

SERFF Tracking Number: ARKS-125636569 State: Arkansas
Filing Company: 32557 - AMERICAN PHYSICIANS INS EXCHANGE State Tracking Number: #133378 \$25
Company Tracking Number: 2008-03
TOI: 11.1 Medical Malpractice - Claims Made Only Sub-TOI: 11.1023 Physicians & Surgeons
Product Name: n/a
Project Name/Number: /

Filing at a Glance

Company: 32557 - AMERICAN PHYSICIANS INS EXCHANGE

Product Name: n/a SERFF Tr Num: ARKS-125636569 State: Arkansas
TOI: 11.1 Medical Malpractice - Claims Made Only SERFF Status: Pending Industry Response State Tr Num: #133378 \$25
Sub-TOI: 11.1023 Physicians & Surgeons Co Tr Num: 2008-03 State Status: Fees verified and received
Filing Type: Rule Co Status: Reviewer(s): Betty Montesi, Edith Roberts, Brittany Yielding
Author: Disposition Date:
Date Submitted: 05/06/2008 Disposition Status:
Effective Date Requested (New): Effective Date (New):
Effective Date Requested (Renewal): Effective Date (Renewal):
State Filing Description:

General Information

Project Name: Status of Filing in Domicile:
Project Number: Domicile Status Comments:
Reference Organization: Reference Number:
Reference Title: Advisory Org. Circular:
Filing Status Changed: 05/29/2008 Deemer Date:
State Status Changed: 05/29/2008
Corresponding Filing Tracking Number:
Filing Description:

Company and Contact

Filing Contact Information

NA NA, NA@NA.com

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EXCHANGE
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NA (123) 555-4567 [Phone]

NA, AR 00000

Filing Company Information

32557 - AMERICAN PHYSICIANS INS CoCode: 32557 State of Domicile: Arkansas

EXCHANGE

No Address

Group Code:

Company Type:

City, AR 99999

Group Name:

State ID Number:

(999) 999-9999 ext. [Phone]

FEIN Number: 99-9999999

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Filing Fees

Fee Required? No
Retaliatory? No
Fee Explanation:
Per Company: No

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Rate Information

Rate data does NOT apply to filing.

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Supporting Document Schedules

Review Status:

Satisfied -Name: ARKS-125636569

06/23/2008

Comments:

Attachments:

ARKS-125636569.pdf

ARKS-125636569-2.pdf

ARKS-125636569-3.pdf

ARKS-125636569

ER



American Physicians Insurance Company

RECEIVED

MAY 30 2008

Federal Express Mail 8613 9089 6708

May 29, 2008

FILED

PROPERTY AND CASUALTY DIVISION
ARKANSAS INSURANCE DEPARTMENT

Edith Roberts
Arkansas Insurance Department
Property & Casualty Compliance
1200 West Third Street
Little Rock, AR 72201

May 30 2008

PROPERTY AND CASUALTY
ARKANSAS INSURANCE DEPT.

Re: Rule and Classification Filing – Physicians and Dentists Medical Professional Liability
Company Filing # 2008-03 AR

(Rule & Class Change only - not rate
change)

Dear Edith,

This is in response to your letter dated May 14, 2008 concerning the above referenced filing. Responses and revised General Rules for Section 22. Reporting Period Coverage (NonRenewal/Cancellation) are as follows:

1. Please reference Page 7, Section 22. A & B. These provisions need to comply with the specifications the mandatory basic Extended Reporting Period and the optional Extended Reporting Period requirements of AR Code Anno. 23-79-306 (1-6)

RESPONSE: See Section 22. A.1, A.2 and F

2. The policy must indicate that the insurer must provide at no additional charge an automatic sixty (60) day "basic" Extended Reporting Period upon cancellation or termination for any reason including non-payment of premium, deductibles, retentions or excess payments over the limit of liability reimbursements still owed.

RESPONSE: See Section 22. A.1, A.2 and F

3. You must advise the insured of the importance of purchasing the supplemental extended reporting period endorsement and allow the insured sixty (60) days after termination for any reason, to request and pay for the optional extended reporting period endorsement pursuant to AR Code Ann. 23-79-306 (3). This coverage must be put into effect if premium is received in payment of the optional extended reporting period endorsement.

RESPONSE: See Section 22. A.4

4. The limit of liability for the supplemental extended reporting period must be no less than the greater of the amount of coverage remaining in the expiring policy aggregate or fifty percent (50%) of the aggregate limit at policy inception.

RESPONSE: See Section 22 B

Page 2
Rule and Classification Filing # 2008-03 AR

The only other changes made to the Rules were Section 19 to reflect the Extended Adjustment Table appears on page 10 instead of 9 and reformatting that extended Rules to page 10.

Please let me know if you have any additional questions to complete the review.

Sincerely,

A handwritten signature in cursive script, appearing to read "Judy Shepperd".

Judy Shepperd
Compliance Officer

**AMERICAN PHYSICIANS INSURANCE COMPANY
PHYSICIANS AND DENTISTS PROFESSIONAL LIABILITY INSURANCE
GENERAL RULES – ARKANSAS
UNDERWRITING AND PHYSICIAN SERVICES DEPARTMENT MANUAL**

1. GENERAL INSTRUCTIONS

This manual contains the rules governing the underwriting of Physicians and Dentists Professional Liability Insurance by American Physicians Insurance Company.

Additional units of exposure, coverage for which is provided on or after the effective dates of any changes in the manual, either by endorsement of outstanding policies or by the issuance of separate policies, shall be written on the basis of the rates and rules in effect at the time the coverage is effective.

The following requirements must be observed in the preparation of policies for insurance covered by this manual:

- A. Appropriate wording identifying the classification or classifications applicable for each risk shall be stated in the policy, followed by the proper code number.
- B. Any language in classification phraseology or footnotes which affects the scope of a classification applicable or assigned to operations to be insured shall be incorporated in the policy.

2. SCOPE OF COVERAGE

Refer to standard policy form.

3. PERSONS INSURED

Refer to standard policy form.

4. DEFINITIONS

Refer to standard policy form.

5. LIMITS OF LIABILITY

- A. Manual rates and minimum premiums provide for limits of:
 - \$100,000 each medical incident
 - \$300,000 annual aggregate
- B. Under Individual Coverage, these limits apply separately to each individual insured.
- C. If a separate premium is paid for Group Coverage, these limits apply jointly to all Corporate, Professional Association or Partnership entities insured.
- D. Increased or decreased limits may be provided. Refer to the Rating Section of this manual to determine premium.
- E. For limits not shown, submit to Underwriting Department.

6. POLICY PERIODS

Policies may be written for any period up to one year.

7. RATES AND PREMIUM CALCULATION

- A. **RATES.** Apply on an "each" basis and per annum. Refer to the Rating Section of this manual for premiums.
- B. **ADDITIONAL CHARGES.** Refer to Additional Charges in the Classification Section of this manual.

- C. **RATE CALCULATIONS.** For increased or decreased limits, additional interest and other manual features, rates shall be determined on an annual basis and shall be carried to two decimal places. If, in calculating the final rate, the third decimal is 5 or more, the second decimal is to be increased by 1; if the third decimal is less than 5, it is to be disregarded.
- D. **STEP FACTORS.** The rating year step factors applicable to Claims Made coverage is as follows:
 - Year 1 20%
 - Year 2 50%
 - Year 3 75%
 - Year 4 100%
- E. **ONE YEAR POLICIES.** The premium shall be determined on the basis of the units of exposure existing at policy inception.
- F. **SHORT TERM POLICIES.** No policy shall be written for a period of less than one year except a short term policy may be issued when an insured desires to gain a common expiration date with other coverages or lines of insurance. When such a policy is issued; the premium therefore shall be calculated on a pro-rata basis.
- G. **WHOLE DOLLAR PREMIUM.** The premium for each exposure shall be rounded to the nearest whole dollar separately for each coverage provided by the policy. A premium involving \$.50 or over shall be rounded to the next higher whole dollar. This procedure shall apply to all interim premium adjustments, including endorsements, or cancellations. **NOTE:** The phrase "each exposure" as used herein, shall mean exposure for which a separate premium is shown in the policy, endorsement, daily, or invoice.
- H. **PREMIUM RETURNS.** When there is a change in policy coverage which results in a reduction in premium, no refund of premium shall be made unless the difference in premium amounts to \$10 or more.

8. RATING TERRITORIES

The rate tables used by the Company apply to all counties within Arkansas.

9. CLASSIFICATION PROCEDURE

- A. For classification assignment purposes:
 1. The term "no surgery" applies to general practitioners and specialists who do not perform obstetrical procedures or surgery and who do not ordinarily assist in surgical procedures.
 2. The term "minor surgery" applies to general practitioners and specialists who perform minor surgery or assist in major surgery.
 3. The term "major surgery" applies to general practitioners and specialists who perform obstetrical procedures, and/or major surgery or assist in major surgery.
- B. When two or more classifications are applicable to a general practitioner or specialist, the rate for the highest rated classification shall apply.
- C. For employed physicians or dentists use the same classification assignment procedures as used for physicians or dentists in individual practice.
- D. For physicians entering private practice for the first time the regular classification section of this manual does apply. The premium charge for new-to-practice will be discounted off the rate otherwise applicable in the first through fifth years insured as follows:
 - Year 1 and 2: 25% each year
 - Years 3, 4 and 5: 5% each year

10. DEDUCTIBLES

The following optional deductibles are available for limits at \$1M/3M or above. The following credit will be applied for the applicable deductible amount at rates for limits \$1M/3M or above:

<u>PER CLAIM DEDUCTIBLE</u> <u>INDEMNITY & EXPENSE</u>	<u>CREDIT</u>
\$25,000	12%
\$50,000	19.5%
\$100,000	27.5%

11. PRIOR ACTS COVERAGE

"Prior Acts" coverage may be provided at the Company's option to any physician or dentist applying for API professional liability insurance who has an expiring "claims made" policy with another company. The Company may also choose to provide prior acts coverage for a previous uninsured period of time. The information required and underwriting rules are as follows:

1. Original inception date of the first "claims made" policy issued by the previous carrier.
2. Policy limits of all previous "claims made" policies.
3. The maximum limits of liability are those which API provides on the initial API policy. However, no prior acts coverage should be provided with limits that exceed those provided by the prior insurer.
4. The premium charged by API is determined by the original inception date used (i.e., if date is two years prior, year 3; if 3 years prior, year 4; etc.).

12. VICARIOUS LIABILITY COVERAGE

"Vicarious" liability coverage is coverage for an insured physician/dentist/group for her or himself should s/he be named for an act or omission of an employee or some other person for whom the insured is responsible. The limits that apply in regard to a vicarious liability claim are the employing physician's/dentist's/ group's own individual limits.

Vicarious liability coverage can be provided to an insured physician or dentist for the acts or omissions of a physician or dentist s/he employs, if the employed physician or dentist is also insured by API. If the employed physician or dentist is not covered by API, then the employer cannot purchase vicarious liability coverage. In an employer-employee situation, as opposed to a partnership or L.L.P., there are two separate policies. Each doctor has his or her own policy, on which the other cannot make changes. The employer physician or dentist would simply be charged approximately 10 % of the employed physician's or dentist's premium.

The employed physician's or dentist's policy may include an endorsement limiting the coverage to work done for the employer only. Since this is the employed physician's or dentist's own policy, s/he could ask to have that endorsement removed, even if the employer is actually the one paying for the coverage.

Group exceptions are made on a case-by-case basis.

13. ANCILLARY PERSONNEL

Ancillary personnel have the following coverage options:

1. Individual limits for each ancillary personnel
2. Ancillary personnel sharing in a limit with each other, in which case a discount of up to 20% may be applied to the ancillary personnel premium
3. Ancillary personnel sharing in a limit with each other and all physician extenders, in which

- case a discount of up to 20% may be applied to the ancillary personnel premium
4. Ancillary personnel share in the group's limit, in which case a discount of up to 40% may be applied to the ancillary personnel premium.

14. PHYSICIAN EXTENDER COVERAGE

Physician Extenders have the following coverage options:

1. Individual limits for each physician extender
2. Physician Extenders sharing in a limit with each other, in which case a discount of up to 20% may be applied to the physician extender premium.
3. Physician Extenders sharing in a limit with each other and all physician extenders, in which case a discount of up to 20% may be applied to the physician extender premium.
4. Physician Extenders share in the group's limit, in which case a discount of up to 40% may be applied to the physician extender premium.

15. LEGAL EXPENSE ENDORSEMENT COVERAGE

API policies include an endorsement that provides insured physicians or dentists with reimbursement for legal expenses incurred because of disciplinary proceedings brought during the policy period. This includes events such as professional review actions instituted by hospitals and other specified credentialing bodies, proceedings alleging fraud or non compliance with Medicare or Medicaid regulations, proceedings by state licensing authorities, proceedings by a governmental agency alleging violation of HIPAA privacy regulations, and EMTALA violations alleged by HCFA. Limits and terms of coverages are specified in the applicable endorsements:

1. API-238 Dentists
2. API-271 Physicians

The base premium charge is \$600. per insured physician and \$200 per insured dentist.

16. PART-TIME PRACTICE

Part-time discounts can be offered as follows:

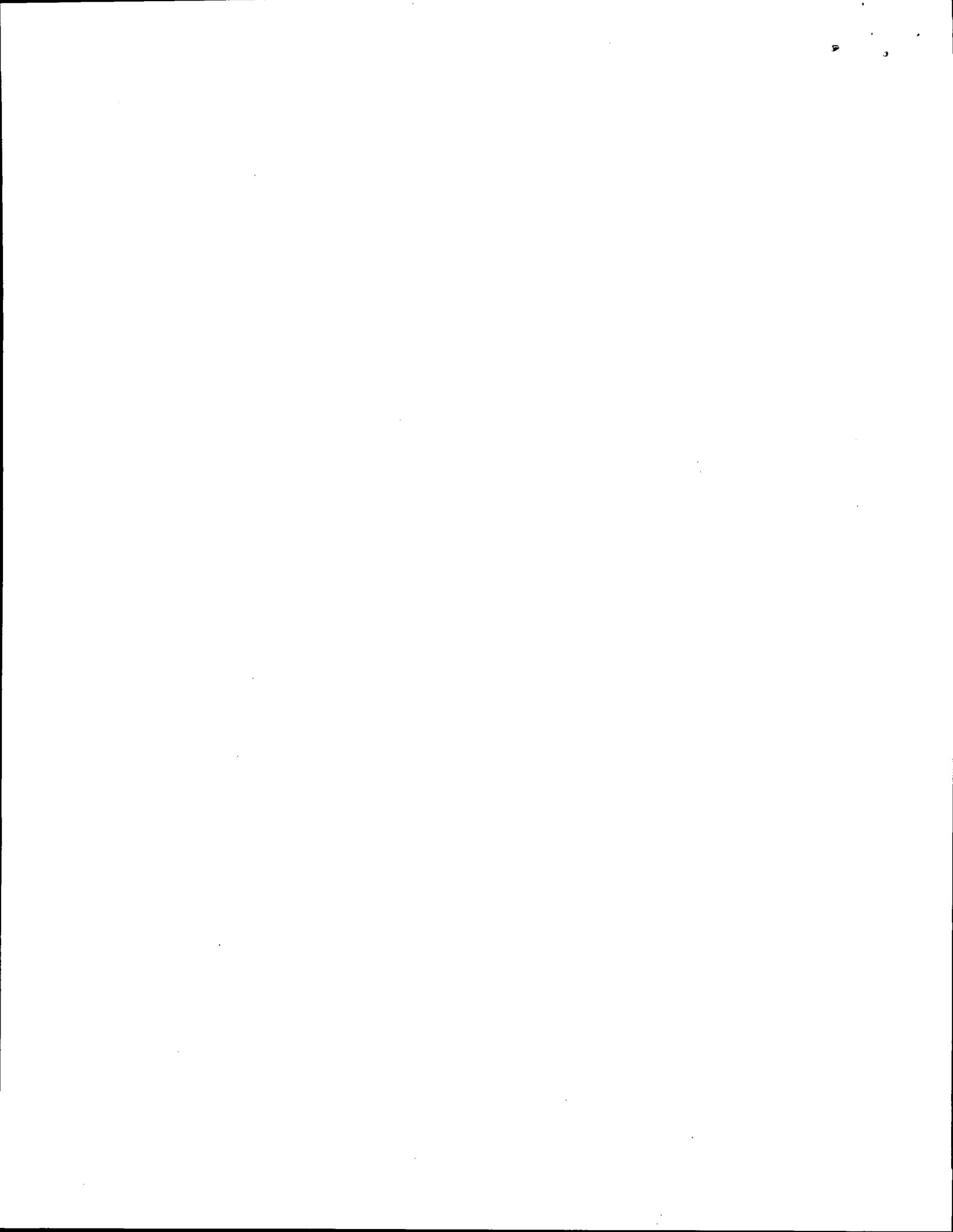
- A. Hours: individuals who are working 30 hours or less per week.
- B. Disability: individuals who qualify for partial disability, having completed a disability claim form and approved by underwriting management, and who are working part-time.
- C. Pre-retirement: individuals who are approaching retirement at age 55 years old or more, an API insured greater than 5 years, and reducing work hours in anticipation of total retirement.
- D. Other circumstances: occasionally, situations allow us to provide part-time coverage, if we can exclude some other coverage or activity from the policy such as an insured covered on two policies at the same time.

The number of hours indicated below results in discounts, based on the following schedule; however, the maximum discount given to a surgeon, including anesthesiologists, is 20%.

<u>Hours worked per Week</u>	<u>Non-Surgical Classes</u>	<u>Surgical Classes*</u>
	<u>Discount</u>	<u>Discount</u>
12 hours or less	50%	20%
13-18 hours	40%	20%
19-24 hours	30%	20%
25-30 hours	20%	20%
31 or more hours	0%	0%

*Anesthesiology is considered a surgical class.

17. ADDITIONAL INTERESTS



- A. NO ADDITIONAL CHARGE. The following interest may be included without additional premium charge:
SINGLE (SOLO) PROFESSIONAL CORPORATION OR ASSOCIATION. A Professional Corporation or Association consisting of a single physician regardless of the number of professional employees.

18. UNDERWRITING GUIDELINES

- A. COVERAGE OPTIONS. Policies may be written to include individuals, groups or combinations thereof. A group is a partnership, association or corporation.
- B. GROUP COVERAGE
1. When both individual and group coverage are provided, the premium to be charged for the policy shall be the sum of:
 - a. The appropriate per person rate for each partner and employee insured for individual coverage; plus
 - b. The group liability rate of 10% for each partner and employee when group coverage is provided for separate limits of liability for groups of three or more, 20% for groups of two; or
 - c. There may be up to a 10% discount off each physician rate when coverage is provided to the individuals and group but only for a single limit of liability for each medical incident.
 2. Defense Only for Groups
If the Group is named in a claim and/or lawsuit, the Group's coverage is \$0 for each loss and \$0 aggregate limits of coverage. The Group does not have individual coverage but will be provided coverage for defense costs only.
- C. New Business Loss Experience Credit and Surcharges (Based on 5 years claims history, calculated from claim report date)
1. If there have been no paid indemnity losses over \$15,000 in the applicable time period, then a 25% Loss Experience Credit applies, however if there is an open claim then the Loss Experience Credit is 20%
 2. If there is a paid indemnity loss of over \$15,000 in the applicable time period, then no Loss Experience Credit applies.

THE DEFINITION OF **LOSS EXPERIENCE RATIO** IS AS FOLLOWS:
(5 YEARS PAID INDEMNITY + LOSS ADJUSTMENT EXPENSE (LAE)) DIVIDED BY 5 YEARS PREMIUM)

THE DEFINITION OF **LOSS FREQUENCY** IS THE NUMBER OF CLAIMS OPENED IN THE LAST 5 YEARS.

- D. Renewal Business Loss Experience Credit and Surcharges (Based on 5 years claims history and 5 years paid premiums):
1. If the Loss Experience Ratio is 0 then a 25% Loss Experience Credit applies
 2. If the Loss Experience Ratio is >0 and <60% then a 10% Loss Experience Credit applies
 3. If the Loss Experience Ratio is >=60% and <100% then no Loss Experience Credit applies
 4. If the Loss Experience Ratio is >=100% and <150% then a 20% Surcharge applies
 5. If the Loss Experience Ratio is >=150% and <200% then a 40% Surcharge applies
 6. If the Loss Experience Ratio is >=200% then a 50% Surcharge applies

E. Moonlighter Rules: No Loss Experience Credit or Surcharge applies

F. Slot policies

1. Slot policies, or FTE policies, will be written by utilizing the default UW guidelines used to rate physicians. The individual slot or FTE policy will be rated based on the classification of the physicians filling the slot or FTE. A FTE (full time equivalent) or slot position is defined as a 40 hour work week.

19. PREMIUM ADJUSTMENT

A. DECREASED OR INCREASED COVERAGE. Policyholders changing their practice to a lower or higher rating parameter (classification, limits of liability, rating territory or hours worked per week) continue to have an exposure to loss from their previous practice. To recognize this exposure change, the premium adjustment charge shall be calculated by using the Extended Adjustment Table appearing on page 10.

To calculate the premium adjustment for any period subsequent to the change, determine the current mature premium for the old risk and apply the stated percent. For any month at which a change in coverage occurs, there is a schedule of percentages of mature premium to be charged during the next consecutive 36 months. If coverage is changed after 36 months of coverage then the 36 month schedule is to be used. The premium adjustment charge shall be in addition to the premium for the ongoing risk which will be at rating year one whenever the change occurs. Adjustment charges shall be waived if coverage change occurs after the insured's 55th birthday, having been insured with API 5 or more years, and reduction in coverage is due to impending retirement.

The insured's original effective date shall be maintained.

B. DECREASED LIMITS OPTION. There shall be no premium adjustment charge when the insured decreases limits of liability and elects to eliminate the higher coverage that was previously in effect for reporting claims. The decreased change in limits will be retroactive to the insured's original effective date. When this option is exercised at renewal, the policy declarations page will be issued to reflect the applicable limits of liability. Premium will be based on the new rating parameters. Upon termination of coverage, the reporting period endorsement premium applicable to the then current rating parameters shall apply.

20. SUSPENSION OF COVERAGE

At a doctor's written request, and with the approval of Underwriting Management, we can suspend coverage for a period of time. The doctor must state the dates of his/her desired coverage suspension. The period of time must be at least three continuous months. Underwriting Management will review the request for suspension, and the physician will be notified of the decision.

If unearned premium is on hand at the time the suspension is approved, it will be returned to the physician when the suspension is approved.

Some approved reasons for suspension are as follows:

- Being called to serve temporarily in the National Guard or voluntarily serving in the Armed Forces
- Medical disability (upon review and approval of API disability claim form)
- Sabbaticals
- Maternity Leave (typically 3-6 months)

During the time a policy is suspended, there is no coverage and no vicarious liability coverage for patient encounters/treatment rendered. However, the physician retains reporting rights for acts and/or omissions that occurred while s/he was covered prior to the effective date of the suspension.

21. CANCELLATIONS

- A. BY THE COMPANY. The earned premium shall be determined on a pro-rata basis by multiplying the number of units of exposure for the period the policy was in force by the applicable rates.
- B. BY THE INSURED. The earned premium shall be determined on a short-rate basis (.90 times the pro-rata unearned premium) by multiplying the number of units of exposure for the period the policy was in force by the applicable rates. Except use the pro-rata basis when the cancellation is based on the insured's death, disability, or retirement.

22. REPORTING PERIOD COVERAGE (NONRENEWAL/CANCELLATION)

- A. Upon termination of insurance either by nonrenewal or cancellation of the policy, for any reason including non-payment of premium, deductibles, retentions or excess payments over the limit of liability reimbursements still owed, tail options are as follows:
 - 1. **Mandatory:** the insured will be provided at no additional charge a mandatory automatic sixty (60) days extended reporting period; and
 - 2. **Optional:** at the expiration of the mandatory tail period the insured has the option to pay an additional premium (to be computed in accordance with the Company's rules, rates, rating plan and premiums applicable on the most recent policy effective date), to purchase an "indefinite" reporting period (RPC) in which claims otherwise covered by the policy may be reported. The premium is payable in one payment within 60 days after the policy is terminated and is not subject to cancellation or adjustment.
 - 3. Refer to the Rating Section of this manual to obtain the RPC premium based upon the classification(s) in the terminated policy.
 - 4. Required disclosure notice: The notice letter of nonrenewal or cancellation must include a disclosure advising the insured and his/her agent of the availability of and premium for an extended reporting period endorsement and the importance of purchasing the coverage.
- B. If the insured elects to purchase this coverage, Policy Tail Endorsement (API-217) will be issued upon payment of premium.
The maximum limits available on any Reporting Period Endorsement shall not exceed those of the expiring/cancelled API policy. However, the limit of liability in the policy aggregate shall be no less than the greater of the amount of coverage remaining in the expiring policy aggregate or fifty percent (50%) of the aggregate limit at policy inception.
- C. If termination or cancellation of coverage is due to the insured being unable to practice his/her profession due to total disability or death, Indefinite Reporting Period Coverage will be provided with no additional premium.
- D. If the termination or cancellation of coverage is due to the insured's total retirement from the practice of his/her profession Indefinite Reporting Period Coverage will be provided with no additional premium if total retirement occurs:
 - 1. For a group policy- After their 55th birthday and after having completed three full years of insurance coverage (of which two must be uninterrupted coverage for the two years prior to the retirement date), not including prior acts coverage years; or
 - 2. For an individual policy- After their 55th birthday and having completed five full years of uninterrupted insurance coverage (of which two years must be uninterrupted

coverage for the two years prior to the retirement date), not including prior acts coverage years.

E. An insured may qualify for an accelerated extension contract, for no additional premium, if the following underwriting requirements have been met:

1. The insured anticipates retirement from his or her profession in fewer than five years.
2. The insured has attained age 55.
3. The insured has limited prior acts exposure based upon underwriting review.

The total number of insureds, within a group practice, that may qualify for the accelerated extension contract may not exceed a ratio of 1 in 3.

F. Any endorsement attached to the policy that includes provisions for tail coverage must comply with above 22. A.

23. SCHEDULE RATING PLAN

MAX CREDITS AND SURCHARGES \pm 50% applies to the following:

1. Physicians
2. Groups (3 or more physician partners)
3. Extenders- Certified Registered Nurse Anesthetist (CRNA), Nurse Anesthetist (NA), Physician Assistant (PA), Nurse Practitioners (NP), Clinical Nurse Specialist (CNS), Certified Nurse Midwife (CNM), Physical Therapist (PT), Occupational Therapist, Orthopedic Physician Assistant (OPA-C), Chiropractor, Optometrist, and Podiatrist
4. Dentists
5. Ancillary Personnel

The Schedule Rating Plan is comprised of the Loss Experience Credit and Surcharges shown in Section 17. Underwriting Guidelines, paragraphs C. and D., and any of the following combination of risk characteristics. The combined credits and/or surcharges shall not exceed \pm 50%.

MAX

1. Claims – -25% to +50% Individual
Individual loss performance as described in the General Rules Section 17. Underwriting Guidelines and economic, societal or jurisdictional changes or trends that will influence the frequency or severity of claims, or the unusual circumstances of a claim(s) which understate/overstate the severity of the claim(s).

2. Practice Risk – \pm 15%
Characteristics of a particular insured that differentiate the insured from other members of the same class, size and/or demographics of patient population, or recognition of recent developments within a classification or jurisdiction that are anticipated to impact future loss experience.

3. Quality Assurance/Risk Management – \pm 10%
Specific operational activities undertaken by the insured to reduce the frequency and/or severity of claims. Presence of medical standards, quality and claims review committees that meet on a routine basis to review medical procedures, treatments, and protocols and then assist in the integration of such into the practice; to assure the quality of the health services being rendered; and/or provide consistent review of claims/incidents that have occurred and to develop correction action. Degree to which insured incorporates methods to maintain quality patient records, referrals, and test results. Demonstrates the willingness to expend the time and capital to incorporate the latest advances in medical treatments and equipment into the practice, or failure

to meet accepted standards of care. Utilization of proper informed consent and patient education materials. Additional activities undertaken with the specific intention of reducing the frequency and/or severity of claims.

4. Medical Education, Training Accreditation & Credentialing – ±5%

Medical schools, training, post graduate training in specialty, and board certification. Insured exhibits greater/less than normal participation and support of such activities.

The Underwriter will document particular circumstances to support the resulting modification.

[Remainder of page intentionally left blank]

EXTENDED ADJUSTMENT TABLE (See Section 19)
% of Mature Premium Due During Period After
Change

Month of Change	Year 1	Year 2	Year 3	Total
1	2.50	2.08	2.08	6.66
2	5.00	4.16	4.16	13.32
3	7.50	6.24	6.24	19.98
4	10.00	8.32	8.32	26.64
5	12.50	10.40	10.40	33.30
6	15.00	12.48	12.48	39.96
7	17.50	14.56	14.56	46.62
8	20.00	16.64	16.64	53.28
9	22.50	18.72	18.72	59.94
10	25.00	20.80	20.80	66.60
11	27.50	22.88	22.88	73.26
12	30.00	25.00	25.00	80.00
13	32.08	27.08	25.00	84.16
14	34.16	29.16	25.00	88.32
15	36.24	31.24	25.00	92.48
16	38.32	33.32	25.00	96.64
17	40.40	35.40	25.00	100.80
18	42.48	37.48	25.00	104.96
19	44.56	39.56	25.00	109.12
20	46.64	41.64	25.00	113.28
21	48.72	43.72	25.00	117.44
22	50.80	45.80	25.00	121.60
23	52.88	47.88	25.00	125.76
24	55.00	50.00	25.00	130.00
25	57.08	50.00	25.00	132.08
26	59.16	50.00	25.00	134.16
27	61.24	50.00	25.00	136.24
28	63.32	50.00	25.00	138.32
29	65.40	50.00	25.00	140.40
30	67.48	50.00	25.00	142.48
31	69.56	50.00	25.00	144.56
32	71.64	50.00	25.00	146.64
33	73.72	50.00	25.00	148.72
34	75.80	50.00	25.00	150.80
35	77.88	50.00	25.00	152.88
36	80.00	50.00	25.00	155.00

12



ARKANSAS INSURANCE DEPARTMENT

Mike Beebe, Governor
Julie Benafield Bowman, Commissioner

May 14, 2008

Judy Shepperd
Compliance Officer
American Physicians Insurance Company
1301 South Capital of Texas Highway, Suite C-300
Austin, Texas 78746

Re: Rule and Classification Filing – Physicians and Dentists Medical Professional Liability
Company Filing # 2008-03-AR

Dear Ms. Shepperd:

Thank you for the above captioned filing.

Please reference Page 7, Section 22. A & B. These provisions need to comply with the specifications the mandatory basic Extended Reporting Period and the optional Extended Reporting Period requirements of AR Code Anno. 23-79-306 (1-6)

The policy must indicate that the insurer must provide at no additional charge an automatic sixty (60) day "basic" Extended Reporting Period upon cancellation or termination for any reason including non-payment of premium, deductibles, retentions or excess payments over the limit of liability reimbursements still owed.

You must advise the insured of the importance of purchasing the supplemental extended reporting period endorsement and allow the insured sixty (60) days after termination for any reason, to request and pay for the optional extended reporting period endorsement pursuant to AR Code Ann. 23-79-306 (3). This coverage must be put into effect if premium is received in payment of the optional extended reporting period endorsement.

The limit of liability for the supplemental extended reporting period must be no less than the greater of the amount of coverage remaining in the expiring policy aggregate or fifty percent (50%) of the aggregate limit at policy inception.

Should you have any questions, please feel free to call or email.

Sincerely,
Edith Roberts



Edith Roberts

From: Edith Roberts
Sent: Wednesday, May 14, 2008 10:24 AM
To: 'jsheppherd@api-c.com'
Subject: Filing # 2008-02-AR; Rate Filing Phys/Dentist Med Professional
Attachments: AR Ins Dept letterhead for emails.doc

Judy,

Please see attachment.

Should you have any questions, please feel free to contact me at any of the listings below.

Sincerely,
Edith Roberts
edith.roberts@arkansas.gov
Property & Casualty Compliance
Arkansas Insurance Department
3rd and Cross Streets
Little Rock, AR 72201
fax 501-371-2748
office 501-371-2808



Edith Roberts

From: Edith Roberts
Sent: Wednesday, May 14, 2008 10:24 AM
To: 'jsheppherd@api-c.com'
Subject: Filing # 2008-02-AR; Rate Filing Phys/Dentist Med Professional
Attachments: AR Ins Dept letterhead for emails.doc

Judy,

Please see attachment.

Should you have any questions, please feel free to contact me at any of the listings below.

Sincerely,
Edith Roberts
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Property & Casualty Compliance
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Little Rock, AR 72201
fax 501-371-2748
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ARKANSAS INSURANCE DEPARTMENT

Mike Beebe, Governor
Julie Benafield Bowman, Commissioner

May 14, 2008

Judy Shepperd
Compliance Officer
American Physicians Insurance Company
1301 South Capital of Texas Highway, Suite C-300
Austin, Texas 78746

Re: Rate Filing – Physicians and Dentists Medical Professional Liability
Company Filing # 2008-02-AR

Dear Ms. Shepperd:

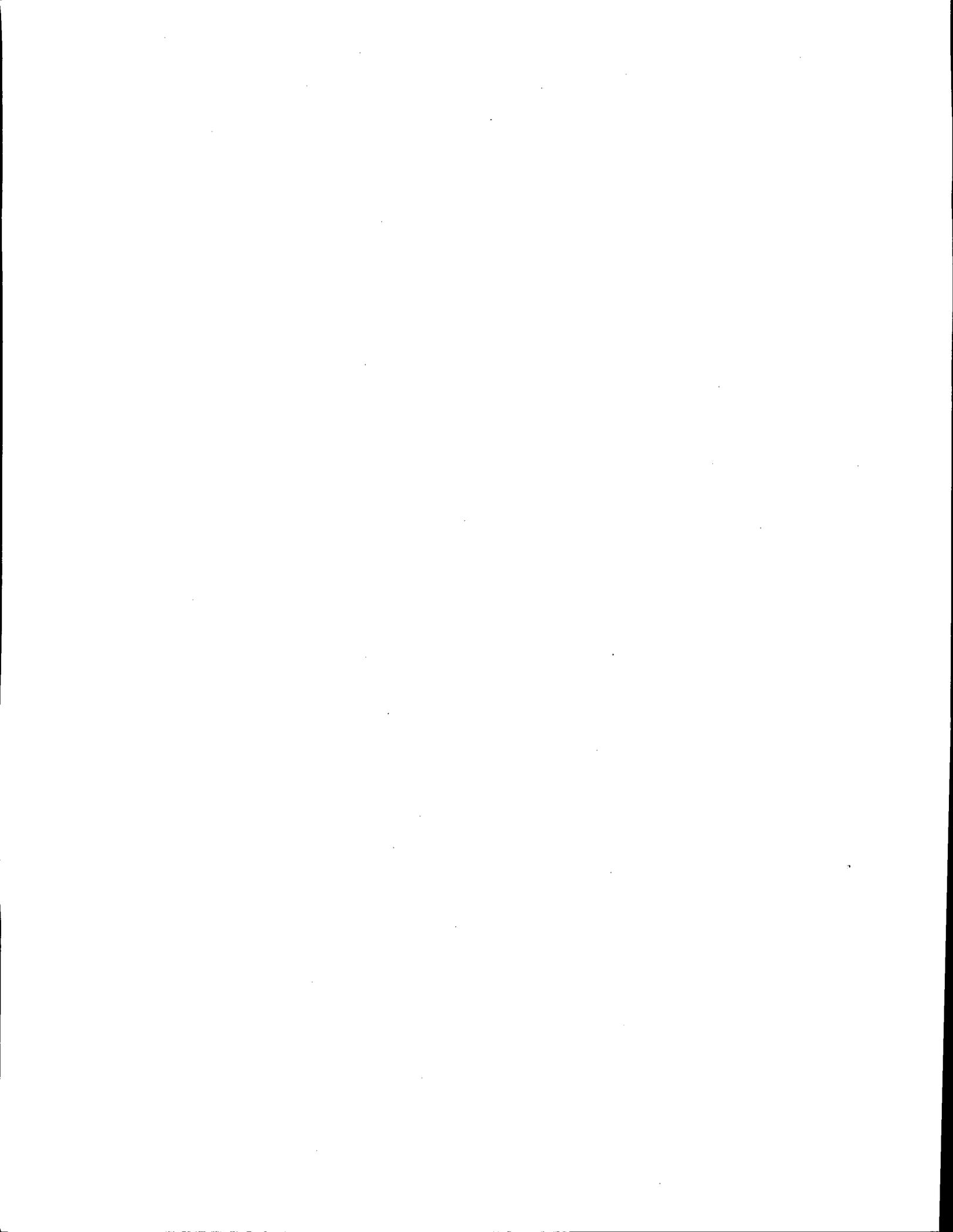
Thank you for the above captioned filing.

With reference to the Excel MMPCS survey form, we must receive it electronically in order to download it to the website.

If you will please email it to me electronically, this part of your filing package as captioned above is ready for approval.

Should you have any questions, please feel free to call or email.

Sincerely,
Edith Roberts





ARKANSAS INSURANCE DEPARTMENT

Mike Beebe, Governor
Julie Benafield Bowman, Commissioner

May 14, 2008

Judy Shepperd
Compliance Officer
American Physicians Insurance Company
1301 South Capital of Texas Highway, Suite C-300
Austin, Texas 78746

Re: Rate Filing – Physicians and Dentists Medical Professional Liability
Company Filing # 2008-02-AR

Dear Ms. Shepperd:

Thank you for the above captioned filing.

With reference to the Excel MMPCS survey form, we must receive it electronically in order to download it to the website.

If you will please email it to me electronically, this part of your filing package as captioned above is ready for approval.

Should you have any questions, please feel free to call or email.

Sincerely,
Edith Roberts

Carol Stiffler

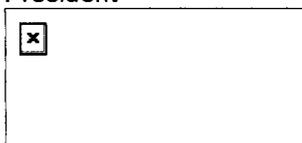
From: Bob Henderson [Bob.Henderson@oldgloryinsurance.com]
Sent: Thursday, May 15, 2008 3:54 PM
To: Carol Stiffler
Subject: RE: Old Glory Insurance Co Filing #AR05132008
Attachments: NCCI Circular AR-2008-02.pdf

Please bear with me. I am still new at the rate and form filing process. The filing number I found is AR-2008-02. The Circular # and filing # are very similar. I have attached the NCCI Circular that indicates AR-2008-02 is the filing number. The SERFF # is ARKS-125593101 and the state tracking number is 2050822 \$100.

Please let me know if this is the number you need. Thank you for your help.

Bob

Robert B. Henderson
President



(903) 509-4929 (888) 838-6404

From: Carol Stiffler [mailto:Carol.Stiffler@arkansas.gov]
Sent: Thursday, May 15, 2008 2:12 PM
To: Bob Henderson
Subject: RE: Old Glory Insurance Co Filing #AR05132008

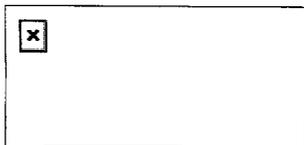
You can email to me. A reply to my email with the Item Filing # is fine.

Carol Stiffler
Arkansas Insurance Dept.
Property & Casualty Division
1200 W. 3rd St.
Little Rock, AR 72201-1904
501-371-2807
501-371-2748 (FAX)
carol.stiffler@arkansas.gov

From: Bob Henderson [mailto:Bob.Henderson@oldgloryinsurance.com]
Sent: Thursday, May 15, 2008 2:02 PM
To: Carol Stiffler
Subject: RE: Old Glory Insurance Co Filing #AR05132008

Thank you, I will find the correct filing #. Can I email it to you or do I need to prepare a new PC TD-1?

Robert B. Henderson
President



(903) 509-4929 (888) 838-6404

From: Carol Stiffler [mailto:Carol.Stiffler@arkansas.gov]
Sent: Thursday, May 15, 2008 1:59 PM
To: Bob Henderson
Subject: Old Glory Insurance Co Filing #AR05132008

This will acknowledge receipt of the captioned filing. You indicate that you are adopting Item Filing #AR-2008-06. We have no record of an NCCI filing by that number. I believe that is a Circular # which we cannot accept. The Item Filing # is the unique number that identifies the Item Filing. A circular can refer to multiple filings. Multiple circulars may refer to 1 filing. The item filing number can be located in the body of the circular.

Carol Stiffler
Arkansas Insurance Dept.
Property & Casualty Division
1200 W. 3rd St.
Little Rock, AR 72201-1904
501-371-2807
501-371-2748 (FAX)
carol.stiffler@arkansas.gov

Edith Roberts

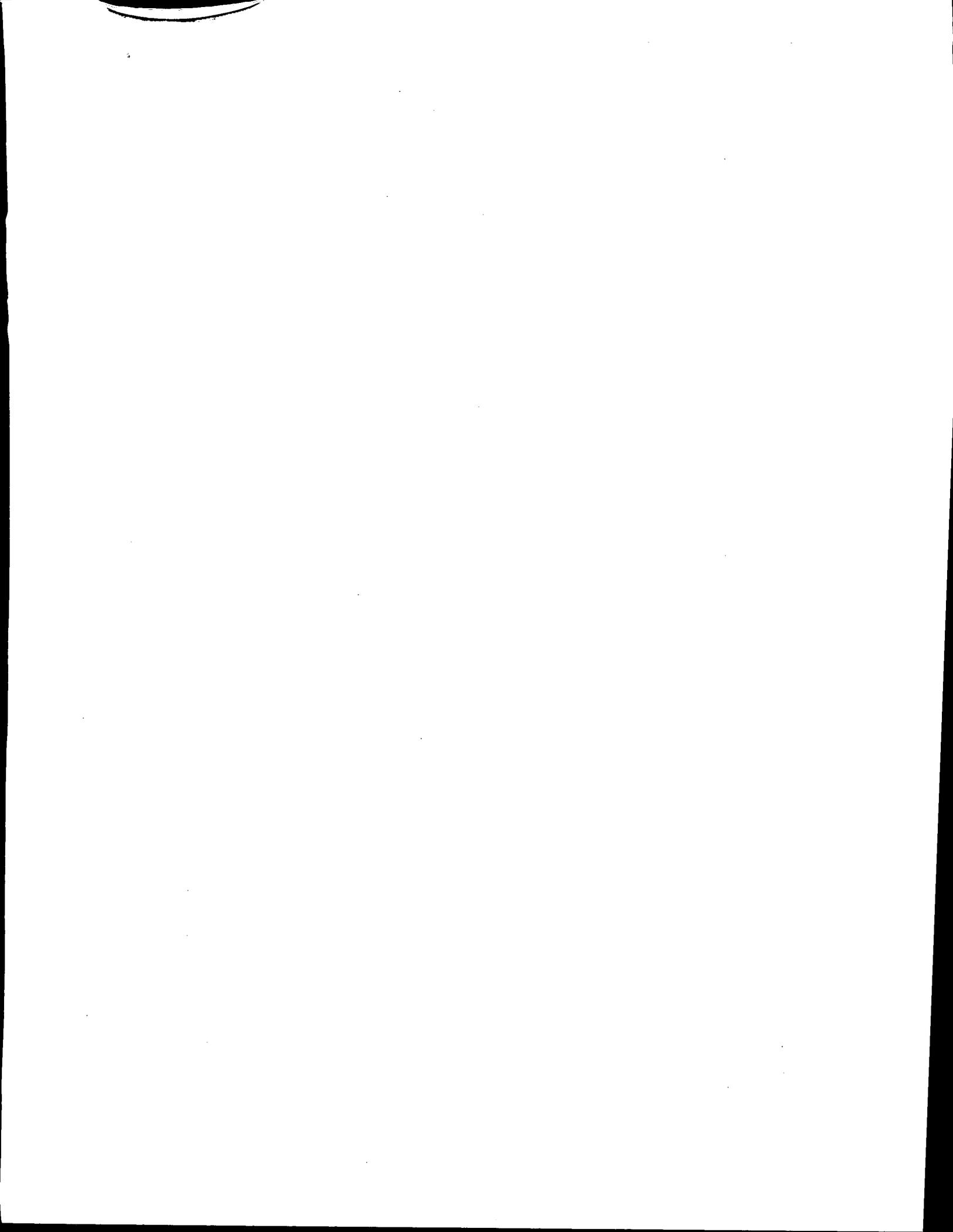
From: Edith Roberts
Sent: Wednesday, May 14, 2008 10:44 AM
To: 'jshepperd@api-c.com'
Subject: Co. Filing # 2008-03-AR; Rule and Classification
Attachments: AR Ins Dept letterhead for emails.doc

Judy,

Please see attached.

Should you have any questions, please feel free to contact me at any of the listings below.

Sincerely,
Edith Roberts
edith.roberts@arkansas.gov
Property & Casualty Compliance
Arkansas Insurance Department
3rd and Cross Streets
Little Rock, AR 72201
fax 501-371-2748
office 501-371-2808



Edith Roberts

From: Edith Roberts
Sent: Wednesday, May 14, 2008 10:44 AM
To: 'jshepperd@api-c.com'
Subject: Co. Filing # 2008-03-AR; Rule and Classification
Attachments: AR Ins Dept letterhead for emails.doc

Judy,

Please see attached.

Should you have any questions, please feel free to contact me at any of the listings below.

Sincerely,
Edith Roberts
edith.roberts@arkansas.gov
Property & Casualty Compliance
Arkansas Insurance Department
3rd and Cross Streets
Little Rock, AR 72201
fax 501-371-2748
office 501-371-2808



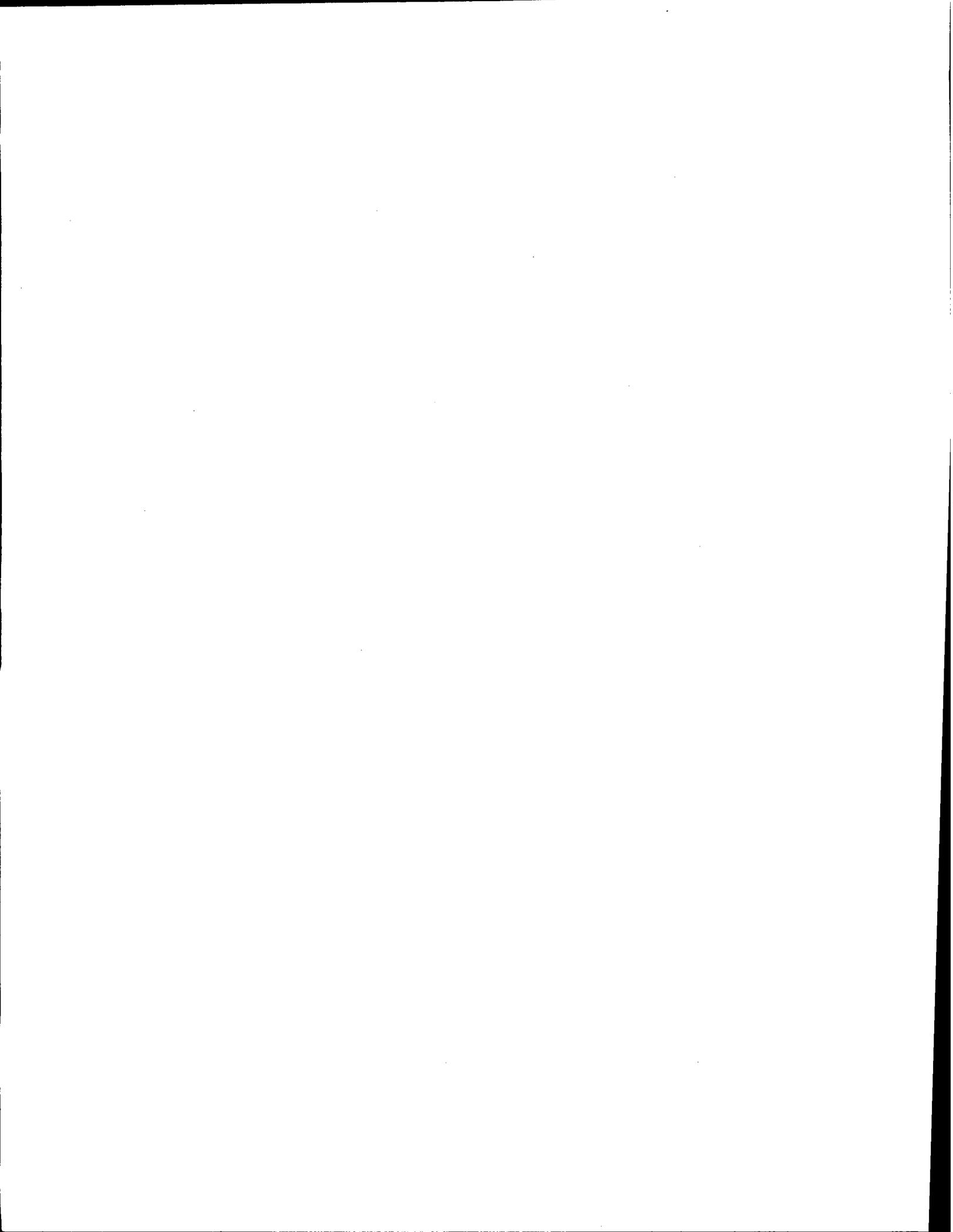
Edith Roberts

From: Edith Roberts
Sent: Wednesday, May 14, 2008 2:14 PM
To: 'jshepperd@api-c.com'
Subject: Filing 2008-01-AR Forms
Attachments: AR Ins Dept letterhead for emails.doc

Judy...

Here is the last one with the outlined amendment requirements.

Thanks,
Edith



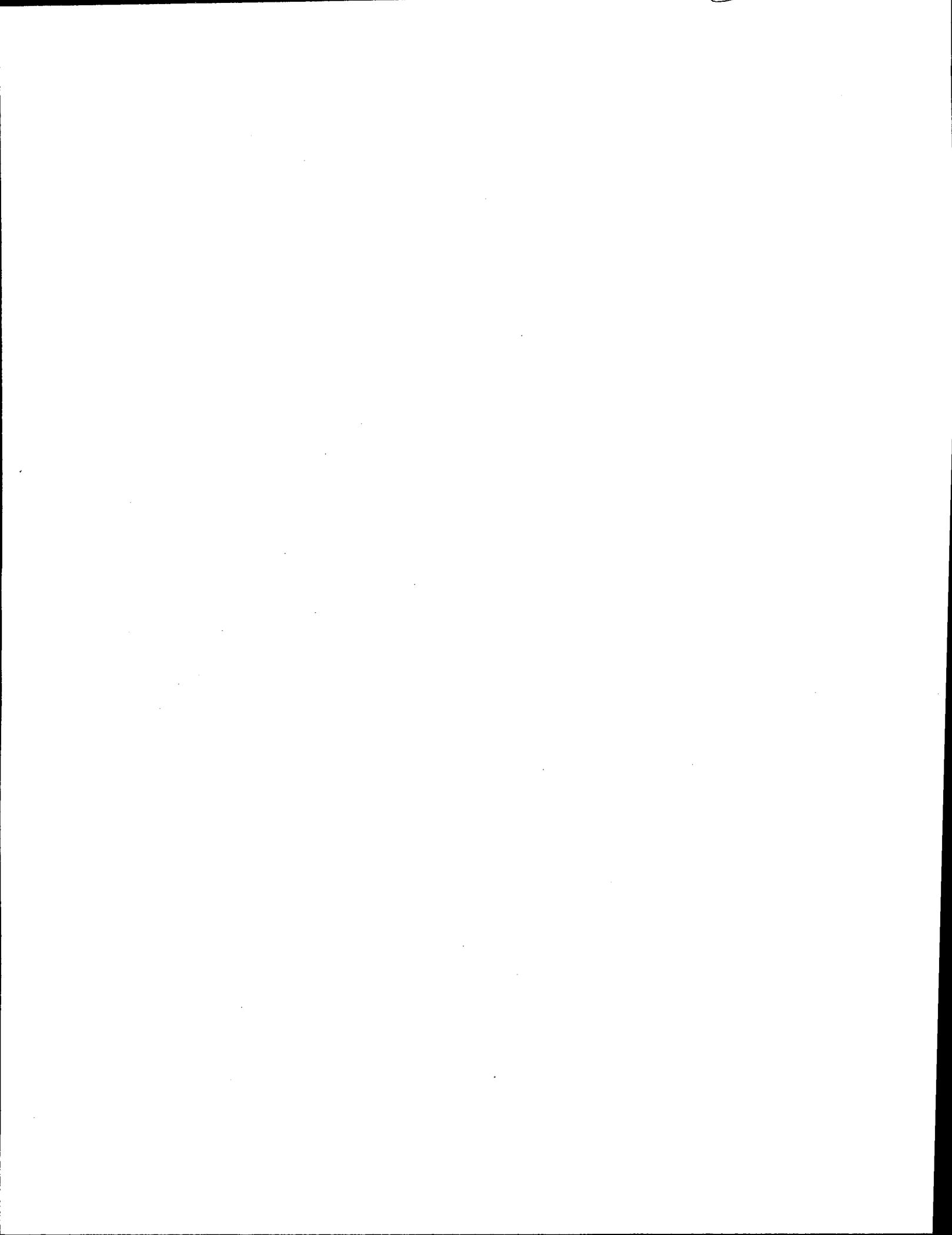
Edith Roberts

From: Edith Roberts
Sent: Wednesday, May 14, 2008 2:14 PM
To: 'jshepperd@api-c.com'
Subject: Filing 2008-01-AR Forms
Attachments: AR Ins Dept letterhead for emails.doc

Judy...

Here is the last one with the outlined amendment requirements.

Thanks,
Edith



ER

133378
25.00



American Physicians Insurance Company

Federal Express Delivery

ARKS-125636569

May 5, 2008

The Honorable Julie Benafield Bowman
Commissioner of Insurance
Arkansas Insurance Department
1200 West Third Street
Little Rock, AR 72201

Attn: Edith Roberts, Senior Rate and Form Analyst

Re: Rule and Classification Filing – Physicians and Dentists Medical Professional Liability
Company – American Physicians Insurance Company, NAIC #32557
Company Filing No. 2008-03 AR

Dear Ms. Roberts:

We hereby respectfully submit this Physicians and Dentists Medical Professional Liability General Rules filing, pages 1-9, and Classification Schedule with a requested effective date of July 5, 2008.

Please also find enclosed form PC TD-1 and a check in the amount of \$25.00 for the filing fee.

Your acknowledgement of this filing by stamping and returning a copy of this letter in the enclosed postage-paid return envelope will be greatly appreciated. If you have any questions, please do not hesitate to call.

Sincerely,

Judy Shepperd
Compliance Officer

RECEIVED

MAY 06 2008

PROPERTY AND CASUALTY DIVISION
ARKANSAS INSURANCE DEPARTMENT

24

Property & Casualty Transmittal Document

Reset Form

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

3. Group Name **Group NAIC #**

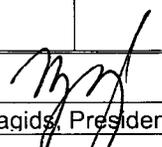
0000

4. Company Name(s)	Domicile	NAIC #	FEIN #	State #
American Physicians Insurance Company	Texas	32557	75-1517531	Texas

5. Company Tracking Number 2008-03

Contact Info of Filer(s) or Corporate Officer(s) [include toll-free number]

6. Name and address	Title	Telephone #s	FAX #	e-mail
Judy Shepperd 1301 S. Capital of Texas Highway, Suite C300 Austin, Texas 78746	Compliance Officer	512-314-4398; 1-800-252-3628 ext 4398	512-314-4398	jshepperd@api-c.com

7. Signature of authorized filer 

8. Please print name of authorized filer Maury L. Magids, President

RECEIVED
MAY 06 2008

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

9. Type of Insurance (TOI)	11.1 Med Mal-Claims Made Only
10. Sub-Type of Insurance (Sub-TOI)	11.1023 Physicians & Surgeons
11. State Specific Product code(s)(if applicable)[See State Specific Requirements]	PROPERTY AND CASUALTY DIVISION ARKANSAS INSURANCE DEPARTMENT
12. Company Program Title (Marketing title)	Physicians and Surgeons
13. Filing Type	<input type="checkbox"/> Rate/Loss Cost <input checked="" 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: 7-5-2008 Renewal: 10-1-2008
15. Reference Filing?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
16. Reference Organization (if applicable)	
17. Reference Organization # & Title	
18. Company's Date of Filing	5-5-2008
19. Status of filing in domicile	<input checked="" 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 # 2008-03 AR

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

American Physicians Insurance Company (API) submits new General Rules for its Physicians and Dentists medical malpractice program in Arkansas.

[View Complete Filing Description](#)

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 #: 133378

Amount: 25.00

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 #	2008-03 AR
-----------	--	------------

2.	This filing corresponds to form filing number (Company tracking number of form filing, if applicable)	2008-01 AR
-----------	---	------------

Rate Increase
 Rate Decrease
 Rate Neutral (0%)

3.	Filing Method (Prior Approval, File & Use, Flex Band, etc.)	
-----------	--	--

4a. Rate Change by Company (As Proposed)							
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							
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)			
		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.)	
-----------	--	--

9.	Rule # or Page # Submitted for Review	Replacement or withdrawn?	Previous state filing number, if required by state
01	General Rules, pages 1-9	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	
02	Classification Schedule	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	
03		<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	



**AMERICAN PHYSICIANS INSURANCE COMPANY
PHYSICIANS AND DENTISTS PROFESSIONAL LIABILITY INSURANCE
GENERAL RULES – ARKANSAS
UNDERWRITING AND PHYSICIAN SERVICES DEPARTMENT MANUAL**

1. GENERAL INSTRUCTIONS

This manual contains the rules governing the underwriting of Physicians and Dentists Professional Liability Insurance by American Physicians Insurance Company.

Additional units of exposure, coverage for which is provided on or after the effective dates of any changes in the manual, either by endorsement of outstanding policies or by the issuance of separate policies, shall be written on the basis of the rates and rules in effect at the time the coverage is effective.

The following requirements must be observed in the preparation of policies for insurance covered by this manual:

- A. Appropriate wording identifying the classification or classifications applicable for each risk shall be stated in the policy, followed by the proper code number.
- B. Any language in classification phraseology or footnotes which affects the scope of a classification applicable or assigned to operations to be insured shall be incorporated in the policy.

2. SCOPE OF COVERAGE

Refer to standard policy form.

3. PERSONS INSURED

Refer to standard policy form.

4. DEFINITIONS

Refer to standard policy form.

5. LIMITS OF LIABILITY

- A. Manual rates and minimum premiums provide for limits of:
 - \$100,000 each medical incident
 - \$300,000 annual aggregate
- B. Under Individual Coverage, these limits apply separately to each individual insured.
- C. If a separate premium is paid for Group Coverage, these limits apply jointly to all Corporate, Professional Association or Partnership entities insured.
- D. Increased or decreased limits may be provided. Refer to the Rating Section of this manual to determine premium.
- E. For limits not shown, submit to Underwriting Department.

6. POLICY PERIODS

Policies may be written for any period up to one year.

7. RATES AND PREMIUM CALCULATION

- A. **RATES.** Apply on an "each" basis and per annum. Refer to the Rating Section of this manual for premiums.
- B. **ADDITIONAL CHARGES.** Refer to Additional Charges in the Classification Section of this manual.



- C. **RATE CALCULATIONS.** For increased or decreased limits, additional interest and other manual features, rates shall be determined on an annual basis and shall be carried to two decimal places. If, in calculating the final rate, the third decimal is 5 or more, the second decimal is to be increased by 1; if the third decimal is less than 5, it is to be disregarded.
- D. **STEP FACTORS.** The rating year step factors applicable to Claims Made coverage is as follows:
 - Year 1 20%
 - Year 2 50%
 - Year 3 75%
 - Year 4 100%
- E. **ONE YEAR POLICIES.** The premium shall be determined on the basis of the units of exposure existing at policy inception.
- F. **SHORT TERM POLICIES.** No policy shall be written for a period of less than one year except a short term policy may be issued when an insured desires to gain a common expiration date with other coverages or lines of insurance. When such a policy is issued; the premium therefore shall be calculated on a pro-rata basis.
- G. **WHOLE DOLLAR PREMIUM.** The premium for each exposure shall be rounded to the nearest whole dollar separately for each coverage provided by the policy. A premium involving \$.50 or over shall be rounded to the next higher whole dollar. This procedure shall apply to all interim premium adjustments, including endorsements, or cancellations. NOTE: The phrase "each exposure" as used herein, shall mean exposure for which a separate premium is shown in the policy, endorsement, daily, or invoice.
- H. **PREMIUM RETURNS.** When there is a change in policy coverage which results in a reduction in premium, no refund of premium shall be made unless the difference in premium amounts to \$10 or more.

8. RATING TERRITORIES

The rate tables used by the Company apply to all counties within Arkansas.

9. CLASSIFICATION PROCEDURE

- A. For classification assignment purposes:
 1. The term "no surgery" applies to general practitioners and specialists who do not perform obstetrical procedures or surgery and who do not ordinarily assist in surgical procedures.
 2. The term "minor surgery" applies to general practitioners and specialists who perform minor surgery or assist in major surgery.
 3. The term "major surgery" applies to general practitioners and specialists who perform obstetrical procedures, and/or major surgery or assist in major surgery.
- B. When two or more classifications are applicable to a general practitioner or specialist, the rate for the highest rated classification shall apply.
- C. For employed physicians or dentists use the same classification assignment procedures as used for physicians or dentists in individual practice.
- D. For physicians entering private practice for the first time the regular classification section of this manual does apply. The premium charge for new-to-practice will be discounted off the rate otherwise applicable in the first through fifth years insured as follows:
 - Year 1 and 2: 25% each year
 - Years 3, 4 and 5: 5% each year

10. DEDUCTIBLES

The following optional deductibles are available for limits at \$1M/3M or above. The following credit will be applied for the applicable deductible amount at rates for limits \$1M/3M or above:

<u>PER CLAIM DEDUCTIBLE</u> <u>INDEMNITY & EXPENSE</u>	<u>CREDIT</u>
\$25,000	12%
\$50,000	19.5%
\$100,000	27.5%

11. PRIOR ACTS COVERAGE

"Prior Acts" coverage may be provided at the Company's option to any physician or dentist applying for API professional liability insurance who has an expiring "claims made" policy with another company. The Company may also choose to provide prior acts coverage for a previous uninsured period of time. The information required and underwriting rules are as follows:

1. Original inception date of the first "claims made" policy issued by the previous carrier.
2. Policy limits of all previous "claims made" policies.
3. The maximum limits of liability are those which API provides on the initial API policy. However, no prior acts coverage should be provided with limits that exceed those provided by the prior insurer.
4. The premium charged by API is determined by the original inception date used (i.e., if date is two years prior, year 3; if 3 years prior, year 4; etc.).

12. VICARIOUS LIABILITY COVERAGE

"Vicarious" liability coverage is coverage for an insured physician/dentist/group for her or himself should s/he be named for an act or omission of an employee or some other person for whom the insured is responsible. The limits that apply in regard to a vicarious liability claim are the employing physician's/dentist's/ group's own individual limits.

Vicarious liability coverage can be provided to an insured physician or dentist for the acts or omissions of a physician or dentist s/he employs, if the employed physician or dentist is also insured by API. If the employed physician or dentist is not covered by API, then the employer cannot purchase vicarious liability coverage. In an employer-employee situation, as opposed to a partnership or L.L.P., there are two separate policies. Each doctor has his or her own policy, on which the other cannot make changes. The employer physician or dentist would simply be charged approximately 10 % of the employed physician's or dentist's premium.

The employed physician's or dentist's policy may include an endorsement limiting the coverage to work done for the employer only. Since this is the employed physician's or dentist's own policy, s/he could ask to have that endorsement removed, even if the employer is actually the one paying for the coverage.

Group exceptions are made on a case-by-case basis.

13. ANCILLARY PERSONNEL

Ancillary personnel have the following coverage options:

1. Individual limits for each ancillary personnel
2. Ancillary personnel sharing in a limit with each other, in which case a discount of up to 20% may be applied to the ancillary personnel premium
3. Ancillary personnel sharing in a limit with each other and all physician extenders, in which

- case a discount of up to 20% may be applied to the ancillary personnel premium
4. Ancillary personnel share in the group's limit, in which case a discount of up to 40% may be applied to the ancillary personnel premium.

14. PHYSICIAN EXTENDER COVERAGE

Physician Extenders have the following coverage options:

1. Individual limits for each physician extender
2. Physician Extenders sharing in a limit with each other, in which case a discount of up to 20% may be applied to the physician extender premium.
3. Physician Extenders sharing in a limit with each other and all physician extenders, in which case a discount of up to 20% may be applied to the physician extender premium.
4. Physician Extenders share in the group's limit, in which case a discount of up to 40% may be applied to the physician extender premium.

15. LEGAL EXPENSE ENDORSEMENT COVERAGE

API policies include an endorsement that provides insured physicians or dentists with reimbursement for legal expenses incurred because of disciplinary proceedings brought during the policy period. This includes events such as professional review actions instituted by hospitals and other specified credentialing bodies, proceedings alleging fraud or non compliance with Medicare or Medicaid regulations, proceedings by state licensing authorities, proceedings by a governmental agency alleging violation of HIPAA privacy regulations, and EMTALA violations alleged by HCFA. Limits and terms of coverages are specified in the applicable endorsements:

1. API-238 Dentists
2. API-271 Physicians

The base premium charge is \$600. per insured physician and \$200 per insured dentist.

16. PART-TIME PRACTICE

Part-time discounts can be offered as follows:

- A. Hours: individuals who are working 30 hours or less per week.
- B. Disability: individuals who qualify for partial disability, having completed a disability claim form and approved by underwriting management, and who are working part-time.
- C. Pre-retirement: individuals who are approaching retirement at age 55 years old or more, an API insured greater than 5 years, and reducing work hours in anticipation of total retirement.
- D. Other circumstances: occasionally, situations allow us to provide part-time coverage, if we can exclude some other coverage or activity from the policy such as an insured covered on two policies at the same time.

The number of hours indicated below results in discounts, based on the following schedule; however, the maximum discount given to a surgeon, including anesthesiologists, is 20%.

<u>Hours worked per Week</u>	<u>Non-Surgical Classes</u>	<u>Surgical Classes*</u>
	<u>Discount</u>	<u>Discount</u>
12 hours or less	50%	20%
13-18 hours	40%	20%
19-24 hours	30%	20%
25-30 hours	20%	20%
31 or more hours	0%	0%

*Anesthesiology is considered a surgical class.

17. ADDITIONAL INTERESTS

- A. NO ADDITIONAL CHARGE. The following interest may be included without additional premium charge:
SINGLE (SOLO) PROFESSIONAL CORPORATION OR ASSOCIATION. A Professional Corporation or Association consisting of a single physician regardless of the number of professional employees.

18. UNDERWRITING GUIDELINES

- A. COVERAGE OPTIONS. Policies may be written to include individuals, groups or combinations thereof. A group is a partnership, association or corporation.
- B. GROUP COVERAGE
1. When both individual and group coverage are provided, the premium to be charged for the policy shall be the sum of:
 - a. The appropriate per person rate for each partner and employee insured for individual coverage; plus
 - b. The group liability rate of 10% for each partner and employee when group coverage is provided for separate limits of liability for groups of three or more, 20% for groups of two; or
 - c. There may be up to a 10% discount off each physician rate when coverage is provided to the individuals and group but only for a single limit of liability for each medical incident.
 2. Defense Only for Groups
If the Group is named in a claim and/or lawsuit, the Group's coverage is \$0 for each loss and \$0 aggregate limits of coverage. The Group does not have individual coverage but will be provided coverage for defense costs only.
- C. New Business Loss Experience Credit and Surcharges (Based on 5 years claims history, calculated from claim report date)
1. If there have been no paid indemnity losses over \$15,000 in the applicable time period, then a 25% Loss Experience Credit applies, however if there is an open claim then the Loss Experience Credit is 20%
 2. If there is a paid indemnity loss of over \$15,000 in the applicable time period, then no Loss Experience Credit applies.

THE DEFINITION OF **LOSS EXPERIENCE RATIO** IS AS FOLLOWS:
(5 YEARS PAID INDEMNITY + LOSS ADJUSTMENT EXPENSE (LAE)) DIVIDED BY 5 YEARS PREMIUM)

THE DEFINITION OF **LOSS FREQUENCY** IS THE NUMBER OF CLAIMS OPENED IN THE LAST 5 YEARS.

- D. Renewal Business Loss Experience Credit and Surcharges (Based on 5 years claims history and 5 years paid premiums):
1. If the Loss Experience Ratio is 0 then a 25% Loss Experience Credit applies
 2. If the Loss Experience Ratio is >0 and <60% then a 10% Loss Experience Credit applies
 3. If the Loss Experience Ratio is >=60% and <100% then no Loss Experience Credit applies
 4. If the Loss Experience Ratio is >=100% and <150% then a 20% Surcharge applies
 5. If the Loss Experience Ratio is >=150% and <200% then a 40% Surcharge applies
 6. If the Loss Experience Ratio is >=200% then a 50% Surcharge applies

- E. Moonlighter Rules: No Loss Experience Credit or Surcharge applies
- F. Slot policies
 - 1. Slot policies, or FTE policies, will be written by utilizing the default UW guidelines used to rate physicians. The individual slot or FTE policy will be rated based on the classification of the physicians filling the slot or FTE. A FTE (full time equivalent) or slot position is defined as a 40 hour work week.

19. PREMIUM ADJUSTMENT

- A. **DECREASED OR INCREASED COVERAGE.** Policyholders changing their practice to a lower or higher rating parameter (classification, limits of liability, rating territory or hours worked per week) continue to have an exposure to loss from their previous practice. To recognize this exposure change, the premium adjustment charge shall be calculated by using the Extended Adjustment Table appearing on page 9.
To calculate the premium adjustment for any period subsequent to the change, determine the current mature premium for the old risk and apply the stated percent. For any month at which a change in coverage occurs, there is a schedule of percentages of mature premium to be charged during the next consecutive 36 months. If coverage is changed after 36 months of coverage then the 36 month schedule is to be used. The premium adjustment charge shall be in addition to the premium for the ongoing risk which will be at rating year one whenever the change occurs. Adjustment charges shall be waived if coverage change occurs after the insured's 55th birthday, having been insured with API 5 or more years, and reduction in coverage is due to impending retirement.

The insured's original effective date shall be maintained.

- B. **DECREASED LIMITS OPTION.** There shall be no premium adjustment charge when the insured decreases limits of liability and elects to eliminate the higher coverage that was previously in effect for reporting claims. The decreased change in limits will be retroactive to the insured's original effective date. When this option is exercised at renewal, the policy declarations page will be issued to reflect the applicable limits of liability. Premium will be based on the new rating parameters. Upon termination of coverage, the reporting period endorsement premium applicable to the then current rating parameters shall apply.

20. SUSPENSION OF COVERAGE

At a doctor's written request, and with the approval of Underwriting Management, we can suspend coverage for a period of time. The doctor must state the dates of his/her desired coverage suspension. The period of time must be at least three continuous months. Underwriting Management will review the request for suspension, and the physician will be notified of the decision.

If unearned premium is on hand at the time the suspension is approved, it will be returned to the physician when the suspension is approved.

Some approved reasons for suspension are as follows:

- Being called to serve temporarily in the National Guard or voluntarily serving in the Armed Forces
- Medical disability (upon review and approval of API disability claim form)
- Sabbaticals
- Maternity Leave (typically 3-6 months)

During the time a policy is suspended, there is no coverage and no vicarious liability coverage for patient encounters/treatment rendered. However, the physician retains reporting rights for acts and/or omissions that occurred while s/he was covered prior to the effective date of the suspension.

21. CANCELLATIONS

- A. BY THE COMPANY. The earned premium shall be determined on a pro-rata basis by multiplying the number of units of exposure for the period the policy was in force by the applicable rates.
- B. BY THE INSURED. The earned premium shall be determined on a short-rate basis (.90 times the pro-rata unearned premium) by multiplying the number of units of exposure for the period the policy was in force by the applicable rates. Except use the pro-rata basis when the cancellation is based on the insured's death, disability, or retirement.

22. REPORTING PERIOD COVERAGE (NONRENEWAL/CANCELLATION)

- A. Upon termination of insurance either by nonrenewal or cancellation of the policy, for any reason other than nonpayment, the insured has the option to pay an additional premium to purchase an "indefinite" reporting period (RPC) in which claims otherwise covered by the policy may be reported. The premium is payable in one payment within 30 days after the policy is terminated and is not subject to cancellation or adjustment.
 - 1. Refer to the Rating Section of this manual to obtain the RPC premium based upon the classification(s) in the terminated policy.
- B. If the insured elects to purchase this coverage, Policy Tail Endorsement (API-217) will be issued upon payment of premium.
The maximum limits available on any Reporting Period Endorsement shall not exceed those of the expiring/cancelled API policy.
- C. If termination or cancellation of coverage is due to the insured being unable to practice his/her profession due to total disability or death, Indefinite Reporting Period Coverage will be provided with no additional premium.
- D. If the termination or cancellation of coverage is due to the insured's total retirement from the practice of his/her profession Indefinite Reporting Period Coverage will be provided with no additional premium if total retirement occurs:
 - 1. For a group policy- After their 55th birthday and after having completed three full years of insurance coverage (of which two must be uninterrupted coverage for the two years prior to the retirement date), not including prior acts coverage years; or
 - 2. For an individual policy- After their 55th birthday and having completed five full years of uninterrupted insurance coverage (of which two years must be uninterrupted coverage for the two years prior to the retirement date), not including prior acts coverage years.
- E. An insured may qualify for an accelerated extension contract, for no additional premium, if the following underwriting requirements have been met:
 - 1. The insured anticipates retirement from his or her profession in fewer than five years.
 - 2. The insured has attained age 55.
 - 3. The insured has limited prior acts exposure based upon underwriting review.

The total number of insureds, within a group practice, that may qualify for the accelerated extension contract may not exceed a ratio of 1 in 3.

23. SCHEDULE RATING PLAN

MAX CREDITS AND SURCHARGES \pm 50% applies to the following:

1. Physicians
2. Groups (3 or more physician partners)
3. Extenders- Certified Registered Nurse Anesthetist (CRNA), Nurse Anesthetist (NA), Physician Assistant (PA), Nurse Practitioners (NP), Clinical Nurse Specialist (CNS), Certified Nurse Midwife (CNM), Physical Therapist (PT), Occupational Therapist, Orthopedic Physician Assistant (OPA-C), Chiropractor, Optometrist, and Podiatrist
4. Dentists
5. Ancillary Personnel

The Schedule Rating Plan is comprised of the Loss Experience Credit and Surcharges shown in Section 17. Underwriting Guidelines, paragraphs C. and D., and any of the following combination of risk characteristics. The combined credits and/or surcharges shall not exceed \pm 50%.

MAX

1. Claims – -25% to +50% Individual

Individual loss performance as described in the General Rules Section 17. Underwriting Guidelines and economic, societal or jurisdictional changes or trends that will influence the frequency or severity of claims, or the unusual circumstances of a claim(s) which understate/overstate the severity of the claim(s).

2. Practice Risk – \pm 15%

Characteristics of a particular insured that differentiate the insured from other members of the same class, size and/or demographics of patient population, or recognition of recent developments within a classification or jurisdiction that are anticipated to impact future loss experience.

3. Quality Assurance/Risk Management – \pm 10%

Specific operational activities undertaken by the insured to reduce the frequency and/or severity of claims. Presence of medical standards, quality and claims review committees that meet on a routine basis to review medical procedures, treatments, and protocols and then assist in the integration of such into the practice; to assure the quality of the health services being rendered; and/or provide consistent review of claims/incidents that have occurred and to develop correction action. Degree to which insured incorporates methods to maintain quality patient records, referrals, and test results. Demonstrates the willingness to expend the time and capital to incorporate the latest advances in medical treatments and equipment into the practice, or failure to meet accepted standards of care. Utilization of proper informed consent and patient education materials. Additional activities undertaken with the specific intention of reducing the frequency and/or severity of claims.

4. Medical Education, Training Accreditation & Credentialing – \pm 5%

Medical schools, training, post graduate training in specialty, and board certification. Insured exhibits greater/less than normal participation and support of such activities.

The Underwriter will document particular circumstances to support the resulting modification.

EXTENDED ADJUSTMENT TABLE (See Section 18)
% of Mature Premium Due During Period After
Change

Month of Change	Year 1	Year 2	Year 3	Total
1	2.50	2.08	2.08	6.66
2	5.00	4.16	4.16	13.32
3	7.50	6.24	6.24	19.98
4	10.00	8.32	8.32	26.64
5	12.50	10.40	10.40	33.30
6	15.00	12.48	12.48	39.96
7	17.50	14.56	14.56	46.62
8	20.00	16.64	16.64	53.28
9	22.50	18.72	18.72	59.94
10	25.00	20.80	20.80	66.60
11	27.50	22.88	22.88	73.26
12	30.00	25.00	25.00	80.00
13	32.08	27.08	25.00	84.16
14	34.16	29.16	25.00	88.32
15	36.24	31.24	25.00	92.48
16	38.32	33.32	25.00	96.64
17	40.40	35.40	25.00	100.80
18	42.48	37.48	25.00	104.96
19	44.56	39.56	25.00	109.12
20	46.64	41.64	25.00	113.28
21	48.72	43.72	25.00	117.44
22	50.80	45.80	25.00	121.60
23	52.88	47.88	25.00	125.76
24	55.00	50.00	25.00	130.00
25	57.08	50.00	25.00	132.08
26	59.16	50.00	25.00	134.16
27	61.24	50.00	25.00	136.24
28	63.32	50.00	25.00	138.32
29	65.40	50.00	25.00	140.40
30	67.48	50.00	25.00	142.48
31	69.56	50.00	25.00	144.56
32	71.64	50.00	25.00	146.64
33	73.72	50.00	25.00	148.72
34	75.80	50.00	25.00	150.80
35	77.88	50.00	25.00	152.88
36	80.00	50.00	25.00	155.00

American Physicians Insurance Company
Austin, Texas
Proposed Speciality Listing by Schedule

CUR
PL

SCDL CLASS. DESCRIPTION.....

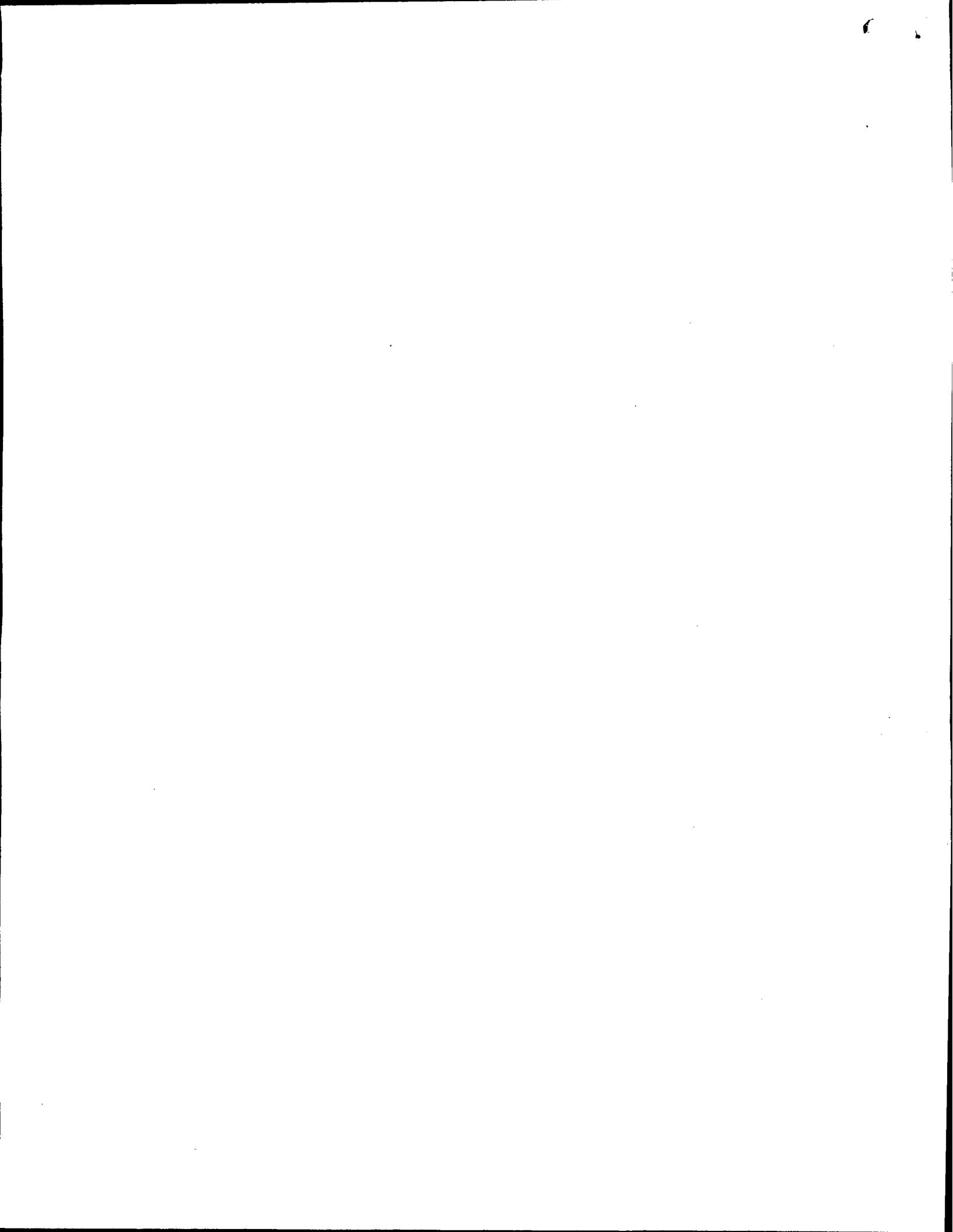
- 1 802540 Physician (Allergy)
- 1 802550 Physician (Cardiology)
- 1 802450 Physician (Clinical Hematology)
- 1 802560 Physician (Dermatology)
- 1 802380 Physician (Endocrinology)
- 1 802390 Physician (Family Practice/General Practice)
- 1 802410 Physician (Gastroenterology, not incl Endoscopic Procedures)
- 1 802310 Physician (General Preventive Medicine)
- 1 802440 Physician (Gynecology - No Surgery)
- 1 802590 Physician (Hematology Oncology)
- 1 802460 Physician (Infectious Diseases)
- 1 802570 Physician (Internal Medicine, not incl Endoscopic Procedures)
- 1 802680 Physician (N.O.C., no surgery)
- 1 802600 Physician (Nephrology)
- 1 802610 Physician (Neurology)
- 1 802620 Physician (Nuclear Medicine)
- 1 802480 Physician (Nutrition)
- 1 802330 Physician (Occupational Medicine)
- 1 802941 Physician (Office Orthopedics, not assisting in surgery)
- 1 802660 Physician (Pathology, no surgery)
- 1 802670 Physician (Pediatrics not incl Endoscopic Procedures)
- 1 802350 Physician (Physiatry-Physical Medicine & Rehab.)
- 1 802490 Physician (Psychiatry)
- 1 802690 Physician (Pulmonology, not incl Endoscopic Procedures)
- 1 802531 Physician (Radiation Oncology)
- 1 802530 Physician (Radiology-Diagnostic)
- 1 802520 Physician (Rheumatology)
- 1 801140 Surgeon (Ophthalmology)

1

- 1A 802691 Physician (Pulmonology, incl Endoscopic Procedures)
- 1A 802391 Physician (Family Practice/General Practice-Asst. in Surgery, not incl Endoscopic Procedures)
- 1A 802942 Surgeon (Surgeons, no surgery, only assisting)

1A

- 2 802811 Physician (Cardiology-Diagnostic, incl cath)
- 2 802810 Physician (Cardiology-Interventional, incl Caths & Stents)
- 2 802820 Physician (Dermatology - Minor Surgery)
- 2 802730 Physician (Family Practice/General Practice, incl Endoscopic Procedures)
- 2 802740 Physician (Gastroenterology, incl Endoscopic Procedures)
- 2 802770 Physician (Gynecology - Minor Surgery)
- 2 802841 Physician (Hospitalist)
- 2 802840 Physician (Internal Medicine, incl Endoscopic Procedures)
- 2 802950 Physician (Neonatology)
- 2 802910 Physician (Otorhinolaryngology)



American Physicians Insurance Company
Austin, Texas
Proposed Speciality Listing by Schedule

CUR

PL

SCDL CLASS. DESCRIPTION.....

- 2 802920 Physician (Pathology, minor surgery)
- 2 802930 Physician (Pediatrics, incl Endoscopic Procedures)
- 2 802800 Physician (Radiology-Interventional)
- 2 802830 Physician Critical Care (Intensivist-minor surgery)

2

- 3 801550 Surgeon (Otorhinolaryngology)

3

- 5 801020 Physician (Emergency Medicine - No Major Surgery)
- 5 801500 Surgeon (Cardiovascular)
- 5 801430 Surgeon (General Surgery)
- 5 801930 Surgeon (Pediatric)
- 5 801440 Surgeon (Thoracic)
- 5 801460 Surgeon (Vascular)

5

- 5A 801431 Surgeon (Bariatric)

5A

- 6 801172 Physician (Family Practice, incl Obgyn)
- 6 801670 Surgeon (Gynecology)
- 6 801560 Surgeon (Plastic)

6

- 9 801530 Surgeon (Obstetrics and Gynecology)

9

- 10 801520 Surgeon (Neurosurgery)

10

- 11 802110 Dentist I

11

- 12 80211A Dentist II

12

- 13 802100 Dentist, Oral Surgeon - including Dentists treating with a general anesthetic



14:20:09 05-05-08

American Physicians Insurance Company
Austin, Texas
Proposed Speciality Listing by Schedule

CUR

PL

SCDL CLASS. DESCRIPTION.....

13

15 809021 Physician Resident or Fellow (Moonlighting Coverage)

15

16 809641 Clinical Nurse Specialist (CNS)

16 801488 Occupational Therapist

16 809381 Physical Therapist

16 801160 Physician's Assistant

16

17 801450 Surgeon (Urology)

17

21 809631 Nurse Practitioner

21

36 801150 Surgeon (Colon and Rectal)

36

37 801510 Physician (Anesthesiology)

37 801511 Physician (Anesthesiology, including Pain Management)

37

41 801541 Surgeon (Orthopedic, inc. Spine)

41

42 801690 Surgeon (Hand & Upper Extremity)

42 801540 Surgeon (Orthopedic, no Spine)

42

45 80962 Certified Nurse Midwife

45

46 801163 Anesthesiologist Assistant

46 80963 Licensed Vocational Nurse (LVN)

46 801162 Orthopedic Physician Assistant (OPA-C)

46 80964 Registered Nurse (RN)

46 801161 Surgeon's Assistant

14:20:09 05-05-08

American Physicians Insurance Company
Austin, Texas
Proposed Speciality Listing, by Schedule

CUR

PL

SCDL CLASS. DESCRIPTION.....

46

- 47 80452 Certified Registered Nurse Anesthetist
- 47 80410 Chiropractor
- 47 80960 Nurse Anesthetist
- 47 80994 Optometrist

47

- 48 80993 Podiatrist

48

85 records listed