

SERFF Tracking Number: APIC-126569331 State: Arkansas
Filing Company: American Physicians Insurance Company State Tracking Number: EFT \$100
Company Tracking Number: 2010-01 AR
TOI: 11.2 Med Mal-Claims Made Only Sub-TOI: 11.2000 Med Mal Sub-TOI Combinations
Product Name: Physicians, Physician Extenders and Dentists Professional Liability Insurance
Project Name/Number: Rate and Rule Filing/2010-01 AR

Filing at a Glance

Company: American Physicians Insurance Company

Product Name: Physicians, Physician Extenders and Dentists Professional Liability Insurance SERFF Tr Num: APIC-126569331 State: Arkansas

TOI: 11.2 Med Mal-Claims Made Only
Sub-TOI: 11.2000 Med Mal Sub-TOI Combinations

SERFF Status: Closed-Filed

State Tr Num: EFT \$100

Co Tr Num: 2010-01 AR

State Status: Fees verified and received

Filing Type: Rate/Rule

Reviewer(s): Betty Montesi, Edith Roberts

Author: Judy Shepperd

Disposition Date: 04/21/2010

Date Submitted: 04/01/2010

Disposition Status: Filed

Effective Date Requested (New): 06/01/2010

Effective Date (New):

Effective Date Requested (Renewal): 08/01/2010

Effective Date (Renewal):

State Filing Description:

General Information

Project Name: Rate and Rule Filing

Status of Filing in Domicile: Not Filed

Project Number: 2010-01 AR

Domicile Status Comments:

Reference Organization:

Reference Number:

Reference Title:

Advisory Org. Circular:

Filing Status Changed: 04/21/2010

State Status Changed: 04/02/2010

Deemer Date:

Created By: Judy Shepperd

Submitted By: Judy Shepperd

Corresponding Filing Tracking Number:

Filing Description:

American Physicians Insurance Company (API) submits a rate filing decrease of -1.9% for its Physicians, Physician Extenders and Dentists Professional Liability Insurance program in Arkansas. Changes are effective June 1, 2010 for new business and August 1, 2010 for renewal business. Also submitted for filing are companion General Rules and Class Specialty Listing used by API.

Company and Contact

Filing Contact Information

SERFF Tracking Number: APIC-126569331 *State:* Arkansas
Filing Company: American Physicians Insurance Company *State Tracking Number:* EFT \$100
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Product Name: Physicians, Physician Extenders and Dentists Professional Liability Insurance
Project Name/Number: Rate and Rule Filing/2010-01 AR

Judy Shepperd, Compliance Officer jshepperd@api-c.com
 1301 S. Capital of Texas Highway 512-328-0888 [Phone] 4396 [Ext]
 Suite 300 512-314-4398 [FAX]
 Austin, TX 78746

Filing Company Information

American Physicians Insurance Company	CoCode: 32557	State of Domicile: Texas
1301 S. Capital of Texas Highway	Group Code:	Company Type:
Suite C300	Group Name:	State ID Number:
Austin, TX 78746	FEIN Number: 75-1517531	
(512) 328-0888 ext. 4396[Phone]		

Filing Fees

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

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
American Physicians Insurance Company	\$100.00	04/01/2010	35335530

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Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Filed	Edith Roberts	04/21/2010	04/21/2010

Objection Letters and Response Letters

Objection Letters				Response Letters		
Status	Created By	Created On	Date Submitted	Responded By	Created On	Date Submitted
Pending Industry Response	Edith Roberts	04/02/2010	04/02/2010	Judy Shepperd	04/06/2010	04/06/2010

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Disposition

Disposition Date: 04/21/2010
 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):
American Physicians Insurance Company	-1.900%	-1.900%	\$-36,984	173	\$1,946,537	%	%

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Schedule	Schedule Item	Schedule Item Status	Public Access
Supporting Document	NAIC Loss Cost Filing Document for OTHER than Workers' Comp	Filed	Yes
Supporting Document (revised)	NAIC loss cost data entry document	Filed	Yes
Supporting Document	NAIC loss cost data entry document	Filed	Yes
Supporting Document	Form PRONOT	Filed	Yes
Supporting Document	Form PROMAL	Filed	Yes
Rate	Rate Pages	Filed	Yes
Rate	General Rules	Filed	Yes
Rate	Class Specialty Listing	Filed	Yes

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Objection Letter

Objection Letter Status Pending Industry Response
Objection Letter Date 04/02/2010
Submitted Date 04/02/2010
Respond By Date
Dear Judy Shepperd,

This will acknowledge receipt of the captioned filing.

For any med mal filing, the medical malpractice survey form # MMPCS must be completed in the Excel format. I cannot accept the scanned form because I must forward to my Director in Excel format. The form may be accessed here: <http://www.insurance.arkansas.gov/PandC/RR23Forms/MM%20Survey%20FORM%20MMPCS.xls>

We must also ask that you complete Form PC-RLC that is required under Rule & Regulation 23. This form may be accessed here:

<http://www.insurance.arkansas.gov/PandC/RR23Forms/FORM%20RF-1%20Rate%20Filing%20Abstract.doc>

Please chose "RF-1" which will direct you to Form PC RLC. Please disregard the title "NAIC Loss Cost Data Entry Document". Under #2, please inform this IS NOT a "Loss Cost" filing.

Thanks!

Please feel free to contact me if you have questions.

Sincerely,
Edith Roberts

Response Letter

Response Letter Status Submitted to State
Response Letter Date 04/06/2010
Submitted Date 04/06/2010

Dear Edith Roberts,

Comments:

As requested, the filing has been revised to include the requested forms shown in below Response 1 Comments.

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Response 1

Comments: The following forms are attached:

1. Rate Filing Form PC RLC, RF-1
2. Malpractice Premium Comparision Survery Form MMPCS in excel format

Changed Items:

Supporting Document Schedule Item Changes

Satisfied -Name: NAIC loss cost data entry document

Comment: The following documents are submitted in support of API's rate filing:

1. Actuarial Analysis of Proposed Rate Levels prepared by Milliman
2. Malpractice Premium Comparision Survey Form MMPCS
3. Rate/Rule Filing Schedule PC RRFS-1

4/6/2010: As requested Rate Filing Form PC RLC RF-1 is attached. Also, Malpractice Premium Comparision Survey Form MMPCS in excel format is attached.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Sincerely,
Judy Shepperd

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Rate Information

Rate data applies to filing.

Filing Method: File and Use, 20 days
Rate Change Type: Decrease
Overall Percentage of Last Rate Revision: 13.300%
Effective Date of Last Rate Revision: 06/01/2008
Filing Method of Last Filing: File and Use, 20 days

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):
American Physicians Insurance Company	-1.900%	-1.900%	-\$36,984	173	\$1,946,537	%	%

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Rate/Rule Schedule

Schedule Item	Exhibit Name:	Rule # or Page	Rate Action	Previous State Filing Attachments
Status:		#:		Number:
Filed 04/21/2010	Rate Pages	R-AR 1 through 7	Replacement	2008-03 AR(Company Arkansas Rates #) 201006.pdf
Filed 04/21/2010	General Rules	GR-AR 1 through 10	Replacement	2009-02 AR(Company GR-AR page #) 1.Final.pdf GR-AR page 2.Final.pdf GR-AR page 3.Final.pdf GR-AR page 4.Final.pdf GR-AR page 5.Final.pdf GR-AR page 6.Final.pdf GR-AR page 7.Final.pdf GR-AR page 8.Final.pdf GR-AR page 9.Final.pdf GR-AR page 10.Final.pdf
Filed 04/21/2010	Class Specialty Listing	C-AR 1 through 3	Replacement	2008-03 AR(Company Arkansas Class Listing #) 201006.pdf

AMERICAN PHYSICIANS INSURANCE COMPANY
Austin, Texas

Proposed Claims-Made Rates

Basic Limits \$100,000 / \$300,000
RPC Calculated at 150%

State of Arkansas
New Business Effective: June 01, 2010
Renewals Effective.....: August 01, 2010

		INPUT Relativity Factors	
SCDL	TERR 0	Table Type.....	ref.
BASE PREMIUM	4,300		
1	1.0000		
2	1.4000		
3	2.6000		
5	2.8000		
5A	3.1840		
6	2.6000		
9	3.5000		
10	5.9000		
11	0.1200		
12	0.2550		
13	0.7100		
15	0.2000		
16	0.2500		
17	1.8000		
21	0.1700		
36	1.5000		
37	1.2500		
41	3.2538		
42	2.3888		
45	1.0000		
46	0.0400		
47	0.4250		
48	0.7000		

** NOTE
Territory 0: Arkansas

Rate comparison is based on rates effective 06-01-2008.						
STEP RATES	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6
Premium:	0.200	0.500	0.750	1.000	1.000	1.000
RPC:	* 150%	* 150%	* 150%	* 150%	* 150%	* 150%

AMERICAN PHYSICIANS INSURANCE COMPANY
Austin, Texas

Proposed Claims-Made Rates

Basic Limits \$100,000 / \$300,000
RPC Calculated at 150%

State of Arkansas
New Business Effective: June 01, 2010
Renewals Effective....: August 01, 2010

Rating Territory 0

SCHEDULE 1	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
PREMIUM	860	2,150	3,225	4,300	4,300
RPC	1,290	3,225	4,838	6,450	6,450

SCHEDULE 2	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
PREMIUM	1,204	3,010	4,515	6,020	6,020
RPC	1,806	4,515	6,773	9,030	9,030

SCHEDULE 3	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
PREMIUM	2,236	5,590	8,385	11,180	11,180
RPC	3,354	8,385	12,578	16,770	16,770

SCHEDULE 5	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
PREMIUM	2,408	6,020	9,030	12,040	12,040
RPC	3,612	9,030	13,545	18,060	18,060

R-AR 2

AMERICAN PHYSICIANS INSURANCE COMPANY
Austin, Texas

Proposed Claims-Made Rates

Basic Limits \$100,000 / \$300,000
RPC Calculated at 150%

State of Arkansas
New Business Effective: June 01, 2010
Renewals Effective....: August 01, 2010

Rating Territory 0

SCHEDULE 5A	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
PREMIUM	2,738	6,846	10,268	13,691	13,691
RPC	4,107	10,269	15,402	20,537	20,537

SCHEDULE 6	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
PREMIUM	2,236	5,590	8,385	11,180	11,180
RPC	3,354	8,385	12,578	16,770	16,770

SCHEDULE 9	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
PREMIUM	3,010	7,525	11,288	15,050	15,050
RPC	4,515	11,288	16,932	22,575	22,575

SCHEDULE 10	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
PREMIUM	5,074	12,685	19,028	25,370	25,370
RPC	7,611	19,028	28,542	38,055	38,055

AMERICAN PHYSICIANS INSURANCE COMPANY
Austin, Texas

Proposed Claims-Made Rates

Basic Limits \$100,000 / \$300,000
RPC Calculated at 150%

State of Arkansas
New Business Effective: June 01, 2010
Renewals Effective.....: August 01, 2010

Rating Territory 0

SCHEDULE 11	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
PREMIUM	103	258	387	516	516
RPC	155	387	581	774	774

SCHEDULE 12	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
PREMIUM	219	549	823	1,097	1,097
RPC	329	824	1,235	1,646	1,646

SCHEDULE 13	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
PREMIUM	611	1,527	2,290	3,053	3,053
RPC	917	2,291	3,435	4,580	4,580

SCHEDULE 15	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
PREMIUM	172	430	645	860	860
RPC	258	645	968	1,290	1,290

AMERICAN PHYSICIANS INSURANCE COMPANY
Austin, Texas

Proposed Claims-Made Rates

Basic Limits \$100,000 / \$300,000
RPC Calculated at 150%

State of Arkansas
New Business Effective: June 01, 2010
Renewals Effective.....: August 01, 2010

Rating Territory 0

SCHEDULE 16	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
PREMIUM	215	538	806	1,075	1,075
RPC	323	807	1,209	1,613	1,613

SCHEDULE 17	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
PREMIUM	1,548	3,870	5,805	7,740	7,740
RPC	2,322	5,805	8,708	11,610	11,610

SCHEDULE 21	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
PREMIUM	146	366	548	731	731
RPC	219	549	822	1,097	1,097

SCHEDULE 36	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
PREMIUM	1,290	3,225	4,838	6,450	6,450
RPC	1,935	4,838	7,257	9,675	9,675

AMERICAN PHYSICIANS INSURANCE COMPANY
Austin, Texas

Proposed Claims-Made Rates

Basic Limits \$100,000 / \$300,000
RPC Calculated at 150%

State of Arkansas
New Business Effective: June 01, 2010
Renewals Effective.....: August 01, 2010

Rating Territory 0

SCHEDULE 37	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
PREMIUM	1,075	2,688	4,031	5,375	5,375
RPC	1,613	4,032	6,047	8,063	8,063

SCHEDULE 41	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
PREMIUM	2,798	6,996	10,493	13,991	13,991
RPC	4,197	10,494	15,740	20,987	20,987

SCHEDULE 42	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
PREMIUM	2,054	5,136	7,704	10,272	10,272
RPC	3,081	7,704	11,556	15,408	15,408

SCHEDULE 45	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
PREMIUM	860	2,150	3,225	4,300	4,300
RPC	1,290	3,225	4,838	6,450	6,450

AMERICAN PHYSICIANS INSURANCE COMPANY
Austin, Texas

Proposed Claims-Made Rates

Basic Limits \$100,000 / \$300,000
RPC Calculated at 150%

State of Arkansas
New Business Effective: June 01, 2010
Renewals Effective.....: August 01, 2010

Rating Territory 0

SCHEDULE 46	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
PREMIUM	34	86	129	172	172
RPC	51	129	194	258	258

SCHEDULE 47	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
PREMIUM	366	914	1,371	1,828	1,828
RPC	549	1,371	2,057	2,742	2,742

SCHEDULE 48	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
PREMIUM	602	1,505	2,258	3,010	3,010
RPC	903	2,258	3,387	4,515	4,515

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

1. GENERAL INSTRUCTIONS

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

* * * * *

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

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

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

2. SCOPE OF COVERAGE

Refer to standard policy form.

3. PERSONS INSURED

Refer to standard policy form.

4. DEFINITIONS

Refer to standard policy form.

5. LIMITS OF LIABILITY

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

6. POLICY PERIODS

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

7. RATES AND PREMIUM CALCULATION

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

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

8. RATING TERRITORIES

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

9. CLASSIFICATION PROCEDURE

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

10. DEDUCTIBLES

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

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

11. PRIOR ACTS COVERAGE

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

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

12. VICARIOUS LIABILITY COVERAGE

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

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

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

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

13. ANCILLARY PERSONNEL

Ancillary personnel have the following coverage options:

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

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

14. PHYSICIAN EXTENDER COVERAGE

Physician Extenders have the following coverage options:

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

15. LEGAL EXPENSE ENDORSEMENT COVERAGE

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

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

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

16. PART-TIME PRACTICE

Part-time discounts can be offered as follows:

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

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

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

17. ADDITIONAL INTERESTS

- A. NO ADDITIONAL CHARGE. The following interest may be included without additional premium charge:
SINGLE (SOLO) PROFESSIONAL CORPORATION OR ASSOCIATION. A Professional

Corporation or Association consisting of a single physician, physician extender or dentist regardless of the number of professional employees.

18. UNDERWRITING GUIDELINES

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

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

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

- D. **Renewal Business Loss Experience Credit and Surcharges** (Based on 5 years claims history and 5 years paid premiums):
1. If the Loss Experience Ratio is 0 then a 25% Loss Experience Credit applies
 2. If the Loss Experience Ratio is >0 and <60% then a 10% Loss Experience Credit applies
 3. If the Loss Experience Ratio is >=60% and <100% then no Loss Experience Credit applies
 4. If the Loss Experience Ratio is >=100% and <150% then a 20% Surcharge applies
 5. If the Loss Experience Ratio is >=150% and <200% then a 40% Surcharge applies
 6. If the Loss Experience Ratio is >=200% then a 50% Surcharge applies
- E. **Moonlighter Rules:** No Loss Experience Credit or Surcharge applies
- F. **Slot policies, or FTE (full time equivalent) policies,** will be written by utilizing the default UW guidelines used to rate practitioners. The individual slot or FTE policy will be rated

based on the classification of the practitioners filling the slot or FTE. A FTE (full time equivalent) or slot position is defined as a 40 hour work week.

19. PREMIUM ADJUSTMENT

- A. **DECREASED OR INCREASED COVERAGE.** Policyholders changing their practice to a lower or higher rating parameter (classification, limits of liability, rating territory or hours worked per week) continue to have an exposure to loss from their previous practice. To recognize this exposure change, the premium adjustment charge shall be calculated by using the Extended Adjustment Table appearing on page 10. To calculate the premium adjustment for any period subsequent to the change, determine the current mature premium for the old risk and apply the stated percent. For any month at which a change in coverage occurs, there is a schedule of percentages of mature premium to be charged during the next consecutive 36 months. If coverage is changed after 36 months of coverage then the 36 month schedule is to be used. The premium adjustment charge shall be in addition to the premium for the ongoing risk which will be at rating year one whenever the change occurs. Adjustment charges shall be waived if coverage change occurs after the insured's 55th birthday, having been insured with API 5 or more years, and reduction in coverage is due to impending retirement.

The insured's original effective date shall be maintained.

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

20. SUSPENSION OF COVERAGE

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

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

Some approved reasons for suspension are as follows:

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

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

21. CANCELLATIONS

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

22. REPORTING PERIOD COVERAGE (NONRENEWAL/CANCELLATION)

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

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

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

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

23. SCHEDULE RATING PLAN

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

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

The Schedule Rating Plan is comprised of the Loss Experience Credit and Surcharges shown in Section 18. Underwriting Guidelines, paragraphs C. and D., and any of the following combination of risk characteristics. The combined credits and/or surcharges shall not exceed \pm 50%.

1. Claims – **MAX**
-25% to +50% Individual
Individual loss performance as described in the General Rules Section 18. Underwriting Guidelines and economic, societal or jurisdictional changes or trends that will influence the frequency or severity of claims, or the unusual circumstances of a claim(s) which understate/overstate the severity of the claim(s).

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

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

4. Medical Education, Training Accreditation & Credentialing – ±5%
Medical schools, training, post graduate training in specialty, and board certification.
Insured exhibits greater/less than normal participation and support of such activities.

5. Large Groups -25%
Group size of 50 or more physicians or dentists with loss ratio less than 25%
(5 years, paid indemnity)

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

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

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

AMERICAN PHYSICIANS INSURANCE COMPANY				
ARKANSAS - CLASS SPECIALTY LISTING				
EFFECTIVE 6/1/2010 New Business and 8/1/2010 Renewal Business				
CLASS	SCDL	DESCRIPTION.....	CHANGE NEW CLASS	CHANGE SCHEDULE
Ar802540	1	Physician (Allergy)		
Ar802550	1	Physician (Cardiology)		
Ar802450	1	Physician (Clinical Hematology)		
Ar802560	1	Physician (Dermatology)		
Ar802380	1	Physician (Endocrinology)		
Ar802390	1	Physician (Family Practice/General Practice)		
Ar802410	1	Physician (Gastroenterology, not incl Endoscopic Procedures)		
Ar802440	1	Physician (Gynecology - No Surgery)		
Ar802590	1	Physician (Hematology Oncology)		
Ar802841	1	Physician (Hospitalist)		FROM 2 TO 1
Ar802460	1	Physician (Infectious Diseases)		
Ar802570	1	Physician (Internal Medicine, not incl Endoscopic Procedures)		
Ar802680	1	Physician (N.O.C., no surgery)		
Ar802600	1	Physician (Nephrology)		
Ar802610	1	Physician (Neurology)		
Ar802620	1	Physician (Nuclear Medicine)		
Ar802480	1	Physician (Nutrition)		
Ar802330	1	Physician (Occupational Medicine)		
Ar802941	1	Physician (Office Orthopedics, not assisting in surgery)		
Ar802910	1	Physician (Otorhinolaryngology)		FROM 2 TO 1
Ar802660	1	Physician (Pathology, no surgery)		
Ar802670	1	Physician (Pediatrics not incl Endoscopic Procedures)		
Ar802350	1	Physician (Physiatry-Physical Medicine & Rehab.)		
Ar802490	1	Physician (Psychiatry)		
Ar802691	1	Physician (Pulmonology, incl Endoscopic Procedures)		FROM 1A to 1
Ar802531	1	Physician (Radiation Oncology)		
Ar802530	1	Physician (Radiology-Diagnostic)		
Ar802520	1	Physician (Rheumatology)		
Ar802391	1	Physician (Family Practice/General Practice-asst in surgery, no incl Endoscopic Procedures)		FROM 1A to 1
Ar801140	1	Surgeon (Ophthalmology)		
Ar802942	1	Surgeon (Surgeons, no surgery, only assisting)		FROM 1A to 1
Ar802810	2	Physician (Cardiology-Interventional, incl Caths & Stents)		
Ar802820	2	Physician (Dermatology - Minor Surgery)		
Ar802730	2	Physician (Family Practice/General Practice, incl Endoscopic Procedures)		
Ar802740	2	Physician (Gastroenterology, incl Endoscopic Procedures)		
Ar802770	2	Physician (Gynecology - Minor Surgery)		
Ar802840	2	Physician (Internal Medicine, incl Endoscopic Procedures)		
Ar802950	2	Physician (Neonatology)		
Ar802870	2	Physician (Nephrology - Minor Surgery)		FROM 1 to 2
Ar802920	2	Physician (Pathology, minor surgery)		
Ar802930	2	Physician (Pediatrics, incl Endoscopic Procedures)		
Ar802800	2	Physician (Radiology-Interventional)		
Ar802830	2	Critical Care (Intensivist-minor surgery)		
Ar801590	2	Surgeon (Otorhinolaryngology-No Plastic)	X	
Ar801550	3	Surgeon (Otorhinolaryngology)		
Ar801020	5	Physician (Emergency Medicine - No Major Surgery)		
Ar801500	5	Surgeon (Cardiovascular)		
Ar801430	5	Surgeon (General Surgery)		

Ar801930	5	Surgeon (Pediatric)		
Ar801440	5	Surgeon (Thoracic)		
Ar801460	5	Surgeon (Vascular)		
Ar801431	5A	Surgeon (Bariatric)		
Ar801172	6	Physician (Family Practice, incl Obgyn)		
Ar801670	6	Surgeon (Gynecology)		
Ar801560	6	Surgeon (Plastic)		
Ar801530	9	Surgeon (Obstetrics and Gynecology)		
Ar801520	10	Surgeon (Neurosurgery)		
Ar802110	11	Dentist I		
Ar80211A	12	Dentist II		
Ar802100	13	Dentist, Oral Surgeon - including Dentists treating with a general anesthetic		
Ar809021	15	Physician Resident or Fellow (Moonlighting Coverage)		
Ar809641	16	Clinical Nurse Specialist (CNS)		
Ar801160	16	Physician's Assistant		
Ar801450	17	Surgeon (Urology)		
Ar809631	21	Nurse Practitioner		
Ar801150	36	Surgeon (Colon and Rectal)		
Ar801510	37	Physician (Anesthesiology)		
Ar801511	37	Physician (Anesthesiology, including Pain Management)		
Ar801541	41	Surgeon (Orthopedic, inc. Spine)		
Ar801690	42	Surgeon (Hand & Upper Extremity)		
Ar801540	42	Surgeon (Orthopedic, no Spine)		
Ar80962	45	Certified Nurse Midwife		
Ar801163	46	Anesthesiologist Assistant		
Ar80963	46	Licensed Vocational Nurse (LVN)		
Ar80711	46	Medical Laboratory Technician	X	
Ar80720	46	Nutritionist/Dietitian	X	
Ar801488	46	Occupational Therapist		FROM 16 to 46
Ar80994	46	Optometrist		FROM 47 to 46
Ar809381	46	Physical Therapist		FROM 16 to 46
Ar80723	46	Psychologist-Social Worker-Counselor	X	
Ar80964	46	Registered Nurse (RN)		
Ar801161	46	Surgeon's Assistant		
Ar80452	47	Certified Registered Nurse Anesthetist		
Ar80410	47	Chiropractor		
Ar80960	47	Nurse Anesthetist		

Ar80993	48	Podiatrist		
<u>DELETED CLASSES</u>				
Ar802310	1	Physician (General Preventive Medicine)		
Ar802690	1	Physician (Pulmonology, not incl Endoscopic Procedures)		
Ar802811	2	Physician (Cardiology-Diagnostic, incl cath)		
Ar801162	46	Orthopedic Physician Assistant (OPA-C)		

SERFF Tracking Number: APIC-126569331 State: Arkansas
 Filing Company: American Physicians Insurance Company State Tracking Number: EFT \$100
 Company Tracking Number: 2010-01 AR
 TOI: 11.2 Med Mal-Claims Made Only Sub-TOI: 11.2000 Med Mal Sub-TOI Combinations
 Product Name: Physicians, Physician Extenders and Dentists Professional Liability Insurance
 Project Name/Number: Rate and Rule Filing/2010-01 AR

Supporting Document Schedules

	Item Status:	Status Date:
Bypassed - Item: NAIC Loss Cost Filing Document for OTHER than Workers' Comp	Filed	04/21/2010
Bypass Reason: Does not apply		
Comments:		

	Item Status:	Status Date:
Satisfied - Item: NAIC loss cost data entry document	Filed	04/21/2010
Comments:		

The following documents are submitted in support of API's rate filing:

1. Actuarial Analysis of Proposed Rate Levels prepared by Milliman
2. Malpractice Premium Comparison Survey Form MMPCS
3. Rate/Rule Filing Schedule PC RRFS-1

4/6/2010: As requested Rate Filing Form PC RLC RF-1 is attached. Also, Malpractice Premium Comparison Survey Form MMPCS in excel format is attached.

Attachments:

Actuary Filing Memo.pdf
 Form RRFS-1.pdf
 Form PC RLC RF-1.pdf
 MMPCS Rate Filing Survey Form 6.1.10.xls

	Item Status:	Status Date:
Bypassed - Item: Form PRONOT	Filed	04/21/2010
Bypass Reason: Does not apply		
Comments:		

	Item Status:	Status Date:
Bypassed - Item: Form PROMAL	Filed	04/21/2010

SERFF Tracking Number: APIC-126569331 *State:* Arkansas
Filing Company: American Physicians Insurance Company *State Tracking Number:* EFT \$100
Company Tracking Number: 2010-01 AR
TOI: 11.2 Med Mal-Claims Made Only *Sub-TOI:* 11.2000 Med Mal Sub-TOI Combinations
Product Name: Physicians, Physician Extenders and Dentists Professional Liability Insurance
Project Name/Number: Rate and Rule Filing/2010-01 AR
Bypass Reason: Does not apply
Comments:

AMERICAN PHYSICIANS INSURANCE COMPANY

**ARKANSAS PHYSICIANS PROFESSIONAL LIABILITY
ACTUARIAL ANALYSIS OF PROPOSED RATE LEVELS
EFFECTIVE JUNE 1, 2010**

This memorandum has been prepared in support of American Physicians Insurance Company's (APIC) proposed base rate change for Arkansas physicians professional liability (PPL) coverage effective June 1, 2010.

APIC has revised its schedule and specialty rating from the previous filing effective April 1, 2008. Additionally, it has revised the expense assumptions from the previous filing.

Due to the lack of sufficient historical APIC-specific premium and claims experience in Arkansas, we have reviewed the Arkansas PPL rate filing of First Professionals Insurance Company (FPIC) effective March 1, 2003 in order to evaluate APIC's rate level requirements for providing PPL coverage in Arkansas. According to the Medical Liability Monitor, FPIC has not changed rates since this filing. FPIC is one of the larger providers of PPL coverage in Arkansas and hence, APIC believes the FPIC rate filing provides a representative source for estimating expected PPL claim costs in Arkansas from May 1, 2009 to May 31, 2010.

The key assumptions underlying APIC's proposed rates are summarized below:

- 1) APIC has assumed that the estimated expected loss and Defense and Cost Containment (DCC) for an Arkansas base schedule physician reflected in the FPIC manual rates, assumed to be effective March 1, 2003, are representative of the claims experience APIC expects to incur on its Arkansas book of business. These losses were then trended forward from May 1, 2009 to June 1, 2010 using a 5% trend factor. See Exhibits 1 and 2 for details of the expected loss and DCC pure premium derivation;

- 2) Based on an American Medical Association (AMA) distribution of physicians by specialty schedule in Arkansas, we estimated overall weighted average relativities for APIC's and FPIC's schedule plans. Our analysis shows that, on an overall basis, FPIC's pure premium should be increased by 12.0% to offset the lesser premium income to APIC due to schedule plan differences. Exhibit 3 summarizes the details of this calculation;
- 3) APIC changed its expense assumptions as shown in Exhibit 5;
- 4) APIC's proposed claims-made rate structure includes an explicit provision to fund the anticipated waiver of the reporting endorsement in the event of death, disability or retirement (DDR). Specifically, APIC's proposed claims-made rates include a provision equivalent to 1.0% of premium to fund this exposure;
- 5) APIC's proposed claims-made rates include a provision to fund the cost of obtaining reinsurance. Specifically, APIC's proposed claims-made rates include a provision equivalent to 1.0% of premium to fund this cost;
- 6) Our proposed base rates utilize a target combined ratio of 103.5%, broken down as follows:

PROVISION	RATIO
Loss & DCC Ratio	76.9%
Underwriting Expenses (Incl. AOE and DDR)	26.6%
Target Combined Ratio	103.5%

Based on these assumptions, Exhibit 4 derives our indication of APIC's manual base rate of \$10,964. The overall average rate level change is -1.9% primarily due to the decrease in expense assumptions.

Act 649, The Civil Justice Reform Act of 2003

According to Bulletin No. 2-2003, issued by the Arkansas Insurance Department:

Every licensed insurer submitting a rate filing for any professional liability shall do the following:

1. Provide an analysis, based on actuarial principles and standards of practice, of the impact of the Act;
2. Implement any reduction to its rates consistent with that analysis; and
3. Explain the Act's impact on underwriting, such as whether any existing restrictions will be liberalized.

The Act affects punitive damages, joint and severe liability, and implements other aspects of civil justice reform.

Since the FPIC filing we relied upon for the base rates was effective prior to the Act and Bulletin, we believe it is not included in the analysis. We also note FPIC has not increased its rates since 2003. Therefore, we believe the savings from Act 649 may have offset the expected inflation during that time period. However, we also reviewed a State Volunteer Mutual Insurance Company (SVMIC) rate filing effective May 15, 2007. Included in the filing is the following statement:

“Based on the current circumstances and current available data, the impact of this Act is not quantifiable at this time. However, SVMIC has judgmentally considered the potential impact of the Act in interpreting recent changes in frequency and severity, and in projecting the cost for the future year. SVMIC will continue to monitor the impact as new information becomes available.”

We compared FPIC and SVMIC's loss costs, and SVMIC's was marginally higher than FPIC's. Therefore, we believe that we have followed the instructions of Bulletin No. 2-2003 in this filing. We have also not changed our loss cost assumptions from the April 1, 2008 filing.



Respectfully submitted,



Peter G. Wick, FCAS, MAAA
Principal and Consulting Actuary



Carl X. Ashenbrenner, FCAS, MAAA.
Principal and Consulting Actuary

PGW/CXA/bas

March 25, 2010

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AMERICAN PHYSICIANS INSURANCE COMPANY
Arkansas Physicians and Surgeons Professional Liability
Derivation of FPIC Mature Claims-Made Loss & ALAE Pure Premium

(1) First Professionals Insurance Company (FPIC) Filed \$1,000,000 / \$3,000,000 Limits, Mature Claims-Made, Family Practice - No Surgery Manual Rate (Effective March 1, 2003)	6,936
(2) FPIC Indicated Rate Change	24.6%
(3) FPIC Filed Rate Change	20.0%
(4) FPIC Indicated \$1,000,000 / \$3,000,000 Limits, Mature Claims-Made, Family Practice - No Surgery Manual Rate (Effective March 1, 2003); (1) * [1 + (2)] / [1 + (3)]	7,202
(5) FPIC Overall Average Credit	10.0%
(6) FPIC Proposed \$1,000,000 / \$3,000,000 Limits, Mature Claims-Made, Family Practice - No Surgery Collected Rate (Effective March 1, 2003); (4) x [1 - (5)]	6,482
(7) FPIC Target Loss and LAE Ratio (Including DDR)	78.6%
(8) FPIC ULAE Load at \$1,000,000 / \$3,000,000 Limits	0.0%
(9) FPIC DDR Load at \$1,000,000 / \$3,000,000 Limits	5.0%
(10) FPIC Target Loss and ALAE Ratio (Excluding DDR); (7) / [1 + (8)] / [1 + (9)]	74.9%
(11) FPIC Proposed Undiscounted Loss and ALAE, \$1,000,000 / \$3,000,000 Limits, Mature Claims-Made, Family Practice - No Surgery Pure Premium, Excluding DDR (Effective March 1, 2003); (6) x (10)	4,852
(12) Trend Factor from FPIC's Assumed Effective Date of May 1, 2009 to June 1, 2010 Effective Date at 5.0% Annual Trend	1.054 ¹
(13) Trended to June 1, 2010 FPIC, Proposed Undiscounted Loss & ALAE, \$1,000,000 / \$3,000,000 Limits, Mature Claims-Made Family Practice - No Surgery Pure Premium, Excluding DDR; (11) x (12)	5,114

¹ According to the October 2009 Medical Liability Monitor, FPIC's rates effective March 1, 2003 were still in effect in 2009

AMERICAN PHYSICIANS INSURANCE COMPANY
Arkansas Physicians and Surgeons Professional Liability
Selection of APIC Mature Claims-Made Loss & LAE Pure Premium

(1) Trended to June 1, 2010 FPIC, Proposed Undiscounted Loss & ALAE, \$1,000,000 / \$3,000,000 Limits, Mature Claims-Made Family Practice - No Surgery Pure Premium, Excluding DDR	5,114
(2) FPIC Pure Premium Adjustment to reflect difference in Schedule Plan	1.120
(3) Indicated (from FPIC) APIC Undiscounted Loss & ALAE, \$1,000,000 / \$3,000,000 Limits, Mature Claims-Made, Family Practice - No Surgery Pure Premium (Excluding DDR); (1) x (2)	5,726

AMERICAN PHYSICIANS INSURANCE COMPANY
Arkansas Physicians and Surgeons Professional Liability
Change in Schedule Plan

APIC Proposed Schedule	Proposed AMA Distribution of Physician Population	APIC Proposed Relativity	Current AMA Distribution of Physician Population	APIC Current Relativity	Average FPIC Relativity
1	59.9%	1.000	59.0%	1.000	0.988
1A	0.0%	In Active	1.7%	1.100	NA
2	12.2%	1.400	11.4%	1.793	2.006
3	0.5%	2.600	0.5%	2.137	2.700
5	8.9%	2.800	8.9%	2.653	2.981
5A	1.3%	3.184	1.3%	3.184	3.000
6	1.3%	2.600	1.3%	2.250	2.731
9	4.4%	3.500	4.4%	3.283	4.550
10	0.8%	5.900	0.8%	5.978	6.600
17	1.7%	1.800	1.7%	1.390	1.800
36	0.1%	1.500	0.1%	1.087	1.800
37	5.5%	1.250	5.5%	1.413	1.435
41	3.3%	3.254	3.3%	3.537	4.250
42	0.2%	2.389	0.2%	2.597	3.000
Total	100.0%	1.519	100.0%	1.545	1.700

Change in Class Plan (For FPIC Proposed Relativities) = 1.700 / 1.519 = 1.120.

**AMERICAN PHYSICIANS INSURANCE COMPANY
Arkansas Physicians and Surgeons Professional Liability
Derivation of Mature Claims-Made Rate - Entire State**

(1) APIC Undiscounted Loss & ALAE, \$1,000,000 / \$3,000,000 Limits, Mature Claims-Made, Family Practice - No Surgery Pure Premium (Excluding DDR)	5,726
(2) APIC Target Combined Ratio	
a) Loss & ALAE Ratio (Excluding DDR)	76.9%
b) Expense Ratio (Including ULAE and DDR)	<u>26.6%</u>
c) Target Combined Ratio	103.5%
(3) Indicated APIC Mature Claims-Made Family Practice - No Surgery, Collected Rate, \$1,000,000 / \$3,000,000 Limits, Effective June 1, 2010; (1) / (2a)	7,442
(4) Assumed Overall Average Credit	32.1%
(5) Indicated APIC Mature Claims-Made Family Practice - No Surgery Manual Rate, \$1,000,000 / \$3,000,000 Limits, Effective June 1, 2010; (3) / [1 - (4)]	10,964

AMERICAN PHYSICIANS INSURANCE COMPANY
Arkansas Physicians and Surgeons Professional Liability
Comparison of Expense Assumptions

	<u>Current</u>	<u>Proposed</u>	<u>Notes</u>
ULAE (AOE) Load		3.80%	Current included in Management Fee
DDR Load	2.37%	1.00%	Current as % of Loss&DCC; Proposed % of Premium
Reinsurance Costs	3.85%	1.00%	Current as % of Loss&DCC; Proposed % of Premium
State Taxes & Fees	2.50%	2.55%	% of Premium
Commission and Other Acquisition	9.00%	9.00%	% of Premium
Fixed Expense	3.97%	2.00%	% of Premium
Management Fee	13.50%	7.20%	% of Premium
Total	35.20%	26.55%	

RATE/RULE FILING SCHEDULE

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

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

1.	This filing transmittal is part of Company Tracking #	2010-01 AR
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2.	This filing corresponds to form filing number (Company tracking number of form filing, if applicable)	n/a
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Rate Increase
 Rate Decrease
 Rate Neutral (0%)

3.	Filing Method (Prior Approval, File & Use, Flex Band, etc.)
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4a. Rate Change by Company (As Proposed)							
Company Name	Overall % Indicated Change (when applicable)	Overall % Rate Impact	Written premium change for this program	# of policyholders affected for this program	Written premium for this program	Maximum % Change (where required)	Minimum % Change (where required)
American Physicians Insurance Company	-1.9%	-1.9%	-36,984	173	1,946,537		

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

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

6.	Overall percentage of last rate revision
7.	Effective Date of last rate revision
8.	Filing Method of Last filing (Prior Approval, File & Use, Flex Band, etc.)

9.	Rule # or Page # Submitted for Review	Replacement or withdrawn?	Previous state filing number, if required by state
01	General Rules: GR-AR pages 1 through 10	<input type="checkbox"/> New <input checked="" type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	2009-02 (Company filing #)
02	Rates: R-AR 1 through 7	<input type="checkbox"/> New <input checked="" type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	2008-03 (Company filing #)
03	Classification Listing: C-AR 1 through 3	<input type="checkbox"/> New <input checked="" type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	2008-03 (Company filing #)

NAIC LOSS COST DATA ENTRY DOCUMENT

1.	This filing transmittal is part of Company Tracking #	2010-01 AR
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2.	If filing is an adoption of an advisory organization loss cost filing, give name of Advisory Organization and Reference/ Item Filing Number	This is NOT a "Loss Cost" filing
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Company Name		Company NAIC Number	
3.	A. American Physicians Insurance Company	B.	32557

Product Coding Matrix Line of Business (i.e., Type of Insurance)		Product Coding Matrix Line of Insurance (i.e., Sub-type of Insurance)	
4.	A. 11.2 Med Mal – Claims Made Only	B.	11.2000 Med Mal Sub-TOI Combinations

5.

(A) COVERAGE (See Instructions)	(B) Indicated % Rate Level Change	(C) Requested % Rate Level Change	FOR LOSS COSTS ONLY				
			(D) Expected Loss Ratio	(E) Loss Cost Modification Factor	(F) Selected Loss Cost Multiplier	(G) Expense Constant (If Applicable)	(H) Co. Current Loss Cost Multiplier
Medical Malpractice	-1.9%	-1.9%	N/A	N/A	N/A	N/A	N/A
Professional Liability							
TOTAL OVERALL EFFECT	-1.9%	-1.9%					

6.

Year	5 Year History		Rate Change History				
	Policy Count*	% of Change	Effective Date	State Earned Premium (000)	Incurred Losses (000)	State Loss Ratio	Countrywide Loss Ratio
2005	91	37%	12-1-01	697	1176	168.7%	91.5%
2006	90			643	1636	2.544%	53.6%
2007	86			716	547	76.4%	21.2%
2008	129	13.13%	6-1-08	919	1722	187.4%	20.1%
2009	173			1699	2123	125.0%	30.0%

7.

Expense Constants	Selected Provisions
A. Total Production Expense	22.05
B. General Expense	2.00
C. Taxes, License & Fees	2.55
D. Underwriting Profit & Contingencies	3.00
E. Other (explain)	-
F. TOTAL	29.6

*APIC Head Count

8. N/A Apply Lost Cost Factors to Future filings? (Y or N)

9. 58% Estimated Maximum Rate Increase for any Insured (%). Territory (if applicable): _____

10. -70% Estimated Maximum Rate Decrease for any Insured (%) Territory (if applicable): _____

SERFF Tracking Number: APIC-126569331 *State:* Arkansas
Filing Company: American Physicians Insurance Company *State Tracking Number:* EFT \$100
Company Tracking Number: 2010-01 AR
TOI: 11.2 Med Mal-Claims Made Only *Sub-TOI:* 11.2000 Med Mal Sub-TOI Combinations
Product Name: Physicians, Physician Extenders and Dentists Professional Liability Insurance
Project Name/Number: Rate and Rule Filing/2010-01 AR

Attachment "MMPCS Rate Filing Survey Form 6.1.10.xls" is not a PDF document and cannot be reproduced here.

SERFF Tracking Number: APIC-126569331 *State:* Arkansas
Filing Company: American Physicians Insurance Company *State Tracking Number:* EFT \$100
Company Tracking Number: 2010-01 AR
TOI: 11.2 Med Mal-Claims Made Only *Sub-TOI:* 11.2000 Med Mal Sub-TOI Combinations
Product Name: Physicians, Physician Extenders and Dentists Professional Liability Insurance
Project Name/Number: Rate and Rule Filing/2010-01 AR

Superseded Schedule Items

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

Creation Date:	Schedule	Schedule Item Name	Replacement Creation Date	Attached Document(s)
04/01/2010		Supporting NAIC loss cost data entry document Document	04/06/2010	Actuary Filing Memo.pdf Form MMPCS.pdf (Superseded) Form RRFS-1.pdf

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

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

NAIC Number:
 Company Name:
 Contact Person:
 Telephone No.:
 Email Address:
 Effective Date:

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
You may also attach to a SERFF filing or submit on a cdr disk

Physicians

	Hospital	Clinic	Private
Base Rate At 500,000/1,000,000	\$ <input type="text" value="8804"/>	\$ <input type="text" value="8804"/>	\$ <input type="text" value="8804"/>
Discounts and Surcharges			
Emergency Room	<input type="text"/> %	<input type="text"/> %	<input type="text"/> %
Surgery	<input type="text"/> %	<input type="text"/> %	<input type="text"/> %
Delivery	<input type="text"/> %	<input type="text"/> %	<input type="text"/> %
Claims Free	<input type="text" value="25"/> %	<input type="text" value="25"/> %	<input type="text" value="25"/> %
Over 5 years Experience	<input type="text"/> %	<input type="text"/> %	<input type="text"/> %
Other: <input type="text" value="Schedule Rating"/>	<input type="text" value="+/- 50"/> %	<input type="text" value="+/- 50"/> %	<input type="text" value="+/- 50"/> %

Dental

	Dentist	Orthodontist	Oral Surgeons
Base Rate At 100,000/300,000	\$ <input type="text" value="516"/>	\$ <input type="text" value="1097"/>	\$ <input type="text" value="3053"/>
Discounts and Surcharges			
Claims Free	<input type="text" value="25"/> %	<input type="text" value="25"/> %	<input type="text" value="25"/> %
5 years Experience	<input type="text"/> %	<input type="text"/> %	<input type="text"/> %
Surgery	<input type="text"/> %	<input type="text"/> %	<input type="text"/> %
Other: <input type="text" value="Schedule Rating"/>	<input type="text" value="+/- 50"/> %	<input type="text" value="+/- 50"/> %	<input type="text" value="+/- 50"/> %