



PROPERTY AND CASUALTY COMPANIES - ASSOCIATION EDITION

ANNUAL STATEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2014  
OF THE CONDITION AND AFFAIRS OF THE

Republic-Franklin Insurance Company

NAIC Group Code	0201 (Current)	0201 (Prior)	NAIC Company Code	12475	Employer's ID Number	31-4290270
Organized under the Laws of	Ohio			State of Domicile or Port of Entry		Ohio
Country of Domicile	United States of America					
Incorporated/Organized	02/10/1949			Commenced Business		02/10/1949
Statutory Home Office	2600 Corporate Exchange Drive (Street and Number)			Columbus , OH, US 43231 (City or Town, State, Country and Zip Code)		
Main Administrative Office	180 Genesee Street (Street and Number)			315-734-2000 (Area Code) (Telephone Number)		
	New Hartford , NY, US 13413 (City or Town, State, Country and Zip Code)					
Mail Address	Post Office Box 530 (Street and Number or P.O. Box)			Utica , NY, US 13503-0530 (City or Town, State, Country and Zip Code)		
Primary Location of Books and Records	180 Genesee Street (Street and Number)			315-734-2000 (Area Code) (Telephone Number)		
	New Hartford , NY, US 13413 (City or Town, State, Country and Zip Code)					
Internet Website Address	www.uticanational.com					
Statutory Statement Contact	Sandra Jean Giehl (Name)			315-734-2192 (Area Code) (Telephone Number)		
	sandy.giehl@uticanational.com (E-mail Address)			315-734-2994 (FAX Number)		

OFFICERS

Chairman & CEO	James Douglas Robinson	EVP # & Secretary	Kristen Holly Martin
President & COO	Richard Patrick Creedon #		

OTHER

Steven Paul Guzski	Executive Vice President #	
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DIRECTORS OR TRUSTEES

Clarence William Bachman	Alfred Elliot Calligaris	Paul Alan Hagstrom, Ph.D.
Gregory Miller Harden	Alan Joseph Pope, Sr.	James Douglas Robinson
Linda Ellen Romano	Eric Keith Scholl	

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.

James Douglas Robinson Chairman & CEO	Richard Patrick Creedon President & COO	Kristen Holly Martin EVP & Secretary
Subscribed and sworn to before me this		a. Is this an original filing? .....
day of		b. If no,
		1. State the amendment number.....
		2. Date filed .....
		3. Number of pages attached.....

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) .....	82,439,462		82,439,462	75,711,193
2. Stocks (Schedule D):				
2.1 Preferred stocks .....				
2.2 Common stocks .....	7,558,992		7,558,992	7,186,144
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 (\$ .....259,396 , Schedule E - Part 1), cash equivalents				
(\$ ..... , Schedule E - Part 2) and short-term				
investments (\$ .....100,000 , Schedule DA) .....	359,396		359,396	436,614
6. Contract loans (including \$ ..... premium notes) .....				
7. Derivatives (Schedule DB) .....				
8. Other invested assets (Schedule BA) .....				
9. Receivable for securities .....				186
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) .....	90,357,849		90,357,849	83,334,136
13. Title plants less \$ ..... charged off (for Title insurers				
only) .....				
14. Investment income due and accrued .....	642,641		642,641	581,841
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection .....	6,623,019	92,503	6,530,516	5,525,865
15.2 Deferred premiums, agents' balances and installments booked but				
deferred and not yet due (including \$ .....20,752				
earned but unbilled premiums) .....	619,030	2,306	616,724	638,403
15.3 Accrued retrospective premiums .....				
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers .....	315,945		315,945	372,975
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 .....	2,275,460	220,498	2,054,962	1,891,867
19. Guaranty funds receivable or on deposit .....	1,128,637		1,128,637	1,133,496
20. Electronic data processing equipment and software .....	29,413		29,413	19,729
21. Furniture and equipment, including health care delivery assets				
(\$ ..... ) .....	11,627	11,627		
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 .....	1,405,810	565,329	840,481	1,078,382
26. Total assets excluding Separate Accounts, Segregated Accounts and				
Protected Cell Accounts (Lines 12 to 25) .....	103,409,430	892,262	102,517,168	94,576,694
27. From Separate Accounts, Segregated Accounts and Protected Cell				
Accounts .....				
28. Total (Lines 26 and 27)	103,409,430	892,262	102,517,168	94,576,694
DETAILS OF WRITE-INS				
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 .....	701,811	4,150	697,661	875,831
2502. Equities and Deposits in Pools and Associations .....	143,531	710	142,821	202,551
2503. Prepaid Expenses .....	112,829	112,829		
2598. Summary of remaining write-ins for Line 25 from overflow page .....	447,639	447,639		
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above)	1,405,810	565,329	840,481	1,078,382

ANNUAL STATEMENT FOR THE YEAR 2014 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) .....	28,801,741	25,612,110
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6) .....		314
3. Loss adjustment expenses (Part 2A, Line 35, Column 9) .....	7,415,803	7,135,067
4. Commissions payable, contingent commissions and other similar charges .....	544,270	567,901
5. Other expenses (excluding taxes, licenses and fees) .....	1,147,027	1,167,148
6. Taxes, licenses and fees (excluding federal and foreign income taxes) .....	730,388	725,185
7.1 Current federal and foreign income taxes (including \$ .....23,501 on realized capital gains (losses)) .....	2,121,091	905,868
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 \$ .....86,393,255 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) .....	11,226,279	9,824,366
10. Advance premium .....	119,136	123,075
11. Dividends declared and unpaid:		
11.1 Stockholders .....		
11.2 Policyholders .....	89,844	107,960
12. Ceded reinsurance premiums payable (net of ceding commissions) .....	220,135	226,170
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19) .....	13,472	33,625
14. Amounts withheld or retained by company for account of others .....	943,516	345,991
15. Remittances and items not allocated .....		
16. Provision for reinsurance (including \$ ..... certified) (Schedule F, Part 8) .....		6,322
17. Net adjustments in assets and liabilities due to foreign exchange rates .....		
18. Drafts outstanding .....		
19. Payable to parent, subsidiaries and affiliates .....	406,898	517,780
20. Derivatives .....		
21. Payable for securities .....		
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 .....	(298,234)	(315,062)
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25) .....	53,481,367	46,983,817
27. Protected cell liabilities .....		
28. Total liabilities (Lines 26 and 27) .....	53,481,367	46,983,817
29. Aggregate write-ins for special surplus funds .....	211,381	161,851
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 .....	5,139,802	5,139,802
35. Unassigned funds (surplus) .....	40,184,618	38,791,224
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) .....	49,035,801	47,592,877
38. TOTALS (Page 2, Line 28, Col. 3) .....	102,517,168	94,576,694
DETAILS OF WRITE-INS		
2501. Contingent Balances in Safety Groups .....	29,310	53,640
2502. Miscellaneous Accounts Payable .....		28,085
2503. Liability for Pension Benefits .....	(327,544)	(396,787)
2598. Summary of remaining write-ins for Line 25 from overflow page .....		
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above) .....	(298,234)	(315,062)
2901. Reserve for Undeclared Dividends .....	211,381	161,851
2902. ....		
2903. ....		
2998. Summary of remaining write-ins for Line 29 from overflow page .....		
2999. Totals (Lines 2901 thru 2903 plus 2998)(Line 29 above) .....	211,381	161,851
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) .....		

STATEMENT OF INCOME

	1 Current Year	2 Prior Year
UNDERWRITING INCOME		
1. Premiums earned (Part 1, Line 35, Column 4)	21,490,674	18,760,134
DEDUCTIONS:		
2. Losses incurred (Part 2, Line 35, Column 7)	11,512,269	9,330,290
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1)	2,709,189	2,955,174
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2)	7,852,481	7,528,649
5. Aggregate write-ins for underwriting deductions		
6. Total underwriting deductions (Lines 2 through 5)	22,073,940	19,814,114
7. Net income of protected cells		
8. Net underwriting gain or (loss) (Line 1 minus Line 6 plus Line 7)	(583,266)	(1,053,980)
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17)	2,817,083	2,663,825
10. Net realized capital gains or (losses) less capital gains tax of \$ 23,501 (Exhibit of Capital Gains (Losses) )	43,607	355,750
11. Net investment gain (loss) (Lines 9 + 10)	2,860,690	3,019,575
OTHER INCOME		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$ 1,108 amount charged off \$ 42,844 )	(41,736)	(29,436)
13. Finance and service charges not included in premiums	457,036	695,636
14. Aggregate write-ins for miscellaneous income	(23,796)	(13,054)
15. Total other income (Lines 12 through 14)	391,504	653,146
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	2,668,928	2,618,740
17. Dividends to policyholders	234,432	224,860
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)	2,434,496	2,393,880
19. Federal and foreign income taxes incurred	1,321,333	699,032
20. Net income (Line 18 minus Line 19)(to Line 22)	1,113,163	1,694,848
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	47,592,877	41,669,496
22. Net income (from Line 20)	1,113,163	1,694,848
23. Net transfers (to) from Protected Cell accounts		
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$ 103,291	191,827	39,764
25. Change in net unrealized foreign exchange capital gain (loss)		
26. Change in net deferred income tax	316,267	103,753
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Col. 3)	(24,597)	1,667,076
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)	6,322	47,627
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		3,000,000
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	(160,057)	(629,688)
38. Change in surplus as regards policyholders for the year (Lines 22 through 37)	1,442,924	5,923,381
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37)	49,035,801	47,592,877
DETAILS OF WRITE-INS		
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	1,089	326
1402. Miscellaneous Income	(24,885)	(13,380)
1403.		
1498. Summary of remaining write-ins for Line 14 from overflow page		
1499. Totals (Lines 1401 thru 1403 plus 1498)(Line 14 above)	(23,796)	(13,054)
3701. Contingent Balance in Safety Groups	24,330	(20,970)
3702. Pension Expense	(115,144)	
3703. Pension Benefit Obligation	(69,243)	(608,718)
3798. Summary of remaining write-ins for Line 37 from overflow page		
3799. Totals (Lines 3701 thru 3703 plus 3798)(Line 37 above)	(160,057)	(629,688)

ANNUAL STATEMENT FOR THE YEAR 2014 OF THE REPUBLIC-FRANKLIN INSURANCE COMPANY

CASH FLOW

	1	2
	Current Year	Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance .....	20,881,032	19,166,902
2. Net investment income .....	3,003,911	2,847,503
3. Miscellaneous income .....	391,504	653,146
4. Total (Lines 1 through 3) .....	24,276,447	22,667,551
5. Benefit and loss related payments .....	10,922,193	9,016,592
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts .....		
7. Commissions, expenses paid and aggregate write-ins for deductions .....	11,376,802	10,937,616
8. Dividends paid to policyholders .....	252,548	224,441
9. Federal and foreign income taxes paid (recovered) net of \$ .....23,501 tax on capital gains (losses) .....	129,611	798,289
10. Total (Lines 5 through 9) .....	22,681,154	20,976,938
11. Net cash from operations (Line 4 minus Line 10) .....	1,595,293	1,690,613
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds .....	9,214,474	13,598,004
12.2 Stocks .....		9,811,423
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 .....		(146)
12.7 Miscellaneous proceeds .....	186	
12.8 Total investment proceeds (Lines 12.1 to 12.7) .....	9,214,660	23,409,282
13. Cost of investments acquired (long-term only):		
13.1 Bonds .....	16,126,809	21,458,808
13.2 Stocks .....	77,730	16,589,381
13.3 Mortgage loans .....		
13.4 Real estate .....		
13.5 Other invested assets .....		
13.6 Miscellaneous applications .....		282
13.7 Total investments acquired (Lines 13.1 to 13.6) .....	16,204,538	38,048,471
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) .....	(6,989,879)	(14,639,189)
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes .....		
16.2 Capital and paid in surplus, less treasury stock .....		3,000,000
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) .....	5,317,367	(112,065)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6) .....	5,317,367	2,887,935
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17) .....	(77,218)	(10,060,640)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year .....	436,614	10,497,254
19.2 End of period (Line 18 plus Line 19.1) .....	359,396	436,614

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

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ANNUAL STATEMENT FOR THE YEAR 2014 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 .....	42,295	25,182	23,236	44,241
2.	Allied lines .....	38,651	20,356	20,075	38,932
3.	Farmowners multiple peril .....				
4.	Homeowners multiple peril .....	1,350,872	736,996	798,482	1,361,272
5.	Commercial multiple peril .....	5,226,056	2,605,334	2,799,917	5,031,472
6.	Mortgage guaranty .....				
8.	Ocean marine .....				
9.	Inland marine .....	43,882	29,806	27,284	46,405
10.	Financial guaranty .....				
11.1	Medical professional liability - occurrence .....				
11.2	Medical professional liability - claims-made .....				
12.	Earthquake .....	1,360	766	651	1,476
13.	Group accident and health .....				
14.	Credit accident and health (group and individual) .....				
15.	Other accident and health .....				
16.	Workers' compensation .....	4,795,015	2,211,431	2,138,765	4,867,680
17.1	Other liability - occurrence .....	1,027,115	424,483	521,497	1,026,443
17.2	Other liability - claims-made .....	1,844,866	837,715	823,949	1,858,631
17.3	Excess workers' compensation .....				
18.1	Products liability - occurrence .....	10,977	8,289	10,503	8,763
18.2	Products liability - claims-made .....	1			1
19.1, 19.2	Private passenger auto liability .....	2,111,657	673,932	1,261,691	2,077,055
19.3, 19.4	Commercial auto liability .....	3,193,694	1,418,831	1,600,308	3,025,572
21.	Auto physical damage .....	2,114,995	784,868	1,154,202	2,040,561
22.	Aircraft (all perils) .....	(14)			(14)
23.	Fidelity .....	491	1,787	164	2,114
24.	Surety .....	34,030	26,084	23,666	36,448
26.	Burglary and theft .....	23,399	18,309	19,687	22,020
27.	Boiler and machinery .....				
28.	Credit .....				
29.	International .....				
30.	Warranty .....				
31.	Reinsurance - nonproportional assumed property .....	4	2	2	5
32.	Reinsurance - nonproportional assumed liability .....				
33.	Reinsurance - nonproportional assumed financial lines .....				
34.	Aggregate write-ins for other lines of business .....	882	194	2,197	1,598
35.	TOTALS	21,860,228	9,824,366	11,226,279	21,490,674
DETAILS OF WRITE-INS					
3401.	Involuntary Unemployment Insurance .....	882	194	2,197	1,598
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)	882	194	2,197	1,598

ANNUAL STATEMENT FOR THE YEAR 2014 OF THE REPUBLIC-FRANKLIN INSURANCE COMPANY

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1A - RECAPITULATION OF ALL PREMIUMS

Line of Business		1	2	3	4	5
		Amount Unearned (Running One Year or Less from Date of Policy) (a)	Amount Unearned (Running More Than One Year from Date of Policy) (a)	Earned But Unbilled Premium	Reserve for Rate Credits and Retrospective Adjustments Based on Experience	Total Reserve for Unearned Premiums Cols. 1 + 2 + 3 + 4
1.	Fire .....	23,236				23,236
2.	Allied lines .....	20,075				20,075
3.	Farmowners multiple peril .....					
4.	Homeowners multiple peril .....	798,482				798,482
5.	Commercial multiple peril .....	2,799,917				2,799,917
6.	Mortgage guaranty .....					
8.	Ocean marine .....					
9.	Inland marine .....	27,284				27,284
10.	Financial guaranty .....					
11.1	Medical professional liability - occurrence .....					
11.2	Medical professional liability - claims-made .....					
12.	Earthquake .....	651				651
13.	Group accident and health .....					
14.	Credit accident and health (group and individual) .....					
15.	Other accident and health .....					
16.	Workers' compensation .....	2,138,765				2,138,765
17.1	Other liability - occurrence .....	521,497				521,497
17.2	Other liability - claims-made .....	823,949				823,949
17.3	Excess workers' compensation .....					
18.1	Products liability - occurrence .....	10,503				10,503
18.2	Products liability - claims-made .....					
19.1, 19.2	Private passenger auto liability .....	1,261,691				1,261,691
19.3, 19.4	Commercial auto liability .....	1,600,308				1,600,308
21.	Auto physical damage .....	1,154,202				1,154,202
22.	Aircraft (all perils) .....					
23.	Fidelity .....	164				164
24.	Surety .....	23,666				23,666
26.	Burglary and theft .....	19,687				19,687
27.	Boiler and machinery .....					
28.	Credit .....					
29.	International .....					
30.	Warranty .....					
31.	Reinsurance - nonproportional assumed property .....	2				2
32.	Reinsurance - nonproportional assumed liability .....					
33.	Reinsurance - nonproportional assumed financial lines .....					
34.	Aggregate write-ins for other lines of business	621	1,575			2,197
35.	TOTALS	11,224,703	1,575			11,226,279
36.	Accrued retrospective premiums based on experience .....					
37.	Earned but unbilled premiums .....					
38.	Balance (Sum of Line 35 through 37)					11,226,279
DETAILS OF WRITE-INS						
3401.	Involuntary Unemployment Insurance .....	621	1,575			2,197
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)	621	1,575			2,197

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

## UNDERWRITING AND INVESTMENT EXHIBIT

		1	Reinsurance Assumed		Reinsurance Ceded		6 Net Premiums Written Cols. 1+2+3-4-5
			2	3	4	5	
Line of Business		Direct Business (a)	From Affiliates	From Non-Affiliates	To Affiliates	To Non-Affiliates	
1.	Fire .....	117,816	42,295		90,918	26,898	42,295
2.	Allied lines .....	108,878	38,651		87,696	21,182	38,651
3.	Farmowners multiple peril .....						
4.	Homeowners multiple peril .....	15,289,585	1,350,872		14,294,269	995,316	1,350,872
5.	Commercial multiple peril .....	56,154,649	5,226,056		49,637,311	6,517,339	5,226,056
6.	Mortgage guaranty .....						
8.	Ocean marine .....						
9.	Inland marine .....	342,268	43,882		263,300	78,968	43,882
10.	Financial guaranty .....						
11.1	Medical professional liability - occurrence .....						
11.2	Medical professional liability - claims-made .....						
12.	Earthquake .....	13,086	1,360		13,017	69	1,360
13.	Group accident and health .....						
14.	Credit accident and health (group and individual) .....						
15.	Other accident and health .....						
16.	Workers' compensation .....	31,486,395	4,795,015	0	30,468,143	1,018,251	4,795,015
17.1	Other liability - occurrence .....	3,201,552	1,027,115		2,751,144	450,407	1,027,115
17.2	Other liability - claims-made .....	13,975,616	1,844,866		12,979,643	995,973	1,844,866
17.3	Excess workers' compensation .....						
18.1	Products liability - occurrence .....	30,788	10,977		24,173	6,615	10,977
18.2	Products liability - claims-made .....		1				1
19.1, 19.2	Private passenger auto liability .....	6,703,029	2,111,657		6,693,029	10,000	2,111,657
19.3, 19.4	Commercial auto liability .....	33,896,902	3,193,694		33,682,752	214,150	3,193,694
21.	Auto physical damage .....	12,671,218	2,114,995		12,605,820	65,398	2,114,995
22.	Aircraft (all perils) .....		(14)				(14)
23.	Fidelity .....		491		7	(7)	491
24.	Surety .....	4,556	34,030		4,556		34,030
26.	Burglary and theft .....	2,700	23,399		2,482	218	23,399
27.	Boiler and machinery .....						
28.	Credit .....						
29.	International .....						
30.	Warranty .....						
31.	Reinsurance - nonproportional assumed property .....	XXX	4				4
32.	Reinsurance - nonproportional assumed liability .....	XXX					
33.	Reinsurance - nonproportional assumed financial lines .....	XXX					
34.	Aggregate write-ins for other lines of business .....		882				882
35.	TOTALS	173,999,038	21,860,228	0	163,598,259	10,400,779	21,860,228
DETAILS OF WRITE-INS							
3401.	Involuntary Unemployment Insurance		882				882
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)		882				882

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 2014 OF THE REPUBLIC-FRANKLIN INSURANCE COMPANY

**UNDERWRITING AND INVESTMENT EXHIBIT**

PART 2 - LOSSES PAID AND INCURRED

		Losses Paid Less Salvage				5	6	7	8
		1	2	3	4				
Line of Business		Direct Business	Reinsurance Assumed	Reinsurance Recovered	Net Payments (Cols. 1 + 2 -3 )	Net Losses Unpaid Current Year (Part 2A , Col. 8)	Net Losses Unpaid Prior Year	Losses Incurred Current Year (Cols. 4 + 5 - 6)	Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
1.	Fire .....		6,223		6,223	2,701	3,161	5,433	12.3
2.	Allied lines .....		10,796		10,796	1,872	3,934	8,734	22.4
3.	Farmowners multiple peril .....								
4.	Homeowners multiple peril .....	6,868,160	633,134	6,868,160	633,134	294,089	247,447	664,151	48.8
5.	Commercial multiple peril .....	33,813,437	2,351,482	33,813,437	2,351,482	4,244,603	4,196,449	2,399,636	47.7
6.	Mortgage guaranty .....								
8.	Ocean marine .....		8,898		8,898	59,000	72,137	(4,238)	
9.	Inland marine .....	71,449	9,445	71,449	9,445	1,217	1,992	8,670	18.7
10.	Financial guaranty .....								
11.1	Medical professional liability - occurrence .....								
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 .....	18,516,382	2,297,328	18,518,166	2,295,544	12,772,913	12,524,389	2,544,068	52.3
17.1	Other liability - occurrence .....	476,472	731,764	534,390	673,846	3,680,695	2,238,440	340,764	33.2
17.2	Other liability - claims-made .....	3,280,267	820,756	3,280,267	820,756	2,445,652	2,283,175	983,233	52.9
17.3	Excess workers' compensation .....								
18.1	Products liability - occurrence .....					11,148	12,588	(1,440)	(16.4)
18.2	Products liability - claims-made .....								
19.1, 19.2	Private passenger auto liability .....	3,823,557	1,220,241	3,823,557	1,220,241	2,028,190	1,002,205	1,408,201	67.8
19.3, 19.4	Commercial auto liability .....	17,277,683	1,651,330	17,278,907	1,650,106	3,177,550	2,958,128	1,853,510	61.3
21.	Auto physical damage .....	7,519,668	1,300,437	7,519,668	1,300,437	20,923	2,411	1,309,754	64.2
22.	Aircraft (all perils) .....		(146)		(146)	117	324	(354)	2,474.4
23.	Fidelity .....		(202)		(202)	18,929	19,600	(873)	(41.3)
24.	Surety .....		(1,510)		(1,510)	39,842	45,579	(7,247)	(19.9)
26.	Burglary and theft .....		0		0	150	150	0	0.0
27.	Boiler and machinery .....								
28.	Credit .....								
29.	International .....								
30.	Warranty .....								
31.	Reinsurance - nonproportional assumed property .....	XXX	2		2		0	2	42.6
32.	Reinsurance - nonproportional assumed liability .....	XXX							
33.	Reinsurance - nonproportional assumed financial lines .....	XXX							
34.	Aggregate write-ins for other lines of business .....		168		168	2,151		265	16.6
35.	TOTALS	91,647,074	11,040,148	91,708,000	10,979,222	28,801,741	25,612,110	11,512,269	53.6
DETAILS OF WRITE-INS									
3401.	Involuntary Unemployment Insurance .....		168		168	2,151		265	
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)		168		168	2,151		265	

ANNUAL STATEMENT FOR THE YEAR 2014 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	2	3	4	5	6	7		
		Direct	Reinsurance Assumed	Deduct Reinsurance Recoverable	Net Losses Excl. Incurred But Not Reported (Cols. 1 + 2 - 3)	Direct	Reinsurance Assumed	Reinsurance Ceded	Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	Net Unpaid Loss Adjustment Expenses
1.	Fire .....		2,211		2,211		490		2,701	1,594
2.	Allied lines .....		1,397		1,397		475		1,872	1,232
3.	Farmowners multiple peril .....									
4.	Homeowners multiple peril .....	1,838,912	256,992	1,838,912	256,992	246,000	37,096	246,000	294,089	99,667
5.	Commercial multiple peril .....	45,160,318	3,265,793	45,160,318	3,265,793	8,990,000	978,810	8,990,000	4,244,603	2,198,602
6.	Mortgage guaranty .....									
8.	Ocean marine .....		54,800		54,800		4,200		59,000	7,710
9.	Inland marine .....	23,804	767	23,804	767	1,000	450	1,000	1,217	774
10.	Financial guaranty .....									
11.1	Medical professional liability - occurrence .....									
11.2	Medical professional liability - claims-made .....									
12.	Earthquake .....									1
13.	Group accident and health .....								(a)	
14.	Credit accident and health (group and individual) .....									
15.	Other accident and health .....								(a)	
16.	Workers' compensation .....	82,617,105	11,952,857	82,617,106	11,952,856	4,242,000	820,058	4,242,001	12,772,913	1,697,731
17.1	Other liability - occurrence .....	1,315,000	2,388,676	1,315,000	2,388,676	4,790,000	2,254,019	5,752,000	3,680,695	973,553
17.2	Other liability - claims-made .....	7,659,567	2,445,652	7,659,567	2,445,652				2,445,652	972,403
17.3	Excess workers' compensation .....									
18.1	Products liability - occurrence .....		10,188		10,188		960		11,148	70,379
18.2	Products liability - claims-made .....									
19.1, 19.2	Private passenger auto liability .....	6,131,553	1,896,670	6,131,553	1,896,670	871,000	131,520	871,000	2,028,190	598,168
19.3, 19.4	Commercial auto liability .....	30,715,539	2,913,999	30,715,539	2,913,999	2,430,000	263,550	2,430,000	3,177,550	694,763
21.	Auto physical damage .....	(313,125)	(17,199)	(313,125)	(17,199)	412,000	38,123	412,000	20,923	50,738
22.	Aircraft (all perils) .....		(393)		(393)		510		117	
23.	Fidelity .....		6,779		6,779		12,150		18,929	17,382
24.	Surety .....		22,652		22,652		17,190		39,842	30,994
26.	Burglary and theft .....						150		150	67
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 .....		2,031		2,031		120		2,151	45
35.	TOTALS .....	175,148,673	25,203,871	175,148,674	25,203,870	21,982,000	4,559,872	22,944,001	28,801,741	7,415,803
DETAILS OF WRITE-INS										
3401.	Involuntary Unemployment Insurance .....		2,031		2,031		120		2,151	45
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) .....		2,031		2,031		120		2,151	45

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - EXPENSES

	1	2	3	4
	Loss Adjustment Expenses	Other Underwriting Expenses	Investment Expenses	Total
1. Claim adjustment services:				
1.1 Direct .....	11,406,692			11,406,692
1.2 Reinsurance assumed .....	(5,186,150)			(5,186,150)
1.3 Reinsurance ceded .....	4,804,580			4,804,580
1.4 Net claim adjustment service (1.1 + 1.2 - 1.3) .....	1,415,962			1,415,962
2. Commission and brokerage:				
2.1 Direct excluding contingent .....		23,333,030		23,333,030
2.2 Reinsurance assumed, excluding contingent .....		3,730,223		3,730,223
2.3 Reinsurance ceded, excluding contingent .....		23,292,498		23,292,498
2.4 Contingent - direct .....		2,186,327		2,186,327
2.5 Contingent - reinsurance assumed .....		154,437		154,437
2.6 Contingent - reinsurance ceded .....		2,007,347		2,007,347
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) .....		4,104,172		4,104,172
3. Allowances to managers and agents .....		12,796		12,796
4. Advertising .....		12,163		12,163
5. Boards, bureaus and associations .....	1,345	121,790		123,135
6. Surveys and underwriting reports .....	1,139	221,571		222,711
7. Audit of assureds' records .....		18,912		18,912
8. Salary and related items:				
8.1 Salaries .....	768,038	1,815,716	12,325	2,596,079
8.2 Payroll taxes .....	57,110	135,205	847	193,162
9. Employee relations and welfare .....	50,081	111,517	18	161,616
10. Insurance .....	17,449	36,940	988	55,377
11. Directors' fees .....	3,573	18,997	714	23,283
12. Travel and travel items .....	12,267	130,727	134	143,127
13. Rent and rent items .....	71,458	158,248	955	230,660
14. Equipment .....	5,912	18,010	42	23,965
15. Cost or depreciation of EDP equipment and software .....	107,487	379,615	403	487,504
16. Printing and stationery .....	3,919	20,391	57	24,367
17. Postage, telephone and telegraph, exchange and express .....	18,434	67,871	12,910	99,215
18. Legal and auditing .....	1,904	63,175	54	65,132
19. Totals (Lines 3 to 18) .....	1,120,114	3,343,642	29,447	4,493,203
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$ .....610,700 .....	20,278	537,710		557,987
20.2 Insurance department licenses and fees .....		46,863		46,863
20.3 Gross guaranty association assessments .....		2,053		2,053
20.4 All other (excluding federal and foreign income and real estate) .....		12		12
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4) .....	20,278	586,637		606,915
21. Real estate expenses .....				
22. Real estate taxes .....				
23. Reimbursements by uninsured plans .....				
24. Aggregate write-ins for miscellaneous expenses .....	152,835	(181,970)	54,458	25,322
25. Total expenses incurred .....	2,709,189	7,852,481	83,905	(a) 10,645,575
26. Less unpaid expenses - current year .....	7,415,803	1,493,171	30,202	8,939,177
27. Add unpaid expenses - prior year .....	7,135,067	1,623,553	33,376	8,791,995
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)	3,331,373	8,029,361	87,449	10,498,394
<b>DETAILS OF WRITE-INS</b>				
2401. Contributions .....	3	257		260
2402. Outside Service Fees .....	132,460	347,274	52,522	532,256
2403. Claims Service Fees .....	1,237	0		1,237
2498. Summary of remaining write-ins for Line 24 from overflow page .....	19,134	(529,501)	1,936	(508,431)
2499. Totals (Lines 2401 thru 2403 plus 2498)(Line 24 above)	152,835	(181,970)	54,458	25,322

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

ANNUAL STATEMENT FOR THE YEAR 2014 OF THE REPUBLIC-FRANKLIN INSURANCE COMPANY

EXHIBIT OF NET INVESTMENT INCOME

		1	2
		Collected During Year	Earned During Year
1.	U.S. Government bonds .....	(a) .....291,586	.....290,224
1.1	Bonds exempt from U.S. tax .....	(a) .....195,382	.....213,327
1.2	Other bonds (unaffiliated) .....	(a) .....2,105,585	.....2,149,802
1.3	Bonds of affiliates .....	(a) .....	.....
2.1	Preferred stocks (unaffiliated) .....	(b) .....	.....
2.11	Preferred stocks of affiliates .....	(b) .....	.....
2.2	Common stocks (unaffiliated) .....	.....245,222	.....245,222
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) .....	.....
7	Derivative instruments .....	(f) .....	.....
8.	Other invested assets .....	.....	.....
9.	Aggregate write-ins for investment income .....	.....2,413	.....2,413
10.	Total gross investment income .....	2,840,188	2,900,988
11.	Investment expenses .....		(g) .....83,905
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) .....		.....83,905
17.	Net investment income (Line 10 minus Line 16)		2,817,083
DETAILS OF WRITE-INS			
0901.	Miscellaneous Income .....	2,413	2,413
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)	2,413	2,413
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 \$ .....48,533 accrual of discount less \$ .....299,706 amortization of premium and less \$ .....59,771 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 \$ ..... 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	2	3	4	5
		Realized Gain (Loss) On Sales or Maturity	Other Realized Adjustments	Total Realized Capital Gain (Loss) (Columns 1 + 2)	Change in Unrealized Capital Gain (Loss)	Change in Unrealized Foreign Exchange Capital Gain (Loss)
1.	U.S. Government bonds .....					
1.1	Bonds exempt from U.S. tax .....					
1.2	Other bonds (unaffiliated) .....	.....67,108		.....67,108		
1.3	Bonds of affiliates .....					
2.1	Preferred stocks (unaffiliated) .....					
2.11	Preferred stocks of affiliates .....					
2.2	Common stocks (unaffiliated) .....				.....295,118	
2.21	Common stocks of affiliates .....					
3.	Mortgage loans .....					
4.	Real estate .....					
5.	Contract loans .....					
6.	Cash, cash equivalents and short-term investments .....					
7.	Derivative instruments .....					
8.	Other invested assets .....					
9.	Aggregate write-ins for capital gains (losses) .....					
10.	Total capital gains (losses)	67,108		67,108	295,118	
DETAILS OF WRITE-INS						
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)					

EXHIBIT OF NON-ADMITTED ASSETS

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	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 .....	92,503	104,149	11,646
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due .....	2,306	951	(1,355)
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 .....	220,498	170,617	(49,881)
19. Guaranty funds receivable or on deposit .....			
20. Electronic data processing equipment and software .....			
21. Furniture and equipment, including health care delivery assets .....	11,627	6,666	(4,961)
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 .....	565,329	533,530	(31,799)
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) .....	892,262	815,912	(76,350)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....			
28. Total (Lines 26 and 27) .....	892,262	815,912	(76,350)
DETAILS OF WRITE-INS			
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 .....	4,150	7,238	3,087
2502. Clearing Accounts .....	40,434	30,960	(9,474)
2503. Deposits .....	400	400	
2598. Summary of remaining write-ins for Line 25 from overflow page .....	520,344	494,932	(25,412)
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above)	565,329	533,530	(31,799)

ANNUAL STATEMENT FOR THE YEAR 2014 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 net income and capital and surplus between NAIC SAP and practices prescribed and permitted by the state of Ohio is shown below.

<u>Net Income</u>	<u>State of Domicile</u>	<u>2014</u>	<u>2013</u>
(1) Net Income, state basis (Page 4, Line 20, Columns 1 & 3)	Ohio	1,113,163	1,694,848
(2) State Prescribed Practices that increase/(decrease) NAIC SAP	Ohio	0	0
(3) State Permitted Practices that increase/(decrease) NAIC SAP	Ohio	0	0
(4) Net Income, NAIC SAP (1 - 2 - 3 = 4)	Ohio	<u>1,113,163</u>	<u>1,694,848</u>
<u>Surplus</u>			
(1) Statutory surplus, state basis (Page 3, Line 37, Columns 1 & 2)	Ohio	49,035,801	47,592,877
(2) State Prescribed Practices that increase/(decrease) NAIC SAP	Ohio	0	0
(3) State Permitted Practices that increase/(decrease) NAIC SAP	Ohio	0	0
(4) Statutory Surplus, NAIC SAP (1 - 2 - 3 = 4)	Ohio	<u>49,035,801</u>	<u>47,592,877</u>

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.

Note 2 – Accounting Changes and Corrections of Errors

During 2014 there were no material changes due to accounting changes or corrections of errors.

ANNUAL STATEMENT FOR THE YEAR 2014 OF THE REPUBLIC-FRANKLIN INSURANCE COMPANY

NOTES TO FINANCIAL STATEMENTS

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.

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. Loan 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. Not applicable.

4. Unrealized Losses

a. The aggregate amount of unrealized losses

1. Less than 12 Months\$ 415,358

2. 12 Months or Longer\$ 291,568

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

1. Less than 12 Months\$12,621,447

2. 12 Months or Longer\$19,091,406

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 rating, 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.

H. Restricted Assets

(1) Restricted Assets (Including Pledged)
- |   | Gross Restricted            |  |  |   |                  |                       |                                   |  | Percentage                       |  |  |
|---|-----------------------------|--|--|---|------------------|-----------------------|-----------------------------------|--|----------------------------------|--|--|
|   | Current Year                |  |  |   |                  | 6                     | 7                                 |  | 9                                | 10   |  |
|   | 1                           | 2  | 3  | 4   | 5                |                       |                                   |  |                                  |  |  |
|   | Total General Account (G/A) | G/A Supporting Protected Cell Account Activity (a) | Total Protected Cell Account Restricted Assets | Protected Cell Account Assets Supporting G/A Activity (b) | Total (1 plus 3) | Total From Prior Year | Increase / (Decrease) (5 minus 6) | Total Current Year Admitted Restricted | Gross Restricted to Total Assets | Admitted Restricted to Total Admitted Assets |  |
| Restricted Asset Category   |                             |  |  |   |                  |                       |                                   |  |                                  |  |  |
| a. Subject to contractual obligation for which liability is not shown | \$ -                        | \$ -   | \$ -   | \$ -  | \$ -             | \$ -                  | \$ -                              | \$ -                                   |                                  |  |  |
| b. Collateral held under security lending agreements                  |                             |  |  |   |                  |                       |                                   |  |                                  |  |  |
| c. Subject to repurchase agreements                                   |                             |  |  |   |                  |                       |                                   |  |                                  |  |  |
| d. Subject to reverse repurchase agreements                           |                             |  |  |   |                  |                       |                                   |  |                                  |  |  |
| e. Subject to dollar repurchase agreements                            |                             |  |  |   |                  |                       |                                   |  |                                  |  |  |
| f. Subject to dollar reverse repurchase agreements                    |                             |  |  |   |                  |                       |                                   |  |                                  |  |  |
| g. Placed under option contracts                                      |                             |  |  |   |                  |                       |                                   |  |                                  |  |  |
| h. Letter stock or securities restricted as to sale                   |                             |  |  |   |                  |                       |                                   |  |                                  |  |  |
| i. FHLB Capital Stock   |                             |  |  |   |                  |                       |                                   |  |                                  |  |  |
| j. On deposit with states   | 3,082,479                   |  |  |   | 3,082,479        | 3,082,479             | 0                                 | 3,082,479                              | 2.981%                           | 3.007%                                       |  |
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ANNUAL STATEMENT FOR THE YEAR 2014 OF THE REPUBLIC-FRANKLIN INSURANCE COMPANY

NOTES TO FINANCIAL STATEMENTS

k.	On deposit with other regulatory bodies										
l.	Pledged as collateral to FHLB										
m.	Pledged as collateral not captured in other categories										
n.	Other restricted assets										
o.	Total Restricted Assets	\$ 3,082,479	\$ -	\$ -	\$ -	\$ 3,082,479	\$ 3,082,479	\$ -	\$ 3,082,479	2.981%	3.007%

(a) Subset of column 1

(b) Subset of column 3

(2) Not applicable

(3) Not applicable

I. The Company does not have any working capital finance investments.

J. Offsetting and Netting of Assets and Liabilities – not applicable

K. The Company does not have any structured notes.

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. Components of deferred tax assets (DTAs) and deferred tax liabilities (DTLs):

(1) DTA/DTL Components	Ordinary	2014 Capital	Total	Ordinary	2013 Capital	Total	Ordinary	Change Capital	Total
(a) Gross Deferred Tax Assets	2,521,781	0	2,521,781	2,255,666	0	2,255,666	266,115	0	266,115
(b) Statutory Valuation Allowance Adjustment	0	0	0	0	0	0	0	0	0
(c) Adjusted Gross Deferred Tax Assets (1a - 1b)	2,521,781	0	2,521,781	2,255,666	0	2,255,666	266,115	0	266,115
(d) Deferred Tax Assets Nonadmitted	220,498	0	220,498	170,617	0	170,617	49,881	0	49,881
(e) Subtotal Net Admitted Deferred Tax Asset (1c - 1d)	2,301,283	0	2,301,283	2,085,049	0	2,085,049	216,234	0	216,234
(f) Deferred Tax Liabilities	134,161	112,160	246,321	184,313	8,869	193,182	(50,152)	103,291	53,139
Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e - 1f)	2,167,122	(112,160)	2,054,962	1,900,736	(8,869)	1,891,867	266,386	(103,291)	163,095

(2) Admission calculation components - SSAP No. 101	Ordinary	2014 Capital	Total	Ordinary	2013 Capital	Total	Ordinary	Change Capital	Total
(a) Federal Income Taxes Paid in Prior Years Recoverable Through Loss Carrybacks	267,171	0	267,171	1,119,753	0	1,119,753	(852,582)	0	(852,582)
(b) Adjusted Gross Deferred Tax Assets Expected To Be Realized (Excluding The Amount of Deferred Tax Assets From 2(a) above) After Application of the Threshold Limitation. (The Lesser of 2(b)1 and 2(b)2 Below)	1,899,951	0	1,899,951	780,983	0	780,983	1,118,968	0	1,118,968
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	1,899,951	0	1,899,951	780,983	0	780,983	1,118,968	0	1,118,968
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.	N/A	N/A	7,073,960	N/A	N/A	6,745,094	N/A	N/A	328,866
(c) Adjusted Gross Deferred Tax Assets (Excluding The Amount of Deferred Tax Assets From 2(a) and 2(b) above) Offset by Gross Deferred Tax Liabilities.	134,161	0	134,161	184,313	0	184,313	(50,152)	0	(50,152)
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101. Total (2(a) + 2(b) + 2(c))	2,301,283	0	2,301,283	2,085,049	0	2,085,049	216,234	0	216,234

(3)		2014	2013
(a) Ratio Percentage Used To Determine Recovery Period And Threshold Limitation Amount.		1214.274%	1348.63%
(b) Amount of Adjusted Capital and Surplus Used To Determine Recovery Period and Threshold Limitation in 2(b)2 Above		46,951,426	44,967,291

(4) Impact of Tax Planning Strategies:

(a) Determination of Adjusted Gross Deferred Tax Assets and Net Admitted Deferred Tax Assets, by Tax Character as a Percentage.

	2014		2013		Change	
	Ordinary	Capital	Ordinary	Capital	Ordinary	Capital
(1) Adjusted gross DTAs amount from Note 9A1c	2,521,781	0	2,255,666	0	266,115	0
Percentage of Adjusted gross DTAs by tax character attributable to the impact of tax planning strategies.	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
(3) Net Admitted Adjusted gross DTAs amount from Note 9A1e	2,301,283	0	2,085,049	0	216,234	0
Percentage of Net Admitted Adjusted gross DTAs by tax character admitted because of the impact of tax planning strategies.	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
(b) Does the Company's tax planning strategies include the use of reinsurance?			NO			



ANNUAL STATEMENT FOR THE YEAR 2014 OF THE REPUBLIC-FRANKLIN INSURANCE COMPANY

NOTES TO FINANCIAL STATEMENTS

B. Temporary differences for which a DTL has not been established:  
Not Applicable

C. Current income taxes incurred consist of the following major components:

(1) Current Income Tax	2014	2013	Change
(a) Federal	1,390,805	742,407	648,398
(b) Foreign	0	0	0
(c) Subtotal	1,390,805	742,407	648,398
(d) Federal income tax on net capital gains	23,501	191,878	(168,377)
(e) Utilization of capital loss carry-forwards			0
(f) Other	(69,472)	(43,375)	(26,097)
(g) Federal and foreign income taxes incurred	1,344,834	890,910	453,924

(2) Deferred Tax Assets:	December 31, 2014	December 31, 2013	Change
(a) Ordinary:			
(1) Discounting of unpaid losses	1,104,713	1,072,791	31,922
(2) Unearned premium reserve	856,702	603,023	253,679
(3) Policyholder reserves	0	0	0
(4) Investments	0	0	0
(5) Deferred acquisition costs	0	0	0
(6) Policyholder dividends accrual	0	0	0
(7) Fixed Assets	159,829	143,233	16,596
(8) Compensation and benefits accrual	326,023	322,836	3,186
(9) Pension accrual	0	40,233	(40,233)
(10) Receivables - nonadmitted	0	0	0
(11) Net operating loss carry-forward	0	0	0
(12) Tax credit carry-forward	0	0	0
(13) Other (including items <5% of total ordinary tax assets)	74,514	73,550	964
(99) Subtotal	2,521,781	2,255,666	266,115
(b) Statutory valuation adjustment	0	0	0
(c) Nonadmitted	220,498	170,617	49,881
(d) Admitted ordinary deferred tax assets (2a99 - 2b - 2c)	2,301,283	2,085,049	216,234
(e) Capital:			
(1) Investments	0	0	0
(2) Net capital loss carry-forward	0	0	0
(3) Real estate	0	0	0
(4) Other (including items <5% of total capital tax assets)	0	0	0
(99) Subtotal	0	0	0
(f) Statutory valuation adjustment	0	0	0
(g) Nonadmitted	0	0	0
(h) Admitted capital deferred tax assets (2e99 - 2f - 2g)	0	0	0
(i) Admitted deferred tax assets (2d + 2h)	2,301,283	2,085,049	216,234

(3) Deferred Tax Liabilities:	December 31, 2014	December 31, 2013	Change
(a) Ordinary:			
(1) Investments	19,016	24,935	(5,919)
(2) Fixed assets	89,960	131,811	(41,851)
(3) Deferred and uncollected premiums	0	0	0
(4) Policyholder reserves	0	0	0
(5) Other (including items <5% of total ordinary tax liabilities)	25,185	27,567	(2,382)
(99) Subtotal	134,161	184,314	(50,152)
(b) Capital:			
(1) Investments	112,160	8,869	103,291
(2) Real estate	0	0	0
(3) Other (including items <5% of total capital tax liabilities)	0	0	0
(99) Subtotal	112,160	8,869	103,291
(c) Deferred tax liabilities (3a99 + 3b99)	246,321	193,182	53,139
(4) Net deferred tax assets/liabilities (2i - 3c)	2,054,962	1,891,867	163,095

ANNUAL STATEMENT FOR THE YEAR 2014 OF THE REPUBLIC-FRANKLIN INSURANCE COMPANY

NOTES TO FINANCIAL STATEMENTS

(5) The change in net deferred income taxes is comprised of the following (this analysis is exclusive of nonadmitted DTAs as the Change in Nonadmitted Assets is reported separately from the Change in Net Deferred Income Taxes in the surplus section of the Annual Statement):

	December 31, 2014	December 31, 2013	Bal. Sheet Change
Total deferred tax assets	2,521,781	2,255,666	266,115
Total deferred tax liabilities	246,321	193,182	53,139
Net deferred tax assets/liabilities	2,275,460	2,062,484	212,976
Statutory valuation allowance adjustment	0	0	0
Net deferred tax assets/liabilities after SVA	2,275,460	2,062,484	212,976
Tax effect of unrealized gains/(losses)			103,291
Statutory valuation allowance adjustment allocated to unrealized			0
Other intraperiod allocation of deferred tax movement			0
Change in net deferred income tax [(charge)/benefit]			316,267

D. Reconciliation of total statutory income taxes reported to tax at statutory tax rate:

The provision for federal income taxes incurred is different from that which would be obtained by applying the statutory Federal income tax rate to income before income taxes including realized capital gains / losses. The significant items causing this difference are as follows:

Description	Amount	Statutory Rate 35.00% Tax Effect	Effective Tax Rate
Income Before Taxes (including all realized capital gains / (losses))	2,434,496	852,073	35%
Tax-Exempt Interest	(213,327)	(74,664)	-3%
Dividends Received Deduction	(55,091)	(19,282)	-1%
Proration	40,263	14,092	1%
Nondeductible Expenses	24,459	8,561	0%
Prior Year True-Up	8	3	0%
AMT Rate Differential	0	262,376	11%
NOL Carryback Benefit	0	0	0%
Non Admitted Asset	(26,468)	(9,264)	0%
IRS Adjustments	0	22,410	1%
True-Up of Deferred Taxes	216,303	(27,586)	-1%
Foreign Tax Credit	0	(152)	0%
Other	0	0	0%
Total	2,420,642	1,028,567	42%
Current federal income tax expense / (benefit)		1,390,805	57%
Foreign Income tax expense / (benefit)		0	0%
Tax expense / (benefit) on realized capital gains / (losses)		23,501	1%
Utilization of capital loss carry-forwards		0	0%
Other, including prior year under accrual (over accrual)		(69,472)	-3%
Federal income taxed incurred [expense/(benefit)]		1,344,834	55%
Change in net deferred income tax [charge/(benefit)]		(316,267)	-13%
Total statutory income taxes		1,028,567	42%

E. Carry-forwards, recoverable taxes, and IRC §6603 deposits:

- (1) The Company has no net operating, capital loss, or tax credit carry-forwards available.
- (2) Income taxes, ordinary and capital, available for recoupment in the event of future losses include:

Available from tax year	Ordinary	Capital	Total
2012	0	0	0
2013	0	10,191	10,191
2014	238,723	23,501	262,224
Total	238,723	33,692	272,415

- (3) Deposits admitted under IRC § 6603  
Not Applicable

- F. (1) The Company's Federal Income Tax Return is consolidated with the following entities: Utica Mutual Insurance Company, Republic-Franklin Insurance Company, Utica National Insurance Company of Texas, Utica Lloyd's, Inc., Utica National Assurance Company, Utica National Insurance Company of Ohio, Utica Specialty Risk Insurance Company, Founders Insurance Company, Founders Insurance Company of Michigan, Uni-Service Operations Co., Uni-Service Risk Management Co., Special Risk Solutions, Inc., 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.
- (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.

G. The Company has no liability for income tax loss contingencies and no increase in such liability is expected.

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

- A. Not applicable
- B. Not applicable
- C. Not applicable
- D. On December 31, 2014 the Company reported \$406,898 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.

ANNUAL STATEMENT FOR THE YEAR 2014 OF THE REPUBLIC-FRANKLIN INSURANCE COMPANY  
**NOTES TO FINANCIAL STATEMENTS**

- 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. Not applicable
- C. Not applicable
- D. Not applicable
- E. The Company does not have a defined contribution plan.
- F. The Company does not have any multi-employer plans.
- G. 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.

- H. The Company does not have any post employment benefits or compensated absences.
- I. 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, 2014 was \$49,035,801. The maximum dividend payout that may be made without approval is \$4,903,580.
- (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.

ANNUAL STATEMENT FOR THE YEAR 2014 OF THE REPUBLIC-FRANKLIN INSURANCE COMPANY

**NOTES TO FINANCIAL STATEMENTS**

- (10) The Company has unassigned funds represented / (reduced) by cumulative unrealized gains / (losses) in the amount of \$320,457.
- (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 \$1,171,565 and the related asset was \$610,700. 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. The Company did not make any loss or LAE payments in 2014 related to Extra Contractual Obligations (ECO) or Bad Faith settlements.
- E. The Company does not have any product warranty liability.
- F. The Company does not have any joint and several liabilities.
- G. 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**

A. Fair Value Measurements

(1) Fair Value Measurement at Reporting Date

(a) Assets at Fair Value

	Level 1	Level 2	Level 3	Total
Common Stock				
Mutual Fund	7,558,992	0	0	7,558,992
Total Common Stock	7,558,992	0	0	7,558,992
Total Assets at Fair Value	7,558,992	0	0	7,558,992

(b) Liabilities at Fair Value – Not applicable.

(2) Not applicable.

(3) Not applicable.

(4) The following are the levels of the hierarchy and a brief description of the type of valuation inputs that are used to establish each level:

Pricing Level 1 – Valuations based on unadjusted quoted prices in active markets for identical assets that our pricing sources have the ability to access. Since the valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these securities does not entail a significant amount or degree of judgment.

Pricing Level 2 – Valuations based upon quoted prices for similar assets in active markets, quoted prices for identical or similar assets in inactive markets; or valuations based on models where significant inputs are observable (e.g. interest rates, yield curves, prepayment speeds, default rates, loss severities) or can be corroborated by observable market data.

ANNUAL STATEMENT FOR THE YEAR 2014 OF THE REPUBLIC-FRANKLIN INSURANCE COMPANY

NOTES TO FINANCIAL STATEMENTS

Pricing Level 3 – Valuations that are derived from techniques in which one or more of the significant inputs are unobservable, including broker quotes which are non-binding.

(5) Not applicable.

B. Not applicable.

C.

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	Level 1	Level 2	Level 3	Not Practicable (Carrying Value)
Bonds	85,436,524	82,539,462	100,000	85,336,524	0	0
Common Stock	7,558,992	7,558,992	7,558,992	0	0	0

D. Not applicable.

Note 21 – Other Items

- A. The Company does not have any extraordinary items to report for the financial statement period.
- 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 does not have business interruption Insurance recoveries.
- E. The Company did not have any state transferable tax credits.
- F. The Company does not have any sub-prime mortgage related risk exposure.

Note 22 – Events Subsequent

Subsequent events have been considered through February 16, 2015 for the statutory statement issued on February 19, 2015. The Company did not have any events subsequent to report for this annual statement period.

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:

Group Code	Company Code	FEIN	Name of Reinsurer	Amount
0031	22039	13-2673100	General Reinsurance Corp	\$ 5,149,000
0000	00000	AA-1340125	Hannover Ruckversicherungs Ag	\$ 4,441,000
0158	23680	47-0698507	Odyssey America Reinsurance	\$ 3,291,000
3098	15105	43-0727872	Safety National Casualty Corp	\$ 1,800,000
0000	00000	AA-1340004	R & V Versicherung AG	\$ 1,762,000

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

C. Reinsurance Assumed and Ceded

(1)	ASSUMED REINSURANCE		CEDED REINSURANCE		NET	
	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity
a. Affiliates	\$11,226,279	\$0	\$84,279,255	\$0	(\$73,052,976)	\$0
b. All Other	0	0	2,114,000	200,671	(2,114,000)	(200,671)
c. TOTAL	\$11,226,279	\$0	\$86,393,255	\$200,671	(\$75,166,976)	(\$200,671)

d. Direct Unearned Premium Reserve \$86,393,255

- (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 calculated as follows:

REINSURANCE				
	Direct	Assumed	Ceded	Net
a. Contingent Commission	\$2,186,327	\$154,437	\$2,007,347	\$333,417
b. Sliding Scale Adjustments	0	0	0	0
c. Other Profit Commission Arrangements	0	0	0	0
d. TOTAL	\$2,186,327	\$154,437	\$2,007,347	\$333,417

- (3) Not applicable

- D. The Company recognizes \$11,900 of Loss and LAE as uncollectible reinsurance for the statement period. This total is reflected as:

a. Losses incurred	\$ 9,507
b. Loss adjustment expenses incurred	\$ 2,393
c. Premiums earned	\$ -0-
d. Other	\$ -0-

ANNUAL STATEMENT FOR THE YEAR 2014 OF THE REPUBLIC-FRANKLIN INSURANCE COMPANY

NOTES TO FINANCIAL STATEMENTS

<u>Company</u>	<u>Amount</u>	<u>Company</u>	<u>Amount</u>	<u>Company</u>	<u>Amount</u>
A.A. Mutual Ins	(10)	Hassneh Ins. Co.	(23)	People's Ins. Co. of China	316
A.G.F. Assurances Genera	(156)	Heartland Syndicate	(57)	Philadelphia Reins. Corp.	95
Abeille Assurances I.A.R.D.	1,360	Hemisphere M&G	(90)	Phoenix Assurance PLC.	(3)
ADAS	(1)	Highlands Ins. Co. Ltd.	(2)	Pine Top Ins Co	(187)
ALEA	2,827	Home Ins Co.	(1)	Pine Top Ltd	122
Allstate	467	Horizon Ins. Co.	(1)	Pohjola Ins Co	(38)
American Druggists Ins.	278	ICS Reinsurance	(53)	Polygon Ins. Co. (UK) Lt	3
American Mutual	14	Imperial Casualty	(24)	Presido	73
Americana De Reaseguros	65	Industrial F. & C.	(9)	Protective Insurance Company	(14)
Arion	(158)	INS Corp Ireland (ICAROM)	(43)	Protective National Ins. Co.	77
Assurances Generales De	85	Instituto Reaseguro Bras	743	Provincial Ins. Co. Ltd.	354
Aterforsakrings AB Luap	2	Integrity	5	Prudential Assurance	129
Atlantic & Pacific Intl.	(451)	Iron Trade Mutual	(12)	Realex Syndicate	(60)
Atlantica Companhia	(405)	Israel Re	88	Reinsurance Corp. of NY	(1)
Atlas	(167)	Kansa General	3,331	Reliance Ins. Co.	5
AXA Marine & Aviation	604	Kansa Reinsurance	(183)	River Plate Ins. Co.	(1)
AXA Reassurances	(13,879)	KCC Syndicate	(121)	RMCA-Reins Mgmt Corp of Asia	1,088
Belvedere Ins.	(249)	Korea Automobile Ins	165	Rochdale	5
Bothnia	775	Laurentian General Ins	(64)	S.I.S. Assurance	489
British Law Ins. Co.	288	Lloyd's(Equitus)	10,446	Samvirke Skadeforsikring A/S	411
British Traders' Ins.	(31)	Lumber Mutual	179	Scan Reins Co	7
C.N.A. Reinsurance	2	Mactras (Bermuda) Ltd	(26)	Scottish Lions	(1)
Caisse Mutuelle	(47)	Maidstone Ins	(85)	SNL Ins Co	(144)
Cambridge Reins Ltd	(23)	Mentor Ins Co	(332)	Sorema North America Rein	52
Camelback Reins	(4)	Mentor Insurance	(112)	Sovereign Ins. Co. LTD. (U.K.)	26
Candon Syndicate	(84)	Mercantile & General	(1)	Sphere Drake Ins. (Bermuda)	(26)
Chorley Ins., Ltd	(144)	Mid Far East Int'l Rein. Pool	245	Sphere Drake Ins. Co. Plc.	(116)
CIE De Paris	140	Midland Ins.Co.	424	Sphere Ins Co.	1,223
CIE Transcont'l	198	Mill Ri Gruppo Riassicurativo	(172)	St International Ins. Co.	1
CIE. De Reassurances De	187	Millers National Ins	(37)	Stockholm Re (Natl Und)	(52)
Cie. Europeenne De Reassur	(1)	Mission	12	Storebrand Insurance Co.	(5)
Consolidated Mutual	4	Mission Re	556	Storebrand-Norden Re.	(1)
Constellation Reins	1,026	Mitsui Sumitomo	983	Sumitomo	205
Continental Ins Co	(12)	Mutual Fire	1,977	TaiPing Ins. Co.	332
Copenhagen Reins.	(79)	Mutual Fire Marine	(288)	Taisei Fire & Marine Ins.	2
Copenhagen Reinsurance	(1)	Nem Re Ins.	(96)	Tapiola General Mutual	(46)
Delta America Rein	(78)	New England Re	53	Telect	(102)
Dominion America	216	New York Ins. Exchange	(6)	Terra Nova Ins. Co.	60
Dowa Fire & Marine Insurance	(5)	Nippon Fire & Marine	(7,014)	Top International	(146)
Drake Ins. Co.	(8)	Nipponkoa Ins Co Ltd	20	Transit Casualty Co	(96)
Elders Ins. Co.	(28)	Nissan F&M	3	Trent Ins Co	(109)
English & American	393	North Atlantic	(13)	Trenwick America R/I	22
English & Scottish	(12)	Northeastern Ins Co	2	Uni Polaris	(203)
Factory Mutual	862	Northwestern Intl. Ins co	(21)	Unigard Mutual	(6)
Finland General	(52)	OBEROSTERREICHISCHE	96	Union America	(2)
First NY Syndicate	(58)	Ocean Marine Ins.	(22)	Universal Marine Ins	(70)
Folksam Int'l. Ins. Co.	(188)	Ohio Re	1	Universale, S.A.	(2)
Freemont Indemnity	1,620	Orion Insurance Co	(13)	US Internation Re	92
G.E.S.B.	122	Overseas Union Ins Ltd	(329)	Vara-Pooli	1,435
Gan Minster Ins. Co. Ltd.	417	Paladin	(58)	Walton Insurance	(239)
GE Reins Corp	385	Pan Atlantic Syndicate	(68)	WASA Inter. (UK) Ins.Co.Ltd.	(6)
Goldstreet Syndicate	(10)	Patria	(96)	West Africa International	(85)
Group Sprinks	1,318	Paumanock	(1)	Zion Ins.	(18)
Group. Francais D'Assura	(102)	Pearl Assurance	(11)		
				Total Uncollectible Reinsurance	11,900

E. Commutation of Ceded Reinsurance:

Effective June 26, 2014, the Company entered into a Commutation and Release Agreement with Excalibur Reinsurance Corporation. The effect of this commutation is shown in the table below.

(1)	Losses incurred	\$9,305
(2)	Loss adjustment expenses incurred	\$ 119
(3)	Premiums earned	\$ 0
(4)	Other	\$ 0
(5)	<u>Company</u>	<u>Amount</u>
	Excalibur Reinsurance Corporation	\$14,135

- 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.
- G. The Company did not enter into any transfers of property and casualty run-off agreements.
- H. The Company did not have any of its certified reinsurers downgraded or status subject to revocation.

**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.

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NOTES TO FINANCIAL STATEMENTS

- 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 (amounts in thousands)	2014	2013
Unpaid Losses & LAE - January 1	32,747	33,504
Change in Unpaid Loss & LAE pooling @7/1/2014	3,560	
Loss & LAE Incurred/Current Accident Year	15,859	12,510
Loss & LAE Incurred/Prior Accident Years	(1,638)	(224)
Loss & LAE Payments/Current Accident Year	(5,691)	(3,793)
Loss & LAE Payments/Prior Accident Years	(8,619)	(9,250)
Losses & LAE-December 31	36,218	32,747

Provision for incurred loss and loss adjustment expenses attributable to insured events of prior years decreased in 2014 as a result of re-estimation of unpaid losses and loss adjustment expenses for claims.

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

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:

NAIC Co. Code	Name	Percentage
25976	Utica Mutual Insurance Company	84%
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%
14249	Founders Insurance Company	5%

Founders Insurance Company joined the pooling agreement effective July 1, 2014 with a 5% share. Prior to that date, Utica Mutual Insurance Company retained 89% of the pool.

- 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 8) 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:

NAIC Co. Code	Name	Provision for Reinsurance
25976	Utica Mutual Insurance Company	\$ 4,400,556
25984	Graphic Arts Mutual Insurance Company	197,202
12475	Republic-Franklin Insurance Company	0
10687	Utica National Assurance Company	0
43478	Utica National Insurance Company of Texas	0
14249	Founders Insurance Company	3,800

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.

ANNUAL STATEMENT FOR THE YEAR 2014 OF THE REPUBLIC-FRANKLIN INSURANCE COMPANY

NOTES TO FINANCIAL STATEMENTS

G. The amounts due to/(from) Utica Mutual and its affiliated entities participating in the intercompany pool as of December 31, 2014 are:

Utica Mutual Insurance Company	(\$ 4,898,755)
Graphic Arts Mutual Insurance Company	(763,471)
Republic-Franklin Insurance Company	(406,898)
Utica National Assurance Company	(259,793)
Utica National Insurance Company of Texas	(429,803)
Utica National Insurance Company of Ohio	1,703,147
Utica Specialty Risk Insurance Company	(24,910)
Utica Lloyd's of Texas	2,764,311
Founders Insurance Company	2,316,172

Note 27 - Structured Settlements

A. The Company has eliminated the following in loss reserves because it has purchased annuities, and it is contingently liable for the shown amount in the event the issuers of the annuities fail to perform.

<u>Loss Reserves Eliminated by Annuities</u>	<u>Unrecorded Loss Contingencies</u>
\$4,791,542	\$2,944,227

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

Life Insurance Company and Location	Licensed in Company's State of Domicile Yes / No	Statement Value (i.e. Present Value) of Annuities
Genworth Financial, Lynchburg, VA	No	\$993,124
Symetra, Seattle, WA	Yes	\$982,887
Metropolitan Life Insurance Co, New York, NY	No	\$555,850

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.

Note 30 – Premium Deficiency Reserves

1. Liability carried for premium deficiency reserves	\$ - 0 -
2. Date of the most recent evaluation of this liability	12/31/2014
3. Was anticipated investment income utilized in the calculation?	Yes (X) No ( )

Note 31 – High Deductibles

As of December 31, 2014 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, 2014 is \$380,000.

A. Tabular Discounting Included In Schedule P.

<u>Schedule P Lines of Business</u>	<u>(1) Case</u>	<u>(2) IBNR</u>
(1) – (3)	N/A	N/A
(4) Workers' Compensation	\$257,000	\$123,000
(5) – (23)	<u>N/A</u>	<u>N/A</u>
Total	\$257,000	\$123,000

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.



## NOTES TO FINANCIAL STATEMENTS

Aggregate asbestos reserves have been established based on a stochastic model valuation. The Company reserves to the best point estimate of reasonable range of estimates after adjusting for reinsurance. Thereafter, case reserves are established on the active matters based on these estimates, while IBNR is used for less developed matters.

Effective 1/1/12, Utica entered into a reinsurance agreement with National Indemnity Company (NICO), a subsidiary of Berkshire Hathaway Group, which reinsures Utica's current asbestos losses up to a contract limit of \$475,985,800 for certain policies from 2003 and prior.

(1) Direct:	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
a. Beginning Reserves:	12,984,581	11,480,880	14,151,814	12,556,118	10,753,386
b. Incurred losses and loss adjustment expense:	93,062	4,873,911	(54,334)	4,089	38,563
c. Calendar year payments for losses and loss adjustment expense:	1,596,763	2,202,978	1,541,362	1,806,821	1,345,126
d. Ending reserves:	11,480,880	14,151,814	12,556,118	10,753,386	9,446,823
(2) Assumed Reinsurance:	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
a. Beginning Reserves:	569,815	436,929	642,724	712,289	607,248
b. Incurred losses and loss adjustment expense:	(21,103)	49,343	136,699	(20,743)	(22,657)
c. Calendar year payments for losses and loss adjustment expense:	111,782	(156,452)	67,134	84,298	114,193
d. Ending reserves:	436,929	642,724	712,289	607,248	470,398
(3) Net of Ceded Reinsurance:	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
a. Beginning Reserves:	6,389,344	5,833,042	7,225,584	141,571	120,281
b. Incurred losses and loss adjustment expense:	31,589	2,109,647	118,709	(7,477)	17,587
c. Calendar year payments for losses and loss adjustment expense:	587,891	717,105	7,202,723	13,812	29,745
d. Ending reserves:	5,833,042	7,225,584	141,571	120,281	108,123

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

(1) Direct Basis	\$ 3,573,017
(2) Assumed Basis	\$ 170,268
(3) Net of Reinsurance Basis	\$ 89,198

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

(1) Direct Basis	\$ 1,539,600
(2) Assumed Basis	\$ 0
(3) Net of Reinsurance Basis	\$ 2,516

### 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.

(1) Direct:	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
a. Beginning Reserves:	660,690	1,015,338	639,403	623,662	618,886
b. Incurred losses and loss adjustment expense:	403,965	157,454	(3,747)	29,022	(76,229)
Calendar year payments for losses and loss adjustment expense:	49,316	533,389	11,994	33,798	50,365
Ending reserves:	1,015,338	639,403	623,662	618,886	492,292
(2) Assumed Reinsurance:	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
a. Beginning Reserves:	157,534	163,233	144,005	149,622	133,967
b. Incurred losses and loss adjustment expense:	7,960	8,927	10,196	(14,383)	(541)
c. Calendar year payments for losses and loss adjustment expense:	2,261	28,154	4,580	1,272	12,360
d. Ending reserves:	163,233	144,005	149,622	133,967	121,066

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NOTES TO FINANCIAL STATEMENTS

(3) Net of Ceded Reinsurance:	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
a. Beginning Reserves:	531,801	627,622	489,862	481,122	476,777
b. Incurred losses and loss adjustment expense:	144,246	83,225	(711)	29,447	(24,932)
c. Calendar year payments for losses and loss adjustment expense:	48,425	220,985	8,028	33,792	48,970
d. Ending reserves:	627,622	489,862	481,122	476,777	402,874

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

(1) Direct Basis	\$269,231
(2) Assumed Basis	\$113,512
(3) Net of Reinsurance Basis	\$257,465

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

(1) Direct Basis	\$80,310
(2) Assumed Basis	\$ 0
(3) Net of Reinsurance Basis	\$68,487

**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.

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?  
If yes, complete Schedule Y, Parts 1, 1A and 2

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 Department of Insurance

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?  
4.12 renewals?

Yes ☐ No ☒  
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?  
4.22 renewals?

Yes ☐ No ☒  
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 2014 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 below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.  
.....

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

9.

What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?  
Grant Thornton LLP, 124 Hebron Avenue, Glastonbury, CT 06033
- 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 Littmann, 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 [ ]
- (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 2014 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 where the issuing or confirming bank is not on the SVO Bank List?

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

- 24.01

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 24.03)

Yes [ ] No [ X ]
- 24.02

If no, give full and complete information relating thereto  
Securities are held in custodial accounts with The Bank of New York Mellon, New York, NY, except for those on deposit with state or other regulatory bodies.
- 24.03

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)
- 24.04

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 ]
- 24.05

If answer to 24.04 is yes, report amount of collateral for conforming programs.

\$
- 24.06

If answer to 24.04 is no, report amount of collateral for other programs.

\$
- 24.07

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 ]
- 24.08

Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%?

Yes [ ] No [ ] N/A [ X ]
- 24.09

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 2014 OF THE REPUBLIC-FRANKLIN INSURANCE COMPANY

GENERAL INTERROGATORIES

24.10 For the reporting entity’s security lending program state the amount of the following as December 31 of the current year:

24.101	Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 .....	\$ .....
24.102	Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 .....	\$ .....
24.103	Total payable for securities lending reported on the liability page. ....	\$ .....

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 24.03). ..... Yes [ X ] 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 Placed under option agreements .....	\$ .....
		25.26 Letter stock or securities restricted as to sale - excluding FHLB Capital Stock .....	\$ .....
		25.27 FHLB Capital Stock .....	\$ .....
		25.28 On deposit with states .....	\$ .....3,082,005
		25.29 On deposit with other regulatory bodies .....	\$ .....
		25.30 Pledged as collateral - excluding collateral pledged to an FHLB .....	\$ .....
		25.31 Pledged as collateral to FHLB - including assets backing funding agreements .....	\$ .....
		25.32 Other .....	\$ .....

25.3 For category (25.26) 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 [ X ]

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

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 [ X ] 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 [ X ]

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 .....
107038 .....	JP Morgan Asset Management .....	270 Park Avenue, 6th Floor, New York, NY .....
106595 .....	Wellington Management Company, LLP .....	280 Congress Street, Boston, MA .....

ANNUAL STATEMENT FOR THE YEAR 2014 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 [ X ] No [ ]
- 29.2 If yes, complete the following schedule:

1	2	3
CUSIP #	Name of Mutual Fund	Book/Adjusted Carrying Value
722005-62-6 .....	PIMCO ALL ASSET FUND .....	3,311,582
922908-71-0 .....	VANGUARD 500 INDEX FUND .....	4,247,409
29.2999 - Total		7,558,991

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

1	2	3	4
Name of Mutual Fund (from above table)	Name of Significant Holding of the Mutual Fund	Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	Date of Valuation
PIMCO ALL ASSET FUND .....	PIMCO EMERGING LOCAL BOND FUND .....	314,600	12/31/2014 ...
VANGUARD 500 INDEX FUND ADMIRAL SHARES .....	APPLE INC .....	149,806	12/31/2014 ...

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	2	3
	Statement (Admitted) Value	Fair Value	Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds .....	82,439,462	85,336,524	2,897,062
30.2 Preferred stocks .....			
30.3 Totals	82,439,462	85,336,524	2,897,062

- 30.4 Describe the sources or methods utilized in determining the fair values:  
Statement values have been determined in accordance with the guidelines of the NAIC. The Fair Value is primarily determined by widely accepted third party vendors, followed by a hierarchy using broker/dealer quotes, index pricing, analytical models and historical pricing. ....
- 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 2014 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	2
Name	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	2
Name	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	2
Name	Amount Paid



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 .....

21,490,674

18,760,134

2.3

Premium Ratio (2.1/2.2) .....

0.000

0.000

2.4

Reserve Numerator .....

.....

.....

2.5

Reserve Denominator .....

47,443,823

42,571,856

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 .....

.....

16

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, Willis Re, Philadelphia, PA. Willis reviewed the Company's probable maximum property loss using the RiskLink system of RMS v13 and AIR's Clasicl2 v15. The models indicated 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? .....

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 uninsured 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)?.....

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)?.....

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? .....

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 noncancellable 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. ....

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. ....

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? .....

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. ....

10.

If the reporting entity has assumed risks from another entity, there should be charged on account of such reinsurances a reserve equal to that which the original entity would have been required to charge had it retained the risks. Has this been done? .....

16.1

ANNUAL STATEMENT FOR THE YEAR 2014 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 .....\$ 157,095

12.62 Collateral and other funds.....\$

13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): .....\$ 360,000

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:

.....

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 ]

Included 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 - P art 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 2014 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 2014	2 2013	3 2012	4 2011	5 2010
<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) .....	102,277,606	97,583,923	92,190,806	90,508,962	85,970,341
2. Property lines (Lines 1, 2, 9, 12, 21 & 26) .....	15,520,548	15,131,680	14,590,845	15,690,029	16,120,750
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27) .....	78,021,148	68,874,288	58,849,259	58,962,142	59,018,882
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34) .....	39,960	45,179	62,374	85,477	126,718
5. Nonproportional reinsurance lines (Lines 31, 32 & 33) .....	4	5	4	(82)	31,819
6. Total (Line 35) .....	195,859,266	181,635,074	165,693,287	165,246,529	161,268,510
<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) .....	12,983,324	11,755,052	10,925,060	10,701,576	10,262,114
8. Property lines (Lines 1, 2, 9, 12, 21 & 26) .....	2,264,582	1,714,246	1,569,567	1,601,187	1,499,437
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27) .....	6,576,914	6,023,266	5,391,417	5,513,671	5,693,818
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34) .....	35,404	40,623	57,818	80,921	122,162
11. Nonproportional reinsurance lines (Lines 31, 32 & 33) .....	4	5	4	(82)	31,819
12. Total (Line 35) .....	21,860,228	19,533,191	17,943,866	17,897,272	17,609,350
<b>Statement of Income (Page 4)</b>					
13. Net underwriting gain (loss) (Line 8) .....	(583,266)	(1,053,980)	(1,516,193)	(5,806,871)	(1,096,707)
14. Net investment gain or (loss) (Line 11) .....	2,860,690	3,019,575	3,433,935	5,752,942	3,923,149
15. Total other income (Line 15) .....	391,504	653,146	(479,869)	474,061	419,926
16. Dividends to policyholders (Line 17) .....	234,432	224,860	239,643	130,133	216,363
17. Federal and foreign income taxes incurred (Line 19) .....	1,321,333	699,032	39,789	(847,769)	567,012
18. Net income (Line 20) .....	1,113,163	1,694,848	1,158,440	1,137,767	2,462,993
<b>Balance Sheet Lines (Pages 2 and 3)</b>					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3) .....	102,517,168	94,576,694	89,615,579	95,947,367	92,121,485
20. Premiums and considerations (Page 2, Col. 3)					
20.1 In course of collection (Line 15.1) .....	6,530,516	5,525,865	5,119,499	4,820,232	4,890,647
20.2 Deferred and not yet due (Line 15.2) .....	616,724	638,403	687,340	803,585	928,391
20.3 Accrued retrospective premiums (Line 15.3) .....					
21. Total liabilities excluding protected cell business (Page 3, Line 26) .....	53,481,367	46,983,817	47,946,083	55,092,630	51,456,587
22. Losses (Page 3, Line 1) .....	28,801,741	25,612,110	25,993,203	29,919,336	27,861,918
23. Loss adjustment expenses (Page 3, Line 3) .....	7,415,803	7,135,067	7,511,174	11,151,340	9,994,204
24. Unearned premiums (Page 3, Line 9) .....	11,226,279	9,824,366	9,051,309	8,903,704	9,047,701
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) .....	49,035,801	47,592,877	41,669,496	40,854,737	40,664,898
<b>Cash Flow (Page 5)</b>					
27. Net cash from operations (Line 11) .....	1,595,293	1,690,613	(4,426,313)	305,722	3,261,791
<b>Risk-Based Capital Analysis</b>					
28. Total adjusted capital .....	49,035,801	47,592,877	41,669,496	40,854,737	40,664,898
29. Authorized control level risk-based capital .....	3,869,046	3,388,712	3,214,338	3,833,924	3,559,132
<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) .....	91.2	90.9	86.6	99.8	92.4
31. Stocks (Lines 2.1 & 2.2) .....	8.4	8.6			5.8
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) .....	0.4	0.5	13.4	0.2	1.8
35. Contract loans (Line 6) .....					
36. Derivatives (Line 7) .....					
37. Other invested assets (Line 8) .....					
38. Receivables for securities (Line 9) .....		0.0			
39. Securities lending reinvested collateral assets (Line 10) .....					
40. Aggregate write-ins for invested assets (Line 11) .....					
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. Total Investment in Parent included in Lines 42 to 47 above .....					
50. 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) .....					

FIVE-YEAR HISTORICAL DATA

(Continued)

	1 2014	2 2013	3 2012	4 2011	5 2010
<b>Capital and Surplus Accounts (Page 4)</b>					
51. Net unrealized capital gains (losses) (Line 24) .....	191,827	39,764	3,401	(999,057)	(55,962)
52. Dividends to stockholders (Line 35) .....					
53. Change in surplus as regards policyholders for the year (Line 38) .....	1,442,924	5,923,381	814,759	189,839	2,696,485
<b>Gross Losses Paid (Page 9, Part 2, Cols. 1 &amp; 2)</b>					
54. 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) .....	50,095,779	48,608,444	48,268,544	48,070,815	37,209,790
55. Property lines (Lines 1, 2, 9, 12, 21 & 26) .....	8,918,019	7,616,107	8,036,531	11,599,733	7,651,583
56. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27) .....	43,674,965	36,487,316	34,806,792	38,040,014	27,780,270
57. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34) .....	(1,543)	(2,722)	21,114	4,818	45,324
58. Nonproportional reinsurance lines (Lines 31, 32 & 33) .....	2	0	0	0	0
59. Total (Line 35) .....	102,687,222	92,709,145	91,132,981	97,715,380	72,686,968
<b>Net Losses Paid (Page 9, Part 2, Col. 4)</b>					
60. 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) .....	6,660,493	5,864,434	9,389,617	5,737,309	4,552,734
61. Property lines (Lines 1, 2, 9, 12, 21 & 26) .....	1,326,902	944,098	926,444	1,035,502	658,078
62. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27) .....	2,993,368	2,905,574	3,203,699	3,608,264	2,534,907
63. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34) .....	(1,543)	(2,722)	21,114	4,818	45,324
64. Nonproportional reinsurance lines (Lines 31, 32 & 33) .....	2	0	0	0	0
65. Total (Line 35) .....	10,979,222	9,711,384	13,540,875	10,385,893	7,791,043
<b>Operating Percentages (Page 4) (Line divided by Page 4, Line 1) x 100.0</b>					
66. Premiums earned (Line 1) .....	100.0	100.0	100.0	100.0	100.0
67. Losses incurred (Line 2) .....	53.6	49.7	54.0	69.0	48.4
68. Loss expenses incurred (Line 3) .....	12.6	15.8	16.4	25.8	19.2
69. Other underwriting expenses incurred (Line 4) .....	36.5	40.1	38.1	37.4	38.7
70. Net underwriting gain (loss) (Line 8) .....	(2.7)	(5.6)	(8.5)	(32.2)	(6.3)
<b>Other Percentages</b>					
71. 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) .....	34.1	35.2	40.4	35.0	35.9
72. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0) .....	66.2	65.5	70.5	94.8	67.6
73. 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) .....	44.6	41.0	43.1	43.8	43.3
<b>One Year Loss Development (000 omitted)</b>					
74. Development in estimated losses and loss expenses incurred prior to current year (Schedule P - Part 2 - Summary, Line 12, Col. 11) .....	(802)	(200)	(91)	2,015	(520)
75. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 74 above divided by Page 4, Line 21, Col. 1 x 100.0) .....	(1.7)	(0.5)	(0.2)	5.0	(1.4)
<b>Two Year Loss Development (000 omitted)</b>					
76. 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) .....	71	(711)	1,970	1,393	3,043
77. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 76 above divided by Page 4, Line 21, Col. 2 x 100.0) .....	0.2	(1.7)	4.8	3.7	8.2

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: .....

ANNUAL STATEMENT FOR THE YEAR 2014 OF THE REPUBLIC-FRANKLIN INSURANCE COMPANY

**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
	1  Direct and Assumed	2  Ceded	3  Net (1 - 2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10	11	Number of Claims Reported Direct and Assumed
				4  Direct and Assumed	5  Ceded	6  Direct and Assumed	7  Ceded	8  Direct and Assumed	9  Ceded	Salvage and Subrogation Received	Total Net Paid Cols (4 - 5 + 6 - 7 + 8 - 9)	
1. Prior.....	XXX	XXX	XXX	1,394	919	709	646	305	1	13	842	XXX
2. 2005.....	24,311	2,004	22,307	8,610	310	1,546	43	1,540	5	427	11,338	XXX
3. 2006.....	23,455	1,891	21,564	8,832	716	1,406	64	1,512	94	441	10,875	XXX
4. 2007.....	23,042	1,865	21,178	9,527	460	1,513	16	1,548	23	405	12,089	XXX
5. 2008.....	22,645	1,280	21,365	9,192	296	1,584	15	1,643	2	419	12,106	XXX
6. 2009.....	21,910	998	20,913	9,140	301	1,635	16	1,649	2	415	12,105	XXX
7. 2010.....	21,845	1,175	20,670	9,570	476	1,585	56	1,545	1	441	12,166	XXX
8. 2011.....	22,312	1,249	21,063	12,088	1,533	1,373	53	1,663	3	491	13,535	XXX
9. 2012.....	21,832	1,300	20,531	8,725	295	908	18	1,246	1	488	10,564	XXX
10. 2013.....	22,776	1,425	21,351	5,874	94	472	5	1,330	0	352	7,577	XXX
11. 2014.....	24,080	1,325	22,756	4,616	123	208	1	992	0	202	5,691	XXX
12. Totals	XXX	XXX	XXX	87,567	5,525	12,938	932	14,974	133	4,093	108,889	XXX

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23	24	25
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR						
	13	14	15	16	17	18	19	20	21	22			
	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded			
1. Prior.....	6,509	3,488	5,327	3,932	2,015	1,884	1,623	1,321	492	363	62	4,978	XXX
2. 2005.....	239	1	103	13	13	0	38	2	20		11	398	XXX
3. 2006.....	281	35	123	15	21	4	44	2	22		10	435	XXX
4. 2007.....	417	68	194	24	30	4	68	3	25	0	14	635	XXX
5. 2008.....	631	0	405	64	68	1	91	4	38	0	21	1,165	XXX
6. 2009.....	847	108	457	71	86	3	157	12	54	1	28	1,406	XXX
7. 2010.....	1,135	0	682	134	129	0	243	24	87		38	2,117	XXX
8. 2011.....	1,853	3	1,209	132	193	3	411	15	162		65	3,675	XXX
9. 2012.....	2,286	7	1,466	175	228	0	607	23	227	0	96	4,609	XXX
10. 2013.....	2,720	36	2,666	282	253	0	947	35	398	0	177	6,630	XXX
11. 2014.....	3,912	346	4,752	479	243	1	1,434	50	704	1	449	10,168	XXX
12. Totals	20,830	4,092	17,385	5,321	3,277	1,900	5,663	1,488	2,229	365	972	36,218	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	27	28	29	30	31	32	33		35	36
	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	4,415	563
2. 2005.....	12,109	373	11,736	49.8	18.6	52.6			3.0	328	70
3. 2006.....	12,241	930	11,310	52.2	49.2	52.4			3.0	354	81
4. 2007.....	13,321	597	12,724	57.8	32.0	60.1			3.0	518	116
5. 2008.....	13,654	382	13,272	60.3	29.8	62.1			3.0	973	193
6. 2009.....	14,024	512	13,512	64.0	51.3	64.6			3.0	1,126	281
7. 2010.....	14,974	692	14,283	68.5	58.8	69.1			3.0	1,683	434
8. 2011.....	18,952	1,742	17,210	84.9	139.5	81.7			3.0	2,927	748
9. 2012.....	15,693	520	15,174	71.9	40.0	73.9			3.0	3,571	1,039
10. 2013.....	14,660	452	14,207	64.4	31.7	66.5			3.0	5,067	1,563
11. 2014.....	16,860	1,001	15,859	70.0	75.6	69.7			3.0	7,839	2,329
12. Totals	XXX	XXX	XXX	XXX	XXX	XXX			XXX	28,802	7,416

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.

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 2005	2 2006	3 2007	4 2008	5 2009	6 2010	7 2011	8 2012	9 2013	10 2014	11 One Year	12 Two Year
1. Prior.....	27,628	27,319	27,169	27,540	31,138	31,154	33,440	33,734	33,884	33,781	(103)	47
2. 2005.....	11,313	11,187	10,806	10,588	10,403	10,333	10,255	10,230	10,215	10,194	(22)	(36)
3. 2006.....	XXX	10,914	10,633	10,217	10,121	9,968	9,879	9,855	9,918	9,874	(44)	19
4. 2007.....	XXX	XXX	11,571	11,321	11,274	11,317	11,274	11,283	11,251	11,175	(75)	(108)
5. 2008.....	XXX	XXX	XXX	11,860	11,935	11,860	11,699	11,550	11,370	11,595	225	45
6. 2009.....	XXX	XXX	XXX	XXX	12,521	12,126	12,029	12,121	12,090	11,813	(277)	(308)
7. 2010.....	XXX	XXX	XXX	XXX	XXX	12,832	12,853	12,854	12,897	12,654	(243)	(200)
8. 2011.....	XXX	XXX	XXX	XXX	XXX	XXX	15,390	15,366	15,549	15,389	(160)	23
9. 2012.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	13,117	13,669	13,705	36	587
10. 2013.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	12,622	12,483	(139)	XXX
11. 2014.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	14,169	XXX	XXX
12. Totals											(802)	71

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	2	3	4	5	6	7	8	9	10		
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014		
1. Prior.....	.000	5,937	10,414	13,306	15,612	17,409	19,305	27,286	28,050	28,588	XXX	XXX
2. 2005.....	3,317	5,499	6,895	7,932	8,771	9,185	9,437	9,606	9,738	9,804	XXX	XXX
3. 2006.....	XXX	3,140	5,386	6,630	7,825	8,443	8,851	9,109	9,331	9,458	XXX	XXX
4. 2007.....	XXX	XXX	3,447	5,820	7,386	8,532	9,475	10,072	10,439	10,563	XXX	XXX
5. 2008.....	XXX	XXX	XXX	3,388	5,979	7,461	8,753	9,574	10,140	10,465	XXX	XXX
6. 2009.....	XXX	XXX	XXX	XXX	3,371	5,636	7,277	8,750	9,845	10,458	XXX	XXX
7. 2010.....	XXX	XXX	XXX	XXX	XXX	3,682	6,222	8,116	9,653	10,622	XXX	XXX
8. 2011.....	XXX	XXX	XXX	XXX	XXX	XXX	5,099	8,190	10,339	11,875	XXX	XXX
9. 2012.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	4,242	7,288	9,319	XXX	XXX
10. 2013.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	3,653	6,247	XXX	XXX
11. 2014.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	4,699	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)									
	1	2	3	4	5	6	7	8	9	10
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
1. Prior.....	11,619	8,963	5,728	5,903	4,924	4,220	5,969	2,098	1,971	1,793
2. 2005.....	4,646	2,913	1,861	1,175	721	426	275	200	152	130
3. 2006.....	XXX	4,604	2,680	1,573	969	655	403	241	210	154
4. 2007.....	XXX	XXX	4,611	2,560	1,470	984	660	411	317	237
5. 2008.....	XXX	XXX	XXX	4,805	2,888	1,916	1,230	761	438	431
6. 2009.....	XXX	XXX	XXX	XXX	5,595	3,484	2,002	1,230	884	533
7. 2010.....	XXX	XXX	XXX	XXX	XXX	5,361	3,441	2,048	1,422	769
8. 2011.....	XXX	XXX	XXX	XXX	XXX	XXX	5,697	3,360	2,199	1,474
9. 2012.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	5,002	3,175	1,879
10. 2013.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	5,451	3,300
11. 2014.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	5,662



ANNUAL STATEMENT FOR THE YEAR 2014 OF THE REPUBLIC-FRANKLIN INSURANCE COMPANY

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated by States and Territories									
States, Etc.	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						
	Active Status	Direct Premiums Written	Direct Premiums Earned	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	23,172,168	131,836	12,375,315	9,335,671	21,447,730	125,677	
8. Delaware	DE	L	1,177,732	20,237	1,631,701	3,017,095	4,608,469	3,298	
9. District of Columbia	DC	L	107,284		29,122	36,994	54,413	341	
10. Florida	FL	N							
11. Georgia	GA	L	7,184,472	97	2,825,988	5,246,135	6,964,918	30,678	
12. Hawaii	HI	N							
13. Idaho	ID	N							
14. Illinois	IL	L	3,371,528	71,951	1,855,311	(38,750)	3,857,298	11,655	
15. Indiana	IN	L	446,093		35,114	79,606	287,505	1,687	
16. Iowa	IA	N							
17. Kansas	KS	L	77,134			8,050	27,486	354	
18. Kentucky	KY	N							
19. Louisiana	LA	N							
20. Maine	ME	N							
21. Maryland	MD	L	2,846,517	7,089	1,692,913	3,422,693	7,072,461	9,815	
22. Massachusetts	MA	L	13,888,705	660,901	5,892,441	7,713,146	12,189,833	43,737	
23. Michigan	MI	L	2,271,631		461,025	555,765	544,226	3,969	
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	383,631	683	432,677	539,206	372,941	1,632	
31. New Jersey	NJ	L	28,201,609	227,654	12,486,452	17,109,724	24,168,620	80,441	
32. New Mexico	NM	N							
33. New York	NY	L	55,187,779	771,084	31,159,210	43,790,229	91,626,579	321,867	
34. North Carolina	NC	L	9,442,867	28,847	4,750,690	2,518,214	4,243,519	40,225	
35. North Dakota	ND	N							
36. Ohio	OH	L	5,417,793	151,489	2,477,416	3,013,485	2,881,240	23,018	
37. Oklahoma	OK	N							
38. Oregon	OR	N							
39. Pennsylvania	PA	L	5,669,685	5,375	4,563,528	2,033,801	5,838,895	14,035	
40. Rhode Island	RI	L	554,183	1,899	168,214	218,345	127,997	2,778	
41. South Carolina	SC	N							
42. South Dakota	SD	N							
43. Tennessee	TN	L	2,592,627		1,833,042	2,042,682	2,169,003	20,349	
44. Texas	TX	L	5,507,569		1,940,077	1,310,026	3,496,010	31,364	
45. Utah	UT	N							
46. Vermont	VT	N							
47. Virginia	VA	L	4,004,840	590	3,891,117	3,221,389	2,703,491	22,040	
48. Washington	WA	N							
49. West Virginia	WV	N							
50. Wisconsin	WI	L	2,493,195	36,350	1,145,722	224,574	2,448,037	6,926	
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	CAN	N							
58. Aggregate other alien	OT	XXX							
59. Totals	(a) 21	173,999,042	168,764,660	2,116,082	91,647,075	105,398,080	197,130,671	795,886	
DETAILS OF WRITE-INS									
58001.	XXX								
58002.	XXX								
58003.	XXX								
58998. Summary of remaining write-ins for Line 58 from overflow page	XXX								
58999. Totals (Lines 58001 through 58003 plus 58998)(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.

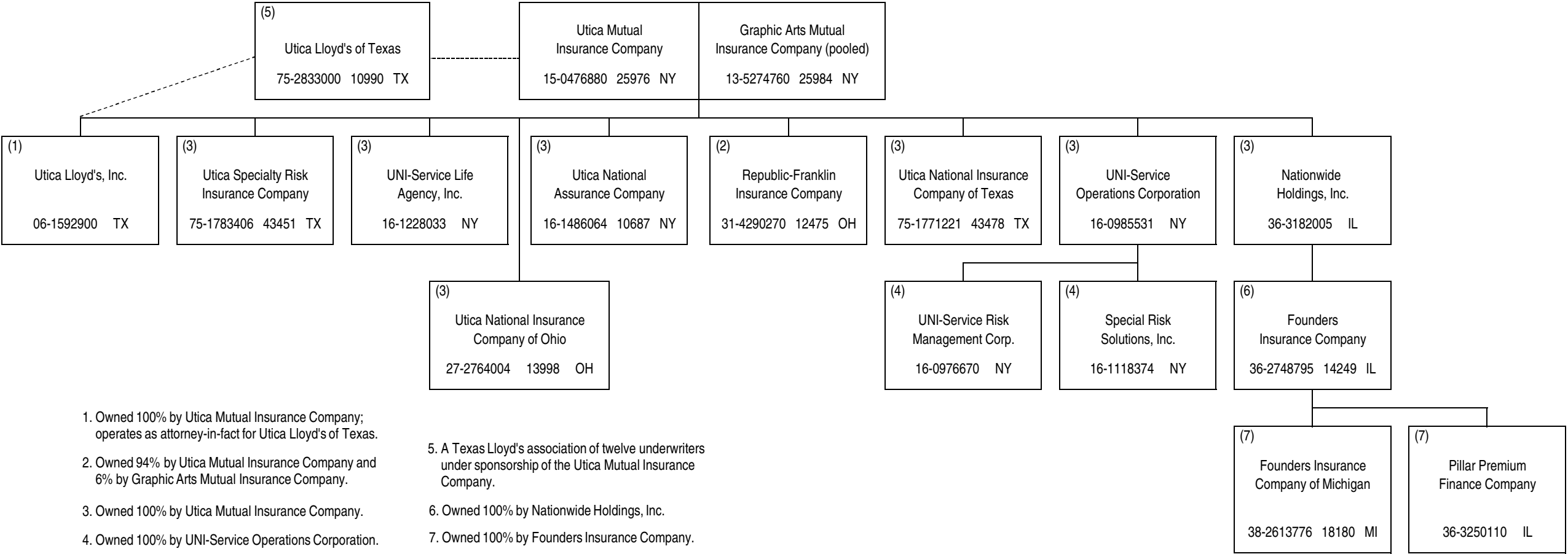
(a) Insert the number of L responses except for Canada and Other Alien.

ANNUAL STATEMENT FOR THE YEAR 2014 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, 2014



ANNUAL STATEMENT FOR THE YEAR 2014 OF THE REPUBLIC-FRANKLIN INSURANCE COMPANY

OVERFLOW PAGE FOR WRITE-INS

Additional Write-ins for Assets Line 25

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
2504. Miscellaneous Office Equipment .....	406,805	406,805		
2505. Clearing Accounts .....	40,434	40,434		
2506. Deposits .....	400	400		
2597. Summary of remaining write-ins for Line 25 from overflow page	447,639	447,639		

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

	1	2	3	4
	Loss Adjustment Expenses	Other Underwriting Expenses	Investment Expenses	Total
2404. Services Performed .....	1,194	(535,834)	40	(534,600)
2405. Intercompany Adjustments .....		(2)		(2)
2406. Interest Expense .....		36	1,895	1,931
2407. Miscellaneous Expense .....	3	6,299		6,302
2408. Change in ULAE Reserves .....	17,937			17,937
2497. Summary of remaining write-ins for Line 24 from overflow page	19,134	(529,501)	1,936	(508,431)

Additional Write-ins for Exhibit of Nonadmitted Assets Line 25

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
2504. Equities and Deposits in Pools and Associations .....	710	1,142	432
2505. Miscellaneous Office Equipment .....	406,805	397,527	(9,278)
2506. Prepaid Expenses .....	112,829	96,263	(16,566)
2597. Summary of remaining write-ins for Line 25 from overflow page	520,344	494,932	(25,412)

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