

**State:** Arkansas **Filing Company:** American Modern Home Insurance Company  
**TOI/Sub-TOI:** 04.0 Homeowners/04.0004 Tenant Homeowners  
**Product Name:** Renters Program  
**Project Name/Number:** PMR Rate/Rule Revision/20131217-02

## Filing at a Glance

Company: American Modern Home Insurance Company  
Product Name: Renters Program  
State: Arkansas  
TOI: 04.0 Homeowners  
Sub-TOI: 04.0004 Tenant Homeowners  
Filing Type: Rate/Rule  
Date Submitted: 04/22/2014  
SERFF Tr Num: AMMH-129471070  
SERFF Status: Closed-Filed  
State Tr Num:  
State Status:  
Co Tr Num: 20131217-02  
Effective Date: 10/06/2014  
Requested (New):  
Effective Date: 10/06/2014  
Requested (Renewal):  
Author(s): Jodi Guggenberger  
Reviewer(s): Becky Harrington (primary)  
Disposition Date: 06/06/2014  
Disposition Status: Filed  
Effective Date (New): 10/06/2014  
Effective Date (Renewal): 10/06/2014

State Filing Description:  
referred to Commissioner 5/7: reviewed 5/16;

**State:** Arkansas **Filing Company:** American Modern Home Insurance Company  
**TOI/Sub-TOI:** 04.0 Homeowners/04.0004 Tenant Homeowners  
**Product Name:** Renters Program  
**Project Name/Number:** PMR Rate/Rule Revision/20131217-02

## General Information

Project Name: PMR Rate/Rule Revision Status of Filing in Domicile: Authorized  
 Project Number: 20131217-02 Domicile Status Comments: N/A  
 Reference Organization: N/A Reference Number: N/A  
 Reference Title: N/A Advisory Org. Circular: N/A  
 Filing Status Changed: 06/06/2014  
 State Status Changed: 05/16/2014 Deemer Date:  
 Created By: Jodi Guggenberger Submitted By: Jodi Guggenberger  
 Corresponding Filing Tracking Number: 20131217-02F

### Filing Description:

American Modern Home Insurance Company is submitting a rate/rule revision for its Renters Program. Please refer to the Explanatory Memorandum under the Supporting Documentation tab.

## Company and Contact

### Filing Contact Information

Jodi Guggenberger, State Relations Analyst [jguggenberger@amig.com](mailto:jguggenberger@amig.com)  
 7000 Midland Blvd 800-759-9008 [Phone] 5378 [Ext]  
 Amelia, OH 45102

### Filing Company Information

|  |                         |                                     |
|--|-------------------------|-------------------------------------|
| American Modern Home Insurance Company | CoCode: 23469           | State of Domicile: Ohio             |
| 7000 Midland Blvd.                     | Group Code: 361         | Company Type: Property and Casualty |
| Amelia, OH 45102                       | Group Name: Munich Re   | State ID Number:                    |
| (800) 759-9008 ext. [Phone]            | FEIN Number: 31-0715697 |                                     |

## Filing Fees

Fee Required? Yes  
 Fee Amount: \$100.00  
 Retaliatory? No  
 Fee Explanation: \$100 rate filing  
 Per Company: No

| Company                                | Amount   | Date Processed | Transaction # |
|--|----------|----------------|---------------|
| American Modern Home Insurance Company | \$100.00 | 04/22/2014     | 81505674      |

**State:** Arkansas  
**TOI/Sub-TOI:** 04.0 Homeowners/04.0004 Tenant Homeowners  
**Product Name:** Renters Program  
**Project Name/Number:** PMR Rate/Rule Revision/20131217-02

**Filing Company:** American Modern Home Insurance Company

## Correspondence Summary

### Dispositions

| Status | Created By       | Created On | Date Submitted |
|--------|------------------|------------|----------------|
| Filed  | Becky Harrington | 06/06/2014 | 06/06/2014     |

### Objection Letters and Response Letters

#### Objection Letters

| Status                    | Created By       | Created On | Date Submitted |
|---------------------------|------------------|------------|----------------|
| Pending Industry Response | Becky Harrington | 05/16/2014 | 05/16/2014     |
| No response necessary     | Becky Harrington | 05/07/2014 | 05/07/2014     |
| Pending Industry Response | Becky Harrington | 04/30/2014 | 04/30/2014     |

#### Response Letters

| Responded By      | Created On | Date Submitted |
|-------------------|------------|----------------|
| Jodi Guggenberger | 06/04/2014 | 06/04/2014     |
| Jodi Guggenberger | 05/06/2014 | 05/06/2014     |

### Filing Notes

| Subject           | Note Type        | Created By        | Created On | Date Submitted |
|-------------------|------------------|-------------------|------------|----------------|
| No Changes Needed | Note To Reviewer | Jodi Guggenberger | 06/06/2014 | 06/06/2014     |
| Revisions         | Note To Reviewer | Jodi Guggenberger | 06/06/2014 | 06/06/2014     |
| Manual pages      | Note To Filer    | Becky Harrington  | 06/06/2014 | 06/06/2014     |
| Status            | Note To Filer    | Becky Harrington  | 06/02/2014 | 06/02/2014     |

**State:** Arkansas  
**TOI/Sub-TOI:** 04.0 Homeowners/04.0004 Tenant Homeowners  
**Product Name:** Renters Program  
**Project Name/Number:** PMR Rate/Rule Revision/20131217-02

**Filing Company:** American Modern Home Insurance Company

## Disposition

Disposition Date: 06/06/2014  
 Effective Date (New): 10/06/2014  
 Effective Date (Renewal): 10/06/2014  
 Status: Filed

Comment:

| Company Name:                          | Overall % Indicated Change: | Overall % Rate Impact: | Written Premium Change for this Program: | Number of Policy Holders Affected for this Program: | Written Premium for this Program: | Maximum % Change (where req'd): | Minimum % Change (where req'd): |
|--|-----------------------------|------------------------|--|---|-----------------------------------|---------------------------------|---------------------------------|
| American Modern Home Insurance Company | 23.000%                     | 19.950%                | \$32,018                                 | 885   | \$117,620                         | 20.700%                         | 19.850%                         |

| Schedule                      | Schedule Item   | Schedule Item Status | Public Access |
|-------------------------------|---|----------------------|---------------|
| Supporting Document           | Form RF-2 Loss Costs Only (not for workers' compensation) |                      | Yes           |
| Supporting Document (revised) | H-1 Homeowners Abstract                                   | Filed                | Yes           |
| Supporting Document           | H-1 Homeowners Abstract                                   |                      | Yes           |
| Supporting Document           | HPCS-Homeowners Premium Comparison Survey                 | Filed                | Yes           |
| Supporting Document (revised) | NAIC loss cost data entry document                        | Filed                | Yes           |
| Supporting Document           | NAIC loss cost data entry document                        |                      | Yes           |
| Supporting Document           | NAIC loss cost data entry document                        |                      | Yes           |
| Supporting Document           | Underwriting Guidelines                                   | Filed                | Yes           |
| Supporting Document           | Indications   | Filed                | Yes           |
| Supporting Document           | Explanatory Memorandum                                    | Filed                | Yes           |
| Supporting Document           | Exhibit A   | Filed                | Yes           |
| Rate                          | Arkansas PMR Manual                                       | Filed                | Yes           |

**State:** Arkansas **Filing Company:** American Modern Home Insurance Company  
**TOI/Sub-TOI:** 04.0 Homeowners/04.0004 Tenant Homeowners  
**Product Name:** Renters Program  
**Project Name/Number:** PMR Rate/Rule Revision/20131217-02

## Objection Letter

|                         |                           |
|-------------------------|---------------------------|
| Objection Letter Status | Pending Industry Response |
| Objection Letter Date   | 05/16/2014                |
| Submitted Date          | 05/16/2014                |
| Respond By Date         |                           |

Dear Jodi Guggenberger,

**Introduction:**

The requested increase has been reviewed by the Commissioner.

**Objection 1**

Comments: Please amend the overall increase to 20%.

**Conclusion:**

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

Arkansas does not allow the re-opening of closed filings for corrections, changes in effective dates, scrivener's errors, amendments or substantive changes. Please see the General Instructions for how these events will be handled after the effective date of the change."

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

Sincerely,

Becky Harrington

**State:** Arkansas **Filing Company:** American Modern Home Insurance Company  
**TOI/Sub-TOI:** 04.0 Homeowners/04.0004 Tenant Homeowners  
**Product Name:** Renters Program  
**Project Name/Number:** PMR Rate/Rule Revision/20131217-02

## Objection Letter

|                         |                       |
|-------------------------|-----------------------|
| Objection Letter Status | No response necessary |
| Objection Letter Date   | 05/07/2014            |
| Submitted Date          | 05/07/2014            |
| Respond By Date         |                       |

Dear Jodi Guggenberger,

**Introduction:**

*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%. Please do not respond at this time.*

**Conclusion:**

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

*Arkansas does not allow the re-opening of closed filings for corrections, changes in effective dates, scrivener's errors, amendments or substantive changes. Please see the General Instructions for how these events will be handled after the effective date of the change."*

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

Sincerely,  
Becky Harrington

**State:** Arkansas **Filing Company:** American Modern Home Insurance Company  
**TOI/Sub-TOI:** 04.0 Homeowners/04.0004 Tenant Homeowners  
**Product Name:** Renters Program  
**Project Name/Number:** PMR Rate/Rule Revision/20131217-02

## Objection Letter

Objection Letter Status Pending Industry Response  
Objection Letter Date 04/30/2014  
Submitted Date 04/30/2014  
Respond By Date

Dear Jodi Guggenberger,

### **Introduction:**

This will acknowledge receipt of the captioned filing.

### **Objection 1**

- NAIC loss cost data entry document (Supporting Document)

Comments: This form is required with all rate change requests.

### **Objection 2**

Comments: Arkansas Code Annotated § 23-67-209 requires all submissions for rate changes or supplementary rate changes must include Arkansas experience shown as well as companywide experience for the past five (5) years for the class of business which this filing affects. Please explain why only 3 years experience was used. Although a credibility factor was use, please include an exhibit similar to Exhibit 2 using countrywide experience for comparison.

### **Conclusion:**

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

Arkansas does not allow the re-opening of closed filings for corrections, changes in effective dates, scrivener's errors, amendments or substantive changes. Please see the General Instructions for how these events will be handled after the effective date of the change."

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

Sincerely,  
Becky Harrington

SERFF Tracking #:

AMMH-129471070

State Tracking #:

Company Tracking #:

20131217-02

State: Arkansas  
TOI/Sub-TOI: 04.0 Homeowners/04.0004 Tenant Homeowners  
Product Name: Renters Program  
Project Name/Number: PMR Rate/Rule Revision/20131217-02

Filing Company: American Modern Home Insurance Company

## Response Letter

Response Letter Status Submitted to State  
Response Letter Date 06/04/2014  
Submitted Date 06/04/2014

Dear Becky Harrington,

### Introduction:

### Response 1

#### Comments:

I have submitted a post-submission update revising our overall increase to 20% as well as the maximum and minimum changes. I am also attaching a revised RF-1 form.

### Related Objection 1

Comments: Please amend the overall increase to 20%.

### Changed Items:

| Supporting Document Schedule Item Changes |                         |
|---|-------------------------|
| Satisfied - Item:                         | H-1 Homeowners Abstract |
| Comments:                                 |                         |
| Attachment(s):                            | HO Abstract.pdf         |
| <i>Previous Version</i>                   |                         |
| Satisfied - Item:                         | H-1 Homeowners Abstract |
| Comments:                                 |                         |
| Attachment(s):                            | HO Abstract.pdf         |

SERFF Tracking #:

AMMH-129471070

State Tracking #:

Company Tracking #:

20131217-02

State: Arkansas  
 TOI/Sub-TOI: 04.0 Homeowners/04.0004 Tenant Homeowners  
 Product Name: Renters Program  
 Project Name/Number: PMR Rate/Rule Revision/20131217-02

Filing Company: American Modern Home Insurance Company

**Supporting Document Schedule Item Changes**

|                          |                                |
|--------------------------|--------------------------------|
| <b>Satisfied - Item:</b> | H-1 Homeowners Abstract        |
| <b>Comments:</b>         |                                |
| <b>Attachment(s):</b>    | HO Abstract.pdf                |
| <i>Previous Version</i>  |                                |
| <b>Satisfied - Item:</b> | <i>H-1 Homeowners Abstract</i> |
| <b>Comments:</b>         |                                |
| <b>Attachment(s):</b>    | <i>HO Abstract.pdf</i>         |

|                          |   |
|--------------------------|---|
| <b>Satisfied - Item:</b> | NAIC loss cost data entry document        |
| <b>Comments:</b>         |   |
| <b>Attachment(s):</b>    | RF-1 rev.pdf                              |
| <i>Previous Version</i>  |   |
| <b>Satisfied - Item:</b> | <i>NAIC loss cost data entry document</i> |
| <b>Comments:</b>         |   |
| <b>Attachment(s):</b>    | <i>RF-1.pdf</i>                           |
| <i>Previous Version</i>  |   |
| <b>Bypassed - Item:</b>  | <i>NAIC loss cost data entry document</i> |
| <b>Bypass Reason:</b>    | <i>N/A</i>                                |
| <b>Attachment(s):</b>    |   |

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

**Conclusion:**

Please let me know if you have additional questions or concerns.

Sincerely,

Jodi Guggenberger

**State:** Arkansas  
**TOI/Sub-TOI:** 04.0 Homeowners/04.0004 Tenant Homeowners  
**Product Name:** Renters Program  
**Project Name/Number:** PMR Rate/Rule Revision/20131217-02

**Filing Company:** American Modern Home Insurance Company

## Response Letter

Response Letter Status Submitted to State  
 Response Letter Date 05/06/2014  
 Submitted Date 05/06/2014

Dear Becky Harrington,

### Introduction:

### Response 1

#### Comments:

I have attached form RF-1 as required.

### Related Objection 1

Applies To:

- NAIC loss cost data entry document (Supporting Document)

Comments: This form is required with all rate change requests.

### Changed Items:

| Supporting Document Schedule Item Changes |                                    |
|---|------------------------------------|
| <b>Satisfied - Item:</b>                  | NAIC loss cost data entry document |
| <b>Comments:</b>                          |                                    |
| <b>Attachment(s):</b>                     | RF-1.pdf                           |
| <i>Previous Version</i>                   |                                    |
| <b>Bypassed - Item:</b>                   | NAIC loss cost data entry document |
| <b>Bypass Reason:</b>                     | N/A                                |
| <b>Attachment(s):</b>                     |                                    |

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

### Response 2

#### Comments:

SERFF Tracking #:

AMMH-129471070

State Tracking #:

Company Tracking #:

20131217-02

State:

Arkansas

Filing Company:

American Modern Home Insurance Company

TOI/Sub-TOI:

04.0 Homeowners/04.0004 Tenant Homeowners

Product Name:

Renters Program

Project Name/Number:

PMR Rate/Rule Revision/20131217-02

I have attached an exhibit (A) that shows countrywide data over the past five accident years. Our indication shows all five accident years in Exhibit 2. While we've looked at the earliest two years of data, with only two earned exposures in each of those years there just isn't enough data at that time for us to reasonably use in our indication.

### Related Objection 2

Comments: Arkansas Code Annotated § 23-67-209 requires all submissions for rate changes or supplementary rate changes must include Arkansas experience shown as well as companywide experience for the past five (5) years for the class of business which this filing affects. Please explain why only 3 years experience was used. Although a credibility factor was use, please include an exhibit similar to Exhibit 2 using countrywide experience for comparison.

### Changed Items:

| Supporting Document Schedule Item Changes |               |
|---|---------------|
| Satisfied - Item:                         | Exhibit A     |
| Comments:                                 |               |
| Attachment(s):                            | Exhibit A.pdf |

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

### Conclusion:

Please do not hesitate to let me know if you should have any additional questions or concerns.

Sincerely,

Jodi Guggenberger

**State:** Arkansas **Filing Company:** American Modern Home Insurance Company  
**TOI/Sub-TOI:** 04.0 Homeowners/04.0004 Tenant Homeowners  
**Product Name:** Renters Program  
**Project Name/Number:** PMR Rate/Rule Revision/20131217-02

## Note To Reviewer

**Created By:**

Jodi Guggenberger on 06/06/2014 08:13 AM

**Last Edited By:**

Becky Harrington

**Submitted On:**

06/06/2014 10:52 AM

**Subject:**

No Changes Needed

**Comments:**

Ms. Harrington,

I apologize, I didn't realize I would have an answer so soon. We will not have any changes to make to the manual pages or effective date, so I believe everything is okay on our end for you to close the filing.

Again, I appreciate your help.

Jodi Guggenberger  
State Relations Analyst

**State:** Arkansas **Filing Company:** American Modern Home Insurance Company  
**TOI/Sub-TOI:** 04.0 Homeowners/04.0004 Tenant Homeowners  
**Product Name:** Renters Program  
**Project Name/Number:** PMR Rate/Rule Revision/20131217-02

## Note To Reviewer

**Created By:**

Jodi Guggenberger on 06/06/2014 08:06 AM

**Last Edited By:**

Becky Harrington

**Submitted On:**

06/06/2014 10:52 AM

**Subject:**

Revisions

**Comments:**

Dear Ms. Harrington,

Thank you for your inquiry. We may at this point need to revise our effective dates due to system constraints. I should know for sure later today. Would you be able to leave the filing open briefly so I can revise the manual pages (dates) and the effective dates as well, since your state does not allow the filing to be re-opened?

I appreciate your note in allowing us the opportunity to make the changes.

Sincerely,

Jodi Guggenberger  
State Relations Analyst

**State:** Arkansas **Filing Company:** American Modern Home Insurance Company  
**TOI/Sub-TOI:** 04.0 Homeowners/04.0004 Tenant Homeowners  
**Product Name:** Renters Program  
**Project Name/Number:** PMR Rate/Rule Revision/20131217-02

## Note To Filer

**Created By:**

Becky Harrington on 06/06/2014 06:46 AM

**Last Edited By:**

Becky Harrington

**Submitted On:**

06/06/2014 10:52 AM

**Subject:**

Manual pages

**Comments:**

Would you like to submit revised manual pages before I close the filing or would you like to submit them in a separate filing?

Arkansas no longer allows the re-opening of closed filings for corrections, changes in effective dates, scrivener's errors, amendments or substantive changes.

**State:** Arkansas **Filing Company:** American Modern Home Insurance Company  
**TOI/Sub-TOI:** 04.0 Homeowners/04.0004 Tenant Homeowners  
**Product Name:** Renters Program  
**Project Name/Number:** PMR Rate/Rule Revision/20131217-02

## Note To Filer

**Created By:**

Becky Harrington on 06/02/2014 01:54 PM

**Last Edited By:**

Becky Harrington

**Submitted On:**

06/06/2014 10:52 AM

**Subject:**

Status

**Comments:**

Status update, please.

**State:** Arkansas **Filing Company:** American Modern Home Insurance Company  
**TOI/Sub-TOI:** 04.0 Homeowners/04.0004 Tenant Homeowners  
**Product Name:** Renters Program  
**Project Name/Number:** PMR Rate/Rule Revision/20131217-02

## Post Submission Update Request Processed On 06/06/2014

Status: Allowed  
 Created By: Jodi Guggenberger  
 Processed By: Becky Harrington  
 Comments:

### Company Rate Information:

Company Name: American Modern Home Insurance Company

| Field Name                              | Requested Change | Prior Value |
|---|------------------|-------------|
| Overall % Rate Impact                   | 19.950%          | 22.300%     |
| Written Premium Change for this Program | \$32018          | \$35777     |
| Maximum %Change (where required)        | 20.700%          | 23.000%     |
| Minimum %Change (where required)        | 19.850%          | 22.000%     |

SERFF Tracking #:

AMMH-129471070

State Tracking #:

Company Tracking #:

20131217-02

State:

Arkansas

Filing Company:

American Modern Home Insurance Company

TOI/Sub-TOI:

04.0 Homeowners/04.0004 Tenant Homeowners

Product Name:

Renters Program

Project Name/Number:

PMR Rate/Rule Revision/20131217-02

### Rate Information

Rate data applies to filing.

Filing Method:

File and Use

Rate Change Type:

Increase

Overall Percentage of Last Rate Revision:

%

Effective Date of Last Rate Revision:

Filing Method of Last Filing:

File and Use

### Company Rate Information

| Company Name:                          | Overall % Indicated Change: | Overall % Rate Impact: | Written Premium Change for this Program: | Number of Policy Holders Affected for this Program: | Written Premium for this Program: | Maximum % Change (where req'd): | Minimum % Change (where req'd): |
|--|-----------------------------|------------------------|--|---|-----------------------------------|---------------------------------|---------------------------------|
| American Modern Home Insurance Company | 23.000%                     | 19.950%                | \$32,018                                 | 885   | \$117,620                         | 20.700%                         | 19.850%                         |

State: Arkansas Filing Company: American Modern Home Insurance Company  
TOI/Sub-TOI: 04.0 Homeowners/04.0004 Tenant Homeowners  
Product Name: Renters Program  
Project Name/Number: PMR Rate/Rule Revision/20131217-02

## Rate/Rule Schedule

| Item No. | Schedule Item Status | Exhibit Name        | Rule # or Page # | Rate Action | Previous State Filing Number | Attachments    |
|----------|----------------------|---------------------|------------------|-------------|------------------------------|----------------|
| 1        | Filed 06/06/2014     | Arkansas PMR Manual | All pages        | Replacement |                              | AR077PMR-A.pdf |

**AMERICAN MODERN HOME INSURANCE COMPANY  
RENTERS PROGRAM  
ARKANSAS**

**GENERAL RULES**

**1. POLICY AND FORMS**

Coverage and limits under the Renters Program will be defined by:

- A. the policy forms SC000 - Renters Package; and S7000 - Renters Liability Only
- B. the Declarations Page; and
- C. the required endorsements, if any

**2. PREMIUM DETERMINATION AND POLICY TERM**

All premiums and rates contained in the Rate Section of this manual are annual. A Homeowner or Dwelling policy must be written for a specified term not to exceed one year.

**3. CHANGES AND WAIVER OF PREMIUM**

- A. All changes requiring adjustments of premium shall be computer pro rata using the rates in effect as of the policy or renewal effective date.
- B. When a policy is endorsed subsequent to the inception date, any additional or return premium of \$5.00 or less may be waived, except that a return premium of \$5.00 or less shall be returned to insured upon request.

**4. CANCELLATION OF POLICIES**

If insurance is cancelled or reduced at the request of the Company, the earned premium shall be computed on a pro-rata basis. If the insurance is cancelled or reduced at the request of the Insured, the earned shall be computed on a pro-rata basis subject to any applicable minimum premiums.

**5. MINIMUM EARNED PREMIUM**

A minimum earned premium of \$50 applies to the total policy premium.

**6. WHOLE DOLLAR PREMIUM**

The premium shall be rounded to the nearest whole dollar, separately for each coverage provided by the policy. A premium involving \$.50 or more shall be rounded up to the next higher whole dollar. In the event of cancellation by the Company, the return premium shall be carried to the next higher dollar. This procedure shall apply to all interim premium adjustments, including endorsements and cancellations.

**7. DEDUCTIBLES**

Coverages may be subject to the application of deductibles as shown in the Rate Section.

**8. PROGRAM DESCRIPTION**

Tenant Homeowners Insurance

**ELIGIBILITY AND COVERAGES**

**I. COVERAGE:**

- A. Provides tenant homeowners coverage on a form broader than the standard HO-4 contract. Personal property is insured worldwide against damage by broad named perils up to the single limit, subject to sub-limits for certain types of property such as jewelry, furs, business property and money. Sub-limits are, in many areas, higher than the standard HO-4. Losses are adjusted on a replacement cost basis if the property is replaced. ACV applies if property is not replaced.
- B. Additional living expenses are insured should the apartment become uninhabitable due to damage by a named peril. The limit of the liability is a single blanket amount included in "A" above.
- C. Personal Liability is insured for a separate limit.
- D. Limits of liability are adjusted to meet the needs of individuals living at participating apartment communities.

**II. ELIGIBILITY**

This program is available for tenants that satisfy one of the following eligibility guidelines:

- A. Lease or rental agreement provisions requires residents to be financially responsible for their personal property and negligent acts.
- B. Are residents of an approved apartment community which meets the following criteria:
  - a. Paid resident manager on site. Facility age should not exceed 20 years without substantial updating.
  - b. Must be well maintained and professionally managed with no special hazards.
  - c. Gated security or other community protection measures may be required in urban areas.
  - d. All residents are given the opportunity to participate in the program.

**III. APARTMENT OCCUPANT ELIGIBILITY:**

Any individual or group of occupants renting an apartment in an approved apartment community is automatically eligible for coverage under this program.



**AMERICAN MODERN HOME INSURANCE COMPANY  
RENTERS PROGRAM  
ARKANSAS**

**RATES SECTION**

**RENTERS PACKAGE PROGRAM**

**PREMIUM COMPUTATION**

A. Optional Limits of Liability - Property Section

| <u>Property Section Limit</u> | <u>Annual Policy Premium</u>    |
|-------------------------------|---------------------------------|
| \$5,000                       | \$200.00                        |
| \$10,000                      | \$221.00                        |
| \$15,000                      | \$244.00                        |
| \$20,000                      | \$266.00                        |
| \$25,000                      | \$295.00                        |
| \$30,000                      | \$325.00                        |
| \$35,000                      | \$354.00                        |
| \$40,000                      | \$384.00                        |
| \$45,000                      | \$414.00                        |
| \$50,000                      | \$444.00                        |
| Increased Limits              | \$29.52 per \$5,000 of coverage |

B. Increased Limits of Liability - Liability Section

| <u>Liability Section Limit</u> | <u>Annual Policy Premium</u> |
|--------------------------------|------------------------------|
| \$25,000                       | \$17.00 credit               |
| \$50,000                       | \$8.00 credit                |
| \$100,000                      | Included                     |
| \$200,000                      | \$12.00 additional premium   |
| \$300,000                      | \$24.00 additional premium   |

C. Increased Medical Payments to Others - Liability Section

| <u>Coverage Amount</u> | <u>Annual Policy Premium</u> |
|------------------------|------------------------------|
| \$1,000                | Included                     |
| \$2,000                | \$7.00                       |
| \$3,000                | \$14.00                      |

Medical Payments, per accident: \$25,000

D. Deductible Rating Plan

All Other Perils:

| <u>Property Section Deductible</u> | <u>Credit</u> |
|------------------------------------|---------------|
| \$250                              | 0%            |
| \$500                              | 5%            |
| \$750                              | 6%            |
| \$1,000                            | 7%            |

E. Jewelry and Watches, Increased Theft Sub-limit

| <u>Sub-limit</u> | <u>Annual Policy Premium</u> |
|------------------|------------------------------|
| \$1,000          | No Charge                    |
| \$2,500          | \$24.00 Additional Premium   |
| \$5,000          | \$60.00 Additional Premium   |

**AMERICAN MODERN HOME INSURANCE COMPANY  
RENTERS PROGRAM  
ARKANSAS**

**RATES SECTION CONTINUED**

**LIABILITY ONLY PROGRAM**

**RATE COMPUTATION**

1. Rates

| <u>LIMIT</u> | <u>RATE</u> |
|--------------|-------------|
| \$25,000     | \$96.00     |
| \$50,000     | \$114.00    |
| \$100,000    | \$132.00    |
| \$200,000    | \$144.00    |
| \$300,000    | \$156.00    |

2. Increased Medical Payments to Others - Liability Section

| <u>Coverage Amount</u> | <u>Annual Policy Premium</u> |
|------------------------|------------------------------|
| \$1,000                | Included                     |
| \$2,000                | \$7.00                       |
| \$3,000                | \$14.00                      |

**AMERICAN MODERN HOME INSURANCE COMPANY**  
**RENTERS PROGRAM**  
**ARKANSAS**

**OPTIONAL COVERAGES**

| Coverage   | Coverage Description  | Rate   |                    |                     |          |                |                        |                           |            |                            |           |                            |                     |                            |                   |          |          |                |                     |         |           |        |           |        |                       |          |          |          |         |          |          |          |
|--|---|--|--------------------|---------------------|----------|----------------|------------------------|---------------------------|------------|----------------------------|-----------|----------------------------|---------------------|----------------------------|-------------------|----------|----------|----------------|---------------------|---------|-----------|--------|-----------|--------|-----------------------|----------|----------|----------|---------|----------|----------|----------|
| Equipment Breakdown Coverage - \$250 Deductible                      | Provides mechanical breakdown protection for personal property. A deductible of \$250 applies to each occurrence  | \$18.00 per year   |                    |                     |          |                |                        |                           |            |                            |           |                            |                     |                            |                   |          |          |                |                     |         |           |        |           |        |                       |          |          |          |         |          |          |          |
| Equipment Breakdown Coverage - \$500 Deductible                      | Provides mechanical breakdown protection for personal property. A deductible of \$500 applies to each occurrence  | \$12.00 per year   |                    |                     |          |                |                        |                           |            |                            |           |                            |                     |                            |                   |          |          |                |                     |         |           |        |           |        |                       |          |          |          |         |          |          |          |
| Identity Recovery Coverage   | Covers identity recovery extra expense insurance and case management services   | \$18.00 per year   |                    |                     |          |                |                        |                           |            |                            |           |                            |                     |                            |                   |          |          |                |                     |         |           |        |           |        |                       |          |          |          |         |          |          |          |
| Assisted Living Care Coverage  | <p>The policy may be endorsed to provide coverage to a person regularly residing in an Assisted Living Care facility.</p> <p>The endorsement provides the following basic limits of coverage:</p> <p>\$10,000 for Coverage C - Personal Property with limitations for certain items of property</p> <p>\$6,000, at \$500 per month, for Additional Living Expense</p> <p>\$25,000 for Coverage E - Personal Liability</p> | <p><b>Premium:</b> The total premium is the sum of:</p> <p>a. \$60.00 for each assisted living care insured</p> <p>b. A rate of \$7.00 per \$1,000 for Coverage C limits above the basic \$10,000</p> <p>c. The premium for the applicable Coverage E limit of liability from the table below:</p> <table border="1"> <thead> <tr> <th>Coverage E Limit</th> <th>Premium</th> </tr> </thead> <tbody> <tr> <td>\$25,000</td> <td>Included</td> </tr> <tr> <td>\$50,000</td> <td>\$9.00 additional premium</td> </tr> <tr> <td>\$100,000</td> <td>\$17.00 additional premium</td> </tr> <tr> <td>\$200,000</td> <td>\$28.00 additional premium</td> </tr> <tr> <td>\$300,000</td> <td>\$41.00 additional premium</td> </tr> </tbody> </table>  | Coverage E Limit   | Premium             | \$25,000 | Included       | \$50,000               | \$9.00 additional premium | \$100,000  | \$17.00 additional premium | \$200,000 | \$28.00 additional premium | \$300,000           | \$41.00 additional premium |                   |          |          |                |                     |         |           |        |           |        |                       |          |          |          |         |          |          |          |
| Coverage E Limit   | Premium   |  |                    |                     |          |                |                        |                           |            |                            |           |                            |                     |                            |                   |          |          |                |                     |         |           |        |           |        |                       |          |          |          |         |          |          |          |
| \$25,000   | Included  |  |                    |                     |          |                |                        |                           |            |                            |           |                            |                     |                            |                   |          |          |                |                     |         |           |        |           |        |                       |          |          |          |         |          |          |          |
| \$50,000   | \$9.00 additional premium   |  |                    |                     |          |                |                        |                           |            |                            |           |                            |                     |                            |                   |          |          |                |                     |         |           |        |           |        |                       |          |          |          |         |          |          |          |
| \$100,000  | \$17.00 additional premium  |  |                    |                     |          |                |                        |                           |            |                            |           |                            |                     |                            |                   |          |          |                |                     |         |           |        |           |        |                       |          |          |          |         |          |          |          |
| \$200,000  | \$28.00 additional premium  |  |                    |                     |          |                |                        |                           |            |                            |           |                            |                     |                            |                   |          |          |                |                     |         |           |        |           |        |                       |          |          |          |         |          |          |          |
| \$300,000  | \$41.00 additional premium  |  |                    |                     |          |                |                        |                           |            |                            |           |                            |                     |                            |                   |          |          |                |                     |         |           |        |           |        |                       |          |          |          |         |          |          |          |
| Additional Insured - Student Living Away From the Residence Premises | The policy may be endorsed to provide coverage for other types of students, who was a resident of the named insured's household before moving out to attend school.   | <p><b>Premium:</b> The total premium is the sum of:</p> <p>a. Section I and Section II Basic Limits: \$68.00 per location</p> <p>b. Section II Increased Limits</p> <table border="1"> <thead> <tr> <th>Coverage E Limit</th> <th>Premium</th> </tr> </thead> <tbody> <tr> <td>\$25,000</td> <td>\$17.00 credit</td> </tr> <tr> <td>\$50,000</td> <td>\$8.00 credit</td> </tr> <tr> <td>\$100,000</td> <td>Included</td> </tr> <tr> <td>\$200,000</td> <td>\$12.00 additional premium</td> </tr> <tr> <td>\$300,000</td> <td>\$24.00 additional premium</td> </tr> </tbody> </table><br><table border="1"> <thead> <tr> <th>Coverage F Limit</th> <th>Premium</th> </tr> </thead> <tbody> <tr> <td>\$2,000</td> <td>\$7.00</td> </tr> <tr> <td>\$3,000</td> <td>\$14.00</td> </tr> </tbody> </table> | Coverage E Limit   | Premium             | \$25,000 | \$17.00 credit | \$50,000               | \$8.00 credit             | \$100,000  | Included                   | \$200,000 | \$12.00 additional premium | \$300,000           | \$24.00 additional premium | Coverage F Limit  | Premium  | \$2,000  | \$7.00         | \$3,000             | \$14.00 |           |        |           |        |                       |          |          |          |         |          |          |          |
| Coverage E Limit   | Premium   |  |                    |                     |          |                |                        |                           |            |                            |           |                            |                     |                            |                   |          |          |                |                     |         |           |        |           |        |                       |          |          |          |         |          |          |          |
| \$25,000   | \$17.00 credit  |  |                    |                     |          |                |                        |                           |            |                            |           |                            |                     |                            |                   |          |          |                |                     |         |           |        |           |        |                       |          |          |          |         |          |          |          |
| \$50,000   | \$8.00 credit   |  |                    |                     |          |                |                        |                           |            |                            |           |                            |                     |                            |                   |          |          |                |                     |         |           |        |           |        |                       |          |          |          |         |          |          |          |
| \$100,000  | Included  |  |                    |                     |          |                |                        |                           |            |                            |           |                            |                     |                            |                   |          |          |                |                     |         |           |        |           |        |                       |          |          |          |         |          |          |          |
| \$200,000  | \$12.00 additional premium  |  |                    |                     |          |                |                        |                           |            |                            |           |                            |                     |                            |                   |          |          |                |                     |         |           |        |           |        |                       |          |          |          |         |          |          |          |
| \$300,000  | \$24.00 additional premium  |  |                    |                     |          |                |                        |                           |            |                            |           |                            |                     |                            |                   |          |          |                |                     |         |           |        |           |        |                       |          |          |          |         |          |          |          |
| Coverage F Limit   | Premium   |  |                    |                     |          |                |                        |                           |            |                            |           |                            |                     |                            |                   |          |          |                |                     |         |           |        |           |        |                       |          |          |          |         |          |          |          |
| \$2,000  | \$7.00  |  |                    |                     |          |                |                        |                           |            |                            |           |                            |                     |                            |                   |          |          |                |                     |         |           |        |           |        |                       |          |          |          |         |          |          |          |
| \$3,000  | \$14.00   |  |                    |                     |          |                |                        |                           |            |                            |           |                            |                     |                            |                   |          |          |                |                     |         |           |        |           |        |                       |          |          |          |         |          |          |          |
| Enhanced Coverage  |   | \$1.00 per month<br>\$12.00 per year   |                    |                     |          |                |                        |                           |            |                            |           |                            |                     |                            |                   |          |          |                |                     |         |           |        |           |        |                       |          |          |          |         |          |          |          |
| Water Backup of Sewers and Drains                                    |   | \$12.00 per year   |                    |                     |          |                |                        |                           |            |                            |           |                            |                     |                            |                   |          |          |                |                     |         |           |        |           |        |                       |          |          |          |         |          |          |          |
| Pet Damage Endorsement   |   | \$1.50 per month<br>\$18.00 per year   |                    |                     |          |                |                        |                           |            |                            |           |                            |                     |                            |                   |          |          |                |                     |         |           |        |           |        |                       |          |          |          |         |          |          |          |
| Scheduled Personal Property  |   | <table border="1"> <thead> <tr> <th>Scheduled Property</th> <th>Rate Per \$100</th> </tr> </thead> <tbody> <tr> <td>Cameras</td> <td>\$1.85</td> </tr> <tr> <td>Rare and current coins</td> <td>\$1.90</td> </tr> <tr> <td>Silverware</td> <td>\$0.35</td> </tr> <tr> <td>Jewelry</td> <td>\$1.50</td> </tr> <tr> <td>Musical Instruments</td> <td>\$0.55</td> </tr> <tr> <td>Golfers Equipment</td> <td>\$1.00</td> </tr> <tr> <td>Furs</td> <td>\$0.50</td> </tr> <tr> <td>Postage Stamps</td> <td>\$0.45</td> </tr> <tr> <td>Fine Arts</td> <td>\$0.35</td> </tr> <tr> <td>Fire Arms</td> <td>\$1.00</td> </tr> </tbody> </table>   | Scheduled Property | Rate Per \$100      | Cameras  | \$1.85         | Rare and current coins | \$1.90                    | Silverware | \$0.35                     | Jewelry   | \$1.50                     | Musical Instruments | \$0.55                     | Golfers Equipment | \$1.00   | Furs     | \$0.50         | Postage Stamps      | \$0.45  | Fine Arts | \$0.35 | Fire Arms | \$1.00 |                       |          |          |          |         |          |          |          |
| Scheduled Property   | Rate Per \$100  |  |                    |                     |          |                |                        |                           |            |                            |           |                            |                     |                            |                   |          |          |                |                     |         |           |        |           |        |                       |          |          |          |         |          |          |          |
| Cameras  | \$1.85  |  |                    |                     |          |                |                        |                           |            |                            |           |                            |                     |                            |                   |          |          |                |                     |         |           |        |           |        |                       |          |          |          |         |          |          |          |
| Rare and current coins   | \$1.90  |  |                    |                     |          |                |                        |                           |            |                            |           |                            |                     |                            |                   |          |          |                |                     |         |           |        |           |        |                       |          |          |          |         |          |          |          |
| Silverware   | \$0.35  |  |                    |                     |          |                |                        |                           |            |                            |           |                            |                     |                            |                   |          |          |                |                     |         |           |        |           |        |                       |          |          |          |         |          |          |          |
| Jewelry  | \$1.50  |  |                    |                     |          |                |                        |                           |            |                            |           |                            |                     |                            |                   |          |          |                |                     |         |           |        |           |        |                       |          |          |          |         |          |          |          |
| Musical Instruments  | \$0.55  |  |                    |                     |          |                |                        |                           |            |                            |           |                            |                     |                            |                   |          |          |                |                     |         |           |        |           |        |                       |          |          |          |         |          |          |          |
| Golfers Equipment  | \$1.00  |  |                    |                     |          |                |                        |                           |            |                            |           |                            |                     |                            |                   |          |          |                |                     |         |           |        |           |        |                       |          |          |          |         |          |          |          |
| Furs   | \$0.50  |  |                    |                     |          |                |                        |                           |            |                            |           |                            |                     |                            |                   |          |          |                |                     |         |           |        |           |        |                       |          |          |          |         |          |          |          |
| Postage Stamps   | \$0.45  |  |                    |                     |          |                |                        |                           |            |                            |           |                            |                     |                            |                   |          |          |                |                     |         |           |        |           |        |                       |          |          |          |         |          |          |          |
| Fine Arts  | \$0.35  |  |                    |                     |          |                |                        |                           |            |                            |           |                            |                     |                            |                   |          |          |                |                     |         |           |        |           |        |                       |          |          |          |         |          |          |          |
| Fire Arms  | \$1.00  |  |                    |                     |          |                |                        |                           |            |                            |           |                            |                     |                            |                   |          |          |                |                     |         |           |        |           |        |                       |          |          |          |         |          |          |          |
| Involuntary Unemployment Insurance                                   |   | <table border="1"> <thead> <tr> <th rowspan="2">Single Coverage</th> <th colspan="3"># of benefit months</th> </tr> <tr> <th>2</th> <th>3</th> <th>6</th> </tr> </thead> <tbody> <tr> <td>Monthly Benefit \$500</td> <td>\$69.00</td> <td>\$96.00</td> <td>\$156.00</td> </tr> <tr> <td>\$1,000</td> <td>\$138.00</td> <td>\$192.00</td> <td>\$312.00</td> </tr> </tbody> </table><br><table border="1"> <thead> <tr> <th rowspan="2">Joint Coverage</th> <th colspan="3"># of benefit months</th> </tr> <tr> <th>2</th> <th>3</th> <th>6</th> </tr> </thead> <tbody> <tr> <td>Monthly Benefit \$500</td> <td>\$138.00</td> <td>\$192.00</td> <td>\$312.00</td> </tr> <tr> <td>\$1,000</td> <td>\$276.00</td> <td>\$384.00</td> <td>\$624.00</td> </tr> </tbody> </table>                            | Single Coverage    | # of benefit months |          |                | 2                      | 3                         | 6          | Monthly Benefit \$500      | \$69.00   | \$96.00                    | \$156.00            | \$1,000                    | \$138.00          | \$192.00 | \$312.00 | Joint Coverage | # of benefit months |         |           | 2      | 3         | 6      | Monthly Benefit \$500 | \$138.00 | \$192.00 | \$312.00 | \$1,000 | \$276.00 | \$384.00 | \$624.00 |
| Single Coverage  | # of benefit months   |  |                    |                     |          |                |                        |                           |            |                            |           |                            |                     |                            |                   |          |          |                |                     |         |           |        |           |        |                       |          |          |          |         |          |          |          |
|  | 2   | 3  | 6                  |                     |          |                |                        |                           |            |                            |           |                            |                     |                            |                   |          |          |                |                     |         |           |        |           |        |                       |          |          |          |         |          |          |          |
| Monthly Benefit \$500  | \$69.00   | \$96.00  | \$156.00           |                     |          |                |                        |                           |            |                            |           |                            |                     |                            |                   |          |          |                |                     |         |           |        |           |        |                       |          |          |          |         |          |          |          |
| \$1,000  | \$138.00  | \$192.00   | \$312.00           |                     |          |                |                        |                           |            |                            |           |                            |                     |                            |                   |          |          |                |                     |         |           |        |           |        |                       |          |          |          |         |          |          |          |
| Joint Coverage   | # of benefit months   |  |                    |                     |          |                |                        |                           |            |                            |           |                            |                     |                            |                   |          |          |                |                     |         |           |        |           |        |                       |          |          |          |         |          |          |          |
|  | 2   | 3  | 6                  |                     |          |                |                        |                           |            |                            |           |                            |                     |                            |                   |          |          |                |                     |         |           |        |           |        |                       |          |          |          |         |          |          |          |
| Monthly Benefit \$500  | \$138.00  | \$192.00   | \$312.00           |                     |          |                |                        |                           |            |                            |           |                            |                     |                            |                   |          |          |                |                     |         |           |        |           |        |                       |          |          |          |         |          |          |          |
| \$1,000  | \$276.00  | \$384.00   | \$624.00           |                     |          |                |                        |                           |            |                            |           |                            |                     |                            |                   |          |          |                |                     |         |           |        |           |        |                       |          |          |          |         |          |          |          |
| Multi-product discount   | This discount will apply if the insured purchases more than one insurance product from American Modern Insurance Group.<br>This discount will apply to the base premium.  | 15% discount to the base premium   |                    |                     |          |                |                        |                           |            |                            |           |                            |                     |                            |                   |          |          |                |                     |         |           |        |           |        |                       |          |          |          |         |          |          |          |
| Burglary Coverage Credit   | When the Property Section - Personal Property Coverage is amended to replace theft coverage with burglary.  | 10% discount to the base premium   |                    |                     |          |                |                        |                           |            |                            |           |                            |                     |                            |                   |          |          |                |                     |         |           |        |           |        |                       |          |          |          |         |          |          |          |
| Self Storage Buyback   | This coverage allows the insured to buyback additional limits for personal property that is stored  | <table border="1"> <thead> <tr> <th>Coverage Limits</th> <th>Premium</th> </tr> </thead> <tbody> <tr> <td>\$1,000</td> <td>\$5.80</td> </tr> <tr> <td>\$2,000</td> <td>\$11.60</td> </tr> <tr> <td>\$3,000</td> <td>\$17.40</td> </tr> <tr> <td>\$4,000</td> <td>\$23.20</td> </tr> </tbody> </table>  | Coverage Limits    | Premium             | \$1,000  | \$5.80         | \$2,000                | \$11.60                   | \$3,000    | \$17.40                    | \$4,000   | \$23.20                    |                     |                            |                   |          |          |                |                     |         |           |        |           |        |                       |          |          |          |         |          |          |          |
| Coverage Limits  | Premium   |  |                    |                     |          |                |                        |                           |            |                            |           |                            |                     |                            |                   |          |          |                |                     |         |           |        |           |        |                       |          |          |          |         |          |          |          |
| \$1,000  | \$5.80  |  |                    |                     |          |                |                        |                           |            |                            |           |                            |                     |                            |                   |          |          |                |                     |         |           |        |           |        |                       |          |          |          |         |          |          |          |
| \$2,000  | \$11.60   |  |                    |                     |          |                |                        |                           |            |                            |           |                            |                     |                            |                   |          |          |                |                     |         |           |        |           |        |                       |          |          |          |         |          |          |          |
| \$3,000  | \$17.40   |  |                    |                     |          |                |                        |                           |            |                            |           |                            |                     |                            |                   |          |          |                |                     |         |           |        |           |        |                       |          |          |          |         |          |          |          |
| \$4,000  | \$23.20   |  |                    |                     |          |                |                        |                           |            |                            |           |                            |                     |                            |                   |          |          |                |                     |         |           |        |           |        |                       |          |          |          |         |          |          |          |

State: Arkansas  
 TOI/Sub-TOI: 04.0 Homeowners/04.0004 Tenant Homeowners  
 Product Name: Renters Program  
 Project Name/Number: PMR Rate/Rule Revision/20131217-02

Filing Company: American Modern Home Insurance Company

## Supporting Document Schedules

|                          |                         |
|--------------------------|-------------------------|
| <b>Satisfied - Item:</b> | H-1 Homeowners Abstract |
| <b>Comments:</b>         |                         |
| <b>Attachment(s):</b>    | HO Abstract.pdf         |
| <b>Item Status:</b>      | Filed                   |
| <b>Status Date:</b>      | 06/06/2014              |

|                          |   |
|--------------------------|---|
| <b>Satisfied - Item:</b> | HPCS-Homeowners Premium Comparison Survey |
| <b>Comments:</b>         |   |
| <b>Attachment(s):</b>    | HO Survey Form.xlsx<br>HO Survey Form.pdf |
| <b>Item Status:</b>      | Filed                                     |
| <b>Status Date:</b>      | 06/06/2014                                |

|                          |                                    |
|--------------------------|------------------------------------|
| <b>Satisfied - Item:</b> | NAIC loss cost data entry document |
| <b>Comments:</b>         |                                    |
| <b>Attachment(s):</b>    | RF-1 rev.pdf                       |
| <b>Item Status:</b>      | Filed                              |
| <b>Status Date:</b>      | 06/06/2014                         |

|                          |                            |
|--------------------------|----------------------------|
| <b>Satisfied - Item:</b> | Underwriting Guidelines    |
| <b>Comments:</b>         |                            |
| <b>Attachment(s):</b>    | PMR UW guidelines 2013.pdf |
| <b>Item Status:</b>      | Filed                      |
| <b>Status Date:</b>      | 06/06/2014                 |

|                          |                              |
|--------------------------|------------------------------|
| <b>Satisfied - Item:</b> | Indications                  |
| <b>Comments:</b>         |                              |
| <b>Attachment(s):</b>    | HO4_077_AR_2013Q2_filing.pdf |
| <b>Item Status:</b>      | Filed                        |
| <b>Status Date:</b>      | 06/06/2014                   |

|                          |                                     |
|--------------------------|-------------------------------------|
| <b>Satisfied - Item:</b> | Explanatory Memorandum              |
| <b>Comments:</b>         |                                     |
| <b>Attachment(s):</b>    | AR PMR Explanatory Memorandum-r.pdf |
| <b>Item Status:</b>      | Filed                               |

SERFF Tracking #:

AMMH-129471070

State Tracking #:

Company Tracking #:

20131217-02

State:

Arkansas

Filing Company:

American Modern Home Insurance Company

TOI/Sub-TOI:

04.0 Homeowners/04.0004 Tenant Homeowners

Product Name:

Renters Program

Project Name/Number:

PMR Rate/Rule Revision/20131217-02

|                          |               |
|--------------------------|---------------|
| <b>Status Date:</b>      | 06/06/2014    |
| <b>Satisfied - Item:</b> | Exhibit A     |
| <b>Comments:</b>         |               |
| <b>Attachment(s):</b>    | Exhibit A.pdf |
| <b>Item Status:</b>      | Filed         |
| <b>Status Date:</b>      | 06/06/2014    |

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 \_\_\_\_\_

NAIC # (including group #) \_\_\_\_\_

1. If you have had an insurance to value campaign during the experience filing period, describe the campaign and estimate its impact.

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.

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.

4. If you use an Inflation Guard form or similar type of coverage, describe the coverage(s) and estimate the impact.

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

- a. Fire Extinguisher \_\_\_\_\_%
- b. Burglar Alarm \_\_\_\_\_%
- c. Smoke Alarm \_\_\_\_\_%
- d. Insured who has both homeowners and auto with your \_\_\_\_\_%

company

- e. Deadbolt Locks \_\_\_\_\_%
- f. Window or Door Locks \_\_\_\_\_%
- g. Other (specify) \_\_\_\_\_%
- \_\_\_\_\_%
- \_\_\_\_\_%

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.

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

| Form | Premium Volume |
|------|----------------|
|------|----------------|

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

9. Is there a surcharge on risks with wood heat?

If yes, state the surcharge \_\_\_\_\_

Does the surcharge apply to conventional fire places? \_\_\_\_\_

If yes, state the surcharge \_\_\_\_\_

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

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Telephone Number

\_\_\_\_\_  
Email address

NAIC Number: 23469  
 Company Name: American Modern Home Insurance Company  
 Contact Person: Jodi Guggenberger  
 Telephone No.: 800-759-9008 ext. 5378  
 Email Address: jguggenberger@amig.com  
 Effective Date: 6-Oct-14

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

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

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

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

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

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

| Public Protection Class | Property Value | Washington |          | Baxter   |          | Craighead |          | St. Francis |          | Arkansas |          | Union    |          | Miller   |          | Sebastian |          | Pulaski  |          |
|-------------------------|----------------|------------|----------|----------|----------|-----------|----------|-------------|----------|----------|----------|----------|----------|----------|----------|-----------|----------|----------|----------|
|                         |                | Brick      | Frame    | Brick    | Frame    | Brick     | Frame    | Brick       | Frame    | Brick    | Frame    | Brick    | Frame    | Brick    | Frame    | Brick     | Frame    | Brick    | Frame    |
| 3                       | \$5,000        | \$190.00   | \$190.00 | \$190.00 | \$190.00 | \$190.00  | \$190.00 | \$190.00    | \$190.00 | \$190.00 | \$190.00 | \$190.00 | \$190.00 | \$190.00 | \$190.00 | \$190.00  | \$190.00 | \$190.00 | \$190.00 |
|                         | \$15,000       | \$232.00   | \$232.00 | \$232.00 | \$232.00 | \$232.00  | \$232.00 | \$232.00    | \$232.00 | \$232.00 | \$232.00 | \$232.00 | \$232.00 | \$232.00 | \$232.00 | \$232.00  | \$232.00 | \$232.00 | \$232.00 |
|                         | \$25,000       | \$280.00   | \$280.00 | \$280.00 | \$280.00 | \$280.00  | \$280.00 | \$280.00    | \$280.00 | \$280.00 | \$280.00 | \$280.00 | \$280.00 | \$280.00 | \$280.00 | \$280.00  | \$280.00 | \$280.00 | \$280.00 |
| 6                       | \$5,000        | \$190.00   | \$190.00 | \$190.00 | \$190.00 | \$190.00  | \$190.00 | \$190.00    | \$190.00 | \$190.00 | \$190.00 | \$190.00 | \$190.00 | \$190.00 | \$190.00 | \$190.00  | \$190.00 | \$190.00 | \$190.00 |
|                         | \$15,000       | \$232.00   | \$232.00 | \$232.00 | \$232.00 | \$232.00  | \$232.00 | \$232.00    | \$232.00 | \$232.00 | \$232.00 | \$232.00 | \$232.00 | \$232.00 | \$232.00 | \$232.00  | \$232.00 | \$232.00 | \$232.00 |
|                         | \$25,000       | \$280.00   | \$280.00 | \$280.00 | \$280.00 | \$280.00  | \$280.00 | \$280.00    | \$280.00 | \$280.00 | \$280.00 | \$280.00 | \$280.00 | \$280.00 | \$280.00 | \$280.00  | \$280.00 | \$280.00 | \$280.00 |
| 9                       | \$5,000        | \$190.00   | \$190.00 | \$190.00 | \$190.00 | \$190.00  | \$190.00 | \$190.00    | \$190.00 | \$190.00 | \$190.00 | \$190.00 | \$190.00 | \$190.00 | \$190.00 | \$190.00  | \$190.00 | \$190.00 | \$190.00 |
|                         | \$15,000       | \$232.00   | \$232.00 | \$232.00 | \$232.00 | \$232.00  | \$232.00 | \$232.00    | \$232.00 | \$232.00 | \$232.00 | \$232.00 | \$232.00 | \$232.00 | \$232.00 | \$232.00  | \$232.00 | \$232.00 | \$232.00 |
|                         | \$25,000       | \$280.00   | \$280.00 | \$280.00 | \$280.00 | \$280.00  | \$280.00 | \$280.00    | \$280.00 | \$280.00 | \$280.00 | \$280.00 | \$280.00 | \$280.00 | \$280.00 | \$280.00  | \$280.00 | \$280.00 | \$280.00 |

**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 | 0 | % | Deadbolt Lock      | 0 | % |
| Burglar Alarm     | 0 | % | Window Locks       | 0 | % |
| Smoke Alarm       | 0 | % | \$1,000 Deductible | 7 | % |
|                   |   |   | Other (specify)    |   |   |

**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?  
 WHAT IS YOUR PERCENTAGE DEDUCTIBLE?

|    |             |
|----|-------------|
| No | (yes or no) |
|    | %           |

Zone Brick Frame

|  |                        |     |   |   |              |    |  |    |  |
|--|------------------------|-----|---|---|--------------|----|--|----|--|
|  |                        |     | % | WHAT IS YOUR PRICE PER \$1,000 OF COVERAGE? | Highest Risk | \$ |  | \$ |  |
|  | Maximum Credit Allowed | N/A | % |   | Lowest Risk  | \$ |  | \$ |  |

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## **Property Management Renters Insurance Program Community Underwriting Guidelines**

The following guidelines establish eligibility guidelines for apartment communities within the Property Management Renters product.

To be eligible for this program, the property must meet one of the following:

1. Apartment community must meet the following criteria:
  - a. Property must be more than 100 units at the same location.
  - b. Property must have a paid resident manager living on site.
  - c. Property must be well maintained with no special hazards and professionally managed
  - d. Property must not exceed 20 years in age without substantial updating within the past 10 years (electric, plumbing, roof, etc.)
2. Lease or rental agreement provisions require residents to be financially responsible for their personal property and negligent acts.

**American Modern Home Insurance Company**  
**Arkansas**  
**Renters-PMR Package**

**Exhibit 1**  
**Page 1**

Proposed Effective Date: 7/1/2014

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|                     | <b>Premium in<br/>Force at<br/>6/30/2013</b> | <b>Indication</b> |
|---------------------|--|-------------------|
| Renters-PMR Package | \$160,863                                    | 23.0%             |

## **Explanatory Memorandum**

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The purpose of this indication is to evaluate the rate level adequacy of the above captioned program in this state. In the evaluation, we take historical premiums and losses from our experience period and project them into a future effective period - our estimate of the time period the proposed rates will be in effect. Data shown is on a direct basis, and is organized on a 12 month rolling accident year basis.

### **Assumptions and Methodologies**

1. On Exhibits 1 and 2 we show the overall rate level indication for this product. The data adjustments used and calculations are described in the following paragraphs.
2. Earned Premiums are adjusted to current rate levels and then trended using the factors described below.
  - a. Rate Level Adjustment Factors take into account any approved rate changes that have an impact on the experience period. Quarterly factors (rather than annual factors) are calculated to improve accuracy. We use the average policy term length of each program, and assume the premium is earned equally throughout experience quarters. The calculated factor reflects the final rate level divided by the average rate level for each quarter. These are weighted together to obtain the annual adjustments. By applying this factor to past premium, the adjustment reflects the amount of premium earned at the current rate level. Exhibit 3 outlines the Rate Level History and Rate Level Adjustment Factors.
  - b. The Premium Trend projects the current level premium in our experience period to the average date the proposed rates will be in effect. We estimate the change in premium values over time by fitting exponential curves to various periods of current level average earned premiums by program or coverage for the state. Historical and Prospective Premium Trend Factors are selected taking into consideration the number of experience years used in the indication. The Historical Trend selection is applied using a time period from the mid-point of the experience period to the midpoint of the latest quarter of data available. The Prospective Trend selection is applied using a time period starting from midpoint of the latest quarter of data available to the midpoint of the time the rates are anticipated to be in effect. Please see Exhibit 4.
3. Incurred Losses and ALAE are adjusted using the factors described below.
  - a. If appropriate for the indication in question, catastrophe losses, then the excess portion of large losses are subtracted from the total losses and treated separately.
  - b. The Loss & ALAE Trend Factor projects the value of losses in our experience period to the average date the proposed rates will be in effect. We estimate the change in loss values over time by fitting exponential curves to 5 years (20 groups of rolling 4 quarters) of Accident Year frequency and severity data. We select historical and prospective frequency and severity trends taking into consideration the number of experience years used in the indication. These are multiplied together to obtain the pure premium trend. The Historical Pure Premium Trend is applied using a time period from the midpoint of the experience period to the midpoint of the latest quarter of data used. The Prospective Pure Premium Trend is applied using a time period from the midpoint of the latest quarter of data used to the midpoint of the time the rates are anticipated to be in effect. Please see Exhibit 5.

## **Explanatory Memorandum**

- c. Accident Year Incurred Losses & ALAE are used in the rate indication; therefore, losses for each year may not be fully developed. The Loss & ALAE Development Factor estimates further development of these losses by analyzing historical patterns of American Modern Insurance Group non-catastrophe losses. We calculate quarterly factors and weight them together using each quarter's latest incurred losses to obtain annual numbers. Please see Exhibit 6.
  - d. A ULAE Factor is applied to the Incurred Loss & ALAE to obtain Incurred Losses & LAE. The factor is calculated based on the average ratio of historical ULAE to historical Incurred Loss & ALAE in the latest 3 years. Please see Exhibit 9.
  - e. The Catastrophe Load allows us to use a longer experience period to control our response to unpredictable large loss events. We rely on ISO to identify catastrophes. That definition is any event that causes a loss of at least \$25 million to the insurance industry and has a sufficient number of claims. Our adjustment involves removing such losses and applying a historical average. This provides incurred losses indicative of normal catastrophic activity for our experience period. Please see Exhibit 7 for a further description of the method used.
  - f. The Non-Modeled Cat Factor is applied to the Trended, Adjusted Non-Non-Modeled Cat IL & LAE to obtain the Catastrophe IL & LAE.
  - g. We remove excess non-cat large losses and calculate a large loss load by comparing the excess portion of paid large losses to the paid non-cat, non-excess losses. The latest year is excluded from this calculation. Please see Exhibit 8.
  - h. The Total Adjusted Incurred Loss and LAE is the sum of the Trended Adjusted IL & LAE Excl Cat & Excess Large Losses, the Trended Adjusted Cat Incurred Loss & LAE , and the Adjusted Excess Large IL & LAE.
4. The Adjusted Loss and LAE Ratio is the Total Trended Adjusted Incurred Loss & LAE divided by the Trended Current Level Earned Premium.
  5. Normally, Accident Year weights are judgmentally selected to place greater weight on the more recent year's experience. However, when a program is growing rapidly, accident year weights may be based on Earned Premiums to avoid having an earlier year affecting the indication more than it should. Consideration may also be given to using even weights on all years when the Adjusted Loss and LAE Ratios are extremely volatile by year.
  6. The Weighted Experience Loss and LAE Ratio is the weighted average of the individual years Adjusted Loss and LAE Ratios and the Accident Year Weights.

## **Explanatory Memorandum**

7. The Permissible Loss and LAE Ratio Fixed Expense Ratio and Variable Permissible Loss Ratio Calculations may be found in Exhibit 10. This calculation includes determination of a profit provision.
  - a. The derivation of the Pre-Paid Commissions and Taxes, Licenses and Fees may be found at the bottom of this exhibit. Other Acquisition and General Expenses are based on Countrywide, Company Data for the Program being evaluated. The Reinsurance Expense is designed to cover the cost of our catastrophe and excess of loss experience contracts. It is a net provision determined by reinsurance premium minus estimated reinsurance recoveries.
  - b. Beginning in mid-2012, a Retained Risk Load is being introduced to account for the risk of expected catastrophic losses that are not covered by the reinsurance program. As reinsurance costs have risen, American Modern's catastrophe retention level has increased significantly, necessitating the inclusion of this load.
  - c. The Profit Provision is based on a 15% Targeted After Tax Return on Equity and a 1.8:1 Targeted Premium to Surplus Ratio.
  - d. The Return on Investment Income calculation, and an explanation of the calculation, may be found in Exhibit 11.
8. The Complement of Credibility is the Trended Permissible Loss Ratio. A Loss Ratio Trend is determined based on the prospective premium and loss trends. A time exponent based on the time from our last revision to the proposed effective date, capped at 1 years, is applied. Exhibit 12 contains the calculations.
9. Credibility is based on the square root rule, with full credibility at 25000 Earned Exposures.
10. The Credibility Weighted Loss and LAE Ratio is calculated by credibility weighting the Weighted Experience Loss & LAE Ratio and the Complement of Credibility - Trended Permissible.
11. The Indicated Rate Level Change is calculated as the  $((\text{Credibility Weighted Loss \& LAE Ratio} + \text{Fixed Expense Ratio}) / \text{Variable Expense Ratio}) - 1$

**Rate Level Indications**

|  | <b>Accident Year Ending</b> |                  |                  |
|--|-----------------------------|------------------|------------------|
|  | <b>6/30/2011</b>            | <b>6/30/2012</b> | <b>6/30/2013</b> |
| (1) Earned Exposures   | 4                           | 66               | 551              |
| (2) Earned Premium   | 752                         | 13,638           | 113,179          |
| (3) Rate Level Adjustment Factor   | 1.000                       | 1.000            | 1.000            |
| (4) Current Level Earned Premium   | 752                         | 13,638           | 113,179          |
| (5) Premium Trend Factor   | 0.995                       | 0.995            | 0.995            |
| (6) Trended Current Level Earned Premium                                       | 748                         | 13,570           | 112,613          |
| (7) Total Incurred Losses & ALAE   | -                           | 12,181           | 313,272          |
| (8) Catastrophe Incurred Losses and ALAE                                       | -                           | -                | 193,000          |
| (10) IL & ALAE Excl Cat & Excess Large Losses                                  | -                           | 12,181           | 120,272          |
| (11) Incurred Loss & ALAE Trend Factor   | 0.900                       | 0.937            | 0.976            |
| (12) Incurred Loss & ALAE Development Factor                                   | 1.002                       | 1.004            | 1.019            |
| (13) ULAE Factor (to IL & ALAE)  | 1.010                       | 1.010            | 1.010            |
| (14) Trended Adjusted IL & LAE Excl Cat & Excess                               | -                           | 11,574           | 120,812          |
| (15) Catastrophe Factor  | 0.017                       | 0.017            | 0.017            |
| (16) Trended Adjusted Cat Incurred Loss & LAE                                  | -                           | 197              | 2,054            |
| (17) Excess Large Loss Adjustment Factor                                       | 0.036                       | 0.036            | 0.036            |
| (18) Adjusted Excess Large IL & LAE  | -                           | 417              | 4,349            |
| (19) Total Trended Adjusted Incurred Loss & LAE                                | -                           | 12,188           | 127,215          |
| (20) Adjusted Loss & LAE Ratio *   | -                           | 0.898            | 1.130            |
| (21) Accident Year Weights   | 0.01                        | 0.11             | 0.88             |
| (22) Non-Catastrophe Reported Claim Counts                                     | -                           | 6                | 40               |
| (23) Weighted Experience Loss & LAE Ratio                                      |                             |                  | 1.093            |
| (24) Permissible Loss & LAE Ratio  |                             |                  | 0.436            |
| (25) Fixed Expense Ratio   |                             |                  | 0.004            |
| (26) Variable Expense Ratio  |                             |                  | 0.560            |
| (27) Complement of Credibility - Trended Permissible                           |                             |                  | 0.433            |
| (28) Credibility (Square Root Rule, Full Credibility = 25000 Earned Exposures) |                             |                  | 0.158            |
| (29) Credibility Weighted Loss & LAE Ratio                                     |                             |                  | 0.537            |
| (30) <b>Credibility Weighted Indicated Rate Level Change</b>                   |                             |                  | <b>23.0%</b>     |

\* \$243,000 of incurred losses in 2013 came from a fire and are collectively capped at \$50,000

Rate History

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| Rate Changes   |                            |
|----------------|----------------------------|
| Effective Date | RENTERS-<br>PMR<br>PACKAGE |

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| Rate Level Adjustment Factor |                            |
|------------------------------|----------------------------|
| Accident Year<br>Ending      | RENTERS-<br>PMR<br>PACKAGE |
| 6/30/2009                    | 1.000                      |
| 6/30/2010                    | 1.000                      |
| 6/30/2011                    | 1.000                      |
| 6/30/2012                    | 1.000                      |
| 6/30/2013                    | 1.000                      |

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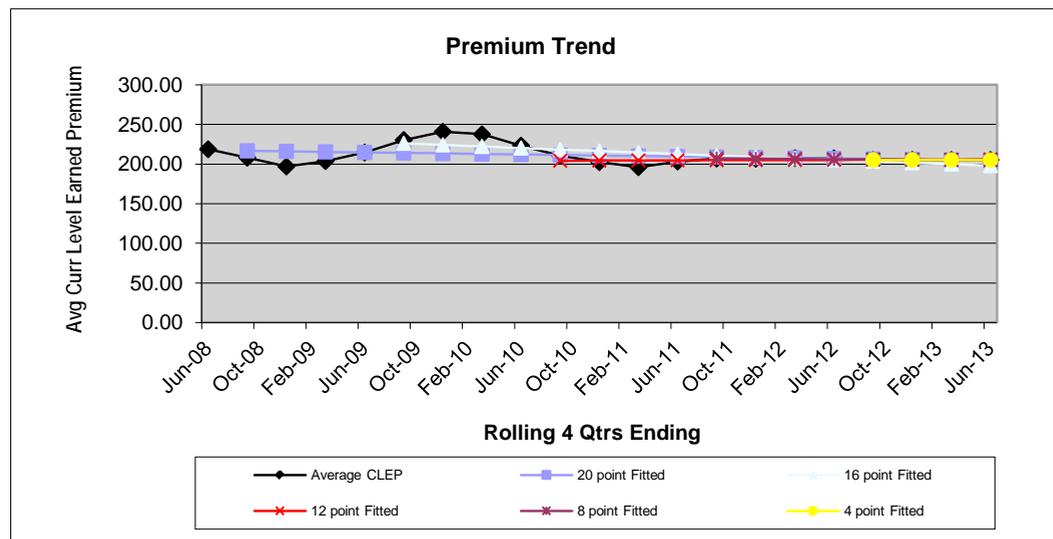
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Premium Trend

Premium Trend Based on Arkansas - American Modern Home Insurance Company Data

| 4 Qtrs Ending | Current Level Earned Premium | Earned Exposures | Average CLEP | 0<br>20 point Fitted | 0<br>16 point Fitted | 0<br>12 point Fitted | 0<br>8 point Fitted | 0<br>4 point Fitted |
|---------------|------------------------------|------------------|--------------|----------------------|----------------------|----------------------|---------------------|---------------------|
| 6/30/2008     | 923                          | 4                | 218.69       |                      |                      |                      |                     |                     |
| 9/30/2008     | 852                          | 4                | 208.03       | 216.69               |                      |                      |                     |                     |
| 12/31/2008    | 652                          | 3                | 196.98       | 216.03               |                      |                      |                     |                     |
| 3/31/2009     | 611                          | 3                | 203.76       | 215.37               |                      |                      |                     |                     |
| 6/30/2009     | 536                          | 2                | 214.52       | 214.72               |                      |                      |                     |                     |
| 9/30/2009     | 470                          | 2                | 230.36       | 214.06               | 226.25               |                      |                     |                     |
| 12/31/2009    | 522                          | 2                | 240.92       | 213.41               | 224.25               |                      |                     |                     |
| 3/31/2010     | 545                          | 2                | 237.57       | 212.76               | 222.28               |                      |                     |                     |
| 6/30/2010     | 563                          | 3                | 223.27       | 212.12               | 220.32               |                      |                     |                     |
| 9/30/2010     | 593                          | 3                | 210.77       | 211.47               | 218.38               | 204.30               |                     |                     |
| 12/31/2010    | 644                          | 3                | 202.45       | 210.83               | 216.46               | 204.44               |                     |                     |
| 3/31/2011     | 622                          | 3                | 196.06       | 210.19               | 214.55               | 204.59               |                     |                     |
| 6/30/2011     | 752                          | 4                | 203.25       | 209.55               | 212.66               | 204.73               |                     |                     |
| 9/30/2011     | 974                          | 5                | 206.89       | 208.91               | 210.79               | 204.87               | 207.27              |                     |
| 12/31/2011    | 1,260                        | 6                | 206.70       | 208.28               | 208.93               | 205.02               | 206.93              |                     |
| 3/31/2012     | 3,549                        | 17               | 207.39       | 207.64               | 207.09               | 205.16               | 206.60              |                     |
| 6/30/2012     | 13,638                       | 66               | 207.13       | 207.01               | 205.26               | 205.31               | 206.27              |                     |
| 9/30/2012     | 38,530                       | 188              | 205.13       | 206.38               | 203.46               | 205.45               | 205.94              | 205.16              |
| 12/31/2012    | 69,277                       | 338              | 205.24       | 205.75               | 201.66               | 205.59               | 205.62              | 205.18              |
| 3/31/2013     | 86,702                       | 423              | 205.19       | 205.13               | 199.89               | 205.74               | 205.29              | 205.21              |
| 6/30/2013     | 113,179                      | 551              | 205.22       | 204.50               | 198.13               | 205.88               | 204.96              | 205.23              |

| Annual Premium Trend        |              |
|-----------------------------|--------------|
| 20 point fit                | -1.2%        |
| 16 point fit                | -3.5%        |
| 12 point fit                | 0.3%         |
| 8 point fit                 | -0.6%        |
| 4 point fit                 | 0.0%         |
| <b>Historical Selected</b>  | <b>0.0%</b>  |
| <b>Prospective Selected</b> | <b>-0.3%</b> |



| Accident Year Ending | Trend Period |           |           |             |          |           | Trend Factor |
|----------------------|--------------|-----------|-----------|-------------|----------|-----------|--------------|
|                      | Historical   |           |           | Prospective |          |           |              |
|                      | Beginning    | End       | Time(Yrs) | Beginning   | End      | Time(Yrs) |              |
| 6/30/2009            | 12/31/2008   | 5/15/2013 | 4.375     | 5/15/2013   | 1/1/2015 | 1.628     | <b>0.995</b> |
| 6/30/2010            | 12/31/2009   | 5/15/2013 | 3.375     | 5/15/2013   | 1/1/2015 | 1.628     | <b>0.995</b> |
| 6/30/2011            | 12/31/2010   | 5/15/2013 | 2.375     | 5/15/2013   | 1/1/2015 | 1.628     | <b>0.995</b> |
| 6/30/2012            | 12/31/2011   | 5/15/2013 | 1.375     | 5/15/2013   | 1/1/2015 | 1.628     | <b>0.995</b> |
| 6/30/2013            | 12/31/2012   | 5/15/2013 | 0.375     | 5/15/2013   | 1/1/2015 | 1.628     | <b>0.995</b> |

Loss Trend

Loss Trend Based on Southeast Region (AL, AR, FL, GA, LA, MS, NC, SC, TN, VA) - American Modern Insurance Group Data Excluding Catastrophe Losses, Capping Large Losses

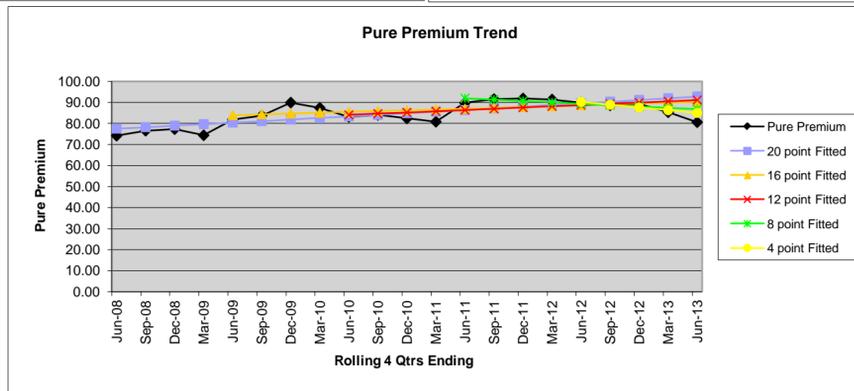
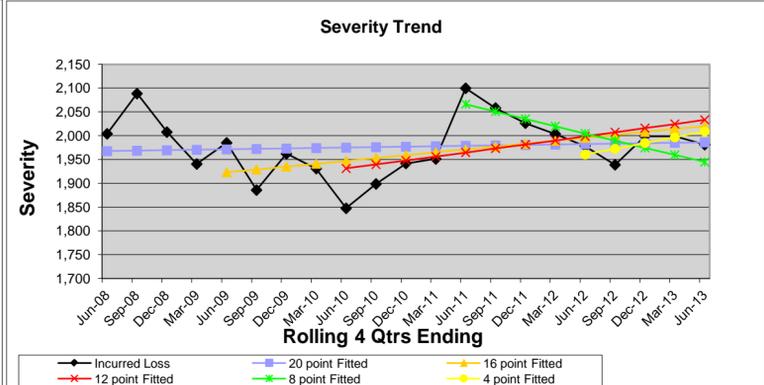
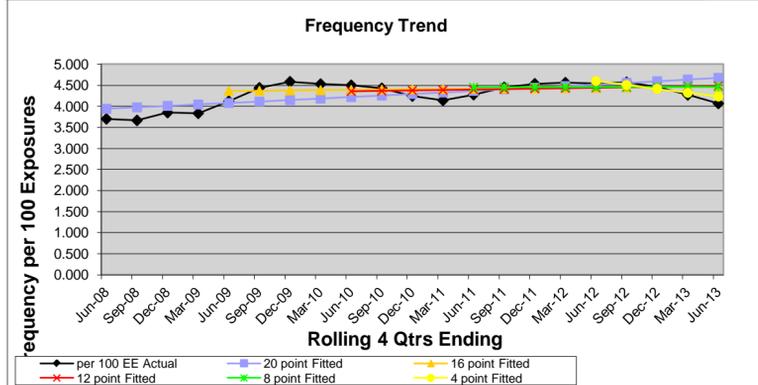
| Accident Period 4 Qtrs Ending | Ultimate Reported Claim Counts | Ultimate Non-Cat Incurred Loss & ALAE | Earned Exposures | Frequency                   |                 |                 |                 |                | Severity       |                       |                 |                 |                 |                |                |
|-------------------------------|--------------------------------|---------------------------------------|------------------|-----------------------------|-----------------|-----------------|-----------------|----------------|----------------|-----------------------|-----------------|-----------------|-----------------|----------------|----------------|
|                               |                                |                                       |                  | Frequency per 100 EE Actual | 20 point Fitted | 16 point Fitted | 12 point Fitted | 8 point Fitted | 4 point Fitted | Average Incurred Loss | 20 point Fitted | 16 point Fitted | 12 point Fitted | 8 point Fitted | 4 point Fitted |
| 6/30/2008                     | 374                            | 749,478                               | 10,105           | 3.701                       | 3.941           |                 |                 |                |                |                       | 2,004           | 1,967           |                 |                |                |
| 9/30/2008                     | 534                            | 1,115,173                             | 14,567           | 3.666                       | 3.975           |                 |                 |                |                |                       | 2,088           | 1,968           |                 |                |                |
| 12/31/2008                    | 763                            | 1,531,713                             | 19,814           | 3.851                       | 4.009           |                 |                 |                |                |                       | 2,007           | 1,969           |                 |                |                |
| 3/31/2009                     | 975                            | 1,891,953                             | 25,435           | 3.833                       | 4.044           |                 |                 |                |                |                       | 1,940           | 1,970           |                 |                |                |
| 6/30/2009                     | 1,279                          | 2,538,722                             | 31,029           | 4.122                       | 4.078           | 4.365           |                 |                |                |                       | 1,985           | 1,971           | 1,923           |                |                |
| 9/30/2009                     | 1,607                          | 3,030,383                             | 36,201           | 4.439                       | 4.113           | 4.372           |                 |                |                |                       | 1,886           | 1,972           | 1,929           |                |                |
| 12/31/2009                    | 1,874                          | 3,676,780                             | 40,892           | 4.583                       | 4.148           | 4.378           |                 |                |                |                       | 1,962           | 1,973           | 1,935           |                |                |
| 3/31/2010                     | 2,067                          | 3,991,184                             | 45,654           | 4.528                       | 4.184           | 4.384           |                 |                |                |                       | 1,931           | 1,974           | 1,941           |                |                |
| 6/30/2010                     | 2,296                          | 4,241,779                             | 51,037           | 4.499                       | 4.220           | 4.391           | 4.354           |                |                |                       | 1,847           | 1,975           | 1,947           | 1,931          |                |
| 9/30/2010                     | 2,552                          | 4,845,617                             | 57,639           | 4.428                       | 4.256           | 4.397           | 4.365           |                |                |                       | 1,899           | 1,976           | 1,953           | 1,939          |                |
| 12/31/2010                    | 2,757                          | 5,354,151                             | 64,986           | 4.243                       | 4.293           | 4.403           | 4.375           |                |                |                       | 1,942           | 1,977           | 1,959           | 1,948          |                |
| 3/31/2011                     | 2,990                          | 5,833,328                             | 72,193           | 4.141                       | 4.329           | 4.410           | 4.386           |                |                |                       | 1,951           | 1,978           | 1,965           | 1,956          |                |
| 6/30/2011                     | 3,406                          | 7,150,396                             | 79,632           | 4.277                       | 4.366           | 4.416           | 4.397           | 4.452          |                |                       | 2,100           | 1,979           | 1,971           | 1,965          | 2,066          |
| 9/30/2011                     | 3,847                          | 7,917,892                             | 86,471           | 4.449                       | 4.404           | 4.422           | 4.407           | 4.454          |                |                       | 2,058           | 1,979           | 1,977           | 1,973          | 2,051          |
| 12/31/2011                    | 4,206                          | 8,523,364                             | 92,769           | 4.534                       | 4.442           | 4.429           | 4.418           | 4.455          |                |                       | 2,026           | 1,980           | 1,983           | 1,982          | 2,035          |
| 3/31/2012                     | 4,529                          | 9,073,264                             | 99,293           | 4.561                       | 4.480           | 4.435           | 4.428           | 4.456          |                |                       | 2,004           | 1,981           | 1,989           | 1,990          | 2,020          |
| 6/30/2012                     | 4,813                          | 9,521,622                             | 105,975          | 4.542                       | 4.518           | 4.442           | 4.439           | 4.457          | 4.602          |                       | 1,978           | 1,982           | 1,995           | 1,999          | 2,005          |
| 9/30/2012                     | 5,136                          | 9,958,168                             | 112,364          | 4.571                       | 4.557           | 4.448           | 4.450           | 4.458          | 4.506          |                       | 1,939           | 1,983           | 2,002           | 2,007          | 1,989          |
| 12/31/2012                    | 5,241                          | 10,475,682                            | 117,478          | 4.461                       | 4.596           | 4.454           | 4.460           | 4.460          | 4.413          |                       | 1,999           | 1,984           | 2,008           | 2,016          | 1,974          |
| 3/31/2013                     | 5,171                          | 10,332,681                            | 121,089          | 4.270                       | 4.635           | 4.461           | 4.471           | 4.461          | 4.321          |                       | 1,998           | 1,985           | 2,014           | 2,025          | 1,960          |
| 6/30/2013                     | 5,001                          | 9,908,398                             | 122,952          | 4.068                       | 4.675           | 4.467           | 4.482           | 4.462          | 4.232          |                       | 1,981           | 1,986           | 2,020           | 2,033          | 1,945          |

| Accident Period 4 Qtrs Ending | Pure Premium |                 |                 |                 |                |                |
|-------------------------------|--------------|-----------------|-----------------|-----------------|----------------|----------------|
|                               | Pure Premium | 20 point Fitted | 16 point Fitted | 12 point Fitted | 8 point Fitted | 4 point Fitted |
| 6/30/2008                     | 74.17        | 77.55           |                 |                 |                |                |
| 9/30/2008                     | 76.55        | 78.25           |                 |                 |                |                |
| 12/31/2008                    | 77.31        | 78.95           |                 |                 |                |                |
| 3/31/2009                     | 74.38        | 79.67           |                 |                 |                |                |
| 6/30/2009                     | 81.82        | 80.39           | 83.96           |                 |                |                |
| 9/30/2009                     | 83.71        | 81.12           | 84.34           |                 |                |                |
| 12/31/2009                    | 89.91        | 81.85           | 84.72           |                 |                |                |
| 3/31/2010                     | 87.42        | 82.59           | 85.10           |                 |                |                |
| 6/30/2010                     | 83.11        | 83.34           | 85.49           | 84.09           |                |                |
| 9/30/2010                     | 84.07        | 84.09           | 85.87           | 84.65           |                |                |
| 12/31/2010                    | 82.39        | 84.85           | 86.26           | 85.22           |                |                |
| 3/31/2011                     | 80.80        | 85.62           | 86.65           | 85.80           |                |                |
| 6/30/2011                     | 89.79        | 86.39           | 87.04           | 86.37           | 92.00          |                |
| 9/30/2011                     | 91.57        | 87.17           | 87.44           | 86.96           | 91.33          |                |
| 12/31/2011                    | 91.88        | 87.96           | 87.83           | 87.54           | 90.67          |                |
| 3/31/2012                     | 91.38        | 88.76           | 88.23           | 88.13           | 90.00          |                |
| 6/30/2012                     | 89.85        | 89.56           | 88.63           | 88.72           | 89.35          | 90.21          |
| 9/30/2012                     | 88.62        | 90.37           | 89.03           | 89.32           | 88.70          | 88.88          |
| 12/31/2012                    | 89.17        | 91.19           | 89.43           | 89.92           | 88.05          | 87.57          |
| 3/31/2013                     | 85.33        | 92.01           | 89.84           | 90.52           | 87.41          | 86.28          |
| 6/30/2013                     | 80.59        | 92.84           | 90.24           | 91.13           | 86.77          | 85.01          |

| Annual Loss Trend    |           |          |              |
|----------------------|-----------|----------|--------------|
|                      | Frequency | Severity | Pure Premium |
| 20 point fit         | 3.5%      | 0.2%     | 3.7%         |
| 16 point fit         | 0.6%      | 1.2%     | 1.8%         |
| 12 point fit         | 1.0%      | 1.7%     | 2.7%         |
| 8 point fit          | 0.1%      | -3.0%    | -2.9%        |
| 4 point fit          | -8.0%     | 2.5%     | -5.8%        |
| Historical Selected  | -2.0%     | -2.0%    | -4.0%        |
| Prospective Selected | -1.0%     | 0.0%     | -1.0%        |

*Loss trends based on a combination of internal and Fast Track data*

| Accident Year Ending | Trend Period |           |           |             |          |           | Trend Factor |
|----------------------|--------------|-----------|-----------|-------------|----------|-----------|--------------|
|                      | Historical   |           |           | Prospective |          |           |              |
|                      | Beginning    | End       | Time(Yrs) | Beginning   | End      | Time(Yrs) |              |
| 6/30/2009            | 12/31/2008   | 2/15/2013 | 4.125     | 2/15/2013   | 1/1/2015 | 1.878     | <b>0.829</b> |
| 6/30/2010            | 12/31/2009   | 2/15/2013 | 3.125     | 2/15/2013   | 1/1/2015 | 1.878     | <b>0.864</b> |
| 6/30/2011            | 12/31/2010   | 2/15/2013 | 2.125     | 2/15/2013   | 1/1/2015 | 1.878     | <b>0.900</b> |
| 6/30/2012            | 12/31/2011   | 2/15/2013 | 1.125     | 2/15/2013   | 1/1/2015 | 1.878     | <b>0.937</b> |
| 6/30/2013            | 12/31/2012   | 2/15/2013 | 0.125     | 2/15/2013   | 1/1/2015 | 1.878     | <b>0.976</b> |

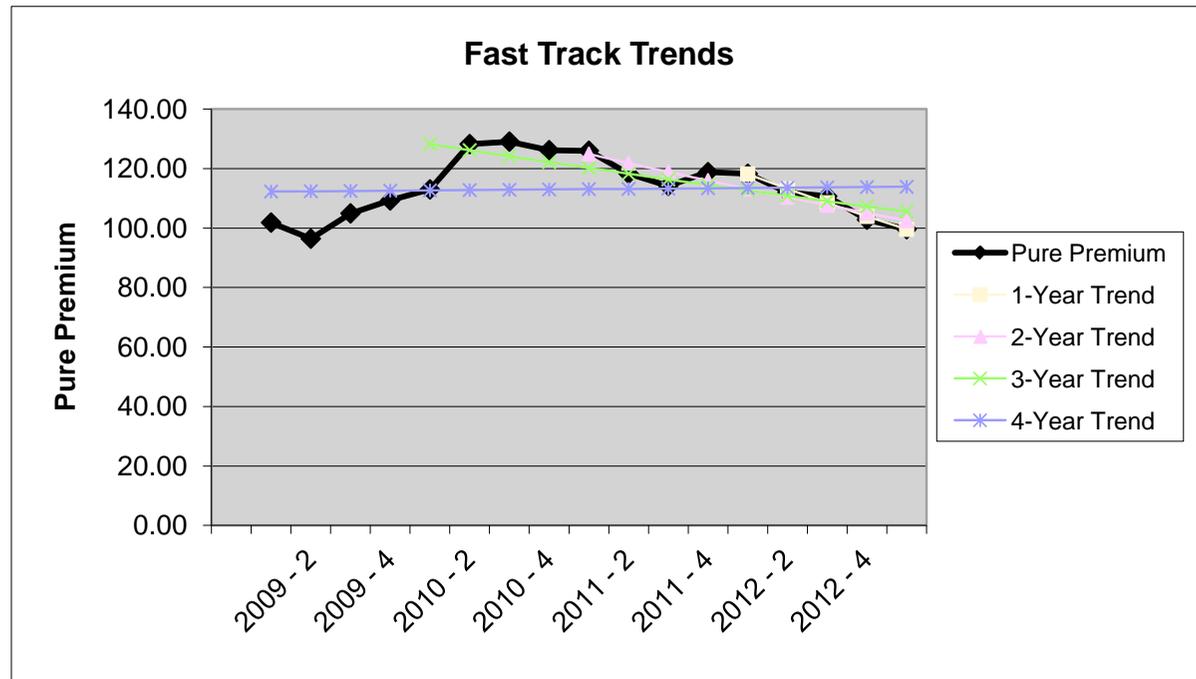


**American Modern Home Insurance Company  
Arkansas  
Renters-PMR Package  
Industry Loss Trend - Excluding Catastrophes**

**FAST TRACK PLUSTM  
Homeowners Loss Data and Trends  
Arkansas**

Policy Form 4

|          | Paid<br>Claim<br>Freq.* | Paid<br>Claim<br>Cost(\$) |       |
|----------|-------------------------|---------------------------|-------|
| 2009 - 1 | 101.83                  | 2.52                      | 4,033 |
| 2009 - 2 | 96.42                   | 2.53                      | 3,813 |
| 2009 - 3 | 104.92                  | 2.50                      | 4,199 |
| 2009 - 4 | 109.27                  | 2.47                      | 4,418 |
| 2010 - 1 | 112.97                  | 2.45                      | 4,610 |
| 2010 - 2 | 128.20                  | 2.50                      | 5,124 |
| 2010 - 3 | 129.06                  | 2.58                      | 4,999 |
| 2010 - 4 | 126.17                  | 2.55                      | 4,943 |
| 2011 - 1 | 125.97                  | 2.53                      | 4,987 |
| 2011 - 2 | 118.26                  | 2.63                      | 4,491 |
| 2011 - 3 | 114.18                  | 2.62                      | 4,362 |
| 2011 - 4 | 118.78                  | 2.65                      | 4,484 |
| 2012 - 1 | 118.23                  | 2.64                      | 4,486 |
| 2012 - 2 | 111.99                  | 2.48                      | 4,519 |
| 2012 - 3 | 110.68                  | 2.45                      | 4,512 |
| 2012 - 4 | 102.82                  | 2.53                      | 4,064 |
| 2013 - 1 | 99.62                   | 2.61                      | 3,821 |



**Annual Trends**

Exponential

|        |         |        |         |
|--------|---------|--------|---------|
| 1 Year | -15.63% | 7.58%  | -21.57% |
| 2 Year | -9.05%  | -2.51% | -6.70%  |
| 3 Year | -8.42%  | -0.13% | -8.30%  |
| 4 Year | -0.62%  | 0.73%  | -1.34%  |

Loss & ALAE Development

Data shown is Countrywide Consolidated American Modern Insurance Group HO-4 & HO-6

Cumulative Incurred Loss and ALAE Development

| Accident<br>Qtr Ending | Development Age |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |
|------------------------|-----------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
|                        | 3               | 6         | 9         | 12        | 15        | 18        | 21        | 24        | 27        | 30        | 33        | 36        | 39        | 42        | 45        | 48        | 51        | 54        | 57        | 60        | 63        | 66        |
| Sep-07                 | 1,209,017       | 1,353,173 | 1,279,367 | 1,340,154 | 1,349,163 | 1,275,035 | 1,299,566 | 1,459,504 | 1,478,350 | 1,473,988 | 1,422,473 | 1,383,454 | 1,352,873 | 1,353,873 | 1,353,873 | 1,355,223 | 1,353,873 | 1,353,873 | 1,353,873 | 1,353,873 | 1,353,873 | 1,351,873 |
| Dec-07                 | 1,238,169       | 1,476,003 | 1,510,451 | 1,486,497 | 1,425,459 | 1,430,621 | 1,408,649 | 1,405,522 | 1,407,550 | 1,454,928 | 1,455,088 | 1,455,088 | 1,455,088 | 1,455,088 | 1,455,088 | 1,455,088 | 1,455,088 | 1,455,088 | 1,455,088 | 1,455,088 | 1,455,088 | 1,455,088 |
| Mar-08                 | 1,510,469       | 1,587,294 | 1,508,362 | 1,511,904 | 1,557,096 | 1,601,607 | 1,586,185 | 1,758,240 | 1,757,865 | 1,754,961 | 1,707,961 | 1,725,493 | 1,725,493 | 1,612,623 | 1,612,623 | 1,612,623 | 1,612,623 | 1,612,623 | 1,612,623 | 1,612,768 | 1,612,768 | 1,612,768 |
| Jun-08                 | 1,389,008       | 1,374,505 | 1,377,453 | 1,391,167 | 1,361,201 | 1,361,451 | 1,354,405 | 1,336,653 | 1,361,813 | 1,362,920 | 1,337,760 | 1,337,920 | 1,337,920 | 1,337,920 | 1,337,920 | 1,337,920 | 1,337,920 | 1,338,105 | 1,338,105 | 1,338,105 | 1,338,105 | 1,338,105 |
| Sep-08                 | 2,343,648       | 2,412,533 | 2,412,595 | 2,400,278 | 2,560,355 | 2,505,818 | 2,501,473 | 2,501,049 | 2,559,997 | 2,467,493 | 2,467,493 | 2,467,493 | 2,467,493 | 2,467,493 | 2,467,493 | 2,467,493 | 2,467,493 | 2,467,493 | 2,467,493 | 2,467,653 | 2,467,653 | 2,467,653 |
| Dec-08                 | 3,121,948       | 3,111,223 | 3,065,190 | 3,075,559 | 3,111,395 | 3,085,537 | 3,055,045 | 3,059,320 | 3,057,790 | 3,057,893 | 3,057,893 | 3,057,893 | 3,057,893 | 3,085,189 | 3,089,694 | 3,044,694 | 3,151,159 | 3,150,946 | 3,038,498 | 3,038,413 |           |           |
| Mar-09                 | 3,285,259       | 2,988,197 | 3,034,538 | 2,991,065 | 3,032,531 | 3,034,115 | 3,043,583 | 3,029,023 | 3,040,862 | 3,046,211 | 3,046,211 | 3,039,391 | 3,039,441 | 3,039,441 | 3,040,457 | 3,040,457 | 3,040,207 | 3,040,207 | 3,040,207 | 3,040,207 |           |           |
| Jun-09                 | 3,182,517       | 3,138,996 | 3,086,281 | 3,146,121 | 3,151,156 | 3,129,567 | 3,134,650 | 3,172,399 | 3,160,713 | 3,162,059 | 3,180,166 | 3,180,326 | 3,194,853 | 3,194,853 | 3,194,853 | 3,194,823 | 3,194,823 |           |           |           |           |           |
| Sep-09                 | 3,876,753       | 3,504,010 | 3,515,102 | 3,482,405 | 3,495,268 | 3,604,615 | 3,553,017 | 3,592,281 | 3,495,234 | 3,568,529 | 3,558,412 | 3,470,196 | 3,470,349 | 3,474,449 | 3,468,381 | 3,467,681 |           |           |           |           |           |           |
| Dec-09                 | 4,358,138       | 3,920,647 | 3,972,984 | 4,032,139 | 4,003,375 | 3,903,375 | 3,915,327 | 3,888,896 | 3,841,585 | 3,841,637 | 3,966,117 | 3,966,867 | 3,966,867 | 3,949,184 | 3,953,204 |           |           |           |           |           |           |           |
| Mar-10                 | 3,581,595       | 3,368,033 | 3,460,687 | 3,437,342 | 3,444,573 | 3,438,841 | 3,479,140 | 3,425,139 | 3,478,597 | 3,480,022 | 3,426,522 | 3,428,822 | 3,428,822 | 3,428,822 | 3,428,822 |           |           |           |           |           |           |           |
| Jun-10                 | 3,855,622       | 4,167,177 | 4,236,686 | 4,324,075 | 4,390,494 | 4,342,394 | 4,271,264 | 4,276,431 | 4,254,472 | 4,249,100 | 4,244,682 | 4,244,682 | 4,245,123 |           |           |           |           |           |           |           |           |           |
| Sep-10                 | 4,830,868       | 4,530,509 | 4,565,442 | 4,592,082 | 4,648,726 | 4,656,610 | 4,637,723 | 4,519,088 | 4,546,608 | 4,557,349 | 4,593,124 | 4,617,270 |           |           |           |           |           |           |           |           |           |           |
| Dec-10                 | 4,635,935       | 4,749,286 | 4,862,064 | 4,724,313 | 4,806,633 | 4,744,185 | 4,724,127 | 4,822,874 | 4,848,164 | 4,848,440 | 4,848,220 |           |           |           |           |           |           |           |           |           |           |           |
| Mar-11                 | 5,498,706       | 5,748,280 | 5,786,120 | 5,771,707 | 5,702,343 | 5,788,210 | 5,785,821 | 5,767,753 | 5,774,884 | 5,809,379 |           |           |           |           |           |           |           |           |           |           |           |           |
| Jun-11                 | 5,707,519       | 5,767,851 | 6,234,035 | 6,220,600 | 6,233,985 | 6,223,916 | 6,211,236 | 6,213,006 | 6,304,747 |           |           |           |           |           |           |           |           |           |           |           |           |           |
| Sep-11                 | 6,624,158       | 7,157,986 | 6,932,527 | 6,892,062 | 6,876,662 | 6,943,594 | 6,934,380 | 6,879,915 |           |           |           |           |           |           |           |           |           |           |           |           |           |           |
| Dec-11                 | 7,888,213       | 8,393,504 | 8,087,836 | 7,963,116 | 7,911,878 | 7,904,282 | 7,894,680 |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |
| Mar-12                 | 7,025,746       | 7,068,925 | 7,001,367 | 7,017,809 | 7,138,481 | 7,160,494 |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |
| Jun-12                 | 7,486,802       | 7,964,996 | 8,054,076 | 8,134,996 | 8,209,996 |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |
| Sep-12                 | 9,150,217       | 9,759,801 | 9,765,147 | 9,923,796 |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |
| Dec-12                 | 8,819,912       | 9,182,891 | 9,101,686 |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |
| Mar-13                 | 7,605,920       | 8,062,969 |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |
| Jun-13                 | 8,560,349       |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |

Historical Development Factors

| Accident<br>Qtr Ending | Development Age |        |         |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |       |
|------------------------|-----------------|--------|---------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|-------|
|                        | 3 to 6          | 6 to 9 | 9 to 12 | 12 to 15 | 15 to 18 | 18 to 21 | 21 to 24 | 24 to 27 | 27 to 30 | 30 to 33 | 33 to 36 | 36 to 39 | 39 to 42 | 42 to 45 | 45 to 48 | 48 to 51 | 51 to 54 | 54 to 57 | 57 to 60 | 60 to 63 | 63 to 66 |       |
| Sep-07                 | 1.119           | 0.945  | 1.048   | 1.007    | 0.945    | 1.019    | 1.123    | 1.013    | 0.997    | 0.965    | 0.973    | 0.978    | 1.001    | 1.000    | 1.001    | 0.999    | 1.000    | 1.000    | 1.000    | 1.000    | 1.000    | 0.999 |
| Dec-07                 | 1.192           | 1.023  | 0.984   | 0.959    | 1.004    | 0.985    | 0.998    | 1.001    | 1.034    | 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 |
| Mar-08                 | 1.051           | 0.950  | 1.002   | 1.030    | 1.029    | 0.990    | 1.108    | 1.000    | 0.998    | 0.973    | 1.010    | 1.000    | 0.935    | 1.000    | 1.000    | 1.000    | 1.000    | 1.000    | 1.000    | 1.000    | 1.000    | 1.000 |
| Jun-08                 | 0.990           | 1.002  | 1.010   | 0.978    | 1.000    | 0.995    | 0.987    | 1.019    | 1.001    | 0.982    | 1.000    | 1.000    | 1.000    | 1.000    | 1.000    | 1.000    | 1.000    | 1.000    | 1.000    | 1.000    | 1.000    | 1.000 |
| Sep-08                 | 1.029           | 1.000  | 0.995   | 1.067    | 0.979    | 0.998    | 1.000    | 1.024    | 0.964    | 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 |
| Dec-08                 | 0.997           | 0.985  | 1.003   | 1.012    | 0.992    | 0.990    | 1.001    | 0.999    | 1.000    | 1.000    | 1.000    | 1.009    | 1.001    | 0.985    | 1.035    | 1.000    | 0.964    | 1.000    |          |          |          |       |
| Mar-09                 | 0.910           | 1.016  | 0.986   | 1.014    | 1.001    | 1.003    | 0.995    | 1.004    | 1.002    | 1.000    | 0.998    | 1.000    | 1.000    | 1.000    | 1.000    | 1.000    | 1.000    | 1.000    | 1.000    |          |          |       |
| Jun-09                 | 0.986           | 0.983  | 1.019   | 1.002    | 0.993    | 1.002    | 1.012    | 0.996    | 1.000    | 1.006    | 1.000    | 1.005    | 1.000    | 1.000    | 1.000    | 1.000    | 1.000    | 1.000    |          |          |          |       |
| Sep-09                 | 0.904           | 1.003  | 0.991   | 1.004    | 1.031    | 0.986    | 1.011    | 0.973    | 1.021    | 0.997    | 0.975    | 1.000    | 1.001    | 0.998    | 1.000    |          |          |          |          |          |          |       |
| Dec-09                 | 0.900           | 1.013  | 1.015   | 0.993    | 0.975    | 1.003    | 0.993    | 0.988    | 1.000    | 1.032    | 1.000    | 1.000    | 0.996    | 1.001    |          |          |          |          |          |          |          |       |
| Mar-10                 | 0.940           | 1.028  | 0.993   | 1.002    | 0.998    | 1.012    | 0.984    | 1.016    | 1.000    | 0.985    | 1.001    | 1.000    | 1.000    | 1.000    |          |          |          |          |          |          |          |       |
| Jun-10                 | 1.081           | 1.017  | 1.021   | 1.015    | 0.989    | 0.984    | 1.001    | 0.995    | 0.999    | 0.999    | 1.000    | 1.000    |          |          |          |          |          |          |          |          |          |       |
| Sep-10                 | 0.938           | 1.008  | 1.006   | 1.012    | 1.002    | 0.996    | 0.974    | 1.006    | 1.002    | 1.008    | 1.005    |          |          |          |          |          |          |          |          |          |          |       |
| Dec-10                 | 1.024           | 1.024  | 0.972   | 1.017    | 0.987    | 0.996    | 1.021    | 1.005    | 1.000    | 1.000    |          |          |          |          |          |          |          |          |          |          |          |       |
| Mar-11                 | 1.045           | 1.007  | 0.998   | 0.988    | 1.015    | 1.000    | 0.997    | 1.001    | 1.006    |          |          |          |          |          |          |          |          |          |          |          |          |       |
| Jun-11                 | 1.011           | 1.081  | 0.998   | 1.002    | 0.998    | 0.998    | 1.000    | 1.015    |          |          |          |          |          |          |          |          |          |          |          |          |          |       |
| Sep-11                 | 1.081           | 0.969  | 0.994   | 0.998    | 1.010    | 0.999    | 0.992    |          |          |          |          |          |          |          |          |          |          |          |          |          |          |       |
| Dec-11                 | 1.064           | 0.964  | 0.985   | 0.994    | 0.999    | 0.999    |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |       |
| Mar-12                 | 1.006           | 0.990  | 1.002   | 1.017    | 1.003    |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |       |
| Jun-12                 | 1.064           | 1.011  | 1.010   | 1.009    |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |       |
| Sep-12                 | 1.067           | 1.001  | 1.016   |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |       |
| Dec-12                 | 1.041           | 0.991  |         |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |       |
| Mar-13                 | 1.060           |        |         |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |       |

| Averages              | 3 to 6 | 6 to 9 | 9 to 12 | 12 to 15 | 15 to 18 | 18 to 21 | 21 to 24 | 24 to 27 | 27 to 30 | 30 to 33 | 33 to 36 | 36 to 39 | 39 to 42 | 42 to 45 | 45 to 48 | 48 to 51 | 51 to 54 | 54 to 57 | 57 to 60 | 60 to 63 | 63 to 66 | 66 to Ult |
|-----------------------|--------|--------|---------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|-----------|
| 4 Qtrs Average        | 1.058  | 0.998  | 1.003   | 1.005    | 1.003    | 0.999    | 1.003    | 1.007    | 1.002    | 0.998    | 1.002    | 1.000    | 0.999    | 1.000    | 1.009    | 1.000    | 0.991    | 1.000    | 1.000    | 1.000    |          |           |
| 8 Qtrs Average        | 1.049  | 1.002  | 0.997   | 1.005    | 1.000    | 0.998    | 0.995    | 1.000    | 1.004    | 1.003    | 0.997    | 1.002    | 1.000    | 0.998    | 1.004    | 1.000    |          |          |          |          |          |           |
| 12 Qtrs Average       | 1.040  | 1.008  | 1.001   | 1.004    | 1.000    | 0.998    | 0.998    | 1.002    | 1.000    | 0.999    | 0.999    | 0.999    |          |          |          |          |          |          |          |          |          |           |
| 8 Qtrs Average ex H/L | 1.051  | 0.995  | 0.998   | 1.005    | 1.000    | 0.998    | 0.995    | 1.002    | 1.001    | 1.002    | 1.000    | 1.001    | 1.000    | 1.000    | 1.000    | 1.000    |          |          |          |          |          |           |
| 8 Qtrs Vol Weighted   | 1.051  | 0.999  | 0.999   | 1.004    | 1.001    | 0.998    | 0.996    | 1.001    | 1.003    | 1.004    | 0.998    | 1.002    | 1.000    | 0.998    | 1.005    | 1.000    |          |          |          |          |          |           |
| 12 Qtrs Vol Weighted  | 1.043  | 1.003  | 1.001   | 1.004    | 1.001    | 0.998    | 0.998    | 1.002    | 1.001    | 1.001    | 0.999    | 1.000    |          |          |          |          |          |          |          |          |          |           |
| 12 Qtr Avg ex H/L     | 1.034  | 1.005  | 1.002   | 1.005    | 0.999    | 0.998    | 0.999    | 1.003    | 1.001    | 0.998    | 1.000    | 1.001    |          |          |          |          |          |          |          |          |          |           |

| Selected Factors   | 3 to 6 | 6 to 9 | 9 to 12 | 12 to 15 | 15 to 18 | 18 to 21 | 21 to 24 | 24 to 27 | 27 to 30 | 30 to 33 | 33 to 36 | 36 to 39 | 39 to 42 | 42 to 45 | 45 to 48 | 48 to 51 | 51 to 54 | 54 to 57 | 57 to 60 | 60 to 63 | 63 to 66 | 66 to Ult |
|--------------------|--------|--------|---------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|-----------|
| Age to Age Factors | 1.053  |        |         |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |           |

**American Modern Home Insurance Company**  
**Arkansas**  
**Renters-PMR Package**  
**All Classes**

**Catastrophe Factor**

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Data Shown Is Countrywide American Modern Home Insurance Company - Renters

| Accident<br>Year<br>Ending          | (1)<br>Catastrophe<br>Losses* | (2)<br>All<br>Losses* | (3)=(2)-(1)<br>All Losses* Less<br>Catastrophe | (4)=(1)/(3)<br>Catastrophe<br>Ratio |
|-------------------------------------|-------------------------------|-----------------------|--|-------------------------------------|
| 6/30/2006                           | -                             | 736,433               | 736,433  | 0.000                               |
| 6/30/2007                           | 125                           | 3,277,939             | 3,277,814                                      | 0.000                               |
| 6/30/2008                           | 343,367                       | 5,987,581             | 5,644,214                                      | 0.061                               |
| 6/30/2009                           | 529,547                       | 12,132,085            | 11,602,538                                     | 0.046                               |
| 6/30/2010                           | 71,995                        | 14,765,472            | 14,693,478                                     | 0.005                               |
| 6/30/2011                           | 320,853                       | 21,337,107            | 21,016,254                                     | 0.015                               |
| 6/30/2012                           | 358,839                       | 29,864,883            | 29,506,044                                     | 0.012                               |
| 6/30/2013                           | 448,338                       | 34,520,996            | 34,072,659                                     | 0.013                               |
| Weighted Average                    |                               |                       |  | 0.017                               |
| <b>Selected Catastrophe Factor:</b> |                               |                       |  | <b>0.017</b>                        |

\* Losses shown are Undeveloped Accident Year Incurred Losses and ALAE.

Large Loss Adjustment

| Accident<br>Year Ending | (1)<br>Excess<br>Paid Large<br>Loss & ALAE | (2)<br>Paid<br>Loss & ALAE | (3) = (2)-(1)<br>Loss & ALAE<br>Excluding<br>Excess<br>Large Losses | (4) = (1)/(3)<br>Excess<br>Large<br>Loss<br>Ratio |
|-------------------------|--|----------------------------|---|---|
| 6/30/2003               | -  | -                          | -   |   |
| 6/30/2004               | -  | -                          | -   |   |
| 6/30/2005               | -  | -                          | -   |   |
| 6/30/2006               | 2,772                                      | 1,296,111                  | 1,293,339   | 0.2%  |
| 6/30/2007               | 337,757                                    | 4,209,929                  | 3,872,172   | 8.7%  |
| 6/30/2008               | 182,941                                    | 6,866,098                  | 6,683,157   | 2.7%  |
| 6/30/2009               | 394,624                                    | 12,732,959                 | 12,338,335  | 3.2%  |
| 6/30/2010               | 351,741                                    | 15,960,447                 | 15,608,706  | 2.3%  |
| 6/30/2011               | 876,809                                    | 23,506,641                 | 22,629,832  | 3.9%  |
| 6/30/2012               | 1,207,220                                  | 32,429,265                 | 31,222,045  | 3.9%  |
|                         |  |                            | Average:  | 3.6%  |
|                         |  |                            | Selected Large Loss Adjustment:                                     | 3.6%  |

All Catastrophe Losses have been excluded from this calculation to avoid doublecounting.

Large Losses are defined as any paid, closed loss greater than \$50,000 in 2010 with an deflationary/inflationary factor of 0% assumed for earlier and later years.

Because of the time needed for large losses to be paid and closed, the latest accident year is not included in the calculation.

**American Modern Home Insurance Company  
Arkansas  
Renters-PMR Package**

**Exhibit 9**

**Unallocated Loss Adjustment Expense**

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The ULAE Factor is calculated as a ratio to Incurred Loss and ALAE and is considered in the "loss" side of the indication.

**Consolidated American Modern Insurance Group Data**

| <b>Calendar Year</b>                             | <b>2010</b> | <b>2011</b> | <b>2012</b> |
|--|-------------|-------------|-------------|
| <b>ULAE Incurred</b>                             | 8,611,126   | 2,723,316   | 3,449,928   |
| <b>Adjusted Loss and ALAE Incurred</b>           | 501,701,035 | 686,413,201 | 619,695,676 |
| <b>Ratio of ULAE to Incurred Loss &amp; ALAE</b> | 1.7%        | 0.4%        | 0.6%        |
| <b>5 Year Average</b>                            |             |             | 1.4%        |
| <b>2 Year Average</b>                            |             |             | 0.5%        |
| <b>Selected ULAE Factor</b>                      |             |             | <b>1.01</b> |

**Determination of Permissible Loss Ratio**

|   | Calendar Year |       |       |       |       | Budget | Selected |
|---|---------------|-------|-------|-------|-------|--------|----------|
|   | 2008          | 2009  | 2010  | 2011  | 2012  | 2013   |          |
| (1) Pre-Paid Commissions  | 29.9%         | 35.1% | 35.0% | 32.8% | 32.8% | 33.0%  | 32.8%    |
| (2) Contingent Commissions  | 8.5%          | 5.1%  | 9.6%  | 10.1% | 9.4%  | 0.0%   | 0.0%     |
| (3) Other Acquisition Expense   | 2.2%          | 1.7%  | 1.3%  | 1.5%  | 2.0%  | 2.8%   | 2.8%     |
| (4) General Expense   | 6.7%          | 4.8%  | 3.5%  | 3.9%  | 4.7%  | 6.4%   | 6.4%     |
| (5) Taxes, Licenses and Fees  | 3.4%          | 2.7%  | 2.9%  | 2.7%  | 3.0%  |        | 3.0%     |
| (6) Reinsurance Expense   |               |       |       |       |       | 0.4%   | 0.4%     |
| (8) Total Expense   |               |       |       |       |       |        | 45.4%    |
| <b>Profit Loading Provision</b>   |               |       |       |       |       |        |          |
| (9a) After Tax Return on Equity Goal                                      |               |       |       |       |       | 15.0%  |          |
| (9b) Target Premium to Surplus Ratio                                      |               |       |       |       |       | 1.8:1  |          |
| (9c) After Tax Return on Premium [(a)/(b)]                                |               |       |       |       |       | 8.3%   |          |
| (9d) After Tax Return Generated by Inv Income                             |               |       |       |       |       | 1.0%   |          |
| (9e) After Tax Return Needed From Underwriting Profit [(c) - (d)]         |               |       |       |       |       | 7.3%   |          |
| (9f) Before Tax Return Needed from Underwriting Profit [(e)/(1.00 - .35)] |               |       |       |       |       | 11.3%  |          |
| (9g) Selected Profit Provision  |               |       |       |       |       |        | 11.0%    |
| (10) Total Expenses and Profit Provision [(8) + (9)]                      |               |       |       |       |       |        | 56.4%    |
| (11) Permissible Loss & LAE Ratio [(1.000 - (10))]                        |               |       |       |       |       |        | 43.6%    |
| (12) Fixed Expense Ratio (100% of Reins Expense and Retained Risk Load)   |               |       |       |       |       |        | 0.4%     |
| (13) Variable Expense Ratio   |               |       |       |       |       |        | 56.0%    |

| Data applied to calculate commission ratio: | Calendar Year |      |      |       |         |
|---|---------------|------|------|-------|---------|
|   | 2008          | 2009 | 2010 | 2011  | 2012    |
| AMH Arkansas Renters-PMR Package Wr Prem    | 756           | 672  | 258  | 3,208 | 117,620 |
| AMH Arkansas Renters-PMR Package Pd Comm    | 226           | 236  | 90   | 1,052 | 38,525  |

| Data applied to calculate Taxes, Licenses and Fees:   | Calendar Year |            |            |            |            |
|---|---------------|------------|------------|------------|------------|
|   | 2008          | 2009       | 2010       | 2011       | 2012       |
| AMH Arkansas Written Premium from all AS Lines        | 13,335,305    | 14,724,953 | 15,459,676 | 16,276,901 | 14,858,121 |
| AMH Arkansas Taxes, Licenses & Fees from all AS Lines | 450,733       | 390,211    | 440,601    | 442,732    | 450,201    |

**Investment Income Calculation**

**Estimated Investment Earnings on Unearned Premium and Loss Reserves**

|   |   |                |
|---|---|----------------|
| <b>A. Unearned Premium Reserve</b>                        |   |                |
| (1)   | Direct Earned Premium for 2012  | \$ 493,455,701 |
| (2)   | Mean Unearned Premium Reserve Ratio   | 48.3%          |
| (3)   | Mean Unearned Premium Reserve (1) x (2)                                       | \$ 238,210,689 |
| (4)   | Deduction for Prepaid Expenses and Federal Taxes Payable                      |                |
| (a)   | Commission  | 32.8%          |
| (b)   | 50% of Other Acquisition  | 1.4%           |
| (c)   | 50% of General Expenses   | 3.2%           |
| (d)   | Taxes, Licenses, and Fees   | 3.0%           |
| (e)   | Reinsurance Expense   | 0.4%           |
| (f)   | Subtotal  | 40.8%          |
| (g)   | Federal Taxes Payable   | 7.0%           |
| (4T)  | Total Deductions  | 47.8%          |
| (5)   | Unearned Premium Reserve Subject to Investment (3) x [1.0 - (4T)]             | \$ 124,345,980 |
| <b>B. Delayed Remission of Premium (Agent's Balances)</b> |   |                |
| (1)   | Agent's Balance or Uncollected Premium to Unearned Premium                    |                |
| (a)   | Average Agent's Balance   | \$ 185,015,997 |
| (b)   | Direct Unearned Premium 2012 (All Lines)                                      | \$ 513,026,808 |
| (c)   | Ratio (a) / (b)   | 36.1%          |
| (d)   | Direct Unearned Premium 2012 (ASLOB 4 - Homeowners)                           | \$ 253,049,049 |
| (2)   | Delayed Remission (1c) x (1d)   | \$ 91,258,627  |
| <b>C. Loss and Loss Adjustment Expense Reserve</b>        |   |                |
| (1)   | Expected Loss and Loss Adjustment Expense Ratio                               | 43.6%          |
| (2)   | Expected Losses and Loss Adjustment Expenses (A.1) x (C.1)                    | \$ 215,146,686 |
| (3)   | Percent of Mean Loss & ALAE Reserves to Incurred Loss & ALAE                  |                |
| (a)   | 2012 Mean Loss & ALAE Reserve to Incurred Loss & ALAE Ratio                   | 27.7%          |
| (b)   | 2011 Mean Loss & ALAE Reserve to Incurred Loss & ALAE Ratio                   | 20.0%          |
| (c)   | Average of Mean Loss Reserve to Incurred Loss Ratios 1/2 x [(a) + (b)]        | 23.9%          |
| (4)   | Expected Mean Loss Reserves (2) x (3c) x .958                                 | \$ 49,165,085  |
| <b>D.</b>   | <b>Net Subject to Investment</b>  | \$ 82,252,437  |
|   | (A.5) - (B.2) + (C.4)   |                |
| <b>E.</b>   | <b>Before Tax Rate of Return</b>  | 2.1%           |
|   | [Exhibit 10, Page 2]  |                |
| <b>F.</b>   | <b>Average Rate of Return as a % of Direct Earned Premium</b>                 | 0.4%           |
|   | [(D) x (E)] / (A.1)]  |                |
| <b>G.</b>   | <b>Before Tax Investment Income Return (Including Surplus)</b>                | 1.5%           |
|   | (F) + [(E) x (1.0/Premium to Surplus Ratio)]                                  |                |
| <b>H.</b>   | <b>After Tax Average Rate of Return as a Percent of Direct Earned Premium</b> |                |
| (1)   | Average Federal Tax Rate on Inv. Inc. (Exhibit 11, Page 2)                    | 34.3%          |
| (2)   | After Tax Return Generated by Investment Income (G) x [1.0 - (H.1)]           | 1.0%           |

**Investment Income Calculation**

**Average Federal Tax Rate on Investment Income**

|                          | (1)<br>Investment<br>Income<br>2010 - 2012<br>(A) | (2)<br>Allocation | (3)<br>Current<br>Tax Rate<br>(B) | (4)<br>Total<br>Tax<br>(2)x(3) |
|--------------------------|---|-------------------|-----------------------------------|--------------------------------|
| Bonds                    |   |                   |                                   |                                |
| - Taxable                | \$79,162,967                                      | 97.2%             | 35.0%                             | 34.0%                          |
| - Tax Exempt Municipal   | \$1,839,114                                       | 2.3%              | 5.3%                              | 0.1%                           |
| Stocks                   |   |                   |                                   |                                |
| - Acquired Prior to 1987 | \$0   | 0.0%              | 10.5%                             | 0.0%                           |
| - Acquired After 1987    | \$115,707   | 0.1%              | 14.2%                             | 0.0%                           |
| Short Term Investments   | \$344,703   | 0.4%              | 35.0%                             | 0.1%                           |
| <b>Total</b>             | <b>\$81,462,491</b>                               | <b>100.0%</b>     |                                   | <b>34.3%</b>                   |

Notes:

- (A) From American Modern Insurance Group Annual Statement, Part 1
- (B) Under the 1986 Tax Reform Act, 15% of formerly tax-exempt income from securities purchased after August 7, 1986 is now taxable. Thus the estimated effective tax rates in 2013 will be:

|  |       |
|--|-------|
| Ordinary Income =  | 35.0% |
| Tax Exempt Municipal - 35.0% x 15.0% =                   | 5.3%  |
| Stock Dividends (Acquired after 1987) - 40.5% x 35.0% =  | 14.2% |
| Stock Dividends (Acquired before 1987) - 30.0% x 35.0% = | 10.5% |

**Investment Income as a Percentage of Invested Assets**

|                                |      |
|--------------------------------|------|
| 2001                           | 5.2% |
| 2002                           | 5.2% |
| 2003                           | 4.5% |
| 2004                           | 4.3% |
| 2005                           | 4.4% |
| 2006                           | 4.5% |
| 2007                           | 4.6% |
| 2008                           | 4.4% |
| 2009                           | 2.6% |
| 2010                           | 3.2% |
| 2011                           | 3.0% |
| 2012                           | 2.1% |
| Twelve Year Average            | 4.0% |
| Latest Six Year Average        | 3.3% |
| Latest Year                    | 2.1% |
| Projected 2013 (12 Year Trend) | 2.4% |
| Projected 2013 ( 6 Year Trend) | 1.7% |

**Selected 2013 Rate of Return**

|                              |        |
|------------------------------|--------|
| Before Tax                   | 2.1% * |
| After Tax [(1-0.343) x 2.1%] | 1.4%   |

\* 2.1% selected based on change in investment philosophy due to the purchase of the American Modern Insurance Group by Munich Re. Specifically, Munich Re requires that investments for companies owned should not have "risk". This leads to a lower rate of return than we've seen in the past.

## By Line Explanation of Investment Income Calculation

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### Line A-1

Direct Earned Premium is total limits earned premium for the captioned program written by the American Modern Insurance Group for the latest accident year.

### Line A-2, A-3

The mean unearned premium reserve is determined by the average of the latest two years unearned premiums for the American Modern Insurance Group.

### Line A-4

Deductions for prepaid expenses:

Production costs and a large portion of other company expenses connected with the writing and handling of insurance policies, exclusive of claim adjustment expenses, are incurred when the policy is written and before premium is paid. Therefore, the deduction of these expenses is determined by use of provisions for expenses used in our ratemaking procedures as shown. These provisions are based on the above referenced company's data as shown in Exhibit 9.

### Line A-4 Federal Taxes Payable

The Tax Reform Act of 1986 taxes 20% of the unearned premium reserve. At a corporate tax rate of 35%, this tax equals 7.0% ( $.20 \times .35 = .070$ ) of the unearned premium reserve.

### Line B-1

Delayed remission of premium:

This deduction is necessary due to the delay in collection and remission of premium to the company beyond the effective dates of the policies. Funds for the unearned premium reserve required during the initial days of all policies must be taken from the company's surplus, and are not available for investment.

### Line B-1(c)

Average agent's balances as a percentage of 2012 Direct Unearned Premium (All Lines)

### Line C-1

The expected loss and loss adjustment ratio reflects the expense provisions used in the filing. See Exhibit 10.

### Line C-3

Mean loss reserve are determined by averaging the reserves at the beginning and ending of the year in question, and dividing by that year's loss and loss adjustment expenses. This ratio is based on countrywide data for the American Modern Insurance Group countrywide data for the American Modern Insurance Group.

### Line C-4

The expected mean loss reserve is determined by multiplying the expected incurred losses in Line C-2 by the average ratio of the mean loss & loss adjustment reserves to the incurred losses & loss adjustment expenses from Line C-4. Then an adjustment for the estimated Federal Income Taxes payable due to discounting of loss reserves is added. The estimated reserve discount is 12% (based on all company data provided by the A.M. Best Company), the federal taxes payable (expressed as a % of reserves) is 4.2% ( $.12 \times .35 = .042$ ), and the appropriate adjustment is .958 ( $1.000 - .042 = .958$ ).

### Line E

This rate of return in the ratio of net investment income earned and net realized capital gains (or losses) to mean cash and invested assets (including interest, dividends and real estate income due and accrued) for the American Modern Insurance Group.

### Line H-1

The average rate of Federal Tax was determined by applying the appropriate tax rates to the distribution of investment income earned for 2010 - 2012 for the American Modern Insurance Group. See Page 2 of this exhibit.

**Complement of Credibility Calculation**

|  | RENTERS-<br>PMR<br>PACKAGE |
|--|----------------------------|
| (1) Permissible Loss & LAE Ratio                         | 0.436                      |
| (2) Proposed Renewal Effective Date                      | 1/1/2014                   |
| (3) Effective Date of Current Rates                      | 1/1/2012                   |
| (4) Time Period in Years $\{[(2) - (3)] / 365\}$ **      | 1.000                      |
| (5) Annual Premium Trend                                 | -0.3%                      |
| (6) Annual Loss Trend                                    | -1.0%                      |
| (7) Ann Loss Ratio Trend $\{[1 + (6)] / [1 + (5)] - 1\}$ | -0.7%                      |
| (8) Selected Trend Factor $\{[1 + (7)] ^ (4)\}$          | 0.993                      |
| (9) Complement of Credibility = $\{(1) * (8)\}$          | 0.433                      |

\*\* Capped at a minimum of 0.5 and a maximum of 1 year(s)

**ARKANSAS  
AMERICAN MODERN HOME INSURANCE COMPANY  
RENTERS PROGRAM  
EXPLANATORY MEMORANDUM**

American Modern Home Insurance Company would like to submit changes to our Renters Program. We are proposing these changes to take effect for new business and renewals on October 6, 2014.

The proposed changes are outlined below:

**RATES/RULES:**

**General Rules (G):**

- #5. is amended to read Minimum Earned Premium: A minimum earned premium of \$50 applies to the total policy premium.

**Territory Definitions (T):**

- We are adding a new territory page, Territory 70 represents the entire state.

**Renters Package Rates (R):**

- We are introducing a new page that will encompass the prior rate pages. All property rates have been revised.
- Under Increased Medical Payments to Others, \$1,000 coverage was always included but not previously expressed

**Liability Only Rates (LR):**

- This is a new page that contains the Liability-Only rates which were previously listed on the Rates page.
- Under Increased Medical Payments to Others, \$1,000 coverage was always included but not previously expressed

**Optional Coverages (OC):**

- This is a new page that contains the optional coverages which were previously listed on the Rates Section (2) and (3) pages.
- We are adding self-storage buyback coverage at a rate of \$5.80 per \$1000.
- The wording for Identity Recovery coverage is changing from “per policy” to “per year”
- The Enhanced Coverage rate is being changed for clarity to show \$1.00 per month, \$12.00 per year
- The Pet Damage Endorsement rate is being changed for clarity to show \$1.50 per month, \$18.00 per year

**American Modern Home Insurance Company  
Countrywide  
Renters-PMR Package**

**Exhibit A**

**Experience Data**

|     |                                       | <b>Accident Year Ending</b> |                  |                  |                  |                  |
|-----|---------------------------------------|-----------------------------|------------------|------------------|------------------|------------------|
|     |                                       | <b>6/30/2009</b>            | <b>6/30/2010</b> | <b>6/30/2011</b> | <b>6/30/2012</b> | <b>6/30/2013</b> |
| (1) | Earned Exposures                      | 135,014                     | 178,421          | 229,490          | 276,449          | 335,509          |
| (2) | Earned Premium                        | 25,924,463                  | 33,555,315       | 43,223,307       | 51,770,208       | 62,903,619       |
| (3) | Total Incurred Losses & ALAE          | 10,784,218                  | 12,016,192       | 15,174,358       | 19,830,093       | 23,093,941       |
| (4) | Catastrophe Incurred Losses and ALAE  | 531,958                     | 69,806           | 142,075          | 206,041          | 276,930          |
| (5) | IL & ALAE Excl Cat                    | 10,252,259                  | 11,946,386       | 15,032,283       | 19,624,052       | 22,817,011       |
| (6) | Non-Catastrophe Reported Claim Counts | 5,066                       | 6,804            | 8,248            | 10,166           | 12,140           |
| (7) | Permissible Loss & LAE Ratio          |                             |                  |                  |                  | 0.423            |
| (8) | Fixed Expense Ratio                   |                             |                  |                  |                  | 0.060            |
| (9) | Variable Expense Ratio                |                             |                  |                  |                  | 0.517            |

**State:**

Arkansas

**Filing Company:**

American Modern Home Insurance Company

**TOI/Sub-TOI:**

04.0 Homeowners/04.0004 Tenant Homeowners

**Product Name:**

Renters Program

**Project Name/Number:**

PMR Rate/Rule Revision/20131217-02

## Superseded Schedule Items

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

| Creation Date | Schedule Item Status | Schedule            | Schedule Item Name                 | Replacement Creation Date | Attached Document(s)  |
|---------------|----------------------|---------------------|------------------------------------|---------------------------|-----------------------|
| 05/06/2014    |                      | Supporting Document | NAIC loss cost data entry document | 06/04/2014                | RF-1.pdf (Superceded) |
| 03/25/2014    |                      | Supporting Document | H-1 Homeowners Abstract            | 06/04/2014                | HO Abstract.pdf       |
| 03/25/2014    |                      | Supporting Document | NAIC loss cost data entry document | 05/06/2014                |                       |

**NAIC LOSS COST DATA ENTRY DOCUMENT** (EFFECTIVE AUG. 16, 2004)

|           |   |  |
|-----------|---|--|
| <b>1.</b> | This filing transmittal is part of Company Tracking # |  |
|-----------|---|--|

|           |  |  |
|-----------|--|--|
| <b>2.</b> | If filing is an adoption of an advisory organization loss cost filing, give name of advisory organization and Reference/Item Filing Number |  |
|-----------|--|--|

|           |           |              |           |  |                     |
|-----------|-----------|--------------|-----------|--|---------------------|
|           |           | Company Name |           |  | Company NAIC Number |
| <b>3.</b> | <b>A.</b> |              | <b>B.</b> |  |                     |

|           |           |  |           |  |   |
|-----------|-----------|--|-----------|--|---|
|           |           | Product Coding Matrix Line of Business (i.e., Type of Insurance) |           |  | Product Coding Matrix Line of Insurance (i.e., Sub-type of Insurance) |
| <b>4.</b> | <b>A.</b> |  | <b>B.</b> |  |   |

| <b>5.</b>                             |  |  | FOR LOSS COSTS ONLY           |  |  |   |   |
|---------------------------------------|--|--|-------------------------------|--|--|---|---|
| (A)<br>COVERAGE<br>(See Instructions) | (B)<br>Indicated<br>% Rate<br>Level Change | (C)<br>Requested<br>% Rate<br>Level Change | (D)<br>Expected<br>Loss Ratio | (E)<br>Loss Cost<br>Modification<br>Factor | (F)<br>Selected<br>Loss Cost<br>Multiplier | (G)<br>Expense<br>Constant<br>(If Applicable) | (H)<br>Co. Current<br>Loss Cost<br>Multiplier |
|                                       |  |  |                               |  |  |   |   |
|                                       |  |  |                               |  |  |   |   |
|                                       |  |  |                               |  |  |   |   |
|                                       |  |  |                               |  |  |   |   |
|                                       |  |  |                               |  |  |   |   |
|                                       |  |  |                               |  |  |   |   |
|                                       |  |  |                               |  |  |   |   |
|                                       |  |  |                               |  |  |   |   |
| TOTAL OVERALL EFFECT                  |  |  |                               |  |  |   |   |

| <b>6.</b> |              | 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 |
|           |              |                |                |                            |                       |                  |                        |
|           |              |                |                |                            |                       |                  |                        |
|           |              |                |                |                            |                       |                  |                        |
|           |              |                |                |                            |                       |                  |                        |
|           |              |                |                |                            |                       |                  |                        |
|           |              |                |                |                            |                       |                  |                        |
|           |              |                |                |                            |                       |                  |                        |

| <b>7.</b>                              |                     |
|--|---------------------|
| Expense Constants                      | Selected Provisions |
| A. Total Production Expense            |                     |
| B. General Expense                     |                     |
| C. Taxes, License & Fees               |                     |
| D. Underwriting Profit & Contingencies |                     |
| E. Other (explain)                     |                     |
| F. TOTAL                               |                     |

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