

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

## Filing at a Glance

Company: Republic Underwriters Insurance Company  
Product Name: Standard Dwelling (ISO 2002 Program)  
State: Arkansas  
TOI: 01.0 Property  
Sub-TOI: 01.0002 Personal Property (Fire and Allied Lines)  
Filing Type: Rate  
Date Submitted: 12/06/2012  
SERFF Tr Num: TRGR-128794361  
SERFF Status: Closed-Filed  
State Tr Num:  
State Status:  
Co Tr Num: 12-719  
  
Effective Date: 03/01/2013  
Requested (New):  
Effective Date: 04/01/2013  
Requested (Renewal):  
Author(s): William Bradford  
Reviewer(s): Becky Harrington (primary)  
Disposition Date: 01/02/2013  
Disposition Status: Filed  
Effective Date (New): 03/01/2013  
Effective Date (Renewal): 04/01/2013

State Filing Description:  
Meeting 12/14

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

### General Information

Project Name: Base 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: 01/02/2013  
 State Status Changed: 12/14/2012 Deemer Date:  
 Created By: William Bradford Submitted By: William Bradford  
 Corresponding Filing Tracking Number:

Filing Description:

Republic Underwriters is revising the statewide base rates for Arkansas Dwelling form DP-3. These revisions will result in a 24.9% premium increase. The most recent rate change for this program was effective for renewal business on April 1, 2012. Republic currently insures approximately 2,700 DP-3 Dwelling Fire policyholders in Arkansas with a concentration of these policies located in the northwest corner.

### 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**

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	12/06/2012	65495849

**State:** Arkansas  
**TOI/Sub-TOI:** 01.0 Property/01.0002 Personal Property (Fire and Allied Lines)  
**Product Name:** Standard Dwelling (ISO 2002 Program)  
**Project Name/Number:** Base Rate Revision/

**Filing Company:** Republic Underwriters Insurance Company

## Correspondence Summary

### Dispositions

Status	Created By	Created On	Date Submitted
Filed	Becky Harrington	01/02/2013	01/02/2013

## Objection Letters and Response Letters

### Objection Letters

Status	Created By	Created On	Date Submitted
Pending Industry Response	Becky Harrington	12/14/2012	12/14/2012
No response necessary	Becky Harrington	12/12/2012	12/12/2012
Pending Industry Response	Becky Harrington	12/07/2012	12/07/2012

### Response Letters

Responded By	Created On	Date Submitted
William Bradford	12/18/2012	12/18/2012
William Bradford	12/14/2012	12/14/2012
William Bradford	12/07/2012	12/07/2012

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

## Disposition

Disposition Date: 01/02/2013

Effective Date (New): 03/01/2013

Effective Date (Renewal): 04/01/2013

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):
Republic Underwriters Insurance Company	26.100%	19.900%	\$307,335	2,626	\$1,543,779	%	%

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	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	Comparison	Filed	Yes
Rate (revised)	Revised base rates	Filed	Yes

SERFF Tracking #: TRGR-128794361 State Tracking #: Company Tracking #: 12-719

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

Schedule	Schedule Item	Schedule Item Status	Public Access
Rate	Revised base rates		Yes

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

## Objection Letter

Objection Letter Status	Pending Industry Response
Objection Letter Date	12/14/2012
Submitted Date	12/14/2012
Respond By Date	

Dear William Bradford,

**Introduction:**

*This will acknowledge review of the overall increase by the Commissioner.*

*Please amend the overall increase amount to 20%.*

*Provide a revised HPCS.*

**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."*

*Sincerely,  
Becky Harrington*

---

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

## Objection Letter

Objection Letter Status	No response necessary
Objection Letter Date	12/12/2012
Submitted Date	12/12/2012
Respond By Date	

---

Dear William Bradford,

**Introduction:**

*This will acknowledge receipt of the recent response.*

*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:** Republic Underwriters Insurance Company  
**TOI/Sub-TOI:** 01.0 Property/01.0002 Personal Property (Fire and Allied Lines)  
**Product Name:** Standard Dwelling (ISO 2002 Program)  
**Project Name/Number:** Base Rate Revision/

## Objection Letter

Objection Letter Status	Pending Industry Response
Objection Letter Date	12/07/2012
Submitted Date	12/07/2012
Respond By Date	

---

Dear William Bradford,

**Introduction:**

*This will acknowledge receipt of the captioned filing.*

**Objection 1**

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

*Comments: Please amend the rate change history to include the 20% increase that was effective 4/1/2012.*

**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*

SERFF Tracking #:

TRGR-128794361

State Tracking #:

Company Tracking #:

12-719

---

State:

Arkansas

Filing Company:

Republic Underwriters Insurance Company

TOI/Sub-TOI:

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

Product Name:

Standard Dwelling (ISO 2002 Program)

Project Name/Number:

Base Rate Revision/

## Response Letter

Response Letter Status	Submitted to State
Response Letter Date	12/18/2012
Submitted Date	12/18/2012

---

*Dear Becky Harrington,*

**Introduction:**

*Thank you for your reply.*

**Response 1**

**Comments:**

*We have revised the manual pages, rate information, exhibits, RF-1, and HPCS to reflect a 19.9% increase.*

**Changed Items:**

SERFF Tracking #:

TRGR-128794361

State Tracking #:

Company Tracking #:

12-719

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

### Supporting Document Schedule Item Changes

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

Comments:

Attachment(s):

FORM RF-1 Rate Filing Abstract.pdf

*Previous Version*

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

*Comments:*

*Attachment(s):*

*FORM RF-1 Rate Filing Abstract.pdf*

*Previous Version*

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

*Comments:*

*Attachment(s):*

*FORM RF-1 Rate Filing Abstract.pdf*

Satisfied - Item: HPCS-Homeowners Premium Comparison Survey

Comments:

Attachment(s):

HO Survey FORM HPCS.pdf

HO Survey FORM HPCS.xls

*Previous Version*

*Satisfied - Item: HPCS-Homeowners Premium Comparison Survey*

*Comments:*

*Attachment(s):*

*HO Survey FORM HPCS.pdf*

*HO Survey FORM HPCS.xls*

Satisfied - Item: P&C Actuarial Justification

SERFF Tracking #:

TRGR-128794361

State Tracking #:

Company Tracking #:

12-719

State:

Arkansas

Filing Company:

Republic Underwriters Insurance Company

TOI/Sub-TOI:

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

Product Name:

Standard Dwelling (ISO 2002 Program)

Project Name/Number:

Base Rate Revision/

**Supporting Document Schedule Item Changes**

Comments:

Attachment(s):

Filing Memo AR DP-3.pdf

Filing Exhibit.pdf

Filing Exhibit-revised exhibits only.pdf

*Previous Version*

*Satisfied - Item:*

*P&C Actuarial Justification*

*Comments:*

*Attachment(s):*

*Filing Memo AR DP-3.pdf*

*Filing Exhibit.pdf*

SERFF Tracking #:

TRGR-128794361

State Tracking #:

Company Tracking #:

12-719

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

### Supporting Document Schedule Item Changes

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

Comments:

Attachment(s):

FORM RF-1 Rate Filing Abstract.pdf

*Previous Version*

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

*Comments:*

*Attachment(s):*

*FORM RF-1 Rate Filing Abstract.pdf*

*Previous Version*

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

*Comments:*

*Attachment(s):*

*FORM RF-1 Rate Filing Abstract.pdf*

Satisfied - Item: HPCS-Homeowners Premium Comparison Survey

Comments:

Attachment(s):

HO Survey FORM HPCS.pdf

HO Survey FORM HPCS.xls

*Previous Version*

*Satisfied - Item: HPCS-Homeowners Premium Comparison Survey*

*Comments:*

*Attachment(s):*

*HO Survey FORM HPCS.pdf*

*HO Survey FORM HPCS.xls*

Satisfied - Item: P&C Actuarial Justification

SERFF Tracking #:

TRGR-128794361

State Tracking #:

Company Tracking #:

12-719

State:

Arkansas

Filing Company:

Republic Underwriters Insurance Company

TOI/Sub-TOI:

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

Product Name:

Standard Dwelling (ISO 2002 Program)

Project Name/Number:

Base Rate Revision/

### Supporting Document Schedule Item Changes

Comments:

Attachment(s):

Filing Memo AR DP-3.pdf

Filing Exhibit.pdf

Filing Exhibit-revised exhibits only.pdf

*Previous Version*

*Satisfied - Item:*

*P&C Actuarial Justification*

*Comments:*

*Attachment(s):*

*Filing Memo AR DP-3.pdf*

*Filing Exhibit.pdf*

SERFF Tracking #:

TRGR-128794361

State Tracking #:

Company Tracking #:

12-719

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

### Supporting Document Schedule Item Changes

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

Comments:

Attachment(s):

FORM RF-1 Rate Filing Abstract.pdf

*Previous Version*

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

*Comments:*

*Attachment(s):*

*FORM RF-1 Rate Filing Abstract.pdf*

*Previous Version*

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

*Comments:*

*Attachment(s):*

*FORM RF-1 Rate Filing Abstract.pdf*

Satisfied - Item: HPCS-Homeowners Premium Comparison Survey

Comments:

Attachment(s):

HO Survey FORM HPCS.pdf

HO Survey FORM HPCS.xls

*Previous Version*

*Satisfied - Item: HPCS-Homeowners Premium Comparison Survey*

*Comments:*

*Attachment(s):*

*HO Survey FORM HPCS.pdf*

*HO Survey FORM HPCS.xls*

Satisfied - Item: P&C Actuarial Justification

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

### Supporting Document Schedule Item Changes

Comments:

Attachment(s):

Filing Memo AR DP-3.pdf  
 Filing Exhibit.pdf  
 Filing Exhibit-revised exhibits only.pdf

*Previous Version*

*Satisfied - Item:*

*P&C Actuarial Justification*

*Comments:*

*Attachment(s):*

*Filing Memo AR DP-3.pdf  
 Filing Exhibit.pdf*

*No Form Schedule items changed.*

### Rate/Rule Schedule Item Changes

Item No.	Exhibit Name	Rule # or Page #	Rate Action	Previous State Filing #	Date Submitted
1	Revised base rates	DP-R-1 to 5	Replacement	TRGR-127955038	12/18/2012 By: William Bradford
<i>Previous Version</i>					
1	Revised base rates	DP-R-1 to 5	Replacement	TRGR-127955038	12/06/2012 By: William Bradford

**Conclusion:**

Please let us know if you need anything additional.

Sincerely,

William Bradford

---

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

## Response Letter

Response Letter Status	Submitted to State
Response Letter Date	12/14/2012
Submitted Date	12/14/2012

---

Dear Becky Harrington,

**Introduction:**

**Response 1**

**Comments:**

*Just closing this objection, since we now have the allowable increase.*

**Changed Items:**

*No Supporting Documents changed.*

*No Form Schedule items changed.*

*No Rate/Rule Schedule items changed.*

**Conclusion:**

Sincerely,

William Bradford

**State:** Arkansas  
**TOI/Sub-TOI:** 01.0 Property/01.0002 Personal Property (Fire and Allied Lines)  
**Product Name:** Standard Dwelling (ISO 2002 Program)  
**Project Name/Number:** Base Rate Revision/

**Filing Company:** Republic Underwriters Insurance Company

## Response Letter

Response Letter Status Submitted to State  
 Response Letter Date 12/07/2012  
 Submitted Date 12/07/2012

Dear Becky Harrington,

### Introduction:

Thank you for your reply.

### Response 1

#### Comments:

We have added 2012 data through 3rd quarter and added the requested rate change history of 20% on 4/1/12 to the form.

### Related Objection 1

Applies To:

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

Comments: Please amend the rate change history to include the 20% increase that was effective 4/1/2012.

### Changed Items:

Supporting Document Schedule Item Changes	
Satisfied - Item:	Form RF-1 NAIC Loss Cost Data Entry Document--All P&C Lines
Comments:	
Attachment(s):	
FORM RF-1 Rate Filing Abstract.pdf	
<i>Previous Version</i>	
Satisfied - Item:	Form RF-1 NAIC Loss Cost Data Entry Document--All P&C Lines
Comments:	
Attachment(s):	
FORM RF-1 Rate Filing Abstract.pdf	

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

### Conclusion:

**SERFF Tracking #:**

TRGR-128794361

**State Tracking #:**

**Company Tracking #:**

12-719

---

**State:**

Arkansas

**Filing Company:**

Republic Underwriters Insurance Company

**TOI/Sub-TOI:**

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

**Product Name:**

Standard Dwelling (ISO 2002 Program)

**Project Name/Number:**

Base Rate Revision/

*Please let us know if you need anything further.*

*Sincerely,*

*William Bradford*

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

## Post Submission Update Request Processed On 01/02/2013

Status: Allowed  
 Created By: William Bradford  
 Processed By: Becky Harrington  
 Comments: per Dept request

### Company Rate Information:

Company Name: Republic Underwriters Insurance Company

Field Name	Requested Change	Prior Value
Overall % Rate Impact	19.900%	24.900%
Written Premium Change for this Program	\$307335	\$384401

SERFF Tracking #:

TRGR-128794361

State Tracking #:

Company Tracking #:

12-719

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

### Rate Information

Rate data applies to filing.

**Filing Method:** File and Use (20 day)  
**Rate Change Type:** Increase  
**Overall Percentage of Last Rate Revision:** 20.000%  
**Effective Date of Last Rate Revision:** 03/01/2012  
**Filing Method of Last Filing:** File and Use (20 day)

### 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):
Republic Underwriters Insurance Company	26.100%	19.900%	\$307,335	2,626	\$1,543,779	%	%

**SERFF Tracking #:**

TRGR-128794361

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

12-719

**State:**

Arkansas

**Filing Company:**

Republic Underwriters Insurance Company

**TOI/Sub-TOI:**

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

**Product Name:**

Standard Dwelling (ISO 2002 Program)

**Project Name/Number:**

Base Rate Revision/

## Rate/Rule Schedule

Item No.	Schedule Item Status	Exhibit Name	Rule # or Page #	Rate Action	Previous State Filing Number	Attachments
1	Filed 01/02/2013	Revised base rates	DP-R-1 to 5	Replacement	TRGR-127955038	DP-3 03 13 rate rev.pdf

**BASE PREMIUM COMPUTATION****A. Fire - Coverage A – Dwelling and Coverage C – Personal Property****1. Owner-Occupied Key Rates****a. Coverage A - Dwelling**

<b>Territory</b>	<b>Description</b>	<b>Fire Key Factor</b>
001	Benton and Washington Counties	242
002	Carroll and Madison Counties	248
003	Baxter, Boone and Marion Counties	248
004	Fulton, Independence, Izard and Sharp Counties	248
005	Lawrence County	259
006	Clay, Greene and Randolph Counties	270
007	Crawford and Sebastian Counties	242
008	Conway, Franklin, Johnson, Newton and Pope Counties	248
009	Cleburne, Searcy, Stone and Van Buren Counties	242
010	Jackson and Woodruff Counties	259
011	Craighead County	242
012	Mississippi County	270
013	Logan County	248
014	Yell County	248
015	Faulkner County	242
016	White County	259
017	Cross, Lee, Poinsett and St. Francis Counties	270
018	Crittenden County	270
019	Montgomery, Polk and Scott Counties	248
020	Garland, Hot Spring and Perry Counties	242
021	Grant and Saline Counties	242
022	Remainder of Pulaski County	237
023	Lonoke County	248
024	Prairie County	259
025	Monroe County	259
026	Jefferson County	259
027	Arkansas County	270
028	Phillips County	270
029	Clark, Howard, Pike and Sevier Counties	248
030	Bradley, Calhoun, Cleveland, Dallas and Lincoln Counties	270
031	Desha County	270
032	Little River and Miller Counties	242
033	Hempstead and LaFayette Counties	259
034	Nevada and Ouachita Counties	259
035	Columbia County	248
036	Union County	248
037	Ashley, Chicot and Drew Counties	270
038	Cities of Little Rock and North Little Rock (Pulaski County)	237
039	Hot Springs Village	231

**Table 301.A.1.a., Coverage A Fire Key Rates**

**BASE PREMIUM COMPUTATION, (cont)****b. Coverage C – Personal Property**

Territory	Description	Fire Key Factor
All	All counties	39

Table 301.A.1.b., Coverage C Fire Key Rates

**2. Classification Tables****a. Protection-Construction Classification Factors**

Protection Class	Construction		Protection Class	Construction	
	Frame	Masonry		Frame	Masonry
1	0.85	0.67	7	1.36	1.06
2	0.85	0.67	8	1.55	1.18
3	0.90	0.70	8B	2.90	2.24
4	0.90	0.70	9	2.90	2.24
5	1.00	0.78	10	3.72	2.72
6	1.09	0.83			

Table 301.A.2.a., Protection-Construction Factors

**b. Occupancy Classification Factors**

Occupancy	Factor
Owner Occupied	1.000
Tenant Occupied	1.110

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

**c. Seasonal-Secondary Classification Factors**

Occupancy	Factor
Not seasonal or secondary	1.000
Seasonal or secondary	1.200

Table 301.A.2.c., Seasonal-Secondary Factors

**d. Number of Family Classification Factors**

Number of Families	Factor
One Family	1.000
Two Families	1.200
Three or Four Families	1.500

Table 301.A.2.c., Number of Family Factors

**3. Key Factor Table (Rule 301.A.7.)****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
\$40,000	0.683	\$83,000	1.072	\$126,000	1.460	\$169,000	1.848
\$41,000	0.692	\$84,000	1.081	\$127,000	1.469	\$170,000	1.857
\$42,000	0.701	\$85,000	1.090	\$128,000	1.478	\$171,000	1.867
\$43,000	0.710	\$86,000	1.099	\$129,000	1.488	\$172,000	1.875
\$44,000	0.719	\$87,000	1.108	\$130,000	1.496	\$173,000	1.885

**BASE PREMIUM COMPUTATION, (cont.)**

Amount of Insurance	Factor	Amount of Insurance	Factor	Amount of Insurance	Factor	Amount of Insurance	Factor
\$45,000	0.728	\$88,000	1.118	\$131,000	1.505	\$174,000	1.894
\$46,000	0.738	\$89,000	1.126	\$132,000	1.514	\$175,000	1.903
\$47,000	0.746	\$90,000	1.135	\$133,000	1.523	\$176,000	1.912
\$48,000	0.756	\$91,000	1.144	\$134,000	1.532	\$177,000	1.921
\$49,000	0.765	\$92,000	1.153	\$135,000	1.541	\$178,000	1.930
\$50,000	0.774	\$93,000	1.162	\$136,000	1.550	\$179,000	1.939
\$51,000	0.783	\$94,000	1.171	\$137,000	1.559	\$180,000	1.948
\$52,000	0.792	\$95,000	1.180	\$138,000	1.569	\$181,000	1.957
\$53,000	0.801	\$96,000	1.189	\$139,000	1.578	\$182,000	1.966
\$54,000	0.810	\$97,000	1.199	\$140,000	1.587	\$183,000	1.975
\$55,000	0.819	\$98,000	1.207	\$141,000	1.596	\$184,000	1.984
\$56,000	0.828	\$99,000	1.217	\$142,000	1.605	\$185,000	1.993
\$57,000	0.837	\$100,000	1.226	\$143,000	1.613	\$186,000	2.002
\$58,000	0.847	\$101,000	1.234	\$144,000	1.623	\$187,000	2.011
\$59,000	0.855	\$102,000	1.244	\$145,000	1.632	\$188,000	2.020
\$60,000	0.864	\$103,000	1.253	\$146,000	1.641	\$189,000	2.029
\$61,000	0.874	\$104,000	1.262	\$147,000	1.650	\$190,000	2.038
\$62,000	0.882	\$105,000	1.271	\$148,000	1.658	\$191,000	2.047
\$63,000	0.891	\$106,000	1.280	\$149,000	1.668	\$192,000	2.056
\$64,000	0.900	\$107,000	1.289	\$150,000	1.677	\$193,000	2.065
\$65,000	0.909	\$108,000	1.298	\$151,000	1.686	\$194,000	2.074
\$66,000	0.919	\$109,000	1.307	\$152,000	1.695	\$195,000	2.083
\$67,000	0.928	\$110,000	1.316	\$153,000	1.704	\$196,000	2.092
\$68,000	0.936	\$111,000	1.325	\$154,000	1.713	\$197,000	2.101
\$69,000	0.946	\$112,000	1.334	\$155,000	1.723	\$198,000	2.110
\$70,000	0.955	\$113,000	1.343	\$156,000	1.731	\$199,000	2.119
\$71,000	0.964	\$114,000	1.352	\$157,000	1.740	\$200,000	2.128
\$72,000	0.973	\$115,000	1.361	\$158,000	1.749		
Each Additional \$1,000			0.009				

**Table 301.A.3.a., Dwelling Key Factors (Fire)****b. Coverage C – Personal Property**

Amount of Insurance	Factor						
1,000	0.245	39,000	3.244	76,000	6.103	113,000	8.983
2,000	0.334	40,000	3.320	77,000	6.181	114,000	9.061
3,000	0.421	41,000	3.395	78,000	6.259	115,000	9.139
4,000	0.506	42,000	3.472	79,000	6.337	116,000	9.216
5,000	0.591	43,000	3.547	80,000	6.414	117,000	9.294
6,000	0.674	44,000	3.623	81,000	6.492	118,000	9.372
7,000	0.756	45,000	3.699	82,000	6.570	119,000	9.450
8,000	0.838	46,000	3.775	83,000	6.648	120,000	9.528
9,000	0.919	47,000	3.851	84,000	6.726	121,000	9.606
10,000	1.000	48,000	3.926	85,000	6.803	122,000	9.684
11,000	1.080	49,000	4.003	86,000	6.881	123,000	9.761
12,000	1.160	50,000	4.079	87,000	6.959	124,000	9.839
13,000	1.239	51,000	4.158	88,000	7.037	125,000	9.917
14,000	1.318	52,000	4.236	89,000	7.115	126,000	9.995
15,000	1.396	53,000	4.314	90,000	7.193	127,000	10.073

**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	272
002	Carroll and Madison Counties	313
003	Baxter, Boone and Marion Counties	313
004	Fulton, Independence, Izard and Sharp Counties	313
005	Lawrence County	364
006	Clay, Greene and Randolph Counties	415
007	Crawford and Sebastian Counties	263
008	Conway, Franklin, Johnson, Newton and Pope Counties	313
009	Cleburne, Searcy, Stone and Van Buren Counties	263
010	Jackson and Woodruff Counties	364
011	Craighead County	263
012	Mississippi County	415
013	Logan County	313
014	Yell County	313
015	Faulkner County	263
016	White County	364
017	Cross, Lee, Poinsett and St. Francis Counties	415
018	Crittenden County	415

**BASE PREMIUM COMPUTATION. (cont.)**

<u>Territory</u>		<u>Special Form Key Factor</u>
019	Montgomery, Polk and Scott Counties	313
020	Garland, Hot Spring and Perry Counties	263
021	Grant and Saline Counties	263
022	Remainder of Pulaski County	254
023	Lonoke County	313
024	Prairie County	364
025	Monroe County	364
026	Jefferson County	364
027	Arkansas County	415
028	Phillips County	415
029	Clark, Howard, Pike and Sevier Counties	313
030	Bradley, Calhoun, Cleveland, Dallas and Lincoln Counties	415
031	Desha County	415
032	Little River and Miller Counties	263
033	Hempstead and LaFayette Counties	364
034	Nevada and Ouachita Counties	364
035	Columbia County	313
036	Union County	313
037	Ashley, Chicot and Drew Counties	415
038	Cities of Little Rock and North Little Rock (Pulaski County)	254
039	Hot Springs Village	246

**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	68

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

<b>Occupancy</b>	<b>Factor</b>
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**

<b>Amount of Insurance</b>	<b>Factor</b>						
\$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

SERFF Tracking #:

TRGR-128794361

State Tracking #:

Company Tracking #:

12-719

State: Arkansas

Filing Company:

Republic Underwriters Insurance Company

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

Product Name: Standard Dwelling (ISO 2002 Program)

Project Name/Number: Base 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	01/02/2013
Comments:			
Attachment(s):	FORM RF-1 Rate Filing Abstract.pdf		

		Item Status:	Status Date:
Satisfied - Item:	HPCS-Homeowners Premium Comparison Survey	Filed	01/02/2013
Comments:			
Attachment(s):	HO Survey FORM HPCS.pdf HO Survey FORM HPCS.xls		

		Item Status:	Status Date:
Bypassed - Item:	NAIC Loss Cost Filing Document for OTHER than Workers' Comp	Filed	01/02/2013
Bypass Reason:	N/A		

		Item Status:	Status Date:
Satisfied - Item:	P&C Actuarial Justification	Filed	01/02/2013
Comments:			
Attachment(s):	Filing Memo AR DP-3.pdf Filing Exhibit.pdf Filing Exhibit-revised exhibits only.pdf		

		Item Status:	Status Date:
Satisfied - Item:	Comparison	Filed	01/02/2013
Comments:			

**SERFF Tracking #:**

TRGR-128794361

**State Tracking #:**

**Company Tracking #:**

12-719

**State:**

Arkansas

**Filing Company:**

Republic Underwriters Insurance Company

**TOI/Sub-TOI:**

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

**Product Name:**

Standard Dwelling (ISO 2002 Program)

**Project Name/Number:**

Base Rate Revision/

Attachment(s):

comparison.pdf

### NAIC LOSS COST DATA ENTRY DOCUMENT

<b>1.</b>	This filing transmittal is part of Company Tracking #	<b>12-719</b>
-----------	---	---------------

<b>2.</b>	If filing is an adoption of an advisory organization loss cost filing, give name of Advisory Organization and Reference/ Item Filing Number	<b>N/A</b>
-----------	---	------------

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

Product Coding Matrix Line of Business (i.e., Type of Insurance)		Product Coding Matrix Line of Insurance (i.e., Sub-type of Insurance)		
<b>4.</b>	<b>A.</b>	<b>01.0 Property</b>	<b>B.</b>	<b>01.0002 Personal Property (Fire and Allied Lines)</b>

<b>5.</b>			<b>FOR LOSS COSTS ONLY</b>				
(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
<b>Fire</b>	<b>16.5%</b>	<b>10.0%</b>					
<b>Allied Lines</b>	<b>35.9%</b>	<b>30.0%</b>					
<b>TOTAL OVERALL EFFECT</b>	<b>26.1%</b>	<b>19.9%</b>					

<b>6.</b>		5 Year History	Rate Change History				
Year	Policy Count	% of Change	Effective Date	State Earned Premium (000)	Incurred Losses (000)	State Loss Ratio	Countrywide Loss Ratio
<b>2012*</b>	<b>2,682</b>	<b>20.0%</b>	<b>4/1/2012</b>	<b>1,569</b>	<b>1,256</b>	<b>80.0%</b>	
<b>2011</b>	<b>2,626</b>	<b>N/A</b>	<b>N/A</b>	<b>1,178</b>	<b>1,475</b>	<b>125.2%</b>	<b>41.4%</b>
<b>2010</b>	<b>2,030</b>	<b>N/A</b>	<b>N/A</b>	<b>850</b>	<b>485</b>	<b>57.1%</b>	<b>42.6%</b>
<b>2009</b>	<b>1,233</b>	<b>N/A</b>	<b>N/A</b>	<b>398</b>	<b>390</b>	<b>98.0%</b>	<b>55.2%</b>
<b>2008</b>	<b>275</b>	<b>N/A</b>	<b>N/A</b>	<b>23</b>	<b>58</b>	<b>252.2%</b>	<b>148.7%</b>
<b>2007</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>34.1%</b>

<b>7.</b>	
Expense Constants	Selected Provisions
A. Total Production Expense	<b>20.8%</b>
B. General Expense	<b>2.7%</b>
C. Taxes, License & Fees	<b>3.8%</b>
D. Underwriting Profit & Contingencies	<b>6.8%</b>
E. Other (explain)	
<b>F. TOTAL</b>	<b>34.2%</b>

\* 2012 – 9 months

- 8.** N Apply Lost Cost Factors to Future filings? (Y or N)
- 9.** 23% 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: 4/1/2013

**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	\$461.00	\$512.00	\$508.00	\$560.00	\$452.00	\$503.00	\$632.00	\$688.00	\$632.00	\$688.00	\$508.00	\$560.00	\$452.00	\$503.00	\$452.00	\$503.00	\$438.00	\$488.00
	\$120,000	\$620.00	\$688.00	\$684.00	\$754.00	\$608.00	\$676.00	\$849.00	\$925.00	\$849.00	\$925.00	\$684.00	\$754.00	\$608.00	\$676.00	\$608.00	\$676.00	\$590.00	\$657.00
	\$160,000	\$780.00	\$866.00	\$860.00	\$947.00	\$764.00	\$850.00	\$1,067.00	\$1,162.00	\$1,067.00	\$1,162.00	\$860.00	\$947.00	\$764.00	\$850.00	\$764.00	\$850.00	\$742.00	\$826.00
6	\$80,000	\$494.00	\$560.00	\$542.00	\$609.00	\$485.00	\$551.00	\$668.00	\$742.00	\$668.00	\$742.00	\$542.00	\$609.00	\$485.00	\$551.00	\$485.00	\$551.00	\$471.00	\$535.00
	\$120,000	\$664.00	\$753.00	\$729.00	\$820.00	\$652.00	\$741.00	\$898.00	\$997.00	\$898.00	\$997.00	\$729.00	\$820.00	\$652.00	\$741.00	\$652.00	\$741.00	\$634.00	\$720.00
	\$160,000	\$836.00	\$947.00	\$917.00	\$1,031.00	\$820.00	\$931.00	\$1,129.00	\$1,253.00	\$1,129.00	\$1,253.00	\$917.00	\$1,031.00	\$820.00	\$931.00	\$820.00	\$931.00	\$797.00	\$905.00
9	\$80,000	\$850.00	\$1,017.00	\$908.00	\$1,079.00	\$841.00	\$1,008.00	\$1,066.00	\$1,252.00	\$1,066.00	\$1,252.00	\$908.00	\$1,079.00	\$841.00	\$1,008.00	\$841.00	\$1,008.00	\$820.00	\$983.00
	\$120,000	\$1,144.00	\$1,369.00	\$1,221.00	\$1,451.00	\$1,132.00	\$1,357.00	\$1,433.00	\$1,684.00	\$1,433.00	\$1,684.00	\$1,221.00	\$1,451.00	\$1,132.00	\$1,357.00	\$1,132.00	\$1,357.00	\$1,103.00	\$1,323.00
	\$160,000	\$1,439.00	\$1,721.00	\$1,535.00	\$1,824.00	\$1,423.00	\$1,705.00	\$1,802.00	\$2,117.00	\$1,802.00	\$2,117.00	\$1,535.00	\$1,824.00	\$1,423.00	\$1,705.00	\$1,423.00	\$1,705.00	\$1,387.00	\$1,663.00

**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?  (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" 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 statewide base rates for Arkansas Dwelling form DP-3. These revisions, as described herein, will result in a 24.9% premium increase to be effective on March 1, 2013 for new business and April 1, 2013 for renewal business. The most recent rate change for this program was effective April 1, 2012. Republic currently insures approximately 2,700 DP-3 Dwelling Fire policyholders in Arkansas with a concentration of these policies located in the northwest corner.

An overall indicated rate increase of 26.1% has been calculated using four years of premium and loss experience for the experience period of October 2008 – September 2012. In support of this filing, we have attached exhibits of our Fire and Extended Coverage experience for Arkansas.

**Summary of Indication/Proposed Changes**

	<b>Inforce Written <u>Premium</u></b>	<b>Rate <u>Indication</u></b>	<b>Overall Selected <u>Change</u></b>
<b>Fire</b>	<b>778,993</b>	<b>16.5%</b>	<b>15.0%</b>
<b>Allied</b>	<b>764,786</b>	<b>35.9%</b>	<b>35.0%</b>
<b>Total</b>	<b>1,543,779</b>	<b>26.1%</b>	<b>24.9%</b>

**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

**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 Left Blank*

Exhibit VII: Permissible Loss and 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 and LAE Ratio
- Exhibit VIII: Credibility of Experience
- Exhibit IX: Return on Equity Calculation

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

**Exhibits included in rate indications:**

**Exhibit I** presents Republic experience in Arkansas for each of the last four accident years ending September 30, evaluated as of 09/30/2012. 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 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 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 most recent rate change for this program was April 1, 2012 and this was the first rate change since the initial filing on August 1, 2008.

**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 and 8 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 - 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 Arkansas, but supplemented with the same ratio from the past twenty-two 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 I 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 2012. Coverage for 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 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.

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

Exhibit I  
Fire & EC

	<u>Inforce Written Premium</u>	<u>Rate Indication</u>	<u>Overall Rate Change</u>
Fire	778,993	16.5%	15.0%
Allied	764,786	35.9%	35.0%
Total	1,543,779	26.1%	24.9%
<b>\$\$ Change</b>		<b>\$ 403,292</b>	<b>\$ 384,524</b>

**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	209	52	15%	15%	35%	35%	253	40	282	70
002 Carroll and Madison Counties	225	35	241	52	15%	15%	35%	35%	259	40	325	70
003 Baxter, Boone and Marion Counties	225	35	241	52	15%	15%	35%	35%	259	40	325	70
004 Fulton, Independence, Izard and Sharp Counties	225	35	241	52	15%	15%	35%	35%	259	40	325	70
005 Lawrence County	235	35	280	52	15%	15%	35%	35%	270	40	378	70
006 Clay, Greene and Randolph Counties	245	35	319	52	15%	15%	35%	35%	282	40	431	70
007 Crawford and Sebastian Counties	220	35	202	52	15%	15%	35%	35%	253	40	273	70
008 Conway, Franklin, Johnson, Newton, and Pope Counties	225	35	241	52	15%	15%	35%	35%	259	40	325	70
009 Cleburne, Searcy, Stone, and Van Burne Counties	220	35	202	52	15%	15%	35%	35%	253	40	273	70
010 Jackson and Woodruff Counties	235	35	280	52	15%	15%	35%	35%	270	40	378	70
011 Craighead County	220	35	202	52	15%	15%	35%	35%	253	40	273	70
012 Mississippi County	245	35	319	52	15%	15%	35%	35%	282	40	431	70
013 Logan County	225	35	241	52	15%	15%	35%	35%	259	40	325	70
014 Yell County	225	35	241	52	15%	15%	35%	35%	259	40	325	70
015 Faulkner County	220	35	202	52	15%	15%	35%	35%	253	40	273	70
016 White County	235	35	280	52	15%	15%	35%	35%	270	40	378	70
017 Cross, Lee, Poinsett and St. Francis Counties	245	35	319	52	15%	15%	35%	35%	282	40	431	70
018 Crittenden County	245	35	319	52	15%	15%	35%	35%	282	40	431	70
019 Montgomery, Polk, and Scott Counties	225	35	241	52	15%	15%	35%	35%	259	40	325	70
020 Remainder of Garland, Hot Spring and Perry Counties	220	35	202	52	15%	15%	35%	35%	253	40	273	70
021 Grant and Remainder of Saline Counties	220	35	202	52	15%	15%	35%	35%	253	40	273	70
022 Remainder of Pulaski County	215	35	195	52	15%	15%	35%	35%	247	40	263	70
023 Lonoke County	225	35	241	52	15%	15%	35%	35%	259	40	325	70
024 Prairie County	235	35	280	52	15%	15%	35%	35%	270	40	378	70
025 Monroe County	235	35	280	52	15%	15%	35%	35%	270	40	378	70
026 Jefferson County	235	35	280	52	15%	15%	35%	35%	270	40	378	70
027 Arkansas County	245	35	319	52	15%	15%	35%	35%	282	40	431	70
028 Phillips County	245	35	319	52	15%	15%	35%	35%	282	40	431	70
029 Clark, Howard, Pike, and Sevier Counties	225	35	241	52	15%	15%	35%	35%	259	40	325	70
030 Bradley, Calhoun, Cleveland, Dalls and Lincoln Counties	245	35	319	52	15%	15%	35%	35%	282	40	431	70
031 Desha County	245	35	319	52	15%	15%	35%	35%	282	40	431	70
032 Little River and Miller Counties	220	35	202	52	15%	15%	35%	35%	253	40	273	70
033 Hempstead and LaFayette Counties	235	35	280	52	15%	15%	35%	35%	270	40	378	70
034 Nevada and Ouachita Counties	235	35	280	52	15%	15%	35%	35%	270	40	378	70
035 Columbia County	225	35	241	52	15%	15%	35%	35%	259	40	325	70
036 Union County	225	35	241	52	15%	15%	35%	35%	259	40	325	70
037 Ashleym Chicot and Drew Counties	245	35	319	52	15%	15%	35%	35%	282	40	431	70
038 Cities of Little Rock and North Little Rock(Pulaski County)	215	35	195	52	15%	15%	35%	35%	247	40	263	70
039 Hot Springs Village (Garland and Saline Counties)	210	35	189	52	15%	15%	35%	35%	242	40	255	70

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

Exhibit I  
Fire

Data as of: Sep-12

Proposed Effective Dates

New: 3/1/2013

Renewal: 4/1/2013

Republic Group Of Insurance Companies

Losses

Fiscal Year	(1)	(2)	(3)	(4)	(5)	(6)
Ending	Incurred	Development	Ultimate	Current	Projection	Trended
September	Loss	Factor	Incurred	Cost	Factor	Ultimate
			Loss	Factors	4/1/2014	Incurred Loss
2009	33,728	1.000	33,728	1.093	1.082	39,862
2010	189,093	1.000	189,093	1.061	1.082	216,979
2011	358,818	1.010	362,406	1.030	1.082	403,738
2012	912,442	1.040	949,213	1.000	1.082	1,026,669

Premiums & Loss Ratio

Fiscal Year	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Ending	Earned Premiums							Trended	
September	Actual	Onlevel	at Current	Current	On-Level	Projection	Trended	Ultimate	Weights
		Factor	Rate	Amount	at Current	Factor	at Current	On-Level	
				Factors	Amounts	4/1/2014	Rate Level	Loss Ratio	
2009	139,446	1.060	147,772	1.059	156,436	1.066	166,770	23.9%	0.10
2010	366,604	1.061	388,898	1.066	414,442	1.066	441,819	49.1%	0.20
2011	542,971	1.060	575,778	1.036	596,618	1.066	636,028	63.5%	0.30
2012	737,400	1.051	775,202	1.000	775,202	1.066	826,409	124.2%	0.40

Indication

(17) Premium Weighted Projected Loss Ratio	78.6%	Accident	(24b)
(18) Allocated Loss Adjustment Expense as % of Incurred Losses	5.0%	Year	Earned House
(19) Weighted Loss & ALAE Ratio	82.5%	2009	502
(20) Fixed Expense Ratio	7.9%	2010	1,329
(21) Permissible Loss & ALAE Ratio	63.2%	2011	1,905
Variable Expense Ratio	28.1%	2012	2,470
ULAE Ratio	8.7%		
Total	36.8%		
(22) Indicated Change Before Credibility	43.1%		
(23) Compliment to Credibility	0.7%		
(24) Credibility Table Value	0.373		
<b>(25) Indicated Statewide Rate Level Change</b>	<b>16.5%</b>		
<b>(26) Selected Statewide Rate Level Change</b>	<b>15.0%</b>		

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)

(17) = average of (14) weighted by (15).

(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 4/1/2014.

(24) = [(Total of (24b) / 44613] ^ 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  
Rate History**

Exhibit II  
Page 2  
Fire

Date of Change	Overall Statewide Change
08/01/08	Initial Filing
03/01/12	6.0%

Fiscal Year Ending September	Overall On-Level Factor
2009	1.060
2010	1.061
2011	1.060
2012	1.051

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 9/2012, excl. cats and mold)

Triangle of Incurred Losses

Fiscal Year Ending September	12	24	36	48	60	72	84
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	1,033,526	990,848	991,616	991,616	991,616	991,616
2003	1,787,978	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	1,356,307	1,342,814	1,405,029	1,405,029	1,405,029	1,405,029	1,405,029
2007	1,396,944	1,393,054	1,391,165	1,391,541	1,391,541	1,391,541	
2008	1,291,298	1,409,060	1,463,313	1,463,313	1,381,402		
2009	2,207,158	2,198,471	2,198,471	2,198,471			
2010	1,587,376	1,661,316	1,660,291				
2011	1,635,693	1,701,869					
2012	2,029,183						

Triangle of Link Ratios:

Fiscal Year Ending September	12:24	24:36	36:48	48:60	60:72	72:84
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	1.000
2007	0.997	0.999	1.000	1.000	1.000	
2008	1.091	1.039	1.000	0.944		
2009	0.996	1.000	1.000			
2010	1.047	0.999				
2011	1.040					

Averages

All	1.030	1.004	1.000	1.055	1.000	1.000
Last 3	1.028	1.013	1.000	0.981	1.000	1.000
Last 5 xhl	1.028	1.013	1.000	1.000	1.000	1.000

	12:24	24:36	36:48	48:60	60:72	72:84	"Tail" 84-Ult.
Selected	1.030	1.010	1.000	1.000	1.000	1.000	1.000
LDF's to Ult:	1.040	1.010	1.000	1.000	1.000	1.000	1.000

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

Exhibit IV  
Fire

*Loss Trend Development*

Year-Qtr	Rolling Quarter Basis						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
2009-3	2	30,519	502	2	30,519	0.0040	15,260	61	0.0661	8,243	545
2009-4	0	0	721	2	30,519	0.0028	15,260	42	0.0692	7,962	551
2010-1	0	0	935	2	30,519	0.0021	15,260	33	0.0698	8,003	559
2010-2	1	512	1,136	3	31,031	0.0026	10,344	27	0.0696	8,248	574
2010-3	7	184,733	1,329	8	185,245	0.0060	23,156	139	0.0642	8,186	525
2010-4	3	70,584	1,509	11	255,830	0.0073	23,257	170	0.0630	8,200	517
2011-1	4	118,800	1,658	15	374,630	0.0090	24,975	226	0.0629	8,542	537
2011-2	1	67,600	1,786	15	441,718	0.0084	29,448	247	0.0676	8,017	542
2011-3	2	94,564	1,905	10	351,548	0.0052	35,155	184	0.0713	8,120	579
2011-4	6	227,289	2,032	13	508,253	0.0064	39,096	250	0.0701	8,439	592
2012-1	0	0	2,180	9	389,453	0.0041	43,273	179	0.0668	8,433	563
2012-2	4	482,303	2,336	12	804,156	0.0052	66,680	344	0.0592	8,833	523
2012-3	3	241,282	2,470	13	950,873	0.0054	70,910	385			

	Frequency	Severity	Pure Premium	Fast Track Frequency	Fast Track Severity	Fast Track Pure Premium
4-point	-10.77%	88.74%	77.97%	-24.29%	10.07%	-14.22%
8-point	-32.40%	66.55%	34.15%	0.47%	3.09%	3.56%
12-point				-1.72%	2.17%	0.45%
16-point				2.35%	3.86%	6.21%

(12) Selected Historical Trend	0.00%	3.00%	3.00%
(13) Selected Future Trend	0.00%	4.00%	4.00%

Notes:

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

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

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

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

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

(14) = (1+Pure Premium from (13))^2

Project from	Midpoint of latest year 4/1/2012	----->	1 yr past Renewal 4/1/2014	2.0
(14) Loss Projection Factor				1.082

Republic Underwriters Insurance Company  
Arkansas Dwelling Fire  
Fire  
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%
2011	554,038	35,811	6.5%
Average			15.3%

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

Exhibit VII  
 Fire

Permissible Loss and Loss Adjustment Expense Ratio

Expenses	2009	2010	2011	Selected
<b>Fixed</b>				
General Expense <sup>1</sup> :	3.5%	4.4%	4.2%	4.0%
Other Acquisition <sup>1</sup> :	3.7%	4.6%	4.1%	4.1%
Policy Fees Received <sup>2</sup> :	(1.4%)	(1.2%)	(1.3%)	(1.3%)
<b>Total Fixed Expenses :</b>	<b>5.8%</b>	<b>7.8%</b>	<b>7.0%</b>	<b>6.8%</b>
AR Dwelling Fire Earned Premium	198,957	420,775	584,703	
Fixed Expense \$ Amount	11,632	32,831	40,901	
Fixed Expense Trend @ 4% Annual	1.205	1.159	1.114	
Trended Fixed Expenses	14,017	38,042	45,570	65,593
AR DF Projected Earned Premium	210,931	446,365	619,860	826,409
<b>Proj. Fixed Expense as % of Premium</b>	<b>6.6%</b>	<b>8.5%</b>	<b>7.4%</b>	<b>7.9%</b>
<b>Variable</b>				
Commission and Brokerage <sup>3</sup> :	17.1%	17.7%	17.5%	17.5%
Taxes, Licenses, and Fees <sup>3</sup> :	3.6%	3.2%	3.8%	3.8%
Profit and Contingencies Provision <sup>4</sup> :				6.8%
<b>Total Variable Expenses :</b>	<b>27.5%</b>	<b>27.7%</b>	<b>28.1%</b>	<b>28.1%</b>
<b>Total Expense Provision :</b>	<b>34.1%</b>	<b>36.2%</b>	<b>35.5%</b>	<b>36.0%</b>
<b>Permissible Loss &amp; LAE Ratio :</b>				<b>64.0%</b>
<b>Variable Expense Ratio :</b>				<b>28.1%</b>

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

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

<sup>2</sup> as a percent of Earned Premium

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

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

**Republic Underwriters Insurance Company**  
**Arkansas Dwelling Fire**  
**Fire**  
Assignment of Credibility

Exhibit VIII  
Fire

---



---

Fiscal Year Ending September	Earned House-Years
2009	502
2010	1,329
2011	1,905
2012	2,470

---

(1) Total Earned House-Years :	6,207
(2) 4-Year Average Claim Frequency	0.006
(3) Claim Standard for Full Credibility <sup>1</sup> :	1,082
(4) Calculated Earned House-Years for Full Credibility ((3) / (2))	178,931
(5) Selected Earned House-Years for Full Credibility <sup>2</sup>	44,613
(6) Assigned Credibility ((1) / (5)) <sup>0.5</sup> , maximum 100%	37.3%

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

<sup>2</sup> Selected Republic Underwriters EC credibility standard

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	1.7
(4) Return on reserves, after tax	0.6%
(5) Targeted pre-tax underwriting profit	6.8%
(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 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)	64.0%
9. Estimated Investment Earnings as a percentage of Net Earned Premium [ (7) * (8) ]	0.23%

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.)	17.5%		
(B) Taxes, Licenses, & Fees (/W.P.)	3.8%		
(C) 50% of Other Acq. & Gen. Expense (/E.P.)	4.1%		
(D) Total Prepaid Expenses [(A)+(B)+(C)]			25.4%
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 $[(5) \times (1.0 - (6D)) \times (1.0 - (11))]$			21,246,856
13. Average Rate-of-Return on Investible Income (f)			1.72%
14. Estimated Investment Earnings on Unearned Premium Reserves $[(12) \times (13)]$			365,607
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 4

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

Republic Underwriters Insurance Company  
Arkansas Dwelling Fire  
Fire  
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	
<b>Investment Income Calendar Year 2011 (2011 AS)</b>										
(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)
<b>Capital Gains Calendar Year 2010 (2010 AS)</b>										
(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)
<b>Capital Gains Calendar Year 2011 (2011 AS)</b>										
(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)
<b>Invested Assets as of 12/31/2010 (2010 AS)</b>										
(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)
<b>Invested Assets as of 12/31/2011 (2011 AS)</b>										
(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)
<b>Rate of Return (After-Tax) on Investment Income:</b>		<b>1.72%</b>								(I) = (G) x (1.000 - (H))
<b>Rate of Return (After-Tax) in Invested Assets:</b>		<b>3.41%</b>								(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  
Extended Coverage  
Statewide Rate Level Indications

Exhibit I  
EC

Data as of: Sep-12

Proposed Effective Dates

New: 3/1/2013  
Renewal: 4/1/2013

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 4/1/2014	(7) Trended Ultimate Incurred Loss
2009	273,116	67,192	1.005	535,239	1.093	1.082	632,596
2010	80,124	63,331	1.010	157,809	1.061	1.082	181,081
2011	280,924	717,325	1.020	558,827	1.030	1.082	622,560
2012	391,924	233,142	1.122	857,595	1.000	1.082	927,575

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 4/1/2014	(14) Trended at Current Rate Level	(15) Trended Ultimate Loss Ratio	(16) Weights
2009	119,091	1.393	165,927	1.075	178,289	1.030	183,678	344.4%	0.10
2010	321,654	1.395	448,565	1.059	475,111	1.030	489,471	37.0%	0.20
2011	475,230	1.395	662,958	1.022	677,308	1.030	697,780	89.2%	0.30
2012	659,049	1.339	882,580	1.000	882,580	1.030	909,256	102.0%	0.40

Indication

(17) Premium Weighted Projected Loss Ratio	109.4%	Accident	(23b) Earned House
(18) Allocated Loss Adjustment Expense as % of Incurred Losses	3.8%	Year	Years
(19) Weighted Loss & ALAE Ratio	113.6%	2009	502
(20) Fixed Expense Ratio	3.6%	2010	1,329
(21) Permissible Loss & ALAE Ratio	61.8%	2011	1,905
Variable Expense Ratio	29.2%	2012	2,470
ULAE Ratio	9.0%		
Total	38.2%		
(22) Indicated Rate Change before Credibility	89.5%		
(23) Compliment to Credibility	4.0%		
(24) Credibility Table Value	0.373		
<b>(25) Indicated Statewide Rate Level Change</b>	<b>35.9%</b>		
<b>(26) Selected Statewide Rate Level Change</b>	<b>35.0%</b>		

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).  
(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.  
(22) = [(19) + (20) + ] / [ (21) ] - 1.  
(23) is net trend, trended from the last rate change to 4/1/2014.  
(24) = [(Total of (23b) / 44613] ^ 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**  
**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	98,231	329		
2009-3	502	165,927	331		
2009-4	721	238,040	330		
2010-1	935	309,494	331		
2010-2	1,136	379,501	334		
2010-3	1,329	448,565	338		
2010-4	1,509	515,937	342		
2011-1	1,658	571,363	345		
2011-2	1,786	618,247	346		
2011-3	1,905	662,958	348		
2011-4	2,032	709,846	349		
2012-1	2,180	764,753	351		
2012-2	2,336	826,219	354		
2012-3	2,470	882,580	357		

  

Average Earned Date	(4) Average Earned Prem	(5) Premium Index	Premium Trend	
4/1/2009	329	1.075		
4/1/2010	334	1.059	4-point	3.03%
4/1/2011	346	1.022	8-point	2.28%
4/1/2012	354	1.000	12-point	2.86%
			<b>(6) Selected</b>	<b>1.50%</b>

  

Years From Midpoint Of Latest Year's Data (7) To 12 Months Past Renewal	
(8) Premium Projection Factor	1.030

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
03/01/12	39.4%

Fiscal Year Ending September	Overall On-Level Factor
2009	1.393
2010	1.395
2011	1.395
2012	1.339

**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 9/2012, excl. cats and mold)**

Triangle of Incurred Losses

Fiscal Year Ending September	12	24	36	48	60	72	84
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	1,782,152	1,853,357	1,866,743	1,894,536	1,894,098	1,944,098	1,944,098
2004	2,269,049	2,639,593	2,649,040	2,648,678	2,654,728	2,659,081	2,669,142
2005	1,810,164	1,989,971	1,974,422	1,976,102	1,976,102	1,976,102	1,976,102
2006	1,568,716	1,846,931	1,903,702	1,904,449	1,939,523	1,941,559	1,942,697
2007	1,820,986	1,922,756	1,890,457	1,902,445	1,908,240	1,908,240	
2008	1,845,501	2,085,234	2,010,908	2,029,145	2,037,278		
2009	2,691,414	3,433,661	3,688,666	3,719,196			
2010	2,876,861	3,054,798	3,079,772				
2011	2,519,152	2,596,189					
2012	2,681,899						

Triangle of Link Ratios:

Fiscal Year Ending September	12:24	24:36	36:48	48:60	60:72	72:84
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	1.001
2007	1.056	0.983	1.006	1.003	1.000	
2008	1.130	0.964	1.009	1.004		
2009	1.276	1.074	1.008			
2010	1.062	1.008				
2011	1.031					

Averages

Total	1.113	1.006	1.008	1.003	1.004	1.001
Last 3	1.123	1.015	1.008	1.008	1.000	1.002
Last 5 xhl	1.083	1.007	1.005	1.003	1.001	1.000

	12:24	24:36	36:48	48:60	60:72	72:84	"Tail" 84-Ult.
Selected	1.100	1.010	1.005	1.005	1.000	1.000	1.000
LDF	1.122	1.020	1.010	1.005	1.000	1.000	1.000

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

Exhibit IV  
 EC

*Loss Trend Development*

Year-Qtr	Rolling Quarter Basis						Homeowners				
	(1) Ultimate Counts	(2) Ultimate Losses	(3) Earned Exposures	(4) Ultimate Counts	(5) Ultimate Losses	(6) Frequency	(7) Severity	(8) Pure Premium	(9) Fast Track Frequency	(10) Fast Track Severity	(11) Fast Track Pure Premium
2009-2	4	21,917	298	7	40,504	0.0235	5,786	136	0.0614	7,999	492
2009-3	7	232,612	502	14	273,116	0.0279	19,508	544	0.0661	8,243	545
2009-4	5	22,319	721	18	289,037	0.0250	16,058	401	0.0692	7,962	551
2010-1	3	5,635	935	19	282,484	0.0203	14,868	302	0.0698	8,003	559
2010-2	3	6,187	1,136	18	266,754	0.0158	14,820	235	0.0696	8,248	574
2010-3	7	46,121	1,329	18	80,262	0.0135	4,459	60	0.0642	8,186	525
2010-4	19	92,133	1,509	32	150,076	0.0212	4,690	99	0.0630	8,200	517
2011-1	14	70,079	1,658	43	214,520	0.0259	4,989	129	0.0629	8,542	537
2011-2	15	82,916	1,786	55	291,249	0.0308	5,293	163	0.0676	8,017	542
2011-3	7	36,358	1,905	55	281,486	0.0289	5,111	148	0.0713	8,120	579
2011-4	12	56,853	2,032	48	246,207	0.0238	5,099	121	0.0701	8,439	592
2012-1	13	84,347	2,180	48	260,475	0.0219	5,456	119	0.0668	8,433	563
2012-2	11	74,361	2,336	43	251,920	0.0186	5,810	108	0.0592	8,833	523
2012-3	30	240,174	2,470	66	455,736	0.0268	6,885	184			

	Frequency	Severity	Pure Premium	Fast Track Frequency	Fast Track Severity	Fast Track Pure Premium
4-point	7.81%	38.54%	46.36%	-24.29%	10.07%	-14.22%
8-point	-5.99%	16.85%	10.86%	0.47%	3.09%	3.56%
12-point				-1.72%	2.17%	0.45%
16-point				2.35%	3.86%	6.21%

(12) **Selected Historical Trend**      **0.00%**      **3.00%**      **3.00%**  
 (13) **Selected Future Trend**        **0.00%**      **4.00%**      **4.00%**

Notes:

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

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

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

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

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

(14) = (1+Pure Premium from (13))^2

Midpoint of latest year      1 yr past Renewal  
 Project from      4/1/2012      ----->      4/1/2014      2.0 yrs.  
 (14) Loss Projection Factor      1.082

**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%
2011	1,115,957	28,091	2.5%
Average			2.9%

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			4.7%

**Selected ALAE Provision as a Percent of Incurred Losses: 3.8%**

**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 Underwriters Insurance Company**

Exhibit VI

**Arkansas Dwelling Fire**

EC

**Extended Coverage**

Expected Non-Hurricane Catastrophe Provision

(000 omitted)

**Arkansas Extended Coverage**

Fiscal Year Ending September	Ext. Coverage Non-Cat Ultimate Inc Loss	Ext. Coverage Non-Hurricane Catastrophe Ult Inc Loss	Ext. Coverage Non-Hurricane Catastrophe Factor
2009	274	68	1.249
2010	81	68	1.845
2011	287	756	3.639
2012	440	324	1.738
<b>Total</b>	<b>1,082</b>	<b>1,217</b>	<b>2.126</b>

Straight Average	2.118
Weighted Average	2.126
Selected Catastrophe Factor:	1.950

**Oklahoma Extended Coverage<sup>1</sup>**

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	3.003
2004	255,012	184,253	1.723
2005	153,856	260,979	2.696
2006	356,500	113,891	1.320
2007	329,433	550,737	2.672
2008	284,755	1,317,111	5.625
2009	449,661	253,691	1.564
2010	333,114	453,136	2.360
2011	319,465	490,021	2.534
2012	366,240	1,151,272	4.144
<b>Total</b>	<b>5,590,198</b>	<b>6,122,839</b>	<b>2.095</b>

All Year Average:	2.073
10 Year Average:	2.764
10 Year Average xhl:	2.587
Selected Factor:	2.250

Note 1: Republic's Oklahoma experience was considered in selecting the catastrophe provision due to the lack of experience in Arkansas. (2012 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	2009	2010	2011	Selected
<b>Fixed</b>				
General Expense <sup>1</sup> :	3.4%	2.7%	2.6%	2.9%
Other Acquisition <sup>1</sup> :	3.3%	2.7%	2.6%	2.9%
Policy Fees Received <sup>2</sup> :	(1.6%)	(1.3%)	(1.5%)	(1.5%)
<b>Total Fixed Expenses :</b>	<b>5.1%</b>	<b>4.1%</b>	<b>3.7%</b>	<b>4.3%</b>
AR Dwelling Fire EC Earned Premium	170,784	369,911	508,895	
Fixed Expense \$ Amount	8,719	15,221	18,922	
Fixed Expense Trend @ 4% Annual	1.205	1.159	1.114	
Trended Fixed Expenses	10,507	17,637	21,083	32,740
AR DF EC Projected Earned Premium	238,040	515,937	709,846	909,256
<b>Proj. Fixed Expense as % of Premium</b>	<b>4.4%</b>	<b>3.4%</b>	<b>3.0%</b>	<b>3.6%</b>
<b>Variable</b>				
Commission and Brokerage <sup>3</sup> :	16.6%	17.4%	17.4%	17.1%
Taxes, Licenses, and Fees <sup>3</sup> :	3.7%	3.2%	3.9%	3.9%
Profit and Contingencies Provision <sup>4</sup> :				6.8%
Cost of Reinsurance (2012) <sup>5</sup>				1.4%
<b>Total Variable Expenses :</b>	<b>27.1%</b>	<b>27.4%</b>	<b>28.1%</b>	<b>29.2%</b>
<b>Total Expense Provision :</b>	<b>31.5%</b>	<b>30.8%</b>	<b>31.1%</b>	<b>32.8%</b>
<b>Permissible Loss &amp; LAE Ratio :</b>				<b>67.2%</b>
<b>Variable Expense Ratio :</b>				<b>29.2%</b>

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

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

<sup>2</sup> as a percent of Earned Premium

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

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

<sup>5</sup> Exhibit VII, Page 2

Reinsurance Layer	Reinsurance Limit	2012 Property Reinsurance Cost Companywide	2012 Property Reinsurance Cost Arkansas DF	AR DF Reins. Cost as a % of Premium*
<b>Per Risk Excess of Loss Reinsurance:</b>				
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%
<b>Catastrophe Reinsurance:</b>				
		2012 CAT Reins. Cost Companywide	2012 CAT Reins. Cost AR DF	
1st Layer	20M xs 20M 2 Events	9,591,015	8,460	
2nd Layer	60M xs 40M 2 Events	13,668,717	4,790	
3rd Layer	75M xs 100M 1 Event	8,099,941	1,561	
4th Layer	125M xs 175M 1 Event	<u>7,187,479</u>	<u>1,363</u>	
(C) Cat Reinsurance Total Cost		38,547,151	16,174	
(D) AIR CLASIC v12.0 avg annual Severe Storm Loss & LAE		<u>Companywide</u> 45,360,578	<u>AR DF</u> 286,549	
(E) Projected Cat Losses Excess of \$20M Retention			6,321	
(F) Estimated Reinsurer Profit, Expenses & Risk Load (C) - (E)			9,853	1.4%
<b>(B) + (H) Property Reinsurance Cost Over Expected Premium:</b>			9,853	1.4%

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

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

Exhibit VIII  
EC

---

---

Fiscal Year Ending September	Earned House-Years
2009	502
2010	1,329
2011	1,905
2012	2,470

---

---

(1) Total Earned House-Years :	6,207
(2) 4-Year Average Claim Frequency	0.024
(3) Claim Standard for Full Credibility <sup>1</sup> :	1,082
(4) Calculated Earned House-Years for Full Credibility ((3) / (2))	44,613
(5) Selected Earned House-Years for Full Credibility	44,613
(6) Assigned Credibility ((1) / (5)) <sup>0.5</sup> , maximum 100%	37.3%

<sup>1</sup> 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	1.7
(4) Return on reserves, after tax	0.7%
(5) Targeted pre-tax underwriting profit	6.8%
(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 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)	70.8%
9. Estimated Investment Earnings as a percentage of Net Earned Premium [ (7) * (8) ]	0.26%

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.)	3.9%		
(C) 50% of Other Acq. & Gen. Expense (/E.P.)	2.9%		
(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 $[(5)\times(1.0-(6D))\times(1.0-(11))]$			21,650,067
13. Average Rate-of-Return on Investible Income (f)			1.72%
14. Estimated Investment Earnings on Unearned Premium Reserves $[(12)\times(13)]$			372,545
15. Homeowners Net Earned Premium for 2011 (g)			91,741,247
16. Estimated Investment Earnings as a Percentage of Homeowners Net Earned Premiums $[(14)/(15)]$			0.41%

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

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	
<b>Investment Income Calendar Year 2011 (2011 AS)</b>										
(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)
<b>Capital Gains Calendar Year 2010 (2010 AS)</b>										
(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)
<b>Capital Gains Calendar Year 2011 (2011 AS)</b>										
(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)
<b>Invested Assets as of 12/31/2010 (2010 AS)</b>										
(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)
<b>Invested Assets as of 12/31/2011 (2011 AS)</b>										
(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)
<b>Rate of Return (After-Tax) on Investment Income:</b>		<b>1.72%</b>								(I) = (G) x (1.000 - (H))
<b>Rate of Return (After-Tax) in Invested Assets:</b>		<b>3.41%</b>								(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**  
**Overall Effect**

Exhibit I  
Fire & EC

	<u>Inforce Written Premium</u>	<u>Rate Indication</u>	<u>Overall Rate Change</u>
Fire	778,993	16.5%	10.0%
Allied	764,786	35.9%	30.0%
Total	1,543,779	26.1%	19.9%
<b>\$\$ Change</b>		<b>\$ 403,292</b>	<b>\$ 384,524</b>

**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 Cov. A	Fire Cov. C	EC Cov. A	EC Cov. C	Fire Cov. A	Fire Cov. C	EC Cov. A	EC Cov. C	Fire Cov. A	Fire Cov. C	EC Cov. A	EC Cov. C
001 Benton and Washington Counties	220	35	209	52	10%	10%	30%	30%	242	39	272	68
002 Carroll and Madison Counties	225	35	241	52	10%	10%	30%	30%	248	39	313	68
003 Baxter, Boonem and Marion Counties	225	35	241	52	10%	10%	30%	30%	248	39	313	68
004 Fulton, Independence, Izard and Sharp Counties	225	35	241	52	10%	10%	30%	30%	248	39	313	68
005 Lawrence County	235	35	280	52	10%	10%	30%	30%	259	39	364	68
006 Clay, Greene and Randolph Counties	245	35	319	52	10%	10%	30%	30%	270	39	415	68
007 Crawford and Sebastian Counties	220	35	202	52	10%	10%	30%	30%	242	39	263	68
008 Conway, Franklin, Johnson, Newton, and Pope Counties	225	35	241	52	10%	10%	30%	30%	248	39	313	68
009 Cleburne, Searcy, Stone, and Van Burne Counties	220	35	202	52	10%	10%	30%	30%	242	39	263	68
010 Jackson and Woodruff Counties	235	35	280	52	10%	10%	30%	30%	259	39	364	68
011 Craighead County	220	35	202	52	10%	10%	30%	30%	242	39	263	68
012 Mississippi County	245	35	319	52	10%	10%	30%	30%	270	39	415	68
013 Logan County	225	35	241	52	10%	10%	30%	30%	248	39	313	68
014 Yell County	225	35	241	52	10%	10%	30%	30%	248	39	313	68
015 Faulkner County	220	35	202	52	10%	10%	30%	30%	242	39	263	68
016 White County	235	35	280	52	10%	10%	30%	30%	259	39	364	68
017 Cross, Lee, Poinsett and St. Francis Counties	245	35	319	52	10%	10%	30%	30%	270	39	415	68
018 Crittenden County	245	35	319	52	10%	10%	30%	30%	270	39	415	68
019 Montgomery, Polk, and Scott Counties	225	35	241	52	10%	10%	30%	30%	248	39	313	68
020 Remainder of Garland, Hot Spring and Perry Counties	220	35	202	52	10%	10%	30%	30%	242	39	263	68
021 Grant and Remainder of Saline Counties	220	35	202	52	10%	10%	30%	30%	242	39	263	68
022 Remainder of Pulaski County	215	35	195	52	10%	10%	30%	30%	237	39	254	68
023 Lonoke County	225	35	241	52	10%	10%	30%	30%	248	39	313	68
024 Prairie County	235	35	280	52	10%	10%	30%	30%	259	39	364	68
025 Monroe County	235	35	280	52	10%	10%	30%	30%	259	39	364	68
026 Jefferson County	235	35	280	52	10%	10%	30%	30%	259	39	364	68
027 Arkansas County	245	35	319	52	10%	10%	30%	30%	270	39	415	68
028 Phillips County	245	35	319	52	10%	10%	30%	30%	270	39	415	68
029 Clark, Howard, Pike, and Sevier Counties	225	35	241	52	10%	10%	30%	30%	248	39	313	68
030 Bradley, Calhoun, Cleveland, Dalls and Lincoln Counties	245	35	319	52	10%	10%	30%	30%	270	39	415	68
031 Desha County	245	35	319	52	10%	10%	30%	30%	270	39	415	68
032 Little River and Miller Counties	220	35	202	52	10%	10%	30%	30%	242	39	263	68
033 Hempstead and LaFayette Counties	235	35	280	52	10%	10%	30%	30%	259	39	364	68
034 Nevada and Ouachita Counties	235	35	280	52	10%	10%	30%	30%	259	39	364	68
035 Columbia County	225	35	241	52	10%	10%	30%	30%	248	39	313	68
036 Union County	225	35	241	52	10%	10%	30%	30%	248	39	313	68
037 Ashley Chicot and Drew Counties	245	35	319	52	10%	10%	30%	30%	270	39	415	68
038 Cities of Little Rock and North Little Rock(Pulaski County)	215	35	195	52	10%	10%	30%	30%	237	39	254	68
039 Hot Springs Village (Garland and Saline Counties)	210	35	189	52	10%	10%	30%	30%	231	39	246	68

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

Exhibit I  
Fire

Data as of: Sep-12

Proposed Effective Dates

New: 3/1/2013

Renewal: 4/1/2013

Republic Group Of Insurance Companies

Losses

Fiscal Year	(1)	(2)	(3)	(4)	(5)	(6)
Ending	Incurred	Development	Ultimate	Current	Projection	Trended
September	Loss	Factor	Incurred	Cost	Factor	Ultimate
			Loss	Factors	4/1/2014	Incurred Loss
2009	33,728	1.000	33,728	1.093	1.082	39,862
2010	189,093	1.000	189,093	1.061	1.082	216,979
2011	358,818	1.010	362,406	1.030	1.082	403,738
2012	912,442	1.040	949,213	1.000	1.082	1,026,669

Premiums & Loss Ratio

Fiscal Year	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Ending	Earned Premiums							Trended	
September	Actual	Onlevel	at Current	Current	On-Level	Projection	Trended	Ultimate	
		Factor	Rate	Amount	at Current	Factor	at Current	On-Level	Weights
				Factors	Amounts	4/1/2014	Rate Level	Loss Ratio	
2009	139,446	1.060	147,772	1.059	156,436	1.066	166,770	23.9%	0.10
2010	366,604	1.061	388,898	1.066	414,442	1.066	441,819	49.1%	0.20
2011	542,971	1.060	575,778	1.036	596,618	1.066	636,028	63.5%	0.30
2012	737,400	1.051	775,202	1.000	775,202	1.066	826,409	124.2%	0.40

Indication

(17) Premium Weighted Projected Loss Ratio	78.6%	Accident	(24b)
(18) Allocated Loss Adjustment Expense as % of Incurred Losses	5.0%	Year	Earned House
(19) Weighted Loss & ALAE Ratio	82.5%	2009	502
(20) Fixed Expense Ratio	7.9%	2010	1,329
(21) Permissible Loss & ALAE Ratio	63.2%	2011	1,905
Variable Expense Ratio	28.1%	2012	2,470
ULAE Ratio	8.7%		
Total	36.8%		
(22) Indicated Change Before Credibility	43.1%		
(23) Compliment to Credibility	0.7%		
(24) Credibility Table Value	0.373		
<b>(25) Indicated Statewide Rate Level Change</b>	<b>16.5%</b>		
<b>(26) Selected Statewide Rate Level Change</b>	<b>10.0%</b>		

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)

(17) = average of (14) weighted by (15).

(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 4/1/2014.

(24) = [(Total of (24b) / 44613] ^ 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  
Extended Coverage  
Statewide Rate Level Indications

Exhibit I  
EC

Data as of: Sep-12

Proposed Effective Dates

New: 3/1/2013  
Renewal: 4/1/2013

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 4/1/2014	(7) Trended Ultimate Incurred Loss
2009	273,116	67,192	1.005	535,239	1.093	1.082	632,596
2010	80,124	63,331	1.010	157,809	1.061	1.082	181,081
2011	280,924	717,325	1.020	558,827	1.030	1.082	622,560
2012	391,924	233,142	1.122	857,595	1.000	1.082	927,575

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 4/1/2014	(14) Trended at Current Rate Level	(15) Trended Ultimate Loss Ratio	(16) Weights
2009	119,091	1.393	165,927	1.075	178,289	1.030	183,678	344.4%	0.10
2010	321,654	1.395	448,565	1.059	475,111	1.030	489,471	37.0%	0.20
2011	475,230	1.395	662,958	1.022	677,308	1.030	697,780	89.2%	0.30
2012	659,049	1.339	882,580	1.000	882,580	1.030	909,256	102.0%	0.40

Indication

(17) Premium Weighted Projected Loss Ratio	109.4%	Accident	(23b) Earned House
(18) Allocated Loss Adjustment Expense as % of Incurred Losses	3.8%	Year	Years
(19) Weighted Loss & ALAE Ratio	113.6%	2009	502
(20) Fixed Expense Ratio	3.6%	2010	1,329
(21) Permissible Loss & ALAE Ratio	61.8%	2011	1,905
Variable Expense Ratio	29.2%	2012	2,470
ULAE Ratio	9.0%		
Total	38.2%		
(22) Indicated Rate Change before Credibility	89.5%		
(23) Compliment to Credibility	4.0%		
(24) Credibility Table Value	0.373		
<b>(25) Indicated Statewide Rate Level Change</b>	<b>35.9%</b>		
<b>(26) Selected Statewide Rate Level Change</b>	<b>30.0%</b>		

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).  
(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.  
(22) = [(19) + (20) + ] / [ (21) ] - 1.  
(23) is net trend, trended from the last rate change to 4/1/2014.  
(24) = [(Total of (23b) / 44613] ^ 0.5. See Exhibit VIII.  
(25) = (22) x (24) + [1.000 - (24)] x (23).  
(26) is selected by the Republic group.

**BASE PREMIUM COMPUTATION**

**A. Fire - Coverage A – Dwelling and Coverage C – Personal Property**

**1. Owner-Occupied Key Rates**

**a. Coverage A - Dwelling**

Territory	Description	Fire Key Factor
001	Benton and Washington Counties	220253
002	Carroll and Madison Counties	225259
003	Baxter, Boone and Marion Counties	225259
004	Fulton, Independence, IZard and Sharp Counties	225259
005	Lawrence County	235270
006	Clay, Greene and Randolph Counties	245282
007	Crawford and Sebastian Counties	220253
008	Conway, Franklin, Johnson, Newton and Pope Counties	225259
009	Cleburne, Searcy, Stone and Van Buren Counties	220253
010	Jackson and Woodruff Counties	235270
011	Craighead County	220253
012	Mississippi County	245282
013	Logan County	225259
014	Yell County	225259
015	Faulkner County	220253
016	White County	235270
017	Cross, Lee, Poinsett and St. Francis Counties	245282
018	Crittenden County	245282
019	Montgomery, Polk and Scott Counties	225259
020	Garland, Hot Spring and Perry Counties	220253
021	Grant and Saline Counties	220253
022	Remainder of Pulaski County	245247
023	Lonoke County	225259
024	Prairie County	235270
025	Monroe County	235270
026	Jefferson County	235270
027	Arkansas County	245282
028	Phillips County	245282
029	Clark, Howard, Pike and Sevier Counties	225259
030	Bradley, Calhoun, Cleveland, Dallas and Lincoln Counties	245282
031	Desha County	245282
032	Little River and Miller Counties	220253
033	Hempstead and LaFayette Counties	235270
034	Nevada and Ouachita Counties	235270
035	Columbia County	225259
036	Union County	225259
037	Ashley, Chicot and Drew Counties	245282
038	Cities of Little Rock and North Little Rock (Pulaski County)	245247
039	Hot Springs Village	240242

Formatted Table

Table 301.A.1.a., Coverage A Fire Key Rates

**BASE PREMIUM COMPUTATION, (cont)****b. Coverage C – Personal Property**

Territory	Description	Fire Key Factor
All	All counties	3540

Table 301.A.1.b., Coverage C Fire Key Rates

**2. Classification Tables****a. Protection-Construction Classification Factors**

Protection Class	Construction		Protection Class	Construction	
	Frame	Masonry		Frame	Masonry
1	0.85	0.67	7	1.36	1.06
2	0.85	0.67	8	1.55	1.18
3	0.90	0.70	8B	2.90	2.24
4	0.90	0.70	9	2.90	2.24
5	1.00	0.78	10	3.72	2.72
6	1.09	0.83			

Table 301.A.2.a., Protection-Construction Factors

**b. Occupancy Classification Factors**

Occupancy	Factor
Owner Occupied	1.000
Tenant Occupied	1.110

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

**c. Seasonal-Secondary Classification Factors**

Occupancy	Factor
Not seasonal or secondary	1.000
Seasonal or secondary	1.200

Table 301.A.2.c., Seasonal-Secondary Factors

**d. Number of Family Classification Factors**

Number of Families	Factor
One Family	1.000
Two Families	1.200
Three or Four Families	1.500

Table 301.A.2.c., Number of Family Factors

**3. Key Factor Table (Rule 301.A.7.)****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
\$40,000	0.683	\$83,000	1.072	\$126,000	1.460	\$169,000	1.848
\$41,000	0.692	\$84,000	1.081	\$127,000	1.469	\$170,000	1.857
\$42,000	0.701	\$85,000	1.090	\$128,000	1.478	\$171,000	1.867
\$43,000	0.710	\$86,000	1.099	\$129,000	1.488	\$172,000	1.875
\$44,000	0.719	\$87,000	1.108	\$130,000	1.496	\$173,000	1.885

**Dwelling Policy Program Manual  
Key Premium/Key Factor Tables**

**BASE PREMIUM COMPUTATION, (cont.)**

Amount of Insurance	Factor	Amount of Insurance	Factor	Amount of Insurance	Factor	Amount of Insurance	Factor
\$45,000	0.728	\$88,000	1.118	\$131,000	1.505	\$174,000	1.894
\$46,000	0.738	\$89,000	1.126	\$132,000	1.514	\$175,000	1.903
\$47,000	0.746	\$90,000	1.135	\$133,000	1.523	\$176,000	1.912
\$48,000	0.756	\$91,000	1.144	\$134,000	1.532	\$177,000	1.921
\$49,000	0.765	\$92,000	1.153	\$135,000	1.541	\$178,000	1.930
\$50,000	0.774	\$93,000	1.162	\$136,000	1.550	\$179,000	1.939
\$51,000	0.783	\$94,000	1.171	\$137,000	1.559	\$180,000	1.948
\$52,000	0.792	\$95,000	1.180	\$138,000	1.569	\$181,000	1.957
\$53,000	0.801	\$96,000	1.189	\$139,000	1.578	\$182,000	1.966
\$54,000	0.810	\$97,000	1.199	\$140,000	1.587	\$183,000	1.975
\$55,000	0.819	\$98,000	1.207	\$141,000	1.596	\$184,000	1.984
\$56,000	0.828	\$99,000	1.217	\$142,000	1.605	\$185,000	1.993
\$57,000	0.837	\$100,000	1.226	\$143,000	1.613	\$186,000	2.002
\$58,000	0.847	\$101,000	1.234	\$144,000	1.623	\$187,000	2.011
\$59,000	0.855	\$102,000	1.244	\$145,000	1.632	\$188,000	2.020
\$60,000	0.864	\$103,000	1.253	\$146,000	1.641	\$189,000	2.029
\$61,000	0.874	\$104,000	1.262	\$147,000	1.650	\$190,000	2.038
\$62,000	0.882	\$105,000	1.271	\$148,000	1.658	\$191,000	2.047
\$63,000	0.891	\$106,000	1.280	\$149,000	1.668	\$192,000	2.056
\$64,000	0.900	\$107,000	1.289	\$150,000	1.677	\$193,000	2.065
\$65,000	0.909	\$108,000	1.298	\$151,000	1.686	\$194,000	2.074
\$66,000	0.919	\$109,000	1.307	\$152,000	1.695	\$195,000	2.083
\$67,000	0.928	\$110,000	1.316	\$153,000	1.704	\$196,000	2.092
\$68,000	0.936	\$111,000	1.325	\$154,000	1.713	\$197,000	2.101
\$69,000	0.946	\$112,000	1.334	\$155,000	1.723	\$198,000	2.110
\$70,000	0.955	\$113,000	1.343	\$156,000	1.731	\$199,000	2.119
\$71,000	0.964	\$114,000	1.352	\$157,000	1.740	\$200,000	2.128
\$72,000	0.973	\$115,000	1.361	\$158,000	1.749		
Each Additional \$1,000			0.009				

**Table 301.A.3.a., Dwelling Key Factors (Fire)****b. Coverage C – Personal Property**

Amount of Insurance	Factor						
1,000	0.245	39,000	3.244	76,000	6.103	113,000	8.983
2,000	0.334	40,000	3.320	77,000	6.181	114,000	9.061
3,000	0.421	41,000	3.395	78,000	6.259	115,000	9.139
4,000	0.506	42,000	3.472	79,000	6.337	116,000	9.216
5,000	0.591	43,000	3.547	80,000	6.414	117,000	9.294
6,000	0.674	44,000	3.623	81,000	6.492	118,000	9.372
7,000	0.756	45,000	3.699	82,000	6.570	119,000	9.450
8,000	0.838	46,000	3.775	83,000	6.648	120,000	9.528
9,000	0.919	47,000	3.851	84,000	6.726	121,000	9.606
10,000	1.000	48,000	3.926	85,000	6.803	122,000	9.684
11,000	1.080	49,000	4.003	86,000	6.881	123,000	9.761
12,000	1.160	50,000	4.079	87,000	6.959	124,000	9.839
13,000	1.239	51,000	4.158	88,000	7.037	125,000	9.917
14,000	1.318	52,000	4.236	89,000	7.115	126,000	9.995
15,000	1.396	53,000	4.314	90,000	7.193	127,000	10.073

**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**

Territory	Special Form Key Factor
001 Benton and Washington Counties	209282
002 Carroll and Madison Counties	244325
003 Baxter, Boone and Marion Counties	244325
004 Fulton, Independence, Izard and Sharp Counties	244325
005 Lawrence County	280378
006 Clay, Greene and Randolph Counties	349431
007 Crawford and Sebastian Counties	202273
008 Conway, Franklin, Johnson, Newton and Pope Counties	244325
009 Cleburne, Searcy, Stone and Van Buren Counties	202273
010 Jackson and Woodruff Counties	280378
011 Craighead County	202273
012 Mississippi County	349431
013 Logan County	244325
014 Yell County	244325
015 Faulkner County	202273
016 White County	280378
017 Cross, Lee, Poinsett and St. Francis Counties	349431
018 Crittenden County	349431

**BASE PREMIUM COMPUTATION, (cont.)**

<u>Territory</u>	<u>Special Form Key Factor</u>
019 Montgomery, Polk and Scott Counties	244325
020 Garland, Hot Spring and Perry Counties	202273
021 Grant and Saline Counties	202273
022 Remainder of Pulaski County	195263
023 Lonoke County	244325
024 Prairie County	280378
025 Monroe County	280378
026 Jefferson County	280378
027 Arkansas County	319431
028 Phillips County	319431
029 Clark, Howard, Pike and Sevier Counties	244325
030 Bradley, Calhoun, Cleveland, Dallas and Lincoln Counties	319431
031 Desha County	319431
032 Little River and Miller Counties	202273
033 Hempstead and LaFayette Counties	280378
034 Nevada and Ouachita Counties	280378
035 Columbia County	244325
036 Union County	244325
037 Ashley, Chicot and Drew Counties	319431
038 Cities of Little Rock and North Little Rock (Pulaski County)	195263
039 Hot Springs Village	189255

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	5270

Table 301.B.1.b., Coverage C Special Form Key Rates

**2. Classification Tables****a. Occupancy Classification Factors**

<b>Occupancy</b>	<b>Factor</b>
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**

<b>Amount of Insurance</b>	<b>Factor</b>						
\$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

**State:** Arkansas  
**TOI/Sub-TOI:** 01.0 Property/01.0002 Personal Property (Fire and Allied Lines)  
**Product Name:** Standard Dwelling (ISO 2002 Program)  
**Project Name/Number:** Base Rate Revision/

**Filing Company:** Republic Underwriters Insurance Company

## 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 Item Status	Schedule	Schedule Item Name	Replacement Creation Date	Attached Document(s)
12/07/2012		Supporting Document	Form RF-1 NAIC Loss Cost Data Entry Document--All P&C Lines	12/18/2012	FORM RF-1 Rate Filing Abstract.pdf (Superseded)
12/04/2012		Rate	Revised base rates	12/18/2012	DP-3 03 13 rate rev.pdf (Superseded)
12/04/2012		Supporting Document	Form RF-1 NAIC Loss Cost Data Entry Document--All P&C Lines	12/07/2012	FORM RF-1 Rate Filing Abstract.pdf (Superseded)
12/04/2012		Supporting Document	HPCS-Homeowners Premium Comparison Survey	12/18/2012	HO Survey FORM HPCS.pdf (Superseded) HO Survey FORM HPCS.xls (Superseded)
12/04/2012		Supporting Document	P&C Actuarial Justification	12/18/2012	Filing Memo AR DP-3.pdf Filing Exhibit.pdf

### NAIC LOSS COST DATA ENTRY DOCUMENT

<b>1.</b>	This filing transmittal is part of Company Tracking #	<b>12-719</b>
-----------	---	---------------

<b>2.</b>	If filing is an adoption of an advisory organization loss cost filing, give name of Advisory Organization and Reference/ Item Filing Number	<b>N/A</b>
-----------	---	------------

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

Product Coding Matrix Line of Business (i.e., Type of Insurance)		Product Coding Matrix Line of Insurance (i.e., Sub-type of Insurance)		
<b>4.</b>	<b>A.</b>	<b>01.0 Property</b>	<b>B.</b>	<b>01.0002 Personal Property (Fire and Allied Lines)</b>

<b>5.</b>			<b>FOR LOSS COSTS ONLY</b>				
(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
<b>Fire</b>	<b>16.5%</b>	<b>15.0%</b>					
<b>Allied Lines</b>	<b>35.9%</b>	<b>35.0%</b>					
<b>TOTAL OVERALL EFFECT</b>	<b>26.1%</b>	<b>24.9%</b>					

<b>6.</b>		5 Year History	Rate Change History				
Year	Policy Count	% of Change	Effective Date	State Earned Premium (000)	Incurred Losses (000)	State Loss Ratio	Countrywide Loss Ratio
<b>2012*</b>	<b>2,682</b>	<b>20.0%</b>	<b>4/1/2012</b>	<b>1,569</b>	<b>1,256</b>	<b>80.0%</b>	
<b>2011</b>	<b>2,626</b>	<b>N/A</b>	<b>N/A</b>	<b>1,178</b>	<b>1,475</b>	<b>125.2%</b>	<b>41.4%</b>
<b>2010</b>	<b>2,030</b>	<b>N/A</b>	<b>N/A</b>	<b>850</b>	<b>485</b>	<b>57.1%</b>	<b>42.6%</b>
<b>2009</b>	<b>1,233</b>	<b>N/A</b>	<b>N/A</b>	<b>398</b>	<b>390</b>	<b>98.0%</b>	<b>55.2%</b>
<b>2008</b>	<b>275</b>	<b>N/A</b>	<b>N/A</b>	<b>23</b>	<b>58</b>	<b>252.2%</b>	<b>148.7%</b>
<b>2007</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>34.1%</b>

<b>7.</b>	
Expense Constants	Selected Provisions
A. Total Production Expense	<b>20.8%</b>
B. General Expense	<b>2.7%</b>
C. Taxes, License & Fees	<b>3.8%</b>
D. Underwriting Profit & Contingencies	<b>6.8%</b>
E. Other (explain)	
<b>F. TOTAL</b>	<b>34.2%</b>

\* 2012 – 9 months

- 8.** N Apply Lost Cost Factors to Future filings? (Y or N)
- 9.** 28% Estimated Maximum Rate Increase for any Insured (%). Territory (if applicable): \_\_\_\_\_
- 10.** 0% Estimated Maximum Rate Decrease for any Insured (%) Territory (if applicable): \_\_\_\_\_

**BASE PREMIUM COMPUTATION****A. Fire - Coverage A – Dwelling and Coverage C – Personal Property****1. Owner-Occupied Key Rates****a. Coverage A - Dwelling**

<b>Territory</b>	<b>Description</b>	<b>Fire Key Factor</b>
001	Benton and Washington Counties	253
002	Carroll and Madison Counties	259
003	Baxter, Boone and Marion Counties	259
004	Fulton, Independence, Izard and Sharp Counties	259
005	Lawrence County	270
006	Clay, Greene and Randolph Counties	282
007	Crawford and Sebastian Counties	253
008	Conway, Franklin, Johnson, Newton and Pope Counties	259
009	Cleburne, Searcy, Stone and Van Buren Counties	253
010	Jackson and Woodruff Counties	270
011	Craighead County	253
012	Mississippi County	282
013	Logan County	259
014	Yell County	259
015	Faulkner County	253
016	White County	270
017	Cross, Lee, Poinsett and St. Francis Counties	282
018	Crittenden County	282
019	Montgomery, Polk and Scott Counties	259
020	Garland, Hot Spring and Perry Counties	253
021	Grant and Saline Counties	253
022	Remainder of Pulaski County	247
023	Lonoke County	259
024	Prairie County	270
025	Monroe County	270
026	Jefferson County	270
027	Arkansas County	282
028	Phillips County	282
029	Clark, Howard, Pike and Sevier Counties	259
030	Bradley, Calhoun, Cleveland, Dallas and Lincoln Counties	282
031	Desha County	282
032	Little River and Miller Counties	253
033	Hempstead and LaFayette Counties	270
034	Nevada and Ouachita Counties	270
035	Columbia County	259
036	Union County	259
037	Ashley, Chicot and Drew Counties	282
038	Cities of Little Rock and North Little Rock (Pulaski County)	247
039	Hot Springs Village	242

**Table 301.A.1.a., Coverage A Fire Key Rates**

**BASE PREMIUM COMPUTATION, (cont)****b. Coverage C – Personal Property**

Territory	Description	Fire Key Factor
All	All counties	40

Table 301.A.1.b., Coverage C Fire Key Rates

**2. Classification Tables****a. Protection-Construction Classification Factors**

Protection Class	Construction		Protection Class	Construction	
	Frame	Masonry		Frame	Masonry
1	0.85	0.67	7	1.36	1.06
2	0.85	0.67	8	1.55	1.18
3	0.90	0.70	8B	2.90	2.24
4	0.90	0.70	9	2.90	2.24
5	1.00	0.78	10	3.72	2.72
6	1.09	0.83			

Table 301.A.2.a., Protection-Construction Factors

**b. Occupancy Classification Factors**

Occupancy	Factor
Owner Occupied	1.000
Tenant Occupied	1.110

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

**c. Seasonal-Secondary Classification Factors**

Occupancy	Factor
Not seasonal or secondary	1.000
Seasonal or secondary	1.200

Table 301.A.2.c., Seasonal-Secondary Factors

**d. Number of Family Classification Factors**

Number of Families	Factor
One Family	1.000
Two Families	1.200
Three or Four Families	1.500

Table 301.A.2.c., Number of Family Factors

**3. Key Factor Table (Rule 301.A.7.)****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
\$40,000	0.683	\$83,000	1.072	\$126,000	1.460	\$169,000	1.848
\$41,000	0.692	\$84,000	1.081	\$127,000	1.469	\$170,000	1.857
\$42,000	0.701	\$85,000	1.090	\$128,000	1.478	\$171,000	1.867
\$43,000	0.710	\$86,000	1.099	\$129,000	1.488	\$172,000	1.875
\$44,000	0.719	\$87,000	1.108	\$130,000	1.496	\$173,000	1.885

**BASE PREMIUM COMPUTATION, (cont.)**

Amount of Insurance	Factor	Amount of Insurance	Factor	Amount of Insurance	Factor	Amount of Insurance	Factor
\$45,000	0.728	\$88,000	1.118	\$131,000	1.505	\$174,000	1.894
\$46,000	0.738	\$89,000	1.126	\$132,000	1.514	\$175,000	1.903
\$47,000	0.746	\$90,000	1.135	\$133,000	1.523	\$176,000	1.912
\$48,000	0.756	\$91,000	1.144	\$134,000	1.532	\$177,000	1.921
\$49,000	0.765	\$92,000	1.153	\$135,000	1.541	\$178,000	1.930
\$50,000	0.774	\$93,000	1.162	\$136,000	1.550	\$179,000	1.939
\$51,000	0.783	\$94,000	1.171	\$137,000	1.559	\$180,000	1.948
\$52,000	0.792	\$95,000	1.180	\$138,000	1.569	\$181,000	1.957
\$53,000	0.801	\$96,000	1.189	\$139,000	1.578	\$182,000	1.966
\$54,000	0.810	\$97,000	1.199	\$140,000	1.587	\$183,000	1.975
\$55,000	0.819	\$98,000	1.207	\$141,000	1.596	\$184,000	1.984
\$56,000	0.828	\$99,000	1.217	\$142,000	1.605	\$185,000	1.993
\$57,000	0.837	\$100,000	1.226	\$143,000	1.613	\$186,000	2.002
\$58,000	0.847	\$101,000	1.234	\$144,000	1.623	\$187,000	2.011
\$59,000	0.855	\$102,000	1.244	\$145,000	1.632	\$188,000	2.020
\$60,000	0.864	\$103,000	1.253	\$146,000	1.641	\$189,000	2.029
\$61,000	0.874	\$104,000	1.262	\$147,000	1.650	\$190,000	2.038
\$62,000	0.882	\$105,000	1.271	\$148,000	1.658	\$191,000	2.047
\$63,000	0.891	\$106,000	1.280	\$149,000	1.668	\$192,000	2.056
\$64,000	0.900	\$107,000	1.289	\$150,000	1.677	\$193,000	2.065
\$65,000	0.909	\$108,000	1.298	\$151,000	1.686	\$194,000	2.074
\$66,000	0.919	\$109,000	1.307	\$152,000	1.695	\$195,000	2.083
\$67,000	0.928	\$110,000	1.316	\$153,000	1.704	\$196,000	2.092
\$68,000	0.936	\$111,000	1.325	\$154,000	1.713	\$197,000	2.101
\$69,000	0.946	\$112,000	1.334	\$155,000	1.723	\$198,000	2.110
\$70,000	0.955	\$113,000	1.343	\$156,000	1.731	\$199,000	2.119
\$71,000	0.964	\$114,000	1.352	\$157,000	1.740	\$200,000	2.128
\$72,000	0.973	\$115,000	1.361	\$158,000	1.749		
Each Additional \$1,000			0.009				

**Table 301.A.3.a., Dwelling Key Factors (Fire)****b. Coverage C – Personal Property**

Amount of Insurance	Factor						
1,000	0.245	39,000	3.244	76,000	6.103	113,000	8.983
2,000	0.334	40,000	3.320	77,000	6.181	114,000	9.061
3,000	0.421	41,000	3.395	78,000	6.259	115,000	9.139
4,000	0.506	42,000	3.472	79,000	6.337	116,000	9.216
5,000	0.591	43,000	3.547	80,000	6.414	117,000	9.294
6,000	0.674	44,000	3.623	81,000	6.492	118,000	9.372
7,000	0.756	45,000	3.699	82,000	6.570	119,000	9.450
8,000	0.838	46,000	3.775	83,000	6.648	120,000	9.528
9,000	0.919	47,000	3.851	84,000	6.726	121,000	9.606
10,000	1.000	48,000	3.926	85,000	6.803	122,000	9.684
11,000	1.080	49,000	4.003	86,000	6.881	123,000	9.761
12,000	1.160	50,000	4.079	87,000	6.959	124,000	9.839
13,000	1.239	51,000	4.158	88,000	7.037	125,000	9.917
14,000	1.318	52,000	4.236	89,000	7.115	126,000	9.995
15,000	1.396	53,000	4.314	90,000	7.193	127,000	10.073

**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	282
002	Carroll and Madison Counties	325
003	Baxter, Boone and Marion Counties	325
004	Fulton, Independence, Izard and Sharp Counties	325
005	Lawrence County	378
006	Clay, Greene and Randolph Counties	431
007	Crawford and Sebastian Counties	273
008	Conway, Franklin, Johnson, Newton and Pope Counties	325
009	Cleburne, Searcy, Stone and Van Buren Counties	273
010	Jackson and Woodruff Counties	378
011	Craighead County	273
012	Mississippi County	431
013	Logan County	325
014	Yell County	325
015	Faulkner County	273
016	White County	378
017	Cross, Lee, Poinsett and St. Francis Counties	431
018	Crittenden County	431

**BASE PREMIUM COMPUTATION. (cont.)**

<u>Territory</u>		<u>Special Form Key Factor</u>
019	Montgomery, Polk and Scott Counties	325
020	Garland, Hot Spring and Perry Counties	273
021	Grant and Saline Counties	273
022	Remainder of Pulaski County	263
023	Lonoke County	325
024	Prairie County	378
025	Monroe County	378
026	Jefferson County	378
027	Arkansas County	431
028	Phillips County	431
029	Clark, Howard, Pike and Sevier Counties	325
030	Bradley, Calhoun, Cleveland, Dallas and Lincoln Counties	431
031	Desha County	431
032	Little River and Miller Counties	273
033	Hempstead and LaFayette Counties	378
034	Nevada and Ouachita Counties	378
035	Columbia County	325
036	Union County	325
037	Ashley, Chicot and Drew Counties	431
038	Cities of Little Rock and North Little Rock (Pulaski County)	263
039	Hot Springs Village	255

**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	70

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

<b>Occupancy</b>	<b>Factor</b>
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**

<b>Amount of Insurance</b>	<b>Factor</b>						
\$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

<b>1.</b>	This filing transmittal is part of Company Tracking #	<b>12-719</b>
-----------	---	---------------

<b>2.</b>	If filing is an adoption of an advisory organization loss cost filing, give name of Advisory Organization and Reference/ Item Filing Number	<b>N/A</b>
-----------	---	------------

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

Product Coding Matrix Line of Business (i.e., Type of Insurance)		Product Coding Matrix Line of Insurance (i.e., Sub-type of Insurance)		
<b>4.</b>	<b>A.</b>	<b>01.0 Fire 02.0 Allied Lines</b>	<b>B.</b>	<b>Dwelling Fire DP-3</b>

<b>5.</b>			<b>FOR LOSS COSTS ONLY</b>				
(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
<b>Fire</b>	<b>16.5%</b>	<b>15.0%</b>					
<b>Allied Lines</b>	<b>35.9%</b>	<b>35.0%</b>					
<b>TOTAL OVERALL EFFECT</b>	<b>26.1%</b>	<b>24.9%</b>					

<b>6.</b>		5 Year History	Rate Change History				
Year	Policy Count	% of Change	Effective Date	State Earned Premium (000)	Incurred Losses (000)	State Loss Ratio	Countrywide Loss Ratio
<b>2011</b>	<b>2,626</b>	<b>N/A</b>	<b>N/A</b>	<b>1,178</b>	<b>1,475</b>	<b>125.2%</b>	<b>41.4%</b>
<b>2010</b>	<b>2,030</b>	<b>N/A</b>	<b>N/A</b>	<b>850</b>	<b>485</b>	<b>57.1%</b>	<b>42.6%</b>
<b>2009</b>	<b>1,233</b>	<b>N/A</b>	<b>N/A</b>	<b>398</b>	<b>390</b>	<b>98.0%</b>	<b>55.2%</b>
<b>2008</b>	<b>275</b>	<b>N/A</b>	<b>N/A</b>	<b>23</b>	<b>58</b>	<b>252.2%</b>	<b>148.7%</b>
<b>2007</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>34.1%</b>
<b>2006</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>35.8%</b>

<b>7.</b>	
Expense Constants	Selected Provisions
A. Total Production Expense	<b>20.8%</b>
B. General Expense	<b>2.7%</b>
C. Taxes, License & Fees	<b>3.8%</b>
D. Underwriting Profit & Contingencies	<b>6.8%</b>
E. Other (explain)	
<b>F. TOTAL</b>	<b>34.2%</b>

- 8.**   N   Apply Lost Cost Factors to Future filings? (Y or N)
- 9.**  28%  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: 4/1/2013

**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	\$480.00	\$533.00	\$529.00	\$584.00	\$470.00	\$523.00	\$656.00	\$715.00	\$656.00	\$715.00	\$529.00	\$584.00	\$470.00	\$523.00	\$470.00	\$523.00	\$456.00	\$507.00
	\$120,000	\$645.00	\$716.00	\$712.00	\$785.00	\$633.00	\$704.00	\$884.00	\$963.00	\$884.00	\$963.00	\$712.00	\$785.00	\$633.00	\$704.00	\$633.00	\$704.00	\$613.00	\$683.00
	\$160,000	\$811.00	\$900.00	\$894.00	\$986.00	\$795.00	\$884.00	\$1,111.00	\$1,210.00	\$1,111.00	\$1,210.00	\$894.00	\$986.00	\$795.00	\$884.00	\$795.00	\$884.00	\$771.00	\$858.00
6	\$80,000	\$514.00	\$583.00	\$565.00	\$635.00	\$504.00	\$573.00	\$695.00	\$771.00	\$695.00	\$771.00	\$565.00	\$635.00	\$504.00	\$573.00	\$504.00	\$573.00	\$489.00	\$556.00
	\$120,000	\$691.00	\$784.00	\$759.00	\$854.00	\$679.00	\$772.00	\$935.00	\$1,038.00	\$935.00	\$1,038.00	\$759.00	\$854.00	\$679.00	\$772.00	\$679.00	\$772.00	\$658.00	\$749.00
	\$160,000	\$869.00	\$985.00	\$954.00	\$1,073.00	\$853.00	\$969.00	\$1,176.00	\$1,305.00	\$1,176.00	\$1,305.00	\$954.00	\$1,073.00	\$853.00	\$969.00	\$853.00	\$969.00	\$827.00	\$941.00
9	\$80,000	\$887.00	\$1,062.00	\$946.00	\$1,125.00	\$877.00	\$1,052.00	\$1,110.00	\$1,305.00	\$1,110.00	\$1,305.00	\$946.00	\$1,125.00	\$877.00	\$1,052.00	\$877.00	\$1,052.00	\$853.00	\$1,024.00
	\$120,000	\$1,193.00	\$1,428.00	\$1,273.00	\$1,513.00	\$1,181.00	\$1,416.00	\$1,494.00	\$1,756.00	\$1,494.00	\$1,756.00	\$1,273.00	\$1,513.00	\$1,181.00	\$1,416.00	\$1,181.00	\$1,416.00	\$1,148.00	\$1,377.00
	\$160,000	\$1,499.00	\$1,794.00	\$1,599.00	\$1,901.00	\$1,483.00	\$1,778.00	\$1,878.00	\$2,207.00	\$1,878.00	\$2,207.00	\$1,599.00	\$1,901.00	\$1,483.00	\$1,778.00	\$1,483.00	\$1,778.00	\$1,443.00	\$1,731.00

**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?  (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" value="2.22"/>	\$ <input type="text" value="1.96"/>
	Lowest Risk	\$ <input type="text" value="0.70"/>	\$ <input type="text" value="0.26"/>