
State: Arkansas **Filing Company:** American Modern Select Insurance Company
TOI/Sub-TOI: 30.1 Dwelling Fire/Personal Liability/30.1000 Dwelling Fire/Personal Liability
Product Name: Dwelling
Project Name/Number: R/R/F revision/20120501-04

Filing at a Glance

Company: American Modern Select Insurance Company
Product Name: Dwelling
State: Arkansas
TOI: 30.1 Dwelling Fire/Personal Liability
Sub-TOI: 30.1000 Dwelling Fire/Personal Liability
Filing Type: Rate/Rule
Date Submitted: 09/07/2012
SERFF Tr Num: AMMH-128670924
SERFF Status: Closed-Filed
State Tr Num:
State Status:
Co Tr Num: 20120501-04

Effective Date: 01/01/2013
Requested (New):
Effective Date: 01/15/2013
Requested (Renewal):
Author(s): Traci Burbage
Reviewer(s): Becky Harrington (primary)
Disposition Date: 09/21/2012
Disposition Status: Filed
Effective Date (New): 01/01/2013
Effective Date (Renewal): 01/15/2013

State Filing Description:

referred to Commissioner 9/14/12; meeting 9/14.

State: Arkansas **Filing Company:** American Modern Select Insurance Company
TOI/Sub-TOI: 30.1 Dwelling Fire/Personal Liability/30.1000 Dwelling Fire/Personal Liability
Product Name: Dwelling
Project Name/Number: R/R/F revision/20120501-04

General Information

Project Name: R/R/F revision Status of Filing in Domicile:
Project Number: 20120501-04 Domicile Status Comments:
Reference Organization: Reference Number:
Reference Title: Advisory Org. Circular:
Filing Status Changed: 09/21/2012
State Status Changed: 09/14/2012 Deemer Date:
Created By: Traci Burbage Submitted By: Traci Burbage
Corresponding Filing Tracking Number: 20090420-01

Filing Description:

American Modern Select Insurance Company is submitting a rate and rule and form filing for its Dwelling Programs.

Company and Contact

Filing Contact Information

Traci Burbage, Filing Analyst tburbage@amig.com
7000 Midland Blvd 800-759-9008 [Phone] 5934 [Ext]
Amelia, OH 45102

Filing Company Information

American Modern Select CoCode: 38652 State of Domicile: Ohio
Insurance Company Group Code: 361 Company Type:
7000 Midland Blvd. Group Name: Property/Casualty
Amelia, OH 45102 FEIN Number: 38-2342976 State ID Number:
(513) 759-9008 ext. [Phone]

Filing Fees

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

Company	Amount	Date Processed	Transaction #
American Modern Select Insurance Company	\$100.00	09/07/2012	62351971

State:	Arkansas	Filing Company:	American Modern Select Insurance Company
TOI/Sub-TOI:	30.1 Dwelling Fire/Personal Liability/30.1000 Dwelling Fire/Personal Liability		
Product Name:	Dwelling		
Project Name/Number:	R/R/F revision/20120501-04		

Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Filed	Becky Harrington	09/21/2012	09/21/2012

Objection Letters and Response Letters

Objection Letters

Status	Created By	Created On	Date Submitted
Pending Industry Response	Becky Harrington	09/14/2012	09/14/2012
No response necessary	Becky Harrington	09/14/2012	09/14/2012
Pending Industry Response	Becky Harrington	09/10/2012	09/10/2012

Response Letters

Responded By	Created On	Date Submitted
Traci Burbage	09/19/2012	09/19/2012
Traci Burbage	09/19/2012	09/19/2012
Traci Burbage	09/13/2012	09/13/2012

Filing Notes

Subject	Note Type	Created By	Created On	Date Submitted
Objection 1	Note To Filer	Becky Harrington	09/12/2012	09/12/2012
Objection 1	Note To Reviewer	Traci Burbage	09/11/2012	09/11/2012

State:	Arkansas	Filing Company:	American Modern Select Insurance Company
TOI/Sub-TOI:	30.1 Dwelling Fire/Personal Liability/30.1000 Dwelling Fire/Personal Liability		
Product Name:	Dwelling		
Project Name/Number:	R/R/F revision/20120501-04		

Disposition

Disposition Date: 09/21/2012
Effective Date (New): 01/01/2013
Effective Date (Renewal): 01/15/2013
Status: Filed
Comment:

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where req'd):	Minimum % Change (where req'd):
American Modern Select Insurance Company	13.780%	7.000%	\$95,153	1,673	\$1,373,944	18.730%	-9.780%

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		Yes
Supporting Document	HPCS-Homeowners Premium Comparison Survey		Yes
Supporting Document (revised)	NAIC loss cost data entry document	Filed	Yes
Supporting Document	NAIC loss cost data entry document		Yes
Supporting Document (revised)	Indications	Filed	Yes
Supporting Document	Indications		Yes
Supporting Document	Explanatory Memorandum	Filed	Yes
Supporting Document	Objection 2 resp	Filed	Yes
Supporting Document	Objection 3 resp	Filed	Yes
Rate (revised)	AR085DW	Filed	Yes
Rate	AR085DW		Yes

State: Arkansas **Filing Company:** American Modern Select Insurance Company
TOI/Sub-TOI: 30.1 Dwelling Fire/Personal Liability/30.1000 Dwelling Fire/Personal Liability
Product Name: Dwelling
Project Name/Number: R/R/F revision/20120501-04

Objection Letter

Objection Letter Status	Pending Industry Response
Objection Letter Date	09/14/2012
Submitted Date	09/14/2012
Respond By Date	

Dear Traci Burbage,

Introduction:

The requested rate change has been reviewed by the commissioner.

Please amend the overall increase amount to 7% with individual increases capped at no more than 20%.

Provide revised manual pages.

Conclusion:

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

State:	Arkansas	Filing Company:	American Modern Select Insurance Company
TOI/Sub-TOI:	30.1 Dwelling Fire/Personal Liability/30.1000 Dwelling Fire/Personal Liability		
Product Name:	Dwelling		
Project Name/Number:	R/R/F revision/20120501-04		

Response Letter

Response Letter Status	Submitted to State
Response Letter Date	09/19/2012
Submitted Date	09/19/2012

Dear Becky Harrington,

Introduction:

In response to your objection dated 9/14,

Response 1

Comments:

we revised rates to comply with the DOI request. We have included the updated rate page with the new base rates for DP1 Owner and Rental as well as a revised RF-1.

Changed Items:

Supporting Document Schedule Item Changes

Satisfied -Name: NAIC loss cost data entry document

Comment:

No Form Schedule items changed.

Rate/Rule Schedule Item Changes

Exhibit Name	Rule # or Page #	Rate Action	Previous State Filing #
AR085DW	DP1R-1,DP3R-1, DPVR-1, LS-1, OC-1, L-1	Replacement	
<i>Previous Version</i>			
AR085DW	DP1R-1,DP3R-1, DPVR-1, LS-1, OC-1, L-1	Replacement	

Conclusion:

Thank you for your time and attention to this filing.

Sincerely,

Traci Burbage

State: Arkansas **Filing Company:** American Modern Select Insurance Company
TOI/Sub-TOI: 30.1 Dwelling Fire/Personal Liability/30.1000 Dwelling Fire/Personal Liability
Product Name: Dwelling
Project Name/Number: R/R/F revision/20120501-04

Objection Letter

Objection Letter Status	No response necessary
Objection Letter Date	09/14/2012
Submitted Date	09/14/2012
Respond By Date	

Dear Traci Burbage,

Introduction:

This will acknowledge receipt of the recent response.

This filing is being referred to the Commissioner for review due to the requested increase amount being greater than 6%. Please do not respond at this time.

Conclusion:

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

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

State: Arkansas **Filing Company:** American Modern Select Insurance Company
TOI/Sub-TOI: 30.1 Dwelling Fire/Personal Liability/30.1000 Dwelling Fire/Personal Liability
Product Name: Dwelling
Project Name/Number: R/R/F revision/20120501-04

Response Letter

Response Letter Status	Submitted to State
Response Letter Date	09/19/2012
Submitted Date	09/19/2012

Dear Becky Harrington,

Introduction:

No response required

Response 1

Comments:

no response required

Changed Items:

No Supporting Documents changed.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Conclusion:

No response required

Sincerely,

Traci Burbage

State: Arkansas **Filing Company:** American Modern Select Insurance Company
TOI/Sub-TOI: 30.1 Dwelling Fire/Personal Liability/30.1000 Dwelling Fire/Personal Liability
Product Name: Dwelling
Project Name/Number: R/R/F revision/20120501-04

Objection Letter

Objection Letter Status	Pending Industry Response
Objection Letter Date	09/10/2012
Submitted Date	09/10/2012
Respond By Date	

Dear Traci Burbage,

Introduction:

This will acknowledge receipt of the captioned filing.

Objection 1

- Indications (Supporting Document)

Comments: Please explain the use of Central Region American Modern Ins Group data for the DP-3 CAT factor instead of Arkansas data.

Objection 2

- AR085DW, DP1R-1, DP3R-1, DPVR-1, LS-1, OC-1, L-1 (Rate)

Comments: Please provide justification for the age of home factors for the DP-1 program. Explain why the factor is not applied to the DP-3 program.

Objection 3

Comments: Please provide a disruption chart.

Conclusion:

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

State:	Arkansas	Filing Company:	American Modern Select Insurance Company
TOI/Sub-TOI:	30.1 Dwelling Fire/Personal Liability/30.1000 Dwelling Fire/Personal Liability		
Product Name:	Dwelling		
Project Name/Number:	R/R/F revision/20120501-04		

Response Letter

Response Letter Status	Submitted to State
Response Letter Date	09/13/2012
Submitted Date	09/13/2012

Dear Becky Harrington,

Introduction:

In response to your objection dated 9/10,

Response 1

Comments:

A Cat exhibit (Exhibit C-1) showing Arkansas DP-3 data has been submitted. Because our Arkansas DP-3 program is only 5 years old, we feel that it is more actuarially sound to use regional data when selecting a Cat factor. The data used in selecting the factor is comprised of Arkansas, Kansas, Iowa, Missouri, Nebraska, and Oklahoma Site Built Dwelling. Another option would have been to use only Arkansas Dwelling data (DP-1 and DP-3) in selecting the factor. A Cat exhibit (Exhibit C-2) showing only Arkansas Dwelling has also been submitted. Note that this factor is higher than the one we selected and would still support our proposed rate change.

Related Objection 1

Applies To:

- Indications (Supporting Document)

Comments: Please explain the use of Central Region American Modern Ins Group data for the DP-3 CAT factor instead of Arkansas data.

Changed Items:

Supporting Document Schedule Item Changes

Satisfied -Name: Indications

Comment:

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Response 2

Comments:

please see attached

Related Objection 2

Applies To:

- AR085DW, DP1R-1, DP3R-1, DPVR-1, LS-1, OC-1, L-1 (Rate)

State:	Arkansas	Filing Company:	American Modern Select Insurance Company
TOI/Sub-TOI:	30.1 Dwelling Fire/Personal Liability/30.1000 Dwelling Fire/Personal Liability		
Product Name:	Dwelling		
Project Name/Number:	R/R/F revision/20120501-04		

Comments: Please provide justification for the age of home factors for the DP-1 program. Explain why the factor is not applied to the DP-3 program.

Changed Items:

Supporting Document Schedule Item Changes
Satisfied -Name: Objection 2 resp
Comment:

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Response 3

Comments:

please see attached

Related Objection 3

Comments: Please provide a disruption chart.

Changed Items:

Supporting Document Schedule Item Changes
Satisfied -Name: Objection 3 resp
Comment:

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Conclusion:

Thank you

Sincerely,

Traci Burbage

Note To Filer

Becky

State: Arkansas **Filing Company:** American Modern Select Insurance Company
TOI/Sub-TOI: 30.1 Dwelling Fire/Personal Liability/30.1000 Dwelling Fire/Personal Liability
Product Name: Dwelling
Project Name/Number: R/R/F revision/20120501-04

Note To Reviewer

Created By:

Traci Burbage on 09/11/2012 01:49 PM

Last Edited By:

Becky Harrington

Submitted On:

09/21/2012 07:25 AM

Subject:

Objection 1

Comments:

Ms. Harrington,

With regards to your objection dated 09/10, we believe you meant to ask for support for Age of Insured which we are adding to DP-1 only, and not for Age of Home which is already present on DP-1 and DP-3. Can you please clarify this before we submit our response?

Thank you

State: Arkansas **Filing Company:** American Modern Select Insurance Company
TOI/Sub-TOI: 30.1 Dwelling Fire/Personal Liability/30.1000 Dwelling Fire/Personal Liability
Product Name: Dwelling
Project Name/Number: R/R/F revision/20120501-04

Post Submission Update Request Processed On 09/21/2012

Status: Allowed
Created By: Traci Burbage
Processed By: Becky Harrington
Comments: overall reduced per Dept request

Company Rate Information:

Company Name: American Modern Select Insurance Company

Field Name	Requested Change	Prior Value
Overall % Rate Impact	7.000%	10.880%
Written Premium Change for this Program	\$95153	\$149445
Maximum %Change (where required)	18.730%	37.460%

State:	Arkansas	Filing Company:	American Modern Select Insurance Company
TOI/Sub-TOI:	30.1 Dwelling Fire/Personal Liability/30.1000 Dwelling Fire/Personal Liability		
Product Name:	Dwelling		
Project Name/Number:	R/R/F revision/20120501-04		

Rate Information

Rate data applies to filing.

Filing Method:	File and Use
Rate Change Type:	Increase
Overall Percentage of Last Rate Revision:	4.030%
Effective Date of Last Rate Revision:	12/18/2011
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 req'd):	Minimum % Change (where req'd):
American Modern Select Insurance Company	13.780%	7.000%	\$95,153	1,673	\$1,373,944	18.730%	-9.780%

State:	Arkansas	Filing Company:	American Modern Select Insurance Company
TOI/Sub-TOI:	30.1 Dwelling Fire/Personal Liability/30.1000 Dwelling Fire/Personal Liability		
Product Name:	Dwelling		
Project Name/Number:	R/R/F revision/20120501-04		

Rate/Rule Schedule

Item No.	Schedule Item Status	Exhibit Name	Rule # or Page #	Rate Action	Previous State Filing Number	Attachments
1	Filed 09/21/2012	AR085DW	DP1R-1,DP3R-1, DPVR-1, LS-1, OC-1, L-1	Replacement		AR085DW-A.pdf AR085DW-DP1R-1.pdf

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	\$262.00	1.000	N/A	N/A	\$100	\$20,000	\$20,000	MA
4V2	\$225.00	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 8B & 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

Age of Insured Relativity Table	
Age of Home	Relativity
1-64 yrs	1.000
65+ yrs	0.900

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	\$227.45	1.000	N/A	N/A	\$100	\$50,000	\$50,000	MB
408	\$198.00	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 8B & 9	1.800	PC 10	2.300

Owner / Seasonal Insurance Score	
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	
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 8B, 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%
Full Repair Cost	Full Repair includes the full cost of repair without deduction for depreciation of the Structure. Home must be insured to 100% Market Value.	5%	N/A

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
Equipment Breakdown Coverage - \$500 Deductible	\$25.00
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	\$3.00 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

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	
Property Manager - Premises Liability	\$50.00	

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	\$235.15	1.000	N/A	N/A	\$100	\$20,000	\$20,000	MA
4V2	\$205.92	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 8B & 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
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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

Age of Insured Relativity Table	
Age of Home	Relativity
1-64 yrs	1.000
65+ yrs	0.900

State:	Arkansas	Filing Company:	American Modern Select Insurance Company
TOI/Sub-TOI:	30.1 Dwelling Fire/Personal Liability/30.1000 Dwelling Fire/Personal Liability		
Product Name:	Dwelling		
Project Name/Number:	R/R/F revision/20120501-04		

Supporting Document Schedules

		Item Status:	Status Date:
Satisfied - Item:	NAIC loss cost data entry document	Filed	09/21/2012
Comments:			
Attachment(s):			
	FORM RF-1 Rate Filing Abstract_required.pdf		

		Item Status:	Status Date:
Satisfied - Item:	Indications	Filed	09/21/2012
Comments:			
Attachment(s):			
	DP1_AR_085_3Q11_filing.pdf		
	DP3_AR_085_3Q11_filing.pdf		
	Supporting Exhibits.pdf		

		Item Status:	Status Date:
Satisfied - Item:	Explanatory Memorandum	Filed	09/21/2012
Comments:			
Attachment(s):			
	Cover Letter.pdf		

		Item Status:	Status Date:
Satisfied - Item:	Objection 2 resp	Filed	09/21/2012
Comments:			
Attachment(s):			
	Response to Objection 2.pdf		

		Item Status:	Status Date:
Satisfied - Item:	Objection 3 resp	Filed	09/21/2012

State:	Arkansas	Filing Company:	American Modern Select Insurance Company
TOI/Sub-TOI:	30.1 Dwelling Fire/Personal Liability/30.1000 Dwelling Fire/Personal Liability		
Product Name:	Dwelling		
Project Name/Number:	R/R/F revision/20120501-04		

Comments:	
Attachment(s):	
DP-1 Histogram.pdf	
DP-3 Histogram.pdf	

NAIC LOSS COST DATA ENTRY DOCUMENT

1.	This filing transmittal is part of Company Tracking #	20120501-04
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2.	If filing is an adoption of an advisory organization loss cost filing, give name of Advisory Organization and Reference/ Item Filing Number	
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	Company Name		Company NAIC Number
3.	A.	American Modern Select	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	B. 30.1000

(A) COVERAGE (See Instructions)	(B) Indicated % Rate Level Change	(C) Requested % Rate Level Change	FOR LOSS COSTS ONLY				
			(D) Expected Loss Ratio	(E) Loss Cost Modification Factor	(F) Selected Loss Cost Multiplier	(G) Expense Constant (If Applicable)	(H) Co. Current Loss Cost Multiplier
DP-1 (minus Vacant)	24.9%	10.57%					
DP-3	7.5%	5.29%					
DP-1 Vacant	N/A	N/A					
TOTAL OVERALL EFFECT	13.8 %	7.00%					

5 Year History		Rate Change History					
Year	Policy Count	% of Change	Effective Date	State Earned Premium (000)	Incurred Losses (000)	State Loss Ratio	Countrywide Loss Ratio
2007	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%
2011	1,585	4.03%	12/18/11	1,238	1,025	82.8%	61.3%

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

8. **NA – This is not a Loss Cost Filing** Apply Lost Cost Factors to Future filings? (Y or N)
9. **18.76%** Estimated Maximum Rate Increase for any Insured (%). Territory (if applicable): 62
10. **-9.78%** Estimated Maximum Rate Decrease for any Insured (%) Territory (if applicable): 61

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

Exhibit 1
Page 1

Proposed Effective Date: 1/1/2013

	Premium in Force at 9/30/2011	Premium in Force Distribution	Indication
Site Built Dwelling DP-1	\$580,888	100.0%	24.9%

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 based on the latest year's ratio of historical ULAE to historical Incurred Loss & ALAE. Please see Exhibit 9.
 - e. The Catastrophe Load allows us to use a longer experience period to control our response to unpredictable large loss events. We rely on ISO to identify catastrophes. That definition is any event that causes a loss of at least \$25 million to the insurance industry and has a sufficient number of claims. Our adjustment involves removing such losses and applying a historical average. This provides incurred losses indicative of normal catastrophic activity for our experience period. Please see Exhibit 7 for a further description of the method used.
 - f. The 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 Fixed Expense Ratio and Variable Permissible Loss Ratio Calculations may be found in Exhibit 9. This calculation includes determination of a profit provision.
 - a. The derivation of the Pre-Paid Commissions and Taxes, Licenses and Fees may be found at the bottom of this exhibit. Other Acquisition and General Expenses are based on Countrywide, Company Data for the Program being evaluated. The Reinsurance Expense is designed to cover the cost of our catastrophe and excess of loss experience contracts. It is a 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 1.8:1 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 loss trends. A time exponent based on the time from our last revision to the proposed effective date, capped at 1 years, is applied. Exhibit 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 $((\text{Credibility Weighted Loss \& LAE Ratio} + \text{Fixed Expense Ratio}) / \text{Variable Expense Ratio}) - 1$

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

Exhibit 2
Page 1

Rate Level Indications

	Accident Year Ending				
	9/30/2007	9/30/2008	9/30/2009	9/30/2010	9/30/2011
(1) Earned Exposures	267	458	578	695	894
(2) Earned Premium	157,748	269,947	335,819	404,593	526,930
(3) Rate Level Adjustment Factor	1.181	1.178	1.168	1.132	1.089
(4) Current Level Earned Premium	186,329	317,906	392,221	458,014	573,877
(5) Premium Trend Factor	0.853	0.875	0.897	0.920	0.944
(6) Trended Current Level Earned Premium	158,939	278,167	351,823	421,372	541,740
(7) Total Incurred Losses & ALAE	108,068	452,568	167,912	241,146	423,491
(8) Catastrophe Incurred Losses and ALAE	-	221,860	82,302	21,274	63,306
(9) IL & ALAE Excl Cat	108,068	230,709	85,611	219,873	360,185
(10) Incurred Loss & ALAE Trend Factor	1.286	1.239	1.194	1.150	1.108
(11) Incurred Loss & ALAE Development Factor	1.000	0.999	0.994	0.993	1.042
(12) ULAE Factor (to IL & ALAE)	1.015	1.015	1.015	1.015	1.015
(13) Trended Adjusted IL & LAE Excl Cat	141,060	289,846	103,130	254,850	422,084
(14) Catastrophe Factor	0.206	0.206	0.206	0.206	0.206
(15) Trended Adjusted Cat Incurred Loss & LAE	29,058	59,708	21,245	52,499	86,949
(16) Total Trended Adjusted Incurred Loss & LAE	170,118	349,554	124,375	307,349	509,033
(17) Adjusted Loss & LAE Ratio *	1.070	1.257	0.354	0.729	0.940
(18) Accident Year Weights	0.09	0.16	0.20	0.24	0.31
(19) Non-Catastrophe Reported Claim Counts	5	38	26	30	50
(20) Weighted Experience Loss & LAE Ratio					0.835
(21) Permissible Loss & LAE Ratio					0.513
(22) Fixed Expense Ratio					0.005
(23) Variable Expense Ratio					0.482
(24) Complement of Credibility - Trended Permissible					0.543
(25) Credibility (Square Root Rule, Full Credibility = 25000 Earned Exposures)					0.340
(26) Credibility Weighted Loss & LAE Ratio					0.642
(27) Credibility Weighted Indicated Rate Level Change					24.9%

Rate History

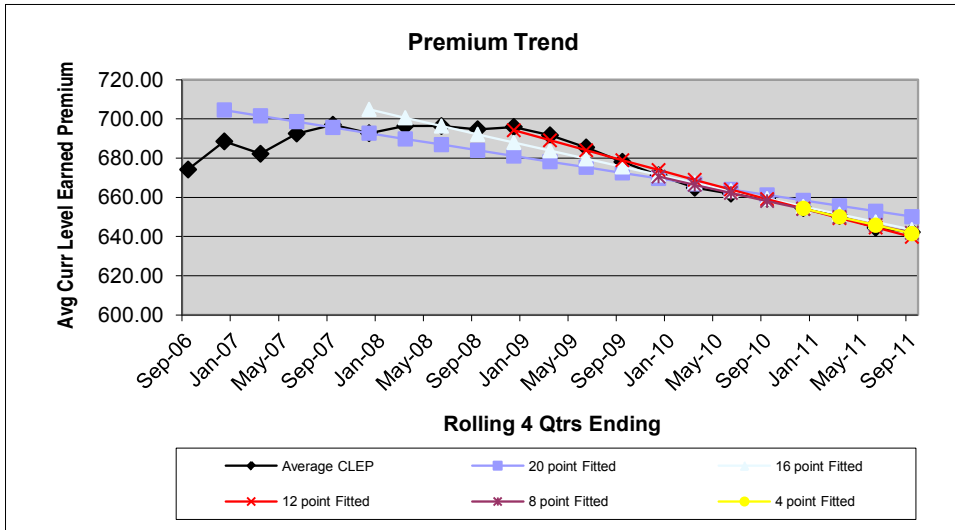
Rate Changes	
Effective Date	DP-1
12/24/2011	8.9%
11/1/2009	7.1%
12/15/2007	1.2%
4/1/2006	0.0%

Rate Level Adjustment Factor	
Accident Year Ending	DP-1
9/30/2007	1.181
9/30/2008	1.178
9/30/2009	1.168
9/30/2010	1.132
9/30/2011	1.089

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
9/30/2006	25,297	38	674.16					
12/31/2006	55,991	81	688.52	704.54				
3/31/2007	96,395	141	682.20	701.56				
6/30/2007	143,044	207	692.53	698.60				
9/30/2007	186,329	267	697.01	695.65				
12/31/2007	223,480	323	692.71	692.71	704.86			
3/31/2008	260,315	374	696.38	689.78	700.59			
6/30/2008	290,617	417	696.34	686.87	696.35			
9/30/2008	317,906	458	694.71	683.96	692.13			
12/31/2008	342,603	492	695.90	681.07	687.95	694.19		
3/31/2009	361,440	523	691.62	678.19	683.78	689.06		
6/30/2009	377,387	551	685.44	675.33	679.64	683.97		
9/30/2009	392,221	578	678.11	672.48	675.53	678.92		
12/31/2009	406,573	606	671.24	669.63	671.44	673.90	670.56	
3/31/2010	417,321	628	664.86	666.80	667.37	668.92	666.38	
6/30/2010	435,172	657	661.87	663.99	663.33	663.98	662.23	
9/30/2010	458,014	695	659.36	661.18	659.32	659.07	658.10	
12/31/2010	484,215	740	654.52	658.39	655.33	654.20	654.00	654.35
3/31/2011	515,120	792	650.42	655.61	651.36	649.37	649.93	650.03
6/30/2011	545,134	846	644.46	652.83	647.42	644.57	645.88	645.74
9/30/2011	573,877	894	642.20	650.08	643.50	639.81	641.85	641.48

Annual Premium Trend	
20 point fit	-1.7%
16 point fit	-2.4%
12 point fit	-2.9%
8 point fit	-2.5%
4 point fit	-2.6%
Historical Selected	-2.5%
Prospective Selected	-2.0%



Accident Year Ending	Trend Period						Trend Factor
	Historical			Prospective			
	Beginning	End	Time(Yrs)	Beginning	End	Time(Yrs)	
9/30/2007	3/31/2007	8/15/2011	4.375	8/15/2011	1/1/2014	2.378	0.853
9/30/2008	3/31/2008	8/15/2011	3.375	8/15/2011	1/1/2014	2.378	0.875
9/30/2009	3/31/2009	8/15/2011	2.375	8/15/2011	1/1/2014	2.378	0.897
9/30/2010	3/31/2010	8/15/2011	1.375	8/15/2011	1/1/2014	2.378	0.920
9/30/2011	3/31/2011	8/15/2011	0.375	8/15/2011	1/1/2014	2.378	0.944

Loss Trend

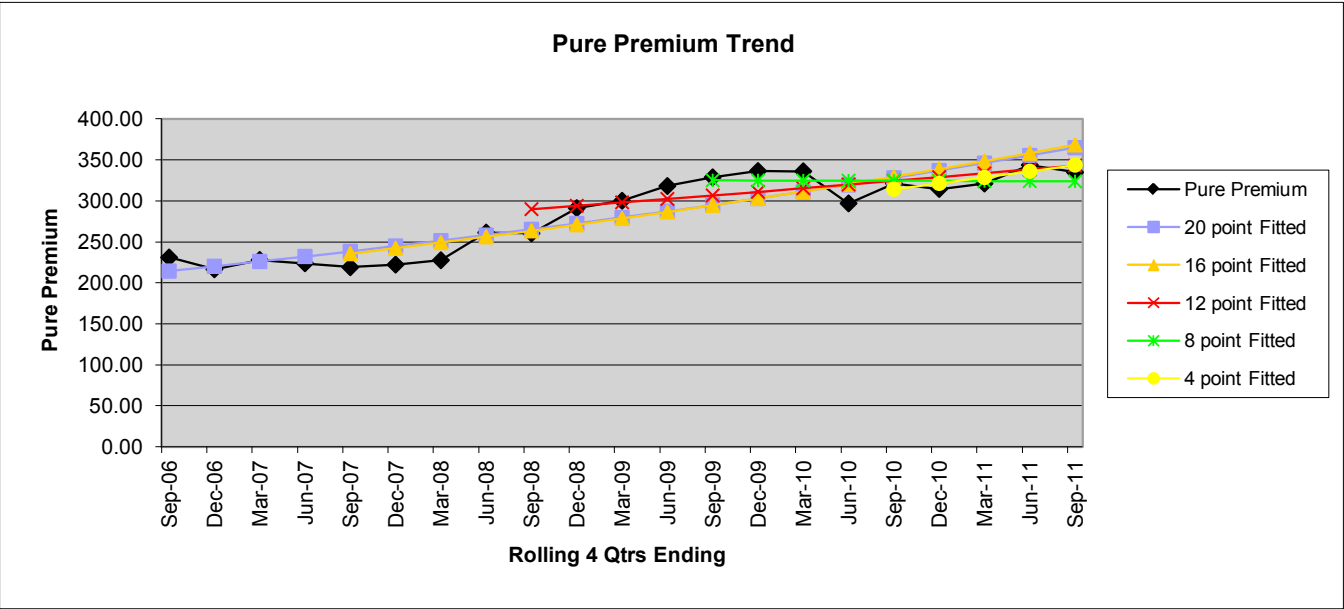
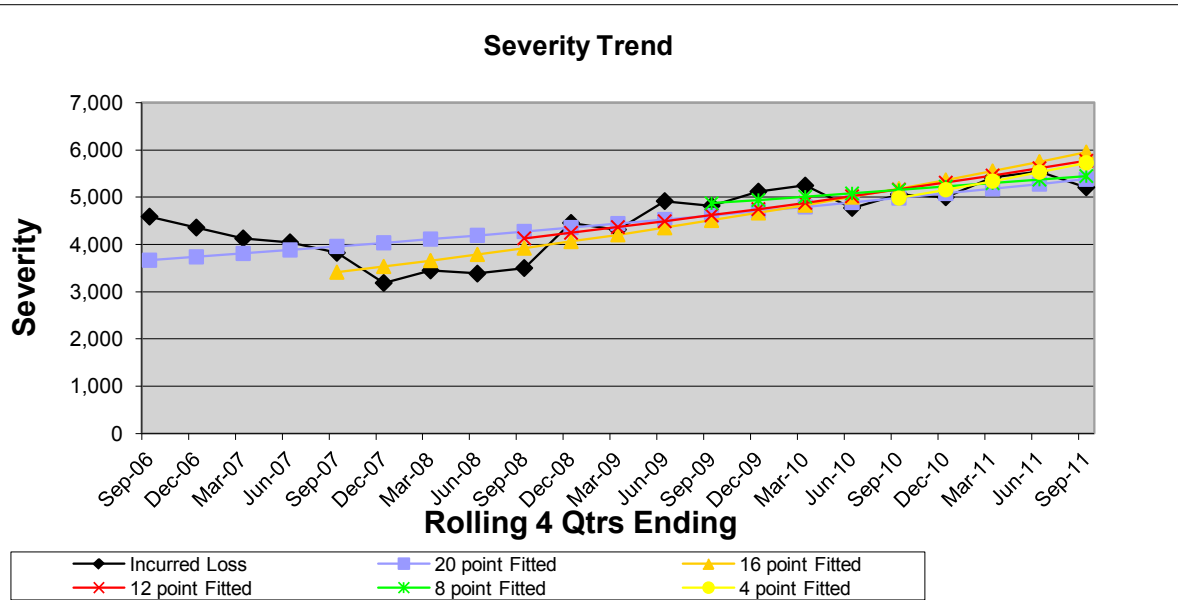
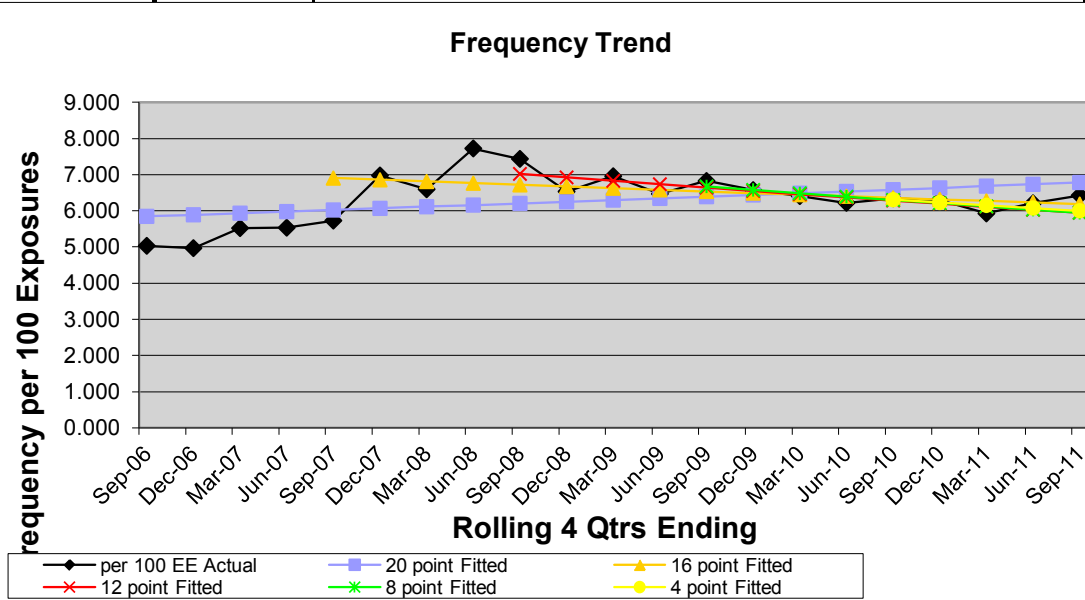
Loss Trend Based on Central Region - American Modern Insurance Group Data Excluding Catastrophe Losses

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	
9/30/2006	948	4,350,805	18,839	5.033	5.847						4,589	3,666				
12/31/2006	919	4,005,549	18,500	4.969	5.891						4,357	3,737				
3/31/2007	1,006	4,154,748	18,226	5.522	5.935						4,128	3,810				
6/30/2007	994	4,019,790	17,957	5.534	5.979						4,045	3,883				
9/30/2007	1,013	3,871,709	17,676	5.730	6.024	6.904					3,823	3,958	3,413			
12/31/2007	1,214	3,867,356	17,402	6.977	6.069	6.857					3,185	4,035	3,534			
3/31/2008	1,132	3,906,284	17,166	6.596	6.114	6.810					3,450	4,113	3,659			
6/30/2008	1,319	4,461,836	17,073	7.724	6.159	6.764					3,383	4,193	3,789			
9/30/2008	1,273	4,456,273	17,118	7.436	6.205	6.718	7.021				3,501	4,274	3,923	4,130		
12/31/2008	1,130	5,034,243	17,293	6.534	6.251	6.672	6.924				4,455	4,357	4,061	4,246		
3/31/2009	1,215	5,243,584	17,472	6.957	6.298	6.626	6.829				4,314	4,441	4,205	4,366		
6/30/2009	1,141	5,609,410	17,633	6.470	6.345	6.581	6.735				4,917	4,527	4,354	4,490		
9/30/2009	1,216	5,855,065	17,811	6.825	6.392	6.536	6.642	6.674			4,816	4,615	4,508	4,617	4,871	
12/31/2009	1,186	6,071,880	18,049	6.573	6.440	6.491	6.551	6.579			5,118	4,704	4,667	4,747	4,939	
3/31/2010	1,181	6,195,518	18,434	6.407	6.488	6.447	6.461	6.484			5,246	4,795	4,832	4,882	5,009	
6/30/2010	1,185	5,655,687	19,048	6.221	6.536	6.403	6.372	6.391			4,773	4,888	5,003	5,020	5,079	
9/30/2010	1,257	6,360,943	19,802	6.346	6.585	6.359	6.284	6.300	6.308		5,062	4,982	5,180	5,162	5,150	4,981
12/31/2010	1,301	6,503,409	20,679	6.292	6.634	6.315	6.198	6.210	6.230		4,999	5,079	5,364	5,308	5,223	5,158
3/31/2011	1,282	6,943,689	21,621	5.928	6.683	6.272	6.113	6.121	6.153		5,418	5,177	5,554	5,458	5,296	5,341
6/30/2011	1,405	7,776,504	22,621	6.210	6.733	6.229	6.028	6.033	6.077		5,536	5,277	5,750	5,612	5,371	5,531
9/30/2011	1,534	7,986,149	23,856	6.428	6.783	6.187	5.946	5.946	6.002		5,208	5,379	5,953	5,771	5,446	5,727

Accident Period 4 Qtrs Ending	Pure Premium					
	Pure Premium	20 point Fitted	16 point Fitted	12 point Fitted	8 point Fitted	4 point Fitted
9/30/2006	230.94	214.38				
12/31/2006	216.51	220.16				
3/31/2007	227.95	226.09				
6/30/2007	223.86	232.19				
9/30/2007	219.03	238.44	235.67			
12/31/2007	222.23	244.87	242.34			
3/31/2008	227.56	251.47	249.20			
6/30/2008	261.34	258.24	256.25			
9/30/2008	260.32	265.20	263.50	289.93		
12/31/2008	291.12	272.35	270.96	294.03		
3/31/2009	300.11	279.69	278.63	298.18		
6/30/2009	318.12	287.23	286.51	302.39		
9/30/2009	328.73	294.97	294.62	306.67	325.08	
12/31/2009	336.41	302.92	302.96	311.00	324.93	
3/31/2010	336.09	311.08	311.54	315.39	324.77	
6/30/2010	296.91	319.47	320.35	319.85	324.62	
9/30/2010	321.23	328.08	329.42	324.37	324.47	314.22
12/31/2010	314.50	336.92	338.74	328.95	324.32	321.35
3/31/2011	321.15	346.00	348.33	333.60	324.17	328.65
6/30/2011	343.78	355.32	358.19	338.31	324.02	336.10
9/30/2011	334.76	364.90	368.33	343.09	323.86	343.73

Annual Loss Trend			
	Frequency	Severity	Pure Premium
20 point fit	3.0%	8.0%	11.2%
16 point fit	-2.7%	14.9%	11.8%
12 point fit	-5.4%	11.8%	5.8%
8 point fit	-5.6%	5.7%	-0.2%
4 point fit	-4.9%	15.0%	9.4%
Historical Selected	-3.0%	7.0%	3.8%
Prospective Selected	-3.0%	7.0%	3.8%

Accident Year Ending	Trend Period						Trend Factor
	Historical			Prospective			
	Beginning	End	Time(Yrs)	Beginning	End	Time(Yrs)	
9/30/2007	3/31/2007	5/15/2011	4.125	5/15/2011	1/1/2014	2.628	1.286
9/30/2008	3/31/2008	5/15/2011	3.125	5/15/2011	1/1/2014	2.628	1.239
9/30/2009	3/31/2009	5/15/2011	2.125	5/15/2011	1/1/2014	2.628	1.194
9/30/2010	3/31/2010	5/15/2011	1.125	5/15/2011	1/1/2014	2.628	1.150
9/30/2011	3/31/2011	5/15/2011	0.125	5/15/2011	1/1/2014	2.628	1.108



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
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	6,181,961	6,148,261	6,145,472	6,137,944	6,141,729	6,213,790	6,213,990	6,236,344	6,172,758
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
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	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	5,651,119	5,651,319
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	6,468,567	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	5,696,173	5,661,173		
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	5,208,633	5,208,793			
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	4,954,044	4,954,044				
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		5,695,263						
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	6,311,864	6,311,864						
Sep-08	6,634,506	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	7,014,703	6,915,121							
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	6,794,804	6,807,522								
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	8,720,463	8,779,156									
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	6,798,665	6,762,514										
Sep-09	6,158,393	6,519,730	6,818,354	7,112,893	7,092,383	7,153,997	7,117,469	7,097,174	7,087,292											
Dec-09	5,860,664	6,188,993	6,118,589	6,050,532	6,156,419	6,178,449	6,144,872	6,048,052												
Mar-10	6,833,030	7,479,801	7,551,307	7,371,207	7,354,414	7,376,845	7,450,580													
Jun-10	6,295,815	6,643,147	6,702,446	6,728,702	6,731,330	6,779,258														
Sep-10	7,318,223	7,508,350	7,692,187	8,015,870	8,133,081															
Dec-10	7,305,686	7,704,420	8,494,069	9,006,756																
Mar-11	8,378,199	8,979,014	9,375,737																	
Jun-11	8,744,317	9,278,356																		
Sep-11	6,454,244																			

Historical Development Factors

Accident Qtr Ending																				
	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
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	0.999	1.001	1.012	1.000	1.004	0.990	1.004
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	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	1.000	1.000	
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	1.000	1.000		
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	1.006	0.994			
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	1.000	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	0.991	1.000					
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	0.999	1.000						
Jun-08	1.040	1.013	1.034	1.010	0.996	0.997	1.001	0.993	1.001	1.000	0.995	1.000	1.000							
Sep-08	0.958	1.045	0.996	1.054	0.998	0.998	1.018	1.012	0.994	0.988	0.998	0.986								
Dec-08	1.091	1.002	1.034	0.993	1.017	0.991	1.002	0.987	1.020	0.999	1.002									
Mar-09	1.063	1.064	1.029	1.036	1.042	0.992	0.989	0.973	1.002	1.007										
Jun-09	1.005	1.015	1.020	1.002	1.000	1.004	1.008	1.023	0.995											
Sep-09	1.059	1.046	1.043	0.997	1.009	0.995	0.997	0.999												
Dec-09	1.056	0.989	0.989	1.018	1.004	0.995	0.984													
Mar-10	1.095	1.010	0.976	0.998	1.003	1.010														
Jun-10	1.055	1.009	1.004	1.000	1.007															
Sep-10	1.026	1.024	1.042	1.015																
Dec-10	1.055	1.102	1.060																	
Mar-11	1.072	1.044																		
Jun-11	1.061																			

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	1.054	1.045	1.021	1.008	1.006	1.001	0.995	0.996	1.003	0.999	0.999	0.992	1.000	0.998	0.998	1.001	0.998	1.000	1.000	1.003		
8 Qtrs Average	1.060	1.030	1.020	1.007	1.010	0.998	1.000	1.001	0.997	0.997	0.999	0.995	0.998	1.000	0.997	1.002						
12 Qtrs Average	1.050	1.030	1.018	1.005	1.008	1.000	1.000	1.000	0.998	1.003	0.998	0.996										
8 Qtrs Average ex H/L	1.060	1.025	1.021	1.005	1.007	0.997	1.000	1.002	0.999	0.997	0.999	0.997	0.998	1.000	0.999	1.001						
8 Qtrs Vol Weighted	1.060	1.032	1.022	1.008	1.011	0.998	1.000	0.999	0.998	0.998	0.998	0.995	0.997	1.000	0.996	1.002						
12 Qtrs Vol Weighted	1.050	1.032	1.019	1.007	1.009	1.000	1.000	0.999	0.998	1.003	0.998	0.996										
12 Qtr Avg ex H/L	1.052	1.027	1.018	1.004	1.007	0.999	1.000	1.001	0.999	1.000	0.999	0.996										

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	1.060	1.025	1.020	1.007	1.007	0.998	1.000	1.001	0.999	0.997	0.999	0.997	1.000	1.000	0.999	1.001	0.999	1.001	1.000	1.001	1.000	0.999

	3 to Ult	6 to Ult	9 to Ult	12 to Ult	15 to Ult	18 to Ult	21 to Ult	24 to Ult	27 to Ult	30 to Ult	33 to Ult	36 to Ult	39 to Ult	42 to Ult	45 to Ult	48 to Ult	51 to Ult	54 to Ult	57 to Ult	60 to Ult	63 to Ult	66 to Ult
Quarterly Age to Ultimate Factors	1.112	1.049	1.024	1.003	0.996	0.990	0.992	0.992	0.991	0.992	0.995	0.996	0.999	0.999	0.999	1.000	0.999	1.000	1.000	1.000	0.999	0.999

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

Exhibit 7

Page 1

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	(5) Capped Catastrophe Ratio **	(6)=(4)-(5) Excess Spread to 50 Years
9/30/1992	1,457	29,751	28,294	0.051	0.051	0.000
9/30/1993	-	188,050	188,050	0.000	0.000	0.000
9/30/1994	4,407	330,689	326,283	0.014	0.014	0.000
9/30/1995	7,956	276,778	268,822	0.030	0.030	0.000
9/30/1996	18,084	120,137	102,053	0.177	0.177	0.000
9/30/1997	50,599	183,351	132,752	0.381	0.381	0.000
9/30/1998	3,260	218,602	215,343	0.015	0.015	0.000
9/30/1999	88,809	176,059	87,250	1.018	1.018	0.000
9/30/2000	3,191	93,251	90,061	0.035	0.035	0.000
9/30/2001	5,375	113,689	108,313	0.050	0.050	0.000
9/30/2002	7,650	118,222	110,572	0.069	0.069	0.000
9/30/2003	8,241	804,592	796,351	0.010	0.010	0.000
9/30/2004	45,640	361,671	316,031	0.144	0.144	0.000
9/30/2005	11,934	364,352	352,417	0.034	0.034	0.000
9/30/2006	54,241	329,104	274,863	0.197	0.197	0.000
9/30/2007	3,198	414,454	411,256	0.008	0.008	0.000
9/30/2008	754,068	1,201,430	447,362	1.686	1.058	0.628
9/30/2009	116,248	427,658	311,410	0.373	0.373	0.000
9/30/2010	25,499	561,243	535,744	0.048	0.048	0.000
9/30/2011	169,310	745,604	576,293	0.294	0.294	0.000

Weighted Average*** 0.206

Selected Catastrophe Factor: 0.206

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

*** Capped at 1.058 (2 standard deviations above the mean) with excess spread to 50 years.

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

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

	2008	2009	2010	Budget 2011	Selected	Fixed Expense %	Fixed Expenses	Variable Expenses
(1) Pre-Paid Commissions	17.1%	17.0%	17.1%		17.1%		0.0%	17.1%
(2) Contingent Commissions	1.9%	2.9%	1.9%	1.6%	1.6%		0.0%	1.6%
(3) Other Acquisition Expense	4.8%	4.9%	4.4%	4.7%	4.7%	0%	0.0%	4.7%
(4) General Expense	13.0%	13.1%	11.5%	11.7%	11.7%	0%	0.0%	11.7%
(5) Taxes, Licenses and Fees	2.8%	2.8%	2.8%		2.8%		0.0%	2.8%
(6) Reinsurance Expense				0.5%	0.5%	100%	0.5%	0.0%
(7) Total Expense					38.4%			
Profit Loading Provision								
(8a) After Tax Return on Equity Goal				15.0%				
(8b) Target Premium to Surplus Ratio				1.8:1				
(8c) After Tax Return on Premium [(a)/(b)]				8.3%				
(8d) After Tax Return Generated by Inv Income				1.6%				
(8e) After Tax Return Needed From Underwriting Profit [(c) - (d)]				6.7%				
(8f) Before Tax Return Needed from Underwriting Profit [(e)/(1.00 - .35)]				10.3%				
(8g) Selected Profit Provision					10.3%		0.0%	10.3%
(9) Total Expenses and Profit Provision [(7) + (8)]					48.7%			
(10) Permissible Loss & LAE Ratio [(1.000 - (9))					51.3%			
(11) Fixed Expense Ratio							0.5%	
(12) Variable Permissible Loss Ratio								51.8%

Data applied to calculate commission ratio:

	2008	2009	2010
AMS Arkansas Site Built Dwelling DP-1 Written Premium	331,506	369,919	501,869
AMS Arkansas Site Built Dwelling DP-1 Paid Commission	56,571	62,964	86,062

Data applied to calculate Taxes, Licenses and Fees:

	2008	2009	2010
AMS Arkansas Written Premium from all AS Lines	1,238,173	1,324,449	1,797,927
AMS Arkansas Taxes, Licenses and Fees from all AS Lines	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	0.5%
(f) Subtotal	30.2%
(g) Federal Taxes Payable	7.0%
(4T) Total Deductions	37.2%
(5) Unearned Premium Reserve Subject to Investment (3) x [1.0 - (4T)]	\$ 121,700,908
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	51.3%
(2) Expected Losses and Loss Adjustment Expenses (A.1) x (C.1)	\$ 234,228,025
(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	\$ 83,482,387
D. Net Subject to Investment	
(A.5) - (B.2) + (C.4)	\$ 160,015,528
E. Before Tax Rate of Return	
[Exhibit 10, Page 2]	2.5%
F. Average Rate of Return as a % of Direct Earned Premium	
$[(D) \times (E)] / (A.1)$	0.9%
G. Before Tax Investment Income Return (Including Surplus)	
$(F) + [(E) \times (1.0/\text{Premium to Surplus Ratio})]$	2.3%
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 $[1.0 - (H.1)]$	1.6%

Investment Income Calculation

Average Federal Tax Rate on Investment Income

	(1) Investment Income 2008 - 2010 (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 American Modern Insurance Group Annual Statement, Part 1
(B) Under the 1986 Tax Reform Act, 15% of formerly tax-exempt income from securities purchased after August 7, 1986 is now taxable. Thus the estimated effective tax rates in 2011 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.

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

Exhibit 11

Complement of Credibility Calculation

	DP-1
(1) Permissible Loss & LAE Ratio	0.513
(2) Proposed Renewal Effective Date	1/1/2013
(3) Effective Date of Current Rates	12/24/2011
(4) Time Period in Years $\{[(2) - (3)] / 365\}$ **	1.000
(5) Annual Premium Trend	-2.0%
(6) Annual Loss Trend	3.8%
(7) Ann Loss Ratio Trend $\{[1 + (6)] / [1 + (5)] - 1\}$	5.9%
(8) Selected Trend Factor $\{[1 + (7)] ^ (4)\}$	1.059
(9) Complement of Credibility = $\{(1) * (8)\}$	0.543

** 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: 1/1/2013

	Premium in Force at 9/30/2011	Premium in Force Distribution	Indication
Site Built Dwelling DP-3	\$333,030	100.0%	7.5%

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 based on the latest year's ratio of historical ULAE to historical Incurred Loss & ALAE. Please see Exhibit 9.
 - e. The Catastrophe Load allows us to use a longer experience period to control our response to unpredictable large loss events. We rely on ISO to identify catastrophes. That definition is any event that causes a loss of at least \$25 million to the insurance industry and has a sufficient number of claims. Our adjustment involves removing such losses and applying a historical average. This provides incurred losses indicative of normal catastrophic activity for our experience period. Please see Exhibit 7 for a further description of the method used.
 - f. The 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 Fixed Expense Ratio and Variable Permissible Loss Ratio Calculations may be found in Exhibit 9. This calculation includes determination of a profit provision.
 - a. The derivation of the Pre-Paid Commissions and Taxes, Licenses and Fees may be found at the bottom of this exhibit. Other Acquisition and General Expenses are based on Countrywide, Company Data for the Program being evaluated. The Reinsurance Expense is designed to cover the cost of our catastrophe and excess of loss experience contracts. It is a 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 1.8:1 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 loss trends. A time exponent based on the time from our last revision to the proposed effective date, capped at 1 years, is applied. Exhibit 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 $((\text{Credibility Weighted Loss \& LAE Ratio} + \text{Fixed Expense Ratio}) / \text{Variable Expense Ratio}) - 1$

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

Exhibit 2
Page 1

Rate Level Indications

	Accident Year Ending				
	9/30/2007	9/30/2008	9/30/2009	9/30/2010	9/30/2011
(1) Earned Exposures	86	123	157	207	293
(2) Earned Premium	89,816	119,946	154,303	200,616	291,705
(3) Rate Level Adjustment Factor	1.116	1.120	1.129	1.102	1.069
(4) Current Level Earned Premium	100,257	134,362	174,142	221,102	311,818
(5) Premium Trend Factor	0.932	0.947	0.963	0.978	0.994
(6) Trended Current Level Earned Premium	93,439	127,241	167,699	216,238	309,947
(7) Total Incurred Losses & ALAE	78,329	227,120	164,300	25,212	181,889
(8) Catastrophe Incurred Losses and ALAE	-	111,559	72,166	-	121,792
(9) IL & ALAE Excl Cat	78,329	115,560	92,133	25,212	60,097
(10) Incurred Loss & ALAE Trend Factor	1.286	1.239	1.194	1.150	1.108
(11) Incurred Loss & ALAE Development Factor	0.998	0.996	0.994	1.003	1.074
(12) ULAE Factor (to IL & ALAE)	1.015	1.015	1.015	1.015	1.015
(13) Trended Adjusted IL & LAE Excl Cat	102,038	144,746	110,988	29,518	72,587
(14) Catastrophe Factor	0.274	0.274	0.274	0.274	0.274
(15) Trended Adjusted Cat Incurred Loss & LAE	27,958	39,660	30,411	8,088	19,889
(16) Total Trended Adjusted Incurred Loss & LAE	129,996	184,406	141,399	37,606	92,476
(17) Adjusted Loss & LAE Ratio *	1.391	1.449	0.843	0.174	0.298
(18) Accident Year Weights	0.10	0.14	0.18	0.23	0.34
(19) Non-Catastrophe Reported Claim Counts	11	15	14	11	18
(20) Weighted Experience Loss & LAE Ratio					0.635
(21) Permissible Loss & LAE Ratio					0.514
(22) Fixed Expense Ratio					0.005
(23) Variable Expense Ratio					0.481
(24) Complement of Credibility - Trended Permissible					0.534
(25) Credibility (Square Root Rule, Full Credibility = 25000 Earned Exposures)					0.186
(26) Credibility Weighted Loss & LAE Ratio					0.553
(27) Credibility Weighted Indicated Rate Level Change					7.5%

Rate History

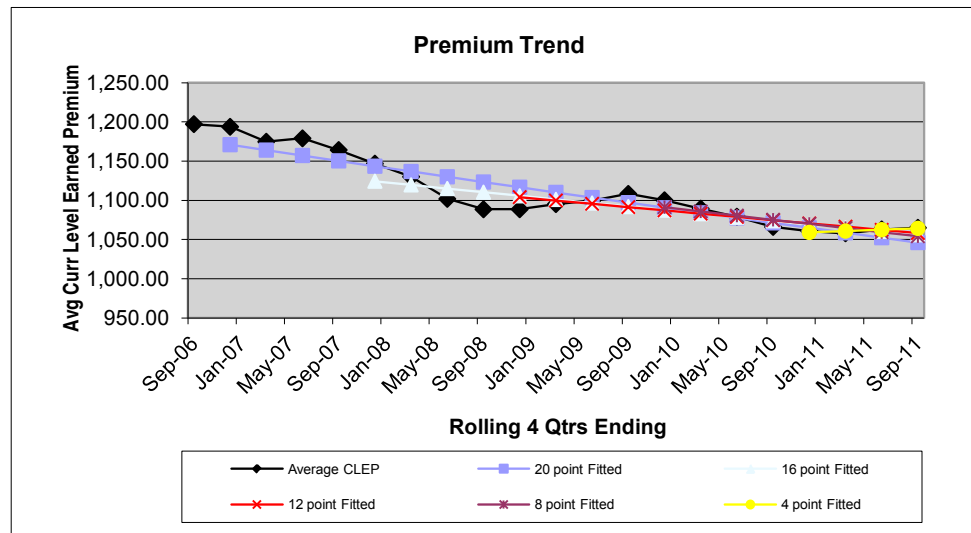
Rate Changes	
Effective Date	DP-3
12/24/2011	6.9%
11/1/2009	6.1%
12/15/2007	-0.5%
4/1/2006	0.0%

Rate Level Adjustment Factor	
Accident Year Ending	DP-3
9/30/2007	1.116
9/30/2008	1.120
9/30/2009	1.129
9/30/2010	1.102
9/30/2011	1.069

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
9/30/2006	11,958	10	1,197.11					
12/31/2006	28,490	24	1,193.71	1,170.92				
3/31/2007	51,482	44	1,174.68	1,164.00				
6/30/2007	79,006	67	1,178.96	1,157.11				
9/30/2007	100,257	86	1,164.10	1,150.26				
12/31/2007	115,642	101	1,146.73	1,143.46	1,124.34			
3/31/2008	125,950	111	1,130.02	1,136.70	1,119.65			
6/30/2008	129,497	118	1,101.76	1,129.97	1,114.99			
9/30/2008	134,362	123	1,088.45	1,123.29	1,110.34			
12/31/2008	142,300	131	1,088.52	1,116.64	1,105.71	1,104.00		
3/31/2009	152,407	139	1,095.10	1,110.04	1,101.10	1,099.75		
6/30/2009	162,910	148	1,099.34	1,103.47	1,096.51	1,095.53		
9/30/2009	174,142	157	1,108.12	1,096.94	1,091.94	1,091.32		
12/31/2009	181,052	165	1,100.03	1,090.45	1,087.39	1,087.12	1,091.20	
3/31/2010	188,919	173	1,089.31	1,084.00	1,082.86	1,082.94	1,085.83	
6/30/2010	202,964	188	1,079.08	1,077.59	1,078.34	1,078.78	1,080.48	
9/30/2010	221,102	207	1,066.00	1,071.22	1,073.85	1,074.64	1,075.16	
12/31/2010	246,297	232	1,060.80	1,064.88	1,069.37	1,070.51	1,069.87	1,059.02
3/31/2011	270,564	256	1,057.89	1,058.58	1,064.91	1,066.39	1,064.60	1,060.74
6/30/2011	292,341	275	1,062.83	1,052.32	1,060.48	1,062.29	1,059.36	1,062.47
9/30/2011	311,818	293	1,064.92	1,046.09	1,056.05	1,058.21	1,054.15	1,064.20

Annual Premium Trend	
20 point fit	-2.3%
16 point fit	-1.7%
12 point fit	-1.5%
8 point fit	-2.0%
4 point fit	0.7%
Historical Selected	-1.6%
Prospective Selected	0.0%



Accident Year Ending	Trend Period						Trend Factor
	Historical			Prospective			
	Beginning	End	Time(Yrs)	Beginning	End	Time(Yrs)	
9/30/2007	3/31/2007	8/15/2011	4.375	8/15/2011	1/1/2014	2.378	0.932
9/30/2008	3/31/2008	8/15/2011	3.375	8/15/2011	1/1/2014	2.378	0.947
9/30/2009	3/31/2009	8/15/2011	2.375	8/15/2011	1/1/2014	2.378	0.963
9/30/2010	3/31/2010	8/15/2011	1.375	8/15/2011	1/1/2014	2.378	0.978
9/30/2011	3/31/2011	8/15/2011	0.375	8/15/2011	1/1/2014	2.378	0.994

Loss Trend

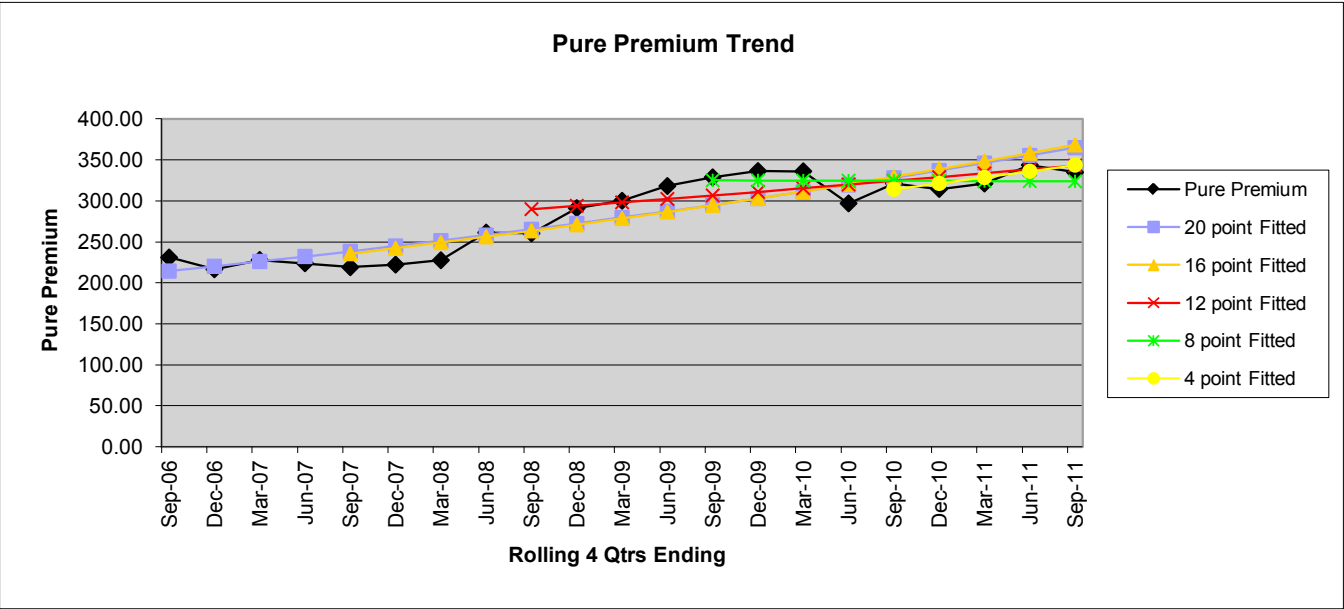
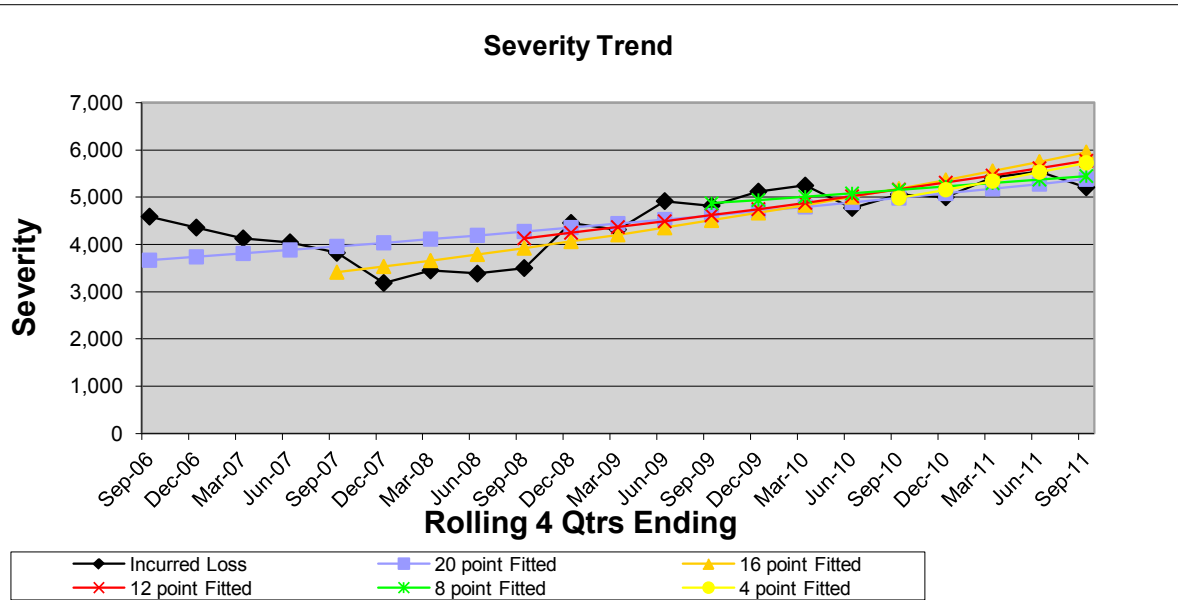
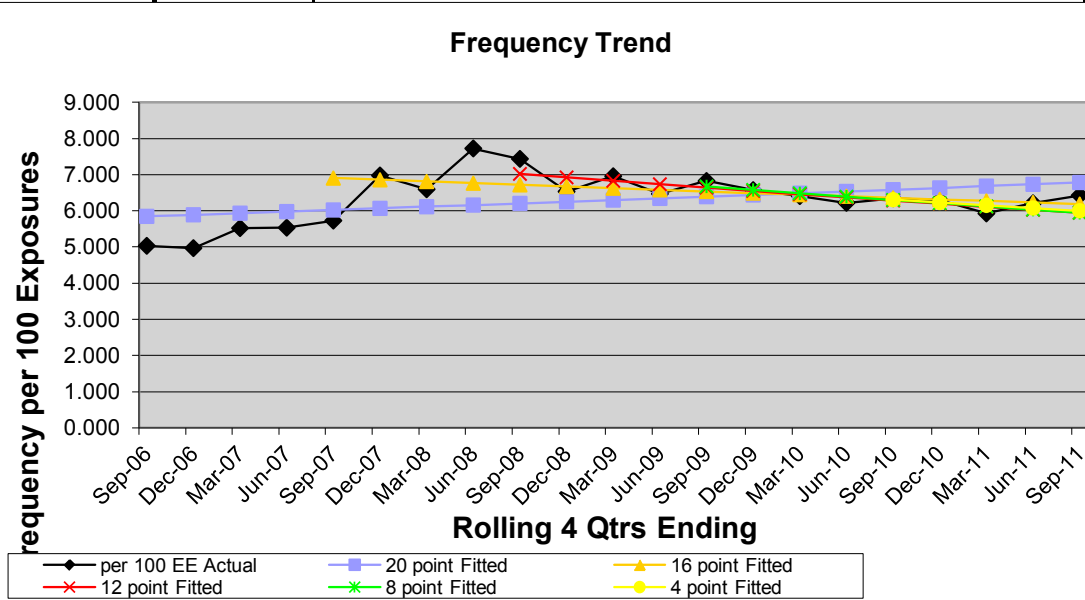
Loss Trend Based on Central Region - American Modern Insurance Group Data Excluding Catastrophe Losses

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
9/30/2006	948	4,350,805	18,839	5.033	5.847					4,589	3,666				
12/31/2006	919	4,005,549	18,500	4.969	5.891					4,357	3,737				
3/31/2007	1,006	4,154,748	18,226	5.522	5.935					4,128	3,810				
6/30/2007	994	4,019,790	17,957	5.534	5.979					4,045	3,883				
9/30/2007	1,013	3,871,709	17,676	5.730	6.024	6.904				3,823	3,958	3,413			
12/31/2007	1,214	3,867,356	17,402	6.977	6.069	6.857				3,185	4,035	3,534			
3/31/2008	1,132	3,906,284	17,166	6.596	6.114	6.810				3,450	4,113	3,659			
6/30/2008	1,319	4,461,836	17,073	7.724	6.159	6.764				3,383	4,193	3,789			
9/30/2008	1,273	4,456,273	17,118	7.436	6.205	6.718	7.021			3,501	4,274	3,923	4,130		
12/31/2008	1,130	5,034,243	17,293	6.534	6.251	6.672	6.924			4,455	4,357	4,061	4,246		
3/31/2009	1,215	5,243,584	17,472	6.957	6.298	6.626	6.829			4,314	4,441	4,205	4,366		
6/30/2009	1,141	5,609,410	17,633	6.470	6.345	6.581	6.735			4,917	4,527	4,354	4,490		
9/30/2009	1,216	5,855,065	17,811	6.825	6.392	6.536	6.642	6.674		4,816	4,615	4,508	4,617	4,871	
12/31/2009	1,186	6,071,880	18,049	6.573	6.440	6.491	6.551	6.579		5,118	4,704	4,667	4,747	4,939	
3/31/2010	1,181	6,195,518	18,434	6.407	6.488	6.447	6.461	6.484		5,246	4,795	4,832	4,882	5,009	
6/30/2010	1,185	5,655,687	19,048	6.221	6.536	6.403	6.372	6.391		4,773	4,888	5,003	5,020	5,079	
9/30/2010	1,257	6,360,943	19,802	6.346	6.585	6.359	6.284	6.300	6.308	5,062	4,982	5,180	5,162	5,150	4,981
12/31/2010	1,301	6,503,409	20,679	6.292	6.634	6.315	6.198	6.210	6.230	4,999	5,079	5,364	5,308	5,223	5,158
3/31/2011	1,282	6,943,689	21,621	5.928	6.683	6.272	6.113	6.121	6.153	5,418	5,177	5,554	5,458	5,296	5,341
6/30/2011	1,405	7,776,504	22,621	6.210	6.733	6.229	6.028	6.033	6.077	5,536	5,277	5,750	5,612	5,371	5,531
9/30/2011	1,534	7,986,149	23,856	6.428	6.783	6.187	5.946	5.946	6.002	5,208	5,379	5,953	5,771	5,446	5,727

Accident Period 4 Qtrs Ending	Pure Premium					
	Pure Premium	20 point Fitted	16 point Fitted	12 point Fitted	8 point Fitted	4 point Fitted
9/30/2006	230.94	214.38				
12/31/2006	216.51	220.16				
3/31/2007	227.95	226.09				
6/30/2007	223.86	232.19				
9/30/2007	219.03	238.44	235.67			
12/31/2007	222.23	244.87	242.34			
3/31/2008	227.56	251.47	249.20			
6/30/2008	261.34	258.24	256.25			
9/30/2008	260.32	265.20	263.50	289.93		
12/31/2008	291.12	272.35	270.96	294.03		
3/31/2009	300.11	279.69	278.63	298.18		
6/30/2009	318.12	287.23	286.51	302.39		
9/30/2009	328.73	294.97	294.62	306.67	325.08	
12/31/2009	336.41	302.92	302.96	311.00	324.93	
3/31/2010	336.09	311.08	311.54	315.39	324.77	
6/30/2010	296.91	319.47	320.35	319.85	324.62	
9/30/2010	321.23	328.08	329.42	324.37	324.47	314.22
12/31/2010	314.50	336.92	338.74	328.95	324.32	321.35
3/31/2011	321.15	346.00	348.33	333.60	324.17	328.65
6/30/2011	343.78	355.32	358.19	338.31	324.02	336.10
9/30/2011	334.76	364.90	368.33	343.09	323.86	343.73

Annual Loss Trend			
	Frequency	Severity	Pure Premium
20 point fit	3.0%	8.0%	11.2%
16 point fit	-2.7%	14.9%	11.8%
12 point fit	-5.4%	11.8%	5.8%
8 point fit	-5.6%	5.7%	-0.2%
4 point fit	-4.9%	15.0%	9.4%
Historical Selected	-3.0%	7.0%	3.8%
Prospective Selected	-3.0%	7.0%	3.8%

Accident Year Ending	Trend Period						Trend Factor
	Historical			Prospective			
	Beginning	End	Time(Yrs)	Beginning	End	Time(Yrs)	
9/30/2007	3/31/2007	5/15/2011	4.125	5/15/2011	1/1/2014	2.628	1.286
9/30/2008	3/31/2008	5/15/2011	3.125	5/15/2011	1/1/2014	2.628	1.239
9/30/2009	3/31/2009	5/15/2011	2.125	5/15/2011	1/1/2014	2.628	1.194
9/30/2010	3/31/2010	5/15/2011	1.125	5/15/2011	1/1/2014	2.628	1.150
9/30/2011	3/31/2011	5/15/2011	0.125	5/15/2011	1/1/2014	2.628	1.108



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
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	520,360
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
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
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	1,077,446	1,056,057	1,057,057
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	1,154,773	1,154,773	1,085,984	1,085,984	1,086,105	1,086,105	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	833,152	
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		
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	1,457,629	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	988,190	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	962,831	965,986	1,228,908	1,278,455	1,215,275	1,190,434	1,179,444	1,179,444						
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	2,096,100	2,086,260							
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	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	2,582,515	2,582,594									
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	1,774,881	1,726,170										
Sep-09	1,553,449	1,828,986	1,903,216	1,928,532	2,123,382	2,054,102	2,006,904	2,006,904	2,100,904											
Dec-09	2,130,318	2,743,636	2,798,096	2,843,378	2,760,079	2,774,842	2,745,382	2,734,248												
Mar-10	3,960,690	3,809,715	3,973,084	4,091,924	4,351,955	4,329,247	4,329,247													
Jun-10	2,231,305	2,331,753	2,364,717	2,432,917	2,482,099	2,452,932														
Sep-10	3,708,490	3,999,838	4,101,912	4,235,085	4,266,106															
Dec-10	3,886,394	4,868,504	4,953,551	4,995,249																
Mar-11	7,095,694	7,686,522	7,675,650																	
Jun-11	4,507,024	5,299,230																		
Sep-11	4,221,011																			

Historical Development Factors

Accident Qtr Ending																				
	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
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	1.000	1.405	1.002	1.000	0.885	0.966	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
Jun-06	1.003	0.842	0.984	1.006	0.999	1.000	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
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	1.001	1.000
Dec-06	1.271	1.053	1.089	0.959	0.987	0.965	0.973	1.029	1.000	1.000	1.000	1.015	1.000	0.940	1.000	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	1.001		
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	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	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	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	0.991	1.000							
Sep-08	1.061	1.028	1.027	0.851	0.991	0.995	1.003	1.032	0.986	1.000	1.012	0.995								
Dec-08	0.942	1.015	1.017	0.995	0.997	1.002	0.995	1.077	1.000	1.000	1.000									
Mar-09	1.216	1.026	1.007	1.049	1.050	0.991	0.973	0.954	0.921	1.000										
Jun-09	1.153	1.047	0.959	1.028	0.995	0.981	1.031	1.047	0.973											
Sep-09	1.177	1.041	1.013	1.101	0.967	0.977	1.000	1.047												
Dec-09	1.288	1.020	1.016	0.971	1.005	0.989	0.996													
Mar-10	0.962	1.043	1.030	1.064	0.995	1.000														
Jun-10	1.045	1.014	1.029	1.020	0.988															
Sep-10	1.079	1.026	1.032	1.007																
Dec-10	1.253	1.017	1.008																	
Mar-11	1.083	0.999																		
Jun-11	1.176																			

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	1.148	1.014	1.025	1.016	0.989	0.987	1.000	1.031	0.970	0.988	0.998	0.997	1.000	1.000	1.000	1.000	1.002	0.995	1.000	1.000		
8 Qtrs Average	1.133	1.026	1.012	1.029	0.999	1.002	1.000	1.042	0.989	0.993	1.000	1.000	0.999	0.997	0.972	1.000						
12 Qtrs Average	1.120	1.021	1.007	1.011	1.008	0.996	1.010	1.026	0.999	0.999	0.971	0.998										
8 Qtrs Average ex H/L	1.136	1.027	1.017	1.027	0.995	0.993	1.000	1.026	0.992	0.998	1.001	0.999	1.000	1.000	1.000	1.000						
8 Qtrs Vol Weighted	1.120	1.020	1.016	1.029	1.000	0.996	0.997	1.025	0.981	0.994	1.001	1.000	0.998	0.997	0.964	1.000						
12 Qtrs Vol Weighted	1.115	1.020	1.014	1.012	1.004	0.994	1.005	1.019	0.990	0.998	0.968	0.997										
12 Qtr Avg ex H/L	1.097	1.023	1.009	1.018	1.008	0.992	1.008	1.013	0.999	0.995	1.000	0.999										

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	1.135	1.027	1.017	1.020	1.000	0.996	1.000	1.016	0.994	0.998	1.001	0.999	1.000	1.000	1.000	1.000	1.001	0.995	1.000	1.000	1.000	1.000

	3 to Ult	6 to Ult	9 to Ult	12 to Ult	15 to Ult	18 to Ult	21 to Ult	24 to Ult	27 to Ult	30 to Ult	33 to Ult	36 to Ult	39 to Ult	42 to Ult	45 to Ult	48 to Ult	51 to Ult	54 to Ult	57 to Ult	60 to Ult	63 to Ult	66 to Ult
Quarterly Age to Ultimate Factors	1.211	1.066	1.038	1.021	1.001	1.001	1.005	1.005	0.989	0.995	0.996	0.995	0.996	0.996	0.996	0.996	0.996	0.995	1.000	1.000	1.000	1.000

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

Exhibit 7

Page 1

Catastrophe Factor

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

Accident Year Ending	(1) Catastrophe Losses*	(2) All Losses*	(3)=(2)-(1) All Losses* Less Catastrophe	(4)=(1)/(3) Catastrophe Ratio
9/30/1992	19,435	121,475	102,040	0.190
9/30/1993	27,582	413,678	386,096	0.071
9/30/1994	31,822	698,287	666,465	0.048
9/30/1995	73,745	678,711	604,967	0.122
9/30/1996	100,893	658,195	557,302	0.181
9/30/1997	59,997	559,562	499,565	0.120
9/30/1998	45,555	756,168	710,613	0.064
9/30/1999	483,049	932,757	449,708	1.074
9/30/2000	5,438	559,985	554,548	0.010
9/30/2001	90,838	767,396	676,558	0.134
9/30/2002	114,063	1,641,641	1,527,578	0.075
9/30/2003	539,488	4,057,637	3,518,149	0.153
9/30/2004	580,787	4,779,922	4,199,135	0.138
9/30/2005	153,717	4,421,716	4,267,999	0.036
9/30/2006	1,532,837	5,885,194	4,352,356	0.352
9/30/2007	167,479	4,040,354	3,872,874	0.043
9/30/2008	2,926,854	7,109,605	4,182,752	0.700
9/30/2009	2,027,389	6,813,810	4,786,421	0.424
9/30/2010	3,508,148	8,818,602	5,310,455	0.661
9/30/2011	4,872,388	10,384,177	5,511,790	0.884
Average				0.274
Selected Catastrophe Factor:				0.274

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

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

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 2011	Selected	Fixed Expense %	Fixed Expenses	Variable Expenses
	2008	2009	2010					
(1) Pre-Paid Commissions	16.8%	16.6%	17.0%		17.0%		0.0%	17.0%
(2) Contingent Commissions	1.9%	2.9%	1.9%	1.6%	1.6%		0.0%	1.6%
(3) Other Acquisition Expense	4.8%	4.9%	4.4%	4.7%	4.7%	0%	0.0%	4.7%
(4) General Expense	13.0%	13.1%	11.5%	11.7%	11.7%	0%	0.0%	11.7%
(5) Taxes, Licenses and Fees	2.8%	2.8%	2.8%		2.8%		0.0%	2.8%
(6) Reinsurance Expense				0.5%	0.5%	100%	0.5%	0.0%
(7) Total Expense					38.3%			
Profit Loading Provision								
(8a) After Tax Return on Equity Goal				15.0%				
(8b) Target Premium to Surplus Ratio				1.8:1				
(8c) After Tax Return on Premium [(a)/(b)]				8.3%				
(8d) After Tax Return Generated by Inv Income				1.6%				
(8e) After Tax Return Needed From Underwriting Profit [(c) - (d)]				6.7%				
(8f) Before Tax Return Needed from Underwriting Profit [(e)/(1.00 - .35)]				10.3%				
(8g) Selected Profit Provision					10.3%		0.0%	10.3%
(9) Total Expenses and Profit Provision [(7) + (8)]					48.6%			
(10) Permissible Loss & LAE Ratio [(1.000 - (9)]					51.4%			
(11) Fixed Expense Ratio							0.5%	
(12) Variable Permissible Loss Ratio								51.9%

Data applied to calculate commission ratio:	Calendar Year		
	2008	2009	2010
AMS Arkansas Site Built Dwelling DP-3 Written Premium	151,679	172,813	285,058
AMS Arkansas Site Built Dwelling DP-3 Paid Commission	25,487	28,624	48,398

Data applied to calculate Taxes, Licenses and Fees:	Calendar Year		
	2008	2009	2010
AMS Arkansas Written Premium from all AS Lines	1,238,173	1,324,449	1,797,927
AMS Arkansas Taxes, Licenses and Fees from all AS Lines	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	0.5%
(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	51.4%
(2)	Expected Losses and Loss Adjustment Expenses (A.1) x (C.1)	\$ 234,684,609
(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	\$ 83,645,121
D. Net Subject to Investment		\$ 160,372,053
(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)		2.3%
(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)]	1.6%

Investment Income Calculation

Average Federal Tax Rate on Investment Income

	(1) Investment Income 2008 - 2010 (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 American Modern Insurance Group Annual Statement, Part 1
(B) Under the 1986 Tax Reform Act, 15% of formerly tax-exempt income from securities purchased after August 7, 1986 is now taxable. Thus the estimated effective tax rates in 2011 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.

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

Exhibit 11

Complement of Credibility Calculation

	DP-3
(1) Permissible Loss & LAE Ratio	0.514
(2) Proposed Renewal Effective Date	1/1/2013
(3) Effective Date of Current Rates	12/24/2011
(4) Time Period in Years $\{[(2) - (3)] / 365\}$ **	1.000
(5) Annual Premium Trend	0.0%
(6) Annual Loss Trend	3.8%
(7) Ann Loss Ratio Trend $\{[1 + (6)] / [1 + (5)] - 1\}$	3.8%
(8) Selected Trend Factor $\{[1 + (7)] ^ (4)\}$	1.038
(9) Complement of Credibility = $\{(1) * (8)\}$	0.534

** 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
All Classes

Exhibit C-1

Catastrophe Factor

Data shown is Arkansas 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
9/30/2007	-	78,329	78,329	0.000
9/30/2008	111,559	227,120	115,560	0.965
9/30/2009	72,166	164,300	92,133	0.783
9/30/2010	-	25,212	25,212	0.000
9/30/2011	121,792	181,889	60,097	2.027
Average				0.755
Selected Catastrophe Factor:				0.755

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

American Modern Select Insurance Company

Exhibit C-2

Arkansas

Site Built Dwelling DP-3

All Classes

Catastrophe Factor

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

Accident Year Ending	(1) Catastrophe Losses*	(2) All Losses*	(3)=(2)-(1) All Losses* Less Catastrophe	(4)=(1)/(3) Catastrophe Ratio
9/30/1992	3,221	31,923	28,702	0.112
9/30/1993	-	198,725	198,725	0.000
9/30/1994	4,407	333,386	328,980	0.013
9/30/1995	7,956	276,778	268,822	0.030
9/30/1996	18,236	166,970	148,734	0.123
9/30/1997	50,599	220,729	170,129	0.297
9/30/1998	3,260	218,777	215,518	0.015
9/30/1999	171,098	258,348	87,250	1.961
9/30/2000	3,191	93,351	90,161	0.035
9/30/2001	5,375	113,689	108,313	0.050
9/30/2002	10,735	121,307	110,572	0.097
9/30/2003	9,670	859,893	850,223	0.011
9/30/2004	45,640	408,969	363,328	0.126
9/30/2005	11,934	398,083	386,149	0.031
9/30/2006	55,838	356,839	301,001	0.186
9/30/2007	3,198	516,961	513,763	0.006
9/30/2008	977,216	1,599,695	622,479	1.570
9/30/2009	219,774	636,703	416,929	0.527
9/30/2010	33,583	634,807	601,224	0.056
9/30/2011	370,447	1,138,159	767,712	0.483
Average				0.286
Selected Catastrophe Factor:				0.286

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



7000 Midland Boulevard
Amelia, OH 45102-2607

September 7, 2012

ARKANSAS INSURANCE DEPARTMENT
PROPERTY & CASUALTY DIVISION
1200 W 3RD ST
LITTLE ROCK AR 72201-1904

RE: American Modern Select Insurance Company
Dwelling
Rate/Rule/Form Filing
Company File number: 20120501-04
NAIC: 38652/FEIN: 38-2342976

Dear Reviewer:

On behalf of American Modern Select Insurance Company, I would like to present a change to our Dwelling Program. At this time we submit the following changes for your review:

- We revised base rates for DP1 & DP3 Owner and Rental
- We added an Age of Insured Relativity Table for DP-1 only
- We added a Protection Class 8B for the same factor as PC 9
- We added Full Repair Cost for DP1 and DP1 Vacant
- We added Equipment Breakdown Coverage
- We removed Roof Exclusion as an optional coverage for DP3 for new business. All policies that currently have this exclusion will remain.
- We added Roof Exclusion as an optional coverage for DP1
- We added Property Manager – Premises Liability Coverage

The overall rate impact of this filing is 10.88%. We feel the proposed rates are neither excessive, inadequate nor unfairly discriminatory. We propose an effective date for all policies new 01/01/2013 and 01/15/2013 renewed.

Sincerely,
Traci Burbage
State Relations Analyst II
tburbage@amig.com
1-800-759-9008 Extension 5934

Objection 2:

Comments:

Please provide justification for the age of insured factors for the DP-1 program. Explain why the factor is not applied to the DP-3 program.

Response:

The American Modern Home Insurance Company has used Generalized Linear Modeling to determine indicated countrywide relativities for its Site Built products. Models are run in-house by company associates and use Emblem software. The latest model was run in 2010 and is based on non-catastrophe policy year data from PY 2003 through 2009.

The indicated relativities, combined with experience and judgment form the basis for the proposed relativities.

The table below shows the GLM results specifically for the Age of Insured variable:

Age of Insured

Insured Age	GLM Indicated Relativity	Current Relativity	Proposed Relativity
1-64	1.00	1.00	1.00
65+	0.78	1.00	0.90

We not are applying the Age of Insured factor to our DP-3 program because our experience in the DP-3 program does not support using the relativity. Our experience in the DP-1 program does support the use of an Age of Insured relativity. Experience for both programs based on Age of Insured is shown below:

DP-1 5-Year Experience by Age of Insured

DP-1	Net Written	Earned Premium	Incurred Loss	Loss Ratio	Cat Incurred Loss	Cat Loss Ratio	Non-Cat Loss Ratio	% to Total DP-1 Written*
0 - 34 yrs	\$115,176	\$97,169	\$107,748	110.9%	\$26,748	27.5%	83.4%	5.6%
35 - 49 yrs	\$478,099	\$434,557	\$379,260	87.3%	\$127,536	29.3%	57.9%	23.2%
50 - 64 yrs	\$807,642	\$722,852	\$684,856	94.7%	\$139,771	19.3%	75.4%	39.2%
65+ yrs	\$658,634	\$594,083	\$320,966	54.0%	\$97,197	16.4%	37.7%	32.0%
Total	\$2,059,551	\$1,848,661	\$1,492,830	80.8%	\$391,251	21.2%	59.6%	100.0%

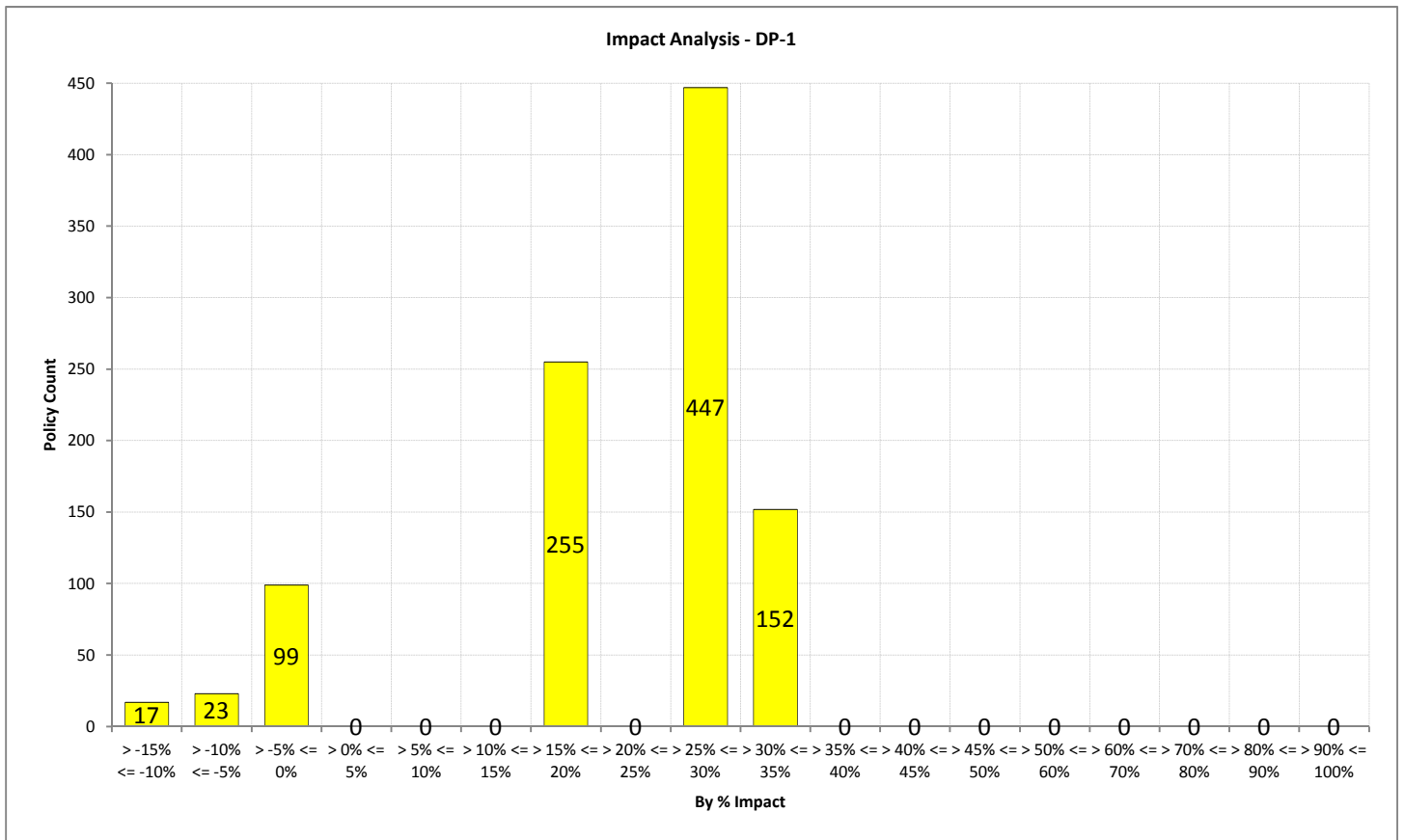
*Indicates % to Total Written Premium under the DP-1 program for the time period of 2006 - 2Q 2011

DP-3 5-Year Experience by Age of Insured

DP-3	Net Written	Earned Premium	Incurred Loss	Loss Ratio	Cat Incurred Loss	Cat Loss Ratio	Non-Cat Loss Ratio	% to Total DP-3 Written*
0 - 34 yrs	\$35,269	\$28,269	\$107,815	381.4%	\$107,815	381.4%	0.0%	3.3%
35 - 49 yrs	\$264,459	\$221,349	\$152,899	69.1%	\$94,640	42.8%	26.3%	24.6%
50 - 64 yrs	\$442,241	\$393,736	\$158,787	40.3%	\$36,826	9.4%	31.0%	41.1%
65+ yrs	\$332,748	\$293,249	\$292,342	99.7%	\$131,028	44.7%	55.0%	31.0%
Total	\$1,074,717	\$936,603	\$711,843	76.0%	\$370,309	39.5%	36.5%	100.0%

*Indicates % to Total Written Premium under the DP-3 program for the time period of 2006 - 2Q 2011.

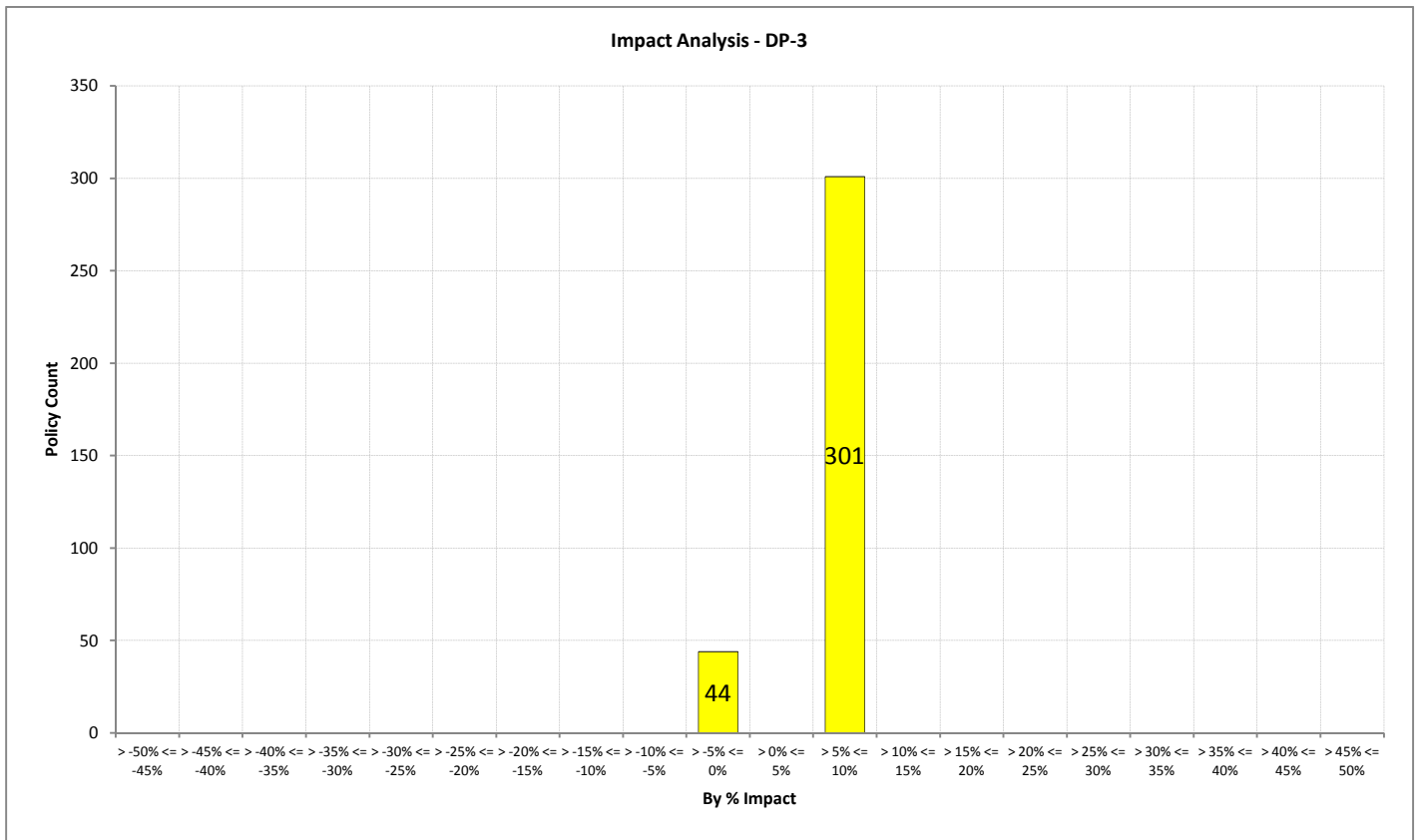
Objection 3 Response:



The above histogram shows distribution of policy impact for the DP-1 program.

% Impact	# of Policies
> -15% <= -10%	17
> -10% <= -5%	23
> -5% <= 0%	99
> 0% <= 5%	0
> 5% <= 10%	0
> 10% <= 15%	0
> 15% <= 20%	255
> 20% <= 25%	0
> 25% <= 30%	447
> 30% <= 35%	152
> 35% <= 40%	0
> 40% <= 45%	0
> 45% <= 50%	0
> 50% <= 60%	0
> 60% <= 70%	0
> 70% <= 80%	0
> 80% <= 90%	0
> 90% <= 100%	0

Objection 3 Response:



The above histogram shows the distribution of impacts (%) for the DP-3 proposed changes.

% Impact	# of policies
> -10% <= -5%	0
> -5% <= 0%	44
> 0% <= 5%	0
> 5% <= 10%	301
> 10% <= 15%	0

State:	Arkansas	Filing Company:	American Modern Select Insurance Company
TOI/Sub-TOI:	30.1 Dwelling Fire/Personal Liability/30.1000 Dwelling Fire/Personal Liability		
Product Name:	Dwelling		
Project Name/Number:	R/R/F revision/20120501-04		

Superceded 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)
09/05/2012	Rate	AR085DW	09/19/2012	AR085DW-A.pdf
09/05/2012	Supporting Document	NAIC loss cost data entry document	09/19/2012	FORM RF-1 Rate Filing Abstract_required.pdf (Superceded)
09/05/2012	Supporting Document	Indications	09/13/2012	DP1_AR_085_3Q11_filing.pdf DP3_AR_085_3Q11_filing.pdf

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	\$262.00	1.000	N/A	N/A	\$100	\$20,000	\$20,000	MA
4V2	\$225.00	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 8B & 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

Age of Insured Relativity Table	
Age of Home	Relativity
1-64 yrs	1.000
65+ yrs	0.900

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	\$227.45	1.000	N/A	N/A	\$100	\$50,000	\$50,000	MB
408	\$198.00	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 8B & 9	1.800	PC 10	2.300

Owner / Seasonal Insurance Score	
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	
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 8B, 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%
Full Repair Cost	Full Repair includes the full cost of repair without deduction for depreciation of the Structure. Home must be insured to 100% Market Value.	5%	N/A

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
Equipment Breakdown Coverage - \$500 Deductible	\$25.00
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	\$3.00 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

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	
Property Manager - Premises Liability	\$50.00	

NAIC LOSS COST DATA ENTRY DOCUMENT

1.	This filing transmittal is part of Company Tracking #	20120501-04
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2.	If filing is an adoption of an advisory organization loss cost filing, give name of Advisory Organization and Reference/ Item Filing Number	
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	Company Name		Company NAIC Number
3.	A.	American Modern Select	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	B. 30.1000

5.

(A) COVERAGE (See Instructions)	(B) Indicated % Rate Level Change	(C) Requested % Rate Level Change	FOR LOSS COSTS ONLY				
			(D) Expected Loss Ratio	(E) Loss Cost Modification Factor	(F) Selected Loss Cost Multiplier	(G) Expense Constant (If Applicable)	(H) Co. Current Loss Cost Multiplier
DP-1 (minus Vacant)	24.9%	18.28%					
DP-3	7.5%	5.29%					
DP-1 Vacant	N/A	N/A					
TOTAL OVERALL EFFECT	13.8 %	10.88%					

6.

5 Year History

Rate Change History

Year	Policy Count	% of Change	Effective Date	State Earned Premium (000)	Incurred Losses (000)	State Loss Ratio	Countrywide Loss Ratio
2007	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%
2011	1,585	4.03%	12/18/11	1,238	1,025	82.8%	61.3%

7.

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

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

9. **37.46%** Estimated Maximum Rate Increase for any Insured (%). Territory (if applicable): 62

10. **-9.78%** Estimated Maximum Rate Decrease for any Insured (%) Territory (if applicable): 61

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

Exhibit 1
Page 1

Proposed Effective Date: 1/1/2013

	Premium in Force at 9/30/2011	Premium in Force Distribution	Indication
Site Built Dwelling DP-1	\$580,888	100.0%	24.9%

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 based on the latest year's ratio of historical ULAE to historical Incurred Loss & ALAE. Please see Exhibit 9.
 - e. The Catastrophe Load allows us to use a longer experience period to control our response to unpredictable large loss events. We rely on ISO to identify catastrophes. That definition is any event that causes a loss of at least \$25 million to the insurance industry and has a sufficient number of claims. Our adjustment involves removing such losses and applying a historical average. This provides incurred losses indicative of normal catastrophic activity for our experience period. Please see Exhibit 7 for a further description of the method used.
 - f. The 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 Fixed Expense Ratio and Variable Permissible Loss Ratio Calculations may be found in Exhibit 9. This calculation includes determination of a profit provision.
 - a. The derivation of the Pre-Paid Commissions and Taxes, Licenses and Fees may be found at the bottom of this exhibit. Other Acquisition and General Expenses are based on Countrywide, Company Data for the Program being evaluated. The Reinsurance Expense is designed to cover the cost of our catastrophe and excess of loss experience contracts. It is a 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 1.8:1 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 loss trends. A time exponent based on the time from our last revision to the proposed effective date, capped at 1 years, is applied. Exhibit 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 $((\text{Credibility Weighted Loss \& LAE Ratio} + \text{Fixed Expense Ratio}) / \text{Variable Expense Ratio}) - 1$

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

Exhibit 2
Page 1

Rate Level Indications

	Accident Year Ending				
	9/30/2007	9/30/2008	9/30/2009	9/30/2010	9/30/2011
(1) Earned Exposures	267	458	578	695	894
(2) Earned Premium	157,748	269,947	335,819	404,593	526,930
(3) Rate Level Adjustment Factor	1.181	1.178	1.168	1.132	1.089
(4) Current Level Earned Premium	186,329	317,906	392,221	458,014	573,877
(5) Premium Trend Factor	0.853	0.875	0.897	0.920	0.944
(6) Trended Current Level Earned Premium	158,939	278,167	351,823	421,372	541,740
(7) Total Incurred Losses & ALAE	108,068	452,568	167,912	241,146	423,491
(8) Catastrophe Incurred Losses and ALAE	-	221,860	82,302	21,274	63,306
(9) IL & ALAE Excl Cat	108,068	230,709	85,611	219,873	360,185
(10) Incurred Loss & ALAE Trend Factor	1.286	1.239	1.194	1.150	1.108
(11) Incurred Loss & ALAE Development Factor	1.000	0.999	0.994	0.993	1.042
(12) ULAE Factor (to IL & ALAE)	1.015	1.015	1.015	1.015	1.015
(13) Trended Adjusted IL & LAE Excl Cat	141,060	289,846	103,130	254,850	422,084
(14) Catastrophe Factor	0.206	0.206	0.206	0.206	0.206
(15) Trended Adjusted Cat Incurred Loss & LAE	29,058	59,708	21,245	52,499	86,949
(16) Total Trended Adjusted Incurred Loss & LAE	170,118	349,554	124,375	307,349	509,033
(17) Adjusted Loss & LAE Ratio *	1.070	1.257	0.354	0.729	0.940
(18) Accident Year Weights	0.09	0.16	0.20	0.24	0.31
(19) Non-Catastrophe Reported Claim Counts	5	38	26	30	50
(20) Weighted Experience Loss & LAE Ratio					0.835
(21) Permissible Loss & LAE Ratio					0.513
(22) Fixed Expense Ratio					0.005
(23) Variable Expense Ratio					0.482
(24) Complement of Credibility - Trended Permissible					0.543
(25) Credibility (Square Root Rule, Full Credibility = 25000 Earned Exposures)					0.340
(26) Credibility Weighted Loss & LAE Ratio					0.642
(27) Credibility Weighted Indicated Rate Level Change					24.9%

Rate History

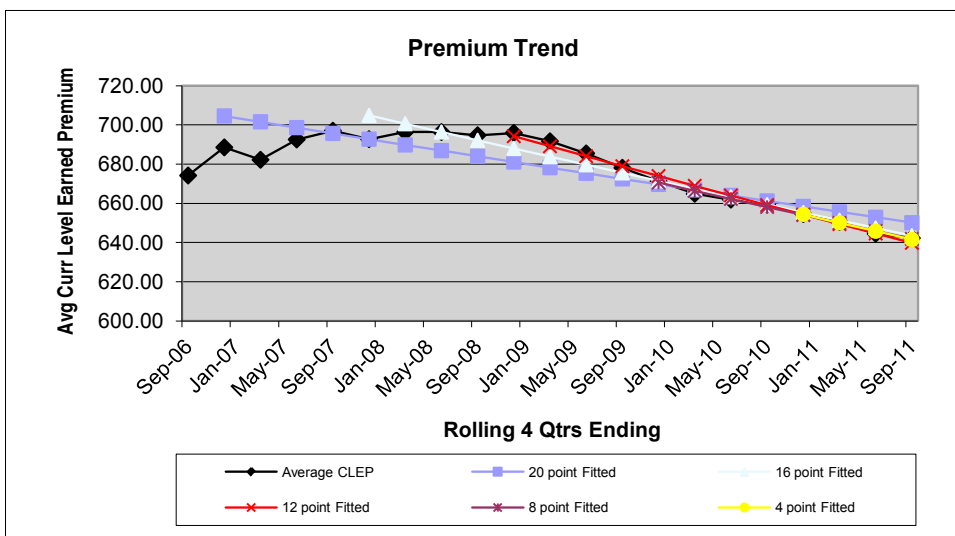
Rate Changes	
Effective Date	DP-1
12/24/2011	8.9%
11/1/2009	7.1%
12/15/2007	1.2%
4/1/2006	0.0%

Rate Level Adjustment Factor	
Accident Year Ending	DP-1
9/30/2007	1.181
9/30/2008	1.178
9/30/2009	1.168
9/30/2010	1.132
9/30/2011	1.089

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
9/30/2006	25,297	38	674.16					
12/31/2006	55,991	81	688.52	704.54				
3/31/2007	96,395	141	682.20	701.56				
6/30/2007	143,044	207	692.53	698.60				
9/30/2007	186,329	267	697.01	695.65				
12/31/2007	223,480	323	692.71	692.71	704.86			
3/31/2008	260,315	374	696.38	689.78	700.59			
6/30/2008	290,617	417	696.34	686.87	696.35			
9/30/2008	317,906	458	694.71	683.96	692.13			
12/31/2008	342,603	492	695.90	681.07	687.95	694.19		
3/31/2009	361,440	523	691.62	678.19	683.78	689.06		
6/30/2009	377,387	551	685.44	675.33	679.64	683.97		
9/30/2009	392,221	578	678.11	672.48	675.53	678.92		
12/31/2009	406,573	606	671.24	669.63	671.44	673.90	670.56	
3/31/2010	417,321	628	664.86	666.80	667.37	668.92	666.38	
6/30/2010	435,172	657	661.87	663.99	663.33	663.98	662.23	
9/30/2010	458,014	695	659.36	661.18	659.32	659.07	658.10	
12/31/2010	484,215	740	654.52	658.39	655.33	654.20	654.00	654.35
3/31/2011	515,120	792	650.42	655.61	651.36	649.37	649.93	650.03
6/30/2011	545,134	846	644.46	652.83	647.42	644.57	645.88	645.74
9/30/2011	573,877	894	642.20	650.08	643.50	639.81	641.85	641.48

Annual Premium Trend	
20 point fit	-1.7%
16 point fit	-2.4%
12 point fit	-2.9%
8 point fit	-2.5%
4 point fit	-2.6%
Historical Selected	-2.5%
Prospective Selected	-2.0%



Accident Year Ending	Trend Period						Trend Factor
	Historical			Prospective			
	Beginning	End	Time(Yrs)	Beginning	End	Time(Yrs)	
9/30/2007	3/31/2007	8/15/2011	4.375	8/15/2011	1/1/2014	2.378	0.853
9/30/2008	3/31/2008	8/15/2011	3.375	8/15/2011	1/1/2014	2.378	0.875
9/30/2009	3/31/2009	8/15/2011	2.375	8/15/2011	1/1/2014	2.378	0.897
9/30/2010	3/31/2010	8/15/2011	1.375	8/15/2011	1/1/2014	2.378	0.920
9/30/2011	3/31/2011	8/15/2011	0.375	8/15/2011	1/1/2014	2.378	0.944

Loss Trend

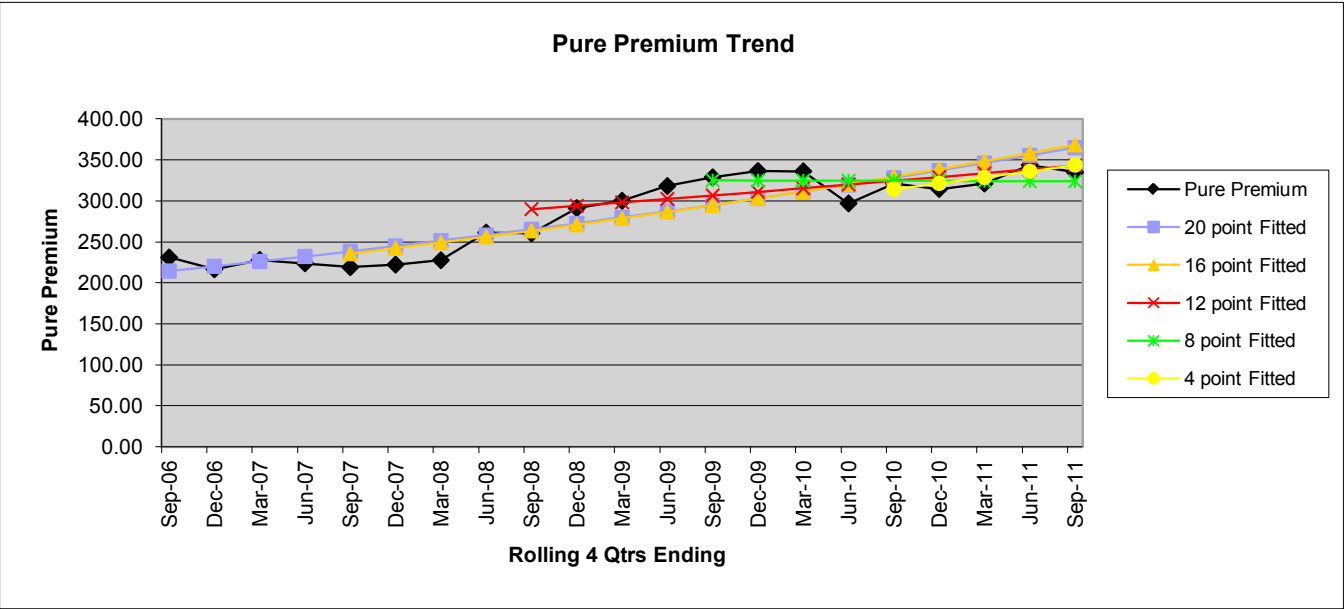
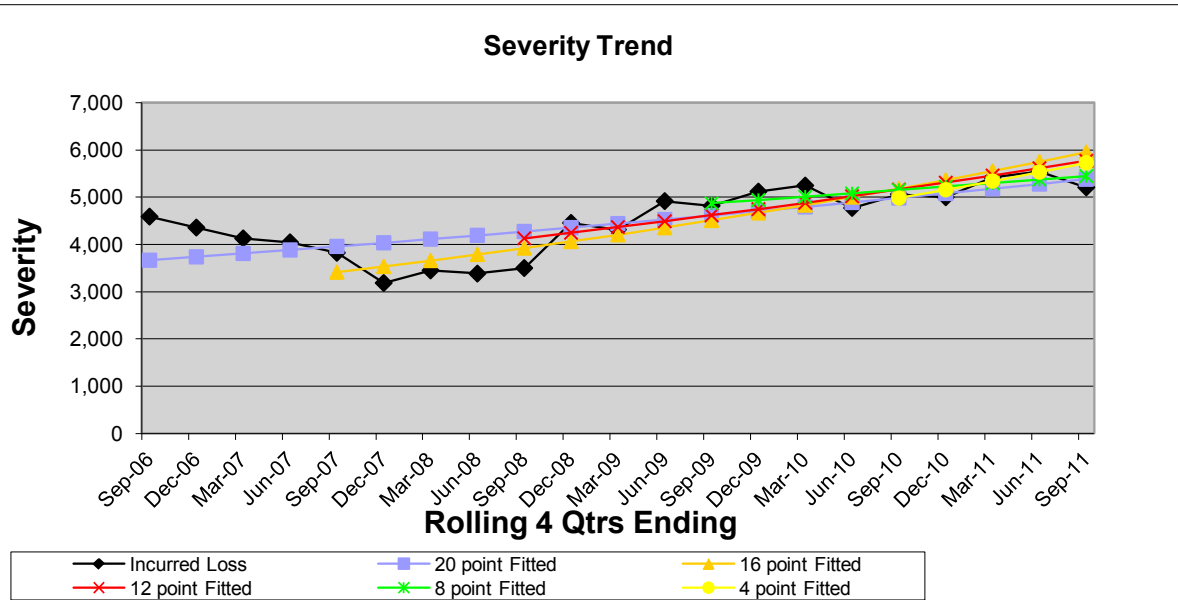
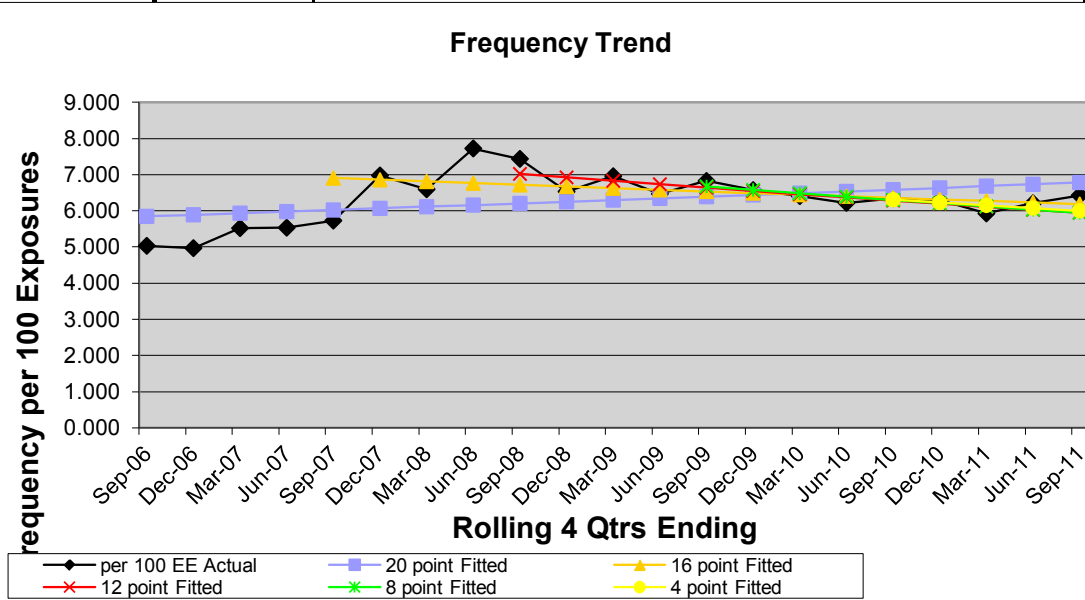
Loss Trend Based on Central Region - American Modern Insurance Group Data Excluding Catastrophe Losses

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	
9/30/2006	948	4,350,805	18,839	5.033	5.847						4,589	3,666				
12/31/2006	919	4,005,549	18,500	4.969	5.891						4,357	3,737				
3/31/2007	1,006	4,154,748	18,226	5.522	5.935						4,128	3,810				
6/30/2007	994	4,019,790	17,957	5.534	5.979						4,045	3,883				
9/30/2007	1,013	3,871,709	17,676	5.730	6.024	6.904					3,823	3,958	3,413			
12/31/2007	1,214	3,867,356	17,402	6.977	6.069	6.857					3,185	4,035	3,534			
3/31/2008	1,132	3,906,284	17,166	6.596	6.114	6.810					3,450	4,113	3,659			
6/30/2008	1,319	4,461,836	17,073	7.724	6.159	6.764					3,383	4,193	3,789			
9/30/2008	1,273	4,456,273	17,118	7.436	6.205	6.718	7.021				3,501	4,274	3,923	4,130		
12/31/2008	1,130	5,034,243	17,293	6.534	6.251	6.672	6.924				4,455	4,357	4,061	4,246		
3/31/2009	1,215	5,243,584	17,472	6.957	6.298	6.626	6.829				4,314	4,441	4,205	4,366		
6/30/2009	1,141	5,609,410	17,633	6.470	6.345	6.581	6.735				4,917	4,527	4,354	4,490		
9/30/2009	1,216	5,855,065	17,811	6.825	6.392	6.536	6.642	6.674			4,816	4,615	4,508	4,617	4,871	
12/31/2009	1,186	6,071,880	18,049	6.573	6.440	6.491	6.551	6.579			5,118	4,704	4,667	4,747	4,939	
3/31/2010	1,181	6,195,518	18,434	6.407	6.488	6.447	6.461	6.484			5,246	4,795	4,832	4,882	5,009	
6/30/2010	1,185	5,655,687	19,048	6.221	6.536	6.403	6.372	6.391			4,773	4,888	5,003	5,020	5,079	
9/30/2010	1,257	6,360,943	19,802	6.346	6.585	6.359	6.284	6.300	6.308		5,062	4,982	5,180	5,162	5,150	4,981
12/31/2010	1,301	6,503,409	20,679	6.292	6.634	6.315	6.198	6.210	6.230		4,999	5,079	5,364	5,308	5,223	5,158
3/31/2011	1,282	6,943,689	21,621	5.928	6.683	6.272	6.113	6.121	6.153		5,418	5,177	5,554	5,458	5,296	5,341
6/30/2011	1,405	7,776,504	22,621	6.210	6.733	6.229	6.028	6.033	6.077		5,536	5,277	5,750	5,612	5,371	5,531
9/30/2011	1,534	7,986,149	23,856	6.428	6.783	6.187	5.946	5.946	6.002		5,208	5,379	5,953	5,771	5,446	5,727

Accident Period 4 Qtrs Ending	Pure Premium					
	Pure Premium	20 point Fitted	16 point Fitted	12 point Fitted	8 point Fitted	4 point Fitted
9/30/2006	230.94	214.38				
12/31/2006	216.51	220.16				
3/31/2007	227.95	226.09				
6/30/2007	223.86	232.19				
9/30/2007	219.03	238.44	235.67			
12/31/2007	222.23	244.87	242.34			
3/31/2008	227.56	251.47	249.20			
6/30/2008	261.34	258.24	256.25			
9/30/2008	260.32	265.20	263.50	289.93		
12/31/2008	291.12	272.35	270.96	294.03		
3/31/2009	300.11	279.69	278.63	298.18		
6/30/2009	318.12	287.23	286.51	302.39		
9/30/2009	328.73	294.97	294.62	306.67	325.08	
12/31/2009	336.41	302.92	302.96	311.00	324.93	
3/31/2010	336.09	311.08	311.54	315.39	324.77	
6/30/2010	296.91	319.47	320.35	319.85	324.62	
9/30/2010	321.23	328.08	329.42	324.37	324.47	314.22
12/31/2010	314.50	336.92	338.74	328.95	324.32	321.35
3/31/2011	321.15	346.00	348.33	333.60	324.17	328.65
6/30/2011	343.78	355.32	358.19	338.31	324.02	336.10
9/30/2011	334.76	364.90	368.33	343.09	323.86	343.73

Annual Loss Trend			
	Frequency	Severity	Pure Premium
20 point fit	3.0%	8.0%	11.2%
16 point fit	-2.7%	14.9%	11.8%
12 point fit	-5.4%	11.8%	5.8%
8 point fit	-5.6%	5.7%	-0.2%
4 point fit	-4.9%	15.0%	9.4%
Historical Selected	-3.0%	7.0%	3.8%
Prospective Selected	-3.0%	7.0%	3.8%

Accident Year Ending	Trend Period						Trend Factor
	Historical			Prospective			
	Beginning	End	Time(Yrs)	Beginning	End	Time(Yrs)	
9/30/2007	3/31/2007	5/15/2011	4.125	5/15/2011	1/1/2014	2.628	1.286
9/30/2008	3/31/2008	5/15/2011	3.125	5/15/2011	1/1/2014	2.628	1.239
9/30/2009	3/31/2009	5/15/2011	2.125	5/15/2011	1/1/2014	2.628	1.194
9/30/2010	3/31/2010	5/15/2011	1.125	5/15/2011	1/1/2014	2.628	1.150
9/30/2011	3/31/2011	5/15/2011	0.125	5/15/2011	1/1/2014	2.628	1.108



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
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	6,181,961	6,148,261	6,145,472	6,137,944	6,141,729	6,213,790	6,213,990	6,236,344	6,172,758
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
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	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	5,651,119	5,651,319
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	6,468,567	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	5,696,173	5,661,173		
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	5,208,633	5,208,793			
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	4,954,044	4,954,044				
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		5,695,263						
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	6,311,864	6,311,864						
Sep-08	6,634,506	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	7,014,703	6,915,121							
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	6,794,804	6,807,522								
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	8,720,463	8,779,156									
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	6,798,665	6,762,514										
Sep-09	6,158,393	6,519,730	6,818,354	7,112,893	7,092,383	7,153,997	7,117,469	7,097,174	7,087,292											
Dec-09	5,860,664	6,188,993	6,118,589	6,050,532	6,156,419	6,178,449	6,144,872	6,048,052												
Mar-10	6,833,030	7,479,801	7,551,307	7,371,207	7,354,414	7,376,845	7,450,580													
Jun-10	6,295,815	6,643,147	6,702,446	6,728,702	6,731,330	6,779,258														
Sep-10	7,318,223	7,508,350	7,692,187	8,015,870	8,133,081															
Dec-10	7,305,686	7,704,420	8,494,069	9,006,756																
Mar-11	8,378,199	8,979,014	9,375,737																	
Jun-11	8,744,317	9,278,356																		
Sep-11	6,454,244																			

Historical Development Factors

Accident Qtr Ending																				
	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
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	0.999	1.001	1.012	1.000	1.004	0.990	1.004
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	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	1.000	1.000	
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	1.000	1.000		
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	1.006	0.994			
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	1.000	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	0.991	1.000					
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	0.999	1.000						
Jun-08	1.040	1.013	1.034	1.010	0.996	0.997	1.001	0.993	1.001	1.000	0.995	1.000	1.000							
Sep-08	0.958	1.045	0.996	1.054	0.998	0.998	1.018	1.012	0.994	0.988	0.998	0.986								
Dec-08	1.091	1.002	1.034	0.993	1.017	0.991	1.002	0.987	1.020	0.999	1.002									
Mar-09	1.063	1.064	1.029	1.036	1.042	0.992	0.989	0.973	1.002	1.007										
Jun-09	1.005	1.015	1.020	1.002	1.000	1.004	1.008	1.023	0.995											
Sep-09	1.059	1.046	1.043	0.997	1.009	0.995	0.997	0.999												
Dec-09	1.056	0.989	0.989	1.018	1.004	0.995	0.984													
Mar-10	1.095	1.010	0.976	0.998	1.003	1.010														
Jun-10	1.055	1.009	1.004	1.000	1.007															
Sep-10	1.026	1.024	1.042	1.015																
Dec-10	1.055	1.102	1.060																	
Mar-11	1.072	1.044																		
Jun-11	1.061																			
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
4 Qtrs Average	1.054	1.045	1.021	1.008	1.006	1.001	0.995	0.996	1.003	0.999	0.999	0.992	1.000	0.998	0.998	1.001	0.998	1.000	1.000	1.003
8 Qtrs Average	1.060	1.030	1.020	1.007	1.010	0.998	1.000	1.001	0.997	0.997	0.999	0.995	0.998	1.000	0.997	1.002				
12 Qtrs Average	1.050	1.030	1.018	1.005	1.008	1.000	1.000	1.000	0.998	1.003	0.998	0.996								
8 Qtrs Average ex H/L	1.060	1.025	1.021	1.005	1.007	0.997	1.000	1.002	0.999	0.997	0.999	0.997	0.998	1.000	0.999	1.001				
8 Qtrs Vol Weighted	1.060	1.032	1.022	1.008	1.011	0.998	1.000	0.999	0.998	0.998	0.998	0.995	0.997	1.000	0.996	1.002				
12 Qtrs Vol Weighted	1.050	1.032	1.019	1.007	1.009	1.000	1.000	0.999	0.998	1.003	0.998	0.996								
12 Qtr Avg ex H/L	1.052	1.027	1.018	1.004	1.007	0.999	1.000	1.001	0.999	1.000	0.999	0.996								

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	1.060	1.025	1.020	1.007	1.007	0.998	1.000	1.001	0.999	0.997	0.999	0.997	1.000	1.000	0.999	1.001	0.999	1.001	1.000	1.001	1.000	0.999
	3 to Ult	6 to Ult	9 to Ult	12 to Ult	15 to Ult	18 to Ult	21 to Ult	24 to Ult	27 to Ult	30 to Ult	33 to Ult	36 to Ult	39 to Ult	42 to Ult	45 to Ult	48 to Ult	51 to Ult	54 to Ult	57 to Ult	60 to Ult	63 to Ult	66 to Ult
Quarterly Age to Ultimate Factors	1.112	1.049	1.024	1.003	0.996	0.990	0.992	0.992	0.991	0.992	0.995	0.996	0.999	0.999	0.999	1.000	0.999	1.000	1.000	1.000	0.999	0.999
				12 to Ult	15 to Ult	18 to Ult	21 to Ult	24 to Ult	27 to Ult	30 to Ult	33 to Ult	36 to Ult	39 to Ult	42 to Ult	45 to Ult	48 to Ult	51 to Ult	54 to Ult	57 to Ult	60 to Ult	63 to Ult	66 to Ult
Wtd Annual Age to Ultimate Factors				1.042	1.019	1.005	0.996	0.993	0.991	0.992	0.993	0.994	0.996	0.997	0.998	0.999	0.999	1.000	1.000	1.000	1.000	0.999

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

Exhibit 7

Page 1

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	(5) Capped Catastrophe Ratio **	(6)=(4)-(5) Excess Spread to 50 Years
9/30/1992	1,457	29,751	28,294	0.051	0.051	0.000
9/30/1993	-	188,050	188,050	0.000	0.000	0.000
9/30/1994	4,407	330,689	326,283	0.014	0.014	0.000
9/30/1995	7,956	276,778	268,822	0.030	0.030	0.000
9/30/1996	18,084	120,137	102,053	0.177	0.177	0.000
9/30/1997	50,599	183,351	132,752	0.381	0.381	0.000
9/30/1998	3,260	218,602	215,343	0.015	0.015	0.000
9/30/1999	88,809	176,059	87,250	1.018	1.018	0.000
9/30/2000	3,191	93,251	90,061	0.035	0.035	0.000
9/30/2001	5,375	113,689	108,313	0.050	0.050	0.000
9/30/2002	7,650	118,222	110,572	0.069	0.069	0.000
9/30/2003	8,241	804,592	796,351	0.010	0.010	0.000
9/30/2004	45,640	361,671	316,031	0.144	0.144	0.000
9/30/2005	11,934	364,352	352,417	0.034	0.034	0.000
9/30/2006	54,241	329,104	274,863	0.197	0.197	0.000
9/30/2007	3,198	414,454	411,256	0.008	0.008	0.000
9/30/2008	754,068	1,201,430	447,362	1.686	1.058	0.628
9/30/2009	116,248	427,658	311,410	0.373	0.373	0.000
9/30/2010	25,499	561,243	535,744	0.048	0.048	0.000
9/30/2011	169,310	745,604	576,293	0.294	0.294	0.000

Weighted Average*** 0.206

Selected Catastrophe Factor: 0.206

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

*** Capped at 1.058 (2 standard deviations above the mean) with excess spread to 50 years.

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

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

	2008	2009	2010	Budget 2011	Selected	Fixed Expense %	Fixed Expenses	Variable Expenses
(1) Pre-Paid Commissions	17.1%	17.0%	17.1%		17.1%		0.0%	17.1%
(2) Contingent Commissions	1.9%	2.9%	1.9%	1.6%	1.6%		0.0%	1.6%
(3) Other Acquisition Expense	4.8%	4.9%	4.4%	4.7%	4.7%	0%	0.0%	4.7%
(4) General Expense	13.0%	13.1%	11.5%	11.7%	11.7%	0%	0.0%	11.7%
(5) Taxes, Licenses and Fees	2.8%	2.8%	2.8%		2.8%		0.0%	2.8%
(6) Reinsurance Expense				0.5%	0.5%	100%	0.5%	0.0%
(7) Total Expense					38.4%			
Profit Loading Provision								
(8a) After Tax Return on Equity Goal				15.0%				
(8b) Target Premium to Surplus Ratio				1.8:1				
(8c) After Tax Return on Premium [(a)/(b)]				8.3%				
(8d) After Tax Return Generated by Inv Income				1.6%				
(8e) After Tax Return Needed From Underwriting Profit [(c) - (d)]				6.7%				
(8f) Before Tax Return Needed from Underwriting Profit [(e)/(1.00 - .35)]				10.3%				
(8g) Selected Profit Provision					10.3%		0.0%	10.3%
(9) Total Expenses and Profit Provision [(7) + (8)]					48.7%			
(10) Permissible Loss & LAE Ratio [(1.000 - (9))					51.3%			
(11) Fixed Expense Ratio							0.5%	
(12) Variable Permissible Loss Ratio								51.8%

Data applied to calculate commission ratio:

	2008	2009	2010
AMS Arkansas Site Built Dwelling DP-1 Written Premium	331,506	369,919	501,869
AMS Arkansas Site Built Dwelling DP-1 Paid Commission	56,571	62,964	86,062

Data applied to calculate Taxes, Licenses and Fees:

	2008	2009	2010
AMS Arkansas Written Premium from all AS Lines	1,238,173	1,324,449	1,797,927
AMS Arkansas Taxes, Licenses and Fees from all AS Lines	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	0.5%
(f)	Subtotal	30.2%
(g)	Federal Taxes Payable	7.0%
(4T)	Total Deductions	37.2%
(5)	Unearned Premium Reserve Subject to Investment (3) x [1.0 - (4T)]	\$ 121,700,908
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	51.3%
(2)	Expected Losses and Loss Adjustment Expenses (A.1) x (C.1)	\$ 234,228,025
(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	\$ 83,482,387
D. Net Subject to Investment		\$ 160,015,528
(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)		2.3%
(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)]	1.6%

Investment Income Calculation

Average Federal Tax Rate on Investment Income

	(1) Investment Income 2008 - 2010 (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 American Modern Insurance Group Annual Statement, Part 1
(B) Under the 1986 Tax Reform Act, 15% of formerly tax-exempt income from securities purchased after August 7, 1986 is now taxable. Thus the estimated effective tax rates in 2011 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.

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

Exhibit 11

Complement of Credibility Calculation

	DP-1
(1) Permissible Loss & LAE Ratio	0.513
(2) Proposed Renewal Effective Date	1/1/2013
(3) Effective Date of Current Rates	12/24/2011
(4) Time Period in Years $\{[(2) - (3)] / 365\}$ **	1.000
(5) Annual Premium Trend	-2.0%
(6) Annual Loss Trend	3.8%
(7) Ann Loss Ratio Trend $\{[1 + (6)] / [1 + (5)] - 1\}$	5.9%
(8) Selected Trend Factor $\{[1 + (7)] ^ (4)\}$	1.059
(9) Complement of Credibility = $\{(1) * (8)\}$	0.543

** 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: 1/1/2013

	Premium in Force at 9/30/2011	Premium in Force Distribution	Indication
Site Built Dwelling DP-3	\$333,030	100.0%	7.5%

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 based on the latest year's ratio of historical ULAE to historical Incurred Loss & ALAE. Please see Exhibit 9.
 - e. The Catastrophe Load allows us to use a longer experience period to control our response to unpredictable large loss events. We rely on ISO to identify catastrophes. That definition is any event that causes a loss of at least \$25 million to the insurance industry and has a sufficient number of claims. Our adjustment involves removing such losses and applying a historical average. This provides incurred losses indicative of normal catastrophic activity for our experience period. Please see Exhibit 7 for a further description of the method used.
 - f. The 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 Fixed Expense Ratio and Variable Permissible Loss Ratio Calculations may be found in Exhibit 9. This calculation includes determination of a profit provision.
 - a. The derivation of the Pre-Paid Commissions and Taxes, Licenses and Fees may be found at the bottom of this exhibit. Other Acquisition and General Expenses are based on Countrywide, Company Data for the Program being evaluated. The Reinsurance Expense is designed to cover the cost of our catastrophe and excess of loss experience contracts. It is a 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 1.8:1 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 loss trends. A time exponent based on the time from our last revision to the proposed effective date, capped at 1 years, is applied. Exhibit 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 $((\text{Credibility Weighted Loss \& LAE Ratio} + \text{Fixed Expense Ratio}) / \text{Variable Expense Ratio}) - 1$

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

Exhibit 2
Page 1

Rate Level Indications

	Accident Year Ending				
	9/30/2007	9/30/2008	9/30/2009	9/30/2010	9/30/2011
(1) Earned Exposures	86	123	157	207	293
(2) Earned Premium	89,816	119,946	154,303	200,616	291,705
(3) Rate Level Adjustment Factor	1.116	1.120	1.129	1.102	1.069
(4) Current Level Earned Premium	100,257	134,362	174,142	221,102	311,818
(5) Premium Trend Factor	0.932	0.947	0.963	0.978	0.994
(6) Trended Current Level Earned Premium	93,439	127,241	167,699	216,238	309,947
(7) Total Incurred Losses & ALAE	78,329	227,120	164,300	25,212	181,889
(8) Catastrophe Incurred Losses and ALAE	-	111,559	72,166	-	121,792
(9) IL & ALAE Excl Cat	78,329	115,560	92,133	25,212	60,097
(10) Incurred Loss & ALAE Trend Factor	1.286	1.239	1.194	1.150	1.108
(11) Incurred Loss & ALAE Development Factor	0.998	0.996	0.994	1.003	1.074
(12) ULAE Factor (to IL & ALAE)	1.015	1.015	1.015	1.015	1.015
(13) Trended Adjusted IL & LAE Excl Cat	102,038	144,746	110,988	29,518	72,587
(14) Catastrophe Factor	0.274	0.274	0.274	0.274	0.274
(15) Trended Adjusted Cat Incurred Loss & LAE	27,958	39,660	30,411	8,088	19,889
(16) Total Trended Adjusted Incurred Loss & LAE	129,996	184,406	141,399	37,606	92,476
(17) Adjusted Loss & LAE Ratio *	1.391	1.449	0.843	0.174	0.298
(18) Accident Year Weights	0.10	0.14	0.18	0.23	0.34
(19) Non-Catastrophe Reported Claim Counts	11	15	14	11	18
(20) Weighted Experience Loss & LAE Ratio					0.635
(21) Permissible Loss & LAE Ratio					0.514
(22) Fixed Expense Ratio					0.005
(23) Variable Expense Ratio					0.481
(24) Complement of Credibility - Trended Permissible					0.534
(25) Credibility (Square Root Rule, Full Credibility = 25000 Earned Exposures)					0.186
(26) Credibility Weighted Loss & LAE Ratio					0.553
(27) Credibility Weighted Indicated Rate Level Change					7.5%

Rate History

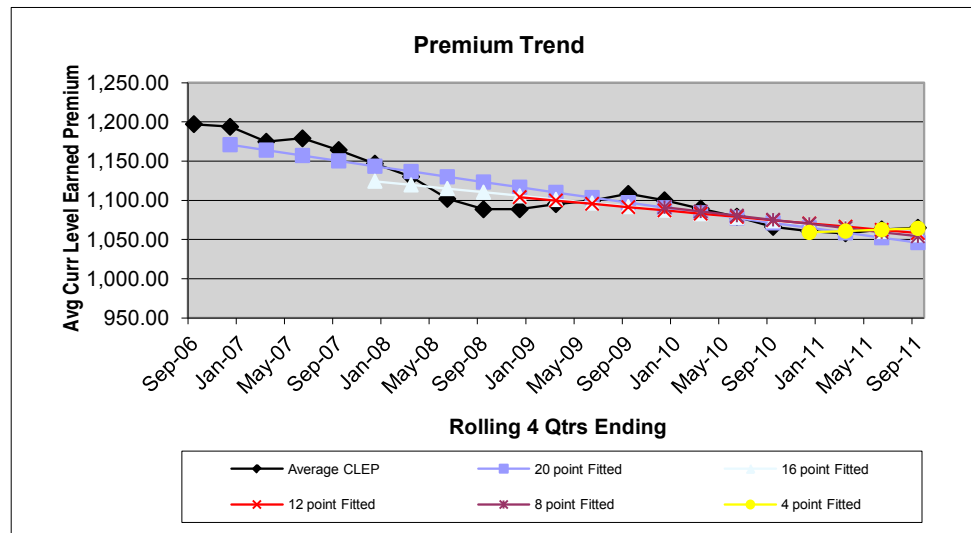
Rate Changes	
Effective Date	DP-3
12/24/2011	6.9%
11/1/2009	6.1%
12/15/2007	-0.5%
4/1/2006	0.0%

Rate Level Adjustment Factor	
Accident Year Ending	DP-3
9/30/2007	1.116
9/30/2008	1.120
9/30/2009	1.129
9/30/2010	1.102
9/30/2011	1.069

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
9/30/2006	11,958	10	1,197.11					
12/31/2006	28,490	24	1,193.71	1,170.92				
3/31/2007	51,482	44	1,174.68	1,164.00				
6/30/2007	79,006	67	1,178.96	1,157.11				
9/30/2007	100,257	86	1,164.10	1,150.26				
12/31/2007	115,642	101	1,146.73	1,143.46	1,124.34			
3/31/2008	125,950	111	1,130.02	1,136.70	1,119.65			
6/30/2008	129,497	118	1,101.76	1,129.97	1,114.99			
9/30/2008	134,362	123	1,088.45	1,123.29	1,110.34			
12/31/2008	142,300	131	1,088.52	1,116.64	1,105.71	1,104.00		
3/31/2009	152,407	139	1,095.10	1,110.04	1,101.10	1,099.75		
6/30/2009	162,910	148	1,099.34	1,103.47	1,096.51	1,095.53		
9/30/2009	174,142	157	1,108.12	1,096.94	1,091.94	1,091.32		
12/31/2009	181,052	165	1,100.03	1,090.45	1,087.39	1,087.12	1,091.20	
3/31/2010	188,919	173	1,089.31	1,084.00	1,082.86	1,082.94	1,085.83	
6/30/2010	202,964	188	1,079.08	1,077.59	1,078.34	1,078.78	1,080.48	
9/30/2010	221,102	207	1,066.00	1,071.22	1,073.85	1,074.64	1,075.16	
12/31/2010	246,297	232	1,060.80	1,064.88	1,069.37	1,070.51	1,069.87	1,059.02
3/31/2011	270,564	256	1,057.89	1,058.58	1,064.91	1,066.39	1,064.60	1,060.74
6/30/2011	292,341	275	1,062.83	1,052.32	1,060.48	1,062.29	1,059.36	1,062.47
9/30/2011	311,818	293	1,064.92	1,046.09	1,056.05	1,058.21	1,054.15	1,064.20

Annual Premium Trend	
20 point fit	-2.3%
16 point fit	-1.7%
12 point fit	-1.5%
8 point fit	-2.0%
4 point fit	0.7%
Historical Selected	-1.6%
Prospective Selected	0.0%



Accident Year Ending	Trend Period						Trend Factor
	Historical			Prospective			
	Beginning	End	Time(Yrs)	Beginning	End	Time(Yrs)	
9/30/2007	3/31/2007	8/15/2011	4.375	8/15/2011	1/1/2014	2.378	0.932
9/30/2008	3/31/2008	8/15/2011	3.375	8/15/2011	1/1/2014	2.378	0.947
9/30/2009	3/31/2009	8/15/2011	2.375	8/15/2011	1/1/2014	2.378	0.963
9/30/2010	3/31/2010	8/15/2011	1.375	8/15/2011	1/1/2014	2.378	0.978
9/30/2011	3/31/2011	8/15/2011	0.375	8/15/2011	1/1/2014	2.378	0.994

Loss Trend

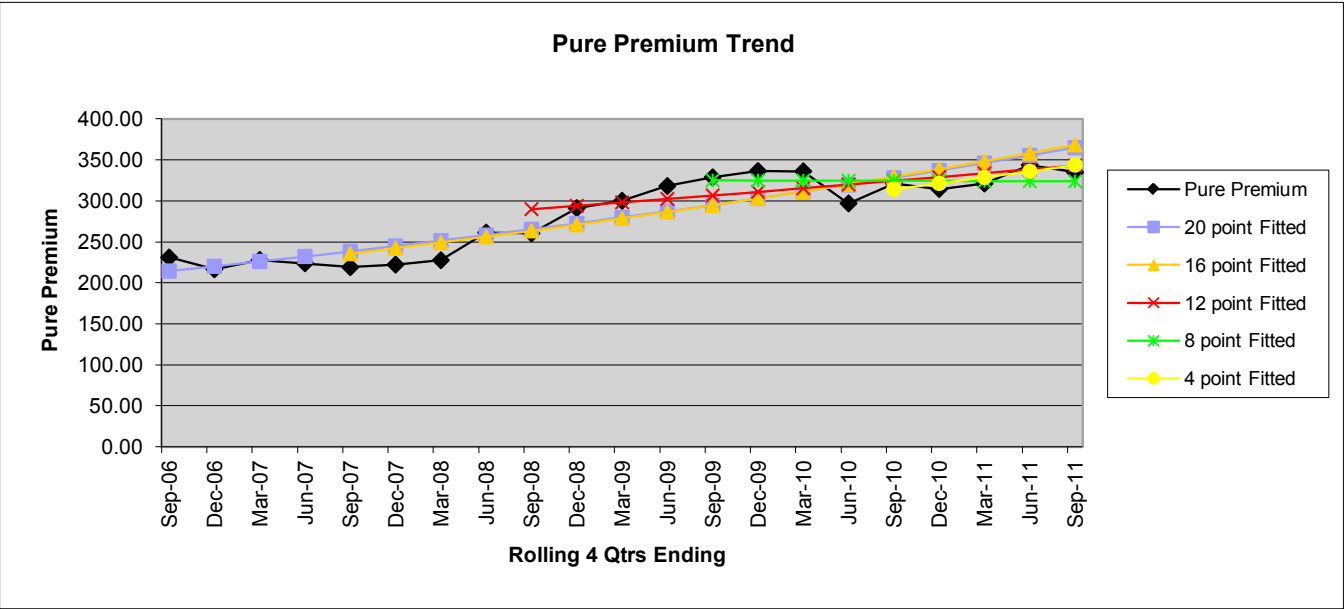
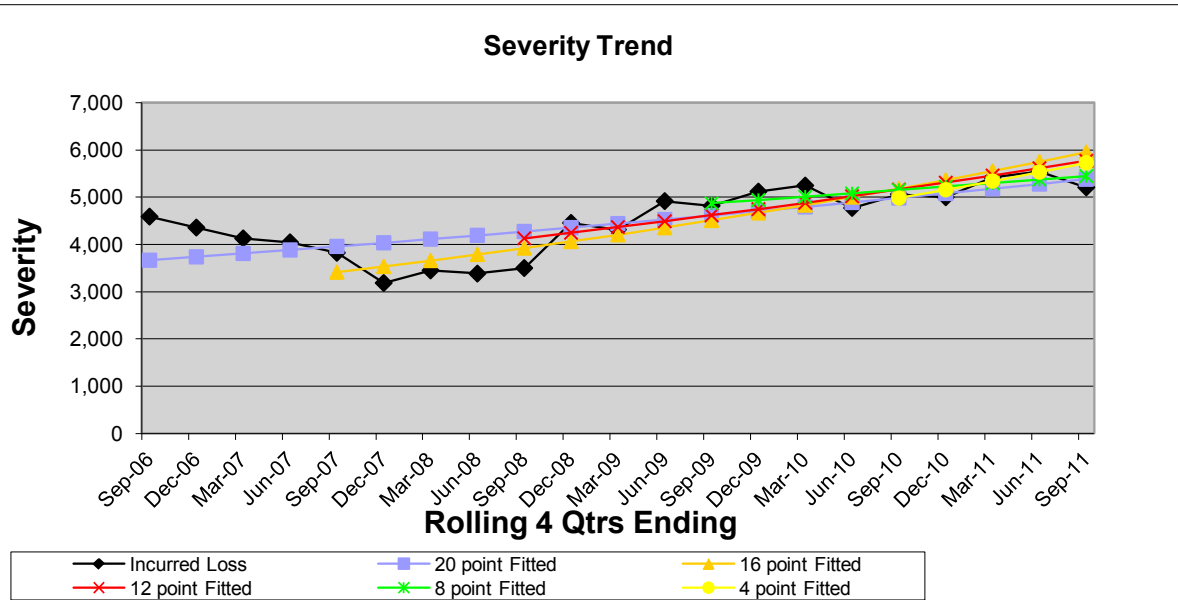
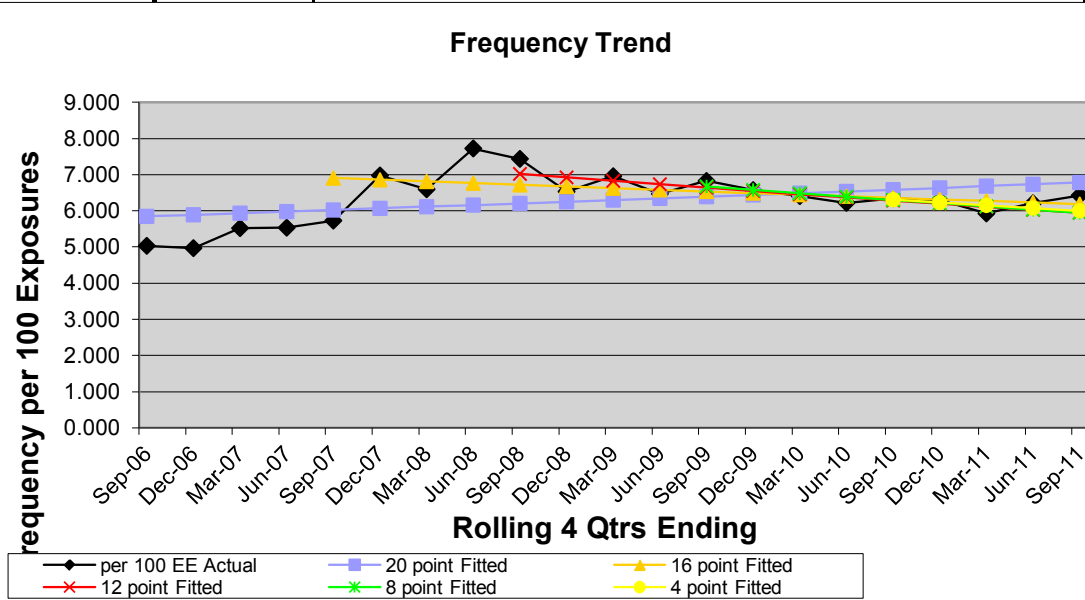
Loss Trend Based on Central Region - American Modern Insurance Group Data Excluding Catastrophe Losses

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
9/30/2006	948	4,350,805	18,839	5.033	5.847					4,589	3,666				
12/31/2006	919	4,005,549	18,500	4.969	5.891					4,357	3,737				
3/31/2007	1,006	4,154,748	18,226	5.522	5.935					4,128	3,810				
6/30/2007	994	4,019,790	17,957	5.534	5.979					4,045	3,883				
9/30/2007	1,013	3,871,709	17,676	5.730	6.024	6.904				3,823	3,958	3,413			
12/31/2007	1,214	3,867,356	17,402	6.977	6.069	6.857				3,185	4,035	3,534			
3/31/2008	1,132	3,906,284	17,166	6.596	6.114	6.810				3,450	4,113	3,659			
6/30/2008	1,319	4,461,836	17,073	7.724	6.159	6.764				3,383	4,193	3,789			
9/30/2008	1,273	4,456,273	17,118	7.436	6.205	6.718	7.021			3,501	4,274	3,923	4,130		
12/31/2008	1,130	5,034,243	17,293	6.534	6.251	6.672	6.924			4,455	4,357	4,061	4,246		
3/31/2009	1,215	5,243,584	17,472	6.957	6.298	6.626	6.829			4,314	4,441	4,205	4,366		
6/30/2009	1,141	5,609,410	17,633	6.470	6.345	6.581	6.735			4,917	4,527	4,354	4,490		
9/30/2009	1,216	5,855,065	17,811	6.825	6.392	6.536	6.642	6.674		4,816	4,615	4,508	4,617	4,871	
12/31/2009	1,186	6,071,880	18,049	6.573	6.440	6.491	6.551	6.579		5,118	4,704	4,667	4,747	4,939	
3/31/2010	1,181	6,195,518	18,434	6.407	6.488	6.447	6.461	6.484		5,246	4,795	4,832	4,882	5,009	
6/30/2010	1,185	5,655,687	19,048	6.221	6.536	6.403	6.372	6.391		4,773	4,888	5,003	5,020	5,079	
9/30/2010	1,257	6,360,943	19,802	6.346	6.585	6.359	6.284	6.300	6.308	5,062	4,982	5,180	5,162	5,150	4,981
12/31/2010	1,301	6,503,409	20,679	6.292	6.634	6.315	6.198	6.210	6.230	4,999	5,079	5,364	5,308	5,223	5,158
3/31/2011	1,282	6,943,689	21,621	5.928	6.683	6.272	6.113	6.121	6.153	5,418	5,177	5,554	5,458	5,296	5,341
6/30/2011	1,405	7,776,504	22,621	6.210	6.733	6.229	6.028	6.033	6.077	5,536	5,277	5,750	5,612	5,371	5,531
9/30/2011	1,534	7,986,149	23,856	6.428	6.783	6.187	5.946	5.946	6.002	5,208	5,379	5,953	5,771	5,446	5,727

Accident Period 4 Qtrs Ending	Pure Premium					
	Pure Premium	20 point Fitted	16 point Fitted	12 point Fitted	8 point Fitted	4 point Fitted
9/30/2006	230.94	214.38				
12/31/2006	216.51	220.16				
3/31/2007	227.95	226.09				
6/30/2007	223.86	232.19				
9/30/2007	219.03	238.44	235.67			
12/31/2007	222.23	244.87	242.34			
3/31/2008	227.56	251.47	249.20			
6/30/2008	261.34	258.24	256.25			
9/30/2008	260.32	265.20	263.50	289.93		
12/31/2008	291.12	272.35	270.96	294.03		
3/31/2009	300.11	279.69	278.63	298.18		
6/30/2009	318.12	287.23	286.51	302.39		
9/30/2009	328.73	294.97	294.62	306.67	325.08	
12/31/2009	336.41	302.92	302.96	311.00	324.93	
3/31/2010	336.09	311.08	311.54	315.39	324.77	
6/30/2010	296.91	319.47	320.35	319.85	324.62	
9/30/2010	321.23	328.08	329.42	324.37	324.47	314.22
12/31/2010	314.50	336.92	338.74	328.95	324.32	321.35
3/31/2011	321.15	346.00	348.33	333.60	324.17	328.65
6/30/2011	343.78	355.32	358.19	338.31	324.02	336.10
9/30/2011	334.76	364.90	368.33	343.09	323.86	343.73

Annual Loss Trend			
	Frequency	Severity	Pure Premium
20 point fit	3.0%	8.0%	11.2%
16 point fit	-2.7%	14.9%	11.8%
12 point fit	-5.4%	11.8%	5.8%
8 point fit	-5.6%	5.7%	-0.2%
4 point fit	-4.9%	15.0%	9.4%
Historical Selected	-3.0%	7.0%	3.8%
Prospective Selected	-3.0%	7.0%	3.8%

Accident Year Ending	Trend Period						Trend Factor
	Historical			Prospective			
	Beginning	End	Time(Yrs)	Beginning	End	Time(Yrs)	
9/30/2007	3/31/2007	5/15/2011	4.125	5/15/2011	1/1/2014	2.628	1.286
9/30/2008	3/31/2008	5/15/2011	3.125	5/15/2011	1/1/2014	2.628	1.239
9/30/2009	3/31/2009	5/15/2011	2.125	5/15/2011	1/1/2014	2.628	1.194
9/30/2010	3/31/2010	5/15/2011	1.125	5/15/2011	1/1/2014	2.628	1.150
9/30/2011	3/31/2011	5/15/2011	0.125	5/15/2011	1/1/2014	2.628	1.108



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
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	520,360
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
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
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	1,077,446	1,056,057	1,057,057
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	1,154,773	1,154,773	1,085,984	1,085,984	1,086,105	1,086,105	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	833,152	
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		
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	1,457,629	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	988,190	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	962,831	965,986	1,228,908	1,278,455	1,215,275	1,190,434	1,179,444	1,179,444						
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	2,096,100	2,086,260							
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	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	2,582,515	2,582,594									
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	1,774,881	1,726,170										
Sep-09	1,553,449	1,828,986	1,903,216	1,928,532	2,123,382	2,054,102	2,006,904	2,006,904	2,100,904											
Dec-09	2,130,318	2,743,636	2,798,096	2,843,378	2,760,079	2,774,842	2,745,382	2,734,248												
Mar-10	3,960,690	3,809,715	3,973,084	4,091,924	4,351,955	4,329,247	4,329,247													
Jun-10	2,231,305	2,331,753	2,364,717	2,432,917	2,482,099	2,452,932														
Sep-10	3,708,490	3,999,838	4,101,912	4,235,085	4,266,106															
Dec-10	3,886,394	4,868,504	4,953,551	4,995,249																
Mar-11	7,095,694	7,686,522	7,675,650																	
Jun-11	4,507,024	5,299,230																		
Sep-11	4,221,011																			

Historical Development Factors

Accident Qtr Ending																				
	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
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	1.000	1.405	1.002	1.000	0.885	0.966	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
Jun-06	1.003	0.842	0.984	1.006	0.999	1.000	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
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	1.001	1.000
Dec-06	1.271	1.053	1.089	0.959	0.987	0.965	0.973	1.029	1.000	1.000	1.000	1.015	1.000	0.940	1.000	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	1.001		
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	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	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	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	0.991	1.000							
Sep-08	1.061	1.028	1.027	0.851	0.991	0.995	1.003	1.032	0.986	1.000	1.012	0.995								
Dec-08	0.942	1.015	1.017	0.995	0.997	1.002	0.995	1.077	1.000	1.000	1.000									
Mar-09	1.216	1.026	1.007	1.049	1.050	0.991	0.973	0.954	0.921	1.000										
Jun-09	1.153	1.047	0.959	1.028	0.995	0.981	1.031	1.047	0.973											
Sep-09	1.177	1.041	1.013	1.101	0.967	0.977	1.000	1.047												
Dec-09	1.288	1.020	1.016	0.971	1.005	0.989	0.996													
Mar-10	0.962	1.043	1.030	1.064	0.995	1.000														
Jun-10	1.045	1.014	1.029	1.020	0.988															
Sep-10	1.079	1.026	1.032	1.007																
Dec-10	1.253	1.017	1.008																	
Mar-11	1.083	0.999																		
Jun-11	1.176																			

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	1.148	1.014	1.025	1.016	0.989	0.987	1.000	1.031	0.970	0.988	0.998	0.997	1.000	1.000	1.000	1.000	1.002	0.995	1.000	1.000		
8 Qtrs Average	1.133	1.026	1.012	1.029	0.999	1.002	1.000	1.042	0.989	0.993	1.000	1.000	0.999	0.997	0.972	1.000						
12 Qtrs Average	1.120	1.021	1.007	1.011	1.008	0.996	1.010	1.026	0.999	0.999	0.971	0.998										
8 Qtrs Average ex H/L	1.136	1.027	1.017	1.027	0.995	0.993	1.000	1.026	0.992	0.998	1.001	0.999	1.000	1.000	1.000	1.000						
8 Qtrs Vol Weighted	1.120	1.020	1.016	1.029	1.000	0.996	0.997	1.025	0.981	0.994	1.001	1.000	0.998	0.997	0.964	1.000						
12 Qtrs Vol Weighted	1.115	1.020	1.014	1.012	1.004	0.994	1.005	1.019	0.990	0.998	0.968	0.997										
12 Qtr Avg ex H/L	1.097	1.023	1.009	1.018	1.008	0.992	1.008	1.013	0.999	0.995	1.000	0.999										

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	1.135	1.027	1.017	1.020	1.000	0.996	1.000	1.016	0.994	0.998	1.001	0.999	1.000	1.000	1.000	1.000	1.001	0.995	1.000	1.000	1.000	1.000

	3 to Ult	6 to Ult	9 to Ult	12 to Ult	15 to Ult	18 to Ult	21 to Ult	24 to Ult	27 to Ult	30 to Ult	33 to Ult	36 to Ult	39 to Ult	42 to Ult	45 to Ult	48 to Ult	51 to Ult	54 to Ult	57 to Ult	60 to Ult	63 to Ult	66 to Ult
Quarterly Age to Ultimate Factors	1.211	1.066	1.038	1.021	1.001	1.001	1.005	1.005	0.989	0.995	0.996	0.995	0.996	0.996	0.996	0.996	0.996	0.995	1.000	1.000	1.000	1.000

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

Exhibit 7

Page 1

Catastrophe Factor

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

Accident Year Ending	(1) Catastrophe Losses*	(2) All Losses*	(3)=(2)-(1) All Losses* Less Catastrophe	(4)=(1)/(3) Catastrophe Ratio
9/30/1992	19,435	121,475	102,040	0.190
9/30/1993	27,582	413,678	386,096	0.071
9/30/1994	31,822	698,287	666,465	0.048
9/30/1995	73,745	678,711	604,967	0.122
9/30/1996	100,893	658,195	557,302	0.181
9/30/1997	59,997	559,562	499,565	0.120
9/30/1998	45,555	756,168	710,613	0.064
9/30/1999	483,049	932,757	449,708	1.074
9/30/2000	5,438	559,985	554,548	0.010
9/30/2001	90,838	767,396	676,558	0.134
9/30/2002	114,063	1,641,641	1,527,578	0.075
9/30/2003	539,488	4,057,637	3,518,149	0.153
9/30/2004	580,787	4,779,922	4,199,135	0.138
9/30/2005	153,717	4,421,716	4,267,999	0.036
9/30/2006	1,532,837	5,885,194	4,352,356	0.352
9/30/2007	167,479	4,040,354	3,872,874	0.043
9/30/2008	2,926,854	7,109,605	4,182,752	0.700
9/30/2009	2,027,389	6,813,810	4,786,421	0.424
9/30/2010	3,508,148	8,818,602	5,310,455	0.661
9/30/2011	4,872,388	10,384,177	5,511,790	0.884
Average				0.274
Selected Catastrophe Factor:				0.274

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

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

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 2011	Selected	Fixed Expense %	Fixed Expenses	Variable Expenses
	2008	2009	2010					
(1) Pre-Paid Commissions	16.8%	16.6%	17.0%		17.0%		0.0%	17.0%
(2) Contingent Commissions	1.9%	2.9%	1.9%	1.6%	1.6%		0.0%	1.6%
(3) Other Acquisition Expense	4.8%	4.9%	4.4%	4.7%	4.7%	0%	0.0%	4.7%
(4) General Expense	13.0%	13.1%	11.5%	11.7%	11.7%	0%	0.0%	11.7%
(5) Taxes, Licenses and Fees	2.8%	2.8%	2.8%		2.8%		0.0%	2.8%
(6) Reinsurance Expense				0.5%	0.5%	100%	0.5%	0.0%
(7) Total Expense					38.3%			
Profit Loading Provision								
(8a) After Tax Return on Equity Goal				15.0%				
(8b) Target Premium to Surplus Ratio				1.8:1				
(8c) After Tax Return on Premium [(a)/(b)]				8.3%				
(8d) After Tax Return Generated by Inv Income				1.6%				
(8e) After Tax Return Needed From Underwriting Profit [(c) - (d)]				6.7%				
(8f) Before Tax Return Needed from Underwriting Profit [(e)/(1.00 - .35)]				10.3%				
(8g) Selected Profit Provision					10.3%		0.0%	10.3%
(9) Total Expenses and Profit Provision [(7) + (8)]					48.6%			
(10) Permissible Loss & LAE Ratio [(1.000 - (9))					51.4%			
(11) Fixed Expense Ratio							0.5%	
(12) Variable Permissible Loss Ratio								51.9%

Data applied to calculate commission ratio:	Calendar Year		
	2008	2009	2010
AMS Arkansas Site Built Dwelling DP-3 Written Premium	151,679	172,813	285,058
AMS Arkansas Site Built Dwelling DP-3 Paid Commission	25,487	28,624	48,398

Data applied to calculate Taxes, Licenses and Fees:	Calendar Year		
	2008	2009	2010
AMS Arkansas Written Premium from all AS Lines	1,238,173	1,324,449	1,797,927
AMS Arkansas Taxes, Licenses and Fees from all AS Lines	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	0.5%
(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	51.4%
(2) Expected Losses and Loss Adjustment Expenses (A.1) x (C.1)	\$ 234,684,609
(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	\$ 83,645,121
D. Net Subject to Investment	
(A.5) - (B.2) + (C.4)	\$ 160,372,053
E. Before Tax Rate of Return	
[Exhibit 10, Page 2]	2.5%
F. Average Rate of Return as a % of Direct Earned Premium	
$[(D) \times (E)] / (A.1)$	0.9%
G. Before Tax Investment Income Return (Including Surplus)	
$(F) + [(E) \times (1.0/\text{Premium to Surplus Ratio})]$	2.3%
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 $[1.0 - (H.1)]$	1.6%

Investment Income Calculation

Average Federal Tax Rate on Investment Income

	(1) Investment Income 2008 - 2010 (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 American Modern Insurance Group Annual Statement, Part 1
(B) Under the 1986 Tax Reform Act, 15% of formerly tax-exempt income from securities purchased after August 7, 1986 is now taxable. Thus the estimated effective tax rates in 2011 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.

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

Exhibit 11

Complement of Credibility Calculation

	DP-3
(1) Permissible Loss & LAE Ratio	0.514
(2) Proposed Renewal Effective Date	1/1/2013
(3) Effective Date of Current Rates	12/24/2011
(4) Time Period in Years $\{[(2) - (3)] / 365\}$ **	1.000
(5) Annual Premium Trend	0.0%
(6) Annual Loss Trend	3.8%
(7) Ann Loss Ratio Trend $\{[1 + (6)] / [1 + (5)] - 1\}$	3.8%
(8) Selected Trend Factor $\{[1 + (7)] ^ (4)\}$	1.038
(9) Complement of Credibility = $\{(1) * (8)\}$	0.534

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