72902	FORT SMITH	27	72958	WALDRON	27
72903	FORT SMITH	27	72959	WINSLOW	27
72904	FORT SMITH	27			
72905	FORT SMITH	27			
72906	FORT SMITH	27			
72908	FORT SMITH	27			
72913	FORT SMITH	27			
72914	FORT SMITH	27			
72916	FORT SMITH	27			
72917	FORT SMITH	27			
72918	FORT SMITH	27			
72919	FORT SMITH	27			
72921	ALMA	27			
72923	BARLING	27			

Table #9(T) ZIP Codes 72832 – 72959

**ARMED FORCES INSURANCE EXCHANGE
DWELLING POLICY PROGRAM MANUAL
ARKANSAS (03)**

TERRITORY DEFINITIONS (CONT)

3.TERRITORY DEFINITIONS – EARTHQUAKE (cont)

Earthquake Territory Definitions In Numerical Order By Territory Code						
Territory	ZIP Codes					
21	72310	72327	72350	72377	72419	72467
	72313	72329	72351	72384	72426	72472
	72315	72330	72354	72386	72428	
	72316	72331	72358	72391	72437	
	72319	72338	72365	72395	72438	
	72321	72339	72370	72411	72442	
	72325	72346	72373	72414	72447	
22	72301	72348	72464			
	72303	72364				
	72332	72376				
23	72320	72401	72404	72432	72451	72474
	72324	72402	72417	72443	72454	
	72394	72403	72430	72450	72461	
24	72005	72073	72175	72387	72425	72453
	72006	72075	72322	72396	72427	72456
	72014	72083	72326	72412	72429	72462
	72037	72101	72335	72413	72431	72465
	72043	72112	72336	72416	72435	72475
	72046	72123	72347	72421	72436	72479
	72059	72142	72359	72422	72439	72564
	72072	72169	72372	72424	72441	
25	71630	72026	72074	72168	72360	72445
	71639	72029	72082	72182	72366	72449
	71643	72036	72108	72231	72368	72457
	71644	72040	72117	72311	72374	72470
	71662	72041	72133	72312	72379	72471
	71674	72048	72134	72340	72383	72473
	71677	72060	72140	72341	72390	72476
	72004	72064	72152	72342	72392	72524
	72017	72068	72160	72352	72410	72553
	72021	72069	72165	72355	72433	72562
26	71601	72023	72086	72164	72369	72501
	71611	72024	72102	72166	72389	72503
	71638	72038	72113	72170	72415	72522
	71654	72042	72114	72176	72434	72526
	71659	72052	72115	72178	72440	72527
	71666	72053	72119	72183	72444	72568
	71670	72055	72121	72206	72455	72571
	71678	72066	72128	72216	72458	72572
	72003	72076	72139	72328	72459	72575
	72010	72078	72143	72333	72466	72579
	72012	72081	72145	72353	72469	
	72020	72085	72149	72367	72478	
27	71602	71647	71661	71720	71740	71751
	71603	71651	71663	71721	71742	71752
	71612	71652	71665	71722	71743	71753
	71613	71653	71667	71724	71744	71754
	71631	71655	71671	71725	71745	71758
	71635	71656	71675	71726	71747	71759
	71640	71657	71676	71728	71748	71762
	71642	71658	71701	71730	71749	71763
	71646	71660	71711	71731	71750	71764

Table #10(T) Earthquake Territory Definitions

**ARMED FORCES INSURANCE EXCHANGE
DWELLING POLICY PROGRAM MANUAL
ARKANSAS (03)**

TERRITORY DEFINITIONS (CONT)

3.TERRITORY DEFINITIONS – EARTHQUAKE (cont)

Earthquake Territory Definitions In Numerical Order By Territory Code							
Territory	ZIP Codes						
27 (Cont'd)	71765	71937	72070	72223	72617	72719	
	71766	71940	72079	72225	72619	72721	
	71768	71941	72080	72227	72623	72722	
	71770	71942	72084	72260	72624	72727	
	71772	71943	72087	72295	72626	72728	
	71801	71944	72088	72460	72628	72729	
	71802	71945	72089	72482	72629	72730	
	71820	71949	72099	72512	72630	72732	
	71822	71950	72103	72513	72631	72733	
	71823	71952	72104	72515	72632	72734	
	71825	71953	72105	72517	72633	72735	
	71826	71956	72106	72519	72634	72736	
	71827	71957	72107	72520	72635	72737	
	71828	71958	72110	72521	72636	72738	
	71831	71959	72111	72523	72638	72739	
	71832	71960	72116	72525	72639	72740	
	71833	71961	72118	72528	72640	72741	
	71834	71962	72120	72529	72641	72742	
	71835	71964	72122	72530	72642	72744	
	71836	71965	72124	72531	72644	72745	
	71837	71968	72125	72532	72645	72747	
	71838	71969	72126	72533	72648	72749	
	71839	71970	72127	72534	72650	72751	
	71840	71971	72129	72536	72651	72752	
	71841	71972	72130	72537	72653	72753	
	71842	71973	72131	72538	72654	72756	
	71845	71998	72132	72539	72655	72757	
	71846	71999	72135	72540	72657	72758	
	71847	72001	72136	72542	72658	72760	
	71851	72002	72137	72543	72660	72761	
	71852	72007	72141	72544	72661	72762	
	71853	72011	72150	72545	72662	72764	
	71854	72013	72153	72546	72663	72765	
	71855	72015	72156	72550	72666	72766	
	71857	72016	72157	72554	72668	72768	
	71858	72018	72167	72555	72669	72769	
	71859	72019	72173	72556	72670	72770	
	71860	72022	72179	72560	72672	72773	
	71861	72025	72180	72561	72675	72774	
	71862	72027	72181	72565	72677	72776	
71864	72028	72190	72566	72679	72801		
71865	72030	72199	72567	72680	72802		
71866	72031	72201	72569	72682	72811		
71901	72032	72202	72573	72683	72812		
71902	72033	72203	72576	72685	72820		
71903	72034	72204	72577	72686	72821		
71909	72035	72205	72578	72687	72823		
71910	72039	72207	72581	72701	72824		
71913	72044	72209	72583	72702	72826		
71914	72045	72210	72584	72703	72827		
71920	72047	72211	72585	72704	72828		
71921	72051	72212	72587	72711	72829		
71922	72057	72214	72601	72712	72830		
71923	72058	72215	72602	72714	72832		
71929	72061	72217	72611	72715	72833		
71932	72063	72219	72613	72716	72834		
71933	72065	72221	72615	72717	72835		
71935	72067	72222	72616	72718	72837		

Table #11(T) Earthquake Territory Definitions

**ARMED FORCES INSURANCE EXCHANGE
DWELLING POLICY PROGRAM MANUAL
ARKANSAS (03)**

TERRITORY DEFINITIONS (CONT)

3.TERRITORY DEFINITIONS – EARTHQUAKE (cont)

Earthquake Territory Definitions In Numerical Order By Territory Code						
Territory	ZIP Codes					
27 (Cont'd)	72838	72853	72903	72921	72937	72950
	72839	72854	72904	72923	72938	72951
	72840	72855	72905	72926	72940	72952
	72841	72856	72906	72927	72941	72955
	72842	72857	72908	72928	72943	72956
	72843	72858	72913	72930	72944	72957
	72845	72860	72914	72932	72945	72958
	72846	72863	72916	72933	72946	72959
	72847	72865	72917	72934	72947	
	72851	72901	72918	72935	72948	
	72852	72902	72919	72936	72949	

Table #12(T) Earthquake Territory Definitions

**ARMED FORCES INSURANCE EXCHANGE
DWELLING POLICY PROGRAM MANUAL
ARKANSAS (03)**

**PART VIII
KEY PREMIUMS/KEY FACTOR TABLES**

RULE 301.

BASE PREMIUM COMPUTATION

Fire – Coverages A and C – All Forms
Owner-Occupied – Non-Seasonal & Seasonal

TERRITORY – ALL

KEY PREMIUMS								
Protection Class	Construction*	Number of Families						
		1		2		3 or 4		5 or More
		COV A	COV C	COV A	COV C	COV A	COV C	COV C
1	M	92	24	101	24	147	32	45
	F	124	33	137	33	199	43	61
2	M	93	25	102	25	149	32	46
	F	126	33	138	33	201	43	62
3	M	94	25	104	25	151	33	46
	F	127	34	139	34	203	44	62
4	M	96	25	105	25	153	33	47
	F	128	34	141	34	205	44	63
5	M	97	26	107	26	155	33	48
	F	129	34	142	34	207	45	63
6	M	98	26	108	26	157	34	48
	F	131	35	144	35	209	45	64
7	M	100	26	110	26	159	34	49
	F	155	41	171	41	248	54	76
8	M	116	31	128	31	186	40	57
	F	168	45	185	45	269	58	83
8B	M	144	38	158	38	230	50	70
	F	207	55	228	55	331	71	102
9	M	162	43	178	43	259	56	79
	F	233	62	256	62	373	80	114
10	M	207	55	228	55	331	71	102
	F	298	79	327	79	476	103	146

* M = Masonry Masonry Veneer is rated as masonry.
F = Frame Aluminum or plastic siding over frame is rated as frame.

KEY FACTORS			
Limit of Liability (000's)	Coverage A	Limit of Liability (000's)	Coverage C
\$ 1#	0.3100	\$ 1#	0.3500
2	0.3460	2	0.4800
3	0.3820	3	0.6100
4	0.4190	4	0.7400
5	0.4550	5	0.8700
6	0.4910	6	1.0000
7	0.5280	7	1.1300
8	0.5640	8	1.2600
9	0.6000	9	1.3900
10	0.6370	10	1.5200
11	0.6730	11	1.6500
12	0.7090	12	1.7800
13	0.7460	13	1.9100
14	0.7820	14	2.0400
15	0.8180	15	2.1700
16	0.8550	16	2.3000
18	0.9270	17	2.4300
20	1.0000	18	2.5600
22	1.0330	19	2.6900
24	1.0650	20	2.8200
26	1.0980	21	2.9500
28	1.1310	22	3.0800
30	1.1630	23	3.2100
32	1.1960	24	3.3400
34	1.2290	25	3.4700
36	1.2610	26	3.6000
38	1.2940	27	3.7300
40	1.3270	28	3.8600
42	1.3590	29	3.9900
44	1.3920	30	4.1200
46	1.4250	31	4.2500
48	1.4570	32	4.3800
50	1.4900	33	4.5100
55	1.5700	34	4.6400
60	1.6500	35	4.7700
65	1.7300	36	4.9000
70	1.8100	37	5.0300
75	1.8900	38	5.1600
80	1.9700	39	5.2900
85	2.0500	40	5.4200
90	2.1300	41	5.5500
95	2.2100	42	5.6800
100	2.2900	43	5.8100
105	2.3700	44	5.9400
110	2.4500	45	6.0700
115	2.5300	46	6.2000
120	2.6100	47	6.3300
125	2.6900	48	6.4600
130	2.7700	49	6.5900
135	2.8500	50	6.7200
140	2.9300		
145	3.0100		
Each Add'l \$1,000	0.0160	Each Add'l \$1,000	0.1300

**ARMED FORCES INSURANCE EXCHANGE
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**PART VIII
KEY PREMIUMS/KEY FACTOR TABLES**

**RULE 301.
BASE PREMIUM COMPUTATION**

Fire – Coverages A and C – All Forms
Non Owner-Occupied – Non-Seasonal & Seasonal

TERRITORY – ALL

		KEY PREMIUMS						
Protection Class	*Construction	Number of Families						
		1		2		3 or 4		5 or More
		COV A	COV C	COV A	COV C	COV A	COV C	COV C
1	M	115	24	126	24	184	32	45
	F	155	33	171	33	249	43	61
2	M	116	25	128	25	186	32	46
	F	157	33	173	33	251	43	62
3	M	118	25	130	25	189	33	46
	F	159	34	174	34	254	44	62
4	M	120	25	132	25	192	33	47
	F	160	34	176	34	256	44	63
5	M	121	26	133	26	194	33	48
	F	162	34	178	34	259	45	63
6	M	123	26	135	26	197	34	48
	F	163	35	180	35	261	45	64
7	M	125	26	137	26	199	34	49
	F	194	41	214	41	311	54	76
8	M	146	31	160	31	233	40	57
	F	210	45	231	45	336	58	83
8B	M	180	38	198	38	287	50	70
	F	259	55	285	55	414	71	102
9	M	202	43	222	43	324	56	79
	F	291	62	320	62	466	80	114
10	M	259	55	285	55	414	71	102
	F	372	79	409	79	595	103	146

* M = Masonry Masonry Veneer is rated as masonry.
F = Frame Aluminum or plastic siding over frame is rated as frame.

KEY FACTORS			
Limit of Liability (000's)	Coverage A	Limit of Liability (000's)	Coverage C
\$ 1#	0.3100	\$ 1#	0.3500
2	0.3460	2	0.4800
3	0.3820	3	0.6100
4	0.4190	4	0.7400
5	0.4550	5	0.8700
6	0.4910	6	1.0000
7	0.5280	7	1.1300
8	0.5640	8	1.2600
9	0.6000	9	1.3900
10	0.6370	10	1.5200
11	0.6730	11	1.6500
12	0.7090	12	1.7800
13	0.7460	13	1.9100
14	0.7820	14	2.0400
15	0.8180	15	2.1700
16	0.8550	16	2.3000
18	0.9270	17	2.4300
20	1.0000	18	2.5600
22	1.0330	19	2.6900
24	1.0650	20	2.8200
26	1.0980	21	2.9500
28	1.1310	22	3.0800
30	1.1630	23	3.2100
32	1.1960	24	3.3400
34	1.2290	25	3.4700
36	1.2610	26	3.6000
38	1.2940	27	3.7300
40	1.3270	28	3.8600
42	1.3590	29	3.9900
44	1.3920	30	4.1200
46	1.4250	31	4.2500
48	1.4570	32	4.3800
50	1.4900	33	4.5100
55	1.5700	34	4.6400
60	1.6500	35	4.7700
65	1.7300	36	4.9000
70	1.8100	37	5.0300
75	1.8900	38	5.1600
80	1.9700	39	5.2900
85	2.0500	40	5.4200
90	2.1300	41	5.5500
95	2.2100	42	5.6800
100	2.2900	43	5.8100
105	2.3700	44	5.9400
110	2.4500	45	6.0700
115	2.5300	46	6.2000
120	2.6100	47	6.3300
125	2.6900	48	6.4600
130	2.7700	49	6.5900
135	2.8500	50	6.7200
140	2.9300		
145	3.0100		
Each Add'l \$1,000	0.0160	Each Add'l \$1,000	0.1300

**ARMED FORCES INSURANCE EXCHANGE
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ARKANSAS (03)**

**RULE 301.
BASE PREMIUM COMPUTATION (CONT)**

Extended Coverage, Broad and Special
Forms – Coverages A and C

KEY PREMIUMS*					
Territory	Coverage A			Coverage C	
	Forms DP 00			Forms DP 00	
	01	02	03	01	02 or 03
All	90	135	162	7	16

*Rating Notes

DP 00 01 Key Premiums are Non-Seasonal and Seasonal.

DP 00 02 and **DP 00 03** Key Premiums are Non-Seasonal only and include the charge for E.C. and V. &M.M. perils. To develop the Seasonal Base Premium, multiply the following factors by the **DP 00 01** E.C. Base Premium:

TERRITORY – ALL

	DP 00 02	DP 00 03
Coverage A	1.75	2.10
Coverage C	2.75	2.75

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

KEY FACTORS			
Limit of Liability (000's)	Coverage A	Limit of Liability (000's)	Coverage C
\$ 1#	0.5660	\$ 1#	0.1700
2	0.5880	2	0.3300
3	0.6110	3	0.5000
4	0.6340	4	0.6700
5	0.6570	5	0.8300
6	0.6800	6	1.0000
7	0.7030	7	1.1700
8	0.7260	8	1.3400
9	0.7490	9	1.5000
10	0.7710	10	1.6700
11	0.7940	11	1.8400
12	0.8170	12	2.0000
13	0.8400	13	2.1700
14	0.8620	14	2.3300
15	0.8850	15	2.5000
16	0.9080	16	2.6700
18	0.9530	17	2.8400
20	1.0000	18	3.0000
22	1.0460	19	3.1700
24	1.0910	20	3.3400
26	1.1370	21	3.5100
28	1.1820	22	3.6700
30	1.2280	23	3.8400
32	1.2730	24	4.0000
34	1.3200	25	4.1700
36	1.3650	26	4.3400
38	1.4110	27	4.5100
40	1.4560	28	4.6800
42	1.5020	29	4.8500
44	1.5470	30	5.0200
46	1.5930	31	5.1900
48	1.6390	32	5.3600
50	1.6850	33	5.5300
55	1.8000	34	5.7000
60	1.9150	35	5.8700
65	2.0300	36	6.0400
70	2.1450	37	6.2100
75	2.2600	38	6.3800
80	2.3750	39	6.5500
85	2.4900	40	6.7200
90	2.6050	41	6.8900
95	2.7200	42	7.0600
100	2.8350	43	7.2300
105	2.9500	44	7.4000
110	3.0650	45	7.5700
115	3.1800	46	7.7400
120	3.2950	47	7.9100
125	3.4100	48	8.0800
130	3.5250	49	8.2500
135	3.6400	50	8.4200
140	3.7550		
145	3.8700		
Each Add'l \$1,000	0.0230	Each Add'l \$1,000	0.1700

**ARMED FORCES INSURANCE EXCHANGE
DWELLING POLICY PROGRAM MANUAL
ARKANSAS (03)**

**PART IX
PREMIUMS, RATES, CHARGES, AND CREDITS**

**RULE 302.
VANDALISM AND MALICIOUS MISCHIEF – DP 00 01**

Not Seasonal or Vacant	\$0.17
Seasonal and Non Vacant	\$0.83
Vacant	\$13.33
In Course Of Construction	\$0.17

Table 302. Vandalism And Malicious Mischief (DP 00 01)

**RULE 406.
DEDUCTIBLES**

B. \$100 Deductible – minimum additional charge \$ 25.00

**RULE 500.
MISCELLANEOUS RATES**

The following rates per \$1,000 apply to all occupancies, territories, construction, protection classifications unless otherwise specified:

Rates Per \$1,000	
Exposure	Rates
A. Fire Protection Class 1-8	\$3.20
Fire Protection Class 8B, 9 & 10	\$5.69
B. Extended Coverage (DP 00 01)	\$1.49
C. Broad Form (DP 00 02)	\$2.15
D. Special Form (DP 00 03)	\$2.89
E. Broad Form (DP 00 02) with Endorsement DP 04 65	\$2.89
Rates for A. are cumulative with either B. , C. , D. , or E.	

Table 500. Miscellaneous Rates

**RULE 507.
FIRE DEPARTMENT SERVICE CHARGE**

Rate per each additional \$100 of coverage \$ 3.00

**ARMED FORCES INSURANCE EXCHANGE
DWELLING POLICY PROGRAM MANUAL
ARKANSAS (03)**

**RULE 509.
EARTHQUAKE COVERAGE**

D. Premium for Base Deductible

5% Deductible - Rates Per \$1,000				
Table A - Frame*				
Territory	Coverage A	Coverage B	Coverage C	Coverage D and E
21	\$0.79	\$0.63	\$0.42	\$0.50
22	\$0.70	\$0.55	\$0.42	\$0.49
23	\$0.66	\$0.52	\$0.40	\$0.43
24	\$0.56	\$0.44	\$0.36	\$0.37
25	\$0.42	\$0.33	\$0.31	\$0.29
26	\$0.18	\$0.14	\$0.18	\$0.13
27	\$0.08	\$0.07	\$0.08	\$0.06
Table B - Masonry*				
Territory	Coverage A	Coverage B	Coverage C	Coverage D and E
21	\$0.99	\$0.79	\$0.55	\$0.62
22	\$0.99	\$0.79	\$0.55	\$0.62
23	\$0.99	\$0.79	\$0.55	\$0.62
24	\$0.99	\$0.79	\$0.55	\$0.62
25	\$0.82	\$0.64	\$0.55	\$0.57
26	\$0.41	\$0.31	\$0.36	\$0.32
27	\$0.22	\$0.17	\$0.22	\$0.19
Table C - Superior				
Territory	Coverage A	Coverage B	Coverage C	Coverage D and E
21	\$0.88	\$0.70	\$0.42	\$0.53
22	\$0.88	\$0.70	\$0.42	\$0.53
23	\$0.88	\$0.70	\$0.42	\$0.53
24	\$0.74	\$0.58	\$0.42	\$0.49
25	\$0.45	\$0.35	\$0.30	\$0.30
26	\$0.29	\$0.23	\$0.23	\$0.22
27	\$0.08	\$0.06	\$0.08	\$0.07

Table 509.D. #1 Premium for Base Deductible 5% Deductible

* If exterior Masonry Veneer is covered, rate as Masonry; if not covered – rate as Frame.

**ARMED FORCES INSURANCE EXCHANGE
DWELLING POLICY PROGRAM MANUAL
ARKANSAS (03)**

**RULE 509.
EARTHQUAKE COVERAGE (CONT)**

D. Premium for Base Deductible

10% Deductible - Rates Per \$1,000				
Table A - Frame*				
Territory	Coverage A	Coverage B	Coverage C	Coverage D and E
21	\$0.73	\$0.57	\$0.40	\$0.50
22	\$0.62	\$0.47	\$0.39	\$0.49
23	\$0.58	\$0.45	\$0.37	\$0.43
24	\$0.48	\$0.37	\$0.34	\$0.37
25	\$0.36	\$0.27	\$0.27	\$0.29
26	\$0.15	\$0.11	\$0.14	\$0.13
27	\$0.07	\$0.05	\$0.07	\$0.06
Table B - Masonry*				
Territory	Coverage A	Coverage B	Coverage C	Coverage D and E
21	\$0.89	\$0.70	\$0.51	\$0.62
22	\$0.89	\$0.70	\$0.51	\$0.62
23	\$0.89	\$0.70	\$0.51	\$0.62
24	\$0.89	\$0.70	\$0.51	\$0.62
25	\$0.70	\$0.53	\$0.51	\$0.57
26	\$0.35	\$0.26	\$0.32	\$0.32
27	\$0.20	\$0.14	\$0.19	\$0.19
Table C - Superior				
Territory	Coverage A	Coverage B	Coverage C	Coverage D and E
21	\$0.78	\$0.61	\$0.41	\$0.53
22	\$0.78	\$0.61	\$0.41	\$0.53
23	\$0.78	\$0.61	\$0.41	\$0.53
24	\$0.66	\$0.51	\$0.38	\$0.49
25	\$0.38	\$0.29	\$0.27	\$0.30
26	\$0.25	\$0.19	\$0.20	\$0.22
27	\$0.07	\$0.06	\$0.07	\$0.07

Table 509.D. #2 Premium for Base Deductible 10% Deductible

* If exterior Masonry Veneer is covered, rate as Masonry; if not covered – rate as Frame.

**ARMED FORCES INSURANCE EXCHANGE
DWELLING POLICY PROGRAM MANUAL
ARKANSAS (03)**

**RULE 511.
SINKHOLE COLLAPSE COVERAGE**

B. Premium Computation

Rates Per \$1,000	
Coverage A or B and Other Building Options	\$.49
Coverage C or Personal Property Options	\$.17

Table 511.B. Premium Computation

**RULE 512.
WINDSTORM OR HAIL COVERAGE – AWNINGS, SIGNS AND OUTDOOR RADIO AND
TELEVISION EQUIPMENT**

B. Premium Computation

Rates Per \$1,000			
Territory	Awnings	Signs	Outdoor Radio And
All	\$80.08	\$80.08	\$80.08

Table 512.B. Premium Computation

**RULE 513.
WATER BACK UP AND SUMP OVERFLOW**

C. Premium Computation

Charge per location - \$143.00

**ARMED FORCES INSURANCE EXCHANGE
DWELLING POLICY PROGRAM MANUAL PAGE CHECKLIST
ARKANSAS (03)**

Effective Date: 3 September 2012

RULE PAGES

RULE NUMBER	PAGE NUMBER	FILING NUMBER
100	RU-100-1	AR-DWG-3I-05-1
101	RU-101-1	AR-DWG-3I-05-1
102	RU-102-1	AR-DWG-3I-05-1
103	RU-103-1	AR-DWG-3I-12-1
104	RU-104-1	AR-DWG-3I-05-1
105	RU-105-1	AR-DWG-3I-05-1
106	RU-106-1	AR-DWG-3I-05-1
107	RU-107-1	AR-DWG-3I-05-1
108 thru 200	RU-108-200-1	AR-DWG-3I-05-1
201	RU-201-1	AR-DWG-3I-05-1
202	RU-202-1	AR-DWG-3I-05-1
203	RU-203-1	AR-DWG-3I-05-1
204	RU-204-1	AR-DWG-3I-05-1
205	RU-205-1	AR-DWG-3I-05-1
206	RU-206-1	AR-DWG-3I-12-1
207	RU-207-1	AR-DWG-3I-05-1
208	RU-208-1	AR-DWG-3I-05-1
209	RU-209-1	AR-DWG-3I-05-1
210	RU-210-1	AR-DWG-3I-05-1
211 thru 300	RU-211-300-1	AR-DWG-2I-07-2
301	RU-301-1	AR-DWG-3I-05-1
302	RU-302-1	AR-DWG-3I-05-1
303	RU-303-1	AR-DWG-3I-05-1
	RU-303-2	AR-DWG-3I-05-1
304	RU-304-1	AR-DWG-3I-05-1
305	RU-305-1	AR-DWG-3I-05-1
306 thru 400	RU-306-400-1	AR-DWG-3I-05-1
401	RU-401-1	AR-DWG-3I-05-1
402	RU-402-1	AR-DWG-3I-05-1
403	RU-403-1	AR-DWG-3I-05-1
404	RU-404-1	AR-DWG-3I-12-1
405	RU-405-1	AR-DWG-3I-05-1
406	RU-406-1	AR-DWG-3I-12-1
	RU-406-2	
407	RU-407-1	AR-DWG-3I-05-1
408	RU-408-1	AR-DWG-3I-12-1
409	RU-409-1	AR-DWG-3I-05-1
410	RU-410-1	AR-DWG-3I-05-1
411 thru 499	RU-411-499-1	AR-DWG-3I-05-1

RULE NUMBER	PAGE NUMBER	FILING NUMBER
500	RU-500-1	AR-DWG-3I-05-1
501	RU-501-1	AR-DWG-3I-12-1
502	RU-502-1	AR-DWG-2I-09-1
	RU-502-2	AR-DWG-3I-05-1
503	RU-503-1	AR-DWG-3I-05-1
504	RU-504-1	AR-DWG-3I-05-1
505	RU-505-1	AR-DWG-3I-05-1
506	RU-506-1	AR-DWG-3I-05-1
507	RU-507-1	AR-DWG-3I-05-1
508	RU-508-1	AR-DWG-3I-05-1
509	RU-509-1	AR-DWG-3I-12-1
	RU-509-2	AR-DWG-3I-12-1
510	RU-510-1	AR-DWG-3I-05-1
511	RU-511-1	AR-DWG-3I-12-1
512	RU-512-1	AR-DWG-3I-05-1
513	RU-513-1	AR-DWG-3I-05-1
514	RU-514-1	AR-DWG-3I-05-1
515	RU-515-1	AR-DWG-3I-05-1
516	RU-516-1	AR-DWG-3I-05-1
517	RU-517-1	AR-DWG-3I-05-1
518 thru 600	RU-518-600-1	AR-DWG-3I-05-1
A1/Opt. End	AR-1	AR-DWG-3I-05-1

**ARMED FORCES INSURANCE EXCHANGE
DWELLING POLICY PROGRAM MANUAL PAGE CHECKLIST
ARKANSAS (03)**

Effective Date: 3 September 2012

TERRITORY PAGES

PAGE NUMBER	FILING NUMBER
T-1	AR-DWG-3I-05-1
T-2	AR-DWG-3I-12-1
T-3	AR-DWG-3I-12-1
T-4	AR-DWG-3I-12-1
T-5	AR-DWG-3I-12-1
T-6	AR-DWG-3I-12-1
T-7	AR-DWG-3I-12-1
T-8	AR-DWG-3I-12-1
T-9	AR-DWG-3I-12-1
T-10	AR-DWG-3I-12-1
T-11	AR-DWG-3I-12-1
T-12	AR-DWG-3I-12-1
T-13	AR-DWG-3I-12-1

RATE PAGES

206	RA-1	AR-DWG-3I-05-1
208	RA-1	AR-DWG-3I-05-1
301	RA-2 thru RA-4	AR-DWG-3I-12-1
302	RA-4	AR-DWG-3I-12-1
406	RA-5	AR-DWG-3I-12-1
500	RA-5	AR-DWG-3I-12-1
507	RA-5	AR-DWG-3I-12-1
509	RA-6 thru RA-7	AR-DWG-3I-12-1
511	RA-8	AR-DWG-3I-12-1
512	RA-8	AR-DWG-3I-12-1
513	RA-8	AR-DWG-3I-12-1

SERFF Tracking Number: ARMD-128234035 State: Arkansas
 Filing Company: Armed Forces Insurance Exchange State Tracking Number:
 Company Tracking Number: AR-DWG-3I-12-1
 TOI: 01.0 Property Sub-TOI: 01.0002 Personal Property (Fire and Allied Lines)
 Product Name: Dwelling
 Project Name/Number: Rates,MH withdrawal,EQ, Rule deletion/AR-DWG-3I-12-1

Supporting Document Schedules

	Item Status:	Status Date:
Satisfied - Item: Form RF-1 NAIC Loss Cost Data Entry Document--All P&C Lines	Filed	05/16/2012

Comments:

Attachments:

AR NAIC Loss Cost Data Entry Document - EC.pdf
 AR NAIC Loss Cost Data Entry Document - Fire.pdf

	Item Status:	Status Date:
Satisfied - Item: HPCS-Homeowners Premium Comparison Survey	Filed	05/16/2012

Comments:

Attachments:

FORM HPCS.xls
 FORM HPCS.pdf

	Item Status:	Status Date:
Satisfied - Item: NAIC Loss Cost Filing Document for OTHER than Workers' Comp	Filed	05/16/2012

Comments:

Attachments:

industry_rates_loss_cost_filing_document_other - EC.pdf
 industry_rates_loss_cost_filing_document_other - Fire.pdf

	Item Status:	Status Date:
Satisfied - Item: P&C Actuarial Justification	Filed	05/16/2012

Comments:

Attachments:

SERFF Tracking Number: ARMD-128234035 *State:* Arkansas
Filing Company: Armed Forces Insurance Exchange *State Tracking Number:*
Company Tracking Number: AR-DWG-3I-12-1
TOI: 01.0 Property *Sub-TOI:* 01.0002 Personal Property (Fire and Allied Lines)
Product Name: Dwelling
Project Name/Number: Rates, MH withdrawal, EQ, Rule deletion/AR-DWG-3I-12-1

Actuarial Rate Level Indication Memorandum.pdf

Actuarial Support.pdf

Revised Actuarial Support.pdf

NAIC LOSS COST DATA ENTRY DOCUMENT

1. This filing transmittal is part of Company Tracking # _____

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

		Company Name			Company NAIC Number
3.	A.	Armed Forces Insurance Exchange	B.		41459

		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.	Personal Lines	B.		Extended Coverage

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
Personal Lines - EC	51.30	50.84	.6720	1.9219	2.8600		2.0611
TOTAL OVERALL EFFECT	51.30	50.84					

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
2006	82	10.23%	10/09/06	26	8	30.77%	46.60%
2007	83	N/A	N/A	30	29	96.67%	30.41%
2008	85	N/A	N/A	32	33	103.13%	69.62%
2009	85	N/A	N/A	34	35	102.94%	62.13%
2010	78	N/A	N/A	32	27	84.38%	63.57%

7.

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

8. N Apply Lost Cost Factors to Future filings? (Y or N)
9. 26.34% Estimated Maximum Rate Increase for any Insured (%). Territory (if applicable): _____
10. N/A Estimated Maximum Rate Decrease for any Insured (%) Territory (if applicable): _____

NAIC LOSS COST DATA ENTRY DOCUMENT

1. This filing transmittal is part of Company Tracking # _____

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

		Company Name		Company NAIC Number
3.	A.	Armed Forces Insurance Exchange	B.	41459

		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.	Personal Lines	B.	Dwelling Fire

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
Allied Lines – Dwelling Fire	-2.60	-2.44	.4670	1.0741	2.30		1.9925
TOTAL OVERALL EFFECT	-2.60	-2.44					

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
2006	82	6.44%	10/9/06	34	0	0.13%	28.86%
2007	83	N/A	N/A	36	17	47.22%	73.18%
2008	85	N/A	N/A	35	-14	-40.00%	100.63%
2009	85	N/A	N/A	38	0	-0.26%	18.83%
2010	78	N/A	N/A	36	0	-0.04%	26.86%

7.

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

8. N Apply Lost Cost Factors to Future filings? (Y or N)
9. 26.34% Estimated Maximum Rate Increase for any Insured (%). Territory (if applicable): _____
10. N/A Estimated Maximum Rate Decrease for any Insured (%) Territory (if applicable): _____

NAIC Number: 41459
 Company Name: Armed Forces Insurance Exchange
 Contact Person: Tracey R. Wagner
 Telephone No.: 800 828 7732, ext 4675
 Email Address: actuary@afi.org
 Effective Date: 9-Oct-06

**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	\$421.00	\$499.00	\$421.00	\$499.00	\$421.00	\$499.00	\$421.00	\$499.00	\$421.00	\$499.00	\$421.00	\$499.00	\$421.00	\$499.00	\$421.00	\$499.00	\$421.00	\$499.00
	\$120,000	\$568.00	\$672.00	\$568.00	\$672.00	\$568.00	\$672.00	\$568.00	\$672.00	\$568.00	\$672.00	\$568.00	\$672.00	\$568.00	\$672.00	\$568.00	\$672.00	\$568.00	\$672.00
	\$160,000	\$718.00	\$847.00	\$718.00	\$847.00	\$718.00	\$847.00	\$718.00	\$847.00	\$718.00	\$847.00	\$718.00	\$847.00	\$718.00	\$847.00	\$718.00	\$847.00	\$718.00	\$847.00
6	\$80,000	\$421.00	\$499.00	\$421.00	\$499.00	\$421.00	\$499.00	\$421.00	\$499.00	\$421.00	\$499.00	\$421.00	\$499.00	\$421.00	\$499.00	\$421.00	\$499.00	\$421.00	\$499.00
	\$120,000	\$568.00	\$672.00	\$568.00	\$672.00	\$568.00	\$672.00	\$568.00	\$672.00	\$568.00	\$672.00	\$568.00	\$672.00	\$568.00	\$672.00	\$568.00	\$672.00	\$568.00	\$672.00
	\$160,000	\$718.00	\$847.00	\$718.00	\$847.00	\$718.00	\$847.00	\$718.00	\$847.00	\$718.00	\$847.00	\$718.00	\$847.00	\$718.00	\$847.00	\$718.00	\$847.00	\$718.00	\$847.00
9	\$80,000	\$576.00	\$748.00	\$576.00	\$748.00	\$576.00	\$748.00	\$576.00	\$748.00	\$576.00	\$748.00	\$576.00	\$748.00	\$576.00	\$748.00	\$576.00	\$748.00	\$576.00	\$748.00
	\$120,000	\$774.00	\$1,002.00	\$774.00	\$1,002.00	\$774.00	\$1,002.00	\$774.00	\$1,002.00	\$774.00	\$1,002.00	\$774.00	\$1,002.00	\$774.00	\$1,002.00	\$774.00	\$1,002.00	\$774.00	\$1,002.00
	\$160,000	\$973.00	\$1,256.00	\$973.00	\$1,256.00	\$973.00	\$1,256.00	\$973.00	\$1,256.00	\$973.00	\$1,256.00	\$973.00	\$1,256.00	\$973.00	\$1,256.00	\$973.00	\$1,256.00	\$973.00	\$1,256.00

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 co

ARE YOU CURRENTLY WRITING EARTHQUAKE COVERAGE IN ARKANSAS?	<input type="text"/>	yes	(yes or no)
WHAT IS YOUR PERCENTAGE DEDUCTIBLE?	<input type="text"/>	5%	%
WHAT IS YOUR PRICE PER \$1,000 OF COVERAGE?	Zone	Brick	Frame
	Highest Risk	\$ 1.4	\$ 0.68
	Lowest Risk	\$ 0.66	\$ 0.25

CALCULATION OF COMPANY LOSS COST MULTIPLIER

Reset Form

(EFFECTIVE AUG. 16, 2004)

This filing transmittal is part of Company Tracking #	AR-DWG-3I-12-1
This filing corresponds to form filing number (Company tracking number of form filing, if applicable)	

- Loss Cost Reference Filing** Insurance Services Office, Inc.; DP-2010-RLA1 **Independent Rate Filing**
(Advisory Org. & Reference filing #)

If this is a loss cost filing adopting an advisory organization's loss costs, the above insurer hereby declares that it is a member, subscriber or service purchaser of the named advisory organization for this line of insurance. The insurer hereby files (to be deemed to have independently submitted as its own filing) the prospective loss costs in the captioned Reference Filing. The insurer's rates will be the combination of the prospective loss costs and the loss cost multipliers and, if utilized, the expense constants specified in the attachments.

1. Check one of the following:

<input type="checkbox"/>	The insurer hereby files to have its loss cost multipliers and, if utilized, expense constants be applicable to future revisions of the advisory organization's prospective loss costs for this line of insurance. The insurer's rates will be the combination of the advisory organization's prospective loss costs and the insurer's loss cost multipliers and if utilized, expense constants specified in the attachments. The rates will apply to policies written on or after the effective date of the advisory organization's prospective loss costs. This authorization is effective until disapproved by the Commissioner, or until amended or withdrawn by the insurer. Note: Some states have statutes that prohibit this option for some lines of business.
<input checked="" type="checkbox"/>	The insurer hereby files to have its loss cost multipliers and, if utilized, expense constants be applicable only to the above Advisory Organization Reference Filing.

2. Line, Subline, Coverage, Territory, Class, etc. combination to which this page applies: Personal Lines - Dwelling - EC

3. Loss cost modification:

A. The insurer hereby files to adopt the prospective loss costs in the captioned reference filing (Check One):

- Without Modification (factor = 1.000)
 With the following modification(s). (Cite the nature and percent modification, and attach supporting data and/or rationale for the modification.) 92.19%

B. Loss Cost Modification Expressed as a Factor: (See Examples Below) 1.9219

Example 1: Loss cost Modification Factor: If your company's loss cost modification is -10%, a factor of .90 (1.000 - .100) should be used.

Example 2: Loss cost Modification Factor: If your company's loss cost modification is =15%, a factor of 1.15 (1.000 + .150) should be used.

NOTE: IF EXPENSE CONSTANTS ARE UTILIZED ATTACH "EXPENSE CONSTANT SUPPLEMENT" OR OTHER SUPPORTING INFORMATION. DO NOT COMPLETE ITEMS 4-8 BELOW.

4. Development of Expected Loss Ratio. (Attach exhibit detailing insurer expense data and/or other supporting information.)

		Selected Provisions
A.	Total Production Expense	16.5 %
B.	General Expense	6.40 %
C.	Taxes, Licenses & Fee	3.60 %
D.	Underwriting profit & Contingencies (explain how investment income is taken into account)	6.30 %
E.	Other (explain)	0 %
F.	Total	32.8 %

5.	A.	A. Expected Loss Ratio: $ELR = 100\% - 4F = A$	67.20	%
	B.	B. ELR in Decimal Form =	.672	
6.		Company Formula Loss Cost Multiplier (3B/5B)	2.8600	
7.		Company Selected Loss Cost Multiplier = (Attach explanation for any differences between 6 and 7)	2.8600	
8.		Rate Level Change for the coverage(s) to which this page applies	50.77%	

CALCULATION OF COMPANY LOSS COST MULTIPLIER

Reset Form

(EFFECTIVE AUG. 16, 2004)

This filing transmittal is part of Company Tracking #	AR-DWG-3I-12-1
This filing corresponds to form filing number (Company tracking number of form filing, if applicable)	

- Loss Cost Reference Filing** Insurance Services Office, Inc.; DP-2010-RLA1 **Independent Rate Filing**
(Advisory Org. & Reference filing #)

If this is a loss cost filing adopting an advisory organization's loss costs, the above insurer hereby declares that it is a member, subscriber or service purchaser of the named advisory organization for this line of insurance. The insurer hereby files (to be deemed to have independently submitted as its own filing) the prospective loss costs in the captioned Reference Filing. The insurer's rates will be the combination of the prospective loss costs and the loss cost multipliers and, if utilized, the expense constants specified in the attachments.

1. Check one of the following:

<input type="checkbox"/>	The insurer hereby files to have its loss cost multipliers and, if utilized, expense constants be applicable to future revisions of the advisory organization's prospective loss costs for this line of insurance. The insurer's rates will be the combination of the advisory organization's prospective loss costs and the insurer's loss cost multipliers and if utilized, expense constants specified in the attachments. The rates will apply to policies written on or after the effective date of the advisory organization's prospective loss costs. This authorization is effective until disapproved by the Commissioner, or until amended or withdrawn by the insurer. Note: Some states have statutes that prohibit this option for some lines of business.
<input checked="" type="checkbox"/>	The insurer hereby files to have its loss cost multipliers and, if utilized, expense constants be applicable only to the above Advisory Organization Reference Filing.

2. Line, Subline, Coverage, Territory, Class, etc. combination to which this page applies: Personal Lines - Dwelling - Fire

3. Loss cost modification:

A. The insurer hereby files to adopt the prospective loss costs in the captioned reference filing (Check One):

- Without Modification (factor = 1.000)
 With the following modification(s). (Cite the nature and percent modification, and attach supporting data and/or rationale for the modification.) 7.41%

B. Loss Cost Modification Expressed as a Factor: (See Examples Below) 1.0741

Example 1: Loss cost Modification Factor: If your company's loss cost modification is -10%, a factor of .90 (1.000 - .100) should be used.

Example 2: Loss cost Modification Factor: If your company's loss cost modification is =15%, a factor of 1.15 (1.000 + .150) should be used.

NOTE: IF EXPENSE CONSTANTS ARE UTILIZED ATTACH "EXPENSE CONSTANT SUPPLEMENT" OR OTHER SUPPORTING INFORMATION. DO NOT COMPLETE ITEMS 4-8 BELOW.

4. Development of Expected Loss Ratio. (Attach exhibit detailing insurer expense data and/or other supporting information.)

		Selected Provisions
A.	Total Production Expense	28.6 %
B.	General Expense	12.10 %
C.	Taxes, Licenses & Fee	4.8 %
D.	Underwriting profit & Contingencies (explain how investment income is taken into account)	7.8 %
E.	Other (explain)	%
F.	Total	53.3 %

5.	A. Expected Loss Ratio: $ELR = 100\% - 4F = A$	46.70	%
	B. ELR in Decimal Form =	.467	
6.	Company Formula Loss Cost Multiplier (3B/5B)	2.3000	
7.	Company Selected Loss Cost Multiplier = (Attach explanation for any differences between 6 and 7)	2.3000	
8.	Rate Level Change for the coverage(s) to which this page applies	-2.44	

ARMED FORCES INSURANCE EXCHANGE
Arkansas
Dwelling

Actuarial Rate Level Indication

Armed Forces Insurance Exchange (AFIE) submits the following information in support of the rate level indication underlying the proposed revisions of this filing:

Exhibit 1 – Rate History

This exhibit includes a history of approved rate level changes by coverage.

Exhibit 2 – Premium Adjustment Factor

This exhibit includes the factors utilized to adjust earned premium to current rate level. AFIE has utilized the parallelogram method and an annual policy term to develop quarterly on-level factors.

Exhibit 3 – Premium Trend Factor

This exhibit includes the factors utilized to trend premium. AFIE's methodology applies both a retrospective and prospective trend to determine an overall premium trend factor. Also included in this exhibit is the earned exposure trend.

Exhibit 4 – Loss Development

This exhibit includes the selected loss and allocated loss adjustment expense development factors along with the resulting ultimate loss and allocated loss adjustment expenses. AFIE evaluates both state level and countrywide development. Generally we rely on countrywide development particularly in states with limited loss data.

Exhibit 5 – Loss Trend

Utilizes AFIE loss trend data to determine frequency and severity trends. These values are then used to calculate a pure premium trend. The loss trend methodology applies both a retrospective and prospective trend to determine an overall loss trend factor.

Exhibit 6 – CAT Allocated Loss Adjustment Expense (ALAE) Factor

The catastrophe losses in Exhibit 7 do not include ALAE. Using historical countrywide ratios of cat ALAE to cat losses we have determined a cat ALAE factor used to adjust the non-modeled losses determined in Exhibit 7.

Exhibit 7 – Catastrophe Adjustment

This exhibit includes the methodologies utilized to determine the catastrophe loss load in the indication. Hurricane, Earthquake, and Fire Following an Earthquake are excluded from historical catastrophe losses and are modeled separately. Therefore, the procedure is broken into non-modeled losses versus modeled losses.

For non-modeled losses, historical cat losses are related to non-cat losses over 20 years to determine a cat ratio. Years that are relatively different than the 20 year average are capped at five times the 20 year average. The result is a non-modeled cat loss ratio.

For modeled losses, we have utilized RMS RiskLink v11.0 (policies in force July 1, 2011.) The model provides an expected average loss per year based upon our profile of business. In order to estimate the historical average cost based upon our modeled portfolio, we de-trend our exposure using an earned exposure trend from Exhibit 3.

Exhibit 8 – Credibility

This exhibit includes the credibility factor utilized to weight the state level experience loss ratio with the countrywide trended permissible loss ratio.

Exhibit 9 – Fixed Expense Trend & Trended Fixed Expense Per Exposure

These exhibits reflect the allocation of general and other acquisition expenses. Also, license and fees are being treated as a fixed expense. Once the fixed expenses by coverage have been determined, they are trended to the average earned date of the proposed policy period using the selected fixed expense trend.

Exhibit 10 – Projected Fixed Expense as a Percent of Projected Premium

Based upon AFIE's current rate of return methodology, it is required that the projected fixed expense be re-stated on percent of premium basis. This is required to determine underwriting profit provision.

Exhibit 11 – Net Cost of Reinsurance

In some of our states where the cost of catastrophe reinsurance materially exceeds expected recoveries, we determine the net cost of reinsurance in order to reflect this in the rate indication.

Exhibits 12 – Permissible Loss Ratio, UW Profit, and Investment Income Calculation

Included in these exhibits is the development of permissible loss ratios by coverage, the underwriting profit provision and estimated investment income on unearned premiums and loss reserves. AFIE utilizes a total rate of return methodology to develop the underwriting profit provision. The resulting underwriting profit provisions are based upon a 10% after-tax total rate of return as a percent of surplus and an anticipated 1.02 written premium to surplus ratio. The

underwriting profit provision has been determined separately for each coverage along with target countrywide permissible loss ratios.

Exhibit 13 – Rate Level Indication

This exhibit includes rate indication summaries for each coverage. The information from the supporting exhibits is utilized to determine the state level experience loss ratio. This figure is credibility weighted with the trended countrywide permissible loss ratio to develop the credibility weighted loss ratio. The credibility weighted loss ratio along with state level projected expenses is used to determine the rate level indication.

**Armed Forces Insurance Exchange
Dwelling
Arkansas**

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Armed Forces Insurance Exchange**Arkansas
Dwelling Rate History**

Date Effective	Policy Form	Approved Rate Change
7/5/04	EC	5.49%
10/9/06	EC	10.23%
7/5/04	FIRE	22.91%
10/9/06	FIRE	6.44%

Premium Adjustment Factors
Fire

	Quarterly			Quarter Ending		
	(1)	(2)	(3)			
Ending Year/Qtr	Earned Premium	On-level Factor	On-level Earned Premium	Annual On-level Factor		
2000-3	6,201	1.3083	8,113			
2000-4	6,080	1.3083	7,955			
2001-1	5,802	1.3083	7,591			
2001-2	5,738	1.3083	7,506	1.308		
2001-3	5,907	1.3083	7,728	1.308		
2001-4	5,971	1.3083	7,812	1.308		
2002-1	5,966	1.3083	7,805	1.308		
2002-2	5,873	1.3083	7,684	1.308		
2002-3	6,091	1.3083	7,969	1.308		
2002-4	6,488	1.3083	8,488	1.308		
2003-1	6,631	1.3083	8,676	1.308		
2003-2	7,150	1.3083	9,355	1.308		
2003-3	7,184	1.3083	9,399	1.308		
2003-4	6,941	1.3083	9,080	1.308		
2004-1	6,605	1.3083	8,642	1.308		
2004-2	6,580	1.3083	8,609	1.308		
2004-3	7,004	1.2746	8,927	1.300		
2004-4	7,131	1.2068	8,606	1.273		
2005-1	7,253	1.1464	8,314	1.232		
2005-2	7,735	1.0920	8,447	1.178		
2005-3	8,311	1.0644	8,846	1.124		
2005-4	8,306	1.0644	8,841	1.090		
2006-1	8,650	1.0644	9,207	1.071		
2006-2	8,610	1.0644	9,164	1.064		
2006-3	8,456	1.0644	9,000	1.064		
2006-4	8,361	1.0572	8,839	1.063		
2007-1	8,394	1.0407	8,735	1.057		
2007-2	8,823	1.0248	9,042	1.047		
2007-3	9,292	1.0092	9,378	1.032		
2007-4	9,171	1.0001	9,172	1.018		
2008-1	8,722	1.0000	8,722	1.008	Accident Year Ending	Implied Annual Factor
2008-2	8,513	1.0000	8,513	1.002		
2008-3	8,787	1.0000	8,787	1.000	12/31/2001	30,637 1.308
2008-4	9,273	1.0000	9,273	1.000	12/31/2002	31,946 1.308
2009-1	9,354	1.0000	9,354	1.000	12/31/2003	36,510 1.308
2009-2	9,472	1.0000	9,472	1.000	12/31/2004	34,783 1.273
2009-3	9,792	1.0000	9,792	1.000	12/31/2005	34,449 1.090
2009-4	9,647	1.0000	9,647	1.000	12/31/2006	36,211 1.063
2010-1	9,370	1.0000	9,370	1.000	12/31/2007	36,328 1.018
2010-2	9,211	1.0000	9,211	1.000	12/31/2008	35,295 1.000
2010-3	8,968	1.0000	8,968	1.000	12/31/2009	38,265 1.000
2010-4	8,710	1.0000	8,710	1.000	12/31/2010	36,259 1.000

(1) AFIE Data

(2) Quarterly on-level factor developed using parallelogram method.

(3) = (1) x (2)

Premium Adjustment Factors
Extended Coverage

	Quarterly			Quarter Ending		
	(1)	(2)	(3)			
Ending Year/Qtr	Earned Premium	On-level Factor	On-level Earned Premium	Annual On-level Factor		
2000-3	6,159	1.1628	7,161			
2000-4	6,002	1.1628	6,979			
2001-1	5,684	1.1628	6,609			
2001-2	5,654	1.1628	6,574	1.163		
2001-3	5,796	1.1628	6,739	1.163		
2001-4	5,881	1.1628	6,839	1.163		
2002-1	5,895	1.1628	6,855	1.163		
2002-2	5,850	1.1628	6,803	1.163		
2002-3	6,024	1.1628	7,005	1.163		
2002-4	6,329	1.1628	7,360	1.163		
2003-1	6,495	1.1628	7,553	1.163		
2003-2	6,965	1.1628	8,099	1.163		
2003-3	6,951	1.1628	8,083	1.163		
2003-4	6,814	1.1628	7,923	1.163		
2004-1	6,644	1.1628	7,726	1.163		
2004-2	6,594	1.1628	7,667	1.163		
2004-3	6,829	1.1555	7,891	1.161		
2004-4	6,666	1.1398	7,598	1.155		
2005-1	6,431	1.1248	7,234	1.146		
2005-2	6,442	1.1101	7,151	1.133		
2005-3	6,706	1.1023	7,392	1.119		
2005-4	6,656	1.1023	7,337	1.110		
2006-1	6,761	1.1023	7,453	1.104		
2006-2	6,731	1.1023	7,420	1.102		
2006-3	6,631	1.1023	7,310	1.102		
2006-4	6,579	1.0906	7,175	1.099		
2007-1	6,802	1.0638	7,236	1.090		
2007-2	7,354	1.0386	7,638	1.073		
2007-3	8,025	1.0141	8,138	1.050	Accident	
2007-4	8,048	1.0001	8,048	1.028	Year	
2008-1	7,853	1.0000	7,853	1.013	Ending	
2008-2	7,712	1.0000	7,712	1.004		
2008-3	7,925	1.0000	7,925	1.000	12/31/2001	26,762
2008-4	8,281	1.0000	8,281	1.000	12/31/2002	28,022
2009-1	8,297	1.0000	8,297	1.000	12/31/2003	31,657
2009-2	8,326	1.0000	8,326	1.000	12/31/2004	30,882
2009-3	8,582	1.0000	8,582	1.000	12/31/2005	29,114
2009-4	8,456	1.0000	8,456	1.000	12/31/2006	29,358
2010-1	8,223	1.0000	8,223	1.000	12/31/2007	31,060
2010-2	8,097	1.0000	8,097	1.000	12/31/2008	31,771
2010-3	7,911	1.0000	7,911	1.000	12/31/2009	33,662
2010-4	7,687	1.0000	7,687	1.000	12/31/2010	31,918

(1) AFIE Data
(2) Quarterly on-level factor developed using parallelogram method.
(3) = (1) x (2)

Premium Trend Factors
Fire

Ending Year/Qtr	Quarter Ending		Average Retrospective On-level Earned Premium	Retrospective Trend Factors <u>449.99/ (2)</u>	Proposed Effective Date:	Trend from Date ¹ :	Trend to Date ² :	Trend Period:
	(1)	(2)						
2001-2	98	317.77	1.416		06/29/2012	07/02/2010	06/29/2013	2.99
2001-3	96	319.42	1.409					
2001-4	95	321.52	1.400					
2002-1	95	324.86	1.385					
2002-2	95	327.31	1.375					
2002-3	95	329.53	1.366					
2002-4	96	332.80	1.352					
2003-1	98	335.56	1.341					
2003-2	101	340.51	1.322					
2003-3	105	342.28	1.315					
2003-4	107	339.89	1.324					
2004-1	109	334.80	1.344					
2004-2	109	328.50	1.370					
2004-3	108	326.04	1.380					
2004-4	106	326.68	1.377					
2005-1	104	332.22	1.354					
2005-2	100	342.28	1.315					
2005-3	96	355.31	1.266					
2005-4	93	372.35	1.209					
2006-1	90	391.66	1.149					
2006-2	89	406.45	1.107					
2006-3	87	415.34	1.083					
2006-4	86	419.34	1.073					
2007-1	85	421.25	1.068					
2007-2	84	423.44	1.063					
2007-3	84	427.86	1.052					
2007-4	84	432.52	1.040					
2008-1	84	432.26	1.041					
2008-2	83	430.65	1.045					
2008-3	82	429.98	1.047					
2008-4	82	431.14	1.044					
2009-1	83	435.10	1.034					
2009-2	84	439.91	1.023					
2009-3	85	443.84	1.014					
2009-4	86	447.45	1.006					
2010-1	85	450.95	0.998					
2010-2	84	453.85	0.991					
2010-3	82	453.43	0.992					
2010-4	81	449.99	1.000					
<u>Trend</u>								
39 pt	-2.6%	4.6%						
24 pt	-2.9%	4.5%						
20 pt	-1.3%	2.5%						
16 pt	-0.4%	2.0%						
12 pt	-0.2%	2.3%						
8 pt	-1.6%	2.2%						
4 pt	-6.9%	-0.3%						
Selected:	-2.6%	2.2%						

Proposed Effective Date: 06/29/2012
Trend from Date¹: 07/02/2010
Trend to Date²: 06/29/2013
Trend Period: 2.99

Accident Year	Retrospective Trend Factor	Prospective Trend Factor	Premium Trend
<u>Ending</u>	<u>Factor</u>	<u>(1.022)²*2.99</u>	<u>Factor</u>
12/31/2001	1.400	1.067	1.494
12/31/2002	1.352	1.067	1.443
12/31/2003	1.324	1.067	1.413
12/31/2004	1.377	1.067	1.469
12/31/2005	1.209	1.067	1.290
12/31/2006	1.073	1.067	1.145
12/31/2007	1.040	1.067	1.110
12/31/2008	1.044	1.067	1.114
12/31/2009	1.006	1.067	1.073
12/31/2010	1.000	1.067	1.067

¹ Midpoint of latest trend period.
² One year after proposed effective date.

Premium Trend Factors
 Extended Coverage

Ending Year/Qtr	Quarter Ending		Average Retrospective On-level Earned Premium	Retrospective Trend Factors <u>396.11/ (2)</u>				
	(1) Earned Exposures	(2)			Accident Year Ending	Retrospective Trend Factor	Prospective Trend Factor	Premium Trend Factor
2001-2	97		316.70	1.251				
2001-3	95		317.41	1.248				
2001-4	94		319.35	1.240				
2002-1	94		323.38	1.225				
2002-2	94		326.44	1.213				
2002-3	94		328.41	1.206				
2002-4	96		329.90	1.201				
2003-1	98		331.00	1.197				
2003-2	101		333.44	1.188				
2003-3	105		333.40	1.188				
2003-4	107		331.59	1.195				
2004-1	109		328.72	1.205				
2004-2	109		324.80	1.220				
2004-3	108		323.09	1.226				
2004-4	106		319.96	1.238				
2005-1	104		315.75	1.255				
2005-2	100		311.29	1.272				
2005-3	96		308.44	1.284				
2005-4	92		311.51	1.272				
2006-1	89		318.37	1.244				
2006-2	88		325.88	1.216				
2006-3	86		330.73	1.198				
2006-4	85		332.46	1.191				
2007-1	84		337.04	1.175				
2007-2	83		344.02	1.151				
2007-3	83		355.39	1.115				
2007-4	84		367.97	1.076				
2008-1	84		376.03	1.053				
2008-2	83		381.63	1.038				
2008-3	82		385.31	1.028	12/31/2001	1.240	1.036	1.285
2008-4	82		388.09	1.021	12/31/2002	1.201	1.036	1.244
2009-1	83		390.14	1.015	12/31/2003	1.195	1.036	1.238
2009-2	84		391.53	1.012	12/31/2004	1.238	1.036	1.283
2009-3	85		392.24	1.010	12/31/2005	1.272	1.036	1.318
2009-4	86		393.61	1.006	12/31/2006	1.191	1.036	1.234
2010-1	85		395.65	1.001	12/31/2007	1.076	1.036	1.115
2010-2	84		398.18	0.995	12/31/2008	1.021	1.036	1.058
2010-3	82		398.46	0.994	12/31/2009	1.006	1.036	1.042
2010-4	81		396.11	1.000	12/31/2010	1.000	1.036	1.036
<u>Trend</u>								
39 pt	-2.5%		2.7%					
24 pt	-2.7%		5.4%					
20 pt	-1.0%		5.1%					
16 pt	-0.1%		4.0%					
12 pt	-0.1%		1.9%					
8 pt	-1.6%		1.2%					
4 pt	-6.9%		0.2%					
Selected:	-2.5%		1.2%					

Proposed Effective Date: 06/29/2012
 Trend from Date¹: 07/02/2010
 Trend to Date²: 06/29/2013
 Trend Period: 2.99

Accident Year Ending	Retrospective Trend Factor	Prospective Trend Factor	Premium Trend Factor
		<u>(1.012)*2.99</u>	<u>Factor</u>
12/31/2001	1.240	1.036	1.285
12/31/2002	1.201	1.036	1.244
12/31/2003	1.195	1.036	1.238
12/31/2004	1.238	1.036	1.283
12/31/2005	1.272	1.036	1.318
12/31/2006	1.191	1.036	1.234
12/31/2007	1.076	1.036	1.115
12/31/2008	1.021	1.036	1.058
12/31/2009	1.006	1.036	1.042
12/31/2010	1.000	1.036	1.036

¹ Midpoint of latest trend period.
² One year after proposed effective date.

Armed Forces Insurance Exchange
 Dwelling
 Fire
 Arkansas

Non-CAT Incurred Loss & ALAE
 Evaluated @ 3/2011

Loss Development Summary

	@3/2011		AFIE Methods		
	(1)	(2)	(3)	(4)	(5)
Accident Year	Incurring Loss & ALAE	Paid Method Ultimate Loss & ALAE	Incurred Method Ultimate Loss & ALAE	Selected Ultimate Loss & ALAE	Implied Age to Ultimate LDF Factor
2001	-	-	-	-	n/a
2002	450	450	450	450	1.00
2003	3,641	3,641	3,641	3,641	1.00
2004	688	688	688	688	1.00
2005	-	-	-	-	n/a
2006	700	699	702	701	1.00
2007	54,654	54,654	54,982	54,818	1.00
2008	-	-	-	-	n/a
2009	-	-	-	-	n/a
2010	-	-	-	-	n/a
Total	60,134	60,133	60,464	60,298	

- (1) = AFIE actual reported experience.
- (2) Exhibit 4 - Page 2
- (3) Exhibit 4 - Page 3
- (4) = Average of (2) and (3)
- (5) = (4) / (1)

Armed Forces Insurance Exchange
Dwelling
Fire
Countrywide

Non-CAT Paid Loss & ALAE
Evaluated @ 3/2011

Accident Year	Paid Loss & ALAE										Selected Ultimate	
	15	27	39	51	63	75	87	99	111	123		
2001	642,220	683,362	685,374	689,170	689,170	689,170	689,170	689,170	689,170	689,170	689,170	689,170
2002	1,314,626	1,436,845	1,452,669	1,461,476	1,467,891	1,464,891	1,466,431	1,466,431	1,466,431	1,466,431	1,466,431	1,466,431
2003	1,751,292	1,800,834	1,909,905	1,935,997	1,937,837	1,937,997	1,937,997	1,937,997	1,937,997	1,937,997	1,937,997	1,937,997
2004	408,116	365,703	366,193	366,193	366,193	366,193	366,193	366,193	366,193	366,193	366,193	366,193
2005	810,652	676,487	676,587	676,587	676,587	676,587	676,587	676,587	676,587	676,587	676,587	676,587
2006	1,289,877	1,343,634	1,343,634	1,343,634	1,343,634	1,343,634	1,343,634	1,343,634	1,343,634	1,343,634	1,343,634	1,342,290
2007	995,010	1,324,355	1,330,016	1,330,016	1,330,016	1,330,016	1,330,016	1,330,016	1,330,016	1,330,016	1,330,016	1,330,016
2008	1,059,280	940,229	846,357	846,357	846,357	846,357	846,357	846,357	846,357	846,357	846,357	850,588
2009	1,320,380	1,526,577	1,526,577	1,526,577	1,526,577	1,526,577	1,526,577	1,526,577	1,526,577	1,526,577	1,526,577	1,541,842
2010	1,263,829	1,263,829	1,263,829	1,263,829	1,263,829	1,263,829	1,263,829	1,263,829	1,263,829	1,263,829	1,263,829	1,343,450
												11,544,565
	15-27	27-39	39-51	51-63	63-75	75-87	87-99	99-111	111-123			
2001	1.064	1.003	1.006	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2002	1.093	1.011	1.006	1.004	0.998	1.001	1.000	1.000	1.000	1.000	1.000	1.000
2003	1.028	1.061	1.014	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2004	0.896	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2005	0.834	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2006	1.042	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2007	1.331	1.004	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2008	0.888	0.900	0.900	0.900	0.900	0.900	0.900	0.900	0.900	0.900	0.900	0.900
2009	1.156	1.156	1.156	1.156	1.156	1.156	1.156	1.156	1.156	1.156	1.156	1.156

Last 3 Weighted Avg.	1.123	0.976	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Avg. Ex. Hi and Lo	1.024	1.003	1.002	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
All Weighted Avg.	1.053	1.005	1.005	1.001	0.999	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Harmonic Mean	1.027	0.997	1.004	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000

Selected	1.053	1.005	1.005	1.001	0.999	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Age-Ultimate	1.063	1.010	1.005	1.000	0.999	1.000	1.000	1.000	1.000	1.000	1.000	1.000

Tail Factor	1.000
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Armed Forces Insurance Exchange
 Dwelling
 Fire
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Non-CAT Incurred Loss & ALAE
 Evaluated @ 3/2011

Accident Year	Incurred Loss & ALAE										Selected Ultimate																																																					
	15	27	39	51	63	75	87	99	111	123																																																						
2001	632,673	651,577	671,153	689,170	689,170	689,170	689,170	689,170	689,170	689,170	689,170	689,170																																																				
2002	1,286,766	1,399,805	1,422,448	1,437,751	1,453,841	1,464,891	1,456,531	1,456,531	1,456,531	1,456,531	1,456,531	1,456,531																																																				
2003	1,782,188	1,846,944	1,803,308	1,921,261	1,921,261	1,937,997	1,937,997	1,937,997	1,937,997	1,937,997	1,937,997	1,937,997																																																				
2004	389,016	360,603	364,093	366,193	366,193	366,193	366,193	366,193	366,193	366,193	366,193	366,193																																																				
2005	827,363	675,880	674,087	674,087	676,587	676,587	676,587	676,587	676,587	676,587	676,587	675,234																																																				
2006	1,534,836	1,301,334	1,301,334	1,343,634	1,343,634	1,343,634	1,343,634	1,343,634	1,343,634	1,343,634	1,343,634	1,347,665																																																				
2007	1,014,999	1,309,465	1,300,016	1,304,016	1,304,016	1,304,016	1,304,016	1,304,016	1,304,016	1,304,016	1,304,016	1,311,840																																																				
2008	1,104,822	1,086,538	1,027,095	1,027,095	1,027,095	1,027,095	1,027,095	1,027,095	1,027,095	1,027,095	1,027,095	1,060,989																																																				
2009	1,498,457	1,399,659	1,399,659	1,399,659	1,399,659	1,399,659	1,399,659	1,399,659	1,399,659	1,399,659	1,399,659	1,434,651																																																				
2010	1,344,644	1,344,644	1,344,644	1,344,644	1,344,644	1,344,644	1,344,644	1,344,644	1,344,644	1,344,644	1,344,644	1,372,882																																																				
												11,653,151																																																				
	15-27	27-39	39-51	51-63	63-75	75-87	87-99	99-111	111-123																																																							
2001	1.030	1.030	1.027	1.000	1.000	1.000	1.000	1.000	1.000	1.000																																																						
2002	1.088	1.016	1.011	1.011	1.008	0.994	1.000	1.000	1.000	1.000																																																						
2003	1.036	0.976	1.065	1.000	1.009	1.000	1.000	1.000	1.000	1.000																																																						
2004	0.927	1.010	1.006	1.000	1.000	1.000	1.000	1.000	1.000	1.000																																																						
2005	0.817	0.997	1.000	1.004	1.000	1.000	1.000	1.000	1.000	1.000																																																						
2006	0.848	1.000	1.033	1.000	1.000	1.000	1.000	1.000	1.000	1.000																																																						
2007	1.290	0.993	1.003	1.000	1.000	1.000	1.000	1.000	1.000	1.000																																																						
2008	0.983	0.945	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000																																																						
2009	0.934	0.945	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000																																																						
<table border="1"> <tr> <td>Last 3 Weighted Avg.</td> <td>1.049</td> <td>0.981</td> <td>1.014</td> <td>1.001</td> <td>1.006</td> <td>0.998</td> <td>1.000</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Avg. Ex. Hi and Lo</td> <td>0.978</td> <td>0.999</td> <td>1.016</td> <td>1.001</td> <td>1.003</td> <td>1.000</td> <td>-</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>All Weighted Avg.</td> <td>0.996</td> <td>0.992</td> <td>1.026</td> <td>1.003</td> <td>1.005</td> <td>0.998</td> <td>1.000</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Harmonic Mean</td> <td>0.986</td> <td>0.996</td> <td>1.020</td> <td>1.002</td> <td>1.003</td> <td>0.998</td> <td>1.000</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </table>													Last 3 Weighted Avg.	1.049	0.981	1.014	1.001	1.006	0.998	1.000						Avg. Ex. Hi and Lo	0.978	0.999	1.016	1.001	1.003	1.000	-						All Weighted Avg.	0.996	0.992	1.026	1.003	1.005	0.998	1.000						Harmonic Mean	0.986	0.996	1.020	1.002	1.003	0.998	1.000					
Last 3 Weighted Avg.	1.049	0.981	1.014	1.001	1.006	0.998	1.000																																																									
Avg. Ex. Hi and Lo	0.978	0.999	1.016	1.001	1.003	1.000	-																																																									
All Weighted Avg.	0.996	0.992	1.026	1.003	1.005	0.998	1.000																																																									
Harmonic Mean	0.986	0.996	1.020	1.002	1.003	0.998	1.000																																																									
<table border="1"> <tr> <td>Selected</td> <td>0.996</td> <td>0.992</td> <td>1.026</td> <td>1.003</td> <td>1.005</td> <td>0.998</td> <td>1.000</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Age-Ultimate</td> <td>1.021</td> <td>1.025</td> <td>1.033</td> <td>1.006</td> <td>1.003</td> <td>0.998</td> <td>1.000</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </table>													Selected	0.996	0.992	1.026	1.003	1.005	0.998	1.000						Age-Ultimate	1.021	1.025	1.033	1.006	1.003	0.998	1.000																															
Selected	0.996	0.992	1.026	1.003	1.005	0.998	1.000																																																									
Age-Ultimate	1.021	1.025	1.033	1.006	1.003	0.998	1.000																																																									
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Armed Forces Insurance Exchange
 Dwelling
 Extended Coverage
 Arkansas

Non-CAT Incurred Loss & ALAE
 Evaluated @ 3/2011

Loss Development Summary

@3/2011

(1) (2) (3) (4) (5)

Accident Year	Incurred Loss & ALAE	Paid	Incurred	Selected	Implied
		Method Ultimate Loss & ALAE	Method Ultimate Loss & ALAE	Ultimate Loss & ALAE	Age to Ultimate LDF Factor
2001	21,229	21,229	21,229	21,229	1.00
2002	7,986	7,986	7,986	7,986	1.00
2003	249	249	249	249	1.00
2004	10,986	10,986	10,986	10,986	1.00
2005	11,188	11,188	11,188	11,188	1.00
2006	2,200	2,200	2,202	2,201	1.00
2007	16,666	16,783	16,766	16,774	1.01
2008	22,497	23,824	23,914	23,869	1.06
2009	26,268	28,685	28,606	28,645	1.09
2010	23,664	28,515	26,196	27,356	1.16

Total	142,934	151,646	149,323	150,484
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- (1) = AFIE actual reported experience.
- (2) Exhibit 4 - Page 7
- (3) Exhibit 4 - Page 8
- (4) = Average of (2) and (3)
- (5) = (4) / (1)

Armed Forces Insurance Exchange
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 Countrywide

Non-CAT Paid Loss & ALAE
 Evaluated @ 3/2011

Accident Year	Paid Loss & ALAE										Selected Ultimate																																																					
	15	27	39	51	63	75	87	99	111	123																																																						
2001	1,695,967	1,872,744	1,937,427	1,946,238	1,945,631	1,945,163	1,945,920	1,945,920	1,945,920	1,945,920	1,945,920	1,945,920																																																				
2002	1,799,374	1,920,920	2,030,067	2,033,376	2,035,201	2,033,401	2,033,401	2,033,401	2,033,401	2,033,401	2,033,401	2,033,401																																																				
2003	1,300,918	1,490,709	1,529,030	1,866,898	1,891,622	1,891,622	1,891,622	1,891,622	1,891,622			1,891,622																																																				
2004	887,070	1,018,765	1,019,216	1,022,997	1,022,800	1,025,997	1,025,997					1,025,997																																																				
2005	1,036,267	1,121,570	1,127,164	1,127,164	1,123,772	1,123,772						1,123,772																																																				
2006	955,705	1,037,192	1,082,791	1,225,450	1,263,711							1,263,711																																																				
2007	881,887	1,010,336	1,016,470	1,027,782								1,034,977																																																				
2008	1,219,602	1,356,797	1,427,404									1,511,621																																																				
2009	1,293,585	1,387,524										1,515,176																																																				
2010	1,493,071											1,799,150																																																				
												15,145,347																																																				
	15-27	27-39	39-51	51-63	63-75	75-87	87-99	99-111	111-123																																																							
2001	1.104	1.035	1.005	1.000	1.000	1.000	1.000	1.000	1.000																																																							
2002	1.068	1.057	1.002	1.001	0.999	1.000	1.000	1.000	1.000																																																							
2003	1.146	1.026	1.221	1.013	1.000	1.000	1.000																																																									
2004	1.148	1.000	1.004	1.000	1.003	1.000																																																										
2005	1.082	1.005	1.000	0.997	1.000																																																											
2006	1.085	1.044	1.132	1.031																																																												
2007	1.146	1.006	1.011																																																													
2008	1.112	1.052																																																														
2009	1.073																																																															
<table border="1"> <tr> <td>Last 3 Weighted Avg.</td> <td>1.106</td> <td>1.036</td> <td>1.048</td> <td>1.010</td> <td>1.001</td> <td>1.000</td> <td>1.000</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Avg. Ex. Hi and Lo</td> <td>1.107</td> <td>1.028</td> <td>1.031</td> <td>1.004</td> <td>1.000</td> <td>1.000</td> <td>-</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>All Weighted Avg.</td> <td>1.104</td> <td>1.031</td> <td>1.052</td> <td>1.007</td> <td>1.000</td> <td>1.000</td> <td>1.000</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Harmonic Mean</td> <td>1.107</td> <td>1.028</td> <td>1.051</td> <td>1.007</td> <td>1.000</td> <td>1.000</td> <td>1.000</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </table>													Last 3 Weighted Avg.	1.106	1.036	1.048	1.010	1.001	1.000	1.000						Avg. Ex. Hi and Lo	1.107	1.028	1.031	1.004	1.000	1.000	-						All Weighted Avg.	1.104	1.031	1.052	1.007	1.000	1.000	1.000						Harmonic Mean	1.107	1.028	1.051	1.007	1.000	1.000	1.000					
Last 3 Weighted Avg.	1.106	1.036	1.048	1.010	1.001	1.000	1.000																																																									
Avg. Ex. Hi and Lo	1.107	1.028	1.031	1.004	1.000	1.000	-																																																									
All Weighted Avg.	1.104	1.031	1.052	1.007	1.000	1.000	1.000																																																									
Harmonic Mean	1.107	1.028	1.051	1.007	1.000	1.000	1.000																																																									
<table border="1"> <tr> <td>Selected</td> <td>1.104</td> <td>1.031</td> <td>1.052</td> <td>1.007</td> <td>1.000</td> <td>1.000</td> <td>1.000</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Age-Ultimate</td> <td>1.205</td> <td>1.092</td> <td>1.059</td> <td>1.007</td> <td>1.000</td> <td>1.000</td> <td>1.000</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </table>													Selected	1.104	1.031	1.052	1.007	1.000	1.000	1.000						Age-Ultimate	1.205	1.092	1.059	1.007	1.000	1.000	1.000																															
Selected	1.104	1.031	1.052	1.007	1.000	1.000	1.000																																																									
Age-Ultimate	1.205	1.092	1.059	1.007	1.000	1.000	1.000																																																									
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Armed Forces Insurance Exchange
Dwelling
Extended Coverage
Countrywide

Non-CAT Incurred Loss & ALAE
Evaluated @ 3/2011

Accident Year	Incurred Loss & ALAE										Selected Ultimate	
	15	27	39	51	63	75	87	99	111	123		
2001	1,805,541	1,916,539	1,942,398	1,947,965	1,945,111	1,945,111	1,945,920	1,945,920	1,945,920	1,945,920	1,945,920	1,945,920
2002	1,883,204	1,964,016	2,026,940	2,034,607	2,033,401	2,033,401	2,033,401	2,033,401	2,033,401	2,033,401	2,033,401	2,033,401
2003	1,610,134	1,512,461	1,552,758	1,866,466	1,891,302	1,891,302	1,891,622	1,891,622	1,891,622			1,891,622
2004	978,809	1,026,058	1,016,716	1,020,497	1,022,800	1,028,655	1,027,588					1,027,588
2005	1,122,535	1,133,067	1,122,964	1,127,164	1,123,772	1,123,772						1,123,772
2006	1,025,032	1,037,255	1,138,691	1,363,052	1,390,447							1,391,838
2007	940,633	970,948	991,149	987,842								993,770
2008	1,416,133	1,457,844	1,493,768									1,587,875
2009	1,437,704	1,398,373										1,522,828
2010	1,660,447											1,838,114
												15,356,728
	15-27	27-39	39-51	51-63	63-75	75-87	87-99	99-111	111-123			
2001	1.061	1.013	1.003	0.999	1.000	1.000	1.000	1.000	1.000			
2002	1.043	1.032	1.004	0.999	1.000	1.000	1.000	1.000	1.000			
2003	0.939	1.027	1.202	1.013	1.000	1.000	1.000					
2004	1.048	0.991	1.004	1.002	1.006	0.999						
2005	1.009	0.991	1.004	0.997	1.000							
2006	1.012	1.098	1.197	1.020								
2007	1.032	1.021	0.997									
2008	1.029	1.025										
2009	0.973											

Last 3 Weighted Avg.	1.009	1.045	1.069	1.007	1.001	1.000	1.000					
Avg. Ex. Hi and Lo	1.021	1.018	1.042	1.003	1.000	1.000	-					
All Weighted Avg.	1.016	1.024	1.057	1.005	1.001	1.000	1.000					
Harmonic Mean	1.016	1.024	1.055	1.005	1.001	1.000	1.000					

Selected Age-Ultimate	1.016	1.024	1.057	1.005	1.001	1.000	1.000					
Age-Ultimate	1.107	1.089	1.063	1.006	1.001	1.000	1.000					

Tail Factor	1.000
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Armed Forces Insurance Exchange

Dwelling

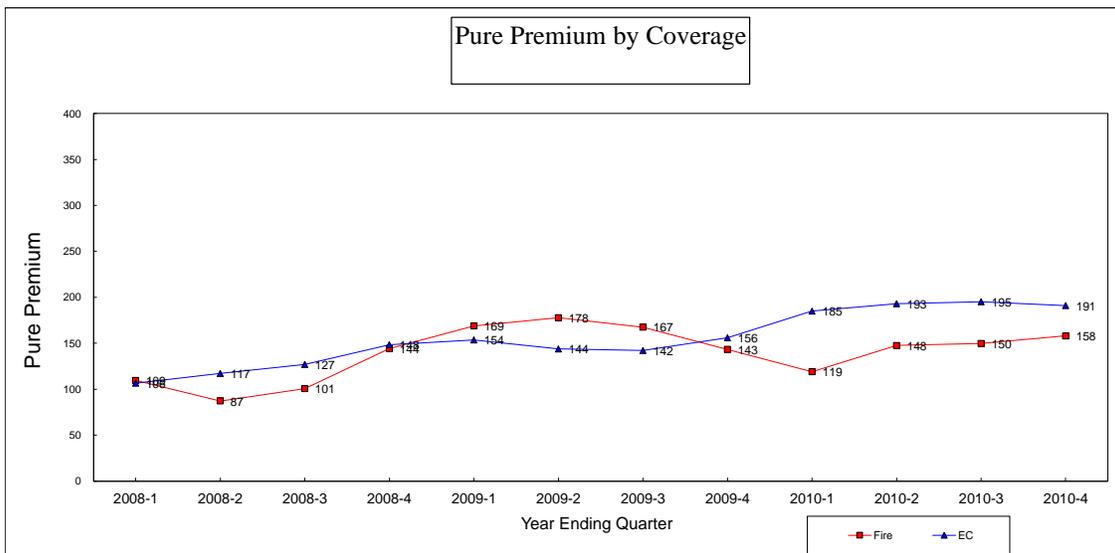
Paid Claim Trend Analysis

4th Qtr 2010

CW

CW

Year Ending Quarter	Fire			EC		
	Average Cost	Frequency	Pure Premium	Average Cost	Frequency	Pure Premium
2006-1	35,565	0.24%	87	6,640	1.74%	116
2006-2	15,985	0.31%	50	6,612	1.78%	117
2006-3	13,251	0.32%	42	7,226	1.77%	128
2006-4	18,409	0.30%	56	7,062	1.89%	133
2007-1	35,971	0.34%	121	6,438	2.10%	135
2007-2	54,560	0.29%	158	6,578	2.17%	142
2007-3	48,076	0.33%	160	6,398	2.09%	134
2007-4	43,519	0.37%	160	5,616	1.92%	108
2008-1	24,596	0.45%	109	5,959	1.79%	106
2008-2	19,277	0.45%	87	6,762	1.73%	117
2008-3	30,403	0.33%	101	6,972	1.82%	127
2008-4	40,404	0.36%	144	6,805	2.18%	148
2009-1	55,103	0.31%	169	6,698	2.29%	154
2009-2	73,751	0.24%	178	6,027	2.38%	144
2009-3	56,736	0.30%	167	5,942	2.39%	142
2009-4	57,267	0.25%	143	6,839	2.28%	156
2010-1	49,961	0.24%	119	7,992	2.31%	185
2010-2	56,984	0.26%	148	8,255	2.34%	193
2010-3	60,598	0.25%	150	8,158	2.39%	195
2010-4	52,765	0.30%	158	7,884	2.42%	191

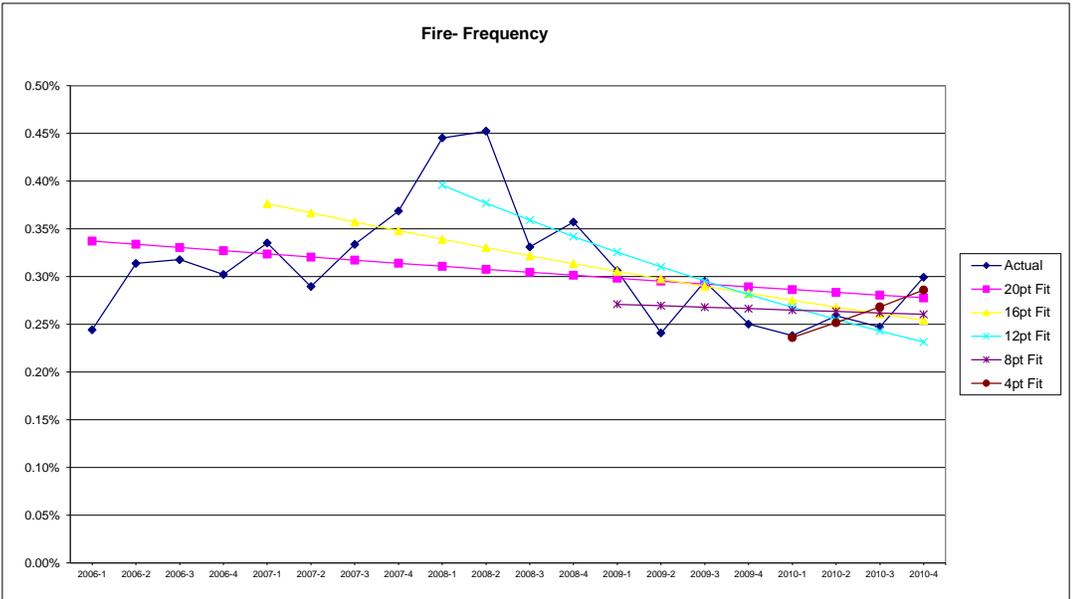


Exponential Annual Change

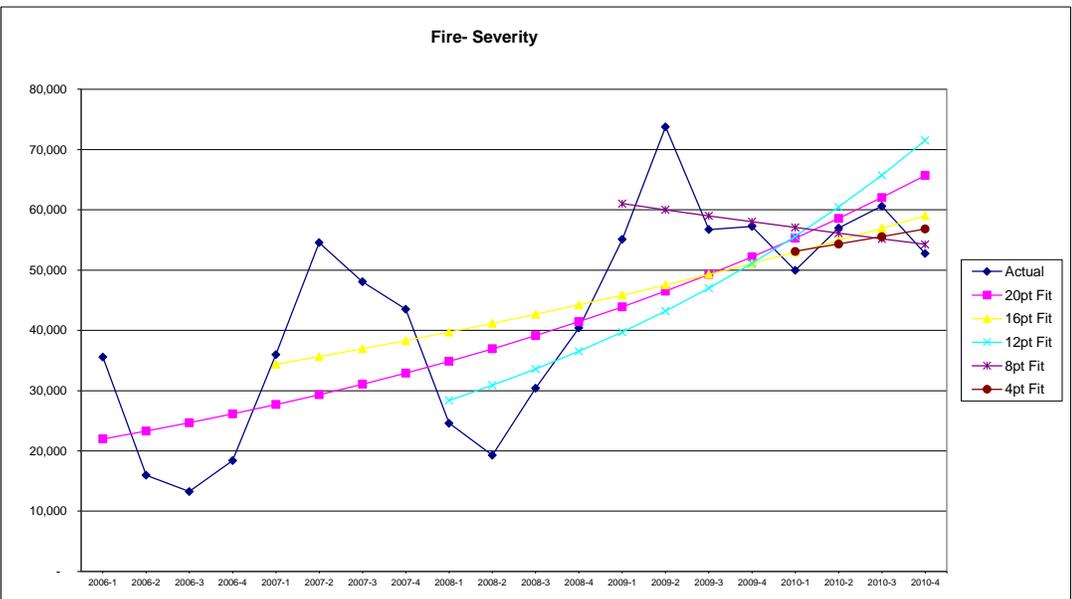
Point	Fire			EC		
	Average Cost	Frequency	Pure Premium	Average Cost	Frequency	Pure Premium
4	9.4	29.1	41.3	-2.1	6.7	4.4
8	-6.5	-2.2	-8.6	19.8	1.7	21.8
12	39.9	-17.7	15.1	10.0	12.3	23.5
16	15.5	-9.9	4.0	7.1	6.4	14.0
20	25.9	-4.0	20.9	3.4	7.0	10.6

R-Square Values

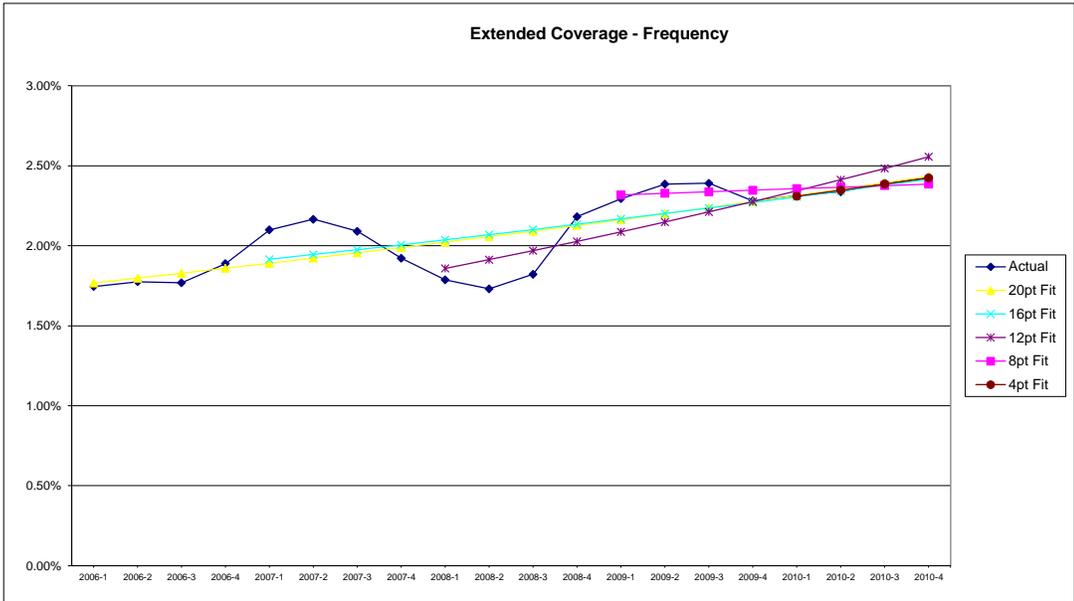
Point	Fire			EC		
	Average Cost	Frequency	Pure Premium	Average Cost	Frequency	Pure Premium
4	0.109	0.002	0.137	0.431	0.174	0.363
8	0.619	0.783	0.491	0.149	0.539	0.337
12	0.046	0.325	0.005	0.268	0.653	0.473
16	0.349	0.262	0.299	0.051	0.261	0.147
20	0.259	0.014	0.316	0.452	0.347	0.477



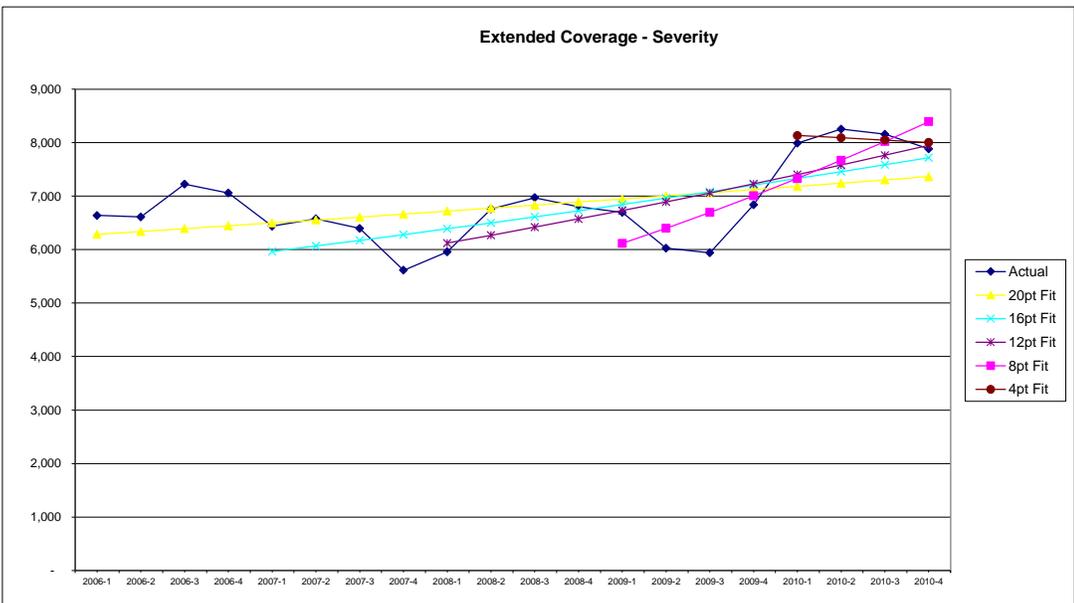
Fire	Frequency	R-Square
20pt Fit	-4.0	1.4%
16pt Fit	-9.9	26.2%
12pt Fit	-17.7	32.5%
8pt Fit	-2.2	78.3%
<u>4pt Fit</u>	<u>29.1</u>	0.2%
<u>Selections:</u>		
Retrospective:	-4.0	
Prospective:	5.6	



Fire	Severity	R-Square
20pt	25.9	25.9%
16pt	15.5	34.9%
12pt	39.9	4.6%
8pt	-6.5	61.9%
<u>4pt</u>	<u>9.4</u>	10.9%
<u>Selections:</u>		
Retrospective:	25.9	
Prospective:	1.5	



Extended Coverage		
Frequency		R-Square
20pt	7.0	34.7%
16pt	6.4	26.1%
12pt	12.3	65.3%
8pt	1.7	53.9%
<u>4pt</u>	<u>6.7</u>	17.4%
Selections:		
Retrospective:	7.0	
Prospective:	4.2	



Extended Coverage		
Severity		R-Square
20pt	3.4	45.2%
16pt	7.1	5.1%
12pt	10.0	26.8%
8pt	19.8	14.9%
<u>4pt</u>	<u>-2.1</u>	43.1%
Selections:		
Retrospective:	3.4	
Prospective:	7.1	

Loss Trend Summary
Latest Trend Period:

2010-4 2009-4

	(1)	(2)	(3)	(4)	
	Selected Frequency	Selected Severity	AFIE Pure Premium Trend	ISO Pure Premium Trend	Selected Pure Premium Trend

Retrospective Trend

Fire	-4.0	25.9	20.9	1.013	15
Extended Coverage	7.0	3.4	10.6	1.013	10.6

Prospective Trend

Fire	5.6	1.5	7.2	1.013	5
Extended Coverage	4.2	7.1	11.6	1.013	11.6

Proposed Effective Date: 06/29/2012
Current Trend Date (Fire)¹: 07/02/2010
Current Trend Date (EC)¹: 07/02/2010
Prospective Trend Date²: 06/29/2013

Accident Year Ending	Fire Retrospective Trend Period	EC Retrospective Trend Period	Fire Retrospective Trend Factor	EC Retrospective Trend Factor	Fire Prospective Trend Period	EC Prospective Trend Period	Fire Prospective Trend Factor	EC Prospective Trend Factor	Fire Loss & DCCE Trend Factor
12/31/2001	9.01	9.01	3.52	2.48	2.99	2.99	1.16	1.39	4.08
12/31/2002	8.01	8.01	3.06	2.24	2.99	2.99	1.16	1.39	3.54
12/31/2003	7.01	7.01	2.66	2.03	2.99	2.99	1.16	1.39	3.08
12/31/2004	6.00	6.00	2.31	1.83	2.99	2.99	1.16	1.39	2.68
12/31/2005	5.00	5.00	2.01	1.66	2.99	2.99	1.16	1.39	2.33
12/31/2006	4.00	4.00	1.75	1.50	2.99	2.99	1.16	1.39	2.02
12/31/2007	3.00	3.00	1.52	1.35	2.99	2.99	1.16	1.39	1.76
12/31/2008	2.00	2.00	1.32	1.22	2.99	2.99	1.16	1.39	1.53
12/31/2009	1.00	1.00	1.15	1.11	2.99	2.99	1.16	1.39	1.33
12/31/2010	0.00	0.00	1.00	1.00	2.99	2.99	1.16	1.39	1.16

(3) = (((1+(2)%) x (1+(2)%) - 1) x 100

(4) Based on ISO's Annual Rate of Change

¹ Midpoint of latest trend period.

² One year after proposed effective date.

**Armed Forces Insurance Exchange
Dwelling
Countrywide**

CAT ALAE Factor - ALL FORMS
(Includes Hurricane)

<u>ACCIDENT YEAR</u>	<u>CAT PAID LOSS</u>	<u>CAT PAID ALAE</u>	<u>CAT ALAE FACTOR</u>
2001	479,369	52,730	11.0%
2002	147,146	17,153	11.7%
2003	1,098,987	93,185	8.5%
2004	2,218,995	188,118	8.5%
2005	1,876,310	185,766	9.9%
2006	751,188	74,221	9.9%
2007	515,854	30,171	5.8%
2008	1,421,093	115,141	8.1%
2009	802,837	75,219	9.4%
2010	780,016	54,499	7.0%
Total	10,091,798	886,204	8.8%
		Selected:	8.8%

Catastrophe Adjustment

Evaluated @ 3/2011

Catastrophe*	Non-Catastrophe
---------------------	------------------------

Accident Year	(1)			(2)			(3)	(4)
	<u>Paid Loss</u>	<u>Outstanding Loss</u>	<u>Incurred** Loss</u>	<u>Paid Loss</u>	<u>Outstanding Loss</u>	<u>Incurred Loss</u>	<u>Cat Ratio</u>	<u>Capped Cat Ratio</u>
1991	-	-	-	-	-	-	0	0.00
1992	-	-	-	-	-	-	0	0.00
1993	-	-	-	1,407	(2)	1,405	0	0.00
1994	-	-	-	-	-	-	0	0.00
1995	-	-	-	51,116	(5)	51,111	0	0.00
1996	-	-	-	36,948	-	36,948	0	0.00
1997	-	-	-	2,748	4	2,752	0	0.00
1998	-	-	-	868	-	868	0	0.00
1999	-	-	-	3,682	-	3,682	0	0.00
2000	-	-	-	1,148	-	1,148	0	0.00
2001	-	-	-	-	-	-	0	0.00
2002	-	-	-	400	-	400	0	0.00
2003	-	-	-	3,641	-	3,641	0	0.00
2004	-	-	-	688	-	688	0	0.00
2005	-	-	-	-	-	-	0	0.00
2006	-	-	-	700	-	700	0	0.00
2007	-	-	-	52,180	-	52,180	0	0.00
2008	-	-	-	-	-	-	0	0.00
2009	-	-	-	-	-	-	0	0.00
2010	-	-	-	-	-	-	0	0.00
Total			-			155,524	0	0.000

Selected CAT Load: 0

- (1) - (2) AFIE Loss Experience
- (3) = (1) / (2)
- (4) Capped individual year cat ratio at 5 times 20 year average

* AFIE defines catastrophe losses using the industry standard of \$25 Million in damage to insured losses for the industry. A PCS Cat code is assigned to each such event. This Cat code is tracked in AFIE's claims system and is applied to claims occurring due to such events.

** Incurred CAT losses do not include Fire Following EQ

Catastrophe Adjustment

Evaluated @ 3/2011

Catastrophe*	Non-Catastrophe
---------------------	------------------------

Accident Year	(1)	(2)	(3)	(4)
Year	Paid Loss	Outstanding Loss	Incurred** Loss	Capped Cat Ratio
1991	-	-	-	0.00
1992	-	-	-	0.00
1993	-	-	2,400	0.00
1994	-	-	10,938	(2) 0.00
1995	3,358	-	12,284	0.273
1996	8,571	-	8,785	0.976
1997	-	-	363	0.00
1998	-	-	7,483	0.00
1999	1,895	-	162,336	0.012
2000	-	-	29,767	0.00
2001	2,828	-	16,575	2 0.171
2002	2,181	-	7,319	(2) 0.298
2003	-	-	44	0.00
2004	-	-	10,115	0.00
2005	-	-	10,366	(4) 0.00
2006	9,888	-	2,200	4.494
2007	5,564	-	15,576	0.357
2008	25,706	(2)	20,806	1.235
2009	7,918	-	24,066	1 0.329
2010	-	-	21,248	0.00
Total	67,907	362,668	0.187	0.148

Selected CAT Load: 0.187

(1) - (2) AFIE Loss Experience

(3) = (1) / (2)

(4) Capped individual year cat ratio at 5 times 20 year average

* AFIE defines catastrophe losses using the industry standard of \$25 Million in damage to insured losses for the industry. A PCS Cat code is assigned to each such event. This Cat code is tracked in AFIE's claims system and is applied to claims occurring due to such events.

** Incurred CAT losses do not include Hurricane or EQ

**Armed Forces Insurance Exchange
Dwelling
Arkansas
Fire**

Catastrophe Adjustment - Fire Following an Earthquake

(1)	(2)	(3)	(4)	(5)	(6)
7/1/2011 Modeled Expected <u>Annual Loss</u>	Earned Exposure <u>Trend</u>	Accident Year <u>Ending</u>	De-Trend <u>Period</u>	De-Trend <u>Factor</u>	De-Trended Modeled Expected <u>Annual Loss</u>
4	2.2%	12/31/2001	10.00	0.804	3
		12/31/2002	9.00	0.822	3
		12/31/2003	8.00	0.840	3
		12/31/2004	7.00	0.859	3
		12/31/2005	6.00	0.878	3
		12/31/2006	5.00	0.897	3
		12/31/2007	4.00	0.917	3
		12/31/2008	3.00	0.937	3
		12/31/2009	2.00	0.957	4
		12/31/2010	1.00	0.978	4

(1) RMS RiskLink v11.0 Long Term - Using Insurance in force @ 7/1/2011

(2) See premium trend exhibit.

(4) Difference between Insurance in force date and average date of accident year period.

(5) = $((1+(2))^{(4)})^{-1}$

**Armed Forces Insurance Exchange
Dwelling
Arkansas
Extended Coverage**

Catastrophe Adjustment - Earthquake

(1)	(2)	(3)	(4)	(5)	(6)
<u>7/1/2011 Modeled Expected Annual Loss</u>	<u>Earned Exposure Trend</u>	<u>Accident Year Ending</u>	<u>De-Trend Period</u>	<u>De-Trend Factor</u>	<u>De-Trended Modeled Expected Annual Loss</u>
101	1.2%	12/31/2001	10.00	0.888	89
		12/31/2002	9.00	0.898	90
		12/31/2003	8.00	0.909	91
		12/31/2004	7.00	0.920	92
		12/31/2005	6.00	0.931	94
		12/31/2006	5.00	0.942	95
		12/31/2007	4.00	0.953	96
		12/31/2008	3.00	0.965	97
		12/31/2009	2.00	0.976	98
		12/31/2010	1.00	0.988	99

(1) RMS RiskLink v11.0 Long Term - Using Insurance in force @ 7/1/2011

(2) See premium trend exhibit.

(4) Difference between Insurance in force date and average date of accident year period.

(5) = $((1+(2))^{(4)})^{-1}$

**Armed Forces Insurance Exchange
Dwelling
Arkansas
Extended Coverage**

Catastrophe Adjustment - Hurricane

(1)	(2)	(3)	(4)	(5)	(6)
<u>7/1/2011 Modeled Expected Annual Loss</u>	<u>Earned Exposure Trend</u>	<u>Accident Year Ending</u>	<u>De-Trend Period</u>	<u>De-Trend Factor</u>	<u>De-Trended Modeled Expected Annual Loss</u>
-	1.2%	12/31/2001	10.00	0.888	-
		12/31/2002	9.00	0.898	-
		12/31/2003	8.00	0.909	-
		12/31/2004	7.00	0.920	-
		12/31/2005	6.00	0.931	-
		12/31/2006	5.00	0.942	-
		12/31/2007	4.00	0.953	-
		12/31/2008	3.00	0.965	-
		12/31/2009	2.00	0.976	-
		12/31/2010	1.00	0.988	-

(1) RMS RiskLink v11.0 Long Term - Using Insurance in force @ 7/1/2011

(2) See premium trend exhibit.

(4) Difference between Insurance in force date and average date of accident year period.

(5) = $((1+(2))^{(4)})^{-1}$

**Armed Forces Insurance Exchange
Dwelling
Arkansas**

Credibility Adjustment

	Fire	EC
<u>Accident Year</u>	<u>Earned Exposures</u>	<u>Earned Exposures</u>
2001	95	94
2002	96	96
2003	107	107
2004	106	106
2005	93	92
2006	86	85
2007	84	84
2008	82	82
2009	86	86
2010	81	81
5 YR Total	418	417
10 YR Total	916	913
5 YR Credibility ¹ :	10%	10%
10YR Credibility ¹ :	15%	15%

¹ Full Credibility = 40,000 exposures

Armed Forces Insurance Exchange
 Fixed Expense Trend
 & Trended Fixed Expense Per Exposure
Dwelling
 Arkansas

Proposed Effective Date: 6/29/2012
 Average Earned Date of Proposed Policy Period: 6/29/2013

Fire	Countrywide	Arkansas	Countrywide	Arkansas	(6) = ((1) x 1000) / (4)	(7) = ((2) x 1000) / (4)	(8) = ((3) x 1000) / (5)	(9) = (6) + (7) + (8)	(10)	(11) = (9) x ((1+(a))^(10))	
	(1)*	(2)*	(3)**	(4)***							(5)***
Calendar Year	Other Acquisition Expense (000'S)	General Expense (000'S)	Licenses & Fees (000's)	Earned Exposure	Earned Exposure	Avg. Other Acq. Exp. Per Exposure	Avg. General Exp. Per Exposure	Avg. Lic./Fees Per Exposure	Total Fixed Exp. Per Exposure	Trend Period	Trended Fixed Exp. Per Exposure
2006	542	227	0.14	10,260	86	53	22.16	1.62	76.60	6.99	107.75
2007	618	339	0.15	9,766	84	63	34.76	1.74	99.78	5.99	133.67
2008	672	282	0.14	9,243	82	73	30.47	1.71	104.88	4.99	133.81
2009	716	255	0.18	9,196	86	78	27.78	2.06	107.69	3.99	130.85
2010	628	314	0.17	9,354	81	67	33.60	2.08	102.81	2.99	118.97

3 Year Trend: -3.9% 5.0% 10.4% -1.0% 3 Year Avg: 127.88
 5 Year Trend: 7.1% 6.3% 7.0% 6.9%

(a)
 Selected Trend:

Selected:

Other Acq. Allocation:
 General Allocation:
 License/Fee Allocation:

EC	Countrywide	Arkansas	Countrywide	Arkansas	(6) = ((1) x 1000) / (4)	(7) = ((2) x 1000) / (4)	(8) = ((3) x 1000) / (5)	(9) = (6) + (7) + (8)	(10)	(11) = (9) x ((1+(a))^(10))	
	(1)*	(2)*	(3)**	(4)***							(5)***
Calendar Year	Other Acquisition Expense (000'S)	General Expense (000'S)	Licenses & Fees (000's)	Earned Exposure	Earned Exposure	Avg. Other Acq. Exp. Per Exposure	Avg. General Exp. Per Exposure	Avg. Lic./Fees Per Exposure	Total Fixed Exp. Per Exposure	Trend Period	Trended Fixed Exp. Per Exposure
2006	793	414	0.11	10,219	85	78	40.55	1.28	119.42	6.99	167.97
2007	883	322	0.13	9,733	84	91	33.13	1.57	125.43	5.99	168.03
2008	931	334	0.12	9,213	82	101	36.22	1.51	138.78	4.99	177.05
2009	945	344	0.16	9,165	86	103	37.58	1.81	142.51	3.99	173.15
2010	876	390	0.15	9,329	81	94	41.84	1.84	137.58	2.99	159.20

3 Year Trend: -3.6% 7.5% 10.2% -0.4% 3 Year Avg: 169.80
 5 Year Trend: 5.2% 1.9% 9.0% 4.2%

(a)
 Selected Trend:

Selected:

Other Acq. Allocation:
 General Allocation:
 License/Fee Allocation:

* Source: Armed Forces Insurance IEE, Note: General Expenses have been adjusted to remove the impact of AFIE's equity in involuntary plans.

** Source: Armed Forces Insurance Accounting Department Workpapers

*** Exposure = 1 year of in force coverage.

Armed Forces Insurance Exchange
 Fixed Expense Trend
 & Trended Fixed Expense Per Exposure
Dwelling
 Countrywide

Proposed Effective Date: 6/29/2012
 Average Earned Date of Proposed Policy Period: 6/29/2013

Fire Countrywide

(1)* (2)* (3)** (4)*** (5) = ((1) x 1000) / (4) (6) = ((2) x 1000) / (4) (7) = ((3) x 1000) / (4) (8) = (5) + (6) + (7) (9) (10) = (8) x ((1+a)^(9))

Calendar Year	Other Acquisition Expense (000'S)	General Expense (000'S)	Licenses & Fees (000's)	Earned Exposure	Avg. Other Acq. Exp. Per Exposure	Avg. General Exp. Per Exposure	Avg. Lic./Fees Per Exposure	Total Fixed Exp. Per Exposure	Trend Period	Trended Fixed Exp. Per Exposure
2006	542	227	5.92	10,260	53	22	0.58	75.56	6.99	106.28
2007	618	339	5.29	9,766	63	35	0.54	98.58	5.99	132.07
2008	672	282	5.18	9,243	73	30	0.56	103.74	4.99	132.35
2009	716	255	6.68	9,196	78	28	0.73	106.36	3.99	129.23
2010	628	314	12.08	9,354	67	34	1.29	102.02	2.99	118.06

3 Year Trend: -3.9% 5.0% 51.8% -0.8% 3 Year Avg: 126.55
 5 Year Trend: 7.1% 6.3% 21.0% 7.0%

(a)
 Selected Trend: 5.0%
 Selected: 126.55
 Other Acq. Allocation: 88.26
 General Allocation: 37.24
 License/Fee Allocation: 1.05

EC Countrywide

(1)* (2)* (3)** (4)*** (5) = ((1) x 1000) / (4) (6) = ((2) x 1000) / (4) (7) = ((3) x 1000) / (4) (8) = (5) + (6) + (7) (9) (10) = (8) x ((1+a)^(9))

Calendar Year	Other Acquisition Expense (000'S)	General Expense (000'S)	Licenses & Fees (000's)	Earned Exposure	Avg. Other Acq. Exp. Per Exposure	Avg. General Exp. Per Exposure	Avg. Lic./Fees Per Exposure	Total Fixed Exp. Per Exposure	Trend Period	Trended Fixed Exp. Per Exposure
2006	793	414	6.70	10,219	78	41	0.66	118.80	6.99	167.10
2007	883	322	5.43	9,733	91	33	0.56	124.41	5.99	166.67
2008	931	334	5.61	9,213	101	36	0.61	137.87	4.99	175.89
2009	945	344	7.14	9,165	103	38	0.78	141.47	3.99	171.90
2010	876	390	13.35	9,329	94	42	1.43	137.17	2.99	158.73

3 Year Trend: -3.6% 7.5% 53.3% -0.3% 3 Year Avg: 168.84
 5 Year Trend: 5.2% 1.9% 20.9% 4.2%

(a)
 Selected Trend: 5.0%
 Selected: 168.84
 Other Acq. Allocation: 120.82
 General Allocation: 46.87
 License/Fee Allocation: 1.14

* Source: Armed Forces Insurance IEE, Note: General Expenses have been adjusted to remove the impact of AFIE's equity in involuntary plans.
 ** Source: Armed Forces Insurance Accounting Department Workpapers
 *** Exposure = 1 year of in force coverage.

Armed Forces Insurance Exchange
 Projected Fixed Expense as a Percent of Projected Premium @ Current Rate Level

Dwelling
 Arkansas

Fire - Current Projected							
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Average Earned Premium @ CRL	Other Acquisition Expense \$	General Expense \$	Licenses & Fees \$	Other Acquisition Expense %	General Expense %	Licenses & Fees %	Total Fixed Expense %
480.18	88.27	37.24	2.37	18.4%	7.8%	0.5%	26.7%

Extended Coverage - Current Projected							
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Average Earned Premium @ CRL	Other Acquisition Expense \$	General Expense \$	Licenses & Fees \$	Other Acquisition Expense %	General Expense %	Licenses & Fees %	Total Fixed Expense %
393.45	120.83	46.88	2.09	30.7%	11.9%	0.5%	43.1%

- (5) = (2) / (1)
- (6) = (3) / (1)
- (7) = (4) / (1)
- (8) = (5) + (6) + (7)

Armed Forces Insurance Exchange
 Projected Fixed Expense as a Percent of Projected Premium @ Current Rate Level

Dwelling
 Countrywide

Fire - Current Projected

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Average Earned Premium @ CRL	Other Acquisition Expense \$	General Expense \$	Licenses & Fees \$	Other Acquisition Expense %	General Expense %	Licenses & Fees %	Total Fixed Expense %
308.79	88.26	37.24	1.05	28.6%	12.1%	0.3%	41.0%

Extended Coverage - Current Projected

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Average Earned Premium @ CRL	Other Acquisition Expense \$	General Expense \$	Licenses & Fees \$	Other Acquisition Expense %	General Expense %	Licenses & Fees %	Total Fixed Expense %
733.87	120.82	46.87	1.14	16.5%	6.4%	0.2%	23.1%

- (5) = (2) / (1)
- (6) = (3) / (1)
- (7) = (4) / (1)
- (8) = (5) + (6) + (7)

**Armed Forces Insurance Exchange
Dwelling
Fire
Arkansas**

Net Cost of Reinsurance

2010 Countrywide Written Premium: 2,789,782 (a)
2010 Arkansas Written Premium: 33,829 (b)

				(1)	(2)	(3)	(4)	(5)	(6)
<u>Layer</u>	<u>Limit</u>	<u>Retention</u>	<u>Current Cover</u>	<u>Countrywide 100% Online Rate</u>	<u>Countrywide Ceded Premium</u>	<u>Countrywide Expected Recoveries</u>	<u>Arkansas Estimated Ceded Premium</u>	<u>Arkansas Expected Recoveries</u>	<u>Arkansas Net Cost of Reinsurance</u>
1	10,000,000	5,000,000	100.0%	32.0000%	3,099	1,096	5	1	
2	15,000,000	15,000,000	100.0%	15.0000%	1,141	341	3	0	
3	17,000,000	30,000,000	100.0%	8.0000%	803	263	2	0	
							10	2	0.02%

Notes:

- (1) AFIE Catastrophe XOL Reinsurance Program effective 7/1/2011 - 6/30/2012
- (3), (5) Premiums allocated according to AONBenfield Technical Pricing Method.
- (2), (4) RMS RiskLink v11.0 Long Term with Loss Amplification - Insurance in Force July 1, 2011.
- (6) = ((4)total - (5)total) / (b)

**Armed Forces Insurance Exchange
Dwelling
Extended Coverage
Arkansas**

Net Cost of Reinsurance

2010 Countrywide Written Premium: 3,385,028 (a)*
2010 Arkansas Written Premium: 26,879 (b)*

				(1)	(2)	(3)	(4)	(5)	(6)
<u>Layer</u>	<u>Limit</u>	<u>Retention</u>	<u>Current Cover</u>	<u>Countrywide 100% Online Rate</u>	<u>Countrywide Ceded Premium</u>	<u>Countrywide Expected Recoveries</u>	<u>Arkansas Estimated Ceded Premium</u>	<u>Arkansas Expected Recoveries</u>	<u>Arkansas Net Cost of Reinsurance</u>
1	10,000,000	5,000,000	100.0%	32.0000%	264,788	117,461	172	42	
2	15,000,000	15,000,000	100.0%	15.0000%	180,922	64,838	153	22	
3	17,000,000	30,000,000	100.0%	8.0000%	128,685	38,117	111	12	
							437	76	1.34%

Notes:

- (1) AFIE Catastrophe XOL Reinsurance Program effective 7/1/2011 - 6/30/2012
- (3), (5) Premiums allocated according to AONBenfield Technical Pricing Method.
- (2), (4) RMS RiskLink v11.0 Long Term with Loss Amplification - Insurance in Force July 1, 2011.
- (6) = ((4)total - (5)total) / (b)

*Does not include Liability Premiums

ARMED FORCES INSURANCE EXCHANGE

Arkansas
Dwelling - Fire

Permissible Loss Ratio Calculation

A. Actual Expenses*

Category	<u>2008-2010 Total</u>		<u>2010 Results</u>		<u>2009 Results</u>		<u>2008 Results</u>		<u>2007 Results</u>		<u>2006 Results</u>	
	Dollars	Ratio	Dollars	Ratio	Dollars	Ratio	Dollars	Ratio	Dollars	Ratio	Dollars	Ratio
(1) Direct Written Premiums	110,314		33,829		39,196		37,289		36,923		34,340	
(2) Direct Earned Premiums	109,858		36,162		38,360		35,336		35,655		34,129	
(3) Commissions (W)	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
(4) Taxes, Licenses & Fees (W)	3,777	3.42%	1,167	3.45%	1,352	3.45%	1,258	3.37%	1,253	3.39%	1,170	3.41%
(5) Licenses & Fees Only (W)	483	0.44%	168	0.50%	176	0.45%	140	0.37%	146	0.39%	140	0.41%
(6) Taxes Only = (4) - (5)		2.99%		2.95%		3.00%		3.00%		3.00%		3.00%

B. Selected Expense Provisions

Category	<u>Indicated Percentage</u>	<u>Selected Percentage</u>	<u>Fixed</u>	<u>Variable</u>
(1) Commissions	0.0%	0.0%	0.0%	0.0%
(2) Other Acquisitions Expenses	18.4%	18.4%	18.4%	0.0%
(3) General Expenses	7.8%	7.8%	7.8%	0.0%
(4) Taxes	3.0%	3.0%	0.0%	3.0%
(5) Licenses & Fees	0.5%	0.5%	0.5%	0.0%
(6) Net Cost of Reinsurance	0.0%	0.0%	0.0%	0.0%
(7) Profit Provision Net of Investment Income	7.0%	7.0%	0.0%	7.0%
(8) Total	36.7%	36.7%	26.7%	10.0%
(9) Permissible Loss Ratio 100% - 36.7%	63.3%	63.3%	73.3%	90.0%

Notes:

A.(1) - Statutory Page 14

A.(2) - Statutory Page 14

A.(3) - Statutory Page 14

A.(4) - Companywide Insurance Expense Exhibit

A.(5) - Companywide Insurance Expense Exhibit

A.(6), A.(7) - Statutory Page 14 and AFIE Accounting Work Papers

ARMED FORCES INSURANCE EXCHANGE

**Arkansas
Dwelling - Fire**

Underwriting Profit and Contingencies Load

A. Estimated After-tax Investment Income on Unearned Premium and Loss Reserves 2.5%

B. Underwriting Profit Loading Provision

(1) Target After-tax Total Rate of Return as a Percent of Surplus	10.0%
(2) Expected Pre-tax Investment Income on Surplus	4.0%
(3) Estimated Effective Federal Tax Rate on Investment Income	31.2%
(4) Estimated After-tax Investment Income on Surplus	2.8%
(5) Required After-tax Return from Insurance Operations as a Percent of Surplus	7.2%
(6) Target Premium to Surplus Ratio	1.02
(7) Required After-tax Return from Insurance Operations as a Percent of Premium	7.1%
(8) Required After-tax Underwriting Profit Provision Net of Investment Income	4.6%
(9) Effective Tax Rate on Underwriting Profit	34.0%
(10) Pre-tax Underwriting Profit Provision Net of Investment Income	7.0%

A	Exhibit 12, Page 3, line 13
B.2	Exhibit 12, Page 14, Section B
B.3	Exhibit 12, Page 14, Section A
B.4	$(B.2) \times (1 - (B.3))$
B.5	$(B.1) - (B.4)$
B.6	Exhibit 12, Page 13
B.7	$(B.5) / (B.6)$
B.8	$(B.7) - (A)$
B.10	$(B.8) / (1 - (B.9))$

Arkansas

Dwelling

Estimated Investment Income on Unearned Premium and Loss Reserves

ALL ARE BASED ON AGGREGATE FOR FIRE		
1	Direct prem earned in Arkansas current year	36,162
2	MEAN UNEARNED PREMIUMS	
	a. Direct Arkansas unearned 12/31 current	17,913
	b. Direct Arkansas unearned 12/31 prior	20,246
	c. Mean Unearned	19,080
3	DEDUCTION FOR DELAYED REMISSION	
	a. Direct countrywide Earned current yr	80,793
	b. Direct agents' balances current	7,214
	c. Direct agents' balances prior	4,478
	d. Mean Agents' balances	5,846
	e. Ratio	0.0724
	f. Deduction for delayed remission	2,617
4	DEDUCTION FOR PREPAID EXPENSES	
	a. Net premium earned	2,440
	b. Commission & brokerage	-
	c. 50% of other acquisition	260
	d. 50% of general expense	110
	e. Taxes licenses and fees	99
	f. Total prepaid expenses	469
	g. Ratio	0.1921
	h. Deduction for prepaid	3,665
5	NET SUBJECT TO INVESTMENT	12,798
6	EXPECTED INCURRED LOSS AT LOSS RATIO OF	63.30%
7	EXPECTED MEAN LOSS RESERVES	22,891
	a. Direct Countrywide loss reserve curr yr	174,193
	b. Direct Countrywide loss reserve prior year	522,686
	c. Mean Loss reserve current year	348,439
	d. Direct Countrywide incurred loss current	1,052,849
	e. Ratio	0.3309
	f. Direct Countrywide loss reserve 2nd prior yr	313,092
	g. Mean Loss reserve prior year	417,889
	h. Direct Countrywide incurred loss prior	1,396,342
	i. Ratio	0.2993
	j. Average	0.3151
	k. Expected mean loss reserves	7,213
8	Expected mean loss & LAE reserve	
	a. Countrywide net loss reserves current	153,753
	b. Countrywide net loss reserves prior	507,692
	c. Mean net loss reserve	330,723
	d. Countrywide net LAE reserves current	44,697
	e. Countrywide net LAE reserves prior	49,343
	f. Mean LAE reserves	47,020
	g. Ratio	1.1422
	h. Expected mean loss and LAE reserve	8,239
9	TOTAL SUBJECT TO INVESTMENT	21,037
10	PRE-TAX RATE OF RETURN	
	a. Net investment income current year	8,692,395
	b. Cash and invested assets current	142,307,393
	c. Cash and invested assets prior	134,834,423
	d. Mean assets available for investment	138,570,908
	e. Pretax rate of return	6.27%
11	Investment earnings on total available	1,319
12	a. Federal income tax on investment earn	31.20%
	b. Adjustments to reflect tax changes	-
	c. Net fed income tax on invest earn	412
13	Average rate of return as % earn prem	2.51%

Notes: Companywide figures based upon Insurance Expense Exhibit, state specific figures based upon Statutory Page 14, prepaid expenses based upon selected expense provisions.

ARMED FORCES INSURANCE EXCHANGE

Companywide
Fire

Permissible Loss Ratio Calculation

A. Actual Expenses*

Category	2008-2010 Total		2010 Results		2009 Results		2008 Results		2007 Results		2006 Results	
	Dollars	Ratio	Dollars	Ratio	Dollars	Ratio	Dollars	Ratio	Dollars	Ratio	Dollars	Ratio
(1) Direct Written Premiums	8,333,328		2,864,452		2,801,841		2,667,035		2,641,380		2,530,857	
(2) Direct Earned Premiums	8,223,138		2,823,029		2,740,670		2,659,440		2,598,988		2,427,749	
(3) Commissions (W)	-	0.00%	-	0.00%	-	0.00%	-	0.00%	22	0.00%	29	0.00%
(4) Taxes, Licenses & Fees (W)	397,538	4.77%	139,523	4.87%	133,254	4.76%	124,761	4.68%	123,825	4.69%	118,716	4.69%
(5) Licenses & Fees Only (W)	23,945	0.29%	12,082	0.42%	6,681	0.24%	5,182	0.19%	5,292	0.20%	5,916	0.23%
(6) Taxes Only = (4) - (5)		4.48%		4.45%		4.52%		4.48%		4.49%		4.46%

B. Selected Expense Provisions

Category	Indicated Percentage	Selected Percentage
(1) Commissions	0.0%	0.0%
(2) Other Acquisitions Expenses	28.6%	28.6%
(3) General Expenses	12.1%	12.1%
(4) Taxes	4.5%	4.5%
(5) Licenses & Fees	0.3%	0.3%
(5) Profit Provision Net of Investment Income	7.8%	7.8%
(6) Total	53.3%	53.3%
(7) Permissible Loss Ratio	46.7%	46.7%

Notes:

- A.(1) - Statutory Page 14
A.(2) - Statutory Page 14
A.(3) - Statutory Page 14
A.(4) - Companywide Insurance Expense Exhibit
A.(5) - Companywide Insurance Expense Exhibit
A.(6), A.(7) - Statutory Page 14 and AFIE Accounting Work Papers

ARMED FORCES INSURANCE EXCHANGE

**Companywide
Fire**

Underwriting Profit and Contingencies Load

A. Estimated After-tax Investment Income on Unearned Premium and Loss Reserves 1.9%

B. Underwriting Profit Loading Provision

(1)	Target After-tax Total Rate of Return as a Percent of Surplus	10.0%
(2)	Expected Pre-tax Investment Income on Surplus	4.0%
(3)	Estimated Effective Federal Tax Rate on Investment Income	31.2%
(4)	Estimated After-tax Investment Income on Surplus	2.8%
(5)	Required After-tax Return from Insurance Operations as a Percent of Surplus	7.2%
(6)	Target Premium to Surplus Ratio	1.02
(7)	Required After-tax Return from Insurance Operations as a Percent of Premium	7.1%
(8)	Required After-tax Underwriting Profit Provision Net of Investment Income	5.2%
(9)	Effective Tax Rate on Underwriting Profit	34.0%
(10)	Pre-tax Underwriting Profit Provision Net of Investment Income	7.8%

A	Exhibit 12, Page 3, line 13
B.2	Exhibit 12, Page 14, Section B
B.3	Exhibit 12, Page 14, Section A
B.4	$(B.2) \times (1 - (B.3))$
B.5	$(B.1) - (B.4)$
B.6	Exhibit 12, Page 13
B.7	$(B.5) / (B.6)$
B.8	$(B.7) - (A)$
B.10	$(B.8) / (1 - (B.9))$

**Armed Forces Insurance Exchange
Countrywide
Dwelling**

Estimated Investment Income on Unearned Premium and Loss Reserves

ALL ARE BASED ON AGGREGATE FOR FIRE		
1	Direct prem earned in Countrywide current year	2,823,029
2	MEAN UNEARNED PREMIUMS	
	a. Direct Countrywide unearned 12/31 current	1,434,465
	b. Direct Countrywide unearned 12/31 prior	1,393,042
	c. Mean Unearned	1,413,753
3	DEDUCTION FOR DELAYED REMISSION	
	a. Direct countrywide Earned current yr	80,793
	b. Direct agents' balances current	7,214
	c. Direct agents' balances prior	4,478
	d. Mean Agents' balances	5,846
	e. Ratio	0.0724
	f. Deduction for delayed remission	204,268
4	DEDUCTION FOR PREPAID EXPENSES	
	a. Net premium earned	2,440
	b. Commission & brokerage	-
	c. 50% of other acquisition	404
	d. 50% of general expense	171
	e. Taxes licenses and fees	135
	f. Total prepaid expenses	710
	g. Ratio	0.2908
	h. Deduction for prepaid	411,119
5	NET SUBJECT TO INVESTMENT	798,366
6	EXPECTED INCURRED LOSS AT LOSS RATIO OF	46.72% 1,318,831
7	EXPECTED MEAN LOSS RESERVES	
	a. Direct Countrywide loss reserve curr yr	174,193
	b. Direct Countrywide loss reserve prior year	522,686
	c. Mean Loss reserve current year	348,439
	d. Direct Countrywide incurred loss current	1,052,849
	e. Ratio	0.3309
	f. Direct Countrywide loss reserve 2nd prior yr	313,092
	g. Mean Loss reserve prior year	417,889
	h. Direct Countrywide incurred loss prior	1,396,342
	i. Ratio	0.2993
	j. Average	0.3151
	k. Expected mean loss reserves	415,564
8	Expected mean loss & LAE reserve	
	a. Countrywide net loss reserves current	153,753
	b. Countrywide net loss reserves prior	507,692
	c. Mean net loss reserve	330,723
	d. Countrywide net LAE reserves current	44,697
	e. Countrywide net LAE reserves prior	49,343
	f. Mean LAE reserves	47,020
	g. Ratio	1.1422
	h. Expected mean loss and LAE reserve	474,657
9	TOTAL SUBJECT TO INVESTMENT	1,273,023
10	PRE-TAX RATE OF RETURN	
	a. Net investment income current year	8,692,395
	b. Cash and invested assets current	142,307,393
	c. Cash and invested assets prior	134,834,423
	d. Mean assets available for investment	138,570,908
	e. Pretax rate of return	6.27%
11	Investment earnings on total available	79,819
12	a. Federal income tax on investment earn	31.20% 24,903
	b. Adjustments to reflect tax changes	-
	c. Net fed income tax on invest earn	24,903
13	Average rate of return as % earn prem	1.95%

Notes: Companywide figures based upon Insurance Expense Exhibit, state specific figures based upon Statutory Page 14, prepaid expenses based upon selected expense provisions.

ARMED FORCES INSURANCE EXCHANGE

Arkansas
Dwelling - Extended Coverage

Permissible Loss Ratio Calculation

A. Actual Expenses*

Category	<u>2008-2010 Total</u>		<u>2010 Results</u>		<u>2009 Results</u>		<u>2008 Results</u>		<u>2007 Results</u>		<u>2006 Results</u>	
	Dollars	Ratio	Dollars	Ratio	Dollars	Ratio	Dollars	Ratio	Dollars	Ratio	Dollars	Ratio
(1) Direct Written Premiums	97,449		29,865		34,541		33,043		33,327		26,840	
(2) Direct Earned Premiums	97,388		31,837		33,743		31,808		30,212		26,395	
(3) Commissions (W)	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
(4) Taxes, Licenses & Fees (W)	3,336	3.42%	1,030	3.45%	1,191	3.45%	1,115	3.37%	1,131	3.39%	914	3.41%
(5) Licenses & Fees Only (W)	427	0.44%	148	0.50%	155	0.45%	124	0.37%	132	0.39%	109	0.41%
(6) Taxes Only = (4) - (5)		2.99%		2.95%		3.00%		3.00%		3.00%		3.00%

B. Selected Expense Provisions

Category	<u>Indicated Percentage</u>	<u>Selected Percentage</u>	<u>Fixed</u>	<u>Variable</u>
(1) Commissions	0.0%	0.0%	0.0%	0.0%
(2) Other Acquisitions Expenses	30.7%	30.7%	30.7%	0.0%
(3) General Expenses	11.9%	11.9%	11.9%	0.0%
(4) Taxes	3.0%	3.0%	0.0%	3.0%
(5) Licenses & Fees	0.5%	0.5%	0.5%	0.0%
(6) Net Cost of Reinsurance	1.3%	1.3%	1.3%	0.0%
(7) Profit Provision Net of Investment Income	7.3%	7.3%	0.0%	7.3%
(8) Total	54.7%	54.7%	44.4%	10.3%
(9) Permissible Loss Ratio 100% - 54.7%	45.3%	45.3%	55.6%	89.7%

Notes:

- A.(1) - Statutory Page 14
- A.(2) - Statutory Page 14
- A.(3) - Statutory Page 14
- A.(4) - Companywide Insurance Expense Exhibit
- A.(5) - Companywide Insurance Expense Exhibit
- A.(6), A.(7) - Statutory Page 14 and AFIE Accounting Work Papers

ARMED FORCES INSURANCE EXCHANGE

**Arkansas
Dwelling - Extended Coverage**

Underwriting Profit and Contingencies Load

A. Estimated After-tax Investment Income on Unearned Premium and Loss Reserves 2.3%

B. Underwriting Profit Loading Provision

(1) Target After-tax Total Rate of Return as a Percent of Surplus	10.0%
(2) Expected Pre-tax Investment Income on Surplus	4.0%
(3) Estimated Effective Federal Tax Rate on Investment Income	31.2%
(4) Estimated After-tax Investment Income on Surplus	2.8%
(5) Required After-tax Return from Insurance Operations as a Percent of Surplus	7.2%
(6) Target Premium to Surplus Ratio	1.02
(7) Required After-tax Return from Insurance Operations as a Percent of Premium	7.1%
(8) Required After-tax Underwriting Profit Provision Net of Investment Income	4.8%
(9) Effective Tax Rate on Underwriting Profit	34.0%
(10) Pre-tax Underwriting Profit Provision Net of Investment Income	7.3%

A	Exhibit 12, Page 3, line 13
B.2	Exhibit 12, Page 14, Section B
B.3	Exhibit 12, Page 14, Section A
B.4	$(B.2) \times (1 - (B.3))$
B.5	$(B.1) - (B.4)$
B.6	Exhibit 12, Page 13
B.7	$(B.5) / (B.6)$
B.8	$(B.7) - (A)$
B.10	$(B.8) / (1 - (B.9))$

**Armed Forces Insurance Exchange
Arkansas
Dwelling**

Exhibit 12 - Page 9

Estimated Investment Income on Unearned Premium and Loss Reserves

ALL ARE BASED ON AGGREGATE FOR EXTENDED COVERAGE		
1	Direct prem earned in Arkansas current year	31,837
2	MEAN UNEARNED PREMIUMS	
	a. Direct Arkansas unearned 12/31 current	16,320
	b. Direct Arkansas unearned 12/31 prior	18,292
	c. Mean Unearned	17,306
3	DEDUCTION FOR DELAYED REMISSION	
	a. Direct countrywide Earned current yr	80,793
	b. Direct agents' balances current	7,214
	c. Direct agents' balances prior	4,478
	d. Mean Agents' balances	5,846
	e. Ratio	0.0724
	f. Deduction for delayed remission	2,304
4	DEDUCTION FOR PREPAID EXPENSES	
	a. Net premium earned	3,223
	b. Commission & brokerage	-
	c. 50% of other acquisition	576
	d. 50% of general expense	223
	e. Taxes licenses and fees	131
	f. Total prepaid expenses	931
	g. Ratio	0.2888
	h. Deduction for prepaid	4,998
5	NET SUBJECT TO INVESTMENT	10,004
6	EXPECTED INCURRED LOSS AT LOSS RATIO OF	14,422
	45.30%	
7	EXPECTED MEAN LOSS RESERVES	
	a. Direct Countrywide loss reserve curr yr	1,001,746
	b. Direct Countrywide loss reserve prior year	977,692
	c. Mean Loss reserve current year	989,719
	d. Direct Countrywide incurred loss current	2,385,578
	e. Ratio	0.4149
	f. Direct Countrywide loss reserve 2nd prior yr	685,600
	g. Mean Loss reserve prior year	831,646
	h. Direct Countrywide incurred loss prior	2,237,736
	i. Ratio	0.3716
	j. Average	0.3933
	k. Expected mean loss reserves	5,672
8	Expected mean loss & LAE reserve	
	a. Countrywide net loss reserves current	935,127
	b. Countrywide net loss reserves prior	943,012
	c. Mean net loss reserve	939,070
	d. Countrywide net LAE reserves current	229,827
	e. Countrywide net LAE reserves prior	223,528
	f. Mean LAE reserves	226,678
	g. Ratio	1.2414
	h. Expected mean loss and LAE reserve	7,041
9	TOTAL SUBJECT TO INVESTMENT	17,045
10	PRE-TAX RATE OF RETURN	
	a. Net investment income current year	8,692,395
	b. Cash and invested assets current	142,307,393
	c. Cash and invested assets prior	134,834,423
	d. Mean assets available for investment	138,570,908
	e. Pretax rate of return	6.27%
11	Investment earnings on total available	1,069
12	a. Federal income tax on investment earn	333
	31.20%	
	b. Adjustments to reflect tax changes	-
	c. Net fed income tax on invest earn	333
13	Average rate of return as % earn prem	2.31%

Notes: Companywide figures based upon Insurance Expense Exhibit, state specific figures based upon Statutory Page 14, prepaid expenses based upon selected expense provisions.

ARMED FORCES INSURANCE EXCHANGE

Companywide
Extended Coverage

Permissible Loss Ratio Calculation

A. Actual Expenses*

Category	2008-2010 Total		2010 Results		2009 Results		2008 Results		2007 Results		2006 Results	
	Dollars	Ratio	Dollars	Ratio	Dollars	Ratio	Dollars	Ratio	Dollars	Ratio	Dollars	Ratio
(1) Direct Written Premiums	10,979,868		3,797,899		3,687,343		3,494,627		3,560,514		3,474,565	
(2) Direct Earned Premiums	10,889,923		3,752,675		3,600,923		3,536,325		3,561,602		3,363,281	
(3) Commissions (W)	-	0.00%	-	0.00%	-	0.00%	-	0.00%	22	0.00%	29	0.00%
(4) Taxes, Licenses & Fees (W)	397,538	3.62%	139,523	3.67%	133,254	3.61%	124,761	3.57%	123,825	3.48%	118,716	3.42%
(5) Licenses & Fees Only (W)	26,094	0.24%	13,346	0.35%	7,143	0.19%	5,606	0.16%	5,430	0.15%	6,703	0.19%
(6) Taxes Only = (4) - (5)		3.38%		3.32%		3.42%		3.41%		3.33%		3.22%

B. Selected Expense Provisions

Category	Indicated Percentage	Selected Percentage
(1) Commissions	0.0%	0.0%
(2) Other Acquisitions Expenses	16.5%	16.5%
(3) General Expenses	6.4%	6.4%
(4) Taxes	3.4%	3.4%
(5) Licenses & Fees	0.2%	0.2%
(5) Profit Provision Net of Investment Income	6.3%	6.3%
(6) Total	32.8%	32.8%
(7) Permissible Loss Ratio	67.2%	67.2%

Notes:

A.(1) - Statutory Page 14

A.(2) - Statutory Page 14

A.(3) - Statutory Page 14

A.(4) - Companywide Insurance Expense Exhibit

A.(5) - Companywide Insurance Expense Exhibit

A.(6), A.(7) - Statutory Page 14 and AFIE Accounting Work Papers

ARMED FORCES INSURANCE EXCHANGE

**Companywide
Extended Coverage**

Underwriting Profit and Contingencies Load

A. Estimated After-tax Investment Income on Unearned Premium and Loss Reserves 2.9%

B. Underwriting Profit Loading Provision

(1) Target After-tax Total Rate of Return as a Percent of Surplus	10.0%
(2) Expected Pre-tax Investment Income on Surplus	4.0%
(3) Estimated Effective Federal Tax Rate on Investment Income	31.2%
(4) Estimated After-tax Investment Income on Surplus	2.8%
(5) Required After-tax Return from Insurance Operations as a Percent of Surplus	7.2%
(6) Target Premium to Surplus Ratio	1.02
(7) Required After-tax Return from Insurance Operations as a Percent of Premium	7.1%
(8) Required After-tax Underwriting Profit Provision Net of Investment Income	4.2%
(9) Effective Tax Rate on Underwriting Profit	34.0%
(10) Pre-tax Underwriting Profit Provision Net of Investment Income	6.3%

A	Exhibit 12, Page 3, line 13
B.2	Exhibit 12, Page 14, Section B
B.3	Exhibit 12, Page 14, Section A
B.4	$(B.2) \times (1 - (B.3))$
B.5	$(B.1) - (B.4)$
B.6	Exhibit 12, Page 3
B.7	$(B.5) / (B.6)$
B.8	$(B.7) - (A)$
B.10	$(B.8) / (1 - (B.9))$

**Armed Forces Insurance Exchange
Countrywide
Dwelling**

Exhibit 12 - Page 12

Estimated Investment Income on Unearned Premium and Loss Reserves

ALL ARE BASED ON AGGREGATE FOR EXTENDED COVERAGE		
1	Direct prem earned in Countrywide current year	3,752,675
2	MEAN UNEARNED PREMIUMS	
	a. Direct Countrywide unearned 12/31 current	1,931,534
	b. Direct Countrywide unearned 12/31 prior	1,886,310
	c. Mean Unearned	1,908,922
3	DEDUCTION FOR DELAYED REMISSION	
	a. Direct countrywide Earned current yr	80,793
	b. Direct agents' balances current	7,214
	c. Direct agents' balances prior	4,478
	d. Mean Agents' balances	5,846
	e. Ratio	0.0724
	f. Deduction for delayed remission	271,535
4	DEDUCTION FOR PREPAID EXPENSES	
	a. Net premium earned	3,223
	b. Commission & brokerage	-
	c. 50% of other acquisition	310
	d. 50% of general expense	120
	e. Taxes licenses and fees	134
	f. Total prepaid expenses	564
	g. Ratio	0.1750
	h. Deduction for prepaid	334,061
5	NET SUBJECT TO INVESTMENT	1,303,325
6	EXPECTED INCURRED LOSS AT LOSS RATIO OF 67.22%	2,522,437
7	EXPECTED MEAN LOSS RESERVES	
	a. Direct Countrywide loss reserve curr yr	1,001,746
	b. Direct Countrywide loss reserve prior year	977,692
	c. Mean Loss reserve current year	989,719
	d. Direct Countrywide incurred loss current	2,385,578
	e. Ratio	0.4149
	f. Direct Countrywide loss reserve 2nd prior yr	685,600
	g. Mean Loss reserve prior year	831,646
	h. Direct Countrywide incurred loss prior	2,237,736
	i. Ratio	0.3716
	j. Average	0.3933
	k. Expected mean loss reserves	992,075
8	Expected mean loss & LAE reserve	
	a. Countrywide net loss reserves current	935,127
	b. Countrywide net loss reserves prior	943,012
	c. Mean net loss reserve	939,070
	d. Countrywide net LAE reserves current	229,827
	e. Countrywide net LAE reserves prior	223,528
	f. Mean LAE reserves	226,678
	g. Ratio	1.2414
	h. Expected mean loss and LAE reserve	1,231,562
9	TOTAL SUBJECT TO INVESTMENT	2,534,887
10	PRE-TAX RATE OF RETURN	
	a. Net investment income current year	8,692,395
	b. Cash and invested assets current	142,307,393
	c. Cash and invested assets prior	134,834,423
	d. Mean assets available for investment	138,570,908
	e. Pretax rate of return	6.27%
11	Investment earnings on total available	158,937
12	a. Federal income tax on investment earn 31.20%	49,588
	b. Adjustments to reflect tax changes	-
	c. Net fed income tax on invest earn	49,588
13	Average rate of return as % earn prem	2.91%

Notes: Companywide figures based upon Insurance Expense Exhibit, state specific figures based upon Statutory Page 14, prepaid expenses based upon selected expense provisions.

ARMED FORCES INSURANCE EXCHANGE

COUNTRYWIDE - ALL LINES

Premium to Surplus Ratio

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>Aggregate</u>
(1) Direct Written Premium All Lines (000'S)	\$ 80,783	\$ 79,370	\$ 78,154	238,307
(2) Net Written Premium All Lines (000'S)	\$ 67,386	\$ 60,462	\$ 59,157	187,005
(3) Surplus (000'S)	65,284	66,469	61,344	193,098
(4) Net WP/Surplus Ratio	1.03	0.91	0.96	0.97
(5) (Direct/Net) WP Ratio	1.2	1.31	1.32	1.27
		Targeted Net WP/Surplus Ratio:	0.80 (A)	
		Targeted Direct WP/Surplus Ratio:	1.02 (B) = (A) x (5)Aggregate	

Sources:

- (1) Insurance Expense Exhibit
- (2) Insurance Expense Exhibit
- (3) Annual Statement: Liabilities, Surplus and Other Funds
- (4) = (2) / (3)
- (5) = (1) / (2)

ARMED FORCES INSURANCE EXCHANGE

**Arkansas
Homeowners**

Expected Effective Tax Rate on Investment Income and Investment Income Yield

A. Effective Tax Rate on Investment Income*

	Years 2007 - 2009 (A)	Allocation (B)	Current Tax Rate** (C)	Total Tax (B) x (C) (D)
(1) U.S. government bonds	2,392,575	12.5%	34.0%	4.3%
(2) Tax exempt bonds	576,328	3.0%	5.1%	0.2%
(3) Other bonds	7,427,533	38.7%	34.0%	13.2%
(4) Preferred Stocks	49,486	0.3%	13.8%	0.0%
(5) Common Stocks	1,906,130	9.9%	13.8%	1.4%
(6) Cash and short-term invest	576,414	3.0%	34.0%	1.0%
(7) Net Realized Capital Gains'	6,258,318	32.6%	34.0%	11.1%
(8) Total	19,186,784	100.0%		31.2%

* Annual Statement: Exhibit of Net Investment Income and Capital Gains

** Under the 1986 Tax Reform Act, 15% of formerly tax-exempt income from securities purchased after August 7, 1986 is now taxable. Thus the estimated effective tax rates will be:

*** 2008 is not included... equals (Average of 2007 and 2009) x 3

Ordinary Income =	34.0%
Taxable Municipals - 15.0% x 34.0% =	5.1%
Stock Dividends (Acquired after 1987) - 40.5% x 34.0% =	13.8%
Stock Dividends (Acquired before 1987) - 30.0% x 34.0% =	10.2%

B. Investment Income as a Percentage of Invested Assets Including Net Realized Capital Gains***

	Pre-tax Percentage of Average Invested Assets		
	Net Investment Income	Realized Capital Gains	Total
2001	3.5%	0.3%	3.9%
2002	3.4%	-1.4%	1.9%
2003	2.8%	5.9%	8.7%
2004	2.5%	2.4%	4.9%
2005	2.6%	1.2%	3.8%
2006	2.6%	1.3%	3.9%
2007	2.9%	2.1%	4.9%
2008	2.9%	-5.7%	-2.8%
2009	3.8%	0.9%	4.8%
2010	5.6%	0.8%	6.4%
10 yr Average	3.3%	0.8%	4.1%
10 yr Ex. HI/LOW Average	3.1%	1.0%	4.3%
		Selected	4.0%

*** Annual Statement: Exhibits of Net Investment Income, Capital Gains, and Assets

**Armed Forces Insurance Exchange
Arkansas
Dwelling
Ratemaking Calculations
Fire**

	(1)	(2)	(3)	(4)	(5)	(6)
Accident Year Ending	Earned Premium	Earned Exposures	On-Level Earned Premium	Premium Trend Factor	Projected Earned Premium @CRL	Projected Average Earned Premium @CRL
12/31/2001	23,417	95	30,637	1.494	45,771	480.18
12/31/2002	24,418	96	31,946	1.443	46,099	
12/31/2003	27,906	107	36,510	1.413	51,588	
12/31/2004	27,320	106	34,783	1.469	51,097	
12/31/2005	31,605	93	34,449	1.290	44,439	
12/31/2006	34,076	86	36,211	1.145	41,461	
12/31/2007	35,681	84	36,328	1.110	40,324	
12/31/2008	35,295	82	35,295	1.114	39,319	
12/31/2009	38,265	86	38,265	1.073	41,059	
12/31/2010	36,259	81	36,259	1.067	38,689	
Total	314,244	916	350,683		439,844	

Accident Year Ending	(7) Incurred Loss & ALAE	(8) Ultimate Incurred Loss & ALAE	(9) Non-Modeled Expected CAT Loss	(10) Loss Trend Factor	(11) Trended Loss & ALAE Excl Modeled CAT	(12) Modeled De-Trended Expected CAT Loss	(13) Total Projected Loss & LAE	(14) Total Projected Loss & LAE Ratio	(15) 10 YR Experience Year Weights
12/31/2001	-	-	-	4.076	-	3	3	0.0%	8.7%
12/31/2002	450	450	-	3.544	1,595	3	1,678	3.6%	9.1%
12/31/2003	3,641	3,641	-	3.082	11,223	3	11,787	22.8%	10.4%
12/31/2004	688	688	-	2.676	1,841	3	1,937	3.8%	9.9%
12/31/2005	-	-	-	2.327	-	3	3	0.0%	9.8%
12/31/2006	700	701	-	2.024	1,418	3	1,493	3.6%	10.3%
12/31/2007	54,654	54,818	-	1.760	96,480	3	101,308	251.2%	10.4%
12/31/2008	-	-	-	1.531	-	3	3	0.0%	10.1%
12/31/2009	-	-	-	1.331	-	4	5	0.0%	10.9%
12/31/2010	-	-	-	1.157	-	4	5	0.0%	10.3%
Total	60,134	60,298	-		112,557	35	118,222		100.0%

- (1) Exhibit 3 - Page 1
 - (2) Exhibit 3 - Page 1
 - (3) Exhibit 2 - Page 1
 - (4) Exhibit 2 - Page 1
 - (5) (3) * (4)
 - (6) (5)total / (2)total
 - (7) Exhibit 4 - Page 1
 - (8) Exhibit 4 - Page 1
 - (9) (8) * Selected CAT Load (Exhibit 7-Page 1)
 - (10) Exhibit 5
 - (11) [(8) + (1 + CAT ALAE Factor(Exhibit 6)) * (9)] * (10)
 - (12) (Exhibit 7 - Page 3) * (1 + CAT ALAE Factor(Exhibit 6))
 - (13) ((11) + (12)) with 5% ULAE adjustment
 - (14) (13) / (5)
 - (15) ISO Weights
 - (16) (14) weighted using (15)
 - (17) Exhibit 8
 - (18) Exhibit 12 - Page 4
 - (19) ((1+Prospective Loss Trend (Exhibit 5))/(1 + Prospective Premium Trend (Exhibit 3 - Page 1)))^Prospective Trend Period (Exhibit 3 - Page 1)
 - (20) (18) * (19)
 - (21) (16) * (17) + (1- (17)) * (20)
 - (22) Exhibit 12 - Page 1
 - (23) Exhibit 12 - Page 1
 - (24) ((21) + (22))/(1- (23)) - 1
- Experience Year Weighted Loss & LAE Ratio: 29.5% (16)
- Credibility: 15.0% (17)
- Countrywide Fire Permissible Loss Ratio: 46.72% (18)
- Arkansas Projected Loss Ratio Trend Factor: 1.423 (19)
- Trended Countrywide Permissible Loss Ratio (Assuming Arkansas Trends): 66.5% (20)
- Credibility Weighted Loss Ratio: 61.0% (21)
- Arkansas Fixed Expense Ratio: 26.7% (22)
- Arkansas Variable Expense Ratio: 10.0% (23)
- Arkansas Indicated Rate Change: -2.6% (24)
- Proposed Rate Level Change: -2.44% (25)

**Armed Forces Insurance Exchange
Arkansas
Dwelling
Ratemaking Calculations
Extended Coverage**

	(1)	(2)	(3)	(4)	(5)	(6)
Accident Year Ending	Earned Premium	Earned Exposures	On-Level Earned Premium	Premium Trend Factor	Projected Earned Premium @CRL	Projected Average Earned Premium @CRL
12/31/2001	23,015	94	26,762	1.285	34,389	393.45
12/31/2002	24,099	96	28,022	1.244	34,859	
12/31/2003	27,225	107	31,657	1.238	39,192	
12/31/2004	26,733	106	30,882	1.283	39,621	
12/31/2005	26,235	92	29,114	1.318	38,372	
12/31/2006	26,703	85	29,358	1.234	36,228	
12/31/2007	30,229	84	31,060	1.115	34,632	
12/31/2008	31,771	82	31,771	1.058	33,614	
12/31/2009	33,662	86	33,662	1.042	35,075	
12/31/2010	31,918	81	31,918	1.036	33,067	
Total	281,589	913	304,206		359,050	

Accident Year Ending	(7) Incurred Loss & ALAE	(8) Ultimate Incurred Loss & ALAE	(9) Non-Modeled Expected CAT Loss	(10) Loss Trend Factor	(11) Trended Loss & ALAE Excl Modeled CAT	(12) Modeled De-Trended Expected CAT Loss	(13) Total Projected Loss & LAE	(14) Total Projected Loss & LAE Ratio	(15) 10 YR Experience Year Weights
12/31/2001	21,229	21,229	3,970	3.443	87,960	97	92,459	268.9%	8.8%
12/31/2002	7,986	7,986	1,493	3.113	29,918	98	31,517	90.4%	9.2%
12/31/2003	249	249	47	2.814	844	99	990	2.5%	10.4%
12/31/2004	10,986	10,986	2,054	2.542	33,608	100	35,394	89.3%	10.2%
12/31/2005	11,188	11,188	2,092	2.299	30,954	102	32,609	85.0%	9.6%
12/31/2006	2,200	2,201	412	2.078	5,504	103	5,888	16.3%	9.7%
12/31/2007	16,666	16,774	3,137	1.879	37,931	104	39,937	115.3%	10.2%
12/31/2008	22,497	23,869	4,464	1.699	48,803	106	51,354	152.8%	10.4%
12/31/2009	26,268	28,645	5,357	1.536	52,949	107	55,709	158.8%	11.1%
12/31/2010	23,664	27,356	5,116	1.389	45,727	108	48,126	145.5%	10.5%
Total	142,934	150,484	28,141		374,198	1,024	393,983		100.0%

- (1) Exhibit 3 - Page 2
 - (2) Exhibit 3 - Page 2
 - (3) Exhibit 2 - Page 2
 - (4) Exhibit 2 - Page 2
 - (5) (3) * (4)
 - (6) (5)total / (2)total
 - (7) Exhibit 4 - Page 6
 - (8) Exhibit 4 - Page 6
 - (9) (8) * Selected CAT Load (Exhibit 7-Page 2)
 - (10) Exhibit 5
 - (11) [(8) + (1 + CAT ALAE Factor(Exhibit 6)) * (9)] * (10)
 - (12) (Exhibit 7 - Page 4 + Exhibit 7 - Page 5) * (1 + CAT ALAE Factor(Exhibit 6))
 - (13) ((11) + (12)) with 5% ULAE adjustment
 - (14) (13) / (5)
 - (15) ISO Weights
 - (16) (14) weighted using (15)
 - (17) Exhibit 8
 - (18) Exhibit 12 - Page 10
 - (19) ((1+Prospective Loss Trend (Exhibit 5))/(1 + Prospective Premium Trend (Exhibit 3 - Page 1)))^Prospective Trend Period (Exhibit 3 - Page 1)
 - (20) (18) * (19)
 - (21) (16) * (17) + (1- (17)) * (20)
 - (22) Exhibit 12 - Page 7
 - (23) Exhibit 12 - Page 7
 - (24) ((21) + (22))/(1- (23)) - 1
- Experience Year Weighted Loss & LAE Ratio: 111.6% (16)
- Credibility: 15.0% (17)
- Countrywide EC Permissible Loss Ratio: 67.22% (18)
- Arkansas Projected Loss Ratio Trend Factor: 1.304 (19)
- Trended Countrywide Permissible Loss Ratio (Assuming Arkansas Trends): 87.7% (20)
- Credibility Weighted Loss Ratio: 91.3% (21)
- Arkansas Fixed Expense Ratio: 44.4% (22)
- Arkansas Variable Expense Ratio: 10.3% (23)
- Arkansas Indicated Rate Change: 51.3% (24)
- Proposed Rate Level Change: 50.77% (25)

**Armed Forces Insurance Exchange
Dwelling
Arkansas**

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Armed Forces Insurance Exchange**Arkansas
Dwelling Rate History**

Date Effective	Policy Form	Approved Rate Change
7/5/04	EC	5.49%
10/9/06	EC	10.23%
7/5/04	FIRE	22.91%
10/9/06	FIRE	6.44%

Premium Adjustment Factors
Fire

	Quarterly			Quarter Ending		
	(1)	(2)	(3)			
Ending Year/Qtr	Earned Premium	On-level Factor	On-level Earned Premium	Annual On-level Factor		
2000-3	6,201	1.3083	8,113			
2000-4	6,080	1.3083	7,955			
2001-1	5,802	1.3083	7,591			
2001-2	5,738	1.3083	7,506	1.308		
2001-3	5,907	1.3083	7,728	1.308		
2001-4	5,971	1.3083	7,812	1.308		
2002-1	5,966	1.3083	7,805	1.308		
2002-2	5,873	1.3083	7,684	1.308		
2002-3	6,091	1.3083	7,969	1.308		
2002-4	6,488	1.3083	8,488	1.308		
2003-1	6,631	1.3083	8,676	1.308		
2003-2	7,150	1.3083	9,355	1.308		
2003-3	7,184	1.3083	9,399	1.308		
2003-4	6,941	1.3083	9,080	1.308		
2004-1	6,605	1.3083	8,642	1.308		
2004-2	6,580	1.3083	8,609	1.308		
2004-3	7,004	1.2746	8,927	1.300		
2004-4	7,131	1.2068	8,606	1.273		
2005-1	7,253	1.1464	8,314	1.232		
2005-2	7,735	1.0920	8,447	1.178		
2005-3	8,311	1.0644	8,846	1.124		
2005-4	8,306	1.0644	8,841	1.090		
2006-1	8,650	1.0644	9,207	1.071		
2006-2	8,610	1.0644	9,164	1.064		
2006-3	8,456	1.0644	9,000	1.064		
2006-4	8,361	1.0572	8,839	1.063		
2007-1	8,394	1.0407	8,735	1.057		
2007-2	8,823	1.0248	9,042	1.047		
2007-3	9,292	1.0092	9,378	1.032		
2007-4	9,171	1.0001	9,172	1.018		
2008-1	8,722	1.0000	8,722	1.008	Accident Year Ending	Implied Annual Factor
2008-2	8,513	1.0000	8,513	1.002		
2008-3	8,787	1.0000	8,787	1.000	12/31/2001	30,637 1.308
2008-4	9,273	1.0000	9,273	1.000	12/31/2002	31,946 1.308
2009-1	9,354	1.0000	9,354	1.000	12/31/2003	36,510 1.308
2009-2	9,472	1.0000	9,472	1.000	12/31/2004	34,783 1.273
2009-3	9,792	1.0000	9,792	1.000	12/31/2005	34,449 1.090
2009-4	9,647	1.0000	9,647	1.000	12/31/2006	36,211 1.063
2010-1	9,370	1.0000	9,370	1.000	12/31/2007	36,328 1.018
2010-2	9,211	1.0000	9,211	1.000	12/31/2008	35,295 1.000
2010-3	8,968	1.0000	8,968	1.000	12/31/2009	38,265 1.000
2010-4	8,710	1.0000	8,710	1.000	12/31/2010	36,259 1.000

(1) AFIE Data

(2) Quarterly on-level factor developed using parallelogram method.

(3) = (1) x (2)

Premium Adjustment Factors
Extended Coverage

	Quarterly			Quarter Ending			
	(1)	(2)	(3)				
Ending Year/Qtr	Earned Premium	On-level Factor	On-level Earned Premium	Annual On-level Factor			
2000-3	6,159	1.1628	7,161				
2000-4	6,002	1.1628	6,979				
2001-1	5,684	1.1628	6,609				
2001-2	5,654	1.1628	6,574	1.163			
2001-3	5,796	1.1628	6,739	1.163			
2001-4	5,881	1.1628	6,839	1.163			
2002-1	5,895	1.1628	6,855	1.163			
2002-2	5,850	1.1628	6,803	1.163			
2002-3	6,024	1.1628	7,005	1.163			
2002-4	6,329	1.1628	7,360	1.163			
2003-1	6,495	1.1628	7,553	1.163			
2003-2	6,965	1.1628	8,099	1.163			
2003-3	6,951	1.1628	8,083	1.163			
2003-4	6,814	1.1628	7,923	1.163			
2004-1	6,644	1.1628	7,726	1.163			
2004-2	6,594	1.1628	7,667	1.163			
2004-3	6,829	1.1555	7,891	1.161			
2004-4	6,666	1.1398	7,598	1.155			
2005-1	6,431	1.1248	7,234	1.146			
2005-2	6,442	1.1101	7,151	1.133			
2005-3	6,706	1.1023	7,392	1.119			
2005-4	6,656	1.1023	7,337	1.110			
2006-1	6,761	1.1023	7,453	1.104			
2006-2	6,731	1.1023	7,420	1.102			
2006-3	6,631	1.1023	7,310	1.102			
2006-4	6,579	1.0906	7,175	1.099			
2007-1	6,802	1.0638	7,236	1.090			
2007-2	7,354	1.0386	7,638	1.073			
2007-3	8,025	1.0141	8,138	1.050	Accident		
2007-4	8,048	1.0001	8,048	1.028	Year		
2008-1	7,853	1.0000	7,853	1.013	Ending		
2008-2	7,712	1.0000	7,712	1.004			
2008-3	7,925	1.0000	7,925	1.000	12/31/2001	26,762	1.163
2008-4	8,281	1.0000	8,281	1.000	12/31/2002	28,022	1.163
2009-1	8,297	1.0000	8,297	1.000	12/31/2003	31,657	1.163
2009-2	8,326	1.0000	8,326	1.000	12/31/2004	30,882	1.155
2009-3	8,582	1.0000	8,582	1.000	12/31/2005	29,114	1.110
2009-4	8,456	1.0000	8,456	1.000	12/31/2006	29,358	1.099
2010-1	8,223	1.0000	8,223	1.000	12/31/2007	31,060	1.028
2010-2	8,097	1.0000	8,097	1.000	12/31/2008	31,771	1.000
2010-3	7,911	1.0000	7,911	1.000	12/31/2009	33,662	1.000
2010-4	7,687	1.0000	7,687	1.000	12/31/2010	31,918	1.000

(1) AFIE Data
(2) Quarterly on-level factor developed using parallelogram method.
(3) = (1) x (2)

Premium Trend Factors
 Fire

Ending Year/Qtr	Quarter Ending		Average Retrospective On-level Earned Premium	Retrospective Trend Factors 449.99/ (2)	Proposed Effective Date:	Trend from Date ¹ :	Trend to Date ² :	Trend Period:
	(1)	(2)						
2001-2	98	317.77	1.416		06/29/2012	07/02/2010	06/29/2013	2.99
2001-3	96	319.42	1.409					
2001-4	95	321.52	1.400					
2002-1	95	324.86	1.385					
2002-2	95	327.31	1.375					
2002-3	95	329.53	1.366					
2002-4	96	332.80	1.352					
2003-1	98	335.56	1.341					
2003-2	101	340.51	1.322					
2003-3	105	342.28	1.315					
2003-4	107	339.89	1.324					
2004-1	109	334.80	1.344					
2004-2	109	328.50	1.370					
2004-3	108	326.04	1.380					
2004-4	106	326.68	1.377					
2005-1	104	332.22	1.354					
2005-2	100	342.28	1.315					
2005-3	96	355.31	1.266					
2005-4	93	372.35	1.209					
2006-1	90	391.66	1.149					
2006-2	89	406.45	1.107					
2006-3	87	415.34	1.083					
2006-4	86	419.34	1.073					
2007-1	85	421.25	1.068					
2007-2	84	423.44	1.063					
2007-3	84	427.86	1.052					
2007-4	84	432.52	1.040					
2008-1	84	432.26	1.041					
2008-2	83	430.65	1.045					
2008-3	82	429.98	1.047					
2008-4	82	431.14	1.044					
2009-1	83	435.10	1.034					
2009-2	84	439.91	1.023					
2009-3	85	443.84	1.014					
2009-4	86	447.45	1.006					
2010-1	85	450.95	0.998					
2010-2	84	453.85	0.991					
2010-3	82	453.43	0.992					
2010-4	81	449.99	1.000					
<u>Trend</u>								
39 pt	-2.6%	4.6%						
24 pt	-2.9%	4.5%						
20 pt	-1.3%	2.5%						
16 pt	-0.4%	2.0%						
12 pt	-0.2%	2.3%						
8 pt	-1.6%	2.2%						
4 pt	-6.9%	-0.3%						
Selected:	-2.6%	2.2%						

Proposed Effective Date: 06/29/2012
 Trend from Date¹: 07/02/2010
 Trend to Date²: 06/29/2013
 Trend Period: 2.99

Accident Year	Retrospective Trend Factor	Prospective Trend Factor	Premium Trend
Ending	Factor	(1.022) ² 2.99	Factor
12/31/2001	1.400	1.067	1.494
12/31/2002	1.352	1.067	1.443
12/31/2003	1.324	1.067	1.413
12/31/2004	1.377	1.067	1.469
12/31/2005	1.209	1.067	1.290
12/31/2006	1.073	1.067	1.145
12/31/2007	1.040	1.067	1.110
12/31/2008	1.044	1.067	1.114
12/31/2009	1.006	1.067	1.073
12/31/2010	1.000	1.067	1.067

¹ Midpoint of latest trend period.
² One year after proposed effective date.

Premium Trend Factors
 Extended Coverage

Ending Year/Qtr	Quarter Ending		Average Retrospective On-level Earned Premium	Retrospective Trend Factors <u>396.11/ (2)</u>	Proposed Effective Date:	Trend from Date ¹ :	Trend to Date ² :	Trend Period:
	(1)	(2)						
2001-2	97	316.70	1.251		06/29/2012	07/02/2010	06/29/2013	2.99
2001-3	95	317.41	1.248					
2001-4	94	319.35	1.240					
2002-1	94	323.38	1.225					
2002-2	94	326.44	1.213					
2002-3	94	328.41	1.206					
2002-4	96	329.90	1.201					
2003-1	98	331.00	1.197					
2003-2	101	333.44	1.188					
2003-3	105	333.40	1.188					
2003-4	107	331.59	1.195					
2004-1	109	328.72	1.205					
2004-2	109	324.80	1.220					
2004-3	108	323.09	1.226					
2004-4	106	319.96	1.238					
2005-1	104	315.75	1.255					
2005-2	100	311.29	1.272					
2005-3	96	308.44	1.284					
2005-4	92	311.51	1.272					
2006-1	89	318.37	1.244					
2006-2	88	325.88	1.216					
2006-3	86	330.73	1.198					
2006-4	85	332.46	1.191					
2007-1	84	337.04	1.175					
2007-2	83	344.02	1.151					
2007-3	83	355.39	1.115	Accident Year	Retrospective Trend	Prospective Trend Factor	Premium Trend Factor	
2007-4	84	367.97	1.076	<u>Ending</u>	<u>Factor</u>	<u>(1.012)*2.99</u>	<u>Factor</u>	
2008-1	84	376.03	1.053	12/31/2001	1.240	1.036	1.285	
2008-2	83	381.63	1.038	12/31/2002	1.201	1.036	1.244	
2008-3	82	385.31	1.028	12/31/2003	1.195	1.036	1.238	
2008-4	82	388.09	1.021	12/31/2004	1.238	1.036	1.283	
2009-1	83	390.14	1.015	12/31/2005	1.272	1.036	1.318	
2009-2	84	391.53	1.012	12/31/2006	1.191	1.036	1.234	
2009-3	85	392.24	1.010	12/31/2007	1.076	1.036	1.115	
2009-4	86	393.61	1.006	12/31/2008	1.021	1.036	1.058	
2010-1	85	395.65	1.001	12/31/2009	1.006	1.036	1.042	
2010-2	84	398.18	0.995	12/31/2010	1.000	1.036	1.036	
2010-3	82	398.46	0.994					
2010-4	81	396.11	1.000					
<u>Trend</u>								
39 pt	-2.5%	2.7%						
24 pt	-2.7%	5.4%						
20 pt	-1.0%	5.1%						
16 pt	-0.1%	4.0%						
12 pt	-0.1%	1.9%						
8 pt	-1.6%	1.2%						
4 pt	-6.9%	0.2%						
Selected:	-2.5%	1.2%						

¹ Midpoint of latest trend period.
² One year after proposed effective date.

Armed Forces Insurance Exchange
 Dwelling
 Fire
 Arkansas

Non-CAT Incurred Loss & ALAE
 Evaluated @ 3/2011

Loss Development Summary

	@3/2011		AFIE Methods		
	(1)	(2)	(3)	(4)	(5)
Accident Year	Incurred Loss & ALAE	Paid Method Ultimate Loss & ALAE	Incurred Method Ultimate Loss & ALAE	Selected Ultimate Loss & ALAE	Implied Age to Ultimate LDF Factor
2001	-	-	-	-	n/a
2002	450	450	450	450	1.00
2003	3,641	3,641	3,641	3,641	1.00
2004	688	688	688	688	1.00
2005	-	-	-	-	n/a
2006	700	699	702	701	1.00
2007	54,654	54,654	54,982	54,818	1.00
2008	-	-	-	-	n/a
2009	-	-	-	-	n/a
2010	-	-	-	-	n/a
Total	60,134	60,133	60,464	60,298	

- (1) = AFIE actual reported experience.
- (2) Exhibit 4 - Page 2
- (3) Exhibit 4 - Page 3
- (4) = Average of (2) and (3)
- (5) = (4) / (1)

Armed Forces Insurance Exchange
Dwelling
Fire
Arkansas

Non-CAT Paid Loss & ALAE
Evaluated @ 3/2011

Accident Year	Paid Loss & ALAE										AFIE Ultimate	
	15	27	39	51	63	75	87	99	111	123		
2001	-	-	-	-	-	-	-	-	-	-	-	0
2002	50	450	450	450	450	450	450	450	450	450	-	450
2003	3,641	3,641	3,641	3,641	3,641	3,641	3,641	3,641	3,641	-	-	3,641
2004	688	688	688	688	688	688	688	688	-	-	-	688
2005	-	-	-	-	-	-	-	-	-	-	-	0
2006	700	700	700	700	700	700	-	-	-	-	-	699
2007	54,654	54,654	54,654	54,654	-	-	-	-	-	-	-	54,654
2008	-	-	-	-	-	-	-	-	-	-	-	0
2009	-	-	-	-	-	-	-	-	-	-	-	0
2010	-	-	-	-	-	-	-	-	-	-	-	0
												60,133
	15-27	27-39	39-51	51-63	63-75	75-87	87-99	99-111	111-123			
2001	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA		
2002	9.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000		
2003	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000		
2004	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000		
2005	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA		
2006	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000		
2007	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000		
2008	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA		
2009	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA		
Last 3 Weighted Avg.	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000		
Avg. Ex. Hi and Lo	0.429	0.500	0.600	0.500	0.333	0.500	-	-	-	-		
All Weighted Avg.	1.007	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000		
Harmonic Mean	1.277	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000		
AFIE CW	1.053	1.005	1.005	1.001	0.999	1.000	1.000	1.000	1.000	1.000		
AFIE Selected	1.053	1.005	1.005	1.001	0.999	1.000	1.000	1.000	1.000	1.000		
Age-Ultimate	1.063	1.010	1.005	1.000	0.999	1.000	1.000	1.000	1.000	1.000		
											Tail Factor	1.000

Armed Forces Insurance Exchange
 Dwelling
 Fire
 Countrywide

Non-CAT Incurred Loss & ALAE
 Evaluated @ 3/2011

Accident Year	Incurred Loss & ALAE										Selected Ultimate																																																					
	15	27	39	51	63	75	87	99	111	123																																																						
2001	632,673	651,577	671,153	689,170	689,170	689,170	689,170	689,170	689,170	689,170	689,170	689,170																																																				
2002	1,286,766	1,399,805	1,422,448	1,437,751	1,453,841	1,464,891	1,456,531	1,456,531	1,456,531	1,456,531	1,456,531	1,456,531																																																				
2003	1,782,188	1,846,944	1,803,308	1,921,261	1,921,261	1,937,997	1,937,997	1,937,997	1,937,997	1,937,997	1,937,997	1,937,997																																																				
2004	389,016	360,603	364,093	366,193	366,193	366,193	366,193	366,193	366,193	366,193	366,193	366,193																																																				
2005	827,363	675,880	674,087	674,087	676,587	676,587	676,587	676,587	676,587	676,587	676,587	675,234																																																				
2006	1,534,836	1,301,334	1,301,334	1,343,634	1,343,634	1,343,634	1,343,634	1,343,634	1,343,634	1,343,634	1,343,634	1,347,665																																																				
2007	1,014,999	1,309,465	1,300,016	1,304,016	1,304,016	1,304,016	1,304,016	1,304,016	1,304,016	1,304,016	1,304,016	1,311,840																																																				
2008	1,104,822	1,086,538	1,027,095	1,027,095	1,027,095	1,027,095	1,027,095	1,027,095	1,027,095	1,027,095	1,027,095	1,060,989																																																				
2009	1,498,457	1,399,659	1,399,659	1,399,659	1,399,659	1,399,659	1,399,659	1,399,659	1,399,659	1,399,659	1,399,659	1,434,651																																																				
2010	1,344,644	1,344,644	1,344,644	1,344,644	1,344,644	1,344,644	1,344,644	1,344,644	1,344,644	1,344,644	1,344,644	1,372,882																																																				
												11,653,151																																																				
	15-27	27-39	39-51	51-63	63-75	75-87	87-99	99-111	111-123																																																							
2001	1.030	1.030	1.027	1.000	1.000	1.000	1.000	1.000	1.000	1.000																																																						
2002	1.088	1.016	1.011	1.011	1.008	0.994	1.000	1.000	1.000																																																							
2003	1.036	0.976	1.065	1.000	1.009	1.000	1.000	1.000	1.000																																																							
2004	0.927	1.010	1.006	1.000	1.000	1.000	1.000	1.000	1.000																																																							
2005	0.817	0.997	1.000	1.004	1.000	1.000	1.000	1.000	1.000																																																							
2006	0.848	1.000	1.033	1.000	1.000	1.000	1.000	1.000	1.000																																																							
2007	1.290	0.993	1.003	1.000	1.000	1.000	1.000	1.000	1.000																																																							
2008	0.983	0.945	1.000	1.000	1.000	1.000	1.000	1.000	1.000																																																							
2009	0.934	0.934	0.934	0.934	0.934	0.934	0.934	0.934	0.934																																																							
<table border="1"> <tr> <td>Last 3 Weighted Avg.</td> <td>1.049</td> <td>0.981</td> <td>1.014</td> <td>1.001</td> <td>1.006</td> <td>0.998</td> <td>1.000</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Avg. Ex. Hi and Lo</td> <td>0.978</td> <td>0.999</td> <td>1.016</td> <td>1.001</td> <td>1.003</td> <td>1.000</td> <td>-</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>All Weighted Avg.</td> <td>0.996</td> <td>0.992</td> <td>1.026</td> <td>1.003</td> <td>1.005</td> <td>0.998</td> <td>1.000</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Harmonic Mean</td> <td>0.986</td> <td>0.996</td> <td>1.020</td> <td>1.002</td> <td>1.003</td> <td>0.998</td> <td>1.000</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </table>													Last 3 Weighted Avg.	1.049	0.981	1.014	1.001	1.006	0.998	1.000						Avg. Ex. Hi and Lo	0.978	0.999	1.016	1.001	1.003	1.000	-						All Weighted Avg.	0.996	0.992	1.026	1.003	1.005	0.998	1.000						Harmonic Mean	0.986	0.996	1.020	1.002	1.003	0.998	1.000					
Last 3 Weighted Avg.	1.049	0.981	1.014	1.001	1.006	0.998	1.000																																																									
Avg. Ex. Hi and Lo	0.978	0.999	1.016	1.001	1.003	1.000	-																																																									
All Weighted Avg.	0.996	0.992	1.026	1.003	1.005	0.998	1.000																																																									
Harmonic Mean	0.986	0.996	1.020	1.002	1.003	0.998	1.000																																																									
<table border="1"> <tr> <td>Selected</td> <td>0.996</td> <td>0.992</td> <td>1.026</td> <td>1.003</td> <td>1.005</td> <td>0.998</td> <td>1.000</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Age-Ultimate</td> <td>1.021</td> <td>1.025</td> <td>1.033</td> <td>1.006</td> <td>1.003</td> <td>0.998</td> <td>1.000</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </table>													Selected	0.996	0.992	1.026	1.003	1.005	0.998	1.000						Age-Ultimate	1.021	1.025	1.033	1.006	1.003	0.998	1.000																															
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Age-Ultimate	1.021	1.025	1.033	1.006	1.003	0.998	1.000																																																									
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Armed Forces Insurance Exchange
 Dwelling
 Extended Coverage
 Arkansas

Non-CAT Incurred Loss & ALAE
 Evaluated @ 3/2011

Loss Development Summary

@3/2011

(1) (2) (3) (4) (5)

Accident Year	Incurred	Paid	Incurred	Selected	Implied
	Loss & ALAE	Method Ultimate Loss & ALAE	Method Ultimate Loss & ALAE	Ultimate Loss & ALAE	Age to Ultimate LDF Factor
2001	21,229	21,229	21,229	21,229	1.00
2002	7,986	7,986	7,986	7,986	1.00
2003	249	249	249	249	1.00
2004	10,986	10,986	10,986	10,986	1.00
2005	11,188	11,188	11,188	11,188	1.00
2006	2,200	2,200	2,202	2,201	1.00
2007	16,666	16,783	16,766	16,774	1.01
2008	22,497	23,824	23,914	23,869	1.06
2009	26,268	28,685	28,606	28,645	1.09
2010	23,664	28,515	26,196	27,356	1.16

Total	142,934	151,646	149,323	150,484
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(1) = AFIE actual reported experience.

(2) Exhibit 4 - Page 7

(3) Exhibit 4 - Page 8

(4) = Average of (2) and (3)

(5) = (4) / (1)

Armed Forces Insurance Exchange
 Dwelling
 Extended Coverage
 Countrywide

Non-CAT Paid Loss & ALAE
 Evaluated @ 3/2011

Accident Year	Paid Loss & ALAE										Selected Ultimate																																																					
	15	27	39	51	63	75	87	99	111	123																																																						
2001	1,695,967	1,872,744	1,937,427	1,946,238	1,945,631	1,945,163	1,945,920	1,945,920	1,945,920	1,945,920	1,945,920	1,945,920																																																				
2002	1,799,374	1,920,920	2,030,067	2,033,376	2,035,201	2,033,401	2,033,401	2,033,401	2,033,401	2,033,401	2,033,401	2,033,401																																																				
2003	1,300,918	1,490,709	1,529,030	1,866,898	1,891,622	1,891,622	1,891,622	1,891,622	1,891,622			1,891,622																																																				
2004	887,070	1,018,765	1,019,216	1,022,997	1,022,800	1,025,997	1,025,997					1,025,997																																																				
2005	1,036,267	1,121,570	1,127,164	1,127,164	1,123,772	1,123,772						1,123,772																																																				
2006	955,705	1,037,192	1,082,791	1,225,450	1,263,711							1,263,711																																																				
2007	881,887	1,010,336	1,016,470	1,027,782								1,034,977																																																				
2008	1,219,602	1,356,797	1,427,404									1,511,621																																																				
2009	1,293,585	1,387,524										1,515,176																																																				
2010	1,493,071											1,799,150																																																				
												15,145,347																																																				
	15-27	27-39	39-51	51-63	63-75	75-87	87-99	99-111	111-123																																																							
2001	1.104	1.035	1.005	1.000	1.000	1.000	1.000	1.000	1.000																																																							
2002	1.068	1.057	1.002	1.001	0.999	1.000	1.000	1.000	1.000																																																							
2003	1.146	1.026	1.221	1.013	1.000	1.000	1.000																																																									
2004	1.148	1.000	1.004	1.000	1.003	1.000																																																										
2005	1.082	1.005	1.000	0.997	1.000																																																											
2006	1.085	1.044	1.132	1.031																																																												
2007	1.146	1.006	1.011																																																													
2008	1.112	1.052																																																														
2009	1.073																																																															
<table border="1"> <tr> <td>Last 3 Weighted Avg.</td> <td>1.106</td> <td>1.036</td> <td>1.048</td> <td>1.010</td> <td>1.001</td> <td>1.000</td> <td>1.000</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Avg. Ex. Hi and Lo</td> <td>1.107</td> <td>1.028</td> <td>1.031</td> <td>1.004</td> <td>1.000</td> <td>1.000</td> <td>-</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>All Weighted Avg.</td> <td>1.104</td> <td>1.031</td> <td>1.052</td> <td>1.007</td> <td>1.000</td> <td>1.000</td> <td>1.000</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Harmonic Mean</td> <td>1.107</td> <td>1.028</td> <td>1.051</td> <td>1.007</td> <td>1.000</td> <td>1.000</td> <td>1.000</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </table>													Last 3 Weighted Avg.	1.106	1.036	1.048	1.010	1.001	1.000	1.000						Avg. Ex. Hi and Lo	1.107	1.028	1.031	1.004	1.000	1.000	-						All Weighted Avg.	1.104	1.031	1.052	1.007	1.000	1.000	1.000						Harmonic Mean	1.107	1.028	1.051	1.007	1.000	1.000	1.000					
Last 3 Weighted Avg.	1.106	1.036	1.048	1.010	1.001	1.000	1.000																																																									
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Armed Forces Insurance Exchange

Dwelling

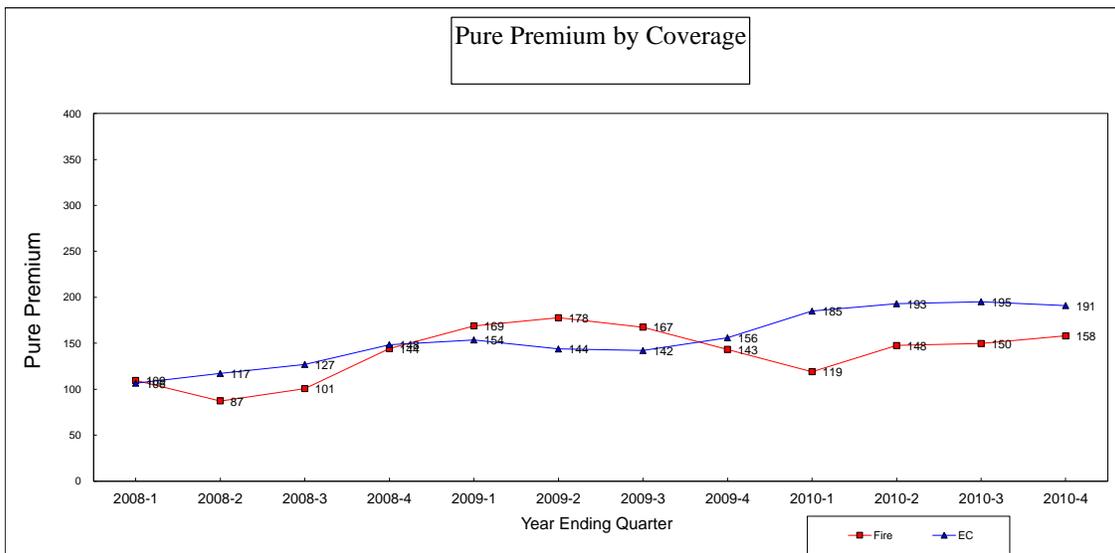
Paid Claim Trend Analysis

4th Qtr 2010

CW

CW

Year Ending Quarter	Fire			EC		
	Average Cost	Frequency	Pure Premium	Average Cost	Frequency	Pure Premium
2006-1	35,565	0.24%	87	6,640	1.74%	116
2006-2	15,985	0.31%	50	6,612	1.78%	117
2006-3	13,251	0.32%	42	7,226	1.77%	128
2006-4	18,409	0.30%	56	7,062	1.89%	133
2007-1	35,971	0.34%	121	6,438	2.10%	135
2007-2	54,560	0.29%	158	6,578	2.17%	142
2007-3	48,076	0.33%	160	6,398	2.09%	134
2007-4	43,519	0.37%	160	5,616	1.92%	108
2008-1	24,596	0.45%	109	5,959	1.79%	106
2008-2	19,277	0.45%	87	6,762	1.73%	117
2008-3	30,403	0.33%	101	6,972	1.82%	127
2008-4	40,404	0.36%	144	6,805	2.18%	148
2009-1	55,103	0.31%	169	6,698	2.29%	154
2009-2	73,751	0.24%	178	6,027	2.38%	144
2009-3	56,736	0.30%	167	5,942	2.39%	142
2009-4	57,267	0.25%	143	6,839	2.28%	156
2010-1	49,961	0.24%	119	7,992	2.31%	185
2010-2	56,984	0.26%	148	8,255	2.34%	193
2010-3	60,598	0.25%	150	8,158	2.39%	195
2010-4	52,765	0.30%	158	7,884	2.42%	191

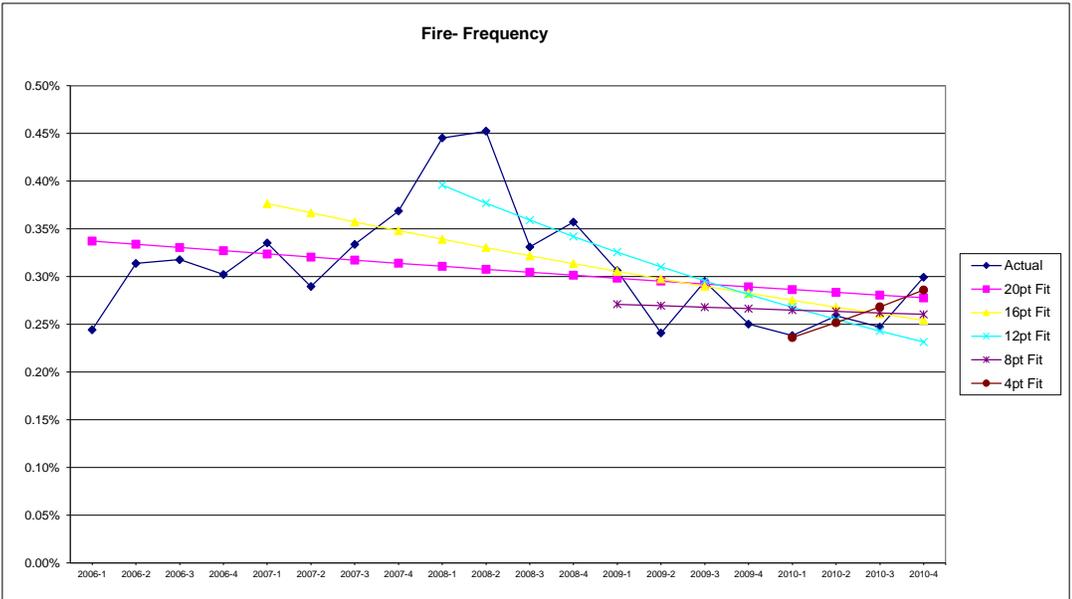


Exponential Annual Change

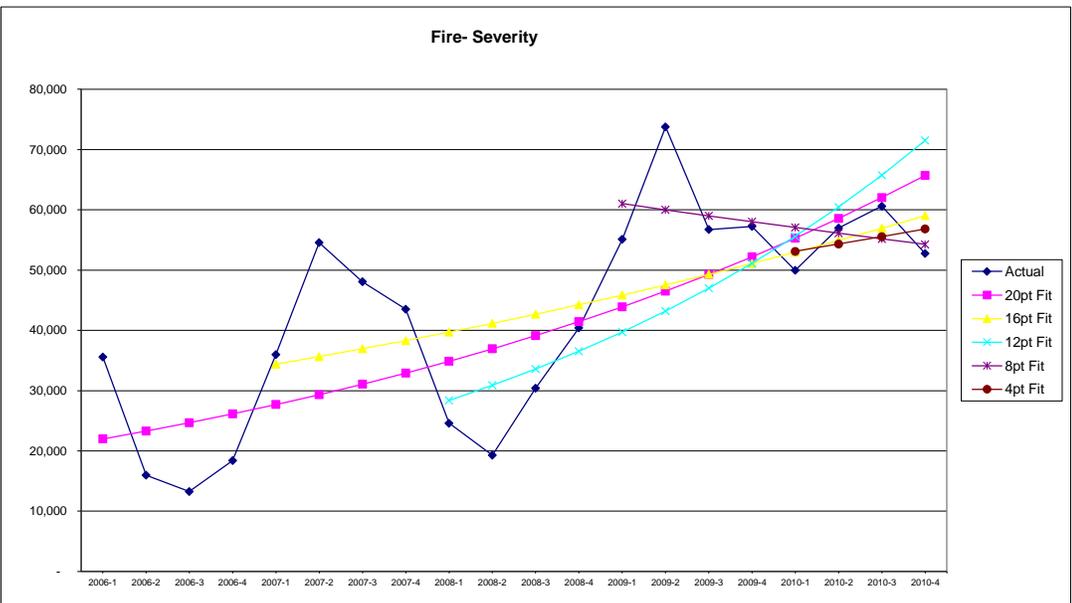
Point	Fire			EC		
	Average Cost	Frequency	Pure Premium	Average Cost	Frequency	Pure Premium
4	9.4	29.1	41.3	-2.1	6.7	4.4
8	-6.5	-2.2	-8.6	19.8	1.7	21.8
12	39.9	-17.7	15.1	10.0	12.3	23.5
16	15.5	-9.9	4.0	7.1	6.4	14.0
20	25.9	-4.0	20.9	3.4	7.0	10.6

R-Square Values

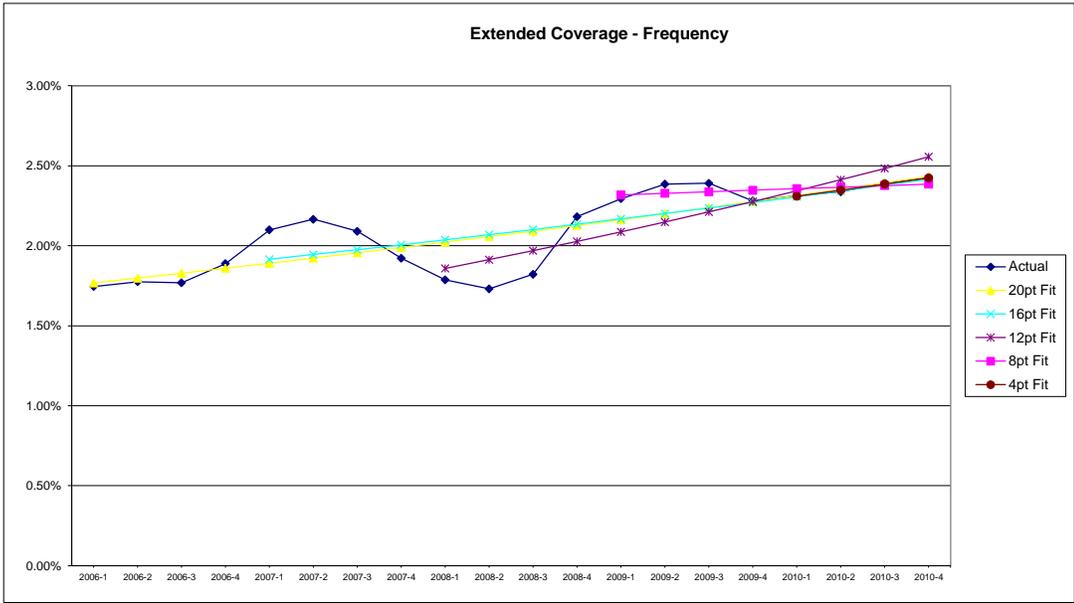
Point	Fire			EC		
	Average Cost	Frequency	Pure Premium	Average Cost	Frequency	Pure Premium
4	0.109	0.002	0.137	0.431	0.174	0.363
8	0.619	0.783	0.491	0.149	0.539	0.337
12	0.046	0.325	0.005	0.268	0.653	0.473
16	0.349	0.262	0.299	0.051	0.261	0.147
20	0.259	0.014	0.316	0.452	0.347	0.477



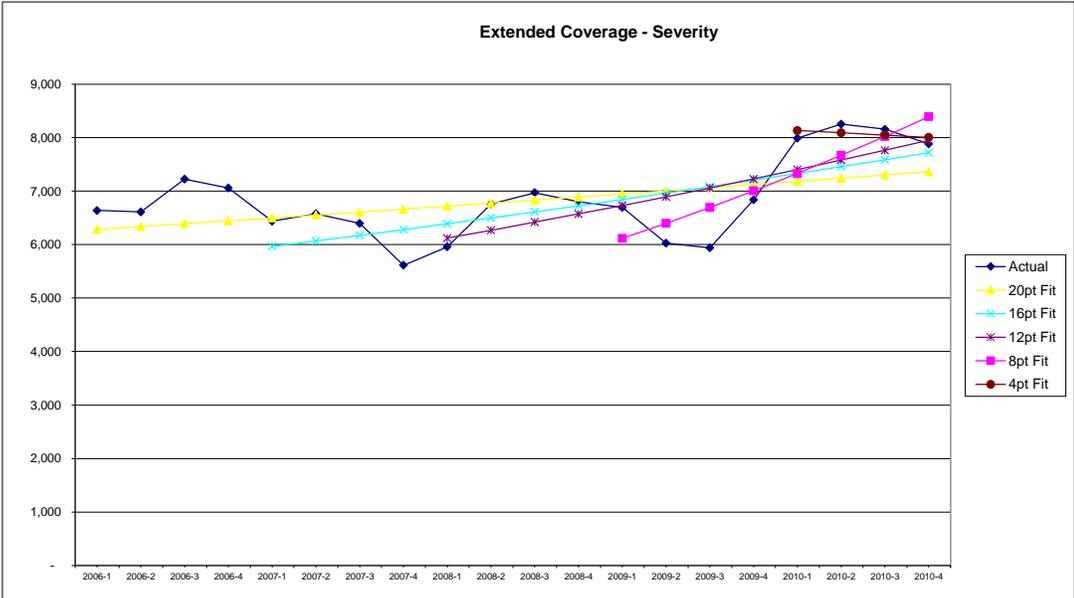
Fire	Frequency	R-Square
20pt Fit	-4.0	1.4%
16pt Fit	-9.9	26.2%
12pt Fit	-17.7	32.5%
8pt Fit	-2.2	78.3%
<u>4pt Fit</u>	<u>29.1</u>	0.2%
<u>Selections:</u>		
Retrospective:	-4.0	
Prospective:	5.6	



Fire	Severity	R-Square
20pt	25.9	25.9%
16pt	15.5	34.9%
12pt	39.9	4.6%
8pt	-6.5	61.9%
<u>4pt</u>	<u>9.4</u>	10.9%
<u>Selections:</u>		
Retrospective:	25.9	
Prospective:	1.5	



Extended Coverage		
Frequency		R-Square
20pt	7.0	34.7%
16pt	6.4	26.1%
12pt	12.3	65.3%
8pt	1.7	53.9%
<u>4pt</u>	<u>6.7</u>	17.4%
Selections:		
Retrospective:	7.0	
Prospective:	4.2	



Extended Coverage		
Severity		R-Square
20pt	3.4	45.2%
16pt	7.1	5.1%
12pt	10.0	26.8%
8pt	19.8	14.9%
<u>4pt</u>	<u>-2.1</u>	43.1%
Selections:		
Retrospective:	3.4	
Prospective:	7.1	

Loss Trend Summary
Latest Trend Period:

2010-4 2009-4

	(1)	(2)	(3)	(4)	
	Selected Frequency	Selected Severity	AFIE Pure Premium Trend	ISO Pure Premium Trend	Selected Pure Premium Trend

Retrospective Trend

Fire	-4.0	25.9	20.9	1.013	15
Extended Coverage	7.0	3.4	10.6	1.013	10.6

Prospective Trend

Fire	5.6	1.5	7.2	1.013	5
Extended Coverage	4.2	7.1	11.6	1.013	11.6

Proposed Effective Date: 06/29/2012
Current Trend Date (Fire)¹: 07/02/2010
Current Trend Date (EC)¹: 07/02/2010
Prospective Trend Date²: 06/29/2013

Accident Year Ending	Fire Retrospective Trend Period	EC Retrospective Trend Period	Fire Retrospective Trend Factor	EC Retrospective Trend Factor	Fire Prospective Trend Period	EC Prospective Trend Period	Fire Prospective Trend Factor	EC Prospective Trend Factor	Fire Loss & DCCE Trend Factor
12/31/2001	9.01	9.01	3.52	2.48	2.99	2.99	1.16	1.39	4.08
12/31/2002	8.01	8.01	3.06	2.24	2.99	2.99	1.16	1.39	3.54
12/31/2003	7.01	7.01	2.66	2.03	2.99	2.99	1.16	1.39	3.08
12/31/2004	6.00	6.00	2.31	1.83	2.99	2.99	1.16	1.39	2.68
12/31/2005	5.00	5.00	2.01	1.66	2.99	2.99	1.16	1.39	2.33
12/31/2006	4.00	4.00	1.75	1.50	2.99	2.99	1.16	1.39	2.02
12/31/2007	3.00	3.00	1.52	1.35	2.99	2.99	1.16	1.39	1.76
12/31/2008	2.00	2.00	1.32	1.22	2.99	2.99	1.16	1.39	1.53
12/31/2009	1.00	1.00	1.15	1.11	2.99	2.99	1.16	1.39	1.33
12/31/2010	0.00	0.00	1.00	1.00	2.99	2.99	1.16	1.39	1.16

(3) = (((1+(2)%) x (1+(2)%) - 1) x 100

(4) Based on ISO's Annual Rate of Change

¹ Midpoint of latest trend period.

² One year after proposed effective date.

Armed Forces Insurance Exchange
Dwelling
Countrywide

CAT ALAE Factor - ALL FORMS

<u>ACCIDENT YEAR</u>	<u>CAT PAID LOSS</u>	<u>CAT PAID ALAE</u>	<u>CAT ALAE FACTOR</u>
2001	479,369	52,730	11.0%
2002	147,146	17,153	11.7%
2003	592,994	41,036	6.9%
2004	216,041	18,098	8.4%
2005	154,235	14,533	9.4%
2006	751,188	74,221	9.9%
2007	515,854	30,171	5.8%
2008	819,555	45,707	5.6%
2009	802,837	75,219	9.4%
2010	780,016	54,499	7.0%
Total	5,259,237	423,369	8.1%

Selected: 8.1%

Catastrophe Adjustment

Evaluated @ 3/2011								
Catastrophe*				Non-Catastrophe				
Accident Year	(1)			(2)			(3)	(4)
	Paid Loss	Outstanding Loss	Incurred** Loss	Paid Loss	Outstanding Loss	Incurred Loss	Cat Ratio	Capped Cat Ratio
1991	-	-	-	-	-	-	0	0.00
1992	-	-	-	-	-	-	0	0.00
1993	-	-	-	1,407	(2)	1,405	0	0.00
1994	-	-	-	-	-	-	0	0.00
1995	-	-	-	51,116	(5)	51,111	0	0.00
1996	-	-	-	36,948	-	36,948	0	0.00
1997	-	-	-	2,748	4	2,752	0	0.00
1998	-	-	-	868	-	868	0	0.00
1999	-	-	-	3,682	-	3,682	0	0.00
2000	-	-	-	1,148	-	1,148	0	0.00
2001	-	-	-	-	-	-	0	0.00
2002	-	-	-	400	-	400	0	0.00
2003	-	-	-	3,641	-	3,641	0	0.00
2004	-	-	-	688	-	688	0	0.00
2005	-	-	-	-	-	-	0	0.00
2006	-	-	-	700	-	700	0	0.00
2007	-	-	-	52,180	-	52,180	0	0.00
2008	-	-	-	-	-	-	0	0.00
2009	-	-	-	-	-	-	0	0.00
2010	-	-	-	-	-	-	0	0.00
Total						155,524	0	0.000

Selected CAT Load:

- (1) - (2) AFIE Loss Experience
- (3) = (1) / (2)
- (4) Capped individual year cat ratio at 5 times 20 year average

* AFIE defines catastrophe losses using the industry standard of \$25 Million in damage to insured losses for the industry. A PCS Cat code is assigned to each such event. This Cat code is tracked in AFIE's claims system and is applied to claims occurring due to such events.

** Incurred CAT losses do not include Fire Following EQ

Catastrophe Adjustment

Evaluated @ 3/2011

Catastrophe*	Non-Catastrophe
---------------------	------------------------

Accident Year	(1)	(2)	(3)	(4)
Year	Paid Loss	Outstanding Loss	Incurred Loss	Capped Cat Ratio
1991	-	-	-	0.00
1992	-	-	-	0.00
1993	-	-	2,400	0.00
1994	-	-	10,938	(2) 0.00
1995	3,358	-	12,284	0.273
1996	8,571	-	8,785	0.976
1997	-	-	363	0.00
1998	-	-	7,483	0.00
1999	1,895	-	162,336	0.012
2000	-	-	29,767	0.00
2001	2,828	-	16,575	2 0.171
2002	2,181	-	7,319	(2) 0.298
2003	-	-	44	0.00
2004	-	-	10,115	0.00
2005	-	-	10,366	(4) 0.00
2006	9,888	-	2,200	4.494
2007	5,564	-	15,576	0.357
2008	25,706	(2)	20,806	1.235
2009	7,918	-	24,066	1 0.329
2010	-	-	21,248	0.00
Total	67,907	362,668	0.187	0.148

Selected CAT Load: 0.187

(1) - (2) AFIE Loss Experience

(3) = (1) / (2)

(4) Capped individual year cat ratio at 5 times 20 year average

* AFIE defines catastrophe losses using the industry standard of \$25 Million in damage to insured losses for the industry. A PCS Cat code is assigned to each such event. This Cat code is tracked in AFIE's claims system and is applied to claims occurring due to such events.

** Incurred CAT losses do not include Hurricane or EQ

**Armed Forces Insurance Exchange
Dwelling
Arkansas
Fire**

Catastrophe Adjustment - Fire Following an Earthquake

(1)	(2)	(3)	(4)	(5)	(6)
7/1/2011 Modeled Expected <u>Annual Loss</u>	Earned Exposure <u>Trend</u>	Accident Year <u>Ending</u>	De-Trend <u>Period</u>	De-Trend <u>Factor</u>	De-Trended Modeled Expected <u>Annual Loss</u>
4	2.2%	12/31/2001	10.00	0.804	3
		12/31/2002	9.00	0.822	3
		12/31/2003	8.00	0.840	3
		12/31/2004	7.00	0.859	3
		12/31/2005	6.00	0.878	3
		12/31/2006	5.00	0.897	3
		12/31/2007	4.00	0.917	3
		12/31/2008	3.00	0.937	3
		12/31/2009	2.00	0.957	4
		12/31/2010	1.00	0.978	4

(1) RMS RiskLink v11.0 Long Term - Using Insurance in force @ 7/1/2011

(2) See premium trend exhibit.

(4) Difference between Insurance in force date and average date of accident year period.

(5) = $((1+(2))^{(4)})^{-1}$

**Armed Forces Insurance Exchange
Dwelling
Arkansas
Extended Coverage**

Catastrophe Adjustment - Earthquake

(1)	(2)	(3)	(4)	(5)	(6)
7/1/2011 Modeled Expected <u>Annual Loss</u>	Earned Exposure <u>Trend</u>	Accident Year <u>Ending</u>	De-Trend <u>Period</u>	De-Trend <u>Factor</u>	De-Trended Modeled Expected <u>Annual Loss</u>
101	1.2%	12/31/2001	10.00	0.888	89
		12/31/2002	9.00	0.898	90
		12/31/2003	8.00	0.909	91
		12/31/2004	7.00	0.920	92
		12/31/2005	6.00	0.931	94
		12/31/2006	5.00	0.942	95
		12/31/2007	4.00	0.953	96
		12/31/2008	3.00	0.965	97
		12/31/2009	2.00	0.976	98
		12/31/2010	1.00	0.988	99

(1) RMS RiskLink v11.0 Long Term - Using Insurance in force @ 7/1/2011

(2) See premium trend exhibit.

(4) Difference between Insurance in force date and average date of accident year period.

(5) = $((1+(2))^{(4)})^{-1}$

**Armed Forces Insurance Exchange
Dwelling
Arkansas
Extended Coverage**

Catastrophe Adjustment - Hurricane

(1)	(2)	(3)	(4)	(5)	(6)
7/1/2011 Modeled Expected <u>Annual Loss</u>	Earned Exposure Trend	Accident Year Ending	De-Trend Period	De-Trend Factor	De-Trended Modeled Expected <u>Annual Loss</u>
-	1.2%	12/31/2001	10.00	0.888	-
		12/31/2002	9.00	0.898	-
		12/31/2003	8.00	0.909	-
		12/31/2004	7.00	0.920	-
		12/31/2005	6.00	0.931	-
		12/31/2006	5.00	0.942	-
		12/31/2007	4.00	0.953	-
		12/31/2008	3.00	0.965	-
		12/31/2009	2.00	0.976	-
		12/31/2010	1.00	0.988	-

(1) RMS RiskLink v11.0 Long Term - Using Insurance in force @ 7/1/2011

(2) See premium trend exhibit.

(4) Difference between Insurance in force date and average date of accident year period.

(5) = $((1+(2))^{(4)})^{-1}$

**Armed Forces Insurance Exchange
Dwelling
Arkansas**

Credibility Adjustment

	Fire	EC
<u>Accident Year</u>	<u>Earned Exposures</u>	<u>Earned Exposures</u>
2001	95	94
2002	96	96
2003	107	107
2004	106	106
2005	93	92
2006	86	85
2007	84	84
2008	82	82
2009	86	86
2010	81	81
5 YR Total	418	417
10 YR Total	916	913
5 YR Credibility¹:	10%	10%
10YR Credibility¹:	15%	15%

¹ Full Credibility = 40,000 exposures

Armed Forces Insurance Exchange
 Fixed Expense Trend
 & Trended Fixed Expense Per Exposure
Dwelling
 Arkansas

Proposed Effective Date: 6/29/2012
 Average Earned Date of Proposed Policy Period: 6/29/2013

Fire	Countrywide		Arkansas		(6) = ((1) x 1000) / (4)	(7) = ((2) x 1000) / (4)	(8) = ((3) x 1000) / (5)	(9) = (6) + (7) + (8)	(10)	(11) = (9) x ((1+(a))^(10))	
	(1)*	(2)*	(3)**	(4)***							(5)***
Calendar Year	Other Acquisition Expense (000'S)	General Expense (000'S)	Licenses & Fees (000's)	Earned Exposure	Earned Exposure	Avg. Other Acq. Exp. Per Exposure	Avg. General Exp. Per Exposure	Avg. Lic./Fees Per Exposure	Total Fixed Exp. Per Exposure	Trend Period	Trended Fixed Exp. Per Exposure
2006	542	227	0.14	10,260	86	53	22.16	1.62	76.60	6.99	107.75
2007	618	339	0.15	9,766	84	63	34.76	1.74	99.78	5.99	133.67
2008	672	282	0.14	9,243	82	73	30.47	1.71	104.88	4.99	133.81
2009	716	255	0.18	9,196	86	78	27.78	2.06	107.69	3.99	130.85
2010	628	314	0.17	9,354	81	67	33.60	2.08	102.81	2.99	118.97

3 Year Trend: -3.9% 5.0% 10.4% -1.0% 3 Year Avg: 127.88
 5 Year Trend: 7.1% 6.3% 7.0% 6.9%

(a)
 Selected Trend:

Selected:

Other Acq. Allocation:
 General Allocation:
 License/Fee Allocation:

EC	Countrywide		Arkansas		(6) = ((1) x 1000) / (4)	(7) = ((2) x 1000) / (4)	(8) = ((3) x 1000) / (5)	(9) = (6) + (7) + (8)	(10)	(11) = (9) x ((1+(a))^(10))	
	(1)*	(2)*	(3)**	(4)***							(5)***
Calendar Year	Other Acquisition Expense (000'S)	General Expense (000'S)	Licenses & Fees (000's)	Earned Exposure	Earned Exposure	Avg. Other Acq. Exp. Per Exposure	Avg. General Exp. Per Exposure	Avg. Lic./Fees Per Exposure	Total Fixed Exp. Per Exposure	Trend Period	Trended Fixed Exp. Per Exposure
2006	793	414	0.11	10,219	85	78	40.55	1.28	119.42	6.99	167.97
2007	883	322	0.13	9,733	84	91	33.13	1.57	125.43	5.99	168.03
2008	931	334	0.12	9,213	82	101	36.22	1.51	138.78	4.99	177.05
2009	945	344	0.16	9,165	86	103	37.58	1.81	142.51	3.99	173.15
2010	876	390	0.15	9,329	81	94	41.84	1.84	137.58	2.99	159.20

3 Year Trend: -3.6% 7.5% 10.2% -0.4% 3 Year Avg: 169.80
 5 Year Trend: 5.2% 1.9% 9.0% 4.2%

(a)
 Selected Trend:

Selected:

Other Acq. Allocation:
 General Allocation:
 License/Fee Allocation:

* Source: Armed Forces Insurance IEE, Note: General Expenses have been adjusted to remove the impact of AFIE's equity in involuntary plans.

** Source: Armed Forces Insurance Accounting Department Workpapers

*** Exposure = 1 year of in force coverage.

Armed Forces Insurance Exchange
 Fixed Expense Trend
 & Trended Fixed Expense Per Exposure
Dwelling
 Countrywide

Proposed Effective Date: 6/29/2012
 Average Earned Date of Proposed Policy Period: 6/29/2013

Fire Countrywide

(1)* (2)* (3)** (4)*** (5) = ((1) x 1000) / (4) (6) = ((2) x 1000) / (4) (7) = ((3) x 1000) / (4) (8) = (5) + (6) + (7) (9) (10) = (8) x ((1+a)^(9))

Calendar Year	Other Acquisition Expense (000'S)	General Expense (000'S)	Licenses & Fees (000's)	Earned Exposure	Avg. Other Acq. Exp. Per Exposure	Avg. General Exp. Per Exposure	Avg. Lic./Fees Per Exposure	Total Fixed Exp. Per Exposure	Trend Period	Trended Fixed Exp. Per Exposure
2006	542	227	5.92	10,260	53	22	0.58	75.56	6.99	106.28
2007	618	339	5.29	9,766	63	35	0.54	98.58	5.99	132.07
2008	672	282	5.18	9,243	73	30	0.56	103.74	4.99	132.35
2009	716	255	6.68	9,196	78	28	0.73	106.36	3.99	129.23
2010	628	314	12.08	9,354	67	34	1.29	102.02	2.99	118.06

3 Year Trend: -3.9% 5.0% 51.8% -0.8% 3 Year Avg: 126.55
 5 Year Trend: 7.1% 6.3% 21.0% 7.0%

(a)
 Selected Trend: 5.0%
 Selected: 126.55
 Other Acq. Allocation: 88.26
 General Allocation: 37.24
 License/Fee Allocation: 1.05

EC Countrywide

(1)* (2)* (3)** (4)*** (5) = ((1) x 1000) / (4) (6) = ((2) x 1000) / (4) (7) = ((3) x 1000) / (4) (8) = (5) + (6) + (7) (9) (10) = (8) x ((1+a)^(9))

Calendar Year	Other Acquisition Expense (000'S)	General Expense (000'S)	Licenses & Fees (000's)	Earned Exposure	Avg. Other Acq. Exp. Per Exposure	Avg. General Exp. Per Exposure	Avg. Lic./Fees Per Exposure	Total Fixed Exp. Per Exposure	Trend Period	Trended Fixed Exp. Per Exposure
2006	793	414	6.70	10,219	78	41	0.66	118.80	6.99	167.10
2007	883	322	5.43	9,733	91	33	0.56	124.41	5.99	166.67
2008	931	334	5.61	9,213	101	36	0.61	137.87	4.99	175.89
2009	945	344	7.14	9,165	103	38	0.78	141.47	3.99	171.90
2010	876	390	13.35	9,329	94	42	1.43	137.17	2.99	158.73

3 Year Trend: -3.6% 7.5% 53.3% -0.3% 3 Year Avg: 168.84
 5 Year Trend: 5.2% 1.9% 20.9% 4.2%

(a)
 Selected Trend: 5.0%
 Selected: 168.84
 Other Acq. Allocation: 120.82
 General Allocation: 46.87
 License/Fee Allocation: 1.14

* Source: Armed Forces Insurance IEE, Note: General Expenses have been adjusted to remove the impact of AFIE's equity in involuntary plans.
 ** Source: Armed Forces Insurance Accounting Department Workpapers
 *** Exposure = 1 year of in force coverage.

Armed Forces Insurance Exchange
 Projected Fixed Expense as a Percent of Projected Premium @ Current Rate Level

Dwelling
 Arkansas

Fire - Current Projected							
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Average Earned Premium @ CRL	Other Acquisition Expense \$	General Expense \$	Licenses & Fees \$	Other Acquisition Expense %	General Expense %	Licenses & Fees %	Total Fixed Expense %
480.18	88.27	37.24	2.37	18.4%	7.8%	0.5%	26.7%

Extended Coverage - Current Projected							
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Average Earned Premium @ CRL	Other Acquisition Expense \$	General Expense \$	Licenses & Fees \$	Other Acquisition Expense %	General Expense %	Licenses & Fees %	Total Fixed Expense %
393.45	120.83	46.88	2.09	30.7%	11.9%	0.5%	43.1%

- (5) = (2) / (1)
- (6) = (3) / (1)
- (7) = (4) / (1)
- (8) = (5) + (6) + (7)

Armed Forces Insurance Exchange
 Projected Fixed Expense as a Percent of Projected Premium @ Current Rate Level

Dwelling
 Countrywide

Fire - Current Projected

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Average Earned Premium @ CRL	Other Acquisition Expense \$	General Expense \$	Licenses & Fees \$	Other Acquisition Expense %	General Expense %	Licenses & Fees %	Total Fixed Expense %
308.79	88.26	37.24	1.05	28.6%	12.1%	0.3%	41.0%

Extended Coverage - Current Projected

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Average Earned Premium @ CRL	Other Acquisition Expense \$	General Expense \$	Licenses & Fees \$	Other Acquisition Expense %	General Expense %	Licenses & Fees %	Total Fixed Expense %
733.87	120.82	46.87	1.14	16.5%	6.4%	0.2%	23.1%

- (5) = (2) / (1)
- (6) = (3) / (1)
- (7) = (4) / (1)
- (8) = (5) + (6) + (7)

**Armed Forces Insurance Exchange
Dwelling
Fire
Arkansas**

Net Cost of Reinsurance

2010 Countrywide Written Premium: 2,789,782 (a)
2010 Arkansas Written Premium: 33,829 (b)

				(1)	(2)	(3)	(4)	(5)	(6)
<u>Layer</u>	<u>Limit</u>	<u>Retention</u>	<u>Current Cover</u>	<u>Countrywide 100% Online Rate</u>	<u>Countrywide Ceded Premium</u>	<u>Countrywide Expected Recoveries</u>	<u>Arkansas Estimated Ceded Premium</u>	<u>Arkansas Expected Recoveries</u>	<u>Arkansas Net Cost of Reinsurance</u>
1	10,000,000	5,000,000	100.0%	32.0000%	3,099	1,096	5	1	
2	15,000,000	15,000,000	100.0%	15.0000%	1,141	341	3	0	
3	17,000,000	30,000,000	100.0%	8.0000%	803	263	2	0	
							10	2	0.02%

Notes:

- (1) AFIE Catastrophe XOL Reinsurance Program effective 7/1/2011 - 6/30/2012
- (3), (5) Premiums allocated according to AONBenfield Technical Pricing Method.
- (2), (4) RMS RiskLink v11.0 Long Term with Loss Amplification - Insurance in Force July 1, 2011.
- (6) = ((4)total - (5)total) / (b)

**Armed Forces Insurance Exchange
Dwelling
Extended Coverage
Arkansas**

Net Cost of Reinsurance

2010 Countrywide Written Premium: 3,385,028 (a)*
2010 Arkansas Written Premium: 26,879 (b)*

				(1)	(2)	(3)	(4)	(5)	(6)
<u>Layer</u>	<u>Limit</u>	<u>Retention</u>	<u>Current Cover</u>	<u>Countrywide 100% Online Rate</u>	<u>Countrywide Ceded Premium</u>	<u>Countrywide Expected Recoveries</u>	<u>Arkansas Estimated Ceded Premium</u>	<u>Arkansas Expected Recoveries</u>	<u>Arkansas Net Cost of Reinsurance</u>
1	10,000,000	5,000,000	100.0%	32.0000%	264,788	117,461	172	42	
2	15,000,000	15,000,000	100.0%	15.0000%	180,922	64,838	153	22	
3	17,000,000	30,000,000	100.0%	8.0000%	128,685	38,117	111	12	
							437	76	1.34%

Notes:

- (1) AFIE Catastrophe XOL Reinsurance Program effective 7/1/2011 - 6/30/2012
- (3), (5) Premiums allocated according to AONBenfield Technical Pricing Method.
- (2), (4) RMS RiskLink v11.0 Long Term with Loss Amplification - Insurance in Force July 1, 2011.
- (6) = ((4)total - (5)total) / (b)

*Does not include Liability Premiums

ARMED FORCES INSURANCE EXCHANGE

Arkansas
Dwelling - Fire

Permissible Loss Ratio Calculation

A. Actual Expenses*

Category	<u>2008-2010 Total</u>		<u>2010 Results</u>		<u>2009 Results</u>		<u>2008 Results</u>		<u>2007 Results</u>		<u>2006 Results</u>	
	Dollars	Ratio	Dollars	Ratio	Dollars	Ratio	Dollars	Ratio	Dollars	Ratio	Dollars	Ratio
(1) Direct Written Premiums	110,314		33,829		39,196		37,289		36,923		34,340	
(2) Direct Earned Premiums	109,858		36,162		38,360		35,336		35,655		34,129	
(3) Commissions (W)	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
(4) Taxes, Licenses & Fees (W)	3,777	3.42%	1,167	3.45%	1,352	3.45%	1,258	3.37%	1,253	3.39%	1,170	3.41%
(5) Licenses & Fees Only (W)	483	0.44%	168	0.50%	176	0.45%	140	0.37%	146	0.39%	140	0.41%
(6) Taxes Only = (4) - (5)		2.99%		2.95%		3.00%		3.00%		3.00%		3.00%

B. Selected Expense Provisions

Category	<u>Indicated Percentage</u>	<u>Selected Percentage</u>	<u>Fixed</u>	<u>Variable</u>
(1) Commissions	0.0%	0.0%	0.0%	0.0%
(2) Other Acquisitions Expenses	18.4%	18.4%	18.4%	0.0%
(3) General Expenses	7.8%	7.8%	7.8%	0.0%
(4) Taxes	3.0%	3.0%	0.0%	3.0%
(5) Licenses & Fees	0.5%	0.5%	0.5%	0.0%
(6) Net Cost of Reinsurance	0.0%	0.0%	0.0%	0.0%
(7) Profit Provision Net of Investment Income	7.0%	7.0%	0.0%	7.0%
(8) Total	36.7%	36.7%	26.7%	10.0%
(9) Permissible Loss Ratio 100% - 36.7%	63.3%	63.3%	73.3%	90.0%

Notes:

A.(1) - Statutory Page 14

A.(2) - Statutory Page 14

A.(3) - Statutory Page 14

A.(4) - Companywide Insurance Expense Exhibit

A.(5) - Companywide Insurance Expense Exhibit

A.(6), A.(7) - Statutory Page 14 and AFIE Accounting Work Papers

ARMED FORCES INSURANCE EXCHANGE

**Arkansas
Dwelling - Fire**

Underwriting Profit and Contingencies Load

A. Estimated After-tax Investment Income on Unearned Premium and Loss Reserves 2.5%

B. Underwriting Profit Loading Provision

(1) Target After-tax Total Rate of Return as a Percent of Surplus	10.0%
(2) Expected Pre-tax Investment Income on Surplus	4.0%
(3) Estimated Effective Federal Tax Rate on Investment Income	31.2%
(4) Estimated After-tax Investment Income on Surplus	2.8%
(5) Required After-tax Return from Insurance Operations as a Percent of Surplus	7.2%
(6) Target Premium to Surplus Ratio	1.02
(7) Required After-tax Return from Insurance Operations as a Percent of Premium	7.1%
(8) Required After-tax Underwriting Profit Provision Net of Investment Income	4.6%
(9) Effective Tax Rate on Underwriting Profit	34.0%
(10) Pre-tax Underwriting Profit Provision Net of Investment Income	7.0%

A	Exhibit 12, Page 3, line 13
B.2	Exhibit 12, Page 14, Section B
B.3	Exhibit 12, Page 14, Section A
B.4	$(B.2) \times (1 - (B.3))$
B.5	$(B.1) - (B.4)$
B.6	Exhibit 12, Page 13
B.7	$(B.5) / (B.6)$
B.8	$(B.7) - (A)$
B.10	$(B.8) / (1 - (B.9))$

Arkansas

Dwelling

Estimated Investment Income on Unearned Premium and Loss Reserves

ALL ARE BASED ON AGGREGATE FOR FIRE		
1	Direct prem earned in Arkansas current year	36,162
2	MEAN UNEARNED PREMIUMS	
	a. Direct Arkansas unearned 12/31 current	17,913
	b. Direct Arkansas unearned 12/31 prior	20,246
	c. Mean Unearned	19,080
3	DEDUCTION FOR DELAYED REMISSION	
	a. Direct countrywide Earned current yr	80,793
	b. Direct agents' balances current	7,214
	c. Direct agents' balances prior	4,478
	d. Mean Agents' balances	5,846
	e. Ratio	0.0724
	f. Deduction for delayed remission	2,617
4	DEDUCTION FOR PREPAID EXPENSES	
	a. Net premium earned	2,440
	b. Commission & brokerage	-
	c. 50% of other acquisition	260
	d. 50% of general expense	110
	e. Taxes licenses and fees	99
	f. Total prepaid expenses	469
	g. Ratio	0.1921
	h. Deduction for prepaid	3,665
5	NET SUBJECT TO INVESTMENT	12,798
6	EXPECTED INCURRED LOSS AT LOSS RATIO OF	63.30%
7	EXPECTED MEAN LOSS RESERVES	22,891
	a. Direct Countrywide loss reserve curr yr	174,193
	b. Direct Countrywide loss reserve prior year	522,686
	c. Mean Loss reserve current year	348,439
	d. Direct Countrywide incurred loss current	1,052,849
	e. Ratio	0.3309
	f. Direct Countrywide loss reserve 2nd prior yr	313,092
	g. Mean Loss reserve prior year	417,889
	h. Direct Countrywide incurred loss prior	1,396,342
	i. Ratio	0.2993
	j. Average	0.3151
	k. Expected mean loss reserves	7,213
8	Expected mean loss & LAE reserve	
	a. Countrywide net loss reserves current	153,753
	b. Countrywide net loss reserves prior	507,692
	c. Mean net loss reserve	330,723
	d. Countrywide net LAE reserves current	44,697
	e. Countrywide net LAE reserves prior	49,343
	f. Mean LAE reserves	47,020
	g. Ratio	1.1422
	h. Expected mean loss and LAE reserve	8,239
9	TOTAL SUBJECT TO INVESTMENT	21,037
10	PRE-TAX RATE OF RETURN	
	a. Net investment income current year	8,692,395
	b. Cash and invested assets current	142,307,393
	c. Cash and invested assets prior	134,834,423
	d. Mean assets available for investment	138,570,908
	e. Pretax rate of return	6.27%
11	Investment earnings on total available	1,319
12	a. Federal income tax on investment earn	31.20%
	b. Adjustments to reflect tax changes	-
	c. Net fed income tax on invest earn	412
13	Average rate of return as % earn prem	2.51%

Notes: Companywide figures based upon Insurance Expense Exhibit, state specific figures based upon Statutory Page 14, prepaid expenses based upon selected expense provisions.

ARMED FORCES INSURANCE EXCHANGE

Companywide
Fire

Permissible Loss Ratio Calculation

A. Actual Expenses*

Category	2008-2010 Total		2010 Results		2009 Results		2008 Results		2007 Results		2006 Results	
	Dollars	Ratio	Dollars	Ratio	Dollars	Ratio	Dollars	Ratio	Dollars	Ratio	Dollars	Ratio
(1) Direct Written Premiums	8,333,328		2,864,452		2,801,841		2,667,035		2,641,380		2,530,857	
(2) Direct Earned Premiums	8,223,138		2,823,029		2,740,670		2,659,440		2,598,988		2,427,749	
(3) Commissions (W)	-	0.00%	-	0.00%	-	0.00%	-	0.00%	22	0.00%	29	0.00%
(4) Taxes, Licenses & Fees (W)	397,538	4.77%	139,523	4.87%	133,254	4.76%	124,761	4.68%	123,825	4.69%	118,716	4.69%
(5) Licenses & Fees Only (W)	23,945	0.29%	12,082	0.42%	6,681	0.24%	5,182	0.19%	5,292	0.20%	5,916	0.23%
(6) Taxes Only = (4) - (5)		4.48%		4.45%		4.52%		4.48%		4.49%		4.46%

B. Selected Expense Provisions

Category	Indicated Percentage	Selected Percentage
(1) Commissions	0.0%	0.0%
(2) Other Acquisitions Expenses	28.6%	28.6%
(3) General Expenses	12.1%	12.1%
(4) Taxes	4.5%	4.5%
(5) Licenses & Fees	0.3%	0.3%
(5) Profit Provision Net of Investment Income	7.8%	7.8%
(6) Total	53.3%	53.3%
(7) Permissible Loss Ratio	46.7%	46.7%

Notes:

- A.(1) - Statutory Page 14
A.(2) - Statutory Page 14
A.(3) - Statutory Page 14
A.(4) - Companywide Insurance Expense Exhibit
A.(5) - Companywide Insurance Expense Exhibit
A.(6), A.(7) - Statutory Page 14 and AFIE Accounting Work Papers

ARMED FORCES INSURANCE EXCHANGE

**Companywide
Fire**

Underwriting Profit and Contingencies Load

A. Estimated After-tax Investment Income on Unearned Premium and Loss Reserves 1.9%

B. Underwriting Profit Loading Provision

(1)	Target After-tax Total Rate of Return as a Percent of Surplus	10.0%
(2)	Expected Pre-tax Investment Income on Surplus	4.0%
(3)	Estimated Effective Federal Tax Rate on Investment Income	31.2%
(4)	Estimated After-tax Investment Income on Surplus	2.8%
(5)	Required After-tax Return from Insurance Operations as a Percent of Surplus	7.2%
(6)	Target Premium to Surplus Ratio	1.02
(7)	Required After-tax Return from Insurance Operations as a Percent of Premium	7.1%
(8)	Required After-tax Underwriting Profit Provision Net of Investment Income	5.2%
(9)	Effective Tax Rate on Underwriting Profit	34.0%
(10)	Pre-tax Underwriting Profit Provision Net of Investment Income	7.8%

A Exhibit 12, Page 3, line 13

B.2 Exhibit 12, Page 14, Section B

B.3 Exhibit 12, Page 14, Section A

B.4 $(B.2) \times (1 - (B.3))$

B.5 $(B.1) - (B.4)$

B.6 Exhibit 12, Page 13

B.7 $(B.5) / (B.6)$

B.8 $(B.7) - (A)$

B.10 $(B.8) / (1 - (B.9))$

**Armed Forces Insurance Exchange
Countrywide
Dwelling**

Estimated Investment Income on Unearned Premium and Loss Reserves

ALL ARE BASED ON AGGREGATE FOR FIRE		
1	Direct prem earned in Countrywide current year	2,823,029
2	MEAN UNEARNED PREMIUMS	
	a. Direct Countrywide unearned 12/31 current	1,434,465
	b. Direct Countrywide unearned 12/31 prior	1,393,042
	c. Mean Unearned	1,413,753
3	DEDUCTION FOR DELAYED REMISSION	
	a. Direct countrywide Earned current yr	80,793
	b. Direct agents' balances current	7,214
	c. Direct agents' balances prior	4,478
	d. Mean Agents' balances	5,846
	e. Ratio	0.0724
	f. Deduction for delayed remission	204,268
4	DEDUCTION FOR PREPAID EXPENSES	
	a. Net premium earned	2,440
	b. Commission & brokerage	-
	c. 50% of other acquisition	404
	d. 50% of general expense	171
	e. Taxes licenses and fees	135
	f. Total prepaid expenses	710
	g. Ratio	0.2908
	h. Deduction for prepaid	411,119
5	NET SUBJECT TO INVESTMENT	798,366
6	EXPECTED INCURRED LOSS AT LOSS RATIO OF	46.72% 1,318,831
7	EXPECTED MEAN LOSS RESERVES	
	a. Direct Countrywide loss reserve curr yr	174,193
	b. Direct Countrywide loss reserve prior year	522,686
	c. Mean Loss reserve current year	348,439
	d. Direct Countrywide incurred loss current	1,052,849
	e. Ratio	0.3309
	f. Direct Countrywide loss reserve 2nd prior yr	313,092
	g. Mean Loss reserve prior year	417,889
	h. Direct Countrywide incurred loss prior	1,396,342
	i. Ratio	0.2993
	j. Average	0.3151
	k. Expected mean loss reserves	415,564
8	Expected mean loss & LAE reserve	
	a. Countrywide net loss reserves current	153,753
	b. Countrywide net loss reserves prior	507,692
	c. Mean net loss reserve	330,723
	d. Countrywide net LAE reserves current	44,697
	e. Countrywide net LAE reserves prior	49,343
	f. Mean LAE reserves	47,020
	g. Ratio	1.1422
	h. Expected mean loss and LAE reserve	474,657
9	TOTAL SUBJECT TO INVESTMENT	1,273,023
10	PRE-TAX RATE OF RETURN	
	a. Net investment income current year	8,692,395
	b. Cash and invested assets current	142,307,393
	c. Cash and invested assets prior	134,834,423
	d. Mean assets available for investment	138,570,908
	e. Pretax rate of return	6.27%
11	Investment earnings on total available	79,819
12	a. Federal income tax on investment earn	31.20% 24,903
	b. Adjustments to reflect tax changes	-
	c. Net fed income tax on invest earn	24,903
13	Average rate of return as % earn prem	1.95%

Notes: Companywide figures based upon Insurance Expense Exhibit, state specific figures based upon Statutory Page 14, prepaid expenses based upon selected expense provisions.

ARMED FORCES INSURANCE EXCHANGE

Arkansas
Dwelling - Extended Coverage

Permissible Loss Ratio Calculation

A. Actual Expenses*

Category	2008-2010 Total		2010 Results		2009 Results		2008 Results		2007 Results		2006 Results	
	Dollars	Ratio	Dollars	Ratio	Dollars	Ratio	Dollars	Ratio	Dollars	Ratio	Dollars	Ratio
(1) Direct Written Premiums	97,449		29,865		34,541		33,043		33,327		26,840	
(2) Direct Earned Premiums	97,388		31,837		33,743		31,808		30,212		26,395	
(3) Commissions (W)	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
(4) Taxes, Licenses & Fees (W)	3,336	3.42%	1,030	3.45%	1,191	3.45%	1,115	3.37%	1,131	3.39%	914	3.41%
(5) Licenses & Fees Only (W)	427	0.44%	148	0.50%	155	0.45%	124	0.37%	132	0.39%	109	0.41%
(6) Taxes Only = (4) - (5)		2.99%		2.95%		3.00%		3.00%		3.00%		3.00%

B. Selected Expense Provisions

Category	Indicated Percentage	Selected Percentage	Fixed	Variable
(1) Commissions	0.0%	0.0%	0.0%	0.0%
(2) Other Acquisitions Expenses	30.7%	30.7%	30.7%	0.0%
(3) General Expenses	11.9%	11.9%	11.9%	0.0%
(4) Taxes	3.0%	3.0%	0.0%	3.0%
(5) Licenses & Fees	0.5%	0.5%	0.5%	0.0%
(6) Net Cost of Reinsurance	1.3%	1.3%	1.3%	0.0%
(7) Profit Provision Net of Investment Income	7.3%	7.3%	0.0%	7.3%
(8) Total	54.7%	54.7%	44.4%	10.3%
(9) Permissible Loss Ratio 100% - 54.7%	45.3%	45.3%	55.6%	89.7%

Notes:

- A.(1) - Statutory Page 14
- A.(2) - Statutory Page 14
- A.(3) - Statutory Page 14
- A.(4) - Companywide Insurance Expense Exhibit
- A.(5) - Companywide Insurance Expense Exhibit
- A.(6), A.(7) - Statutory Page 14 and AFIE Accounting Work Papers

ARMED FORCES INSURANCE EXCHANGE

**Arkansas
Dwelling - Extended Coverage**

Underwriting Profit and Contingencies Load

A. Estimated After-tax Investment Income on Unearned Premium and Loss Reserves 2.3%

B. Underwriting Profit Loading Provision

(1) Target After-tax Total Rate of Return as a Percent of Surplus	10.0%
(2) Expected Pre-tax Investment Income on Surplus	4.0%
(3) Estimated Effective Federal Tax Rate on Investment Income	31.2%
(4) Estimated After-tax Investment Income on Surplus	2.8%
(5) Required After-tax Return from Insurance Operations as a Percent of Surplus	7.2%
(6) Target Premium to Surplus Ratio	1.02
(7) Required After-tax Return from Insurance Operations as a Percent of Premium	7.1%
(8) Required After-tax Underwriting Profit Provision Net of Investment Income	4.8%
(9) Effective Tax Rate on Underwriting Profit	34.0%
(10) Pre-tax Underwriting Profit Provision Net of Investment Income	7.3%

A	Exhibit 12, Page 3, line 13
B.2	Exhibit 12, Page 14, Section B
B.3	Exhibit 12, Page 14, Section A
B.4	$(B.2) \times (1 - (B.3))$
B.5	$(B.1) - (B.4)$
B.6	Exhibit 12, Page 13
B.7	$(B.5) / (B.6)$
B.8	$(B.7) - (A)$
B.10	$(B.8) / (1 - (B.9))$

**Armed Forces Insurance Exchange
Arkansas
Dwelling**

Exhibit 12 - Page 9

Estimated Investment Income on Unearned Premium and Loss Reserves

ALL ARE BASED ON AGGREGATE FOR EXTENDED COVERAGE		
1	Direct prem earned in Arkansas current year	31,837
2	MEAN UNEARNED PREMIUMS	
	a. Direct Arkansas unearned 12/31 current	16,320
	b. Direct Arkansas unearned 12/31 prior	18,292
	c. Mean Unearned	17,306
3	DEDUCTION FOR DELAYED REMISSION	
	a. Direct countrywide Earned current yr	80,793
	b. Direct agents' balances current	7,214
	c. Direct agents' balances prior	4,478
	d. Mean Agents' balances	5,846
	e. Ratio	0.0724
	f. Deduction for delayed remission	2,304
4	DEDUCTION FOR PREPAID EXPENSES	
	a. Net premium earned	3,223
	b. Commission & brokerage	-
	c. 50% of other acquisition	576
	d. 50% of general expense	223
	e. Taxes licenses and fees	131
	f. Total prepaid expenses	931
	g. Ratio	0.2888
	h. Deduction for prepaid	4,998
5	NET SUBJECT TO INVESTMENT	10,004
6	EXPECTED INCURRED LOSS AT LOSS RATIO OF	45.30%
7	EXPECTED MEAN LOSS RESERVES	14,422
	a. Direct Countrywide loss reserve curr yr	1,001,746
	b. Direct Countrywide loss reserve prior year	977,692
	c. Mean Loss reserve current year	989,719
	d. Direct Countrywide incurred loss current	2,385,578
	e. Ratio	0.4149
	f. Direct Countrywide loss reserve 2nd prior yr	685,600
	g. Mean Loss reserve prior year	831,646
	h. Direct Countrywide incurred loss prior	2,237,736
	i. Ratio	0.3716
	j. Average	0.3933
	k. Expected mean loss reserves	5,672
8	Expected mean loss & LAE reserve	
	a. Countrywide net loss reserves current	935,127
	b. Countrywide net loss reserves prior	943,012
	c. Mean net loss reserve	939,070
	d. Countrywide net LAE reserves current	229,827
	e. Countrywide net LAE reserves prior	223,528
	f. Mean LAE reserves	226,678
	g. Ratio	1.2414
	h. Expected mean loss and LAE reserve	7,041
9	TOTAL SUBJECT TO INVESTMENT	17,045
10	PRE-TAX RATE OF RETURN	
	a. Net investment income current year	8,692,395
	b. Cash and invested assets current	142,307,393
	c. Cash and invested assets prior	134,834,423
	d. Mean assets available for investment	138,570,908
	e. Pretax rate of return	6.27%
11	Investment earnings on total available	1,069
12	a. Federal income tax on investment earn	31.20%
	b. Adjustments to reflect tax changes	333
	c. Net fed income tax on invest earn	-
		333
13	Average rate of return as % earn prem	2.31%

Notes: Companywide figures based upon Insurance Expense Exhibit, state specific figures based upon Statutory Page 14, prepaid expenses based upon selected expense provisions.

ARMED FORCES INSURANCE EXCHANGE

Companywide
Extended Coverage

Permissible Loss Ratio Calculation

A. Actual Expenses*

Category	2008-2010 Total		2010 Results		2009 Results		2008 Results		2007 Results		2006 Results	
	Dollars	Ratio	Dollars	Ratio	Dollars	Ratio	Dollars	Ratio	Dollars	Ratio	Dollars	Ratio
(1) Direct Written Premiums	10,979,868		3,797,899		3,687,343		3,494,627		3,560,514		3,474,565	
(2) Direct Earned Premiums	10,889,923		3,752,675		3,600,923		3,536,325		3,561,602		3,363,281	
(3) Commissions (W)	-	0.00%	-	0.00%	-	0.00%	-	0.00%	22	0.00%	29	0.00%
(4) Taxes, Licenses & Fees (W)	397,538	3.62%	139,523	3.67%	133,254	3.61%	124,761	3.57%	123,825	3.48%	118,716	3.42%
(5) Licenses & Fees Only (W)	26,094	0.24%	13,346	0.35%	7,143	0.19%	5,606	0.16%	5,430	0.15%	6,703	0.19%
(6) Taxes Only = (4) - (5)		3.38%		3.32%		3.42%		3.41%		3.33%		3.22%

B. Selected Expense Provisions

Category	Indicated Percentage	Selected Percentage
(1) Commissions	0.0%	0.0%
(2) Other Acquisitions Expenses	16.5%	16.5%
(3) General Expenses	6.4%	6.4%
(4) Taxes	3.4%	3.4%
(5) Licenses & Fees	0.2%	0.2%
(5) Profit Provision Net of Investment Income	6.3%	6.3%
(6) Total	32.8%	32.8%
(7) Permissible Loss Ratio	67.2%	67.2%

Notes:

A.(1) - Statutory Page 14

A.(2) - Statutory Page 14

A.(3) - Statutory Page 14

A.(4) - Companywide Insurance Expense Exhibit

A.(5) - Companywide Insurance Expense Exhibit

A.(6), A.(7) - Statutory Page 14 and AFIE Accounting Work Papers

ARMED FORCES INSURANCE EXCHANGE

**Companywide
Extended Coverage**

Underwriting Profit and Contingencies Load

A. Estimated After-tax Investment Income on Unearned Premium and Loss Reserves 2.9%

B. Underwriting Profit Loading Provision

(1) Target After-tax Total Rate of Return as a Percent of Surplus	10.0%
(2) Expected Pre-tax Investment Income on Surplus	4.0%
(3) Estimated Effective Federal Tax Rate on Investment Income	31.2%
(4) Estimated After-tax Investment Income on Surplus	2.8%
(5) Required After-tax Return from Insurance Operations as a Percent of Surplus	7.2%
(6) Target Premium to Surplus Ratio	1.02
(7) Required After-tax Return from Insurance Operations as a Percent of Premium	7.1%
(8) Required After-tax Underwriting Profit Provision Net of Investment Income	4.2%
(9) Effective Tax Rate on Underwriting Profit	34.0%
(10) Pre-tax Underwriting Profit Provision Net of Investment Income	6.3%

A	Exhibit 12, Page 3, line 13
B.2	Exhibit 12, Page 14, Section B
B.3	Exhibit 12, Page 14, Section A
B.4	$(B.2) \times (1 - (B.3))$
B.5	$(B.1) - (B.4)$
B.6	Exhibit 12, Page 3
B.7	$(B.5) / (B.6)$
B.8	$(B.7) - (A)$
B.10	$(B.8) / (1 - (B.9))$

**Armed Forces Insurance Exchange
Countrywide
Dwelling**

Exhibit 12 - Page 12

Estimated Investment Income on Unearned Premium and Loss Reserves

ALL ARE BASED ON AGGREGATE FOR EXTENDED COVERAGE		
1	Direct prem earned in Countrywide current year	3,752,675
2	MEAN UNEARNED PREMIUMS	
	a. Direct Countrywide unearned 12/31 current	1,931,534
	b. Direct Countrywide unearned 12/31 prior	1,886,310
	c. Mean Unearned	1,908,922
3	DEDUCTION FOR DELAYED REMISSION	
	a. Direct countrywide Earned current yr	80,793
	b. Direct agents' balances current	7,214
	c. Direct agents' balances prior	4,478
	d. Mean Agents' balances	5,846
	e. Ratio	0.0724
	f. Deduction for delayed remission	271,535
4	DEDUCTION FOR PREPAID EXPENSES	
	a. Net premium earned	3,223
	b. Commission & brokerage	-
	c. 50% of other acquisition	310
	d. 50% of general expense	120
	e. Taxes licenses and fees	134
	f. Total prepaid expenses	564
	g. Ratio	0.1750
	h. Deduction for prepaid	334,061
5	NET SUBJECT TO INVESTMENT	1,303,325
6	EXPECTED INCURRED LOSS AT LOSS RATIO OF 67.22%	2,522,437
7	EXPECTED MEAN LOSS RESERVES	
	a. Direct Countrywide loss reserve curr yr	1,001,746
	b. Direct Countrywide loss reserve prior year	977,692
	c. Mean Loss reserve current year	989,719
	d. Direct Countrywide incurred loss current	2,385,578
	e. Ratio	0.4149
	f. Direct Countrywide loss reserve 2nd prior yr	685,600
	g. Mean Loss reserve prior year	831,646
	h. Direct Countrywide incurred loss prior	2,237,736
	i. Ratio	0.3716
	j. Average	0.3933
	k. Expected mean loss reserves	992,075
8	Expected mean loss & LAE reserve	
	a. Countrywide net loss reserves current	935,127
	b. Countrywide net loss reserves prior	943,012
	c. Mean net loss reserve	939,070
	d. Countrywide net LAE reserves current	229,827
	e. Countrywide net LAE reserves prior	223,528
	f. Mean LAE reserves	226,678
	g. Ratio	1.2414
	h. Expected mean loss and LAE reserve	1,231,562
9	TOTAL SUBJECT TO INVESTMENT	2,534,887
10	PRE-TAX RATE OF RETURN	
	a. Net investment income current year	8,692,395
	b. Cash and invested assets current	142,307,393
	c. Cash and invested assets prior	134,834,423
	d. Mean assets available for investment	138,570,908
	e. Pretax rate of return	6.27%
11	Investment earnings on total available	158,937
12	a. Federal income tax on investment earn 31.20%	49,588
	b. Adjustments to reflect tax changes	-
	c. Net fed income tax on invest earn	49,588
13	Average rate of return as % earn prem	2.91%

Notes: Companywide figures based upon Insurance Expense Exhibit, state specific figures based upon Statutory Page 14, prepaid expenses based upon selected expense provisions.

ARMED FORCES INSURANCE EXCHANGE

COUNTRYWIDE - ALL LINES

Premium to Surplus Ratio

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>Aggregate</u>
(1) Direct Written Premium All Lines (000'S)	\$ 80,783	\$ 79,370	\$ 78,154	238,307
(2) Net Written Premium All Lines (000'S)	\$ 67,386	\$ 60,462	\$ 59,157	187,005
(3) Surplus (000'S)	65,284	66,469	61,344	193,098
(4) Net WP/Surplus Ratio	1.03	0.91	0.96	0.97
(5) (Direct/Net) WP Ratio	1.2	1.31	1.32	1.27
		Targeted Net WP/Surplus Ratio:	0.80 (A)	
		Targeted Direct WP/Surplus Ratio:	1.02 (B) = (A) x (5)Aggregate	

Sources:

- (1) Insurance Expense Exhibit
- (2) Insurance Expense Exhibit
- (3) Annual Statement: Liabilities, Surplus and Other Funds
- (4) = (2) / (3)
- (5) = (1) / (2)

ARMED FORCES INSURANCE EXCHANGE

**Arkansas
Homeowners**

Expected Effective Tax Rate on Investment Income and Investment Income Yield

A. Effective Tax Rate on Investment Income*

	Years 2007 - 2009 (A)	Allocation (B)	Current Tax Rate** (C)	Total Tax (B) x (C) (D)
(1) U.S. government bonds	2,392,575	12.5%	34.0%	4.3%
(2) Tax exempt bonds	576,328	3.0%	5.1%	0.2%
(3) Other bonds	7,427,533	38.7%	34.0%	13.2%
(4) Preferred Stocks	49,486	0.3%	13.8%	0.0%
(5) Common Stocks	1,906,130	9.9%	13.8%	1.4%
(6) Cash and short-term invest	576,414	3.0%	34.0%	1.0%
(7) Net Realized Capital Gains'	6,258,318	32.6%	34.0%	11.1%
(8) Total	19,186,784	100.0%		31.2%

* Annual Statement: Exhibit of Net Investment Income and Capital Gains

** Under the 1986 Tax Reform Act, 15% of formerly tax-exempt income from securities purchased after August 7, 1986 is now taxable. Thus the estimated effective tax rates will be:

*** 2008 is not included... equals (Average of 2007 and 2009) x 3

Ordinary Income =	34.0%
Taxable Municipals - 15.0% x 34.0% =	5.1%
Stock Dividends (Acquired after 1987) - 40.5% x 34.0% =	13.8%
Stock Dividends (Acquired before 1987) - 30.0% x 34.0% =	10.2%

B. Investment Income as a Percentage of Invested Assets Including Net Realized Capital Gains***

	Pre-tax Percentage of Average Invested Assets		
	Net Investment Income	Realized Capital Gains	Total
2001	3.5%	0.3%	3.9%
2002	3.4%	-1.4%	1.9%
2003	2.8%	5.9%	8.7%
2004	2.5%	2.4%	4.9%
2005	2.6%	1.2%	3.8%
2006	2.6%	1.3%	3.9%
2007	2.9%	2.1%	4.9%
2008	2.9%	-5.7%	-2.8%
2009	3.8%	0.9%	4.8%
2010	5.6%	0.8%	6.4%
10 yr Average	3.3%	0.8%	4.1%
10 yr Ex. HI/LOW Average	3.1%	1.0%	4.3%
		Selected	4.0%

*** Annual Statement: Exhibits of Net Investment Income, Capital Gains, and Assets

**Armed Forces Insurance Exchange
Arkansas
Dwelling
Ratemaking Calculations
Fire**

	(1)	(2)	(3)	(4)	(5)	(6)
Accident Year Ending	Earned Premium	Earned Exposures	On-Level Earned Premium	Premium Trend Factor	Projected Earned Premium @CRL	Projected Average Earned Premium @CRL
12/31/2001	23,417	95	30,637	1.494	45,771	480.18
12/31/2002	24,418	96	31,946	1.443	46,099	
12/31/2003	27,906	107	36,510	1.413	51,588	
12/31/2004	27,320	106	34,783	1.469	51,097	
12/31/2005	31,605	93	34,449	1.290	44,439	
12/31/2006	34,076	86	36,211	1.145	41,461	
12/31/2007	35,681	84	36,328	1.110	40,324	
12/31/2008	35,295	82	35,295	1.114	39,319	
12/31/2009	38,265	86	38,265	1.073	41,059	
12/31/2010	36,259	81	36,259	1.067	38,689	
Total	314,244	916	350,683		439,844	

Accident Year Ending	(7) Incurred Loss & ALAE	(8) Ultimate Incurred Loss & ALAE	(9) Non-Modeled Expected CAT Loss	(10) Loss Trend Factor	(11) Trended Loss & ALAE Excl Modeled CAT	(12) Modeled De-Trended Expected CAT Loss	(13) Total Projected Loss & LAE	(14) Total Projected Loss & LAE Ratio	(15) 10 YR Experience Year Weights
12/31/2001	-	-	-	4.076	-	3	3	0.0%	8.7%
12/31/2002	450	450	-	3.544	1,595	3	1,678	3.6%	9.1%
12/31/2003	3,641	3,641	-	3.082	11,223	3	11,787	22.8%	10.4%
12/31/2004	688	688	-	2.676	1,841	3	1,937	3.8%	9.9%
12/31/2005	-	-	-	2.327	-	3	3	0.0%	9.8%
12/31/2006	700	701	-	2.024	1,418	3	1,493	3.6%	10.3%
12/31/2007	54,654	54,818	-	1.760	96,480	3	101,308	251.2%	10.4%
12/31/2008	-	-	-	1.531	-	3	3	0.0%	10.1%
12/31/2009	-	-	-	1.331	-	4	5	0.0%	10.9%
12/31/2010	-	-	-	1.157	-	4	5	0.0%	10.3%
Total	60,134	60,298	-		112,557	35	118,221		100.0%

- (1) Exhibit 3 - Page 1
 - (2) Exhibit 3 - Page 1
 - (3) Exhibit 2 - Page 1
 - (4) Exhibit 2 - Page 1
 - (5) (3) * (4)
 - (6) (5)total / (2)total
 - (7) Exhibit 4 - Page 1
 - (8) Exhibit 4 - Page 1
 - (9) (8) * Selected CAT Load (Exhibit 7-Page 1)
 - (10) Exhibit 5
 - (11) [(8) + (1 + CAT ALAE Factor(Exhibit 6)) * (9)] * (10)
 - (12) (Exhibit 7 - Page 3) * (1 + CAT ALAE Factor(Exhibit 6))
 - (13) ((11) + (12)) with 5% ULAE adjustment
 - (14) (13) / (5)
 - (15) ISO Weights
 - (16) (14) weighted using (15)
 - (17) Exhibit 8
 - (18) Exhibit 12 - Page 4
 - (19) ((1+Prospective Loss Trend (Exhibit 5))/(1 + Prospective Premium Trend (Exhibit 3 - Page 1)))^Prospective Trend Period (Exhibit 3 - Page 1)
 - (20) (18) * (19)
 - (21) (16) * (17) + (1- (17)) * (20)
 - (22) Exhibit 12 - Page 1
 - (23) Exhibit 12 - Page 1
 - (24) ((21) + (22))/(1- (23)) - 1
- Experience Year Weighted Loss & LAE Ratio: 29.5% (16)
- Credibility: 15.0% (17)
- Countrywide Fire Permissible Loss Ratio: 46.72% (18)
- Arkansas Projected Loss Ratio Trend Factor: 1.423 (19)
- Trended Countrywide Permissible Loss Ratio (Assuming Arkansas Trends): 66.5% (20)
- Credibility Weighted Loss Ratio: 61.0% (21)
- Arkansas Fixed Expense Ratio: 26.7% (22)
- Arkansas Variable Expense Ratio: 10.0% (23)
- Arkansas Indicated Rate Change: -2.6% (24)
- Proposed Rate Level Change: -2.44% (25)

**Armed Forces Insurance Exchange
Arkansas
Dwelling
Ratemaking Calculations
Extended Coverage**

	(1)	(2)	(3)	(4)	(5)	(6)	
Accident Year Ending	Earned Premium	Earned Exposures	On-Level Earned Premium	Premium Trend Factor	Projected Earned Premium @CRL	Projected Average Earned Premium @CRL	
12/31/2001	23,015	94	26,762	1.285	34,389	393.45	
12/31/2002	24,099	96	28,022	1.244	34,859		
12/31/2003	27,225	107	31,657	1.238	39,192		
12/31/2004	26,733	106	30,882	1.283	39,621		
12/31/2005	26,235	92	29,114	1.318	38,372		
12/31/2006	26,703	85	29,358	1.234	36,228		
12/31/2007	30,229	84	31,060	1.115	34,632		
12/31/2008	31,771	82	31,771	1.058	33,614		
12/31/2009	33,662	86	33,662	1.042	35,075		
12/31/2010	31,918	81	31,918	1.036	33,067		
Total	281,589	913	304,206		359,050		

Accident Year Ending	(7) Incurred Loss & ALAE	(8) Ultimate Incurred Loss & ALAE	(9) Non-Modeled Expected CAT Loss	(10) Loss Trend Factor	(11) Trended Loss & ALAE Excl Modeled CAT	(12) Modeled De-Trended Expected CAT Loss	(13) Total Projected Loss & LAE	(14) Total Projected Loss & LAE Ratio	(15) 10 YR Experience Year Weights
12/31/2001	21,229	21,229	3,970	3.443	87,860	96	92,354	268.6%	8.8%
12/31/2002	7,986	7,986	1,493	3.113	29,884	97	31,480	90.3%	9.2%
12/31/2003	249	249	47	2.814	843	98	988	2.5%	10.4%
12/31/2004	10,986	10,986	2,054	2.542	33,570	99	35,353	89.2%	10.2%
12/31/2005	11,188	11,188	2,092	2.299	30,919	102	32,571	84.9%	9.6%
12/31/2006	2,200	2,201	412	2.078	5,498	103	5,881	16.2%	9.7%
12/31/2007	16,666	16,774	3,137	1.879	37,887	104	39,891	115.2%	10.2%
12/31/2008	22,497	23,869	4,464	1.699	48,747	105	51,295	152.6%	10.4%
12/31/2009	26,268	28,645	5,357	1.536	52,889	106	55,645	158.6%	11.1%
12/31/2010	23,664	27,356	5,116	1.389	45,675	107	48,071	145.4%	10.5%
Total	142,934	150,484	28,141		373,773	1,017	393,529		100.0%

- (1) Exhibit 3 - Page 2
 - (2) Exhibit 3 - Page 2
 - (3) Exhibit 2 - Page 2
 - (4) Exhibit 2 - Page 2
 - (5) (3) * (4)
 - (6) (5)total / (2)total
 - (7) Exhibit 4 - Page 6
 - (8) Exhibit 4 - Page 6
 - (9) (8) * Selected CAT Load (Exhibit 7-Page 2)
 - (10) Exhibit 5
 - (11) [(8) + (1 + CAT ALAE Factor(Exhibit 6)) * (9)] * (10)
 - (12) (Exhibit 7 - Page 4 + Exhibit 7 - Page 5) * (1 + CAT ALAE Factor(Exhibit 6))
 - (13) ((11) + (12)) with 5% ULAE adjustment
 - (14) (13) / (5)
 - (15) ISO Weights
 - (16) (14) weighted using (15)
 - (17) Exhibit 8
 - (18) Exhibit 12 - Page 10
 - (19) ((1+Prospective Loss Trend (Exhibit 5))/(1 + Prospective Premium Trend (Exhibit 3 - Page 1)))^Prospective Trend Period (Exhibit 3 - Page 1)
 - (20) (18) * (19)
 - (21) (16) * (17) + (1- (17)) * (20)
 - (22) Exhibit 12 - Page 7
 - (23) Exhibit 12 - Page 7
 - (24) ((21) + (22))/(1- (23)) - 1
- Experience Year Weighted Loss & LAE Ratio: 111.5% (16)
- Credibility: 15.0% (17)
- Countrywide EC Permissible Loss Ratio: 67.22% (18)
- Arkansas Projected Loss Ratio Trend Factor: 1.304 (19)
- Trended Countrywide Permissible Loss Ratio (Assuming Arkansas Trends): 87.7% (20)
- Credibility Weighted Loss Ratio: 91.3% (21)
- Arkansas Fixed Expense Ratio: 44.4% (22)
- Arkansas Variable Expense Ratio: 10.3% (23)
- Arkansas Indicated Rate Change: 51.3% (24)
- Proposed Rate Level Change: 50.77% (25)

SERFF Tracking Number: ARMD-128234035 State: Arkansas
 Filing Company: Armed Forces Insurance Exchange State Tracking Number:
 Company Tracking Number: AR-DWG-3I-12-1
 TOI: 01.0 Property Sub-TOI: 01.0002 Personal Property (Fire and Allied Lines)
 Product Name: Dwelling
 Project Name/Number: Rates, MH withdrawal, EQ, Rule deletion/AR-DWG-3I-12-1

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)
04/04/2012	Supporting	P&C Actuarial Justification Document	05/11/2012	Actuarial Rate Level Indication Memorandum.pdf Actuarial Support.pdf