

SERFF Tracking Number: PCWA-126238209 State: Arkansas
Filing Company: ProAssurance Indemnity Company, Inc. State Tracking Number: EFT \$100
Company Tracking Number: AR-HCP-1009
TOI: 11.2 Med Mal-Claims Made Only Sub-TOI: 11.2000 Med Mal Sub-TOI Combinations
Product Name: Health Care Professionals Rates and Rules Manual
Project Name/Number: Revised rates and rules/

Filing at a Glance

Company: ProAssurance Indemnity Company, Inc.

Product Name: Health Care Professionals Rates and Rules Manual SERFF Tr Num: PCWA-126238209 State: Arkansas

TOI: 11.2 Med Mal-Claims Made Only

SERFF Status: Closed-Filed

State Tr Num: EFT \$100

Sub-TOI: 11.2000 Med Mal Sub-TOI

Co Tr Num: AR-HCP-1009

State Status: Fees verified and received

Combinations

Filing Type: Rate/Rule

Reviewer(s): Betty Montesi, Edith Roberts

Author: LaQuita Goodwin

Disposition Date: 11/18/2009

Date Submitted: 07/22/2009

Disposition Status: Filed

Effective Date Requested (New): 10/01/2009

Effective Date (New):

Effective Date Requested (Renewal): 10/01/2009

Effective Date (Renewal):

State Filing Description:

General Information

Project Name: Revised rates and rules

Status of Filing in Domicile: Not Filed

Project Number:

Domicile Status Comments: None

Reference Organization: None

Reference Number:

Reference Title:

Advisory Org. Circular:

Filing Status Changed: 11/18/2009

State Status Changed: 07/30/2009

Deemer Date:

Created By: LaQuita Goodwin

Submitted By: LaQuita Goodwin

Corresponding Filing Tracking Number:

Filing Description:

Please find enclosed for your review and approval a rate and rule filing for the Healthcare Professionals Liability Underwriting Manual. Please note that this manual contains rates and rules for physicians, surgeons, dentists, allied health professionals, etc. I request the effective date of October 1, 2009 for this filing submission.

The Filing Memorandum and its exhibits should explain the rate development and class plan changes. The marked copy of the underwriting manual should reflect the changes to the rules being made; however, we are proposing to add a minimum charge for corporation/partnership coverage of \$1,000, adding dental eligibility to certain coverages and adding a mandatory deductible section.

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In addition to the copy of the underwriting manual with marked revisions, I am enclosing a final copy of the underwriting manual with all changes accepted. If this filing is acceptable, I look forward to receiving your approval.

If you have any questions during the review process, please contact me.

Company and Contact

Filing Contact Information

LaQuita Goodwin, Compliance Specialist lgoodwin@proassurance.com
 100 Brookwood Place 205-877-4426 [Phone]
 Birmingham, AL 35209 205-414-2887 [FAX]

Filing Company Information

ProAssurance Indemnity Company, Inc. CoCode: 33391 State of Domicile: Alabama
 100 Brookwood Place Group Code: 2698 Company Type: Property & Casualty
 Birmingham, AL 35209 Group Name: ProAssurance State ID Number: 03
 (205) 877-4426 ext. [Phone] FEIN Number: 63-0720042

Filing Fees

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

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
ProAssurance Indemnity Company, Inc.	\$100.00	07/22/2009	29362477

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Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Filed	Edith Roberts	11/18/2009	11/18/2009

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	09/22/2009	09/22/2009	LaQuita Goodwin	10/28/2009	10/28/2009
Pending Industry Response	Edith Roberts	07/30/2009	07/30/2009	LaQuita Goodwin	08/05/2009	08/05/2009
Pending Industry Response	Edith Roberts	07/30/2009	07/30/2009	LaQuita Goodwin	08/05/2009	08/05/2009

Filing Notes

Subject	Note Type	Created By	Created On	Date Submitted
Additional Rule Revision	Note To Reviewer	LaQuita Goodwin	10/28/2009	10/28/2009

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Disposition

Disposition Date: 11/18/2009

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):
ProAssurance Indemnity Company, Inc.	0.900%	0.900%	\$24,050	210	\$2,672,102	3.000%	-13.500%

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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	NAIC loss cost data entry document	Filed	Yes
Supporting Document	Form PRONOT	Filed	Yes
Supporting Document	Form PROMAL	Filed	Yes
Supporting Document	Actuarial Information	Filed	Yes
Supporting Document	Form MMPCS	Filed	Yes
Rate (revised)	Arkansas Underwriting Manual	Filed	Yes
Rate	Arkansas Underwriting Manual		No
Rate	Marked copy of Arkansas Underwriting Manual	Filed	Yes
Rate (revised)	Amended Manual Page	Filed	Yes
Rate	Amended Manual Page		No

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Objection Letter

Objection Letter Status Pending Industry Response

Objection Letter Date 09/22/2009

Submitted Date 09/22/2009

Respond By Date

Dear LaQuita Goodwin,

This will acknowledge receipt of the captioned filing.

According to the new code, please see the new notification concerning A rates or Individually rated risks:

AR Code Anno 23-67-505 (a) which states "Every malpractice insurer shall file with the Insurance Commissioner every manual of classifications, rule and rates, every rating plan and every modification of any manual classification, rule or rate that it proposes to use in this state.

The Department will only consider "Consent to Rate" filings in an instance where the premium for a particular risk would be excessive to filed rates.

Therefore, under ACA 23-67-505 (a) and subsequent code ACA 23-67-509, we cannot accept the individual risk filing for the above captioned insured.

If you wish to file rates that would categorically allow pertinent discounts, rating criteria, etc., sufficient to rate this risk accordingly, you may do so. However, please be advised all filed deviations must be applicable indiscriminately to all risks.

A Rates and IRF are no longer allowed for this line of business. They must be rated according to filed and approved rate/rules.

This is a continuance of the situation in which you were requesting a conference call with Mr. Lacy. He will be back in the office on Sept. 30 and has agreed to a call on that date if you would like to schedule.

Let me know if you have questions in the meantime.

Thanks,
Edith

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Please feel free to contact me if you have questions.

Sincerely,
Edith Roberts

Response Letter

Response Letter Status	Submitted to State
Response Letter Date	10/28/2009
Submitted Date	10/28/2009

Dear Edith Roberts,

Comments:

Pursuant to our conference call on October 8, 2009, we are proposing the following revisions for your review.

Response 1

Comments: 1. We are revising the Schedule Rating Program to state that any practice in which the number of physicians is 25 or more and/or for which the amount of undiscounted annual premium exceeds \$300,000, the maximum credit will be increased to 50%.

2. I have also deleted the a-rating rule and individual risk filings rule.

3. I kept the option of filing the consent to rates with Arkansas.

All revisions can be located on page 48 of the State Requirements page.

Changed Items:

No Supporting Documents changed.

No Form Schedule items changed.

Rate/Rule Schedule Item Changes

Exhibit Name	Rule # or Page #	Rate Action	Previous State Filing #
Arkansas Underwriting Manual	Entire Manual	Replacement	AR-PC-06-017681
Previous Version			
Arkansas Underwriting	Entire Manual	Replacement	AR-PC-06-017681

SERFF Tracking Number: PCWA-126238209 State: Arkansas
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Product Name: Health Care Professionals Rates and Rules Manual
Project Name/Number: Revised rates and rules/

Manual

Amended Manual Page Page 48 Replacement AR-PC-06-017681

Previous Version

Amended Manual Page Page 48 Replacement AR-PC-06-017681

I believe you will find this response in order. If you have any additional questions or concerns, please contact me.

Thank you.

Sincerely,
LaQuita Goodwin

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Objection Letter

Objection Letter Status Pending Industry Response
Objection Letter Date 07/30/2009
Submitted Date 07/30/2009

Respond By Date

Dear LaQuita Goodwin,

LaQuita...

This will supplement my previous objection letter of this date.

In accordance with ACA 23-67-505(a), all med mal rates and rules must be filed, unless they are excessive of the filed rates. At that time, the department will consider a "Consent to Rate". Individual Risks filings are no longer applicable to med mal based on the specific requirements as outlined in the aforementioned code.

I am sorry for the error in my earlier objection.

Please feel free to contact me if you have questions.

Sincerely,

Edith Roberts

Response Letter

Response Letter Status Submitted to State
Response Letter Date 08/05/2009
Submitted Date 08/05/2009

Dear Edith Roberts,

Comments:

Following is the response to your 7/30/2009 objection.

Response 1

Comments: We acknowledge that Consent to Rates and Individually Rated Risk filings should be filed with your department and have amended page 48 accordingly. However, I'm not sure what you mean that individual risk filings are no longer applicable to med mal. Are you saying that we do not have to file individual risk filings? If so, let me know and I'll remove that requirement from page 48. If we are to continue submitting individual risk filings to your department, no need to respond as we will continue this process.

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Product Name: Health Care Professionals Rates and Rules Manual
Project Name/Number: Revised rates and rules/

Changed Items:

No Supporting Documents changed.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Thank you.

Sincerely,
LaQuita Goodwin

SERFF Tracking Number: PCWA-126238209 State: Arkansas
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Objection Letter

Objection Letter Status Pending Industry Response

Objection Letter Date 07/30/2009

Submitted Date 07/30/2009

Respond By Date

Dear LaQuita Goodwin,

This will acknowledge receipt of the captioned filing.

With reference to Page MAI-MPM-100 07 06 AR, page 52, B, please also include the "Consent to Rate" risks under the advisement that they, too, must be submitted to the department as an individual risk filing.

Also, please submit the Form MMPCS. For any med mal filing, the medical malpractice survey form # MMPCS must be completed in the Excel format. If the example information requested in the form is not applicable, please indicate. The form may be accessed here:

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

Please feel free to contact me if you have questions.

Sincerely,

Edith Roberts

Response Letter

Response Letter Status Submitted to State

Response Letter Date 08/05/2009

Submitted Date 08/05/2009

Dear Edith Roberts,

Comments:

Please find following the response to your 7/30/2009 objection.

Response 1

Comments: I have included that "Consent to Rates" must be filed with the department as well as individually rated risk filings. The amended Page 48 is attached.

Please find attached Form MMPCS.

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Product Name: Health Care Professionals Rates and Rules Manual
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Changed Items:

Supporting Document Schedule Item Changes

Satisfied -Name: Form MMPCS

Comment:

No Form Schedule items changed.

Rate/Rule Schedule Item Changes

Exhibit Name	Rule # or Page #	Rate Action	Previous State Filing #
<i>Amended Manual Page</i>	<i>Page 48</i>	<i>Replacement</i>	<i>AR-PC-06-017681</i>

I believe this will address your concerns. Please let me know if you have any other questions.

Thank you.

Sincerely,
LaQuita Goodwin

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Note To Reviewer

Created By:

LaQuita Goodwin on 10/28/2009 11:05 AM

Last Edited By:

Edith Roberts

Submitted On:

11/18/2009 12:19 PM

Subject:

Additional Rule Revision

Comments:

When responding today (10/28/09) to your 9/22/09 objection, I failed to point out that the Legal Defense Coverage was revised to provide extended coverage to physicians and dentists at no charge. This change is found on page 24.

If you need me to submit this revision in an amendment, please let me know.

Thank you.

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 Project Name/Number: Revised rates and rules/

Rate Information

Rate data applies to filing.

Filing Method: File and Use
Rate Change Type: Increase
Overall Percentage of Last Rate Revision: 0.900%
Effective Date of Last Rate Revision: 05/01/2006
Filing Method of Last Filing: File and Use

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):
ProAssurance Indemnity Company, Inc.	0.900%	0.900%	\$24,050	210	\$2,672,102	3.000%	-13.500%

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Rate/Rule Schedule

Schedule Item	Exhibit Name:	Rule # or Page	Rate Action	Previous State Filing Attachments	Status:
		#:		Number:	
Filed 11/18/2009	Arkansas Underwriting Manual	Entire Manual	Replacement	AR-PC-06-017681	AR Manual effective 10-1-09.PDF
Filed 07/30/2009	Marked copy of Arkansas Underwriting Manual	Entire Manual	Replacement	AR-PC-06-017681	AR Manual effective 10-1-09-marked.PDF
Filed 11/18/2009	Amended Manual Page	Page 48	Replacement	AR-PC-06-017681	Page 48.PDF



PROASSURANCE[®]

Treated Fairly

PROASSURANCE INDEMNITY COMPANY, INC.

HEALTH CARE PROFESSIONALS

UNDERWRITING RULES AND RATES

ARKANSAS MANUAL

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SECTION 1

INTRODUCTION

INTRODUCTION

This manual contains the classifications and rates governing the underwriting of Physicians, Surgeons, Dentists and Allied Health Professionals' Professional Liability Insurance by ProAssurance Indemnity Company, Inc., hereinafter referred to as "the Company."

I. RATES AND PREMIUM CALCULATIONS

- A. Rates apply on a per incident and annual aggregate basis. The rates for the premium classifications selected by the Company or any special situations not delineated herein are those described in the Professional Liability State Rates and Exceptions Section of this manual, with a minimum premium being \$500 (not applicable to paramedicals). If an individual's practice involves two or more rating territories or rating classifications, the highest rating territory or classification applies. Endorsements adding risks/exposures mid-term will be rated in accordance with the Rates and Rules in effect as of the endorsement effective date. Subject to Section 3., VIII, (Rate Adjustments for Changes in Exposure) of this manual, Reporting Endorsements will be rated in accordance with the Rates and Rules in effect as of the endorsement effective date. Subject to Section 3, VIII, (Rate Adjustments for Changes in Exposure) of this manual, endorsements effecting changes on risks/exposures currently insured will be rated using the Rules (e.g., rating classification, limits of liability and rating territory) in effect on the date of the change combined with the rates in effect on the later date of either i) the policy term effective date or ii) risk effective date.
- B. Refer to the Company for: Agents should refer to the Company any risk meeting one of the following criteria: a) Any risk or exposure for which there is no manual rate or applicable classification, or b) Risks developing annualized premium of \$100,000 or more for basic limits for individual (a) rating.
- C. Non-Standard Risks: Individuals rejected for standard coverage by the Company may be individually considered for coverage at an additional premium charge or other applicable coverage conditions and limitations on an individually agreed, consent-to-rate basis.
- D. Whole Dollar Premium Rule: The premiums appearing in the State Rates and Exceptions Section of this manual have been rounded to the nearest whole dollar. This procedure shall also apply to all interim premium adjustments, including endorsements or cancellations. A premium involving \$.50 or over, shall be rounded to the next higher whole dollar.

II. CANCELLATIONS

Cancellations shall be made only within the parameters established by the State of policy issuance as framed in the Cancellation provisions of the policy including any State-specific endorsement thereto.

- A. By the Company: The earned premium shall be determined on a "pro rata" basis.
- B. By the Insured: The earned premium shall be determined on a "short rate" basis if the entire policy is cancelled. Pro-rata calculation shall be used if a portion of the coverages or risks are cancelled but other portions of the policy remains in force. "Short rate" calculation means that total earned premium shall equal actual earned premium as of the date of cancellation plus a short rate penalty equal to ten percent (10%) of unearned premium for the remainder of the policy period.
- C. Removal from the State: Subject to state provisions, the policy may be canceled by the Company after the insured no longer maintains at least 75% of his medical practice within the state of issuance, regardless of whether notice has been given by the insured.

SECTION 2

**PHYSICIANS & SURGEONS SPECIALTY CODES
AND DESCRIPTIONS**

PHYSICIANS' & SURGEONS' SPECIALTY CLASSIFICATIONS & CODES

Column Heading Definitions

No Surgery: General practitioners and specialists who do not perform surgery or assist in surgery. Incision of boils and superficial abscesses and suturing of skin and superficial fascia are not considered surgery.

Minor Surgery: General practitioners and specialists who perform minor surgery or invasive procedures for diagnostic purposes, or who assist in major surgery on their own patients.

Major Surgery: General practitioners and specialists who perform major surgery on their own patients, or who assist in major surgery on patients of others.

<u>Specialty</u>	Industry Class Code		
	<u>No Surgery</u>	<u>Minor Surgery</u>	<u>All Other Surgery</u>
Administrative Medicine	80178	-	-
Allergy	80254		
Anesthesiology	-	-	80151
Bariatrics			80476
Cardiovascular Disease	80255	80281(A) 80281(B)-specific procedures	80150
Colon & Rectal			80115
Dermatopathology		80474	
Dermatology	80256(A)	80282	80472
Dermatology This classification applies to any dermatologist who performs the following procedures: a) excision of skin lesions with graft or flap repair; b) collagen injections.	80256(B)		-
Emergency Medicine This classification applies to any general practitioner or specialist primarily engaged in emergency practice at a clinic, hospital or rescue facility.		80102(C)	-
Emergency Medicine - Moonlighting (Refer to Classification and/or Rating Modifications & Procedures Section)	80102(A)	80102(B)	-
Family Practitioner or General Practitioner - Limited Obstetrics	-	-	80117(B)
Family Practitioner or General Practitioner - Significant Obstetrics	-	-	80117(C)

PHYSICIANS' & SURGEONS' SPECIALTY CLASSIFICATIONS & CODES

<u>Specialty</u>	<u>Industry Class Code</u>		
	<u>No Surgery</u>	<u>Minor Surgery</u>	<u>All Other Surgery</u>
Family Practitioner or General Practitioner - No Obstetrics	80420	80421(A)* 80421(B)* 80421(C)*	80117(A)
Forensic/Legal Medicine	80240	-	-
Gastroenterology	80241	80274	
General – N.O.C. This classification does not apply to any family or general practitioners or specialists who occasionally perform surgery.			80143
General Preventive Medicine	80231	-	-
Gynecology	80244	80277	80167
Hand			80169
Hematology	80245	80278	-
Hospitalist		80222(A) 80222(B)	
Intensive Care Medicine		80283	-
Internal Medicine	80257	80284	-
Nephrology	80260	80287	
Neurology	80261	80288	80152
Obstetrics/Gynecology			80153
Occupational Medicine	80233	-	-
Oncology	80473	80286	-
Ophthalmology	80263	80289	80114
Orthopedic – No Spinal Surgery			80154(A)
Orthopedic – Including Spinal Surgery			80154(B)
Otorhinolaryngology	80265	80291	80159
Otorhinolaryngology – Including Plastic			80155

*refer to Classification and/or Rating Modifications & Procedures Section for further definition

PHYSICIANS' & SURGEONS' SPECIALTY CLASSIFICATIONS & CODES

<u>Specialty</u>	<u>Industry Class Code</u>		
	<u>No Surgery</u>	<u>Minor Surgery</u>	<u>All Other Surgery</u>
Pain Management	80475(A)		80475(B)-basic procedures 80475(C)-intermediate procedures 80475(D)-advanced procedures
Pathology	80266		-
Pediatrics	80267	80293**	-
Physical Medicine & Rehabilitation	80235	-	-
Physicians - N.O.C.	80268	80294	-
Plastic			80156
Podiatrist	80620		80621
Psychiatry	80249	-	-
Psychiatry Including Shock Therapy	80431	-	-
Public Health	80236	-	-
Pulmonary Diseases	80269	***	-
Radiology - Diagnostic	80253	80280	-
Radiology - Including Radiation Therapy	-	80425	-
Radiology - Interventional	-	80360	-
Rheumatology	80252	-	-
Semi-Retired Physicians (Refer to Classification and/or Rating Modifications and Procedures Section.)	80179	-	-
Surgical Consultation – Office Only	80477(A)	80477(B)	-
Thoracic	-	-	80144
Traumatic	-	-	80171
Urgent Care Physician (Non-ER, no surgery)	80424	-	-
Urology	80145(A)	80145(B)	80145(C)
Vascular	-	-	80146

**For rating purposes, include Neonatology in this risk class

***See Internal Medicine – Minor Surgery.

SECTION 3

**CLASSIFICATION AND/OR RATING MODIFICATIONS
AND PROCEDURES**

CLASSIFICATION AND/OR RATING MODIFICATIONS AND PROCEDURES

I. "MOONLIGHTING" PHYSICIANS

Physicians and surgeons who perform covered "moonlighting" activities of 20 hours or less per week may be eligible to be insured at 50% of the rate applicable to the specialty in which the physician or surgeon is "moonlighting."

Covered "moonlighting" activities include:

- A. Physicians and surgeons in active, full-time military service requesting coverage for outside activities.
- B. Full-time Federal Government employed physicians and surgeons (such as V.A. Hospital employees) requesting coverage for outside activities.
- C. Physicians and surgeons employed full-time by the State or County Health Department requesting coverage for outside activities.
- D. Residents or fellows currently attending their training program who are requesting coverage for outside activities but only while they are enrolled in such program.

II. FELLOWS, RESIDENTS AND INTERNS

- A. Coverage may be written for fellows, residents and interns practicing within the scope of their training in the teaching environment. Clinical exposure must not exceed 30 hours per week. The rate shall generally be 50% of the appropriate specialty classification, but may vary from 25% to 75% depending upon the clinical exposure of each individual rated.
- B. If fellows, residents and interns wish to practice outside their training program 100 hours or less per month, coverage may be written at a rate equal to 50% of the appropriate specialty classification. (HOWEVER, the appropriate rate for Emergency Room Moonlighting is equal to 50% of the premium assigned to Class Code 80102(A).
- C. Residents who continue to practice in the Emergency Room (part-time or full-time) during an interruption in their training for a period of time not to exceed one year, may qualify for the premium assigned to Class Code 80102(B) if they have no other clinical activities.

III. FAMILY PRACTICE / GENERAL PRACTICE - MINOR SURGERY

Those Family Practice/General Practice Physicians who perform minor surgery procedures and/or assist in surgery on their own or other than their own patients will be classified as follows:

<u>Classification</u>	<u>Rating Criteria:</u>
80421(A)	Assist in major surgery on their own patients only (do not also perform minor surgical procedures).
80421(B)	Perform minor surgical procedures (may also assist in major surgery on their own patients).
80421(C)	Assist in major surgery on the patients of others (may also perform minor surgical procedures and/or assist in major surgery on their own patients).

IV. PART-TIME AND SEMI-RETIRED PHYSICIANS

The Part-Time Discount is available to physicians, surgeons and dentists:

- A. who have at least 15 years of postgraduate clinical practice experience and are scaling back their practice in anticipation of retirement; or
- B. who practice less than 20 hours per week due to family needs (caring for young children and/or ill or disabled family members); or
- C. who are required to practice on a reduced basis as a result of a physical or medical condition, with the company's approval; or
- D. who practice at least 30 hours per week at a hospital, community health center or other health care facility where medical professional liability insurance is provided by the facility. A certificate of insurance listing the Company as certificate holder must be presented annually for the credit to apply.

Insureds eligible for the New Doctor/New Dentist Discount are not eligible for the Part-Time Discount. Also, physicians employing or supervising paramedicals are not eligible for the Part-Time Discount.

This discount is intended to more accurately rate the insured who practices his specialty on a limited basis. The available discounts are:

<u>TYPE</u>	<u>Class</u>	<u>Average Weekly Practice Hours < 20 hours</u>
Physician	1 to 7	50%
Surgeon	8 to 15	35%
Dentist	1A to 4	50%
All other		None

* Physicians and Surgeons whose average weekly practice hours are less than 12 hours will be individually evaluated by the company.

Practice hours are defined as:

- hospital rounds,
- charting and patient planning,
- on call hours involving patient contact, whether direct or by telephone,
- consultation with other physicians, and
- patient visits/consultations.

Practice hours of physicians receiving the Part-Time Discount are subject to random audit by the Company.

V. LOCUM TENENS

Locum tenens coverage is provided at no additional charge for up to 45 days in any policy year and provides a shared limit with the insured. The locum tenens doctor must submit an application for Company approval in advance of the requested effective date of coverage.

VI. CORPORATE LIABILITY - SHARED LIMIT

No charge will be made for entities sharing in the available limits of liability of the insured physicians or dentists or other insured organizations, providing each member is insured by the Company and the risk is otherwise acceptable.

VII. FULL-TIME EQUIVALENT RATING

Rating of certain multi-physician groups may, at the Company's option, be determined on a full-time equivalent (FTE) unit basis. Under this rating method, policies may be issued to positions with individuals who may fill such positions identified rather than being issued to specific individuals. An FTE rate will be determined based upon the filed and approved rate for a given classification of physicians or surgeons but will be allocated based upon either the number of average hours of practice for a given specialty or the average number of patient contacts/visits in a 12 month period. A risk with fewer than 50,000 patient encounters each year will not qualify for full-time equivalent rating.

All FTE rated applications shall be referred to the Company.

VIII. RATE ADJUSTMENTS FOR CHANGES IN EXPOSURE -- CLAIMS-MADE, RETROACTIVE, AND REPORTING ENDORSEMENT COVERAGE

A. Claims-Made Coverage

The calculations for changes in exposure are performed by taking the difference between claims-made rates for each period of differing exposures. These calculations are appropriate for changes in practice specialty, changes in rating territory or practice in other states, changes between part-time and full-time practice, and other changes that would affect a calculated rate. Currently approved rates, classification tables and discount or surcharge factors for the appropriate state(s) are used. This method can be generalized by using the following formula to calculate a rate for the upcoming year.

1. Rate for current practice, determined using a retroactive date equal to the date that the *current* practice patterns began,
2. plus rate for prior practice, determined using a retroactive date equal to the date that the *previous* practice patterns began,
3. less rate for prior practice, determined using a retroactive date equal to the date that the *current* practice patterns began.

This method is applied in a similar manner if more than one practice change occurred during the previous four years, and the components are pro-rated if the change occurred at a date other than the policy anniversary date.

For example, if a physician had practiced obstetrics and gynecology for many years, then stopped practicing obstetrics and began to practice gynecology only, the appropriate premium for the upcoming policy period would be:

Gynecology rate for claims-made year one,
plus OB/GYN rate for claims-made year five,
less OB/GYN rate for claims-made year one.

This produces a blended rate, reflecting the remaining OB/GYN exposure that makes up the majority of the expected reported claims in the upcoming year, plus the initial gynecology exposure.

The rate for the second year of gynecology-only practice would be:

Gynecology rate for claims-made year two,
plus OB/GYN rate for claims-made year five,
less OB/GYN rate for claims-made year two.

This adjustment process continues for two more years, until the beginning of the fifth year in the new specialty. At that time, the blended rate would be:

Gynecology rate for claims-made year five,
plus OB/GYN rate for claims-made year five,
less OB/GYN rate for claims-made year five,

which is simply equal to the gynecology rate for claims-made year five.

Although this method of adjusting rates is designed to accommodate most situations, changes in medical practice often result from increasing or decreasing patient loads, additional medical training, relocation of the practice, gradual reduction in practice nearing retirement and other underwriting factors which affect the risk of loss. As a result, the Company may choose to waive the exposure change adjustment process in specific situations, thereby utilizing the current rating variables without modification. Conversely, a debit under the Scheduled Rating Plan may be applied at the underwriter's discretion, based on more than five years of practice in specialties with long claim emergence patterns, such as Pediatrics or Obstetrics.

B. Prior Acts Coverage

When prior acts coverage is provided, the same method is utilized, as if the insured had been with the Company during the prior acts period. Practice information regarding the prior acts period is obtained from the insurance application.

C. Reporting Endorsement Coverage

If reporting endorsement coverage is to be rated, the same method is utilized, substituting the reporting endorsement rates for the claims-made rates. For example, a reporting endorsement purchased at the end of the second year of gynecology practice in the obstetrics/gynecology example described above would be:

Gynecology reporting endorsement premium for claims-made year two,
plus OB/GYN reporting endorsement premium for claims-made year five,
less OB/GYN reporting endorsement premium for claims-made year two.

IX. REPORTING ENDORSEMENTS (Claims-made only)

A. Reporting Endorsement Premium Calculation

With respect to calculation of Reporting Endorsement premium, the only credits/discounts that apply are the Part-Time Discount and Deductibles credit. All debit/surcharges will apply to Reporting Endorsement premium calculations. With respect to risks or exposures written on a consent-to-rate basis, (a) rated basis or Full-Time Equivalent Rating basis at the time the Reporting Endorsement is issued, Reporting Endorsement premium will be calculated on that same basis. If the policy is terminated during the first year, pro-rate the tail premium. For terminations during the second, third or fourth claims-made policy year, blend the applicable tail factors. The Company may refuse to offer deductible options for premium credit on reporting endorsements in the case of insufficient securitization.

B. Waiver of Reporting Endorsement Premium

The premium for the reporting endorsement may be waived as provided by the contract in force or at the discretion of the Company.

X. RATE CHANGE AMELIORATION

In situations where a rate change affects a single specialty by greater than 30%, a credit up to 25% may be applied to the new premium for an affected insured to lessen the single year impact of such a significant increase if, based on the underwriter's evaluation of the quality of the risk, such consideration is warranted. The underwriter will consider training and experience, longevity with the company, practice situation and claims history when making any such recommendation. Management approval is required.

SECTION 4
PROFESSIONAL LIABILITY DISCOUNTS

PROFESSIONAL LIABILITY DISCOUNTS

I. MAXIMUM CREDIT

Maximum credit available per insured will be limited to 40% except for the following:

- Part-time exposure rating: up to 50%. Deductible credits and attendance of a ProAssurance Loss Prevention Seminar credit may be combined with the part-time credit but no other credits or discounts apply.
- New Doctor/Dentist discounts: up to 50%. Deductible credits may be combined with the New Doctor/Dentist Discount but no other credits or discounts apply.
- Deductibles/Self-Insured Retentions.
- Risks developing \$100,000 or more annualized premium.

II. NEW DOCTOR OR DENTIST DISCOUNT

This discount will apply only to solo practicing physicians who have never been in practice and proceed directly into practice from training, or physicians who fit within that category except for an interim period of employment not to exceed two years. Physicians who would otherwise qualify but who are joining an established group practice insured by the Company where their clinical exposure will not exceed 30 hours per week are to be submitted to the Company for rating. This discount will also apply only to dentists who proceed directly into practice from training, or dentists who fit within the category except for an interim period of employment not to exceed two years.

<u>Year of Coverage Since Training</u>	<u>Annual Premium Discount Per Policy</u>
Year 1	50%
Year 2	25%
Year 3	0%

III. RISK MANAGEMENT PREMIUM CREDITS

Insureds who participate in risk management activities approved by the Company are eligible for the following premium credits, up to a maximum of 10%.

- A. Individual Risk Management Activities: Individual insureds may receive premium credits as indicated for completion, within the 12 months prior to application, of the following activities:

<u>Activity</u>	<u>Credit</u>
1. Successful completion of an approved fee-for-Service office analysis and education program. Positive response to recommendations made may result in the application of this credit for up to three policy years. Applicable only to accounts generating \$250,000 or more in annual premium.	0% - 5%
2. a. A Company sponsored Loss Prevention or other approved risk management seminar carrying at least two CME credits (annual); and/or,	0% - 5%
b. an approved closed claim review (annual); and/or	0% - 5%

- c. successful completion of an approved risk management correspondence course carrying at least two CME credits (annual). 0% - 5%
- 3. Demonstrated regular use of an approved patient information system or program. 0% - 5%

Educational activities must qualify for Continuing Medical Education credit (where applicable) to be acceptable for risk management credits. The applicant must provide proof (Certificate) of CME credits earned at the time of application. Activities submitted for risk management credits must have been completed within twelve months prior to application.

B. In addition to the above, any physician or surgeon whose practice benefits from the risk management activities of an employed practice administrator or risk manager may receive one of the following credits:

1. If the practice employs a full-time, qualified, professional risk manager primarily engaged in risk management and loss prevention activities, each insured may receive up to a 5% credit.
2. If the practice administrator or office manager participates in a Company-sponsored Loss Prevention or other risk management seminar, each insured may receive a 2% credit. Certain requirements apply:
 - a. The seminar must be designated by the Company as eligible for practice administrator credit.
 - b. Attendance must occur within the twelve months prior to application.
 - c. At least 75% of the insureds in the practice must qualify for risk management credit as a result of individual risk management activities under the terms of Section III (A)(2), above.
 - d. The practice administrator or office manager must actively manage the practice for thirty or more hours per week. In the case of shared practice management, determination of eligibility will rest with the Company.

C. Any risk management credit may be revoked or withheld for any of the following reasons:

1. Failure by an individual insured to certify adherence to risk management guidelines adopted by the Company and in effect at the time of application.
2. Demonstrable evidence which indicates that the insured has been or is practicing in violation of guidelines or underwriting criteria adopted by the Company,
3. Results of an underwriting audit which show serious deficiencies, including but not limited to non-compliance with specialty risk management guidelines; or
4. Evidence of falsification of attendance, credit or completion of risk management activities applied towards a risk management credit.
5. Negative claim history.

Information obtained in the process of handling a claim may be used in evaluating an insured with respect to the above condition; however, the filing of a claim or incurring any expense or indemnity on behalf of an insured shall not alone be considered grounds for reducing, revoking or withholding a credit.

IV. HOSPITAL BASED DISCOUNT PROGRAMS

A. Advanced Obstetrical Risk Management Program

Obstetrical services may be targeted with a special Advanced Obstetrical Risk Management Program relating to all phases of obstetrical services in both the physician's office or clinic and in the hospital including, but not limited to, intrapartum fetal surveillance, induction and augmentation of labor, emergency cesarean section times, documentation, and anesthesia. The physician must actively participate in the program in order to receive a discount of up to 10%.

No combination of Risk Management and Advanced Obstetrical Risk Management credits shall exceed 20%.

B. Any hospital based discount may be revoked or withheld for any of the following reasons:

1. Failure by an individual insured to certify adherence to risk management guidelines adopted by the Company and in effect at the time of application.
2. Demonstrable evidence which indicates that the insured has been or is practicing in violation of guidelines or underwriting criteria adopted by the Company.
3. Results of an underwriting audit which show serious deficiencies, including but not limited to non-compliance with specialty risk management guidelines; or
4. Evidence of falsification of attendance, credit or completion of risk management activities applied towards a risk management credit.
5. Negative claim history.

V. SCHEDULED RATING PROGRAM

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. Number 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;
9. Record-keeping practices;
10. Maintenance and utilization of certain monitoring equipment, diagnostic tests or diagnostic procedures;
11. Participation in capitation contracts; and*
12. Insured group maintains differing limits of liability on members.*

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 25%; the maximum debit will be 25%.

The Scheduled 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. At the underwriter's discretion, objective credits otherwise applicable to an insured will not be applied in situations where a scheduled debit is deemed necessary.

* NOTE: No credit will be given for #11 or #12 above.

VI. DEDUCTIBLES

Deductibles may apply either to indemnity only or indemnity and allocated loss adjustment expenses (ALAE). Any discount will apply only to the primary limit premium layer (\$1M/\$3M). Deductibles are subject to approval by the company based on financial statements to be submitted by the insured and financial guarantees as required. The company reserves the right to require acceptable securitization in the amount of the per claim and/or aggregate deductible amount from any insured covered by a policy to which a deductible is attached.

A. Individual Deductibles

Discount as a Percentage of Rate for Applicable Primary Limit

These per claim and aggregate (if any) deductibles apply to each insured separately.

<u>INDEMNITY ONLY</u> <u>Deductible Per Claim</u>		<u>INDEMNITY AND ALAE</u> <u>Deductible Per Claim</u>	
\$ 5,000	2.5%	\$ 5,000	4.0%
\$10,000	4.5%	\$10,000	7.5%
\$15,000	6.0%	\$15,000	9.6%
\$20,000	8.0%	\$20,000	11.4%
\$25,000	9.0%	\$25,000	13.0%
\$50,000	15.0%	\$50,000	19.0%
\$100,000	25.0%	\$100,000	28.0%
\$200,000	37.5%	\$200,000	42.5%
\$250,000	42.0%	\$250,000	50.0%
<u>Per Claim/Aggregate</u>		<u>Per Claim/Aggregate</u>	
\$ 5,000/15,000	2.1%	\$ 5,000/15,000	3.0%
\$10,000/30,000	3.9%	\$10,000/30,000	7.0%
\$25,000/75,000	8.5%	\$25,000/75,000	12.0%
\$50,000/150,000	14.0%	\$50,000/150,000	18.0%
\$100,000/300,000	24.0%	\$100,000/300,000	26.5%
\$200,000/600,000	36.0%	\$200,000/600,000	41.0%
\$250,000/750,000	40.0%	\$250,000/750,000	48.5%

For other deductible amounts selected by policyholders, refer to management for rating.

B. Group Deductibles

An optional deductible which limits the amount the entire group will have to pay, if multiple claims are made in a policy year, is available. Under this program, the per claim deductible continues to apply separately to each insured involved in a suit. However, the aggregate deductible applies to all insureds in the group combined thereby reducing the organization's maximum potential liability in a policy year.

When an organization is insured with a separate limit of coverage, the organization is counted when totaling the number of insureds below.

Group aggregate deductible discounts apply to \$1M/\$3M premiums only. The applicable Deductible Discount will not change during the policy term despite changes in the number of insureds, but will be limited by any applicable maximum credit amount.

Indemnity Deductible Per Claim/Aggregate (\$000)	<u>Number of Insureds</u>				Maximum Credit
	2 - 19	20 - 40	41 - 60	61 - 100	
5/15	.020	.018	.015	.012	\$ 12,750
10/30	.038	.035	.030	.024	25,500
25/75	.084	.079	.070	.058	63,750
50/150	.145	.139	.127	.109	127,500
100/300	.234	.228	.216	.196	255,000
200/600	.348	.346	.338	.321	510,000
250/750	.385	.385	.381	.368	637,500

Indemnity & ALAE Deductible Per Claim/Aggregate (\$000)	<u>Number of Insureds</u>				Maximum Credit
	2 - 19	20 - 40	41 - 60	61 - 100	
5/15	.029	.026	.021	.017	\$ 12,750
10/30	.068	.063	.054	.043	25,500
25/75	.119	.112	.099	.082	63,750
50/150	.186	.179	.163	.140	127,500
100/300	.258	.252	.239	.216	255,000
200/600	.396	.394	.385	.366	510,000
250/750	.467	.467	.462	.446	637,500

C. Mandatory Deductibles

The deductible mechanism may be applicable when a policyholder exhibits a pattern of claim frequency that exceeds the average for his/her specialty. In the consideration of a deductible assessment, severity is usually not an issue.

Deductibles may be imposed in amounts from \$1,000 to \$250,000 per claim. There is no corresponding premium discount, and there are no aggregate limits on mandatory deductibles.

An amendatory deductible endorsement will be added to the policy at renewal and will be maintained for no less than one year. The policy will be subject to an annual review thereafter for consideration of a revised sanction.

D. Self-Insured Retentions

Insureds may self-insure a portion of their professional and general liability risk with the Company's policy attaching in excess of the Self-Insured Retention selected. The Self-Insured Retention limit may include ALAE, or ALAE may be paid pro rata. All such policies must be referred to the Company for special consideration.

VII. GENERAL RULES

A. Discounts will only be applied to qualifying insureds at the initial issuance of such policy or at the next renewal date.

B. Discounts will apply in the following order:

1. Deductible Discount (primary premium only).

2. New Doctor/Dentist Discount or other resident or part-time, semi-retired discount;

3. Risk Management Discount and Scheduled Rating (apply the net credit or debit); and

Example: Class 1, \$1M/\$3M, 1st year new doctor/dentist, Risk Management Seminar within 12 months. \$25,000 deductible. Assume manual rate \$7,500.

\$7,500	Manual Rate for \$1M/\$3M
<u>x .91</u>	Less 9% (Deductible Credit)
6825	
<u>x .50</u>	Less 50% (New Doctor/Dentist)
3,413	Applicable Net Premium
<u>x .85</u>	Less 15% (Risk Management Programs, Scheduled Rating)
2,901	Net Premium

C. Additional practice charges will be applied to the premium after all discounts have been applied.

D. Corporate Liability premium will be determined after all discounts and surcharges have been applied.

SECTION 5

ADDITIONAL PRACTICE CHARGES

ADDITIONAL PRACTICE CHARGES

I. MEDICAL SERVICES PROVIDED IN A STATE OUTSIDE THE STATE OF POLICY ISSUANCE

Insureds engaging in the routine care and treatment of patients outside the state in which the policy is issued may be subject to appropriate surcharge or credit based upon rates consistent with those charged for a like risk in said state.

II. PARTNERSHIP - CORPORATION - PROFESSIONAL ASSOCIATION COVERAGE

Coverage for partnerships, corporations, or professional associations may be written with a separate limit of liability. The premium charge will be a percentage (selected from the table below) of the sum of each member physician's net individual premium. For each member physician not individually insured by the Company, a premium charge will be made equal to 30% of the appropriate specialty rate if the Company agrees to provide such coverage. In order for the entity to be eligible for coverage under the separate policy, the Company must insure all member physicians or at least 60% of the physician members must be insured by the Company and the remaining physicians must be insured by another professional liability program acceptable to the Company.

<u>Number of Insureds</u>	<u>Percent</u>
2 - 5	15.0%
6 - 9	12.0%
10 - 19	9.0%
20 - 49	7.0%
50 or more	5.0%

A separate corporate limit is not available for solo practitioners or dentists. A separate corporate limit is not available to insureds purchasing limits of less than \$1M/\$3M. The minimum premium for separate limits coverage for partnerships, corporations or professional associations is \$1,000.

III. PARTNERSHIP-CORPORATION-PROFESSIONAL ASSOCIATION EXTENDED REPORTING ENDORSEMENT COVERAGE

Partnerships, corporations, or professional associations that purchase a separate limit of liability may be eligible to purchase an Extended Reporting Endorsement upon cancellation of the coverage. For the entity to be eligible for the separate limit extended reporting endorsement, all physician members insured on the policy must exercise their right to purchase an individual extended reporting endorsement. The premium charge for the entity extended reporting endorsement will be a percentage of the sum of each member physician's net individual reporting endorsement premium, based on the number of insureds and the table in Paragraph II, above.

IV. CLAIMS FREE CREDIT PROGRAM

A physician will be considered claims free for purposes of this credit program if:

1. no loss payment has been made during the Evaluation Period, and
2. the total of allocated loss adjustment expense [ALAE] payments made during the Evaluation Period plus any Company established reserves for loss or ALAE does not exceed \$35,000.

Only claims reported during the Evaluation Period shall be included in measuring the payment and reserve criteria stated above. The Evaluation Period is based upon the physician's rating class as defined in the table below and shall end on the effective date of the policy period to be rated. The Evaluation Period shall begin no earlier than the time when the physician first begins the practice of medicine following formal training (residency or a continuous period of residency and fellowships). The Company will review the claims history of each insured or applicant for the purpose of evaluating the applicability of each claim based upon the facts and circumstances of specific claims. Reported incidents that do not involve a demand for damages by a third party will not be included in the evaluation.

Class	Evaluation Period
1 – 4	10 Yrs.
5 – 9	7 Yrs.
10 – 15	5 Yrs.

The claims free physician will receive a 3% credit for compliance with the minimum Claims Free Period and will earn an additional 1% credit for each continuous claims free year thereafter up to 15% in total. However, if the physician has been continuously insured by the Company for 10 or more years, the maximum allowable Claims Free Credit that can be earned will be increased to 20%.

Credits will be applied or removed at policy inception or renewal only. Inclusion of claims history with prior carriers is subject to presentation of information acceptable to the Company. The determination of claims to be included and payment or reserve amounts to be considered will be based upon information available at the time the policy is rated, typically 60 days prior to effective date.

Notwithstanding any other provisions of this section, no insured with 3 or more claims will be eligible for a claims free credit without management approval.

Dentists will be treated as "Class 1" for determination of their Evaluation Period and will be eligible for a maximum Claims Free Credit of 15%, in accordance with the earning schedule above. However, the Claims Free Dentist must have no incurred losses or ALAE (payments or reserves) during the Evaluation Period. Notwithstanding any other provisions of this section, no dentist with 2 or more reported claims will be eligible for a claims free credit without management approval.

V. LEGAL DEFENSE COVERAGE

The Company offers the Professional Legal Defense Extended Coverage to insured physicians and dentists at no charge.

Limits of Liability will be offered as follows:

<u># of insureds</u>	<u>“Each Covered Investigation”</u>	<u>“Each Policy Period”</u>
1 - 5	\$25,000	\$25,000 X (# of insureds)
6 - 10	\$25,000	\$125,000
11 - 20	\$25,000	\$175,000
21 +	\$25,000	\$225,000

The limit of liability for “covered audits” will be \$5,000 per covered insured with a deductible of \$1,000 per audit per insured.

SECTION 6

**PHYSICIAN EXTENDER, PARAMEDICAL AND
ALLIED HEALTH PROFESSIONAL LIABILITY RATING**

I. PHYSICIAN EXTENDER, PARAMEDICAL, ALLIED HEALTH EMPLOYEE PROFESSIONAL LIABILITY

Professional employees (other than cytotechnologists, dentists, emergency medical technicians, certified registered nurse anesthetists, nurse midwives, nurse practitioners, optometrists, perfusionists, physicians, physicians’ assistants, psychologists, surgeons or surgeons’ assistants) are automatically included, at no additional charge, as additional insureds under policies issued to their employers. The limits of liability are on a shared basis with the employer.

The following paramedical employees may be individually covered by the Company by payment of an additional premium or covered elsewhere through a program deemed acceptable to the Company with minimum limits of liability equal to or greater than those of the insured employer. Coverage is available on a shared-limits basis or with separate individual limits. To determine the additional premium for the coverage selected, apply the appropriate factor from the premium assigned to Physician Class Codes 80420, 80151, 80153, 80266 or 80114, as specified, for the applicable claims-made year and limits of liability:

(Paramedical employees written on a shared-limits basis will be charged a fourth year claims-made premium regardless of retroactive date and the shared-limits factors stated above will always be applied to a fourth year claims-made premium.)

Employee	(Factors based on 80420)		
	Shared Limits Factor	Separate Limits Factor	Non-insured Vicarious Liability Factor
Physician’s Assistant (PA)	0.132	0.400	0.120
Surgeon’s Assistant (SA)	0.132	0.400	0.120
Certified Nurse Practitioner (CNP)	0.132	0.400	0.120
Psychologist	0.040	0.111	0.033
Emergency Medical Technician (EMT)	0.004	0.010	0.003
Perfusionist	0.165	0.496	0.148

Employee	(Factors based on 80151)		
	Shared Limits Factor	Separate Limits Factor	Non-insured Vicarious Liability Factor
Certified Nurse Anesthetist (CRNA) – not part of an insured group	N/A	0.350	0.105
CRNA employed by an insured group - separate limits basis	N/A	0.250	0.075
CRNA employed by an insured group – shared limits basis with ratio of CRNAs to anesthesiologists between 2:1 and 4:1	0.150	N/A	N/A
CRNA employed by an insured group – shared limits basis with ratio of CRNAs to anesthesiologists no more than 2:1	0.075	N/A	N/A

For CRNAs employed by an insured performing pain management procedures, use the above factor to the 80475(C) ISO code and applicable rate class.

(If the ratio of employed CRNA's to Anesthesiologists exceeds 4-to-1, the Company may decline to insure the risk, or apply an additional premium, at its sole discretion.)

Employee	(Factors based on 80153)		
	Shared Limits Factor	Separate Limits Factor	Non-insured Vicarious Liability Factor
Certified Nurse Midwife (CNM)	0.116	0.350	0.105

Employee	(Factors based on 80266)		
	Shared Limits Factor	Separate Limits Factor	Non-insured Vicarious Liability Factor
Cytotechnologist	0.100	N/A	N/A

Employee	(Factors based on 80114)		
	Shared Limits Factor	Separate Limits Factor	Non-insured Vicarious Liability Factor
Optometrist	0.025	0.050	0.015

NOTE: When the limits of liability apply on a shared basis with the physicians of the group, the premium charge for the excess limits for the paramedical employees will be calculated at the level that the majority of physicians carry.

II. ALLIED HEALTH PROFESSIONAL EMPLOYEES

Certain Allied Health professionals are eligible for separate insurance by the Company at individual limits of liability. The premium charge will be determined by applying the factors below to the appropriate rate for Physician Class Code 80420 in the applicable rating territory.

STEP-RATING FACTORS

First Year	50% of mature premium
Second Year	80% of mature premium
Third Year	100% of mature premium

Mature premiums under \$500 are not eligible for the step-rating factors.

SPECIALTY	CLASS CODE	\$1M/\$3M
		(Factors based on 80420)
Audiologist	80760	0.018
Cardiac Technician	80751	0.025
Casting Technician	80752	0.020
Certified Nurse Practitioner	80964	0.400
Clinical Nurse Specialist	80964	0.400
Counselor	80712	0.045
Dietitian	89761	0.018
EKG Technician	80763	0.018
Medical Assistant	80762	0.018
Medical Lab Technician	80711	0.018
Nurse	80998	0.018
Nurse - Student	82998	0.005
Nurse, RN Perform X-Ray Therapy	80714	0.018
Occupation Therapist	80750	0.025
O.R. Technician	80758	0.125
Ophthalmic Assistant	80755	0.018
Orthopedic Technician	80756	0.020
Perfusionist	80764	0.500
Pharmacist	59112	0.025
Phlebotomist	80753	0.018
Physical Therapist (Emp)	80945	0.025
Physical Therapist (Ind)	80946	0.090
Physical Therapy Aide	80995	0.018
Physiotherapist	80938	0.018
Psychologist	80912	0.111
Pump Technician	88888	0.020
Respiratory Therapist	80601	0.122
Social Worker	80911	0.045
Sonographer	80754	0.018
X-Ray/Radiologic Technician	80713	0.018
X-Ray Therapy Technician	80716	0.025

(Factors based on 80211)

Dental Assistant	80207	0.100
Dental Hygienist	80208	0.100

(Factors based on 80114)

Optometrist (Optical)	80944	0.032
Optometrist (Employee*)	80944	**See note below
Optometrist (Independent**)	80944	**See note below

*25% of an Ophthalmologists base premium. (If administering topical ocular pharmaceutical agents.)

**75% of an Ophthalmologists base premium. (If administering topical ocular pharmaceutical agents.)

At the discretion of the underwriter, additional insured status may be granted to the non-insured allied health entity for a 10% additional charge. The entity will share in the limits of liability of the insured allied health provider but only for the activities of such provider.

Reporting Endorsements:

Reporting Endorsements are available to Allied Health Professionals insured under separate policies by application of the factors below.

<u>Prior Year Claims-Made</u>	<u>Factors</u>
1	1.00
2	1.25
3+	1.50

SECTION 7

DENTAL PROFESSIONAL LIABILITY

DENTAL SPECIALTY CODES & CLASSIFICATIONS

DENTISTS - CLASS 1A

- 80213 Applies to dentists who perform dentistry on patients who have been treated with local anesthesia or by inhalation sedation and does not apply to treatment involving any general anesthesia or intravenous or intramuscular agent unless performed in a hospital. **This class does not apply to dentists performing extractions, root canals or other oral surgery or endodontic procedures.** This class does not apply to oral surgeons.

DENTISTS - CLASS 1

- 80211 Applies to dentists who perform dentistry on patients who have been treated with local anesthesia or by inhalation sedation and does not apply to treatment involving any general anesthesia or intravenous or intramuscular agent unless performed in a hospital. This class does not apply to dentists performing the initial placement of dental implants. This class does not apply to oral surgeons.
- 80214 Applies to orthodontists and endodontists who perform dentistry on patients who have been treated with local anesthesia or by inhalation sedation and does not apply to treatment involving any general anesthesia or intravenous or intramuscular agent unless performed in a hospital. This class does not apply to dentists performing the initial placement of dental implants. This class does not apply to oral surgeons.
- 80215 Applies to periodontists who perform dentistry on patients who have been treated with local anesthesia or by inhalation sedation and does not apply to treatment involving any general anesthesia or intravenous or intramuscular agent unless performed in a hospital. This class does not apply to dentists performing the initial placement of dental implants. This class does not apply to oral surgeons.

DENTISTS - CLASS 2

- 80211.1 Applies to dentists, endodontists and periodontists as defined for Class 1 but, in addition, permits the initial placement of dental implants. This classification also permits dentistry on patients who have been treated by intravenous or intramuscular sedation in the office, but only if the sedation is administered by a Dental or Medical Anesthetist. If intravenous or intramuscular sedation is performed in a hospital only, Class 1 will apply. This class does not apply to oral surgeons.

DENTISTS - CLASS 3

- 80209 Applies to dentists as defined for Classes 1 or 2 but, in addition, permits dentistry on patients who have been treated by intravenous or intramuscular sedation in the office, administered by the dentist or a CRNA. If intravenous or intramuscular sedation is performed in a hospital only, Class 1 or 2 will apply, as appropriate. This class does not apply to oral surgeons.

ORAL SURGERY - CLASS 4

- 80210 Includes all oral surgeons and also applies to dentists as defined in Classes 1A through 3 who additionally perform dentistry on patients who are being treated with general anesthesia in the office.

PARADENTAL EMPLOYEE COVERAGE

Coverage on a shared limits basis is automatically provided for professional employees of the Policyholder or an insured under the policy with no additional charge (e.g., dental assistants, dental hygienists and lab technicians).

While a dental insured's insured paradental employees are automatically covered under the policy, a premium charge for Certified Registered Nurse Anesthetists (CRNAs) will be made as indicated in Section 6, I – Employed Certified Registered Nurse Anesthetist.

SECTION 8

STATE RATES AND EXCEPTIONS – DENTISTS

I. RATES

A. Dental Rating Classes – Arkansas

The following indicates the specialty classification codes applicable to the rating classes on the following pages:

1A	80213
1	80211 80214 80215
2	80211.1
3	80209
4	80210

B. Dentists Professional Liability Rates

1. Claims-Made Rates by Year

Class Code	\$1,000,000 / \$3,000,000				
	1	2	3	4	5+
1A	567	929	1,190	1,363	1,512
1	639	1,065	1,371	1,569	1,736
2	735	1,246	1,614	1,842	2,035
3	1,500	2,693	3,550	4,030	4,426
4	2,648	4,863	6,456	7,312	8,013

2. Reporting Endorsement Rates by Year

Class Code	\$1,000,000 / \$3,000,000				
	1	2	3	4	5+
1A	1,164	1,693	1,950	2,087	2,117
1	1,337	1,944	2,239	2,396	2,430
2	1,567	2,279	2,625	2,808	2,849
3	3,408	4,957	5,710	6,108	6,196
4	6,170	8,975	10,337	11,058	11,218

C. Excess Limits Premium Factors

Excess limits premium shall be derived by applying the appropriate factor below to the appropriate primary rate. Excess limits are only offered above underlying limits of \$1,000,000.

\$1M/\$3M Primary

EXCESS LIMITS	Dentists/ Oral Surgeons
\$1M	0.0480
\$2M	0.0960
\$3M	0.1450
\$4M	0.1935
\$5M	0.2225

These factors are based upon negotiated reinsurance agreements. Deviation from these factors up to 25% based upon negotiated agreements with reinsurers and/or underwriting judgment may apply.

II. EXCEPTIONS

A. Policy Issuance

1. The Arkansas State Amendatory Endorsement must be attached to the policy at the time of issuance.
2. Item III, Premium Payments, is hereby added to Section 1, Introduction, as follows:

III. PREMIUM PAYMENTS

1. Annual Payment Plan – The premium must be paid in full prior to the inception date of the policy. A discount for this payment option is available (see Section 4, Discounts, Item VIII, below.)
2. Semi-Annual Payment Plan – 60% of the premium must be paid prior to the policy inception date and one installment of 40% is due six months after inception.
3. Quarterly Payment Plan – 35% of the premium must be paid prior to the policy inception date, with second and third quarterly payments of 25% each and a final quarterly payment of 15%.

No finance charges or fees apply to these payment plans. The option to pay premium on other than the Annual Payment Plan may be withdrawn by the Company if the insured has failed to make premium payments when due.

B. Rules

1. Item VIII, Annual Premium Payment Discount, is hereby added to Section 4, Professional Liability Discounts, as follows:

VIII. ANNUAL PREMIUM PAYMENT DISCOUNT

A discount of 1.5% of the policy premium will be applied if the insured pays the premium in full prior to the inception date of the policy. This discount is not available if the initial policy term is less than six months. If the full premium is not received by the Company by the policy effective date, the discount will be withdrawn, the policy will be rated without the discount and the insured will be billed for the additional premium.

SECTION 9

STATE RATES AND EXCEPTIONS

I. RATES

A. Rating Classes - Arkansas

The following indicates the classification codes that are applicable to the rating classes on the following pages:

<u>Rating Class</u>	<u>Industry Class Codes</u>					
1	80102(A)	80178	80240	80254	80256(A)	80263
2	80231	80235	80249			
	80233	80236	80256(B)			
3	80102(B)	80245	80260	80268	80473	
	80145(A)	80252	80265	80289	80474	
	80179	80255	80266	80420	80477(A)	
	80241	80257	80267	80431	80620	
	80244					
4	80114	80253	80277	80421(A)		
	80145(B)	80269	80287			
5	80151	80281(A)	80286	80294	80477(B)	
	80261	80282	80288	80421(B)	80621	
	80274	80283	80291	80424		
	80278	80284	80293	80425		
6	80145(C)	80280	80281(B)	80360	80421(C)	
7	80159	80475(A)				
8	80102(C)	80115	80117(A)	80167	80472	
9	80117(B)	80155	80169			
10	80117(C)	80143	80154(A)	80156		
11	80146	80154(B)	80475(B)			
12	80144	80150	80171			
13	80153	80475(C)	80476			
14	Not used at this time.					
15	80152	80475(D)				

B. Physicians and Surgeons Professional Liability Rates

1. Claims-Made Rates by Year

State of Arkansas

\$1Million/\$3Million

Class Code	1	2	3	4	5+
1	2,490	3,693	4,786	5,004	5,223
2	3,310	5,114	6,753	7,081	7,409
3	4,130	6,535	8,721	9,158	9,595
4	4,950	7,956	10,689	11,235	11,782
5	5,769	9,377	12,656	13,312	13,968
6	6,753	11,082	15,017	15,804	16,591
7	7,409	12,219	16,591	17,466	18,340
8	9,049	15,061	20,527	21,620	22,713
9	10,689	17,903	24,462	25,774	27,085
10	12,328	20,745	28,397	29,928	31,458
11	13,968	23,587	32,333	34,082	35,831
12	15,608	26,430	36,268	38,235	40,203
13	17,247	29,272	40,203	42,389	44,576
14	20,527	34,956	48,074	50,697	53,321
15	23,806	40,640	55,944	59,005	62,066

2. Reporting Endorsement Rates by Year

State of Arkansas

\$1Million/\$3Million

Class Code	1	2	3	4	5+
1	3,787	6,137	7,182	7,965	8,487
2	5,372	8,706	10,187	11,299	12,040
3	6,956	11,274	13,193	14,632	15,592
4	8,542	13,844	16,200	17,968	19,146
5	10,127	16,412	19,206	21,301	22,698
6	12,028	19,494	22,813	25,301	26,960
7	13,297	21,550	25,218	27,969	29,803
8	16,467	26,688	31,230	34,637	36,909
9	19,637	31,825	37,242	41,305	44,013
10	22,807	36,963	43,255	47,973	51,119
11	25,977	42,101	49,268	54,642	58,225
12	29,147	47,239	55,279	61,310	65,330
13	32,318	52,377	61,292	67,978	72,436
14	38,658	62,652	73,316	81,315	86,647
15	44,998	72,928	85,341	94,651	100,857

D. Excess Limits Premium Factors

Excess limits premium shall be derived by applying the appropriate factor below to the appropriate primary rate. Excess limits are only offered above underlying limits of \$1,000,000.

1. Zone 3 - Claims Made Policies

Factors for limits above:

EXCESS LIMITS	\$1M/\$3M Primary	
	Classes 1 - 7	Classes 8 - 15
\$1M	0.1373	0.1760
\$2M	0.2197	0.2805
\$3M	0.2692	0.3432
\$4M	0.3076	0.3872
\$5M	0.3421	0.4268

These factors are based upon negotiated reinsurance agreements. Deviation from these factors up to 25% based upon negotiated agreements with reinsurers and/or underwriting judgment may apply.

E. Replacement Coverage Factors for Insurance of Unreported Claims on Previously-Issued Reporting Endorsements or Occurrence Coverage

Apply the appropriate factor from the tables below to the insured's mature rate for 1M/3M limits.

1. Factors for Indefinite Reporting Endorsement

a) All Specialties other than OB/GYN, Pediatrics or Anesthesiology

Prior Occurrence Coverage Expiration Date or Prior Tail Issue Date	C-M Maturity or Years of Occurrence Coverage Year at Time of Prior Tail Issuance					
	1st Year	2nd Year	3rd Year	4th Year	5th Year	6th Year+
Up to 1 yr. ago	0.840	1.380	1.680	1.860	1.980	2.040
1+ to 2 yrs. ago	0.540	0.840	1.020	1.140	1.200	1.200
2+ to 3 yrs. ago	0.300	0.480	0.600	0.660	0.660	0.660
3+ to 4 yrs. ago	0.180	0.300	0.360	0.360	0.360	0.360
4+ to 5 yrs. ago	0.120	0.180	0.180	0.180	0.180	0.180
5+ to 6 yrs. ago	0.060	0.060	0.060	0.060	0.060	0.060
More than 6 yrs. ago	0.000	0.000	0.000	0.000	0.000	0.000

Minimum factor to apply: .07.

b) Anesthesiologist Specialty

Prior Occurrence Coverage Expiration Date or Prior Tail Issue Date	C-M Maturity or Years of Occurrence Coverage Year at Time of Prior Tail Issuance					
	1st Year	2nd Year	3rd Year	4th Year	5th Year	6th Year+
Up to 1 yr. ago	0.600	0.900	1.080	1.140	1.164	1.176
1+ to 2 yrs. ago	0.300	0.480	0.540	0.564	0.576	0.576
2+ to 3 yrs. ago	0.180	0.240	0.264	0.276	0.276	0.276
3+ to 4 yrs. ago	0.060	0.084	0.096	0.096	0.096	0.096
4+ to 5 yrs. ago	0.024	0.036	0.036	0.036	0.036	0.036
5+ to 6 yrs. ago	0.012	0.012	0.012	0.012	0.012	0.012
More than 6 yrs. ago	0.000	0.000	0.000	0.000	0.000	0.000

Minimum factor to apply: .07.

c) OB/GYN and Pediatric Specialties

Prior Occurrence Coverage Expiration Date or Prior Tail Issue Date	C-M Maturity or Years of Occurrence Coverage Year at Time of Prior Tail Issuance					
	1st Year	2nd Year	3rd Year	4th Year	5th Year	6th Year
	Up to 1 yr. ago	0.720	1.260	1.620	1.800	1.920
1+ to 2 yrs. ago	0.540	0.900	1.080	1.200	1.296	1.368
2+ to 3 yrs. ago	0.360	0.540	0.660	0.756	0.828	0.876
3+ to 4 yrs. ago	0.180	0.300	0.396	0.468	0.516	0.552
4+ to 5 yrs. ago	0.120	0.216	0.288	0.336	0.372	0.396
5+ to 6 yrs. ago	0.096	0.168	0.216	0.252	0.276	0.288
6+ to 7 yrs. ago	0.072	0.120	0.156	0.180	0.192	0.192
7+ to 8 yrs. ago	0.048	0.084	0.108	0.120	0.120	0.120
8+ to 9 yrs. ago	0.036	0.060	0.072	0.072	0.072	0.072
9+ to 10 yrs. ago	0.024	0.036	0.036	0.036	0.036	0.036
10+ to 11 yrs. ago	0.012	0.012	0.012	0.012	0.012	0.012
More than 11 yrs. ago	0.000	0.000	0.000	0.000	0.000	0.000

	7th Year	8th Year	9th Year	10th Year	11th Year+
Up to 1 yr. ago	2.088	2.136	2.172	2.196	2.208
1+ to 2 yrs. ago	1.416	1.452	1.476	1.488	1.488
2+ to 3 yrs. ago	0.912	0.936	0.948	0.948	0.948
3+ to 4 yrs. ago	0.576	0.588	0.588	0.588	0.588
4+ to 5 yrs. ago	0.408	0.408	0.408	0.408	0.408
5+ to 6 yrs. ago	0.288	0.288	0.288	0.288	0.288
6+ to 7 yrs. ago	0.192	0.192	0.192	0.192	0.192
7+ to 8 yrs. ago	0.120	0.120	0.120	0.120	0.120
8+ to 9 yrs. ago	0.072	0.072	0.072	0.072	0.072
9+ to 10 yrs. ago	0.036	0.036	0.036	0.036	0.036
10+ to 11 yrs. ago	0.012	0.012	0.012	0.012	0.012
More than 11 yrs. ago	0.000	0.000	0.000	0.000	0.000

Minimum factor to apply: .07.

2. Factors for Annually Renewed Prior Occurrence and Tail Replacement Coverage

This option is intended to allow the policyholder the choice of a shorter reporting period at a lesser premium than charged for the indefinite period and an effectively longer payment plan than otherwise offered. It is not intended to allow the Company the option to refuse to extend the reporting period at any given year. If the insured elects to renew a sufficient number of times (seven for OB/GYN and Pediatrics and four for all other specialties), this coverage will convert from an annually renewing reporting period to an indefinite reporting period.

a) All Specialties other than OB/GYN, Pediatrics or Anesthesiology

Occurrence Coverage End Date or Tail Issue Date	C-M Maturity or Years of Occurrence Coverage Year at Time of Prior Tail Issuance					
	1st Year	2nd Year	3rd Year	4th Year	5th Year	6th Year+
	Up to 1 yr. ago	0.275	0.495	0.605	0.660	0.715
1+ to 2 yrs. ago	0.220	0.330	0.385	0.440	0.495	0.495
2+ to 3 yrs. ago	0.110	0.165	0.220	0.275	0.275	0.275
3+ to 4 yrs. ago	0.055	0.110	0.165	0.165	0.165	0.165
4+ to 5 yrs. ago	0.055	0.110	0.110	0.110	0.110	0.110
5+ to 6 yrs. ago	0.055	0.055	0.055	0.055	0.055	0.055
More than 6 yrs. ago	0.000	0.000	0.000	0.000	0.000	0.000

Minimum factor to apply: .07.

b) Anesthesiologist Specialty

Occurrence Coverage End Date or Tail Issue Date	C-M Maturity or Years of Occurrence Coverage Year at Time of Prior Tail Issuance					
	1st Year	2nd Year	3rd Year	4th Year	5th Year	6th Year+
	Up to 1 yr. ago	0.275	0.385	0.495	0.528	0.539
1+ to 2 yrs. ago	0.110	0.220	0.253	0.264	0.275	0.275
2+ to 3 yrs. ago	0.110	0.143	0.154	0.165	0.165	0.165
3+ to 4 yrs. ago	0.033	0.044	0.055	0.055	0.055	0.055
4+ to 5 yrs. ago	0.011	0.022	0.022	0.022	0.022	0.022
5+ to 6 yrs. ago	0.011	0.011	0.011	0.011	0.011	0.011
More than 6 yrs. ago	0.000	0.000	0.000	0.000	0.000	0.000

Minimum factor to apply: .07.

c) OB/GYN and Pediatric Specialties

Occurrence Coverage End Date or Tail Issue Date	C-M Maturity or Years of Occurrence Coverage Year at Time of Prior Tail Issuance					
	1st Year	2nd Year	3rd Year	4th Year	5th Year	6th Year
	Up to 1 yr. ago	0.165	0.330	0.495	0.550	0.572
1+ to 2 yrs. ago	0.165	0.330	0.385	0.407	0.429	0.451
2+ to 3 yrs. ago	0.165	0.220	0.242	0.264	0.286	0.297
3+ to 4 yrs. ago	0.055	0.077	0.099	0.121	0.132	0.143
4+ to 5 yrs. ago	0.022	0.044	0.066	0.077	0.088	0.099
5+ to 6 yrs. ago	0.022	0.044	0.055	0.066	0.077	0.088
6+ to 7 yrs. ago	0.022	0.033	0.044	0.055	0.066	0.066
7+ to 8 yrs. ago	0.011	0.022	0.033	0.044	0.044	0.044
8+ to 9 yrs. ago	0.011	0.022	0.033	0.033	0.033	0.033
9+ to 10 yrs. ago	0.011	0.022	0.022	0.022	0.022	0.022
10+ to 11 yrs. ago	0.011	0.011	0.011	0.011	0.011	0.011
More than 11 yrs. ago	0.000	0.000	0.000	0.000	0.000	0.000

	7th Year	8th Year	9th Year	10th Year	11th Year+
Up to 1 yr. ago	0.616	0.627	0.638	0.649	0.660
1+ to 2 yrs. ago	0.462	0.473	0.484	0.495	0.495
2+ to 3 yrs. ago	0.308	0.319	0.330	0.330	0.330
3+ to 4 yrs. ago	0.154	0.165	0.165	0.165	0.165
4+ to 5 yrs. ago	0.110	0.110	0.110	0.110	0.110
5+ to 6 yrs. ago	0.088	0.088	0.088	0.088	0.088
6+ to 7 yrs. ago	0.066	0.066	0.066	0.066	0.066
7+ to 8 yrs. ago	0.044	0.044	0.044	0.044	0.044
8+ to 9 yrs. ago	0.033	0.033	0.033	0.033	0.033
9+ to 10 yrs. ago	0.022	0.022	0.022	0.022	0.022
10+ to 11 yrs. ago	0.011	0.011	0.011	0.011	0.011
More than 11 yrs. ago	0.000	0.000	0.000	0.000	0.000

Minimum factor to apply: .07.

3. Group Discount Factor

After calculating each insured's preliminary rate for the Replacement Coverage, apply the factor from the table below which corresponds to the number of insureds in the group for whom the coverage is purchased.

	# of Physicians	Discount Factor
	1	1.000
	2-3	0.970
	4-6	0.950
	7-10	0.925
	11-20	0.900
	Over 20	0.850

II. STATE EXCEPTIONIONS

A. Policy Issuance

1. Item III, Premium Payments, is hereby added to Section 1, Introduction, as follows:

III. PREMIUM PAYMENTS

1. Annual Payment Plan – The premium must be paid in full prior to the inception date of the policy. A discount for this payment option is available (see Section 4, Discounts, Item VIII, below.)
2. Semi-Annual Payment Plan – 60% of the premium must be paid prior to the policy inception date and one installment of 40% is due six months after inception.
3. Quarterly Payment Plan – 35% of the premium must be paid prior to the policy inception date, with second and third quarterly payments of 25% each and a final quarterly payment of 15%.

No finance charges or fees apply to these payment plans. The option to pay premium on other than the Annual Payment Plan may be withdrawn by the Company if the insured has failed to make premium payments when due.

B. Rules

1. Part A, Item II, Fellows, Residents and Interns, of Section 3, Classification and/or Rating Modifications and Procedures Rates, is replaced with the following:

- A. Coverage may be written for fellows, residents and interns practicing within the scope of their training in the teaching environment. The rate shall be computed as follows:

Classification	Rate
Interns	25% of the appropriate specialty classification rate
Residents (1 st - 3 rd years)	50% of the appropriate specialty classification rate
Residents (4 th & 5 th years) and Fellows	75% of the appropriate specialty classification rate

2. Item VIII, Annual Premium Payment Discount, is hereby added to Section 4, Professional Liability Discounts, as follows:

VIII. ANNUAL PREMIUM PAYMENT DISCOUNT

A discount of 1.5% of the policy premium will be applied if the insured pays the premium in full prior to the inception date of the policy. This discount is not available if the initial policy term is less than six months. If the full premium is not received by the Company by the policy effective date, the discount will be withdrawn, the policy will be rated without the discount and the insured will be billed for the additional premium.

III. STATE REQUIREMENTS

A. Policy Issuance

1. The Arkansas State Amendatory Endorsement must be attached to the policy at the time of issuance.

B. Rules

1. Sub-Item B. of Item I., Rates and Premium Calculations, of Section 1, Introduction, is hereby deleted.
2. Section 1, Introduction, Item I., Rates and Premium Calculations, is amended by adding the following to Sub-Item C:

Consent to Rate policies will be filed with the Arkansas Department of Insurance after policy issuance.

3. Discounts for Fellows, Residents and Interns have been quantified by category and placed in the grid published in the State Exceptions section.
4. Item X., Rate Change Amelioration, of Section 3 is hereby deleted.
5. Item V, Scheduled Rating Program, of Section 4, Professional Liability Discounts, is hereby amended by adding the following:

In addition, for any practice in which the number of physicians is 25 or more and/or for which the amount of undiscounted annual premium exceeds \$300,000, the maximum credit will be increased to 50%.



PROASSURANCE INDEMNITY COMPANY, INC.

HEALTH CARE PROFESSIONALS

UNDERWRITING RULES AND RATES

ARKANSAS MANUAL

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SECTION 1

INTRODUCTION

INTRODUCTION

This manual contains the classifications and rates governing the underwriting of Physicians, Surgeons, Dentists and Allied Health Professionals' Professional Liability Insurance by ~~The Medical Assurance~~ ProAssurance Indemnity Company, Inc., hereinafter referred to as "the Company."

I. RATES AND PREMIUM CALCULATIONS

- A. Rates apply on a per incident and annual aggregate basis. The rates for the premium classifications selected by the Company or any special situations not delineated herein are those described in the Professional Liability State Rates and Exceptions Section of this manual, with a minimum premium being \$500 (not applicable to paramedicals). If an individual's practice involves two or more rating territories or rating classifications, the highest rating territory or classification applies. Endorsements adding risks/exposures mid-term will be rated in accordance with the Rates and Rules in effect as of the endorsement effective date. Subject to Section 3., VIII, (Rate Adjustments for Changes in Exposure) of this manual, Reporting Endorsements will be rated in accordance with the Rates and Rules in effect as of the endorsement effective date. Subject to Section 3, VIII, (Rate Adjustments for Changes in Exposure) of this manual, endorsements effecting changes on risks/exposures currently insured will be rated using the Rules (e.g., rating classification, limits of liability and rating territory) in effect on the date of the change combined with the rates in effect on the later date of either i) the policy term effective date or ii) risk effective date.
- B. Refer to the Company for: Agents should refer to the Company any risk meeting one of the following criteria: a) Any risk or exposure for which there is no manual rate or applicable classification, or b) Risks developing annualized premium of \$100,000 or more for basic limits for individual (a) rating.
- C. Non-Standard Risks: Individuals rejected for standard coverage by the Company may be individually considered for coverage at an additional premium charge or other applicable coverage conditions and limitations on an individually agreed, consent-to-rate basis.
- D. Whole Dollar Premium Rule: The premiums appearing in the State Rates and Exceptions Section of this manual have been rounded to the nearest whole dollar. This procedure shall also apply to all interim premium adjustments, including endorsements or cancellations. A premium involving \$.50 or over, shall be rounded to the next higher whole dollar.

II. CANCELLATIONS

Cancellations shall be made only within the parameters established by the State of policy issuance as framed in the Cancellation provisions of the policy including any State-specific endorsement thereto.

- A. By the Company: The earned premium shall be determined on a "pro rata" basis.
- B. By the Insured: The earned premium shall be determined on a "short rate" basis if the entire policy is cancelled. Pro-rata calculation shall be used if a portion of the coverages or risks are cancelled but other portions of the policy remains in force. "Short rate" calculation means that total earned premium shall equal actual earned premium as of the date of cancellation plus a short rate penalty equal to ten percent (10%) of unearned premium for the remainder of the policy period.
- C. Removal from the State: Subject to state provisions, the policy may be canceled by the Company after the insured no longer maintains at least 75% of his medical practice within the state of issuance, regardless of whether notice has been given by the insured.

SECTION 2

**PHYSICIANS & SURGEONS SPECIALTY CODES
AND DESCRIPTIONS**

PHYSICIANS' & SURGEONS' SPECIALTY CLASSIFICATIONS & CODES

Column Heading Definitions

No Surgery: General practitioners and specialists who do not perform surgery or assist in surgery. Incision of boils and superficial abscesses and suturing of skin and superficial fascia are not considered surgery.

Minor Surgery: General practitioners and specialists who perform minor surgery or invasive procedures for diagnostic purposes, or who assist in major surgery on their own patients.

Major Surgery: General practitioners and specialists who perform major surgery on their own patients, or who assist in major surgery on patients of others.

<u>Specialty</u>	Industry Class Code		
	<u>No Surgery</u>	<u>Minor Surgery</u>	<u>All Other Surgery</u>
Administrative Medicine	80178	-	-
Allergy	80254		
Anesthesiology	-	-	80151
Bariatrics			80476
Cardiovascular Disease	80255	80281(A) 80281(B)-specific procedures	80150
Colon & Rectal			80115
Dermatopathology		80474	
Dermatology	80256(A)	80282	80472
Dermatology This classification applies to any dermatologist who performs the following procedures: a) excision of skin lesions with graft or flap repair; b) collagen injections.	80256(B)		-
Emergency Medicine This classification applies to any general practitioner or specialist primarily engaged in emergency practice at a clinic, hospital or rescue facility.		80102(C)	-
Emergency Medicine - Moonlighting (Refer to Classification and/or Rating Modifications & Procedures Section)	80102(A)	80102(B)	-
Family Practitioner or General Practitioner - Limited Obstetrics	-	-	80117(B)
Family Practitioner or General Practitioner - Significant Obstetrics	-	-	80117(C)

PHYSICIANS' & SURGEONS' SPECIALTY CLASSIFICATIONS & CODES

<u>Specialty</u>	<u>Industry Class Code</u>		
	<u>No Surgery</u>	<u>Minor Surgery</u>	<u>All Other Surgery</u>
Family Practitioner or General Practitioner - No Obstetrics	80420	80421(A)* 80421(B)* 80421(C)*	80117(A)
Forensic/Legal Medicine	80240	-	-
Gastroenterology	80241	80274	
General – N.O.C. This classification does not apply to any family or general practitioners or specialists who occasionally perform surgery.			80143
General Preventive Medicine	80231	-	-
Gynecology	80244	80277	80167
Hand			80169
Hematology	80245	80278	-
Hospitalist		80222(A) 80222(B)	
Intensive Care Medicine		80283	-
Internal Medicine	80257	80284	-
Nephrology	80260	80287	
Neurology	80261	80288	80152
Obstetrics/Gynecology			80153
Occupational Medicine	80233	-	-
Oncology	80473	80286	-
Ophthalmology	80263	80289	80114
Orthopedic – No Spinal Surgery			80154(A)
Orthopedic – Including Spinal Surgery			80154(B)
Otorhinolaryngology	80265	80291	80159
Otorhinolaryngology – Including Plastic			80155

*refer to Classification and/or Rating Modifications & Procedures Section for further definition

PHYSICIANS' & SURGEONS' SPECIALTY CLASSIFICATIONS & CODES

Industry Class Code

<u>Specialty</u>	<u>No Surgery</u>	<u>Minor Surgery</u>	<u>All Other Surgery</u>
Pain Management	80475(A)		80475(B)-basic procedures 80475(C)-intermediate procedures 80475(D)-advanced procedures
Pathology	80266		-
Pediatrics	80267	80293**	-
Physical Medicine & Rehabilitation	80235	-	-
Physicians - N.O.C.	80268	80294	-
Plastic			80156
Podiatrist	80620		80621
Psychiatry	80249	-	-
Psychiatry Including Shock Therapy	80431	-	-
Public Health	80236	-	-
Pulmonary Diseases	80269	***	-
Radiology - Diagnostic	80253	80280	-
Radiology - Including Radiation Therapy	-	80425	-
Radiology - Interventional	-	80360	-
Rheumatology	80252	-	-
Semi-Retired Physicians (Refer to Classification and/or Rating Modifications and Procedures Section.)	80179	-	-
<u>Surgical Consultation – Office Only</u>	<u>80477(A)</u>	<u>80477(B)</u>	<u>-</u>
Thoracic	-	-	80144
Traumatic	-	-	80171
Urgent Care Physician (Non-ER, no surgery)	80424	-	-
Urology	80145(A)	80145(B)	80145(C)
Vascular	-	-	80146

**For rating purposes, include Neonatology in this risk class

***See Internal Medicine – Minor Surgery.

SECTION 3

CLASSIFICATION AND/OR RATING MODIFICATIONS AND PROCEDURES

CLASSIFICATION AND/OR RATING MODIFICATIONS AND PROCEDURES

I. "MOONLIGHTING" PHYSICIANS

Physicians and surgeons who perform covered "moonlighting" activities of 20 hours or less per week may be eligible to be insured at 50% of the rate applicable to the specialty in which the physician or surgeon is "moonlighting."

Covered "moonlighting" activities include:

- A. Physicians and surgeons in active, full-time military service requesting coverage for outside activities.
- B. Full-time Federal Government employed physicians and surgeons (such as V.A. Hospital employees) requesting coverage for outside activities.
- C. Physicians and surgeons employed full-time by the State or County Health Department requesting coverage for outside activities.
- D. Residents or fellows currently attending their training program who are requesting coverage for outside activities but only while they are enrolled in such program.

II. FELLOWS, RESIDENTS AND INTERNS

- A. Coverage may be written for fellows, residents and interns practicing within the scope of their training in the teaching environment. Clinical exposure must not exceed 30 hours per week. The rate shall generally be 50% of the appropriate specialty classification, but may vary from 25% to 75% depending upon the clinical exposure of each individual rated.
- B. If fellows, residents and interns wish to practice outside their training program 100 hours or less per month, coverage may be written at a rate equal to 50% of the appropriate specialty classification. (HOWEVER, the appropriate rate for Emergency Room Moonlighting is equal to 50% of the premium assigned to Class Code 80102(A).
- C. Residents who continue to practice in the Emergency Room (part-time or full-time) during an interruption in their training for a period of time not to exceed one year, may qualify for the premium assigned to Class Code 80102(B) if they have no other clinical activities.

III. FAMILY PRACTICE / GENERAL PRACTICE - MINOR SURGERY

Those Family Practice/General Practice Physicians who perform minor surgery procedures and/or assist in surgery on their own or other than their own patients will be classified as follows:

<u>Classification</u>	<u>Rating Criteria:</u>
80421(A)	Assist in major surgery on their own patients only (do not also perform minor surgical procedures).
80421(B)	Perform minor surgical procedures (may also assist in major surgery on their own patients).
80421(C)	Assist in major surgery on the patients of others (may also perform minor surgical procedures and/or assist in major surgery on their own patients).

IV. PART-TIME AND SEMI-RETIRED PHYSICIANS

The Part-Time Discount is available to physicians ~~and~~, surgeons only, not and dentists ~~or oral surgeons~~:

- A. who have at least 15 years of postgraduate clinical practice experience and are scaling back their practice in anticipation of retirement; or
- B. who practice less than 20 hours per week due to family needs (caring for young children and/or ill or disabled family members); or
- C. who are required to practice on a reduced basis as a result of a physical or medical condition, with the company’s approval; or
- D. who practice at least 30 hours per week at a hospital, community health center or other health care facility where medical professional liability insurance is provided by the facility. A certificate of insurance listing the Company as certificate holder must be presented annually for the credit to apply.

Insureds eligible for the New Doctor/New Dentist Discount are not eligible for the Part-Time Discount. Also, physicians employing or supervising paramedicals are not eligible for the Part-Time Discount.

This discount is intended to more accurately rate the insured who practices his specialty on a limited basis. The available discounts are:

<u>TYPE</u>	<u>Class</u>	<u>Average Weekly Practice Hours < 20 hours</u>
Physician	1 to 7	50%
Surgeon	8 to 15	35%
<u>Dentist</u>	<u>1A to 4</u>	<u>50%</u>
All other		None

* Physicians and Surgeons whose average weekly practice hours are less than 12 hours will be individually evaluated by the company.

Practice hours are defined as:

- hospital rounds,
- charting and patient planning,
- on call hours involving patient contact, whether direct or by telephone,
- consultation with other physicians, and
- patient visits/consultations.

Practice hours of physicians receiving the Part-Time Discount are subject to random audit by the Company.

V. LOCUM TENENS

Locum tenens coverage is provided at no additional charge for up to 45 days in any policy year and provides a shared limit with the insured. The locum tenens doctor must submit an application for Company approval in advance of the requested effective date of coverage.

VI. CORPORATE LIABILITY - SHARED LIMIT

No charge will be made for entities sharing in the available limits of liability of the insured physicians or dentists or other insured organizations, providing each member is insured by the Company and the risk is otherwise acceptable.

VII. FULL-TIME EQUIVALENT RATING

Rating of certain multi-physician groups may, at the Company's option, be determined on a full-time equivalent (FTE) unit basis. Under this rating method, policies may be issued to positions with individuals who may fill such positions identified rather than being issued to specific individuals. An FTE rate will be determined based upon the filed and approved rate for a given classification of physicians or surgeons but will be allocated based upon either the number of average hours of practice for a given specialty or the average number of patient contacts/visits in a 12 month period. A risk with fewer than 50,000 patient encounters each year will not qualify for full-time equivalent rating.

All FTE rated applications shall be referred to the Company.

VIII. RATE ADJUSTMENTS FOR CHANGES IN EXPOSURE -- CLAIMS-MADE, RETROACTIVE, AND REPORTING ENDORSEMENT COVERAGE

A. Claims-Made Coverage

The calculations for changes in exposure are performed by taking the difference between claims-made rates for each period of differing exposures. These calculations are appropriate for changes in practice specialty, changes in rating territory or practice in other states, changes between part-time and full-time practice, and other changes that would affect a calculated rate. Currently approved rates, classification tables and discount or surcharge factors for the appropriate state(s) are used. This method can be generalized by using the following formula to calculate a rate for the upcoming year.

1. Rate for current practice, determined using a retroactive date equal to the date that the *current* practice patterns began,
2. plus rate for prior practice, determined using a retroactive date equal to the date that the *previous* practice patterns began,
3. less rate for prior practice, determined using a retroactive date equal to the date that the *current* practice patterns began.

This method is applied in a similar manner if more than one practice change occurred during the previous four years, and the components are pro-rated if the change occurred at a date other than the policy anniversary date.

For example, if a physician had practiced obstetrics and gynecology for many years, then stopped practicing obstetrics and began to practice gynecology only, the appropriate premium for the upcoming policy period would be:

Gynecology rate for claims-made year one,
plus OB/GYN rate for claims-made year five,
less OB/GYN rate for claims-made year one.

This produces a blended rate, reflecting the remaining OB/GYN exposure that makes up the majority of the expected reported claims in the upcoming year, plus the initial gynecology exposure.

The rate for the second year of gynecology-only practice would be:

Gynecology rate for claims-made year two,
plus OB/GYN rate for claims-made year five,
less OB/GYN rate for claims-made year two.

This adjustment process continues for two more years, until the beginning of the fifth year in the new specialty. At that time, the blended rate would be:

Gynecology rate for claims-made year five,
plus OB/GYN rate for claims-made year five,
less OB/GYN rate for claims-made year five,

which is simply equal to the gynecology rate for claims-made year five.

Although this method of adjusting rates is designed to accommodate most situations, changes in medical practice often result from increasing or decreasing patient loads, additional medical training, relocation of the practice, gradual reduction in practice nearing retirement and other underwriting factors which affect the risk of loss. As a result, the Company may choose to waive the exposure change adjustment process in specific situations, thereby utilizing the current rating variables without modification. Conversely, a debit under the Scheduled Rating Plan may be applied at the underwriter's discretion, based on more than five years of practice in specialties with long claim emergence patterns, such as Pediatrics or Obstetrics.

B. Prior Acts Coverage

When prior acts coverage is provided, the same method is utilized, as if the insured had been with the Company during the prior acts period. Practice information regarding the prior acts period is obtained from the insurance application.

C. Reporting Endorsement Coverage

If reporting endorsement coverage is to be rated, the same method is utilized, substituting the reporting endorsement rates for the claims-made rates. For example, a reporting endorsement purchased at the end of the second year of gynecology practice in the obstetrics/gynecology example described above would be:

Gynecology reporting endorsement premium for claims-made year two,
plus OB/GYN reporting endorsement premium for claims-made year five,
less OB/GYN reporting endorsement premium for claims-made year two.

IX. REPORTING ENDORSEMENTS (Claims-made only)

A. Reporting Endorsement Premium Calculation

With respect to calculation of Reporting Endorsement premium, the only credits/discounts that apply are the Part-Time Discount and Deductibles credit. All debit/surcharges will apply to Reporting Endorsement premium calculations. With respect to risks or exposures written on a consent-to-rate basis, (a) rated basis or Full-Time Equivalent Rating basis at the time the Reporting Endorsement is issued, Reporting Endorsement premium will be calculated on that same basis. If the policy is terminated during the first year, pro-rate the tail premium. For terminations during the second, third or fourth claims-made policy year, blend the applicable tail factors. The Company may refuse to offer deductible options for premium credit on reporting endorsements in the case of insufficient securitization.

B. Waiver of Reporting Endorsement Premium

The premium for the reporting endorsement may be waived as provided by the contract in force or at the discretion of the Company.

X. RATE CHANGE AMELIORATION

In situations where a rate change affects a single specialty by greater than 30%, a credit up to 25% may be applied to the new premium for an affected insured to lessen the single year impact of such a significant increase if, based on the underwriter's evaluation of the quality of the risk, such consideration is warranted. The underwriter will consider training and experience, longevity with the company, practice situation and claims history when making any such recommendation. Management approval is required.

SECTION 4
PROFESSIONAL LIABILITY DISCOUNTS

PROFESSIONAL LIABILITY DISCOUNTS

I. MAXIMUM CREDIT

Maximum credit available per insured will be limited to 40% except for the following:

- Part-time exposure rating: up to 50%. Deductible credits and attendance of a ProAssurance Loss Prevention Seminar credit may be combined with the part-time credit but no other credits or discounts apply.
- New ~~doctor~~Doctor/Dentist discounts: up to 50%. Deductible credits may be combined with the New Doctor-~~discount~~Dentist Discount but no other credits or discounts apply.
- Deductibles/Self-Insured Retentions.
- Risks developing \$100,000 or more annualized premium.

II. NEW DOCTOR OR DENTIST DISCOUNT

This discount will apply only to solo practicing physicians who have never been in practice and proceed directly into practice from training, or physicians who fit within that category except for an interim period of employment not to exceed two years. Physicians who would otherwise qualify but who are joining an established group practice insured by the Company where their clinical exposure will not exceed 30 hours per week are to be submitted to the Company for rating. This discount will also apply only to dentists who proceed directly into practice from training, or dentists who fit within the category except for an interim period of employment not to exceed two years.

<u>Year of Coverage Since Training</u>	<u>Annual Premium Discount Per Policy</u>
Year 1	50%
Year 2	25%
Year 3	0%

III. RISK MANAGEMENT PREMIUM CREDITS

Insureds who participate in risk management activities approved by the Company are eligible for the following premium credits, up to a maximum of 10%.

- A. Individual Risk Management Activities: Individual insureds may receive premium credits as indicated for completion, within the 12 months prior to application, of the following activities:

<u>Activity</u>	<u>Credit</u>
1. Successful completion of an approved fee-for-Service office analysis and education program. Positive response to recommendations made may result in the application of this credit for up to three policy years. Applicable only to accounts generating \$250,000 or more in annual premium.	0% - 5%
2. a. A Company sponsored Loss Prevention or other approved risk management seminar carrying at least two CME credits (annual); and/or,	0% - 5%
b. an approved closed claim review (annual); and/or	0% - 5%

- c. successful completion of an approved risk management correspondence course carrying at least two CME credits (annual). 0% - 5%
- 3. Demonstrated regular use of an approved patient information system or program. 0% - 5%

Educational activities must qualify for Continuing Medical Education credit (where applicable) to be acceptable for risk management credits. The applicant must provide proof (Certificate) of CME credits earned at the time of application. Activities submitted for risk management credits must have been completed within twelve months prior to application.

B. In addition to the above, any physician or surgeon whose practice benefits from the risk management activities of an employed practice administrator or risk manager may receive one of the following credits:

1. If the practice employs a full-time, qualified, professional risk manager primarily engaged in risk management and loss prevention activities, each insured may receive up to a 5% credit.
2. If the practice administrator or office manager participates in a Company-sponsored Loss Prevention or other risk management seminar, each insured may receive a 2% credit. Certain requirements apply:
 - a. The seminar must be designated by the Company as eligible for practice administrator credit.
 - b. Attendance must occur within the twelve months prior to application.
 - c. At least 75% of the insureds in the practice must qualify for risk management credit as a result of individual risk management activities under the terms of Section III (A)(2), above.
 - d. The practice administrator or office manager must actively manage the practice for thirty or more hours per week. In the case of shared practice management, determination of eligibility will rest with the Company.

C. Any risk management credit may be revoked or withheld for any of the following reasons:

1. Failure by an individual insured to certify adherence to risk management guidelines adopted by the Company and in effect at the time of application.
2. Demonstrable evidence which indicates that the insured has been or is practicing in violation of guidelines or underwriting criteria adopted by the Company,
3. Results of an underwriting audit which show serious deficiencies, including but not limited to non-compliance with specialty risk management guidelines; or
4. Evidence of falsification of attendance, credit or completion of risk management activities applied towards a risk management credit.
5. Negative claim history.

Information obtained in the process of handling a claim may be used in evaluating an insured with respect to the above condition; however, the filing of a claim or incurring any expense or indemnity on behalf of an insured shall not alone be considered grounds for reducing, revoking or withholding a credit.

IV. HOSPITAL BASED DISCOUNT PROGRAMS

A. Advanced Obstetrical Risk Management Program

Obstetrical services may be targeted with a special Advanced Obstetrical Risk Management Program relating to all phases of obstetrical services in both the physician's office or clinic and in the hospital including, but not limited to, intrapartum fetal surveillance, induction and augmentation of labor, emergency cesarean section times, documentation, and anesthesia. The physician must actively participate in the program in order to receive a discount of up to 10%.

No combination of Risk Management and Advanced Obstetrical Risk Management credits shall exceed 20%.

B. Any hospital based discount may be revoked or withheld for any of the following reasons:

1. Failure by an individual insured to certify adherence to risk management guidelines adopted by the Company and in effect at the time of application.
2. Demonstrable evidence which indicates that the insured has been or is practicing in violation of guidelines or underwriting criteria adopted by the Company.
3. Results of an underwriting audit which show serious deficiencies, including but not limited to non-compliance with specialty risk management guidelines; or
4. Evidence of falsification of attendance, credit or completion of risk management activities applied towards a risk management credit.
5. Negative claim history.

V. SCHEDULED RATING PROGRAM

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. Number 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;
9. Record-keeping practices;
10. Maintenance and utilization of certain monitoring equipment, diagnostic tests or diagnostic procedures;
11. Participation in capitation contracts; and*
12. Insured group maintains differing limits of liability on members.*

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 25%; the maximum debit will be 25%.

The Scheduled 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. At the underwriter's discretion, objective credits otherwise applicable to an insured will not be applied in situations where a scheduled debit is deemed necessary.

* NOTE: No credit will be given for #11 or #12 above.

VI. DEDUCTIBLES

Deductibles may apply either to indemnity only or indemnity and allocated loss adjustment expenses (ALAE). Any discount will apply only to the primary limit premium layer (\$1M/\$3M). Deductibles are subject to approval by the company based on financial statements to be submitted by the insured and financial guarantees as required. The company reserves the right to require acceptable securitization in the amount of the per claim and/or aggregate deductible amount from any insured covered by a policy to which a deductible is attached.

A. Individual Deductibles

~~See Section 9, State Rates and Exceptions.~~

~~B. Group Deductibles~~

~~An optional deductible which limits the amount the entire group will have to pay, if multiple claims are made in a policy year, is available. Under this program, the per claim deductible continues to apply separately to each insured involved in a suit. However, the aggregate deductible applies to all insureds in the group combined thereby reducing the organization's maximum potential liability in a policy year.~~

~~When an organization is insured with a separate limit of coverage, the organization is counted when totaling the number of insureds below.~~

~~See Section 9, State Rates and Exceptions.~~

~~C. Discount as a Percentage of Rate for Applicable Primary Limit~~

~~These per claim and aggregate (if any) deductibles apply to each insured separately.~~

<u>INDEMNITY ONLY</u>	<u>INDEMNITY AND ALAE</u>
<u>Deductible Per Claim</u>	<u>Deductible Per Claim</u>
<u>\$ 5,000</u>	<u>\$ 5,000</u>
<u>2.5%</u>	<u>4.0%</u>

\$10,000	4.5%	\$10,000	7.5%
\$15,000	6.0%	\$15,000	9.6%
\$20,000	8.0%	\$20,000	11.4%
\$25,000	9.0%	\$25,000	13.0%
\$50,000	15.0%	\$50,000	19.0%
\$100,000	25.0%	\$100,000	28.0%
\$200,000	37.5%	\$200,000	42.5%
\$250,000	42.0%	\$250,000	50.0%

Per Claim/Aggregate		Per Claim/Aggregate	
\$ 5,000/15,000	2.1%	\$ 5,000/15,000	3.0%
\$10,000/30,000	3.9%	\$10,000/30,000	7.0%
\$25,000/75,000	8.5%	\$25,000/75,000	12.0%
\$50,000/150,000	14.0%	\$50,000/150,000	18.0%
\$100,000/300,000	24.0%	\$100,000/300,000	26.5%
\$200,000/600,000	36.0%	\$200,000/600,000	41.0%
\$250,000/750,000	40.0%	\$250,000/750,000	48.5%

For other deductible amounts selected by policyholders, refer to management for rating.

B. Group Deductibles

An optional deductible which limits the amount the entire group will have to pay, if multiple claims are made in a policy year, is available. Under this program, the per claim deductible continues to apply separately to each insured involved in a suit. However, the aggregate deductible applies to all insureds in the group combined thereby reducing the organization's maximum potential liability in a policy year.

When an organization is insured with a separate limit of coverage, the organization is counted when totaling the number of insureds below.

Group aggregate deductible discounts apply to \$1M/\$3M premiums only. The applicable Deductible Discount will not change during the policy term despite changes in the number of insureds, but will be limited by any applicable maximum credit amount.

<u>Indemnity Deductible</u>					
<u>Per Claim/Aggregate</u> ((\$000))	<u>Number of Insureds</u>				<u>Maximum</u> <u>Credit</u>
	<u>2 - 19</u>	<u>20 - 40</u>	<u>41 - 60</u>	<u>61 - 100</u>	
<u>5/15</u>	<u>.020</u>	<u>.018</u>	<u>.015</u>	<u>.012</u>	<u>\$ 12,750</u>
<u>10/30</u>	<u>.038</u>	<u>.035</u>	<u>.030</u>	<u>.024</u>	<u>25,500</u>
<u>25/75</u>	<u>.084</u>	<u>.079</u>	<u>.070</u>	<u>.058</u>	<u>63,750</u>
<u>50/150</u>	<u>.145</u>	<u>.139</u>	<u>.127</u>	<u>.109</u>	<u>127,500</u>
<u>100/300</u>	<u>.234</u>	<u>.228</u>	<u>.216</u>	<u>.196</u>	<u>255,000</u>
<u>200/600</u>	<u>.348</u>	<u>.346</u>	<u>.338</u>	<u>.321</u>	<u>510,000</u>
<u>250/750</u>	<u>.385</u>	<u>.385</u>	<u>.381</u>	<u>.368</u>	<u>637,500</u>

<u>Indemnity & ALAE</u>					
<u>Deductible</u>					
<u>Per Claim/Aggregate</u> ((\$000))	<u>Number of Insureds</u>				<u>Maximum</u> <u>Credit</u>
	<u>2 - 19</u>	<u>20 - 40</u>	<u>41 - 60</u>	<u>61 - 100</u>	
<u>5/15</u>	<u>.029</u>	<u>.026</u>	<u>.021</u>	<u>.017</u>	<u>\$ 12,750</u>
<u>10/30</u>	<u>.068</u>	<u>.063</u>	<u>.054</u>	<u>.043</u>	<u>25,500</u>

<u>25/75</u>	<u>.119</u>	<u>.112</u>	<u>.099</u>	<u>.082</u>	<u>63,750</u>
<u>50/150</u>	<u>.186</u>	<u>.179</u>	<u>.163</u>	<u>.140</u>	<u>127,500</u>
<u>100/300</u>	<u>.258</u>	<u>.252</u>	<u>.239</u>	<u>.216</u>	<u>255,000</u>
<u>200/600</u>	<u>.396</u>	<u>.394</u>	<u>.385</u>	<u>.366</u>	<u>510,000</u>
<u>250/750</u>	<u>.467</u>	<u>.467</u>	<u>.462</u>	<u>.446</u>	<u>637,500</u>

C. Mandatory Deductibles

The deductible mechanism may be applicable when a policyholder exhibits a pattern of claim frequency that exceeds the average for his/her specialty. In the consideration of a deductible assessment, severity is usually not an issue.

Deductibles may be imposed in amounts from \$1,000 to \$250,000 per claim. There is no corresponding premium discount, and there are no aggregate limits on mandatory deductibles.

An amendatory deductible endorsement will be added to the policy at renewal and will be maintained for no less than one year. The policy will be subject to an annual review thereafter for consideration of a revised sanction.

D. Self-Insured Retentions

Insureds may self-insure a portion of their professional and general liability risk with the Company's policy attaching in excess of the Self-Insured Retention selected. The Self-Insured Retention limit may include ALAE, or ALAE may be paid pro rata. All such policies must be referred to the Company for special consideration.

VII. GENERAL RULES

A. Discounts will only be applied to qualifying insureds at the initial issuance of such policy or at the next renewal date.

B. Discounts will apply in the following order:

1. Deductible Discount (primary premium only).
 2. New Doctor/Dentist Discount or other resident or part-time, semi-retired discount;
 3. Risk Management Discount and Scheduled Rating (apply the net credit or debit); and
- Example: Class 1, \$1M/\$3M, 1st year new doctor/dentist, Risk Management Seminar within 12 months. \$25,000 deductible. Assume manual rate \$7,500.

	\$7,500	Manual Rate for \$1M/\$3M	
	<u>x .3591</u>	Less 65% (New Doctor)	<u>9% (Deductible Credit)</u>
	<u>2,625</u>		
	<u>6825</u>		
<hr style="border: 0.5px solid red;"/>			
	<u>x .50</u>	Less 50% (New Doctor/Dentist)	
	<u>3,413</u>	<u>Applicable Net Premium</u>	
	<u>x .85</u>	Less 15% (Risk Management Programs, Scheduled Rating)	
	<u>2,231</u>	Applicable Net Premium	
	<u>x .91</u>	Less 9% (Deductible Credit)	
	<u>2,030</u>	<u>Net Premium</u>	
	<u>901</u>		

- C. Additional practice charges will be applied to the premium after all discounts have been applied.
- D. Corporate Liability premium will be determined after all discounts and surcharges have been applied.

SECTION 5

ADDITIONAL PRACTICE CHARGES

ADDITIONAL PRACTICE CHARGES

I. MEDICAL SERVICES PROVIDED IN A STATE OUTSIDE THE STATE OF POLICY ISSUANCE

Insureds engaging in the routine care and treatment of patients outside the state in which the policy is issued may be subject to appropriate surcharge or credit based upon rates consistent with those charged for a like risk in said state.

II. PARTNERSHIP - CORPORATION - PROFESSIONAL ASSOCIATION COVERAGE

Coverage for partnerships, corporations, or professional associations may be written with a separate limit of liability. The premium charge will be a percentage (selected from the table below) of the sum of each member physician's net individual premium. For each member physician not individually insured by the Company, a premium charge will be made equal to 30% of the appropriate specialty rate if the Company agrees to provide such coverage. In order for the entity to be eligible for coverage under the separate policy, the Company must insure all member physicians or at least 60% of the physician members must be insured by the Company and the remaining physicians must be insured by another professional liability program acceptable to the Company.

<u>Number of Insureds</u>	<u>Percent</u>
2 - 5	15.0%
6 - 9	12.0%
10 - 19	9.0%
20 - 49	7.0%
50 or more	5.0%

A separate corporate limit is not available for solo practitioners or dentists. A separate corporate limit is not available to insureds purchasing limits of less than \$1M/\$3M. The minimum premium for separate limits coverage for partnerships, corporations or professional associations is \$1,000.

III. PARTNERSHIP-CORPORATION-PROFESSIONAL ASSOCIATION EXTENDED REPORTING ENDORSEMENT COVERAGE

Partnerships, corporations, or professional associations that purchase a separate limit of liability may be eligible to purchase an Extended Reporting Endorsement upon cancellation of the coverage. For the entity to be eligible for the separate limit extended reporting endorsement, all physician members insured on the policy must exercise their right to purchase an individual extended reporting endorsement. The premium charge for the entity extended reporting endorsement will be a percentage of the sum of each member physician's net individual reporting endorsement premium, based on the number of insureds and the table in Paragraph II, above.

IV. CLAIMS FREE CREDIT PROGRAM

A physician will be considered claims free for purposes of this credit program if:

1. no loss payment has been made during the Evaluation Period, and
2. the total of allocated loss adjustment expense [ALAE] payments made during the Evaluation Period plus any Company established reserves for loss or ALAE does not exceed \$35,000.

Only claims reported during the Evaluation Period shall be included in measuring the payment and reserve criteria stated above. The Evaluation Period is based upon the physician's rating class as defined in the table below and shall end on the effective date of the policy period to be rated. The Evaluation Period shall begin no earlier than the time when the physician first begins the practice of medicine following formal training (residency or a continuous period of residency and fellowships). The Company will review the claims history of each insured or applicant for the purpose of evaluating the applicability of each claim based upon the facts and circumstances of specific claims. Reported incidents that do not involve a demand for damages by a third party will not be included in the evaluation.

Class	Evaluation Period
1 – 4	10 Yrs.
5 – 9	7 Yrs.
10 – 15	5 Yrs.

The claims free physician will receive a 3% credit for compliance with the minimum Claims Free Period and will earn an additional 1% credit for each continuous claims free year thereafter up to 15% in total. However, if the physician has been continuously insured by the Company for 10 or more years, the maximum allowable Claims Free Credit that can be earned will be increased to 20%.

Credits will be applied or removed at policy inception or renewal only. Inclusion of claims history with prior carriers is subject to presentation of information acceptable to the Company. The determination of claims to be included and payment or reserve amounts to be considered will be based upon information available at the time the policy is rated, typically 60 days prior to effective date.

Notwithstanding any other provisions of this section, no insured with 3 or more claims will be eligible for a claims free credit without management approval.

Dentists will be treated as "Class 1" for determination of their Evaluation Period and will be eligible for a maximum Claims Free Credit of 15%, in accordance with the earning schedule above. However, the Claims Free Dentist must have no incurred losses or ALAE (payments or reserves) during the Evaluation Period. Notwithstanding any other provisions of this section, no dentist with 2 or more reported claims will be eligible for a claims free credit without management approval.

V. LEGAL DEFENSE COVERAGE

The Company offers two levels of Professional Legal Defense Coverage to insured physicians ~~and dentists~~. No charge is made for the basic coverage, ~~form PRA-HCP-070~~. The most comprehensive, ~~form PRA-HCP-071~~, entails a base premium charge of ~~\$500~~100 per insured physician ~~or dentist~~. A volume discount will be given, per the schedule below:

# of Insured Physicians	Discount %
5 and under	0%
6 through 10	5%
11 through 20	10%
over 20	15%

Limits of Liability will be offered as follows:

<u># of insureds</u>	<u>“Each Covered Investigation”</u>	<u>“Each Policy Period”</u>
1 - 5	\$25,000	\$25,000 X (# of insureds)
6 - 10	\$25,000	\$125,000
11 - 20	\$25,000	\$175,000
21 +	\$25,000	\$225,000

The limit of liability for “covered audits” will be \$5,000 per covered insured with a deductible of \$1,000 per audit per insured.

SECTION 6

**PHYSICIAN EXTENDER, PARAMEDICAL AND
ALLIED HEALTH PROFESSIONAL LIABILITY RATING**

I. PHYSICIAN EXTENDER, PARAMEDICAL, ALLIED HEALTH EMPLOYEE PROFESSIONAL LIABILITY

Professional employees (other than cytotechnologists, dentists, emergency medical technicians, certified registered nurse anesthetists, nurse midwives, nurse practitioners, optometrists, perfusionists, physicians, physicians’ assistants, psychologists, surgeons or surgeons’ assistants) are automatically included, at no additional charge, as additional insureds under policies issued to their employers. The limits of liability are on a shared basis with the employer.

The following paramedical employees may be individually covered by the Company by payment of an additional premium or covered elsewhere through a program deemed acceptable to the Company with minimum limits of liability equal to or greater than those of the insured employer. Coverage is available on a shared-limits basis or with separate individual limits. To determine the additional premium for the coverage selected, apply the appropriate factor from the premium assigned to Physician Class Codes 80420, 80151, 80153, 80266 or 80114, as specified, for the applicable claims-made year and limits of liability:

(Paramedical employees written on a shared-limits basis will be charged a fourth year claims-made premium regardless of retroactive date and the shared-limits factors stated above will always be applied to a fourth year claims-made premium.)

Employee	(Factors based on 80420)		
	Shared Limits Factor	Separate Limits Factor	Non-insured Vicarious Liability Factor
Physician’s Assistant (PA)	0.132	0.400	0.120
Surgeon’s Assistant (SA)	0.132	0.400	0.120
Certified Nurse Practitioner (CNP)	0.132	0.400	0.120
Psychologist	0.040	0.111	0.033
Emergency Medical Technician (EMT)	0.004	0.010	0.003
Perfusionist	0.165	0.496	0.148

Employee	(Factors based on 80151)		
	Shared Limits Factor	Separate Limits Factor	Non-insured Vicarious Liability Factor
Certified Nurse Anesthetist (CRNA) – not part of an insured group	N/A	0.350	0.105
CRNA employed by an insured group - separate limits basis	N/A	0.250	0.075
CRNA employed by an insured group – shared limits basis with ratio of CRNAs to anesthesiologists between 2:1 and 4:1	0.150	N/A	N/A
CRNA employed by an insured group – shared limits basis with ratio of CRNAs to anesthesiologists no more than 2:1	0.075	N/A	N/A

For CRNAs employed by an insured performing pain management procedures, use the above factor to the 80475(C) ISO code and applicable rate class.

(If the ratio of employed CRNA's to Anesthesiologists exceeds 4-to-1, the Company may decline to insure the risk, or apply an additional premium, at its sole discretion.)

Employee	(Factors based on 80153)		
	Shared Limits Factor	Separate Limits Factor	Non-insured Vicarious Liability Factor
Certified Nurse Midwife (CNM)	0.116	0.350	0.105

Employee	(Factors based on 80266)		
	Shared Limits Factor	Separate Limits Factor	Non-insured Vicarious Liability Factor
Cytotechnologist	0.100	N/A	N/A

Employee	(Factors based on 80114)		
	Shared Limits Factor	Separate Limits Factor	Non-insured Vicarious Liability Factor
Optometrist	0.025	0.050	0.015

NOTE: When the limits of liability apply on a shared basis with the physicians of the group, the premium charge for the excess limits for the paramedical employees will be calculated at the level that the majority of physicians carry.

II. ALLIED HEALTH PROFESSIONAL EMPLOYEES

Certain Allied Health professionals are eligible for separate insurance by the Company at individual limits of liability. The premium charge will be determined by applying the factors below to the appropriate rate for Physician Class Code 80420 in the applicable rating territory.

STEP-RATING FACTORS

<u>First Year</u>	<u>50% of mature premium</u>
<u>Second Year</u>	<u>80% of mature premium</u>
<u>Third Year</u>	<u>100% of mature premium</u>

Mature premiums under \$500 are not eligible for the step-rating factors.

SPECIALTY	CLASS CODE	\$1M/\$3M
		(Factors based on 80420)
Audiologist	80760	0.018
Cardiac Technician	80751	0.025
Casting Technician	80752	0.020
Certified Nurse Practitioner	80964	0.400
Clinical Nurse Specialist	80964	0.400
Counselor	80712	0.045
Dietitian	89761	0.018
EKG Technician	80763	0.018
Medical Assistant	80762	0.018
Medical Lab Technician	80711	0.018
Nurse	80998	0.018
Nurse - Student	82998	0.005
Nurse, RN Perform X-Ray Therapy	80714	0.018
Occupation Therapist	80750	0.025
O.R. Technician	80758	0.125
Ophthalmic Assistant	80755	0.018
Orthopedic Technician	80756	0.020
Perfusionist	80764	0.500
Pharmacist	59112	0.025
Phlebotomist	80753	0.018
Physical Therapist (Emp)	80945	0.025
Physical Therapist (Ind)	80946	0.090
Physical Therapy Aide	80995	0.018
Physiotherapist	80938	0.018
Psychologist	80912	0.111
Pump Technician	88888	0.020
Respiratory Therapist	80601	0.122
Social Worker	80911	0.045
Sonographer	80754	0.018
X-Ray/Radiologic Technician	80713	0.018
X-Ray Therapy Technician	80716	0.025

(Factors based on 80211)

Dental Assistant	80207	0.100
Dental Hygienist	80208	0.100

(Factors based on 80114)

Optometrist (Optical)	80944	0.032
Optometrist (Employee*)	80944	**See note below
Optometrist (Independent**)	80944	**See note below

*25% of an Ophthalmologists base premium. (If administering topical ocular pharmaceutical agents.)

**75% of an Ophthalmologists base premium. (If administering topical ocular pharmaceutical agents.)

At the discretion of the underwriter, additional insured status may be granted to the non-insured allied health entity for a 10% additional charge. The entity will share in the limits of liability of the insured allied health provider but only for the activities of such provider.

Reporting Endorsements:

Reporting Endorsements are available to Allied Health Professionals insured under separate policies by application of the factors below.

<u>Prior Year Claims-Made</u>	<u>Factors</u>
1	1.00
2	1.25
3+	1.50

STEP-RATING FACTORS

First Year	50% of mature premium
Second Year	80% of mature premium
Third Year	100% of mature premium

~~Mature premiums under \$500 are not eligible for the step rating factors.~~

SECTION 7

DENTAL PROFESSIONAL LIABILITY

DENTAL SPECIALTY CODES & CLASSIFICATIONS

DENTISTS - CLASS 1A

- 80213 Applies to dentists who perform dentistry on patients who have been treated with local anesthesia or by inhalation sedation and does not apply to treatment involving any general anesthesia or intravenous or intramuscular agent unless performed in a hospital. **This class does not apply to dentists performing extractions, root canals or other oral surgery or endodontic procedures.** This class does not apply to oral surgeons.

DENTISTS - CLASS 1

- 80211 Applies to dentists who perform dentistry on patients who have been treated with local anesthesia or by inhalation sedation and does not apply to treatment involving any general anesthesia or intravenous or intramuscular agent unless performed in a hospital. This class does not apply to dentists performing the initial placement of dental implants. This class does not apply to oral surgeons.
- 80214 Applies to orthodontists and endodontists who perform dentistry on patients who have been treated with local anesthesia or by inhalation sedation and does not apply to treatment involving any general anesthesia or intravenous or intramuscular agent unless performed in a hospital. This class does not apply to dentists performing the initial placement of dental implants. This class does not apply to oral surgeons.
- 80215 Applies to periodontists who perform dentistry on patients who have been treated with local anesthesia or by inhalation sedation and does not apply to treatment involving any general anesthesia or intravenous or intramuscular agent unless performed in a hospital. This class does not apply to dentists performing the initial placement of dental implants. This class does not apply to oral surgeons.

DENTISTS - CLASS 2

- 80211.1 Applies to dentists, endodontists and periodontists as defined for Class 1 but, in addition, permits the initial placement of dental implants. This classification also permits dentistry on patients who have been treated by intravenous or intramuscular sedation in the office, but only if the sedation is administered by a Dental or Medical Anesthetist. If intravenous or intramuscular sedation is performed in a hospital only, Class 1 will apply. This class does not apply to oral surgeons.

DENTISTS - CLASS 3

- 80209 Applies to dentists as defined for Classes 1 or 2 but, in addition, permits dentistry on patients who have been treated by intravenous or intramuscular sedation in the office, administered by the dentist or a CRNA. If intravenous or intramuscular sedation is performed in a hospital only, Class 1 or 2 will apply, as appropriate. This class does not apply to oral surgeons.

ORAL SURGERY - CLASS 4

- 80210 Includes all oral surgeons and also applies to dentists as defined in Classes 1A through 3 who additionally perform dentistry on patients who are being treated with general anesthesia in the office.

PARADENTAL EMPLOYEE COVERAGE

Coverage on a shared limits basis is automatically provided for professional employees of the Policyholder or an insured under the policy with no additional charge (e.g., dental assistants, dental hygienists and lab technicians).

While a dental insured's insured paradental employees are automatically covered under the policy, a premium charge for Certified Registered Nurse Anesthetists (CRNAs) will be made as indicated in Section 6, I – Employed Certified Registered Nurse Anesthetist.

SECTION 8

STATE RATES AND EXCEPTIONS – DENTISTS

I. RATES

A. Dental Rating Classes – Arkansas

The following indicates the specialty classification codes applicable to the rating classes on the following pages:

1A	80213
1	80211 80214 80215
2	80211.1
3	80209
4	80210

B. Dentists Professional Liability Rates

1. Claims-Made Rates by Year

Class Code	\$1,000,000 / \$3,000,000				
	1	2	3	4	5+
1A					
1					
2					
3					
4					

2. Reporting Endorsement Rates by Year

Class Code	\$1,000,000 / \$3,000,000				
	1	2	3	4	5+
1A					
1					
2					
3					
4					

C. Excess Limits Premium Factors

Excess limits premium shall be derived by applying the appropriate factor below to the appropriate primary rate. Excess limits are only offered above underlying limits of \$1,000,000.

\$1M/\$3M Primary

EXCESS LIMITS	Dentists/ Oral Surgeons
\$1M	0.0480
\$2M	0.0960
\$3M	0.1450
\$4M	0.1935
\$5M	0.2225

These factors are based upon negotiated reinsurance agreements. Deviation from these factors up to 25% based upon negotiated agreements with reinsurers and/or underwriting judgment may apply.

II. EXCEPTIONS

A. Policy Issuance

1. The Arkansas State Amendatory Endorsement must be attached to the policy at the time of issuance.
2. Item III, Premium Payments, is hereby added to Section 1, Introduction, as follows:

III. PREMIUM PAYMENTS

1. Annual Payment Plan – The premium must be paid in full prior to the inception date of the policy. A discount for this payment option is available (see Section 4, Discounts, Item VIII, below.)
2. Semi-Annual Payment Plan – 60% of the premium must be paid prior to the policy inception date and one installment of 40% is due six months after inception.
3. Quarterly Payment Plan – 35% of the premium must be paid prior to the policy inception date, with second and third quarterly payments of 25% each and a final quarterly payment of 15%.

No finance charges or fees apply to these payment plans. The option to pay premium on other than the Annual Payment Plan may be withdrawn by the Company if the insured has failed to make premium payments when due.

B. Rules

1. Item VIII, Annual Premium Payment Discount, is hereby added to Section 4, Professional Liability Discounts, as follows:

VIII. ANNUAL PREMIUM PAYMENT DISCOUNT

A discount of 1.5% of the policy premium will be applied if the insured pays the premium in full prior to the inception date of the policy. This discount is not available if the initial policy term is less than six months. If the full premium is not received by the Company by the policy effective date, the discount will be withdrawn, the policy will be rated without the discount and the insured will be billed for the additional premium.

SECTION 9

STATE RATES AND EXCEPTIONS

I. RATES

A. Rating Classes - Arkansas

The following indicates the classification codes that are applicable to the rating classes on the following pages:

**Rating
Class**

Industry Class Codes

B. Physicians and Surgeons Professional Liability Rates

1. Claims-Made Rates by Year

State of Arkansas

\$1Million/\$3Million

Class Code	1	2	3	4	5+
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					

2. Reporting Endorsement Rates by Year

State of Arkansas

\$1Million/\$3Million

Class Code	1	2	3	4	5+
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					

D. Excess Limits Premium Factors

Excess limits premium shall be derived by applying the appropriate factor below to the appropriate primary rate. Excess limits are only offered above underlying limits of \$1,000,000.

1. Zone 3 - Claims Made Policies

Factors for limits above:

EXCESS LIMITS	\$1M/\$3M Primary	
	Classes 1 - 7	Classes 8 - 15
\$1M	0.1373	0.1760
\$2M	0.2197	0.2805
\$3M	0.2692	0.3432
\$4M	0.3076	0.3872
\$5M	0.3421	0.4268

These factors are based upon negotiated reinsurance agreements. Deviation from these factors up to 25% based upon negotiated agreements with reinsurers and/or underwriting judgment may apply.

E. Replacement Coverage Factors for Insurance of Unreported Claims on Previously-Issued Reporting Endorsements or Occurrence Coverage

Apply the appropriate factor from the tables below to the insured's mature rate for 1M/3M limits.

1. Factors for Indefinite Reporting Endorsement

a) All Specialties other than OB/GYN, Pediatrics or Anesthesiology

Prior Occurrence Coverage Expiration Date or Prior Tail Issue Date	C-M Maturity or Years of Occurrence Coverage Year at Time of Prior Tail Issuance					
	1st Year	2nd Year	3rd Year	4th Year	5th Year	6th Year+
Up to 1 yr. ago	0.840	1.380	1.680	1.860	1.980	2.040
1+ to 2 yrs. ago	0.540	0.840	1.020	1.140	1.200	1.200
2+ to 3 yrs. ago	0.300	0.480	0.600	0.660	0.660	0.660
3+ to 4 yrs. ago	0.180	0.300	0.360	0.360	0.360	0.360
4+ to 5 yrs. ago	0.120	0.180	0.180	0.180	0.180	0.180
5+ to 6 yrs. ago	0.060	0.060	0.060	0.060	0.060	0.060
More than 6 yrs. ago	0.000	0.000	0.000	0.000	0.000	0.000

Minimum factor to apply: .07.

b) Anesthesiologist Specialty

Prior Occurrence Coverage Expiration Date or Prior Tail Issue Date	C-M Maturity or Years of Occurrence Coverage Year at Time of Prior Tail Issuance					
	1st Year	2nd Year	3rd Year	4th Year	5th Year	6th Year+
Up to 1 yr. ago	0.600	0.900	1.080	1.140	1.164	1.176
1+ to 2 yrs. ago	0.300	0.480	0.540	0.564	0.576	0.576
2+ to 3 yrs. ago	0.180	0.240	0.264	0.276	0.276	0.276
3+ to 4 yrs. ago	0.060	0.084	0.096	0.096	0.096	0.096
4+ to 5 yrs. ago	0.024	0.036	0.036	0.036	0.036	0.036
5+ to 6 yrs. ago	0.012	0.012	0.012	0.012	0.012	0.012
More than 6 yrs. ago	0.000	0.000	0.000	0.000	0.000	0.000

Minimum factor to apply: .07.

c) OB/GYN and Pediatric Specialties

Prior Occurrence Coverage Expiration Date or Prior Tail Issue Date	C-M Maturity or Years of Occurrence Coverage Year at Time of Prior Tail Issuance					
	1st Year	2nd Year	3rd Year	4th Year	5th Year	6th Year
	Up to 1 yr. ago	0.720	1.260	1.620	1.800	1.920
1+ to 2 yrs. ago	0.540	0.900	1.080	1.200	1.296	1.368
2+ to 3 yrs. ago	0.360	0.540	0.660	0.756	0.828	0.876
3+ to 4 yrs. ago	0.180	0.300	0.396	0.468	0.516	0.552
4+ to 5 yrs. ago	0.120	0.216	0.288	0.336	0.372	0.396
5+ to 6 yrs. ago	0.096	0.168	0.216	0.252	0.276	0.288
6+ to 7 yrs. ago	0.072	0.120	0.156	0.180	0.192	0.192
7+ to 8 yrs. ago	0.048	0.084	0.108	0.120	0.120	0.120
8+ to 9 yrs. ago	0.036	0.060	0.072	0.072	0.072	0.072
9+ to 10 yrs. ago	0.024	0.036	0.036	0.036	0.036	0.036
10+ to 11 yrs. ago	0.012	0.012	0.012	0.012	0.012	0.012
More than 11 yrs. ago	0.000	0.000	0.000	0.000	0.000	0.000

	7th Year	8th Year	9th Year	10th Year	11th Year+
Up to 1 yr. ago	2.088	2.136	2.172	2.196	2.208
1+ to 2 yrs. ago	1.416	1.452	1.476	1.488	1.488
2+ to 3 yrs. ago	0.912	0.936	0.948	0.948	0.948
3+ to 4 yrs. ago	0.576	0.588	0.588	0.588	0.588
4+ to 5 yrs. ago	0.408	0.408	0.408	0.408	0.408
5+ to 6 yrs. ago	0.288	0.288	0.288	0.288	0.288
6+ to 7 yrs. ago	0.192	0.192	0.192	0.192	0.192
7+ to 8 yrs. ago	0.120	0.120	0.120	0.120	0.120
8+ to 9 yrs. ago	0.072	0.072	0.072	0.072	0.072
9+ to 10 yrs. ago	0.036	0.036	0.036	0.036	0.036
10+ to 11 yrs. ago	0.012	0.012	0.012	0.012	0.012
More than 11 yrs. ago	0.000	0.000	0.000	0.000	0.000

Minimum factor to apply: .07.

2. Factors for Annually Renewed Prior Occurrence and Tail Replacement Coverage

This option is intended to allow the policyholder the choice of a shorter reporting period at a lesser premium than charged for the indefinite period and an effectively longer payment plan than otherwise offered. It is not intended to allow the Company the option to refuse to extend the reporting period at any given year. If the insured elects to renew a sufficient number of times (seven for OB/GYN and Pediatrics and four for all other specialties), this coverage will convert from an annually renewing reporting period to an indefinite reporting period.

a) All Specialties other than OB/GYN, Pediatrics or Anesthesiology

Occurrence Coverage End Date or Tail Issue Date	C-M Maturity or Years of Occurrence Coverage Year at Time of Prior Tail Issuance					
	1st Year	2nd Year	3rd Year	4th Year	5th Year	6th Year+
Up to 1 yr. ago	0.275	0.495	0.605	0.660	0.715	0.770
1+ to 2 yrs. ago	0.220	0.330	0.385	0.440	0.495	0.495
2+ to 3 yrs. ago	0.110	0.165	0.220	0.275	0.275	0.275
3+ to 4 yrs. ago	0.055	0.110	0.165	0.165	0.165	0.165
4+ to 5 yrs. ago	0.055	0.110	0.110	0.110	0.110	0.110
5+ to 6 yrs. ago	0.055	0.055	0.055	0.055	0.055	0.055
More than 6 yrs. ago	0.000	0.000	0.000	0.000	0.000	0.000

Minimum factor to apply: .07.

b) Anesthesiologist Specialty

Occurrence Coverage End Date or Tail Issue Date	C-M Maturity or Years of Occurrence Coverage Year at Time of Prior Tail Issuance					
	1st Year	2nd Year	3rd Year	4th Year	5th Year	6th Year+
Up to 1 yr. ago	0.275	0.385	0.495	0.528	0.539	0.550
1+ to 2 yrs. ago	0.110	0.220	0.253	0.264	0.275	0.275
2+ to 3 yrs. ago	0.110	0.143	0.154	0.165	0.165	0.165
3+ to 4 yrs. ago	0.033	0.044	0.055	0.055	0.055	0.055
4+ to 5 yrs. ago	0.011	0.022	0.022	0.022	0.022	0.022
5+ to 6 yrs. ago	0.011	0.011	0.011	0.011	0.011	0.011
More than 6 yrs. ago	0.000	0.000	0.000	0.000	0.000	0.000

Minimum factor to apply: .07.

c) OB/GYN and Pediatric Specialties

Occurrence Coverage End Date or Tail Issue Date	C-M Maturity or Years of Occurrence Coverage Year at Time of Prior Tail Issuance					
	1st Year	2nd Year	3rd Year	4th Year	5th Year	6th Year
	Up to 1 yr. ago	0.165	0.330	0.495	0.550	0.572
1+ to 2 yrs. ago	0.165	0.330	0.385	0.407	0.429	0.451
2+ to 3 yrs. ago	0.165	0.220	0.242	0.264	0.286	0.297
3+ to 4 yrs. ago	0.055	0.077	0.099	0.121	0.132	0.143
4+ to 5 yrs. ago	0.022	0.044	0.066	0.077	0.088	0.099
5+ to 6 yrs. ago	0.022	0.044	0.055	0.066	0.077	0.088
6+ to 7 yrs. ago	0.022	0.033	0.044	0.055	0.066	0.066
7+ to 8 yrs. ago	0.011	0.022	0.033	0.044	0.044	0.044
8+ to 9 yrs. ago	0.011	0.022	0.033	0.033	0.033	0.033
9+ to 10 yrs. ago	0.011	0.022	0.022	0.022	0.022	0.022
10+ to 11 yrs. ago	0.011	0.011	0.011	0.011	0.011	0.011
More than 11 yrs. ago	0.000	0.000	0.000	0.000	0.000	0.000

	7th Year	8th Year	9th Year	10th Year	11th Year+
Up to 1 yr. ago	0.616	0.627	0.638	0.649	0.660
1+ to 2 yrs. ago	0.462	0.473	0.484	0.495	0.495
2+ to 3 yrs. ago	0.308	0.319	0.330	0.330	0.330
3+ to 4 yrs. ago	0.154	0.165	0.165	0.165	0.165
4+ to 5 yrs. ago	0.110	0.110	0.110	0.110	0.110
5+ to 6 yrs. ago	0.088	0.088	0.088	0.088	0.088
6+ to 7 yrs. ago	0.066	0.066	0.066	0.066	0.066
7+ to 8 yrs. ago	0.044	0.044	0.044	0.044	0.044
8+ to 9 yrs. ago	0.033	0.033	0.033	0.033	0.033
9+ to 10 yrs. ago	0.022	0.022	0.022	0.022	0.022
10+ to 11 yrs. ago	0.011	0.011	0.011	0.011	0.011
More than 11 yrs. ago	0.000	0.000	0.000	0.000	0.000

Minimum factor to apply: .07.

3. Group Discount Factor

After calculating each insured's preliminary rate for the Replacement Coverage, apply the factor from the table below which corresponds to the number of insureds in the group for whom the coverage is purchased.

	# of Physicians	Discount Factor
	1	1.000
	2-3	0.970
	4-6	0.950
	7-10	0.925
	11-20	0.900
	Over 20	0.850

II. STATE EXCEPTIONIONS

A. Policy Issuance

1. Item III, Premium Payments, is hereby added to Section 1, Introduction, as follows:

III. PREMIUM PAYMENTS

1. Annual Payment Plan – The premium must be paid in full prior to the inception date of the policy. A discount for this payment option is available (see Section 4, Discounts, Item VIII, below.)
2. Semi-Annual Payment Plan – 60% of the premium must be paid prior to the policy inception date and one installment of 40% is due six months after inception.
3. Quarterly Payment Plan – 35% of the premium must be paid prior to the policy inception date, with second and third quarterly payments of 25% each and a final quarterly payment of 15%.

No finance charges or fees apply to these payment plans. The option to pay premium on other than the Annual Payment Plan may be withdrawn by the Company if the insured has failed to make premium payments when due.

B. Rules

1. Part A, Item II, Fellows, Residents and Interns, of Section 3, Classification and/or Rating Modifications and Procedures Rates, is replaced with the following:

- A. Coverage may be written for fellows, residents and interns practicing within the scope of their training in the teaching environment. The rate shall be computed as follows:

Classification	Rate
Interns	25% of the appropriate specialty classification rate
Residents (1 st - 3 rd years)	50% of the appropriate specialty classification rate
Residents (4 th & 5 th years) and Fellows	75% of the appropriate specialty classification rate

- ~~2. Section 4, Professional Liability Discounts, has been amended by replacing Item VI with the following:~~

~~—VI.— DEDUCTIBLES~~

~~Deductibles may apply either to indemnity only or indemnity and allocated loss adjustment expenses (ALAE). Any discount will apply only to the primary limit premium layer (\$1M/\$3M). Deductibles are subject to approval by the company based on financial statements to be submitted by the insured and financial guarantees as required.~~

A. Individual Deductibles

2. Discount as a Percentage of Rate for Applicable Primary Limit

These per claim and aggregate (if any) deductibles apply to each insured separately.

<u>INDEMNITY ONLY</u>		<u>INDEMNITY AND ALAE</u>	
<u>Deductible Per Claim</u>		<u>Deductible Per Claim</u>	
\$ 5,000	2.5%	\$ 5,000	4.0%
\$10,000	4.5%	\$10,000	7.5%
\$15,000	6.0%	\$15,000	9.6%
\$20,000	8.0%	\$20,000	11.4%
\$25,000	9.0%	\$25,000	13.0%
\$50,000	15.0%	\$50,000	19.0%
\$100,000	25.0%	\$100,000	28.0%
\$200,000	37.5%	\$200,000	42.5%
\$250,000	42.0%	\$250,000	50.0%

<u>Per Claim/Aggregate</u>		<u>Per Claim/Aggregate</u>	
\$ 5,000/15,000	2.1%	\$ 5,000/15,000	3.0%
\$10,000/30,000	3.9%	\$10,000/30,000	7.0%
\$25,000/75,000	8.5%	\$25,000/75,000	12.0%
\$50,000/150,000	14.0%	\$50,000/150,000	18.0%
\$100,000/300,000	24.0%	\$100,000/300,000	26.5%
\$200,000/600,000	36.0%	\$200,000/600,000	41.0%
\$250,000/750,000	40.0%	\$250,000/750,000	48.5%

For other deductible amounts selected by policyholders, refer to management for rating.

B. Group Deductibles

An optional deductible which limits the amount the entire group will have to pay, if multiple claims are made in a policy year, is available. Under this program, the per claim deductible continues to apply separately to each insured involved in a suit. However, the aggregate deductible applies to all insureds in the group combined thereby reducing the organization's maximum potential liability in a policy year.

When an organization is insured with a separate limit of coverage, the organization is counted when totaling the number of insureds below.

Group aggregate deductible discounts apply to \$1M/\$3M premiums only. The applicable Deductible Discount will not change during the policy term despite changes in the number of insureds, but will be limited by any applicable maximum credit amount.

Indemnity Deductible Per Claim/Aggregate (\$000)	Number of Insureds								Maximum Credit
	2	19	20	40	41	60	61	100	
5/15	.020	.018	.015	.012					\$ 12,750
10/30	.038	.035	.030	.024					25,500
25/75	.084	.079	.070	.058					63,750
50/150	.145	.139	.127	.109					127,500
100/300	.234	.228	.216	.196					255,000
200/600	.348	.346	.338	.321					510,000
250/750	.385	.385	.381	.368					637,500

~~Indemnity & ALAE
Deductible~~

Per Claim/Aggregate (\$000)	Number of Insureds								Maximum Credit
	2	19	20	40	41	60	61	100	
5/15	.029	.026	.021	.017					\$ 12,750
10/30	.068	.063	.054	.043					25,500
25/75	.119	.112	.099	.082					63,750
50/150	.186	.179	.163	.140					127,500
100/300	.258	.252	.239	.216					255,000
200/600	.396	.394	.385	.366					510,000
250/750	.467	.467	.462	.446					637,500

C. Self Insured Retentions

~~Insureds may self insure a portion of their professional and general liability risk with the Company's policy attaching in excess of the Self Insured Retention selected. The Self Insured Retention limit may include ALAE, or ALAE may be paid pro rata. All such policies must be referred to the Company for special consideration.~~

~~Other deductible amounts requested by and granted to policyholders will be rated on an individual basis. Individually rated policies will be filed with the Arkansas Department of Insurance after policy issuance.~~

3. Item VIII, Annual Premium Payment Discount, is hereby added to Section 4, Professional Liability Discounts, as follows:

VIII. ANNUAL PREMIUM PAYMENT DISCOUNT

A discount of 1.5% of the policy premium will be applied if the insured pays the premium in full prior to the inception date of the policy. This discount is not available if the initial policy term is less than six months. If the full premium is not received by the Company by the policy effective date, the discount will be withdrawn, the policy will be rated without the discount and the insured will be billed for the additional premium.

III. STATE REQUIREMENTS

A. Policy Issuance

1. The Arkansas State Amendatory Endorsement must be attached to the policy at the time of issuance.

B. Rules

1. Item X., Rate Change Amelioration, of Section 3 is hereby deleted.
2. Discounts for Interns, Resident, and Fellows have been quantified by category and placed in the grid published in the State Exceptions section.
3. Any directive to “refer to the Company” has been replaced in the State Exceptions section with wording regarding “individually rating” the policy and as reminder to file the individual rating with the Arkansas Department of Insurance.

- a) Section 1, item I. Rates and Premium Calculations, Part B. is amended by adding the following:

Individually rated policies will be filed with the Arkansas Department of Insurance after policy issuance.

III. STATE REQUIREMENTS

A. Policy Issuance

1. The Arkansas State Amendatory Endorsement must be attached to the policy at the time of issuance.

B. Rules

1. Sub-Item B. of Item I., Rates and Premium Calculations, of Section 1, Introduction, is hereby deleted.
2. Section 1, Introduction, Item I., Rates and Premium Calculations, is amended by adding the following to Sub-Item C:

Consent to Rate policies will be filed with the Arkansas Department of Insurance after policy issuance.

3. Discounts for Fellows, Residents and Interns have been quantified by category and placed in the grid published in the State Exceptions section.
4. Item X., Rate Change Amelioration, of Section 3 is hereby deleted.
5. Item V, Scheduled Rating Program, of Section 4, Professional Liability Discounts, is hereby amended by adding the following:

In addition, for any practice in which the number of physicians is 25 or more and/or for which the amount of undiscounted annual premium exceeds \$300,000, the maximum credit will be increased to 50%.

SERFF Tracking Number: PCWA-126238209 State: Arkansas
 Filing Company: ProAssurance Indemnity Company, Inc. State Tracking Number: EFT \$100
 Company Tracking Number: AR-HCP-1009
 TOI: 11.2 Med Mal-Claims Made Only Sub-TOI: 11.2000 Med Mal Sub-TOI Combinations
 Product Name: Health Care Professionals Rates and Rules Manual
 Project Name/Number: Revised rates and rules/

Supporting Document Schedules

		Item Status:	Status Date:
Bypassed - Item:	NAIC Loss Cost Filing Document for OTHER than Workers' Comp	Filed	07/30/2009
Bypass Reason:	N/A		
Comments:			

		Item Status:	Status Date:
Satisfied - Item:	NAIC loss cost data entry document	Filed	07/30/2009
Comments:			
Attachment:	Form RF-1.PDF		

		Item Status:	Status Date:
Bypassed - Item:	Form PRONOT	Filed	07/30/2009
Bypass Reason:	N/A		
Comments:			

		Item Status:	Status Date:
Bypassed - Item:	Form PROMAL	Filed	07/30/2009
Bypass Reason:	N/A		
Comments:			

		Item Status:	Status Date:
Satisfied - Item:	Actuarial Information	Filed	07/30/2009
Comments:			
Attachment:	Rts_PS_Oct09_AR.pdf		

SERFF Tracking Number: PCWA-126238209 State: Arkansas
Filing Company: ProAssurance Indemnity Company, Inc. State Tracking Number: EFT \$100
Company Tracking Number: AR-HCP-1009
TOI: 11.2 Med Mal-Claims Made Only Sub-TOI: 11.2000 Med Mal Sub-TOI Combinations
Product Name: Health Care Professionals Rates and Rules Manual
Project Name/Number: Revised rates and rules/

	Item Status:	Status
Satisfied - Item: Form MMPCS	Filed	11/18/2009
Comments:		
Attachment:		
2009 MM Survey FORM MMPCS.xls		

ARKANSAS INSURANCE DEPARTMENT
RATE FILING ABSTRACT

Form RF-1

Rev. 4/96

Insurer Name: The Medical Assurance Company, Inc.
 NAIC Number: 33391
 Name of Advisory Organization Whose Filing You Are Referencing N/A
 Co. Affiliation to Advisory Organization: Member Subscriber Service Purchase
 Reference Filing #: Proposed Effective Date: October 1, 2009

Contact Person: LaQuita Goodwin
 Signature:
 Telephone No: (205)802-4426

(1) LINE OF INSURANCE By coverage	(2) Indicated % Rate Level Change	(3) Requested % Rate Level Change	FOR LOSS COSTS ONLY				
			(4) Expected Loss Ratio	(5) Loss Cost Modification Factor	(6) Selected Loss Cost Multiplier	(7) Expense Constant (If Applicable)	(8) Co. Current Loss Cost Multiplier
Physicians and Surgeons Professional Liability	0.9%	0.9%	N/A	N/A	N/A	N/A	N/A
Dentists	-1.4%	-1.4%	N/A	N/A	N/A	N/A	N/A
TOTAL OVERALL EFFECT	xxxxxxxxxxxxxx	0.9%	N/A	N/A	N/A	N/A	N/A

N/A (N) Apply Loss Cost Factors to Future Filings? (Y or N)
3.0% Estimated Maximum Rate Increase for any Arkansas Insured (%)
-13.5% Estimated Maximum Rate Decrease for any Arkansas Insured (%)

Corresponds to question 3 on RF-2 or RF-WC

5 Year History

Selected Provisions

Year	Policy Count	Rate Change History % Eff. Date	AR Earned Premium (000)	Incurred Losses (000) *	Arkansas Loss Ratio*	Countrywide Loss Ratio*	A. Total Production Expense	8.0%
2003	161	23.2% October 01, 2003	2,424	1,156	48%	70%	B. General Expense	6.5%
2004	171	0.0% N/A	2,129	1,946	91%	78%	C. Taxes, License & Fees	2.5%
2005	176	0.0% N/A	2,246	1,403	62%	71%	D. Underwriting Profit & Contingencies	11.4%
2006	168	5.2% May 01, 2006	2,163	2,109	98%	50%	E. Other Acquisition	2.3%
2007	256	0.0% N/A	2,074	(328)	-16%	34%	F. TOTAL	30.7%

* Incl.ALAE * Incl.ALAE * Incl.ALAE

ARKANSAS INSURANCE DEPARTMENT
RATE FILING ABSTRACT

Form RF-1

Rev. 4/96

Insurer Name: The Medical Assurance Company, Inc.
 NAIC Number: 33391
 Name of Advisory Organization Whose Filing You Are Referencing N/A
 Co. Affiliation to Advisory Organization: Member Subscriber Service Purchase
 Reference Filing #: Proposed Effective Date: October 1, 2009

Contact Person: LaQuita Goodwin
 Signature:
 Telephone No: (205)802-4426

(1) LINE OF INSURANCE By coverage	(2) Indicated % Rate Level Change	(3) Requested % Rate Level Change	FOR LOSS COSTS ONLY				
			(4) Expected Loss Ratio	(5) Loss Cost Modification Factor	(6) Selected Loss Cost Multiplier	(7) Expense Constant (If Applicable)	(8) Co. Current Loss Cost Multiplier
Physicians and Surgeons Professional Liability	0.9%	0.9%	N/A	N/A	N/A	N/A	N/A
Dentists	-1.4%	-1.4%	N/A	N/A	N/A	N/A	N/A
TOTAL OVERALL EFFECT	xxxxxxxxxxxx	0.9%	N/A	N/A	N/A	N/A	N/A

N/A (N) Apply Loss Cost Factors to Future Filings? (Y or N)
3.0% Estimated Maximum Rate Increase for any Arkansas Insured (%)
-13.5% Estimated Maximum Rate Decrease for any Arkansas Insured (%)

Corresponds to question 3 on RF-2 or RF-WC

5 Year History

Selected Provisions

Year	Policy Count	Rate Change History % Eff. Date	AR Earned Premium (000)	Incurred Losses (000) *	Arkansas Loss Ratio*	Countrywide Loss Ratio*	A. Total Production Expense	8.0%
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2005	176	0.0% N/A	2,246	1,403	62%	71%	D. Underwriting Profit & Contingencies	11.4%
2006	168	5.2% May 01, 2006	2,163	2,109	98%	50%	E. Other Acquisition	2.3%
2007	256	0.0% N/A	2,074	(328)	-16%	34%	F. TOTAL	30.7%

* Incl.ALAE * Incl.ALAE * Incl.ALAE

ProAssurance Indemnity Company, Inc.

Physicians and Surgeons Professional Liability
Filing Memorandum
Rates Effective October 1, 2009
Arkansas

This memorandum and the attached exhibits summarize a revision to physicians and surgeons professional liability rates for ProAssurance Indemnity Company, Inc. (PRA Indemnity), in the state of Arkansas. The overall impact of this rate filing is a 0.9% increase.

The base rate has been increased by 2.9%. The selected base rate increase was based on an analysis of historical experience for PRA Indemnity in the state of Arkansas, supplemented with information from State Volunteer Mutual Insurance Company (SVMIC) physician and surgeons professional liability rate filing for the state of Arkansas effective May 15, 2008.

The Civil Reform Act of 2003, Act 649, continues to be challenged in the courts. The affidavit provision was ruled unconstitutional by the Arkansas Supreme Court in 2007, and there is continued concern that other provisions may also ultimately be ruled unconstitutional. However, the impact of Act 649 is reflected in the rate analysis to the extent that this act has impacted PRA Indemnity's own historical experience for the state of Arkansas, and to the extent that this act has been considered by SVMIC in the selection of its pure premium and used as a credibility basis for PRA Indemnity's pure premium selection.

The class plan is being revised to be consistent with those utilized in other states written by PRA Indemnity. The proposed revisions are as follows:

<u>ISO Code</u>	<u>Spec. Description</u>	<u>Curr. Class</u>	<u>Prop. Class</u>	<u>No. of Insureds</u>
80151	Anesthesiology	6	5	19
80263	Ophthalmology -- no surg.	2	1	0
80277	Gynecology -- minor surg.	5	4	0
80287	Nephrology -- minor surg.	5	4	0
80477(A)	Surgical Consultation, Office Only, No Surgery	n/a	3	0
80477(B)	Surgical Consultation, Office Only, Assist in Surg	n/a	5	0
80621	Podiatry -- minor surg.	6	5	2

The class plan changes will have a rate impact of approximately -2.0%.

The rates for the dentists professional liability program have also been revised. The overall effect on PRA Indemnity's inforce book of dentists, of which there are 5, is -1.4%.

All other factors remain the same as those underlying the current rates.

Exhibit 1 - Calculation of Overall Rate Change Effect

Compares the current and proposed rates for PRA Indemnity's distribution of insureds. The average proposed mature rate is 0.9% higher than the current average mature rate.

Exhibit 2 - Indicated Pure Premium and Selected Rate Change

Shows the calculation to produce the proposed base rate change. The indicated base rate change is based on 1998-2007 Arkansas claims-made business, supplemented with industry experience to the extent that PRA Indemnity experience cannot be considered fully credible. In this exhibit the projected pure premium was computed as the ratio of trended losses and allocated loss adjustment expense (ALAE) to base class, base maturity exposures. The resulting indication was then adjusted by the credibility factor and weighed against the indication for SVMIC. Finally, the indication was adjusted for the estimated savings from Act 649. The final credibility weighted rate indication is for a 2.9% base rate increase.

Exhibit 3 - Selection of Ultimate Loss and ALAE

Utilizes various actuarial methodologies to estimate the ultimate losses by year for PRA Indemnity's book of physicians and surgeons professional liability business. Methods used are the development technique on reported and paid loss and ALAE, the Bornhuetter-Ferguson development technique on reported and paid loss and ALAE, and the frequency and severity method on reported and paid loss and ALAE.

ProAssurance Indemnity Company, Inc.

Physicians and Surgeons Professional Liability
Filing Memorandum
Rates Effective October 1, 2009
Arkansas

Exhibit 4 - Increased Limits Factor from \$200,000 Limits to \$1,000,000 Limits

Calculates the factors used to adjust losses at \$200,000 liability limits to losses at \$1,000,000 liability limits based on PRA Indemnity historical experience and data from the Insurance Services Office (ISO), with their permission.

Exhibit 5 - Adjustment of Premium From Collected to On-Level Manual Basis

Adjusts collected earned premiums to a manual premium (before premium discount) basis at current rate levels.

Exhibit 6 - Development of Current Rate Level Factors

Calculates the adjustment necessary to bring historical manual premium to current rate levels.

Exhibit 7 - Calculation of Competitor Class Plan Off-Balance Factor

These exhibits calculate the adjustments that are applied to the State Volunteer pure premium to account for the difference between the competitor class plan and the proposed PRA Indemnity class plan, utilizing the distribution of PRA Indemnity insureds.

Exhibit 8 - Calculation of Class Plan Off-Balance Factor

This exhibit calculates the adjustment that is applied to the base rate to account for the differences between the proposed and current class plan, utilizing the distribution of PRA Indemnity insureds.

Exhibit 9 - Profit and Contingencies Load

Calculates a profit provision, net of investment income based on estimated earnings as a percent of earned premiums and a selected return from insurance operations.

Exhibit 10 - Expense Provisions and Target Loss Ratio

ProAssurance Indemnity Company, Inc. is using a target loss and ALAE ratio of 54.3%. This is the ratio of losses and expenses to premium that will produce a return on equity of 13.0%. We have used a rate of return model to calculate the target loss and ALAE ratio. This model fully recognizes investment income on required surplus and reserves.

Exhibit 11 - Indicated ULAE Load - ProAssurance Group of Companies

Shows calculation of the ULAE (unallocated loss adjustment expense) load based on company experience.

Exhibit 12 - Rate Tables - \$1,000,000/\$3,000,000 Limits

Rates are shown by class and claims-made year for claims-made coverage and reporting endorsements.

Exhibit 13 - Dentist Rate Tables - \$1,000,000/\$3,000,000 Limits

Rates are shown by class and claims-made year for claims-made coverage and reporting endorsements for dentists.

ProAssurance Indemnity Company, Inc.

Physicians and Surgeons Professional Liability
Calculation of Overall Rate Change Effect
\$1,000,000/\$3,000,000 Limits
Arkansas

Specialty Code (1)	Specialty Description (2)	% of Arkansas Inforce (3)	Classes		Mature Claims-Made Rates		
			Current (4)	Prop. (5)	Current (6)	Proposed (7)	% Chg. (8)
80114	Ophthalmology -- major surg.	1.47%	4	4	11,458	11,782	2.8%
80117(C)	FP/GP, Significant OB -- major surg.	0.49%	10	10	30,659	31,458	2.6%
80143	General N.O.C. -- major surg.	1.47%	10	10	30,659	31,458	2.6%
80145(C)	Urology -- major surg.	1.47%	6	6	16,152	16,591	2.7%
80146	Vascular -- major surg.	0.98%	11	11	34,926	35,831	2.6%
80150	Cardiovascular Disease -- major surg.	1.96%	12	12	39,192	40,203	2.6%
80151	Anesthesiology	9.31%	6	5	16,152	13,968	-13.5%
80153	Obstetrics/Gynecology -- major surg.	1.96%	13	13	43,459	44,576	2.6%
80154(A)	Orthopedic (No Spines) -- major surg.	5.39%	10	10	30,659	31,458	2.6%
80159	Otorhinolaryngology (no plastic) -- major surg.	0.49%	7	7	17,859	18,340	2.7%
80167	Gynecology -- major surg.	0.49%	8	8	22,125	22,713	2.7%
80222(A)	Hospitalist - Hosp. Employed/ Sngl. Hosp. Affill.	1.47%	3	3	9,325	9,595	2.9%
80233	Occupational Medicine	0.49%	2	2	7,192	7,409	3.0%
80235	Physical Medicine and Rehabilitation	0.98%	2	2	7,192	7,409	3.0%
80241	Gastroenterology -- no surg.	0.98%	3	3	9,325	9,595	2.9%
80245	Hematology -- no surg.	1.47%	3	3	9,325	9,595	2.9%
80249	Psychiatry	5.88%	2	2	7,192	7,409	3.0%
80255	Cardiovascular Disease -- no surg.	1.47%	3	3	9,325	9,595	2.9%
80256(B)	Dermatology -- no surg. (specified procedures)	0.98%	2	2	7,192	7,409	3.0%
80257	Internal Medicine -- no surg.	11.76%	3	3	9,325	9,595	2.9%
80260	Nephrology -- no surg.	1.47%	3	3	9,325	9,595	2.9%
80261	Neurology -- no surg.	1.47%	5	5	13,592	13,968	2.8%
80263	Ophthalmology -- no surg.	0.00%	2	1	7,192	5,223	-27.4%
80266	Pathology	7.84%	3	3	9,325	9,595	2.9%
80267	Pediatrics -- no surg.	6.37%	3	3	9,325	9,595	2.9%
80274	Gastroenterology -- minor surg.	0.98%	5	5	13,592	13,968	2.8%
80277	Gynecology -- minor surg.	0.00%	5	4	13,592	11,782	-13.3%
80280	Radiology -- diagnostic -- minor surg.	4.41%	6	6	16,152	16,591	2.7%
80281(A)	Cardiovascular Disease -- minor surg.	3.43%	5	5	13,592	13,968	2.8%
80283	Intensive Care Medicine	0.49%	5	5	13,592	13,968	2.8%
80284	Internal Medicine -- minor surg.	0.98%	5	5	13,592	13,968	2.8%
80287	Nephrology -- minor surg.	0.00%	5	4	13,592	11,782	-13.3%
80288	Neurology -- minor surg.	0.49%	5	5	13,592	13,968	2.8%
80420	FP/GP (excl. OB) -- no surg.	10.29%	3	3	9,325	9,595	2.9%
80421(B)	FP/GP -- mnr surg, assist mjr surg own pts	0.98%	5	5	13,592	13,968	2.8%
80421(C)	FP/GP -- assist mjr surg	5.39%	6	6	16,152	16,591	2.7%
80425	Radiation Therapy	0.98%	5	5	13,592	13,968	2.8%
80474	Dermatopathology	0.98%	3	3	9,325	9,595	2.9%
80475(A)	Pain Management -- no major surg.	1.47%	7	7	17,859	18,340	2.7%
80621	Podiatry -- minor surg.	0.98%	6	5	16,152	13,968	-13.5%
Total / Average		100.00%			14,374	14,499	0.9%

Notes: (3) Distribution of PRA Indemnity physicians in the state of Arkansas as of 6/30/2008.

ProAssurance Indemnity Company, Inc.
 Physicians and Surgeons Professional Liability
 Indicated Pure Premium and Selected Rate Change
 Claims-Made
 Arkansas

Year (1)	Projected Ultimate \$1M/\$3M Limits Loss & ALAE [Exhibit 3] (2)	Trend to 10/01/2010 Level (3)	\$1M/\$3M Limits Loss & ALAE at 10/01/10 Level (2)x(3) (4)	Base Class, Maturity Exposures (5)	\$1M/\$3M Limits 10/01/2010 Loss&ALAE Pure Premium (4)/(5) (6)
1998	0	1.000	0	3	0
1999	0	1.000	0	14	0
2000	0	1.000	0	23	0
2001	0	1.000	0	24	0
2002	270,500	1.000	270,500	68	3,988
2003	262,500	1.000	262,500	170	1,546
2004	757,500	1.000	757,500	187	4,056
2005	422,500	1.000	422,500	204	2,075
2006	631,500	1.000	631,500	197	3,207
2007	1,083,500	1.000	1,083,500	220	4,931
Total	3,428,000		3,428,000	1,108	3,093
(7)	Indicated 10/01/10 Loss and ALAE Pure Premium				
(a)	2002-2007 Weighted Average				3,282
(b)	2002-2007 Weighted Average, Excluding Maximum and Minimum Values				3,332
(8)	Selected 10/01/10 Loss and ALAE Pure Premium: [Average of (a) and (b)]				3,305
(9)	State Volunteer Indicated Loss and ALAE Claims-Made Pure Premium at \$1M/\$3M Limit				4,750
(10)	Trend to Proposed Effective Date				1,000
(11)	State Volunteer Class Off-Balance Factor: [Exhibit 7]				1.233
(12)	State Volunteer Indicated Pure Premium on TMAC Class Plan at \$1M/\$3M Limit: [(9)x(10)x(11)]				5,857
(13)	Selected Competitor Pure Premium on TMAC Class Plan at \$1M/\$3M Limit				5,855
(14)	(a) Indicated Credibility Factor				0.332
(b)	Selected Credibility Factor				0.500
(15)	Credibility Weighted 10/01/10 Loss and ALAE Pure Premium: [{"(8)x(14)} + {(1.0-(14))x(13)}]				4,580
(16)	TMAC Class Off-Balance Factor: [Exhibit 8, Sheet 1]				1.020
(17)	TMAC Fixed Expense Off-Balance Factor: [Exhibit 8, Sheet 2]				1.000
(18)	Indicated Base Rate				9,593
(19)	Current Base Rate				9,325
(20)	Indicated Base Rate Change: [(18)/(19) - 1.00]				2.9%
(21)	Selected Base Rate Change				2.9%
(22)	Overall Rate Impact: [Exhibit 1]				0.9%

Notes: (3),(10) Assumes a 0.0% claims-made trend rate, where trend rate is the claims-made selection as selected based on information provided by the Insurance Services Office (ISO) in Circular AS-PR-2008-006.
 (5) Based on historical exposure information.
 (9) From State Volunteer Mutual Insurance Company Physicians and Surgeons Professional Liability rate filing for the state of Arkansas effective May 15, 2008.
 (14)(a) Assumes a full credibility standard of 700 claims. PRA Indemnity counts exclude all claims closed without loss or ALAE payment.
 = Square Root [Reported Counts for 2004 to 2008 divided by 700].
 = Square Root [77 / 700].
 (18) = [{"Selected Pure Premium x ULAE Load x (16)} + Fixed Expense Load] x (17)
 [(1.0 - Variable Expense Load - DD&R Load) x (1.0 - Discount Load)]
 Where the ULAE Load is 1.100, the Fixed Expense Load is \$500, the Variable Expense Load is 25.83%, the DD&R Load is 5%, and the Discount Load is 15%.

ProAssurance Indemnity Company, Inc.

Physicians and Surgeons Professional Liability
Selection of Ultimate Loss and ALAE
Arkansas

Claims-Made Basis

Indicated Ultimate Loss and ALAE
at \$1M/\$3M Limits

Selected
Ultimate
at **1M/3M**
Limits
Loss & ALAE
(8)

Report Year (1)	Reported Methods			Paid Methods			Selected Ultimate at 1M/3M Limits Loss & ALAE (8)
	Development [Sheet 6] (2)	B-F [Sheet 2] (3)	Freq/Sev [Sheet 4] (4)	Development [Sheet 7] (5)	B-F [Sheet 3] (6)	Freq/Sev [Sheet 5] (7)	
1998	0	20	0	0	139	0	0
1999	0	328	0	0	1,751	0	0
2000	0	558	0	0	2,788	0	0
2001	0	1,593	0	0	7,821	0	0
2002	249,541	255,999	237,987	272,705	367,197	304,049	270,500
2003	255,507	257,230	246,809	133,989	408,918	290,656	262,500
2004	772,511	769,855	693,587	665,596	860,656	793,136	757,500
2005	408,522	343,653	344,723	333,823	844,588	593,593	422,500
2006	640,480	487,061	518,773	346,384	1,006,476	880,361	631,500
2007	938,487	759,260	649,572	1,431,396	1,375,043	1,261,607	1,083,500
Total	3,265,048	2,875,557	2,691,451	3,183,893	4,875,377	4,123,402	3,428,000

ProAssurance Indemnity Company, Inc.

Physicians and Surgeons Professional Liability
Development of Ultimate Loss and ALAE - Bornhuetter-Ferguson Method on Reported Losses
Arkansas

Claims-Made Basis

Report Year	Initial Expected Loss Ratio	\$1,000,000 Limits Policy Earned Premium [Exhibit 5]	Initial Expected Ultimate Loss (2)x(3)	Expected Percent Unreported at 6/30/2008	Actual Reported Loss & ALAE at 1M/3M Limits at 6/30/2008	Indicated Ultimate Loss & ALAE at 1M/3M Limits [(4)x(5)]+(6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1998	101.0%	19,672	19,869	0.1%	0	20
1999	170.6%	64,159	109,455	0.3%	0	328
2000	158.3%	58,705	92,930	0.6%	0	558
2001	128.3%	112,888	144,835	1.1%	0	1,593
2002	98.8%	1,339,867	1,323,789	0.6%	248,056	255,999
2003	87.6%	2,245,156	1,966,757	0.1%	255,263	257,230
2004	88.6%	1,638,048	1,451,311	-0.4%	775,660	769,855
2005	77.5%	1,873,533	1,451,988	-4.6%	410,445	343,653
2006	75.0%	1,811,365	1,358,524	-16.2%	707,142	487,061
2007	73.5%	1,902,675	1,398,466	3.2%	714,509	759,260
Total		<u>11,066,068</u>	<u>9,317,924</u>		<u>3,111,075</u>	<u>2,875,557</u>

Notes: (2) Selected judgmentally based on historical results countrywide for TMAC.
(5) Based on selected factors from Sheet 6.

ProAssurance Indemnity Company, Inc.

Physicians and Surgeons Professional Liability
Development of Ultimate Loss and ALAE - Bornhuetter-Ferguson Method on Paid Losses
Arkansas

Claims-Made Basis

Report Year	Initial Expected Loss Ratio	On-Level Manual Earned Premium [Exhibit 5]	Initial Expected Ultimate Loss (2)x(3)	Expected Percent Unpaid at 6/30/2008	Actual Paid Loss & ALAE at 1M/3M Limits at 6/30/2008	Indicated Ultimate Loss & ALAE at 1M/3M Limits [(4)x(5)]+(6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1998	101.0%	19,672	19,869	0.7%	0	139
1999	170.6%	64,159	109,455	1.6%	0	1,751
2000	158.3%	58,705	92,930	3.0%	0	2,788
2001	128.3%	112,888	144,835	5.4%	0	7,821
2002	98.8%	1,339,867	1,323,789	9.0%	248,056	367,197
2003	87.6%	2,245,156	1,966,757	15.0%	113,905	408,918
2004	88.6%	1,638,048	1,451,311	24.8%	500,731	860,656
2005	77.5%	1,873,533	1,451,988	46.3%	172,318	844,588
2006	75.0%	1,811,365	1,358,524	67.5%	89,473	1,006,476
2007	73.5%	<u>1,902,675</u>	<u>1,398,466</u>	91.6%	<u>94,048</u>	<u>1,375,043</u>
Total		<u><u>11,066,068</u></u>	<u><u>9,317,924</u></u>		<u><u>1,218,531</u></u>	<u><u>4,875,377</u></u>

Notes: (2) Selected judgmentally based on historical results countrywide for TMAC.
(5) Based on selected factors from Sheet 7.

ProAssurance Indemnity Company, Inc.

Physicians and Surgeons Professional Liability
Average Incurred Frequency/Severity Projection Method
Claims-Made Basis
Arkansas

Report Year	Earned Base Class, Maturity Exposure	Ultimate Claim Count Excl. CNP [Sheet 8]	Indicated Ultimate Frequency (3)/(2)	Selected Ultimate Frequency (5)	Average Ultimate Incurred Severity (6)	Trended 2009 Severity (7)	Selected Ultimate Severity (8)	Increased Limits Factor [Exhibit 4] (9)	Indicated Ultimate Loss&ALAE (2)x(5)x(8) x(9) (10)
1998	3	0	0.000	0.000	---	43,500	43,500	1.000	0
1999	14	0	0.000	0.000	---	43,500	43,500	1.000	0
2000	23	0	0.000	0.000	---	43,500	43,500	1.000	0
2001	24	0	0.000	0.000	---	43,500	43,500	1.000	0
2002	68	1	0.015	0.015	252,770	43,500	233,936	1.000	237,987
2003	170	5	0.029	0.029	51,274	43,500	50,108	1.000	246,809
2004	187	10	0.054	0.054	77,118	43,500	68,781	1.000	693,587
2005	204	6	0.029	0.031	60,213	43,500	52,475	1.041	344,723
2006	197	9	0.046	0.046	49,834	43,500	45,559	1.257	518,773
2007	220	14	0.064	0.053	47,668	43,500	43,850	1.272	649,572
Total	1,108	45	0.041	0.041					2,691,451

Selected for 2009 43,500

- Notes: (2) Based on actual data for PRA Indemnity.
(5) Weighted average of indicated frequency by year, and the indicated total frequency for 2005 through 2007, where the weight is based on the currently effective claims-made step factors.
(6) Average of \$200,000 limits ultimate loss result from Sheet 6 and Sheet 2 divided by Column (3). 2009 selected based on linear trend and the values for 2003 through 2007.
(7) Assumes a 0.0% trend rate, where claims-made trend rate has been selected based on the data provided by the Insurance Services Office (ISO) in ISO Circular AS-PR-2008-006.
(8) Weighted average of columns (6) and (7), where the weight is derived based on the percentage of loss and ALAE paid based on the paid pattern selected in Sheet 7.

ProAssurance Indemnity Company, Inc.

Physicians and Surgeons Professional Liability
Average Paid Frequency/Severity Projection Method
Claims-Made Basis
Arkansas

Report Year	Earned Base Class, Maturity Exposure	Ultimate Claim Count Excl. CNP [Sheet 8]	Indicated Ultimate Frequency (3)/(2)	Selected Ultimate Frequency	Average Ultimate Paid Severity	Trended 2009 Severity	Selected Ultimate Severity	Increased Limits Factor [Exhibit 4]	Indicated Ultimate Loss&ALAE (2)x(5)x(8) x(9)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1998	3	0	0.000	0.000	---	85,750	85,750	1.000	0
1999	14	0	0.000	0.000	---	85,750	85,750	1.000	0
2000	23	0	0.000	0.000	---	85,750	85,750	1.000	0
2001	24	0	0.000	0.000	---	85,750	85,750	1.000	0
2002	68	1	0.015	0.015	319,951	85,750	298,873	1.000	304,049
2003	170	5	0.029	0.029	54,291	85,750	59,010	1.000	290,656
2004	187	10	0.054	0.054	76,313	85,750	78,653	1.000	793,136
2005	204	6	0.029	0.031	94,333	85,750	90,359	1.041	593,593
2006	197	9	0.046	0.046	59,792	85,750	77,314	1.257	880,361
2007	220	14	0.064	0.053	78,797	85,750	85,166	1.272	1,261,607
Total	1,108	45	0.041	0.041					4,123,402

Selected for 2009 85,750

- Notes: (2) Based on actual data for PRA Indemnity.
(5) Weighted average of indicated frequency by year, and the weighted average of indicated frequency for 2005 through 2007, where the weight is based on the currently effective claims-made step factors.
(6) Average of \$200,000 limits ultimate loss result from Sheet 7 and Sheet 3 divided by Column (3). 2009 selected based on linear trend and the values for 2003 through 2007.
(7) Assumes a 0.0% trend rate, where claims-made trend rate has been selected based on the data provided by the Insurance Services Office (ISO) in ISO Circular AS-PR-2008-006.
(8) Weighted average of columns (6) and (7), where the weight is derived based on the percentage of loss and ALAE paid based on the payment pattern selected in Sheet 7.

ProAssurance Indemnity Company, Inc.

Physicians and Surgeons Professional Liability
Development of Ultimate Loss and ALAE - Reported Development Method
Arkansas

Claims-Made Basis

Report Year	\$200,000 Limits Reported Loss and ALAE by Month of Dev.											Indicated Ultimate Loss & ALAE @ \$200,000 Limits	Factor to 1M/3M Limits [Exhibit 4]	Indicated Ultimate Loss & ALAE @ 1M/3M Limits
	6	18	30	42	54	66	78	90	102	114	126			
1998	0	0	0	0	0	0	0	0	0	0	0	0	1.000	0
1999	0	0	0	0	0	0	0	0	0	0	0	0	1.000	0
2000	0	10,000	10,000	0	0	0	0	0	0	0	0	0	1.000	0
2001	8,000	8,000	8,000	0	0	0	0	0	0	0	0	0	1.000	0
2002	0	125,000	325,000	248,056	248,056	248,056	248,056					249,541	1.000	249,541
2003	23,397	356,837	247,051	250,259	250,259	255,263						255,507	1.000	255,507
2004	126,000	828,004	995,004	841,750	775,651							772,511	1.000	772,511
2005	195,001	274,002	398,441	410,445								392,432	1.041	408,522
2006	38,000	863,016	592,133									509,531	1.257	640,480
2007	136,001	714,509										737,804	1.272	938,487
2008	130,709											996,756	1.486	1,481,179

Report Year	Development Factor to Ultimate													
	6-18	18-30	30-42	42-54	54-66	66-78	78-90	90-102	102-114	114-126	126-Ult.			
1998	---	---	---	---	---	---	---	---	---	---	---			
1999	---	---	---	---	---	---	---	---	---	---	---			
2000	---	1.000	0.000	---	---	---	---	---	---	---	---			
2001	1.000	1.000	0.000	---	---	---	---	---	---	---	---			
2002	---	2.600	0.763	1.000	1.000	1.000	---	---	---	---	---			
2003	15.252	0.692	1.013	1.000	1.020	---	---	---	---	---	---			
2004	6.571	1.202	0.846	0.921	---	---	---	---	---	---	---			
2005	1.405	1.454	1.030	---	---	---	---	---	---	---	---			
2006	22.711	0.686	---	---	---	---	---	---	---	---	---			
2007	5.254	---	---	---	---	---	---	---	---	---	---			
S-All	8.699	1.233	0.609	0.974	1.010	1.000	1.000	1.000	1.000	1.000	1.000			
V-All	6.040	1.045	0.883	0.951	1.010	1.000	1.000	1.000	1.000	1.000	1.000			
V-3	5.018	1.010	0.916	0.951	1.010	1.000	1.000	1.000	1.000	1.000	1.000			
Sel.	7.385	1.200	0.900	0.960	0.995	0.995	0.995	1.005	1.003	1.002	1.001			
RTU	7.626	1.033	0.861	0.956	0.996	1.001	1.006	1.011	1.006	1.003	1.001			

ProAssurance Indemnity Company, Inc.

Physicians and Surgeons Professional Liability
Development of Ultimate Loss and ALAE - Paid Development Method
Arkansas

Claims-Made Basis

Report Year	\$200,000 Limits Paid Loss and ALAE by Month of Dev.											Indicated Ultimate Loss & ALAE @ \$200,000 Limits	Factor to 1M/3M Limits [Exhibit 4]	Indicated Ultimate Loss & ALAE @ 1M/3M Limits
	6	18	30	42	54	66	78	90	102	114	126			
1998	0	0	0	0	0	0	0	0	0	0	0	0	1.000	0
1999	0	0	0	0	0	0	0	0	0	0	0	0	1.000	0
2000	0	0	0	0	0	0	0	0	0	0	0	0	1.000	0
2001	0	0	0	0	0	0	0	0	0	0	0	0	1.000	0
2002	0	10,230	78,818	248,056	248,056	248,056	248,056					272,705	1.000	272,705
2003	397	42,483	109,207	112,540	113,178	113,905						133,989	1.000	133,989
2004	500	37,670	112,697	244,190	500,731							665,596	1.000	665,596
2005	0	30,929	156,467	172,318								320,675	1.041	333,823
2006	180	28,330	89,473									275,564	1.257	346,384
2007	5,373	94,048										1,125,311	1.272	1,431,396
2008	9,230											3,533,983	1.486	5,251,499

Report Year	Development Factor to Ultimate										
	6-18	18-30	30-42	42-54	54-66	66-78	78-90	90-102	102-114	114-126	126-Ult.
1998	---	---	---	---	---	---	---	---	---	---	---
1999	---	---	---	---	---	---	---	---	---	---	---
2000	---	---	---	---	---	---	---	---	---	---	---
2001	---	---	---	---	---	---	---	---	---	---	---
2002	---	7.705	3.147	1.000	1.000	1.000					
2003	107.077	2.571	1.031	1.006	1.006						
2004	75.407	2.992	2.167	2.051							
2005	---	5.059	1.101								
2006	157.496	3.158									
2007	17.503										
S-All	89.371	4.297	1.861	1.352	1.003	1.000	1.000	1.000	1.000	1.000	
V-All	37.784	3.653	1.700	1.425	1.002	1.000	1.000	1.000	1.000	1.000	
V-3	27.607	3.700	1.398	1.425	1.002	1.000	1.000	1.000	1.000	1.000	
Sel.	32.000	3.885	1.655	1.400	1.130	1.070	1.040	1.025	1.015	1.009	1.007
RTU	382.889	11.965	3.080	1.861	1.329	1.176	1.099	1.057	1.031	1.016	1.007

ProAssurance Indemnity Company, Inc.
Physicians and Surgeons Professional Liability
Reported Claim Counts - Net of Closed with No Payment
Arkansas

Claims-Made Basis

Report Year	Reported Claim Counts excluding CNP by Month of Dev.											Indicated Ultimate RCC x CNP
	6	18	30	42	54	66	78	90	102	114	126	
1998	0	0	0	0	0	0	0	0	0	0	0	0
1999	0	0	0	0	0	0	0	0	0	0	0	0
2000	0	1	1	0	0	0	0	0	0	0	0	0
2001	1	1	1	0	0	0	0	0	0	0	0	0
2002	0	1	1	1	1	1	1	1	1	1	1	1
2003	3	5	5	5	5	5	5	5	5	5	5	5
2004	7	11	10	10	10	10	10	10	10	10	10	10
2005	3	8	7	6	6	6	6	6	6	6	6	6
2006	3	11	10	10	10	10	10	10	10	10	10	10
2007	5	16	16	16	16	16	16	16	16	16	16	16
2008	7	16	16	16	16	16	16	16	16	16	16	16

Report Year	Development Factor to Ultimate											
	6-18	18-30	30-42	42-54	54-66	66-78	78-90	90-102	102-114	114-126	126-Ult.	
1998	---	---	---	---	---	---	---	---	---	---	---	
1999	---	---	---	---	---	---	---	---	---	---	---	
2000	---	1.000	0.000	---	---	---	---	---	---	---	---	
2001	1.000	1.000	0.000	---	---	---	---	---	---	---	---	
2002	---	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
2003	1.667	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
2004	1.571	0.909	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
2005	2.667	0.875	0.857	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
2006	3.667	0.909	0.857	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
2007	3.200	0.909	0.857	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
S-All	2.295	0.956	0.643	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
V-All	2.455	0.921	0.880	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
V-3	3.182	0.900	0.955	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
Sel.	2.645	0.925	0.925	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
RTU	2.263	0.856	0.925	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000

ProAssurance Indemnity Company, Inc.

Physicians and Surgeons Professional Liability
 Increased Limits Factor from \$200,000 Limits to \$1,000,000 Limits
 Arkansas

Claims-Made Basis

<u>Report Year</u> (1)	<u>ISO Factor to 1M/3M Limits</u> (2)	<u>Actual Reported Loss Experience</u> (3)	<u>Selected Experience Weight</u> (4)	<u>Indicated Experience Increased Limits Factor</u> (5)
1998	1.850	n/a	1.000	1.000
1999	1.780	n/a	1.000	1.000
2000	1.803	n/a	1.000	1.000
2001	1.865	n/a	1.000	1.000
2002	1.866	1.000	1.000	1.000
2003	1.879	1.000	1.000	1.000
2004	1.828	1.000	1.000	1.000
2005	1.828	1.000	0.950	1.041
2006	1.820	1.194	0.900	1.257
2007	1.778	1.000	0.650	1.272
2008	1.778	1.000	0.375	1.486

Notes: (2) From ISO Circulars (AS-PR-2007-013, AS-PR-2006-015, AS-PR-2005-012, etc.), with their permission.

(4) Selected judgmentally.

(5) = [(3)x(4)] + [{1.0-(4)}x(2)].

ProAssurance Indemnity Company, Inc.

Physicians and Surgeons Professional Liability
 Adjustment of Premium From Collected to On-Level Manual Basis
 Arkansas

Claims-Made

Calendar Year	Policy Earned Premium	Adjustment to Manual Rate	Adjustment to Current Rate Level [Exhibit 6]	Estimated On-Level Earned Premium [(2)/(3)]x(4)
(1)	(2)	(3)	(4)	(5)
1998	19,672	1.012	2.558	49,724
1999	64,159	1.012	2.558	162,173
2000	58,705	1.012	2.558	148,387
2001	112,888	1.012	2.558	285,343
2002	1,339,867	1.012	2.120	2,805,727
2003	2,245,156	1.051	1.307	2,792,026
2004	1,638,048	1.018	1.120	1,802,175
2005	1,873,533	1.005	1.051	1,959,287
2006	1,811,365	0.955	1.040	1,972,586
2007	1,902,675	0.790	1.003	2,415,675
Total	<u>11,066,068</u>			<u>14,393,103</u>

Notes: (2) Reflects PRA Indemnity's historical experience for the state of Arkansas. Excludes tail and excess premium.

(3) Factor to adjust for average credits.

ProAssurance Indemnity Company, Inc.Physicians and Surgeons Professional Liability
Development of Current Rate Level Factors

Arkansas

<u>Date</u> (1)	<u>Rate Change</u> (2)	<u>Cumulative Rate Level Adjustment</u> (3)
12/10/1997	Base	1.000
3/1/2002	97.4%	0.507
10/1/2003	23.2%	0.411
5/1/2006	5.2%	0.391

<u>Calendar Year</u> (4)	<u>Current Rate Level Factor</u> (5)		
1998	$[(1.000 \times 1.000) / 0.391]$	=	2.558
1999	$[(1.000 \times 1.000) / 0.391]$	=	2.558
2000	$[(1.000 \times 1.000) / 0.391]$	=	2.558
2001	$[(1.000 \times 1.000) / 0.391]$	=	2.558
2002	$[(0.653 \times 1.000) + (0.347 \times 0.507) / 0.391]$	=	2.120
2003	$[(0.014 \times 1.000) + (0.955 \times 0.507) + (0.031 \times 0.411) / 0.391]$	=	1.307
2004	$[(0.281 \times 0.507) + (0.719 \times 0.411) / 0.391]$	=	1.120
2005	$[(1.000 \times 0.411) / 0.391]$	=	1.051
2006	$[(0.778 \times 0.411) + (0.222 \times 0.391) / 0.391]$	=	1.040
2007	$[(0.056 \times 0.411) + (0.944 \times 0.391) / 0.391]$	=	1.003

Notes: (2) Based on rate level information for the state of Arkansas.

(5) Current rate level factors on an earned basis are calculated by multiplying the factors in item (3) by the proportion of premium written in each policy period.

ProAssurance Indemnity Company, Inc.

Physicians and Surgeons Professional Liability
Calculation of Competitor Class Plan Off-Balance Factor
PRA Indemnity Versus State Volunteer Mutual
Arkansas

PRA Indemnity Proposed Class	PRA Indemnity Arkansas Exposure Distribution	Proposed Relativity	SVMIC Class	Arkansas Exposure Distribution	SVMIC Relativity
(1)	(2)	(3)	(4)	(5)	(6)
1	0.00%	0.500	1A	0.00%	0.694
2	8.33%	0.750	1B	8.33%	0.796
3	44.13%	1.000	1C	18.15%	1.000
4	1.47%	1.250	1D	16.67%	1.118
5	20.10%	1.500	1E	4.41%	1.461
6	11.27%	1.800	1F	1.47%	1.542
7	1.96%	2.000	1G	1.47%	1.271
8	0.49%	2.500	1H	1.96%	1.715
9	0.00%	3.000	1J	5.39%	1.927
10	7.35%	3.500	1K	8.82%	1.940
11	0.98%	4.000	1L	1.47%	2.085
12	1.96%	4.500	1M	8.82%	0.796
13	1.96%	5.000	2A	0.49%	1.940
14	0.00%	6.000	2B	0.00%	2.398
15	0.00%	7.000	2C	9.32%	2.536
			2D	0.00%	2.580
			2E	0.00%	2.980
			2F	0.00%	1.940
			3A	0.49%	3.311
			3B	0.00%	3.561
			3C	0.49%	3.728
			3D	0.49%	3.311
			4A	5.39%	5.444
			4B	1.47%	3.953
			4C	0.00%	4.859
			5A	0.98%	5.444
			6A	1.96%	6.717
			7A	1.96%	7.229
Total/Avg.	<u>100.00%</u>	<u>1.561</u>	Total/Avg.	<u>100.00%</u>	<u>1.924</u>

(7) Off Balance Factor: [Total of (6) / Total of (3)] 1.233

Notes: (2),(5) Distribution of PRA Indemnity Arkansas physicians as of 6/30/2008.
(3) From Exhibit 8.
(6) From State Volunteer Medical Insurance Company Physician and Surgeon
Professional Liability rate filing effective May 15, 2008.

ProAssurance Indemnity Company, Inc.

Physicians and Surgeons Professional Liability
Calculation of Class Plan Off-Balance Factor
\$1,000,000/\$3,000,000 Limits
Arkansas

Current Class (1)	PRA Indemnity Arkansas Exposure Distribution (2)	Current Relativity (3)	Proposed Class (4)	PRA Indemnity Arkansas Exposure Distribution (5)	Proposed Relativity (6)
1	0.00%	0.500	1	0.00%	0.500
2	8.33%	0.750	2	8.33%	0.750
3	44.13%	1.000	3	44.13%	1.000
4	1.47%	1.250	4	1.47%	1.250
5	9.80%	1.500	5	20.10%	1.500
6	21.57%	1.800	6	11.27%	1.800
7	1.96%	2.000	7	1.96%	2.000
8	0.49%	2.500	8	0.49%	2.500
9	0.00%	3.000	9	0.00%	3.000
10	7.35%	3.500	10	7.35%	3.500
11	0.98%	4.000	11	0.98%	4.000
12	1.96%	4.500	12	1.96%	4.500
13	1.96%	5.000	13	1.96%	5.000
14	0.00%	6.000	14	0.00%	6.000
15	0.00%	7.000	15	0.00%	7.000
Total/Avg.	<u>100.00%</u>	<u>1.592</u>	Total/Avg.	<u>100.00%</u>	<u>1.561</u>

(7) Off Balance Factor: [Total of (3) / Total of (6)] 1.020

Notes: (2),(5) Distribution of PRA Indemnity physicians in the state of Arkansas as of 6/30/2008.
Class plan proposal:

ISO Code	Specialty	Curr. Class	Prop. Class
80151	Anesthesiology	6	5
80263	Ophthalmology -- no surg.	2	1
80277	Gynecology -- minor surg.	5	4
80287	Nephrology -- minor surg.	5	4
80477(A)	Surgical Consultation, Office Only, No Surgery	n/a	3
80477(B)	Surgical Consultation, Office Only, Assist in Surg	n/a	5
80621	Podiatry -- minor surg.	6	5

ProAssurance Indemnity Company, Inc.

Physicians and Surgeons Professional Liability
Calculation of Fixed Expense Off-Balance Factor
Arkansas
Claims-Made Basis

	<u>Claims- Made</u>
(1) Current Class Relativity	1.592
(2) Proposed Class/Territory Average Relativity	1.561
(3) Fixed Expense Off Balance Factor	1.000

(1),(2) Based on current inforce distribution of PRA Indemnity Arkansas physicians as of 6/30/2008.

(3) =

Where

(A) = $1.0 - [1.0/(1)]$

(B) = $1.0 - [1.0/(2)]$

(C) = Current Fixed Portion of Base Rate / Current Base Rate

(D) = Proposed Fixed Portion of Base Rate / [Current Base Rate x (1.0 + Rate Change)]

The current fixed portion of base rate is:

$$\frac{\text{Current Fixed Expense}}{(1.0 - \text{Variable Expense} - \text{DD\&R Load}) \times (1.0 - \text{Discount Load})}$$

based on the factors underlying the May 2006 rate analysis.

The proposed fixed portion of the base rate is:

$$\frac{\text{Proposed Fixed Expense}}{(1.0 - \text{Variable Expense} - \text{DD\&R Load}) \times (1.0 - \text{Discount Load})}$$

where Variable Expense is 25.8%, the DD&R Load is 5.0%, and the Discount Load is 15.0%.

ProAssurance Indemnity Company, Inc.

Physicians and Surgeons Professional Liability
Profit and Contingencies Load
ProAssurance Group Combined Countrywide, Medical Malpractice Direct Business Written
Arkansas

	<u>Claims- Made</u>
Estimated Investment Income on Unearned Premium and Loss Reserves (\$000's)	
(1) Mean Unearned Premium Reserve (UPR) as % of Direct Written Premium (WP)	48.13%
(2) Average Agents' Balances and Uncollected Premiums as % of Direct WP	18.82%
(3) Prepaid Expenses (commissions & brokerage fees, taxes, other) as % of Direct WP	19.30%
(4) Other Income Less Other Expense	-1.84%
(5) Deduction for Federal Income Tax Payable: [20% x (1) x 35% Federal Income Tax Rate]	3.37%
(6) UPR Subject to Investment Income as % of Direct WP: [(1) x {1.00 - (2) - (3) + (4) - (5)}]	27.28%
(7) Premium Discount Provision	15.00%
(8) UPR subject to Investment Income as % of Manual Premium: [(6) x {1 - (7)}]	23.18%
(9) Expected Incurred Loss & LAE as % of Manual Premium	64.30%
(10) Ratio of Loss & LAE Reserves to Incurred Losses	3.430
(11) Expected Loss & LAE Reserves as % of Manual Premium: [(9) x (10)]	220.55%
(12) Average IRS Loss Reserve Discount Factor on Loss and LAE Reserves	8.60%
(13) Loss and LAE Reserves Available for Investment as % of Manual Premium $[(4) + (11)] \times \{1 - [(12) \times 35\%]\}$	212.13%
(14) Total Reserves subject to Investment as % of Manual Premium: [(8) + (13)]	235.31%
(15) Expected Pre-Tax Investment Yield: [Sheet 2]	1.75%
(16) Pre-Tax Investment Earnings on Total Reserves subject to Investment as % of Manual Premium: $[(14) \times (15)]$	4.12%
Profit Loading Provision	
(17) Required After Tax Rate of Return On Surplus	13.00%
(18) Federal Income Tax Rate	35.00%
(19) Required Pre-Tax Rate of Return On Surplus: [(17) / {1.00 - (18)}]	20.00%
(20) Expected Pre-Tax Return on Surplus Funds: [Sheet 2]	1.75%
(21) Required Pre-Tax Return from Insurance Operations as a Percent of Surplus: [(19) - (20)]	18.25%
(22) Premium to Surplus Ratio	1.00
(23) Required Return from Insurance Operations as % of Charged Premium: [(21) / (22)]	18.25%
(24) Premium Discount Provision	15.00%
(25) Required Return from Insurance Operations as % of Manual Premium: [(23) x {1.00 - (24)}]	15.51%
Profit Provision	
(26) Profit Provision Net of Investment Income as % of Manual Premium: [(25) - (16)]	11.4%

- Notes: (1),(2),(4) Based on average values for 2005-2007 ProAssurance Companies' Insurance Expense Exhibits.
(3) = Selected for PRA Indemnity based on historic company experience. Includes fixed expense portion.
(5) 20% of the change in unearned premium reserve is included in federal taxable income. Taxes paid as a result of this provision are unavailable for investment.
(9) This value represents the percentage of the manual premium, i.e. premium before the application of premium credits and debits, that is attributable to loss and loss adjustment expenses. In other words, that portion of the manual premium that will not go towards corporate costs such as overhead expenses. The actual formula is as follows:
 $\{1.0 - \text{Variable Expense Load} - \text{DD\&R Load} - \text{Fixed Expense \%}\}$
 where the fixed expenses of \$500 represents 4.9% of premium.
(10) Based on an analysis of historical medical malpractice claims-made payment patterns for the ProAssurance companies
(12) From IRS Revenue Procedure 2008-10.
(13) Adjusts item (11) for federal tax payable due to IRS loss reserve discounting.

ProAssurance Indemnity Company, Inc.

Physicians and Surgeons Professional Liability
Investment Income
ProAssurance Group Combined Countrywide, Medical Malpractice Direct Business Written
Arkansas

Investment Income as a % of Invested Assets, Including Net Realized Capital Gains/Losses

Historical Earnings Levels

Cal. Yr. (1)	Net Investment Gain (2)	Invested Assets (3)	Inv. Inc. to Invested Assets (4)
2003	79,051,917	2,177,531,017	3.92%
2004	88,595,368	2,555,407,091	3.74%
2005	99,273,766	2,926,797,456	3.62%
2006	127,400,009	3,085,374,220	4.24%
2007	138,161,945	3,289,520,548	4.33%

Future Earnings Levels

Maturity Distribution (5)	Calendar Year 2007 Bond Holdings (6)	05/09 U.S. Treasury Rate (7)
<=1yr	499,903,815	0.33%
2-5 yrs	1,268,743,408	1.48%
6-10yrs	1,117,788,967	1.48%
11-20yrs	240,455,140	3.44%
>20yrs	52,679,417	3.95%
Total	<u>3,179,570,747</u>	<u>1.48%</u>

(8) Prior Selected 4.00%

(9) Projected 1.75%

Notes: (2) From Page 4 of historical Annual Statements. Investment gain for 2006 excludes investment income that was the result of ProNational's sale of MEEMIC.
(3) From Page 2 of historical Annual Statements.
(4) = Column 2 divided by average of current and prior calendar year entry for Column (3).

ProAssurance Indemnity Company, Inc.Physicians and Surgeons Professional Liability
Expense Provisions and Target Loss Ratio

Arkansas

	<u>Claims- Made</u>
(1) Expense Provisions	
(a) General Expense (Excluding Fixed Expense Portion)	1.6%
(b) General Expense (Fixed Expense Portion)	4.9%
(c) Acquisition	2.3%
(d) Commission	8.0%
(e) Tax, Licenses, Fees	2.5%
(f) Unallocated LAE: [Exhibit 11]	10.0%
(g) Death, Disability and Retirement Provision	5.0%
(h) Profit and Contingencies: [Exhibit 9]	11.4%
(i) TOTAL: [Sum (a) to (h)]	<u>45.7%</u>
(2) Target Loss and ALAE Ratio: [1.00-(1i)]	54.3%

Notes: (1a)-(1g) Based on budgeted amounts.

(1h) Determined from discounted model, with due consideration to loss payment pattern, investment income on surplus and on reserves, taxes, and deferred premium collection. Assumes a target 13.0% return on equity.

ProAssurance Indemnity Company, Inc.

Physicians and Surgeons Professional Liability
Indicated ULAE Load - ProAssurance Group of Companies
Claims-Made Basis
Arkansas

Calendar Year	Direct Paid		Change Direct Case O/S Loss & ALAE (4)	Direct ULAE Base (3)+[0.5x(4)] (5)	ULAE Ratio Indications	
	ULAE (2)	Loss & ALAE (3)			Paid ULAE Ratio to Base (2)/(5) (6)	Ratio of Paid ULAE to Loss + ALAE (2)/(3) (7)
2003	28,472	313,309	79,562	353,090	8.1%	9.1%
2004	31,923	292,963	87,030	336,478	9.5%	10.9%
2005	37,529	276,208	136,121	344,269	10.9%	13.6%
2006	33,904	296,045	(28,242)	281,924	12.0%	11.5%
2007	35,956	428,597	(164,549)	346,322	10.4%	8.4%
Total	<u>167,784</u>	<u>1,607,122</u>	<u>109,922</u>	<u>1,662,083</u>	<u>10.1%</u>	<u>10.4%</u>
			(8)	Previously Selected ULAE Load		8.5%
			(9)	Selected ULAE Load		10.0%

Notes: (2)-(4) From Insurance Expense Exhibits for the ProAssurance group of companies for the medical malpractice line of business.

ProAssurance Indemnity Company, Inc.

Physicians and Surgeons Professional Liability
Rate Tables - \$1,000,000/\$3,000,000 Limits
Arkansas

Proposed Effective 10/01/09

Class	Claims-Made Coverage Year (a)					Reporting Endorsement at End of Year (b)				
	1	2	3	4	5+	1	2	3	4	5+
1	2,490	3,693	4,786	5,004	5,223	3,787	6,137	7,182	7,965	8,487
2	3,310	5,114	6,753	7,081	7,409	5,372	8,706	10,187	11,299	12,040
3	4,130	6,535	8,721	9,158	9,595	6,956	11,274	13,193	14,632	15,592
4	4,950	7,956	10,689	11,235	11,782	8,542	13,844	16,200	17,968	19,146
5	5,769	9,377	12,656	13,312	13,968	10,127	16,412	19,206	21,301	22,698
6	6,753	11,082	15,017	15,804	16,591	12,028	19,494	22,813	25,301	26,960
7	7,409	12,219	16,591	17,466	18,340	13,297	21,550	25,218	27,969	29,803
8	9,049	15,061	20,527	21,620	22,713	16,467	26,688	31,230	34,637	36,909
9	10,689	17,903	24,462	25,774	27,085	19,637	31,825	37,242	41,305	44,013
10	12,328	20,745	28,397	29,928	31,458	22,807	36,963	43,255	47,973	51,119
11	13,968	23,587	32,333	34,082	35,831	25,977	42,101	49,268	54,642	58,225
12	15,608	26,430	36,268	38,235	40,203	29,147	47,239	55,279	61,310	65,330
13	17,247	29,272	40,203	42,389	44,576	32,318	52,377	61,292	67,978	72,436
14	20,527	34,956	48,074	50,697	53,321	38,658	62,652	73,316	81,315	86,647
15	23,806	40,640	55,944	59,005	62,066	44,998	72,928	85,341	94,651	100,857

Notes: (a) Claims-made coverage rates are calculated as:

$$\frac{\{\text{Base Pure Premium} \times \text{Class Relativity} \times \text{C-M Step Factor} \times \text{ULAE}\} + \text{Fixed Exp.}}{\{(1.0 - \text{Variable Expense Load} - \text{DD\&R}) \times (1.0 - \text{Premium Discount Off-Balance})\}}$$

Where the base pure premium for ratemaking purposes is calculated as the product of the selected base rate from Exhibit 2, or \$9,595, times 1.0 minus the variable expense load, times 1.0 minus the discount off-balance, less the fixed expense load of \$500.

The variable expense load is 25.8% and premium discount off-balance is 15.0%.

For example, the class 5, 3rd year claims-made rate is equal to:

$$\frac{\{\$4,674 \times 1.500 \times 0.900 \times 1.100\} + \$500}{\{(1.0 - 0.258 - 0.050) \times (1.0 - 0.150)\}}$$

(b) Reporting Endorsement coverage rates are calculated as the mature claims made rate times the reporting endorsement step factor.

ProAssurance Indemnity Company, Inc.

Dentists Professional Liability
Rate Tables - \$1,000,000/\$3,000,000 Limits
Arkansas

Proposed Effective 10/01/09

Class	Description	Claims-Made Rates by Year					Reporting Endorsement Rates by Year				
		1	2	3	4	5	1	2	3	4	5
1A	General dentists - No surgery *	567	929	1,190	1,363	1,512	1,164	1,693	1,950	2,087	2,117
1	General dentists	639	1,065	1,371	1,569	1,736	1,337	1,944	2,239	2,396	2,430
2	Implants, sedation by anesthesiologist	735	1,246	1,614	1,842	2,035	1,567	2,279	2,625	2,808	2,849
3	Gen. dentists; IV or IM sedation in office	1,500	2,693	3,550	4,030	4,426	3,408	4,957	5,710	6,108	6,196
4	Oral surgeons; anesthesia in office	2,648	4,863	6,456	7,312	8,013	6,170	8,975	10,337	11,058	11,218

* No Surgery defined as no extractions, root canals or other oral surgery or endodontic procedures.

Notes:

Factor for Class 1 mature Dental rate to Class 3 physician rate at 1M/3M: 0.17 (Prior analysis factor = 0.18)

	1	2	3	4	5
C-M Factor:	0.320	0.605	0.810	0.915	1.000
Reporting Endorsement Factor:	0.770	1.120	1.290	1.380	1.400
Fixed Expense	100	100	100	125	150

<u>Class</u>	<u>Description</u>	<u>Class Rel</u>	<u>Mature CM</u> <u>1M/3M</u> <u>Rate</u>	<u>Weight</u>
1A	General dentists - No surgery *	0.85		
1	General dentists	1.00		
2	Implants, sedation by anesthesiologist	1.20	T1	N/A
3	Gen. dentists; IV or IM sedation in office	2.80	T2	N/A
4	Oral surgeons; anesthesia in office	5.20	T3	N/A
			T4	9,595
	Variable expense ratio	0.3283	Statewide	9,595

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

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

NAIC Number:	33391
Company Name:	ProAssurance Indemnity Company, Inc.
Contact Person:	LaQuita Goodwin
Telephone No.:	(205)877-4426
Email Address:	Lgoodwin@proassurance.com
Effective Date:	1-Oct-09

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

Base Rate	Hospital	Clinic	Private
At 1,000,000/3,000,000	\$ 9595	\$ 9595	\$ 9595
Discounts and Surcharges			
Emergency Room	%	%	%
Surgery	%	%	%
Delivery	%	%	%
Claims Free	-3% to -20	-3% to -20	-3% to -20
Over 5 years Experience	%	%	%
Other:	Risk Manage, New Sched. Rating		
	-40% to +25	-40% to +25	-40% to +25

Dental

Base Rate	Dentist	Orthodontist	Oral Surgeons
At 1,000,000/3,000,000	\$ 1736	\$ 1736	\$ 8013
Discounts and Surcharges			
Claims Free	-3% to -20	-3% to -20	-3% to -20
5 years Experience	%	%	%
Surgery	%	%	%
Other:	Risk Manage, New Sched. Rating		
	-40% to +25	-40% to +25	-40% to +25

SERFF Tracking Number: PCWA-126238209 *State:* Arkansas
Filing Company: ProAssurance Indemnity Company, Inc. *State Tracking Number:* EFT \$100
Company Tracking Number: AR-HCP-1009
TOI: 11.2 Med Mal-Claims Made Only *Sub-TOI:* 11.2000 Med Mal Sub-TOI Combinations
Product Name: Health Care Professionals Rates and Rules Manual
Project Name/Number: Revised rates and rules/

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)
07/22/2009	Rate and Rule	Arkansas Underwriting Manual	10/28/2009	AR Manual effective 10-1-09.PDF (Superseded)
08/05/2009	Rate and Rule	Amended Manual Page	10/28/2009	Amended Page 48.PDF (Superseded)



PROASSURANCE[®]

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PROASSURANCE INDEMNITY COMPANY, INC.

HEALTH CARE PROFESSIONALS

UNDERWRITING RULES AND RATES

ARKANSAS MANUAL

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SECTION 1

INTRODUCTION

INTRODUCTION

This manual contains the classifications and rates governing the underwriting of Physicians, Surgeons, Dentists and Allied Health Professionals' Professional Liability Insurance by ProAssurance Indemnity Company, Inc., hereinafter referred to as "the Company."

I. RATES AND PREMIUM CALCULATIONS

- A. Rates apply on a per incident and annual aggregate basis. The rates for the premium classifications selected by the Company or any special situations not delineated herein are those described in the Professional Liability State Rates and Exceptions Section of this manual, with a minimum premium being \$500 (not applicable to paramedicals). If an individual's practice involves two or more rating territories or rating classifications, the highest rating territory or classification applies. Endorsements adding risks/exposures mid-term will be rated in accordance with the Rates and Rules in effect as of the endorsement effective date. Subject to Section 3., VIII, (Rate Adjustments for Changes in Exposure) of this manual, Reporting Endorsements will be rated in accordance with the Rates and Rules in effect as of the endorsement effective date. Subject to Section 3, VIII, (Rate Adjustments for Changes in Exposure) of this manual, endorsements effecting changes on risks/exposures currently insured will be rated using the Rules (e.g., rating classification, limits of liability and rating territory) in effect on the date of the change combined with the rates in effect on the later date of either i) the policy term effective date or ii) risk effective date.
- B. Refer to the Company for: Agents should refer to the Company any risk meeting one of the following criteria: a) Any risk or exposure for which there is no manual rate or applicable classification, or b) Risks developing annualized premium of \$100,000 or more for basic limits for individual (a) rating.
- C. Non-Standard Risks: Individuals rejected for standard coverage by the Company may be individually considered for coverage at an additional premium charge or other applicable coverage conditions and limitations on an individually agreed, consent-to-rate basis.
- D. Whole Dollar Premium Rule: The premiums appearing in the State Rates and Exceptions Section of this manual have been rounded to the nearest whole dollar. This procedure shall also apply to all interim premium adjustments, including endorsements or cancellations. A premium involving \$.50 or over, shall be rounded to the next higher whole dollar.

II. CANCELLATIONS

Cancellations shall be made only within the parameters established by the State of policy issuance as framed in the Cancellation provisions of the policy including any State-specific endorsement thereto.

- A. By the Company: The earned premium shall be determined on a "pro rata" basis.
- B. By the Insured: The earned premium shall be determined on a "short rate" basis if the entire policy is cancelled. Pro-rata calculation shall be used if a portion of the coverages or risks are cancelled but other portions of the policy remains in force. "Short rate" calculation means that total earned premium shall equal actual earned premium as of the date of cancellation plus a short rate penalty equal to ten percent (10%) of unearned premium for the remainder of the policy period.
- C. Removal from the State: Subject to state provisions, the policy may be canceled by the Company after the insured no longer maintains at least 75% of his medical practice within the state of issuance, regardless of whether notice has been given by the insured.

SECTION 2

**PHYSICIANS & SURGEONS SPECIALTY CODES
AND DESCRIPTIONS**

PHYSICIANS' & SURGEONS' SPECIALTY CLASSIFICATIONS & CODES

Column Heading Definitions

No Surgery: General practitioners and specialists who do not perform surgery or assist in surgery. Incision of boils and superficial abscesses and suturing of skin and superficial fascia are not considered surgery.

Minor Surgery: General practitioners and specialists who perform minor surgery or invasive procedures for diagnostic purposes, or who assist in major surgery on their own patients.

Major Surgery: General practitioners and specialists who perform major surgery on their own patients, or who assist in major surgery on patients of others.

<u>Specialty</u>	Industry Class Code		
	<u>No Surgery</u>	<u>Minor Surgery</u>	<u>All Other Surgery</u>
Administrative Medicine	80178	-	-
Allergy	80254		
Anesthesiology	-	-	80151
Bariatrics			80476
Cardiovascular Disease	80255	80281(A) 80281(B)-specific procedures	80150
Colon & Rectal			80115
Dermatopathology		80474	
Dermatology	80256(A)	80282	80472
Dermatology This classification applies to any dermatologist who performs the following procedures: a) excision of skin lesions with graft or flap repair; b) collagen injections.	80256(B)		-
Emergency Medicine This classification applies to any general practitioner or specialist primarily engaged in emergency practice at a clinic, hospital or rescue facility.		80102(C)	-
Emergency Medicine - Moonlighting (Refer to Classification and/or Rating Modifications & Procedures Section)	80102(A)	80102(B)	-
Family Practitioner or General Practitioner - Limited Obstetrics	-	-	80117(B)
Family Practitioner or General Practitioner - Significant Obstetrics	-	-	80117(C)

PHYSICIANS' & SURGEONS' SPECIALTY CLASSIFICATIONS & CODES

<u>Specialty</u>	<u>Industry Class Code</u>		
	<u>No Surgery</u>	<u>Minor Surgery</u>	<u>All Other Surgery</u>
Family Practitioner or General Practitioner - No Obstetrics	80420	80421(A)* 80421(B)* 80421(C)*	80117(A)
Forensic/Legal Medicine	80240	-	-
Gastroenterology	80241	80274	
General – N.O.C. This classification does not apply to any family or general practitioners or specialists who occasionally perform surgery.			80143
General Preventive Medicine	80231	-	-
Gynecology	80244	80277	80167
Hand			80169
Hematology	80245	80278	-
Hospitalist		80222(A) 80222(B)	
Intensive Care Medicine		80283	-
Internal Medicine	80257	80284	-
Nephrology	80260	80287	
Neurology	80261	80288	80152
Obstetrics/Gynecology			80153
Occupational Medicine	80233	-	-
Oncology	80473	80286	-
Ophthalmology	80263	80289	80114
Orthopedic – No Spinal Surgery			80154(A)
Orthopedic – Including Spinal Surgery			80154(B)
Otorhinolaryngology	80265	80291	80159
Otorhinolaryngology – Including Plastic			80155

*refer to Classification and/or Rating Modifications & Procedures Section for further definition

PHYSICIANS' & SURGEONS' SPECIALTY CLASSIFICATIONS & CODES

<u>Specialty</u>	Industry Class Code		
	<u>No Surgery</u>	<u>Minor Surgery</u>	<u>All Other Surgery</u>
Pain Management	80475(A)		80475(B)-basic procedures 80475(C)-intermediate procedures 80475(D)-advanced procedures
Pathology	80266		-
Pediatrics	80267	80293**	-
Physical Medicine & Rehabilitation	80235	-	-
Physicians - N.O.C.	80268	80294	-
Plastic			80156
Podiatrist	80620		80621
Psychiatry	80249	-	-
Psychiatry Including Shock Therapy	80431	-	-
Public Health	80236	-	-
Pulmonary Diseases	80269	***	-
Radiology - Diagnostic	80253	80280	-
Radiology - Including Radiation Therapy	-	80425	-
Radiology - Interventional	-	80360	-
Rheumatology	80252	-	-
Semi-Retired Physicians (Refer to Classification and/or Rating Modifications and Procedures Section.)	80179	-	-
Surgical Consultation – Office Only	80477(A)	80477(B)	-
Thoracic	-	-	80144
Traumatic	-	-	80171
Urgent Care Physician (Non-ER, no surgery)	80424	-	-
Urology	80145(A)	80145(B)	80145(C)
Vascular	-	-	80146

**For rating purposes, include Neonatology in this risk class

***See Internal Medicine – Minor Surgery.

SECTION 3

**CLASSIFICATION AND/OR RATING MODIFICATIONS
AND PROCEDURES**

CLASSIFICATION AND/OR RATING MODIFICATIONS AND PROCEDURES

I. "MOONLIGHTING" PHYSICIANS

Physicians and surgeons who perform covered "moonlighting" activities of 20 hours or less per week may be eligible to be insured at 50% of the rate applicable to the specialty in which the physician or surgeon is "moonlighting."

Covered "moonlighting" activities include:

- A. Physicians and surgeons in active, full-time military service requesting coverage for outside activities.
- B. Full-time Federal Government employed physicians and surgeons (such as V.A. Hospital employees) requesting coverage for outside activities.
- C. Physicians and surgeons employed full-time by the State or County Health Department requesting coverage for outside activities.
- D. Residents or fellows currently attending their training program who are requesting coverage for outside activities but only while they are enrolled in such program.

II. FELLOWS, RESIDENTS AND INTERNS

- A. Coverage may be written for fellows, residents and interns practicing within the scope of their training in the teaching environment. Clinical exposure must not exceed 30 hours per week. The rate shall generally be 50% of the appropriate specialty classification, but may vary from 25% to 75% depending upon the clinical exposure of each individual rated.
- B. If fellows, residents and interns wish to practice outside their training program 100 hours or less per month, coverage may be written at a rate equal to 50% of the appropriate specialty classification. (HOWEVER, the appropriate rate for Emergency Room Moonlighting is equal to 50% of the premium assigned to Class Code 80102(A).
- C. Residents who continue to practice in the Emergency Room (part-time or full-time) during an interruption in their training for a period of time not to exceed one year, may qualify for the premium assigned to Class Code 80102(B) if they have no other clinical activities.

III. FAMILY PRACTICE / GENERAL PRACTICE - MINOR SURGERY

Those Family Practice/General Practice Physicians who perform minor surgery procedures and/or assist in surgery on their own or other than their own patients will be classified as follows:

<u>Classification</u>	<u>Rating Criteria:</u>
80421(A)	Assist in major surgery on their own patients only (do not also perform minor surgical procedures).
80421(B)	Perform minor surgical procedures (may also assist in major surgery on their own patients).
80421(C)	Assist in major surgery on the patients of others (may also perform minor surgical procedures and/or assist in major surgery on their own patients).

IV. PART-TIME AND SEMI-RETIRED PHYSICIANS

The Part-Time Discount is available to physicians, surgeons and dentists:

- A. who have at least 15 years of postgraduate clinical practice experience and are scaling back their practice in anticipation of retirement; or
- B. who practice less than 20 hours per week due to family needs (caring for young children and/or ill or disabled family members); or
- C. who are required to practice on a reduced basis as a result of a physical or medical condition, with the company's approval; or
- D. who practice at least 30 hours per week at a hospital, community health center or other health care facility where medical professional liability insurance is provided by the facility. A certificate of insurance listing the Company as certificate holder must be presented annually for the credit to apply.

Insureds eligible for the New Doctor/New Dentist Discount are not eligible for the Part-Time Discount. Also, physicians employing or supervising paramedicals are not eligible for the Part-Time Discount.

This discount is intended to more accurately rate the insured who practices his specialty on a limited basis. The available discounts are:

<u>TYPE</u>	<u>Class</u>	<u>Average Weekly Practice Hours < 20 hours</u>
Physician	1 to 7	50%
Surgeon	8 to 15	35%
Dentist	1A to 4	50%
All other		None

* Physicians and Surgeons whose average weekly practice hours are less than 12 hours will be individually evaluated by the company.

Practice hours are defined as:

- hospital rounds,
- charting and patient planning,
- on call hours involving patient contact, whether direct or by telephone,
- consultation with other physicians, and
- patient visits/consultations.

Practice hours of physicians receiving the Part-Time Discount are subject to random audit by the Company.

V. LOCUM TENENS

Locum tenens coverage is provided at no additional charge for up to 45 days in any policy year and provides a shared limit with the insured. The locum tenens doctor must submit an application for Company approval in advance of the requested effective date of coverage.

VI. CORPORATE LIABILITY - SHARED LIMIT

No charge will be made for entities sharing in the available limits of liability of the insured physicians or dentists or other insured organizations, providing each member is insured by the Company and the risk is otherwise acceptable.

VII. FULL-TIME EQUIVALENT RATING

Rating of certain multi-physician groups may, at the Company's option, be determined on a full-time equivalent (FTE) unit basis. Under this rating method, policies may be issued to positions with individuals who may fill such positions identified rather than being issued to specific individuals. An FTE rate will be determined based upon the filed and approved rate for a given classification of physicians or surgeons but will be allocated based upon either the number of average hours of practice for a given specialty or the average number of patient contacts/visits in a 12 month period. A risk with fewer than 50,000 patient encounters each year will not qualify for full-time equivalent rating.

All FTE rated applications shall be referred to the Company.

VIII. RATE ADJUSTMENTS FOR CHANGES IN EXPOSURE -- CLAIMS-MADE, RETROACTIVE, AND REPORTING ENDORSEMENT COVERAGE

A. Claims-Made Coverage

The calculations for changes in exposure are performed by taking the difference between claims-made rates for each period of differing exposures. These calculations are appropriate for changes in practice specialty, changes in rating territory or practice in other states, changes between part-time and full-time practice, and other changes that would affect a calculated rate. Currently approved rates, classification tables and discount or surcharge factors for the appropriate state(s) are used. This method can be generalized by using the following formula to calculate a rate for the upcoming year.

1. Rate for current practice, determined using a retroactive date equal to the date that the *current* practice patterns began,
2. plus rate for prior practice, determined using a retroactive date equal to the date that the *previous* practice patterns began,
3. less rate for prior practice, determined using a retroactive date equal to the date that the *current* practice patterns began.

This method is applied in a similar manner if more than one practice change occurred during the previous four years, and the components are pro-rated if the change occurred at a date other than the policy anniversary date.

For example, if a physician had practiced obstetrics and gynecology for many years, then stopped practicing obstetrics and began to practice gynecology only, the appropriate premium for the upcoming policy period would be:

Gynecology rate for claims-made year one,
plus OB/GYN rate for claims-made year five,
less OB/GYN rate for claims-made year one.

This produces a blended rate, reflecting the remaining OB/GYN exposure that makes up the majority of the expected reported claims in the upcoming year, plus the initial gynecology exposure.

The rate for the second year of gynecology-only practice would be:

Gynecology rate for claims-made year two,
plus OB/GYN rate for claims-made year five,
less OB/GYN rate for claims-made year two.

This adjustment process continues for two more years, until the beginning of the fifth year in the new specialty. At that time, the blended rate would be:

Gynecology rate for claims-made year five,
plus OB/GYN rate for claims-made year five,
less OB/GYN rate for claims-made year five,

which is simply equal to the gynecology rate for claims-made year five.

Although this method of adjusting rates is designed to accommodate most situations, changes in medical practice often result from increasing or decreasing patient loads, additional medical training, relocation of the practice, gradual reduction in practice nearing retirement and other underwriting factors which affect the risk of loss. As a result, the Company may choose to waive the exposure change adjustment process in specific situations, thereby utilizing the current rating variables without modification. Conversely, a debit under the Scheduled Rating Plan may be applied at the underwriter's discretion, based on more than five years of practice in specialties with long claim emergence patterns, such as Pediatrics or Obstetrics.

B. Prior Acts Coverage

When prior acts coverage is provided, the same method is utilized, as if the insured had been with the Company during the prior acts period. Practice information regarding the prior acts period is obtained from the insurance application.

C. Reporting Endorsement Coverage

If reporting endorsement coverage is to be rated, the same method is utilized, substituting the reporting endorsement rates for the claims-made rates. For example, a reporting endorsement purchased at the end of the second year of gynecology practice in the obstetrics/gynecology example described above would be:

Gynecology reporting endorsement premium for claims-made year two,
plus OB/GYN reporting endorsement premium for claims-made year five,
less OB/GYN reporting endorsement premium for claims-made year two.

IX. REPORTING ENDORSEMENTS (Claims-made only)

A. Reporting Endorsement Premium Calculation

With respect to calculation of Reporting Endorsement premium, the only credits/discounts that apply are the Part-Time Discount and Deductibles credit. All debit/surcharges will apply to Reporting Endorsement premium calculations. With respect to risks or exposures written on a consent-to-rate basis, (a) rated basis or Full-Time Equivalent Rating basis at the time the Reporting Endorsement is issued, Reporting Endorsement premium will be calculated on that same basis. If the policy is terminated during the first year, pro-rate the tail premium. For terminations during the second, third or fourth claims-made policy year, blend the applicable tail factors. The Company may refuse to offer deductible options for premium credit on reporting endorsements in the case of insufficient securitization.

B. Waiver of Reporting Endorsement Premium

The premium for the reporting endorsement may be waived as provided by the contract in force or at the discretion of the Company.

X. RATE CHANGE AMELIORATION

In situations where a rate change affects a single specialty by greater than 30%, a credit up to 25% may be applied to the new premium for an affected insured to lessen the single year impact of such a significant increase if, based on the underwriter's evaluation of the quality of the risk, such consideration is warranted. The underwriter will consider training and experience, longevity with the company, practice situation and claims history when making any such recommendation. Management approval is required.

SECTION 4
PROFESSIONAL LIABILITY DISCOUNTS

PROFESSIONAL LIABILITY DISCOUNTS

I. MAXIMUM CREDIT

Maximum credit available per insured will be limited to 40% except for the following:

- Part-time exposure rating: up to 50%. Deductible credits and attendance of a ProAssurance Loss Prevention Seminar credit may be combined with the part-time credit but no other credits or discounts apply.
- New Doctor/Dentist discounts: up to 50%. Deductible credits may be combined with the New Doctor/Dentist Discount but no other credits or discounts apply.
- Deductibles/Self-Insured Retentions.
- Risks developing \$100,000 or more annualized premium.

II. NEW DOCTOR OR DENTIST DISCOUNT

This discount will apply only to solo practicing physicians who have never been in practice and proceed directly into practice from training, or physicians who fit within that category except for an interim period of employment not to exceed two years. Physicians who would otherwise qualify but who are joining an established group practice insured by the Company where their clinical exposure will not exceed 30 hours per week are to be submitted to the Company for rating. This discount will also apply only to dentists who proceed directly into practice from training, or dentists who fit within the category except for an interim period of employment not to exceed two years.

<u>Year of Coverage Since Training</u>	<u>Annual Premium Discount Per Policy</u>
Year 1	50%
Year 2	25%
Year 3	0%

III. RISK MANAGEMENT PREMIUM CREDITS

Insureds who participate in risk management activities approved by the Company are eligible for the following premium credits, up to a maximum of 10%.

- A. Individual Risk Management Activities: Individual insureds may receive premium credits as indicated for completion, within the 12 months prior to application, of the following activities:

<u>Activity</u>	<u>Credit</u>
1. Successful completion of an approved fee-for-Service office analysis and education program. Positive response to recommendations made may result in the application of this credit for up to three policy years. Applicable only to accounts generating \$250,000 or more in annual premium.	0% - 5%
2. a. A Company sponsored Loss Prevention or other approved risk management seminar carrying at least two CME credits (annual); and/or,	0% - 5%
b. an approved closed claim review (annual); and/or	0% - 5%

- c. successful completion of an approved risk management correspondence course carrying at least two CME credits (annual). 0% - 5%
- 3. Demonstrated regular use of an approved patient information system or program. 0% - 5%

Educational activities must qualify for Continuing Medical Education credit (where applicable) to be acceptable for risk management credits. The applicant must provide proof (Certificate) of CME credits earned at the time of application. Activities submitted for risk management credits must have been completed within twelve months prior to application.

B. In addition to the above, any physician or surgeon whose practice benefits from the risk management activities of an employed practice administrator or risk manager may receive one of the following credits:

1. If the practice employs a full-time, qualified, professional risk manager primarily engaged in risk management and loss prevention activities, each insured may receive up to a 5% credit.
2. If the practice administrator or office manager participates in a Company-sponsored Loss Prevention or other risk management seminar, each insured may receive a 2% credit. Certain requirements apply:
 - a. The seminar must be designated by the Company as eligible for practice administrator credit.
 - b. Attendance must occur within the twelve months prior to application.
 - c. At least 75% of the insureds in the practice must qualify for risk management credit as a result of individual risk management activities under the terms of Section III (A)(2), above.
 - d. The practice administrator or office manager must actively manage the practice for thirty or more hours per week. In the case of shared practice management, determination of eligibility will rest with the Company.

C. Any risk management credit may be revoked or withheld for any of the following reasons:

1. Failure by an individual insured to certify adherence to risk management guidelines adopted by the Company and in effect at the time of application.
2. Demonstrable evidence which indicates that the insured has been or is practicing in violation of guidelines or underwriting criteria adopted by the Company,
3. Results of an underwriting audit which show serious deficiencies, including but not limited to non-compliance with specialty risk management guidelines; or
4. Evidence of falsification of attendance, credit or completion of risk management activities applied towards a risk management credit.
5. Negative claim history.

Information obtained in the process of handling a claim may be used in evaluating an insured with respect to the above condition; however, the filing of a claim or incurring any expense or indemnity on behalf of an insured shall not alone be considered grounds for reducing, revoking or withholding a credit.

IV. HOSPITAL BASED DISCOUNT PROGRAMS

A. Advanced Obstetrical Risk Management Program

Obstetrical services may be targeted with a special Advanced Obstetrical Risk Management Program relating to all phases of obstetrical services in both the physician's office or clinic and in the hospital including, but not limited to, intrapartum fetal surveillance, induction and augmentation of labor, emergency cesarean section times, documentation, and anesthesia. The physician must actively participate in the program in order to receive a discount of up to 10%.

No combination of Risk Management and Advanced Obstetrical Risk Management credits shall exceed 20%.

B. Any hospital based discount may be revoked or withheld for any of the following reasons:

1. Failure by an individual insured to certify adherence to risk management guidelines adopted by the Company and in effect at the time of application.
2. Demonstrable evidence which indicates that the insured has been or is practicing in violation of guidelines or underwriting criteria adopted by the Company.
3. Results of an underwriting audit which show serious deficiencies, including but not limited to non-compliance with specialty risk management guidelines; or
4. Evidence of falsification of attendance, credit or completion of risk management activities applied towards a risk management credit.
5. Negative claim history.

V. SCHEDULED RATING PROGRAM

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. Number 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;
9. Record-keeping practices;
10. Maintenance and utilization of certain monitoring equipment, diagnostic tests or diagnostic procedures;
11. Participation in capitation contracts; and*
12. Insured group maintains differing limits of liability on members.*

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 25%; the maximum debit will be 25%.

The Scheduled 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. At the underwriter's discretion, objective credits otherwise applicable to an insured will not be applied in situations where a scheduled debit is deemed necessary.

* NOTE: No credit will be given for #11 or #12 above.

VI. DEDUCTIBLES

Deductibles may apply either to indemnity only or indemnity and allocated loss adjustment expenses (ALAE). Any discount will apply only to the primary limit premium layer (\$1M/\$3M). Deductibles are subject to approval by the company based on financial statements to be submitted by the insured and financial guarantees as required. The company reserves the right to require acceptable securitization in the amount of the per claim and/or aggregate deductible amount from any insured covered by a policy to which a deductible is attached.

A. Individual Deductibles

Discount as a Percentage of Rate for Applicable Primary Limit

These per claim and aggregate (if any) deductibles apply to each insured separately.

<u>INDEMNITY ONLY</u> <u>Deductible Per Claim</u>		<u>INDEMNITY AND ALAE</u> <u>Deductible Per Claim</u>	
\$ 5,000	2.5%	\$ 5,000	4.0%
\$10,000	4.5%	\$10,000	7.5%
\$15,000	6.0%	\$15,000	9.6%
\$20,000	8.0%	\$20,000	11.4%
\$25,000	9.0%	\$25,000	13.0%
\$50,000	15.0%	\$50,000	19.0%
\$100,000	25.0%	\$100,000	28.0%
\$200,000	37.5%	\$200,000	42.5%
\$250,000	42.0%	\$250,000	50.0%
<u>Per Claim/Aggregate</u>		<u>Per Claim/Aggregate</u>	
\$ 5,000/15,000	2.1%	\$ 5,000/15,000	3.0%
\$10,000/30,000	3.9%	\$10,000/30,000	7.0%
\$25,000/75,000	8.5%	\$25,000/75,000	12.0%
\$50,000/150,000	14.0%	\$50,000/150,000	18.0%
\$100,000/300,000	24.0%	\$100,000/300,000	26.5%
\$200,000/600,000	36.0%	\$200,000/600,000	41.0%
\$250,000/750,000	40.0%	\$250,000/750,000	48.5%

For other deductible amounts selected by policyholders, refer to management for rating.

B. Group Deductibles

An optional deductible which limits the amount the entire group will have to pay, if multiple claims are made in a policy year, is available. Under this program, the per claim deductible continues to apply separately to each insured involved in a suit. However, the aggregate deductible applies to all insureds in the group combined thereby reducing the organization's maximum potential liability in a policy year.

When an organization is insured with a separate limit of coverage, the organization is counted when totaling the number of insureds below.

Group aggregate deductible discounts apply to \$1M/\$3M premiums only. The applicable Deductible Discount will not change during the policy term despite changes in the number of insureds, but will be limited by any applicable maximum credit amount.

Indemnity Deductible Per Claim/Aggregate (\$000)	<u>Number of Insureds</u>				Maximum Credit
	2 - 19	20 - 40	41 - 60	61 - 100	
5/15	.020	.018	.015	.012	\$ 12,750
10/30	.038	.035	.030	.024	25,500
25/75	.084	.079	.070	.058	63,750
50/150	.145	.139	.127	.109	127,500
100/300	.234	.228	.216	.196	255,000
200/600	.348	.346	.338	.321	510,000
250/750	.385	.385	.381	.368	637,500

Indemnity & ALAE Deductible Per Claim/Aggregate (\$000)	<u>Number of Insureds</u>				Maximum Credit
	2 - 19	20 - 40	41 - 60	61 - 100	
5/15	.029	.026	.021	.017	\$ 12,750
10/30	.068	.063	.054	.043	25,500
25/75	.119	.112	.099	.082	63,750
50/150	.186	.179	.163	.140	127,500
100/300	.258	.252	.239	.216	255,000
200/600	.396	.394	.385	.366	510,000
250/750	.467	.467	.462	.446	637,500

C. Mandatory Deductibles

The deductible mechanism may be applicable when a policyholder exhibits a pattern of claim frequency that exceeds the average for his/her specialty. In the consideration of a deductible assessment, severity is usually not an issue.

Deductibles may be imposed in amounts from \$1,000 to \$250,000 per claim. There is no corresponding premium discount, and there are no aggregate limits on mandatory deductibles.

An amendatory deductible endorsement will be added to the policy at renewal and will be maintained for no less than one year. The policy will be subject to an annual review thereafter for consideration of a revised sanction.

D. Self-Insured Retentions

Insureds may self-insure a portion of their professional and general liability risk with the Company's policy attaching in excess of the Self-Insured Retention selected. The Self-Insured Retention limit may include ALAE, or ALAE may be paid pro rata. All such policies must be referred to the Company for special consideration.

VII. GENERAL RULES

A. Discounts will only be applied to qualifying insureds at the initial issuance of such policy or at the next renewal date.

B. Discounts will apply in the following order:

1. Deductible Discount (primary premium only).

2. New Doctor/Dentist Discount or other resident or part-time, semi-retired discount;

3. Risk Management Discount and Scheduled Rating (apply the net credit or debit); and

Example: Class 1, \$1M/\$3M, 1st year new doctor/dentist, Risk Management Seminar within 12 months. \$25,000 deductible. Assume manual rate \$7,500.

\$7,500	Manual Rate for \$1M/\$3M
<u>x .91</u>	Less 9% (Deductible Credit)
6825	
<u>x .50</u>	Less 50% (New Doctor/Dentist)
3,413	Applicable Net Premium
<u>x .85</u>	Less 15% (Risk Management Programs, Scheduled Rating)
2,901	Net Premium

C. Additional practice charges will be applied to the premium after all discounts have been applied.

D. Corporate Liability premium will be determined after all discounts and surcharges have been applied.

SECTION 5

ADDITIONAL PRACTICE CHARGES

ADDITIONAL PRACTICE CHARGES

I. MEDICAL SERVICES PROVIDED IN A STATE OUTSIDE THE STATE OF POLICY ISSUANCE

Insureds engaging in the routine care and treatment of patients outside the state in which the policy is issued may be subject to appropriate surcharge or credit based upon rates consistent with those charged for a like risk in said state.

II. PARTNERSHIP - CORPORATION - PROFESSIONAL ASSOCIATION COVERAGE

Coverage for partnerships, corporations, or professional associations may be written with a separate limit of liability. The premium charge will be a percentage (selected from the table below) of the sum of each member physician's net individual premium. For each member physician not individually insured by the Company, a premium charge will be made equal to 30% of the appropriate specialty rate if the Company agrees to provide such coverage. In order for the entity to be eligible for coverage under the separate policy, the Company must insure all member physicians or at least 60% of the physician members must be insured by the Company and the remaining physicians must be insured by another professional liability program acceptable to the Company.

<u>Number of Insureds</u>	<u>Percent</u>
2 - 5	15.0%
6 - 9	12.0%
10 - 19	9.0%
20 - 49	7.0%
50 or more	5.0%

A separate corporate limit is not available for solo practitioners or dentists. A separate corporate limit is not available to insureds purchasing limits of less than \$1M/\$3M. The minimum premium for separate limits coverage for partnerships, corporations or professional associations is \$1,000.

III. PARTNERSHIP-CORPORATION-PROFESSIONAL ASSOCIATION EXTENDED REPORTING ENDORSEMENT COVERAGE

Partnerships, corporations, or professional associations that purchase a separate limit of liability may be eligible to purchase an Extended Reporting Endorsement upon cancellation of the coverage. For the entity to be eligible for the separate limit extended reporting endorsement, all physician members insured on the policy must exercise their right to purchase an individual extended reporting endorsement. The premium charge for the entity extended reporting endorsement will be a percentage of the sum of each member physician's net individual reporting endorsement premium, based on the number of insureds and the table in Paragraph II, above.

IV. CLAIMS FREE CREDIT PROGRAM

A physician will be considered claims free for purposes of this credit program if:

1. no loss payment has been made during the Evaluation Period, and
2. the total of allocated loss adjustment expense [ALAE] payments made during the Evaluation Period plus any Company established reserves for loss or ALAE does not exceed \$35,000.

Only claims reported during the Evaluation Period shall be included in measuring the payment and reserve criteria stated above. The Evaluation Period is based upon the physician's rating class as defined in the table below and shall end on the effective date of the policy period to be rated. The Evaluation Period shall begin no earlier than the time when the physician first begins the practice of medicine following formal training (residency or a continuous period of residency and fellowships). The Company will review the claims history of each insured or applicant for the purpose of evaluating the applicability of each claim based upon the facts and circumstances of specific claims. Reported incidents that do not involve a demand for damages by a third party will not be included in the evaluation.

Class	Evaluation Period
1 – 4	10 Yrs.
5 – 9	7 Yrs.
10 – 15	5 Yrs.

The claims free physician will receive a 3% credit for compliance with the minimum Claims Free Period and will earn an additional 1% credit for each continuous claims free year thereafter up to 15% in total. However, if the physician has been continuously insured by the Company for 10 or more years, the maximum allowable Claims Free Credit that can be earned will be increased to 20%.

Credits will be applied or removed at policy inception or renewal only. Inclusion of claims history with prior carriers is subject to presentation of information acceptable to the Company. The determination of claims to be included and payment or reserve amounts to be considered will be based upon information available at the time the policy is rated, typically 60 days prior to effective date.

Notwithstanding any other provisions of this section, no insured with 3 or more claims will be eligible for a claims free credit without management approval.

Dentists will be treated as "Class 1" for determination of their Evaluation Period and will be eligible for a maximum Claims Free Credit of 15%, in accordance with the earning schedule above. However, the Claims Free Dentist must have no incurred losses or ALAE (payments or reserves) during the Evaluation Period. Notwithstanding any other provisions of this section, no dentist with 2 or more reported claims will be eligible for a claims free credit without management approval.

V. LEGAL DEFENSE COVERAGE

The Company offers two levels of Professional Legal Defense Coverage to insured physicians and dentists. No charge is made for the basic coverage. The most comprehensive, entails a base premium charge of \$100 per insured physician or dentist. A volume discount will be given, per the schedule below:

# of Insured Physicians	Discount %
5 and under	0%
6 through 10	5%
11 through 20	10%
over 20	15%

Limits of Liability will be offered as follows:

<u># of insureds</u>	<u>“Each Covered Investigation”</u>	<u>“Each Policy Period”</u>
1 - 5	\$25,000	\$25,000 X (# of insureds)
6 - 10	\$25,000	\$125,000
11 - 20	\$25,000	\$175,000
21 +	\$25,000	\$225,000

The limit of liability for “covered audits” will be \$5,000 per covered insured with a deductible of \$1,000 per audit per insured.

SECTION 6

**PHYSICIAN EXTENDER, PARAMEDICAL AND
ALLIED HEALTH PROFESSIONAL LIABILITY RATING**

I. PHYSICIAN EXTENDER, PARAMEDICAL, ALLIED HEALTH EMPLOYEE PROFESSIONAL LIABILITY

Professional employees (other than cytotechnologists, dentists, emergency medical technicians, certified registered nurse anesthetists, nurse midwives, nurse practitioners, optometrists, perfusionists, physicians, physicians’ assistants, psychologists, surgeons or surgeons’ assistants) are automatically included, at no additional charge, as additional insureds under policies issued to their employers. The limits of liability are on a shared basis with the employer.

The following paramedical employees may be individually covered by the Company by payment of an additional premium or covered elsewhere through a program deemed acceptable to the Company with minimum limits of liability equal to or greater than those of the insured employer. Coverage is available on a shared-limits basis or with separate individual limits. To determine the additional premium for the coverage selected, apply the appropriate factor from the premium assigned to Physician Class Codes 80420, 80151, 80153, 80266 or 80114, as specified, for the applicable claims-made year and limits of liability:

(Paramedical employees written on a shared-limits basis will be charged a fourth year claims-made premium regardless of retroactive date and the shared-limits factors stated above will always be applied to a fourth year claims-made premium.)

Employee	(Factors based on 80420)		
	Shared Limits Factor	Separate Limits Factor	Non-insured Vicarious Liability Factor
Physician’s Assistant (PA)	0.132	0.400	0.120
Surgeon’s Assistant (SA)	0.132	0.400	0.120
Certified Nurse Practitioner (CNP)	0.132	0.400	0.120
Psychologist	0.040	0.111	0.033
Emergency Medical Technician (EMT)	0.004	0.010	0.003
Perfusionist	0.165	0.496	0.148

Employee	(Factors based on 80151)		
	Shared Limits Factor	Separate Limits Factor	Non-insured Vicarious Liability Factor
Certified Nurse Anesthetist (CRNA) – not part of an insured group	N/A	0.350	0.105
CRNA employed by an insured group - separate limits basis	N/A	0.250	0.075
CRNA employed by an insured group – shared limits basis with ratio of CRNAs to anesthesiologists between 2:1 and 4:1	0.150	N/A	N/A
CRNA employed by an insured group – shared limits basis with ratio of CRNAs to anesthesiologists no more than 2:1	0.075	N/A	N/A

For CRNAs employed by an insured performing pain management procedures, use the above factor to the 80475(C) ISO code and applicable rate class.

(If the ratio of employed CRNA's to Anesthesiologists exceeds 4-to-1, the Company may decline to insure the risk, or apply an additional premium, at its sole discretion.)

Employee	(Factors based on 80153)		
	Shared Limits Factor	Separate Limits Factor	Non-insured Vicarious Liability Factor
Certified Nurse Midwife (CNM)	0.116	0.350	0.105

Employee	(Factors based on 80266)		
	Shared Limits Factor	Separate Limits Factor	Non-insured Vicarious Liability Factor
Cytotechnologist	0.100	N/A	N/A

Employee	(Factors based on 80114)		
	Shared Limits Factor	Separate Limits Factor	Non-insured Vicarious Liability Factor
Optometrist	0.025	0.050	0.015

NOTE: When the limits of liability apply on a shared basis with the physicians of the group, the premium charge for the excess limits for the paramedical employees will be calculated at the level that the majority of physicians carry.

II. ALLIED HEALTH PROFESSIONAL EMPLOYEES

Certain Allied Health professionals are eligible for separate insurance by the Company at individual limits of liability. The premium charge will be determined by applying the factors below to the appropriate rate for Physician Class Code 80420 in the applicable rating territory.

STEP-RATING FACTORS

First Year	50% of mature premium
Second Year	80% of mature premium
Third Year	100% of mature premium

Mature premiums under \$500 are not eligible for the step-rating factors.

SPECIALTY	CLASS CODE	\$1M/\$3M
		(Factors based on 80420)
Audiologist	80760	0.018
Cardiac Technician	80751	0.025
Casting Technician	80752	0.020
Certified Nurse Practitioner	80964	0.400
Clinical Nurse Specialist	80964	0.400
Counselor	80712	0.045
Dietitian	89761	0.018
EKG Technician	80763	0.018
Medical Assistant	80762	0.018
Medical Lab Technician	80711	0.018
Nurse	80998	0.018
Nurse - Student	82998	0.005
Nurse, RN Perform X-Ray Therapy	80714	0.018
Occupation Therapist	80750	0.025
O.R. Technician	80758	0.125
Ophthalmic Assistant	80755	0.018
Orthopedic Technician	80756	0.020
Perfusionist	80764	0.500
Pharmacist	59112	0.025
Phlebotomist	80753	0.018
Physical Therapist (Emp)	80945	0.025
Physical Therapist (Ind)	80946	0.090
Physical Therapy Aide	80995	0.018
Physiotherapist	80938	0.018
Psychologist	80912	0.111
Pump Technician	88888	0.020
Respiratory Therapist	80601	0.122
Social Worker	80911	0.045
Sonographer	80754	0.018
X-Ray/Radiologic Technician	80713	0.018
X-Ray Therapy Technician	80716	0.025

(Factors based on 80211)

Dental Assistant	80207	0.100
Dental Hygienist	80208	0.100

(Factors based on 80114)

Optometrist (Optical)	80944	0.032
Optometrist (Employee*)	80944	**See note below
Optometrist (Independent**)	80944	**See note below

*25% of an Ophthalmologists base premium. (If administering topical ocular pharmaceutical agents.)

**75% of an Ophthalmologists base premium. (If administering topical ocular pharmaceutical agents.)

At the discretion of the underwriter, additional insured status may be granted to the non-insured allied health entity for a 10% additional charge. The entity will share in the limits of liability of the insured allied health provider but only for the activities of such provider.

Reporting Endorsements:

Reporting Endorsements are available to Allied Health Professionals insured under separate policies by application of the factors below.

<u>Prior Year Claims-Made</u>	<u>Factors</u>
1	1.00
2	1.25
3+	1.50

SECTION 7

DENTAL PROFESSIONAL LIABILITY

DENTAL SPECIALTY CODES & CLASSIFICATIONS

DENTISTS - CLASS 1A

- 80213 Applies to dentists who perform dentistry on patients who have been treated with local anesthesia or by inhalation sedation and does not apply to treatment involving any general anesthesia or intravenous or intramuscular agent unless performed in a hospital. **This class does not apply to dentists performing extractions, root canals or other oral surgery or endodontic procedures.** This class does not apply to oral surgeons.

DENTISTS - CLASS 1

- 80211 Applies to dentists who perform dentistry on patients who have been treated with local anesthesia or by inhalation sedation and does not apply to treatment involving any general anesthesia or intravenous or intramuscular agent unless performed in a hospital. This class does not apply to dentists performing the initial placement of dental implants. This class does not apply to oral surgeons.
- 80214 Applies to orthodontists and endodontists who perform dentistry on patients who have been treated with local anesthesia or by inhalation sedation and does not apply to treatment involving any general anesthesia or intravenous or intramuscular agent unless performed in a hospital. This class does not apply to dentists performing the initial placement of dental implants. This class does not apply to oral surgeons.
- 80215 Applies to periodontists who perform dentistry on patients who have been treated with local anesthesia or by inhalation sedation and does not apply to treatment involving any general anesthesia or intravenous or intramuscular agent unless performed in a hospital. This class does not apply to dentists performing the initial placement of dental implants. This class does not apply to oral surgeons.

DENTISTS - CLASS 2

- 80211.1 Applies to dentists, endodontists and periodontists as defined for Class 1 but, in addition, permits the initial placement of dental implants. This classification also permits dentistry on patients who have been treated by intravenous or intramuscular sedation in the office, but only if the sedation is administered by a Dental or Medical Anesthetist. If intravenous or intramuscular sedation is performed in a hospital only, Class 1 will apply. This class does not apply to oral surgeons.

DENTISTS - CLASS 3

- 80209 Applies to dentists as defined for Classes 1 or 2 but, in addition, permits dentistry on patients who have been treated by intravenous or intramuscular sedation in the office, administered by the dentist or a CRNA. If intravenous or intramuscular sedation is performed in a hospital only, Class 1 or 2 will apply, as appropriate. This class does not apply to oral surgeons.

ORAL SURGERY - CLASS 4

- 80210 Includes all oral surgeons and also applies to dentists as defined in Classes 1A through 3 who additionally perform dentistry on patients who are being treated with general anesthesia in the office.

PARADENTAL EMPLOYEE COVERAGE

Coverage on a shared limits basis is automatically provided for professional employees of the Policyholder or an insured under the policy with no additional charge (e.g., dental assistants, dental hygienists and lab technicians).

While a dental insured's insured paradental employees are automatically covered under the policy, a premium charge for Certified Registered Nurse Anesthetists (CRNAs) will be made as indicated in Section 6, I – Employed Certified Registered Nurse Anesthetist.

SECTION 8

STATE RATES AND EXCEPTIONS – DENTISTS

I. RATES

A. Dental Rating Classes – Arkansas

The following indicates the specialty classification codes applicable to the rating classes on the following pages:

1A	80213
1	80211 80214 80215
2	80211.1
3	80209
4	80210

B. Dentists Professional Liability Rates

1. Claims-Made Rates by Year

Class Code	\$1,000,000 / \$3,000,000				
	1	2	3	4	5+
1A	567	929	1,190	1,363	1,512
1	639	1,065	1,371	1,569	1,736
2	735	1,246	1,614	1,842	2,035
3	1,500	2,693	3,550	4,030	4,426
4	2,648	4,863	6,456	7,312	8,013

2. Reporting Endorsement Rates by Year

Class Code	\$1,000,000 / \$3,000,000				
	1	2	3	4	5+
1A	1,164	1,693	1,950	2,087	2,117
1	1,337	1,944	2,239	2,396	2,430
2	1,567	2,279	2,625	2,808	2,849
3	3,408	4,957	5,710	6,108	6,196
4	6,170	8,975	10,337	11,058	11,218

C. Excess Limits Premium Factors

Excess limits premium shall be derived by applying the appropriate factor below to the appropriate primary rate. Excess limits are only offered above underlying limits of \$1,000,000.

\$1M/\$3M Primary

EXCESS LIMITS	Dentists/ Oral Surgeons
\$1M	0.0480
\$2M	0.0960
\$3M	0.1450
\$4M	0.1935
\$5M	0.2225

These factors are based upon negotiated reinsurance agreements. Deviation from these factors up to 25% based upon negotiated agreements with reinsurers and/or underwriting judgment may apply.

II. EXCEPTIONS

A. Policy Issuance

1. The Arkansas State Amendatory Endorsement must be attached to the policy at the time of issuance.
2. Item III, Premium Payments, is hereby added to Section 1, Introduction, as follows:

III. PREMIUM PAYMENTS

1. Annual Payment Plan – The premium must be paid in full prior to the inception date of the policy. A discount for this payment option is available (see Section 4, Discounts, Item VIII, below.)
2. Semi-Annual Payment Plan – 60% of the premium must be paid prior to the policy inception date and one installment of 40% is due six months after inception.
3. Quarterly Payment Plan – 35% of the premium must be paid prior to the policy inception date, with second and third quarterly payments of 25% each and a final quarterly payment of 15%.

No finance charges or fees apply to these payment plans. The option to pay premium on other than the Annual Payment Plan may be withdrawn by the Company if the insured has failed to make premium payments when due.

B. Rules

1. Item VIII, Annual Premium Payment Discount, is hereby added to Section 4, Professional Liability Discounts, as follows:

VIII. ANNUAL PREMIUM PAYMENT DISCOUNT

A discount of 1.5% of the policy premium will be applied if the insured pays the premium in full prior to the inception date of the policy. This discount is not available if the initial policy term is less than six months. If the full premium is not received by the Company by the policy effective date, the discount will be withdrawn, the policy will be rated without the discount and the insured will be billed for the additional premium.

SECTION 9

STATE RATES AND EXCEPTIONS

I. RATES

A. Rating Classes - Arkansas

The following indicates the classification codes that are applicable to the rating classes on the following pages:

<u>Rating Class</u>	<u>Industry Class Codes</u>					
1	80102(A)	80178	80240	80254	80256(A)	80263
2	80231	80235	80249			
	80233	80236	80256(B)			
3	80102(B)	80245	80260	80268	80473	
	80145(A)	80252	80265	80289	80474	
	80179	80255	80266	80420	80477(A)	
	80241	80257	80267	80431	80620	
	80244					
4	80114	80253	80277	80421(A)		
	80145(B)	80269	80287			
5	80151	80281(A)	80286	80294	80477(B)	
	80261	80282	80288	80421(B)	80621	
	80274	80283	80291	80424		
	80278	80284	80293	80425		
6	80145(C)	80280	80281(B)	80360	80421(C)	
7	80159	80475(A)				
8	80102(C)	80115	80117(A)	80167	80472	
9	80117(B)	80155	80169			
10	80117(C)	80143	80154(A)	80156		
11	80146	80154(B)	80475(B)			
12	80144	80150	80171			
13	80153	80475(C)	80476			
14	Not used at this time.					
15	80152	80475(D)				

B. Physicians and Surgeons Professional Liability Rates

1. Claims-Made Rates by Year

State of Arkansas

\$1Million/\$3Million

Class Code	1	2	3	4	5+
1	2,490	3,693	4,786	5,004	5,223
2	3,310	5,114	6,753	7,081	7,409
3	4,130	6,535	8,721	9,158	9,595
4	4,950	7,956	10,689	11,235	11,782
5	5,769	9,377	12,656	13,312	13,968
6	6,753	11,082	15,017	15,804	16,591
7	7,409	12,219	16,591	17,466	18,340
8	9,049	15,061	20,527	21,620	22,713
9	10,689	17,903	24,462	25,774	27,085
10	12,328	20,745	28,397	29,928	31,458
11	13,968	23,587	32,333	34,082	35,831
12	15,608	26,430	36,268	38,235	40,203
13	17,247	29,272	40,203	42,389	44,576
14	20,527	34,956	48,074	50,697	53,321
15	23,806	40,640	55,944	59,005	62,066

2. Reporting Endorsement Rates by Year

State of Arkansas

\$1Million/\$3Million

Class Code	1	2	3	4	5+
1	3,787	6,137	7,182	7,965	8,487
2	5,372	8,706	10,187	11,299	12,040
3	6,956	11,274	13,193	14,632	15,592
4	8,542	13,844	16,200	17,968	19,146
5	10,127	16,412	19,206	21,301	22,698
6	12,028	19,494	22,813	25,301	26,960
7	13,297	21,550	25,218	27,969	29,803
8	16,467	26,688	31,230	34,637	36,909
9	19,637	31,825	37,242	41,305	44,013
10	22,807	36,963	43,255	47,973	51,119
11	25,977	42,101	49,268	54,642	58,225
12	29,147	47,239	55,279	61,310	65,330
13	32,318	52,377	61,292	67,978	72,436
14	38,658	62,652	73,316	81,315	86,647
15	44,998	72,928	85,341	94,651	100,857

D. Excess Limits Premium Factors

Excess limits premium shall be derived by applying the appropriate factor below to the appropriate primary rate. Excess limits are only offered above underlying limits of \$1,000,000.

1. Zone 3 - Claims Made Policies

Factors for limits above:

EXCESS LIMITS	\$1M/\$3M Primary	
	Classes 1 - 7	Classes 8 - 15
\$1M	0.1373	0.1760
\$2M	0.2197	0.2805
\$3M	0.2692	0.3432
\$4M	0.3076	0.3872
\$5M	0.3421	0.4268

These factors are based upon negotiated reinsurance agreements. Deviation from these factors up to 25% based upon negotiated agreements with reinsurers and/or underwriting judgment may apply.

E. Replacement Coverage Factors for Insurance of Unreported Claims on Previously-Issued Reporting Endorsements or Occurrence Coverage

Apply the appropriate factor from the tables below to the insured's mature rate for 1M/3M limits.

1. Factors for Indefinite Reporting Endorsement

a) All Specialties other than OB/GYN, Pediatrics or Anesthesiology

Prior Occurrence Coverage Expiration Date or Prior Tail Issue Date	C-M Maturity or Years of Occurrence Coverage Year at Time of Prior Tail Issuance					
	1st Year	2nd Year	3rd Year	4th Year	5th Year	6th Year+
Up to 1 yr. ago	0.840	1.380	1.680	1.860	1.980	2.040
1+ to 2 yrs. ago	0.540	0.840	1.020	1.140	1.200	1.200
2+ to 3 yrs. ago	0.300	0.480	0.600	0.660	0.660	0.660
3+ to 4 yrs. ago	0.180	0.300	0.360	0.360	0.360	0.360
4+ to 5 yrs. ago	0.120	0.180	0.180	0.180	0.180	0.180
5+ to 6 yrs. ago	0.060	0.060	0.060	0.060	0.060	0.060
More than 6 yrs. ago	0.000	0.000	0.000	0.000	0.000	0.000

Minimum factor to apply: .07.

b) Anesthesiologist Specialty

Prior Occurrence Coverage Expiration Date or Prior Tail Issue Date	C-M Maturity or Years of Occurrence Coverage Year at Time of Prior Tail Issuance					
	1st Year	2nd Year	3rd Year	4th Year	5th Year	6th Year+
Up to 1 yr. ago	0.600	0.900	1.080	1.140	1.164	1.176
1+ to 2 yrs. ago	0.300	0.480	0.540	0.564	0.576	0.576
2+ to 3 yrs. ago	0.180	0.240	0.264	0.276	0.276	0.276
3+ to 4 yrs. ago	0.060	0.084	0.096	0.096	0.096	0.096
4+ to 5 yrs. ago	0.024	0.036	0.036	0.036	0.036	0.036
5+ to 6 yrs. ago	0.012	0.012	0.012	0.012	0.012	0.012
More than 6 yrs. ago	0.000	0.000	0.000	0.000	0.000	0.000

Minimum factor to apply: .07.

c) OB/GYN and Pediatric Specialties

Prior Occurrence Coverage Expiration Date or Prior Tail Issue Date	C-M Maturity or Years of Occurrence Coverage Year at Time of Prior Tail Issuance					
	1st Year	2nd Year	3rd Year	4th Year	5th Year	6th Year
	Up to 1 yr. ago	0.720	1.260	1.620	1.800	1.920
1+ to 2 yrs. ago	0.540	0.900	1.080	1.200	1.296	1.368
2+ to 3 yrs. ago	0.360	0.540	0.660	0.756	0.828	0.876
3+ to 4 yrs. ago	0.180	0.300	0.396	0.468	0.516	0.552
4+ to 5 yrs. ago	0.120	0.216	0.288	0.336	0.372	0.396
5+ to 6 yrs. ago	0.096	0.168	0.216	0.252	0.276	0.288
6+ to 7 yrs. ago	0.072	0.120	0.156	0.180	0.192	0.192
7+ to 8 yrs. ago	0.048	0.084	0.108	0.120	0.120	0.120
8+ to 9 yrs. ago	0.036	0.060	0.072	0.072	0.072	0.072
9+ to 10 yrs. ago	0.024	0.036	0.036	0.036	0.036	0.036
10+ to 11 yrs. ago	0.012	0.012	0.012	0.012	0.012	0.012
More than 11 yrs. ago	0.000	0.000	0.000	0.000	0.000	0.000

	7th Year	8th Year	9th Year	10th Year	11th Year+
Up to 1 yr. ago	2.088	2.136	2.172	2.196	2.208
1+ to 2 yrs. ago	1.416	1.452	1.476	1.488	1.488
2+ to 3 yrs. ago	0.912	0.936	0.948	0.948	0.948
3+ to 4 yrs. ago	0.576	0.588	0.588	0.588	0.588
4+ to 5 yrs. ago	0.408	0.408	0.408	0.408	0.408
5+ to 6 yrs. ago	0.288	0.288	0.288	0.288	0.288
6+ to 7 yrs. ago	0.192	0.192	0.192	0.192	0.192
7+ to 8 yrs. ago	0.120	0.120	0.120	0.120	0.120
8+ to 9 yrs. ago	0.072	0.072	0.072	0.072	0.072
9+ to 10 yrs. ago	0.036	0.036	0.036	0.036	0.036
10+ to 11 yrs. ago	0.012	0.012	0.012	0.012	0.012
More than 11 yrs. ago	0.000	0.000	0.000	0.000	0.000

Minimum factor to apply: .07.

2. Factors for Annually Renewed Prior Occurrence and Tail Replacement Coverage

This option is intended to allow the policyholder the choice of a shorter reporting period at a lesser premium than charged for the indefinite period and an effectively longer payment plan than otherwise offered. It is not intended to allow the Company the option to refuse to extend the reporting period at any given year. If the insured elects to renew a sufficient number of times (seven for OB/GYN and Pediatrics and four for all other specialties), this coverage will convert from an annually renewing reporting period to an indefinite reporting period.

a) All Specialties other than OB/GYN, Pediatrics or Anesthesiology

Occurrence Coverage End Date or Tail Issue Date	C-M Maturity or Years of Occurrence Coverage Year at Time of Prior Tail Issuance					
	1st Year	2nd Year	3rd Year	4th Year	5th Year	6th Year+
	Up to 1 yr. ago	0.275	0.495	0.605	0.660	0.715
1+ to 2 yrs. ago	0.220	0.330	0.385	0.440	0.495	0.495
2+ to 3 yrs. ago	0.110	0.165	0.220	0.275	0.275	0.275
3+ to 4 yrs. ago	0.055	0.110	0.165	0.165	0.165	0.165
4+ to 5 yrs. ago	0.055	0.110	0.110	0.110	0.110	0.110
5+ to 6 yrs. ago	0.055	0.055	0.055	0.055	0.055	0.055
More than 6 yrs. ago	0.000	0.000	0.000	0.000	0.000	0.000

Minimum factor to apply: .07.

b) Anesthesiologist Specialty

Occurrence Coverage End Date or Tail Issue Date	C-M Maturity or Years of Occurrence Coverage Year at Time of Prior Tail Issuance					
	1st Year	2nd Year	3rd Year	4th Year	5th Year	6th Year+
	Up to 1 yr. ago	0.275	0.385	0.495	0.528	0.539
1+ to 2 yrs. ago	0.110	0.220	0.253	0.264	0.275	0.275
2+ to 3 yrs. ago	0.110	0.143	0.154	0.165	0.165	0.165
3+ to 4 yrs. ago	0.033	0.044	0.055	0.055	0.055	0.055
4+ to 5 yrs. ago	0.011	0.022	0.022	0.022	0.022	0.022
5+ to 6 yrs. ago	0.011	0.011	0.011	0.011	0.011	0.011
More than 6 yrs. ago	0.000	0.000	0.000	0.000	0.000	0.000

Minimum factor to apply: .07.

c) OB/GYN and Pediatric Specialties

Occurrence Coverage End Date or Tail Issue Date	C-M Maturity or Years of Occurrence Coverage Year at Time of Prior Tail Issuance					
	1st Year	2nd Year	3rd Year	4th Year	5th Year	6th Year
	Up to 1 yr. ago	0.165	0.330	0.495	0.550	0.572
1+ to 2 yrs. ago	0.165	0.330	0.385	0.407	0.429	0.451
2+ to 3 yrs. ago	0.165	0.220	0.242	0.264	0.286	0.297
3+ to 4 yrs. ago	0.055	0.077	0.099	0.121	0.132	0.143
4+ to 5 yrs. ago	0.022	0.044	0.066	0.077	0.088	0.099
5+ to 6 yrs. ago	0.022	0.044	0.055	0.066	0.077	0.088
6+ to 7 yrs. ago	0.022	0.033	0.044	0.055	0.066	0.066
7+ to 8 yrs. ago	0.011	0.022	0.033	0.044	0.044	0.044
8+ to 9 yrs. ago	0.011	0.022	0.033	0.033	0.033	0.033
9+ to 10 yrs. ago	0.011	0.022	0.022	0.022	0.022	0.022
10+ to 11 yrs. ago	0.011	0.011	0.011	0.011	0.011	0.011
More than 11 yrs. ago	0.000	0.000	0.000	0.000	0.000	0.000

	7th Year	8th Year	9th Year	10th Year	11th Year+
Up to 1 yr. ago	0.616	0.627	0.638	0.649	0.660
1+ to 2 yrs. ago	0.462	0.473	0.484	0.495	0.495
2+ to 3 yrs. ago	0.308	0.319	0.330	0.330	0.330
3+ to 4 yrs. ago	0.154	0.165	0.165	0.165	0.165
4+ to 5 yrs. ago	0.110	0.110	0.110	0.110	0.110
5+ to 6 yrs. ago	0.088	0.088	0.088	0.088	0.088
6+ to 7 yrs. ago	0.066	0.066	0.066	0.066	0.066
7+ to 8 yrs. ago	0.044	0.044	0.044	0.044	0.044
8+ to 9 yrs. ago	0.033	0.033	0.033	0.033	0.033
9+ to 10 yrs. ago	0.022	0.022	0.022	0.022	0.022
10+ to 11 yrs. ago	0.011	0.011	0.011	0.011	0.011
More than 11 yrs. ago	0.000	0.000	0.000	0.000	0.000

Minimum factor to apply: .07.

3. Group Discount Factor

After calculating each insured's preliminary rate for the Replacement Coverage, apply the factor from the table below which corresponds to the number of insureds in the group for whom the coverage is purchased.

	# of Physicians	Discount Factor
	1	1.000
	2-3	0.970
	4-6	0.950
	7-10	0.925
	11-20	0.900
	Over 20	0.850

II. STATE EXCEPTIONS

A. Policy Issuance

1. Item III, Premium Payments, is hereby added to Section 1, Introduction, as follows:

III. PREMIUM PAYMENTS

1. Annual Payment Plan – The premium must be paid in full prior to the inception date of the policy. A discount for this payment option is available (see Section 4, Discounts, Item VIII, below.)
2. Semi-Annual Payment Plan – 60% of the premium must be paid prior to the policy inception date and one installment of 40% is due six months after inception.
3. Quarterly Payment Plan – 35% of the premium must be paid prior to the policy inception date, with second and third quarterly payments of 25% each and a final quarterly payment of 15%.

No finance charges or fees apply to these payment plans. The option to pay premium on other than the Annual Payment Plan may be withdrawn by the Company if the insured has failed to make premium payments when due.

B. Rules

1. Part A, Item II, Fellows, Residents and Interns, of Section 3, Classification and/or Rating Modifications and Procedures Rates, is replaced with the following:

- A. Coverage may be written for fellows, residents and interns practicing within the scope of their training in the teaching environment. The rate shall be computed as follows:

Classification	Rate
Interns	25% of the appropriate specialty classification rate
Residents (1 st - 3 rd years)	50% of the appropriate specialty classification rate
Residents (4 th & 5 th years) and Fellows	75% of the appropriate specialty classification rate

2. Item VIII, Annual Premium Payment Discount, is hereby added to Section 4, Professional Liability Discounts, as follows:

VIII. ANNUAL PREMIUM PAYMENT DISCOUNT

A discount of 1.5% of the policy premium will be applied if the insured pays the premium in full prior to the inception date of the policy. This discount is not available if the initial policy term is less than six months. If the full premium is not received by the Company by the policy effective date, the discount will be withdrawn, the policy will be rated without the discount and the insured will be billed for the additional premium.

III. STATE REQUIREMENTS

A. Policy Issuance

1. The Arkansas State Amendatory Endorsement must be attached to the policy at the time of issuance.

B. Rules

1. Item X., Rate Change Amelioration, of Section 3 is hereby deleted.
2. Discounts for Interns, Resident, and Fellows have been quantified by category and placed in the grid published in the State Exceptions section.
3. Any directive to “refer to the Company” has been replaced in the State Exceptions section with wording regarding “individually rating” the policy and as reminder to file the individual rating with the Arkansas Department of Insurance.

- a) Section 1, item I. Rates and Premium Calculations, Part B. is amended by adding the following:

Individually rated policies will be filed with the Arkansas Department of Insurance after policy issuance.

II. STATE EXCEPTIONS

A. Policy Issuance

1. Item III, Premium Payments, is hereby added to Section 1, Introduction, as follows:

III. PREMIUM PAYMENTS

1. Annual Payment Plan – The premium must be paid in full prior to the inception date of the policy. A discount for this payment option is available (see Section 4, Discounts, Item VIII, below.)
2. Semi-Annual Payment Plan – 60% of the premium must be paid prior to the policy inception date and one installment of 40% is due six months after inception.
3. Quarterly Payment Plan – 35% of the premium must be paid prior to the policy inception date, with second and third quarterly payments of 25% each and a final quarterly payment of 15%.

No finance charges or fees apply to these payment plans. The option to pay premium on other than the Annual Payment Plan may be withdrawn by the Company if the insured has failed to make premium payments when due.

B. Rules

1. Part A, Item II, Fellows, Residents and Interns, of Section 3, Classification and/or Rating Modifications and Procedures Rates, is replaced with the following:

- A. Coverage may be written for fellows, residents and interns practicing within the scope of their training in the teaching environment. The rate shall be computed as follows:

Classification	Rate
Interns	25% of the appropriate specialty classification rate
Residents (1 st - 3 rd years)	50% of the appropriate specialty classification rate
Residents (4 th & 5 th years) and Fellows	75% of the appropriate specialty classification rate

2. Item VIII, Annual Premium Payment Discount, is hereby added to Section 4, Professional Liability Discounts, as follows:

VIII. ANNUAL PREMIUM PAYMENT DISCOUNT

A discount of 1.5% of the policy premium will be applied if the insured pays the premium in full prior to the inception date of the policy. This discount is not available if the initial policy term is less than six months. If the full premium is not received by the Company by the policy effective date, the discount will be withdrawn, the policy will be rated without the discount and the insured will be billed for the additional premium.