

SERFF Tracking Number: PCAG-125264569 State: Arkansas
Filing Company: PACO Assurance Company, Inc. State Tracking Number: AR-PC-07-025825
Company Tracking Number: AR-895-C
TOI: 11.0 Medical Malpractice - Claims Sub-TOI: 11.0003 Chiropractic
Made/Occurrence
Product Name: OUM Chiropractor Program
Project Name/Number: 2008 Rule Filing/

Filing at a Glance

Company: PACO Assurance Company, Inc.
Product Name: OUM Chiropractor Program
TOI: 11.0 Medical Malpractice - Claims
Made/Occurrence
Sub-TOI: 11.0003 Chiropractic
Filing Type: Rule

SERFF Tr Num: PCAG-125264569 State: Arkansas
SERFF Status: Closed State Tr Num: AR-PC-07-025825
Co Tr Num: AR-895-C
Co Status: Pending
State Status:
Reviewer(s): Betty Montesi, Edith Roberts, Brittany Yielding
Author: Latasha Knox-Campbell Disposition Date: 08/22/2007
Date Submitted: 08/17/2007 Disposition Status: Approved
Effective Date Requested (New): 01/01/2008
Effective Date Requested (Renewal): 01/01/2008
Effective Date (New):
Effective Date (Renewal):

General Information

Project Name: 2008 Rule Filing
Project Number:
Reference Organization:
Reference Title:
Filing Status Changed: 08/22/2007
State Status Changed: 08/17/2007
Corresponding Filing Tracking Number:
Filing Description:
EXPLANATORY MEMORANDUM
PACO Assurance Company, Inc.
OUM Chiropractor Program
Amendatory Rule Filing – State of Arkansas

Status of Filing in Domicile: Pending
Domicile Status Comments:
Reference Number:
Advisory Org. Circular:
Deemer Date:

With this filing we are submitting for your approval revisions to rating rules used with and previously approved for the OUM Chiropractor Program. A detailed description of each revision and/or new submission appears below. The requested effective date

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rendered during the period of the policy interruption.” Claims may still be reported during the leave of absence period. Without this endorsement, the insured’s option would be to cancel the policy altogether, purchase tail coverage, and then reapply for coverage upon his or her return to practice.

The maximum period of time for a Leave of Absence will be twelve months.

The Leave of Absence rule is being moved from the Coverage Change Request section (previously item I.E.3) to the Premium

Discounts section (now I.D.8), resulting in re-numbering of other items in those sections. Schedule Rating is now I.D.9; Locum Tenens

Coverage is now I.E.3.

3. Policy Cancellation

We are removing the language regarding consecutive non-payment of premium (Deleted: “A policyholder will be permitted two consecutive non-payment of premium cancellation notices. If it becomes necessary for a third consecutive cancellation notice, the cancellation notice will indicate the policy is being canceled for "Underwriting Reasons" and the coverage will not be reinstated.”)

This language could be construed so as to imply that a policy may cancel twice for non-payment of premium, and that reinstatement is automatic and guaranteed as long as payment is subsequently made. When a policy has been canceled for non-payment of premium, reinstatement will always be subject to a satisfactory underwriting review.

* We currently have an Arkansas Rating Manual Supplement Ed. 1-07 approved. None of the above changes to our rating manual

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affected this form. It is being attached to filing for "Informational Only" amending several of our manual rules.

Company and Contact

Filing Contact Information

Latasha Knox-Campbell, Regulatory Compliance Analyst
 110 WESTWOOD PLACE
 BRENTWOOD, TN 37027
 lcampbell@picagroup.com
 (615) 371-8776 [Phone]
 (615) 370-4803[FAX]

Filing Company Information

PACO Assurance Company, Inc.
 110 Westwood Place
 Brentwood, TN 37027
 (800) 251-5727 ext. [Phone]
 CoCode: 10222
 Group Code: 3504
 Group Name:
 FEIN Number: 36-3998471
 State of Domicile: Illinois
 Company Type:
 State ID Number:

Filing Fees

Fee Required? Yes
 Fee Amount: \$25.00
 Retaliatory? No
 Fee Explanation: PACO Assurance Company, Inc. \$25.00 - Total
 Per Company: No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
PACO Assurance Company, Inc.	\$25.00	08/17/2007	15161527

State Specific

Check_No: EFT
 Check_Amt: EFT
 Check_Rec: EFT

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Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Approved	Edith Roberts	08/22/2007	08/22/2007

Objection Letters and Response Letters

Objection Letters				Response Letters		
Status	Created By	Created On	Date Submitted	Responded By	Created On	Date Submitted
Pending Industry Response	Edith Roberts	08/17/2007	08/17/2007	Latasha Knox- Campbell	08/17/2007	08/17/2007

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Item Type	Item Name	Item Status	Public Access
Supporting Document	Uniform Transmittal Document-Property & Casualty	Approved	Yes
Supporting Document	NAIC Loss Cost Filing Forms (all P&C lines)	Approved	Yes
Supporting Document	NAIC loss cost data entry document	Approved	Yes
Supporting Document	Form PROMAL	Approved	Yes
Supporting Document	Form PRONOT	Approved	Yes
Supporting Document	AR Rating Manual Supplement Ed. 1-07	Approved	Yes
Rate	OUM Chiropractor Rating Manual Ed. 1-01-08	Approved	Yes

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Objection Letter

Objection Letter Status Pending Industry Response
Objection Letter Date 08/17/2007
Submitted Date 08/17/2007
Respond By Date

Dear Latasha Knox-Campbell,

This will acknowledge receipt of the captioned filing.

Please refer to pages 6 and 7, Section B 4 and B 9. Under AR Code Anno 23-79-306 (1-6), the basic 60 extended reporting period is mandatory and the optional must be put into force if requested and paid for by the insured for cancellation/terminations for ANY reason, including non payment of premium.

Please feel free to contact me if you have questions.

Sincerely,
Edith Roberts

Response Letter

Response Letter Status Submitted to State
Response Letter Date 08/17/2007
Submitted Date 08/17/2007

Dear Edith Roberts,

Comments:

Response 1

Comments: Ms. Roberts,

Thank you for your letter today.

I referenced AR Code 23-79-306 and compared it with our language that was previously approved amending our Extending Reporting Period. The reference to nonpayment of premium was removed by our Arkansas Rating Manual Supplement Ed. 1-07 attached to the Supporting Documentation Tab. We also include language that an automatic 60 day Extended Reporting Period is provided by the insurer.

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Rate/Rule Schedule

Review Status:	Exhibit Name:	Rule # or Page #:	Rate Action	Previous State Filing Number:	Attachments
Approved	OUM Chiropractor Rating Manual Ed. 1-01-08		Replacement	AR-PC-06020538	OUM Chiropractor Rating Manual (PACO) Ed. 1-01-08 (Revised 8-15-07).pdf

RATING MANUAL

FOR

CHIROPRACTIC PHYSICIAN

MALPRACTICE LIABILITY

(OUM Chiropractor Program)

CHIROPRACTIC UNDERWRITING MANUAL PROFESSIONAL LIABILITY

I. GENERAL RULES

This manual includes underwriting rules and regulations as they relate to underwriting for Chiropractic Physician Malpractice Liability.

A. INSURED CLASSIFICATION

1. Individual Chiropractor: Each chiropractor shall be individually written in accordance with these rules.
2. Partnership, Corporation or Professional Association: All owners in the entity must be insured with PACO and maintain the same Limits of Liability. There is no additional premium and the Limit of Liability is shared with the named insured. A separate limit of liability may be purchased for the corporation for an additional cost of 10% of total premium. The maximum charge would be 100% of the mature corresponding limit of liability and the minimum would be 10% of the professional liability premium being charged.
3. Chiropractic Medical Schools: Separate application and policy forms are available for institutional coverage to include interns, teaching staff and students.

B. POLICY TERM

Policies are written for a one year term and may be renewed annually thereafter. On exception, a short-term policy may be issued on a pro-rata basis and then renewed for an annual term thereafter.

C. PREMIUM COMPUTATION/ROUNDING TABLE

1. All premiums are for an annual period.
2. Computation of the premium at inception uses the premium in effect at the time. At each renewal, computation of the premium will be at the premium in effect at the time. If a claims-made policy, retroactive coverage may be provided to the insured's previous policy retroactive date (provided that the chiropractor's prior policy is a claims-made policy).
3. Each insured is rated in the state and/or territory where he or she practices more than 50% of the time.
4. Rounding to the nearest dollar amount is done at each step of the computation process, as opposed to rounding the final premium. (Round a premium involving \$.50 or over to the next higher whole dollar; less than \$.50 to the previous whole dollar.)

D. PREMIUM DISCOUNTS

1. License Date: PACO uses the license date as the reference date to be eligible for discounts. The license date is defined as the first date the chiropractor is eligible to practice chiropractic. We only use one date as the license date to reference discounts. The license date used to reference discounts is the first time a chiropractor ever becomes licensed to practice.

2. Employed: A chiropractor must be employed 100% of the time without ownership interest to receive a 25% employed discount. The insured cannot have any ownership interest and work for the corporation and receive the employed discount. It is pertinent to know who provides coverage for the employer.
3. New Practitioner: The first-year professional liability premium is reduced 75%, the second-year premium 50%, the third-year premium 35% and the fourth-year 20%. No finance charges will be applied to the first, second, third or fourth year. The insured's first licensure date must fall within 18 months of the insured's graduation date. .

The new practitioner discount will be allowed for applicants requesting retroactive coverage up to four years in practice.

4. Risk Management: We offer risk management discounts for insureds who attend certified seminars, complete approved home study courses, or fulfill other approved risk management educational objectives. The chiropractor can receive a 5% and/or 10% credit on their individual policy premium. The risk management discount will only be applied to the doctor's base premium. The maximum total risk management discount available per policy period is 15%. A 10% discount will be granted to new applicants who have completed either a risk management program which would have qualified for a risk management discount with their previous carrier or a continuing medical education program approved under applicable state law.
5. Semi-Retired: Premiums are reduced by 50%.

To qualify for this discount, the insured must be at least 55 years of age, must have been insured with PACO (or an affiliated company) for at least five years immediately prior to becoming semi-retired and must not practice more than 20 hours a week. Prior years of part-time status may be credited if verifiable from the practitioner.

6. Part-Time: To qualify for this discount, the insured must practice 1-10 hours to receive a 50% discount or 11-20 hours a week to receive a 25% discount.
7. Multiple Discounts: The practitioner will receive the greater of the classification discount that applies. For example an insured would receive a 50% semi-retired discount and not an employed chiropractor's discount. The total maximum discount available from the application of all discounts shall be 75%.
8. Leave of Absence: This endorsement gives a 75% discount to the insured and interrupts the policy for special circumstances. These include, but are not limited to, illness, childbirth, sabbatical leave, additional training and other situations as approved by the Underwriting Department. Maximum time for Leave of Absence is 12 months.
9. Schedule Rating: The following schedule of credits or debits may be used to modify premium for certain insureds, reflecting unique exposure present in those risks. These insureds may qualify for schedule rating because of factors not contemplated in the filed rate structure of the company. Pursuant to underwriting judgment, any or all of the following factors may be considered when assigning credits or debits. A combined maximum credit or debit of 25% may be applied to recognize risk characteristics that are not reflected in an otherwise applicable rate. Any credits or debits assigned under this plan are subject to annual review. Premiums may be modified based upon the following exposure and rating characteristics:

	<u>Credit</u>	<u>Debit</u>
Participation in risk management program	0-15%	N/A
Unusual risk characteristics	0-25%	0-25%
Claims free discounts	0-10%	N/A
Record keeping	0-10%	0-10%
Professional loss history/trends	N/A	0-25%
Group practice or association membership	0-20%	N/A

(N/A = not applicable)

E. COVERAGE CHANGE REQUEST

The premium and rules in effect on the effective date of change apply. Coverage may be increased or decreased at any time during the policy year. Premium changes will be computed on a pro-rata basis.

1. Endorsements: Policies involving corporation, partnership or professional association limits of liability must be consistent. Endorsements are not back dated unless coverage has been replaced and verified. Any change in coverage must be submitted in writing and signed by the named insured.
2. Retroactive Coverage (Claims-Made only): A copy of the applicant's current declaration page is required to verify the retroactive date. If retroactive coverage is not approved, the applicant will be advised that Optional Extension Coverage should be purchased from their previous carrier. A practitioner accepted on probation is not allowed retroactive coverage.
3. Locum Tenens Coverage: This coverage will be offered at no charge for periods of sixty days within any policy year, subject to underwriting approval of the replacement chiropractor.

F. RETURN PREMIUM POLICY

1. Deletion of a state mandated coverage is not permitted unless the entire policy is canceled.
2. Premium will be computed for policy cancellation utilizing the initial premium charged.
3. Return premium will be computed pro-rata by rounding to the next higher whole dollar when any coverage is deleted or an amount of insurance is reduced.
4. Premium of \$5.00 or less will be waived or returned to the insured if requested. This waiver only applies to cash exchange due on the endorsement effective date.
5. Return premium is sent to the "Named Insured" regardless of who makes the premium payment. In the event of death of an insured, the return premium is sent "To The Estate of"

G. POLICY CANCELLATION

1. Return premium is computed pro-rata and rounded to the next higher whole dollar when:
 - a. a policy is canceled by the company.
 - b. a policy is canceled by the insured because of retirement, disability or death.
(Notices are sent by certified mail to verify receipt of notification.)
2. Return premium is computed short-rate and rounded to the next higher whole dollar when:
 - a. a policy is cancelled by the insured.
 - b. a policy is cancelled for non-payment of premium
(Notices are sent by certified mail to verify receipt of notification.)

3. A policy canceled for non-payment of premium will not be reinstated unless the total amount of outstanding premium is received. If payment is received after the effective date of cancellation, the policy may be reinstated with a satisfactory underwriting review, and will be charged a \$50 reinstatement fee.
 - a. Cancellation for non-payment will not be effective for 10 working days. Postal holidays and weekends will extend the number of days.
 - b. Cancellation notice will be sent by certified mail return receipt requested.

II. INSURANCE COVERAGE

- A. This policy includes but is not limited to mandatory Chiropractic Professional Liability coverage as a result of providing or failing to provide professional services.
- B. Corporation Professional Liability
 1. Shared Limit of Liability at no additional charge when the Company insures all members of the corporation.
 2. Separate Limit of Liability is optional for an additional 10% of the total premium charged as a result of the net premium of each insured member of the corporation or partnership. The Company must insure all members of the corporation. The maximum charge will be 100% of the mature premium for the corresponding limit of liability and the minimum would be 10% of the professional liability premium being charged.
- C. Regulatory or Administrative Legal Defense Costs Endorsement
This endorsement expands the Chiropractor Professional Liability Policy to include a Legal and Audit Defense Cost Benefit on matters instituted against the insured for specified "covered proceedings" as defined in the endorsement. It will be included with all policies at no additional charge. Limits are \$25,000/\$25,000.
- D. Chiropractic Treatment of Animals Endorsement
This endorsement is available for an additional premium of \$500 per year. It modifies the policy to include limited coverage for the chiropractic treatment of animals. Limits are \$25,000/\$50,000.
- E. Chiropractic Externship Endorsement
This endorsement will be available for no additional premium. It modifies the policy to include coverage for chiropractic externs of the Named Insured. The name of each chiropractic extern will be indicated on the endorsement.

III. LIMITS OF LIABILITY

- A. \$ 100,000 Each Claim / \$ 300,000 Annual Aggregate
- B. \$ 200,000 Each Claim / \$ 600,000 Annual Aggregate
- C. \$ 250,000 Each Claim / \$ 750,000 Annual Aggregate
- D. \$ 500,000 Each Claim / \$1,000,000 Annual Aggregate
- E. \$ 500,000 Each Claim / \$1,500,000 Annual Aggregate
- F. \$1,000,000 Each Claim / \$1,000,000 Annual Aggregate
- G. \$1,000,000 Each Claim / \$3,000,000 Annual Aggregate

IV. EXTENDED REPORTING PERIOD COVERAGE (OPTIONAL EXTENSION COVERAGE)

A. The percentages in the following Table shall be applied to the mature claims-made premium (4th year premium) in the year coverage is being purchased.

<u>Years of Prior PACO (or affiliate) Claims-Made Coverage</u>	<u>Percentage of 4th Year Claims-Made Premium</u>
One	100%
Two	155%
Three	175%
Four or More	180%

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

1. Available Limits of Liability shall not exceed those afforded under the current claims-made policy.
2. Extended Reporting Period Coverage applies to claims first made against the insured immediately following the effective date of cancellation or non-renewal; but only by reason of alleged malpractice which occurred subsequent to the retroactive date and prior to the effective date of cancellation or non-renewal (and which is otherwise covered by this insurance).
3. Extended Reporting Period Coverage will be provided, with no additional premium due, in the event of death or permanent disability. Permanent disability must have existed continuously for not less than six months, have rendered the insured unable or incapable of practicing or continuing to practice, and expected to be continuous and permanent.
4. Extended Reporting Period Coverage will be available to all chiropractors insured under a claims-made policy except those who are canceled for non-payment of premium and/or non-compliance with the terms and conditions of the policy.
5. Should an insured terminate coverage, the insured may purchase Extended Reporting Period Coverage. The insured is eligible for this coverage provided:
 - a. The insured requests Extended Reporting Period Coverage within 30 days of policy termination and premium is paid.
 - b. The insured requests Extended Reporting Period Coverage within 30 days after the effective date of cancellation of the policy.
6. An insured who retires from practice will receive a 20% discount from the applicable Extended Reporting Period Coverage premium for each consecutive year with PACO (or an affiliated company). These discounts are reflected in the following Table.

<u>Consecutive Years with PACO</u>	<u>Discount Applicable To Extended Reporting Period Coverage Premium</u>
1	20%
2	40%
3	60%
4	80%
5	100%

7. Extended Reporting Period Coverage premium may be waived for policyholders who have been insured by PACO (or an affiliated company) for 5 years and enter full time academia.
8. Extended Reporting Period Coverage premium may be waived for policyholders who have been called to active duty by the United States Military.
9. In the event that the policy is canceled (for reasons other than nonpayment of premium or underwriting reasons) after 10 or more consecutive years of coverage, Extended Reporting Period Coverage shall be provided at no additional charge.

<i>SERFF Tracking Number:</i>	<i>PCAG-125264569</i>	<i>State:</i>	<i>Arkansas</i>
<i>Filing Company:</i>	<i>PACO Assurance Company, Inc.</i>	<i>State Tracking Number:</i>	<i>AR-PC-07-025825</i>
<i>Company Tracking Number:</i>	<i>AR-895-C</i>		
<i>TOI:</i>	<i>11.0 Medical Malpractice - Claims Made/Occurrence</i>	<i>Sub-TOI:</i>	<i>11.0003 Chiropractic</i>
<i>Product Name:</i>	<i>OUM Chiropractor Program</i>		
<i>Project Name/Number:</i>	<i>2008 Rule Filing/</i>		

Supporting Document Schedules

Satisfied -Name:	Uniform Transmittal Document- Property & Casualty	Review Status: Approved	08/22/2007
Comments:			
Attachment:	AR P&C Transmittal.pdf		
Bypassed -Name:	NAIC Loss Cost Filing Forms (all P&C lines)	Review Status: Approved	08/22/2007
Bypass Reason:	Not Applicable to this filing		
Comments:			
Bypassed -Name:	NAIC loss cost data entry document	Review Status: Approved	08/22/2007
Bypass Reason:	Not applicable to this filing		
Comments:			
Bypassed -Name:	Form PROMAL	Review Status: Approved	08/22/2007
Bypass Reason:	Not applicable		
Comments:			
Bypassed -Name:	Form PRONOT	Review Status: Approved	08/22/2007
Bypass Reason:	Not Applicable to this filing		
Comments:			
Satisfied -Name:	AR Rating Manual Supplement Ed. 1-07	Review Status: Approved	08/22/2007

Property & Casualty Transmittal Document

1. Reserved for Insurance Dept. Use Only	2. Insurance Department Use only a. Date the filing is received: b. Analyst: c. Disposition: d. Date of disposition of the filing: e. Effective date of filing: New Business Renewal Business f. State Filing #: g. SERFF Filing #: h. Subject Codes
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3. Group Name	Group NAIC #

4. Company Name(s)	Domicile	NAIC #	FEIN #	State #

5. Company Tracking Number	
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Contact Info of Filer(s) or Corporate Officer(s) [include toll-free number]

6.	Name and address	Title	Telephone #s	FAX #	e-mail

7. Signature of authorized filer	
8. Please print name of authorized filer	

Filing information (see General Instructions for descriptions of these fields)

9. Type of Insurance (TOI)	
10. Sub-Type of Insurance (Sub-TOI)	
11. State Specific Product code(s)(if applicable)[See State Specific Requirements]	
12. Company Program Title (Marketing title)	
13. Filing Type	<input type="checkbox"/> Rate/Loss Cost <input type="checkbox"/> Rules <input type="checkbox"/> Rates/Rules <input type="checkbox"/> Forms <input type="checkbox"/> Combination Rates/Rules/Forms <input type="checkbox"/> Withdrawal <input type="checkbox"/> Other (give description)
14. Effective Date(s) Requested	New: _____ Renewal: _____
15. Reference Filing?	<input type="checkbox"/> Yes <input type="checkbox"/> No
16. Reference Organization (if applicable)	
17. Reference Organization # & Title	
18. Company's Date of Filing	
19. Status of filing in domicile	<input type="checkbox"/> Not Filed <input type="checkbox"/> Pending <input type="checkbox"/> Authorized <input type="checkbox"/> Disapproved

Property & Casualty Transmittal Document—

20. This filing transmittal is part of Company Tracking #

21. Filing Description [This area can be used in lieu of a cover letter or filing memorandum and is free-form text]

22. Filing Fees (Filer must provide check # and fee amount if applicable)
[If a state requires you to show how you calculated your filing fees, place that calculation below]

Check #:
Amount:

Refer to each state's checklist for additional state specific requirements or instructions on calculating fees.

***Refer to the each state's checklist for additional state specific requirements (i.e. # of additional copies required, other state specific forms, etc.)

PC TD-1 pg 2 of 2

RATE/RULE FILING SCHEDULE

(This form must be provided ONLY when making a filing that includes rate-related items such as Rate; Rule; Rate & Rule; Reference; Loss Cost; Loss Cost & Rule or Rate, etc.)

(Do not refer to the body of the filing for the component/exhibit listing, unless allowed by state.)

1.	This filing transmittal is part of Company Tracking #	
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2.	This filing corresponds to form filing number (Company tracking number of form filing, if applicable)	
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Rate Increase
 Rate Decrease
 Rate Neutral (0%)

3.	Filing Method (Prior Approval, File & Use, Flex Band, etc.)	
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4a.	Rate Change by Company (As Proposed)
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Company Name	Overall % Indicated Change (when applicable)	Overall % Rate Impact	Written premium change for this program	# of policyholders affected for this program	Written premium for this program	Maximum % Change (where required)	Minimum % Change (where required)

4b.	Rate Change by Company (As Accepted) For State Use Only
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Company Name	Overall % Indicated Change (when applicable)	Overall % Rate Impact	Written premium change for this program	# of policyholders affected for this program	Written premium for this program	Maximum % Change	Minimum % Change

5.	Overall Rate Information (Complete for Multiple Company Filings only)
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		COMPANY USE	STATE USE
5a	Overall percentage rate indication (when applicable)		
5b	Overall percentage rate impact for this filing		
5c	Effect of Rate Filing – Written premium change for this program		
5d	Effect of Rate Filing – Number of policyholders affected		

6.	Overall percentage of last rate revision	
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7.	Effective Date of last rate revision	
-----------	--------------------------------------	--

8.	Filing Method of Last filing (Prior Approval, File & Use, Flex Band, etc.)	
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9.	Rule # or Page # Submitted for Review	Replacement or withdrawn?	Previous state filing number, if required by state
01		[] New [] Replacement [] Withdrawn	
02		[] New [] Replacement [] Withdrawn	
03		[] New [] Replacement [] Withdrawn	

PACO ASSURANCE COMPANY, INC.

**SUPPLEMENT TO
CHIROPRACTIC PHYSICIAN
MALPRACTICE LIABILITY
RATING MANUAL**

STATE OF ARKANSAS

SECTION I, H. PREMIUM PAYMENT PLAN is hereby replaced with the following:

H. PREMIUM PAYMENT PLAN

1. Premium Payment Plan: A premium payment plan option is available upon issuance of a new policy or upon renewal of an existing policy. The premium payment plan option will include an additional installment fee of 3.17% for a five-pay plan, or 3.59% for a ten-pay plan. This installment fee will apply to all policyholders except for first, second, third and fourth year new practitioners.
2. Extension: Upon receipt of a verbal or written request for an extension, consideration for delayed payment will be considered.
3. Collection: Past due accounts will be sent for collection after three attempts have been made to clear the account. Arrangements may be made to allow the practitioner time to pay the outstanding balance.
4. In the event that an insured makes his/her payment after the due date, he/she will be charged a flat late fee of \$10.00.

SECTION IV, EXTENDED REPORTING PERIOD COVERAGE (OPTIONAL EXTENSION COVERAGE) is hereby deleted in its entirety and replaced with the following:

- A. In the event of termination of this policy by reason of non-renewal or cancellation, the **Named Insured** shall have the right to an automatic Extended Reporting Period or an Optional Extended Reporting Period as follows:
 - 1) Automatic Extended Reporting Period

Upon termination of coverage, a 60-day automatic Extended Reporting Period will be provided by the insurer. The aggregate liability limit for this automatic Extended

Reporting Period shall be equal to the amount of coverage remaining in the policy's annual aggregate liability limit.

2) Optional Extended Reporting Period

Within the 60-day automatic Extended Reporting Period and upon payment of an additional premium, the **Insured** shall have the option to extend the claims reporting period. The limit of liability in the policy aggregate for the optional extended reporting period shall be the greater of the amount of coverage remaining in the expiring policy aggregate or fifty percent (50%) of the aggregate at policy inception.

The percentages in the following Table shall be applied to the mature claims-made premium (4th year premium) in the year coverage is being purchased.

<u>Years of Prior PACO (or affiliate) Claims-Made Coverage</u>	<u>Percentage of 4th Year Claims-Made Premium</u>
One	100%
Two	155%
Three	175%
Four or More	180%

- B. The availability of Extended Reporting Period coverage shall be governed by the following rules, subject to underwriting approval.
1. Extended Reporting Period Coverage applies to claims first made against the insured immediately following the effective date of cancellation or non-renewal; but only by reason of alleged malpractice which occurred subsequent to the retroactive date and prior to the effective date of cancellation or non-renewal (and which is otherwise covered by this insurance).
 2. Extended Reporting Period Coverage will be provided, with no additional premium due, in the event of death or permanent disability. Permanent disability must have existed continuously for not less than six months, have rendered the insured unable or incapable of practicing or continuing to practice, and expected to be continuous and permanent.
 3. Extended Reporting Period Coverage will be available to all chiropractors insured under a claims-made policy.
 4. Should an insured terminate coverage, the insured may purchase Extended Reporting Period Coverage. The insured is eligible for this coverage provided:
 - a. The insured requests Extended Reporting Period Coverage within 60 days of policy termination and premium is paid.
 - b. The insured requests Extended Reporting Period Coverage within 60 days after the effective date of cancellation of the policy.

5. An insured who retires from practice will receive a 20% discount from the applicable Extended Reporting Period Coverage premium for each consecutive year with PACO (or an affiliated company). These discounts are reflected in the following Table.

<u>Consecutive Years with PACO</u>	<u>Discount Applicable To Extended Reporting Period Coverage Premium</u>
1	20%
2	40%
3	60%
4	80%
5	100%

6. Extended Reporting Period Coverage premium may be waived for policyholders who have been insured by PACO (or an affiliated company) for 5 years and enter full time academia.
7. Extended Reporting Period Coverage premium may be waived for policyholders who have been called to active duty by the United States Military.
8. In the event that the policy is canceled (for reasons other than nonpayment of premium or underwriting reasons) after 10 or more consecutive years of coverage, Extended Reporting Period Coverage shall be provided at no additional charge. An **Insured** whose policy has been cancelled for non-payment of premium or for underwriting reasons will not be eligible to obtain Optional Extension Coverage at no additional charge. However, the Insured will still be eligible to purchase such coverage.