

**SCOMM**

**69:B12**

## RATES

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- 2) Memo: 09/01/1989 To: Paul Roller From: Don Koch
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- 4) Letter: 11/06/1989 To: Sam Cotten From: Thomas Porterfield
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and Land Surveyors
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- 7) How Your Professional Liability Insurance Premium is Determined -  
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- 8) Letter: 08/15/1988 To: Paul Roller From: Judith Ann Rudy
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- 10) Design Professionals Liability Continental Casualty Co.
- 11) Professional Liability Coverages and Premium Schedules
- 12) Fax: 01/17/1990 To: David Rogers From: Art Stanford
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- 16) Uninsured Hospital Staff Physician Deductible Endorsement
- 17) Hospital Rates
- 18) Letter: 12/21/1989 To: Rep. Donley From: Mary Pierce
- 19) Underwriting Practices and Procedures
- 20) Letter: 10/16/1989 To: David Rogers From: Ron Neupauer
- 21) 1989 Coverage Classification and Premium Schedule
- 22) Fax: 01/16/1990 To: David Rogers From: Ron Neupauer

23) Letter: 04/13/1989 To: Paul Roller From: Ron Neupauer

Medical Insurance Exchange of California

- 1) Report: April 1989
- 2) Letter: 05/10/1989 To: Stan Garlington From: Thomas Hermes
- 3) Letter: 04/07/1989 To: Ron Neupauer From: Thomas Hermes, enclosures
- 4) Letter: 04/1988 From: Paul Roller, enclosures
- 5) Letter: 04/01/1988 To: John George From: Judith Ann Rudy
- 6) Fax: 01/18/1990 To: David Rogers From: Ray Conger
- 7) Letter: 01/06/1989 To: Paul Roller From: Michael O'Mally

The North River Insurance Company

- 1) Flexible Rating Sheet
- 2) Letter: 08/17/1983 To: Kenneth Moore From: Judith Ann Rudy, enclosure
- 3) Letter: 01/03/1986 To: John George From: Judith Ann Rudy
- 4) Filing Approval Procedures
- 5) Letter: 10/29/1987 To: John George From: Judith Ann Rudy
- 6) Letter: 08/18/1987 From: John George

**RATES**

# MEMORANDUM

## State of Alaska

TO: James Jordan  
Acting Director  
Division of Insurance

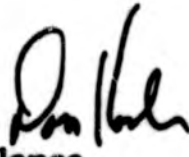
DATE: October 13, 1989

FILE NO.:

THRU:

TELEPHONE NO.: (907) 465-2577

SUBJECT: Consolidated Filing Log  
August 1989

FROM: Don Koch   
Chief of Market Surveillance  
Division of Insurance  
Department of Commerce and  
and Economic Development

Attached is the consolidated filing log for August 1989. This log lists filings received during the month of August or questioned filings to which a response was received during August. The log has been ordered alphabetically by line on insurance. The log lists 385 filings, which are categorized as follows:

|          | Total | Approved | Deemed<br>Approved | Ques-<br>tioned | Dis-<br>approved | With-<br>drawn |
|----------|-------|----------|--------------------|-----------------|------------------|----------------|
| Original | 358   | 222      | 54                 | 80              | 0                | 1              |
| Response | 27    | 19       | 0                  | 8               | 0                | 1              |
|          |       |          |                    |                 |                  |                |
| Totals   | 385   | 241      | 54                 | 88              | 0                | 2              |

The zero indication for disapproved filings is misleading. We expect that a number of the questioned filings will ultimately result in disapprovals or withdrawals.

Word processing is backlogged due to illness and equipment failure. I have therefor made an exception and printed this on our printer.

# MEMORANDUM

## State of Alaska

TO: Paul Roller  
Director  
Division of Insurance

DATE: September 1, 1989

FILE NO.:

THRU:

TELEPHONE NO.: (907) 465-2577

FROM: Don Koch   
Chief of Market Surveillance  
Division of Insurance  
Department of Commerce and  
and Economic Development

SUBJECT: Consolidated Filing Log  
July 1989

Attached is the consolidated filing log for July 1989. This log lists filings received during the month of July or questioned filings to which a response was received during July. The log has been ordered alphabetically by line on insurance. The log lists 331 filings, which are categorized as follows:

|                  | Approved | Questioned | Disapproved | Withdrawn |
|------------------|----------|------------|-------------|-----------|
| Original Filings | 203      | 40         | 3           | 0         |
| Responses        | 65       | 15         | 3           | 2         |
| Total            | 268      | 55         | 6           | 2         |

# MEMORANDUM

# State of Alaska

TO: James J. Jordan  
Acting Director  
Division of Insurance

DATE: November 7, 1989

FILE NO.:

TELEPHONE NO.:

SUBJECT: Recent Rate Filings  
for Liability Lines  
of Insurance

FROM: Stan Garlington  
Insurance Market Analyst

Don Koch gave to me, on November 2, 1989, the assignment to secure recent rate filings pursuant to your fax of October 16 pursuant to the October 13 request of the House Liability Task Force.

I used NAIC date for 1988 to identify the largest writers for annual statement line 11-Medical Malpractice, 5-Commercial Multiperil, and 17-Other Bodily Injury.

MICA (48%), MIEC (31%), and CNA (14%) represent 93% of the premium written in the Alaska admitted market for medical malpractice.

State Farm (12%), CIGNA (12%), Alaska National (12%), Fireman's Fund (10%), and Industrial Indemnity (8%) were the top five writers of CMP representing 54% of the admitted market.

Alaska International Group (National Union Fire) (22%), Alaska National (20%), Areca Insurance Exchange (4%), CNA (3%), and Safety Mutual (3%) represent the five largest writers of other bodily injury coverage with a combined market share of 52%.

I elected not to secure copies of filings of Areca Insurance Exchange because rural electrical cooperatives are not indicative of the market in general, and Safety Mutual because of its specialized niche and small percentage.

All companies other than MICA and MIEC are Insurance Services Organization companies. Some carriers, however, develop special programs using their own data, such as CNA's dental program.

I have ~~had~~ copied the most recent rate filings for all these insurers. I searched ~~back~~ through 1988 for the most current filings. There are filings ~~pending~~ for some of these insurers. Pending filings for CNA for dental professionals and design professionals programs indicate a downward trend in proposed premiums. In a couple of cases, I have provided pre-88 filings when I thought they would be of interest.

I also have provided recent Insurance Services Organization filings to supplement the individual company filings.

Although NAIC market share ratings are by individual issuers, I pulled all appropriate filings for all companies within a group for which a company was identified in any of the lines of liability insurance.

SG/wfd1394W  
11789b

*cc Don Koch*

Victor O.

**Schinnerer**

& Company, Inc.

Two Wisconsin Circle, Chevy Chase, Maryland 20815-7003 • 301/961-9800 • Fax 301/951-5444 • Telex 261829

Thomas H. Porterfield, Jr.  
Vice President

**November 6, 1989**

**Representative Sam Cotten  
Chairman, House Liability Task Force  
Alaska State Legislature  
PO BOX V  
State Capitol  
Juneau, AK 99811**

**Dear Mr. Cotten:**

**This will acknowledge receipt of your letter of October 20.**

**Victor O. Schinnerer & Company, Inc. is an Underwriting Manager of Professional Liability Programs primarily in the area of Architects & Engineers, Hospitals and Real Estate Agents. Our major program is A/E Professional Liability Insurance, which we have been underwriting since 1957.**

**We are willing to do whatever we can to respond to the Liability Survey and will try to provide the information you have asked for. Confirming my conversation with Ms. Julia Craft, this cannot be done by November 15th. We hope to have a response to you by the week of December 4th.**

**As to question number 5, I am enclosing a copy of our A/E rate as filed and approved in Alaska. Also enclosed, is a Guidelines for Improving Practice article, mailed to all of our insureds on how their Professional Liability Premium is determined.**

**50 Years of Service • 1938-1988**

Washington, D.C. • Chicago • New York • San Francisco • Bermuda • London

**If you have any questions or if there is anything else we can do at this point,  
please let me know.**

**Cordially,**

  
**Thomas H. Porterfield, Jr.**  
**Vice President**

**THP|enr**

**cc: David Rogers**  
**BOX 33932**  
**Juneau, AK 99814**

November 3, 1989

RE: Alaska Rate Structure For Design Professionals, Landscape Architects and Land Surveyors

Our current rate structure is based on an individual firm's billings for professional services rendered.

The following rates were filed and approved in 1986 by the Alaska Insurance Department:

I. Architects/Engineers Billings Rate per \$1,000 of Billings

|       |                     |         |
|-------|---------------------|---------|
| First | \$ 100,000          | \$66.93 |
| Next  | 150,000             | 46.85   |
| Next  | 1,750,000           | 30.79   |
| Next  | 2,000,000-5,000,000 | 30.79   |

II. Land Surveyors Billings Rate per \$1,000 of Billings

|       |                     |         |
|-------|---------------------|---------|
| First | \$ 25,000           | \$53.93 |
| Next  | 75,000              | 26.97   |
| Next  | 150,000             | 21.57   |
| Next  | 1,750,000           | 13.48   |
| Next  | 2,000,000-5,000,000 | 10.79   |

III. Landscape Architects Billings Rate per \$1,000 of Billings

|       |                     |         |
|-------|---------------------|---------|
| First | \$ 25,000           | \$30.09 |
| Next  | 75,000              | 15.05   |
| Next  | 150,000             | 12.04   |
| Next  | 1,750,000           | 7.52    |
| Next  | 2,000,000-5,000,000 | 6.02    |

Victor O.

**Schinnerer**  
& Company, Inc.

Two Wisconsin Circle, Chevy Chase, Maryland 20815-7003 • 301/961-9800 • Fax 301/951-5444 • Telex 261829

Thomas H. Porterfield, Jr.  
Vice President

January 19, 1990

Ms. Julie Kraft  
c/o Representative Sam Cotten  
Alaska State Legislature  
PO BOX V  
State Capitol  
Juneau, AK 99811

**COPY**

Dear Ms. Kraft:

Pursuant to our telephone conversation of January 17th, the CNA/Schinnerer A/E Professional Liability Insurance Program does offer "Extended Reporting Coverage" to all qualified insureds, per the terms and conditions of the policy, in the State of Alaska. This is a one year discovery period for claims made against the insured (during the discovery period) arising out of services rendered while they were insured in the program. This is an extension of coverage under the expiring policy and does not provide for a new separate limit of liability.

The extension does not provide coverage for services rendered after the "active" policy expiration date.

The premium for this one year "Extended Reporting Coverage" is an average of the CNA premium of the last three or less years (if applicable) the policy was continuously in force.

**Schinnerer**  
A COMPANY, INC.

**I trust this information is of some help to you and if you have any further questions please let me know.**

**Cordially,**

  
**Thomas H. Porterfield, Jr.**  
**Vice President**

**THP/enr**

**cc: David Rogers**  
**BOX 33932**  
**Juneau, AK 99814**

**Vince Haneman**  
**Dean of Engineering**  
**University of Alaska at Fairbanks**  
**Fairbanks, AK 99775**

|  |  |  |  |
|--|--|--|--|
|  |  |  |  |
|  |  |  |  |

RETURN TO: \_\_\_\_\_



## HOW YOUR PROFESSIONAL LIABILITY INSURANCE PREMIUM IS DETERMINED

By JAMES C. FARBER

*The information in this article pertains to the rating methodology utilized in the premium computations for the smaller and medium sized architectural and engineering firms (\$0 to \$5 million in annual billings) insured in the CNA/Schinnerer Professional Liability Insurance Program. Because of their unique risk exposure and loss characteristics, somewhat different underwriting and rating methodology is used for larger firms (over \$5 million in annual billings) as it is for firms insured in one of the other CNA/Schinnerer programs — Land Surveyors, Landscape Architects, Design/Build, and Project Insurance.*

### INTRODUCTION:

In 1972, in response to the number of questions on the subject, we published Volume II, No. 10, of **GUIDELINES FOR IMPROVING PRACTICE**. That was the first article in the then brand new Insurance Section. The article was entitled, "Your Policy Premium—How it is Determined." In 1979, to reflect changes in the rating formula, a second article on the subject was published, "Determining Your Policy Premium—An Update," Volume VIII, No. 6.

Owing to changes and refinements over the years in the rating structure, those articles no longer reflect current rating methodology. This is their replacement.

At Schinnerer & Co., we have always believed it is important for design professionals to have information on the factors which affect the cost of insurance. Thus informed, architects and engineers will be better able to comprehend liability risk exposures and their impact on professional liability insurance premiums.

The premium for an Architects' and Engineers' Professional Liability Insurance Policy is derived from the information provided in the application and supplemental material submitted by the design professional. The questions in that application are designed to accurately depict for the underwriters the exposures associated with a particular firm. From their understanding of the risks associated with a firm's practice, the underwriters can determine a premium which corresponds to those risks and is in accordance with rates

and underwriting rules on file with each state insurance department. Having chosen to operate as an "admitted carrier," Continental Casualty Company (one of the CNA companies) is subject to regulation by the insurance department of each state. Among other ramifications, this generally means that its rates, forms and underwriting rules must be approved by those state authorities.

Four main factors influence the premium of all firms: billings, location, type of services and claims experience.

### BILLINGS:

A major factor used to determine policy premium is the firm's total annual billings for professional services. Total billings for professional services for the preceding twelve months are normally used as the basis for underwriting. The firm should use the twelve-month period that coincides with its accounting year (fiscal or calendar).

The CNA/Schinnerer application requires the design firm to report all billings for the past twelve months, including fees paid to consultants and billings from joint venture projects. Fees paid to consultants

**Your  
Policy  
Rating - III**

are not to be deducted because prime design professionals are vicariously liable for the acts of their consultants. Thus, there is an exposure which must be accommodated in the premium computation process.

There are two categories of billings which most directly influence the premium calculation. One category includes fees received for design and construction-phase services (i.e., the traditional phases of a design professional's services), while the other category involves fees received for professional services related solely to feasibility studies, master-planning, reports or nonstructural interior design services.

Billings from normal design and construction-phase services create the full exposure anticipated by the established rates. Therefore, 100 percent of the fees received for services rendered in this category are utilized in the rating formula. The services included in the second category, however, create considerably less exposure to liability for the design professional. Therefore, billings for projects where a firm's only responsibility is to prepare a feasibility study or master plan or to provide nonstructural interior design services are adjusted to take into account the reduced exposure. This is accomplished by utilizing 25 percent of the fees reported in this category in the rating formula. In addition, revenues derived from landscape architecture and land surveying are also discounted.

#### **LOCATION:**

The state in which a firm's principal office is located is also a factor in the premium calculation. Based upon the loss experience within the CNA/Schinnerer program, state rates are established to reflect the claims exposure of firms located in each state. Thus, the rates for states in which firms have had fewer losses are lower than the rates for states with firms having less favorable loss experience.

#### **TYPE OF SERVICES:**

Classes of service which are used for rating purposes include architecture, electrical engineering, civil engineering, mechanical engineering, structural engineering and a combination of these. The rating factor for each discipline is determined by the actual experience of that discipline relative to the other disciplines. Historically, firms rendering primarily structural engineering services have had the most severe claims experience. Combined A/E firms or multidisciplined firms come next, followed by architectural firms, civil engineering firms and mechanical engineering firms. Electrical engineering firms have the most favorable claims experience.

#### **CLAIMS EXPERIENCE:**

Another important step in determining premium involves a careful review of the firm's claims experience,

including both paid and pending claims. Closed claims are reviewed on the basis of the amount of any settlement or judgment, plus the legal and other defense costs incurred. Pending claims are analyzed to determine what loss reserves have been established, the amounts paid to date and the design professional's potential liability as determined by CNA claims administrators and defense counsel. An experience modification representative of a firm's claims history, applied as a credit or debit adjustment in the rating process, is determined based upon the severity and frequency of the claims associated with that firm.

The severity of a firm's claims experience is determined by comparing the amount of money paid as a result of claims made against that firm, plus the total amount set aside as reserves for pending claims, to the total premiums paid by the firm over a period of time. The result is a percentage referred to as a firm's incurred loss ratio. Payments made by insureds within their deductibles are not included in the calculation.

While a firm's incurred loss ratio is the prime factor used to evaluate claim experience, consideration also is given to frequency of claims. Although simply reporting claims does not have an adverse effect on future premiums, an excessive number of reported claims may be indicative of potential loss-control problems.

Individual firm loss experience is a critical determinant of premium. Firms with adverse loss records may have a rate more than twice that of firms with favorable loss experience.

#### **FACTORS YOU CAN CONTROL:**

While the four factors discussed above are major influences on premium, there are other factors associated with a firm which can affect the premium charged. For example, certain types of projects lend themselves to greater exposures for the design professional. We view in-house quality control procedures and use of standard contract forms (those published by AIA and EJCDC) as positive indications of a firm's desire to prevent or minimize losses.

Not surprisingly, the premium charged will increase as the amount of coverage increases. Similarly, premium decreases as the deductible increases. Generally, we will offer quotations at several different options to give you flexibility in tailoring coverage to your particular needs and desires.

Questions frequently arise about the limit and deductible a firm "should" carry. The limit of liability really is a business decision to be made by the principals of a particular firm. It would be wise to remember though that the limit of liability on this type of policy is an aggregate limit of liability. This means that the limit of liability for the policy term is the total amount CNA will pay for all claims and claim

expenses during that policy term. In their decision, the principals must consider the exposures created by their firm, the possibility that more than one claim might be made during the policy period, the amount of protection desired and how much they feel they can afford to pay for that protection.

#### **CONCLUSION:**

A thoroughly completed application is required to determine an architects' and engineers' professional liability insurance premium. The complex nature of the rating process makes it inappropriate for our underwriters to provide "ballpark" quotations. Applications must be submitted early, well before existing

policies expire. This is a highly individualized process and underwriters need time to evaluate exposures and calculate appropriate premiums. A complete application not only allows the underwriters to tailor a proposal to fit your individual needs, but also allows the design firm the opportunity to present itself as it feels it should be viewed.

If in your opinion the application and your answers to the questions posed do not accurately portray your firm and the services you provide, a note should be attached to the application to expand upon answers. Please feel free to share with us any additional information that you believe will assist us in better understanding the nature of your practice, as that understanding ultimately determines your premium.

# CNA INSURANCE COMPANIES

CNA Plaza, Chicago, Illinois 60685

AUG 15 1988

HONORABLE PAUL RILLER  
DIRECTOR OF INSURANCE  
DEPARTMENT OF INSURANCE  
CHICAGO, ILL. 60601-1000

REC

AUG 22 1988

Department of Commerce and  
Economic Development  
Division of Insurance

2

Re: Design Professionals Liability Program (I.D.# 3793)  
R-6400-BM(7) Revised Company Exception Page  
CNA-EX-6022 and New Company Exception  
Page CNA-EX-6022-A  
Continental Casualty Company 218-20443

Dear Commissioner:

We submit the captioned Exception Pages which contain the rules and rates governing the issuance of Employed/Self-Employed Professionals written under our Design Professional Liability Program.

A general description of the filing is set forth in the attached filing Memorandum - Rate/Rules.

We request an effective date of September 15, 1988 or the earliest permitted thereafter by your regulations.

An extra copy of this letter is enclosed which we request you to stamp and return to us for our records.

Yours truly,

*Judith Ann Rudy*

Judith Ann Rudy  
Paralegal  
Law Department, 43S  
(312) 822-5498

cw/T1.9

STAN GARRINGTON  
AUG 22 1988

DESIGN PROFESSIONALS LIABILITY INSURANCE PROGRAM

FILING MEMORANDUM - RATES/RULES

**RECEIVED**

AUG 22 1988

Department of Commerce and  
Economic Development  
Division of Insurance

The enclosed material represents an expansion of our commitment to the professional community. This expansion comes from a broadening of program eligibility to include employed and/or self-employed individuals. Employed individuals include those who work for private industry or governmental agencies.

Coverage for employed/self-employed professionals has always had a very limited market availability. This availability became virtually non-existent when the primary coverage source withdrew from the writing of this specialty class. Accordingly, we were asked by the respective professional societies to expand our program in order to provide a ready source of market availability.

Since the coverage for employed/self-employed professionals is new, a considerable amount of judgement was used to derive the rates. The base premium for self-employed professionals is the same as the minimum premium for our architects and engineers program. For employed professionals, the base rate was judgementally selected as 25% of the above.

Similarly, numerous large architectural and engineering firms have proposed alternatives for optional availability of limited participation in claim settlement as a method of controlling insurance costs. In response to this desire, we are submitting rules establishing a method for claim payment participation on a coinsurance basis. For the coinsurance option, the reduction in premium is proportional to the reduction in coverage, with a slight adjustment for fixed expenses. The insureds will further have the option of selecting the level of participation based upon their own needs and available resources.

We believe that both of these modifications are responsive to the needs of the respective market segments and are in the best interest of the insuring public.

We propose the following additions:

Page CNA-EX-6022

Coverage options have been expanded to include the coinsurance rule.

Page CNA-EX-6022-A

Rule XII. explains the criteria and rates pertaining to coverage for employed and self-employed individuals.

CONTINENTAL CASUALTY COMPANY  
COMMERCIAL LINES MANUAL

DIVISION SIX—GENERAL LIABILITY  
PROFESSIONAL LIABILITY SUBDIVISION

DESIGN PROFESSIONAL'S LIABILITY  
CONTINENTAL CASUALTY COMPANY

XI. Supplementary Rules

A. Defense Coverage for Asbestos-related Claims

Coverage may be purchased to provide for defense costs for asbestos exposures. The charge for this endorsement is 5% of premium for the \$100,000 limit. The limits of liability provided by this endorsement are \$50,000. The following rules apply:

1. Coverage can only be offered to those insureds that have been in the program as of January 1, 1986 and that have full prior acts coverage.
2. Other insureds become eligible following two years of continuous coverage in the program as long as they have full prior acts coverage.
3. Eligible insureds must state in writing that they have no knowledge of a possible claim or circumstance that might give rise to a claim at the time of purchase of this coverage.
4. The policy deductible will apply and the Company shall pay excess of that amount.
5. The minimum premium for this coverage is \$500.00. (\$5,000 maximum)

B. Coinsurance - Claim Payment Participation Endorsement

An endorsement is available which allows the insured to participate in any claim payment and related claim expenses, above the deductible and within the first \$1,000,000 of limits, for a reduced premium. The rate credit for this option shall be applied to the first \$1,000,000 limit premium and is determined as follows:

Coinsurance  
Percentage

Premium Discount Factor (%)

|           |           |
|-----------|-----------|
| 10%       | 8%        |
| 20%       | 18%       |
| 30%       | 27%       |
| 40%       | 37%       |
| 50%       | 46%       |
| Above 50% | (a) rated |

COMPANY EXCEPTION PAGE  
FOR  
COMMERCIAL LINES MANUALDIVISION SIX—GENERAL LIABILITY  
PROFESSIONAL LIABILITY SUBDIVISIONDESIGN PROFESSIONAL'S LIABILITY  
CONTINENTAL CASUALTY COMPANYXII. INDIVIDUAL PROFESSIONAL COVERAGE

It shall be permissible to provide coverage for Employed/Self-Employed Professionals meeting the following criteria:

- A. Employed Professional - A graduate engineer, whether licensed or not, or registered architect, employed in industry, local, state or federal governments, and utilities, whether public or private. This applies to individuals who report to work on a daily basis, are under the direction of their employer, and from whom the employer deducts employment taxes.
- B. Self-Employed Professional - A graduate engineer or registered architect who renders a report, opinion or feasibility study other than for a construction project, with annual billings NOT to exceed \$100,000.
- C. Annual Rates

## 1. Employed Professionals

| Desired Limits<br>Per Claim/Aggregate | Deductible<br>Per Claim | Premium  |
|---------------------------------------|-------------------------|----------|
| \$250,000/250,000                     | \$250.00                | \$300.00 |
| 500,000/500,000                       | 250.00                  | 500.00   |

## 2. Self-Employed Professionals

| Billings         | Desired Limits<br>Per Claim/Aggregate | Deductible<br>Per Claim | Premium    |
|------------------|---------------------------------------|-------------------------|------------|
| \$ 0 - \$40,000  | \$100,000/100,000                     | \$2,000.00              | \$1,000.00 |
|                  | 250,000/250,000                       | 2,000.00                | 1,500.00   |
|                  | 500,000/500,000                       | 2,000.00                | 1,900.00   |
| 40,001 - 70,000  | \$100,000/100,000                     | \$2,000.00              | \$1,100.00 |
|                  | 250,000/250,000                       | 2,000.00                | 1,650.00   |
|                  | 500,000/500,000                       | 2,000.00                | 2,100.00   |
| 70,001 - 100,000 | \$100,000/100,000                     | \$2,000.00              | \$1,300.00 |
|                  | 250,000/250,000                       | 2,000.00                | 1,900.00   |
|                  | 500,000/500,000                       | 2,000.00                | 2,400.00   |

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Mary Pierce, Executive Director  
Janet Sloan Johnston, Claim Manager  
Penny Chmielewski, Risk Management Coordinator  
Art Stanford, Underwriting Manager

**MICA** Medical Indemnity  
Corporation of Alaska  
ALEUT PLAZA OFFICE BUILDING  
4000 OLD SEWARD HIGHWAY, SUITE 203  
ANCHORAGE, ALASKA 99503  
TELEPHONE (907) 563-3414

**1990**

**Physician's and Surgeon's  
Professional Liability Coverages and Premium Schedules**

## PROFESSIONAL LIABILITY COVERAGES

### Explanation of Policy:

The Claims-Made Policy extends professional liability protection to the physician, clinic or employee for claims reported in a single year, regardless of when service is rendered as long as the incident occurred while continuously insured under Claims-Made with MICA. Thus, claims reported this year are covered by this year's policy; claims reported next year by next year's policy and so on.

MICA's premium rates are derived from the historical pattern of reported claims resulting from the performance of professional services which form a "stair step" with an increasing number of claims being reported each year until the fifth year. In the first year, only about 19 % of the total claims resulting from professional services are reported; the second 39 %; the third 78 %; the fourth 93 %; the fifth and subsequent years, about 100 %.

### Cost:

In keeping with the "stair step" development of claims, the rates charged for the Claims-Made policy mature at the fifth year. Subsequent renewal policies are charged at the mature rates. The specific cost of coverage is shown within our table entitled CLAIMS-MADE PREMIUM SCHEDULE.

All policies issued by MICA are renewed on January 1 of each year. Your first years and renewal rates are pro-rated from the first date of coverage (inception date) of the original policy. For example, if your continuous coverage became effective on July 1, 1986, your annual renewal premium on January 1, 1990 would be pro-rated from January 1 through June 30 on the fourth year rates and from July 1 through December 31 on the fifth year rates.

### Limits of Liability:

MICA's professional and optional comprehensive general liability coverages are available with policy limits of:

\$200,000 per occurrence/\$600,000  
aggregate per calendar year.  
\$500,000 per occurrence/\$1,000,000  
aggregate per calendar year.  
\$1,000,000 per occurrence/\$2,000,000  
aggregate per calendar year.  
\$1,000,000 per occurrence/\$3,000,000  
aggregate per calendar year.

### Reporting Endorsement (Tail Coverage) \*

Should you stop practicing or change to another insurance company, MICA guarantees availability of a limited or Unlimited Reporting Endorsement known as "tail" coverage to cover subsequently reported claims. Tail coverage must be purchased by the insured within 30 days of termination of coverage, (by cancellation or non-renewal) or by termination of employment or association with the physicians insured under a master group policy.

"Tail" coverage must also be recognized when a physician reduces rating classification to offset reduced premium charges while subsequently reported claims from the higher specialty continues to occur. This is currently being accomplished by charging "tail" premium on a pro-rata basis as between the two specialty classes when the policy is ultimately terminated.

### Cost:

The cost of "tail" coverage will depend upon the length of time you have been insured with MICA, limits of liability purchased, physician's rating class and will be subject to the company's rules, rates, and rating plans in effect at the time the Unlimited Reporting Endorsement is requested.

\* The policy limits purchased for the Unlimited Reporting endorsement will be applicable just as if the policy had not been cancelled or terminated and all subsequently reported claims had been reported during the last policy year.

The tail premium is quoted as a one time cost but may be paid in installments. Refer to paragraph INSTALLMENTS.

#### **Retirement Benefit:**

An Unlimited Reporting Endorsement (tail coverage) will be issued at no extra cost to any physician who has attained the age and years in the MICA program (as per the schedule below) and having completed five consecutive years as a MICA insured just prior to retirement:\*\*

| <u>Age</u> | <u>Years as MICA Insured</u> |
|------------|------------------------------|
| 60         | 5                            |
| 59         | 6                            |
| 58         | 7                            |
| 57         | 8                            |
| 56         | 9                            |
| 55         | 10                           |

\*\* Retirement is defined as totally ceasing the private practice of medicine. A limited or parttime practice is not considered retirement.

#### **Death or Total and Permanent Disability:**

A Reporting Endorsement (tail coverage) will be issued at no extra cost because of death or permanent total disability, i.e., unable to continue the practice of medicine in any limited or modified capacity.

#### **New Doctor Rule:**

For physicians entering private practice for the first time following completion of medical school, residency training, military or public health service, premiums will be discounted 25 % for the first year of coverage.

#### **Claims Free Premium Discount:**

A 20 % premium discount will be provided to our insured physicians for a five year claims free history. This policyholder benefit will be provided upon renewal following the completion of the fifth year in which a claims free record has been demonstrated.

#### **Claims Experience Premium Surcharges:**

Claims experience premium surcharges may be imposed upon insureds with two or more claims in

the last three years in which some elements of negligence or other contributing adverse factors are involved.

#### **Employee Coverages:**

Unlike many policies, most employees are provided coverage under the MICA policy.

Employee premium charges are limited to: (1) Advanced Nurse Practitioners or Physician's Assistants added to a physician's or clinic's policy subject to 50 % of Class 1 premium (shares policy limits with employer, sponsor or supervising physician); (2) Physician's Assistants or Nurse Practitioners on policies providing separate limits of liability from sponsoring/supervising physician, subject to higher premium based upon specialty and practice situation; (3) employed Nurse Midwives or directly supervised Certified Registered Nurse Anesthetists (CRNAs) are subject to 100 % Class 3 annual premium; (4) unsupervised CRNAs or Nurse Midwives are subject to 100 % of Class 4 and Class 4A premium respectively.

No additional premium charges are incurred for other employees.

#### **Locum Tenens:**

MICA provides up to 60 days of coverage annually for a temporary substitute physician - locum tenens - for surgical and non-surgical specialties. Completion of application and prior approval of MICA is required.

This coverage is limited to 6 separate periods per year (except for illness or family emergencies of the insured physician) and any additional periods will involve the customary premium charges for short-term practice situations (see next paragraph)

A negative factor in considering the acceptability of a locum tenens physician is the lack of current or recent professional liability insurance coverage on the applicant. This lack precludes verification of prior claims experience and other elements of insurability.

#### **Short Term Practice Situations:**

Pro-rated amount of annual premium computed on short rate tables subject to \$250 minimum premium.

### **Part Time Practitioners:**

Class 0, 1, 1-A, 2, 2-A and Family practitioners in any class: 35 % of the scheduled annual premiums for 10 hours or less per week practice; 65 % of the scheduled annual premium for 20 hours or less per week practice.

### **Comprehensive General Liability Coverages:**

This optional coverage is available at \$50 per physician covered, subject to the same limits of liability carried for professional liability. This coverage extends to bodily injury and property damage liability protection for those injuries accidentally sustained on the office premises by patients or the general public.

This coverage is limited to premises actually occupied by our insured in rendering professional services. For example, if an insured occupied one suite of a building, coverage would be limited to only that suite. An entire building cannot be covered under the Comprehensive General Liability Endorsement unless the insured or the insured's employees occupy the entire building in the rendering of medical services.

### **Corporate/Partnership/Group Professional Liability:**

This optional coverage is available at no additional charge to solo practitioners and group practices, providing each member or employed physician carries coverage through the Company. The only requirement for group limits is that the limits of liability on the group may never be higher than the lowest limit carried by any member of the group. The separate limits of liability for the corporation/partnership/group does not apply to policyholders who are solo practitioners nor does it apply concurrently or on an excess basis to the physician (s) scheduled on the policy or associated with the same medical organization who also allegedly provide negligent patient care for the same occurrence.

This form provides individual limits of liability to each physician named on the policy schedule except these limits shall not be concurrent nor excess to the corporate limits of liability stated in the previous paragraph.

### **Optional Shared Limits Professional Liability Group Coverage:**

This optional coverage is available through the Company for your group at reduced premium levels. (see discount schedule that follows). One master policy is issued with each associated or employed physician covered by endorsement.

Coverages are limited to the course and scope of employment or association with your group. The combined clinic/group insureds are subject to the single limits of liability per occurrence and annual aggregate limits as procured.

Completion of the Physician's and Surgeon's Professional Liability Group Application is required, along with completion of individual application for each physician to be insured.

| Discounts Per Limits of Liability |           |             |
|-----------------------------------|-----------|-------------|
| # Doctors on Policy               | \$500,000 | \$1,000,000 |
| 1                                 | 0         | 0           |
| 2                                 | 9%        | 7%          |
| 3                                 | 11%       | 9%          |
| 4                                 | 12%       | 10%         |
| 5                                 | 13%       | 11%         |
| 6                                 | 14%       | 12%         |
| 7                                 | 15%       | 13%         |
| 8                                 | 16%       | 14%         |
| 9+                                | 17%       | 15%         |

### **Installments - Deferred Payments:**

Initial policy issuance subject to deposit of \$1,000 or two month's annual premium. Deferred payments are available in quarterly or semi-annual installments payable: 35%, 25 %, 25 % and 15 % quarterly or 60 % and 40 % semi-annually. Premium invoices should be paid upon receipt and the policy is subject to immediate cancellation if payment is not received by the first day of the quarter in which the premium is earned. Carrying charges are computed at 10 % annual simple interest on the unpaid balance.

The full premium for an Unlimited Reporting Endorsement must be received by the company within twelve months following its inception date. The Unlimited Reporting Endorsement will be cancelled at the end of this twelve month period if the full premium has not been received at that time, and only premium earned for this twelve month Reporting Endorsement period will be charged in accordance with rates actuarially determined and filed with the Division of Insurance.

## PHYSICIAN'S RATE CLASSIFICATIONS

### Class 0

Psychiatry - Excluding ECT  
Pathology

### Class 1

Neurology

Physicians - no surgery

Applies to general practitioners and physician specialists who do not perform obstetrical procedures or major / minor surgery (other than incision of boils and superficial abscesses, suturing of skin and superficial fascia or neonate circumcision) who do not ordinarily assist in major surgical procedures.

### Class 1-A

General Practitioners assisting at surgery (own patients only)

Ophthalmology (excluding Radial Keratotomy)

### Class 2

Physicians - minor surgery or assisting in major surgery\*

Applies to general practitioners and physician specialists who perform minor surgery or assist in major surgery.

Neonatology

Cardiology

### Class 2-A

Emergency Medicine

Therapeutic Radiology

### Class 2-C

Urology

### Class 3

Physicians - major surgery \*

Physicians who include obstetrical procedures as any part of their practice.

Proctology

Otorhinolaryngology

Abdominal Surgery

General Surgery

Pediatric Surgery

Thoracic Surgery

Traumatic Surgery

Plastic and Reconstructive Surgery (excluding cosmetic surgery)

Urology

Gynecology (No Obstetrics)

### Class 4

Anesthesiology

### Class 4-A

Physicians - major surgery \*

Obstetrics - Gynecology

Cardiovascular Surgery

Hand Surgery

Plastic and Reconstructive Surgery (including cosmetic surgery)

Vascular Surgery

Orthopedic Surgery (excluding total joint procedures spinal surgery and insertion of prosthetic devices)

### Class 5

Physicians - major surgery\*

Neurosurgery

Orthopedic Surgery (including total joint procedures, spinal surgery and insertion of prosthetic devices)

**\*Major Surgery** - involves operations in or upon any body cavity including but not limited to the cranium, thorax, abdomen or pelvis, or any other operation that presents a distinct hazard to life because of the condition of a patient or the length or circumstances of an operation. It also includes removal of tumors (except skin tumors), open bone fractures, amputations, abortions, removal of any gland or organ, plastic surgery and any operations using general anesthesia.

**NOTE:** IF A PORTION OF THE PHYSICIANS PRACTICE IS IN A SPECIALITY WITH A HIGHER CLASS THAN HIS NORMAL SPECIALTY, HE OR SHE MAY BE PLACED IN THE HIGHER SPECIALTY FOR RATING PURPOSES.

# CLAIMS - MADE PREMIUM SCHEDULE

Effective January 1, 1990

## LIMITS OF LIABILITY: EACH CLAIM AND ANNUAL AGGREGATE

|                          | 1st - 5th Years | \$200,000/\$600,000 | \$500,000/\$1,000,000 | \$1,000,000/\$2,000,000<br>\$1,000,000/\$3,000,000 * |
|--------------------------|-----------------|---------------------|-----------------------|------------------------------------------------------|
| <b>CLASS 0</b>           |                 |                     |                       |                                                      |
| 1st year rates           | Jan. 1, 1990    | 2,924               | 3,182                 | 3,601                                                |
| • 2nd year renewal rates | Jan. 1, 1989    | 3,467               | 4,026                 | 4,857                                                |
| • 3rd year renewal rates | Jan. 1, 1988    | 4,559               | 5,607                 | 7,119                                                |
| • 4th year renewal rates | Jan. 1, 1987    | 5,026               | 6,271                 | 8,058                                                |
| • 5th year renewal rates | Jan. 1, 1986    | 5,177               | 6,485                 | 8,361                                                |
| <b>CLASS 1</b>           |                 |                     |                       |                                                      |
| 1st year rates           | Jan. 1, 1990    | 3,798               | 4,305                 | 5,067                                                |
| • 2nd year renewal rates | Jan. 1, 1989    | 4,828               | 5,809                 | 7,230                                                |
| • 3rd year renewal rates | Jan. 1, 1988    | 6,724               | 8,497                 | 11,031                                               |
| • 4th year renewal rates | Jan. 1, 1987    | 7,517               | 9,612                 | 12,599                                               |
| • 5th year renewal rates | Jan. 1, 1986    | 7,772               | 9,970                 | 13,103                                               |
| <b>CLASS 1-A</b>         |                 |                     |                       |                                                      |
| 1st year rates           | Jan. 1, 1990    | 4,548               | 5,270                 | 6,326                                                |
| • 2nd year renewal rates | Jan. 1, 1989    | 5,997               | 7,341                 | 9,268                                                |
| • 3rd year renewal rates | Jan. 1, 1988    | 8,584               | 10,930                | 14,391                                               |
| • 4th year renewal rates | Jan. 1, 1987    | 9,657               | 12,482                | 16,499                                               |
| • 5th year renewal rates | Jan. 1, 1986    | 10,001              | 12,964                | 17,176                                               |
| <b>CLASS 2</b>           |                 |                     |                       |                                                      |
| 1st year rates           | Jan. 1, 1990    | 5,338               | 6,286                 | 7,651                                                |
| • 2nd year renewal rates | Jan. 1, 1989    | 7,228               | 8,953                 | 11,414                                               |
| • 3rd year renewal rates | Jan. 1, 1988    | 10,542              | 13,593                | 17,928                                               |
| • 4th year renewal rates | Jan. 1, 1987    | 11,909              | 15,503                | 20,605                                               |
| • 5th year renewal rates | Jan. 1, 1986    | 12,348              | 16,116                | 21,464                                               |
| <b>CLASS 2-A</b>         |                 |                     |                       |                                                      |
| 1st year rates           | Jan. 1, 1990    | 7,098               | 8,550                 | 10,605                                               |
| • 2nd year renewal rates | Jan. 1, 1989    | 9,971               | 12,547                | 16,196                                               |
| • 3rd year renewal rates | Jan. 1, 1988    | 14,905              | 19,417                | 25,811                                               |
| • 4th year renewal rates | Jan. 1, 1987    | 16,928              | 22,235                | 29,753                                               |
| • 5th year renewal rates | Jan. 1, 1986    | 17,577              | 23,139                | 31,020                                               |

\* PREMIUM COST IS 4% ABOVE \$1,000,000/\$2,000,000. LIMITS.

Claims-made premium prepared by Milliman & Robertson, Inc., consulting Actuaries for the Medical Indemnity Corporation of Alaska, are based on a five year pricing step for reported claims adjusted annually for claims experience.

• Retroactive dates and renewal premium apply to 2nd through 5th year annual renewal. First year physicians are subject to first year rates.

• All policies are renewed each year on January 1. All 1st and renewal premiums are pro-rated subject to the first day of coverage under the original policy.

# CLAIMS - MADE PREMIUM SCHEDULE

Effective January 1, 1990

## LIMITS OF LIABILITY: EACH CLAIM AND ANNUAL AGGREGATE

|                          | 1st - 5th Years | \$200,000/\$600,000 | \$500,000/\$1,000,000 | \$1,000,000/\$2,000,000<br>\$1,000,000/\$3,000,000 * |
|--------------------------|-----------------|---------------------|-----------------------|------------------------------------------------------|
| <b>CLASS 2-C</b>         |                 |                     |                       |                                                      |
| 1st year rates           | Jan. 1, 1990    | 8,294               | 10,089                | 12,613                                               |
| • 2nd year renewal rates | Jan. 1, 1989    | 11,836              | 14,991                | 19,448                                               |
| • 3rd year renewal rates | Jan. 1, 1988    | 17,872              | 23,377                | 31,171                                               |
| • 4th year renewal rates | Jan. 1, 1987    | 20,342              | 26,813                | 35,976                                               |
| • 5th year renewal rates | Jan. 1, 1986    | 21,133              | 27,915                | 37,518                                               |
| <b>CLASS 3</b>           |                 |                     |                       |                                                      |
| 1st year rates           | Jan. 1, 1990    | 8,857               | 10,813                | 13,558                                               |
| • 2nd year renewal rates | Jan. 1, 1989    | 12,713              | 16,140                | 20,978                                               |
| • 3rd year renewal rates | Jan. 1, 1988    | 19,268              | 25,241                | 33,693                                               |
| • 4th year renewal rates | Jan. 1, 1987    | 21,948              | 28,967                | 36,904                                               |
| • 5th year renewal rates | Jan. 1, 1986    | 22,807              | 30,162                | 40,576                                               |
| <b>CLASS 4</b>           |                 |                     |                       |                                                      |
| 1st year rates           | Jan. 1, 1990    | 11,218              | 13,850                | 17,520                                               |
| • 2nd year renewal rates | Jan. 1, 1989    | 16,392              | 20,960                | 27,392                                               |
| • 3rd year renewal rates | Jan. 1, 1988    | 25,120              | 33,052                | 44,266                                               |
| • 4th year renewal rates | Jan. 1, 1987    | 28,680              | 37,997                | 51,176                                               |
| • 5th year renewal rates | Jan. 1, 1986    | 29,821              | 39,582                | 53,393                                               |
| <b>CLASS 4-A</b>         |                 |                     |                       |                                                      |
| 1st year rates           | Jan. 1, 1990    | 14,140              | 17,608                | 22,422                                               |
| • 2nd year renewal rates | Jan. 1, 1989    | 20,944              | 26,926                | 35,330                                               |
| • 3rd year renewal rates | Jan. 1, 1988    | 32,362              | 42,720                | 57,351                                               |
| • 4th year renewal rates | Jan. 1, 1987    | 37,012              | 49,172                | 66,365                                               |
| • 5th year renewal rates | Jan. 1, 1986    | 38,502              | 51,241                | 69,255                                               |
| <b>CLASS 5</b>           |                 |                     |                       |                                                      |
| 1st year rates           | Jan. 1, 1990    | 19,199              | 24,116                | 30,914                                               |
| • 2nd year renewal rates | Jan. 1, 1989    | 28,829              | 37,257                | 49,079                                               |
| • 3rd year renewal rates | Jan. 1, 1988    | 44,906              | 59,463                | 80,014                                               |
| • 4th year renewal rates | Jan. 1, 1987    | 51,443              | 68,528                | 92,670                                               |
| • 5th year renewal rates | Jan. 1, 1986    | 53,536              | 71,433                | 96,729                                               |

\* PREMIUM COST IS 4% ABOVE \$1,000,000/\$2,000,000. LIMITS.

Claims-made premium prepared by Milliman & Robertson, Inc., consulting Actuaries for the Medical Indemnity Corporation of Alaska, are based on a five year pricing step for reported claims adjusted annually for claims experience.

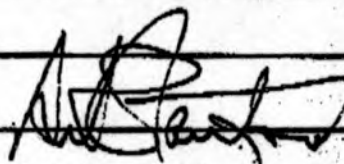
• Retroactive dates and renewal premium apply to 2nd through 5th year annual renewal. First year physicians are subject to first year rates.

• All policies are renewed each year on January 1. All 1st and renewal premiums are pro-rated subject to the first day of coverage under the original policy.

**FAX TRANSMITTAL**DATE: January 17, 1990TO: David RogersCOMPANY: Rep. Sam Cotten's OfficeLOCATION: Juneau, AKFAX #: 586-6959FROM: **ART STANFORD**  
Underwriting Manager**MICA**  
4000 Old Seward Highway, Suite 203  
Anchorage, Alaska 99503  
Telephone: (907) 563-3414  
FAX#: (907) 562-7804Page 1 of 7RE: MICA's 1990 "Tail" Premium Schedule

Per Julie's request relative to MICA's "Tail" coverage costs, attached  
is 1990 Premium Schedule that provides those costs.

Please call if any questions remain.

  
Art Stanford

Enclosure

**IF YOU DO NOT RECEIVE A COMPLETE AND LEGIBLE COPY OF THIS FAX PLEASE CALL  
THE MICA OFFICE NUMBER ABOVE**

## MEDICAL INDEMNITY CORPORATION OF ALASKA

## PROPOSED GROSS TAIL PREMIUMS

## Physicians and Surgeons

1/1/90, 200/600 LIMITS

| Pure Premium | Fixed Exp.(\$) | Fixed Exp.(%) | Var.Expense | Gross Premium |
|--------------|----------------|---------------|-------------|---------------|
| .....        | .....          | .....         | .....       | .....         |

## FIRST YEAR RATE:

|          |       |      |       |      |       |
|----------|-------|------|-------|------|-------|
| Class 0  | 2606  | 1000 | .1473 | .065 | 4578  |
| Class 1  | 4322  | 1000 | .1473 | .065 | 6756  |
| Class 1A | 5796  | 1000 | .1473 | .065 | 8627  |
| Class 2  | 7347  | 1000 | .1473 | .065 | 10596 |
| Class 2A | 10805 | 1000 | .1473 | .065 | 14985 |
| Class 2B | 14262 | 1000 | .1473 | .065 | 19374 |
| Class 2C | 13156 | 1000 | .1473 | .065 | 17970 |
| Class 3  | 14262 | 1000 | .1473 | .065 | 19374 |
| Class 4  | 18899 | 1000 | .1473 | .065 | 25261 |
| Class 4A | 24639 | 1000 | .1473 | .065 | 32547 |
| Class 5  | 34579 | 1000 | .1473 | .065 | 45165 |
| Average  | 10368 | 1000 | .1473 | .065 | 14431 |

## SECOND YEAR RATE:

|          |       |      |       |      |       |
|----------|-------|------|-------|------|-------|
| Class 0  | 4338  | 1000 | .0975 | .065 | 6373  |
| Class 1  | 7194  | 1000 | .0975 | .065 | 9783  |
| Class 1A | 9647  | 1000 | .0975 | .065 | 12712 |
| Class 2  | 12229 | 1000 | .0975 | .065 | 15796 |
| Class 2A | 17984 | 1000 | .0975 | .065 | 22667 |
| Class 2B | 23739 | 1000 | .0975 | .065 | 29538 |
| Class 2C | 21897 | 1000 | .0975 | .065 | 27339 |
| Class 3  | 23739 | 1000 | .0975 | .065 | 29538 |
| Class 4  | 31457 | 1000 | .0975 | .065 | 38754 |
| Class 4A | 41010 | 1000 | .0975 | .065 | 50161 |
| Class 5  | 57556 | 1000 | .0975 | .065 | 69916 |
| Average  | 17257 | 1000 | .0975 | .065 | 21799 |

## THIRD YEAR RATE:

|          |       |      |       |      |       |
|----------|-------|------|-------|------|-------|
| Class 0  | 5004  | 1000 | .0863 | .065 | 7074  |
| Class 1  | 8298  | 1000 | .0863 | .065 | 10955 |
| Class 1A | 11128 | 1000 | .0863 | .065 | 14290 |
| Class 2  | 14107 | 1000 | .0863 | .065 | 17800 |
| Class 2A | 20746 | 1000 | .0863 | .065 | 25621 |
| Class 2B | 27384 | 1000 | .0863 | .065 | 33443 |
| Class 2C | 25260 | 1000 | .0863 | .065 | 30940 |
| Class 3  | 27384 | 1000 | .0863 | .065 | 33443 |
| Class 4  | 36289 | 1000 | .0863 | .065 | 43934 |
| Class 4A | 47309 | 1000 | .0863 | .065 | 56918 |
| Class 5  | 66395 | 1000 | .0863 | .065 | 79406 |
| Average  | 19908 | 1000 | .0863 | .065 | 24634 |

## MEDICAL INDEMNITY CORPORATION OF ALASKA

PROPOSED GROSS T<sup>AL</sup> PREMIUMS

Physicians and Surgeons

1/1/90, 200/600 LIMITS

| Pure Premium | Fixed Exp.(\$) | Fixed Exp. (%) | Var. Expense | Gross Premium |
|--------------|----------------|----------------|--------------|---------------|
|--------------|----------------|----------------|--------------|---------------|

## FOURTH YEAR RATE:

|          |       |      |       |      |       |
|----------|-------|------|-------|------|-------|
| Class 0  | 5150  | 1000 | .0841 | .065 | 7228  |
| Class 1  | 8340  | 1000 | .0841 | .065 | 11212 |
| Class 1A | 11452 | 1000 | .0841 | .065 | 14635 |
| Class 2  | 14518 | 1000 | .0841 | .065 | 18238 |
| Class 2A | 21350 | 1000 | .0841 | .065 | 26268 |
| Class 2B | 28182 | 1000 | .0841 | .065 | 34297 |
| Class 2C | 25996 | 1000 | .0841 | .065 | 31728 |
| Class 3  | 28182 | 1000 | .0841 | .065 | 34297 |
| Class 4  | 37345 | 1000 | .0841 | .065 | 45067 |
| Class 4A | 48686 | 1000 | .0841 | .065 | 58396 |
| Class 5  | 68328 | 1000 | .0841 | .065 | 81481 |
| Average  | 20487 | 1000 | .0841 | .065 | 25254 |

## MEDICAL INDEMNITY CORPORATION OF ALASKA

## PROPOSED GROSS TAIL PREMIUMS

## Physicians and Surgeons

1/1/90, 500/1M LIMITS

| Pure Premium | Fixed Exp.(\$) | Fixed Exp. (%) | Var. Expense | Gross Premium |
|--------------|----------------|----------------|--------------|---------------|
| .....        | .....          | .....          | .....        | .....         |

## FIRST YEAR RATE:

|          |       |      |       |      |       |
|----------|-------|------|-------|------|-------|
| Class 0  | 4356  | 1000 | .0971 | .065 | 6393  |
| Class 1  | 7224  | 1000 | .0971 | .065 | 9816  |
| Class 1A | 9688  | 1000 | .0971 | .065 | 12756 |
| Class 2  | 12281 | 1000 | .0971 | .065 | 15851 |
| Class 2A | 18061 | 1000 | .0971 | .065 | 22749 |
| Class 2B | 23840 | 1000 | .0971 | .065 | 29647 |
| Class 2C | 21991 | 1000 | .0971 | .065 | 27440 |
| Class 3  | 23840 | 1000 | .0971 | .065 | 29647 |
| Class 4  | 31592 | 1000 | .0971 | .065 | 38899 |
| Class 4A | 41186 | 1000 | .0971 | .065 | 50349 |
| Class 5  | 57802 | 1070 | .0971 | .065 | 70180 |
| Average  | 17331 | 1000 | .0971 | .065 | 21878 |

## SECOND YEAR RATE:

|          |       |      |       |      |        |
|----------|-------|------|-------|------|--------|
| Class 0  | 7251  | 1000 | .0621 | .065 | 9433   |
| Class 1  | 12025 | 1000 | .0621 | .065 | 14922  |
| Class 1A | 16125 | 1000 | .0621 | .065 | 19620  |
| Class 2  | 20442 | 1000 | .0621 | .065 | 24565  |
| Class 2A | 30062 | 1000 | .0621 | .065 | 35586  |
| Class 2B | 39682 | 1000 | .0621 | .065 | 46608  |
| Class 2C | 36603 | 1000 | .0621 | .065 | 43081  |
| Class 3  | 39682 | 1000 | .0621 | .065 | 46608  |
| Class 4  | 52584 | 1000 | .0621 | .065 | 61390  |
| Class 4A | 68553 | 1000 | .0621 | .065 | 79684  |
| Class 5  | 96210 | 1000 | .0621 | .065 | 111370 |
| Average  | 28847 | 1000 | .0621 | .065 | 34195  |

## THIRD YEAR RATE:

|          |        |      |       |      |        |
|----------|--------|------|-------|------|--------|
| Class 0  | 8365   | 1000 | .0546 | .065 | 10636  |
| Class 1  | 13871  | 1000 | .0546 | .065 | 16891  |
| Class 1A | 18602  | 1000 | .0546 | .065 | 22264  |
| Class 2  | 23582  | 1000 | .0546 | .065 | 27920  |
| Class 2A | 34679  | 1000 | .0546 | .065 | 40525  |
| Class 2B | 45776  | 1000 | .0546 | .065 | 53129  |
| Class 2C | 42225  | 1000 | .0546 | .065 | 49096  |
| Class 3  | 45776  | 1000 | .0546 | .065 | 53129  |
| Class 4  | 60660  | 1000 | .0546 | .065 | 70035  |
| Class 4A | 79081  | 1000 | .0546 | .065 | 90958  |
| Class 5  | 110986 | 1000 | .0546 | .065 | 127196 |
| Average  | 33278  | 1000 | .0546 | .065 | 38933  |

## MEDICAL INDEMNITY CORPORATION OF ALASKA

## PROPOSED GROSS TAIL PREMIUMS

## Physicians and Surgeons

1/1/90, 500/1M LIMITS

| Pure Premium | Fixed Exp.(\$) | Fixed Exp.(%) | Var.Expense | Gross Premium |
|--------------|----------------|---------------|-------------|---------------|
|--------------|----------------|---------------|-------------|---------------|

## FOURTH YEAR RATE:

|          |        |      |       |      |        |
|----------|--------|------|-------|------|--------|
| Class 0  | 8608   | 1000 | .0532 | .065 | 10896  |
| Class 1  | 14275  | 1000 | .0532 | .065 | 17322  |
| Class 1A | 19143  | 1000 | .0532 | .065 | 22843  |
| Class 2  | 24268  | 1000 | .0532 | .065 | 28654  |
| Class 2A | 35689  | 1000 | .0532 | .065 | 41605  |
| Class 2B | 47109  | 1000 | .0532 | .065 | 54556  |
| Class 2C | 43454  | 1000 | .0532 | .065 | 50411  |
| Class 3  | 47109  | 1000 | .0532 | .065 | 54556  |
| Class 4  | 62426  | 1000 | .0532 | .065 | 71926  |
| Class 4A | 81384  | 1000 | .0532 | .065 | 93424  |
| Class 5  | 114218 | 1000 | .0532 | .065 | 130657 |
| Average  | 34247  | 1000 | .0532 | .065 | 39970  |

## MEDICAL INDEMNITY CORPORATION OF ALASKA

## PROPOSED GROSS TAIL PREMIUMS

## Physicians and Surgeons

1/1/90, 1M/2M LIMITS

| Pure Premium | Fixed Exp.(\$) | Fixed Exp.(%) | Var.Expense | Gross Premium |
|--------------|----------------|---------------|-------------|---------------|
| .....        | .....          | .....         | .....       | .....         |

## FIRST YEAR RATE:

|          |       |      |       |      |        |
|----------|-------|------|-------|------|--------|
| Class 0  | 6861  | 1000 | .0653 | .065 | 9039   |
| Class 1  | 11378 | 1000 | .0653 | .065 | 14233  |
| Class 1A | 15258 | 1000 | .0653 | .065 | 18694  |
| Class 2  | 19343 | 1000 | .0653 | .065 | 23391  |
| Class 2A | 28446 | 1000 | .0653 | .065 | 33858  |
| Class 2B | 37548 | 1000 | .0653 | .065 | 44324  |
| Class 2C | 34636 | 1000 | .0653 | .065 | 40975  |
| Class 3  | 37548 | 1000 | .0653 | .065 | 44324  |
| Class 4  | 49757 | 1000 | .0653 | .065 | 58363  |
| Class 4A | 64868 | 1000 | .0653 | .065 | 75737  |
| Class 5  | 91038 | 1000 | .0653 | .065 | 105829 |
| Average  | 27297 | 1000 | .0653 | .065 | 32536  |

## SECOND YEAR RATE:

|          |        |      |       |      |        |
|----------|--------|------|-------|------|--------|
| Class 0  | 11420  | 1000 | .0409 | .065 | 13892  |
| Class 1  | 18939  | 1000 | .0409 | .065 | 22301  |
| Class 1A | 25397  | 1000 | .0409 | .065 | 29524  |
| Class 2  | 32196  | 1000 | .0409 | .065 | 37129  |
| Class 2A | 47347  | 1000 | .0409 | .065 | 54075  |
| Class 2B | 62699  | 1000 | .0409 | .065 | 71021  |
| Class 2C | 57650  | 1000 | .0409 | .065 | 65598  |
| Class 3  | 62699  | 1000 | .0409 | .065 | 71021  |
| Class 4  | 82820  | 1000 | .0409 | .065 | 93750  |
| Class 4A | 107971 | 1000 | .0409 | .065 | 121880 |
| Class 5  | 151531 | 1000 | .0409 | .065 | 170600 |
| Average  | 45435  | 1000 | .0409 | .065 | 51935  |

## THIRD YEAR RATE:

|          |        |      |       |      |        |
|----------|--------|------|-------|------|--------|
| Class 0  | 13174  | 1000 | .0358 | .065 | 15763  |
| Class 1  | 21848  | 1000 | .0358 | .065 | 25408  |
| Class 1A | 29298  | 1000 | .0358 | .065 | 33693  |
| Class 2  | 37141  | 1000 | .0358 | .065 | 42415  |
| Class 2A | 54619  | 1000 | .0358 | .065 | 61852  |
| Class 2B | 72097  | 1000 | .0358 | .065 | 81289  |
| Class 2C | 66504  | 1000 | .0358 | .065 | 75069  |
| Class 3  | 72097  | 1000 | .0358 | .065 | 81289  |
| Class 4  | 95539  | 1000 | .0358 | .065 | 107359 |
| Class 4A | 124553 | 1000 | .0358 | .065 | 139624 |
| Class 5  | 174803 | 1000 | .0358 | .065 | 195505 |
| Average  | 52412  | 1000 | .0358 | .065 | 59398  |

## MEDICAL INDEMNITY CORPORATION OF ALASKA

## PROPOSED GROSS TAIL PREMIUMS

## Physicians and Surgeons

1/1/90, 1M/2M LIMITS

| Pure Premium | Fixed Exp.(\$) | Fixed Exp.(%) | Var.Expense | Gross Premium |
|--------------|----------------|---------------|-------------|---------------|
|--------------|----------------|---------------|-------------|---------------|

## FOURTH YEAR RATE:

|          |        |      |       |      |        |
|----------|--------|------|-------|------|--------|
| Class 0  | 13558  | 1000 | .0348 | .065 | 16172  |
| Class 1  | 22484  | 1000 | .0348 | .065 | 26088  |
| Class 1A | 30151  | 1000 | .0348 | .065 | 34605  |
| Class 2  | 38222  | 1000 | .0348 | .065 | 43572  |
| Class 2A | 56210  | 1000 | .0348 | .065 | 63553  |
| Class 2B | 74197  | 1000 | .0348 | .065 | 83535  |
| Class 2C | 68441  | 1000 | .0348 | .065 | 77141  |
| Class 3  | 74197  | 1000 | .0348 | .065 | 83535  |
| Class 4  | 98322  | 1000 | .0348 | .065 | 110335 |
| Class 4A | 128180 | 1000 | .0348 | .065 | 143505 |
| Class 5  | 179893 | 1000 | .0348 | .065 | 200952 |
| Average  | 53939  | 1000 | .0348 | .065 | 61031  |

11/22/89

**MICA** Medical Indemnity  
Corporation of Alaska

ALASKA U.S.A. OFFICE BUILDING  
4000 CREDIT UNION DR., SUITE 525  
ANCHORAGE, ALASKA 99503  
TELEPHONE (907) 563-3414

January 19, 1987

Mr. Gary Gandy  
Petersburg General Hospital  
Box 589, 201 Fram Street  
Petersburg, Alaska 99833

Re: Hospitals with Uninsured Staff Physicians

Dear Mr. Gandy:

I wish to thank you for your attendance at the January 15, 1987 meeting at which time members of the MICA Board were able to discuss our position and rationale for deciding MICA can no longer insure hospitals with uninsured staff physicians. Your comments and those of the other hospital administrators present at the meeting, were appreciated.

The meeting ended with an understanding as follows:

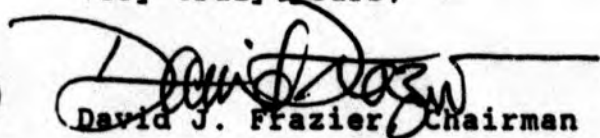
a) MICA will allow its insured hospitals up to 02/28/87 to comply with its requirement that all staff physicians be insured as a prerequisite to renewal.

b) The hospital administrators will provide MICA (through Jim Walsh) alternative proposals to resolve the problem presented by uninsured staff physicians. Jim Walsh can be reached c/o Valley Hospital, P. O. Box 1687, Palmer, Alaska 99645, telephone 745-4813.

Your proposals as well as any other recommendations of the MICA Underwriting Committee, will be presented to the full Board of Governors for consideration at their next Quarterly Meeting scheduled for February 5, 6, 1987.

We look forward to hearing from you.

Very truly yours,

  
David J. Frazier Chairman

**MICA** Medical Indemnity  
Corporation of Alaska

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November 13, 1989

David Rogers  
Attorney at Law  
Box 33932  
Juneau, AK 99803

Reference: MICA Policy: Uninsured Hospital Staff Physician Endorsements

Dear Dave:

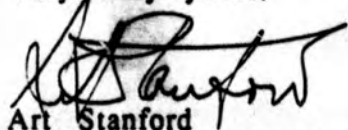
It was certainly a pleasure meeting you last Tuesday at the Westmark in Juneau and I'm sure we will have many more conversations in the months ahead.

As you requested, I am enclosing a copy of MICA's Hospital Policy endorsements which mandate that all hospital staff physicians be insured for a minimum of \$500,000 per occurrence or alternatively, a surcharge will be imposed. Furthermore, there is a \$50,000 deductible for any claim made against the hospital in which an uninsured physician is involved.

The base rate for the surcharge is predicated upon what MICA would charge that same physician if he or she were MICA insured but only at a percentage of that rate. For each uninsured physician on staff, MICA makes a 15% premium surcharge and 25% for the underinsured hospital staff physician. Although the percentage of surcharge appears to be reversed, it was our intent to pick up a much larger premium for the uninsured physicians but only when claims arose. In other words, the hospital faces the potential of a much higher premium penalty for uninsured physicians but its imposition is totally dependant upon their claims experience.

Please let me know if I can provide you with additional information on this matter.

Very truly yours,



Art Stanford  
Underwriting Manager

AS/blb

Enclosure

CC: Mary Pierce  
Executive Director

**UNINSURED HOSPITAL STAFF PHYSICIAN  
DEDUCTIBLE ENDORSEMENT**

In consideration of a reduced premium and/or as a condition of policy issuance, it is agreed that all claims or suits against the insured reported after 1-1-89 in which an uninsured hospital staff physician is involved shall be subject to a loss/expense deductible plan as follows:

(A) The named insured shall be liable for the first \$50,000 of the aggregate payments made by MICA relating to the investigation, defense, settlement or payment of any judgement on any claim(s)/suit(s) asserted against the named insured in which an uninsured hospital staff physician's actions contributed, or is alleged to have contributed in any degree, to the injury.

(B) The named insured's maximum participation under this endorsement shall be limited to an aggregate of \$250,000 each calendar year.

(C) The company may request payment of the insured's deductible for any expenditures made by MICA under (A) above, either at the time of final settlement, file closure or on any other interim basis at their discretion.

(D) It is further agreed that any unresolvable disputes as to the applicability or interpretation of this endorsement shall be settled between the named insured and the company by binding arbitration in accordance with the rules of the American Arbitration Association.

Accepted by \_\_\_\_\_

Date \_\_\_\_\_

Nothing herein contained shall be held to waive, vary, alter or extend any condition or provision of the policy other than as above stated.

This endorsement is attached to the policy indicated below and is effective on the date stated herein, at 12:01 A.M., Standard Time at the address of the insured.

DATED:

|                                                                                                                                                   |                           |                                              |                 |
|---------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|----------------------------------------------|-----------------|
| Policy No                                                                                                                                         | Expiration Date of Policy | Effective Date of Endorsement                | Endorsement No. |
| Issued To                                                                                                                                         |                           | Additional Premium                           | Return Premium  |
| <p style="text-align: center;">Medical Indemnity<br/>Corporation of Alaska</p> <p style="text-align: center;"><i>[Signature]</i><br/>Chairman</p> |                           | Secretary<br><i>[Signature]</i>              |                 |
|                                                                                                                                                   |                           | Countersignature - Authorized Representative |                 |

## ENDORSEMENT

### UNDERINSURED/UNINSURED PHYSICIAN ENDORSEMENT

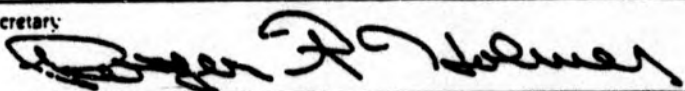
It is agreed that this policy is being issued in reliance upon all staff physicians having filed evidence of current medical malpractice insurance at minimum of \$500,000.00 per occurrence.

It is further agreed those hospitals in non-compliance with this requirement are afforded the opportunity to continue MICA coverage by payment of additional premium (to be actuarially determined) to cover this added exposure to the hospital represented by uninsured or underinsured staff physicians.

Nothing herein contained shall be held to waive, vary, alter or extend any condition or provision of the policy other than as above stated.

This endorsement is attached to the policy indicated below and is effective on the date stated herein, at 12:01 A.M., Standard Time at the address of the insured.

DATED:

|                                                                                                                                                       |                           |                                                                                                    |                 |
|-------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|----------------------------------------------------------------------------------------------------|-----------------|
| Policy No                                                                                                                                             | Expiration Date of Policy | Effective Date of Endorsement                                                                      | Endorsement No. |
| Issued To                                                                                                                                             |                           | Additional Premium                                                                                 | Return Premium  |
| <b>Medical Indemnity<br/>Corporation of Alaska</b><br><br>Chairman |                           | Secretary:<br> |                 |
|                                                                                                                                                       |                           | Countersignature - Authorized Representative                                                       |                 |

# MICA

Medical Indemnity  
Corporation of Alaska

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## HOSPITAL RATES

Hospitals are rated based upon a per bed rate. The 1990 rates are:

|          | <u>Limits</u>     |                    |                     |
|----------|-------------------|--------------------|---------------------|
|          | 500,000/1,000,000 | 1,000,000/2,000,00 | 1,000,000/3,000,000 |
| 1st year | 26.85             | 33.95              | 35.31               |
| 2nd year | 39.02             | 54.63              | 56.82               |
| 3rd year | 47.45             | 68.97              | 71.73               |
| 4th year | 49.77             | 72.91              | 75.83               |
| 5th year | 51.30             | 75.51              | 78.53               |

There is generally an availability problem. Unless a hospital is owned by a corporation that is regionally or nationally based, they have no choice of carriers but MICA. Providence, Humana, Fairbanks Memorial, and Ketchikan are hospitals that are affiliated with larger multi-state corporations and have access to carriers through that association.

**MICA** Medical Indemnity  
Corporation of Alaska

MEET PLAZA  
1000 OLD SEWARD HWY., SUITE 903  
ANCHORAGE, ALASKA 99503  
(907) 563-3111

December 29, 1989

Representative Dave Donley, Chairman  
House Labor and Commerce Committee  
House of Representatives  
P.O. Box V  
Juneau, AK 99811

Dear Representative Donley:

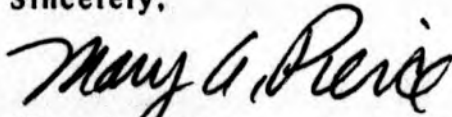
The House Labor and Commerce Committee had hearings on November 30, 1989 at which time I was asked to have an "informal" chat with the committee. Since I wasn't prepared to testify, I gave you some estimated premium figures and promised to follow up with exact rate information.

MICA's 1990 Premium Schedule is enclosed for your information. The committee had asked me questions at the hearings specifically relating to the cost of insurance to physicians delivering babies. I mentioned that the majority of our physician policyholders have limits \$500,000 per claim, \$1,000,000 aggregate. Physicians delivering babies are Class 3 on the schedule. Assuming a physician had policy limits of \$500,000/1,000,000 and had been insured with MICA for five or more years his premium for 1990 would be \$30,162. (This is about \$20,000 less than I quoted to you.)

Another question is the difference in premium between a Family Practitioner doing obstetrics and those who were not. Assuming the same scenario as above and that the Family Practitioner not doing obstetrics was doing minor surgery the difference would be \$14,046. In other words, the Family Practitioner who delivers babies pay \$14,046 to do so (or about 1/2 of the total premium is for obstetrical coverage).

I hope that this letter and the attached premium schedule better answers your questions. If you have any further questions, please feel free to call me.

Sincerely,



Mary A. Pierce  
Executive Director

MAP/blb

Enclosure

*blind cc. David Rogers*

**UNDERWRITING PRACTICES AND PROCEDURES  
PREMIUM MODIFICATION PLANS**

**PREMIUM CREDITS**

MICA will provide a 20% premium credit to physician policyholders who have had a five year claims free history with either MICA or any other professional liability insurance carrier. A reported claim is not counted as a chargeable claim (for purposes of this premium credit) if less than \$5,000 has been paid on the claim or if it has been reserved for less than \$50,000. The credit is removed if a chargeable claim occurs after the credit has been allowed.

At this point, 90% of the MICA insured physicians who are eligible for credit by virtue of the number of consecutive years they have been insured, are being provided with this claims free premium reduction.

**PREMIUM SURCHARGES**

A premium surcharge up to 20% may be imposed if an insured physician has had two or more chargeable claims reported to MICA within the last three years and up to 40% if there are three or more. A chargeable claim is defined as one in which \$5,000 or more in the aggregate has been paid by MICA in either expense and/or indemnity payments.

**SURCHARGE PROCEDURES**

MICA's Claim's Department provides a list to underwriting of all insured physicians who have had two or more chargeable claims reported in the last three years. The Underwriting Committee reviews policyholders who may qualify for the surcharge and that committee decides if and what percentage of premium surcharge should be imposed.

When a physician policyholder underwriting review involves a question of deviation from national standards of care, or any other area involving evaluation of medical care provided by the physician, Underwriting Committee must refer the case(s) to a panel of three physicians for review and assessment of the care provided. Furthermore, both the Underwriting Committee and Physician Panel could certainly interview the physician personally (before any final underwriting recommendations are made) if the records alone were not sufficient to make a standard of care determination.

**OTHER UNDERWRITING ACTION**

As a result of changes in risk factors (such as adverse claims experience) a policyholder may face underwriting review at any time continued insurability is in question. Underwriting action could include cancellation, non-renewal or other policy modifications such as restrictive coverage endorsements or reduced limits of liability.

## **Medical Indemnity Corporation of Alaska**

MICA's Participatory Risk Management Program (P.R.M.P.) is required of all MICA policyholders.

This program enumerates nationally recognized standards of medical care and failure to adhere to these standards would probably result in an indefensible case.

The criteria for these standards are provided to all MICA policyholders as an integral part of participation in the MICA program and they are advised that any claim involving deviations from these standards would prompt policyholder review and also be subject to possible underwriting action such as cancellation of the policy, non-renewal or other coverage modifications such as restrictive endorsements or reduced limits of liability.

### **APPEAL PROCESS**

In accordance with MICA's Underwriting Guidelines, an official appeal process is available to all insured physicians (other than imposition of the claim's experience surcharge) for any premium or coverage modifications, policy cancellation or non-renewal. The appeal process provides for a personal appearance by the physician (and counsel if desired) before the appeals committee.

October 16, 1989

David Rogers, Esq.  
Box 33932  
Juneau, AK 99803

Dear Mr. Rogers:

Enclosed is a copy of our current physicians' professional liability insurance premium schedule. MIEC is a physician-owned, not-for-profit insurance company which offers coverage through sponsorship of county and state medical associations, including the Alaska State Medical Association. MIEC's purpose is to provide a stable source of professional liability coverage to eligible physicians at the lowest possible cost commensurate with sound financial and actuarial practices.

The frequency and severity of Alaska losses have resulted in rate levels that are now more than twice those in California. MIEC's average annual rate increase for Alaska policyholders since 1979 has been 12.8% and in the past four years, we have had to impose rate increases of 97% in 1985, 66.6% in 1987, 5.7% in 1988 and 11.8% in 1989. No one is unhappier with this sorry situation than MIEC's physician Board of Governors, including an Alaska representative, who are themselves premium paying policyholders. Unfortunately, we must charge premiums which, together with anticipated investment income, are sufficient to pay the losses, legal expenses and operating costs of the company and permit it enough capital and surplus to meet legal requirements and assure a measure of safety.

Although I do not have exact numbers, I would estimate that at least two dozen of our Alaska policyholders have relocated their practices outside the state or discontinued purchasing insurance from any source because of the high cost of malpractice premiums over the past two years. This adversely affects not only the financial well being and future security of these physicians, but impacts the health care availability for Alaska's citizens.

We hope for and support the passage of meaningful tort reforms, such as those being proposed by Senator Hatch at the federal level, and those which have been in effect in California for 14 years. We are convinced that such reforms do have a material effect on claims cost patterns over the long run as evidenced by our experience in California, where rate increases have been minimal since 1985.

If I can provide you with any additional information or support in your coalition's efforts to seek a solution, please do not hesitate to call on me.

Best regards,



Ron Neupauer  
Underwriting Manager

RN/11oct13.hs

Enclosure

cc: Douglas Smith, M.D.  
Ray Schalow  
William Scheuber

# ALASKA

# MIEC

# Medical Insurance Exchange of California

## 1989 Coverage Classification and Premium Schedule

If you practice in more than one specialty, use the highest rated specialty.

| CLASS | SPECIALTY                                                     |
|-------|---------------------------------------------------------------|
| 2     | Allergy                                                       |
| 8     | Anesthesiology                                                |
| 6     | Assisting at Surgery                                          |
| 4     | Cardiology, Excluding Cardiac Catheterization and Angioplasty |
| 6     | Cardiology, Including Cardiac Catheterization and Angioplasty |
| 9     | Cardiovascular Surgery                                        |
| 8     | Colon & Rectal Surgery                                        |
| 4     | Dermatology, Excluding Hair Transplants                       |
| 6     | Dermatology, Including Hair Transplants                       |
| 7     | Dermatology — liposuction                                     |
| 8     | Emergency Medicine                                            |
| 4     | Endocrinology                                                 |
|       | Family Practice/General Practice                              |
| 3     | — No Surgery                                                  |
| 6     | — Less than 5% of practice from Surgery                       |
| 7     | — 5% or more of practice from Surgery                         |
| 10    | — Including Obstetrics                                        |
| 4     | Gastroenterology                                              |
| 4     | General Preventive Medicine                                   |
| 8     | General Surgery                                               |

| CLASS | SPECIALTY                                                                      |
|-------|--------------------------------------------------------------------------------|
| 8     | Gynecology (Only)                                                              |
| 8     | Hand Surgery                                                                   |
| 8     | Head & Neck Surgery                                                            |
| 4     | Hematology                                                                     |
| 6     | Industrial Medicine                                                            |
| 4     | Infectious Diseases                                                            |
| 4     | Internal Medicine, Excluding Cardiac Catheterization and Angioplasty           |
| 6     | Internal Medicine, Including Cardiac Catheterization and Angioplasty           |
| 5     | Neonatology                                                                    |
| 4     | Neoplastic Diseases                                                            |
| 4     | Nephrology                                                                     |
| 5     | Neurology, Excluding Invasive Procedures                                       |
| 6     | Neurology, Including Invasive Procedures                                       |
| 10    | Neurological Surgery                                                           |
| 4     | Nuclear Medicine                                                               |
| 10    | OB-GYN                                                                         |
| 4     | Occupational Medicine (Not Industrial)                                         |
| 5     | Ophthalmology, Excluding Radial Keratotomy                                     |
| 7     | Ophthalmology, Including Radial Keratotomy or 5% or more from Cosmetic Surgery |

| CLASS | SPECIALTY                                                    |
|-------|--------------------------------------------------------------|
| 9     | Orthopedics, Excluding Spinal Surgery and use of Chymopapain |
| 10    | Orthopedics, Including Spinal Surgery and use of Chymopapain |
| 8     | Otolaryngology                                               |
| 9     | Otolaryngology — 5% or more from Cosmetic Surgery            |
| 2     | Pathology                                                    |
| 4     | Pediatrics                                                   |
| 8     | Pediatric Surgery                                            |
| 3     | Physical Medicine and Rehabilitation                         |
| 8     | Plastic Surgery                                              |
| 1     | Psychiatry*                                                  |
| 1     | Psychiatry, Child*                                           |
| 2     | Public Health                                                |
| 4     | Pulmonary Diseases                                           |
| 7     | Radiology, Diagnostic and Therapeutic                        |
| 5     | Radiology, Diagnostic Only                                   |
| 7     | Radiology, Therapeutic Only                                  |
| 4     | Rheumatology                                                 |
| 8     | Thoracic Surgery, Excluding Cardiovascular                   |
| 5     | Urgent Care Medicine                                         |
| 7     | Urology                                                      |

\*Without ECT or drug shock therapy. With ECT or drug shock therapy, use Class 4.

**Partnership/Corporation Liability and Full Time Employed Physicians** — 7% if all partners/shareholders and employed doctors have \$500,000/1,500,000 limits; 2.5% if all partners/shareholders and employed doctors have \$1,000,000/3,000,000 limits or higher. Full Time Employed Physicians must carry limits at least equal to employer. Employer will be charged a percentage of the premium charged for the employed physician's classification at employer's limits.

**Secretaries, Receptionists and Bookkeepers** — No charge.

### Optional Coverages:

**Professional premises/limited non-owned automobile liability** — Covers certain liabilities for injuries sustained by the public or for damage to property of third persons at your offices. It also covers certain liabilities to injured parties

arising from an employee's use of an automobile (not owned, rented or leased to you) in the course of your professional practice, up to \$100,000 for bodily injury and \$25,000 for property damage. Refer to the policy for coverage specifics.

**LIMITS OF LIABILITY:** Bodily injury, \$500,000 each claim/aggregate, or \$1,000,000 each claim/aggregate (to coincide with professional liability limits, but not higher than \$1,000,000); Property damage, \$100,000.

**PREMIUM:** No additional premium for premises occupied as physicians' professional offices. Clinics and other premises: refer to MIEC.

### Defense coverage for miscellaneous liability

Provides up to \$100,000 legal defense coverage only for alleged acts or omissions involving:

- Certain civil actions or proceedings, including a physi-

cian's acts or omissions as an officer of a national, state or local medical or specialty society;

- Alleged wrongful termination or discrimination against an employee;
- Breach of contract or other alleged misconduct in the nature of a commercial or fee dispute arising from professional practice;
- Assault, battery, false arrest or personal restraint, malicious prosecution or conspiracy arising from professional practice.

This optional coverage is fully described in Part IV of the MIEC policy and is subject to the terms and conditions of the policy and endorsements actually issued. MIEC pays 90% of legal expenses to a maximum amount of \$100,000.

If you are interested in Part IV coverage, please contact MIEC for an application and premium quotation.

**MIEC****Medical Insurance Exchange of California****ALASKA****Claims Made Professional Liability Premium Schedule** Effective August 1, 1989**Limits of Liability: 500,000 Each Claim / 1,500,000 Annual Aggregate**

| DOCTORS COVERAGE<br>CLASSIFICATIONS | FIRST YEAR RATES<br>RETROACTIVE DATES:<br>01/01/89 OR LATER |           | SECOND YEAR RATES<br>RETROACTIVE DATES:<br>01/01/88 - 12/31/88 |           | THIRD YEAR RATES<br>RETROACTIVE DATES:<br>01/01/87 - 12/31/87 |           | FOURTH YEAR RATES<br>RETROACTIVE DATES:<br>01/01/86 - 12/31/86 |           | FIFTH YEAR RATES<br>RETROACTIVE DATES:<br>08/01/75 - 12/31/85 |           |
|-------------------------------------|-------------------------------------------------------------|-----------|----------------------------------------------------------------|-----------|---------------------------------------------------------------|-----------|----------------------------------------------------------------|-----------|---------------------------------------------------------------|-----------|
|                                     | ANNUAL                                                      | QUARTERLY | ANNUAL                                                         | QUARTERLY | ANNUAL                                                        | QUARTERLY | ANNUAL                                                         | QUARTERLY | ANNUAL                                                        | QUARTERLY |
| 1. COVERAGE CLASS 1                 | 2,124                                                       | 531       | 4,172                                                          | 1,043     | 5,304                                                         | 1,326     | 5,728                                                          | 1,432     | 6,220                                                         | 1,555     |
| 2. COVERAGE CLASS 2                 | 2,700                                                       | 675       | 5,308                                                          | 1,327     | 6,748                                                         | 1,687     | 7,288                                                          | 1,822     | 7,916                                                         | 1,979     |
| 3. COVERAGE CLASS 3                 | 3,472                                                       | 868       | 6,824                                                          | 1,706     | 8,876                                                         | 2,169     | 9,368                                                          | 2,342     | 10,176                                                        | 2,544     |
| 4. COVERAGE CLASS 4                 | 3,856                                                       | 964       | 7,584                                                          | 1,896     | 9,640                                                         | 2,410     | 10,408                                                         | 2,602     | 11,308                                                        | 2,827     |
| 5. COVERAGE CLASS 5                 | 4,436                                                       | 1,109     | 8,720                                                          | 2,180     | 11,084                                                        | 2,771     | 11,972                                                         | 2,993     | 13,004                                                        | 3,251     |
| 6. COVERAGE CLASS 6                 | 5,784                                                       | 1,446     | 11,372                                                         | 2,843     | 14,456                                                        | 3,614     | 15,612                                                         | 3,903     | 16,964                                                        | 4,241     |
| 7. COVERAGE CLASS 7                 | 9,640                                                       | 2,410     | 18,952                                                         | 4,738     | 24,092                                                        | 6,023     | 26,020                                                         | 6,505     | 28,268                                                        | 7,067     |
| 8. COVERAGE CLASS 8                 | 13,880                                                      | 3,470     | 27,292                                                         | 6,823     | 34,692                                                        | 8,673     | 37,468                                                         | 9,367     | 40,708                                                        | 10,177    |
| 9. COVERAGE CLASS 9                 | 19,276                                                      | 4,819     | 37,904                                                         | 9,476     | 48,184                                                        | 12,046    | 52,040                                                         | 13,010    | 56,536                                                        | 14,134    |
| 10. COVERAGE CLASS 10               | 26,212                                                      | 6,553     | 51,552                                                         | 12,888    | 65,528                                                        | 16,382    | 70,772                                                         | 17,693    | 76,888                                                        | 19,222    |
| 11. NURSE/TECHNICIAN                | 164                                                         | 41        | 320                                                            | 80        | 408                                                           | 102       | 440                                                            | 110       | 476                                                           | 119       |
| 12. PHYSIOTHERAPIST                 | 324                                                         | 81        | 640                                                            | 160       | 812                                                           | 203       | 876                                                            | 219       | 952                                                           | 238       |
| 13. PHYS ASST/NURSE PRAC            | 388                                                         | 97        | 760                                                            | 190       | 964                                                           | 241       | 1,044                                                          | 261       | 1,132                                                         | 283       |

The Retroactive Date is the original date of your first MIEC policy.

6250 Claremont Avenue, Oakland, California 94618-1324  
Telephone (415) 428-9411 / From outside California (800) 227-4527

**MIEC****Medical Insurance Exchange of California****ALASKA****Claims Made Professional Liability Premium Schedule**

Effective August 1, 1989

**Limits of Liability: 1,000,000 Each Claim / 3,000,000 Annual Aggregate**

| DOCTORS COVERAGE<br>CLASSIFICATIONS | FIRST YEAR RATES<br>RETROACTIVE DATES:<br>01/01/89 OR LATER |           | SECOND YEAR RATES<br>RETROACTIVE DATES:<br>01/01/88 - 12/31/88 |           | THIRD YEAR RATES<br>RETROACTIVE DATES:<br>01/01/87 - 12/31/87 |           | FOURTH YEAR RATES<br>RETROACTIVE DATES:<br>01/01/86 - 12/31/86 |           | FIFTH YEAR RATES<br>RETROACTIVE DATES:<br>08/01/75 - 12/31/85 |           |
|-------------------------------------|-------------------------------------------------------------|-----------|----------------------------------------------------------------|-----------|---------------------------------------------------------------|-----------|----------------------------------------------------------------|-----------|---------------------------------------------------------------|-----------|
|                                     | ANNUAL                                                      | QUARTERLY | ANNUAL                                                         | QUARTERLY | ANNUAL                                                        | QUARTERLY | ANNUAL                                                         | QUARTERLY | ANNUAL                                                        | QUARTERLY |
| 1. COVERAGE CLASS 1                 | 2,496                                                       | 624       | 4,908                                                          | 1,227     | 6,236                                                         | 1,559     | 6,736                                                          | 1,684     | 7,320                                                         | 1,830     |
| 2. COVERAGE CLASS 2                 | 3,176                                                       | 794       | 6,244                                                          | 1,561     | 7,940                                                         | 1,985     | 8,572                                                          | 2,143     | 9,316                                                         | 2,329     |
| 3. COVERAGE CLASS 3                 | 4,084                                                       | 1,021     | 8,028                                                          | 2,007     | 10,204                                                        | 2,551     | 11,020                                                         | 2,755     | 11,972                                                        | 2,993     |
| 4. COVERAGE CLASS 4                 | 4,536                                                       | 1,134     | 8,920                                                          | 2,230     | 11,340                                                        | 2,835     | 12,244                                                         | 3,061     | 13,304                                                        | 3,326     |
| 5. COVERAGE CLASS 5                 | 5,216                                                       | 1,304     | 10,260                                                         | 2,565     | 13,040                                                        | 3,260     | 14,084                                                         | 3,521     | 15,300                                                        | 3,825     |
| 6. COVERAGE CLASS 6                 | 6,804                                                       | 1,701     | 13,380                                                         | 3,345     | 17,008                                                        | 4,252     | 18,368                                                         | 4,592     | 19,956                                                        | 4,989     |
| 7. COVERAGE CLASS 7                 | 11,340                                                      | 2,835     | 22,300                                                         | 5,575     | 28,344                                                        | 7,086     | 30,612                                                         | 7,653     | 33,256                                                        | 8,314     |
| 8. COVERAGE CLASS 8                 | 16,328                                                      | 4,082     | 32,108                                                         | 8,027     | 40,816                                                        | 10,204    | 44,080                                                         | 11,020    | 47,888                                                        | 11,972    |
| 9. COVERAGE CLASS 9                 | 22,676                                                      | 5,669     | 44,596                                                         | 11,149    | 56,688                                                        | 14,172    | 61,220                                                         | 15,305    | 66,512                                                        | 16,628    |
| 10. COVERAGE CLASS 10               | 30,840                                                      | 7,710     | 60,648                                                         | 15,162    | 77,092                                                        | 19,273    | 83,260                                                         | 20,815    | 90,456                                                        | 22,614    |
| 11. NURSE/TECHNICIAN                | 192                                                         | 48        | 376                                                            | 94        | 476                                                           | 119       | 516                                                            | 129       | 560                                                           | 140       |
| 12. PHYSIOTHERAPIST                 | 384                                                         | 96        | 752                                                            | 188       | 956                                                           | 239       | 1,032                                                          | 258       | 1,120                                                         | 280       |
| 13. PHYS ASST/NURSE PRAC            | 456                                                         | 114       | 896                                                            | 224       | 1,136                                                         | 284       | 1,228                                                          | 307       | 1,332                                                         | 333       |

The Retroactive Date is the original date of your first MIEC policy.

6250 Claremont Avenue, Oakland, California 94618-1324  
Telephone (415) 428-9411 / From outside California (800) 227-4527

**MIEC****Medical Insurance Exchange of California****ALASKA****Claims Made Professional Liability Premium Schedule**

Effective August 1, 1989

**Limits of Liability: 2,000,000 Each Claim / 4,000,000 Annual Aggregate**

| DOCTORS COVERAGE<br>CLASSIFICATIONS | FIRST YEAR RATES<br>RETROACTIVE DATES:<br>01/01/89 OR LATER |           | SECOND YEAR RATES<br>RETROACTIVE DATES:<br>01/01/88 - 12/31/88 |           | THIRD YEAR RATES<br>RETROACTIVE DATES:<br>01/01/87 - 12/31/87 |           | FOURTH YEAR RATES<br>RETROACTIVE DATES:<br>01/01/86 - 12/31/86 |           | FIFTH YEAR RATES<br>RETROACTIVE DATES:<br>08/01/75 - 12/31/85 |           |
|-------------------------------------|-------------------------------------------------------------|-----------|----------------------------------------------------------------|-----------|---------------------------------------------------------------|-----------|----------------------------------------------------------------|-----------|---------------------------------------------------------------|-----------|
|                                     | ANNUAL                                                      | QUARTERLY | ANNUAL                                                         | QUARTERLY | ANNUAL                                                        | QUARTERLY | ANNUAL                                                         | QUARTERLY | ANNUAL                                                        | QUARTERLY |
| 1. COVERAGE CLASS 1                 | 2,996                                                       | 749       | 5,888                                                          | 1,472     | 7,484                                                         | 1,871     | 8,084                                                          | 2,021     | 8,780                                                         | 2,195     |
| 2. COVERAGE CLASS 2                 | 3,812                                                       | 953       | 7,496                                                          | 1,874     | 9,524                                                         | 2,381     | 10,288                                                         | 2,572     | 11,176                                                        | 2,794     |
| 3. COVERAGE CLASS 3                 | 4,900                                                       | 1,225     | 9,632                                                          | 2,408     | 12,244                                                        | 3,061     | 13,224                                                         | 3,306     | 14,368                                                        | 3,592     |
| 4. COVERAGE CLASS 4                 | 5,444                                                       | 1,361     | 10,704                                                         | 2,676     | 13,608                                                        | 3,402     | 14,696                                                         | 3,674     | 15,964                                                        | 3,991     |
| 5. COVERAGE CLASS 5                 | 6,260                                                       | 1,565     | 12,308                                                         | 3,077     | 15,648                                                        | 3,912     | 16,900                                                         | 4,225     | 18,360                                                        | 4,590     |
| 6. COVERAGE CLASS 6                 | 8,164                                                       | 2,041     | 16,056                                                         | 4,014     | 20,408                                                        | 5,102     | 22,040                                                         | 5,510     | 23,944                                                        | 5,986     |
| 7. COVERAGE CLASS 7                 | 13,888                                                      | 3,472     | 27,316                                                         | 6,829     | 34,720                                                        | 8,680     | 37,500                                                         | 9,375     | 40,740                                                        | 10,185    |
| 8. COVERAGE CLASS 8                 | 20,408                                                      | 5,102     | 40,136                                                         | 10,034    | 51,020                                                        | 12,755    | 55,100                                                         | 13,775    | 59,860                                                        | 14,965    |
| 9. COVERAGE CLASS 9                 | 28,912                                                      | 7,228     | 56,856                                                         | 14,214    | 72,276                                                        | 18,069    | 78,056                                                         | 19,514    | 84,804                                                        | 21,201    |
| 10. COVERAGE CLASS 10               | 40,088                                                      | 10,022    | 78,840                                                         | 19,710    | 100,220                                                       | 25,055    | 108,236                                                        | 27,059    | 117,592                                                       | 29,398    |
| 11. NURSE/TECHNICIAN                | 232                                                         | 58        | 452                                                            | 113       | 572                                                           | 143       | 620                                                            | 155       | 672                                                           | 168       |
| 12. PHYSIOTHERAPIST                 | 460                                                         | 115       | 900                                                            | 225       | 1,144                                                         | 286       | 1,236                                                          | 309       | 1,344                                                         | 336       |
| 13. PHYS ASST/NURSE PRAC            | 548                                                         | 137       | 1,072                                                          | 268       | 1,364                                                         | 341       | 1,472                                                          | 368       | 1,600                                                         | 400       |

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6250 Claremont Avenue, Oakland, California 94618-1324  
 Telephone (415) 428-9411 / From outside California (800) 227-4527

**MIEC****Medical Insurance Exchange of California****ALASKA****Claims Made Professional Liability Premium Schedule** Effective August 1, 1989

Limits of Liability: 5,000,000 Each Claim / 5,000,000 Annual Aggregate

| DOCTORS COVERAGE<br>CLASSIFICATIONS | FIRST YEAR RATES<br>RETROACTIVE DATES:<br>01/01/89 OR LATER |           | SECOND YEAR RATES<br>RETROACTIVE DATES:<br>01/01/88 - 12/31/88 |           | THIRD YEAR RATES<br>RETROACTIVE DATES:<br>01/01/87 - 12/31/87 |           | FOURTH YEAR RATES<br>RETROACTIVE DATES:<br>01/01/86 - 12/31/86 |           | FIFTH YEAR RATES<br>RETROACTIVE DATES:<br>08/01/75 - 12/31/85 |           |
|-------------------------------------|-------------------------------------------------------------|-----------|----------------------------------------------------------------|-----------|---------------------------------------------------------------|-----------|----------------------------------------------------------------|-----------|---------------------------------------------------------------|-----------|
|                                     | ANNUAL                                                      | QUARTERLY | ANNUAL                                                         | QUARTERLY | ANNUAL                                                        | QUARTERLY | ANNUAL                                                         | QUARTERLY | ANNUAL                                                        | QUARTERLY |
| 1. COVERAGE CLASS 1                 | 3,620                                                       | 905       | 7,116                                                          | 1,779     | 9,044                                                         | 2,261     | 9,768                                                          | 2,442     | 10,612                                                        | 2,653     |
| 2. COVERAGE CLASS 2                 | 4,604                                                       | 1,151     | 9,056                                                          | 2,264     | 11,508                                                        | 2,877     | 12,432                                                         | 3,108     | 13,504                                                        | 3,376     |
| 3. COVERAGE CLASS 3                 | 5,920                                                       | 1,480     | 11,640                                                         | 2,910     | 14,796                                                        | 3,699     | 15,980                                                         | 3,995     | 17,360                                                        | 4,340     |
| 4. COVERAGE CLASS 4                 | 6,576                                                       | 1,644     | 12,932                                                         | 3,233     | 16,440                                                        | 4,110     | 17,756                                                         | 4,439     | 19,292                                                        | 4,823     |
| 5. COVERAGE CLASS 5                 | 7,564                                                       | 1,891     | 14,876                                                         | 3,719     | 18,908                                                        | 4,727     | 20,420                                                         | 5,105     | 22,184                                                        | 5,546     |
| 6. COVERAGE CLASS 6                 | 9,864                                                       | 2,466     | 19,000                                                         | 4,850     | 24,660                                                        | 6,165     | 26,632                                                         | 6,658     | 28,936                                                        | 7,234     |
| 7. COVERAGE CLASS 7                 | 17,076                                                      | 4,269     | 33,580                                                         | 8,395     | 42,684                                                        | 10,671    | 46,100                                                         | 11,525    | 50,084                                                        | 12,521    |
| 8. COVERAGE CLASS 8                 | 25,520                                                      | 6,380     | 50,184                                                         | 12,546    | 63,792                                                        | 15,948    | 68,896                                                         | 17,224    | 74,852                                                        | 18,713    |
| 9. COVERAGE CLASS 9                 | 36,712                                                      | 9,178     | 72,196                                                         | 18,049    | 91,776                                                        | 22,944    | 99,116                                                         | 24,779    | 107,684                                                       | 26,921    |
| 10. COVERAGE CLASS 10               | 51,652                                                      | 12,913    | 101,584                                                        | 25,396    | 129,128                                                       | 32,282    | 139,460                                                        | 34,865    | 151,512                                                       | 37,878    |
| 11. NURSE/TECHNICIAN                | 276                                                         | 69        | 544                                                            | 136       | 692                                                           | 173       | 748                                                            | 187       | 812                                                           | 203       |
| 12. PHYSIOTHERAPIST                 | 556                                                         | 139       | 1,088                                                          | 272       | 1,384                                                         | 346       | 1,492                                                          | 373       | 1,624                                                         | 406       |
| 13. PHYS ASST/NURSE PRAC            | 660                                                         | 165       | 1,296                                                          | 324       | 1,648                                                         | 412       | 1,776                                                          | 444       | 1,932                                                         | 483       |

The Retroactive Date is the original date of your first MIEC policy.

6250 Claremont Avenue, Oakland, California 94618-1324  
Telephone (415) 428-9411 / From outside California (800) 227-4527

**MIEC****Medical Insurance Exchange of California****ALASKA****Claims Made Professional Liability Premium Schedule** Effective August 1, 1989**First Year New Doctor Rule Rates\*** Retroactive Date 1/1/89 or Later

| DOCTORS COVERAGE<br>CLASSIFICATIONS | LIMITS 1<br>500,000/1,500,000 |           | LIMITS 2<br>1,000,000/3,000,000 |           | LIMITS 3<br>2,000,000/4,000,000 |           | LIMITS 4<br>5,000,000/5,000,000 |           |
|-------------------------------------|-------------------------------|-----------|---------------------------------|-----------|---------------------------------|-----------|---------------------------------|-----------|
|                                     | ANNUAL                        | QUARTERLY | ANNUAL                          | QUARTERLY | ANNUAL                          | QUARTERLY | ANNUAL                          | QUARTERLY |
|                                     |                               |           |                                 |           |                                 |           |                                 |           |
| 1. COVERAGE CLASS 1                 | 531                           | 132.75    | 624                             | 156.00    | 749                             | 187.25    | 905                             | 226.25    |
| 2. COVERAGE CLASS 2                 | 675                           | 168.75    | 794                             | 198.50    | 953                             | 238.25    | 1,151                           | 287.75    |
| 3. COVERAGE CLASS 3                 | 868                           | 217.00    | 1,021                           | 255.25    | 1,225                           | 306.25    | 1,480                           | 370.00    |
| 4. COVERAGE CLASS 4                 | 964                           | 241.00    | 1,134                           | 283.50    | 1,361                           | 340.25    | 1,644                           | 411.00    |
| 5. COVERAGE CLASS 5                 | 1,109                         | 277.25    | 1,304                           | 326.00    | 1,565                           | 391.25    | 1,891                           | 472.75    |
| 6. COVERAGE CLASS 6                 | 1,446                         | 361.50    | 1,701                           | 425.25    | 2,041                           | 510.25    | 2,466                           | 616.50    |
| 7. COVERAGE CLASS 7                 | 2,410                         | 602.50    | 2,835                           | 708.75    | 3,472                           | 868.00    | 4,269                           | 1,067.25  |
| 8. COVERAGE CLASS 8                 | 3,470                         | 867.50    | 4,082                           | 1,020.50  | 5,102                           | 1,275.50  | 6,380                           | 1,595.00  |
| 9. COVERAGE CLASS 9                 | 4,819                         | 1,204.75  | 5,669                           | 1,417.25  | 7,228                           | 1,807.00  | 9,178                           | 2,294.50  |
| 10. COVERAGE CLASS 10               | 6,553                         | 1,638.25  | 7,710                           | 1,927.50  | 10,022                          | 2,505.50  | 12,913                          | 3,228.25  |

\*These rates apply only to physicians entering the practice of medicine for the first time after completion of a residency, fellowship training or military service.

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Telephone (415) 428-9411 / From outside California (800) 227-4527

**MIEC**

Medical Insurance Exchange of California  
Medical Underwriters of California

ATTORNEY-AT-LAW

FAX: (415) 654-4634

**FACSIMILE MESSAGE**

Date 1/16/90

Number of pages including this page 1

Name of Addressee David Rogers

Company \_\_\_\_\_

FAX Number 907 586 6959

Originator Ron Neupauer

Company MIEC

Description "Tail" coverage rates

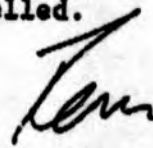
This is in response to a telephone inquiry from Julie regarding tail coverage.

Basically, tail coverage is contractually available, on an optional basis, to any MIEC policyholder who requests it within thirty days of his/her cancellation of claims made coverage.

First I should restate that for doctors leaving MIEC by reason of death, disability or retirement at age 55 or more (with 5 years continuous coverage), no additional premium is charged for tail coverage.

All others are charged a premium which is based on how long they were insured by MIEC, what classification(s) they were rated under, what limits they had, how many and what kinds of professional employees they had, and what level of premium is in effect at the time of cancellation. Tail coverage premium is payable in three annual installments, and varies based on the above factors, but is generally a function of the difference between the underlying "occurrence" rate and the actual ~~FAX~~ <sup>from</sup> claims made premium paid. As a percentage of the claims made premium, tail premium will range from 278% of a first year claims made premium to about 180% of a mature claims made premium, for the sum of the three tail premium installments. Each tail premium calculation is made in accordance with our actuarially developed formula, at the time a policy is cancelled.

Hope this gives you the information you sought.



# MIEC

Medical Insurance Exchange of California  
Medical Underwriters of California

ATTORNEY-IN-FACT

April 13, 1989

Paul A. Roller, Director  
Division of Insurance  
State of Alaska  
Department of Commerce &  
Economic Development  
P.O. Box D  
Juneau, Alaska 99811-0800

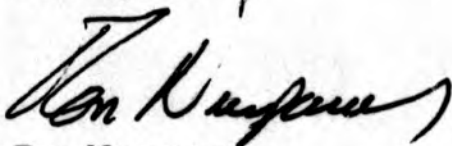
**RE: NAIC CODE 32433 MEDICAL INSURANCE EXCHANGE OF CALIFORNIA  
PHYSICIANS AND SURGEONS PROFESSIONAL LIABILITY RATE  
FILING - EFFECTIVE AUGUST 1, 1989**

Dear Mr. Roller:

Enclosed please find our 1989 rate filing for physicians and surgeons professional liability insurance coverage, beginning with renewals effective August 1, 1989. These rates were recommended by MIEC's consulting actuaries, Tillinghast, and approved by our Board of Governors.

We are also enclosing a copy of the revised premium schedule for limits of \$500,000/\$1,500,000 and for \$1,000,000/\$3,000,000. Limits in excess of these amounts are subject to approval and pricing by MIEC's reinsurers. When we receive the information as to renewal premium for limits excess of \$1,000,000/\$3,000,00 we will forward them to you.

Best regards.



Ron Neupauer  
Underwriting Manager

RN/12apr06.era

cc: Doug Smith, M.D. - Member MIEC Board of Governors  
Ray Schalow - Executive - Alaska State Medical Association

*dit*  
STAN GARLINGTON  
APR 26 1989

Medical Insurance Exchange  
of California

ALASKA RATE FILING  
AUGUST 1, 1989-90  
POLICY YEAR

APRIL, 1989

**MEDICAL INSURANCE EXCHANGE OF CALIFORNIA  
Alaska**

**Physicians, Surgeons and Miscellaneous  
Professional Liability Insurance**

This memorandum and the attached exhibits present the proposed rates for Physicians, Surgeons, and Miscellaneous Medical Professional Liability coverages insured by Medical Insurance Exchange of California (MIEC) to be effective August 1, 1989 in the State of Alaska.

This filing proposes the following:

- The overall rate level be increased by 11.7%.
- The Proposed rates are based on an evaluation of MIEC historical loss experience in Alaska supplemented by MIEC companywide data. The following classification changes be implemented:

|                           | <u>Current<br/>Class<br/>Differential</u> | <u>Proposed<br/>Class<br/>Differential</u> | <u>Percent<br/>Charge</u> |
|---------------------------|-------------------------------------------|--------------------------------------------|---------------------------|
| Int. Medicine-Invasive    | 1.00                                      | 1.50                                       | +50.0%                    |
| Physical Med. & Rehab.    | 1.00                                      | .90                                        | -10.0%                    |
| FP/GP - No Surgery        | 1.00                                      | .90                                        | -10.0%                    |
| Cardiology - Non-invasive | 1.15                                      | 1.00                                       | -13.0%                    |
| Cardiology - Invasive     | 1.15                                      | 1.50                                       | +30.4%                    |
| FP/GP - Minor Surgery     | 1.75                                      | 1.50                                       | -14.3%                    |
| Industrial Medicine       | 1.95                                      | 1.50                                       | -23.1%                    |
| FP/GP - Major Surgery     | 3.60                                      | 2.50                                       | -30.6%                    |

Note that for classification purposes, angioplasty and cardiac catheterization shall be considered invasive procedures.

An additional adjustment to the underlying base rate of 0.1% will be required to offset the class change "off-balance." Based on

the current specially mix, a change in the underlying base rate of 11.8% will result in an overall rate change of 11.7% (See Exhibit 2).

- The rate for outpatient surgical procedures be reduced by 50%.

The following is a brief explanation of the attached exhibits:

Exhibit 1A - Presentation of Proposed Manual Claims Made Rates

The rates set forth in this exhibit are for the selected limits of liability purchased from MIEC in the State of Alaska for the major physician and surgeon classes.

Exhibit 1B - Indicated and Proposed Basic Limits Rate Change

Exhibit 1B sets forth the analysis underlying the proposed average overall +11.7% rate change. Historical experience on an occurrence basis (Exhibit 1B) and on a claims-made basis (Exhibit 1C) are analyzed to produce the indicated rate change (Exhibit 1B, Sheet 2, Line 15).

The analysis underlying the indicated rate change has been performed using indemnity losses limited to

\$250,000 per claim in order to recognize the greater frequency of losses greater than \$100,000 and therefore giving recognition to MIEC's own experience.

Exhibit 1C - Developed Trended \$250,000 Limits Pure Premium - Claims-Made Basis

Exhibit 1C sets forth the analysis of claims-made basic limit pure premiums. The total average basic limits pure premium provides the basis of the claims-made basis projections on Exhibit 1B, Sheet 2.

MIECA89R  
04-Apr-89

MEDICAL INSURANCE EXCHANGE OF CALIFORNIA

Exhibit 1B  
Sheet 1

Alaska Indicated Basic Limits Rate  
(\$250,000 Limits)  
Occurrence Basis  
For the Period 8/1/89-90

|                                                    | Policy Period |           |             |             |
|----------------------------------------------------|---------------|-----------|-------------|-------------|
|                                                    | 1979          | 1980      | 1981        | 1982        |
| 1) Basic Limits Losses                             | \$145,895     | \$318,434 | \$1,114,115 | \$1,755,174 |
| 2) Development Factor                              | 0.976         | 0.921     | 0.857       | 0.771       |
| 3) Developed Losses                                | \$142,394     | \$293,278 | \$954,797   | \$1,353,239 |
| 4) Exposures on a<br>Base Class Basis              | 77.880        | 99.979    | 141.729     | 181.425     |
| 5) Pure Premium Untrended<br>on a Base Class Basis | \$1,828       | \$2,933   | \$6,737     | \$7,459     |
| 6) Trend Factor to 1989                            | 4.043         | 3.516     | 3.057       | 2.658       |
| 7) Trended Pure Premium<br>at \$250,000 Limits     | \$7,392       | \$10,314  | \$20,594    | \$19,826    |

- 3) (1)x(2)  
5) (3)/(4)  
7) (5)x(6)

Trend Factor = 1.150

Alaska Indicated Basic Limits Rate  
(\\$250,000 Limits)  
Occurrence Basis  
For the Period 8/1/89-90

|                                                    | Policy Period |           |             |             |             | '81-87         | '81-87         |
|----------------------------------------------------|---------------|-----------|-------------|-------------|-------------|----------------|----------------|
|                                                    |               |           |             |             |             | Occ.           | C.M.           |
|                                                    | 1983          | 1984      | 1985        | 1986        | 1987        | Basis<br>Total | Basis<br>Total |
| 1) Basic Limits Losses                             | \$574,398     | \$877,731 | \$2,547,739 | \$927,062   | \$657,736   |                |                |
| 2) Development Factor                              | 0.776         | 0.831     | 0.908       | 1.162       | 2.055       |                |                |
| 3) Developed Losses                                | \$445,733     | \$729,394 | \$2,313,347 | \$1,077,246 | \$1,331,647 |                |                |
| 4) Exposures on a<br>Base Class Basis              | 220.092       | 300.063   | 395.957     | 471.365     | 427.907     |                |                |
| 5) Pure Premium Untrended<br>on a Base Class Basis | \$2,025       | \$2,431   | \$5,842     | \$2,285     | \$3,139     |                |                |
| 6) Trend Factor to 1989                            | 2.311         | 2.010     | 1.748       | 1.520       | 1.322       |                |                |
| 7) Trended Pure Premium<br>at \$250,000 Limits     | \$4,680       | \$4,886   | \$10,213    | \$3,474     | \$4,176     | \$9,693        | \$9,397        |
| 8) Investment Discount Factor                      |               |           |             |             |             | 0.780          | 0.780          |
| 9) Expense Factor                                  |               |           |             |             |             | 0.808          | 0.808          |
| 10) Automatic Tail Coverage Factor                 |               |           |             |             |             | 1.050          | 1.050          |
| 11) Factor to Include Additional Premiums          |               |           |             |             |             | 0.950          | 0.950          |
| 12) Claims Made Factor                             |               |           |             |             |             | 1.000          | 0.900          |
| 13) Indicated \$250,000 Base Class Occurrence Rate |               |           |             |             |             | \$9,334        | \$10,054       |
| 14) Current \$250,000 Base Class Occurrence Rate   |               |           |             |             |             | \$8,997        | \$8,997        |
| 15) Indicated Overall Rate Change                  |               |           |             |             |             | 3.7%           | 11.7%          |
| 16) Selected Overall Rate Change                   |               |           |             |             |             | 11.7%          | 11.7%          |
| 17) Effect of Classification Changes               |               |           |             |             |             | -0.1%          | -0.1%          |
| 18) Adjusted Base Class Rate Changes               |               |           |             |             |             | 11.8%          | 11.8%          |
| 19) Current \$100,000 Base Class Occurrence Rate   |               |           |             |             |             |                | \$6,760        |
| 20) Selected \$100,000 Base Class Occurrence Rate  |               |           |             |             |             |                | \$7,558        |

3) (1)X(2)

13) [(7)X(8)X(10)X(11)]/[(9)X(12)]

5) (3)/(4)

15) [(13)/(14)]-1.0]X100

7) (5)X(6)

MIECA89  
02-Mar-89

MEDICAL INSURANCE EXCHANGE OF CALIFORNIA

Exhibit 1C

Claims Made Basis Analysis  
Alaska

Developed, Trended \$250,000 Limits Pure Premiums

| Accident<br>Period<br>(Lag) | Report Year |      |      |       |         |          |
|-----------------------------|-------------|------|------|-------|---------|----------|
|                             | 1977        | 1978 | 1979 | 1980  | 1981    | 1982     |
| 0                           | \$0         | \$0  | \$0  | \$0   | \$0     | \$10,506 |
| 1                           |             | 0    | 0    | 0     | 0       | 4,534    |
| 2                           |             |      | 0    | 172   | 5,200   | 7,018    |
| 3                           |             |      |      | 0     | 0       | 0        |
| 4                           |             |      |      |       | 0       | 0        |
| 5                           |             |      |      |       |         | 0        |
| TOTAL                       | \$0         | \$0  | \$0  | \$172 | \$5,200 | \$22,058 |

| Accident<br>Period<br>(Lag) | Report Year |         |          |         |         | Average<br>1981-<br>1987 |
|-----------------------------|-------------|---------|----------|---------|---------|--------------------------|
|                             | 1983        | 1984    | 1985     | 1986    | 1987    |                          |
| 0                           | \$380       | \$294   | \$6,195  | \$1,777 | \$2,094 | \$3,035                  |
| 1                           | 2,404       | 1,897   | 2,644    | 1,358   | 636     | 1,925                    |
| 2                           | 5,537       | 4,979   | 1,412    | 931     | 1,605   | 3,812                    |
| 3                           | 0           | 0       | 0        | 2       | 251     | 36                       |
| 4                           | 0           | 0       | 0        | 0       | 96      | 14                       |
| 5                           | 0           | 0       | 0        | 3,450   | 0       | 575                      |
| 6                           | 0           | 0       | 0        | 0       | 0       | 0                        |
| 7                           |             | 0       | 0        | 0       | 0       | 0                        |
| 8                           |             |         | 0        | 0       | 0       | 0                        |
| 9                           |             |         |          | 0       | 0       | 0                        |
| 10                          |             |         |          |         | 0       | 0                        |
| TOTAL                       | \$8,321     | \$7,170 | \$10,251 | \$7,518 | \$4,682 | \$9,397                  |

Notes:

Above pure premiums calculated by dividing the losses on Exhibit 4, Sheet 2 by the appropriate exposure on Exhibit 4, Sheet 3.

MIECLASS  
04-Apr-89

MEDICAL INSURANCE EXCHANGE OF CALIFORNIA  
Proposed Classification Changes  
and Effect on Underlying Base Rate  
Alaska

Exhibit 2

|                              | MIEC      | Industry  | Current | Current | Proposed | Proposed | Pct.   | Alaska    |
|------------------------------|-----------|-----------|---------|---------|----------|----------|--------|-----------|
|                              | Indicated | Indicated | Class   | Class   | Class    | Class    | Change | Exposures |
|                              |           |           |         | Diff    |          | Diff     |        |           |
| Internal Medicine - Invasive | 1.20      | 1.74      | 3       | 1.00    | 6        | 1.50     | 50.0%  | 0         |
| Physical Med. & Rehab.       | 0.36      |           | 3       | 1.00    | 3        | 0.90     | -10.0% | 4         |
| FP/GP - No Surgery           | 0.55      | 1.00      | 3       | 1.00    | 3        | 0.90     | -10.0% | 3         |
| Cardiology - Non-invasive    | 1.55      | 1.22      | 4       | 1.15    | 4        | 1.00     | -13.0% | 1         |
| Cardiology - Invasive        | 1.55      | 2.28      | 4       | 1.15    | 6        | 1.50     | 30.4%  | 3         |
| FP/GP - Minor Surgery        | 1.32      | 1.91      | 5       | 1.75    | 6        | 1.50     | -14.3% | 3         |
| Industrial Medicine          | 0.27      |           | 6       | 1.95    | 6        | 1.50     | -23.1% | 0         |
| FP/GP - Major Surgery        | 1.76      | 3.03      | 8       | 3.60    | 7        | 2.50     | -30.6% | 0         |

All Other

149

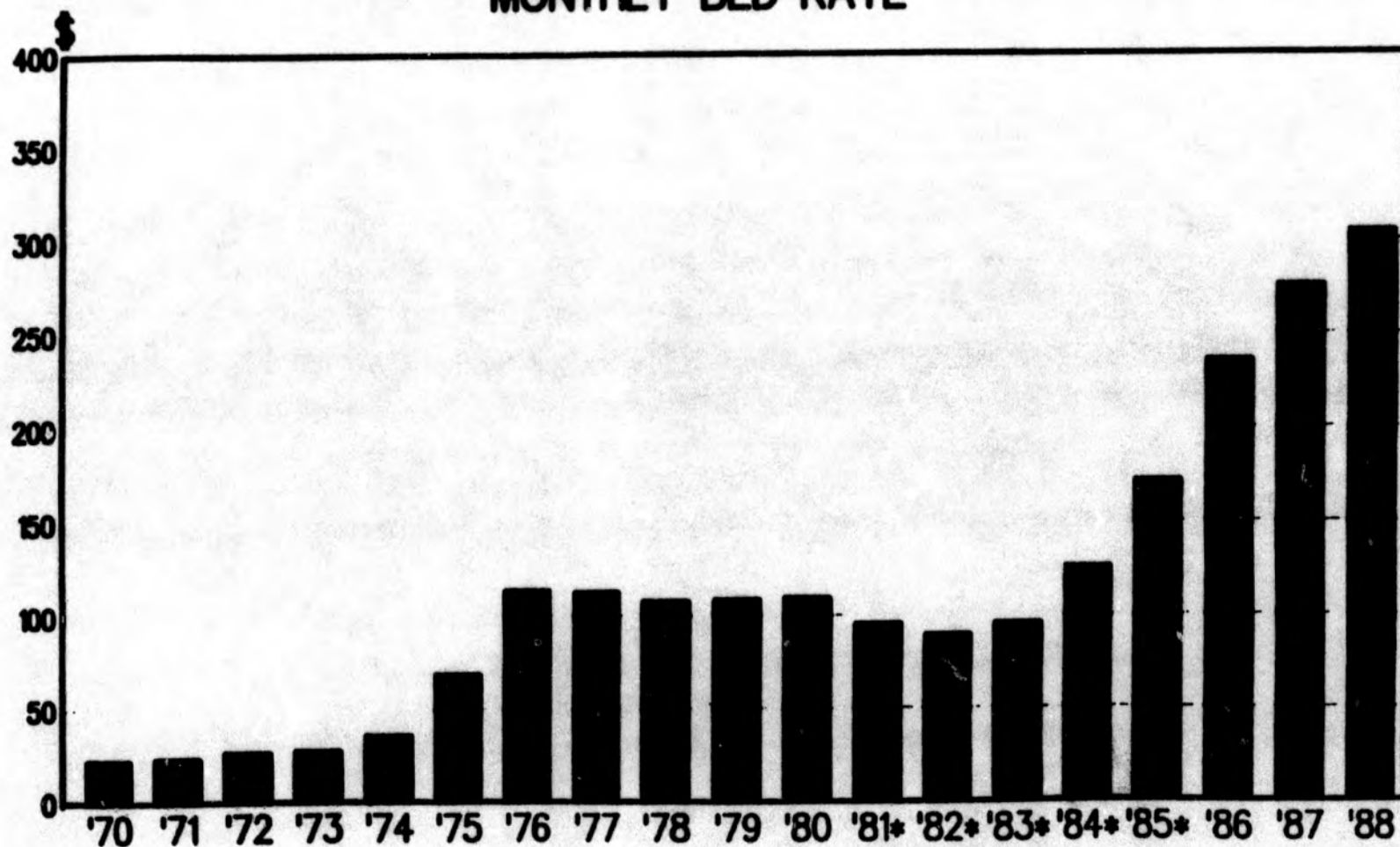
Current Average Differential: 2.663

Avg Differential After Class Changes: 2.659

Change in base rate required to offset  
classification plan off-balance: 0.1%

Chart 3

# CALIFORNIA HOSPITALS Professional Liability Insurance - 1st MM MONTHLY BED RATE



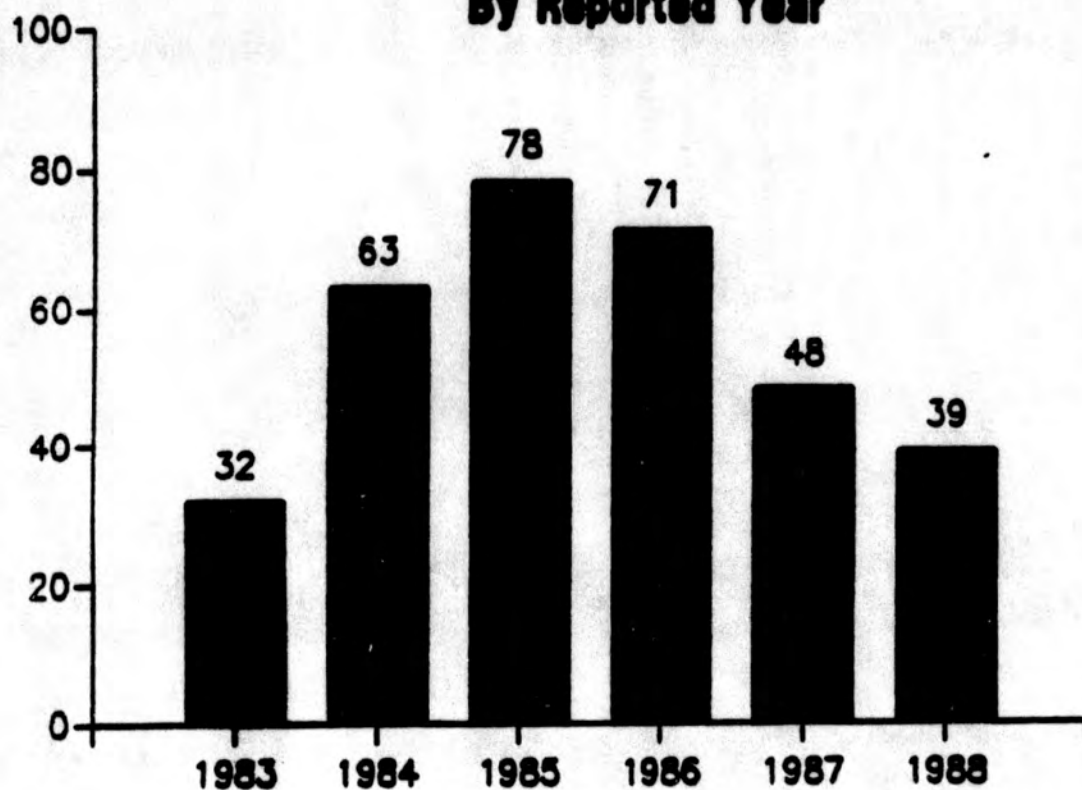
Annual Rate Of Growth = 14.1%

\* During 1981 to 1985 rates were substantially subsidized according to contract with client.

## **FARMERS INSURANCE GROUP OF COMPANIES**

### **Newborn Brain Damage Claims In California Frequency Of Claims By Reported Year**

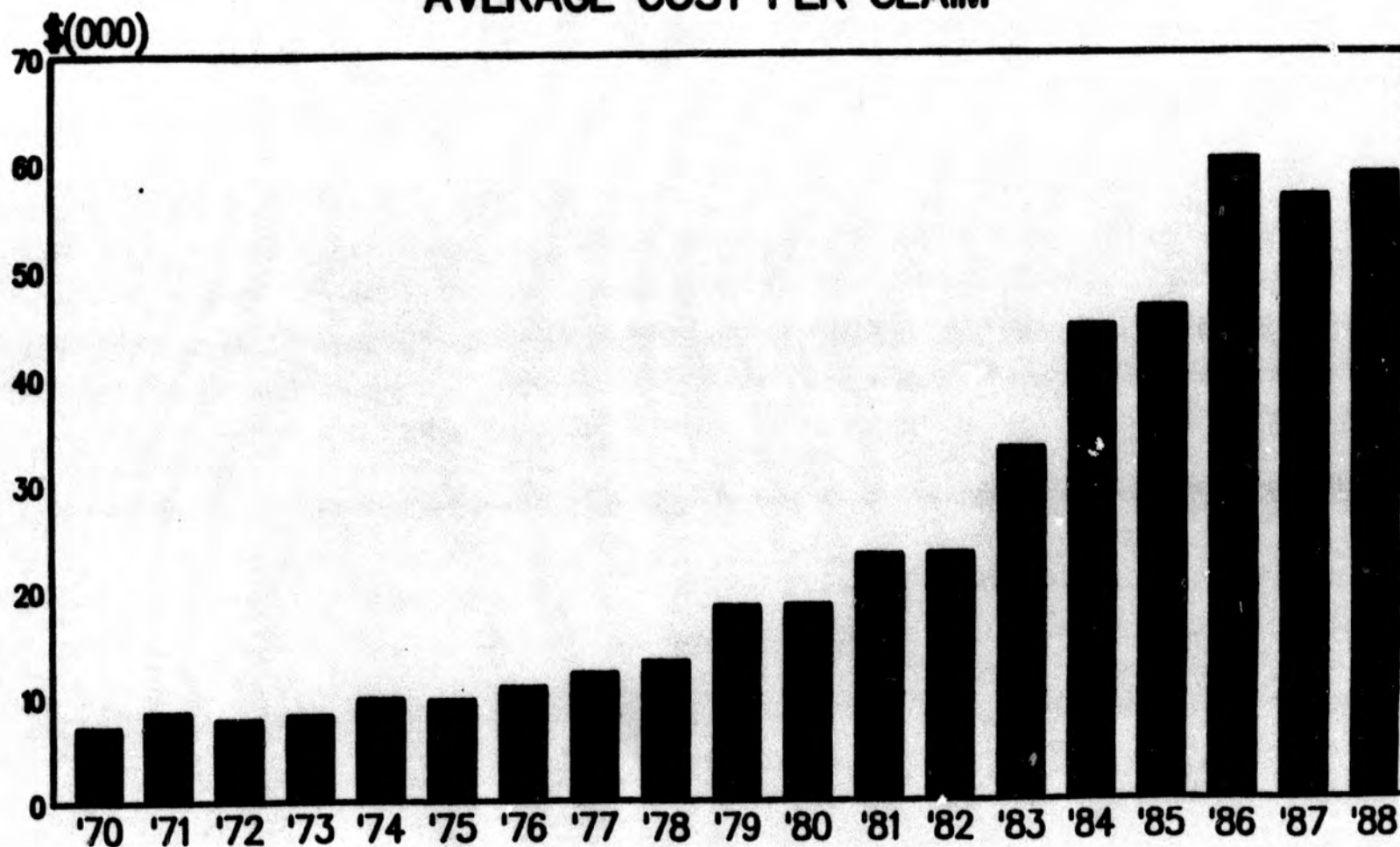
**CLAIMS**



**REPORTED YEAR**

Chart 2

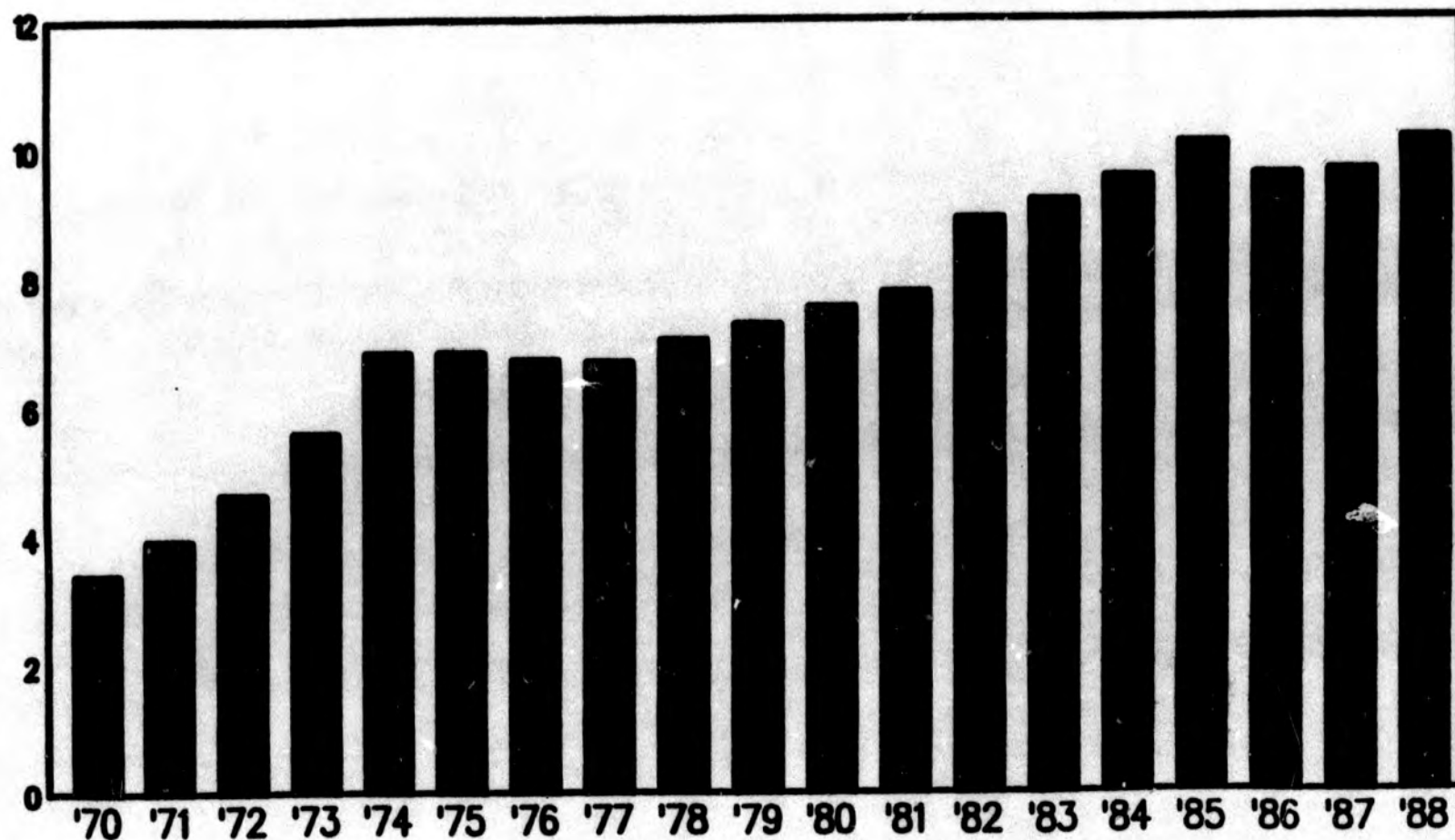
**CALIFORNIA HOSPITALS**  
**Professional Liability Insurance - 1st MM**  
**AVERAGE COST PER CLAIM**



Annual Rate Of Growth = 14.1%

Chart 1

**CALIFORNIA HOSPITALS**  
**Professional Liability Insurance - 1st MM**  
**NUMBER OF REPORTED CLAIMS PER 100 BEDS**



Annual Rate Of Growth = 5.3%

# MIEC

Medical Insurance Exchange of California  
Medical Underwriters of California ATTORNEY-IN-FACT

May 11, 1989

Via Federal Express

Mr. Stan Garlington  
Insurance Rate Analyst  
State of Alaska  
333 Willoughby Avenue, 9th floor  
Juneau, Alaska 99811-0800

RECEIVED  
MAY 12 1989

Re: Medical Professional Liability Rate Filing

Department of Commerce and  
Economic Development  
Division of Insurance

Dear Mr. Garlington:

In response to your letter of April 28, 1989, and as promised in my letter of May 4, I am enclosing the additional information requested, prepared by our consulting actuaries at Tillinghast.

If you have need for further information or have any questions, please contact our office as soon as possible.

We look forward to your approval of our pending rate filing.

Sincerely,



Ron Neupauer  
Underwriting Manager

cc: Doug Smith, M.D. Member, MIEC Board of Governors (Alaska)  
Ray Schalow, Executive Director, Alaska State Medical Association  
Tom Hermes

*dist*  
STAN GARLINGTON

JUN 1 1989

One Mill Pond Lane  
Simsbury, CT 06070-2486  
203 651-3761  
Facsimile: 203 651-9140

Management Consultants  
and Actuaries

# Tillinghast

a Towers Perrin company

May 10, 1989

Mr. Stan Garlington  
Insurance Market Analyst  
State of Alaska  
Department of Commerce & Economic Development  
Division of Insurance  
333 Willoughby, 9th Floor  
Juneau, Alaska 99811-0800

MEDICAL INSURANCE EXCHANGE OF CALIFORNIA (MIEC)  
MEDICAL PROFESSIONAL LIABILITY RATE FILING

Dear Mr. Garlington:

Pursuant to your letter to Ron Neupauer dated April 28, 1989, we have enclosed additional information supporting MIEC's recent medical professional liability rate filing in Alaska.

Enclosed as Exhibit 1 is an historical loss development analysis of MIEC's loss experience in Alaska at \$250,000 limits. This data is compiled on an accident year basis and therefore includes development of case reserves as well as the effect of late reporting of claims. The lower half of the page includes actual report-to-report development factors, MIEC company-wide factors, and selected Alaska factors. The selected factors are used in Exhibit 1 of the MIEC rate filing to develop ultimate losses. Note that we rely heavily on Alaska experience, though due to the instability of the data we supplemented the Alaska experience with MIEC company-wide experience. If you compare the selected loss development factors (Exhibit 1, Sheet 4) with the average Alaska loss development factors in the first five columns, you will see that Alaska benefits substantially from the fact that MIEC's company-wide loss development has been more favorable than that of Alaska alone. For example, if we were to use solely Alaska loss development experience in our rate analysis, the indicated rate change would have been in excess of 40%.

Mr. Stan Garlington  
May 10, 1989  
Page 2.

The adverse incurred loss development that has occurred in the last year can be seen in the Exhibit 2 series. Despite projections of downward development underlying MIEC's 88/89 rates, incurred losses have developed upward in 1983, 1985 and 1986. This fact alone suggests that some rate increase is in order.

Regarding your observation about the 1985 accident year, please note that the magnitude of each the 1980 - 82 accident years is greater than 1985. Despite the fact that we use losses limited to \$250,000 in order to eliminate the distortion associated with unusually large losses, the Alaska experience is still relatively unstable. This supports the use of a seven year experience base to smooth out the fluctuations.

Unfortunately, the instability of MIEC's Alaska experience renders a current Alaska trend analysis meaningless. We have, however, reviewed the most recent countrywide and MIEC medical malpractice trend indications as a guide in the Alaska analysis. In recognition of improving trend indications, we have reduced the trend assumption in Alaska from 18% to 15% this year. Please recognize that a larger and more stable exposure base would be required to perform a useful trend study.

The results of our analysis appear to be supported by the approved rates being charged by the other major medical malpractice writer in Alaska. Exhibit 3 displays MIEC's current exposures by class alongside a comparison of MIEC's proposed 8/1/89 and MICA's approved 1/1/89 mature claims made rates for \$1 million/\$3 million limits. Given that MICA's proposed rates produce 20% more total premium than MIEC's (on a mature claims made basis at \$1 million/\$3 million limits), it appears that MICA has come to similar conclusions regarding expected loss costs for Alaska physicians. Furthermore, note that MICA may increase its rates 12.6% if it is found to be a taxable entity like MIEC. Such an increase would result in a premium difference between MICA and MIEC of 35%.

With regard to Alaska's tort reform, we expect that any reductions in loss costs due to tort reform will emerge in the experience of MIEC and will be recognized accordingly. In Alaska, as previously in California, MIEC has made no

*Tillinghast*

Mr. Stan Garlington  
May 10, 1989  
Page 3.

explicit recognition of tort reforms until the real effects can be discerned in the actual loss experience. Any tort reform effect that has emerged in the 8/1/85-88 policy periods is currently being recognized directly through the loss experience.

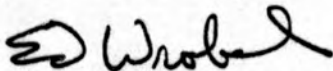
For your information, we have enclosed as Exhibit 4, our letter dated April 7, 1989 to Mr. Ron Neupauer regarding physician and surgeon classifications.

We trust this material will help you in your review of MIEC's rate filing. Please feel free to contact us if you have any questions and would like to discuss this further.

Sincerely,



Thomas M. Hermes, FCAS, MAAA, FCA  
Vice President



Edward M. Wrobel, ACAS, MAAA  
Consultant

EMW/ler  
Enclosures

cc: Mr. Ronald Neupauer, MIEC

MEDICAL INSURANCE EXCHANGE OF CALIFORNIA  
\$250,000 Basic Limits - Occurrence Basis  
Claims Information for Alaska  
Incurred Losses Valued 1/31/89

| Accident<br>Year | Incurred Losses Valued 1/31/89 (In Thousands) - Evaluations in Months |       |       |       |       |       |       |       |       |
|------------------|-----------------------------------------------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|
|                  | 6                                                                     | 12    | 18    | 24    | 30    | 36    | 42    | 48    | 54    |
| 1975             |                                                                       |       |       |       |       |       |       |       |       |
| 1976             |                                                                       |       |       |       |       |       |       |       |       |
| 1977             |                                                                       |       |       |       |       |       |       |       |       |
| 1978             |                                                                       |       |       |       |       |       |       |       |       |
| 1979             |                                                                       |       |       |       | 15    | 35    | 130   | 130   | 130   |
| 1980             |                                                                       | 15    | 15    | 25    | 150   | 143   | 143   | 144   | 148   |
| 1981             |                                                                       | 23    | 23    | 23    | 144   | 229   | 404   | 404   | 461   |
| 1982             | 550                                                                   | 675   | 724   | 724   | 918   | 1,325 | 1,367 | 1,518 | 1,504 |
| 1983             | 3                                                                     | 1     | 36    | 181   | 354   | 695   | 567   | 818   | 478   |
| 1984             | 0                                                                     | 16    | 58    | 336   | 541   | 641   | 693   | 789   | 859   |
| 1985             | 360                                                                   | 1,494 | 2,256 | 2,371 | 2,434 | 2,652 | 2,408 |       |       |
| 1986             | 85                                                                    | 540   | 670   | 942   | 1,022 |       |       |       |       |
| 1987             | 80                                                                    | 340   | 685   |       |       |       |       |       |       |
| 1988             | 75                                                                    |       |       |       |       |       |       |       |       |

| Accident<br>Year | Incurred Loss Report-to-Report Development Factors |        |       |       |       |       |       |       |       |
|------------------|----------------------------------------------------|--------|-------|-------|-------|-------|-------|-------|-------|
|                  | 6-12                                               | 12-18  | 18-24 | 24-30 | 30-36 | 36-42 | 42-48 | 48-54 | 54-60 |
|                  |                                                    |        |       |       | 2.333 | 3.714 | 1.000 | 1.000 | 1.000 |
|                  |                                                    | 1.000  | 1.667 | 6.000 | .953  | 1.000 | 1.007 | 1.028 | 1.000 |
|                  |                                                    | 1.000  | 1.000 | 6.261 | 1.590 | 1.764 | 1.000 | 1.141 | 1.143 |
|                  | 1.227                                              | 1.073  | 1.000 | 1.351 | 1.559 | .896  | 1.110 | .991  | 1.050 |
|                  | .333                                               | 36.000 | 5.028 | 1.956 | 1.963 | .816  | 1.443 | .584  | .992  |
|                  | ***                                                | 3.625  | 5.793 | 1.610 | 1.185 | 1.081 | 1.139 | 1.089 |       |
| 1985             | 4.150                                              | 1.510  | 1.051 | 1.027 | 1.090 | .908  |       |       |       |
| 1986             | 6.353                                              | 1.241  | 1.481 | 1.030 |       |       |       |       |       |
| 1987             | 4.250                                              | 2.015  |       |       |       |       |       |       |       |
| 1988             |                                                    |        |       |       |       |       |       |       |       |

*our review  
at initially?*

|                                 |       |       |       |       |       |       |       |       |       |
|---------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Simple Average of Latest 12:    |       |       |       |       |       |       |       |       |       |
|                                 | 3.263 | 5.933 | 2.431 | 2.748 | 1.525 | 1.454 | 1.116 | .972  | 1.037 |
| Simple Average of Latest 5:     |       |       |       |       |       |       |       |       |       |
|                                 | 3.263 | 8.878 | 2.870 | 1.395 | 1.477 | 1.093 | 1.140 | .967  | 1.037 |
| Simple Average of Latest 3:     |       |       |       |       |       |       |       |       |       |
|                                 | 4.918 | 1.588 | 2.775 | 1.222 | 1.413 | .935  | 1.231 | .888  | 1.062 |
| Latest 5 Volume Weighted:       |       |       |       |       |       |       |       |       |       |
|                                 | 4.498 | 1.350 | 1.230 | 1.157 | 1.290 | .947  | 1.157 | .939  | 1.050 |
| Latest 3 Volume Weighted:       |       |       |       |       |       |       |       |       |       |
|                                 | 4.522 | 1.321 | 1.240 | 1.081 | 1.198 | .920  | 1.190 | .909  | 1.056 |
| Comparison Factors - Total MIEC |       |       |       |       |       |       |       |       |       |
|                                 | 5.396 | 1.750 | 1.447 | 1.135 | 1.091 | 1.062 | 1.048 | 1.043 | .987  |
| Selected Factors:               |       |       |       |       |       |       |       |       |       |
|                                 | 4.498 | 1.350 | 1.447 | 1.222 | 1.198 | 1.068 | 1.048 | 1.043 | 1.050 |

5/ 8/1989  
1:19 pm

OSCARpc 3.40  
MIECA-3a

MEDICAL INSURANCE EXCHANGE OF CALIFORNIA  
\$250,000 Basic Limits - Occurrence Basis  
Claims Information for Alaska  
Incurred Losses Valued 1/31/89

| Accident<br>Year | Incurred Losses Valued 1/31/89 (In Thousands) - Evaluations in Months |       |       |       |     |       |     |     |     |
|------------------|-----------------------------------------------------------------------|-------|-------|-------|-----|-------|-----|-----|-----|
|                  | 60                                                                    | 66    | 72    | 78    | 84  | 90    | 96  | 102 | 108 |
| 1975             |                                                                       |       |       |       |     |       |     |     |     |
| 1976             |                                                                       |       |       |       |     |       |     |     |     |
| 1977             |                                                                       |       |       |       |     |       |     |     |     |
| 1978             |                                                                       |       |       |       |     |       |     |     |     |
| 1979             | 130                                                                   | 209   | 139   | 139   | 139 | 139   | 139 | 139 | 139 |
| 1980             | 148                                                                   | 150   | 390   | 668   | 318 | 318   | 318 | 318 |     |
| 1981             | 327                                                                   | 507   | 955   | 592   | 592 | 1,182 |     |     |     |
| 1982             | 1,579                                                                 | 1,674 | 1,664 | 1,764 |     |       |     |     |     |
| 1983             | 474                                                                   | 609   |       |       |     |       |     |     |     |
| 1984             |                                                                       |       |       |       |     |       |     |     |     |
| 1985             |                                                                       |       |       |       |     |       |     |     |     |
| 1986             |                                                                       |       |       |       |     |       |     |     |     |
| 1987             |                                                                       |       |       |       |     |       |     |     |     |
| 1988             |                                                                       |       |       |       |     |       |     |     |     |

| Accident<br>Year | Incurred Loss Report-to-Report Development Factors |       |       |       |       |       |        |         |         |
|------------------|----------------------------------------------------|-------|-------|-------|-------|-------|--------|---------|---------|
|                  | 60-66                                              | 66-72 | 72-78 | 78-84 | 84-90 | 90-96 | 96-102 | 102-108 | 108-114 |
| 1975             |                                                    |       |       |       |       |       |        |         |         |
| 1976             |                                                    |       |       |       |       |       |        |         |         |
| 1977             |                                                    |       |       |       |       |       |        |         |         |
| 1978             |                                                    |       |       |       |       |       |        |         |         |
| 1979             | 1.608                                              | .665  | 1.000 | 1.000 | 1.000 | 1.000 | 1.000  | 1.000   | 1.000   |
| 1980             | 1.014                                              | 2.600 | 1.713 | .476  | 1.000 | 1.000 | 1.000  |         |         |
| 1981             | .962                                               | 1.884 | .620  | 1.000 | 1.997 |       |        |         |         |
| 1982             | 1.060                                              | .994  | 1.060 |       |       |       |        |         |         |
| 1983             | 1.285                                              |       |       |       |       |       |        |         |         |
| 1984             |                                                    |       |       |       |       |       |        |         |         |
| 1985             |                                                    |       |       |       |       |       |        |         |         |
| 1986             |                                                    |       |       |       |       |       |        |         |         |
| 1987             |                                                    |       |       |       |       |       |        |         |         |
| 1988             |                                                    |       |       |       |       |       |        |         |         |

|                                 |       |       |       |      |       |       |       |       |       |
|---------------------------------|-------|-------|-------|------|-------|-------|-------|-------|-------|
| Simple Average of Latest 12:    | 1.186 | 1.536 | 1.098 | .825 | 1.332 | 1.000 | 1.000 | 1.000 | 1.000 |
| Simple Average of Latest 5:     | 1.186 | 1.536 | 1.098 | .825 | 1.332 | 1.000 | 1.000 | 1.000 | 1.000 |
| Simple Average of Latest 3:     | 1.102 | 1.826 | 1.131 | .825 | 1.332 | 1.000 | 1.000 | 1.000 | 1.000 |
| Latest 5 Volume Weighted:       | 1.102 | 1.239 | 1.005 | .750 | 1.562 | 1.000 | 1.000 | 1.000 | 1.000 |
| Latest 3 Volume Weighted:       | 1.081 | 1.291 | 1.005 | .750 | 1.562 | 1.000 | 1.000 | 1.000 | 1.000 |
| Comparison Factors - Total MIEC | 1.020 | 1.020 | .987  | .909 | .989  | .990  | .940  | .963  | .980  |
| Selected Factors:               | 1.020 | 1.020 | .987  | .909 | .989  | .990  | .940  | .963  | .980  |

5/ 8/1989  
1:19 pm

OSCARpc 3.40  
MIECA-3a

MEDICAL INSURANCE EXCHANGE OF CALIFORNIA  
\$250,000 Basic Limits - Occurrence Basis  
Claims Information for Alaska  
Incurred Losses Valued 1/31/89

| Accident<br>Year | Incurred Losses Valued 1/31/89 (In Thousands) - Evaluations in Months |     |     |     |     |     |     |     |     |
|------------------|-----------------------------------------------------------------------|-----|-----|-----|-----|-----|-----|-----|-----|
|                  | 114                                                                   | 120 | 126 | 132 | 138 | 144 | 150 | 156 | 162 |
| 1975             |                                                                       |     |     |     |     |     |     |     |     |
| 1976             |                                                                       |     |     |     |     |     |     |     |     |
| 1977             |                                                                       |     |     |     |     |     |     |     |     |
| 1978             |                                                                       |     |     |     |     |     |     |     |     |
| 1979             | 139                                                                   |     |     |     |     |     |     |     |     |
| 1980             |                                                                       |     |     |     |     |     |     |     |     |
| 1981             |                                                                       |     |     |     |     |     |     |     |     |
| 1982             |                                                                       |     |     |     |     |     |     |     |     |
| 1983             |                                                                       |     |     |     |     |     |     |     |     |
| 1984             |                                                                       |     |     |     |     |     |     |     |     |
| 1985             |                                                                       |     |     |     |     |     |     |     |     |
| 1986             |                                                                       |     |     |     |     |     |     |     |     |
| 1987             |                                                                       |     |     |     |     |     |     |     |     |
| 1988             |                                                                       |     |     |     |     |     |     |     |     |

| Accident<br>Year | Incurred Loss Report-to-Report Development Factors |         |         |         |         |         |         |         |      |
|------------------|----------------------------------------------------|---------|---------|---------|---------|---------|---------|---------|------|
|                  | 114-120                                            | 120-126 | 126-132 | 132-138 | 138-144 | 144-150 | 150-156 | 156-162 | 162- |
| 1975             |                                                    |         |         |         |         |         |         |         |      |
| 1976             |                                                    |         |         |         |         |         |         |         |      |
| 1977             |                                                    |         |         |         |         |         |         |         |      |
| 1978             |                                                    |         |         |         |         |         |         |         |      |
| 1979             |                                                    |         |         |         |         |         |         |         |      |
| 1980             |                                                    |         |         |         |         |         |         |         |      |
| 1981             |                                                    |         |         |         |         |         |         |         |      |
| 1982             |                                                    |         |         |         |         |         |         |         |      |
| 1983             |                                                    |         |         |         |         |         |         |         |      |
| 1984             |                                                    |         |         |         |         |         |         |         |      |
| 1985             |                                                    |         |         |         |         |         |         |         |      |
| 1986             |                                                    |         |         |         |         |         |         |         |      |
| 1987             |                                                    |         |         |         |         |         |         |         |      |
| 1988             |                                                    |         |         |         |         |         |         |         |      |

|                                 |       |       |       |       |       |       |       |       |       |
|---------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Simple Average of Latest 12:    | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | ***   |
| Simple Average of Latest 5:     | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | ***   |
| Simple Average of Latest 3:     | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | ***   |
| Latest 5 Volume Weighted:       | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | ***   |
| Latest 3 Volume Weighted:       | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | ***   |
| Comparison Factors - Total MIEC | .990  | .990  | .996  | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | ***   |
| Selected Factors:               | .990  | .990  | .996  | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 |

\* Actual factor is infinite or undefined

5/ 8/1989  
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MEDICAL INSURANCE EXCHANGE OF CALIFORNIA  
\$250,000 Basic Limits - Occurrence Basis  
Claims Information for Alaska  
Incurred Losses Valued 1/31/89

Incurred Loss Development Factors to Ultimate  
-----

| Report<br>to<br>Ultimate<br>(Months) | Simple<br>Average of<br>Latest 12: | Simple<br>Average of<br>Latest 5: | Simple<br>Average of<br>Latest 3: | Latest 5<br>Volume<br>Weighted: | Latest 3<br>Volume<br>Weighted: | Comparison<br>Factors -<br>Total MIEC | Selected<br>Factors: |
|--------------------------------------|------------------------------------|-----------------------------------|-----------------------------------|---------------------------------|---------------------------------|---------------------------------------|----------------------|
| 6                                    | 709.359                            | 470.369                           | 101.590                           | 22.248                          | 19.055                          | 15.343                                | 14.328               |
| 12                                   | 217.475                            | 144.165                           | 20.658                            | 4.946                           | 4.214                           | 2.843                                 | 3.185                |
| 18                                   | 36.656                             | 16.238                            | 13.005                            | 3.192                           | 2.770                           | 1.625                                 | 2.055                |
| 24                                   | 15.077                             | 5.657                             | 4.607                             | 2.596                           | 2.235                           | 1.123                                 | 1.420                |
| 30                                   | 5.487                              | 4.056                             | 3.834                             | 2.243                           | 2.068                           | .989                                  | 1.162                |
| 36                                   | 3.598                              | 2.745                             | 2.714                             | 1.738                           | 1.727                           | .907                                  | .970                 |
| 42                                   | 2.474                              | 2.511                             | 2.903                             | 1.835                           | 1.877                           | .854                                  | .908                 |
| 48                                   | 2.216                              | 2.204                             | 2.359                             | 1.586                           | 1.578                           | .815                                  | .867                 |
| 54                                   | 2.280                              | 2.280                             | 2.657                             | 1.688                           | 1.736                           | .781                                  | .831                 |
| 60                                   | 2.199                              | 2.199                             | 2.503                             | 1.607                           | 1.644                           | .791                                  | .791                 |
| 66                                   | 1.854                              | 1.854                             | 2.271                             | 1.459                           | 1.520                           | .776                                  | .776                 |
| 72                                   | 1.208                              | 1.208                             | 1.244                             | 1.177                           | 1.177                           | .761                                  | .761                 |
| 78                                   | 1.100                              | 1.100                             | 1.100                             | 1.172                           | 1.172                           | .771                                  | .771                 |
| 84                                   | 1.332                              | 1.332                             | 1.332                             | 1.562                           | 1.562                           | .848                                  | .848                 |
| 90                                   | 1.000                              | 1.000                             | 1.000                             | 1.000                           | 1.000                           | .857                                  | .857                 |
| 96                                   | 1.000                              | 1.000                             | 1.000                             | 1.000                           | 1.000                           | .866                                  | .866                 |
| 102                                  | 1.000                              | 1.000                             | 1.000                             | 1.000                           | 1.000                           | .921                                  | .921                 |
| 108                                  | 1.000                              | 1.000                             | 1.000                             | 1.000                           | 1.000                           | .957                                  | .957                 |
| 114                                  | 1.000                              | 1.000                             | 1.000                             | 1.000                           | 1.000                           | .976                                  | .976                 |
| 120                                  | 1.000                              | 1.000                             | 1.000                             | 1.000                           | 1.000                           | .986                                  | .986                 |
| 126                                  | 1.000                              | 1.000                             | 1.000                             | 1.000                           | 1.000                           | .996                                  | .996                 |
| 132                                  | 1.000                              | 1.000                             | 1.000                             | 1.000                           | 1.000                           | 1.000                                 | 1.000                |
| 138                                  | 1.000                              | 1.000                             | 1.000                             | 1.000                           | 1.000                           | 1.000                                 | 1.000                |
| 144                                  | 1.000                              | 1.000                             | 1.000                             | 1.000                           | 1.000                           | 1.000                                 | 1.000                |
| 150                                  | 1.000                              | 1.000                             | 1.000                             | 1.000                           | 1.000                           | 1.000                                 | 1.000                |
| 156                                  | 1.000                              | 1.000                             | 1.000                             | 1.000                           | 1.000                           | 1.000                                 | 1.000                |
| 162                                  | 1.000+                             | 1.000+                            | 1.000+                            | 1.000+                          | 1.000+                          | 1.000+                                | 1.000+               |

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MEDICAL INSURANCE EXCHANGE OF CALIFORNIA  
\$250,000 Basic Limits - Occurrence Basis  
Claims Information for Alaska  
Incurred Losses Valued 1/31/89

Incurred Loss Development Factors - Percent of Ultimate

| Report<br>to<br>Ultimate<br>(Months) | Simple<br>Average of<br>Latest 12: | Simple<br>Average of<br>Latest 5: | Simple<br>Average of<br>Latest 3: | Latest 5<br>Volume<br>Weighted: | Latest 3<br>Volume<br>Weighted: | Comparison<br>Factors -<br>Total MIEC | Selected<br>Factors: |
|--------------------------------------|------------------------------------|-----------------------------------|-----------------------------------|---------------------------------|---------------------------------|---------------------------------------|----------------------|
| 6                                    | .14                                | .21                               | .98                               | 4.49                            | 5.25                            | 6.52                                  | 6.98                 |
| 12                                   | .46                                | .69                               | 4.84                              | 20.22                           | 23.73                           | 35.17                                 | 31.39                |
| 18                                   | 2.73                               | 6.16                              | 7.69                              | 31.33                           | 36.10                           | 61.55                                 | 48.66                |
| 24                                   | 6.63                               | 17.68                             | 21.34                             | 38.53                           | 44.74                           | 89.06                                 | 70.41                |
| 30                                   | 18.23                              | 24.65                             | 26.08                             | 44.59                           | 48.35                           | 101.08                                | 86.04                |
| 36                                   | 27.79                              | 36.43                             | 36.84                             | 57.53                           | 57.92                           | 110.28                                | 103.08               |
| 42                                   | 40.42                              | 39.82                             | 34.45                             | 54.49                           | 53.27                           | 117.12                                | 110.09               |
| 48                                   | 45.12                              | 45.38                             | 42.39                             | 63.06                           | 63.37                           | 122.74                                | 115.37               |
| 54                                   | 43.86                              | 43.86                             | 37.64                             | 59.23                           | 57.61                           | 128.01                                | 120.33               |
| 60                                   | 45.48                              | 45.48                             | 39.95                             | 62.21                           | 60.84                           | 126.35                                | 126.35               |
| 66                                   | 53.93                              | 53.93                             | 44.04                             | 68.54                           | 65.80                           | 128.88                                | 128.88               |
| 72                                   | 82.81                              | 82.81                             | 80.42                             | 84.95                           | 84.93                           | 131.46                                | 131.46               |
| 78                                   | 90.95                              | 90.95                             | 90.95                             | 85.36                           | 85.36                           | 129.75                                | 129.75               |
| 84                                   | 75.06                              | 75.06                             | 75.06                             | 64.00                           | 64.00                           | 117.94                                | 117.94               |
| 90                                   | 100.00                             | 100.00                            | 100.00                            | 100.00                          | 100.00                          | 116.64                                | 116.64               |
| 96                                   | 100.00                             | 100.00                            | 100.00                            | 100.00                          | 100.00                          | 115.48                                | 115.48               |
| 102                                  | 100.00                             | 100.00                            | 100.00                            | 100.00                          | 100.00                          | 108.55                                | 108.55               |
| 108                                  | 100.00                             | 100.00                            | 100.00                            | 100.00                          | 100.00                          | 104.53                                | 104.53               |
| 114                                  | 100.00                             | 100.00                            | 100.00                            | 100.00                          | 100.00                          | 102.44                                | 102.44               |
| 120                                  | 100.00                             | 100.00                            | 100.00                            | 100.00                          | 100.00                          | 101.42                                | 101.42               |
| 126                                  | 100.00                             | 100.00                            | 100.00                            | 100.00                          | 100.00                          | 100.40                                | 100.40               |
| 132                                  | 100.00                             | 100.00                            | 100.00                            | 100.00                          | 100.00                          | 100.00                                | 100.00               |
| 138                                  | 100.00                             | 100.00                            | 100.00                            | 100.00                          | 100.00                          | 100.00                                | 100.00               |
| 144                                  | 100.00                             | 100.00                            | 100.00                            | 100.00                          | 100.00                          | 100.00                                | 100.00               |
| 150                                  | 100.00                             | 100.00                            | 100.00                            | 100.00                          | 100.00                          | 100.00                                | 100.00               |
| 156                                  | 100.00                             | 100.00                            | 100.00                            | 100.00                          | 100.00                          | 100.00                                | 100.00               |
| 162                                  | 100.00+                            | 100.00+                           | 100.00+                           | 100.00+                         | 100.00+                         | 100.00+                               | 100.00+              |

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MEDICAL INSURANCE EXCHANGE OF CALIFORNIA  
\$250,000 Basic Limits - Claims Made Basis  
Claims Information for Alaska  
Incurred Losses Valued 1/31/89

| Report<br>Year | Incurred Losses Valued 1/31/89 (In Thousands) - Evaluations in Months |       |       |       |       |       |       |       |       |
|----------------|-----------------------------------------------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|
|                | 6                                                                     | 12    | 18    | 24    | 30    | 36    | 42    | 48    | 54    |
| 1975           |                                                                       |       |       |       |       |       |       |       |       |
| 1976           |                                                                       |       |       |       |       |       |       |       |       |
| 1977           |                                                                       |       |       |       |       |       |       |       |       |
| 1978           |                                                                       |       |       |       |       |       |       |       |       |
| 1979           |                                                                       |       |       |       |       |       |       |       |       |
| 1980           |                                                                       |       |       |       |       |       |       |       |       |
| 1981           | 15                                                                    | 68    | 163   | 163   | 163   | 163   | 242   | 172   | 172   |
| 1982           | 675                                                                   | 803   | 972   | 974   | 1,316 | 1,623 | 1,286 | 1,695 | 1,868 |
| 1983           | 3                                                                     | 86    | 133   | 308   | 455   | 506   | 442   | 442   | 487   |
| 1984           | 80                                                                    | 306   | 554   | 907   | 928   | 1,257 | 1,034 | 1,005 | 1,000 |
| 1985           | 418                                                                   | 1,813 | 2,555 | 2,548 | 2,436 | 2,057 | 2,432 |       |       |
| 1986           | 335                                                                   | 1,095 | 1,205 | 1,551 | 1,809 |       |       |       |       |
| 1987           | 305                                                                   | 1,224 | 1,272 |       |       |       |       |       |       |
| 1988           | 200                                                                   |       |       |       |       |       |       |       |       |

| Report<br>Year | Incurred Loss Report-to-Report Development Factor |       |       |       |       |       |       |       |       |
|----------------|---------------------------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|
|                | 6-12                                              | 12-18 | 18-24 | 24-30 | 30-36 | 36-42 | 42-48 | 48-54 | 54-60 |
| 1975           |                                                   |       |       |       |       |       |       |       |       |
| 1976           |                                                   |       |       |       |       |       |       |       |       |
| 1977           |                                                   |       |       |       |       |       |       |       |       |
| 1978           |                                                   |       |       |       |       |       |       |       |       |
| 1979           |                                                   |       |       |       |       |       |       |       |       |
| 1980           |                                                   |       |       |       |       |       |       |       |       |
| 1981           | 4.533                                             | 2.397 | 1.000 | 1.000 | 1.000 | 1.485 | .711  | 1.000 | 1.000 |
| 1982           | 1.190                                             | 1.210 | 1.002 | 1.351 | 1.233 | .792  | 1.318 | 1.102 | 1.006 |
| 1983           | 28.667                                            | 1.547 | 2.316 | 1.477 | 1.112 | .874  | 1.000 | 1.102 | 1.051 |
| 1984           | 3.825                                             | 1.810 | 1.637 | 1.023 | 1.355 | .823  | .972  | .995  |       |
| 1985           | 4.337                                             | 1.409 | .997  | .956  | .844  | 1.182 |       |       |       |
| 1986           | 3.269                                             | 1.100 | 1.287 | 1.156 |       |       |       |       |       |
| 1987           | 4.013                                             | 1.039 |       |       |       |       |       |       |       |
| 1988           |                                                   |       |       |       |       |       |       |       |       |

|                                 |       |       |       |       |       |       |       |       |       |
|---------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Simple Average of Latest 12:    | 7.119 | 1.502 | 1.373 | 1.162 | 1.109 | 1.031 | 1.000 | 1.050 | 1.019 |
| Simple Average of Latest 5:     | 8.822 | 1.381 | 1.448 | 1.195 | 1.109 | 1.031 | 1.000 | 1.050 | 1.019 |
| Simple Average of Latest 3:     | 3.873 | 1.183 | 1.307 | 1.049 | 1.104 | .959  | 1.097 | 1.066 | 1.019 |
| Latest 5 Volume Weighted:       | 3.965 | 1.264 | 1.160 | 1.104 | 1.058 | .970  | 1.103 | 1.064 | 1.015 |
| Latest 3 Volume Weighted:       | 3.905 | 1.218 | 1.160 | 1.033 | 1.000 | 1.023 | 1.138 | 1.068 | 1.015 |
| Comparison Factors - Total MIEC | 3.109 | 1.231 | 1.030 | 1.007 | 1.000 | .981  | .972  | .929  | .927  |
| Selected Factors:               | 3.967 | 1.264 | 1.160 | 1.104 | 1.058 | .990  | 1.103 | 1.064 | 1.015 |

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MEDICAL INSURANCE EXCHANGE OF CALIFORNIA  
\$250,000 Basic Limits - Claims Made Basis  
Claims Information for Alaska  
Incurred Losses Valued 1/31/89

| Report<br>Year | Incurred Losses Valued 1/31/89 (In Thousands) - Evaluations in Months |       |       |       |     |     |    |     |     |
|----------------|-----------------------------------------------------------------------|-------|-------|-------|-----|-----|----|-----|-----|
|                | 60                                                                    | 66    | 72    | 78    | 84  | 90  | 96 | 102 | 108 |
| 1975           |                                                                       |       |       |       |     |     |    |     |     |
| 1976           |                                                                       |       |       |       |     |     |    |     |     |
| 1977           |                                                                       |       |       |       |     |     |    |     |     |
| 1978           |                                                                       |       |       |       |     |     |    |     |     |
| 1979           |                                                                       |       |       |       |     |     |    |     |     |
| 1980           |                                                                       |       |       |       |     |     |    |     |     |
| 1981           | 172                                                                   | 139   | 139   | 139   | 139 | 139 |    |     |     |
| 1982           | 1,880                                                                 | 1,473 | 1,473 | 1,473 |     |     |    |     |     |
| 1983           | 512                                                                   | 737   |       |       |     |     |    |     |     |
| 1984           |                                                                       |       |       |       |     |     |    |     |     |
| 1985           |                                                                       |       |       |       |     |     |    |     |     |
| 1986           |                                                                       |       |       |       |     |     |    |     |     |
| 1987           |                                                                       |       |       |       |     |     |    |     |     |
| 1988           |                                                                       |       |       |       |     |     |    |     |     |

| Report<br>Year | Incurred Loss Report-to-Report Development Factors |       |       |       |       |       |        |         |         |
|----------------|----------------------------------------------------|-------|-------|-------|-------|-------|--------|---------|---------|
|                | 60-66                                              | 66-72 | 72-78 | 78-84 | 84-90 | 90-96 | 96-102 | 102-108 | 108-114 |
| 1975           |                                                    |       |       |       |       |       |        |         |         |
| 1976           |                                                    |       |       |       |       |       |        |         |         |
| 1977           |                                                    |       |       |       |       |       |        |         |         |
| 1978           |                                                    |       |       |       |       |       |        |         |         |
| 1979           |                                                    |       |       |       |       |       |        |         |         |
| 1980           |                                                    |       |       |       |       |       |        |         |         |
| 1981           | .808                                               | 1.000 | 1.000 | 1.000 | 1.000 |       |        |         |         |
| 1982           | .784                                               | 1.000 | 1.000 |       |       |       |        |         |         |
| 1983           | 1.439                                              |       |       |       |       |       |        |         |         |
| 1984           |                                                    |       |       |       |       |       |        |         |         |
| 1985           |                                                    |       |       |       |       |       |        |         |         |
| 1986           |                                                    |       |       |       |       |       |        |         |         |
| 1987           |                                                    |       |       |       |       |       |        |         |         |
| 1988           |                                                    |       |       |       |       |       |        |         |         |

|                                 |       |       |       |       |       |       |       |       |       |
|---------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Simple Average of Latest 12:    | 1.010 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 |
| Simple Average of Latest 5:     | 1.010 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 |
| Simple Average of Latest 3:     | 1.010 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 |
| Latest 5 Volume Weighted:       | .916  | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 |
| Latest 3 Volume Weighted:       | .916  | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 |
| Comparison Factors - Total MIEC | .977  | .937  | .972  | .973  | .939  | .958  | .960  | .987  | 1.000 |
| Selected Factors:               | .916  | .937  | .972  | .973  | .939  | .958  | .960  | .987  | 1.000 |

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MEDICAL INSURANCE EXCHANGE OF CALIFORNIA  
\$250,000 Basic Limits - Claims Made Basis  
Claims Information for Alaska  
Incurred Losses Valued 1/31/89

| Report<br>Year | Incurred Losses Valued 1/31/89 (In Thousands) - Evaluations in Months |     |     |     |     |     |     |     |     |
|----------------|-----------------------------------------------------------------------|-----|-----|-----|-----|-----|-----|-----|-----|
|                | 114                                                                   | 120 | 126 | 132 | 138 | 144 | 150 | 156 | 162 |
| 1975           |                                                                       |     |     |     |     |     |     |     |     |
| 1976           |                                                                       |     |     |     |     |     |     |     |     |
| 1977           |                                                                       |     |     |     |     |     |     |     |     |
| 1978           |                                                                       |     |     |     |     |     |     |     |     |
| 1979           |                                                                       |     |     |     |     |     |     |     |     |
| 1980           |                                                                       |     |     |     |     |     |     |     |     |
| 1981           |                                                                       |     |     |     |     |     |     |     |     |
| 1982           |                                                                       |     |     |     |     |     |     |     |     |
| 1983           |                                                                       |     |     |     |     |     |     |     |     |
| 1984           |                                                                       |     |     |     |     |     |     |     |     |
| 1985           |                                                                       |     |     |     |     |     |     |     |     |
| 1986           |                                                                       |     |     |     |     |     |     |     |     |
| 1987           |                                                                       |     |     |     |     |     |     |     |     |
| 1988           |                                                                       |     |     |     |     |     |     |     |     |

| Report<br>Year | Incurred Loss Report-to-Report Development Factors |         |         |         |         |         |         |         |      |
|----------------|----------------------------------------------------|---------|---------|---------|---------|---------|---------|---------|------|
|                | 114-120                                            | 120-126 | 126-132 | 132-138 | 138-144 | 144-150 | 150-156 | 156-162 | 162- |
| 1975           |                                                    |         |         |         |         |         |         |         |      |
| 1976           |                                                    |         |         |         |         |         |         |         |      |
| 1977           |                                                    |         |         |         |         |         |         |         |      |
| 1978           |                                                    |         |         |         |         |         |         |         |      |
| 1979           |                                                    |         |         |         |         |         |         |         |      |
| 1980           |                                                    |         |         |         |         |         |         |         |      |
| 1981           |                                                    |         |         |         |         |         |         |         |      |
| 1982           |                                                    |         |         |         |         |         |         |         |      |
| 1983           |                                                    |         |         |         |         |         |         |         |      |
| 1984           |                                                    |         |         |         |         |         |         |         |      |
| 1985           |                                                    |         |         |         |         |         |         |         |      |
| 1986           |                                                    |         |         |         |         |         |         |         |      |
| 1987           |                                                    |         |         |         |         |         |         |         |      |
| 1988           |                                                    |         |         |         |         |         |         |         |      |

|                                 |       |       |       |       |       |       |       |       |       |
|---------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Simple Average of Latest 12:    | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | ***   |
| Simple Average of Latest 5:     | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | ***   |
| Simple Average of Latest 3:     | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | ***   |
| Latest 5 Volume Weighted:       | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | ***   |
| Latest 3 Volume Weighted:       | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | ***   |
| Comparison Factors - Total MIEC | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | ***   |
| Selected Factors:               | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 |

\* Actual factor is infinite or undefined

5/ 8/1989  
1:22 pm

OSCARpc 3.40  
MIECR-3a

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MEDICAL INSURANCE EXCHANGE OF CALIFORNIA  
\$250,000 Basic Limits - Claims Made Basis  
Claims Information for Alaska  
Incurred Losses Valued 1/31/89

Incurred Loss Development Factors to Ultimate  
-----

| Report<br>to<br>Ultimate<br>(Months) | Simple<br>Average of<br>Latest 12: | Simple<br>Average of<br>Latest 5: | Simple<br>Average of<br>Latest 3: | Latest 5<br>Volume<br>Weighted: | Latest 3<br>Volume<br>Weighted: | Comparison<br>Factors -<br>Total MIEC | Selected<br>Factors: |
|--------------------------------------|------------------------------------|-----------------------------------|-----------------------------------|---------------------------------|---------------------------------|---------------------------------------|----------------------|
| 6                                    | 21.098                             | 26.058                            | 8.008                             | 7.192                           | 6.590                           | 2.406                                 | 5.543                |
| 12                                   | 2.964                              | 2.954                             | 2.068                             | 1.814                           | 1.687                           | .774                                  | 1.397                |
| 18                                   | 1.973                              | 2.139                             | 1.748                             | 1.435                           | 1.386                           | .629                                  | 1.106                |
| 24                                   | 1.437                              | 1.477                             | 1.337                             | 1.237                           | 1.194                           | .610                                  | .953                 |
| 30                                   | 1.236                              | 1.236                             | 1.275                             | 1.120                           | 1.155                           | .606                                  | .863                 |
| 36                                   | 1.115                              | 1.115                             | 1.155                             | 1.058                           | 1.155                           | .606                                  | .816                 |
| 42                                   | 1.081                              | 1.081                             | 1.204                             | 1.091                           | 1.129                           | .618                                  | .824                 |
| 48                                   | 1.081                              | 1.081                             | 1.098                             | .989                            | .993                            | .636                                  | .747                 |
| 54                                   | 1.030                              | 1.030                             | 1.030                             | .930                            | .930                            | .684                                  | .702                 |
| 60                                   | 1.010                              | 1.010                             | 1.010                             | .916                            | .916                            | .738                                  | .692                 |
| 66                                   | 1.000                              | 1.000                             | 1.000                             | 1.000                           | 1.000                           | .755                                  | .755                 |
| 72                                   | 1.000                              | 1.000                             | 1.000                             | 1.000                           | 1.000                           | .806                                  | .806                 |
| 78                                   | 1.000                              | 1.000                             | 1.000                             | 1.000                           | 1.000                           | .829                                  | .829                 |
| 84                                   | 1.000                              | 1.000                             | 1.000                             | 1.000                           | 1.000                           | .852                                  | .852                 |
| 90                                   | 1.000                              | 1.000                             | 1.000                             | 1.000                           | 1.000                           | .908                                  | .908                 |
| 96                                   | 1.000                              | 1.000                             | 1.000                             | 1.000                           | 1.000                           | .948                                  | .948                 |
| 102                                  | 1.000                              | 1.000                             | 1.000                             | 1.000                           | 1.000                           | .987                                  | .987                 |
| 108                                  | 1.000                              | 1.000                             | 1.000                             | 1.000                           | 1.000                           | 1.000                                 | 1.000                |
| 114                                  | 1.000                              | 1.000                             | 1.000                             | 1.000                           | 1.000                           | 1.009                                 | 1.000                |
| 120                                  | 1.000                              | 1.000                             | 1.000                             | 1.000                           | 1.000                           | 1.000                                 | 1.000                |
| 126                                  | 1.000                              | 1.000                             | 1.000                             | 1.000                           | 1.000                           | 1.000                                 | 1.000                |
| 132                                  | 1.000                              | 1.000                             | 1.000                             | 1.000                           | 1.000                           | 1.000                                 | 1.000                |
| 138                                  | 1.000                              | 1.000                             | 1.000                             | 1.000                           | 1.000                           | 1.000                                 | 1.000                |
| 144                                  | 1.000                              | 1.000                             | 1.000                             | 1.000                           | 1.000                           | 1.000                                 | 1.000                |
| 150                                  | 1.000                              | 1.000                             | 1.000                             | 1.000                           | 1.000                           | 1.000                                 | 1.000                |
| 156                                  | 1.000                              | 1.000                             | 1.000                             | 1.000                           | 1.000                           | 1.000                                 | 1.000                |
| 162                                  | 1.000+                             | 1.000+                            | 1.000+                            | 1.000+                          | 1.000+                          | 1.000+                                | 1.000+               |

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**Tillinghast**

a Towers Perrin company

MEDICAL INSURANCE EXCHANGE OF CALIFORNIA  
\$250,000 Basic Limits - Claims Made Basis  
Claims Information for Alaska  
Incurred Losses Valued 1/31/89

Incurred Loss Development Factors - Percent of Ultimate

| Report<br>to<br>Ultimate<br>(Months) | Simple<br>Average of<br>Latest 12: | Simple<br>Average of<br>Latest 5: | Simple<br>Average of<br>Latest 3: | Latest 5<br>Volume<br>Weighted: | Latest 3<br>Volume<br>Weighted: | Comparison<br>Factors -<br>Total MIEC | Selected<br>Factors: |
|--------------------------------------|------------------------------------|-----------------------------------|-----------------------------------|---------------------------------|---------------------------------|---------------------------------------|----------------------|
| 6                                    | 4.74                               | 3.84                              | 12.49                             | 13.90                           | 13.18                           | 41.37                                 | 18.04                |
| 12                                   | 33.74                              | 33.86                             | 48.36                             | 55.13                           | 59.27                           | 129.24                                | 71.56                |
| 18                                   | 50.68                              | 46.76                             | 57.21                             | 69.69                           | 72.17                           | 159.10                                | 90.46                |
| 24                                   | 69.60                              | 67.70                             | 74.79                             | 80.86                           | 83.75                           | 163.87                                | 104.93               |
| 30                                   | 80.89                              | 80.89                             | 78.42                             | 89.30                           | 86.55                           | 165.02                                | 115.84               |
| 36                                   | 89.70                              | 89.70                             | 86.50                             | 94.49                           | 86.57                           | 165.02                                | 122.56               |
| 42                                   | 92.49                              | 92.49                             | 83.04                             | 91.63                           | 88.56                           | 160.88                                | 121.33               |
| 48                                   | 92.50                              | 92.50                             | 91.07                             | 101.08                          | 100.75                          | 160.35                                | 133.83               |
| 54                                   | 97.10                              | 97.10                             | 97.10                             | 107.58                          | 107.58                          | 160.18                                | 142.40               |
| 60                                   | 98.97                              | 98.97                             | 98.97                             | 109.13                          | 109.13                          | 135.51                                | 144.53               |
| 66                                   | 100.00                             | 100.00                            | 100.00                            | 100.00                          | 100.00                          | 132.39                                | 132.39               |
| 72                                   | 100.00                             | 100.00                            | 100.00                            | 100.00                          | 100.00                          | 124.05                                | 124.05               |
| 78                                   | 100.00                             | 100.00                            | 100.00                            | 100.00                          | 100.00                          | 120.58                                | 120.58               |
| 84                                   | 100.00                             | 100.00                            | 100.00                            | 100.00                          | 100.00                          | 117.32                                | 117.32               |
| 90                                   | 100.00                             | 100.00                            | 100.00                            | 100.00                          | 100.00                          | 110.17                                | 110.17               |
| 96                                   | 100.00                             | 100.00                            | 100.00                            | 100.00                          | 100.00                          | 105.54                                | 105.54               |
| 102                                  | 100.00                             | 100.00                            | 100.00                            | 100.00                          | 100.00                          | 101.32                                | 101.32               |
| 108                                  | 100.00                             | 100.00                            | 100.00                            | 100.00                          | 100.00                          | 100.00                                | 100.00               |
| 114                                  | 100.00                             | 100.00                            | 100.00                            | 100.00                          | 100.00                          | 100.00                                | 100.00               |
| 120                                  | 100.00                             | 100.00                            | 100.00                            | 100.00                          | 100.00                          | 100.00                                | 100.00               |
| 126                                  | 100.00                             | 100.00                            | 100.00                            | 100.00                          | 100.00                          | 100.00                                | 100.00               |
| 132                                  | 100.00                             | 100.00                            | 100.00                            | 100.00                          | 100.00                          | 100.00                                | 100.00               |
| 138                                  | 100.00                             | 100.00                            | 100.00                            | 100.00                          | 100.00                          | 100.00                                | 100.00               |
| 144                                  | 100.00                             | 100.00                            | 100.00                            | 100.00                          | 100.00                          | 100.00                                | 100.00               |
| 150                                  | 100.00                             | 100.00                            | 100.00                            | 100.00                          | 100.00                          | 100.00                                | 100.00               |
| 156                                  | 100.00                             | 100.00                            | 100.00                            | 100.00                          | 100.00                          | 100.00                                | 100.00               |
| 162                                  | 100.00+                            | 100.00+                           | 100.00+                           | 100.00+                         | 100.00+                         | 100.00+                               | 100.00+              |

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*Tillinghast*

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AKCOMP  
10-May-89

MEDICAL INSURANCE EXCHANGE OF CALIFORNIA  
Alaska Mature Claims Made Premium Comparison  
\$1 Million / \$3 Million Limits

Exhibit 3

|                    | 88/89        |       | Proposed  |       | Approved  |           |           |
|--------------------|--------------|-------|-----------|-------|-----------|-----------|-----------|
|                    | Policyholder | MIEC  | \$1/3 Mil | MICA  | \$1/3 Mil | Total     | Total     |
|                    | Count *      | Class | @ 8/89    | Class | @ 1/89    | MIEC      | MICA      |
|                    | -----        | ----- | -----     | ----- | -----     | Premium   | Premium   |
|                    | (1)          | (2)   | (3)       | (4)   | (5)       | (6)       | (7)       |
| Anesthesiology     | 13           | 8     | 47,888    | 4     | 70,365    | 622,544   | 914,745   |
| Cardiology         |              |       |           |       |           |           |           |
| Invasive           | 3            | 6     | 19,956    | 2     | 24,502    | 59,868    | 73,506    |
| Non-Invasive       | 1            | 4     | 13,304    | 1     | 14,774    | 13,304    | 14,774    |
| Cardiovasc. Surg.  | 1            | 9     | 66,512    | A4    | 80,094    | 66,512    | 80,094    |
| Dermatology        | 2            | 4     | 13,304    | 1     | 14,774    | 26,608    | 29,548    |
| Emergency Medicine | 5            | 8     | 47,888    | A2    | 35,621    | 239,440   | 178,105   |
| FP/GP              |              |       |           |       |           |           |           |
| No Surg.           | 2            | 3     | 11,972    | 1     | 14,774    | 23,944    | 29,548    |
| Minor Surg.        | 3            | 6     | 19,956    | 2     | 24,502    | 59,868    | 73,506    |
| General Surgery    | 10           | 8     | 47,888    | 3     | 46,740    | 478,880   | 467,400   |
| Gynecology         | 2            | 8     | 47,888    | 3     | 46,740    | 95,776    | 93,480    |
| Internal Medicine  |              |       |           |       |           |           |           |
| Non-invasive       | 23           | 4     | 13,304    | 1     | 14,774    | 305,992   | 339,802   |
| Neurological Surg. | 2            | 10    | 90,456    | 5     | 112,059   | 180,912   | 224,118   |
| Neurology          | 1            | 5     | 15,300    | 1     | 14,774    | 15,300    | 14,774    |
| OB/GYN             | 6            | 10    | 90,456    | A4    | 80,094    | 542,736   | 480,564   |
| Ophthalmology      | 5            | 5     | 15,300    | 2     | 24,502    | 137,700   | 220,518   |
| Orthopedics        |              |       |           |       |           |           |           |
| No Spinal          | 6            | 0     | 66,512    | A4    | 80,094    | 399,072   | 480,564   |
| Incl. Spinal       | 15           | 10    | 90,456    | 5     | 112,059   | 1,356,840 | 1,680,885 |
| Otolaryngology     | 2            | 8     | 47,888    | 3     | 46,740    | 95,776    | 93,480    |
| Pathology          | 4            | 2     | 9,316     | 1     | 14,774    | 37,264    | 59,096    |
| Pediatrics         | 13           | 4     | 13,304    | 1     | 14,774    | 172,952   | 192,062   |
| Plastic Surgery    | 4            | 8     | 47,888    | A4    | 80,094    | 191,552   | 320,376   |
| Phys. Med. & Rehab | 4            | 3     | 11,972    | 1     | 14,774    | 47,888    | 59,096    |
| Psychiatry         | 6            | 1     | 7,320     | 1     | 14,774    | 43,920    | 88,644    |
| Radiology, Diag.   | 7            | 5     | 15,300    | 1     | 14,774    | 107,100   | 103,418   |
| Radiology, Ther.   | 1            | 7     | 33,256    | A4    | 80,094    | 33,256    | 80,094    |
| Urology            | 5            | 7     | 33,256    | 3     | 46,740    | 166,280   | 233,700   |
| Total              | 150          |       |           |       |           | 5,521,284 | 6,625,897 |

MICA Premium as a Percentage of MIEC: 120.01%  
- Including 12.6% MICA increase: 135.13%

\* Estimate based on majority of specialties. Actual specialty mix in 89/90 may vary.

**Tillinghast**

a Towers Perrin company

# Tillinghast

a Towers Perrin company

April 7, 1989

Mr. Ronald Neupauer  
 Medical Insurance Exchange of California  
 6250 Claremont Avenue  
 Oakland, CA 94618-1324

**MEDICAL INSURANCE EXCHANGE OF CA (MIEC)**  
**PHYSICIAN AND SURGEON CLASSIFICATION ANALYSIS**

Dear Ron:

Enclosed please find our analysis of MIEC physicians' and surgeons' classification experience. This study, in conjunction with the results of an internal Tillinghast analysis of industry data, supports the proposed class differential changes effective August 1, 1989. We recommend the following classification changes:

|                           | Current<br>Class<br><u>Differential</u> | Proposed<br>Class<br><u>Differential</u> | <u>Percent<br/>Change</u> |
|---------------------------|-----------------------------------------|------------------------------------------|---------------------------|
| Int. Medicine-Invasive    | 1.00                                    | 1.50                                     | +50.0%                    |
| Physician Med. & Rehab.   | 1.00                                    | .90                                      | -10.0%                    |
| FP/GP - No Surgery        | 1.0                                     | .90                                      | -10.0%                    |
| Cardiology - Non-Invasive | 1.15                                    | 1.00                                     | -13.0%                    |
| Cardiology - Invasive     | 1.15                                    | 1.50                                     | +30.0%                    |
| FP/GP - Minor Surgery     | 1.75                                    | 1.50                                     | -14.3%                    |
| Industrial Medicine       | 1.95                                    | 1.50                                     | -23.1%                    |
| FP/GP - Major Surgery     | 3.60                                    | 2.50                                     | -30.6%                    |

The class differentials reflect the relative risk of loss for each class of specialties in comparison with the "base class" (class 3). Exhibit 1 column (3) summarizes the indicated differentials for each specialty based on MIEC loss data limited to \$250,000 per claim. As MIEC's experience base for some specialties is relatively small, we have included indications adjusted so that the raw indications are reflected only to the extent the underlying data is credible. This is displayed in column (4). Industry indications, based on an internal study of physician-owned companies, are included for comparison purposes in column (5). Though MIEC

1 MARCH 1989  
Mr. Ronald Neupauer  
April 7, 1989  
Page 2.

experience was not available in sufficient volume or detail to break out the internal medicine and cardiology specialties into invasive and non-invasive procedures, industry experience strongly supports a differentiation among these groups. This refinement in the class plan should provide a more equitable allocation of costs to specialties.

The derivation of the MIEC differentials are derived in Exhibit 2 and 3.

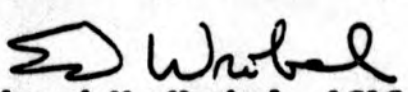
Exhibit 4 and 5 present a similar analysis on a total limits basis.

A final copy of the published Tillinghast classification study of physician-owned company data will be sent directly to each of the participating companies from our Atlanta office.

Please do not hesitate to contact us if you have any questions or comments.

Sincerely,

  
Thomas M. Hermes, FCAS, MAAA, FCA  
Vice President

  
Edward M. Wrobel, ACAS, MAAA  
Consultant

EMW:ler  
Enclosure

Classification Analysis  
Summary

| Specialty                        | MIC | Class | Current | Unweighted | Weighted | Industry |
|----------------------------------|-----|-------|---------|------------|----------|----------|
|                                  | (1) | (2)   | (3)     | (4)        | (5)      |          |
| Psychiatry                       | 1   | 0.55  | 0.243   | 0.429      | 0.760    |          |
| Allergy & Immunology             | 2   | 0.70  | 0.071   | 0.667      | 0.357    |          |
| Pathology                        | 2   | 0.70  | 1.000   | 0.405      | 0.952    |          |
| Dermatology                      | 3   | 1.00  | 0.646   | 0.907      | 0.938    |          |
| FP/GP - No Surgery               | 3   | 1.00  | 0.348   | 0.883      | 1.000    |          |
| Gastroenterology                 | 3   | 1.00  | 0.207   | 1.001      | 1.897    |          |
| Hematology                       | 3   | 1.00  | 1.027   | 1.029      | 0.835    |          |
| Internal Medicine - Non-Invasive | 3   | 1.00  | 1.198   | 1.134      | 1.332    |          |
| Internal Medicine - Invasive     | 3   | 1.00  | 1.198   | 1.134      | 1.739    |          |
| Nephrology                       | 3   | 1.00  | 1.000   | 1.003      | 1.237    |          |
| Pediatrics                       | 3   | 1.00  | 0.052   | 1.005      | 1.970    |          |
| Physical Med. & Rehab.           | 3   | 1.00  | 0.361   | 0.974      | 0.700    |          |
| Cardiology - Non-Invasive        | 4   | 1.15  | 1.535   | 1.256      | 1.220    |          |
| Cardiology - Invasive            | 4   | 1.15  | 1.535   | 1.256      | 2.277    |          |
| Neurology, Ext. Inv.             | 4   | 1.15  | 1.526   | 1.220      | 2.465    |          |
| Ophthalmology                    | 4   | 1.15  | 1.389   | 1.230      | 1.310    |          |
| Radiology, Diag.                 | 4   | 1.15  | 1.055   | 1.152      | 1.677    |          |
| FP/GP - Limited Surgery          | 5   | 1.75  | 1.316   | 1.717      | 1.909    |          |
| Industrial Medicine              | 6   | 1.95  | 0.274   | 1.082      | 0.780    |          |
| Radiology, Ther.                 | 7   | 2.50  | 0.384   | 2.328      | 1.733    |          |
| Urology                          | 7   | 2.50  | 1.622   | 2.431      | 2.373    |          |
| Anesthesiology                   | 8   | 3.60  | 4.125   | 3.761      | 2.596    |          |
| Emergency Medicine               | 8   | 3.60  | 1.418   | 3.562      | 1.367    |          |
| FP/GP - Major Surgery            | 8   | 3.60  | 1.763   | 3.527      | 3.034    |          |
| Pl Surgery                       | 8   | 3.60  | 2.996   | 3.529      | 4.144    |          |
| Colonology                       | 8   | 3.60  | 0.565   | 3.478      | 3.078    |          |
| Proctology                       | 8   | 3.60  | 2.692   | 3.584      | 2.889    |          |
| Plastic Surgery                  | 8   | 3.60  | 3.088   | 3.644      | 4.175    |          |
| Thoracic Surgery                 | 8   | 3.60  | 4.953   | 3.807      | 4.926    |          |
| Cardiovascular Surgery           | 9   | 5.00  | 2.967   | 4.966      | 5.629    |          |
| Orthopedics - No Spinal          | 9   | 5.00  | 4.190   | 5.034      | 6.016    |          |
| Neurological Surgery             | 10  | 6.80  | 5.990   | 6.923      | 9.222    |          |
| OB/GYN                           | 10  | 6.80  | 4.738   | 6.537      | 7.352    |          |
| Orthopedics - Spinal             | 10  | 6.80  | 6.271   | 6.917      | 6.016    |          |

\* MIC indicators based on combined invasive and non-invasive experience.

MISCADJ  
10-Nov-88

MEDICAL INSURANCE EXCHANGE OF CALIFORNIA  
Incurred Indemnity Losses Limited to \$250,000

Exhibit 2

| Specialty               | Current Class | Current Class Differential | 81-86 Pure Premium Adjusted to Current Class | 81-86 Earned Doctor Years | Credibility | Indicated Differential to Class 3 | Credibility Weighted Differential | Credibility Weighted Differential Adjusted for Off Balance | Indicated Change | Selected Change |
|-------------------------|---------------|----------------------------|----------------------------------------------|---------------------------|-------------|-----------------------------------|-----------------------------------|------------------------------------------------------------|------------------|-----------------|
|                         | (1)           | (2)                        | (3)                                          | (4)                       | (5)         | (6)                               | (7)                               | (8)                                                        | (9)              | (10)            |
| Psychiatry              | 1             | 0.33                       | \$400                                        | 2,012.5                   | 0.43        | 0.243                             | 0.418                             | 0.429                                                      | -22.00X          | -22.00X         |
| Allergy & Immunology    | 2             | 0.70                       | 201                                          | 99.2                      | 0.00        | 0.071                             | 0.650                             | 0.667                                                      | -4.71X           | -4.71X          |
| Pathology               | 2             | 0.70                       | 3,007                                        | 490.7                     | 0.10        | 1.060                             | 0.765                             | 0.785                                                      | 12.14X           | 12.14X          |
| Dermatology             | 3             | 1.00                       | 2,303                                        | 302.8                     | 0.10        | 0.840                             | 0.971                             | 0.997                                                      | -0.30X           | -0.30X          |
| FP/GP - No Surgery      | 3             | 1.00                       | 1,556                                        | 1,415.7                   | 0.31        | 0.540                             | 0.800                             | 0.803                                                      | -11.70X          | -11.70X         |
| Gastroenterology        | 3             | 1.00                       | 2,063                                        | 131.0                     | 0.09        | 0.727                             | 0.975                             | 1.001                                                      | 0.10X            | 0.10X           |
| Hematology              | 3             | 1.00                       | 2,015                                        | 72.0                      | 0.07        | 1.023                             | 1.002                             | 1.029                                                      | 2.90X            | 2.90X           |
| Internal Medicine       | 3             | 1.00                       | 3,399                                        | 4,232.5                   | 0.53        | 1.190                             | 1.105                             | 1.134                                                      | 15.40X           | 15.40X          |
| Nephrology              | 3             | 1.00                       | 3,049                                        | 82.7                      | 0.07        | 1.100                             | 1.055                             | 1.063                                                      | 0.30X            | 0.30X           |
| Pediatrics              | 3             | 1.00                       | 2,616                                        | 1,005.2                   | 0.27        | 0.902                             | 0.970                             | 1.000                                                      | 0.30X            | 0.30X           |
| Physical Med. & Rehab.  | 3             | 1.00                       | 1,023                                        | 102.4                     | 0.00        | 0.361                             | 0.949                             | 0.974                                                      | -2.60X           | -2.60X          |
| Cardiology              | 4             | 1.15                       | 4,355                                        | 560.3                     | 0.49        | 1.535                             | 1.223                             | 1.256                                                      | 9.22X            | 9.22X           |
| Neurology, Emcl. Inv.   | 4             | 1.15                       | 4,329                                        | 155.3                     | 0.10        | 1.526                             | 1.100                             | 1.220                                                      | 6.09X            | 6.09X           |
| Ophthalmology           | 4             | 1.15                       | 3,042                                        | 601.1                     | 0.20        | 1.309                             | 1.100                             | 1.230                                                      | 6.96X            | 6.96X           |
| Radiology, Diag.        | 4             | 1.15                       | 2,992                                        | 1,391.0                   | 0.30        | 1.024                             | 1.122                             | 1.152                                                      | 0.17X            | 0.17X           |
| FP/GP - Limited Surgery | 5             | 1.75                       | 3,734                                        | 500.0                     | 0.10        | 1.316                             | 1.672                             | 1.717                                                      | -1.09X           | -1.09X          |
| Industrial Medicine     | 6             | 1.95                       | 770                                          | 75.1                      | 0.07        | 0.274                             | 1.033                             | 1.002                                                      | -3.40X           | -3.40X          |
| Radiology, Ther.        | 7             | 2.50                       | 1,000                                        | 172.5                     | 0.21        | 0.504                             | 2.267                             | 2.320                                                      | -6.00X           | -6.00X          |
| Urology                 | 7             | 2.50                       | 4,601                                        | 330.4                     | 0.10        | 1.622                             | 2.360                             | 2.431                                                      | -2.76X           | -2.76X          |
| Anesthesiology          | 8             | 3.60                       | 11,004                                       | 190.6                     | 0.11        | 4.125                             | 3.663                             | 3.761                                                      | 4.47X            | 4.47X           |
| Emergency Medicine      | 8             | 3.60                       | 4,020                                        | 100.7                     | 0.04        | 1.410                             | 3.469                             | 3.562                                                      | -1.06X           | -1.06X          |
| FP/GP - Major Surgery   | 8             | 3.60                       | 1,003                                        | 112.7                     | 0.09        | 1.763                             | 3.435                             | 3.527                                                      | -2.03X           | -2.03X          |
| General Surgery         | 8             | 3.60                       | 0,000                                        | 1,000.0                   | 0.27        | 2.996                             | 3.437                             | 3.529                                                      | -1.97X           | -1.97X          |
| Gynecology              | 8             | 3.60                       | 1,602                                        | 16.3                      | 0.07        | 0.565                             | 3.308                             | 3.470                                                      | -3.39X           | -3.39X          |
| Otolaryngology          | 8             | 3.60                       | 1,630                                        | 220.6                     | 0.12        | 2.692                             | 3.491                             | 3.504                                                      | -0.44X           | -0.44X          |
| Plastic Surgery         | 8             | 3.60                       | 0,760                                        | 160.4                     | 0.10        | 3.000                             | 3.549                             | 3.644                                                      | 1.22X            | 1.22X           |
| Thoracic Surgery        | 8             | 3.60                       | 14,053                                       | 90                        | 0.00        | 4.953                             | 3.700                             | 3.807                                                      | 5.75X            | 5.75X           |
| Cardiovascular Surgery  | 9             | 5.00                       | 0,000                                        | 0.4                       | 0.00        | 2.067                             | 4.037                             | 4.966                                                      | -0.60X           | -0.60X          |
| Orthopedics - No Spinal | 9             | 5.00                       | 11,000                                       | 200.0                     | 0.12        | 4.100                             | 4.903                             | 5.034                                                      | 0.60X            | 0.60X           |
| Neurological Surgery    | 10            | 6.00                       | 10,993                                       | 01.4                      | 0.07        | 5.990                             | 6.743                             | 6.923                                                      | 1.01X            | 1.01X           |
| OB/GYN                  | 10            | 6.00                       | 13,441                                       | 671.9                     | 0.21        | 4.730                             | 6.367                             | 6.537                                                      | -3.07X           | -3.07X          |
| Orthopedics - Spinal    | 10            | 6.00                       | 17,791                                       | 235.4                     | 0.12        | 6.271                             | 6.737                             | 6.917                                                      | 1.72X            | 1.72X           |

\$4,037

Class 3 Total

1.00

\$2,037

Off Balance Factor 0.974

Notes:

- (5)  $[(4)/15,000]^{1/2}$
- (6)  $(3)/\text{Class 3 Pure Premium}$
- (7)  $[(6) \times (5)] + [(2) \times (1 - (5))]$
- (8)  $(7)/\text{Off Balance Factor}$
- (9)  $[(8)/(2)] - 1$

NYCADJ  
10-Nov-88

MEDICAL INSURANCE EXCHANGE OF CALIFORNIA  
Incurred Indemnity Losses Limited to \$250,000

Exhibit 3

| Current Class | Current Class Differential | 81-86 Pure Premium Adjusted to Current Class | 81-86 Earned Doctor Years | Credibility | Indicated Differential to Class 3 | Credibility Weighted Differential | Credibility Weighted Differential Adjusted for Off Balance | Indicated Change | Selected Change |
|---------------|----------------------------|----------------------------------------------|---------------------------|-------------|-----------------------------------|-----------------------------------|------------------------------------------------------------|------------------|-----------------|
| (1)           | (2)                        | (3)                                          | (4)                       | (5)         | (6)                               | (7)                               | (8)                                                        | (9)              | (10)            |
| 1             | 0.55                       | \$600                                        | 2,812.5                   | 0.43        | 0.243                             | 0.438                             | 0.437                                                      | -20.55%          | -20.55%         |
| 2             | 0.70                       | 2,535                                        | 589.9                     | 0.20        | 0.094                             | 0.739                             | 0.772                                                      | 10.20%           | 10.20%          |
| 3             | 1.00                       | 2,837                                        | 7,624.3                   | 0.71        | 1.000                             | 1.000                             | 1.045                                                      | 4.50%            | 4.50%           |
| 4             | 1.15                       | 3,563                                        | 2,713.7                   | 0.43        | 1.254                             | 1.196                             | 1.250                                                      | 8.70%            | 8.70%           |
| 5             | 1.75                       | 3,734                                        | 598.8                     | 0.20        | 2.216                             | 1.672                             | 1.747                                                      | -0.17%           | -0.17%          |
| 6             | 1.95                       | 770                                          | 75.1                      | 0.01        | 0.274                             | 1.833                             | 1.915                                                      | -1.79%           | -1.79%          |
| 7             | 2.50                       | 3,392                                        | 500.9                     | 0.10        | 1.196                             | 2.265                             | 2.367                                                      | -5.32%           | -5.32%          |
| 8             | 3.40                       | 8,442                                        | 2,010.4                   | 0.37        | 2.983                             | 3.372                             | 3.524                                                      | -2.11%           | -2.11%          |
| 9             | 5.00                       | 19,775                                       | 294.4                     | 0.14        | 3.798                             | 4.832                             | 5.049                                                      | 0.98%            | 0.98%           |
| 10            | 6.00                       | 14,763                                       | 986.7                     | 0.26        | 5.204                             | 6.385                             | 6.672                                                      | -1.88%           | -1.88%          |

Off Balance Factor: 0.957

Notes:

- (5)  $[(4)/15,000]^{1/2}$
- (6) (3)/Class 3 Pure Premium
- (7)  $[(6) \times (5)] + [(2) \times (1 - (5))]$
- (8) (7)/Off Balance Factor
- (9)  $[(8)/(2)] - 1$

Classification Analysis  
Summary

Total Limits

| Specialty<br>.....      | Current<br>NIEC<br>Class<br>..... | Current<br>Differential<br>..... | Indicated<br>Unweighted<br>Differential<br>..... | Indicated<br>Credibility<br>Differential<br>..... | Indicated<br>ISO<br>Differential<br>..... |
|-------------------------|-----------------------------------|----------------------------------|--------------------------------------------------|---------------------------------------------------|-------------------------------------------|
|                         | (1)                               | (2)                              | (3)                                              | (4)                                               | (5)                                       |
| Psychiatry              | 1                                 | 0.55                             | 0.235                                            | 0.421                                             | 0.975                                     |
| Allergy & Immunology    | 2                                 | 0.70                             | 0.066                                            | 0.489                                             | 0.474                                     |
| Pathology               | 2                                 | 0.70                             | 0.992                                            | 0.764                                             | 0.703                                     |
| Dermatology             | 3                                 | 1.00                             | 0.950                                            | 1.006                                             | 0.809                                     |
| FP/GP - No Surgery      | 3                                 | 1.00                             | 0.522                                            | 0.885                                             | 1.000                                     |
| Gastroenterology        | 3                                 | 1.00                             | 0.681                                            | 0.980                                             | 1.954                                     |
| Hematology              | 3                                 | 1.00                             | 0.962                                            | 1.012                                             | 1.149                                     |
| Internal Medicine       | 3                                 | 1.00                             | 1.193                                            | 1.119                                             | 1.413                                     |
| Nephrology              | 3                                 | 1.00                             | 1.066                                            | 1.063                                             | 0.847                                     |
| Pediatrics              | 3                                 | 1.00                             | 0.940                                            | 1.000                                             | 1.183                                     |
| Physical Med. & Rehab.  | 3                                 | 1.00                             | 0.338                                            | 0.961                                             | 0.591                                     |
| Cardiology              | 4                                 | 1.15                             | 1.437                                            | 1.223                                             | 1.172                                     |
| Neurology, Excl. Inv.   | 4                                 | 1.15                             | 1.420                                            | 1.196                                             | 1.772                                     |
| Ophthalmology           | 4                                 | 1.15                             | 1.301                                            | 1.198                                             | 1.241                                     |
| Radiology, Diag.        | 4                                 | 1.15                             | 0.982                                            | 1.118                                             | 1.355                                     |
| FP/GP - Limited Surgery | 5                                 | 1.75                             | 1.436                                            | 1.719                                             | 1.538                                     |
| Industrial Medicine     | 6                                 | 1.95                             | 0.257                                            | 1.859                                             | 1.271                                     |
| Radiology, Ther         | 7                                 | 2.50                             | 0.359                                            | 2.298                                             | 1.691                                     |
| Urology                 | 7                                 | 2.50                             | 1.518                                            | 2.389                                             | 2.606                                     |
| Anesthesiology          | 8                                 | 3.80                             | 7.052                                            | 4.075                                             | 2.545                                     |
| Emergency Medicine      | 8                                 | 3.60                             | 1.327                                            | 3.517                                             | 2.492                                     |
| FP/GP - Major Surgery   | 8                                 | 3.60                             | 1.651                                            | 3.477                                             | 2.899                                     |
| General Surgery         | 8                                 | 3.60                             | 3.161                                            | 3.534                                             | 4.581                                     |
| Gynecology              | 8                                 | 3.60                             | 0.529                                            | 3.437                                             | 3.586                                     |
| Otolaryngology          | 8                                 | 3.60                             | 3.944                                            | 3.606                                             | 2.909                                     |
| Plastic Surgery         | 8                                 | 3.60                             | 2.890                                            | 3.583                                             | 5.241                                     |
| Thoracic Surgery        | 8                                 | 3.60                             | 7.029                                            | 3.933                                             | 5.804                                     |
| Cardiovascular Surgery  | 9                                 | 5.00                             | 2.777                                            | 4.895                                             | 7.223                                     |
| Orthopedics - No Spinal | 9                                 | 5.00                             | 3.922                                            | 4.945                                             | 6.360                                     |
| Neurological Surgery    | 10                                | 6.80                             | 8.358                                            | 7.014                                             | 8.883                                     |
| OB/GYN                  | 10                                | 6.80                             | 6.526                                            | 6.845                                             | 5.868                                     |
| Orthopedics - Spinal    | 10                                | 6.80                             | 6.584                                            | 6.877                                             | 6.360                                     |

Total Limits

| Specialty               | Current Class | Current Class Differential | 81-86 Pure Premium Adjusted to Current Class | 81-86 Earned Doctor Years | Credibility | Indicated Differential to Class 3 | Credibility Weighted Differential | Credibility Weighted Differential Adjusted for Off Balance | Indicated Change | Selected Change |
|-------------------------|---------------|----------------------------|----------------------------------------------|---------------------------|-------------|-----------------------------------|-----------------------------------|------------------------------------------------------------|------------------|-----------------|
| .....                   | (1)           | (2)                        | (3)                                          | (4)                       | (5)         | (6)                               | (7)                               | (8)                                                        | (9)              | (10)            |
| Psychiatry              | 1             | 0.55                       | 8713                                         | 2,812.5                   | 0.43        | 0.235                             | 0.415                             | 0.421                                                      | -23.45%          | -23.45%         |
| Allergy & Immunology    | 2             | 0.70                       | 201                                          | 99.2                      | 0.08        | 0.066                             | 0.049                             | 0.659                                                      | -5.86%           | -5.86%          |
| Pathology               | 2             | 0.70                       | 3,007                                        | 490.7                     | 0.18        | 0.092                             | 0.753                             | 0.764                                                      | 9.14%            | 9.14%           |
| Dermatology             | 3             | 1.00                       | 2,800                                        | 502.8                     | 0.18        | 0.050                             | 0.891                             | 1.006                                                      | 0.60%            | 0.60%           |
| FP/GP - No Surgery      | 3             | 1.00                       | 1,581                                        | 1,415.7                   | 0.31        | 0.522                             | 0.852                             | 0.865                                                      | -13.50%          | -13.50%         |
| Gastroenterology        | 3             | 1.00                       | 2,063                                        | 131.0                     | 0.09        | 0.461                             | 0.971                             | 0.986                                                      | -1.40%           | -1.40%          |
| Hematology              | 3             | 1.00                       | 2,915                                        | 72.0                      | 0.07        | 0.382                             | 0.997                             | 1.012                                                      | 1.20%            | 1.20%           |
| Internal Medicine       | 3             | 1.00                       | 3,617                                        | 4,232.5                   | 0.53        | 1.193                             | 1.102                             | 1.119                                                      | 11.90%           | 11.90%          |
| Nephrology              | 3             | 1.00                       | 5,049                                        | 82.7                      | 0.07        | 1.064                             | 1.047                             | 1.058                                                      | 6.30%            | 6.30%           |
| Pediatrics              | 3             | 1.00                       | 2,867                                        | 1,085.2                   | 0.27        | 0.946                             | 0.985                             | 1.007                                                      | 0.00%            | 0.00%           |
| Physical Med. & Rehab.  | 3             | 1.00                       | 1,023                                        | 102.4                     | 0.08        | 0.330                             | 0.947                             | 0.961                                                      | -3.90%           | -3.90%          |
| Cardiology              | 4             | 1.15                       | 4,355                                        | 548.3                     | 0.19        | 1.437                             | 1.205                             | 1.223                                                      | 6.35%            | 6.35%           |
| Neurology, Excl. Inv.   | 4             | 1.15                       | 4,329                                        | 153.3                     | 0.10        | 1.420                             | 1.178                             | 1.196                                                      | 4.00%            | 4.00%           |
| Ophthalmology           | 4             | 1.15                       | 3,942                                        | 401.1                     | 0.20        | 1.501                             | 1.180                             | 1.198                                                      | 4.17%            | 4.17%           |
| Radiology, Diag.        | 4             | 1.15                       | 2,992                                        | 1,391.0                   | 0.30        | 0.987                             | 1.101                             | 1.118                                                      | -2.78%           | -2.78%          |
| FP/GP - Limited Surgery | 5             | 1.75                       | 4,354                                        | 509.8                     | 0.18        | 1.436                             | 1.693                             | 1.719                                                      | -1.77%           | -1.77%          |
| Industrial Medicine     | 6             | 1.95                       | 778                                          | 75.1                      | 0.07        | 0.257                             | 1.831                             | 1.859                                                      | -4.67%           | -4.67%          |
| Radiology, Ther.        | 7             | 2.50                       | 1,009                                        | 172.5                     | 0.11        | 0.358                             | 2.264                             | 2.298                                                      | -0.08%           | -0.08%          |
| Urology                 | 7             | 2.50                       | 4,401                                        | 128.4                     | 0.11        | 1.510                             | 2.353                             | 2.389                                                      | -4.44%           | -4.44%          |
| Anesthesiology          | 8             | 3.60                       | 21,315                                       | 197.6                     | 0.12        | 7.052                             | 4.014                             | 4.075                                                      | 13.19%           | 13.19%          |
| Emergency Medicine      | 8             | 3.60                       | 4,021                                        | 58.7                      | 0.06        | 1.327                             | 3.444                             | 3.517                                                      | -2.31%           | -2.31%          |
| FP/GP - Major Surgery   | 8             | 3.60                       | 3,003                                        | 112.7                     | 0.09        | 1.651                             | 3.425                             | 3.477                                                      | -3.42%           | -3.42%          |
| General Surgery         | 8             | 3.60                       | 9,582                                        | 1,088.9                   | 0.27        | 3.161                             | 3.481                             | 3.534                                                      | -1.83%           | -1.83%          |
| Gynecology              | 8             | 3.60                       | 1,403                                        | 56.3                      | 0.07        | 0.529                             | 3.385                             | 3.437                                                      | -4.53%           | -4.53%          |
| Otolaryngology          | 8             | 3.60                       | 1,933                                        | 228.4                     | 0.12        | 3.944                             | 3.641                             | 3.696                                                      | 2.67%            | 2.67%           |
| Plastic Surgery         | 8             | 3.60                       | 8,740                                        | 140.3                     | 0.10        | 2.890                             | 3.529                             | 3.583                                                      | -0.47%           | -0.47%          |
| Thoracic Surgery        | 8             | 3.60                       | 21,316                                       | 98.3                      | 0.08        | 7.029                             | 3.874                             | 3.933                                                      | 9.25%            | 9.25%           |
| Cardiovascular Surgery  | 9             | 5.00                       | 8,416                                        | 84.4                      | 0.08        | 2.777                             | 4.822                             | 4.895                                                      | -2.10%           | -2.10%          |
| Orthopedics - No Spinal | 9             | 5.00                       | 11,008                                       | 200.0                     | 0.12        | 3.922                             | 4.871                             | 4.945                                                      | -1.18%           | -1.18%          |
| Neurological Surgery    | 10            | 6.00                       | 23,334                                       | 81.4                      | 0.07        | 8.350                             | 6.909                             | 7.014                                                      | 3.15%            | 3.15%           |
| OB/GYN                  | 10            | 6.00                       | 19,780                                       | 671.9                     | 0.21        | 6.526                             | 6.742                             | 6.845                                                      | 0.64%            | 0.64%           |
| Orthopedics - Spinal    | 10            | 6.00                       | 19,754                                       | 233.4                     | 0.12        | 6.584                             | 6.774                             | 6.877                                                      | 1.13%            | 1.13%           |

Class 3 Total

1.00 83,831

Off Balance Factor 0.985

Notes:

- (5)  $[(4)/15,000]^{1/2}$
- (6) (3)/Class 3 Pure Premium
- (7)  $[(6) \times (5)] + [(2) \times (1 - (5))]$
- (8) (7)/Off Balance Factor
- (9)  $[(8)/(2)] - 1$

# CNA INSURANCE COMPANIES

CNA Plaza, Chicago, Illinois 60685

APR 31 1988

HONORABLE JOHN L. GEORGE  
DIRECTOR OF INSURANCE  
DEPARTMENT OF INSURANCE  
POUCH D  
JUNEAU, AK 99811

2  
RECEIVED  
JUN 3 1988  
DEPARTMENT OF COMMERCE  
DIVISION OF INSURANCE

RE: I.D.#3585  
Dental Professional Liability Program  
R-6400-BQ(4) Revised Company Manual Pages NF-DDS-8  
and NF-DDS-9 for the Dental Professional  
Liability Insurance Program  
NATIONAL FIRE INSURANCE COMPANY OF HARTFORD 218-20478

Dear Commissioner:

We submit the captioned revised Company Manual Pages, to replace the like numbered pages filed under our identification number R-6400-BQ(4).

The pages have been revised to reflect our proposed decrease in both, the base rate and extended reporting period factors for the Professional Liability Coverage.

We request an effective date of May 1, 1988 or the earliest permitted thereafter by your regulations.

An extra copy of this letter is enclosed which we request you to stamp and return to us for our records.

Yours truly,

*Judith Ann Rudy*

Judith Ann Rudy  
Paralegal  
Law Department - 43S  
(312) 822-5498

*Copy received 8/7/89*

JAR/ej/A2  
Enclosures

**CNA**

For All the Commitments You Make®

# STATE OF ALASKA

## DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT

### DIVISION OF INSURANCE

STEVE COWPER, GOVERNOR

P. O. BOX D  
JUNEAU, ALASKA 99811-0800  
PHONE: (907) 465-2515

DATE: April 1, 1988  
TO: Insurers Filing Rates and Forms  
FROM: Paul Roller, Director *PR*  
Division of Insurance  
Department of Commerce & Economic Development  
SUBJECT: Rate and Form Filing Approval Policy



Rates are required to be filed and approved prior to use in Alaska pursuant to AS 21.39.040. Likewise, forms are required to be filed and approved prior to use in Alaska pursuant to AS 21.42.120.

Rates filed are considered or "deemed" to be approved 15 days after the filing is received by this division, unless we notify you that the review period is being extended by an additional 15 days, that the filing is being held for more information, or we disapprove it.

Forms filed are considered or "deemed" to be approved 30 days after the filing is received by this division, unless we notify you that the review period is being extended by an additional 30 days, that the filing is being held for more information, or we disapprove it.

The 15 or 30 day review periods begin on the date the filing is stamped "received" in our division. That day is not counted as part of the applicable period. Most rates and forms are approved by this method. We will make a similar stamp of the additional copy of your filing submitted for this purpose and return same to you. This will be the only evidence you will receive from this division that your filing is in the system unless an extension, question, or disapproval follows.

If the timing of your use of a rate or form is critical, you may request "express" treatment. In all cases you should call in advance of the request to discuss deviation from our standard procedure. For personal lines, call (907) 465-2517 and for commercial lines call (907) 465-2595. Any request for special treatment that does not follow this procedure tends to slow down the approval process. Please note that it is not the policy of this division to grant a retroactive approval of any filing.

In 1987, a major change in the law affecting the cancellation condition was adopted (AS 21.36.210-310). Please familiarize yourself with this new law. We will disapprove a filing in its entirety if the cancellation provision is not in compliance with the new law.

PR/cw0680K  
32388a

**DENTAL MALPRACTICE PROGRAM**

**FILING MEMORANDUM**

The enclosed material, comprised of revised State Pages and Pricing Justification are in support of a reduction in rate for Professional Liability Coverage. This reduction applies only to Dentists classed as I., II., or III.

In addition to the above rate reduction, a reduction is also included in the Extended Reporting Period factors applicable to this Program.

Except for these two modifications, the manual pages enclosed are the same as those currently on file with your office.

National Fire Insurance Company of Hartford  
Dental Malpractice  
Rate Justification for the State of Alaska

Summary

The following summarizes the proposed rate action for the dental malpractice program. Additional explanation of the proposal is given on the subsequent pages.

1. Occurrence base rate decrease of -15.0%.
2. No change in claims-made step factors.
3. Decrease in extended reporting period factors.  
The decreases range from -12.3% to -23.3% for an average change of -17.6%.

Exhibit I - CNA data loss ratio calculation and indicated rate change.

Exhibit II - CHUBB data loss ratio calculation and indicated rate change.

Exhibit III - Dental program expense assumptions.

Exhibit IV - Loss discount factor calculation.

Exhibit V - Extended reporting period factors calculation.

## Exhibit I

**Dental Malpractice - Professional Liability Only**  
**CNA Occurrence Data as of 09/30/87**  
**All Classes**

Countrywide

| <u>Accident Year</u> | <u>Current Level Earned Premium</u> | <u>Ultimate Losses with Expenses</u> | <u>Trended Ultimate Losses*</u> | <u>Trended Loss Ratio</u> |
|----------------------|-------------------------------------|--------------------------------------|---------------------------------|---------------------------|
| 1984                 | \$ 98,907,753                       | \$ 37,521,856                        | \$ 76,883,128                   | 0.777                     |
| 1985                 | 121,487,375                         | 41,677,443                           | 73,618,983                      | 0.606                     |
| 1986                 | 95,586,454                          | 32,780,293                           | 49,916,438                      | 0.522                     |
| Total                | \$315,981,582                       | \$111,979,593                        | \$200,418,549                   | 0.634                     |

Alaska Only

| <u>Accident Year</u> | <u>Current Level Earned Premium</u> | <u>Ultimate Losses with Expenses</u> | <u>Trended Ultimate Losses*</u> | <u>Trended Loss Ratio</u> |
|----------------------|-------------------------------------|--------------------------------------|---------------------------------|---------------------------|
| 1984                 | \$ 492,915                          | \$ 231,206                           | \$ 473,746                      | 0.961                     |
| 1985                 | 640,093                             | 182,611                              | 322,563                         | 0.504                     |
| 1986                 | 709,211                             | 228,512                              | 347,969                         | 0.491                     |
| Total                | \$ 1,842,220                        | \$ 642,329                           | \$ 1,144,278                    | 0.621                     |

Indicated Rate Change =  $\frac{(\text{loss ratio}) \times (\text{loss discount factor}) + \text{fixed expenses}}{(\text{premium discount factor}) \times (1 - \text{variable expenses})} - \text{ROR}$

|                               |          |
|-------------------------------|----------|
| Loss Discount Factor          | = 0.6960 |
| Premium Discount Factor       | = 0.9720 |
| Fixed Expenses                | = 0.0400 |
| Countrywide Variable Expenses | = 0.1930 |
| Alaska Variable Expenses      | = 0.2043 |
| ROR                           | = 0.1000 |

|                                                   |        |
|---------------------------------------------------|--------|
| Countrywide Indicated Rate Change                 | -29.6% |
| Alaska Preliminary Indicated Rate Change          | -29.9% |
| Alaska Credibility Weighted Indicated Rate Change | -29.7% |
| (Alaska Credibility = 0.440)                      |        |

\*Assumes annual trend of 16.0% to an average loss date of 05/01/89.

## Exhibit II

**Dental Malpractice - Professional Liability Only**  
**CHUBB Occurrence Data as of 06/30/87**  
**All Classes**

Countrywide

| <u>Accident Year</u> | <u>Current Level Earned Premium</u> | <u>Ultimate Losses with Expenses</u> | <u>Trended Ultimate Losses*</u> | <u>Trended Loss Ratio</u> |
|----------------------|-------------------------------------|--------------------------------------|---------------------------------|---------------------------|
| 1980                 | \$154,122,477                       | \$ 34,171,454                        | \$126,777,491                   | 0.823                     |
| 1981                 | 156,181,373                         | 48,290,161                           | 154,446,955                     | 0.989                     |
| 1982                 | 161,663,420                         | 62,546,666                           | 172,451,459                     | 1.067                     |
| 1983                 | 155,841,694                         | 60,899,953                           | 144,751,035                     | 0.929                     |
| 1984                 | 102,899,196                         | 26,274,404                           | 53,836,847                      | 0.523                     |
| <b>Total</b>         | <b>\$730,708,160</b>                | <b>\$232,182,638</b>                 | <b>\$652,263,787</b>            | <b>0.893</b>              |

Alaska Only

| <u>Accident Year</u> | <u>Current Level Earned Premium</u> | <u>Ultimate Losses with Expenses</u> | <u>Trended Ultimate Losses*</u> | <u>Trended Loss Ratio</u> |
|----------------------|-------------------------------------|--------------------------------------|---------------------------------|---------------------------|
| 1980                 | \$ 459,998                          | \$ 14,811                            | \$ 54,948                       | 0.119                     |
| 1981                 | 461,961                             | 256,005                              | 818,783                         | 1.772                     |
| 1982                 | 539,371                             | 56,141                               | 154,790                         | 0.287                     |
| 1983                 | 644,005                             | 178,872                              | 425,155                         | 0.660                     |
| 1984                 | 527,860                             | 61,510                               | 126,035                         | 0.239                     |
| <b>Total</b>         | <b>\$ 2,633,195</b>                 | <b>\$ 567,338</b>                    | <b>\$ 1,579,710</b>             | <b>0.600</b>              |

$$\text{Indicated Rate Change} = \frac{(\text{loss ratio}) \times (\text{loss discount factor}) + \text{fixed expenses}}{(\text{premium discount factor}) \times (1 - \text{variable expenses})} - \text{ROR}$$

|                               |          |
|-------------------------------|----------|
| Loss Discount Factor          | = 0.6960 |
| Premium Discount Factor       | = 0.9720 |
| Fixed Expenses                | = 0.0400 |
| Countrywide Variable Expenses | = 0.1930 |
| Alaska Variable Expenses      | = 0.2043 |
| ROR                           | = 0.1000 |

|                                                   |        |
|---------------------------------------------------|--------|
| Countrywide Indicated Rate Change                 | -3.3%  |
| Alaska Preliminary Indicated Rate Change          | -32.0% |
| Alaska Credibility Weighted Indicated Rate Change | -15.9% |
| (Alaska Credibility = 0.440)                      |        |

\*Assumes annual trend of 16.0% to an average loss date of 05/01/89.

## Exhibit III

Dental Malpractice - Professional Liability  
Expenses

|                                                       | <u>Countrywide</u> | <u>Alaska</u> |
|-------------------------------------------------------|--------------------|---------------|
| Variable Expenses                                     |                    |               |
| Taxes                                                 | .030               | .0400         |
| Commission                                            | .163               | .1630         |
| Guaranty Fund Assessment(s)<br>for Calendar Year 1986 | <u>--</u>          | <u>.0013</u>  |
| Total Variable Expenses                               | .193               | .2043         |
| General Fixed Expenses                                | .040               | .040          |
| Profit*                                               | .010               | .010          |

\*Rate of return after consideration of investment income.

**Dental Malpractice - Professional Liability  
Calculation of Loss Discount Factor**

**Exhibit IV**

| <u>Years of<br/>Development</u> | <u>Percent of Ultimate<br/>Losses Incurred</u> | <u>Discounted at<br/>8% Interest</u> |
|---------------------------------|------------------------------------------------|--------------------------------------|
| 1                               | 5.0%                                           | 4.810%                               |
| 2                               | 11.0%                                          | 9.801%                               |
| 3                               | 18.0%                                          | 14.850%                              |
| 4                               | 14.0%                                          | 10.696%                              |
| 5                               | 12.0%                                          | 8.484%                               |
| 6                               | 10.0%                                          | 6.550%                               |
| 7                               | 5.0%                                           | 3.030%                               |
| 8                               | 4.0%                                           | 2.244%                               |
| 9                               | 4.0%                                           | 2.080%                               |
| 10                              | 4.0%                                           | 1.924%                               |
| 11                              | 3.0%                                           | 1.338%                               |
| 12                              | 3.0%                                           | 1.236%                               |
| 13                              | 3.0%                                           | 1.146%                               |
| 14                              | 3.0%                                           | 1.062%                               |
| 15                              | 1.0%                                           | 0.328%                               |
|                                 | <hr/> 100.0%                                   | <hr/> 69.579%                        |

Loss Discount Factor = .696

Dental Malpractice  
Extended Reporting Period Factors  
Rate Justification

Sheet 2 displays CNA's pure premium relativities. These relativities assume an 8% interest rate and a trend factor of 16%. The resulting percentages represent the percentage of discounted ultimate loss dollars reported at each lag.

Sheet 3 displays the formula used to adjust the discounted pure premium relativities for expenses. The various expense assumptions are also shown.

Sheet 4 displays the indicated factors for the ERP endorsement. The discounted pure premium relativities from Sheet 2 have been utilized to calculate the expected losses from claims already incurred but not yet reported (see Section I, Line 1). The steps listed represent how many years of exposure are to be covered by the ERP endorsement. The rate relativities on line 2 are calculated using the formula and expense assumptions from Sheet 3. The indicated ERP factors and installment factors are shown under Section II. Overall, the ERP factors are being reduced by approximately -17.6%.

Discounted Pure Premium Relativities  
Interest Rate is 8%  
Assumes a Trend Factor of 16%

| Occ.<br>Year | Report Year |      |      |      |      |      |      |      |      |
|--------------|-------------|------|------|------|------|------|------|------|------|
|              | -4          | -3   | -2   | -1   | 0    | 1    | 2    | 3    | 4    |
| -4           | .119        | .213 | .176 | .095 | .119 |      |      |      |      |
| -3           |             | .160 | .228 | .189 | .102 | .128 |      |      |      |
| -2           |             |      | .172 | .245 | .203 | .110 | .137 |      |      |
| -1           |             |      |      | .184 | .263 | .217 | .118 | .147 |      |
| 0            |             |      |      |      | .198 | .283 | .234 | .127 | .158 |

Implied Step Factors (Relative to Occurrence)

| Step                                  | <u>1</u> | <u>2</u> | <u>3</u> | <u>4</u> | <u>5</u> |
|---------------------------------------|----------|----------|----------|----------|----------|
| Discounted Pure Premium Relativities: | .198     | .461     | .664     | .766     | .885     |

ERP Calculation  
Using Base of  
Discounted Pure Premium Relativities

Formula: 
$$x = \frac{a ( d (1 - i) - j - c ) + c}{d (1 - e) - f}$$

Variables:  $x$  = Step Factor (Rate Relativity)

$a$  = Discounted Pure Premium Relativity  
(from Exhibit I)

$d$  = Premium Discount Factor

$i$  = Occurrence Variable Expense  
(included in current occurrence rates)

$j$  = Occurrence Profit and Contingency Factor  
(included in current occurrence rates)

$c$  = Occurrence Fixed Expense  
(included in current occurrence rates)

$e$  = Claims-Made Variable Expense  
(estimated base on commission levels and  
average countrywide premium tax)

$f$  = Claims-Made Profit and Contingency Factor  
(same as occurrence factor)

Valuesn:  $d = .972$   $i = .193$   $j = f = .10$   $c = .04$   $e = .08$

Extended Reporting Factors  
(Relative to Mature Claims-Made Rate)

I. Indicated Extended Reporting - Prepaid Factors

| <u>Years on<br/>Claims-Made</u>                                   | <u>1</u> | <u>2</u> | <u>3</u> | <u>4</u> |
|-------------------------------------------------------------------|----------|----------|----------|----------|
| 1. Discounted Pure Premium<br>Relativities:<br>(refer to Sheet 1) | .906     | 1.451    | 1.730    | 1.875    |
| 2. Rate Relativities                                              | .785     | 1.228    | 1.454    | 1.572    |
| 3. Chosen Extended Reporting<br>Factors:                          | .79      | 1.23     | 1.45     | 1.57     |

II. Extended Reporting Period Factors and Installment Factors

| <u>Years on<br/>Claims-Made</u> | <u>1st Year</u> | <u>2nd Year</u> | <u>3rd Year</u> | <u>Prepaid</u> |
|---------------------------------|-----------------|-----------------|-----------------|----------------|
| 1                               | .31             | .23             | .30             | .79            |
| 2                               | .51             | .35             | .46             | 1.23           |
| 3                               | .61             | .49             | .46             | 1.45           |
| 4 or more                       | .73             | .49             | .46             | 1.57           |



For All the Commitments You Make

## DENTAL PROFESSIONAL LIABILITY

### NATIONAL FIRE INSURANCE COMPANY

#### 12. Extended Reporting Period

The availability of Extended Reporting Period coverage shall be governed by the following rules, subject to underwriting approval.

- a. Should a named insured terminate coverage under this policy, such named insured may purchase Extended Reporting Coverage. The named insured is eligible for this coverage provided:
  - (1) the named insured requests the coverage within 60 days of policy termination; and
  - (2) premium is paid promptly when due. Premium maybe paid in advance, or in 3 annual installments.
- b. The available Limits of Liability shall not exceed those afforded under the current claims-made policy.
- c. The date of coverage with this company will determine eligibility for Extended Reporting Coverage, at no charge in the event of death, disability, or retirement.
- d. Extended Reporting Coverage will be available to all named insureds. Should the named insured terminate association with the group, coverage will be provided for the liability of the partnership or Corporation provided that such entity was also a named insured by this Company.
- e. The factors in the following Table shall be applied to the mature claims-made rate in the year coverage is being purchased.

| Years of<br>Prior Claims<br>Made Coverage | Installment Factors |          |          | Prepaid<br>Factors |
|-------------------------------------------|---------------------|----------|----------|--------------------|
|                                           | 1st year            | 2nd year | 3rd year |                    |
| 1                                         | .31                 | .23      | .30      | .79                |
| 2                                         | .51                 | .35      | .46      | 1.23               |
| 3                                         | .61                 | .49      | .46      | 1.45               |
| 4 or more                                 | .73                 | .49      | .46      | 1.57               |

C. Excess limits - refer to Company.

**PROFESSIONAL LIABILITY  
NATIONAL FIRE INSURANCE COMPANY**

**I. Business Liability**

| Rating Basis    | Premium |
|-----------------|---------|
| Each Office     | \$30.00 |
| Each Additional | 23.00   |

**II. Dentist's Professional Liability**

| Class | Premium for 1.000/1.000 Limits |
|-------|--------------------------------|
| I     | \$ 2,395.00                    |
| II    | 4,790.00                       |
| III   | 16,439.00                      |
| IV    | 200.00                         |
| V     | 450.00                         |

**Attorneys Liability Protection Society, Inc.**

**BASE RATE AND STATE RELATIVITIES**

**Effective November 1, 1989**

**ALPS Base Rate at \$100,000/\$300,000 Limits  
with \$1,000 Deductible (Full Prior Acts):      \$1,576**

**State Relativity**

|               |             |
|---------------|-------------|
| <b>Alaska</b> | <b>1.55</b> |
|---------------|-------------|

**Attorneys Liability Protection Society, Inc.**

**RATE VARIABLES**

**Effective November 1, 1989**

**Increased Limit Factors**

| <b>Limit</b>               | <b>Indemnity<br/>+ Total<br/>Defense Costs</b> |
|----------------------------|------------------------------------------------|
| <b>\$ 100,000/300,00</b>   | <b>1.00</b>                                    |
| <b>250,000/250,000</b>     | <b>1.35</b>                                    |
| <b>500,000/500,000</b>     | <b>1.50</b>                                    |
| <b>1,000,000/1,000,000</b> | <b>1.90</b>                                    |
| <b>2,000,000/2,000,000</b> | <b>2.66</b>                                    |
| <b>3,000,000/3,000,000</b> | <b>3.192</b>                                   |
| <b>5,000,000/5,000,000</b> | <b>4.006</b>                                   |

**Deductible Credits**

| <b>Deductible</b> | <b>Indemnity<br/>Only</b> | <b>Indemnity<br/>and Defense<br/>Costs</b> |
|-------------------|---------------------------|--------------------------------------------|
| <b>\$1,000</b>    | <b>-0.02</b>              | <b>0.00</b>                                |
| <b>2,500</b>      | <b>0.01</b>               | <b>0.04</b>                                |
| <b>5,000</b>      | <b>0.04</b>               | <b>0.11</b>                                |
| <b>10,000</b>     | <b>0.09</b>               | <b>0.23</b>                                |
| <b>25,000</b>     | <b>0.20</b>               | <b>0.45</b>                                |
| <b>50,000</b>     | <b>0.29</b>               | <b>0.64</b>                                |

**Prior Act Coverage**

| <b>Number of Years<br/>Prior Acts Coverage</b> | <b>Credit</b> |
|------------------------------------------------|---------------|
| <b>Six or more years</b>                       | <b>01</b>     |
| <b>Five years</b>                              | <b>8</b>      |
| <b>Four years</b>                              | <b>16</b>     |
| <b>Three years</b>                             | <b>25</b>     |
| <b>Two years</b>                               | <b>35</b>     |
| <b>One year</b>                                | <b>50</b>     |
| <b>None</b>                                    | <b>64</b>     |

**Attorneys Liability Protection Society, Inc.**

**TABLE OF SURCHARGES AND CREDITS**

**Effective November 1, 1989**

**Continuing Legal Education Credit:**

**For Risk Management and Loss Control Courses:**

**5%**

**Area of Practice Surcharges**

| <b>Area of Practice</b>   | <b>Percent of Practice</b> | <b>Surcharge</b> |
|---------------------------|----------------------------|------------------|
| Entertainment & Sports    | more than 10%              | 10%              |
| Estates and Trusts        | more than 40%              | 10%              |
| Mergers & Acquisitions    | more than 40%              | 10%              |
| Oil & Gas                 | more than 20%              | 20%              |
| Patents                   | 1 - 50%                    | 25%              |
| Patents                   | more than 50%              | 10%              |
| Personal Injury-Plaintiff | more than 40%              | 10%              |
| Real Estate               | more than 20%              | 10%              |
| SEC - Private             | more than 10%              | 10%              |
| SEC - Public              | more than 0%               | 50%              |
| Taxation                  | more than 40%              | 10%              |

**Surcharge for Prior Claims**

| <b>Number of<br/>Years</b> | <b>Surcharge</b> |
|----------------------------|------------------|
| 0-1                        | 70%              |
| 1-2                        | 60%              |
| 3-4                        | 50%              |
| 4-5                        | 40%              |
| 5-6                        | 30%              |

As a supplement to the above, the Underwriting Department may apply from 25% debit to 25% Credit based on the judgement of the department considering the severity, type, area of practice, firm size and/or firm management of each claim.

(Number of years is the number of years since an indemnity payment

has been made. No surcharge shall be imposed if only one indemnity payment of less than \$10,000 has been made during the prior five-year period.)

**Attorneys Liability Protection Society, Inc.**

**TABLE OF SURCHARGES AND CREDITS (cont.)**

**Firm Size Credits**

| <b>Firm Size</b> | <b>Credit</b> |
|------------------|---------------|
| 1-4              | 0%            |
| 5-14             | 10%           |
| 15-25            | 15%           |
| 26 +             | 20%           |

(Firm size refers to the number of attorneys.)

**Ratio of Non-Attorney Insureds to Attorney Insureds Surcharge**

| <b>Ratio</b> | <b>Surcharge</b> |
|--------------|------------------|
| <2.00        | 0%               |
| 2.00 - 2.99  | 15%              |
| 3.00 - 3.99  | 25%              |
| >4.00        | 35%              |

**Schedule Rating Surcharges/Credits**

|                                                                                                                     |                                          |
|---------------------------------------------------------------------------------------------------------------------|------------------------------------------|
| <b>Quality of Management<br/>Areas of Practices (to<br/>reflect greater risk in<br/>specific areas of practice)</b> | <b>Up to a<br/>maximum of<br/>+/-25%</b> |
|---------------------------------------------------------------------------------------------------------------------|------------------------------------------|

**ATTORNEYS LIABILITY PROTECTION SOCIETY, INC.**  
**A Risk Retention Group**



**EXECUTIVE OFFICES**  
 SUITE 303, GLACIER BUILDING  
 P.O. BOX 9169  
 MISSOULA, MT 59807-9169  
 PHONE (406) 728-3113  
 FAX (406) 728-7416

A MULTI-STATE BAR RELATED PROFESSIONAL LIABILITY INSURANCE COMPANY

**OFFICERS****CHAIRMAN OF THE BOARD**

Don G. Callaghan  
 P.O. Box 432  
 Richwood, WV 26261  
 (304) 846-2361

**PRESIDENT**

Robert W. Mintz, Jr.  
 P.O. Box 9169  
 Missoula, MT 59807-9169  
 (406) 728-3113

**VICE PRESIDENTS**

Robert F. LaFleur  
 P.O. Box 8147  
 Rapid City, SD 57709  
 (605) 343-4322

Charles P. Jay  
 P.O. Box 6  
 Gardner, KS 66030  
 (913) 684-8844

Glenn E. Smith  
 1706 Thomas Avenue  
 Cheyenne, WY 82001  
 (307) 633-4912

**SECRETARY**

George L. Baustiman  
 P.O. Box 577  
 Helena, MT 59604  
 (406) 442-7660

**TREASURER**

George B. Smith  
 P.O. Box 304  
 Georgetown, DE 19947  
 (302) 636-3371

**DIRECTORS**

Don G. Callaghan  
 West Virginia

E. Leslie Combs Jr.  
 Nevada

Howard Humphrey  
 Idaho

David L. Peterson  
 North Dakota

Robert F. LaFleur  
 South Dakota

Charles P. Jay  
 Kansas

Robert W. Mintz, Jr.  
 Montana

George B. (Buck) Smith  
 Delaware

Glenn E. Smith  
 Wyoming

Mike Thompson  
 Alaska

**CLAIMS HOT LINE**

1 800-367-4366

**FACSIMILE COVER LETTER**

File # \_\_\_\_\_

PLEASE DELIVER THE FOLLOWING PAGES TO:

NAME: David Rogers FAX #: (907) 586-6259

LOCATION: \_\_\_\_\_

DATE: 1/18/90 TIME: 11:15 A.M. / P.M.

FROM: Ray Conger

WE ARE TRANSMITTING A TOTAL OF 2 PAGES INCLUDING THIS LETTER.

IF YOU DO NOT RECEIVE ALL OF THE PAGES, PLEASE CALL BACK AS SOON AS POSSIBLE. OUR TELEPHONE NUMBER IS (406) 728-3113

FOR YOUR FUTURE REFERENCE, OUR AUTOMATIC COMMUNICATION NUMBER IS:

FACSIMILE MACHINE (AUTOMATIC) (406) 728-7416

OTHER INFORMATION: Mr. Rogers I have attached the  
Page from our policy re tail coverage. A  
typical annual premium for \$1,000,000 limit  
and \$1,000 deductible for a lawyer who had been  
practicing for seven years including prior  
acts would be \$4,690.-. For a limit of  
\$100,000 per claim \$300,000 annual aggregate \$2,443. However  
each lawyer is rated according to many factors.

THANK YOU.

Ray Conger CPCL  
 Underwriting Manager

### III. Waiver of Exclusion and Breach of Conditions

Whenever coverage under any provision of this policy would be excluded, suspended or lost because of any exclusion or condition relating to a dishonest, fraudulent, malicious or criminal act, error or omission by any Insured or employee of an Insured, and with respect to which any other Insured did not personally participate or personally acquiesce or remain passive after having personal knowledge thereof, the Company agrees that such insurance as would otherwise be afforded under this policy shall continue in effect with respect to each and every Insured who did not personally commit or personally participate in committing, or personally acquiesce in or remain passive after having personal knowledge of one or more of the acts, errors or omissions described in any such exclusion or condition; provided further, that if the condition be one with which such Insured can comply, after receiving knowledge thereof, the Insured entitled to the benefit of this Waiver of Exclusions and Breach of Conditions shall comply with such condition promptly after obtaining knowledge of the failure of any other Insured or employee to comply therewith.

### IV. Extended Reporting Endorsement

In case of cancellation or nonrenewal of the policy by either the Named Insured or the Company, the Named Insured shall have the right, upon payment of an additional premium not more than thirty (30) days after termination of the policy or any subsequent Extended Reporting Period, to have an Extended Reporting Endorsement issued on a guaranteed annual renewable basis, providing coverage for Claims first reported subsequent to the end of the Policy Period of any act, error or omission occurring prior to the end of the Policy Period and after the Loss Inclusion Date and otherwise covered by the policy. The additional premiums for such Extended Reporting Endorsements shall be computed from the following table in accordance with the Company's rules, rates, rating plans and premiums in effect on the effective date of each applicable guaranteed annual endorsement.

| Number of Years Following<br>The Termination of the Policy | Percentage of<br>Current Years Premium |
|------------------------------------------------------------|----------------------------------------|
| FIRST .....                                                | 95%                                    |
| SECOND .....                                               | 75%                                    |
| THIRD .....                                                | 55%                                    |
| FOURTH .....                                               | 35%                                    |
| FIFTH and subsequent years .....                           | 0%                                     |

The right to an Extended Reporting Endorsement under this section shall not be available to any Insured where cancellation by the Company is for failure of the Insured to pay the premium when due or for failure to pay all other amounts due to the Company.

The Extended Reporting Period Endorsement shall provide a separate aggregate limit of coverage equal to that under this policy for Claims first reported during the Extended Reporting Period.

### V. Other Insurance

This insurance shall be in excess of any other valid and collectible insurance whether such insurance is stated to be primary, contributory, excess, contingent or otherwise, unless such other insurance is written only as specific excess insurance over and above the limits of liability provided in this policy.

### VI. Notice of Claim or Suit

Upon an Insured's becoming aware of any act, error or omission which happens before the end of the Policy Period and which could reasonably be expected to be the basis of a Claim or suit covered hereby, written notice shall be given by or on behalf of the Insured to the Company or any of its authorized agents as soon as practicable, together with the fullest information obtainable. If a Claim is

1/19/89  
BF

January 6, 1989

Honorable Paul Roller  
Director of Insurance  
Department of Commerce &  
Economic Development  
Division of Insurance  
P.O. Box "D"  
Juneau, ALASKA 99811

COMMERCIAL INSURANCE  
STATE FILINGS COPY

RE: Accountants' Professional Liability  
Policy Forms/Application/Rates  
THE NORTH RIVER INSURANCE COMPANY - 052-21105  
Correction to Our Filing Dated  
November 22, 1988

Dear Director Roller:

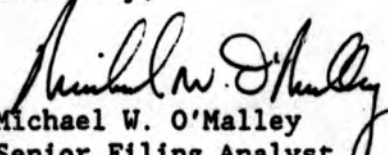
We wish to correct the manual pages submitted on November 22, 1988 for use with our Accountants' Professional Liability Insurance Policy, CFM 49. This filing was deemed approved effective December 31, 1988.

There are two corrections we wish to make. On the page titled "Flexible Rating Sheet", the base rate of \$15.00 per \$1,000 of billings had been misprinted as \$15,000 per \$1,000. Also, on the page titled "Minimum and Maximum Rates Per Staff Size", the Staff Size column was omitted inadvertently.

The corrected pages contained in this letter replace the previously-submitted pages in their entirety.

Thank you for your consideration and for your attention to this matter. A reply envelope is enclosed for your convenience.

Sincerely,

  
Michael W. O'Malley  
Senior Filing Analyst  
(201) 953-3253

MWO/cgm  
APLCORRE

Enclosure

**THE NORTH RIVER INSURANCE COMPANY**  
**ACCOUNTANTS PROFESSIONAL LIABILITY**  
**INSURANCE**

**FLEXIBLE RATING SHEET**

- o RATES ARE BASED ON GROSS BILLINGS.
- o FORMULA:  $\text{BASE PREMIUM} = \$500 + (\$15 \times \text{GROSS BILLINGS } (\$) \div \$1,000)$
- o THE BASE RATE OF \$15.00 PER \$1,000. OF BILLINGS IS FOR A LIMIT OF LIABILITY OF \$250,000.

1. **INCREASED LIMITS FACTORS** - BASED ON A \$1,000. DEDUCTIBLE.

|        | <b><u>LIMIT</u></b>      |                          |                            |
|--------|--------------------------|--------------------------|----------------------------|
|        | <b><u>\$250,000.</u></b> | <b><u>\$500,000.</u></b> | <b><u>\$1,000,000.</u></b> |
| FACTOR | 1.00                     | 1.32                     | 1.64                       |

2. **DEDUCTIBLE CREDITS** - BASED ON A \$250,000. LIMIT OF LIABILITY.

|        | <b><u>DEDUCTIBLE</u></b> |                        |                        |                        |                         |                         |                         |
|--------|--------------------------|------------------------|------------------------|------------------------|-------------------------|-------------------------|-------------------------|
|        | <b><u>\$1,000.</u></b>   | <b><u>\$3,000.</u></b> | <b><u>\$5,000.</u></b> | <b><u>\$7,000.</u></b> | <b><u>\$10,000.</u></b> | <b><u>\$15,000.</u></b> | <b><u>\$25,000.</u></b> |
| CREDIT | 0                        | .02                    | .05                    | .07                    | .10                     | .14                     | .21                     |

3. **PRIOR ACTS FACTORS** - THE FOLLOWING PRIOR ACTS CREDITS WILL BE APPLIED TO ALL NEW AND RENEWAL BUSINESS:

| <b><u>NUMBER OF YEARS OF<br/>PRIOR ACTS COVERAGE</u></b> | <b><u>CREDITS</u></b> |
|----------------------------------------------------------|-----------------------|
| 0                                                        | 40%                   |
| 1                                                        | 25%                   |
| 2                                                        | 10%                   |
| 3 OR MORE                                                | 0%                    |

4. **DEBITS/CREDITS**

|                          | <b><u>DEBIT</u></b> | <b><u>CREDIT</u></b> |
|--------------------------|---------------------|----------------------|
| CLAIM ACTIVITY           | 25%                 | 10%                  |
| AREAS OF PRACTICE        | 15%                 | 15%                  |
| SEC                      | 25%                 | N/A                  |
| MAXIMUM DEBIT AND CREDIT |                     | <u>25%</u>           |

LIMITS IN EXCESS OF \$1,000,000. WILL BE SUBMITTED TO THE COMPANY FOR REVIEW.

**AICPA PROGRAM**  
**MINIMUM AND MAXIMUM RATES**  
**PER STAFF SIZE**

| <u>STAFF<br/>SIZE</u> | <u>MAXIMUM<br/>DEDUCTIONS</u> | <u>MINIMUM<br/>RATE</u> | <u>MAXIMUM<br/>RATE</u> |
|-----------------------|-------------------------------|-------------------------|-------------------------|
| 1                     | 10,000                        | 500                     | 2,505                   |
| 2                     | 10,000                        | 1,000                   | 3,439                   |
| 3                     | 10,000                        | 1,500                   | 4,371                   |
| 4                     | 10,000                        | 2,000                   | 5,443                   |
| 5                     | 10,000                        | 2,500                   | 6,516                   |
| 6                     | 15,000                        | 3,000                   | 7,838                   |
| 7                     | 15,000                        | 3,500                   | 9,067                   |
| 8                     | 15,000                        | 4,000                   | 10,294                  |
| 9                     | 15,000                        | 4,500                   | 11,523                  |
| 10                    | 15,000                        | 5,000                   | 12,752                  |
| 11                    | 25,000                        | 5,500                   | 14,305                  |
| 12                    | 25,000                        | 6,000                   | 15,693                  |
| 13                    | 25,000                        | 6,500                   | 17,080                  |
| 14                    | 25,000                        | 7,000                   | 18,468                  |
| 15                    | 25,000                        | 7,500                   | 19,856                  |
| 16                    | 25,000                        | 8,000                   | 21,243                  |
| 17                    | 25,000                        | 8,500                   | 22,630                  |
| 18                    | 25,000                        | 9,000                   | 24,019                  |
| 19                    | 25,000                        | 9,500                   | 25,406                  |
| 20                    | 25,000                        | 10,000                  | 26,650                  |
| 21                    | 35,000                        | 10,500                  | 28,226                  |
| 22                    | 35,000                        | 11,000                  | 29,485                  |
| 23                    | 35,000                        | 11,500                  | 30,745                  |
| 24                    | 35,000                        | 12,000                  | 32,004                  |
| 25                    | 35,000                        | 12,500                  | 33,262                  |
| 26                    | 35,000                        | 13,000                  | 34,377                  |
| 27                    | 35,000                        | 13,500                  | 35,492                  |
| 28                    | 35,000                        | 14,000                  | 36,607                  |
| 29                    | 35,000                        | 14,500                  | 37,722                  |
| 30                    | 35,000                        | 15,000                  | 38,835                  |
| 31                    | 50,000                        | 15,500                  | 40,459                  |
| 32                    | 50,000                        | 16,000                  | 41,444                  |
| 33                    | 50,000                        | 16,500                  | 42,430                  |
| 34                    | 50,000                        | 17,000                  | 43,416                  |
| 35                    | 50,000                        | 17,500                  | 44,402                  |
| 36                    | 50,000                        | 18,000                  | 45,387                  |
| 37                    | 50,000                        | 18,500                  | 46,372                  |
| 38                    | 50,000                        | 19,000                  | 47,359                  |
| 39                    | 50,000                        | 19,500                  | 48,344                  |
| 40                    | 50,000                        | 20,000                  | 49,330                  |
| 41                    | 50,000                        | 20,500                  | 50,169                  |
| 42                    | 50,000                        | 21,000                  | 51,007                  |
| 43                    | 50,000                        | 21,500                  | 51,846                  |
| 44                    | 50,000                        | 22,000                  | 52,684                  |
| 45                    | 50,000                        | 22,500                  | 53,523                  |
| 46                    | 50,000                        | 23,000                  | 54,362                  |
| 47                    | 50,000                        | 23,500                  | 55,201                  |
| 48                    | 50,000                        | 24,000                  | 56,040                  |
| 49                    | 50,000                        | 24,500                  | 56,877                  |
| 50                    | 50,000                        | 25,000                  | 57,716                  |



## CNA INSURANCE COMPANIES

CNA Plaza  
Chicago, Illinois 60685

AUG 17 1983

AUG 19 4 07 PM '83

Honorable Kenneth C. Moore  
Director of Insurance  
Pouch D  
Juneau AK 99811

RE: Nurses Professional Liability Program (I.D. 613)  
R-6400-BL Company Pages NSO-1 thru NSO-4  
Professional and Personal Liability Manual  
for the Nursing Professional  
AMERICAN CASUALTY COMPANY OF READING, PENNSYLVANIA

Dear Commissioner:

We submit Company Pages NSO-1 thru NSO-4 which contains the rules and rates governing the writing of our Nurses Professional Liability Program for the American Casualty Company of Reading, Pennsylvania.

The enclosed materials was prepared based upon the best judgment of our underwriting staff. The coverage afforded in this program is priced at competitive rate levels which, in our judgment, are adequate, not excessive, nor unfairly discriminatory.

The Nurses Professional Liability policies G-420, -A/G-42097-A are being simultaneously submitted under a separate letter.

If no effective date is specific at the head of this letter, we request the earliest effective date permitted by your regulations.

An extra copy of this letter is enclosed which we request you to stamp and return to us for our records.

Yours truly,

Judith Ann Rudy  
Paralegal I  
Law Department - 42S  
(312) 822-5498

JAR/cf/B2  
enclosures



## NURSES PROFESSIONAL LIABILITY

### FILING MEMORANDUM RULES & RATES

Professional Liability Coverage for the Nursing Profession has been available for quite some time. However, due to very limited demand for the coverage by the insuring public, the market for such coverage is relatively small. Up until recently, nurses have relied upon the supervising physician for protection; since he gave the instructions or prescribed the medicine, he would be held responsible in the event of a malpractice situation.

As the general public has become more willing to bring suit, nurses have heightened their awareness about exposure to direct action against them for malpractice. At the same time, situations have arisen where the nurse and supervising physician are at adversary positions in the course of a legal action. These and other factors have combined to materially increase the demand for Professional Liability Coverage.

American Casualty Company of Reading, Pennsylvania has been asked to consider becoming an alternative market to those currently providing Professional Liability Coverage for this class of insureds. Based upon the best judgement of our underwriting staff, we have prepared the enclosed materials. The coverage afforded in this program is priced at competitive rate levels which, in our judgement, are adequate, not excessive, nor unfairly discriminatory.

The Company will maintain and monitor separate experience for this program.

## **I. COMMON GENERAL RULES**

### **A. APPLICATION OF MANUAL**

This manual provides rules, rates, and premiums for the Nurses Malpractice Liability. Any exceptions are contained in the respective State Pages.

### **B. REFER TO COMPANY**

Each nurse shall be individually written in accordance with the rules. Refer to the Company for:

1. Nurse Practitioners or Nurse Anesthetists; Physician Assistants; Professional Midwives;
2. X-ray therapy; or
3. Any unusual circumstance.

### **C. POLICY TERM**

Policies may be written for an annual term and renewed annually thereafter.

### **D. RATES**

All rates shown in this manual are for an annual period.

### **E. COVERAGE CHANGES - PREMIUM CHANGES**

Apply the rates and rules in effect on the effective date of the change. It shall be permissible to add Personal Injury Coverage during the policy term:

#### **a. Addition of Personal Injury Coverage**

If added during the first half of an annual policy term, the full annual premium shall be charged.

- b. If added during the second half of an annual policy term, one-half of the full annual premium shall be charged.

Rates are shown under V, Premium, Pages 3 and 4.

## 2. Mid-Term Increase in Policy Limit

- a. If requested during the first calendar year of term, 100% of the full annual premium shall be paid.
- b. If requested during the second calendar year of term, 75% of the full annual premium shall be paid.
- c. If requested during the third calendar year of term, 50% of the full annual premium shall be paid.
- d. If requested during the fourth calendar year of term, 25% of the full annual premium shall be paid.

Rates are shown under V, Premium, Part A, Table 1.

## F. POLICY CANCELLATIONS-RETURN PREMIUM

1. Cancellation of a mandatory coverage shall be subject to the following:
2. Compute return premium at the rate in effect at the time of cancellation.
3. Compute return premium pro rata with respect to the period of coverage for any reason.

## II. COVERAGES

### A. Mandatory coverages under this program are:

1. Professional Liability as a result of the supplying of professional services;
  2. Reimbursement for loss of time due to being required to appear in a civil suit;
  3. Payments for medical expenses incurred as a result of an accident;
  4. Comprehensive Personal Liability as a result of bodily injury or property damage.
5. It shall be permissible to provide personal injury coverage at the option of the insured.

## III. LIMITS OF LIABILITY

Limits of liability available under this program shall be:

**A. PLAN I - WITHOUT PERSONAL INJURY**

|                                     | <u>Basic Limits</u> | <u>Increased Limits</u> |
|-------------------------------------|---------------------|-------------------------|
| Professional Liability - Each Claim | \$ 500,000          | \$1,000,000             |
| - Aggregate                         | 1,000,000           | 2,000,000               |
| Personal Liability - Per Occurrence | 500,000             | 1,000,000               |
| Medical Payment - Each Person       | 500                 | 1,000                   |
| - Each Accident                     | 25,000              | 50,000                  |
| Defendant's Reimbursement - Per Day | 100                 | 100                     |
| - Per Suit                          | 1,000               | 1,000                   |

**B. PLAN II - WITH PERSONAL INJURY**

|                                     | <u>Basic Limits</u> | <u>Increased Limits</u> |
|-------------------------------------|---------------------|-------------------------|
| Professional Liability - Each Claim | \$ 500,000          | \$1,000,000             |
| - Aggregate                         | 1,000,000           | 2,000,000               |
| Personal Liability - Per Occurrence | 500,000             | 1,000,000               |
| Medical Payment - Each Person       | 500                 | 1,000                   |
| - Each Accident                     | 25,000              | 50,000                  |
| Defendant's Reimbursement - Per Day | 100                 | 100                     |
| - Per Suit                          | 1,000               | 1,000                   |
| Personal Injury - Per Claim         | 500,000             | 1,000,000               |
| - Aggregate                         | 1,000,000           | 2,000,000               |

**V. PREMIUMS**

At the rates shown under this program shall be as follows:

|                  | <u>Plan I</u> | <u>Plan II</u> |
|------------------|---------------|----------------|
| Basic Limits     | \$38          | \$44           |
| Increased Limits | 58            | 67             |

# WID-TERM ADDITIONAL PREMIUMS

## Additional Premiums

## Personal Injury

## Increased Limits

### Quarter

### Basic Limits

### Increased Limits

### Plan 1

### Plan 2

1st

\$6.00

\$6.00

\$6.00

2nd

6.00

6.00

6.00

3rd

3.00

3.00

3.00

4th

3.00

3.00

3.00



# CNA INSURANCE COMPANIES

CNA Plaza  
Chicago, Illinois 60685

APPROVED  
2/15/86  
SM

JAN 3 - 1986

Honorable John L. George  
Director of Insurance  
Pouch D  
Juneau AK 99811

RE: Nurses Professional Liability Program (I.D. 2148)  
R-6400-BL(1) Revised Manual Page NSO-2 for the Professional  
and Personal Liability Manual for the Nursing  
Profession  
AMERICAN CASUALTY COMPANY OF READING, PENNSYLVANIA - 218-20427

Dear Commissioner:

We submit revised Manual Page NSO-2 which contains the rules governing the writing of our Nurses Professional Liability Program. This page, upon approval, replaces the like-numbered page filed under our identification numbered R-6400-BL.

The only change is the addition of Rule F. Installment Charge, which give the Insured the option of paying the annual premium in installments.

We request an effective date of February 1, 1986 or the earliest permitted thereafter by your regulations.

An extra copy of this letter is enclosed which we request you to stamp and return to us for our records.

Yours truly,

Judith Ann Rudy  
Paralegal I  
Law Department - 42S  
(312) 822-5498

JAR:do/D2  
Enclosures



# STATE OF ALASKA

## DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT

### DIVISION OF INSURANCE

BILL SHEFFIELD, GOVERNOR

POUCH D  
JUNEAU, ALASKA 99811  
PHONE: 465-2515

### Filing Approval Procedures

We generally do not stamp a filing "approved." After receipt of a filing, we send a copy stamped "received" back to the sender. A filing is deemed approved after the appropriate review period has expired (form filing - 30 days, rates and rules - 15 days). This review period commences upon receipt of the filing in this office as evidenced by the stamped transmittal letter which is returned to the company. The above procedure is also followed for deviations.

State of Alaska

Division of Insurance

CU/dg1/2019D  
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PROFESSIONAL AND PERSONAL LIABILITY MANUAL  
FOR THE NURSING PROFESSION

AMERICAN CASUALTY COMPANY OF READING, PA

2. Mid-Term Increase in Policy Limits of Liability

- a. If requested during the first quarter of an annual policy term, 100% of the full annual premium shall be charged.
- b. If requested during the second quarter of an annual policy term, 75% of the full annual premium shall be charged.
- c. If requested during the third quarter of an annual policy term, 50% of the full annual premium shall be charged.
- d. If requested during the fourth quarter of an annual policy term, 25% of the full annual premium shall be charged.

Rates are shown under V, Premium, Pages 3 and 4.

F. INSTALLMENT CHARGE

The Insured shall be given the option of paying the annual premium in installments. For each installment, a \$1.00 charge shall be added to the installment premium. No installment charge shall be made if the total annual premium is paid on the first installment.

G. POLICY CANCELLATIONS-RETURN PREMIUM CHANGES

1. Deletion of a mandatory coverage is not permitted.
2. Compute return premium at the rates used to calculate the policy premium.
3. Compute return premium pro rata when a policy is cancelled for any reason.

II. COVERAGE

A. Mandatory coverages under this program are:

1. Professional Liability as a result of the supplying or failure to supply professional services;
2. Defendants Reimbursement for loss of time due to being required to attend a civil suit;
3. Medical Payments for medical expenses incurred as a result of an accident;
4. Comprehensive Personal Liability as a result of bodily injury or property damage.

B. It shall be permissible to provide personal injury coverage at the option of the insured.

III. LIMITS OF LIABILITY

Limits of liability available under this program shall be:

# CNA INSURANCE COMPANIES

CNA Plaza, Chicago, Illinois 60685

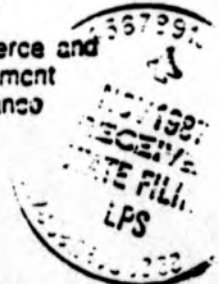
OCT 29 1987

Honorable John L. George  
Director of Insurance  
Pouch D  
Juneau, AK 99811

RECEIVED

NOV 03 1987

Department of Commerce and  
Economic Development  
Division of Insurance



RE: Nurses Professional Liability Program (I.D. 3289)  
R-6400-BL(2) Manual Page NSO-5 for the Professional  
and Personal Liability Manual for the  
Nursing Profession  
AMERICAN CASUALTY COMPANY OF READING, PA 218-20427

Dear Commissioner:

We submit the captioned manual page for incorporation into our Professional and Personal Liability Manual for the Nursing Profession. This manual was filed and approved for use in your state under our identification number R-6400-BL.

This page increases the Defendants Reimbursement Limits appearing in Section III from \$100 per day to \$150 per day and \$1,000 per suit to \$4,000 per suit. This change in limits is being made with no change in rates.

We request the earliest effective date permitted by your regulations.

An extra copy of this letter is enclosed which we request you to stamp and return to us for our records.

Yours truly,

Judith Ann Rudy  
Paralegal I  
Law Department - 42S  
(312) 822-5498

JAR/ej/C2  
Enclosures

**CNA**

For All the Commitments You Make

# STATE OF ALASKA

## DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT

### DIVISION OF INSURANCE

STEVE COWPER, GOVERNOR

P.O. BOX D  
JUNEAU, ALASKA 99811-0800  
PHONE: (907) 465-2515



DATE: August 18, 1987  
TO: Insurers Filing Rates and Forms  
FROM: John L. George, Director  
Division of Insurance  
SUBJECT: Rate and Form Filing Approval Policy

Rates and forms filed are deemed approved after the time period set in Alaska Statutes has run, unless we notify you the filing is held for more information or we disapprove it. The applicable time period for rates is 15 days; for forms, 30 days. The time periods begin the date the filing is stamped "received" in our division. That day is not counted as part of the applicable period. Most rates and forms are approved by this "deemer" system.

If the timing of your use of a rate or form is critical, please request express approval. If approved, that filing will be stamped "approved" and a copy returned to you. Please feel free to request a letter of approval if you have a special need for it. Please telephone the Market Section at the above number if questions arise.

JLG/mst6422m  
081887a

**AND PERSONAL LIABILITY MANUAL**

**THE NURSING PROFESSION**

**CASUALTY COMPANY OF READING, PA**

**V. DEFENDANT'S REIMBURSEMENT LIMIT OF LIABILITY**

The limits of liability available under this program for defendant's reimbursement appearing in Section III. of this manual are withdrawn and replaced with the following:

|                                   | <u>Basic Limits</u> | <u>Increased Limits</u> |
|-----------------------------------|---------------------|-------------------------|
| Defendant's Reimbursement-per day | \$ 150              | \$ 150                  |
| -per suit                         | 4,000               | 4,000                   |

**PROFESSIONAL LIABILITY MANUAL  
FOR THE NURSE MIDWIFE PROFESSION**

**AMERICAN CASUALTY COMPANY OF READING PA.**

**H. PREMIUM PAYMENT PLAN**

The insured shall be given the option of paying the annual premium in installments. The premium payment options available include annual and quarterly installments.

**II. COVERAGE**

Coverage under this policy is described in the Coverage Part. Mandatory coverages under this program are:

- A. Professional Liability as a result of supplying or failure to supply professional services;
- B. Defendants Reimbursement for loss of time due to being required to attend a civil suit.

**III. LIMITS OF LIABILITY**

Limits of Liability available under this program shall be:

- A. \$ 250,000 Each Claim/\$ 250,000 Aggregate
- B. 500,000 Each Claim/ 500,000 Aggregate
- C. 1,000,000 Each Claim/ 1,000,000 Aggregate

Defendants Reimbursement of \$150.00 per day/ \$4,000 per suit.

**IV. PREMIUM**

**Claims-Made Rates**

| Limits<br>(000) | Full Time Step Rate* |       |       |       |       |
|-----------------|----------------------|-------|-------|-------|-------|
|                 | 1                    | 2     | 3     | 4     | 5     |
| 250/250         | 2,556                | 3,067 | 3,578 | 4,090 | 4,601 |
| 500/500         | 2,996                | 3,595 | 4,194 | 4,793 | 5,392 |
| 1,000/1,000     | 3,407                | 4,088 | 4,770 | 5,451 | 6,133 |

\*Defendants Reimbursement premium is included.

- A. For part time, apply 50% of the appropriate rate.
- B. For students, apply 10% of the appropriate rate.

**PROFESSIONAL LIABILITY MANUAL  
FOR THE NURSE MIDWIFE PROFESSION**

**AMERICAN CASUALTY COMPANY OF READING PA.**

**V. EXTENDED REPORTING PERIOD COVERAGE**

- A. The factors in the following Table shall be applied to the mature claims-made rate in the year coverage is being purchased.

| Years of<br>Prior Claims<br>Made Coverage | Installment Factors |          |          | Prepaid<br>Factors |
|-------------------------------------------|---------------------|----------|----------|--------------------|
|                                           | 1st year            | 2nd year | 3rd year |                    |
| 1                                         | .53                 | .33      | .30      | 1.07               |
| 2                                         | .80                 | .48      | .45      | 1.61               |
| 3                                         | .92                 | .56      | .52      | 1.86               |
| 4 or more                                 | .99                 | .60      | .56      | 2.00               |

- B. The availability of Extended Reporting Period coverage shall be governed by the following rules, subject to underwriting approval.
1. The available Limits of Liability shall not exceed those afforded under the current claims-made policy.
  2. Reporting periods shall be rounded to the nearest year. The first six months of a policy year will encompass the first year; the second six months of a policy year will be incorporated as the second year.
  3. The Date of coverage with this Company will determine eligibility for Extended Reporting Coverage at no charge in the event of death, disability, or retirement.
  4. Extended Reporting coverage will be available to all nurse midwives.
  5. Should an insured terminate coverage under this policy, the insured may purchase Extended Reporting Coverage. The insured is eligible for this coverage provided:
    - a. The insured requests Extended Reporting Period coverage within 60 days of policy termination; and
    - b. Premium is paid promptly when due. Premium may be paid in advance, or in three annual installments.