

ALASKA LEGISLATURE SPECIAL COMMITTEE / SUBJECT FILE 8672
1730 SCOMM 69: HOUSE LIABILITY INSURANCE TASK FORCE, 1989-1990₂₉₈

- mimeo, 1980); Editors, *Duke Law Journal*, "Comment: An Analysis of State Legislative Responses to the Medical Malpractice Crisis," in *Medical Malpractice: The Duke Law Journal Symposium* (Cambridge, Mass.: Ballinger, 1977), pp. 241-92; B. J. Jacobs, "Overview of State Legislation Pertaining to Professional Liability of Physicians," *Clinical Obstetrics and Gynecology* 20 (March 1977): 25-54; S. Law and S. Polan, *Pain and Profit: The Politics of Malpractice* (New York: Harper and Row, 1978); A. J. Lipson, *Medical Malpractice: The Response of Physicians to Premium Increases in California* (Santa Monica, Calif: Rand Corporation, #R-2026-PSEC, November 1976); Medical Liability Commission, *Legislative Index for Health Services Research* (Rockville, Md.: U.S. National Center for Health Services Research, December 1976); M. H. Redish, "Legislative Response to the Medical Malpractice Insurance Crisis: Constitutional Implications," *Texas Law Review* 55 (May 1977): 759-800; R. E. Stromberg, "Case Law Update" (San Francisco: National Health Lawyers Association, mimeo, May 1979); D. G. Warren and R. Merritt, eds., *A Legislator's Guide to the Medical Malpractice Issue* (Washington, D.C.: Georgetown University, Health Policy Center, 1976).
1. *Medical World News*, "New York State Doctors are Threatened with Staggering Increases in Malpractice Premiums," 25 May 1981, pp. 18-19.
 2. According to American Medical Association, *SMS Report* (Vol. 1, October 1982), malpractice premiums did not rise in real terms between the mid-1970s and the early 1980s. Also see E. K. Adams and S. Zuckerman, "Variation in the Growth and Incidence of Malpractice Claims," *Journal of Health Politics, Policy and Law* 9 (Fall 1984): 475-488.
 3. See, for example, C. L. Rosenberg, "Why a New Malpractice Crisis is Coming," *Medical Economics*, 28 April 1980, pp. 109-14; and *Medical World News*, 1981.
 4. Greenspan, "A Descriptive Analysis," p. 66.
 5. U.S. Department of Health, Education, and Welfare, *Medical Malpractice Claims* (Washington: U.S. Department of Health, Education, and Welfare, Pub. No. HCFA-02108, 20 October 1978), Table 4-18; S. R. Henderson, "The Malpractice Insurance Situation and its Effects on Medical Practice," in *Profile of Medical Practice*, 1978, ed. J. C. Gaffney (Chicago: American Medical Association, 1979), p. 10; and American Medical Association, *SMS Report*.
 6. The source is unpublished data from Nancy Greenspan, Health Care Financing Administration; premiums are for a "standard" \$100,000/\$300,000 policy.
 7. See, especially, All Industry Medical Malpractice Insurance Committee, "The Problems of Insuring Medical Malpractice" (Hartford, Conn.: Aetna Life and Casualty, mimeo, November 1975); and Kendall, "Expectations."
 8. M. W. Reder, "Medical Malpractice: An Economist's View," *American Bar Foundation* 1976 (No. 2, 1976): 511-63.
 9. Ibid.; and M. W. Reder, "An Economic Analysis of Malpractice," *Journal of Legal Studies* 5 (No. 2, 1976): 267-93. Although the direction of effect cannot be determined a priori, there are strong conceptual arguments for including per capita income. The role of operations per surgeon is much less clear. Since most suits may be traced to care rendered in the hospital, and a high proportion to surgery in particular, there is reason for including a variable representing hospital and/or surgical activity. See M. H. Rudov, T. I. Myers, and A. Mirabella, "Medical Malpractice Insurance Claims Files Closed in 1970," in *Appendix to Report of the Secretary's Commission on Medical Malpractice* (Washington, D.C.: U.S. Government Printing Office, DHEW Pub. No. (OS) 73-89, 16 January 1973), pp. 1-25; and U.S. Department of Health, Education, and Welfare, *Medical Malpractice Claims*, several tables. However, the ratio of operations to surgeons may be high in states with few operations but with even a greater scarcity of surgeons. Also, since practice seems to make perfect, a high workload may be associated with higher rather than lower quality. See, for example, A. B. Flood, W. R. Scott, and W. Ewing, "Does Practice Make Perfect? Part I: The Relationship Between Hospital Volume and Outcome or Selected Diagnostic Categories," *Medical Care* 22 (February 1984): 98-114.
 10. R. Feldman, "Determinants of Medical Malpractice Incidents: Theory of Contingency Fees and Empirical Evidence," *Atlantic Economic Journal* 7 (July 1979): 59-65.
 11. Both Reder and Feldman took their legal variables from S. Dietz, C. B. Baird, and L. Berul, "The Medical Malpractice Legal System," in *Appendix to Report of the Secretary's Commission on Medical Malpractice*, pp. 87-167.
 12. J. F. Hastings, "Medical Malpractice Background Papers," in *An Overview of Medical Malpractice*, 94th Congress, U.S. House of Representatives, Committee on Interstate and Foreign Commerce (Washington, D.C.: U.S. Government Printing Office, 17 March 1975), pp. 3-49; All Industry Medical Malpractice Insurance Committee, "Problems of Insuring Medical Malpractice"; Law and Polan, *Pain and Profit*; P. Munch, "Causes of the Medical Malpractice Insurance Crisis: Risks and Regulations," in Rottenberg, ed., *The Economics of Medical Malpractice*.
 13. Law and Polan, *Pain and Profit*, p. 171.
 14. See, for example, Rosenberg, "Why a New Malpractice Crisis."
 15. See, for example, American Medical Association, "Selected Important Court Decisions."
 16. Editors, *Duke Law Journal*, "Comment"; and Editors, *Northwestern Law Review*, "The Application of Res Ipsa Loquitur in Medical Malpractice Cases," *Northwestern Law Review* 60 (January-February 1966): 852-75.
 17. Editors, *Duke Law Journal*, "Comment," p. 252; American Medical Association, "Selected Important Court Decisions."
 18. U.S. Department of Health, Education, and Welfare, *Medical Malpractice Claims*, p. v-7.
 19. All Industry Medical Malpractice Insurance Committee, "Problems of Insuring Medical Malpractice."
 20. U.S. Department of Health, Education, and Welfare, *Medical Malpractice Claims*, p. v-6.
 21. Exceptions are listed in Editors, *Duke Law Journal*, "Comment," pp. 254-5.
 22. See, for example, Dietz, Baird, and Berul, "Medical Malpractice Legal System"; and American Surgical Association, "Statement on Professional Liability, September 1976," *New England Journal of Medicine* 295 (2 December 1976): 1292-6.
 23. Feldman, "Determinants of Medical Malpractice Incidents."
 24. Editors, *Duke Law Journal*, "Comment," p. 268.
 25. American Medical Association, *State Health Legislation Report*, p. 4.
 26. Abraham, "Medical Malpractice Reform."
 27. American Medical Association, *State Health Legislation*.
 28. For further discussion, see Abraham, "Medical Malpractice Reform."
 29. Recent court cases are listed in American Medical Association, "Selected Important Court Decisions." See A. R. Holder, *Medical Malpractice Law*, 2nd Edition (New York: John Wiley and Sons, 1978), pp. 403-18, for a description of screening panels.
 30. Abraham, "Medical Malpractice Reform."
 31. Ibid., p. 577. Arbitration panels may in fact be more lenient. See W. Wadlington, "Alternatives to Litigation, IV: The Law of Arbitration in the U.S.," in *Appendix to Report of the Secretary's Commission on Medical Malpractice*, pp. 346-423. More favorable empirical evidence on cost-effectiveness of arbitration is presented in D. H. Heintz, "Arbitration of Medical Malpractice Claims: Is It Cost Effective?" *Maryland Law Review* 36 (1977): 533-65. Arbitration has encountered opposition from trial lawyers. See C. L. Rosenberg, "Which Malpractice Reforms Protect You Best?" *Medical Economics*, 28 April 1980, pp. 148-67.
 32. Redish, "Legislative Response."
 33. See American Medical Association, *State Health Legislation Report*, p. 10.
 34. R. W. Rhein, "Malpractice: Grim Outlook for '76," *Medical World News*, 12 January 1976, pp. 71-83.
 35. See American Medical Association, *State Health Legislation Report*, p. 11; and *Medical World News*, "Malpractice '77: 50-State Picture Improves," 10 January 1977, pp. 21-3.
 36. See Reder, "An Economic Analysis"; Reder, "Medical Malpractice"; and Feldman, "Determinants of Medical Malpractice Incidents."
 37. The state index is described in F. A. Sloan, "Physician Supply Behavior in the Short Run," *Industrial and Labor Relations Review* 28 (July 1975): 549-69.
 38. Premium data came from the Telephone Survey of Malpractice Insurance Companies conducted by the Health Care Financing Administration. See Greenspan, "A Descriptive Analysis," for a brief description of the Survey. The first figure of the liability limit (\$100,000 above) represents the annual limit per case; the second is the annual limit for all cases against the provider.
 39. See F. A. Sloan and J. Lorant, "The Allocation of Physicians' Services: Evidence on Length-of-Visit," *Quarterly Review of Economics and Business* 16 (Autumn 1976): 85-103; and F. A. Sloan and J. Lorant, "The Role of Waiting Time: Evidence from Physicians' Practices," *Journal of Business* 50 (October 1977): 486-507.
 40. It is also true that utilization rates rise. To the extent that some "unnecessary" care is given, patients may be more likely to sue.

43. Feldman's index is similar to Roder, "Medical Malpractice."
44. "Legislative Response" variables are based on sources listed in Note 2 above.
45. The correlations are presented in Vanderbilt University, *Analysis of Survey Data on Physician Practice Costs and Incomes* (Nashville: Vanderbilt University, Health Policy Center, 1981, Final Report, Contract No. HCFA 500-78-0018 with the U.S. Health Care Financing Administration), p. 180.
46. Since Y through MDPOP are all continuous variables, associated coefficients are elasticities.
47. Many observers at the time were quite optimistic. See, for example, C. E. Welch, "Medical Malpractice," *New England Journal of Medicine* 292 (26 June 1975): 1372-76.
48. The 1970 data were used in Feldman, "Determinants of Malpractice Incidents." I am grateful to Roger Feldman for making these data available for my study.

State Rates of Cost of Malpractice

John Holahan

Abstract. The business of different states has considerable evidence that nursing-home costs are found to have low consistent differences in efficiency incentives appear to be very important in prospective systems high percentile cost of inflation inherent weaknesses offset by low per-

Introduction

Financing nursing care and needing care are more than double billion to \$24.2 18.6 percent from purpose of this nursing-home costs.

Of the two purposes of care—Medicaid effect on costs of reimbursement rate of change in percent of the cost influence on the considerable influence on the industry as a

In order to analyze

*Journal of Health Politics,
Policy and Law*

SCOMM

69:B12

RATES

- 1) Memo: 10/13/1989 To: James Jordan From: Don Koch
- 2) Memo: 09/01/1989 To: Paul Roller From: Don Koch
- 3) Memo: 11/07/1989 To: James Jordan From: Stan Garlington
- 4) Letter: 11/06/1989 To: Sam Cotten From: Thomas Porterfield
- 5) Alaska Rate Structure for Design Professionals, Landscape Architects,
and Land Surveyors
- 6) Letter: 01/19/1990 To: Julie Krafft From: Thomas Porterfield
- 7) How Your Professional Liability Insurance Premium is Determined -
James Farber
- 8) Letter: 08/15/1988 To: Paul Roller From: Judith Ann Rudy
- 9) Filing Memo
- 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
- 13) Proposed Gross Tail Premiums
- 14) Letter: 01/19/1987 To: Gary Gandy From: David Fraizer
- 15) Letter: 11/13/1989 To: David Rogers From: Art Stanford
- 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

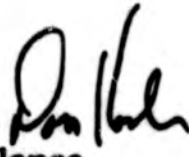
DATE: October 13, 1989

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 Approved	Ques- tioned	Dis- approved	With- 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 *SG*

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.



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 Per Claim/Aggregate	Deductible 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 Per Claim/Aggregate	Deductible 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

BOARD OF GOVERNORS:

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Penny Chmielewski, Risk Management Coordinator
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MICA Medical Indemnity
Corporation of Alaska
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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 \$1,000,000/\$3,000,000 *
CLASS 0				
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
CLASS 1				
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
CLASS 1-A				
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
CLASS 2				
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
CLASS 2-A				
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 \$1,000,000/\$3,000,000 *
CLASS 2-C				
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
CLASS 3				
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
CLASS 4				
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
CLASS 4-A				
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
CLASS 5				
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.

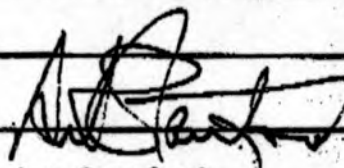
• Retroactive dates and renewal premium apply to 2nd through 5th year annual renewal. First year physicians are subject to first year rates.

• 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 TRANSMITTALDATE: 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, 200,000 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^{AL} PREMIUMS

Physicians and Surgeons

1/1/90, 200/600 LIMITS

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

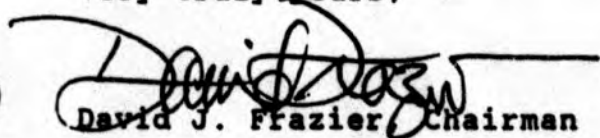
a) MICA will allow its insured hospitals up to 02/28/87 to comply with its requirement that all staff physicians be insured as a prerequisite to renewal.

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

November 13, 1989

David Rogers
Attorney at Law
Box 33932
Juneau, AK 99803

Reference: MICA Policy: Uninsured Hospital Staff Physician Endorsements

Dear Dave:

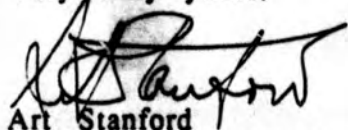
It was certainly a pleasure meeting you last Tuesday at the Westmark in Juneau and I'm sure we will have many more conversations in the months ahead.

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
Medical Indemnity Corporation of Alaska <i>[Signature]</i> Chairman		Secretary <i>[Signature]</i>	
		Countersignature - Authorized Representative	

ENDORSEMENT

UNDERINSURED/UNINSURED PHYSICIAN ENDORSEMENT

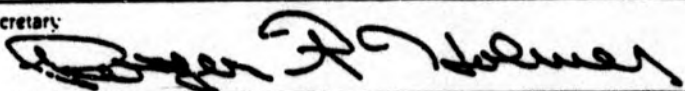
It is agreed that this policy is being issued in reliance upon all staff physicians having filed evidence of current medical malpractice insurance at minimum of \$500,000.00 per occurrence.

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
Medical Indemnity Corporation of Alaska  Chairman		Secretary: 	
		Countersignature - Authorized Representative	

MICA

Medical Indemnity
Corporation of Alaska

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 CLASSIFICATIONS	FIRST YEAR RATES RETROACTIVE DATES: 01/01/89 OR LATER		SECOND YEAR RATES RETROACTIVE DATES: 01/01/88 - 12/31/88		THIRD YEAR RATES RETROACTIVE DATES: 01/01/87 - 12/31/87		FOURTH YEAR RATES RETROACTIVE DATES: 01/01/86 - 12/31/86		FIFTH YEAR RATES RETROACTIVE DATES: 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 CLASSIFICATIONS	FIRST YEAR RATES RETROACTIVE DATES: 01/01/89 OR LATER		SECOND YEAR RATES RETROACTIVE DATES: 01/01/88 - 12/31/88		THIRD YEAR RATES RETROACTIVE DATES: 01/01/87 - 12/31/87		FOURTH YEAR RATES RETROACTIVE DATES: 01/01/86 - 12/31/86		FIFTH YEAR RATES RETROACTIVE DATES: 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 CLASSIFICATIONS	FIRST YEAR RATES RETROACTIVE DATES: 01/01/89 OR LATER		SECOND YEAR RATES RETROACTIVE DATES: 01/01/88 - 12/31/88		THIRD YEAR RATES RETROACTIVE DATES: 01/01/87 - 12/31/87		FOURTH YEAR RATES RETROACTIVE DATES: 01/01/86 - 12/31/86		FIFTH YEAR RATES RETROACTIVE DATES: 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

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: 5,000,000 Each Claim / 5,000,000 Annual Aggregate

DOCTORS COVERAGE CLASSIFICATIONS	FIRST YEAR RATES RETROACTIVE DATES: 01/01/89 OR LATER		SECOND YEAR RATES RETROACTIVE DATES: 01/01/88 - 12/31/88		THIRD YEAR RATES RETROACTIVE DATES: 01/01/87 - 12/31/87		FOURTH YEAR RATES RETROACTIVE DATES: 01/01/86 - 12/31/86		FIFTH YEAR RATES RETROACTIVE DATES: 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 CLASSIFICATIONS	LIMITS 1 500,000/1,500,000		LIMITS 2 1,000,000/3,000,000		LIMITS 3 2,000,000/4,000,000		LIMITS 4 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.

6250 Claremont Avenue, Oakland, California 94618-1324
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

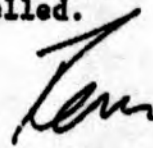
This is in response to a telephone inquiry from Julie regarding tail coverage.

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~~ ^{from} 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

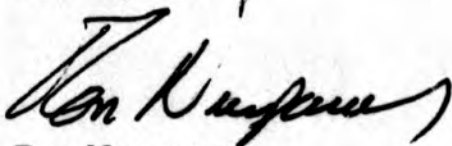
**RE: NAIC CODE 32433 MEDICAL INSURANCE EXCHANGE OF CALIFORNIA
PHYSICIANS AND SURGEONS PROFESSIONAL LIABILITY RATE
FILING - EFFECTIVE AUGUST 1, 1989**

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 Class Differential</u>	<u>Proposed Class Differential</u>	<u>Percent 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 Base Class Basis	77.880	99.979	141.729	181.425
5) Pure Premium Untrended 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 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 Total	Basis 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 Base Class Basis	220.092	300.063	395.957	471.365	427.907		
5) Pure Premium Untrended 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 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)×(2)

13) [(7)×(8)×(10)×(11)]/[(9)×(12)]

5) (3)/(4)

15) [(13)/(14)]-1.0]×100

7) (5)×(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 Period (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 Period (Lag)	Report Year					Average 1981- 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

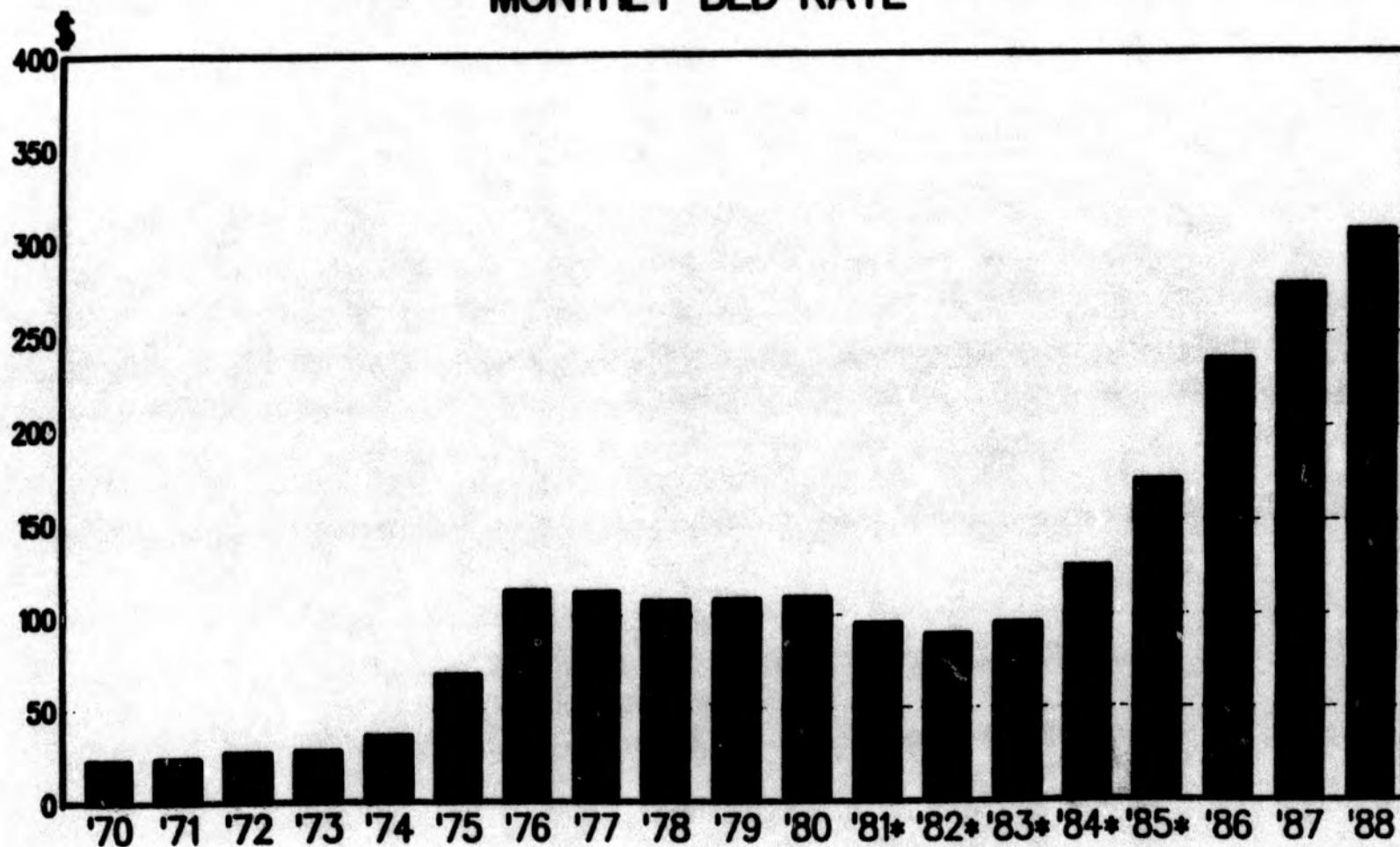
Current Average Differential: 2.663

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



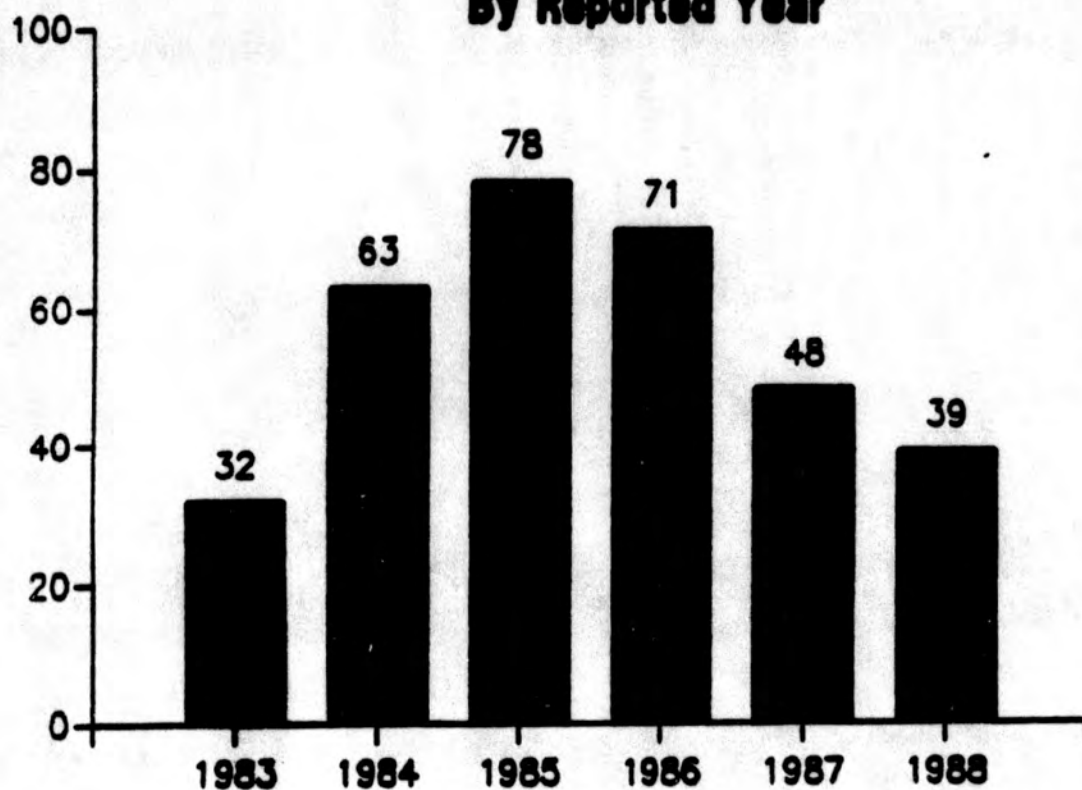
Annual Rate Of Growth = 14.1%

* 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

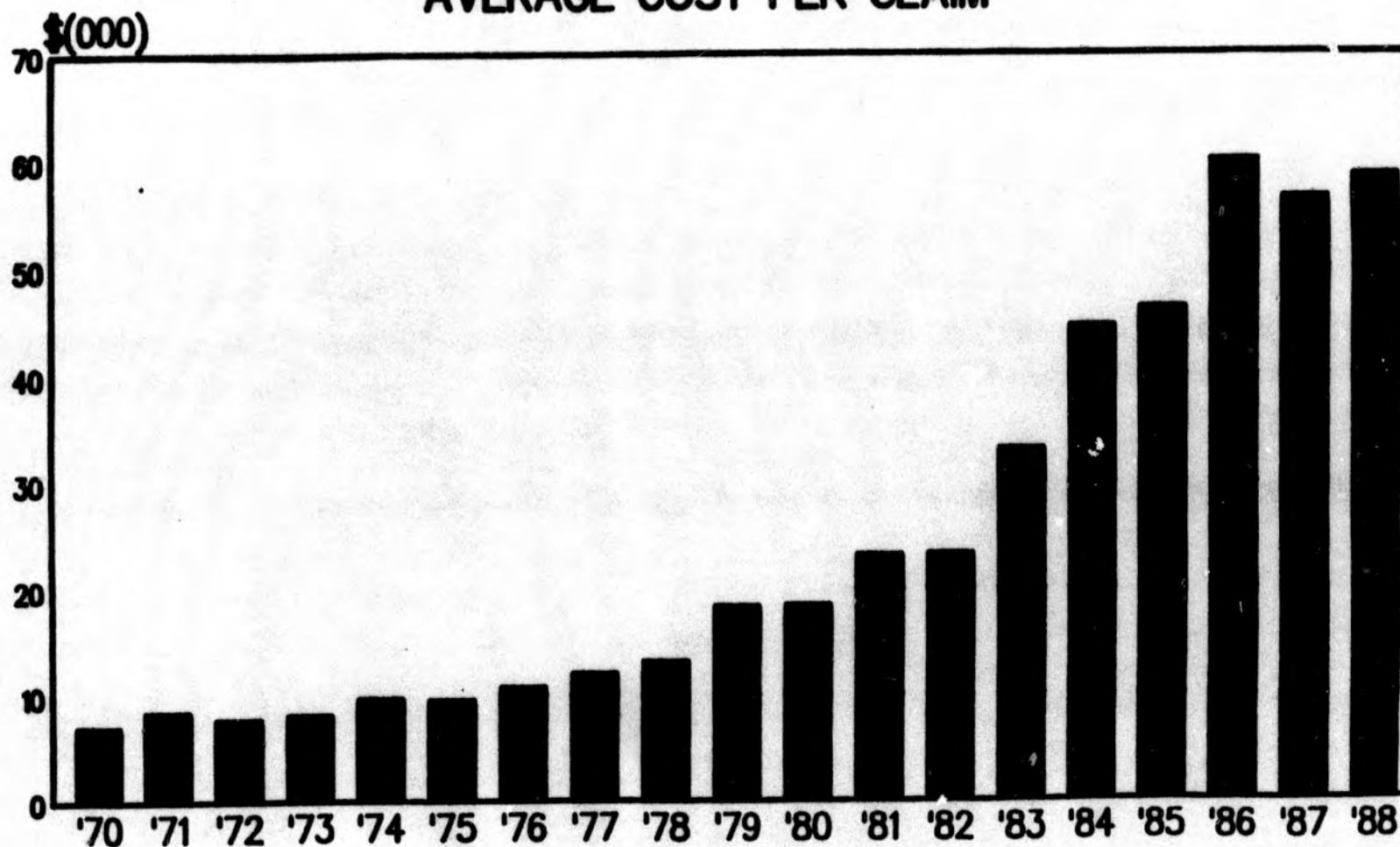
CLAIMS



REPORTED YEAR

Chart 2

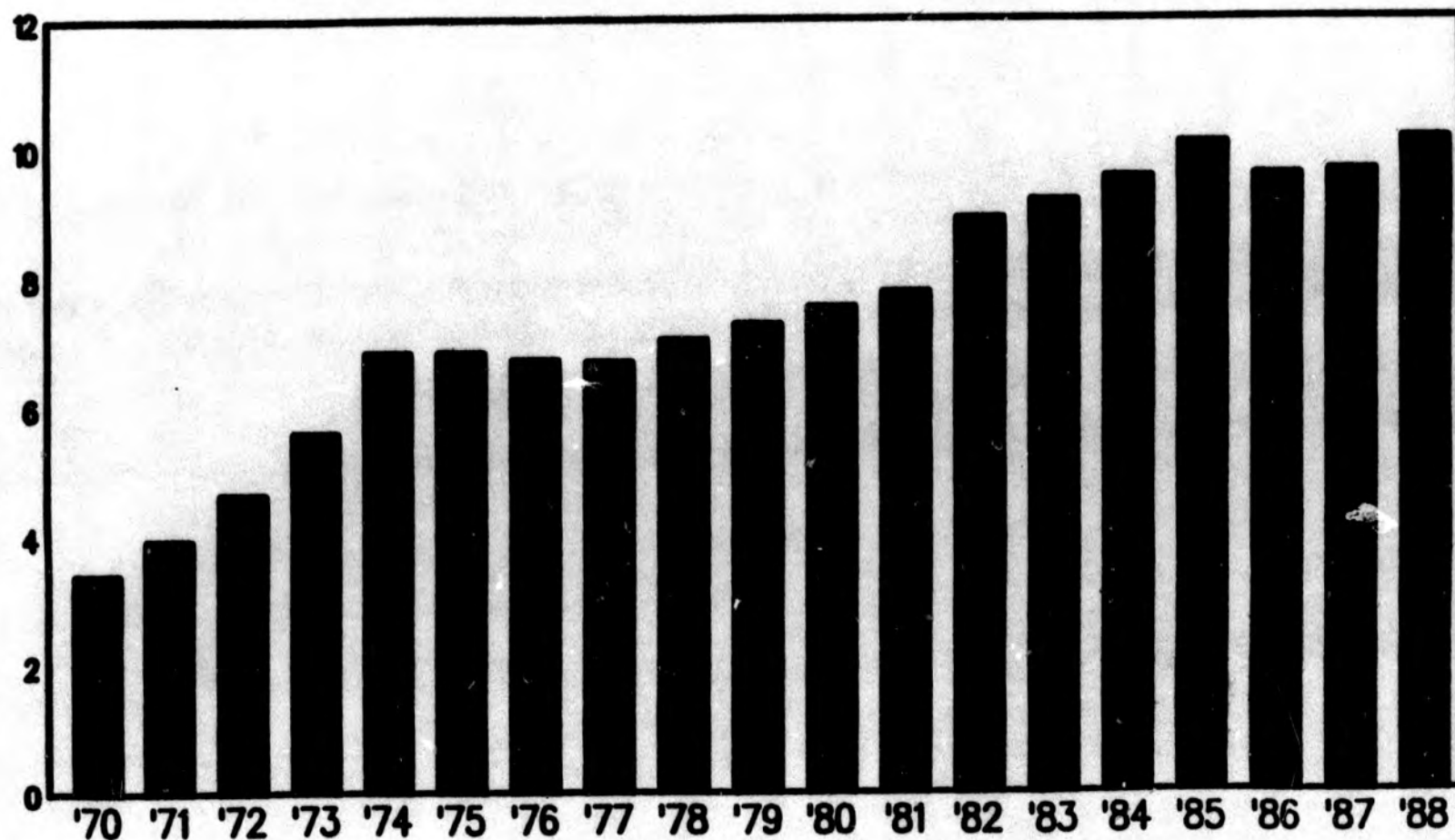
CALIFORNIA HOSPITALS
Professional Liability Insurance - 1st MM
AVERAGE COST PER CLAIM



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.

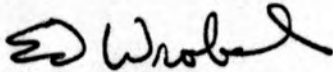
For your information, we have enclosed as Exhibit 4, our letter dated April 7, 1989 to Mr. Ron Neupauer regarding physician and surgeon classifications.

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 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 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

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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

Accident 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 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
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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

Accident 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 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

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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 to Ultimate (Months)	Simple Average of Latest 12:	Simple Average of Latest 5:	Simple Average of Latest 3:	Latest 5 Volume Weighted:	Latest 3 Volume Weighted:	Comparison Factors - Total MIEC	Selected 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	2.289	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+

+ SELECTED

5/ 8/1989
1:20 pm

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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 to Ultimate (Months)	Simple Average of Latest 12:	Simple Average of Latest 5:	Simple Average of Latest 3:	Latest 5 Volume Weighted:	Latest 3 Volume Weighted:	Comparison Factors - Total MIEC	Selected 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+

+ SELECTED

5/ 8/1989
1:20 pm

OSCARpc 3.40
MIECA-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

Report 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 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

5/ 8/1989
1:21 pm

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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 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 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

5/ 8/1989
1:21 pm

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

Report 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

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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 to Ultimate (Months)	Simple Average of Latest 12:	Simple Average of Latest 5:	Simple Average of Latest 3:	Latest 5 Volume Weighted:	Latest 3 Volume Weighted:	Comparison Factors - Total MIEC	Selected 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+

+ SELECTED

5/ 8/1989
1:22 pm

OSCARpc 3.40
MIECR-3a

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 to Ultimate (Months)	Simple Average of Latest 12:	Simple Average of Latest 5:	Simple Average of Latest 3:	Latest 5 Volume Weighted:	Latest 3 Volume Weighted:	Comparison Factors - Total MIEC	Selected 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+

+ SELECTED

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