

SERFF Tracking Number: AMMH-127379643 State: Arkansas
Filing Company: American Modern Select Insurance Company State Tracking Number:
Company Tracking Number: 20100518-09
TOI: 30.1 Dwelling Fire/Personal Liability Sub-TOI: 30.1000 Dwelling Fire/Personal Liability
Product Name: DP-1 and DP-3 Programs (085)
Project Name/Number: DP-1 and DP-3 Programs (085) rate/rule filing/20100518-09

Filing at a Glance

Company: American Modern Select Insurance Company

Product Name: DP-1 and DP-3 Programs (085) SERFF Tr Num: AMMH-127379643 State: Arkansas

TOI: 30.1 Dwelling Fire/Personal Liability

SERFF Status: Closed-Filed

State Tr Num:

Sub-TOI: 30.1000 Dwelling Fire/Personal Liability

Co Tr Num: 20100518-09

State Status:

Filing Type: Rate/Rule

Reviewer(s): Becky Harrington,
Nancy Horton

Author: Jodi Guggenberger

Disposition Date: 08/29/2011

Date Submitted: 08/24/2011

Disposition Status: Filed

Effective Date Requested (New): 01/01/2012

Effective Date (New): 12/18/2011

Effective Date Requested (Renewal): 01/01/2012

Effective Date (Renewal):
12/24/2011

State Filing Description:

General Information

Project Name: DP-1 and DP-3 Programs (085) rate/rule filing

Status of Filing in Domicile:

Project Number: 20100518-09

Domicile Status Comments:

Reference Organization:

Reference Number:

Reference Title:

Advisory Org. Circular:

Filing Status Changed: 08/29/2011

State Status Changed:

Deemer Date:

Created By: Jodi Guggenberger

Submitted By: Jodi Guggenberger

Corresponding Filing Tracking Number: 20090420-01

Filing Description:

American Modern Select Insurance Company is submitting a rate and rule filing for its DP-1 and DP-3 Programs.

Company and Contact

Filing Contact Information

Jodi Guggenberger, Compliance Analyst

jguggenberger@amig.com

7000 Midland Blvd

513-947-7200 [Phone]

Amelia, OH 45102

Filing Company Information

SERFF Tracking Number: AMMH-127379643 State: Arkansas
 Filing Company: American Modern Select Insurance Company State Tracking Number:
 Company Tracking Number: 20100518-09
 TOI: 30.1 Dwelling Fire/Personal Liability Sub-TOI: 30.1000 Dwelling Fire/Personal Liability
 Product Name: DP-1 and DP-3 Programs (085)
 Project Name/Number: DP-1 and DP-3 Programs (085) rate/rule filing/20100518-09
 American Modern Select Insurance Company CoCode: 38652 State of Domicile: Ohio
 7000 Midland Blvd. Group Code: 361 Company Type: Property/Casualty
 Amelia, OH 45102 Group Name: State ID Number:
 (513) 759-9008 ext. [Phone] FEIN Number: 38-2342976

Filing Fees

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

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
American Modern Select Insurance Company	\$100.00	08/24/2011	50911630

SERFF Tracking Number: AMMH-127379643 State: Arkansas
 Filing Company: American Modern Select Insurance Company State Tracking Number:
 Company Tracking Number: 20100518-09
 TOI: 30.1 Dwelling Fire/Personal Liability Sub-TOI: 30.1000 Dwelling Fire/Personal Liability
 Product Name: DP-1 and DP-3 Programs (085)
 Project Name/Number: DP-1 and DP-3 Programs (085) rate/rule filing/20100518-09

Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Filed	Becky Harrington	08/29/2011	08/29/2011

Objection Letters and Response Letters

Objection Letters				Response Letters		
Status	Created By	Created On	Date Submitted	Responded By	Created On	Date Submitted
Pending Industry Response	Becky Harrington	08/26/2011	08/26/2011	Jodi Guggenberger	08/26/2011	08/26/2011

Filing Notes

Subject	Note Type	Created By	Created On	Date Submitted
Eff Date Response	Note To Reviewer	Jodi Guggenberger	08/26/2011	08/26/2011
Effective Dates	Note To Filer	Becky Harrington	08/26/2011	08/26/2011
Effective Dates	Note To Reviewer	Jodi Guggenberger	08/25/2011	08/25/2011

SERFF Tracking Number: AMMH-127379643 State: Arkansas
 Filing Company: American Modern Select Insurance Company State Tracking Number:
 Company Tracking Number: 20100518-09
 TOI: 30.1 Dwelling Fire/Personal Liability Sub-TOI: 30.1000 Dwelling Fire/Personal Liability
 Product Name: DP-1 and DP-3 Programs (085)
 Project Name/Number: DP-1 and DP-3 Programs (085) rate/rule filing/20100518-09

Disposition

Disposition Date: 08/29/2011
 Effective Date (New): 12/18/2011
 Effective Date (Renewal): 12/24/2011
 Status: Filed
 Comment:

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where required):	Minimum % Change (where required):
American Modern Select Insurance Company	1.400%	4.030%	\$44,417	1,585	\$1,101,017	33.810%	-22.860%

SERFF Tracking Number: AMMH-127379643 State: Arkansas
 Filing Company: American Modern Select Insurance Company State Tracking Number:
 Company Tracking Number: 20100518-09
 TOI: 30.1 Dwelling Fire/Personal Liability Sub-TOI: 30.1000 Dwelling Fire/Personal Liability
 Product Name: DP-1 and DP-3 Programs (085)
 Project Name/Number: DP-1 and DP-3 Programs (085) rate/rule filing/20100518-09

Schedule	Schedule Item	Schedule Item Status	Public Access
Supporting Document	Form RF-2 Loss Costs Only (not for workers' compensation)		Yes
Supporting Document	H-1 Homeowners Abstract	Filed	Yes
Supporting Document	HPCS-Homeowners Premium Comparison Survey	Filed	Yes
Supporting Document	NAIC loss cost data entry document	Filed	Yes
Supporting Document (revised)	Indications	Filed	Yes
Supporting Document	Indications		Yes
Supporting Document	Explanatory Memorandum	Filed	Yes
Rate	Arkansas DP-1 and DP-3 Programs Manual	Filed	Yes

SERFF Tracking Number: AMMH-127379643 State: Arkansas
Filing Company: American Modern Select Insurance Company State Tracking Number:
Company Tracking Number: 20100518-09
TOI: 30.1 Dwelling Fire/Personal Liability Sub-TOI: 30.1000 Dwelling Fire/Personal Liability
Product Name: DP-1 and DP-3 Programs (085)
Project Name/Number: DP-1 and DP-3 Programs (085) rate/rule filing/20100518-09

Objection Letter

Objection Letter Status Pending Industry Response

Objection Letter Date 08/26/2011

Submitted Date 08/26/2011

Respond By Date

Dear Jodi Guggenberger,

This will acknowledge receipt of the captioned filing.

Objection 1

- NAIC loss cost data entry document (Supporting Document)

Comment: Please provide the number of insureds receiving the maximum increase. Identify the changes included in this filing that cause the maximum.

Objection 2

Comment: The indications were submitted as excel spreadsheets. This is not acceptable. Re-submit as pdf documents.

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

Effective for all filings made on or after June 1, 2011, Arkansas no longer allows the re-opening of closed filings for corrections, changes in effective dates, scrivener's errors, amendments or substantive changes. Please see the General Instructions for how these events will be handled after the effective date of the change."

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

Sincerely,

Becky Harrington

SERFF Tracking Number: AMMH-127379643 State: Arkansas
Filing Company: American Modern Select Insurance Company State Tracking Number:
Company Tracking Number: 20100518-09
TOI: 30.1 Dwelling Fire/Personal Liability Sub-TOI: 30.1000 Dwelling Fire/Personal Liability
Product Name: DP-1 and DP-3 Programs (085)
Project Name/Number: DP-1 and DP-3 Programs (085) rate/rule filing/20100518-09

Response Letter

Response Letter Status Submitted to State
Response Letter Date 08/26/2011
Submitted Date 08/26/2011

Dear Becky Harrington,

Comments:

In response to your objection letter please see our reply below.

Response 1

Comments: One policy will see the maximum impact of 33.81%. The policy is a DP-1 Owner policy impacted by the DP-1 Owner occupied base rate increase of 6% and it is a home value impacted by the relativity adjustment of the DP-1 UVRC curve for values under \$80,000.

Related Objection 1

Applies To:

- NAIC loss cost data entry document (Supporting Document)

Comment:

Please provide the number of insureds receiving the maximum increase. Identify the changes included in this filing that cause the maximum.

Changed Items:

No Supporting Documents changed.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Response 2

Comments: I apologize for this oversight. Please find the correct pdf documents attached below.

Related Objection 1

Comment:

The indications were submitted as excel spreadsheets. This is not acceptable. Re-submit as pdf documents.

SERFF Tracking Number: AMMH-127379643 State: Arkansas
Filing Company: American Modern Select Insurance Company State Tracking Number:
Company Tracking Number: 20100518-09
TOI: 30.1 Dwelling Fire/Personal Liability Sub-TOI: 30.1000 Dwelling Fire/Personal Liability
Product Name: DP-1 and DP-3 Programs (085)
Project Name/Number: DP-1 and DP-3 Programs (085) rate/rule filing/20100518-09

Changed Items:

Supporting Document Schedule Item Changes

Satisfied -Name: Indications

Comment:

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Please let me know if you need any additional information from me during your review of this filing.

Sincerely,

Jodi Guggenberger

SERFF Tracking Number: AMMH-127379643 State: Arkansas
Filing Company: American Modern Select Insurance Company State Tracking Number:
Company Tracking Number: 20100518-09
TOI: 30.1 Dwelling Fire/Personal Liability Sub-TOI: 30.1000 Dwelling Fire/Personal Liability
Product Name: DP-1 and DP-3 Programs (085)
Project Name/Number: DP-1 and DP-3 Programs (085) rate/rule filing/20100518-09

Note To Reviewer

Created By:

Jodi Guggenberger on 08/26/2011 09:58 AM

Last Edited By:

Becky Harrington

Submitted On:

08/29/2011 07:28 AM

Subject:

Eff Date Response

Comments:

In light of the new rule effective June 1, 2011 concerning the re-opening of filings for corrections or effective date changes, we re-evaluated our proposed effective dates to be certain that they aligned with our planned programming and testing schedules for the remainder of the year. These new effective dates are based upon the specific implementation dates that our programming and testing departments will be able to accomplish for this filing.

Please let me know if you have additional questions.

Thank you.

SERFF Tracking Number: AMMH-127379643 State: Arkansas
Filing Company: American Modern Select Insurance Company State Tracking Number:
Company Tracking Number: 20100518-09
TOI: 30.1 Dwelling Fire/Personal Liability Sub-TOI: 30.1000 Dwelling Fire/Personal Liability
Product Name: DP-1 and DP-3 Programs (085)
Project Name/Number: DP-1 and DP-3 Programs (085) rate/rule filing/20100518-09

Note To Filer

Created By:

Becky Harrington on 08/26/2011 07:51 AM

Last Edited By:

Becky Harrington

Submitted On:

08/29/2011 07:28 AM

Subject:

Effective Dates

Comments:

Please explain why the new dates are earlier than the original if system constraints prohibit you from meeting them. Generally, system constraints implies that programming can't be done in time to meet the dates.

SERFF Tracking Number: AMMH-127379643 State: Arkansas
Filing Company: American Modern Select Insurance Company State Tracking Number:
Company Tracking Number: 20100518-09
TOI: 30.1 Dwelling Fire/Personal Liability Sub-TOI: 30.1000 Dwelling Fire/Personal Liability
Product Name: DP-1 and DP-3 Programs (085)
Project Name/Number: DP-1 and DP-3 Programs (085) rate/rule filing/20100518-09

Note To Reviewer

Created By:

Jodi Guggenberger on 08/25/2011 10:32 AM

Last Edited By:

Becky Harrington

Submitted On:

08/29/2011 07:28 AM

Subject:

Effective Dates

Comments:

Dear Ms. Harrington,

Due to system constraints, we are unable to use our filed effective dates of January 1, 2012 for New and Renewal Business. Can we please change these dates to be December 18, 2011 for New Business and December 24, 2011 for Renewals?

Thank you for your prompt attention. Please let me know if you need any additional information from me.

Jodi Guggenberger

State Relations Analyst

SERFF Tracking Number: AMMH-127379643 State: Arkansas
 Filing Company: American Modern Select Insurance Company State Tracking Number:
 Company Tracking Number: 20100518-09
 TOI: 30.1 Dwelling Fire/Personal Liability Sub-TOI: 30.1000 Dwelling Fire/Personal Liability
 Product Name: DP-1 and DP-3 Programs (085)
 Project Name/Number: DP-1 and DP-3 Programs (085) rate/rule filing/20100518-09

Rate Information

Rate data applies to filing.

Filing Method: File and Use
Rate Change Type: Increase
Overall Percentage of Last Rate Revision: 2.250%
Effective Date of Last Rate Revision: 11/01/2009
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:	# of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where required):	Minimum % Change (where required):
American Modern Select Insurance Company	1.400%	4.030%	\$44,417	1,585	\$1,101,017	33.810%	-22.860%

SERFF Tracking Number: AMMH-127379643 State: Arkansas
 Filing Company: American Modern Select Insurance Company State Tracking Number:
 Company Tracking Number: 20100518-09
 TOI: 30.1 Dwelling Fire/Personal Liability Sub-TOI: 30.1000 Dwelling Fire/Personal Liability
 Product Name: DP-1 and DP-3 Programs (085)
 Project Name/Number: DP-1 and DP-3 Programs (085) rate/rule filing/20100518-09

Rate/Rule Schedule

Schedule Item	Exhibit Name:	Rule # or Page	Rate Action	Previous State Filing Attachments
Status:		#:		Number:
Filed 08/22/2011	Arkansas DP-1 and DP-3 Programs Manual	All Pages	Replacement	AR085DW-A.pdf

**ARKANSAS
AMERICAN MODERN SELECT INSURANCE COMPANY
DP1 and DP3 PROGRAMS**

GENERAL RULES

1. **POLICY TERM**

A. Owner, Seasonal and Rental Dwelling Programs:

All premiums and rates contained in the Rate Section of this manual are annual. An Owner, Seasonal or Rental Dwelling Policy must be issued for a term of one year only.

B. Vacant Dwelling Program:

All premiums and rates contained in the Rate Section of this manual are for either a three, six or twelve month term.

2. **CHANGES**

A. All changes requiring adjustments of premium shall be computed pro rata.

3. **CANCELLATION**

If a policy or form of coverage is cancelled or reduced at the request of the insured or by the Company, the return premium shall be calculated pro rata of the premium, subject to any applicable minimum premiums.

4. **MINIMUM WRITTEN AND EARNED PREMIUM**

Minimum Written and Earned is a \$100 per policy period.

**ARKANSAS
AMERICAN MODERN SELECT INSURANCE COMPANY
DP1 and DP3 PROGRAMS**

ELIGIBILITY AND COVERAGES

A **Dwelling** is a structure containing not more than 4 dwelling units or more than 3 stories. All buildings or sections of buildings which communicate through unprotected openings. Buildings which are separated by a space shall be considered separate buildings. Buildings or sections of buildings which are separated by an eight (8) inch masonry party wall which pierces or rises to the underside of the roof shall be considered separate buildings. Communication between buildings through masonry party walls described above shall be protected by at least a Class "A" Fire Door installed in a masonry wall section.

Risks may be insured on a **Basic Form (DP1)** or **Special Form (DP3)**

The Following Occupancies are Eligible:

Occupancy	DP1	DP-3
Owner - a dwelling used as the insured's primary residence	X	X*
Rental - a dwelling that is rented to others for residential purposes. Insurance is written to cover the interest of the owner of a rented dwelling.	X	X
Seasonal - a dwelling that is not the primary residence of the insured, but one that is used on an intermittent basis by the insured and his (her) immediate family.	X	X
Vacant - a dwelling, manufactured home, or condominium that is unoccupied and/or being held for sale, whether or not the contents have been removed.	X	

Coverage A & B - Perils Insured Against	DP1	DP-3
Fire or Lightning	X	
Extended Coverage	X	
All Risk unless otherwise excluded		X

*Not available for New Business

ARKANSAS
AMERICAN MODERN SELECT INSURANCE COMPANY
DP1 and DP3 PROGRAMS

TERRITORY DEFINITION

Unless otherwise indicated, the rates and/or premiums apply to the entire state.

Territory 60	Territory 61	Territory 62	Territory 63	Territory 64
Remainder of State	Counties of: Benton Carroll Clark Crawford Faulkner Franklin Garland Hot Spring Madison Newton Saline Washington	Counties of: Desha Johnson Lee Miller Mississippi Poinsett White Remainder of Pulaski County Remainder of Jefferson County	City of N. Little Rock City of Little Rock City of Pine Bluff	Counties of: Clay Crittenden Cross Jackson

**ARKANSAS
AMERICAN MODERN SELECT INSURANCE COMPANY
DP1 and DP3 PROGRAMS**

DEDUCTIBLES

The rates and/or premiums shown herein for all coverages on the dwelling are subject to a \$500 All Other Perils Deductible.

The deductible may be changed on the dwelling (Coverage A) by applying the following premiums to Coverage A, B and C base premiums. The change in deductible does not apply to any coverages with specific deductible limits listed in the endorsement.

The Deductible is applicable per home, per loss occurrence

Optional Deductible Coverages			
By Peril	Add On Codes	Deductible Amount	Rate
All Other Perils	H8	\$500	Included
		\$1,000	-5%
		\$2,500	-10%
		\$5,000	-15%
Wind and Hail*	WH	\$500	Included
		\$1,000	-5%

* The Wind and Hail Deductible cannot be lower than the All Other Perils Deductible. The Wind and Hail Deductible credit will only apply if the All Other Perils Deductible is less than \$1,000

**ARKANSAS
AMERICAN MODERN SELECT INSURANCE COMPANY
DP1 and DP3 PROGRAMS**

DP1 UVRC RELATIVITY TABLE

For Dwellings valued in excess of the maximum Dwelling Limit indicated, add the Greater Than Factor for each additional \$1,000 to the maximum relativity listed in each table.

Value	UVRC
\$5,000	1.200
\$6,000	1.300
\$7,000	1.300
\$8,000	1.300
\$9,000	1.300
\$10,000	1.300
\$11,000	1.350
\$12,000	1.400
\$13,000	1.450
\$14,000	1.500
\$15,000	1.550
\$16,000	1.600
\$17,000	1.650
\$18,000	1.700
\$19,000	1.750
\$20,000	1.800
\$21,000	1.850
\$22,000	1.900
\$23,000	1.950
\$24,000	2.000
\$25,000	2.050
\$26,000	2.100
\$27,000	2.150
\$28,000	2.200
\$29,000	2.250
\$30,000	2.300
\$31,000	2.350
\$32,000	2.400
\$33,000	2.450
\$34,000	2.500
\$35,000	2.550
\$36,000	2.600
\$37,000	2.650
\$38,000	2.700

Value	UVRC
\$39,000	2.750
\$40,000	2.800
\$41,000	2.860
\$42,000	2.920
\$43,000	2.980
\$44,000	3.040
\$45,000	3.100
\$46,000	3.160
\$47,000	3.220
\$48,000	3.280
\$49,000	3.340
\$50,000	3.400
\$51,000	3.460
\$52,000	3.520
\$53,000	3.580
\$54,000	3.640
\$55,000	3.700
\$56,000	3.760
\$57,000	3.820
\$58,000	3.880
\$59,000	3.940
\$60,000	4.000
\$61,000	4.060
\$62,000	4.120
\$63,000	4.180
\$64,000	4.240
\$65,000	4.300
\$66,000	4.360
\$67,000	4.420
\$68,000	4.480
\$69,000	4.540
\$70,000	4.600
\$71,000	4.660
\$72,000	4.720

Value	UVRC
\$73,000	4.780
\$74,000	4.840
\$75,000	4.900
\$76,000	4.960
\$77,000	5.020
\$78,000	5.080
\$79,000	5.140
\$80,000	5.193
\$81,000	5.257
\$82,000	5.321
\$83,000	5.385
\$84,000	5.449
\$85,000	5.513
\$86,000	5.577
\$87,000	5.641
\$88,000	5.705
\$89,000	5.769
\$90,000	5.833
\$91,000	5.897
\$92,000	5.961
\$93,000	6.025
\$94,000	6.089
\$95,000	6.153
\$96,000	6.217
\$97,000	6.281
\$98,000	6.345
\$99,000	6.409
\$100,000	6.473
\$101,000	6.537
\$102,000	6.601
\$103,000	6.665
\$104,000	6.729
Greater Than Factor:	0.064

**ARKANSAS
AMERICAN MODERN SELECT INSURANCE COMPANY
DP1 and DP3 PROGRAMS**

DP3 UVRC RELATIVITY TABLE

For Dwellings valued in excess of the maximum Dwelling Limit indicated, add the Greater Than Factor for each additional \$1,000 to the maximum relativity listed in each table.

Value	UVRC
\$50,000	4.000
\$51,000	4.045
\$52,000	4.090
\$53,000	4.135
\$54,000	4.180
\$55,000	4.225
\$56,000	4.270
\$57,000	4.315
\$58,000	4.360
\$59,000	4.405
\$60,000	4.450
\$61,000	4.490
\$62,000	4.530
\$63,000	4.570
\$64,000	4.610
\$65,000	4.650
\$66,000	4.690
\$67,000	4.730
\$68,000	4.770
\$69,000	4.810
\$70,000	4.850
\$71,000	4.890
\$72,000	4.930
\$73,000	4.970
\$74,000	5.010
\$75,000	5.050
\$76,000	5.090
\$77,000	5.130
\$78,000	5.170
\$79,000	5.210
\$80,000	5.250
\$81,000	5.290
\$82,000	5.330
\$83,000	5.370

Value	UVRC
\$84,000	5.410
\$85,000	5.450
\$86,000	5.485
\$87,000	5.520
\$88,000	5.555
\$89,000	5.590
\$90,000	5.625
\$91,000	5.660
\$92,000	5.695
\$93,000	5.730
\$94,000	5.765
\$95,000	5.800
\$96,000	5.835
\$97,000	5.870
\$98,000	5.905
\$99,000	5.940
\$100,000	5.975
\$101,000	6.010
\$102,000	6.045
\$103,000	6.080
\$104,000	6.115
\$105,000	6.150
\$106,000	6.185
\$107,000	6.220
\$108,000	6.259
\$109,000	6.309
\$110,000	6.359
\$111,000	6.409
\$112,000	6.459
\$113,000	6.509
\$114,000	6.559
\$115,000	6.609
\$116,000	6.659
\$117,000	6.709

Value	UVRC
\$118,000	6.759
\$119,000	6.809
\$120,000	6.859
\$121,000	6.909
\$122,000	6.959
\$123,000	7.009
\$124,000	7.059
\$125,000	7.109
\$126,000	7.159
\$127,000	7.209
\$128,000	7.259
\$129,000	7.309
\$130,000	7.359
\$131,000	7.409
\$132,000	7.459
\$133,000	7.509
\$134,000	7.559
\$135,000	7.609
\$136,000	7.659
\$137,000	7.709
\$138,000	7.759
\$139,000	7.809
\$140,000	7.859
\$141,000	7.909
\$142,000	7.959
\$143,000	8.009
\$144,000	8.059
\$145,000	8.109
\$146,000	8.159
\$147,000	8.209
\$148,000	8.259
\$149,000	8.309
Greater Than Factor:	0.050

**ARKANSAS
AMERICAN MODERN SELECT INSURANCE COMPANY
DP1 and DP3 PROGRAMS**

DP1 VACANT UVRC RELATIVITY TABLE

UVRC uses values every \$5,000 and interpolates to increments of \$1,000.

Value	UVRC
\$5,000	1.500
\$10,000	2.000
\$15,000	3.000
\$20,000	4.000
\$25,000	4.750
\$30,000	5.500
\$35,000	6.250
\$40,000	7.000
\$45,000	7.750
\$50,000	8.500
\$55,000	9.250
\$60,000	10.000
\$65,000	10.750
\$70,000	11.500
\$75,000	12.250
\$80,000	13.000
\$85,000	13.750
\$90,000	14.500
\$95,000	15.250
\$100,000	16.000
\$105,000	16.750
\$110,000	17.500
\$115,000	18.250
\$120,000	19.000
\$125,000	19.750
\$130,000	20.500
\$135,000	21.250
\$140,000	22.000
\$145,000	22.750
\$150,000	23.500
\$155,000	24.250
\$160,000	25.000
\$165,000	25.750
\$170,000	26.500

Value	UVRC
\$175,000	27.250
\$180,000	28.000
\$185,000	28.750
\$190,000	29.500
\$195,000	30.250
\$200,000	31.000
\$205,000	31.750
\$210,000	32.500
\$215,000	33.250
\$220,000	34.000
\$225,000	34.750
\$230,000	35.500
\$235,000	36.250
\$240,000	37.000
\$245,000	37.750
\$250,000	38.500
\$255,000	39.500
\$260,000	40.250
\$265,000	41.000
\$270,000	41.750
\$275,000	42.500
\$280,000	43.250
\$285,000	44.000
\$290,000	44.750
\$295,000	45.500
\$300,000	46.250
\$305,000	47.000
\$310,000	47.750
\$315,000	48.500
\$320,000	49.250
\$325,000	50.000
\$330,000	50.750
\$335,000	51.500
\$340,000	52.250

Value	UVRC
\$345,000	53.000
\$350,000	53.750
\$355,000	54.500
\$360,000	55.250
\$365,000	56.000
\$370,000	56.750
\$375,000	57.500
\$380,000	58.250
\$385,000	59.000
\$390,000	59.750
\$395,000	60.500
\$400,000	61.250
\$405,000	62.000
\$410,000	62.750
\$415,000	63.500
\$420,000	64.250
\$425,000	65.000
\$430,000	65.750
\$435,000	66.500
\$440,000	67.250
\$445,000	68.000
\$450,000	68.750
\$455,000	69.500
\$460,000	70.250
\$465,000	71.000
\$470,000	71.750
\$475,000	72.500
\$480,000	73.250
\$485,000	74.000
\$490,000	74.750
\$495,000	75.500
\$500,000	76.250
Inc. Factor:	0.750

**ARKANSAS
AMERICAN MODERN SELECT INSURANCE COMPANY
DP1 and DP3 PROGRAMS**

OWNER OCCUPIED, RENTAL OCCUPIED AND SEASONAL OCCUPIED

DP1 Program (4V1/4V2/4V3)

Fire and Extended Coverage

Product	Flat Base Rate	Cov Relativity	Covg Incr	Base Rate per Incr	Min Prem Amount	Min Rate Value	Min Val Accept	UVRC Code
4V1	\$198.77	1.000	N/A	N/A	\$100	\$20,000	\$20,000	MA
4V2	\$173.88	1.000	N/A	N/A	\$100	\$20,000	\$20,000	MA
4V3	\$184.12	1.000	N/A	N/A	\$100	\$5,000	\$5,000	MA

Territory Relativity Table				
60	61	62	63	64
1.00	0.90	2.30	2.65	1.60

Construction Type Relativity Table	
Frame	Masonry
1.000	0.900

Protection Class Relativity Table									
Class	Factor	Class	Factor	Class	Factor	Class	Factor	Class	Factor
PC 1-6	1.000	PC 7	1.500	PC 8	1.500	PC 9	1.800	PC 10	2.300

Owner / Seasonal Insurance Score Relativity Table	
Score	Factor
1-479	1.649
480-509	1.487
510-539	1.275
540-559	1.190
560-589	1.105
0, 590-709, No Hit / Thin	1.000
710-744	0.782
745-997	0.722

Rental Insurance Score Relativity Table	
Score	Factor
1-569	1.150
570-599	1.100
600-619	1.050
0, 620-649, No Hit / Thin	1.000
650-689	0.900
690-734	0.850
735-997	0.800

Age of Home Relativity Table	
Age of Home	Relativity
1-60 yrs	1.000
61-80 yrs	1.050
81+ yrs	1.100

**ARKANSAS
AMERICAN MODERN SELECT INSURANCE COMPANY
DP1 and DP3 PROGRAMS**

OWNER OCCUPIED, RENTAL OCCUPIED AND SEASONAL OCCUPIED

DP3 Program (407/408/409)

Fire and Extended Coverage (Includes Water Damage and Mold limit of 10%, not to exceed \$20,000)

Included Coverages with Optional Increase:

Coverage	Included Amount
Other Structures	10% of Coverage A
ALE or Fair Rental Value	10% of Coverage A

Product	Flat Base Rate	Cov Relativity	Covg Incr	Base Rate per Incr	Min Prem Amount	Min Rate Value	Min Val Accept	UVRC Code
407	\$210.60	1.000	N/A	N/A	\$100	\$50,000	\$50,000	MB
408	\$183.60	1.000	N/A	N/A	\$100	\$50,000	\$50,000	MB
409	\$198.00	1.000	N/A	N/A	\$100	\$50,000	\$50,000	MB

Territory Relativity Table				
60	61	62	63	64
1.00	0.90	1.60	1.65	1.50

Construction Type Relativity Table	
Frame	Masonry
1.000	0.900

Protection Class Relativity Table									
Class	Factor	Class	Factor	Class	Factor	Class	Factor	Class	Factor
PC 1-6	1.000	PC 7	1.100	PC 8	1.300	PC 9	1.800	PC 10	2.300

Owner / Seasonal Insurance Score Relativity Table	
Score	Factor
1-479	1.649
480-509	1.487
510-539	1.275
540-559	1.190
560-589	1.105
0, 590-709, No Hit / Thin	1.000
710-744	0.782
745-997	0.722

Rental Insurance Score Relativity Table	
Score	Factor
1-569	1.150
570-599	1.100
600-619	1.050
0, 620-649, No Hit / Thin	1.000
650-689	0.900
690-734	0.850
735-997	0.800

Age of Home Relativity Table	
Age of Home	Relativity
1-60 yrs	1.000
61-80 yrs	1.050
81+ yrs	1.100

**ARKANSAS
AMERICAN MODERN SELECT INSURANCE COMPANY
DP1 and DP3 PROGRAMS**

DP1 VACANT Program (3-month 324/325/**326**, 6-month 334/335/**336**, 12-month 354/355/**356**)
Fire and Extended Coverage

All premiums and rates contained in the Rate Section of this manual are annual.
We also offer the DP1 Vacant program for either a three (3) or six (6) month term.
Premium is pro-rated in the 3 and 6 Month DP1 Vacant Program

Product	Flat Base Rate	Cov Relativity	Base Rate per Incr	Covg Incr	Min Prem Amount	Min Rate Value	Min Value Accept	UVRC Code
354 12 Mo	See Table Below	1.000	N/A	N/A	\$100	\$5,000	\$5,000	218
355 12 Mo	See Table Below	1.000	N/A	N/A	\$100	\$5,000	\$5,000	218
356 12 Mo	See Table Below	1.000	N/A	N/A	\$100	\$5,000	\$5,000	218

Protection Class Flat Base Rate Table							
Class	Rate	Class	Rate	Class	Rate	Class	Rate
PC 1-6	\$68.00	PC 7	\$78.00	PC 8	\$94.00	PC 9-10	\$145.00

**ARKANSAS
AMERICAN MODERN SELECT INSURANCE COMPANY
DP1 and DP3 PROGRAMS**

OPTIONAL COV A LOSS SETTLEMENT

The policy form loss settlement may be changed to the following:

Loss Settlement	Description	Rate	
		DP1	DP3
Actual Cash Value	The actual cash value at the time of loss, but not more than the amount required to repair or replace the damaged property.	Included	No Charge
Replacement Cost	The cost to repair or replace, subject to conditions set in the policy form.	N/A	Included
Modified Functional Replacement Cost	Modified Functional Replacement Cost will replace materials with common constructed materials. This loss settlement option is available for older dwellings that were built using materials and methods which may now be considered obsolete or antique. Home must be insured to 100% replacement cost.	N/A	No Charge
Agreed Value Modified Functional Replacement Cost	Agreed Value Modified Functional Replacement Cost will allow a home to be insured to market value (agreed value), and settle partial losses at functional replacement up to the policy limit. Home must be insured to 100% Market Value.	N/A	4%

**ARKANSAS
AMERICAN MODERN SELECT INSURANCE COMPANY
DP1 and DP3 PROGRAMS**

CREDITS & SURCHARGES

The following credits may be applied:

Credits			
PROTECTIVE DEVICE*	Risk Codes	Description	Credit
Central Station Fire & Smoke Alarm	72	This system is connected to an independent and fully staffed security agent from which trained operators are available to act in case of a fire.	5%
Central Station Burglar Alarm	73	This system is connected to an independent and fully staffed security agent from which trained operators are available to act in case of a break in.	5%
Remote Station Burglar Alarm	E5	This system sounds a local alarm and alerts the local police and/or fire department at the same time through receiving equipment at the police station and/or fire department.	2%
Remote Station Fire & Smoke Alarm	E4	This system sounds a local alarm and alerts the local police and/or fire department at the same time through receiving equipment at the police station and/or fire department.	2%
Deadbolts, Smoke Alarm & Fire Extinguisher	D6		5%
* Credits not to total more than 10%. Copies of alarm system certificates are required for a credit.			

The following surcharges may be applied:

Surcharges		
Surcharges	Risk Codes	Relativity / Rate
Number of Families		
1 Family	27	1.00
2 Family	28	1.00
3 Family	29	1.50
4 Family	43	1.50
Row/Town Home	U3	1.25
Supplemental Heating Device	Add On H2	\$50.00
Wood/Wood Shake Shingle Surcharge	P6	1.25
Roof Layer Tracking	H9	1.00

**ARKANSAS
AMERICAN MODERN SELECT INSURANCE COMPANY
DP1 and DP3 PROGRAMS**

OPTIONAL COVERAGES

The policy may be written to include the following Optional Coverages:

Any coverage applying to 3 & 6 month policies will be pro-rated.

Optional Coverage	
Coverage	12 Month Rate
Additional Living Expense	\$5.00 per \$1,000 of coverage (Not to exceed 20% of Cov A)
Builder's Risk Renovation and / or New Construction Coverage	5% of Cov A Base Premium
Identity Recovery - Not Subject to a Deductible	\$20.00
Fair Rental Value	\$7.00 per \$1,000
Occasional Rental Endorsement	15% of Cov A Base Premium
Other Structures	\$6.50 for each \$1,000 of coverage
Other Structures Exclusion	\$3.00 credit
Personal Property Replacement Cost	\$3.00 per \$1,000
Residence Burglary	\$30.00 per \$1,000
Roof Exclusion	\$10.00 credit
Short Term Rental	\$40.00
Structure Endorsement - Other Structure	Rate same as DP-1 Seasonal program
Structure Endorsement - Boat Slip	Rate same as DP-1 Seasonal program
Vacancy Permission Endorsement	Rate per \$100
	<u>PC 1-8</u> <u>PC 9-10</u>
	DP-1: \$1.06 \$1.70 DP-3: \$1.15 \$1.85
Vandalism or Malicious Mischief - \$500 Deductible	\$.70 per \$1,000
Water Backup and Sump Discharge or Overflow - \$5,000 limit, \$250 Deductible	\$50.00
Windstorm and Hail Buy-Back for Antennas	\$5.00

ARKANSAS
AMERICAN MODERN SELECT INSURANCE COMPANY
DP1 and DP3 PROGRAMS

PERSONAL PROPERTY

(Support Product: DP1 - 7M1/7M2/7M3, DP3 - 7O7/7O8/7O9, 3-Month DP1 Vacant - 744/745, 6-Month DP1 Vacant - 774/775, 12-Month DP1 Vacant - 784/785)

All premiums and rates contained in the Rate Section of this manual are annual.

Premium is pro-rated in the 3 and 6 Month DP1 Vacant Program

Support Product	Flat Base Rate	Base Rate per Incr		Covg Incr	Min Prem Amount	Min Rate Value	Min Value Accept	UVRC Code	Cov Relativity
		PC 1-8	PC 9-10						
7M1/7M2/7M3	N/A	\$5.00	\$5.00	\$1,000	N/A	\$1,000	\$1,000	N/A	1.000
7O7/7O8/7O9	N/A	\$5.00	\$5.00	\$1,000	N/A	\$1,000	\$1,000	N/A	1.000
784/785	N/A	\$1.36	\$2.40	\$100	N/A	\$100	\$1,000	N/A	1.000

**ARKANSAS
AMERICAN MODERN SELECT INSURANCE COMPANY
DP1 and DP3 PROGRAMS**

OPTIONAL LIABILITY COVERAGE

The policy may be written to include the following Optional Liability Coverage:

Any coverage applying to 3 & 6 month policies will be pro-rated.

Optional Coverage		
Coverage	Limit	Rate
Personal Liability <u>Includes</u> Medical Payments - \$500 Each Person / \$25,000 Each Occurrence Property of Others - \$500 Each Occurrence Animal Liability - \$10,000	\$25,000	\$35.00
	\$50,000	\$50.00
	\$100,000	\$70.00
	\$200,000	\$85.00
	\$300,000	\$100.00
	\$500,000	\$120.00
Premises Liability <u>Includes</u> Medical Payments - \$500 Each Person / \$25,000 Each Occurrence	\$25,000	\$35.00
	\$50,000	\$50.00
	\$100,000	\$70.00
	\$200,000	\$85.00
	\$300,000	\$100.00
	\$500,000	\$120.00
Medical Payments	\$5.00 for \$1,000 and \$2 per additional \$1,000 thereafter Maximum Coverage: \$5,000	
Animal Liability Exclusion	\$3.00 credit	

**ARKANSAS
AMERICAN MODERN SELECT INSURANCE COMPANY
DP1 and DP3 PROGRAMS**

TAXES & FEES

The following surcharges may be applied:

Taxes & Fees				
Taxes & Fees	Add On Code	Important Information	Description	Rate
Inspection Fee	Z1	Fee is Fully Earned. Applies to new business only. 3 & 6 month policies are NOT pro-rated.	Inspection fee will apply when inspections are ordered.	\$35.00

**ARKANSAS
AMERICAN MODERN SELECT INSURANCE COMPANY
DP1 and DP3 PROGRAMS**

FILED FORMS

Form #	Edition Date	Title
0110-4269	(5/92)	Declarations Page
S2001	(07/88)	Dwelling Property - Basic Form (DP-1)
S2002	(07/88)	Dwelling Property - Special Form (DP-3)
EQ DECLN 03 (03/00)		Application Supplement - Declination of Residential Earthquake Coverage
Mandatory Endorsements		
71682	(06/07)	Special Provisions - Arkansas
71428	(01/06)	Arkansas Act 197 of 1987
EQN03	(03/00)	Notice to Policyholders
71884	(11/09)	Permitted Vacancy Clause - Basic Form
71908	(02/10)	Construction Cost Index Endorsement
72539	(12/06)	Log Building Endorsement
73339	(07/02)	Condemnation Endorsement
D1V00	(10/10)	Unit-Owners Endorsement (Mandatory when Vacant Condo is chosen)
D3W00	(01/08)	Dwelling Property Special Form Water Damage Endorsement
DF003	(05/06)	Reduction in Coverage when Vacant or Unoccupied

**ARKANSAS
AMERICAN MODERN SELECT INSURANCE COMPANY
DP1 and DP3 PROGRAMS**

FILED FORMS

Form #	Edition Date	Title
DPV00	(11/05)	Vandalism and Malicious Mischief Exclusion - Special Form
SD503	(05/09)	Dwelling Property Special Form Water Damage Sub-limit Endorsement - Arkansas
SDC00	(03/03)	Dwelling Property Basic Form Criminal Acts Exclusion
SDY00	(02/08)	Dwelling Property Cap on Losses From Certified Acts of Terrorism
Optional Endorsements		
71487	(01/03)	Vandalism and Malicious Mischief Exclusion - Basic Form
71884	(11/09)	Permitted Vacancy Clause - Basic Form
72677	(02/06)	Additional Living Expense
72900	(05/06)	Fair Rental Value
STR03	(07/09)	Roof Exclusion
D3884	(11/09)	Permitted Vacancy Clause - Special Form
DBR00	(10/08)	Builders Risk Renovation and/or New Construction Coverage
DF001	(01/09)	Residence Burglary
DPB00	(06/08)	Structures Endorsement
DPF00	(10/10)	Modified Functional Replacement Cost

**ARKANSAS
AMERICAN MODERN SELECT INSURANCE COMPANY
DP1 and DP3 PROGRAMS**

FILED FORMS

Form #	Edition Date	Title
DPY03	(08/11)	Agreed Value Modified Functional Replacement Cost
S3D00	(12/09)	Identity Recovery
SD800	(03/07)	Other Structures Exclusion
SDA00	(09/00)	Windstorm and hail Buy-Back for Antennas
SDO00	(04/05)	Actual Cash Value Loss Settlement
SDS00	(09/10)	Water Backup and Sump Discharge or Overflow
SFR00	(10/05)	Personal Property Replacement Cost
Personal Liability - Mandatory Endorsements		
S2005	(07/88)	Comprehensive Personal Liability Policy
SDP03	(11/01)	Personal Liability Total Pollution Exclusion - Arkansas
73183	(05/06)	Special Limit for Animal Liability
73184	(05/99)	Business, Commercial or Farming Enterprise Exclusion
73185	(05/99)	Home Day Care Exclusion
73186	(03/00)	Personal Liability Lead Contamination Exclusion
DLB00	(02/00)	Assault and Battery Exclusion

**ARKANSAS
AMERICAN MODERN SELECT INSURANCE COMPANY
DP1 and DP3 PROGRAMS**

FILED FORMS

Form #	Edition Date	Title
DLE00	(03/00)	Punitive or Exemplary Damages Exclusion
SLM00	(06/02)	Personal Liability Mold Exclusion
SLS00	(08/06)	Personal Liability Swimming Pool Slide & Diving Board Exclusion
Premises Liability - Mandatory Endorsements		
PL003	(01/06)	Premises Liability Insurance - Arkansas
73253	(03/00)	Premises Liability Lead Poisoning Exclusion
PLM00	(04/02)	Premises Liability Mold Exclusion
PLS00	(08/06)	Premises Liability Swimming Pool Slide and Diving Board Exclusion
PLY00	(02/08)	Premises Liability Cap on Losses from Certified Acts of Terrorism
Personal Liability - Optional Endorsements		
73182	(05/99)	Animal Liability Exclusion

SERFF Tracking Number: AMMH-127379643 State: Arkansas
 Filing Company: American Modern Select Insurance Company State Tracking Number:
 Company Tracking Number: 20100518-09
 TOI: 30.1 Dwelling Fire/Personal Liability Sub-TOI: 30.1000 Dwelling Fire/Personal Liability
 Product Name: DP-1 and DP-3 Programs (085)
 Project Name/Number: DP-1 and DP-3 Programs (085) rate/rule filing/20100518-09

Supporting Document Schedules

	Item Status:	Status Date:
Bypassed - Item: Form RF-2 Loss Costs Only (not for workers' compensation) Bypass Reason: N/A for this program Comments:		
Bypassed - Item: H-1 Homeowners Abstract Bypass Reason: N/A for this program Comments:	Filed	08/29/2011
Bypassed - Item: HPCS-Homeowners Premium Comparison Survey Bypass Reason: N/A, we are not filing in a DP-2 program Comments:	Filed	08/29/2011
Satisfied - Item: NAIC loss cost data entry document Comments: Attachment: AR 085 DW FORM RF-1 Rate Filing Abstract.pdf	Filed	08/29/2011
Satisfied - Item: Indications Comments: Attachments:	Filed	08/29/2011

SERFF Tracking Number: AMMH-127379643 State: Arkansas
Filing Company: American Modern Select Insurance Company State Tracking Number:
Company Tracking Number: 20100518-09
TOI: 30.1 Dwelling Fire/Personal Liability Sub-TOI: 30.1000 Dwelling Fire/Personal Liability
Product Name: DP-1 and DP-3 Programs (085)
Project Name/Number: DP-1 and DP-3 Programs (085) rate/rule filing/20100518-09

DP1_AR_085_1Q11_filing.pdf
DP3_AR_085_1Q11_filing.pdf
VACANT_AR_085_1Q11_filing.pdf

	Item Status:	Status
Satisfied - Item: Explanatory Memorandum	Filed	Date: 08/29/2011
Comments:		
Attachment: Explanatory Memorandum-rr.pdf		

NAIC LOSS COST DATA ENTRY DOCUMENT

1.	This filing transmittal is part of Company Tracking #	20100518-09
----	---	-------------

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.	American Modern Select Insurance Company	B.	38652

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.	30.1 Dwelling Fire/Personal Liability	B.	30.1000 Dwelling Fire/Personal Liability

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
DP-1 (w/out Vacant)	9.10%	8.93%					
DP-3	6.90%	6.89%					
DP-1 Vacant	-14.50%	-10.97%					
TOTAL OVERALL EFFECT		4.03%					

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
2006	437	N/A	N/A	146	35	23.9%	62.8%
2007	799	-0.10%	12/1/07	544	270	49.6%	38.4%
2008	1,033	N/A	N/A	755	740	97.9%	52.5%
2009	1,082	2.25%	11/1/09	787	537	68.3%	42.4%
2010	1,471	N/A	N/A	939	221	23.5%	44.5%

7.	
Expense Constants	Selected Provisions
A. Total Production Expense	23.2%
B. General Expense	11.7%
C. Taxes, License & Fees	2.8%
D. Underwriting Profit & Contingencies	7.8%
E. Other (Reinsurance Expense)	0.5%
F. TOTAL	46.0%

8. **NA** – This is not a Loss Cost Filing Apply Lost Cost Factors to Future filings? (Y or N)

9. **33.81%** Estimated Maximum Rate Increase for any Insured (%). Territory (if applicable): Territory 60

10. **-22.86** Estimated Maximum Rate Decrease for any Insured (%) Territory (if applicable): Territory 61

American Modern Select Insurance Company
Arkansas
Site Built Dwelling DP-1

Exhibit 1
Page 1

Proposed Effective Date: 1/1/2012

	Premium in Force at 3/31/2011	Premium in Force Distribution	Indication
Site Built Dwelling DP-1	\$529,032	100.0%	9.1%

Explanatory Memorandum

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

Assumptions and Methodologies

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

Explanatory Memorandum

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

Explanatory Memorandum

7. The Permissible Loss and LAE Ratio LAE Ratio calculation may be found in 9. This calculation includes
 - a. The derivation of the Pre-Paid Commissions and Taxes, Licenses and Fees may be found at the bottom of this exhibit. Other Acquisition and General Expenses are based on Countrywide, Company Data for the Program being evaluated. The Reinsurance Expense is designed to cover the cost of our catastrophe and excess of loss experience contracts. It is a gross provision determined by reinsurance premium minus estimated reinsurance recoveries.
 - b. The Profit Provision is based on a 15% Targeted After Tax Return on Equity and a 2.3:1 Targeted Premium to Surplus Ratio.
 - c. Return on Investment Income is based on the Clifford/Sterling Formula. This calculation, and an explanation of the calculation, may be found in Exhibit 10.
8. The Complement of Credibility is the Trended Permissible Loss Ratio. A Loss Ratio Trend is determined based on the prospective premium and losses trends. A time exponent based on the time from our last revision to the proposed effective date, capped at 1 years, is applied. Exhibit 11 contains the calculations.
9. Credibility is based on the square root rule, with full credibility at 25000 Earned Exposures.
10. The Credibility Weighted Loss and LAE Ratio is calculated by credibility weighting the Weighted Experience Loss & LAE Ratio and the Complement of Credibility - Trended Permissible.
11. The Indicated Rate Level Change is calculated as the $((\text{Credibility Weighted Loss \& LAE Ratio}) / (\text{Permissible Loss \& LAE Ratio})) - 1$

Rate Level Indications

	Accident Year Ending				
	3/31/2007	3/31/2008	3/31/2009	3/31/2010	3/31/2011
(1) Earned Exposures	141	374	523	628	792
(2) Earned Premium	81,580	220,402	308,526	359,738	467,873
(3) Rate Level Adjustment Factor	1.084	1.083	1.074	1.065	1.011
(4) Current Level Earned Premium	88,402	238,692	331,397	382,969	472,979
(5) Premium Trend Factor	0.873	0.891	0.909	0.927	0.946
(6) Trended Current Level Earned Premium	77,175	212,675	301,240	355,012	447,438
(7) Total Incurred Losses & ALAE	58,615	158,146	449,233	197,471	197,750
(8) Catastrophe Incurred Losses and ALAE	-	7,435	214,424	82,302	21,274
(9) IL & ALAE Excl Cat	58,615	150,711	234,809	115,170	176,476
(10) Incurred Loss & ALAE Trend Factor	0.940	0.959	0.978	0.998	1.019
(11) Incurred Loss & ALAE Development Factor	1.001	1.000	0.996	0.995	1.046
(12) ULAE Factor (to IL & ALAE)	1.015	1.015	1.015	1.015	1.015
(13) Trended Adjusted IL & LAE Excl Cat	55,980	146,700	232,155	116,080	190,923
(14) Catastrophe Factor	0.232	0.232	0.232	0.232	0.232
(15) Trended Adjusted Cat Incurred Loss & LAE	12,987	34,034	53,860	26,931	44,294
(16) Total Trended Adjusted Incurred Loss & LAE	68,967	180,734	286,015	143,011	235,217
(17) Adjusted Loss & LAE Ratio *	0.894	0.850	0.949	0.403	0.526
(18) Accident Year Weights	0.06	0.15	0.21	0.25	0.33
(19) Non-Catastrophe Reported Claim Counts	4	17	36	29	28
(20) Weighted Experience Loss & LAE Ratio					0.655
(21) Permissible Loss & LAE Ratio					0.539
(24) Complement of Credibility - Trended Permissible					0.558
(25) Credibility (Square Root Rule, Full Credibility = 25000 Earned Exposures)					0.314
(26) Credibility Weighted Loss & LAE Ratio					0.588
(27) Credibility Weighted Indicated Rate Level Change					9.1%

Rate History

Rate Changes

Effective Date	DP-1
11/1/2009	7.1%
12/15/2007	1.2%
4/1/2006	0.0%

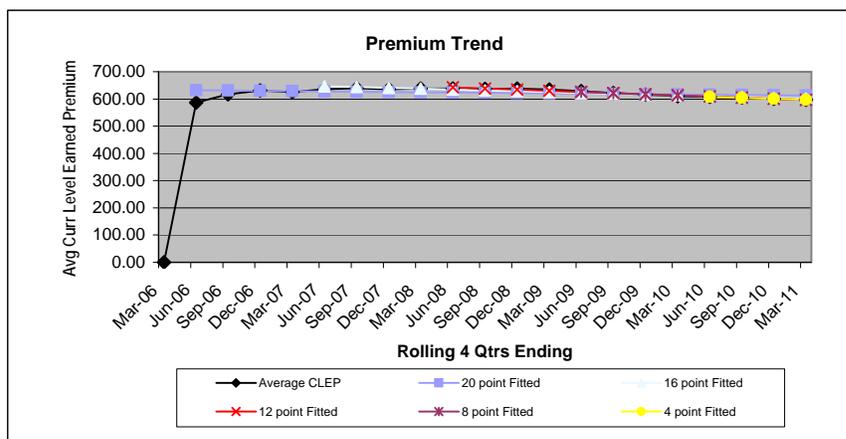
Rate Level Adjustment Factor

Accident Year Ending	DP-1
3/31/2007	1.084
3/31/2008	1.083
3/31/2009	1.074
3/31/2010	1.065
3/31/2011	1.011

Premium Trend

4 Qtrs Ending	Current Level Earned Premium	Earned Exposures	Average CLEP	20 point Fitted	16 point Fitted	12 point Fitted	8 point Fitted	4 point Fitted
3/31/2006	0	0	0.00					
6/30/2006	6,231	11	586.56	631.67				
9/30/2006	23,171	38	617.49	630.65				
12/31/2006	51,322	81	631.10	629.62				
3/31/2007	88,402	141	625.63	628.60				
6/30/2007	131,220	207	635.29	627.58	646.80			
9/30/2007	170,940	267	639.45	626.56	643.68			
12/31/2007	204,983	323	635.38	625.54	640.58			
3/31/2008	238,692	374	638.54	624.53	637.49			
6/30/2008	266,393	417	638.30	623.51	634.41	642.88		
9/30/2008	291,376	458	636.73	622.50	631.35	638.54		
12/31/2008	314,034	492	637.87	621.49	628.31	634.23		
3/31/2009	331,397	523	634.13	620.48	625.28	629.95		
6/30/2009	346,137	551	628.68	619.47	622.26	625.69	626.07	
9/30/2009	359,811	578	622.08	618.47	619.26	621.47	621.69	
12/31/2009	373,085	606	615.95	617.46	616.27	617.27	617.33	
3/31/2010	382,969	628	610.13	616.46	613.30	613.11	613.00	
6/30/2010	399,371	657	607.42	615.46	610.34	608.97	608.71	607.92
9/30/2010	420,390	695	605.19	614.46	607.40	604.85	604.44	604.40
12/31/2010	444,476	740	600.81	613.46	604.47	600.77	600.21	600.90
3/31/2011	472,979	792	597.21	612.47	601.55	596.71	596.00	597.42

Annual Premium Trend	
20 point fit	-0.6%
16 point fit	-1.9%
12 point fit	-2.7%
8 point fit	-2.8%
4 point fit	-2.3%
Historical Selected	-2.0%
Prospective Selected	-2.5%



Accident Year Ending	Trend Period						Trend Factor
	Historical			Prospective			
	Beginning	End	Time(Yrs)	Beginning	End	Time(Yrs)	
3/31/2007	9/30/2006	2/15/2011	4.375	2/15/2011	12/31/2012	1.878	0.873
3/31/2008	9/30/2007	2/15/2011	3.375	2/15/2011	12/31/2012	1.878	0.891
3/31/2009	9/30/2008	2/15/2011	2.375	2/15/2011	12/31/2012	1.878	0.909
3/31/2010	9/30/2009	2/15/2011	1.375	2/15/2011	12/31/2012	1.878	0.927
3/31/2011	9/30/2010	2/15/2011	0.375	2/15/2011	12/31/2012	1.878	0.946

Loss Trend

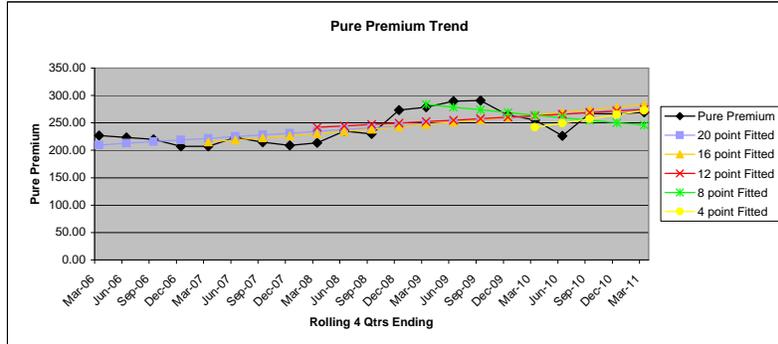
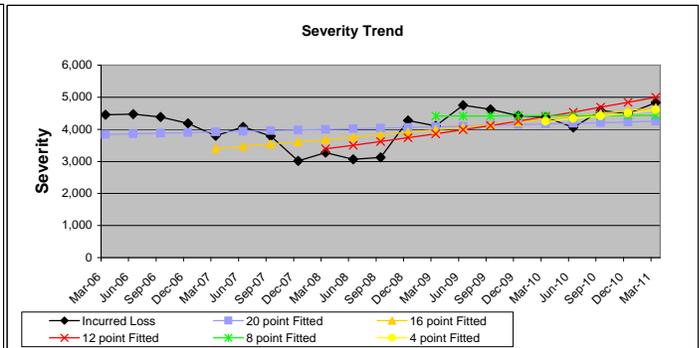
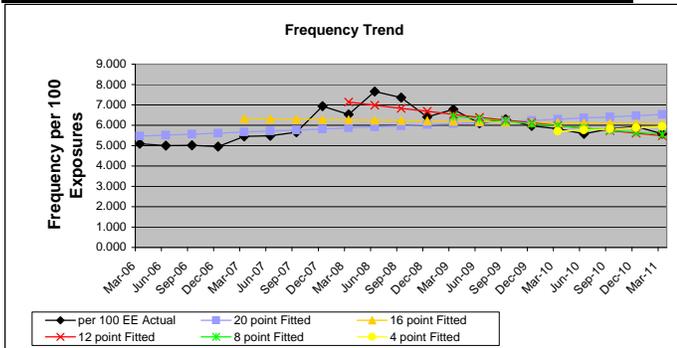
Loss Trend Based on Central - American Modern Insurance Group Data Excluding Catastrophe Losses

Accident Period 4 Qtrs Ending	Ultimate Reported Claim Counts	Ultimate Non-Cat Incurred Loss & ALAE	Earned Exposures	Frequency						Severity					
				Frequency per 100 EE Actual	20 point Fitted	16 point Fitted	12 point Fitted	8 point Fitted	4 point Fitted	Average Incurred Loss	20 point Fitted	16 point Fitted	12 point Fitted	8 point Fitted	4 point Fitted
3/31/2006	970	4,319,701	19,048	5.092	5.468						4,453	3,836			
6/30/2006	933	4,169,877	18,648	5.003	5.517						4,469	3,856			
9/30/2006	914	4,002,138	18,216	5.018	5.566						4,379	3,876			
12/31/2006	881	3,683,067	17,774	4.957	5.615						4,180	3,896			
3/31/2007	948	3,600,825	17,366	5.459	5.665	6.328					3,798	3,916	3,400		
6/30/2007	928	3,782,264	16,940	5.480	5.715	6.311					4,075	3,936	3,468		
9/30/2007	934	3,543,906	16,514	5.658	5.766	6.295					3,793	3,956	3,537		
12/31/2007	1,115	3,364,379	16,083	6.931	5.817	6.278					3,018	3,976	3,609		
3/31/2008	1,022	3,348,148	15,661	6.525	5.868	6.262	7.136				3,276	3,997	3,681	3,390	
6/30/2008	1,173	3,597,131	15,317	7.661	5.920	6.245	6.982				3,065	4,017	3,755	3,502	
9/30/2008	1,109	3,458,468	15,062	7.361	5.973	6.229	6.831				3,119	4,038	3,830	3,617	
12/31/2008	953	4,069,043	14,891	6.398	6.026	6.213	6.683				4,271	4,058	3,907	3,736	
3/31/2009	999	4,106,779	14,743	6.778	6.079	6.196	6.538	6.430			4,110	4,079	3,986	3,859	4,412
6/30/2009	890	4,230,262	14,609	6.094	6.133	6.180	6.396	6.313			4,752	4,100	4,066	3,986	4,415
9/30/2009	912	4,212,136	14,481	6.300	6.187	6.164	6.257	6.198			4,617	4,121	4,148	4,117	4,417
12/31/2009	859	3,799,869	14,393	5.968	6.242	6.148	6.122	6.085			4,424	4,142	4,231	4,253	4,420
3/31/2010	839	3,672,988	14,393	5.826	6.297	6.132	5.989	5.974	5.708		4,380	4,164	4,316	4,393	4,423
6/30/2010	810	3,287,761	14,511	5.585	6.353	6.116	5.859	5.865	5.763		4,057	4,185	4,403	4,537	4,425
9/30/2010	856	3,925,615	14,702	5.826	6.409	6.100	5.732	5.758	5.818		4,583	4,206	4,491	4,686	4,428
12/31/2010	885	3,976,624	14,918	5.930	6.466	6.084	5.608	5.653	5.874		4,495	4,228	4,581	4,840	4,430
3/31/2011	842	4,068,683	15,110	5.574	6.524	6.068	5.487	5.550	5.930		4,831	4,250	4,673	5,000	4,433

Accident Period 4 Qtrs Ending	Pure Premium					
	Pure Premium	20 point Fitted	16 point Fitted	12 point Fitted	8 point Fitted	4 point Fitted
3/31/2006	226.78	209.79				
6/30/2006	223.61	212.73				
9/30/2006	219.70	215.72				
12/31/2006	207.21	218.75				
3/31/2007	207.35	221.82	215.11			
6/30/2007	223.28	224.93	218.86			
9/30/2007	214.60	228.09	222.67			
12/31/2007	209.19	231.29	226.55			
3/31/2008	213.79	234.54	230.49	241.96		
6/30/2008	234.84	237.83	234.51	244.50		
9/30/2008	229.62	241.17	238.59	247.07		
12/31/2008	273.25	244.55	242.75	249.67		
3/31/2009	278.55	247.98	246.97	252.30	283.71	
6/30/2009	289.57	251.46	251.28	254.95	278.70	
9/30/2009	290.86	254.99	255.65	257.63	273.78	
12/31/2009	264.01	258.57	260.11	260.34	268.95	
3/31/2010	255.19	262.20	264.64	263.08	264.20	242.31
6/30/2010	226.57	265.88	269.25	265.84	259.53	249.57
9/30/2010	267.02	269.61	273.94	268.64	254.95	257.05
12/31/2010	266.57	273.40	278.71	271.46	250.45	264.75
3/31/2011	269.28	277.23	283.56	274.32	246.03	272.68

Annual Loss Trend			
	Frequency	Severity	Pure Premium
20 point fit	3.6%	2.1%	5.7%
16 point fit	-1.0%	8.3%	7.2%
12 point fit	-8.4%	13.8%	4.3%
8 point fit	-7.1%	0.2%	-6.9%
4 point fit	3.9%	8.3%	12.5%
Historical Selected	-1.0%	-1.0%	-2.0%
Prospective Selected	1.0%	0.0%	1.0%

Accident Year Ending	Trend Period						Trend Factor
	Historical			Prospective			
	Beginning	End	Time(Yrs)	Beginning	End	Time(Yrs)	
3/31/2007	9/30/2006	11/15/2010	4.125	11/15/2010	12/31/2012	2.128	0.940
3/31/2008	9/30/2007	11/15/2010	3.125	11/15/2010	12/31/2012	2.128	0.959
3/31/2009	9/30/2008	11/15/2010	2.125	11/15/2010	12/31/2012	2.128	0.978
3/31/2010	9/30/2009	11/15/2010	1.125	11/15/2010	12/31/2012	2.128	0.998
3/31/2011	9/30/2010	11/15/2010	0.125	11/15/2010	12/31/2012	2.128	1.019



Loss & ALAE Development

Data shown is Countrywide Consolidated American Modern Insurance Group SB DP-1

Cumulative Incurred Loss and ALAE Development

Accident Qtr Ending	Development Age																						
	3	6	9	12	15	18	21	24	27	30	33	36	39	42	45	48	51	54	57	60	63	66	
Jun-05	5,017,140	4,920,873	4,826,640	4,927,567	5,251,929	5,275,453	5,191,006	5,138,709	5,101,825	5,029,017	5,015,433	5,015,433	5,018,710	5,019,014	5,019,274	5,019,274	5,019,274	5,019,274	5,019,274	5,019,274	5,019,274	5,019,274	5,019,274
Sep-05	5,181,155	5,126,082	5,029,602	5,395,745	5,820,038	5,846,426	5,793,604	5,823,458	5,778,875	5,950,972	5,898,003	5,912,929	5,976,070	6,068,287	5,978,798	5,933,157	5,930,509	5,930,509	5,930,509	5,930,509	5,930,509	5,930,509	5,930,509
Dec-05	5,527,261	6,052,915	6,271,708	6,346,442	6,520,891	6,439,543	6,357,994	6,480,602	6,516,545	6,181,984	6,175,469	6,181,981	6,148,261	6,145,472	6,137,944	6,141,729	6,213,790	6,213,990	6,236,344	6,172,758	6,198,802	6,194,985	
Mar-06	6,091,875	6,094,999	5,975,708	5,972,087	6,384,663	6,395,009	6,472,657	6,366,578	6,318,002	6,202,564	6,181,286	6,181,424	6,255,822	6,255,822	6,207,960	6,087,814	6,087,814	6,070,938	6,089,157	6,079,373	6,133,635		
Jun-06	5,120,798	5,387,897	5,210,767	5,385,633	5,293,493	5,345,536	5,301,115	5,304,236	5,309,343	5,309,169	5,587,169	5,538,029	5,538,029	5,383,170	5,380,972	5,380,972	5,381,972	5,381,472	5,382,629	5,382,629			
Sep-06	5,666,588	5,475,350	5,524,300	5,468,576	5,838,630	5,872,143	5,851,860	5,907,771	5,934,195	5,944,846	5,949,846	5,945,635	5,820,196	5,811,491	5,795,257	5,791,898	5,792,358	5,794,584	5,794,584				
Dec-06	5,295,254	5,648,707	5,617,729	5,634,882	5,731,751	5,809,583	5,810,199	5,781,337	5,723,295	5,687,702	5,685,981	5,686,552	5,688,142	5,627,198	5,664,998	5,664,998	5,663,408	5,650,799					
Mar-07	6,608,339	6,718,911	6,825,824	6,767,169	6,663,872	6,651,717	6,541,874	6,649,761	6,607,426	6,607,426	6,657,426	6,605,159	6,596,421	6,488,111	6,523,499	6,480,648	6,468,567						
Jun-07	6,118,648	5,949,688	6,063,238	5,779,105	5,584,084	5,623,803	5,624,489	5,571,102	5,627,358	5,611,215	5,616,215	5,616,096	5,616,657	5,663,123	5,664,986	5,664,986							
Sep-07	5,241,063	5,632,071	5,458,353	5,392,461	5,392,990	5,345,945	5,479,102	5,425,075	5,425,166	5,237,022	5,208,255	5,208,415	5,189,420	5,208,473	5,208,633								
Dec-07	4,380,754	4,763,476	4,904,965	4,997,828	4,825,925	4,953,560	4,893,110	4,924,937	5,043,405	5,052,828	5,013,741	5,017,467	5,013,827	4,999,055									
Mar-08	5,901,553	5,966,341	6,010,908	5,928,052	5,749,880	5,798,374	5,832,858	5,835,626	5,820,873	5,822,968	5,798,736	5,796,993	5,700,000										
Jun-08	5,833,649	6,066,629	6,144,766	6,356,021	6,419,181	6,391,425	6,371,437	6,379,806	6,334,934	6,338,309	6,338,749	6,309,599											
Sep-08	6,834,506	6,358,779	6,643,771	6,614,928	6,974,743	6,960,242	6,946,411	7,068,113	7,153,109	7,110,489	7,025,382												
Dec-08	5,961,729	6,503,395	6,515,505	6,736,656	6,691,372	6,803,772	6,741,890	6,752,197	6,666,331	6,800,170													
Mar-09	7,259,942	7,718,216	8,209,137	8,448,714	8,754,679	9,119,399	9,045,555	8,948,499	8,707,080														
Jun-09	6,298,765	6,331,261	6,428,732	6,554,280	6,564,970	6,567,826	6,594,505	6,646,711															
Sep-09	6,158,393	6,519,730	6,818,354	7,112,893	7,092,383	7,153,997	7,117,469																
Dec-09	5,860,664	6,188,993	6,118,589	6,050,532	6,156,419	6,178,449																	
Mar-10	6,833,030	7,479,801	7,551,307	7,371,207	7,354,414																		
Jun-10	6,295,815	6,643,147	6,702,446	6,728,702																			
Sep-10	7,318,223	7,508,350	7,692,187																				
Dec-10	7,305,686	7,704,420																					
Mar-11	8,378,199																						

Historical Development Factors

Accident Qtr Ending	Development Age																					
	3 to 6	6 to 9	9 to 12	12 to 15	15 to 18	18 to 21	21 to 24	24 to 27	27 to 30	30 to 33	33 to 36	36 to 39	39 to 42	42 to 45	45 to 48	48 to 51	51 to 54	54 to 57	57 to 60	60 to 63	63 to 66	66 to 69
Jun-05	0.981	0.981	1.021	1.066	1.004	0.984	0.990	0.993	0.986	0.997	1.000	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Sep-05	0.989	0.981	1.073	1.079	1.005	0.991	1.005	0.992	1.030	0.991	1.003	1.011	1.015	0.985	0.992	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Dec-05	1.095	1.036	1.012	1.027	0.988	0.987	1.019	1.006	0.949	0.999	1.001	0.995	1.000	0.989	1.001	1.012	1.000	1.004	0.990	1.004	0.999	0.999
Mar-06	1.001	0.980	0.999	1.069	1.002	1.012	0.984	0.992	0.982	0.997	1.000	1.012	1.000	0.992	0.981	1.000	0.997	1.003	0.998	1.009		
Jun-06	1.052	0.967	1.034	0.983	1.010	0.992	1.001	1.001	1.000	1.052	0.991	1.000	0.972	1.000	1.000	1.000	1.000	1.000	1.000	1.000		
Sep-06	0.966	1.009	0.990	1.068	1.006	0.997	1.010	1.004	1.002	1.001	0.999	0.979	0.999	0.997	0.999	1.000	1.000	1.000				
Dec-06	1.067	0.995	1.003	1.017	1.014	1.000	0.995	0.990	0.994	1.000	1.000	1.000	0.989	1.007	1.000	1.000	0.998					
Mar-07	1.017	1.016	0.991	0.985	0.998	0.983	1.016	0.994	1.000	1.008	0.992	0.999	0.984	1.005	0.993	0.998						
Jun-07	0.972	1.019	0.953	0.966	1.007	1.000	0.991	1.010	0.997	1.001	1.000	1.000	1.008	1.000	1.000							
Sep-07	1.075	0.969	0.988	1.000	0.991	1.025	0.990	1.000	0.965	0.995	1.000	0.996	1.004	1.000								
Dec-07	1.087	1.030	1.019	0.966	1.026	0.988	1.007	1.024	1.002	0.992	1.001	0.999	0.997									
Mar-08	1.011	1.007	0.986	0.970	1.008	1.006	1.000	0.997	1.000	0.996	1.000	0.983										
Jun-08	1.040	1.013	1.034	1.010	0.996	0.997	1.001	0.993	1.001	1.000	0.995											
Sep-08	0.958	1.045	0.996	1.054	0.998	0.998	1.018	1.012	0.994	0.988												
Dec-08	1.091	1.002	1.034	0.993	1.017	0.991	1.002	0.987	1.020													
Mar-09	1.063	1.064	1.029	1.036	1.042	0.992	0.989	0.973														
Jun-09	1.005	1.015	1.020	1.002	1.000	1.004	1.008															
Sep-09	1.059	1.046	1.043	0.997	1.009	0.995																
Dec-09	1.056	0.989	0.989	1.018	1.004																	
Mar-10	1.095	1.010	0.976	0.998																		
Jun-10	1.055	1.009	1.004																			
Sep-10	1.026	1.024																				
Dec-10	1.055																					

Averages	3 to 6	6 to 9	9 to 12	12 to 15	15 to 18	18 to 21	21 to 24	24 to 27	27 to 30	30 to 33	33 to 36	36 to 39	39 to 42	42 to 45	45 to 48	48 to 51	51 to 54	54 to 57	57 to 60	60 to 63	63 to 66	66 to Ult
4 Qtrs Average	1.058	1.008	1.003	1.004	1.014	0.996	1.004	0.991	1.004	0.994	0.999	0.995	0.998	1.003	0.998	1.000	0.999	1.002	0.997	1.003		
8 Qtrs Average	1.052	1.020	1.011	1.014	1.009	0.996	1.002	1.000	0.997	0.998	0.998	0.995	0.994	1.000	0.996	1.001						
12 Qtrs Average	1.043	1.021	1.010	1.001	1.008	0.998	1.002	0.999	0.996	1.002	0.999	0.998										
8 Qtrs Average ex H/L	1.052	1.018	1.012	1.010	1.006	0.996	1.001	1.000	0.999	0.997	0.999	0.996	0.996	1.000	0.997	1.000						
8 Qtrs Vol Weighted	1.052	1.021	1.011	1.014	1.010	0.996	1.001	0.998	0.998	0.997	0.998	0.994	0.994	1.000	0.996	1.001						
12 Qtrs Vol Weighted	1.043	1.022	1.010	1.003	1.009	0.998	1.002	0.997	0.997	1.002	0.998	0.998										
12 Qtr Avg ex H/L	1.049	1.020	1.010	0.999	1.006	0.997	1.002	0.999	0.997	0.999	0.999	0.998										

Selected Factors	3 to 6	6 to 9	9 to 12	12 to 15	15 to 18	18 to 21	21 to 24	24 to 27	27 to 30	30 to 33	33 to 36	36 to 39	39 to 42	42 to 45	45 to 48	48 to 51	51 to 54	54 to 57	57 to 60	60 to 63	63 to 66	66 to Ult
Age to Age Factors	1.052	1.020	1.013	1.010	1.009	0.996	1.002	1.000	0.999	0.997	0.997											

American Modern Select Insurance Company
Arkansas
Site Built Dwelling DP-1
All Classes

Catastrophe Factor

Data shown is Arkansas American Modern Insurance Group - Site Built Dwelling DP-1

Accident Year Ending	(1) Catastrophe Losses*	(2) All Losses*	(3)=(2)-(1) All Losses* Less Catastrophe	(4)=(1)/(3) Catastrophe Ratio
3/31/1992	121	121	-	0.000
3/31/1993	1,336	151,457	150,121	0.009
3/31/1994	1,863	201,479	199,616	0.009
3/31/1995	3,765	333,494	329,729	0.011
3/31/1996	12,445	194,793	182,348	0.068
3/31/1997	57,267	165,436	108,168	0.529
3/31/1998	5,705	157,783	152,078	0.038
3/31/1999	88,224	299,557	211,333	0.417
3/31/2000	7,035	80,953	73,918	0.095
3/31/2001	4,075	127,527	123,453	0.033
3/31/2002	1,491	71,787	70,296	0.021
3/31/2003	7,460	524,492	517,033	0.014
3/31/2004	10,995	390,262	379,266	0.029
3/31/2005	42,886	451,738	408,852	0.105
3/31/2006	30,539	425,769	395,230	0.077
3/31/2007	38,834	336,036	297,202	0.131
3/31/2008	57,919	465,940	408,021	0.142
3/31/2009	696,149	1,163,936	467,787	1.488
3/31/2010	116,248	546,279	430,031	0.270
3/31/2011	25,499	331,739	306,240	0.083
			Weighted Average	0.232
			Selected Catastrophe Factor:	0.232

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

Unallocated Loss Adjustment Expense

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

Consolidated American Modern Insurance Group Data

Calendar Year	2008	2009	2010
ULAE Incurred	11,747,762	12,288,732	8,611,126
Adjusted Loss and ALAE Incurred	584,440,974	521,315,563	501,701,035
Ratio of ULAE to Incurred Loss & ALAE	2.0%	2.4%	1.7%
5 Year Average			3.0%
2 Year Average			2.0%
Selected ULAE Factor			1.015

Determination of Permissible Loss Ratio

	Calendar Year					Budget	Selected
	2006	2007	2008	2009	2010	2011	
(1) Pre-Paid Commissions	18.7%	18.1%	17.1%	17.0%	17.1%		17.1%
(2) Contingent Commissions	6.5%	3.2%	1.9%	2.9%	1.9%	1.6%	1.6%
(3) Other Acquisition Expense	5.2%	5.0%	4.8%	4.9%	4.4%	4.7%	4.7%
(4) General Expense	12.9%	13.6%	13.0%	13.1%	11.5%	11.7%	11.7%
(5) Taxes, Licenses and Fees	2.8%	2.8%	2.8%	2.8%	2.8%		2.8%
(6) Reinsurance Expense						0.4%	0.4%
(7) Total Expense							38.3%

Profit Loading Provision	
(8a) After Tax Return on Equity Goal	15.0%
(8b) Target Premium to Surplus Ratio	2.3:1
(8c) After Tax Return on Premium [(a)/(b)]	6.5%
(8d) After Tax Return Generated by Inv Income	1.4%
(8e) After Tax Return Needed From Underwriting Profit [(c) - (d)]	5.1%
(8f) Before Tax Return Needed from Underwriting Profit [(e)/(1.00 - .35)]	7.8%
(8g) Selected Profit Provision	7.8%
(9) Total Expenses and Profit Provision [(7) + (8)]	46.1%
(10) Permissible Loss & LAE Ratio [(1.000 - (9))]	53.9%

	Calendar Year				
	2006	2007	2008	2009	2010
Data applied to calculate commission ratio:					
AMS Arkansas Site Built Dwelling DP-1 Written Premium	131,539	239,522	331,506	369,919	501,869
AMS Arkansas Site Built Dwelling DP-1 Paid Commission	24,618	43,414	56,571	62,964	86,062

	Calendar Year				
	2006	2007	2008	2009	2010
Data applied to calculate Taxes, Licenses and Fees:					
AMS Arkansas Written Premium from all AS Lines	381,382	848,581	1,238,173	1,324,449	1,797,927
AMS Arkansas Taxes, Licenses and Fees from all AS Lines	10,652	23,675	34,545	36,952	50,702

Investment Income Calculation

Estimated Investment Earnings on Unearned Premium and Loss Reserves

A. Unearned Premium Reserve		
(1)	Direct Earned Premium for 2010	\$ 456,584,843
(2)	Mean Unearned Premium Reserve Ratio	42.4%
(3)	Mean Unearned Premium Reserve (1) x (2)	\$ 193,791,255
(4)	Deduction for Prepaid Expenses and Federal Taxes Payable	
(a)	Commission	18.7%
(b)	50% of Other Acquisition	2.4%
(c)	50% of General Expenses	5.9%
(d)	Taxes, Licenses, and Fees	2.8%
(e)	Reinsurance Expense	0.4%
(f)	Subtotal	30.1%
(g)	Federal Taxes Payable	7.0%
(4T)	Total Deductions	37.1%
(5)	Unearned Premium Reserve Subject to Investment (3) x [1.0 - (4T)]	\$ 121,894,699
B. Delayed Remission of Premium (Agent's Balances)		
(1)	Agent's Balance or Uncollected Premium to Unearned Premium	
(a)	Average Agent's Balance	\$ 138,852,695
(b)	Direct Unearned Premium 2010 (All Lines)	\$ 504,115,494
(c)	Ratio (a) / (b)	27.5%
(d)	Direct Unearned Premium 2010 (ASLOB 1 & 2.1 - Fire & Allied Lines)	\$ 163,985,086
(2)	Delayed Remission (1c) x (1d)	\$ 45,167,767
C. Loss and Loss Adjustment Expense Reserve		
(1)	Expected Loss and Loss Adjustment Expense Ratio	53.9%
(2)	Expected Losses and Loss Adjustment Expenses (A.1) x (C.1)	\$ 246,099,230
(3)	Percent of Mean Loss & ALAE Reserves to Incurred Loss & ALAE	
(a)	2010 Mean Loss & ALAE Reserve to Incurred Loss & ALAE Ratio	33.4%
(b)	2009 Mean Loss & ALAE Reserve to Incurred Loss & ALAE Ratio	41.0%
(c)	Average of Mean Loss Reserve to Incurred Loss Ratios $1/2 \times [(a) + (b)]$	37.2%
(4)	Expected Mean Loss Reserves (2) x (3c) x .958	\$ 87,713,463
D. Net Subject to Investment		\$ 164,440,396
	(A.5) - (B.2) + (C.4)	
E. Before Tax Rate of Return		2.5%
	[Exhibit 10, Page 2]	
F. Average Rate of Return as a % of Direct Earned Premium		0.9%
	[(D) x (E)] / (A.1)]	
G. Before Tax Investment Income Return (Including Surplus)		2.0%
	(F) + [(E) x (1.0/Premium to Surplus Ratio)]	
H. After Tax Average Rate of Return as a Percent of Direct Earned Premium		
(1)	Average Federal Tax Rate on Inv. Inc. (Exhibit 10, Page 2)	27.4%
(2)	After Tax Return Generated by Investment Income (G) x [1.0 - (H.1)]	1.4%

Investment Income Calculation

Average Federal Tax Rate on Investment Income

	(1) Investment Income 2007 - 2009 (A)	(2) Allocation	(3) Current Tax Rate (B)	(4) Total Tax (2)x(3)
Bonds				
- Taxable	\$65,596,168	68.6%	35.0%	24.0%
- Tax Exempt Municipal	\$19,660,466	20.6%	5.3%	1.1%
Stocks				
- Acquired Prior to 1987	\$0	0.0%	10.5%	0.0%
- Acquired After 1987	\$6,912,866	7.2%	14.2%	1.0%
Short Term Investments	\$3,488,052	3.6%	35.0%	1.3%
Total	\$95,657,552	100.0%		27.4%

Notes:

- (A) From AMIG Annual Statement, Part 1
- (B) Under the 1986 Tax Reform Act, 15% of formerly tax-exempt income from securities purchased after August 7, 1986 is now taxable. Thus the estimated effective tax rates in 2009 will be:

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

Investment Income as a Percentage of Invested Assets

1999	4.5%
2000	5.0%
2001	5.2%
2002	5.2%
2003	4.5%
2004	4.3%
2005	4.4%
2006	4.5%
2007	4.6%
2008	4.4%
2009	2.6%
2010	3.2%
Twelve Year Average	4.4%
Latest Six Year Average	3.9%
Latest Year	3.2%
Projected 2011 (12 Year Trend)	3.3%
Projected 2011 (6 Year Trend)	2.7%

Selected 2011 Rate of Return

Before Tax	2.5% *
After Tax [(1-0.274) x 2.5%]	1.8%

* 2.5% selected based on change in investment philosophy due to the purchase of the American Modern Insurance Group by Munich Re. Specifically, Munich Re requires that investments for companies owned should not have "risk". This leads to a lower rate of return than we've seen in the past.

By Line Explanation of Investment Income Calculation

Line A-1

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

Line A-2, A-3

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

Line A-4

Deductions for prepaid expenses:

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

Line A-4 Federal Taxes Payable

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

Line B-1

Delayed remission of premium:

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

Line B-1(c)

Average agent's balances as a percentage of 2010 Direct Unearned Premium (All Lines)

Line C-1

The expected loss and loss adjustment ratio reflects the expense provisions used in the filing. See Exhibit 9.

Line C-3

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

Line C-4

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

Line E

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

Line H-1

The average rate of Federal Tax was determined by applying the appropriate tax rates to the distribution of investment income earned for 2008 - 2010 for the American Modern Insurance Group. See Page 2 of this exhibit.

Complement of Credibility Calculation

	DP-1
(1) Permissible Loss & LAE Ratio	0.539
(2) Proposed Renewal Effective Date	1/1/2012
(3) Effective Date of Current Rates	11/1/2009
(4) Time Period in Years $\{[(2) - (3)] / 365\}^{**}$	1.000
(5) Annual Premium Trend	-2.5%
(6) Annual Loss Trend	1.0%
(7) Ann Loss Ratio Trend $\{[1 + (6)] / [1 + (5)] - 1\}$	3.6%
(8) Selected Trend Factor $\{[1 + (7)] ^ (4)\}$	1.036
(9) Complement of Credibility = $\{(1) * (8)\}$	0.558

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

American Modern Select Insurance Company
Arkansas
Site Built Dwelling DP-3

Exhibit 1
Page 1

Proposed Effective Date: 1/1/2012

	<u>Premium in Force at 3/31/2011</u>	<u>Premium in Force Distribution</u>	<u>Indication</u>
Site Built Dwelling DP-3	\$295,482	100.0%	6.9%

Explanatory Memorandum

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

Assumptions and Methodologies

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

Explanatory Memorandum

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

Explanatory Memorandum

7. The Permissible Loss and LAE Ratio LAE Ratio calculation may be found in 9. This calculation includes
 - a. The derivation of the Pre-Paid Commissions and Taxes, Licenses and Fees may be found at the bottom of this exhibit. Other Acquisition and General Expenses are based on Countrywide, Company Data for the Program being evaluated. The Reinsurance Expense is designed to cover the cost of our catastrophe and excess of loss experience contracts. It is a gross provision determined by reinsurance premium minus estimated reinsurance recoveries.
 - b. The Profit Provision is based on a 15% Targeted After Tax Return on Equity and a 2.3:1 Targeted Premium to Surplus Ratio.
 - c. Return on Investment Income is based on the Clifford/Sterling Formula. This calculation, and an explanation of the calculation, may be found in Exhibit 10.
8. The Complement of Credibility is the Trended Permissible Loss Ratio. A Loss Ratio Trend is determined based on the prospective premium and losses trends. A time exponent based on the time from our last revision to the proposed effective date, capped at 1 years, is applied. Exhibit 11 contains the calculations.
9. Credibility is based on the square root rule, with full credibility at 25000 Earned Exposures.
10. The Credibility Weighted Loss and LAE Ratio is calculated by credibility weighting the Weighted Experience Loss & LAE Ratio and the Complement of Credibility - Trended Permissible.
11. The Indicated Rate Level Change is calculated as the $((\text{Credibility Weighted Loss \& LAE Ratio}) / (\text{Permissible Loss \& LAE Ratio})) - 1$

Rate Level Indications

	Accident Year Ending				
	3/31/2007	3/31/2008	3/31/2009	3/31/2010	3/31/2011
(1) Earned Exposures	44	111	139	173	256
(2) Earned Premium	46,096	112,763	135,438	168,066	251,001
(3) Rate Level Adjustment Factor	1.055	1.056	1.060	1.055	1.009
(4) Current Level Earned Premium	48,654	119,048	143,508	177,301	253,253
(5) Premium Trend Factor	0.884	0.902	0.920	0.939	0.958
(6) Trended Current Level Earned Premium	43,010	107,381	132,027	166,485	242,617
(7) Total Incurred Losses & ALAE	1,808	108,191	201,426	165,746	32,523
(8) Catastrophe Incurred Losses and ALAE	-	12,847	104,413	66,466	-
(9) IL & ALAE Excl Cat	1,808	95,344	97,013	99,281	32,523
(10) Incurred Loss & ALAE Trend Factor	1.016	1.016	1.016	1.016	1.016
(11) Incurred Loss & ALAE Development Factor	1.000	0.998	0.993	1.012	1.120
(12) ULAE Factor (to IL & ALAE)	1.015	1.015	1.015	1.015	1.015
(13) Trended Adjusted IL & LAE Excl Cat	1,865	98,126	99,343	103,611	37,564
(14) Catastrophe Factor	0.336	0.336	0.336	0.336	0.336
(15) Trended Adjusted Cat Incurred Loss & LAE	627	32,970	33,379	34,813	12,621
(16) Total Trended Adjusted Incurred Loss & LAE	2,492	131,096	132,722	138,424	50,185
(17) Adjusted Loss & LAE Ratio *	0.058	1.221	1.005	0.831	0.207
(18) Accident Year Weights	0.06	0.16	0.19	0.24	0.35
(19) Non-Catastrophe Reported Claim Counts	1	17	10	14	15
(20) Weighted Experience Loss & LAE Ratio					0.662
(21) Permissible Loss & LAE Ratio					0.536
(24) Complement of Credibility - Trended Permissible					0.555
(25) Credibility (Square Root Rule, Full Credibility = 25000 Earned Exposures)					0.170
(26) Credibility Weighted Loss & LAE Ratio					0.573
(27) Credibility Weighted Indicated Rate Level Change					6.9%

Rate History

Rate Changes

Effective Date	DP-3
11/1/2009	6.1%
12/15/2007	-0.5%
4/1/2006	0.0%

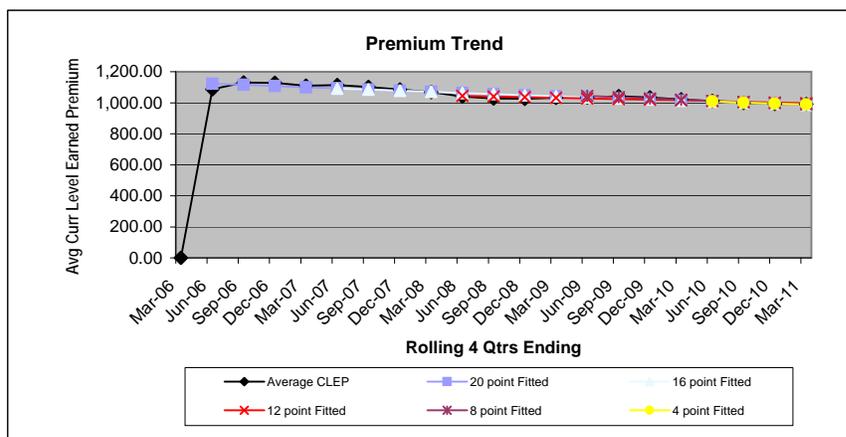
Rate Level Adjustment Factor

Accident Year Ending	DP-3
3/31/2007	1.055
3/31/2008	1.056
3/31/2009	1.060
3/31/2010	1.055
3/31/2011	1.009

Premium Trend

4 Qtrs Ending	Current Level Earned Premium	Earned Exposures	Average CLEP	20 point Fitted	16 point Fitted	12 point Fitted	8 point Fitted	4 point Fitted
3/31/2006	0	0	0.00					
6/30/2006	2,347	2	1,086.35	1,122.46				
9/30/2006	11,294	10	1,130.60	1,114.90				
12/31/2006	26,908	24	1,127.43	1,107.40				
3/31/2007	48,654	44	1,110.16	1,099.95				
6/30/2007	74,690	67	1,114.56	1,092.55	1,091.50			
9/30/2007	94,801	86	1,100.75	1,085.20	1,084.22			
12/31/2007	109,362	101	1,084.45	1,077.89	1,076.98			
3/31/2008	119,048	111	1,068.09	1,070.64	1,069.80			
6/30/2008	122,328	118	1,040.76	1,063.43	1,062.66	1,044.09		
9/30/2008	126,807	123	1,027.25	1,056.28	1,055.57	1,039.80		
12/31/2008	134,142	131	1,026.12	1,049.17	1,048.53	1,035.53		
3/31/2009	143,508	139	1,031.16	1,042.11	1,041.53	1,031.28		
6/30/2009	153,253	148	1,034.17	1,035.10	1,034.58	1,027.04	1,043.47	
9/30/2009	163,669	157	1,041.48	1,028.13	1,027.68	1,022.82	1,035.39	
12/31/2009	170,034	165	1,033.08	1,021.21	1,020.82	1,018.62	1,027.38	
3/31/2010	177,301	173	1,022.32	1,014.34	1,014.01	1,014.44	1,019.42	
6/30/2010	190,322	188	1,011.87	1,007.52	1,007.25	1,010.27	1,011.53	1,009.09
9/30/2010	207,152	207	998.74	1,000.74	1,000.53	1,006.12	1,003.70	1,002.01
12/31/2010	230,612	232	993.25	994.00	993.85	1,001.99	995.93	994.97
3/31/2011	253,253	256	990.21	987.31	987.22	997.88	988.22	987.99

Annual Premium Trend	
20 point fit	-2.7%
16 point fit	-2.6%
12 point fit	-1.6%
8 point fit	-3.1%
4 point fit	-2.8%
Historical Selected	-2.0%
Prospective Selected	-2.5%



Accident Year Ending	Trend Period						Trend Factor
	Historical			Prospective			
	Beginning	End	Time(Yrs)	Beginning	End	Time(Yrs)	
3/31/2007	9/30/2006	2/15/2011	4.375	2/15/2011	7/1/2012	1.378	0.884
3/31/2008	9/30/2007	2/15/2011	3.375	2/15/2011	7/1/2012	1.378	0.902
3/31/2009	9/30/2008	2/15/2011	2.375	2/15/2011	7/1/2012	1.378	0.920
3/31/2010	9/30/2009	2/15/2011	1.375	2/15/2011	7/1/2012	1.378	0.939
3/31/2011	9/30/2010	2/15/2011	0.375	2/15/2011	7/1/2012	1.378	0.958

Loss Trend

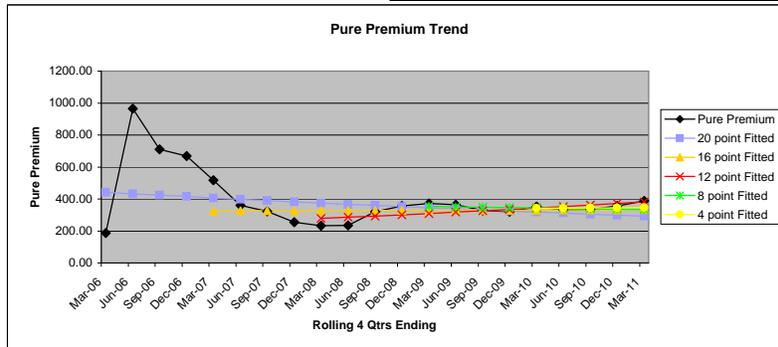
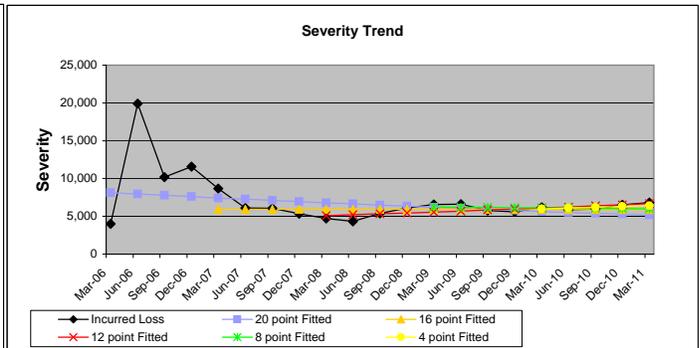
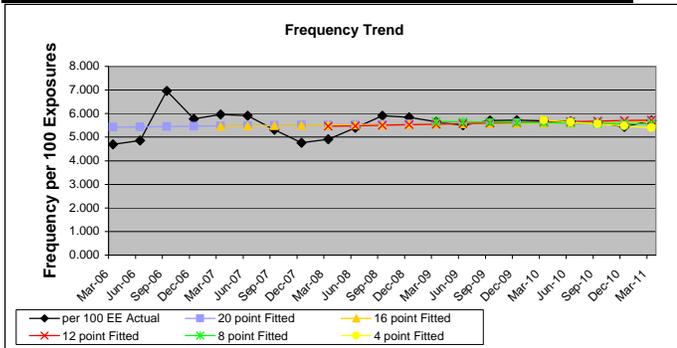
Loss Trend Based on Countrywide excl. California and Northeast - American Modern Insurance Group Data Excluding Catastrophe Losses

Accident Period 4 Qtrs Ending	Ultimate Reported Claim Counts	Ultimate Non-Cat Incurred Loss & ALAE	Earned Exposures	Frequency						Severity					
				per 100 EE Actual	20 point Fitted	16 point Fitted	12 point Fitted	8 point Fitted	4 point Fitted	Average Incurred Loss	20 point Fitted	16 point Fitted	12 point Fitted	8 point Fitted	4 point Fitted
3/31/2006	12	47,729	256	4.690	5.427						3,977	8,133			
6/30/2006	16	318,355	330	4.853	5.439						19,897	7,950			
9/30/2006	34	346,642	488	6.966	5.451						10,195	7,772			
12/31/2006	45	521,647	779	5.776	5.463						11,592	7,598			
3/31/2007	71	616,826	1,190	5.965	5.475	5.470					8,688	7,428	5,942		
6/30/2007	101	614,866	1,710	5.905	5.487	5.480					6,088	7,261	5,940		
9/30/2007	122	739,273	2,294	5.320	5.499	5.491					6,056	7,098	5,938		
12/31/2007	139	742,438	2,923	4.761	5.511	5.502					5,336	6,939	5,935		
3/31/2008	176	832,995	3,593	4.906	5.524	5.513	5.461				4,726	6,783	5,933	5,094	
6/30/2008	233	1,013,497	4,328	5.393	5.536	5.524	5.483				4,342	6,631	5,930	5,210	
9/30/2008	309	1,668,701	5,222	5.909	5.548	5.535	5.505				5,408	6,482	5,928	5,329	
12/31/2008	365	2,227,182	6,236	5.848	5.560	5.547	5.527				6,108	6,337	5,926	5,450	
3/31/2009	417	2,746,617	7,381	5.650	5.573	5.558	5.548	5.671			6,586	6,195	5,923	5,574	6,235
6/30/2009	479	3,169,120	8,695	5.509	5.585	5.569	5.570	5.657			6,616	6,056	5,921	5,701	6,204
9/30/2009	580	3,343,077	10,160	5.708	5.597	5.580	5.592	5.644			5,764	5,920	5,919	5,830	6,173
12/31/2009	677	3,782,283	11,840	5.719	5.610	5.591	5.615	5.630			5,586	5,787	5,916	5,963	6,143
3/31/2010	782	4,850,799	13,740	5.691	5.622	5.602	5.637	5.616	5.724		6,204	5,658	5,914	6,098	6,113
6/30/2010	897	5,255,683	15,836	5.665	5.634	5.613	5.659	5.603	5.641		5,859	5,531	5,911	6,237	6,083
9/30/2010	1,014	6,041,688	18,073	5.609	5.647	5.625	5.681	5.589	5.560		5,960	5,407	5,909	6,379	6,053
12/31/2010	1,112	7,271,859	20,433	5.440	5.659	5.636	5.704	5.576	5.480		6,542	5,286	5,907	6,524	6,023
3/31/2011	1,305	8,893,154	22,881	5.703	5.672	5.647	5.726	5.562	5.401		6,815	5,167	5,904	6,673	5,993

Accident Period 4 Qtrs Ending	Pure Premium					
	Pure Premium	20 point Fitted	16 point Fitted	12 point Fitted	8 point Fitted	4 point Fitted
3/31/2006	186.55	441.37				
6/30/2006	965.63	432.42				
9/30/2006	710.18	423.66				
12/31/2006	669.57	415.07				
3/31/2007	518.20	406.66	325.02			
6/30/2007	359.49	398.42	325.53			
9/30/2007	322.20	390.34	326.06			
12/31/2007	254.04	382.43	326.58			
3/31/2008	231.86	374.68	327.10	278.21		
6/30/2008	234.17	367.09	327.62	285.67		
9/30/2008	319.57	359.65	328.14	293.32		
12/31/2008	357.18	352.36	328.67	301.18		
3/31/2009	372.13	345.22	329.19	309.25	353.57	
6/30/2009	364.48	338.22	329.72	317.54	350.97	
9/30/2009	329.03	331.37	330.25	326.05	348.40	
12/31/2009	319.44	324.65	330.77	334.78	345.84	
3/31/2010	353.05	318.07	331.30	343.76	343.31	342.00
6/30/2010	331.88	311.62	331.83	352.97	340.79	343.07
9/30/2010	334.30	305.31	332.36	362.43	338.29	344.15
12/31/2010	355.89	299.12	332.89	372.14	335.80	345.22
3/31/2011	388.68	293.06	333.43	382.11	333.34	346.30

Annual Loss Trend			
	Frequency	Severity	Pure Premium
20 point fit	0.9%	-8.7%	-7.9%
16 point fit	0.8%	-0.2%	0.6%
12 point fit	1.6%	9.4%	11.2%
8 point fit	-1.0%	-2.0%	-2.9%
4 point fit	-5.6%	7.3%	1.3%
Historical Selected	0.0%	0.0%	0.0%
Prospective Selected	0.0%	1.0%	1.0%

Accident Year Ending	Trend Period						Trend Factor
	Historical			Prospective			
	Beginning	End	Time(Yrs)	Beginning	End	Time(Yrs)	
3/31/2007	9/30/2006	11/15/2010	4.125	11/15/2010	7/1/2012	1.628	1.016
3/31/2008	9/30/2007	11/15/2010	3.125	11/15/2010	7/1/2012	1.628	1.016
3/31/2009	9/30/2008	11/15/2010	2.125	11/15/2010	7/1/2012	1.628	1.016
3/31/2010	9/30/2009	11/15/2010	1.125	11/15/2010	7/1/2012	1.628	1.016
3/31/2011	9/30/2010	11/15/2010	0.125	11/15/2010	7/1/2012	1.628	1.016



Loss & ALAE Development

Data shown is Countrywide Consolidated American Modern Insurance Group SB DP-3

Cumulative Incurred Loss and ALAE Development

Accident Qtr Ending	Development Age																						
	3	6	9	12	15	18	21	24	27	30	33	36	39	42	45	48	51	54	57	60	63	66	
Jun-05	881,218	825,243	447,445	448,753	454,121	454,121	504,121	504,121	504,121	485,381	490,503	486,003	486,003	486,003	486,003	486,003	486,003	486,003	486,003	486,003	486,003	486,003	486,003
Sep-05	471,837	615,787	543,060	534,217	538,217	477,113	502,113	509,514	545,312	526,706	527,062	527,062	531,520	546,265	546,249	546,249	543,326	546,608	522,432	522,432	522,432	522,432	522,432
Dec-05	344,059	360,617	347,784	323,350	475,086	431,199	431,099	429,992	434,992	432,428	432,428	432,428	432,428	432,428	432,428	607,428	608,428	608,428	538,428	520,369	520,369	520,369	520,369
Mar-06	1,558,319	1,550,363	1,436,861	1,432,973	1,492,973	1,426,330	1,410,509	1,393,491	1,418,623	1,418,623	1,418,623	907,133	907,133	907,133	907,133	907,133	907,133	907,133	907,133	907,133	907,133	907,133	907,133
Jun-06	1,279,707	1,283,216	1,079,892	1,062,892	1,069,434	1,068,327	1,068,327	1,068,465	1,068,465	1,068,465	1,160,097	1,158,470	1,158,470	1,158,608	1,158,608	1,158,608	1,158,608	1,158,608	1,158,608	1,158,608	1,158,608	1,158,608	1,158,608
Sep-06	471,191	810,688	1,182,174	1,179,705	1,175,670	1,198,172	1,169,080	1,169,580	1,318,677	1,408,677	1,351,342	1,376,779	1,345,693	1,330,327	1,374,259	1,070,800	1,070,800	1,070,800	1,077,446	1,056,057			
Dec-06	853,382	1,084,535	1,142,515	1,244,744	1,193,548	1,178,535	1,136,868	1,105,661	1,137,837	1,137,837	1,137,837	1,137,837	1,137,837	1,154,773	1,154,773	1,085,984	1,085,984	1,085,984	1,086,105	1,086,105			
Mar-07	768,353	857,559	837,918	820,540	817,665	818,374	818,882	832,697	832,697	832,697	832,697	832,697	832,697	832,697	832,697	832,697	832,697	832,697	832,697				
Jun-07	703,112	554,526	574,448	596,794	594,784	591,530	590,090	587,366	587,366	587,366	587,366	587,366	587,366	587,366	587,366	587,366	587,366	587,366	587,366				
Sep-07	696,160	844,117	926,956	942,827	949,815	1,003,068	984,744	1,019,287	961,656	956,309	946,447	946,447	946,447	946,447	946,447	946,447	946,447	946,447	946,447				
Dec-07	1,275,876	1,391,527	1,418,860	1,447,119	1,510,312	1,501,182	1,501,182	1,600,492	1,448,179	1,448,179	1,448,179	1,448,179	1,457,629	1,457,629	1,457,629	1,457,629	1,457,629	1,457,629	1,457,629				
Mar-08	923,409	1,032,412	994,888	970,548	975,529	1,023,175	982,149	984,261	984,261	985,190	985,190	985,190	985,190	985,190	985,190	985,190	985,190	985,190	985,190				
Jun-08	1,001,608	940,225	918,399	888,694	882,078	894,009	965,831	965,831	1,228,908	1,278,455	1,215,275	1,190,434											
Sep-08	2,158,335	2,290,913	2,355,246	2,418,084	2,058,408	2,040,219	2,029,741	2,035,850	2,101,147	2,071,113	2,071,600												
Dec-08	1,821,517	1,714,993	1,740,531	1,770,273	1,760,969	1,755,189	1,758,978	1,750,398	1,884,898	1,884,898													
Mar-09	2,203,754	2,679,487	2,749,394	2,769,210	2,904,503	3,048,292	3,019,809	2,937,224	2,803,304														
Jun-09	1,415,766	1,633,017	1,709,005	1,639,616	1,685,476	1,676,263	1,644,561	1,694,881															
Sep-09	1,553,449	1,828,986	1,903,216	1,928,532	2,123,382	2,054,102	2,006,904																
Dec-09	2,130,318	2,743,636	2,798,096	2,843,378	2,760,079	2,774,842																	
Mar-10	3,960,690	3,809,715	3,973,084	4,091,924	4,351,955																		
Jun-10	2,231,305	2,331,753	2,364,717	2,432,917																			
Sep-10	3,708,490	3,999,838	4,101,912																				
Dec-10	3,886,394	4,868,504																					
Mar-11	7,095,694																						

Historical Development Factors

Accident Qtr Ending	Development Age																				
	3 to 6	6 to 9	9 to 12	12 to 15	15 to 18	18 to 21	21 to 24	24 to 27	27 to 30	30 to 33	33 to 36	36 to 39	39 to 42	42 to 45	45 to 48	48 to 51	51 to 54	54 to 57	57 to 60	60 to 63	63 to 66
Jun-05	0.936	0.542	1.003	1.012	1.000	1.110	1.000	1.000	0.963	1.011	0.991	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Sep-05	1.305	0.882	0.984	1.007	0.886	1.052	1.015	1.070	0.966	1.001	1.000	1.008	1.028	1.000	1.000	0.995	1.006	0.956	1.000	1.000	1.000
Dec-05	1.048	0.964	0.930	1.469	0.908	1.000	0.997	1.012	0.994	1.000	1.000	1.000	1.000	1.405	1.000	1.002	1.000	0.885	0.966	1.000	1.000
Mar-06	0.995	0.927	0.997	1.042	0.955	0.989	0.988	1.018	1.000	1.000	0.639	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Jun-06	1.003	0.842	0.984	1.006	0.999	1.000	1.000	1.000	1.086	0.999	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Sep-06	1.721	1.458	0.998	0.997	1.019	0.976	1.000	1.127	1.068	0.959	1.019	0.977	0.989	1.033	0.779	1.000	1.006	0.980			
Dec-06	1.271	1.053	1.089	0.959	0.987	0.965	0.973	1.029	1.000	1.000	1.015	1.000	0.940	1.000	1.000	1.000	1.000				
Mar-07	1.116	0.977	0.979	0.996	1.001	1.001	1.017	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000				
Jun-07	0.789	1.036	1.039	0.997	0.995	0.998	0.995	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000				
Sep-07	1.213	1.098	1.017	1.007	1.056	0.982	1.035	0.943	0.994	0.990	1.000	1.000	1.000	1.000							
Dec-07	1.091	1.020	1.020	1.044	0.994	1.000	1.066	0.905	1.000	1.000	1.007	1.000	1.000								
Mar-08	1.118	0.964	0.976	1.005	1.049	0.960	1.002	1.000	1.001	1.000	1.000	1.000									
Jun-08	0.939	0.977	0.968	0.993	1.014	1.077	1.003	1.272	1.040	0.951	0.980										
Sep-08	1.061	1.028	1.027	0.851	0.991	0.995	1.003	1.032	0.986	1.000											
Dec-08	0.942	1.015	1.017	0.995	0.997	1.002	0.995	1.077	1.000												
Mar-09	1.216	1.026	1.007	1.049	1.050	0.991	0.973	0.954													
Jun-09	1.153	1.047	0.959	1.028	0.995	0.981	1.031														
Sep-09	1.177	1.041	1.013	1.101	0.967	0.977															
Dec-09	1.288	1.020	1.016	0.971	1.005																
Mar-10	0.962	1.043	1.030	1.064																	
Jun-10	1.045	1.014	1.029																		
Sep-10	1.079	1.026																			
Dec-10	1.253																				

Averages	3 to 6	6 to 9	9 to 12	12 to 15	15 to 18	18 to 21	21 to 24	24 to 27	27 to 30	30 to 33	33 to 36	36 to 39	39 to 42	42 to 45	45 to 48	48 to 51	51 to 54	54 to 57	57 to 60	60 to 63	63 to 66	66 to Ult
4 Qtrs Average	1.085	1.026	1.022	1.041	1.004	0.988	1.001	1.084	1.007	0.988	0.997	1.000	1.000	0.985	0.945	1.000	1.002	0.966	0.992	1.000		
8 Qtrs Average	1.147	1.029	1.012	1.007	1.009	0.998	1.014	1.023	1.003	0.993	1.001	0.999	0.999	0.997	1.023	1.000						
12 Qtrs Average	1.103	1.018	1.007	1.009	1.010	0.994	1.008	1.028	1.007	0.999	0.970	1.000										
8 Qtrs Average ex H/L	1.154	1.029	1.018	1.017	1.009	0.991	1.012	1.001	0.999	0.998	1.001	1.000	1.000	1.000	1.000	1.000						
8 Qtrs Vol Weighted	1.133	1.029	1.015	1.010	1.008	0.994	1.008	1.010	1.002	0.992	1.001	0.998	0.998	0.997	0.981	1.000						
12 Qtrs Vol Weighted	1.107	1.024	1.012	1.011	1.008	0.992	1.005	1.019	1.007	0.997	0.958	0.999										
12 Qtr Avg ex H/L	1.084	1.021	1.009	1.015	1.009	0.989	1.005	1.016	1.004	0.995	0.999	1.001										

Selected Factors	3 to 6	6 to 9	9 to 12	12 to 15	15 to 18	18 to 21	21 to 24	24 to 27	27 to 30	30 to 33	33 to 36	36 to 39	39 to 42	42 to 45	45 to 48	48 to 51	51 to 54	54 to 57	57 to 60	60 to 63	63 to 66	66 to Ult
Age to Age Factors	1.133	1.028	1.012	1.016	1.008	0.998	1.010	1.009	0.999	0.998	1.001	0.994	1.006	0.994	1							

American Modern Select Insurance Company
Arkansas
Site Built Dwelling DP-3
All Classes

Catastrophe Factor

Data shown is Central American Modern Insurance Group - Site Built Dwelling DP-3

Accident Year Ending	(1) Catastrophe Losses*	(2) All Losses*	(3)=(2)-(1) All Losses* Less Catastrophe	(4)=(1)/(3) Catastrophe Ratio
3/31/1996	5,477	33,852	28,374	0.193
3/31/1997	22,881	51,217	28,335	0.808
3/31/1998	-	21,105	21,105	0.000
3/31/1999	18,783	162,782	143,999	0.130
3/31/2000	261,614	332,901	71,287	3.670
3/31/2001	17,276	178,676	161,400	0.107
3/31/2002	22,091	185,064	162,973	0.136
3/31/2003	8,442	109,855	101,413	0.083
3/31/2004	26,490	157,487	130,997	0.202
3/31/2005	-	-	-	0.000
3/31/2006	11,142	11,142	-	0.000
3/31/2007	-	339,002	339,002	0.000
3/31/2008	28,056	262,899	234,843	0.119
3/31/2009	233,531	622,583	389,052	0.600
3/31/2010	91,989	1,037,426	945,437	0.097
3/31/2011	358,967	898,807	539,840	0.665
Weighted Average				0.336
Selected Catastrophe Factor:				0.336

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

Unallocated Loss Adjustment Expense

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

Consolidated American Modern Insurance Group Data

Calendar Year	2008	2009	2010
ULAE Incurred	11,747,762	12,288,732	8,611,126
Adjusted Loss and ALAE Incurred	584,440,974	521,315,563	501,701,035
Ratio of ULAE to Incurred Loss & ALAE	2.0%	2.4%	1.7%
5 Year Average			3.0%
2 Year Average			2.0%
Selected ULAE Factor			1.015

Determination of Permissible Loss Ratio

	Calendar Year					Budget	Selected
	2006	2007	2008	2009	2010	2011	
(1) Pre-Paid Commissions	17.6%	17.5%	16.8%	16.6%	17.0%		17.0%
(2) Contingent Commissions	6.5%	3.2%	1.9%	2.9%	1.9%	1.6%	1.6%
(3) Other Acquisition Expense	5.2%	5.0%	4.8%	4.9%	4.4%	4.7%	4.7%
(4) General Expense	12.9%	13.6%	13.0%	13.1%	11.5%	11.7%	11.7%
(5) Taxes, Licenses and Fees	2.8%	2.8%	2.8%	2.8%	2.8%		2.8%
(6) Reinsurance Expense						0.8%	0.8%
(7) Total Expense							38.6%

Profit Loading Provision	
(8a) After Tax Return on Equity Goal	15.0%
(8b) Target Premium to Surplus Ratio	2.3:1
(8c) After Tax Return on Premium [(a)/(b)]	6.5%
(8d) After Tax Return Generated by Inv Income	1.4%
(8e) After Tax Return Needed From Underwriting Profit [(c) - (d)]	5.1%
(8f) Before Tax Return Needed from Underwriting Profit [(e)/(1.00 - .35)]	7.8%
(8g) Selected Profit Provision	7.8%
(9) Total Expenses and Profit Provision [(7) + (8)]	46.4%
(10) Permissible Loss & LAE Ratio [(1.000 - (9))]	53.6%

	Calendar Year				
	2006	2007	2008	2009	2010
Data applied to calculate commission ratio:					
AMS Arkansas Site Built Dwelling DP-3 Written Premium	78,073	115,237	151,679	172,813	285,058
AMS Arkansas Site Built Dwelling DP-3 Paid Commission	13,766	20,211	25,487	28,624	48,398

	Calendar Year				
	2006	2007	2008	2009	2010
Data applied to calculate Taxes, Licenses and Fees:					
AMS Arkansas Written Premium from all AS Lines	381,382	848,581	1,238,173	1,324,449	1,797,927
AMS Arkansas Taxes, Licenses and Fees from all AS Lines	10,652	23,675	34,545	36,952	50,702

Investment Income Calculation

Estimated Investment Earnings on Unearned Premium and Loss Reserves

A. Unearned Premium Reserve		
(1)	Direct Earned Premium for 2010	\$ 456,584,843
(2)	Mean Unearned Premium Reserve Ratio	42.4%
(3)	Mean Unearned Premium Reserve (1) x (2)	\$ 193,791,255
(4)	Deduction for Prepaid Expenses and Federal Taxes Payable	
(a)	Commission	18.6%
(b)	50% of Other Acquisition	2.4%
(c)	50% of General Expenses	5.9%
(d)	Taxes, Licenses, and Fees	2.8%
(e)	Reinsurance Expense	0.8%
(f)	Subtotal	30.4%
(g)	Federal Taxes Payable	7.0%
(4T)	Total Deductions	37.4%
(5)	Unearned Premium Reserve Subject to Investment (3) x [1.0 - (4T)]	\$ 121,313,325
B. Delayed Remission of Premium (Agent's Balances)		
(1)	Agent's Balance or Uncollected Premium to Unearned Premium	
(a)	Average Agent's Balance	\$ 138,852,695
(b)	Direct Unearned Premium 2010 (All Lines)	\$ 504,115,494
(c)	Ratio (a) / (b)	27.5%
(d)	Direct Unearned Premium 2010 (ASLOB 1 & 2.1 - Fire & Allied Lines)	\$ 163,985,086
(2)	Delayed Remission (1c) x (1d)	\$ 45,167,767
C. Loss and Loss Adjustment Expense Reserve		
(1)	Expected Loss and Loss Adjustment Expense Ratio	53.6%
(2)	Expected Losses and Loss Adjustment Expenses (A.1) x (C.1)	\$ 244,729,476
(3)	Percent of Mean Loss & ALAE Reserves to Incurred Loss & ALAE	
(a)	2010 Mean Loss & ALAE Reserve to Incurred Loss & ALAE Ratio	33.4%
(b)	2009 Mean Loss & ALAE Reserve to Incurred Loss & ALAE Ratio	41.0%
(c)	Average of Mean Loss Reserve to Incurred Loss Ratios $1/2 \times [(a) + (b)]$	37.2%
(4)	Expected Mean Loss Reserves (2) x (3c) x .958	\$ 87,225,262
D. Net Subject to Investment		\$ 163,370,821
	(A.5) - (B.2) + (C.4)	
E. Before Tax Rate of Return		2.5%
	[Exhibit 10, Page 2]	
F. Average Rate of Return as a % of Direct Earned Premium		0.9%
	[(D) x (E)] / (A.1)]	
G. Before Tax Investment Income Return (Including Surplus)		2.0%
	(F) + [(E) x (1.0/Premium to Surplus Ratio)]	
H. After Tax Average Rate of Return as a Percent of Direct Earned Premium		
(1)	Average Federal Tax Rate on Inv. Inc. (Exhibit 10, Page 2)	27.4%
(2)	After Tax Return Generated by Investment Income (G) x [1.0 - (H.1)]	1.4%

Investment Income Calculation

Average Federal Tax Rate on Investment Income

	(1) Investment Income 2007 - 2009 (A)	(2) Allocation	(3) Current Tax Rate (B)	(4) Total Tax (2)x(3)
Bonds				
- Taxable	\$65,596,168	68.6%	35.0%	24.0%
- Tax Exempt Municipal	\$19,660,466	20.6%	5.3%	1.1%
Stocks				
- Acquired Prior to 1987	\$0	0.0%	10.5%	0.0%
- Acquired After 1987	\$6,912,866	7.2%	14.2%	1.0%
Short Term Investments	\$3,488,052	3.6%	35.0%	1.3%
Total	\$95,657,552	100.0%		27.4%

Notes:

(A) From AMIG Annual Statement, Part 1

(B) Under the 1986 Tax Reform Act, 15% of formerly tax-exempt income from securities purchased after August 7, 1986 is now taxable. Thus the estimated effective tax rates in 2009 will be:

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

Investment Income as a Percentage of Invested Assets

1999	4.5%
2000	5.0%
2001	5.2%
2002	5.2%
2003	4.5%
2004	4.3%
2005	4.4%
2006	4.5%
2007	4.6%
2008	4.4%
2009	2.6%
2010	3.2%
Twelve Year Average	4.4%
Latest Six Year Average	3.9%
Latest Year	3.2%
Projected 2011 (12 Year Trend)	3.3%
Projected 2011 (6 Year Trend)	2.7%

Selected 2011 Rate of Return

Before Tax	2.5% *
After Tax [(1-0.274) x 2.5%]	1.8%

* 2.5% selected based on change in investment philosophy due to the purchase of the American Modern Insurance Group by Munich Re. Specifically, Munich Re requires that investments for companies owned should not have "risk". This leads to a lower rate of return than we've seen in the past.

By Line Explanation of Investment Income Calculation

Line A-1

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

Line A-2, A-3

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

Line A-4

Deductions for prepaid expenses:

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

Line A-4 Federal Taxes Payable

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

Line B-1

Delayed remission of premium:

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

Line B-1(c)

Average agent's balances as a percentage of 2010 Direct Unearned Premium (All Lines)

Line C-1

The expected loss and loss adjustment ratio reflects the expense provisions used in the filing. See Exhibit 9.

Line C-3

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

Line C-4

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

Line E

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

Line H-1

The average rate of Federal Tax was determined by applying the appropriate tax rates to the distribution of investment income earned for 2008 - 2010 for the American Modern Insurance Group. See Page 2 of this exhibit.

Complement of Credibility Calculation

	DP-3
(1) Permissible Loss & LAE Ratio	0.536
(2) Proposed Renewal Effective Date	1/1/2012
(3) Effective Date of Current Rates	11/1/2009
(4) Time Period in Years $\{[(2) - (3)] / 365\}^{**}$	1.000
(5) Annual Premium Trend	-2.5%
(6) Annual Loss Trend	1.0%
(7) Ann Loss Ratio Trend $\{[1 + (6)] / [1 + (5)] - 1\}$	3.6%
(8) Selected Trend Factor $\{[1 + (7)] ^ (4)\}$	1.036
(9) Complement of Credibility = $\{(1) * (8)\}$	0.555

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

Explanatory Memorandum

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

Assumptions and Methodologies

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

Explanatory Memorandum

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

Explanatory Memorandum

7. The Permissible Loss and LAE Ratio LAE Ratio calculation may be found in 9. This calculation includes
 - a. The derivation of the Pre-Paid Commissions and Taxes, Licenses and Fees may be found at the bottom of this exhibit. Other Acquisition and General Expenses are based on Countrywide, Company Data for the Program being evaluated. The Reinsurance Expense is designed to cover the cost of our catastrophe and excess of loss experience contracts. It is a gross provision determined by reinsurance premium minus estimated reinsurance recoveries.
 - b. The Profit Provision is based on a 15% Targeted After Tax Return on Equity and a 2.3:1 Targeted Premium to Surplus Ratio.
 - c. Return on Investment Income is based on the Clifford/Sterling Formula. This calculation, and an explanation of the calculation, may be found in Exhibit 10.
8. The Complement of Credibility is the Trended Permissible Loss Ratio. A Loss Ratio Trend is determined based on the prospective premium and losses trends. A time exponent based on the time from our last revision to the proposed effective date, capped at 1 years, is applied. Exhibit 11 contains the calculations.
9. Credibility is based on the square root rule, with full credibility at 25000 Earned Exposures.
10. The Credibility Weighted Loss and LAE Ratio is calculated by credibility weighting the Weighted Experience Loss & LAE Ratio and the Complement of Credibility - Trended Permissible.
11. The Indicated Rate Level Change is calculated as the $((\text{Credibility Weighted Loss \& LAE Ratio}) / (\text{Permissible Loss \& LAE Ratio})) - 1$

Rate Level Indications

	Accident Year Ending				
	3/31/2007	3/31/2008	3/31/2009	3/31/2010	3/31/2011
(1) Earned Exposures	118	253	313	258	303
(2) Earned Premium	123,401	269,650	317,870	240,050	282,207
(3) Rate Level Adjustment Factor	0.879	0.880	0.891	0.905	0.996
(4) Current Level Earned Premium	108,425	237,182	283,190	217,244	281,044
(5) Premium Trend Factor	0.941	0.960	0.980	1.000	1.020
(6) Trended Current Level Earned Premium	102,028	227,695	277,526	217,244	286,665
(7) Total Incurred Losses & ALAE	5,031	60,301	136,820	75,496	61,883
(8) Catastrophe Incurred Losses and ALAE	1,596	16,322	95,267	31,359	8,084
(9) IL & ALAE Excl Cat	3,435	43,980	41,553	44,137	53,799
(10) Incurred Loss & ALAE Trend Factor	1.050	1.029	1.009	0.989	0.970
(11) Incurred Loss & ALAE Development Factor	1.000	1.000	1.000	1.002	1.032
(12) ULAE Factor (to IL & ALAE)	1.015	1.015	1.015	1.015	1.015
(13) Trended Adjusted IL & LAE Excl Cat	3,660	45,934	42,556	44,395	54,662
(14) Catastrophe Factor	0.541	0.541	0.541	0.541	0.541
(15) Trended Adjusted Cat Incurred Loss & LAE	1,980	24,850	23,023	24,018	29,572
(16) Total Trended Adjusted Incurred Loss & LAE	5,640	70,784	65,579	68,413	84,234
(17) Adjusted Loss & LAE Ratio *	0.055	0.311	0.236	0.315	0.294
(18) Accident Year Weights	0.10	0.22	0.26	0.19	0.23
(19) Non-Catastrophe Reported Claim Counts	6	17	17	11	13
(20) Weighted Experience Loss & LAE Ratio					0.263
(21) Permissible Loss & LAE Ratio					0.544
(24) Complement of Credibility - Trended Permissible					0.523
(25) Credibility (Square Root Rule, Full Credibility = 25000 Earned Exposures)					0.223
(26) Credibility Weighted Loss & LAE Ratio					0.465
(27) Credibility Weighted Indicated Rate Level Change					-14.5%

**American Modern Select Insurance Company
Arkansas
Site Built Dwelling Vacant**

Exhibit 3

Rate History

Rate Changes

Effective Date	VACANT
11/1/2009	-10.8%
12/15/2007	-1.5%
4/1/2006	0.0%

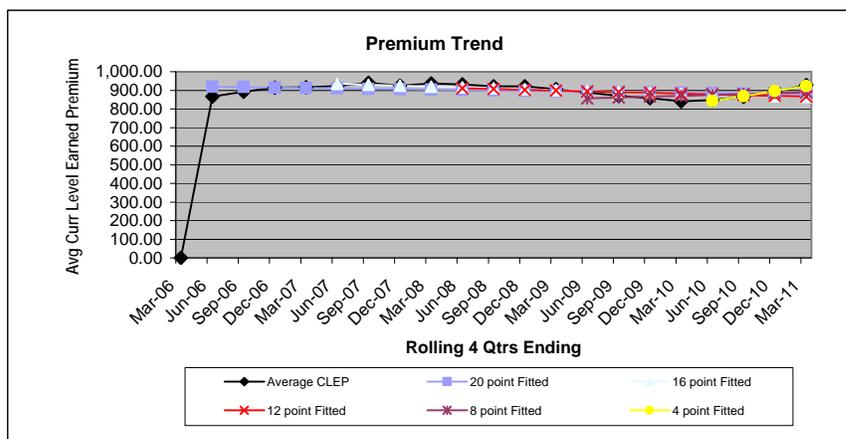
Rate Level Adjustment Factor

Accident Year Ending	VACANT
3/31/2007	0.879
3/31/2008	0.880
3/31/2009	0.891
3/31/2010	0.905
3/31/2011	0.996

Premium Trend

4 Qtrs Ending	Current Level Earned Premium	Earned Exposures	Average CLEP	20 point Fitted	16 point Fitted	12 point Fitted	8 point Fitted	4 point Fitted
3/31/2006	0	0	0.00					
6/30/2006	8,768	10	866.02	919.37				
9/30/2006	31,747	36	891.46	917.16				
12/31/2006	64,697	71	914.81	914.96				
3/31/2007	108,425	118	915.95	912.76				
6/30/2007	154,214	167	923.32	910.57	934.97			
9/30/2007	191,248	203	940.28	908.38	930.10			
12/31/2007	217,600	235	925.35	906.20	925.25			
3/31/2008	237,182	253	936.94	904.03	920.43			
6/30/2008	252,510	271	931.55	901.85	915.64	911.25		
9/30/2008	266,676	289	922.13	899.69	910.87	907.07		
12/31/2008	279,018	303	921.71	897.53	906.12	902.91		
3/31/2009	283,190	313	905.19	895.37	901.40	898.77		
6/30/2009	270,478	304	889.64	893.22	896.71	894.65	856.93	
9/30/2009	249,643	287	869.48	891.07	892.04	890.55	861.52	
12/31/2009	230,886	269	857.43	888.93	887.39	886.47	866.14	
3/31/2010	217,244	258	841.17	886.80	882.77	882.41	870.79	
6/30/2010	217,287	256	847.36	884.67	878.17	878.36	875.46	842.71
9/30/2010	229,224	265	864.12	882.54	873.60	874.33	880.16	868.76
12/31/2010	251,532	282	890.45	880.42	869.05	870.33	884.88	895.62
3/31/2011	281,044	303	928.54	878.31	864.52	866.34	889.63	923.31

Annual Premium Trend	
20 point fit	-1.0%
16 point fit	-2.1%
12 point fit	-1.8%
8 point fit	2.2%
4 point fit	13.0%
Historical Selected	-2.0%
Prospective Selected	2.0%



Accident Year Ending	Trend Period						Trend Factor
	Historical			Prospective			
	Beginning	End	Time(Yrs)	Beginning	End	Time(Yrs)	
3/31/2007	9/30/2006	2/15/2011	4.375	2/15/2011	7/1/2012	1.378	0.941
3/31/2008	9/30/2007	2/15/2011	3.375	2/15/2011	7/1/2012	1.378	0.960
3/31/2009	9/30/2008	2/15/2011	2.375	2/15/2011	7/1/2012	1.378	0.980
3/31/2010	9/30/2009	2/15/2011	1.375	2/15/2011	7/1/2012	1.378	1.000
3/31/2011	9/30/2010	2/15/2011	0.375	2/15/2011	7/1/2012	1.378	1.020

Loss Trend

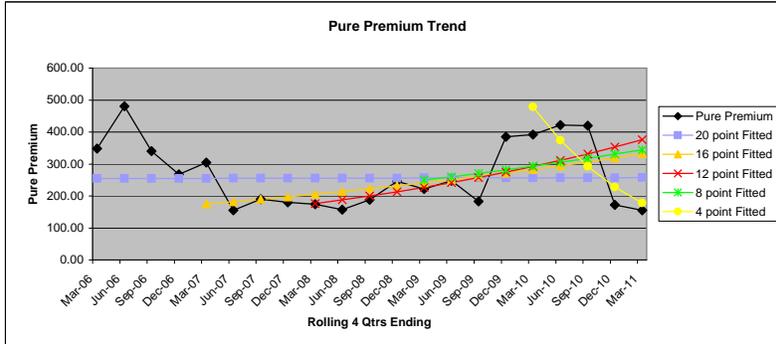
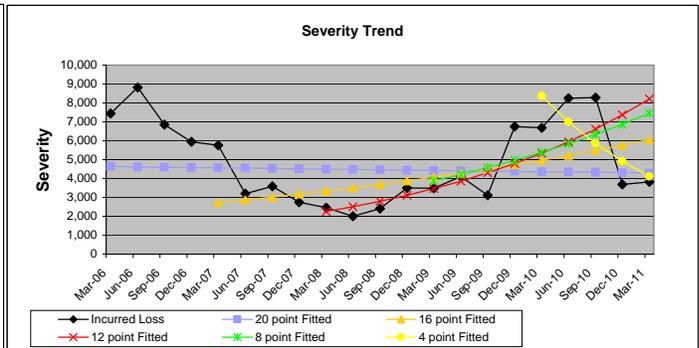
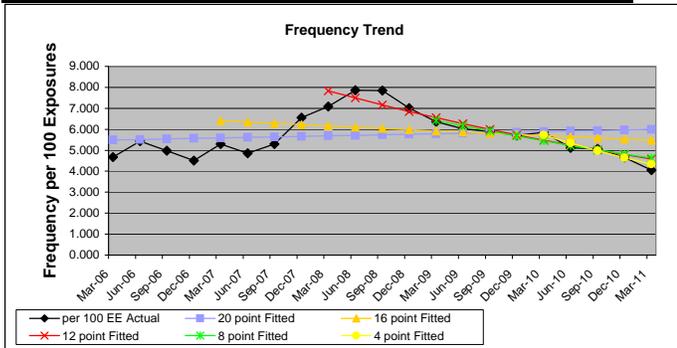
Loss Trend Based on Central - American Modern Insurance Group Data Excluding Catastrophe Losses

Accident Period 4 Qtrs Ending	Ultimate Reported Claim Counts	Ultimate Non-Cat Incurred Loss & ALAE	Earned Exposures	Frequency						Severity					
				per 100 EE Actual	20 point Fitted	16 point Fitted	12 point Fitted	8 point Fitted	4 point Fitted	Average Incurred Loss	20 point Fitted	16 point Fitted	12 point Fitted	8 point Fitted	4 point Fitted
3/31/2006	24	178,399	513	4.679	5.490						7,433	4,638			
6/30/2006	29	255,971	533	5.441	5.514						8,827	4,620			
9/30/2006	29	198,682	583	4.973	5.538						6,851	4,603			
12/31/2006	29	172,437	644	4.506	5.563						5,946	4,585			
3/31/2007	38	218,834	718	5.293	5.587	6.404					5,759	4,567	2,735		
6/30/2007	39	124,568	803	4.857	5.612	6.342					3,194	4,549	2,874		
9/30/2007	46	164,816	867	5.304	5.636	6.281					3,583	4,532	3,021		
12/31/2007	61	167,877	931	6.550	5.661	6.220					2,752	4,514	3,175		
3/31/2008	70	172,015	988	7.087	5.686	6.160	7.835				2,457	4,497	3,336	2,252	
6/30/2008	83	166,124	1,057	7.856	5.711	6.100	7.493				2,001	4,480	3,506	2,508	
9/30/2008	88	211,324	1,122	7.846	5.736	6.041	7.165				2,401	4,462	3,685	2,794	
12/31/2008	83	290,745	1,184	7.010	5.761	5.983	6.851				3,503	4,445	3,873	3,112	
3/31/2009	78	271,710	1,225	6.365	5.787	5.925	6.551	6.417			3,483	4,428	4,070	3,467	3,886
6/30/2009	74	304,047	1,228	6.028	5.812	5.868	6.265	6.159			4,109	4,411	4,277	3,862	4,215
9/30/2009	72	224,067	1,224	5.882	5.838	5.811	5.991	5.912			3,111	4,394	4,495	4,302	4,573
12/31/2009	70	473,020	1,227	5.711	5.863	5.755	5.728	5.674			6,750	4,377	4,724	4,792	4,961
3/31/2010	73	490,212	1,251	5.863	5.889	5.700	5.478	5.446	5.727		6,681	4,360	4,965	5,337	5,381
6/30/2010	67	551,330	1,306	5.113	5.915	5.644	5.238	5.228	5.341		8,257	4,343	5,218	5,945	5,838
9/30/2010	69	576,002	1,372	5.064	5.941	5.590	5.009	5.018	4.981		8,291	4,326	5,484	6,623	6,333
12/31/2010	68	251,474	1,460	4.663	5.967	5.536	4.790	4.816	4.646		3,693	4,310	5,763	7,377	6,870
3/31/2011	63	242,220	1,563	4.056	5.993	5.482	4.580	4.623	4.333		3,820	4,293	6,057	8,217	7,452

Accident Period 4 Qtrs Ending	Pure Premium					
	Pure Premium	20 point Fitted	16 point Fitted	12 point Fitted	8 point Fitted	4 point Fitted
3/31/2006	347.77	254.64				
6/30/2006	480.24	254.77				
9/30/2006	340.70	254.90				
12/31/2006	267.94	255.03				
3/31/2007	304.80	255.17	175.15			
6/30/2007	155.12	255.30	182.29			
9/30/2007	190.03	255.43	189.73			
12/31/2007	180.26	255.56	197.47			
3/31/2008	174.15	255.69	205.52	176.43		
6/30/2008	157.24	255.83	213.90	187.93		
9/30/2008	188.41	255.96	222.63	200.18		
12/31/2008	245.57	256.09	231.71	213.22		
3/31/2009	221.73	256.22	241.16	227.12	249.35	
6/30/2009	247.66	256.36	251.00	241.92	259.63	
9/30/2009	183.01	256.49	261.23	257.68	270.34	
12/31/2009	385.48	256.62	271.89	274.48	281.48	
3/31/2010	391.72	256.75	282.98	292.36	293.09	479.05
6/30/2010	422.19	256.89	294.52	311.42	305.17	374.17
9/30/2010	419.86	257.02	306.53	331.71	317.75	292.25
12/31/2010	172.21	257.15	319.04	353.33	330.86	228.26
3/31/2011	154.94	257.29	332.05	376.35	344.50	178.29

Annual Loss Trend			
	Frequency	Severity	Pure Premium
20 point fit	1.8%	-1.5%	0.2%
16 point fit	-3.8%	22.0%	17.3%
12 point fit	-16.4%	54.0%	28.7%
8 point fit	-15.1%	38.5%	17.5%
4 point fit	-24.3%	-50.8%	-62.8%
Historical Selected	3.0%	-1.0%	2.0%
Prospective Selected	-1.0%	-1.0%	-2.0%

Accident Year Ending	Trend Period						Trend Factor
	Historical			Prospective			
	Beginning	End	Time(Yrs)	Beginning	End	Time(Yrs)	
3/31/2007	9/30/2006	11/15/2010	4.125	11/15/2010	7/1/2012	1.628	1.050
3/31/2008	9/30/2007	11/15/2010	3.125	11/15/2010	7/1/2012	1.628	1.029
3/31/2009	9/30/2008	11/15/2010	2.125	11/15/2010	7/1/2012	1.628	1.009
3/31/2010	9/30/2009	11/15/2010	1.125	11/15/2010	7/1/2012	1.628	0.989
3/31/2011	9/30/2010	11/15/2010	0.125	11/15/2010	7/1/2012	1.628	0.970



American Modern Select Insurance Company
Arkansas
Site Built Dwelling Vacant
All Classes

Catastrophe Factor

Data shown is Arkansas American Modern Insurance Group - Site Built Dwelling Vacant

Accident Year Ending	(1) Catastrophe Losses*	(2) All Losses*	(3)=(2)-(1) All Losses* Less Catastrophe	(4)=(1)/(3) Catastrophe Ratio
3/31/1992	1,939	3,415	1,476	1.314
3/31/1993	-	10,676	10,676	0.000
3/31/1994	-	-	-	0.000
3/31/1995	-	2,697	2,697	0.000
3/31/1996	152	26,377	26,225	0.006
3/31/1997	-	57,005	57,005	0.000
3/31/1998	-	829	829	0.000
3/31/1999	82,289	82,464	175	470.223
3/31/2000	-	-	-	0.000
3/31/2001	-	100	100	0.000
3/31/2002	-	-	-	0.000
3/31/2003	3,085	3,085	-	0.000
3/31/2004	1,428	55,300	53,872	0.027
3/31/2005	-	80,908	80,908	0.000
3/31/2006	-	20,959	20,959	0.000
3/31/2007	1,596	9,290	7,694	0.208
3/31/2008	16,322	60,301	43,980	0.371
3/31/2009	95,267	136,958	41,691	2.285
3/31/2010	31,359	75,496	44,137	0.710
3/31/2011	8,084	61,883	53,799	0.150
			Weighted Average	0.541
			Selected Catastrophe Factor:	0.541

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

**American Modern Select Insurance Company
Arkansas
Site Built Dwelling Vacant**

Exhibit 8

Unallocated Loss Adjustment Expense

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

Consolidated American Modern Insurance Group Data

Calendar Year	2008	2009	2010
ULAE Incurred	11,747,762	12,288,732	8,611,126
Adjusted Loss and ALAE Incurred	584,440,974	521,315,563	501,701,035
Ratio of ULAE to Incurred Loss & ALAE	2.0%	2.4%	1.7%
5 Year Average			3.0%
2 Year Average			2.0%
Selected ULAE Factor			1.015

Determination of Permissible Loss Ratio

	Calendar Year					Budget	Selected
	2006	2007	2008	2009	2010	2011	
(1) Pre-Paid Commissions	17.9%	17.0%	17.2%	16.7%	16.6%		16.6%
(2) Contingent Commissions	6.5%	3.2%	1.9%	2.9%	1.9%	1.6%	1.6%
(3) Other Acquisition Expense	5.2%	5.0%	4.8%	4.9%	4.4%	4.7%	4.7%
(4) General Expense	12.9%	13.6%	13.0%	13.1%	11.5%	11.7%	11.7%
(5) Taxes, Licenses and Fees	2.8%	2.8%	2.8%	2.8%	2.8%		2.8%
(6) Reinsurance Expense						0.4%	0.4%
(7) Total Expense							37.8%

Profit Loading Provision	
(8a) After Tax Return on Equity Goal	15.0%
(8b) Target Premium to Surplus Ratio	2.3:1
(8c) After Tax Return on Premium [(a)/(b)]	6.5%
(8d) After Tax Return Generated by Inv Income	1.5%
(8e) After Tax Return Needed From Underwriting Profit [(c) - (d)]	5.1%
(8f) Before Tax Return Needed from Underwriting Profit [(e)/(1.00 - .35)]	7.8%
(8g) Selected Profit Provision	7.8%
(9) Total Expenses and Profit Provision [(7) + (8)]	45.6%
(10) Permissible Loss & LAE Ratio [(1.000 - (9))]	54.4%

	Calendar Year				
	2006	2007	2008	2009	2010
Data applied to calculate commission ratio:					
AMS Arkansas Site Built Dwelling Vacant Written Premium	101,621	273,587	328,075	251,812	319,718
AMS Arkansas Site Built Dwelling Vacant Paid Commission	18,157	46,546	56,521	42,016	53,108

	Calendar Year				
	2006	2007	2008	2009	2010
Data applied to calculate Taxes, Licenses and Fees:					
AMS Arkansas Written Premium from all AS Lines	381,382	848,581	1,238,173	1,324,449	1,797,927
AMS Arkansas Taxes, Licenses and Fees from all AS Lines	10,652	23,675	34,545	36,952	50,702

Investment Income Calculation

Estimated Investment Earnings on Unearned Premium and Loss Reserves

A. Unearned Premium Reserve		
(1)	Direct Earned Premium for 2010	\$ 456,584,843
(2)	Mean Unearned Premium Reserve Ratio	42.4%
(3)	Mean Unearned Premium Reserve (1) x (2)	\$ 193,791,255
(4)	Deduction for Prepaid Expenses and Federal Taxes Payable	
(a)	Commission	18.2%
(b)	50% of Other Acquisition	2.4%
(c)	50% of General Expenses	5.9%
(d)	Taxes, Licenses, and Fees	2.8%
(e)	Reinsurance Expense	0.4%
(f)	Subtotal	29.6%
(g)	Federal Taxes Payable	7.0%
(4T)	Total Deductions	36.6%
(5)	Unearned Premium Reserve Subject to Investment (3) x [1.0 - (4T)]	\$ 122,863,655
B. Delayed Remission of Premium (Agent's Balances)		
(1)	Agent's Balance or Uncollected Premium to Unearned Premium	
(a)	Average Agent's Balance	\$ 138,852,695
(b)	Direct Unearned Premium 2010 (All Lines)	\$ 504,115,494
(c)	Ratio (a) / (b)	27.5%
(d)	Direct Unearned Premium 2010 (ASLOB 1 & 2.1 - Fire & Allied Lines)	\$ 163,985,086
(2)	Delayed Remission (1c) x (1d)	\$ 45,167,767
C. Loss and Loss Adjustment Expense Reserve		
(1)	Expected Loss and Loss Adjustment Expense Ratio	54.4%
(2)	Expected Losses and Loss Adjustment Expenses (A.1) x (C.1)	\$ 248,382,155
(3)	Percent of Mean Loss & ALAE Reserves to Incurred Loss & ALAE	
(a)	2010 Mean Loss & ALAE Reserve to Incurred Loss & ALAE Ratio	33.4%
(b)	2009 Mean Loss & ALAE Reserve to Incurred Loss & ALAE Ratio	41.0%
(c)	Average of Mean Loss Reserve to Incurred Loss Ratios 1/2 x [(a) + (b)]	37.2%
(4)	Expected Mean Loss Reserves (2) x (3c) x .958	\$ 88,527,132
D. Net Subject to Investment		\$ 166,223,020
	(A.5) - (B.2) + (C.4)	
E. Before Tax Rate of Return		2.5%
	[Exhibit 10, Page 2]	
F. Average Rate of Return as a % of Direct Earned Premium		0.9%
	[(D) x (E)] / (A.1)]	
G. Before Tax Investment Income Return (Including Surplus)		2.0%
	(F) + [(E) x (1.0/Premium to Surplus Ratio)]	
H. After Tax Average Rate of Return as a Percent of Direct Earned Premium		
(1)	Average Federal Tax Rate on Inv. Inc. (Exhibit 10, Page 2)	27.4%
(2)	After Tax Return Generated by Investment Income (G) x [1.0 - (H.1)]	1.5%

Investment Income Calculation

Average Federal Tax Rate on Investment Income

	(1) Investment Income 2007 - 2009 (A)	(2) Allocation	(3) Current Tax Rate (B)	(4) Total Tax (2)x(3)
Bonds				
- Taxable	\$65,596,168	68.6%	35.0%	24.0%
- Tax Exempt Municipal	\$19,660,466	20.6%	5.3%	1.1%
Stocks				
- Acquired Prior to 1987	\$0	0.0%	10.5%	0.0%
- Acquired After 1987	\$6,912,866	7.2%	14.2%	1.0%
Short Term Investments	\$3,488,052	3.6%	35.0%	1.3%
Total	\$95,657,552	100.0%		27.4%

Notes:

- (A) From AMIG Annual Statement, Part 1
- (B) Under the 1986 Tax Reform Act, 15% of formerly tax-exempt income from securities purchased after August 7, 1986 is now taxable. Thus the estimated effective tax rates in 2009 will be:

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

Investment Income as a Percentage of Invested Assets

1999	4.5%
2000	5.0%
2001	5.2%
2002	5.2%
2003	4.5%
2004	4.3%
2005	4.4%
2006	4.5%
2007	4.6%
2008	4.4%
2009	2.6%
2010	3.2%
Twelve Year Average	4.4%
Latest Six Year Average	3.9%
Latest Year	3.2%
Projected 2011 (12 Year Trend)	3.3%
Projected 2011 (6 Year Trend)	2.7%

Selected 2011 Rate of Return

Before Tax	2.5% *
After Tax [(1-0.274) x 2.5%]	1.8%

* 2.5% selected based on change in investment philosophy due to the purchase of the American Modern Insurance Group by Munich Re. Specifically, Munich Re requires that investments for companies owned should not have "risk". This leads to a lower rate of return than we've seen in the past.

By Line Explanation of Investment Income Calculation

Line A-1

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

Line A-2, A-3

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

Line A-4

Deductions for prepaid expenses:

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

Line A-4 Federal Taxes Payable

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

Line B-1

Delayed remission of premium:

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

Line B-1(c)

Average agent's balances as a percentage of 2010 Direct Unearned Premium (All Lines)

Line C-1

The expected loss and loss adjustment ratio reflects the expense provisions used in the filing. See Exhibit 9.

Line C-3

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

Line C-4

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

Line E

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

Line H-1

The average rate of Federal Tax was determined by applying the appropriate tax rates to the distribution of investment income earned for 2008 - 2010 for the American Modern Insurance Group. See Page 2 of this exhibit.

Complement of Credibility Calculation

	VACANT
(1) Permissible Loss & LAE Ratio	0.544
(2) Proposed Renewal Effective Date	1/1/2012
(3) Effective Date of Current Rates	11/1/2009
(4) Time Period in Years $\{[(2) - (3)] / 365\}^{**}$	1.000
(5) Annual Premium Trend	2.0%
(6) Annual Loss Trend	-2.0%
(7) Ann Loss Ratio Trend $\{[1 + (6)] / [1 + (5)] - 1\}$	-3.9%
(8) Selected Trend Factor $\{[1 + (7)] ^ (4)\}$	0.961
(9) Complement of Credibility = $\{(1) * (8)\}$	0.523

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

**Explanatory Memorandum
American Modern Select Insurance Company
Arkansas**

American Modern Select Insurance Company presents a rate and rule filing for our DP-1 and DP-3 Programs. The overall impact of this filing is 4.03%.

Rates/Rules

Eligibility & Coverages:

- We are now accepting Vacant Condominiums
- We are now accepting Row Homes/Town Homes

Deductibles:

- Add \$2,500 and \$5,000 deductible options for DP-1 Vacant program at a rate of -10% and -15%, respectively.

UVRC Relativity Curves:

- Adjust DP-1 UVRC Curve to increase rates for homes under \$80,000.
- Adjust DP-3 UVRC Curve to increase rates for homes under \$108,000.
- Create UVRC Curve for DP-1 Vacant Program.

Rates:

DP-1

- 1) Increase Owner Base rate by 6% (from \$187.52 to \$198.77)
- 2) Increase Rental Base rate by 2% (from \$170.47 to \$173.88)
- 3) Surcharge homes 61-80 years old by 5% and homes 81+ years old by 10%

DP-3

- 1) Increase Rental Base rate by 2% (from \$180 to \$183.60)
- 2) Surcharge homes 61-80 years old by 5% and homes 81+ years old by 10%

DP-1 Vacant

- 1) Adding Vacant Condo (Codes 326/336/356)
- 2) New rating structure being introduced (using UVRC Curve instead of rate per \$100).

Product	Flat Base Rate	Cov Relativity	Base Rate per Incr	Covg Incr	Min Prem Amount	Min Rate Value	Min Value Accept	UVRC Code
354 12 Mo	See Table Below	1.000	N/A	N/A	\$100	\$5,000	\$5,000	218
355 12 Mo	See Table Below	1.000	N/A	N/A	\$100	\$5,000	\$5,000	218
356 12 Mo	See Table Below	1.000	N/A	N/A	\$100	\$5,000	\$5,000	218

Protection Class Flat Base Rate Table							
Class	Rate	Class	Rate	Class	Rate	Class	Rate
PC 1-6	\$68.00	PC 7	\$78.00	PC 8	\$94.00	PC 9-10	\$145.00

Credits & Surcharges:

- We are now accepting Wood/Wood Shake Roofs for a 25% surcharge
- We are now accepting Row Homes/Town Homes for a 25% surcharge
- Add Roof Layer risk code to track policies with 3 or more layers of roofing material. No rate applies.

Optional Coverages:

- Residence Burglary available for Seasonal and Vacant occupancies (same rate of \$30 per \$1,000)
- Add Identity Recovery coverage for Owner and Seasonal occupancies
- Add Water Backup and Sump Discharge/Overflow coverage for DP-3 only

Liability Coverages:

- Add \$500,000 personal and premises liability limit for rate of \$120.00
- Allow for increase of Medical Payments in increments of \$1,000 up to max. of \$5,000

In addition to the proposed revisions above, we have revised the structure of our filing manual to provide a more efficient process within our internal system setup. Therefore, the formatting changes to the filing itself are extensive, but the actual changes to the program are minimal. Please be advised that, while several items may have been removed from the filing, none of them, unless otherwise noted, are actual coverage changes. Items such as the rating algorithm and unnecessary definitions have been removed.

We are attaching the completely revised manual pages with the new changes highlighted in yellow and actuarial supporting exhibits for your review.

A companion form filing will be submitted under Company Filing Number 20110817-01.

We request effective dates of January 1, 2012, for both New Business and Renewals.

SERFF Tracking Number: AMMH-127379643 State: Arkansas
 Filing Company: American Modern Select Insurance Company State Tracking Number:
 Company Tracking Number: 20100518-09
 TOI: 30.1 Dwelling Fire/Personal Liability Sub-TOI: 30.1000 Dwelling Fire/Personal Liability
 Product Name: DP-1 and DP-3 Programs (085)
 Project Name/Number: DP-1 and DP-3 Programs (085) rate/rule filing/20100518-09

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	Schedule Item Name	Replacement Creation Date	Attached Document(s)
08/22/2011		Supporting Indications Document	08/26/2011	DP1_AR_085_1Q11_filing.xls (Superseded) DP3_AR_085_1Q11_filing.xls (Superseded) VACANT_AR_085_1Q11_filing.xls (Superseded)