

SERFF Tracking Number: TRGR-127725653 State: Arkansas
Filing Company: Republic Underwriters Insurance Company State Tracking Number:
Company Tracking Number: 11-586
TOI: 04.0 Homeowners Sub-TOI: 04.0003 Owner Occupied Homeowners
Product Name: Standard Homeowners (Based on ISO 2000 Program)
Project Name/Number: Rate Revision/

Filing at a Glance

Company: Republic Underwriters Insurance Company

Product Name: Standard Homeowners (Based on ISO 2000 Program) SERFF Tr Num: TRGR-127725653 State: Arkansas

TOI: 04.0 Homeowners

SERFF Status: Closed-Filed

State Tr Num:

Sub-TOI: 04.0003 Owner Occupied Homeowners

Co Tr Num: 11-586

State Status:

Filing Type: Rate/Rule

Reviewer(s): Becky Harrington, Nancy Horton

Author: William Bradford

Disposition Date: 11/30/2011

Date Submitted: 10/27/2011

Disposition Status: Filed

Effective Date Requested (New): 12/15/2011

Effective Date (New): 12/15/2011

Effective Date Requested (Renewal): 01/15/2012

Effective Date (Renewal):

01/15/2012

State Filing Description:

meeting to discuss filing with Commissioner on 11/9/11

General Information

Project Name: Rate Revision

Status of Filing in Domicile: Not Filed

Project Number:

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: 11/30/2011

State Status Changed: 11/09/2011

Deemer Date:

Created By: William Bradford

Submitted By: William Bradford

Corresponding Filing Tracking Number:

Filing Description:

We are increasing our rates in order to achieve greater rate adequacy in Arkansas. This filing implements the following:

- Adjustments to base rates across all territories of +13%.
- Adjustments to proprietary tier placement guidelines.
- Adjustments to Republic's companion discount from 10% to 15%.

Please see the attached for greater detail on these changes.

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Company and Contact

Filing Contact Information

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

Filing Company Information

Republic Underwriters Insurance Company CoCode: 24538 State of Domicile: Texas
 5525 LBJ Freeway Group Code: 3489 Company Type:
 Dallas, TX 75240-6241 Group Name: The Republic Group State ID Number:
 (972) 788-6001 ext. [Phone] 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	10/27/2011	53253901

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Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Filed	Becky Harrington	11/30/2011	11/30/2011

Objection Letters and Response Letters

Objection Letters				Response Letters		
Status	Created By	Created On	Date Submitted	Responded By	Created On	Date Submitted
Pending Industry Response	Becky Harrington	11/09/2011	11/09/2011	William Bradford	11/18/2011	11/18/2011
No response necessary	Becky Harrington	11/02/2011	11/02/2011	William Bradford	11/18/2011	11/18/2011
Pending Industry Response	Becky Harrington	10/28/2011	10/28/2011	William Bradford	10/28/2011	10/31/2011

Filing Notes

Subject	Note Type	Created By	Created On	Date Submitted
Timeline	Note To Reviewer	William Bradford	11/09/2011	11/09/2011

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Disposition

Disposition Date: 11/30/2011
 Effective Date (New): 12/15/2011
 Effective Date (Renewal): 01/15/2012
 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	35.500%	10.000%	\$314,845	3,133	\$3,148,446	25.800%	2.400%

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Schedule	Schedule Item	Schedule Item Status	Public Access
Supporting Document	Form RF-2 Loss Costs Only (not for workers' compensation)		Yes
Supporting Document	H-1 Homeowners Abstract	Filed	Yes
Supporting Document (revised)	HPCS-Homeowners Premium Comparison Survey	Filed	Yes
Supporting Document	HPCS-Homeowners Premium Comparison Survey		Yes
Supporting Document (revised)	NAIC loss cost data entry document	Filed	Yes
Supporting Document	NAIC loss cost data entry document		Yes
Supporting Document (revised)	Actuarial Memorandum and Exhibits	Filed	Yes
Supporting Document	Actuarial Memorandum and Exhibits		Yes
Supporting Document	effect histogram	Filed	Yes
Rate (revised)	Base rates	Filed	Yes
Rate	Base rates		Yes
Rate	Comp[anion Credit	Filed	Yes

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Objection Letter

Objection Letter Status Pending Industry Response
Objection Letter Date 11/09/2011
Submitted Date 11/09/2011
Respond By Date

Dear William Bradford,

The rate change has been reviewed by Commissioner Bradford.

Please amend the overall increase to 10%.

Submit a revised HPCS and amended effective dates (if necessary).

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

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

Sincerely,

Becky Harrington

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Response Letter

Response Letter Status Submitted to State
Response Letter Date 11/18/2011
Submitted Date 11/18/2011

Dear Becky Harrington,

Comments:

Thank you for your reply.

Response 1

Comments: As requested, we have revised the overall amount to 10%, and attached a new HPCS and RF-1 reflecting this.

Changed Items:

Supporting Document Schedule Item Changes

Satisfied -Name: HPCS-Homeowners Premium Comparison Survey

Comment:

Satisfied -Name: NAIC loss cost data entry document

Comment:

Satisfied -Name: Actuarial Memorandum and Exhibits

Comment:

No Form Schedule items changed.

Rate/Rule Schedule Item Changes

Exhibit Name	Rule # or Page #	Rate Action	Previous State Filing #
Base rates	B-1	Replacement	TRGR-126537521

Previous Version

Base rates	B-1	Replacement	TRGR-126537521
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Please let us know if you need anything further.

Sincerely,
William Bradford

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Project Name/Number: Rate Revision/

Objection Letter

Objection Letter Status No response necessary

Objection Letter Date 11/02/2011

Submitted Date 11/02/2011

Respond By Date

Dear William Bradford,

This will acknowledge receipt of the recent response.

Rate change requests greater than 6% are referred to Commissioner Bradford for review.

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

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

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

Sincerely,

Becky Harrington

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Response Letter

Response Letter Status	Submitted to State
Response Letter Date	11/18/2011
Submitted Date	11/18/2011

Dear Becky Harrington,

Comments:

Response 1

Comments: See response to final objection

Changed Items:

No Supporting Documents changed.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Sincerely,
William Bradford

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Objection Letter

Objection Letter Status Pending Industry Response

Objection Letter Date 10/28/2011

Submitted Date 10/28/2011

Respond By Date

Dear William Bradford,

This will acknowledge receipt of the captioned filing.

Objection 1

Comment: Please provide the number of insureds receiving greater than a 20% increase.

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

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

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

Sincerely,

Becky Harrington

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Product Name: Standard Homeowners (Based on ISO 2000 Program)
Project Name/Number: Rate Revision/

Response Letter

Response Letter Status Submitted to State
Response Letter Date 10/28/2011
Submitted Date 10/31/2011

Dear Becky Harrington,

Comments:

Thank you for your reply.

Response 1

Comments: Our actuaries have prepared the attached to show all effects.

Related Objection 1

Comment:

Please provide the number of insureds receiving greater than a 20% increase.

Changed Items:

Supporting Document Schedule Item Changes

Satisfied -Name: effect histogram

Comment:

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Please let us know if you have any additional questions.

Sincerely,
William Bradford

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Note To Reviewer

Created By:

William Bradford on 11/09/2011 08:58 AM

Last Edited By:

Becky Harrington

Submitted On:

11/30/2011 09:19 AM

Subject:

Timeline

Comments:

Ms. Harrington:

Thank you for your note advising that this would be sent to the Commissioner for review. Can you give us an estimated time frame for this review? That will help us to decide if we need to modify the effective date.

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Post Submission Update Request Processed On 11/30/2011

Status: Allowed
Created By: William Bradford
Processed By: Becky Harrington
Comments: revised overall to 10% per Dept request

General Information:

Field Name	Requested Change	Prior Value
Effective Date Requested (New)	12/15/2011	12/01/2011
Effective Date Requested (Renew)	01/15/2012	01/01/2012

Company Rate Information:

Company Name: Republic Underwriters Insurance Company

Field Name	Requested Change	Prior Value
Overall % Rate Impact	10.000%	14.600%
Written Premium Change for this Program	\$314845	\$459673
Maximum %Change (where required)	25.800%	31.200%
Minimum %Change (where required)	2.400%	6.700%

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Rate Information

Rate data applies to filing.

Filing Method: File and Use
Rate Change Type: Increase
Overall Percentage of Last Rate Revision: 10.000%
Effective Date of Last Rate Revision: 05/15/2010
Filing Method of Last Filing: File and Use

Company Rate Information

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where required):	Minimum % Change (where required):
Republic Underwriters Insurance Company	35.500%	10.000%	\$314,845	3,133	\$3,148,446	25.800%	2.400%

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Rate/Rule Schedule

Schedule Item	Exhibit Name:	Rule # or Page #:	Rate Action	Previous State Filing Attachments Number:
Filed 11/30/2011	Base rates	B-1	Replacement	TRGR-126537521 AR HO 00 03 Manual 12 11 rate.pdf
Filed 11/30/2011	Companion Credit	E-5	Replacement	Companion credit not revised from original filing; Page E-5 last revised in TRGR-126922736. AR HO 00 03 Manual 12 11 comp.pdf

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

Territory	Description	Base Rate
1	Benton and Washington Counties	\$496
2	Carroll and Madison Counties	\$519
3	Baxter, Boone and Marion Counties	\$575
4	Fulton, Independence, Izard and Sharp Counties	\$575
5	Lawrence County	\$743
6	Clay, Greene and Randolph Counties	\$726
7	Crawford and Sebastian Counties	\$581
8	Conway, Franklin, Johnson, Newton and Pope Counties	\$582
9	Cleburne, Searcy, Stone and Van Buren Counties	\$575
10	Jackson and Woodruff Counties	\$785
11	Craighead County	\$648
12	Mississippi County	\$801
13	Logan County	\$602
14	Yell County	\$658
15	Faulkner County	\$524
16	White County	\$629
17	Cross, Lee, Poinsett and St. Francis Counties	\$771
18	Crittenden County	\$612
19	Montgomery, Polk and Scott Counties	\$675
20	Garland, Hot Spring and Perry Counties	\$582
21	Grant and Saline Counties	\$582
22	Remainder of Pulaski County	\$614
23	Lonoke County	\$582
24	Prairie County	\$676
25	Monroe County	\$728
26	Jefferson County	\$708
27	Arkansas County	\$646
28	Phillips County	\$787
29	Clark, Howard, Pike and Sevier Counties	\$648
30	Bradley, Calhoun, Cleveland, Dallas and Lincoln Counties	\$709
31	Desha County	\$795
32	Little River and Miller Counties	\$670
33	Hempstead and LaFayette Counties	\$699
34	Nevada and Ouachita Counties	\$699
35	Columbia County	\$680
36	Union County	\$680
38	Cities of Little Rock and North Little Rock (Pulaski County)	\$643
39	Hot Springs Village	\$524
40	Drew County	\$709
41	Ashley and Chicot Counties	\$795

ARKANSAS HOMEOWNERS POLICY PROGRAM MANUAL COMPANY EXCEPTIONS AND ADDITIONAL RULES

RULE A11. COMPANION POLICY DISCOUNT. (cont.)

B. Premium Computation

To determine the credit, multiply the Base Premium by .15.

C. Credit for Other Than Policy Inception

The resulting premium credit shall be pro-rated if the Companion Policy Credit is added after the inception or renewal effective date of the Homeowner Policy.

RULE A12. GATED COMMUNITY DISCOUNT

A. Description

Gated communities have enhanced security. To recognize the decreased loss potential, a discount is provided to gated communities.

B. Premium Computation

To determine the credit, multiply the Base Premium by .05.

C. Eligibility

To be eligible for the credit, the gated community must meet all of the following criteria:

1. Vehicle access is limited to entrances controlled by guards or by locked gates at all times;
2. Proper identification (e.g., an access code or access card) is required to enter; and
3. Visitors are announced (e.g., a guard or a speaker system connected to the homes in the community).

RULE A13. PAYMENT PLANS AND OTHER BILLING INFORMATION

A. Payment Plans

1. Annual Payment Plan (New and Renewal)
 - a. No service fees.
 - b. Policy is required to be paid in full either with application or annual billing statement.
2. Two Payment Plan (New and Renewal)
 - a. 50% down payment plus one installment payment
 - b. Installment: due 150 days from effective date
 - c. Service fee is \$5.00 per installment.
3. Four Payment Plan (New and Renewal)
 - a. 25% down payment plus three installment payments
 - b. Installments
 - (1) First installment due 90 days from effective date
 - (2) Remaining installments due every 90 days
 - c. Service fee is \$5.00 per installment.
4. Ten Payment Plan (New and Renewal)
 - a. 16.67% down payment for new business
 - b. Installments
 - (1) Renewal Installments will be 10% each
 - (2) Installments are due on the effective day each month (example - if policy is effective 1/15, each installment will be due on the 15th)
 - c. Service fee is \$5.00 per installment.
5. Eleven Payment Plan (New Business)
 - a. 16.67% down payment due on effective date
 - b. Remaining Installments due on the effective day of each following month
 - c. Service fee is \$5.00 per installment.

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Supporting Document Schedules

	Item Status:	Status Date:
Bypassed - Item: Form RF-2 Loss Costs Only (not for workers' compensation) Bypass Reason: N/A Comments:		
Satisfied - Item: H-1 Homeowners Abstract Comments: Changed to show current premium volume Attachment: FORM H-1 Homeowners abstract.pdf	Filed	11/30/2011
Satisfied - Item: HPCS-Homeowners Premium Comparison Survey Comments: Attachments: HO Survey FORM HPCS.pdf HO Survey FORM HPCS.xls	Filed	11/30/2011
Satisfied - Item: NAIC loss cost data entry document Comments: Attachment: FORM RF-1 Rate Filing Abstract.pdf	Filed	11/30/2011

Item Status: Status

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Satisfied - Item: Actuarial Memorandum and Exhibits Filed **Date:** 11/30/2011

Comments:

Attachments:

Republic Filing Exhibits.pdf
Filing Memorandum-AR HO3.pdf
Republic Filing Exhibits - Revised Exhibits Only.pdf

Satisfied - Item: effect histogram Filed **Item Status:** **Status**
Date: 11/30/2011

Comments:

Attachment:

AR HO3 Total Effect Histogram.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	15%
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%
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 8/31/2011: \$3,148,446

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 30%
If yes, state the surcharge _____
Does the surcharge apply to conventional fire places? Only if central or thermostatically controlled heating systems not available.
If yes, state the surcharge _____
If that is the case, up to 30%

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

Bill Bradford

Digitally signed by Bill Bradford
DN: cn=Bill Bradford, o=The Republic Group, ou=Corporate
Underwriting, email=bill.bradford@republicgroup.com, c=US
Date: 2011.10.20 14:39:33 -0500'

Signature

William R. Bradford

Printed Name

Senior Products Filing Specialist

Title

972-788-6617

Telephone Number

Bill.bradford@republicgroup.com

Email address

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: 12/15/2011

**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	\$499	\$557	\$579	\$646	\$653	\$728	\$776	\$866	\$801	\$893	\$685	\$764	\$675	\$753	\$585	\$653	\$648	\$722
	\$120,000	\$700	\$781	\$812	\$906	\$915	\$1,021	\$1,088	\$1,214	\$1,122	\$1,252	\$960	\$1,071	\$946	\$1,055	\$820	\$915	\$908	\$1,013
	\$160,000	\$908	\$1,014	\$1,053	\$1,175	\$1,187	\$1,324	\$1,412	\$1,576	\$1,456	\$1,625	\$1,245	\$1,390	\$1,227	\$1,369	\$1,064	\$1,187	\$1,178	\$1,314
6	\$80,000	\$578	\$641	\$670	\$744	\$756	\$838	\$899	\$997	\$927	\$1,028	\$793	\$879	\$781	\$866	\$677	\$751	\$750	\$832
	\$120,000	\$811	\$899	\$940	\$1,042	\$1,059	\$1,175	\$1,260	\$1,398	\$1,300	\$1,441	\$1,112	\$1,233	\$1,095	\$1,215	\$950	\$1,053	\$1,051	\$1,166
	\$160,000	\$1,052	\$1,167	\$1,219	\$1,352	\$1,374	\$1,524	\$1,635	\$1,814	\$1,686	\$1,870	\$1,442	\$1,599	\$1,421	\$1,576	\$1,232	\$1,367	\$1,364	\$1,512
9	\$80,000	\$1,130	\$1,367	\$1,310	\$1,585	\$1,477	\$1,786	\$1,757	\$2,125	\$1,812	\$2,191	\$1,550	\$1,874	\$1,527	\$1,847	\$1,324	\$1,601	\$1,465	\$1,772
	\$120,000	\$1,585	\$1,916	\$1,837	\$2,222	\$2,070	\$2,504	\$2,463	\$2,979	\$2,540	\$3,072	\$2,173	\$2,627	\$2,141	\$2,589	\$1,856	\$2,245	\$2,054	\$2,484
	\$160,000	\$2,056	\$2,486	\$2,383	\$2,882	\$2,686	\$3,248	\$3,196	\$3,865	\$3,295	\$3,985	\$2,819	\$3,409	\$2,777	\$3,359	\$2,408	\$2,912	\$2,665	\$3,223

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	<input type="text" value="0"/> %	Deadbolt Lock	<input type="text" value="0"/> %
Burglar Alarm	<input type="text" value="3"/> %	Window Locks	<input type="text" value="0"/> %
Smoke Alarm	<input type="text" value="3"/> %	\$1,000 Deductible	<input type="text" value="14"/> %
		Other (specify)	<input type="text"/>

EARTHQUAKE INSURANCE

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

ARE YOU CURRENTLY WRITING EARTHQUAKE COVERAGE IN ARKANSAS? (yes or no)

WHAT IS YOUR PERCENTAGE DEDUCTIBLE? %

WHAT IS YOUR PRICE PER \$1,000 OF COVERAGE? Zone Highest Risk Brick Frame

Maximum Credit Allowed

%

Lowest Risk

\$

0.78

\$

0.29

NAIC LOSS COST DATA ENTRY DOCUMENT

1.	This filing transmittal is part of Company Tracking #	11-586
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2.	If filing is an adoption of an advisory organization loss cost filing, give name of Advisory Organization and Reference/ Item Filing Number	N/A
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Company Name		Company NAIC Number		
3.	A.	Republic Underwriters Insurance Company	B.	24538

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.	04.0 Homeowners	B.	Homeowners

5.			FOR LOSS COSTS ONLY				
(A) COVERAGE (See Instructions)	(B) Indicated % Rate Level Change	(C) Requested % Rate Level Change	(D) Expected Loss Ratio	(E) Loss Cost Modification Factor	(F) Selected Loss Cost Multiplier	(G) Expense Constant (If Applicable)	(H) Co. Current Loss Cost Multiplier
Homeowners Form 3	35.5%	10.0%					
TOTAL OVERALL EFFECT		10.0%					

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
2010	3,133	+10%	5/15/2010	1,857	1,345	72.5%	40.4%
2009	1,570	N/A	N/A	674	403	59.9%	64.2%
2008	332	N/A	N/A	85	91	107.4%	131.1%
2007	N/A	N/A	N/A	N/A	N/A	N/A	42.0%
2006	N/A	N/A	N/A	N/A	N/A	N/A	42.2%

7.	
Expense Constants	Selected Provisions
A. Total Production Expense	20.8%
B. General Expense	3.5%
C. Taxes, License & Fees	2.3%
D. Underwriting Profit & Contingencies	8.7%
E. Other (explain) Other Acquisition	3.6%
F. TOTAL	39.0%

- 8.** N Apply Lost Cost Factors to Future filings? (Y or N)
- 9.** 25.8% Estimated Maximum Rate Increase for any Insured (%). Territory (if applicable): _____
- 10.** 2.4% Estimated Maximum Rate Decrease for any Insured (%) Territory (if applicable): _____

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

Exhibit I

Data as of: Jun-11

Proposed Effective Dates
New: 12/1/2011
Renewal: 1/1/2012

Republic Group Of Insurance Companies

Losses

Fiscal Year Ending June	(1) Non-Cat Incurred	(2) Catastrophe	(3) Development Factor	(4) Ultimate Non-Hurr Cat Adjusted	(5) Current Cost Factors	(6) Projection Factor 1/1/2013	(7) Trended Ult Non-Hurr Cat Adjusted
2009	207,580	139,482	1.006	313,241	1.000	1.061	332,345
2010	900,931	347,451	1.012	1,367,677	1.000	1.061	1,451,086
2011	1,125,714	1,568,967	1.108	1,871,261	1.000	1.061	1,985,381

Premiums & Loss Ratio

Fiscal Year Ending June	(8) Earned Premiums Actual	(9) Onlevel Factor	(10) at Current Rate	(11) Current Amount Factors	(12) On-Level at Current Amounts	(13) Projection Factor 1/1/2013	(14) Trended at Current Rate Level	(15) Trended Ultimate On-Level Loss Ratio	(16) Weights
2009	284,526	1.054	300,020	0.951	285,241	1.000	285,241	116.5%	0.10
2010	1,150,950	1.098	1,264,128	0.976	1,233,435	1.000	1,233,435	117.6%	0.30
2011	2,306,936	1.043	2,405,055	1.000	2,405,055	1.000	2,405,055	82.6%	0.60

Indication

(17) Weighted Projected Loss Ratio	(18) Loss Adjustment Expense as % of Incurred Losses	(19) Weighted Loss & LAE Ratio	(20) Fixed Expense Ratio	(21) Variable Permissible Loss & LAE Ratio	(22) Indicated Change before Credibility Weighting	(23) Compliment to Credibility	(24) Credibility Table Value	(25) Accident Year	Earned House Years
96.5%	13.0%	109.0%	6.6%	68.7%	68.2%	4.7%	0.484	2007	9
								2008	333
								2009	1,438
								2010	2,805
								2011	

(26) Indicated Statewide Rate Level Change 35.5%

(27) Selected Statewide Rate Level Change 14.6%

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 [(1.03) / (1)] ^ 1.55 Years
- (24) = [(Total of (25) / 19535] ^ 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) Earned Exposures	(2) Current Level Earned Prem	(3) Average Earned Prem		
2009-2	333	300,020	902		
2009-3	520	469,155	902		
2009-4	774	694,533	897		
2010-1	1,082	958,683	886		
2010-2	1,438	1,264,128	879		
2010-3	1,825	1,592,355	872		
2010-4	2,200	1,909,837	868		
2011-1	2,525	2,175,910	862		
2011-2	2,805	2,405,055	858		
Average Earned Date	(4) Average Earned Prem	(5) Premium Index			
			4-point	-2.35%	
			6-point	-2.62%	
1/1/2009	902	0.951			
1/1/2010	879	0.976			
1/1/2011	858	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

Exhibit II
Page 1

Date of Change	Statewide Change All Tiers
2/1/2008	Initial Filing
9/2/2008	-7.0%
1/31/2009	0.0%
1/31/2009	0.0%
2/15/2009	0.0%
6/15/2010	10.0%

Fiscal Year Ending June	On-Level Factor
2009	1.054
2010	1.098
2011	1.043

**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 6/30/2011, Excl. Cats and Mold)**

Triangle of Incurred Losses

Accident Year Ending	12	24	36	48	60	72	84
June							
2000	13,423,040	16,131,529	16,422,798	16,440,108	16,506,775	16,488,900	16,482,000
2001	13,102,974	15,290,084	15,628,149	16,006,486	15,900,836	15,897,775	15,904,746
2002	12,624,212	14,021,838	14,689,956	14,655,661	14,689,098	14,696,995	14,709,067
2003	15,271,137	16,879,348	16,831,048	16,865,072	16,861,293	16,869,538	16,869,538
2004	11,810,810	12,400,017	12,415,205	12,381,229	12,467,148	12,452,653	12,467,912
2005	13,698,726	14,273,623	14,179,511	14,186,646	14,241,140	14,250,303	14,246,440
2006	17,007,011	17,781,804	17,790,725	17,778,038	17,711,150	17,706,790	
2007	19,676,677	21,117,359	21,067,110	20,966,162	20,984,898		
2008	23,297,361	25,173,037	25,143,193	25,225,465			
2009	29,089,054	31,907,905	31,481,900				
2010	27,185,626	29,856,944					
2011	25,842,853						

Triangle of Link Ratios:

Accident Year Ending	12 : 24	24 : 36	36 : 48	48 : 60	60 : 72	72 : 84
June						
2000	1.202	1.018	1.001	1.004	0.999	1.000
2001	1.167	1.022	1.024	0.993	1.000	1.000
2002	1.111	1.048	0.998	1.002	1.001	1.001
2003	1.105	0.997	1.002	1.000	1.000	1.000
2004	1.050	1.001	0.997	1.007	0.999	1.001
2005	1.042	0.993	1.001	1.004	1.001	1.000
2006	1.046	1.001	0.999	0.996	1.000	
2007	1.073	0.998	0.995	1.001		
2008	1.081	0.999	1.003			
2009	1.097	0.987				
2010	1.098					

Averages						
Total	1.097	1.006	1.002	1.001	1.000	1.000
Last 3	1.092	0.995	0.999	1.000	1.000	1.000
Last 5 xhl	1.084	0.997	0.999	1.002	1.000	1.000

	12 : 24	24 : 36	36 : 48	48 : 60	60 : 72	72 : 84	"Tail" 84:Ult
Selected	1.095	1.006	1.002	1.001	1.000	1.000	1.003
LDF's to Ult:	1.108	1.012	1.006	1.004	1.003	1.003	1.003

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

Exhibit IV

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	Countrywide		
									(9) Fast Track Frequency	(10) Fast Track Severity	(11) Fast Track Pure Premium
2006-4	0	0	0						0.0406	6,706	272
2007-1	0	0	0						0.0410	6,797	279
2007-2	0	0	0						0.0418	6,947	291
2007-3	0	0	0						0.0429	7,119	306
2007-4	0	0	0						0.0428	7,337	314
2008-1	0	0	1						0.0433	7,487	324
2008-2	0	0	9						0.0436	7,639	333
2008-3	1	9,451	34						0.0442	7,788	344
2008-4	3	70,277	91						0.0444	7,955	353
2009-1	8	45,268	189						0.0453	8,096	366
2009-2	11	84,873	333	23	209,870	0.0692	9,113	631	0.0455	8,243	375
2009-3	10	47,658	520	32	248,076	0.0616	7,738	477	0.0452	8,404	380
2009-4	23	81,208	774	52	259,008	0.0674	4,966	335	0.0462	8,331	385
2010-1	25	573,929	1,082	69	787,668	0.0641	11,367	728	0.0454	8,368	380
2010-2	30	211,778	1,438	89	914,573	0.0616	10,329	636	0.0456	8,312	379
2010-3	31	98,459	1,825	110	965,373	0.0602	8,780	529	0.0462	8,291	383
2010-4	33	168,029	2,200	120	1,052,194	0.0543	8,802	478	0.0465	8,384	390
2011-1	36	415,552	2,525	131	893,818	0.0517	6,839	354	0.0475	8,421	400
2011-2	47	695,157	2,805	147	1,377,197	0.0524	9,374	491			

	Frequency	Severity	Pure Premium	Fast Track Frequency	Fast Track Severity	Fast Track Pure Premium
4-point*	-18.70%	-2.23%	-20.94%	5.28%	2.01%	7.29%
6-point*	-18.63%	-25.12%	-43.75%	2.14%	0.56%	2.69%
12-point*				2.44%	3.07%	5.51%
18-point*				3.23%	5.62%	8.85%

*Ending 2nd Qtr 2011

* Ending 1st Qtr 2011

(12) Selected Historical Trend	0.00%	0.00%	0.00%
(13) Selected Future Trend	0.00%	3.00%	3.00%

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))^2

	Midpoint of latest year	1 yr past Renewal	
Project from	1/1/2011 ----->	1/1/2013	2.0 yrs.
(14) Loss Projection Factor			1.061

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
2008	92,222	3,416	3.7%
2009	472,664	7,887	1.7%
2010	1,384,909	37,060	2.7%
Total:	1,949,795	48,363	2.7%

Countrywide Data

Calendar Year	(1) Incurred Losses	(2) Incurred ALAE	(3) = (2) / (1) ALAE Percentage
2008	188,862,972	3,272,124	1.7%
2009	93,349,283	3,586,380	3.8%
2010	58,920,198	4,298,944	7.3%
Total:	341,132,453	11,157,448	4.3%

Selected ALAE Provision as a Percent of Incurred Losse 3.0%

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
2006	34,281	1,066	3.1%
2007	49,747	4,727	9.5%
2008	188,862	16,327	8.6%
2009	93,349	13,334	14.3%
2010	58,921	7,063	12.0%
Total:	425,160	42,517	11.6%

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

Republic Underwriters Insurance Company
Arkansas Homeowners
All Tiers Combined
Expected Non-Hurricane Catastrophe Provision
(000 omitted)

Exhibit VI

Arkansas Homeowners

Fiscal Year Ending June	Non-Cat Ult Loss	Non-Hurricane Catastrophe Inc Losses	Non-Hurricane Catastrophe Factor
2009	209	140	0.672
2010	912	352	0.386
2011	1,248	1,739	1.394
Total	2,368	2,231	0.942

Average Catastrophe Factor : 0.817

AR HO Selected Catastrophe Factor : 0.500

Oklahoma Homeowners¹

Accident Year Ending June	Non-Cat Ult Loss	Non-Hurricane Catastrophe Inc Losses	Non-Hurricane Catastrophe Factor
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	1,379	336	0.2438
2002	1,760	258	0.1468
2003	2,139	746	0.3488
2004	2,815	2,982	1.0593
2005	2,806	1,517	0.5406
2006	4,441	661	0.1488
2007	3,404	1,121	0.3292
2008	3,709	12,138	3.2728
2009	3,844	1,396	0.3631
2010	3,192	2,185	0.6845
2011	5,488	3,099	0.5646

¹ Written in Southern Underwriters & Republic Fire and Casualty Insurance Companies

Average Catastrophe Factor : 0.512
10-Year Average Catastrophe Factor: 0.746
15-Year Average Catastrophe Factor: 0.596
OK HO Selected Catastrophe Factor: 0.512

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
Page 1

Permissible Loss and Loss Adjustment Expense Ratio

Expenses	2008	2009	2010	Selected
Fixed				
General Expense ¹ :	3.8%	3.4%	3.3%	3.5%
Other Acquisition ¹ :	4.0%	3.5%	3.4%	3.6%
Policy Fees Received ² :	(0.3%)	(0.3%)	(0.3%)	(0.3%)
Total Fixed Expenses :	7.5%	6.6%	6.4%	6.8%
AR Homeowners Earned Premium	81,348	640,146	1,765,054	
Fixed Expense \$ Amount	6,131	42,406	113,534	
Fixed Expense Trend @ 4% Annual	1.193	1.148	1.103	
Trended Fixed Expenses	7,317	48,664	125,277	157,761
AR HO Projected Earned Premium	83,687	694,533	1,909,837	2,405,055
Proj. Fixed Expense as % of Premium	8.7%	7.0%	6.6%	6.6%
Variable				
Commission and Brokerage ³ :	17.1%	16.8%	17.8%	17.8%
Taxes, Licenses, and Fees ³ :	10.1%	3.8%	3.2%	3.2%
Profit and Contingencies Provision ⁴ :				8.7%
Cost of Reinsurance (2011)				1.6%
Total Variable Expenses :	35.9%	29.3%	29.7%	31.3%
Total Expense Provision :	44.6%	36.3%	36.3%	37.9%
Permissible Loss & LAE Ratio :				62.1%
Variable Expense Ratio :				31.3%
Variable Permissible Loss & LAE Ratio :				68.7%

¹ Insurance Expense Exhibit, Part III; as a percent of Earned Premium

Other Acquisition: Insurance Expense Exhibit, Part III; as a percent of Written Premium

² as a percent of Earned Premium

³ Annual Statement, Page 15, State of Arkansas; as a percent of Written Premium

⁴ Exhibit IX, Page 1

Cost of Reinsurance - 2011

Reinsurance Layer	Reinsurance Limit	2011 Property Reinsurance Cost Companywide	2011 Property Reinsurance Cost Arkansas HO	AR HO Reins. Cost as a % of Premium*
Per Risk Excess of Loss Reinsurance:				
1st Layer	1M xs 1M	1,250,000	1,000	
2nd Layer	3M xs 2M	<u>2,250,000</u>	<u>-</u>	
(A) Per Risk Excess Reinsurance Total Cost		3,500,000	1,000	
(B) Estimated Reinsurer Profit, Expense, & Risk Load			300	0.01%
Catastrophe Reinsurance:				
1st Layer - Non-Hurr	10M x 10M	1 Event	2011 CAT Reins. Cost Companywide	2011 CAT Reins. Cost Arkansas HO
2nd Layer	20M xs 20M	2 Events	<u>2,875,000</u>	<u>60,685</u>
3rd Layer	60M xs 40M	2 Events	9,554,775	40,336
4th Layer	75M xs 100M	2 Events	13,598,438	14,352
5th Layer	125M xs 175M	1 Event	<u>8,437,500</u>	<u>-</u>
(C) Cat Reinsurance Total Cost		42,949,213	115,373	
(D) AIR CLASIC v12.0 avg annual Severe Storm Loss & LAE		<u>Companywide</u> 3,165,340	<u>Arkansas HO</u> 476,435	
(E) Projected Cat Losses Excess of \$20M Retention			75,157	
(F) Estimated Reinsurer Profit, Expenses & Risk Load (C) - (E)			40,217	1.6%
(B) + (F) Property Reinsurance Cost Over Expected Premium:			40,517	1.6%

* Reinsurance Cost is expressed as a percentage of projected 2011 Arkansas Homeowners Earned Premium.

Allocation of Companywide Catastrophe Reinsurance Cost

Modeled Hurricane and Severe Thunderstorm Losses & LAE

	(1)	(2)	(3)
	All States	Arkansas	Modeled Loss
	All Lines	Homeowners	Allocation
	3,165,340	476,435	15.1%

Catastrophe Reinsurance Cost:

		(4)	(5)	(6)
		Companywide	% Arkansas	Arkansas
		Cat Reins.	Homeowners	Cat Reins.
1st Layer - Non-Hurr	10M x 10M	2,875,000	2.1%	60,685
2nd Layer	20M xs 20M	9,554,775	0.4%	40,336
3rd Layer	60M xs 40M	13,598,438	0.1%	14,352
4th Layer	75M xs 100M	8,437,500	0.0%	0
5th Layer	125M xs 175M	8,483,500	0.0%	0
Cat Reinsurance Cost Total		42,949,213	0.3%	115,373

(1) Average annual losses based on the Applied Insurance Research model methodology and assumptions; using policies in force on 6/30/2010.

(2) Average annual losses for Arkansas Homeowners

(3) = (2) / (1)

(4) Companywide catastrophe reinsurance cost for 2010, includes reinstatement premiums.

(5) = (6) / (4)

(6) = (4) x (5)

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

Exhibit VIII

Fiscal Year Ending June	Earned House-Years
2008	9
2009	333
2010	1,438
2011	2,805
(1) Total Earned House-Years :	4,585
(2) 2-Year Average Claim Frequency	0.055
(3) Claim Standard for Full Credibility ¹ :	1,082
(4) Calculated Earned House-Years for Full Credibility ((3) / (2))	19,535
(5) Selected Earned House-Years for Full Credibility	19,535
(6) Assigned Credibility ((1) / (5)) ^{0.5} , maximum 100%	48.4%

¹ Frequency only; within 5% with 90% confidence

Calculation of After-tax Return on Equity

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	1.7%
(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	8.7%
(6) After-Tax Return on Equity	12.0%
(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, 2009 (a)	\$19,281,016
2. Loss and Loss Adjustment Expense Reserves as of December 31, 2010 (a)	\$12,326,271
3. Mean Loss and Loss Adjustment Expense Reserves [(1) + (2)] / 2	\$15,803,644
4. Actual Incurred Loss and Loss Adjustment Expenses (b), (d) [1.1870 x 35,610,834]	\$42,270,060
5. Average period \$1.00 of Loss and LAE remains in reserves (in years) [(3) / (4)]	0.374
6. Average Rate of Return on Invested Assets (c)	1.71%
7. Expected investment earnings on \$1.00 of Loss and LAE while in reserves [(1+(6))^(5) - 1]	\$0.0063
8. Expected Loss and LAE Ratio = (1.000 - Expense Ratio) (e)	62.1%
9. Estimated Investment Earnings as a percentage of Net Earned Premium [(7) * (8)]	0.39%

- 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 2010 year-end D.O. Statement
- e. Source: Exhibit VII Page 1

Estimated Investment Earnings On Unearned Premium Reserves

	(h)		Total
	Installment	Prepaid	
1. Homeowners Unearned Premium Reserve as of December 31, 2009 (a)	55,385,421	2,973,410	58,358,831
2. Homeowners Unearned Premium Reserve as of December 31, 2010 (a)	58,934,666	4,829,381	63,764,047
3. Mean Homeowners Unearned Premium Reserve $[(1)+(2)]/2$	57,160,044	3,901,396	61,061,439
4. Reduction Due to Booking Installment as Full (b)	27,093,861	xxxxxxxxx	27,093,861
5. Net Mean Homeowners Unearned Premium Reserve	30,066,183	3,901,396	33,967,578
6. Percentage of Prepaid Expenses (c)			
(A) Commissions and Brokerages (W.P.)	17.8%		
(B) Taxes, Licenses, & Fees (W.P.)	3.2%		
(C) 50% of Other Acq. & Gen. Expense (E.P.)	3.6%		
(D) Total Prepaid Expenses [(A)+(B)+(C)]			24.6%
7. Agents' balances as of December 31, 2009 (d)			97,142,805
8. Agents' balances as of December 31, 2010 (d)			81,506,307
9. Mean Agents' Balances $[(7)+(8)]/2$			89,324,556
10. All lines Net Earned Premium for 2010 (e)			322,589,767
11. Factor Representing Delayed Remission of Premium $[(9)/(10)]$			0.277
12. Net Mean Homeowners Unearned Premiums Subject to Investment $[(5) \times \{1.0 - (6D)\} \times \{1.0 - (11)\}]$			18,529,433
13. Average Rate-of-Return on Investible Assets (f)			1.71%
14. Estimated Investment Earnings on Unearned Premium Reserves $[(12) \times (13)]$			316,065
15. Homeowners Net Earned Premium for 2010 (g)			83,859,860
16. Estimated Investment Earnings as a Percentage of Homeowners Net Earned Premiums $[(14)/(15)]$			0.38%

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) See Exhibit VII, Page 1

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	Southern Underwriters	Republic Fire & Cas.	Southern Cnty Mutual	Southern Vanguard	Grand Total	
Investment Income Calendar Year 2010 (2010 AS)										
(1) Net Investment Income (Page 12, Line 17)	458,686	442,527	13,745,462	148,560	172,155	200,244	0	182,639	15,350,273	
(2) Common stock of affiliates (Page 12, Col. 1, Line 2.21)	0	0	100,000	0	0	0	0	0	100,000	
(3) Net Investment Income after consolidation (1) - (2)	458,686	442,527	13,645,462	148,560	172,155	200,244	0	182,639	15,250,273	(A)
Capital Gains Calendar Year 2009 (2009 AS)										
(4) Net Realized Capital Gains after Tax (Page 4, Line 10, Col. 1)	360,608	134,061	12,533,662	164,926	14,926	28,874	710,476	45,209	13,992,742	
(5) Net Unrealized Capital Gains after Tax (Page 4, Line 24, Col. 1)	-109,704	5,733	1,888,601	0	0	0	-103,789	0	1,680,841	
(6) Total Net Capital Gains after Tax (7) + (8)	250,904	139,794	14,422,263	164,926	14,926	28,874	606,687	45,209	15,673,583	(B)
Capital Gains Calendar Year 2010 (2010 AS)										
(7) Net Realized Capital Gains after Tax (Page 4, Line 10, Col. 1)	28,376	86,612	10,734,944	0	0	3,559	243,182	13,886	11,110,559	
(8) Net Unrealized Capital Gains after Tax (Page 4, Line 24, Col. 1)	-1,690	-5,733	2,248,576	0	0	0	-11,700	0	2,229,453	
(9) Total Net Capital Gains after Tax (7) + (8)	26,686	80,879	12,983,520	0	0	3,559	231,482	13,886	13,340,012	(C)
Invested Assets as of 12/31/2009 (2009 AS)										
(10) Total Invested Assets (Page 2, Line 10, Col 3)	26,193,187	22,531,199	536,396,371	12,786,294	5,315,007	8,448,214	33,771,428	8,831,399	654,273,099	
(11) Value of consolidated affiliates (Page 22, Line 53, Col 2 - SchD)	0	0	82,711,916	0	0	0	0	0	82,711,916	
(12) Net invested assets after consolidation (13) - (14)	26,193,187	22,531,199	453,684,455	12,786,294	5,315,007	8,448,214	33,771,428	8,831,399	571,561,183	(D)
Invested Assets as of 12/31/2010 (2010 AS)										
(13) Total Invested Assets (Page 2, Line 10, Col 3)	44,754,815	22,994,113	545,974,774	12,404,799	5,348,166	8,821,210	31,787,953	10,100,240	682,186,070	
(14) Value of consolidated affiliates (Page SI04, Line 53, Col 2 - SchD)	0	0	91,479,926	0	0	0	0	0	91,479,926	
(15) Net invested assets after consolidation (13) - (14)	44,754,815	22,994,113	454,494,848	12,404,799	5,348,166	8,821,210	31,787,953	10,100,240	590,706,144	(E)
Capital Gains Rate of Return (After-Tax):		2.50%								(F)=((B)+(C)) / ((D)+(E))
Investment Income Rate of Return (Pre-Tax):		2.62%								(G) = (A) / (Avg ((D) , (E)))
Effective Tax-Rate in Investment Earnings:		0.35								(H)
Rate of Return (After-Tax) on Investment Income:		1.71%								(I) = (G) x (1.000 - (H))
Rate of Return (After-Tax) in Invested Assets:		4.20%								(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: 12/1/2011 (NB) & 1/1/2012 (RB)
CURRENT AND PROPOSED BASE RATES BY TERRITORY

Territory	Description	Current Base Rate	Proposed Base Rate	% Change
1	Benton and Washington Counties	\$458	\$518	13.1%
2	Carroll and Madison Counties	\$479	\$541	12.9%
3	Baxter, Boone and Marion Counties	\$530	\$599	13.0%
4	Fulton, Independence, Izard and Sharp Counties	\$530	\$599	13.0%
5	Lawrence County	\$685	\$774	13.0%
6	Clay, Greene and Randolph Counties	\$670	\$757	13.0%
7	Crawford and Sebastian Counties	\$536	\$606	13.1%
8	Conway, Franklin, Johnson, Newton and Pope Counties	\$537	\$607	13.0%
9	Cleburne, Searcy, Stone and Van Buren Counties	\$530	\$599	13.0%
10	Jackson and Woodruff Counties	\$724	\$818	13.0%
11	Craighead County	\$598	\$676	13.0%
12	Mississippi County	\$739	\$835	13.0%
13	Logan County	\$555	\$627	13.0%
14	Yell County	\$607	\$686	13.0%
15	Faulkner County	\$483	\$546	13.0%
16	White County	\$580	\$655	12.9%
17	Cross, Lee, Poinsett and St. Francis Counties	\$711	\$803	12.9%
18	Crittenden County	\$565	\$638	12.9%
19	Montgomery, Polk and Scott Counties	\$623	\$704	13.0%
20	Garland, Hot Spring and Perry Counties	\$537	\$607	13.0%
21	Grant and Saline Counties	\$537	\$607	13.0%
22	Remainder of Pulaski County	\$566	\$640	13.1%
23	Lonoke County	\$537	\$607	13.0%
24	Prairie County	\$624	\$705	13.0%
25	Monroe County	\$672	\$759	12.9%
26	Jefferson County	\$653	\$738	13.0%
27	Arkansas County	\$596	\$673	12.9%
28	Phillips County	\$726	\$820	12.9%
29	Clark, Howard, Pike and Sevier Counties	\$598	\$676	13.0%
30	Bradley, Calhoun, Cleveland, Dallas and Lincoln Counties	\$654	\$739	13.0%
31	Desha County	\$733	\$828	13.0%
32	Little River and Miller Counties	\$618	\$698	12.9%
33	Hempstead and LaFayette Counties	\$645	\$729	13.0%
34	Nevada and Ouachita Counties	\$645	\$729	13.0%
35	Columbia County	\$627	\$709	13.1%
36	Union County	\$627	\$709	13.1%
38	Cities of Little Rock and North Little Rock (Pulaski County)	\$593	\$670	13.0%
39	Hot Springs Village	\$483	\$546	13.0%
40	Drew County	\$654	\$739	13.0%
41	Ashley and Chicot Counties	\$733	\$828	13.0%

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(1) INSURANCE SCORE

Score	Points
800+	110
750-799	100
700-749	85
650-699	65
625-649	45
600-624	30
575-599	20
550-574	10
<550	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	10
0-1	31+	0
2+	n/a	40

(3) AGE OF HOME OR UPDATED COMPONENTS

Home Age	Home Age Points	Age of the Update	Age of all three Complete Update Points
0-15	40	0-15	20
16-17	35	16-17	12
18-19	30	18-19	9
20-24	27	20-24	6
25-29	25	25-29	3
30-34	22	30-34	0
35-39	17	35-39	0
40-44	12	40-44	0
45-49	6	45-49	0
50+	0	50+	0

(4) ROOF AGE

Roof Age	New Business Points	Renewal Points	Renewal Points with Paid Roof Repl*
0-4	15	15	15
5-6	13	13	13
7-8	11	11	11
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.

Use the sum of: (1) age of home points or (2) age of all three complete electrical, heating/cooling, and plumbing update points. Cap the total to 40 points for this category.

(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
321+	1	0.62
316-320	2	0.65
311-315	3	0.68
306-310	4	0.70
301-305	5	0.73
296-300	6	0.76
291-295	7	0.79
286-290	8	0.82
281-285	9	0.85
276-280	10	0.89
271-275	11	0.93
266-270	12	0.96
261-265	13	1.00
256-260	14	1.04
251-255	15	1.08
246-250	16	1.13
241-245	17	1.18
236-240	18	1.22
231-235	19	1.27
226-230	20	1.31
221-225	21	1.37
216-220	22	1.43
211-215	23	1.50
206-210	24	1.57
<206	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 325 and the minimum is 0. Look up the total points in the Point Value Table to determine the tier assignment.

Maximum points:	325
Minimum points:	0

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(1) INSURANCE SCORE

Score	Points
800+	110
750-799	100
700-749	85
650-699	65
625-649	45
600-624	30
575-599	20
550-574	10
<550	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	10
0-1	31+	0
2+	n/a	40

(3) AGE OF HOME OR UPDATED COMPONENTS

Home Age	Points	Age of the Update	Age of all three Complete Update Points
0-15	40	0-15	20
16-17	35	16-17	12
18-19	30	18-19	9
20-24	20	20-24	6
25-29	15	25-29	3
30-34	10	30-34	0
35-39	5	35-39	0
40-44	0	40-44	0
45-49	0	45-49	0
50+	0	50+	0

(4) ROOF AGE

Roof Age	New Business Points	Renewal Points	Renewal Points with Paid Roof Repl*
0-4	15	15	15
5-6	13	13	13
7-8	11	11	11
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.

Use the sum of: (1) age of home points or (2) age of all three complete electrical, heating/cooling, and plumbing update points. Cap the total to 40 points for this category.

(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
321+	1	0.62
316-320	2	0.65
311-315	3	0.68
306-310	4	0.70
301-305	5	0.73
296-300	6	0.76
291-295	7	0.79
286-290	8	0.82
281-285	9	0.85
276-280	10	0.89
271-275	11	0.93
266-270	12	0.96
261-265	13	1.00
256-260	14	1.04
251-255	15	1.08
246-250	16	1.13
241-245	17	1.18
236-240	18	1.22
231-235	19	1.27
226-230	20	1.31
221-225	21	1.37
216-220	22	1.43
211-215	23	1.50
206-210	24	1.57
<206	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 325 and the minimum is 0. Look up the total points in the Point Value Table to determine the tier assignment.

Maximum points:	325
Minimum points:	0

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REPUBLIC UNDERWRITERS INSURANCE COMPANY
ARKANSAS HOMEOWNERS (FORM HO-3)
PROPOSED EFFECTIVE DATE: 12/1/2011 (NB) & 1/1/2012 (RB)
CURRENT AND PROPOSED COMPANION DISCOUNT BY TIER GROUP
DATA USED: INCEPTION TO DATE POLICIES AS OF 08/31/2011

Exhibit X
 Page 3

Tier Group	Companion	Non Companion	Companion	Non Companion	Total
	xCat LR Capped @ \$50K	xCat LR Capped @ \$50K	PIF Distribution	PIF Distribution	
1-4	27.2%	39.8%	43.9%	56.1%	100.0%
5-7	31.0%	50.0%	36.4%	63.6%	100.0%
8-10	27.9%	31.6%	31.0%	69.0%	100.0%
11-16	44.8%	51.5%	23.3%	76.7%	100.0%
17-25	30.0%	26.5%	23.7%	76.3%	100.0%
All (1-25)	31.3%	40.2%	32.9%	67.1%	100.0%

Current Companion Discount 10%

Proposed Companion Discount 15%

Note:

- 1) Tiers are grouped to increase credibility
- 2) EP is at Current Level in LR Calculation
- 3) IL is NOT developed in LR Calculation
- 4) Individual large loss is capped at \$50,000 to remove excess volatility

REPUBLIC UNDERWRITERS INSURANCE COMPANY
ARKANSAS HOMEOWNERS (FORM HO-3)
PROPOSED EFFECTIVE DATE: 12/1/2011 (NB) & 1/1/2012 (RB)
SUMMARY OF PROPOSED CHANGES BY TERRITORY

Exhibit X
Page 4

Description	Inforce Written Premium*	Inforce WP Distribution	Rate Level Indication	Territory Base Rate Change	Tier Change	Companion Discount Change	Overall Selected Change
(1) - Benton & Washington Counties	647,549	20.6%		13.0%	2.2%	-2.0%	13.3%
(2) - Carroll & Madison Counties	12,454	0.4%		13.0%	4.4%	-1.0%	16.9%
(3) - Baxter, Boone & Marion Counties	23,921	0.8%		13.0%	2.1%	-1.5%	13.7%
(4) - Fulton, Independence, Izard & Sharp Counties	105,644	3.4%		13.0%	5.5%	-2.4%	16.3%
(5) - Lawrence County	8,300	0.3%		13.0%	1.5%	-3.4%	10.8%
(6) - Clay, Greene & Randolph Counties	21,717	0.7%		13.0%	2.4%	-0.6%	15.0%
(7) - Crawford & Sebastian Counties	59,024	1.9%		13.0%	2.8%	-0.8%	15.3%
(8) - Conway, Franklin, Johnson, Newton & Pope Counties	115,007	3.7%		13.0%	3.7%	-1.4%	15.6%
(9) - Cleburne, Searcy, Stone & Van Buren Counties	86,621	2.8%		13.0%	3.1%	-1.3%	15.0%
(10) - Jackson & Woodruff Counties	13,057	0.4%		13.0%	7.2%	-0.3%	20.8%
(11) - Craighead County	139,625	4.4%		13.0%	2.2%	-2.4%	12.7%
(12) - Mississippi County	38,407	1.2%		13.0%	3.3%	-0.8%	15.8%
(13) - Logan County	12,732	0.4%		13.0%	2.7%	-0.4%	15.5%
(14) - Yell County	8,293	0.3%		13.0%	2.5%	-3.0%	12.3%
(15) - Faulkner County	158,048	5.0%		13.0%	2.0%	-1.4%	13.6%
(16) - White County	58,978	1.9%		13.0%	3.0%	-1.2%	15.0%
(17) - Cross, Lee, Poinsett & St. Francis Counties	46,905	1.5%		13.0%	4.7%	-0.7%	17.5%
(18) - Crittenden County	108,672	3.5%		13.0%	3.4%	-1.2%	15.4%
(19) - Montgomery, Polk & Scott Counties	17,394	0.6%		13.0%	1.5%	-0.8%	13.8%
(20) - Garland, Hot Spring & Perry Counties	117,024	3.7%		13.0%	3.2%	-1.6%	14.8%
(21) - Grant & Saline Counties	235,498	7.5%		13.0%	2.2%	-2.2%	13.0%
(22) - Remainder of Pulaski County	155,021	4.9%		13.0%	4.1%	-1.8%	15.6%
(23) - Lonoke County	103,336	3.3%		13.0%	2.0%	-2.2%	12.8%
(24) - Prairie County	0	0.0%		13.0%	0.0%	0.0%	13.0%
(25) - Monroe County	2,649	0.1%		13.0%	0.0%	0.0%	13.0%
(26) - Jefferson County	65,104	2.1%		13.0%	4.3%	-1.3%	16.3%
(27) - Arkansas County	5,393	0.2%		13.0%	3.7%	-2.6%	14.0%
(28) - Phillips County	16,116	0.5%		13.0%	6.5%	-0.4%	19.9%
(29) - Clark, Howard, Pike & Sevier Counties	77,766	2.5%		13.0%	2.9%	-1.2%	14.9%
(30) - Bradley, Calhoun, Cleveland, Dallas & Lincoln Counties	18,247	0.6%		13.0%	6.6%	-0.9%	19.4%
(31) - Desha County	23,868	0.8%		13.0%	5.8%	-1.4%	17.8%
(32) - Little River & Miller Counties	67,768	2.2%		13.0%	4.4%	-2.3%	15.4%
(33) - Hempstead & LaFayette Counties	19,080	0.6%		13.0%	6.0%	-2.0%	17.3%
(34) - Nevada & Ouachita Counties	17,393	0.6%		13.0%	5.0%	-1.5%	16.9%
(35) - Columbia County	13,078	0.4%		13.0%	3.0%	-2.1%	13.8%
(36) - Union County	72,324	2.3%		13.0%	5.3%	-2.4%	16.2%
(38) - Cities of Little Rock and North Little Rock (Pulaski County)	362,218	11.5%		13.0%	4.2%	-1.8%	15.6%
(39) - Hot Springs Village	3,288	0.1%		13.0%	1.6%	-4.0%	10.2%
(40) - Drew County	37,127	1.2%		13.0%	3.6%	-1.0%	15.9%
(41) - Ashley & Chicot Counties	53,800	1.7%		13.0%	4.1%	-1.7%	15.6%
	3,148,446	100.0%	35.5%	13.0%	3.2%	-1.7%	14.6%

*Inforce as of 08/31/2011

REPUBLIC UNDERWRITERS INSURANCE COMPANY
ARKANSAS HOMEOWNERS (FORM HO-3)
PROPOSED EFFECTIVE DATE: 12/1/2011 (NB) & 1/1/2012 (RB)
SUMMARY OF PROPOSED CHANGES BY AGE OF HOME
DATA USED: INCEPTION TO DATE POLICIES AS OF 08/31/2011

Exhibit X
 Page 5

Age of Home Group	xCat LR Capped @ \$50K	PIF Count Distribution	Selected Tier % Change	Companion % Change	Base Rate % Change	Total % Change
0-9	25.4%	28.7%	0.0%	-1.8%	13.0%	10.9%
10-19	34.5%	21.8%	0.0%	-1.9%	13.0%	10.9%
20-29	36.8%	13.3%	6.5%	-1.7%	13.0%	18.4%
30-39	54.9%	16.4%	9.4%	-1.8%	13.0%	21.4%
40-49	44.2%	9.5%	7.8%	-1.4%	13.0%	20.1%
50+	39.8%	10.3%	0.0%	-1.5%	13.0%	11.3%
Total	38.0%	100.0%	3.2%	-1.7%	13.0%	14.6%

Note:

- 1) Age of Home is grouped to increase credibility
- 2) EP is at Current Level in LR Calculation
- 3) IL is NOT developed in LR Calculation
- 4) Individual large loss is capped at \$50,000 to remove excess volatility

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.

Due to an indication of +35.5%, we are increasing our rates in order to achieve greater rate adequacy in Arkansas. This filing implements the following:

- Adjustments to base rates across all territories of +8.4%.
- Adjustments to proprietary tier placement guidelines.
- Adjustments to Republic's companion discount from 10% to 15%.

The overall effect to the homeowners program is + 10.0%. The effect for each change is listed below.

	Base Rates	Tier Change	Companion Discount Change	Overall
HO-3	+8.4%	+3.2%	-1.7%	+10.0%

In support of the rate level revision, we have attached exhibits of our Homeowners experience in Arkansas, which is conducted based on 3 years of loss and premium experiences from June 2008-2011, as of June 30, 2011.

The proposed effective date for implementing these changes is December 15, 2011 for new business and January 15, 2012 for renewal business.

Territorial Base Rates

The proposed changes to base rates as outlined in Exhibit X.P1 result in a base rate increase of 8.4% for all locations. Due to low premium volume in individual territories, rate level indications were not computed by territory. Exhibit X.P4 summarizes the impact of proposed base rate increases and tier changes by territory.

Tier Underwriting Factors

Exhibit X P2B displays the proposed tier placement guidelines. Tier relativities remain unchanged. However, the structure of point assignment for Age of Home Category is modified so that fewer points are given to homes with age of 20+. Experience and effects on proposed tier change by Age of Home can be seen in Exhibit X P5. Age of Home is grouped for credibility reasons.

Republic Companion Discount

Exhibit X P3 displays the proposed Companion Discount. We propose to increase this discount from 10% to 15% to reward the companion-policyholders for their better loss experience.

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

Table of Contents

Attachments in support of this filing:

Explanatory Memorandum

Exhibit I: Indication

Exhibit II: Premium Trend & Rate Change History

Exhibit III: Loss Development

Exhibit IV: Loss Trend

Exhibit V: Loss Adjustment Expense (LAE)

Exhibit VI: Expected Catastrophe Loss and LAE Ratio

Exhibit VII: Permissible Loss and Loss Adjustment Expense Ratio

Exhibit VIII: Credibility of Experience

Exhibit IX: Return on Equity Calculation

Exhibit X: Proposed Changes, Support and Effects

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

Exhibit I presents Republic experience in Arkansas for each of the last three accident years ending June 30, evaluated as of 6/30/2011. Loss data exclude catastrophes. Other adjustments to the data are also described below. The indicated rate level change is developed in this exhibit using the standard loss ratio method. The filed rate level change is also provided.

Exhibit II provides the calculation of Republic premium trend factors for Arkansas. These factors reflect increasing amounts of insurance and other distributional changes. The average earned premium at present rates, shown in column 2, has been fit to an exponential model using 6- and 4-point values. The selected annual trend value is shown on this exhibit. Premium trend factors are derived by indexing historical premium levels to the current year and then projecting the selected annual trend factors to the average earned date of the proposed policy period.

To adjust for prior rate changes, historical premium is brought to the present rate level using the parallelogram method. Historical rate changes are shown on page 1 of Exhibit II.

Exhibit III displays the calculation of Republic Group Countrywide loss development factors. Loss data used for these calculations are net of salvage/subrogation and exclude catastrophes and mold losses. Due to the similarity of Homeowners development between different states, countrywide data were used to reduce volatility and provide more credible development factors.

Exhibit IV shows the loss trend underlying the rate level indication. Various exponential fits including 6 and 4 points are shown. The selected historical trend factor and projected trend factor are based on the results of these exponential fits. Due to the volatility and lack of credibility of Arkansas data alone, a loss trend was selected using both Arkansas and industry (ISO Fast Track) data.

Exhibit V develops the loss adjustment expense (LAE) factor used in calculating the indication in Exhibit I. Republic Arkansas and Countrywide data are used to calculate the Allocated LAE factor. The Unallocated LAE factor is based on Republic Countrywide data for calendar years 2008, 2009, and 2010 using the consolidated Insurance Expense Exhibit, Part III, Line 4.

Exhibit VI provides the data and calculation of the catastrophe loss and LAE ratio used to determine the indication in Exhibit I. Republic's Oklahoma experience is considered in selecting the catastrophe provision due to the lack of experience in Arkansas. Non-hurricane catastrophe losses and total direct earned premiums from the past twenty years in Oklahoma are used to calculate an average non-hurricane catastrophe loss ratio.

Exhibit VII shows the development of the permissible loss and LAE ratio. General and Other Acquisition Expenses are based on Republic Group Countrywide data from the Insurance Expense Exhibit while all other data are based on Arkansas experience for Republic from Page 15 of the Annual Statement. A 4% fixed expense trend was applied to the Fixed Expenses to adjust for the cost of these services over the projected policy period. The premium received from policy fees has been removed from the expense load. The marginal cost of reinsurance, calculated on page 2, Exhibit VII, is included as an expense. Marginal cost means the charge for the coverage

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

over and above the expected losses included in the rate indication. The calculation of the Profit and Contingencies Provision is provided on Exhibit IX.

Exhibit VIII details the calculation of credibility assigned to the rate indications developed in Exhibit I. The calculation is based on the claim standard of 1,082 claims providing a 90% chance of being within 5% of the mean, and incorporates the non-cat claim frequency in the experience period to determine the earned house years for full credibility.

Exhibit IX develops the investment income generated from held reserves used in calculating the underwriting profit provision incorporated in the rate indications. The return on investment income is based on the average of 2009 and 2010. A total after-tax return on equity of 12.0% is targeted.

Exhibit X presents proposed changes as follows:

- Territorial Base Rate increase of +8.4% for all locations
- Companion Discount revised from 10% to 15%
- Tier Placement Guideline modified to more accurately classify risks

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

Exhibit I
Revised 11/16/2011

Data as of: Jun-11

Proposed Effective Dates
New: 12/15/2011
Renewal: 1/15/2012

Republic Group Of Insurance Companies

Losses

Fiscal Year Ending June	(1) Non-Cat Incurred	(2) Catastrophe	(3) Development Factor	(4) Ultimate Non-Hurr Cat Adjusted	(5) Current Cost Factors	(6) Projection Factor 1/1/2013	(7) Trended Ult Non-Hurr Cat Adjusted
2009	207,580	139,482	1.006	313,241	1.000	1.061	332,345
2010	900,931	347,451	1.012	1,367,677	1.000	1.061	1,451,086
2011	1,125,714	1,568,967	1.108	1,871,261	1.000	1.061	1,985,381

Premiums & Loss Ratio

Fiscal Year Ending June	(8) Earned Premiums Actual	(9) Onlevel Factor	(10) at Current Rate	(11) Current Amount Factors	(12) On-Level at Current Amounts	(13) Projection Factor 1/1/2013	(14) Trended at Current Rate Level	(15) Trended Ultimate On-Level Loss Ratio	(16) Weights
2009	284,526	1.054	300,020	0.951	285,241	1.000	285,241	116.5%	0.10
2010	1,150,950	1.098	1,264,128	0.976	1,233,435	1.000	1,233,435	117.6%	0.30
2011	2,306,936	1.043	2,405,055	1.000	2,405,055	1.000	2,405,055	82.6%	0.60

Indication

(17) Weighted Projected Loss Ratio	(18) Loss Adjustment Expense as % of Incurred Losses	(19) Weighted Loss & LAE Ratio	(20) Fixed Expense Ratio	(21) Variable Permissible Loss & LAE Ratio	(22) Indicated Change before Credibility Weighting	(23) Compliment to Credibility	(24) Credibility Table Value	(25) Accident Year	Earned House Years
96.5%	13.0%	109.0%	6.6%	68.7%	68.2%	4.7%	0.484	2007	9
								2008	333
								2009	1,438
								2010	2,805
								2011	
(26) Indicated Statewide Rate Level Change									35.5%
(27) Selected Statewide Rate Level Change									10.0%

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 [(1.03) / (1)] ^ 1.55 Years
- (24) = [(Total of (25) / 19535) ^ 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 (FORM HO-3)
PROPOSED EFFECTIVE DATE: 12/15/2011 (NB) & 1/15/2012 (RB)
CURRENT AND PROPOSED BASE RATES BY TERRITORY

Exhibit X
 Page 1
 Revised 11/16/2011

Territory	Description	Current Base Rate	Proposed Base Rate	% Change
1	Benton and Washington Counties	\$458	\$496	8.4%
2	Carroll and Madison Counties	\$479	\$519	8.4%
3	Baxter, Boone and Marion Counties	\$530	\$575	8.4%
4	Fulton, Independence, Izard and Sharp Counties	\$530	\$575	8.4%
5	Lawrence County	\$685	\$743	8.4%
6	Clay, Greene and Randolph Counties	\$670	\$726	8.4%
7	Crawford and Sebastian Counties	\$536	\$581	8.4%
8	Conway, Franklin, Johnson, Newton and Pope Counties	\$537	\$582	8.4%
9	Cleburne, Searcy, Stone and Van Buren Counties	\$530	\$575	8.4%
10	Jackson and Woodruff Counties	\$724	\$785	8.4%
11	Craighead County	\$598	\$648	8.4%
12	Mississippi County	\$739	\$801	8.4%
13	Logan County	\$555	\$602	8.4%
14	Yell County	\$607	\$658	8.4%
15	Faulkner County	\$483	\$524	8.4%
16	White County	\$580	\$629	8.4%
17	Cross, Lee, Poinsett and St. Francis Counties	\$711	\$771	8.4%
18	Crittenden County	\$565	\$612	8.4%
19	Montgomery, Polk and Scott Counties	\$623	\$675	8.4%
20	Garland, Hot Spring and Perry Counties	\$537	\$582	8.4%
21	Grant and Saline Counties	\$537	\$582	8.4%
22	Remainder of Pulaski County	\$566	\$614	8.4%
23	Lonoke County	\$537	\$582	8.4%
24	Prairie County	\$624	\$676	8.4%
25	Monroe County	\$672	\$728	8.4%
26	Jefferson County	\$653	\$708	8.4%
27	Arkansas County	\$596	\$646	8.4%
28	Phillips County	\$726	\$787	8.4%
29	Clark, Howard, Pike and Sevier Counties	\$598	\$648	8.4%
30	Bradley, Calhoun, Cleveland, Dallas and Lincoln Counties	\$654	\$709	8.4%
31	Desha County	\$733	\$795	8.4%
32	Little River and Miller Counties	\$618	\$670	8.4%
33	Hempstead and LaFayette Counties	\$645	\$699	8.4%
34	Nevada and Ouachita Counties	\$645	\$699	8.4%
35	Columbia County	\$627	\$680	8.4%
36	Union County	\$627	\$680	8.4%
38	Cities of Little Rock and North Little Rock (Pulaski County)	\$593	\$643	8.4%
39	Hot Springs Village	\$483	\$524	8.4%
40	Drew County	\$654	\$709	8.4%
41	Ashley and Chicot Counties	\$733	\$795	8.4%

REPUBLIC UNDERWRITERS INSURANCE COMPANY
 ARKANSAS HOMEOWNERS (FORM HO-3)
 PROPOSED EFFECTIVE DATE: 12/15/2011 (NB) & 1/15/2012 (RB)
 SUMMARY OF PROPOSED CHANGES BY TERRITORY

Exhibit X
 Page 4
 Revised 11/16/2011

Description	Inforce Written Premium*	Inforce WP Distribution	Rate Level Indication	Territory Base Rate Change	Tier Change	Companion Discount Change	Overall Selected Change
(1) - Benton & Washington Counties	647,549	20.6%		8.4%	2.2%	-2.0%	8.6%
(2) - Carroll & Madison Counties	12,454	0.4%		8.4%	4.4%	-1.0%	12.1%
(3) - Baxter, Boone & Marion Counties	23,921	0.8%		8.4%	2.1%	-1.5%	9.0%
(4) - Fulton, Independence, Izzard & Sharp Counties	105,644	3.4%		8.4%	5.5%	-2.4%	11.6%
(5) - Lawrence County	8,300	0.3%		8.4%	1.5%	-3.4%	6.3%
(6) - Clay, Greene & Randolph Counties	21,717	0.7%		8.4%	2.4%	-0.6%	10.3%
(7) - Crawford & Sebastian Counties	59,024	1.9%		8.4%	2.8%	-0.8%	10.6%
(8) - Conway, Franklin, Johnson, Newton & Pope Counties	115,007	3.7%		8.4%	3.7%	-1.4%	10.9%
(9) - Cleburne, Searcy, Stone & Van Buren Counties	86,621	2.8%		8.4%	3.1%	-1.3%	10.3%
(10) - Jackson & Woodruff Counties	13,057	0.4%		8.4%	7.2%	-0.3%	15.9%
(11) - Craighead County	139,625	4.4%		8.4%	2.2%	-2.4%	8.1%
(12) - Mississippi County	38,407	1.2%		8.4%	3.3%	-0.8%	11.1%
(13) - Logan County	12,732	0.4%		8.4%	2.7%	-0.4%	10.8%
(14) - Yell County	8,293	0.3%		8.4%	2.5%	-3.0%	7.7%
(15) - Faulkner County	158,048	5.0%		8.4%	2.0%	-1.4%	9.0%
(16) - White County	58,978	1.9%		8.4%	3.0%	-1.2%	10.4%
(17) - Cross, Lee, Poinsett & St. Francis Counties	46,905	1.5%		8.4%	4.7%	-0.7%	12.7%
(18) - Crittenden County	108,672	3.5%		8.4%	3.4%	-1.2%	10.7%
(19) - Montgomery, Polk & Scott Counties	17,394	0.6%		8.4%	1.5%	-0.8%	9.2%
(20) - Garland, Hot Spring & Perry Counties	117,024	3.7%		8.4%	3.2%	-1.6%	10.1%
(21) - Grant & Saline Counties	235,498	7.5%		8.4%	2.2%	-2.2%	8.4%
(22) - Remainder of Pulaski County	155,021	4.9%		8.4%	4.1%	-1.8%	10.8%
(23) - Lonoke County	103,336	3.3%		8.4%	2.0%	-2.2%	8.2%
(24) - Prairie County	0	0.0%		8.4%	0.0%	0.0%	8.4%
(25) - Monroe County	2,649	0.1%		8.4%	0.0%	0.0%	8.4%
(26) - Jefferson County	65,104	2.1%		8.4%	4.3%	-1.3%	11.6%
(27) - Arkansas County	5,393	0.2%		8.4%	3.7%	-2.6%	9.4%
(28) - Phillips County	16,116	0.5%		8.4%	6.5%	-0.4%	15.0%
(29) - Clark, Howard, Pike & Sevier Counties	77,766	2.5%		8.4%	2.9%	-1.2%	10.2%
(30) - Bradley, Calhoun, Cleveland, Dallas & Lincoln Counties	18,247	0.6%		8.4%	6.6%	-0.9%	14.5%
(31) - Desha County	23,868	0.8%		8.4%	5.8%	-1.4%	13.1%
(32) - Little River & Miller Counties	67,768	2.2%		8.4%	4.4%	-2.3%	10.7%
(33) - Hempstead & LaFayette Counties	19,080	0.6%		8.4%	6.0%	-2.0%	12.5%
(34) - Nevada & Ouachita Counties	17,393	0.6%		8.4%	5.0%	-1.5%	12.1%
(35) - Columbia County	13,078	0.4%		8.4%	3.0%	-2.1%	9.2%
(36) - Union County	72,324	2.3%		8.4%	5.3%	-2.4%	11.5%
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	3,148,446	100.0%	35.5%	8.4%	3.2%	-1.7%	10.0%

*Inforce as of 08/31/2011

REPUBLIC UNDERWRITERS INSURANCE COMPANY
ARKANSAS HOMEOWNERS (FORM HO-3)
PROPOSED EFFECTIVE DATE: 12/15/2011 (NB) & 1/15/2012 (RB)
SUMMARY OF PROPOSED CHANGES BY AGE OF HOME
DATA USED: INCEPTION TO DATE POLICIES AS OF 08/31/2011

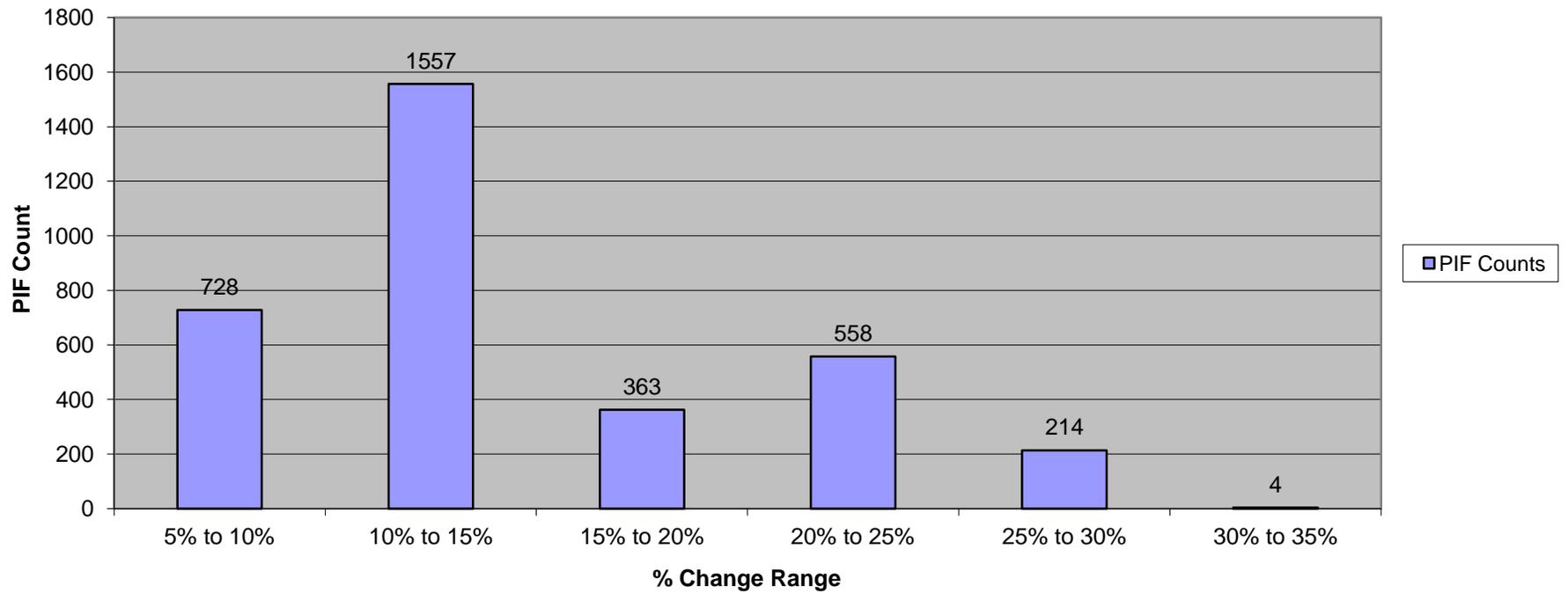
Exhibit X
 Page 5
 Revised 11/16/2011

Age of Home Group	xCat LR Capped @ \$50K	PIF Count Distribution	Selected Tier % Change	Companion % Change	Base Rate % Change	Total % Change
0-9	25.4%	28.7%	0.0%	-1.8%	8.4%	6.4%
10-19	34.5%	21.8%	0.0%	-1.9%	8.4%	6.4%
20-29	36.8%	13.3%	6.5%	-1.7%	8.4%	13.5%
30-39	54.9%	16.4%	9.4%	-1.8%	8.4%	16.5%
40-49	44.2%	9.5%	7.8%	-1.4%	8.4%	15.2%
50+	39.8%	10.3%	0.0%	-1.5%	8.4%	6.8%
Total	38.0%	100.0%	3.2%	-1.7%	8.4%	10.0%

Note:

- 1) Age of Home is grouped to increase credibility
- 2) EP is at Current Level in LR Calculation
- 3) IL is NOT developed in LR Calculation
- 4) Individual large loss is capped at \$50,000 to remove excess volatility

Total % Change Effect Histogram



SERFF Tracking Number: TRGR-127725653 State: Arkansas
 Filing Company: Republic Underwriters Insurance Company State Tracking Number:
 Company Tracking Number: 11-586
 TOI: 04.0 Homeowners Sub-TOI: 04.0003 Owner Occupied Homeowners
 Product Name: Standard Homeowners (Based on ISO 2000 Program)
 Project Name/Number: Rate Revision/

Superseded Schedule Items

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

Creation Date:	Schedule	Schedule Item Name	Replacement Creation Date	Attached Document(s)
10/20/2011	Rate and Rule	Base rates	11/18/2011	AR HO 00 03 Manual 12 11 rate.pdf (Superseded)
10/17/2011	Supporting Document	HPCS-Homeowners Premium Comparison Survey	11/18/2011	HO Survey FORM HPCS.xls (Superseded) HO Survey FORM HPCS.pdf (Superseded)
10/17/2011	Supporting Document	NAIC loss cost data entry document	11/18/2011	FORM RF-1 Rate Filing Abstract.pdf (Superseded)
10/20/2011	Supporting Document	Actuarial Memorandum and Exhibits	11/18/2011	Filing Memorandum-AR HO3.pdf (Superseded) Republic Filing Exhibits.pdf

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

Territory	Description	Base Rate
1	Benton and Washington Counties	\$518
2	Carroll and Madison Counties	\$541
3	Baxter, Boone and Marion Counties	\$599
4	Fulton, Independence, Izard and Sharp Counties	\$599
5	Lawrence County	\$774
6	Clay, Greene and Randolph Counties	\$757
7	Crawford and Sebastian Counties	\$606
8	Conway, Franklin, Johnson, Newton and Pope Counties	\$607
9	Cleburne, Searcy, Stone and Van Buren Counties	\$599
10	Jackson and Woodruff Counties	\$818
11	Craighead County	\$676
12	Mississippi County	\$835
13	Logan County	\$627
14	Yell County	\$686
15	Faulkner County	\$546
16	White County	\$655
17	Cross, Lee, Poinsett and St. Francis Counties	\$803
18	Crittenden County	\$638
19	Montgomery, Polk and Scott Counties	\$704
20	Garland, Hot Spring and Perry Counties	\$607
21	Grant and Saline Counties	\$607
22	Remainder of Pulaski County	\$640
23	Lonoke County	\$607
24	Prairie County	\$705
25	Monroe County	\$759
26	Jefferson County	\$738
27	Arkansas County	\$673
28	Phillips County	\$820
29	Clark, Howard, Pike and Sevier Counties	\$676
30	Bradley, Calhoun, Cleveland, Dallas and Lincoln Counties	\$739
31	Desha County	\$828
32	Little River and Miller Counties	\$698
33	Hempstead and LaFayette Counties	\$729
34	Nevada and Ouachita Counties	\$729
35	Columbia County	\$709
36	Union County	\$709
38	Cities of Little Rock and North Little Rock (Pulaski County)	\$670
39	Hot Springs Village	\$546
40	Drew County	\$739
41	Ashley and Chicot Counties	\$828

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: 10/19/2011

**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	\$522	\$582	\$603	\$673	\$681	\$760	\$809	\$902	\$834	\$930	\$714	\$797	\$703	\$784	\$610	\$681	\$675	\$753
	\$120,000	\$731	\$816	\$846	\$944	\$954	\$1,065	\$1,134	\$1,265	\$1,169	\$1,304	\$1,001	\$1,117	\$985	\$1,099	\$855	\$955	\$946	\$1,055
	\$160,000	\$949	\$1,059	\$1,097	\$1,224	\$1,238	\$1,382	\$1,471	\$1,641	\$1,517	\$1,692	\$1,299	\$1,449	\$1,278	\$1,426	\$1,110	\$1,238	\$1,227	\$1,369
6	\$80,000	\$604	\$670	\$698	\$775	\$788	\$874	\$936	\$1,038	\$965	\$1,071	\$827	\$917	\$814	\$903	\$707	\$784	\$781	\$866
	\$120,000	\$847	\$939	\$979	\$1,086	\$1,105	\$1,226	\$1,313	\$1,456	\$1,353	\$1,501	\$1,159	\$1,285	\$1,141	\$1,265	\$991	\$1,099	\$1,095	\$1,215
	\$160,000	\$1,099	\$1,218	\$1,270	\$1,409	\$1,434	\$1,590	\$1,703	\$1,889	\$1,756	\$1,948	\$1,504	\$1,668	\$1,480	\$1,642	\$1,285	\$1,425	\$1,421	\$1,576
9	\$80,000	\$1,181	\$1,428	\$1,365	\$1,651	\$1,541	\$1,863	\$1,830	\$2,213	\$1,887	\$2,282	\$1,616	\$1,954	\$1,591	\$1,924	\$1,381	\$1,670	\$1,527	\$1,847
	\$120,000	\$1,655	\$2,001	\$1,914	\$2,314	\$2,160	\$2,612	\$2,566	\$3,102	\$2,645	\$3,199	\$2,265	\$2,739	\$2,230	\$2,697	\$1,936	\$2,341	\$2,141	\$2,589
	\$160,000	\$2,147	\$2,597	\$2,483	\$3,003	\$2,802	\$3,389	\$3,329	\$4,025	\$3,432	\$4,151	\$2,939	\$3,554	\$2,893	\$3,499	\$2,512	\$3,038	\$2,777	\$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	<input type="text" value="0"/> %	Deadbolt Lock	<input type="text" value="0"/> %
Burglar Alarm	<input type="text" value="3"/> %	Window Locks	<input type="text" value="0"/> %
Smoke Alarm	<input type="text" value="3"/> %	\$1,000 Deductible	<input type="text" value="14"/> %
		Other (specify)	<input type="text"/>

EARTHQUAKE INSURANCE

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

ARE YOU CURRENTLY WRITING EARTHQUAKE COVERAGE IN ARKANSAS? (yes or no)
 WHAT IS YOUR PERCENTAGE DEDUCTIBLE? %

WHAT IS YOUR PRICE PER \$1,000 OF COVERAGE?
 Zone Highest Risk Brick Frame

Maximum Credit Allowed

%

Lowest Risk

\$

0.78

\$

0.29

NAIC LOSS COST DATA ENTRY DOCUMENT

1.	This filing transmittal is part of Company Tracking #	11-586
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2.	If filing is an adoption of an advisory organization loss cost filing, give name of Advisory Organization and Reference/ Item Filing Number	N/A
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Company Name		Company NAIC Number		
3.	A.	Republic Underwriters Insurance Company	B.	24538

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.	04.0 Homeowners	B.	04.0003 Owner Occupied Homeowners

5.			FOR LOSS COSTS ONLY				
(A) COVERAGE (See Instructions)	(B) Indicated % Rate Level Change	(C) Requested % Rate Level Change	(D) Expected Loss Ratio	(E) Loss Cost Modification Factor	(F) Selected Loss Cost Multiplier	(G) Expense Constant (If Applicable)	(H) Co. Current Loss Cost Multiplier
Homeowners Form 3	35.5%	14.6%					
TOTAL OVERALL EFFECT		14.6%					

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
2010	3,133	+10%	5/15/2010	1,857	1,345	72.5%	40.4%
2009	1,570	N/A	N/A	674	403	59.9%	64.2%
2008	332	N/A	N/A	85	91	107.4%	131.1%
2007	N/A	N/A	N/A	N/A	N/A	N/A	42.0%
2006	N/A	N/A	N/A	N/A	N/A	N/A	42.2%

7.	
Expense Constants	Selected Provisions
A. Total Production Expense	20.8%
B. General Expense	3.5%
C. Taxes, License & Fees	2.3%
D. Underwriting Profit & Contingencies	8.7%
E. Other (explain) Other Acquisition	3.6%
F. TOTAL	39.0%

- 8.** N Apply Lost Cost Factors to Future filings? (Y or N)
- 9.** 31.2% Estimated Maximum Rate Increase for any Insured (%). Territory (if applicable): _____
- 10.** 6.7% 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.

Due to an indication of +35.5%, we are increasing our rates in order to achieve greater rate adequacy in Arkansas. This filing implements the following:

- Adjustments to base rates across all territories of +13%.
- Adjustments to proprietary tier placement guidelines.
- Adjustments to Republic's companion discount from 10% to 15%.

The overall effect to the homeowners program is + 14.6%. The effect for each change is listed below.

	Base Rates	Tier Change	Companion Discount Change	Overall
HO-3	+13%	+3.2%	-1.7%	+14.6%

In support of the rate level revision, we have attached exhibits of our Homeowners experience in Arkansas, which is conducted based on 3 years of loss and premium experiences from June 2008-2011, as of June 30, 2011.

The proposed effective date for implementing these changes is December 1, 2011 for new business and January 1, 2012 for renewal business.

Territorial Base Rates

The proposed changes to base rates as outlined in Exhibit X.P1 result in a base rate increase of 13.0% for all locations. Due to low premium volume in individual territories, rate level indications were not computed by territory. Exhibit X.P4 summarizes the impact of proposed base rate increases and tier changes by territory.

Tier Underwriting Factors

Exhibit X P2B displays the proposed tier placement guidelines. Tier relativities remain unchanged. However, the structure of point assignment for Age of Home Category is modified so that fewer points are given to homes with age of 20+. Experience and effects on proposed tier change by Age of Home can be seen in Exhibit X P5. Age of Home is grouped for credibility reasons.

Republic Companion Discount

Exhibit X P3 displays the proposed Companion Discount. We propose to increase this discount from 10% to 15% to reward the companion-policyholders for their better loss experience.

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

Table of Contents

Attachments in support of this filing:

Explanatory Memorandum

Exhibit I: Indication

Exhibit II: Premium Trend & Rate Change History

Exhibit III: Loss Development

Exhibit IV: Loss Trend

Exhibit V: Loss Adjustment Expense (LAE)

Exhibit VI: Expected Catastrophe Loss and LAE Ratio

Exhibit VII: Permissible Loss and Loss Adjustment Expense Ratio

Exhibit VIII: Credibility of Experience

Exhibit IX: Return on Equity Calculation

Exhibit X: Proposed Changes, Support and Effects

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

Exhibit I presents Republic experience in Arkansas for each of the last three accident years ending June 30, evaluated as of 6/30/2011. Loss data exclude catastrophes. Other adjustments to the data are also described below. The indicated rate level change is developed in this exhibit using the standard loss ratio method. The filed rate level change is also provided.

Exhibit II provides the calculation of Republic premium trend factors for Arkansas. These factors reflect increasing amounts of insurance and other distributional changes. The average earned premium at present rates, shown in column 2, has been fit to an exponential model using 6- and 4-point values. The selected annual trend value is shown on this exhibit. Premium trend factors are derived by indexing historical premium levels to the current year and then projecting the selected annual trend factors to the average earned date of the proposed policy period.

To adjust for prior rate changes, historical premium is brought to the present rate level using the parallelogram method. Historical rate changes are shown on page 1 of Exhibit II.

Exhibit III displays the calculation of Republic Group Countrywide loss development factors. Loss data used for these calculations are net of salvage/subrogation and exclude catastrophes and mold losses. Due to the similarity of Homeowners development between different states, countrywide data were used to reduce volatility and provide more credible development factors.

Exhibit IV shows the loss trend underlying the rate level indication. Various exponential fits including 6 and 4 points are shown. The selected historical trend factor and projected trend factor are based on the results of these exponential fits. Due to the volatility and lack of credibility of Arkansas data alone, a loss trend was selected using both Arkansas and industry (ISO Fast Track) data.

Exhibit V develops the loss adjustment expense (LAE) factor used in calculating the indication in Exhibit I. Republic Arkansas and Countrywide data are used to calculate the Allocated LAE factor. The Unallocated LAE factor is based on Republic Countrywide data for calendar years 2008, 2009, and 2010 using the consolidated Insurance Expense Exhibit, Part III, Line 4.

Exhibit VI provides the data and calculation of the catastrophe loss and LAE ratio used to determine the indication in Exhibit I. Republic's Oklahoma experience is considered in selecting the catastrophe provision due to the lack of experience in Arkansas. Non-hurricane catastrophe losses and total direct earned premiums from the past twenty years in Oklahoma are used to calculate an average non-hurricane catastrophe loss ratio.

Exhibit VII shows the development of the permissible loss and LAE ratio. General and Other Acquisition Expenses are based on Republic Group Countrywide data from the Insurance Expense Exhibit while all other data are based on Arkansas experience for Republic from Page 15 of the Annual Statement. A 4% fixed expense trend was applied to the Fixed Expenses to adjust for the cost of these services over the projected policy period. The premium received from policy fees has been removed from the expense load. The marginal cost of reinsurance, calculated on page 2, Exhibit VII, is included as an expense. Marginal cost means the charge for the coverage

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

over and above the expected losses included in the rate indication. The calculation of the Profit and Contingencies Provision is provided on Exhibit IX.

Exhibit VIII details the calculation of credibility assigned to the rate indications developed in Exhibit I. The calculation is based on the claim standard of 1,082 claims providing a 90% chance of being within 5% of the mean, and incorporates the non-cat claim frequency in the experience period to determine the earned house years for full credibility.

Exhibit IX develops the investment income generated from held reserves used in calculating the underwriting profit provision incorporated in the rate indications. The return on investment income is based on the average of 2009 and 2010. A total after-tax return on equity of 12.0% is targeted.

Exhibit X presents proposed changes as follows:

- Territorial Base Rate increase of +13% for all locations
- Companion Discount revised from 10% to 15%
- Tier Placement Guideline modified to more accurately classify risks