

AMERICAN SECURITY INSURANCE COMPANY
CONDOMINIUM SECURITY PROGRAM
ACTUARIAL MEMORANDUM

GEORGIA

Summary

American Security Insurance Company (ASIC) is introducing its new Condominium Security Program in the state of Georgia. The overall rating structure of this program is based on our Condominium Insurance Product currently offered under American Bankers Insurance Company of Florida (ABIC) but will be more thoroughly underwritten. We will also introduce several new rating factors such as age of insured, claim points surcharge, number of bathrooms, and insurance score. No ABIC policies will transition to ASIC, these are intended to be distinct programs. A list of factors and rates taken directly from previously approved Georgia filings can be found in Exhibit 1.

Adjusted Rates and Factors

Described below are the adjustments made to coverages, credits and surcharges in order to fit within our proposed rating structure.

- **Age of Insured** – Nationwide’s approved Age of Insured factors are listed by peril. We have selected our proposed factors based on the base rate weighted average of Nationwide’s by peril factors. Please see Exhibit 2.
- **Claims Points Surcharge** – The Claim Points factors used in our Homeowners Insurance Program (HIP) are by peril. We have calculated our single proposed factor as the base rate weighted average of HIP’s by peril factors. Please see Exhibit 3.
- **Number of Bathrooms** – ASI’s approved Number of Bathroom factors are listed by peril. We have calculated our single proposed factor as the base rate weighted average of ASI’s by peril factors, rebased so that homes with 2 bathrooms are receiving a 1.00 factor. Please see Exhibit 4.
- **Age of Construction** – Age of Construction factors were selected based on the combination of Age of Construction factors and Year of Construction factors currently approved in our ABIC product. Please see Exhibit 5.
- **Insurance Score** – Insurance Score factors were selected based on countrywide ABIC data. Please see Exhibit 6.
- **Loss Free Credit** – Proposed Loss Free credits were selected based on approved ABIC factors. Please see Exhibit 7.
- **Early Quote** – Factors were taken from approved Spinnaker filing with no adjustments to the factors themselves. However, the factors did need to shift in the table due to differences in the way “Early Quote Year” is defined. Please see Exhibit 8.
- **Loyalty Credit** – Factors were taken from approved Homesite filing with no adjustments to the factors themselves. However, the factors did need to shift in the table due to differences in the way “Policy Term” is defined. Please see Exhibit 9.
- **Territories** – Territory definitions were adopted from the ABIC program, but all Atlanta territories (1, 3, 4, 5) have been set to the same rate.