Filing at a Glance

Company:	Empire Fire and Marine Insurance Company
Product Name:	Preferred and Standard Homeowners Program
State:	Arkansas
TOI:	04.0 Homeowners
Sub-TOI:	04.0000 Homeowners Sub-TOI Combinations
Filing Type:	Rate
Date Submitted:	08/22/2012
SERFF Tr Num:	ZURC-128654863
SERFF Status:	Closed-Filed
State Tr Num:	
State Status:	
Co Tr Num:	AR-HO-2012-E01R (34916)
Effective Date Requested (New):	12/01/2012
Effective Date Requested (Renewal):	12/01/2012
Author(s):	Diane Zaborowski
Reviewer(s):	Becky Harrington (primary)
Disposition Date:	08/22/2012
Disposition Status:	Filed
Effective Date (New):	12/01/2012
Effective Date (Renewal):	12/01/2012

State Filing Description:

State: *Arkansas* **Filing Company:** *Empire Fire and Marine Insurance Company*
TOI/Sub-TOI: *04.0 Homeowners/04.0000 Homeowners Sub-TOI Combinations*
Product Name: *Preferred and Standard Homeowners Program*
Project Name/Number: *Preferred and Standard Homeowners Program/AR-HO-2012-E01R (34916)*

General Information

Project Name: Preferred and Standard Homeowners Program
Status of Filing in Domicile: Not Filed
Project Number: AR-HO-2012-E01R (34916)
Domicile Status Comments:
Reference Organization: N/A
Reference Number: N/A
Reference Title: N/A
Advisory Org. Circular: N/A
Filing Status Changed: 08/22/2012
State Status Changed:
Deemer Date:
Created By: Diane Zaborowski
Submitted By: Diane Zaborowski
Corresponding Filing Tracking Number: N/A

Filing Description:

We would like to file an update to our manual for your review. We have revised the base rates for an overall impact of +10.0%. We are filing an increase less than the indicated rate needed in order to limit the impact to existing policyholders at this time. As the situation requires, we will file for the additional rate in the future.

This rate revision is proposed to become effective December 1, 2012.

We appreciate your consideration. If you have any questions or additional information is needed, please contact me at (847) 605-6187.

Company and Contact

Filing Contact Information

Diane Zaborowski, Product Analyst
1400 American Lane
Schaumburg, IL 60196

diane.zaborowski@zurichna.com
847-605-6187 [Phone]
847-605-7768 [FAX]

Filing Company Information

Empire Fire and Marine Insurance Company
13810 FNB Parkway
Omaha, NE 68154-5202
(402) 963-5000 ext. [Phone]

CoCode: 21326
Group Code: 212
Group Name:
FEIN Number: 47-6022701

State of Domicile: Nebraska
Company Type:
State ID Number:

Filing Fees

Fee Required? Yes
Fee Amount: $100.00
Retaliatory? No
Fee Explanation: AR's fee: Rate/loss cost - changes to loss cost multiplier or independent rate filing (including rules) $100
Per Company: No

Company	Amount	Date Processed	Transaction #
Empire Fire and Marine Insurance Company	$100.00	08/22/2012	61911402

State: *Arkansas* **Filing Company:** *Empire Fire and Marine Insurance Company*
TOI/Sub-TOI: *04.0 Homeowners/04.0000 Homeowners Sub-TOI Combinations*
Product Name: *Preferred and Standard Homeowners Program*
Project Name/Number: *Preferred and Standard Homeowners Program/AR-HO-2012-E01R (34916)*

Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Filed	Becky Harrington	08/22/2012	08/22/2012

Filing Notes

Subject	Note Type	Created By	Created On	Date Submitted
Memo to JB	Reviewer Note	Becky Harrington	08/22/2012	

State: *Arkansas* **Filing Company:** *Empire Fire and Marine Insurance Company*
TOI/Sub-TOI: *04.0 Homeowners/04.0000 Homeowners Sub-TOI Combinations*
Product Name: *Preferred and Standard Homeowners Program*
Project Name/Number: *Preferred and Standard Homeowners Program/AR-HO-2012-E01R (34916)*

Disposition

Disposition Date: 08/22/2012
Effective Date (New): 12/01/2012
Effective Date (Renewal): 12/01/2012
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 req'd):	Minimum % Change (where req'd):
Empire Fire and Marine Insurance Company	86.600%	10.000%	$25,199	277	$251,985	10.000%	10.000%

Schedule	Schedule Item	Schedule Item Status	Public Access
Supporting Document	Form RF-2 Loss Costs Only (not for workers' compensation)		Yes
Supporting Document	H-1 Homeowners Abstract	Filed	Yes
Supporting Document	HPCS-Homeowners Premium Comparison Survey	Filed	Yes
Supporting Document	NAIC loss cost data entry document	Filed	Yes
Supporting Document	Actuarial Memorandum and Exhibits	Filed	Yes
Rate	Arkansas Homeowners Program Manual Page	Filed	Yes

State:	*Arkansas*	**Filing Company:**	*Empire Fire and Marine Insurance Company*
TOI/Sub-TOI:	*04.0 Homeowners/04.0000 Homeowners Sub-TOI Combinations*		
Product Name:	*Preferred and Standard Homeowners Program*		
Project Name/Number:	*Preferred and Standard Homeowners Program/AR-HO-2012-E01R (34916)*		

Reviewer Note

Created By:

Becky Harrington on 08/22/2012 02:10 PM

Last Edited By:

Becky Harrington

Submitted On:

08/22/2012 02:34 PM

Subject:

Memo to JB

Comments:

see att

Memo

To: Commissioner Bradford

From: Becky Harrington – P&C

CC: Dan Honey

Date: 8/22/2012

Re: Empire Fire and Marine HO Rate Filing

This company is in the QBE Group. They are asking for 10%. We recently allowed a 10% increase for both Praetorian and QBE Insurance Corp within the same group.

All three filings utilized the same companywide information to develop the indicated rate need of 87%.

Loss ratio information specific to Empire Fire & Marine is 276% for 2011, 71.3% for 2010, 122.4% for 2009 and 184.7% for 2008.

For the reasons above, I believe 10% is appropriate. Since you are out until after Labor Day, due to deeming deadlines I have closed the filing.

State: *Arkansas* **Filing Company:** *Empire Fire and Marine Insurance Company*
TOI/Sub-TOI: *04.0 Homeowners/04.0000 Homeowners Sub-TOI Combinations*
Product Name: *Preferred and Standard Homeowners Program*
Project Name/Number: *Preferred and Standard Homeowners Program/AR-HO-2012-E01R (34916)*

Rate Information

Rate data applies to filing.

Filing Method: File and Use 20 Days
Rate Change Type: Increase
Overall Percentage of Last Rate Revision: 15.000%
Effective Date of Last Rate Revision: 10/01/2011
Filing Method of Last Filing: File and Use 20 Days

Company Rate Information

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where req'd):	Minimum % Change (where req'd):
Empire Fire and Marine Insurance Company	86.600%	10.000%	$25,199	277	$251,985	10.000%	10.000%

State: *Arkansas* **Filing Company:** *Empire Fire and Marine Insurance Company*
TOI/Sub-TOI: *04.0 Homeowners/04.0000 Homeowners Sub-TOI Combinations*
Product Name: *Preferred and Standard Homeowners Program*
Project Name/Number: *Preferred and Standard Homeowners Program/AR-HO-2012-E01R (34916)*

Rate/Rule Schedule

Item No.	Schedule Item Status	Exhibit Name	Rule # or Page #	Rate Action	Previous State Filing Number	Attachments
1	Filed 08/22/2012	Arkansas Homeowners Program Manual Page	HO-R-4	Replacement	ZURC-127179799	AR EFM HO Man Pg 12-1-12.pdf

CLASSIFICATION TABLES

(1) Form Factors

Homeowners	1.00

(2) Protection - Construction Factors

	Construction*	
Prot.	**Frame**	**Masonry**
1	1.00	0.90
2	1.00	0.90
3	1.00	0.90
4	1.00	0.90
5	1.00	0.90
6	1.00	0.90
7	1.10	0.90
8	1.40	1.15
9	1.90	1.50
10	2.10	1.90

* Masonry Veneer is rated as Masonry.

* Aluminum or Plastic Siding over Frame is rated as Frame

BASE RATES FOR $100,000 COVERAGE A AND A $1,000 ALL PERILS DEDUCTIBLE

Territory	Preferred	Standard
30	$548.18	$609.08
31	$622.30	$691.41
32	$777.63	$864.22
33	$550.61	$611.88
33A	$543.35	$603.28
33B	$688.46	$765.05

State: *Arkansas* **Filing Company:** *Empire Fire and Marine Insurance Company*
TOI/Sub-TOI: *04.0 Homeowners/04.0000 Homeowners Sub-TOI Combinations*
Product Name: *Preferred and Standard Homeowners Program*
Project Name/Number: *Preferred and Standard Homeowners Program/AR-HO-2012-E01R (34916)*

Supporting Document Schedules

		Item Status:	Status Date:
Satisfied - Item:	H-1 Homeowners Abstract	Filed	08/22/2012
Comments:			
Attachment(s):			
AR EFM HO Form H1.pdf			

		Item Status:	Status Date:
Satisfied - Item:	HPCS-Homeowners Premium Comparison Survey	Filed	08/22/2012
Comments:			
Attachment(s):			
AR EFM HO Surv Form HPCS Preferred.xls AR EFM HO Surv Form HPCS Standard.xlsx AR EFM HO Surv Form HPCS Preferred.pdf AR EFM HO Surv Form HPCS Standard.pdf			

		Item Status:	Status Date:
Satisfied - Item:	NAIC loss cost data entry document	Filed	08/22/2012
Comments:			
Attachment(s):			
AR EFM RF RF1 v2 rev.pdf			

		Item Status:	Status Date:
Satisfied - Item:	Actuarial Memorandum and Exhibits	Filed	08/22/2012
Comments:			
Attachment(s):			
AR EFM Actuarial Memo v2.pdf AR EFM Indication 2012 v3.pdf			

ARKANSAS INSURANCE DEPARTMENT

FORM H-1 HOMEOWNERS ABSTRACT

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

Company Name Empire Fire and Marine Insurance Company
NAIC # (including group #) 212-21326

1. If you have had an insurance to value campaign during the experience filing period, describe the campaign and estimate its impact.
   Not Applicable

2. If you use a cost estimator (or some similar method) in order to make sure that dwellings (or contents) are insured at their value, state when this program was started in Arkansas and estimate its impact.
   Yes, we have used Marshall/Swift & Boeckh since inception.

3. If you require a minimum relationship between the amount of insurance to be written and the replacement value of the dwelling (contents) in order to purchase insurance, describe the procedures that are used.
   Insurance to value minimum required is 100% of estimated replacement cost.

4. If you use an Inflation Guard form or similar type of coverage, describe the coverage(s) and estimate the impact.
   Not applicable

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

a.	Fire Extinguisher	0	%
b.	Burglar Alarm	2-5	%
c.	Smoke Alarm	2-5	%
d.	Insured who has both homeowners and auto with your company	n/a	%
e.	Deadbolt Locks	0	%
f.	Window or Door Locks	0	%
g.	Other (specify) Automatic Sprinklers w/Fire Detector	8	%
	Automatic Sprinklers w/Central Station Fire Alarm	13	

6. Are there any areas in the State of Arkansas in which your company will not write homeowners insurance? If so, state the areas and explain reason for not writing.
   No

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

Form	Premium Volume
HO 00 03	$251,985

8. Do you write homeowner risks which have aluminum, steel or vinyl siding? ☒ Yes ☐ No

9. Is there a surcharge on risks with wood heat? No
   If yes, state the surcharge _____
   Does the surcharge apply to conventional fire places? Not applicable
   If yes, state the surcharge _____

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

Diane M. Zaborowski

Signature

Diane M. Zaborowski, AIS

Printed Name

Product Analyst

Title

847/605-6187

Telephone Number

diane.zaborowski@zurichna.com

Email Address

State:	*Arkansas*	**Filing Company:**	*Empire Fire and Marine Insurance Company*
TOI/Sub-TOI:	*04.0 Homeowners/04.0000 Homeowners Sub-TOI Combinations*		
Product Name:	*Preferred and Standard Homeowners Program*		
Project Name/Number:	*Preferred and Standard Homeowners Program/AR-HO-2012-E01R (34916)*		

Supporting Document Schedules

NAIC Number:	21326
Company Name:	Empire Fire and Marine Insurance Company (Preferred Tier)
Contact Person:	Diane M. Zaborowski, AIS
Telephone No.:	847/605-6187
Email Address:	diane.zaborowski@zurichna.com
Effective Date:	12/1/2012

Homeowners Premium Comparision 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*	$531.00	$591.00	$531.00	$591.00	$531.00	$591.00	$531.00	$591.00	$531.00	$591.00	$531.00	$591.00	$531.00	$591.00	$531.00	$591.00	$529.00	$588.00
	$120,000	$626.00	$696.00	$626.00	$696.00	$626.00	$696.00	$626.00	$696.00	$626.00	$696.00	$626.00	$696.00	$626.00	$696.00	$626.00	$696.00	$623.00	$692.00
	$160,000	$780.00	$867.00	$780.00	$867.00	$780.00	$867.00	$780.00	$867.00	$780.00	$867.00	$780.00	$867.00	$780.00	$867.00	$780.00	$867.00	$776.00	$863.00
6	*$80,000*	$531.00	$591.00	$531.00	$591.00	$531.00	$591.00	$531.00	$591.00	$531.00	$591.00	$531.00	$591.00	$531.00	$591.00	$531.00	$591.00	$529.00	$588.00
	$120,000	$626.00	$696.00	$626.00	$696.00	$626.00	$696.00	$626.00	$696.00	$626.00	$696.00	$626.00	$696.00	$626.00	$696.00	$626.00	$696.00	$623.00	$692.00
	$160,000	$780.00	$867.00	$780.00	$867.00	$780.00	$867.00	$780.00	$867.00	$780.00	$867.00	$780.00	$867.00	$780.00	$867.00	$780.00	$867.00	$776.00	$863.00
9	*$80,000*																		
	$120,000																		
	$160,000																		

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

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

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

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

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

HO3 and HO4 only

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

EARTHQUAKE INSURANCE

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

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

WHAT IS YOUR PERCENTAGE DEDUCTIBLE? %

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

NAIC Number:	21326
Company Name:	Empire Fire and Marine Insurance Company (Standard Tier)
Contact Person:	Diane M. Zaborowski, AIS
Telephone No.:	847/605-6187
Email Address:	diane.zaborowski@zurichna.com
Effective Date:	12/1/2012

Homeowners Premium Comparision 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
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Public Protection Class	Dwelling Value	Washington		Baxter		Craighead		St. Francis		Desha		Union		Miller		Sebastian		Pulaski	
		Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame
3	$80,000	$591.00	$657.00	$591.00	$657.00	$591.00	$657.00	$591.00	$657.00	$591.00	$657.00	$591.00	$657.00	$591.00	$657.00	$591.00	$657.00	$588.00	$653.00
	$120,000	$696.00	$773.00	$696.00	$773.00	$696.00	$773.00	$696.00	$773.00	$696.00	$773.00	$696.00	$773.00	$696.00	$773.00	$696.00	$773.00	$692.00	$769.00
	$160,000	$867.00	$964.00	$867.00	$964.00	$867.00	$964.00	$867.00	$964.00	$867.00	$964.00	$867.00	$964.00	$867.00	$964.00	$867.00	$964.00	$863.00	$959.00
6	$80,000	$591.00	$657.00	$591.00	$657.00	$591.00	$657.00	$591.00	$657.00	$591.00	$657.00	$591.00	$657.00	$591.00	$657.00	$591.00	$657.00	$588.00	$653.00
	$120,000	$696.00	$773.00	$696.00	$773.00	$696.00	$773.00	$696.00	$773.00	$696.00	$773.00	$696.00	$773.00	$696.00	$773.00	$696.00	$773.00	$692.00	$769.00
	$160,000	$867.00	$964.00	$867.00	$964.00	$867.00	$964.00	$867.00	$964.00	$867.00	$964.00	$867.00	$964.00	$867.00	$964.00	$867.00	$964.00	$863.00	$959.00
9	$80,000																		
	$120,000																		
	$160,000																		

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

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

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

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

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

HO3 and HO4 only

Fire Extinquisher	%	*Deadbolt Lock*	%
Burglar Alarm	%	*Window Locks*	%
Smoke Alarm	%	*$1,000 Deductible*	%
		Other (specify)	
			%
		Maximum Credit Allowed	%

EARTHQUAKE INSURANCE

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

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

WHAT IS YOUR PERCENTAGE DEDUCTIBLE? %

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

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

1.	This filing transmittal is part of Company Tracking #	AR-HO-2012-E01R (34916)

2.	If filing is an adoption of an advisory organization loss cost filing, give name of Advisory Organization and Reference/Item Filing Number	N/A

		Company Name		Company NAIC Number
3.	**A.**	Empire Fire and Marine Insurance Company	**B.**	21326

		Product Coding Matrix Line of Business (i.e., Type of Insurance)		Product Coding Matrix Line of Business (i.e., Sub-type of Insurance)
4.	**A.**	4.0	**B.**	4.0000

5.

(A) COVERAGE (See Instructions)	(B) Indicated % Rate Level Change	(C) Requested % Rate Level Change	(D) Expected Loss Ratio	FOR LOSS COSTS ONLY (E) Loss Cost Modification Factor	(F) Selected Loss Cost Multiplier	(G) Expense Constant (If Applicable)	(H) Co. Current Loss Cost Multiplier
Homeowners	86.6%	10.0%	44.35%				
TOTAL OVERALL EFFECT							

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
2007	349	0.0%	12/31/2007	251,587	98,240	39.0%	40.7%
2008	367	0.0%	12/31/2008	268,422	495,905	184.7%	40.5%
2009	357	0.0%	12/31/2009	279,558	342,193	122.4%	55.5%
2010	312	0.0%	12/31/2010	275,227	196,324	71.3%	47.2%
2011	277	15.0%	10/01/2011	247,996	685,012	276.2%	52.4%

7.

Expense Constants	Selected Provisions
A. Total Production Expense	34.5%
B. General Expense	6.0%
C. Taxes, Licenses & Fees	2.5%
D. Underwriting Profit & Contingencies	9.65%
E. Other (explain)	3.0%
F. TOTAL	55.65%

8. Y Apply Loss Cost Factors to Future filings? (Y or N)

9. N/A Estimated Maximum Rate Increase for any Insured (%) Territory (if applicable): _____

10. N/A Estimated Maximum Rate Decrease for any Insured (%) Territory (if applicable): _____

QBE FIRST Homeowners

Personal Homeowners Multi-Peril

Actuarial Memorandum

7/31/2012

Preferred/Standard Homeowners Program - Arkansas

Enclosed is an Indication of +86.6% and the Exhibits that support the Indication (also attached) are as follows:

Exhibit 20 - Indication for Arkansas HO
Exhibit 3 - Earned Premium and Premium On-Level Factors
Exhibit 4 - Premium Trend
Exhibit 6 - Loss Development Factors
Exhibit 8 - Loss and ALAE Trend
Exhibit 9 – Catastrophe Exposure
Exhibit 11 - Credibility Factor
Exhibit 12 - Complement of Credibility
Exhibit 18.1 - Calculation of Investment Income and Return on Equity
Exhibit 18.2 - Calculation of Permissible Loss Ratio
Exhibit 18.3 - Selection of Annual Investment Yield
Exhibit 21 - ISO Development of Current Amount Factors and Amount of Insurance Projection Factor
Exhibit 22 - ISO Development of Current Cost Factors (CCF) and Loss Projection Factor
Exhibit 23 – Key Factors Exhibit
Exhibit 24 – Average Endorsement Cost
Exhibit 25 – Average Base Loss Cost Exhibit

QBE FIRST Homeowners

Personal Homeowners Multi-Peril

Indication for Arkansas HO

July 30, 2012

Ratemaking Calculations

		Found on Exhibit		Accident Year 2007	2008	2009	2010	2011	ALL
1		3	Earned Premium	275,341	301,455	313,269	319,964	349,196	1,559,225
2		3	Premium on Level Factor	1.137	1.134	1.134	1.129	1.103	
3		4	Premium Trend factor	1.216	1.180	1.144	1.110	1.077	
4	1*2*3		Trended On-level premium	380,684	403,383	406,403	400,976	414,821	2,006,266
5			Incurred losses	76,651	587,383	300,392	407,630	755,993	2,128,049
6			CAT losses	0	133,046	71,480	69,716	145,850	420,092
7	5-6		Incurred losses Net of CAT	76,651	454,337	228,912	337,914	610,143	1,707,957
8		6	Loss development factor	1.016	1.025	1.043	1.105	1.285	
9	7*8		Ultimate Loss ex CATs	77,877	465,695	238,755	373,395	784,034	
10		9	CAT Load Factor	1.118	1.118	1.118	1.118	1.118	
11		8	Loss and ALAE trend	1.086	1.072	1.059	1.045	1.032	
12	(11*9)+(10-1.00)*5		Trended Loss and ALAE	93,620	568,537	288,288	438,298	898,330	2,287,073
13	12/4		Trended Loss and ALAE Ratio	24.6%	140.9%	70.9%	109.3%	216.6%	114.00%
14		11	Credibility						9.2%
15		12	Complement of Credibility						79.56%
16	13*14+(15*(1-14)		Cred Wght'd ratio						82.74%
17		18.2	Variable Expense Ratio						46.00%
18		18.2	Profit and Contingencies						10.70%
19		18.2	Investment yield offset to expenses						1.05%
20	1.00-17-18+19		Permissible Loss LAE ratio						44.35%
21	16		Projected Loss LAE ratio						82.74%
22	21/20-1.00		Indicated Rate Change						**86.6%**
23	Selected		Proposed Rate Change						**10.0%**

Exhibit 3

QBE FIRST Homeowners
Earned Premium & Premium On-Level Factor

Quarter	Actual EP	Qtrly EP Adjusted
2007.1	64,873	73,949
2007.2	68,985	78,523
2007.3	68,908	78,321
2007.4	72,575	82,286
2008.1	69,772	79,019
2008.2	73,673	83,507
2008.3	77,844	88,314
2008.4	80,166	90,878
2009.1	77,897	88,300
2009.2	77,717	88,186
2009.3	78,999	89,582
2009.4	78,656	89,135
2010.1	78,359	88,791
2010.2	79,062	89,467
2010.3	80,693	91,029
2010.4	81,850	91,961
2011.1	78,498	87,778
2011.2	83,768	93,043
2011.3	90,932	100,167
2011.4	95,998	104,080

Year	Adjusted EP	Actual EP	OLF
2007	313,079	275,341	1.137
2008	341,718	301,455	1.134
2009	355,203	313,269	1.134
2010	361,248	319,964	1.129
2011	385,068	349,196	1.103
Total	1,756,316	1,559,225	

Rate Change Summary	
Date	**Action**
10/1/2011	15%

Exhibit 4

QBE FIRST Homeowners
Premium Trend

Selected Factor: **1.031 ***

Projected From	Projected To	Number of Months	Calculation	Result
1/1/2007	6/1/2013	77	1.031^(77/12)	1.216
1/1/2008	6/1/2013	65	1.031^(65/12)	1.180
1/1/2009	6/1/2013	53	1.031^(53/12)	1.144
1/1/2010	6/1/2013	41	1.031^(41/12)	1.110
1/1/2011	6/1/2013	29	1.031^(29/12)	1.077

Notes:
The number of months is divided by 12 to change the unit into years.
The ^ symbol denotes raising to a power.
Selected Factor based on ISO trend, ISO circular LI-HO-2012-135.
* See Exhibit 21

Exhibit 6

QBE FIRST Homeowners
Loss Development Factors

Quarter of Development

Accident Quarter	Q 1	Q 2	Q 3	Q 4	Q 5	Q 6	Q 7	Q 8	Q 9	Q 10	Q 11	Q 12	Q 13	Q 14	Q 15	Q 16	Q 17	Q 18	Q 19	Q 20	Q 21	Q 22	Q 23	Q 24	Q 25	Q 26	Q 27	Q 28	Q 29	Q 30	Q 31	Q 32	Q 33	Q 34	Q 35	Q 36	Q 37	Q 38	Q 39	Q 40	Q 41	Q 42	Q 43	Q 44	Q 45	Q 46	Q 47	Q 48	Q 49	Q 50	Q 51
1998 Q 1	2,070	5,166	6,667	9,147	9,167	9,167	8,719	8,719	8,719	8,719	8,719	8,719	8,719	8,719	8,719	8,719	8,719	8,719	8,719	8,719	8,719	8,719	8,719	8,719	8,719	8,719	8,719	8,719	8,719	8,719	8,719	8,719	8,719	8,719	8,719	8,719	8,719	8,719	8,719	8,719	8,719	8,719	8,719	8,719	8,719	8,719	8,719	8,719	8,719	8,719	8,719
1998 Q 2	17,575	11,974	14,724	17,187	17,474	20,802	25,223	34,072	40,151	56,118	56,576	56,789	56,789	56,789	56,789	56,789	56,789	56,789	56,789	56,789	56,789	56,789	56,789	56,789	56,789	56,789	56,789	56,789	56,789	56,789	56,789	56,789	56,789	56,789	56,789	56,789	56,789	56,789	56,789	56,789	56,789	56,789	56,789	56,789	56,789	56,789	56,789	56,789	56,789	56,789	56,789
1998 Q 3	338,613	367,861	384,164	456,814	468,980	468,980	468,980	468,980	468,980	495,509	495,509	495,509	496,711	654,472	653,319	447,964	491,194	487,819	437,819	437,819	437,819	437,819	437,819	437,819	437,819	437,819	437,819	437,819	437,819	437,819	437,819	437,819	437,819	437,819	437,819	437,819	437,819	437,819	437,819	437,819	437,819	437,819	437,819	437,819	437,819	437,819	437,819	437,819	437,819	437,819	437,819
1999 Q 1	87,642	120,223	133,504	133,854	140,879	140,879	141,160	141,414	141,414	141,414	141,414	141,414	141,414	141,414	141,414	141,414	141,414	141,430	141,430	141,430	141,430	141,430	141,430	141,430	141,430	141,430	141,430	141,430	141,430	141,430	141,430	141,430	141,430	141,430	141,430	141,430	141,430	141,430	141,430	141,430	141,430	141,430	141,430	141,430	141,430	141,430	141,430	141,430	141,430	141,430	141,430
1999 Q 2	86,034	90,656	98,466	102,211	96,443	97,060	105,487	108,540	108,540	108,540	108,540	108,540	108,540	108,540	108,540	108,540	108,540	108,540	108,540	106,778	106,778	106,778	106,778	106,778	106,778	106,778	106,778	106,778	106,778	106,778	106,778	106,778	106,778	106,778	106,778	106,778	106,778	106,778	106,778	106,778	106,778	106,778	106,778	106,778	106,778	106,778	106,778	106,778	106,778	106,778	106,778
1999 Q 3	191,454	260,121	266,754	255,972	255,185	263,048	317,798	274,399	274,558	274,558	274,558	274,558	274,558	274,558	274,558	274,558	274,558	274,558	274,558	274,558	274,558	274,923	274,923	274,923	274,923	274,923	274,923	274,923	274,923	274,923	274,923	274,923	274,923	274,923	274,923	274,923	274,923	274,923	274,923	274,923	274,923	274,923	274,923	274,923	274,923	274,923	274,923	274,923	274,923	274,923	274,923
1999 Q 4	758,710	864,976	861,691	839,995	976,859	989,641	909,257	909,257	917,287	919,140	919,140	919,140	919,140	919,140	919,140	919,140	919,140	926,657	926,657	926,657	926,657	926,657	926,657	926,657	926,657	926,657	926,657	926,657	926,657	926,657	926,657	926,657	926,657	926,657	926,657	926,657	926,657	926,657	926,657	926,657	926,657	926,657	926,657	926,657	926,657	926,657	926,657	926,657	926,657	926,657	926,657
2000 Q 1	291,521	430,846	396,668	464,361	442,361	596,494	629,901	648,183	651,554	650,005	685,520	685,520	685,520	685,520	685,520	685,520	685,520	685,520	685,520	685,097	685,097	685,097	685,097	685,097	685,097	685,097	685,097	685,097	685,097	685,097	685,097	685,097	685,097	685,097	685,097	685,097	685,097	685,097	685,097	685,097	685,097	685,097	685,097	685,097	685,097	685,097	685,097	685,097	685,097	685,097	685,097
2000 Q 2	408,780	506,617	555,134	571,414	608,766	712,212	722,765	722,765	772,168	771,083	771,083	771,083	771,083	761,083	761,083	761,083	761,083	761,083	761,083	681,374	681,405	681,405	681,405	671,588	671,588	671,588	671,588	671,588	671,588	671,588	671,588	671,588	671,588	671,588	671,588	671,588	671,588	671,588	671,588	671,588	671,588	671,588	671,588	671,588	671,588	671,588	671,588	671,588	671,588	671,588	671,588
2000 Q 3	1,034,465	1,692,062	1,739,160	1,641,881	1,734,597	1,746,166	1,759,854	1,773,708	1,747,560	1,749,485	1,762,783	1,633,458	1,632,627	1,651,712	1,661,712	1,684,834	1,676,818	1,676,685	1,676,727	1,676,727	1,676,727	1,676,727	1,676,727	1,676,727	1,676,727	1,676,727	1,676,727	1,676,727	1,676,727	1,676,727	1,676,727	1,676,727	1,676,727	1,676,727	1,676,727	1,676,727	1,676,727	1,676,727	1,676,727	1,676,727	1,676,727	1,676,727	1,676,727	1,676,727	1,676,727	1,676,727	1,676,727	1,676,727	1,676,727	1,676,727	1,676,727
2000 Q 4	1,482,963	1,950,583	1,909,010	1,990,986	1,935,268	1,942,165	2,045,967	2,077,012	2,124,661	2,161,053	2,160,830	2,186,126	2,191,156	2,195,731	2,201,056	2,202,797	2,213,193	2,339,379	2,339,379	2,339,379	2,337,950	2,353,756	2,365,304	2,537,157	2,616,247	2,638,778	2,650,614	2,638,763	2,613,086	2,616,648	2,618,088	2,618,298	2,618,298	2,616,109	2,616,109	2,616,109	2,616,109	2,616,109	2,616,109	2,616,109	2,616,109	2,616,109	2,616,109	2,616,109	2,616,109	2,616,109	2,616,109	2,616,109	2,616,109	2,616,109	2,616,109	2,616,109
2001 Q 1	2,317,279	2,373,647	2,699,809	2,672,854	2,754,550	2,732,588	2,796,659	2,739,491	2,765,526	2,751,877	2,760,314	2,760,541	2,734,972	2,747,277	2,752,893	2,732,782	2,734,285	2,734,281	2,734,281	2,734,281	2,734,281	2,734,281	2,734,281	2,813,781	2,868,781	2,882,132	3,023,276	3,010,051	3,012,733	3,012,733	3,012,733	3,012,733	3,012,733	3,010,070	3,010,070	3,010,070	3,010,070	3,010,070	3,010,070	3,010,070	3,010,070	3,010,070	3,010,070	3,010,070	3,010,070	3,010,070	3,010,070	3,010,070	3,010,070	3,010,070	3,010,070	3,010,070
2001 Q 2	2,580,014	3,454,085	3,524,023	3,766,068	3,912,144	3,974,667	4,029,265	4,221,054	4,261,012	4,324,113	4,328,992	4,408,560	4,417,571	4,413,241	4,388,331	4,385,831	4,388,636	4,383,008	4,385,510	4,381,765	4,381,766	4,355,766	4,355,766	4,355,766	4,355,766	4,370,968	4,571,312	4,591,310	4,591,309	4,602,685	4,602,684	4,602,684	4,602,684	4,582,279	4,731,976	4,684,377	4,685,945	4,685,945	4,685,945	4,685,945	4,685,945	4,685,945	4,685,945	4,685,945	4,685,945	4,685,945	4,685,945	4,685,945	4,685,945	4,685,945	4,685,945	4,685,945
2001 Q 3	2,365,520	2,842,421	3,214,417	3,335,947	3,430,345	3,510,133	3,759,372	3,708,981	3,810,466	3,971,200	3,976,188	3,987,655	4,004,860	4,118,382	4,106,437	4,106,439	4,104,627	4,087,713	4,087,713	4,085,441	4,084,999	4,084,999	4,084,999	4,084,999	4,084,999	4,084,999	4,084,999	4,084,999	4,084,999	4,084,999	4,084,280	4,084,220	4,084,220	4,084,220	4,084,220	4,084,220	4,084,220	4,084,220	4,084,220	4,084,220	4,084,220	4,084,220	4,084,220	4,084,220	4,084,220	4,084,220	4,084,220	4,084,220	4,084,220	4,084,220	4,084,220	4,084,220
2001 Q 4	2,870,232	4,047,987	4,464,184	4,938,180	5,037,984	5,061,002	5,151,553	5,218,336	5,270,844	5,260,019	5,270,042	5,295,527	5,286,777	5,308,149	5,324,161	5,308,496	5,304,210	5,306,628	5,304,628	5,304,628	5,304,628	5,304,628	5,304,628	5,305,122	5,305,871	5,305,940	5,305,940	5,305,940	5,307,812	5,307,954	5,313,572	5,313,572	5,313,572	5,313,643	5,313,643	5,313,643	5,313,643	5,313,643	5,313,643	5,313,643	5,313,643	0												
2002 Q 1	5,034,038	7,221,950	7,561,226	7,910,804	8,049,908	8,273,978	8,153,097	8,527,680	10,560,965	11,225,797	10,920,087	10,849,643	10,057,425	10,035,431	10,051,444	10,082,755	10,082,917	10,049,205	9,959,798	9,940,513	9,960,531	9,960,531	9,960,531	9,960,531	9,960,531	9,960,531	9,960,531	9,960,531	9,960,531	9,960,531	9,960,531	9,960,531	9,960,531	9,960,531	9,960,531	9,960,531	9,960,531	9,960,531	9,960,531	9,960,531	9,960,531											
2002 Q 2	5,155,112	7,018,568	7,627,948	7,879,872	7,938,112	8,137,148	8,130,560	8,456,626	8,634,160	8,648,513	8,648,513	8,652,436	8,670,672	8,686,130	8,671,175	8,673,175	8,672,115	8,675,680	8,735,022	8,754,194	8,754,194	8,754,195	8,819,931	8,840,512	8,841,021	8,865,570	8,855,570	8,854,516	8,854,315	8,876,164	8,901,163	8,901,163	8,938,222	8,938,003	8,936,593	8,937,074	8,957,076	8,957,076	8,957,076	9,007,072											
2002 Q 3	4,784,498	6,276,952	6,792,222	6,732,305	6,696,662	6,667,242	6,738,786	6,905,713	6,952,368	6,902,022	6,867,319	6,898,462	6,897,530	6,896,912	6,896,976	6,934,852	6,943,202	6,934,915	6,934,915	6,934,915	6,934,915	6,934,915	6,934,915	6,934,915	6,934,915	6,934,915	6,934,915	6,934,915	6,934,915	6,934,915	6,934,915	6,934,915	6,934,915	6,934,915	6,934,915																	
2002 Q 4	6,053,039	8,240,982	8,598,506	8,391,752	8,246,662	8,151,114	8,205,158	8,242,424	8,264,614	8,258,540	8,258,540	8,258,540	8,257,708	8,245,178	8,245,178	8,245,178	8,245,178	8,245,178	8,245,178	8,245,178	8,245,178	8,245,178	8,245,178	8,245,178	8,245,178	8,245,178	8,245,178	8,245,178	8,245,178	8,245,178	8,245,178	8,245,178	8,245,178	8,245,178																	
2003 Q 1	9,403,626	9,874,735	9,942,443	9,933,057	9,813,076	9,893,848	9,908,480	9,904,920	9,977,153	10,023,312	10,057,630	10,140,959	10,256,570	10,254,757	10,248,538	10,237,164	10,269,086	10,293,774	10,297,114	10,298,674	10,321,003	10,348,793	10,372,480	10,372,435	10,338,291	10,388,291	10,388,291	10,410,054		10,420,947	10,420,947	10,426,947	10,386,796	10,386,796	10,386,796																	
2003 Q 2	5,564,791	6,560,212	6,771,594	6,893,070	6,973,704	7,084,105	7,116,664	7,241,668	7,283,914	7,378,614	7,375,541	7,385,369	7,378,149	7,375,126	7,375,126	7,376,125	7,376,125	7,376,125	7,376,125	7,382,791	7,382,791	7,382,791	7,382,791	7,382,791	7,382,791	7,382,791	7,382,791	7,382,791	7,382,791		7,382,881	7,382,881	7,382,881																		
2003 Q 3	7,783,521	8,087,240	8,122,606	8,439,932	8,597,060	8,548,614	8,971,197	8,987,995	9,005,311	9,015,443	9,072,418	9,077,621	9,074,398	9,075,538	9,075,538	9,068,143	9,079,143	9,091,609	9,102,166	9,103,116	9,103,116	9,103,116	9,103,116	8,800,742	8,800,742	8,803,963	8,828,600		8,824,525	8,824,525	8,824,525	8,824,525																				
2003 Q 4	7,919,257	8,585,026	8,627,737	8,651,343	8,563,143	9,196,237	9,155,363	9,370,266	9,531,266	9,558,674	9,728,036	9,653,505	9,728,036	9,714,349	9,693,554	9,908,054	9,908,054	9,908,054	9,791,153	9,786,109	9,786,153	9,786,153	9,786,153	9,797,310	9,803,462	9,822,119	9,822,237	9,824,331	9,824,331	9,824,331		9,824,331	9,824,331	9,824,331																		
2004 Q 1	5,412,502	5,663,854	5,645,256	5,688,777	5,686,279	5,742,263	5,782,888	5,783,916	5,784,992	5,849,609	5,861,642	5,874,206	5,918,591	5,922,610	5,857,283	5,385,317	5,912,530	5,884,444	5,885,664	5,884,581	5,884,340	5,884,340	5,884,340	5,884,340	5,884,340	5,884,340	5,884,340	5,884,340		5,884,340	5,884,340	5,884,340																					
2004 Q 2	6,000,931	6,377,188	6,555,533	6,512,178	6,518,609	6,597,045	6,632,323	6,672,324	6,668,280	6,668,301	6,754,078	6,662,726	6,656,621	6,657,265	6,657,265	6,657,265	6,659,132	6,655,123	6,653,523	6,653,523	6,653,523	6,653,523	6,653,523	6,653,523	6,653,523	6,653,523	6,653,523	6,653,523																							
2004 Q 3	4,260,921	4,587,188	4,595,533	4,512,178	4,518,609	4,597,045	4,632,323	4,672,324	4,668,280	4,668,301	4,754,078	4,662,726	4,656,621	4,657,265	4,657,265	4,657,265	4,659,132	4,655,123	4,653,523	4,653,523	4,653,523	4,653,523	4,653,523	4,653,523	4,653,523	4,653,523	4,653,523	4,653,523																							
2004 Q 4	3,960,568	4,398,660	4,411,542	4,652,676	4,705,774	4,722,957	4,691,602	4,697,550	4,743,397	4,756,576	4,734,110	4,754,350	4,853,047	4,806,195	4,821,540	4,811,996	4,812,896	4,813,202	4,813,010	4,813,010	4,763,010	4,763,010	4,763,010	4,763,010	4,763,010	4,763,010	4,763,010	4,763,010																							
2005 Q 1	3,910,564	4,321,303	4,224,816	4,164,620	4,271,650	4,216,305	4,312,317	4,380,880	4,318,420	4,361,099	4,330,632	4,338,440	4,362,099	4,330,632	4,328,214	4,356,462	4,355,543	4,285,662	4,309,377	4,308,010	4,308,400	4,308,400	4,308,400	4,311,750	4,317,546	4,317,271	4,317,418																							
2005 Q 2	3,996,715	4,445,620	4,475,076	4,407,344	4,572,758	4,582,086	4,689,993	4,751,278	4,762,958	4,799,257	4,791,707	4,749,411	4,746,790	4,737,594	4,729,441	4,731,993	4,731,774	4,731,774	4,731,994	4,743,803	4,764,503	4,736,550	4,736,003	4,736,403	4,736,403	4,736,403	4,736,403																							
2005 Q 3	4,721,751	5,865,778	6,022,005	6,817,786	7,010,319	7,004,931	7,317,513	7,469,928	7,536,776	7,682,512	7,707,930	7,759,760	7,761,602	7,662,440	7,755,518	7,746,392	7,634,372	7,643,623	7,638,183	7,699,795	7,699,812	7,701,654	7,708,669	7,715,646	7,708,836	7,709,970																							
2005 Q 4	2,578,879	4,129,156	4,355,241	4,369,814	4,319,574	4,608,617	4,617,558	4,663,808	4,671,474	4,649,586	4,536,862	4,557,865	4,557,522	4,568,869	4,664,364	4,678,011	4,700,511	4,687,351	4,671,257	4,671,257	4,671,256	4,693,153	4,693,153	4,693,153	4,693,153																							
2006 Q 1	3,750,216	4,736,766	5,034,600	5,188,250	5,349,037	5,468,200	5,510,323	5,593,867	5,581,860	5,542,377	5,553,423	5,611,888	5,645,407	5,566,168	5,567,400	5,567,400	5,567,400	5,566,763	5,566,763	5,566,763	5,566,763	5,566,763	5,566,763	5,566,763	5,566,763																							
2006 Q 2	5,197,606	7,512,539	7,476,282	7,677,932	7,876,937	8,272,966	8,272,329	8,467,616	8,576,762	8,730,064	8,826,948	8,734,037	8,687,102	8,692,074	8,986,467	8,988,464	9,000,424	9,025,940	9,016,932	9,017,191	9,017,591	9,020,439	9,020,439																									
2006 Q 3	4,880,952	6,440,278	6,832,338	6,884,305	6,108,344	6,137,490	6,110,619	6,132,172	6,171,620	6,212,661	6,192,458	6,164,745	6,178,809	6,152,862	6,193,994	6,194,104	6,194,119	6,194,711	6,194,542	6,219,451	6,219,251	6,219,151																									
2006 Q 4	5,102,328	6,337,105	6,490,529	6,571,789	6,494,122	6,578,383	6,581,484	6,619,108	6,598,516	6,602,615	6,606,434	6,641,837	6,610,802	6,605,099	6,604,198	6,604,198	6,605,798	6,605,798	6,605,798	6,605,798																											
2007 Q 1	6,098,054	8,168,110	8,692,793	8,742,689	8,277,874	8,772,702	8,795,402	8,811,077	8,868,680	8,849,560	8,929,130	8,953,119	8,959,800	8,917,100	8,911,722	8,934,203	8,944,258	8,944,258	8,996,258	8,996,257																											
2007 Q 2	4,565,754	6,153,395	6,610,515	6,836,394	6,933,339	6,966,120	6,855,605	6,641,551	6,650,202	6,524,943	6,525,754	6,530,249	6,701,354	6,759,514	6,861,306	6,914,401	6,841,556	6,812,021	6,813,303																											
2007 Q 3	4,757,007	5,969,605	6,080,675	6,867,169	6,445,444	6,755,560	6,779,621	6,825,226	6,927,673	6,922,820	6,964,850	7,000,473	7,012,244	7,016,408	7,038,326	7,076,175	7,078,710	7,084,834																											
2007 Q 4	5,659,680	6,520,004	6,784,231	6,888,074	6,810,856	6,838,965	6,838,550	6,121,966	5,823,862	5,835,388	5,849,819	5,854,903	5,993,904	5,984,904	6,005,903	6,085,423	6,085,423																													
2008 Q 1	8,826,189	6,154,799	6,314,264	6,476,765	6,631,344	6,838,600	6,836,943	7,193,765	7,172,564	6,986,001	6,998,223	7,139,403	7,050,613	7,054,705	7,037,368	7,037,374																													
2008 Q 2	6,730,157	8,148,788	8,609,452	8,802,991	9,040,515	9,117,109	9,086,122	9,139,835	9,133,465	9,182,253	9,210,761	9,362,833	9,474,680	9,483,693	9,631,600																															
2008 Q 3	7,561,274	7,754,613	8,602,575	8,486,768	9,164,574	9,402,575	9,446,375	9,515,861	9,719,178	9,784,847	9,919,175	9,920,248	9,924,988	9,953,667																															
2008 Q 4	9,863,537	5,669,836	6,130,673	6,116,915	6,178,894	6,135,178	6,211,926	6,245,255	6,243,579	6,247,814	6,244,021	6,242,539	6,242,539																																	
2009 Q 1	6,467,674	8,189,291	8,628,968	8,816,951	8,706,451	8,949,214	9,096,858	9,226,955	9,362,458	9,451,416	9,424,849	9,489,950																																	
2009 Q 2	11,029,352	13,640,088	14,564,513	15,040,731	15,312,286	15,411,750	15,410,997	15,736,225	15,727,561	15,753,556	15,778,344																																		
2009 Q 3	6,864,873	8,074,792	8,881,710	9,198,461	9,375,361	9,408,816	9,422,927	9,426,325	9,563,152	9,553,753																																			
2009 Q 4	6,802,112	8,995,767	6,899,076	6,997,202	7,078,675	7,110,051	7,143,584	7,111,890	7,114,810																																				
2010 Q 1	5,621,198	6,319,918	6,522,415	6,370,007	6,454,481	6,695,499	6,992,589	6,993,565																																					
2010 Q 2	8,160,324	10,462,237	11,240,935	11,515,842	11,691,200	11,906,585	11,965,036																																						
2010 Q 3	6,548,000	8,648,060	8,480,175	8,648,060	8,648,060	8,480,175																																							
2010 Q 4	4,992,880	6,338,226	6,496,636	6,856,615	6,815,768																																								
2011 Q 1	4,516,278	6,311,632	6,656,625	6,498,984																																									
2011 Q 2	6,967,986	8,903,589	9,403,034																																										
2011 Q 3	8,325,894	9,804,914																																											
2011 Q 4	3,215,847																																												

Quarterly Development Factors

Accident Quarter	1 - 2	2 - 3	3 - 4	4 - 5	5 - 6	6 - 7	7 - 8	8 - 9	9 - 10	10 - 11	11 - 12	12 - 13	13 - 14	14 - 15	15 - 16	16 - 17	17 - 18	18 - 19	19 - 20	20 - 21	21 - 22	22 - 23	23 - 24	24 - 25	25 - 26	26 - 27	27 - 28	28 - 29	29 - 30	30 - 31	31 - 32	32 - 33	33 - 34	34 - 35	35 - 36	36 - 37	37 - 38	38 - 39	39 - 40	40 - 41	41 - 42	42 - 43	43 - 44	44 - 45	45 - 46	46 - 47	47 - 48	48 - 49	49 - 50	50 - 51	51 - 52	52 - 53	53 - 54	54 - 55
1998 Q 1	2.070	1.081	1.372	1.000	1.000	0.953	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1998 Q 2	0.681	1.230	1.167	1.017	1.190	1.213	1.351	1.184	1.391	1.008	1.004	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1998 Q 3	1.763	0.936	1.189	1.027	1.034	1.000	1.000	1.000	1.056	1.000	1.000	1.003	1.317	1.000	0.998	0.685	1.097	0.993	0.897	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1999 Q 1	1.372	1.110	1.003	1.052	1.000	1.002	1.002	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1999 Q 2	1.079	1.086	1.018	0.964	1.004	1.087	1.029	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.984	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1999 Q 3	1.359	0.949	1

Exhibit 8

QBE FIRST Homeowners
Loss and ALAE Trend

Selected Factor: **1.013** *

Accident Year	Projected From	Projected To	Number of Months	Calculation	Result
2007	7/1/2007	12/1/2013	77	1.013^(77/12)	1.086
2008	7/1/2008	12/1/2013	65	1.013^(65/12)	1.072
2009	7/1/2009	12/1/2013	53	1.013^(53/12)	1.059
2010	7/1/2010	12/1/2013	41	1.013^(41/12)	1.045
2011	7/1/2011	12/1/2013	29	1.013^(29/12)	1.032

Notes:
The number of months is divided by 12 to change the unit into years.
The ^ symbol denotes raising to a power.
Selected Factor based on ISO trend, ISO circular LI-HO-2012-135
* See Exhibit 22

INSURANCE SERVICES OFFICE, INC.

ARKANSAS
HOMEOWNER INSURANCE - OWNERS

DERIVATION OF EXCESS WIND & WATER FACTOR

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	
Year	Reported Wind Losses	Excess Water Losses	Reported Total Losses	Reported Total-Wind-Excess Water Losses (3) - (2) - (1)	Total Wind & Excess Water To Non-WXSW Ratio ((1)+(2))/(4)	Capped Wind & Excess Water Ratio <(5xMED)	Capped Excess W & XSW Ratio (6)-AVG(6)	Capped Excess W & XSW Losses (4)x(7)	Excess W & XSW Ratio Above The Cap (5)-(6)	Excess Losses Above The Cap (4)x(9)	
Dec-60	172,190	0	1,295,891	1,123,701	0.153	0.153	0	0	0	0	0
Dec-61	997,311	0	2,562,293	1,564,982	0.637	0.637	0.127	198,753	0	0	198,753
Dec-62	254,488	0	2,618,917	2,364,429	0.108	0.108	0	0	0	0	0
Dec-63	264,547	0	3,298,379	3,033,832	0.087	0.087	0	0	0	0	0
Dec-64	1,422,916	0	5,016,190	3,593,274	0.396	0.396	0	0	0	0	0
Dec-65	1,844,312	0	6,265,687	4,421,375	0.417	0.417	0	0	0	0	0
Dec-66	1,626,975	0	6,808,591	5,181,616	0.314	0.314	0	0	0	0	0
Dec-67	1,520,154	0	6,529,762	5,009,608	0.303	0.303	0	0	0	0	0
Dec-68	3,713,415	0	9,309,461	5,596,046	0.664	0.664	0.154	861,791	0	0	861,791
Dec-69	701,950	0	5,856,919	5,154,969	0.136	0.136	0	0	0	0	0
Dec-70	555,329	0	6,259,496	5,704,167	0.097	0.097	0	0	0	0	0
Dec-71	840,757	0	6,951,687	6,110,930	0.138	0.138	0	0	0	0	0
Dec-72	4,238,719	0	10,847,372	6,608,653	0.641	0.641	0.131	865,734	0	0	865,734
Dec-73	7,247,944	0	14,972,391	7,724,447	0.938	0.938	0.428	3,306,063	0	0	3,306,063
Dec-74	2,344,049	0	11,962,186	9,618,137	0.244	0.244	0	0	0	0	0
Dec-75	7,175,517	0	18,697,682	11,522,165	0.623	0.623	0.113	1,302,005	0	0	1,302,005
Dec-76	1,129,272	0	13,664,046	12,534,774	0.09	0.09	0	0	0	0	0
Dec-77	1,038,904	0	13,812,420	12,773,516	0.081	0.081	0	0	0	0	0
Dec-78	5,532,826	0	17,676,815	12,143,989	0.456	0.456	0	0	0	0	0
Dec-79	4,176,703	0	15,927,989	11,751,286	0.355	0.355	0	0	0	0	0
Dec-80	7,220,985	0	22,943,126	15,722,141	0.459	0.459	0	0	0	0	0
Dec-81	2,470,295	0	19,659,208	17,188,913	0.144	0.144	0	0	0	0	0
Dec-82	7,275,259	0	31,555,192	24,279,933	0.3	0.3	0	0	0	0	0
Dec-83	5,500,977	0	31,357,266	25,856,289	0.213	0.213	0	0	0	0	0
Dec-84	11,102,710	0	34,846,145	23,743,435	0.468	0.468	0	0	0	0	0
Dec-85	2,807,537	0	24,682,238	21,874,701	0.128	0.128	0	0	0	0	0
Dec-86	3,914,542	0	22,621,108	18,706,566	0.209	0.209	0	0	0	0	0
Dec-87	5,023,485	0	23,811,661	18,788,176	0.267	0.267	0	0	0	0	0
Dec-88	2,238,399	0	15,609,478	13,371,079	0.167	0.167	0	0	0	0	0
Dec-89	11,752,070	168,718	28,199,612	16,278,824	0.732	0.732	0.222	3,613,899	0	0	3,613,899
Dec-90	5,411,612	0	19,074,443	13,662,831	0.396	0.396	0	0	0	0	0
Jun-92	5,775,982	0	20,467,065	14,691,083	0.393	0.393	0	0	0	0	0
Jun-93	2,662,045	0	15,446,750	12,784,705	0.208	0.208	0	0	0	0	0
Jun-94	5,144,128	932,235	17,120,892	11,044,529	0.55	0.55	0.04	441,781	0	0	441,781
Jun-95	4,756,299	0	17,775,918	13,019,619	0.365	0.365	0	0	0	0	0
Jun-96	27,579,358	0	47,797,990	20,218,632	1.364	1.364	0.854	17,266,712	0	0	17,266,712
Jun-97	10,122,480	0	31,269,446	21,146,966	0.479	0.479	0	0	0	0	0
Jun-98	6,024,801	705,376	23,745,150	17,014,973	0.396	0.396	0	0	0	0	0
Jun-99	21,545,874	2,634,710	41,978,389	17,797,805	1.359	1.359	0.849	15,110,336	0	0	15,110,336
Jun-00	8,898,521	947,614	36,515,650	26,669,515	0.369	0.369	0	0	0	0	0
Jun-01	12,639,360	13,855,425	56,293,595	29,798,810	0.889	0.889	0.379	11,293,749	0	0	11,293,749
Jun-02	9,787,678	1,692,040	32,836,705	21,356,987	0.538	0.538	0.028	597,996	0	0	597,996
Jun-03	4,465,265	1,858,205	28,931,670	22,608,200	0.28	0.28	0	0	0	0	0
Jun-04	11,617,142	428,574	30,728,798	18,683,082	0.645	0.645	0.135	2,522,216	0	0	2,522,216
Jun-05	5,972,897	982,434	27,691,699	20,736,368	0.335	0.335	0	0	0	0	0
Jun-06	27,961,943	0	57,404,386	29,442,443	0.95	0.95	0.44	12,954,675	0	0	12,954,675
Jun-07	9,144,194	0	37,359,276	28,215,082	0.324	0.324	0	0	0	0	0
Jun-08	63,267,351	0	99,496,466	36,229,115	1.746	1.746	1.236	44,779,186	0	0	44,779,186
Jun-09	42,467,770	19,273,809	99,797,725	38,056,146	1.622	1.622	1.112	42,318,434	0	0	42,318,434
Jun-10	27,442,263	5,951,142	71,320,618	37,927,213	0.88	0.88	0.37	14,033,069	0	0	14,033,069
Jun-11	76,048,656	2,810,601	117,224,240	38,364,983	2.056	1.965	1.455	55,821,050	0.091	3,491,213	59,312,263
Total	$494,840,156	$52,240,883	$1,365,896,079	$818,815,040	26.109	26.018	8.073	$227,287,449	0.091	$3,491,213	$230,778,662
Average					0.512	0.51	0.158		0.002		

(12) NORMAL WIND TO NON-W&W RATIO = AVG. OF COL6 = 0.51

(13) MEDIAN WIND TO NON-W&W RATIO = 0.393 5 × MEDIAN WIND TO NON-W&W = 1.965

(14) EXCESS WIND FACTOR = 1.0 + {(AVG.(7) + AVG.(9))/(1.0 + (AVG.(6) - AVG.(7))} = 1.118

EXCESS WIND FACTOR = 1.0 + {(0.158 + 0.002)/(1.0 + 0.510 - 0.158)}

Copyright Insurance Services Office, Inc., 2012

Exhibit 11

QBE FIRST Homeowners
Credibility Factor

Year	Earned House Years
2007	382
2008	416
2009	421
2010	409
2011	416
Total	2,044

The standard for 100% credibility is a five-year total of 240,000 house years, 192,000 for four years, or 144,000 for three years. Partial credibility is determined by the "square root rule." This is based on a Normal distribution with a 90% probability of meeting the test and a 5% departure from the expected value.

Credibility Factor	Square Root (2044/240000)	0.092

Exhibit 12

QBE FIRST Homeowners
Complement of Credibility

Expected Losses:

Year (1)	Earned House Years (2)	Average Coverage A (3)	Amount of Insurance Factor (4)	Endorsement Adjustment (5)	Average Loss Cost (6)	Expected Loss Cost (7)	Expected Losses (8)	Trended On Level Premium (9)	Loss Ratio Complement of Credibility (10)
2007	382	195,000	1.661	28.47%	$366	$781	$297,985	$380,684	78.28%
2008	416	195,000	1.661	28.47%	$366	$781	$324,734	$403,383	80.50%
2009	421	195,000	1.661	28.47%	$366	$781	$329,062	$406,403	80.97%
2010	409	195,000	1.661	28.47%	$366	$781	$319,554	$400,976	79.69%
2011	416	195,000	1.661	28.47%	$366	$781	$324,793	$414,821	78.30%
					Totals	**$3,905**	**$1,596,128**	**$2,006,266**	**79.56%**

(1) Year of Loss
(2) From Exhibit 11
(3) Current Average Coverage A Amount
(4) Amount of Insurance Factor of (3) - See Exhibit 23
(5) Adjustment for Endorsements - See Exhibit 24
(6) Industry Base Rate - See Exhibit 25 (Adjusted for $1,000 base deductible)
(7) (6) * (1+(5)) * (4)
(8) (2) * (7)
(9) Line 4 from Exhibit 20
(10) (8) / (9)

Exhibit 18.1

QBE FIRST Homeowners
Calculation of Investment Income and Return on Equity

	Steady State Projections		
(1)	Direct Written Premium	1,000,000	
(2)	Direct Earned Premium	1,000,000	
(3)	Beginning Unearned Premium Reserves	500,000	
(4)	Ending Unearned Premium Reserves	500,000	
(5)	Average Unearned Premium Reserves	500,000	
(6)	Prepaid Expense Ratio	46.00%	Exhibit 18.2
(7)	Investable Unearned Premium Reserves	270,000	= (5) x (1.00 - (6))
(8)	Beginning Loss Reserves	192,213	Payment Pattern
(9)	Ending Loss Reserves	192,213	assumes 66% paid in first year
(10)	Average Loss Reserves	192,213	and 90% in second year
(11)	Average Total Investable Reserves	462,213	
(12)	Average Statutory Surplus	588,235	1.7 Prem to Surplus Ratio
(13)	Projected Annual Investment Yield	1.00%	Exhibit 18.3
(14)	Projected Investment Income On Reserves	4,622	= (13) x (11) for 6 months on average
(15)	Projected Investment Income On Surplus	5,882	= (13) x (12) for 6 months on average
(16)	Total Projected Investment Income	10,504	= (14) + (15)
(17)	Total Projected Investment Income As Percent Of Earned Premium	1.05%	= (16) / (2)
(18)	Underwriting Profit Percent	9.65%	Exhibit 18.2
(19)	Underwriting Profit	96,500	= (18) x (2)
(20)	Total Projected Pre-Tax Profit	107,004	= (16) + (19)
(21)	Corporate Federal Income Tax Rate	34.0%	
(22)	Expected After-Tax Profit	70,623	= (20) x (1.00 - (21))
(23)	**Expected After-Tax Roe**	**12.0%**	= (22) / (12)
(24)	**Target After-Tax Roe**	**12.0%**	Selected

- The expected average loss reserves are based on an anticipated payout pattern where 66.66% of accident year incurred losses are paid out at 12 months, 90% is paid at 24 months, and 100% is paid at 36 months.

- The surplus allocation is based on a direct written premium to surplus ratio of 1.7 to 1.0.

	Current Year
Earned Premium	1,000,000
Expected Ultimate Losses for year (plus time paid expenses)	443,500
Expected % Paid @ end of year	66.66%
Expected % Unpaid @ end of year	33.34%
Expected Loss & LAE Reserves @ end of year	147,863
Assumed Premium to Surplus Ratio	1.7

Exhibit 18.2

QBE FIRST Homeowners
Calculation of Permissible Loss Ratio

Rate Breakdown	**% of Premium**
Comm & Brokerage	28.50%
Other Acquisition	6.00%
General Expense	6.00%
Taxes, Lic, Fees	2.500%
Reinsurance Costs	3.00%
Total Expense	46.00%
Underwriting Profit Less Inv Inc	9.65%
Losses & LAE / L+LAE (plus time paid expenses)	**44.35%**
Underwriting Profit to Yield 12% ROS (no Inv Inc)	10.70%
Investment Income Earned	1.05%
Net Underwriting Profit (after Inv Inc)	9.65%
Commissions equal amount paid by contract	
Other Acquisition:	
Customer Service	2.0%
Postage and printing	1.4%
GUS & C.L.U.E. reports	0.9%
Lead Processing	0.7%
Inspections	1.0%
Total Other Acquisition	6.0%
General Expense:	
Policy Management System	3.4%
A/R processing	0.6%
Product Management Overhead	2.0%
Total General	6.0%

Exhibit 18.3

QBE FIRST Homeowners
Selection of Annual Investment Yield

	Daily Treasury Yield Curve Rates									
Date	**1 Month**	**3 Month**	**6 Month**	**1 Year**	**2 Year**	**3 Year**	**5 Year**	**7 Year**	**10 Year**	**20 Year**
7/2/2012	0.06%	0.10%	0.15%	0.21%	0.30%	0.39%	0.67%	1.04%	1.61%	2.30%
7/3/2012	0.08%	0.09%	0.15%	0.21%	0.30%	0.39%	0.69%	1.08%	1.65%	2.36%
7/5/2012	0.07%	0.08%	0.15%	0.19%	0.28%	0.39%	0.68%	1.05%	1.62%	2.34%
7/6/2012	0.06%	0.08%	0.15%	0.20%	0.27%	0.37%	0.64%	1.01%	1.57%	2.28%

Average of the 3 Month Yields	**0.09%**
Selected Annual Investment Yield	**1.00%**

Data from US Treasury website on daily yield curves as of July 2012.
Our intent is to invest in securities of this type since average claims for this program are expected to be fully paid out within 60-90 days of initial report of loss and policies are 12 months in term.

INSURANCE SERVICES OFFICE, INC.

ARKANSAS
HOMEOWNERS INSURANCE

DEVELOPMENT OF CURRENT AMOUNT FACTORS AND AMOUNT OF INSURANCE
PROJECTION FACTOR

OWNERS

Year End	(1) Average Relativity	(2) Relativity to Projected Point 1.932 / (1)	(3) Current Amount Factor (((2)-1.0) x 0.70) + 1
6/30/2007	1.538	1.256	1.179
6/30/2008	1.636	1.181	1.127
6/30/2009	1.717	1.125	1.088
6/30/2010	1.8	1.073	1.051
6/30/2011	1.829	1.056	1.039
11/15/2011	1.932		

TENANTS

Year End	(1) Average Relativity	(2) Relativity to Projected Point 1.485 / (1)	(3) Current Amount Factor (((2)-1.0) x 0.75) + 1
6/30/2007	1.44	1.031	1.023
6/30/2008	1.442	1.03	1.023
6/30/2009	1.46	1.017	1.013
6/30/2010	1.479	1.004	1.003
6/30/2011	1.471	1.01	1.008
11/15/2011	1.485		

CONDOMINIUM UNIT OWNERS

Year End	(1) Average Relativity	(2) Relativity to Projected Point 2.284 / (1)	(3) Current Amount Factor (((2)-1.0) x 0.75) + 1
6/30/2007	2.153	1.061	1.046
6/30/2008	2.18	1.048	1.036
6/30/2009	2.206	1.035	1.026
6/30/2010	2.213	1.032	1.024
6/30/2011	2.252	1.014	1.011
11/15/2011	2.284		

		Owners	Tenants	Condominium Unit Owners
(4) A (Mean of Fitted Line of Column (1))	=	1.704	1.458	2.201
(5) B (Average Annual Increment of Column (1))	=	0.075	0.010	0.023
(6) Annual Rate of Change = (5) / (4)	=	0.044	0.007	0.010
(7) Annual Rate of Change Tempered 25% = (6) x 0.75*	=	0.031	0.005	0.008
(8) Amount of Insurance Projection Factor = (1 + (7))17.5/12	=	1.046	1.007	1.012

*0.70 for Owners.

INSURANCE SERVICES OFFICE, INC.

ARKANSAS
HOMEOWNERS INSURANCE - OWNERS

DEVELOPMENT OF CURRENT COST FACTORS (CCF) AND LOSS PROJECTION FACTOR

QUARTER ENDING DECEMBER 31, 2011

PART A: CURRENT COST INDEX (CCI)

Month	CCI	3 Month Average	Month	CCI	3 Month Average
Jan-09	608.7		Jul-10	609.3	
Feb-09	606.9		Aug-10	609.4	
Mar-09	607.4	**607.7**	Sep-10	611.1	**609.9**
Apr-09	606.5		Oct-10	611.2	
May-09	603.2		Nov-10	613.5	
Jun-09	603.4	**604.4**	Dec-10	614.5	**613.1**
Jul-09	604.4		Jan-11	616.7	
Aug-09	603		Feb-11	612.2	
Sep-09	605.1	**604.2**	Mar-11	613.5	**614.1**
Oct-09	605.6		Apr-11	618.6	
Nov-09	609.2		May-11	620.2	
Dec-09	608.8	**607.9**	Jun-11	621.7	**620.2**
Jan-10	610.9		Jul-11	621.3	
Feb-10	609.6		Aug-11	624	
Mar-10	614.5	**611.7**	Sep-11	626.9	**624.1**
Apr-10	615.8		Oct-11	628.3	
May-10	615.2		Nov-11	629	
Jun-10	612	**614.3**	Dec-11	631.3	**629.5**

PART B: CURRENT COST FACTORS (CCF)

Year	Average CCI	Current Cost Factors To Quarter Ending December 31, 2011 629.5 ÷ Average CCI
7/1/2006-6/30/2007	583.1	**1.080**
7/1/2007-6/30/2008	595.1	**1.058**
7/1/2008-6/30/2009	608.7	**1.034**
7/1/2009-6/30/2010	609.5	**1.033**
7/1/2010-6/30/2011	614.3	**1.025**

PART C: COMPUTATION OF LOSS PROJECTION FACTOR

ANNUAL RATE OF CHANGE = 1.013 or +1.3%

LOSS PROJECTION FACTOR * = 1.013 (23.5/12) = 1.026

* TO PROJECT LOSSES FROM 11/15/2011 TO 11/1/2013.

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Exhibit 23

QBE FIRST Homeowners
Key Factors Exhibit

Amt of Insurance	Relativity	Amt of Insurance	Relativity	Amt of Insurance	Relativity
40,000	0.690	92,000	0.970	210,000	1.793
42,000	0.699	94,000	0.977	215,000	1.838
44,000	0.708	96,000	0.985	220,000	1.882
46,000	0.717	98,000	0.992	225,000	1.926
48,000	0.728	100,000	1.000	230,000	1.969
50,000	0.738	105,000	1.023	235,000	2.014
52,000	0.752	110,000	1.045	240,000	2.059
54,000	0.765	115,000	1.072	245,000	2.104
56,000	0.780	120,000	1.098	250,000	2.149
58,000	0.795	125,000	1.128	255,000	2.194
60,000	0.811	130,000	1.157	260,000	2.239
62,000	0.829	135,000	1.190	265,000	2.284
64,000	0.847	140,000	1.222	270,000	2.329
66,000	0.866	145,000	1.258	275,000	2.374
68,000	0.887	150,000	1.293	280,000	2.419
70,000	0.907	155,000	1.331	285,000	2.464
72,000	0.913	160,000	1.369	290,000	2.509
74,000	0.920	165,000	1.409	295,000	2.554
76,000	0.925	170,000	1.448	300,000	2.599
78,000	0.929	175,000	1.490		
80,000	0.933	180,000	1.531		
82,000	0.939	185,000	1.574		
84,000	0.945	190,000	1.617		
86,000	0.951	195,000	1.661		
88,000	0.956	200,000	1.705	Each Add'l	
90,000	0.962	205,000	1.749	$1,000	0.009

Interpolation Method: Linear interpolation.

Example: What is the Key Factor for 118,000? 115,000 and 120,000 are the values in the table, with Key Factors of 1.072 and 1.098, respectively. So, we find the difference of the larger minus the smaller. **1.098 – 1.072 = 0.026**. Now, we divide this by one more than the number of values between the coverage amounts. There are four values between 115,000 and 120,000 (116,000, 117,000, 118,000, and 119,000) so we divide by five. **0.026 / 5 = .0052**. This is the amount that we must add to 115,000 to get to 116,000. To get to 118,000, we must add it **three** times. Note that if we were to add it five times, we would arrive at the Key Factor for 120,000. **1.072 + .0052 + .0052 + .0052 = 1.0876**. Be sure this number is rounded to three **decimal places** to get the Key Factor for 118,000: **1.088**.

Exhibit 24

QBE FIRST Homeowners
Average Endorsement Cost

Endorsement (1)	Endorsement Premium Written (2)	Endorsement Cost (3)
HO9411/H3MUPT	17,220	36.00%
HO9412/H3MUGD	19,792	28.00%
HO9413/H3MUPS	7,544	17.00%
HO2347 & HO0490	30,065	21.00%
All Other	16,364	Misc.
Total	**90,985**	**28.47%**

Base Premiums **319,570**

(1) Endorsement Form Number
(2) Premium Written In 2011
(3) Cost of Endorsement

Exhibit 25

QBE FIRST Homeowners
Average Base Loss Cost Exhibit

Territory (1)	Inforce Policies (2)	ISO Loss Cost (3)	Weighted Count (4)
30	88	378.97	33,349.36
31	31	274.60	8,512.60
32	10	566.01	5,660.10
33	278	365.01	101,472.78
33A	0	365.01	-
33B	0	365.01	-
TOTAL:	**407**	**TOTAL:**	**148,994.84**

Weighted Average	**366.00**
Loss Trend Factor:	1.001
Trended Average:	**366.00**

(1) Company Territory Assignment
(2) Inforce Policies as of 12/2011
(3) ISO Loss Costs - Circular LI-HO-2012-135 - Adjusted for $1,000 Deductible
(4) (2) * (3)

Note: The ISO Loss Trend Factor was trended from the effective date of ISO circular LI-HO-2012-135 (11/1/2012) to the effective date of this filing (12/1/2012).