



PROPERTY AND CASUALTY COMPANIES - ASSOCIATION EDITION

## ANNUAL STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2011  
OF THE CONDITION AND AFFAIRS OF THE

### Republic-Franklin Insurance Company

NAIC Group Code 0201 0201 NAIC Company Code 12475 Employer's ID Number 31-4290270  
(Current) (Prior)

Organized under the Laws of \_\_\_\_\_, State of Domicile or Port of Entry \_\_\_\_\_  
Country of Domicile \_\_\_\_\_ Ohio \_\_\_\_\_ United States of America

Incorporated/Organized 02/10/1949 Commenced Business 02/10/1949

Statutory Home Office 2600 Corporate Exchange Drive, Columbus, OH 43231  
(Street and Number) (City or Town, State and Zip Code)

Main Administrative Office 180 Genesee Street  
(Street and Number) New Hartford, NY 13413, 315-734-2000  
(City or Town, State and Zip Code) (Area Code) (Telephone Number)

Mail Address Post Office Box 530, Utica, NY 13503-0530  
(Street and Number or P.O. Box) (City or Town, State and Zip Code)

Primary Location of Books and Records 180 Genesee Street  
(Street and Number) New Hartford, NY 13413, 315-734-2717  
(City or Town, State and Zip Code) (Area Code) (Telephone Number)

Internet Website Address www.uticanational.com

Statutory Statement Contact Brian Wade Miller, Jr., 315-734-2717  
(Name) brian.miller@uticanational.com, 315-734-2994  
(E-mail Address) (FAX Number)

#### OFFICERS

Chairman & CEO	<u>James Douglas Robinson</u>	Secretary	<u>George Paul Wardley, III</u>
President & COO	<u>Brian Patrick Lytwynec</u>	SVP, CFO & Treasurer	<u>Raymond Edward Cox #</u>

#### OTHER

<u>James Porter Carhart</u> Senior Vice President	<u>Richard Patrick Creedon</u> Executive Vice President	<u>Daniel Desmond Daly</u> Executive Vice President
<u>Steven Paul Guzski</u> Senior Vice President		

#### DIRECTORS OR TRUSTEES

<u>Alfred Elliot Calligaris</u>	<u>Roy Anthony Cardia</u>	<u>Paul Alan Hagstrom, Ph.D.</u>
<u>Jerry John Hartman</u>	<u>Brian Patrick Lytwynec</u>	<u>Alan Joseph Pope, Sr.</u>
<u>James Douglas Robinson</u>	<u>Linda Ellen Romano</u>	<u>George Paul Wardley, III</u>
<u>John Ralph Zapisek</u>		

State of New York SS: \_\_\_\_\_  
County of Oneida

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

Brian Patrick Lytwynec  
President & COO

George Paul Wardley, III  
Secretary

Raymond Edward Cox  
SVP, CFO & Treasurer

Subscribed and sworn to before me this  
day of \_\_\_\_\_

a. Is this an original filing? .....  
b. If no,  
1. State the amendment number.....  
2. Date filed .....  
3. Number of pages attached.....

Yes [  ] No [  ]

## ANNUAL STATEMENT FOR THE YEAR 2011 OF THE REPUBLIC-FRANKLIN INSURANCE COMPANY

## ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1. Bonds (Schedule D) .....	81,521,375		81,521,375	73,476,829
2. Stocks (Schedule D):				
2.1 Preferred stocks .....				
2.2 Common stocks .....				4,620,180
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens .....				
3.2 Other than first liens .....				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ encumbrances) .....				
4.2 Properties held for the production of income (less \$ encumbrances) .....				
4.3 Properties held for sale (less \$ encumbrances) .....				
5. Cash (\$ 73,526 , Schedule E - Part 1), cash equivalents (\$ , Schedule E - Part 2) and short-term investments (\$ 100,000 , Schedule DA) .....	173,526		173,526	1,432,444
6. Contract loans (including \$ premium notes) .....				
7. Derivatives (Schedule DB) .....				
8. Other invested assets (Schedule BA) .....				
9. Receivable for securities .....				
10. Securities lending reinvested collateral assets (Schedule DL) .....				
11. Aggregate write-ins for invested assets .....	81,694,900		81,694,900	79,529,453
12. Subtotals, cash and invested assets (Lines 1 to 11) .....				
13. Title plants less \$ charged off (for Title insurers only) .....				
14. Investment income due and accrued .....	725,017		725,017	794,458
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection .....	4,879,453	59,221	4,820,232	4,890,647
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ (1,625) earned but unbilled premiums) .....	803,585		803,585	928,391
15.3 Accrued retrospective premiums .....				
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers .....	2,719,650		2,719,650	2,233,276
16.2 Funds held by or deposited with reinsured companies .....				
16.3 Other amounts receivable under reinsurance contracts .....				
17. Amounts receivable relating to uninsured plans .....				
18.1 Current federal and foreign income tax recoverable and interest thereon .....	1,185,481		1,185,481	71,138
18.2 Net deferred tax asset .....	2,080,483	465,757	1,614,726	1,265,228
19. Guaranty funds receivable or on deposit .....	1,144,692		1,144,692	969,540
20. Electronic data processing equipment and software .....	16,682		16,682	34,089
21. Furniture and equipment, including health care delivery assets (\$ ) .....	.95	.95		
22. Net adjustment in assets and liabilities due to foreign exchange rates .....				
23. Receivables from parent, subsidiaries and affiliates .....				
24. Health care (\$ ) and other amounts receivable .....				
25. Aggregate write-ins for other than invested assets .....	3,068,761	1,846,359	1,222,402	1,405,267
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) .....	98,318,799	2,371,432	95,947,367	92,121,485
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....				
28. Total (Lines 26 and 27) .....	98,318,799	2,371,432	95,947,367	92,121,485
<b>DETAILS OF WRITE-INS</b>				
1101. .....				
1102. .....				
1103. .....				
1198. Summary of remaining write-ins for Line 11 from overflow page .....				
1199. Totals (Lines 1101 thru 1103 plus 1198)(Line 11 above) .....				
2501. Accounts Receivable - Other .....	1,115,657	.42,459	1,073,198	1,219,831
2502. Equities and Deposits in Pools and Associations .....	149,563	.359	149,204	184,497
2503. Prepaid Expenses .....	1,595,510	1,595,510		
2598. Summary of remaining write-ins for Line 25 from overflow page .....	208,031	208,031		939
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above) .....	3,068,761	1,846,359	1,222,402	1,405,267

ANNUAL STATEMENT FOR THE YEAR 2011 OF THE REPUBLIC-FRANKLIN INSURANCE COMPANY  
**LIABILITIES, SURPLUS AND OTHER FUNDS**

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 35, Column 8) .....	29,919,336	27,861,918
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6) .....		
3. Loss adjustment expenses (Part 2A, Line 35, Column 9) .....	11,151,340	9,994,204
4. Commissions payable, contingent commissions and other similar charges .....	543,979	638,457
5. Other expenses (excluding taxes, licenses and fees) .....	1,052,528	1,233,402
6. Taxes, licenses and fees (excluding federal and foreign income taxes) .....	886,852	651,177
7.1 Current federal and foreign income taxes (including \$ 1,293,762 on realized capital gains (losses)) .....	1,293,762	
7.2 Net deferred tax liability .....		
8. Borrowed money \$ ..... and interest thereon \$ .....		
9. Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of \$ 72,136,328 and including warranty reserves of \$ ..... and accrued accident and health experience rating refunds including \$ ..... for medical loss ratio rebate per the Public Health Service Act) .....	8,903,704	9,047,701
10. Advance premium .....	78,097	56,104
11. Dividends declared and unpaid:		
11.1 Stockholders .....		
11.2 Policyholders .....	81,670	251,018
12. Ceded reinsurance premiums payable (net of ceding commissions) .....	319,560	339,530
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19) .....		
14. Amounts withheld or retained by company for account of others .....	333,842	453,177
15. Remittances and items not allocated .....		
16. Provision for reinsurance (Schedule F, Part 7) .....	60,005	62,766
17. Net adjustments in assets and liabilities due to foreign exchange rates .....		
18. Drafts outstanding .....		
19. Payable to parent, subsidiaries and affiliates .....	64,199	664,089
20. Derivatives .....		
21. Payable for securities .....	45	35
22. Payable for securities lending .....		
23. Liability for amounts held under uninsured plans .....		
24. Capital notes \$ ..... and interest thereon \$ .....		
25. Aggregate write-ins for liabilities .....	403,712	203,009
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25) .....	55,092,630	51,456,587
27. Protected cell liabilities .....		
28. Total liabilities (Lines 26 and 27) .....	55,092,630	51,456,587
29. Aggregate write-ins for special surplus funds .....	636,299	284,195
30. Common capital stock .....	3,500,000	3,500,000
31. Preferred capital stock .....		
32. Aggregate write-ins for other than special surplus funds .....		
33. Surplus notes .....		
34. Gross paid in and contributed surplus .....	2,139,802	2,139,802
35. Unassigned funds (surplus) .....	34,578,636	34,740,901
36. Less treasury stock, at cost:		
36.1 ..... shares common (value included in Line 30 \$ ..... ) .....		
36.2 ..... shares preferred (value included in Line 31 \$ ..... ) .....		
37. Surplus as regards policyholders (Lines 29 to 35, less 36) (Page 4, Line 39) .....	40,854,737	40,664,898
38. TOTALS (Page 2, Line 28, Col. 3)	95,947,367	92,121,485
<b>DETAILS OF WRITE-INS</b>		
2501. Pension Benefit Obligation .....	320,553	
2502. Contingent Balances in Safety Groups .....	74,610	202,620
2503. Miscellaneous Accounts Payable .....	8,549	389
2598. Summary of remaining write-ins for Line 25 from overflow page .....		
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above)	403,712	203,009
2901. Reserve for Undeclared Dividends .....	99,692	68,703
2902. Additional Admitted Deferred tax Asset .....	536,607	215,492
2903. .....		
2998. Summary of remaining write-ins for Line 29 from overflow page .....		
2999. Totals (Lines 2901 thru 2903 plus 2998)(Line 29 above)	636,299	284,195
3201. .....		
3202. .....		
3203. .....		
3298. Summary of remaining write-ins for Line 32 from overflow page .....		
3299. Totals (Lines 3201 thru 3203 plus 3298)(Line 32 above)		

**ANNUAL STATEMENT FOR THE YEAR 2011 OF THE REPUBLIC-FRANKLIN INSURANCE COMPANY**  
**STATEMENT OF INCOME**

	1 Current Year	2 Prior Year
<b>UNDERWRITING INCOME</b>		
1. Premiums earned (Part 1, Line 35, Column 4).....	18,041,270	17,423,389
<b>DEDUCTIONS:</b>		
2. Losses incurred (Part 2, Line 35, Column 7).....	12,443,311	8,429,473
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1).....	4,663,599	3,343,453
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2).....	6,741,231	6,747,170
5. Aggregate write-ins for underwriting deductions.....		
6. Total underwriting deductions (Lines 2 through 5).....	23,848,141	18,520,095
7. Net income of protected cells.....		
8. Net underwriting gain or (loss) (Line 1 minus Line 6 plus Line 7).....	(5,806,871)	(1,096,707)
<b>INVESTMENT INCOME</b>		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17).....	3,273,976	3,311,054
10. Net realized capital gains or (losses) less capital gains tax of \$ 1,293,762 (Exhibit of Capital Gains (Losses) ).....	2,478,965	612,094
11. Net investment gain (loss) (Lines 9 + 10).....	5,752,942	3,923,149
<b>OTHER INCOME</b>		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$ 29 amount charged off \$ 21,262 ).....	(21,233)	(32,149)
13. Finance and service charges not included in premiums.....	509,464	465,089
14. Aggregate write-ins for miscellaneous income.....	(14,170)	(13,013)
15. Total other income (Lines 12 through 14).....	474,061	419,926
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15).....	420,131	3,246,368
17. Dividends to policyholders.....	130,133	216,363
18. Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 16 minus Line 17).....	289,998	3,030,005
19. Federal and foreign income taxes incurred.....	(847,769)	567,012
20. Net income (Line 18 minus Line 19)(to Line 22).....	1,137,767	2,462,993
<b>CAPITAL AND SURPLUS ACCOUNT</b>		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2).....	40,664,898	37,968,413
22. Net income (from Line 20).....	1,137,767	2,462,993
23. Net transfers (to) from Protected Cell accounts.....		
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$ (533,778).....	(999,057)	(55,962)
25. Change in net unrealized foreign exchange capital gain (loss).....		
26. Change in net deferred income tax.....	(145,927)	(81,230)
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Col. 3).....	65,723	438,611
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1).....	2,761	(54,636)
29. Change in surplus notes.....		
30. Surplus (contributed to) withdrawn from protected cells.....		
31. Cumulative effect of changes in accounting principles.....		
32. Capital changes:		
32.1 Paid in.....		
32.2 Transferred from surplus (Stock Dividend).....		
32.3 Transferred to surplus.....		
33. Surplus adjustments:		
33.1 Paid in.....		
33.2 Transferred to capital (Stock Dividend).....		
33.3 Transferred from capital.....		
34. Net remittances from or (to) Home Office.....		
35. Dividends to stockholders.....		
36. Change in treasury stock (Page 3, Lines 36.1 and 36.2, Column 2 minus Column 1).....		
37. Aggregate write-ins for gains and losses in surplus.....	128,572	(13,290)
38. Change in surplus as regards policyholders for the year (Lines 22 through 37).....	189,839	2,696,485
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37).....	40,854,737	40,664,898
<b>DETAILS OF WRITE-INS</b>		
0501.....		
0502.....		
0503.....		
0598. Summary of remaining write-ins for Line 5 from overflow page.....		
0599. Totals (Lines 0501 thru 0503 plus 0598)(Line 5 above).....		
1401. Gain/Loss on Sale of Assets.....	140	302
1402. Miscellaneous Income.....	(14,311)	(13,316)
1403.....		
1498. Summary of remaining write-ins for Line 14 from overflow page.....		
1499. Totals (Lines 1401 thru 1403 plus 1498)(Line 14 above).....	(14,170)	(13,013)
3701. Contingent Balance in Safety Groups.....	128,010	78,750
3702. Deferred Tax Expanded Admissibility - SSAP 10R.....	321,115	(92,040)
3703. Pension Benefit Obligation.....	(320,553)	
3798. Summary of remaining write-ins for Line 37 from overflow page.....		
3799. Totals (Lines 3701 thru 3703 plus 3798)(Line 37 above).....	128,572	(13,290)

**ANNUAL STATEMENT FOR THE YEAR 2011 OF THE REPUBLIC-FRANKLIN INSURANCE COMPANY**  
**CASH FLOW**

	1 Current Year	2 Prior Year
<b>Cash from Operations</b>		
1. Premiums collected net of reinsurance .....	18,094,925	17,553,628
2. Net investment income .....	3,633,054	3,553,134
3. Miscellaneous income .....	474,061	419,926
4. Total (Lines 1 through 3) .....	22,202,040	21,526,688
5. Benefit and loss related payments .....	10,872,267	7,956,812
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts .....		
7. Commissions, expenses paid and aggregate write-ins for deductions .....	10,457,994	10,347,293
8. Dividends paid to policyholders .....	299,481	335,006
9. Federal and foreign income taxes paid (recovered) net of \$ 1,293,762 tax on capital gains (losses) .....	266,574	(374,214)
10. Total (Lines 5 through 9) .....	21,896,317	18,264,897
11. Net cash from operations (Line 4 minus Line 10) .....	305,722	3,261,791
<b>Cash from Investments</b>		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds .....	31,658,697	13,918,519
12.2 Stocks .....	6,361,385	2,097,484
12.3 Mortgage loans .....		
12.4 Real estate .....		
12.5 Other invested assets .....		
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments .....	789	30,110
12.7 Miscellaneous proceeds .....	10	
12.8 Total investment proceeds (Lines 12.1 to 12.7) .....	38,020,880	16,046,113
13. Cost of investments acquired (long-term only):		
13.1 Bonds .....	38,050,141	21,054,607
13.2 Stocks .....	1,448,194	394,486
13.3 Mortgage loans .....		
13.4 Real estate .....		
13.5 Other invested assets .....		
13.6 Miscellaneous applications .....		115,706
13.7 Total investments acquired (Lines 13.1 to 13.6) .....	39,498,335	21,564,800
14. Net increase (decrease) in contract loans and premium notes .....		
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14) .....	(1,477,455)	(5,518,687)
<b>Cash from Financing and Miscellaneous Sources</b>		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes .....		
16.2 Capital and paid in surplus, less treasury stock .....		
16.3 Borrowed funds .....		
16.4 Net deposits on deposit-type contracts and other insurance liabilities .....		
16.5 Dividends to stockholders .....		
16.6 Other cash provided (applied) .....	(87,186)	286,375
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6) .....	(87,186)	286,375
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17) .....	(1,258,919)	(1,970,521)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year .....	1,432,444	3,402,966
19.2 End of period (Line 18 plus Line 19.1) .....	173,526	1,432,444

Note: Supplemental disclosures of cash flow information for non-cash transactions:

## ANNUAL STATEMENT FOR THE YEAR 2011 OF THE REPUBLIC-FRANKLIN INSURANCE COMPANY

**UNDERWRITING AND INVESTMENT EXHIBIT**

## PART 1 - PREMIUMS EARNED

Line of Business	1 Net Premiums Written per Column 6, Part 1B	2 Unearned Premiums Dec. 31 Prior Year - per Col. 3, Last Year's Part 1	3 Unearned Premiums Dec. 31 Current Year - per Col. 5 Part 1A	4 Premiums Earned During Year (Cols. 1 + 2 - 3)
1. Fire .....	46,537	25,196	25,331	46,403
2. Allied lines .....	35,899	23,765	21,539	38,125
3. Farmowners multiple peril .....				
4. Homeowners multiple peril .....	1,082,318	613,174	630,580	1,064,912
5. Commercial multiple peril .....	4,431,353	2,372,724	2,318,040	4,486,036
6. Mortgage guaranty .....				
8. Ocean marine .....				
9. Inland marine .....	75,135	44,687	38,984	80,838
10. Financial guaranty .....				
11.1 Medical professional liability - occurrence .....				
11.2 Medical professional liability - claims-made .....				
12. Earthquake .....	1,228	791	670	1,349
13. Group accident and health .....				
14. Credit accident and health (group and individual) .....				
15. Other accident and health .....				
16. Workers' compensation .....	4,377,647	2,041,336	1,957,456	4,461,526
17.1 Other liability - occurrence .....	899,962	445,080	434,377	910,665
17.2 Other liability - claims-made .....	1,778,461	881,623	854,076	1,806,008
17.3 Excess workers' compensation .....				
18.1 Products liability - occurrence .....	6,274	6,726	7,201	5,799
18.2 Products liability - claims-made .....	0			0
19.1, 19.2 Private passenger auto liability .....	1,167,729	524,493	603,278	1,088,944
19.3, 19.4 Commercial auto liability .....	2,471,502	1,302,027	1,231,662	2,541,868
21. Auto physical damage .....	1,435,357	664,791	717,193	1,382,956
22. Aircraft (all perils) .....				
23. Fidelity .....	14,312	15,153	11,589	17,876
24. Surety .....	66,275	54,238	45,346	75,167
26. Burglary and theft .....	7,031	5,820	6,186	6,665
27. Boiler and machinery .....				
28. Credit .....				
29. International .....				
30. Warranty .....				
31. Reinsurance - nonproportional assumed property .....	4			4
32. Reinsurance - nonproportional assumed liability .....	(86)	26,077	(10)	26,001
33. Reinsurance - nonproportional assumed financial lines .....				
34. Aggregate write-ins for other lines of business .....	333		205	129
35. TOTALS .....	17,897,272	9,047,701	8,903,704	18,041,270
<b>DETAILS OF WRITE-INS</b>				
3401. Involuntary Unemployment .....	333		205	129
3402. .....				
3403. .....				
3498. Summary of remaining write-ins for Line 34 from overflow page .....				
3499. Totals (Lines 3401 thru 3403 plus 3498)(Line 34 above) .....	333		205	129

## ANNUAL STATEMENT FOR THE YEAR 2011 OF THE REPUBLIC-FRANKLIN INSURANCE COMPANY

**UNDERWRITING AND INVESTMENT EXHIBIT**

## PART 1A - RECAPITULATION OF ALL PREMIUMS

Line of Business	1 Amount Unearned (Running One Year or Less from Date of Policy) (a)	2 Amount Unearned (Running More Than One Year from Date of Policy) (a)	3 Earned But Unbilled Premium	4 Reserve for Rate Credits and Retrospective Adjustments Based on Experience	5 Total Reserve for Unearned Premiums Cols. 1 + 2 + 3 + 4
1. Fire .....	25,331				25,331
2. Allied lines .....	21,539				21,539
3. Farmowners multiple peril .....					
4. Homeowners multiple peril .....	630,580				630,580
5. Commercial multiple peril .....	2,318,040				2,318,040
6. Mortgage guaranty .....					
8. Ocean marine .....					
9. Inland marine .....	38,984				38,984
10. Financial guaranty .....					
11.1 Medical professional liability - occurrence .....					
11.2 Medical professional liability - claims-made .....					
12. Earthquake .....	670				670
13. Group accident and health .....					
14. Credit accident and health (group and individual) .....					
15. Other accident and health .....					
16. Workers' compensation .....	1,957,456				1,957,456
17.1 Other liability - occurrence .....	434,377				434,377
17.2 Other liability - claims-made .....	854,076				854,076
17.3 Excess workers' compensation .....					
18.1 Products liability - occurrence .....	7,201				7,201
18.2 Products liability - claims-made .....					
19.1, 19.2 Private passenger auto liability .....	603,278				603,278
19.3, 19.4 Commercial auto liability .....	1,231,662				1,231,662
21. Auto physical damage .....	717,193				717,193
22. Aircraft (all perils) .....					
23. Fidelity .....	11,589				11,589
24. Surety .....	45,346				45,346
26. Burglary and theft .....	6,186				6,186
27. Boiler and machinery .....					
28. Credit .....					
29. International .....					
30. Warranty .....					
31. Reinsurance - nonproportional assumed property .....					
32. Reinsurance - nonproportional assumed liability .....	(10)				(10)
33. Reinsurance - nonproportional assumed financial lines .....					
34. Aggregate write-ins for other lines of business .....	205				205
35. TOTALS .....	8,903,704				8,903,704
36. Accrued retrospective premiums based on experience .....					
37. Earned but unbilled premiums .....					
38. Balance (Sum of Line 35 through 37) .....					8,903,704
<b>DETAILS OF WRITE-INS</b>					
3401. Involuntary Unemployment .....	205				205
3402. .....					
3403. .....					
3498. Summary of remaining write-ins for Line 34 from overflow page .....					
3499. Totals (Lines 3401 thru 3403 plus 3498)(Line 34 above) .....	205				205

(a) State here basis of computation used in each case      Pro-rata .....

## ANNUAL STATEMENT FOR THE YEAR 2011 OF THE REPUBLIC-FRANKLIN INSURANCE COMPANY

**UNDERWRITING AND INVESTMENT EXHIBIT**

## PART 1B - PREMIUMS WRITTEN

Line of Business	1 Direct Business (a)	Reinsurance Assumed		Reinsurance Ceded		6 Net Premiums Written Cols. 1+2+3-4-5
		2 From Affiliates	3 From Non-Affiliates	4 To Affiliates	5 To Non-Affiliates	
1. Fire .....	120,493	46,537		120,028	465	46,537
2. Allied lines .....	91,160	35,899		74,382	16,778	35,899
3. Farmowners multiple peril .....						
4. Homeowners multiple peril .....	7,773,528	1,082,318		6,948,215	825,313	1,082,318
5. Commercial multiple peril .....	45,674,943	4,431,353		41,649,688	4,025,255	4,431,353
6. Mortgage guaranty .....						
8. Ocean marine .....						
9. Inland marine .....	329,015	75,135		327,778	1,237	75,135
10. Financial guaranty .....						
11.1 Medical professional liability - occurrence .....						
11.2 Medical professional liability - claims-made .....						
12. Earthquake .....	9,935	1,228		9,902	33	1,228
13. Group accident and health .....						
14. Credit accident and health (group and individual) .....						
15. Other accident and health .....						
16. Workers' compensation .....	35,590,259	4,377,647	4	34,434,509	1,155,753	4,377,647
17.1 Other liability - occurrence .....	4,338,472	899,962		3,558,296	780,176	899,962
17.2 Other liability - claims-made .....	5,377,964	1,778,461		4,925,311	452,653	1,778,461
17.3 Excess workers' compensation .....						
18.1 Products liability - occurrence .....	29,834	6,274		24,368	5,466	6,274
18.2 Products liability - claims-made .....		0				0
19.1, 19.2 Private passenger auto liability .....	7,430,237	1,167,729		7,415,524	14,713	1,167,729
19.3, 19.4 Commercial auto liability .....	27,040,617	2,471,502		26,919,103	121,514	2,471,502
21. Auto physical damage .....	13,535,516	1,435,357		13,355,244	180,272	1,435,357
22. Aircraft (all perils) .....						
23. Fidelity .....		14,312		(7)	7	14,312
24. Surety .....	4,556	66,275		4,275	281	66,275
26. Burglary and theft .....	2,724	7,031		2,734	(10)	7,031
27. Boiler and machinery .....						
28. Credit .....						
29. International .....						
30. Warranty .....						
31. Reinsurance - nonproportional assumed property .....	XXX	4				4
32. Reinsurance - nonproportional assumed liability .....	XXX	(86)				(86)
33. Reinsurance - nonproportional assumed financial lines .....	XXX					
34. Aggregate write-ins for other lines of business .....		333				333
35. TOTALS .....	147,349,253	17,897,272	4	139,769,349	7,579,907	17,897,272
<b>DETAILS OF WRITE-INS</b>						
3401. Involuntary Unemployment .....		333				333
3402. .....						
3403. .....						
3498. Summary of remaining write-ins for Line 34 from overflow page .....						
3499. Totals (Lines 3401 thru 3403 plus 3498)(Line 34 above) .....		333				333

(a) Does the company's direct premiums written include premiums recorded on an installment basis? Yes [ ] No [ X ]

If yes: 1. The amount of such installment premiums \$ .....

2. Amount at which such installment premiums would have been reported had they been reported on an annualized basis \$ .....

## ANNUAL STATEMENT FOR THE YEAR 2011 OF THE REPUBLIC-FRANKLIN INSURANCE COMPANY

## UNDERWRITING AND INVESTMENT EXHIBIT

## PART 2 - LOSSES PAID AND INCURRED

Line of Business	Losses Paid Less Salvage				5	6	7	8
	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Cols. 1 + 2 - 3 )				
1. Fire .....		8,803		8,803	8,713	6,226	11,290	24.3
2. Allied lines .....	9,423	9,650	9,423	9,650	6,017	4,046	11,622	30.5
3. Farmowners multiple peril .....								
4. Homeowners multiple peril .....	5,887,288	748,892	5,887,288	748,892	361,557	357,064	753,385	70.7
5. Commercial multiple peril .....	28,544,462	2,853,595	28,544,462	2,853,595	4,807,110	4,709,078	2,951,627	65.8
6. Mortgage guaranty .....								
8. Ocean marine .....		5,681		5,681	78,535	69,264	14,953	
9. Inland marine .....	67,660	21,924	67,660	21,924	5,895	3,981	23,837	29.5
10. Financial guaranty .....								
11.1 Medical professional liability - occurrence .....		2		2			2	
11.2 Medical professional liability - claims-made .....								
12. Earthquake .....								
13. Group accident and health .....								
14. Credit accident and health (group and individual) .....								
15. Other accident and health .....								
16. Workers' compensation .....	24,532,306	2,519,515	24,531,067	2,520,754	12,139,695	10,864,022	3,796,427	85.1
17.1 Other liability - occurrence .....	106,130	664,423	167,283	603,270	5,666,931	5,032,569	1,237,631	135.9
17.2 Other liability - claims-made .....	543,352	726,609	543,352	726,609	1,964,124	1,979,005	711,728	39.4
17.3 Excess workers' compensation .....								
18.1 Products liability - occurrence .....		71,552		71,552	415,931	538,704	(51,221)	(883.3)
18.2 Products liability - claims-made .....					.450		450	(4,500,000.0)
19.1, 19.2 Private passenger auto liability .....	4,483,115	646,085	4,483,115	646,085	1,123,869	938,036	831,917	76.4
19.3, 19.4 Commercial auto liability .....	12,607,655	1,170,071	12,608,689	1,169,038	3,134,378	3,212,427	1,090,989	42.9
21. Auto physical damage .....	10,487,147	994,824	10,487,147	994,824	47,719	(6,003)	1,048,546	75.8
22. Aircraft (all perils) .....		.96		.96	2,218	.675	1,638	
23. Fidelity .....		(4,997)		(4,997)	35,267	42,253	(11,983)	(67.0)
24. Surety .....		9,815		9,815	120,208	105,591	24,432	32.5
26. Burglary and theft .....		301		301	.600	.600	301	4.5
27. Boiler and machinery .....								
28. Credit .....								
29. International .....								
30. Warranty .....								
31. Reinsurance - nonproportional assumed property .....	XXX	0		0		4,380	(4,380)	(112,302.6)
32. Reinsurance - nonproportional assumed liability .....	XXX							
33. Reinsurance - nonproportional assumed financial lines .....	XXX							
34. Aggregate write-ins for other lines of business .....					120		120	93.2
35. TOTALS .....	87,268,539	10,446,841	87,329,487	10,385,893	29,919,336	27,861,918	12,443,311	69.0
<b>DETAILS OF WRITE-INS</b>								
3401. Involuntary Unemployment Insurance .....					120		120	
3402. .....								
3403. .....								
3498. Summary of remaining write-ins for Line 34 from overflow page .....						120		120
3499. Totals (Lines 3401 thru 3403 plus 3498)(Line 34 above) .....							120	

## ANNUAL STATEMENT FOR THE YEAR 2011 OF THE REPUBLIC-FRANKLIN INSURANCE COMPANY

## UNDERWRITING AND INVESTMENT EXHIBIT

## PART 2A - UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES

Line of Business	Reported Losses				Incurred But Not Reported			8	9
	1 Direct	2 Reinsurance Assumed	3 Deduct Reinsurance Recoverable from Authorized and Unauthorized Companies	4 Net Losses Excl. Incurred But Not Reported (Cols. 1 + 2 - 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded		
1. Fire .....	7,912			7,912		.801		.8,713	.4,688
2. Allied lines .....	.15,000	.5,153	.15,000	.5,153	.5,000	.864	.5,000	.6,017	.5,420
3. Farmowners multiple peril .....									
4. Homeowners multiple peril .....	2,015,263	320,810	2,015,263	.320,810	234,000	.40,747	234,000	.361,557	.78,921
5. Commercial multiple peril .....	34,799,734	3,642,300	34,799,734	.3,642,300	7,870,000	1,164,810	7,870,000	.4,807,110	2,415,608
6. Mortgage guaranty .....									
8. Ocean marine .....		75,535		75,535		.3,000		.78,535	10,103
9. Inland marine .....	.1	4,905	1	4,905	.2,000	.990	.2,000	.5,895	.6,919
10. Financial guaranty .....									
11.1 Medical professional liability - occurrence .....									
11.2 Medical professional liability - claims-made .....									
12. Earthquake .....									.750
13. Group accident and health .....								(a)	
14. Credit accident and health (group and individual) .....								(a)	
15. Other accident and health .....									
16. Workers' compensation .....	72,554,164	11,247,870	72,554,167	11,247,867	5,398,000	891,831	.5,398,003	12,139,695	1,942,006
17.1 Other liability - occurrence .....		4,086,998		4,086,998	.395,000	3,841,933	.2,657,000	.5,666,931	3,391,899
17.2 Other liability - claims-made .....	2,202,400	1,964,154	2,202,400	1,964,154		(30)		.1,964,124	950,278
17.3 Excess workers' compensation .....									
18.1 Products liability - occurrence .....		264,941		264,941		.150,990		.415,931	.1,068,764
18.2 Products liability - claims-made .....		.450		.450				.450	
19.1, 19.2 Private passenger auto liability .....	6,501,395	1,012,148	6,501,395	1,012,148	.760,000	.111,721	.760,000	.1,123,869	.363,647
19.3, 19.4 Commercial auto liability .....	27,352,682	2,894,860	27,352,682	2,894,860	2,262,000	.239,518	.2,262,000	.3,134,378	.759,171
21. Auto physical damage .....	.502,360	11,881	.502,360	11,881	.138,000	.35,839	.138,000	.47,719	.39,397
22. Aircraft (all perils) .....		.1,858		.1,858		.360		.2,218	.30
23. Fidelity .....		10,067		10,067	.3,000	.25,200	.3,000	.35,267	.51,608
24. Surety .....		98,398		98,398	.17,000	.21,810	.17,000	.120,208	.61,683
26. Burglary and theft .....		.210		.210	.5,000	.390	.5,000	.600	.450
27. Boiler and machinery .....									
28. Credit .....									
29. International .....									
30. Warranty .....									
31. Reinsurance - nonproportional assumed property .....	XXX			XXX					
32. Reinsurance - nonproportional assumed liability .....	XXX			XXX					
33. Reinsurance - nonproportional assumed financial lines .....	XXX			XXX					
34. Aggregate write-ins for other lines of business .....						120		120	
35. TOTALS .....	145,942,999	25,650,449	145,943,002	25,650,446	17,089,000	6,530,893	19,351,003	29,919,336	11,151,340
<b>DETAILS OF WRITE-INS</b>									
3401. Involuntary Unemployment Insurance .....							120		120
3402. .....									
3403. .....									
3498. Summary of remaining write-ins for Line 34 from overflow page .....									
3499. Totals (Lines 3401 thru 3403 plus 3498)(Line 34 above) .....							120		120

(a) Including \$ ..... for present value of life indemnity claims.

ANNUAL STATEMENT FOR THE YEAR 2011 OF THE REPUBLIC-FRANKLIN INSURANCE COMPANY  
**UNDERWRITING AND INVESTMENT EXHIBIT**

PART 3 - EXPENSES

	1 Loss Adjustment Expenses	2 Other Underwriting Expenses	3 Investment Expenses	4 Total
1. Claim adjustment services:				
1.1 Direct .....	11,967,158			11,967,158
1.2 Reinsurance assumed .....	3,187,554			3,187,554
1.3 Reinsurance ceded .....	11,967,158			11,967,158
1.4 Net claim adjustment service (1.1 + 1.2 - 1.3) .....	3,187,554			3,187,554
2. Commission and brokerage:				
2.1 Direct excluding contingent .....		18,737,542		18,737,542
2.2 Reinsurance assumed, excluding contingent .....		2,424,639		2,424,639
2.3 Reinsurance ceded, excluding contingent .....		18,737,543		18,737,543
2.4 Contingent - direct .....		1,576,622		1,576,622
2.5 Contingent - reinsurance assumed .....		282,453		282,453
2.6 Contingent - reinsurance ceded .....		1,576,622		1,576,622
2.7 Policy and membership fees .....				
2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7) .....		2,707,092		2,707,092
3. Allowances to managers and agents .....		14,149		14,149
4. Advertising .....		16,554		16,554
5. Boards, bureaus and associations .....	6,220	103,617		109,837
6. Surveys and underwriting reports .....		179,625		179,625
7. Audit of assureds' records .....		12,423		12,423
8. Salary and related items:				
8.1 Salaries .....	732,048	1,674,411	23,451	2,429,909
8.2 Payroll taxes .....	52,832	124,841	1,404	179,076
9. Employee relations and welfare .....	96,051	239,083	3,494	338,627
10. Insurance .....	15,996	27,387	928	44,312
11. Directors' fees .....	3,829	18,150	638	22,617
12. Travel and travel items .....	11,466	87,124	772	99,362
13. Rent and rent items .....	67,963	154,429	1,428	223,820
14. Equipment .....	7,631	21,303	246	29,180
15. Cost or depreciation of EDP equipment and software .....	58,430	292,489	892	351,811
16. Printing and stationery .....	5,190	22,501	130	27,822
17. Postage, telephone and telegraph, exchange and express .....	18,065	53,391	7,031	78,486
18. Legal and auditing .....	5,082	128,835	1	133,918
19. Totals (Lines 3 to 18) .....	1,080,801	3,170,312	40,415	4,291,528
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$ .....	829,100	306,249	604,586	910,835
20.2 Insurance department licenses and fees .....			39,026	39,026
20.3 Gross guaranty association assessments .....			17,308	17,308
20.4 All other (excluding federal and foreign income and real estate) .....			(2)	(2)
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4) .....		306,249	660,919	967,167
21. Real estate expenses .....				
22. Real estate taxes .....				
23. Reimbursements by uninsured plans .....				
24. Aggregate write-ins for miscellaneous expenses .....	88,996	202,908	61,359	353,263
25. Total expenses incurred .....	4,663,599	6,741,231	101,774	(a) 11,506,603
26. Less unpaid expenses - current year .....	11,151,340	1,529,053	32,906	12,713,299
27. Add unpaid expenses - prior year .....	9,994,204	1,753,494	36,261	11,783,960
28. Amounts receivable relating to uninsured plans, prior year .....				
29. Amounts receivable relating to uninsured plans, current year .....				
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29) .....	3,506,463	6,965,672	105,129	10,577,264
<b>DETAILS OF WRITE-INS</b>				
2401. Contributions .....			723	723
2402. Outside Service Fees .....	78,170	228,136	56,341	362,646
2403. Claims Service Fees .....	(4,383)	8		(4,376)
2498. Summary of remaining write-ins for Line 24 from overflow page .....	15,209	(25,959)	5,018	(5,731)
2499. Totals (Lines 2401 thru 2403 plus 2498)(Line 24 above) .....	88,996	202,908	61,359	353,263

(a) Includes management fees of \$ ..... to affiliates and \$ ..... to non-affiliates.

ANNUAL STATEMENT FOR THE YEAR 2011 OF THE REPUBLIC-FRANKLIN INSURANCE COMPANY  
**EXHIBIT OF NET INVESTMENT INCOME**

	1 Collected During Year	2 Earned During Year
1. U.S. Government bonds .....	(a) 307,760	.312,420
1.1 Bonds exempt from U.S. tax .....	(a) 535,325	.464,154
1.2 Other bonds (unaffiliated) .....	(a) 2,556,301	2,558,780
1.3 Bonds of affiliates .....	(a) .....	.....
2.1 Preferred stocks (unaffiliated) .....	(b) .....	.....
2.11 Preferred stocks of affiliates .....	(b) .....	.....
2.2 Common stocks (unaffiliated) .....	..... 39,039	33,821
2.21 Common stocks of affiliates .....	.....	.....
3. Mortgage loans .....	(c) .....	.....
4. Real estate .....	(d) .....	.....
5. Contract loans .....	.....	.....
6. Cash, cash equivalents and short-term investments .....	(e) 1,705	1,512
7. Derivative instruments .....	(f) .....	.....
8. Other invested assets .....	.....	.....
9. Aggregate write-ins for investment income .....	..... 5,063	5,063
10. Total gross investment income .....	..... 3,445,191	3,375,750
11. Investment expenses .....	(g) 101,774	.....
12. Investment taxes, licenses and fees, excluding federal income taxes .....	(g) .....	.....
13. Interest expense .....	(h) .....	.....
14. Depreciation on real estate and other invested assets .....	(i) .....	.....
15. Aggregate write-ins for deductions from investment income .....	.....	.....
16. Total deductions (Lines 11 through 15) .....	..... 101,774	.....
17. Net investment income (Line 10 minus Line 16) .....	..... 3,273,976	.....
<b>DETAILS OF WRITE-INS</b>		
0901. Miscellaneous Income .....	..... 5,063	..... 5,063
0902. .....	.....	.....
0903. .....	.....	.....
0998. Summary of remaining write-ins for Line 9 from overflow page .....	.....	.....
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9, above) .....	..... 5,063	..... 5,063
1501. .....	.....	.....
1502. .....	.....	.....
1503. .....	.....	.....
1598. Summary of remaining write-ins for Line 15 from overflow page .....	.....	.....
1599. Totals (Lines 1501 thru 1503 plus 1598) (Line 15, above) .....	.....	.....

(a) Includes \$ 31,310 accrual of discount less \$ 324,301 amortization of premium and less \$ 143,188 paid for accrued interest on purchases.

(b) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued dividends on purchases.

(c) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.

(d) Includes \$ for company's occupancy of its own buildings; and excludes \$ interest on encumbrances.

(e) Includes \$ 1,705 accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.

(f) Includes \$ accrual of discount less \$ amortization of premium.

(g) Includes \$ investment expenses and \$ investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.

(h) Includes \$ interest on surplus notes and \$ interest on capital notes.

(i) Includes \$ depreciation on real estate and \$ depreciation on other invested assets.

**EXHIBIT OF CAPITAL GAINS (LOSSES)**

	1 Realized Gain (Loss) On Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. Government bonds .....	267,139	.....	267,139	.....	.....
1.1 Bonds exempt from U.S. tax .....	490,306	.....	490,306	.....	.....
1.2 Other bonds (unaffiliated) .....	1,203,028	(14,380)	1,188,648	.....	.....
1.3 Bonds of affiliates .....	.....	.....	.....	.....	.....
2.1 Preferred stocks (unaffiliated) .....	.....	.....	.....	.....	.....
2.11 Preferred stocks of affiliates .....	.....	.....	.....	.....	.....
2.2 Common stocks (unaffiliated) .....	1,825,846	.....	1,825,846	(1,532,835)	.....
2.21 Common stocks of affiliates .....	.....	.....	.....	.....	.....
3. Mortgage loans .....	.....	.....	.....	.....	.....
4. Real estate .....	.....	.....	.....	.....	.....
5. Contract loans .....	.....	.....	.....	.....	.....
6. Cash, cash equivalents and short-term investments .....	789	.....	789	.....	.....
7. Derivative instruments .....	.....	.....	.....	.....	.....
8. Other invested assets .....	.....	.....	.....	.....	.....
9. Aggregate write-ins for capital gains (losses) .....	.....	.....	.....	.....	.....
10. Total capital gains (losses) .....	3,787,107	(14,380)	3,772,727	(1,532,835)	.....
<b>DETAILS OF WRITE-INS</b>			.....	.....	.....
0901. .....	.....	.....	.....	.....	.....
0902. .....	.....	.....	.....	.....	.....
0903. .....	.....	.....	.....	.....	.....
0998. Summary of remaining write-ins for Line 9 from overflow page .....	.....	.....	.....	.....	.....
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9, above) .....	.....	.....	.....	.....	.....

**ANNUAL STATEMENT FOR THE YEAR 2011 OF THE REPUBLIC-FRANKLIN INSURANCE COMPANY**  
**EXHIBIT OF NON-ADMITTED ASSETS**

	1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D) .....			
2. Stocks (Schedule D):			
2.1 Preferred stocks .....			
2.2 Common stocks .....			
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens .....			
3.2 Other than first liens .....			
4. Real estate (Schedule A):			
4.1 Properties occupied by the company .....			
4.2 Properties held for the production of income .....			
4.3 Properties held for sale .....			
5. Cash (Schedule E - Part 1), cash equivalents (Schedule E - Part 2) and short-term investments (Schedule DA) .....			
6. Contract loans .....			
7. Derivatives (Schedule DB) .....			
8. Other invested assets (Schedule BA) .....			
9. Receivables for securities .....			
10. Securities lending reinvested collateral assets (Schedule DL) .....			
11. Aggregate write-ins for invested assets .....			
12. Subtotals, cash and invested assets (Lines 1 to 11) .....			
13. Title plants (for Title insurers only) .....			
14. Investment income due and accrued .....			
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection .....	59,221	59,872	651
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due .....			
15.3 Accrued retrospective premiums .....			
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers .....			
16.2 Funds held by or deposited with reinsured companies .....			
16.3 Other amounts receivable under reinsurance contracts .....			
17. Amounts receivable relating to uninsured plans .....			
18.1 Current federal and foreign income tax recoverable and interest thereon .....			
18.2 Net deferred tax asset .....	465,757	427,404	(38,353)
19. Guaranty funds receivable or on deposit .....			
20. Electronic data processing equipment and software .....			
21. Furniture and equipment, including health care delivery assets .....	95	48,277	48,182
22. Net adjustment in assets and liabilities due to foreign exchange rates .....			
23. Receivables from parent, subsidiaries and affiliates .....			
24. Health care and other amounts receivable .....			
25. Aggregate write-ins for other than invested assets .....	1,846,359	2,222,717	376,359
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) .....	2,371,432	2,758,270	386,838
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....			
28. Total (Lines 26 and 27) .....	2,371,432	2,758,270	386,838
<b>DETAILS OF WRITE-INS</b>			
1101. .....			
1102. .....			
1103. .....			
1198. Summary of remaining write-ins for Line 11 from overflow page .....			
1199. Totals (Lines 1101 thru 1103 plus 1198)(Line 11 above) .....			
2501. Accounts Receivable - Other .....	42,459	35,727	(6,732)
2502. Clearing Accounts .....	10,095	3,402	(6,693)
2503. Deposits .....	400	400	
2598. Summary of remaining write-ins for Line 25 from overflow page .....	1,793,405	2,183,188	389,783
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above) .....	1,846,359	2,222,717	376,359

ANNUAL STATEMENT FOR THE YEAR 2011 OF THE REPUBLIC-FRANKLIN INSURANCE COMPANY  
**NOTES TO FINANCIAL STATEMENTS**

**Note 1 – Summary of Significant Accounting Policies**

**A. Accounting Practices**

The financial statements of Republic-Franklin Insurance Company are presented on the basis of accounting practices prescribed or permitted by the Ohio Insurance Department.

The Ohio Insurance Department recognizes only statutory accounting practices prescribed or permitted by the state of Ohio for determining and reporting the financial condition and results of operations of an insurance company and for determining its solvency under the Ohio Insurance Laws. The National Association of Insurance Commissioners' (NAIC) *Accounting Practices and Procedures* manual (NAIC SAP) has been adopted as a component of prescribed or permitted practices by the state of Ohio. The state of Ohio has adopted some practices that differ from NAIC SAP; however, none of those changes would impact the financial results of Republic-Franklin Insurance Company.

A reconciliation of the Company's net income and capital and surplus between NAIC SAP and practices prescribed and permitted by the state of Ohio is not required since there are no material differences to reconcile.

**B. Use of Estimates in Preparation of the Financial Statement**

The preparation of financial statements in compliance with Statutory Accounting Principles (SAP) requires the Company's management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the balance sheet date as well as reported amounts of revenue and expenses during the period covered by the income statement. The actual results could vary from these estimates.

**C. Accounting Policies**

Premiums are earned over the term of related insurance policies and reinsurance contracts. Unearned premium reserves are established to cover the unexpired portion of premiums written and are computed on the daily pro-rata method. Expenses incurred with the acquisition of new insurance contracts, including acquisition costs such as commissions, are charged to operations as incurred. Expenses incurred are reduced by any ceding allowances received or receivable.

The Company uses the following accounting policies:

- (1) Short-term investments are stated at amortized cost.
- (2) Bonds are stated at amortized cost using the scientific amortization method.
- (3) Common stock is stated at market value.
- (4) The Company does not own any preferred stock.
- (5) The Company does not own any mortgage loans on real estate.
- (6) Loan-backed securities are stated at either amortized cost, or the lower of amortized cost or fair market value. The prospective adjustment method is used to value all loan-backed securities.
- (7) The Company does not own any subsidiaries or affiliates.
- (8) The Company does not have any ownership interests in joint ventures.
- (9) The Company does not own any derivatives.
- (10) The Company anticipates investment income as a factor in the premium deficiency calculation.
- (11) Unpaid losses and loss adjustment expenses include an amount determined from individual case estimates and loss reports and an amount, based on past experience, for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liability are continually reviewed and any adjustments are reflected in the period determined.
- (12) The Company has not modified its capitalization policy from the prior period.
- (13) The Company does not have any pharmaceutical rebate receivables.

**Note 2 – Accounting Changes and Corrections of Errors**

During 2011 there were no material changes due to accounting changes or corrections of errors.

**Note 3 – Business Combinations and Goodwill**

The Company did not have any business combinations and does not have any goodwill.

**Note 4 – Discontinued Operations**

The Company did not have any discontinued operations.

**ANNUAL STATEMENT FOR THE YEAR 2011 OF THE REPUBLIC-FRANKLIN INSURANCE COMPANY**  
**NOTES TO FINANCIAL STATEMENTS**

**Note 5 - Investments**

- A. The Company did not have any mortgage loans in its portfolio.
- B. The Company did not have any restructured debt in which it is a creditor in its portfolio.
- C. The Company did not have any reverse mortgages in its portfolio.
- D. Mortgage Backed Securities
  - 1. Our asset manager uses a proprietary model for loss assumptions and widely accepted models for prepayment assumptions in valuing mortgage-backed and asset-backed securities with inputs from major third party data providers. The models combine the effects of interest rates, volatility, and pre-payment speeds based on various scenarios (Monte Carlo), simulations with resulting effective analytics (spreads, duration, convexity) and cash flows on a monthly basis. Credit sensitive cash flows are calculated using a proprietary model which estimates future loan defaults in terms of timing and severity. Model assumptions are specific to asset class and collateral types and are regularly evaluated and adjusted where appropriate.
  - 2. Not applicable
  - 3. Recognized other-than-temporary impairments

CUSIP	Amortized Cost Before OTTI	Discounted Cash Flows	OTTI	Amortized Cost After OTTI	Fair Value	Date of Financial Stmt 1 <sup>st</sup> Reported
00110A-AB-0	283,441	269,061	14,3805	269,061	278,594	9/30/11

4. Unrealized Losses

- a. The aggregate amount of unrealized losses:

Less than 12 months	Greater than 12 months	Total
(1,672)	0	(1,672)

- b. The aggregate related fair value of impaired securities with unrealized losses:

Less than 12 months	Greater than 12 months	Total
2,095,512	0	2,095,512

- 5. There are a number of factors considered in determining if an other-than-temporary impairment does not exist for an investment, including but not limited to, debt burden, credit ratings, sector, liquidity, financial flexibility, company management, expected earnings and cash flow stream, and economic prospects associated with the investment.

E. The Company did not have any repurchase agreements in its portfolio.

F. The Company did not have any real estate in its portfolio.

G. The Company does not have any low-income housing tax credits (LIHTC) in its investment portfolio.

**Note 6 – Joint Ventures, Partnerships, and Limited Liability Companies**

The Company did not have any investments in joint ventures, partnerships or limited liability companies.

**Note 7 – Investment Income**

The Company did not have any due and accrued income over 90 days that were excluded from surplus.

**Note 8 – Derivative Instruments**

The Company did not have any derivative financial instruments during the statement period.

**Note 9 – Income Taxes**

A. The Components of the net deferred tax asset (liability) at December 31 are as follows:

	12/31/2011			12/31/2010			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
(a) Total of all Deferred Tax Assets (admitted and non-admitted)	2,407,202.00	0.00	2,407,202.00	2,315,067.00	0.00	2,315,067.00	92,135.00	0.00	92,135.00
(b) Statutory Valuation Allowance	0.00	0.00	0.00	288,447.00	0.00	288,447.00	(288,447.00)	0.00	(288,447.00)
(c) Total Deferred Tax net of valuation (1a- 1b)	2,407,202.00	0.00	2,407,202.00	2,026,620.00	0.00	2,026,620.00	380,582.00	0.00	380,582.00

**ANNUAL STATEMENT FOR THE YEAR 2011 OF THE REPUBLIC-FRANKLIN INSURANCE COMPANY**  
**NOTES TO FINANCIAL STATEMENTS**

(d) Total of all Deferred Tax Liabilities	300,023.00	26,696.00	326,719.00	61,961.00	560,474.00	622,435.00	238,062.00	(533,778.00)	(295,716.00)
(e) Net Deferred Tax Asset (Liability) [(1)-(2)]	2,107,179.00	(26,696.00)	2,080,483.00	1,964,659.00	(560,474.00)	1,404,185.00	142,520.00	533,778.00	676,298.00
(f) Total Deferred Tax assets non-admitted in accordance with SSAP #10R	465,757.00	0.00	465,757.00	138,957.00	0.00	138,957.00	326,800.00	0.00	326,800.00
(g) Total of Net Deferred Tax Asset	1,641,422.00	(26,696.00)	1,614,726.00	1,825,702.00	(560,474.00)	1,265,228.00	(184,280.00)	533,778.00	349,498.00
2. The Company has elected to admit Deferred Tax Assets pursuant to SSAP No. 10R. Such election was also made in 2009 & 2010.									
3. The Company recorded an increase in admitted Deferred Tax Assets as a result of the application of SSAP No. 10R as follows: See #4									
4. Admission Calculation Components SSAP No. 10R, ¶ 10.a., 10.b., and 10.c.:									
	12/31/2011			12/31/2010			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
(a) SSAP No. 10R, ¶ 10a.	0.00	0.00	0.00	366,955.00	0.00	366,955.00	(366,955.00)	0.00	(366,955.00)
(b) SSAP No. 10R, ¶ 10.b. (the lesser of ¶ 10.b.i and 10.b.ii. below)	1,078,119.00	0.00	1,078,119.00	682,781.00	0.00	682,781.00	395,338.00	0.00	395,338.00
(c) SSAP No. 10R, ¶ 10.b.i.	1,078,119.00	0.00	1,078,119.00	682,781.00	0.00	682,781.00	395,338.00	0.00	395,338.00
(d) SSAP No. 10R, ¶ 10.b.ii.	XXX	XXX	3,933,161.00	XXX	XXX	3,786,789.00	XXX	XXX	146,372.00
(e) SSAP No. 10R, ¶ 10.c.	300,023.00	26,696.00	326,719.00	61,961.00	560,474.00	622,435.00	238,062.00	(533,778.00)	(295,716.00)
(f) Total (4a + 4b + 4e)	1,378,142.00	26,696.00	1,404,838.00	1,111,697.00	560,474.00	1,672,171.00	266,445.00	(533,778.00)	(267,333.00)
Admission Calculation Components SSAP No. 10R, ¶ 10.e.:									
(g) SSAP No.10R, ¶ 10.e.i.	0.00	0.00	0.00	366,955.00	0.00	366,955.00	(366,955.00)	0.00	(366,955.00)
(h) SSAP No. 10R, ¶ 10.e.i. (the lesser of ¶ 10.e.ii.a and 10.e.ii.b. below)	1,641,422.00	(26,696.00)	1,614,726.00	1,186,720.00	0.00	1,186,720.00	454,702.00	(26,696.00)	428,006.00
(i) SSAP No.10R, ¶ 10.e.ii.a.	1,641,422.00	(26,696.00)	1,614,726.00	1,186,720.00	0.00	1,186,720.00	454,702.00	(26,696.00)	428,006.00
(j) SSAP No.10R, ¶ 10.e.ii.b.	XXX	XXX	5,899,741.50	XXX	XXX	5,680,183.00	XXX	XXX	219,558.50
(k) SSAP No.10R, ¶ 10.e.iii.	300,023.00	26,696.00	326,719.00	61,961.00	560,474.00	622,435.00	238,062.00	(533,778.00)	(295,716.00)
(l) Total (4g + 4h + 4k)	1,941,445.00	0.00	1,941,445.00	1,615,636.00	560,474.00	2,176,110.00	325,809.00	(560,474.00)	(234,665.00)
Used in SSAP No.10R ¶ 10.d.									
(m) Total Adjusted Capital	XXX	XXX	40,854,737.00	XXX	XXX	40,664,898.00	XXX	XXX	189,939.00
(n) Authorized Control Level	XXX	XXX	3,834,997.00	XXX	XXX	3,559,132.00	XXX	XXX	275,865.00

5. Impact of Tax Planning Strategies:									
12/31/2011									
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
(a) Adjusted Gross DTAs (% of Total Adjusted Gross DTAs)	0%	0%	0%	0%	0%	0%	0%	0%	0%
(b) Net Admitted Adjusted Gross DTAs (% of Total Net Admitted Adjusted Gross DTAs)	0%	0%	0%	0%	0%	0%	0%	0%	0%
6. SSAP No.10R, ¶ 10.a, 10.b, and 10.c.:									
12/31/2011									
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
(a) Admitted Deferred Tax Assets	1,104,815.00	(26,696.00)	1,078,119.00	1,610,210.00	(560,474.00)	1,049,736.00	(505,395.00)	533,778.00	28,383.00
(b) Admitted Assets	XXX	XXX	95,410,760.00	XXX	XXX	91,905,993.00	XXX	XXX	3,504,767.00
(c) Adjusted Statutory Surplus *	XXX	XXX	40,318,130.00	XXX	XXX	40,449,406.00	XXX	XXX	(131,276.00)
(d) Total Adjusted Capital From DTAs	XXX	XXX	40,318,130.00	XXX	XXX	40,449,406.00	XXX	XXX	(131,276.00)
Increases due to SSAP No.10R, ¶ 10.e.									
(e) Admitted Deferred Tax Assets	1,641,422.00	(26,696.00)	1,614,726.00	1,825,702.00	(560,474.00)	1,265,228.00	(184,280.00)	533,778.00	349,498.00
(f) Admitted Assets	95,947,367.00	0.00	95,947,367.00	92,121,485.00	0.00	92,121,485.00	3,825,882.00	0.00	3,825,882.00
(g) Statutory Surplus	40,854,737.00	0.00	40,854,737.00	40,664,898.00	0.00	40,664,898.00	189,839.00	0.00	189,839.00

**ANNUAL STATEMENT FOR THE YEAR 2011 OF THE REPUBLIC-FRANKLIN INSURANCE COMPANY**  
**NOTES TO FINANCIAL STATEMENTS**

B. Not Applicable			
C. Current Income and Taxes Incurred at December 31 consist of the following:			
1. Current Income Tax	12/31/2011	12/31/2010	Change
(a) Federal	(847,769.00)	567,012.00	(1,414,781.00)
(b) Foreign	0.00	0.00	0.00
(c) Subtotal	(847,769.00)	567,012.00	(1,414,781.00)
(d) Federal income tax on net capital gains	1,293,762.00	(175,302.00)	1,469,064.00
(e) Utilization of capital loss carry-forwards	0.00	0.00	0.00
(f) Other	0.00	0.00	0.00
(g) Federal and Foreign income taxes incurred	445,993.00	391,710.00	54,283.00
2. Deferred Tax Assets	12/31/2011	12/31/2010	Change
(a) Ordinary:			
(1) Discounting of unpaid losses	1,386,162.00	1,302,869.00	83,293.00
(2) Unearned premium reserve	533,543.00	538,956.00	(5,413.00)
(3) Policyholder reserves	0.00	0.00	0.00
(4) Investments	0.00	0.00	0.00
(5) Deferred acquisition costs	0.00	0.00	0.00
(6) Policyholder dividends accrual	0.00	0.00	0.00
(7) Fixed Assets (Net of Depreciation)	25,169.00	27,360.00	(2,191.00)
(8) Compensation and benefits accrual	119,638.00	102,579.00	17,059.00
(9) Pension accrual	0.00	0.00	0.00
(10) Receivables - nonadmitted	0.00	0.00	0.00
(11) Net operating loss carry-forward	0.00	0.00	0.00
(12) Tax credit carry-forward	0.00	0.00	0.00
(13) Other (including items <5% of total ordinary tax assets)	342,690.00	343,303.00	(613.00)
(99) Subtotal	2,407,202.00	2,315,067.00	92,135.00
(b) Statutory valuation allowance adjustment	0.00	288,447.00	(288,447.00)
(c) Nonadmitted	465,757.00	138,957.00	326,800.00
(d) Admitted ordinary deferred tax assets (2a99-2b-2c)	1,941,445.00	1,887,663.00	53,782.00
(e) Capital:			
(1) Investments	0.00	0.00	0.00
(2) Net capital loss carry-forward	0.00	0.00	0.00
(3) Real estate	0.00	0.00	0.00
(4) Other (including <5% of total capital tax assets)	0.00	0.00	0.00
(99) Subtotal	0.00	0.00	0.00
(f) Statutory valuation allowance adjustment	0.00	0.00	0.00
(g) Nonadmitted	0.00	0.00	0.00
(h) Admitted capital deferred tax assets (2e99-2f-2g)	0.00	0.00	0.00
(i) Admitted deferred tax assets (2d+2h)	1,941,445.00	1,887,663.00	53,782.00
3. Deferred Tax Liabilities:			
(a) Ordinary:			
(1) Investments	0.00	1,826.00	(1,826.00)
(2) Fixed assets (Net of Depreciation)	0.00	0.00	0.00
(3) Deferred and uncollected premium	0.00	0.00	0.00
(4) Policyholder reserves	0.00	0.00	0.00
(5) Other (including items <5% of total ordinary tax liabilities)	300,023.00	60,135.00	239,888.00
(99) Subtotal	300,023.00	61,961.00	238,062.00
(b) Capital:			
(1) Investments	26,696.00	560,474.00	(533,778.00)
(2) Real estate	0.00	0.00	0.00
(3) Other (including items <5% of total capital tax liabilities)	0.00	0.00	0.00
(99) Subtotal	26,696.00	560,474.00	(533,778.00)
(c) Deferred tax liabilities (3a99 + 3b99)	326,719.00	622,435.00	(295,716.00)

**ANNUAL STATEMENT FOR THE YEAR 2011 OF THE REPUBLIC-FRANKLIN INSURANCE COMPANY**  
**NOTES TO FINANCIAL STATEMENTS**

4. Net deferred tax assets/liabilities (2i – 3c)	1,614,726.00	1,265,228.00	349,498.00
<b>D. Reconciliation of Federal Income Tax Rate to Actual Effective Rate:</b>			
	<b>Amount</b>	<b>Tax Effect</b>	<b>Tax Rate</b>
Statutory Income before Taxes	1,583,760.00	538,478.00	34%
Tax Exempts/Dividends Received/Pro-ration of Income	(417,759.00)	(142,038.00)	-9%
Other Adjustments	170,985.00	58,135.00	4%
Prior Year Incurred Adjustments	(7,220.00)	(7,220.00)	0%
Non Admitted Asset	425,191.00	144,565.00	9%
Total Statutory Income Tax		591,920.00	37%
Federal Income Tax Incurred		(847,769.00)	-54%
Change in Net Deferred Tax Asset		145,927.00	9%
Realized Gains/Losses		1,293,762.00	82%
Total Statutory Income Tax		591,920.00	37%
<b>E. 1) At December 31, 2011 the company had a Net Operating Loss carry forward of \$0 expiring through the year 2031.</b>			
At December 31, 2011 the company had a Capital Loss carry forward of \$0 expiring through the year 2016.			
2) The following are income taxes incurred in the current year that will be available for recoupment in the event of future net losses:			
	Current Year	2011	0.00
	Prior Year	2010	0.00
3) Not Applicable.			
F. 1) The Company's Federal Income Tax Return is consolidated with the following entities: Utica Mutual Insurance Company, Utica National Insurance Company of Texas, Utica Specialty Risk Insurance Company, Utica Lloyd's, Inc., Utica Lloyd's of Texas, Utica National Assurance Company, Utica National Insurance Company of Ohio, Founders Insurance Company, Founders Insurance Company of Michigan, Uni-Service Operations Co., Uni-Service Risk Management Co., Uni-Service Excess Facilities, Uni-Service Excess Facilities of New England, Utica National Life Insurance Agency, Nationwide Holdings Inc., Pillar Premium Finance Company, and Financial American Insurance Management Inc.			
F. 2) The method of allocation between the companies is subject to written agreement approved by the Board of Directors. Allocation is based upon separate return calculations with current credit for net losses. Inter-Company Tax balances are settled within 30 days of the filing of applicable estimated or actual consolidated federal tax return.			

**Note 10 – Information Concerning Parent, Subsidiaries, Affiliates, and Other Related Parties**

- A. Not applicable
- B. Not applicable
- C. Not applicable
- D. On December 31, 2011 the Company reported \$64,199 as an amount due to Utica Mutual Insurance Company (Utica Mutual), the parent company. This amount is due for the pooling agreement and settled within a reasonable period, generally within 45 days.
- E. Not applicable
- F. The Company operates under a pooling agreement as identified in Note 26.
- G. All outstanding shares of the Company are owned by Utica Mutual (94%) and Graphic Arts Mutual Insurance Company (6%), insurance companies domiciled in the state of New York.
- H. Not applicable
- I. Not applicable
- J. Not applicable
- K. Not applicable
- L. Not applicable

**Note 11 - Debt**

The Company does not have any debt or capital notes.

**Note 12 – Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans**

- A. The Company does not have a defined benefit plan.
- B. The Company does not have a defined contribution plan.
- C. The Company does not have any multi-employer plans.

ANNUAL STATEMENT FOR THE YEAR 2011 OF THE REPUBLIC-FRANKLIN INSURANCE COMPANY  
**NOTES TO FINANCIAL STATEMENTS**

D. The Company Consolidated/Holding Company Plans

The Republic-Franklin Insurance Company, a subsidiary of Utica Mutual, participates in the Retirement Income Plan for Employees of Utica Mutual (RIP), which is a non-contributory defined benefit plan and covers substantially a majority of employees. Employees hired after January 1, 2007 are not eligible for the Retirement Income Plan. Plan benefits are based on years of service and the employee's compensation during the highest five consecutive out of the last ten years of employment. The Company also participates in the Supplemental Employee Retirement Plan for certain management Employees of the Utica Mutual (SERP), a non-qualified excess plan for certain officers whose benefits were limited by IRS Code Section 401(a)(17) or IRS Code Section 415(b).

The Republic-Franklin Insurance Company does not have any employees and substantially all of the Utica Mutual employees are covered in the Qualified Employee Profit Sharing and Investment Plan sponsored by Utica Mutual ("Company"). Employees can defer up to 50% of their base pay into the plan, subject to annual IRS elective deferral limitations. The Company will match from 0% to 125% of the first 4% of employee deferrals, depending upon Company earnings. The Company can also make an additional discretionary contribution.

The Deferred Income Plan allows all officers of the Company to defer part of their annual compensation.

In addition to pension benefits, the Republic-Franklin Insurance Company, as a subsidiary of the Utica Mutual, provides certain health care insurance benefits ("post-retirement") for retired employees through a plan sponsored by Utica Mutual. Substantially all employees may become eligible for these benefits if they reach retirement age while working for Utica Mutual. Alternatively, retirees may elect certain prepaid health care benefits plans. During 2010, the Utica Mutual curtailed the life insurance benefits available to future retirees. Existing retiree life insurance benefits were settled through the purchase of a single life premium life insurance policy.

The Republic-Franklin Insurance Company has no legal obligation for benefits under any of these plans. Utica Mutual allocates pension amounts to the Republic-Franklin Insurance Company based on cost allocations and the pooling agreement ratios.

E. The Company does not have any post employment benefits or compensated absences.

F. The Company does not have any impact from the Medicare Modernization Act on Postretirement Benefits.

**Note 13 – Capital and Surplus, Dividend Restrictions, and Quasi-Reorganizations**

- (1) The Company has 1,000,000 shares of stock authorized, 500,000 shares issued and outstanding. The par value is \$7 per share. All shares are Class A common.
- (2) The Company does not have preferred stock outstanding.
- (3) The maximum amount of dividends that can be paid by state of Ohio insurance companies to shareholders without the prior approval of the Insurance Commissioner is subject to restrictions relating to statutory surplus. Statutory surplus at December 31, 2011 was \$40,854,737. The maximum dividend payout that may be made without approval is \$4,085,474.
- (4) The Company did not have ordinary dividends.
- (5) The Company does not have any surplus restrictions.
- (6) The Company does not have restrictions that have been placed on unassigned surplus.
- (7) The Company did not have any advances to surplus which were not repaid.
- (8) The Company does not have stock held for special purposes.
- (9) The Company does not have any prior period changes to special surplus funds.
- (10) The Company has unassigned funds (surplus) represented or reduced by cumulative unrealized gains and losses of (\$999,057).
- (11) The Company does not have surplus notes.
- (12) The Company does not have any impact from any restatement due to a prior quasi-reorganization.
- (13) The Company has not had any quasi-reorganizations in the prior ten years.

**Note 14 - Contingencies**

- A. The Company does not have a commitment or contingent commitment to a SCA entity, joint venture, partnership or limited liability company.
- B. The Company has accrued assessments, generally related to guarantee funds. The total liabilities for these assessments were \$1,176,000 and the related asset was \$829,100. These assessments are paid within 30 days of them being made by their respective states. Policy surcharge assessments are expected to be realized over a one-year period, while most premium tax credits are realized within 5 years after the assessment has been paid.
- C. The Company does not have any gain contingencies.
- D. Included in the loss and loss adjustment expense for 2011 are claims related to Extra Contractual Obligations (ECO) and Bad Faith settlements. For 2011, The Company paid \$29,522 in loss and LAE related to ECO or bad faith claims. (These amounts are reported in whole dollars.)

ANNUAL STATEMENT FOR THE YEAR 2011 OF THE REPUBLIC-FRANKLIN INSURANCE COMPANY  
**NOTES TO FINANCIAL STATEMENTS**

Number of claims where amounts were paid to settle claims related extra contractual obligations or bad faith claims resulting from lawsuits during the reporting period.

(a) 0 – 25 Claims	(b) 25 – 50 Claims	(c) 50 – 100 Claims	(d) 101 – 500 Claims	(e) More than 500 Claims
X				

Indicate whether claim count information is disclosed per claim or per claimant.

(f) Per Claim [ ] (g) Per Claimant [ X ]

- E. The Company does not have any product warranty liability.
- F. Various lawsuits against the Company have arisen throughout the course of the Company's business. Contingent liabilities arising from litigation and other business matters are not considered to be material in relationship to the financial position of the Company.

**Note 15 - Leases**

The Company does not have any leasing arrangements.

**Note 16 - Information About Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentrations of Credit Risk**

The Company does not have financial instruments with off-balance sheet risk or concentration of credit risk.

**Note 17 – Sale, Transfer, and Servicing of Financial Assets and Extinguishments of Liabilities**

- A. The Company did not have any transfer of receivables reported as sales.
- B. The Company did not have servicing assets or servicing liabilities.
- C. The Company had no wash sales for the period of this statement.

**Note 18 – Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans**

The Company did not have a gain or loss from uninsured plans or the uninsured portion of partially insured plans.

**Note 19 – Direct Premiums Written / Produced by Managing General Agents / Third Party Administrations**

The Company did not have direct premium written or produced by managing general agents or third party administrators.

**Note 20 – Fair Value Measurements**

The Company does not have any assets measured at fair value.

**Note 21 – Other Items**

- A. The Company does not have extraordinary items to report for the statement periods.
- B. The Company does not have any troubled debt restructurings that occurred during the statement periods.
- C. The Company does not have other disclosures to report for the statement period.
- D. The Company has admitted assets totaling \$5,819,038 and \$5,623,817 as of December 31, 2011 and 2010, respectively for premiums receivable from policyholders and agents. The Company assesses the collectibility of these receivables on a regular basis. Any uncollectible premiums as of December 31, 2011, are not expected to exceed the non-admitted amount, which totaled \$59,221. Therefore, the Company does not maintain a provisional amount for uncollectible amounts.
- E. The Company does not have business interruption insurance recoveries.
- F. The Company did not have any state transferable tax credits.
- G. The Company did not have any sub-prime holdings.

**Note 22 – Events Subsequent**

Subsequent events have been considered through February 17, 2012 for the statutory statement issued on February 20, 2012. The Company did not have any events subsequent to report for this annual statement period.

**ANNUAL STATEMENT FOR THE YEAR 2011 OF THE REPUBLIC-FRANKLIN INSURANCE COMPANY**  
**NOTES TO FINANCIAL STATEMENTS**

**Property & Casualty Specific Notes**

**Note 23 – Reinsurance**

A. The Company has the following individual reinsurers that have unsecured aggregate recoverables for losses, paid or unpaid, including IBNR, loss adjustment expenses and unearned premiums that exceed 3% of policyholders' surplus:

<u>Group Code</u>	<u>NAIC Co. Code</u>	<u>FEIN</u>	<u>Company</u>	<u>Amount</u>
0000	42439	13-2918573	TOA Reinsurance Co. of America	\$3,271,134
0000	00000	AA-1340125	Hannover Ruckversicherungs	\$2,793,190
3483	38636	13-3031176	Partner Reinsurance Co.	\$1,905,616
0218	20443	36-2114545	Continental Casualty Company	\$1,848,857
0065	21482	05-0316605	FM Global	\$1,354,574

B. The Company does not have reinsurance recoverables in dispute which exceeded 5% of policyholders' surplus.

C. Reinsurance Assumed and Ceded

(1)

	ASSUMED		CEDED		NET	
	REINSURANCE		REINSURANCE		NET	
	Premium	Commission	Premium	Commission	Premium	Commission
i. Affiliates	\$ 8,903,704	\$ 0	\$ 70,523,022	\$ 0	\$ (61,619,318)	\$ 0
ii. All Other	0	0	1,613,306	159,864	(1,613,306)	(159,864)
iii. Total	\$ 8,903,704	\$ 0	\$ 72,136,328	\$ 159,864	\$ (63,232,624)	\$ (159,864)
Direct Unearned Premium Reserve					<u>\$ 72,136,328</u>	

(2) The additional or return commission, predicated on loss experience or on any other form of profit sharing arrangements in this annual statement as a result of existing contractual arrangements is accrued as follows:

**REINSURANCE**

	<u>Direct</u>	<u>Assumed</u>	<u>Ceded</u>	<u>Net</u>
i. Contingent Commission	\$ 1,576,622	\$ 282,453	\$ 1,576,622	\$ 282,453
ii. Sliding Scale Adjustments	0	0	0	0
iii. Other Profit Commission Arrangements	0	0	0	0
iv. Total	<u>\$ 1,576,622</u>	<u>\$ 282,453</u>	<u>\$ 1,576,622</u>	<u>\$ 282,453</u>

(3) Not applicable

D. The Company recognizes \$782,730 of Loss and LAE as uncollectible reinsurance for the statement period. This total is reflected as:

i. Losses incurred	\$ 592,102
ii. Loss adjustment expenses incurred	\$ 190,628
iii. Premiums earned	\$ -0-
iv. Other	\$ -0-

<u>Company</u>	<u>Amount</u>	<u>Company</u>	<u>Amount</u>	<u>Company</u>	<u>Amount</u>
A.A. Mutual Ins	(124)	Gerling Global Reins. Corp	(469)	Pine Top	(108)
Abelle Assurances I.A.R.D.	1,417	Group. Francais D'Assura	(2,026)	PMA	47
Aegian	2	Groupe Assurances Nationales	61	Pohjola Ins Co	(45)
Aetna Reins	1,702	GTE	(2)	Preservatrice Fonciere TIAR	129
AOI (Chiyoda Fire & Marine)	(224)	Hannover Ruck	567	Presido (FIG)	84
ALEA	3,209	Hansa Marine	40	Protective Insurance Company	199
Allendale	(14)	Hassneh Ins. Co.	(108)	Protective National Ins. Co.	305
Allianz Cornhill Int'l Ins	619	Heartland Syndicate	194	Provincial	741
Allianz Via Assurances	220	Home Ins Co.	10	Prudential Assurance	211
Allstate	990	Imperial Casualty	151	Quest Consulting	5
American Centennial	135	Indemnity Marine	(1)	Realex Syndicate	56
American Druggists Ins.	112	Industrial F. & C.	92	Reasegadora Intl Del Orinoco	(16)
American Mutual	19	INS Corp Ireland (ICAROM)	49	Reinsurance Corp. of NY	1
American States	2	Instituto Reasseguro Bras	2,447	Republic Insurance	(1,089)
American Union	74	Insurance Co of North America	(1)	Republic Western	(194)
Ancon	(16)	Integrity	8	Resolute Reins. Co.	(77)
Andrew Weir Ins	(1)	IOCHPE Segurakora S.A.	(1)	Reunion Aerienne	(139)
Arion	884	Iron Trade Mutual	11	RHINE Reinsurance	67
Arkwright Mutual	(332)	Israel Re	(515)	River Plate Re	(1)
Assurances Generales	3	Kansa General	4,291	RMCA (Reins Mgmt Corp of Asia)	122
Aterforsakrings AB Luap	(52)	Kingscroft Ins.	(48)	Rochdale	7
Atlantic & Pacific Intl.	52	Kinsale Brokers	(8)	S.I.S. Assurance	1,078
Atlas	31	Korea Automobile Ins	(475)	Samvirke Skadeforsikring A/S	626
AXA	1,138	La Providence	1	Sao Paulo CIA Nacional	7
Belvedere Ins.	727	La Reunion Francaise	2	Scan Reins Co	(15)
Bermuda Fire & Marine Ins.	(62)	Liberty National	57	Scottish Lions	(16)
Bothnia	532	Lloyd's(Equitus)	15,447	Seneca Ins Co.	(14)
British Law Ins. Co.	148	Lumber Mutual	(93)	Sirius International	(297)
British Reserve	21	Mactras (Bermuda) Ltd	2	SNL Ins Co	(3)
Caisse Industrielle	19	Maidstone Ins	336	Sorema North America Reinsurance	(16)
Caisse Mutuelle	284	Malvern Ins. Co.	3	Sovereign Ins. Co. LTD. (U.K.)	(11)
Cambridge Reins Ltd	(109)	Mentor Insurance	1,460	Sovereign Marine & General	(233)
Candon Syndicate	607	Mercantile & General	164	Sphere Drake Ins. Co. Plc.	497
Chancellor Reins Co	(1)	Michigan Mutual Ins. Co.	(7)	Sphere Ins Co.	1,514
Chartwell Re	1	Mid Far East Int'l Rein. Pool	(704)	St. Paul F&M	499
China Re	129	Mid Ocean Re	5	Stockholm Re (Natl Und)	(146)

**ANNUAL STATEMENT FOR THE YEAR 2011 OF THE REPUBLIC-FRANKLIN INSURANCE COMPANY**  
**NOTES TO FINANCIAL STATEMENTS**

Chorley Ins., Ltd	(3)	Midland Insurance Co	(657)	StoneBridge	(57)
CIE Transcont'l	340	Mill Ri Gruppo Riassicurativo	951	Storebrand Insurance Co.	(18)
CIE. De Reassurances De	719	Millers National Ins	(38)	Stronghold Ins	2
Cie. Europeenne De Reassur	1	Misc - R/I Rec W/Off	(494)	Sumitomo	(1)
Cigna Re	417	Mission Re	1,341	Swiss Re	316
City Insurance Company Limited	(47)	Mitsui Marine & Fire Ins Co	(2)	Switzerland Insurance Co.	78
Compagnie	(25)	Mosaic	(205)	Tai-Ping	1,089
Consolidated Mutual	5	Munich Re	4	Taisho Marine & Fire Insurance	1,016
Constellation Reins	2,323	Mutual Fire Marine	6,313	Tapiola General Mutual	141
Constitution State	170	Mutual Reinsurance Co.	(95)	Telect	300
Continental Reins.	350	National Casualty	1	Toa Re	63
Copenhagen Reins.	(48)	National Re	555	Tokio Marine	622
Crusader Ins	6	National Union Fire	(200)	Top International	524
DAI-Tokyo Ins.	(2)	Nationwide Mutual	(41)	Traders & General Ins.	1
Delta America Rein	7	Navigators Ins. Co.	36	Transatlantic	44
Dominion America	2,128	Nem Re	1,718	Transit Casualty Co	(346)
Drake Ins Co	6	New England Re	578	Travelers Indemnity	105
Eisen Und Stahl Ruckvers	39	Nippon Fire & Marine	767	Trent Ins Co	731
Elders Ins. Co.	62	Nipponkoa	1,442	Trenwick America Reinsurance	3,156
Employers Mutual	(53)	North American Fidelity	6	Uni Storebrand	(51)
English & American	(2,442)	North Atlantic	(383)	Unigard Mutual	5
Everest Re	(3,984)	North Star	(56)	Unione Italiana Di Riassicuraz	158
Excess Insurance	211	Northwest National	(4)	Universal Marine Ins	34
Factory Mutual	(41)	Northwestern Int'l. Ins co	431	Universal RE	(21)
Feuersozietat Berlin	6	Ocean Marine Ins.	5	US Internation Re	29
Finland General	(54)	Orion Insurance Co	146	Vara-Pooli	1,993
First NY Syndicate	(19)	Owens Ins.	16	Vega Forsikrings-Aksjeselskape	2
First State	119	Paladin	1,072	Vesta Ins.	42
Folksam Int'l. Ins. Co.	1,405	Pearl Assurance	63	Walbrook Ins Co Limited	(152)
Fremont Indemnity Co	7,462	Penn Mfrs Assoc	(688)	Walton Insurance	1,747
Gan Incendie Accidents	7	Penn Nat'l Mutual	3	WASA Inter. (UK) Ins.Co.Ltd.	12
General Accident Fire & Life	(11)	People's Ins. Co. of China	(15)	Wurtembergische	184
General Reins. Corp	(385)	Philadelphia Reins. Corp.	33	Yasuda	356
				Bulk Reserves (Breakdown by Company not available)	712,500
				Total Uncollectible Reinsurance	782,730

- E. The Company did not commute any ceded reinsurance for the statement period.
- F. The Company does not have retroactive reinsurance for the statement periods.
- G. The Company does not have any reinsurance accounted for as a deposit.
- H. The Company did not enter into any transfers of property and casualty run-off agreements.

**Note 24 – Retrospectively Rated Contracts and Contracts Subject to Redetermination**

- A. The Company estimates accrued retrospective premium adjustments through the review of each individual retrospectively rated risk, comparing case basis loss development with that anticipated in the policy contract to arrive at the best estimate of return or additional retrospective premium.
- B. The Company records accrued retrospective premium as an adjustment to earned premium.
- C. See Schedule P – Part 7A.
- D. The Company did not have any medical loss ratio rebates required pursuant to the Public Health Service Act.
- E. The Company did not have any non-admitted retrospective premium.

**Note 25 – Change in Incurred Losses and Loss Adjustment Expenses**

Loss and loss adjustment expense reserves are stated at the Company's estimate of the ultimate cost of settling all incurred but unpaid claims, net of ceded reinsurance and anticipated salvage and subrogation. Loss and loss adjustment expense reserves are reported on an undiscounted basis, with the exception of workers compensation pension type claims, which have been discounted on a tabular basis. Activity with respect to loss and loss adjustment expense reserves for the past two years is displayed below:

Loss & LAE Reserves		<b>2011</b>	<b>2010</b>
	(amounts in thousands)		
Unpaid Losses & LAE - January 1		37,856	37,521
Loss & LAE Incurred/Current Accident Year		14,968	12,403
Loss & LAE Incurred/Prior Accident Years		2,139	(630)
Loss & LAE Payments/Current Accident Year		(5,186)	(3,781)
Loss & LAE Payments/Prior Accident Years		<u>(8,706)</u>	<u>(7,657)</u>
Losses & LAE-December 31		41,071	37,856

Provision for incurred loss and loss adjustment expenses attributable to insured events of prior years increased in 2011 as a result of re-estimation of unpaid losses and loss adjustment expenses for claims. Primarily, this increase was driven by unfavorable one-year and two-year development in accident years prior to 2002, driven by asbestos claims. With the exception of asbestos, the Company had favorable one and two-year development in reserves.

Premium accruals are not material relative to the amount of reserve strengthening, since the base of retrospectively rated policies is negligible.

**ANNUAL STATEMENT FOR THE YEAR 2011 OF THE REPUBLIC-FRANKLIN INSURANCE COMPANY  
NOTES TO FINANCIAL STATEMENTS**

**Note 26 – Intercompany Pooling Arrangements**

A. Utica Mutual, the lead company, operates under a pooling agreement that shares premiums; losses, expenses and other related insurance operations with its other affiliated entities. The agreement states the following percentages of participation:

<u>NAIC Co. Code</u>	<u>Name</u>	<u>Percentage</u>
25976	Utica Mutual Insurance Company	89%
25984	Graphic Arts Mutual Insurance Company	5%
12475	Republic-Franklin Insurance Company	3%
10687	Utica National Assurance Company	2%
43478	Utica National Insurance Company of Texas	1%

B. The pooling agreement covering the members outlined above and covers premiums, losses and LAE for all lines of business and the majority of operating expenses. The significant insurance operations and related transactions are also subject to this pooling agreement.

C. The lead company, Utica Mutual, has individual reinsurance contracts to cover casualty, property and catastrophes as well as other reinsurance programs and facultative placements with several reinsurance companies which are with all non-affiliated entities. The cession to those reinsurance companies is prior to the cessions of pooled business within the group.

D. As indicated above, the lead company, Utica Mutual, has individual reinsurance contracts to cover casualty, property and catastrophes as well as other reinsurance programs and facultative placements with several reinsurance companies which are with all non-affiliated entities. The cession to those reinsurance companies is prior to the cessions of pooled business within the group. Each member of the pooling agreement has a right of direct recovery of reinsurance collectibles from a reinsurance company under the various treaties and/or facultative placements.

E. There were no discrepancies with the pooling entities on the assumed or ceded transactions between affiliated companies.

F. The Provisions for Reinsurance (Schedule F, Part 7) is not pooled among the members of the group. Each company prepares Schedule F on a separate basis prior to the pooling. The companies and their respective Provision for Reinsurance are as follows:

<u>NAIC Co. Code</u>	<u>Name</u>	<u>Provision for Reinsurance</u>
25976	Utica Mutual Insurance Company	\$ 21,947,071
25984	Graphic Arts Mutual Insurance Company	413,691
12475	Republic-Franklin Insurance Company	62,766
10687	Utica National Assurance Company	2,005
43478	Utica National Insurance Company of Texas	3,284

The companies within the Utica National Insurance Group (as identified above in item A) do share proportionally according to the pooling agreement, in the handling of uncollectible reinsurance. Uncollectible reinsurance is handled in accordance with SSAP #62, paragraph 58, by processing the amount through the accounts, exhibits and schedules in which they were originally recorded.

G. The amounts due to/(from) Utica Mutual and its affiliated entities participating in the intercompany pool as of December 31, 2011 are:

Utica Mutual Insurance Company	\$ 1,308,444
Graphic Arts Mutual Insurance Company	(116,439)
Republic-Franklin Insurance Company	(64,199)
Utica National Assurance Company	177,932
Utica National Insurance Company of Texas	(310)
Utica National Insurance Company of Ohio	(2,464)
Utica Specialty Risk Insurance Company	310,479
Utica Lloyd's of Texas	1,857,290
Founders Insurance Company	(3,451,422)
Founders Insurance Company of Michigan	(19,309)

**Note 27 - Structured Settlements**

A. The Company has eliminated \$5,141,711 in loss reserves because it has purchased annuities, and is contingently liable for \$3,015,817 should the issuers of the annuities fail to perform.

B. The Company has annuities from the following insurance companies which exceed 1% of policyholders' surplus:

Genworth Financial	Lynchburg, VA	\$1,059,614
Metropolitan Life Insurance Company	New York, NY	555,763
Symetra Life Insurance	Seattle, WA	962,093

**Note 28 – Health Care Receivables**

The Company does not have any Health Care Receivables.

**Note 29 – Participating Policies**

The Company does not have Participating Policies.

**ANNUAL STATEMENT FOR THE YEAR 2011 OF THE REPUBLIC-FRANKLIN INSURANCE COMPANY  
NOTES TO FINANCIAL STATEMENTS**

**Note 30 – Premium Deficiency Reserves**

1. Liability carried for premium deficiency reserves	\$ - 0 -
2. Date of the most recent evaluation of this liability	12/31/2011
3. Was anticipated investment income utilized in the calculation?	Yes (X) No ( )

**Note 31 – High Deductibles**

As of December 31, 2011 the amount of reserve credit recorded for high deductibles on unpaid claims was zero and the amount billed and recoverable on paid claims was zero.

**Note 32 – Discounting of Liabilities for Unpaid Losses or Unpaid Loss Adjustment Expenses**

The Company discounts unpaid unallocated loss adjustment expenses pertaining to workers' compensation pension type case reserves on a tabular basis using the mortality table specified by the statistical reporting agencies to each state at rates of interest ranging from 3.0% to 6.0% as specified. Additionally, the assumed IBNR reserves of the National Workers' Compensation Pool have been discounted for pension type cases at a rate of 5.0%, using tabular values provided by the NWC Pool. The total amount of tabular pension discount reflected in the liabilities of this financial statement as of December 31, 2011 is \$528,000.

The Company discounts unpaid allocated loss adjustment expense pertaining to the unfunded post-retirement benefit obligation using the 1983 group annuity mortality table and at an interest rate of 6.49%.

A. Tabular Discounting Included In Schedule P.

<u>Schedule P Line</u>	<u>(1) Case</u>	<u>(2) IBNR</u>
(4) Workers' Comp.	\$406,000	\$122,000

B. Not applicable

C. Not applicable

**Note 33 - Asbestos / Environmental Reserves**

**Asbestos**

A. Does the Company have on the books, or has it ever written an insured for which you have identified a potential for the existence of, a liability due to asbestos losses? Yes (X) No ( )

The Company has exposure to asbestos claims. This exposure arises primarily from the sale of general liability policies to manufacturers and suppliers that may have used/sold products that may have contained asbestos. Claimants have sued these manufacturers/suppliers for damages they allegedly received as a result of claimed exposure to these products.

Aggregate asbestos reserves are established based on a stochastic model valuation. This valuation is recalibrated on a cycle of 3 to 4 years and is produced by an independent consulting actuary. The model provides ultimate direct and net loss estimates and a provision for pure IBNR. The Company reserves to the mid range of ultimate estimates. Thereafter, case reserves are established on the active matters based on these estimates, while IBNR is used for less developed matters.

Direct Basis:

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Beginning Reserves:	6,960,080	5,180,741	8,181,435	12,984,581	11,480,880
Incurred losses and loss adjustment expense:	816,700	4,407,200	6,397,462	93,062	4,873,911
Calendar year payments for losses and loss adjustment expense:	2,596,038	1,406,506	1,594,316	1,596,763	2,202,978
Ending reserves:	5,180,741	8,181,435	12,984,581	11,480,880	14,151,814

Assumed Basis:

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Beginning Reserves:	994,627	806,833	588,549	569,815	436,929
Incurred losses and loss adjustment expense:	39,521	102,540	179,120	(21,103)	49,343
Calendar year payments for losses and loss adjustment expense:	227,316	320,824	197,854	111,782	(156,452)
Ending reserves:	806,833	588,549	569,815	436,929	642,724

Net of Reinsurance Basis:

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Beginning Reserves:	2,998,738	2,279,849	2,955,839	6,389,344	5,833,042
Incurred losses and loss adjustment expense:	103,143	928,064	3,568,427	31,589	2,109,647
Calendar year payments for losses and loss adjustment expense:	822,032	252,074	134,922	587,891	717,105
Ending reserves:	2,279,849	2,955,839	6,389,344	5,833,042	7,225,584

**ANNUAL STATEMENT FOR THE YEAR 2011 OF THE REPUBLIC-FRANKLIN INSURANCE COMPANY  
NOTES TO FINANCIAL STATEMENTS**

B. The amount of ending reserves for Bulk + IBNR included in A (Loss & LAE):

Direct Basis	\$ 3,717,047
Assumed Basis	\$ 182,767
Net of Reinsurance Basis	\$ 1,816,838

C. The amount of ending reserves for loss adjustment expenses included in A (Case, Bulk + IBNR):

Direct Basis	\$ 1,733,675
Assumed Basis	\$ 11,506
Net of Reinsurance Basis	\$ 2,065,714

**Environmental**

D. Does the Company have on the books, or has it ever written an insured for which you have identified a potential for the existence of a liability due to environmental losses? Yes (X) No ( ).

The Company has exposure to hazardous waste clean up claims. This exposure arises primarily from the sale of general liability policies.

Hazardous waste clean up claims are defined as losses related directly or indirectly to the cost of remediation of a site arising from past operations or waste disposal of hazardous materials or substances.

Hazardous waste clean up claims are reserved by evaluating coverage, liability and damages.

Factors considered in evaluating coverage include whether the facts indicate an "occurrence" has taken place as that term is defined in general liability policies, whether there is a pollution exclusion in the policy, what policies are triggered, whether there is property damage as that term is defined in the policy, whether in the case of property damage the damage is confined to the insured own property, the law of the jurisdiction applicable to the claim, and possibly other factors.

Factors considered, in evaluating liability include whether the insured produced toxic or hazardous products or substances or owns property on which such toxic substances are located, the toxicity of such substances and the quantity attributable to the insured, whether the injuries alleged are causally connected to the substance attributed to the insured, the number and relative liability of other defendants, the probability of other causes and possibly other factors.

Factors considered in evaluating damages in the case of a hazardous waste clean up claim include the cost to remediate the site, monitoring costs, damages to material resources, administrative costs, etc.

The relatively small volume of environmental losses are reserved on a case occurrence basis. IBNR reserves are carried to maintain a reasonable survival ratio in excess of 5 years.

Direct Basis:

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Beginning Reserves:	717,714	734,513	686,498	660,690	1,015,338
Incurred losses and loss adjustment expense:	115,375	14,908	9,527	403,965	157,454
Calendar year payments for losses and loss adjustment expense:	98,576	62,923	35,336	49,316	533,389
Ending reserves:	734,513	686,498	660,690	1,015,338	639,403

Assumed Basis:

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Beginning Reserves:	141,602	141,979	146,347	157,534	163,233
Incurred losses and loss adjustment expense:	(11,002)	20,896	12,351	7,960	8,927
Calendar year payments for losses and loss adjustment expense:	(11,379)	16,528	1,164	2,261	28,154
Ending reserves:	141,979	146,347	157,534	163,233	144,005

Net of Reinsurance Basis:

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Beginning Reserves:	583,415	563,567	562,810	531,801	627,622
Incurred losses and loss adjustment expense:	62,201	54,100	(1,086)	144,246	83,225
Calendar year payments for losses and loss adjustment expense:	82,049	54,856	29,923	48,425	220,985
Ending reserves:	563,567	562,810	531,801	627,622	489,862

E. The amount of ending reserves for Bulk + IBNR included in D (Loss & LAE):

Direct Basis	\$274,051
Assumed Basis	\$121,845
Net of Reinsurance Basis	\$231,665

F. The amount of the ending reserves for loss adjustment expense included in D (Case, Bulk + IBNR):

Direct Basis	\$183,473
Assumed Basis	\$ 7,671
Net of Reinsurance Basis	\$152,913

ANNUAL STATEMENT FOR THE YEAR 2011 OF THE REPUBLIC-FRANKLIN INSURANCE COMPANY  
**NOTES TO FINANCIAL STATEMENTS**

***Note 34 – Subscriber Savings Accounts***

The Company does not have subscriber savings accounts.

***Note 35 – Multiple Peril Crop Insurance***

The Company does not write multiple peril crop insurance.

***Note 36 – Financial Guaranty Insurance***

The Company does not have any financial guaranty insurance for the financial statement period.

ANNUAL STATEMENT FOR THE YEAR 2011 OF THE REPUBLIC-FRANKLIN INSURANCE COMPANY  
**GENERAL INTERROGATORIES**

**PART 1 - COMMON INTERROGATORIES  
 GENERAL**

1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? ..... Yes [  ] No [  ]

1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent, or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? ..... Yes [  ] No [  ] N/A [  ]

1.3 State Regulating? ..... Ohio

2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? ..... Yes [  ] No [  ]

2.2 If yes, date of change: \_\_\_\_\_

3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. ..... 12/31/2009

3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. ..... 12/31/2009

3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). ..... 02/28/2011

3.4 By what department or departments?  
 Ohio ..... \_\_\_\_\_

3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments? ..... Yes [  ] No [  ] N/A [  ]

3.6 Have all of the recommendations within the latest financial examination report been complied with? ..... Yes [  ] No [  ] N/A [  ]

4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity), receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:  
 4.11 sales of new business? ..... Yes [  ] No [  ]  
 4.12 renewals? ..... Yes [  ] No [  ]

4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:  
 4.21 sales of new business? ..... Yes [  ] No [  ]  
 4.22 renewals? ..... Yes [  ] No [  ]

5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? ..... Yes [  ] No [  ]

5.2 If yes, provide the name of the entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile
---------------------	------------------------	------------------------

6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? ..... Yes [  ] No [  ]

6.2 If yes, give full information:  
 \_\_\_\_\_

7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? ..... Yes [  ] No [  ]

7.2 If yes,  
 7.21 State the percentage of foreign control; ..... %  
 7.22 State the nationality(s) of the foreign person(s) or entity(s) or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact; and identify the type of entity(s) (e.g., individual, corporation or government, manager or attorney in fact).

1 Nationality	2 Type of Entity
------------------	---------------------

**ANNUAL STATEMENT FOR THE YEAR 2011 OF THE REPUBLIC-FRANKLIN INSURANCE COMPANY**  
**GENERAL INTERROGATORIES**

8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? ..... Yes [ ] No [ X ]  
 8.2 If response to 8.1 is yes, please identify the name of the bank holding company. ....

8.3 Is the company affiliated with one or more banks, thrifts or securities firms? ..... Yes [ ] No [ X ]  
 8.4 If response to 8.3 is yes, please provide the names and locations (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 OTS	6 FDIC	7 SEC
.....	.....	.....	.....	.....	.....	.....

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?  
 PricewaterhouseCoopers, LLP 125 High Street Boston, MA 02110

10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation? ..... Yes [ ] No [ X ]

10.2 If the response to 10.1 is yes, provide information related to this exemption: ....

10.3 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 17A of the Model Regulation, or substantially similar state law or regulation? ..... Yes [ ] No [ X ]

10.4 If the response to 10.3 is yes, provide information related to this exemption: ....

10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? ..... Yes [ X ] No [ ] N/A [ ]

10.6 If the response to 10.5 is no or n/a, please explain: ....

11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?  
 Mark Littman, FCAS, MAAA PricewaterhouseCoopers, LLP 185 Asylum Street Hartford, CT 06103

12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? ..... Yes [ ] No [ X ]

12.11 Name of real estate holding company ....

12.12 Number of parcels involved .....

12.13 Total book/adjusted carrying value ..... \$ .....

12.2 If, yes provide explanation: ....

13. **FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:**

13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity? ....

13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? ..... Yes [ ] No [ ]

13.3 Have there been any changes made to any of the trust indentures during the year? ..... Yes [ ] No [ ]

13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? ..... Yes [ ] No [ ] N/A [ ]

14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? ..... Yes [ X ] No [ ] N/A [ ]

(a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;  
 (b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;  
 (c) Compliance with applicable governmental laws, rules and regulations;  
 (d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and  
 (e) Accountability for adherence to the code.

14.11 If the response to 14.1 is No, please explain: ....

14.2 Has the code of ethics for senior managers been amended? ..... Yes [ ] No [ X ]

14.21 If the response to 14.2 is yes, provide information related to amendment(s). ....

14.3 Have any provisions of the code of ethics been waived for any of the specified officers? ..... Yes [ ] No [ X ]

14.31 If the response to 14.3 is yes, provide the nature of any waiver(s). ....

**ANNUAL STATEMENT FOR THE YEAR 2011 OF THE REPUBLIC-FRANKLIN INSURANCE COMPANY**  
**GENERAL INTERROGATORIES**

15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance with a NAIC rating of 3 or below? ..... Yes [ ] No [ X ]  
 15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

1 American Bankers Association (ABA) Routing Number	2 Issuing or Confirming Bank Name	3 Circumstances That Can Trigger the Letter of Credit	4 Amount

**BOARD OF DIRECTORS**

16. Is the purchase or sale of all investments of the reporting entity passed upon either by the board of directors or a subordinate committee thereof? ..... Yes [ X ] No [ ]  
 17. Does the reporting entity keep a complete permanent record of the proceedings of its board of directors and all subordinate committees thereof? ..... Yes [ X ] No [ ]  
 18. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict with the official duties of such person? ..... Yes [ X ] No [ ]

**FINANCIAL**

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? ..... Yes [ ] No [ X ]  
 20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):  
 20.11 To directors or other officers ..... \$ .....  
 20.12 To stockholders not officers ..... \$ .....  
 20.13 Trustees, supreme or grand (Fraternal Only) ..... \$ .....  
 20.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):  
 20.21 To directors or other officers ..... \$ .....  
 20.22 To stockholders not officers ..... \$ .....  
 20.23 Trustees, supreme or grand (Fraternal Only) ..... \$ .....  
 21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? ..... Yes [ ] No [ X ]  
 21.2 If yes, state the amount thereof at December 31 of the current year:  
 21.21 Rented from others ..... \$ .....  
 21.22 Borrowed from others ..... \$ .....  
 21.23 Leased from others ..... \$ .....  
 21.24 Other ..... \$ .....  
 22.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? ..... Yes [ ] No [ X ]  
 22.2 If answer is yes:  
 22.21 Amount paid as losses or risk adjustment \$ .....  
 22.22 Amount paid as expenses ..... \$ .....  
 22.23 Other amounts paid ..... \$ .....  
 23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? ..... Yes [ ] No [ X ]  
 23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: ..... \$ .....

**INVESTMENT**

24.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 24.3) ..... Yes [ ] No [ X ]  
 24.2 If no, give full and complete information relating thereto  
 Securities are held in custodial accounts at The Bank of New York Mellon, New York, NY, except those on deposit with state or other regulatory bodies. ....  
 24.3 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet. (an alternative is to reference Note 17 where this information is also provided)  
 The Company does not have a securities lending program. ....  
 24.4 Does the Company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions? ..... Yes [ ] No [ ] N/A [ X ]  
 24.5 If answer to 24.4 is yes, report amount of collateral for conforming programs. ..... \$ .....  
 24.6 If answer to 24.4 is no, report amount of collateral for other programs. ..... \$ .....  
 24.7 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract? ..... Yes [ ] No [ ] N/A [ X ]  
 24.8 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? ..... Yes [ ] No [ ] N/A [ X ]  
 24.9 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities lending Agreement (MSLA) to conduct securities lending? ..... Yes [ ] No [ ] N/A [ X ]

ANNUAL STATEMENT FOR THE YEAR 2011 OF THE REPUBLIC-FRANKLIN INSURANCE COMPANY  
**GENERAL INTERROGATORIES**

25.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 21.1 and 24.3). ..... Yes [  ] No [  ]

25.2 If yes, state the amount thereof at December 31 of the current year:

25.21 Subject to repurchase agreements .....	\$ .....
25.22 Subject to reverse repurchase agreements .....	\$ .....
25.23 Subject to dollar repurchase agreements .....	\$ .....
25.24 Subject to reverse dollar repurchase agreements .....	\$ .....
25.25 Pledged as collateral .....	\$ .....
25.26 Placed under option agreements .....	\$ .....
25.27 Letter stock or other securities restricted as to sale .....	\$ .....
25.28 On deposit with state or other regulatory body .....	\$ 3,089,535
25.29 Other .....	\$ .....

25.3 For category (25.27) provide the following:

1 Nature of Restriction	2 Description	3 Amount

26.1 Does the reporting entity have any hedging transactions reported on Schedule DB? ..... Yes [  ] No [  ]

26.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? ..... Yes [  ] No [  ] N/A [  ] If no, attach a description with this statement.

27.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? ..... Yes [  ] No [  ]

27.2 If yes, state the amount thereof at December 31 of the current year. .... \$ .....

28. Excluding items in Schedule E - Part 3 - Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III - General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? ..... Yes [  ] No [  ]

28.01 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1 Name of Custodian(s)	2 Custodian's Address
The Bank of New York Mellon .....	One Wall Street, New York, NY .....

28.02 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)

28.03 Have there been any changes, including name changes, in the custodian(s) identified in 28.01 during the current year? ..... Yes [  ] No [  ]

28.04 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason

28.05 Identify all investment advisors, brokers/dealers or individuals acting on behalf of brokers/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository Number(s)	2 Name	3 Address
107423 .....	Conning Asset Management .....	One Financial Plaza, Hartford, CT .....

ANNUAL STATEMENT FOR THE YEAR 2011 OF THE REPUBLIC-FRANKLIN INSURANCE COMPANY  
**GENERAL INTERROGATORIES**

29.1 Does the reporting entity have any diversified mutual funds reported in Schedule D, Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5(b)(1)])? Yes [ ] No [ X ]  
 29.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
29.2999 - Total		

29.3 For each mutual fund listed in the table above, complete the following schedule:

1 Name of Mutual Fund (from above table)	2 Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	4 Date of Valuation

30. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds .....	81,621,375	86,867,354	5,245,979
30.2 Preferred stocks .....			
30.3 Totals .....	81,621,375	86,867,354	5,245,979

30.4 Describe the sources or methods utilized in determining the fair values:

Conning Asset Management utilizes FT Interactive Data Corporation (IDC) to obtain market values of investments.

31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D? Yes [ X ] No [ ]

31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source? Yes [ ] No [ X ]

31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:

Prices are obtained from the dealers/market makers for these securities. These prices are non-binding, but represent their best estimate of fair value per market conditions.

32.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed? Yes [ X ] No [ ]

32.2 If no, list exceptions:

ANNUAL STATEMENT FOR THE YEAR 2011 OF THE REPUBLIC-FRANKLIN INSURANCE COMPANY  
**GENERAL INTERROGATORIES**

**OTHER**

33.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? .....\$ .....

33.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to trade associations, service organizations and statistical or rating bureaus during the period covered by this statement.

1 Name	2 Amount Paid

34.1 Amount of payments for legal expenses, if any? .....\$ .....

34.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid

35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? .....\$ .....

35.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1 Name	2 Amount Paid

ANNUAL STATEMENT FOR THE YEAR 2011 OF THE REPUBLIC-FRANKLIN INSURANCE COMPANY  
**GENERAL INTERROGATORIES**

**PART 2 - PROPERTY AND CASUALTY INTERROGATORIES**

1.1	Does the reporting entity have any direct Medicare Supplement Insurance in force? .....	Yes [ ] No [ X ]
1.2	If yes, indicate premium earned on U. S. business only. ....	\$ _____
1.3	What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? .....	\$ _____
1.31	Reason for excluding .....	
1.4	Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above. ....	\$ _____
1.5	Indicate total incurred claims on all Medicare Supplement Insurance. ....	\$ _____
1.6	Individual policies:	Most current three years: 1.61 Total premium earned ..... \$ ..... 1.62 Total incurred claims ..... \$ ..... 1.63 Number of covered lives .....  All years prior to most current three years 1.64 Total premium earned ..... \$ ..... 1.65 Total incurred claims ..... \$ ..... 1.66 Number of covered lives .....
1.7	Group policies:	Most current three years: 1.71 Total premium earned ..... \$ ..... 1.72 Total incurred claims ..... \$ ..... 1.73 Number of covered lives .....
		All years prior to most current three years 1.74 Total premium earned ..... \$ ..... 1.75 Total incurred claims ..... \$ ..... 1.76 Number of covered lives .....
2.	Health Test:	1 Current Year 2 Prior Year
2.1	Premium Numerator .....	
2.2	Premium Denominator .....	18,041,270 17,423,389
2.3	Premium Ratio (2.1/2.2) .....	0.000 0.000
2.4	Reserve Numerator .....	
2.5	Reserve Denominator .....	49,974,379 46,903,823
2.6	Reserve Ratio (2.4/2.5) .....	0.000 0.000
3.1	Does the reporting entity issue both participating and non-participating policies? .....	Yes [ ] No [ X ]
3.2	If yes, state the amount of calendar year premiums written on:	3.21 Participating policies ..... \$ ..... 3.22 Non-participating policies ..... \$ .....
4.	For mutual reporting Entities and Reciprocal Exchanges Only:	
4.1	Does the reporting entity issue assessable policies? .....	Yes [ ] No [ ]
4.2	Does the reporting entity issue non-assessable policies? .....	Yes [ ] No [ ]
4.3	If assessable policies are issued, what is the extent of the contingent liability of the policyholders? .....	% .....
4.4	Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums. ....	\$ .....
5.	For Reciprocal Exchanges Only:	
5.1	Does the Exchange appoint local agents? .....	Yes [ ] No [ ]
5.2	If yes, is the commission paid: .....	5.21 Out of Attorney's-in-fact compensation..... Yes [ ] No [ ] N/A [ ] 5.22 As a direct expense of the exchange..... Yes [ ] No [ ] N/A [ ]
5.3	What expenses of the Exchange are not paid out of the compensation of the Attorney-in-fact? .....	
5.4	Has any Attorney-in-fact compensation, contingent on fulfillment of certain conditions, been deferred? .....	Yes [ ] No [ ]
5.5	If yes, give full information .....	

ANNUAL STATEMENT FOR THE YEAR 2011 OF THE REPUBLIC-FRANKLIN INSURANCE COMPANY  
**GENERAL INTERROGATORIES**

**PART 2 - PROPERTY AND CASUALTY INTERROGATORIES**

6.1 What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit of loss?  
The Company purchases Excess of Loss Reinsurance. ....

6.2 Describe the method used to estimate this reporting entity's probable maximum insurance loss, and identify the type of insured exposures comprising that probable maximum loss, the locations of concentrations of those exposures and the external resources (such as consulting firms or computer software models), if any, used in the estimation process.  
The Company has reviewed property catastrophe model results provided by its reinsurance intermediary, Holborn Corporation of New York, NY. Holborn reviewed the Company's probable maximum property loss using the RiskLink system of RMS and AIR's Classic2. The models indicate that the probable maximum loss would be caused by a Hurricane striking Long Island, New York, where the Company has significant exposed homeowners' values. ....

6.3 What provision has this reporting entity made (such as a catastrophic reinsurance program) to protect itself from an excessive loss arising from the types and concentrations of insured exposures comprising its probable maximum property insurance loss?  
The Company purchases Catastrophe Reinsurance. ....

6.4 Does the reporting entity carry catastrophe reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence? ....

Yes [ X ] No [ ]

6.5 If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to unreinsured catastrophic loss.  
.....

7.1 Has this reporting entity reinsured any risk with any other entity under a quota share reinsurance contract that includes a provision that would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss ratio cap, an aggregate limit or any similar provisions)?.....

Yes [ ] No [ X ]

7.2 If yes, indicate the number of reinsurance contracts containing such provisions:.....

7.3 If yes, does the amount of reinsurance credit taken reflect the reduction in quota share coverage caused by any applicable limiting provision(s)?.....

Yes [ ] No [ ]

8.1 Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on this risk, or portion thereof, reinsured?.....

Yes [ ] No [ X ]

8.2 If yes, give full information  
.....

9.1 Has the reporting entity ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates) for which during the period covered by the statement: (i) it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; (ii) it accounted for that contract as reinsurance and not as a deposit; and (iii) the contract(s) contain one or more of the following features or other features that would have similar results:  
(a) A contract term longer than two years and the contract is noncancelable by the reporting entity during the contract term;  
(b) A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer;  
(c) Aggregate stop loss reinsurance coverage;  
(d) A unilateral right by either party (or both parties) to commute the reinsurance contract, whether conditional or not, except for such provisions which are only triggered by a decline in the credit status of the other party;  
(e) A provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or  
(f) Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity. ....

Yes [ ] No [ X ]

9.2 Has the reporting entity during the period covered by the statement ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates), for which, during the period covered by the statement, it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; excluding cessions to approved pooling arrangements or to captive insurance companies that are directly or indirectly controlling, controlled by, or under common control with (i) one or more unaffiliated policyholders of the reporting entity, or (ii) an association of which one or more unaffiliated policyholders of the reporting entity is a member where:  
(a) The written premium ceded to the reinsurer by the reporting entity or its affiliates represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or  
(b) Twenty-five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates in a separate reinsurance contract. ....

Yes [ ] No [ X ]

9.3 If yes to 9.1 or 9.2, please provide the following information in the Reinsurance Summary Supplemental Filing for General Interrogatory 9:  
(a) The aggregate financial statement impact gross of all such ceded reinsurance contracts on the balance sheet and statement of income;  
(b) A summary of the reinsurance contract terms and indicate whether it applies to the contracts meeting the criteria in 9.1 or 9.2; and  
(c) A brief discussion of management's principle objectives in entering into the reinsurance contract including the economic purpose to be achieved.

9.4 Except for transactions meeting the requirements of paragraph 32 of SSAP No. 62R, Property and Casualty Reinsurance, has the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either:  
(a) Accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles ("SAP") and as a deposit under generally accepted accounting principles ("GAAP"); or  
(b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP? ....

Yes [ ] No [ X ]

9.5 If yes to 9.4, explain in the Reinsurance Summary Supplemental Filing for General Interrogatory 9 (Section D) why the contract(s) is treated differently for GAAP and SAP.

9.6 The reporting entity is exempt from the Reinsurance Attestation Supplement under one or more of the following criteria:

(a) The entity does not utilize reinsurance; or.....  
(b) The entity only engages in a 100% quota share contract with an affiliate and the affiliated or lead company has filed an attestation supplement; or.....  
(c) The entity has no external cessions and only participates in an intercompany pool and the affiliated or lead company has filed an attestation supplement. ....

Yes [ ] No [ X ]

Yes [ ] No [ X ]

Yes [ ] No [ X ]

10. If the reporting entity has assumed risks from another entity, there should be charged on account of such reinsurance a reserve equal to that which the original entity would have been required to charge had it retained the risks. Has this been done? .... Yes [ X ] No [ ] N/A [ ]

ANNUAL STATEMENT FOR THE YEAR 2011 OF THE REPUBLIC-FRANKLIN INSURANCE COMPANY  
**GENERAL INTERROGATORIES**

**PART 2 - PROPERTY AND CASUALTY INTERROGATORIES**

11.1 Has the reporting entity guaranteed policies issued by any other entity and now in force? ..... Yes [ ] No [ X ]

11.2 If yes, give full information  
.....

12.1 If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 15.3 of the asset schedule, Page 2, state the amount of corresponding liabilities recorded for:  
12.11 Unpaid losses ..... \$ .....  
12.12 Unpaid underwriting expenses (including loss adjustment expenses) ..... \$ .....

12.2 Of the amount on Line 15.3, Page 2, state the amount which is secured by letters of credit, collateral, and other funds ..... \$ .....

12.3 If the reporting entity underwrites commercial insurance risks, such as workers' compensation, are premium notes or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses? ..... Yes [ ] No [ X ] N/A [ ]

12.4 If yes, provide the range of interest rates charged under such notes during the period covered by this statement:  
12.41 From ..... %  
12.42 To ..... %

12.5 Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium notes or promissory notes taken by a reporting entity, or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies? ..... Yes [ X ] No [ ]

12.6 If yes, state the amount thereof at December 31 of the current year:  
12.61 Letters of credit ..... \$ ..... 163,360  
12.62 Collateral and other funds ..... \$ .....

13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): ..... \$ ..... 450,000

13.2 Does any reinsurance contract considered in the calculation of this amount include an aggregate limit of recovery without also including a reinstatement provision? ..... Yes [ ] No [ X ]

13.3 State the number of reinsurance contracts (excluding individual facultative risk certificates, but including facultative programs, automatic facilities or facultative obligatory contracts) considered in the calculation of the amount. ..... 3

14.1 Is the company a cedant in a multiple cedant reinsurance contract? ..... Yes [ ] No [ X ]

14.2 If yes, please describe the method of allocating and recording reinsurance among the cedants:  
.....

14.3 If the answer to 14.1 is yes, are the methods described in item 14.2 entirely contained in the respective multiple cedant reinsurance contracts? ..... Yes [ ] No [ ]

14.4 If the answer to 14.3 is no, are all the methods described in 14.2 entirely contained in written agreements? ..... Yes [ ] No [ ]

14.5 If the answer to 14.4 is no, please explain:  
.....

15.1 Has the reporting entity guaranteed any financed premium accounts? ..... Yes [ ] No [ X ]

15.2 If yes, give full information  
.....

16.1 Does the reporting entity write any warranty business? ..... Yes [ ] No [ X ]  
If yes, disclose the following information for each of the following types of warranty coverage:

	1 Direct Losses Incurred	2 Direct Losses Unpaid	3 Direct Written Premium	4 Direct Premium Unearned	5 Direct Premium Earned
16.11 Home .....					
16.12 Products .....					
16.13 Automobile .....					
16.14 Other* .....					

\* Disclose type of coverage:  
.....

ANNUAL STATEMENT FOR THE YEAR 2011 OF THE REPUBLIC-FRANKLIN INSURANCE COMPANY  
**GENERAL INTERROGATORIES**

**PART 2 - PROPERTY AND CASUALTY INTERROGATORIES**

17.1 Does the reporting entity include amounts recoverable on unauthorized reinsurance in Schedule F - Part 3 that it excludes from Schedule F - Part 5? ..... Yes [ ] No [ X ]

Incurred but not reported losses on contracts in force prior to July 1, 1984, and not subsequently renewed are exempt from inclusion in Schedule F - Part 5. Provide the following information for this exemption:

17.11 Gross amount of unauthorized reinsurance in Schedule F - Part 3 excluded from Schedule F - Part 5 .....	\$ .....
17.12 Unfunded portion of Interrogatory 17.11 .....	\$ .....
17.13 Paid losses and loss adjustment expenses portion of Interrogatory 17.11 .....	\$ .....
17.14 Case reserves portion of Interrogatory 17.11 .....	\$ .....
17.15 Incurred but not reported portion of Interrogatory 17.11 .....	\$ .....
17.16 Unearned premium portion of Interrogatory 17.11 .....	\$ .....
17.17 Contingent commission portion of Interrogatory 17.11 .....	\$ .....

Provide the following information for all other amounts included in Schedule F - Part 3 and excluded from Schedule F - Part 5, not included above.

17.18 Gross amount of unauthorized reinsurance in Schedule F - Part 3 excluded from Schedule F - Part 5 .....	\$ .....
17.19 Unfunded portion of Interrogatory 17.18 .....	\$ .....
17.20 Paid losses and loss adjustment expenses portion of Interrogatory 17.18 .....	\$ .....
17.21 Case reserves portion of Interrogatory 17.18 .....	\$ .....
17.22 Incurred but not reported portion of Interrogatory 17.18 .....	\$ .....
17.23 Unearned premium portion of Interrogatory 17.18 .....	\$ .....
17.24 Contingent commission portion of Interrogatory 17.18 .....	\$ .....

18.1 Do you act as a custodian for health savings accounts? ..... Yes [ ] No [ X ]

18.2 If yes, please provide the amount of custodial funds held as of the reporting date. ..... \$ .....

18.3 Do you act as an administrator for health savings accounts? ..... Yes [ ] No [ X ]

18.4 If yes, please provide the balance of funds administered as of the reporting date. ..... \$ .....

ANNUAL STATEMENT FOR THE YEAR 2011 OF THE REPUBLIC-FRANKLIN INSURANCE COMPANY

**FIVE-YEAR HISTORICAL DATA**

Show amounts in whole dollars only, no cents; show percentages to one decimal place, i.e. 17.6.

	1 2011	2 2010	3 2009	4 2008	5 2007
<b>Gross Premiums Written (Page 8, Part 1B Cols. 1, 2 &amp; 3)</b>					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	90,508,962	85,970,341	81,849,876	89,019,519	89,119,964
2. Property lines (Lines 1, 2, 9, 12, 21 & 26)	15,690,029	16,120,750	17,129,072	17,203,037	17,805,902
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	58,962,142	59,018,882	59,990,543	62,621,455	62,875,656
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	85,477	126,718	131,257	162,384	169,482
5. Nonproportional reinsurance lines (Lines 31, 32 & 33)	(82)	31,819	5	5	4
6. Total (Line 35)	165,246,529	161,268,510	159,100,752	169,006,399	169,971,009
<b>Net Premiums Written (Page 8, Part 1B, Col. 6)</b>					
7. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	10,701,576	10,262,114	10,032,067	10,319,236	10,173,260
8. Property lines (Lines 1, 2, 9, 12, 21 & 26)	1,601,187	1,499,437	1,431,720	1,438,213	1,497,925
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	5,513,671	5,693,818	5,901,943	6,297,114	6,338,774
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	80,921	122,162	126,301	157,058	164,011
11. Nonproportional reinsurance lines (Lines 31, 32 & 33)	(82)	31,819	5	5	4
12. Total (Line 35)	17,897,272	17,609,350	17,492,035	18,211,626	18,173,975
<b>Statement of Income (Page 4)</b>					
13. Net underwriting gain (loss) (Line 8)	(5,806,871)	(1,096,707)	(4,485,014)	234,244	901,899
14. Net investment gain or (loss) (Line 11)	5,752,942	3,923,149	2,791,285	2,723,739	3,952,646
15. Total other income (Line 15)	474,061	419,926	370,797	431,188	447,724
16. Dividends to policyholders (Line 17)	130,133	216,363	359,596	504,938	466,333
17. Federal and foreign income taxes incurred (Line 19)	(847,769)	567,012	(685,309)	468,440	1,427,633
18. Net income (Line 20)	1,137,767	2,462,993	(997,219)	2,415,793	3,408,303
<b>Balance Sheet Lines (Pages 2 and 3)</b>					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3)	95,947,367	92,121,485	88,586,663	86,198,235	86,279,536
20. Premiums and considerations (Page 2, Col. 3)					
20.1 In course of collection (Line 15.1)	4,820,232	4,890,647	4,657,424	4,563,791	4,459,191
20.2 Deferred and not yet due (Line 15.2)	803,585	928,391	1,020,180	1,288,401	1,351,627
20.3 Accrued retrospective premiums (Line 15.3)					
21. Total liabilities excluding protected cell business (Page 3, Line 26)	55,092,630	51,456,587	50,618,250	49,121,903	47,739,637
22. Losses (Page 3, Line 1)	29,919,336	27,861,918	27,223,488	26,192,982	26,108,385
23. Loss adjustment expenses (Page 3, Line 3)	11,151,340	9,994,204	10,297,579	7,920,167	7,803,162
24. Unearned premiums (Page 3, Line 9)	8,903,704	9,047,701	8,861,740	8,954,693	8,972,228
25. Capital paid up (Page 3, Lines 30 & 31)	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000
26. Surplus as regards policyholders (Page 3, Line 37)	40,854,737	40,664,898	37,968,413	37,076,332	38,539,899
<b>Cash Flow (Page 5)</b>					
27. Net cash from operations (Line 11)	305,722	3,261,791	2,431,118	2,562,929	1,743,097
<b>Risk-Based Capital Analysis</b>					
28. Total adjusted capital	40,854,737	40,664,898	37,968,413	37,076,332	38,539,899
29. Authorized control level risk-based capital	3,833,924	3,559,132	3,610,648	3,278,335	3,294,409
<b>Percentage Distribution of Cash, Cash Equivalents and Invested Assets (Page 2, Col. 3) (Line divided by Page 2, Line 12, Col. 3) x100.0</b>					
30. Bonds (Line 1)	99.8	92.4	88.0	92.7	87.3
31. Stocks (Lines 2.1 & 2.2)		5.8	7.4	6.1	9.3
32. Mortgage loans on real estate (Lines 3.1 and 3.2)					
33. Real estate (Lines 4.1, 4.2 & 4.3)					
34. Cash, cash equivalents and short-term investments (Line 5)	0.2	1.8	4.5	1.3	3.3
35. Contract loans (Line 6)					
36. Derivatives (Line 7)			XXX	XXX	XXX
37. Other invested assets (Line 8)					
38. Receivables for securities (Line 9)					
39. Securities lending reinvested collateral assets (Line 10)			XXX	XXX	XXX
40. Aggregate write-ins for invested assets (Line 11)			XXX	XXX	XXX
41. Cash, cash equivalents and invested assets (Line 12)	100.0	100.0	100.0	100.0	100.0
<b>Investments in Parent, Subsidiaries and Affiliates</b>					
42. Affiliated bonds (Schedule D, Summary, Line 12, Col. 1)					
43. Affiliated preferred stocks (Schedule D, Summary, Line 18, Col. 1)					
44. Affiliated common stocks (Schedule D, Summary, Line 24, Col. 1)					
45. Affiliated short-term investments (subtotals included in Schedule DA Verification, Col. 5, Line 10)					
46. Affiliated mortgage loans on real estate					
47. All other affiliated					
48. Total of above Lines 42 to 47					
49. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 48 above divided by Page 3, Col. 1, Line 37 x 100.0)					

ANNUAL STATEMENT FOR THE YEAR 2011 OF THE REPUBLIC-FRANKLIN INSURANCE COMPANY  
**FIVE-YEAR HISTORICAL DATA**

(Continued)

	1 2011	2 2010	3 2009	4 2008	5 2007
<b>Capital and Surplus Accounts (Page 4)</b>					
50. Net unrealized capital gains (losses) (Line 24) .....	(999,057)	(55,962)	1,153,186	(1,489,103)	(162,461)
51. Dividends to stockholders (Line 35) .....					
52. Change in surplus as regards policyholders for the year (Line 38) .....	189,839	2,696,485	892,081	(1,463,567)	3,062,928
<b>Gross Losses Paid (Page 9, Part 2, Cols. 1 &amp; 2)</b>					
53. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4) .....	48,070,815	37,209,790	38,483,857	35,218,648	35,963,738
54. Property lines (Lines 1, 2, 9, 12, 21 & 26) .....	11,599,733	7,651,583	8,948,971	8,500,552	7,961,415
55. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27) .....	38,040,014	27,780,270	37,908,244	28,764,295	26,932,018
56. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34) .....	4,818	45,324	54,293	54,510	54,671
57. Nonproportional reinsurance lines (Lines 31, 32 & 33) .....	0	0	(80)	0	0
58. Total (Line 35) .....	97,715,380	72,686,968	85,395,283	72,538,004	70,911,842
<b>Net Losses Paid (Page 9, Part 2, Col. 4)</b>					
59. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4) .....	5,737,309	4,552,734	4,946,856	4,585,157	5,091,107
60. Property lines (Lines 1, 2, 9, 12, 21 & 26) .....	1,035,502	658,078	618,102	659,435	592,908
61. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27) .....	3,608,264	2,534,907	2,818,871	2,554,575	2,557,287
62. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34) .....	4,818	45,324	54,293	54,510	54,671
63. Nonproportional reinsurance lines (Lines 31, 32 & 33) .....	0	0	(80)	0	0
64. Total (Line 35) .....	10,385,893	7,791,043	8,438,041	7,853,677	8,295,973
<b>Operating Percentages (Page 4) (Line divided by Page 4, Line 1) x 100.0</b>					
65. Premiums earned (Line 1) .....	100.0	100.0	100.0	100.0	100.0
66. Losses incurred (Line 2) .....	69.0	48.4	53.8	43.5	43.9
67. Loss expenses incurred (Line 3) .....	25.8	19.2	32.7	18.1	14.5
68. Other underwriting expenses incurred (Line 4) .....	37.4	38.7	38.9	37.1	36.7
69. Net underwriting gain (loss) (Line 8) .....	(32.2)	(6.3)	(25.5)	1.3	4.9
<b>Other Percentages</b>					
70. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 35 x 100.0) .....	35.0	35.9	37.0	34.7	34.6
71. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0) .....	94.8	67.6	86.6	61.7	58.4
72. Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 35 divided by Page 3, Line 37, Col. 1 x 100.0) .....	43.8	43.3	46.1	49.1	47.2
<b>One Year Loss Development (000 omitted)</b>					
73. Development in estimated losses and loss expenses incurred prior to current year (Schedule P - Part 2 - Summary, Line 12, Col. 11) .....	2,015	(520)	3,229	(352)	(632)
74. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 73 above divided by Page 4, Line 21, Col. 1 x 100.0) .....	5.0	(1.4)	8.7	(0.9)	(1.8)
<b>Two Year Loss Development (000 omitted)</b>					
75. Development in estimated losses and loss expenses incurred two years before the current year and prior year (Schedule P, Part 2 - Summary, Line 12, Col. 12) .....	1,393	3,043	2,864	(829)	(818)
76. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 75 above divided by Page 4, Line 21, Col. 2 x 100.0) .....	3.7	8.2	7.4	(2.3)	(2.6)

NOTE: If a party to a merger, have the two most recent years of this exhibit been restated due to a merger in compliance with the disclosure requirements of SSAP No. 3, Accounting Changes and Correction of Errors? .....

Yes  No

If no, please explain: .....

**SCHEDULE P - ANALYSIS OF LOSSES AND LOSS EXPENSES****SCHEDULE P - PART 1 - SUMMARY**

(\$000 OMITTED)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments								12 Number of Claims Reported Direct and Assumed	
	1 Direct and Assumed	2 Ceded	3 Net (1 - 2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10 Salvage and Subrogation Received	11 Total Net Paid Cols (4 - 5 + 6 - 7 + 8 - 9)		
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded				
1. Prior	XXX	XXX	XXX	2,347	1,411	1,063	504	.346	.60	7	1,782	XXX	
2. 2002	22,060	2,817	19,243	10,667	1,330	1,598	223	1,417	.22	.478	12,106	XXX	
3. 2003	21,147	2,067	19,080	9,822	.429	1,451	.21	1,352	1	.463	12,174	XXX	
4. 2004	21,739	1,974	19,765	8,479	.500	1,322	.15	1,541	111	.405	10,716	XXX	
5. 2005	21,424	1,954	19,471	6,974	.289	1,317	.44	1,288	5	.344	9,240	XXX	
6. 2006	20,624	1,846	18,778	6,914	.646	1,130	.46	1,258	.99	.363	8,511	XXX	
7. 2007	20,155	1,811	18,344	7,154	.293	1,153	.7	1,284	1	.315	9,290	XXX	
8. 2008	19,438	1,209	18,229	6,336	.240	963	.3	1,336	1	.290	8,391	XXX	
9. 2009	18,484	899	17,585	5,107	.96	784	1	1,354	3	.268	7,145	XXX	
10. 2010	18,487	1,064	17,423	4,884	.218	487	.4	.917	1	.291	6,065	XXX	
11. 2011	19,174	1,133	18,041	4,967	.741	239	.8	731	2	.182	5,186	XXX	
12. Totals	XXX	XXX	XXX	73,651	6,193	11,507	876	12,824	305	3,406	90,607	XXX	

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding Direct and Assumed			
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR									
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded	21 Direct and Assumed	22 Ceded						
1. Prior	9,728	4,436	5,471	2,390	3,721	2,192	1,785	(376)	721	.45	.62	12,739	XXX			
2. 2002	316	33	163	23	.17	.2	.43	2	.26	.0	.13	.505	XXX			
3. 2003	315	72	175	.25	.17	1	.52	3	.28	.0	.12	.487	XXX			
4. 2004	362	0	212	.30	.28	0	.64	3	.34	.15	.666	XXX				
5. 2005	480		229	.33	.44	1	.79	3	.46	.21	.841	XXX				
6. 2006	596	43	332	.45	.52	11	.118	5	.57	.27	.1,050	XXX				
7. 2007	1,055	74	.537	.76	.113	1	.189	.13	.85	.0	.36	.1,815	XXX			
8. 2008	1,356	15	.933	.133	.178	1	.363	.15	.147	.0	.59	.2,813	XXX			
9. 2009	2,109	121	1,499	.228	.219	1	.583	.20	.225	.1	.89	.4,265	XXX			
10. 2010	2,480	71	2,381	.353	.239	1	.921	.25	.538	.0	.168	.6,108	XXX			
11. 2011	4,126	424	4,221	531	.232	2	1,273	.28	.920	4	.432	9,782	XXX			
12. Totals	22,922	5,289	16,154	3,867	4,860	2,214	5,469	(258)	2,829	51	.933	41,071	XXX			

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred /Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves After Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense		35 Losses Unpaid	36 Loss Expenses Unpaid
	Direct and Assumed	Ceded	Net	Direct and Assumed	Ceded	Net	Loss	Loss Expense	Losses Unpaid	Loss Expenses Unpaid	
1. Prior	XXX	XXX	XXX	XXX	XXX	XXX			XXX	8,373	4,366
2. 2002	14,247	1,636	12,611	64.6	58.1	65.5				423	.82
3. 2003	13,214	552	12,661	62.5	26.7	66.4				.394	.93
4. 2004	12,041	659	11,382	55.4	33.4	57.6				.544	.122
5. 2005	10,456	375	10,081	48.8	19.2	51.8				.676	.165
6. 2006	10,456	895	9,561	50.7	48.5	50.9				.840	.210
7. 2007	11,571	466	11,105	57.4	25.7	60.5				1,442	.373
8. 2008	11,612	408	11,204	59.7	33.8	61.5				2,141	.672
9. 2009	11,881	470	11,410	64.3	52.3	64.9				3,260	1,005
10. 2010	12,848	675	12,173	69.5	63.4	69.9				4,436	1,671
11. 2011	16,708	1,740	14,968	87.1	153.6	83.0				7,391	2,391
12. Totals	XXX	XXX	XXX	XXX	XXX	XXX			XXX	29,919	11,151

Note: Parts 2 and 4 are gross of all discounting, including tabular discounting. Part 1 is gross of only nontabular discounting, which is reported in Columns 32 and 33 of Part 1. The tabular discount, if any, is reported in the Notes to Financial Statements which will reconcile Part 1 with Parts 2 and 4.

ANNUAL STATEMENT FOR THE YEAR 2011 OF THE REPUBLIC-FRANKLIN INSURANCE COMPANY  
**SCHEDULE P - PART 2 - SUMMARY**

Years in Which Losses Were Incurred	INCURRED NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										DEVELOPMENT	
	1 2002	2 2003	3 2004	4 2005	5 2006	6 2007	7 2008	8 2009	9 2010	10 2011	11 One Year	12 Two Year
1. Prior.	24,398	25,885	26,181	27,355	27,491	27,786	28,521	32,310	32,491	34,835	2,344	2,525
2. 2002	12,824	12,164	11,800	11,559	11,447	11,417	11,294	11,241	11,201	11,206	4	(36)
3. 2003	XXX	12,218	12,000	11,811	11,756	11,605	11,447	11,385	11,333	11,291	(41)	(93)
4. 2004	XXX	XXX	10,908	10,664	10,381	10,160	10,094	10,015	9,950	9,937	(13)	(79)
5. 2005	XXX	XXX	XXX	9,721	9,665	9,324	9,099	8,887	8,836	8,768	(68)	(120)
6. 2006	XXX	XXX	XXX	XXX	9,251	9,068	8,708	8,553	8,420	8,355	(64)	(198)
7. 2007	XXX	XXX	XXX	XXX	XXX	9,862	9,707	9,693	9,757	9,740	(16)	47
8. 2008	XXX	XXX	XXX	XXX	XXX	XXX	9,924	9,937	9,849	9,724	(125)	(213)
9. 2009	XXX	XXX	XXX	XXX	XXX	XXX	XXX	10,278	9,943	9,837	(106)	(441)
10. 2010	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	10,619	10,721	102	XXX
11. 2011	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	13,325	XXX	XXX
										12. Totals	2,015	1,393

**SCHEDULE P - PART 3 - SUMMARY**

Years in Which Losses Were Incurred	CUMULATIVE PAID NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										11 Number of Claims Closed With Loss Payment	12 Number of Claims Closed Without Loss Payment
	1 2002	2 2003	3 2004	4 2005	5 2006	6 2007	7 2008	8 2009	9 2010	10 2011		
1. Prior.	000	6,007	9,708	12,890	15,172	17,268	18,360	19,601	20,829	22,325	XXX	XXX
2. 2002	3,775	6,059	7,462	8,628	9,501	9,940	10,364	10,519	10,599	10,712	XXX	XXX
3. 2003	XXX	4,060	6,287	7,775	9,038	9,702	10,235	10,564	10,696	10,823	XXX	XXX
4. 2004	XXX	XXX	3,252	5,408	6,501	7,532	8,264	8,793	9,125	9,286	XXX	XXX
5. 2005	XXX	XXX	XXX	2,693	4,521	5,673	6,570	7,318	7,714	7,958	XXX	XXX
6. 2006	XXX	XXX	XXX	XXX	2,498	4,353	5,381	6,426	6,976	7,352	XXX	XXX
7. 2007	XXX	XXX	XXX	XXX	XXX	2,843	4,798	6,140	7,143	8,007	XXX	XXX
8. 2008	XXX	XXX	XXX	XXX	XXX	XXX	2,718	4,821	5,954	7,055	XXX	XXX
9. 2009	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2,739	4,518	5,794	XXX	XXX
10. 2010	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	3,054	5,149	XXX	XXX
11. 2011	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	4,457	XXX	XXX

**SCHEDULE P - PART 4 - SUMMARY**

Years in Which Losses Were Incurred	BULK AND IBNR RESERVES ON NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										11 Number of Claims Closed With Loss Payment	12 Number of Claims Closed Without Loss Payment
	1 2002	2 2003	3 2004	4 2005	5 2006	6 2007	7 2008	8 2009	9 2010	10 2011		
1. Prior.	9,001	7,792	6,576	5,629	5,160	3,176	4,314	3,878	3,463	5,334		
2. 2002	5,022	3,101	1,919	1,155	809	599	394	282	217	185		
3. 2003	XXX	4,577	3,002	1,853	1,176	814	477	335	238	203		
4. 2004	XXX	XXX	4,475	2,865	1,790	1,137	717	429	301	248		
5. 2005	XXX	XXX	XXX	4,323	2,804	1,834	1,174	717	422	275		
6. 2006	XXX	XXX	XXX	XXX	4,189	2,501	1,543	962	645	403		
7. 2007	XXX	XXX	XXX	XXX	XXX	4,074	2,353	1,421	952	640		
8. 2008	XXX	XXX	XXX	XXX	XXX	XXX	4,138	2,641	1,793	1,151		
9. 2009	XXX	XXX	XXX	XXX	XXX	XXX	XXX	4,763	3,114	1,836		
10. 2010	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	4,519	2,926		
11. 2011	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	4,936		

## ANNUAL STATEMENT FOR THE YEAR 2011 OF THE REPUBLIC-FRANKLIN INSURANCE COMPANY

## SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated by States and Territories

States, Etc.	Active Status	1		Gross Premiums, Including Policy and Membership Fees, Less Return Premiums and Premiums on Policies Not Taken	4	5	6	7	8	9
		2	3	Dividends Paid or Credited to Policyholders on Direct Business	Direct Losses Paid (Deducting Salvage)	Direct Losses Incurred	Direct Losses Unpaid	Finance and Service Charges Not Included in Premiums	Direct Premiums Written for Federal Purchasing Groups (Included in Column 2)	
1. Alabama	AL	N								
2. Alaska	AK	N								
3. Arizona	AZ	N								
4. Arkansas	AR	N								
5. California	CA	N								
6. Colorado	CO	N								
7. Connecticut	CT	L	20,536,842	19,602,360	253,915	13,756,663	18,940,690	19,386,676	84,458	
8. Delaware	DE	L	2,646,893	2,326,685		970,130	2,284,750	2,150,514	2,683	
9. District of Columbia	DC	L	258,378	261,216		77,603	(2,068)	73,467	786	
10. Florida	FL	N								
11. Georgia	GA	L	5,806,198	6,363,673	.537	5,409,163	4,433,304	3,743,515	17,280	
12. Hawaii	HI	N								
13. Idaho	ID	N								
14. Illinois	IL	L	2,353,053	2,222,566	73	833,278	1,948,046	2,893,710	.5,116	
15. Indiana	IN	L	169,374	151,856		34,826	14,033	49,292	.632	
16. Iowa	IA	N								
17. Kansas	KS	L	18,690	18,120			(35)	20	.31	
18. Kentucky	KY	N								
19. Louisiana	LA	N								
20. Maine	ME	N								
21. Maryland	MD	L	4,852,054	4,959,245	2,390	1,818,965	3,012,541	4,323,233	13,907	
22. Massachusetts	MA	L	11,727,156	11,561,002	489,352	5,717,222	7,362,808	8,736,443	.36,456	
23. Michigan	MI	L	595,899	.492,219		61,935	123,289	70,870	.958	
24. Minnesota	MN	N								
25. Mississippi	MS	N								
26. Missouri	MO	N								
27. Montana	MT	N								
28. Nebraska	NE	N								
29. Nevada	NV	N								
30. New Hampshire	NH	L								
31. New Jersey	NJ	L	11,797,589	11,617,448	253,401	6,785,276	8,992,937	15,927,651	.28,204	
32. New Mexico	NM	N								
33. New York	NY	L	58,728,623	59,572,383	888,332	36,618,045	30,922,837	79,508,208	.232,199	
34. North Carolina	NC	L	6,494,859	6,050,508	43,210	4,526,078	4,823,879	5,876,464	.18,321	
35. North Dakota	ND	N								
36. Ohio	OH	L	3,569,049	3,658,367		1,132,034	806,101	1,502,763	.10,819	
37. Oklahoma	OK	N								
38. Oregon	OR	N								
39. Pennsylvania	PA	L	3,239,129	3,206,344	.116	2,653,751	4,143,694	6,747,312	.6,349	
40. Rhode Island	RI	L	193,961	.210,630		49,739	79,921	.36,880	.822	
41. South Carolina	SC	N								
42. South Dakota	SD	N								
43. Tennessee	TN	L	3,320,086	3,199,161	99	3,017,380	3,314,111	1,425,593	.17,470	
44. Texas	TX	L	3,039,912	2,819,316	34,816	1,099,631	2,583,518	3,241,393	.10,026	
45. Utah	UT	N								
46. Vermont	VT	N								
47. Virginia	VA	L	4,270,600	4,738,142	17,171	1,830,700	2,282,449	2,749,924	.16,300	
48. Washington	WA	N								
49. West Virginia	WV	N								
50. Wisconsin	WI	L	3,730,906	4,016,886		.876,117	.610,974	4,588,070	.6,647	
51. Wyoming	WY	N								
52. American Samoa	AS	N								
53. Guam	GU	N								
54. Puerto Rico	PR	N								
55. U.S. Virgin Islands	VI	N								
56. Northern Mariana Islands	MP	N								
57. Canada	CN	N								
58. Aggregate other alien..	OT	XXX								
59. Totals	(a)	21	147,349,251	147,048,127	1,983,412	87,268,536	96,677,779	163,031,998	509,464	
DETAILS OF WRITE-INS										
5801.		XXX								
5802.		XXX								
5803.		XXX								
5898. Summary of remaining write-ins for Line 58 from overflow page		XXX								
5899. Totals (Lines 5801 through 5803 plus 5898)(Line 58 above)		XXX								

(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) None of the above - Not allowed to write business in the state.

Explanation of basis of allocation of premiums by states, etc.

All of the premiums with respect to every kind of insurance are allocated to the state in which the property or insured is located.

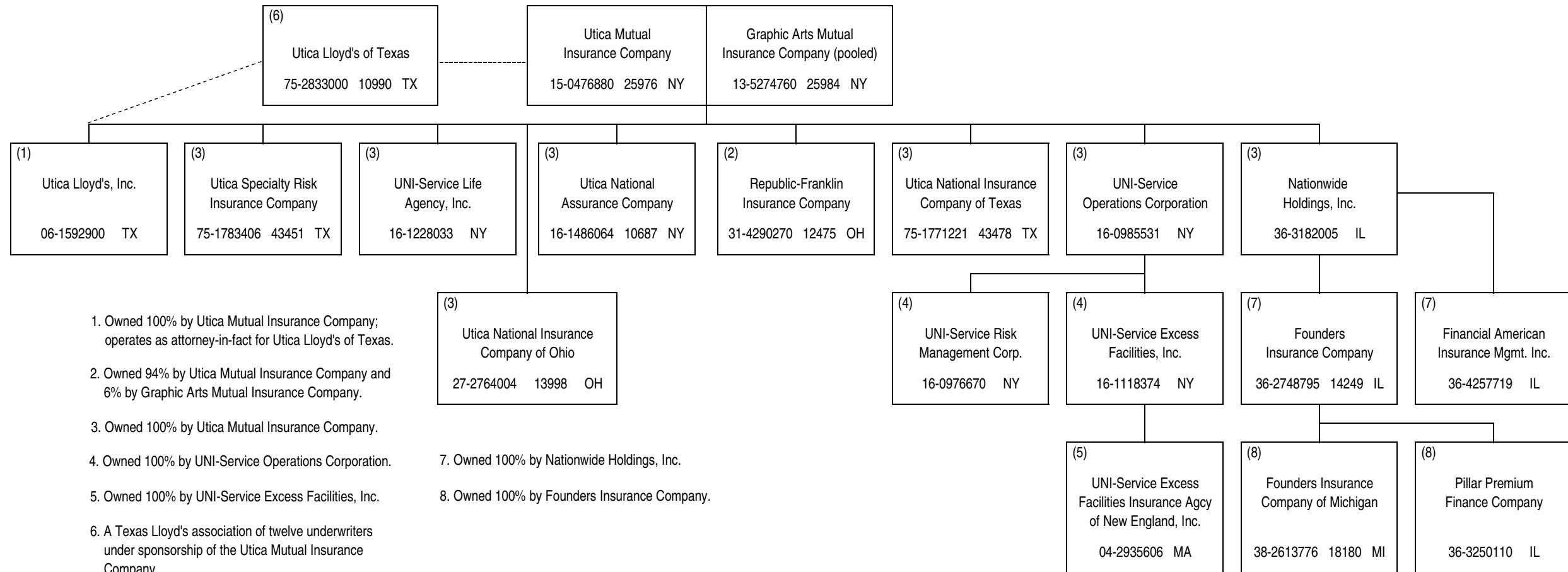
(a) Insert the number of L responses except for Canada and Other Alien.

ANNUAL STATEMENT FOR THE YEAR 2011 OF THE REPUBLIC-FRANKLIN INSURANCE COMPANY  
**SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP**  
**PART 1 - ORGANIZATIONAL CHART**

**UTICA NATIONAL INSURANCE GROUP**

**ORGANIZATION STRUCTURE**

**DECEMBER 31, 2011**



ANNUAL STATEMENT FOR THE YEAR 2011 OF THE REPUBLIC-FRANKLIN INSURANCE COMPANY  
**OVERFLOW PAGE FOR WRITE-INS**

Additional Write-ins for Assets Line 25

	Current Year			Prior Year 4 Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
2504. Miscellaneous Office Equipment .....	197,535	197,535		
2505. Clearing Accounts .....	10,095	10,095		939
2506. Deposits .....	400	400		
2597. Summary of remaining write-ins for Line 25 from overflow page	208,031	208,031		939

Additional Write-ins for Underwriting and Investment Exhibit Part 3 Line 24

	1 Loss Adjustment Expenses	2 Other Underwriting Expenses	3 Investment Expenses	4 Total
2404. Services Performed .....	(1,580)	(23,529)	(180)	(25,289)
2405. Intercompany Adjustments .....	(1)	(9)	(4)	(14)
2406. Interest Expense .....			5,203	5,203
2407. Miscellaneous Expense .....	57	(2,421)		(2,364)
2408. Change in ULAE reserves .....	16,734			16,734
2497. Summary of remaining write-ins for Line 24 from overflow page	15,209	(25,959)	5,018	(5,731)

Additional Write-ins for Exhibit of Nonadmitted Assets Line 25

	1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
2504. Equities and Deposits in Pools and Associations .....	359	381	22
2505. Miscellaneous Office Equipment .....	197,535	621,797	424,262
2506. Prepaid Expenses .....	1,595,510	1,561,010	(34,501)
2597. Summary of remaining write-ins for Line 25 from overflow page	1,793,405	2,183,188	389,783

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