

State: Arkansas **Filing Company:** Bankers Standard Insurance Company
TOI/Sub-TOI: 04.0 Homeowners/04.0000 Homeowners Sub-TOI Combinations
Product Name: Homeowners
Project Name/Number: Rate/Rule Revision/15-HO-2011246

Filing at a Glance

Company: Bankers Standard Insurance Company
Product Name: Homeowners
State: Arkansas
TOI: 04.0 Homeowners
Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations
Filing Type: Rate
Date Submitted: 04/15/2015
SERFF Tr Num: ACEH-130008535
SERFF Status: Closed-Filed
State Tr Num:
State Status:
Co Tr Num: 15-HO-2011246

Effective Date 07/11/2015
Requested (New):
Effective Date 09/11/2015
Requested (Renewal):
Author(s): Doreen Freiman, Rosalie Salfi, Brenda Balboni
Reviewer(s): Becky Harrington (primary)
Disposition Date: 04/15/2015
Disposition Status: Filed
Effective Date (New): 07/11/2015
Effective Date (Renewal): 09/11/2015

State Filing Description:

State: Arkansas **Filing Company:** Bankers Standard Insurance Company
TOI/Sub-TOI: 04.0 Homeowners/04.0000 Homeowners Sub-TOI Combinations
Product Name: Homeowners
Project Name/Number: Rate/Rule Revision/15-HO-2011246

General Information

Project Name: Rate/Rule Revision Status of Filing in Domicile:
 Project Number: 15-HO-2011246 Domicile Status Comments:
 Reference Organization: Reference Number:
 Reference Title: Advisory Org. Circular:
 Filing Status Changed: 04/15/2015
 State Status Changed: Deemer Date:
 Created By: Doreen Freiman Submitted By: Doreen Freiman
 Corresponding Filing Tracking Number:

Filing Description:

Proposing to make the following changes to our previously approved homeowner rates:

- Revised Base Rates for Owners, Tenants and Condos
- Revised Personal Liability Rates

As a result of these changes, there will be an overall rate impact of 6.8%.

Company and Contact

Filing Contact Information

Doreen Freiman, Filing Specialist doreen.freiman@acegroup.com
 150 Allen Road 908-860-4685 [Phone]
 Suite 101 540-769-0612 [FAX]
 Basking Ridge, NJ 07920

Filing Company Information

Bankers Standard Insurance Company CoCode: 18279 State of Domicile:
 PO Box 1000 Group Code: 626 Pennsylvania
 436 Walnut Street Group Name: ACE Group Company Type: Stock
 Philadelphia, PA 19106 FEIN Number: 59-1320184 Company
 (215) 640-1811 ext. [Phone] State ID Number:

Filing Fees

Fee Required? Yes
 Fee Amount: \$100.00
 Retaliatory? No
 Fee Explanation: \$100 x 1 rate filing = \$100.00
 Per Company: No

Company	Amount	Date Processed	Transaction #
Bankers Standard Insurance Company	\$100.00	04/15/2015	94610479

SERFF Tracking #:

ACEH-130008535

State Tracking #:

Company Tracking #:

15-HO-2011246

State:

Arkansas

Filing Company:

Bankers Standard Insurance Company

TOI/Sub-TOI:

04.0 Homeowners/04.0000 Homeowners Sub-TOI Combinations

Product Name:

Homeowners

Project Name/Number:

Rate/Rule Revision/15-HO-2011246

Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Filed	Becky Harrington	04/15/2015	04/15/2015

SERFF Tracking #:

ACEH-130008535

State Tracking #:

Company Tracking #:

15-HO-2011246

State: Arkansas **Filing Company:** Bankers Standard Insurance Company
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Product Name: Homeowners
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Disposition

Disposition Date: 04/15/2015

Effective Date (New): 07/11/2015

Effective Date (Renewal): 09/11/2015

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):
Bankers Standard Insurance Company	26.300%	6.800%	\$12,399	44	\$182,845	11.900%	3.900%

Schedule	Schedule Item	Schedule Item Status	Public Access
Supporting Document	Form RF-2 Loss Costs Only (not for workers' compensation)		No
Supporting Document	H-1 Homeowners Abstract	Filed	Yes
Supporting Document	HPCS-Homeowners Premium Comparison Survey	Filed	Yes
Supporting Document	NAIC loss cost data entry document	Filed	Yes
Supporting Document	Filing Memos	Filed	Yes
Supporting Document	Actuarial Filing Support	Filed	Yes
Rate	Personal Liability Rates	Filed	Yes
Rate	Base Premium Table	Filed	Yes

SERFF Tracking #:

ACEH-130008535

State Tracking #:

Company Tracking #:

15-HO-2011246

State: Arkansas **Filing Company:** Bankers Standard Insurance Company
TOI/Sub-TOI: 04.0 Homeowners/04.0000 Homeowners Sub-TOI Combinations
Product Name: Homeowners
Project Name/Number: Rate/Rule Revision/15-HO-2011246

Rate Information

Rate data applies to filing.

Filing Method: File & Use
Rate Change Type: Increase
Overall Percentage of Last Rate Revision: 0.140%
Effective Date of Last Rate Revision: 07/01/2013
Filing Method of Last Filing: File & 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):
Bankers Standard Insurance Company	26.300%	6.800%	\$12,399	44	\$182,845	11.900%	3.900%

SERFF Tracking #:

ACEH-130008535

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

15-HO-2011246

State:

Arkansas

Filing Company:

Bankers Standard Insurance Company

TOI/Sub-TOI:

04.0 Homeowners/04.0000 Homeowners Sub-TOI Combinations

Product Name:

Homeowners

Project Name/Number:

Rate/Rule Revision/15-HO-2011246

Rate/Rule Schedule

Item No.	Schedule Item Status	Exhibit Name	Rule # or Page #	Rate Action	Previous State Filing Number	Attachments
1	Filed 04/15/2015	Personal Liability Rates	7.1	Replacement	SERFF Tr #ACEH-128988469; Co Tr #13-HO-2010141	AR Home Pg 7.1 Pers Liab Rates 15HO2011246.pdf
2	Filed 04/15/2015	Base Premium Table	1	Replacement	SERFF Tr #ACEH-126327204; Co Tr #09-HO-2008572	AR Home Pg 1 Base Prem 15HO2011246.pdf

Personal Liability Rates

Personal Liability

EXPOSURES	LIMITS OF LIABILITY		
	\$300,000 \$50,000 Medical Payments	\$500,000 \$50,000 Medical Payments	\$1,000,000 \$50,000 Medical Payments
Described Premises	\$96	\$120	\$144
Additional Residence Premises			
Owner Occupied	\$71	\$89	\$107
Rented to Others - 1 Family	\$71	\$89	\$107
Rented to Others - 2 or more Families	\$118	\$147	\$176
Attach HOME456 – Additional Insured Location (Attach only when liability is extended to an owner-occupied property or rental property. Not available if Personal Liability and Medical Expenses Exclusion applies.)			
Watercraft			
Length of Vessel:			
Less than 26 feet & Greater than 50 HP	\$130	\$160	\$240
26 feet to less than 43 feet	\$210	\$250	\$380
43 feet to 55 feet	\$280	\$340	\$540
Attach HOME468 – Watercraft Liability Extension Coverage (Watercraft must be 55 feet or less in length.)			

Arkansas Rates
Bankers Standard Insurance Company

Base Premium Table

All Risk - \$1000 Deductible

\$500,000 Owner

\$250,000 Tenant/Condo

Territory	Owners Base Premium	Tenants Base Premium	Condo Base Premium
1	\$ 2,783	\$ 894	\$ 935
2	\$ 3,885	\$ 894	\$ 935
3	\$ 5,933	\$ 894	\$ 935

SERFF Tracking #:

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Supporting Document Schedules

Satisfied - Item:	H-1 Homeowners Abstract
Comments:	
Attachment(s):	AR HO Form H-1 Home Abstract 15HO2011246.pdf
Item Status:	Filed
Status Date:	04/15/2015

Satisfied - Item:	HPCS-Homeowners Premium Comparison Survey
Comments:	
Attachment(s):	AR HO Survey Form HPCS 15HO2011246.pdf AR HO Survey FORM HPCS 15HO2011246.xls
Item Status:	Filed
Status Date:	04/15/2015

Satisfied - Item:	NAIC loss cost data entry document
Comments:	
Attachment(s):	AR FORM RF-1 Rate Filing Abstract 15HO2011246.pdf
Item Status:	Filed
Status Date:	04/15/2015

Satisfied - Item:	Filing Memos
Comments:	
Attachment(s):	AR Home Filing Memo 15HO2011246.pdf AR HO Actuarial Memo 15HO2011246.pdf
Item Status:	Filed
Status Date:	04/15/2015

Satisfied - Item:	Actuarial Filing Support
Comments:	
Attachment(s):	AR HO Indications Memo 15HO2011246.pdf AR HO Indications 15HO2011246.pdf AR HO Filing Support Exhibits 15HO2011246.pdf
Item Status:	Filed
Status Date:	04/15/2015

ARKANSAS INSURANCE DEPARTMENT

FORM H-1 HOMEOWNERS ABSTRACT

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

Company Name Bankers Standard Insurance Company
 NAIC # (including group #) 626-18279

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

We have not had an insurance to value campaign in Arkansas during the experience period.

2. If you use a cost estimator (or some similar method) in order to make sure that dwellings (or contents) are insured at their value, state when this program was started in Arkansas and estimate its impact.

We utilize a cost estimator in Arkansas. The cost estimator has been utilized since Bankers Standard Insurance Company started writing Homeowners insurance. Estimating the impact on our AR book is not feasible since the cost estimator has been used consistently since inception.

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

Properties must be insured to value by at least 90%. This valuation is determined by our cost estimator and on-site inspections.

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

Amount of insurance is currently increased by 5%, when a homeowner's policy renews. The percent increase is evaluated annually based on building material cost trends.

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

a. Fire Extinguisher	0%
b. Burglar Alarm	2-5%
c. Fire Alarm	2-10%
d. Insured who has both homeowners and auto with your company	0-10%
e. Deadbolt Locks	0%
f. Window or Door Locks	0%
g. Other (specify)	
• Sprinkler Systems	10%
• 24 Hour Manned Security	4%

- Gated Community 4%
- Electric Backup 5%
- Lightning Protection System 2%
- Temperature Monitoring System 2%
- Water Leak Detection 5-7%
- Gas Leak Detector 2%

6. Are there any areas in the State of Arkansas In which your company will not write homeowners insurance? If so, state the areas and explain reason for not writing.

No

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

<u>Form</u>	<u>Premium Volume</u>
Dwelling	175,952
Condo	897
Tenant	5,996

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

9. Is there a surcharge on risks with wood heat? No

If yes, state the surcharge _____

Does the surcharge apply to conventional fire places? _____

If yes, state the surcharge _____

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



 Signature
 Andrew DeCicco

 Printed Name
 Actuarial Manager

 Title
 908-860-4838

 Telephone Number
 andrew.decicco@acegroup.com

 Email address

NAIC Number: 18279
 Company Name: Bankers Standard Insurance Company
 Contact Person:
 Telephone No.:
 Email Address:
 Effective Date: 7/11/2015

**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	\$1,416.00	\$1,485.00	\$1,416.00	\$1,485.00	\$1,416.00	\$1,485.00	\$1,688.00	\$1,771.00	\$1,915.00	\$2,009.00	\$1,915.00	\$2,009.00	\$1,915.00	\$2,009.00	\$1,915.00	\$2,009.00	\$1,915.00	\$2,009.00
	\$120,000	\$1,592.00	\$1,669.00	\$1,592.00	\$1,669.00	\$1,592.00	\$1,669.00	\$2,150.00	\$2,258.00	\$2,158.00	\$2,265.00	\$2,158.00	\$2,265.00	\$2,158.00	\$2,265.00	\$2,158.00	\$2,265.00	\$2,158.00	\$2,265.00
	\$160,000	\$1,768.00	\$1,855.00	\$1,768.00	\$1,855.00	\$1,768.00	\$1,855.00	\$2,613.00	\$2,522.00	\$2,402.00	\$2,613.00	\$2,402.00	\$2,613.00	\$2,402.00	\$2,613.00	\$2,402.00	\$2,613.00	\$2,402.00	\$2,613.00
6	\$80,000	\$1,416.00	\$1,485.00	\$1,416.00	\$1,485.00	\$1,416.00	\$1,485.00	\$1,688.00	\$1,771.00	\$1,915.00	\$2,009.00	\$1,915.00	\$2,009.00	\$1,915.00	\$2,009.00	\$1,915.00	\$2,009.00	\$1,915.00	\$2,009.00
	\$120,000	\$1,592.00	\$1,669.00	\$1,592.00	\$1,669.00	\$1,592.00	\$1,669.00	\$2,150.00	\$2,258.00	\$2,158.00	\$2,265.00	\$2,158.00	\$2,265.00	\$2,158.00	\$2,265.00	\$2,158.00	\$2,265.00	\$2,158.00	\$2,265.00
	\$160,000	\$1,768.00	\$1,855.00	\$1,768.00	\$1,855.00	\$1,768.00	\$1,855.00	\$2,613.00	\$2,522.00	\$2,402.00	\$2,744.00	\$2,402.00	\$2,744.00	\$2,402.00	\$2,744.00	\$2,402.00	\$2,744.00	\$2,402.00	\$2,744.00
9	\$80,000	\$2,589.00	\$2,713.00	\$2,589.00	\$2,713.00	\$2,589.00	\$2,713.00	\$3,107.00	\$3,256.00	\$3,538.00	\$3,708.00	\$3,538.00	\$3,708.00	\$3,538.00	\$3,708.00	\$3,538.00	\$3,708.00	\$3,538.00	\$3,708.00
	\$120,000	\$2,925.00	\$3,065.00	\$2,925.00	\$3,065.00	\$2,925.00	\$3,065.00	\$3,988.00	\$4,181.00	\$4,003.00	\$4,197.00	\$4,003.00	\$4,197.00	\$4,003.00	\$4,197.00	\$4,003.00	\$4,197.00	\$4,003.00	\$4,197.00
	\$160,000	\$3,262.00	\$3,417.00	\$3,262.00	\$3,417.00	\$3,262.00	\$3,417.00	\$4,870.00	\$4,684.00	\$4,468.00	\$5,106.00	\$4,468.00	\$5,106.00	\$4,468.00	\$5,106.00	\$4,468.00	\$5,106.00	\$4,468.00	\$5,106.00

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	\$142.00	\$144.00	\$142.00	\$144.00	\$142.00	\$144.00	\$142.00	\$144.00	\$142.00	\$144.00	\$142.00	\$144.00	\$142.00	\$144.00	\$142.00	\$144.00	\$142.00	\$144.00
	\$15,000	\$185.00	\$193.00	\$185.00	\$193.00	\$185.00	\$193.00	\$185.00	\$193.00	\$185.00	\$193.00	\$185.00	\$193.00	\$185.00	\$193.00	\$185.00	\$193.00	\$185.00	\$193.00
	\$25,000	\$228.00	\$240.00	\$228.00	\$240.00	\$228.00	\$240.00	\$228.00	\$240.00	\$228.00	\$228.00	\$228.00	\$228.00	\$228.00	\$228.00	\$228.00	\$228.00	\$228.00	\$228.00
6	\$5,000	\$142.00	\$144.00	\$142.00	\$144.00	\$142.00	\$144.00	\$142.00	\$144.00	\$142.00	\$144.00	\$142.00	\$144.00	\$142.00	\$144.00	\$142.00	\$144.00	\$142.00	\$144.00
	\$15,000	\$185.00	\$193.00	\$185.00	\$193.00	\$185.00	\$193.00	\$185.00	\$193.00	\$185.00	\$193.00	\$185.00	\$193.00	\$185.00	\$193.00	\$185.00	\$193.00	\$185.00	\$193.00
	\$25,000	\$228.00	\$240.00	\$228.00	\$240.00	\$228.00	\$240.00	\$228.00	\$240.00	\$228.00	\$240.00	\$228.00	\$240.00	\$228.00	\$240.00	\$228.00	\$240.00	\$228.00	\$240.00
9	\$5,000	\$155.00	\$159.00	\$155.00	\$159.00	\$155.00	\$159.00	\$155.00	\$159.00	\$155.00	\$159.00	\$155.00	\$159.00	\$155.00	\$159.00	\$155.00	\$159.00	\$155.00	\$159.00
	\$15,000	\$224.00	\$236.00	\$224.00	\$236.00	\$224.00	\$236.00	\$224.00	\$236.00	\$224.00	\$236.00	\$224.00	\$236.00	\$224.00	\$236.00	\$224.00	\$236.00	\$224.00	\$236.00
	\$25,000	\$294.00	\$313.00	\$294.00	\$313.00	\$294.00	\$313.00	\$294.00	\$313.00	\$294.00	\$313.00	\$294.00	\$313.00	\$294.00	\$313.00	\$294.00	\$313.00	\$294.00	\$313.00

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

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

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

HO3 and HO4 only	Fire Extinguisher	None %	Deadbolt Lock	None %	EARTHQUAKE INSURANCE	IMPORTANT, homeowners insurance does NOT automatically cover losses from earthquakes. Ask your agent about this cc
	Burglar Alarm	Varies %	Window Locks	None %	ARE YOU CURRENTLY WRITING EARTHQUAKE COVERAGE IN ARKANSAS?	yes (yes or no)
	Smoke Alarm	Varies %	\$1,000 Deductible	Varies %	WHAT IS YOUR PERCENTAGE DEDUCTIBLE?	Varies %
			Other (specify)			
					Zone	Brick
			Maximum Credit Allowed		WHAT IS YOUR PRICE PER \$1,000 OF COVERAGE?	Highest Risk
						Lowest Risk
						Brick
						Frame
						\$ 1
						\$ 0.75
						\$ 0.79
						\$ 0.42

NAIC LOSS COST DATA ENTRY DOCUMENT

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

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

		Company Name		Company NAIC Number
3.	A.	Bankers Standard Insurance Company	B.	18279

		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.	Homeowners 4.0	B.	

5.

(A) COVERAGE (See Instructions)	(B) Indicated % Rate Level Change	(C) Requested % Rate Level Change	FOR LOSS COSTS ONLY				
			(D) Expected Loss Ratio	(E) Loss Cost Modification Factor	(F) Selected Loss Cost Multiplier	(G) Expense Constant (If Applicable)	(H) Co. Current Loss Cost Multiplier
Homeowners	26.3	6.8					
TOTAL OVERALL EFFECT	26.3	6.8					

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
YE Q3 2010	16			20,473	0	0.0%	64.3%
YE Q3 2011	34			75,480	301,929	400.0%	97.3%
YE Q3 2012	45			134,252	16,482	12.3%	55.8%
YE Q3 2013	51	0.14	7/1/13	186,118	28,517	15.3%	74.7%
YE Q3 2014	52			210,070	85,936	40.9%	64.3%

7.

Expense Constants	Selected Provisions
A. Total Production Expense	15.8%
B. General Expense	12.3%
C. Taxes, License & Fees	2.9%
D. Underwriting Profit & Contingencies	10.3%
E. Other (explain) Reinsurance	3.1%
F. TOTAL	44.4%

8. NA Apply Lost Cost Factors to Future filings? (Y or N)
9. 11.9% Estimated Maximum Rate Increase for any Insured (%). Territory (if applicable): 2
10. 3.9% Estimated Maximum Rate Decrease for any Insured (%) Territory (if applicable): 1

Bankers Standard Insurance Company

Filing Memorandum

Homeowners

ACE Platinum Portfolio Program

Arkansas

This filing introduces the following changes to our homeowners program:

- Revisions to Base Rates for Owners, Tenants and Condos
- Revisions to Liability Rates

Attached is a revised manual page for the liability rates and a revised base rate page.

Our proposed effective dates for this filing are 07/11/15 for new business and 09/11/15 for renewals.

Bankers Standard Insurance Company
ARKANSAS HOMEOWNERS
ACE Platinum Portfolio Program
Actuarial Memorandum

This filing represents a revision to the Bankers Standard Insurance Company's homeowner's rates, effective July 1, 2013. Our proposed new business effective date is July 11, 2015, and our proposed renewal business effective date is September 11, 2015.

We are proposing an overall rate change of +6.8%.

A breakdown of the rate effects by form is shown in Exhibit 1.

All dwelling and condo base rates were increased by approximately 5.0%. All tenant base rates were decreased by approximately 0.5%. Exhibit 2 displays the current and proposed base rates.

Personal liability rates have been increased to follow countrywide selected rates. The current and proposed personal liability rates can be found in Exhibit 3.

Bankers Standard Insurance Company
ARKANSAS HOMEOWNERS
ACE Platinum Portfolio Program
Indications and Calculations

A summary of the countrywide dwelling indication can be found in Exhibit I-1 (Page 1 of 2). A summary of the countrywide combined Tenant/Condo indication can be found in Exhibit I-1 (Page 2 of 2). A summary of the Arkansas dwelling indication can be found in Exhibit I-2 (Page 1 of 2). A summary of the Arkansas combined Tenant/Condo indication can be found in Exhibit I-2 (Page 2 of 2).

In our indication, we loaded 5 years of premium and loss experience. Earned premiums are on-leveled and trended. Incurred losses and ALAE are capped at \$5M based on our reinsurance property per risk treaty and catastrophe losses are excluded. We then smooth the non-CAT losses by taking out the actual losses greater than \$250K and use an excess loss load. Non-modeled CAT losses are incorporated by using a non-modeled CAT load. These losses are then adjusted for frequency and severity trend. The resulting ratio of the adjusted incurred losses and ALAE to the on-leveled trended earned premium is calculated for each year, and our selected non-modeled loss and ALAE ratio is based on the weighted average of the 5 years.

To calculate the non-hurricane loss and ALAE ratio, we first derive the inforce adequate hurricane premium based on our RMS model. We then divided this by the inforce on-level total premium to yield the percentage of hurricane inforce premium, the complement of which is the percentage of the non-hurricane inforce premium. The selected non-modeled loss and ALAE ratio is then divided by the percent of non-hurricane premium, resulting in the selected non-hurricane loss and ALAE ratio. A countrywide ULAE ratio is then added to the non-hurricane loss and ALAE ratio. The non-hurricane indication is then calculated and credibility-weighted. BSIC has chosen a credibility standard of 40,000 earned housed years for dwelling forms and 20,000 earned house years for condo and tenant forms, utilizing the square-root method to calculate credibility. We are using the countrywide non-hurricane loss and LAE ratio for the respective forms as the complement of credibility.

Premium On-Level – Countrywide on-level factors, based on rate history using the parallelogram method.

Current Amount Factor – The calculation for the 2010, 2011, 2012, 2013 and 2014 current amount factors are shown in Exhibit I-3.

Premium Projection Factor – Earned premium has been adjusted by a premium trend, as calculated in Exhibit I-4.

Excess Loss Load – The excess loss load derivation can be found in Exhibit I-5.

Non-Modeled Cat Load – The derivation of the Arkansas non-modeled CAT load can be found in Exhibit I-6. The derivation of the countrywide non-modeled CAT load can be found in Exhibit I-7.

Loss Development Triangles – Exhibit I-8 displays BSIC's incurred loss development factors. Since ACE purchased the renewal right of the Atlantic Mutual personal lines unit, there have been significant changes made to the claims staff. Thus, a 3 year average link ratio has been used for loss development.

Loss Trend – Loss trend data is shown in Exhibit I-9 through I-11. It is based on the average of BSIC data and ISO Circular AS-HO-2015-001.

Earthquake Load – Exhibit I-12 shows the development of the earthquake load.

Adequate Hurricane Premium – Support for the derivation of our adequate hurricane premium can be found in Exhibit I-13.

Expected Loss Ratio – The expected loss and loss adjustment ratio (ELR) is calculated in Exhibit I-21. Please note that this ELR in Exhibit I-14 is our non-hurricane ELR.

Expenses – 2011, 2012, and 2013 data, i.e., Commission and Brokerage Expenses, Other Acquisition Expenses, General Exposures, and Taxes, Licenses, and Fees, is shown in Exhibit I-15.

Reinsurance – Exhibit I-16 displays the derivation of the reinsurance expense.

Underwriting Profit – Exhibits I-17 and I-18 to I-25 display the development of the underwriting profit.

All Companies Combined
Countrywide Homeowners - Dwelling Form

Development of Projected Premium at Current Rates						
Fiscal/Accident Year Ending Q3	Earned Exposures	Earned Premium	Rate Level Adjustment Factors	Current Amount Factors	Premium Projection Factor	Projected Earned Premium at Current Rates
	(1)	(2)	(3)	(4)	(5)	(6) = (2) * (3) * (4) * (5)
2010	34,927	99,547,897	1.183	1.196	1.109	156,165,213
2011	46,804	153,963,538	1.168	1.138	1.109	226,956,564
2012	55,087	197,508,639	1.117	1.090	1.109	266,678,976
2013	56,504	219,876,115	1.074	1.046	1.109	273,802,880
2014	56,578	235,530,074	1.041	1.000	1.109	271,907,202

Development of Trended Ultimate Loss & ALAE Ratio											
Fiscal/Accident Year Ending Q3	Incd Loss & ALAE	Non-Cat Loss & ALAE	Non-CAT Capped Incurred Loss & ALAE	Loss Development Factor	Non-Modeled CAT Load	Excess Loss & ALAE Load	Loss Trend Factors	Earthquake Load	Trended Ultimate Loss & ALAE	Trended Ultimate Loss & ALAE Ratio	Accident Year Weights
	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	15) = PRODUCT [(9) - (13)] + (14)	(16) = (15) / (6)	(17)
2010	64,060,623	36,094,460	30,347,362	0.997	1.259	1.335	1.287	1,448,150	66,849,113	42.8%	6.7%
2011	156,044,849	83,277,382	56,568,706	1.014	1.259	1.335	1.237	2,104,612	121,343,026	53.5%	13.3%
2012	104,270,060	78,092,134	54,627,394	1.040	1.259	1.335	1.190	2,472,966	116,005,101	43.5%	20.0%
2013	169,905,862	84,446,041	61,609,144	1.068	1.259	1.335	1.144	2,539,027	128,930,881	47.1%	26.7%
2014	153,382,338	121,488,312	71,317,329	1.201	1.259	1.335	1.100	2,521,448	160,864,931	59.2%	33.3%

Development of Indication			
(18) = SUMPRODUCT [(16), (17)]	Weighted Average Ultimate Loss & ALAE Ratio		51.0%
(19)	Percent of Non-Hurricane Premium		77.0%
(20) = (18) / (19)	Ultimate Non-Hurricane Loss & ALAE Ratio		66.1%
(21)	ULAE Load		5.3%
(22) = (20) + (21)	Ultimate Non-Hurricane Loss & LAE Ratio		71.4%
(23)	Credibility		100.0%
(24) = (21)	Credibility Weighted Ultimate Non-Hurricane Loss & LAE Ratio		71.4%
(25)	Non-Hurricane Expected Loss Ratio		58.8%
(26) = (24) / (25)	Credibility Weighted Non-Hurricane Indication		21.4%
(27)	Hurricane Indication		0%
(28) = { (26) * (19) } + [1 - (19)] * (27)]	Credibility Weighted Total Indication		16.5%

- Notes:
- (4) - Refer to Exhibit I-3 for derivation of factors
 - (5) - Refer to Exhibit I-4 for derivation of factors
 - (10) - Refer to Exhibit I-8 for derivation of factors
 - (11) - Refer to Exhibit I-7 for derivation of factors
 - (12) - Refer to Exhibit I-5 for derivation of factors
 - (13) - Refer to Exhibit I-9 for derivation of factors
 - (14) - Exhibit I-12, Line 5 (Countrywide) * (6 - Respective Experience Year)
 - (19) - Refer to Exhibit I-13 for derivation of non-hurricane premium %
 - (21) - Refer to Exhibit I-25
 - (23) - MIN { 1, SQRT [SUM of (1) / 40,000] }
 - (25) - Exhibit I-14 (Countrywide)

All Companies Combined
Countrywide Homeowners - Condominium, Cooperative & Tenant Forms Combined

Development of Projected Premium at Current Rates						
Fiscal/Accident Year Ending Q3	Earned Exposures	Earned Premium	Rate Level Adjustment Factors	Current Amount Factors	Premium Projection Factor	Projected Earned Premium at Current Rates
	(1)	(2)	(3)	(4)	(5)	(6) = (2) * (3) * (4) * (5)
2010	8,609	9,525,726	1.061	1.196	1.109	13,406,924
2011	10,871	15,099,995	1.065	1.138	1.109	20,297,406
2012	12,815	19,263,894	1.026	1.090	1.109	23,893,270
2013	13,692	21,787,362	1.002	1.046	1.109	25,309,729
2014	14,231	23,533,884	1.000	1.000	1.109	26,090,978

Development of Trended Ultimate Loss Ratio											
Fiscal/Accident Year Ending Q3	Incd Loss & ALAE	Non-Cat Loss & ALAE	Non-CAT Capped Incurred Loss & ALAE	Loss Development Factor	Non-Modeled CAT Load	Excess Loss & ALAE Load	Loss Trend Factors	Earthquake Load	Trended Ultimate Loss & ALAE	Trended Ultimate Loss & ALAE Ratio	Accident Year Weights
	(7)	(8)	(9)	(9)	(11)	(12)	(13)	(14)	(15) = PRODUCT [(9) - (13)] + (14)	(15) = (14) / (5)	(16)
2010	6,028,115	5,799,904	4,712,754	0.997	1.150	1.189	1.287	65,073	8,328,988	62.1%	6.7%
2011	8,507,768	7,450,813	6,752,565	1.014	1.150	1.189	1.237	98,518	11,679,798	57.5%	13.3%
2012	16,736,748	16,568,936	6,831,019	1.040	1.150	1.189	1.190	115,971	11,667,558	48.8%	20.0%
2013	10,722,312	8,881,959	8,387,144	1.068	1.150	1.189	1.144	122,846	14,123,097	55.8%	26.7%
2014	13,178,663	9,923,211	8,992,588	1.201	1.150	1.189	1.100	126,638	16,372,308	62.8%	33.3%

Development of Indication			
(17) = SUMPRODUCT [(15), (16)]	Weighted Average Ultimate Loss & ALAE Ratio		57.4%
(18)	Percent of Non-Hurricane Premium		74.5%
(19) = (17) / (18)	Ultimate Non-Hurricane Loss & ALAE Ratio		77.0%
(20)	ULAE Load		5.3%
(21) = (19) + (20)	Ultimate Non-Hurricane Loss & LAE Ratio		82.3%
(22)	Credibility		100.0%
(24) = (21)	Credibility Weighted Ultimate Non-Hurricane Loss & LAE Ratio		82.3%
(25)	Non-Hurricane Expected Loss Ratio		59.3%
(26) = (24) / (25)	Credibility Weighted Non-Hurricane Indication		38.7%
(27)	Hurricane Indication		0%
(28) = ((26) * (19)) + [(1 - (19)) * (27)]	Credibility Weighted Total Indication		28.9%

Notes:

- (4) - Refer to Exhibit I-3 for derivation of factors
- (5) - Refer to Exhibit I-4 for derivation of factors
- (10) - Refer to Exhibit I-8 for derivation of factors
- (11) - Refer to Exhibit I-7 for derivation of factors
- (12) - Refer to Exhibit I-5 for derivation of factors
- (13) - Refer to Exhibit I-9 for derivation of factors
- (14) - Exhibit I-12, Line 5 (Countrywide) * (6 - Respective Experience Year)
- (19) - Refer to Exhibit I-13 for derivation of non-hurricane premium %
- (21) - Refer to Exhibit I-25
- (23) - MIN { 1, SQRT [SUM of (1) / 20,000] }
- (25) - Exhibit I-14 (Countrywide)

Bankers Standard Insurance Company
Arkansas Homeowners - Dwelling Form

Development of Projected Premium at Current Rates							
Fiscal/Accident Year Ending Q3	Earned Exposures	Earned Premium	Rate Level Adjustment Factors	Current Amount Factors	Premium Projection Factor	Projected Earned Premium at Current Rates	
	(1)	(2)	(3)	(4)	(5)	(6) = (2) * (3) * (4) * (5)	
2010	13	20,473	1.001	1.196	1.109	27,188	
2011	27	75,372	1.001	1.138	1.109	95,238	
2012	45	131,255	1.001	1.090	1.109	158,854	
2013	50	177,460	1.001	1.046	1.109	206,103	
2014	54	200,910	1.001	1.000	1.109	222,897	

Development of Trended Ultimate Loss & ALAE Ratio											
Fiscal/Accident Year Ending Q3	Incd Loss & ALAE	Non-Cat Loss & ALAE	Non-CAT Capped Incurred Loss & ALAE	Loss Development Factor	Non-Modeled CAT Load	Excess Loss & ALAE Load	Loss Trend Factors	Earthquake Load	Trended Ultimate Loss & ALAE	Trended Ultimate Loss & ALAE Ratio	Accident Year Weights
	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15) = PRODUCT [(9) - (13)] + (14)	(16) = (15) / (6)	(17)
2010	0	0	0	0.997	1.259	1.335	1.287	754	754	2.8%	6.7%
2011	301,929	0	0	1.014	1.259	1.335	1.237	2,640	2,640	2.8%	13.3%
2012	16,482	16,482	16,482	1.040	1.259	1.335	1.190	4,403	38,658	24.3%	20.0%
2013	28,517	28,517	28,517	1.068	1.259	1.335	1.144	5,713	64,216	31.2%	26.7%
2014	85,936	85,936	85,936	1.201	1.259	1.335	1.100	6,179	196,980	88.4%	33.3%

Development of Indication			
(18) = SUMPRODUCT [(16), (17)]	Weighted Average Ultimate Loss & ALAE Ratio		43.2%
(19)	Percent of Non-Hurricane Premium		100.0%
(20) = (18) / (19)	Ultimate Non-Hurricane Loss & ALAE Ratio		43.2%
(21)	ULAE Load		5.3%
(22) = (20) * (21)	Ultimate Non-Hurricane Loss & LAE Ratio		48.5%
(23)	Credibility		6.9%
(24)	Complement of Credibility		71.4%
(25) = { (23) * (22) } + { [1 - (23)] * (24) }	Credibility Weighted Ultimate Non-Hurricane Loss & LAE Ratio		69.8%
(26)	Non-Hurricane Expected Loss Ratio		55.6%
(27) = (25) / (26)	Credibility Weighted Non-Hurricane Indication		25.6%
(28)	Hurricane Indication		0%
(29) = { (27) * (19) } + { [1 - (19)] * (28) }	Credibility Weighted Total Indication		25.6%

Notes:

- (4) - Refer to Exhibit I-3 for derivation of factors
- (5) - Refer to Exhibit I-4 for derivation of factors
- (10) - Refer to Exhibit I-8 for derivation of factors
- (11) - Refer to Exhibit I-6 for derivation of factors
- (12) - Refer to Exhibit I-5 for derivation of factors
- (13) - Refer to Exhibit I-9 for derivation of factors
- (14) - Exhibit I-12, Line 5 (State) * (6 - Respective Experience Year)
- (19) - Refer to Exhibit I-13 for derivation of non-hurricane premium %
- (21) - Refer to Exhibit I-25
- (23) - MIN { 1, SQRT [SUM of (1) / 40,000] }
- (24) - Exhibit I-1, line 24
- (26) - Exhibit I-14 (State)

Bankers Standard Insurance Company
Arkansas Homeowners - Condominium, Cooperative & Tenant Forms Combined

Development of Projected Premium at Current Rates						
Fiscal/Accident Year Ending Q3	Earned Exposures	Earned Premium	Rate Level Adjustment Factors	Current Amount Factors	Premium Projection Factor	Projected Earned Premium at Current Rates
	(1)	(2)	(3)	(4)	(5)	(6) = (2) * (3) * (4) * (5)
2010	2	0	1.000	1.196	1.109	0
2011	1	107	1.001	1.138	1.109	136
2012	2	2,996	1.001	1.090	1.109	3,626
2013	6	8,659	1.001	1.046	1.109	10,056
2014	5	9,160	1.001	1.000	1.109	10,163

Development of Trended Ultimate Loss & ALAE Ratio											
Fiscal/Accident Year Ending Q3	Incd Loss & ALAE	Non-Cat Loss & ALAE	Non-CAT Capped Incurred Loss & ALAE	Loss Development Factor	Non-Modeled CAT Load	Excess Loss & ALAE Load	Loss Trend Factors	Earthquake Load	Trended Ultimate Loss & ALAE	Trended Ultimate Loss & ALAE Ratio	Accident Year Weights
	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15) = PRODUCT [(9) - (13)] + (14)	(16) = (15) / (6)	(17)
2010	0	0	0	0.997	1.150	1.189	1.287	0	0	0.0%	6.7%
2011	0	0	0	1.014	1.150	1.189	1.237	1	1	0.8%	13.3%
2012	0	0	0	1.040	1.150	1.189	1.190	28	28	0.8%	20.0%
2013	0	0	0	1.068	1.150	1.189	1.144	77	77	0.8%	26.7%
2014	0	0	0	1.201	1.150	1.189	1.100	78	78	0.8%	33.3%

Development of Indication			
(18) = SUMPRODUCT [(16), (17)]	Weighted Average Ultimate Loss & ALAE Ratio		0.7%
(19)	Percent of Non-Hurricane Premium		100.0%
(20) = (18) / (19)	Ultimate Non-Hurricane Loss & ALAE Ratio		0.7%
(21)	ULAE Load		5.3%
(22) = (20) + (21)	Ultimate Non-Hurricane Loss & LAE Ratio		6.0%
(23)	Credibility		2.8%
(24)	Complement of Credibility		82.3%
(25) = { (23) * (22) } + { [1 - (23)] * (24) }	Credibility Weighted Ultimate Non-Hurricane Loss & LAE Ratio		80.1%
(26)	Non-Hurricane Expected Loss Ratio		55.6%
(27) = (25) / (26)	Credibility Weighted Non-Hurricane Indication		44.2%
(28)	Hurricane Indication		0%
(29) = { (27) * (19) } + { [1 - (19)] * (28) }	Credibility Weighted Total Indication		44.2%

Notes:

- (4) - Refer to Exhibit I-3 for derivation of factors
- (5) - Refer to Exhibit I-4 for derivation of factors
- (10) - Refer to Exhibit I-8 for derivation of factors
- (11) - Refer to Exhibit I-6 for derivation of factors
- (12) - Refer to Exhibit I-5 for derivation of factors
- (13) - Refer to Exhibit I-9 for derivation of factors
- (14) - Exhibit I-12, Line 5 (State) * (6 - Respective Experience Year)
- (19) - Refer to Exhibit I-13 for derivation of non-hurricane premium %
- (21) - Refer to Exhibit I-25 for derivation of factors
- (23) - MIN { 1, SQRT [SUM of (1) / 20,000] }
- (24) - Exhibit I-1, line 24
- (26) - Exhibit I-14 (State)

Bankers Standard Insurance Company
Arkansas Homeowners
CURRENT AMOUNT FACTOR CALCULATION - Countrywide Data

Calendar Year	Inflation Factor	Premium Change	Year			Cumulative Change
			Ending Q3	Region	Area	
2006	1.000	1.000		I	0.031	1.156
2007	1.085	1.085		II	0.691	1.220
2008	1.065	1.156		III	0.278	1.287
2009	1.055	1.220				
2010	1.055	1.287	2010 Average			1.237
2011	1.045	1.345				
2012	1.040	1.399		I	0.031	1.220
2013	1.045	1.462		II	0.691	1.287
2014	1.050	1.535		III	0.278	1.345
2015	1.040	1.597				
2016	1.040	1.661	2011 Average			1.301
				I	0.031	1.287
				II	0.691	1.345
				III	0.278	1.399
			2012 Average			1.358
				I	0.031	1.345
				II	0.691	1.399
				III	0.278	1.462
			2013 Average			1.415
				I	0.031	1.399
				II	0.691	1.462
				III	0.278	1.535
			2014 Average			1.480
			Current Amount			1.480
					CAF 2010	1.196
					CAF 2011	1.138
					CAF 2012	1.090
					CAF 2013	1.046
					CAF 2014	1.000

Bankers Standard Insurance Company
 Arkansas Homeowners
 Premium Projection Factor - Countrywide Data

(1) Selected Inflation Factors

CY	Factor
2014	1.050
2015	1.040
2016	1.040

(2) Average Earned Date - Latest Period

4/1/2014

(3) Renewal Effective Date

9/11/2015

(4) Average Earned Date

9/11/2016

(5) Premium Projection Factor

1.109

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Bankers Standard Insurance Company
Arkansas Homeowners
Excess Loss Load - Countrywide Data, Dwelling Form

AY	Total Non-Cat	Non-Cat Losses capped at 250K	Non-Cat Excess of 250K to 5mil	Non-Cat Excess greater than 5mil	XS Loss Load
2003	39,454,905	32,153,910	7,300,995	0	1.227
2004	42,776,328	32,157,391	10,618,937	0	1.330
2005	32,921,183	27,459,256	5,461,927	0	1.199
2006	35,161,479	25,710,001	9,451,478	0	1.368
2007	39,790,527	25,238,716	14,551,811	0	1.577
2008	26,349,285	22,300,370	4,048,915	0	1.182
2009	33,255,597	27,407,914	5,847,682	0	1.213
2010	54,040,451	36,315,863	14,812,445	2,912,142	1.408
2011	87,629,503	58,366,860	27,121,367	2,141,276	1.465
2012	79,300,208	57,719,552	19,952,247	1,628,409	1.346
2013	89,135,048	61,804,239	27,330,809	0	1.442
2014 *	110,665,164	67,313,454	23,392,836	19,958,873	1.348
Total	670,479,675	473,947,526	169,891,448	26,640,701	1.358

Avg Selections	Excl 2014	All Yrs
All Yr	1.341	1.342
5 yr avg	1.375	1.402
3 yr avg	1.418	1.378
avg excl hi-lo	1.333	1.335
All yr Wtd Avg	1.360	1.358
5 yr wtd avg	1.393	1.400
3 yr wtd avg	1.418	1.378
Selected Load		1.335

* Data as of 12 months

Bankers Standard Insurance Company
Arkansas Homeowners
Excess Loss Load - Countrywide Data, Condominium, Cooperative & Tenant Forms Combined

AY	Total Non-Cat	Non-Cat Losses capped at 250K	Non-Cat Excess of 250K to 5mil	Non-Cat Excess greater than 5mil	XS Loss Load
2003	5,028,020	4,954,399	73,621	0	1.015
2004	4,988,002	4,209,410	778,592	0	1.185
2005	3,619,214	3,619,214	0	0	1.000
2006	5,985,227	3,977,996	2,007,231	0	1.505
2007	2,948,755	2,880,941	67,814	0	1.024
2008	2,774,837	2,606,603	168,234	0	1.065
2009	6,619,197	3,924,433	2,694,764	0	1.687
2010	6,958,761	5,405,293	1,553,468	0	1.287
2011	6,921,055	6,689,126	231,929	0	1.035
2012	18,266,967	8,173,731	5,223,233	4,870,004	1.639
2013	9,060,865	8,283,838	777,027	0	1.094
2014 *	7,783,916	7,490,825	293,091	0	1.039
Total	80,954,815	62,215,808	13,869,004	4,870,004	1.223

Avg Selections	Excl 2014	All Yrs
All Yr	1.230	1.214
5 yr avg	1.348	1.219
3 yr avg	1.256	1.257
avg excl hi-lo	1.205	1.189
All yr Wtd Avg	1.248	1.223
5 yr wtd avg	1.323	1.224
3 yr wtd avg	1.269	1.263
Selected Load		1.189

* Data as of 12 months

Bankers Standard Insurance Company
Arkansas Homeowners
Non-Modeled CAT Load - Arkansas Data

Dwelling				Condominium, Cooperative & Tenant Forms Combined			
Year	Non CAT	Total Non-Modeled CAT	Non-Modeled CAT Load	Year	Non CAT	Total Non-Modeled CAT	Non-Modeled CAT Load
1992	0	0	1.000	1992	9,669	0	1.000
1993	0	0	1.000	1993	0	0	1.000
1994	0	0	1.000	1994	0	0	1.000
1995	0	2,394	1.000	1995	0	0	1.000
1996	0	0	1.000	1996	0	0	1.000
1997	0	0	1.000	1997	0	0	1.000
1998	0	0	1.000	1998	0	0	1.000
1999	0	0	1.000	1999	0	0	1.000
2000	0	0	1.000	2000	0	0	1.000
2001	1,830	0	1.000	2001	0	0	1.000
2002	0	0	1.000	2002	0	0	1.000
2003	0	0	1.000	2003	0	0	1.000
2004	0	0	1.000	2004	0	0	1.000
2005	0	0	1.000	2005	0	0	1.000
2006	0	0	1.000	2006	0	0	1.000
2007	0	0	1.000	2007	0	0	1.000
2008	0	0	1.000	2008	0	0	1.000
2009	0	0	1.000	2009	0	0	1.000
2010	0	0	1.000	2010	0	0	1.000
2011	15,915	301,929	19.972	2011	0	0	1.000
2012	5,980	0	1.000	2012	0	0	1.000
2013	23,104	0	1.000	2013	0	0	1.000
1992 - 2013	46,829	304,323	7.499	1992 - 2013			1.000
Selected			1.259	Selected			1.150

*Selected countrywide for dwelling and condo/tenant respectively

Bankers Standard Insurance Company
Arkansas Homeowners
Non-Modeled CAT Load - Countrywide Data

Dwelling				Condominium, Cooperative & Tenant Forms Combined			
Year	Non CAT	Total Non-Modeled CAT	Non-Modeled CAT Load	Year	Non CAT	Total Non-Modeled CAT	Non-Modeled CAT Load
1992	7,438,074	1,257,246	1.169	1992	23,716,928	3,443,253	1.145
1993	6,060,104	1,035,168	1.171	1993	32,012,839	4,785,244	1.149
1994	5,886,365	2,089,455	1.355	1994	40,155,555	13,187,721	1.328
1995	5,655,458	499,455	1.088	1995	26,253,131	1,768,101	1.067
1996	11,706,069	2,625,738	1.224	1996	19,875,092	9,023,596	1.454
1997	23,927,775	1,729,647	1.072	1997	4,494,323	51,508	1.011
1998	26,370,305	11,929,206	1.452	1998	3,685,768	74,950	1.020
1999	28,282,384	2,744,311	1.097	1999	3,951,695	85,550	1.022
2000	32,335,220	10,511,044	1.325	2000	3,777,728	193,295	1.051
2001	37,682,131	5,351,624	1.142	2001	4,659,827	1,016,798	1.218
2002	39,657,549	3,606,524	1.091	2002	4,118,372	36,686	1.009
2003	39,454,905	13,563,937	1.344	2003	5,028,020	643,486	1.128
2004	42,776,328	9,119,625	1.213	2004	4,988,002	502,347	1.101
2005	32,921,183	4,845,122	1.147	2005	3,619,214	168,744	1.047
2006	35,161,479	6,351,264	1.181	2006	5,985,227	8,476	1.001
2007	39,790,527	7,822,045	1.197	2007	2,948,755	180,737	1.061
2008	26,349,285	4,932,252	1.187	2008	2,774,837	0	1.000
2009	33,255,597	5,339,083	1.161	2009	6,619,197	87,701	1.013
2010	54,040,451	29,946,437	1.554	2010	6,958,761	266,004	1.038
2011	87,629,503	47,903,664	1.547	2011	6,921,055	305,676	1.044
2012	79,300,208	19,271,028	1.243	2012	18,266,967	22,054	1.001
2013	89,135,048	10,407,371	1.117	2013	9,060,865	49,081	1.005
1992 - 2013	784,815,945	202,881,244	1.259	1992 - 2013	239,872,158	35,901,007	1.150
Selected			1.259	Selected			1.150

Bankers Standard Insurance Company
Arkansas Homeowners
Loss Trend

ACE Historical Pure Premium Selection 10.6%

ISO Pure Premium Selection -2.6%

Pure Premium Trend Selection: 3.98%

Proposed RB Effective Date	9/11/2015	
Average Projected Written Date	3/11/2016	6 Months After Assumed Effective Date
Average Projected Loss Date	9/11/2016	6 Months After Assumed Written Date
Average Historical Loss Date	4/1/20XX	Midpoint

Accident Year YE Q3	Average Loss Date - Experience	Average Loss Date - Prospective	Trend Period	Loss Trend Factor
2010	4/1/2010	9/11/2016	6.45	1.287
2011	4/1/2011	9/11/2016	5.45	1.237
2012	4/1/2012	9/11/2016	4.45	1.190
2013	4/1/2013	9/11/2016	3.45	1.144
2014	4/1/2014	9/11/2016	2.45	1.100

Bankers Standard Insurance Company
Arkansas Homeowners
Loss Trend - ACE PRS Data

Countrywide - All Policy Forms Combined -- Excluding Losses Attributed to Catastrophes

Affluent Segment

YR	QTR	Earned House Years	Ultimate Losses	Number of Ultimate Claims	Average Loss	Ultimate Claim Frequency	Pure Premium
10	1ST	1,975	3,269,106	116	28,166	5.88	1,655.44
10	2ND	2,404	5,269,393	151	34,868	6.29	2,191.96
10	3RD	2,925	3,314,181	151	21,917	5.17	1,133.05
10	4TH	3,430	10,185,125	170	59,800	4.96	2,969.03
11	1ST	3,796	6,605,715	236	27,934	6.23	1,740.20
11	2ND	4,251	7,818,545	260	30,108	6.11	1,839.41
11	3RD	4,718	8,847,316	286	30,935	6.06	1,875.18
11	4TH	5,133	3,817,376	205	18,586	4.00	743.70
12	1ST	5,394	4,956,333	212	23,404	3.93	918.83
12	2ND	5,703	8,150,531	292	27,896	5.12	1,429.09
12	3RD	6,020	11,128,697	365	30,514	6.06	1,848.69
12	4TH	6,251	6,612,845	239	27,630	3.83	1,057.94
13	1ST	6,265	11,810,422	286	41,281	4.57	1,885.29
13	2ND	6,412	9,984,837	314	31,795	4.90	1,557.23
13	3RD	6,570	6,665,185	317	21,009	4.83	1,014.43
13	4TH	6,623	7,428,876	243	30,568	3.67	1,121.60
14	1ST	6,420	14,629,911	458	31,944	7.13	2,278.65
14	2ND	6,532	9,439,048	319	29,551	4.89	1,445.10
14	3RD	6,724	12,345,196	370	33,346	5.51	1,835.99
14	4TH	6,814	10,401,827	305	34,154	4.47	1,526.53
Prior 4 Quarters Ending:							
10	4TH	10,734	22,037,805	589	37,433	5.48	2,053.05
11	1ST	12,555	25,374,414	709	35,782	5.65	2,021.00
11	2ND	14,402	27,923,566	818	34,149	5.68	1,938.87
11	3RD	16,195	33,456,701	952	35,126	5.88	2,065.85
11	4TH	17,898	27,088,953	988	27,431	5.52	1,513.55
12	1ST	19,496	25,439,570	963	26,421	4.94	1,304.87
12	2ND	20,949	25,771,555	995	25,893	4.75	1,230.23
12	3RD	22,250	28,052,936	1,074	26,119	4.83	1,260.79
12	4TH	23,368	30,848,405	1,108	27,842	4.74	1,320.12
13	1ST	24,238	37,702,494	1,182	31,889	4.88	1,555.49
13	2ND	24,947	39,536,800	1,204	32,833	4.83	1,584.84
13	3RD	25,497	35,073,288	1,157	30,321	4.54	1,375.56
13	4TH	25,870	35,889,320	1,160	30,928	4.49	1,387.28
14	1ST	26,026	38,708,810	1,332	29,054	5.12	1,487.30
14	2ND	26,146	38,163,021	1,338	28,529	5.12	1,459.61
14	3RD	26,300	43,843,032	1,391	31,527	5.29	1,667.06
14	4TH	26,490	46,815,983	1,452	32,239	5.48	1,767.29

	Frequency	Severity
6 pt	17.9%	4.0%
8 pt	8.8%	-1.8%
12 pt	3.7%	6.7%
16 pt	-2.6%	-1.0%

ACEPRS

Selection	Frequency	Severity	Pure Premium
	3.7%	6.7%	10.6%

Bankers Standard Insurance Company
 Arkansas Homeowners
 Loss Trend - ISO Data

Homeowners -- All Policy Forms Combined (Excluding Losses Attributed to Catastrophes)
 AS-HO-2015-001
 Homeowners Fast Track: Third-Quarter 2014

YR	QTR	Earned House Years	Paid Losses	Number of Paid Claims	Average Loss	Pct. Change From Same Qtr Prior Year	Paid Claim Frequency	Pct. Change From Same Qtr Prior Year	Pure Premium	Pct. Change From Same Qtr Prior Year
09	3RD	12,301,125	4,257,079,777	567,086	7,507	*****	4.61	*****	346.07	*****
09	4TH	12,279,116	3,714,125,108	465,896	7,972	*****	3.79	*****	302.47	*****
10	1ST	12,179,516	3,874,258,900	460,025	8,422	1.5	3.78	-6.7	318.10	-5.2
10	2ND	11,958,815	3,917,066,318	495,494	7,905	-2.2	4.14	0.5	327.55	-1.6
10	3RD	11,688,634	4,236,859,979	571,206	7,417	-1.2	4.89	6.1	362.48	4.7
10	4TH	11,660,220	3,766,881,856	451,017	8,352	4.8	3.87	2.1	323.05	6.8
11	1ST	11,505,458	4,019,935,753	467,964	8,590	2.0	4.07	7.7	349.39	9.8
11	2ND	11,733,534	4,207,248,424	514,441	8,178	3.5	4.38	5.8	358.57	9.5
11	3RD	12,058,939	4,460,591,506	573,580	7,777	4.9	4.76	-2.7	369.90	2.0
11	4TH	12,106,630	3,866,724,387	453,325	8,530	2.1	3.74	-3.4	319.39	-1.1
12	1ST	12,112,660	3,807,771,159	429,607	8,863	3.2	3.55	-12.8	314.36	-10.0
12	2ND	12,194,647	3,920,153,079	459,983	8,522	4.2	3.77	-13.9	321.47	-10.3
12	3RD	12,045,415	4,171,715,744	509,427	8,189	5.3	4.23	-11.1	346.33	-6.4
12	4TH	11,984,209	3,568,362,900	400,647	8,907	4.4	3.34	-10.7	297.76	-6.8
13	1ST	11,752,297	3,672,119,962	403,397	9,103	2.7	3.43	-3.4	312.46	-0.6
13	2ND	11,765,524	3,728,441,729	422,792	8,819	3.5	3.59	-4.8	316.90	-1.4
13	3RD	11,921,279	3,910,560,795	473,332	8,262	0.9	3.97	-6.1	328.03	-5.3
13	4TH	11,750,338	3,395,017,792	376,341	9,021	1.3	3.20	-4.2	288.93	-3.0
14	1ST	11,747,924	3,806,942,292	387,514	9,824	7.9	3.30	-3.8	324.05	3.7
14	2ND	11,801,196	4,071,158,954	425,205	9,575	8.6	3.6	0.3	344.98	8.9
14	3RD	11,843,095	4,075,003,737	450,231	9,051	9.5	3.8	-4.3	344.08	4.9
Prior 4 Quarters Ending:										
10	2ND	48,718,572	15,762,530,103	1,988,501	7,927	*****	4.08	*****	323.54	*****
10	3RD	48,106,081	15,742,310,305	1,992,621	7,900	*****	4.14	*****	327.24	*****
10	4TH	47,487,185	15,795,067,053	1,977,742	7,986	0.5	4.16	0.5	332.62	1
11	1ST	46,813,127	15,940,743,906	1,985,681	8,028	0.7	4.24	3.9	340.52	4.8
11	2ND	46,587,846	16,230,926,012	2,004,628	8,097	2.1	4.30	5.4	348.39	7.7
11	3RD	46,958,151	16,454,657,539	2,007,002	8,199	3.8	4.27	3.1	350.41	7.1
11	4TH	47,404,561	16,554,500,070	2,009,310	8,239	3.2	4.24	1.9	349.22	5.0
12	1ST	48,011,763	16,342,335,476	1,970,953	8,292	3.3	4.11	-3.1	340.38	0.0
12	2ND	48,472,876	16,055,240,131	1,916,495	8,377	3.5	3.95	-8.1	331.22	-4.9
12	3RD	48,459,352	15,766,364,369	1,852,342	8,512	3.8	3.82	-10.5	325.35	-7.2
12	4TH	48,336,931	15,468,002,882	1,799,664	8,595	4.3	3.72	-12.3	320	-8.4
13	1ST	47,976,568	15,332,351,685	1,773,454	8,645	4.3	3.70	-10	319.58	-6.1
13	2ND	47,547,445	15,140,640,335	1,736,263	8,720	4.1	3.65	-7.6	318.43	-3.9
13	3RD	47,423,309	14,879,485,386	1,700,168	8,752	2.8	3.59	-6	313.76	-3.6
13	4TH	47,189,438	14,706,140,278	1,675,862	8,775	2.1	3.55	-4.6	311.64	-2.6
14	1ST	47,185,065	14,840,962,608	1,659,979	8,940	3.4	3.52	-4.9	314.53	-1.6
14	2ND	47,220,737	15,183,679,833	1,662,392	9,134	4.7	3.52	-3.6	321.55	1.0
14	3RD	47,142,553	15,348,122,775	1,639,291	9,363	7.0	3.48	-3.1	325.57	3.8
					Frequency	Severity				
					6 pt	-3.4%	5.9%			
					8 pt	-3.9%	4.6%			
					12 pt	-6.6%	4.2%			
					16 pt	-6.2%	3.9%			
ISO										
					Frequency	Severity	Pure Premium			
Selection					-6.6%	4.2%	-2.6%			

Bankers Standard Insurance Company
Arkansas Homeowners
Earthquake Load

Arkansas Data

	<u>Dwelling</u>	<u>Tenant/Condo</u>	<u>Total</u>
(1) Gross EQ AAL	8,669	115	8,784
(2) Ceded EQ AAL	2,998	40	3,038
(3) Net EQ AAL	5,671	75	5,746
(4) 03/14 Inforce Premium	204,571	9,831	214,402
(5) Arkansas EQ Load	2.77%	0.77%	2.68%

Countrywide Data - Excluding CA

	<u>Dwelling</u>	<u>Tenant/Condo</u>	<u>Total</u>
(1) Gross EQ AAL	3,347,464	162,556	3,510,020
(2) Ceded EQ AAL	1,097,738	47,590	1,145,327
(3) Net EQ AAL	2,249,727	114,966	2,364,693
(4) 03/14 Inforce Premium	242,605,366	23,686,254	266,291,620
(5) CW Excluding CA EQ Load	0.93%	0.49%	0.89%

Bankers Standard Insurance Company
Arkansas Homeowners
Support for Inforce Adequate Hurricane Premium

Arkansas Data

		Dwelling	Condos/Tenants
1)	Gross AAL	0	0
2)	Ceded Loss	0	0
3)	Ceded Premium	0	0
4)	Underwriting Expenses	31.0%	31.0%
4a)	Commissions	15.8%	15.8%
4b)	Other Acquisition	0.0%	0.0%
4c)	General Exp	12.3%	12.3%
4d)	Taxes	2.9%	2.9%
5)	Property Per Risk Ceded Premium Ratio	2.7%	2.7%
6)	Assumed Ceded Loss Ratio	80.7%	80.7%
7)	Target U/W Profit	21.2%	21.2%
8)	Inforce Adequate Hurricane Premium	0	0
9)	Total Inforce Premium	204,571	9,831
10)	% Non- Hurricane Premium	100.0%	100.0%

Countrywide Data

		Dwelling	Condos/Tenants
1)	Gross AAL	23,528,330	2,255,299
2)	Ceded Loss	6,705,689	765,272
3)	Ceded Premium	12,478,465	1,773,509
4)	Underwriting Expenses	31.0%	31.0%
4a)	Commissions	15.8%	15.8%
4b)	Other Acquisition	0.0%	0.0%
4c)	General Exp	12.3%	12.3%
4d)	Taxes	2.9%	2.9%
5)	Property Per Risk Ceded Premium Ratio	2.7%	2.7%
6)	Assumed Ceded Loss Ratio	80.7%	80.7%
7)	Target U/W Profit	21.2%	21.2%
8)	Inforce Adequate Hurricane Premium	55,705,372	6,034,445
9)	Total Inforce Premium*	242,605,366	23,686,254
10)	% Non- Hurricane Premium	77.0%	74.5%

Notes:

- 1) From RMS model based on inforce exposures at 3/31/2014
 - 4) Exhibit I-15, sum (4a) through (4d)
 - 5) Assumed Ratio
 - 6) Assumed Ratio
 - 7) Target U/W Profit
 - 8) $[(1) - (2) + (3) - (3) * (7)] / [1 - (5) + (5) * (6) - (4) - (7) * \{1 - (5)\}]$
 - 10) $1 - [(8) / (9)]$
- * Excludes CA EQ Premium

Bankers Standard Insurance Company
Arkansas Homeowners
Non Hurricane Expense Provisions

Arkansas Data

	<u>Fixed</u>	<u>Dwelling Variable</u>	<u>Total</u>	<u>Fixed</u>	<u>Condo/Tenant Variable</u>	<u>Total</u>
A. Commission & Brokerage	0.0%	15.8%	15.8%	0.0%	15.8%	15.8%
B. Other Acquisition	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
C. General Expenses	12.3%	0.0%	12.3%	12.3%	0.0%	12.3%
D. Premium Taxes	0.0%	2.9%	2.9%	0.0%	2.9%	2.9%
E. Expected Profit	0.0%	10.3%	10.3%	0.0%	10.3%	10.3%
Subtotal			41.3%			41.3%
F. Reinsurance Expenses	0.0%	3.1%	3.1%	0.0%	3.1%	3.1%
Total	12.3%	32.1%	44.4%	12.3%	32.1%	44.4%
G. Non Hurricane ELR			55.6%			55.6%

Countrywide Data

	<u>Fixed</u>	<u>Dwelling Variable</u>	<u>Total</u>	<u>Fixed</u>	<u>Condo/Tenant Variable</u>	<u>Total</u>
A. Commission & Brokerage	0.0%	15.8%	15.8%	0.0%	15.8%	15.8%
B. Other Acquisition	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
C. General Expenses	12.3%	0.0%	12.3%	12.3%	0.0%	12.3%
D. Premium Taxes	0.0%	2.9%	2.9%	0.0%	2.9%	2.9%
E. Expected Profit	0.0%	7.1%	7.1%	0.0%	6.6%	6.6%
Subtotal			38.1%			37.6%
F. Reinsurance Expenses	0.0%	3.1%	3.1%	0.0%	3.1%	3.1%
Total	12.3%	28.9%	41.2%	12.3%	28.4%	40.7%
G. Non Hurricane ELR			58.8%			59.3%

Notes:

A., B., C., & D. See Exhibit I-15

E. See Exhibit I-17

F. See Exhibit I-16

G. 1-Total

Bankers Standard Insurance Company
Arkansas Homeowners
Expenses

Countrywide Data

Year	Written Premium	Commission & Brokerage	% of State WP	Taxes, Licenses & Fees	% of State WP
2011	203,784,736	33,391,317	16.4%	6,059,990	3.0%
2012	229,265,759	35,924,138	15.7%	6,851,883	3.0%
2013	251,182,680	38,724,295	15.4%	7,247,354	2.9%
Total Selected	684,233,175	108,039,750	15.8%	20,159,227	2.9%
			15.8%		2.9%

Year	Earned Premium (000)	Other Acquisition (000)	% of CW EP	General Expenses (000)	% of CW EP
2011	179,723	167	0.1%	23,806	13.2%
2012	220,702	(387)	-0.2%	26,418	12.0%
2013	245,224	38	0.0%	29,147	11.9%
Total Selected	645,649	(182)	0.0%	79,371	12.3%
			0.0%		12.3%

Source

Commission & Brokerage: Page 14

Taxes, Licenses & Fees: Page 14

Other Acquisition: IEE

General Expenses: IEE

Bankers Standard Insurance Company
Arkansas Homeowners
Development of Reinsurance Expense

Development of 2014 Year-End Projected Hurricane Premium

(1)	CW Inforce Written Premium as of 03/2014*	280,829,051
(2)	2014 YE Gross Written Premium Projection*	304,149,125
(3) = (2) / (1)	Year End Adjustment Factor	1.083
(4)	Adequate Hurricane Premium as of 03/2014	61,739,817
(5) = (3) * (4)	2014 YE Adequate Hurricane Premium	66,866,698

Development of Reinsurance Expense Provision

Countrywide	2014 YE Projection	Non-Hurricane, Excluding CA EQ	Hurricane	CA EQ
Total Ceded Premium	29,939,712	7,386,162	17,385,637	5,167,913
2014 Projected Written Premium	304,149,125	237,282,427	66,866,698	15,744,621
Ceded Premium as a % of GWP	9.8%	3.1%	26.0%	32.8%

Notes:

* Includes CA EQ Premium

Bankers Standard Insurance Company
Arkansas Homeowners
Target Underwriting Profit Loads

Arkansas Data

		Dwelling	Condos/Tenants	Notes
1)	Selected U/W Profit	10.3%	10.3%	See Exhibit I-18 ,Line U
2)	Hurricane U/W Profit	21.2%	21.2%	Target U/W Profit
3)	% Non Hurricane	100.0%	100.0%	Exhibit I-13, Line 10 (State)
4)	Target Non Hurricane U/W Profit	10.3%	10.3%	

Countrywide Data

		Dwelling	Condos/Tenants	Notes
1)	Selected U/W Profit	10.3%	10.3%	See Exhibit I-18 ,Line U
2)	Hurricane U/W Profit	21.2%	21.2%	Target U/W Profit
3)	% Non Hurricane	77.0%	74.5%	Exhibit I-13, Line 10 (CW)
4)	Target Non Hurricane U/W Profit	7.1%	6.6%	

ACE
Home Owners
Estimated Investment Earnings

A.	Unearned Premium Reserve		
A1.	Direct Earned Premium (for this line, from the IEE)	2013	253,799,000
A2.	Mean Unearned Premium Reserve	Exhibit I-19	118,687,500
A3.	Deduction for Prepaid Expenses	Exhibit I-25	
	a.) Commission and Brokerage Expense		17.3%
	b.) 50% of Other Acquisition Expense		0.1%
	c.) 50% of General Expense		6.0%
	d.) Taxes, Licenses, and Fees		2.9%
	e.) <u>Profit and Contingencies</u>		<u>15.9%</u>
	f.) Total Prepaid Expense		42.1%
A4.	Deduction for Federal Income Tax Payable	Exhibit I-19	7.0%
A5.	Net Subject to Investment	[A2 x (1.0 - A3f - A4)]	60,361,478
B.	Delayed Remission of Premium (Agent's Balances)		
B1.	Direct Earned Premium (for this line, from the IEE)		253,799,000
B2.	Ratio, Agents Uncoll Prem Balances to Dir Earned Prem	Exhibit I-19	29.2%
B3.	Delayed Remission	[B1 x B2]	74,085,724
C.	Loss Reserve		
C1.	Direct Earned Premium (for this line, from the IEE)		253,799,000
C2.	Expected Loss and LAE Incurred [C1 x ELR]	Exhibit I-20	131,379,151
C3.	Expected Mean Loss Reserve [C2 x Tax Resv Ratio]	Exhibit I-20	57,262,416
D.	Reserve Funds Subject to Investment	[A5 - B3 + C3]	43,538,170
E.	Average Rate of Return on Investments - After FIT	Exhibit I-22	2.1%
F.	Investment Earnings on Reserve Funds - After FIT	[D x E]	930,743
G.	Investment Earnings on Reserve Funds as a % of Premium - After FIT	[F / A1]	0.37%
H.	Investment Earnings on Reserve Funds as a % of Premium - Before FIT	[G / .65]	0.56%
I.	P/S - Premium to Surplus Ratio	Exhibit I-23	0.757
J.	E/S - Equity to Surplus Ratio	Exhibit I-23	1.028
K.	Surplus Funds Subject to Investment	[A1 / I]	335,073,623
L.	Equity Funds Subject to Investment	[K x J]	344,572,028
M.	Investment Earnings on Equity Funds - After FIT	[L x E]	7,366,135
N.	Investment Earnings on Equity Funds as % of Premium - After FIT	[M / A1]	2.9%
O.	Investment Earnings on Equity Funds as % of Premium - Before FIT	[N / .65]	4.5%
P.	Target Total Return as % of Equity - After FIT	Exhibit I-24	10.0%
Q.	Target Total Return as % of Premium - After FIT	[P x J / I]	13.6%
R.	Target Total Return as % of Premium - Before FIT	[Q / .65]	20.9%
S.	Target UW Profit as % Premium - Net of all II - After FIT	[Q - G - N]	10.3%
T.	Target UW Profit as % Premium - Net of all II - Before FIT	[S / .65]	15.9%
U.	Selected UW Profit as % Premium - Net of all II - Before FIT		10.3%

ACE
Home Owners
Explanatory Notes
Estimated Investment Earnings On Unearned
Premium Reserves And Loss Reserves

Line A2

Mean UPR

The mean Unearned Premium Reserve is determined by multiplying the direct earned premium in line A1 by the ratio of the mean unearned premium reserve to the direct earned premium for the above named line of business.

			<u>IEE Amount</u> <u>For the Above Line</u>
1	Direct Earned Premium	CY = 2013	253,799,000
2	Direct Unearned Premium Reserve	as of YE 2013	122,198,000
3	Direct Unearned Premium Reserve	as of YE 2012	115,177,000
4	Mean Unearned Premium Reserve	.5 x [(2) + (3)]	118,687,500

Line A4

Tax Rate on UPR

The Tax Reform Act of 1986 taxes 20% of the unearned premium reserve. The effective tax rate on UPR is calculated as follows:

Corporate Tax Rate	35.0%
% of UPR Tax@ under TRA 1986	20.0%
Effective Tax Rate on UPR	7.0%

Line B2

Agents Balances

This deduction is necessary because of delay in collection and remission of premium to the companies beyond the effective dates of the policies. Funds for the unearned premium reserve required during the initial days of all policies must be taken from the company's surplus. The ratio of agents' uncollected premium balances to net earned premium is calculated as follows:

			<u>ACE Consolidated</u> <u>Annual Statement</u>
1	Net Earned Premium - Total All Lines	CY = 2013	4,690,433,796
2	Net Agent's Balances (Net Admitted)	as of YE 2013	1,378,842,336
3	Net Agent's Balances (Net Admitted)	as of YE 2012	1,359,499,294
4	Ratio: [(2) + (3)] / [2.0 x (1)]		0.292

**ACE
Home Owners**

**Explanatory Notes
Estimated Investment Earnings On Unearned
Premium Reserves And Loss Reserves**

Line C2

The expected loss and loss adjustment expense incurred is determined by multiplying the direct earned premium by the expected loss and loss adjustment expense ratio determined below.

1	General Expenses	Exhibit I-32	12.07%
2	Commission and Brokerage Expenses		17.31%
3	Other Acquisition Expenses		0.12%
4	Taxes, Licenses, & Fees		2.88%
5	<u>Profit & Contingencies</u>		<u>15.86%</u>
6	Total Expense Ratio:		48.23%
7	Expected Loss and LAE Ratio: 1.00 - (6)		51.77%
8	Direct Earned Premium	Cal Yr 2013	253,799,000
9	Expected Loss and LAE Incurred (7) x (8)	Cal Yr 2013	131,379,151

Line C3

The expected mean loss reserve is determined by multiplying the expected incurred losses in line C2 by the IEE ratio of the mean loss and loss adjustment expense reserves to the loss and loss adjustment expense incurred in the last 2 calendar years for the above named line of business. This ratio, which includes an adjustment for the estimated Federal Income Tax payable due to discounting of loss reserves, as required by the Tax Reform Act of 1986, is based on the following:

			<u>IEE Amount for the Above Line</u>
1	Direct Loss and Loss Adjustment Expense Incurred	Cal Yr 2013	139,844,000
2	Direct Loss and Loss Adjustment Expense Incurred	Cal Yr 2012	208,691,000
3	Direct Loss and Loss Adjustment Expense Reserves	Year End 2013	56,175,000
4	Direct Loss and Loss Adjustment Expense Reserves	Year End 2012	91,884,000
5	Direct Loss and Loss Adjustment Expense Reserves	Year End 2011	60,376,000
6	Mean Loss and Loss Adjustment Expense Reserve	Cal Yr 2013	74,029,500
7	Mean Loss and Loss Adjustment Expense Reserve	Cal Yr 2012	76,130,000
8	Pre Tax Reserve Ratio: (6) / (1)		0.529
9	Pre Tax Reserve Ratio: (7) / (2)		0.365
10	Mean Pre Tax Reserve Ratio: $0.5 \times [(8) + (9)]$		0.447
11	Estimated Reserve Discount - Sheet 4		0.072
12	Federal Taxes (ratio to reserves): (11) x 0.35		0.025
13	After Tax Reserve Ratio (10) x [1.0 - (12)]		0.436

ACE Consolidated - Annual Statement - Schedule P
Home Owners
Calculation of Reserve Discount
Data in (000's)

<u>Year</u>	(1) Net Loss & LAE <u>Unpaid</u>	(2) Reserve Discount <u>Factor</u>	
Prior	1,894	0.98025	
2004	157	0.96255	
2005	106	0.94510	
2006	1,054	0.92144	
2007	423	0.91153	
2008	853	0.90525	
2009	811	0.90542	
2010	4,239	0.90945	
2011	10,584	0.91098	
2012	8,441	0.90940	
2013	<u>41,601</u>	<u>0.93709</u>	
	70,163	0.92824	= Average
		0.07176	= 1.00 - Average

(1) ACE Consolidated Annual Statement, Schedule P, Part 1, Column 24

(2) Internal Revenue Bulletin 2008-49, December 8, 2008

ACE Consolidated
Calculation of Average After Tax Rate of Return
2013

Assets Available for Investment	(1) Average of Last 2 Yr Ends Asset Value	(2) Interest & Dividend Income	(3) Net Interest & Dividends (2) x (1 + a)	(4) Pre-Tax Return (3) / (1)	(5) Federal Tax Rate	(6) Federal Tax (3)x(5)	(7) After Tax Return [(3)-(6)]/(1)
Bonds							
Tax Exempt		75,518,017	72,451,413		2.4% (b)	1,768,720	
<u>Taxable</u>		<u>538,965,593</u>	<u>517,079,503</u>		35.0%	<u>180,977,826</u>	
Total	17,128,508,618	614,483,610	589,530,916	3.4%		182,746,546	2.4%
Stock - Affiliated (FV)							
Preferred	0	0	0		0.0%	0	
<u>Common</u>	<u>284,742,138</u>	<u>0</u>	<u>0</u>		<u>0.0%</u>	<u>0</u>	
Total	284,742,138	0	0	0.0%	0.0%	0	0.0%
Stock - Unaffiliated (FV)							
Preferred	19,712,660	1,351,997	1,297,096		14.2% (c)	183,863	
<u>Common</u>	<u>127,401,019</u>	<u>5,976,340</u>	<u>5,733,655</u>		<u>14.2%</u>	<u>812,746</u>	
Total	147,113,679	7,328,337	7,030,751	4.8%	14.2%	996,609	4.1%
Cash/Sh Term Investm							
Mortgage Loans	904,664,951	1,738,663	1,668,060	0.2%	35.0%	583,821	0.1%
Real Estate	0	0	0	0	35.0%	0	0.0%
Contract Loans	91,839,288	0	0	0.0%	35.0%	0	0.0%
<u>A/O Inv. Assets</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>35.0%</u>	<u>0</u>	<u>0.0%</u>
Total	863,574,583	2,021,116	1,939,043	0.2%	35.0%	678,665	0.1%
Total	19,420,443,256	625,571,726	600,168,770	3.1%	30.8%	185,005,641	2.1%

a. Investment Expenses and Write-ins for Investment Income apply uniformly to all items of income.

	Total Interest and Dividend Income (excluding Write-ins & Expenses):	625,571,726
PLUS	Write-ins for Investment Income:	20,785,851
LESS	<u>Investment Expenses & Real Estate Depreciation:</u>	<u>46,188,807</u>
	Total Net Investment Income (incl. Write-ins, Net of Investment Expenses):	600,168,770
	Write-ins / Expense Multiplier:	(a) = -4.1%

b. 46.5% of tax-exempt bond income is subject to proration, so 15% of it is taxed at a full corporate rate of 35%

The applicable tax rate is therefore: $2.4\% = [.465 \times .15 \times .35]$

c. For domestic corps, 30% of unaffiliated stock dividend income is taxed at the full corporate ordinary income rate of 35%, and 100% is subject to proration, so 15% of the remaining 70% is taxed at the full corporate ordinary income rate of 35%.

The applicable tax rate is therefore: $14.2\% = [(0.30 \times 0.35) + (0.70 \times 0.15 \times 0.35) + (0.70 \times .85 \times 0.00)]$

**ACE Consolidated
EXPLANATORY NOTES
FOR RETURN ON EQUITY CALCULATION**

Line I	Premium to Surplus Ratio	<u>2013</u>
	Written Premium	4,690,433,058
	Surplus (SAP)	6,192,460,953
	Premium to Surplus	0.757
Line J	Equity to Surplus Ratio	<u>2013</u>
	Surplus (SAP)	6,192,460,953
	Equity (GAAP)	6,368,000,000
	Equity to Surplus	1.028

**ACE
EXPLANATORY NOTES
FOR RETURN ON EQUITY CALCULATION**

Line P.

<u>Year</u>	Return on <u>Equity</u>
1999	6.6%
2000	6.3%
2001	-2.2%
2002	3.1%
2003	9.7%
2004	10.7%
2005	11.6%
2006	14.9%
2007	12.5%
2008	0.7%
2009	6.7%
2010	7.0%
2011	3.6%
2012	6.5%
Avg (10 Yr)	8.4%
Selected	10.0%

Source:

Best's Aggregates and Averages - 2013 Edition
 Quantitative Analysis Report - Total US PC Industry (p. 80)
 Table: Profitability Analysis %
 Column: NI/PHS (Net Income / Policyholder Surplus)

Home Owners
ACE Consolidated
Direct IEE Data in (000) - ACE Consolidated

Home Owners	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>Total</u>
(1) Written Premium	210,007	237,775	260,818	708,600
(2) Earned Premium	184,888	227,950	253,799	666,637
(3) Commission/Brokerage	37,786	42,447	42,441	122,674
(4) Other Acquisition	365	-33	455	787
(5) General Expense	24,014	26,782	29,646	80,442
(6) Taxes, Licenses, Fees	5,942	7,036	7,429	20,407
(7) Allocated LAE	4,608	-322	10,754	15,040
(8) Unallocated LAE	16,554	18,105	17,249	51,908
All Lines Total				
(9) Earned Premium	8,971,962	8,992,602	9,585,920	27,550,484
(10) Allocated LAE	538,593	501,306	574,781	1,614,680
(11) Unallocated LAE	492,340	461,980	495,683	1,450,003

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>Average</u>	<u>Selected</u>
(3)/(1) Commission/Brokerage	18.0%	17.9%	16.3%	17.3%	17.3%
(4)/(2) Other Acquisition	0.2%	0.0%	0.2%	0.1%	0.1%
(5)/(2) General Expense	13.0%	11.7%	11.7%	12.1%	12.1%
(6)/(1) Taxes, Licenses, Fees	2.8%	3.0%	2.8%	2.9%	2.9%
(7)/(2) Allocated LAE	2.5%	-0.1%	4.2%	2.3%	N/A
(11)/(9) Unallocated LAE	5.5%	5.1%	5.2%	5.3%	N/A

Expenses	32.38%
Profit <i>Pre Tax</i>	Total Target 20.9%
<i>Exh 2-1</i>	<u>Investments</u> -5.0%
	Underwriting 15.9%
Loss & LAE	51.8%

Bankers Standard Insurance Company
Arkansas Homeowners
Indicated and Proposed Changes by Coverage

<u>Coverage</u>	<u>Current Inforce</u>	<u>Proposed Inforce</u>	<u>Proposed % Change</u>	<u>Indicated *</u>
Owner	175,952	187,702	6.7%	25.6%
Condo	897	955	6.4%	44.2%
Tenant	5,996	6,587	9.9%	44.2%
Total	182,845	195,244	6.8%	26.3%

* Indicated changes are weighted based on 2014 onlevel earned premium

Bankers Standard Insurance Company
 Arkansas Homeowners
 Base Rates

Current

Proposed

<u>Current Territory</u>	<u>Owners</u>	<u>Tenants</u>	<u>Condos</u>	<u>Proposed Territory</u>	<u>Owners</u>	<u>Tenants</u>	<u>Condos</u>
1	2,650	890	890	1	2,783	894	935
2	3,700	890	890	2	3,885	894	935
3	5,650	890	890	3	5,933	894	935

Bankers Standard Insurance Company
Arkansas Homeowners
Personal Liability

Current

Personal Liability	LIMITS OF LIABILITY		
EXPOSURES	\$300,000 \$50,000 Medical Payments	\$500,000 \$50,000 Medical Payments	\$1,000,000 \$50,000 Medical Payments
Described Premises	\$20	\$35	\$68
Additional Residence Premises Owner Occupied Rented to Others - 1 Family Rented to Others - 2 or more Families (Attach HOME456 - Additional Insured Location (Attach only when liability is extended to an owner-occupied property or rental property. Not available if Personal Liability and Medical Expenses Exclusion applies.)	\$14 \$14 \$23	\$26 \$26 \$43	\$34 \$34 \$55
Watercraft Length of Vessel: Less than 26 feet & Greater than 50 HP 26 feet to less than 43 feet 43 feet to 55 feet Attach HOME468 - Watercraft Liability Extension Coverage (Watercraft must be 55 feet or less in length.)	\$130 \$210 \$280	\$160 \$250 \$340	\$240 \$380 \$540

Proposed

Personal Liability	LIMITS OF LIABILITY		
EXPOSURES	\$300,000 \$50,000 Medical Payments	\$500,000 \$50,000 Medical Payments	\$1,000,000 \$50,000 Medical Payments
Described Premises	\$96	\$120	\$144
Additional Residence Premises Owner Occupied Rented to Others - 1 Family Rented to Others - 2 or more Families (Attach HOME456 - Additional Insured Location (Attach only when liability is extended to an owner-occupied property or rental property. Not available if Personal Liability and Medical Expenses Exclusion applies.)	\$71 \$71 \$118	\$89 \$89 \$147	\$107 \$107 \$176
Watercraft Length of Vessel: Less than 26 feet & Greater than 50 HP 26 feet to less than 43 feet 43 feet to 55 feet Attach HOME468 - Watercraft Liability Extension Coverage (Watercraft must be 55 feet or less in length.)	\$130 \$210 \$280	\$160 \$250 \$340	\$240 \$380 \$540