

SERFF Tracking Number: PHXN-126332251 State: Arkansas
Filing Company: American Hallmark Insurance Company of Texas State Tracking Number: EFT \$100
Company Tracking Number: HO-AR102009
TOI: 04.0 Homeowners Sub-TOI: 04.0003 Owner Occupied Homeowners
Product Name: Homeowners
Project Name/Number: Homeowners Rate Revision/HO-AR102009

Filing at a Glance

Company: American Hallmark Insurance Company of Texas

Product Name: Homeowners SERFF Tr Num: PHXN-126332251 State: Arkansas
TOI: 04.0 Homeowners SERFF Status: Closed-Filed State Tr Num: EFT \$100
Sub-TOI: 04.0003 Owner Occupied Co Tr Num: HO-AR102009 State Status: Fees verified and received
Homeowners Reviewer(s): Becky Harrington, Betty Montesi
Filing Type: Rate/Rule Author: Ron Temposky Disposition Date: 10/26/2009
Disposition Status: Filed
Effective Date Requested (New): 10/30/2009 Effective Date (New): 10/30/2009
Effective Date Requested (Renewal): 01/13/2010 Effective Date (Renewal): 01/13/2010

State Filing Description:

General Information

Project Name: Homeowners Rate Revision
Project Number: HO-AR102009
Reference Organization:
Reference Title:
Filing Status Changed: 10/26/2009
State Status Changed: 10/07/2009
Created By: Ron Temposky
Corresponding Filing Tracking Number:
Filing Description:

Status of Filing in Domicile: Authorized
Domicile Status Comments:
Reference Number:
Advisory Org. Circular:

Deemer Date:
Submitted By: Ron Temposky

This filing proposes revisions to the homeowners insurance program underwritten by American Hallmark Insurance Company of Texas in the state of Arkansas. This is Hallmark's first rate revision since entering the Arkansas residential property insurance market on October 22, 2008.

Company and Contact

Filing Contact Information

Ron Temposky, Product Manager rtemposky@hallmarkinsco.com
PO Box 250209 469-298-5742 [Phone]

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 Plano, TX 75025 972-788-0520 [FAX]

Filing Company Information

American Hallmark Insurance Company of Texas
 6500 Pinecrest
 Suite 100
 Plano, TX 75025
 (800) 486-5616 ext. [Phone]

 CoCode: 43494 State of Domicile: Texas
 Group Code: 3478 Company Type: Property & Casualty
 Group Name: Hallmark Insurance Group State ID Number:
 FEIN Number: 75-1817901

Filing Fees

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

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
American Hallmark Insurance Company of Texas	\$100.00	10/06/2009	31080388

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Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Filed	Becky Harrington	10/26/2009	10/26/2009

Objection Letters and Response Letters

Objection Letters				Response Letters		
Status	Created By	Created On	Date Submitted	Responded By	Created On	Date Submitted
Pending Industry Response	Becky Harrington	10/07/2009	10/07/2009	Ron Temposky	10/16/2009	10/16/2009

Filing Notes

Subject	Note Type	Created By	Created On	Date Submitted
Revised Response Exhibit II	Note To Reviewer	Ron Temposky	10/23/2009	10/23/2009
Revised Underwriting Guide	Note To Reviewer	Ron Temposky	10/21/2009	10/21/2009
Flat Cancellations	Note To Filer	Becky Harrington	10/07/2009	10/07/2009

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Disposition

Disposition Date: 10/26/2009
 Effective Date (New): 10/30/2009
 Effective Date (Renewal): 01/13/2010
 Status: Filed
 Comment:

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where required):	Minimum % Change (where required):
American Hallmark Insurance Company of Texas	17.600%	13.300%	\$33,432	294	\$251,912	55.700%	-19.100%

SERFF Tracking Number: PHXN-126332251 State: Arkansas
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Schedule	Schedule Item	Schedule Item Status	Public Access
Supporting Document	Form RF-2 Loss Costs Only (not for workers' compensation)		Yes
Supporting Document	H-1 Homeowners Abstract	Filed	Yes
Supporting Document	HPCS-Homeowners Premium Comparison Survey		Yes
Supporting Document (revised)	NAIC loss cost data entry document	Filed	Yes
Supporting Document	NAIC loss cost data entry document		Yes
Supporting Document	Filing Memo	Filed	Yes
Supporting Document	Response Exhibits	Filed	Yes
Rate	Rate Supplement	Filed	Yes
Rate	Underwriting Guide	Filed	Yes
Rate	Underwriting Guide		Yes

Prior Claim Factor Analysis

Number of Paid Claims	Foremost	American Modern	American Reliable	Hallmark Current	Hallmark Selected
0	1.00	1.00	1.00	1.00	1.00
1	1.00	1.11	1.11	1.00	1.10
2	1.00	1.22	1.11	1.00	1.20
3	1.25	1.33	1.11	1.00	1.35
4	1.50	1.33	1.11	1.00	2.00

SERFF Tracking Number FORE-125866970 AMMH-126219428 ASPX-126222413

GENERAL RULES

The Homeowners Program provides residential property and personal liability coverages for individuals under the forms and endorsements filed by the company. For coverage details refer to the form. This manual contains rules governing the usage of forms and endorsements. The rules, forms, and endorsements filed by the Company for each coverage shall govern all cases.

- | | | |
|-----------------------------------|-------------|--|
| 1. Application(s) | | The agent's and applicant's signatures are required . |
| 2. Insurance to Value | | Dwellings should be insured for market value (the value a prudent buyer would pay) but should also be valued within 70% of replacement cost. Dwellings with a vast difference in market value and replacement cost are not eligible. DO NOT INSURE FOR REPLACEMENT COST. |
| 3. Limits | | Dwellings up to \$200,000 are eligible. |
| | HO-2 | Contents limits between \$10,000 and \$40,000 are eligible. |
| 4. Occupancy and Risk Parameters | | |
| | HO-2 | Owner occupied dwellings used exclusively for private residential purposes |
| | HO-4 | Tenant occupied dwellings used exclusively for private residential purposes. Insureds must be married to be named on the same policy. Unmarried co-habitants must be written on separate Renters policies. |
| 5. Policy Term | | |
| | HO-2 | The policy may be written for a term of 12 months . |
| | HO-4 | The policy may be written for a term of 6 or 12 months . |
| 6. Premium Determination | | Premiums are calculated by using the Rate Order of Calculation table. Developed premium is rounded to the nearest whole dollar . For example: \$100.50 would be \$101.00 and \$100.49 would be \$100.00 |
| 7. Cancellation Rule | | No flat cancellation is allowed if coverage has been provided under our policy. |
| 8. Minimum Written Premium | | |
| | HO-2 | There is a \$150 minimum written premium . |
| | HO-4 | There is an \$80 minimum written premium . |
| 9. Document Retention | | It is the agents' responsibility to secure the required documentation upon binding and retain this information in the insured's file for a period of seven (7) years after the last policy renewal expiration date. Any and all documentation must be made available upon company request. |
| 10. Changes in Limits or Coverage | | Changes requiring adjustments of premium shall be computed pro rata . Return premium of amounts less than \$3 will be waived. |
| 11. Transfer or Assignment | | Policies may not be transferred or assigned |
| 12. Fees | | A \$38.00 Inspection Fee will apply to all HO-2 policies
A \$20.00 Policy Fee will apply to all policies
A \$30.00 NSF/Return Payment fee applies on all returned payment items.
A \$7.00 Late Fee applies if payment is made after the due date.
All policies will be charged a \$7.00 Installment Fee. |
| 13. Payment Plans | | All payment plans are direct bill. Policy premium for a term may be paid in full or through one of the Company's installment plans. |
| 14. Loss History Reports | | A loss history report may be ordered to verify prior claims. |

DEFINITIONS

1. Construction Type
 - Masonry** A dwelling with walls of masonry or masonry veneered construction.
 - Frame** A dwelling with walls of frame, or metal-sheathed or stuccoed frame construction, or with walls of metal lathe and plaster on combustible supports.
2. Owner Occupied Dwelling Dwellings owned by the insured that are occupied on a **full-time** basis as the insured's primary residence for **at least five (5)** consecutive months. (Dwellings may not be rented to others for any length of time.)
3. Seasonal/Secondary Dwellings Dwellings owned by the insured that are occupied on an intermittent or **non-continuous** basis as the insured's secondary or seasonal residence for less than five (5) consecutive months. (Dwellings may not be rented to others for any length of time.)
4. Other Structures Structures on the dwelling premises which are **not attached** to the dwelling (including septic tanks).
5. Supplemental Heating Device Wood, coal or pellet burning stoves, space heaters, fireplace inserts or any other solid fuel burning device that is **not centralized**.

BINDING AND EFFECTIVE DATES

Producer must be properly appointed and issued a producer number prior to binding any policies. Applications for coverage must be consistent with the written program guidelines and producer agreement. The down payment or full premium must accompany the application or endorsement. Applications and endorsements processed through the Point Of Sale System will be bound effective the date and time assigned by the system. If the Point of Sale System is off-line at the time you submit an application, please call our Underwriting department for an exception. Applications will not be accepted with a future effective date exceeding sixty days from the current date. Applications or endorsements may not be bound to cover a loss which occurred before the application is signed.

Severe Weather Binding Restrictions

No new policy or coverage may be bound and no endorsement of existing policies that increases the company's exposure may be requested when:

- The National Weather Service has issued a severe weather "watch" or "warning". Normal operating procedures will resume 24 hours after the "watch" or "warning" has expired.
- Wildfire is within 30 miles of dwelling
- Earthquake (applicable when earthquake coverage is provided) restrictions begin with the occurrence of an earthquake or aftershock, of 5.0 Richter (or greater), and continue for a period of 72 hours for dwellings located in counties (in their entireties) within 100 miles of the epicenter.

UNDERWRITING GUIDELINES

ELIGIBILITY

Up to 4 Losses in the Last Three Years

- No more than 1 fire or liability loss.
- Prior losses include any loss incurred on any property and/or structure owned, rented, or leased by the applicant.
- Complete details regarding the loss such as cause, location, date, and the amount paid for the loss are required.
- All repairs from prior losses must be complete.

Dwellings over 40 years old

- Must have updated wiring, plumbing, heating, and cooling systems
 - Plumbing – Plumbing must be updated to conform to current local codes with new water supply lines within the structure. New plumbing fixtures and components must be installed throughout the dwelling. Cast iron or galvanized plumbing does not qualify.
 - Heating – The entire heating system must be updated to conform to current local codes. Complete replacement of the burners, furnace, heating plant, heat exchanger or heat pump is required.
 - Cooling – The entire cooling system must be updated to conform to current local codes. Replacement of the central air conditioning unit, a/c compressor or heat pump is required.
 - Wiring – Replacement of fuse or breaker boxes (100 amp minimum) to conform to local codes is required. Adding additional circuits without increasing total system service does not qualify. Replacement of switches, wiring, fixtures, and components necessary.

Animals

- Animal liability exclusion must be applied when an animal with a bite history exists
- Risks with unusual, exotic, vicious, or potentially vicious animals must apply the animal liability exclusion regardless of a bite history.

Steps, Porches and Decks

- Must have secured handrails if 3 feet or more above the ground.

Uninsured Properties

- If the risk has been uninsured for 31-90 days provide complete explanation in Remarks section.
- Risks uninsured for more than 90 days are not eligible

Swimming Pools

- In-ground pools must have a fence, at least four feet high with a locking gate that encloses the pool.
- Above-ground pools must have either a fence, at least four feet high with a locking gate that encloses the pool or steps and ladders that can be secured, locked, or removed when the pool is not in use.
- Risks not meeting these criteria are not acceptable.

INELIGIBLE RISKS

Applicants with these Characteristics

- Currently unemployed, other than retired or disabled
- Past felony conviction or conviction for arson, fraud, or other insurance-related offenses
- Five or more losses of any kind in the last three years

Dwellings with these Characteristics

- Failure to maintain residence: Condition of roof, tree trimming, updates, etc
- Vacant dwellings
- Dwellings in foreclosure
- Mobile home
- More than 5 acres of property or on a farm, orchid, or grove
- Wood, slate, or tile roof
- Dwellings with pre-existing or un-repaired damage
- Dwellings in the course of construction
- Raised home on piers or stilts
- Farming exposure on premises
- Business exposure on premises
- Dwellings attached to or converted from a commercial risk
- Dwelling without utilities such as gas, electricity, or water
- Pool or spa on premises unenclosed by a fence and locking gate
- Properties with an excessive liability exposure such as a skateboard or bicycle ramp, diving board, or pool slide
- Risks uninsured for greater than 90 days
- In the name of a corporation (i.e. LLC, partnership, estate, or association)
- Properties that are unable to be inspected because either the inspector is unable to locate the property or the homeowner refuses the inspection
- Risks with open claims
- Dwellings of unconventional construction (i.e log home or earth home)
- Dwellings occupied by a fraternity, sorority, or similar housing arrangement
- Risks with more than 2 mortgages
- Cinder block foundation blocks
- On islands with no fire protection or in isolated areas not accessible by a road

FINAL UNDERWRITING AUTHORITY

THIS MANUAL MAY NOT ADDRESS every aspect that might affect the acceptance or continuation of a particular dwelling or risk. For this reason, the company RESERVES THE RIGHT TO remain the final authority in the acceptance or continuation of any risk.

BASIC DESCRIPTION OF COVERAGE

Coverage	Homeowners	Renters
Policy Form	ISO HO-2	ISO HO-4
Loss Settlement	Actual Cash Value	Actual Cash Value
Coverage A - Dwelling	Limit Selected	N/A
Coverage B - Other Structures	10% of Coverage A	N/A
Coverage C - Contents	40% of Coverage A	Limit Selected
Coverage D - Loss of Use	20% of Coverage A	10% of Coverage C
Coverage E - Liability	\$100,000	\$25,000
Animal Liability	\$25,000	\$25,000
Trampoline Liability	Excluded	Excluded
Coverage F - Medical Payments to Others	\$1,000	\$1,000

CREDITS AND SURCHARGES

Credits/Surcharges	Availability	Rates	Important Information
Increased Deductible Discount - Homeowners	Homeowners	Up to -30%	Deductibles: \$1,000, \$2,500 and \$5,000
Increased Deductible Discount - Renters	Renters	\$1,000: -2%	
Masonry Construction Discount	Homeowners	-10%	
Multi-Policy Discount	Homeowners	-5%	Applies when the named insured maintains one or more personal lines policies with American Hallmark Insurance Company of Texas or Phoenix Indemnity Insurance Company
Fire Alarm Discount	Homeowners	-5%	Applies when dwelling is protected by a fire alarm that alerts a central station or directly notifies the fire department
Burglar Alarm Discount	Homeowners	-2%	Applies when dwelling is protected by an electronic burglar alarm system that alerts a central station or the residents of the dwelling
Age of Dwelling Discount	Homeowners	Up to -21%	Homes less than 10 years old qualify. A surcharge applies to homes constructed prior to 1930.
Age of Insured Discount	Homeowners	-5%	Insured 50 Years of Age or Older

Supplemental Heating Devices	Homeowners and Renters	\$50	Applies when the dwelling or other structure is equipped with a wood, coal or pellet burning stoves, space heaters, fireplace inserts or any other solid fuel burning device that is not centralized
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MAXIMUM DISCOUNT CAP

The following discounts are subject to a cumulative maximum reduction of 30% (applicable to HO-2 only):

- Age of Dwelling
- Age of Insured
- Burglar Alarm
- Fire Alarm
- Multi-Policy

OPTIONAL COVERAGES

Coverage	Availability	Limits Available	Rates	Important Information
Increased Personal Liability	Homeowners and Renters	\$50,000	\$8	
		\$100,000	\$18	
Increased Medical Payments to Others	Homeowners and Renters	\$2,000	\$20	
		\$5,000	\$40	
Increased Personal Property	Homeowners	Up to 80% of Coverage A	\$11.90 per \$1,000	
Increased Loss of Use	Homeowners and Renters	Up to 30% of Coverage A	\$5.30 per \$1,000	
Increased Other Structures Coverage	Homeowners	Up to 50% of Coverage A	\$15 per \$1,000	
Identity Theft Recovery Coverage	Homeowners and Renters	\$15,000 annual aggregate	\$25/annually	
Equipment Breakdown Enhancement Coverage	Homeowners and Renters	\$50,000 per occurrence	\$25/annually	
Replacement Cost Loss Settlement - Personal Property	Homeowners and Renters		25% of Base Policy Premium	

OPTIONAL EXCLUSIONS FOR RISK ACCEPTANCE

Coverage	Availability	Important Information	Applicable Form
Other Structures Exclusion	Homeowners	Exclusion will remove all Other Structures Coverage at the insured premises	HIC 0009 11 08
Animal Liability Exclusion	Homeowners and Renters	Exclusion removes liability related to animals	HIC 0001 05 08
Roof Exclusion	Homeowners	Excludes coverage for losses to roof.	HIC 0010 03 09

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Project Name/Number: Homeowners Rate Revision/HO-AR102009

Objection Letter

Objection Letter Status Pending Industry Response

Objection Letter Date 10/07/2009

Submitted Date 10/07/2009

Respond By Date

Dear Ron Temposky,

This will acknowledge receipt of the captioned filing.

Objection 1

- NAIC loss cost data entry document (Supporting Document)

Comment: Please include an indicated rate need percentage.

Provide the number of insureds receiving an increase greater than 20%.

Objection 2

- Underwriting Guide, null (Rate)

Comment: Please explain why a 20-year old roof must be excluded even if the rating is for 25 years.

Objection 3

- Filing Memo (Supporting Document)

Comment: An indicated rate need was not provided. Please explain how 13.3% was determined. Countrywide data may be utilized when AR specific data is not credible.

Objection 4

- Filing Memo (Supporting Document)

Comment: Provide statistical data supporting the claims factors.

Please feel free to contact me if you have questions.

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

Response Letter

Response Letter Status Submitted to State

Response Letter Date 10/16/2009

SERFF Tracking Number: PHXN-126332251 State: Arkansas
Filing Company: American Hallmark Insurance Company of Texas State Tracking Number: EFT \$100
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TOI: 04.0 Homeowners Sub-TOI: 04.0003 Owner Occupied Homeowners
Product Name: Homeowners
Project Name/Number: Homeowners Rate Revision/HO-AR102009
Submitted Date 10/16/2009

Dear Becky Harrington,

Comments:

Thank you for your prompt review of our first rate revision.

Response 1

Comments: The NAIC loss cost data entry document has been updated to reflect a 17.6% rate need. 130 customers will receive an increase greater than 20%

Related Objection 1

Applies To:

- NAIC loss cost data entry document (Supporting Document)

Comment:

Please include an indicated rate need percentage.

Provide the number of insureds receiving an increase greater than 20%.

Changed Items:

Supporting Document Schedule Item Changes

Satisfied -Name: NAIC loss cost data entry document

Comment:

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Response 2

Comments: This rule has been removed.

Related Objection 1

Applies To:

- Underwriting Guide, null (Rate)

Comment:

Please explain why a 20-year old roof must be excluded even if the rating is for 25 years.

Changed Items:

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No Supporting Documents changed.

No Form Schedule items changed.

Rate/Rule Schedule Item Changes

Exhibit Name	Rule # or Page #	Rate Action	Previous State Filing #
Underwriting Guide <i>Previous Version</i>		Replacement	#17570
Underwriting Guide		Replacement	#17570

Response 3

Comments: Please refer to exhibit I.

Related Objection 1

Applies To:

- Filing Memo (Supporting Document)

Comment:

An indicated rate need was not provided. Please explain how 13.3% was determined. Countrywide data may be utilized when AR specific data is not credible.

Changed Items:

Supporting Document Schedule Item Changes

Satisfied -Name: Response Exhibits

Comment:

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Response 4

Comments: With internal data extremely limited, these factors were selected using competitor data. Please refer to exhibit II.

Related Objection 1

Applies To:

- Filing Memo (Supporting Document)

SERFF Tracking Number: PHXN-126332251 *State:* Arkansas
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Comment:

Provide statistical data supporting the claims factors.

Changed Items:

No Supporting Documents changed.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Sincerely,
Ron Temposky

SERFF Tracking Number: PHXN-126332251 State: Arkansas
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Note To Reviewer

Created By:

Ron Temposky on 10/23/2009 09:32 AM

Last Edited By:

Becky Harrington

Submitted On:

10/26/2009 09:32 AM

Subject:

Revised Response Exhibit II

Comments:

The prior claims factors shown in the "Hallmark Selected" column of Objection Response Exhibit II do not correspond to the factors initially proposed. A revised Exhibit II is attached with the correct proposed factors.

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Note To Reviewer

Created By:

Ron Temposky on 10/21/2009 09:13 AM

Last Edited By:

Becky Harrington

Submitted On:

10/26/2009 09:32 AM

Subject:

Revised Underwriting Guide

Comments:

The previously filed \$20 policy fee was omitted in error from the most recently submitted Underwriting Guide. It has been re-added to "12. Fees" in the GENERAL RULES section on page 2.

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Note To Filer

Created By:

Becky Harrington on 10/07/2009 03:27 PM

Last Edited By:

Becky Harrington

Submitted On:

10/26/2009 09:32 AM

Subject:

Flat Cancellations

Comments:

Please include an explanation regarding why flat cancellations are not permitted in your response.

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Rate Information

Rate data applies to filing.

Filing Method: File and Use
Rate Change Type: Increase
Overall Percentage of Last Rate Revision: 0.000%
Effective Date of Last Rate Revision: 08/29/2008
Filing Method of Last Filing: File and Use

Company Rate Information

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where required):	Minimum % Change (where required):
American Hallmark Insurance Company of Texas	%	13.300%	\$33,432	294	\$251,912	55.700%	-19.100%

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Rate/Rule Schedule

Schedule Item	Exhibit Name:	Rule # or Page #:	Rate Action	Previous State Filing Attachments Number:
Filed 10/26/2009	Rate Supplement		Replacement	#17570 Rate Supplement 10.30.2009.pdf
Filed 10/26/2009	Underwriting Guide		Replacement	#17570 Arkansas Homeowners Underwriting Guide 10.30.09 v2.pdf

Rate Order of Calculation

Step	Description	Calculation	Rounding
1	Base Unity		
2	Territory Factor	x	penny round
3	Protection Class/Construction Type Factor	x	penny round
4	Amount of Insurance Factor	x	penny round
5	Deductible Factor	x	penny round
6	Replacement Cost Contents Factor	x	penny round
7	Number of Families Factor	x	penny round
8	Term	x	penny round
9	# of Paid Claims	x	penny round
		Base Premium	dollar round
Premium Modification Factors (HO-2/HO-3)			
10	Multi-policy Discount	x	penny round
11	Central Station Fire Alarm	x	penny round
12	Central Station Burglar Alarm	x	penny round
13	Age of Dwelling Factor	x	penny round
14	Age of Insured	x	penny round
		Modified Premium	dollar round
Optional Coverages and Surcharges			
15	Increased Cov B	+	
16	Increased Cov C	+	penny round
17	Increased Cov D	+	penny round
18	Increased Cov E	+	penny round
19	Increased Cov F	+	penny round
20	Woodburning Stove Surcharge	+	penny round
21	Identity Theft	+	penny round
22	Equipment Breakdown	+	penny round
		Total Premium	dollar round

Rate Supplement

Base Rate	Premium
HO-2	\$970.00

CT/PC	Factor
Frame/1	1.00
Frame/2	1.00
Frame/3	1.00
Frame/4	1.00
Frame/5	1.00
Frame/6	1.00
Frame/7	1.14
Frame/8	1.34
Frame/9	1.96
Frame/10	2.30
Masonry/1	0.85
Masonry/2	0.85
Masonry/3	0.85
Masonry/4	0.85
Masonry/5	0.85
Masonry/6	0.85
Masonry/7	0.97
Masonry/8	1.14
Masonry/9	1.67
Masonry/10	1.95

Deductible	Factor
\$500	1.00
\$1,000	0.85
\$2,500	0.80
\$5,000	0.70

Replacement Cost Contents	Factor
No	1.00
Yes	1.25

Number of Families	Factor
1	1.00
2	1.10
3	1.50
4	1.50

Term (Renters Only)	Factor
6 Month	0.55
Annual	1.00

Woodburning Stove Surcharge	
Flat Dollar Surcharge	\$50.00

Multi-policy Discount	
Yes	0.95
No	1.00

Protective Devices	
Central Station Fire Alarm	0.95
Central Station Burglar Alarm	0.98

Age of Insured	Factor
<50	1.00
50+	0.95

Amount of Insurance	Home Factor
10,000	0.467
20,000	0.467
30,000	0.575
40,000	0.641
50,000	0.716
60,000	0.778
70,000	0.842
80,000	0.895
90,000	0.947
100,000	1.000
110,000	1.120
120,000	1.240
130,000	1.360
140,000	1.480
150,000	1.600
160,000	1.720
170,000	1.840
180,000	1.960
190,000	2.080
200,000	2.200

Territory	Homeowners
10	0.85
20	1.10
30	1.15
40	1.10
50	0.80
60	0.90
70	1.05
80	0.95
90	0.90
100	0.92
110	0.92

# of Paid Claims	
0	1.00
1	1.10
2	1.20
3	1.35
4	2.00

Age of Dwelling	Factor
0	0.79
1	0.81
2	0.83
3	0.85
4	0.87
5	0.89
6	0.92
7	0.94
8	0.96
9	0.98
10-79	1.00
80+	1.25

Rate Supplement

Increased Coverage Limits	
Rate/\$1,000	HO-2
Coverage B	\$15.00
Coverage C	\$11.90
Coverage D	\$5.30

Coverage E	
Limit	HO-2
\$25,000	\$0.00
\$50,000	\$8.00
\$100,000	\$18.00

Coverage F	
Limit	HO-2
\$1,000	\$0.00
\$2,000	\$20.00
\$5,000	\$40.00

Identity Theft Recovery Coverage	Rate
	\$25.00

Equipment Breakdown Coverage	Rate
	\$25.00

Rate Supplement

	Home	Renters/Condo
Policy Fee	\$ 20.00	\$ 20.00
Expense Constant/ Inspection Fee	\$ 38.00	\$ -
NSF Fee	\$ 30.00	\$ -
Installment	\$ 7.00	\$ 7.00
Late Fee	\$ 7.00	\$ 7.00

Rate Supplement

Pay Plan	Policy Form	Term	Down Pay	# of Installments	1st Payment Due
Full Pay	HO-2, HO-4	12 Mo	100%	0	n/a
Full Pay	HO-4	6 mo	100%	0	n/a
Monthly	HO-2, HO-4	12 Mo	8.33%	10	30 Days
Monthly	HO-4	6 mo	16.67%	5	30 Days
Semi-annual	HO-2	12 Mo	50.00%	1	6 months from Effective Date
Quarterly	HO-2	12 Mo	25.00%	3	3 months from Effective Date

SERFF Tracking Number: PHXN-126332251 State: Arkansas
 Filing Company: American Hallmark Insurance Company of Texas State Tracking Number: EFT \$100
 Company Tracking Number: HO-AR102009
 TOI: 04.0 Homeowners Sub-TOI: 04.0003 Owner Occupied Homeowners
 Product Name: Homeowners
 Project Name/Number: Homeowners Rate Revision/HO-AR102009

Supporting Document Schedules

		Item Status:	Status Date:
Satisfied - Item:	H-1 Homeowners Abstract	Filed	10/26/2009
Comments:			
Attachment:			
	H-1 HO Abstract.pdf		

		Item Status:	Status Date:
Satisfied - Item:	NAIC loss cost data entry document	Filed	10/26/2009
Comments:			
Attachment:			
	Revised FORM RF-1 Rate Filing Abstract.pdf		

		Item Status:	Status Date:
Satisfied - Item:	Filing Memo	Filed	10/26/2009
Comments:			
Attachment:			
	Filing Memo.pdf		

		Item Status:	Status Date:
Satisfied - Item:	Response Exhibits	Filed	10/26/2009
Comments:			
Attachment:			
	Response Exhibits.pdf		

ARKANSAS INSURANCE DEPARTMENT

FORM H-1 HOMEOWNERS ABSTRACT

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

Company Name American Hallmark Insurance Company of Texas
 NAIC # (including group #) 43494

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

n/a

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

n/a

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

n/a

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

n/a

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

a. Fire Extinguisher		%
b. Burglar Alarm	2	%
c. Smoke Alarm		%
d. Insured who has both homeowners and auto with your company	5	%
e. Deadbolt Locks		%
f. Window or Door Locks		%
g. Other (specify)		%
	Central Station Fire Alarm	5
		%

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

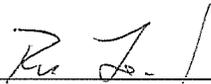
No

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

Form	Premium Volume
HO-2	\$251,912

8. Do you write homeowner risks which have aluminum, steel or vinyl siding? Yes No
9. Is there a surcharge on risks with wood heat? Yes
If yes, state the surcharge \$50
Does the surcharge apply to conventional fire places? No
If yes, state the surcharge

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



Signature
Ron Temposky

Printed Name
Product Manager

Title
800-468-5616 x5742

Telephone Number
rtemposky@hallmarkinsco.com

Email address

NAIC LOSS COST DATA ENTRY DOCUMENT

1.	This filing transmittal is part of Company Tracking #	HO-AR102009
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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	n/a
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Company Name		Company NAIC Number		
3.	A.	American Hallmark Insurance Company of Texas	B.	43494

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.	4.0 Homeowners	B.	04.0003 Owner Occupied Homeowners

5.			FOR LOSS COSTS ONLY				
(A) COVERAGE (See Instructions)	(B) Indicated % Rate Level Change	(C) Requested % Rate Level Change	(D) Expected Loss Ratio	(E) Loss Cost Modification Factor	(F) Selected Loss Cost Multiplier	(G) Expense Constant (If Applicable)	(H) Co. Current Loss Cost Multiplier
HO-2	17.6%	13.3%					
TOTAL OVERALL EFFECT							

6. 5 Year History		Rate Change History					
Year	Policy Count	% of Change	Effective Date	State Earned Premium (000)	Incurred Losses (000)	State Loss Ratio	Countrywide Loss Ratio
2008	35	n/a	n/a	8,407	2,500	30%	43.4%
8/2009	294	n/a	n/a	96,122	135,446	141%	79.2%

7.	
Expense Constants	Selected Provisions
A. Total Production Expense	.255
B. General Expense	.07
C. Taxes, License & Fees	.025
D. Underwriting Profit & Contingencies	.06
E. Other (explain)	
F. TOTAL	0.41

- 8.** N Apply Lost Cost Factors to Future filings? (Y or N)
- 9.** +55.7% Estimated Maximum Rate Increase for any Insured (%). Territory (if applicable): 40
- 10.** -19.1% Estimated Maximum Rate Decrease for any Insured (%) Territory (if applicable): 90

FILING MEMORANDUM

American Hallmark Insurance Company of Texas Arkansas Homeowners Revision

OVERVIEW

This filing proposes revisions to the homeowners insurance program underwritten by American Hallmark Insurance Company of Texas ("Hallmark") in the state of Arkansas. This is Hallmark's first rate revision since entering the Arkansas residential property insurance market on August 29, 2008. The proposed revision results in a statewide change of 13.3%.

PROPOSED REVISIONS

Program Changes

Territory Factor

With internal data extremely limited, revised territory factors were developed using competitor rate level as a benchmark. Factors selected result in premiums that are competitive but not excessive, inadequate, or unfairly discriminatory. This change was limited to form HO-2. Exhibit 2.

Introduce Prior Claims Factor

The current homeowners program allows only 2 claims in the last three years. We are revising this rule to allow up to 4 claims in the last three years with the application of a prior claim factor. This factor does not apply to HO-4 policies. Exhibit 3

Introduce Age of Dwelling Factor

This factor is based on the dwelling year of construction. Dwelling age is determined by subtracting year of construction from the year of policy inception or year of renewal. This factor does not apply to HO-4 policies. Exhibit 4.

Implement Age of Insured Factor

A discount will apply when a named insured is 50 or older. This applies to HO-2 only. Exhibit 5.

Maximum Discount Cap

A cumulative maximum reduction of 30% will apply to the following premium modification factors: Age of Dwelling, Age of Insured, Burglar Alarm, Fire Alarm and Multi-Policy.

Introduce Optional Identity Theft Endorsement

Hallmark has partnered with Hartford Steam Boiler to offer our customers an optional Identity Theft Recovery endorsement. The annual premium is \$25.

Introduce Optional Equipment Breakdown Coverage Endorsement

Hallmark has partnered with Mutual Boiler Re to offer our customers an optional Equipment Breakdown Coverage endorsement. This endorsement will provide up to \$50,000 per equipment breakdown occurrence. The annual premium is \$25.

Revised NSF Fee

The filed NSF/Return Payment fee is being increased to comply with our countrywide program. To adequately account for rising expenses and establish a competitive market position, the NSF/Return Payment fee is being increased from \$25 to \$30

Revised Inspection Fee

Hallmark established a relationship with a new inspection company. The fee now charged to Hallmark per inspection is \$38. The inspection fee for HO-2 and HO-3 customers will increase from \$35 to \$38.

Expanded Pay Plans

Quarterly (3 installments) and semi-annual (1 installment) pay plan options are being introduced for the HO-2 program.

New Underwriting Rules

- Roof Exclusion: The roof exclusion will automatically apply to dwellings with a roof age greater than 20 years.
- Applicants with Felony Convictions: The ineligible risk section of the underwriting guide has been broadened to include applicants with any felony conviction. Currently, only applicants with a conviction for insurance fraud are ineligible.
- Applicants that are Employees: The ineligible risk section of the underwriting guide has been revised to include, "Employees or family members of an employee of Hallmark Insurance Company or an affiliated company."

Exhibit I

HO-2 Rate Level Indication

	(1)	(2)	(3)	(4)	(5)
Year	Earned Premium	Current Level Rate Adj Factor	EP @ Current Level	Premium Trend	Trended Current Level EP
2005	\$ -	1.00	\$ -	1.00	\$ -
2006	\$ -	1.00	\$ -	1.00	\$ -
2007	\$ -	1.00	\$ -	1.00	\$ -
2008	\$ 3,986	1.00	\$ 3,986	1.00	\$ 3,986
2009	\$ 116,204	1.00	\$ 116,204	1.00	\$ 116,204

	(6)	(7)	(8)	(9)	(10)
Year	Incurred Loss	Development Factor	Trended Incurred Loss	Incurred Loss Ratio	Weight
2005	\$ -	1.00	\$ -	0.0	0.00
2006	\$ -	1.00	\$ -	0.0	0.00
2007	\$ -	1.00	\$ -	0.0	0.00
2008	\$ -	1.00	\$ -	0.00	0.05
2009	\$ 272,510	1.00	\$ 272,510	2.35	0.95

(11)	Weighted Loss Ratio	2.23
(12)	Permissible Loss Ratio	0.588
(13)	Earned House Years	159
(14)	Credibility $\{[(13) / 40,000] ^ 0.5\}$	0.06
(15)	Credibility Wtd Loss Ratio $\{[(14) \times (11)] + \{1 - (14)\} \times (12)\}$	0.69
(16)	Indicated $[(15) / (12)]$	17.6%
(17)	Selected	13.30%

Exhibit II

Prior Claim Factor Analysis

Number of Paid Claims	Foremost	American Modern	American Reliable	Hallmark Current	Hallmark Selected
0	1.00	1.00	1.00	1.00	1.00
1	1.00	1.11	1.11	1.00	1.25
2	1.00	1.22	1.11	1.00	1.25
3	1.25	1.33	1.11	1.00	2.00
4	1.50	1.33	1.11	1.00	2.00
5	1.75	1.33	1.11	1.00	2.00
6+	2.50	1.33	1.11	1.00	2.00

SERFF Tracking Number FORE-125866970 AMMH-126219428 ASPX-126222413

SERFF Tracking Number: PHXN-126332251 State: Arkansas
 Filing Company: American Hallmark Insurance Company of Texas State Tracking Number: EFT \$100
 Company Tracking Number: HO-AR102009
 TOI: 04.0 Homeowners Sub-TOI: 04.0003 Owner Occupied Homeowners
 Product Name: Homeowners
 Project Name/Number: Homeowners Rate Revision/HO-AR102009

Superseded Schedule Items

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

Creation Date:	Schedule	Schedule Item Name	Replacement Creation Date	Attached Document(s)
10/06/2009	Rate and Rule	Underwriting Guide	10/16/2009	Arkansas Homeowners Underwriting Guide 10.30.2009.pdf (Superseded)
10/05/2009		Supporting NAIC loss cost data entry document Document	10/16/2009	FORM RF-1 Rate Filing Abstract.pdf (Superseded)

GENERAL RULES

The Homeowners Program provides residential property and personal liability coverages for individuals under the forms and endorsements filed by the company. For coverage details refer to the form. This manual contains rules governing the usage of forms and endorsements. The rules, forms, and endorsements filed by the Company for each coverage shall govern all cases.

- | | | |
|-----------------------------------|-------------|--|
| 1. Application(s) | | The agent's and applicant's signatures are required . |
| 2. Insurance to Value | | Dwellings should be insured for market value (the value a prudent buyer would pay) but should also be valued within 70% of replacement cost. Dwellings with a vast difference in market value and replacement cost are not eligible. DO NOT INSURE FOR REPLACEMENT COST. |
| 3. Limits | | Dwellings up to \$200,000 are eligible. |
| | HO-2 | Contents limits between \$10,000 and \$40,000 are eligible. |
| 4. Occupancy and Risk Parameters | | |
| | HO-2 | Owner occupied dwellings used exclusively for private residential purposes |
| | HO-4 | Tenant occupied dwellings used exclusively for private residential purposes. Insureds must be married to be named on the same policy. Unmarried co-habitants must be written on separate Renters policies. |
| 5. Policy Term | | |
| | HO-2 | The policy may be written for a term of 12 months . |
| | HO-4 | The policy may be written for a term of 6 or 12 months . |
| 6. Premium Determination | | Premiums are calculated by using the Rate Order of Calculation table. Developed premium is rounded to the nearest whole dollar . For example: \$100.50 would be \$101.00 and \$100.49 would be \$100.00 |
| 7. Cancellation Rule | | No flat cancellation is allowed if coverage has been provided under our policy. |
| 8. Minimum Written Premium | | |
| | HO-2 | There is a \$150 minimum written premium . |
| | HO-4 | There is an \$80 minimum written premium . |
| 9. Document Retention | | It is the agents' responsibility to secure the required documentation upon binding and retain this information in the insured's file for a period of seven (7) years after the last policy renewal expiration date. Any and all documentation must be made available upon company request. |
| 10. Changes in Limits or Coverage | | Changes requiring adjustments of premium shall be computed pro rata . Return premium of amounts less than \$3 will be waived. |
| 11. Transfer or Assignment | | Policies may not be transferred or assigned |
| 12. Fees | | A \$38.00 Inspection Fee will apply to all HO-2 and HO-3 policies.
A \$30.00 NSF/Return Payment fee applies on all returned payment items.
A \$7.00 Late Fee applies if payment is made after the due date.
All policies will be charged a \$7.00 Installment Fee. |
| 13. Payment Plans | | All payment plans are direct bill. Policy premium for a term may be paid in full or through one of the Company's installment plans. |
| 14. Loss History Reports | | A loss history report may be ordered to verify prior claims. |

DEFINITIONS

1. Construction Type

- Masonry** A dwelling with walls of masonry or masonry veneered construction.
- Frame** A dwelling with walls of frame, or metal-sheathed or stuccoed frame construction, or with walls of metal lath and plaster on combustible supports.

2. Owner Occupied Dwelling

Dwellings owned by the insured that are occupied on a **full-time** basis as the insured's primary residence for **at least five (5)** consecutive months. (Dwellings may not be rented to others for any length of time.)

3. Seasonal/Secondary Dwellings

Dwellings owned by the insured that are occupied on an intermittent or **non-continuous** basis as the insured's secondary or seasonal residence for less than five (5) consecutive months. (Dwellings may not be rented to others for any length of time.)

4. Other Structures

Structures on the dwelling premises which are **not attached** to the dwelling (including septic tanks).

5. Supplemental Heating Device

Wood, coal or pellet burning stoves, space heaters, fireplace inserts or any other solid fuel burning device that is **not centralized**.

BINDING AND EFFECTIVE DATES

Producer must be properly appointed and issued a producer number prior to binding any policies. Applications for coverage must be consistent with the written program guidelines and producer agreement. The down payment or full premium must accompany the application or endorsement. Applications and endorsements processed through the Point Of Sale System will be bound effective the date and time assigned by the system. If the Point of Sale System is off-line at the time you submit an application, please call our Underwriting department for an exception. Applications will not be accepted with a future effective date exceeding sixty days from the current date. Applications or endorsements may not be bound to cover a loss which occurred before the application is signed.

Severe Weather Binding Restrictions

No new policy or coverage may be bound and no endorsement of existing policies that increases the company's exposure may be requested when:

- The National Weather Service has issued a severe weather "watch" or "warning". Normal operating procedures will resume 24 hours after the "watch" or "warning" has expired.
- Wildfire is within 30 miles of dwelling
- Earthquake (applicable when earthquake coverage is provided) restrictions begin with the occurrence of an earthquake or aftershock, of 5.0 Richter (or greater), and continue for a period of 72 hours for dwellings located in counties (in their entireties) within 100 miles of the epicenter.

UNDERWRITING GUIDELINES

ELIGIBILITY

Up to 4 Losses in the Last Three Years

- No more than 1 fire or liability loss.
- Prior losses include any loss incurred on any property and/or structure owned, rented, or leased by the applicant.
- Complete details regarding the loss such as cause, location, date, and the amount paid for the loss are required.
- All repairs from prior losses must be complete.

Dwellings over 40 years old

- Must have updated wiring, plumbing, heating, and cooling systems
 - Plumbing – Plumbing must be updated to conform to current local codes with new water supply lines within the structure. New plumbing fixtures and components must be installed throughout the dwelling. Cast iron or galvanized plumbing does not qualify.
 - Heating – The entire heating system must be updated to conform to current local codes. Complete replacement of the burners, furnace, heating plant, heat exchanger or heat pump is required.
 - Cooling – The entire cooling system must be updated to conform to current local codes. Replacement of the central air conditioning unit, a/c compressor or heat pump is required.
 - Wiring – Replacement of fuse or breaker boxes (100 amp minimum) to conform to local codes is required. Adding additional circuits without increasing total system service does not qualify. Replacement of switches, wiring, fixtures, and components necessary.

Roofs over 20 years old excluded

- A roof exclusion applies for dwellings with a roof age greater than 20 years

Animals

- Animal liability exclusion must be applied when an animal with a bite history exists
- Risks with unusual, exotic, vicious, or potentially vicious animals must apply the animal liability exclusion regardless of a bite history.

Steps, Porches and Decks

- Must have secured handrails if 3 feet or more above the ground.

Uninsured Properties

- If the risk has been uninsured for 31-90 days provide complete explanation in Remarks section.
- Risks uninsured for more than 90 days are not eligible

Swimming Pools

- In-ground pools must have a fence, at least four feet high with a locking gate that encloses the pool.
- Above-ground pools must have either a fence, at least four feet high with a locking gate that encloses the pool or steps and ladders that can be secured, locked, or removed when the pool is not in use.
- Risks not meeting these criteria are not acceptable.

INELIGIBLE RISKS

Applicants with these Characteristics

- Currently unemployed, other than retired or disabled
- Past felony conviction or conviction for arson, fraud, or other insurance-related offenses
- Five or more losses of any kind in the last three years

Dwellings with these Characteristics

- Failure to maintain residence: Condition of roof, tree trimming, updates, etc
- Vacant dwellings
- Dwellings in foreclosure
- Mobile home
- More than 5 acres of property or on a farm, orchid, or grove
- Wood, slate, or tile roof
- Dwellings with pre-existing or un-repaired damage
- Dwellings in the course of construction
- Raised home on piers or stilts
- Farming exposure on premises
- Business exposure on premises
- Dwellings attached to or converted from a commercial risk
- Dwelling without utilities such as gas, electricity, or water
- Pool or spa on premises unenclosed by a fence and locking gate
- Properties with an excessive liability exposure such as a skateboard or bicycle ramp, diving board, or pool slide
- Risks uninsured for greater than 90 days
- In the name of a corporation (i.e. LLC, partnership, estate, or association)
- Properties that are unable to be inspected because either the inspector is unable to locate the property or the homeowner refuses the inspection
- Risks with open claims
- Dwellings of unconventional construction (i.e log home or earth home)
- Dwellings occupied by a fraternity, sorority, or similar housing arrangement
- Risks with more than 2 mortgages
- Cinder block foundation blocks
- On islands with no fire protection or in isolated areas not accessible by a road

FINAL UNDERWRITING AUTHORITY

THIS MANUAL MAY NOT ADDRESS every aspect that might affect the acceptance or continuation of a particular dwelling or risk. For this reason, the company RESERVES THE RIGHT TO remain the final authority in the acceptance or continuation of any risk.

BASIC DESCRIPTION OF COVERAGE

Coverage	Homeowners	Renters
Policy Form	ISO HO-2	ISO HO-4
Loss Settlement	Actual Cash Value	Actual Cash Value
Coverage A - Dwelling	Limit Selected	N/A
Coverage B - Other Structures	10% of Coverage A	N/A
Coverage C - Contents	40% of Coverage A	Limit Selected
Coverage D - Loss of Use	20% of Coverage A	10% of Coverage C
Coverage E - Liability	\$100,000	\$25,000
Animal Liability	\$25,000	\$25,000
Trampoline Liability	Excluded	Excluded
Coverage F - Medical Payments to Others	\$1,000	\$1,000

CREDITS AND SURCHARGES

Credits/Surcharges	Availability	Rates	Important Information
Increased Deductible Discount - Homeowners	Homeowners	Up to -30%	Deductibles: \$1,000, \$2,500 and \$5,000
Increased Deductible Discount - Renters	Renters	\$1,000: -2%	
Masonry Construction Discount	Homeowners	-10%	
Multi-Policy Discount	Homeowners	-5%	Applies when the named insured maintains one or more personal lines policies with American Hallmark Insurance Company of Texas or Phoenix Indemnity Insurance Company
Fire Alarm Discount	Homeowners	-5%	Applies when dwelling is protected by a fire alarm that alerts a central station or directly notifies the fire department
Burglar Alarm Discount	Homeowners	-2%	Applies when dwelling is protected by an electronic burglar alarm system that alerts a central station or the residents of the dwelling
Age of Dwelling Discount	Homeowners	Up to -21%	Homes less than 10 years old qualify. A surcharge applies to homes constructed prior to 1930.
Age of Insured Discount	Homeowners	-5%	Insured 50 Years of Age or Older

Supplemental Heating Devices	Homeowners and Renters	\$50	Applies when the dwelling or other structure is equipped with a wood, coal or pellet burning stoves, space heaters, fireplace inserts or any other solid fuel burning device that is not centralized
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MAXIMUM DISCOUNT CAP

The following discounts are subject to a cumulative maximum reduction of 30% (applicable to HO-2 only):

- Age of Dwelling
- Age of Insured
- Burglar Alarm
- Fire Alarm
- Multi-Policy

OPTIONAL COVERAGES

Coverage	Availability	Limits Available	Rates	Important Information
Increased Personal Liability	Homeowners and Renters	\$50,000	\$8	
		\$100,000	\$18	
Increased Medical Payments to Others	Homeowners and Renters	\$2,000	\$20	
		\$5,000	\$40	
Increased Personal Property	Homeowners	Up to 80% of Coverage A	\$11.90 per \$1,000	
Increased Loss of Use	Homeowners and Renters	Up to 30% of Coverage A	\$5.30 per \$1,000	
Increased Other Structures Coverage	Homeowners	Up to 50% of Coverage A	\$15 per \$1,000	
Identity Theft Recovery Coverage	Homeowners and Renters	\$15,000 annual aggregate	\$25/annually	
Equipment Breakdown Enhancement Coverage	Homeowners and Renters	\$50,000 per occurrence	\$25/annually	
Replacement Cost Loss Settlement - Personal Property	Homeowners and Renters		25% of Base Policy Premium	

OPTIONAL EXCLUSIONS FOR RISK ACCEPTANCE

Coverage	Availability	Important Information	Applicable Form
Other Structures Exclusion	Homeowners	Exclusion will remove all Other Structures Coverage at the insured premises	HIC 0009 11 08
Animal Liability Exclusion	Homeowners and Renters	Exclusion removes liability related to animals	HIC 0001 05 08
Roof Exclusion	Homeowners	Excludes coverage for losses to roof.	HIC 0010 03 09

NAIC LOSS COST DATA ENTRY DOCUMENT

1.	This filing transmittal is part of Company Tracking #	HO-AR102009
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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	n/a
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	Company Name		Company NAIC Number
3.	A.	American Hallmark Insurance Company of Texas	B. 43494

	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.	4.0 Homeowners	B. 04.0003 Owner Occupied Homeowners

5.		FOR LOSS COSTS ONLY					
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
COVERAGE (See Instructions)	Indicated % Rate Level Change	Requested % Rate Level Change	Expected Loss Ratio	Loss Cost Modification Factor	Selected Loss Cost Multiplier	Expense Constant (If Applicable)	Co. Current Loss Cost Multiplier
HO-2		13.3%					
TOTAL OVERALL EFFECT							

6.	5 Year History	Rate Change History					
Year	Policy Count	% of Change	Effective Date	State Earned Premium (000)	Incurred Losses (000)	State Loss Ratio	Countrywide Loss Ratio
2008	35	n/a	n/a	8,407	2,500	30%	43.4%
8/2009	294	n/a	n/a	96,122	135,446	141%	79.2%

7.		
	Expense Constants	Selected Provisions
	A. Total Production Expense	.255
	B. General Expense	.07
	C. Taxes, License & Fees	.025
	D. Underwriting Profit & Contingencies	.06
	E. Other (explain)	
	F. TOTAL	0.41

8. N Apply Lost Cost Factors to Future filings? (Y or N)

9. +55.7% Estimated Maximum Rate Increase for any Insured (%). Territory (if applicable): 40

10. -19.1% Estimated Maximum Rate Decrease for any Insured (%) Territory (if applicable): 90

GENERAL RULES

The Homeowners Program provides residential property and personal liability coverages for individuals under the forms and endorsements filed by the company. For coverage details refer to the form. This manual contains rules governing the usage of forms and endorsements. The rules, forms, and endorsements filed by the Company for each coverage shall govern all cases.

- | | | |
|-----------------------------------|-------------|--|
| 1. Application(s) | | The agent's and applicant's signatures are required . |
| 2. Insurance to Value | | Dwellings should be insured for market value (the value a prudent buyer would pay) but should also be valued within 70% of replacement cost. Dwellings with a vast difference in market value and replacement cost are not eligible. DO NOT INSURE FOR REPLACEMENT COST. |
| 3. Limits | | Dwellings up to \$200,000 are eligible. |
| | HO-2 | Contents limits between \$10,000 and \$40,000 are eligible. |
| 4. Occupancy and Risk Parameters | | |
| | HO-2 | Owner occupied dwellings used exclusively for private residential purposes |
| | HO-4 | Tenant occupied dwellings used exclusively for private residential purposes. Insureds must be married to be named on the same policy. Unmarried co-habitants must be written on separate Renters policies. |
| 5. Policy Term | | |
| | HO-2 | The policy may be written for a term of 12 months . |
| | HO-4 | The policy may be written for a term of 6 or 12 months . |
| 6. Premium Determination | | Premiums are calculated by using the Rate Order of Calculation table. Developed premium is rounded to the nearest whole dollar . For example: \$100.50 would be \$101.00 and \$100.49 would be \$100.00 |
| 7. Cancellation Rule | | No flat cancellation is allowed if coverage has been provided under our policy. |
| 8. Minimum Written Premium | | |
| | HO-2 | There is a \$150 minimum written premium . |
| | HO-4 | There is an \$80 minimum written premium . |
| 9. Document Retention | | It is the agents' responsibility to secure the required documentation upon binding and retain this information in the insured's file for a period of seven (7) years after the last policy renewal expiration date. Any and all documentation must be made available upon company request. |
| 10. Changes in Limits or Coverage | | Changes requiring adjustments of premium shall be computed pro rata . Return premium of amounts less than \$3 will be waived. |
| 11. Transfer or Assignment | | Policies may not be transferred or assigned |
| 12. Fees | | A \$38.00 Inspection Fee will apply to all HO-2 and HO-3 policies.
A \$30.00 NSF/Return Payment fee applies on all returned payment items.
A \$7.00 Late Fee applies if payment is made after the due date.
All policies will be charged a \$7.00 Installment Fee. |
| 13. Payment Plans | | All payment plans are direct bill. Policy premium for a term may be paid in full or through one of the Company's installment plans. |
| 14. Loss History Reports | | A loss history report may be ordered to verify prior claims. |

DEFINITIONS

1. Construction Type
 - Masonry** A dwelling with walls of masonry or masonry veneered construction.
 - Frame** A dwelling with walls of frame, or metal-sheathed or stuccoed frame construction, or with walls of metal lathe and plaster on combustible supports.
2. Owner Occupied Dwelling Dwellings owned by the insured that are occupied on a **full-time** basis as the insured's primary residence for **at least five (5)** consecutive months. (Dwellings may not be rented to others for any length of time.)
3. Seasonal/Secondary Dwellings Dwellings owned by the insured that are occupied on an intermittent or **non-continuous** basis as the insured's secondary or seasonal residence for less than five (5) consecutive months. (Dwellings may not be rented to others for any length of time.)
4. Other Structures Structures on the dwelling premises which are **not attached** to the dwelling (including septic tanks).
5. Supplemental Heating Device Wood, coal or pellet burning stoves, space heaters, fireplace inserts or any other solid fuel burning device that is **not centralized**.

BINDING AND EFFECTIVE DATES

Producer must be properly appointed and issued a producer number prior to binding any policies. Applications for coverage must be consistent with the written program guidelines and producer agreement. The down payment or full premium must accompany the application or endorsement. Applications and endorsements processed through the Point Of Sale System will be bound effective the date and time assigned by the system. If the Point of Sale System is off-line at the time you submit an application, please call our Underwriting department for an exception. Applications will not be accepted with a future effective date exceeding sixty days from the current date. Applications or endorsements may not be bound to cover a loss which occurred before the application is signed.

Severe Weather Binding Restrictions

No new policy or coverage may be bound and no endorsement of existing policies that increases the company's exposure may be requested when:

- The National Weather Service has issued a severe weather "watch" or "warning". Normal operating procedures will resume 24 hours after the "watch" or "warning" has expired.
- Wildfire is within 30 miles of dwelling
- Earthquake (applicable when earthquake coverage is provided) restrictions begin with the occurrence of an earthquake or aftershock, of 5.0 Richter (or greater), and continue for a period of 72 hours for dwellings located in counties (in their entireties) within 100 miles of the epicenter.

UNDERWRITING GUIDELINES

ELIGIBILITY

Up to 4 Losses in the Last Three Years

- No more than 1 fire or liability loss.
- Prior losses include any loss incurred on any property and/or structure owned, rented, or leased by the applicant.
- Complete details regarding the loss such as cause, location, date, and the amount paid for the loss are required.
- All repairs from prior losses must be complete.

Dwellings over 40 years old

- Must have updated wiring, plumbing, heating, and cooling systems
 - Plumbing – Plumbing must be updated to conform to current local codes with new water supply lines within the structure. New plumbing fixtures and components must be installed throughout the dwelling. Cast iron or galvanized plumbing does not qualify.
 - Heating – The entire heating system must be updated to conform to current local codes. Complete replacement of the burners, furnace, heating plant, heat exchanger or heat pump is required.
 - Cooling – The entire cooling system must be updated to conform to current local codes. Replacement of the central air conditioning unit, a/c compressor or heat pump is required.
 - Wiring – Replacement of fuse or breaker boxes (100 amp minimum) to conform to local codes is required. Adding additional circuits without increasing total system service does not qualify. Replacement of switches, wiring, fixtures, and components necessary.

Animals

- Animal liability exclusion must be applied when an animal with a bite history exists
- Risks with unusual, exotic, vicious, or potentially vicious animals must apply the animal liability exclusion regardless of a bite history.

Steps, Porches and Decks

- Must have secured handrails if 3 feet or more above the ground.

Uninsured Properties

- If the risk has been uninsured for 31-90 days provide complete explanation in Remarks section.
- Risks uninsured for more than 90 days are not eligible

Swimming Pools

- In-ground pools must have a fence, at least four feet high with a locking gate that encloses the pool.
- Above-ground pools must have either a fence, at least four feet high with a locking gate that encloses the pool or steps and ladders that can be secured, locked, or removed when the pool is not in use.
- Risks not meeting these criteria are not acceptable.

INELIGIBLE RISKS

Applicants with these Characteristics

- Currently unemployed, other than retired or disabled
- Past felony conviction or conviction for arson, fraud, or other insurance-related offenses
- Five or more losses of any kind in the last three years

Dwellings with these Characteristics

- Failure to maintain residence: Condition of roof, tree trimming, updates, etc
- Vacant dwellings
- Dwellings in foreclosure
- Mobile home
- More than 5 acres of property or on a farm, orchid, or grove
- Wood, slate, or tile roof
- Dwellings with pre-existing or un-repaired damage
- Dwellings in the course of construction
- Raised home on piers or stilts
- Farming exposure on premises
- Business exposure on premises
- Dwellings attached to or converted from a commercial risk
- Dwelling without utilities such as gas, electricity, or water
- Pool or spa on premises unenclosed by a fence and locking gate
- Properties with an excessive liability exposure such as a skateboard or bicycle ramp, diving board, or pool slide
- Risks uninsured for greater than 90 days
- In the name of a corporation (i.e. LLC, partnership, estate, or association)
- Properties that are unable to be inspected because either the inspector is unable to locate the property or the homeowner refuses the inspection
- Risks with open claims
- Dwellings of unconventional construction (i.e log home or earth home)
- Dwellings occupied by a fraternity, sorority, or similar housing arrangement
- Risks with more than 2 mortgages
- Cinder block foundation blocks
- On islands with no fire protection or in isolated areas not accessible by a road

FINAL UNDERWRITING AUTHORITY

THIS MANUAL MAY NOT ADDRESS every aspect that might affect the acceptance or continuation of a particular dwelling or risk. For this reason, the company RESERVES THE RIGHT TO remain the final authority in the acceptance or continuation of any risk.

BASIC DESCRIPTION OF COVERAGE

Coverage	Homeowners	Renters
Policy Form	ISO HO-2	ISO HO-4
Loss Settlement	Actual Cash Value	Actual Cash Value
Coverage A - Dwelling	Limit Selected	N/A
Coverage B - Other Structures	10% of Coverage A	N/A
Coverage C - Contents	40% of Coverage A	Limit Selected
Coverage D - Loss of Use	20% of Coverage A	10% of Coverage C
Coverage E - Liability	\$100,000	\$25,000
Animal Liability	\$25,000	\$25,000
Trampoline Liability	Excluded	Excluded
Coverage F - Medical Payments to Others	\$1,000	\$1,000

CREDITS AND SURCHARGES

Credits/Surcharges	Availability	Rates	Important Information
Increased Deductible Discount - Homeowners	Homeowners	Up to -30%	Deductibles: \$1,000, \$2,500 and \$5,000
Increased Deductible Discount - Renters	Renters	\$1,000: -2%	
Masonry Construction Discount	Homeowners	-10%	
Multi-Policy Discount	Homeowners	-5%	Applies when the named insured maintains one or more personal lines policies with American Hallmark Insurance Company of Texas or Phoenix Indemnity Insurance Company
Fire Alarm Discount	Homeowners	-5%	Applies when dwelling is protected by a fire alarm that alerts a central station or directly notifies the fire department
Burglar Alarm Discount	Homeowners	-2%	Applies when dwelling is protected by an electronic burglar alarm system that alerts a central station or the residents of the dwelling
Age of Dwelling Discount	Homeowners	Up to -21%	Homes less than 10 years old qualify. A surcharge applies to homes constructed prior to 1930.
Age of Insured Discount	Homeowners	-5%	Insured 50 Years of Age or Older

Supplemental Heating Devices	Homeowners and Renters	\$50	Applies when the dwelling or other structure is equipped with a wood, coal or pellet burning stoves, space heaters, fireplace inserts or any other solid fuel burning device that is not centralized
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MAXIMUM DISCOUNT CAP

The following discounts are subject to a cumulative maximum reduction of 30% (applicable to HO-2 only):

- Age of Dwelling
- Age of Insured
- Burglar Alarm
- Fire Alarm
- Multi-Policy

OPTIONAL COVERAGES

Coverage	Availability	Limits Available	Rates	Important Information
Increased Personal Liability	Homeowners and Renters	\$50,000	\$8	
		\$100,000	\$18	
Increased Medical Payments to Others	Homeowners and Renters	\$2,000	\$20	
		\$5,000	\$40	
Increased Personal Property	Homeowners	Up to 80% of Coverage A	\$11.90 per \$1,000	
Increased Loss of Use	Homeowners and Renters	Up to 30% of Coverage A	\$5.30 per \$1,000	
Increased Other Structures Coverage	Homeowners	Up to 50% of Coverage A	\$15 per \$1,000	
Identity Theft Recovery Coverage	Homeowners and Renters	\$15,000 annual aggregate	\$25/annually	
Equipment Breakdown Enhancement Coverage	Homeowners and Renters	\$50,000 per occurrence	\$25/annually	
Replacement Cost Loss Settlement - Personal Property	Homeowners and Renters		25% of Base Policy Premium	

OPTIONAL EXCLUSIONS FOR RISK ACCEPTANCE

Coverage	Availability	Important Information	Applicable Form
Other Structures Exclusion	Homeowners	Exclusion will remove all Other Structures Coverage at the insured premises	HIC 0009 11 08
Animal Liability Exclusion	Homeowners and Renters	Exclusion removes liability related to animals	HIC 0001 05 08
Roof Exclusion	Homeowners	Excludes coverage for losses to roof.	HIC 0010 03 09