

State: Arkansas **Filing Company:** Southern Insurance Company
TOI/Sub-TOI: 01.0 Property/01.0002 Personal Property (Fire and Allied Lines)
Product Name: Arkansas Home Protectors Dwelling Program
Project Name/Number: Rate Revision/

Filing at a Glance

Company: Southern Insurance Company
Product Name: Arkansas Home Protectors Dwelling Program
State: Arkansas
TOI: 01.0 Property
Sub-TOI: 01.0002 Personal Property (Fire and Allied Lines)
Filing Type: Rate
Date Submitted: 09/26/2012
SERFF Tr Num: TRGR-128694295
SERFF Status: Closed-Filed
State Tr Num:
State Status:
Co Tr Num: 12-516

Effective Date 11/15/2012
Requested (New):
Effective Date 12/15/2012
Requested (Renewal):
Author(s): William Bradford
Reviewer(s): Becky Harrington (primary)
Disposition Date: 10/03/2012
Disposition Status: Filed
Effective Date (New): 11/15/2012
Effective Date (Renewal): 12/15/2012

State Filing Description:
referred to Commissioner 9/26/12

State: Arkansas Filing Company: Southern Insurance Company
 TOI/Sub-TOI: 01.0 Property/01.0002 Personal Property (Fire and Allied Lines)
 Product Name: Arkansas Home Protectors Dwelling Program
 Project Name/Number: Rate Revision/

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: 10/03/2012
 State Status Changed: 10/03/2012 Deemer Date:
 Created By: William Bradford Submitted By: William Bradford
 Corresponding Filing Tracking Number:

Filing Description:

Republic is proposing to revise base rates for the Arkansas Low Value Dwelling Program form DP-1. These revisions will result in an overall +15.0% premium increase, for a premium change of approximately \$8,100. This is the first rate change for this program since inception on 2/1/2008. Republic currently insures approximately 150 DP-1 Dwelling Fire policyholders throughout Arkansas. The overall indicated rate increase is +23.3%.

Company and Contact

Filing Contact Information

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

Filing Company Information

Southern Insurance Company CoCode: 19216 State of Domicile: Texas
 5525 LBJ Freeway Group Code: 3489 Company Type:
 Dallas, TX 75240 Group Name: The Republic Group State ID Number:
 (972) 788-6001 ext. [Phone] FEIN Number: 75-6021170

Filing Fees

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

Company	Amount	Date Processed	Transaction #
Southern Insurance Company	\$100.00	09/26/2012	63084980

SERFF Tracking #:

TRGR-128694295

State Tracking #:

Company Tracking #:

12-516

State: Arkansas

Filing Company: Southern Insurance Company

TOI/Sub-TOI: 01.0 Property/01.0002 Personal Property (Fire and Allied Lines)

Product Name: Arkansas Home Protectors Dwelling Program

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Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Filed	Becky Harrington	10/03/2012	10/03/2012

Objection Letters and Response Letters

Objection Letters

Status	Created By	Created On	Date Submitted
No response necessary	Becky Harrington	09/26/2012	09/26/2012

Response Letters

Responded By	Created On	Date Submitted
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Filing Notes

Subject	Note Type	Created By	Created On	Date Submitted
Commissioner Review	Reviewer Note	Becky Harrington	10/03/2012	

State: Arkansas **Filing Company:** Southern Insurance Company
TOI/Sub-TOI: 01.0 Property/01.0002 Personal Property (Fire and Allied Lines)
Product Name: Arkansas Home Protectors Dwelling Program
Project Name/Number: Rate Revision/

Disposition

Disposition Date: 10/03/2012

Effective Date (New): 11/15/2012

Effective Date (Renewal): 12/15/2012

Status: Filed

Comment:

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where req'd):	Minimum % Change (where req'd):
Southern Insurance Company	23.200%	15.000%	\$12,570	109	\$54,288	%	%

Schedule	Schedule Item	Schedule Item Status	Public Access
Supporting Document	Form RF-1 NAIC Loss Cost Data Entry Document--All P&C Lines	Filed	Yes
Supporting Document	HPCS-Homeowners Premium Comparison Survey	Filed	Yes
Supporting Document	NAIC Loss Cost Filing Document for OTHER than Workers' Comp		Yes
Supporting Document	P&C Actuarial Justification	Filed	Yes
Rate	Base Rates	Filed	Yes

State: Arkansas **Filing Company:** Southern Insurance Company
TOI/Sub-TOI: 01.0 Property/01.0002 Personal Property (Fire and Allied Lines)
Product Name: Arkansas Home Protectors Dwelling Program
Project Name/Number: Rate Revision/

Objection Letter

Objection Letter Status	No response necessary
Objection Letter Date	09/26/2012
Submitted Date	09/26/2012
Respond By Date	

Dear William Bradford,

Introduction:

This will acknowledge receipt of the captioned filing.

This filing is being referred to the Commissioner for review due to the requested increase amount being greater than 6%. Please do not respond at this time.

Conclusion:

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

State: Arkansas **Filing Company:** Southern Insurance Company
TOI/Sub-TOI: 01.0 Property/01.0002 Personal Property (Fire and Allied Lines)
Product Name: Arkansas Home Protectors Dwelling Program
Project Name/Number: Rate Revision/

Reviewer Note

Created By:

Becky Harrington on 10/03/2012 12:42 PM

Last Edited By:

Becky Harrington

Submitted On:

10/03/2012 12:43 PM

Subject:

Commissioner Review

Comments:

see att

State: Arkansas **Filing Company:** Southern Insurance Company
TOI/Sub-TOI: 01.0 Property/01.0002 Personal Property (Fire and Allied Lines)
Product Name: Arkansas Home Protectors Dwelling Program
Project Name/Number: Rate Revision/

Attachment Untitled.pdf could not be reproduced here for the following reason: No message found for trailer.not.found

SERFF Tracking #:

TRGR-128694295

State Tracking #:

Company Tracking #:

12-516

State: Arkansas

Filing Company: Southern Insurance Company

TOI/Sub-TOI: 01.0 Property/01.0002 Personal Property (Fire and Allied Lines)

Product Name: Arkansas Home Protectors Dwelling Program

Project Name/Number: Rate Revision/

Rate Information

Rate data applies to filing.

Filing Method: 20 days after approval

Rate Change Type: Increase

Overall Percentage of Last Rate Revision: %

Effective Date of Last Rate Revision:

Filing Method of Last Filing: 20 days after approval (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 req'd):	Minimum % Change (where req'd):
Southern Insurance Company	23.200%	15.000%	\$12,570	109	\$54,288	%	%

SERFF Tracking #:

TRGR-128694295

State Tracking #:**Company Tracking #:**

12-516

State:

Arkansas

Filing Company:

Southern Insurance Company

TOI/Sub-TOI:

01.0 Property/01.0002 Personal Property (Fire and Allied Lines)

Product Name:

Arkansas Home Protectors Dwelling Program

Project Name/Number:

Rate Revision/

Rate/Rule Schedule

Item No.	Schedule Item Status	Exhibit Name	Rule # or Page #	Rate Action	Previous State Filing Number	Attachments
1	Filed 10/03/2012	Base Rates	KP-E-1 to 5	Replacement	TRGR-125377305	AR HP DP 1 MANUAL 12-12 rate.pdf

**Arkansas Home Protector
Dwelling Policy Program Manual
Key Premium and Key Factor Tables**

PART III

BASE PREMIUM COMPUTATION RULES

RULE 301. BASE PREMIUM COMPUTATION

A. Fire, Extended Coverage (DP 00 01) For Coverage A - Dwelling/Coverage; C - Personal Property

1. Key Premium Tables.

a. Coverage A.

(1) Fire

(a) Frame Construction

Protection Class	Territory												
	1	2	3	4	5	6	7	8	9	10	11	12	13
1	259	259	259	259	284	352	259	259	259	284	352	352	259
2	259	259	259	259	284	352	259	259	259	284	352	352	259
3	259	259	259	259	284	352	259	259	259	284	352	352	259
4	288	288	288	288	316	391	288	288	288	316	391	391	288
5	288	288	288	288	316	391	288	288	288	316	391	391	288
6	288	288	288	288	316	391	288	288	288	316	391	391	288
7	432	432	432	432	474	587	432	432	432	474	587	587	432
8	518	518	518	518	569	704	518	518	518	569	704	704	518
8B	965	965	965	965	1059	1310	965	965	965	1059	1310	1310	965
9	965	965	965	965	1059	1310	965	965	965	1059	1310	1310	965
10	1238	1238	1238	1238	1359	1681	1238	1238	1238	1359	1681	1681	1238

Protection Class	Territory													
	14	15	16	17	18	19	20	21	22	23	24	25	26	
1	259	259	284	352	352	259	259	259	284	284	284	284	284	
2	259	259	284	352	352	259	259	259	284	284	284	284	284	
3	259	259	284	352	352	259	259	259	284	284	284	284	284	
4	288	288	316	391	391	288	288	288	316	316	316	316	316	
5	288	288	316	391	391	288	288	288	316	316	316	316	316	
6	288	288	316	391	391	288	288	288	316	316	316	316	316	
7	432	432	474	587	587	432	432	432	474	474	474	474	474	
8	518	518	569	704	704	518	518	518	569	569	569	569	569	
8B	965	965	1059	1310	1310	965	965	965	1059	1059	1059	1059	1059	
9	965	965	1059	1310	1310	965	965	965	1059	1059	1059	1059	1059	
10	1238	1238	1359	1681	1681	1238	1238	1238	1359	1359	1359	1359	1359	

Protection Class	Territory												
	27	28	29	30	31	32	33	34	35	36	37	38	
1	284	352	284	284	352	284	284	284	284	284	352	284	
2	284	352	284	284	352	284	284	284	284	284	352	284	
3	284	352	284	284	352	284	284	284	284	284	352	284	
4	316	391	316	316	391	316	316	316	316	316	391	316	
5	316	391	316	316	391	316	316	316	316	316	391	316	
6	316	391	316	316	391	316	316	316	316	316	391	316	
7	474	587	474	474	587	474	474	474	474	474	587	474	
8	569	704	569	569	704	569	569	569	569	569	704	569	
8B	1059	1310	1059	1059	1310	1059	1059	1059	1059	1059	1310	1059	
9	1059	1310	1059	1059	1310	1059	1059	1059	1059	1059	1310	1059	
10	1359	1681	1359	1359	1681	1359	1359	1359	1359	1359	1681	1359	

Table 301.A.1.a.(1)(a) Fire Key Premiums, Coverage A, Frame

**Arkansas Home Protector
Dwelling Policy Program Manual
Key Premium and Key Factor Tables**

RULE 301. BASE PREMIUM COMPUTATION, (cont)

(b) Masonry Construction

Protection Class	Territory												
	1	2	3	4	5	6	7	8	9	10	11	12	13
1	196	196	196	196	215	266	196	196	196	215	266	266	196
2	196	196	196	196	215	266	196	196	196	215	266	266	196
3	196	196	196	196	215	266	196	196	196	215	266	266	196
4	228	228	228	228	250	309	228	228	228	250	309	309	228
5	228	228	228	228	250	309	228	228	228	250	309	309	228
6	228	228	228	228	250	309	228	228	228	250	309	309	228
7	354	354	354	354	389	481	354	354	354	389	481	481	354
8	420	420	420	420	461	571	420	420	420	461	571	571	420
8B	778	778	778	778	853	1056	778	778	778	853	1056	1056	778
9	778	778	778	778	853	1056	778	778	778	853	1056	1056	778
10	994	994	994	994	1090	1349	994	994	994	1090	1349	1349	994

Protection Class	Territory												
	14	15	16	17	18	19	20	21	22	23	24	25	26
1	196	196	215	266	266	196	196	196	215	215	215	215	215
2	196	196	215	266	266	196	196	196	215	215	215	215	215
3	196	196	215	266	266	196	196	196	215	215	215	215	215
4	228	228	250	309	309	228	228	228	250	250	250	250	250
5	228	228	250	309	309	228	228	228	250	250	250	250	250
6	228	228	250	309	309	228	228	228	250	250	250	250	250
7	354	354	389	481	481	354	354	354	389	389	389	389	389
8	420	420	461	571	571	420	420	420	461	461	461	461	461
8B	778	778	853	1056	1056	778	778	778	853	853	853	853	853
9	778	778	853	1056	1056	778	778	778	853	853	853	853	853
10	994	994	1090	1349	1349	994	994	994	1090	1090	1090	1090	1090

Protection Class	Territory											
	27	28	29	30	31	32	33	34	35	36	37	38
1	215	266	215	215	266	215	215	215	215	215	266	215
2	215	266	215	215	266	215	215	215	215	215	266	215
3	215	266	215	215	266	215	215	215	215	215	266	215
4	250	309	250	250	309	250	250	250	250	250	309	250
5	250	309	250	250	309	250	250	250	250	250	309	250
6	250	309	250	250	309	250	250	250	250	250	309	250
7	389	481	389	389	481	389	389	389	389	389	481	389
8	461	571	461	461	571	461	461	461	461	461	571	461
8B	853	1056	853	853	1056	853	853	853	853	853	1056	853
9	853	1056	853	853	1056	853	853	853	853	853	1056	853
10	1090	1349	1090	1090	1349	1090	1090	1090	1090	1090	1349	1090

Table 301.A.1.a.(1)(b) Fire Key Premiums, Coverage A, Masonry

**Arkansas Home Protector
Dwelling Policy Program Manual
Key Premium and Key Factor Tables**

RULE 301. BASE PREMIUM COMPUTATION, (cont)

(2) Extended Coverage

Territory	Rate	Territory	Rate	Territory	Rate
1	291	14	291	27	320
2	291	15	291	28	394
3	291	16	320	29	320
4	291	17	394	30	320
5	320	18	394	31	394
6	394	19	291	32	320
7	291	20	291	33	320
8	291	21	291	34	320
9	291	22	320	35	320
10	320	23	320	36	320
11	394	24	320	37	394
12	394	25	320	38	320
13	291	26	320		

Table 301.A.1.a.(2) Extended Coverage Key Premiums, Coverage A

b. Coverage C.

(1) Fire

(a) Frame Construction

Protection Class	Territory												
	1	2	3	4	5	6	7	8	9	10	11	12	13
1	56	56	56	56	56	56	56	56	56	56	56	56	56
2	56	56	56	56	56	56	56	56	56	56	56	56	56
3	56	56	56	56	56	56	56	56	56	56	56	56	56
4	62	62	62	62	62	62	62	62	62	62	62	62	62
5	62	62	62	62	62	62	62	62	62	62	62	62	62
6	62	62	62	62	62	62	62	62	62	62	62	62	62
7	93	93	93	93	93	93	93	93	93	93	93	93	93
8	112	112	112	112	112	112	112	112	112	112	112	112	112
8B	208	208	208	208	208	208	208	208	208	208	208	208	208
9	208	208	208	208	208	208	208	208	208	208	208	208	208
10	267	267	267	267	267	267	267	267	267	267	267	267	267

Protection Class	Territory												
	14	15	16	17	18	19	20	21	22	23	24	25	26
1	56	56	56	56	56	56	56	56	56	56	56	56	56
2	56	56	56	56	56	56	56	56	56	56	56	56	56
3	56	56	56	56	56	56	56	56	56	56	56	56	56
4	62	62	62	62	62	62	62	62	62	62	62	62	62
5	62	62	62	62	62	62	62	62	62	62	62	62	62
6	62	62	62	62	62	62	62	62	62	62	62	62	62
7	93	93	93	93	93	93	93	93	93	93	93	93	93
8	112	112	112	112	112	112	112	112	112	112	112	112	112
8B	208	208	208	208	208	208	208	208	208	208	208	208	208
9	208	208	208	208	208	208	208	208	208	208	208	208	208
10	267	267	267	267	267	267	267	267	267	267	267	267	267

**Arkansas Home Protector
Dwelling Policy Program Manual
Key Premium and Key Factor Tables**

RULE 301. BASE PREMIUM COMPUTATION, (cont)

Protection Class	Territory											
	27	28	29	30	31	32	33	34	35	36	37	38
1	56	56	56	56	56	56	56	56	56	56	56	56
2	56	56	56	56	56	56	56	56	56	56	56	56
3	56	56	56	56	56	56	56	56	56	56	56	56
4	62	62	62	62	62	62	62	62	62	62	62	62
5	62	62	62	62	62	62	62	62	62	62	62	62
6	62	62	62	62	62	62	62	62	62	62	62	62
7	93	93	93	93	93	93	93	93	93	93	93	93
8	112	112	112	112	112	112	112	112	112	112	112	112
8B	208	208	208	208	208	208	208	208	208	208	208	208
9	208	208	208	208	208	208	208	208	208	208	208	208
10	267	267	267	267	267	267	267	267	267	267	267	267

Table 301.A.1.b.(1)(a) Fire Key Premiums, Coverage C, Frame

(b) Masonry Construction

Protection Class	Territory												
	1	2	3	4	5	6	7	8	9	10	11	12	13
1	42	42	42	42	42	42	42	42	42	42	42	42	42
2	42	42	42	42	42	42	42	42	42	42	42	42	42
3	42	42	42	42	42	42	42	42	42	42	42	42	42
4	49	49	49	49	49	49	49	49	49	49	49	49	49
5	49	49	49	49	49	49	49	49	49	49	49	49	49
6	49	49	49	49	49	49	49	49	49	49	49	49	49
7	76	76	76	76	76	76	76	76	76	76	76	76	76
8	91	91	91	91	91	91	91	91	91	91	91	91	91
8B	167	167	167	167	167	167	167	167	167	167	167	167	167
9	167	167	167	167	167	167	167	167	167	167	167	167	167
10	214	214	214	214	214	214	214	214	214	214	214	214	214

Protection Class	Territory												
	14	15	16	17	18	19	20	21	22	23	24	25	26
1	42	42	42	42	42	42	42	42	42	42	42	42	42
2	42	42	42	42	42	42	42	42	42	42	42	42	42
3	42	42	42	42	42	42	42	42	42	42	42	42	42
4	49	49	49	49	49	49	49	49	49	49	49	49	49
5	49	49	49	49	49	49	49	49	49	49	49	49	49
6	49	49	49	49	49	49	49	49	49	49	49	49	49
7	76	76	76	76	76	76	76	76	76	76	76	76	76
8	91	91	91	91	91	91	91	91	91	91	91	91	91
8B	167	167	167	167	167	167	167	167	167	167	167	167	167
9	167	167	167	167	167	167	167	167	167	167	167	167	167
10	214	214	214	214	214	214	214	214	214	214	214	214	214

**Arkansas Home Protector
Dwelling Policy Program Manual
Key Premium and Key Factor Tables**

RULE 301. BASE PREMIUM COMPUTATION, (cont)

Protection Class	Territory											
	27	28	29	30	31	32	33	34	35	36	37	38
1	42	42	42	42	42	42	42	42	42	42	42	42
2	42	42	42	42	42	42	42	42	42	42	42	42
3	42	42	42	42	42	42	42	42	42	42	42	42
4	49	49	49	49	49	49	49	49	49	49	49	49
5	49	49	49	49	49	49	49	49	49	49	49	49
6	49	49	49	49	49	49	49	49	49	49	49	49
7	76	76	76	76	76	76	76	76	76	76	76	76
8	91	91	91	91	91	91	91	91	91	91	91	91
8B	167	167	167	167	167	167	167	167	167	167	167	167
9	167	167	167	167	167	167	167	167	167	167	167	167
10	214	214	214	214	214	214	214	214	214	214	214	214

Table 301.A.1.b.(1)(b) Fire Key Premiums, Coverage C, Masonry

(2) Extended Coverage

Territory	Rate	Territory	Rate	Territory	Rate
1	61	14	61	27	61
2	61	15	61	28	61
3	61	16	61	29	61
4	61	17	61	30	61
5	61	18	61	31	61
6	61	19	61	32	61
7	61	20	61	33	61
8	61	21	61	34	61
9	61	22	61	35	61
10	61	23	61	36	61
11	61	24	61	37	61
12	61	25	61	38	61
13	61	26	61		

Table 301.A.1.b.(2) Extended Coverage Key Premiums, Coverage C

2. Other Classification Tables

a. Occupancy Factors

Owner	1.00	Tenant	1.10
-------	------	--------	------

Table 301.A.2.a., Occupancy Factors

b. Number of Families Factors

Number of Families	Coverage A Factor	Coverage C Factor
1	1.00	1.00
2	1.20	1.20
3-4	1.50	1.50

Table 301.A.2.b., Number of Families Factors

c. Use Factors

Use	Factor
Primary	1.00
Seasonal	1.20
Secondary	1.20

Table 301.A.2.c., Use Factors

SERFF Tracking #:

TRGR-128694295

State Tracking #:

Company Tracking #:

12-516

State: Arkansas

Filing Company: Southern Insurance Company

TOI/Sub-TOI: 01.0 Property/01.0002 Personal Property (Fire and Allied Lines)

Product Name: Arkansas Home Protectors Dwelling Program

Project Name/Number: Rate Revision/

Supporting Document Schedules

		Item Status:	Status Date:
Satisfied - Item:	Form RF-1 NAIC Loss Cost Data Entry Document--All P&C Lines	Filed	10/03/2012
Comments:			
Attachment(s):	FORM RF-1 Rate Filing Abstract.pdf		

		Item Status:	Status Date:
Satisfied - Item:	HPCS-Homeowners Premium Comparison Survey	Filed	10/03/2012
Comments:			
Attachment(s):	DF Survey FORM HPCS - (AR DP-1 2012).xls DF Survey FORM HPCS - (AR DP-1 2012).pdf		

		Item Status:	Status Date:
Satisfied - Item:	P&C Actuarial Justification	Filed	10/03/2012
Comments:			
Attachment(s):	Filing Memo AR DP-1.pdf AR Filing Exhibits DP-1.pdf		

NAIC LOSS COST DATA ENTRY DOCUMENT

1.	This filing transmittal is part of Company Tracking #	12-516
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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.	Southern Insurance Company	B.	19216

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	35.7%	24.0%					
Allied Lines*	15.5%	11.0%					
*including add'l cov's							
TOTAL OVERALL EFFECT	23.2%	15.0%					

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
2011	152	N/A	N/A	60	16	26.6%	41.4%
2010	113	N/A	N/A	42	5	11.5%	42.6%
2009	58	N/A	N/A	18	0	0.0%	55.2%
2008	20	N/A	N/A	3	40	1,320%	148.7%
2007	N/A	N/A	N/A	N/A	N/A	N/A	34.1%

7.	
Expense Constants	Selected Provisions
A. Total Production Expense	20.9%
B. General Expense	1.9%
C. Taxes, License & Fees	4.0%
D. Underwriting Profit & Contingencies	4.9%
E. Other (Reinsurance)	1.9%
F. TOTAL	33.6%

- 8.** N Apply Lost Cost Factors to Future filings? (Y or N)
- 9.** 21.0% Estimated Maximum Rate Increase for any Insured (%). Territory (if applicable): _____
- 10.** n/a Estimated Maximum Rate Decrease for any Insured (%) Territory (if applicable): _____

State: Arkansas **Filing Company:** Southern Insurance Company
TOI/Sub-TOI: 01.0 Property/01.0002 Personal Property (Fire and Allied Lines)
Product Name: Arkansas Home Protectors Dwelling Program
Project Name/Number: Rate Revision/

Supporting Document Schedules

NAIC Number: 19216
 Company Name: Southern Insurance Company
 Contact Person: Bill Bradford
 Telephone No.: 972-788-6617
 Email Address: bill.bradford@republicgroup.com
 Effective Date: 11/15/2012

**Homeowners Premium Comparison Survey Form
 FORM HP3S - 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	\$738.00	\$834.00	\$738.00	\$834.00	\$1,001.00	\$1,132.00	\$1,001.00	\$1,132.00	\$811.00	\$916.00	\$811.00	\$916.00	\$811.00	\$916.00	\$738.00	\$834.00	\$811.00	\$916.00
	\$120,000	\$1,071.00	\$1,210.00	\$1,071.00	\$1,210.00	\$1,452.00	\$1,642.00	\$1,452.00	\$1,642.00	\$1,177.00	\$1,330.00	\$1,177.00	\$1,330.00	\$1,177.00	\$1,330.00	\$1,071.00	\$1,210.00	\$1,177.00	\$1,330.00
	\$160,000	\$1,402.00	\$1,585.00	\$1,402.00	\$1,585.00	\$1,901.00	\$2,149.00	\$1,901.00	\$2,149.00	\$1,541.00	\$1,741.00	\$1,541.00	\$1,741.00	\$1,541.00	\$1,741.00	\$1,402.00	\$1,585.00	\$1,541.00	\$1,741.00
6	\$80,000	\$786.00	\$878.00	\$786.00	\$878.00	\$1,067.00	\$1,191.00	\$1,067.00	\$1,191.00	\$864.00	\$964.00	\$864.00	\$964.00	\$864.00	\$964.00	\$786.00	\$878.00	\$864.00	\$964.00
	\$120,000	\$1,141.00	\$1,274.00	\$1,141.00	\$1,274.00	\$1,547.00	\$1,728.00	\$1,547.00	\$1,728.00	\$1,253.00	\$1,400.00	\$1,253.00	\$1,400.00	\$1,253.00	\$1,400.00	\$1,141.00	\$1,274.00	\$1,253.00	\$1,400.00
	\$160,000	\$1,493.00	\$1,668.00	\$1,493.00	\$1,668.00	\$2,025.00	\$2,261.00	\$2,025.00	\$2,261.00	\$1,641.00	\$1,832.00	\$1,641.00	\$1,832.00	\$1,641.00	\$1,832.00	\$1,493.00	\$1,668.00	\$1,641.00	\$1,832.00
9	\$80,000	\$1,621.00	\$1,905.00	\$1,621.00	\$1,905.00	\$2,199.00	\$2,585.00	\$2,199.00	\$2,585.00	\$1,779.00	\$2,091.00	\$1,779.00	\$2,091.00	\$1,779.00	\$2,091.00	\$1,621.00	\$1,905.00	\$1,779.00	\$2,091.00
	\$120,000	\$2,351.00	\$2,764.00	\$2,351.00	\$2,764.00	\$3,191.00	\$3,750.00	\$3,191.00	\$3,750.00	\$2,582.00	\$3,034.00	\$2,582.00	\$3,034.00	\$2,582.00	\$3,034.00	\$2,351.00	\$2,764.00	\$2,582.00	\$3,034.00
	\$160,000	\$3,078.00	\$3,618.00	\$3,078.00	\$3,618.00	\$4,176.00	\$4,909.00	\$4,176.00	\$4,909.00	\$3,380.00	\$3,972.00	\$3,380.00	\$3,972.00	\$3,380.00	\$3,972.00	\$3,078.00	\$3,618.00	\$3,380.00	\$3,972.00

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"/>	%
			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? No (yes or no)
 WHAT IS YOUR PERCENTAGE DEDUCTIBLE? %

	Zone	Brick	Frame
WHAT IS YOUR PRICE PER \$1,000 OF COVERAGE?	Highest Risk	\$ <input type="text"/>	\$ <input type="text"/>
	Lowest Risk	\$ <input type="text"/>	\$ <input type="text"/>

Filing Memorandum
Arkansas Home Protectors (AHP) Dwelling Fire– DP-1
Southern Insurance Company (SIC)

Republic provides the attached support to revise base rates for the Arkansas Low Value Dwelling Program form DP-1. These revisions, as described herein, will result in an overall +15.0% premium increase, for a premium change of approximately \$8,100, to be effective on November 15, 2012 for new business and December 15, 2012 for renewal business. This is the first rate change for this program since inception on 2/1/2008. Republic currently insures approximately 150 DP-1 Dwelling Fire policyholders throughout Arkansas.

An overall indicated rate increase of +23.2% has been calculated using four years of premium and loss experience for the experience period October 2008 – March 2012. In support of this filing, we have attached exhibits of our Fire and Extended Coverage experience for Arkansas, Oklahoma, and Mississippi. We have supplemented Arkansas Home Protectors data with data from Oklahoma and Mississippi's Home Protectors book of business to create a larger data set; due to the limited experience in Arkansas alone, we have used data from these other states to gain more accurate results and reduce volatility.

Summary of Indication/Proposed Changes (AHP, OHP, and MHP combined)

	In force Written Premium	Rate Indication	Selected Change
Fire	490,045	35.7%	24.0%
Allied	467,501	15.5%	11.0%
Additional Coverages*	110,224		0.0%
Total	1,067,770	23.2%	15.0%

*includes Liability coverage

**Southern Insurance Company (SIC)
Arkansas Home Protectors (AHP) Dwelling Fire– DP-1**

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: Loss Ratio by Year for Arkansas Home Protector
- Exhibit III: Proposed Base Rates for Building and Contents by Territory

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: -- *Not Applicable* --
- Exhibit VII: Permissible Loss & LAE Ratio
- Exhibit VIII: Credibility of Experience
- Exhibit IX: Return on Equity Calculation

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 & LAE Ratio and Reinsurance Cost
- Exhibit VIII: Credibility of Experience
- Exhibit IX: Return on Equity Calculation

Southern Insurance Company (SIC)
Arkansas Home Protectors (AHP) Dwelling Fire– DP-1
Rate Level Indication
Explanatory Memorandum

Exhibits included in Fire and EC rate indications:

Exhibit I presents Republic experience in Arkansas, Oklahoma, and Mississippi's low value dwelling programs for each of the last four accident years ending March 31, evaluated as of 03/31/2012. 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 Republic Home Protectors data. 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 12-, 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 initial filing is the only rate change for the low value dwelling program; therefore no rate adjustments were necessary over the experience period to bring the premiums to current 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 and similarity to our low value to standard dwelling program, 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 12-, 8-, and 4-points are shown. The selected historical trend factor and projected trend factor are based on the results of these exponential fits. Due to the volatility and lack of credibility of Home Protectors data alone, supplemental industry (ISO Fast Track) homeowners' data from Arkansas, Mississippi, and Oklahoma 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 Home Protector 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 2007 - 2011 using Page 15 data and the ULAE factors are based upon calendar years 2007 – 2011 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 only. Non-hurricane catastrophe losses are ratioed to ex-catastrophe losses for Home Protectors, but supplemented with the same ratio from the past rate file submitted in 2011 for our standard dwelling program for Arkansas. 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 low value 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 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 is presented in the attached rate indication for EC and reflects the current treaties and costs for 2012. Coverage for convective storm events between \$10 million and \$20 million are not covered but all catastrophic events between \$20 million and \$300 million are covered under the 2012 reinsurance treaties. The calculation of the Profit and Contingencies Provision included in the development of the PLR is provided in Exhibit IX.

Exhibit VIII details the calculation of credibility assigned to the rate indications in Exhibit I. We selected our earned house-years for full credibility based on our selected values for Arkansas Dwelling Fire (DP-3) rate change filed in 2011.

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.

Republic Home Protectors
 DP-1 Low Value Fire (AR, MS, OK)
 Overall Effect
 As of date: 3/31/2012

Exhibit I
 Fire & EC

	Arkansas Inforce Written <u>Premium</u>	All States Inforce Written <u>Premium</u>	Rate <u>Indication</u>	Selected <u>Change</u>	
Fire	21,823	490,045	35.7%	24.0%	
Allied	26,426	467,501	15.5%	11.0%	
Additional Coverages*	6,039	110,224		0.0%	
Allied+Add'l Covgs	32,465	577,725	12.6%	9.0%	
Total	54,288	1,067,770	23.2%	15.0%	
Total \$\$ Change		\$	247,239	\$	159,772
Arkansas \$\$ Change		\$	12,570	\$	8,144

* includes Liability Coverage

Arkansas Home Protectors (AHP)
Loss Ratio by Year

Exhibit II
Fire & EC

Arkansas

Year	EP	IL xCat	Cat	IL wCats	LR xCat	LR Cat	LR Total
2007	-	-	-	-	0.0%	0.0%	0.0%
2008	2,586	40,000	-	40,000	1546.9%	0.0%	1546.9%
2009	15,567	-	-	-	0.0%	0.0%	0.0%
2010	36,689	4,306	514	4,820	11.7%	1.4%	13.1%
2011	54,268	13,777	2,298	16,075	25.4%	4.2%	29.6%
2012	13,127	-	-	-	0.0%	0.0%	0.0%
Total	122,237	58,083	2,812	60,895	47.5%	2.3%	49.8%

All States

Year	EP	IL xCat	Cat	IL wCats	LR xCat	LR Cat	LR Total
2007	15,563	-	-	-	0.0%	0.0%	0.0%
2008	230,661	98,140	43,444	141,584	42.5%	18.8%	61.4%
2009	504,887	126,477	26,941	153,419	25.1%	5.3%	30.4%
2010	672,346	306,887	25,289	332,176	45.6%	3.8%	49.4%
2011	878,358	715,637	239,741	955,379	81.5%	27.3%	108.8%
2012	237,693	62,657	7,197	69,855	26.4%	3.0%	29.4%
Total	2,539,509	1,309,799	342,613	1,652,412	51.6%	13.5%	65.1%

Republic Home Protectors
Dwelling Fire DP-1 Product (AR, MS, & OK)
Fire
Rate Level Indications

Exhibit I
Fire

Data as of: Mar-12

Proposed Effective Dates
New: 11/15/2012
Renewal: 12/15/2012

Republic Group Of Insurance Companies

Losses

Fiscal Year	(1) Incurred	(2) Development	(3) Ultimate	(4) Current	(5) Projection	(6) Trended
Ending	Loss	Factor	Incurred	Cost	Factor	Ultimate
March	Loss	Factor	Loss	Factors	12/15/2013	Incurred Loss
2009	81,282	1.000	81,282	1.229	1.164	116,249
2010	134,206	1.000	134,206	1.147	1.164	179,182
2011	327,133	1.000	327,133	1.071	1.164	407,733
2012	478,318	1.030	492,668	1.000	1.164	573,239

Premiums & Loss Ratio

Fiscal Year	(7) Earned Premiums	(8) Onlevel	(9) at Current	(10) Current	(11) On-Level	(12) Projection	(13) Trended	(14) Trended	(15) Weights
Ending	Actual	Factor	Rate	Amount	at Current	Factor	at Current	Ultimate	
March	Actual	Factor	Rate	Factors	Amounts	12/15/2013	Rate Level	On-Level	Loss Ratio
2009	168,374	1.000	168,374	1.076	181,118	1.067	193,335	60.1%	0.10
2010	293,538	1.000	293,538	1.067	313,117	1.067	334,236	53.6%	0.20
2011	368,950	1.000	368,950	1.068	394,155	1.067	420,741	96.9%	0.30
2012	476,998	1.000	476,998	1.000	476,998	1.067	509,171	112.6%	0.40

Indication

(17) Premium Weighted Projected Loss Ratio	90.8%	Accident	(16) Earned House
(18) Allocated Loss Adjustment Expense as % of Incurred Losses	5.0%	Year	Years
(19) Weighted Loss & ALAE Ratio	95.4%	2008	98
(20) Fixed Expense Ratio	7.0%	2009	636
(21) Permissible Loss & ALAE Ratio	64.4%	2010	1,133
Variable Expense Ratio	26.9%	2011	1,376
ULAE Ratio	8.7%	2012	1,708
Total	35.6%		
(22) Indicated Change Before Credibility	59.1%		
(23) Compliment to Credibility	23.0%		
(24) Credibility Table Value	0.352		
(26) Indicated Statewide Rate Level Change	35.7%		
(27) Selected Statewide Rate Level Change	24.0%		

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 VI.
(9) = (7) x (8)
(10) is from Exhibit II.
(11) = (9) x (10)
(12) is from Exhibit II.
(13) = (11) x (12)

(14) = (6) / (13)
(17) = average of (14) weighted by (15).
(18) is from Exhibit V.
(19) = (17) x [1.000 + (18)].
(20) is from Exhibit VII.
(21) is from Exhibit V and Exhibit VII.
(22) = [(19) + (20)] / [(21) - 1].
(23) is net trend, trended from the last rate change to 12/15/2013.
(24) = [(Sum of (16) / 40000) ^ 0.5. See Exhibit VIII.
(26) = [(19)+(20)] / (21)-1 x (24) + [1.000 - (24)] x (23).
(27) is selected by the Republic group.

Republic Home Protectors
Dwelling Fire DP-1 Product (AR, MS, & OK)
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		
2008-1	98	22,719	231		
2008-2	202	49,971	248		
2008-3	338	87,550	259		
2008-4	485	128,268	264		
2009-1	636	168,374	265		
2009-2	778	204,428	263		
2009-3	907	236,907	261		
2009-4	1,030	267,649	260		
2010-1	1,133	293,538	259		
2010-2	1,215	315,039	259		
2010-3	1,270	330,949	261		
2010-4	1,314	346,919	264		
2011-1	1,376	368,950	268		
2011-2	1,451	397,098	274		
2011-3	1,538	428,380	278		
2011-4	1,634	456,937	280		
2012-1	1,708	476,998	279		

Average Earned Date	(4) Average Earned Prem	(5) Premium Index	Premium Trend	
10/1/2008	259	1.076	4-point	2.63%
10/1/2009	261	1.067	8-point	5.01%
10/1/2010	261	1.068	12-point	3.02%
10/1/2011	278	1.000		
			(6) Selected	3.00%

Years From Midpoint Of Latest Year's Data	
(7) To 12 Months Past Renewal	2.2
(8) Premium Projection Factor	1.067

Notes:

- (3) = (2)/(1).
- (4) from respective quarters in (3).
- (5) = (4)/ Last Period of (4).
- (8) = (1+(6))^(7)

**Republic Home Protectors
Dwelling Fire DP-1 Product (AR, MS, & OK)
Fire**

Exhibit II
Page 2
Fire

Date of Change	Overall Statewide Change
06/15/07	Initial Filing (Oklahoma)
09/01/07	Initial Filing (Mississippi)
02/01/08	Initial Filing (Arkansas)

Fiscal Year Ending September	Overall On-Level Factor
2008	1.000
2009	1.000
2010	1.000
2011	1.000
2012	1.000

**Republic Home Protectors
Dwelling Fire DP-1 Product (AR, MS, & OK)**

Exhibit IV
Fire

Loss Trend Development

Year-Qtr	(1) Ultimate Counts	(2) Ultimate Losses	(3) Earned Exposures	(4) Rolling Qtr Ult. Counts	(5) Rolling Qtr Ult. Losses	(6) Frequency	(7) Severity	(8) Pure Premium
2008-3	3	45,620	338	3	45,620	0.0089	15,207	135
2008-4	0	32,500	485	3	78,120	0.0062	26,040	161
2009-1	1	3,162	636	4	81,282	0.0063	20,320	128
2009-2	1	1,373	778	5	82,654	0.0064	16,531	106
2009-3	2	26,766	907	4	63,800	0.0044	15,950	70
2009-4	2	45,000	1,030	6	76,300	0.0058	12,717	74
2010-1	2	61,068	1,133	7	134,206	0.0062	19,172	118
2010-2	3	11,433	1,215	9	144,267	0.0074	16,030	119
2010-3	3	86,351	1,270	10	203,852	0.0079	20,385	161
2010-4	4	30,762	1,314	12	189,614	0.0091	15,801	144
2011-1	3	198,587	1,376	13	327,133	0.0094	25,164	238
2011-2	5	196,234	1,451	15	511,933	0.0103	34,129	353
2011-3	3	106,913	1,538	15	532,495	0.0098	35,500	346
2011-4	5	133,188	1,634	16	634,921	0.0099	39,436	389
2012-1	2	52,483	1,708	15	488,817	0.0090	31,857	286

	Frequency	Severity	Pure Premium
4-point	-16.40%	-4.06%	-20.46%
8-point	13.13%	51.62%	64.75%
12-point	25.15%	37.11%	62.25%

(12) Selected Historical Trend	3.00%	4.00%	7.12%
(13) Selected Future Trend	2.00%	5.00%	7.10%

Notes:

(3), (4), (5) are on a four quarter rolling basis.

(6) = (4)/(3).

(7) = (5)/(4).

(8) = (6) x (7).

(14) = (1+Pure Premium from (13))^2.2

Project from	Midpoint of latest year 10/1/2011	----->	1 yr past Renewal 12/15/2013	2.2
	(14) Loss Projection Factor			1.164

Republic Home Protectors
Dwelling Fire DP-1 Product (AR, MS, & OK)
Fire Coverage
Loss Adjustment Expense

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

Arkansas, Oklahoma, & Mississippi Data

Calendar Year	(1) Incurred Losses	(2) Incurred ALAE	(3) = (2) / (1) ALAE Percentage
2007	863,581	24,405	2.8%
2008	1,035,712	47,013	4.5%
2009	710,005	28,378	4.0%
2010	773,094	19,045	2.5%
2011	1,265,230	75,547	6.0%
Average			4.1%

Countrywide Data

Calendar Year	(1) Incurred Losses	(2) Incurred ALAE	(3) = (2) / (1) ALAE Percentage
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%
2011	5,200,997	477,797	9.2%
Average			5.0%

Selected ALAE Provision as a Percent of Incurred Losses: 5.0%

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
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%
2011	13,949	2,534	18.2%
Average			8.7%

Selected ULAE Provision as a Percent of Earned Premium: 8.7%

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

**Republic Home Protectors
Low Value Fire (AR, MS, OK)
Fire Coverage**

Exhibit VII
Fire

Permissible Loss and Loss Adjustment Expense Ratio

Expenses	2009	2010	2011	Selected
Fixed				
General Expense ¹ :	2.9%	3.8%	4.2%	3.7%
Other Acquisition ¹ :	3.4%	3.7%	4.1%	3.7%
Policy Fees Received ² :	(1.7%)	(1.6%)	(1.6%)	(1.6%)
Total Fixed Expenses :	4.7%	5.9%	6.7%	5.8%
Low Value Dwelling Fire Earned Premium	128,268	267,649	346,919	
Fixed Expense \$ Amount	5,976	15,903	23,226	
Fixed Expense Trend @ 4% Annual	1.180	1.134	1.091	
Trended Fixed Expenses	7,049	18,038	25,330	35,746
LV DF Projected Earned Premium	128,268	267,649	346,919	509,171
Proj. Fixed Expense as % of Premium	5.5%	6.7%	7.3%	7.0%
Variable				
Commission and Brokerage ³ :	17.4%	17.8%	17.5%	17.5%
Taxes, Licenses, and Fees ³ :	4.4%	3.1%	3.1%	3.1%
Profit and Contingencies Provision ⁴ :				6.3%
Total Variable Expenses :	28.1%	27.2%	26.9%	26.9%
Total Expense Provision :	33.6%	34.0%	34.2%	33.9%
Permissible Loss & LAE Ratio :				66.1%
Variable Expense Ratio :				26.9%

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, States of Arkansas, Mississippi, and Oklahoma; as a percent of Written Premium

⁴ Exhibit IX, Page 1

**Republic Home Protectors
Dwelling Fire DP-1 Product (AR, MS, & OK)**

Exhibit VIII
Fire

Assignment of Credibility

Fiscal Year Ending March	Earned House-Years
2009	636
2010	1,133
2011	1,376
2012	1,708

(1) Total Earned House-Years :	4,853
(2) 5-Year Average Claim Frequency	0.008
(3) Claim Standard for Full Credibility ¹ :	1,082
(4) Calculated Earned House-Years for Full Credibility ((3) / (2))	140,988
(5) Selected Earned House-Years for Full Credibility	40,000
(6) Assigned Credibility ((1) / (5)) ^{0.5} , maximum 100%	34.8%

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	3.4%
(2) Tax rate	35.0%
(3) Premium / surplus ratio	1.8
(4) Return on reserves, after tax	0.6%
(5) Targeted pre-tax underwriting profit	6.3%
(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, 2010 (a)	\$12,326,271
2. Loss and Loss Adjustment Expense Reserves as of December 31, 2011 (a)	\$17,367,216
3. Mean Loss and Loss Adjustment Expense Reserves [(1) + (2)] / 2	\$14,846,744
4. Actual Incurred Loss and Loss Adjustment Expenses (b), (d) [1.1451 x 61,089,905]	\$69,954,050
5. Average period \$1.00 of Loss and LAE remains in reserves (in years) [(3) / (4)]	0.212
6. Average Rate of Return on Invested Income (c)	1.72%
7. Expected investment earnings on \$1.00 of Loss and LAE while in reserves [(1+(6))^(5) - 1]	\$0.0036
8. Expected Loss and LAE Ratio = (1.000 - Expense Ratio) (e)	66.1%
9. Estimated Investment Earnings as a percentage of Net Earned Premium [(7) * (8)]	0.24%

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 2011 year-end D.O. Statement

e. Source: Exhibit VII

Estimated Investment Earnings On Unearned Premium Reserves

	(h)		
	Installment	Prepaid	Total
1. Homeowners Unearned Premium Reserve as of December 31, 2010 (a)	58,934,666	4,829,381	63,764,047
2. Homeowners Unearned Premium Reserve as of December 31, 2011 (a)	51,277,112	11,126,401	62,403,513
3. Mean Homeowners Unearned Premium Reserve $[\{(1)+(2)\}/2]$	55,105,889	7,977,891	63,083,780
4. Reduction Due to Booking Installment as Full (b)	26,120,191	xxxxxxxxx	26,120,191
5. Net Mean Homeowners Unearned Premium Reserve	28,985,698	7,977,891	36,963,589
6. Percentage of Prepaid Expenses (c)			
(A) Commissions and Brokerages (/W.P.)	17.5%		
(B) Taxes, Licenses, & Fees (/W.P.)	3.1%		
(C) 50% of Other Acq. & Gen. Expense (/E.P.)	3.7%		
(D) Total Prepaid Expenses [(A)+(B)+(C)]			24.3%
7. Agents' balances as of December 31, 2010 (d)			81,506,307
8. Agents' balances as of December 31, 2011 (d)			87,779,260
9. Mean Agents' Balances $[\{(7)+(8)\}/2]$			84,642,784
10. All lines Net Earned Premium for 2011 (e)			368,337,940
11. Factor Representing Delayed Remission of Premium $[(9)/(10)]$			0.230
12. Net Mean Homeowners Unearned Premiums Subject to Investment $[(5) \times (1.0 - (6D)) \times (1.0 - (11))]$			21,545,706
13. Average Rate-of-Return on Investible Income (f)			1.72%
14. Estimated Investment Earnings on Unearned Premium Reserves $[(12) \times (13)]$			370,750
15. Homeowners Net Earned Premium for 2011 (g)			91,741,247
16. Estimated Investment Earnings as a Percentage of Homeowners Net Earned Premiums $[(14)/(15)]$			0.40%

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 3

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

Calculation of After-tax Return on Equity

	Southern	Republic-Vanguard	Republic Underwriters	Republic Lloyds	Southern Underwriters	Republic Fire & Cas.	Southern Cnty Mutual	Southern Vanguard	Grand Total	
Investment Income Calendar Year 2011 (2011 AS)										
(1) Net Investment Income (Page 12, Line 17)	918,382	561,047	14,730,451	159,161	173,680	228,372	0	207,199	16,978,292	
(2) Common stock of affiliates (Page 12, Col. 1, Line 2.21)	0	0	1,570,000	0	0	0	0	0	1,570,000	
(3) Net Investment Income after consolidation (1) - (2)	918,382	561,047	13,160,451	159,161	173,680	228,372	0	207,199	15,408,292	(A)
Capital Gains Calendar Year 2010 (2010 AS)										
(4) 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	
(5) 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	
(6) 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	(B)
Capital Gains Calendar Year 2011 (2011 AS)										
(7) Net Realized Capital Gains after Tax (Page 4, Line 10, Col. 1)	11,156	78,178	5,450,246	8,186	82,412	18,469	22,950	39,596	5,711,193	
(8) Net Unrealized Capital Gains after Tax (Page 4, Line 24, Col. 1)	825	0	561,160	0	0	0	1,250	0	563,235	
(9) Total Net Capital Gains after Tax (7) + (8)	11,981	78,178	6,011,406	8,186	82,412	18,469	24,200	39,596	6,274,428	(C)
Invested Assets as of 12/31/2010 (2010 AS)										
(10) 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	
(11) Value of consolidated affiliates (Page S104, Line 24, Col 2 - SchD)	0	0	91,479,926	0	0	0	0	0	91,479,926	
(12) 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	(D)
Invested Assets as of 12/31/2011 (2011 AS)										
(13) Total Invested Assets (Page 2, Line 12, Col 3)	49,637,752	23,321,076	523,103,885	12,677,213	5,507,508	8,602,313	31,841,867	9,886,127	664,577,741	
(14) Value of consolidated affiliates (Page S104, Line 24, Col 2 - SchD)	0	0	91,216,844	0	0	0	0	0	91,216,844	
(15) Net invested assets after consolidation (13) - (14)	49,637,752	23,321,076	431,887,041	12,677,213	5,507,508	8,602,313	31,841,867	9,886,127	573,360,897	(E)
Capital Gains Rate of Return (After-Tax):		1.68%								(F)=((B)+(C)) / ((D)+(E))
Investment Income Rate of Return (Pre-Tax):		2.65%								(G) = (A) / (Avg ((D) , (E)))
Effective Tax-Rate in Investment Earnings:		0.35								(H)
Rate of Return (After-Tax) on Investment Income:		1.72%								(I) = (G) x (1.000 - (H))
Rate of Return (After-Tax) on Invested Assets:		3.41%								(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 Home Protectors
 Low Value (AR, MS, OK)
 Extended Coverage
 Rate Level Indications

Exhibit I
 EC

Data as of: Mar-12

Proposed Effective Dates

New: 11/15/2012
 Renewal: 12/15/2012

Republic Group Of Insurance Companies

Losses

Fiscal Year Ending March	(1) Non-Cat Incurred Loss	(2) Catastrophe Loss	(3) Development Factor	(4) Ultimate Non-Hurr Cat Adjusted	(5) Current Cost Factors	(6) Projection Factor 12/15/2013	(7) Trended Ultimate Incurred Loss
2009	24,550	52,404	1.000	47,872	1.194	1.164	66,519
2010	54,369	24,024	1.005	106,550	1.125	1.164	139,566
2011	130,630	13,544	1.015	258,562	1.061	1.164	319,270
2012	84,311	246,938	1.096	180,231	1.000	1.164	209,792

Premiums & Loss Ratio

Fiscal Year Ending March	(8) Earned Premiums Actual	(9) Onlevel Factor	(10) at Current Rate	(11) Current Amount Factors	(12) On-Level at Current Amounts	(13) Projection Factor 12/15/2013	(14) Trended at Current Rate Level	(15) Trended Ultimate On-Level Loss Ratio	(16) Weights
2009	137,034	1.000	137,034	1.115	152,859	1.067	163,170	40.8%	0.10
2010	265,284	1.000	265,284	1.101	292,206	1.067	311,915	44.7%	0.20
2011	345,998	1.000	345,998	1.054	364,687	1.067	389,285	82.0%	0.30
2012	442,949	1.000	442,949	1.000	442,949	1.067	472,825	44.4%	0.40

Indication

(17) Premium Weighted Projected Loss Ratio	55.4%	Accident	(22) Earned House
(18) Allocated Loss Adjustment Expense as % of Incurred Losses	3.0%	Year	Years
(19) Weighted Loss & ALAE Ratio	57.0%	2008	82
(20) Fixed Expense Ratio	4.5%	2009	574
(21) Permissible Loss & ALAE Ratio	60.8%	2010	1,085
Variable Expense Ratio	30.2%	2011	1,339
ULAE Ratio	9.0%	2012	1,664
Total	39.2%		
(23) Indicated Rate Change before Credibility	1.1%		
(24) Compliment to Credibility	23.1%		
(25) Credibility Table Value	0.344		
(26) Indicated Statewide Rate Level Change	15.5%		
(27) Selected Statewide Rate Level Change	11.0%		

Notes:

(3) is from Exhibit III.
 (4) = (1) x (3) x Cat Factor of 1.950. (see Exhibit VI, Page 1)
 (5) is from Exhibit IV.
 (6) is from Exhibit IV.
 (7) = (4) x (5) x (6).
 (9) is from Exhibit II, Page 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).

(17) = average of (15) weighted by (16).
 (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.
 (23) = [(19) + (20) +] / [(21)] - 1.
 (24) is net trend, trended from the last rate change to 9/1/2007.
 (25) = [(Total of (22) / 40000) ^ 0.5. See Exhibit VIII.
 (26) = [((19) + (20) +) / (21)-1] x (25) + [1.000 - (25)] x (24).
 (27) is selected by the Republic group.

**Republic Home Protectors
Dwelling Fire DP-1 Product (AR, MS, & C
Extended Coverage
Rate History**

Exhibit II
Page 2
EC

Date of Change	Overall Statewide Change	
06/15/07	0.0%	OK (Initial Filing)
09/01/07	0.0%	MS (Initial Filing)
02/01/08	0.0%	AR (Initial Filing)

Fiscal Year Ending March	Overall On-Level Factor
2009	1.000
2010	1.000
2011	1.000
2012	1.000

Republic Home Protectors
Low Value (AR, MS, OK)
Extended Coverage
Countrywide EC
State Of:

Arkansas, Mississippi, and Oklahoma

Exhibit III
 EC

Rolling Accident Year Selected Loss Development Factors to Ultimate
(Based on Countrywide Standard EC data of the Republic Group as of 03/2012, excl. cats and mold)

Triangle of Incurred Losses

Fiscal Year Ending	12	24	36	48	60	72	84
March							
2001	2,730,852	2,994,495	2,994,721	3,082,028	3,082,254	3,116,753	3,116,753
2002	2,235,616	2,438,145	2,437,554	2,436,851	2,443,546	2,443,546	2,443,546
2003	1,901,286	1,920,062	1,948,805	1,933,737	1,955,001	1,955,001	1,955,001
2004	1,659,999	1,954,837	2,064,327	2,068,118	2,118,936	2,118,936	2,118,936
2005	2,343,480	2,508,448	2,492,617	2,491,394	2,497,540	2,501,992	2,512,053
2006	1,642,736	1,639,716	1,628,526	1,631,854	1,659,694	1,659,694	1,659,694
2007	1,902,984	2,075,693	2,077,604	2,081,695	2,086,930	2,096,076	
2008	1,848,089	1,928,283	1,958,062	1,936,366	1,936,366		
2009	2,176,982	2,419,980	2,410,574	2,416,138			
2010	3,468,680	3,910,580	3,998,850				
2011	2,678,675	2,871,385					
2012	2,630,987						

Triangle of Link Ratios:

Fiscal Year Ending	12:24	24:36	36:48	48:60	60:72	72:84
March						
2001	1.097	1.000	1.029	1.000	1.011	1.000
2002	1.091	1.000	1.000	1.003	1.000	1.000
2003	1.010	1.015	0.992	1.011	1.000	1.000
2004	1.178	1.056	1.002	1.025	1.000	1.000
2005	1.070	0.994	1.000	1.002	1.002	1.004
2006	0.998	0.993	1.002	1.017	1.000	1.000
2007	1.091	1.001	1.002	1.003	1.004	
2008	1.043	1.015	0.989	1.000		
2009	1.112	0.996	1.002			
2010	1.127	1.023				
2011	1.072					

Averages

Total	1.079	1.010	0.999	1.009	1.001	1.001
Last 3	1.104	1.011	0.998	1.007	1.002	1.001
Last 5 xhl	1.092	1.004	1.001	1.007	1.001	1.000

	12:24	24:36	36:48	48:60	60:72	72:84	"Tail" 84-Ult
Selected	1.080	1.010	1.000	1.005	1.000	1.000	1.000
LDF	1.096	1.015	1.005	1.005	1.000	1.000	1.000

**Republic Home Protectors
Low Value (AR, MS, OK)
Extended Coverage**

Exhibit IV
EC

Loss Trend Development

Year-Qtr	AR, MS, OK Homeowners										
	(1) Ultimate Counts	(2) Ultimate Losses	(3) Earned Exposures	(4) Rolling Qtr Ult. Counts	(5) Rolling Qtr Ult. Losses	(6) Frequency	(7) Severity	(8) Pure Premium	(9) Fast Track Frequency	(10) Fast Track Severity	(11) Fast Track Pure Premium
2008-3	4	15,553	293	4	15,553	0.0137	3,888	53	0.0600	7,262	436
2008-4	3	4,467	429	7	20,020	0.0163	2,860	47	0.0612	7,773	476
2009-1	2	4,530	574	9	24,550	0.0157	2,728	43	0.0626	8,036	503
2009-2	4	15,105	718	13	39,655	0.0181	3,050	55	0.0636	8,287	527
2009-3	9	25,988	851	18	50,091	0.0211	2,783	59	0.0644	8,495	547
2009-4	4	4,639	977	19	50,263	0.0194	2,645	51	0.0653	8,267	540
2010-1	4	8,774	1,085	21	54,507	0.0194	2,596	50	0.0670	8,163	547
2010-2	5	13,142	1,171	22	52,543	0.0188	2,388	45	0.0651	8,241	537
2010-3	4	13,007	1,229	17	39,563	0.0138	2,327	32	0.0630	8,171	515
2010-4	11	84,102	1,276	24	119,026	0.0188	4,955	93	0.0613	8,288	508
2011-1	8	22,457	1,339	28	132,709	0.0210	4,726	99	0.0602	8,587	517
2011-2	7	13,894	1,411	30	133,460	0.0214	4,420	95	0.0630	8,482	534
2011-3	9	37,357	1,496	36	157,810	0.0238	4,441	106	0.0652	8,650	564
2011-4	3	9,875	1,590	28	83,582	0.0174	3,017	53	0.0655	8,854	580
2012-1	11	33,165	1,664	31	94,291	0.0186	3,043	57			

	Frequency	Severity	Pure Premium	Fast Track Frequency	Fast Track Severity	Fast Track Pure Premium
4-point	-29.13%	-60.25%	-89.38%	11.5%	4.5%	16.0%
8-point	8.60%	12.37%	20.97%	-0.9%	4.6%	3.7%
12-point	1.55%	13.69%	15.24%	-0.2%	2.3%	2.1%
16-point				1.5%	4.9%	6.5%

(12) Selected Historical Trend	2.00%	4.00%	6.08%
(13) Selected Future Trend	3.00%	4.00%	7.12%

Notes:

(3), (4), (5) are on a four quarter rolling basis.

(6) = (4)/(3).

(7) = (5)/(4).

(8) = (6) x (7).

(9), (10), (11) from Fast Track Circular.

(14) = (1+Pure Premium from (13))^2.2

	Midpoint of latest year	1 yr past Renewal	
Project from	10/1/2011	----->	12/15/2013
			2.2 yrs.
(14) Loss Projection Factor			1.164

Republic Home Protectors
Dwelling Fire DP-1 Product (AR, MS, & OK)
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: Standard Fire - Page 15)

AR, MS, & OK DF Data

Calendar Year	(1) Incurred Losses	(2) Incurred ALAE	(3) = (2) / (1) ALAE Percentage
2007	1,063,604	9,415	0.9%
2008	1,562,571	1,523	0.1%
2009	1,464,721	12,515	0.9%
2010	1,290,799	15,492	1.2%
2011	2,950,652	60,874	2.1%
Average			1.4%

Countrywide Data

Calendar Year	(1) Incurred Losses	(2) Incurred ALAE	(3) = (2) / (1) ALAE Percentage
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%
2011	19,829,524	-305,658	-1.5%
Average			4.9%

Selected ALAE Provision as a Percent of Incurred Losses: 3.0%

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
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%
2011	46,769	1,776	3.8%
Average			9.0%

Selected ULAE Provision as a Percent of Earned Premium: 9.0%

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

Republic Home Protectors**Low Value (AR, MS, OK)****Extended Coverage**

Expected Non-Hurricane Catastrophe Provision

(000 omitted)

Exhibit VI

EC

Accident Year Ending March	EC Non-Cat Ultimate Inc Loss	EC Non-Hurr Catastrophe Ult Inc Loss	EC Non-Hurricane Catastrophe Factor
2009	58	52	1.910
2010	54	24	1.442
2011	277	14	1.049
2012	93	248	3.678
Total	482	338	1.703
All Year Average ('09-'12)			2.020
Latest 3 Year Average ('10-'12)			2.056
Latest 2 Year Average ('11-'12)			2.363
Selected Catastrophe Factor:			1.950

AR Std DF Cat Factor 1.950

(3Q11)

**Republic Home Protectors
Low Value (AR, MS, OK)
Extended Coverage**

Exhibit VII
Page 1
EC

Permissible Loss and Loss Adjustment Expense Ratio

Expenses	2009	2010	2011	Selected
Fixed				
General Expense ¹ :	3.4%	2.5%	2.3%	2.8%
Other Acquisition ¹ :	3.5%	2.4%	2.3%	2.7%
Policy Fees Received ² :	(1.4%)	(1.4%)	(1.4%)	(1.4%)
Total Fixed Expenses :	5.6%	3.6%	3.2%	4.1%
LV Dwelling EC Earned Premium	102,370	237,250	325,363	
Fixed Expense \$ Amount	5,728	8,453	10,295	
Fixed Expense Trend @ 3% Annual	1,068	1,100	1,133	
Trended Fixed Expenses	6,115	9,294	11,660	21,238
LV Dwelling Fire Projected Earned Pi	102,370	237,250	325,363	472,825
Proj. Fixed Expense as % of Premiu	6.0%	3.9%	3.6%	4.5%
Earned Exposures	574	1,085	1,339	
Fixed Expense per Policy	11	9	9	10
V Commission and Brokerage³ :				
Taxes, Licenses, and Fees ³ :	5.3%	3.4%	3.3%	4.0%
Profit and Contingencies Provision ⁴ :				5.7%
Reinsurance Provision ⁵ :				3.4%
Total Variable Expenses :	31.3%	29.8%	29.6%	30.2%
	37.3%	33.7%	33.2%	34.7%
Total Expense Provision :				65.3%
Permissible Loss & LAE Ratio :				30.2%
Variable Expense Ratio :				

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

² as a percent of Earned Premium

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

⁴ Exhibit IX, Page 1

⁵ Exhibit VII, Page 2

Republic Home Protectors
Dwelling Fire DP-1 Product (AR, MS, & OK)
Extended Coverage
 Cost of Reinsurance - 2012

Exhibit VII
 Page 2
 EC

Reinsurance Layer	Reinsurance Limit	2012 Property Reinsurance Cost Companywide	2011 Property Reinsurance Cost Low Value DF	MS DF Reins. Cost as a % of Premium*
Per Risk Excess of Loss Reinsurance:				
1st Layer	4M xs 1M	3,479,249	-	
2nd Layer	10M x 5M	<u>920,299</u>	<u>-</u>	
(A) Per Risk Excess Reinsurance Total Cost		4,399,548	0	
(B) Estimated Reinsurer Profit, Expense, & Risk Load			0	0.00%
Catastrophe Reinsurance:				
		2012 CAT Reins. Cost Companywide	2012 CAT Reins. Cost AR, MS, OK DF	
1st Layer	20M xs 20M 2 Events	9,591,015	9,619	
2nd Layer	60M xs 40M 2 Events	13,668,717	8,683	
3rd Layer	75M xs 100M 1 Event	8,099,941	3,421	
4th Layer	125M xs 175M 1 Event	<u>7,187,479</u>	<u>3,023</u>	
(C) Cat Reinsurance Total Cost		38,547,151	24,746	
(D) AIR CLASIC v12.0 Avg Annual Storm Loss & LAE		<u>Companywide</u> 47,467,567	<u>LV DF</u> 99,619	
(E) Projected Cat Losses Excess of \$20M Retention Hurr			9,216	
(F) Estimated Reinsurer Profit, Expenses & Risk Load (C) - (E)			15,530	3.4%
(B) + (F) Property Reinsurance Cost Over Expected Premium:			15,530	3.4%

* Reinsurance Cost is expressed as a percentage of projected 2012 MS Dwelling EC Earned Premium.

Republic Home Protectors
Dwelling Fire DP-1 Product (AR, MS, & OK)
Extended Coverage
Assignment of Credibility

Exhibit VIII
EC

Fiscal Year Ending March	Earned House-Years
2009	574
2010	1,085
2011	1,339
2012	1,664

(1) Total Earned House-Years :	4,663
(2) 4-Year Average Claim Frequency	0.018
(3) Claim Standard for Full Credibility ¹ :	1,082
(4) Calculated Earned House-Years for Full Credibility ((3) / (2))	58,995
(5) Selected Earned House-Years for Full Credibility	40,000
(6) Assigned Credibility ((1) / (5)) ^{0.5} , maximum 100%	34.1%

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	3.4%
(2) Tax rate	35.0%
(3) Premium / surplus ratio	1.8
(4) Return on reserves, after tax	1.1%
(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) 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, 2010 (a)	\$12,326,271
2. Loss and Loss Adjustment Expense Reserves as of December 31, 2011 (a)	\$17,367,216
3. Mean Loss and Loss Adjustment Expense Reserves [(1) + (2)] / 2	\$14,846,744
4. Actual Incurred Loss and Loss Adjustment Expenses (b), (d) [1.1451 x 0]	\$69,954,050
5. Average period \$1.00 of Loss and LAE remains in reserves (in years) [(3) / (4)]	0.212
6. Average Rate of Return on Invested Assets (c)	1.72%
7. Expected investment earnings on \$1.00 of Loss and LAE while in reserves [(1+(6))^(5) - 1]	\$0.0036
8. Expected Loss and LAE Ratio = (1.000 - Expense Ratio) (e)	69.8%
9. Estimated Investment Earnings as a percentage of Net Earned Premium [(7) * (8)]	0.25%

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 2011 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, 2010 (a)	58,934,666	4,829,381	63,764,047
2. Homeowners Unearned Premium Reserve as of December 31, 2011 (a)	51,277,112	11,126,401	62,403,513
3. Mean Homeowners Unearned Premium Reserve $[(1)+(2)]/2$	55,105,889	7,977,891	63,083,780
4. Reduction Due to Booking Installment as Full (b)	26,120,191	xxxxxxxxx	26,120,191
5. Net Mean Homeowners Unearned Premium Reserve	28,985,698	7,977,891	36,963,589
6. Percentage of Prepaid Expenses (c)			
(A) Commissions and Brokerages (W.P.)			17.1%
(B) Taxes, Licenses, & Fees (W.P.)			4.0%
(C) 50% of Other Acq. & Gen. Expense (E.P.)			2.8%
(D) Total Prepaid Expenses [(A)+(B)+(C)]			23.9%
7. Agents' balances as of December 31, 2010 (d)			81,506,307
8. Agents' balances as of December 31, 2011 (d)			87,779,260
9. Mean Agents' Balances $[(7)+(8)]/2$			84,642,784
10. All lines Net Earned Premium for 2011 (e)			368,337,940
11. Factor Representing Delayed Remission of Premium $[(9)/(10)]$			0.230
12. Net Mean Homeowners Unearned Premiums Subject to Investment $[(5) \times \{1.0 - (6D)\} \times \{1.0 - (11)\}]$			21,673,785
13. Average Rate-of-Return on Investible Assets (f)			3.41%
14. Estimated Investment Earnings on Unearned Premium Reserves $[(12) \times (13)]$			738,155
15. Homeowners Net Earned Premium for 2011 (g)			91,741,247
16. Estimated Investment Earnings as a Percentage of Homeowners Net Earned Premiums $[(14)/(15)]$			0.80%

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

b) Installment Plan calls for 25% due on Effective Date, payments thereafter in the 3rd, 5th 7th, & 9th months.
 By comparison, it can be shown that the average monthly unearned premium reserve on the installment plan is 28.47% of the written, while that on the prepaid basis is 54.17%. Hence, a reduction in the unearned premium reserve of 47.4% is appropriate on installment business $[(54.17-28.47)/54.17]$.

c) See Exhibit VII, Page 1

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

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

f) Exhibit IX, Page 4

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

Calculation of After-tax Return on Equity

	Southern	Republic- Vanguard	Republic Underwriters	Republic Lloyds	Southern Underwriters	Republic Fire & Cas.	Southern Cnty Mutual	Southern Vanguard	Grand Total	
Investment Income Calendar Year 2011 (2011 AS)										
(1) Net Investment Income (Page 12, Line 17)	918,382	561,047	14,730,451	159,161	173,680	228,372	0	207,199	16,978,292	
(2) Common stock of affiliates (Page 12, Col. 1, Line 2.21)	0	0	1,570,000	0	0	0	0	0	1,570,000	
(3) Net Investment Income after consolidation (1) - (2)	918,382	561,047	13,160,451	159,161	173,680	228,372	0	207,199	15,408,292	(A)
Capital Gains Calendar Year 2010 (2010 AS)										
(4) 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	
(5) 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	
(6) 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	(B)
Capital Gains Calendar Year 2011 (2011 AS)										
(7) Net Realized Capital Gains after Tax (Page 4, Line 10, Col. 1)	11,156	78,178	5,450,246	8,186	82,412	18,469	22,950	39,596	5,711,193	
(8) Net Unrealized Capital Gains after Tax (Page 4, Line 24, Col. 1)	825	0	561,160	0	0	0	1,250	0	563,235	
(9) Total Net Capital Gains after Tax (7) + (8)	11,981	78,178	6,011,406	8,186	82,412	18,469	24,200	39,596	6,274,428	(C)
Invested Assets as of 12/31/2010 (2010 AS)										
(10) 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	
(11) Value of consolidated affiliates (Page S104, Line 24, Col 2 - SchD)	0	0	91,479,926	0	0	0	0	0	91,479,926	
(12) 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	(D)
Invested Assets as of 12/31/2011 (2011 AS)										
(13) Total Invested Assets (Page 2, Line 12, Col 3)	49,637,752	23,321,076	523,103,885	12,677,213	5,507,508	8,602,313	31,841,867	9,886,127	664,577,741	
(14) Value of consolidated affiliates (Page SI04, Line 24, Col 2 - SchD)	0	0	91,216,844	0	0	0	0	0	91,216,844	
(15) Net invested assets after consolidation (13) - (14)	49,637,752	23,321,076	431,887,041	12,677,213	5,507,508	8,602,313	31,841,867	9,886,127	573,360,897	(E)
Capital Gains Rate of Return (After-Tax):		1.68%								(F)=((B)+(C)) / ((D)+(E))
Investment Income Rate of Return (Pre-Tax):		2.65%								(G) = (A) / (Avg ((D) , (E)))
Effective Tax-Rate in Investment Earnings:		0.35								(H)
Rate of Return (After-Tax) on Investment Income:		1.72%								(I) = (G) x (1.000 - (H))
Rate of Return (After-Tax) on Invested Assets:		3.41%								(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.