

SERFF Tracking Number: ASPX-G128400274 State: Arkansas
Filing Company: American Security Insurance Company State Tracking Number:
Company Tracking Number: SC05 AR06006AS00001
TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations
Product Name: SCO - Homeowners
Project Name/Number: SCO - Homeowners/AR06006AS00001

Filing at a Glance

Company: American Security Insurance Company

Product Name: SCO - Homeowners	SERFF Tr Num: ASPX-G128400274	State: Arkansas
TOI: 04.0 Homeowners	SERFF Status: Closed-Filed	State Tr Num:
Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations	Co Tr Num: SC05 AR06006AS00001	State Status:
Filing Type: Rate/Rule	Author: SPI AssurantPC	Reviewer(s): Becky Harrington
	Date Submitted: 05/23/2012	Disposition Date: 06/01/2012
Effective Date Requested (New): 09/01/2012		Disposition Status: Filed
Effective Date Requested (Renewal): 10/01/2012		Effective Date (New): 09/01/2012
		Effective Date (Renewal): 10/01/2012

State Filing Description:
referred to Commissioner 5/30/12

General Information

Project Name: SCO - Homeowners	Status of Filing in Domicile:
Project Number: AR06006AS00001	Domicile Status Comments:
Reference Organization:	Reference Number:
Reference Title:	Advisory Org. Circular:
Filing Status Changed: 06/01/2012	Deemer Date:
State Status Changed: 05/30/2012	Submitted By: SPI AssurantPC
Created By: SPI AssurantPC	
Corresponding Filing Tracking Number:	
Filing Description:	
American Security Insurance Company is proposing to revise the territory definitions and rates of its currently approved Choice Arkansas Homeowners Program. In addition, we propose to revise our down payment plan rule. The overall rate impact is 13.4%. The proposed effective dates of this filing are 09/01/2012 for new business and 10/01/2012 for renewal business.	

The following summarizes the proposed changes to the State Exception Pages:

1. Page AR - 2.

SERFF Tracking Number: ASPX-G128400274 State: Arkansas
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Territory Definitions, the new territories have been provided.

Base Rates, the new territorial base rates have been provided.

The following summarizes the proposed changes to the General Rules Pages:

1. Page GR - 5. Payment Plans, the down payment for the 4 pay plan type has been corrected from 31% to 25%.

State Narrative:

Company and Contact

Filing Contact Information

Wendy Sara, Regulatory Analyst wendy.sara@assurant.com
 8655 East Via De Ventura 480-483-8666 [Phone] 563 [Ext]
 Scottsdale, AZ 85258 480-443-3785 [FAX]

Filing Company Information

American Security Insurance Company CoCode: 42978 State of Domicile: Delaware
 260 Interstate N. Circle NW Group Code: 19 Company Type:
 Atlanta, GA 33039 Group Name: Assurant, Inc. Group State ID Number:
 (305) 253-2244 ext. [Phone] FEIN Number: 58-1529575

Filing Fees

Fee Required? Yes
 Fee Amount: \$150.00
 Retaliatory? No
 Fee Explanation:
 Per Company: No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
American Security Insurance Company	\$150.00	05/23/2012	59377235

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Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Filed	Becky Harrington	06/01/2012	06/01/2012

Objection Letters and Response Letters

Objection Letters				Response Letters		
Status	Created By	Created On	Date Submitted	Responded By	Created On	Date Submitted
No response necessary	Becky Harrington	05/30/2012	05/30/2012			
Pending Industry Response	Becky Harrington	05/25/2012	05/25/2012	SPI AssurantPC	05/25/2012	05/25/2012

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Disposition

Disposition Date: 06/01/2012
 Effective Date (New): 09/01/2012
 Effective Date (Renewal): 10/01/2012
 Status: Filed
 Comment:

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where required):	Minimum % Change (where required):
American Security Insurance Company	46.200%	13.400%	\$37,506	135	\$279,896	23.800%	0.000%

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Schedule	Schedule Item	Schedule Item Status	Public Access
Supporting Document	Actuarial Memorandum	Filed	Yes
Supporting Document	NAIC loss cost data entry document	Filed	Yes
Supporting Document	Filing Memorandum	Filed	Yes
Supporting Document	HPCS-Homeowners Premium Comparison Survey	Filed	Yes
Supporting Document	Form RF-2 Loss Costs Only (not for workers' compensation)		Yes
Supporting Document	H-1 Homeowners Abstract		Yes
Supporting Document	Homeowners Prem Comparison, RF-1 Rate Filing Abstract	Filed	Yes
Rate	State Exception rate page	Filed	Yes
Rate	General Rule Page	Filed	Yes

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Objection Letter

Objection Letter Status No response necessary

Objection Letter Date 05/30/2012

Submitted Date 05/30/2012

Respond By Date

Dear Wendy Sara,

This will acknowledge receipt of the recent response.

This filing is being referred to the Commissioner for review due to the requested increase amount being greater than 6%. No response is required at this time.

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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Objection Letter

Objection Letter Status Pending Industry Response

Objection Letter Date 05/25/2012

Submitted Date 05/25/2012

Respond By Date

Dear Wendy Sara,

This will acknowledge receipt of the captioned filing.

Objection 1

- NAIC loss cost data entry document (Supporting Document)

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

Objection 2

- HPCS-Homeowners Premium Comparison Survey (Supporting Document)

Comment:

Companies may not change the form in any way, reproduce, or include formulas. Please complete the information on the Department's form and re-submit both Excel and pdf versions.

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."

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Becky Harrington

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Response Letter

Response Letter Status Submitted to State
Response Letter Date 05/25/2012
Submitted Date 05/25/2012

Dear Becky Harrington,

Comments:

Objection response

Response 1

Comments: Hi Becky,
I apologize for the oversights. Please see attached.
Thank you.
Qun

Related Objection 1

Applies To:
- NAIC loss cost data entry document (Supporting Document)
Comment:
This form is required for all rate change filings.

Related Objection 2

Applies To:
- HPCS-Homeowners Premium Comparison Survey (Supporting Document)
Comment:

Companies may not change the form in any way, reproduce, or include formulas. Please complete the information on the Department's form and re-submit both Excel and pdf versions.

Changed Items:

Supporting Document Schedule Item Changes

Satisfied -Name: Homeowners Prem Comparison, RF-1 Rate Filing Abstract
Comment:

No Form Schedule items changed.

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Product Name: SCO - Homeowners
Project Name/Number: SCO - Homeowners/AR06006AS00001

No Rate/Rule Schedule items changed.

Sincerely,
SPI AssurantPC

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 Product Name: SCO - Homeowners
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State: Arkansas
 State Tracking Number:
 Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations

Rate Information

Rate data applies to filing.

Filing Method: File and Use
Rate Change Type: Increase
Overall Percentage of Last Rate Revision: 10.000%
Effective Date of Last Rate Revision: 12/01/2010
Filing Method of Last Filing: Prior Approval

Company Rate Information

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where required):	Minimum % Change (where required):
American Security Insurance Company	46.200%	13.400%	\$37,506	135	\$279,896	23.800%	0.000%

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 Product Name: SCO - Homeowners
 Project Name/Number: SCO - Homeowners/AR06006AS00001

Rate/Rule Schedule

Schedule Item Status:	Exhibit Name:	Rule # or Page #:	Rate Action	Previous State Filing Attachments Number:
Filed 06/01/2012	State Exception rate page	AR-2	Replacement	CH_HO MSEP rate page AR-2.PDF
Filed 06/01/2012	General Rule Page	GR-5	Replacement	CH_HO general rule page GR-5.PDF

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

ARKANSAS

RESERVED FOR FUTURE USE

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

Effective: *NB
***REN**

ARKANSAS

Territory Definitions

Territory 1

CRITTENDEN

Territory 2

CRAIGHEAD

GREENE

Territory 3

FAULKNER

LONOKE

SALINE

Territory 4

PULASKI

Territory 5

BENTON

CRAWFORD

SEBASTIAN

WASHINGTON

Territory 6

ASHLEY	DESHA	JACKSON	LOGAN	PIKE	STONE
BRADLEY	DREW	JEFFERSON	MILLER	POINSETT	UNION
CHICOT	FRANKLIN	JOHNSON	MISSISSIPPI	POLK	VAN BUREN
CLARK	FULTON	LAFAYETTE	MONROE	POPE	WHITE
CLEBURNE	GARLAND	LAWRENCE	NEVADA	PRAIRIE	WOODRUFF
CLEVELAND	GRANT	LEE	OUACHITA	RANDOLPH	
COLUMBIA	HOT SPRING	LINCOLN	PERRY	SEARCY	
DALLAS	IZARD	LITTLE RIVER	PHILLIPS	ST. FRANCIS	

Territory 7

ARKANSAS	CARROLL	HEMPSTEAD	MARION	SEVIER
BAXTER	CLAY	HOWARD	MONTGOMERY	SHARP
BOONE	CONWAY	INDEPENDENCE	NEWTON	YELL
CALHOUN	CROSS	MADISON	SCOTT	

2. BASE RATE(S)

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

Tier	Territory 1	Territory 2	Territory 3	Territory 4	Territory 5	Territory 6	Territory 7
1	1.13	1.06	1.00	1.39	0.93	1.33	1.07
2	1.20	1.13	1.07	1.48	0.99	1.42	1.14
3	1.34	1.25	1.19	1.65	1.10	1.58	1.26
4	1.41	1.32	1.25	1.74	1.16	1.67	1.33

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

Effective: * NB
***REN**

ARKANSAS

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

9. CHANGES

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

10. CANCELLATIONS

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

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

11. PAYMENT PLANS

Each installment payment is subject to the following nonrefundable fee:

Plan Type	Down Payment	Number of Remaining Installments	Charge per Billing Installment	Installments Due
Full Pay	100%	None		None
4 Pay	25%	3	\$3.00	Every 60 days
6 Pay	20%	5	\$3.00	Every 30 days

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Supporting Document Schedules

	Item Status:	Status Date:
Satisfied - Item: Actuarial Memorandum	Filed	06/01/2012
Comments:		
Attachment: AR CH HO Actuarial Support 2012.PDF		

	Item Status:	Status Date:
Bypassed - Item: NAIC loss cost data entry document	Filed	06/01/2012
Bypass Reason: NA		
Comments:		

	Item Status:	Status Date:
Satisfied - Item: Filing Memorandum	Filed	06/01/2012
Comments:		
Attachment: Memorandum Choice Homeowners IL 2012_10.PDF		

	Item Status:	Status Date:
Satisfied - Item: HPCS-Homeowners Premium Comparison Survey	Filed	06/01/2012
Comments:		
Attachments: AR CH HO Premium Survey.PDF AR CH HO Premium Survey.XLS		

	Item Status:	Status Date:
Bypassed - Item: Form RF-2 Loss Costs Only (not for		

SERFF Tracking Number: ASPX-G128400274 State: Arkansas
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 Product Name: SCO - Homeowners
 Project Name/Number: SCO - Homeowners/AR06006AS00001
 workers' compensation)

Bypass Reason: NA

Comments:

Item Status: **Status Date:**

Bypassed - Item: H-1 Homeowners Abstract

Bypass Reason: NA

Comments:

Item Status: **Status Date:**

Satisfied - Item: Homeowners Prem Comparison,
RF-1 Rate Filing Abstract

Filed

06/01/2012

Comments:

Attachments:

HO Survey FORM HPCS.PDF

HO Survey FORM HPCS.XLS

HO Survey FORM HPCS[[1]].PDF

FORM RF-1 Rate Filing Abstract.PDF

**American Security Insurance Company
Choice Homeowners
Arkansas**

Actuarial Memorandum

We are proposing a rate level change of 13.4%. The indicated rate level change is 46.2%. Please see Exhibit 1 for the rate indication. Please see the filing memorandum for the specifics of the rate changes.

The indicated rate level change is determined using standard actuarial principles, based on 5 years of calendar year premiums and accident year losses. We have brought the premium to current level by using the parallelogram method based on prior rate changes. The premium has been trended to account for exposure level changes. Please see Exhibit 2

The losses have been developed to ultimate value using loss development factors, and have been trended to the average accident date for the effective policy year. Please see Exhibits 3 and 4. In addition, the losses have been offset for salvage and subrogation, are net of catastrophes, and have been capped at \$250,000. An excess loss factor and a cat factor are then included. Please see Exhibits 5 and 6.

Expenses are based on annual statement information and our profit provision is based on our investment income and total return on surplus. Please see exhibits 7 and 8.

Credibility is determined using the square root of P/K limited to 100%, where P is 5 years of reported claims, and K is the credibility standard using a full credibility standard of 3,000 claims.

The credibility complement is the permissible loss ratio trended since the date of the last rate change. Please see Exhibit 9.

**American Security Insurance Company
Choice Homeowners
Arkansas**

**Rate Indication
Exhibit 1**

Evaluated as of 12/31/2011
Assumed effective date of 12/1/2012

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>Total</u>
Written Premium	291,352	280,938	309,584	304,866	279,896	1,466,636
Earned Premium	245,151	287,017	303,589	318,056	294,878	1,448,690
Current Rate Level Factor	1.100	1.100	1.100	1.100	1.091	
Premium Trend Factor	1.320	1.264	1.211	1.159	1.110	
Trended, On-Level Earned Premium	356,055	399,198	404,310	405,630	357,038	1,922,231
Incurred Non-Cat Limited Loss & LAE @ 4Q2011	412,160	455,715	874,819	190,971	258,161	2,191,826
Loss Development Factor	1.001	1.001	1.022	1.047	1.196	
Pure Premium Trend Factor	1.373	1.307	1.244	1.184	1.127	
Catastrophe Factor	1.126	1.126	1.126	1.126	1.126	
Excess Loss Factor	1.132	1.132	1.132	1.132	1.132	
Trended, Ultimate Loss & LAE	721,747	759,365	1,416,705	301,700	443,533	3,643,050
Loss & LAE Ratio	202.7%	190.2%	350.4%	74.4%	124.2%	189.5%
Selected Loss & LAE Ratio						189.5%
Credibility						23.9%
Complementary Loss & LAE Ratio						59.9%
Credibility-Weighted Loss & LAE Ratio						90.9%
Permissible Loss & LAE Ratio						59.4%
Indicated Rate Level Change						46.2%
Selected Rate Level Change						13.4%
Losses capped at \$250,000.						

**American Security Insurance Company
Choice Homeowners
Arkansas**

**Premium Trend
Exhibit 2**

Countrywide Data
Evaluated as of 12/31/2011

Year	Earned Exposures	On Level Earned Premium	Premium / Exposure
2005	25,149	23,423,820	931
2006	32,336	35,637,016	1,102
2007	37,186	45,232,552	1,216
2008	35,547	45,644,256	1,284
2009	33,278	44,708,875	1,343
2010	31,542	43,285,766	1,372
2011	29,157	40,105,389	1,376
		Trends	Premium
		All Years	6.3%
		2006 - 2011	4.4%
		2007 - 2011	3.2%
		2008 - 2011	2.3%
		2009 - 2011	1.2%
		Selected	4.4%

**American Security Insurance Company
Choice Homeowners
Arkansas**

**Loss Development Factors
Exhibit 3**

Countrywide Data
Case Incurred Losses & LAE *
000s omitted

Accident Year	Cumulative Amounts (age in quarters)						
	4	8	12	16	20	24	28
2005	8,314	11,471	11,646	12,076	12,162	12,355	12,349
2006	12,841	14,551	15,313	15,930	16,028	16,033	
2007	15,879	19,785	21,184	22,832	22,841		
2008	16,873	20,964	22,685	23,438			
2009	19,710	23,736	24,757				
2010	20,913	24,755					
2011	24,673						

Accident Year	Age-Age Factors					
	4-8	8-12	12-16	16-20	20-24	24-28
2005	1.380	1.015	1.037	1.007	1.016	1.000
2006	1.133	1.052	1.040	1.006	1.000	
2007	1.246	1.071	1.078	1.000		
2008	1.242	1.082	1.033			
2009	1.204	1.043				
2010	1.184					
2011						

Straight Avg	4-8	8-12	12-16	16-20	20-24	24-28
	All Yrs	1.232	1.053	1.047	1.005	1.008
5 Yrs	1.202	1.053				
3 Yrs	1.210	1.065	1.050	1.005		
2 Yrs	1.194	1.063	1.055	1.003	1.008	

Weighted Avg	4-8	8-12	12-16	16-20	20-24	24-28
	All Yrs	1.219	1.056	1.049	1.004	1.007
5 Yrs	1.204	1.056				
3 Yrs	1.208	1.064	1.051	1.004		
2 Yrs	1.194	1.061	1.055	1.003	1.007	

Selected LDF Age to Ultimate	4	8	12	16	20	24
		1.219	1.056	1.049	1.004	1.007
	1.365	1.120	1.060	1.011	1.007	1.000

* Losses are net of catastrophes and net of salvage and subrogation.

**American Security Insurance Company
Choice Homeowners
Arkansas**

**Loss Development Factors
Exhibit 3**

Countrywide Data
Capped Case Incurred Losses & LAE *
000s omitted

Accident Year Ending	Cumulative Amounts (age in quarters)						
	4	8	12	16	20	24	28
2005	8,231	10,646	10,947	11,245	11,228	11,242	11,242
2006	12,307	13,967	14,576	14,975	15,014	15,019	
2007	14,733	17,703	18,940	19,185	19,191		
2008	15,752	19,112	20,178	20,635			
2009	19,433	22,895	23,655				
2010	19,772	23,619					
2011	22,221						

Accident Year	Age-Age Factors					
	4-8	8-12	12-16	16-20	20-24	24-28
2005	1.293	1.028	1.027	0.998	1.001	1.000
2006	1.135	1.044	1.027	1.003	1.000	
2007	1.202	1.070	1.013	1.000		
2008	1.213	1.056	1.023			
2009	1.178	1.033				
2010	1.195					
2011						

Straight Avg	4-8	8-12	12-16	16-20	20-24	24-28
	All Yrs	1.203	1.046	1.023	1.000	1.001
5 Yrs	1.185	1.046				
3 Yrs	1.195	1.053	1.021	1.000		
2 Yrs	1.186	1.044	1.018	1.001	1.001	

Weighted Avg	4-8	8-12	12-16	16-20	20-24	24-28
	All Yrs	1.196	1.047	1.022	1.001	1.001
5 Yrs	1.187	1.047				
3 Yrs	1.194	1.051	1.021	1.001		
2 Yrs	1.186	1.043	1.018	1.001	1.001	

Selected LDF Age to Ultimate	4	8	12	16	20	24
		1.196	1.047	1.022	1.001	1.001
	1.282	1.071	1.023	1.001	1.001	1.000

* Losses are net of catastrophes, net of salvage and subrogation, and capped at \$250,000.

**American Security Insurance Company
Choice Homeowners
Arkansas**

**Pure Premium Trend
Exhibit 4**

Countrywide Data
Evaluated as of 12/31/2011

Accident Year	Earned Exposures	Reported Claims	Ultimate Loss & LAE	Frequency	Severity	Pure Premium	
2005	25,149	1,427	12,349,164	5.67%	8,654	491	
2006	32,336	1,793	16,034,962	5.54%	8,943	496	
2007	37,186	2,185	23,004,022	5.88%	10,528	619	
2008	35,547	2,270	23,694,190	6.39%	10,438	667	
2009	33,278	2,423	26,245,820	7.28%	10,832	789	
2010	31,542	2,677	27,715,904	8.49%	10,353	879	
2011	29,157	2,360	33,683,444	8.09%	14,273	1,155	
				Trends	Frequency	Severity	Pure Premium
				All Years	7.9%	6.7%	15.2%
				2006 - 2011	9.3%	6.9%	16.8%
				2007 - 2011	9.7%	6.2%	16.5%
				2008 - 2011	9.0%	9.3%	19.2%
				Selected	3.0%	2.0%	5.1%

All loss data above is net of catastrophes.

**American Security Insurance Company
Choice Homeowners
Arkansas**

**Catastrophe Factor
Exhibit 5**

Non-Modeled Cat Incurred Loss*	297,751
Non-Cat Incurred Loss*	2,360,939
Non-Modeled Cat/Non-Cat	12.6%
Modeled Cat Loss/Premium	0.0%
Permissible Loss & LAE Ratio	59.4%
Catastrophe Factor	1.126
Selected Catastrophe Factor	1.126

* Incurred Losses from Accident Years 2001 thru 4Q 2011

**American Security Insurance Company
Choice Homeowners
Arkansas**

**Excess Loss Factor
Exhibit 6**

Countrywide Data
000s omitted

Year	Capped Incurred Loss & LAE	Total Incurred Loss & LAE	Total/ Capped
2005	11,242	12,349	1.098
2006	15,021	16,035	1.068
2007	19,220	23,004	1.197
2008	20,666	23,694	1.147
2009	24,203	26,246	1.084
2010	25,305	27,716	1.095
2011	28,481	33,683	1.183
All Years	144,137	162,728	1.129
2006 - 2011	132,895	150,378	1.132
2007 - 2011	117,874	134,343	1.140
2008 - 2011	98,654	111,339	1.129
2009 - 2011	77,989	87,645	1.124
		Selected Excess Loss Factor	1.132

Claims are capped at \$250,000.

**American Security Insurance Company
Choice Homeowners
Arkansas**

**Expenses
Exhibit 7**

	2009	2010	2011	Average 2009 - 2011	Selections
Commissions, Brokerage *	14.1%	14.4%	14.4%	14.3%	14.3%
Taxes, Licenses & Fees *	3.0%	2.4%	2.5%	2.6%	2.6%
Other Acquisition Expense **	1.8%	3.0%	1.8%	2.2%	2.2%
General Expenses **	14.4%	16.1%	14.8%	15.1%	15.1%
Profit Provision***					6.4%
Total Expense & Profit					40.6%
Permissible Loss & LAE Ratio					59.4%

* Source: Annual Statement, State Page 14 - Line 4

** Source: Insurance Expense Exhibit Part 3 - Line 4

*** From Exhibit 8

**American Security Insurance Company
Choice Homeowners
Arkansas**

**Total Return on Surplus
Exhibit 8 - Page 1**

Expected Earned Premium	100.0%
Expected Ultimate Incurred Losses and LAE	59.4%
Expected Expenses	31.6%
Taxes, Licenses and Fees	2.6%
Expected Pre-Tax Underwriting Profit	6.4%
Federal Income Tax Rate on Underwriting Profit	35.0%
Federal Income Tax on Underwriting Profit	2.2%
Expected Investment Income from Reserve	3.3%
Federal Income Tax Rate on Investment Income	33.6%
Federal Income Tax on Investment Income on Reserve	1.1%
Expected After-Tax Operating Ratio to Earned Premium	6.3%
Premium to Surplus Ratio	1.80
Expected After-Tax Operating Ratio to Surplus	11.4%
Expected Investment Income on Statutory Surplus	5.4%
Federal Income Tax on Investment Income on Surplus	1.8%
Expected Total After-Tax Return on Surplus	15.0%

**American Security Insurance Company
Choice Homeowners
Arkansas**

**Investment Income
Exhibit 8 - Page 2**

	Realized Capital Gains	Surplus & Reserves
2006	11,470,347	819,493,142
2007	(2,776,483)	1,353,329,884
2008	(38,277,038)	1,612,992,969
2009	(2,942,804)	1,607,833,394
2010	1,910,514	1,440,741,138
2011	1,964,290	1,479,996,342

	Average Surplus & Reserves	Realized Gains/ Average Assets
2007	1,086,411,513	-0.3%
2008	1,483,161,427	-2.6%
2009	1,610,413,182	-0.2%
2010	1,524,287,266	0.1%
2011	1,460,368,740	0.1%
	5 Yr Mean Capital Gains Ratio	-0.6%

	Net Investment Income	Imbedded Yield
2007	50,041,479	4.6%
2008	86,568,218	5.8%
2009	106,698,657	6.6%
2010	99,202,387	6.5%
2011	93,072,508	6.4%
	5 Yr Mean Imbedded Yield Ratio	6.0%

Projected Yield = Imbedded Yield + Capital Gains	5.4%
Expected Investment Income on Statutory Surplus	5.4%
Reserve to Premium Ratio	0.60
Expected Investment Income from Reserves	3.3%

**American Security Insurance Company
Choice Homeowners
Arkansas**

**Complementary Loss & LAE Ratio
Exhibit 9**

Permissible Loss & LAE Ratio	[A]	59.4%
Loss Trend	[B]	5.1%
Premium Trend	[C]	4.4%
Loss Ratio Trend $(1 + [B]) / (1 + [C]) - 1$	[D]	0.6%
Last Rate Change Date		8/1/2011
Proposed Effective Date		12/1/2012
Trending Period, in years	[E]	1.333
Complementary Loss & LAE Ratio (Trended Permissible Loss & LAE Ratio) $[A] * (1 + [D]) ^ [E]$		59.9%

**American Security Insurance Company
Rate Filing Change Memorandum
Arkansas Homeowners Program**

American Security Insurance Company is proposing to revise the territory definitions and rates of its currently approved Choice Arkansas Homeowners Program. In addition, we propose to revise our down payment plan rule. The overall rate impact is 13.4%. The proposed effective dates of this filing are 09/01/2012 for new business and 10/01/2012 for renewal business.

The following summarizes the proposed changes to the State Exception Pages:

1. Page AR – 2.

Territory Definitions, the new territories have been provided.

Base Rates, the new territorial base rates have been provided.

The following summarizes the proposed changes to the General Rules Pages:

- 1. Page GR – 5. Payment Plans**, the down payment for the 4 pay plan type has been corrected from 31% to 25%.

NAIC Number: 0019-42978
Company Name: American Security Insurance Company
Contact Person: Wendy Sara
Telephone No.: 800 535 1333 Ext 563
Email Address: Wendy.Sara@assurant.com
Effective Date: 9/1/2012

Homeowners Premium Comparison Survey Form
FORM HPCS - last modified August, 2005
USE THE APPROPRIATE FORM BELOW - IF NOT APPLICABLE, LEAVE BLANK

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

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

Public Protection Class	Dwelling Value	Washington		Baxter		Craighead		St. Francis		Desha		Union		Miller		Sebastian		Pulaski	
		Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame
3	\$80,000	\$670.00	\$670.00	\$768.00	\$768.00	\$764.00	\$764.00	\$959.00	\$959.00	\$959.00	\$959.00	\$959.00	\$959.00	\$959.00	\$959.00	\$670.00	\$670.00	\$1,001.00	\$1,001.00
	\$120,000	\$1,004.00	\$1,004.00	\$1,151.00	\$1,151.00	\$1,145.00	\$1,145.00	\$1,439.00	\$1,439.00	\$1,439.00	\$1,439.00	\$1,439.00	\$1,439.00	\$1,439.00	\$1,439.00	\$1,004.00	\$1,004.00	\$1,502.00	\$1,502.00
	\$160,000	\$1,339.00	\$1,339.00	\$1,535.00	\$1,535.00	\$1,527.00	\$1,527.00	\$1,919.00	\$1,919.00	\$1,919.00	\$1,919.00	\$1,919.00	\$1,919.00	\$1,919.00	\$1,919.00	\$1,339.00	\$1,339.00	\$2,002.00	\$2,002.00
6	\$80,000	\$670.00	\$670.00	\$768.00	\$768.00	\$764.00	\$764.00	\$959.00	\$959.00	\$959.00	\$959.00	\$959.00	\$959.00	\$959.00	\$959.00	\$670.00	\$670.00	\$1,001.00	\$1,001.00
	\$120,000	\$1,004.00	\$1,004.00	\$1,151.00	\$1,151.00	\$1,145.00	\$1,145.00	\$1,439.00	\$1,439.00	\$1,439.00	\$1,439.00	\$1,439.00	\$1,439.00	\$1,439.00	\$1,439.00	\$1,004.00	\$1,004.00	\$1,502.00	\$1,502.00
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9	\$80,000	PC 9 Policies are put into our SGIC First Select Program																	
	\$120,000	PC 9 Policies are put into our SGIC First Select Program																	
	\$160,000	PC 9 Policies are put into our SGIC First Select Program																	

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

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

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

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

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

HO3 and HO4 only

Fire Extinguisher %
 Burglar Alarm 2 %
 Smoke Alarm 2 %
 Deadbolt Lock %
 Window Locks %
 \$1,000 Deductible 15 %
 Other (specify)
 Automatic Sprinkler 5 %
 Maximum Credit Allowed n/a %

EARTHQUAKE INSURANCE

IMPORTANT, homeowners insurance does NOT automatically cover losses from earthquakes. Ask your agent about this co
 ARE YOU CURRENTLY WRITING EARTHQUAKE COVERAGE IN ARKANSAS? no (yes or no)
 WHAT IS YOUR PERCENTAGE DEDUCTIBLE? n/a %
 Zone Brick Frame
 WHAT IS YOUR PRICE PER \$1,000 OF COVERAGE?
 Highest Risk \$
 Lowest Risk \$

NAIC Number: 42978
 Company Name: American Security Insurance Company
 Contact Person: Wendy Sara
 Telephone No.: 800-535-1333 Ext 563
 Email Address: wend.sara@assurant.com
 Effective Date: 9/1/2012

**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**

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		Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	
3	\$80,000	\$670.00	\$670.00	\$768.00	\$768.00	\$764.00	\$764.00	\$959.00	\$959.00	\$959.00	\$959.00	\$959.00	\$959.00	\$959.00	\$959.00	\$959.00	\$670.00	\$670.00	\$1,001.00	\$1,001.00
	\$120,000	\$1,004.00	\$1,004.00	\$1,151.00	\$1,151.00	\$1,145.00	\$1,145.00	\$1,439.00	\$1,439.00	\$1,439.00	\$1,439.00	\$1,439.00	\$1,439.00	\$1,439.00	\$1,439.00	\$1,439.00	\$1,004.00	\$1,004.00	\$1,502.00	\$1,502.00
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6	\$80,000	\$670.00	\$670.00	\$768.00	\$768.00	\$764.00	\$764.00	\$959.00	\$959.00	\$959.00	\$959.00	\$959.00	\$959.00	\$959.00	\$959.00	\$959.00	\$670.00	\$670.00	\$1,001.00	\$1,001.00
	\$120,000	\$1,004.00	\$1,004.00	\$1,151.00	\$1,151.00	\$1,145.00	\$1,145.00	\$1,439.00	\$1,439.00	\$1,439.00	\$1,439.00	\$1,439.00	\$1,439.00	\$1,439.00	\$1,439.00	\$1,439.00	\$1,004.00	\$1,004.00	\$1,502.00	\$1,502.00
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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)

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		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																		
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	\$15,000																		
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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)

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		Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame
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	\$120,000																		
	\$160,000																		
9	\$80,000																		
	\$120,000																		
	\$160,000																		

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

HO3 and HO4 only

Fire Extinguisher	<input type="text"/>	%	Deadbolt Lock	<input type="text"/>	%
Burglar Alarm	<input type="text" value="2"/>	%	Window Locks	<input type="text"/>	%
Smoke Alarm	<input type="text" value="2"/>	%	\$1,000 Deductible	<input type="text" value="15"/>	%
			Other (specify)	<input type="text"/>	%
				<input type="text" value="5"/>	%

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

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

WHAT IS YOUR PERCENTAGE DEDUCTIBLE? %

WHAT IS YOUR PRICE PER \$1,000 OF COVERAGE? Zone Highest Risk \$ Brick Frame

Maximum Credit Allowed	n/a	%	Lowest Risk	\$		\$	
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NAIC Number: 42978
 Company Name: American Security Insurance Company
 Contact Person: Wendy Sara
 Telephone No.: 800-535-1333 Ext 563
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		Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	
3	\$80,000	\$670.00	\$670.00	\$768.00	\$768.00	\$764.00	\$764.00	\$959.00	\$959.00	\$959.00	\$959.00	\$959.00	\$959.00	\$959.00	\$959.00	\$959.00	\$670.00	\$670.00	\$1,001.00	\$1,001.00
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	\$120,000	\$1,004.00	\$1,004.00	\$1,151.00	\$1,151.00	\$1,145.00	\$1,145.00	\$1,439.00	\$1,439.00	\$1,439.00	\$1,439.00	\$1,439.00	\$1,439.00	\$1,439.00	\$1,439.00	\$1,439.00	\$1,004.00	\$1,004.00	\$1,502.00	\$1,502.00
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		Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame
3	\$5,000																		
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	\$25,000																		
6	\$5,000																		
	\$15,000																		
	\$25,000																		
9	\$5,000																		
	\$15,000																		
	\$25,000																		

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

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

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

HO3 and HO4 only

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

EARTHQUAKE INSURANCE

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

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

WHAT IS YOUR PERCENTAGE DEDUCTIBLE? %

WHAT IS YOUR PRICE PER \$1,000 OF COVERAGE?
 Zone Highest Risk \$ Brick Frame

Maximum Credit Allowed	n/a	%	Lowest Risk	\$		\$	
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NAIC LOSS COST DATA ENTRY DOCUMENT

1.	This filing transmittal is part of Company Tracking #	SC05 AR06006AS00001
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2.	If filing is an adoption of an advisory organization loss cost filing, give name of Advisory Organization and Reference/ Item Filing Number	
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Company Name		Company NAIC Number		
3.	A.	American Security Insurance Company	B.	42978

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

5.			FOR LOSS COSTS ONLY				
(A) COVERAGE (See Instructions)	(B) Indicated % Rate Level Change	(C) Requested % Rate Level Change	(D) Expected Loss Ratio	(E) Loss Cost Modification Factor	(F) Selected Loss Cost Multiplier	(G) Expense Constant (If Applicable)	(H) Co. Current Loss Cost Multiplier
Homeowners	46.2%	13.4%	59.4%	n/a	n/a	n/a	n/a
TOTAL OVERALL EFFECT	46.2%	13.4%					

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
2011	215			294	258	87.8%	63.1%
2010	240	10%	12/1/10	318	191	60.1%	59.9%
2009	232			303	916	302.3%	58.9%
2008	222			287	456	158.9%	54.5%
2007	197			245	412	168.2%	53.6%

7.	
Expense Constants	Selected Provisions
A. Total Production Expense	16.5%
B. General Expense	15.1%
C. Taxes, License & Fees	2.6%
D. Underwriting Profit & Contingencies	6.4%
E. Other (explain)	
F. TOTAL	40.6%

- 8.** N Apply Lost Cost Factors to Future filings? (Y or N)
- 9.** 23.8% Estimated Maximum Rate Increase for any Insured (%). Territory (if applicable): _____
- 10.** 0.0% Estimated Maximum Rate Decrease for any Insured (%) Territory (if applicable): _____

