

SERFF Tracking Number: TRGR-127955038 State: Arkansas
Filing Company: Republic Underwriters Insurance Company State Tracking Number:
Company Tracking Number: 12-006
TOI: 01.0 Property Sub-TOI: 01.0002 Personal Property (Fire and Allied Lines)
Product Name: Standard Dwelling (ISO 2002 Program)
Project Name/Number: Rate Revision/

Filing at a Glance

Company: Republic Underwriters Insurance Company

Product Name: Standard Dwelling (ISO 2002 Program) SERFF Tr Num: TRGR-127955038 State: Arkansas

TOI: 01.0 Property SERFF Status: Closed-Filed State Tr Num:
Sub-TOI: 01.0002 Personal Property (Fire and Allied Lines) Co Tr Num: 12-006 State Status: Suspended Review
Filing Type: Rate/Rule Reviewer(s): Becky Harrington
Author: William Bradford Disposition Date: 01/30/2012
Date Submitted: 01/04/2012 Disposition Status: Filed
Effective Date Requested (New): 03/01/2012 Effective Date (New): 03/01/2012
Effective Date Requested (Renewal): 04/01/2012 Effective Date (Renewal): 04/01/2012

State Filing Description:
referred to Commissioner 1/25/12

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: 01/30/2012
State Status Changed: 01/25/2012 Deemer Date:
Created By: William Bradford Submitted By: William Bradford
Corresponding Filing Tracking Number: Changes identical to those made for homeowners in TRGR-126922736
Filing Description:
Republic Underwriters proposes a revision the territory base rates for Arkansas Dwelling form DP-3 in addition to tiering changes. Our indication is an increase of 32.1%. These revisions will result in a 24.5% premium increase to be effective on February 1, 2012 for new business and March 1, 2012 for renewal business. This is the first rate change for this program since inception on 8/1/2008.

We are also making an editorial correction to page DP-E-3 to clarify our intent.

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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: Independent rate filing
 Per Company: No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
Republic Underwriters Insurance Company	\$100.00	01/04/2012	55034507

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Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Filed	Becky Harrington	01/30/2012	01/30/2012

Objection Letters and Response Letters

Objection Letters				Response Letters		
Status	Created By	Created On	Date Submitted	Responded By	Created On	Date Submitted
No response necessary	Becky Harrington	01/25/2012	01/25/2012	William Bradford	01/26/2012	01/27/2012
Pending Industry Response	Becky Harrington	01/05/2012	01/05/2012	William Bradford	01/20/2012	01/20/2012

Amendments

Schedule	Schedule Item Name	Created By	Created On	Date Submitted
Supporting Document	P&C Actuarial Justification	William Bradford	01/04/2012	01/04/2012
Supporting Document	Tiering	William Bradford	01/04/2012	01/04/2012

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State: Arkansas
 State Tracking Number:
 Sub-TOI: 01.0002 Personal Property (Fire and Allied Lines)

Disposition

Disposition Date: 01/30/2012
 Effective Date (New): 03/01/2012
 Effective Date (Renewal): 04/01/2012
 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	32.100%	20.000%	\$258,398	2,200	\$1,291,991	%	%

SERFF Tracking Number: TRGR-127955038 State: Arkansas
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Schedule	Schedule Item	Schedule Item Status	Public Access
Supporting Document (revised)	Form RF-1 NAIC Loss Cost Data Entry Document--All P&C Lines	Filed	Yes
Supporting Document	Form RF-1 NAIC Loss Cost Data Entry Document--All P&C Lines		Yes
Supporting Document (revised)	HPCS-Homeowners Premium Comparison Survey	Filed	Yes
Supporting Document	HPCS-Homeowners Premium Comparison Survey		Yes
Supporting Document	NAIC Loss Cost Filing Document for OTHER than Workers' Comp	Filed	Yes
Supporting Document (revised)	P&C Actuarial Justification	Filed	Yes
Supporting Document	P&C Actuarial Justification		Yes
Supporting Document	P&C Actuarial Justification		Yes
Supporting Document (revised)	Tiering	Filed	No
Supporting Document	Tiering		No
Supporting Document	Editorial Changes	Filed	Yes
Supporting Document	Reply	Filed	Yes
Rate	Clarification	Filed	Yes
Rate (revised)	Base EC rates	Filed	Yes
Rate	Base EC rates		Yes

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Product Name: Standard Dwelling (ISO 2002 Program)
Project Name/Number: Rate Revision/

Objection Letter

Objection Letter Status No response necessary
Objection Letter Date 01/25/2012
Submitted Date 01/25/2012
Respond By Date

Dear William Bradford,

This will acknowledge receipt of the recent response.

The requested rate change amount is greater than 6% and is being referred to the Commissioner for review. This filing may not be implemented on the requested effective date.

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 01/26/2012
 Submitted Date 01/27/2012

Dear Becky Harrington,

Comments:

Thank you for your reply.

Response 1

Comments: In accordance with the conversations our chief actuary, Ms. King, had with Commissioner Bradford, we are revising our EC rates to show an overall 20% effect.

Changed Items:

Supporting Document Schedule Item Changes

Satisfied -Name: Form RF-1 NAIC Loss Cost Data Entry Document--All P&C Lines

Comment:

Satisfied -Name: HPCS-Homeowners Premium Comparison Survey

Comment:

Satisfied -Name: P&C Actuarial Justification

Comment:

No Form Schedule items changed.

Rate/Rule Schedule Item Changes

Exhibit Name	Rule # or Page #	Rate Action	Previous State Filing #
Base EC rates	DP-R-4, 5	Replacement	TRGR-125377305
Previous Version			
Base EC rates	DP-R-4,	Replacement	TRGR-125377305

Please let us know if you need any additional information.

Sincerely,
 William Bradford

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Product Name: Standard Dwelling (ISO 2002 Program)
Project Name/Number: Rate Revision/

Objection Letter

Objection Letter Status Pending Industry Response
Objection Letter Date 01/05/2012
Submitted Date 01/05/2012

Respond By Date

Dear William Bradford,

This will acknowledge receipt of the captioned filing.

Objection 1

Comment: Provide justification for the changes to the tier points.

Objection 2

- Form RF-1 NAIC Loss Cost Data Entry Document--All P&C Lines (Supporting Document)
- P&C Actuarial Justification (Supporting Document)

Comment: The overall AL selected change amount is inconsistent. (RF-1 and Exhibit 1) Please explain.

Objection 3

Comment: Please provide a histogram showing the number of insureds and the percentage changes. How many will actually receive greater than 25% 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 Dwelling (ISO 2002 Program)
Project Name/Number: Rate Revision/

Response Letter

Response Letter Status Submitted to State
Response Letter Date 01/20/2012
Submitted Date 01/20/2012

Dear Becky Harrington,

Comments:

Thank you for your reply.

Response 1

Comments: Please see the attached response.

Related Objection 1

Comment:

Provide justification for the changes to the tier points.

Changed Items:

Supporting Document Schedule Item Changes

Satisfied -Name: Reply

Comment:

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Response 2

Comments: Please see the response above.

Related Objection 1

Applies To:

- Form RF-1 NAIC Loss Cost Data Entry Document--All P&C Lines (Supporting Document)
- P&C Actuarial Justification (Supporting Document)

Comment:

The overall AL selected change amount is inconsistent. (RF-1 and Exhibit 1) Please explain.

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Product Name: Standard Dwelling (ISO 2002 Program)
Project Name/Number: Rate Revision/

Changed Items:

No Supporting Documents changed.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Response 3

Comments: Please see the response above.

Related Objection 1

Comment:

Please provide a histogram showing the number of insureds and the percentage changes. How many will actually receive greater than 25% increase.

Changed Items:

No Supporting Documents changed.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Please let us know if there are any additional questions.

Sincerely,
William Bradford

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Project Name/Number: Rate Revision/

Amendment Letter

Submitted Date: 01/04/2012

Comments:

Our actuaries discovered an error in the tiering exhibit. Also, the filing support was duplicated in error.

Changed Items:

Supporting Document Schedule Item Changes:

Satisfied -Name: P&C Actuarial Justification

Comment:

Filing Memo AR DP-3.pdf

Filing Exhibits.pdf

User Added -Name: Tiering

Comment:

Tiering.pdf

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Post Submission Update Request Processed On 01/30/2012

Status: Allowed
Created By: William Bradford
Processed By: Becky Harrington
Comments:

Company Rate Information:

Company Name: Republic Underwriters Insurance Company

Field Name	Requested Change	Prior Value
Overall % Rate Impact	20.000%	24.500%
Written Premium Change for this Program	\$258398	\$316538

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Product Name: Standard Dwelling (ISO 2002 Program)
Project Name/Number: Rate Revision/

Post Submission Update Request Processed On 01/27/2012

Status: Allowed
Created By: William Bradford
Processed By: Becky Harrington
Comments: Effective date only

General Information:

Field Name	Requested Change	Prior Value
Effective Date Requested (New)	03/01/2012	02/01/2012
Effective Date Requested (Renew)	04/01/2012	03/01/2012

SERFF Tracking Number: TRGR-127955038
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 Company Tracking Number: 12-006
 TOI: 01.0 Property
 Product Name: Standard Dwelling (ISO 2002 Program)
 Project Name/Number: Rate Revision/

State: Arkansas
 State Tracking Number:
 Sub-TOI: 01.0002 Personal Property (Fire and Allied Lines)

Rate Information

Rate data applies to filing.

Filing Method: File and Use
Rate Change Type: Increase
Overall Percentage of Last Rate Revision: %
Effective Date of Last Rate Revision: 02/01/2008
Filing Method of Last Filing: File and Use (Initial Filing)

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	32.100%	20.000%	\$258,398	2,200	\$1,291,991	%	%

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 Project Name/Number: Rate Revision/

Rate/Rule Schedule

Schedule Item	Exhibit Name:	Rule # or Page #:	Rate Action	Previous State Filing Number:	Filing Attachments
Filed 01/30/2012	Clarification	DP-E-3	Replacement	TRGR-125377305	loss free.pdf
Filed 01/30/2012	Base EC rates	DP-R-4, 5	Replacement	TRGR-125377305	DP-3 0211 EC rev.pdf

RULE A7. LOSS FREE DISCOUNT AND EXPERIENCE RATING PLAN**A. Introduction**

The Loss Free Discount and Experience Rating Plan recognize the loss history of an insured or applicant, for property and liability coverages, in determining the appropriate premium for a new or renewal policy.

B. Eligibility

A loss shall be considered eligible for rating under this section if:

1. The loss occurred during the three years immediately preceding the date of application for a new policy or the preparation of the renewal policy;
2. The loss occurred with respect to a risk eligible for coverage under the Dwelling Policy Program;
3. The loss was sustained with respect to the property or liability of an insured under the policy being rated; and
4. The combined claim payments generated for the loss equal or exceed \$250.

C. Exceptions

The following shall not be considered eligible for rating under this section:

1. A loss resulting from a natural occurrence (losses that are the result of an incident which is due directly to forces of nature, and is without human intervention).
2. A loss resulting from identity theft.
3. A loss for which payment occurred only with respect to Medical Payments to Others.
4. A loss to a dwelling currently owned by an insured or applicant which occurred prior to ownership.

D. Administration of Loss Free Credit and Experience Rating Plan

Information necessary to determine the loss history of the named insured or applicant shall be obtained from any one or combination of the following:

1. An application signed by the applicant.
2. A loss history or claims history database.
3. A company's internal records.

E. Premium Computation**1. Loss Free Discount**

To determine the credit, multiply the Base Premium by the appropriate factor from the following table:

Insured Term (in years)	Factor
0-3	.05
4-8	.07
9+	.10

Table A7.E.1 Loss Free Discount Premium Computation**2. Experience Rating Plan**

- a. Liability loss (does not include medical payments only losses – see exception **C.3**)

Apply the factor from the following table in accordance with Rule **301**:

Insured Term (in years)	Number of Paid Losses				
	0	1*	1	2	3+
0-1	1.00	1.20	1.20	1.50	2.00
2-3	1.00	1.05	1.15	1.50	2.00
4+	1.00	1.03	1.10	1.50	2.00

* Except for the loss being considered, there are no other paid losses of any type in the past 3 years

Table A7.E.2.b. Experience Rating Plan Premium Computation –Liability Losses

- c. All other losses (does not include identity theft losses – see exception **C.2**)

Apply the factor from the following table in accordance with Rule **301**:

Insured Term (in years)	Number of Paid Losses				
	0	1*	1	2	3+
0-1	1.00	1.30	1.30	1.50	1.85
2-3	1.00	1.00	1.25	1.45	1.80
4+	1.00	1.00	1.20	1.35	1.60

* Except for the loss being considered, there are no other paid losses of any type in the past 3 years

Table A7.E.2.c. Experience Rating Plan Premium Computation –All Other Losses

BASE PREMIUM COMPUTATION, (cont.)

Amount of Insurance	Factor	Amount of Insurance	Factor	Amount of Insurance	Factor	Amount of Insurance	Factor
16,000	1.475	54,000	4.392	91,000	7.270	128,000	10.151
17,000	1.553	55,000	4.469	92,000	7.348	129,000	10.229
18,000	1.631	56,000	4.547	93,000	7.426	130,000	10.306
19,000	1.709	57,000	4.625	94,000	7.504	131,000	10.384
20,000	1.787	58,000	4.703	95,000	7.582	132,000	10.462
21,000	1.864	59,000	4.781	96,000	7.660	133,000	10.540
22,000	1.941	60,000	4.858	97,000	7.737	134,000	10.618
23,000	2.019	61,000	4.936	98,000	7.815	135,000	10.696
24,000	2.096	62,000	5.014	99,000	7.893	136,000	10.774
25,000	2.173	63,000	5.092	100,000	7.971	137,000	10.851
26,000	2.250	64,000	5.169	101,000	8.049	138,000	10.929
27,000	2.327	65,000	5.247	102,000	8.127	139,000	11.007
28,000	2.403	66,000	5.325	103,000	8.204	140,000	11.085
29,000	2.480	67,000	5.403	104,000	8.282	141,000	11.163
30,000	2.557	68,000	5.481	105,000	8.360	142,000	11.241
31,000	2.633	69,000	5.558	106,000	8.438	143,000	11.319
32,000	2.710	70,000	5.636	107,000	8.516	144,000	11.397
33,000	2.786	71,000	5.714	108,000	8.594	145,000	11.474
34,000	2.862	72,000	5.792	109,000	8.672	146,000	11.552
35,000	2.938	73,000	5.870	110,000	8.749	147,000	11.630
36,000	3.015	74,000	5.947	111,000	8.827	148,000	11.708
37,000	3.091	75,000	6.025	112,000	8.905	149,000	11.786
38,000	3.167					150,000	11.864
Each Additional \$1,000			0.078				

Table 301.A.3.a., Personal Property Key Factors (Fire)**B. Special Form (DP 00 03) For Coverage A – Dwelling and Coverage C – Personal Property****1. Owner-Occupied Key Rates****a. Coverage A - Dwelling**

<u>Territory</u>	<u>Special Form Key Factor</u>	
001	Benton and Washington Counties	209
002	Carroll and Madison Counties	241
003	Baxter, Boone and Marion Counties	241
004	Fulton, Independence, Izard and Sharp Counties	241
005	Lawrence County	280
006	Clay, Greene and Randolph Counties	319
007	Crawford and Sebastian Counties	202
008	Conway, Franklin, Johnson, Newton and Pope Counties	241
009	Cleburne, Searcy, Stone and Van Buren Counties	202
010	Jackson and Woodruff Counties	280
011	Craighead County	202
012	Mississippi County	319
013	Logan County	241
014	Yell County	241
015	Faulkner County	202
016	White County	280
017	Cross, Lee, Poinsett and St. Francis Counties	319
018	Crittenden County	319

BASE PREMIUM COMPUTATION. (cont.)

<u>Territory</u>		<u>Special Form Key Factor</u>
019	Montgomery, Polk and Scott Counties	241
020	Garland, Hot Spring and Perry Counties	202
021	Grant and Saline Counties	202
022	Remainder of Pulaski County	195
023	Lonoke County	241
024	Prairie County	280
025	Monroe County	280
026	Jefferson County	280
027	Arkansas County	319
028	Phillips County	319
029	Clark, Howard, Pike and Sevier Counties	241
030	Bradley, Calhoun, Cleveland, Dallas and Lincoln Counties	319
031	Desha County	319
032	Little River and Miller Counties	202
033	Hempstead and LaFayette Counties	280
034	Nevada and Ouachita Counties	280
035	Columbia County	241
036	Union County	241
037	Ashley, Chicot and Drew Counties	319
038	Cities of Little Rock and North Little Rock (Pulaski County)	195
039	Hot Springs Village	189

Table 301.B.1.a., Coverage A Special Form Key Rates**b. Coverage C – Personal Property**

<u>Territory</u>	<u>Description</u>	<u>Special Form Key Factor</u>
All	All counties	52

Table 301.B.1.b., Coverage C Special Form Key Rates**2. Classification Tables****a. Occupancy Classification Factors**

Occupancy	Factor
Owner Occupied	1.000
Tenant Occupied	1.110

Table 301.B.2.a., Occupancy Factors**b. Reserved for future use.****3. Key Factor Table (Rule 301.B.6.)****a. Coverage A - Dwelling**

Amount of Insurance	Factor						
\$30,000	0.592	\$73,000	0.982	\$116,000	1.370	\$159,000	1.759
\$31,000	0.601	\$74,000	0.991	\$117,000	1.379	\$160,000	1.767
\$32,000	0.610	\$75,000	1.000	\$118,000	1.388	\$161,000	1.776
\$33,000	0.619	\$76,000	1.009	\$119,000	1.397	\$162,000	1.786
\$34,000	0.628	\$77,000	1.018	\$120,000	1.406	\$163,000	1.794
\$35,000	0.637	\$78,000	1.027	\$121,000	1.415	\$164,000	1.804
\$36,000	0.646	\$79,000	1.036	\$122,000	1.424	\$165,000	1.812
\$37,000	0.656	\$80,000	1.045	\$123,000	1.433	\$166,000	1.822
\$38,000	0.664	\$81,000	1.054	\$124,000	1.443	\$167,000	1.831
\$39,000	0.673	\$82,000	1.063	\$125,000	1.451	\$168,000	1.840

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Supporting Document Schedules

	Item Status:	Status Date:
Satisfied - Item: Form RF-1 NAIC Loss Cost Data Entry Document--All P&C Lines	Filed	01/30/2012

Comments:

Attachment:

FORM RF-1 Rate Filing Abstract.pdf

	Item Status:	Status Date:
Satisfied - Item: HPCS-Homeowners Premium Comparison Survey	Filed	01/30/2012

Comments:

Attachments:

DF Survey FORM HPCS - (AR DP-3 3-1-2012).xls
 DF Survey FORM HPCS - (AR DP-3 3-1-2012).pdf

	Item Status:	Status Date:
Bypassed - Item: NAIC Loss Cost Filing Document for OTHER than Workers' Comp	Filed	01/30/2012

Bypass Reason: N/A

Comments:

	Item Status:	Status Date:
Satisfied - Item: P&C Actuarial Justification	Filed	01/30/2012

Comments:

Attachments:

Filing Memo AR DP-3.pdf
 Filing Exhibits.pdf
 Filing Exhibits - Revised.pdf

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		Item Status:	Status
			Date:
Satisfied - Item:	Tiering	Filed	01/30/2012
Comments:			
Attachment:			
	Tiering.pdf		

		Item Status:	Status
			Date:
Satisfied - Item:	Editorial Changes	Filed	01/30/2012
Comments:			
	We have clarified the factors on Page DP-E-3. Please see the attached.		
Attachment:			
	comparison.pdf		

		Item Status:	Status
			Date:
Satisfied - Item:	Reply	Filed	01/30/2012
Comments:			
Attachment:			
	Response to 1-5-12 Questions.pdf		

NAIC LOSS COST DATA ENTRY DOCUMENT

1.	This filing transmittal is part of Company Tracking #	12-006
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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.	01.0 Fire 02.0 Allied Lines	B.	Dwelling Fire DP-3

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
Fire	9.3%	6.0%					
Allied Lines*	63.8%	33.8%					
*including add'l cov's							
TOTAL OVERALL EFFECT	32.1%	20.0%					

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	2,030	N/A	N/A	850	494	58.1%	42.6%	
2009	1,233	N/A	N/A	393	390	99.2%	55.2%	
2008	275	N/A	N/A	23	58	252.2%	148.7%	
2007	N/A	N/A	N/A	N/A	N/A	N/A	34.1%	
2006	N/A	N/A	N/A	N/A	N/A	N/A	35.8%	

7.	
Expense Constants	Selected Provisions
A. Total Production Expense	20.9%
B. General Expense	3.0%
C. Taxes, License & Fees	3.2%
D. Underwriting Profit & Contingencies	5.7%
E. Other (explain)	
F. TOTAL	32.8%

- 8.** N Apply Lost Cost Factors to Future filings? (Y or N)
- 9.** 50% Estimated Maximum Rate Increase for any Insured (%). Territory (if applicable): _____
- 10.** 0% Estimated Maximum Rate Decrease for any Insured (%) Territory (if applicable): _____

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: 3/1/2012

**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																		
	\$120,000																		
	\$160,000																		
6	\$80,000																		
	\$120,000																		
	\$160,000																		
9	\$80,000																		
	\$120,000																		
	\$160,000																		

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	\$379.00	\$425.00	\$417.00	\$464.00	\$372.00	\$418.00	\$512.00	\$563.00	\$512.00	\$563.00	\$417.00	\$464.00	\$372.00	\$418.00	\$372.00	\$418.00	\$361.00	\$406.00
	\$120,000	\$511.00	\$572.00	\$560.00	\$624.00	\$501.00	\$562.00	\$690.00	\$759.00	\$690.00	\$759.00	\$560.00	\$624.00	\$501.00	\$562.00	\$501.00	\$562.00	\$486.00	\$546.00
	\$160,000	\$641.00	\$719.00	\$704.00	\$784.00	\$629.00	\$707.00	\$867.00	\$954.00	\$867.00	\$954.00	\$704.00	\$784.00	\$629.00	\$707.00	\$629.00	\$707.00	\$611.00	\$687.00
6	\$80,000	\$409.00	\$469.00	\$447.00	\$508.00	\$402.00	\$462.00	\$546.00	\$612.00	\$546.00	\$612.00	\$447.00	\$508.00	\$402.00	\$462.00	\$402.00	\$462.00	\$390.00	\$449.00
	\$120,000	\$551.00	\$631.00	\$602.00	\$684.00	\$541.00	\$621.00	\$735.00	\$824.00	\$735.00	\$824.00	\$602.00	\$684.00	\$541.00	\$621.00	\$541.00	\$621.00	\$525.00	\$603.00
	\$160,000	\$692.00	\$793.00	\$756.00	\$859.00	\$680.00	\$781.00	\$923.00	\$1,036.00	\$923.00	\$1,036.00	\$756.00	\$859.00	\$680.00	\$781.00	\$680.00	\$781.00	\$660.00	\$759.00
9	\$80,000	\$733.00	\$885.00	\$779.00	\$934.00	\$726.00	\$878.00	\$906.00	\$1,075.00	\$906.00	\$1,075.00	\$779.00	\$934.00	\$726.00	\$878.00	\$726.00	\$878.00	\$707.00	\$856.00
	\$120,000	\$987.00	\$1,191.00	\$1,048.00	\$1,256.00	\$977.00	\$1,181.00	\$1,221.00	\$1,448.00	\$1,221.00	\$1,448.00	\$1,048.00	\$1,256.00	\$977.00	\$1,181.00	\$977.00	\$1,181.00	\$951.00	\$1,151.00
	\$160,000	\$1,240.00	\$1,496.00	\$1,317.00	\$1,579.00	\$1,228.00	\$1,484.00	\$1,534.00	\$1,819.00	\$1,534.00	\$1,819.00	\$1,317.00	\$1,579.00	\$1,228.00	\$1,484.00	\$1,228.00	\$1,484.00	\$1,196.00	\$1,447.00

**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"/>	%	Window Locks	<input type="text" value="0"/>	%
Smoke Alarm	<input type="text"/>	%	\$1,000 Deductible	<input type="text" value="14"/>	%
			Other (specify)	<input type="text"/>	%
			Maximum Credit Allowed	<input type="text"/>	%

EARTHQUAKE INSURANCE

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

ARE YOU CURRENTLY WRITING EARTHQUAKE COVERAGE IN ARKANSAS?	<input type="text" value="Yes"/>	(yes or no)	
WHAT IS YOUR PERCENTAGE DEDUCTIBLE?	<input type="text" value="5"/>	%	
WHAT IS YOUR PRICE PER \$1,000 OF COVERAGE?			
	Zone	Brick	Frame
	Highest Risk	\$ <input type="text" value="2.22"/>	\$ <input type="text" value="1.96"/>
	Lowest Risk	\$ <input type="text" value="0.70"/>	\$ <input type="text" value="0.26"/>

**Republic Underwriters Insurance Company
Arkansas Dwelling Fire– DP-3
Filing Memorandum**

Republic Underwriters provides the attached support to revise the territory base rates for Arkansas Dwelling form DP-3 in addition to tiering changes. These revisions, as described herein, will result in a 24.5% premium increase to be effective on February 1, 2012 for new business and March 1, 2012 for renewal business. This is the first rate change for this program since inception on 8/1/2008. Republic currently insures approximately 2,200 DP-3 Dwelling Fire policyholders in Arkansas with a concentration of these policies located in the northwest corner.

An overall indicated rate increase of 32.1% has been calculated using three years of premium and loss experience for the experience period of October 2008 – September 2011. In support of this filing, we have attached exhibits of our Fire and Extended Coverage experience for Arkansas.

Summary of Indication/Proposed Changes

	Inforce Written <u>Premium</u>	Rate <u>Indication</u>	Base <u>Rate Change</u>	Tier <u>Change</u>	Overall Selected <u>Change</u>
Fire	644,457	9.3%	0.0%	6.0%	6.0%
Allied	555,880	63.8%	41.5%	6.0%	50.0%
Additional Coverages*	91,654		0.0%	0.0%	0.0%
Total	1,291,991	32.1%	17.9%	5.6%	24.5%

*includes Liability, Identity Theft & Earthquake

**Republic Underwriters Insurance Company
Arkansas Dwelling Fire– DP-3**

Table of Contents

Attachments in support of this filing:

Explanatory Memorandum

Fire & EC Common Exhibits

- Exhibit I: Overall Indication and Selected Change for Fire & EC
- Exhibit II: Current and Proposed Base Rates by Territory
- Exhibit III: Current and Proposed Tiering Guidelines

Fire Exhibits

- Exhibit I: Indication
- Exhibit II: Premium Trend & Rate History
- Exhibit III: Loss Development
- Exhibit IV: Loss Trend
- Exhibit V: Loss Adjustment Expense (LAE)
- Exhibit VI: *Intentionally Omitted*
- Exhibit VII: Permissible Loss and LAE Ratio
- Exhibit VIII: Credibility of Experience
- Exhibit IX: Return on Equity Calculation
- Exhibit X: Territory Indications, Selected Changes & Overall Effect

Extended Coverage

- Exhibit I: Indication
- Exhibit II: Premium Trend & Rate 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: Territory Indications, Selected Changes & Overall Effect

Republic Underwriters Insurance Company
Arkansas Dwelling Fire– DP-3
Rate Level Indication
Explanatory Memorandum

Exhibits included in Fire and EC rate indications:

Exhibit I presents Republic experience in Arkansas for each of the last three accident years ending September 30, evaluated as of 09/30/2011. Extended Coverage loss data has been adjusted for catastrophe losses. Further adjustments to the data are 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, page 1, 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 8- and 4-point values. The selected annual trend value used to project the premiums over the future policy period is displayed. Premium trend factors are derived by indexing historical premium levels to the latest experience year and then projecting these premiums using the selected annual trend factor to the average earned date of the proposed policy period.

Historical rate changes are shown on page 2 of Exhibit II. Historical premium is brought to the present rate level using the parallelogram method. The most recent rate change for this program was August 1, 2008 and this was the initial filing; therefore no rate adjustments were necessary over the experience period to bring the premiums to the current rate level.

Exhibit III displays the calculation of Republic Group Countrywide loss development factors. Loss data used for these calculations are net of salvage/subrogation and the EC data excludes catastrophes. Due to the similarity of Republic's Fire & EC 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 4, 8, and 12 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, supplemental industry (ISO Fast Track) homeowners' data is shown for comparison with EC losses. The bottom of Exhibit IV displays the selected historical and future loss trend factors. Republic utilizes a two-step trending procedure with the historical losses in the experience period trended to the mid-point of the latest accident year using the historical trend selection; then projected to the mid-point of the future policy year using the selected future trend.

Exhibit V develops the loss adjustment expense (LAE) factor used in calculating the indication in Exhibit I. Republic Arkansas data and countrywide data are used to calculate the Allocated LAE factor and Republic Group countrywide data are used to calculate the Unallocated LAE factor. The ALAE factors are based upon calendar years 2008 - 2010 using Page 15 data and the ULAE factors are based upon calendar years 2006 – 2010 using the consolidated Insurance Expense Exhibit, Part III, Line 1 (Fire) and Line 2.1 (Allied).

Exhibit VI provides the data and calculation of the catastrophe factor used to determine the indication in Exhibit I for Extended Coverage. Non-hurricane catastrophe losses are ratioed to ex-catastrophe losses for Arkansas, but supplemented with the same ratio from the past twenty-one years for the Republic's Oklahoma Dwelling Fire program. These ratios are used to calculate an average non-hurricane catastrophe to ex-catastrophe loss ratio. The long term average non-hurricane catastrophe load developed in this exhibit is used in the rate level calculation instead of the actual catastrophe losses. The selected non-hurricane catastrophe ratio is applied to the non-cat losses in Exhibit 1 resulting in an average cat load for each accident year. This better reflects the expected level of catastrophe losses in the future policy period by removing excessively heavy or light catastrophe years from the experience period.

Exhibit VII, page 1, shows the development of the permissible loss and LAE ratio (PLR). General and Other Acquisition Expenses are based on Republic data from the Insurance Expense Exhibit while all other data are based on experience from internal accounting reports. The internal accounting reports are more accurate for this personal lines dwelling program since Republic Annual Statement data contains a combination of personal and commercial lines data for Fire and EC. Disallowed expenses and the premium received from policy fees have been removed from the expense load. The marginal cost of reinsurance, calculated on page 2, Exhibit VII, is included as an expense for EC. Marginal cost means the charge for the coverage over and above the expected catastrophe losses included in the rate indication. The reinsurance load as presented in the attached rate indication for EC reflects the current treaties and costs for 2011. Coverage for convective storm events between \$10 million and \$20 million and all catastrophic events between \$20 million and \$300 million are covered under the 2011 reinsurance treaties. The calculation of the Profit and Contingencies Provision included in the development of the PLR is provided on Exhibit IX.

Exhibit VIII details the calculation of credibility assigned to the rate indications in Exhibit I.

Exhibit IX develops the underwriting profit provision with consideration of investment income generated from held reserves, the premium/surplus ratio reflecting the surplus allocated to this line of business and the target after-tax return on surplus. A total after-tax return on equity of 12% is targeted.

Exhibit X shows the territorial indications, proposed changes to territorial base rates, and the overall effect by territory.

Republic Underwriters Insurance Company
Arkansas Dwelling Fire
Overall Effect

Exhibit I
 Fire & EC

	<u>Inforce Written Premium</u>	<u>Rate Indication</u>	<u>Base Rate Change</u>	<u>Tier Change</u>	<u>Overall Selected Change</u>
Fire	644,457	9.3%	0.0%	6.0%	6.0%
Allied	555,880	63.8%	41.5%	6.0%	50.0%
Additional Coverages*	91,654		0.0%	0.0%	0.0%
Total	1,291,991	32.1%	17.9%	5.6%	24.5%
\$\$ Change		\$ 414,528	230,771		\$ 316,445

* includes Liability, Identity Theft and Earthquake

Republic Underwriters Insurance Company
Arkansas Dwelling Fire (DP-3)
Proposed Territory Base Rates

Exhibit II
 Fire & EC

Territory Description	Current				Proposed Base Rate Change				Proposed			
	Fire		EC		Fire		EC		Fire		EC	
	Cov. A	Cov. C	Cov. A	Cov. C	Cov. A	Cov. C	Cov. A	Cov. C	Cov. A	Cov. C	Cov. A	Cov. C
001 Benton and Washington Counties	220	35	155	40	0%	0%	45%	40%	220	35	225	56
002 Carroll and Madison Counties	225	35	185	40	0%	0%	40%	40%	225	35	259	56
003 Baxter, Boone and Marion Counties	225	35	185	40	0%	0%	40%	40%	225	35	259	56
004 Fulton, Independence, Izard and Sharp Counties	225	35	185	40	0%	0%	40%	40%	225	35	259	56
005 Lawrence County	235	35	215	40	0%	0%	40%	40%	235	35	301	56
006 Clay, Greene and Randolph Counties	245	35	245	40	0%	0%	40%	40%	245	35	343	56
007 Crawford and Sebastian Counties	220	35	155	40	0%	0%	40%	40%	220	35	217	56
008 Conway, Franklin, Johnson, Newton, and Pope Counties	225	35	185	40	0%	0%	40%	40%	225	35	259	56
009 Cleburne, Searcy, Stone, and Van Burne Counties	220	35	155	40	0%	0%	40%	40%	220	35	217	56
010 Jackson and Woodruff Counties	235	35	215	40	0%	0%	40%	40%	235	35	301	56
011 Craighead County	220	35	155	40	0%	0%	40%	40%	220	35	217	56
012 Mississippi County	245	35	245	40	0%	0%	40%	40%	245	35	343	56
013 Logan County	225	35	185	40	0%	0%	40%	40%	225	35	259	56
014 Yell County	225	35	185	40	0%	0%	40%	40%	225	35	259	56
015 Faulkner County	220	35	155	40	0%	0%	40%	40%	220	35	217	56
016 White County	235	35	215	40	0%	0%	40%	40%	235	35	301	56
017 Cross, Lee, Poinsett and St. Francis Counties	245	35	245	40	0%	0%	40%	40%	245	35	343	56
018 Crittenden County	245	35	245	40	0%	0%	40%	40%	245	35	343	56
019 Montgomery, Polk, and Scott Counties	225	35	185	40	0%	0%	40%	40%	225	35	259	56
020 Remainder of Garland, Hot Spring and Perry Counties	220	35	155	40	0%	0%	40%	40%	220	35	217	56
021 Grant and Remainder of Saline Counties	220	35	155	40	0%	0%	40%	40%	220	35	217	56
022 Remainder of Pulaski County	215	35	150	40	0%	0%	40%	40%	215	35	210	56
023 Lonoke County	225	35	185	40	0%	0%	40%	40%	225	35	259	56
024 Prairie County	235	35	215	40	0%	0%	40%	40%	235	35	301	56
025 Monroe County	235	35	215	40	0%	0%	40%	40%	235	35	301	56
026 Jefferson County	235	35	215	40	0%	0%	40%	40%	235	35	301	56
027 Arkansas County	245	35	245	40	0%	0%	40%	40%	245	35	343	56
028 Phillips County	245	35	245	40	0%	0%	40%	40%	245	35	343	56
029 Clark, Howard, Pike, and Sevier Counties	225	35	185	40	0%	0%	40%	40%	225	35	259	56
030 Bradley, Calhoun, Cleveland, Dalls and Lincoln Counties	245	35	245	40	0%	0%	40%	40%	245	35	343	56
031 Desha County	245	35	245	40	0%	0%	40%	40%	245	35	343	56
032 Little River and Miller Counties	220	35	155	40	0%	0%	40%	40%	220	35	217	56
033 Hempstead and LaFayette Counties	235	35	215	40	0%	0%	40%	40%	235	35	301	56
034 Nevada and Ouachita Counties	235	35	215	40	0%	0%	40%	40%	235	35	301	56
035 Columbia County	225	35	185	40	0%	0%	40%	40%	225	35	259	56
036 Union County	225	35	185	40	0%	0%	40%	40%	225	35	259	56
037 Ashley Chicot and Drew Counties	245	35	245	40	0%	0%	40%	40%	245	35	343	56
038 Cities of Little Rock and North Little Rock(Pulaski County)	215	35	150	40	0%	0%	40%	40%	215	35	210	56
039 Hot Springs Village (Garland and Saline Counties)	210	35	145	40	0%	0%	40%	40%	210	35	203	56

**REPUBLIC UNDERWRITERS INSURANCE COMPANY
 ARKANSAS DWELLING (FORM DP-3) - CURRENT
 TIER UNDERWRITING CRITERIA - NEW & RENEWAL BUSINESS**

Exhibit III
 Page 1
 Fire & EC

(1) INSURANCE SCORE

Score	Points
800+	45
750-799	40
700-749	30
650-699	20
600-649	10
<600	0
Null/No Hit	20

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

(4) ROOF AGE

Roof Age	Points
0-4	15
5-6	13
7-8	11
9-10	9
11-12	6
13-15	3
16+	0

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

(5) PPC

PPC	Points
1-8	30
9	15
10	0

(6) 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	AR DP-3
196+	1	0.80	The underwriting tier is determined by adding together the total points from tables (1) through (6) above. Look up the total points in the Point Value Table. Other underwriting considerations could result in slight modifications to the rated tier assignment.
188-195	2	0.83	
180-187	3	0.86	
172-179	4	0.89	
164-171	5	0.92	
156-163	6	0.96	
148-155	7	1.00	
140-147	8	1.04	
132-139	9	1.08	
124-131	10	1.12	
116-123	11	1.16	
108-115	12	1.20	
100-107	13	1.25	
92-99	14	1.30	
<92	15	1.35	

Maximum points: 200
 Minimum points: 0

**REPUBLIC UNDERWRITERS INSURANCE COMPANY
 ARKANSAS DWELLING (FORM DP-3) - PROPOSED
 TIER UNDERWRITING CRITERIA - NEW & RENEWAL BUSINESS**

Exhibit III
 Page 2
 Fire & EC

(1) INSURANCE SCORE

Score	Points
800+	70
750-799	65
700-749	55
650-699	45
625-649	35
600-624	15
<600	0
Null/No Hit	45

(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

Age	Points
0-15	40
16-17	35
18-19	30
20-24	27
25-29	25
30-34	22
35-39	17
40-44	12
45-49	6
50+	0

(4) ROOF AGE

Roof Age	Points
0-4	15
5-6	13
7-8	11
9-10	9
11-12	6
13-15	3
16+	0

(5) PPC

PPC	Points
1-8	30
9	15
10	0

(6) 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	AR DP-3	
		Tier	Factor
221+	1		0.80
213-220	2		0.83
205-212	3		0.86
197-204	4		0.89
189-196	5		0.92
181-188	6		0.96
173-180	7		1.00
165-172	8		1.04
157-164	9		1.08
149-156	10		1.12
141-148	11		1.16
133-140	12		1.20
125-132	13		1.25
117-124	14		1.30
<117	15		1.35

The underwriting tier is determined by adding together the total points from tables (1) through (6) above. Look up the total points in the Point Value Table. Other underwriting considerations could result in slight modifications to the rated tier assignment.

Maximum points:	225
Minimum points:	0

Republic Underwriters Insurance Company
Arkansas Dwelling Fire
Fire
Statewide Rate Level Indications

Exhibit I
Fire

Data as of: Sep-11

Proposed Effective Dates
New: 2/1/2012
Renewal: 3/1/2012

Republic Group Of Insurance Companies

Losses

Fiscal Year Ending September	(1) Incurred Loss	(2) Development Factor	(3) Ultimate Incurred Loss	(4) Current Cost Factors	(5) Projection Factor 3/1/2013	(6) Trended Ultimate Incurred Loss
2009	33,728	1.000	33,728	1.126	1.058	40,175
2010	189,093	1.008	190,606	1.061	1.058	214,008
2011	381,262	1.038	395,841	1.000	1.058	418,929

Premiums & Loss Ratio

Fiscal Year Ending September	(7) Earned Premiums Actual	(8) Onlevel Factor	(9) at Current Rate	(10) Current Amount Factors	(11) On-Level at Current Amounts	(12) Projection Factor 3/1/2013	(13) Trended at Current Rate Level	(14) Trended Ultimate On-Level Loss Ratio
2009	139,446	1.000	139,446	1.026	143,076	1.048	150,015	26.8%
2010	366,765	1.000	366,765	1.033	378,988	1.048	397,367	53.9%
2011	543,830	1.000	543,830	1.000	543,830	1.048	570,203	73.5%

Indication

(17) Premium Weighted Projected Loss Ratio	60.4%	Accident Year	(23) Earned House Years
(18) Allocated Loss Adjustment Expense as % of Incurred Losses	4.5%	2009	502
(19) Weighted Loss & ALAE Ratio	63.1%	2010	1,330
(20) Fixed Expense Ratio	7.7%	2011	1,908
(21) Permissible Loss & ALAE Ratio	67.4%		
Variable Expense Ratio	26.7%		
ULAE Ratio	5.9%		
Total	32.6%		
(22) Indicated Change Before Credibility	5.1%		
(23) Compliment to Credibility	11.2%		
(24) Credibility Table Value	0.306		
(25) Indicated Statewide Rate Level Change	9.3%		
(26) Selected Statewide Rate Level Change	6.0%		

Notes:

- | | |
|----------------------------------|---|
| (2) is from Exhibit III. | (14) = (6) / (13) |
| (3) = (1) x (2). | (15) = ---Intentionally Left Blank--- |
| (4) is from Exhibit IV. | (17) = average of (14) weighted by (7). |
| (5) is from Exhibit IV. | (18) is from Exhibit V. |
| (6) = (3) x (4) x (5). | (19) = (17) x [1.000 + (18)]. |
| (8) is from Exhibit II, Page 2. | (20) is from Exhibit VII, Fire. |
| (9) = (7) x (8) | (21) is from Exhibit V and Exhibit VII. |
| (10) is from Exhibit II, Page 1. | (22) = [(19) + (20) +] / [(21)] - 1. |
| (11) = (9) x (10) | (23) is net trend, trended from the last rate change to 3/1/2013. |
| (12) is from Exhibit II, Page 1. | (24) = [(Total of (23) / 40000) ^ 0.5. See Exhibit VIII. |
| (13) = (11) x (12) | (25) = [(19)+(20)] / (21)-1 x (24) + [1.000 - (24)] x (23). |
| | (26) is selected by the Republic group. |

**Republic Underwriters Insurance Company
Arkansas Dwelling Fire
Fire**

Exhibit II
Page 1
Fire

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	298	82,644	277		
2009-3	502	139,446	278		
2009-4	721	198,976	276		
2010-1	936	256,886	275		
2010-2	1,137	312,415	275		
2010-3	1,330	366,765	276		
2010-4	1,510	420,966	279		
2011-1	1,659	466,090	281		
2011-2	1,787	505,100	283		
2011-3	1,908	543,830	285		
Average Earned Date	(4) Average Earned Prem	(5) Premium Index			
			4-point	2.85%	
			8-point	2.14%	
4/1/2009	278	1.026			
4/1/2010	276	1.033			
4/1/2011	285	1.000			
			(6) Selected	2.50%	

Years From Midpoint Of Latest Year's Data		
(7) To 12 Months Past Renewal		1.9
(8) Premium Projection Factor		1.048

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 Dwelling Fire
Fire
Rate History**

Exhibit II
Page 2
Fire

Date of Change	Overall Statewide Change
08/01/08	Initial Filing

Fiscal Year Ending September	Overall On-Level Factor
2009	1.000
2010	1.000
2011	1.000

Republic Underwriters Insurance Company
Arkansas Dwelling Fire
Countrywide Fire

Exhibit III
Fire

State Of: Arkansas

Rolling Accident Year Selected Loss Development Factors to Ultimate
(Based on Countrywide Fire data of the Republic Group as of 9/2011, excl. cats and mold)

Triangle of Incurred Losses

Fiscal Year Ending September	12	24	36	48	60	72	84
2000	1,778,388	1,848,082	1,856,932	1,851,758	1,851,758	1,851,758	1,851,758
2001	1,957,461	1,899,833	1,897,406	1,897,406	2,835,406	2,835,406	2,835,406
2002	976,977	1,033,527	990,849	991,617	991,617	991,617	991,617
2003	1,787,979	1,781,875	1,779,051	1,779,051	1,779,051	1,779,051	1,779,051
2004	765,485	798,889	800,047	800,047	800,047	800,047	800,047
2005	1,098,638	1,207,407	1,207,607	1,207,607	1,207,607	1,207,607	1,207,607
2006	1,356,308	1,342,815	1,405,030	1,405,030	1,405,030	1,405,030	1,405,030
2007	1,396,944	1,393,054	1,391,165	1,391,541	1,391,541		
2008	1,291,298	1,409,060	1,463,313	1,463,313			
2009	2,207,158	2,198,471	2,198,471				
2010	1,587,376	1,661,316					
2011	1,635,944						

Triangle of Link Ratios:

Fiscal Year Ending September	12:24	24:36	36:48	48:60	60:72	72:84	"Tail"
2000	1.039	1.005	0.997	1.000	1.000	1.000	
2001	0.971	0.999	1.000	1.494	1.000	1.000	
2002	1.058	0.959	1.001	1.000	1.000	1.000	
2003	0.997	0.998	1.000	1.000	1.000	1.000	
2004	1.044	1.001	1.000	1.000	1.000	1.000	
2005	1.099	1.000	1.000	1.000	1.000	1.000	
2006	0.990	1.046	1.000	1.000	1.000		
2007	0.997	0.999	1.000	1.000			
2008	1.091	1.039	1.000				
2009	0.996	1.000					
2010	1.047						
Averages							
Last 10	1.029	1.005	1.000	1.071	1.000	1.000	
Last 3	1.045	1.013	1.000	1.000	1.000	1.000	
Last 5 xhl	1.013	1.013	1.000	1.000	1.000	1.000	
	12:24	24:36	36:48	48:60	60:72	72:84	84-Ult.
Selected	1.030	1.008	1.000	1.000	1.000	1.000	1.000
LDF's to Ult:	1.038	1.008	1.000	1.000	1.000	1.000	1.000

Republic Underwriters Insurance Company
Arkansas Dwelling Fire
Fire Coverage
Loss Adjustment Expense

Exhibit V
Fire

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	26,856	4,142	15.4%
2009	47,441	17,036	35.9%
2010	292,871	9,388	3.2%
Average			18.2%

Countrywide Data

Calendar Year	(1) Incurred Losses	(2) Incurred ALAE	(3) = (2) / (1) ALAE Percentage
2006	3,727,060	254,609	6.8%
2007	4,540,566	263,004	5.8%
2008	5,814,194	156,363	2.7%
2009	6,472,003	117,232	1.8%
2010	5,919,500	318,953	5.4%
Average			4.5%

Selected ALAE Provision as a Percent of Incurred Losses: 4.5%

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

Countrywide Data

Calendar Year	(1) Earned Premium (000's)	(2) Incurred ULAE (000's)	(3) = (2) / (1) ULAE Percentage
2006	8,943	346	3.9%
2007	12,143	753	6.2%
2008	12,017	889	7.4%
2009	14,621	1,300	8.9%
2010	14,637	440	3.0%
Average			5.9%

Selected ULAE Provision as a Percent of Earned Premium: 5.9%

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	3,727	346	9.3%
2007	4,541	753	16.6%
2008	5,814	889	15.3%
2009	6,474	1,300	20.1%
2010	5,920	440	7.4%
Average			13.7%

Selected ULAE Provision as a Percent of Incurred Loss: 13.7%

Countrywide data includes Republic Lloyds, Republic Underwriters, Southern Insurance, Republic Fire & Casualty, Southern Underwriters, and Southern Vanguard Insurance Companies

**Republic Underwriters Insurance Company
Arkansas Dwelling Fire
Extended Coverage**

Exhibit VII
Fire

Permissible Loss and Loss Adjustment Expense Ratio

Expenses	2008	2009	2010	Selected
Fixed				
General Expense ¹ :	2.9%	3.5%	4.4%	3.6%
Other Acquisition ¹ :	3.3%	3.7%	4.6%	3.9%
Policy Fees Received ² :	(2.8%)	(1.4%)	(1.2%)	(1.8%)
Total Fixed Expenses :	3.4%	5.8%	7.8%	5.7%
AR Dwelling Fire Earned Premium	38,564	256,886	466,090	
Fixed Expense \$ Amount	1,328	15,019	36,367	
Fixed Expense Trend @ 4% Annual	1,201	1,155	1,110	
Trended Fixed Expenses	1,595	17,345	40,384	43,952
AR DF Projected Earned Premium	38,564	256,886	466,090	570,203
Proj. Fixed Expense as % of Premium	4.1%	6.8%	8.7%	7.7%
Variable				
Commission and Brokerage ³ :	17.4%	17.1%	17.7%	17.7%
Taxes, Licenses, and Fees ³ :	9.0%	3.6%	3.2%	3.2%
Profit and Contingencies Provision ⁴ :				5.8%
Total Variable Expenses :	32.2%	26.5%	26.7%	26.7%
Total Expense Provision :	36.3%	33.3%	35.4%	34.4%
Permissible Loss & LAE Ratio :				65.6%
Variable Expense Ratio :				26.7%

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

Republic Underwriters Insurance Company
Arkansas Dwelling Fire

Exhibit VIII
Fire

Assignment of Credibility

Fiscal Year Ending September	Earned House-Years
2009	502
2010	1,330
2011	1,908

(1) Total Earned House-Years :	3,740
(2) 3-Year Average Claim Frequency	0.006
(3) Claim Standard for Full Credibility ¹ :	1,082
(4) Calculated Earned House-Years for Full Credibility ((3) / (2))	175,385
(5) Selected Earned House-Years for Full Credibility	40,000
(6) Assigned Credibility ((1) / (5)) ^{0.5} , maximum 100%	30.6%

¹ Frequency only; within 5% with 90% confidence

Calculation of After-tax Return on Surplus

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	4.2%
(2) Tax rate	35.0%
(3) Premium / surplus ratio	1.7
(4) Return on reserves, after tax	0.8%
(5) Targeted pre-tax underwriting profit	5.8%
(6) After-Tax Return on Surplus	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 Income (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)	65.6%
9. Estimated Investment Earnings as a percentage of Net Earned Premium [(7) * (8)]	0.42%

a. Source: Annual Statement, Part 3a, Column 5 + Column 6, Line 4

b. Source: Annual Statement, Part 3, 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 VIII, Page 1

Estimated Investment Earnings On Unearned Premium Reserves

	(h)		
	Installment	Prepaid	Total
1. Homeowners Unearned Premium Reserve as of December 31, 2009 (a)	68,533,670	3,679,283	72,212,953
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 $[\{(1)+(2)\}/2]$	63,734,168	4,254,332	67,988,500
4. Reduction Due to Booking Installment as Full (b)	30,209,996	xxxxxxxxx	30,209,996
5. Net Mean Homeowners Unearned Premium Reserve	33,524,172	4,254,332	37,778,504
6. Percentage of Prepaid Expenses (c)			
(A) Commissions and Brokerages (/W.P.)	17.7%		
(B) Taxes, Licenses, & Fees (/W.P.)	3.2%		
(C) 50% of Other Acq. & Gen. Expense (/E.P.)	3.8%		
(D) Total Prepaid Expenses [(A)+(B)+(C)]			24.7%
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 $[(5)\times(1.0-(6D))\times(1.0-(11))]$			20,580,992
13. Average Rate-of-Return on Investible Income (f)			1.71%
14. Estimated Investment Earnings on Unearned Premium Reserves $[(12)\times(13)]$			350,968
15. Homeowners Net Earned Premium for 2010 (g)			83,859,860
16. Estimated Investment Earnings as a Percentage of Homeowners Net Earned Premiums $[(14)/(15)]$			0.42%

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, Fire

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

Republic Underwriters Insurance Company
Arkansas Dwelling Fire
Extended Coverage
Calculation of After-Tax Investment Rate of Return

	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)	454,686	442,527	13,745,462	148,560	172,155	200,244	0	182,639	15,346,273	
(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)	454,686	442,527	13,645,462	148,560	172,155	200,244	0	182,639	15,246,273	(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 12/31/09 (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 SI04, Line 24, 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 12/31/10 (2010 AS)										
(13) Total Invested Assets (Page 2, Line 12, 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 24, 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 Dwelling Fire
Fire and EC
Indicated Rate Level Change by Territory
Data as of 9/30/2011

Exhibit X
Fire

Territor Description	Fire						Allied Lines						Fire and EC Coverages Combined			
	In-Force Written Premium (1)	Distribution (2)	Fire Indicated Change (3)	Selected Base Rate Change (4)	Tier Change (5)	Overall Change (6)	In-Force Written Premium (7)	Distribution (8)	EC Indicated Change (9)	EC Selected Base Rate Change (10)	Tier Change (11)	Overall Change (12)	In-Force Written Premium (13)	Distribution (14)	Overall Indicated Change (15)	Overall Selected Change (16)
001 Benton and Washington Counties	200,468	31.1%	-5.9%	0.0%	4.8%	4.8%	174,468	30.3%	75.1%	45.0%	4.6%	51.7%	402,630	31.2%	31.8%	24.8%
002 Carroll and Madison Counties	4,432	0.7%	9.7%	0.0%	7.8%	7.8%	2,981	0.3%	55.5%	40.0%	7.0%	49.9%	8,007	0.6%	28.1%	22.9%
003 Baxter, Boone and Marion Counties	7,110	1.1%	8.6%	0.0%	4.1%	4.1%	5,486	0.6%	53.7%	40.0%	4.4%	46.1%	13,124	1.0%	28.2%	21.5%
004 Fulton, Independence, IZard and Sharp Counties	27,019	4.2%	8.3%	0.0%	7.3%	7.3%	17,821	2.2%	59.3%	40.0%	6.9%	49.6%	48,364	3.7%	28.6%	22.4%
005 Lawrence County	1,809	0.3%	10.0%	0.0%	9.2%	9.2%	1,685	0.3%	86.4%	40.0%	8.8%	52.3%	3,693	0.3%	46.8%	28.4%
006 Clay, Greene and Randolph Counties	4,450	0.7%	9.7%	0.0%	1.9%	1.9%	3,830	0.4%	55.3%	40.0%	2.3%	43.2%	8,700	0.7%	30.8%	20.0%
007 Crawford and Sebastian Counties	35,898	5.6%	2.5%	0.0%	6.1%	6.1%	33,851	5.8%	51.0%	40.0%	5.8%	48.1%	75,861	5.9%	26.0%	24.3%
008 Conway, Franklin, Johnson, Newton, and Pope Counties	24,095	3.7%	24.4%	0.0%	5.6%	5.6%	19,975	3.8%	49.7%	40.0%	6.2%	48.7%	47,155	3.6%	35.9%	23.5%
009 Cleburne, Searcy, Stone, and Van Burne Counties	12,362	1.9%	8.1%	0.0%	2.5%	2.5%	5,942	0.9%	53.4%	40.0%	4.2%	45.9%	19,265	1.5%	22.8%	15.8%
010 Jackson and Woodruff Counties	4,470	0.7%	8.8%	0.0%	1.4%	1.4%	3,719	0.8%	61.6%	40.0%	1.7%	42.4%	8,636	0.7%	32.8%	19.0%
011 Craighead County	13,061	2.0%	6.0%	0.0%	6.4%	6.4%	10,946	2.3%	50.7%	40.0%	6.6%	49.3%	25,974	2.0%	26.4%	24.0%
012 Mississippi County	8,787	1.4%	15.3%	0.0%	7.4%	7.4%	8,540	1.7%	54.7%	40.0%	7.2%	50.0%	18,314	1.4%	34.7%	26.9%
013 Logan County	162	0.0%	97.1%	0.0%	0.0%	0.0%	128	0.2%	54.3%	40.0%	0.0%	40.0%	340	0.0%	78.2%	15.1%
014 Yell County	1,936	0.3%	9.7%	0.0%	12.3%	12.3%	1,304	0.2%	76.5%	40.0%	9.7%	53.6%	3,386	0.3%	36.6%	27.7%
015 Faulkner County	19,677	3.1%	4.4%	0.0%	3.7%	3.7%	17,737	3.4%	70.5%	40.0%	3.5%	44.8%	41,269	3.2%	35.7%	21.0%
016 White County	29,936	4.6%	4.6%	0.0%	5.7%	5.7%	26,825	5.0%	66.5%	40.0%	5.4%	47.6%	60,938	4.7%	33.9%	23.7%
017 Cross, Lee, Poinsett and St. Francis Counties	4,508	0.7%	8.3%	0.0%	16.1%	16.1%	4,665	0.8%	53.5%	40.0%	16.7%	63.4%	9,733	0.8%	31.3%	37.9%
018 Crittenden County	11,507	1.8%	6.5%	0.0%	9.9%	9.9%	14,294	3.2%	50.7%	40.0%	9.9%	53.9%	26,836	2.1%	31.0%	33.0%
019 Montgomery, Polk, and Scott Counties	1,774	0.3%	61.5%	0.0%	12.1%	12.1%	1,541	0.4%	54.3%	40.0%	11.6%	56.2%	3,469	0.3%	58.2%	31.2%
020 Remainder of Garland, Hot Spring and Perry Counties	22,040	3.4%	7.2%	0.0%	9.5%	9.5%	16,826	2.5%	53.9%	40.0%	10.4%	54.6%	42,159	3.3%	27.4%	26.8%
021 Grant and Remainder of Saline Counties	21,329	3.3%	5.5%	0.0%	3.9%	3.9%	16,548	2.7%	53.8%	40.0%	3.6%	45.1%	41,360	3.2%	26.6%	20.0%
022 Remainder of Pulaski County	33,483	5.2%	3.0%	0.0%	6.1%	6.1%	26,123	5.0%	51.2%	40.0%	6.1%	48.6%	64,799	5.0%	24.1%	22.7%
023 Lonoke County	32,721	5.1%	17.7%	0.0%	3.3%	3.3%	26,292	5.3%	58.5%	40.0%	3.4%	44.8%	63,612	4.9%	35.9%	20.2%
024 Prairie County	217	0.0%	10.9%	0.0%	0.0%	0.0%	157	0.0%	56.9%	40.0%	0.0%	40.0%	399	0.0%	30.2%	15.7%
025 Monroe County	-	0.0%	11.4%	0.0%	0.0%	0.0%	-	0.0%	57.5%	40.0%	0.0%	40.0%	-	0.0%	0.0%	0.0%
026 Jefferson County	5,098	0.8%	7.9%	0.0%	15.1%	15.1%	5,642	1.3%	52.2%	40.0%	15.2%	61.2%	11,424	0.9%	31.2%	37.0%
027 Arkansas County	251	0.0%	11.4%	0.0%	0.0%	0.0%	343	0.0%	57.5%	40.0%	0.0%	40.0%	624	0.0%	38.0%	22.0%
028 Phillips County	528	0.1%	9.7%	0.0%	14.5%	14.5%	687	0.2%	55.2%	40.0%	14.3%	60.0%	1,294	0.1%	35.4%	37.7%
029 Clark, Howard, Pike, and Sevier Counties	5,712	0.9%	8.1%	0.0%	9.1%	9.1%	4,295	0.8%	53.7%	40.0%	8.1%	51.3%	10,787	0.8%	27.7%	25.2%
030 Bradley, Calhoun, Cleveland, Dalls and Lincoln Counties	2,929	0.5%	9.0%	0.0%	3.3%	3.3%	2,712	0.6%	54.6%	40.0%	4.5%	46.4%	5,878	0.5%	30.9%	23.0%
031 Desha County	6,295	1.0%	9.5%	0.0%	6.1%	6.1%	5,477	1.1%	68.8%	40.0%	6.4%	49.0%	12,408	1.0%	37.1%	24.7%
032 Little River and Miller Counties	2,803	0.4%	9.5%	0.0%	2.5%	2.5%	2,695	0.4%	55.2%	40.0%	3.0%	44.2%	6,032	0.5%	31.9%	20.9%
033 Hempstead and LaFayette Counties	717	0.1%	9.5%	0.0%	21.3%	21.3%	883	0.2%	60.4%	40.0%	21.3%	69.8%	1,671	0.1%	37.6%	46.0%
034 Nevada and Ouachita Counties	6,094	0.9%	7.9%	0.0%	9.3%	9.3%	5,675	1.2%	55.8%	40.0%	9.3%	53.0%	12,319	1.0%	31.0%	29.0%
035 Columbia County	1,172	0.2%	10.2%	0.0%	0.0%	0.0%	569	0.1%	56.0%	40.0%	0.0%	40.0%	1,822	0.1%	25.2%	12.5%
036 Union County	9,856	1.5%	13.0%	0.0%	7.6%	7.6%	9,657	1.7%	58.6%	40.0%	7.5%	50.5%	20,993	1.6%	35.6%	26.8%
037 Ashley Chicot and Drew Counties	14,333	2.2%	5.5%	0.0%	8.8%	8.8%	15,267	3.3%	54.8%	40.0%	8.0%	51.2%	31,207	2.4%	30.9%	29.1%
038 Cities of Little Rock and North Little Rock(Pulaski County)	65,129	10.1%	50.3%	0.0%	8.0%	8.0%	60,024	10.9%	72.3%	40.0%	8.0%	51.2%	136,920	10.6%	60.9%	26.2%
039 Hot Springs Village (Garland and Saline Counties)	289	0.0%	10.7%	0.0%	0.0%	0.0%	270	0.1%	58.3%	40.0%	0.0%	40.0%	589	0.0%	33.7%	18.3%
Statewide	644,457	100.0%	9.1%	0.0%	6.0%	6.0%	555,880	100.0%	63.8%	41.5%	6.0%	50.0%	1,291,991	100.0%	34.2%	24.5%

Republic Underwriters Insurance Company
Arkansas Dwelling Fire
Extended Coverage
Statewide Rate Level Indications

Exhibit I
EC

Data as of: Sep-11

Proposed Effective Dates
New: 2/1/2012
Renewal: 3/1/2012

Republic Group Of Insurance Companies

Losses

Fiscal Year Ending September	(1) Non-Cat Incurred Loss	(2) Catastrophe Loss	(3) Development Factor	(4) Ultimate Non-Hurr Cat Adjusted	(5) Current Cost Factors	(6) Projection Factor 3/1/2013	(7) Trended Ultimate Incurred Loss
2009	273,116	67,192	1.013	539,528	1.126	1.058	642,661
2010	80,124	63,331	1.020	159,390	1.061	1.058	178,959
2011	327,872	600,350	1.153	737,018	1.000	1.058	780,005

Premiums & Loss Ratio

Fiscal Year Ending September	(8) Earned Premiums Actual	(9) Onlevel Factor	(10) at Current Rate	(11) Current Amount Factors	(12) On-Level at Current Amounts	(13) Projection Factor 3/1/2013	(14) Trended at Current Rate Level	(15) Trended Ultimate On-Level Loss Ratio
2009	119,091	1.000	119,091	1.052	125,261	1.048	131,335	489.3%
2010	321,790	1.000	321,790	1.031	331,818	1.048	347,909	51.4%
2011	476,114	1.000	476,114	1.000	476,114	1.048	499,203	156.3%

Indication

(17) Premium Weighted Projected Loss Ratio	162.7%	Accident Year	(23b) Earned House Years
(18) Allocated Loss Adjustment Expense as % of Incurred Losses	7.6%	2009	502
(19) Weighted Loss & ALAE Ratio	175.1%	2010	1,330
(20) Fixed Expense Ratio	4.8%	2011	1,908
(21) Permissible Loss & ALAE Ratio	61.7%		
Variable Expense Ratio	29.0%		
ULAE Ratio	9.3%		
Total	38.3%		
(22) Indicated Rate Change before Credibility	191.4%		
(23) Compliment to Credibility	11.2%		
(24) Credibility Table Value	0.292		
(25) Indicated Statewide Rate Level Change	63.8%		
(26) Selected Statewide Rate Level Change	42.9%		

Notes:

- | | |
|---|---|
| (3) is from Exhibit III. | (15) = (7) / (14). |
| (4) = (1) x (3) x Cat Factor of 1.950. (see Exhibit VI, EC) | (16) = --- Intentionally Left Blank --- |
| (5) is from Exhibit IV. | (17) = average of (15) weighted by (8). |
| (6) is from Exhibit IV. | (18) is from Exhibit V. |
| (7) = (4) x (5) x (6). | (19) = (17) x [1.000 + (18)]. |
| (9) is from Exhibit II, Page 2. | (20) is from Exhibit VII, Page 1. |
| (10) = (8) x (9). | (21) is from Exhibit V and Exhibit VII. |
| (11) is from Exhibit II, Page 1. | (22) = [(19) + (20) +] / [(21)] - 1. |
| (12) = (10) x (11). | (23) is net trend, trended from the last rate change to 3/1/2013. |
| (13) is from Exhibit II, Page 1. | (24) = [(Total of (23b) / 43917] ^ 0.5. See Exhibit VIII. |
| (14) = (12) x (13). | (25) = (22) x (24) + [1.000 - (24)] x (23). |
| | (26) is selected by the Republic group. |

**Republic Underwriters Insurance Company
Arkansas Dwelling Fire
Extended Coverage**

Exhibit II
Page 1
EC

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	298	70,504	236	
2009-3	502	119,091	237	
2009-4	721	170,801	237	
2010-1	936	222,029	237	
2010-2	1,137	272,266	239	
2010-3	1,330	321,790	242	
2010-4	1,510	370,073	245	
2011-1	1,659	409,788	247	
2011-2	1,787	443,519	248	
2011-3	1,908	476,114	250	

Average Earned Date	(4) Average Earned Prem	(5) Premium Index	Premium Trend
4/1/2009	237	1.052	4-point 2.30%
4/1/2010	242	1.031	8-point 3.32%
4/1/2011	250	1.000	
			(6) Selected 2.50%

Years From Midpoint Of Latest Year's Data (7) To 12 Months Past Renewal	1.9
(8) Premium Projection Factor	1.048

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 Dwelling Fire
Extended Coverage
Rate History**

Exhibit II
Page 2
EC

Date of Change	Overall Statewide Change
08/01/08	Initial Filing

Fiscal Year Ending September	Overall On-Level Factor
2009	1.000
2010	1.000
2011	1.000

Republic Underwriters Insurance Company
Arkansas Dwelling Fire
Extended Coverage
Countrywide EC
State Of: **Arkansas**

Exhibit III
EC

Rolling Accident Year Selected Loss Development Factors to Ultimate
(Based on Countrywide Fire data of the Republic Group as of 9/2011, excl. cats and mold)

Triangle of Incurred Losses

Fiscal Year Ending September	12	24	36	48	60	72	84
2000	2,874,846	3,154,200	3,136,707	3,141,288	3,141,288	3,141,288	3,176,287
2001	2,041,555	2,377,180	2,374,319	2,452,328	2,451,829	2,455,478	2,455,478
2002	2,159,812	2,245,263	2,248,894	2,255,360	2,247,030	2,247,030	2,247,030
2003	1,782,159	1,853,369	1,866,755	1,894,548	1,894,110	1,944,110	1,944,110
2004	2,269,052	2,639,598	2,649,046	2,648,684	2,654,734	2,659,087	2,669,148
2005	1,810,167	1,989,977	1,974,428	1,976,108	1,976,108	1,976,108	1,976,108
2006	1,568,718	1,846,933	1,903,703	1,904,450	1,939,524	1,941,561	
2007	1,820,986	1,922,757	1,890,458	1,902,446	1,908,241		
2008	1,845,501	2,085,236	2,010,910	2,029,147			
2009	2,691,415	3,433,663	3,688,667				
2010	2,876,864	3,054,804					
2011	2,636,875						

Triangle of Link Ratios:

Fiscal Year Ending September	12:24	24:36	36:48	48:60	60:72	72:84	
2000	1.097	0.994	1.001	1.000	1.000	1.011	
2001	1.164	0.999	1.033	1.000	1.001	1.000	
2002	1.040	1.002	1.003	0.996	1.000	1.000	
2003	1.040	1.007	1.015	1.000	1.026	1.000	
2004	1.163	1.004	1.000	1.002	1.002	1.004	
2005	1.099	0.992	1.001	1.000	1.000	1.000	
2006	1.177	1.031	1.000	1.018	1.001		
2007	1.056	0.983	1.006	1.003			
2008	1.130	0.964	1.009				
2009	1.276	1.074					
2010	1.062						
Averages							
Total	1.121	1.006	1.008	1.003	1.005	1.001	
Last 3	1.156	1.007	1.005	1.007	1.001	1.001	
Last 5 xhl	1.123	1.002	1.002	1.002	1.001	1.000	
	12:24	24:36	36:48	48:60	60:72	72:84	"Tail"
Selected	1.130	1.007	1.006	1.005	1.002	1.000	84-Ult.
LDF	1.153	1.020	1.013	1.007	1.002	1.000	1.000

Republic Underwriters Insurance Company
Arkansas Dwelling Fire
Extended Coverage

Exhibit IV
 EC

Loss Trend Development

Year-Qtr	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	Homeowners		(11)
	Ultimate Counts	Ultimate Losses	Earned Exposures	Rolling Qtr Ult. Counts	Rolling Qtr Ult. Losses	Frequency	Severity	Pure Premium	(9) Fast Track Frequency	(10) Fast Track Severity	(11) Fast Track Pure Premium
2008-3	0	0	2	0	0	0.0000			0.0581	6,987	406
2008-4	1	6,404	41	1	6,404	0.0247	6,404	158	0.0586	7,480	439
2009-1	2	12,213	139	3	18,617	0.0215	6,206	133	0.0617	7,611	469
2009-2	4	22,005	298	7	40,622	0.0235	5,803	136	0.0614	7,999	492
2009-3	7	234,011	502	14	274,633	0.0279	19,617	547	0.0661	8,243	545
2009-4	5	22,498	721	18	290,727	0.0250	16,147	403	0.0692	7,962	551
2010-1	3	5,697	936	19	284,211	0.0203	14,950	304	0.0698	8,003	559
2010-2	3	6,281	1,137	18	268,487	0.0159	14,897	236	0.0696	8,248	574
2010-3	7	47,051	1,330	18	81,527	0.0137	4,459	61	0.0642	8,186	525
2010-4	20	102,760	1,510	33	161,789	0.0219	4,891	107	0.0630	8,200	517
2011-1	14	89,824	1,659	44	245,916	0.0264	5,611	148	0.0629	8,542	537
2011-2	20	127,214	1,787	60	366,849	0.0338	6,070	205	0.0676	8,017	542
2011-3	8	43,456	1,908	61	363,254	0.0319	5,969	190			

	Frequency	Severity	Pure Premium	Fast Track Frequency	Fast Track Severity	Fast Track Pure Premium
4-point	54.89%	27.07%	81.96%	6.05%	-0.86%	5.19%
8-point	29.81%	-68.14%	-38.33%	-3.37%	1.06%	-2.31%
12-point	6.28%	-16.81%	-10.53%	3.94%	4.69%	8.63%
16-point				7.91%	6.76%	14.67%

(12) Selected Historical Trend	3.00%	3.00%	6.09%
(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))^1.9

Midpoint of latest year 1 yr past Renewal
 Project from 4/1/2011 -----> 3/1/2013 1.9 yrs.

(14) Loss Projection Factor 1.058

Republic Underwriters Insurance Company
Arkansas Dwelling Fire
Extended Coverage
Loss Adjustment Expense

Exhibit V
EC

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	2,811	184	6.5%
2009	425,657	12,265	2.9%
2010	227,730	-530	-0.2%
Average			3.1%

Countrywide Data

Calendar Year	(1) Incurred Losses	(2) Incurred ALAE	(3) = (2) / (1) ALAE Percentage
2006	5,566,235	718,644	12.9%
2007	8,680,445	593,142	6.8%
2008	70,497,692	1,471,845	2.1%
2009	25,377,832	1,051,713	4.1%
2010	19,983,456	2,412,122	12.1%
Average			7.6%

Selected ALAE Provision as a Percent of Incurred Losses: 7.6%

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

Countrywide Data

Calendar Year	(1) Earned Premium (000's)	(2) Incurred ULAE (000's)	(3) = (2) / (1) ULAE Percentage
2006	18,887	1,013	5.4%
2007	27,096	2,889	10.7%
2008	37,984	5,470	14.4%
2009	41,877	3,187	7.6%
2010	46,303	3,840	8.3%
Average			9.3%

Selected ULAE Provision as a Percent of Earned Premium: 9.3%

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	5,565	1,013	18.2%
2007	8,681	2,889	33.3%
2008	70,497	5,470	7.8%
2009	25,379	3,187	12.6%
2010	19,982	3,840	19.2%
Average			18.2%

Selected ULAE Provision as a Percent of Incurred Losses: 12.0%

Countrywide data includes Republic Lloyds, Republic Underwriters, Southern Insurance, Republic Fire & Casualty, Southern Underwriters, and Southern Vanguard Insurance Companies

Republic Underwriters Insurance Company
Arkansas Dwelling Fire
Extended Coverage

Exhibit VI
 EC

Expected Catastrophe Provision
 (000 omitted)

Arkansas Extended Coverage

Fiscal Year Ending September	Ext. Cov Non-Cat Ultimate Inc Loss	Ext. Coverage Non-Hurricane Catastrophe Ult Inc Loss	Ext. Coverage Non-Hurricane Catastrophe Factor
2008	0	2	N/A
2009	275	68	1.249
2010	82	75	1.916
2011	363	743	3.047
Total	719	889	2.235

Straight Average 2.071
 Weighted Average 2.235

Selected Catastrophe Factor: 1.950

Oklahoma Extended Coverage¹

Fiscal Year Ending December	Incurred Non-Cat Losses	Incurred Cat Losses	Cat Factor
1991	85,406	44,317	1.519
1992	61,505	94,396	2.535
1993	171,188	133,087	1.777
1994	310,938	21,186	1.068
1995	385,967	87,763	1.227
1996	280,475	102,486	1.365
1997	333,434	-	1.000
1998	177,117	44,157	1.249
1999	207,667	237,676	2.145
2000	192,039	66,105	1.344
2001	136,712	80,134	1.586
2002	195,858	28,225	1.144
2003	203,856	408,216	3.002
2004	255,012	184,253	1.723
2005	153,856	260,979	2.696
2006	356,500	113,891	1.319
2007	329,433	550,737	2.672
2008	284,755	1,317,111	5.625
2009	449,661	253,691	1.564
2010	337,715	447,827	2.326
2011	298,476	404,238	2.354
Total	5,207,570	4,880,475	1.937

All Year Average 1.964
 10 Year Average 2.443
 5 Year Average: 2.908
 Selected Factor: 1.950

Note 1: Republic's Oklahoma experience was considered in selecting the catastrophe provision due to the lack of experience in Arkansas. (2011 in OK was Annualized)

**Republic Underwriters Insurance Company
Arkansas Dwelling Fire
Extended Coverage**

Exhibit VII
Page 1
EC

Permissible Loss and Loss Adjustment Expense Ratio

Expenses	2008	2009	2010	Selected
Fixed				
General Expense ¹ :	3.4%	3.4%	2.7%	3.2%
Other Acquisition ¹ :	3.3%	3.3%	2.7%	3.1%
Policy Fees Received ² :	(3.4%)	(1.6%)	(1.3%)	(2.1%)
Total Fixed Expenses :	3.3%	5.1%	4.1%	4.2%
AR Dwelling Fire EC Earned Premium	9,980	170,801	370,073	
Fixed Expense \$ Amount	329	8,720	15,227	
Fixed Expense Trend @ 4% Annual	1,201	1,155	1,110	
Trended Fixed Expenses	395	10,070	16,909	23,994
AR DF EC Projected Earned Premium	9,980	170,801	370,073	499,203
Proj. Fixed Expense as % of Premium	4.0%	5.9%	4.6%	4.8%
Variable				
Commission and Brokerage ³ :	17.1%	16.6%	17.4%	17.0%
Taxes, Licenses, and Fees ³ :	8.8%	3.7%	3.2%	3.2%
Profit and Contingencies Provision ⁴ :				5.7%
Cost of Reinsurance (2011) ⁵				3.0%
Total Variable Expenses :	31.6%	26.0%	26.3%	29.0%
Total Expense Provision :	35.6%	31.9%	30.9%	33.8%
Permissible Loss & LAE Ratio :				66.2%
Variable Expense Ratio :				29.0%

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

⁵ Exhibit VII, Page 2

Reinsurance Layer	Reinsurance Limit	2011 Property Reinsurance Cost Companywide	2011 Property Reinsurance Cost Texas DF	AR DF Reins. Cost as a % of Premium*
Per Risk Excess of Loss Reinsurance:				
1st Layer	1M xs 1M	1,250,000	-	
2nd Layer	3M xs 2M	<u>2,250,000</u>	<u>-</u>	
(A) Per Risk Excess Reinsurance Total Cost		3,500,000	0	
(B) Estimated Reinsurer Profit, Expense, & Risk Load			0	0.00%
Catastrophe Reinsurance:				
		2011 CAT Reins. Cost Companywide	2011 CAT Reins. Cost AR DF	
1st Layer	10M xs 10M 1 Event	<u>2,875,000</u>	<u>22,003</u>	
2nd Layer	20M xs 20M 2 Events	9,554,775	14,625	
3rd Layer	60M xs 40M 2 Events	13,598,438	5,204	
4th Layer	75M xs 100M 2 Events	8,437,500	-	
5th Layer	125M xs 175M 1 Event	<u>8,483,500</u>	<u>-</u>	
(C) Cat Reinsurance Total Cost		42,949,213	41,832	
(D) AIR CLASIC v12.0 avg annual Severe Storm Loss & L.		<u>Companywide</u> 3,350,478	<u>AR DF</u> 172,744	
(E) Projected Cat Losses Excess of \$20M Retention - Single Events			2,758	
(F) Projected Average Loss Otherwise Recoverable, 1st two layers			24,539	
(G) Total Cat Losses over Retention Included in Rate Indication (E) + (F)			<u>27,297</u>	
(H) Estimated Reinsurer Profit, Expenses & Risk Load (C) - (G)			14,534	3.0%
(B) + (H) Property Reinsurance Cost Over Expected Premium:			14,534	3.0%

* Reinsurance Cost is expressed as a percentage of projected 2011 Dwelling EC Earned Premium.

Republic Underwriters Insurance Company
Arkansas Dwelling Fire
Extended Coverage
 Assignment of Credibility

Exhibit VIII
 EC

Fiscal Year Ending June	Earned House-Years
2009	502
2010	1,330
2011	1,908
(1) Total Earned House-Years :	3,740
(2) 3-Year Average Claim Frequency	0.025
(3) Claim Standard for Full Credibility ¹ :	1,082
(4) Calculated Earned House-Years for Full Credibility ((3) / (2))	43,917
(5) Selected Earned House-Years for Full Credibility	43,917
(6) Assigned Credibility ((1) / (5)) ^{0.5} , maximum 100%	29.2%

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	4.2%
(2) Tax rate	35.0%
(3) Premium / surplus ratio	1.7
(4) Return on reserves, after tax	0.9%
(5) Targeted pre-tax underwriting profit	5.7%
(6) After-Tax Return on Equity	12.0%
(1) + (3)x(4) + [(1-(2)) x (3)x(5)]	

(1) Page 4, Exhibit IX

(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 0]	\$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 Income (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)	71.0%
9. Estimated Investment Earnings as a percentage of Net Earned Premium [(7) * (8)]	0.45%

a. Source: Annual Statement, Part 3a, Column 5 + Column 6, Line 4

b. Source: Annual Statement, Part 3, Column 7, Line 4

c. Source: Page 4, Exhibit IX

d. Sources: LAE factor, from the 2010 year-end D.O. Statement

e. Source: Exhibit VIII, Page 1

Estimated Investment Earnings On Unearned Premium Reserves

	(h)		
	Installment	Prepaid	Total
1. Homeowners Unearned Premium Reserve as of December 31, 2009 (a)	68,533,670	3,679,283	72,212,953
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 $[\{(1)+(2)\}/2]$	63,734,168	4,254,332	67,988,500
4. Reduction Due to Booking Installment as Full (b)	30,209,996	xxxxxxxxx	30,209,996
5. Net Mean Homeowners Unearned Premium Reserve	33,524,172	4,254,332	37,778,504
6. Percentage of Prepaid Expenses (c)			
(A) Commissions and Brokerages (/W.P.)	17.0%		
(B) Taxes, Licenses, & Fees (/W.P.)	3.2%		
(C) 50% of Other Acq. & Gen. Expense (/E.P.)	3.2%		
(D) Total Prepaid Expenses [(A)+(B)+(C)]			23.4%
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 $[(5)\times\{1.0-(6D)\}\times\{1.0-(11)\}]$			20,926,968
13. Average Rate-of-Return on Investible Income (f)			1.71%
14. Estimated Investment Earnings on Unearned Premium Reserves $[(12)\times(13)]$			356,868
15. Homeowners Net Earned Premium for 2010 (g)			83,859,860
16. Estimated Investment Earnings as a Percentage of Homeowners Net Earned Premiums $[(14)/(15)]$			0.43%

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) Page 4, Exhibit IX

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

Republic Underwriters Insurance Company
Arkansas Dwelling Fire
Extended Coverage
Calculation of After-Tax Investment Rate of Return

	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)	454,686	442,527	13,745,462	148,560	172,155	200,244	0	182,639	15,346,273	
(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)	454,686	442,527	13,645,462	148,560	172,155	200,244	0	182,639	15,246,273	(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 12/31/09 (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 S104, Line 24, 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 12/31/10 (2010 AS)										
(13) Total Invested Assets (Page 2, Line 12, 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 S104, Line 24, 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 Dwelling Fire
Fire and EC
Indicated Rate Level Change by Territory
Data as of 9/30/2011

Exhibit X
EC

Territor Description	Fire						Allied Lines						Fire and EC Coverages Combined			
	In-Force Written Premium	Distribution	Fire Indicated Change	Selected Base Rate Change	Tier Change	Overall Change	In-Force Written Premium	Distribution	EC Indicated Change	Selected Base Rate Change	Tier Change	Overall Change	In-Force Written Premium	Distribution	Overall Indicated Change	Overall Selected Change
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	
001 Benton and Washington Counties	200,468	31.1%	-5.9%	0.0%	4.8%	4.8%	174,468	30.3%	75.1%	45.0%	4.6%	51.7%	402,630	31.2%	31.8%	24.8%
002 Carroll and Madison Counties	4,432	0.7%	9.7%	0.0%	7.8%	7.8%	2,981	0.3%	55.5%	40.0%	7.0%	49.9%	8,007	0.6%	28.1%	22.9%
003 Baxter, Boone and Marion Counties	7,110	1.1%	8.6%	0.0%	4.1%	4.1%	5,486	0.6%	53.7%	40.0%	4.4%	46.1%	13,124	1.0%	28.2%	21.5%
004 Fulton, Independence, IZard and Sharp Counties	27,019	4.2%	8.3%	0.0%	7.3%	7.3%	17,821	2.2%	59.3%	40.0%	6.9%	49.6%	48,364	3.7%	28.6%	22.4%
005 Lawrence County	1,809	0.3%	10.0%	0.0%	9.2%	9.2%	1,685	0.3%	86.4%	40.0%	8.8%	52.3%	3,693	0.3%	46.8%	28.4%
006 Clay, Greene and Randolph Counties	4,450	0.7%	9.7%	0.0%	1.9%	1.9%	3,830	0.4%	55.3%	40.0%	2.3%	43.2%	8,700	0.7%	30.8%	20.0%
007 Crawford and Sebastian Counties	35,898	5.6%	2.5%	0.0%	6.1%	6.1%	33,851	5.8%	51.0%	40.0%	5.8%	48.1%	75,861	5.9%	26.0%	24.3%
008 Conway, Franklin, Johnson, Newton, and Pope Counties	24,095	3.7%	24.4%	0.0%	5.6%	5.6%	19,975	3.8%	49.7%	40.0%	6.2%	48.7%	47,155	3.6%	35.9%	23.5%
009 Cleburne, Searcy, Stone, and Van Borne Counties	12,362	1.9%	8.1%	0.0%	2.5%	2.5%	5,942	0.9%	53.4%	40.0%	4.2%	45.9%	19,265	1.5%	22.8%	15.8%
010 Jackson and Woodruff Counties	4,470	0.7%	8.8%	0.0%	1.4%	1.4%	3,719	0.8%	61.6%	40.0%	1.7%	42.4%	8,636	0.7%	32.8%	19.0%
011 Craighead County	13,061	2.0%	6.0%	0.0%	6.4%	6.4%	10,946	2.3%	50.7%	40.0%	6.6%	49.3%	25,974	2.0%	26.4%	24.0%
012 Mississippi County	8,787	1.4%	15.3%	0.0%	7.4%	7.4%	8,540	1.7%	54.7%	40.0%	7.2%	50.0%	18,314	1.4%	34.7%	26.9%
013 Logan County	162	0.0%	97.1%	0.0%	0.0%	0.0%	128	0.2%	54.3%	40.0%	0.0%	40.0%	340	0.0%	78.2%	15.1%
014 Yell County	1,936	0.3%	9.7%	0.0%	12.3%	12.3%	1,304	0.2%	76.5%	40.0%	9.7%	53.6%	3,386	0.3%	36.6%	27.7%
015 Faulkner County	19,677	3.1%	4.4%	0.0%	3.7%	3.7%	17,737	3.4%	70.5%	40.0%	3.5%	44.8%	41,269	3.2%	35.7%	21.0%
016 White County	29,936	4.6%	4.6%	0.0%	5.7%	5.7%	26,825	5.0%	66.5%	40.0%	5.4%	47.6%	60,938	4.7%	33.9%	23.7%
017 Cross, Lee, Poinsett and St. Francis Counties	4,508	0.7%	8.3%	0.0%	16.1%	16.1%	4,665	0.8%	53.5%	40.0%	16.7%	63.4%	9,733	0.8%	31.3%	37.9%
018 Crittenden County	11,507	1.8%	6.5%	0.0%	9.9%	9.9%	14,294	3.2%	50.7%	40.0%	9.9%	53.9%	26,836	2.1%	31.0%	33.0%
019 Montgomery, Polk, and Scott Counties	1,774	0.3%	61.5%	0.0%	12.1%	12.1%	1,541	0.4%	54.3%	40.0%	11.6%	56.2%	3,469	0.3%	58.2%	31.2%
020 Remainder of Garland, Hot Spring and Perry Counties	22,040	3.4%	7.2%	0.0%	9.5%	9.5%	16,826	2.5%	53.9%	40.0%	10.4%	54.6%	42,159	3.3%	27.4%	26.8%
021 Grant and Remainder of Saline Counties	21,329	3.3%	5.5%	0.0%	3.9%	3.9%	16,548	2.7%	53.8%	40.0%	3.6%	45.1%	41,360	3.2%	26.6%	20.0%
022 Remainder of Pulaski County	33,483	5.2%	3.0%	0.0%	6.1%	6.1%	26,123	5.0%	51.2%	40.0%	6.1%	48.6%	64,799	5.0%	24.1%	22.7%
023 Lonoke County	32,721	5.1%	17.7%	0.0%	3.3%	3.3%	26,292	5.3%	58.5%	40.0%	3.4%	44.8%	63,612	4.9%	35.9%	20.2%
024 Prairie County	217	0.0%	10.9%	0.0%	0.0%	0.0%	157	0.0%	56.9%	40.0%	0.0%	40.0%	399	0.0%	30.2%	15.7%
025 Monroe County	-	0.0%	11.4%	0.0%	0.0%	0.0%	-	0.0%	57.5%	40.0%	0.0%	40.0%	-	0.0%	0.0%	0.0%
026 Jefferson County	5,098	0.8%	7.9%	0.0%	15.1%	15.1%	5,642	1.3%	52.2%	40.0%	15.2%	61.2%	11,424	0.9%	31.2%	37.0%
027 Arkansas County	251	0.0%	11.4%	0.0%	0.0%	0.0%	343	0.0%	57.5%	40.0%	0.0%	40.0%	624	0.0%	38.0%	22.0%
028 Phillips County	528	0.1%	9.7%	0.0%	14.5%	14.5%	687	0.2%	55.2%	40.0%	14.3%	60.0%	1,294	0.1%	35.4%	37.7%
029 Clark, Howard, Pike, and Sevier Counties	5,712	0.9%	8.1%	0.0%	9.1%	9.1%	4,295	0.8%	53.7%	40.0%	8.1%	51.3%	10,787	0.8%	27.7%	25.2%
030 Bradley, Calhoun, Cleveland, Dalls and Lincoln Counties	2,929	0.5%	9.0%	0.0%	3.3%	3.3%	2,712	0.6%	54.6%	40.0%	4.5%	46.4%	5,878	0.5%	30.9%	23.0%
031 Desha County	6,295	1.0%	9.5%	0.0%	6.1%	6.1%	5,477	1.1%	68.8%	40.0%	6.4%	49.0%	12,408	1.0%	37.1%	24.7%
032 Little River and Miller Counties	2,803	0.4%	9.5%	0.0%	2.5%	2.5%	2,695	0.4%	55.2%	40.0%	3.0%	44.2%	6,032	0.5%	31.9%	20.9%
033 Hempstead and LaFayette Counties	717	0.1%	9.5%	0.0%	21.3%	21.3%	883	0.2%	60.4%	40.0%	21.3%	69.8%	1,671	0.1%	37.6%	46.0%
034 Nevada and Ouachita Counties	6,094	0.9%	7.9%	0.0%	9.3%	9.3%	5,675	1.2%	55.8%	40.0%	9.3%	53.0%	12,319	1.0%	31.0%	29.0%
035 Columbia County	1,172	0.2%	10.2%	0.0%	0.0%	0.0%	569	0.1%	56.0%	40.0%	0.0%	40.0%	1,822	0.1%	25.2%	12.5%
036 Union County	9,856	1.5%	13.0%	0.0%	7.6%	7.6%	9,657	1.7%	58.6%	40.0%	7.5%	50.5%	20,993	1.6%	35.6%	26.8%
037 Ashley Chicot and Drew Counties	14,333	2.2%	5.5%	0.0%	8.8%	8.8%	15,267	3.3%	54.8%	40.0%	8.0%	51.2%	31,207	2.4%	30.9%	29.1%
038 Cities of Little Rock and North Little Rock(Pulaski County)	65,129	10.1%	50.3%	0.0%	8.0%	8.0%	60,024	10.9%	72.3%	40.0%	8.0%	51.2%	136,920	10.6%	60.9%	26.2%
039 Hot Springs Village (Garland and Saline Counties)	289	0.0%	10.7%	0.0%	0.0%	0.0%	270	0.1%	58.3%	40.0%	0.0%	40.0%	589	0.0%	33.7%	18.3%
Statewide	644,457	100.0%	9.1%	0.0%	6.0%	6.0%	555,880	100.0%	63.8%	41.5%	6.0%	50.0%	1,291,991	100.0%	34.2%	24.5%

Republic Underwriters Insurance Company
Arkansas Dwelling Fire
Overall Effect

Exhibit I
 Fire & EC
Revised

	<u>Inforce Written Premium</u>	<u>Rate Indication</u>	<u>Base Rate Change</u>	<u>Tier Change</u>	<u>Overall Selected Change</u>
Fire	644,457	9.3%	0.0%	6.0%	6.0%
Allied	555,880	63.8%	31.5%	6.0%	39.4%
Additional Coverages*	91,654		0.0%	0.0%	0.0%
Allied+Add'l Covgs	647,534	54.8%	27.1%	5.1%	33.8%
Total	1,291,991	32.1%	13.6%	5.6%	20.0%
\$\$ Change		\$ 414,528	175,183		\$ 258,398

* includes Liability, Identity Theft and Earthquake

**Republic Underwriters Insurance Company
Arkansas Dwelling Fire (DP-3)
Proposed Territory Base Rates**

Exhibit II
Fire & EC
Revised

Territory Description	Current				Proposed Base Rate Change				Proposed			
	Fire		EC		Fire		EC		Fire		EC	
	Cov. A	Cov. C	Cov. A	Cov. C	Cov. A	Cov. C	Cov. A	Cov. C	Cov. A	Cov. C	Cov. A	Cov. C
001 Benton and Washington Counties	220	35	155	40	0%	0%	35%	30%	220	35	209	52
002 Carroll and Madison Counties	225	35	185	40	0%	0%	30%	30%	225	35	241	52
003 Baxter, Boone and Marion Counties	225	35	185	40	0%	0%	30%	30%	225	35	241	52
004 Fulton, Independence, Izard and Sharp Counties	225	35	185	40	0%	0%	30%	30%	225	35	241	52
005 Lawrence County	235	35	215	40	0%	0%	30%	30%	235	35	280	52
006 Clay, Greene and Randolph Counties	245	35	245	40	0%	0%	30%	30%	245	35	319	52
007 Crawford and Sebastian Counties	220	35	155	40	0%	0%	30%	30%	220	35	202	52
008 Conway, Franklin, Johnson, Newton, and Pope Counties	225	35	185	40	0%	0%	30%	30%	225	35	241	52
009 Cleburne, Searcy, Stone, and Van Buren Counties	220	35	155	40	0%	0%	30%	30%	220	35	202	52
010 Jackson and Woodruff Counties	235	35	215	40	0%	0%	30%	30%	235	35	280	52
011 Craighead County	220	35	155	40	0%	0%	30%	30%	220	35	202	52
012 Mississippi County	245	35	245	40	0%	0%	30%	30%	245	35	319	52
013 Logan County	225	35	185	40	0%	0%	30%	30%	225	35	241	52
014 Yell County	225	35	185	40	0%	0%	30%	30%	225	35	241	52
015 Faulkner County	220	35	155	40	0%	0%	30%	30%	220	35	202	52
016 White County	235	35	215	40	0%	0%	30%	30%	235	35	280	52
017 Cross, Lee, Poinsett and St. Francis Counties	245	35	245	40	0%	0%	30%	30%	245	35	319	52
018 Crittenden County	245	35	245	40	0%	0%	30%	30%	245	35	319	52
019 Montgomery, Polk, and Scott Counties	225	35	185	40	0%	0%	30%	30%	225	35	241	52
020 Remainder of Garland, Hot Spring and Perry Counties	220	35	155	40	0%	0%	30%	30%	220	35	202	52
021 Grant and Remainder of Saline Counties	220	35	155	40	0%	0%	30%	30%	220	35	202	52
022 Remainder of Pulaski County	215	35	150	40	0%	0%	30%	30%	215	35	195	52
023 Lonoke County	225	35	185	40	0%	0%	30%	30%	225	35	241	52
024 Prairie County	235	35	215	40	0%	0%	30%	30%	235	35	280	52
025 Monroe County	235	35	215	40	0%	0%	30%	30%	235	35	280	52
026 Jefferson County	235	35	215	40	0%	0%	30%	30%	235	35	280	52
027 Arkansas County	245	35	245	40	0%	0%	30%	30%	245	35	319	52
028 Phillips County	245	35	245	40	0%	0%	30%	30%	245	35	319	52
029 Clark, Howard, Pike, and Sevier Counties	225	35	185	40	0%	0%	30%	30%	225	35	241	52
030 Bradley, Calhoun, Cleveland, Dalls and Lincoln Counties	245	35	245	40	0%	0%	30%	30%	245	35	319	52
031 Desha County	245	35	245	40	0%	0%	30%	30%	245	35	319	52
032 Little River and Miller Counties	220	35	155	40	0%	0%	30%	30%	220	35	202	52
033 Hempstead and LaFayette Counties	235	35	215	40	0%	0%	30%	30%	235	35	280	52
034 Nevada and Ouachita Counties	235	35	215	40	0%	0%	30%	30%	235	35	280	52
035 Columbia County	225	35	185	40	0%	0%	30%	30%	225	35	241	52
036 Union County	225	35	185	40	0%	0%	30%	30%	225	35	241	52
037 Ashley, Chicot and Drew Counties	245	35	245	40	0%	0%	30%	30%	245	35	319	52
038 Cities of Little Rock and North Little Rock(Pulaski County)	215	35	150	40	0%	0%	30%	30%	215	35	195	52
039 Hot Springs Village (Garland and Saline Counties)	210	35	145	40	0%	0%	30%	30%	210	35	189	52

Republic Underwriters Insurance Company
Arkansas Dwelling Fire
Fire and EC
Indicated Rate Level Change by Territory
Data as of 9/30/2011

Exhibit X
Fire
Revised

Territory Description	Fire						Allied Lines						Fire and EC Coverages Combined			
	In-Force Written Premium (1)	Distribution (2)	Fire Indicated Change (3)	Selected Base Rate Change (4)	Tier Change (5)	Overall Change (6)	In-Force Written Premium (7)	Distribution (8)	EC Indicated Change (9)	EC Selected Base Rate Change (10)	Tier Change (11)	Overall Change (12)	In-Force Written Premium (13)	Distribution (14)	Overall Indicated Change (15)	Overall Selected Change (16)
001 Benton and Washington Counties	200,468	31.1%	-5.9%	0.0%	4.8%	4.8%	174,468	30.3%	75.1%	35.0%	4.6%	41.2%	402,630	31.2%	31.8%	20.3%
002 Carroll and Madison Counties	4,432	0.7%	9.7%	0.0%	7.8%	7.8%	2,981	0.3%	55.5%	30.0%	7.0%	39.2%	8,007	0.6%	28.1%	18.9%
003 Baxter, Boone and Marion Counties	7,110	1.1%	8.6%	0.0%	4.1%	4.1%	5,486	0.6%	53.7%	30.0%	4.4%	35.7%	13,124	1.0%	28.2%	17.1%
004 Fulton, Independence, IZard and Sharp Counties	27,019	4.2%	8.3%	0.0%	7.3%	7.3%	17,821	2.2%	59.3%	30.0%	6.9%	38.9%	48,364	3.7%	28.6%	18.4%
005 Lawrence County	1,809	0.3%	10.0%	0.0%	9.2%	9.2%	1,685	0.3%	86.4%	30.0%	8.8%	41.4%	3,693	0.3%	46.8%	23.4%
006 Clay, Greene and Randolph Counties	4,450	0.7%	9.7%	0.0%	1.9%	1.9%	3,830	0.4%	55.3%	30.0%	2.3%	32.9%	8,700	0.7%	30.8%	15.5%
007 Crawford and Sebastian Counties	35,898	5.6%	2.5%	0.0%	6.1%	6.1%	33,851	5.8%	51.0%	30.0%	5.8%	37.5%	75,861	5.9%	26.0%	19.6%
008 Conway, Franklin, Johnson, Newton, and Pope Counties	24,095	3.7%	24.4%	0.0%	5.6%	5.6%	19,975	3.8%	49.7%	30.0%	6.2%	38.1%	47,155	3.6%	35.9%	19.0%
009 Cleburne, Searcy, Stone, and Van Burne Counties	12,362	1.9%	8.1%	0.0%	2.5%	2.5%	5,942	0.9%	53.4%	30.0%	4.2%	35.4%	19,265	1.5%	22.8%	12.6%
010 Jackson and Woodruff Counties	4,470	0.7%	8.8%	0.0%	1.4%	1.4%	3,719	0.8%	61.6%	30.0%	1.7%	32.2%	8,636	0.7%	32.8%	14.6%
011 Craighead County	13,061	2.0%	6.0%	0.0%	6.4%	6.4%	10,946	2.3%	50.7%	30.0%	6.6%	38.6%	25,974	2.0%	26.4%	19.5%
012 Mississippi County	8,787	1.4%	15.3%	0.0%	7.4%	7.4%	8,540	1.7%	54.7%	30.0%	7.2%	39.3%	18,314	1.4%	34.7%	21.9%
013 Logan County	162	0.0%	97.1%	0.0%	0.0%	0.0%	128	0.2%	54.3%	30.0%	0.0%	30.0%	340	0.0%	78.2%	11.3%
014 Yell County	1,936	0.3%	9.7%	0.0%	12.3%	12.3%	1,304	0.2%	76.5%	30.0%	9.7%	42.6%	3,386	0.3%	36.6%	23.4%
015 Faulkner County	19,677	3.1%	4.4%	0.0%	3.7%	3.7%	17,737	3.4%	70.5%	30.0%	3.5%	34.5%	41,269	3.2%	35.7%	16.6%
016 White County	29,936	4.6%	4.6%	0.0%	5.7%	5.7%	26,825	5.0%	66.5%	30.0%	5.4%	37.0%	60,938	4.7%	33.9%	19.1%
017 Cross, Lee, Poinsett and St. Francis Counties	4,508	0.7%	8.3%	0.0%	16.1%	16.1%	4,665	0.8%	53.5%	30.0%	16.7%	51.8%	9,733	0.8%	31.3%	32.3%
018 Crittenden County	11,507	1.8%	6.5%	0.0%	9.9%	9.9%	14,294	3.2%	50.7%	30.0%	9.9%	42.9%	26,836	2.1%	31.0%	27.1%
019 Montgomery, Polk, and Scott Counties	1,774	0.3%	61.5%	0.0%	12.1%	12.1%	1,541	0.4%	54.3%	30.0%	11.6%	45.0%	3,469	0.3%	58.2%	26.2%
020 Remainder of Garland, Hot Spring and Perry Counties	22,040	3.4%	7.2%	0.0%	9.5%	9.5%	16,826	2.5%	53.9%	30.0%	10.4%	43.5%	42,159	3.3%	27.4%	22.4%
021 Grant and Remainder of Saline Counties	21,329	3.3%	5.5%	0.0%	3.9%	3.9%	16,548	2.7%	53.8%	30.0%	3.6%	34.7%	41,360	3.2%	26.6%	15.9%
022 Remainder of Pulaski County	33,483	5.2%	3.0%	0.0%	6.1%	6.1%	26,123	5.0%	51.2%	30.0%	6.1%	38.0%	64,799	5.0%	24.1%	18.5%
023 Lonoke County	32,721	5.1%	17.7%	0.0%	3.3%	3.3%	26,292	5.3%	58.5%	30.0%	3.4%	34.4%	63,612	4.9%	35.9%	15.9%
024 Prairie County	217	0.0%	10.9%	0.0%	0.0%	0.0%	157	0.0%	56.9%	30.0%	0.0%	30.0%	399	0.0%	30.2%	11.8%
025 Monroe County	-	0.0%	11.4%	0.0%	0.0%	0.0%	-	0.0%	57.5%	30.0%	0.0%	30.0%	-	0.0%	0.0%	0.0%
026 Jefferson County	5,098	0.8%	7.9%	0.0%	15.1%	15.1%	5,642	1.3%	52.2%	30.0%	15.2%	49.7%	11,424	0.9%	31.2%	31.3%
027 Arkansas County	251	0.0%	11.4%	0.0%	0.0%	0.0%	343	0.0%	57.5%	30.0%	0.0%	30.0%	624	0.0%	38.0%	16.5%
028 Phillips County	528	0.1%	9.7%	0.0%	14.5%	14.5%	687	0.2%	55.2%	30.0%	14.3%	48.5%	1,294	0.1%	35.4%	31.7%
029 Clark, Howard, Pike, and Sevier Counties	5,712	0.9%	8.1%	0.0%	9.1%	9.1%	4,295	0.8%	53.7%	30.0%	8.1%	40.5%	10,787	0.8%	27.7%	20.9%
030 Bradley, Calhoun, Cleveland, Dalls and Lincoln Counties	2,929	0.5%	9.0%	0.0%	3.3%	3.3%	2,712	0.6%	54.6%	30.0%	4.5%	35.9%	5,878	0.5%	30.9%	18.2%
031 Desha County	6,295	1.0%	9.5%	0.0%	6.1%	6.1%	5,477	1.1%	68.8%	30.0%	6.4%	38.4%	12,408	1.0%	37.1%	20.0%
032 Little River and Miller Counties	2,803	0.4%	9.5%	0.0%	2.5%	2.5%	2,695	0.4%	55.2%	30.0%	3.0%	33.9%	6,032	0.5%	31.9%	16.3%
033 Hempstead and LaFayette Counties	717	0.1%	9.5%	0.0%	21.3%	21.3%	883	0.2%	60.4%	30.0%	21.3%	57.7%	1,671	0.1%	37.6%	39.6%
034 Nevada and Ouachita Counties	6,094	0.9%	7.9%	0.0%	9.3%	9.3%	5,675	1.2%	55.8%	30.0%	9.3%	42.0%	12,319	1.0%	31.0%	24.0%
035 Columbia County	1,172	0.2%	10.2%	0.0%	0.0%	0.0%	569	0.1%	56.0%	30.0%	0.0%	30.0%	1,822	0.1%	25.2%	9.4%
036 Union County	9,856	1.5%	13.0%	0.0%	7.6%	7.6%	9,657	1.7%	58.6%	30.0%	7.5%	39.7%	20,993	1.6%	35.6%	21.9%
037 Ashley and Chicot and Drew Counties	14,333	2.2%	5.5%	0.0%	8.8%	8.8%	15,267	3.3%	54.8%	30.0%	8.0%	40.4%	31,207	2.4%	30.9%	23.8%
038 Cities of Little Rock and North Little Rock(Pulaski County)	65,129	10.1%	50.3%	0.0%	8.0%	8.0%	60,024	10.9%	72.3%	30.0%	8.0%	40.4%	136,920	10.6%	60.9%	21.5%
039 Hot Springs Village (Garland and Saline Counties)	289	0.0%	10.7%	0.0%	0.0%	0.0%	270	0.1%	58.3%	30.0%	0.0%	30.0%	589	0.0%	33.7%	13.8%
Statewide	644,457	100.0%	9.1%	0.0%	6.0%	6.0%	555,880	100.0%	63.8%	31.5%	6.0%	39.4%	1,291,991	100.0%	34.2%	20.0%

Republic Underwriters Insurance Company
Arkansas Dwelling Fire
Extended Coverage
Statewide Rate Level Indications

Exhibit I
EC
Revised

Data as of: Sep-11

Proposed Effective Dates
New: 2/1/2012
Renewal: 3/1/2012

Republic Group Of Insurance Companies

Losses

Fiscal Year	(1) Non-Cat Ending September	(2) Catastrophe Loss	(3) Development Factor	(4) Ultimate Non-Hurr Cat Adjusted	(5) Current Cost Factors	(6) Projection Factor 3/1/2013	(7) Trended Ultimate Incurred Loss
2009	273,116	67,192	1.013	539,528	1.126	1.058	642,661
2010	80,124	63,331	1.020	159,390	1.061	1.058	178,959
2011	327,872	600,350	1.153	737,018	1.000	1.058	780,005

Premiums & Loss Ratio

Fiscal Year	(8) Earned Premiums Ending September	(9) Onlevel Factor	(10) at Current Rate	(11) Current Amount Factors	(12) On-Level at Current Amounts	(13) Projection Factor 3/1/2013	(14) Trended at Current Rate Level	(15) Trended Ultimate On-Level Loss Ratio
2009	119,091	1.000	119,091	1.052	125,261	1.048	131,335	489.3%
2010	321,790	1.000	321,790	1.031	331,818	1.048	347,909	51.4%
2011	476,114	1.000	476,114	1.000	476,114	1.048	499,203	156.3%

Indication

		(23b) Accident Year	Earned House Years
(17) Premium Weighted Projected Loss Ratio	162.7%	2009	502
(18) Allocated Loss Adjustment Expense as % of Incurred Losses	7.6%	2010	1,330
(19) Weighted Loss & ALAE Ratio	175.1%	2011	1,908
(20) Fixed Expense Ratio	4.8%		
(21) Permissible Loss & ALAE Ratio	61.7%		
Variable Expense Ratio	29.0%		
ULAE Ratio	9.3%		
Total	38.3%		
(22) Indicated Rate Change before Credibility	191.4%		
(23) Compliment to Credibility	11.2%		
(24) Credibility Table Value	0.292		
(25) Indicated Statewide Rate Level Change	63.8%		
(26) Selected Statewide Rate Level Change	39.4%		

Notes:

- (3) is from Exhibit III.
(4) = (1) x (3) x Cat Factor of 1.950. (see Exhibit VI, EC)
(5) is from Exhibit IV.
(6) is from Exhibit IV.
(7) = (4) x (5) x (6).
(9) is from Exhibit II, Page 2.
(10) = (8) x (9).
(11) is from Exhibit II, Page 1.
(12) = (10) x (11).
(13) is from Exhibit II, Page 1.
(14) = (12) x (13).
(15) = (7) / (14).
(16) = --- Intentionally Left Blank ---
(17) = average of (15) weighted by (8).
(18) is from Exhibit V.
(19) = (17) x [1.000 + (18)].
(20) is from Exhibit VII, Page 1.
(21) is from Exhibit V and Exhibit VII.
(22) = [(19) + (20) +] / [(21)] - 1.
(23) is net trend, trended from the last rate change to 3/1/2013.
(24) = [(Total of (23b) / 43917] ^ 0.5. See Exhibit VIII.
(25) = (22) x (24) + [1.000 - (24)] x (23).
(26) is selected by the Republic group.

Republic Underwriters Insurance Company
Arkansas Dwelling Fire
Fire and EC
Indicated Rate Level Change by Territory
Data as of 9/30/2011

Exhibit X
EC
Revised

Territory Description	Fire						Allied Lines						Fire and EC Coverages Combined			
	In-Force Written Premium (1)	Distribution (2)	Fire Indicated Change (3)	Selected Base Rate Change (4)	Tier Change (5)	Overall Change (6)	In-Force Written Premium (7)	Distribution (8)	EC Indicated Change (9)	EC Selected Base Rate Change (10)	Tier Change (11)	Overall Change (12)	In-Force Written Premium (13)	Distribution (14)	Overall Indicated Change (15)	Overall Selected Change (16)
001 Benton and Washington Counties	200,468	31.1%	-5.9%	0.0%	4.8%	4.8%	174,468	30.3%	75.1%	35.0%	4.6%	41.2%	402,630	31.2%	31.8%	20.3%
002 Carroll and Madison Counties	4,432	0.7%	9.7%	0.0%	7.8%	7.8%	2,981	0.3%	55.5%	30.0%	7.0%	39.2%	8,007	0.6%	28.1%	18.9%
003 Baxter, Boone and Marion Counties	7,110	1.1%	8.6%	0.0%	4.1%	4.1%	5,486	0.6%	53.7%	30.0%	4.4%	35.7%	13,124	1.0%	28.2%	17.1%
004 Fulton, Independence, IZard and Sharp Counties	27,019	4.2%	8.3%	0.0%	7.3%	7.3%	17,821	2.2%	59.3%	30.0%	6.9%	38.9%	48,364	3.7%	28.6%	18.4%
005 Lawrence County	1,809	0.3%	10.0%	0.0%	9.2%	9.2%	1,685	0.3%	86.4%	30.0%	8.8%	41.4%	3,693	0.3%	46.8%	23.4%
006 Clay, Greene and Randolph Counties	4,450	0.7%	9.7%	0.0%	1.9%	1.9%	3,830	0.4%	55.3%	30.0%	2.3%	32.9%	8,700	0.7%	30.8%	15.5%
007 Crawford and Sebastian Counties	35,898	5.6%	2.5%	0.0%	6.1%	6.1%	33,851	5.8%	51.0%	30.0%	5.8%	37.5%	75,861	5.9%	26.0%	19.6%
008 Conway, Franklin, Johnson, Newton, and Pope Counties	24,095	3.7%	24.4%	0.0%	5.6%	5.6%	19,975	3.8%	49.7%	30.0%	6.2%	38.1%	47,155	3.6%	35.9%	19.0%
009 Cleburne, Searcy, Stone, and Van Burne Counties	12,362	1.9%	8.1%	0.0%	2.5%	2.5%	5,942	0.9%	53.4%	30.0%	4.2%	35.4%	19,265	1.5%	22.8%	12.6%
010 Jackson and Woodruff Counties	4,470	0.7%	8.8%	0.0%	1.4%	1.4%	3,719	0.8%	61.6%	30.0%	1.7%	32.2%	8,636	0.7%	32.8%	14.6%
011 Craighead County	13,061	2.0%	6.0%	0.0%	6.4%	6.4%	10,946	2.3%	50.7%	30.0%	6.6%	38.6%	25,974	2.0%	26.4%	19.5%
012 Mississippi County	8,787	1.4%	15.3%	0.0%	7.4%	7.4%	8,540	1.7%	54.7%	30.0%	7.2%	39.3%	18,314	1.4%	34.7%	21.9%
013 Logan County	162	0.0%	97.1%	0.0%	0.0%	0.0%	128	0.2%	54.3%	30.0%	0.0%	30.0%	340	0.0%	78.2%	11.3%
014 Yell County	1,936	0.3%	9.7%	0.0%	12.3%	12.3%	1,304	0.2%	76.5%	30.0%	9.7%	42.6%	3,386	0.3%	36.6%	23.4%
015 Faulkner County	19,677	3.1%	4.4%	0.0%	3.7%	3.7%	17,737	3.4%	70.5%	30.0%	3.5%	34.5%	41,269	3.2%	35.7%	16.6%
016 White County	29,936	4.6%	4.6%	0.0%	5.7%	5.7%	26,825	5.0%	66.5%	30.0%	5.4%	37.0%	60,938	4.7%	33.9%	19.1%
017 Cross, Lee, Poinsett and St. Francis Counties	4,508	0.7%	8.3%	0.0%	16.1%	16.1%	4,665	0.8%	53.5%	30.0%	16.7%	51.8%	9,733	0.8%	31.3%	32.3%
018 Crittenden County	11,507	1.8%	6.5%	0.0%	9.9%	9.9%	14,294	3.2%	50.7%	30.0%	9.9%	42.9%	26,836	2.1%	31.0%	27.1%
019 Montgomery, Polk, and Scott Counties	1,774	0.3%	61.5%	0.0%	12.1%	12.1%	1,541	0.4%	54.3%	30.0%	11.6%	45.0%	3,469	0.3%	58.2%	26.2%
020 Remainder of Garland, Hot Spring and Perry Counties	22,040	3.4%	7.2%	0.0%	9.5%	9.5%	16,826	2.5%	53.9%	30.0%	10.4%	43.5%	42,159	3.3%	27.4%	22.4%
021 Grant and Remainder of Saline Counties	21,329	3.3%	5.5%	0.0%	3.9%	3.9%	16,548	2.7%	53.8%	30.0%	3.6%	34.7%	41,360	3.2%	26.6%	15.9%
022 Remainder of Pulaski County	33,483	5.2%	3.0%	0.0%	6.1%	6.1%	26,123	5.0%	51.2%	30.0%	6.1%	38.0%	64,799	5.0%	24.1%	18.5%
023 Lonoke County	32,721	5.1%	17.7%	0.0%	3.3%	3.3%	26,292	5.3%	58.5%	30.0%	3.4%	34.4%	63,612	4.9%	35.9%	15.9%
024 Prairie County	217	0.0%	10.9%	0.0%	0.0%	0.0%	157	0.0%	56.9%	30.0%	0.0%	30.0%	399	0.0%	30.2%	11.8%
025 Monroe County	-	0.0%	11.4%	0.0%	0.0%	0.0%	-	0.0%	57.5%	30.0%	0.0%	30.0%	-	0.0%	0.0%	0.0%
026 Jefferson County	5,098	0.8%	7.9%	0.0%	15.1%	15.1%	5,642	1.3%	52.2%	30.0%	15.2%	49.7%	11,424	0.9%	31.2%	31.3%
027 Arkansas County	251	0.0%	11.4%	0.0%	0.0%	0.0%	343	0.0%	57.5%	30.0%	0.0%	30.0%	624	0.0%	38.0%	16.5%
028 Phillips County	528	0.1%	9.7%	0.0%	14.5%	14.5%	687	0.2%	55.2%	30.0%	14.3%	48.5%	1,294	0.1%	35.4%	31.7%
029 Clark, Howard, Pike, and Sevier Counties	5,712	0.9%	8.1%	0.0%	9.1%	9.1%	4,295	0.8%	53.7%	30.0%	8.1%	40.5%	10,787	0.8%	27.7%	20.9%
030 Bradley, Calhoun, Cleveland, Dalls and Lincoln Counties	2,929	0.5%	9.0%	0.0%	3.3%	3.3%	2,712	0.6%	54.6%	30.0%	4.5%	35.9%	5,878	0.5%	30.9%	18.2%
031 Desha County	6,295	1.0%	9.5%	0.0%	6.1%	6.1%	5,477	1.1%	68.8%	30.0%	6.4%	38.4%	12,408	1.0%	37.1%	20.0%
032 Little River and Miller Counties	2,803	0.4%	9.5%	0.0%	2.5%	2.5%	2,695	0.4%	55.2%	30.0%	3.0%	33.9%	6,032	0.5%	31.9%	16.3%
033 Hempstead and LaFayette Counties	717	0.1%	9.5%	0.0%	21.3%	21.3%	883	0.2%	60.4%	30.0%	21.3%	57.7%	1,671	0.1%	37.6%	39.6%
034 Nevada and Ouachita Counties	6,094	0.9%	7.9%	0.0%	9.3%	9.3%	5,675	1.2%	55.8%	30.0%	9.3%	42.0%	12,319	1.0%	31.0%	24.0%
035 Columbia County	1,172	0.2%	10.2%	0.0%	0.0%	0.0%	569	0.1%	56.0%	30.0%	0.0%	30.0%	1,822	0.1%	25.2%	9.4%
036 Union County	9,856	1.5%	13.0%	0.0%	7.6%	7.6%	9,657	1.7%	58.6%	30.0%	7.5%	39.7%	20,993	1.6%	35.6%	21.9%
037 Ashley Chicot and Drew Counties	14,333	2.2%	5.5%	0.0%	8.8%	8.8%	15,267	3.3%	54.8%	30.0%	8.0%	40.4%	31,207	2.4%	30.9%	23.8%
038 Cities of Little Rock and North Little Rock(Pulaski County)	65,129	10.1%	50.3%	0.0%	8.0%	8.0%	60,024	10.9%	72.3%	30.0%	8.0%	40.4%	136,920	10.6%	60.9%	21.5%
039 Hot Springs Village (Garland and Saline Counties)	289	0.0%	10.7%	0.0%	0.0%	0.0%	270	0.1%	58.3%	30.0%	0.0%	30.0%	589	0.0%	33.7%	13.8%
Statewide	644,457	100.0%	9.1%	0.0%	6.0%	6.0%	555,880	100.0%	63.8%	31.5%	6.0%	39.4%	1,291,991	100.0%	34.2%	20.0%

RULE A7. LOSS FREE DISCOUNT AND EXPERIENCE RATING PLAN**A. Introduction**

The Loss Free Discount and Experience Rating Plan recognize the loss history of an insured or applicant, for property and liability coverages, in determining the appropriate premium for a new or renewal policy.

B. Eligibility

A loss shall be considered eligible for rating under this section if:

1. The loss occurred during the three years immediately preceding the date of application for a new policy or the preparation of the renewal policy;
2. The loss occurred with respect to a risk eligible for coverage under the Dwelling Policy Program;
3. The loss was sustained with respect to the property or liability of an insured under the policy being rated; and
4. The combined claim payments generated for the loss equal or exceed \$250.

C. Exceptions

The following shall not be considered eligible for rating under this section:

1. A loss resulting from a natural occurrence (losses that are the result of an incident which is due directly to forces of nature, and is without human intervention).
2. A loss resulting from identity theft.
3. A loss for which payment occurred only with respect to Medical Payments to Others.
4. A loss to a dwelling currently owned by an insured or applicant which occurred prior to ownership.

D. Administration of Loss Free Credit and Experience Rating Plan

Information necessary to determine the loss history of the named insured or applicant shall be obtained from any one or combination of the following:

1. An application signed by the applicant.
2. A loss history or claims history database.
3. A company's internal records.

E. Premium Computation

1. Loss Free Discount

To determine the credit, multiply the Base Premium by the appropriate factor from the following table:

Insured Term (in years)	Factor
0-3	.9505
4-8	.9307
9+	.9910

Table A7.E.1 Loss Free Discount Premium Computation

2. Experience Rating Plan

- a. Liability loss (does not include medical payments only losses – see exception C.3)

Apply the factor from the following table in accordance with Rule 301:

Insured Term (in years)	Number of Paid Losses				
	0	1*	1	2	3+
0-1	1.00	1.20	1.20	1.50	2.00
2-3	1.00	1.05	1.15	1.50	2.00
4+	1.00	1.03	1.10	1.50	2.00

* Except for the loss being considered, there are no other paid losses of any type in the past 3 years

Table A7.E.2.b. Experience Rating Plan Premium Computation –Liability Losses

- c. All other losses (does not include identity theft losses – see exception C.2)

Apply the factor from the following table in accordance with Rule 301:

Insured Term (in years)	Number of Paid Losses				
	0	1*	1	2	3+
0-1	1.00	1.30	1.30	1.50	1.85
2-3	1.00	1.00	1.25	1.45	1.80
4+	1.00	1.00	1.20	1.35	1.60

* Except for the loss being considered, there are no other paid losses of any type in the past 3 years

Table A7.E.2.c. Experience Rating Plan Premium Computation –All Other Losses



Actuarial Department

January 20, 2012

Ms. Becky Harrington
Arkansas Insurance Department
1200 West Third Street
Little Rock, AR 72201-1904

**Re: Republic Underwriters Insurance Company, NAIC No. 24538
Standard Dwelling Fire Program (DP-3)
Revision of Rates
Company File Number: 11-723**

Following, please find the requested information pursuant to the review of the referenced filing. The original requests, dated January 5, 2012, are included in **bold**.

1. Provide justification for the changes to the tier points.

Please see attached Exhibit A for support.

Please note this exhibit uses data from all states/programs that use a similar tiering structure. Combined data was used due to the lack of credibility found using just the AR Dwelling Fire data. The changes made are consistent with changes we are introducing in these states/programs.

2. The overall selected change amount for EC is inconsistent. (RF-1 and Exhibit 1) Please explain.

The overall selected change amount for extended coverages is displayed differently between RF-1 and Exhibit I. RF-1 and Exhibit I both show the Fire overall effect as 6.0%. However, RF-1 shows the extended coverage effect of 42.9%, which is a weighted average between the 50.0% (shown on Exhibit I) for the effect of the Special Form – Allied Lines and 0.0% for the effect of additional coverages that are not receiving an increase with this change. The overall effect of 24.5% displayed on both of these exhibits represents the same calculation. Please see Revised Exhibit I which now includes a line showing the combined effect of Allied Lines and additional coverages.

3. Please provide a histogram showing the number of insureds and the percentage changes. How many will actually receive greater than 25% increase?

Please see attached Exhibit B for histogram chart. Below is the data used to create this histogram.

<u>% Range</u>	<u># of Policies</u>	<u>% of Policies</u>
0% to 5%	5	0.2%
5% to 10%	46	2.1%
10% to 15%	674	30.5%
15% to 20%	630	28.5%
20% to 25%	237	10.7%
<u>Over 25%</u>	<u>621</u>	<u>28.1%</u>
Total	2,213	100.0%

**Arkansas and Mississippi
Dwelling Fire and Homeowners (DP3 and HO3)
Loss Ratios**

Exhibit A

Insurance			<u>Estimated Effect for Insurance Score Only</u>
<u>Score Range</u>	<u>Ultimate Loss Ratio</u>	<u>Relativity</u>	
<600	126%	1.51	10.9%
600-649	99%	1.19	3.7%
650-699	77%	0.92	0.0%
700-749	75%	0.90	0.0%
750-799	70%	0.83	0.0%
800+	73%	0.87	0.0%
No Hit	139%	1.67	0.0%
<u>Total</u>	<u>84%</u>	<u>1.00</u>	<u>2.1%</u>

All 3			<u>Estimated Effect for Updates Only</u>
<u>Complete Updates</u>	<u>Ultimate Loss Ratio</u>	<u>Relativity</u>	
No*	77%	0.92	0.9%
Yes	105%	1.26	12.3%
<u>Total</u>	<u>84%</u>	<u>1.00</u>	<u>3.4%</u>

* minimal effect due to policies with < 3 updates receiving max of age of home points or calculated update points previously.

Republic Underwriters Insurance Company
Arkansas Dwelling Fire
Overall Effect

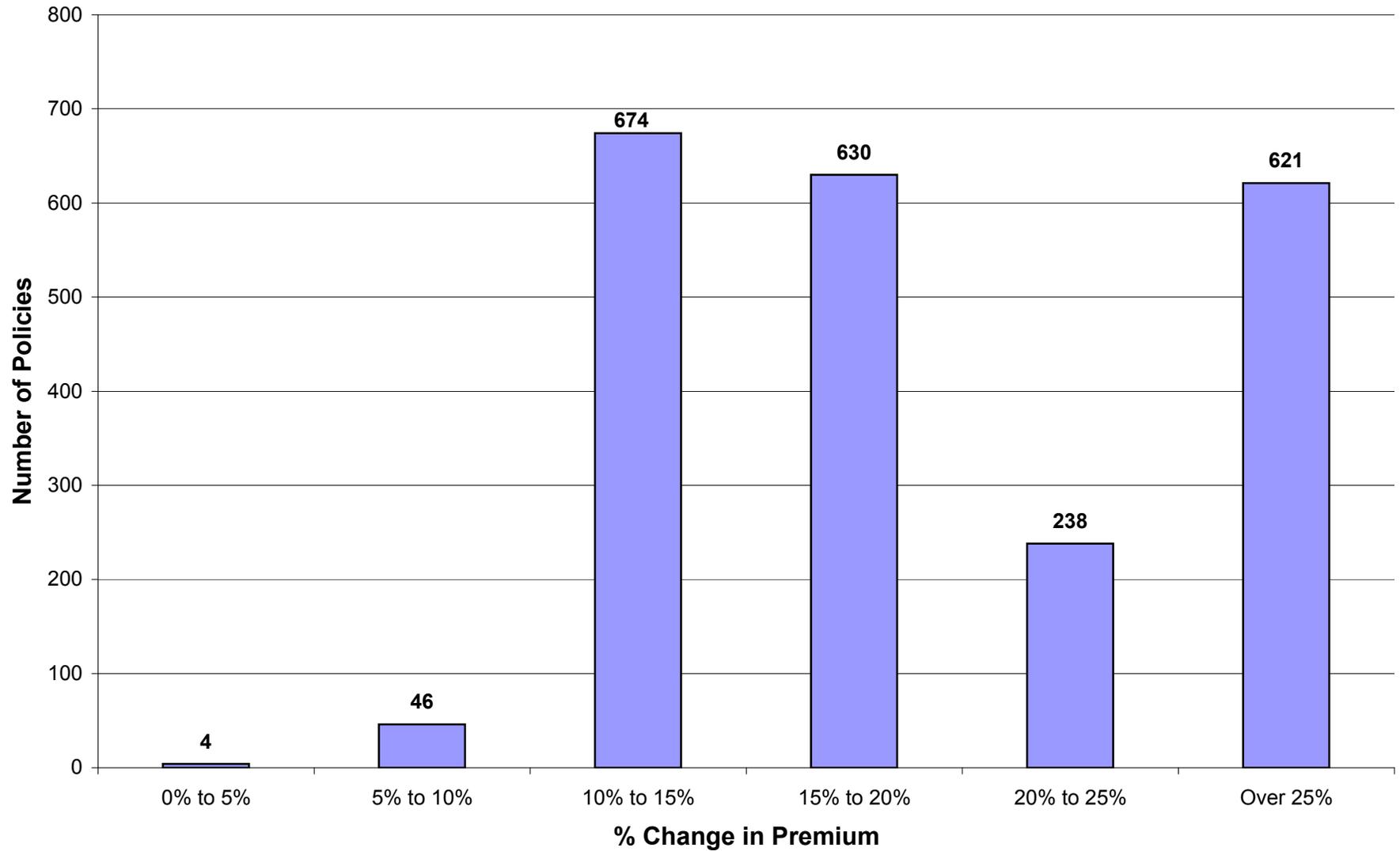
Exhibit I
 Fire & EC
 Revised

	<u>Inforce Written Premium</u>	<u>Rate Indication</u>	<u>Base Rate Change</u>	<u>Tier Change</u>	<u>Overall Selected Change</u>
Fire	644,457	9.3%	0.0%	6.0%	6.0%
Allied	555,880	63.8%	41.5%	6.0%	50.0%
Additional Coverages*	91,654		0.0%	0.0%	0.0%
Allied+Add'l Covgs	647,534	54.8%	35.6%	5.1%	42.9%
Total	1,291,991	32.1%	17.9%	5.6%	24.5%
\$\$ Change		\$ 414,528	230,771		\$ 316,445

* includes Liability, Identity Theft and Earthquake

**Arkansas Dwelling DP-3
Overall Effect per Policy**

Exhibit B



SERFF Tracking Number: TRGR-127955038 State: Arkansas
 Filing Company: Republic Underwriters Insurance Company State Tracking Number:
 Company Tracking Number: 12-006
 TOI: 01.0 Property Sub-TOI: 01.0002 Personal Property (Fire and Allied Lines)
 Product Name: Standard Dwelling (ISO 2002 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)
01/04/2012	Supporting Document	Tiering	01/04/2012	Tiering.pdf (Superceded) Filing Exhibits.pdf (Superceded)
01/04/2012	Rate and Rule	Base EC rates	01/26/2012	EC rates.pdf (Superceded)
01/04/2012	Supporting Document	Form RF-1 NAIC Loss Cost Data Entry Document--All P&C Lines	01/26/2012	FORM RF-1 Rate Filing Abstract.pdf (Superceded)
01/04/2012	Supporting Document	HPCS-Homeowners Premium Comparison Survey	01/26/2012	HO Survey FORM HPCS.xls (Superceded) HO Survey FORM HPCS.pdf (Superceded)
01/04/2012	Supporting Document	P&C Actuarial Justification	01/26/2012	Filing Memo AR DP-3.pdf Filing Exhibits.pdf
01/04/2012	Supporting Document	P&C Actuarial Justification	01/04/2012	Filing Memo AR DP-3.pdf Filing Exhibits.pdf (Superceded)

BASE PREMIUM COMPUTATION, (cont.)

Amount of Insurance	Factor	Amount of Insurance	Factor	Amount of Insurance	Factor	Amount of Insurance	Factor
16,000	1.475	54,000	4.392	91,000	7.270	128,000	10.151
17,000	1.553	55,000	4.469	92,000	7.348	129,000	10.229
18,000	1.631	56,000	4.547	93,000	7.426	130,000	10.306
19,000	1.709	57,000	4.625	94,000	7.504	131,000	10.384
20,000	1.787	58,000	4.703	95,000	7.582	132,000	10.462
21,000	1.864	59,000	4.781	96,000	7.660	133,000	10.540
22,000	1.941	60,000	4.858	97,000	7.737	134,000	10.618
23,000	2.019	61,000	4.936	98,000	7.815	135,000	10.696
24,000	2.096	62,000	5.014	99,000	7.893	136,000	10.774
25,000	2.173	63,000	5.092	100,000	7.971	137,000	10.851
26,000	2.250	64,000	5.169	101,000	8.049	138,000	10.929
27,000	2.327	65,000	5.247	102,000	8.127	139,000	11.007
28,000	2.403	66,000	5.325	103,000	8.204	140,000	11.085
29,000	2.480	67,000	5.403	104,000	8.282	141,000	11.163
30,000	2.557	68,000	5.481	105,000	8.360	142,000	11.241
31,000	2.633	69,000	5.558	106,000	8.438	143,000	11.319
32,000	2.710	70,000	5.636	107,000	8.516	144,000	11.397
33,000	2.786	71,000	5.714	108,000	8.594	145,000	11.474
34,000	2.862	72,000	5.792	109,000	8.672	146,000	11.552
35,000	2.938	73,000	5.870	110,000	8.749	147,000	11.630
36,000	3.015	74,000	5.947	111,000	8.827	148,000	11.708
37,000	3.091	75,000	6.025	112,000	8.905	149,000	11.786
38,000	3.167					150,000	11.864
Each Additional \$1,000			0.078				

Table 301.A.3.a., Personal Property Key Factors (Fire)**B. Special Form (DP 00 03) For Coverage A – Dwelling and Coverage C – Personal Property****1. Owner-Occupied Key Rates****a. Coverage A - Dwelling**

<u>Territory</u>	<u>Special Form Key Factor</u>	
001	Benton and Washington Counties	225
002	Carroll and Madison Counties	259
003	Baxter, Boone and Marion Counties	259
004	Fulton, Independence, Izard and Sharp Counties	259
005	Lawrence County	301
006	Clay, Greene and Randolph Counties	343
007	Crawford and Sebastian Counties	217
008	Conway, Franklin, Johnson, Newton and Pope Counties	259
009	Cleburne, Searcy, Stone and Van Buren Counties	217
010	Jackson and Woodruff Counties	301
011	Craighead County	217
012	Mississippi County	343
013	Logan County	259
014	Yell County	259
015	Faulkner County	217
016	White County	301
017	Cross, Lee, Poinsett and St. Francis Counties	343
018	Crittenden County	343

BASE PREMIUM COMPUTATION. (cont.)

<u>Territory</u>		<u>Special Form Key Factor</u>
019	Montgomery, Polk and Scott Counties	259
020	Garland, Hot Spring and Perry Counties	217
021	Grant and Saline Counties	217
022	Remainder of Pulaski County	210
023	Lonoke County	259
024	Prairie County	301
025	Monroe County	301
026	Jefferson County	301
027	Arkansas County	343
028	Phillips County	343
029	Clark, Howard, Pike and Sevier Counties	259
030	Bradley, Calhoun, Cleveland, Dallas and Lincoln Counties	343
031	Desha County	343
032	Little River and Miller Counties	217
033	Hempstead and LaFayette Counties	301
034	Nevada and Ouachita Counties	301
035	Columbia County	259
036	Union County	259
037	Ashley, Chicot and Drew Counties	343
038	Cities of Little Rock and North Little Rock (Pulaski County)	210
039	Hot Springs Village	203

Table 301.B.1.a., Coverage A Special Form Key Rates**b. Coverage C – Personal Property**

<u>Territory</u>	<u>Description</u>	<u>Special Form Key Factor</u>
All	All counties	56

Table 301.B.1.b., Coverage C Special Form Key Rates**2. Classification Tables****a. Occupancy Classification Factors**

Occupancy	Factor
Owner Occupied	1.000
Tenant Occupied	1.110

Table 301.B.2.a., Occupancy Factors**b. Reserved for future use.****3. Key Factor Table (Rule 301.B.6.)****a. Coverage A - Dwelling**

Amount of Insurance	Factor						
\$30,000	0.592	\$73,000	0.982	\$116,000	1.370	\$159,000	1.759
\$31,000	0.601	\$74,000	0.991	\$117,000	1.379	\$160,000	1.767
\$32,000	0.610	\$75,000	1.000	\$118,000	1.388	\$161,000	1.776
\$33,000	0.619	\$76,000	1.009	\$119,000	1.397	\$162,000	1.786
\$34,000	0.628	\$77,000	1.018	\$120,000	1.406	\$163,000	1.794
\$35,000	0.637	\$78,000	1.027	\$121,000	1.415	\$164,000	1.804
\$36,000	0.646	\$79,000	1.036	\$122,000	1.424	\$165,000	1.812
\$37,000	0.656	\$80,000	1.045	\$123,000	1.433	\$166,000	1.822
\$38,000	0.664	\$81,000	1.054	\$124,000	1.443	\$167,000	1.831
\$39,000	0.673	\$82,000	1.063	\$125,000	1.451	\$168,000	1.840

NAIC LOSS COST DATA ENTRY DOCUMENT

1.	This filing transmittal is part of Company Tracking #	12-006
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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.	01.0 Property	B.	01.0002 Personal Property (Fire and Allied Lines)

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
Fire	9.3%	6.0%					
Allied Lines*	63.8%	42.9%					
*including add'l cov's							
TOTAL OVERALL EFFECT	32.1%	24.5%					

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	2,030	N/A	N/A	850	494	58.1%	42.6%	
2009	1,233	N/A	N/A	393	390	99.2%	55.2%	
2008	275	N/A	N/A	23	58	252.2%	148.7%	
2007	N/A	N/A	N/A	N/A	N/A	N/A	34.1%	
2006	N/A	N/A	N/A	N/A	N/A	N/A	35.8%	

7.	
Expense Constants	Selected Provisions
A. Total Production Expense	20.9%
B. General Expense	3.0%
C. Taxes, License & Fees	3.2%
D. Underwriting Profit & Contingencies	5.7%
E. Other (explain)	
F. TOTAL	32.8%

- 8.** N Apply Lost Cost Factors to Future filings? (Y or N)
- 9.** 50% Estimated Maximum Rate Increase for any Insured (%). Territory (if applicable): _____
- 10.** 0% Estimated Maximum Rate Decrease for any Insured (%) Territory (if applicable): _____

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: 2/1/2012

**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																		
	\$120,000																		
	\$160,000																		
6	\$80,000																		
	\$120,000																		
	\$160,000																		
9	\$80,000																		
	\$120,000																		
	\$160,000																		

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	\$396.00	\$442.00	\$436.00	\$483.00	\$388.00	\$434.00	\$537.00	\$588.00	\$537.00	\$588.00	\$436.00	\$483.00	\$388.00	\$434.00	\$388.00	\$434.00	\$376.00	\$421.00
	\$120,000	\$533.00	\$594.00	\$585.00	\$649.00	\$522.00	\$583.00	\$723.00	\$792.00	\$723.00	\$792.00	\$585.00	\$649.00	\$522.00	\$583.00	\$522.00	\$583.00	\$507.00	\$567.00
	\$160,000	\$670.00	\$748.00	\$736.00	\$816.00	\$655.00	\$733.00	\$909.00	\$996.00	\$909.00	\$996.00	\$736.00	\$816.00	\$655.00	\$733.00	\$655.00	\$733.00	\$637.00	\$713.00
6	\$80,000	\$426.00	\$486.00	\$466.00	\$527.00	\$418.00	\$478.00	\$571.00	\$637.00	\$571.00	\$637.00	\$466.00	\$527.00	\$418.00	\$478.00	\$418.00	\$478.00	\$405.00	\$464.00
	\$120,000	\$573.00	\$653.00	\$627.00	\$709.00	\$562.00	\$642.00	\$768.00	\$857.00	\$768.00	\$857.00	\$627.00	\$709.00	\$562.00	\$642.00	\$562.00	\$642.00	\$546.00	\$624.00
	\$160,000	\$721.00	\$822.00	\$788.00	\$891.00	\$706.00	\$807.00	\$965.00	\$1,078.00	\$965.00	\$1,078.00	\$788.00	\$891.00	\$706.00	\$807.00	\$706.00	\$807.00	\$686.00	\$785.00
9	\$80,000	\$750.00	\$902.00	\$798.00	\$953.00	\$742.00	\$894.00	\$931.00	\$1,100.00	\$931.00	\$1,100.00	\$798.00	\$953.00	\$742.00	\$894.00	\$742.00	\$894.00	\$722.00	\$871.00
	\$120,000	\$1,009.00	\$1,213.00	\$1,073.00	\$1,281.00	\$998.00	\$1,202.00	\$1,254.00	\$1,481.00	\$1,254.00	\$1,481.00	\$1,073.00	\$1,281.00	\$998.00	\$1,202.00	\$998.00	\$1,202.00	\$972.00	\$1,172.00
	\$160,000	\$1,269.00	\$1,525.00	\$1,349.00	\$1,611.00	\$1,254.00	\$1,510.00	\$1,576.00	\$1,861.00	\$1,576.00	\$1,861.00	\$1,349.00	\$1,611.00	\$1,254.00	\$1,510.00	\$1,254.00	\$1,510.00	\$1,222.00	\$1,473.00

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

HO3 and HO4 only

Fire Extinguisher	<input type="text"/>	%	Deadbolt Lock	<input type="text"/>	%
Burglar Alarm	<input type="text"/>	%	Window Locks	<input type="text"/>	%
Smoke Alarm	<input type="text"/>	%	\$1,000 Deductible	<input type="text"/>	%
	<input type="text"/>	%	Other (specify)	<input type="text"/>	%
	<input type="text"/>	%	Maximum Credit Allowed	<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 (yes or no)
 WHAT IS YOUR PERCENTAGE DEDUCTIBLE? 5 %

WHAT IS YOUR PRICE PER \$1,000 OF COVERAGE?	Zone	Brick	Frame
	Highest Risk	\$ 2.22	\$ 1.96
	Lowest Risk	\$ 0.70	\$ 0.26

Republic Underwriters Insurance Company
Arkansas Dwelling Fire
Overall Effect

Exhibit I
 Fire & EC

	<u>Inforce Written Premium</u>	<u>Rate Indication</u>	<u>Base Rate Change</u>	<u>Tier Change</u>	<u>Overall Selected Change</u>
Fire	644,457	9.3%	0.0%	6.0%	6.0%
Allied	555,880	63.8%	41.5%	6.0%	50.0%
Additional Coverages*	91,654		0.0%	0.0%	0.0%
Total	1,291,991	32.1%	17.9%	5.6%	24.5%
\$\$ Change		\$ 414,528	230,771		\$ 316,445

* includes Liability, Identity Theft and Earthquake

Republic Underwriters Insurance Company
Arkansas Dwelling Fire (DP-3)
Proposed Territory Base Rates

Exhibit II
 Fire & EC

Territory Description	Current				Proposed Base Rate Change				Proposed			
	Fire		EC		Fire		EC		Fire		EC	
	Cov. A	Cov. C	Cov. A	Cov. C	Cov. A	Cov. C	Cov. A	Cov. C	Cov. A	Cov. C	Cov. A	Cov. C
001 Benton and Washington Counties	220	35	155	40	0%	0%	45%	40%	220	35	225	56
002 Carroll and Madison Counties	225	35	185	40	0%	0%	40%	40%	225	35	259	56
003 Baxter, Boone and Marion Counties	225	35	185	40	0%	0%	40%	40%	225	35	259	56
004 Fulton, Independence, IZard and Sharp Counties	225	35	185	40	0%	0%	40%	40%	225	35	259	56
005 Lawrence County	235	35	215	40	0%	0%	40%	40%	235	35	301	56
006 Clay, Greene and Randolph Counties	245	35	245	40	0%	0%	40%	40%	245	35	343	56
007 Crawford and Sebastian Counties	220	35	155	40	0%	0%	40%	40%	220	35	217	56
008 Conway, Franklin, Johnson, Newton, and Pope Counties	225	35	185	40	0%	0%	40%	40%	225	35	259	56
009 Cleburne, Searcy, Stone, and Van Burne Counties	220	35	155	40	0%	0%	40%	40%	220	35	217	56
010 Jackson and Woodruff Counties	235	35	215	40	0%	0%	40%	40%	235	35	301	56
011 Craighead County	220	35	155	40	0%	0%	40%	40%	220	35	217	56
012 Mississippi County	245	35	245	40	0%	0%	40%	40%	245	35	343	56
013 Logan County	225	35	185	40	0%	0%	40%	40%	225	35	259	56
014 Yell County	225	35	185	40	0%	0%	40%	40%	225	35	259	56
015 Faulkner County	220	35	155	40	0%	0%	40%	40%	220	35	217	56
016 White County	235	35	215	40	0%	0%	40%	40%	235	35	301	56
017 Cross, Lee, Poinsett and St. Francis Counties	245	35	245	40	0%	0%	40%	40%	245	35	343	56
018 Crittenden County	245	35	245	40	0%	0%	40%	40%	245	35	343	56
019 Montgomery, Polk, and Scott Counties	225	35	185	40	0%	0%	40%	40%	225	35	259	56
020 Remainder of Garland, Hot Spring and Perry Counties	220	35	155	40	0%	0%	40%	40%	220	35	217	56
021 Grant and Remainder of Saline Counties	220	35	155	40	0%	0%	40%	40%	220	35	217	56
022 Remainder of Pulaski County	215	35	150	40	0%	0%	40%	40%	215	35	210	56
023 Lonoke County	225	35	185	40	0%	0%	40%	40%	225	35	259	56
024 Prairie County	235	35	215	40	0%	0%	40%	40%	235	35	301	56
025 Monroe County	235	35	215	40	0%	0%	40%	40%	235	35	301	56
026 Jefferson County	235	35	215	40	0%	0%	40%	40%	235	35	301	56
027 Arkansas County	245	35	245	40	0%	0%	40%	40%	245	35	343	56
028 Phillips County	245	35	245	40	0%	0%	40%	40%	245	35	343	56
029 Clark, Howard, Pike, and Sevier Counties	225	35	185	40	0%	0%	40%	40%	225	35	259	56
030 Bradley, Calhoun, Cleveland, Dalls and Lincoln Counties	245	35	245	40	0%	0%	40%	40%	245	35	343	56
031 Desha County	245	35	245	40	0%	0%	40%	40%	245	35	343	56
032 Little River and Miller Counties	220	35	155	40	0%	0%	40%	40%	220	35	217	56
033 Hempstead and LaFayette Counties	235	35	215	40	0%	0%	40%	40%	235	35	301	56
034 Nevada and Ouachita Counties	235	35	215	40	0%	0%	40%	40%	235	35	301	56
035 Columbia County	225	35	185	40	0%	0%	40%	40%	225	35	259	56
036 Union County	225	35	185	40	0%	0%	40%	40%	225	35	259	56
037 Ashley Chicot and Drew Counties	245	35	245	40	0%	0%	40%	40%	245	35	343	56
038 Cities of Little Rock and North Little Rock(Pulaski County)	215	35	150	40	0%	0%	40%	40%	215	35	210	56
039 Hot Springs Village (Garland and Saline Counties)	210	35	145	40	0%	0%	40%	40%	210	35	203	56

**REPUBLIC UNDERWRITERS INSURANCE COMPANY
 ARKANSAS DWELLING (FORM DP-3) - CURRENT
 TIER UNDERWRITING CRITERIA - NEW & RENEWAL BUSINESS**

Exhibit III
 Page 1
 Fire & EC

(1) INSURANCE SCORE

Score	Points
800+	45
750-799	40
700-749	30
650-699	20
600-649	10
<600	0
Null/No Hit	20

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

(4) ROOF AGE

Roof Age	Points
0-4	15
5-6	13
7-8	11
9-10	9
11-12	6
13-15	3
16+	0

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

(5) PPC

PPC	Points
1-8	30
9	15
10	0

(6) 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	AR DP-3
196+	1	0.80	The underwriting tier is determined by adding together the total points from tables (1) through (6) above. Look up the total points in the Point Value Table. Other underwriting considerations could result in slight modifications to the rated tier assignment.
188-195	2	0.83	
180-187	3	0.86	
172-179	4	0.89	
164-171	5	0.92	
156-163	6	0.96	
148-155	7	1.00	
140-147	8	1.04	
132-139	9	1.08	
124-131	10	1.12	
116-123	11	1.16	
108-115	12	1.20	
100-107	13	1.25	
92-99	14	1.30	
<92	15	1.35	

Maximum points: 200
 Minimum points: 0

**REPUBLIC UNDERWRITERS INSURANCE COMPANY
 ARKANSAS DWELLING (FORM DP-3) - PROPOSED
 TIER UNDERWRITING CRITERIA - NEW & RENEWAL BUSINESS**

(1) INSURANCE SCORE

Score	Points
800+	70
750-799	65
700-749	55
650-699	45
625-649	35
600-624	15
<600	0
Null/No Hit	45

(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

Age	Points
0-15	40
16-17	35
18-19	30
20-24	27
25-29	25
30-34	22
35-39	17
40-44	12
45-49	6
50+	0

(4) ROOF AGE

Roof Age	Points
0-4	15
5-6	13
7-8	11
9-10	9
11-12	6
13-15	3
16+	0

(5) PPC

PPC	Points
1-8	30
9	15
10	0

(6) 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	AR DP-3
196+	1	0.80	The underwriting tier is determined by adding together the total points from tables (1) through (6) above. Look up the total points in the Point Value Table. Other underwriting considerations could result in slight modifications to the rated tier assignment.
188-195	2	0.83	
180-187	3	0.86	
172-179	4	0.89	
164-171	5	0.92	
156-163	6	0.96	
148-155	7	1.00	
140-147	8	1.04	
132-139	9	1.08	
124-131	10	1.12	
116-123	11	1.16	
108-115	12	1.20	
100-107	13	1.25	
92-99	14	1.30	
<92	15	1.35	
Maximum points:		225	
Minimum points:		0	

Republic Underwriters Insurance Company
Arkansas Dwelling Fire
Fire
Statewide Rate Level Indications

Exhibit I
Fire

Data as of: Sep-11

Proposed Effective Dates
New: 2/1/2012
Renewal: 3/1/2012

Republic Group Of Insurance Companies

Losses

Fiscal Year Ending September	(1) Incurred Loss	(2) Development Factor	(3) Ultimate Incurred Loss	(4) Current Cost Factors	(5) Projection Factor 3/1/2013	(6) Trended Ultimate Incurred Loss
2009	33,728	1.000	33,728	1.126	1.058	40,175
2010	189,093	1.008	190,606	1.061	1.058	214,008
2011	381,262	1.038	395,841	1.000	1.058	418,929

Premiums & Loss Ratio

Fiscal Year Ending September	(7) Earned Premiums Actual	(8) Onlevel Factor	(9) at Current Rate	(10) Current Amount Factors	(11) On-Level at Current Amounts	(12) Projection Factor 3/1/2013	(13) Trended at Current Rate Level	(14) Trended Ultimate On-Level Loss Ratio
2009	139,446	1.000	139,446	1.026	143,076	1.048	150,015	26.8%
2010	366,765	1.000	366,765	1.033	378,988	1.048	397,367	53.9%
2011	543,830	1.000	543,830	1.000	543,830	1.048	570,203	73.5%

Indication

(17) Premium Weighted Projected Loss Ratio	60.4%	Accident Year	(23) Earned House Years
(18) Allocated Loss Adjustment Expense as % of Incurred Losses	4.5%	2009	502
(19) Weighted Loss & ALAE Ratio	63.1%	2010	1,330
(20) Fixed Expense Ratio	7.7%	2011	1,908
(21) Permissible Loss & ALAE Ratio	67.4%		
Variable Expense Ratio	26.7%		
ULAE Ratio	5.9%		
Total	32.6%		
(22) Indicated Change Before Credibility	5.1%		
(23) Compliment to Credibility	11.2%		
(24) Credibility Table Value	0.306		
(25) Indicated Statewide Rate Level Change	9.3%		
(26) Selected Statewide Rate Level Change	6.0%		

Notes:

- (2) is from Exhibit III.
(3) = (1) x (2).
(4) is from Exhibit IV.
(5) is from Exhibit IV.
(6) = (3) x (4) x (5).
(8) is from Exhibit II, Page 2.
(9) = (7) x (8)
(10) is from Exhibit II, Page 1.
(11) = (9) x (10)
(12) is from Exhibit II, Page 1.
(13) = (11) x (12)
- (14) = (6) / (13)
(15) = ---Intentionally Left Blank---
(17) = average of (14) weighted by (7).
(18) is from Exhibit V.
(19) = (17) x [1.000 + (18)].
(20) is from Exhibit VII, Fire.
(21) is from Exhibit V and Exhibit VII.
(22) = [(19) + (20) +] / [(21)] - 1.
(23) is net trend, trended from the last rate change to 3/1/2013.
(24) = [(Total of (23) / 40000) ^ 0.5. See Exhibit VIII.
(25) = [(19)+(20)] / (21)-1 x (24) + [1.000 - (24)] x (23).
(26) is selected by the Republic group.

**Republic Underwriters Insurance Company
Arkansas Dwelling Fire
Fire**

Exhibit II
Page 1
Fire

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	298	82,644	277		
2009-3	502	139,446	278		
2009-4	721	198,976	276		
2010-1	936	256,886	275		
2010-2	1,137	312,415	275		
2010-3	1,330	366,765	276		
2010-4	1,510	420,966	279		
2011-1	1,659	466,090	281		
2011-2	1,787	505,100	283		
2011-3	1,908	543,830	285		
Average Earned Date	(4) Average Earned Prem	(5) Premium Index		Premium Trend	
				4-point	2.85%
				8-point	2.14%
4/1/2009	278	1.026			
4/1/2010	276	1.033			
4/1/2011	285	1.000			
				(6) Selected	2.50%

Years From Midpoint Of Latest Year's Data		
(7) To 12 Months Past Renewal		1.9
(8) Premium Projection Factor		1.048

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 Dwelling Fire
Fire
Rate History**

Exhibit II
Page 2
Fire

Date of Change	Overall Statewide Change
08/01/08	Initial Filing

Fiscal Year Ending September	Overall On-Level Factor
2009	1.000
2010	1.000
2011	1.000

Republic Underwriters Insurance Company
Arkansas Dwelling Fire
Countrywide Fire

Exhibit III
Fire

State Of: Arkansas

Rolling Accident Year Selected Loss Development Factors to Ultimate
(Based on Countrywide Fire data of the Republic Group as of 9/2011, excl. cats and mold)

Triangle of Incurred Losses

Fiscal Year Ending September	12	24	36	48	60	72	84
2000	1,778,388	1,848,082	1,856,932	1,851,758	1,851,758	1,851,758	1,851,758
2001	1,957,461	1,899,833	1,897,406	1,897,406	2,835,406	2,835,406	2,835,406
2002	976,977	1,033,527	990,849	991,617	991,617	991,617	991,617
2003	1,787,979	1,781,875	1,779,051	1,779,051	1,779,051	1,779,051	1,779,051
2004	765,485	798,889	800,047	800,047	800,047	800,047	800,047
2005	1,098,638	1,207,407	1,207,607	1,207,607	1,207,607	1,207,607	1,207,607
2006	1,356,308	1,342,815	1,405,030	1,405,030	1,405,030	1,405,030	1,405,030
2007	1,396,944	1,393,054	1,391,165	1,391,541	1,391,541		
2008	1,291,298	1,409,060	1,463,313	1,463,313			
2009	2,207,158	2,198,471	2,198,471				
2010	1,587,376	1,661,316					
2011	1,635,944						

Triangle of Link Ratios:

Fiscal Year Ending September	12:24	24:36	36:48	48:60	60:72	72:84	"Tail"
2000	1.039	1.005	0.997	1.000	1.000	1.000	
2001	0.971	0.999	1.000	1.494	1.000	1.000	
2002	1.058	0.959	1.001	1.000	1.000	1.000	
2003	0.997	0.998	1.000	1.000	1.000	1.000	
2004	1.044	1.001	1.000	1.000	1.000	1.000	
2005	1.099	1.000	1.000	1.000	1.000	1.000	
2006	0.990	1.046	1.000	1.000	1.000		
2007	0.997	0.999	1.000	1.000			
2008	1.091	1.039	1.000				
2009	0.996	1.000					
2010	1.047						
Averages							
Last 10	1.029	1.005	1.000	1.071	1.000	1.000	
Last 3	1.045	1.013	1.000	1.000	1.000	1.000	
Last 5 xhl	1.013	1.013	1.000	1.000	1.000	1.000	
	12:24	24:36	36:48	48:60	60:72	72:84	84-Ult.
Selected	1.030	1.008	1.000	1.000	1.000	1.000	1.000
LDF's to Ult:	1.038	1.008	1.000	1.000	1.000	1.000	1.000

Republic Underwriters Insurance Company
Arkansas Dwelling Fire
Fire Coverage
Loss Adjustment Expense

Exhibit V
Fire

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	26,856	4,142	15.4%
2009	47,441	17,036	35.9%
2010	292,871	9,388	3.2%
Average			18.2%

Countrywide Data

Calendar Year	(1) Incurred Losses	(2) Incurred ALAE	(3) = (2) / (1) ALAE Percentage
2006	3,727,060	254,609	6.8%
2007	4,540,566	263,004	5.8%
2008	5,814,194	156,363	2.7%
2009	6,472,003	117,232	1.8%
2010	5,919,500	318,953	5.4%
Average			4.5%

Selected ALAE Provision as a Percent of Incurred Losses: 4.5%

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

Countrywide Data

Calendar Year	(1) Earned Premium (000's)	(2) Incurred ULAE (000's)	(3) = (2) / (1) ULAE Percentage
2006	8,943	346	3.9%
2007	12,143	753	6.2%
2008	12,017	889	7.4%
2009	14,621	1,300	8.9%
2010	14,637	440	3.0%
Average			5.9%

Selected ULAE Provision as a Percent of Earned Premium: 5.9%

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	3,727	346	9.3%
2007	4,541	753	16.6%
2008	5,814	889	15.3%
2009	6,474	1,300	20.1%
2010	5,920	440	7.4%
Average			13.7%

Selected ULAE Provision as a Percent of Incurred Loss: 13.7%

Countrywide data includes Republic Lloyds, Republic Underwriters, Southern Insurance, Republic Fire & Casualty, Southern Underwriters, and Southern Vanguard Insurance Companies

**Republic Underwriters Insurance Company
Arkansas Dwelling Fire
Extended Coverage**

Exhibit VII
Fire

Permissible Loss and Loss Adjustment Expense Ratio

Expenses	2008	2009	2010	Selected
Fixed				
General Expense ¹ :	2.9%	3.5%	4.4%	3.6%
Other Acquisition ¹ :	3.3%	3.7%	4.6%	3.9%
Policy Fees Received ² :	(2.8%)	(1.4%)	(1.2%)	(1.8%)
Total Fixed Expenses :	3.4%	5.8%	7.8%	5.7%
AR Dwelling Fire Earned Premium	38,564	256,886	466,090	
Fixed Expense \$ Amount	1,328	15,019	36,367	
Fixed Expense Trend @ 4% Annual	1,201	1,155	1,110	
Trended Fixed Expenses	1,595	17,345	40,384	43,952
AR DF Projected Earned Premium	38,564	256,886	466,090	570,203
Proj. Fixed Expense as % of Premium	4.1%	6.8%	8.7%	7.7%
Variable				
Commission and Brokerage ³ :	17.4%	17.1%	17.7%	17.7%
Taxes, Licenses, and Fees ³ :	9.0%	3.6%	3.2%	3.2%
Profit and Contingencies Provision ⁴ :				5.8%
Total Variable Expenses :	32.2%	26.5%	26.7%	26.7%
Total Expense Provision :	36.3%	33.3%	35.4%	34.4%
Permissible Loss & LAE Ratio :				65.6%
Variable Expense Ratio :				26.7%

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

Republic Underwriters Insurance Company
Arkansas Dwelling Fire

Exhibit VIII
Fire

Assignment of Credibility

Fiscal Year Ending September	Earned House-Years
2009	502
2010	1,330
2011	1,908

(1) Total Earned House-Years :	3,740
(2) 3-Year Average Claim Frequency	0.006
(3) Claim Standard for Full Credibility ¹ :	1,082
(4) Calculated Earned House-Years for Full Credibility ((3) / (2))	175,385
(5) Selected Earned House-Years for Full Credibility	40,000
(6) Assigned Credibility ((1) / (5)) ^{0.5} , maximum 100%	30.6%

¹ Frequency only; within 5% with 90% confidence

Calculation of After-tax Return on Surplus

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	4.2%
(2) Tax rate	35.0%
(3) Premium / surplus ratio	1.7
(4) Return on reserves, after tax	0.8%
(5) Targeted pre-tax underwriting profit	5.8%
(6) After-Tax Return on Surplus	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 Income (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)	65.6%
9. Estimated Investment Earnings as a percentage of Net Earned Premium [(7) * (8)]	0.42%

a. Source: Annual Statement, Part 3a, Column 5 + Column 6, Line 4

b. Source: Annual Statement, Part 3, 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 VIII, Page 1

Estimated Investment Earnings On Unearned Premium Reserves

	(h)		
	Installment	Prepaid	Total
1. Homeowners Unearned Premium Reserve as of December 31, 2009 (a)	68,533,670	3,679,283	72,212,953
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 $[(1)+(2)]/2$	63,734,168	4,254,332	67,988,500
4. Reduction Due to Booking Installment as Full (b)	30,209,996	xxxxxxxxx	30,209,996
5. Net Mean Homeowners Unearned Premium Reserve	33,524,172	4,254,332	37,778,504
6. Percentage of Prepaid Expenses (c)			
(A) Commissions and Brokerages (/W.P.)	17.7%		
(B) Taxes, Licenses, & Fees (/W.P.)	3.2%		
(C) 50% of Other Acq. & Gen. Expense (/E.P.)	3.8%		
(D) Total Prepaid Expenses [(A)+(B)+(C)]			24.7%
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 $[(5) \times (1.0 - (6D)) \times (1.0 - (11))]$			20,580,992
13. Average Rate-of-Return on Investible Income (f)			1.71%
14. Estimated Investment Earnings on Unearned Premium Reserves $[(12) \times (13)]$			350,968
15. Homeowners Net Earned Premium for 2010 (g)			83,859,860
16. Estimated Investment Earnings as a Percentage of Homeowners Net Earned Premiums $[(14)/(15)]$			0.42%

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, Fire

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

Republic Underwriters Insurance Company
Arkansas Dwelling Fire
Extended Coverage
Calculation of After-Tax Investment Rate of Return

	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)	454,686	442,527	13,745,462	148,560	172,155	200,244	0	182,639	15,346,273	
(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)	454,686	442,527	13,645,462	148,560	172,155	200,244	0	182,639	15,246,273	(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 12/31/09 (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 SI04, Line 24, 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 12/31/10 (2010 AS)										
(13) Total Invested Assets (Page 2, Line 12, 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 24, 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 Dwelling Fire
Fire and EC
Indicated Rate Level Change by Territory
Data as of 9/30/2011

Exhibit X
Fire

Territor Description	Fire						Allied Lines						Fire and EC Coverages Combined			
	In-Force Written Premium (1)	Distribution (2)	Fire Indicated Change (3)	Selected Base Rate Change (4)	Tier Change (5)	Overall Change (6)	In-Force Written Premium (7)	Distribution (8)	EC Indicated Change (9)	EC Selected Base Rate Change (10)	Tier Change (11)	Overall Change (12)	In-Force Written Premium (13)	Distribution (14)	Overall Indicated Change (15)	Overall Selected Change (16)
001 Benton and Washington Counties	200,468	31.1%	-5.9%	0.0%	4.8%	4.8%	174,468	30.3%	75.1%	45.0%	4.6%	51.7%	402,630	31.2%	31.8%	24.8%
002 Carroll and Madison Counties	4,432	0.7%	9.7%	0.0%	7.8%	7.8%	2,981	0.3%	55.5%	40.0%	7.0%	49.9%	8,007	0.6%	28.1%	22.9%
003 Baxter, Boonem and Marion Counties	7,110	1.1%	8.6%	0.0%	4.1%	4.1%	5,486	0.6%	53.7%	40.0%	4.4%	46.1%	13,124	1.0%	28.2%	21.5%
004 Fulton, Independence, IZard and Sharp Counties	27,019	4.2%	8.3%	0.0%	7.3%	7.3%	17,821	2.2%	59.3%	40.0%	6.9%	49.6%	48,364	3.7%	28.6%	22.4%
005 Lawrence County	1,809	0.3%	10.0%	0.0%	9.2%	9.2%	1,685	0.3%	86.4%	40.0%	8.8%	52.3%	3,693	0.3%	46.8%	28.4%
006 Clay, Greene and Randolph Counties	4,450	0.7%	9.7%	0.0%	1.9%	1.9%	3,830	0.4%	55.3%	40.0%	2.3%	43.2%	8,700	0.7%	30.8%	20.0%
007 Crawford and Sebastian Counties	35,898	5.6%	2.5%	0.0%	6.1%	6.1%	33,851	5.8%	51.0%	40.0%	5.8%	48.1%	75,861	5.9%	26.0%	24.3%
008 Conway, Franklin, Johnson, Newton, and Pope Counties	24,095	3.7%	24.4%	0.0%	5.6%	5.6%	19,975	3.8%	49.7%	40.0%	6.2%	48.7%	47,155	3.6%	35.9%	23.5%
009 Cleburne, Searcy, Stone, and Van Burne Counties	12,362	1.9%	8.1%	0.0%	2.5%	2.5%	5,942	0.9%	53.4%	40.0%	4.2%	45.9%	19,265	1.5%	22.8%	15.8%
010 Jackson and Woodruff Counties	4,470	0.7%	8.8%	0.0%	1.4%	1.4%	3,719	0.8%	61.6%	40.0%	1.7%	42.4%	8,636	0.7%	32.8%	19.0%
011 Craighead County	13,061	2.0%	6.0%	0.0%	6.4%	6.4%	10,946	2.3%	50.7%	40.0%	6.6%	49.3%	25,974	2.0%	26.4%	24.0%
012 Mississippi County	8,787	1.4%	15.3%	0.0%	7.4%	7.4%	8,540	1.7%	54.7%	40.0%	7.2%	50.0%	18,314	1.4%	34.7%	26.9%
013 Logan County	162	0.0%	97.1%	0.0%	0.0%	0.0%	128	0.2%	54.3%	40.0%	0.0%	40.0%	340	0.0%	78.2%	15.1%
014 Yell County	1,936	0.3%	9.7%	0.0%	12.3%	12.3%	1,304	0.2%	76.5%	40.0%	9.7%	53.6%	3,386	0.3%	36.6%	27.7%
015 Faulkner County	19,677	3.1%	4.4%	0.0%	3.7%	3.7%	17,737	3.4%	70.5%	40.0%	3.5%	44.8%	41,269	3.2%	35.7%	21.0%
016 White County	29,936	4.6%	4.6%	0.0%	5.7%	5.7%	26,825	5.0%	66.5%	40.0%	5.4%	47.6%	60,938	4.7%	33.9%	23.7%
017 Cross, Lee, Poinsett and St. Francis Counties	4,508	0.7%	8.3%	0.0%	16.1%	16.1%	4,665	0.8%	53.5%	40.0%	16.7%	63.4%	9,733	0.8%	31.3%	37.9%
018 Crittenden County	11,507	1.8%	6.5%	0.0%	9.9%	9.9%	14,294	3.2%	50.7%	40.0%	9.9%	53.9%	26,836	2.1%	31.0%	33.0%
019 Montgomery, Polk, and Scott Counties	1,774	0.3%	61.5%	0.0%	12.1%	12.1%	1,541	0.4%	54.3%	40.0%	11.6%	56.2%	3,469	0.3%	58.2%	31.2%
020 Remainder of Garland, Hot Spring and Perry Counties	22,040	3.4%	7.2%	0.0%	9.5%	9.5%	16,826	2.5%	53.9%	40.0%	10.4%	54.6%	42,159	3.3%	27.4%	26.8%
021 Grant and Remainder of Saline Counties	21,329	3.3%	5.5%	0.0%	3.9%	3.9%	16,548	2.7%	53.8%	40.0%	3.6%	45.1%	41,360	3.2%	26.6%	20.0%
022 Remainder of Pulaski County	33,483	5.2%	3.0%	0.0%	6.1%	6.1%	26,123	5.0%	51.2%	40.0%	6.1%	48.6%	64,799	5.0%	24.1%	22.7%
023 Lonoke County	32,721	5.1%	17.7%	0.0%	3.3%	3.3%	26,292	5.3%	58.5%	40.0%	3.4%	44.8%	63,612	4.9%	35.9%	20.2%
024 Prairie County	217	0.0%	10.9%	0.0%	0.0%	0.0%	157	0.0%	56.9%	40.0%	0.0%	40.0%	399	0.0%	30.2%	15.7%
025 Monroe County	-	0.0%	11.4%	0.0%	0.0%	0.0%	-	0.0%	57.5%	40.0%	0.0%	40.0%	-	0.0%	0.0%	0.0%
026 Jefferson County	5,098	0.8%	7.9%	0.0%	15.1%	15.1%	5,642	1.3%	52.2%	40.0%	15.2%	61.2%	11,424	0.9%	31.2%	37.0%
027 Arkansas County	251	0.0%	11.4%	0.0%	0.0%	0.0%	343	0.0%	57.5%	40.0%	0.0%	40.0%	624	0.0%	38.0%	22.0%
028 Phillips County	528	0.1%	9.7%	0.0%	14.5%	14.5%	687	0.2%	55.2%	40.0%	14.3%	60.0%	1,294	0.1%	35.4%	37.7%
029 Clark, Howard, Pike, and Sevier Counties	5,712	0.9%	8.1%	0.0%	9.1%	9.1%	4,295	0.8%	53.7%	40.0%	8.1%	51.3%	10,787	0.8%	27.7%	25.2%
030 Bradley, Calhoun, Cleveland, Dalls and Lincoln Counties	2,929	0.5%	9.0%	0.0%	3.3%	3.3%	2,712	0.6%	54.6%	40.0%	4.5%	46.4%	5,878	0.5%	30.9%	23.0%
031 Desha County	6,295	1.0%	9.5%	0.0%	6.1%	6.1%	5,477	1.1%	68.8%	40.0%	6.4%	49.0%	12,408	1.0%	37.1%	24.7%
032 Little River and Miller Counties	2,803	0.4%	9.5%	0.0%	2.5%	2.5%	2,695	0.4%	55.2%	40.0%	3.0%	44.2%	6,032	0.5%	31.9%	20.9%
033 Hempstead and LaFayette Counties	717	0.1%	9.5%	0.0%	21.3%	21.3%	883	0.2%	60.4%	40.0%	21.3%	69.8%	1,671	0.1%	37.6%	46.0%
034 Nevada and Ouachita Counties	6,094	0.9%	7.9%	0.0%	9.3%	9.3%	5,675	1.2%	55.8%	40.0%	9.3%	53.0%	12,319	1.0%	31.0%	29.0%
035 Columbia County	1,172	0.2%	10.2%	0.0%	0.0%	0.0%	569	0.1%	56.0%	40.0%	0.0%	40.0%	1,822	0.1%	25.2%	12.5%
036 Union County	9,856	1.5%	13.0%	0.0%	7.6%	7.6%	9,657	1.7%	58.6%	40.0%	7.5%	50.5%	20,993	1.6%	35.6%	26.8%
037 Ashley Chicot and Drew Counties	14,333	2.2%	5.5%	0.0%	8.8%	8.8%	15,267	3.3%	54.8%	40.0%	8.0%	51.2%	31,207	2.4%	30.9%	29.1%
038 Cities of Little Rock and North Little Rock(Pulaski County)	65,129	10.1%	50.3%	0.0%	8.0%	8.0%	60,024	10.9%	72.3%	40.0%	8.0%	51.2%	136,920	10.6%	60.9%	26.2%
039 Hot Springs Village (Garland and Saline Counties)	289	0.0%	10.7%	0.0%	0.0%	0.0%	270	0.1%	58.3%	40.0%	0.0%	40.0%	589	0.0%	33.7%	18.3%
Statewide	644,457	100.0%	9.1%	0.0%	6.0%	6.0%	555,880	100.0%	63.8%	41.5%	6.0%	50.0%	1,291,991	100.0%	34.2%	24.5%

Republic Underwriters Insurance Company
Arkansas Dwelling Fire
Extended Coverage
Statewide Rate Level Indications

Exhibit I
EC

Data as of: Sep-11

Proposed Effective Dates
New: 2/1/2012
Renewal: 3/1/2012

Republic Group Of Insurance Companies

Losses

Fiscal Year Ending September	(1) Non-Cat Incurred Loss	(2) Catastrophe Loss	(3) Development Factor	(4) Ultimate Non-Hurr Cat Adjusted	(5) Current Cost Factors	(6) Projection Factor 3/1/2013	(7) Trended Ultimate Incurred Loss
2009	273,116	67,192	1.013	539,528	1.126	1.058	642,661
2010	80,124	63,331	1.020	159,390	1.061	1.058	178,959
2011	327,872	600,350	1.153	737,018	1.000	1.058	780,005

Premiums & Loss Ratio

Fiscal Year Ending September	(8) Earned Premiums Actual	(9) Onlevel Factor	(10) at Current Rate	(11) Current Amount Factors	(12) On-Level at Current Amounts	(13) Projection Factor 3/1/2013	(14) Trended at Current Rate Level	(15) Trended Ultimate On-Level Loss Ratio
2009	119,091	1.000	119,091	1.052	125,261	1.048	131,335	489.3%
2010	321,790	1.000	321,790	1.031	331,818	1.048	347,909	51.4%
2011	476,114	1.000	476,114	1.000	476,114	1.048	499,203	156.3%

Indication

(17) Premium Weighted Projected Loss Ratio	162.7%	Accident Year	(23b) Earned House Years
(18) Allocated Loss Adjustment Expense as % of Incurred Losses	7.6%	2009	502
(19) Weighted Loss & ALAE Ratio	175.1%	2010	1,330
(20) Fixed Expense Ratio	4.8%	2011	1,908
(21) Permissible Loss & ALAE Ratio	61.7%		
Variable Expense Ratio	29.0%		
ULAE Ratio	9.3%		
Total	38.3%		
(22) Indicated Rate Change before Credibility	191.4%		
(23) Compliment to Credibility	11.2%		
(24) Credibility Table Value	0.292		
(25) Indicated Statewide Rate Level Change	63.8%		
(26) Selected Statewide Rate Level Change	42.9%		

Notes:

- | | |
|---|---|
| (3) is from Exhibit III. | (15) = (7) / (14). |
| (4) = (1) x (3) x Cat Factor of 1.950. (see Exhibit VI, EC) | (16) = --- Intentionally Left Blank --- |
| (5) is from Exhibit IV. | (17) = average of (15) weighted by (8). |
| (6) is from Exhibit IV. | (18) is from Exhibit V. |
| (7) = (4) x (5) x (6). | (19) = (17) x [1.000 + (18)]. |
| (9) is from Exhibit II, Page 2. | (20) is from Exhibit VII, Page 1. |
| (10) = (8) x (9). | (21) is from Exhibit V and Exhibit VII. |
| (11) is from Exhibit II, Page 1. | (22) = [(19) + (20) +] / [(21)] - 1. |
| (12) = (10) x (11). | (23) is net trend, trended from the last rate change to 3/1/2013. |
| (13) is from Exhibit II, Page 1. | (24) = [(Total of (23b) / 43917] ^ 0.5. See Exhibit VIII. |
| (14) = (12) x (13). | (25) = (22) x (24) + [1.000 - (24)] x (23). |
| | (26) is selected by the Republic group. |

**Republic Underwriters Insurance Company
Arkansas Dwelling Fire
Extended Coverage**

Exhibit II
Page 1
EC

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	298	70,504	236	
2009-3	502	119,091	237	
2009-4	721	170,801	237	
2010-1	936	222,029	237	
2010-2	1,137	272,266	239	
2010-3	1,330	321,790	242	
2010-4	1,510	370,073	245	
2011-1	1,659	409,788	247	
2011-2	1,787	443,519	248	
2011-3	1,908	476,114	250	

Average Earned Date	(4) Average Earned Prem	(5) Premium Index	Premium Trend
4/1/2009	237	1.052	4-point 2.30%
4/1/2010	242	1.031	8-point 3.32%
4/1/2011	250	1.000	

(6) **Selected** **2.50%**

Years From Midpoint Of Latest Year's Data
(7) To 12 Months Past Renewal 1.9

(8) Premium Projection Factor 1.048

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 Dwelling Fire
Extended Coverage
Rate History**

Exhibit II
Page 2
EC

Date of Change	Overall Statewide Change
08/01/08	Initial Filing

Fiscal Year Ending September	Overall On-Level Factor
2009	1.000
2010	1.000
2011	1.000

Republic Underwriters Insurance Company
Arkansas Dwelling Fire
Extended Coverage
Countrywide EC
State Of: **Arkansas**

Exhibit III
EC

Rolling Accident Year Selected Loss Development Factors to Ultimate
(Based on Countrywide Fire data of the Republic Group as of 9/2011, excl. cats and mold)

Triangle of Incurred Losses

Fiscal Year Ending	12	24	36	48	60	72	84
September							
2000	2,874,846	3,154,200	3,136,707	3,141,288	3,141,288	3,141,288	3,176,287
2001	2,041,555	2,377,180	2,374,319	2,452,328	2,451,829	2,455,478	2,455,478
2002	2,159,812	2,245,263	2,248,894	2,255,360	2,247,030	2,247,030	2,247,030
2003	1,782,159	1,853,369	1,866,755	1,894,548	1,894,110	1,944,110	1,944,110
2004	2,269,052	2,639,598	2,649,046	2,648,684	2,654,734	2,659,087	2,669,148
2005	1,810,167	1,989,977	1,974,428	1,976,108	1,976,108	1,976,108	1,976,108
2006	1,568,718	1,846,933	1,903,703	1,904,450	1,939,524	1,941,561	
2007	1,820,986	1,922,757	1,890,458	1,902,446	1,908,241		
2008	1,845,501	2,085,236	2,010,910	2,029,147			
2009	2,691,415	3,433,663	3,688,667				
2010	2,876,864	3,054,804					
2011	2,636,875						

Triangle of Link Ratios:

Fiscal Year Ending	12:24	24:36	36:48	48:60	60:72	72:84	
September							
2000	1.097	0.994	1.001	1.000	1.000	1.011	
2001	1.164	0.999	1.033	1.000	1.001	1.000	
2002	1.040	1.002	1.003	0.996	1.000	1.000	
2003	1.040	1.007	1.015	1.000	1.026	1.000	
2004	1.163	1.004	1.000	1.002	1.002	1.004	
2005	1.099	0.992	1.001	1.000	1.000	1.000	
2006	1.177	1.031	1.000	1.018	1.001		
2007	1.056	0.983	1.006	1.003			
2008	1.130	0.964	1.009				
2009	1.276	1.074					
2010	1.062						
Averages							
Total	1.121	1.006	1.008	1.003	1.005	1.001	
Last 3	1.156	1.007	1.005	1.007	1.001	1.001	
Last 5 xhl	1.123	1.002	1.002	1.002	1.001	1.000	
	12:24	24:36	36:48	48:60	60:72	72:84	"Tail"
Selected	1.130	1.007	1.006	1.005	1.002	1.000	84-Ult.
LDF	1.153	1.020	1.013	1.007	1.002	1.000	1.000

Republic Underwriters Insurance Company
Arkansas Dwelling Fire
Extended Coverage

Exhibit IV
 EC

Loss Trend Development

Year-Qtr	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	Homeowners		(11)
	Ultimate Counts	Ultimate Losses	Earned Exposures	Rolling Qtr Ult. Counts	Rolling Qtr Ult. Losses	Frequency	Severity	Pure Premium	(9) Fast Track Frequency	(10) Fast Track Severity	(11) Fast Track Pure Premium
2008-3	0	0	2	0	0	0.0000			0.0581	6,987	406
2008-4	1	6,404	41	1	6,404	0.0247	6,404	158	0.0586	7,480	439
2009-1	2	12,213	139	3	18,617	0.0215	6,206	133	0.0617	7,611	469
2009-2	4	22,005	298	7	40,622	0.0235	5,803	136	0.0614	7,999	492
2009-3	7	234,011	502	14	274,633	0.0279	19,617	547	0.0661	8,243	545
2009-4	5	22,498	721	18	290,727	0.0250	16,147	403	0.0692	7,962	551
2010-1	3	5,697	936	19	284,211	0.0203	14,950	304	0.0698	8,003	559
2010-2	3	6,281	1,137	18	268,487	0.0159	14,897	236	0.0696	8,248	574
2010-3	7	47,051	1,330	18	81,527	0.0137	4,459	61	0.0642	8,186	525
2010-4	20	102,760	1,510	33	161,789	0.0219	4,891	107	0.0630	8,200	517
2011-1	14	89,824	1,659	44	245,916	0.0264	5,611	148	0.0629	8,542	537
2011-2	20	127,214	1,787	60	366,849	0.0338	6,070	205	0.0676	8,017	542
2011-3	8	43,456	1,908	61	363,254	0.0319	5,969	190			

	Frequency	Severity	Pure Premium	Fast Track Frequency	Fast Track Severity	Fast Track Pure Premium
4-point	54.89%	27.07%	81.96%	6.05%	-0.86%	5.19%
8-point	29.81%	-68.14%	-38.33%	-3.37%	1.06%	-2.31%
12-point	6.28%	-16.81%	-10.53%	3.94%	4.69%	8.63%
16-point				7.91%	6.76%	14.67%

(12) Selected Historical Trend	3.00%	3.00%	6.09%
(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))^1.9

Midpoint of latest year 1 yr past Renewal
 Project from 4/1/2011 -----> 3/1/2013 1.9 yrs.

(14) Loss Projection Factor 1.058

Republic Underwriters Insurance Company
Arkansas Dwelling Fire
Extended Coverage
Loss Adjustment Expense

Exhibit V
EC

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	2,811	184	6.5%
2009	425,657	12,265	2.9%
2010	227,730	-530	-0.2%
Average			3.1%

Countrywide Data

Calendar Year	(1) Incurred Losses	(2) Incurred ALAE	(3) = (2) / (1) ALAE Percentage
2006	5,566,235	718,644	12.9%
2007	8,680,445	593,142	6.8%
2008	70,497,692	1,471,845	2.1%
2009	25,377,832	1,051,713	4.1%
2010	19,983,456	2,412,122	12.1%
Average			7.6%

Selected ALAE Provision as a Percent of Incurred Losses: 7.6%

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

Countrywide Data

Calendar Year	(1) Earned Premium (000's)	(2) Incurred ULAE (000's)	(3) = (2) / (1) ULAE Percentage
2006	18,887	1,013	5.4%
2007	27,096	2,889	10.7%
2008	37,984	5,470	14.4%
2009	41,877	3,187	7.6%
2010	46,303	3,840	8.3%
Average			9.3%

Selected ULAE Provision as a Percent of Earned Premium: 9.3%

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	5,565	1,013	18.2%
2007	8,681	2,889	33.3%
2008	70,497	5,470	7.8%
2009	25,379	3,187	12.6%
2010	19,982	3,840	19.2%
Average			18.2%

Selected ULAE Provision as a Percent of Incurred Losses: 12.0%

Countrywide data includes Republic Lloyds, Republic Underwriters, Southern Insurance, Republic Fire & Casualty, Southern Underwriters, and Southern Vanguard Insurance Companies

Republic Underwriters Insurance Company
Arkansas Dwelling Fire
Extended Coverage

Exhibit VI
 EC

Expected Catastrophe Provision
 (000 omitted)

Arkansas Extended Coverage

Fiscal Year Ending September	Ext. Cov Non-Cat Ultimate Inc Loss	Ext. Coverage Non-Hurricane Catastrophe Ult Inc Loss	Ext. Coverage Non-Hurricane Catastrophe Factor
2008	0	2	N/A
2009	275	68	1.249
2010	82	75	1.916
2011	363	743	3.047
Total	719	889	2.235

Straight Average 2.071
 Weighted Average 2.235

Selected Catastrophe Factor: 1.950

Oklahoma Extended Coverage¹

Fiscal Year Ending December	Incurred Non-Cat Losses	Incurred Cat Losses	Cat Factor
1991	85,406	44,317	1.519
1992	61,505	94,396	2.535
1993	171,188	133,087	1.777
1994	310,938	21,186	1.068
1995	385,967	87,763	1.227
1996	280,475	102,486	1.365
1997	333,434	-	1.000
1998	177,117	44,157	1.249
1999	207,667	237,676	2.145
2000	192,039	66,105	1.344
2001	136,712	80,134	1.586
2002	195,858	28,225	1.144
2003	203,856	408,216	3.002
2004	255,012	184,253	1.723
2005	153,856	260,979	2.696
2006	356,500	113,891	1.319
2007	329,433	550,737	2.672
2008	284,755	1,317,111	5.625
2009	449,661	253,691	1.564
2010	337,715	447,827	2.326
2011	298,476	404,238	2.354
Total	5,207,570	4,880,475	1.937

All Year Average 1.964
 10 Year Average 2.443
 5 Year Average: 2.908
 Selected Factor: 1.950

Note 1: Republic's Oklahoma experience was considered in selecting the catastrophe provision due to the lack of experience in Arkansas. (2011 in OK was Annualized)

**Republic Underwriters Insurance Company
Arkansas Dwelling Fire
Extended Coverage**

Exhibit VII
Page 1
EC

Permissible Loss and Loss Adjustment Expense Ratio

Expenses	2008	2009	2010	Selected
Fixed				
General Expense ¹ :	3.4%	3.4%	2.7%	3.2%
Other Acquisition ¹ :	3.3%	3.3%	2.7%	3.1%
Policy Fees Received ² :	(3.4%)	(1.6%)	(1.3%)	(2.1%)
Total Fixed Expenses :	3.3%	5.1%	4.1%	4.2%
AR Dwelling Fire EC Earned Premium	9,980	170,801	370,073	
Fixed Expense \$ Amount	329	8,720	15,227	
Fixed Expense Trend @ 4% Annual	1,201	1,155	1,110	
Trended Fixed Expenses	395	10,070	16,909	23,994
AR DF EC Projected Earned Premium	9,980	170,801	370,073	499,203
Proj. Fixed Expense as % of Premium	4.0%	5.9%	4.6%	4.8%
Variable				
Commission and Brokerage ³ :	17.1%	16.6%	17.4%	17.0%
Taxes, Licenses, and Fees ³ :	8.8%	3.7%	3.2%	3.2%
Profit and Contingencies Provision ⁴ :				5.7%
Cost of Reinsurance (2011) ⁵				3.0%
Total Variable Expenses :	31.6%	26.0%	26.3%	29.0%
Total Expense Provision :	35.6%	31.9%	30.9%	33.8%
Permissible Loss & LAE Ratio :				66.2%
Variable Expense Ratio :				29.0%

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

⁵ Exhibit VII, Page 2

Reinsurance Layer	Reinsurance Limit	2011 Property Reinsurance Cost Companywide	2011 Property Reinsurance Cost Texas DF	AR DF Reins. Cost as a % of Premium*
Per Risk Excess of Loss Reinsurance:				
1st Layer	1M xs 1M	1,250,000	-	
2nd Layer	3M xs 2M	<u>2,250,000</u>	<u>-</u>	
(A) Per Risk Excess Reinsurance Total Cost		3,500,000	0	
(B) Estimated Reinsurer Profit, Expense, & Risk Load			0	0.00%
Catastrophe Reinsurance:				
		2011 CAT Reins. Cost Companywide	2011 CAT Reins. Cost AR DF	
1st Layer	10M xs 10M 1 Event	<u>2,875,000</u>	<u>22,003</u>	
2nd Layer	20M xs 20M 2 Events	9,554,775	14,625	
3rd Layer	60M xs 40M 2 Events	13,598,438	5,204	
4th Layer	75M xs 100M 2 Events	8,437,500	-	
5th Layer	125M xs 175M 1 Event	<u>8,483,500</u>	<u>-</u>	
(C) Cat Reinsurance Total Cost		42,949,213	41,832	
(D) AIR CLASIC v12.0 avg annual Severe Storm Loss & L.		<u>Companywide</u> 3,350,478	<u>AR DF</u> 172,744	
(E) Projected Cat Losses Excess of \$20M Retention - Single Events			2,758	
(F) Projected Average Loss Otherwise Recoverable, 1st two layers			24,539	
(G) Total Cat Losses over Retention Included in Rate Indication (E) + (F)			<u>27,297</u>	
(H) Estimated Reinsurer Profit, Expenses & Risk Load (C) - (G)			14,534	3.0%
(B) + (H) Property Reinsurance Cost Over Expected Premium:			14,534	3.0%

* Reinsurance Cost is expressed as a percentage of projected 2011 Dwelling EC Earned Premium.

Republic Underwriters Insurance Company
Arkansas Dwelling Fire
Extended Coverage
Assignment of Credibility

Exhibit VIII
EC

Fiscal Year Ending June	Earned House-Years
2009	502
2010	1,330
2011	1,908
(1) Total Earned House-Years :	3,740
(2) 3-Year Average Claim Frequency	0.025
(3) Claim Standard for Full Credibility ¹ :	1,082
(4) Calculated Earned House-Years for Full Credibility ((3) / (2))	43,917
(5) Selected Earned House-Years for Full Credibility	43,917
(6) Assigned Credibility ((1) / (5)) ^{0.5} , maximum 100%	29.2%

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	4.2%
(2) Tax rate	35.0%
(3) Premium / surplus ratio	1.7
(4) Return on reserves, after tax	0.9%
(5) Targeted pre-tax underwriting profit	5.7%
(6) After-Tax Return on Equity	12.0%
(1) + (3)x(4) + [(1-(2)) x (3)x(5)]	

(1) Page 4, Exhibit IX

(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 0]	\$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 Income (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)	71.0%
9. Estimated Investment Earnings as a percentage of Net Earned Premium [(7) * (8)]	0.45%

a. Source: Annual Statement, Part 3a, Column 5 + Column 6, Line 4

b. Source: Annual Statement, Part 3, Column 7, Line 4

c. Source: Page 4, Exhibit IX

d. Sources: LAE factor, from the 2010 year-end D.O. Statement

e. Source: Exhibit VIII, Page 1

Estimated Investment Earnings On Unearned Premium Reserves

	(h)		
	Installment	Prepaid	Total
1. Homeowners Unearned Premium Reserve as of December 31, 2009 (a)	68,533,670	3,679,283	72,212,953
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 $[\{(1)+(2)\}/2]$	63,734,168	4,254,332	67,988,500
4. Reduction Due to Booking Installment as Full (b)	30,209,996	xxxxxxxxx	30,209,996
5. Net Mean Homeowners Unearned Premium Reserve	33,524,172	4,254,332	37,778,504
6. Percentage of Prepaid Expenses (c)			
(A) Commissions and Brokerages (/W.P.)	17.0%		
(B) Taxes, Licenses, & Fees (/W.P.)	3.2%		
(C) 50% of Other Acq. & Gen. Expense (/E.P.)	3.2%		
(D) Total Prepaid Expenses [(A)+(B)+(C)]			23.4%
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 $[(5)\times\{1.0-(6D)\}\times\{1.0-(11)\}]$			20,926,968
13. Average Rate-of-Return on Investible Income (f)			1.71%
14. Estimated Investment Earnings on Unearned Premium Reserves $[(12)\times(13)]$			356,868
15. Homeowners Net Earned Premium for 2010 (g)			83,859,860
16. Estimated Investment Earnings as a Percentage of Homeowners Net Earned Premiums $[(14)/(15)]$			0.43%

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) Page 4, Exhibit IX

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

Republic Underwriters Insurance Company
Arkansas Dwelling Fire
Extended Coverage
Calculation of After-Tax Investment Rate of Return

	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)	454,686	442,527	13,745,462	148,560	172,155	200,244	0	182,639	15,346,273	
(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)	454,686	442,527	13,645,462	148,560	172,155	200,244	0	182,639	15,246,273	(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 12/31/09 (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 S104, Line 24, 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 12/31/10 (2010 AS)										
(13) Total Invested Assets (Page 2, Line 12, 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 S104, Line 24, 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 Dwelling Fire
Fire and EC
Indicated Rate Level Change by Territory
Data as of 9/30/2011

Exhibit X
EC

Territor Description	Fire						Allied Lines						Fire and EC Coverages Combined			
	In-Force Written Premium	Distribution	Fire Indicated Change	Selected Base Rate Change	Tier Change	Overall Change	In-Force Written Premium	Distribution	EC Indicated Change	Selected Base Rate Change	Tier Change	Overall Change	In-Force Written Premium	Distribution	Overall Indicated Change	Overall Selected Change
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	
001 Benton and Washington Counties	200,468	31.1%	-5.9%	0.0%	4.8%	4.8%	174,468	30.3%	75.1%	45.0%	4.6%	51.7%	402,630	31.2%	31.8%	24.8%
002 Carroll and Madison Counties	4,432	0.7%	9.7%	0.0%	7.8%	7.8%	2,981	0.3%	55.5%	40.0%	7.0%	49.9%	8,007	0.6%	28.1%	22.9%
003 Baxter, Boonem and Marion Counties	7,110	1.1%	8.6%	0.0%	4.1%	4.1%	5,486	0.6%	53.7%	40.0%	4.4%	46.1%	13,124	1.0%	28.2%	21.5%
004 Fulton, Independence, IZard and Sharp Counties	27,019	4.2%	8.3%	0.0%	7.3%	7.3%	17,821	2.2%	59.3%	40.0%	6.9%	49.6%	48,364	3.7%	28.6%	22.4%
005 Lawrence County	1,809	0.3%	10.0%	0.0%	9.2%	9.2%	1,685	0.3%	86.4%	40.0%	8.8%	52.3%	3,693	0.3%	46.8%	28.4%
006 Clay, Greene and Randolph Counties	4,450	0.7%	9.7%	0.0%	1.9%	1.9%	3,830	0.4%	55.3%	40.0%	2.3%	43.2%	8,700	0.7%	30.8%	20.0%
007 Crawford and Sebastian Counties	35,898	5.6%	2.5%	0.0%	6.1%	6.1%	33,851	5.8%	51.0%	40.0%	5.8%	48.1%	75,861	5.9%	26.0%	24.3%
008 Conway, Franklin, Johnson, Newton, and Pope Counties	24,095	3.7%	24.4%	0.0%	5.6%	5.6%	19,975	3.8%	49.7%	40.0%	6.2%	48.7%	47,155	3.6%	35.9%	23.5%
009 Cleburne, Searcy, Stone, and Van Burne Counties	12,362	1.9%	8.1%	0.0%	2.5%	2.5%	5,942	0.9%	53.4%	40.0%	4.2%	45.9%	19,265	1.5%	22.8%	15.8%
010 Jackson and Woodruff Counties	4,470	0.7%	8.8%	0.0%	1.4%	1.4%	3,719	0.8%	61.6%	40.0%	1.7%	42.4%	8,636	0.7%	32.8%	19.0%
011 Craighead County	13,061	2.0%	6.0%	0.0%	6.4%	6.4%	10,946	2.3%	50.7%	40.0%	6.6%	49.3%	25,974	2.0%	26.4%	24.0%
012 Mississippi County	8,787	1.4%	15.3%	0.0%	7.4%	7.4%	8,540	1.7%	54.7%	40.0%	7.2%	50.0%	18,314	1.4%	34.7%	26.9%
013 Logan County	162	0.0%	97.1%	0.0%	0.0%	0.0%	128	0.2%	54.3%	40.0%	0.0%	40.0%	340	0.0%	78.2%	15.1%
014 Yell County	1,936	0.3%	9.7%	0.0%	12.3%	12.3%	1,304	0.2%	76.5%	40.0%	9.7%	53.6%	3,386	0.3%	36.6%	27.7%
015 Faulkner County	19,677	3.1%	4.4%	0.0%	3.7%	3.7%	17,737	3.4%	70.5%	40.0%	3.5%	44.8%	41,269	3.2%	35.7%	21.0%
016 White County	29,936	4.6%	4.6%	0.0%	5.7%	5.7%	26,825	5.0%	66.5%	40.0%	5.4%	47.6%	60,938	4.7%	33.9%	23.7%
017 Cross, Lee, Poinsett and St. Francis Counties	4,508	0.7%	8.3%	0.0%	16.1%	16.1%	4,665	0.8%	53.5%	40.0%	16.7%	63.4%	9,733	0.8%	31.3%	37.9%
018 Crittenden County	11,507	1.8%	6.5%	0.0%	9.9%	9.9%	14,294	3.2%	50.7%	40.0%	9.9%	53.9%	26,836	2.1%	31.0%	33.0%
019 Montgomery, Polk, and Scott Counties	1,774	0.3%	61.5%	0.0%	12.1%	12.1%	1,541	0.4%	54.3%	40.0%	11.6%	56.2%	3,469	0.3%	58.2%	31.2%
020 Remainder of Garland, Hot Spring and Perry Counties	22,040	3.4%	7.2%	0.0%	9.5%	9.5%	16,826	2.5%	53.9%	40.0%	10.4%	54.6%	42,159	3.3%	27.4%	26.8%
021 Grant and Remainder of Saline Counties	21,329	3.3%	5.5%	0.0%	3.9%	3.9%	16,548	2.7%	53.8%	40.0%	3.6%	45.1%	41,360	3.2%	26.6%	20.0%
022 Remainder of Pulaski County	33,483	5.2%	3.0%	0.0%	6.1%	6.1%	26,123	5.0%	51.2%	40.0%	6.1%	48.6%	64,799	5.0%	24.1%	22.7%
023 Lonoke County	32,721	5.1%	17.7%	0.0%	3.3%	3.3%	26,292	5.3%	58.5%	40.0%	3.4%	44.8%	63,612	4.9%	35.9%	20.2%
024 Prairie County	217	0.0%	10.9%	0.0%	0.0%	0.0%	157	0.0%	56.9%	40.0%	0.0%	40.0%	399	0.0%	30.2%	15.7%
025 Monroe County	-	0.0%	11.4%	0.0%	0.0%	0.0%	-	0.0%	57.5%	40.0%	0.0%	40.0%	-	0.0%	0.0%	0.0%
026 Jefferson County	5,098	0.8%	7.9%	0.0%	15.1%	15.1%	5,642	1.3%	52.2%	40.0%	15.2%	61.2%	11,424	0.9%	31.2%	37.0%
027 Arkansas County	251	0.0%	11.4%	0.0%	0.0%	0.0%	343	0.0%	57.5%	40.0%	0.0%	40.0%	624	0.0%	38.0%	22.0%
028 Phillips County	528	0.1%	9.7%	0.0%	14.5%	14.5%	687	0.2%	55.2%	40.0%	14.3%	60.0%	1,294	0.1%	35.4%	37.7%
029 Clark, Howard, Pike, and Sevier Counties	5,712	0.9%	8.1%	0.0%	9.1%	9.1%	4,295	0.8%	53.7%	40.0%	8.1%	51.3%	10,787	0.8%	27.7%	25.2%
030 Bradley, Calhoun, Cleveland, Dalls and Lincoln Counties	2,929	0.5%	9.0%	0.0%	3.3%	3.3%	2,712	0.6%	54.6%	40.0%	4.5%	46.4%	5,878	0.5%	30.9%	23.0%
031 Desha County	6,295	1.0%	9.5%	0.0%	6.1%	6.1%	5,477	1.1%	68.8%	40.0%	6.4%	49.0%	12,408	1.0%	37.1%	24.7%
032 Little River and Miller Counties	2,803	0.4%	9.5%	0.0%	2.5%	2.5%	2,695	0.4%	55.2%	40.0%	3.0%	44.2%	6,032	0.5%	31.9%	20.9%
033 Hempstead and LaFayette Counties	717	0.1%	9.5%	0.0%	21.3%	21.3%	883	0.2%	60.4%	40.0%	21.3%	69.8%	1,671	0.1%	37.6%	46.0%
034 Nevada and Ouachita Counties	6,094	0.9%	7.9%	0.0%	9.3%	9.3%	5,675	1.2%	55.8%	40.0%	9.3%	53.0%	12,319	1.0%	31.0%	29.0%
035 Columbia County	1,172	0.2%	10.2%	0.0%	0.0%	0.0%	569	0.1%	56.0%	40.0%	0.0%	40.0%	1,822	0.1%	25.2%	12.5%
036 Union County	9,856	1.5%	13.0%	0.0%	7.6%	7.6%	9,657	1.7%	58.6%	40.0%	7.5%	50.5%	20,993	1.6%	35.6%	26.8%
037 Ashley Chicot and Drew Counties	14,333	2.2%	5.5%	0.0%	8.8%	8.8%	15,267	3.3%	54.8%	40.0%	8.0%	51.2%	31,207	2.4%	30.9%	29.1%
038 Cities of Little Rock and North Little Rock(Pulaski County)	65,129	10.1%	50.3%	0.0%	8.0%	8.0%	60,024	10.9%	72.3%	40.0%	8.0%	51.2%	136,920	10.6%	60.9%	26.2%
039 Hot Springs Village (Garland and Saline Counties)	289	0.0%	10.7%	0.0%	0.0%	0.0%	270	0.1%	58.3%	40.0%	0.0%	40.0%	589	0.0%	33.7%	18.3%
Statewide	644,457	100.0%	9.1%	0.0%	6.0%	6.0%	555,880	100.0%	63.8%	41.5%	6.0%	50.0%	1,291,991	100.0%	34.2%	24.5%