

SERFF Tracking Number: TRGR-126537521 State: Arkansas  
 Filing Company: Republic Underwriters Insurance Company State Tracking Number: EFT \$100  
 Company Tracking Number: 10-135  
 TOI: 04.0 Homeowners Sub-TOI: 04.0003 Owner Occupied Homeowners  
 Product Name: Standard Homeowners (ISO 2000 Program)  
 Project Name/Number: Rate Revision/10-135

## Filing at a Glance

Company: Republic Underwriters Insurance Company

Product Name: Standard Homeowners (ISO 2000 Program) SERFF Tr Num: TRGR-126537521 State: Arkansas

TOI: 04.0 Homeowners

SERFF Status: Closed-Filed

State Tr Num: EFT \$100

Sub-TOI: 04.0003 Owner Occupied Homeowners

Co Tr Num: 10-135

State Status: Fees verified and received

Filing Type: Rate/Rule

Reviewer(s): Becky Harrington, Betty Montesi

Author: William Bradford

Disposition Date: 04/26/2010

Date Submitted: 03/24/2010

Disposition Status: Filed

Effective Date Requested (New): 05/15/2010

Effective Date (New): 05/15/2010

Effective Date Requested (Renewal): 06/15/2010

Effective Date (Renewal): 06/15/2010

State Filing Description:

## General Information

Project Name: Rate Revision

Status of Filing in Domicile: Not Filed

Project Number: 10-135

Domicile Status Comments: Arkansas specific

Reference Organization: N/A

Reference Number: N/A

Reference Title: N/A

Advisory Org. Circular: N/A

Filing Status Changed: 04/26/2010

State Status Changed: 03/26/2010

Deemer Date:

Created By: William Bradford

Submitted By: William Bradford

Corresponding Filing Tracking Number:

Filing Description:

The Republic Group of Insurance Companies is filing a proposed change to our Homeowners program in Arkansas. This proposed change consists of two main components: 1) Adjustments to base rates by tier and 2) Adjustments to proprietary tier placement guidelines. The proposed changes result in an overall increase of 10.0%. We are also correcting a typographical error on page HO-3. The label for Table 104.A.6 is changed to "Table 104.A.6., Additional Residence Occupied by Relative" from "Table 104.A.6., Additional Insured Occupied by Relative"

## Company and Contact

*SERFF Tracking Number:* TRGR-126537521      *State:* Arkansas  
*Filing Company:* Republic Underwriters Insurance Company      *State Tracking Number:* EFT \$100  
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*TOI:* 04.0 Homeowners      *Sub-TOI:* 04.0003 Owner Occupied Homeowners  
*Product Name:* Standard Homeowners (ISO 2000 Program)  
*Project Name/Number:* Rate Revision/10-135

**Filing Contact Information**

William Bradford, Senior Products Filing Specialist  
 5525 LBJ Freeway  
 Dallas, TX 75240  
 bill.bradford@republicgroup.com  
 972-788-6617 [Phone]  
 972-788-6022 [FAX]

**Filing Company Information**

Republic Underwriters Insurance Company  
 5525 LBJ Freeway  
 Dallas, TX 75240-6241  
 (972) 788-6001 ext. [Phone]

CoCode: 24538      State of Domicile: Texas  
 Group Code: 3489      Company Type:  
 Group Name: The Republic Group      State ID Number:  
 FEIN Number: 75-1221537

**Filing Fees**

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

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
Republic Underwriters Insurance Company	\$100.00	03/24/2010	35124433

SERFF Tracking Number: TRGR-126537521 State: Arkansas  
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## Correspondence Summary

### Dispositions

Status	Created By	Created On	Date Submitted
Filed	Becky Harrington	04/26/2010	04/26/2010

### 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	03/26/2010	03/26/2010	William Bradford	04/05/2010	04/05/2010

### Filing Notes

Subject	Note Type	Created By	Created On	Date Submitted
interoffice correspondence	Reviewer Note	Becky Harrington	04/26/2010	

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 Project Name/Number: Rate Revision/10-135

## Disposition

Disposition Date: 04/26/2010

Effective Date (New): 05/15/2010

Effective Date (Renewal): 08/01/2010

- Effective Date (Renewal) changed from 06/15/2010 to 08/01/2010 by Harrington, Becky on 04/26/2010.

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):
Republic Underwriters Insurance Company	25.400%	10.000%	\$119,877	831	\$1,198,765	53.000%	0.000%

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 Project Name/Number: Rate Revision/10-135

Schedule	Schedule Item	Schedule Item Status	Public Access
Supporting Document	Form RF-2 Loss Costs Only (not for workers' compensation)		Yes
Supporting Document	H-1 Homeowners Abstract	Filed	Yes
Supporting Document	HPCS-Homeowners Premium Comparison Survey	Filed	Yes
Supporting Document (revised)	NAIC loss cost data entry document	Filed	Yes
Supporting Document	NAIC loss cost data entry document		Yes
Supporting Document (revised)	Actuarial Memorandum and Support	Filed	Yes
Supporting Document	Actuarial Memorandum and Support		Yes
Supporting Document (revised)	Exhibit A.3	Filed	No
Supporting Document	Exhibit A.3		No
Rate	Base Rates	Filed	Yes
Rate	TERRITORY DEFINITIONS – (FOR ALL COVERAGES AND PERILS OTHER THAN EARTHQUAKE)	Filed	Yes
Rate	Label for Table 104.A.6	Filed	Yes

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TOI: 04.0 Homeowners Sub-TOI: 04.0003 Owner Occupied Homeowners  
Product Name: Standard Homeowners (ISO 2000 Program)  
Project Name/Number: Rate Revision/10-135

## Objection Letter

Objection Letter Status Pending Industry Response

Objection Letter Date 03/26/2010

Submitted Date 03/26/2010

Respond By Date

Dear William Bradford,

This will acknowledge receipt of the captioned filing.

### Objection 1

- Actuarial Memorandum and Support (Supporting Document)

Comment: Please remove the modeled hurricane loss and LAE Ratio amount. AR does not allow modeled hurricane provisions.

### Objection 2

- Actuarial Memorandum and Support (Supporting Document)

Comment: Provide the exhibits referenced in the notes section of Exhibit A.1.

### Objection 3

- Actuarial Memorandum and Support (Supporting Document)

Comment: Provide Countrywide 5-year experience pursuant to Arkansas Code Annotated §23-67-209(a).

### Objection 4

- Actuarial Memorandum and Support (Supporting Document)

Comment: Provide documentation pursuant to Arkansas Code Annotated §23-67-209(d).

### Objection 5

- NAIC loss cost data entry document (Supporting Document)

Comment: Explain/provide support for the 10.1% taxes, licenses and fees amount shown on the RF-1. This amount appears excessive.

### Objection 6

- Actuarial Memorandum and Support (Supporting Document)

Comment: Provide the reported loss ratio excluding the large fire loss for proposed tier group 1-4. Explain why tier group 8-10 is being increased 20.5% when similar loss ratio tiers are receiving 7-8% increases.

### Objection 7

- Exhibit A.3 (Supporting Document)

SERFF Tracking Number: TRGR-126537521 State: Arkansas  
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TOI: 04.0 Homeowners Sub-TOI: 04.0003 Owner Occupied Homeowners  
Product Name: Standard Homeowners (ISO 2000 Program)  
Project Name/Number: Rate Revision/10-135

Comment: Provide supporting data for changes to days lapsed category. Compare the previous points to the proposed.

#### Objection 8

- Exhibit A.3 (Supporting Document)

Comment: Detail the modifications to the insurance score points.

#### Objection 9

- Exhibit A.3 (Supporting Document)

Comment: Identify or explain what "other underwriting considerations could result in modifications to the rated tier assignments".

#### Objection 10

No Objections

Comment: Provide a disruption chart. Explain the changes driving the 53% maximum change.

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	04/05/2010
Submitted Date	04/05/2010

Dear Becky Harrington,

#### Comments:

Thank you for your reply. Our actuaries have reviewed your questions and have prepared the following responses.

#### Response 1

Comments: At the request of the department of insurance, Republic has removed the modeled hurricane provision from the indication. Please find the revised exhibit A.I without the modeled hurricane loss and LAE Ratio amount.

#### Related Objection 1

Applies To:

- Actuarial Memorandum and Support (Supporting Document)

SERFF Tracking Number: TRGR-126537521 State: Arkansas  
Filing Company: Republic Underwriters Insurance Company State Tracking Number: EFT \$100  
Company Tracking Number: 10-135  
TOI: 04.0 Homeowners Sub-TOI: 04.0003 Owner Occupied Homeowners  
Product Name: Standard Homeowners (ISO 2000 Program)  
Project Name/Number: Rate Revision/10-135

**Comment:**

Please remove the modeled hurricane loss and LAE Ratio amount. AR does not allow modeled hurricane provisions.

**Changed Items:**

**Supporting Document Schedule Item Changes**

Satisfied -Name: Actuarial Memorandum and Support

**Comment:**

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

**Response 2**

Comments: Attached are all the exhibits that support the overall statewide indication from Exhibit A.I in the following order:

Exhibit II: Statewide Premium Trend

Exhibit II-I: Statewide Rate History

Exhibit III: Countrywide Loss Development Factors

Exhibit IV: Statewide Loss Trends

Exhibit V: Countrywide LAE Load

Exhibit VI: Statewide Expected Non-Hurricane Catastrophe Provision

Exhibit VII: Statewide Permissible Loss & LAE Ratio

Exhibit VIII: Statewide Credibility Computation

Exhibit IX-1: Statewide Return on Equity Calculation

Exhibit IX-2: Countrywide Investment Earnings on Loss Reserves

Exhibit IX-3: Countrywide Investment Earnings on UPR

Exhibit IX-4: Countrywide Rate of Return on Investment Income

**Related Objection 1**

Applies To:

- Actuarial Memorandum and Support (Supporting Document)

**Comment:**

Provide the exhibits referenced in the notes section of Exhibit A.1.

**Changed Items:**

SERFF Tracking Number: TRGR-126537521 State: Arkansas  
Filing Company: Republic Underwriters Insurance Company State Tracking Number: EFT \$100  
Company Tracking Number: 10-135  
TOI: 04.0 Homeowners Sub-TOI: 04.0003 Owner Occupied Homeowners  
Product Name: Standard Homeowners (ISO 2000 Program)  
Project Name/Number: Rate Revision/10-135

### Supporting Document Schedule Item Changes

Satisfied -Name: Actuarial Memorandum and Support

Comment:

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

### Response 3

Comments: Per your request, Exhibit A.6 provides the countrywide five year loss experience for completeness. Republic Group did not rely on its countrywide loss experience in developing the rate level indication in Exhibit A.I. Instead, Republic used projected loss and premium trends to come up with the complement of credibility displayed on line 23 of the revised Exhibit A.I.

#### Related Objection 1

Applies To:

- Actuarial Memorandum and Support (Supporting Document)

Comment:

Provide Countrywide 5-year experience pursuant to Arkansas Code Annotated §23-67-209(a).

### Changed Items:

#### Supporting Document Schedule Item Changes

Satisfied -Name: Actuarial Memorandum and Support

Comment:

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

### Response 4

Comments: Exhibits IX-I thru IX-4 display Republic's computation of the profit provision along with considerations to investment income attributable to both loss reserves and unearned premium reserves.

#### Related Objection 1

Applies To:

- Actuarial Memorandum and Support (Supporting Document)

Comment:

SERFF Tracking Number: TRGR-126537521 State: Arkansas  
Filing Company: Republic Underwriters Insurance Company State Tracking Number: EFT \$100  
Company Tracking Number: 10-135  
TOI: 04.0 Homeowners Sub-TOI: 04.0003 Owner Occupied Homeowners  
Product Name: Standard Homeowners (ISO 2000 Program)  
Project Name/Number: Rate Revision/10-135

Provide documentation pursuant to Arkansas Code Annotated §23-67-209(d).

#### **Changed Items:**

#### **Supporting Document Schedule Item Changes**

Satisfied -Name: Actuarial Memorandum and Support

Comment:

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

#### **Response 5**

Comments: In the first year of writing in the state of Arkansas, Republic's taxes, licenses and fees amounted to 10.1% of the written premium as premium writings were quite small. However, Exhibit VII displays a revised selected amount of 3.8%, based on the current premium tax rate in Arkansas. This amount better reflects the premium taxes, license and fees over the projected policy period. The revised figure is reflected in the revised statewide indication. RF-1 also shows the more appropriate figure.

#### **Related Objection 1**

Applies To:

- NAIC loss cost data entry document (Supporting Document)

Comment:

Explain/provide support for the 10.1% taxes, licenses and fees amount shown on the RF-1. This amount appears excessive.

#### **Changed Items:**

#### **Supporting Document Schedule Item Changes**

Satisfied -Name: NAIC loss cost data entry document

Comment:

Satisfied -Name: Actuarial Memorandum and Support

Comment:

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

SERFF Tracking Number: TRGR-126537521 State: Arkansas  
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Company Tracking Number: 10-135  
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Product Name: Standard Homeowners (ISO 2000 Program)  
Project Name/Number: Rate Revision/10-135

## Response 6

Comments: Reported loss ratio for proposed tier groups 1-4 gets reduced by more than 50% by excluding the large fire loss (specifically, from 88.5% to 40.1 %). Details are outlined on revised Exhibit A.5.

Rate effects by tier groups were initially filed incorrectly. We apologize for that oversight. Revised Exhibit A.5 provides the correct effects by tier group. The largest effects are seen in tier groups 17-25. These tiers are the only tiers with insureds who have insurance scores below 625, which has far worse loss experience as demonstrated by Appendix I in our original filing (which is attached). Additionally, 44% of the policies in this tier are currently receiving a renovation credit. Appendix II of our initial filing demonstrates that those policies with renovation credits do not perform as well as policies without this credit.

Finally, Exhibit A5 displays loss ratios for the policies as they will be rated under our proposed rate structure. The 26.8% loss ratio for proposed tier groups 17-25 is the reported loss ratio (from 11 ex-catastrophe claims) after the 20.2% proposed increase.

### Related Objection 1

Applies To:

- Actuarial Memorandum and Support (Supporting Document)

Comment:

Provide the reported loss ratio excluding the large fire loss for proposed tier group 1-4. Explain why tier group 8-10 is being increased 20.5% when similar loss ratio tiers are receiving 7-8% increases.

### Changed Items:

#### Supporting Document Schedule Item Changes

Satisfied -Name: Actuarial Memorandum and Support

Comment:

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

## Response 7

Comments: Exhibit A7 shows the current points assigned for days lapse. Republic proposes to change the assigned points for risks that have allowed their insurance to lapse up to 30 days (from 25 points to 10). Exhibit A7, Page 2 shows loss ratios for days lapse. Current revised underwriting guidelines no longer allow writing policies with a lapse 31+ days.

### Related Objection 1

SERFF Tracking Number: TRGR-126537521 State: Arkansas  
Filing Company: Republic Underwriters Insurance Company State Tracking Number: EFT \$100  
Company Tracking Number: 10-135  
TOI: 04.0 Homeowners Sub-TOI: 04.0003 Owner Occupied Homeowners  
Product Name: Standard Homeowners (ISO 2000 Program)  
Project Name/Number: Rate Revision/10-135

Applies To:

- Exhibit A.3 (Supporting Document)

Comment:

Provide supporting data for changes to days lapsed category. Compare the previous points to the proposed.

**Changed Items:**

**Supporting Document Schedule Item Changes**

Satisfied -Name: Exhibit A.3

Comment:

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

**Response 8**

Comments: Exhibit A.7 displays the current points assigned to various insurance scores for complete details. Republic proposes to increase the number of points assigned to insurance score category by 25 (from 85 to 110). Under this proposal, all insureds with insurance scores above 624 would get an additional 25 points. Note that the point value table ranges also went up by 25 points. The end result is that insureds with scores above 624 would be placed in the same tier at renewal date (when only considering insurance scores). The remaining policies will see an increase based on Republic's countrywide analysis which was provided with the initial filing. Republic added additional insurance score ranges below 625 to stair-step the rates to reduce volatility.

**Related Objection 1**

Applies To:

- Exhibit A.3 (Supporting Document)

Comment:

Detail the modifications to the insurance score points.

**Changed Items:**

**Supporting Document Schedule Item Changes**

Satisfied -Name: Exhibit A.3

Comment:

No Form Schedule items changed.

SERFF Tracking Number: TRGR-126537521 State: Arkansas  
Filing Company: Republic Underwriters Insurance Company State Tracking Number: EFT \$100  
Company Tracking Number: 10-135  
TOI: 04.0 Homeowners Sub-TOI: 04.0003 Owner Occupied Homeowners  
Product Name: Standard Homeowners (ISO 2000 Program)  
Project Name/Number: Rate Revision/10-135  
No Rate/Rule Schedule items changed.

## Response 9

Comments: Other underwriting considerations do not affect the tier assignments. This footnote was inadvertently left on this exhibit and has been removed. All tiering in Arkansas has been and will be determined by the point value table on Exhibit A3.

### Related Objection 1

Applies To:

- Exhibit A.3 (Supporting Document)

Comment:

Identify or explain what "other underwriting considerations could result in modifications to the rated tier assignments".

### Changed Items:

#### Supporting Document Schedule Item Changes

Satisfied -Name: Exhibit A.3

Comment:

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

## Response 10

Comments: Exhibit A8 displays the requested disruption chart. A single policy is getting the maximum change of 53%. The key drivers of the increase are policy insurance score of 614 and 51 year-old home with 2004 complete electrical and heating/cooling updates. Hence the risk moved from tier 16 to tier 25 which translates into a 47% rate increase. Also, this particular risk is located in Little Rock, Pulaski County and the 4% base rate increase accounts for the remainder of the change.

### Related Objection 1

Comment:

Provide a disruption chart. Explain the changes driving the 53% maximum change.

### Changed Items:

#### Supporting Document Schedule Item Changes

*SERFF Tracking Number:* TRGR-126537521      *State:* Arkansas  
*Filing Company:* Republic Underwriters Insurance Company      *State Tracking Number:* EFT \$100  
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Satisfied -Name: Actuarial Memorandum and Support  
Comment:

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Please let us know if you need any additional information.

Sincerely,  
William Bradford

*SERFF Tracking Number:* TRGR-126537521      *State:* Arkansas  
*Filing Company:* Republic Underwriters Insurance Company      *State Tracking Number:* EFT \$100  
*Company Tracking Number:* 10-135  
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*Product Name:* Standard Homeowners (ISO 2000 Program)  
*Project Name/Number:* Rate Revision/10-135

**Reviewer Note**

**Created By:**

Becky Harrington on 04/26/2010 07:08 AM

**Last Edited By:**

Becky Harrington

**Submitted On:**

04/26/2010 07:09 AM

**Subject:**

interoffice correspondence

**Comments:**

Commissioner's ok

**From:** [Jay Bradford](#)  
**To:** [Becky Harrington](#);  
**Subject:** RE: Republic Underwriters HO  
**Date:** Friday, April 23, 2010 3:19:08 PM

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From the desk of Jay Bradford

Becky,

My answer is yes.

Thanks

Jay

JB:sy

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**From:** Becky Harrington  
**Sent:** Wednesday, April 21, 2010 11:40 AM  
**To:** Jay Bradford  
**Subject:** FW: Republic Underwriters HO

Seleta please print for the Commissioner. I will need his answer by Friday to avoid having the company deem the filing.

Thanks.

If the filing changes are implemented, Republic will rank in the lower (cheapest) 1/2 to 1/3 of the 60 companies writing HO based upon the survey form completed in rate filings. The ranking depends upon the location. I ran Pulaski, Washington, and Desha Counties, with a couple of dwelling values and protection class combinations. They ranked between 22nd and 35th cheapest for premium.

Please let me know your wishes.

Thanks,  
Becky

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**From:** Becky Harrington  
**Sent:** Wednesday, April 21, 2010 9:51 AM  
**To:** Jay Bradford  
**Subject:** FW: Republic Underwriters HO

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**From:** Becky Harrington  
**Sent:** Wednesday, April 07, 2010 2:55 PM  
**To:** Bill Lacy  
**Subject:** Republic Underwriters HO

Overall 10% Indicated 25.4% effective 6/15/2010.

126 receive 15-19% increase  
98 20-24% increase  
106 25-29% increase  
17 30-34% increase  
15 35-39%  
6 40-44%  
1 45-49%  
1 53% due to tier change, revision of renovation credit, plus 4% base rate change.

831 total policies in program. Program inception 2008, first rate change since inception.

OK?

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State: Arkansas  
 State Tracking Number: EFT \$100  
 Sub-TOI: 04.0003 Owner Occupied Homeowners

## Rate Information

Rate data applies to filing.

**Filing Method:** File and Use 20 days  
**Rate Change Type:** Increase  
**Overall Percentage of Last Rate Revision:** 0.000%  
**Effective Date of Last Rate Revision:** 09/02/2008  
**Filing Method of Last Filing:** File and Use 20 days

## 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):
Republic Underwriters Insurance Company	25.400%	10.000%	\$119,877	831	\$1,198,765	53.000%	0.000%

SERFF Tracking Number: TRGR-126537521 State: Arkansas  
 Filing Company: Republic Underwriters Insurance Company State Tracking Number: EFT \$100  
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 Project Name/Number: Rate Revision/10-135

## Rate/Rule Schedule

Schedule Item	Exhibit Name:	Rule # or Page	Rate Action	Previous State Filing Attachments
Status:		#:		Number:
Filed 04/26/2010	Base Rates	B-1	Replacement	TRGR-125740861 AR HO 00 03 Manual 0310.pdf
Filed 04/26/2010	TERRITORY DEFINITIONS (FOR ALL COVERAGES AND PERILS OTHER THAN EARTHQUAKE)	T-1 and T-2	Replacement	TRGR-125740861 AR HO 00 03 Manual 0310T.pdf
Filed 04/26/2010	Label for Table 104.A.6	HO-3	Replacement	TRGR-126443525 AR HO 00 03 Manual 0310C.pdf

**ARKANSAS HOMEOWNERS POLICY PROGRAM MANUAL  
BASE CLASS PREMIUM TABLES**

<b>Territory</b>	<b>Description</b>	<b>Base Rate</b>
1	Benton and Washington Counties	\$458
2	Carroll and Madison Counties	\$479
3	Baxter, Boone and Marion Counties	\$530
4	Fulton, Independence, Izard and Sharp Counties	\$530
5	Lawrence County	\$685
6	Clay, Greene and Randolph Counties	\$670
7	Crawford and Sebastian Counties	\$536
8	Conway, Franklin, Johnson, Newton and Pope Counties	\$537
9	Cleburne, Searcy, Stone and Van Buren Counties	\$530
10	Jackson and Woodruff Counties	\$724
11	Craighead County	\$598
12	Mississippi County	\$739
13	Logan County	\$555
14	Yell County	\$607
15	Faulkner County	\$483
16	White County	\$580
17	Cross, Lee, Poinsett and St. Francis Counties	\$711
18	Crittenden County	\$565
19	Montgomery, Polk and Scott Counties	\$623
20	Garland, Hot Spring and Perry Counties	\$537
21	Grant and Saline Counties	\$537
22	Remainder of Pulaski County	\$566
23	Lonoke County	\$537
24	Prairie County	\$624
25	Monroe County	\$672
26	Jefferson County	\$653
27	Arkansas County	\$596
28	Phillips County	\$726
29	Clark, Howard, Pike and Sevier Counties	\$598
30	Bradley, Calhoun, Cleveland, Dallas and Lincoln Counties	\$654
31	Desha County	\$733
32	Little River and Miller Counties	\$618
33	Hempstead and LaFayette Counties	\$645
34	Nevada and Ouachita Counties	\$645
35	Columbia County	\$627
36	Union County	\$627
38	Cities of Little Rock and North Little Rock (Pulaski County)	\$593
39	Hot Springs Village	\$483
40	Drew County	\$654
41	Ashley and Chicot Counties	\$733

# ARKANSAS HOMEOWNERS POLICY PROGRAM MANUAL

## TERRITORY PAGES

### 1. TERRITORY ASSIGNMENT

This section applies to territories based on ZIP Codes and is not currently applicable to the Republic Underwriters Homeowners program.

### 2. TERRITORY DEFINITIONS – (FOR ALL COVERAGES AND PERILS OTHER THAN EARTHQUAKE).

#### **A. Territory Descriptions**

Territory	Description
1	Benton and Washington Counties
2	Carroll and Madison Counties
3	Baxter, Boone and Marion Counties
4	Fulton, Independence, Izard and Sharp Counties
5	Lawrence County
6	Clay, Greene and Randolph Counties
7	Crawford and Sebastian Counties
8	Conway, Franklin, Johnson, Newton and Pope Counties
9	Cleburne, Searcy, Stone and Van Buren Counties
10	Jackson and Woodruff Counties
11	Craighead County
12	Mississippi County
13	Logan County
14	Yell County
15	Faulkner County
16	White County
17	Cross, Lee, Poinsett and St. Francis Counties
18	Crittenden County
19	Montgomery, Polk and Scott Counties
20	Remainder of Garland, Hot Spring and Perry Counties
21	Grant and Remainder of Saline Counties
22	Remainder of Pulaski County
23	Lonoke County
24	Prairie County
25	Monroe County
26	Jefferson County
27	Arkansas County
28	Phillips County
29	Clark, Howard, Pike and Sevier Counties
30	Bradley, Calhoun, Cleveland, Dallas and Lincoln Counties
31	Desha County
32	Little River and Miller Counties
33	Hempstead and LaFayette Counties
34	Nevada and Ouachita Counties
35	Columbia County
36	Union County

**ARKANSAS HOMEOWNERS POLICY PROGRAM MANUAL  
TERRITORY PAGES**

**2. TERRITORY DEFINITIONS – (FOR ALL COVERAGES AND PERILS OTHER THAN EARTHQUAKE), (cont.)**

38	Cities of Little Rock and North Little Rock (Pulaski County)
39	Hot Springs Village (Garland and Saline Counties)
40	Drew County
41	Ashley and Chicot Counties

**B. Territory Names**

**1. Cities**

City	County of	Territory
Little Rock	Pulaski	38
North Little Rock	Pulaski	38
Hot Springs Village	Garland	39
Hot Springs Village	Saline	39

**2. Other Than Cities**

County	Territory	County	Territory	County	Territory
Arkansas	27	Garland (b)	20	Newton	8
Ashley	41	Grant	21	Ouachita	34
Baxter	3	Greene	6	Perry	20
Benton	1	Hempstead	33	Phillips	28
Boone	3	Hot Spring	20	Pike	29
Bradley	30	Howard	29	Poinsett	17
Calhoun	30	Independence	4	Polk	19
Carroll	2	Izard	4	Pope	8
Chicot	41	Jackson	10	Prairie	24
Clark	29	Jefferson	26	Pulaski (a)	22
Clay	6	Johnson	8	Randolph	6
Cleburne	9	LaFayette	33	Saline (b)	21
Cleveland	30	Lawrence	5	Scott	19
Columbia	35	Lee	17	Searcy	9
Conway	8	Lincoln	30	Sebastian	7
Craighead	11	Little River	32	Sevier	29
Crawford	7	Logan	13	Sharp	4
Crittenden	18	Lonoke	23	St. Francis	17
Cross	17	Madison	2	Stone	9
Dallas	30	Marion	3	Union	36
Desha	31	Miller	32	Van Buren	9
Drew	40	Mississippi	12	Washington	1
Faulkner	15	Monroe	25	White	16
Franklin	8	Montgomery	19	Woodruff	10
Fulton	4	Nevada	34	Yell	14

(a) That part of Pulaski County not in Little Rock or North Little Rock

(b) That part of Garland and Saline Counties not in Hot Springs Village

# ARKANSAS HOMEOWNERS POLICY PROGRAM MANUAL

## GENERAL RULES

### RULE 104. ELIGIBILITY, (cont.)

3. To the occupant of a dwelling under a life estate arrangement when the Coverage A amount is at least 80% of the dwelling's replacement cost. The owner's interest in the building and premises liability may be covered using Additional Insured Endorsement **HO 04 41**; or
4. To cover dwellings in the course of construction provided the policy is issued only in the name of the intended owner-occupant(s) of the dwelling.
5. When two or more apartment units in a 2, 3 or 4 family dwelling are occupied by co-owners, each occupying distinct living quarters with separate entrances. Given these circumstances, a Homeowners Policy providing building coverage may be issued to only one of the co-owner occupants of the dwelling. The policy may be endorsed to cover the interest of the other co-owner(s) in the building and for premises liability. Use Additional Insured Endorsement **HO 04 41**. A separate Homeowners Policy **HO 00 04** may be issued to the co-owner(s) occupying the other apartment(s) in the dwelling.
6. When the occupant of a dwelling is a mother, father, son, daughter, grandparent or grandchild, or any combination thereof, of the owner of the property, Section I and II Coverages may be provided for the occupants by endorsement.
  1. Use Additional Insured - Additional Residence Occupied by Relative endorsement **RH 08 41**.
  2. Refer to **Table 104.A.6.** below for the premium charge.

Liability Limit	Med Pay Limit				
	\$1,000	\$2,000	\$3,000	\$4,000	\$5,000
\$100,000	\$26	\$30	\$39	\$52	\$69
\$200,000	\$30	\$34	\$43	\$56	\$73
\$300,000	\$33	\$37	\$46	\$59	\$76
\$400,000	\$36	\$40	\$49	\$62	\$79
\$500,000	\$39	\$43	\$52	\$65	\$82

**Table 104.A.6., Additional Residence Occupied by Relative**

It is permissible to extend the Homeowners Policy, without additional premium charge, to cover the interest of a non-occupant joint owner in the building and for premises liability. Use Additional Insured Endorsement **HO 04 41**.

**B. Form HO 00 04**

Policy form HO 00 04 is not currently available for use with Republic Underwriters Homeowner product.

**C. Form HO 00 06**

Policy form HO 00 06 is not currently available for use with Republic Underwriters Homeowner product.

**D. Seasonal Dwelling**

Subject to all other sections of this rule, a Homeowners Policy may be issued to cover a seasonal dwelling.

**E. Mobile Home, Trailer Home or House Trailer**

These coverages are not available for use with Republic Underwriters Homeowner product.

**F. Permitted Business Occupancies**

Certain business occupancies are permitted, provided:

1. The premises is occupied principally for private residential purposes, and
2. There is no other business occupancy on the premises.

When the business is conducted on the residence premises, refer to Rule **510.** for Section I Coverage and Rule **608.** for Section II Coverage. When it is conducted from an Other Residence, only Section II Coverage is available. Refer to Rule **608.**

**G. Farm Property**

A Homeowners Policy shall not be issued to cover any property to which farm forms or rates apply under the rules of the company, except as noted in following Paragraphs **1.** and **2.:**

**1. Section I - Property - Livestock Collision**

Coverage may be provided for loss due to collision which results in the death of covered livestock owned by an insured and kept either on or away from the residence premises as specified in Rule **520.**

**2. Section II - Liability Coverage**

Certain farm liability exposures may be covered. Refer to Rule **615.**

**H. Residence Held in Trust (All Forms Except HO 00 04)**

Not currently available for use with the Republic Underwriters homeowner product.

SERFF Tracking Number: TRGR-126537521 State: Arkansas  
 Filing Company: Republic Underwriters Insurance Company State Tracking Number: EFT \$100  
 Company Tracking Number: 10-135  
 TOI: 04.0 Homeowners Sub-TOI: 04.0003 Owner Occupied Homeowners  
 Product Name: Standard Homeowners (ISO 2000 Program)  
 Project Name/Number: Rate Revision/10-135

## Supporting Document Schedules

	<b>Item Status:</b>	<b>Status Date:</b>
<b>Satisfied - Item:</b> H-1 Homeowners Abstract	Filed	04/26/2010
<b>Comments:</b>		
<b>Attachment:</b> FORM H-1 Homeowners abstract.doc.pdf		

	<b>Item Status:</b>	<b>Status Date:</b>
<b>Satisfied - Item:</b> HPCS-Homeowners Premium Comparison Survey	Filed	04/26/2010
<b>Comments:</b>		
<b>Attachment:</b> HO Survey FORM HPCS.xls		

	<b>Item Status:</b>	<b>Status Date:</b>
<b>Satisfied - Item:</b> NAIC loss cost data entry document	Filed	04/26/2010
<b>Comments:</b>		
<b>Attachment:</b> FORM RF-1 Rate Filing Abstract.pdf		

	<b>Item Status:</b>	<b>Status Date:</b>
<b>Satisfied - Item:</b> Actuarial Memorandum and Support	Filed	04/26/2010
<b>Comments:</b>		
<b>Attachment:</b> Filing 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 Republic Underwriters Insurance Company  
NAIC # (including group #) 24538

1. If you have had an insurance to value campaign during the experience filing period, describe the campaign and estimate its impact.  
Not applicable.
  
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.  
Replacement Cost Estimator (from MSRB) is used for new business only to determine appropriate values for new business. It is not possible to estimate the impact of program business because some new homes would have been under-insured and others over-insured when issued as new business.
  
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.  
100% of the Dwelling Replacement Cost.
  
4. If you use an Inflation Guard form or similar type of coverage, describe the coverage(s) and estimate the impact.  
The cost estimating systems furnishes the user with a guide for making general estimates of cost to replace specific types of residential construction. Annual changes are published based on residential cost index for zip codes and territories in Arkansas.
  
5. Specify the percentage given for credit or discounts for the following:

a. Fire Extinguisher	0%
b. Burglar Alarm	3%
c. Smoke Alarm	3%
d. Insured who has both homeowners and auto with your compan	10%
e. Deadbolt Locks	0%
f. Window or Door Locks	0%
g. Other (specify) Mature Homeowner Credit (from 2% to 20%)	20%
Metal 5% & Hail Resistive Roof Credit (Class IV) 15%	15%
Gated Community Credit	5%
New Home Credit (varies from 2% to 35%)	35%
Loss Free Credit (varies from 5% to 10%)	
  
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-3 (special)	In-force WP as of end of 2009: \$1,189,052

AID PC H-1 (1/06)  
Page 1 of 2

Form H-1 (1/06)  
Page 2 of 2

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. Charge varies by tier up to 26.7%

If yes, state the surcharge

Does the surcharge apply to conventional fire places?

If yes, state the surcharge

Only if central or thermostatically controlled heating systems not available.

If that is the case, up to 26.7%

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

Signature

William R. Bradford

Printed Name

Senior Products Filing Specialist

Title

972-788-6617

Telephone Number

Bill.bradford@republicgroup.com

Email address

AID PC H-1 (1/06)

NAIC Number: 24538  
 Company Name: Republic Underwriters Insurance Company  
 Contact Person: Bill Bradford  
 Telephone No.: 972-788-6617  
 Email Address: bill.bradford@republicgroup.com  
 Effective Date: 05/15/2010

**Homeowners Premium Comparison Survey Form  
 FORM HPCS - last modified August, 2005**

Submit to: Arkansas Insurance Department  
 1200 West Third Street  
 Little Rock, AR 72201-1904  
 Telephone: 501-371-2800  
 Email as an attachment to: insurance.pnc@arkansas.gov  
 You may also attach to a SERFF filing or submit on a cdr disk

**USE THE APPROPRIATE FORM BELOW - IF NOT APPLICABLE, LEAVE  
 BLANK**

**Survey Form for HO3 (Homeowners) - Use \$500 Flat Deductible (Covers risk of direct physical loss for dwelling and other structures; named perils for personal property, replacement cost on dwelling, actual cash value on personal property)**

Public Protection Class	Dwelling Value	Washington		Baxter		Craighead		St. Francis		Desha		Union		Miller		Sebastian		Pulaski	
		Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame
3	\$80,000	\$461	\$515	\$534	\$596	\$602	\$672	\$716	\$799	\$738	\$824	\$631	\$704	\$622	\$694	\$540	\$602	\$597	\$666
	\$120,000	\$647	\$721	\$748	\$835	\$844	\$942	\$1,004	\$1,120	\$1,035	\$1,155	\$885	\$988	\$872	\$973	\$757	\$844	\$837	\$934
	\$160,000	\$839	\$936	\$971	\$1,083	\$1,095	\$1,222	\$1,302	\$1,453	\$1,343	\$1,498	\$1,148	\$1,281	\$1,132	\$1,263	\$982	\$1,095	\$1,086	\$1,212
6	\$80,000	\$534	\$592	\$618	\$685	\$697	\$773	\$829	\$919	\$855	\$948	\$731	\$811	\$721	\$799	\$625	\$693	\$691	\$767
	\$120,000	\$749	\$830	\$866	\$961	\$977	\$1,084	\$1,162	\$1,289	\$1,198	\$1,329	\$1,025	\$1,137	\$1,010	\$1,120	\$876	\$972	\$969	\$1,075
	\$160,000	\$971	\$1,077	\$1,124	\$1,247	\$1,268	\$1,407	\$1,508	\$1,672	\$1,555	\$1,724	\$1,330	\$1,475	\$1,311	\$1,454	\$1,137	\$1,261	\$1,258	\$1,395
9	\$80,000	\$1,179	\$1,426	\$1,365	\$1,651	\$1,540	\$1,862	\$1,831	\$2,214	\$1,888	\$2,283	\$1,615	\$1,953	\$1,592	\$1,925	\$1,380	\$1,669	\$1,527	\$1,847
	\$120,000	\$1,653	\$2,000	\$1,913	\$2,314	\$2,159	\$2,611	\$2,567	\$3,104	\$2,646	\$3,200	\$2,264	\$2,737	\$2,231	\$2,698	\$1,935	\$2,340	\$2,141	\$2,589
	\$160,000	\$2,145	\$2,594	\$2,483	\$3,002	\$2,801	\$3,387	\$3,330	\$4,027	\$3,433	\$4,152	\$2,937	\$3,552	\$2,895	\$3,501	\$2,511	\$3,036	\$2,778	\$3,359

**Survey Form for HO4 (Renters) - Use \$500 Flat Deductible (Named perils for personal property, actual cash value for loss, liability and medical payments for others included)**

Public Protection Class	Property Value	Washington		Baxter		Craighead		St. Francis		Arkansas		Union		Miller		Sebastian		Pulaski	
		Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame
3	\$5,000																		
	\$15,000																		
	\$25,000																		
6	\$5,000																		
	\$15,000																		
	\$25,000																		
9	\$5,000																		
	\$15,000																		
	\$25,000																		

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

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

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

**HO3 and HO4 only**

Fire Extinguisher	0 %	Deadbolt Lock	0 %
Burglar Alarm	3 %	Window Locks	0 %
Smoke Alarm	3 %	\$1,000 Deductible	14 %
		Other (specify)	
			%

**EARTHQUAKE INSURANCE**

**IMPORTANT, homeowners insurance does NOT automatically cover losses from earthquakes. Ask your agent about this cover**

ARE YOU CURRENTLY WRITING EARTHQUAKE COVERAGE IN ARKANSAS?	Yes	(yes or no)	
WHAT IS YOUR PERCENTAGE DEDUCTIBLE?	5	%	
WHAT IS YOUR PRICE PER \$1,000 OF COVERAGE?	Zone	Brick	Frame
	Highest Risk	\$ 2.47	\$ 2.17

**NAIC LOSS COST DATA ENTRY DOCUMENT**

1. This filing transmittal is part of Company Tracking # \_\_\_\_\_

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

Company Name		Company NAIC Number	
<b>A.</b>	<b>Republic Underwriters Insurance Company</b>	<b>B.</b>	<b>24538</b>

Product Coding Matrix Line of Business (i.e., Type of Insurance)		Product Coding Matrix Line of Insurance (i.e., Sub-type of Insurance)	
<b>A.</b>	<b>04.0 Homeowners</b>	<b>B.</b>	<b>Homeowners</b>

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
Homeowners Form 3	21.6%	10.0%					
TOTAL OVERALL EFFECT		10.0%					

7.

Year	5 Year History			Rate Change History			Expense Constants		Selected Provisions
	Policy Count	% of Change	Effective Date	State Earned Premium (000)	State Loss Ratio	Countrywide Loss Ratio			
2009	1413	N/A	N/A	640	66.7%	70.0%	A. Total Production Expense		20.3%
2008	285	N/A	N/A	81	135.0%	107.5%	B. General Expense		5.9%
2007	N/A	N/A	N/A	N/A	N/A	49.8%	C. Taxes, License & Fees		3.8%
2006	N/A	N/A	N/A	N/A	N/A	37.8%	D. Underwriting Profit & Contingencies		7.9%
2005	N/A	N/A	N/A	N/A	N/A	159.8%	E. Other (explain)		
							F. TOTAL		37.9%

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

9. 53% Estimated Maximum Rate Increase for any Insured (%). Territory (if applicable): \_\_\_\_\_

10. 0.0% Estimated Maximum Rate Decrease for any Insured (%) Territory (if applicable): \_\_\_\_\_

**FILING MEMORANDUM**  
**Arkansas Homeowners HO-3**  
**Republic Underwriters Insurance Company (RUIC)**

The Republic Group of Insurance Companies is filing a proposed change to our Homeowners program in Arkansas. This proposed change consists of two main components: 1) Adjustments to base rates by tier and 2) Adjustments to proprietary tier placement guidelines. The proposed changes result in an overall increase of 10.0%. The indicated change is +25.4% for this book of business. The proposed effective date for implementing these changes is May 15, 2010.

The following filing exhibits are included:

**Exhibit A - Proposed Rates**

The following exhibits provide the summary of proposed changes:

<b>A.1</b>	Rate Level Indication
<b>A.2</b>	Proposed Base Rates by Territory
<b>A.3</b>	Proposed Tier Placement
<b>A.4</b>	Impact of Proposed Changes by Territory
<b>A.5</b>	Impact of Proposed Changes by Tier Group

Proposed rates and rating factors were determined by reviewing recent Republic experience in AR along with a countrywide review of the insurance score component of the tier plan.

**Territorial Base Rates**

The proposed changes to base rates as outlined in Exhibit A.2 result in a base rate increase of 4.0% for all locations except Drew County. A territory split is proposed by introducing territories 40 and 41 in place of existing territory 37. Due to low premium volume in individual territories, rate level indications were not computed by territory. Exhibit A.4 summarizes the impact of proposed base rate increases and tier changes by territory.

**Tier Underwriting Factors**

Exhibit A.3 displays the proposed tier placement guidelines. Tier relativities remain unchanged. Experience by proposed tier can be seen in Exhibit A.5. Tiers are grouped for credibility reasons.

**Appendices**

The appendices include supporting documentation for proposed changes as deemed necessary.

Appendix I	Countrywide Pure Premium Experience by Insurance Score
Appendix II	Initial Statewide Loss Experience for Insureds with and without Age of Home Updates

**FILING MEMORANDUM**  
**Arkansas Homeowners HO-3**  
**Republic Underwriters Insurance Company (RUIC)**

**Explanation of Insurance Score Proposed Changes**

Republic developed a points system in 2007 to be used for tier placement with new homeowners programs in Arkansas and Mississippi. The points system was created as a result of a countrywide loss experience study of major risk characteristics, with insurance score being one of the characteristics considered.

Republic recently studied countrywide ex-catastrophe loss experience by insurance score ranges using losses accident years 2007 – 2009. The results of the recent study suggest that the policyholders with lower Choicepoint insurance scores exhibit pure premiums that are 132% higher than the best performing group. Given the results of the study, Republic proposes to modify the insurance score points to better align risks with their loss propensities.

**Explanation of Proposed Changes to Age of Home/Age of Update Category**

Republic's current tiering plan gave partial credits when policyholders have completely updated either electrical, heating/cooling or plumbing, and full credit when all three updates were completed. Original expectations were that 5-10% of the book would qualify for update credits. Actual results show that 42.1% of insureds are currently receiving either partial or complete credits for updates. In addition, the portion of the book with updates is exhibiting an almost 70% higher loss frequency relativity and, in turn, a 64 point higher loss ratio relativity when compared to the group without updates.

Republic proposes modifying the update credits to apply only when all three updates have been performed and reduce the credit to reflect the loss experience.

**Explanation of Proposed Changes to Days Lapse Category**

Republic proposes modifying points assigned to the group of policyholders who have lapsed in insurance coverage less than 30 days.

Republic Underwriters Insurance Company  
Arkansas Homeowners (HO-3)  
All Tiers Combined  
Statewide Rate Level Indications

Exhibit A.1  
Revised

Data as of: Dec-09

Proposed Effective Dates

New: 5/15/2010  
Renewal: 6/15/2010

Republic Group Of Insurance Companies

Losses

Fiscal Year	(1) Non-Cat December	(2) Catastrophe Incurred	(3) Development Factor	(4) Ultimate Non-Hurr Cat Adjusted	(5) Current Cost Factors	(6) Projection Factor 6/15/2011	(7) Trended Ult Non-Hurr Cat Adjusted
2008	94,523	12,713	1.024	128,759	1.000	1.100	141,653
2009	265,909	142,097	1.086	383,955	1.000	1.100	422,406

Premiums & Loss Ratio

Fiscal Year	(8) Earned Premiums December	(9) Onlevel Factor	(10) at Current Rate	(11) Current Amount Factors	(12) On-Level at Current Amounts	(13) Projection Factor 6/15/2011	(14) Trended at Current Rate Level	(15) Trended Ultimate On-Level Loss Ratio	(16) Weights
2008	81,348	0.935	76,079	0.973	74,042	1.000	74,042	191.3%	0.20
2009	640,574	0.986	631,821	1.000	631,821	1.000	631,821	66.9%	0.80

Indication

(17) Weighted Projected Loss Ratio	91.7%	Accident	(25) Earned House
(18) Loss Adjustment Expense as % of Incurred Losses	13.0%	Year	Years
(19) Weighted Loss & ALAE Ratio	103.7%	2005	
(20) Fixed Expense Ratio	9.3%	2006	
(21) Variable Permissible Loss & ALAE Ratio	70.1%	2007	
(22) Indicated Change before Credibility Weighting	61.2%	2008	34
(23) Compliment to Credibility	9.1%	2009	831
(24) Credibility Table Value	0.239		
<b>(26) Indicated Statewide Rate Level Change</b>	<b>21.6%</b>		
<b>(27) Selected Statewide Rate Level Change</b>	<b>10.0%</b>		

Notes:

(3) is from Exhibit III.  
(4) = (1) x (3) x Non-Hurr Cat Factor of 1.330. (see Exhibit VI)  
(5) is from Exhibit IV.  
(6) is from Exhibit IV.  
(7) = (4) x (5) x (6).  
(9) is from Exhibit II, Page 1.  
(10) = (8) x (9).  
(11) is from Exhibit II.  
(12) = (10) x (11).  
(13) is from Exhibit II.  
(14) = (12) x (13).

(15) = (7) / (14).  
(17) = average of (15) weighted by (16).  
(18) is from Exhibit V.  
(19) = (17) x [1.000 + (18)].  
(20) is from Exhibit VII.  
(21) is from Exhibit V and Exhibit VII.  
(22) = { [(19)+(20)] / [(21)] } - 1  
(23) is [ (1.05) / (1) ] ^ 1.78 Years  
(24) = [(Total of (25) / 15091] ^ 0.5. See Exhibit VIII, .  
(26) = [(22) x (24)] + (23) x [1.000 - (24)].  
(27) is selected by the Republic group.

**Republic Underwriters Insurance Company  
Arkansas Homeowners (HO-3)  
All Tiers Combined**

Exhibit II

*Premium Trend Development*

Year-Qtr	Rolling 4 Quarter Basis			Premium Trend	
	(1)	(2)	(3)		
	Exposures	Earned Current Level	Average Earned Prem		
2008-1	1	581	930		
2008-2	9	8,270	894		
2008-3	34	28,851	851		
2008-4	91	76,079	839		
2009-1	189	155,851	823		
2009-2	333	272,746	820		
2009-3	520	426,505	820		
2009-4	774	631,821	816		
Average Earned Date	(4) Average Earned Prem	(5) Premium Index			
			4-point	-0.98%	
			6-point	-3.17%	
7/1/2008	839	0.973			
7/1/2009	816	1.000	(6) Selected	0.00%	
			Years From Midpoint Of Latest Year's Data		
			(7) To 12 Months Past Renewal	2.0	
			(8) Premium Projection Factor	1.000	

Notes:

(3) = (2)/(1).

(4) from respective quarters in (3).

(5) = (4)/ Last Period of (4).

(8) = (1+(6))^(7)

**Republic Underwriters Insurance Company  
Arkansas Homeowners (HO-3)  
All Tiers Combined  
Rate History**

Date of Change	Statewide Change All Tiers
2/1/2008	Initial Filing
9/2/2008	-7.0%

Fiscal Year Ending December	On-Level Factor
2008	0.935
2009	0.986

Republic Underwriters Insurance Company  
Countrywide Homeowners  
All Tiers Combined

Exhibit III

State Of: Arkansas

Rolling Accident Year Selected Loss Development Factors to Ultimate  
(Based on Countrywide Homeowners Data of the Republic group as of 12/31/2009, Excl. Cats and Mold)

Triangle of Incurred Losses

Accident Year Ending December	12	24	36	48	60	72	84
1998	16,077,185	17,841,632	17,919,026	17,824,481	17,590,294	18,036,018	18,034,390
1999	12,985,615	14,203,788	15,010,891	15,733,484	15,844,648	15,859,617	15,826,925
2000	15,132,925	16,641,481	16,739,300	16,808,330	16,782,675	16,778,353	16,784,978
2001	12,960,693	14,621,264	15,203,284	15,417,049	15,458,928	15,467,571	15,470,812
2002	13,700,609	15,317,023	15,415,456	15,495,719	15,450,953	15,415,289	15,422,789
2003	13,854,144	14,931,261	14,854,306	14,793,534	14,958,654	14,941,154	14,957,587
2004	12,840,214	13,382,883	13,370,936	13,406,744	13,421,754	13,422,087	
2005	14,751,293	15,662,006	15,732,078	15,786,674	15,800,256		
2006	17,172,359	17,935,411	17,905,574	17,812,789			
2007	23,815,438	24,727,465	24,692,169				
2008	26,671,198	27,818,579					
2009	24,583,892						

Triangle of Link Ratios:

Accident Year Ending December	12 : 24	24 : 36	36 : 48	48 : 60	60 : 72	72 : 84
1998	1.110	1.004	0.995	0.987	1.025	1.000
1999	1.094	1.057	1.048	1.007	1.001	0.998
2000	1.100	1.006	1.004	0.998	1.000	1.000
2001	1.128	1.040	1.014	1.003	1.001	1.000
2002	1.118	1.006	1.005	0.997	0.998	1.000
2003	1.078	0.995	0.996	1.011	0.999	1.001
2004	1.042	0.999	1.003	1.001	1.000	
2005	1.062	1.004	1.003	1.001		
2006	1.044	0.998	0.995			
2007	1.038	0.999				
2008	1.043					

Averages						
Total	1.075	1.012	1.009	1.003	1.000	1.000
Last 3	1.042	1.000	1.000	1.004	0.999	1.000
Last 5 xhl	1.043	0.999	1.001	1.002	1.000	1.000

	12 : 24	24 : 36	36 : 48	48 : 60	60 : 72	72 : 84	"Tail" 84:Ult
Selected	1.060	1.010	1.006	1.003	1.001	1.001	1.003
LDF's to Ult:	1.086	1.024	1.014	1.008	1.005	1.004	1.003

Republic Underwriters Insurance Company  
 Arkansas Homeowners (HO-3)  
 All Tiers Combined

Loss Trend Development

Year-Qtr	(1) Ultimate Counts	(2) Ultimate Losses	(3) Earned Exposures	(4) Rolling Qtr Ult. Counts	(5) Rolling Qtr Ult. Losses	(6) Frequency	(7) Severity	(8) Pure Premium	(9) Fast Track Frequency	(10) Fast Track Severity	(11) Fast Track Pure Premium
2004-2											
2004-3											
2004-4											
2005-1											
2005-2											
2005-3											
2005-4											
2006-1											
2006-2											
2006-3											
2006-4											
2007-1											
2007-2											
2007-3											
2007-4											
2008-1	0	0	1								
2008-2	0	0	9								
2008-3	1	9,508	34								
2008-4	3	86,529	91	4	96,037	0.0445	23,812	1,059	0.0422	5,825	246
2009-1	7	41,338	189	11	137,375	0.0588	12,341	725	0.0411	5,990	246
2009-2	10	92,710	333	21	230,085	0.0642	10,778	692	0.0410	6,091	250
2009-3	10	33,515	520	31	254,092	0.0590	8,274	489	0.0410	6,193	254
2009-4	31	141,439	774	58	309,003	0.0755	5,284	399	0.0408	6,320	258
									0.0407	6,429	261
									0.0404	6,573	266
									0.0405	6,688	271
									0.0409	6,784	277
									0.0417	6,938	290
									0.0428	7,118	305
									0.0427	7,338	313
									0.0432	7,490	323
									0.0435	7,649	333
									0.0440	7,797	343
									0.0442	7,966	352
									0.0451	8,104	365
									0.0454	8,245	374

	Fast Track Frequency	Fast Track Severity	Pure Premium	Fast Track Frequency	Fast Track Severity	Fast Track Pure Premium
	4.43%	7.38%	-85.59%	4.43%	7.38%	11.82%
	3.62%	8.23%		3.62%	8.23%	11.85%
	4.32%	8.62%		4.32%	8.62%	12.94%
	2.40%	8.26%		2.40%	8.26%	10.66%
	* Ending 1st Qtr 2009					

(12) Selected Historical Trend	(13) Selected Future Trend	Midpoint of latest year	1 yr past Renewal
0.00%	0.00%	7/1/2009	6/15/2011
5.00%	5.00%	----->	2.0 yrs.
			(14) Loss Projection Factor
			1.100

Notes:  
 (3), (4), (5) are on a four quarter rolling basis.  
 (6) = (4)/(3).  
 (7) = (5)/(4).  
 (8) = (6) x (7).  
 (9), (10), (11) from Fast Track Circular.  
 (14) = (1+Pure Premium from (13))<sup>2</sup>

Republic Underwriters Insurance Company  
Arkansas Homeowners (HO-3)  
All Tiers Combined  
Loss Adjustment Expense

Exhibit V

Development of Allocated Loss Adjustment Expense (ALAE) Provision as a Percent of Incurred Losses  
(Source of Data: Page 15)

Arkansas Data

Calendar Year	(1) Incurred Losses	(2) Incurred ALAE	(3) = (2) / (1) ALAE Percentage
2006	0	0	
2007	0	0	
2008	92,222	3,416	3.7%
Total:	92,222	3,416	3.7%
Wtd Total:			3.7%

Countrywide Data

Calendar Year	(1) Incurred Losses	(2) Incurred ALAE	(3) = (2) / (1) ALAE Percentage
2006	34,281,131	3,277,399	9.6%
2007	49,746,524	1,191,622	2.4%
2008	188,862,972	3,272,124	1.7%
Total:	272,890,627	7,741,145	4.6%
Wtd Total:			2.8%
<b>Selected ALAE Provision as a Percent of Incurred Losses:</b>			<b>3.0%</b>

Development of Unallocated Loss Adjustment Expense (ULAE) Provision as a Percent of Incurred Loss  
(Source of Data: Insurance Expense Exhibits)

Countrywide Data

Calendar Year	(1) Incurred Loss (000's)	(2) Incurred ULAE (000's)	(3) = (2) / (1) ULAE Percentage
2004	17,764	3,920	22.1%
2005	88,118	10,746	12.2%
2006	34,281	1,066	3.1%
2007	49,747	4,727	9.5%
2008	188,862	16,327	8.6%
Total:	378,772	36,786	11.1%

**Selected ULAE Provision as a Percent of Incurred Loss: 10.0%**

**Republic Underwriters Insurance Company**

Exhibit VI

**Arkansas Homeowners**

**All Tiers Combined**

Expected Non-Hurricane Catastrophe Provision

(000 omitted)

**Arkansas Homeowners**

Fiscal Year Ending December	Non-Cat Ult Loss	Non-Hurricane Catastrophe Inc Losses	Non-Hurricane Catastrophe Factor
2008	97	13	0.135
2009	289	154	0.534
Total	385	167	0.434

Average Catastrophe Factor : 0.334

AR HO Selected Catastrophe Factor : 0.330

**Oklahoma Homeowners<sup>1</sup>**

Accident Year Ending December	Non-Cat Ult Loss	Non-Hurricane Catastrophe Inc Losses	Non-Hurricane Catastrophe Factor
1990	2,928	1,735	0.5923
1991	2,221	804	0.3618
1992	926	431	0.4651
1993	1,495	465	0.3110
1994	1,232	149	0.1208
1995	1,107	254	0.2292
1996	1,823	303	0.1664
1997	1,072	-	0.0000
1998	1,205	49	0.0410
1999	1,339	1,213	0.9056
2000	1,460	430	0.2948
2001	1,427	183	0.1279
2002	1,725	257	0.1491
2003	3,033	3,106	1.0239
2004	2,985	623	0.2086
2005	2,484	1,517	0.6107
2006	5,082	663	0.1305
2007	3,506	4,047	1.1543
2008	3,305	9,183	2.7788
2009	4,205	1,694	0.4030

<sup>1</sup> Written in Southern Underwriters & Republic Fire and Casualty Insurance Companies

Average Catastrophe Factor : 0.504  
 10-Year Average Catastrophe Factor: 0.688  
 15-Year Average Catastrophe Factor: 0.548  
 OK HO Selected Catastrophe Factor: 0.504

Note: Republic's Oklahoma experience was considered in selecting the catastrophe provision due to the lack of experience in Arkansas

**Republic Underwriters Insurance Company  
Arkansas Homeowners (HO-3)  
All Tiers Combined**

Exhibit VII

Permissible Loss and Loss Adjustment Expense Ratio

Expenses	2006	2007	2008	Selected
<b>Fixed</b>				
General Expense <sup>1</sup> :	7.8%	6.2%	3.8%	5.9%
Other Acquisition <sup>1</sup> :	3.8%	3.2%	4.0%	3.7%
Policy Fees Received <sup>2</sup> :		0.0%	0.0%	(0.5%)
<b>Total Fixed Expenses :</b>	<b>11.6%</b>	<b>9.4%</b>	<b>7.8%</b>	<b>9.1%</b>
AR Homeowners Earned Premium		625	164,785	
Fixed Expense \$ Amount		58	12,913	
Fixed Expense Trend @ 4% Annual		1.168	1.123	
Trended Fixed Expenses		68	14,502	58,792
AR HO Projected Earned Premium		581	155,851	631,821
<b>Proj. Fixed Expense as % of Premium</b>		<b>11.7%</b>	<b>9.3%</b>	<b>9.3%</b>
<b>Variable</b>				
Commission and Brokerage <sup>3</sup> :		0.0%	17.1%	17.1%
Taxes, Licenses, and Fees <sup>3</sup> :		0.0%	10.1%	3.8%
Profit and Contingencies Provision <sup>4</sup> :				7.9%
Cost of Reinsurance (2009)				1.1%
<b>Total Variable Expenses :</b>	<b>7.9%</b>	<b>7.9%</b>	<b>35.1%</b>	<b>29.9%</b>
<b>Total Expense Provision :</b>	<b>7.9%</b>	<b>19.6%</b>	<b>44.4%</b>	<b>39.2%</b>
<b>Permissible Loss &amp; LAE Ratio :</b>				<b>60.8%</b>
<b>Variable Expense Ratio :</b>				<b>29.9%</b>
<b>Variable Permissible Loss &amp; LAE Ratio :</b>				<b>70.1%</b>

<sup>1</sup> Insurance Expense Exhibit, Part III; as a percent of Earned Premium

Other Acquisition: Insurance Expense Exhibit, Part III; as a percent of Written Premium  
<sup>2</sup> as a percent of Earned Premium

<sup>3</sup> Annual Statement, Page 15, State of Arkansas; as a percent of Written Premium

<sup>4</sup> Exhibit IX, Page 1

**Republic Underwriters Insurance Company**  
**Arkansas Homeowners (HO-3)**  
**All Tiers Combined**  
 Assignment of Credibility

Exhibit VIII

Fiscal Year Ending December	Earned House-Years
2008	34
2009	831
(1) Total Earned House-Years :	865
(2) 2-Year Average Claim Frequency	0.072
(3) Claim Standard for Full Credibility <sup>1</sup> :	1,082
(4) Calculated Earned House-Years for Full Credibility ((3) / (2))	15,091
(5) Selected Earned House-Years for Full Credibility	15,091
(6) Assigned Credibility ((1) / (5)) <sup>u.5</sup> , maximum 100%	23.9%

<sup>1</sup> Frequency only; within 5% with 90% confidence

Calculation of After-tax Return on Equity

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After-tax Return on Equity = After-tax return on surplus  
+ (Premium / Surplus) x After-tax Return on Reserves  
+ (1-tax rate) X (Premium / Surplus) X (targeted pre-tax underwriting profit)

(1) After-Tax return on investment earnings	2.6%
(2) Tax rate	35.0%
(3) Premium / surplus ratio	1.6
(4) Return on reserves, after tax	0.8%
(5) Targeted pre-tax underwriting profit	7.9%
(6) After-Tax Return on Equity	12.1%
(1) + (3)x(4) + [(1-(2)) x (3)x(5)]	

(1) Exhibit IX, Page 4

(4) Exhibit IX, Page 2 & Page 3

**Estimated Investment Earnings On Loss & Loss Adjustment Expense Reserves**

1. Loss and Loss Adjustment Expense Reserves as of December 31, 2007 (a)	\$17,965,255
2. Loss and Loss Adjustment Expense Reserves as of December 31, 2008 (a)	\$18,627,207
3. Mean Loss and Loss Adjustment Expense Reserves $[(1) + (2)] / 2$	\$18,296,231
4. Actual Incurred Loss and Loss Adjustment Expenses (b), (d) [ 1.1114 x 88,288,964 ]	\$98,124,355
5. Average period \$1.00 of Loss and LAE remains in reserves (in years) $[(3) / (4)]$	0.186
6. Average Rate of Return on Invested Assets (c)	1.42%
7. Expected investment earnings on \$1.00 of Loss and LAE while in reserves $[(1+(6))^{(5)} - 1]$	\$0.0026
8. Expected Loss and LAE Ratio = $(1.000 - \text{Expense Ratio})$ (e)	60.6%
9. Estimated Investment Earnings as a percentage of Net Earned Premium $[(7) * (8)]$	0.16%

a. Source: Annual Statement, Part 2a, Column 8 + Column 9, Line 4

b. Source: Annual Statement, Part 2, Column 7, Line 4

c. Source: Exhibit IX, Page 4

d. Sources: LAE factor, from the 2008 year-end D.O. Statement

e. Source: Exhibit VII

**Estimated Investment Earnings On Unearned Premium Reserves**

	(h)		Total
	Installment	Prepaid	
1. Homeowners Unearned Premium Reserve as of December 31, 2007 (a)	51,796,720	20,416,233	72,212,953
2. Homeowners Unearned Premium Reserve as of December 31, 2008 (a)	57,077,748	16,042,479	73,120,227
3. Mean Homeowners Unearned Premium Reserve $[\{(1)+(2)\}/2]$	54,437,234	18,229,356	72,666,590
4. Reduction Due to Booking Installment as Full (b)	25,803,249	xxxxxxxxx	25,803,249
5. Net Mean Homeowners Unearned Premium Reserve	28,633,985	18,229,356	46,863,341
6. Percentage of Prepaid Expenses (c)			
(A) Commissions and Brokerages (W.P.)	17.1%		
(B) Taxes, Licenses, & Fees (W.P.)	3.8%		
(C) 50% of Other Acq. & Gen. Expense (E.P.)	4.8%		
(D) Total Prepaid Expenses $[(A)+(B)+(C)]$			25.7%
7. Agents' balances as of December 31, 2007 (d)			99,910,395
8. Agents' balances as of December 31, 2008 (d)			112,970,114
9. Mean Agents' Balances $[\{(7)+(8)\}/2]$			106,440,255
10. All lines Net Earned Premium for 2008 (e)			401,011,703
11. Factor Representing Delayed Remission of Premium $[(9)/(10)]$			0.265
12. Net Mean Homeowners Unearned Premiums Subject to Investment $[(5) \times \{1.0 - (6D)\} \times \{1.0 - (11)\}]$			25,592,305
13. Average Rate-of-Return on Investible Assets (f)			2.60%
14. Estimated Investment Earnings on Unearned Premium Reserves $[(12) \times (13)]$			664,613
15. Homeowners Net Earned Premium for 2008 (g)			103,952,410
16. Estimated Investment Earnings as a Percentage of Homeowners Net Earned Premiums $[(14)/(15)]$			0.64%

a) A. S., Part 2, Line 4, Columns 2 & 3

b) Installment Plan calls for 25% due on Effective Date, payments thereafter in the 3rd, 5th 7th, & 9th months.

By comparison, it can be shown that the average monthly unearned premium reserve on the installment plan is 28.47% of the written, while that on the prepaid basis is 54.17%. Hence, a reduction in the unearned premium reserve of 47.4% is appropriate on installment business  $[(54.17 - 28.47)/54.17]$ .

c) Exhibit VII

d) A. S., Page 2, Line 13.1 + Line 13.2

e) A. S., Part 2, Column 4, Line 32

f) Exhibit IX, Page 4

g) A. S., Part 2, Column 4, Line 4

	Southern	Republic-Vanguard	Republic Underwriters	Republic Lloyds Underwriters	Southern Fire & Cas.	Republic Fire & Cas.	Southern Cnty Mutual	Southern Vanguard	Grand Total
<b>Investment Income Calendar Year 2008 (2008 AS)</b>									
(1) Net investment income (Page 12, Line 17)	707,088	966,675	22,450,861	258,125	186,712	187,554	0	249,762	25,006,777
(2) Common stock of affiliates (Page 12, Col. 1, Line 2.21)	0	0	3,243,500	0	0	0	0	0	3,243,500
(3) Net investment income after consolidation (1) - (2)	707,088	966,675	19,207,361	258,125	186,712	187,554	0	249,762	21,763,277 (A)
<b>Capital Gains Calendar Year 2007 (2007 AS)</b>									
(4) Net Realized Capital Gains after Tax (Page 4, Line 10, Col. 1)	-53,058	-1,349	302,198	7,944	54,135	21,553	-11,616	-15,841	303,966
(5) Net Unrealized Capital Gains after Tax (Page 4, Line 24, Col. 1)	4,875	-39,300	-488,913	0	0	0	-12,610	0	-535,948
(6) Total Net Capital Gains after Tax (7) + (8)	-48,183	-40,649	-186,715	7,944	54,135	21,553	-24,226	-15,841	-231,982 (B)
<b>Capital Gains Calendar Year 2008 (2008 AS)</b>									
(7) Net Realized Capital Gains after Tax (Page 4, Line 10, Col. 1)	-301,650	-634,742	-11,619,407	4,105	2,053	2,069	-766,946	3,158	-13,311,360
(8) Net Unrealized Capital Gains after Tax (Page 4, Line 24, Col. 1)	105,706	31,793	431,465	0	0	0	123,191	0	692,155
(9) Total Net Capital Gains after Tax (7) + (8)	-195,944	-602,949	-11,187,942	4,105	2,053	2,069	-643,755	3,158	-12,619,205 (C)
<b>Invested Assets as of 12/31/07 (2007 AS)</b>									
(10) Total Invested Assets (Page 2, Line 10, Col 3)	9,939,464	21,510,802	507,714,700	6,485,697	5,194,540	5,587,237	27,666,600	6,760,788	590,859,828
(11) Value of consolidated affiliates (Page 22, Line 53, Col 2 - SchD)	0	0	52,539,404	0	0	0	0	0	52,539,404
(12) Net invested assets after consolidation (13) - (14)	9,939,464	21,510,802	455,175,296	6,485,697	5,194,540	5,587,237	27,666,600	6,760,788	538,320,424 (D)
<b>Invested Assets as of 12/31/08 (2008 AS)</b>									
(13) Total Invested Assets (Page 2, Line 10, Col 3)	20,925,468	21,563,633	529,117,507	6,237,515	5,165,268	5,597,519	25,849,980	7,371,960	621,828,850
(14) Value of consolidated affiliates (Page S104, Line 53, Col 2 - SchD)	0	0	70,696,222	0	0	0	0	0	70,696,222
(15) Net invested assets after consolidation (13) - (14)	20,925,468	21,563,633	458,421,285	6,237,515	5,165,268	5,597,519	25,849,980	7,371,960	551,132,628 (E)
Capital Gains Rate of Return (After-Tax):		-1.18%							(F) = ((B)+(C)) / ((D)+(E))
Investment Income Rate of Return (Pre-Tax):		4.00%							(G) = (A) / (Avg ((D) , (E)))
Effective Tax-Rate in Investment Earnings:		0.35							(H)
Rate of Return (After-Tax) on Investment Income:		2.60%							(I) = (G) x (1,000 - (H))
Rate of Return (After-Tax) in Invested Assets:		1.42%							(J) = (F) + (I)

Notes:  
Item (1) is net of investment expenses.  
Items (5) and (8) are valued at Market.

This is appropriate as this is how these items are carried in (4) and (7) respectively.

**REPUBLIC UNDERWRITERS INSURANCE COMPANY**  
**ARKANSAS HOMEOWNERS (FORM HO-3)**  
**PROPOSED EFFECTIVE DATE: 5/15/2010 (NB) & 6/15/2010 (RB)**  
**CURRENT AND PROPOSED BASE RATES BY TERRITORY**

Territory	Description	Current Base	Proposed Base	% Change
		Rate	Rate	
1	Benton and Washington Counties	\$440	\$458	4.1%
2	Carroll and Madison Counties	\$461	\$479	3.9%
3	Baxter, Boone and Marion Counties	\$510	\$530	3.9%
4	Fulton, Independence, Izard and Sharp Counties	\$510	\$530	3.9%
5	Lawrence County	\$659	\$685	3.9%
6	Clay, Greene and Randolph Counties	\$644	\$670	4.0%
7	Crawford and Sebastian Counties	\$515	\$536	4.1%
8	Conway, Franklin, Johnson, Newton and Pope Counties	\$516	\$537	4.1%
9	Cleburne, Searcy, Stone and Van Buren Counties	\$510	\$530	3.9%
10	Jackson and Woodruff Counties	\$696	\$724	4.0%
11	Craighead County	\$575	\$598	4.0%
12	Mississippi County	\$711	\$739	3.9%
13	Logan County	\$534	\$555	3.9%
14	Yell County	\$584	\$607	3.9%
15	Faulkner County	\$464	\$483	4.1%
16	White County	\$558	\$580	3.9%
17	Cross, Lee, Poinsett and St. Francis Counties	\$684	\$711	3.9%
18	Crittenden County	\$543	\$565	4.1%
19	Montgomery, Polk and Scott Counties	\$599	\$623	4.0%
20	Garland, Hot Spring and Perry Counties	\$516	\$537	4.1%
21	Grant and Saline Counties	\$516	\$537	4.1%
22	Remainder of Pulaski County	\$544	\$566	4.0%
23	Lonoke County	\$516	\$537	4.1%
24	Prairie County	\$600	\$624	4.0%
25	Monroe County	\$646	\$672	4.0%
26	Jefferson County	\$628	\$653	4.0%
27	Arkansas County	\$573	\$596	4.0%
28	Phillips County	\$698	\$726	4.0%
29	Clark, Howard, Pike and Sevier Counties	\$575	\$598	4.0%
30	Bradley, Calhoun, Cleveland, Dallas and Lincoln Counties	\$629	\$654	4.0%
31	Desha County	\$705	\$733	4.0%
32	Little River and Miller Counties	\$594	\$618	4.0%
33	Hempstead and LaFayette Counties	\$620	\$645	4.0%
34	Nevada and Ouachita Counties	\$620	\$645	4.0%
35	Columbia County	\$603	\$627	4.0%
36	Union County	\$603	\$627	4.0%
38	Cities of Little Rock and North Little Rock (Pulaski County)	\$570	\$593	4.0%
39	Hot Springs Village	\$464	\$483	4.1%
40	Drew County	\$705	\$654	-7.2%
41	Ashley and Chicot Counties	\$705	\$733	4.0%

REPUBLIC UNDERWRITERS INSURANCE COMPANY  
 ARKANSAS HOMEOWNERS (FORM HO-3)  
 PROPOSED EFFECTIVE DATE: 5/15/2010 (NB) & 6/15/2010 (RB)  
 SUMMARY OF PROPOSED CHANGES BY TERRITORY

Description	Inforce Written Premium*	Inforce WP Distribution	Rate Level Indication	Territory Base Rate Change	Tier Change (Includes Updates)	Overall Selected Change
(1) - Benton & Washington Counties	186,153	14.5%		4.1%	3.7%	7.9%
(2) - Carroll & Madison Counties	5,557	0.4%		3.9%	7.0%	11.2%
(3) - Baxter, Boone & Marion Counties	7,167	0.6%		3.9%	4.2%	8.3%
(4) - Fulton, Independence, Izard & Sharp Counties	36,662	2.8%		3.9%	3.8%	7.8%
(5) - Lawrence County	5,157	0.4%		3.9%	4.8%	8.9%
(6) - Clay, Greene & Randolph Counties	12,466	1.0%		4.0%	3.0%	7.2%
(7) - Crawford & Sebastian Counties	27,298	2.1%		4.1%	7.4%	11.8%
(8) - Conway, Franklin, Johnson, Newton & Pope Counties	39,990	3.1%		4.1%	4.6%	8.9%
(9) - Cleburne, Searcy, Stone & Van Buren Counties	45,689	3.5%		3.9%	5.8%	9.9%
(10) - Jackson & Woodruff Counties	8,141	0.6%		4.0%	4.9%	9.1%
(11) - Craighead County	101,405	7.9%		4.0%	5.6%	9.8%
(12) - Mississippi County	16,107	1.3%		3.9%	12.1%	16.5%
(13) - Logan County	3,413	0.3%		4.0%	11.0%	15.4%
(14) - Yell County	691	0.1%		3.9%	0.0%	3.9%
(15) - Faulkner County	62,744	4.9%		4.1%	3.1%	7.4%
(16) - White County	17,435	1.4%		4.0%	4.5%	8.7%
(17) - Cross, Lee, Poinsett & St. Francis Counties	35,402	2.7%		3.9%	6.6%	10.8%
(18) - Crittenden County	61,733	4.8%		4.0%	5.0%	9.2%
(19) - Montgomery, Polk & Scott Counties	18,567	1.4%		4.0%	5.7%	9.9%
(20) - Garland, Hot Spring & Perry Counties	52,974	4.1%		4.1%	6.1%	10.5%
(21) - Grant & Saline Counties	87,052	6.8%		4.1%	8.4%	12.8%
(22) - Remainder of Pulaski County	77,712	6.0%		4.0%	4.4%	8.7%
(23) - Lonoke County	42,792	3.3%		4.1%	4.7%	9.0%
(24) - Prairie County	0	0.0%		0.0%	0.0%	0.0%
(25) - Monroe County	1,964	0.2%		4.0%	17.5%	22.2%
(26) - Jefferson County	39,594	3.1%		4.0%	7.4%	11.7%
(27) - Arkansas County	0	0.0%		0.0%	0.0%	0.0%
(28) - Phillips County	7,609	0.6%		4.0%	10.9%	15.3%
(29) - Clark, Howard, Pike & Sevier Counties	41,460	3.2%		4.0%	6.5%	10.8%
(30) - Bradley, Calhoun, Cleveland, Dallas & Lincoln Counties	2,494	0.2%		4.0%	1.8%	5.9%
(31) - Desha County	4,592	0.4%		4.0%	1.5%	5.5%
(32) - Little River & Miller Counties	24,641	1.9%		4.0%	3.7%	7.9%
(33) - Hempstead & LaFayette Counties	5,272	0.4%		4.0%	4.6%	8.8%
(34) - Nevada & Ouachita Counties	10,864	0.8%		4.0%	3.9%	8.1%
(35) - Columbia County	0	0.0%		0.0%	0.0%	0.0%
(36) - Union County	33,128	2.6%		4.0%	6.3%	10.5%
(38) - Cities of Little Rock and North Little Rock (Pulaski County)	117,934	9.2%		4.0%	10.9%	15.4%
(39) - Hot Springs Village	0	0.0%		0.0%	0.0%	0.0%
(40) - Drew County	25,016	1.9%		-7.2%	5.6%	-2.0%
(41) - Ashley & Chicot Counties	21,072	1.6%		4.0%	7.5%	11.7%
	<b>1,287,947</b>	<b>100.0%</b>	<b>21.6%</b>	<b>3.8%</b>	<b>5.9%</b>	<b>10.0%</b>

\*Inforce as of 01/31/2010

REPUBLIC UNDERWRITERS INSURANCE COMPANY  
 ARKANSAS HOMEOWNERS (FORM HO-3)  
 PROPOSED EFFECTIVE DATE: 5/15/2010 (NB) & 6/15/2010 (RB)  
 SUMMARY OF PROPOSED CHANGES BY TIER  
 DATA USED: INCEPTION TO DATE POLICIES AS OF 01/31/2010

(1) Proposed Tier Group	(2) Historical Earned Premium	(3) Claim Counts (xCat)	(4) Reported Losses (xCat)	(5) Reported Loss Ratio (xCat)	(6) Selected Tier Group Change
1 - 4	168,147	15	67,486	40.1%*	4.3%
5 - 7	193,355	18	95,473	49.4%	6.8%
8 - 10	237,341	12	63,371	26.7%	7.6%
11 - 16	185,739	11	48,208	26.0%	9.1%
17 - 25	169,616	11	45,376	26.8%	20.2%
<b>All (1-25)</b>	<b>954,197</b>	<b>67</b>	<b>319,915</b>	<b>33.5%</b>	<b>10.0%</b>

- (1) Tiers grouped to increase credibility
- (2) At current rate level
- (3) Excludes closed claims without payment
- (4) Excludes any loss development
- (5) = (4) / (2)
- (6) Selected change

\* Large fire loss taken out

REPUBLIC UNDERWRITERS INSURANCE COMPANY  
 HOMEOWNERS (FORM HO-3)  
 PROPOSED EFFECTIVE DATE: 5/15/2010 (NB) & 6/15/2010 (RB)  
 COUNTRYWIDE FIVE YEAR EXPERIENCE PURSUANT TO ARKANSAS CODE ANNOTATED §23-67-209(a)

COVERAGE/FORM: Homeowners

CALENDAR YEAR	COUNTRYWIDE				
	(A) DIRECT PREMIUMS WRITTEN	(B) DIRECT PREMIUMS EARNED	(C) DIRECT LOSSES & ALAE PAID	(D) DIRECT LOSSES & ALAE INCURRED	(E) INCURRED LOSS & ALAE RATIO (D)/(B)
2004	\$60,219	\$64,127	\$23,230	\$17,780	27.7%
2005	\$70,150	\$66,143	\$69,659	\$88,786	134.2%
2006	\$99,052	\$81,277	\$49,740	\$37,559	46.2%
2007	\$138,314	\$118,417	\$47,668	\$50,937	43.0%
2008	\$144,373	\$144,041	\$168,108	\$192,136	133.4%

SOURCE DATA: REPUBLIC GROUP OF COMPANIES, IEE

All Figures are in Thousands

**ARKANSAS HOMEOWNERS  
TIER UNDERWRITING CRITERIA - NEW & RENEWAL BUSINESS  
CURRENT GUIDELINES**

**(1) INSURANCE SCORE**

Score	Points
800+	85
750-799	75
700-749	60
650-699	40
600-649	20
<600	0

**(2) PRIOR INSURANCE DAYS LAPSE**

Insured Term	Days Lapse	Points
0-1	No Need / New Home	40
0-1	0	40
0-1	1-30	25
0-1	31+	0
2+	n/a	40

**(3) AGE OF HOME OR UPDATED COMPONENTS**

Home Age	Points	Age	Complete		
			Electrical Update Points	Heating/Cooling Update Points	Plumbing Update Points
0-15	40	0-15	23	11	6
16-17	35	16-17	19	10	6
18-19	30	18-19	17	8	5
20-24	27	20-24	15	7	5
25-29	25	25-29	14	7	4
30-34	22	30-34	13	6	3
35-39	17	35-39	10	5	2
40-44	12	40-44	7	4	1
45-49	6	45-49	3	2	1
50+	0	50+	0	0	0

**(4) ROOF AGE**

Roof Age	New Business Points	Renewal Points	Renewal Points with Paid Roof Repl*
0-4	15	15	9
5-6	13	13	9
7-8	11	11	9
9-10	9	9	9
11-12	6	6	6
13-15	3	3	3
16+	0	0	0

**(5) RESIDENCE TYPE**

Residence Type	Points
Primary	30
Secondary	0
Seasonal	0

\* If Republic pays a claim for roof damage/replacement, the age of the new roof will be assigned points shown above.

Select the maximum value: (1) age of home points or (2) sum of electrical, heating/cooling, and plumbing update points.

**(6) NUMBER OF FAMILIES**

Families	Points
1	30
2	20
3	10
4	0

**(7) PPC**

PPC	Points
1-8	30
9	15
10	0

**(8) HEATING SYSTEM**

Type of Heating System	Points
Central	30
Not Central, Thermostatically Controlled, Permanently Installed	10
All Other Types	0

**POINT VALUE TABLE**

Point Range	Tier	Factor
296+	1	0.62
291-295	2	0.65
286-290	3	0.68
281-285	4	0.70
276-280	5	0.73
271-275	6	0.76
266-270	7	0.79
261-265	8	0.82
256-260	9	0.85
251-255	10	0.89
246-250	11	0.93
241-245	12	0.96
236-240	13	1.00
231-235	14	1.04
226-230	15	1.08
221-225	16	1.13
216-220	17	1.18
211-215	18	1.22
206-210	19	1.27
201-205	20	1.31
196-200	21	1.37
191-195	22	1.43
186-190	23	1.50
181-185	24	1.57
<181	25	1.66

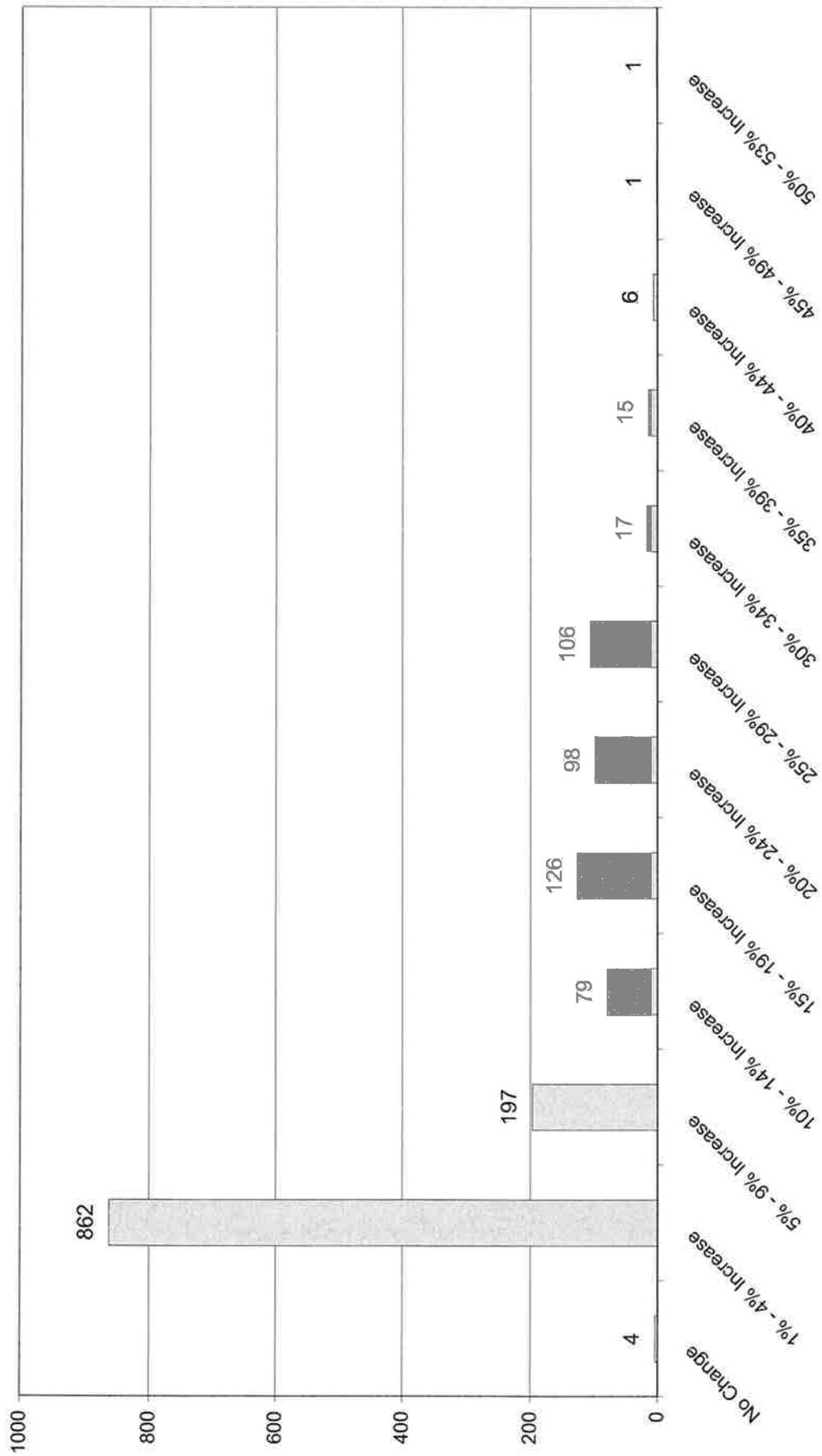
The underwriting tier is determined by adding together the total points from tables (1) through (8) above. The maximum total points that can be accumulated is 300 and the minimum is 0. Look up the total points in the Point Value Table to determine the tier assignment.

REPUBLIC UNDERWRITERS INSURANCE COMPANY  
 COUNTRYWIDE HOMEOWNERS  
 LOSS EXPERIENCE FOR PRIOR DAYS LAPSE CATEGORY  
 DATA USED: CAY 2004-2008

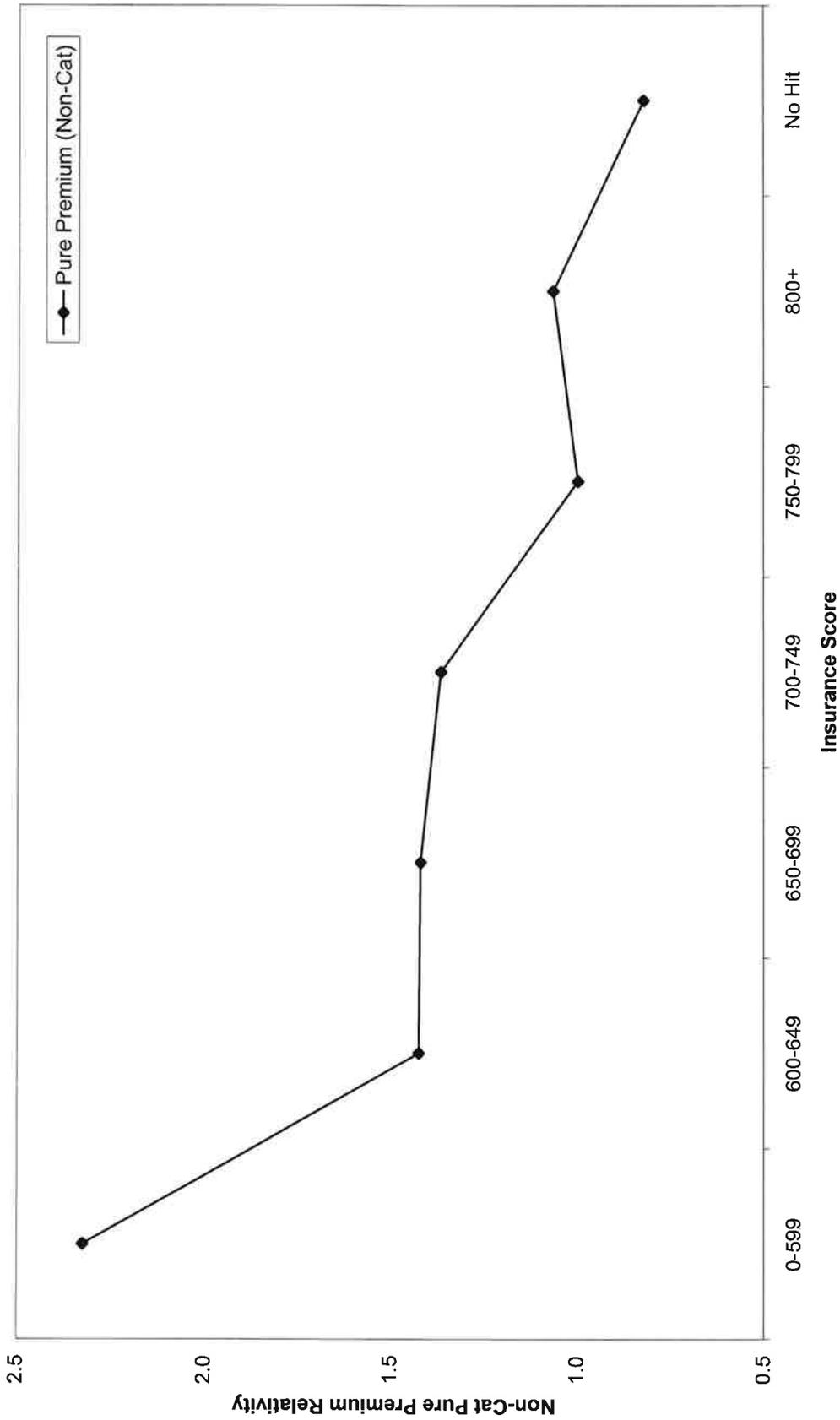
Prior Days Lapse	Exposures	Earned Premium	Claim Count	Ex-catastrophe		Loss Ratio
				Loss & ALAE	Loss Ratio	
Lapse in Coverage	5,449	6,164,069	304	2,529,138		41.0%
No Lapse	85,018	101,511,559	4,413	30,251,272		29.8%
Renewal	190,095	208,520,933	10,810	56,931,638		27.3%
Unknown	45,606	46,637,136	2,043	9,782,400		21.0%

Current underwriting guidelines no longer allow writing policies for insureds with 31+ days lapse.

Arkansas Homeowners (Form HO-3)  
Disruption Chart



### Republic Countrywide Homeowners Non-Cat Pure Premiums by Insurance Score



REPUBLIC UNDERWRITERS INSURANCE COMPANY  
 ARKANSAS HOMEOWNERS (FORM HO-3)  
 PROPOSED EFFECTIVE DATE: 5/15/2010 (NB) & 6/15/2010 (RB)  
 LOSS EXPERIENCE BY AGE OF HOME UPDATES  
 DATA USED: INCEPTION TO DATE POLICIES AS OF 01/31/2010

One or More Complete Home Updates?	(1)	(2)	(3)	(4)
	Historical Earned Premium	Claim Counts (xCat)	Reported Losses (xCat)	Reported Loss Ratio (xCat)
No	545,338	31	172,647	31.7%
Yes	408,859	36	228,561	55.9%
<b>Total</b>	<b>954,197</b>	<b>67</b>	<b>401,208</b>	<b>42.0%</b>

(1) At current rate level  
 (2) Excludes closed claims without payment  
 (3) Excludes any loss development  
 (4) = (3) / (1)

SERFF Tracking Number: TRGR-126537521 State: Arkansas  
 Filing Company: Republic Underwriters Insurance Company State Tracking Number: EFT \$100  
 Company Tracking Number: 10-135  
 TOI: 04.0 Homeowners Sub-TOI: 04.0003 Owner Occupied Homeowners  
 Product Name: Standard Homeowners (ISO 2000 Program)  
 Project Name/Number: Rate Revision/10-135

## 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)
03/11/2010	Supporting	NAIC loss cost data entry document	04/05/2010	FORM RF-1 Rate Filing Abstract.pdf (Superseded)
03/24/2010	Supporting	Actuarial Memorandum and Document Support	04/05/2010	AR HO-3 Filing Support.pdf (Superseded)

### NAIC LOSS COST DATA ENTRY DOCUMENT

1. This filing transmittal is part of Company Tracking # 10-135

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

		Company Name			Company NAIC Number
3.	A.	<b>Republic Underwriters Insurance Company</b>	B.		<b>24538</b>

		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.	<b>04.0 Homeowners</b>	B.		<b>Homeowners</b>

5.

(A) COVERAGE (See Instructions)	(B) Indicated % Rate Level Change	(C) Requested % Rate Level Change	FOR LOSS COSTS ONLY				
			(D) Expected Loss Ratio	(E) Loss Cost Modification Factor	(F) Selected Loss Cost Multiplier	(G) Expense Constant (If Applicable)	(H) Co. Current Loss Cost Multiplier
<b>Homeowners Form 3</b>	<b>25.4%</b>	<b>10.0%</b>					
<b>TOTAL OVERALL EFFECT</b>		<b>10.0%</b>					

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
<b>2009</b>	<b>1413</b>	<b>N/A</b>	<b>N/A</b>	<b>640</b>	<b>408</b>	<b>66.7%</b>	<b>70.0%</b>
<b>2008</b>	<b>285</b>	<b>N/A</b>	<b>N/A</b>	<b>81</b>	<b>107</b>	<b>135.0%</b>	<b>107.5%</b>
<b>2007</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>49.8%</b>
<b>2006</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>37.8%</b>
<b>2005</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>159.8%</b>

7.

Expense Constants	Selected Provisions
A. Total Production Expense	<b>21.0%</b>
B. General Expense	<b>5.9%</b>
C. Taxes, License & Fees	<b>10.1%</b>
D. Underwriting Profit & Contingencies	<b>7.9%</b>
E. Other (explain)	
<b>F. TOTAL</b>	<b>44.8%</b>

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

9.  53%  Estimated Maximum Rate Increase for any Insured (%). Territory (if applicable): \_\_\_\_\_

10.  0.0%  Estimated Maximum Rate Decrease for any Insured (%). Territory (if applicable): \_\_\_\_\_

**FILING MEMORANDUM**  
**Arkansas Homeowners HO-3**  
**Republic Underwriters Insurance Company (RUIC)**

The Republic Group of Insurance Companies is filing a proposed change to our Homeowners program in Arkansas. This proposed change consists of two main components: 1) Adjustments to base rates by tier and 2) Adjustments to proprietary tier placement guidelines. The proposed changes result in an overall increase of 10.0%. The indicated change is +25.4% for this book of business. The proposed effective date for implementing these changes is May 15, 2010.

The following filing exhibits are included:

**Exhibit A - Proposed Rates**

The following exhibits provide the summary of proposed changes:

<b>A.1</b>	Rate Level Indication
<b>A.2</b>	Proposed Base Rates by Territory
<b>A.3</b>	Proposed Tier Placement
<b>A.4</b>	Impact of Proposed Changes by Territory
<b>A.5</b>	Impact of Proposed Changes by Tier Group

Proposed rates and rating factors were determined by reviewing recent Republic experience in AR along with a countrywide review of the insurance score component of the tier plan.

**Territorial Base Rates**

The proposed changes to base rates as outlined in Exhibit A.2 result in a base rate increase of 4.0% for all locations except Drew County. A territory split is proposed by introducing territories 40 and 41 in place of existing territory 37. Due to low premium volume in individual territories, rate level indications were not computed by territory. Exhibit A.4 summarizes the impact of proposed base rate increases and tier changes by territory.

**Tier Underwriting Factors**

Exhibit A.3 displays the proposed tier placement guidelines. Tier relativities remain unchanged. Experience by proposed tier can be seen in Exhibit A.5. Tiers are grouped for credibility reasons.

**Appendices**

The appendices include supporting documentation for proposed changes as deemed necessary.

Appendix I	Countrywide Pure Premium Experience by Insurance Score
Appendix II	Initial Statewide Loss Experience for Insureds with and without Age of Home Updates

**FILING MEMORANDUM**  
**Arkansas Homeowners HO-3**  
**Republic Underwriters Insurance Company (RUIC)**

**Explanation of Insurance Score Proposed Changes**

Republic developed a points system in 2007 to be used for tier placement with new homeowners programs in Arkansas and Mississippi. The points system was created as a result of a countrywide loss experience study of major risk characteristics, with insurance score being one of the characteristics considered.

Republic recently studied countrywide ex-catastrophe loss experience by insurance score ranges using losses accident years 2007 – 2009. The results of the recent study suggest that the policyholders with lower Choicepoint insurance scores exhibit pure premiums that are 132% higher than the best performing group. Given the results of the study, Republic proposes to modify the insurance score points to better align risks with their loss propensities.

**Explanation of Proposed Changes to Age of Home/Age of Update Category**

Republic's current tiering plan gave partial credits when policyholders have completely updated either electrical, heating/cooling or plumbing, and full credit when all three updates were completed. Original expectations were that 5-10% of the book would qualify for update credits. Actual results show that 42.1% of insureds are currently receiving either partial or complete credits for updates. In addition, the portion of the book with updates is exhibiting an almost 70% higher loss frequency relativity and, in turn, a 64 point higher loss ratio relativity when compared to the group without updates.

Republic proposes modifying the update credits to apply only when all three updates have been performed and reduce the credit to reflect the loss experience.

**Explanation of Proposed Changes to Days Lapse Category**

Republic proposes modifying points assigned to the group of policyholders who have lapsed in insurance coverage less than 30 days.

Republic Underwriters Insurance Company  
Arkansas Homeowners (HO-3)  
All Tiers Combined  
Statewide Rate Level Indications

Exhibit A.1

Data as of: Dec-09

Proposed Effective Dates  
New: 5/15/2010  
Renewal: 6/15/2010

Republic Group Of Insurance Companies

Losses

Fiscal Year	(1) Non-Cat Incurred	(2) Catastrophe	(3) Development Factor	(4) Ultimate Non-Hurr Cat Adjusted	(5) Current Cost Factors	(6) Projection Factor 6/15/2011	(7) Trended Ult Non-Hurr Cat Adjusted
2008	94,523	12,713	1.024	128,759	1.000	1.100	141,653
2009	265,909	142,097	1.086	383,955	1.000	1.100	422,406

Premiums & Loss Ratio

Fiscal Year	(8) Earned Premiums Actual	(9) Onlevel Factor	(10) at Current Rate	(11) Current Amount Factors	(12) On-Level at Current Amounts	(13) Projection Factor 6/15/2011	(14) Trended at Current Rate Level	(15) Trended Ultimate On-Level Loss Ratio	(16) Weights
2008	81,348	0.935	76,079	0.973	74,042	1.000	74,042	191.3%	0.20
2009	640,574	0.986	631,821	1.000	631,821	1.000	631,821	66.9%	0.80

Indication

(17) Weighted Projected Loss Ratio	91.7%	Accident	(25) Earned House
(18) Loss Adjustment Expense as % of Incurred Losses	13.0%	Year	Years
(19) Weighted Loss & ALAE Ratio	103.7%	2005	
(20) Fixed Expense Ratio	9.3%	2006	
(21) Permissible Loss & ALAE Ratio	63.8%	2007	
(22) Modeled Hurricane Loss & LAE Ratio	0.2%	2008	34
(23) Indicated Change before Credibility Weighting	77.4%	2009	831
(24) Compliment to Credibility	9.1%		
(25) Credibility Table Value	0.239		
<b>(26) Indicated Statewide Rate Level Change</b>	<b>25.4%</b>		
<b>(27) Selected Statewide Rate Level Change</b>	<b>10.0%</b>		

Notes:

- (3) is from Exhibit III.  
(4) = (1) x (3) x Non-Hurr Cat Factor of 1.330. (see Exhibit VI, Page 1)  
(5) is from Exhibit IV.  
(6) is from Exhibit IV.  
(7) = (4) x (5) x (6).  
(9) is from Exhibit II, Page 5.  
(10) = (8) x (9).  
(11) is from Exhibit II.  
(12) = (10) x (11).  
(13) is from Exhibit II.  
(14) = (12) x (13).  
(15) = (7) / (14).  
(17) = average of (15) weighted by (16).  
(18) is from Exhibit V.  
(19) = (17) x [1.000 + (18)].  
(20) is from Exhibit VII.  
(21) is from Exhibit V and Exhibit VII.  
(22) is from Exhibit VI, Page 2.  
(23) = { [(19)+(20)+(22)] / [(21)] } - 1  
(24) is [ (1.05) / (1) ] ^ 1.78 Years  
(25) = [(Total of (25) / 15091) ^ 0.5. See Exhibit VIII, .  
(26) = [(23) x (25)] + (24) x [1.000 - (25)].  
(27) is selected by the Republic group.

**REPUBLIC UNDERWRITERS INSURANCE COMPANY**  
**ARKANSAS HOMEOWNERS (FORM HO-3)**  
**PROPOSED EFFECTIVE DATE: 5/15/2010 (NB) & 6/15/2010 (RB)**  
**CURRENT AND PROPOSED BASE RATES BY TERRITORY**

Territory	Description	Current Base	Proposed Base	% Change
		Rate	Rate	
1	Benton and Washington Counties	\$440	\$458	4.1%
2	Carroll and Madison Counties	\$461	\$479	3.9%
3	Baxter, Boone and Marion Counties	\$510	\$530	3.9%
4	Fulton, Independence, Izard and Sharp Counties	\$510	\$530	3.9%
5	Lawrence County	\$659	\$685	3.9%
6	Clay, Greene and Randolph Counties	\$644	\$670	4.0%
7	Crawford and Sebastian Counties	\$515	\$536	4.1%
8	Conway, Franklin, Johnson, Newton and Pope Counties	\$516	\$537	4.1%
9	Cleburne, Searcy, Stone and Van Buren Counties	\$510	\$530	3.9%
10	Jackson and Woodruff Counties	\$696	\$724	4.0%
11	Craighead County	\$575	\$598	4.0%
12	Mississippi County	\$711	\$739	3.9%
13	Logan County	\$534	\$555	3.9%
14	Yell County	\$584	\$607	3.9%
15	Faulkner County	\$464	\$483	4.1%
16	White County	\$558	\$580	3.9%
17	Cross, Lee, Poinsett and St. Francis Counties	\$684	\$711	3.9%
18	Crittenden County	\$543	\$565	4.1%
19	Montgomery, Polk and Scott Counties	\$599	\$623	4.0%
20	Garland, Hot Spring and Perry Counties	\$516	\$537	4.1%
21	Grant and Saline Counties	\$516	\$537	4.1%
22	Remainder of Pulaski County	\$544	\$566	4.0%
23	Lonoke County	\$516	\$537	4.1%
24	Prairie County	\$600	\$624	4.0%
25	Monroe County	\$646	\$672	4.0%
26	Jefferson County	\$628	\$653	4.0%
27	Arkansas County	\$573	\$596	4.0%
28	Phillips County	\$698	\$726	4.0%
29	Clark, Howard, Pike and Sevier Counties	\$575	\$598	4.0%
30	Bradley, Calhoun, Cleveland, Dallas and Lincoln Counties	\$629	\$654	4.0%
31	Desha County	\$705	\$733	4.0%
32	Little River and Miller Counties	\$594	\$618	4.0%
33	Hempstead and LaFayette Counties	\$620	\$645	4.0%
34	Nevada and Ouachita Counties	\$620	\$645	4.0%
35	Columbia County	\$603	\$627	4.0%
36	Union County	\$603	\$627	4.0%
38	Cities of Little Rock and North Little Rock (Pulaski County)	\$570	\$593	4.0%
39	Hot Springs Village	\$464	\$483	4.1%
40	Drew County	\$705	\$654	-7.2%
41	Ashley and Chicot Counties	\$705	\$733	4.0%

REPUBLIC UNDERWRITERS INSURANCE COMPANY  
ARKANSAS HOMEOWNERS (FORM HO-3)  
PROPOSED EFFECTIVE DATE: 5/15/2010 (NB) & 6/15/2010 (RB)  
SUMMARY OF PROPOSED CHANGES BY TERRITORY

Description	Inforce Written Premium*	Inforce WP Distribution	Rate Level Indication	Territory Base Rate Change	Tier Change (Includes Updates)	Overall Selected Change
(1) - Benton & Washington Counties	186,153	14.5%		4.1%	3.7%	7.9%
(2) - Carroll & Madison Counties	5,557	0.4%		3.9%	7.0%	11.2%
(3) - Baxter, Boone & Marion Counties	7,167	0.6%		3.9%	4.2%	8.3%
(4) - Fulton, Independence, Izard & Sharp Counties	36,662	2.8%		3.9%	3.8%	7.8%
(5) - Lawrence County	5,157	0.4%		3.9%	4.8%	8.9%
(6) - Clay, Greene & Randolph Counties	12,466	1.0%		4.0%	3.0%	7.2%
(7) - Crawford & Sebastian Counties	27,298	2.1%		4.1%	7.4%	11.8%
(8) - Conway, Franklin, Johnson, Newton & Pope Counties	39,990	3.1%		4.1%	4.6%	8.9%
(9) - Cleburne, Searcy, Stone & Van Buren Counties	45,689	3.5%		3.9%	5.8%	9.9%
(10) - Jackson & Woodruff Counties	8,141	0.6%		4.0%	4.9%	9.1%
(11) - Craighead County	101,405	7.9%		4.0%	5.6%	9.8%
(12) - Mississippi County	16,107	1.3%		3.9%	12.1%	16.5%
(13) - Logan County	3,413	0.3%		4.0%	11.0%	15.4%
(14) - Yell County	691	0.1%		3.9%	0.0%	3.9%
(15) - Faulkner County	62,744	4.9%		4.1%	3.1%	7.4%
(16) - White County	17,435	1.4%		4.0%	4.5%	8.7%
(17) - Cross, Lee, Poinsett & St. Francis Counties	35,402	2.7%		3.9%	6.6%	10.8%
(18) - Crittenden County	61,733	4.8%		4.0%	5.0%	9.2%
(19) - Montgomery, Polk & Scott Counties	18,567	1.4%		4.0%	5.7%	9.9%
(20) - Garland, Hot Spring & Perry Counties	52,974	4.1%		4.1%	6.1%	10.5%
(21) - Grant & Saline Counties	87,052	6.8%		4.1%	8.4%	12.8%
(22) - Remainder of Pulaski County	77,712	6.0%		4.0%	4.4%	8.7%
(23) - Lonoke County	42,792	3.3%		4.1%	4.7%	9.0%
(24) - Prairie County	0	0.0%		0.0%	0.0%	0.0%
(25) - Monroe County	1,964	0.2%		4.0%	17.5%	22.2%
(26) - Jefferson County	39,594	3.1%		4.0%	7.4%	11.7%
(27) - Arkansas County	0	0.0%		0.0%	0.0%	0.0%
(28) - Phillips County	7,609	0.6%		4.0%	10.9%	15.3%
(29) - Clark, Howard, Pike & Sevier Counties	41,460	3.2%		4.0%	6.5%	10.8%
(30) - Bradley, Calhoun, Cleveland, Dallas & Lincoln Counties	2,494	0.2%		4.0%	1.8%	5.9%
(31) - Desha County	4,592	0.4%		4.0%	1.5%	5.5%
(32) - Little River & Miller Counties	24,641	1.9%		4.0%	3.7%	7.9%
(33) - Hempstead & LaFayette Counties	5,272	0.4%		4.0%	4.6%	8.8%
(34) - Nevada & Ouachita Counties	10,864	0.8%		4.0%	3.9%	8.1%
(35) - Columbia County	0	0.0%		0.0%	0.0%	0.0%
(36) - Union County	33,128	2.6%		4.0%	6.3%	10.5%
(38) - Cities of Little Rock and North Little Rock (Pulaski County)	117,934	9.2%		4.0%	10.9%	15.4%
(39) - Hot Springs Village	0	0.0%		0.0%	0.0%	0.0%
(40) - Drew County	25,016	1.9%		-7.2%	5.6%	-2.0%
(41) - Ashley & Chicot Counties	21,072	1.6%		4.0%	7.5%	11.7%
	<b>1,287,947</b>	<b>100.0%</b>	<b>25.4%</b>	<b>3.8%</b>	<b>5.9%</b>	<b>10.0%</b>

\*Inforce as of 01/31/2010

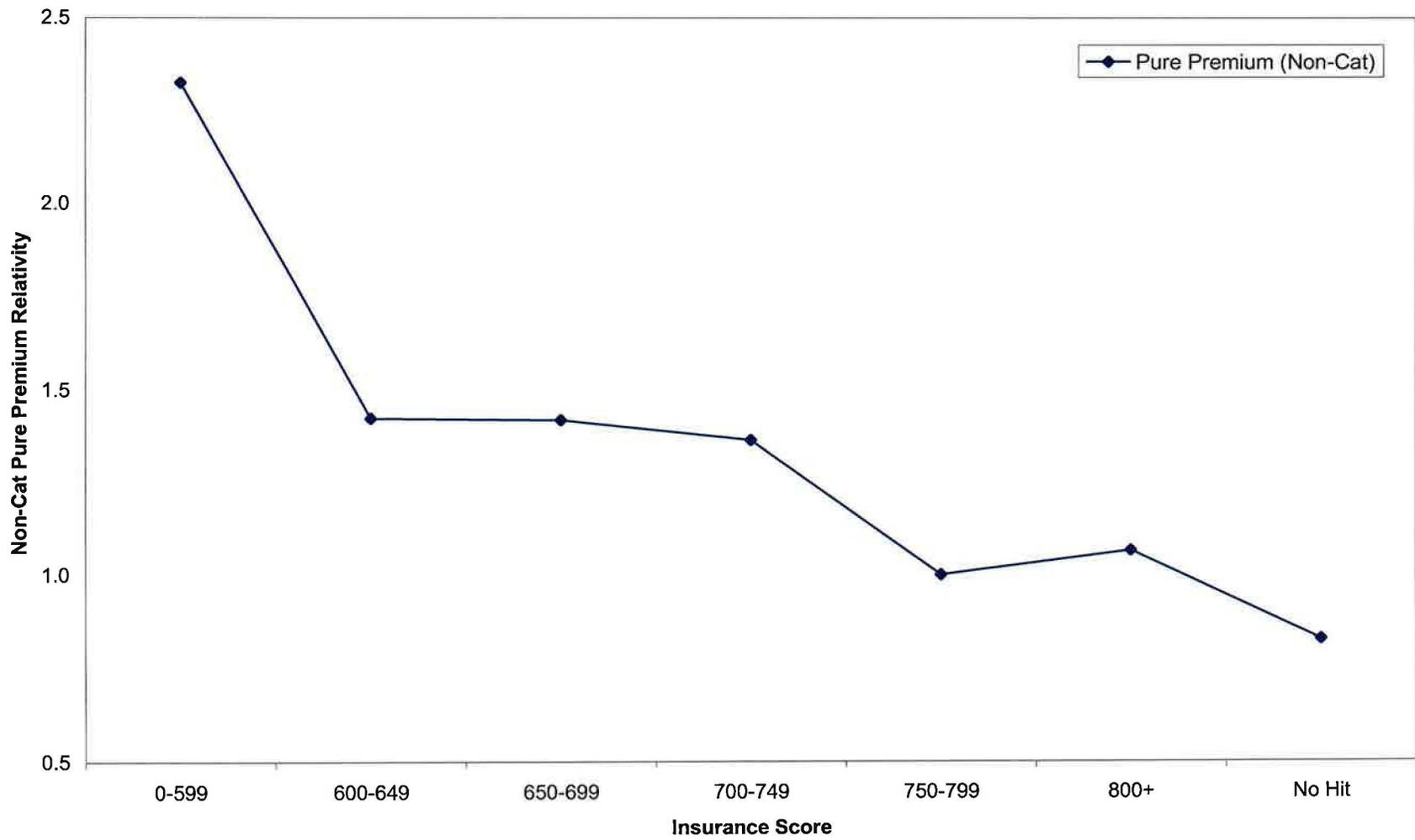
**REPUBLIC UNDERWRITERS INSURANCE COMPANY  
 ARKANSAS HOMEOWNERS (FORM HO-3)  
 PROPOSED EFFECTIVE DATE: 5/15/2010 (NB) & 6/15/2010 (RB)  
 SUMMARY OF PROPOSED CHANGES BY TIER  
 DATA USED: INCEPTION TO DATE POLICIES AS OF 01/31/2010**

(1) Proposed Tier Group	(2) Historical Earned Premium	(3) Claim Counts (xCat)	(4) Reported Losses (xCat)	(5) Reported Loss Ratio (xCat)	(6) Selected Tier Group Change
1 - 4	168,147	15	148,779	88.5%*	4.5%
5 - 7	193,355	18	95,473	49.4%	9.1%
8 - 10	237,341	12	63,371	26.7%	20.5%
11 - 16	185,739	11	48,208	26.0%	7.1%
17 - 25	169,616	11	45,376	26.8%	8.1%
<b>All (1-25)</b>	<b>954,197</b>	<b>67</b>	<b>401,208</b>	<b>42.0%</b>	<b>10.2%</b>

- (1) Tiers grouped to increase credibility
- (2) At current rate level
- (3) Excludes closed claims without payment
- (4) Excludes any loss development
- (5) = (4) / (2)
- (6) Selected change

\* driven by one large fire loss

### Republic Countrywide Homeowners Non-Cat Pure Premiums by Insurance Score



**REPUBLIC UNDERWRITERS INSURANCE COMPANY**  
**ARKANSAS HOMEOWNERS (FORM HO-3)**  
**PROPOSED EFFECTIVE DATE: 5/15/2010 (NB) & 6/15/2010 (RB)**  
**LOSS EXPERIENCE BY AGE OF HOME UPDATES**  
**DATA USED: INCEPTION TO DATE POLICIES AS OF 01/31/2010**

	(1)	(2)	(3)	(4)
<b>One or More Complete Home Updates?</b>	<b>Historical Earned Premium</b>	<b>Claim Counts (xCat)</b>	<b>Reported Losses (xCat)</b>	<b>Reported Loss Ratio (xCat)</b>
<b>No</b>	545,338	31	172,647	31.7%
<b>Yes</b>	408,859	36	228,561	55.9%
<b>Total</b>	954,197	67	401,208	42.0%

(1) At current rate level

(2) Excludes closed claims without payment

(3) Excludes any loss development

(4) = (3) / (1)