

State: Arkansas **Filing Company:** Armed Forces Insurance Exchange
TOI/Sub-TOI: 04.0 Homeowners/04.0000 Homeowners Sub-TOI Combinations
Product Name: Homeowner
Project Name/Number: Rates, 406 Rev, ZIPs/AR-HO-3I-14-1

Filing at a Glance

Company: Armed Forces Insurance Exchange
 Product Name: Homeowner
 State: Arkansas
 TOI: 04.0 Homeowners
 Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations
 Filing Type: Rate/Rule
 Date Submitted: 04/29/2014
 SERFF Tr Num: ARMD-129485942
 SERFF Status: Closed-Filed
 State Tr Num:
 State Status:
 Co Tr Num: AR-HO-3I-14-1

 Effective Date: 08/11/2014
 Requested (New):
 Effective Date: 09/29/2014
 Requested (Renewal):
 Author(s): Kimberly McMillan, Brian Savoie, Lisa Snodgrass, Julie Zule, Carol Rimmerman, Andrew Hefte, Heather Nordquist
 Reviewer(s): Becky Harrington (primary)
 Disposition Date: 06/27/2014
 Disposition Status: Filed
 Effective Date (New): 08/11/2014
 Effective Date (Renewal): 09/29/2014

State Filing Description:
 referred to Commissioner 5/2; reviewed 5/16;

State: Arkansas **Filing Company:** Armed Forces Insurance Exchange
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General Information

Project Name: Rates, 406 Rev, ZIPs Status of Filing in Domicile: Not Filed
Project Number: AR-HO-3I-14-1 Domicile Status Comments:
Reference Organization: ISO, Inc. Reference Number: HO-2013-RLA1
Reference Title: Advisory Org. Circular: LI-HO-2013-173
Filing Status Changed: 06/27/2014
State Status Changed: 05/16/2014 Deemer Date:
Created By: Carol Rimmerman Submitted By: Heather Nordquist
Corresponding Filing Tracking Number: AR-HO-4I-14-2

Filing Description:

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

1. File our effective date for revised rates.

AFIE's Indicated Rate Level is developed for all coverages. However, when we review the Miscellaneous Rates we analyze ISO loss costs and the company expense provisions. The Miscellaneous Rates in this filing are based on ISO's Reference Filing Number HO-2013-RLA1.

This filing will revise the following for all Forms:

- Base Class Premiums
- Deductible Factors and adopt ISO's coverage ranges
- Amount of Insurance (AOI) factors (Key Factors), moving towards a \$300,000 base class
- Protection Construction Factors
- Alternate Water Supply Factors
- Form Factors
- Rating Classification Factor
- Coverage C Deletion Percentage (HO-02, HO-03) and Factor (HO-06)

Including Miscellaneous Rates, the change to Forms HO 00 02, HO 00 03 and HO 00 03 w/15 is +9.89%, or +\$65,969, and the change to Form HO 00 06 is +16.65%, or +\$670. This results in an overall change of +9.93%, or +\$66,639.

2. Revise Deductible Rule 406.

For clarification purposes, we are revising our filed exception to ISO Rule 406. Paragraph B. to delete reference to ISO's established applicable minimum or maximum additional premium charges associated with lower deductibles. We have not and will not apply these types of charges in our Homeowner Program. We have simultaneously deleted reference to 406.B. from our rate pages. (Previously, our rate pages indicated that the charges under 406.B. were "Not Applicable".)

In conjunction with deductible factor revisions, we are also replacing our prior exception to ISO's Rule 406. Paragraph A. "Base Deductible". Because we are no longer maintaining a standard base deductible, our exception now indicates Paragraph A is deleted. We have simultaneously expanded the factor table under Paragraph B. "Optional Deductibles" to incorporate reference to our previously identified base deductible of \$500, along with corresponding factors that now vary based on the applicable Coverage A Limit.

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3.Revise Earthquake Territory pages to reflect Zip Code changes.

The following current Zip Code has an Earthquake Territory which has been revised as follows:

72295Earthquake Territory changed from 27 to 26.

No current Homeowner policies are affected by this Zip Code change.

4. Introduce Home Systems Protection and Service Line Coverage Rule and Rate.

As detailed in our corresponding Form Filing AR-HO-4I-14-2, HO AF 14 04 14 is introduced to provide up to \$50,000 of coverage for home system breakdowns to covered home equipment and up to \$10,000 of coverage for service line failures to a covered service line. Both coverages are subject to a special \$500 deductible per loss.

To support the introduction of Endorsement HO AF 14, we are introducing an independent Additional Rule via an amendment to our manual exception pages.

Home Systems Protection coverage applies to permanently installed home equipment (covered under Coverage A – Dwelling and Coverage B – Other Structures) that generates, transmits, or utilizes energy, or that operates under vacuum or pressure. Coverage applies when there is direct physical damage resulting from sudden and accidental bursting, cracking, splitting, or mechanical or electrical breakdown that requires the repair or replacement of all or part of the covered home equipment, subject to some exclusions. Up to \$500 of additional coverage is also provided for spoilage losses related to a covered home system breakdown.

Service Line Coverage applies to underground piping and wiring located on the insured location, and for which the insured is legally responsible. However, coverage does not apply to piping/wiring that runs through or under a body of water or the residence, piping/wiring that delivers water/electricity to outdoor property, piping/wiring that is not connected and ready for use, or storm water drain piping. Coverage applies when there is physical damage to covered piping/wiring that is the result of a leak, break, tear, rupture, collapse, or arcing of a covered service line, subject to some exclusions. Coverage is not provided for losses due to blockage or low pressure. When applicable, coverage is also provided for specified excavation costs and outdoor property losses.

In the case of a covered loss, additional coverage is also provided for replacement equipment or materials that are better for the environment, or safer or more efficient than the equipment/materials being replaced. This additional coverage is limited to not more than 150% of the cost to replace with equipment/materials of like kind and quality. Additional coverage is also made available to cover extra costs associated with temporary repairs of covered damaged equipment/materials and/or to expedite permanent repairs or replacement of such equipment/materials.

The Home Systems Protection and Service Line Coverage Additional Rule summarizes the coverage provided by HO AF 14, including the applicable limits of liability and special deductible, while also documenting that the form will be attached to all non-condominium homeowner policies (i.e. all policy forms except HO 00 06).

A per policy premium of \$39 has been added to our manual rate pages to correspond with our newly introduced Additional Rule. The rate for this coverage was developed in conjunction with The Hartford Steam Boiler Inspection and Insurance Company (HSB). HSB will reinsure 100% of our Home Systems Protection and Service Line Coverage exposure.

5. Submit revised manual pages and corresponding page checklist.

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We have revised our manual to incorporate the changes noted in Items 1. thru 4. above.

Any changes made to the content of our modification pages have been marked with four asterisks (****). Any rules or rates which are not asterisked are included solely to maintain the sequential numbering of pages, rules, and/or rates.

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

This filing, which is submitted under the 'File and Use' provisions Arkansas Insurance Laws, Section 23-67-211, will apply to all issues written on or after 23 June 2014 and all renewals effective on or after 11 August 2014.

Company and Contact

Filing Contact Information

Carol Rimmerman, Senior Regulatory Specialist
 carol.rimmerman@afi.org
 550 Eisenhower Rd
 Leavenworth, KS 66048
 800-828-7732 [Phone] 4697 [Ext]
 800-664-9320 [FAX]

Filing Company Information

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

Filing Fees

Fee Required? Yes
 Fee Amount: \$150.00
 Retaliatory? No
 Fee Explanation: Rate/loss cost—changes to loss cost multiplier or independent rate filing \$100
 Rules-independent rule filing \$50
 Per Company: No

Company	Amount	Date Processed	Transaction #
Armed Forces Insurance Exchange	\$150.00	04/29/2014	81726636

State: Arkansas
TOI/Sub-TOI: 04.0 Homeowners/04.0000 Homeowners Sub-TOI Combinations
Product Name: Homeowner
Project Name/Number: Rates, 406 Rev, ZIPs/AR-HO-3I-14-1

Filing Company: Armed Forces Insurance Exchange

Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Filed	Becky Harrington	06/27/2014	06/27/2014

Objection Letters and Response Letters

Objection Letters

Status	Created By	Created On	Date Submitted
Pending Industry Response	Becky Harrington	06/02/2014	06/02/2014
Pending Industry Response	Becky Harrington	05/16/2014	05/16/2014
No response necessary	Becky Harrington	05/02/2014	05/02/2014
Pending Industry Response	Becky Harrington	04/30/2014	04/30/2014

Response Letters

Responded By	Created On	Date Submitted
Carol Rimmerman	06/25/2014	06/26/2014
Andrew Hefte	05/20/2014	05/20/2014
Carol Rimmerman	06/26/2014	06/26/2014
Carol Rimmerman	04/30/2014	05/02/2014

Amendments

Schedule	Schedule Item Name	Created By	Created On	Date Submitted
Rate	Rule 406. Deductibles	Carol Rimmerman	06/24/2014	06/26/2014
Rate	Rule 411. Alternate Water Supply	Carol Rimmerman	06/24/2014	06/26/2014
Rate	Rule 515. Personal Property	Carol Rimmerman	06/24/2014	06/26/2014
Rate	Rule 701. Other Exposures - Personal Liability Increased Limits	Carol Rimmerman	06/24/2014	06/26/2014
Rate	Additional Rule. Home Systems Protection and Service Line Coverage	Carol Rimmerman	06/26/2014	06/26/2014
Rate	Rule 301. Base Class Premium Table	Carol Rimmerman	06/24/2014	06/26/2014
Rate	Rule 301. Classification and Key Factor Tables	Carol Rimmerman	06/24/2014	06/26/2014
Rate	Manual Page Checklist	Carol Rimmerman	06/24/2014	06/26/2014

SERFF Tracking #:

ARMD-129485942

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

AR-HO-3I-14-1

State:

Arkansas

Filing Company:

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TOI/Sub-TOI:

04.0 Homeowners/04.0000 Homeowners Sub-TOI Combinations

Product Name:

Homeowner

Project Name/Number:

Rates, 406 Rev, ZIPs/AR-HO-3I-14-1

Filing Notes

Subject	Note Type	Created By	Created On	Date Submitted
Status	Note To Filer	Becky Harrington	05/30/2014	05/30/2014
Revised Histogram	Note To Reviewer	Lisa Snodgrass	05/20/2014	05/20/2014
Revised Histogram	Note To Filer	Becky Harrington	05/20/2014	05/20/2014

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Disposition

Disposition Date: 06/27/2014

Effective Date (New): 08/11/2014

Effective Date (Renewal): 09/29/2014

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):
Armed Forces Insurance Exchange	14.130%	9.150%	\$61,415	414	\$670,965	25.000%	-19.000%

Schedule	Schedule Item	Schedule Item Status	Public Access
Supporting Document (revised)	Form RF-2 Loss Costs Only (not for workers' compensation)	Filed	Yes
Supporting Document	Form RF-2 Loss Costs Only (not for workers' compensation)		Yes
Supporting Document	H-1 Homeowners Abstract		Yes
Supporting Document (revised)	HPCS-Homeowners Premium Comparison Survey	Filed	Yes
Supporting Document	HPCS-Homeowners Premium Comparison Survey		Yes
Supporting Document (revised)	NAIC loss cost data entry document	Filed	Yes
Supporting Document	NAIC loss cost data entry document		Yes
Supporting Document (revised)	Actuarial Support	Filed	Yes
Supporting Document	Actuarial Support		Yes
Supporting Document (revised)	Rate Change Histograms	Filed	Yes
Supporting Document	Rate Change Histograms		Yes
Supporting Document	Rate Change Histograms		Yes
Supporting Document	Home Systems Protection Coverage justification	Filed	Yes
Supporting Document	EQ Changes	Filed	Yes
Supporting Document	Additional Rule Side-by-Side Comparison	Filed	Yes
Rate (revised)	Rule 406. Deductibles	Filed	Yes
Rate	Rule 406. Deductibles		Yes

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Product Name: Homeowner

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Schedule	Schedule Item	Schedule Item Status	Public Access
Rate (revised)	Rule 411. Alternate Water Supply	Filed	Yes
Rate	Rule 411. Alternate Water Supply		Yes
Rate (revised)	Rule 515. Personal Property	Filed	Yes
Rate	Rule 515. Personal Property		Yes
Rate (revised)	Rule 701. Other Exposures - Personal Liability Increased Limits	Filed	Yes
Rate	Rule 701. Other Exposures - Personal Liability Increased Limits		Yes
Rate (revised)	Additional Rule. Home Systems Protection and Service Line Coverage	Filed	Yes
Rate	Additional Rule. Home Systems Protection and Service Line Coverage		Yes
Rate	Territory Pages	Filed	Yes
Rate (revised)	Rule 301. Base Class Premium Table	Filed	Yes
Rate	Rule 301. Base Class Premium Table		Yes
Rate (revised)	Rule 301. Classification and Key Factor Tables	Filed	Yes
Rate	Rule 301. Classificatin and Key Factor Tables		Yes
Rate	Rate Pages	Filed	Yes
Rate (revised)	Manual Page Checklist	Filed	Yes
Rate	Manual Page Checklist		Yes

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Objection Letter

Objection Letter Status	Pending Industry Response
Objection Letter Date	06/02/2014
Submitted Date	06/02/2014
Respond By Date	

Dear Carol Rimmerman,

Introduction:

This will acknowledge additional discussions with the Commissioner.

Objection 1

Comments: Individual increase amounts greater than 25% will not be permitted. Please limit increases to no more than 25%.

Objection 2

- Home Systems Protection Coverage justification (Supporting Document)

Comments: Programming constraints have been discussed with the Commissioner; however, mandatorily attaching the HSP endorsement without an option for insureds to "opt-out" will not be permitted.

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:** Armed Forces Insurance Exchange
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Product Name: Homeowner
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Objection Letter

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

Dear Carol Rimmerman,

Introduction:

The requested increase has been reviewed by the Commissioner.

The overall requested increase of 9.93% will be allowed, however, individual increases must be capped at 25%. In addition, please see the objection below regarding the home systems protection.

Please provide revised effective dates.

Objection 1

- Home Systems Protection Coverage justification (Supporting Document)
- Additional Rule. Home Systems Protection and Service Line Coverage, HO-E-18 AFI thru HO-E-20 AFI (Rate)

Comments: This Department does not believe it is appropriate to mandatorily attach an additional premium bearing endorsement. Please amend the Home Systems Protection rule by offering the endorsement as an option to be chosen by the insured.

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."

Sincerely,
Becky Harrington

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Objection Letter

Objection Letter Status No response necessary
 Objection Letter Date 05/02/2014
 Submitted Date 05/02/2014
 Respond By Date

Dear Carol Rimmerman,

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:** Armed Forces Insurance Exchange
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Product Name: Homeowner
Project Name/Number: Rates, 406 Rev, ZIPs/AR-HO-3I-14-1

Objection Letter

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

Dear Carol Rimmerman,

Introduction:

This will acknowledge receipt of the captioned filing.

Objection 1

- NAIC loss cost data entry document (Supporting Document)

Comments: Please provide the number of insureds receiving greater than a 20% increase.

Objection 2

- Rule 406. Deductibles, HO-E-5 AFI thru HO-E-6 AFI (Rate)

Comments: Arkansas does not permit mandatory separate wind/hail deductible amounts for personal lines of business.

Separate wind/hail deductibles may be offered as an option for the insured to choose.

Objection 3

- Additional Rule. Home Systems Protection and Service Line Coverage, HO-E-18 AFI thru HO-E-20 AFI (Rate)

Comments: Please explain why the home systems protection endorsement is mandatory.

Provide actuarial support for the \$39 charge.

Objection 4

- Rate Pages, HO-R-1 AFI thru HO-R-10 AFI, HO-R-12 AFI (Rate)

Comments: Please provide the percentage changes in EQ rates.

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 #:

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AR-HO-3I-14-1

State: Arkansas
 TOI/Sub-TOI: 04.0 Homeowners/04.0000 Homeowners Sub-TOI Combinations
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Filing Company: Armed Forces Insurance Exchange

Response Letter

Response Letter Status Submitted to State
 Response Letter Date 06/25/2014
 Submitted Date 06/26/2014

Dear Becky Harrington,

Introduction:

Please note that some of the page numbers on the revised manual pages have changed because we have now incorporated the revisions of our Filing AR-HO-2I-14-3 (approved 6/16/2014), which incorporated ISO PPC revisions.

Response 1

Comments:

AFI has complied with the DOI's request to limit individual impacts. Please see the updated histogram.

Related Objection 1

Comments: Individual increase amounts greater than 25% will not be permitted. Please limit increases to no more than 25%.

Changed Items:

Supporting Document Schedule Item Changes	
Satisfied - Item:	Form RF-2 Loss Costs Only (not for workers' compensation)
Comments:	
Attachment(s):	RF-2 - revised.pdf
<i>Previous Version</i>	
Satisfied - Item:	<i>Form RF-2 Loss Costs Only (not for workers' compensation)</i>
Comments:	
Attachment(s):	<i>RF-2.pdf</i>

SERFF Tracking #:

ARMD-129485942

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

AR-HO-3I-14-1

State:

Arkansas

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Homeowner

Project Name/Number:

Rates, 406 Rev, ZIPs/AR-HO-3I-14-1

Supporting Document Schedule Item Changes**Satisfied - Item:** Form RF-2 Loss Costs Only (not for workers' compensation)**Comments:****Attachment(s):** RF-2 - revised.pdf*Previous Version***Satisfied - Item:** *Form RF-2 Loss Costs Only (not for workers' compensation)***Comments:****Attachment(s):** *RF-2.pdf***Satisfied - Item:** HPCS-Homeowners Premium Comparison Survey**Comments:****Attachment(s):** HO Survey FORM HPCS2014 - revised.pdf
HO Survey FORM HPCS2014 - revised.xls*Previous Version***Satisfied - Item:** *HPCS-Homeowners Premium Comparison Survey***Comments:****Attachment(s):** *HO Survey FORM HPCS2014.pdf*
HO Survey FORM HPCS2014.xls

SERFF Tracking #:

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Supporting Document Schedule Item Changes**Satisfied - Item:** Form RF-2 Loss Costs Only (not for workers' compensation)**Comments:****Attachment(s):** RF-2 - revised.pdf*Previous Version***Satisfied - Item:** *Form RF-2 Loss Costs Only (not for workers' compensation)***Comments:****Attachment(s):** *RF-2.pdf***Satisfied - Item:** HPCS-Homeowners Premium Comparison Survey**Comments:****Attachment(s):** HO Survey FORM HPCS2014 - revised.pdf
HO Survey FORM HPCS2014 - revised.xls*Previous Version***Satisfied - Item:** *HPCS-Homeowners Premium Comparison Survey***Comments:****Attachment(s):** *HO Survey FORM HPCS2014.pdf*
*HO Survey FORM HPCS2014.xls***Satisfied - Item:** NAIC loss cost data entry document**Comments:****Attachment(s):** NAIC Loss Cost Data Entry Doc - revised.pdf*Previous Version***Satisfied - Item:** *NAIC loss cost data entry document***Comments:****Attachment(s):** *NAIC Loss Cost Data Entry Doc.pdf*

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Supporting Document Schedule Item Changes**Satisfied - Item:** Form RF-2 Loss Costs Only (not for workers' compensation)**Comments:****Attachment(s):** RF-2 - revised.pdf*Previous Version***Satisfied - Item:** *Form RF-2 Loss Costs Only (not for workers' compensation)***Comments:****Attachment(s):** *RF-2.pdf***Satisfied - Item:** HPCS-Homeowners Premium Comparison Survey**Comments:****Attachment(s):** HO Survey FORM HPCS2014 - revised.pdf
HO Survey FORM HPCS2014 - revised.xls*Previous Version***Satisfied - Item:** *HPCS-Homeowners Premium Comparison Survey***Comments:****Attachment(s):** *HO Survey FORM HPCS2014.pdf*
*HO Survey FORM HPCS2014.xls***Satisfied - Item:** NAIC loss cost data entry document**Comments:****Attachment(s):** NAIC Loss Cost Data Entry Doc - revised.pdf*Previous Version***Satisfied - Item:** *NAIC loss cost data entry document***Comments:****Attachment(s):** *NAIC Loss Cost Data Entry Doc.pdf***Satisfied - Item:** Actuarial Support**Comments:****Attachment(s):** Actuarial Rate Level Indication Memorandum.pdf
Actuarial Support - revised.pdf*Previous Version***Satisfied - Item:** *Actuarial Support***Comments:**

SERFF Tracking #:

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Attachment(s):

Actuarial Rate Level Indication Memorandum.pdf
Actuarial Support.pdf

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Supporting Document Schedule Item Changes**Satisfied - Item:** Form RF-2 Loss Costs Only (not for workers' compensation)**Comments:****Attachment(s):** RF-2 - revised.pdf*Previous Version***Satisfied - Item:** *Form RF-2 Loss Costs Only (not for workers' compensation)***Comments:****Attachment(s):** *RF-2.pdf***Satisfied - Item:** HPCS-Homeowners Premium Comparison Survey**Comments:****Attachment(s):** HO Survey FORM HPCS2014 - revised.pdf
HO Survey FORM HPCS2014 - revised.xls*Previous Version***Satisfied - Item:** *HPCS-Homeowners Premium Comparison Survey***Comments:****Attachment(s):** *HO Survey FORM HPCS2014.pdf*
*HO Survey FORM HPCS2014.xls***Satisfied - Item:** NAIC loss cost data entry document**Comments:****Attachment(s):** NAIC Loss Cost Data Entry Doc - revised.pdf*Previous Version***Satisfied - Item:** *NAIC loss cost data entry document***Comments:****Attachment(s):** *NAIC Loss Cost Data Entry Doc.pdf***Satisfied - Item:** Actuarial Support**Comments:****Attachment(s):** Actuarial Rate Level Indication Memorandum.pdf
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Product Name: Homeowner

Project Name/Number: Rates, 406 Rev, ZIPs/AR-HO-3I-14-1

Attachment(s):	<i>Actuarial Rate Level Indication Memorandum.pdf</i> <i>Actuarial Support.pdf</i>
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Satisfied - Item:	Rate Change Histograms
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Comments:	
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Attachment(s):	Rate Change Histograms - revised.pdf
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Previous Version

Satisfied - Item:	<i>Rate Change Histograms</i>
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Comments:	
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Attachment(s):	<i>Rate Change Histograms.pdf</i>
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Previous Version

Satisfied - Item:	<i>Rate Change Histograms</i>
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Comments:	
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Attachment(s):	<i>Rate Change Histograms.pdf</i>
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No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Response 2

Comments:

Per DOI guidance, we have revised Additional Rule Home Systems Protection And Service Line Coverage to accommodate an opt off option. A side-by-side comparison of the revised rule is attached for your review.

Related Objection 2

Applies To:

- Home Systems Protection Coverage justification (Supporting Document)*

Comments: Programming constraints have been discussed with the Commissioner; however, mandatorily attaching the HSP endorsement without an option for insureds to "opt-out" will not be permitted.

Changed Items:

SERFF Tracking #:

ARMD-129485942

State Tracking #:

Company Tracking #:

AR-HO-3I-14-1

State:

Arkansas

Filing Company:

Armed Forces Insurance Exchange

TOI/Sub-TOI:

04.0 Homeowners/04.0000 Homeowners Sub-TOI Combinations

Product Name:

Homeowner

Project Name/Number:

Rates, 406 Rev, ZIPs/AR-HO-3I-14-1

Supporting Document Schedule Item Changes

Satisfied - Item:

Additional Rule Side-by-Side Comparison

Comments:

Attachment(s):

HO-E-19 AFI thru HO-E-21 AFI side-by-side comparison.pdf

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Conclusion:

Sincerely,

Carol Rimmerman

State: Arkansas **Filing Company:** Armed Forces Insurance Exchange
TOI/Sub-TOI: 04.0 Homeowners/04.0000 Homeowners Sub-TOI Combinations
Product Name: Homeowner
Project Name/Number: Rates, 406 Rev, ZIPs/AR-HO-3I-14-1

Response Letter

Response Letter Status Submitted to State
 Response Letter Date 05/20/2014
 Submitted Date 05/20/2014

Dear Becky Harrington,

Introduction:

Please see our response below.

Response 1

Comments:

Per our conversation this morning here is an updated histogram.

Related Objection 1

Applies To:

- Additional Rule. Home Systems Protection and Service Line Coverage, HO-E-18 AFI thru HO-E-20 AFI (Rate)
- Home Systems Protection Coverage justification (Supporting Document)

Comments: This Department does not believe it is appropriate to mandatorily attach an additional premium bearing endorsement. Please amend the Home Systems Protection rule by offering the endorsement as an option to be chosen by the insured.

Changed Items:

Supporting Document Schedule Item Changes	
Satisfied - Item:	Rate Change Histograms
Comments:	
Attachment(s):	Rate Change Histograms.pdf
<i>Previous Version</i>	
Satisfied - Item:	Rate Change Histograms
Comments:	
Attachment(s):	Rate Change Histograms.pdf

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Conclusion:

SERFF Tracking #:

ARMD-129485942

State Tracking #:

Company Tracking #:

AR-HO-3I-14-1

State:

Arkansas

Filing Company:

Armed Forces Insurance Exchange

TOI/Sub-TOI:

04.0 Homeowners/04.0000 Homeowners Sub-TOI Combinations

Product Name:

Homeowner

Project Name/Number:

Rates, 406 Rev, ZIPs/AR-HO-3I-14-1

Sincerely,
Andrew Hefte

State: Arkansas **Filing Company:** Armed Forces Insurance Exchange
TOI/Sub-TOI: 04.0 Homeowners/04.0000 Homeowners Sub-TOI Combinations
Product Name: Homeowner
Project Name/Number: Rates, 406 Rev, ZIPs/AR-HO-3I-14-1

Response Letter

Response Letter Status	Submitted to State
Response Letter Date	06/26/2014
Submitted Date	06/26/2014

Dear Becky Harrington,

Introduction:

Response 1

Comments:

We are adding this note so that SERFF Status will change from "Pending Industry Response" to "Pending State Action."

Changed Items:

No Supporting Documents changed.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Conclusion:

Sincerely,
Carol Rimmerman

State: Arkansas
TOI/Sub-TOI: 04.0 Homeowners/04.0000 Homeowners Sub-TOI Combinations
Product Name: Homeowner
Project Name/Number: Rates, 406 Rev, ZIPs/AR-HO-3I-14-1

Filing Company: Armed Forces Insurance Exchange

Response Letter

Response Letter Status Submitted to State
 Response Letter Date 04/30/2014
 Submitted Date 05/02/2014

Dear Becky Harrington,

Introduction:

Response 1

Comments:

Please see the attached histogram showing our rate changes.

Related Objection 1

Applies To:

- NAIC loss cost data entry document (Supporting Document)

Comments: Please provide the number of insureds receiving greater than a 20% increase.

Changed Items:

Supporting Document Schedule Item Changes	
Satisfied - Item:	Rate Change Histograms
Comments:	
Attachment(s):	Rate Change Histograms.pdf

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Response 2

Comments:

We are unclear as to the source of your objection. We do not have mandatory wind/hail deductibles in our Arkansas Homeowner Program. As noted on our filed revised manual page, these deductibles are listed under Rule 406.C. Optional Higher Deductibles.

Related Objection 2

Applies To:

- Rule 406. Deductibles, HO-E-5 AFI thru HO-E-6 AFI (Rate)

State: Arkansas **Filing Company:** Armed Forces Insurance Exchange
TOI/Sub-TOI: 04.0 Homeowners/04.0000 Homeowners Sub-TOI Combinations
Product Name: Homeowner
Project Name/Number: Rates, 406 Rev, ZIPs/AR-HO-3I-14-1

Comments: Arkansas does not permit mandatory separate wind/hail deductible amounts for personal lines of business. Separate wind/hail deductibles may be offered as an option for the insured to choose.

Changed Items:

No Supporting Documents changed.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Response 3**Comments:**

Please see the attached document for actuarial support for the \$39 charge.

We consider the addition of the home systems protection (HSP) endorsement to be a significant coverage enhancement. This endorsement provides the broadest protection available in the market for the breakdown of home systems, and affordably fills important gaps in current Homeowner and Dwelling Program coverage. HSP coverage can respond to exposures not currently covered in our policy, such as:

- 1. Mechanical breakdown losses for Coverage A & B losses*
- 2. Electrical losses from accidental causes that are not lightning or power surge related*
- 3. Hot water heating and air conditioning systems/equipment losses due to bursting, bulging, and cracking*
- 4. Exterior underground service line (i.e. piping and wiring) damages*

Coverage extends to expediting expenses and loss of use associated with such losses. It also includes additional coverage for more efficient or environmentally friendly replacement equipment, materials, and services in the case of a covered loss.

By mandatorily expanding our Homeowner and Dwelling base policy coverage in all jurisdictions to include HSP coverage, we eliminate the potential for adverse selection while, at the same time, keeping the cost for this additional coverage to a bare minimum. This approach, we believe, provides the highest benefit to all of our members.

Related Objection 3

Applies To:

- Additional Rule. Home Systems Protection and Service Line Coverage, HO-E-18 AFI thru HO-E-20 AFI (Rate)

Comments: Please explain why the home systems protection endorsement is mandatory.

Provide actuarial support for the \$39 charge.

Changed Items:

SERFF Tracking #:

ARMD-129485942

State Tracking #:

Company Tracking #:

AR-HO-3I-14-1

State: Arkansas **Filing Company:** Armed Forces Insurance Exchange
TOI/Sub-TOI: 04.0 Homeowners/04.0000 Homeowners Sub-TOI Combinations
Product Name: Homeowner
Project Name/Number: Rates, 406 Rev, ZIPs/AR-HO-3I-14-1

Supporting Document Schedule Item Changes

Satisfied - Item:	Home Systems Protection Coverage justification
Comments:	
Attachment(s):	Armed Forces HSP-SL Rate Development Memo.pdf

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Response 4

Comments:

Please see the attached EQ Changes document.

Related Objection 4

Applies To:

- Rate Pages, HO-R-1 AFI thru HO-R-10 AFI, HO-R-12 AFI (Rate)

Comments: Please provide the percentage changes in EQ rates.

Changed Items:

Supporting Document Schedule Item Changes

Satisfied - Item:	EQ Changes
Comments:	
Attachment(s):	EQ Changes.pdf

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Conclusion:

Sincerely,
Carol Rimmerman

SERFF Tracking #:

ARMD-129485942

State Tracking #:

Company Tracking #:

AR-HO-3I-14-1

State:

Arkansas

Filing Company:

Armed Forces Insurance Exchange

TOI/Sub-TOI:

04.0 Homeowners/04.0000 Homeowners Sub-TOI Combinations

Product Name:

Homeowner

Project Name/Number:

Rates, 406 Rev, ZIPs/AR-HO-3I-14-1

Amendment Letter

Submitted Date:

06/26/2014

Comments:

Revised manual pages are attached.

Changed Items:

No Form Schedule Items Changed.

State: Arkansas

Filing Company:

Armed Forces Insurance Exchange

TOI/Sub-TOI: 04.0 Homeowners/04.0000 Homeowners Sub-TOI Combinations

Product Name: Homeowner

Project Name/Number: Rates, 406 Rev, ZIPs/AR-HO-3I-14-1

Rate Schedule Item Changes

Item No.	Exhibit Name	Rule # or Page #	Rate Action	Previous State Filing Number	Date Submitted
1	Rule 406. Deductibles	HO-E-6 AFI thru HO-E-7 AFI	Replacement		06/26/2014 By:
<i>Previous Version</i>					
1	Rule 406. Deductibles	HO-E-5 AFI thru HO-E-6 AFI	Replacement		04/29/2014 By: Heather Nordquist
2	Rule 411. Alternate Water Supply	HO-E-10 AFI	Replacement		06/26/2014 By:
<i>Previous Version</i>					
2	Rule 411. Alternate Water Supply	HO-E-9 AFI	Replacement		04/29/2014 By: Heather Nordquist
3	Rule 515. Personal Property	HO-E-12 AFI	Replacement		06/26/2014 By:
<i>Previous Version</i>					
3	Rule 515. Personal Property	HO-E-11 AFI	Replacement		04/29/2014 By: Heather Nordquist
4	Rule 701. Other Exposures - Personal Liability Increased Limits	HO-E-17 AFI	Replacement		06/26/2014 By:
<i>Previous Version</i>					
4	Rule 701. Other Exposures - Personal Liability Increased Limits	HO-E-16 AFI	Replacement		04/29/2014 By: Heather Nordquist
5	Additional Rule. Home Systems Protection and Service Line Coverage	HO-E-19 AFI thru HO-E-21 AFI	New		06/26/2014 By:
<i>Previous Version</i>					
5	Additional Rule. Home Systems Protection and Service Line Coverage	HO-E-18 AFI thru HO-E-20 AFI	New		04/29/2014 By: Heather Nordquist
6	Rule 301. Base Class Premium Table	HO-B-2 AFI	Replacement		06/26/2014 By:
<i>Previous Version</i>					

SERFF Tracking #:

ARMD-129485942

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

AR-HO-3I-14-1

State: Arkansas**Filing Company:**

Armed Forces Insurance Exchange

TOI/Sub-TOI: 04.0 Homeowners/04.0000 Homeowners Sub-TOI Combinations**Product Name:** Homeowner**Project Name/Number:** Rates, 406 Rev, ZIPs/AR-HO-3I-14-1

6	Rule 301. Base Class Premium Table	HO-B-2 AFI	Replacement		04/29/2014 By: Heather Nordquist
7	Rule 301. Classification and Key Factor Tables	HO-C-1 AFI thru HO-C-2 AFI	Replacement		06/26/2014 By:
<i>Previous Version</i>					
7	Rule 301. Classification and Key Factor Tables	HO-C-1 AFI thru HO-C-2 AFI	Replacement		04/29/2014 By: Heather Nordquist
8	Manual Page Checklist		Replacement		06/26/2014 By:
<i>Previous Version</i>					
8	Manual Page Checklist		Replacement		04/29/2014 By: Heather Nordquist

No Supporting Documents Changed.

State: Arkansas **Filing Company:** Armed Forces Insurance Exchange
TOI/Sub-TOI: 04.0 Homeowners/04.0000 Homeowners Sub-TOI Combinations
Product Name: Homeowner
Project Name/Number: Rates, 406 Rev, ZIPs/AR-HO-3I-14-1

Note To Filer

Created By:

Becky Harrington on 05/30/2014 07:17 AM

Last Edited By:

Becky Harrington

Submitted On:

06/27/2014 07:18 AM

Subject:

Status

Comments:

I will be meeting with the Commissioner on Monday 6/2 to discuss the filing.

Becky

State: Arkansas **Filing Company:** Armed Forces Insurance Exchange
TOI/Sub-TOI: 04.0 Homeowners/04.0000 Homeowners Sub-TOI Combinations
Product Name: Homeowner
Project Name/Number: Rates, 406 Rev, ZIPs/AR-HO-3I-14-1

Note To Reviewer

Created By:

Lisa Snodgrass on 05/20/2014 03:31 PM

Last Edited By:

Becky Harrington

Submitted On:

06/27/2014 07:18 AM

Subject:

Revised Histogram

Comments:

The revised histogram does represent the impact of the rate change without the HSB. The EQ change accounts for 3.3% of our overall dollar change of \$50,766.

State: Arkansas **Filing Company:** Armed Forces Insurance Exchange
TOI/Sub-TOI: 04.0 Homeowners/04.0000 Homeowners Sub-TOI Combinations
Product Name: Homeowner
Project Name/Number: Rates, 406 Rev, ZIPs/AR-HO-3I-14-1

Note To Filer

Created By:

Becky Harrington on 05/20/2014 01:46 PM

Last Edited By:

Becky Harrington

Submitted On:

06/27/2014 07:18 AM

Subject:

Revised Histogram

Comments:

Please clarify what the impacts shown in the revised histogram represent. (impact of the rate change without the HSB?) How much of the increase is represented by the EQ change?

State: Arkansas **Filing Company:** Armed Forces Insurance Exchange
TOI/Sub-TOI: 04.0 Homeowners/04.0000 Homeowners Sub-TOI Combinations
Product Name: Homeowner
Project Name/Number: Rates, 406 Rev, ZIPs/AR-HO-3I-14-1

Post Submission Update Request Processed On 06/27/2014

Status: Allowed
Created By: Julie Zule
Processed By: Becky Harrington
Comments:

General Information:

Field Name	Requested Change	Prior Value
Effective Date Requested (New)	08/11/2014	06/23/2014
Effective Date Requested (Renew)	09/29/2014	08/11/2014

Company Rate Information:

Company Name: Armed Forces Insurance Exchange

Field Name	Requested Change	Prior Value
Overall % Rate Impact	9.150%	9.930%
Written Premium Change for this Program	\$61415	\$66639
Maximum %Change (where required)	25.000%	78.790%
Minimum %Change (where required)	-19.000%	-22.840%

SERFF Tracking #:

ARMD-129485942

State Tracking #:

Company Tracking #:

AR-HO-3I-14-1

State: Arkansas

Filing Company: Armed Forces Insurance Exchange

TOI/Sub-TOI: 04.0 Homeowners/04.0000 Homeowners Sub-TOI Combinations

Product Name: Homeowner

Project Name/Number: Rates, 406 Rev, ZIPs/AR-HO-3I-14-1

Rate Information

Rate data applies to filing.

Filing Method: File and Use

Rate Change Type: Increase

Overall Percentage of Last Rate Revision: 16.570%

Effective Date of Last Rate Revision: 05/13/2013

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):
Armed Forces Insurance Exchange	14.130%	9.150%	\$61,415	414	\$670,965	25.000%	-19.000%

State: Arkansas

Filing Company:

Armed Forces Insurance Exchange

TOI/Sub-TOI: 04.0 Homeowners/04.0000 Homeowners Sub-TOI Combinations

Product Name: Homeowner

Project Name/Number: Rates, 406 Rev, ZIPs/AR-HO-3I-14-1

Rate/Rule Schedule

Item No.	Schedule Item Status	Exhibit Name	Rule # or Page #	Rate Action	Previous State Filing Number	Attachments
1	Filed 06/27/2014	Rule 406. Deductibles	HO-E-6 AFI thru HO-E-7 AFI	Replacement		HO-E-6 AFI thru HO-E-7 AFI.pdf
2	Filed 06/27/2014	Rule 411. Alternate Water Supply	HO-E-10 AFI	Replacement		HO-E-10 AFI.pdf
3	Filed 06/27/2014	Rule 515. Personal Property	HO-E-12 AFI	Replacement		HO-E-12 AFI.pdf
4	Filed 06/27/2014	Rule 701. Other Exposures - Personal Liability Increased Limits	HO-E-17 AFI	Replacement		HO-E-17 AFI.pdf
5	Filed 06/27/2014	Additional Rule. Home Systems Protection and Service Line Coverage	HO-E-19 AFI thru HO-E-21 AFI	New		HO-E-19 AFI thru HO-E-21 AFI.pdf
6	Filed 06/27/2014	Territory Pages	HO-T-6 AFI, HO-T-11 AFI, HO-T-12 AFI	Replacement		HO-T-6 AFI, HO-T-11 AFI, HO-T-12 AFI.pdf
7	Filed 06/27/2014	Rule 301. Base Class Premium Table	HO-B-2 AFI	Replacement		HO-B-2 AFI.pdf
8	Filed 06/27/2014	Rule 301. Classification and Key Factor Tables	HO-C-1 AFI thru HO-C-2 AFI	Replacement		HO-C-1 AFI thru HO-C-2 AFI.pdf
9	Filed 06/27/2014	Rate Pages	HO-R-1 AFI thru HO-R-10 AFI, HO-R-12 AFI	Replacement		HO-R-1 AFI thru HO-R-10 AFI, HO-R-12 AFI.pdf
10	Filed 06/27/2014	Manual Page Checklist		Replacement		Manual Page Checklist.pdf

ADDITIONS TO THE HOMEOWNERS POLICY PROGRAM MANUAL EXCEPTION PAGE (CONT)

**** RULE 406. DEDUCTIBLES

Item A. is deleted.

Item B. and Sub item C.1. are deleted and the following substituted:

B. Optional Deductibles

To compute the premium for this provision, multiply the BASE PREMIUM by the factor listed below for the deductible amount selected:

ALL FORMS EXCEPT HO 00 06

Coverage A Limit	Deductible Amount		
	\$100	\$250	\$500
Up to \$99,999	1.38	1.17	1.01
\$100,000-\$199,999	1.38	1.17	1.01
\$200,000-\$299,999	1.38	1.17	1.01
\$300,000 and over	1.38	1.17	1.00

FORM HO 00 06

Coverage C Limit	Deductible Amount		
	\$100	\$250	\$500
Up to \$40,000	1.22	1.11	1.00
\$40,001 and over	1.18	1.08	1.00

C. Optional Higher Deductibles

1. All Perils Deductibles

To compute the premium for this provision, multiply the BASE PREMIUM by the factor listed below for the deductible amount selected:

ALL FORMS EXCEPT HO 00 06

Coverage A Limit	Deductible Amount		
	\$1000	\$2500	\$5000
Up to \$99,999	.89	.74	.64
\$100,000-\$199,999	.89	.74	.64
\$200,000-\$299,999	.94	.81	.71
\$300,000 and over	.94	.81	.70

FORM HO 00 06

Coverage C Limit	Deductible Amount		
	\$1000	\$2500	\$5000
Up to \$40,000	1.00	1.01	1.01
\$40,001 and over	.92	.79	.65

ADDITIONS TO THE HOMEOWNERS POLICY PROGRAM MANUAL EXCEPTION PAGE (CONT)

**** RULE 406. DEDUCTIBLES (CONT)

Sub item C.2.a.(5) is deleted and the following substituted:

(5) Deductible Factors

To compute the premium for this provision, multiply the BASE PREMIUM by the factor listed below for the deductible amount selected:

1% WIND OR HAIL DEDUCTIBLE

Coverage A Limit	All Other Perils Deductible Amount					
	\$100	\$250	\$500	\$1000	\$2500	\$5000
Up to \$99,999	1.31	1.12	.98	-	-	-
\$100,000-\$199,999	1.31	1.12	.98	.87	-	-
\$200,000-\$299,999	1.31	1.12	.98	.92	.80	-
\$300,000 and over	1.31	1.12	.97	.92	.80	.69

2% WIND OR HAIL DEDUCTIBLE

Coverage A Limit	All Other Perils Deductible Amount					
	\$100	\$250	\$500	\$1000	\$2500	\$5000
Up to \$99,999	1.27	1.10	.94	.85	-	-
\$100,000-\$199,999	1.27	1.10	.94	.85	.71	-
\$200,000-\$299,999	1.27	1.10	.94	.90	.78	.69
\$300,000 and over	1.27	1.10	.93	.90	.78	.68

5% WIND OR HAIL DEDUCTIBLE

Coverage A Limit	All Other Perils Deductible Amount					
	\$100	\$250	\$500	\$1000	\$2500	\$5000
Up to \$99,999	1.23	1.06	.91	.81	.68	-
\$100,000-\$199,999	1.23	1.06	.91	.81	.68	.58
\$200,000-\$299,999	1.23	1.06	.91	.86	.75	.65
\$300,000 and over	1.23	1.06	.90	.86	.75	.64

Sub item C.2.b. is deleted.

ADDITIONS TO THE HOMEOWNERS POLICY PROGRAM MANUAL EXCEPTION PAGE (CONT)

RULE 411. ALTERNATE WATER SUPPLY

This rule is added as follows:

- A. Risks may be recognized for a premium credit when the following conditions are met:
 - 1. The risk is assigned an ISO Protection Classification of 21 – 28;
 - 2. The risk is located within 5 road miles of a responding fire department;
 - 3. There is no hydrant located within applicable distance of the risk;
 - 4. The fire department has the capability of pumping water from an alternate water supply; and
 - 5. The alternate water supply is:
 - a. within 1,000 feet; and
 - b. accessible year round; and
 - c. no less than 5000 gallons.

**** B. To compute the credit multiply the BASE PREMIUM by the selected factor below:

<u>FORM</u>	<u>RATED CONSTRUCTION</u>	
	<u>FRAME</u>	<u>MASONRY and SUPERIOR</u>
HO 00 02 and 03	.21	.18
HO 00 06	.12	.13

Use Endorsement HO AF 93 Alternate Water Supply

ADDITIONS TO THE HOMEOWNERS POLICY PROGRAM MANUAL EXCEPTION PAGE (CONT)

RULE 506. FIRE DEPARTMENT SERVICE CHARGE

The following is added:

When additional coverage is provided use Endorsement HO AF 85 Fire Department Service Charge Coverage.

RULE 513. ORDINANCE OR LAW INCREASED AMOUNT OF COVERAGE – HO 00 06

Sub-Item C.2. is deleted and replaced by the following:

2. The premium for each additional \$1,000 of insurance is developed by multiplying the HO 00 06 Key Factor for “Each Add’l \$1,000” by .30, and then multiplying that amount by the appropriate Key Premium.

RULE 515. PERSONAL PROPERTY

Item C. Reduction in Limit is deleted and the following substituted:

C. Reduction in Limit

1. When an amount for Coverage C is shown on the policy, and the policy does not include HO 04 90 or HO AF 30, Coverage C may be reduced to an amount not less than 40% of the limit for Coverage A. The credit per \$1,000 is shown in the state rate pages.
2. When the limit of liability for Coverage C is “nil”, the following applies:
 - a. HO 00 02 and HO 00 03 – the key premium is reduced 21%;
 - b. HO 00 06 - \$10,000 Coverage A is required. Compute the policy BASE PREMIUM for HO 00 06 without Coverage C by applying a key factor of .7203 to the appropriate key premium.

Item D. Increased Special Limits of Liability – paragraphs 1 thru 4 are deleted and the following substituted:

1. Jewelry, Watches and Furs

The special limit of liability of \$1,500 for theft of jewelry, watches and furs may be increased to a maximum of \$5,000 but not exceeding \$1000 for any one article. Charge the additional rate per \$1,000 shown in the state rate pages.

2. Money and Securities

The special limit of liability of \$250 on money may be increased to a maximum of \$1,000. The \$1,500 limit on securities may be increased to a maximum of \$2,000. Charge the additional rate per \$100 shown on the state rate pages.

3. Silverware, Goldware, Pewterware and Firearms

The policy shall be endorsed to remove the special limits of liability for loss by theft of silverware, goldware, pewterware, and firearms. The endorsement is attached at no charge.

Use Endorsement HO AF 65 Special Homeowners Enhancement Endorsement

ADDITIONS TO THE HOMEOWNERS POLICY PROGRAM MANUAL EXCEPTION PAGE (CONT)

RULE 614. FARMERS PERSONAL LIABILITY

This rule is deleted and the following substituted:

RULE 614. FARMERS PERSONAL LIABILITY – FARM(S) OWNED BY THE INSURED AND RENTED TO OTHERS

A. The policy may be endorsed to provide liability when the insured has a farm away from the residence premises which is rented to others.

1. The following may not be covered:

a. Farms where the principal purpose of the farm is:

(1) To supply commodities for manufacturing or processing for sale to others, such as creameries and dairies (but not dairy farms).

(2) To operate freezing or dehydrating plants, and poultry factories.

The word “processing” does not apply to the slaughtering and dressing of livestock, or to such operations as bunching vegetables or crating berries.

b. Farms where the principal purpose of the farm is the raising and using of horses for racing purposes.

c. Incorporated farms.

B. Premium: Refer to state rate pages.

Use Endorsement HO AF 73 Liability Coverage For Farm(s) Owned by the Insured and Rented to Others

RULE 616. WATERBED LIABILITY – ALL FORMS WITH HO AF 70

This rule is added as follows:

The policy may be endorsed to provide coverage applicable when a waterbed causes damage to non-owned property located on or in an insured residence premises.

Premium: Refer to state rate pages

Use Endorsement HO AF 15 Waterbed Liability

**** RULE 701. OTHER EXPOSURES – PERSONAL LIABILITY INCREASED LIMITS

This rule is deleted and replaced by the following:

Apply the appropriate factor shown below to the basic limits premium for each exposure.

Limit	Factor
\$200,000	1.21
300,000	1.32
400,000	1.40
500,000	1.45

ADDITIONS TO THE HOMEOWNERS POLICY PROGRAM MANUAL EXCEPTION PAGE (CONT)

ADDITIONAL RULE(S) (CONT)

**** HOME SYSTEMS PROTECTION AND SERVICE LINE COVERAGE – ALL FORMS EXCEPT HO 00 06

A. Coverage Description

All policy forms except HO 00 06 are automatically supplemented, by endorsement, to provide home systems protection and service line coverage. However, an insured with a policy issued prior to 11 August 2014 may opt, per a written request, to have the endorsement removed from the policy.

1. Home Systems Protection

a. Damage to “Covered Home Equipment”

Coverage is provided for the sudden and accidental mechanical breakdown, electrical breakdown, bursting, cracking, or splitting of permanently installed property insured under Coverage **A** – Dwelling or Coverage **B** – Other Structures that:

- 1) generates, transmits, or utilizes energy, or
- 2) operates under vacuum or pressure, during normal usage, other than the weight of its own contents.

b. Environmental, Safety and Efficiency Improvements

If “covered home equipment” requires replacement due to a “home system breakdown”, coverage is extended to pay for replacement equipment that is better for the environment, safer for people, or more energy or water efficient than the damaged equipment.

This extension of coverage, which is limited to not more than 150% of the cost to replace with equipment of like kind and quality, does not apply to component parts or property subject to actual cash value. It also does not cover any costs associated with increased equipment size or capacity.

c. Expediting Expenses

Coverage is provided for any extra costs to make temporary repairs, or to expedite permanent repairs or replacement.

d. Spoilage

\$500 of coverage is available, for any “one home system breakdown”, to pay for:

- 1) Physical damage of refrigerated property due to spoilage that is the result of a “home system breakdown”, and
- 2) Any expenses incurred to reduce the amount of loss under this coverage.

e. Loss of Use

Coverage **D** – Loss of Use is extended, within the Home Systems Protection limit of liability, to this coverage.

ADDITIONS TO THE HOMEOWNERS POLICY PROGRAM MANUAL EXCEPTION PAGE (CONT)

ADDITIONAL RULE(S) (CONT)

**** HOME SYSTEMS PROTECTION AND SERVICE LINE COVERAGE – ALL FORMS EXCEPT HO 00 06 (CONT)

A. Coverage Description (Cont)

2. Service Line Coverage

a. Damage to “Covered Service Line”

Coverage is provided for underground exterior piping and wiring located on the residence premises, and for which the insured is legally responsible, that is physically damaged as a direct result of a leak, break, tear, rupture, collapse, or arcing, subject to some exclusions.

Coverage does not apply to losses caused by blockage or low pressure. It also does not apply to piping/wiring that runs through or under a body of water or the residence, piping/wiring that delivers water/electricity to outdoor property, piping/wiring that is not connected and ready for use, or storm water drain piping.

b. Environmental, Safety and Efficiency Improvements

If a “covered service line” requires replacement due to a “service line failure”, coverage is extended to pay for replacement materials that are better for the environment, safer for people, or more energy or water efficient than the damaged material.

This extension of coverage, which is limited to not more than 150% of the cost to replace with materials of like kind and quality, does not cover any costs associated with any increased size or capacity of the materials.

c. Expediting Expenses

Coverage is provided for any extra costs to make temporary repairs, or to expedite permanent repairs or replacement.

d. Loss of Use

Coverage **D** – Loss of Use is extended, within the Service Line Coverage limit of liability, to this coverage.

e. Excavation Costs

Coverage is provided for excavation costs associated with the repair or replacement of the damaged “covered service line”.

f. Outdoor Property

Coverage is provided for outdoor property that is damaged as a result of a “service line failure” or related excavation activity.

ADDITIONS TO THE HOMEOWNERS POLICY PROGRAM MANUAL EXCEPTION PAGE (CONT)

ADDITIONAL RULE(S) (CONT)

**** HOME SYSTEMS PROTECTION AND SERVICE LINE COVERAGE – ALL FORMS EXCEPT HO 00 06 (CONT)

B. Limits of Liability

1. Home Systems Protection

Up to \$50,000 of coverage is provided for loss, damage, or expense arising from any “one home system breakdown”, subject to a \$500 deductible.

2. Service Line Coverage

Up to \$10,000 of coverage is provided for loss, damage, or expense arising from any “one service line failure”, subject to a \$500 deductible.

C. Premium

Refer to rate pages for the additional charge.

D. Endorsement

1. Use Home Systems Protection and Service Line Coverage Endorsement HO AF 14.

2. This endorsement provides complete details on coverages, definitions, exclusions, and additional policy conditions applicable to this coverage.

HOMEOWNERS POLICY PROGRAM MANUAL
TERRITORY PAGES

**** 3. TERRITORY DEFINITIONS – EARTHQUAKE (CONT)

ZIP CODES 72212 – 72401

Earthquake ZIP Codes/Territories In Numerical Order By ZIP Code					
ZIP Code	USPS ZIP Code Name	Earthquake Territory	ZIP Code	USPS ZIP Code Name	Earthquake Territory
72212	LITTLE ROCK	27	72340	GOODWIN	25
72214	LITTLE ROCK	27	72341	HAYNES	25
72215	LITTLE ROCK	27	72342	HELENA	25
72216	LITTLE ROCK	26	72346	HETH	21
72217	LITTLE ROCK	27	72347	HICKORY RIDGE	24
72219	LITTLE ROCK	27	72348	HUGHES	22
72221	LITTLE ROCK	27	72350	JOINER	21
72222	LITTLE ROCK	27	72351	KEISER	21
72223	LITTLE ROCK	27	72352	LA GRANGE	25
72225	LITTLE ROCK	27	72353	LAMBROOK	26
72227	LITTLE ROCK	27	72354	LEPANTO	21
72231	LITTLE ROCK	25	72355	LEXA	25
72260	LITTLE ROCK	27	72358	LUXORA	21
72295	LITTLE ROCK	26	72359	MADISON	24
72301	WEST MEMPHIS	22	72360	MARIANNA	25
72303	WEST MEMPHIS	22	72364	MARION	22
72310	ARMOREL	21	72365	MARKED TREE	21
72311	AUBREY	25	72366	MARVELL	25
72312	BARTON	25	72367	MELLWOOD	26
72313	BASSETT	21	72368	MORO	25
72315	BLYTHEVILLE	21	72369	ONEIDA	25
72316	BLYTHEVILLE	21	72370	OSCEOLA	21
72319	GOSNELL	21	72372	PALESTINE	24
72320	BRICKEYS	23	72373	PARKIN	21
72321	BURDETTE	21	72374	POPLAR GROVE	25
72322	CALDWELL	24	72376	PROCTOR	22
72324	CHERRY VALLEY	23	72377	RIVERVALE	21
72325	CLARKEDALE	21	72379	SNOW LAKE	25
72326	COLT	24	72383	TURNER	25
72327	CRAWFORDSVILLE	21	72384	TURRELL	21
72328	CRUMROD	26	72386	TYRONZA	21
72329	DRIVER	21	72387	VANNDALE	24
72330	DYESS	21	72389	WABASH	26
72331	EARLE	21	72390	WEST HELENA	25
72332	EDMONDSON	22	72391	WEST RIDGE	21
72333	ELAINE	26	72392	WHEATLEY	25
72335	FORREST CITY	24	72394	WIDENER	23
72336	FORREST CITY	24	72395	WILSON	21
72338	FRENCHMANS BAYOU	21	72396	WYNNE	24
72339	GILMORE	21	72401	JONESBORO	23

Table #5(T) ZIP Codes 72212 – 72401

HOMEOWNERS POLICY PROGRAM MANUAL
TERRITORY PAGES

**** 3. TERRITORY DEFINITIONS – EARTHQUAKE (CONT)

Earthquake Territory Definitions In Numerical Order By Territory Code						
Territory	ZIP Codes					
21	72310	72325	72339	72365	72391	72428
	72313	72327	72346	72370	72395	72437
	72315	72329	72350	72373	72411	72438
	72316	72330	72351	72377	72414	72442
	72319	72331	72354	72384	72419	72447
	72321	72338	72358	72386	72426	72472
	72301	72348	72464			
22	72303	72364				
	72332	72376				
23	72320	72401	72404	72432	72450	72461
	72324	72402	72417	72441	72451	72467
	72394	72403	72430	72443	72454	72474
24	72005	72073	72175	72387	72425	72462
	72006	72075	72322	72396	72427	72465
	72014	72083	72326	72412	72429	72475
	72037	72101	72335	72413	72431	72479
	72043	72112	72336	72416	72435	72564
	72046	72123	72347	72421	72436	
	72059	72142	72359	72422	72453	
	72072	72169	72372	72424	72456	
25	71630	72029	72108	72311	72374	72471
	71639	72036	72117	72312	72379	72473
	71643	72040	72133	72340	72383	72476
	71644	72041	72134	72341	72390	72524
	71662	72048	72140	72342	72392	72553
	71674	72060	72152	72352	72410	72562
	71677	72064	72160	72355	72433	
	72004	72068	72165	72360	72445	
	72017	72069	72168	72366	72449	
	72021	72074	72182	72368	72457	
	72026	72082	72231	72369	72470	
26	71601	72023	72086	72164	72367	72501
	71611	72024	72102	72166	72389	72503
	71638	72038	72113	72170	72415	72522
	71654	72042	72114	72176	72434	72526
	71659	72052	72115	72178	72440	72527
	71666	72053	72119	72183	72444	72568
	71670	72055	72121	72206	72455	72571
	71678	72066	72128	72216	72458	72572
	72003	72076	72139	72295	72459	72575
	72010	72078	72143	72328	72466	72579
	72012	72081	72145	72333	72469	72503
	72020	72085	72149	72353	72478	
27	71602	71647	71661	71720	71740	71751
	71603	71651	71663	71721	71742	71752
	71612	71652	71665	71722	71743	71753
	71613	71653	71667	71724	71744	71754
	71631	71655	71671	71725	71745	71758
	71635	71656	71675	71726	71747	71759
	71640	71657	71676	71728	71748	71762
	71642	71658	71701	71730	71749	71763
	71646	71660	71711	71731	71750	71764

Table #10(T) Earthquake Territory Definitions

HOMEOWNERS POLICY PROGRAM MANUAL
TERRITORY PAGES

**** 3. TERRITORY DEFINITIONS – EARTHQUAKE (CONT)

Earthquake Territory Definitions In Numerical Order By Territory Code						
Territory	ZIP Codes					
27 (Cont'd)	71765	71940	72070	72222	72616	72717
	71766	71941	72079	72223	72617	72718
	71770	71942	72080	72225	72619	72719
	71772	71943	72084	72227	72623	72721
	71801	71944	72087	72260	72624	72722
	71802	71945	72088		72626	72727
	71820	71949	72089	72460	72628	72728
	71822	71950	72099	72482	72629	72729
	71823	71952	72103	72512	72630	72730
	71825	71953	72104	72513	72631	72732
	71826	71956	72105	72515	72632	72733
	71827	71957	72106	72517	72633	72734
	71828	71958	72107	72519	72634	72735
	71831	71959	72110	72520	72635	72736
	71832	71960	72111	72521	72636	72737
	71833	71961	72116	72523	72638	72738
	71834	71962	72118	72525	72639	72739
	71835	71964	72120	72528	72640	72740
	71836	71965	72122	72529	72641	72741
	71837	71966	72124	72530	72642	72742
	71838	71968	72125	72531	72644	72744
	71839	71969	72126	72532	72645	72745
	71840	71970	72127	72533	72648	72747
	71841	71971	72129	72534	72650	72749
	71842	71972	72130	72536	72651	72751
	71845	71973	72131	72537	72653	72752
	71846	71998	72132	72538	72654	72753
	71847	71999	72135	72539	72655	72756
	71851	72001	72136	72540	72657	72757
	71852	72002	72137	72542	72658	72758
	71853	72007	72141	72543	72659	72760
	71854	72011	72150	72544	72660	72761
	71855	72013	72153	72545	72661	72762
	71857	72015	72156	72546	72662	72764
	71858	72016	72157	72550	72663	72765
	71859	72018	72158	72554	72666	72766
	71860	72019	72167	72555	72668	72768
	71861	72022	72173	72556	72669	72769
	71862	72025	72179	72560	72670	72770
	71864	72027	72180	72561	72672	72773
	71865	72028	72181	72565	72675	72774
	71866	72030	72190	72566	72677	72776
	71901	72031	72199	72567	72679	72801
	71902	72032	72201	72569	72680	72802
	71903	72033	72202	72573	72682	72811
	71909	72034	72203	72576	72683	72812
	71910	72035	72204	72577	72685	72820
71913	72039	72205	72578	72686	72821	
71914	72044	72207	72581	72687	72823	
71920	72045	72209	72583	72701	72824	
71921	72047	72210	72584	72702	72826	
71922	72051	72211	72585	72703	72827	
71923	72057	72212	72587	72704	72828	
71929	72058	72214	72601	72711	72829	
71932	72061	72215	72602	72712	72830	
71933	72063	72217	72611	72714	72832	
71935	72065	72219	72613	72715	72833	
71937	72067	72221	72615	72716	72834	

Table #11(T) Earthquake Territory Definitions

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BASE CLASS PREMIUM PAGE

**** RULE 301. BASE PREMIUM COMPUTATION
BASE CLASS PREMIUM TABLE

Territory	HO 00 03	HO 00 06
30	1123	160
31	1031	190
32	1130	201
34	923	173
35	995	150
36	1146	201
37	1085	202
38	1167	199
39	1177	202
40	1114	202
41	1173	199
42	1144	200
43	1138	200
44	1100	199
45	988	201
46	1163	201
47	1141	199
48	1163	202
49	1088	202

HOMEOWNERS POLICY PROGRAM MANUAL
CLASSIFICATION PAGE

**** RULE 301. BASE PREMIUM COMPUTATION – CLASSIFICATION AND KEY FACTOR TABLES

A.1. ALL FORMS EXCEPT HO 00 06

a. CLASSIFICATION TABLES

(1) FORM FACTORS

Form HO 00 02	.97
Form HO 00 03	1.00
Form HO 00 03w/15	1.14

(2) PROTECTION-CONSTRUCTION FACTORS
TERRITORY - All

Prot. Class	Construction*	
	Frame	Masonry
1	.97	.86
2	.98	.86
3-6	.99	.87
7	.99	.88
8	1.00	.88
31-38, 85	1.02	.90
9, 21-28	1.15	1.03
10, 20	1.24	1.09

(3) RATING CLASSIFICATION FACTORS

A. Apply a rating factor of 1.00 to:

1. Active, retired and former commissioned officers and warrant officers, cadets and midshipmen, and their spouses, former spouses and surviving spouses.
2. Employees and retired employees, and their spouses and surviving spouses.

B. Apply a rating factor of 1.20 to all other eligible persons.

b. KEY FACTOR TABLE

Cov. A Amt (in 000)	Factor	Cov. A Amt (in 000)	Factor
**\$ 10	0.4367	\$ 85	0.7460
** 12	0.4435	90	0.7711
** 14	0.4504	95	0.7898
** 16	0.4574	100	0.8085
** 18	0.4643	110	0.8671
** 20	0.4712	120	0.9263
** 22	0.4782	130	0.9861
** 24	0.4852	140	1.0463
26	0.4922	150	1.1070
28	0.4992	160	1.1682
30	0.5063	170	1.2296
32	0.5122	180	1.2915
34	0.5181	190	1.3535
36	0.5239	200	1.4157
38	0.5300	210	1.4917
40	0.5360	220	1.5678
42	0.5449	230	1.6438
44	0.5539	240	1.7197
46	0.5628	250	1.7958
48	0.5720	260	1.8719
50	0.5811	270	1.9480
55	0.6045	280	2.0241
60	0.6284	290	2.1001
65	0.6527	300	2.1761
70	0.6775	Each Add'l \$10,000	0.0763
75	0.6925		
80	0.7208		

FOOTNOTES

- * Masonry Veneer is rated as Masonry.
Aluminum or Plastic Siding over Frame is rated as Frame.

Minimum Limits of Liability

** Section I – Property

	<u>HO 00 02 & 03</u>
Primary Location	\$ 25,000
Secondary Location	15,000

Section II Liability

	<u>HO 00 02 & 03</u>
Personal Liability	\$100,000
Medical Payments to Others	\$1,000

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RULE 105. SECONDARY RESIDENCE PREMISES

Credit..... Not Applicable

RULE 205. MINIMUM PREMIUM

Paragraphs A, B and C..... Not Applicable

RULE 207. WAIVER OF PREMIUM

Amount that may be waived..... None

RULE 406. DEDUCTIBLES

B. Minimum additional charge..... Not Applicable

Maximum additional charge..... Not Applicable

RULE 410. EXCESS DWELLING COVERAGE

D.2. Charge per policy when Coverage C is not included..... \$ 25.00

**** RULE 503. BUSINESS PROPERTY – INCREASED LIMITS

Rate per \$2,500..... \$ 37.00

RULE 504. CREDIT CARD, FUND TRANSFER CARD, FORGERY & COUNTERFEIT MONEY

Limit
\$ 2,500..... \$ 2.00
\$ 5,000..... \$ 3.00
\$ 7,500..... \$ 4.00
\$ 10,000*..... \$ 5.00

* Limits in excess of \$10,000, not available.

ARMED FORCES INSURANCE EXCHANGE

ARKANSAS (03)

HOMEOWNERS POLICY PROGRAM MANUAL
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**** RULE 505. EARTHQUAKE COVERAGE

D.1. 5% DEDUCTIBLE – Rates per \$1,000

Table A – FRAME *

Territory	(A) HO 00 02 & HO 00 03 & 3 w/15	(C) HO 00 06	(D) HO 00 02 & HO 00 03 & 3 w/15 Increased Cov C	(E) HO 00 06 Basic and Increased Cov A	(F) Inc Cov. D	(G) Bldg or non- Bldg Structure Items
21	\$ 1.36	\$.69	\$.54	\$.92	\$.65	\$.86
22	1.25	.69	.54	.83	.64	.78
23	1.17	.64	.52	.77	.56	.78
24	1.01	.54	.47	.64	.48	.75
25	.78	.44	.40	.44	.38	.54
26	.36	.19	.23	.19	.17	.27
27	.17	.12	.10	.13	.09	.12

Table B – MASONRY *

Territory	(A) HO 00 02 & HO 00 03 & 3 w/15	(C) HO 00 06	(D) HO 00 02 & HO 00 03 & 3 w/15 Increased Cov C	(E) HO 00 06 Basic and Increased Cov A	(F) Inc Cov. D	(G) Bldg or non- Bldg Structure Items
21	\$ 1.72	\$.91	\$.71	\$ 1.12	\$.80	\$.93
22	1.72	.91	.71	1.12	.80	.93
23	1.72	.91	.71	1.12	.80	.93
24	1.72	.91	.71	1.12	.80	.93
25	1.49	.87	.71	.97	.74	.77
26	.80	.44	.47	.47	.42	.43
27	.45	.32	.29	.32	.25	.26

Table C – SUPERIOR *

Territory	(A) HO 00 02 & HO 00 03 & 3 w/15	(C) HO 00 06	(D) HO 00 02 & HO 00 03 & 3 w/15 Increased Cov C	(E) HO 00 06 Basic and Increased Cov A	(F) Inc Cov. D	(G) Bldg or non- Bldg Structure Items
21	\$ 1.48	\$.71	\$.54	\$ 1.01	\$.69	\$.78
22	1.48	.71	.54	1.01	.69	.78
23	1.48	.71	.54	1.01	.69	.78
24	1.30	.64	.54	.84	.65	.75
25	.82	.56	.39	.69	.39	.47
26	.56	.34	.30	.40	.30	.31
27	.17	.08	.10	.09	.10	.10

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

ARMED FORCES INSURANCE EXCHANGE

ARKANSAS (03)

HOMEOWNERS POLICY PROGRAM MANUAL
RATE PAGE

**** RULE 505. EARTHQUAKE COVERAGE (CONT)

D.1. 10% DEDUCTIBLE – Rates per \$1,000

Table A – FRAME *

Territory	(A) HO 00 02 & HO 00 03 & 3 w/15	(C) HO 00 06	(D) HO 00 02 & HO 00 03 & 3 w/15 Increased Cov C	(E) HO 00 06 Basic and Increased Cov A	(F) Inc Cov. D	(G) Bldg or non- Bldg Structure Items
21	\$ 1.27	\$.61	\$.52	\$.87	\$.65	\$.86
22	1.12	.57	.51	.75	.64	.77
23	1.05	.53	.48	.71	.56	.77
24	.89	.47	.44	.57	.48	.71
25	.67	.35	.35	.38	.38	.51
26	.30	.16	.18	.16	.17	.23
27	.14	.10	.09	.10	.08	.09

Table B – MASONRY *

Territory	(A) HO 00 02 & HO 00 03 & 3 w/15	(C) HO 00 06	(D) HO 00 02 & HO 00 03 & 3 w/15 Increased Cov C	(E) HO 00 06 Basic and Increased Cov A	(F) Inc Cov. D	(G) Bldg or non- Bldg Structure Items
21	\$ 1.57	\$.80	\$.66	\$ 1.05	\$.80	\$.92
22	1.57	.80	.66	1.05	.80	.92
23	1.57	.80	.66	1.05	.80	.92
24	1.57	.80	.66	1.05	.80	.92
25	1.31	.74	.66	.87	.74	.74
26	.70	.38	.42	.42	.42	.42
27	.40	.29	.25	.30	.25	.25

Table C – SUPERIOR *

Territory	(A) HO 00 02 & HO 00 03 & 3 w/15	(C) HO 00 06	(D) HO 00 02 & HO 00 03 & 3 w/15 Increased Cov C	(E) HO 00 06 Basic and Increased Cov A	(F) Inc Cov. D	(G) Bldg or non- Bldg Structure Items
21	\$ 1.35	\$.64	\$.53	\$.96	\$.69	\$.77
22	1.35	.64	.53	.96	.69	.77
23	1.35	.64	.53	.96	.69	.77
24	1.17	.54	.49	.77	.64	.74
25	.70	.45	.35	.62	.39	.44
26	.48	.29	.26	.35	.29	.30
27	.16	.06	.09	.08	.09	.09

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

HOMEOWNERS POLICY PROGRAM MANUAL
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RULE 506. FIRE DEPARTMENT SERVICE CHARGE

Rate per \$100 for HO AF 85..... \$ 3.00

**** RULE 507. FORM HO 00 06 COVERAGE A DWELLING BASIC & INCREASED LIMITS & SPECIAL COVERAGE

C. Special Coverage

1. Charge per policy for \$5,000 in basic form..... \$ 1.49
2. Rate for each add'l \$1,000 of Cov. A..... \$.75

**** RULE 509. HOME DAY CARE COVERAGE

D.1.b. Rate per \$1,000 for business in other structure..... \$ 3.74

**** RULE 510. PERMITTED INCIDENTAL OCCUPANCIES – RESIDENCE PREMISES

E.1.b. Rate per \$1,000 for business in other structure..... \$ 3.74

**** RULE 511. LOSS ASSESSMENT COVERAGE

A. Residence Premises

All Forms except HO 00 03 or 06 with HO 17 32

New Amount of Coverage

\$ 5,000..... \$ 2.46
\$10,000..... 4.11
Each Add'l \$5,000 up to \$50,000..... .75

HO 00 03 or 06 with HO 17 32

New Amount of Coverage

\$ 5,000..... \$ 3.28
\$10,000..... 5.75
Each Add'l \$5,000 up to \$50,000..... 1.49

B. Additional Locations

All Forms except HO 00 03 or 06 with HO 17 32

New Amount of Coverage

\$ 1,000..... \$ 4.11
\$ 5,000..... 6.56
\$10,000..... 8.21
Each Add'l \$5,000 up to \$50,000..... .75

HO 00 03 or 06 with HO 17 32

New Amount of Coverage

\$ 1,000..... \$ 4.93
\$ 5,000..... 8.21
\$10,000..... 10.67
Each Add'l \$5,000 up to \$50,000..... 1.49

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**** RULE 512. LOSS OF USE – INCREASED LIMIT

Rate per \$1,000..... \$ 2.98

**** RULE 514. OTHER STRUCTURES

B. Increased Limit – Rate per \$1,000..... \$ 2.98

C. Rented to Others – Residence Premises – Rate per \$1,000..... \$ 3.74

D.1. Off-Premises Structures – Charge per Policy..... \$ 11.19

2. Specific Structures – Off Premises – Rate per \$1,000..... \$ 3.74

**** RULE 515. PERSONAL PROPERTY

A. Increased Limits – Rate per \$1,000

1. HO 00 02 or 03 without HO 00 15..... \$ 1.49

2. HO 00 03 with HO 00 15..... \$ 2.24

B. Increased Limit – Other Residences – Rate per \$1,000..... \$ 5.23

C. Reduced Limit – Credit per \$1,000..... \$.75

D. Increased Special Limits

1. Jewelry, Watches & Furs – Rate per \$1,000..... \$ 13.42

2. Money & Securities – Rate per \$100

Money..... \$ 4.47

Securities..... \$ 2.98

3. Silverware – Rate per \$500..... Not Applicable

4. Firearms – Rate per \$100..... Not Applicable

5. Electronic Apparatus – Rate per \$500..... \$ 7.46

**** RULE 517. RENTAL TO OTHERS – THEFT COVERAGE

Rate per policy..... \$ 22.00

**** RULE 518. SINKHOLE COLLAPSE COVERAGE

Rate per \$1,000..... \$.26

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**** RULE 519. SPECIAL COMPUTER COVERAGE

Charge per policy..... \$ 11.00

**** RULE 520. LIVESTOCK COLLISION COVERAGE

Estimated No. of Head

1-100..... \$ 7.00
 101-250..... 15.00
 251-500..... 22.00
 501-1,000..... 30.00

**** RULE 521. WATER BACK UP AND SUMP OVERFLOW

C. Charge per policy if HO 04 90 Personal Property Replacement Cost Endorsement or HO AF 30 Excess Dwelling Coverage Endorsement is:

1. Not attached to the policy..... \$ 61.00
 2. Attached to the policy..... \$ 73.00

**** RULE 523. ASSISTED LIVING CARE COVERAGE

C. Premium

1. Section I and Section II Basic Limits
 Rate per unit..... \$ 58.00

2. Increased Limits
 Add to the basic limit rate in Paragraph 1. above:

a. Coverage C – Rate per \$1,000..... \$ 5.00

b. Coverage E Limit (Coverage F does not apply to this option.)

\$200,000..... \$ 2.00
 \$300,000..... 3.00
 \$400,000..... 4.00
 \$500,000..... 5.00

**** RULE 524. OTHER MEMBERS OF A NAMED INSURED’S HOUSEHOLD

C. Premium

1. Section I and Section II Basic Limits
 Rate per person named in the Schedule..... \$ 45.00

2. Section II Increased Limits
 Add to the basic limit rate in Paragraph 1. above:

a. Coverage E Limit

\$200,000..... \$ 6.00
 \$300,000..... 9.00
 \$400,000..... 12.00
 \$500,000..... 14.00

b. Coverage F
 Refer to Rule 702 for rates for limits above \$1,000

HOMEOWNERS POLICY PROGRAM MANUAL
RATE PAGE

**** RULE 526. RESIDENCE HELD IN TRUST

C. Premium

Basic Limits

Trust

Charge per policy..... \$ 19.00

Increased Limits

1. Coverage E

Refer to Rule 701. for increased limits factors.

2. Coverage F

Refer to Rule 702. for increased limits charges.

**** RULE 601. RESIDENCE PREMISES – BASIC AND INCREASED LIMITS

A. Coverage E

Liability

1 or 2 Family			3 Family			4 Family		
Limit	Code	Rate	Limit	Code	Rate	Limit	Code	Rate
\$100,000	(3)	\$--	\$100,000	(3)	\$--	\$100,000	(3)	\$--
200,000	(4)	3.00	200,000	(4)	5.00	200,000	(4)	6.00
300,000	(5)	4.00	300,000	(5)	8.00	300,000	(5)	10.00
400,000	(6)	5.00	400,000	(6)	10.00	400,000	(6)	12.00
500,000	(7)	5.00	500,000	(7)	11.00	500,000	(7)	13.00

B. Coverage F – Medical Payments

Limit	Rate
\$1,000	\$ --
2,000	2.00
3,000	4.00
4,000	7.00
5,000	9.00

**** RULE 602. OTHER INSURED LOCATION OCCUPIED BY INSURED

C. Rate per Residence

One Family.....	\$ 5.00
Two Family.....	10.00
Three Family.....	20.00
Four Family.....	22.00

**** RULE 603. RESIDENCE EMPLOYEES

B. Rate per Person In Excess of Two..... \$ 4.00

ARMED FORCES INSURANCE EXCHANGE

ARKANSAS (03)

HOMEOWNERS POLICY PROGRAM MANUAL
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****	RULE 604. ADDITIONAL RESIDENCE RENTED TO OTHERS		
	B. Rate per Residence		
	One Family.....	\$	11.00
	Two Family.....		18.00
	Three Family.....		39.00
	Four Family.....		48.00
****	RULE 605. OTHER STRUCTURES RENTED TO OTHERS – RESIDENCE PREMISES		
	Rate per Structure.....	\$	11.00
****	RULE 607. HOME DAY CARE COVERAGE		
	C.1. 1-3 Persons.....	\$	85.00
****	RULE 608. PERMITTED INCIDENTAL OCCUPANCIES – RESIDENCE PREMISES		
	B. Rate Per Residence	\$	13.00
****	RULE 609. BUSINESS PURSUITS		
	Rate Per Insured Person		
	B.1. Clerical Employees.....	\$	3.00
	2. Salesperson, Collector or Messenger – Installation, demonstration or servicing operation:		
	Included.....	\$	5.00
	Excluded.....		3.00
	3. Teachers		
	a. Laboratory, athletic, manual or physical training.....	\$	9.00
	b. Not otherwise classified.....		4.00
	c. Corporal punishment (add to 3.a. or b.).....		3.00
****	RULE 611. INCIDENTAL MOTORIZED LAND CONVEYANCES		
	D. Rate per Conveyance (Class Code 996).....	\$	11.00

HOMEOWNERS POLICY PROGRAM MANUAL
RATE PAGE

**** RULE 612. OUTBOARD MOTORS AND WATERCRAFT

F.1. Outboard, Inboard, or Inboard-Outdrive Engines or Motors

<u>Horsepower</u>	<u>Up to 15 Feet</u>		<u>Over 15 to 26 Feet</u>	
	<u>Class Code</u>	<u>Rate</u>	<u>Class Code</u>	<u>Rate</u>
Up to 50*	780	\$ 4.00	785	\$ 6.00
51 – 100	781	7.00	786	9.00
101 – 150	782	10.00	787	12.00
151 – 200	783	13.00	788	15.00
Over 200	784	17.00	789	17.00

2. Sailboats With or Without Auxiliary Power

<u>Overall Length/Feet</u>	<u>Class Code</u>	<u>Rate</u>
26 – 40 feet*	763	\$ 4.00
Over 40	764	7.00

* Outboard engines or motors of up to 25 horsepower or sailboats less than 26 feet in overall length with or without auxiliary power are covered in the policy form.

**** RULE 613. OWNED SNOWMOBILE

C. Rate per Snowmobile (Class Code 771)..... \$ 14.00

**** RULE 614. FARMERS PERSONAL LIABILITY – FARM(S) OWNED BY THE INSURED AND RENTED TO OTHERS

All Farm Premises without bldgs (Class Code 298)..... \$ 11.00+
Each Farm Premises with bldgs (Class Code 299)..... \$ 11.00+

+ Total all acreage of farms which are owned by the insured and rented to others.
Add the following flat charge when total acreage is:

Over 160 to 500 acres..... \$ 1.00
Over 500 acres..... 6.00

These charges are not subject to increased limits factors.

**** RULE 615. INCIDENTAL FARMING PERSONAL LIABILITY

A.3. Farming Done on the Residence Premises..... \$ 30.00
B.2. Farming Done Away From the Residence Premises..... \$ 45.00

RULE 616. WATERBED LIABILITY

Rate per Policy..... \$ 14.00

ARMED FORCES INSURANCE EXCHANGE

ARKANSAS (03)

HOMEOWNERS POLICY PROGRAM MANUAL
RATE PAGE

RULE 702. OTHER EXPOSURES – MEDICAL PAYMENT TO OTHERS INCREASED LIMITS
(Coverage F Limit not coded.)

Basic Limit					
Rule	Coverage F – Medical Payments	\$2,000	\$3,000	\$4,000	\$5,000
524	Other Members of a Named Insured’s Household	1.00	2.00	3.00	4.00
526	Residence Held in Trust	1.00	2.00	3.00	4.00
602.	Other Insured Locations Occupied By Insured	1.00	2.00	3.00	4.00
603.	Residence Employees	1.00	2.00	3.00	4.00
604.	Additional Residence Rented To Others				
	1 or 2 Family	1.00	2.00	3.00	4.00
	3 or 4 Family	3.00	4.00	5.00	6.00
605.	Other Structures Rented to Others -				
	Residence Premises	1.00	2.00	3.00	4.00
**** 607.	Home Day Care	4.00	7.00	11.00	14.00
**** 608.	Permitted Incidental Occupancies -				
	Residence Premises	4.00	7.00	11.00	14.00
609.	Business Pursuits				
	1. Clerical Employees	1.00	2.00	3.00	4.00
	2. Salesperson, Installation, etc.				
	Included or Excluded	1.00	2.00	3.00	4.00
	3. Teachers				
	a. Lab, etc.	1.00	3.00	4.00	5.00
	b. Not otherwise classified	1.00	2.00	3.00	4.00
	c. Corporal Punishment	Medical Payments Not Available			
611.	Incidental Motorized Land Conveyances	1.00	2.00	3.00	4.00
**** 612.	Outboard Motors and Watercraft				
	1. Outboard, Inboard or Inboard-Outboard				
	Engines or Motors				
	(a) Up to 15 feet:				
	Up to 50 hp.	2.00	4.00	7.00	8.00
	51 – 100 hp.	3.00	6.00	9.00	10.00
	101 – 150 hp.	4.00	9.00	13.00	16.00
	151 – 200 hp.	5.00	11.00	18.00	21.00
	Over 200 hp.	8.00	17.00	28.00	31.00
	(b) Over 15 to 26 feet:				
	Up to 50 hp.	3.00	6.00	9.00	10.00
	51 – 100 hp.	4.00	9.00	13.00	16.00
	101 – 150 hp.	6.00	12.00	18.00	21.00
	151 – 200 hp.	9.00	18.00	27.00	31.00
	Over 200 hp.	11.00	24.00	36.00	40.00
	2. Sailboats, with or without auxiliary power				
	26 – 40 feet	2.00	4.00	7.00	8.00
	Over 40 feet	2.00	5.00	9.00	10.00

HOMEOWNERS POLICY PROGRAM MANUAL
 RATE PAGE

ADDITIONAL RULE(S)

**** PROPERTY REMEDIATION COVERAGE FOR ESCAPED LIQUID FUEL AND LIMITED LIABILITY
 COVERAGE FOR ESCAPED LIQUID FUEL AND LEAD POISONING

	<u>FORM</u>	<u>CREDIT</u>
A. Premium Credit	All except HO 00 06	\$ 5.37
	HO 00 06	\$ 2.59

B. Premium Charges

1. Escaped Liquid Fuel Remediation Coverage

Liquid Fuel Risk Class Number	Limit of Liability		
	\$25,000	\$50,000	\$100,000
100	24.85	63.25	123.79
200	8.29	21.09	41.27

2. Lead and Escaped Liquid Fuel Liability Coverage

a. No Insured Location Has Home Day Care Business

Lead Risk Class Number	Liquid Fuel					
	Risk Class 100		Risk Class 200		Risk Class 300	
	\$100,000	\$300,000	\$100,000	\$300,000	\$100,000	\$300,000
500	42.60	93.75	18.44	34.58	12.41	19.78
600	36.39	83.86	12.24	24.68	6.20	9.88
700	36.39	83.86	12.24	24.68	6.20	9.88

b. One or More Insured Locations Have a Home Day Care Business

Multiply the premium charge selected in B.2.a. by a factor of 2.00.

**** IDENTITY FRAUD EXPENSE COVERAGE

C. Premium Computation

Limit of Liability \$15,000..... \$ 18.00

**** HOME SYSTEMS PROTECTION AND SERVICE LINE COVERAGE

C. Premium

Charge per policy..... \$ 39.00

PAGE CHECKLIST

We have revised the following pages: HO-E-6 AFI thru HO-E-7 AFI, HO-E-10 AFI, HO-E-12 AFI, HO-E-17 AFI, HO-T-6 AFI, HO-T-11 AFI thru HO-T-12 AFI, HO-B-2 AFI, HO-C-1 AFI thru HO-C-2 AFI, HO-R-1 AFI thru HO-R-10 AFI, and HO-R-12 AFI.

We have added the following pages: HO-E-19 AFI thru HO-E-21 AFI.

After updating this rate manual, it should contain General Rules Revision Notice HO-MU-94-RU-1 in addition to the following pages:

STATE RULE PAGES:

HO-E-1	6th Edition
HO-E-2 thru HO-E-3	5th Edition
HO-E-4	4th Edition
HO-E-5 thru HO-E-8	3rd Edition
HO-E-9	2nd Edition
HO-E-10	1st Edition
HO-E-1 AFI	AR-HO-3I-11-3
HO-E-2 AFI	AR-HO-2I-14-3
HO-E-3 AFI	AR-HO-3I-11-3
HO-E-4 AFI thru HO-E-5 AFI	AR-HO-2I-14-3
HO-E-6 AFI thru HO-E-7 AFI	AR-HO-3I-14-1
HO-E-8 AFI thru HO-E-9 AFI	AR-HO-2I-14-3
HO-E-10 AFI	AR-HO-3I-14-1
HO-E-11 AFI	AR-HO-2I-14-3
HO-E-12 AFI	AR-HO-3I-14-1
HO-E-13 AFI thru HO-E-16 AFI	AR-HO-2I-14-3
HO-E-17 AFI	AR-HO-3I-14-1
HO-E-18 AFI	AR-HO-2I-14-3
HO-E-19 AFI thru HO-E-21 AFI	AR-HO-3I-14-1

TERRITORY PAGES:

HO-T-1	2nd Edition
HO-T-2	3rd Edition
HO-T-3	2nd Edition
HO-T-4	1st Edition
HO-T-5 thru HO-T-9	2nd Edition
HO-T-10	3rd Edition
HO-T-1 AFI	AR-HO-2I-12-1
HO-T-2 AFI thru HO-T-3 AFI	AR-HO-3I-13-1
HO-T-4 AFI	AR-HO-3I-11-1
HO-T-5 AFI	AR-HO-3I-13-1
HO-T-6 AFI	AR-HO-3I-14-1
HO-T-7 thru HO-T-8 AFI	AR-HO-3I-13-1
HO-T-9 AFI thru HO-T-10 AFI	AR-HO-3I-11-1
HO-T-11 AFI thru HO-T-12 AFI	AR-HO-3I-14-1
HO-T-13 AFI	AR-HO-3I-13-1

PAGE CHECKLIST

STATE RATE PAGES:

HO-B-1	1st Edition
HO-B-2 AFI	AR-HO-3I-14-1
HO-C-1 AFI	AR-HO-3I-14-1
HO-C-2 AFI	AR-HO-3I-14-1
HO-R-1 AFI thru HO-R-10 AFI	AR-HO-3I-14-1
HO-R-11 AFI	AR-HO-3I-00-2
HO-R-12 AFI	AR-HO-3I-14-1

State: Arkansas **Filing Company:** Armed Forces Insurance Exchange
TOI/Sub-TOI: 04.0 Homeowners/04.0000 Homeowners Sub-TOI Combinations
Product Name: Homeowner
Project Name/Number: Rates, 406 Rev, ZIPs/AR-HO-3I-14-1

Supporting Document Schedules

Satisfied - Item:	Form RF-2 Loss Costs Only (not for workers' compensation)
Comments:	
Attachment(s):	RF-2 - revised.pdf
Item Status:	Filed
Status Date:	06/27/2014

Satisfied - Item:	HPCS-Homeowners Premium Comparison Survey
Comments:	
Attachment(s):	HO Survey FORM HPCS2014 - revised.pdf HO Survey FORM HPCS2014 - revised.xls
Item Status:	Filed
Status Date:	06/27/2014

Satisfied - Item:	NAIC loss cost data entry document
Comments:	
Attachment(s):	NAIC Loss Cost Data Entry Doc - revised.pdf
Item Status:	Filed
Status Date:	06/27/2014

Satisfied - Item:	Actuarial Support
Comments:	
Attachment(s):	Actuarial Rate Level Indication Memorandum.pdf Actuarial Support - revised.pdf
Item Status:	Filed
Status Date:	06/27/2014

Satisfied - Item:	Rate Change Histograms
Comments:	
Attachment(s):	Rate Change Histograms - revised.pdf
Item Status:	Filed
Status Date:	06/27/2014

Satisfied - Item:	Home Systems Protection Coverage justification
Comments:	
Attachment(s):	Armed Forces HSP-SL Rate Development Memo.pdf

SERFF Tracking #:

ARMD-129485942

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

AR-HO-3I-14-1

State:

Arkansas

Filing Company:

Armed Forces Insurance Exchange

TOI/Sub-TOI:

04.0 Homeowners/04.0000 Homeowners Sub-TOI Combinations

Product Name:

Homeowner

Project Name/Number:

Rates, 406 Rev, ZIPs/AR-HO-3I-14-1

Item Status:	Filed
Status Date:	06/27/2014
Satisfied - Item:	EQ Changes
Comments:	
Attachment(s):	EQ Changes.pdf
Item Status:	Filed
Status Date:	06/27/2014
Satisfied - Item:	Additional Rule Side-by-Side Comparison
Comments:	
Attachment(s):	HO-E-19 AFI thru HO-E-21 AFI side-by-side comparison.pdf
Item Status:	Filed
Status Date:	06/27/2014

ARKANSAS INSURANCE DEPARTMENT

INSURER RATE FILING
ADOPTION OF ADVISORY ORGANIZATION
PROSPECTIVE LOSS COSTS REFERENCE
FILING ADOPTION FORM

1. Insurer Name Armed Forces Insurance Exchange

Address 550 Eisenhower Road

Leavenworth, KS 66048

Person Responsible for Filing Lisa Snodgrass

Title Senior Rate Analyst Telephone No. 800-828-7732, ext. 4640

2. Insurer NAIC No. 41459 Group No. N/A

3. Line of Insurance Personal Lines - Homeowner

4. Advisory Organization Insurance Services Office, Inc.

5. Advisory Organization Reference Filing No. HO-2013-RLA1

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

7. Proposed Rate Level Change 9.15 % Effective Date 9/29/2014

8. Prior Rate Level Change 16.57 % Effective Date 5/13/2013

9. Attach "Summary of Supporting Information Form"
(Use a separate Summary for each insurer-selected loss cost multiplier.)

10. Check one of the following:

() The insurer hereby files to have its loss cost multipliers and, if utilized, expense constants be applicable to future revisions of the advisory organization's prospective loss costs for this line of insurance. The insurer's rates will be the combination of the advisory organization's prospective loss costs and the insurer's loss cost multipliers and, if utilized, expense constants specified in the attachments. The rates will apply to policies written on or after the effective date of the advisory organization's prospective loss costs. This authorization is effective until disapproved by the Commissioner, or until amended or withdrawn by the insurer.

(X) The insurer hereby files to have its loss cost multipliers and, if utilized, expense constants be applicable only to the above Advisory Organization Reference Filing.

NAIC Number: 41459
 Company Name: Armed Forces Insurance
 Contact Person: Lisa Snodgrass
 Telephone No.: 800-828-7732 ext 4640
 Email Address: actuary@afi.org
 Effective Date: 9/29/2014

**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	\$585.00	\$666.00	\$585.00	\$666.00	\$687.00	\$782.00	\$690.00	\$784.00	\$721.00	\$820.00	\$724.00	\$825.00	\$743.00	\$845.00	\$630.00	\$717.00	\$653.00	\$743.00
	\$120,000	\$751.00	\$855.00	\$751.00	\$855.00	\$883.00	\$1,005.00	\$886.00	\$1,008.00	\$926.00	\$1,054.00	\$931.00	\$1,059.00	\$955.00	\$1,086.00	\$810.00	\$921.00	\$839.00	\$955.00
	\$160,000	\$947.00	\$1,079.00	\$947.00	\$1,079.00	\$1,114.00	\$1,268.00	\$1,117.00	\$1,271.00	\$1,169.00	\$1,330.00	\$1,174.00	\$1,337.00	\$1,205.00	\$1,370.00	\$1,022.00	\$1,163.00	\$1,058.00	\$1,205.00
6	\$80,000	\$605.00	\$685.00	\$605.00	\$685.00	\$711.00	\$806.00	\$713.00	\$808.00	\$745.00	\$845.00	\$749.00	\$849.00	\$769.00	\$871.00	\$652.00	\$739.00	\$676.00	\$766.00
	\$120,000	\$778.00	\$881.00	\$778.00	\$881.00	\$914.00	\$1,035.00	\$916.00	\$1,038.00	\$958.00	\$1,086.00	\$964.00	\$1,092.00	\$988.00	\$1,119.00	\$838.00	\$949.00	\$869.00	\$984.00
	\$160,000	\$981.00	\$1,110.00	\$981.00	\$1,110.00	\$1,152.00	\$1,306.00	\$1,155.00	\$1,310.00	\$1,208.00	\$1,370.00	\$1,215.00	\$1,377.00	\$1,246.00	\$1,411.00	\$1,057.00	\$1,198.00	\$1,095.00	\$1,241.00
9	\$80,000	\$894.00	\$1,048.00	\$894.00	\$1,048.00	\$1,050.00	\$1,232.00	\$1,053.00	\$1,235.00	\$1,102.00	\$1,292.00	\$1,108.00	\$1,300.00	\$1,135.00	\$1,332.00	\$964.00	\$1,130.00	\$998.00	\$1,171.00
	\$120,000	\$1,148.00	\$1,347.00	\$1,148.00	\$1,347.00	\$1,350.00	\$1,584.00	\$1,353.00	\$1,588.00	\$1,416.00	\$1,660.00	\$1,424.00	\$1,670.00	\$1,459.00	\$1,712.00	\$1,237.00	\$1,452.00	\$1,283.00	\$1,504.00
	\$160,000	\$1,449.00	\$1,699.00	\$1,449.00	\$1,699.00	\$1,703.00	\$1,998.00	\$1,707.00	\$2,002.00	\$1,787.00	\$2,095.00	\$1,796.00	\$2,106.00	\$1,840.00	\$2,159.00	\$1,561.00	\$1,831.00	\$1,618.00	\$1,897.00

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

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

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

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

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

HO3 and HO4 only

Fire Extinguisher		%	Deadbolt Lock		%
Burglar Alarm	5	%	Window Locks		%
Smoke Alarm	5	%	\$1,000 Deductible		%
			Other (specify)		%
			Maximum Credit Allowed		%

EARTHQUAKE INSURANCE

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

ARE YOU CURRENTLY WRITING EARTHQUAKE COVERAGE IN ARKANSAS?	Yes	(yes or no)	
WHAT IS YOUR PERCENTAGE DEDUCTIBLE?	5	%	
WHAT IS YOUR PRICE PER \$1,000 OF COVERAGE?	Zone	Brick	Frame
	Highest Risk	\$ 1.72	\$ 1.36
	Lowest Risk	\$ 0.25	\$ 0.09

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

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

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

Company Name		Company NAIC Number	
3.	A.	B.	

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

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

6.		5 Year History		Rate Change History			
Year	Policy Count	% of Change	Effective Date	State Earned Premium (000)	Incurred Losses (000)	State Loss Ratio	Countrywide Loss Ratio

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

- 8.** _____ 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): _____

ARMED FORCES INSURANCE EXCHANGE
Arkansas
Homeowners

Actuarial Rate Level Indication

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

Exhibit 1 – Rate History

This exhibit includes a history of approved rate level changes by policy form. Historically, AFIE has filed separate estimated rate impacts for the miscellaneous rates and by form. Currently, it is not possible to segregate miscellaneous rates premium from policy form premiums within our earned premium database. The premium collected for most miscellaneous rates are related to the HO3 form. Therefore, we have averaged the HO3 and miscellaneous rates historical impacts together to level earned premiums for the HO3 form. The rate impact of the miscellaneous rates is going to be included with the associated form.

Exhibit 2 – Premium Adjustment Factor

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

Exhibit 3 – Premium Trend Factor

This exhibit includes the factors utilized to trend premium. AFIE's methodology applies both a retrospective and prospective trend to determine an overall premium trend factor.

Exhibit 4 – Amount of Insurance Trend Factor

This exhibit includes the amount of insurance trend factors utilized to determine the projected average earned amount of insurance. The AOI Trend factors are utilized in AFIE's catastrophe procedure which is included in Exhibit 7.

Exhibit 5 – Loss Development

This exhibit includes the selected loss and allocated loss adjustment expense development factors along with the resulting ultimate loss and allocated loss adjustment expenses. AFIE develops liability and all other perils losses separately due to the different development patterns. AFIE also evaluates both state level and companywide development. For most states, we generally rely on all forms combined companywide development due to the lack of credible data at the state and form level.

Exhibit 6 – Loss Trend

This exhibit includes the underlying Fast Track experience data and the selected loss trends. We have utilized Fast Track due to our low volume of data. The loss trend methodology applies both a retrospective and prospective trend to determine an overall loss trend factor.

Exhibit 7 – Catastrophe Adjustment

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

For non-modeled losses historical catastrophe losses are related to historical amounts of insurance over the last 20 years to determine a damage ratio. For years which appear to be significantly different than the 20 year average damage ratio, that years damage ratio is capped at five times the 20 year average. The selected damage ratio is then utilized to develop the non-modeled catastrophe expected losses by year based on the yearly total projected amount of insurance.

For modeled losses, we have utilized RMS RiskLink v13.0 using policies in force as of January 1, 2013. The model provides an expected average loss per year based upon our most recent modeled profile of business. Utilizing this latest experience year expected average loss and amount of insurance, we calculate the latest experience year damage ratio. This damage ratio is then used to estimate the expected modeled catastrophe losses by year based on the yearly total projected amount of insurance.

Exhibit 8 – CAT Allocated Loss Adjustment Expense (ALAE) Factor

The catastrophe methodology included in Exhibit 7 only includes losses. Therefore, using historical companywide catastrophe losses we have determined a catastrophe ALAE factor to load the losses determined in Exhibit 7 for ALAE.

Exhibit 9 – ULAE Factor

Effective January 1, 1998, the NAIC adopted a change in how loss adjustment expense (LAE) is split into categories within the property and casualty statutory annual statement. Through 1997, LAE was split into Allocated Loss Adjustment Expense (ALAE) and Unallocated Loss Adjustment Expense (ULAE). Starting in 1998, new categories were introduced that are now called Defense & Cost Containment (DCC) and Adjusting & Other (A&O). Generally, DCC expense includes all defense and litigation-related expenses, whether internal or external to a company, while A&O expense includes all claims adjusting expenses, whether internal or external to a company. AFIE's homeowner rate level indications are based upon the old definition of LAE. Therefore, an old definition ULAE factor needs to be determined.

Exhibit 10 – Credibility

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

Exhibit 11 – Fixed Expense Trend & Trended Fixed Expense Per Exposure

This exhibit reflects the allocation of general and other acquisition expenses to the state level. Also, license and fees are being treated as a fixed expense on this exhibit. Once state level fixed expenses have been determined they are trended to the average earned date of the proposed policy period using the selected fixed expense trend.

Exhibit 12 – Projected Fixed Expense as a Percent of Projected Premium

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

Exhibit 13 – Net Cost of Reinsurance

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

Exhibits 14 – Permissible Loss Ratio, UW Profit, and Investment Income Calculation

Included on this exhibit are the development of the permissible loss ratio, the underwriting profit provision and the estimated investment income on unearned premiums and loss reserves. AFIE utilizes a total rate of return methodology to develop the underwriting profit provision. The resulting underwriting profit provisions are based upon a 10% after-tax total rate of return as a percent of surplus and an anticipated .95 written premium to surplus ratio. The underwriting profit provision has been determined separately for each form and along with a target permissible loss ratio.

Exhibit 15 – Net Trend Calculation

Included on this exhibit is the development of the net trend by form. The net trend reflects the underlying change in loss costs, expenses, and premiums that have occurred since the last rate review was performed.

Exhibit 16 – Rate Level Indication

This exhibit includes the rate indication summaries for each form. The information from the supporting exhibits is utilized to determine the state level experience rate level indication. This figure is credibility weighted with the net trend from Exhibit 15 to develop the credibility weighted rate level indication.

**Armed Forces Insurance Exchange
Homeowners Multi-peril
Arkansas**

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Arkansas
Homeowners Rate History

Date Effective	Policy Form	Approved Rate Change
1/26/04	HO3 & Misc.	37.5%
7/4/05	HO3 & Misc.	7.0%
6/13/11	HO3 & Misc.	10.2%
5/13/13	HO3 & Misc.	16.7%
1/26/04	HO6	0.0%
7/4/05	HO6	0.0%
6/13/11	HO6	-4.8%
5/13/13	HO6	0.1%

Premium Adjustment Factors
HO3

	Quarterly		Quarter Ending				
	(1)	(2)	(3)	(4)	(5)		
Ending Year/Qtr	Earned Premium	On-level Factor	On-level Earned Premium	On-level Earned Premium	On-level Earned Premium	Implied Annual On-level Factor	
2002-3	116,106	1.8921	219,684				
2002-4	119,883	1.8921	226,831				
2003-1	119,706	1.8921	226,495				
2003-2	122,926	1.8921	232,589	905,598		1.8921	
2003-3	126,473	1.8921	239,300	925,215		1.8921	
2003-4	130,621	1.8921	247,148	945,532		1.8921	
2004-1	132,842	1.8468	245,332	964,369		1.8804	
2004-2	139,344	1.6976	236,550	968,330		1.8295	
2004-3	148,883	1.5655	233,076	962,106		1.7439	
2004-4	158,978	1.4520	230,836	945,793		1.6305	
2005-1	162,095	1.3793	223,578	924,040		1.5166	
2005-2	165,170	1.3760	227,273	914,763		1.4403	
2005-3	167,921	1.3648	229,178	910,866		1.3924	
2005-4	170,690	1.3415	228,980	909,010		1.3651	
2006-1	167,165	1.3192	220,524	905,956		1.3503	
2006-2	171,199	1.2977	222,164	900,847		1.3307	
2006-3	174,951	1.2865	225,075	896,743		1.3110	
2006-4	173,885	1.2865	223,703	891,466		1.2972	
2007-1	165,904	1.2865	213,435	884,377		1.2893	
2007-2	166,768	1.2865	214,547	876,760		1.2865	
2007-3	166,239	1.2865	213,866	865,551		1.2865	
2007-4	162,027	1.2865	208,448	850,296		1.2865	
2008-1	160,021	1.2865	205,867	842,728		1.2865	
2008-2	158,099	1.2865	203,394	831,575		1.2865	
2008-3	158,746	1.2865	204,227	821,937		1.2865	
2008-4	157,832	1.2865	203,051	816,539		1.2865	
2009-1	151,230	1.2865	194,558	805,231		1.2865	
2009-2	148,989	1.2865	191,674	793,510		1.2865	
2009-3	147,924	1.2865	190,304	779,587		1.2865	Accident
2009-4	148,855	1.2865	191,502	768,038		1.2865	Year
2010-1	146,357	1.2865	188,288	761,768		1.2865	<u>Ending</u>
2010-2	150,283	1.2865	193,339	763,433		1.2865	
2010-3	152,133	1.2865	195,719	768,849		1.2865	12/31/2003
2010-4	151,351	1.2865	194,714	772,060		1.2865	12/31/2004
2011-1	149,353	1.2865	192,143	775,915		1.2865	12/31/2005
2011-2	151,474	1.2859	194,780	777,356		1.2863	12/31/2006
2011-3	154,532	1.2639	195,312	776,949		1.2806	12/31/2007
2011-4	155,914	1.2327	192,195	774,430		1.2669	12/31/2008
2012-1	155,205	1.2032	186,743	769,031		1.2462	12/31/2009
2012-2	156,091	1.1755	183,485	757,735		1.2187	12/31/2010
2012-3	154,290	1.1670	180,056	742,479		1.1947	12/31/2011
2012-4	152,538	1.1670	178,012	728,296		1.1782	12/31/2012

(1) AFIE Data
(2) Quarterly on-level factor developed using parallelogram method.
(3) = (1) x (2)
(4) = Sum(3)Annual Moving Total
(5) = (4) / Sum(1)Annual Rolling Total

Premium Adjustment Factors
HO6

	Quarterly		Quarter Ending				
	(1)	(2)	(3)	(4)	(5)		
Ending Year/Qtr	Earned Premium	On-level Factor	On-level Earned Premium	On-level Earned Premium	On-level Earned Premium	Implied Annual On-level Factor	
2002-3	414	0.9531	394				
2002-4	382	0.9531	364				
2003-1	387	0.9531	369				
2003-2	395	0.9531	377	1,504		.9531	
2003-3	399	0.9531	380	1,490		.9531	
2003-4	444	0.9531	424	1,549		.9531	
2004-1	691	0.9531	659	1,839		.9531	
2004-2	692	0.9531	660	2,123		.9531	
2004-3	702	0.9531	669	2,412		.9531	
2004-4	657	0.9531	626	2,614		.9531	
2005-1	394	0.9531	376	2,331		.9531	
2005-2	494	0.9531	471	2,142		.9531	
2005-3	535	0.9531	510	1,982		.9531	
2005-4	534	0.9531	509	1,865		.9531	
2006-1	658	0.9531	627	2,117		.9531	
2006-2	676	0.9531	644	2,290		.9531	
2006-3	768	0.9531	732	2,513		.9531	
2006-4	847	0.9531	807	2,811		.9531	
2007-1	1,064	0.9531	1,014	3,199		.9531	
2007-2	1,167	0.9531	1,112	3,666		.9531	
2007-3	1,014	0.9531	967	3,901		.9531	
2007-4	1,000	0.9531	953	4,047		.9531	
2008-1	989	0.9531	942	3,975		.9531	
2008-2	975	0.9531	929	3,792		.9531	
2008-3	1,038	0.9531	989	3,814		.9531	
2008-4	1,038	0.9531	989	3,850		.9531	
2009-1	1,016	0.9531	969	3,876		.9531	
2009-2	1,289	0.9531	1,229	4,176		.9531	
2009-3	1,332	0.9531	1,270	4,457		.9531	
2009-4	1,453	0.9531	1,385	4,852		.9531	
2010-1	1,562	0.9531	1,489	5,373		.9531	
2010-2	1,631	0.9531	1,555	5,698		.9531	
2010-3	1,635	0.9531	1,558	5,986		.9531	12/31/2003 1,549
2010-4	1,599	0.9531	1,524	6,126		.9531	12/31/2004 2,614
2011-1	1,443	0.9531	1,376	6,012		.9531	12/31/2005 1,865
2011-2	1,414	0.9533	1,348	5,805		.9531	12/31/2006 2,811
2011-3	1,406	0.9611	1,351	5,599		.9551	12/31/2007 4,047
2011-4	1,512	0.9728	1,471	5,545		.9603	12/31/2008 3,850
2012-1	1,515	0.9847	1,491	5,661		.9684	12/31/2009 4,852
2012-2	1,454	0.9967	1,449	5,763		.9790	12/31/2010 6,126
2012-3	1,261	1.0006	1,262	5,673		.9881	12/31/2011 5,545
2012-4	1,204	1.0006	1,205	5,408		.9951	12/31/2012 5,408

(1) AFIE Data
(2) Quarterly on-level factor developed using parallelogram method.
(3) = (1) x (2)
(4) = Sum(3)Annual Moving Total
(5) = (4) / Sum(1)Annual Rolling Total

Premium Trend Factors
HO3

Ending Year/Qtr	Quarter Ending		Current Amount Factors 1640.12/ (2)				
	(1) Earned House Years	(2) Average On-level Earned Premium		Accident Year Ending	Current Amount Factor	Trend Factor (0.980) ³	Premium Trend Factor
2003-2	706	1,282.65	1.279				
2003-3	716	1,292.18	1.269				
2003-4	725	1,304.72	1.257				
2004-1	731	1,319.66	1.243				
2004-2	728	1,330.41	1.233				
2004-3	717	1,342.43	1.222				
2004-4	698	1,355.56	1.210				
2005-1	676	1,366.63	1.200				
2005-2	661	1,384.00	1.185				
2005-3	650	1,400.60	1.171				
2005-4	643	1,414.60	1.159				
2006-1	635	1,426.52	1.150				
2006-2	627	1,436.67	1.142				
2006-3	618	1,450.47	1.131				
2006-4	608	1,466.06	1.119				
2007-1	596	1,483.01	1.106				
2007-2	583	1,504.23	1.090				
2007-3	567	1,527.54	1.074				
2007-4	548	1,551.97	1.057				
2008-1	533	1,580.56	1.038				
2008-2	518	1,604.82	1.022				
2008-3	505	1,626.80	1.008				
2008-4	496	1,645.79	0.997				
2009-1	485	1,660.22	0.988				
2009-2	475	1,671.57	0.981				
2009-3	464	1,679.04	0.977				
2009-4	456	1,685.44	0.973				
2010-1	451	1,690.13	0.970				
2010-2	450	1,696.21	0.967				
2010-3	452	1,699.18	0.965	12/31/2003	1.257	0.941	1.183
2010-4	455	1,695.21	0.968	12/31/2004	1.210	0.941	1.139
2011-1	459	1,689.50	0.971	12/31/2005	1.159	0.941	1.091
2011-2	461	1,687.17	0.972	12/31/2006	1.119	0.941	1.053
2011-3	461	1,683.97	0.974	12/31/2007	1.057	0.941	0.995
2011-4	461	1,680.29	0.976	12/31/2008	0.997	0.941	0.938
2012-1	460	1,672.65	0.981	12/31/2009	0.973	0.941	0.916
2012-2	457	1,658.77	0.989	12/31/2010	0.968	0.941	0.911
2012-3	451	1,646.99	0.996	12/31/2011	0.976	0.941	0.918
2012-4	444	1,640.12	1.000	12/31/2012	1.000	0.941	0.941

Proposed Effective Date: 07/01/2014
Trend from Date¹: 07/01/2012
Trend to Date²: 07/01/2015
Trend Period: 3.00

Trend	(1)	(2)
39 pt	-6.0%	3.3%
20 pt	-2.7%	0.6%
16 pt	-1.0%	-0.4%
12 pt	0.0%	-1.2%
8 pt	-1.8%	-1.8%
4 pt	-4.6%	-2.6%
Selected:	-6.0%	-2.0%

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

Premium Trend Factors
HO6

Ending Year/Qtr	Quarter Ending		Current Amount Factors 539.77/ (2)				
	(1) Earned House Years	(2) Average On-level Earned Premium		Accident Year Ending	Current Amount Factor	Trend Factor (1.010) ³	Premium Trend Factor
2003-2	7	207.41	2.602				
2003-3	7	212.95	2.535				
2003-4	7	220.31	2.450				
2004-1	7	252.15	2.141				
2004-2	8	281.54	1.917				
2004-3	8	309.55	1.744				
2004-4	8	328.08	1.645				
2005-1	8	302.49	1.784				
2005-2	8	279.00	1.935				
2005-3	8	258.10	2.091				
2005-4	8	241.59	2.234				
2006-1	8	258.41	2.089				
2006-2	8	270.27	1.997				
2006-3	9	283.64	1.903				
2006-4	9	300.23	1.798				
2007-1	10	326.39	1.654				
2007-2	10	359.01	1.503				
2007-3	10	385.92	1.399				
2007-4	10	410.80	1.314				
2008-1	9	420.34	1.284				
2008-2	9	422.71	1.277				
2008-3	9	439.10	1.229				
2008-4	8	456.32	1.183				
2009-1	8	474.37	1.138				
2009-2	8	492.26	1.097				
2009-3	9	495.73	1.089				
2009-4	10	501.30	1.077				
2010-1	11	507.76	1.063				
2010-2	11	513.79	1.051				
2010-3	12	516.32	1.045	12/31/2003	2.450	1.030	2.524
2010-4	12	514.12	1.050	12/31/2004	1.645	1.030	1.694
2011-1	12	509.64	1.059	12/31/2005	2.234	1.030	2.301
2011-2	11	509.20	1.060	12/31/2006	1.798	1.030	1.852
2011-3	11	513.96	1.050	12/31/2007	1.314	1.030	1.353
2011-4	11	524.08	1.030	12/31/2008	1.183	1.030	1.218
2012-1	11	536.08	1.007	12/31/2009	1.077	1.030	1.109
2012-2	11	542.25	0.995	12/31/2010	1.050	1.030	1.082
2012-3	10	542.18	0.996	12/31/2011	1.030	1.030	1.061
2012-4	10	539.77	1.000	12/31/2012	1.000	1.030	1.030

Proposed Effective Date: 07/01/2014
Trend from Date¹: 07/01/2012
Trend to Date²: 07/01/2015
Trend Period: 3.00

<u>Trend</u>		
39 pt	4.9%	11.0%
20 pt	5.5%	4.9%
16 pt	5.0%	3.0%
12 pt	-3.7%	2.6%
8 pt	-7.6%	4.4%
4 pt	-6.7%	0.8%
Selected:	4.9%	1.0%

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

Amount of Insurance Trend Factors
HO3

Ending Year/Qtr	Quarter Ending		Current Amount Factors <u>218.77/ (2)</u>					
	(1) Earned House Years	(2) Coverage A Average Earned AOI Years		Accident Year Ending	Current Amount Factor	Current Trend Factor <u>(1.000)³</u>	AOI Trend Factor	Projected Average Earned AOI Years
2003-2	706	132.49	1.651					
2003-3	716	134.25	1.630					
2003-4	725	136.37	1.604					
2004-1	731	138.95	1.574					
2004-2	728	141.97	1.541					
2004-3	717	145.92	1.499					
2004-4	698	150.13	1.457					
2005-1	676	154.40	1.417					
2005-2	661	158.56	1.380					
2005-3	650	162.05	1.350					
2005-4	643	165.39	1.323					
2006-1	635	168.34	1.300					
2006-2	627	171.41	1.276					
2006-3	618	174.82	1.251					
2006-4	608	178.11	1.228					
2007-1	596	181.27	1.207					
2007-2	583	184.97	1.183					
2007-3	567	189.28	1.156					
2007-4	548	193.90	1.128					
2008-1	533	198.77	1.101					
2008-2	518	202.97	1.078					
2008-3	505	206.77	1.058					
2008-4	496	210.08	1.041					
2009-1	485	212.89	1.028					
2009-2	475	215.33	1.016					
2009-3	464	217.01	1.008					
2009-4	456	218.66	1.001					
2010-1	451	219.99	0.994					
2010-2	450	221.26	0.989					
2010-3	452	222.07	0.985	12/31/2003	1.604	1.000	1.604	
2010-4	455	221.80	0.986	12/31/2004	1.457	1.000	1.457	
2011-1	459	221.29	0.989	12/31/2005	1.323	1.000	1.323	
2011-2	461	220.94	0.990	12/31/2006	1.228	1.000	1.228	
2011-3	461	220.58	0.992	12/31/2007	1.128	1.000	1.128	
2011-4	461	220.31	0.993	12/31/2008	1.041	1.000	1.041	
2012-1	460	219.78	0.995	12/31/2009	1.001	1.000	1.001	
2012-2	457	219.03	0.999	12/31/2010	0.986	1.000	0.986	
2012-3	451	218.65	1.001	12/31/2011	0.993	1.000	0.993	
2012-4	444	218.77	1.000	12/31/2012	1.000	1.000	1.000	218.77
<u>Trend</u>								
39 pt		6.0%						
20 pt		1.6%						
16 pt		0.4%						
12 pt		-0.5%						
8 pt		-0.7%						
4 pt		-0.6%						
Selected:		0.0%						

Proposed Effective Date: 07/01/2014
Trend from Date¹: 07/01/2012
Trend to Date²: 07/01/2015
Trend Period: 3.00

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

Amount of Insurance Trend Factors
HO6

Ending Year/Qtr	Quarter Ending		Current Amount Factors 63.43/ (2)				Projected Average Earned AOI Years
	(1)	(2)		Accident Year Ending	Current Amount Factor	AOI Trend Factor	
		Coverage C Average Earned AOI Years					
2003-2	7	30.03	2.112				
2003-3	7	30.57	2.075				
2003-4	7	31.30	2.027				
2004-1	7	35.80	1.772				
2004-2	8	40.01	1.585				
2004-3	8	43.99	1.442				
2004-4	8	46.61	1.361				
2005-1	8	42.87	1.480				
2005-2	8	39.10	1.622				
2005-3	8	35.71	1.776				
2005-4	8	32.98	1.923				
2006-1	8	34.53	1.837				
2006-2	8	35.69	1.777				
2006-3	9	36.56	1.735				
2006-4	9	37.49	1.692				
2007-1	10	39.71	1.597				
2007-2	10	42.59	1.489				
2007-3	10	45.18	1.404				
2007-4	10	47.94	1.323				
2008-1	9	49.02	1.294				
2008-2	9	49.54	1.280				
2008-3	9	52.54	1.207				
2008-4	8	55.59	1.141				
2009-1	8	58.79	1.079				
2009-2	8	62.10	1.021				
2009-3	9	62.43	1.016				
2009-4	10	62.51	1.015				
2010-1	11	62.61	1.013				
2010-2	11	62.51	1.015				
2010-3	12	62.16	1.020	12/31/2003	2.027	1.030	2.088
2010-4	12	61.19	1.037	12/31/2004	1.361	1.030	1.402
2011-1	12	60.06	1.056	12/31/2005	1.923	1.030	1.981
2011-2	11	59.53	1.066	12/31/2006	1.692	1.030	1.743
2011-3	11	59.78	1.061	12/31/2007	1.323	1.030	1.363
2011-4	11	60.96	1.041	12/31/2008	1.141	1.030	1.175
2012-1	11	62.31	1.018	12/31/2009	1.015	1.030	1.045
2012-2	11	62.87	1.009	12/31/2010	1.037	1.030	1.068
2012-3	10	63.05	1.006	12/31/2011	1.041	1.030	1.072
2012-4	10	63.43	1.000	12/31/2012	1.000	1.030	1.030
							65.33
<u>Trend</u>							
39 pt		8.4%					
20 pt		3.9%					
16 pt		0.5%					
12 pt		0.6%					
8 pt		4.1%					
4 pt		2.3%					
Selected:		1.0%					

Proposed Effective Date: 07/01/2014
Trend from Date¹: 07/01/2012
Trend to Date²: 07/01/2015
Trend Period: 3.00

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

Armed Forces Insurance Exchange
Homeowners
HO3
Arkansas

Non-CAT Loss & ALAE
Evaluated @ 3/2013

Loss Development Summary

	@3/2013		AFIE Methods		
	(1)	(2)	(3)	(4)	(5)
Accident Year	Paid Loss & ALAE	Incurred Loss & ALAE	Paid Method Ultimate Loss & ALAE	Incurred Method Ultimate Loss & ALAE	Selected Ultimate Loss & ALAE
2003	147,726	147,726	147,726	147,726	147,726
2004	102,550	102,550	102,550	102,550	102,550
2005	134,914	134,914	134,914	134,914	134,914
2006	131,555	131,555	131,555	131,555	131,555
2007	366,938	366,938	367,182	367,031	367,107
2008	236,617	236,617	236,617	236,853	236,735
2009	589,504	589,504	590,683	590,683	590,683
2010	471,052	471,052	500,607	484,248	492,427
2011	239,120	239,120	264,024	247,479	255,752
2012	162,652	176,958	193,857	183,120	188,489
Total	2,582,628	2,596,934	2,669,715	2,626,160	2,647,938

(1) -(5) = Liability + All Other Perils

Armed Forces Insurance Exchange
Homeowners
HO3
Arkansas

Non-CAT Liability
Evaluated @ 3/2013

Loss Development Summary

	@3/2013		AFIE Methods		
	(1)	(2)	(3)	(4)	(5)
Accident Year	Paid Loss & ALAE	Incurred Loss & ALAE	Paid Method Ultimate Loss & ALAE	Incurred Method Ultimate Loss & ALAE	Selected Ultimate Loss & ALAE
2003	7,484	7,484	7,484	7,484	7,484
2004	826	826	826	826	826
2005	325	325	325	325	325
2006	-	-	-	-	0
2007	5,182	5,182	5,426	5,275	5,351
2008	-	-	-	-	0
2009	-	-	-	-	0
2010	65,267	65,267	89,547	74,405	81,976
2011	15,629	15,629	32,711	21,083	26,897
2012	1,187	1,187	5,105	2,076	3,590
Total	95,900	95,900	141,423	111,474	126,448

- (1) -(2) AFIE Data
- (3) Paid Triangle Development
- (4) Incurred Triangle Development
- (5) Selected

Armed Forces Insurance Exchange
Homeowners
HO3
Arkansas

Non-CAT All Other Perils
Evaluated @ 3/2013

Loss Development Summary

	@3/2013		AFIE Methods		
	(1)	(2)	(3)	(4)	(5)
Accident Year	Paid Loss & ALAE	Incurred Loss & ALAE	Paid Method Ultimate Loss & ALAE	Incurred Method Ultimate Loss & ALAE	Selected Ultimate Loss & ALAE
2003	140,242	140,242	140,242	140,242	140,242
2004	101,724	101,724	101,724	101,724	101,724
2005	134,589	134,589	134,589	134,589	134,589
2006	131,555	131,555	131,555	131,555	131,555
2007	361,756	361,756	361,756	361,756	361,756
2008	236,617	236,617	236,617	236,853	236,735
2009	589,504	589,504	590,683	590,683	590,683
2010	405,785	405,785	411,060	409,843	410,452
2011	223,491	223,491	231,313	226,396	228,855
2012	161,465	175,771	188,753	181,044	184,898
Total	2,486,728	2,501,034	2,528,292	2,514,686	2,521,489

- (1) -(2) AFIE Data
- (3) Paid Triangle Development
- (4) Incurred Triangle Development
- (5) Selected

Armed Forces Insurance Exchange
Homeowners
HO3
Arkansas

Non-CAT Liability Paid Loss & ALAE
Evaluated @ 3/2013

Accident Year	Non-CAT Liability Paid Loss & ALAE										AFIE
	15	27	39	51	63	75	87	99	111	123	Ultimate
2003	7,484	7,484	7,484	7,484	7,484	7,484	7,484	7,484	7,484	7,484	7,484
2004	826	826	826	826	826	826	826	826	826	826	826
2005	325	325	325	325	325	325	325	325	325		325
2006	-	-	-	-	-	-	-	-			0
2007	5,182	5,182	5,182	5,182	5,182	5,182					5,426
2008	-	-	-	-	-						0
2009	-	-	-	-							0
2010	65,267	65,267	65,267								89,547
2011	14,629	15,629									32,711
2012	1,187										5,105
											141,423
	15-27	27-39	39-51	51-63	63-75	75-87	87-99	99-111	111-123		
2003	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000		
2004	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000		
2005	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000			
2006	NA	NA	NA	NA	NA	NA					
2007	1.000	1.000	1.000	1.000	1.000						
2008	NA	NA	NA	NA							
2009	NA	NA	NA								
2010	1.000	1.000									
2011	1.068										

Last 3 Weighted Avg.	1.013	1.000	1.000	1.000	1.000	1.000	1.000
Avg. Ex. Hi and Lo	0.571	0.500	0.400	0.500	0.667	0.500	
All Weighted Avg.	1.011	1.000	1.000	1.000	1.000	1.000	1.000
Harmonic Mean	1.007	1.000	1.000	1.000	1.000	1.000	1.000
All Weighted Avg. Fitted	1.005	1.004	1.003	1.002	1.000	0.999	0.998

CW Selected	2.054	1.526	1.162	1.075	1.048	1.047	1.000
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AFIE Selected	2.054	1.526	1.162	1.075	1.048	1.047	1.000
Age-Ultimate	4.300	2.093	1.372	1.180	1.097	1.047	1.000

Tail Factor
1.000

Armed Forces Insurance Exchange
Homeowners
HO3
Arkansas

Non-CAT Liability Incurred Loss & ALAE
Evaluated @ 3/2013

Accident Year	Non-CAT Liability Incurred Loss & ALAE										AFIE
	15	27	39	51	63	75	87	99	111	123	Ultimate
2003	7,484	7,484	7,484	7,484	7,484	7,484	7,484	7,484	7,484	7,484	7,484
2004	974	826	826	826	826	826	826	826	826	826	826
2005	325	325	325	325	325	325	325	325	325		325
2006	-	-	-	-	-	-	-	-			0
2007	5,182	5,182	5,182	5,182	5,182	5,182					5,275
2008	-	-	-	-	-						0
2009	-	-	-	-							0
2010	66,950	65,267	65,267								74,405
2011	15,779	15,629									21,083
2012	1,187										2,076
											111,474
	15-27	27-39	39-51	51-63	63-75	75-87	87-99	99-111	111-123		
2003	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000		
2004	0.848	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000		
2005	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000			
2006	NA	NA	NA	NA	NA	NA					
2007	1.000	1.000	1.000	1.000	1.000						
2008	NA	NA	NA	NA							
2009	NA	NA	NA								
2010	0.975	1.000									
2011	0.990										

Last 3 Weighted Avg.	0.978	1.000	1.000	1.000	1.000	1.000	1.000
Avg. Ex. Hi and Lo	0.566	0.500	0.400	0.500	0.667	0.500	
All Weighted Avg.	0.980	1.000	1.000	1.000	1.000	1.000	1.000
Harmonic Mean	0.978	1.000	1.000	1.000	1.000	1.000	1.000
All Weighted Avg. Fitted	0.990	0.993	0.995	0.997	0.999	1.001	1.004

CW Selected	1.296	1.183	1.064	1.039	1.014	1.018	1.000
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AFIE Selected	1.296	1.183	1.064	1.039	1.014	1.018	1.000
Age-Ultimate	1.749	1.349	1.140	1.072	1.032	1.018	1.000

Tail Factor
1.000

Armed Forces Insurance Exchange
Homeowners
HO3
Arkansas

Non-CAT All Other Perils Paid Loss & ALAE
Evaluated @ 3/2013

Accident Year	Non-CAT All Other Perils Paid Loss & ALAE										AFIE	
	15	27	39	51	63	75	87	99	111	123	Ultimate	
2003	137,260	140,242	140,242	140,242	140,242	140,242	140,242	140,242	140,242	140,242	140,242	140,242
2004	101,724	101,724	101,724	101,724	101,724	101,724	101,724	101,724	101,724	101,724		101,724
2005	109,374	134,589	134,589	134,589	134,589	134,589	134,589	134,589	134,589			134,589
2006	128,961	131,555	131,555	131,555	131,555	131,555	131,555					131,555
2007	361,756	361,756	361,756	361,756	361,756	361,756						361,756
2008	233,783	236,617	236,617	236,617	236,617							236,617
2009	541,104	578,679	589,504	589,504								590,683
2010	358,545	394,134	405,785									411,060
2011	223,114	223,491										231,313
2012	161,465											188,753
												2,528,292
	15-27	27-39	39-51	51-63	63-75	75-87	87-99	99-111	111-123			
2003	1.022	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000			
2004	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000			
2005	1.231	1.000	1.000	1.000	1.000	1.000	1.000	1.000				
2006	1.020	1.000	1.000	1.000	1.000	1.000	1.000					
2007	1.000	1.000	1.000	1.000	1.000	1.000						
2008	1.012	1.000	1.000	1.000								
2009	1.069	1.019	1.000									
2010	1.099	1.030										
2011	1.002											
Last 3 Weighted Avg.	1.065	1.019	1.000	1.000	1.000	1.000	1.000					
Avg. Ex. Hi and Lo	1.032	1.003	1.000	1.000	1.000	1.000	1.000					
All Weighted Avg.	1.049	1.011	1.000	1.000	1.000	1.000	1.000					
Harmonic Mean	1.048	1.006	1.000	1.000	1.000	1.000	1.000					
All Weighted Avg. Fitted	1.026	1.020	1.014	1.008	1.002	0.997	0.991					
CW Selected	1.129	1.022	1.011	1.002	1.000	1.000	1.000					
AFIE Selected	1.129	1.022	1.011	1.002	1.000	1.000	1.000					
Age-Ultimate	1.169	1.035	1.013	1.002	1.000	1.000	1.000					

Tail Factor
1.000

Armed Forces Insurance Exchange
Homeowners
HO3
Arkansas

Non-CAT All Other Perils Incurred Loss & ALAE
Evaluated @ 3/2013

Accident Year	Non-CAT All Other Perils Incurred Loss & ALAE										AFIE
	15	27	39	51	63	75	87	99	111	123	Ultimate
2003	137,260	140,242	140,242	140,242	140,242	140,242	140,242	140,242	140,242	140,242	140,242
2004	101,724	101,724	101,724	101,724	101,724	101,724	101,724	101,724	101,724	101,724	101,724
2005	121,851	134,589	134,589	134,589	134,589	134,589	134,589	134,589	134,589		134,589
2006	134,121	131,555	131,555	131,555	131,555	131,555	131,555	131,555			131,555
2007	366,920	361,756	361,756	361,756	361,756	361,756	361,756				361,756
2008	256,565	236,617	236,617	236,617	236,617						236,853
2009	552,439	584,560	589,504	589,504							590,683
2010	428,761	394,134	405,785								409,843
2011	223,114	223,491									226,396
2012	175,771										181,044
											2,514,686
	15-27	27-39	39-51	51-63	63-75	75-87	87-99	99-111	111-123		
2003	1.022	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000		
2004	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000		
2005	1.105	1.000	1.000	1.000	1.000	1.000	1.000	1.000			
2006	0.981	1.000	1.000	1.000	1.000	1.000					
2007	0.986	1.000	1.000	1.000	1.000	1.000					
2008	0.922	1.000	1.000	1.000							
2009	1.058	1.008	1.000								
2010	0.919	1.030									
2011	1.002										
Last 3 Weighted Avg.	0.998	1.014	1.000	1.000	1.000	1.000	1.000				
Avg. Ex. Hi and Lo	0.996	1.001	1.000	1.000	1.000	1.000	1.000				
All Weighted Avg.	0.994	1.008	1.000	1.000	1.000	1.000	1.000	1.000			
Harmonic Mean	0.998	1.005	1.000	1.000	1.000	1.000	1.000	1.000			
All Weighted Avg. Fitted	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.001			
CW Selected	1.017	1.003	1.008	1.001	1.001	1.000	1.000				
AFIE Selected	1.017	1.003	1.008	1.001	1.001	1.000	1.000				
Age-Ultimate	1.030	1.013	1.010	1.002	1.001	1.000	1.000				

Tail Factor
1.000

Armed Forces Insurance Exchange
Homeowners
HO6
Arkansas

Non-CAT Loss & ALAE
Evaluated @ 3/2013

Loss Development Summary

	@3/2013		AFIE Method		
	(1)	(2)	(3)	(4)	(5)
Accident Year	Paid Loss & ALAE	Incurred Loss & ALAE	Paid Method Ultimate Loss & ALAE	Incurred Method Ultimate Loss & ALAE	AFIE Method Ultimate Loss & ALAE
2003	-	-	-	-	0
2004	1,683	1,683	1,683	1,683	1,683
2005	-	-	-	-	0
2006	-	-	-	-	0
2007	1,203	1,203	1,203	1,203	1,203
2008	725	725	725	725	725
2009	-	-	-	-	0
2010	-	-	-	-	0
2011	6,123	6,123	6,258	6,123	6,191
2012	1,096	1,096	4,501	1,884	3,193
Total	10,831	10,831	14,371	11,619	12,995

(1) -(5) = Liability + All Other Perils

Armed Forces Insurance Exchange
Homeowners
HO6
Arkansas

Non-CAT Liability
Evaluated @ 3/2013

Loss Development Summary

	@3/2013		AFIE Method		
	(1)	(2)	(3)	(4)	(5)
Accident Year	Paid Loss & ALAE	Incurred Loss & ALAE	Paid Method Ultimate Loss & ALAE	Incurred Method Ultimate Loss & ALAE	Selected Ultimate Loss & ALAE
2003	-	-	-	-	0
2004	-	-	-	-	0
2005	-	-	-	-	0
2006	-	-	-	-	0
2007	-	-	-	-	0
2008	-	-	-	-	0
2009	-	-	-	-	0
2010	-	-	-	-	0
2011	-	-	-	-	0
2012	1,096	1,096	4,501	1,884	3,193
Total	1,096	1,096	4,501	1,884	3,193

- (1) -(2) AFIE Data
- (3) Paid Triangle Development
- (4) Incurred Triangle Development
- (5) Selected

Armed Forces Insurance Exchange
Homeowners
HO6
Arkansas

Non-CAT All Other Perils
Evaluated @ 3/2013

Loss Development Summary

	@3/2013		AFIE Method		
	(1)	(2)	(3)	(4)	(5)
Accident Year	Paid Loss & ALAE	Incurred Loss & ALAE	Paid Method Ultimate Loss & ALAE	Incurred Method Ultimate Loss & ALAE	Selected Ultimate Loss & ALAE
2003	-	-	-	-	0
2004	1,683	1,683	1,683	1,683	1,683
2005	-	-	-	-	0
2006	-	-	-	-	0
2007	1,203	1,203	1,203	1,203	1,203
2008	725	725	725	725	725
2009	-	-	-	-	0
2010	-	-	-	-	0
2011	6,123	6,123	6,258	6,123	6,191
2012	-	-	-	-	0
Total	9,735	9,735	9,870	9,735	9,802

- (1) -(2) AFIE Data
- (3) Paid Triangle Development
- (4) Incurred Triangle Development
- (5) Selected

Armed Forces Insurance Exchange
Homeowners
HO6
Arkansas

Non-CAT Liability Paid Loss & ALAE
Evaluated @ 3/2013

Accident Year	Non-CAT Liability Paid Loss & ALAE										AFIE
	15	27	39	51	63	75	87	99	111	123	Ultimate
2003	-	-	-	-	-	-	-	-	-	-	0
2004	-	-	-	-	-	-	-	-	-	-	0
2005	-	-	-	-	-	-	-	-	-	-	0
2006	-	-	-	-	-	-	-	-	-	-	0
2007	-	-	-	-	-	-	-	-	-	-	0
2008	-	-	-	-	-	-	-	-	-	-	0
2009	-	-	-	-	-	-	-	-	-	-	0
2010	-	-	-	-	-	-	-	-	-	-	0
2011	-	-	-	-	-	-	-	-	-	-	0
2012	1,096	-	-	-	-	-	-	-	-	-	4,501
											4,501
	15-27	27-39	39-51	51-63	63-75	75-87	87-99	99-111	111-123		
2003	NA	NA	NA	NA	NA	NA	NA	NA	NA		
2004	NA	NA	NA	NA	NA	NA	NA	NA	NA		
2005	NA	NA	NA	NA	NA	NA	NA	NA	NA		
2006	NA	NA	NA	NA	NA	NA	NA	NA	NA		
2007	NA	NA	NA	NA	NA	NA	NA	NA	NA		
2008	NA	NA	NA	NA	NA	NA	NA	NA	NA		
2009	NA	NA	NA	NA	NA	NA	NA	NA	NA		
2010	NA	NA	NA	NA	NA	NA	NA	NA	NA		
2011	NA	NA	NA	NA	NA	NA	NA	NA	NA		

Last 3 Weighted Avg.	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Avg. Ex. Hi and Lo	0.000	0.000	0.000	0.000	0.000	0.000	0.000
All Weighted Avg.	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Harmonic Mean	0.000	0.000	0.000	0.000	0.000	0.000	0.000
All Weighted Avg. Fitted	1.000	1.000	1.000	1.000	1.000	1.000	1.000

CW Selected	2.054	1.526	1.162	1.075	1.048	1.047	1.000
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AFIE Selected	2.054	1.526	1.162	1.075	1.048	1.000	1.000
Age-Ultimate	4.107	1.999	1.310	1.127	1.048	1.000	1.000

Tail Factor
1.000

Armed Forces Insurance Exchange
Homeowners
HO6
Arkansas

Non-CAT Liability Incurred Loss & ALAE
Evaluated @ 3/2013

Accident Year	Non-CAT Liability Incurred Loss & ALAE										AFIE
	15	27	39	51	63	75	87	99	111	123	Ultimate
2003	-	-	-	-	-	-	-	-	-	-	0
2004	-	-	-	-	-	-	-	-	-	-	0
2005	-	-	-	-	-	-	-	-	-	-	0
2006	-	-	-	-	-	-	-	-	-	-	0
2007	-	-	-	-	-	-	-	-	-	-	0
2008	-	-	-	-	-	-	-	-	-	-	0
2009	-	-	-	-	-	-	-	-	-	-	0
2010	-	-	-	-	-	-	-	-	-	-	0
2011	-	-	-	-	-	-	-	-	-	-	0
2012	1,096	-	-	-	-	-	-	-	-	-	1,884
	15-27	27-39	39-51	51-63	63-75	75-87	87-99	99-111	111-123		1,884
2003	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	
2004	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	
2005	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	
2006	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	
2007	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	
2008	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	
2009	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	
2010	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	
2011	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	

Last 3 Weighted Avg.	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Avg. Ex. Hi and Lo	0.000	0.000	0.000	0.000	0.000	0.000	0.000
All Weighted Avg.	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Harmonic Mean	0.000	0.000	0.000	0.000	0.000	0.000	0.000
All Weighted Avg. Fitted	1.000	1.000	1.000	1.000	1.000	1.000	1.000

CW Selected	1.296	1.183	1.064	1.039	1.014	1.018	1.000
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AFIE Selected	1.296	1.183	1.064	1.039	1.014	1.000	1.000
Age-Ultimate	1.719	1.326	1.121	1.054	1.014	1.000	1.000

Tail Factor
1.000

Armed Forces Insurance Exchange
Homeowners
HO6
Arkansas

Non-CAT All Other Perils Paid Loss & ALAE
Evaluated @ 3/2013

Accident Year	Non-CAT All Other Perils Paid Loss & ALAE										AFIE Ultimate	
	15	27	39	51	63	75	87	99	111	123		
2003	-	-	-	-	-	-	-	-	-	-	-	0
2004	1,683	1,683	1,683	1,683	1,683	1,683	1,683	1,683	1,683	1,683	-	1,683
2005	-	-	-	-	-	-	-	-	-	-	-	0
2006	-	-	-	-	-	-	-	-	-	-	-	0
2007	1,203	1,203	1,203	1,203	1,203	1,203	1,203	-	-	-	-	1,203
2008	-	725	725	725	725	725	-	-	-	-	-	725
2009	-	-	-	-	-	-	-	-	-	-	-	0
2010	-	-	-	-	-	-	-	-	-	-	-	0
2011	6,123	6,123	-	-	-	-	-	-	-	-	-	6,258
2012	-	-	-	-	-	-	-	-	-	-	-	0
												9,870
	15-27	27-39	39-51	51-63	63-75	75-87	87-99	99-111	111-123			
2003	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA		
2004	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000			
2005	NA	NA	NA	NA	NA	NA	NA	NA				
2006	NA	NA	NA	NA	NA	NA	NA					
2007	1.000	1.000	1.000	1.000	1.000	1.000						
2008	NA	1.000	1.000	1.000								
2009	NA	NA	NA									
2010	NA	NA										
2011	1.000											

Last 3 Weighted Avg.	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Avg. Ex. Hi and Lo	0.143	0.167	0.200	0.250	0.000	-0.500	
All Weighted Avg.	1.080	1.000	1.000	1.000	1.000	1.000	1.000
Harmonic Mean	1.000	1.000	1.000	1.000	1.000	1.000	1.000
All Weighted Avg. Fitted	1.037	1.028	1.020	1.011	1.003	0.994	0.986

CW Selected	1.129	1.022	1.011	1.002	1.000	1.000	1.000
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AFIE Selected	1.129	1.022	1.000	1.000	1.000	1.000	1.000
Age-Ultimate	1.154	1.022	1.000	1.000	1.000	1.000	1.000

Tail Factor
1.000

Armed Forces Insurance Exchange
Homeowners
HO6
Arkansas

Non-CAT All Other Perils Incurred Loss & ALAE
Evaluated @ 3/2013

Accident Year	Non-CAT All Other Perils Incurred Loss & ALAE										AFIE	
	15	27	39	51	63	75	87	99	111	123	Ultimate	
2003	-	-	-	-	-	-	-	-	-	-	-	0
2004	1,683	1,683	1,683	1,683	1,683	1,683	1,683	1,683	1,683	1,683	1,683	1,683
2005	-	-	-	-	-	-	-	-	-	-	-	0
2006	-	-	-	-	-	-	-	-	-	-	-	0
2007	1,203	1,203	1,203	1,203	1,203	1,203	1,203					1,203
2008	-	725	725	725	725							725
2009	-	-	-	-								0
2010	-	-	-									0
2011	6,123	6,123										6,123
2012	-											0
												9,735
	15-27	27-39	39-51	51-63	63-75	75-87	87-99	99-111	111-123			
2003	NA	NA	NA	NA	NA	NA	NA	NA	NA			
2004	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000			
2005	NA	NA	NA	NA	NA	NA	NA	NA				
2006	NA	NA	NA	NA	NA	NA						
2007	1.000	1.000	1.000	1.000	1.000							
2008	NA	1.000	1.000	1.000								
2009	NA	NA	NA									
2010	NA	NA										
2011	1.000											

Last 3 Weighted Avg.	1.000	1.000	1.000	1.000	1.000	1.000	1.000					
Avg. Ex. Hi and Lo	0.143	0.167	0.200	0.250	0.000	-0.500						
All Weighted Avg.	1.080	1.000	1.000	1.000	1.000	1.000	1.000	1.000				
Harmonic Mean	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000				
All Weighted Avg. Fitted	1.037	1.028	1.020	1.011	1.003	0.994	0.986					

CW Selected	1.017	1.003	1.008	1.001	1.001	1.000	1.000					
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AFIE Selected	1.017	1.000										
Age-Ultimate	1.017	1.000	1.000	1.000	1.000	1.000	1.000	1.000				

Tail Factor	1.000
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Armed Forces Insurance Exchange
Homeowners
All Forms
Countrywide

Non-CAT Liability Paid Loss & ALAE
Evaluated @ 3/2013

Accident Year	Non-CAT Liability Paid Loss & ALAE										Selected Ultimate
	15	27	39	51	63	75	87	99	111	123	
2003	243,240	377,166	529,450	750,301	756,175	868,555	905,841	905,841	903,143	905,563	905,563
2004	222,386	440,352	543,078	671,214	701,047	740,501	740,925	740,925	740,925		740,925
2005	308,873	418,431	1,289,209	1,567,039	1,627,464	1,642,445	1,813,622	1,813,622			1,813,622
2006	319,069	619,432	1,054,588	1,004,123	1,230,885	1,216,656	1,216,656				1,216,656
2007	362,528	1,019,258	1,440,773	1,685,059	1,781,244	1,918,764					2,008,945
2008	255,817	389,787	791,635	842,267	915,000						1,003,755
2009	189,831	756,360	810,809	988,631							1,166,584
2010	474,830	741,896	807,591								1,108,015
2011	178,729	487,144									1,019,592
2012	171,442										737,202
											11,720,860
	15-27	27-39	39-51	51-63	63-75	75-87	87-99	99-111	111-123		
2003	1.551	1.404	1.417	1.008	1.149	1.043	1.000	0.997	1.003		
2004	1.980	1.233	1.236	1.044	1.056	1.001	1.000	1.000			
2005	1.355	3.081	1.216	1.039	1.009	1.104	1.000				
2006	1.941	1.703	0.952	1.226	0.988	1.000					
2007	2.812	1.414	1.170	1.057	1.077						
2008	1.524	2.031	1.064	1.086							
2009	3.984	1.072	1.219								
2010	1.562	1.089									
2011	2.726										

Last 3 Weighted Avg.	2.354	1.276	1.155	1.112	1.030	1.048	1.000				
Avg. Ex. Hi and Lo	2.014	1.479	1.181	1.057	1.047	1.022					
All Weighted Avg.	2.054	1.526	1.162	1.075	1.048	1.047	1.000				
Harmonic Mean	2.031	1.533	1.174	1.074	1.054	1.036	1.000				
All Weighted Avg. Fitted	1.702	1.528	1.372	1.232	1.106	0.993	0.891				

Selected	2.054	1.526	1.162	1.075	1.048	1.047	1.000				
Age-Ultimate	4.300	2.093	1.372	1.180	1.097	1.047	1.000				

Tail Factor
1.000

Armed Forces Insurance Exchange
Homeowners
All Forms
Countrywide

Non-CAT Liability Incurred Loss & ALAE
Evaluated @ 3/2013

Accident Year	Non-CAT Liability Incurred Loss & ALAE										Selected Ultimate
	15	27	39	51	63	75	87	99	111	123	
2003	435,904	528,528	706,457	751,064	761,175	874,182	905,841	905,841	908,143	907,741	907,741
2004	307,366	494,624	753,097	728,394	769,682	773,360	740,925	740,925	740,925		740,925
2005	378,449	841,718	1,402,371	1,614,802	1,642,058	1,704,461	1,813,622	1,813,622			1,813,622
2006	523,550	827,007	1,152,906	1,211,074	1,233,385	1,216,656	1,216,656				1,216,656
2007	945,914	1,642,559	1,679,412	1,774,330	1,920,828	1,918,764					1,953,301
2008	818,627	965,791	884,702	910,067	936,310						966,272
2009	1,350,917	1,006,006	1,003,087	1,074,697							1,152,075
2010	1,211,912	1,115,436	1,199,412								1,367,330
2011	491,006	956,287									1,290,031
2012	263,072										460,113
											11,868,066
	15-27	27-39	39-51	51-63	63-75	75-87	87-99	99-111	111-123		
2003	1.212	1.337	1.063	1.013	1.148	1.036	1.000	1.003	1.000		
2004	1.609	1.523	0.967	1.057	1.005	0.958	1.000	1.000			
2005	2.224	1.666	1.151	1.017	1.038	1.064	1.000				
2006	1.580	1.394	1.050	1.018	0.986	1.000					
2007	1.736	1.022	1.057	1.083	0.999						
2008	1.180	0.916	1.029	1.029							
2009	0.745	0.997	1.071								
2010	0.920	1.075									
2011	1.948										

Last 3 Weighted Avg.	1.008	1.000	1.054	1.050	1.009	1.021	1.000
Avg. Ex. Hi and Lo	1.455	1.225	1.054	1.030	1.014	1.018	
All Weighted Avg.	1.296	1.183	1.064	1.039	1.025	1.024	1.000
Harmonic Mean	1.385	1.215	1.054	1.036	1.034	1.014	1.000
All Weighted Avg. Fitted	1.222	1.175	1.129	1.086	1.044	1.003	0.965

Selected	1.296	1.183	1.064	1.039	1.014	1.018	1.000
Age-Ultimate	1.749	1.349	1.140	1.072	1.032	1.018	1.000

Tail Factor
1.000

Armed Forces Insurance Exchange
Homeowners
All Forms
Countrywide

Non-CAT All Other Perils Paid Loss & ALAE
Evaluated @ 3/2013

Accident Year	Non-CAT All Other Perils Paid Loss & ALAE										Selected Ultimate
	15	27	39	51	63	75	87	99	111	123	
2003	18,787,327	19,880,653	20,075,839	20,304,495	20,418,949	20,365,316	20,364,716	20,364,116	20,362,516	20,362,516	20,362,516
2004	16,694,902	18,823,432	19,067,180	19,342,685	19,365,298	19,373,075	19,423,738	19,423,738	19,423,738	19,423,738	19,423,738
2005	14,417,656	16,727,203	17,287,191	17,370,063	17,370,751	17,375,791	17,379,124	17,384,241	17,384,241	17,384,241	17,384,241
2006	18,701,289	20,225,027	20,410,172	20,511,143	20,524,677	20,547,253	20,532,535				20,532,535
2007	21,021,113	24,007,608	24,453,185	24,611,451	24,635,673	24,655,491					24,655,491
2008	19,739,469	22,088,193	22,290,363	22,373,564	22,422,266						22,422,266
2009	19,188,140	21,969,693	22,546,431	23,231,653							23,278,116
2010	23,013,160	26,590,895	27,856,175								28,218,305
2011	24,989,159	29,029,213									30,045,235
2012	27,661,544										32,336,345
											238,658,788
	15-27	27-39	39-51	51-63	63-75	75-87	87-99	99-111	111-123		
2003	1.058	1.010	1.011	1.006	0.997	1.000	1.000	1.000	1.000		
2004	1.127	1.013	1.014	1.001	1.000	1.003	1.000	1.000	1.000		
2005	1.160	1.033	1.005	1.000	1.000	1.000	1.000				
2006	1.081	1.009	1.005	1.001	1.001	0.999					
2007	1.142	1.019	1.006	1.001	1.001						
2008	1.119	1.009	1.004	1.002							
2009	1.145	1.026	1.030								
2010	1.155	1.048									
2011	1.162										

Last 3 Weighted Avg.	1.155	1.029	1.013	1.001	1.001	1.001	1.000			
Avg. Ex. Hi and Lo	1.133	1.018	1.008	1.001	1.000	1.000	1.000			
All Weighted Avg.	1.129	1.022	1.011	1.002	1.000	1.000	1.000			
Harmonic Mean	1.127	1.021	1.011	1.002	1.000	1.000	1.000			
All Weighted Avg. Fitted	1.069	1.053	1.038	1.023	1.007	0.993	0.978			

Selected	1.129	1.022	1.011	1.002	1.000	1.000	1.000			
Age-Ultimate	1.169	1.035	1.013	1.002	1.000	1.000	1.000			

Tail Factor
1.000

Armed Forces Insurance Exchange
Homeowners
All Forms
Countrywide

Non-CAT All Other Perils Incurred Loss & ALAE
Evaluated @ 3/2013

Accident Year	Non-CAT All Other Perils Incurred Loss & ALAE										Selected Ultimate
	15	27	39	51	63	75	87	99	111	123	
2003	19,430,958	19,784,501	19,989,928	20,212,996	20,265,865	20,352,293	20,352,293	20,356,693	20,356,111	20,361,266	20,361,266
2004	18,918,329	19,212,725	19,054,658	19,327,031	19,379,395	19,394,009	19,423,738	19,423,738	19,423,738		19,423,738
2005	16,149,387	17,101,250	17,245,602	17,336,497	17,365,351	17,374,092	17,377,425	17,382,542			17,382,542
2006	20,922,719	20,206,271	20,288,971	20,526,111	20,548,132	20,546,099	20,531,381				20,531,381
2007	24,235,876	24,081,247	24,370,140	24,648,626	24,640,196	24,679,875					24,679,875
2008	22,120,155	22,722,761	22,427,871	22,397,230	22,411,046						22,433,457
2009	22,501,165	23,175,955	23,174,482	23,281,377							23,327,940
2010	27,562,564	27,596,308	27,897,308								28,176,281
2011	28,120,777	29,504,149									29,887,703
2012	30,843,334										31,768,634
											237,972,817
	15-27	27-39	39-51	51-63	63-75	75-87	87-99	99-111	111-123		
2003	1.018	1.010	1.011	1.003	1.004	1.000	1.000	1.000	1.000		
2004	1.016	0.992	1.014	1.003	1.001	1.002	1.000	1.000	1.000		
2005	1.059	1.008	1.005	1.002	1.001	1.000	1.000				
2006	0.966	1.004	1.012	1.001	1.000	0.999					
2007	0.994	1.012	1.011	1.000	1.002						
2008	1.027	0.987	0.999	1.001							
2009	1.030	1.000	1.005								
2010	1.001	1.011									
2011	1.049										

Last 3 Weighted Avg.	1.027	1.000	1.005	1.000	1.001	1.000	1.000	
Avg. Ex. Hi and Lo	1.019	1.004	1.009	1.002	1.001	1.000		
All Weighted Avg.	1.017	1.003	1.008	1.001	1.001	1.000	1.000	
Harmonic Mean	1.017	1.003	1.008	1.002	1.002	1.000	1.000	
All Weighted Avg. Fitted	1.011	1.009	1.007	1.004	1.002	1.000	0.998	

Selected	1.017	1.003	1.008	1.001	1.001	1.000	1.000	
Age-Ultimate	1.030	1.013	1.010	1.002	1.001	1.000	1.000	

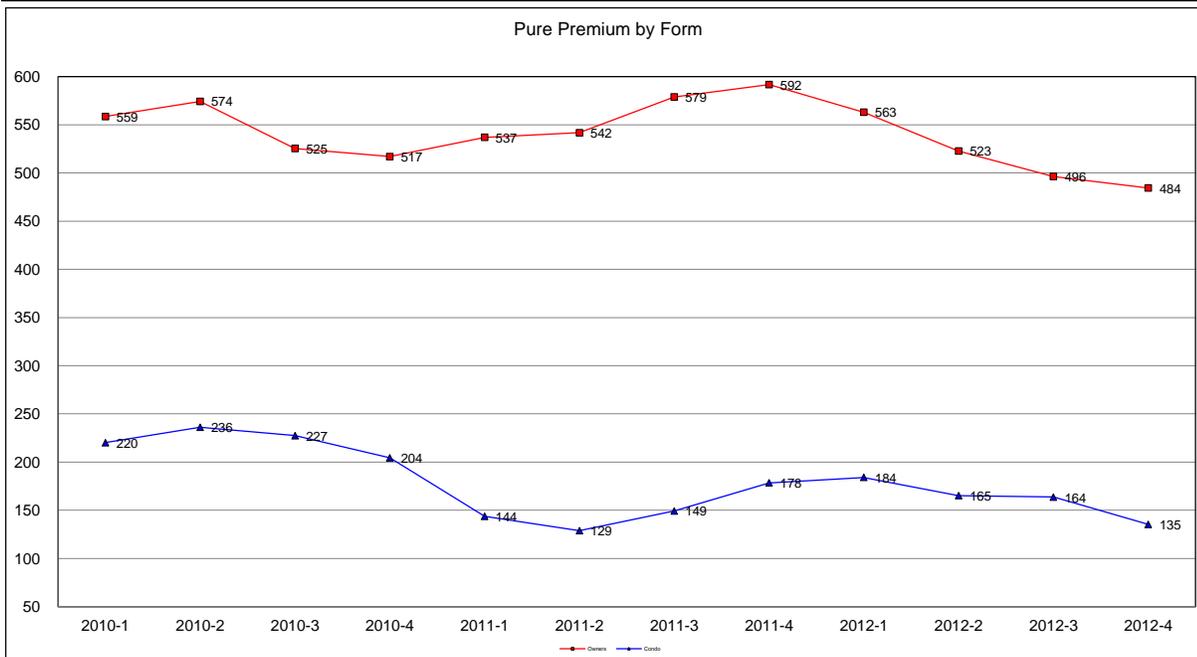
Tail Factor
1.000

PCI/ISO/NISS Fast Track Data, Homeowners (EX CAT)

Paid Claim Trend Analysis
4th Qtr 2012

Arkansas

Year Ending Quarter	HO1-HO3, HO5			HO6		
	Average Cost	Frequency	Pure Premium	Average Cost	Frequency	Pure Premium
2008-1	6,649	5.03%	335	3,313	4.10%	136
2008-2	6,825	5.47%	373	3,714	4.00%	149
2008-3	6,956	5.81%	404	3,760	3.93%	148
2008-4	7,480	5.86%	439	4,492	3.75%	168
2009-1	7,611	6.17%	469	4,847	3.93%	190
2009-2	7,999	6.14%	492	4,678	4.07%	190
2009-3	8,243	6.61%	545	4,566	4.02%	184
2009-4	7,962	6.92%	551	4,449	4.09%	182
2010-1	8,003	6.98%	559	4,570	4.82%	220
2010-2	8,248	6.96%	574	4,612	5.12%	236
2010-3	8,186	6.42%	525	5,041	4.51%	227
2010-4	8,200	6.30%	517	5,056	4.04%	204
2011-1	8,542	6.29%	537	4,450	3.23%	144
2011-2	8,017	6.76%	542	4,677	2.75%	129
2011-3	8,120	7.13%	579	4,589	3.25%	149
2011-4	8,439	7.01%	592	4,862	3.67%	178
2012-1	8,433	6.68%	563	5,256	3.50%	184
2012-2	8,833	5.92%	523	4,901	3.37%	165
2012-3	8,969	5.53%	496	5,691	2.88%	164
2012-4	8,775	5.52%	484	5,602	2.42%	135

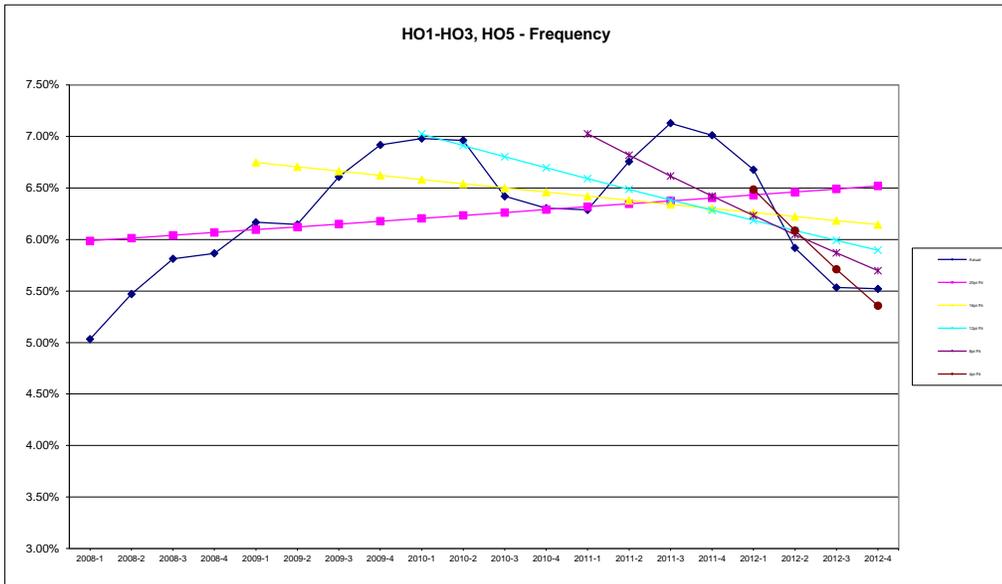


Exponential Annual Change

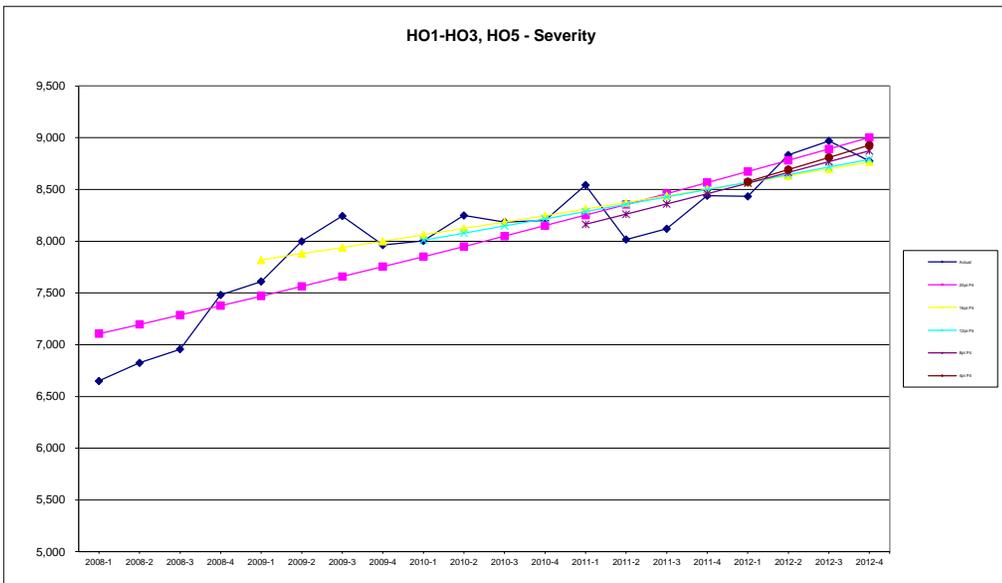
Point	HO1-HO3, HO5			HO6		
	Average Cost	Frequency	Pure Premium	Average Cost	Frequency	Pure Premium
4	5.5	-22.5	-18.2	14.6	-39.9	-31.1
8	4.9	-11.3	-7.0	14.6	-8.0	5.4
12	3.4	-6.2	-2.9	6.3	-18.9	-13.8
16	3.1	-2.5	0.5	4.2	-11.6	-7.9
20	5.1	1.8	7.0	7.4	-7.6	-0.7

R-Square Values

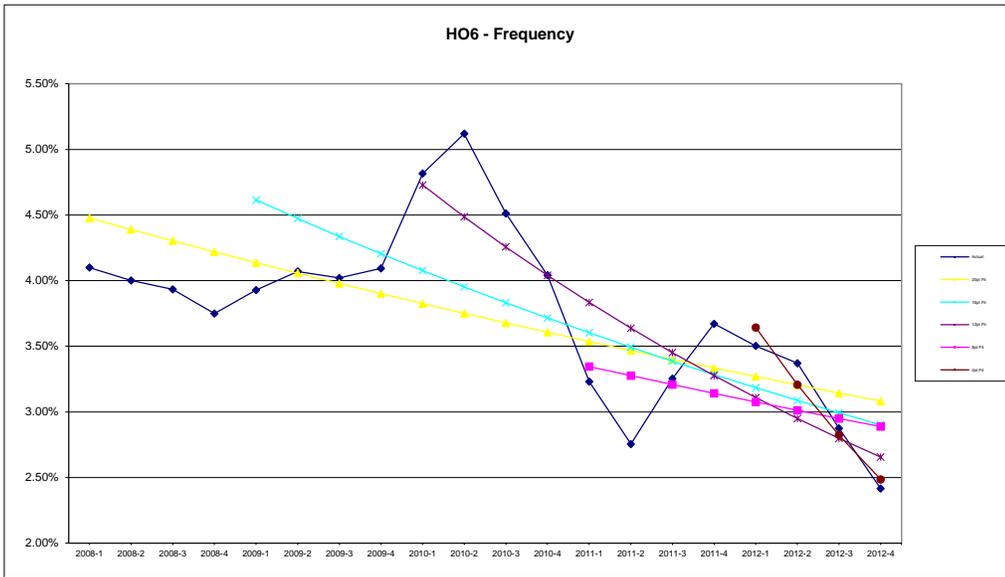
Point	HO1-HO3, HO5			HO6		
	Average Cost	Frequency	Pure Premium	Average Cost	Frequency	Pure Premium
4	0.436	0.853	0.953	0.417	0.940	0.887
8	0.541	0.516	0.392	0.834	0.135	0.063
12	0.627	0.408	0.186	0.471	0.679	0.419
16	0.696	0.135	0.009	0.423	0.517	0.296
20	0.789	0.072	0.430	0.646	0.394	0.004



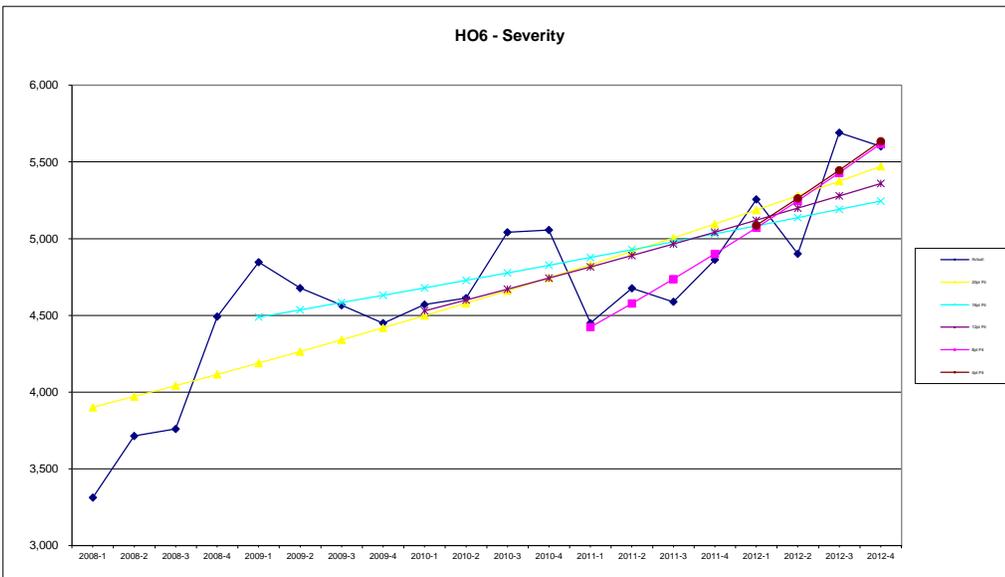
Owners	Frequency	R-Square
20pt	1.8	7.2%
16pt	-2.5	13.5%
12pt	-6.2	40.8%
8pt	-11.3	51.6%
4pt	<u>-22.5</u>	85.3%
Selections:		
Retrospective:	1.0	
Prospective:	-9.0	



Owners	Severity	R-Square
20pt	5.1	78.9%
16pt	3.1	69.6%
12pt	3.4	62.7%
8pt	4.9	54.1%
4pt	<u>5.5</u>	43.6%
Selections:		
Retrospective:	5.0	
Prospective:	5.0	



	Condo Frequency	R-Square
20pt	-7.6	39.4%
16pt	-11.6	51.7%
12pt	-18.9	67.9%
8pt	-8.0	13.5%
<u>4pt</u>	<u>-39.9</u>	94.0%
Selections:		
Retrospective:	-8.0	
Prospective:	-8.0	



	Condo Severity	R-Square
20pt	7.4	64.6%
16pt	4.2	42.3%
12pt	6.3	47.1%
8pt	14.6	83.4%
<u>4pt</u>	<u>14.6</u>	41.7%
Selections:		
Retrospective:	6.0	
Prospective:	12.0	

**Arkansas
Loss Trend Selection Summary
Latest Trend Period: 2012-4**

Policy Form	(1)	(2)	(3)
	Selected Frequency	Selected Severity	Selected Pure Premium
Retrospective Trend			
HO3	1.0	5.0	6.1
HO6	-8.0	6.0	-2.5

Prospective Trend			
HO3	-9.0	5.0	-4.4
HO6	-8.0	12.0	3.0

Proposed Effective Date: 07/01/2014
 Current Trend Date¹: 07/01/2012
 Prospective Trend Date²: 07/01/2015

Accident Year Ending	Current Cost Trend Period	HO3		HO6		Prospective Trend Period	HO3		HO6	
		Current Cost Factor	Current Cost Factor	Prospective Trend Factor	Prospective Trend Factor		Loss Trend Factor	Loss Trend Factor		
12/31/2003	9.01	1.705	0.796	3.00	0.874	1.093	1.490	0.870		
12/31/2004	8.01	1.607	0.816	3.00	0.874	1.093	1.405	0.892		
12/31/2005	7.00	1.514	0.838	3.00	0.874	1.093	1.323	0.916		
12/31/2006	6.00	1.427	0.859	3.00	0.874	1.093	1.247	0.939		
12/31/2007	5.00	1.345	0.881	3.00	0.874	1.093	1.176	0.963		
12/31/2008	4.00	1.267	0.904	3.00	0.874	1.093	1.107	0.988		
12/31/2009	3.00	1.194	0.927	3.00	0.874	1.093	1.044	1.013		
12/31/2010	2.00	1.126	0.951	3.00	0.874	1.093	0.984	1.039		
12/31/2011	1.00	1.061	0.975	3.00	0.874	1.093	0.927	1.066		
12/31/2012	0.00	1.000	1.000	3.00	0.874	1.093	0.874	1.093		

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

¹ Midpoint of latest trend period.

² One year after proposed effective date.

**Homeowners Multi-peril
Arkansas**

**Catastrophe Adjustment - (Non-modeled Losses)
HO3**

(1) (2)

Accident Year	Coverage A	@ 3/2013		Incurred Loss	Damage Ratio	Capped** Damage Ratio	Projected	
	Earned AOI Years	Paid Loss	Catastrophe* Outstanding Loss				Earned AOI Years	Expected Non-Modeled CAT Losses
1993	65,838	6,664	-	6,664	0.101	0.101		
1994	69,597	4,149	-	4,149	0.060	0.060		
1995	75,701	43,600	-	43,600	0.576	0.576		
1996	78,004	96,109	-	96,109	1.232	1.232		
1997	78,256	140,993	-	140,993	1.802	1.802		
1998	80,663	1,097	-	1,097	0.014	0.014		
1999	81,174	20,134	-	20,134	0.248	0.248		
2000	82,623	38,152	-	38,152	0.462	0.462		
2001	85,707	11,647	-	11,647	0.136	0.136		
2002	89,114	10,652	-	10,652	0.120	0.120		
2003	98,827	32,393	-	32,393	0.328	0.328	158,518	139,007
2004	104,747	37,634	-	37,634	0.359	0.359	152,616	133,832
2005	106,276	11,472	-	11,472	0.108	0.108	140,603	123,297
2006	108,304	36,624	-	36,624	0.338	0.338	132,997	116,628
2007	106,232	12,280	-	12,280	0.116	0.116	119,830	105,081
2008	104,227	368,036	-	368,036	3.531	3.531	108,500	95,146
2009	99,640	278,176	-	278,176	2.792	2.792	99,739	87,463
2010	101,014	92,548	-	92,548	0.916	0.916	99,599	87,340
2011	101,539	335,037	-	335,037	3.300	3.300	100,828	88,418
2012	97,144	13,738	-	13,738	0.141	0.141	97,144	85,187

Total 0.877 0.877

Selected Damage Ratio: 0.877

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

** Actual damage ratios are capped at 5X the 20 year aggregate average.

(1) = AOI trend factors (Exhibit 4 - Page 1) applied to Coverage A Earned AOI Years

(2) = (1) x Selected Damage Ratio

Catastrophe Adjustment - (Non-modeled Losses)
HO6

(1) (2)

Accident Year	Coverage C	@ 3/2013			Incurred Loss	Damage Ratio	Capped** Damage Ratio	Projected Coverage C	
	Earned AOI Years	Paid Loss	Outstanding Loss	Earned AOI Years				Expected Non-Modeled CAT Losses	
1993	293	-	-	-	0.000	0.000			
1994	290	-	-	-	0.000	0.000			
1995	284	-	-	-	0.000	0.000			
1996	272	-	-	-	0.000	0.000			
1997	256	-	-	-	0.000	0.000			
1998	241	-	-	-	0.000	0.000			
1999	233	-	-	-	0.000	0.000			
2000	229	-	-	-	0.000	0.000			
2001	229	-	-	-	0.000	0.000			
2002	225	-	-	-	0.000	0.000			
2003	220	-	-	-	0.000	0.000	459	-	
2004	371	-	-	-	0.000	0.000	521	-	
2005	255	-	-	-	0.000	0.000	504	-	
2006	351	-	-	-	0.000	0.000	612	-	
2007	472	-	-	-	0.000	0.000	644	-	
2008	469	-	-	-	0.000	0.000	551	-	
2009	605	-	-	-	0.000	0.000	632	-	
2010	729	-	-	-	0.000	0.000	779	-	
2011	645	-	-	-	0.000	0.000	691	-	
2012	635	-	-	-	0.000	0.000	654	-	

Total 0.000 0.000

Selected Damage Ratio: -

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

** Actual damage ratios are capped at 5X the 20 year aggregate average.

(1) = AOI trend factors (Exhibit 4 - Page 2) applied to Coverage A Earned AOI Years

(2) = (1) x Selected Damage Ratio

Catastrophe Adjustment - Hurricane

HO3

(1)	(2)	(3)	(4)	(5)
1/1/2013 Modeled Expected Annual Loss	Accident Year Ending	Cov A Earned AOI Years	AOI Trend Factor	Trended Modeled Expected Annual Loss
-	12/31/2003	98,827	1.604	-
	12/31/2004	104,747	1.457	-
	12/31/2005	106,276	1.323	-
	12/31/2006	108,304	1.228	-
	12/31/2007	106,232	1.128	-
	12/31/2008	104,227	1.041	-
	12/31/2009	99,640	1.001	-
	12/31/2010	101,014	0.986	-
	12/31/2011	101,539	0.993	-
	12/31/2012	97,144	1.000	-

HO6

(1)	(2)	(3)	(4)	(5)
1/1/2013 Modeled Expected Annual Loss	Accident Year Ending	Cov C Earned AOI Years	AOI Trend Factor	Trended Modeled Expected Annual Loss
-	12/31/2003	220	2.088	-
	12/31/2004	371	1.402	-
	12/31/2005	255	1.981	-
	12/31/2006	351	1.743	-
	12/31/2007	472	1.363	-
	12/31/2008	469	1.175	-
	12/31/2009	605	1.045	-
	12/31/2010	729	1.068	-
	12/31/2011	645	1.072	-
	12/31/2012	635	1.030	-

(1) - RMS RiskLink v11.0 Long Term - Using Insurance in Force @ 1/1/2013.

(3) - Exhibit 7

(4) - Exhibit 4

(5) = ((1) / (3 latest accyr)) x (3) x (4)

Catastrophe Adjustment - Earthquake

HO3

(1)	(2)	(3)	(4)	(5)
1/1/2013 Modeled Expected <u>Annual Loss</u>	Accident Year <u>Ending</u>	Cov A Earned AOI <u>Years</u>	AOI Trend <u>Factor</u>	Trended Modeled Expected <u>Annual Loss</u>
8,256	12/31/2003	98,827	1.604	13,473
	12/31/2004	104,747	1.457	12,971
	12/31/2005	106,276	1.323	11,950
	12/31/2006	108,304	1.228	11,304
	12/31/2007	106,232	1.128	10,185
	12/31/2008	104,227	1.041	9,222
	12/31/2009	99,640	1.001	8,477
	12/31/2010	101,014	0.986	8,465
	12/31/2011	101,539	0.993	8,570
	12/31/2012	97,144	1.000	8,256

HO6

(1)	(2)	(3)	(4)	(5)
1/1/2013 Modeled Expected <u>Annual Loss</u>	Accident Year <u>Ending</u>	Cov C Earned AOI <u>Years</u>	AOI Trend <u>Factor</u>	Trended Modeled Expected <u>Annual Loss</u>
19	12/31/2003	220	2.088	13
	12/31/2004	371	1.402	15
	12/31/2005	255	1.981	15
	12/31/2006	351	1.743	18
	12/31/2007	472	1.363	19
	12/31/2008	469	1.175	16
	12/31/2009	605	1.045	18
	12/31/2010	729	1.068	23
	12/31/2011	645	1.072	20
	12/31/2012	635	1.030	19

- (1) - RMS RiskLink v11.0 Long Term - Using Insurance in Force @ 1/1/2013.
- (3) - Exhibit 7
- (4) - Exhibit 4
- (5) = ((1) / (3 latest accyr)) x (3) x (4)

Catastrophe Adjustment - Fire Following an Earthquake

HO3

(1)	(2)	(3)	(4)	(5)
1/1/2013 Modeled Expected <u>Annual Loss</u>	Accident Year <u>Ending</u>	Cov A Earned AOI <u>Years</u>	AOI Trend <u>Factor</u>	Trended Modeled Expected <u>Annual Loss</u>
64	12/31/2003	98,827	1.604	105
	12/31/2004	104,747	1.457	101
	12/31/2005	106,276	1.323	93
	12/31/2006	108,304	1.228	88
	12/31/2007	106,232	1.128	79
	12/31/2008	104,227	1.041	72
	12/31/2009	99,640	1.001	66
	12/31/2010	101,014	0.986	66
	12/31/2011	101,539	0.993	67
	12/31/2012	97,144	1.000	64

HO6

(1)	(2)	(3)	(4)	(5)
1/1/2013 Modeled Expected <u>Annual Loss</u>	Accident Year <u>Ending</u>	Cov C Earned AOI <u>Years</u>	AOI Trend <u>Factor</u>	Trended Modeled Expected <u>Annual Loss</u>
-	12/31/2003	220	2.088	-
	12/31/2004	371	1.402	-
	12/31/2005	255	1.981	-
	12/31/2006	351	1.743	-
	12/31/2007	472	1.363	-
	12/31/2008	469	1.175	-
	12/31/2009	605	1.045	-
	12/31/2010	729	1.068	-
	12/31/2011	645	1.072	-
	12/31/2012	635	1.030	-

- (1) - RMS RiskLink v11.0 Long Term - Using Insurance in Force @ 1/1/2013.
- (3) - Exhibit 7
- (4) - Exhibit 4
- (5) = ((1) / (3 latest accyr)) x (3) x (4)

**Armed Forces Insurance Exchange
Homeowners Multi-peril
Countrywide**

CAT ALAE Factor - ALL FORMS
(Includes Hurricane)

<u>ACCIDENT YEAR</u>	<u>CAT PAID LOSS</u>	<u>CAT PAID ALAE</u>	<u>CAT ALAE FACTOR</u>
2003	16,032,474	925,479	5.8%
2004	32,822,894	2,193,895	6.7%
2005	32,322,823	2,605,467	8.1%
2006	6,760,115	615,519	9.1%
2007	6,514,072	344,324	5.3%
2008	12,574,152	923,473	7.3%
2009	10,019,878	687,850	6.9%
2010	8,239,498	458,564	5.6%
2011	19,004,984	1,158,777	6.1%
2012	12,044,365	1,057,931	8.8%
Total	156,335,255	10,971,279	7.0%

Selected:

**Armed Forces Insurance Exchange
Homeowners Multi-peril
Countrywide**

ULAE Factor

Schedule P - Part 1A (Homeowners)
(000's)

AY	Sch. P Col 4	Sch. P Col 6	Sch. P Col 8	OLD Definition				
	(1)	(2)	(3)	(4) = (2) + (3)	(5)	(6) = (4) - (5)	(7) = (1) + (5)	(8) = (6) / (7)
	D&A Loss Payments	D&A DCC Payments	D&A AO Payments	Total LAE	Old Definition ALAE*	Implied Old Definition ULAE	Paid Loss & Old Definition ALAE	Implied Old Definition ULAE %
2003	29,130	1,082	4,190	5,272	2,829	2,443	31,959	7.6%
2004	35,414	613	4,150	4,763	4,003	760	39,417	1.9%
2005	52,231	577	5,984	6,561	4,277	2,284	56,508	4.0%
2006	49,914	842	5,602	6,444	2,218	4,226	52,132	8.1%
2007	26,952	395	3,746	4,141	2,300	1,841	29,252	6.3%
2008	31,100	515	3,397	3,912	2,554	1,358	33,654	4.0%
2009	34,158	410	4,180	4,590	2,625	1,965	36,783	5.3%
2010	31,457	265	4,003	4,268	2,563	1,705	34,020	5.0%
2011	33,312	231	4,041	4,272	3,448	824	36,760	2.2%
2012	35,005	85	3,866	3,951	3,676	275	38,681	0.7%
	358,673	5,015	43,159	48,174	30,492	17,682	389,165	4.5%
	Total LAE Col(4) / Col(1):			13.4%	Selected:		<input type="text" value="4.5%"/>	

* All claim expense which is associated with a specific claim. (As of 03/31/2012)

**Armed Forces Insurance Exchange
Homeowners Multi-peril
Arkansas**

Exhibit 10

Credibility

	HO3	HO6
Accident <u>Year</u>	Earned House <u>Years</u>	Earned House <u>Years</u>
2003	725	7
2004	698	8
2005	643	8
2006	608	9
2007	548	10
2008	496	8
2009	456	10
2010	455	12
2011	461	11
2012	444	10
5 YR Total	2,312	51
10 YR Total	5,533	93
5 YR Credibility ¹ :	0.24	0.04
10YR Credibility ¹ :	0.37	0.05

¹ Full Credibility = 40,000 House Years.

Armed Forces Insurance Exchange
 Fixed Expense Trend
 & Trended Fixed Expense Per Exposure
Homeowners (All Forms)
 Arkansas

Proposed Effective Date: 7/1/2014
 Average Earned Date of Proposed Policy Period: 7/1/2015

All Forms						HO3		All Forms		HO3				
Countrywide		Arkansas		Countrywide		Countrywide		(8) = ((4) x 1000) / (3)	(9) = ((5) x 1000) / (2)	(10) = ((7) x 1000) / (6)	(11) = (8) + (9) + (10)	(12)	(13) = (11) x ((1)+(a))*(12)	
(1)*	(2)*	(3)*	(4)**	(5)**	(6)*	(7)**								
Calendar Year	Written Exposure	Earned Exposure	Earned Exposure	Licenses & Fees (000'S)	General Expense (000'S)	Other Acquisition Expense (000'S)	Written Exposure	Acquisition Expense (000'S)	Avg. Lic./Fees Per Exposure	Avg. General Exp. Per Exposure	Avg. Other Acq. Exp. Per Exposure	Total Fixed Exp. Per Exposure	Trend Period	Trended Fixed Exp. Per Exposure
2008	57,444	58,746	505	2.36	5,696	54,791	6,900	4.67	96.97	125.93	227.57	7.00	261.39	
2009	55,589	56,529	465	2.66	5,372	53,003	7,637	5.71	95.03	144.09	244.83	6.00	275.70	
2010	54,533	55,016	467	3.03	6,093	52,014	8,103	6.48	110.75	155.78	273.01	5.00	301.40	
2011	52,940	53,861	471	4.94	6,230	50,532	6,351	10.48	115.67	125.69	251.84	4.00	272.58	
2012	50,565	51,769	454	4.25	6,165	48,288	5,240	9.35	119.09	108.51	236.95	3.00	251.44	

3 Year Trend: 20.1% 3.7% -16.5% -6.8% Latest Year 251.44
 5 Year Trend: 22.1% 6.3% -4.3% 1.1%

(a)
 Selected HO3 Trend: 2.0%

Selected: 251.44
 Other Acq. Allocation: 115.15
 General Allocation: 126.37
 License/Fee Allocation: 9.92

HO6		All Forms		HO6					
Countrywide		(14)*	(15)**	(16) = ((4) x 1000) / (3)	(17) = ((5) x 1000) / (2)	(18) = ((15) x 1000) / (14)	(19) = (16) + (17) + (18)	(20)	(21) = (19) x ((1)+(b))*(20)
Written Exposure	Other Acquisition Expense (000'S)			Avg. Lic./Fees Per Exposure	Avg. General Exp. Per Exposure	Avg. Other Acq. Exp. Per Exposure	Total Fixed Exp. Per Exposure	Trend Period	Trended Fixed Exp. Per Exposure
2,653	334			4.67	96.97	125.93	227.57	7.00	261.39
2,586	373			5.71	95.03	144.09	244.83	6.00	275.70
2,519	392			6.48	110.75	155.78	273.01	5.00	301.40
2,408	303			10.48	115.67	125.69	251.84	4.00	272.58
2,277	247			9.35	119.09	108.51	236.95	3.00	251.44

3 Year Trend: 20.1% 3.7% -16.5% -6.8% Latest Year 251.44
 5 Year Trend: 22.1% 6.3% -4.3% 1.1%

(b)
 Selected HO6 Trend: 2.0%

Selected: 251.44
 Other Acq. Allocation: 115.15
 General Allocation: 126.37
 License/Fee Allocation: 9.92

* Exposure = 1 year of in force coverage

** Source: Armed Forces Insurance Accounting Department Workpapers

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

Armed Forces Insurance Exchange
 Fixed Expense Trend
 & Trended Fixed Expense Per Exposure
Homeowners (All Forms)
 Countrywide

Proposed Effective Date: 7/1/2014
 Average Earned Date of Proposed Policy Period: 7/1/2015

All Forms Countrywide					HO3 Countrywide		All Forms		HO3			
(1)*	(2)*	(3)**	(4)***	(5)*	(6)***	(7) = ((3) x 1000) / (2)	(8) = ((4) x 1000) / (2)	(9) = ((6) x 1000) / (5)	(10) = (7) + (8) + (9)	(11)	(12) = (10) x ((1+a)^(11))	
Calendar Year	Written Exposure	Earned Exposure	Licenses & Fees (000's)	General Expense (000'S)	Written Exposure	Other Acquisition Expense (000'S)	Avg. Lic./Fees Per Exposure	Avg. General Exp. Per Exposure	Avg. Other Acq. Exp. Per Exposure	Total Fixed Exp. Per Exposure	Trend Period	Trended Fixed Exp. Per Exposure
2008	57,444	58,746	103.02	5,696	54,791	6,900	1.75	96.97	125.93	224.65	7.00	258.04
2009	55,589	56,529	119.75	5,372	53,003	7,637	2.12	95.03	144.09	241.24	6.00	271.65
2010	54,533	55,016	211.50	6,093	52,014	8,103	3.84	110.75	155.78	270.37	5.00	298.49
2011	52,940	53,861	203.79	6,230	50,532	6,351	3.78	115.67	125.69	245.14	4.00	265.33
2012	50,565	51,769	133.80	6,165	48,288	5,240	2.58	119.09	108.51	230.19	3.00	244.26
3 Year Trend:							-18.0%	3.7%	-16.5%	-7.7%	Latest Year	244.26
5 Year Trend:							14.5%	6.3%	-4.3%	0.6%		

(a)
 Selected HO3 Trend:
 Selected:
 Other Acq. Allocation:
 General Allocation:
 License/Fee Allocation:

HO6 Countrywide		All Forms		HO6			
(13)*	(14)***	(15) = ((3) x 1000) / (2)	(16) = ((4) x 1000) / (2)	(17) = ((14) x 1000) / (13)	(18) = (15) + (16) + (17)	(19)	(20) = (18) x ((1+b)^(19))
Written Exposure	Other Acquisition Expense (000'S)	Avg. Lic./Fees Per Exposure	Avg. General Exp. Per Exposure	Avg. Other Acq. Exp. Per Exposure	Total Fixed Exp. Per Exposure	Trend Period	Trended Fixed Exp. Per Exposure
2,653	334	1.75	96.97	125.93	224.65	7.00	258.04
2,586	373	2.12	95.03	144.09	241.24	6.00	271.65
2,519	392	3.84	110.75	155.78	270.37	5.00	298.49
2,408	303	3.78	115.67	125.69	245.14	4.00	265.33
2,277	247	2.58	119.09	108.51	230.19	3.00	244.26
3 Year Trend:		-18.0%	3.7%	-16.5%	-7.7%	Latest Year	244.26
5 Year Trend:		14.5%	6.3%	-4.3%	0.6%		

(b)
 Selected HO6 Trend:
 Selected:
 Other Acq. Allocation:
 General Allocation:
 License/Fee Allocation:

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

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

Homeowners
 Arkansas

HO3 - Current Projected							
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Average Earned Premium @ CRL	Other Acquisition Expense \$	General Expense \$	Licenses & Fees \$	Other Acquisition Expense %	General Expense %	Licenses & Fees %	Total Fixed Expense %
1,543.67	115.15	126.37	9.92	7.5%	8.2%	0.6%	16.3%
HO6 - Current Projected							
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Average Earned Premium @ CRL	Other Acquisition Expense \$	General Expense \$	Licenses & Fees \$	Other Acquisition Expense %	General Expense %	Licenses & Fees %	Total Fixed Expense %
555.97	115.15	126.37	9.92	20.7%	22.7%	1.8%	45.2%

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

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

Homeowners
 Countrywide

HO3 - Current Projected

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Average Earned Premium @ CRL	Other Acquisition Expense \$	General Expense \$	Licenses & Fees \$	Other Acquisition Expense %	General Expense %	Licenses & Fees %	Total Fixed Expense %
1,322.72	115.15	126.37	2.74	8.7%	9.6%	0.2%	18.5%

HO6 - Current Projected

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Average Earned Premium @ CRL	Other Acquisition Expense \$	General Expense \$	Licenses & Fees \$	Other Acquisition Expense %	General Expense %	Licenses & Fees %	Total Fixed Expense %
563.71	115.15	126.37	2.74	20.4%	22.4%	0.5%	43.3%

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

**Armed Forces Insurance Exchange
Homeowners HO3**

Arkansas

Net Cost of Reinsurance

2012 Countrywide Written Premium: 58,147,656 (a)
2012 Arkansas Written Premium: 604,650 (b)

	(1)	(2)	(3)	(4)	(5)	(6)				
<u>Layer</u>	<u>Limit</u>	<u>Retention</u>	<u>Current Cover</u>	<u>Countrywide 100% Rate Online</u>	<u>Countrywide Ceded Premium</u>	<u>Countrywide Expected Recoveries</u>	<u>Arkansas Expected Recoveries</u>	<u>Arkansas Estimated Ceded Premium</u>	<u>Arkansas Net Cost of Reinsurance</u>	
1	10,000,000	5,000,000	100.0%	32.0000%	2,055,880	863,483	2,263	5,387		
2	15,000,000	15,000,000	100.0%	15.0000%	1,829,716	647,349	1,682	4,754		
3	17,000,000	30,000,000	100.0%	8.0000%	1,447,292	403,088	895	3,213		
MRB	40,000,000	53,000,000	97.0%	5.0000%	578,638	201,527	348	998		
2nd/3rd Event					520,992	102,104	-	-		
Aggregate					1,756,368	843,879	5,101	10,616		
								10,288	24,969	2.43%

Notes:

- (1) AFIE Catastrophe XOL Reinsurance Program effective 7/1/2013 - 6/30/2014
- (2), (5) Premiums allocated according to AONBenfield Technical Pricing Method.
- (3), (4) RMS RiskLink v11.0 Long Term with Loss Amplification - Insurance in Force Jan 1, 2013.
- (6) = ((5)total - (4)total) / (b)

**Armed Forces Insurance Exchange
Homeowners HO6**

Arkansas

Net Cost of Reinsurance

2012 Countrywide Written Premium: 1,219,330 (a)
2012 Arkansas Written Premium: 4,410 (b)

	(1)	(2)	(3)	(4)	(5)	(6)				
<u>Layer</u>	<u>Limit</u>	<u>Retention</u>	<u>Current Cover</u>	<u>Countrywide 100% Rate Online</u>	<u>Countrywide Ceded Premium</u>	<u>Countrywide Expected Recoveries</u>	<u>Arkansas Expected Recoveries</u>	<u>Arkansas Estimated Ceded Premium</u>	<u>Arkansas Net Cost of Reinsurance</u>	
1	10,000,000	5,000,000	100.0%	32.0000%	22,894	18	-	11		
2	15,000,000	15,000,000	100.0%	15.0000%	20,087	7,107	4	11		
3	17,000,000	30,000,000	100.0%	8.0000%	16,268	4,531	3	10		
MRB	40,000,000	53,000,000	97.0%	5.0000%	6,621	2,306	1	3		
2nd/3rd Event					7,054	1,382	-	-		
Aggregate					21,337	10,252	25	3		
								33	39	0.14%

Notes:

- (1) AFIE Catastrophe XOL Reinsurance Program effective 7/1/2013 - 6/30/2014
- (2), (5) Premiums allocated according to AONBenfield Technical Pricing Method.
- (3), (4) RMS RiskLink v11.0 Long Term with Loss Amplification - Insurance in Force Jan 1, 2013.
- (6) = ((5)total - (4)total) / (b)

ARMED FORCES INSURANCE EXCHANGE

Arkansas
Homeowners - HO3

Permissible Loss Ratio Calculation

A. Actual Expenses*

Category	2010-2012 Total		2012 Results		2011 Results		2010 Results		2009 Results		2008 Results	
	Dollars	Ratio	Dollars	Ratio	Dollars	Ratio	Dollars	Ratio	Dollars	Ratio	Dollars	Ratio
(1) Direct Written Premiums	1,835,602		609,060		615,616		610,926		591,644		629,080	
(2) Direct Earned Premiums	1,846,608		623,519		616,519		606,570		602,863		639,483	
(3) Commissions (W)	36,166	2.00%	36,166	5.94%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
(4) Taxes, Licenses & Fees (W)	66,405	3.62%	22,213	3.65%	22,630	3.68%	21,562	3.53%	20,373	3.44%	21,127	3.36%
(5) Licenses & Fees Only (W)	12,215	0.67%	4,245	0.70%	4,941	0.80%	3,029	0.50%	2,657	0.45%	2,358	0.37%
(6) Taxes Only = (4) - (5)		2.95%		2.95%		2.87%		3.03%		2.99%		2.98%

B. Selected Expense Provisions

Category	Indicated Percentage	Selected Percentage	Fixed	Variable
(1) Commissions	5.9%	10.0%	0.0%	10.0%
(2) Other Acquisitions Expenses	7.5%	7.5%	7.5%	0.0%
(3) General Expenses	8.2%	8.2%	8.2%	0.0%
(4) Taxes	3.0%	3.0%	0.0%	3.0%
(5) Licenses & Fees	0.6%	0.6%	0.6%	0.0%
(6) Net Cost of Reinsurance	2.4%	2.4%	2.4%	0.0%
(7) Profit Provision Net of Investment Income	10.3%	10.3%	0.0%	10.3%
(8) Total	37.9%	42.0%	18.7%	23.3%
(9) Permissible Loss Ratio 100% - 37.9%	62.1%	58.0%	81.3%	76.7%

Notes:

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

ARMED FORCES INSURANCE EXCHANGE

**Arkansas
Homeowners - HO3**

Underwriting Profit and Contingencies Load

A. Estimated After-tax Investment Income on Unearned Premium and Loss Reserves 2.0%

B. Underwriting Profit Loading Provision

(1) Target After-tax Total Rate of Return as a Percent of Surplus	10.0%
(2) Expected Pre-tax Investment Income on Surplus	4.0%
(3) Estimated Effective Federal Tax Rate on Investment Income	27.5%
(4) Estimated After-tax Investment Income on Surplus	2.9%
(5) Required After-tax Return from Insurance Operations as a Percent of Surplus	7.1%
(6) Target Premium to Surplus Ratio	0.95
(7) Required After-tax Return from Insurance Operations as a Percent of Premium	7.5%
(8) Required After-tax Underwriting Profit Provision Net of Investment Income	5.5%
(9) Effective Tax Rate on Underwriting Profit	34.0%
(10) Pre-tax Underwriting Profit and Contingency Provision Net of Investment Income	10.3%

A	Exhibit 14, Page 3, line 12
B.2	Exhibit 14, Page 8, Section B
B.3	Exhibit 14, Page 8, Section A
B.4	$(B.2) \times (1 - (B.3))$
B.5	$(B.1) - (B.4)$
B.6	Exhibit 14, Page 7
B.7	$(B.5) / (B.6)$
B.8	$(B.7) - (A)$
B.10	$(B.8) / (1 - (B.9)) + 2.0\%$

Armed Forces Insurance Exchange
Arkansas
Homeowners (in 000's)
HO3
Estimated Investment Income on Unearned Premium and Loss Reserves

1	Direct premium earned Companywide 2012		59,366
2	MEAN UNEARNED PREMIUMS		
	a. Direct Companywide unearned @ 12/31/2012		30,912
	b. Direct Companywide unearned @ 12/31/2011		30,860
	c. Mean Unearned		30,886
3	DEDUCTION FOR DELAYED REMISSION		
	a. Direct companywide all lines Earned Premium 2012		80,375
	b. Direct agents' balances all lines @ 12/31/2012		7,557
	c. Direct agents' balances all lines @ 12/31/2011		8,123
	d. Mean Agents' balances all lines		7,840
	e. Ratio		0.0975
	f. Deduction for delayed remission		5,791
4	DEDUCTION FOR PREPAID EXPENSES		
	a. Net premium earned Companywide 2012		49,854
	b. Commission & brokerage		3,503
	c. 50% of other acquisition		2,226
	d. 50% of general expense		2,434
	e. Taxes licenses and fees		2,137
	f. Total prepaid expenses		10,300
	g. Ratio		0.2066
	h. Deduction for prepaid		6,381
5	NET SUBJECT TO INVESTMENT		18,714
6	EXPECTED INCURRED LOSS AT LOSS RATIO OF	58.0%	34,432
7	EXPECTED MEAN LOSS AND LAE RESERVES		
	a. Direct Companywide Loss & LAE reserve @ 12/31/2012		18,777
	b. Direct Companywide Loss & LAE reserve @ 12/31/2011		22,612
	c. Mean Loss & LAE reserve 2012		20,695
	d. Direct Companywide Incurred Loss & LAE 2012		49,119
	e. Ratio		0.421
	f. Direct Companywide Loss & LAE reserve @ 12/31/2011		22,612
	g. Direct Companywide Loss & LAE reserve @ 12/31/2010		19,643
	h. Mean Loss & LAE reserve 2011		21,128
	i. Direct Companywide incurred Loss & LAE 2011		53,879
	j. Ratio		0.392
	k. Average		0.407
	l. Expected mean Loss & LAE reserves		14,014
8	TOTAL SUBJECT TO INVESTMENT		32,728
9	PRE-TAX RATE OF RETURN		5.1%
10	Investment earnings on total available		1,654
11	Average rate of return as a % of earned premium		2.8%
12	After-tax rate of return as a % of earned premium @ 27.5% Effective Tax Rate		2.0%

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

ARMED FORCES INSURANCE EXCHANGE

Arkansas
Homeowners - HO6

Permissible Loss Ratio Calculation

A. Actual Expenses*

Category	2010-2012 Total		2012 Results		2011 Results		2010 Results		2009 Results		2008 Results	
	Dollars	Ratio	Dollars	Ratio	Dollars	Ratio	Dollars	Ratio	Dollars	Ratio	Dollars	Ratio
(1) Direct Written Premiums	1,835,602		609,060		615,616		610,926		591,644		629,080	
(2) Direct Earned Premiums	1,846,608		623,519		616,519		606,570		602,863		639,483	
(3) Commissions (W)	36,166	2.00%	36,166	5.94%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
(4) Taxes, Licenses & Fees (W)	66,405	3.62%	22,213	3.65%	22,630	3.68%	21,562	3.53%	20,373	3.44%	21,127	3.36%
(5) Licenses & Fees Only (W)	12,215	0.67%	4,245	0.70%	4,941	0.80%	3,029	0.50%	2,657	0.45%	2,358	0.37%
(6) Taxes Only = (4) - (5)		2.952%		2.95%		2.87%		3.03%		2.99%		2.98%

B. Selected Expense Provisions

Category	Indicated Percentage	Selected Percentage	Fixed	Variable
(1) Commissions	5.9%	10.0%	0.0%	10.0%
(2) Other Acquisitions Expenses	20.7%	20.7%	20.7%	0.0%
(3) General Expenses	22.7%	22.7%	22.7%	0.0%
(4) Taxes	3.0%	3.0%	0.0%	3.0%
(5) Licenses & Fees	1.8%	1.8%	1.8%	0.0%
(6) Net Cost of Reinsurance	0.1%	0.1%	0.1%	0.0%
(7) Profit Provision Net of Investment Income	10.9%	10.9%	0.0%	10.9%
(8) Total	65.1%	69.2%	45.3%	23.9%
(9) Permissible Loss Ratio 100% - 65.1%	34.9%	30.8%	54.7%	76.1%

Notes:

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

ARMED FORCES INSURANCE EXCHANGE

**Arkansas
Homeowners - HO6**

Underwriting Profit and Contingencies Load

A. Estimated After-tax Investment Income on Unearned Premium and Loss Reserves 1.6%

B. Underwriting Profit Loading Provision

(1) Target After-tax Total Rate of Return as a Percent of Surplus	10.0%
(2) Expected Pre-tax Investment Income on Surplus	4.0%
(3) Estimated Effective Federal Tax Rate on Investment Income	27.5%
(4) Estimated After-tax Investment Income on Surplus	2.9%
(5) Required After-tax Return from Insurance Operations as a Percent of Surplus	7.1%
(6) Target Premium to Surplus Ratio	0.95
(7) Required After-tax Return from Insurance Operations as a Percent of Premium	7.5%
(8) Required After-tax Underwriting Profit Provision Net of Investment Income	5.9%
(9) Effective Tax Rate on Underwriting Profit	34.0%
(10) Pre-tax Underwriting Profit and Contingency Provision Net of Investment Income	10.9%

A	Exhibit 14, Page 6, line 12
B.2	Exhibit 14, Page 8, Section B
B.3	Exhibit 14, Page 8, Section A
B.4	$(B.2) \times (1 - (B.3))$
B.5	$(B.1) - (B.4)$
B.6	Exhibit 14, Page 7
B.7	$(B.5) / (B.6)$
B.8	$(B.7) - (A)$
B.10	$(B.8) / (1 - (B.9)) + 2.0\%$

Armed Forces Insurance Exchange
Arkansas
Homeowners (in 000's)
HO6
Estimated Investment Income on Unearned Premium and Loss Reserves

1	Direct premium earned Companywide 2012		59,366
2	MEAN UNEARNED PREMIUMS		
	a. Direct Companywide unearned @ 12/31/2012		30,912
	b. Direct Companywide unearned @ 12/31/2011		30,860
	c. Mean Unearned		30,886
3	DEDUCTION FOR DELAYED REMISSION		
	a. Direct companywide all lines Earned Premium 2012		80,375
	b. Direct agents' balances all lines @ 12/31/2012		7,557
	c. Direct agents' balances all lines @ 12/31/2011		8,123
	d. Mean Agents' balances all lines		7,840
	e. Ratio		0.0975
	f. Deduction for delayed remission		5,791
4	DEDUCTION FOR PREPAID EXPENSES		
	a. Net premium earned Companywide 2012		49,854
	b. Commission & brokerage		3,503
	c. 50% of other acquisition		2,226
	d. 50% of general expense		2,434
	e. Taxes licenses and fees		2,137
	f. Total prepaid expenses		10,300
	g. Ratio		0.2066
	h. Deduction for prepaid		6,381
5	NET SUBJECT TO INVESTMENT		18,714
6	EXPECTED INCURRED LOSS AT LOSS RATIO OF	30.8%	18,285
7	EXPECTED MEAN LOSS AND LAE RESERVES		
	a. Direct Companywide Loss & LAE reserve @ 12/31/2012		18,777
	b. Direct Companywide Loss & LAE reserve @ 12/31/2011		22,612
	c. Mean Loss & LAE reserve 2012		20,695
	d. Direct Companywide Incurred Loss & LAE 2012		49,119
	e. Ratio		0.421
	f. Direct Companywide Loss & LAE reserve @ 12/31/2011		22,612
	g. Direct Companywide Loss & LAE reserve @ 12/31/2010		19,643
	h. Mean Loss & LAE reserve 2011		21,128
	i. Direct Companywide incurred Loss & LAE 2011		53,879
	j. Ratio		0.392
	k. Average		0.407
	l. Expected mean Loss & LAE reserves		7,442
8	TOTAL SUBJECT TO INVESTMENT		26,156
9	PRE-TAX RATE OF RETURN		5.1%
10	Investment earnings on total available		1,322
11	Average rate of return as a % of earned premium		2.2%
12	After-tax rate of return as a % of earned premium @ 27.5% Effective Tax Rate		1.6%

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

ARMED FORCES INSURANCE EXCHANGE

COUNTRYWIDE - ALL LINES

Premium to Surplus Ratio

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>Aggregate</u>
(1) Direct Written Premium All Lines (000'S)	\$ 79,078	\$ 81,671	\$ 80,783	241,532
(2) Net Written Premium All Lines (000'S)	\$ 64,866	\$ 71,526	\$ 67,386	203,778
(3) Surplus (000'S)	44,949	47,909	65,284	158,142
(4) Net WP/Surplus Ratio	1.44	1.49	1.03	1.29
(5) (Direct/Net) WP Ratio	1.22	1.14	1.2	1.19
		Targeted Net WP/Surplus Ratio:	0.80 (A)	
		Targeted Direct WP/Surplus Ratio:	0.95 (B) = (A) x (5)Aggregate	

Sources:

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

ARMED FORCES INSURANCE EXCHANGE

**Arkansas
Homeowners**

Expected Effective Tax Rate on Investment Income and Investment Income Yield

A. Effective Tax Rate on Investment Income*

	Years 2010 - 2012 (A)	Allocation (B)	Current Tax Rate** (C)	Total Tax (B) x (C) (D)
(1) U.S. government bonds	1,125,081	4.2%	34.0%	1.4%
(2) Tax exempt bonds	328,138	1.2%	5.1%	0.1%
(3) Other bonds	9,077,653	33.6%	34.0%	11.4%
(4) Preferred Stocks	795,271	2.9%	13.8%	0.4%
(5) Common Stocks	7,564,515	28.0%	13.8%	3.9%
(6) Cash and short-term investments	62,123	0.2%	34.0%	0.1%
(7) Net Realized Capital Gains	8,073,312	29.9%	34.0%	10.2%
(8) Total	27,026,092	100.0%		27.5%

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

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

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

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

	Pre-tax Percentage of Average Invested Assets		
	Net Investment Income	Net Realized Capital Gains	Total
2003	2.8%	5.9%	8.7%
2004	2.5%	2.4%	4.9%
2005	2.6%	1.2%	3.8%
2006	2.6%	1.3%	3.9%
2007	2.9%	2.1%	4.9%
2008	2.9%	-5.7%	-2.8%
2009	3.8%	0.9%	4.8%
2010	5.6%	0.8%	6.4%
2011	5.7%	1.9%	7.7%
2012	4.0%	4.2%	8.1%
10 yr Average	3.5%	1.5%	5.1%
10 yr Ex. HI/LOW Average	3.4%	1.9%	5.6%
		Selected	5.1%

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

ARMED FORCES INSURANCE EXCHANGE**Arkansas
Homeowners****Prior Filing Previsions**

<u>Category</u>	<u>HO3</u>	<u>HO6</u>
(1) Variable Expenses (including Profit & Contingencies)	10.4%	11.5%

**Armed Forces Insurance Exchange
Net Trend Calculation
Arkansas
HO3**

	(1)	(2)	(3)	(4)	(5)	(6)
Accident Year Ending	Earned Premium	Earned Exposures	On-Level Earned Premium	Premium Trend Factor	Projected Earned Premium @CRL	Projected Average Earned Premium @CRL
12/31/2003	499,726	725	945,532	1.183	1,118,565	1,543.67
12/31/2004	580,046	698	945,793	1.139	1,077,259	
12/31/2005	665,876	643	909,010	1.091	991,730	
12/31/2006	687,200	608	891,466	1.053	938,714	
12/31/2007	660,938	548	850,296	0.995	846,045	
12/31/2008	634,698	496	816,539	0.938	765,914	
12/31/2009	596,998	456	768,038	0.916	703,523	
12/31/2010	600,125	455	772,060	0.911	703,347	
12/31/2011	611,272	461	774,430	0.918	710,927	
12/31/2012	618,124	444	728,296	0.941	685,327	
Total	6,155,003	5,533	8,401,463		8,541,350	

	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
Accident Year Ending	Incurred Loss & ALAE	Ultimate Incurred Loss & ALAE	Loss Trend Factor	Trended Loss & LAE Ex. CAT	Trended Loss & LAE Ex. CAT Loss Ratio	Non-Modeled Expected CAT Loss & LAE	Non-Modeled Expected CAT Loss Ratio	Modeled De-Trended Expected CAT Loss & LAE	Modeled De-Trended Expected CAT Loss Ratio	5 YR Experience Year Weights
12/31/2003	147,726	147,726	1.490	230,113	20.6%	155,522	13.9%	15,191	1.4%	
12/31/2004	102,550	102,550	1.405	150,629	14.0%	149,731	13.9%	14,625	1.4%	
12/31/2005	134,914	134,914	1.323	186,601	18.8%	137,946	13.9%	13,474	1.4%	
12/31/2006	131,555	131,555	1.247	171,503	18.3%	130,483	13.9%	12,745	1.4%	
12/31/2007	366,938	367,107	1.176	451,333	53.3%	117,565	13.9%	11,483	1.4%	
12/31/2008	236,617	236,735	1.107	273,973	35.8%	106,449	13.9%	10,398	1.4%	10.0%
12/31/2009	589,504	590,683	1.044	644,693	91.6%	97,854	13.9%	9,558	1.4%	15.0%
12/31/2010	471,052	492,427	0.984	506,565	72.0%	97,717	13.9%	9,545	1.4%	20.0%
12/31/2011	239,120	255,752	0.927	247,854	34.9%	98,922	13.9%	9,663	1.4%	25.0%
12/31/2012	176,958	188,489	0.874	172,224	25.1%	95,308	13.9%	9,308	1.4%	30.0%
Total	2,596,934	2,647,938		3,035,488		1,187,497		115,991		100.0%

- Net Trend Period 1.13 (17)
 - 5 Year Weighted Trended Loss & LAE Ex Cat Loss Ratio 48.0% (18)
 - AR Projected Loss Ratio Trend Factor 0.972 (19)
 - 5 Year Weighted Non-Modeled Expected CAT Loss & LAE Loss Ratio 13.9% (20)
 - 5 Year Weighted Modeled De-Trended Expected CAT Loss & LAE Loss Ratio 1.4% (21)
 - AR Expected CAT Loss & LAE Projected Loss Ratio Trend Factor 1.023 (22)
 - AR Fixed Expense Ratio 18.7% (23)
 - AR Net Cost of Reinsurance Expense Ratio 2.4% (24)
 - AR Fixed Expense excl. Net Cost of Reinsurance Ratio 16.3% (25)
 - AR Projected Fixed Expense excl. Net Cost of Reinsurance Trend 1.046 (26)
 - AR Net Trend** 16.4% (27)
- (1) Exhibit 2
 (2) Exhibit 3
 (3) Exhibit 2
 (4) Exhibit 3
 (5) (3) x (4)
 (6) (5)total / (2)total
 (7) Exhibit 5
 (8) Exhibit 5
 (9) Exhibit 6
 (10) (8) x (9) x (1 + ULAE Factor (Exhibit 9))
 (11) (10) / (5)
 (12) (Non Modeled Loss Exh 7 - Pg 1) x (1 + CAT ALAE Factor (Exh 8)) x (1 + ULAE Factor (Exh 9))
 (13) (12) / (5)
 (14) (Exh 7-Pg 3 + Exh 7-Pg 4 + Exh 7-Pg 5) x (1 + CAT ALAE Factor (Exh 8)) x (1 + ULAE Factor (Exh 9))
 (15) (14) / (5)
 (16) ISO Weights
 (17) Difference between the effective date underlying the current rates and the effective date underlying the proposed rate (years)
 (18) (11) weighted using (16)
 (19) (1+Prosp. Loss Trend (Exh 6)) / (1 + Prospective Premium Trend (Exh 3))^(17)
 (20) (13) weighted using (16)
 (21) (15) weighted using (16)
 (22) (1+Prosp AOI Trend (Exh 4)) / (1 + Prospective Premium Trend (Exh 3))^(17)
 (23) Exh 14 - Pg 1
 (24) Net Cost of Reinsurance Expense Ratio (Exh 14 - Pg 1)
 (25) (23) - (24)
 (26) (1+Prospective Fixed Expense Trend (Exh 11)) / (1 + Prospective Premium Trend (Exh 3))^(17)
 (27) (1+((18)+(20)+(21)+(23)) / ((18)/(19)+(20)/(22)+(21)/(22)+(24)+(25)/(26))) * ((1 + Exh 14 - Pg 9) / (1 - Exh 14 Pg 1)) - 1

**Adjusted to change in variable expenses

**Armed Forces Insurance Exchange
Net Trend Calculation
Arkansas
HO6**

	(1)	(2)	(3)	(4)	(5)	(6)	
Accident Year Ending	Earned Premium	Earned Exposures	On-Level Earned Premium	Premium Trend Factor	Projected Earned Premium @CRL	Projected Average Earned Premium @CRL	
12/31/2003	1,625	7	1,549	2,524	3,910	555.97	
12/31/2004	2,743	8	2,614	1,694	4,429		
12/31/2005	1,957	8	1,865	2,301	4,292		
12/31/2006	2,950	9	2,811	1,852	5,207		
12/31/2007	4,246	10	4,047	1,353	5,475		
12/31/2008	4,039	8	3,850	1,218	4,689		
12/31/2009	5,091	10	4,852	1,109	5,381		
12/31/2010	6,427	12	6,126	1,082	6,628		
12/31/2011	5,775	11	5,545	1,061	5,883		
12/31/2012	5,434	10	5,408	1,030	5,570		
Total	40,287	93	38,667		51,464		

Accident Year Ending	(7) Incurred Loss & ALAE	(8) Ultimate Incurred Loss & ALAE	(9) Loss Trend Factor	(10) Trended Loss & LAE Ex. CAT	(11) Trended Loss & LAE Ex. CAT Loss Ratio	(12) Non-Modeled Expected CAT Loss & LAE	(13) Non-Modeled Expected CAT Loss & LAE Loss Ratio	(14) Modeled De-Trended Expected CAT Loss & LAE	(15) Modeled De-Trended Expected CAT Loss & LAE Loss Ratio	(16) 5 YR Experience Year Weights
12/31/2003	-	-	0.870	-	0.0%	-	0.0%	15	0.4%	
12/31/2004	1,683	1,683	0.892	1,570	35.4%	-	0.0%	17	0.4%	
12/31/2005	-	-	0.916	-	0.0%	-	0.0%	17	0.4%	
12/31/2006	-	-	0.939	-	0.0%	-	0.0%	20	0.4%	
12/31/2007	1,203	1,203	0.963	1,212	22.1%	-	0.0%	21	0.4%	
12/31/2008	725	725	0.988	748	16.0%	-	0.0%	18	0.4%	10.0%
12/31/2009	-	-	1.013	-	0.0%	-	0.0%	20	0.4%	15.0%
12/31/2010	-	-	1.039	-	0.0%	-	0.0%	26	0.4%	20.0%
12/31/2011	6,123	6,191	1.066	6,899	117.3%	-	0.0%	22	0.4%	25.0%
12/31/2012	1,096	3,193	1.093	3,648	65.5%	-	0.0%	21	0.4%	30.0%
Total	10,831	12,995		14,077		-		197		100.0%

	Net Trend Period	1.13	(17)
	5 Year Weighted Trended Loss & LAE Ex Cat Loss Ratio	50.6%	(18)
	AR Projected Loss Ratio Trend Factor	1.022	(19)
	5 Year Weighted Non-Modeled Expected CAT Loss & LAE Loss Ratio	0.0%	(20)
	5 Year Weighted Modeled De-Trended Expected CAT Loss & LAE Loss Ratio	0.4%	(21)
	AR Expected CAT Loss & LAE Projected Loss Ratio Trend Factor	1.000	(22)
(1) Exhibit 2	AR Fixed Expense Ratio	45.3%	(23)
(2) Exhibit 3			
(3) Exhibit 2	AR Net Cost of Reinsurance Expense Ratio	0.1%	(24)
(4) Exhibit 3			
(5) (3) x (4)	AR Fixed Expense excl. Net Cost of Reinsurance Ratio	45.2%	(25)
(6) (5)/total / (2)total			
(7) Exhibit 5	AR Projected Fixed Expense excl. Net Cost of Reinsurance Trend	1.011	(26)
(8) Exhibit 5			
(9) Exhibit 6	AR Net Trend**	18.3%	(27)
(10) (8) x (9) x (1 + ULAE Factor (Exhibit 9))			
(11) (10) / (5)			
(12) (Non Modeled Loss Exh 7 - Pg 2) x (1 + CAT ALAE Factor (Exh 8)) x (1 + ULAE Factor (Exh 9))			
(13) (12) / (5)			
(14) (Exh 7-Pg 3 + Exh 7-Pg 4 + Exh 7-Pg 5) x (1 + CAT ALAE Factor (Exh 8)) x (1 + ULAE Factor (Exh 9))			
(15) (14) / (5)			
(16) ISO Weights			
(17) Difference between the effective date underlying the current rates and the effective date underlying the proposed rate (years)			
(18) (11) weighted using (16)			
(19) (1+Prosp. Loss Trend (Exh 6)) / (1 + Prospective Premium Trend (Exh 3))^(17)			
(20) (13) weighted using (16)			
(21) (15) weighted using (16)			
(22) (1+Prosp AOI Trend (Exh 4)) / (1 + Prospective Premium Trend (Exh 3))^(17)			
(23) Exh 14 - Pg 4			
(24) Net Cost of Reinsurance Expense Ratio (Exh 14 - Pg 4)			
(25) (23) - (24)			
(26) (1+Prospective Fixed Expense Trend (Exh 11)) / (1 + Prospective Premium Trend (Exh 3))^(17)			
(27) (1+((18)+(20)+(21)+(23)) / ((18)/(19)+(20)/(22)+(21)/(22)+(24)+(25)/(26))) * ((1 + Exh 14 - Pg 9) / (1 - Exh 14 Pg 4)) - 1			

**Adjusted to change in variable expenses

**Armed Forces Insurance Exchange
Rate Level Indication
Arkansas
HO3**

	(1)	(2)	(3)	(4)	(5)	(6)
Accident Year Ending	Earned Premium	Earned Exposures	On-Level Earned Premium	Premium Trend Factor	Projected Earned Premium @CRL	Projected Average Earned Premium @CRL
12/31/2003	499,726	725	945,532	1.183	1,118,565	1,543.67
12/31/2004	580,046	698	945,793	1.139	1,077,259	
12/31/2005	665,876	643	909,010	1.091	991,730	
12/31/2006	687,200	608	891,466	1.053	938,714	
12/31/2007	660,938	548	850,296	0.995	846,045	
12/31/2008	634,698	496	816,539	0.938	765,914	
12/31/2009	596,998	456	768,038	0.916	703,523	
12/31/2010	600,125	455	772,060	0.911	703,347	
12/31/2011	611,272	461	774,430	0.918	710,927	
12/31/2012	618,124	444	728,296	0.941	685,327	
Total	6,155,003	5,533	8,401,463		8,541,350	

	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
Accident Year Ending	Incurred Loss & ALAE	Ultimate Incurred Loss & ALAE	Loss Trend Factor	Trended Loss & ALAE Ex. CAT	Non-Modeled Expected CAT Loss	Modeled De-Trended Expected CAT Loss	Expected CAT Loss & ALAE	Total Projected Loss & LAE	Total Projected Loss & LAE Ratio	5 YR Experience Year Weights
12/31/2003	147,726	147,726	1.490	220,112	139,007	13,578	163,293	400,825	35.8%	
12/31/2004	102,550	102,550	1.405	144,083	133,832	13,072	157,213	314,985	29.2%	
12/31/2005	134,914	134,914	1.323	178,491	123,297	12,043	144,838	338,021	34.1%	
12/31/2006	131,555	131,555	1.247	164,049	116,628	11,392	137,004	314,731	33.5%	
12/31/2007	366,938	367,107	1.176	431,717	105,081	10,264	123,440	580,382	68.6%	
12/31/2008	236,617	236,735	1.107	262,066	95,146	9,294	111,769	390,820	51.0%	10.0%
12/31/2009	589,504	590,683	1.044	616,673	87,463	8,543	102,744	752,105	106.9%	15.0%
12/31/2010	471,052	492,427	0.984	484,549	87,340	8,531	102,600	613,826	87.3%	20.0%
12/31/2011	239,120	255,752	0.927	237,082	88,418	8,637	103,866	356,439	50.1%	25.0%
12/31/2012	176,958	188,489	0.874	164,739	85,187	8,320	100,069	276,840	40.4%	30.0%
Total	2,596,934	2,647,938		2,903,561	1,061,399	103,674	1,246,836	4,338,975		100.0%

Experience Year Weighted Loss & LAE Ratio:	63.2%	(17)
Arkansas Modeled CAT Loss & LAE Ratio:	1.4%	(18)
Arkansas Fixed Expense Ratio:	18.7%	(19)
Arkansas Variable Expense Ratio:	23.3%	(20)
Arkansas Indicated Rate Change:	6.8%	(21)
Credibility:	24.0%	(22)
Arkansas Net Trend:	16.4%	(23)
Credibility Weighted Indicated Rate Change:	14.1%	(24)
Proposed Rate Level Change:	9.2%	(25)

- (1) Exhibit 2
- (2) Exhibit 3
- (3) Exhibit 2
- (4) Exhibit 3
- (5) (3) x (4)
- (6) (5)total / (2)total
- (7) Exhibit 5
- (8) Exhibit 5
- (9) Exhibit 6
- (10) (8) x (9)
- (11) Exhibit 7 - Page 1
- (12) Exhibit 7 - Page 3 + Exhibit 7 - Page 4 + Exhibit 7 - Page 5
- (13) ((11) + (12)) x (1 + CAT ALAE Factor (Exhibit 8))
- (14) ((10) + (13)) x (1 + ULAE Factor (Exhibit 9))
- (15) (14) / (5)
- (16) ISO Weights
- (17) (15) weighted using (16)
- (18) Exhibit 15 - Page 1
- (19) Exhibit 14 - Page 1
- (20) Exhibit 14 - Page 1
- (21) ((18)+(20))/((1-(21)))
- (22) Exhibit 10
- (23) Exhibit 15
- (24) Max(((23) x (25)) + (27) x (1-(25)),(((20) + (21) + ((18) - (20)) * (25)) / (1 - (22))))

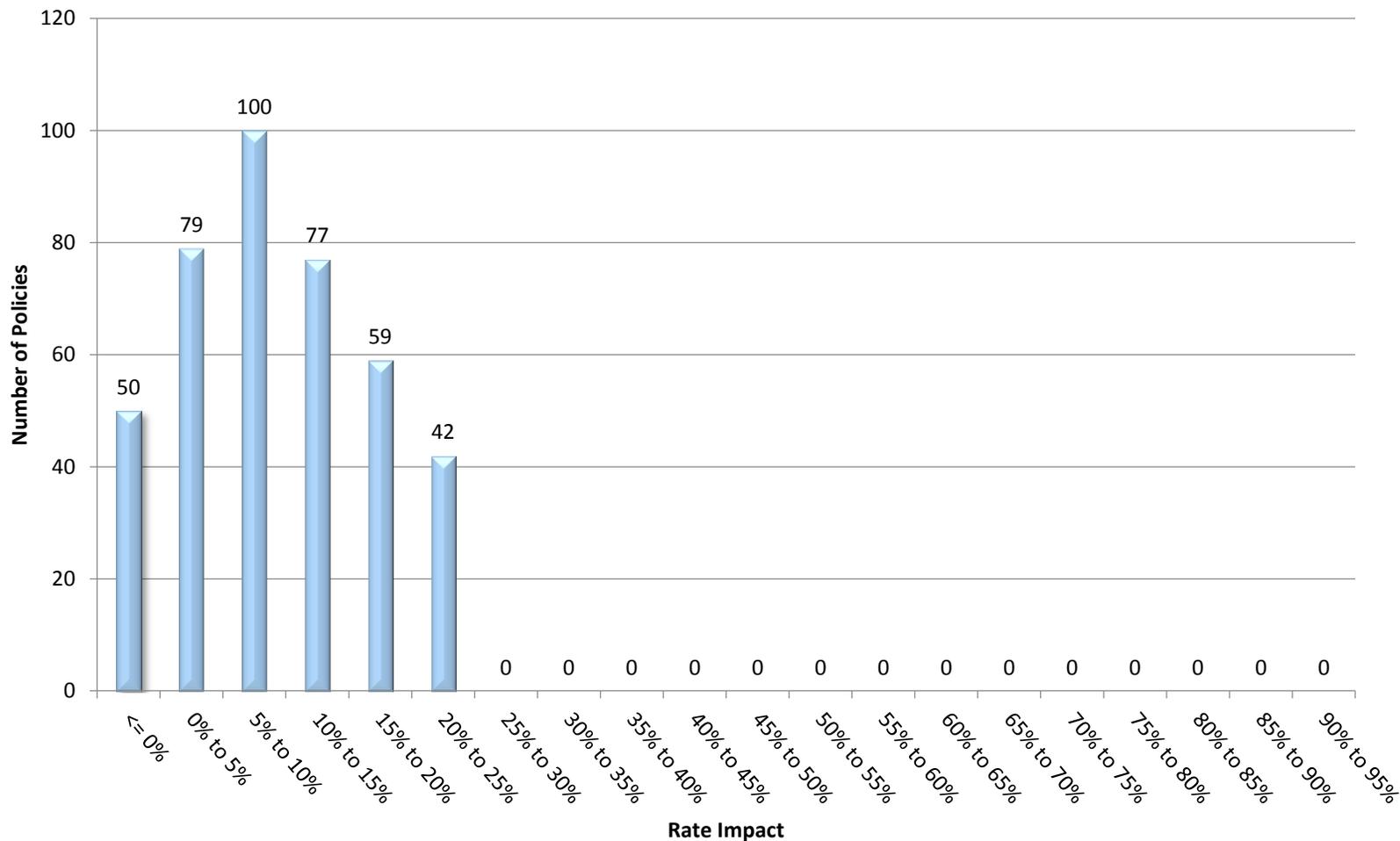
**Armed Forces Insurance Exchange
Rate Level Indication
Arkansas
HO6**

	(1)	(2)	(3)	(4)	(5)	(6)
Accident Year Ending	Earned Premium	Earned Exposures	On-Level Earned Premium	Premium Trend Factor	Projected Earned Premium @CRL	Projected Average Earned Premium @CRL
12/31/2003	1,625	7	1,549	2.524	3,910	555.97
12/31/2004	2,743	8	2,614	1.694	4,429	
12/31/2005	1,957	8	1,865	2.301	4,292	
12/31/2006	2,950	9	2,811	1.852	5,207	
12/31/2007	4,246	10	4,047	1.353	5,475	
12/31/2008	4,039	8	3,850	1.218	4,689	
12/31/2009	5,091	10	4,852	1.109	5,381	
12/31/2010	6,427	12	6,126	1.082	6,628	
12/31/2011	5,775	11	5,545	1.061	5,883	
12/31/2012	5,434	10	5,408	1.030	5,570	
Total	40,287	93	38,667		51,464	

	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
Accident Year Ending	Incurred Loss & ALAE	Ultimate Incurred Loss & ALAE	Loss Trend Factor	Trended Loss & ALAE Ex. CAT	Non-Modeled Expected CAT Loss	Modeled De-Trended Expected CAT Loss	Expected CAT Loss & ALAE	Total Projected Loss & LAE	Total Projected Loss & LAE Ratio	5 YR Experience Year Weights
12/31/2003	-	-	0.870	-	-	13	14	15	0.4%	
12/31/2004	1,683	1,683	0.892	1,502	-	15	16	1,587	35.8%	
12/31/2005	-	-	0.916	-	-	15	16	17	0.4%	
12/31/2006	-	-	0.939	-	-	18	19	20	0.4%	
12/31/2007	1,203	1,203	0.963	1,159	-	19	20	1,233	22.5%	
12/31/2008	725	725	0.988	716	-	16	17	766	16.3%	10.0%
12/31/2009	-	-	1.013	-	-	18	19	20	0.4%	15.0%
12/31/2010	-	-	1.039	-	-	23	25	26	0.4%	20.0%
12/31/2011	6,123	6,191	1.066	6,599	-	20	21	6,922	117.6%	25.0%
12/31/2012	1,096	3,193	1.093	3,490	-	19	20	3,669	65.9%	30.0%
Total	10,831	12,995		13,465	-	176	188	14,274		100.0%

	Experience Year Weighted Loss & LAE Ratio:	50.9%	(17)
(1) Exhibit 2	Arkansas Modeled CAT Loss & LAE Ratio:	0.4%	(18)
(2) Exhibit 3	Arkansas Fixed Expense Ratio:	45.3%	(19)
(3) Exhibit 2	Arkansas Variable Expense Ratio:	23.9%	(20)
(4) Exhibit 3	Arkansas Indicated Rate Change:	26.4%	(21)
(5) (3) x (4)	Credibility:	4.0%	(22)
(6) (5)total / (2)total	Arkansas Net Trend:	18.3%	(23)
(7) Exhibit 5	Credibility Weighted Indicated Rate Change:	18.6%	(24)
(8) Exhibit 5	Proposed Rate Level Change:	6.4%	(25)
(9) Exhibit 6			
(10) (8) x (9)			
(11) Exhibit 7 - Page 2			
(12) Exhibit 7 - Page 3 + Exhibit 7 - Page 4 + Exhibit 7 - Page 5			
(13) ((11) + (12)) x (1 + CAT ALAE Factor (Exhibit 8))			
(14) ((10) + (13)) x (1 + ULAE Factor (Exhibit 9))			
(15) (14) / (5)			
(16) ISO Weights			
(17) (15) weighted using (16)			
(18) Exhibit 15 - Page 2			
(19) Exhibit 14 - Page 4			
(20) Exhibit 14 - Page 4			
(21) ((18)+(20))/((1-(21)))			
(22) Exhibit 10			
(23) Exhibit 15			
(24) Max(((23) x (25)) + (27) x (1-(25))),(((20) + (21) + ((18) - (20)) * (25)) / (1 - (22))))			

Exhibit B
Arkansas HO-3
Rate Change Histogram



Armed Forces Insurance Exchange

Home Systems Protection Coverage and Service Line Coverage Rate Filing Support

The Armed Forces Insurance Exchange (AFIE) is proposing to introduce Home Systems Protection coverage and Service Line coverage (Equipment Breakdown coverage). These rates were developed in conjunction with The Hartford Steam Boiler Inspection and Insurance Company (HSB). HSB will reinsure 100% of our Equipment Breakdown exposure.

The premiums for these coverages were developed as follows:

	I. Loss Cost	II. Expense Provision			III. LCM	IV. Total Premium
		HSB	AFIE	Total		
Service Line Coverage	10.12	32.5	30.0	62.5	2.667	26.99
Home Systems Protection	4.83	32.5	30.0	62.5	2.667	12.88

NOTES:

I. Loss Cost

The Coverage A & B Loss Cost was calculated using HSB's Equipment Breakdown for Homeowners experience for Calendar Years 2008 – 2012. The proposed premium was developed using countrywide experience for similarly situated books.

The Service Line Loss Cost was developed based on an American Water Works Association Survey, US Census Data, Construction Industry data and expert elicitation.

II. Expense Provisions

The proposed premium was developed using the expense load for both HSB and AFIE.

III. LCM

The LCM was calculated using the following formula:

$$1/(1-(\text{Total Expense and Profit Load}/100))$$

IV. Total Premium

The total premium is the Loss Cost (I.) x the LCM (III.).

Summary

We selected \$39 as our combined charge for Service Line Coverage and Home Systems Protection for ease of marketability of this packaged product.

EARTHQUAKE PERCENTAGE CHANGES

5% Deductible

Table A – FRAME *

	(A)	(C)	(D)	(E)	(F)	(G)
Territory	HO 00 02, HO 00 03 & HO 00 03 w/15	HO 00 06	HO 00 02, HO 00 03 & HO 00 03 w/15 Increased Coverage C	HO 00 06 Basic and Increased Coverage A	Increased Coverage D	Building or Non- Building Structure Items
21	17.2%	16.9%	17.4%	17.9%	18.2%	17.8%
22	17.9%	16.9%	17.4%	16.9%	18.5%	18.2%
23	18.2%	18.5%	18.2%	18.5%	16.7%	18.2%
24	17.4%	17.4%	17.5%	18.5%	17.1%	17.2%
25	18.2%	15.8%	17.6%	15.8%	18.8%	17.4%
26	16.1%	11.8%	15.0%	11.8%	21.4%	17.4%
27	21.4%	20.0%	11.1%	18.2%	12.5%	20.0%

Table B – MASONRY *

	(A)	(C)	(D)	(E)	(F)	(G)
Territory	HO 00 02, HO 00 03 & HO 00 03 w/15	HO 00 06	HO 00 02, HO 00 03 & HO 00 03 w/15 Increased Coverage C	HO 00 06 Basic and Increased Coverage A	Increased Coverage D	Building or Non- Building Structure Items
21	17.0%	18.2%	16.4%	17.9%	15.9%	16.3%
22	17.0%	18.2%	16.4%	17.9%	15.9%	16.3%
23	17.0%	18.2%	16.4%	17.9%	15.9%	16.3%
24	17.0%	18.2%	16.4%	17.9%	15.9%	16.3%
25	17.3%	17.6%	16.4%	16.9%	17.5%	18.5%
26	15.9%	15.8%	17.5%	17.5%	20.0%	19.4%
27	15.4%	14.3%	20.8%	14.3%	19.0%	18.2%

Table C – SUPERIOR

	(A)	(C)	(D)	(E)	(F)	(G)
Territory	HO 00 02, HO 00 03 & HO 00 03 w/15	HO 00 06	HO 00 02, HO 00 03 & HO 00 03 w/15 Increased Coverage C	HO 00 06 Basic and Increased Coverage A	Increased Coverage D	Building or Non- Building Structure Items
21	17.5%	16.4%	17.4%	17.4%	16.9%	18.2%
22	17.5%	16.4%	17.4%	17.4%	16.9%	18.2%
23	17.5%	16.4%	17.4%	17.4%	16.9%	18.2%
24	17.1%	18.5%	17.4%	16.7%	18.2%	17.2%
25	17.1%	16.7%	18.2%	16.9%	18.2%	17.5%
26	16.7%	17.2%	20.0%	17.6%	20.0%	14.8%
27	21.4%	14.3%	11.1%	12.5%	11.1%	11.1%

10% Deductible

Table A – FRAME *

	(A)	(C)	(D)	(E)	(F)	(G)
Territory	HO 00 02, HO 00 03 & HO 00 03 w/15	HO 00 06	HO 00 02, HO 00 03 & HO 00 03 w/15 Increased Coverage C	HO 00 06 Basic and Increased Coverage A	Increased Coverage D	Building or Non- Building Structure Items
21	17.6%	17.3%	18.2%	17.6%	18.2%	17.8%
22	17.9%	16.3%	18.6%	17.2%	18.5%	18.5%
23	16.7%	17.8%	17.1%	16.4%	16.7%	18.5%
24	17.1%	17.5%	15.8%	16.3%	17.1%	16.4%
25	17.5%	16.7%	16.7%	18.8%	18.8%	18.6%
26	20.0%	23.1%	20.0%	23.1%	21.4%	15.0%
27	16.7%	11.1%	12.5%	11.1%	14.3%	12.5%

Table B – MASONRY *

	(A)	(C)	(D)	(E)	(F)	(G)
Territory	HO 00 02, HO 00 03 & HO 00 03 w/15	HO 00 06	HO 00 02, HO 00 03 & HO 00 03 w/15 Increased Coverage C	HO 00 06 Basic and Increased Coverage A	Increased Coverage D	Building or Non- Building Structure Items
21	17.2%	15.9%	17.9%	16.7%	15.9%	17.9%
22	17.2%	15.9%	17.9%	16.7%	15.9%	17.9%
23	17.2%	15.9%	17.9%	16.7%	15.9%	17.9%
24	17.2%	15.9%	17.9%	16.7%	15.9%	17.9%
25	17.0%	17.5%	17.9%	17.6%	17.5%	17.5%
26	16.7%	18.8%	20.0%	20.0%	20.0%	20.0%
27	17.6%	20.8%	19.0%	20.0%	19.0%	19.0%

Table C – SUPERIOR

	(A)	(C)	(D)	(E)	(F)	(G)
Territory	HO 00 02, HO 00 03 & HO 00 03 w/15	HO 00 06	HO 00 02, HO 00 03 & HO 00 03 w/15 Increased Coverage C	HO 00 06 Basic and Increased Coverage A	Increased Coverage D	Building or Non- Building Structure Items
21	17.4%	18.5%	17.8%	17.1%	16.9%	18.5%
22	17.4%	18.5%	17.8%	17.1%	16.9%	18.5%
23	17.4%	18.5%	17.8%	17.1%	16.9%	18.5%
24	18.2%	17.4%	16.7%	18.5%	18.5%	17.5%
25	16.7%	15.4%	16.7%	17.0%	18.2%	15.8%
26	17.1%	20.8%	18.2%	16.7%	20.8%	20.0%
27	23.1%	0.0%	12.5%	14.3%	12.5%	12.5%

Text Comparison

Documents Compared

HO-E-19 AFI thru HO-E-21 AFI (prior).pdf - Adobe Acrobat Professional

HO-E-19 AFI thru HO-E-21 AFI.pdf - Adobe Acrobat Professional

Summary

28 word(s) added

10 word(s) deleted

830 word(s) matched

4 block(s) matched

To see where the changes are, scroll down.

ARMED FORCES INSURANCE EXCHANGE

ARKANSAS (03)

ADDITIONS TO THE HOMEOWNERS POLICY PROGRAM MANUAL EXCEPTION PAGE (CONT)

ADDITIONAL RULE(S) (CONT)

**** HOME SYSTEMS PROTECTION AND SERVICE LINE COVERAGE – ALL FORMS EXCEPT HO 00 06

A. Coverage Description

All policy forms except HO 00 06 are automatically supplemented, by endorsement, to provide home systems protection and service line coverage.

1. Home Systems Protection

a. Damage to “Covered Home Equipment”

Coverage is provided for the sudden and accidental mechanical breakdown, electrical breakdown, bursting, cracking, or splitting of permanently installed property insured under Coverage **A** – Dwelling or Coverage **B** – Other Structures that:

- 1) generates, transmits, or utilizes energy, or
- 2) operates under vacuum or pressure, during normal usage, other than the weight of its own contents.

b. Environmental, Safety and Efficiency Improvements

If “covered home equipment” requires replacement due to a “home system breakdown”, coverage is extended to pay for replacement equipment that is better for the environment, safer for people, or more energy or water efficient than the damaged equipment.

This extension of coverage, which is limited to not more than 150% of the cost to replace with equipment of like kind and quality, does not apply to component parts or property subject to actual cash value. It also does not cover any costs associated with increased equipment size or capacity.

c. Expediting Expenses

Coverage is provided for any extra costs to make temporary repairs, or to expedite permanent repairs or replacement.

d. Spoilage

\$500 of coverage is available, for any “one home system breakdown”, to pay for:

- 1) Physical damage of refrigerated property due to spoilage that is the result of a “home system breakdown”, and
- 2) Any expenses incurred to reduce the amount of loss under this coverage.

e. Loss of Use

Coverage **D** – Loss of Use is extended, within the Home Systems Protection limit of liability, to this coverage.

ADDITIONS TO THE HOMEOWNERS POLICY PROGRAM MANUAL EXCEPTION PAGE (CONT)

ADDITIONAL RULE(S) (CONT)

**** HOME SYSTEMS PROTECTION AND SERVICE LINE COVERAGE – ALL FORMS EXCEPT HO 00 06

A. Coverage Description

All policy forms except HO 00 06 are automatically supplemented, by endorsement, to provide home systems protection and service line coverage. However, an insured with a policy issued prior to 11 August 2014 may opt per a written request to have the endorsement removed from the policy.

1. Home Systems Protection

a. Damage to “Covered Home Equipment”

Coverage is provided for the sudden and accidental mechanical breakdown, electrical breakdown, bursting, cracking, or splitting of permanently installed property insured under Coverage **A** – Dwelling or Coverage **B** – Other Structures that:

- 1) generates, transmits, or utilizes energy, or
- 2) operates under vacuum or pressure, during normal usage, other than the weight of its own contents.

b. Environmental, Safety and Efficiency Improvements

If “covered home equipment” requires replacement due to a “home system breakdown”, coverage is extended to pay for replacement equipment that is better for the environment, safer for people, or more energy or water efficient than the damaged equipment.

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\$500 of coverage is available, for any “one home system breakdown”, to pay for:

- 1) Physical damage of refrigerated property due to spoilage that is the result of a “home system breakdown”, and
- 2) Any expenses incurred to reduce the amount of loss under this coverage.

e. Loss of Use

Coverage **D** – Loss of Use is extended, within the Home Systems Protection limit of liability, to this coverage.

ARMED FORCES INSURANCE EXCHANGE

ARKANSAS (03)

ADDITIONS TO THE HOMEOWNERS POLICY PROGRAM MANUAL EXCEPTION PAGE (CONT)

ADDITIONAL RULE(S) (CONT)

**** HOME SYSTEMS PROTECTION AND SERVICE LINE COVERAGE – ALL FORMS EXCEPT HO 00 06 (CONT)

B. Limits of Liability

1. Home Systems Protection

Up to \$50,000 of coverage is provided for loss, damage, or expense arising from any “one home system breakdown”, subject to a \$500 deductible.

2. Service Line Coverage

Up to \$10,000 of coverage is provided for loss, damage, or expense arising from any “one service line failure”, subject to a \$500 deductible.

C. Premium

Refer to rate pages for the additional charge.

D. Endorsement

1. Home Systems Protection and Service Line Coverage Endorsement HO AF ~~14 is attached to all policies except HO 00 06.~~

2. This endorsement provides complete details on coverages, definitions, exclusions, and additional policy conditions applicable to this coverage.

ARMED FORCES INSURANCE EXCHANGE

ARKANSAS (03)

ADDITIONS TO THE HOMEOWNERS POLICY PROGRAM MANUAL EXCEPTION PAGE (CONT)

ADDITIONAL RULE(S) (CONT)

**** HOME SYSTEMS PROTECTION AND SERVICE LINE COVERAGE – ALL FORMS EXCEPT HO 00 06 (CONT)

B. Limits of Liability

1. Home Systems Protection

Up to \$50,000 of coverage is provided for loss, damage, or expense arising from any “one home system breakdown”, subject to a \$500 deductible.

2. Service Line Coverage

Up to \$10,000 of coverage is provided for loss, damage, or expense arising from any “one service line failure”, subject to a \$500 deductible.

C. Premium

Refer to rate pages for the additional charge.

D. Endorsement

1. Use Home Systems Protection and Service Line Coverage Endorsement HO AF 14.
2. This endorsement provides complete details on coverages, definitions, exclusions, and additional policy conditions applicable to this coverage.

State: Arkansas

Filing Company:

Armed Forces Insurance Exchange

TOI/Sub-TOI: 04.0 Homeowners/04.0000 Homeowners Sub-TOI Combinations

Product Name: Homeowner

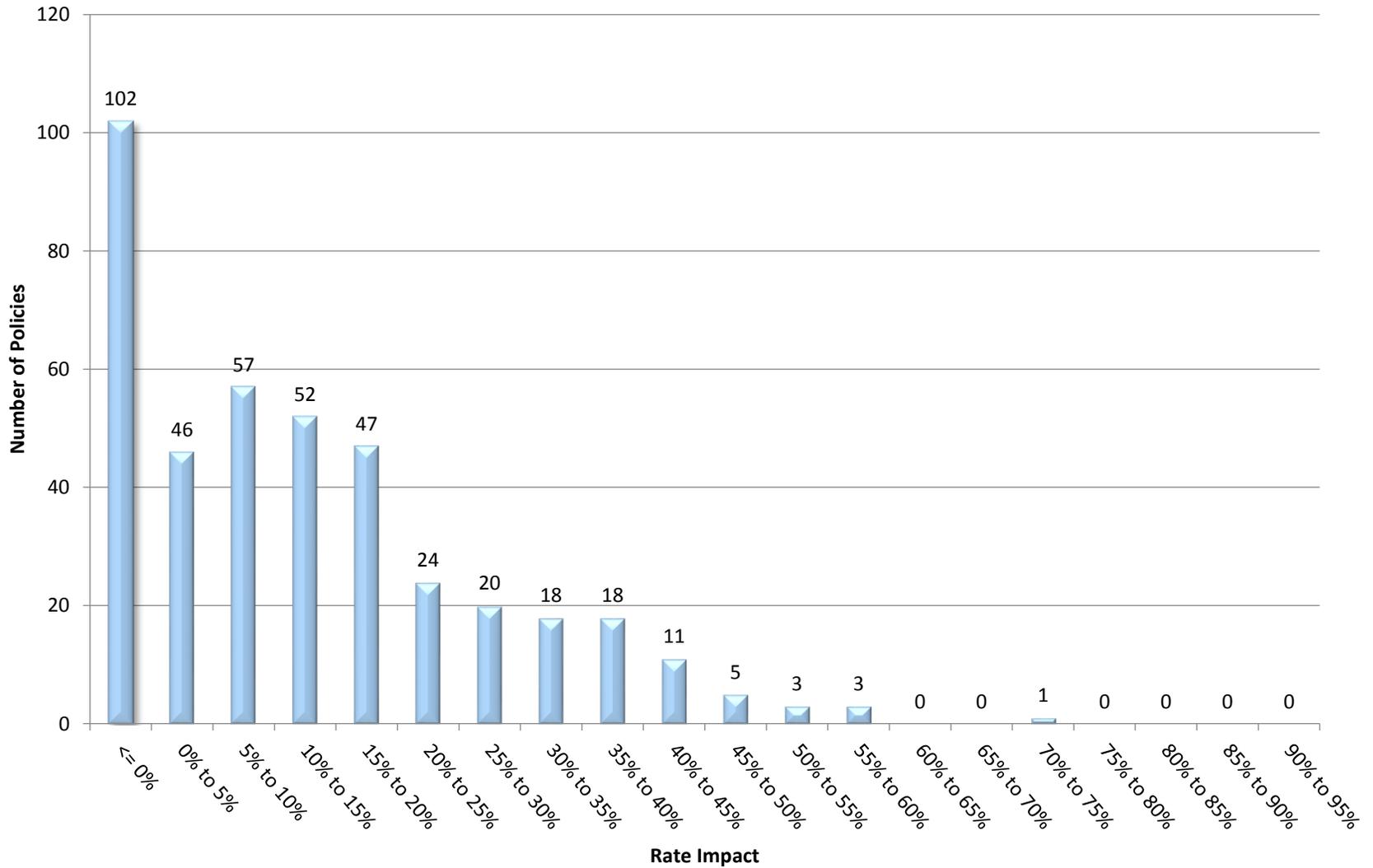
Project Name/Number: Rates, 406 Rev, ZIPs/AR-HO-3I-14-1

Superseded Schedule Items

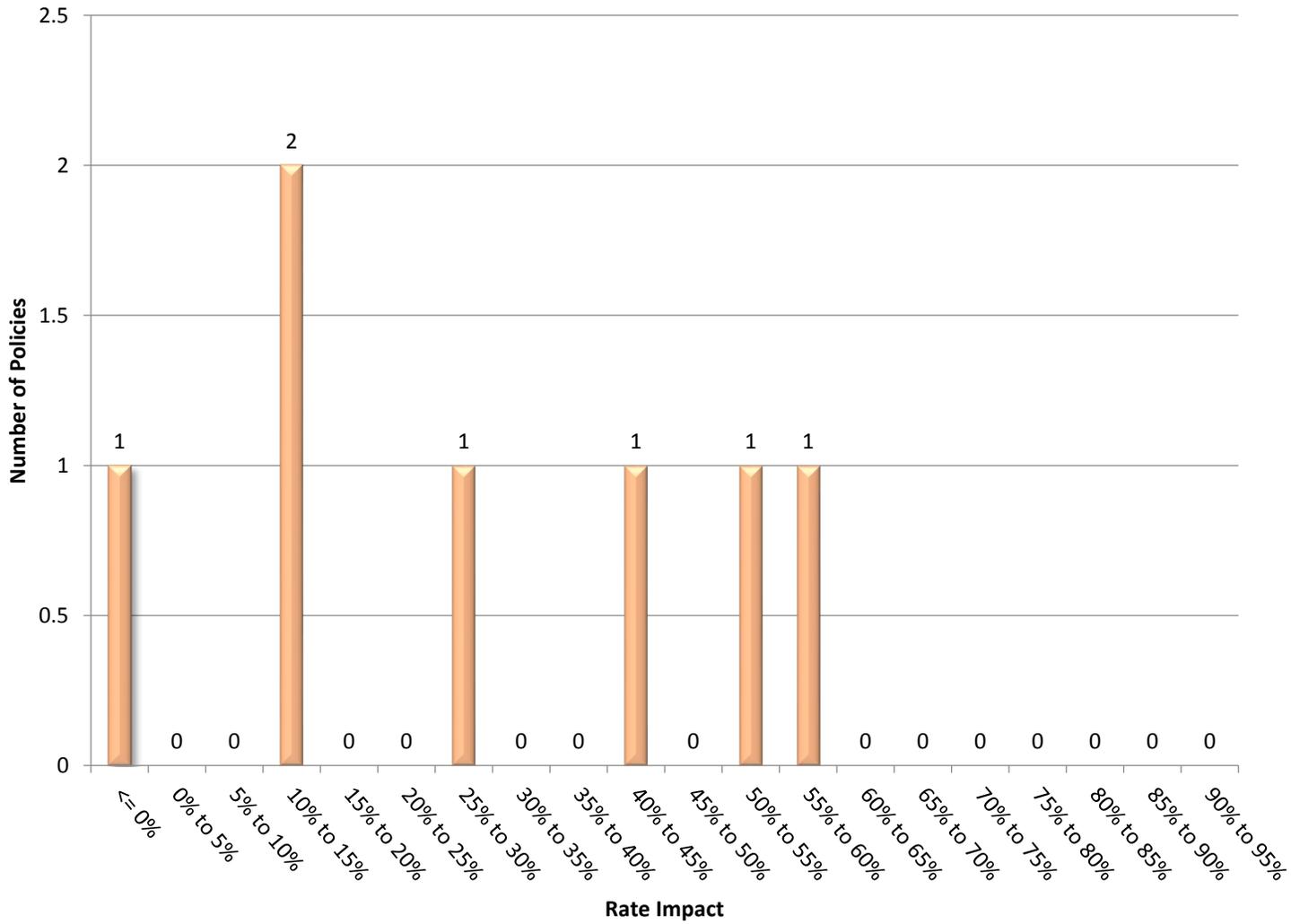
Please note that all items on the following pages are items, which have been replaced by a newer version. The newest version is located with the appropriate schedule on previous pages. These items are in date order with most recent first.

Creation Date	Schedule Item Status	Schedule	Schedule Item Name	Replacement Creation Date	Attached Document(s)
05/20/2014		Supporting Document	Rate Change Histograms	06/20/2014	Rate Change Histograms.pdf (Superseded)
05/01/2014		Supporting Document	Rate Change Histograms	05/20/2014	Rate Change Histograms.pdf (Superseded)
04/29/2014		Supporting Document	Actuarial Support	06/20/2014	Actuarial Rate Level Indication Memorandum.pdf Actuarial Support.pdf (Superseded)
04/24/2014		Rate	Rule 406. Deductibles	06/24/2014	HO-E-5 AFI thru HO-E-6 AFI.pdf (Superseded)
04/24/2014		Rate	Rule 411. Alternate Water Supply	06/24/2014	HO-E-9 AFI.pdf (Superseded)
04/24/2014		Rate	Rule 515. Personal Property	06/24/2014	HO-E-11 AFI.pdf (Superseded)
04/24/2014		Rate	Rule 701. Other Exposures - Personal Liability Increased Limits	06/24/2014	HO-E-16 AFI.pdf (Superseded)
04/24/2014		Rate	Additional Rule. Home Systems Protection and Service Line Coverage	06/26/2014	HO-E-18 AFI thru HO-E-20 AFI.pdf (Superseded)
04/24/2014		Rate	Rule 301. Base Class Premium Table	06/24/2014	HO-B-2 AFI.pdf (Superseded)
04/24/2014		Rate	Rule 301. Classificatin and Key Factor Tables	06/24/2014	HO-C-1 AFI thru HO-C-2 AFI.pdf (Superseded)
04/24/2014		Rate	Manual Page Checklist	06/24/2014	Manual Page Checklist.pdf (Superseded)
04/04/2014		Supporting Document	Form RF-2 Loss Costs Only (not for workers' compensation)	06/20/2014	RF-2.pdf (Superseded)
04/04/2014		Supporting Document	HPCS-Homeowners Premium Comparison Survey	06/20/2014	HO Survey FORM HPCS2014.pdf (Superseded) HO Survey FORM HPCS2014.xls (Superseded)
04/04/2014		Supporting Document	NAIC loss cost data entry document	06/20/2014	NAIC Loss Cost Data Entry Doc.pdf (Superseded)

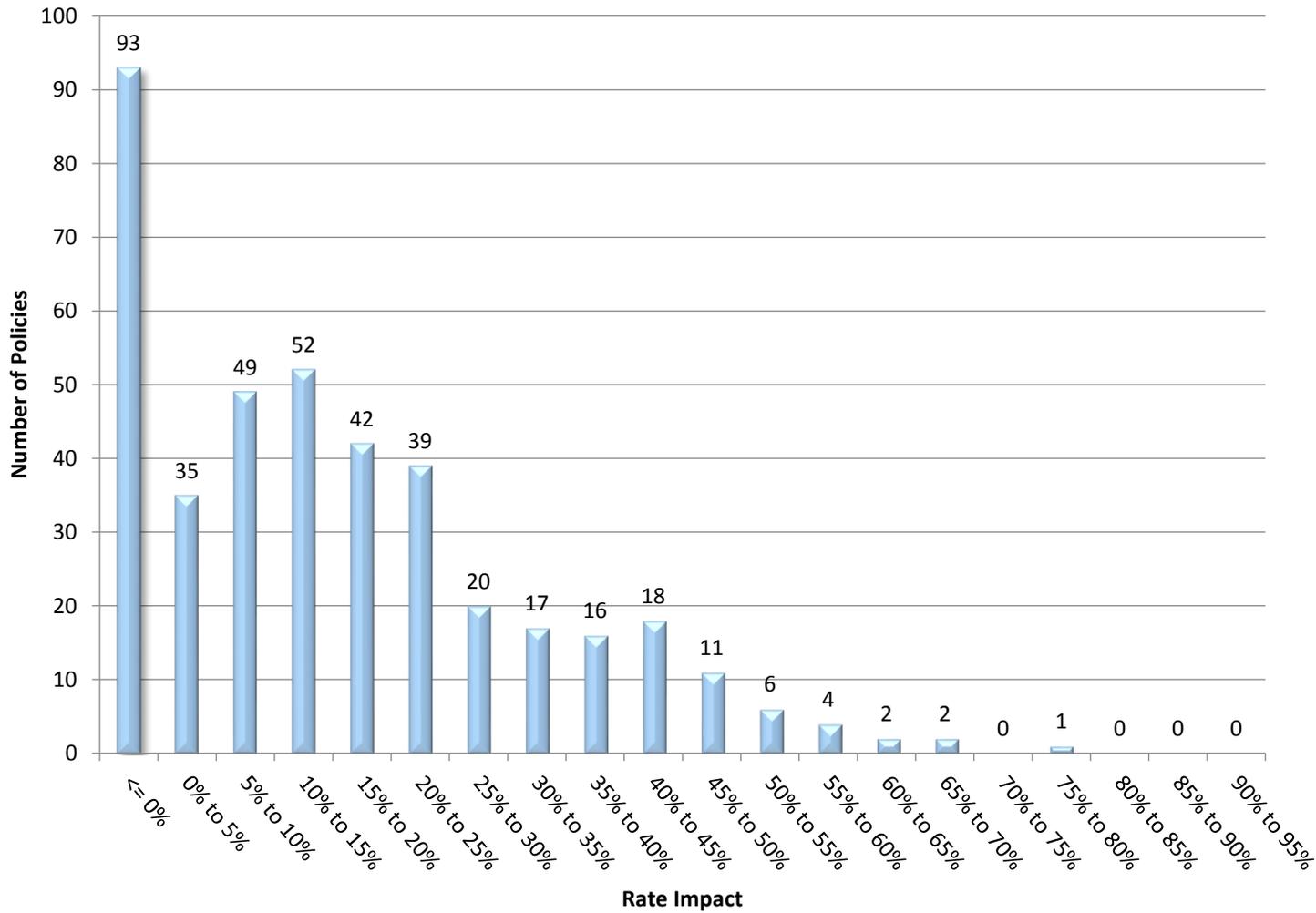
Exhibit B
Arkansas HO-3
Rate Change Histogram



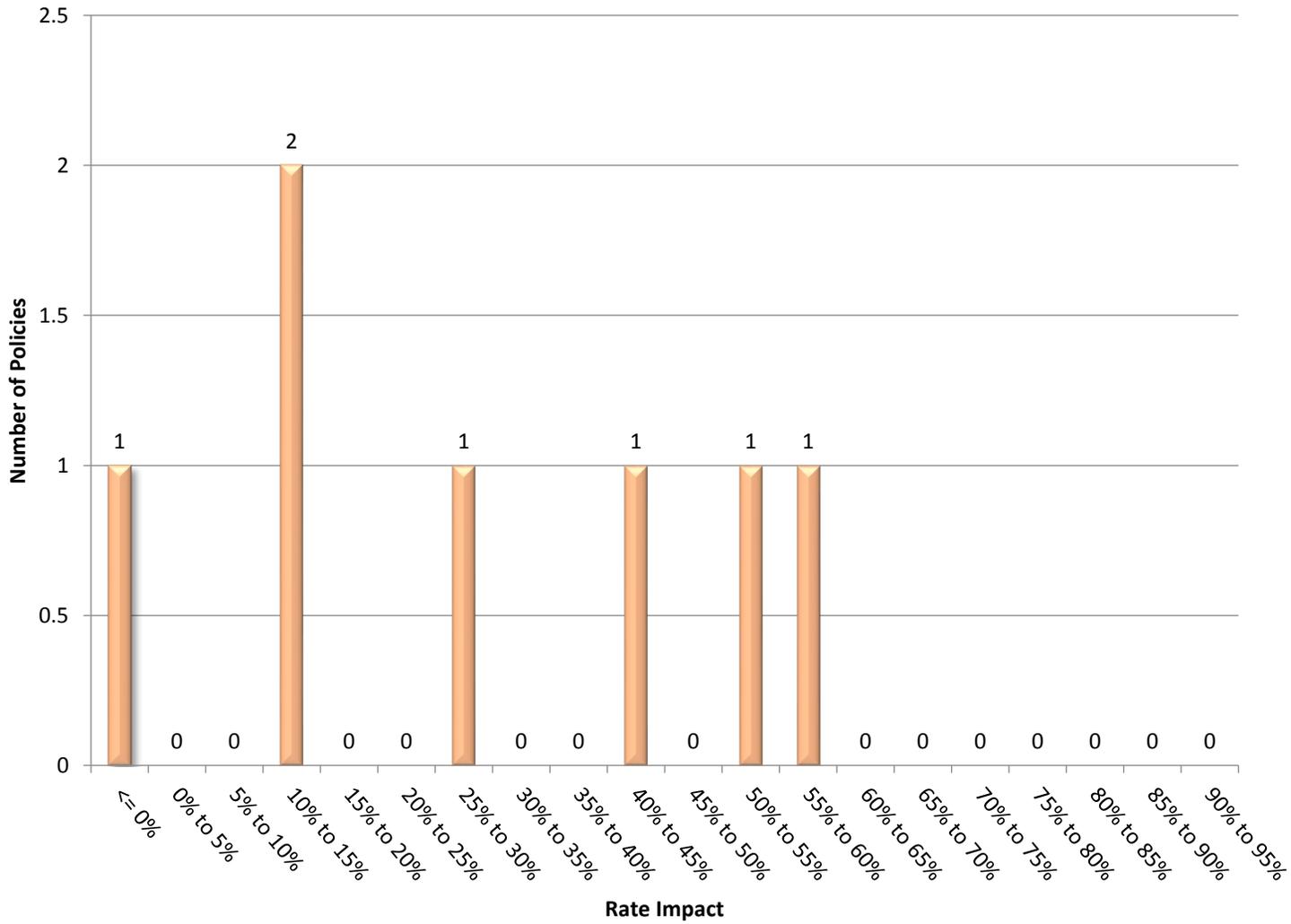
**Armed Forces Insurance Exchange
Arkansas HO-6
Rate Change Histogram**



Armed Forces Insurance Exchange Arkansas HO-3 Rate Change Histogram



Armed Forces Insurance Exchange Arkansas HO-6 Rate Change Histogram



**Armed Forces Insurance Exchange
Homeowners Multi-peril
Arkansas**

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Arkansas
Homeowners Rate History

<u>Date Effective</u>	<u>Policy Form</u>	<u>Approved Rate Change</u>
1/26/04	HO3 & Misc.	37.5%
7/4/05	HO3 & Misc.	7.0%
6/13/11	HO3 & Misc.	10.2%
5/13/13	HO3 & Misc.	16.7%
1/26/04	HO6	0.0%
7/4/05	HO6	0.0%
6/13/11	HO6	-4.8%
5/13/13	HO6	0.1%

Premium Adjustment Factors
HO3

	Quarterly		Quarter Ending				
	(1)	(2)	(3)	(4)	(5)		
Ending Year/Qtr	Earned Premium	On-level Factor	On-level Earned Premium	On-level Earned Premium	On-level Earned Premium	Implied Annual On-level Factor	
2002-3	116,106	1.8921	219,684				
2002-4	119,883	1.8921	226,831				
2003-1	119,706	1.8921	226,495				
2003-2	122,926	1.8921	232,589	905,598		1.8921	
2003-3	126,473	1.8921	239,300	925,215		1.8921	
2003-4	130,621	1.8921	247,148	945,532		1.8921	
2004-1	132,842	1.8468	245,332	964,369		1.8804	
2004-2	139,344	1.6976	236,550	968,330		1.8295	
2004-3	148,883	1.5655	233,076	962,106		1.7439	
2004-4	158,978	1.4520	230,836	945,793		1.6305	
2005-1	162,095	1.3793	223,578	924,040		1.5166	
2005-2	165,170	1.3760	227,273	914,763		1.4403	
2005-3	167,921	1.3648	229,178	910,866		1.3924	
2005-4	170,690	1.3415	228,980	909,010		1.3651	
2006-1	167,165	1.3192	220,524	905,956		1.3503	
2006-2	171,199	1.2977	222,164	900,847		1.3307	
2006-3	174,951	1.2865	225,075	896,743		1.3110	
2006-4	173,885	1.2865	223,703	891,466		1.2972	
2007-1	165,904	1.2865	213,435	884,377		1.2893	
2007-2	166,768	1.2865	214,547	876,760		1.2865	
2007-3	166,239	1.2865	213,866	865,551		1.2865	
2007-4	162,027	1.2865	208,448	850,296		1.2865	
2008-1	160,021	1.2865	205,867	842,728		1.2865	
2008-2	158,099	1.2865	203,394	831,575		1.2865	
2008-3	158,746	1.2865	204,227	821,937		1.2865	
2008-4	157,832	1.2865	203,051	816,539		1.2865	
2009-1	151,230	1.2865	194,558	805,231		1.2865	
2009-2	148,989	1.2865	191,674	793,510		1.2865	
2009-3	147,924	1.2865	190,304	779,587		1.2865	Accident
2009-4	148,855	1.2865	191,502	768,038		1.2865	Year
2010-1	146,357	1.2865	188,288	761,768		1.2865	<u>Ending</u>
2010-2	150,283	1.2865	193,339	763,433		1.2865	
2010-3	152,133	1.2865	195,719	768,849		1.2865	12/31/2003
2010-4	151,351	1.2865	194,714	772,060		1.2865	12/31/2004
2011-1	149,353	1.2865	192,143	775,915		1.2865	12/31/2005
2011-2	151,474	1.2859	194,780	777,356		1.2863	12/31/2006
2011-3	154,532	1.2639	195,312	776,949		1.2806	12/31/2007
2011-4	155,914	1.2327	192,195	774,430		1.2669	12/31/2008
2012-1	155,205	1.2032	186,743	769,031		1.2462	12/31/2009
2012-2	156,091	1.1755	183,485	757,735		1.2187	12/31/2010
2012-3	154,290	1.1670	180,056	742,479		1.1947	12/31/2011
2012-4	152,538	1.1670	178,012	728,296		1.1782	12/31/2012

(1) AFIE Data
(2) Quarterly on-level factor developed using parallelogram method.
(3) = (1) x (2)
(4) = Sum(3)Annual Moving Total
(5) = (4) / Sum(1)Annual Rolling Total

Premium Adjustment Factors
HO6

	Quarterly		Quarter Ending				
	(1)	(2)	(3)	(4)	(5)		
Ending Year/Qtr	Earned Premium	On-level Factor	On-level Earned Premium	On-level Earned Premium	On-level Earned Premium	Implied Annual On-level Factor	
2002-3	414	0.9531	394				
2002-4	382	0.9531	364				
2003-1	387	0.9531	369				
2003-2	395	0.9531	377	1,504		.9531	
2003-3	399	0.9531	380	1,490		.9531	
2003-4	444	0.9531	424	1,549		.9531	
2004-1	691	0.9531	659	1,839		.9531	
2004-2	692	0.9531	660	2,123		.9531	
2004-3	702	0.9531	669	2,412		.9531	
2004-4	657	0.9531	626	2,614		.9531	
2005-1	394	0.9531	376	2,331		.9531	
2005-2	494	0.9531	471	2,142		.9531	
2005-3	535	0.9531	510	1,982		.9531	
2005-4	534	0.9531	509	1,865		.9531	
2006-1	658	0.9531	627	2,117		.9531	
2006-2	676	0.9531	644	2,290		.9531	
2006-3	768	0.9531	732	2,513		.9531	
2006-4	847	0.9531	807	2,811		.9531	
2007-1	1,064	0.9531	1,014	3,199		.9531	
2007-2	1,167	0.9531	1,112	3,666		.9531	
2007-3	1,014	0.9531	967	3,901		.9531	
2007-4	1,000	0.9531	953	4,047		.9531	
2008-1	989	0.9531	942	3,975		.9531	
2008-2	975	0.9531	929	3,792		.9531	
2008-3	1,038	0.9531	989	3,814		.9531	
2008-4	1,038	0.9531	989	3,850		.9531	
2009-1	1,016	0.9531	969	3,876		.9531	
2009-2	1,289	0.9531	1,229	4,176		.9531	
2009-3	1,332	0.9531	1,270	4,457		.9531	
2009-4	1,453	0.9531	1,385	4,852		.9531	
2010-1	1,562	0.9531	1,489	5,373		.9531	
2010-2	1,631	0.9531	1,555	5,698		.9531	
2010-3	1,635	0.9531	1,558	5,986		.9531	12/31/2003 1,549
2010-4	1,599	0.9531	1,524	6,126		.9531	12/31/2004 2,614
2011-1	1,443	0.9531	1,376	6,012		.9531	12/31/2005 1,865
2011-2	1,414	0.9533	1,348	5,805		.9531	12/31/2006 2,811
2011-3	1,406	0.9611	1,351	5,599		.9551	12/31/2007 4,047
2011-4	1,512	0.9728	1,471	5,545		.9603	12/31/2008 3,850
2012-1	1,515	0.9847	1,491	5,661		.9684	12/31/2009 4,852
2012-2	1,454	0.9967	1,449	5,763		.9790	12/31/2010 6,126
2012-3	1,261	1.0006	1,262	5,673		.9881	12/31/2011 5,545
2012-4	1,204	1.0006	1,205	5,408		.9951	12/31/2012 5,408

(1) AFIE Data
(2) Quarterly on-level factor developed using parallelogram method.
(3) = (1) x (2)
(4) = Sum(3)Annual Moving Total
(5) = (4) / Sum(1)Annual Rolling Total

Premium Trend Factors
HO3

Ending Year/Qtr	Quarter Ending		Current Amount Factors 1640.12/ (2)				
	(1) Earned House Years	(2) Average On-level Earned Premium		Accident Year Ending	Current Amount Factor	Trend Factor (0.980) ³	Premium Trend Factor
2003-2	706	1,282.65	1.279				
2003-3	716	1,292.18	1.269				
2003-4	725	1,304.72	1.257				
2004-1	731	1,319.66	1.243				
2004-2	728	1,330.41	1.233				
2004-3	717	1,342.43	1.222				
2004-4	698	1,355.56	1.210				
2005-1	676	1,366.63	1.200				
2005-2	661	1,384.00	1.185				
2005-3	650	1,400.60	1.171				
2005-4	643	1,414.60	1.159				
2006-1	635	1,426.52	1.150				
2006-2	627	1,436.67	1.142				
2006-3	618	1,450.47	1.131				
2006-4	608	1,466.06	1.119				
2007-1	596	1,483.01	1.106				
2007-2	583	1,504.23	1.090				
2007-3	567	1,527.54	1.074				
2007-4	548	1,551.97	1.057				
2008-1	533	1,580.56	1.038				
2008-2	518	1,604.82	1.022				
2008-3	505	1,626.80	1.008				
2008-4	496	1,645.79	0.997				
2009-1	485	1,660.22	0.988				
2009-2	475	1,671.57	0.981				
2009-3	464	1,679.04	0.977				
2009-4	456	1,685.44	0.973				
2010-1	451	1,690.13	0.970				
2010-2	450	1,696.21	0.967				
2010-3	452	1,699.18	0.965	12/31/2003	1.257	0.941	1.183
2010-4	455	1,695.21	0.968	12/31/2004	1.210	0.941	1.139
2011-1	459	1,689.50	0.971	12/31/2005	1.159	0.941	1.091
2011-2	461	1,687.17	0.972	12/31/2006	1.119	0.941	1.053
2011-3	461	1,683.97	0.974	12/31/2007	1.057	0.941	0.995
2011-4	461	1,680.29	0.976	12/31/2008	0.997	0.941	0.938
2012-1	460	1,672.65	0.981	12/31/2009	0.973	0.941	0.916
2012-2	457	1,658.77	0.989	12/31/2010	0.968	0.941	0.911
2012-3	451	1,646.99	0.996	12/31/2011	0.976	0.941	0.918
2012-4	444	1,640.12	1.000	12/31/2012	1.000	0.941	0.941

Proposed Effective Date: 07/01/2014
Trend from Date¹: 07/01/2012
Trend to Date²: 07/01/2015
Trend Period: 3.00

Trend		
39 pt	-6.0%	3.3%
20 pt	-2.7%	0.6%
16 pt	-1.0%	-0.4%
12 pt	0.0%	-1.2%
8 pt	-1.8%	-1.8%
4 pt	-4.6%	-2.6%
Selected:	-6.0%	-2.0%

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

Premium Trend Factors
HO6

Ending Year/Qtr	Quarter Ending		Current Amount Factors 539.77/ (2)				
	(1) Earned House Years	(2) Average On-level Earned Premium		Accident Year	Current Amount Factor	Trend Factor	Premium Trend Factor
2003-2	7	207.41	2.602				
2003-3	7	212.95	2.535				
2003-4	7	220.31	2.450				
2004-1	7	252.15	2.141				
2004-2	8	281.54	1.917				
2004-3	8	309.55	1.744				
2004-4	8	328.08	1.645				
2005-1	8	302.49	1.784				
2005-2	8	279.00	1.935				
2005-3	8	258.10	2.091				
2005-4	8	241.59	2.234				
2006-1	8	258.41	2.089				
2006-2	8	270.27	1.997				
2006-3	9	283.64	1.903				
2006-4	9	300.23	1.798				
2007-1	10	326.39	1.654				
2007-2	10	359.01	1.503				
2007-3	10	385.92	1.399				
2007-4	10	410.80	1.314				
2008-1	9	420.34	1.284				
2008-2	9	422.71	1.277				
2008-3	9	439.10	1.229				
2008-4	8	456.32	1.183				
2009-1	8	474.37	1.138				
2009-2	8	492.26	1.097				
2009-3	9	495.73	1.089				
2009-4	10	501.30	1.077				
2010-1	11	507.76	1.063				
2010-2	11	513.79	1.051				
2010-3	12	516.32	1.045	12/31/2003	2.450	1.030	2.524
2010-4	12	514.12	1.050	12/31/2004	1.645	1.030	1.694
2011-1	12	509.64	1.059	12/31/2005	2.234	1.030	2.301
2011-2	11	509.20	1.060	12/31/2006	1.798	1.030	1.852
2011-3	11	513.96	1.050	12/31/2007	1.314	1.030	1.353
2011-4	11	524.08	1.030	12/31/2008	1.183	1.030	1.218
2012-1	11	536.08	1.007	12/31/2009	1.077	1.030	1.109
2012-2	11	542.25	0.995	12/31/2010	1.050	1.030	1.082
2012-3	10	542.18	0.996	12/31/2011	1.030	1.030	1.061
2012-4	10	539.77	1.000	12/31/2012	1.000	1.030	1.030

Proposed Effective Date: 07/01/2014
Trend from Date¹: 07/01/2012
Trend to Date²: 07/01/2015
Trend Period: 3.00

Trend	(1)	(2)
39 pt	4.9%	11.0%
20 pt	5.5%	4.9%
16 pt	5.0%	3.0%
12 pt	-3.7%	2.6%
8 pt	-7.6%	4.4%
4 pt	-6.7%	0.8%
Selected:	4.9%	1.0%

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

Amount of Insurance Trend Factors
HO3

Ending Year/Qtr	Quarter Ending		Current Amount Factors <u>218.77/ (2)</u>	Accident Year Ending	Current Amount Factor	Current Trend Factor <u>(1.000)³</u>	AOI Trend Factor	Projected Average Earned AOI Years
	(1) Earned House Years	(2) Coverage A Average Earned AOI Years						
2003-2	706	132.49	1.651					
2003-3	716	134.25	1.630					
2003-4	725	136.37	1.604					
2004-1	731	138.95	1.574					
2004-2	728	141.97	1.541					
2004-3	717	145.92	1.499					
2004-4	698	150.13	1.457					
2005-1	676	154.40	1.417					
2005-2	661	158.56	1.380					
2005-3	650	162.05	1.350					
2005-4	643	165.39	1.323					
2006-1	635	168.34	1.300					
2006-2	627	171.41	1.276					
2006-3	618	174.82	1.251					
2006-4	608	178.11	1.228					
2007-1	596	181.27	1.207					
2007-2	583	184.97	1.183					
2007-3	567	189.28	1.156					
2007-4	548	193.90	1.128					
2008-1	533	198.77	1.101					
2008-2	518	202.97	1.078					
2008-3	505	206.77	1.058					
2008-4	496	210.08	1.041					
2009-1	485	212.89	1.028					
2009-2	475	215.33	1.016					
2009-3	464	217.01	1.008					
2009-4	456	218.66	1.001					
2010-1	451	219.99	0.994					
2010-2	450	221.26	0.989					
2010-3	452	222.07	0.985	12/31/2003	1.604	1.000	1.604	
2010-4	455	221.80	0.986	12/31/2004	1.457	1.000	1.457	
2011-1	459	221.29	0.989	12/31/2005	1.323	1.000	1.323	
2011-2	461	220.94	0.990	12/31/2006	1.228	1.000	1.228	
2011-3	461	220.58	0.992	12/31/2007	1.128	1.000	1.128	
2011-4	461	220.31	0.993	12/31/2008	1.041	1.000	1.041	
2012-1	460	219.78	0.995	12/31/2009	1.001	1.000	1.001	
2012-2	457	219.03	0.999	12/31/2010	0.986	1.000	0.986	
2012-3	451	218.65	1.001	12/31/2011	0.993	1.000	0.993	
2012-4	444	218.77	1.000	12/31/2012	1.000	1.000	1.000	218.77
Trend								
39 pt		6.0%						
20 pt		1.6%						
16 pt		0.4%						
12 pt		-0.5%						
8 pt		-0.7%						
4 pt		-0.6%						
Selected:		0.0%						

Proposed Effective Date: 07/01/2014
Trend from Date¹: 07/01/2012
Trend to Date²: 07/01/2015
Trend Period: 3.00

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

Amount of Insurance Trend Factors
HO6

Ending Year/Qtr	Quarter Ending		Current Amount Factors 63.43/ (2)				Projected Average Earned AOI Years
	(1)	(2)		Accident Year Ending	Current Amount Factor	AOI Trend Factor	
		Coverage C Average Earned AOI Years					
2003-2	7	30.03	2.112				
2003-3	7	30.57	2.075				
2003-4	7	31.30	2.027				
2004-1	7	35.80	1.772				
2004-2	8	40.01	1.585				
2004-3	8	43.99	1.442				
2004-4	8	46.61	1.361				
2005-1	8	42.87	1.480				
2005-2	8	39.10	1.622				
2005-3	8	35.71	1.776				
2005-4	8	32.98	1.923				
2006-1	8	34.53	1.837				
2006-2	8	35.69	1.777				
2006-3	9	36.56	1.735				
2006-4	9	37.49	1.692				
2007-1	10	39.71	1.597				
2007-2	10	42.59	1.489				
2007-3	10	45.18	1.404				
2007-4	10	47.94	1.323				
2008-1	9	49.02	1.294				
2008-2	9	49.54	1.280				
2008-3	9	52.54	1.207				
2008-4	8	55.59	1.141				
2009-1	8	58.79	1.079				
2009-2	8	62.10	1.021				
2009-3	9	62.43	1.016				
2009-4	10	62.51	1.015				
2010-1	11	62.61	1.013				
2010-2	11	62.51	1.015				
2010-3	12	62.16	1.020	12/31/2003	2.027	1.030	2.088
2010-4	12	61.19	1.037	12/31/2004	1.361	1.030	1.402
2011-1	12	60.06	1.056	12/31/2005	1.923	1.030	1.981
2011-2	11	59.53	1.066	12/31/2006	1.692	1.030	1.743
2011-3	11	59.78	1.061	12/31/2007	1.323	1.030	1.363
2011-4	11	60.96	1.041	12/31/2008	1.141	1.030	1.175
2012-1	11	62.31	1.018	12/31/2009	1.015	1.030	1.045
2012-2	11	62.87	1.009	12/31/2010	1.037	1.030	1.068
2012-3	10	63.05	1.006	12/31/2011	1.041	1.030	1.072
2012-4	10	63.43	1.000	12/31/2012	1.000	1.030	1.030
							65.33
<u>Trend</u>							
39 pt		8.4%					
20 pt		3.9%					
16 pt		0.5%					
12 pt		0.6%					
8 pt		4.1%					
4 pt		2.3%					
Selected:		1.0%					

Proposed Effective Date: 07/01/2014
Trend from Date¹: 07/01/2012
Trend to Date²: 07/01/2015
Trend Period: 3.00

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

Armed Forces Insurance Exchange
Homeowners
HO3
Arkansas

Non-CAT Loss & ALAE
Evaluated @ 3/2013

Loss Development Summary

	@3/2013		AFIE Methods		
	(1)	(2)	(3)	(4)	(5)
Accident Year	Paid Loss & ALAE	Incurred Loss & ALAE	Paid Method Ultimate Loss & ALAE	Incurred Method Ultimate Loss & ALAE	Selected Ultimate Loss & ALAE
2003	147,726	147,726	147,726	147,726	147,726
2004	102,550	102,550	102,550	102,550	102,550
2005	134,914	134,914	134,914	134,914	134,914
2006	131,555	131,555	131,555	131,555	131,555
2007	366,938	366,938	367,182	367,031	367,107
2008	236,617	236,617	236,617	236,853	236,735
2009	589,504	589,504	590,683	590,683	590,683
2010	471,052	471,052	500,607	484,248	492,427
2011	239,120	239,120	264,024	247,479	255,752
2012	162,652	176,958	193,857	183,120	188,489
Total	2,582,628	2,596,934	2,669,715	2,626,160	2,647,938

(1) -(5) = Liability + All Other Perils

Armed Forces Insurance Exchange
Homeowners
HO3
Arkansas

Non-CAT Liability
Evaluated @ 3/2013

Loss Development Summary

	@3/2013		AFIE Methods		
	(1)	(2)	(3)	(4)	(5)
Accident Year	Paid Loss & ALAE	Incurred Loss & ALAE	Paid Method Ultimate Loss & ALAE	Incurred Method Ultimate Loss & ALAE	Selected Ultimate Loss & ALAE
2003	7,484	7,484	7,484	7,484	7,484
2004	826	826	826	826	826
2005	325	325	325	325	325
2006	-	-	-	-	0
2007	5,182	5,182	5,426	5,275	5,351
2008	-	-	-	-	0
2009	-	-	-	-	0
2010	65,267	65,267	89,547	74,405	81,976
2011	15,629	15,629	32,711	21,083	26,897
2012	1,187	1,187	5,105	2,076	3,590
Total	95,900	95,900	141,423	111,474	126,448

- (1) -(2) AFIE Data
- (3) Paid Triangle Development
- (4) Incurred Triangle Development
- (5) Selected

Armed Forces Insurance Exchange
Homeowners
HO3
Arkansas

Non-CAT All Other Perils
Evaluated @ 3/2013

Loss Development Summary

	@3/2013		AFIE Methods		
	(1)	(2)	(3)	(4)	(5)
Accident Year	Paid Loss & ALAE	Incurred Loss & ALAE	Paid Method Ultimate Loss & ALAE	Incurred Method Ultimate Loss & ALAE	Selected Ultimate Loss & ALAE
2003	140,242	140,242	140,242	140,242	140,242
2004	101,724	101,724	101,724	101,724	101,724
2005	134,589	134,589	134,589	134,589	134,589
2006	131,555	131,555	131,555	131,555	131,555
2007	361,756	361,756	361,756	361,756	361,756
2008	236,617	236,617	236,617	236,853	236,735
2009	589,504	589,504	590,683	590,683	590,683
2010	405,785	405,785	411,060	409,843	410,452
2011	223,491	223,491	231,313	226,396	228,855
2012	161,465	175,771	188,753	181,044	184,898
Total	2,486,728	2,501,034	2,528,292	2,514,686	2,521,489

- (1) -(2) AFIE Data
- (3) Paid Triangle Development
- (4) Incurred Triangle Development
- (5) Selected

Armed Forces Insurance Exchange
Homeowners
HO3
Arkansas

Non-CAT Liability Paid Loss & ALAE
Evaluated @ 3/2013

Accident Year	Non-CAT Liability Paid Loss & ALAE										AFIE
	15	27	39	51	63	75	87	99	111	123	Ultimate
2003	7,484	7,484	7,484	7,484	7,484	7,484	7,484	7,484	7,484	7,484	7,484
2004	826	826	826	826	826	826	826	826	826	826	826
2005	325	325	325	325	325	325	325	325	325		325
2006	-	-	-	-	-	-	-	-			0
2007	5,182	5,182	5,182	5,182	5,182	5,182					5,426
2008	-	-	-	-	-						0
2009	-	-	-	-							0
2010	65,267	65,267	65,267								89,547
2011	14,629	15,629									32,711
2012	1,187										5,105
											141,423
	15-27	27-39	39-51	51-63	63-75	75-87	87-99	99-111	111-123		
2003	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000		
2004	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000		
2005	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000			
2006	NA	NA	NA	NA	NA	NA					
2007	1.000	1.000	1.000	1.000	1.000						
2008	NA	NA	NA	NA							
2009	NA	NA	NA								
2010	1.000	1.000									
2011	1.068										

Last 3 Weighted Avg.	1.013	1.000	1.000	1.000	1.000	1.000	1.000
Avg. Ex. Hi and Lo	0.571	0.500	0.400	0.500	0.667	0.500	
All Weighted Avg.	1.011	1.000	1.000	1.000	1.000	1.000	1.000
Harmonic Mean	1.007	1.000	1.000	1.000	1.000	1.000	1.000
All Weighted Avg. Fitted	1.005	1.004	1.003	1.002	1.000	0.999	0.998

CW Selected	2.054	1.526	1.162	1.075	1.048	1.047	1.000
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AFIE Selected	2.054	1.526	1.162	1.075	1.048	1.047	1.000
Age-Ultimate	4.300	2.093	1.372	1.180	1.097	1.047	1.000

Tail Factor
1.000

Armed Forces Insurance Exchange
Homeowners
HO3
Arkansas

Non-CAT Liability Incurred Loss & ALAE
Evaluated @ 3/2013

Accident Year	Non-CAT Liability Incurred Loss & ALAE										AFIE
	15	27	39	51	63	75	87	99	111	123	Ultimate
2003	7,484	7,484	7,484	7,484	7,484	7,484	7,484	7,484	7,484	7,484	7,484
2004	974	826	826	826	826	826	826	826	826	826	826
2005	325	325	325	325	325	325	325	325	325		325
2006	-	-	-	-	-	-	-	-			0
2007	5,182	5,182	5,182	5,182	5,182	5,182					5,275
2008	-	-	-	-	-						0
2009	-	-	-	-							0
2010	66,950	65,267	65,267								74,405
2011	15,779	15,629									21,083
2012	1,187										2,076
											111,474
	15-27	27-39	39-51	51-63	63-75	75-87	87-99	99-111	111-123		
2003	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000		
2004	0.848	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000		
2005	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000			
2006	NA	NA	NA	NA	NA	NA					
2007	1.000	1.000	1.000	1.000	1.000						
2008	NA	NA	NA	NA							
2009	NA	NA	NA								
2010	0.975	1.000									
2011	0.990										

Last 3 Weighted Avg.	0.978	1.000	1.000	1.000	1.000	1.000	1.000
Avg. Ex. Hi and Lo	0.566	0.500	0.400	0.500	0.667	0.500	
All Weighted Avg.	0.980	1.000	1.000	1.000	1.000	1.000	1.000
Harmonic Mean	0.978	1.000	1.000	1.000	1.000	1.000	1.000
All Weighted Avg. Fitted	0.990	0.993	0.995	0.997	0.999	1.001	1.004

CW Selected	1.296	1.183	1.064	1.039	1.014	1.018	1.000
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AFIE Selected	1.296	1.183	1.064	1.039	1.014	1.018	1.000
Age-Ultimate	1.749	1.349	1.140	1.072	1.032	1.018	1.000

Tail Factor
1.000

Armed Forces Insurance Exchange
Homeowners
HO3
Arkansas

Non-CAT All Other Perils Paid Loss & ALAE
Evaluated @ 3/2013

Accident Year	Non-CAT All Other Perils Paid Loss & ALAE										AFIE
	15	27	39	51	63	75	87	99	111	123	Ultimate
2003	137,260	140,242	140,242	140,242	140,242	140,242	140,242	140,242	140,242	140,242	140,242
2004	101,724	101,724	101,724	101,724	101,724	101,724	101,724	101,724	101,724	101,724	101,724
2005	109,374	134,589	134,589	134,589	134,589	134,589	134,589	134,589	134,589		134,589
2006	128,961	131,555	131,555	131,555	131,555	131,555	131,555	131,555			131,555
2007	361,756	361,756	361,756	361,756	361,756	361,756	361,756				361,756
2008	233,783	236,617	236,617	236,617	236,617	236,617					236,617
2009	541,104	578,679	589,504	589,504							590,683
2010	358,545	394,134	405,785								411,060
2011	223,114	223,491									231,313
2012	161,465										188,753
											2,528,292
	15-27	27-39	39-51	51-63	63-75	75-87	87-99	99-111	111-123		
2003	1.022	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000		
2004	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000		
2005	1.231	1.000	1.000	1.000	1.000	1.000	1.000	1.000			
2006	1.020	1.000	1.000	1.000	1.000	1.000	1.000				
2007	1.000	1.000	1.000	1.000	1.000	1.000					
2008	1.012	1.000	1.000	1.000							
2009	1.069	1.019	1.000								
2010	1.099	1.030									
2011	1.002										
Last 3 Weighted Avg.	1.065	1.019	1.000	1.000	1.000	1.000	1.000				
Avg. Ex. Hi and Lo	1.032	1.003	1.000	1.000	1.000	1.000	1.000				
All Weighted Avg.	1.049	1.011	1.000	1.000	1.000	1.000	1.000				
Harmonic Mean	1.048	1.006	1.000	1.000	1.000	1.000	1.000				
All Weighted Avg. Fitted	1.026	1.020	1.014	1.008	1.002	0.997	0.991				
CW Selected	1.129	1.022	1.011	1.002	1.000	1.000	1.000				
AFIE Selected	1.129	1.022	1.011	1.002	1.000	1.000	1.000				
Age-Ultimate	1.169	1.035	1.013	1.002	1.000	1.000	1.000				

Tail Factor
1.000

Armed Forces Insurance Exchange
Homeowners
HO3
Arkansas

Non-CAT All Other Perils Incurred Loss & ALAE
Evaluated @ 3/2013

Accident Year	Non-CAT All Other Perils Incurred Loss & ALAE										AFIE	
	15	27	39	51	63	75	87	99	111	123	Ultimate	
2003	137,260	140,242	140,242	140,242	140,242	140,242	140,242	140,242	140,242	140,242	140,242	140,242
2004	101,724	101,724	101,724	101,724	101,724	101,724	101,724	101,724	101,724	101,724	101,724	101,724
2005	121,851	134,589	134,589	134,589	134,589	134,589	134,589	134,589	134,589			134,589
2006	134,121	131,555	131,555	131,555	131,555	131,555	131,555	131,555				131,555
2007	366,920	361,756	361,756	361,756	361,756	361,756	361,756					361,756
2008	256,565	236,617	236,617	236,617	236,617							236,853
2009	552,439	584,560	589,504	589,504								590,683
2010	428,761	394,134	405,785									409,843
2011	223,114	223,491										226,396
2012	175,771											181,044
												2,514,686
	15-27	27-39	39-51	51-63	63-75	75-87	87-99	99-111	111-123			
2003	1.022	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000			
2004	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000			
2005	1.105	1.000	1.000	1.000	1.000	1.000	1.000	1.000				
2006	0.981	1.000	1.000	1.000	1.000	1.000	1.000					
2007	0.986	1.000	1.000	1.000	1.000	1.000						
2008	0.922	1.000	1.000	1.000								
2009	1.058	1.008	1.000									
2010	0.919	1.030										
2011	1.002											

Last 3 Weighted Avg.	0.998	1.014	1.000	1.000	1.000	1.000	1.000					
Avg. Ex. Hi and Lo	0.996	1.001	1.000	1.000	1.000	1.000	1.000					
All Weighted Avg.	0.994	1.008	1.000	1.000	1.000	1.000	1.000	1.000				
Harmonic Mean	0.998	1.005	1.000	1.000	1.000	1.000	1.000	1.000				
All Weighted Avg. Fitted	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.001				

CW Selected	1.017	1.003	1.008	1.001	1.001	1.000	1.000					
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AFIE Selected	1.017	1.003	1.008	1.001	1.001	1.000	1.000					
Age-Ultimate	1.030	1.013	1.010	1.002	1.001	1.000	1.000					

Tail Factor
1.000

Armed Forces Insurance Exchange
Homeowners
HO6
Arkansas

Non-CAT Loss & ALAE
Evaluated @ 3/2013

Loss Development Summary

	@3/2013		AFIE Method		
	(1)	(2)	(3)	(4)	(5)
Accident Year	Paid Loss & ALAE	Incurred Loss & ALAE	Paid Method Ultimate Loss & ALAE	Incurred Method Ultimate Loss & ALAE	AFIE Method Ultimate Loss & ALAE
2003	-	-	-	-	0
2004	1,683	1,683	1,683	1,683	1,683
2005	-	-	-	-	0
2006	-	-	-	-	0
2007	1,203	1,203	1,203	1,203	1,203
2008	725	725	725	725	725
2009	-	-	-	-	0
2010	-	-	-	-	0
2011	6,123	6,123	6,258	6,123	6,191
2012	1,096	1,096	4,501	1,884	3,193
Total	10,831	10,831	14,371	11,619	12,995

(1) -(5) = Liability + All Other Perils

Armed Forces Insurance Exchange
Homeowners
HO6
Arkansas

Non-CAT Liability
Evaluated @ 3/2013

Loss Development Summary

	@3/2013		AFIE Method		
	(1)	(2)	(3)	(4)	(5)
Accident Year	Paid Loss & ALAE	Incurred Loss & ALAE	Paid Method Ultimate Loss & ALAE	Incurred Method Ultimate Loss & ALAE	Selected Ultimate Loss & ALAE
2003	-	-	-	-	0
2004	-	-	-	-	0
2005	-	-	-	-	0
2006	-	-	-	-	0
2007	-	-	-	-	0
2008	-	-	-	-	0
2009	-	-	-	-	0
2010	-	-	-	-	0
2011	-	-	-	-	0
2012	1,096	1,096	4,501	1,884	3,193
Total	1,096	1,096	4,501	1,884	3,193

- (1) -(2) AFIE Data
- (3) Paid Triangle Development
- (4) Incurred Triangle Development
- (5) Selected

Armed Forces Insurance Exchange
Homeowners
HO6
Arkansas

Non-CAT All Other Perils
Evaluated @ 3/2013

Loss Development Summary

	@3/2013		AFIE Method		
	(1)	(2)	(3)	(4)	(5)
Accident Year	Paid Loss & ALAE	Incurred Loss & ALAE	Paid Method Ultimate Loss & ALAE	Incurred Method Ultimate Loss & ALAE	Selected Ultimate Loss & ALAE
2003	-	-	-	-	0
2004	1,683	1,683	1,683	1,683	1,683
2005	-	-	-	-	0
2006	-	-	-	-	0
2007	1,203	1,203	1,203	1,203	1,203
2008	725	725	725	725	725
2009	-	-	-	-	0
2010	-	-	-	-	0
2011	6,123	6,123	6,258	6,123	6,191
2012	-	-	-	-	0
Total	9,735	9,735	9,870	9,735	9,802

- (1) -(2) AFIE Data
- (3) Paid Triangle Development
- (4) Incurred Triangle Development
- (5) Selected

Armed Forces Insurance Exchange
Homeowners
HO6
Arkansas

Non-CAT Liability Paid Loss & ALAE
Evaluated @ 3/2013

Accident Year	Non-CAT Liability Paid Loss & ALAE										AFIE
	15	27	39	51	63	75	87	99	111	123	Ultimate
2003	-	-	-	-	-	-	-	-	-	-	0
2004	-	-	-	-	-	-	-	-	-	-	0
2005	-	-	-	-	-	-	-	-	-	-	0
2006	-	-	-	-	-	-	-	-	-	-	0
2007	-	-	-	-	-	-	-	-	-	-	0
2008	-	-	-	-	-	-	-	-	-	-	0
2009	-	-	-	-	-	-	-	-	-	-	0
2010	-	-	-	-	-	-	-	-	-	-	0
2011	-	-	-	-	-	-	-	-	-	-	0
2012	1,096	-	-	-	-	-	-	-	-	-	4,501
											4,501
	15-27	27-39	39-51	51-63	63-75	75-87	87-99	99-111	111-123		
2003	NA	NA	NA	NA	NA	NA	NA	NA	NA		
2004	NA	NA	NA	NA	NA	NA	NA	NA	NA		
2005	NA	NA	NA	NA	NA	NA	NA	NA	NA		
2006	NA	NA	NA	NA	NA	NA	NA	NA	NA		
2007	NA	NA	NA	NA	NA	NA	NA	NA	NA		
2008	NA	NA	NA	NA	NA	NA	NA	NA	NA		
2009	NA	NA	NA	NA	NA	NA	NA	NA	NA		
2010	NA	NA	NA	NA	NA	NA	NA	NA	NA		
2011	NA	NA	NA	NA	NA	NA	NA	NA	NA		

Last 3 Weighted Avg.	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Avg. Ex. Hi and Lo	0.000	0.000	0.000	0.000	0.000	0.000	0.000
All Weighted Avg.	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Harmonic Mean	0.000	0.000	0.000	0.000	0.000	0.000	0.000
All Weighted Avg. Fitted	1.000	1.000	1.000	1.000	1.000	1.000	1.000

CW Selected	2.054	1.526	1.162	1.075	1.048	1.047	1.000
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AFIE Selected	2.054	1.526	1.162	1.075	1.048	1.000	1.000
Age-Ultimate	4.107	1.999	1.310	1.127	1.048	1.000	1.000

Tail Factor
1.000

Armed Forces Insurance Exchange
Homeowners
HO6
Arkansas

Non-CAT Liability Incurred Loss & ALAE
Evaluated @ 3/2013

Accident Year	Non-CAT Liability Incurred Loss & ALAE										AFIE
	15	27	39	51	63	75	87	99	111	123	Ultimate
2003	-	-	-	-	-	-	-	-	-	-	0
2004	-	-	-	-	-	-	-	-	-	-	0
2005	-	-	-	-	-	-	-	-	-	-	0
2006	-	-	-	-	-	-	-	-	-	-	0
2007	-	-	-	-	-	-	-	-	-	-	0
2008	-	-	-	-	-	-	-	-	-	-	0
2009	-	-	-	-	-	-	-	-	-	-	0
2010	-	-	-	-	-	-	-	-	-	-	0
2011	-	-	-	-	-	-	-	-	-	-	0
2012	1,096	-	-	-	-	-	-	-	-	-	1,884
	15-27	27-39	39-51	51-63	63-75	75-87	87-99	99-111	111-123		1,884
2003	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	
2004	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	
2005	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	
2006	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	
2007	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	
2008	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	
2009	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	
2010	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	
2011	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	

Last 3 Weighted Avg.	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Avg. Ex. Hi and Lo	0.000	0.000	0.000	0.000	0.000	0.000	0.000
All Weighted Avg.	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Harmonic Mean	0.000	0.000	0.000	0.000	0.000	0.000	0.000
All Weighted Avg. Fitted	1.000	1.000	1.000	1.000	1.000	1.000	1.000

CW Selected	1.296	1.183	1.064	1.039	1.014	1.018	1.000
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AFIE Selected	1.296	1.183	1.064	1.039	1.014	1.000	1.000
Age-Ultimate	1.719	1.326	1.121	1.054	1.014	1.000	1.000

Tail Factor
1.000

Armed Forces Insurance Exchange
Homeowners
HO6
Arkansas

Non-CAT All Other Perils Paid Loss & ALAE
Evaluated @ 3/2013

Accident Year	Non-CAT All Other Perils Paid Loss & ALAE										AFIE Ultimate	
	15	27	39	51	63	75	87	99	111	123		
2003	-	-	-	-	-	-	-	-	-	-	-	0
2004	1,683	1,683	1,683	1,683	1,683	1,683	1,683	1,683	1,683	1,683	-	1,683
2005	-	-	-	-	-	-	-	-	-	-	-	0
2006	-	-	-	-	-	-	-	-	-	-	-	0
2007	1,203	1,203	1,203	1,203	1,203	1,203	1,203	-	-	-	-	1,203
2008	-	725	725	725	725	725	-	-	-	-	-	725
2009	-	-	-	-	-	-	-	-	-	-	-	0
2010	-	-	-	-	-	-	-	-	-	-	-	0
2011	6,123	6,123	-	-	-	-	-	-	-	-	-	6,258
2012	-	-	-	-	-	-	-	-	-	-	-	0
												9,870
	15-27	27-39	39-51	51-63	63-75	75-87	87-99	99-111	111-123			
2003	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA		
2004	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000			
2005	NA	NA	NA	NA	NA	NA	NA	NA				
2006	NA	NA	NA	NA	NA	NA	NA					
2007	1.000	1.000	1.000	1.000	1.000	1.000						
2008	NA	1.000	1.000	1.000								
2009	NA	NA	NA									
2010	NA	NA										
2011	1.000											

Last 3 Weighted Avg.	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Avg. Ex. Hi and Lo	0.143	0.167	0.200	0.250	0.000	-0.500	
All Weighted Avg.	1.080	1.000	1.000	1.000	1.000	1.000	1.000
Harmonic Mean	1.000	1.000	1.000	1.000	1.000	1.000	1.000
All Weighted Avg. Fitted	1.037	1.028	1.020	1.011	1.003	0.994	0.986

CW Selected	1.129	1.022	1.011	1.002	1.000	1.000	1.000
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AFIE Selected	1.129	1.022	1.000	1.000	1.000	1.000	1.000
Age-Ultimate	1.154	1.022	1.000	1.000	1.000	1.000	1.000

Tail Factor
1.000

Armed Forces Insurance Exchange
Homeowners
HO6
Arkansas

Non-CAT All Other Perils Incurred Loss & ALAE
Evaluated @ 3/2013

Accident Year	Non-CAT All Other Perils Incurred Loss & ALAE										AFIE	
	15	27	39	51	63	75	87	99	111	123	Ultimate	
2003	-	-	-	-	-	-	-	-	-	-	-	0
2004	1,683	1,683	1,683	1,683	1,683	1,683	1,683	1,683	1,683	1,683	1,683	1,683
2005	-	-	-	-	-	-	-	-	-	-	-	0
2006	-	-	-	-	-	-	-	-	-	-	-	0
2007	1,203	1,203	1,203	1,203	1,203	1,203	1,203					1,203
2008	-	725	725	725	725	725						725
2009	-	-	-	-	-	-						0
2010	-	-	-	-	-	-						0
2011	6,123	6,123										6,123
2012	-											0
												9,735
	15-27	27-39	39-51	51-63	63-75	75-87	87-99	99-111	111-123			
2003	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA		
2004	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000			
2005	NA	NA	NA	NA	NA	NA	NA	NA				
2006	NA	NA	NA	NA	NA	NA	NA					
2007	1.000	1.000	1.000	1.000	1.000	1.000						
2008	NA	1.000	1.000	1.000								
2009	NA	NA	NA									
2010	NA	NA										
2011	1.000											

Last 3 Weighted Avg.	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Avg. Ex. Hi and Lo	0.143	0.167	0.200	0.250	0.000	-0.500	
All Weighted Avg.	1.080	1.000	1.000	1.000	1.000	1.000	1.000
Harmonic Mean	1.000	1.000	1.000	1.000	1.000	1.000	1.000
All Weighted Avg. Fitted	1.037	1.028	1.020	1.011	1.003	0.994	0.986

CW Selected	1.017	1.003	1.008	1.001	1.001	1.000	1.000
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AFIE Selected	1.017	1.000	1.000	1.000	1.000	1.000	1.000
Age-Ultimate	1.017	1.000	1.000	1.000	1.000	1.000	1.000

Tail Factor
1.000

Armed Forces Insurance Exchange
Homeowners
All Forms
Countrywide

Non-CAT Liability Paid Loss & ALAE
Evaluated @ 3/2013

Accident Year	Non-CAT Liability Paid Loss & ALAE										Selected Ultimate
	15	27	39	51	63	75	87	99	111	123	
2003	243,240	377,166	529,450	750,301	756,175	868,555	905,841	905,841	903,143	905,563	905,563
2004	222,386	440,352	543,078	671,214	701,047	740,501	740,925	740,925	740,925		740,925
2005	308,873	418,431	1,289,209	1,567,039	1,627,464	1,642,445	1,813,622	1,813,622			1,813,622
2006	319,069	619,432	1,054,588	1,004,123	1,230,885	1,216,656	1,216,656				1,216,656
2007	362,528	1,019,258	1,440,773	1,685,059	1,781,244	1,918,764					2,008,945
2008	255,817	389,787	791,635	842,267	915,000						1,003,755
2009	189,831	756,360	810,809	988,631							1,166,584
2010	474,830	741,896	807,591								1,108,015
2011	178,729	487,144									1,019,592
2012	171,442										737,202
											11,720,860
	15-27	27-39	39-51	51-63	63-75	75-87	87-99	99-111	111-123		
2003	1.551	1.404	1.417	1.008	1.149	1.043	1.000	0.997	1.003		
2004	1.980	1.233	1.236	1.044	1.056	1.001	1.000	1.000			
2005	1.355	3.081	1.216	1.039	1.009	1.104	1.000				
2006	1.941	1.703	0.952	1.226	0.988	1.000					
2007	2.812	1.414	1.170	1.057	1.077						
2008	1.524	2.031	1.064	1.086							
2009	3.984	1.072	1.219								
2010	1.562	1.089									
2011	2.726										

Last 3 Weighted Avg.	2.354	1.276	1.155	1.112	1.030	1.048	1.000				
Avg. Ex. Hi and Lo	2.014	1.479	1.181	1.057	1.047	1.022					
All Weighted Avg.	2.054	1.526	1.162	1.075	1.048	1.047	1.000				
Harmonic Mean	2.031	1.533	1.174	1.074	1.054	1.036	1.000				
All Weighted Avg. Fitted	1.702	1.528	1.372	1.232	1.106	0.993	0.891				

Selected	2.054	1.526	1.162	1.075	1.048	1.047	1.000				
Age-Ultimate	4.300	2.093	1.372	1.180	1.097	1.047	1.000				

Tail Factor
1.000

Armed Forces Insurance Exchange
Homeowners
All Forms
Countrywide

Non-CAT Liability Incurred Loss & ALAE
Evaluated @ 3/2013

Accident Year	Non-CAT Liability Incurred Loss & ALAE										Selected Ultimate
	15	27	39	51	63	75	87	99	111	123	
2003	435,904	528,528	706,457	751,064	761,175	874,182	905,841	905,841	908,143	907,741	907,741
2004	307,366	494,624	753,097	728,394	769,682	773,360	740,925	740,925	740,925		740,925
2005	378,449	841,718	1,402,371	1,614,802	1,642,058	1,704,461	1,813,622	1,813,622			1,813,622
2006	523,550	827,007	1,152,906	1,211,074	1,233,385	1,216,656	1,216,656				1,216,656
2007	945,914	1,642,559	1,679,412	1,774,330	1,920,828	1,918,764					1,953,301
2008	818,627	965,791	884,702	910,067	936,310						966,272
2009	1,350,917	1,006,006	1,003,087	1,074,697							1,152,075
2010	1,211,912	1,115,436	1,199,412								1,367,330
2011	491,006	956,287									1,290,031
2012	263,072										460,113
											11,868,066
	15-27	27-39	39-51	51-63	63-75	75-87	87-99	99-111	111-123		
2003	1.212	1.337	1.063	1.013	1.148	1.036	1.000	1.003	1.000		
2004	1.609	1.523	0.967	1.057	1.005	0.958	1.000	1.000			
2005	2.224	1.666	1.151	1.017	1.038	1.064	1.000				
2006	1.580	1.394	1.050	1.018	0.986	1.000					
2007	1.736	1.022	1.057	1.083	0.999						
2008	1.180	0.916	1.029	1.029							
2009	0.745	0.997	1.071								
2010	0.920	1.075									
2011	1.948										

Last 3 Weighted Avg.	1.008	1.000	1.054	1.050	1.009	1.021	1.000
Avg. Ex. Hi and Lo	1.455	1.225	1.054	1.030	1.014	1.018	
All Weighted Avg.	1.296	1.183	1.064	1.039	1.025	1.024	1.000
Harmonic Mean	1.385	1.215	1.054	1.036	1.034	1.014	1.000
All Weighted Avg. Fitted	1.222	1.175	1.129	1.086	1.044	1.003	0.965

Selected	1.296	1.183	1.064	1.039	1.014	1.018	1.000
Age-Ultimate	1.749	1.349	1.140	1.072	1.032	1.018	1.000

Tail Factor
1.000

Armed Forces Insurance Exchange
Homeowners
All Forms
Countrywide

Non-CAT All Other Perils Paid Loss & ALAE
Evaluated @ 3/2013

Accident Year	Non-CAT All Other Perils Paid Loss & ALAE										Selected Ultimate
	15	27	39	51	63	75	87	99	111	123	
2003	18,787,327	19,880,653	20,075,839	20,304,495	20,418,949	20,365,316	20,364,716	20,364,116	20,362,516	20,362,516	20,362,516
2004	16,694,902	18,823,432	19,067,180	19,342,685	19,365,298	19,373,075	19,423,738	19,423,738	19,423,738	19,423,738	19,423,738
2005	14,417,656	16,727,203	17,287,191	17,370,063	17,370,751	17,375,791	17,379,124	17,384,241	17,384,241	17,384,241	17,384,241
2006	18,701,289	20,225,027	20,410,172	20,511,143	20,524,677	20,547,253	20,532,535				20,532,535
2007	21,021,113	24,007,608	24,453,185	24,611,451	24,635,673	24,655,491					24,655,491
2008	19,739,469	22,088,193	22,290,363	22,373,564	22,422,266						22,422,266
2009	19,188,140	21,969,693	22,546,431	23,231,653							23,278,116
2010	23,013,160	26,590,895	27,856,175								28,218,305
2011	24,989,159	29,029,213									30,045,235
2012	27,661,544										32,336,345
											238,658,788
	15-27	27-39	39-51	51-63	63-75	75-87	87-99	99-111	111-123		
2003	1.058	1.010	1.011	1.006	0.997	1.000	1.000	1.000	1.000		
2004	1.127	1.013	1.014	1.001	1.000	1.003	1.000	1.000	1.000		
2005	1.160	1.033	1.005	1.000	1.000	1.000	1.000				
2006	1.081	1.009	1.005	1.001	1.001	0.999					
2007	1.142	1.019	1.006	1.001	1.001						
2008	1.119	1.009	1.004	1.002							
2009	1.145	1.026	1.030								
2010	1.155	1.048									
2011	1.162										

Last 3 Weighted Avg.	1.155	1.029	1.013	1.001	1.001	1.001	1.000			
Avg. Ex. Hi and Lo	1.133	1.018	1.008	1.001	1.000	1.000	1.000			
All Weighted Avg.	1.129	1.022	1.011	1.002	1.000	1.000	1.000			
Harmonic Mean	1.127	1.021	1.011	1.002	1.000	1.000	1.000			
All Weighted Avg. Fitted	1.069	1.053	1.038	1.023	1.007	0.993	0.978			

Selected	1.129	1.022	1.011	1.002	1.000	1.000	1.000			
Age-Ultimate	1.169	1.035	1.013	1.002	1.000	1.000	1.000			

Tail Factor
1.000

Armed Forces Insurance Exchange
Homeowners
All Forms
Countrywide

Non-CAT All Other Perils Incurred Loss & ALAE
Evaluated @ 3/2013

Accident Year	Non-CAT All Other Perils Incurred Loss & ALAE										Selected Ultimate
	15	27	39	51	63	75	87	99	111	123	
2003	19,430,958	19,784,501	19,989,928	20,212,996	20,265,865	20,352,293	20,352,293	20,356,693	20,356,111	20,361,266	20,361,266
2004	18,918,329	19,212,725	19,054,658	19,327,031	19,379,395	19,394,009	19,423,738	19,423,738	19,423,738		19,423,738
2005	16,149,387	17,101,250	17,245,602	17,336,497	17,365,351	17,374,092	17,377,425	17,382,542			17,382,542
2006	20,922,719	20,206,271	20,288,971	20,526,111	20,548,132	20,546,099	20,531,381				20,531,381
2007	24,235,876	24,081,247	24,370,140	24,648,626	24,640,196	24,679,875					24,679,875
2008	22,120,155	22,722,761	22,427,871	22,397,230	22,411,046						22,433,457
2009	22,501,165	23,175,955	23,174,482	23,281,377							23,327,940
2010	27,562,564	27,596,308	27,897,308								28,176,281
2011	28,120,777	29,504,149									29,887,703
2012	30,843,334										31,768,634
											237,972,817
	15-27	27-39	39-51	51-63	63-75	75-87	87-99	99-111	111-123		
2003	1.018	1.010	1.011	1.003	1.004	1.000	1.000	1.000	1.000		
2004	1.016	0.992	1.014	1.003	1.001	1.002	1.000	1.000	1.000		
2005	1.059	1.008	1.005	1.002	1.001	1.000	1.000				
2006	0.966	1.004	1.012	1.001	1.000	0.999					
2007	0.994	1.012	1.011	1.000	1.002						
2008	1.027	0.987	0.999	1.001							
2009	1.030	1.000	1.005								
2010	1.001	1.011									
2011	1.049										

Last 3 Weighted Avg.	1.027	1.000	1.005	1.000	1.001	1.000	1.000	
Avg. Ex. Hi and Lo	1.019	1.004	1.009	1.002	1.001	1.000		
All Weighted Avg.	1.017	1.003	1.008	1.001	1.001	1.000	1.000	
Harmonic Mean	1.017	1.003	1.008	1.002	1.002	1.000	1.000	
All Weighted Avg. Fitted	1.011	1.009	1.007	1.004	1.002	1.000	0.998	

Selected	1.017	1.003	1.008	1.001	1.001	1.000	1.000	
Age-Ultimate	1.030	1.013	1.010	1.002	1.001	1.000	1.000	

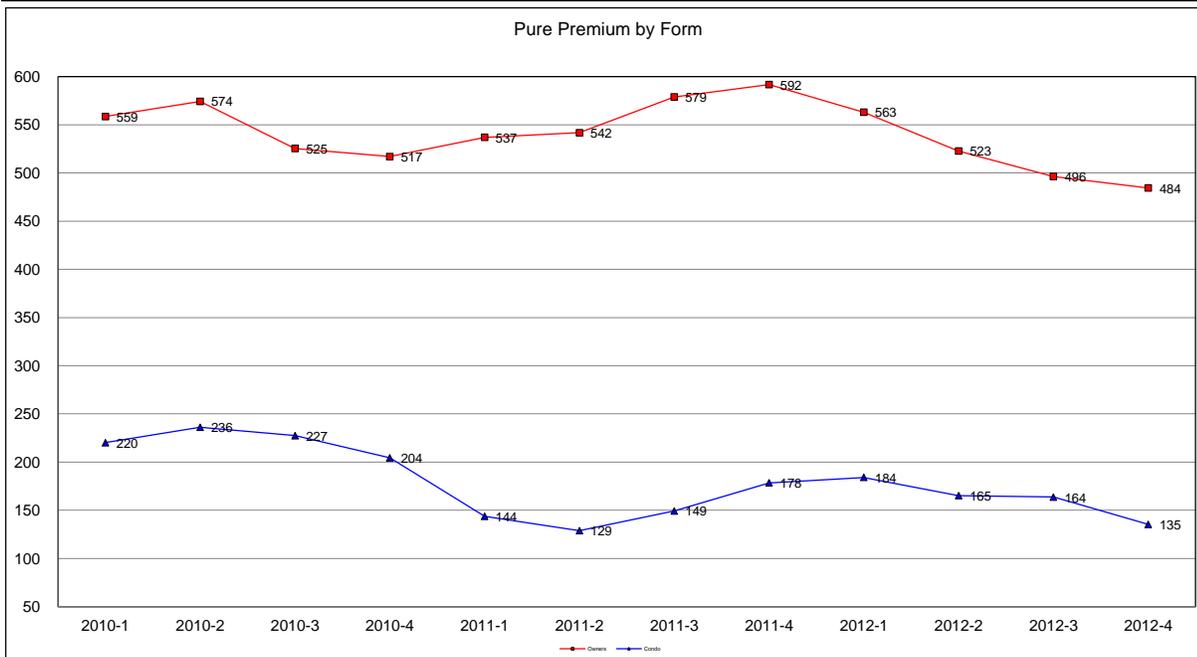
Tail Factor
1.000

PCI/ISO/NISS Fast Track Data, Homeowners (EX CAT)

Paid Claim Trend Analysis
4th Qtr 2012

Arkansas

Year Ending Quarter	HO1-HO3, HO5			HO6		
	Average Cost	Frequency	Pure Premium	Average Cost	Frequency	Pure Premium
2008-1	6,649	5.03%	335	3,313	4.10%	136
2008-2	6,825	5.47%	373	3,714	4.00%	149
2008-3	6,956	5.81%	404	3,760	3.93%	148
2008-4	7,480	5.86%	439	4,492	3.75%	168
2009-1	7,611	6.17%	469	4,847	3.93%	190
2009-2	7,999	6.14%	492	4,678	4.07%	190
2009-3	8,243	6.61%	545	4,566	4.02%	184
2009-4	7,962	6.92%	551	4,449	4.09%	182
2010-1	8,003	6.98%	559	4,570	4.82%	220
2010-2	8,248	6.96%	574	4,612	5.12%	236
2010-3	8,186	6.42%	525	5,041	4.51%	227
2010-4	8,200	6.30%	517	5,056	4.04%	204
2011-1	8,542	6.29%	537	4,450	3.23%	144
2011-2	8,017	6.76%	542	4,677	2.75%	129
2011-3	8,120	7.13%	579	4,589	3.25%	149
2011-4	8,439	7.01%	592	4,862	3.67%	178
2012-1	8,433	6.68%	563	5,256	3.50%	184
2012-2	8,833	5.92%	523	4,901	3.37%	165
2012-3	8,969	5.53%	496	5,691	2.88%	164
2012-4	8,775	5.52%	484	5,602	2.42%	135

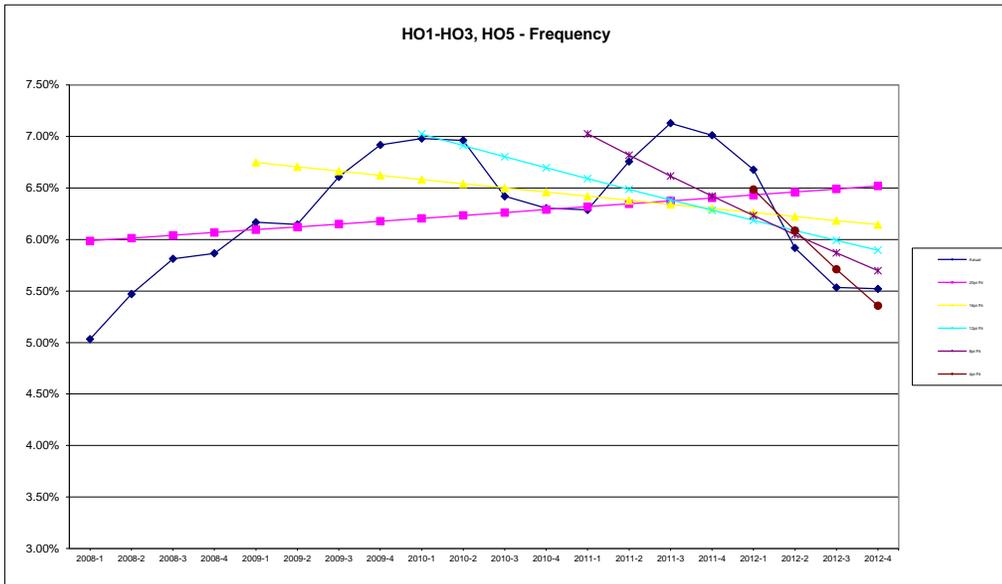


Exponential Annual Change

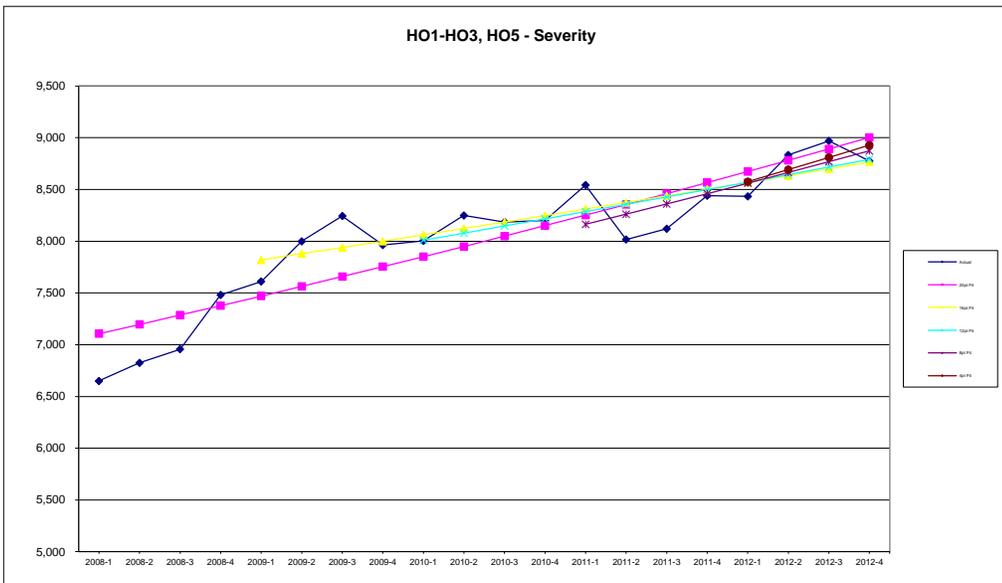
Point	HO1-HO3, HO5			HO6		
	Average Cost	Frequency	Pure Premium	Average Cost	Frequency	Pure Premium
4	5.5	-22.5	-18.2	14.6	-39.9	-31.1
8	4.9	-11.3	-7.0	14.6	-8.0	5.4
12	3.4	-6.2	-2.9	6.3	-18.9	-13.8
16	3.1	-2.5	0.5	4.2	-11.6	-7.9
20	5.1	1.8	7.0	7.4	-7.6	-0.7

R-Square Values

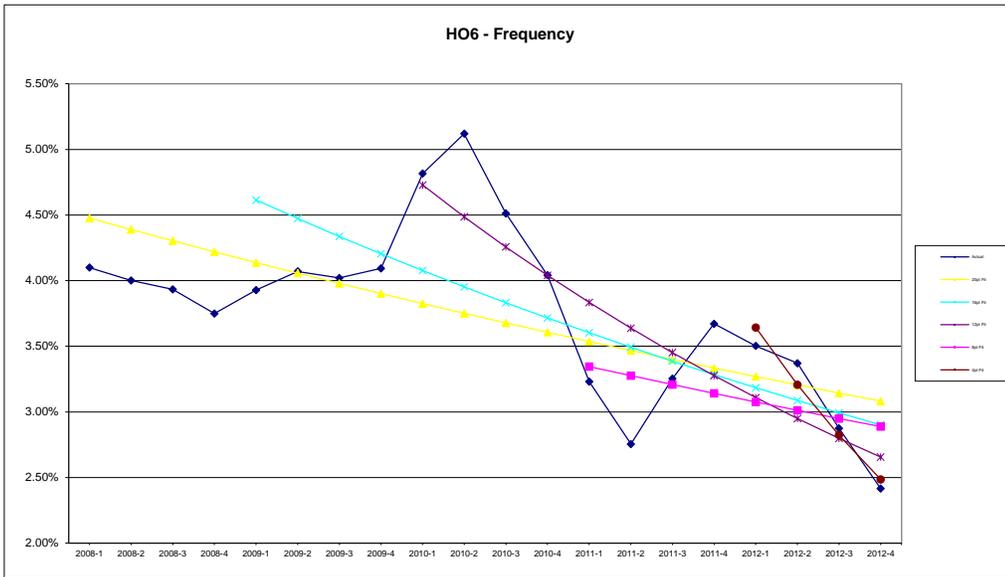
Point	HO1-HO3, HO5			HO6		
	Average Cost	Frequency	Pure Premium	Average Cost	Frequency	Pure Premium
4	0.436	0.853	0.953	0.417	0.940	0.887
8	0.541	0.516	0.392	0.834	0.135	0.063
12	0.627	0.408	0.186	0.471	0.679	0.419
16	0.696	0.135	0.009	0.423	0.517	0.296
20	0.789	0.072	0.430	0.646	0.394	0.004



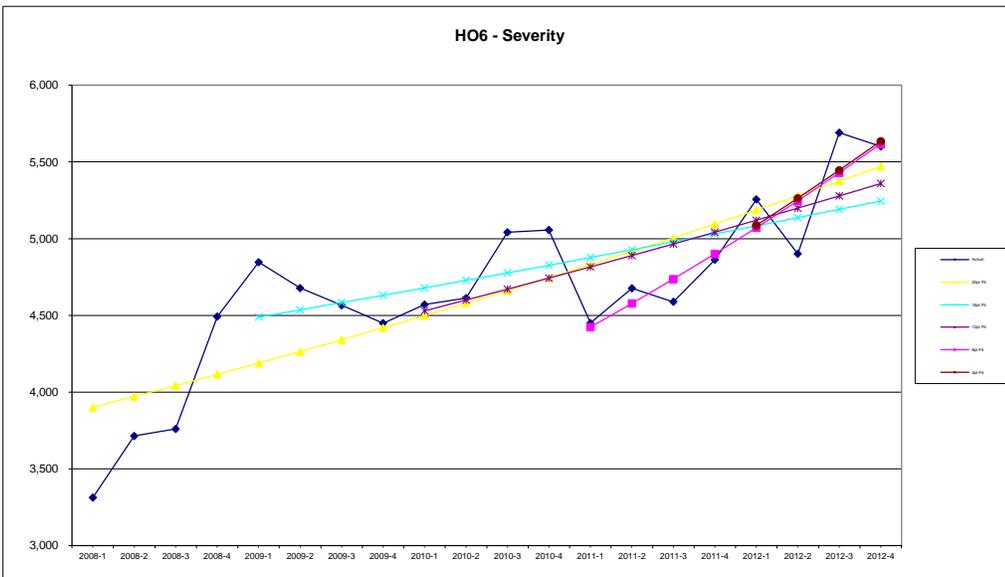
Owners	Frequency	R-Square
20pt	1.8	7.2%
16pt	-2.5	13.5%
12pt	-6.2	40.8%
8pt	-11.3	51.6%
4pt	<u>-22.5</u>	85.3%
Selections:		
Retrospective:	1.0	
Prospective:	-9.0	



Owners	Severity	R-Square
20pt	5.1	78.9%
16pt	3.1	69.6%
12pt	3.4	62.7%
8pt	4.9	54.1%
4pt	<u>5.5</u>	43.6%
Selections:		
Retrospective:	5.0	
Prospective:	5.0	



	Condo Frequency	R-Square
20pt	-7.6	39.4%
16pt	-11.6	51.7%
12pt	-18.9	67.9%
8pt	-8.0	13.5%
<u>4pt</u>	<u>-39.9</u>	94.0%
Selections:		
Retrospective:	-8.0	
Prospective:	-8.0	



	Condo Severity	R-Square
20pt	7.4	64.6%
16pt	4.2	42.3%
12pt	6.3	47.1%
8pt	14.6	83.4%
<u>4pt</u>	<u>14.6</u>	41.7%
Selections:		
Retrospective:	6.0	
Prospective:	12.0	

**Arkansas
Loss Trend Selection Summary
Latest Trend Period: 2012-4**

Policy Form	(1)	(2)	(3)
	Selected Frequency	Selected Severity	Selected Pure Premium
Retrospective Trend			
HO3	1.0	5.0	6.1
HO6	-8.0	6.0	-2.5

Prospective Trend			
HO3	-9.0	5.0	-4.4
HO6	-8.0	12.0	3.0

Proposed Effective Date: 07/01/2014
 Current Trend Date¹: 07/01/2012
 Prospective Trend Date²: 07/01/2015

Accident Year Ending	Current Cost Trend Period	HO3		HO6		Prospective Trend Period	HO3		HO6	
		Current Cost Factor	Current Cost Factor	Prospective Trend Factor	Prospective Trend Factor		Loss Trend Factor	Loss Trend Factor		
12/31/2003	9.01	1.705	0.796	3.00	0.874	1.093	1.490	0.870		
12/31/2004	8.01	1.607	0.816	3.00	0.874	1.093	1.405	0.892		
12/31/2005	7.00	1.514	0.838	3.00	0.874	1.093	1.323	0.916		
12/31/2006	6.00	1.427	0.859	3.00	0.874	1.093	1.247	0.939		
12/31/2007	5.00	1.345	0.881	3.00	0.874	1.093	1.176	0.963		
12/31/2008	4.00	1.267	0.904	3.00	0.874	1.093	1.107	0.988		
12/31/2009	3.00	1.194	0.927	3.00	0.874	1.093	1.044	1.013		
12/31/2010	2.00	1.126	0.951	3.00	0.874	1.093	0.984	1.039		
12/31/2011	1.00	1.061	0.975	3.00	0.874	1.093	0.927	1.066		
12/31/2012	0.00	1.000	1.000	3.00	0.874	1.093	0.874	1.093		

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

¹ Midpoint of latest trend period.

² One year after proposed effective date.

**Homeowners Multi-peril
Arkansas**

**Catastrophe Adjustment - (Non-modeled Losses)
HO3**

(1) (2)

Accident Year	Coverage A	@ 3/2013		Incurred Loss	Damage Ratio	Capped** Damage Ratio	Projected	
	Earned AOI Years	Paid Loss	Catastrophe* Outstanding Loss				Earned AOI Years	Expected Non-Modeled CAT Losses
1993	65,838	6,664	-	6,664	0.101	0.101		
1994	69,597	4,149	-	4,149	0.060	0.060		
1995	75,701	43,600	-	43,600	0.576	0.576		
1996	78,004	96,109	-	96,109	1.232	1.232		
1997	78,256	140,993	-	140,993	1.802	1.802		
1998	80,663	1,097	-	1,097	0.014	0.014		
1999	81,174	20,134	-	20,134	0.248	0.248		
2000	82,623	38,152	-	38,152	0.462	0.462		
2001	85,707	11,647	-	11,647	0.136	0.136		
2002	89,114	10,652	-	10,652	0.120	0.120		
2003	98,827	32,393	-	32,393	0.328	0.328	158,518	139,007
2004	104,747	37,634	-	37,634	0.359	0.359	152,616	133,832
2005	106,276	11,472	-	11,472	0.108	0.108	140,603	123,297
2006	108,304	36,624	-	36,624	0.338	0.338	132,997	116,628
2007	106,232	12,280	-	12,280	0.116	0.116	119,830	105,081
2008	104,227	368,036	-	368,036	3.531	3.531	108,500	95,146
2009	99,640	278,176	-	278,176	2.792	2.792	99,739	87,463
2010	101,014	92,548	-	92,548	0.916	0.916	99,599	87,340
2011	101,539	335,037	-	335,037	3.300	3.300	100,828	88,418
2012	97,144	13,738	-	13,738	0.141	0.141	97,144	85,187

Total 0.877 0.877

Selected Damage Ratio: 0.877

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

** Actual damage ratios are capped at 5X the 20 year aggregate average.

(1) = AOI trend factors (Exhibit 4 - Page 1) applied to Coverage A Earned AOI Years

(2) = (1) x Selected Damage Ratio

Catastrophe Adjustment - (Non-modeled Losses)
HO6

(1) (2)

Accident Year	Coverage C	@ 3/2013			Incurred Loss	Damage Ratio	Capped** Damage Ratio	Projected Coverage C	
	Earned AOI Years	Paid Loss	Outstanding Loss	Earned AOI Years				Expected Non-Modeled CAT Losses	
1993	293	-	-	-	0.000	0.000			
1994	290	-	-	-	0.000	0.000			
1995	284	-	-	-	0.000	0.000			
1996	272	-	-	-	0.000	0.000			
1997	256	-	-	-	0.000	0.000			
1998	241	-	-	-	0.000	0.000			
1999	233	-	-	-	0.000	0.000			
2000	229	-	-	-	0.000	0.000			
2001	229	-	-	-	0.000	0.000			
2002	225	-	-	-	0.000	0.000			
2003	220	-	-	-	0.000	0.000	459	-	
2004	371	-	-	-	0.000	0.000	521	-	
2005	255	-	-	-	0.000	0.000	504	-	
2006	351	-	-	-	0.000	0.000	612	-	
2007	472	-	-	-	0.000	0.000	644	-	
2008	469	-	-	-	0.000	0.000	551	-	
2009	605	-	-	-	0.000	0.000	632	-	
2010	729	-	-	-	0.000	0.000	779	-	
2011	645	-	-	-	0.000	0.000	691	-	
2012	635	-	-	-	0.000	0.000	654	-	

Total 0.000 0.000

Selected Damage Ratio: -

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

** Actual damage ratios are capped at 5X the 20 year aggregate average.

(1) = AOI trend factors (Exhibit 4 - Page 2) applied to Coverage A Earned AOI Years

(2) = (1) x Selected Damage Ratio

Catastrophe Adjustment - Hurricane

HO3

(1)	(2)	(3)	(4)	(5)
1/1/2013 Modeled Expected Annual Loss	Accident Year Ending	Cov A Earned AOI Years	AOI Trend Factor	Trended Modeled Expected Annual Loss
-	12/31/2003	98,827	1.604	-
	12/31/2004	104,747	1.457	-
	12/31/2005	106,276	1.323	-
	12/31/2006	108,304	1.228	-
	12/31/2007	106,232	1.128	-
	12/31/2008	104,227	1.041	-
	12/31/2009	99,640	1.001	-
	12/31/2010	101,014	0.986	-
	12/31/2011	101,539	0.993	-
	12/31/2012	97,144	1.000	-

HO6

(1)	(2)	(3)	(4)	(5)
1/1/2013 Modeled Expected Annual Loss	Accident Year Ending	Cov C Earned AOI Years	AOI Trend Factor	Trended Modeled Expected Annual Loss
-	12/31/2003	220	2.088	-
	12/31/2004	371	1.402	-
	12/31/2005	255	1.981	-
	12/31/2006	351	1.743	-
	12/31/2007	472	1.363	-
	12/31/2008	469	1.175	-
	12/31/2009	605	1.045	-
	12/31/2010	729	1.068	-
	12/31/2011	645	1.072	-
	12/31/2012	635	1.030	-

- (1) - RMS RiskLink v11.0 Long Term - Using Insurance in Force @ 1/1/2013.
- (3) - Exhibit 7
- (4) - Exhibit 4
- (5) = ((1) / (3 latest accyr)) x (3) x (4)

Catastrophe Adjustment - Earthquake

HO3

(1)	(2)	(3)	(4)	(5)
1/1/2013 Modeled Expected <u>Annual Loss</u>	Accident Year <u>Ending</u>	Cov A Earned AOI <u>Years</u>	AOI Trend <u>Factor</u>	Trended Modeled Expected <u>Annual Loss</u>
8,256	12/31/2003	98,827	1.604	13,473
	12/31/2004	104,747	1.457	12,971
	12/31/2005	106,276	1.323	11,950
	12/31/2006	108,304	1.228	11,304
	12/31/2007	106,232	1.128	10,185
	12/31/2008	104,227	1.041	9,222
	12/31/2009	99,640	1.001	8,477
	12/31/2010	101,014	0.986	8,465
	12/31/2011	101,539	0.993	8,570
	12/31/2012	97,144	1.000	8,256

HO6

(1)	(2)	(3)	(4)	(5)
1/1/2013 Modeled Expected <u>Annual Loss</u>	Accident Year <u>Ending</u>	Cov C Earned AOI <u>Years</u>	AOI Trend <u>Factor</u>	Trended Modeled Expected <u>Annual Loss</u>
19	12/31/2003	220	2.088	13
	12/31/2004	371	1.402	15
	12/31/2005	255	1.981	15
	12/31/2006	351	1.743	18
	12/31/2007	472	1.363	19
	12/31/2008	469	1.175	16
	12/31/2009	605	1.045	18
	12/31/2010	729	1.068	23
	12/31/2011	645	1.072	20
	12/31/2012	635	1.030	19

- (1) - RMS RiskLink v11.0 Long Term - Using Insurance in Force @ 1/1/2013.
- (3) - Exhibit 7
- (4) - Exhibit 4
- (5) = ((1) / (3 latest accyr)) x (3) x (4)

Catastrophe Adjustment - Fire Following an Earthquake

HO3

(1)	(2)	(3)	(4)	(5)
1/1/2013 Modeled Expected <u>Annual Loss</u>	Accident Year <u>Ending</u>	Cov A Earned AOI <u>Years</u>	AOI Trend <u>Factor</u>	Trended Modeled Expected <u>Annual Loss</u>
64	12/31/2003	98,827	1.604	105
	12/31/2004	104,747	1.457	101
	12/31/2005	106,276	1.323	93
	12/31/2006	108,304	1.228	88
	12/31/2007	106,232	1.128	79
	12/31/2008	104,227	1.041	72
	12/31/2009	99,640	1.001	66
	12/31/2010	101,014	0.986	66
	12/31/2011	101,539	0.993	67
	12/31/2012	97,144	1.000	64

HO6

(1)	(2)	(3)	(4)	(5)
1/1/2013 Modeled Expected <u>Annual Loss</u>	Accident Year <u>Ending</u>	Cov C Earned AOI <u>Years</u>	AOI Trend <u>Factor</u>	Trended Modeled Expected <u>Annual Loss</u>
-	12/31/2003	220	2.088	-
	12/31/2004	371	1.402	-
	12/31/2005	255	1.981	-
	12/31/2006	351	1.743	-
	12/31/2007	472	1.363	-
	12/31/2008	469	1.175	-
	12/31/2009	605	1.045	-
	12/31/2010	729	1.068	-
	12/31/2011	645	1.072	-
	12/31/2012	635	1.030	-

- (1) - RMS RiskLink v11.0 Long Term - Using Insurance in Force @ 1/1/2013.
- (3) - Exhibit 7
- (4) - Exhibit 4
- (5) = ((1) / (3 latest accyr)) x (3) x (4)

**Armed Forces Insurance Exchange
Homeowners Multi-peril
Countrywide**

CAT ALAE Factor - ALL FORMS
(Includes Hurricane)

<u>ACCIDENT YEAR</u>	<u>CAT PAID LOSS</u>	<u>CAT PAID ALAE</u>	<u>CAT ALAE FACTOR</u>
2003	16,032,474	925,479	5.8%
2004	32,822,894	2,193,895	6.7%
2005	32,322,823	2,605,467	8.1%
2006	6,760,115	615,519	9.1%
2007	6,514,072	344,324	5.3%
2008	12,574,152	923,473	7.3%
2009	10,019,878	687,850	6.9%
2010	8,239,498	458,564	5.6%
2011	19,004,984	1,158,777	6.1%
2012	12,044,365	1,057,931	8.8%
Total	156,335,255	10,971,279	7.0%

Selected:

**Armed Forces Insurance Exchange
Homeowners Multi-peril
Countrywide**

ULAE Factor

Schedule P - Part 1A (Homeowners)
(000's)

	Sch. P Col 4	Sch. P Col 6	Sch. P Col 8	OLD Definition				
	(1)	(2)	(3)	(4) = (2) + (3)	(5)	(6) = (4) - (5)	(7) = (1) + (5)	(8) = (6) / (7)
AY	D&A Loss Payments	D&A DCC Payments	D&A AO Payments	Total LAE	Old Definition ALAE*	Implied Old Definition ULAE	Paid Loss & Old Definition ALAE	Implied Old Definition ULAE %
2003	29,130	1,082	4,190	5,272	2,829	2,443	31,959	7.6%
2004	35,414	613	4,150	4,763	4,003	760	39,417	1.9%
2005	52,231	577	5,984	6,561	4,277	2,284	56,508	4.0%
2006	49,914	842	5,602	6,444	2,218	4,226	52,132	8.1%
2007	26,952	395	3,746	4,141	2,300	1,841	29,252	6.3%
2008	31,100	515	3,397	3,912	2,554	1,358	33,654	4.0%
2009	34,158	410	4,180	4,590	2,625	1,965	36,783	5.3%
2010	31,457	265	4,003	4,268	2,563	1,705	34,020	5.0%
2011	33,312	231	4,041	4,272	3,448	824	36,760	2.2%
2012	35,005	85	3,866	3,951	3,676	275	38,681	0.7%
	358,673	5,015	43,159	48,174	30,492	17,682	389,165	4.5%
	Total LAE Col(4) / Col(1):			13.4%	Selected:		<input type="text" value="4.5%"/>	

* All claim expense which is associated with a specific claim. (As of 03/31/2012)

**Armed Forces Insurance Exchange
Homeowners Multi-peril
Arkansas**

Exhibit 10

Credibility

	HO3	HO6
Accident <u>Year</u>	Earned House <u>Years</u>	Earned House <u>Years</u>
2003	725	7
2004	698	8
2005	643	8
2006	608	9
2007	548	10
2008	496	8
2009	456	10
2010	455	12
2011	461	11
2012	444	10
5 YR Total	2,312	51
10 YR Total	5,533	93
5 YR Credibility ¹ :	0.24	0.04
10YR Credibility ¹ :	0.37	0.05

¹ Full Credibility = 40,000 House Years.

Armed Forces Insurance Exchange
 Fixed Expense Trend
 & Trended Fixed Expense Per Exposure
Homeowners (All Forms)
 Arkansas

Proposed Effective Date: 7/1/2014
 Average Earned Date of Proposed Policy Period: 7/1/2015

All Forms						HO3		All Forms						HO3											
Countrywide			Arkansas			Countrywide			Countrywide			Countrywide			Countrywide			Countrywide							
(1)*	(2)*	(3)*	(4)**	(5)***	(6)*	(7)***	(8) = ((4) x 1000) / (3)	(9) = ((5) x 1000) / (2)	(10) = ((7) x 1000) / (6)	(11) = (8) + (9) + (10)	(12)	(13) = (11) x ((1)+(a))*(12)	(14)*	(15)***	(16) = ((4) x 1000) / (3)	(17) = ((5) x 1000) / (2)	(18) = ((15) x 1000) / (14)	(19) = (16) + (17) + (18)	(20)	(21) = (19) x ((1)+(b))*(20)					
Calendar Year	Written Exposure	Earned Exposure	Earned Exposure	Licenses & Fees (000'S)	General Expense (000'S)	Written Exposure	Acquisition Expense (000'S)	Avg. Lic./Fees Per Exposure	Avg. General Exp. Per Exposure	Avg. Other Acq. Exp. Per Exposure	Total Fixed Exp. Per Exposure	Trend Period	Trended Fixed Exp. Per Exposure	Written Exposure	Acquisition Expense (000'S)	Avg. Lic./Fees Per Exposure	Avg. General Exp. Per Exposure	Avg. Other Acq. Exp. Per Exposure	Total Fixed Exp. Per Exposure	Trend Period	Trended Fixed Exp. Per Exposure				
2008	57,444	58,746	505	2.36	5,696	54,791	6,900	4.67	96.97	125.93	227.57	7.00	261.39	2,653	334	4.67	96.97	125.93	227.57	7.00	261.39				
2009	55,589	56,529	465	2.66	5,372	53,003	7,637	5.71	95.03	144.09	244.83	6.00	275.70	2,586	373	5.71	95.03	144.09	244.83	6.00	275.70				
2010	54,533	55,016	467	3.03	6,093	52,014	8,103	6.48	110.75	155.78	273.01	5.00	301.40	2,519	392	6.48	110.75	155.78	273.01	5.00	301.40				
2011	52,940	53,861	471	4.94	6,230	50,532	6,351	10.48	115.67	125.69	251.84	4.00	272.58	2,408	303	10.48	115.67	125.69	251.84	4.00	272.58				
2012	50,565	51,769	454	4.25	6,165	48,288	5,240	9.35	119.09	108.51	236.95	3.00	251.44	2,277	247	9.35	119.09	108.51	236.95	3.00	251.44				
3 Year Trend:								20.1%	3.7%	-16.5%	-6.8%	Latest Year	251.44	5 Year Trend:								22.1%	6.3%	-4.3%	1.1%

Selected HO3 Trend: (a)

Selected:

Other Acq. Allocation:

General Allocation:

License/Fee Allocation:

HO6		All Forms						HO6																	
Countrywide		Countrywide			Countrywide			Countrywide			Countrywide														
(14)*	(15)***	(16) = ((4) x 1000) / (3)	(17) = ((5) x 1000) / (2)	(18) = ((15) x 1000) / (14)	(19) = (16) + (17) + (18)	(20)	(21) = (19) x ((1)+(b))*(20)	(14)*	(15)***	(16) = ((4) x 1000) / (3)	(17) = ((5) x 1000) / (2)	(18) = ((15) x 1000) / (14)	(19) = (16) + (17) + (18)	(20)	(21) = (19) x ((1)+(b))*(20)										
Written Exposure	Acquisition Expense (000'S)	Avg. Lic./Fees Per Exposure	Avg. General Exp. Per Exposure	Avg. Other Acq. Exp. Per Exposure	Total Fixed Exp. Per Exposure	Trend Period	Trended Fixed Exp. Per Exposure	Written Exposure	Acquisition Expense (000'S)	Avg. Lic./Fees Per Exposure	Avg. General Exp. Per Exposure	Avg. Other Acq. Exp. Per Exposure	Total Fixed Exp. Per Exposure	Trend Period	Trended Fixed Exp. Per Exposure										
2,653	334	4.67	96.97	125.93	227.57	7.00	261.39	2,653	334	4.67	96.97	125.93	227.57	7.00	261.39										
2,586	373	5.71	95.03	144.09	244.83	6.00	275.70	2,586	373	5.71	95.03	144.09	244.83	6.00	275.70										
2,519	392	6.48	110.75	155.78	273.01	5.00	301.40	2,519	392	6.48	110.75	155.78	273.01	5.00	301.40										
2,408	303	10.48	115.67	125.69	251.84	4.00	272.58	2,408	303	10.48	115.67	125.69	251.84	4.00	272.58										
2,277	247	9.35	119.09	108.51	236.95	3.00	251.44	2,277	247	9.35	119.09	108.51	236.95	3.00	251.44										
3 Year Trend:								20.1%	3.7%	-16.5%	-6.8%	Latest Year	251.44	5 Year Trend:								22.1%	6.3%	-4.3%	1.1%

Selected HO6 Trend: (b)

Selected:

Other Acq. Allocation:

General Allocation:

License/Fee Allocation:

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

Armed Forces Insurance Exchange
 Fixed Expense Trend
 & Trended Fixed Expense Per Exposure
Homeowners (All Forms)
 Countrywide

Proposed Effective Date: 7/1/2014
 Average Earned Date of Proposed Policy Period: 7/1/2015

All Forms Countrywide					HO3 Countrywide		All Forms		HO3			
(1)*	(2)*	(3)**	(4)***	(5)*	(6)***	(7) = ((3) x 1000) / (2)	(8) = ((4) x 1000) / (2)	(9) = ((6) x 1000) / (5)	(10) = (7) + (8) + (9)	(11)	(12) = (10) x ((1+a)^(11))	
Calendar Year	Written Exposure	Earned Exposure	Licenses & Fees (000's)	General Expense (000'S)	Written Exposure	Other Acquisition Expense (000'S)	Avg. Lic./Fees Per Exposure	Avg. General Exp. Per Exposure	Avg. Other Acq. Exp. Per Exposure	Total Fixed Exp. Per Exposure	Trend Period	Trended Fixed Exp. Per Exposure
2008	57,444	58,746	103.02	5,696	54,791	6,900	1.75	96.97	125.93	224.65	7.00	258.04
2009	55,589	56,529	119.75	5,372	53,003	7,637	2.12	95.03	144.09	241.24	6.00	271.65
2010	54,533	55,016	211.50	6,093	52,014	8,103	3.84	110.75	155.78	270.37	5.00	298.49
2011	52,940	53,861	203.79	6,230	50,532	6,351	3.78	115.67	125.69	245.14	4.00	265.33
2012	50,565	51,769	133.80	6,165	48,288	5,240	2.58	119.09	108.51	230.19	3.00	244.26
3 Year Trend:							-18.0%	3.7%	-16.5%	-7.7%	Latest Year	244.26
5 Year Trend:							14.5%	6.3%	-4.3%	0.6%		

(a)
 Selected HO3 Trend:
 Selected:
 Other Acq. Allocation:
 General Allocation:
 License/Fee Allocation:

HO6 Countrywide		All Forms		HO6			
(13)*	(14)***	(15) = ((3) x 1000) / (2)	(16) = ((4) x 1000) / (2)	(17) = ((14) x 1000) / (13)	(18) = (15) + (16) + (17)	(19)	(20) = (18) x ((1+b)^(19))
Written Exposure	Other Acquisition Expense (000'S)	Avg. Lic./Fees Per Exposure	Avg. General Exp. Per Exposure	Avg. Other Acq. Exp. Per Exposure	Total Fixed Exp. Per Exposure	Trend Period	Trended Fixed Exp. Per Exposure
2,653	334	1.75	96.97	125.93	224.65	7.00	258.04
2,586	373	2.12	95.03	144.09	241.24	6.00	271.65
2,519	392	3.84	110.75	155.78	270.37	5.00	298.49
2,408	303	3.78	115.67	125.69	245.14	4.00	265.33
2,277	247	2.58	119.09	108.51	230.19	3.00	244.26
3 Year Trend:		-18.0%	3.7%	-16.5%	-7.7%	Latest Year	244.26
5 Year Trend:		14.5%	6.3%	-4.3%	0.6%		

(b)
 Selected HO6 Trend:
 Selected:
 Other Acq. Allocation:
 General Allocation:
 License/Fee Allocation:

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

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

Homeowners
 Arkansas

HO3 - Current Projected							
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Average Earned Premium @ CRL	Other Acquisition Expense \$	General Expense \$	Licenses & Fees \$	Other Acquisition Expense %	General Expense %	Licenses & Fees %	Total Fixed Expense %
1,543.67	115.15	126.37	9.92	7.5%	8.2%	0.6%	16.3%
HO6 - Current Projected							
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Average Earned Premium @ CRL	Other Acquisition Expense \$	General Expense \$	Licenses & Fees \$	Other Acquisition Expense %	General Expense %	Licenses & Fees %	Total Fixed Expense %
555.97	115.15	126.37	9.92	20.7%	22.7%	1.8%	45.2%

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

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

Homeowners
 Countrywide

HO3 - Current Projected

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Average Earned Premium @ CRL	Other Acquisition Expense \$	General Expense \$	Licenses & Fees \$	Other Acquisition Expense %	General Expense %	Licenses & Fees %	Total Fixed Expense %
1,322.72	115.15	126.37	2.74	8.7%	9.6%	0.2%	18.5%

HO6 - Current Projected

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Average Earned Premium @ CRL	Other Acquisition Expense \$	General Expense \$	Licenses & Fees \$	Other Acquisition Expense %	General Expense %	Licenses & Fees %	Total Fixed Expense %
563.71	115.15	126.37	2.74	20.4%	22.4%	0.5%	43.3%

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

**Armed Forces Insurance Exchange
Homeowners HO3**

Arkansas

Net Cost of Reinsurance

2012 Countrywide Written Premium: 58,147,656 (a)
2012 Arkansas Written Premium: 604,650 (b)

	(1)	(2)	(3)	(4)	(5)	(6)				
<u>Layer</u>	<u>Limit</u>	<u>Retention</u>	<u>Current Cover</u>	<u>Countrywide 100% Rate Online</u>	<u>Countrywide Ceded Premium</u>	<u>Countrywide Expected Recoveries</u>	<u>Arkansas Expected Recoveries</u>	<u>Arkansas Estimated Ceded Premium</u>	<u>Arkansas Net Cost of Reinsurance</u>	
1	10,000,000	5,000,000	100.0%	32.0000%	2,055,880	863,483	2,263	5,387		
2	15,000,000	15,000,000	100.0%	15.0000%	1,829,716	647,349	1,682	4,754		
3	17,000,000	30,000,000	100.0%	8.0000%	1,447,292	403,088	895	3,213		
MRB	40,000,000	53,000,000	97.0%	5.0000%	578,638	201,527	348	998		
2nd/3rd Event					520,992	102,104	-	-		
Aggregate					1,756,368	843,879	5,101	10,616		
								10,288	24,969	2.43%

Notes:

- (1) AFIE Catastrophe XOL Reinsurance Program effective 7/1/2013 - 6/30/2014
- (2), (5) Premiums allocated according to AONBenfield Technical Pricing Method.
- (3), (4) RMS RiskLink v11.0 Long Term with Loss Amplification - Insurance in Force Jan 1, 2013.
- (6) = ((5)total - (4)total) / (b)

**Armed Forces Insurance Exchange
Homeowners HO6**

Arkansas

Net Cost of Reinsurance

2012 Countrywide Written Premium: 1,219,330 (a)
2012 Arkansas Written Premium: 4,410 (b)

	(1)	(2)	(3)	(4)	(5)	(6)			
<u>Layer</u>	<u>Limit</u>	<u>Retention</u>	<u>Current Cover</u>	<u>Countrywide 100% Rate Online</u>	<u>Countrywide Ceded Premium</u>	<u>Countrywide Expected Recoveries</u>	<u>Arkansas Expected Recoveries</u>	<u>Arkansas Estimated Ceded Premium</u>	<u>Arkansas Net Cost of Reinsurance</u>
1	10,000,000	5,000,000	100.0%	32.0000%	22,894	18	-	11	
2	15,000,000	15,000,000	100.0%	15.0000%	20,087	7,107	4	11	
3	17,000,000	30,000,000	100.0%	8.0000%	16,268	4,531	3	10	
MRB	40,000,000	53,000,000	97.0%	5.0000%	6,621	2,306	1	3	
2nd/3rd Event					7,054	1,382	-	-	
Aggregate					21,337	10,252	25	3	
							33	39	0.14%

Notes:

- (1) AFIE Catastrophe XOL Reinsurance Program effective 7/1/2013 - 6/30/2014
- (2), (5) Premiums allocated according to AONBenfield Technical Pricing Method.
- (3), (4) RMS RiskLink v11.0 Long Term with Loss Amplification - Insurance in Force Jan 1, 2013.
- (6) = ((5)total - (4)total) / (b)

ARMED FORCES INSURANCE EXCHANGE

Arkansas
Homeowners - HO3

Permissible Loss Ratio Calculation

A. Actual Expenses*

Category	2010-2012 Total		2012 Results		2011 Results		2010 Results		2009 Results		2008 Results	
	Dollars	Ratio	Dollars	Ratio	Dollars	Ratio	Dollars	Ratio	Dollars	Ratio	Dollars	Ratio
(1) Direct Written Premiums	1,835,602		609,060		615,616		610,926		591,644		629,080	
(2) Direct Earned Premiums	1,846,608		623,519		616,519		606,570		602,863		639,483	
(3) Commissions (W)	36,166	2.00%	36,166	5.94%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
(4) Taxes, Licenses & Fees (W)	66,405	3.62%	22,213	3.65%	22,630	3.68%	21,562	3.53%	20,373	3.44%	21,127	3.36%
(5) Licenses & Fees Only (W)	12,215	0.67%	4,245	0.70%	4,941	0.80%	3,029	0.50%	2,657	0.45%	2,358	0.37%
(6) Taxes Only = (4) - (5)		2.95%		2.95%		2.87%		3.03%		2.99%		2.98%

B. Selected Expense Provisions

Category	Indicated Percentage	Selected Percentage	Fixed	Variable
(1) Commissions	5.9%	10.0%	0.0%	10.0%
(2) Other Acquisitions Expenses	7.5%	7.5%	7.5%	0.0%
(3) General Expenses	8.2%	8.2%	8.2%	0.0%
(4) Taxes	3.0%	3.0%	0.0%	3.0%
(5) Licenses & Fees	0.6%	0.6%	0.6%	0.0%
(6) Net Cost of Reinsurance	2.4%	2.4%	2.4%	0.0%
(7) Profit Provision Net of Investment Income	10.3%	10.3%	0.0%	10.3%
(8) Total	37.9%	42.0%	18.7%	23.3%
(9) Permissible Loss Ratio 100% - 37.9%	62.1%	58.0%	81.3%	76.7%

Notes:

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

ARMED FORCES INSURANCE EXCHANGE

**Arkansas
Homeowners - HO3**

Underwriting Profit and Contingencies Load

A. Estimated After-tax Investment Income on Unearned Premium and Loss Reserves 2.0%

B. Underwriting Profit Loading Provision

(1) Target After-tax Total Rate of Return as a Percent of Surplus	10.0%
(2) Expected Pre-tax Investment Income on Surplus	4.0%
(3) Estimated Effective Federal Tax Rate on Investment Income	27.5%
(4) Estimated After-tax Investment Income on Surplus	2.9%
(5) Required After-tax Return from Insurance Operations as a Percent of Surplus	7.1%
(6) Target Premium to Surplus Ratio	0.95
(7) Required After-tax Return from Insurance Operations as a Percent of Premium	7.5%
(8) Required After-tax Underwriting Profit Provision Net of Investment Income	5.5%
(9) Effective Tax Rate on Underwriting Profit	34.0%
(10) Pre-tax Underwriting Profit and Contingency Provision Net of Investment Income	10.3%

A	Exhibit 14, Page 3, line 12
B.2	Exhibit 14, Page 8, Section B
B.3	Exhibit 14, Page 8, Section A
B.4	$(B.2) \times (1 - (B.3))$
B.5	$(B.1) - (B.4)$
B.6	Exhibit 14, Page 7
B.7	$(B.5) / (B.6)$
B.8	$(B.7) - (A)$
B.10	$(B.8) / (1 - (B.9)) + 2.0\%$

Armed Forces Insurance Exchange
Arkansas
Homeowners (in 000's)
HO3
Estimated Investment Income on Unearned Premium and Loss Reserves

1	Direct premium earned Companywide 2012		59,366
2	MEAN UNEARNED PREMIUMS		
	a. Direct Companywide unearned @ 12/31/2012		30,912
	b. Direct Companywide unearned @ 12/31/2011		30,860
	c. Mean Unearned		30,886
3	DEDUCTION FOR DELAYED REMISSION		
	a. Direct companywide all lines Earned Premium 2012		80,375
	b. Direct agents' balances all lines @ 12/31/2012		7,557
	c. Direct agents' balances all lines @ 12/31/2011		8,123
	d. Mean Agents' balances all lines		7,840
	e. Ratio		0.0975
	f. Deduction for delayed remission		5,791
4	DEDUCTION FOR PREPAID EXPENSES		
	a. Net premium earned Companywide 2012		49,854
	b. Commission & brokerage		3,503
	c. 50% of other acquisition		2,226
	d. 50% of general expense		2,434
	e. Taxes licenses and fees		2,137
	f. Total prepaid expenses		10,300
	g. Ratio		0.2066
	h. Deduction for prepaid		6,381
5	NET SUBJECT TO INVESTMENT		18,714
6	EXPECTED INCURRED LOSS AT LOSS RATIO OF	58.0%	34,432
7	EXPECTED MEAN LOSS AND LAE RESERVES		
	a. Direct Companywide Loss & LAE reserve @ 12/31/2012		18,777
	b. Direct Companywide Loss & LAE reserve @ 12/31/2011		22,612
	c. Mean Loss & LAE reserve 2012		20,695
	d. Direct Companywide Incurred Loss & LAE 2012		49,119
	e. Ratio		0.421
	f. Direct Companywide Loss & LAE reserve @ 12/31/2011		22,612
	g. Direct Companywide Loss & LAE reserve @ 12/31/2010		19,643
	h. Mean Loss & LAE reserve 2011		21,128
	i. Direct Companywide incurred Loss & LAE 2011		53,879
	j. Ratio		0.392
	k. Average		0.407
	l. Expected mean Loss & LAE reserves		14,014
8	TOTAL SUBJECT TO INVESTMENT		32,728
9	PRE-TAX RATE OF RETURN		5.1%
10	Investment earnings on total available		1,654
11	Average rate of return as a % of earned premium		2.8%
12	After-tax rate of return as a % of earned premium @ 27.5% Effective Tax Rate		2.0%

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

ARMED FORCES INSURANCE EXCHANGE

Arkansas
Homeowners - HO6

Permissible Loss Ratio Calculation

A. Actual Expenses*

Category	2010-2012 Total		2012 Results		2011 Results		2010 Results		2009 Results		2008 Results	
	Dollars	Ratio	Dollars	Ratio	Dollars	Ratio	Dollars	Ratio	Dollars	Ratio	Dollars	Ratio
(1) Direct Written Premiums	1,835,602		609,060		615,616		610,926		591,644		629,080	
(2) Direct Earned Premiums	1,846,608		623,519		616,519		606,570		602,863		639,483	
(3) Commissions (W)	36,166	2.00%	36,166	5.94%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
(4) Taxes, Licenses & Fees (W)	66,405	3.62%	22,213	3.65%	22,630	3.68%	21,562	3.53%	20,373	3.44%	21,127	3.36%
(5) Licenses & Fees Only (W)	12,215	0.67%	4,245	0.70%	4,941	0.80%	3,029	0.50%	2,657	0.45%	2,358	0.37%
(6) Taxes Only = (4) - (5)		2.952%		2.95%		2.87%		3.03%		2.99%		2.98%

B. Selected Expense Provisions

Category	Indicated Percentage	Selected Percentage	Fixed	Variable
(1) Commissions	5.9%	10.0%	0.0%	10.0%
(2) Other Acquisitions Expenses	20.7%	20.7%	20.7%	0.0%
(3) General Expenses	22.7%	22.7%	22.7%	0.0%
(4) Taxes	3.0%	3.0%	0.0%	3.0%
(5) Licenses & Fees	1.8%	1.8%	1.8%	0.0%
(6) Net Cost of Reinsurance	0.1%	0.1%	0.1%	0.0%
(7) Profit Provision Net of Investment Income	10.9%	10.9%	0.0%	10.9%
(8) Total	65.1%	69.2%	45.3%	23.9%
(9) Permissible Loss Ratio 100% - 65.1%	34.9%	30.8%	54.7%	76.1%

Notes:

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

ARMED FORCES INSURANCE EXCHANGE

**Arkansas
Homeowners - HO6**

Underwriting Profit and Contingencies Load

A. Estimated After-tax Investment Income on Unearned Premium and Loss Reserves 1.6%

B. Underwriting Profit Loading Provision

(1) Target After-tax Total Rate of Return as a Percent of Surplus	10.0%
(2) Expected Pre-tax Investment Income on Surplus	4.0%
(3) Estimated Effective Federal Tax Rate on Investment Income	27.5%
(4) Estimated After-tax Investment Income on Surplus	2.9%
(5) Required After-tax Return from Insurance Operations as a Percent of Surplus	7.1%
(6) Target Premium to Surplus Ratio	0.95
(7) Required After-tax Return from Insurance Operations as a Percent of Premium	7.5%
(8) Required After-tax Underwriting Profit Provision Net of Investment Income	5.9%
(9) Effective Tax Rate on Underwriting Profit	34.0%
(10) Pre-tax Underwriting Profit and Contingency Provision Net of Investment Income	10.9%

A	Exhibit 14, Page 6, line 12
B.2	Exhibit 14, Page 8, Section B
B.3	Exhibit 14, Page 8, Section A
B.4	$(B.2) \times (1 - (B.3))$
B.5	$(B.1) - (B.4)$
B.6	Exhibit 14, Page 7
B.7	$(B.5) / (B.6)$
B.8	$(B.7) - (A)$
B.10	$(B.8) / (1 - (B.9)) + 2.0\%$

Armed Forces Insurance Exchange
Arkansas
Homeowners (in 000's)
HO6
Estimated Investment Income on Unearned Premium and Loss Reserves

1	Direct premium earned Companywide 2012		59,366
2	MEAN UNEARNED PREMIUMS		
	a. Direct Companywide unearned @ 12/31/2012		30,912
	b. Direct Companywide unearned @ 12/31/2011		30,860
	c. Mean Unearned		30,886
3	DEDUCTION FOR DELAYED REMISSION		
	a. Direct companywide all lines Earned Premium 2012		80,375
	b. Direct agents' balances all lines @ 12/31/2012		7,557
	c. Direct agents' balances all lines @ 12/31/2011		8,123
	d. Mean Agents' balances all lines		7,840
	e. Ratio		0.0975
	f. Deduction for delayed remission		5,791
4	DEDUCTION FOR PREPAID EXPENSES		
	a. Net premium earned Companywide 2012		49,854
	b. Commission & brokerage		3,503
	c. 50% of other acquisition		2,226
	d. 50% of general expense		2,434
	e. Taxes licenses and fees		2,137
	f. Total prepaid expenses		10,300
	g. Ratio		0.2066
	h. Deduction for prepaid		6,381
5	NET SUBJECT TO INVESTMENT		18,714
6	EXPECTED INCURRED LOSS AT LOSS RATIO OF	30.8%	18,285
7	EXPECTED MEAN LOSS AND LAE RESERVES		
	a. Direct Companywide Loss & LAE reserve @ 12/31/2012		18,777
	b. Direct Companywide Loss & LAE reserve @ 12/31/2011		22,612
	c. Mean Loss & LAE reserve 2012		20,695
	d. Direct Companywide Incurred Loss & LAE 2012		49,119
	e. Ratio		0.421
	f. Direct Companywide Loss & LAE reserve @ 12/31/2011		22,612
	g. Direct Companywide Loss & LAE reserve @ 12/31/2010		19,643
	h. Mean Loss & LAE reserve 2011		21,128
	i. Direct Companywide incurred Loss & LAE 2011		53,879
	j. Ratio		0.392
	k. Average		0.407
	l. Expected mean Loss & LAE reserves		7,442
8	TOTAL SUBJECT TO INVESTMENT		26,156
9	PRE-TAX RATE OF RETURN		5.1%
10	Investment earnings on total available		1,322
11	Average rate of return as a % of earned premium		2.2%
12	After-tax rate of return as a % of earned premium @ 27.5% Effective Tax Rate		1.6%

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

ARMED FORCES INSURANCE EXCHANGE

COUNTRYWIDE - ALL LINES

Premium to Surplus Ratio

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>Aggregate</u>
(1) Direct Written Premium All Lines (000'S)	\$ 79,078	\$ 81,671	\$ 80,783	241,532
(2) Net Written Premium All Lines (000'S)	\$ 64,866	\$ 71,526	\$ 67,386	203,778
(3) Surplus (000'S)	44,949	47,909	65,284	158,142
(4) Net WP/Surplus Ratio	1.44	1.49	1.03	1.29
(5) (Direct/Net) WP Ratio	1.22	1.14	1.2	1.19
		Targeted Net WP/Surplus Ratio:	0.80 (A)	
		Targeted Direct WP/Surplus Ratio:	0.95 (B) = (A) x (5)Aggregate	

Sources:

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

ARMED FORCES INSURANCE EXCHANGE

**Arkansas
Homeowners**

Expected Effective Tax Rate on Investment Income and Investment Income Yield

A. Effective Tax Rate on Investment Income*

	Years 2010 - 2012 (A)	Allocation (B)	Current Tax Rate** (C)	Total Tax (B) x (C) (D)
(1) U.S. government bonds	1,125,081	4.2%	34.0%	1.4%
(2) Tax exempt bonds	328,138	1.2%	5.1%	0.1%
(3) Other bonds	9,077,653	33.6%	34.0%	11.4%
(4) Preferred Stocks	795,271	2.9%	13.8%	0.4%
(5) Common Stocks	7,564,515	28.0%	13.8%	3.9%
(6) Cash and short-term investments	62,123	0.2%	34.0%	0.1%
(7) Net Realized Capital Gains	8,073,312	29.9%	34.0%	10.2%
(8) Total	27,026,092	100.0%		27.5%

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

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

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

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

	Pre-tax Percentage of Average Invested Assets		
	Net Investment Income	Net Realized Capital Gains	Total
2003	2.8%	5.9%	8.7%
2004	2.5%	2.4%	4.9%
2005	2.6%	1.2%	3.8%
2006	2.6%	1.3%	3.9%
2007	2.9%	2.1%	4.9%
2008	2.9%	-5.7%	-2.8%
2009	3.8%	0.9%	4.8%
2010	5.6%	0.8%	6.4%
2011	5.7%	1.9%	7.7%
2012	4.0%	4.2%	8.1%
10 yr Average	3.5%	1.5%	5.1%
10 yr Ex. HI/LOW Average	3.4%	1.9%	5.6%
		Selected	5.1%

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

ARMED FORCES INSURANCE EXCHANGE**Arkansas
Homeowners****Prior Filing Previsions**

<u>Category</u>	<u>HO3</u>	<u>HO6</u>
(1) Variable Expenses (including Profit & Contingencies)	10.4%	11.5%

**Armed Forces Insurance Exchange
Net Trend Calculation
Arkansas
HO3**

	(1)	(2)	(3)	(4)	(5)	(6)
Accident Year Ending	Earned Premium	Earned Exposures	On-Level Earned Premium	Premium Trend Factor	Projected Earned Premium @CRL	Projected Average Earned Premium @CRL
12/31/2003	499,726	725	945,532	1.183	1,118,565	1,543.67
12/31/2004	580,046	698	945,793	1.139	1,077,259	
12/31/2005	665,876	643	909,010	1.091	991,730	
12/31/2006	687,200	608	891,466	1.053	938,714	
12/31/2007	660,938	548	850,296	0.995	846,045	
12/31/2008	634,698	496	816,539	0.938	765,914	
12/31/2009	596,998	456	768,038	0.916	703,523	
12/31/2010	600,125	455	772,060	0.911	703,347	
12/31/2011	611,272	461	774,430	0.918	710,927	
12/31/2012	618,124	444	728,296	0.941	685,327	
Total	6,155,003	5,533	8,401,463		8,541,350	

	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
Accident Year Ending	Incurred Loss & ALAE	Ultimate Incurred Loss & ALAE	Loss Trend Factor	Trended Loss & LAE Ex. CAT	Trended Loss & LAE Ex. CAT Loss Ratio	Non-Modeled Expected CAT Loss & LAE	Non-Modeled Expected CAT Loss Ratio	Modeled De-Trended Expected CAT Loss & LAE	Modeled De-Trended Expected CAT Loss Ratio	5 YR Experience Year Weights
12/31/2003	147,726	147,726	1.490	230,113	20.6%	155,522	13.9%	15,191	1.4%	
12/31/2004	102,550	102,550	1.405	150,629	14.0%	149,731	13.9%	14,625	1.4%	
12/31/2005	134,914	134,914	1.323	186,601	18.8%	137,946	13.9%	13,474	1.4%	
12/31/2006	131,555	131,555	1.247	171,503	18.3%	130,483	13.9%	12,745	1.4%	
12/31/2007	366,938	367,107	1.176	451,333	53.3%	117,565	13.9%	11,483	1.4%	
12/31/2008	236,617	236,735	1.107	273,973	35.8%	106,449	13.9%	10,398	1.4%	10.0%
12/31/2009	589,504	590,683	1.044	644,693	91.6%	97,854	13.9%	9,558	1.4%	15.0%
12/31/2010	471,052	492,427	0.984	506,565	72.0%	97,717	13.9%	9,545	1.4%	20.0%
12/31/2011	239,120	255,752	0.927	247,854	34.9%	98,922	13.9%	9,663	1.4%	25.0%
12/31/2012	176,958	188,489	0.874	172,224	25.1%	95,308	13.9%	9,308	1.4%	30.0%
Total	2,596,934	2,647,938		3,035,488		1,187,497		115,991		100.0%

- Net Trend Period 1.13 (17)
 - 5 Year Weighted Trended Loss & LAE Ex Cat Loss Ratio 48.0% (18)
 - AR Projected Loss Ratio Trend Factor 0.972 (19)
 - 5 Year Weighted Non-Modeled Expected CAT Loss & LAE Loss Ratio 13.9% (20)
 - 5 Year Weighted Modeled De-Trended Expected CAT Loss & LAE Loss Ratio 1.4% (21)
 - AR Expected CAT Loss & LAE Projected Loss Ratio Trend Factor 1.023 (22)
 - AR Fixed Expense Ratio 18.7% (23)
 - AR Net Cost of Reinsurance Expense Ratio 2.4% (24)
 - AR Fixed Expense excl. Net Cost of Reinsurance Ratio 16.3% (25)
 - AR Projected Fixed Expense excl. Net Cost of Reinsurance Trend 1.046 (26)
 - AR Net Trend** 16.4% (27)
- (1) Exhibit 2
 (2) Exhibit 3
 (3) Exhibit 2
 (4) Exhibit 3
 (5) (3) x (4)
 (6) (5)total / (2)total
 (7) Exhibit 5
 (8) Exhibit 5
 (9) Exhibit 6
 (10) (8) x (9) x (1 + ULAE Factor (Exhibit 9))
 (11) (10) / (5)
 (12) (Non Modeled Loss Exh 7 - Pg 1) x (1 + CAT ALAE Factor (Exh 8)) x (1 + ULAE Factor (Exh 9))
 (13) (12) / (5)
 (14) (Exh 7-Pg 3 + Exh 7-Pg 4 + Exh 7-Pg 5) x (1 + CAT ALAE Factor (Exh 8)) x (1 + ULAE Factor (Exh 9))
 (15) (14) / (5)
 (16) ISO Weights
 (17) Difference between the effective date underlying the current rates and the effective date underlying the proposed rate (years)
 (18) (11) weighted using (16)
 (19) (1+Prosp. Loss Trend (Exh 6)) / (1 + Prospective Premium Trend (Exh 3))^(17)
 (20) (13) weighted using (16)
 (21) (15) weighted using (16)
 (22) (1+Prosp AOI Trend (Exh 4)) / (1 + Prospective Premium Trend (Exh 3))^(17)
 (23) Exh 14 - Pg 1
 (24) Net Cost of Reinsurance Expense Ratio (Exh 14 - Pg 1)
 (25) (23) - (24)
 (26) (1+Prospective Fixed Expense Trend (Exh 11)) / (1 + Prospective Premium Trend (Exh 3))^(17)
 (27) (1+((18)+(20)+(21)+(23)) / ((18)/(19)+(20)/(22)+(21)/(22)+(24)+(25)/(26))) * ((1 + Exh 14 - Pg 9) / (1 - Exh 14 Pg 1)) - 1

**Adjusted to change in variable expenses

**Armed Forces Insurance Exchange
Net Trend Calculation
Arkansas
HO6**

	(1)	(2)	(3)	(4)	(5)	(6)	
Accident Year Ending	Earned Premium	Earned Exposures	On-Level Earned Premium	Premium Trend Factor	Projected Earned Premium @CRL	Projected Average Earned Premium @CRL	
12/31/2003	1,625	7	1,549	2,524	3,910	555.97	
12/31/2004	2,743	8	2,614	1,694	4,429		
12/31/2005	1,957	8	1,865	2,301	4,292		
12/31/2006	2,950	9	2,811	1,852	5,207		
12/31/2007	4,246	10	4,047	1,353	5,475		
12/31/2008	4,039	8	3,850	1,218	4,689		
12/31/2009	5,091	10	4,852	1,109	5,381		
12/31/2010	6,427	12	6,126	1,082	6,628		
12/31/2011	5,775	11	5,545	1,061	5,883		
12/31/2012	5,434	10	5,408	1,030	5,570		
Total	40,287	93	38,667		51,464		

	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
Accident Year Ending	Incurred Loss & ALAE	Ultimate Incurred Loss & ALAE	Loss Trend Factor	Trended Loss & LAE Ex. CAT	Trended Loss & LAE Ex. CAT Loss Ratio	Non-Modeled Expected CAT Loss & LAE	Non-Modeled Expected CAT Loss & LAE Loss Ratio	Modeled De-Trended Expected CAT Loss & LAE	Modeled De-Trended Expected CAT Loss & LAE Loss Ratio	5 YR Experience Year Weights
12/31/2003	-	-	0.870	-	0.0%	-	0.0%	15	0.4%	
12/31/2004	1,683	1,683	0.892	1,570	35.4%	-	0.0%	17	0.4%	
12/31/2005	-	-	0.916	-	0.0%	-	0.0%	17	0.4%	
12/31/2006	-	-	0.939	-	0.0%	-	0.0%	20	0.4%	
12/31/2007	1,203	1,203	0.963	1,212	22.1%	-	0.0%	21	0.4%	
12/31/2008	725	725	0.988	748	16.0%	-	0.0%	18	0.4%	10.0%
12/31/2009	-	-	1.013	-	0.0%	-	0.0%	20	0.4%	15.0%
12/31/2010	-	-	1.039	-	0.0%	-	0.0%	26	0.4%	20.0%
12/31/2011	6,123	6,191	1.066	6,899	117.3%	-	0.0%	22	0.4%	25.0%
12/31/2012	1,096	3,193	1.093	3,648	65.5%	-	0.0%	21	0.4%	30.0%
Total	10,831	12,995		14,077		-		197		100.0%

	Net Trend Period	1.13	(17)
	5 Year Weighted Trended Loss & LAE Ex Cat Loss Ratio	50.6%	(18)
	AR Projected Loss Ratio Trend Factor	1.022	(19)
	5 Year Weighted Non-Modeled Expected CAT Loss & LAE Loss Ratio	0.0%	(20)
	5 Year Weighted Modeled De-Trended Expected CAT Loss & LAE Loss Ratio	0.4%	(21)
	AR Expected CAT Loss & LAE Projected Loss Ratio Trend Factor	1.000	(22)
(1) Exhibit 2	AR Fixed Expense Ratio	45.3%	(23)
(2) Exhibit 3			
(3) Exhibit 2	AR Net Cost of Reinsurance Expense Ratio	0.1%	(24)
(4) Exhibit 3			
(5) (3) x (4)	AR Fixed Expense excl. Net Cost of Reinsurance Ratio	45.2%	(25)
(6) (5)/total / (2)total			
(7) Exhibit 5	AR Projected Fixed Expense excl. Net Cost of Reinsurance Trend	1.011	(26)
(8) Exhibit 5			
(9) Exhibit 6	AR Net Trend**	18.3%	(27)
(10) (8) x (9) x (1 + ULAE Factor (Exhibit 9))			
(11) (10) / (5)			
(12) (Non Modeled Loss Exh 7 - Pg 2) x (1 + CAT ALAE Factor (Exh 8)) x (1 + ULAE Factor (Exh 9))			
(13) (12) / (5)			
(14) (Exh 7-Pg 3 + Exh 7-Pg 4 + Exh 7-Pg 5) x (1 + CAT ALAE Factor (Exh 8)) x (1 + ULAE Factor (Exh 9))			
(15) (14) / (5)			
(16) ISO Weights			
(17) Difference between the effective date underlying the current rates and the effective date underlying the proposed rate (years)			
(18) (11) weighted using (16)			
(19) (1+Prosp. Loss Trend (Exh 6)) / (1 + Prospective Premium Trend (Exh 3))^(17)			
(20) (13) weighted using (16)			
(21) (15) weighted using (16)			
(22) (1+Prosp AOI Trend (Exh 4)) / (1 + Prospective Premium Trend (Exh 3))^(17)			
(23) Exh 14 - Pg 4			
(24) Net Cost of Reinsurance Expense Ratio (Exh 14 - Pg 4)			
(25) (23) - (24)			
(26) (1+Prospective Fixed Expense Trend (Exh 11)) / (1 + Prospective Premium Trend (Exh 3))^(17)			
(27) (1+((18)+(20)+(21)+(23)) / ((18)/(19)+(20)/(22)+(21)/(22)+(24)+(25)/(26))) * ((1 + Exh 14 - Pg 9) / (1 - Exh 14 Pg 4)) - 1			

**Adjusted to change in variable expenses

**Armed Forces Insurance Exchange
Rate Level Indication
Arkansas
HO3**

	(1)	(2)	(3)	(4)	(5)	(6)
Accident Year Ending	Earned Premium	Earned Exposures	On-Level Earned Premium	Premium Trend Factor	Projected Earned Premium @CRL	Projected Average Earned Premium @CRL
12/31/2003	499,726	725	945,532	1.183	1,118,565	1,543.67
12/31/2004	580,046	698	945,793	1.139	1,077,259	
12/31/2005	665,876	643	909,010	1.091	991,730	
12/31/2006	687,200	608	891,466	1.053	938,714	
12/31/2007	660,938	548	850,296	0.995	846,045	
12/31/2008	634,698	496	816,539	0.938	765,914	
12/31/2009	596,998	456	768,038	0.916	703,523	
12/31/2010	600,125	455	772,060	0.911	703,347	
12/31/2011	611,272	461	774,430	0.918	710,927	
12/31/2012	618,124	444	728,296	0.941	685,327	
Total	6,155,003	5,533	8,401,463		8,541,350	

	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
Accident Year Ending	Incurred Loss & ALAE	Ultimate Incurred Loss & ALAE	Loss Trend Factor	Trended Loss & ALAE Ex. CAT	Non-Modeled Expected CAT Loss	Modeled De-Trended Expected CAT Loss	Expected CAT Loss & ALAE	Total Projected Loss & LAE	Total Projected Loss & LAE Ratio	5 YR Experience Year Weights
12/31/2003	147,726	147,726	1.490	220,112	139,007	13,578	163,293	400,825	35.8%	
12/31/2004	102,550	102,550	1.405	144,083	133,832	13,072	157,213	314,985	29.2%	
12/31/2005	134,914	134,914	1.323	178,491	123,297	12,043	144,838	338,021	34.1%	
12/31/2006	131,555	131,555	1.247	164,049	116,628	11,392	137,004	314,731	33.5%	
12/31/2007	366,938	367,107	1.176	431,717	105,081	10,264	123,440	580,382	68.6%	
12/31/2008	236,617	236,735	1.107	262,066	95,146	9,294	111,769	390,820	51.0%	10.0%
12/31/2009	589,504	590,683	1.044	616,673	87,463	8,543	102,744	752,105	106.9%	15.0%
12/31/2010	471,052	492,427	0.984	484,549	87,340	8,531	102,600	613,826	87.3%	20.0%
12/31/2011	239,120	255,752	0.927	237,082	88,418	8,637	103,866	356,439	50.1%	25.0%
12/31/2012	176,958	188,489	0.874	164,739	85,187	8,320	100,069	276,840	40.4%	30.0%
Total	2,596,934	2,647,938		2,903,561	1,061,399	103,674	1,246,836	4,338,975		100.0%

Experience Year Weighted Loss & LAE Ratio:	63.2%	(17)
Arkansas Modeled CAT Loss & LAE Ratio:	1.4%	(18)
Arkansas Fixed Expense Ratio:	18.7%	(19)
Arkansas Variable Expense Ratio:	23.3%	(20)
Arkansas Indicated Rate Change:	6.8%	(21)
Credibility:	24.0%	(22)
Arkansas Net Trend:	16.4%	(23)
Credibility Weighted Indicated Rate Change:	14.1%	(24)
Proposed Rate Level Change:	9.9%	(25)

- (1) Exhibit 2
- (2) Exhibit 3
- (3) Exhibit 2
- (4) Exhibit 3
- (5) (3) x (4)
- (6) (5)total / (2)total
- (7) Exhibit 5
- (8) Exhibit 5
- (9) Exhibit 6
- (10) (8) x (9)
- (11) Exhibit 7 - Page 1
- (12) Exhibit 7 - Page 3 + Exhibit 7 - Page 4 + Exhibit 7 - Page 5
- (13) ((11) + (12)) x (1 + CAT ALAE Factor (Exhibit 8))
- (14) ((10) + (13)) x (1 + ULAE Factor (Exhibit 9))
- (15) (14) / (5)
- (16) ISO Weights
- (17) (15) weighted using (16)
- (18) Exhibit 15 - Page 1
- (19) Exhibit 14 - Page 1
- (20) Exhibit 14 - Page 1
- (21) ((18)+(20))/((1)-(21))
- (22) Exhibit 10
- (23) Exhibit 15
- (24) Max(((23) x (25)) + (27) x (1-(25)),(((20) + (21) + ((18) - (20)) * (25)) / (1 - (22))))

**Armed Forces Insurance Exchange
Rate Level Indication
Arkansas
HO6**

	(1)	(2)	(3)	(4)	(5)	(6)
Accident Year Ending	Earned Premium	Earned Exposures	On-Level Earned Premium	Premium Trend Factor	Projected Earned Premium @CRL	Projected Average Earned Premium @CRL
12/31/2003	1,625	7	1,549	2.524	3,910	555.97
12/31/2004	2,743	8	2,614	1.694	4,429	
12/31/2005	1,957	8	1,865	2.301	4,292	
12/31/2006	2,950	9	2,811	1.852	5,207	
12/31/2007	4,246	10	4,047	1.353	5,475	
12/31/2008	4,039	8	3,850	1.218	4,689	
12/31/2009	5,091	10	4,852	1.109	5,381	
12/31/2010	6,427	12	6,126	1.082	6,628	
12/31/2011	5,775	11	5,545	1.061	5,883	
12/31/2012	5,434	10	5,408	1.030	5,570	
Total	40,287	93	38,667		51,464	

	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
Accident Year Ending	Incurred Loss & ALAE	Ultimate Incurred Loss & ALAE	Loss Trend Factor	Trended Loss & ALAE Ex. CAT	Non-Modeled Expected CAT Loss	Modeled De-Trended Expected CAT Loss	Expected CAT Loss & ALAE	Total Projected Loss & LAE	Total Projected Loss & LAE Ratio	5 YR Experience Year Weights
12/31/2003	-	-	0.870	-	-	13	14	15	0.4%	
12/31/2004	1,683	1,683	0.892	1,502	-	15	16	1,587	35.8%	
12/31/2005	-	-	0.916	-	-	15	16	17	0.4%	
12/31/2006	-	-	0.939	-	-	18	19	20	0.4%	
12/31/2007	1,203	1,203	0.963	1,159	-	19	20	1,233	22.5%	
12/31/2008	725	725	0.988	716	-	16	17	766	16.3%	10.0%
12/31/2009	-	-	1.013	-	-	18	19	20	0.4%	15.0%
12/31/2010	-	-	1.039	-	-	23	25	26	0.4%	20.0%
12/31/2011	6,123	6,191	1.066	6,599	-	20	21	6,922	117.6%	25.0%
12/31/2012	1,096	3,193	1.093	3,490	-	19	20	3,669	65.9%	30.0%
Total	10,831	12,995		13,465	-	176	188	14,274		100.0%

	Experience Year Weighted Loss & LAE Ratio:	50.9%	(17)
(1) Exhibit 2	Arkansas Modeled CAT Loss & LAE Ratio:	0.4%	(18)
(2) Exhibit 3	Arkansas Fixed Expense Ratio:	45.3%	(19)
(3) Exhibit 2	Arkansas Variable Expense Ratio:	23.9%	(20)
(4) Exhibit 3	Arkansas Indicated Rate Change:	26.4%	(21)
(5) (3) x (4)	Credibility:	4.0%	(22)
(6) (5)total / (2)total	Arkansas Net Trend:	18.3%	(23)
(7) Exhibit 5	Credibility Weighted Indicated Rate Change:	18.6%	(24)
(8) Exhibit 5	Proposed Rate Level Change:	16.7%	(25)
(9) Exhibit 6			
(10) (8) x (9)			
(11) Exhibit 7 - Page 2			
(12) Exhibit 7 - Page 3 + Exhibit 7 - Page 4 + Exhibit 7 - Page 5			
(13) ((11) + (12)) x (1 + CAT ALAE Factor (Exhibit 8))			
(14) ((10) + (13)) x (1 + ULAE Factor (Exhibit 9))			
(15) (14) / (5)			
(16) ISO Weights			
(17) (15) weighted using (16)			
(18) Exhibit 15 - Page 2			
(19) Exhibit 14 - Page 4			
(20) Exhibit 14 - Page 4			
(21) ((18)+(20))/((1-(21)))			
(22) Exhibit 10			
(23) Exhibit 15			
(24) Max(((23) x (25)) + (27) x (1-(25))),(((20) + (21) + ((18) - (20)) * (25)) / (1 - (22))))			

ADDITIONS TO THE HOMEOWNERS POLICY PROGRAM MANUAL EXCEPTION PAGE (CONT)

**** RULE 406. DEDUCTIBLES

Item A. is deleted.

Item B. and Sub item C.1. are deleted and the following substituted:

B. Optional Deductibles

To compute the premium for this provision, multiply the BASE PREMIUM by the factor listed below for the deductible amount selected:

ALL FORMS EXCEPT HO 00 06

Coverage A Limit	Deductible Amount		
	\$100	\$250	\$500
Up to \$99,999	1.38	1.17	1.03
\$100,000-\$199,999	1.38	1.17	1.02
\$200,000-\$299,999	1.38	1.17	1.01
\$300,000 and over	1.38	1.17	1.00

FORM HO 00 06

Coverage C Limit	Deductible Amount		
	\$100	\$250	\$500
Up to \$40,000	1.22	1.11	1.00
\$40,001 and over	1.18	1.08	1.00

C. Optional Higher Deductibles

1. All Perils Deductibles

To compute the premium for this provision, multiply the BASE PREMIUM by the factor listed below for the deductible amount selected:

ALL FORMS EXCEPT HO 00 06

Coverage A Limit	Deductible Amount		
	\$1000	\$2500	\$5000
Up to \$99,999	.96	.86	.78
\$100,000-\$199,999	.96	.87	.78
\$200,000-\$299,999	.96	.85	.77
\$300,000 and over	.96	.85	.76

FORM HO 00 06

Coverage C Limit	Deductible Amount		
	\$1000	\$2500	\$5000
Up to \$40,000	.98	.93	.89
\$40,001 and over	.92	.78	.64

ADDITIONS TO THE HOMEOWNERS POLICY PROGRAM MANUAL EXCEPTION PAGE (CONT)

**** RULE 406. DEDUCTIBLES (CONT)

Sub item C.2.a.(5) is deleted and the following substituted:

(5) Deductible Factors

To compute the premium for this provision, multiply the BASE PREMIUM by the factor listed below for the deductible amount selected:

1% WIND OR HAIL DEDUCTIBLE

Coverage A Limit	All Other Perils Deductible Amount					
	\$100	\$250	\$500	\$1000	\$2500	\$5000
Up to \$99,999	1.31	1.12	.98	-	-	-
\$100,000-\$199,999	1.31	1.12	.97	.91	-	-
\$200,000-\$299,999	1.31	1.12	.96	.91	.84	-
\$300,000 and over	1.31	1.12	.95	.91	.84	.75

2% WIND OR HAIL DEDUCTIBLE

Coverage A Limit	All Other Perils Deductible Amount					
	\$100	\$250	\$500	\$1000	\$2500	\$5000
Up to \$99,999	1.27	1.10	.94	.89	-	-
\$100,000-\$199,999	1.27	1.10	.93	.89	.83	-
\$200,000-\$299,999	1.27	1.10	.92	.89	.81	.74
\$300,000 and over	1.27	1.10	.91	.89	.81	.73

5% WIND OR HAIL DEDUCTIBLE

Coverage A Limit	All Other Perils Deductible Amount					
	\$100	\$250	\$500	\$1000	\$2500	\$5000
Up to \$99,999	1.23	1.06	.92	.86	.79	-
\$100,000-\$199,999	1.23	1.06	.91	.86	.80	.72
\$200,000-\$299,999	1.23	1.06	.90	.86	.78	.71
\$300,000 and over	1.23	1.06	.89	.86	.78	.70

Sub item C.2.b. is deleted.

ADDITIONS TO THE HOMEOWNERS POLICY PROGRAM MANUAL EXCEPTION PAGE (CONT)

RULE 411. ALTERNATE WATER SUPPLY

This rule is added as follows:

- A. Risks may be recognized for a premium credit when the following conditions are met:
 - 1. The risk is assigned a Protection Classification of 9; and
 - a. the PPC of 9 is selected from a split class; and
 - b. the split class is a 8/9 or better.
 - 2. The risk is located within 5 road miles of a responding fire department;
 - 3. There is no hydrant located within applicable distance of the risk;
 - 4. The fire department has the capability of pumping water from an alternate water supply; and
 - 5. The alternate water supply is:
 - a. within 1,000 feet; and
 - b. accessible year round; and
 - c. no less than 5000 gallons.

**** B. To compute the credit multiply the BASE PREMIUM by the selected factor below:

<u>FORM</u>	<u>RATED CONSTRUCTION</u>	
	<u>FRAME</u>	<u>MASONRY and SUPERIOR</u>
HO 00 02 and 03	.27	.24
HO 00 06	.12	.13

Use Endorsement HO AF 93 Alternate Water Supply

ADDITIONS TO THE HOMEOWNERS POLICY PROGRAM MANUAL EXCEPTION PAGE (CONT)

RULE 506. FIRE DEPARTMENT SERVICE CHARGE

The following is added:

When additional coverage is provided use Endorsement HO AF 85 Fire Department Service Charge Coverage.

RULE 513. ORDINANCE OR LAW INCREASED AMOUNT OF COVERAGE – HO 00 06

Sub-Item C.2. is deleted and replaced by the following:

2. The premium for each additional \$1,000 of insurance is developed by multiplying the HO 00 06 Key Factor for “Each Add’l \$1,000” by .30, and then multiplying that amount by the appropriate Key Premium.

RULE 515. PERSONAL PROPERTY

Item C. Reduction in Limit is deleted and the following substituted:

C. Reduction in Limit

1. When an amount for Coverage C is shown on the policy, and the policy does not include HO 04 90 or HO AF 30, Coverage C may be reduced to an amount not less than 40% of the limit for Coverage A. The credit per \$1,000 is shown in the state rate pages.
2. When the limit of liability for Coverage C is “nil”, the following applies:
 - a. HO 00 02 and HO 00 03 – the key premium is reduced 18%;
 - b. HO 00 06 - \$10,000 Coverage A is required. Compute the policy BASE PREMIUM for HO 00 06 without Coverage C by applying a key factor of .7419 to the appropriate key premium.

Item D. Increased Special Limits of Liability – paragraphs 1 thru 4 are deleted and the following substituted:

1. Jewelry, Watches and Furs

The special limit of liability of \$1,500 for theft of jewelry, watches and furs may be increased to a maximum of \$5,000 but not exceeding \$1000 for any one article. Charge the additional rate per \$1,000 shown in the state rate pages.

2. Money and Securities

The special limit of liability of \$250 on money may be increased to a maximum of \$1,000. The \$1,500 limit on securities may be increased to a maximum of \$2,000. Charge the additional rate per \$100 shown on the state rate pages.

3. Silverware, Goldware, Pewterware and Firearms

The policy shall be endorsed to remove the special limits of liability for loss by theft of silverware, goldware, pewterware, and firearms. The endorsement is attached at no charge.

Use Endorsement HO AF 65 Special Homeowners Enhancement Endorsement

ADDITIONS TO THE HOMEOWNERS POLICY PROGRAM MANUAL EXCEPTION PAGE (CONT)

RULE 614. FARMERS PERSONAL LIABILITY

This rule is deleted and the following substituted:

RULE 614. FARMERS PERSONAL LIABILITY – FARM(S) OWNED BY THE INSURED AND RENTED TO OTHERS

A. The policy may be endorsed to provide liability when the insured has a farm away from the residence premises which is rented to others.

1. The following may not be covered:

a. Farms where the principal purpose of the farm is:

(1) To supply commodities for manufacturing or processing for sale to others, such as creameries and dairies (but not dairy farms).

(2) To operate freezing or dehydrating plants, and poultry factories.

The word “processing” does not apply to the slaughtering and dressing of livestock, or to such operations as bunching vegetables or crating berries.

b. Farms where the principal purpose of the farm is the raising and using of horses for racing purposes.

c. Incorporated farms.

B. Premium: Refer to state rate pages.

Use Endorsement HO AF 73 Liability Coverage For Farm(s) Owned by the Insured and Rented to Others

RULE 616. WATERBED LIABILITY – ALL FORMS WITH HO AF 70

This rule is added as follows:

The policy may be endorsed to provide coverage applicable when a waterbed causes damage to non-owned property located on or in an insured residence premises.

Premium: Refer to state rate pages

Use Endorsement HO AF 15 Waterbed Liability

**** RULE 701. OTHER EXPOSURES – PERSONAL LIABILITY INCREASED LIMITS

This rule is deleted and replaced by the following:

Apply the appropriate factor shown below to the basic limits premium for each exposure.

Limit	Factor
\$200,000	1.21
300,000	1.32
400,000	1.40
500,000	1.45

ADDITIONS TO THE HOMEOWNERS POLICY PROGRAM MANUAL EXCEPTION PAGE (CONT)

ADDITIONAL RULE(S) (CONT)

**** HOME SYSTEMS PROTECTION AND SERVICE LINE COVERAGE – ALL FORMS EXCEPT HO 00 06

A. Coverage Description

All policy forms except HO 00 06 are automatically supplemented, by endorsement, to provide home systems protection and service line coverage.

1. Home Systems Protection

a. Damage to “Covered Home Equipment”

Coverage is provided for the sudden and accidental mechanical breakdown, electrical breakdown, bursting, cracking, or splitting of permanently installed property insured under Coverage **A** – Dwelling or Coverage **B** – Other Structures that:

- 1) generates, transmits, or utilizes energy, or
- 2) operates under vacuum or pressure, during normal usage, other than the weight of its own contents.

b. Environmental, Safety and Efficiency Improvements

If “covered home equipment” requires replacement due to a “home system breakdown”, coverage is extended to pay for replacement equipment that is better for the environment, safer for people, or more energy or water efficient than the damaged equipment.

This extension of coverage, which is limited to not more than 150% of the cost to replace with equipment of like kind and quality, does not apply to component parts or property subject to actual cash value. It also does not cover any costs associated with increased equipment size or capacity.

c. Expediting Expenses

Coverage is provided for any extra costs to make temporary repairs, or to expedite permanent repairs or replacement.

d. Spoilage

\$500 of coverage is available, for any “one home system breakdown”, to pay for:

- 1) Physical damage of refrigerated property due to spoilage that is the result of a “home system breakdown”, and
- 2) Any expenses incurred to reduce the amount of loss under this coverage.

e. Loss of Use

Coverage **D** – Loss of Use is extended, within the Home Systems Protection limit of liability, to this coverage.

ADDITIONS TO THE HOMEOWNERS POLICY PROGRAM MANUAL EXCEPTION PAGE (CONT)

ADDITIONAL RULE(S) (CONT)

**** HOME SYSTEMS PROTECTION AND SERVICE LINE COVERAGE – ALL FORMS EXCEPT HO 00 06 (CONT)

A. Coverage Description (Cont)

2. Service Line Coverage

a. Damage to “Covered Service Line”

Coverage is provided for underground exterior piping and wiring located on the residence premises, and for which the insured is legally responsible, that is physically damaged as a direct result of a leak, break, tear, rupture, collapse, or arcing, subject to some exclusions.

Coverage does not apply to losses caused by blockage or low pressure. It also does not apply to piping/wiring that runs through or under a body of water or the residence, piping/wiring that delivers water/electricity to outdoor property, piping/wiring that is not connected and ready for use, or storm water drain piping.

b. Environmental, Safety and Efficiency Improvements

If a “covered service line” requires replacement due to a “service line failure”, coverage is extended to pay for replacement materials that are better for the environment, safer for people, or more energy or water efficient than the damaged material.

This extension of coverage, which is limited to not more than 150% of the cost to replace with materials of like kind and quality, does not cover any costs associated with any increased size or capacity of the materials.

c. Expediting Expenses

Coverage is provided for any extra costs to make temporary repairs, or to expedite permanent repairs or replacement.

d. Loss of Use

Coverage **D** – Loss of Use is extended, within the Service Line Coverage limit of liability, to this coverage.

e. Excavation Costs

Coverage is provided for excavation costs associated with the repair or replacement of the damaged “covered service line”.

f. Outdoor Property

Coverage is provided for outdoor property that is damaged as a result of a “service line failure” or related excavation activity.

ADDITIONS TO THE HOMEOWNERS POLICY PROGRAM MANUAL EXCEPTION PAGE (CONT)

ADDITIONAL RULE(S) (CONT)

**** HOME SYSTEMS PROTECTION AND SERVICE LINE COVERAGE – ALL FORMS EXCEPT HO 00 06 (CONT)

B. Limits of Liability

1. Home Systems Protection

Up to \$50,000 of coverage is provided for loss, damage, or expense arising from any “one home system breakdown”, subject to a \$500 deductible.

2. Service Line Coverage

Up to \$10,000 of coverage is provided for loss, damage, or expense arising from any “one service line failure”, subject to a \$500 deductible.

C. Premium

Refer to rate pages for the additional charge.

D. Endorsement

1. Home Systems Protection and Service Line Coverage Endorsement HO AF 14 is attached to all policies except HO 00 06.

2. This endorsement provides complete details on coverages, definitions, exclusions, and additional policy conditions applicable to this coverage.

ARMED FORCES INSURANCE EXCHANGE
HOMEOWNERS POLICY PROGRAM MANUAL

ARKANSAS (03)

BASE CLASS PREMIUM PAGE

**** RULE 301. BASE PREMIUM COMPUTATION
BASE CLASS PREMIUM TABLE

Territory	HO 00 03	HO 00 06
30	1136	200
31	1041	198
32	1336	201
34	1132	202
35	1154	198
36	1175	201
37	1175	202
38	1180	199
39	1192	202
40	1127	202
41	1186	199
42	1159	200
43	1170	200
44	1170	199
45	1153	201
46	1175	201
47	1153	199
48	1175	202
49	1175	202

HOMEOWNERS POLICY PROGRAM MANUAL
CLASSIFICATION PAGE

**** RULE 301. BASE PREMIUM COMPUTATION – CLASSIFICATION AND KEY FACTOR TABLES

A.1. ALL FORMS EXCEPT HO 00 06

a. CLASSIFICATION TABLES

(1) FORM FACTORS

Form HO 00 02	.96
Form HO 00 03	1.00
Form HO 00 03w/15	1.14

(2) PROTECTION-CONSTRUCTION FACTORS
TERRITORY - All

Prot. Class	Construction*	
	Frame	Masonry
1	.98	.86
2	.99	.86
3	.99	.87
4	1.00	.87
5	1.00	.88
6	1.01	.88
7	1.18	1.06
8	1.30	1.15
85	1.75	1.49
9	1.77	1.51
10	2.35	2.05

(3) RATING CLASSIFICATION FACTORS

A. Apply a rating factor of 1.00 to:

1. Active, retired and former commissioned officers and warrant officers, cadets and midshipmen, and their spouses, former spouses and surviving spouses.
2. Employees and retired employees, and their spouses and surviving spouses.

B. Apply a rating factor of 1.20 to all other eligible persons.

b. KEY FACTOR TABLE

Cov. A Amt (in 000)	Factor	Cov. A Amt (in 000)	Factor
**\$ 10	0.5019	\$ 85	0.7323
** 12	0.5054	90	0.7485
** 14	0.5093	95	0.7628
** 16	0.5128	100	0.7771
** 18	0.5167	110	0.8177
** 20	0.5201	120	0.8608
** 22	0.5246	130	0.9056
** 24	0.5281	140	0.9519
26	0.5320	150	1.0003
28	0.5365	160	1.0502
30	0.5404	170	1.1012
32	0.5447	180	1.1528
34	0.5491	190	1.2059
36	0.5534	200	1.2590
38	0.5577	210	1.3195
40	0.5620	220	1.3800
42	0.5687	230	1.4394
44	0.5755	240	1.5004
46	0.5822	250	1.5614
48	0.5900	260	1.6220
50	0.5967	270	1.6830
55	0.6175	280	1.7440
60	0.6388	290	1.8045
65	0.6627	300	1.8655
70	0.6877	Each Add'l \$10,000	0.0608
75	0.6992		
80	0.7161		

FOOTNOTES

- * Masonry Veneer is rated as Masonry.
Aluminum or Plastic Siding over Frame is rated as Frame.

Minimum Limits of Liability

** Section I – Property

	<u>HO 00 02 & 03</u>
Primary Location	\$ 25,000
Secondary Location	15,000

Section II Liability

	<u>HO 00 02 & 03</u>
Personal Liability	\$100,000
Medical Payments to Others	\$1,000

PAGE CHECKLIST

We have revised the following pages: HO-E-5 AFI thru HO-E-6 AFI, HO-E-9 AFI, HO-E-11 AFI, HO-E-16 AFI, HO-T-6 AFI, HO-T-11 AFI thru HO-T-12 AFI, HO-B-2 AFI, HO-C-1 AFI thru HO-C-2 AFI, HO-R-1 AFI thru HO-R-10 AFI, and HO-R-12 AFI.

We have added the following pages: HO-E-18 AFI thru HO-E-20 AFI.

After updating this rate manual, it should contain General Rules Revision Notice HO-MU-94-RU-1 in addition to the following pages:

STATE RULE PAGES:

HO-E-1	6th Edition
HO-E-2 thru HO-E-3	5th Edition
HO-E-4	4th Edition
HO-E-5 thru HO-E-8	3rd Edition
HO-E-9	2nd Edition
HO-E-10	1st Edition
HO-E-1 AFI thru HO-E-3 AFI	AR-HO-3I-11-3
HO-E-4 AFI	AR-HO-3I-07-2
HO-E-5 AFI thru HO-E-6 AFI	AR-HO-3I-14-1
HO-E-7 AFI thru HO-E-8 AFI	AR-HO-3I-05-1
HO-E-9 AFI	AR-HO-3I-14-1
HO-E-10 AFI	AR-HO-3I-11-1
HO-E-11 AFI	AR-HO-3I-14-1
HO-E-12 AFI	AR-HO-2I-13-4
HO-E-13 AFI	AR-HO-3I-11-1
HO-E-14 AFI thru HO-E-15 AFI	AR-HO-3I-11-3
HO-E-16 AFI	AR-HO-3I-14-1
HO-E-17 AFI	AR-HO-2I-13-4
HO-E-18 AFI thru HO-E-20 AFI	AR-HO-3I-14-1

TERRITORY PAGES:

HO-T-1	2nd Edition
HO-T-2	3rd Edition
HO-T-3	2nd Edition
HO-T-4	1st Edition
HO-T-5 thru HO-T-9	2nd Edition
HO-T-10	3rd Edition
HO-T-1 AFI	AR-HO-2I-12-1
HO-T-2 AFI thru HO-T-3 AFI	AR-HO-3I-13-1
HO-T-4 AFI	AR-HO-3I-11-1
HO-T-5 AFI thru	AR-HO-3I-13-1
HO-T-6 AFI	AR-HO-3I-14-1
HO-T-7 AFI thru HO-T-8 AFI	AR-HO-3I-13-1
HO-T-9 AFI thru HO-T-10 AFI	AR-HO-3I-11-1
HO-T-11 AFI thru HO-T-12 AFI	AR-HO-3I-14-1
HO-T-13 AFI	AR-HO-3I-13-1

PAGE CHECKLIST

STATE RATE PAGES:

HO-B-1	1st Edition
HO-B-2 AFI	AR-HO-3I-14-1
HO-C-1 AFI	AR-HO-3I-14-1
HO-C-2 AFI	AR-HO-3I-14-1
HO-R-1 AFI thru HO-R-10 AFI	AR-HO-3I-14-1
HO-R-11 AFI	AR-HO-3I-00-2
HO-R-12 AFI	AR-HO-3I-14-1

ARKANSAS INSURANCE DEPARTMENT

INSURER RATE FILING
ADOPTION OF ADVISORY ORGANIZATION
PROSPECTIVE LOSS COSTS REFERENCE
FILING ADOPTION FORM

1. Insurer Name Armed Forces Insurance Exchange

Address 550 Eisenhower Road

Leavenworth, KS 66048

Person Responsible for Filing Lisa Snodgrass

Title Senior Rate Analyst

Telephone No. 800-828-7732, ext. 4640

2. Insurer NAIC No. 41459

Group No. N/A

3. Line of Insurance Personal Lines - Homeowner

4. Advisory Organization Insurance Services Office, Inc.

5. Advisory Organization Reference Filing No. HO-2013-RLA1

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

7. Proposed Rate Level Change 9.93 % Effective Date 8/11/2014

8. Prior Rate Level Change 16.57 % Effective Date 5/13/2013

9. Attach "Summary of Supporting Information Form"
(Use a separate Summary for each insurer-selected loss cost multiplier.)

10. Check one of the following:

() The insurer hereby files to have its loss cost multipliers and, if utilized, expense constants be applicable to future revisions of the advisory organization's prospective loss costs for this line of insurance. The insurer's rates will be the combination of the advisory organization's prospective loss costs and the insurer's loss cost multipliers and, if utilized, expense constants specified in the attachments. The rates will apply to policies written on or after the effective date of the advisory organization's prospective loss costs. This authorization is effective until disapproved by the Commissioner, or until amended or withdrawn by the insurer.

(X) The insurer hereby files to have its loss cost multipliers and, if utilized, expense constants be applicable only to the above Advisory Organization Reference Filing.

ARKANSAS INSURANCE DEPARTMENT

Insurer Name: Armed Forces Insurance Exchange Date: 5/2/2014
 NAIC No. 41459 Group No. N/A

**INSURER RATE FILING
 ADOPTION OF ADVISORY ORGANIZATION PROSPECTIVE LOSS COSTS
 SUMMARY OF SUPPORTING INFORMATION FORM
 CALCULATION OF COMPANY LOSS COST MULTIPLIER**

1. Line, Subline, Coverage, Territory, Class, etc. combination to which this page applies: Misc Rates
2. Loss Cost Modification:
- A. The insurer hereby files to adopt the prospective loss costs in the captioned reference filing:
 (Check One)
 Without Modification (factor = 1.000)
 With the following modification(s). (Cite the nature and percent modification, and attach supporting data and/or rationale for the modification.) -0.53%
- B. Loss Cost Modification Expressed as a Factor: (See Examples Below) 0.9947

NOTE: IF EXPENSE CONSTANTS ARE UTILIZED, ATTACH "EXPENSE CONSTANT SUPPLEMENT" OR OTHER SUPPORTING INFORMATION. DO NOT COMPLETE ITEMS 3 - 7 BELOW.

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

	Selected Provisions	
A. Total Production Expense	<u>0.00</u>	%
B. General Expenses	<u>0.00</u>	%
C. Taxes, Licenses & Fees	<u>3.00</u>	%
D. Underwriting Profit & Contingencies*	<u>10.30</u>	%
E. Other (explain) <i>Commissions</i>	<u>10.00</u>	%
F. TOTAL	<u>23.3</u>	%

*Explain how investment income is taken into account.

4. A. Expected Loss Ratio: $ELR=100\%-3F=A$. 76.7 %
 B. ELR in Decimal Form = 0.767
5. Company Formula Loss Cost Multiplier: (2B divided by 4B) = 1.2969
6. Company Selected Loss Cost Multiplier = 1.2969
 Explain any differences between 5 and 6:
-
7. Rate level change for the coverages to which this page applies: 41.3 %

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

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

NAIC Number: 41459
 Company Name: Armed Forces Insurance
 Contact Person: Lisa Snodgrass
 Telephone No.: 800-828-7732 ext 4640
 Email Address: actuary@afi.org
 Effective Date: 8/11/2014

**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	\$726.00	\$827.00	\$726.00	\$827.00	\$754.00	\$858.00	\$754.00	\$858.00	\$751.00	\$854.00	\$744.00	\$846.00	\$761.00	\$866.00	\$741.00	\$843.00	\$668.00	\$760.00
	\$120,000	\$865.00	\$984.00	\$865.00	\$984.00	\$898.00	\$1,021.00	\$898.00	\$1,021.00	\$894.00	\$1,017.00	\$885.00	\$1,007.00	\$906.00	\$1,031.00	\$881.00	\$1,003.00	\$796.00	\$905.00
	\$160,000	\$1,055.00	\$1,201.00	\$1,055.00	\$1,201.00	\$1,094.00	\$1,245.00	\$1,094.00	\$1,245.00	\$1,090.00	\$1,240.00	\$1,080.00	\$1,229.00	\$1,106.00	\$1,258.00	\$1,075.00	\$1,223.00	\$970.00	\$1,105.00
6	\$80,000	\$734.00	\$844.00	\$734.00	\$844.00	\$762.00	\$876.00	\$762.00	\$876.00	\$760.00	\$871.00	\$752.00	\$864.00	\$770.00	\$884.00	\$750.00	\$860.00	\$676.00	\$776.00
	\$120,000	\$874.00	\$1,004.00	\$874.00	\$1,004.00	\$908.00	\$1,042.00	\$908.00	\$1,042.00	\$905.00	\$1,037.00	\$896.00	\$1,028.00	\$917.00	\$1,052.00	\$893.00	\$1,024.00	\$804.00	\$923.00
	\$160,000	\$1,067.00	\$1,224.00	\$1,067.00	\$1,224.00	\$1,108.00	\$1,272.00	\$1,108.00	\$1,272.00	\$1,104.00	\$1,266.00	\$1,092.00	\$1,255.00	\$1,118.00	\$1,283.00	\$1,088.00	\$1,250.00	\$981.00	\$1,126.00
9	\$80,000	\$1,261.00	\$1,478.00	\$1,261.00	\$1,478.00	\$1,308.00	\$1,534.00	\$1,308.00	\$1,534.00	\$1,303.00	\$1,527.00	\$1,291.00	\$1,513.00	\$1,321.00	\$1,548.00	\$1,285.00	\$1,507.00	\$1,160.00	\$1,360.00
	\$120,000	\$1,500.00	\$1,760.00	\$1,500.00	\$1,760.00	\$1,558.00	\$1,826.00	\$1,558.00	\$1,826.00	\$1,551.00	\$1,819.00	\$1,536.00	\$1,801.00	\$1,573.00	\$1,843.00	\$1,530.00	\$1,794.00	\$1,380.00	\$1,618.00
	\$160,000	\$1,831.00	\$2,147.00	\$1,831.00	\$2,147.00	\$1,900.00	\$2,228.00	\$1,900.00	\$2,228.00	\$1,893.00	\$2,219.00	\$1,875.00	\$2,197.00	\$1,919.00	\$2,248.00	\$1,867.00	\$2,189.00	\$1,684.00	\$1,975.00

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

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

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

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

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

HO3 and HO4 only

Fire Extinguisher		%	Deadbolt Lock		%
Burglar Alarm	5	%	Window Locks		%
Smoke Alarm	5	%	\$1,000 Deductible		%
		%	Other (specify)		%
		%	Maximum Credit Allowed		%

EARTHQUAKE INSURANCE

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

ARE YOU CURRENTLY WRITING EARTHQUAKE COVERAGE IN ARKANSAS?	Yes	(yes or no)	
WHAT IS YOUR PERCENTAGE DEDUCTIBLE?	5	%	
WHAT IS YOUR PRICE PER \$1,000 OF COVERAGE?	Zone	Brick	Frame
	Highest Risk	\$ 1.72	\$ 1.36
	Lowest Risk	\$ 0.25	\$ 0.09

