

SERFF Tracking Number: MAGM-126075119 State: Arkansas  
 Filing Company: MAG Mutual Insurance Company State Tracking Number: #110406 \$100  
 Company Tracking Number: 140801-0915  
 TOI: 11.0 Medical Malpractice - Claims Sub-TOI: 11.0023 Physicians & Surgeons  
 Made/Occurrence  
 Product Name: AR PSL Rate Initial 05-2009  
 Project Name/Number: AR PSL Rate Initial 05-2009/140801-0915

## Filing at a Glance

Company: MAG Mutual Insurance Company  
 Product Name: AR PSL Rate Initial 05-2009 SERFF Tr Num: MAGM-126075119 State: Arkansas  
 TOI: 11.0 Medical Malpractice - Claims SERFF Status: Closed State Tr Num: #110406 \$100  
 Made/Occurrence  
 Sub-TOI: 11.0023 Physicians & Surgeons Co Tr Num: 140801-0915 State Status: Fees verified and received  
 Filing Type: Rate/Rule Co Status: Reviewer(s): Edith Roberts, Brittany Yielding  
 Author: Carolyn Branch Disposition Date: 04/30/2009  
 Date Submitted: 03/16/2009 Disposition Status: Filed  
 Effective Date Requested (New): 05/01/2009 Effective Date (New):  
 Effective Date Requested (Renewal): 05/01/2009 Effective Date (Renewal):  
 State Filing Description:

## General Information

Project Name: AR PSL Rate Initial 05-2009 Status of Filing in Domicile: Not Filed  
 Project Number: 140801-0915 Domicile Status Comments: N/A  
 Reference Organization: N/A Reference Number: N/A  
 Reference Title: N/A Advisory Org. Circular: N/A  
 Filing Status Changed: 04/30/2009  
 State Status Changed: 04/30/2009 Deemer Date:  
 Corresponding Filing Tracking Number: 140802-0916  
 Filing Description:  
 AR PSL Rate Initial 05-2009

## Company and Contact

### Filing Contact Information

SERFF Tracking Number: MAGM-126075119 State: Arkansas  
Filing Company: MAG Mutual Insurance Company State Tracking Number: #110406 \$100  
Company Tracking Number: 140801-0915  
TOI: 11.0 Medical Malpractice - Claims Sub-TOI: 11.0023 Physicians & Surgeons  
Made/Occurrence  
Product Name: AR PSL Rate Initial 05-2009  
Project Name/Number: AR PSL Rate Initial 05-2009/140801-0915

Carolyn Branch, Analyst cbranch@magmutual.com  
P.O. Box 52979 (404) 842-5600 [Phone]  
Atlanta, GA 30355-0979

**Filing Company Information**

MAG Mutual Insurance Company CoCode: 42617 State of Domicile: Georgia  
PO Box 52979 Group Code: -99 Company Type:  
Atlanta, GA 30355 Group Name: State ID Number:  
(404) 842-5673 ext. [Phone] FEIN Number: 00-00000  
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SERFF Tracking Number: MAGM-126075119 State: Arkansas  
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Company Tracking Number: 140801-0915  
TOI: 11.0 Medical Malpractice - Claims Sub-TOI: 11.0023 Physicians & Surgeons  
Made/Occurrence  
Product Name: AR PSL Rate Initial 05-2009  
Project Name/Number: AR PSL Rate Initial 05-2009/140801-0915

## Filing Fees

Fee Required? Yes  
Fee Amount: \$100.00  
Retaliatory? No  
Fee Explanation:  
Per Company: No

CHECK NUMBER	CHECK AMOUNT	CHECK DATE
0110406	\$100.00	02/05/2009

<i>SERFF Tracking Number:</i>	<i>MAGM-126075119</i>	<i>State:</i>	<i>Arkansas</i>
<i>Filing Company:</i>	<i>MAG Mutual Insurance Company</i>	<i>State Tracking Number:</i>	<i>#110406 \$100</i>
<i>Company Tracking Number:</i>	<i>140801-0915</i>		
<i>TOI:</i>	<i>11.0 Medical Malpractice - Claims Made/Occurrence</i>	<i>Sub-TOI:</i>	<i>11.0023 Physicians &amp; Surgeons</i>
<i>Product Name:</i>	<i>AR PSL Rate Initial 05-2009</i>		
<i>Project Name/Number:</i>	<i>AR PSL Rate Initial 05-2009/140801-0915</i>		

## Correspondence Summary

### Dispositions

<b>Status</b>	<b>Created By</b>	<b>Created On</b>	<b>Date Submitted</b>
Filed	Edith Roberts	04/30/2009	04/30/2009

### Amendments

<b>Item</b>	<b>Schedule</b>	<b>Created By</b>	<b>Created On</b>	<b>Date Submitted</b>
Form MMPCS	Supporting Document	Carolyn Branch	03/23/2009	03/23/2009

SERFF Tracking Number: MAGM-126075119 State: Arkansas  
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## Disposition

Disposition Date: 04/30/2009  
 Effective Date (New):  
 Effective Date (Renewal):  
 Status: Filed  
 Comment:

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where required):	Minimum % Change (where required):
MAG Mutual Insurance Company	0.000%	0.000%	\$0	0	\$0	0.000%	0.000%

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Item Type	Item Name	Item Status	Public Access
Supporting Document (revised)	Form MMPCS	Filed	Yes
Supporting Document	Form MMPCS	Filed	Yes
Supporting Document	Form PROMAL	Filed	Yes
Supporting Document	Form PRONOT	Filed	Yes
Supporting Document	NAIC loss cost data entry document	Filed	Yes
Supporting Document	NAIC Loss Cost Filing Forms (all P&C lines)	Filed	Yes
Supporting Document	Cover Letter	Filed	Yes
Supporting Document	Actuarial Memorandum	Filed	Yes
Supporting Document	Arkansas Rate Manual 05-2009	Filed	Yes

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**Amendment Letter**

Amendment Date:

Submitted Date: 03/23/2009

**Comments:**

The Malpractice Premium Comparison Survey Form has been resubmitted in the correct format (Adobe). Per the General Instructions, only the Personal Auto Survey and the Homeowner/Dwelling Survey should be submitted in Excel.

Sincerely,  
Carolyn Branch.

**Changed Items:**

**Supporting Document Schedule Item Changes:**

**Satisfied -Name: Form MMPCS**

Comment:

AR MM Survey FORM MMPCS.pdf

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**Rate Information**

Rate data applies to filing.

**Filing Method:** Initial Filing  
**Rate Change Type:** Neutral  
**Overall Percentage of Last Rate Revision:** 0.000%  
**Effective Date of Last Rate Revision:**  
**Filing Method of Last Filing:** N/A

**Company Rate Information**

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where required):	Minimum % Change (where required):
MAG Mutual Insurance Company	0.000%	0.000%	\$0	0	\$0	0.000%	0.000%

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## Supporting Document Schedules

<p><b>Satisfied -Name:</b> Form MMPCS  <b>Comments:</b>  <b>Attachment:</b>            AR MM Survey FORM MMPCS.pdf</p>	<p><b>Review Status:</b>            Filed 04/30/2009</p>
<p><b>Satisfied -Name:</b> Form PROMAL  <b>Comments:</b>            Initial Rate/Rule Filing.</p>	<p><b>Review Status:</b>            Filed 04/30/2009</p>
<p><b>Satisfied -Name:</b> Form PRONOT  <b>Comments:</b>            Initial Rate/Rule Filing.</p>	<p><b>Review Status:</b>            Filed 04/30/2009</p>
<p><b>Satisfied -Name:</b> NAIC loss cost data entry document  <b>Comments:</b>  <b>Attachment:</b>            AR Loss Cost Data Entry Document 2009.pdf</p>	<p><b>Review Status:</b>            Filed 04/30/2009</p>
<p><b>Satisfied -Name:</b> NAIC Loss Cost Filing Forms (all P&amp;C lines)  <b>Comments:</b>            Initial Rate/Rule Filing.</p>	<p><b>Review Status:</b>            Filed 04/30/2009</p>
<p><b>Satisfied -Name:</b> Cover Letter  <b>Comments:</b></p>	<p><b>Review Status:</b>            Filed 04/30/2009</p>



SERFF Tracking Number: MAGM-126075119 State: Arkansas  
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Made/Occurrence  
Product Name: AR PSL Rate Initial 05-2009  
Project Name/Number: AR PSL Rate Initial 05-2009/140801-0915

**Review Status:**  
**Satisfied -Name:** Actuarial Memorandum Filed 04/30/2009  
**Comments:**  
**Attachment:**  
20090306 AR P&S Rates final.pdf

**Review Status:**  
**Satisfied -Name:** Arkansas Rate Manual 05-2009 Filed 04/30/2009  
**Comments:**  
**Attachment:**  
09 RATE MANUAL - AR final.pdf

**Malpractice Premium Comparison Survey Form  
FORM MMPCS - last modified August, 2005**

**USE THE APPROPRIATE FORM BELOW - IF NOT APPLICABLE, LEAVE BLANK**

NAIC Number:	42617
Company Name:	MAG Mutual Insurance Company
Contact Person:	Edward Lybrook
Telephone No.:	(404) 842-5673
Email Address:	<a href="mailto:elybrook@magmutual.com">elybrook@magmutual.com</a>
Effective Date:	5/1/2009

**Submit to:** Arkansas Insurance Department  
1200 West Third Street  
Little Rock, AR 72201-1904

**Telephone:** 501-371-2800

Email as an attachment to [insurance.pnc@arkansas.gov](mailto:insurance.pnc@arkansas.gov)  
You may also attach to a SERFF filing or submit on a cdr disk

Physicians

	Hospital	Clinic	Private
<b>Base Rate</b> At 500,000/1,000,000	\$ 5614	\$ 5614	\$ 5614
<b>Discounts and Surcharges</b>			
Emergency Room	170 %	170 %	170 %
Surgery	260 %	260 %	260 %
Delivery	428 %	428 %	428 %
Claims Free	up to 18% %	up to 18% %	up to 18% %
Over 5 years Experience	%	%	%
Other:			
Group, RM, New Doc	7 %	7 %	7 %

Dental

	Dentist	Orthodontist	Oral Surgeons
<b>Base Rate</b> At 100,000/300,000	\$	\$	\$
<b>Discounts and Surcharges</b>			
Claims Free	%	%	%
5 years Experience	%	%	%
Surgery	%	%	%
Other:	%	%	%

**NAIC LOSS COST DATA ENTRY DOCUMENT** (EFFECTIVE AUG. 16, 2004)

<b>1.</b>	This filing transmittal is part of Company Tracking #	<b>140801-0915</b>
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<b>2.</b>	If filing is an adoption of an advisory organization loss cost filing, give name of advisory organization and Reference/Item Filing Number	<b>N/A</b>
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		Company Name			Company NAIC Number
<b>3.</b>	<b>A.</b>	<b>MAG Mutual Insurance Company</b>	<b>B.</b>	<b>42617</b>	

		Product Coding Matrix Line of Business (i.e., Type of Insurance)			Product Coding Matrix Line of Insurance (i.e., Sub-type of Insurance)
<b>4.</b>	<b>A.</b>	<b>Medical Malpractice</b>	<b>B.</b>	<b>Physicians &amp; Surgeons</b>	

<b>5.</b>			<b>FOR LOSS COSTS ONLY</b>				
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
COVERAGE (See Instructions)	Indicated % Rate Level Change	Requested % Rate Level Change	Expected Loss Ratio	Loss Cost Modification Factor	Selected Loss Cost Multiplier	Expense Constant (If Applicable)	Co. Current Loss Cost Multiplier
<b>Physicians &amp; Surgeons</b>	<b>Initial Filing</b>	<b>Initial Filing</b>					
<b>TOTAL OVERALL EFFECT</b>	<b>Initial Filing</b>	<b>Initial Filing</b>					

<b>6.</b>		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
<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>

<b>7.</b>	
Expense Constants	Selected Provisions
A. Total Production Expense	<b>7.7%</b>
B. General Expense	<b>3.5%</b>
C. Taxes, License & Fees	<b>2.5%</b>
D. Underwriting Profit & Contingencies	
E. Other (Surplus Growth Load)	<b>3.0%</b>
<b>F. TOTAL</b>	<b>16.7%</b>

- 8.**   N   Apply Lost Cost Factors to Future filings? (Y or N)
- 9.**   NA   Estimated Maximum Rate Increase for any Insured (%). Territory (if applicable): \_\_\_\_\_
- 10.**   NA   Estimated Maximum Rate Decrease for any Insured (%) Territory (if applicable): \_\_\_\_\_



Eight Piedmont Center, Suite 600 | 3525 Piedmont Road  
Atlanta, Georgia 30305-1533 | [elybrook@magmutual.com](mailto:elybrook@magmutual.com)  
404.842.5673 | 800.282.4882 | FAX 404.842.5614

**Edward D. Lybrook**

Vice President/Regulatory Compliance and Product Development

March 16, 2009

William Lacy, JD  
Property and Casualty Division Director  
Arkansas Department of Insurance  
Via SERFF

**RE: Physicians and Surgeons Professional Liability**  
**Initial Rate Filing: Requested Effective Date May 1, 2009**  
**Company Filing Number: 140801-0915**

Dear Mr. Lacy:

This letter and the enclosed material are being submitted as an independent filing on behalf of MAG Mutual Insurance Company.

MAG Mutual Insurance Company has not been an active carrier in Arkansas and does not currently insure any policyholder in the state. The enclosed filing represents our initial filing of our Physicians and Surgeons Professional Liability program. We insure approximately 17,000 physicians in the Southeast primarily in Alabama, Florida, Georgia, North Carolina, South Carolina, Tennessee and Virginia. We look forward to participating in the Arkansas market.

The enclosed comprehensive rate/rule filing being submitted for approval represents MAG Mutual's Physicians and Surgeons Medical Malpractice program. Our program in Arkansas will essentially be the same as that in the other states in which we are active.

A comprehensive form filing has been submitted under separate cover.

If you have any questions regarding this filing, please contact me via email at [elybrook@magmutual.com](mailto:elybrook@magmutual.com) or call me at (404) 842-5673.

Best regards,

A handwritten signature in black ink, appearing to read 'Edward D. Lybrook'.



March 6, 2009

Mr. Edward Lybrook  
Vice President, Regulatory Compliance and Product Development  
MAG Mutual Insurance Company  
Eight Piedmont Center, Suite 600  
3525 Piedmont Center  
Atlanta, Georgia 30305-1533

Dear Mr. Lybrook:

#### ARKANSAS PHYSICIANS AND SURGEONS PROFESSIONAL LIABILITY RATES

At your request, we have prepared the attached rate level analysis for MAG Mutual Insurance Company's (MAG Mutual's) physicians and surgeons professional liability program in Arkansas. Rates are developed for annual policies to be issued during the May 1, 2009 through April 30, 2010 period.

Pure premium indications for these rates are based on State Volunteer Mutual Insurance Company's ("SVMIC") rate filing in Arkansas with an effective date of May 15, 2008 and Medical Protective Insurance Company's ("Med Pro") most recent rate filing in Arkansas with an effective date of February 1, 2008.

This analysis has been prepared to assist MAG Mutual management in determining a reasonable Arkansas rate level. We understand that a copy may be provided to the Arkansas Department of Insurance as support for MAG Mutual's rates. Further distribution or use is not authorized without our prior written consent.

While we believe the methods and assumptions used in this analysis are reasonable to the circumstances, no assurance can be given that resulting rates will not prove to be too high or low.

We are members of the American Academy of Actuaries and we meet its qualification standards to render the actuarial opinion contained herein.

Mr. Edward Lybrook  
March 6, 2009  
Page 2.



If you should have questions, please call.

Sincerely,

TOWERS PERRIN

A handwritten signature in black ink, appearing to read "J. D. Hurley".

James D. Hurley, ACAS, MAAA  
Direct Dial: 404-365-1632

A handwritten signature in black ink, appearing to read "Lynne W. Faucher".

Lynne W. Faucher, ACAS, MAAA  
Direct Dial: 404-365-1606

JDH:p

**MAG MUTUAL INSURANCE COMPANY****Arkansas  
Physicians and Surgeons Professional Liability Rate Filing**

This memorandum and the attached exhibits present the development of indicated physicians and surgeons professional liability rates for MAG Mutual Insurance Company (MAG Mutual) in Arkansas. Rates are developed for annual claims-made policies to be issued during the May 1, 2009 through April 30, 2010 period. Indicated claims-made rates are provided in Exhibit 1.

The key components of the rates are the pure premium, claims-made maturity factors, class relativities, increased limits factors, discount factor, expense loadings and premium off-balance adjustment. The source and determination of these components are discussed below and documented in the attached exhibits. The components are summarized in Exhibit 2.

**PURE PREMIUM**

The \$1,000,000 limited indemnity and unlimited ALAE mature claims-made pure premium underlying the indicated rates is based on data contained in State Volunteer Mutual Insurance Company's ("SVMIC") rate filing effective May 15, 2008 and Medical Protective Insurance Company's ("Med Pro") rate filing effective February 1, 2008. Exhibits 4 and 5 show the \$1,000,000 pure premium indication based on SVMIC and Med Pro, respectively. Based on these analyses, a \$1,000,000 limits mature claims-made pure premium of \$5,300 is selected in Exhibit 3.

**INCREASED LIMITS FACTORS**

The increased limits factors ("ILFs") for limits below \$1 million / \$3 million are selected based on a review of data contained in competitor rate filings and MAG Mutual's ILFs in other states. ILFs for limits above \$1 million / \$3 million are provided by MAG Mutual management and consider reinsurer charges. The factors are summarized in Exhibit 11.

**CLASS PLAN**

The class plan for Arkansas was provided by MAG Mutual management. Class plan off-balances are developed in Exhibit 4, Sheet 3 and Exhibit 5, Sheet 3.

**DISCOUNT FACTOR**

Exhibit 6 presents the calculation of the discount (present value) factor. The payment pattern for claims-made which is based on MAG Mutual experience is used to

determine the discount factor assuming a 2.5% investment income yield. The investment income yield was provided by MAG Mutual management.

### **UNALLOCATED LOSS ADJUSTMENT EXPENSE (ULAE)**

ULAE is calculated as a percentage of the pure premium. The 4.5% ULAE loading is selected based on MAG Mutual Annual Statement Schedule P data (Exhibit 7).

### **DD&R**

The cost associated with the waiver of extended reporting premium in circumstances of death, disability or retirement (DD&R) is included as 3.5%. The factor is shown in Exhibit 2 and is consistent with MAG Mutual's current loading in other states.

### **EXPENSES**

Provisions for premium tax, agent commissions and acquisition expenses are incorporated into the rate level on a variable basis (see Exhibit 9). The general expenses are loaded as fixed expenses by class (see Exhibit 8).

### **PREMIUM CREDIT PROGRAMS**

MAG Mutual premium credit programs result in reductions in the otherwise expected collected premium. The off-balance factor to offset the effects of the premium credit programs is shown in Exhibit 10.

### **CLAIMS-MADE AND REPORTING ENDORSEMENT FACTORS**

Factors to convert mature claims-made rates to reflect less mature exposure are selected in Exhibit 12. Factors for reporting endorsement coverage are shown in Exhibit 13. These factors are selected considering MAG Mutual's factors in other states and other industry indications.

**MAG MUTUAL INSURANCE COMPANY**

Physicians and Surgeons Professional Liability  
Claims-Made Rates  
\$100,000 / \$300,000 Limits

Arkansas

Class Code	Claims-Made Rates by Maturity				
	1	2	3	4	5
0.5	\$848	\$1,172	\$1,469	\$1,560	\$1,689
1	1,232	1,798	2,318	2,477	2,703
1A	1,571	2,380	3,124	3,350	3,674
1B	1,685	2,574	3,392	3,641	3,997
2	2,043	3,094	4,061	4,355	4,776
2A	2,357	3,570	4,686	5,025	5,510
3	2,750	4,165	5,467	5,863	6,429
3A	3,191	4,064	5,403	5,810	6,393
4	2,809	4,188	5,456	5,842	6,394
4A	3,884	5,952	7,855	8,434	9,261
5	4,477	6,889	9,109	9,785	10,750
5A	5,091	7,848	10,385	11,157	12,260
6	6,078	9,525	12,696	13,661	15,040
7	7,065	11,201	15,006	16,165	17,819
8	9,260	11,907	15,966	17,201	18,966

Notes:

= [Pure Premium x Class Relativity Factor x ULAE x Discount Factor x  
DDR x ILF x CM Maturity Factor + Fixed Expense] /  
{[1.0 - Variable Expense] x [1.0 - Premium Credit]}.

**MAG MUTUAL INSURANCE COMPANY**

Physicians and Surgeons Professional Liability  
Claims-Made Rates  
\$200,000 / \$600,000 Limits

Arkansas

Class Code	Claims-Made Rates by Maturity				
	1	2	3	4	5
0.5	\$948	\$1,343	\$1,707	\$1,817	\$1,975
1	1,407	2,098	2,734	2,927	3,204
1A	1,822	2,809	3,717	3,994	4,388
1B	1,960	3,046	4,045	4,349	4,783
2	2,368	3,652	4,832	5,192	5,705
2A	2,732	4,213	5,576	5,990	6,583
3	3,188	4,916	6,505	6,989	7,680
3A	3,770	4,836	6,471	6,969	7,679
4	3,310	5,046	6,643	7,129	7,824
4A	4,635	7,239	9,635	10,364	11,406
5	5,352	8,391	11,186	12,037	13,252
5A	6,092	9,564	12,759	13,731	15,120
6	7,329	11,670	15,663	16,878	18,614
7	8,566	13,775	18,567	20,025	22,108
8	11,319	14,652	19,763	21,319	23,541

Notes:

= [Pure Premium x Class Relativity Factor x ULAE x Discount Factor x  
DDR x ILF x CM Maturity Factor + Fixed Expense] /  
{[1.0 - Variable Expense] x [1.0 - Premium Credit]}.

**MAG MUTUAL INSURANCE COMPANY**

Physicians and Surgeons Professional Liability  
Claims-Made Rates  
\$500,000 / \$1,000,000 Limits

Arkansas

Class Code	Claims-Made Rates by Maturity				
	1	2	3	4	5
0.5	\$1,120	\$1,637	\$2,113	\$2,258	\$2,465
1	1,707	2,613	3,446	3,699	4,062
1A	2,251	3,544	4,734	5,096	5,614
1B	2,432	3,855	5,164	5,562	6,131
2	2,926	4,607	6,155	6,625	7,298
2A	3,376	5,316	7,101	7,645	8,421
3	3,939	6,202	8,285	8,919	9,824
3A	4,763	6,160	8,302	8,954	9,885
4	4,191	6,557	8,734	9,396	10,343
4A	5,957	9,506	12,771	13,765	15,184
5	6,895	11,036	14,845	16,004	17,660
5A	7,855	12,587	16,940	18,265	20,158
6	9,533	15,448	20,890	22,546	24,912
7	11,212	18,309	24,839	26,826	29,666
8	14,946	19,489	26,454	28,574	31,602

Notes:

= [Pure Premium x Class Relativity Factor x ULAE x Discount Factor x  
DDR x ILF x CM Maturity Factor + Fixed Expense] /  
{[1.0 - Variable Expense] x [1.0 - Premium Credit]}.

**MAG MUTUAL INSURANCE COMPANY**

Physicians and Surgeons Professional Liability  
Claims-Made Rates  
\$1,000,000 / \$1,000,000 Limits

Arkansas

Class Code	Claims-Made Rates by Maturity				
	1	2	3	4	5
0.5	\$1,311	\$1,964	\$2,566	\$2,749	\$3,010
1	2,041	3,185	4,237	4,557	5,015
1A	2,727	4,361	5,864	6,322	6,976
1B	2,956	4,753	6,407	6,910	7,629
2	3,545	5,670	7,624	8,219	9,068
2A	4,091	6,542	8,797	9,483	10,463
3	4,773	7,632	10,263	11,063	12,207
3A	5,866	7,630	10,336	11,160	12,336
4	5,454	8,722	11,729	12,644	13,951
4A	7,852	12,754	17,264	18,636	20,597
5	9,106	14,825	20,086	21,687	23,975
5A	10,381	16,917	22,930	24,760	27,375
6	12,691	20,861	28,377	30,665	33,933
7	15,000	24,804	33,824	36,569	40,491
8	20,142	26,417	36,038	38,966	43,149

Notes:

= [Pure Premium x Class Relativity Factor x ULAE x Discount Factor x  
DDR x ILF x CM Maturity Factor + Fixed Expense] /  
{[1.0 - Variable Expense] x [1.0 - Premium Credit]}.

**MAG MUTUAL INSURANCE COMPANY**

Physicians and Surgeons Professional Liability  
Claims-Made Rates  
\$1,000,000 / \$1,500,000 Limits

Arkansas

Class Code	Claims-Made Rates by Maturity				
	1	2	3	4	5
0.5	\$1,330	\$1,997	\$2,611	\$2,798	\$3,064
1	2,074	3,242	4,316	4,643	5,110
1A	2,775	4,443	5,977	6,445	7,112
1B	3,008	4,843	6,531	7,045	7,779
2	3,607	5,776	7,771	8,378	9,245
2A	4,162	6,664	8,966	9,667	10,668
3	4,856	7,775	10,461	11,278	12,446
3A	5,976	7,777	10,540	11,380	12,581
4	5,550	8,886	11,955	12,889	14,223
4A	7,995	12,999	17,603	19,004	21,006
5	9,272	15,110	20,482	22,116	24,452
5A	10,572	17,244	23,382	25,251	27,919
6	12,929	21,269	28,942	31,278	34,614
7	15,286	25,295	34,502	37,304	41,308
8	20,535	26,940	36,761	39,750	44,021

Notes:

= [Pure Premium x Class Relativity Factor x ULAE x Discount Factor x  
DDR x ILF x CM Maturity Factor + Fixed Expense] /  
{[1.0 - Variable Expense] x [1.0 - Premium Credit]}.

**MAG MUTUAL INSURANCE COMPANY**

Physicians and Surgeons Professional Liability  
Claims-Made Rates  
\$1,000,000 / \$3,000,000 Limits

Arkansas

Class Code	Claims-Made Rates by Maturity				
	1	2	3	4	5
0.5	\$1,349	\$2,030	\$2,656	\$2,847	\$3,119
1	2,108	3,299	4,395	4,729	5,205
1A	2,822	4,525	6,090	6,567	7,248
1B	3,061	4,933	6,656	7,180	7,929
2	3,669	5,882	7,918	8,537	9,422
2A	4,234	6,787	9,136	9,851	10,872
3	4,939	7,918	10,658	11,492	12,684
3A	6,086	7,924	10,743	11,601	12,826
4	5,645	9,049	12,181	13,134	14,496
4A	8,138	13,244	17,942	19,372	21,414
5	9,439	15,396	20,877	22,545	24,928
5A	10,762	17,571	23,834	25,741	28,464
6	13,167	21,678	29,507	31,890	35,294
7	15,572	25,785	35,180	38,040	42,125
8	20,927	27,463	37,485	40,535	44,892

Notes:

= [Pure Premium x Class Relativity Factor x ULAE x Discount Factor x  
DDR x ILF x CM Maturity Factor + Fixed Expense] /  
{[1.0 - Variable Expense] x [1.0 - Premium Credit]}.

**MAG MUTUAL INSURANCE COMPANY**

Physicians and Surgeons Professional Liability  
Claims-Made Rates  
\$2,000,000 / \$4,000,000 Limits

Arkansas

Class Code	Claims-Made Rates by Maturity				
	1	2	3	4	5
0.5	\$1,619	\$2,436	\$3,187	\$3,416	\$3,743
1	2,529	3,959	5,274	5,675	6,246
1A	3,387	5,429	7,309	7,880	8,697
1B	3,673	5,920	7,987	8,616	9,514
2	4,403	7,058	9,501	10,245	11,307
2A	5,080	8,144	10,963	11,821	13,046
3	5,927	9,502	12,790	13,791	15,221
3A	7,303	9,509	12,892	13,921	15,392
4	7,169	11,492	15,470	16,680	18,410
4A	10,335	16,820	22,786	24,602	27,196
5	11,988	19,553	26,514	28,632	31,659
5A	13,668	22,315	30,270	32,691	36,149
6	16,723	27,531	37,474	40,501	44,824
7	19,777	32,747	44,679	48,311	53,498
8	26,577	34,878	47,605	51,479	57,013

Notes:

= [Exhibit 1, Sheet 6] x ILF.

**MAG MUTUAL INSURANCE COMPANY**

Physicians and Surgeons Professional Liability  
Claims-Made Rates  
\$3,000,000 / \$5,000,000 Limits

Arkansas

Class Code	Claims-Made Rates by Maturity				
	1	2	3	4	5
0.5	\$1,794	\$2,699	\$3,532	\$3,786	\$4,148
1	2,803	4,388	5,846	6,289	6,923
1A	3,754	6,018	8,100	8,734	9,640
1B	4,071	6,561	8,852	9,549	10,545
2	4,880	7,823	10,530	11,354	12,532
2A	5,631	9,027	12,151	13,101	14,460
3	6,569	10,531	14,176	15,285	16,870
3A	8,095	10,540	14,288	15,429	17,059
4	8,072	12,940	17,419	18,782	20,729
4A	11,637	18,939	25,657	27,701	30,622
5	13,498	22,017	29,854	32,240	35,647
5A	15,390	25,126	34,083	36,809	40,704
6	18,829	30,999	42,196	45,603	50,471
7	22,268	36,872	50,308	54,397	60,238
8	29,925	39,272	53,603	57,965	64,196

Notes:

= [Exhibit 1, Sheet 6] x ILF.

**MAG MUTUAL INSURANCE COMPANY**  
**Physicians and Surgeons Professional Liability Rates**  
**Claims-Made**  
**Arkansas**

ISO Code	Class Description	Claims-Made Rates by Maturity				
		1	2	3	4	5
<b><u>\$100,000/\$300,000 Limits</u></b>						
80116	Physicians/Surgeons Assistants	\$432	\$654	\$859	\$921	\$1,010
80120	CRNA (or P.A. Administering Anesthesia)	479	610	810	872	959
81150	CRNA (Independent)	1,436	1,829	2,431	2,615	2,877
81153	Certified Nurse Midwife	1,766	2,800	3,752	4,041	4,455
<b><u>\$200,000/\$600,000 Limits</u></b>						
80116	Physicians/Surgeons Assistants	\$501	\$772	\$1,022	\$1,098	\$1,207
80120	CRNA (or P.A. Administering Anesthesia)	565	725	971	1,045	1,152
81150	CRNA (Independent)	1,696	2,176	2,912	3,136	3,456
81153	Certified Nurse Midwife	2,142	3,444	4,642	5,006	5,527
<b><u>\$500,000/\$1,000,000 Limits</u></b>						
80116	Physicians/Surgeons Assistants	\$619	\$975	\$1,302	\$1,402	\$1,544
80120	CRNA (or P.A. Administering Anesthesia)	714	924	1,245	1,343	1,483
81150	CRNA (Independent)	2,143	2,772	3,736	4,029	4,448
81153	Certified Nurse Midwife	2,803	4,577	6,210	6,707	7,416

**MAG MUTUAL INSURANCE COMPANY**  
**Physicians and Surgeons Professional Liability Rates**  
**Claims-Made**  
**Arkansas**

ISO Code	Class Description	Claims-Made Rates by Maturity				
		1	2	3	4	5
<b><u>\$1,000,000/\$1,000,000 Limits</u></b>						
80116	Physicians/Surgeons Assistants	\$750	\$1,199	\$1,613	\$1,739	\$1,918
80120	CRNA (or P.A. Administering Anesthesia)	880	1,145	1,550	1,674	1,850
81150	CRNA (Independent)	2,640	3,434	4,651	5,022	5,551
81153	Certified Nurse Midwife	3,750	6,201	8,456	9,142	10,123

**\$1,000,000/\$1,500,000 Limits**

80116	Physicians/Surgeons Assistants	\$763	\$1,222	\$1,644	\$1,772	\$1,956
80120	CRNA (or P.A. Administering Anesthesia)	896	1,167	1,581	1,707	1,887
81150	CRNA (Independent)	2,689	3,500	4,743	5,121	5,662
81153	Certified Nurse Midwife	3,822	6,324	8,626	9,326	10,327

**\$1,000,000/\$3,000,000 Limits**

80116	Physicians/Surgeons Assistants	\$776	\$1,244	\$1,675	\$1,806	\$1,993
80120	CRNA (or P.A. Administering Anesthesia)	913	1,189	1,611	1,740	1,924
81150	CRNA (Independent)	2,739	3,566	4,834	5,220	5,772
81153	Certified Nurse Midwife	3,893	6,446	8,795	9,510	10,531

**MAG MUTUAL INSURANCE COMPANY**  
**Physicians and Surgeons Professional Liability Rates**  
**Claims-Made**  
**Arkansas**

ISO Code	Class Description	Claims-Made Rates by Maturity				
		1	2	3	4	5
<b><u>\$2,000,000/\$4,000,000 Limits</u></b>						
80116	Physicians/Surgeons Assistants	\$931	\$1,493	\$2,010	\$2,167	\$2,392
80120	CRNA (or P.A. Administering Anesthesia)	1,096	1,426	1,934	2,088	2,309
81150	CRNA (Independent)	3,287	4,279	5,801	6,265	6,926
81153	Certified Nurse Midwife	4,944	8,187	11,170	12,078	13,375
<b><u>\$3,000,000/\$5,000,000 Limits</u></b>						
80116	Physicians/Surgeons Assistants	\$1,032	\$1,655	\$2,228	\$2,402	\$2,651
80120	CRNA (or P.A. Administering Anesthesia)	1,214	1,581	2,143	2,314	2,559
81150	CRNA (Independent)	3,643	4,743	6,430	6,943	7,677
81153	Certified Nurse Midwife	5,567	9,218	12,577	13,599	15,060

**MAG MUTUAL INSURANCE COMPANY**

Physicians and Surgeons Professional Liability  
 Calculation of Base Class - \$1,000,000/\$3,000,000 Limits  
 Mature Claims-Made Rate

Arkansas

(1) Selected \$1,000,000/\$3,000,000 Limits Base Class Pure Premium	\$5,300
(2) Unallocated Loss Adjustment Expense Loading	1.045
(3) Discount Factor at 2.5% Rate of Return	0.923
(4) DD&R Loading	1.035
(5) Fixed Expense	\$341
(6) Variable Expense	13.2%
(A) Taxes, Licenses & Fees	2.5%
(B) Commission	5.5%
(C) Other Acquisition, etc.	2.2%
(D) Surplus Growth Load	3.0%
(7) Off-Balance - Premium Credit Program	10.5%
(8) \$1,000,000/\$3,000,000 Limits Base Class Mature C-M Manual Rate	\$7,248

## Notes:

- (1) From Exhibit 3.  
 (2) From Exhibit 7.  
 (3) From Exhibit 6.  
 (4) Based on MAG Mutual 12/31/2007 DD&R Study.  
 (5) From Exhibit 8.  
 (6) From Exhibit 9.  
 (7) From Exhibit 10.  
 (8) = [(1) x (2) x (3) x (4) + (5)] / {[1.0 - (6)] x [1.0 - (7)]}.

**MAG Mutual Insurance Company**

Physicians and Surgeons Professional Liability  
 Selection of Base Class - \$1,000,000/\$3,000,000 Limits Pure Premium  
 Mature Claims-Made

Arkansas

(1) Indicated \$1,000,000/\$3,000,000 Limits Base Class Pure Premium	
(a) Based on SVMIC Data - Pure Premium Method	\$5,298
(b) Based on SVMIC Data - Frequency Severity Method	\$5,298
(c) Based on MedPro Data - Pure Premium Method	\$6,715
(d) Based on MedPro Data - Loss Ratio Method	\$5,861
(2) Selected \$1,000,000/\$3,000,000 Limits Base Class Pure Premium	\$5,300

## Notes:

- (1a) From Exhibit 4, Sheet 1.
- (1b) From Exhibit 4, Sheet 2.
- (1c) From Exhibit 5, Sheet 1.
- (1d) From Exhibit 5, Sheet 2.

**MAG MUTUAL INSURANCE COMPANY**

Physicians and Surgeons Professional Liability  
Development of Base Class Pure Premium  
Mature Claims-Made  
Analysis of SVMIC Data - Pure Premium Method

Arkansas

Report Year (1)	Base Class Equivalent Earned Exposure (2)	\$1,000,000 Ultimate Loss and ALAE (3)	Indicated Pure Premium (4)	Trend Factor to 5/1/2010 (5)	Trended Pure Premium (6)
1994	536.3	\$753,252	\$1,405	1.724	\$2,421
1995	666.0	852,690	1,280	1.666	2,133
1996	822.6	521,879	634	1.609	1,021
1997	899.0	2,500,000	2,781	1.555	4,324
1998	1,090.2	2,000,000	1,835	1.502	2,756
1999	1,570.5	4,300,000	2,738	1.452	3,975
2000	2,205.7	5,800,000	2,630	1.402	3,688
2001	2,733.1	8,400,000	3,073	1.355	4,165
2002	4,609.5	18,700,000	4,057	1.309	5,311
2003	6,149.3	28,900,000	4,700	1.265	5,945
2004	6,381.5	25,100,000	3,933	1.222	4,807
2005	6,435.4	24,700,000	3,838	1.181	4,532
2006	6,462.0	27,500,000	4,256	1.141	4,855
2007	6,423.5	30,500,000	4,748	1.102	5,234
Total	46,984.6	\$180,527,821	\$3,842		

(7)	Exposure Weighted Latest 3				\$4,874
(8)	Exposure Weighted Latest 5				\$5,067
(9)	Exposure Weighted All Years				\$4,727
(10)	Selected \$1,000,000 Limits Pure Premium				\$4,900
(11)	Class Plan Off-Balance				1.081
(12)	Indicated \$1,000,000 Limits Pure Premium Converted to MAG Mutual's Class Plan				\$5,298

Notes:

(2), (3) From SVMIC rate filing effective May 15, 2008.

(4) = (3) / (2).

(5) Trend to 5/1/2010 at 3.5% per year. Based on SVMIC rate filing effective May 15, 2008.

(6) = (4) x (5).

(11) From Exhibit 4, Sheet 3.

(12) = (10) x (11).

**MAG MUTUAL INSURANCE COMPANY**

Physicians and Surgeons Professional Liability  
Development of Base Class Pure Premium  
Mature Claims-Made  
Analysis of SVMIC Data - Frequency Severity Method

Arkansas

Report Year	SVMIC \$1M Limits Loss and ALAE Severity	SVMIC Base Class Frequency	Indicated Pure Premium	Trend Factor to 5/1/2010	Trended Pure Premium
(1)	(2)	(3)	(4)	(5)	(6)
1994	\$34,239	4.10%	\$1,404	1.724	\$2,420
1995	31,581	4.05%	1,279	1.666	2,131
1996	20,072	3.16%	634	1.609	1,021
1997	62,500	4.45%	2,781	1.555	4,325
1998	33,333	5.50%	1,833	1.502	2,754
1999	48,864	5.60%	2,736	1.452	3,972
2000	46,400	5.67%	2,631	1.402	3,690
2001	50,624	6.07%	3,073	1.355	4,164
2002	67,149	6.04%	4,056	1.309	5,310
2003	75,656	6.21%	4,698	1.265	5,943
2004	81,997	4.86%	3,985	1.222	4,870
2005	73,410	5.28%	3,876	1.181	4,577
2006	76,644	5.57%	4,269	1.141	4,871
2007	81,631	5.84%	4,767	1.102	5,255

(7)	Exposure Weighted Latest 3	\$4,901
(8)	Exposure Weighted Latest 5	\$5,096
(9)	Exposure Weighted All Years	\$4,746
(10)	Selected \$1,000,000 Limits Pure Premium	\$4,900
(11)	Class Plan Off-Balance	1.081
(12)	Indicated \$1,000,000 Limits Pure Premium Converted to MAG Mutual's Class Plan	\$5,298

Notes:

(2), (3) From SVMIC rate filing effective May 15, 2008.

(4) = (2) x (3).

(5) Trend to 5/1/2010 at 3.5% per year. Based on SVMIC rate filing effective May 15, 2008.

(6) = (4) x (5).

(11) From Exhibit 4, Sheet 3.

(12) = (10) x (11).



**MAG MUTUAL INSURANCE COMPANY**

Physicians and Surgeons Professional Liability  
Development of Base Class Pure Premium  
Mature Claims-Made  
Analysis of MedPro Data - Pure Premium Method

Arkansas

Report Year	Base Class Equivalent Earned Exposure	\$200,000 Ultimate Loss and ALAE	Indicated Pure Premium	Trend Factor to 5/1/2010	Trended Pure Premium
(1)	(2)	(3)	(4)	(5)	(6)
1998	563	\$832,245	\$1,478	1.884	\$2,785
1999	189	369,702	1,956	1.786	3,494
2000	172	90,732	528	1.693	893
2001	140	292,291	2,088	1.605	3,350
2002	118	371,110	3,145	1.521	4,784
2003	94	230,870	2,456	1.442	3,541
2004	70	498,321	7,119	1.366	9,728
2005	48	348,471	7,260	1.295	9,403
Total	1,394	\$3,033,742	\$2,176		

(7)	Exposure Weighted Latest 3	\$6,911
(8)	Exposure Weighted Latest 5	\$5,316
(9)	Exposure Weighted All Years	\$3,501
(10)	Selected \$200,000 Limits Pure Premium	\$3,650
(11)	Increase Limit Factor from \$200,000 to \$1,000,000	1.886
(12)	Class Plan Off-Balance	0.976
(13)	Indicated \$1,000,000 Limits Pure Premium Converted to MAG Mutual's Class Plan	\$6,715

Notes:

(2), (3) From MedPro rate filing effective February 1, 2008.

(4) = (3) / (2).

(5) Trend to 5/1/2010 at 5.5% per year. Based on MedPro rate filing effective February 1, 2008.

(6) = (4) x (5).

(11) Based on MedPro rate filing effective February 1, 2008.

(12) From Exhibit 5, Sheet 3.

(13) = (10) x (11) x (12).

**MAG MUTUAL INSURANCE COMPANY**

Physicians and Surgeons Professional Liability  
Development of Base Class Pure Premium  
Mature Claims-Made  
Analysis of MedPro Data - Loss Ratio Method

Arkansas

Report Year	\$200,000 Ultimate Loss and ALAE	Manual Earned Premium at Current Rate Level	Ultimate Loss and ALAE Ratio	Trend Factor to 5/1/2010	Trended Loss and ALAE Ratio
(1)	(2)	(3)	(4)	(5)	(6)
1998	\$832,245	\$3,479,650	23.9%	1.884	45.1%
1999	369,702	1,165,997	31.7%	1.786	56.6%
2000	90,732	1,060,455	8.6%	1.693	14.5%
2001	292,291	860,642	34.0%	1.605	54.5%
2002	371,110	712,692	52.1%	1.521	79.2%
2003	230,870	569,893	40.5%	1.442	58.4%
2004	498,321	426,150	116.9%	1.366	159.8%
2005	348,471	297,079	117.3%	1.295	151.9%
Total	\$3,033,742	\$8,572,558	35.4%		

(7)	Premium Weighted Latest 3	113.3%
(8)	Premium Weighted Latest 5	87.2%
(9)	Premium Weighted All Years	56.9%
(10)	Selected \$200,000 Limits Loss Ratio	60.0%
(11a)	Current Mature Claims-Made Class 1C, Territory 2, \$200,000 Limits Rate	\$3,919
(11b)	Current MedPro Class 1C Relativity to Base Class	0.738
(12)	Indicated \$200,000 Limits Pure Premium	\$3,186
(13)	Increased Limit Factor from \$200,000 to \$1,000,000	1.886
(14)	Class Plan Off-Balance	0.976
(15)	Indicated \$1,000,000 Limits Pure Premium Converted to MAG Mutual's Class Plan	\$5,861

Notes:

- (2), (3) From MedPro rate filing effective February 1, 2008.  
(4) = (2) / (3).  
(5) Trend to 5/1/2010 at 5.5% per year. Based on MedPro filing effective February 1, 2008.  
(6) = (4) x (5).  
(11a) From MedPro rate filing effective February 1, 2006.  
(11b) From MedPro rate filing effective February 1, 2006. See Exhibit 5, Sheet 3.  
(12) = (10) x (11a) / (11b).  
(13) Based on MedPro rate filing effective February 1, 2008.  
(14) From Exhibit 5, Sheet 3.  
(15) = (12) x (13) x (14).

**MAG MUTUAL INSURANCE COMPANY**

Physicians and Surgeons Professional Liability  
Class Plan Off-Balance  
MAG Mutual vs MedPro

Arkansas

MAG Mutual			Med Pro 2/1/2006		
Class	Distribution	Relativity	Class	Distribution	Relativity
(1)	(2)	(3)	(4)	(5)	(6)
0.5	0.7%	0.400	1A	1.2%	0.710
1	8.7%	0.700	1B	3.2%	0.710
1A	20.5%	1.000	1C	4.4%	0.738
1B	8.4%	1.100	1D	3.2%	1.110
2	2.7%	1.300	2A	24.6%	1.165
2A	21.5%	1.500	2B	16.3%	1.220
3	3.1%	1.750	2C	0.4%	1.375
3A	5.6%	1.800	3A	11.0%	1.500
4	3.5%	2.000	3B	8.9%	2.228
4A	9.2%	3.000	4	6.0%	2.383
5	0.6%	3.500	5A	7.0%	2.751
5A	8.7%	4.000	5B	0.3%	3.000
6	1.2%	5.000	6	4.2%	4.532
7	5.0%	6.000	7A	8.4%	4.651
8	0.5%	6.400	7B	0.1%	4.875
			8	0.6%	7.750
Total/Avg	100.0%	1.984		100.0%	1.936
	(7) Off-Balance				0.976

Notes:

- (2) Based on industry distribution.
- (3) MAG Mutual proposed relativities in Arkansas.
- (4) - (6) Based on MedPro rate filing effective February 1, 2008 in Arkansas.
- (7) = [Average (6)] / [Average (3)].

**MAG MUTUAL INSURANCE COMPANY**

Physicians and Surgeons Professional Liability  
Development of Claims-Made Discount Factor

Arkansas

<u>Year</u> (1)	<u>Incremental Annual Payout</u> (2)	<u>Factor to Convert to Time 0</u> (3)	<u>Present Value of Annual Payout</u> (4)
1	0.050	0.988	0.050
2	0.227	0.964	0.219
3	0.260	0.940	0.245
4	0.188	0.917	0.172
5	0.105	0.895	0.094
6	0.071	0.873	0.062
7	0.041	0.852	0.035
8	0.033	0.831	0.027
9	0.007	0.811	0.006
10	0.007	0.791	0.005
11	0.002	0.772	0.002
12	0.006	0.753	0.004
13	<u>0.004</u>	0.734	<u>0.003</u>
Total	1.000		0.923

Notes:

- (2) Based on MAG Mutual data.
- (3) Assumes that payments are made at mid-year and an interest rate of 2.5%.
- (4) = (2) x (3).

## MAG MUTUAL INSURANCE COMPANY

### Physicians and Surgeons Professional Liability Unallocated Loss Adjustment Expense Factor

Calendar Year <u>(1)</u>	Direct Paid Loss & ALAE (000's) <u>(2)</u>	Direct Paid ULAE (000's) <u>(3)</u>	Ratio of Paid to Paid <u>(4)</u>
1998	\$54,389	\$3,033	5.6%
1999	74,374	2,700	3.6%
2000	65,078	3,057	4.7%
2001	75,948	3,518	4.6%
2002	110,291	4,126	3.7%
2003	139,011	5,169	3.7%
2004	159,445	5,504	3.5%
2005	175,981	5,722	3.3%
2006	168,829	6,604	3.9%
2007	<u>193,336</u>	<u>7,000</u>	3.6%
Total	\$1,216,682	\$46,433	3.8%
			(5) Selected ULAE Factor 4.0%
			(6) 2007 \$1Million / Direct Ratio 88.6%
			(7) Indicated ULAE / \$1Million Losses Factor 4.5%
			(8) Selected ULAE / \$1Million Losses Factor 4.5%

Notes:

(2), (3) From Schedule P of MAG Mutual's 1997 through 2007 Annual Statements.

(4) = (3) / (2).

(6) Based on MAG Mutual experience.

(7) = (5) / (6).

**MAG MUTUAL INSURANCE COMPANY**

Physicians and Surgeons Professional Liability  
Calculation of Fixed Expense

Arkansas

<u>Class</u> (1)	<u>Distribution</u> (2)	<u>Selected Fixed Expense Relativity</u> (3)	<u>Selected Fixed Expense</u> (4)
0.5	0.7%	0.900	\$307
1	8.7%	1.000	341
1A	20.5%	1.000	341
1B	8.4%	1.000	341
2	2.7%	1.300	444
2A	21.5%	1.500	512
3	3.1%	1.750	598
3A	5.6%	1.300	444
4	3.5%	2.000	683
4A	9.2%	2.250	768
5	0.6%	2.500	854
5A	8.7%	2.800	956
6	1.2%	2.850	973
7	5.0%	2.900	990
8	0.5%	3.000	1,024
<b>Total</b>	<b>100.0%</b>	<b>1.599</b>	<b>\$546</b>

Notes:

(2) Based on industry distribution.

(3) Judgmentally selected.

(4) Based on MAG Mutual's general expenses in North Carolina.

**MAG MUTUAL INSURANCE COMPANY**Physicians and Surgeons Professional Liability  
Development of Expense Ratio  
In Thousands

## Arkansas

	Coverage Year					Total	Selected (*)
	2003	2004	2005	2006	2007		
(1) Direct Written Premium	\$282,096	\$352,608	\$352,521	\$342,849	\$308,823	\$1,638,898	
(2) Commissions							5.5%
(3) Taxes, Licenses & Fees							2.5%
(4) Other Acquisition, etc. (CW)							
(A) Amount	6,719	7,396	7,580	9,046	13,005	43,746	
(B) Ratio	2.4%	2.1%	2.2%	2.6%	4.2%	2.7%	2.2%
(5) Surplus Growth Load							3.0%

## Notes:

(1), (4) Countrywide data provided by MAG Mutual.

(4B) = (4A) / (1A).

(\*) Selected by MAG Mutual management.

**MAG MUTUAL INSURANCE COMPANY**Physicians and Surgeons Professional Liability  
Selection of Premium Credit Program

Arkansas

<u>Program</u> (1)	<u>Selected Adjustment to Manual Rates</u> (2)
New Doctor Discount	1.0%
Group Discount	5.0%
Risk Management Discount	1.0%
Schedule Credits / Debits	0.0%
Loss Free (LEAD) Discount	<u>3.5%</u>
Total Discount	10.5%

## Notes:

(2) Provided by MAG Mutual management.

**MAG MUTUAL INSURANCE COMPANY**Physicians and Surgeons Professional Liability  
Selection of Increased Limits Factors

## Arkansas

Limit (1)	MedPro		SVMIC (4)	Industry (5)	Selected	
	1A - 2B (2)	3A - 8 (3)			Physician (6)	Surgeon (7)
\$100,000/\$300,000	0.379	0.323	0.475	0.508	0.475	0.405
\$200,000/\$600,000	0.530	0.468	0.580	0.592	0.580	0.510
\$500,000/\$1,000,000	0.777	0.710	N/A	0.782	0.760	0.695
\$1,000,000/\$1,000,000	0.939	0.919	N/A	N/A	0.960	0.960
\$1,000,000/\$1,500,000	N/A	N/A	N/A	N/A	0.980	0.980
\$1,000,000/\$3,000,000	1.000	1.000	1.000	1.000	1.000	1.000
\$2,000,000/\$4,000,000	N/A	N/A	1.200	1.278	1.200	1.270
\$3,000,000/\$5,000,000	N/A	N/A	N/A	1.461	1.330	1.430

## Notes:

- (2), (3) Based on MedPro rate filing effective February 1, 2008.  
(4) Based on SVMIC rate filing effective May 15, 2008.  
(5) Based on analysis of industry data.

**MAG MUTUAL INSURANCE COMPANY**Physicians and Surgeons Professional Liability  
Selection of Claims-Made Maturity Factors

## Arkansas

Maturity of Claims-Made Coverage	SVMIC	MedPro	Selected
(1)	(2)	(3)	(4)
Mature	1.000	1.000	1.000
4th	0.965	0.930	0.900
3rd	0.930	0.915	0.830
2nd	0.835	0.775	0.600
1st	0.375	0.325	0.350

## Notes:

- (2) Based on SVMIC rate filing effective May 15, 2008.
- (3) Based on MedPro rate filing effective February 1, 2008.
- (4) Selected equal to North Carolina factors.  
Class 3A and 8's first year factor = 0.45.

**MAG MUTUAL INSURANCE COMPANY**

Physicians and Surgeons Professional Liability  
Selection of Reporting Endorsement Factors

Arkansas

Expiring Maturity of Claims-Made Coverage	<u>SVMIC</u>	<u>MedPro</u>	<u>Selected</u>
(1)	(2)	(3)	(4)
Mature	1.343	1.950	1.800
4th	1.328	1.750	1.700
3rd	1.257	1.550	1.500
2nd	1.132	1.400	1.320
1st	0.831	0.940	0.900

Notes:

(2) Based on SVMIC rate filing effective May 15, 2008.

(3) Based on MedPro rate filing effective February 1, 2008.

**MAG MUTUAL INSURANCE COMPANY**

Physicians & Surgeons Professional Liability  
Extended Reporting Endorsement Factors  
Applicable to Mature Claims-Made Rate  
Arkansas

<u>Number of Months from Retro Date</u>	<u>Factor</u>	<u>Number of Months from Retro Date</u>	<u>Factor</u>
1	0.075	31	1.425
2	0.150	32	1.440
3	0.225	33	1.455
4	0.300	34	1.470
5	0.375	35	1.485
6	0.450	36	1.500
7	0.525	37	1.517
8	0.600	38	1.533
9	0.675	39	1.550
10	0.750	40	1.567
11	0.825	41	1.583
12	0.900	42	1.600
13	0.935	43	1.617
14	0.970	44	1.633
15	1.005	45	1.650
16	1.040	46	1.667
17	1.075	47	1.683
18	1.110	48	1.700
19	1.145	49	1.708
20	1.180	50	1.717
21	1.215	51	1.725
22	1.250	52	1.733
23	1.285	53	1.742
24	1.320	54	1.750
25	1.335	55	1.758
26	1.350	56	1.767
27	1.365	57	1.775
28	1.380	58	1.783
29	1.395	59	1.792
30	1.410	60	1.800

**MAG MUTUAL INSURANCE COMPANY**  
Physicians and Surgeons Professional Liability  
Ancillary Rates  
\$1,000,000/\$3,000,000 Limits  
Arkansas

Class (1)	Description (2)	Proposed Methodology (3)	Proposed Mature Claims-Made Rate (4)
80116	Physicians/Surgeons Assistants	27.5% of Class 1A Rate	\$1,993
80120	CRNA (or P.A. Administering Anesthesia)	15.0% of Class 3A Rate	1,924
81150	CRNA (Independent)	45.0% of Class 3A Rate	5,772
81153	Certified Nurse Midwife	25.0% of Class 7 Rate	10,531

**MAG MUTUAL INSURANCE COMPANY  
PHYSICIANS AND SURGEONS PROFESSIONAL LIABILITY  
COMPREHENSIVE RATE MANUAL  
Arkansas: May 1, 2009**

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## **INTRODUCTION**

# **PHYSICIANS AND SURGEONS PROFESSIONAL LIABILITY CLAIMS-MADE COVERAGE COMPREHENSIVE RATE MANUAL Arkansas: May 1, 2009**

## **COVERAGE**

For details of coverage, refer to the Multi-Peril Medical Practice Policy Claims-Made Insuring Agreement.

Policies may be written to cover individual liability, organization liability, or both.

## **LIMITS OF LIABILITY**

Manual rates provide a basic limit of \$100,000 each loss limit and \$300,000 aggregate limit. As a practical matter, the Company has determined that there is no market for limits of less than \$1,000,000 each loss. Therefore, the Company issues only limits of \$1,000,000 or greater, subject to certain exceptions for residency programs and non-physician employee coverage.

The limits apply separately to each protected physician (except for Blanket Excess and Slot coverages). When an organization is also covered, the limits apply separately to that organization when a separate limits endorsement is added to the policy and an additional premium is paid. If the organization shares in the physician's limits, a shared limits endorsement will be added to the policy and no additional premium is charged.

Higher limits of coverage are available, subject to Underwriting approval. Under certain circumstances acceptable to Underwriting, limits may be changed mid-term.

## **RATES AND PREMIUM CALCULATIONS**

Rates are determined by Class, by Limit, and by Claims-Made Year (CMY).

The rates applicable will be based upon the CMY corresponding to the number of years the Retroactive Date precedes the policy expiration date. If the Retroactive Date does not coincide with the expiration date, use the nearest number of years the Retroactive Date precedes policy expiration date. Once determined, the CMY will not be changed due to early cancellation.

**Example:** If the policy was in force less than six months, use the same CMY applicable when policy was issued. If the policy was in force more than six months, use the next highest CMY.

**MAG Mutual Insurance Company  
Physicians and Surgeons Professional Liability  
Arkansas: May 1, 2009**

**CLASSIFICATIONS**

The following classifications are in compliance with the uniform Commercial Statistical Plan (CSP).

These CSP classifications apply to medical doctors (MDs). When doctors of osteopathy (DOs) are insured, they will be rated according to specialty and procedures. Premiums and rating class will be the same as that for the corresponding MD class, but the CSP classification will be changed to begin with 84000. The last 3 digits and subscript of the CSP classification will be identical to that for the corresponding MD class.

**POLICY TERRITORY**

Generally, our policy covers Arkansas exposures only. We will use Arkansas rates and forms for limited out-of-state practice for those states with similar litigation environments to Arkansas's. In areas with higher frequency and/or severity than Arkansas, we will apply an appropriate surcharge.

Occasionally, one of our insureds will request coverage for temporary periods of out-of-state exposure. This is usually in connection with continuing medical education or volunteer medical services. We will honor such requests if the exposures meet our underwriting guidelines, and an appropriately worded endorsement will be added to the policy.

**EXTENDED REPORTING ENDORSEMENT**

Extended reporting endorsement rates and premiums are explained on page 47.

**MAG Mutual Insurance Company**  
**Physicians and Surgeons Professional Liability**  
**Arkansas: May 1, 2009**

**DEFINITION OF RATE CLASSES**

<u>Rate Class</u>	<u>Classification Codes Included</u>
0.5	80220, 80221, 80225, 80226, 80233, 80236, 80240, 80240(1) and 80254
1	80210, 80224, 80229, 80230, 80234, 80237, 80248, 80249, 80256 and 80266
1A	80231, 80235(1), 80238, 80243, 80252, 80253, 80260, 80262, 80263, 80265, 80267, 80268, 80420 and 80424
1B	80241, 80244, 80245, 80257, 80259 and 80295
2	80114, 80269, 80274, 80283 and 80425
2A	80246, 80255, 80261, 80284, 80291, 80293(1), 802421, 80423 and 80443
3	80104, 80145, 80159, 80281, 80294 and 80422
3A	80151
4	80103, 80105, 80107, 80108, 80109, 80113, 80115, 80155, 80195, 80196, 80280 and 80491
4A	80102, 80117, 80161, 80194 and 80993
5	80154(1), 80156, 80166, 80167 and 80169
5A	80143, 80148 and 80154
6	80141, 80144, 80146, 80171 and 80190
7	80153
8	80152
<u>Additional Charges</u>	
No rate class	80116, 80120, 80121, 80129, 80177, 80211, 80579, 80999, 81150, 81152, 81153, 81999, 82999 and 83999

Note: When doctors of osteopathy (DOs) are written, classification codes are changed to begin with 84. The last three digits and subscript are identical to the medical doctor (MD) classifications above.

**MAG Mutual Insurance Company**  
**Physicians and Surgeons Professional Liability**  
**Arkansas: May 1, 2009**

**CLASSIFICATION BY RATE CLASS**

**No Rate Class**

80116-0	Physicians Assistant (PA) or Surgeons Assistant (SA)	0
80120-0	Certified Registered Nurse Anesthetist (CRNA) and/or Physician Assistant and Surgical Assistant, all of whom administer anesthesia under the supervision of an M.D. Anesthesiologist	0
80121-0	Vicarious liability for employed nurse midwife not insured with MAG Mutual (uses same rate as 80119).	0
80129-0	Vicarious liability for employed PA/SA, midwife or CRNA not insured with MAG Mutual.	0
80177-0	Vicarious liability for employed physicians or surgeons not insured with MAG Mutual.	0
80211-0	Dentist--N.O.C. / Employed Dentist	0
80579-0	Volunteer Physician	0
80999-0	Organization purchasing SEPARATE limits of coverage.	0
81150-0	Independent CRNA--administering anesthesia without supervision by an M.D. Anesthesiologist.	0
81152-0	Vicarious liability for independent nurse anesthetist, CRNA, or nurse midwife not insured with MAG Mutual.	0
81153-0	Certified Nurse Midwife	0
81999-0	Additionally insured organization--SHARING in the separate limits of coverage purchased by 80999 organization.	0
82999-0	Organization SHARING in the limits of coverage provided to individual insured.	0
83999-0	Hospital account insuring medical doctors, when no coverage is provided to the hospital/policyholder (residency programs).	0

**Class 0.5**

80220-0	Peer Review Only	0.5
80221-0	Medical Director Only--Non-Managed Care Organization	0.5
80225-0	Utilization Review Only (N.O.C.)-- with or without Peer Review	0.5
80226-0	Medical Director Only--Managed Care Organization	0.5
80233-0	Occupational Medicine	0.5
80236-0	Public Health	0.5
80240-0	Forensic Medicine	0.5
80240-1	Legal Medicine	0.5
80254-0	Allergy	0.5

**MAG Mutual Insurance Company**  
**Physicians and Surgeons Professional Liability**  
**Arkansas: May 1, 2009**

**Class 1**

80210-0	Dentists--engaged in oral surgery or operative dentistry on patients rendered unconscious through the administering of any anesthesia or analgesia	1
80224-0	Utilization Management (N.O.C.)--prospective and concurrent UM	1
80229-0	Addictionology	1
80230-0	Aerospace Medicine	1
80234-0	Pharmacology--clinical	1
80237-0	Diabetes--including minor surgery	1
80248-0	Nutrition	1
80249-0	Psychiatry (including child)	1
80256-0	Dermatology--including minor surgery	1
80266-0	Pathology--including minor surgery	1

**Class 1A**

80231-0	General Preventive Medicine--no surgery	1A
80235-1	Physical Medicine and Rehabilitation	1A
80238-0	Endocrinology--including minor surgery	1A
80243-0	Geriatrics--including minor surgery	1A
80252-0	Rheumatology--no surgery	1A
80253-0	Radiology--diagnostic--no surgery	1A
80260-0	Nephrology--including minor surgery	1A
80262-0	Nuclear Medicine	1A
80263-0	Ophthalmology--no surgery	1A
80265-0	Otorhinolaryngology--no surgery	1A
80267-0	Pediatric--including minor surgery	1A
80268-0	Physicians--including minor surgery (N.O.C.)	1A
80420-0	FP/GP--no surgery	1A
80424-0	Ambulatory Care--no surgery, care provided in outpatient clinics	1A

**1B**

80241-0	Gastroenterology--no surgery	1B
80244-0	Gynecology--including minor surgery	1B
80245-0	Hematology--including minor surgery	1B
80257-0	Internal Medicine--no surgery	1B
80259-0	Neoplastic Diseases/Oncology--including minor surgery	1B
80295-0	Hospitalist--no surgery	1B

**MAG Mutual Insurance Company**  
**Physicians and Surgeons Professional Liability**  
**Arkansas: May 1, 2009**

**Class 2**

80114-0	Ophthalmology--surgery	2
80269-0	Pulmonary Diseases--no surgery	2
80274-0	Gastroenterology--minor surgery	2
80283-0	Intensive Care Medicine	2
80425-0	Radiation-Therapy	2

**Class 2A**

80246-0	Infectious Diseases--including minor surgery	2A
80255-0	Cardiovascular Diseases--no surgery	2A
80261-0	Neurology (including child)--including minor surgery	2A
80284-0	Internal Medicine--minor surgery	2A
80291-0	Otorhinolaryngology--minor surgery	2A
80293-1	Neonatology-minor surgery	2A
80421-0	FP/GP-minor surg INC OB (but without C-sections)	2A
80423-0	FP/GP--minor surgery--BUT NO OBSTETRICS. By Obstetrics, we mean any pre-natal care after first trimester and/or deliveries.	2A
80443-0	Miscellaneous--Physicians normally assigned to a lower-rated specialty classification must be classified using this code IF they perform any of the following medical procedures: Endoscopic retrograde cholangiopancreatography (ERCP), Esophagogastroduodenoscopy (EGD), Endoscopies other than proctoscopies, Pneumatic or mechanical esophageal dilation, cystoscopies, colonoscopies, or sigmoidoscopies for examination purposes only, Laparoscopy (peritoneoscopy) except major surgery, Radiopaque dye injections--into blood vessels, lymphatics sinus tracts or fistulae (not applicable to Radiology).	2A

**Class 3**

80104-0	Gastroenterology--surgery	3
80145-0	Urology--surgery	3
80159-0	Otorhinolaryngology--surgery, non-cosmetic	3
80281-0	Cardiovascular Disease--minor surgery	3
80294-0	Physicians (N.O.C.)--assisting in surgery on own patients	3

**MAG Mutual Insurance Company**  
**Physicians and Surgeons Professional Liability**  
**Arkansas: May 1, 2009**

80422-0	Miscellaneous--physicians normally assigned a lower-rated specialty classification must be classified using this code IF they perform any of the Catheterization--arterial, cardiac or diagnostic--other than: (1) the occasional emergency insertion of pulmonary wedge pressure recording catheters or temporary pacemakers, (2) urethral catheterization, (3) umbilical cord catheterization for diagnostic purposes or for monitoring the blood gases in newborns receiving oxygen, Lasers--used in therapy (not applicable to Dermatology), Radiation Therapy (not applicable to Radiology), Shock Therapy (not applicable to Psychiatry), Angiography (not applicable to Cardiology), Arteriography (not applicable to Cardiology), Phlebography, Diskography, Myelography (not applicable to Neurology) Pneumoencephalography, Lymphangiography	3
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**Class 3A**

80151-0	Anesthesiology	3A
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**Class 4**

80103-0	Endocrinology--surgery	4
80105-0	Geriatrics--surgery	4
80107-0	Neoplastic Diseases--surgery	4
80108-0	Nephrology--surgery	4
80109-0	Oral Maxillofacial Surgery--includes DMD and DDS	4
80113-0	Ophthalmology--ocular plastic	4
80115-0	Colon and/or Rectal surgery	4
80155-0	Otorhinolaryngology--surgery, cosmetic	4
80195-0	Dermatology - surgery including liposuction	4
80196-0	Anesthesia--pain mngt inc. local reg & epid (Excl. general)	4
80280-0	Radiology--diagnostic--minor surgery	4
80491-0	Radiology--major invasive	4

**Class 4A**

80102-0	Emergency Medicine--no major surgery	4A
80117-0	FP/GP--not primarily engaged in major surgery. Includes abortions. <b>INCLUDES OBSTETRICS, WITH C-Sections and hysterectomies combined not to exceed rate of 5 per month. INCLUDES GENERAL ANESTHESIA, not to exceed 3 hours/week.</b>	4A
80161-0	Endocrinology, Reproductive	4A

**MAG Mutual Insurance Company**  
**Physicians and Surgeons Professional Liability**  
**Arkansas: May 1, 2009**

80194-0	Physicians (N.O.C.)--assisting in surgery (only) on patients of others	4A
80993-0	Podiatry	4A

**Class 5**

80154-1	Orthopedic Surgery--NO spinal surgery	5
80156-0	Plastic Surgery (N.O.C.)	5
80166-0	Abdominal Surgery	5
80167-0	Gynecological Surgery	5
80169-0	Hand and Foot Surgery	5

**Class 5A**

80143-0	General Surgery (N.O.C.)	5A
80148-0	Weight Reduction Surgery	5A
80154-0	Orthopedic Surgery	5A

**Class 6**

80141-0	Cardiac Surgery	6
80144-0	Thoracic Surgery	6
80146-0	Vascular Surgery	6
80171-0	Traumatic Surgery	6
80190-0	Neurological Surgery--limited to surgery of the back	6

**Class 7**

80153-0	Obstetrics and gynecology--surgery	7
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**Class 8**

80152-0	Neurological Surgery--including child	8
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**MAG Mutual Insurance Company**  
**Physicians and Surgeons Professional Liability**  
**Arkansas: May 1, 2009**

**Physicians and Surgeons Professional Liability**  
**Claims-Made Rates**

**\$100,000/\$300,000 Limits**

Class Code	Claims-Made Rates by Maturity				
	1	2	3	4	5
.5	\$848	\$1,172	\$1,469	\$1,560	\$1,689
1	\$1,232	\$1,798	\$2,318	\$2,477	\$2,703
1A	\$1,571	\$2,380	\$3,124	\$3,350	\$3,674
1B	\$1,685	\$2,574	\$3,392	\$3,641	\$3,997
2	\$2,043	\$3,094	\$4,061	\$4,355	\$4,776
2A	\$2,357	\$3,570	\$4,686	\$8,025	\$5,510
3	\$2,750	\$4,165	\$5,467	\$5,863	\$6,429
3A	\$3,191	\$4,064	\$5,403	\$5,810	\$6,393
4	\$2,809	\$4,188	\$5,456	\$5,842	\$6,394
4A	\$3,884	\$5,952	\$7,855	\$8,434	\$9,261
5	\$4,477	\$6,889	\$9,109	\$9,785	\$10,750
5A	\$5,091	\$7,848	\$10,385	\$11,157	\$12,260
6	\$6,078	\$9,525	\$12,696	\$13,661	\$15,040
7	\$7,065	\$11,201	\$15,006	\$16,165	\$17,819
8	\$9,260	\$11,907	\$15,966	\$17,201	\$18,966

**MAG Mutual Insurance Company**  
**Physicians and Surgeons Professional Liability**  
**Arkansas: May 1, 2009**

**Physicians and Surgeons Professional Liability**  
**Claims-Made Rates**

**\$200,000/\$600,000 Limits**

Class Code	Claims-Made Rates by Maturity				
	1	2	3	4	5
.5	\$948	\$1,343	\$1,707	\$1,817	\$1,975
1	\$1,407	\$2,098	\$2,734	\$2,927	\$3,204
1A	\$1,822	\$2,809	\$3,717	\$3,994	\$4,388
1B	\$1,960	\$3,046	\$4,045	\$4,349	\$4,783
2	\$2,368	\$3,652	\$4,832	\$5,192	\$5,702
2A	\$2,732	\$4,213	\$5,576	\$5,990	\$6,583
3	\$3,188	\$4,916	\$6,505	\$6,989	\$7,680
3A	\$3,770	\$4,836	\$6,471	\$6,969	\$7,679
4	\$3,310	\$5,046	\$6,643	\$7,129	\$7,824
4A	\$4,635	\$7,239	\$9,635	\$10,364	\$11,406
5	\$5,352	\$8,391	\$11,186	\$12,037	\$13,252
5A	\$6,092	\$9,564	\$12,759	\$13,731	\$15,120
6	\$7,329	\$11,670	\$15,663	\$16,878	\$18,614
7	\$8,566	\$13,775	\$18,567	\$20,025	\$22,108
8	\$11,319	\$14,652	\$19,763	\$21,319	\$23,541

**MAG Mutual Insurance Company**  
**Physicians and Surgeons Professional Liability**  
**Arkansas: May 1, 2009**

**Physicians and Surgeons Professional Liability**  
**Claims-Made Rates**

**\$500,000/\$1,000,000 Limits**

Class Code	Claims-Made Rates by Maturity				
	1	2	3	4	5
.5	\$1,120	\$1,637	\$2,113	\$2,258	\$2,465
1	\$1,707	\$2,613	\$3,446	\$3,699	\$4,062
1A	\$2,251	\$3,544	\$4,734	\$5,096	\$5,614
1B	\$2,432	\$3,855	\$5,164	\$5,562	\$6,131
2	\$2,926	\$4,607	\$6,155	\$6,625	\$7,298
2A	\$3,376	\$5,316	\$7,101	\$7,645	\$8,421
3	\$3,939	\$6,202	\$8,285	\$8,919	\$9,824
3A	\$4,763	\$6,160	\$8,302	\$8,954	\$9,885
4	\$4,191	\$6,557	\$8,734	\$9,396	\$10,343
4A	\$5,957	\$9,506	\$12,771	\$13,765	\$15,184
5	\$6,895	\$11,036	\$14,845	\$16,004	\$17,660
5A	\$7,855	\$12,587	\$16,940	\$18,265	\$20,158
6	\$9,533	\$15,448	\$20,890	\$22,546	\$24,912
7	\$11,212	\$18,309	\$24,839	\$26,826	\$29,666
8	\$14,946	\$19,489	\$26,454	\$28,574	\$31,602

**MAG Mutual Insurance Company**  
**Physicians and Surgeons Professional Liability**  
**Arkansas: May 1, 2009**

**Physicians and Surgeons Professional Liability**  
**Claims-Made Rates**

**\$1,000,000/\$1,000,000 Limits**

Class Code	Claims-Made Rates by Maturity				
	1	2	3	4	5
.5	\$1,311	\$1,964	\$2,566	\$2,749	\$3,010
1	\$2,041	\$3,185	\$4,237	\$4,557	\$5,015
1A	\$2,727	\$4,361	\$5,864	\$6,322	\$6,976
1B	\$2,956	\$4,753	\$6,407	\$6,910	\$7,629
2	\$3,545	\$5,670	\$7,624	\$8,219	\$9,068
2A	\$4,091	\$6,542	\$8,797	\$9,483	\$10,463
3	\$4,773	\$7,632	\$10,263	\$11,063	\$12,207
3A	\$5,866	\$7,630	\$10,336	\$11,160	\$12,336
4	\$5,454	\$8,722	\$11,729	\$12,644	\$13,951
4A	\$7,852	\$12,754	\$17,264	\$18,636	\$20,597
5	\$9,106	\$14,825	\$20,086	\$21,687	\$23,975
5A	\$10,381	\$16,917	\$22,930	\$24,760	\$27,375
6	\$12,691	\$20,861	\$28,377	\$30,665	\$33,933
7	\$15,000	\$24,804	\$33,824	\$36,569	\$40,491
8	\$20,142	\$26,417	\$36,038	\$38,966	\$43,149

**MAG Mutual Insurance Company**  
**Physicians and Surgeons Professional Liability**  
**Arkansas: May 1, 2009**

**Physicians and Surgeons Professional Liability**  
**Claims-Made Rates**

**\$1,000,000/\$3,000,000 Limits**

Class Code	Claims-Made Rates by Maturity				
	1	2	3	4	5
.5	\$1,349	\$2,030	\$2,656	\$2,847	\$3,119
1	\$2,108	\$3,299	\$4,395	\$4,729	\$5,205
1A	\$2,822	\$4,525	\$6,090	\$6,567	\$7,248
1B	\$3,061	\$4,933	\$6,656	\$7,180	\$7,929
2	\$3,669	\$5,882	\$7,918	\$8,537	\$9,422
2A	\$4,234	\$6,787	\$9,136	\$9,851	\$10,872
3	\$4,939	\$7,918	\$10,658	\$11,492	\$12,684
3A	\$6,086	\$7,924	\$10,743	\$11,601	\$12,826
4	\$5,645	\$9,049	\$12,181	\$13,134	\$14,496
4A	\$8,138	\$13,244	\$17,942	\$19,372	\$21,414
5	\$9,439	\$15,396	\$20,877	\$22,545	\$24,928
5A	\$10,762	\$17,571	\$23,834	\$25,741	\$28,464
6	\$13,167	\$21,678	\$29,507	\$31,890	\$35,294
7	\$15,572	\$25,785	\$35,180	\$38,040	\$42,125
8	\$20,927	\$27,463	\$37,485	\$40,535	\$44,892

**MAG Mutual Insurance Company**  
**Physicians and Surgeons Professional Liability**  
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**Physicians and Surgeons Professional Liability**  
**Claims-Made Rates**

**\$2,000,000/\$4,000,000 Limits**

Class Code	Claims-Made Rates by Maturity				
	1	2	3	4	5
.5	\$1,619	\$2,436	\$3,187	\$3,416	\$3,743
1	\$2,529	\$3,959	\$5,274	\$5,675	\$6,246
1A	\$3,387	\$5,429	\$7,309	\$7,880	\$8,697
1B	\$3,673	\$5,920	\$7,987	\$8,616	\$9,514
2	\$4,403	\$7,058	\$9,501	\$10,245	\$11,307
2A	\$5,080	\$8,144	\$10,963	\$11,821	\$13,046
3	\$5,927	\$9,502	\$12,790	\$13,791	\$15,221
3A	\$7,303	\$9,509	\$12,892	\$13,921	\$15,392
4	\$7,169	\$11,492	\$15,470	\$16,680	\$18,410
4A	\$10,335	\$16,820	\$22,786	\$24,602	\$27,196
5	\$11,988	\$19,553	\$26,514	\$28,632	\$31,659
5A	\$13,668	\$22,315	\$30,270	\$32,691	\$36,149
6	\$16,723	\$27,531	\$37,474	\$40,501	\$44,824
7	\$19,777	\$32,747	\$44,679	\$48,311	\$53,498
8	\$26,577	\$34,878	\$47,605	\$51,479	\$57,013

**MAG Mutual Insurance Company**  
**Physicians and Surgeons Professional Liability**  
**Arkansas: May 1, 2009**

**Physicians and Surgeons Professional Liability**  
**Claims-Made Rates**

**\$3,000,000/\$5,000,000 Limits**

Class Code	Claims-Made Rates by Maturity				
	1	2	3	4	5
.5	\$1,794	\$2,699	\$3,532	\$3,786	\$4,148
1	\$2,803	\$4,388	\$5,846	\$6,289	\$6,923
1A	\$3,754	\$6,018	\$8,100	\$8,734	\$9,640
1B	\$4,071	\$6,561	\$8,852	\$9,549	\$10,545
2	\$4,880	\$7,823	\$10,530	\$11,354	\$12,532
2A	\$5,631	\$9,027	\$12,151	\$13,101	\$14,460
3	\$6,569	\$10,531	\$14,176	\$15,285	\$16,870
3A	\$8,095	\$10,540	\$14,288	\$15,429	\$17,059
4	\$8,072	\$12,940	\$17,419	\$18,782	\$20,729
4A	\$11,637	\$18,939	\$25,657	\$27,701	\$30,622
5	\$13,498	\$22,017	\$29,854	\$32,240	\$35,647
5A	\$15,390	\$25,126	\$34,083	\$36,809	\$40,704
6	\$18,829	\$30,999	\$42,196	\$45,603	\$50,471
7	\$22,268	\$36,872	\$50,305	\$54,397	\$60,238
8	\$29,925	\$39,272	\$53,603	\$57,965	\$64,196

**MAG Mutual Insurance Company**  
**Physicians and Surgeons Professional Liability**  
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**Physicians and Surgeons Professional Liability**  
**Claims-Made Rates**

**Separate Limit Employees**

ISO Code	Class Description	Claims-Made Rates by Maturity				
		1	2	3	4	5
<b><u>\$100,000/\$300,000 Limits</u></b>						
80116	Physicians/Surgeons Assistants	\$432	\$654	\$859	\$921	\$1,010
80120	CRNA (or P.A. Administering Anesthesia)	\$479	\$610	\$810	\$872	\$959
81150	CRNA (Independent)	\$1,436	\$1,829	\$2,431	\$2,615	\$2,877
81153	Certified Nurse Midwife	\$1,766	\$2,800	\$3,752	\$4,041	\$4,455
<b><u>\$200,000/\$600,000 Limits</u></b>						
80116	Physicians/Surgeons Assistants	\$501	\$772	\$1,022	\$1,098	\$1,207
80120	CRNA (or P.A. Administering Anesthesia)	\$565	\$725	\$971	\$1,045	\$1,152
81150	CRNA (Independent)	\$1,696	\$2,176	\$2,912	\$3,136	\$3,456
81153	Certified Nurse Midwife	\$2,142	\$3,444	\$4,642	\$5,006	\$5,527
<b><u>\$500,000/\$1,000,000 Limits</u></b>						
80116	Physicians/Surgeons Assistants	\$619	\$975	\$1,302	\$1,402	\$1,544
80120	CRNA (or P.A. Administering Anesthesia)	\$714	\$924	\$1,245	\$1,343	\$1,483
81150	CRNA (Independent)	\$2,143	\$2,772	\$3,736	\$4,029	\$4,448
81153	Certified Nurse Midwife	\$2,803	\$4,577	\$6,210	\$6,707	\$7,416
<b><u>\$1,000,000/\$1,000,000 Limits</u></b>						
80116	Physicians/Surgeons Assistants	\$750	\$1,199	\$1,613	\$1,739	\$1,918
80120	CRNA (or P.A. Administering Anesthesia)	\$880	\$1,145	\$1,550	\$1,674	\$1,850
81150	CRNA (Independent)	\$2,640	\$3,434	\$4,651	\$5,022	\$5,551
81153	Certified Nurse Midwife	\$3,750	\$6,201	\$8,456	\$9,142	\$10,123

**MAG Mutual Insurance Company**  
**Physicians and Surgeons Professional Liability**  
**Arkansas: May 1, 2009**

**Physicians and Surgeons Professional Liability**  
**Claims-Made Rates**

**Separate Limit Employees**

ISO Code	Class Description	Claims-Made Rates by Maturity				
		1	2	3	4	5
<b><u>\$1,000,000/\$3,000,000 Limits</u></b>						
80116	Physicians/Surgeons Assistants	\$776	\$1,244	\$1,675	\$1,806	\$1,993
80120	CRNA (or P.A. Administering Anesthesia)	\$913	\$1,189	\$1,611	\$1,740	\$1,924
81150	CRNA (Independent)	\$2,739	\$3,566	\$4,834	\$5,220	\$5,772
81153	Certified Nurse Midwife	\$3,893	\$6,446	\$8,795	\$9,510	\$10,531
<b><u>\$2,000,000/\$4,000,000 Limits</u></b>						
80116	Physicians/Surgeons Assistants	\$931	\$1,493	\$2,010	\$2,167	\$2,392
80120	CRNA (or P.A. Administering Anesthesia)	\$1,096	\$1,426	\$1,934	\$2,088	\$2,309
81150	CRNA (Independent)	\$3,287	\$4,279	\$5,801	\$6,265	\$6,926
81153	Certified Nurse Midwife	\$4,944	\$8,187	\$11,170	\$12,078	\$13,375
<b><u>\$3,000,000/\$5,000,000 Limits</u></b>						
80116	Physicians/Surgeons Assistants	\$1,032	\$1,655	\$2,228	\$2,402	\$2,651
80120	CRNA (or P.A. Administering Anesthesia)	\$1,214	\$1,581	\$2,143	\$2,314	\$2,559
81150	CRNA (Independent)	\$3,643	\$4,743	\$6,430	\$6,943	\$7,677
81153	Certified Nurse Midwife	\$5,567	\$9,218	\$12,577	\$13,599	\$15,060

**ADDITIONAL CHARGES**

"Organization" as used herein includes Professional Corporation (P.C.), Professional Association (P.A.), Partnership (PT), Limited Liability Corporation (LLC) and other legal organization.

I.A. Organization **SEPARATE** Limits of Coverage

<b>No. MDs Insured on Policy</b>	<b>Organization Rate</b>	
	<b>Physicians</b>	<b>Surgeons</b>
1	20%	25%
2-10	10%	10%
11-20	9%	9%
21-30	8%	8%
31-40	7%	7%
41-50	6%	6%
51+	5%	5%

The organization may purchase limits equal to or less than those carried by the individual physicians and surgeons on the policy. The organization rate shall be the applicable percent applied to the limit chosen by the organization. Limits and availability of coverage are subject to Underwriting approval.

The Professional Organization Separate Limits Endorsement (PS-ORG-SEP) and the Blanket Employee Endorsement (PS-SEP) will be added to the policy. Included is continued vicarious liability coverage for physicians, surgeons or employees who leave the organization. Also included is coverage for certain employees. Refer to page 22.

I.B. Organization **SEPARATE** Limits of Coverage (Limited Physician Vicarious Liability)

<b>No. MDs Insured on Policy</b>	<b>Organization Rate</b>
1	10%
2-30	5%
31+	3%

As an option to I.A. above, an organization may elect to purchase separate limits with no vicarious liability coverage for the acts of covered physicians. The organization rate shall be the applicable percent applied to the limit chosen by the organization. Limits and availability of coverage are subject to Underwriting approval.

The Professional Organization Separate Limits with Vicarious Liability for Non-Physician Employees and Agents Only Endorsement (PS-ORG-LSEP) and the Blanket Employee Endorsement (PS-SEP) will be added to the policy. Also included is coverage for certain employees. Refer to page 22.

Additional insured Organizations can share in limits of coverage provided to the separate limits organization for **no additional premium** and **no additional limits**.

**MAG Mutual Insurance Company**  
**Physicians and Surgeons Professional Liability**  
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II. Organization **SHARED** Limits of Coverage

The insured may choose to insure the organization sharing in the limits of coverage provided to the individual. There is no additional premium for this option, and no additional limits are provided. Under this option, organization coverage CEASES with the termination of the individual coverage. The organization may then exercise its option to purchase reporting endorsement coverage.

III. Vicarious liability

A. Physicians, Surgeons, nurse midwife (CNM) and nurse anesthetist (CRNA) not insured with MAG Mutual

1. Separate Limits Organization

The rate shall be 10% of the mature manual rate applicable to the employed physician, surgeon, CNM or CRNA. If our insured chooses not to insure for this vicarious liability, an appropriately worded exclusion endorsement will be added to the policy. The Company requires satisfactory proof of adequate limits of individual insurance.

2. Shared Limits Organization

The rate shall be 10% of the mature manual rate applicable to the employed CNM or CRNA. If our insured chooses not to insure for this vicarious liability, an appropriately worded exclusion endorsement will be added to the policy. Vicarious liability coverage is not available for Physicians and Surgeons not insured with MAG Mutual for Shared Limits Organization. The Company requires satisfactory proof of adequate limits of individual insurance.

B. Physicians and Surgeons insured with MAG Mutual under a different policy.

1. Separate Limits Organization

The rate shall be calculated as the "would-be" organization premium as if the physician/surgeon were insured on the same policy.

2. Shared Limits Organization

There is no charge for this vicarious liability exposure. The Physician or Surgeon must choose to add the Professional Organization Shared Limits Endorsement to his/her policy at no additional charge for coverage to apply.

C. Nurse midwife (CNM) and nurse anesthetist (CRNA) insured with MAG Mutual under a different policy.

The rate shall be 10% of the premium applicable to the employee. If our insured chooses not to insure for this vicarious liability, an appropriately worded exclusion endorsement will be added to the policy. The Company requires satisfactory proof of adequate limits of individual coverage.

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D. Physicians/Surgeons Assistant and Nurse Practitioner

1. Separate Limits Organization  
There is no charge for this coverage
2. Shared Limits Organization  
The rate shall be 10% of the mature manual rate applicable to the employed physician/surgeon assistant or nurse practitioner. If our insured chooses not to insure for this vicarious liability, an appropriately worded exclusion endorsement will be added to the policy. The Company requires satisfactory proof of adequate limits of individual insurance.

IV. Quality Assurance Coverage; Utilization Review Buy-back

We will add an endorsement to cover fee-for-service utilization review (retrospective review) of time and cost issues involved in controlling healthcare costs when the insured agrees to pay the applicable additional premium:

Classes .5 through 3:	\$ 500
Classes 4 through 5A:	\$1,000
Classes 6, 7, and 8:	\$1,500

However, no premium is required for Medicare/Medicaid reviews performed on behalf of a state peer review organization due to the philanthropic nature of the work.

V. Utilization Management Buy-back

We will add an endorsement to cover fee-for-service utilization management (prospective and concurrent review) of time and cost issues involved in controlling healthcare costs when the insured agrees to pay the applicable additional premium. The rate shall be 15% of the individual physicians' premium.

VI. Preservation of Limits

An individual or organization that reduces limits may purchase a preservation of limits in lieu of purchasing a reporting endorsement on the entire policy. Under this option, the higher limits preserved will cease with the termination of the policy or individual coverage unless an extended reporting endorsement is purchased or an insured becomes eligible for a free extended reporting endorsement due to death, disability or retirement. The rate for preservation of limits is 75% of the usual incremental reporting endorsement premium for the limit layer being preserved. The option to purchase preservation of limits is only available at policy renewal. An appropriately worded endorsement will be added to the policy.

If the policyholder later exercises the option to purchase reporting endorsement coverage (rated at the new lower limit), the preserved limit is included for no additional premium.

## **CANCELLATIONS AND WAIVED PREMIUM BALANCES**

I. Cancellations at the request of MAG Mutual:

All refunds of unearned premiums shall be on a pro-rata basis and no minimum premium shall apply. Insured cancellations due to death, disability and retirement shall also be pro-rata.

II. Cancellations at the insured's request:

In the event of cancellation of coverage at the request of the insured physician upon a date other than the normal expiration date of the policy (unless due to death, disability or retirement), the appropriate unearned premium will be calculated according to the Short Rate Rule below.

### **SHORT RATE CANCELLATION RULE**

#### **For One-Year Policies**

The formula used for calculation of earned premium percentage in the event of cancellation by the insured shall return 90% of the unearned premium and is defined as follow:

$$\frac{(365 - \text{days in force})}{365} \times .9 \times \$ \text{ billed premium} = \$ \text{ return premium}$$

Rounding rules:

1. The numerator will be truncated at 3 decimal places and rounded upward for 5/10000 or more.
2. The return premium will be rounded to the nearest whole dollars with \$.50 rounded upward.

For example, suppose an annual policy is issued for premium of \$8,990. The insured wishes to cancel the policy on October 1 after the policy was issued on August 1. The policy was in effect for 61 days:

$$\frac{(365 - 61)}{365} \times .9 \times \$8,990 = .75 \times \$8,990 = \$6,743 \text{ return premium}$$

### **WAIVED PREMIUM BALANCES**

The Company has determined that it is appropriate to waive small premium balances in order to save on administrative time and expense. At the discretion of the Company, premium balances of \$15 or less may be waived.

**CLAIMS-MADE RATES**  
**EMPLOYEE PROFESSIONAL LIABILITY RATES**

<b><u>Employee Category</u></b>	<b><u>Rating Factor</u></b>
1. Nurse	Included
2. Nurse Anesthetist, PAAA	0.20
3. Nurse X-Ray Therapist	Included
4. Med Lab Technician	Included
5. Pharmacist	Included
6. Physiotherapist	Included
7. X-Ray Technician	Included
8. X-Ray Therapist	Included
9. Certified Nurse Midwife	0.40
10. Physician/Surgeon Assistant	0.15
11. Psychologist	0.10
12. Social Worker	0.05

The above employee factors are to be applied to the applicable mature rate for the limit for a Class 1A physician regardless of the classification of the physician/surgeon for whom the employee works.

**EMPLOYEE CLASSIFICATION ANALOGIES**  
**FOR SHARED LIMITS OF COVERAGE**

**Nurse (01)**

- Nuclear Cardio. Technician
- Optician
- Social Worker (non-licensed)
- O.R. Technician/O.R. Scrub Tech.
- Allergy Technician
- Medical Records Assistant
- Dialysis Technician
- OPH Office Assist. (no lab/x-rays)
- Speech Pathologist
- Medical Assistant
- LPN
- RN
- Dietician
- Certified surgical Tech (CST)
- Biofeedback Tech
- Pharmacy Tech
- Scrub nurse
- Physical therapy Assistant
- Emergency Medical Technician

**Employed Nurse Anesthetist (02)**

- CRNA
- PA administering anesthesia
- Invasive Ultrasound Technician

**Nurse X-Ray Therapist (03)**

- electrologist

**Medical Lab Technician (04)**

- EEG Tech
- EKG Tech
- Ophthalmic Technician
- Optometrist
- Audiologist (ENT)
- Cysto Technician
- Cast Technician (Ortho Technician)
- Biologist (doing in vitro fertilization)
- Histologist (blood work)
- Registered vascular Technician
- Psychometrician

**Medical Lab Technician (04) cont.**

- Cath Technician
- Phlebotomist
- Cytotech

**Pharmacist (05)**

**Physiotherapist (06)**

- Clinical Perfusionist
- CCP - Heart, lung machine
- Physical Therapist
- Athletic Trainer
- Massage Therapist

**X-Ray Technician (07)**

- Ultrasound Technician
- Sonogram Technician
- Echo Technician
- Radiologist Technician
- Radiation/Encephalogram
- Computerized Tomography Tech
- Dosimetrist
- Cardiology Assistant
- Radiation Physicist

**X-Ray Therapist (08)**

- Prostate Ultrasound Technician

**Certified Nurse Midwife (09)**

- nurse midwife

**Physicians/Surgeons Asst (10)**

- \* - Surgical Perfusionist
- \* - Nurse Practitioner (CNP)
- \* - Embryologist

**Psychologist (11)**

- Certified addiction counselor
- Psychotherapy counselor
- Licensed marriage and family Therapist

**Social Worker (12)**

- Licensed clinical social worker
- clinical psychology PhD

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**A. Organizations purchasing SEPARATE Limits of Coverage (80999)-- includes coverage for certain employees at no additional charge.**

The Company has determined that the premium generated for organization separate limits of coverage is adequate to insure certain employees without requiring additional premium for each employee covered. Any kind or any number of employees, EXCEPT as listed below, may be insured for no additional premium and will share in the organization separate limit. The limit will not apply separately to the organization and the employees. An appropriately worded endorsement will be added to the policy. Employees NOT eligible for this free coverage are:

1. Any employee, however titled, administering anesthesia;
2. Any nurse midwife, whether certified or not;
3. Any employee having a separate limit of liability, Code Nos. 80116, 80119, 80120, 81151 and 81150;
4. Medical doctors, osteopaths, podiatrists, chiropractors or dentists.

This coverage will be EXCESS insurance over other valid and collectible professional liability insurance which specifically names the individual or the title of the position.

**B. Large Organizations Alternative Employee Rating Methods**

Some policyholders over staff their employee force to permit adequate time off for vacations, continuing medical education, illness or disabilities. For these insureds, we will offer the most appropriate of the following options for the particular circumstances of the insured.

- 1) We will develop the premium based on the number of full-time equivalents (FTEs).
- 2) We can apply an appropriate discount factor to each employee premium to reflect the reduced exposure.
- 3) We can charge for a floating slot position which temporary employees may use when filling in during vacations, illnesses, etc.

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**C. Periods of No Employee Exposure**

Temporary Periods of No Exposure

During temporary periods of no exposure, we can leave the Employee Medical Professional Liability Shared Limits Endorsement on the policy. This would be appropriate if the insured plans to replace the terminated employee in the near future. Continuing the Endorsement on the policy gives the benefit of extending the time for reporting claims. If the Endorsement is removed from the policy, coverage ends and previously covered employees can no longer report claims.

Discontinued Exposure

Some policyholders may wish to keep the Endorsement in force after the only employee terminates so that the time for reporting claims is extended. We can accommodate this by leaving the Endorsement on the policy. The premium will be calculated at 50% of the premium for the previous exposure. At each successive renewal, the employee premium will be calculated at 50% of the expiring employee premium for as long as the policyholder desires to continue the coverage, subject to a minimum premium of \$50.

**D. Blanket Employee Coverage**

Employee coverage is available on a blanket basis for shared limits organizations and individual employers. This coverage uses standard employee rates based on the types and numbers of employees at the time the policy is issued. No endorsement or premium change is necessary if the types and numbers of covered employees change during the policy period.

If temporary substitutes or locum tenens are hired to replace covered employees or if temporary additional employees are hired, they are free and no endorsement is required. If a Certificate of Insurance is required, send a copy of the Blanket Employee Certificate of Insurance.

**E. Dentists/Employed Dentist Classification Codes 80211-0/80213-0**

Separate limit and individual coverage is available for dentists (N.O.C) employed by insured physician organizations. The coverage can be issued as individual or employee coverage. The rate shall be 50% of the applicable separate limit rate for Physician/Surgeon Assistant, ISO code 80116.

**DEDUCTIBLE DISCOUNTS**  
**DISCOUNT AS A PERCENTAGE OF RATE FOR LIMIT (M-MILLION)**

Discount applicable ONLY to first \$1,000,000 each loss limit premium layer. Excess premiums are not subject to deductible discount.

**INDEMNITY ONLY**

**\$ Per Claim**

**Indemnity  
Deductible**

	<b><u>\$1M/\$1M</u></b>	<b><u>\$1M/\$3M</u></b>
\$ 5,000	2.5%	2.1%
\$ 10,000	4.5%	4.2%
\$ 15,000	6.5%	6.0%
\$ 20,000	8.0%	7.5%
\$ 25,000	9.0%	8.0%
\$ 50,000	13.0%	12.0%
\$ 100,000	21.0%	19.5%
\$ 200,000	33.5%	31.5%
\$ 250,000	39.0%	36.5%

**\$ Per Claim/Aggregate**

**Indemnity Deductible**

	<b><u>\$1M/\$1M</u></b>	<b><u>\$1M/\$3M</u></b>
\$ 5,000/15,000	2.2%	2.0%
\$ 10,000/30,000	4.3%	4.0%
\$ 15,000/45,000	6.4%	6.0%
\$ 25,000/75,000	8.6%	8.0%
\$ 50,000/150,000	12.0%	11.0%
\$ 100,000/300,000	19.5%	18.0%
\$ 200,000/600,000	32.0%	30.0%
\$ 250,000/750,000	37.5%	35.0%

**10% Per Claim**

**\$ Max. Per Claim/Agg**

**Indemnity Deductible**

	<b><u>\$1M/\$1M</u></b>	<b><u>\$1M/\$3M</u></b>
\$ 5,000/\$15,000	1.3%	1.2%
\$ 10,000/\$30,000	2.5%	2.3%
\$ 25,000/\$75,000	4.5%	4.2%
\$ 50,000/\$150,000		6.0%
\$ 100,000/\$300,000		8.0%
\$ 200,000/\$600,000		11.0%
\$ 250,000/\$750,000		12.0%

For other deductible amounts selected by policyholders, interpolate to determine the appropriate discount.

**MAG Mutual Insurance Company  
Physicians and Surgeons Professional Liability  
Arkansas: May 1, 2009**

**INDEMNITY AND ALAE**

**\$ Per Claim**

<b><u>Ind &amp; ALAE</u></b>	<b><u>\$1M/\$1M</u></b>	<b><u>\$1M/\$3M</u></b>
\$ 5,000	4.4%	4.0%
\$ 10,000	8.0%	7.5%
\$ 15,000	11.0%	10.5%
\$ 20,000	13.0%	12.0%
\$ 25,000	14.5%	13.5%
\$ 50,000	21.0%	19.5%
\$ 100,000	29.5%	27.5%
\$ 200,000	43.0%	40.0%
\$ 250,000	48.5%	45.5%

**\$ Per Claim/Aggregate**

<b><u>Indemnity &amp; ALAE</u></b>	<b><u>\$1M/\$1M</u></b>	<b><u>\$1M/\$3M</u></b>
\$ 5,000/15,000	4.0%	3.5%
\$ 10,000/30,000	7.5%	7.0%
\$ 15,000/45,000	10.5%	10.0%
\$ 25,000/75,000	13.5%	13.0%
\$ 50,000/150,000	20.0%	18.5%
\$ 100,000/300,000	28.0%	26.0%
\$ 200,000/600,000	41.0%	38.5%
\$ 250,000/750,000	47.0%	44.0%

**10% Per Claim**

**\$ Max. Per Claim/Agg**

<b><u>Indemnity &amp; ALAE</u></b>	<b><u>\$1M/\$1M</u></b>	<b><u>\$1M/\$3M</u></b>
\$ 5,000/\$15,000	1.4%	1.3%
\$ 10,000/\$30,000	2.8%	2.6%
\$ 25,000/\$75,000	5.2%	4.8%
\$ 50,000/\$150,000		7.0%
\$ 100,000/\$300,000		10.0%
\$ 200,000/\$600,000		13.0%
\$ 250,000/\$750,000		14.5%

For other deductible amounts selected by policyholders, interpolate to determine the appropriate discount.

Deductibles of \$25,000 or greater are subject to approval by the Company. For deductibles of \$25,000 or greater, the Company may require security in the form of a Letter of Credit or other financial security acceptable to the Company.

In addition to the insured's retention of liability up to the deductible amount, the Company will require the insured's waiver of the "consent to settle" provision of the policy.

These deductibles may also be applied to Extended Reporting Rates.

**GROUP AGGREGATE DEDUCTIBLE**

Some groups have requested an optional deductible, which limits the most they will have to pay if multiple claims are made in a policy year. We call this the Group Aggregate Deductible.

Under this program, the per claim deductible works like our other deductibles: the deductible applies separately to each insured involved in the suit. However the aggregate deductible applies to all insureds in the group combined, thus limiting the organization's maximum liability in a policy year.

Our actuary has determined the following discounts with a maximum dollar credit per group.

Credits apply to \$1M/\$3M premiums only. (This option is not available at limits of \$1M/\$1M.)

<b>Indemnity Deductible</b>		<b>Number of Insureds</b>				<b>Maximum Credit</b>
<b>Per Claim/Aggregate (\$000)</b>	<b>2-9</b>	<b>10-19</b>	<b>20-40</b>	<b>41-60</b>	<b>61-100</b>	
5/15	1.1	1.1	0.9	0.7	0.5	\$ 12,750
10/30	2.1	2.1	1.8	1.4	1.0	25,500
25/75	5.0	5.0	4.3	3.4	2.4	63,750
50/150	9.3	9.3	8.2	6.6	4.8	127,500
100/300	16.6	16.6	15.0	12.5	9.5	255,000
200/600	28.0	28.0	26.0	22.9	18.3	510,000
250/750	32.7	32.6	30.6	27.4	22.3	637,500

<b>Indemnity and ALAE Combined Deductible</b>		<b>Number of Physicians</b>				<b>Maximum Credit</b>
<b>Per Claim/Aggregate (\$000)</b>	<b>2-9</b>	<b>10-19</b>	<b>20-40</b>	<b>41-60</b>	<b>61-100</b>	
5/15	1.9	1.7	1.5	1.3	1.1	\$ 12,750
10/30	3.7	3.4	3.1	2.8	2.5	25,500
25/75	8.1	7.7	7.3	6.7	5.9	63,750
50/150	15.6	15.0	14.5	13.7	12.5	127,500
100/300	24.0	23.3	22.8	21.6	20.2	255,000
200/600	36.0	35.2	34.7	33.5	32.2	510,000
250/750	41.1	40.4	40.0	38.9	37.7	637,500

## **NEW DOCTOR DISCOUNT**

<u>Claims-Made Year</u>	<u>Discount off Manual Premium</u>
1	50%
2	25%

A "new doctor" is defined to be one who has just completed post-graduate training and is entering private practice or a group practice for the first time. This discount schedule will also be applied to experienced physicians or surgeons who later re-enter and complete residency in a different specialty. A limited period of obligatory payback in the military, university or government setting will not disqualify a physician for this discount.

We find that newly graduated residents often take temporary jobs while searching for their ideal practice location or circumstances. These jobs are typically emergency room rotation, ambulatory care centers or locum tenens work. The Company has determined that this practice is so common that we would penalize many otherwise eligible new doctors if we adhered rigidly to "just completed post-graduate residency." Therefore, we will allow up to one (1) year post completion of residency employment without disqualification. The applicant must begin CMY 1 in order to qualify.

If a physician or surgeon cannot qualify as first or second year claims-made because of previous prior acts under "moonlighting" liability coverage, then no discount is applicable. MAG Mutual will offer such physicians or surgeons the opportunity to purchase claims-made reporting endorsements for such "moonlighting" policies if he or she chooses to do so in order to qualify for the new doctor discount. It is assumed that each will choose the plan most beneficial to him or her.

This discount is not intended to apply to experienced physicians who later enter fellowship programs related to their specialty, and then re-enter private practice.

Persons receiving this discount shall be ineligible for Schedule Rating Credits.

This discount will also be applied to Extended Reporting Rates.

## **RISK MANAGEMENT SEMINAR DISCOUNT**

For Loss Prevention workshops designed, conducted or approved by the Company under various names, for example "Good Practice Seminar", the Company will permit premium discounts for attendance and successful completion by its insureds.

**Individual Seminars and Programs.** For successful completion of loss prevention/patient safety seminars conducted or approved by the Company, we will permit a premium discount. Repeat attendance for premium discount will be permitted for individuals who have not attended a similar seminar in the past 36 months. Attendance must be approved by the company for relevance to a particular practice.

The Company may permit discounts for completion of Company sponsored or approved on-line or home study risk management programs.

The premium discount will be 5% of the individual's premium. The discount will be applied pro-rata to the policy in effect when the seminar is completed and to the next policy issued after successful completion of the seminar.

**Large Organization (10+ MD members) Seminars and Programs.** The Company may plan specific in-office seminars and office practice evaluations or other risk management programs for such organizations and will permit a premium discount not to exceed 10% for each individual insured for such specially tailored loss prevention programs and/or seminars. The Company may also plan specific risk management programs for hospital medical staffs, members of a provider network, and other similar groups.

The Company may choose to endorse educational seminars which are offered by recognized national health care organizations or members of the American Board of Medical Specialties. If such seminar is SPECIFICALLY APPROVED by the Company, the premium discount may not exceed 10%.

These discounts are not applicable to Extended Reporting Rates.

## **NETWORK RISK MANAGEMENT PROGRAM DISCOUNT**

The Company will provide three programs specifically designed to provide risk management education to health care providers involved in managed care networks. For Loss Prevention programs designed and conducted by the Company, the Company will permit premium discounts for attendance and/or successful completion. Discounts apply to both primary and higher limit premiums.

**Managed Care Home Study Course.** A working knowledge of risk management is essential to physicians working within a managed care environment. We will begin offering a home study course that can be completed at the insured's convenience. Upon satisfactory completion of the program, we will permit a discount of 5%. The discount will be applied to the next annual policy issued after completion of the course. The Company's program is approved by the American Medical Association for physician Continuing Medical Education (CME) credit.

**Managed Care Network Executive/Administrative Site Presentation.** The Company may plan specific Network Practice evaluations for managed care organizations and will permit a premium discount not to exceed 5% for each individual insured member physician for such specially tailored loss prevention evaluation. This program will emphasize through case studies how network-based activities are creating new sources of liability for managed care organizations (and physicians). Such topics include credentialing; balancing quality care and reasonable cost; economic tort (perceived financial incentives for less care); ERISA exposures; liability for denial of coverage (equated to denial of care); selection/de-selection exposures; and anti-trust exposures.

**Network Sponsored Managed Care Risk Management Seminar.** For successful completion of loss prevention seminars conducted by the Company and designed specifically to stress how physician network activities may directly affect frequency and severity of claims, we will permit a 10% premium discount. The discount will be applied to the next policy issued after successful completion of the seminar. Repeat attendance for premium discounts will be permitted for physicians who have not attended a similar seminar in the past 36 months. Each seminar will cover basic risk management principles as well as current and timely topics that impact physicians operating within a managed care environment.

Risk Management Program discounts are not applicable to Extended Reporting Rates.

### **PART-TIME/SEMI-RETIRED DISCOUNT**

We will permit a discount for part-time/semi-retired physicians, surgeons, moonlighting residents and separate limit employees practicing no more than twenty (20) hours per week (including hospital rounds and office hours).

The following rating rules apply:

<b><u>Non-Surgical</u></b>	No more than 20 hours per week	50% Discount
<b><u>Surgical</u></b>	No more than 20 hours per week and no more than 16 procedures per month	33% Discount

If there is previous full-time exposure, we will offer 3 options:

1. The applicant can cancel full-time coverage, purchase the reporting endorsement and start a new CMY 1 policy with the part-time discount; or
2. The applicant may pay a one-time conversion premium calculated at the difference between the reporting endorsement premium at full-time rates and the reporting endorsement premium at part-time rates; or
3. The applicant may select a 2-year delay, which allows part-time policy rates, but requires payment of full-time rates for the reporting endorsement if the policy is terminated before 2 years has elapsed. Endorsement PS-RES34 will be added to the policy.

This discount will also be applied to Extended Reporting Endorsement rates once eligibility for the discount has been granted.

This program is not eligible to be combined with LEAD discount, Network discount, New Doctor discount and other reduced-practice discounts.

Persons receiving this discount cannot receive Schedule Rating credits. Unique or extraordinary circumstances may occur. If so, the Company's chief underwriting officer (or his/her designee) may authorize schedule credits in order to recognize such circumstances.

**EXPENSE SAVINGS DISCOUNT FOR PHYSICIAN ORGANIZATIONS**

<b><u>No. of Full-Time Physicians/Surgeons</u></b>	<b><u>% Discount off Individual Premium</u></b>
1 to 2	none
3 to 5	5%
6 to 9	10%
10 to 19	15%
20 or more	20%

These discounts will be applied to individual physicians or surgeons liability premiums; but it will not be applied to employee coverages, other additional charges, or surcharges. All physicians must be insured with MAG Mutual, but need not be on the same policy.

This discount is determined by the number of full-time physicians insured at the time the policy (or policies) is issued (or renewed). Part-time physicians and physicians added during the policy year may also receive the discount, but they will not affect the percent of discount.

This discount is not applicable to Extended Reporting Rates.

## **EXPENSE SAVINGS DISCOUNT FOR PHYSICIAN ORGANIZATIONS**

(Continued)

The Group Expense Savings Discount was originally designed for traditional medical groups such as PAs, PCs, and Partnerships. The emergence of alternative physician organizations such as IPAs, Networks, Risk Purchasing Groups and other “groups without walls” requires that we define underwriting eligibility for the discount.

The following guidelines provide characteristics that should be present when applying a group discount to any organization:

### **A. Traditional “Group” Characteristics:**

- 1) Organized for the practice of medicine; not for the acquisition of insurance or for the purchase of other medically related products and services.
- 2) Common employer or employment relationship, e.g. members of a professional association, shareholders in a professional corporation, or a partnership.
- 3) A sharing of revenue and expenses, and a predetermined agreement for profit sharing or distribution of income.
- 4) Centralized administrative office functions (even if the group consists of multiple locations for delivery of medical services.)
- 5) Centralized hiring function, i.e. credentialing of physicians to decide employment or associateship.
- 6) Peer oversight function on matters such as competency, patient complaints, and impairment of members or associates.
- 7) Call coverage by associates or members in cases of illness, vacations, other absences, etc.
- 8) A joint purchasing decision, a single policy with central billing.
- 9) Single, common anniversary date.

## **LEAVE OF ABSENCE**

The Company will permit a pro-rata discount for periods of no exposure due to leave of absence. We will allow a physician or separate limit employee to take advantage of this benefit for a maximum period of 12 months for the duration of coverage with MAG Mutual Insurance Company. In order to qualify for this benefit, any leave of absence must be for a continuous period of more the 45 days and commerce only after a period of continuous coverage with us for at least one year.

The maximum period of 12 months may be waived for leave of absence due to military service.

The eligible physician or separate limit employee may not be replaced by a locum tenens during the leave of absence while this benefit is in effect.

This discount is not applicable to Extended Reporting rates.

## **LOCUM TENENS COVERAGE**

### **SEPARATE LIMITS**

- Coverage for temporary substitute physicians and separate limit employees may be provided by adding them as additional insureds to the policy. Locum Tenens coverage will not be issued for a period exceeding 90 days. If the intended substitute will replace the insured for a longer period, the substitute must apply for individual medical professional liability coverage in accordance with normal underwriting guidelines.
- If a separate limit of liability is desired for the substitute, a premium charge will be made. The premium is calculated by multiplying the pro-rata factor for the period of coverage by the mature reporting endorsement rate for the appropriate class. If there is a separate limits organization, the additional PC charge also applies.
- This coverage includes extended reporting coverage for the substitute as long as the policy remains in effect.
- If the temporary substitute is an "additional insured" instead of a substitute, the premium charge is calculated according to the separate limit method above.
- The name, medical license number and medical specialty of the locum tenens should be documented in the underwriting file, along with the dates of coverage.

AN APPROPRIATELY WORDED ENDORSEMENT WILL BE ADDED TO THE POLICY.

### **SHARED LIMITS**

When a substitute shares the limits of liability with the insured physician or separate limit employee, no additional premium is charged.

In order to reduce administrative time and overhead, the Company will provide up to 60 days of blanket locum tenens coverage, but only on a shared limits basis, for no additional premium. If the insured requires any of the following:

- coverage excess of 60 days; or
- specific endorsement naming the individual locum tenens physician; or
- certificate of insurance for the individual locum tenens physician.

AN APPROPRIATELY WORDED ENDORSEMENT WILL BE ADDED TO THE POLICY.

**LARGE CLINICS AND PROFESSIONAL ORGANIZATIONS**  
**(20+ M.D. MEMBERS)**

This rating plan is designed for large clinics, professional organizations, or similar risks. If the total number of insured physicians is expected to remain relatively constant, reporting endorsements will not be needed for individual departing physicians as long as the policy remains in force. One of the following plans should be used:

1. Initial policies written on a "No Prior Acts" basis:

All physician premiums will be calculated using claims-made 1 rates in the first year of the program, claims-made 2 rates in the second year of the program and so on without regard to the exposure maturity of any individual physician.

2. Initial policies written on a retroactive basis, "Including Prior Acts Coverage":

All physician premiums will be calculated using the rates appropriate for the retroactive date of the risk (as established under prior claims-made policies of insurance), without regard to the exposure for individuals leaving the risk in any policy year.

By this method we automatically include a premium to provide for reporting period coverage without the necessity of issuing reporting endorsements for individuals leaving the risk in any policy year.

**AN APPROPRIATELY WORDED ENDORSEMENT WILL BE ADDED TO THE POLICY.**

**INTERNS, RESIDENTS AND FULL-TIME TEACHING PHYSICIANS**

For Interns, Residents and Full-Time Teaching Physicians and Surgeons, apply the percentages shown in the Schedule below to the appropriate rate on file for Physicians and Surgeons Professional Liability.

These classifications apply to full-time teaching doctors and to those who are medical school graduates, serving and practicing in hospitals or medical schools preparatory to engaging in the private practice of medicine. The premium is determined by the amount of patient contact that is involved. For "moonlighting" coverage, see "Moonlighting Residents Discount".

**SCHEDULE**

<b><u>Time Involved in Patient Contact</u></b>	<b><u>Discount to Physician or Surgeon Rate</u></b>
25% or less	40%
26% to 30%	35%
31% to 35%	30%
36% to 40%	25%
41% to 45%	20%
46% to 50%	15%
51% to 60%	10%
61% and over	0%

This discount will also be applied to Extended Reporting Rates.

## **MEDICAL SCHOOLS OR SIMILAR RISKS**

This rating plan is designed for large, homogeneous risks, including medical schools, universities, teaching hospitals or similar risks. This plan facilitates the anticipated changes in personnel usual to such risks, and it is particularly attractive to risks planning to maintain coverage with MAG Mutual for several years. Although personnel changes are to be expected, the total number of physicians insured under the policy should remain relatively constant.

Reporting period endorsements will not be needed for individual departing physicians (interns, residents, or faculty) provided the policy covering all members of the risk remains in force and is rated on one of the following plans:

1. Initial policies written on a "No Prior Acts" basis:

All physician premiums will be calculated using claims-made 1 rates in the first year of the program, claims-made 2 rates in the second year of the program and so on without regard to the exposure maturity of any individual physician.

2. Initial policies written on a retroactive basis, "Including Prior Acts Coverage":

All physician premiums will be calculated using the rates appropriate for the retroactive date of the risk (as established under prior claims-made policies of insurance), without regard to the exposure maturity of any individual physician.

By this method we automatically include a premium to provide for reporting period coverage without the necessity of issuing reporting endorsements for individuals leaving the risk in any policy year.

**AN APPROPRIATELY WORDED ENDORSEMENT WILL BE ADDED TO THE POLICY.**

## **CHANGES IN RATING CLASS**

### **Reducing Class**

We will permit class reduction without requiring an additional premium after one year of being continuously insured. However, if an insured cancels within 24 months of such class reduction, the optional reporting endorsement premium will be calculated at the former, higher-rated class.

For new applicants, when there is previous higher-class exposure, we will offer 2 options:

1. The applicant may pay the premium for the lower rated class plus a conversion premium. The conversion premium will be calculated at the difference between the reporting endorsement premium for the former class and the reporting endorsement premium for the new class.
2. The applicant may select a 1-year delay, during which time they are rated and pay the premium for the higher-rated class.

### **Increasing Class**

Any class increase will be rated at the existing maturity (claims-made year). However, if an insured cancels within 24 months of such class increase, the optional reporting endorsement premium will be calculated at the former, lower-rated class.

### **Exception**

Occasionally, the Company will change the rate class for a particular specialty or medical procedure. In such instances, the insured's class will be changed at the first renewal following the change. Any subsequent reporting endorsement premium will be calculated at the new class without any waiting period.

The class reduction must be permanent, or of a long-term duration of at least one (1) year.

## **LOSS-FREE PREMIUM CREDIT PROGRAM**

**Entitled: LEAD ("Loss Excellence Appreciation Discount") PROGRAM**

### **ELIGIBILITY/INELIGIBILITY**

Any insured or prospective insured who has not had an indemnity payment of \$10,000 or more may submit certification of such for consideration. If the Company determines that the proof is acceptable, the insured or applicant will become eligible.

The Company has determined that certain individuals and groups and certain kinds of premiums will be **INELIGIBLE** for loss-free premium credits.

Exclusions are as follows:

1. Insureds who are eligible for part-time or semi-retired discounts.
2. Out-of-State new applicants (due to proof problems and lack of objective payment records).\*
3. New insureds who were previously uninsured or self-insured, or who have had a lapse in coverage (due to proof problems and lack of objective payment records.)
4. Consent-to-Rate Agreement insureds.
5. Insureds subject to schedule debits.
6. Insureds who have had underwriting restrictions or limitations placed on their policies.
7. Physicians who are not individually rated; for example, those insured under residency or slot rated positions.
8. Non-physician employees.
9. Professional corporations, associations or partnerships.
10. Reporting Endorsement premiums.

\* In certain circumstances, we will make an exception to this exclusion for out-of-state applicants. When the applicant is willing and able to provide documentation of loss history from his/her previous carrier(s), we will permit the appropriate LEAD discount.

## **LOSS-FREE PREMIUM CREDIT PROGRAM**

**Entitled: LEAD ("Loss Excellence Appreciation Discount") PROGRAM**

### **PROCEDURES**

1. Number of loss-free years is defined as the number of consecutive twelve-month periods ending prior to the effective date of the subject coverage period, in which no indemnity payment of \$10,000 or more was made. Claims closed with no indemnity payment or for an amount less than \$10,000 are not counted as claims within this definition. Loss reserves and legal expenses are likewise not counted. Loss-free years are not intended to include periods while insureds were full-time residents, interns or fellows.
2. Proof will be established by a combination of certification by insured and underwriting investigation. The Company reserves the right to disallow the credit until proof satisfactory to the Company has been provided. If proof is not provided in a policy year, no credit will be granted in that policy year. However, the Underwriter may waive the requirement of annual certification after an individual has been insured with the Company for two (2) or more years.
4. After initially establishing proof of the loss-free years applicable, each renewal insured will advance in loss-free years so long as no loss of \$10,000 or more is paid during the expiring policy period.
5. If a loss of \$10,000 or more is paid during the policy period, loss-free years shall be re-initialized at zero (0).
6. Number of years with MAG Mutual is defined as the number of consecutive twelve-month periods ending prior to the effective date of the subject coverage period, which the individual has been insured with MAG Mutual. But, if an insured buys coverage with another insurer for a period not to exceed 365 days and then returns to the Company, we will forgive the gap, and apply the discount as if the insured had been continuously insured with MAG Mutual.
7. The number of MAG Mutual years should not include any periods of time the physician was insured as a moonlighting intern, resident or fellow.

**MAG Mutual Insurance Company**  
**Physicians and Surgeons Professional Liability**  
**Arkansas: May 1, 2009**

***L.E.A.D. TABLE OF CREDITS***

<i>MAG Mutual</i> <i>Years</i>	<i>Loss Free Years</i>																				
	<i>0</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>	<i>8</i>	<i>9</i>	<i>10</i>	<i>11</i>	<i>12</i>	<i>13</i>	<i>14</i>	<i>15</i>	<i>16</i>	<i>17</i>	<i>18</i>	<i>19</i>	<i>20</i>
<i>0</i>	0%	0%	5%	5%	6%	7%	8%	9%	10%	11%	12%	12%	12%	12%	12%	12%	12%	12%	12%	12%	12%
<i>1</i>	0%	0%	5%	5%	6%	7%	8%	9%	10%	11%	12%	13%	13%	13%	13%	13%	13%	13%	13%	13%	13%
<i>2</i>	0%	0%	5%	5%	6%	7%	8%	9%	10%	11%	12%	13%	14%	14%	14%	14%	14%	14%	14%	14%	14%
<i>3</i>	0%	0%	5%	6%	6%	7%	8%	9%	10%	11%	12%	13%	14%	14%	14%	14%	14%	14%	14%	14%	14%
<i>4</i>	0%	0%	6%	6%	7%	7%	8%	9%	10%	11%	12%	13%	14%	14%	15%	15%	15%	15%	15%	15%	15%
<i>5</i>	0%	0%	6%	6%	7%	8%	8%	9%	10%	11%	12%	13%	14%	14%	15%	16%	16%	16%	16%	16%	16%
<i>6</i>	0%	0%	7%	7%	7%	8%	9%	9%	10%	11%	12%	13%	14%	14%	15%	16%	17%	17%	17%	17%	17%
<i>7</i>	0%	0%	7%	7%	7%	8%	9%	10%	10%	11%	12%	13%	14%	14%	15%	16%	17%	18%	18%	18%	18%
<i>8</i>	0%	0%	7%	7%	8%	8%	9%	10%	11%	11%	12%	13%	14%	14%	15%	16%	17%	18%	18%	18%	18%
<i>9</i>	0%	0%	8%	8%	8%	8%	9%	10%	11%	12%	12%	13%	14%	14%	15%	16%	17%	18%	18%	18%	18%
<i>10</i>	0%	0%	8%	8%	8%	9%	9%	10%	11%	12%	13%	13%	14%	14%	15%	16%	17%	18%	18%	18%	18%
<i>11</i>	0%	0%	8%	8%	8%	9%	9%	10%	11%	12%	13%	14%	14%	14%	15%	16%	17%	18%	18%	18%	18%
<i>12</i>	0%	0%	9%	9%	9%	9%	10%	10%	11%	12%	13%	14%	14%	14%	15%	16%	17%	18%	18%	18%	18%
<i>13</i>	0%	0%	9%	9%	9%	9%	10%	10%	11%	12%	13%	14%	14%	15%	15%	16%	17%	18%	18%	18%	18%
<i>14</i>	0%	0%	9%	9%	9%	9%	10%	11%	11%	12%	13%	14%	14%	15%	16%	16%	17%	18%	18%	18%	18%
<i>15</i>	0%	0%	9%	9%	9%	10%	10%	11%	11%	12%	13%	14%	14%	15%	16%	17%	17%	18%	18%	18%	18%
<i>16</i>	0%	0%	9%	10%	10%	10%	10%	11%	12%	12%	13%	14%	14%	15%	16%	17%	18%	18%	18%	18%	18%
<i>17</i>	0%	0%	9%	10%	10%	10%	10%	11%	12%	12%	13%	14%	14%	15%	16%	17%	18%	18%	18%	18%	18%
<i>18</i>	0%	0%	9%	10%	10%	10%	11%	11%	12%	13%	13%	14%	14%	15%	16%	17%	18%	18%	18%	18%	18%
<i>19</i>	0%	0%	9%	10%	10%	10%	11%	11%	12%	13%	13%	14%	14%	15%	16%	17%	18%	18%	18%	18%	18%
<i>20</i>	0%	0%	9%	10%	11%	11%	11%	11%	12%	13%	14%	14%	14%	15%	16%	17%	18%	18%	18%	18%	18%

## **RATING CONSIDERATION FOR CERTAIN DISABILITIES**

The Company will permit premium credits or other considerations to physicians, surgeons and separate limit employees who become disabled during the policy year.

Disability resulting from self-inflicted injury, an act of war, commission of an assault or felony, or participation in a race or speed contest is ineligible for credit or consideration.

The insured must provide proof of disability satisfactory to the Company, usually in the form of a statement from the attending physician. The Company reserves the right to require a second opinion from an independent physician consultant.

- A. **TEMPORARY PARTIAL DISABILITY**: inability to perform some of the functions of the insured's usual practice, due to an illness or injury, for a temporary period (usually less than 6 months) with expectation of full recovery.

Rate Consideration: the Company will permit Locum Tenens coverage for a temporary substitute for the period of disability, without the customary maximum limit. Otherwise, NO PREMIUM CREDIT is available for this type of disability.

- B. **PERMANENT PARTIAL DISABILITY**: inability to perform some of the functions of the insured's usual practice, due to an illness or injury, for a period of 6 months or more, without expectation that such functions will be resumed in the foreseeable future.

Rate consideration: the Company will permit a class reduction and/or part-time rates without the customary conversion options.

- C. **TEMPORARY TOTAL DISABILITY (LESS THAN 3 MONTHS)**: complete inability to practice medicine, due to illness or injury, for a period of less than 3 months, with expectation of full recovery.

Rate consideration: the Company will permit Locum Tenens coverage for a temporary substitute for the period of disability, without the customary maximum limit. Otherwise, NO PREMIUM CREDIT is available for this type of disability.

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- D. **LONG-TERM TEMPORARY TOTAL DISABILITY (3 MONTHS OR MORE)**: complete inability to practice medicine, due to illness or injury, for a period of 3 months or more, with expectation of recovery and return to medical practice.

Rate consideration: the Company will permit the insured the option of utilizing any remaining leave of absence benefit and/or a premium discount on the current or renewal policy, according to the following schedule:

2 months disability	6%
3 months disability	12%
4 months disability	16%
5 months disability	20%
6 months disability	23%
7 months disability	27%
8 months disability	30%
9 months disability	36%
10 months disability	39%
11 months disability	43%
12 months disability	47%

The policy will be endorsed to exclude medical professional services during the period of disability.

These credits reflect the present and future reduction in claims anticipated from the period of total disability.

This premium credit is not available if the insured opts to have shared Locum Tenens coverage for a temporary substitute during the period of disability, since no exposure reduction would then result.

These discounts are not applicable to Extended Reporting Endorsement rates.

- E. For reasons of fairness and equity, the Company may agree to permit discounts for other **PERIODS OF NO EXPOSURE**: Periods of no new exposure, other than disability. Such reasons might include illness of a family member, attendance at educational programs or sabbaticals. These situations must be reasonable and represent a reduced loss exposure to the Company. Refer to Underwriting Manager for approval.

## **REPORTING ENDORSEMENT COVERAGE FOR INDIVIDUALS AND ORGANIZATIONS**

For the rights and duties of the Policyholder, refer to Multi-Peril Medical Practice Claims-Made Insuring Agreement and the Reporting Endorsement for Physicians and Surgeons Claims-Made Coverage.

Coverage ends on the date that coverage is terminated and claims can no longer be made unless the insured purchases reporting endorsement coverage to extend the time for reporting claims. If more than one insured is protected under a group policy, any insured may exercise the right to purchase reporting endorsement coverage on behalf of any other insured.

If an insured is terminated from a continuing group policy, and the organization has purchased **SEPARATE** limits of coverage (Code No. 80999), individual coverage is terminated. However, the organization continues to be covered for its vicarious liability arising from the terminated individual, as long as the organization separate limits coverage and the group policy remains in effect. When the entire policy is terminated, reporting endorsement coverage may be purchased in the usual manner, based on the exposure at termination.

When an entire policy is terminated and an insured organization has purchased **SEPARATE** limits of coverage (Code No. 80999), the insured may choose to maintain separate limits on a reporting endorsement basis for an additional premium. The additional premium is:

- 10% of the individual reporting endorsement premiums for PS-ORG-SEP; and
- 5% of the individual reporting endorsement premiums for PS-ORG-LSEP.

If an insured is terminated from a continuing group policy, and the organization shared in the limits of coverage for that insured (Code No. 82999) coverage ends for both the organization and the individual. Either the organization or the individual may purchase reporting endorsement coverage to extend the time for reporting claims. If 100% of the individual reporting endorsement premium is paid, both the organization and the individual may share that extended reporting coverage. If the individual chooses not to purchase reporting endorsement coverage or chooses not to permit the organization to share coverage, the organization may insure its vicarious liability by paying 25% of the individual reporting endorsement premium. If vicarious liability coverage is purchased only by the organization, no coverage is provided to the terminating individual.

Reporting Endorsement rates are expressed in monthly factors that are determined by the number of elapsed months from retro date to expiration date.

Except as noted below, the Reporting Endorsement cannot be cancelled for any reason other than non-payment of premium. After the final installment is paid, the endorsement will show "Indefinite" under the termination date, and will continue until limits of liability are exhausted.

The policy provides the Reporting Endorsement at no cost for death, disability or retirement with certain conditions. For insureds age 50 and older who have been insured with MAG Mutual at least one year, a reporting endorsement is available at no cost upon full retirement from the practice of medicine.

Occasionally, a former policyholder who has become disabled or fully retired with a free Reporting Endorsement will recover or decide to go back to work. If this happens less than 2 years from the effective date of the free or discounted reporting endorsement, we will rate the new policy with the retroactive date of the expired coverage. Any subsequent retirement reporting endorsement will be issued as if there was no break in coverage. After a period of 2 years or more, we will rate the new policy at CMY 1 rates.

**EXTENDED REPORTING FACTORS**

**Applicable to Mature Claims-Made Rate in Effect at Policy Issue Date**

<b>Number of Month from Retro Date</b>	<b><u>Factor</u></b>	<b>Number of Months from Retro Date</b>	<b><u>Factor</u></b>
1	0.075	31	1.425
2	0.150	32	1.440
3	0.225	33	1.455
4	0.300	34	1.470
5	0.375	35	1.485
6	0.450	36	1.500
7	0.525	37	1.517
8	0.600	38	1.533
9	0.675	39	1.550
10	0.750	40	1.567
11	0.825	41	1.583
12	0.900	42	1.600
13	0.935	43	1.617
14	0.970	44	1.633
15	1.005	45	1.650
16	1.040	46	1.667
17	1.075	47	1.683
18	1.110	48	1.700
19	1.145	49	1.708
20	1.180	50	1.717
21	1.215	51	1.725
22	1.250	52	1.733
23	1.285	53	1.742
24	1.320	54	1.750
25	1.335	55	1.758
26	1.350	56	1.767
27	1.365	57	1.775
28	1.380	58	1.783
29	1.395	59	1.792
30	1.410	60	1.800

For Class 3A (Anesthesia) and Class 8 (Neurosurgery) use .75x above factors, because CMY1 in both specialties has been increased 50% due to early reporting of claims in these 2 specialties.

### **BLANKET EXCESS ENDORSEMENT (BEE)**

The Company has determined that there is a need for a professional liability product to respond in excess of individual limits, however, the cost of purchasing individual separate limits of excess is often prohibitive. The Company has designed a SHARED limit concept called BLANKET EXCESS ENDORSEMENT (BEE). The BEE is priced by rating all insured physicians, employees and organization on an individual excess basis. The premium layers to be provided on a shared blanket excess basis are then discounted using the following BEE table.

<u>#MDs</u>	<u>Discount</u>
1-4	None
5-9	10%
10-19	15%
20+	20%

Aggregate reinstatements are subject to AA $\equiv$  rating and can only be decided upon when considering all circumstances pertinent to a particular group and its exposure characteristics and loss history.

Other rules and procedures:

- A. The minimum premium is the highest full premium for one physician rated individually.
- B. Each insured must carry individual underlying limits of at least \$1,000,000 Each loss/\$3,000,000 Aggregate.
- C. The organization must purchase a separate limit of coverage of at least \$1,000,000/\$3,000,000.
- D. All insureds must carry the same underlying limits as all other insureds on the policy.
- E. The customer may chose an option to put an individual aggregate limit on this coverage to avoid exhaustion of limits by one physician, but the Company will not require it.
- F. This endorsement will not provide any additional coverage if the individual's underlying aggregate limit has previously been exhausted.
- G. Applicable shared and separate employee excess premiums and excess organization premiums should be included in the BEE premium and are also eligible for the BEE discount.
- H. The Reporting Endorsement at the shared BEE limits of coverage is not offered to individuals who terminate. The Reporting Endorsement will only be offered at the BEE limits when the entire endorsement or the entire policy is being terminated. Terminating individuals will be offered the Reporting Endorsement at the underlying individual limits.
- I. This coverage may be rated initially at "no prior acts," i.e., CMY=1, or it may be rated at the same maturity as the primary limits, i.e., full retroactive coverage.

**PHYSICIANS & SURGEONS PROFESSIONAL LIABILITY**  
**SCHEDULE RATING PLAN**

The Company has determined that significant variability exists in the hazards faced by physicians and surgeons engaged in the practice of medicine. Exposure conditions vary with respect to:

- (1) Number of years experience in medicine;
- (2) Numbers of patient exposures;
- (3) Organization (if any) and size;
- (4) Medical standards review and claims review committees;
- (5) Other risk management practices and procedures;
- (6) Training, accreditation and credentialing;
- (7) Continuing Medical Education activities;
- (8) Professional liability claim experience (\*); and
- (9) Record-keeping practices.

In order to recognize these and other factors affecting a particular practitioner or group practice, the Company proposes to apply a debit or credit to the otherwise applicable rate dependent upon the underwriter's overall evaluation of the risk.

The maximum credit will be 50%.

The maximum debit will be 40%.

The Schedule Rating Plan will apply to individuals as well as groups of two or more physicians as the Company becomes aware of variability in the risk characteristics of the individual or group. The Schedule Rating Plan credits shall not apply when a physician or surgeon is eligible for part-time or New Doctor discounts.

(\*) Note: we mean overall incurred claim experience as opposed to our Loss Excellence Appreciation Discount (LEAD) program which is based upon paid claims and persistency. The LEAD program is a defined rating plan and not a schedule rating plan.

**"SLOT" RATING PROGRAM**  
**ELIGIBILITY/UNDERWRITING RULES**

The "slot" rating program permits part-time physicians who work for a single employer to be combined for rating purposes into 24-hour per week slots. Individual slot physicians are not named in the policy. This permits the employer to replace terminating slot physicians without requiring an endorsement to the policy. All part-time slot physicians working for the employer are automatically covered unless excluded by endorsement. Full-time physicians may also be covered if specifically included. Reporting endorsements are not required for terminating slot physicians. Reporting endorsements are not necessary when terminating individuals, unless all the slots are terminated.

This program will be attractive to employers who use part-time physicians for staffing and for on-call services, as well as to those who anticipate significant turnover in employed or contracted physicians. This program is designed for ambulatory care and emergency medicine although other specialties can be considered.

"Slot" positions may be added to the Physicians & Surgeons policy by endorsement. They are not included on the Declarations page.

Separate limits organization premium, if applicable, should be charged.

A slot is equivalent to one-half physician. When two slot positions are added to the Physicians & Surgeons policy, it should be counted as one additional physician. For example, if two slot positions are added to a 20-doctor group, it should be counted as 21-doctor group. Note: the slot positions cannot be the determining factor for the amount of the Expense Savings Discount.

Parameters of the program include the following:

- (a) no more than 2 physicians may share a slot; and
- (b) no more than an average of 24 hrs./week per slot.

**Discounts**

Policy-wide discounts such as Expense Savings are also applicable to slot positions. However, individual discounts, such as New Doctor and reduced practice, are NOT applicable to slots.

**Limits of Coverage**

Only limits of \$1 million or \$2 million Blanket Each loss will be offered. Higher limits are not available. An annual aggregate limit will apply to each individual physician. The Blanket Aggregate limit varies based on the number of slots at effective date.

## **"SLOT" RATING PROGRAM RATING RULES**

### **Terminated Slots**

Reporting endorsements coverage is not required for terminating individuals or if one slot is eliminated. However, if all of the slots are eliminated or if the entire policy is cancelled, then a reporting endorsement is necessary. At termination, reporting endorsement rating will be based on the average of the number of slots on the current policy and the one-year prior policy, if any.

### **No Consent to Settle**

Under the "Additional benefits" section of the policy, the provision regarding "prior written consent" to settle is deleted for physicians covered under the slot position. This means that we can settle any claim covered under the slot endorsement without the consent of the insured.

### **Death, Disability and Retirement**

The "Death or disability" and "Retirement benefits" sections of the policy are deleted for individuals covered under slot positions. This means that an individual covered under a slot position is not entitled to a reporting endorsement at no additional cost following death, disability or retirement.

### **No Prior Acts**

Except in unusual circumstances acceptable to the company and approved by the Director of Underwriting, Prior Acts Coverage (PAC) is NOT available. Slots begin first-year claims-made. Additional slots which are added to the policy later will be at the same claims-made year for rating purposes as the existing slots. All slots are then matured according to the original retroactive date, including newly added positions.

**"SLOT" RATING PROGRAM  
REVISED LIMITS DEFINITIONS FOR THE PROGRAM**

- I. **Blanket each loss limit:** This is the most we'll pay for any one loss. By loss we mean covered claims for damages resulting from a medical professional service, or series of services, causing injury or death, regardless of the number of: (1) covered persons involved in the claim; or (b) persons injured; or (c) claims made, or (d) claimants making claims; or (e) subsequent related claims.
- II. **Individual physician aggregate limit:** This is the most we'll pay on behalf of any individual physician for the sum of all separate and unrelated claims made during the policy period.
- III. **Blanket aggregate limit:** This the most we'll pay for the sum of all separate and unrelated claims made during the policy period. **ANY CHANGES IN THE NUMBER OF COVERED "SLOTS" OR INDIVIDUALS COVERED UNDER "SLOT" POSITIONS DURING THE POLICY PERIOD WILL NOT INCREASE OR DECREASE THE BLANKET AGGREGATE LIMIT.**

The limits **DO NOT APPLY SEPARATELY** to each covered individual or to each slot. All covered individuals and slots **SHARE** in the blanket limits of coverage provided under this policy.

**APPLICATION**

The insured organization should complete a brief questionnaire providing underwriting and rating information prior to issuing coverage. The organization may also be asked to make quarterly reports of changes in employed or contracted physicians.

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**"SLOT" RATING PROGRAM  
RATING FACTORS**

<u># of Slots</u>	<u>Maximum #MDs</u>	<u>Maximum FTE Hours</u>	<u>Blanket Limits</u>	<u>Rating Factor</u>
1	2	24	\$1M/\$3M or \$2M/\$4M	.90
2	4	48	\$1M/\$3M or \$2M/\$4M	1.73
3	6	72	\$1M/\$3M or \$2M/\$4M	2.48
4	8	96	\$1M/\$3M or \$2M/\$4M	3.17
5	10	120	\$1M/\$4M or \$2M/\$5M	3.82
6	12	144	\$1M/\$4M or \$2M/\$5M	4.42
7	14	168	\$1M/\$4M or \$2M/\$5M	5.04
8	16	192	\$1M/\$4M or \$2M/\$5M	5.76
9	18	216	\$1M/\$5M or \$2M/\$6M	6.48
10	20	240	\$1M/\$5M or \$2M/\$6M	7.20
11	22	264	\$1M/\$5M or \$2M/\$6M	7.92
12	24	288	\$1M/\$5M or \$2M/\$6M	8.64

FTE = Full-time equivalent

Limits are expressed as Blanket Each Loss Limit / Blanket Aggregate Limit

Rating factors apply to the \$1000,000/\$3,000,000 or \$2,000,000/\$4,000,000 rates for the appropriate rating class.

## **PER PATIENT RATING**

This optional rating plan is designed for emergency rooms, urgent care centers and other clinics where staffing patterns require an alternative to traditional full-time physician rating methodologies.

### **Rating**

Since patient exposures tend to vary from year to year in any facility, the model is designed to age annual exposures over the claims-made pattern implicit in the manual rate tables. The mature premium is based on the number of patient visits expected during the policy year and the actual number of patient visits in the four previous policy years since inception.

The rate is calculated based upon annual full-time equivalent exposures appropriate to the specialty (for example: 4,500 ambulatory or 3,500 emergency patient visits per year). The incremental per patient rate is the claims-made year incremental rate for the specialty from the manual rate tables (for example: 80102 - Emergency Medicine or 80424 - Ambulatory care) divided by the expected number of full-time equivalent exposures for the specialty.

The base manual premium is calculated by multiplying the patient exposures expected for the policy year and the actual exposures in each of the preceding 4 years times the claims-made year incremental rate per patient. The total base manual premium is the sum of the incremental premiums for the most recent five years. The following page provides a sample calculation.

No discounts are applicable to this coverage other than group expense discount and schedule rating debits/credits.

All policies are subject to audit.

### **Limits of Coverage**

Each person will have individual limits of coverage. Individuals named on the policy will be covered only for medical professional services provided or withheld on behalf of the organization named in the "Policy issued to" section of the declarations page. **No Prior Acts Coverage will be offered to physicians adding to the policy.** Endorsement PS-PPR will be added to the policy.

#### *Reporting Period Coverage*

Under this rating plan, it is not necessary to offer reporting period coverage when individuals leave the organization. However, if this policy is canceled or non-renewed by the policyholder or MAG Mutual, coverage ends for all past and present employees and contractors and for the organization unless an Extended Reporting Endorsement is purchased. The Extended Reporting Endorsement premium will be 200% of the average annual premium over the last two policy periods.



## **VOLUNTEER PHYSICIANS PROFESSIONAL LIABILITY**

This rate filing applies only to insuring agreement VPPL-CM. Coverage is written only upon individual physicians. No organizations or employees may be covered at anytime, either temporarily or permanently.

<b>Rate:</b>	Regardless of the claims-made year: \$100 annually per policy for physicians who have received a retirement reporting endorsement from MAG Mutual Insurance Company. \$500 annually per policy for physicians not previously insured with MAG Mutual Insurance Company.
<b>Classification Code:</b>	80579
<b>Limits of Liability:</b>	\$1,000,000 Each loss / \$1,000,000 Aggregate. The limits cannot be increased or decreased.
<b>Discounts:</b>	This policy is not eligible for any discount programs.
<b>Pro Rata Factor:</b>	This rule does not apply to this policy.
<b>Minimum Premium:</b>	The policy-writing premium of \$100 applies to this policy for physicians who have received a retirement reporting endorsement from MAG Mutual Insurance Company. A policy-writing premium of \$500 applies to this policy for physicians not previously insured with the Company.
<b>Extended Reporting Endorsement:</b>	At the insured's option, the insured may notify the Company of permanent retirement from volunteer status. When this happens, the Company will issue an extended reporting endorsement for no additional premium.
<b>Eligibility:</b>	The applicant must have a retirement reporting endorsement in effect; may not perform invasive procedures or do pre-natal work; cannot receive compensation or expense reimbursement.

## **MEDICAL NETWORK RATING**

Physicians are forming larger and larger groups in reaction to Managed Care requirements. Physicians in networks may not make individual professional liability insurance purchasing decisions. There is a tendency for networks to set a requirement to insure the entire network or none of the network. Thus, individual physician pricing is not required in the marketing or delivery of the insurance policy.

In response, MAG Mutual has developed a concept of network rating which eliminates loading in the rates for individual discount programs, the largest of which is the LEAD program.

The rating factor applicable to Medical Networks will be .85, recognizing non-eligibility for individual discount programs. It is to be applied to manual rates before application of other eligible discounts shown below.

Medical Networks are eligible for rating under the following:

- Expense Savings Discount for Physician Organizations
- Schedule Rating

The rating plan applies to networks with 25 or more member.

