

SERFF Tracking Number: FORT-125755177 State: Arkansas
 Filing Company: Fortress Insurance Company State Tracking Number: EFT \$100
 Company Tracking Number: FD-AR-R1-0109
 TOI: 11.0 Medical Malpractice - Claims Sub-TOI: 11.0006 Dentists - General Practice
 Made/Occurrence
 Product Name: Dental Professional Liability
 Project Name/Number: Arkansas 2009 rate increase/FD-AR-R1-0109

Filing at a Glance

Company: Fortress Insurance Company
 Product Name: Dental Professional Liability SERFF Tr Num: FORT-125755177 State: Arkansas
 TOI: 11.0 Medical Malpractice - Claims SERFF Status: Closed State Tr Num: EFT \$100
 Made/Occurrence
 Sub-TOI: 11.0006 Dentists - General Practice Co Tr Num: FD-AR-R1-0109 State Status: Fees verified and received
 Filing Type: Rate/Rule Co Status: Reviewer(s): Betty Montesi, Edith Roberts
 Author: Mary Frisone Disposition Date: 10/22/2008
 Date Submitted: 08/12/2008 Disposition Status: Filed
 Effective Date Requested (New): 01/01/2009 Effective Date (New):
 Effective Date Requested (Renewal): 01/01/2009 Effective Date (Renewal):
 State Filing Description:

General Information

Project Name: Arkansas 2009 rate increase Status of Filing in Domicile: Not Filed
 Project Number: FD-AR-R1-0109 Domicile Status Comments:
 Reference Organization: n/a Reference Number: n/a
 Reference Title: n/a Advisory Org. Circular: n/a
 Filing Status Changed: 10/22/2008
 State Status Changed: 09/08/2008 Deemer Date:
 Corresponding Filing Tracking Number:
 Filing Description:

We submit a 5% increase in the rates of our Dental Professional Liability Program currently on file with your Department. This is our first rate change since filing our initial program. Our new base rate is 1124 and we have changed the factor for the 500,000/1,000,000 limit from .852 to .85. We are also amending five rule pages of our manual.

Please note that this filing also applies to Sub-TOI 11.0030 Dentists. There does not seem to be a way to choose both.

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Company and Contact

Filing Contact Information

Mary Frisone, Sr. Compliance Analyst mary.frisone@fortressins.com
 6133 N. River Road (847) 653-8823 [Phone]
 Rosemont, IL 60018 (847) 653-8843[FAX]

Filing Company Information

Fortress Insurance Company CoCode: 10801 State of Domicile: Illinois
 6133 N. River Road Group Code: 508 Company Type: Property & Casualty

Suite 650
 Rosemont, IL 60018 Group Name: The National Group State ID Number:
 (847) 384-0062 ext. [Phone] FEIN Number: 36-4159841

Filing Fees

Fee Required? Yes
 Fee Amount: \$100.00
 Retaliatory? Yes
 Fee Explanation: IL does not charge a rate filing fee.
 Per Company: No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
Fortress Insurance Company	\$100.00	08/12/2008	21908864

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Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Filed	Edith Roberts	10/22/2008	10/22/2008

Objection Letters and Response Letters

Objection Letters				Response Letters		
Status	Created By	Created On	Date Submitted	Responded By	Created On	Date Submitted
Pending	Edith Roberts	09/08/2008	09/08/2008	Mary Frisone	10/03/2008	10/03/2008

Industry
Response

Filing Notes

Subject	Note Type	Created By	Created On	Date Submitted
One simple question	Note To Reviewer	Mary Frisone	10/02/2008	10/02/2008
impact letter	Note To Reviewer	Mary Frisone	09/25/2008	09/25/2008

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Disposition

Disposition Date: 10/22/2008

Effective Date (New):

Effective Date (Renewal):

Status: Filed

Comment: Rate increase portion withdrawn, filed as rule filing only.

All rate change filings require a rate impact statement, pursuant Bulletin 2-2003.

Also, for any future filings, please respond by an industry response rather than filer notes. The message center is very far behind. A response to the objection, shows up immediately. This is a SERFF issue.

I am sorry I missed your phone call, and do not recall having seen a message or email.

You may resubmit your rate change at your convenience, accompanied by the Impact Statement and the Med Mal Survey completion of Form MMPCS which may be obtained at this site address: <http://www.insurance.arkansas.gov/PandC/RR23Forms/MM%20Survey%20FORM%20MMPCS.xls>

The questions may not be applicable, please answer n/a. This is mainly to enter your company in the database to show you are competing in the med mal industry on our webpage.

Company Name:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for	Premium:	Maximum % Change (where required):	Minimum % Change (where required):	Overall % Indicated Change:
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SERFF Tracking Number: FORT-125755177 *State:* Arkansas
Filing Company: Fortress Insurance Company *State Tracking Number:* EFT \$100
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**this
Program:**

Fortress Insurance Company	5.000%	\$1,916	28	\$1,124	5.000%	5.000%	5.000%
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Item Type	Item Name	Item Status	Public Access
Supporting Document	Uniform Transmittal Document-Property & Casualty	Filed	Yes
Supporting Document	NAIC Loss Cost Filing Forms (all P&C lines)	Filed	Yes
Supporting Document	NAIC loss cost data entry document	Filed	Yes
Supporting Document	Form PROMAL	Filed	Yes
Supporting Document	Form PRONOT	Filed	Yes
Supporting Document	CONFIDENTIAL - Actuarial Analysis	Filed	Yes
Supporting Document (revised)	Redlined and Explanatory Memo	Filed	Yes
Supporting Document	Previously filed, for reference	Filed	Yes
Rate	AR amended manual pages 0109	Filed	Yes
Rate	AR amended manual pages 0109 (2)	Filed	Yes

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Objection Letter

Objection Letter Status Pending Industry Response
Objection Letter Date 09/08/2008
Submitted Date 09/08/2008

Respond By Date

Dear Mary Frisone,

This will acknowledge receipt of the captioned filing.

When filing a med mal rate change, you must complete and submit electronically, the excel spreadsheet which may be found at:

<http://www.insurance.arkansas.gov/PandC/RR23Forms/MM%20Survey%20FORM%20MMPCS.xls>

We must receive this before the filing is considered complete.

Also, you must provide an impact statement in accordance with Bulletin 2-2003 and Act 649, the Civil Justice Reform Act of 2003.

Please also refer to Abstract Form # PC RLC. Please complete section 6, as is applicable to the 28 policyholders. This information must be submitted for data entry purposes.

Please feel free to contact me if you have questions.

Sincerely,

Edith Roberts

Response Letter

Response Letter Status Submitted to State
Response Letter Date 10/03/2008
Submitted Date 10/03/2008

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Dear Edith Roberts,

Comments:

I have not had a reply to my attempts to contact you; therefore, I am amending the filing.

Mary Frisone

Response 1

Comments: We amend this filing by withdrawing the AR amended manual pages 0109 and replacing them with AR amended manual pages 0109 (2). We are NOT increasing our rates at this time; instead, we submit only the rule changes.

Changed Items:

Supporting Document Schedule Item Changes

Satisfied -Name: Redlined and Explanatory Memo

Comment:

No Form Schedule items changed.

Rate/Rule Schedule Item Changes

Exhibit Name	Rule # or Page #	Rate Action	Previous State Filing #
AR amended manual pages 0109 (2)	FD Rate/Rule Manual (AR 01009) Pages, 6, 17, 18, 19 and 23	Replacement	

We look forward to hearing from you.

Sincerely,
Mary Frisone

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Rate Information

Rate data applies to filing.

Filing Method: prior approval
Rate Change Type: Increase
Overall Percentage of Last Rate Revision: 0.000%
Effective Date of Last Rate Revision:
Filing Method of Last Filing: prior approval

Company Rate Information

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Premium:	Maximum % Change (where required):	Minimum % Change (where required):
Fortress Insurance Company	5.000%	5.000%	\$1,916	28	\$1,124	5.000%	5.000%

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Rate/Rule Schedule

Review Status:	Exhibit Name:	Rule # or Page #:	Rate Action	Previous State Filing Attachments Number:
Filed	AR amended manual pages 0109	FD Rate/Rule Manual (AR 0109) Pages 1, 6, 17, 18, 19 and 23	Replacement	AR amended manual pages 0109.pdf
Filed	AR amended manual pages 0109 (2)	FD Rate/Rule Manual (AR 01009) Pages, 6, 17, 18, 19 and 23	Replacement	AR amended manual pages 0109 (2).pdf

Limits of Coverage

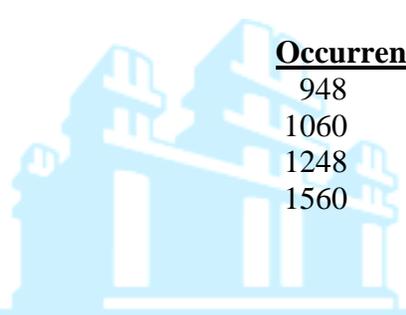
Claims Made Maturity

	<u>1st Year</u>	<u>2nd Year</u>	<u>3rd year</u>	<u>4th Year</u>	<u>Mature</u>
\$250,000/\$750,000	316	572	726	803	854
\$500,000/\$1,000,000	353	640	812	898	955
\$1,000,000/\$3,000,000	416	753	955	1057	1124
\$2,000,000/\$6,000,000	520	941	1194	1321	1405

Limits of Coverage

Occurrence

\$250,000/\$750,000	948
\$500,000/\$1,000,000	1060
\$1,000,000/\$3,000,000	1248
\$2,000,000/\$6,000,000	1560



Class II

Limits of Coverage

Claims Made Maturity

	<u>1st Year</u>	<u>2nd Year</u>	<u>3rd year</u>	<u>4th Year</u>	<u>Mature</u>
\$1,000,000/\$3,000,000	781	1414	1794	1984	2111

Limits of Coverage

Occurrence

\$1,000,000/\$3,000,000	2343
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Basis of Coverage

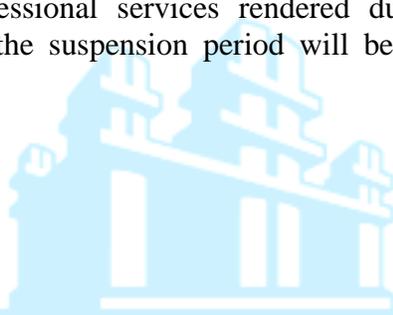
Coverage will be issued by the Company on a claims-made or occurrence basis at the approved rates and conditions applicable to this type of insurance.



FORTRESS

Suspension of Insurance

In the event a dentist is removed from practice by reason of disability, sabbatical or other reason for a period of at least three (3) months but not more than two (2) years, the dentist will be issued a Suspension of Insurance Endorsement. This Endorsement will allow for the reporting of claims during the suspension period arising from acts performed by the dentist prior to the commencement of the suspension period. The Endorsement will further contain exclusion related to professional services rendered during the suspension period. The premium charged during the suspension period will be 15% of the otherwise applicable policy premium.



FORTRESS

New Dentist Discount

The Company will provide premium discounts for a three year period to dentists who enter either a solo or a group private practice immediately following completion of their formal training. (Such formal training shall include the time spent on active military duty.)

The premium discounts will be applied as follows:

- For the first year- a 60% premium credit
- For the second year – a 40% premium credit
- For the third year – a 25% premium credit

The rates of discount will not be increased in the event a dentist concurrently qualifies for a rate credit related to the Company's Part-Time Practice Program. In such instances, the premium credit granted shall be the one contained in the program that would provide the greater rate of discount.

FORTRESS

Part-Time Practice Discounts

A 50% premium credit will be applied to the rates of insureds who are 55 years of age or older and who request and qualify for coverage for 20 hours per week or less or 1,000 hours per year or less of dental practice.



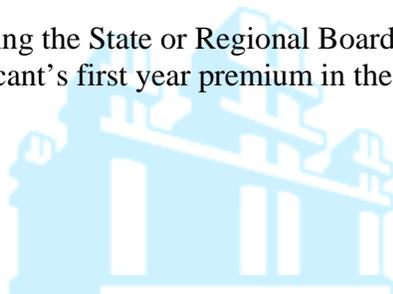
FORTRESS

Coverage for Dental Candidates

Professional liability coverage will be available to Dental Candidates while they are taking the State or Regional Board Examination for a license to practice dentistry in the state and only for that period of time.

All Dental Candidates will be insured by a policy providing limits of liability of \$1,000,000 per patient/\$3,000,000 total limit. The Company will charge a premium of \$25 for the policy. The policy will be issued upon payment of the policy premium.

After successfully completing the State or Regional Board Examination the \$25 premium will be applied to the applicant's first year premium in the event they secure a Fortress policy for their practice activities.



FORTRESS

Basis of Coverage

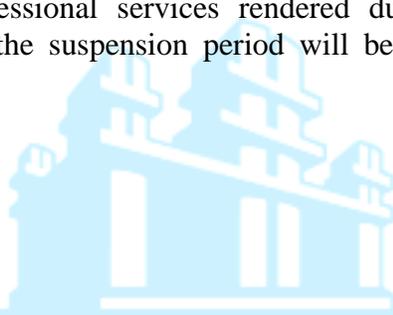
Coverage will be issued by the Company on a claims-made or occurrence basis at the approved rates and conditions applicable to this type of insurance.



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The premium discounts will be applied as follows:

- For the first year- a 60% premium credit
- For the second year – a 40% premium credit
- For the third year – a 25% premium credit

The rates of discount will not be increased in the event a dentist concurrently qualifies for a rate credit related to the Company's Part-Time Practice Program. In such instances, the premium credit granted shall be the one contained in the program that would provide the greater rate of discount.

FORTRESS

Part-Time Practice Discounts

A 50% premium credit will be applied to the rates of insureds who are 55 years of age or older and who request and qualify for coverage for 20 hours per week or less or 1,000 hours per year or less of dental practice.



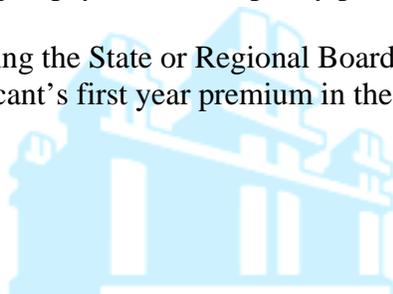
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Professional liability coverage will be available to Dental Candidates while they are taking the State or Regional Board Examination for a license to practice dentistry in the state and only for that period of time.

All Dental Candidates will be insured by a policy providing limits of liability of \$1,000,000 per patient/\$3,000,000 total limit. The Company will charge a premium of \$25 for the policy. The policy will be issued upon payment of the policy premium.

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Supporting Document Schedules

Satisfied -Name: Uniform Transmittal Document-
Property & Casualty **Review Status:** Filed 10/22/2008

Comments:

Attachment:

industry_rates_PCtransDoc_intelligentRates.pdf

Bypassed -Name: NAIC Loss Cost Filing Forms (all
P&C lines) **Review Status:** Filed 10/22/2008

Bypass Reason: n/a - not a loss cost filing

Comments:

Satisfied -Name: NAIC loss cost data entry document **Review Status:** Filed 10/22/2008

Comments:

Attachment:

FORM RF-1 Rate Filing Abstract.pdf

Bypassed -Name: Form PROMAL **Review Status:** Filed 10/22/2008

Bypass Reason: rate change is 5%

Comments:

Bypassed -Name: Form PRONOT **Review Status:** Filed 10/22/2008

Bypass Reason: rate change is 5%

Comments:

Satisfied -Name: CONFIDENTIAL - Actuarial **Review Status:** Filed 10/22/2008

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Satisfied -Name: Redlined and Explanatory Memo **Review Status:** Filed 10/22/2008
Comments:
Attachments:
Redlined for reference.pdf
Rule Explanatory Memorandum.pdf

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 #
The National Group	0508

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

FORM FILING SCHEDULE

(This form must be provided ONLY when making a filing that includes forms)
 (Do not refer to the body of the filing for the forms listing, unless allowed by state.)

1.	This filing transmittal is part of Company Tracking #	
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2.	This filing corresponds to rate/rule filing number (Company tracking number of rate/rule filing, if applicable)	
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3.	Form Name /Description/Synopsis	Form # Include edition date	Replacement Or withdrawn?	If replacement, give form # it replaces	Previous state filing number, if required by state
01			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
02			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
03			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
04			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
05			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
06			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
07			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
08			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
09			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
10			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		

PC FFS-1

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	
-----------	---	--

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		<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	
02		<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	
03		<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	

NAIC LOSS COST DATA ENTRY DOCUMENT

1.	This filing transmittal is part of Company Tracking #	FD-AR-R1-0109
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2.	If filing is an adoption of an advisory organization loss cost filing, give name of Advisory Organization and Reference/ Item Filing Number	N/A
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Company Name		Company NAIC Number	
3.	A.	Fortress Insurance Company	B. 10801

Product Coding Matrix Line of Business (i.e., Type of Insurance)		Product Coding Matrix Line of Insurance (i.e., Sub-type of Insurance)	
4.	A.	11.0	B. 11.0006 and 11.0030

5.

(A) COVERAGE (See Instructions)	(B) Indicated % Rate Level Change	(C) Requested % Rate Level Change	FOR LOSS COSTS ONLY				
			(D) Expected Loss Ratio	(E) Loss Cost Modification Factor	(F) Selected Loss Cost Multiplier	(G) Expense Constant (If Applicable)	(H) Co. Current Loss Cost Multiplier
CMM	5%	5%					
TOTAL OVERALL EFFECT							

6. 5 Year History Rate Change History

Year	Policy Count	% of Change	Effective Date	State Earned Premium (000)	Incurred Losses (000)	State Loss Ratio	Countrywide Loss Ratio
n/a							

7.

Expense Constants	Selected Provisions
A. Total Production Expense	25.5
B. General Expense	18.0
C. Taxes, License & Fees	4.0
D. Underwriting Profit & Contingencies	50.5
E. Other (explain)	
F. TOTAL	98.0

- 8.** n/a Apply Lost Cost Factors to Future filings? (Y or N)
- 9.** 5% Estimated Maximum Rate Increase for any Insured (%). Territory (if applicable): entire state
- 10.** 0 Estimated Maximum Rate Decrease for any Insured (%) Territory (if applicable): _____

CONFIDENTIAL

FORTRESS INSURANCE COMPANY ARKANSAS DENTAL PROFESSIONAL LIABILITY ACTUARIAL ANALYSIS OF INDICATED JANUARY 1, 2009 RATE LEVELS

This actuarial filing memorandum has been prepared in conjunction with Fortress Insurance Company's (Fortress) proposed rate levels to be effective January 1, 2009 for Arkansas dental professional liability (DPL) coverage.

Given the limited volume of Fortress-specific DPL historical premium and claims experience in Arkansas, we were unable to rely exclusively upon the historical performance of Fortress's Arkansas book of business in estimating the indicated rate change. As such, we have supplemented the "raw" indicated rate change in Arkansas with a trend-based indicated rate change in determining a credibility-weighted indicated rate change in an effort to enhance the stability of the ratemaking process. Exhibit 1 summarizes the results of this process and the remaining exhibits provide the supporting details.

The key assumptions underlying our rate level review are summarized below:

- 1) We have assumed a load for unallocated loss adjustment expenses (ULAE) of 7.5% of net ultimate loss and allocated loss adjustment expense (ALAE) based upon Fortress's historical companywide experience (see Exhibit 2 for details);
- 2) We have assumed that Fortress's underwriting expense requirements in Arkansas will average 47.5% of premium, broken down as follows (see Exhibit 3 for details):

Expense Component	Provision
General Expenses	18.0%
Other Acquisition	13.0
Taxes, Licenses and Fees	4.0
Commissions	12.5
Total	47.5%

3) Our analysis contemplates a target combined ratio of 98.0%. The target combined ratio for Fortress of 98.0% is broken down as follows (see Exhibits 4 through 6 for details):

Provision	Ratio
Loss & LAE	50.5%
Underwriting Expenses	47.5
Target Combined	98.0%

4) With this filing Fortress proposes to maintain its currently filed and approved class plan:

Fortress Classification Plan	
Fortress Class	Class Relativity
I	1.000
II ¹	1.878

¹ Dental anesthesiologist

5) Fortress proposes to maintain its currently filed and approved claims-made step factors:

Year	Claims-Made Step Factors
1 st	0.370
2 nd	0.670
3 rd	0.850
4 th	0.940
Mature	1.000
Occurrence	1.110

6) Fortress proposes to maintain its currently filed and approved increased limits factors:

Policy Limit	Increased Limits Factor
\$250,000 / \$750,000	0.76
\$500,000 / \$1,000,000	0.85
\$1,000,000 / \$3,000,000	1.00
\$2,000,000 / \$6,000,000	1.25

Several final points should be noted. First, we relied on data and information provided by Fortress and did not audit or independently verify other than for general reasonableness. Additionally, this report was prepared for Fortress's internal business use only and is not to be provided to any third party. We understand that Fortress intends to provide a copy of this letter to the Arkansas Insurance Department in support of its proposed rates and we permit such distribution. Finally, actuarial estimates of medical malpractice rates are subject to uncertainty from various sources including, but not limited to, changes in claim reporting and settlement patterns, judicial decisions, legislation, etc. While the estimates contained herein represent our best professional judgment, it is not only possible, but in fact probable, that the ultimate cost of providing coverage may deviate, perhaps significantly, from our estimates.

Respectfully submitted,



Chad C. Karls, F.C.A.S., M.A.A.A.
Principal and Consulting Actuary

July 7, 2008

FORTRESS INSURANCE COMPANY
Indicated Rate Change by State

State: Arkansas

Report Year	Case O/S Loss & ALAE at Net Retention @ 3/31/2008	IBNR to Case O/S Ratio ¹	Indicated IBNR Loss & ALAE @ 3/31/2008	Incurred Loss & ALAE at Net Retention @ 3/31/2008	Ultimate Loss & ALAE at Net Retention @ 3/31/2008	Ultimate Loss & LAE ² at Net Retention @ 3/31/2008	Ultimate Loss & ALAE at Net Retention Trended ³ to 1/1/2009 Effective Date	On-Level Net Earned Premium	Trended On-Level Loss & LAE Ratio at Net Retention
1999	0	NA	NA	0	0	0	0	0	0.0%
2000	0	0.058	0	0	0	0	0	0	0.0%
2001	0	NA	NA	0	0	0	0	0	0.0%
2002	0	0.083	0	0	0	0	0	0	0.0%
2003	0	0.159	0	0	0	0	0	0	0.0%
2004	0	0.518	0	0	0	0	0	4,223	0.0%
2005	0	1.267	0	3,581	3,581	3,849	4,692	16,534	28.4%
2006	0	1.206	0	64,284	64,284	69,106	80,616	20,728	388.9%
2007	0	1.604	0	0	0	0	0	20,600	0.0%
Total	0		0	67,865	67,865	72,955	85,308	62,085	137.4%

- (1) Projected Arkansas Loss & LAE Ratio Limited to Retention 137.4%
- (2) Assumed Target Loss & LAE Ratio 50.5%
- (3) Raw Indicated Arkansas Rate Change (1) / (2) - 1 172.3%
- (4) Assigned Credibility⁴ 3.8%
- (5) Trend-Based Indicated Rate Change³ 14.1%
- (6) Credibility-Weighted Indicated Rate Change [(3) x (4)] + [{ 1 - (4) } x (5)] 20.1%

¹ Based upon companywide excluding Texas analysis as of March 31, 2008

² Includes ULAE load assumption of 7.5%

³ Based upon trend assumption of 4.5% per annum

⁴ Uses Fortress companywide (excluding Texas) on-level net earned premium as full credibility standard and square root rule

FORTRESS INSURANCE COMPANY
Dental Professional Liability
Countrywide

Calculation of ULAE Load

Report Year	(\$000's) Countrywide Indicated Net Ultimate Loss & ALAE	(\$000's) Booked Gross Ultimate ULAE ¹	Ultimate ULAE to Ultimate Loss & ALAE Ratio
1999	352	1	0.3%
2000	1,288	28	2.2%
2001	1,684	81	4.8%
2002	1,993	114	5.7%
2003	6,280	159	2.5%
2004	9,245	379	4.1%
2005	4,708	600	12.7%
2006	9,189	848	9.2%
2007	12,025	992	8.2%
Total	46,765	3,202	6.8%
2003 - 2007	41,448	2,978	7.2%
2005 - 2007	25,923	2,440	9.4%

Selected ULAE Load on a Net Basis	7.5%
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¹ From Fortress Insurance Company's 2007 Annual Statement
Schedule P - Part 1F (Claims Made)

FORTRESS INSURANCE COMPANY
Companywide Excluding Florida, Texas, New York, Connecticut and Oklahoma Dental Professional Liability
Selected Expense Ratios
(Amounts in \$000's)

	2002		2003		2004		2005		2006		2007		Avg L3	Selected
	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%		
Direct Premiums Written	48	xxx	4,856	xxx	2,989	xxx	4,601	xxx	5,984	xxx	7,261	xxx		xxx
Direct Premiums Earned	11	xxx	2,656	xxx	3,336	xxx	3,946	xxx	5,212	xxx	6,553	xxx		xxx
Direct Commission and Brokerage Incurred	4	8.3%	218	4.5%	357	11.9%	546	11.9%	741	12.4%	930	12.8%	12.4%	12.5%
Other Acquisition Expenses Incurred ¹	2	5.0%	672	13.8%	289	9.7%	540	11.7%	782	13.1%	980	13.5%	12.8%	13.0%
Taxes, Licenses and Fees Incurred	102	212.3%	174	3.6%	153	5.1%	172	3.7%	207	3.5%	292	4.0%	3.7%	4.0%
General Expenses Incurred ¹	14	<u>123.9%</u>	334	<u>12.6%</u>	427	<u>12.8%</u>	727	<u>18.4%</u>	847	<u>16.2%</u>	1,243	<u>19.0%</u>	<u>17.9%</u>	<u>18.0%</u>
Total		349.5%		34.5%		39.5%		45.8%		45.2%		49.3%	46.7%	47.5%

¹ Allocated in proportion to number of policyholders

Source: Exhibit of Premiums and Losses by State and Insurance Expense Exhibit (Medical Malpractice)

FORTRESS INSURANCE COMPANY
Dental Professional Liability
Derivation of Target Loss & LAE Ratio
Companywide Excluding Florida, Texas, New York, Connecticut and Oklahoma

Component	Provision
(1) Assumed Underwriting Expenses	47.5%
(2) Assumed Profit Load	5.0%
(3) Death, Disability and Retirement Prepaid Premium Provisions	3.8%
(4) Discount Factor for Investment Income Offset	86.6%
(5) Target Loss & LAE Ratio; [1.0 - (1) - (2) - (3)] / (4)	50.5%
(6) Target Combined Ratio; (1) + (5)	98.0%

**FORTRESS INSURANCE COMPANY
Dental Professional Liability
Countrywide
Derivation of Discount Factor**

(1)	(2)	(3)	(4)
Year	Selected Cumulative Payment Pattern ¹	Selected Incremental Payment Pattern ¹	Discounted Incremental Payment Pattern ²
1	6.7%	6.7%	6.6%
2	32.7%	25.9%	24.3%
3	52.2%	19.6%	17.5%
4	66.6%	14.3%	12.3%
5	76.6%	10.0%	8.2%
6	86.6%	10.0%	7.9%
7	95.4%	8.8%	6.6%
8	97.9%	2.5%	1.8%
9	100.0%	2.1%	1.4%
Discount Factor			86.6%

¹ Based on Fortress-specific claims-made payment pattern

² Based on a 4.5% assumed yield

FORTRESS INSURANCE COMPANY
Dental Professional Liability
Derivation of Countrywide Payment Pattern
Claims-Made Coverage as of March 31, 2008

Report Year	Countrywide Paid Loss Limited to \$500,000 & ALAE Unlimited									
	10	22	34	46	58	70	82	94	106	118
1999	4,897	171,984	336,061	351,490	351,490	351,490	351,490	351,490	351,490	351,490
2000	14,494	192,326	483,250	572,385	628,735	1,173,765	1,190,809	1,203,780	1,205,179	
2001	35,981	346,181	721,358	1,124,380	1,433,013	1,536,517	1,657,228	1,678,244		
2002	57,973	615,901	1,113,034	1,418,203	1,667,588	1,827,274	1,843,780			
2003	60,866	1,809,720	2,552,776	4,017,486	4,380,643	4,484,195				
2004	348,610	2,165,334	4,058,370	5,748,933	5,889,222					
2005	366,143	1,554,332	2,725,555	2,977,546						
2006	449,052	2,400,251	3,198,680							
2007	548,738	1,144,088								
2008	338									

Note: Last diagonal is as of March 31, 2008.

Report Year	Paid Loss & ALAE as a Percentage of Ultimate Loss & ALAE									
	10	22	34	46	58	70	82	94	106	118
1999	1.4%	48.9%	95.6%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
2000	1.1%	14.9%	37.5%	44.4%	48.8%	91.1%	92.5%	93.5%	93.6%	
2001	2.1%	20.6%	42.8%	66.8%	85.1%	91.2%	98.4%	99.6%		
2002	2.9%	30.9%	55.9%	71.2%	83.7%	91.7%	92.5%			
2003	1.0%	28.8%	40.6%	64.0%	69.8%	71.4%				
2004	3.8%	23.4%	43.9%	62.2%	63.7%					
2005	7.8%	33.0%	57.9%	63.2%						
2006	4.9%	26.1%	34.8%							
2007	4.6%	9.5%								
2008	0.0%									
Average x last diag	3.3%	28.3%	53.5%	68.1%	77.5%	93.5%	96.9%	96.7%	100.0%	
Average L5 x last diag	4.4%	28.5%	48.2%	61.7%	77.5%					
Wght Avg x last diag	4.0%	26.6%	46.9%	63.5%	73.0%	92.0%	96.3%	94.9%	100.0%	
Prelim Selected Payment Pattern	10 - Ult 5.0%	22 - Ult 30.0%	34 - Ult 50.0%	46 - Ult 65.0%	58 - Ult 75.0%	70 - Ult 85.0%	82 - Ult 95.0%	94 - Ult 97.5%	106 - Ult 100.0%	
Interpolated Payment Pattern	12 - Ult 6.7%	24 - Ult 32.7%	36 - Ult 52.2%	48 - Ult 66.6%	60 - Ult 76.6%	72 - Ult 86.6%	84 - Ult 95.4%	96 - Ult 97.9%	108 - Ult 100.0%	

Basis of Coverage

Coverage will be issued by the Company on a claims-made or occurrence basis at the approved rates and conditions applicable to this type of insurance.

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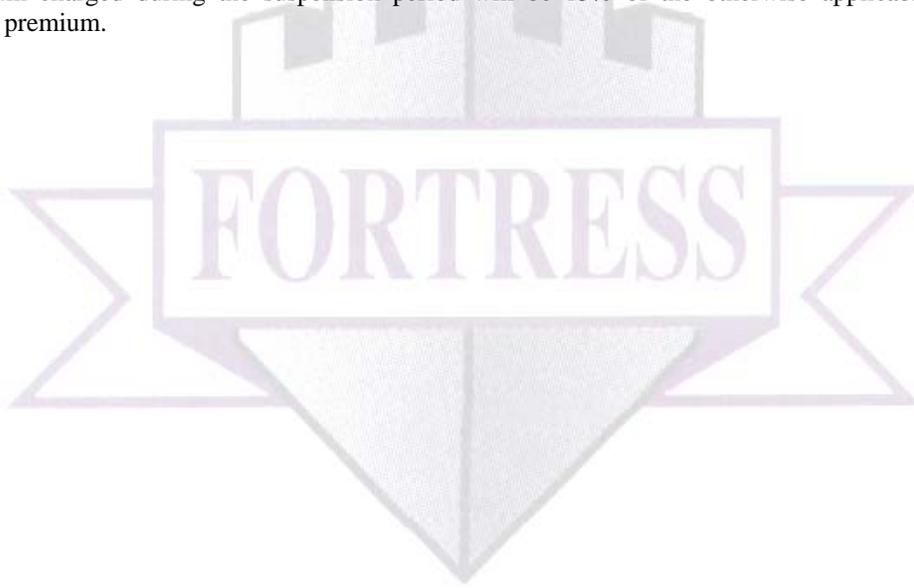
Fortress Insurance Company

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Suspension of Insurance

In the event a dentist is removed from practice by reason of disability, sabbatical or other reason for a period of at least three- (3) months ~~but not more than two- (2) years~~, the dentist will be issued a Suspension of Insurance Endorsement. This Endorsement will allow for the reporting of claims during the suspension period arising from acts performed by the dentist prior to the commencement of the suspension period. The Endorsement will further contain exclusion related to professional services rendered during the suspension period. The premium charged during the suspension period will be 15% of the otherwise applicable policy premium.

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Fortress Insurance Company

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New Dentist Discount

The Company will provide premium discounts for a three year period to dentists who enter either a solo or a group private practice immediately following completion of their formal training. (Such formal training shall include the time spent on active military duty.)

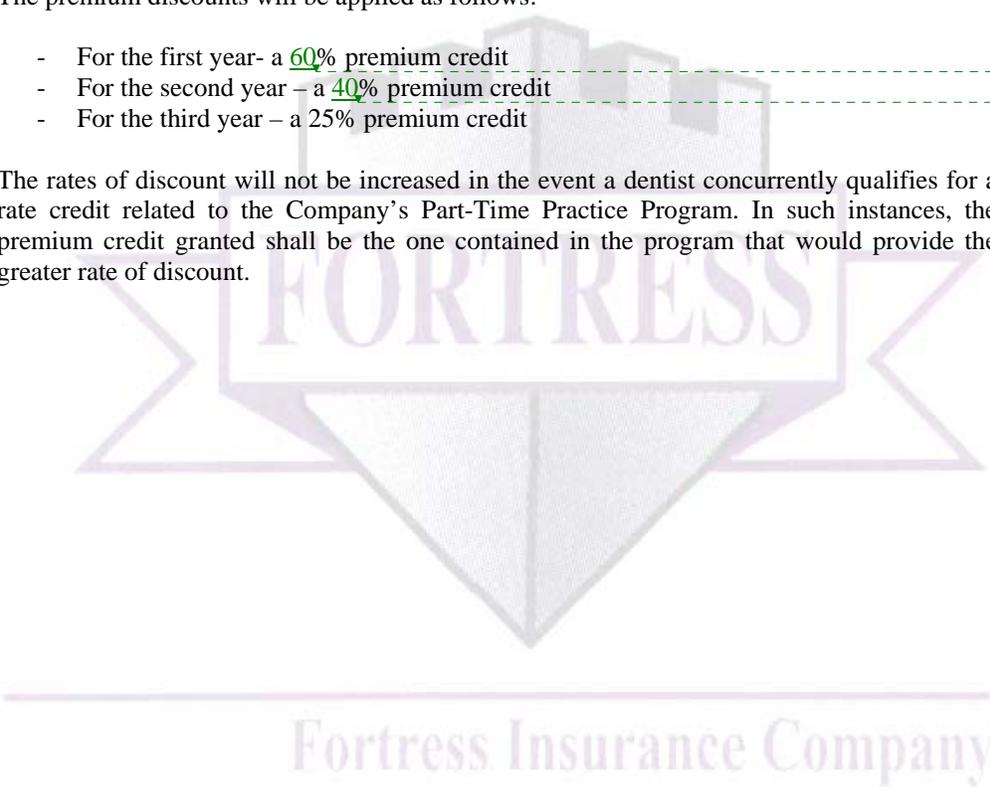
The premium discounts will be applied as follows:

- For the first year- a ~~60%~~ premium credit
- For the second year – a ~~40%~~ premium credit
- For the third year – a 25% premium credit

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The rates of discount will not be increased in the event a dentist concurrently qualifies for a rate credit related to the Company’s Part-Time Practice Program. In such instances, the premium credit granted shall be the one contained in the program that would provide the greater rate of discount.



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Part-Time Practice Discounts

A 50% premium credit will be applied to the rates of insureds who are 55 years of age or older and who request and qualify for coverage for 20 hours per week or less or 1,000 hours per year or less of dental practice.

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Fortress Insurance Company

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Coverage for Dental Candidates

Professional liability coverage will be available to Dental Candidates while they are taking the State or Regional Board Examination for a license to practice dentistry in the state and only for that period of time.

All Dental Candidates will be insured by a policy providing limits of liability of \$1,000,000 per patient/\$3,000,000 total limit. The Company will charge a premium of \$25 for the policy. The policy will be issued upon payment of the policy premium.

After successfully completing the State or Regional Board Examination the \$25 premium will be applied to the applicant's first year premium in the event they secure a Fortress policy for their practice activities.



Fortress Insurance Company

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EXPLANATORY MEMORANDUM

Company Filing # FD-AR-R1-0109

SERFF Filing # FORT-125755177

Since we are amending our two Part-Time Endorsements, in corresponding file # FD-AR-F1-0109 we must amend one of our rules. We took this opportunity to amend a few additional rules as well. All are described below:

1. Basis of Coverage, Page 6: we've changed the word "and" to "or" in the first sentence.
2. Suspension of Insurance, Page 17: will now provide coverage when insured are removed from practice from "at least three (3) months but not more than two (2) years;" previously, it was "...not more than four (4) years."
3. New Dentist Discount, Page 18: the first and second year premium discounts are increased from 50% and 25% to 60% and 40%, respectively.
4. Part-Time Practice Discounts, Page 19: increased the number of hours permitted for the endorsement to be in effect - from "16 hours per week or 800 hours per year" to "20 hours per week or 1,000 hours per year."
5. Coverage for Dental Candidates, Page 23: provides that the \$25 premium paid by a Dental Candidate for coverage while taking the State or Regional Board Examination will, upon completion of the Exam, be credited to the applicant's first year premium, in the event they secure a Fortress policy for their practice activities.

SERFF Tracking Number: FORT-125755177 State: Arkansas
 Filing Company: Fortress Insurance Company State Tracking Number: EFT \$100
 Company Tracking Number: FD-AR-R1-0109
 TOI: 11.0 Medical Malpractice - Claims Sub-TOI: 11.0006 Dentists - General Practice
 Made/Occurrence
 Product Name: Dental Professional Liability
 Project Name/Number: Arkansas 2009 rate increase/FD-AR-R1-0109

Superseded Attachments

Please note that all items on the following pages are items, which have been replaced by a newer version. The newest version is located with the appropriate schedule on previous pages. These items are in date order with most recent first.

Original Date:	Schedule	Document Name	Replaced Date	Attach Document
No original date	Supporting Document	Previously filed, for reference	08/12/2008	Previously filed for reference.pdf

FORTRESS INSURANCE COMPANY
ARKANSAS RATES
Territory – Entire State



Class I

Limits of Coverage

Claims Made Maturity

	<u>1st Year</u>	<u>2nd Year</u>	<u>3rd year</u>	<u>4th Year</u>	<u>Mature</u>
\$250,000/\$750,000	301	545	691	764	813
\$500,000/\$1,000,000	337	611	775	857	912
\$1,000,000/\$3,000,000	396	717	910	1006	1070
\$2,000,000/\$6,000,000	495	896	1137	1257	1338

Limits of Coverage

Occurrence

\$250,000/\$750,000
\$500,000/\$1,000,000
\$1,000,000/\$3,000,000
\$2,000,000/\$6,000,000

903
1012
1188
1485

Class II

Limits of Coverage

Claims Made Maturity

	<u>1st Year</u>	<u>2nd Year</u>	<u>3rd year</u>	<u>4th Year</u>	<u>Mature</u>
\$1,000,000/\$3,000,000	744	1346	1708	1889	2009

Limits of Coverage

Occurrence

\$1,000,000/\$3,000,000

2231

The claims-made rate factors for the above rates are as follows:

Claims-Made Year	Factor
1st Year	0.37
2nd Year	0.67
3rd Year	0.85
4th Year	0.94
5th Year	1.00
Occurrence	1.11

Basis of Coverage

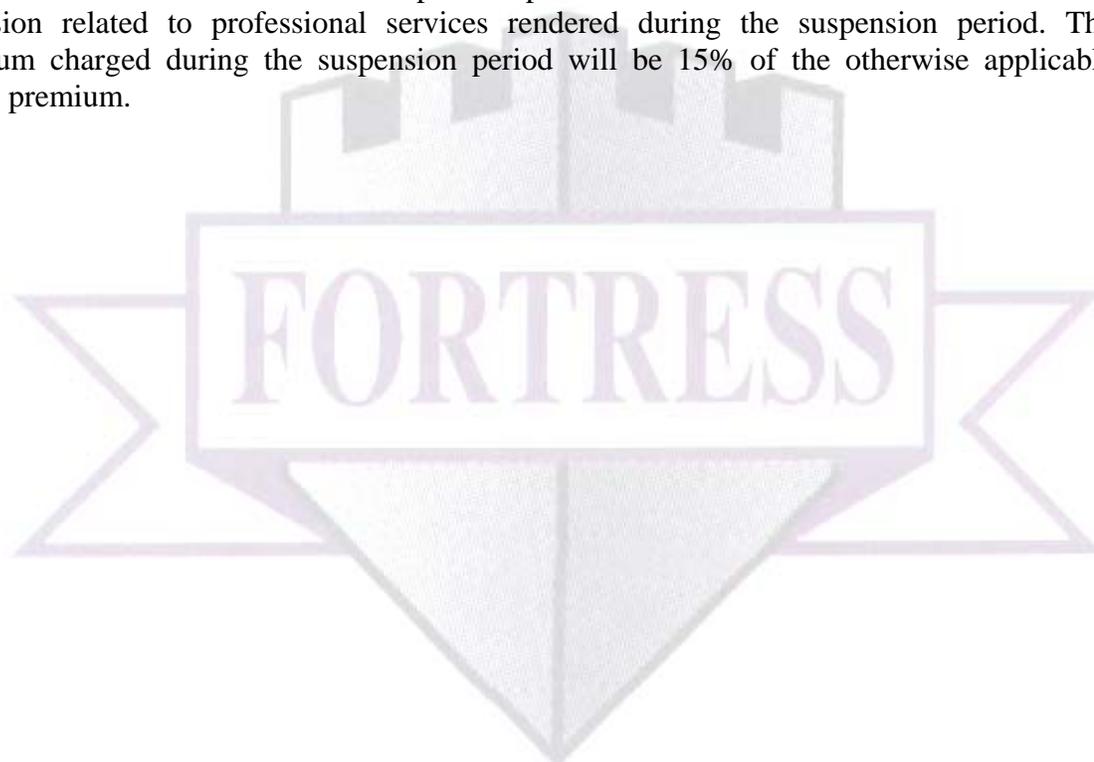
Coverage will be issued by the Company on a claims-made and occurrence basis at the approved rates and conditions applicable to this type of insurance.



Fortress Insurance Company

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Fortress Insurance Company

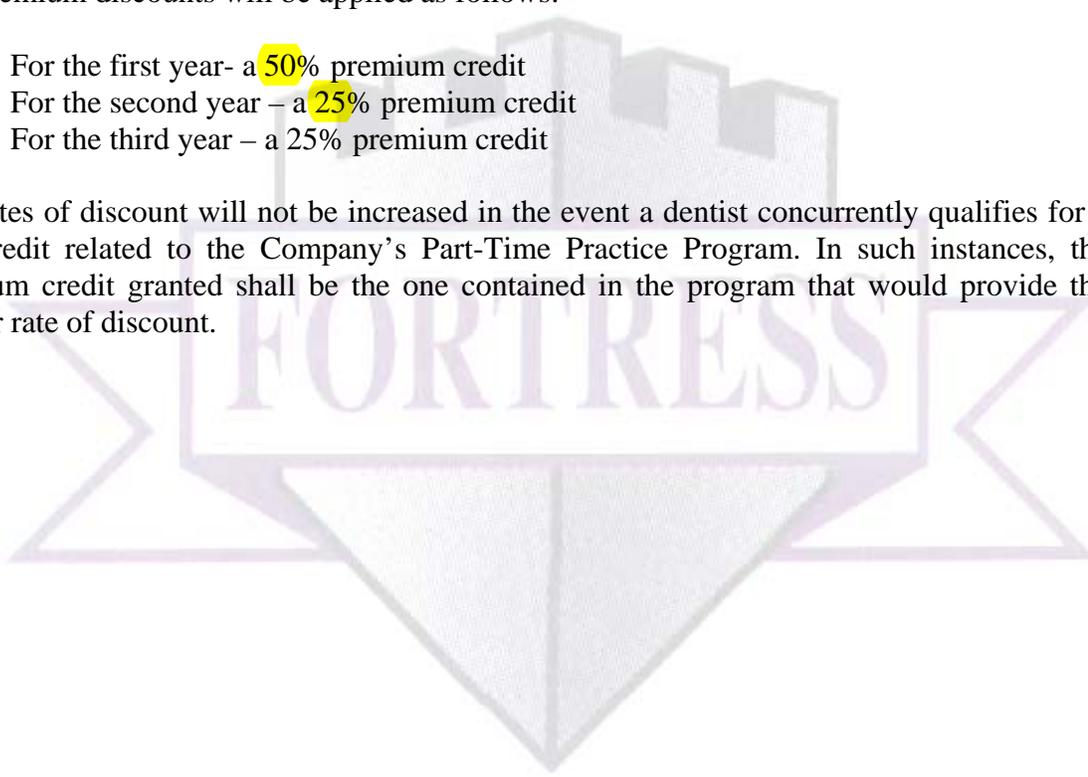
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The rates of discount will not be increased in the event a dentist concurrently qualifies for a rate credit related to the Company's Part-Time Practice Program. In such instances, the premium credit granted shall be the one contained in the program that would provide the greater rate of discount.



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Fortress Insurance Company