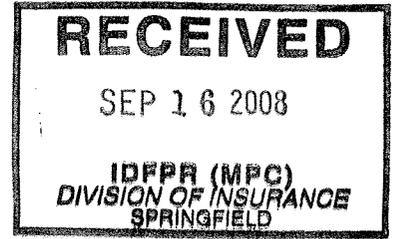




ANESTHESIOLOGISTS' PROFESSIONAL ASSURANCE COMPANY



FILED

OCT 01 2008

September 12, 2008

STATE OF ILLINOIS
DEPARTMENT OF INSURANCE
SPRINGFIELD, ILLINOIS

Illinois Division of Insurance
Commissioner of Insurance
320 West Washington Street
Springfield, IL 62767-0001

Re: Anesthesiologists Professional Assurance Company NAIC #: 37656
FEIN # 59-2820748 ✓
Medical Professional Liability Insurance
Rate & Rule Filing
Filing ID #: APAC-IL-R100108
Proposed Effective Date: October 1, 2008
File and Use

To Whom It May Concern:

Please find enclosed the Medical Professional Liability rate and rule filing for Anesthesiologists Professional Assurance Company. We are requesting a 17.5% base rate increase along with changes to the territory factors for your review and consideration. We have also made several changes to the Underwriting Manual and have enclosed a copy of the revised manual in its entirety for your review. The company is seeking an effective date of October 1, 2008.

Please feel free to call me at (800)-741-3742, extension 3297 if you have any questions or need any additional information.

Sincerely,

Louis V. Sicilian
Sr. Vice President/Treasurer

1-0
MEM
RAT
glw
Jeh

Neuman, Gayle

From: Can, Alp [alp.can@fpic.com]
Sent: Tuesday, November 16, 2010 12:55 PM
To: Neuman, Gayle
Subject: RE: Anesthesiologists' Professional Assurance Co - Filing #APAC-IL-R100108

Dear Ms. Neuman,

It was very nice to speak with you yesterday. In response to your question, the APAC filing was put in effect on October 1, 2008.

Please let me know of any further questions you may have.

Best regards,

Alp Can

Alp Can, ACAS, MAAA
Actuary
First Professionals Insurance Company
1000 Riverside Avenue, Suite 800
Jacksonville, FL 32204
Phone 904-360-3060
Fax 904-350-1009
Email alp.can@fpic.com

-----Original Message-----

From: Neuman, Gayle [<mailto:Gayle.Neuman@illinois.gov>]
Sent: Monday, November 15, 2010 12:05 PM
To: Can, Alp
Subject: Anesthesiologists' Professional Assurance Co - Filing #APAC-IL-R100108

Mr. Can,

The Department of Insurance has now completed its review of the filing referenced above. Originally, APAC requested the filing be effective October 1, 2008. Was the filing put in effect on October 1, 2008 or do you wish to have a different effective date?

Your prompt response is appreciated.

Gayle Neuman
Illinois Department of Insurance
Property & Casualty Compliance
(217) 524-6497

Please refer to the Property & Casualty Review Checklists before submitting any filing. The checklists can be accessed through the Department's website at www.insurance.illinois.gov.

THIS MESSAGE IS INTENDED FOR THE SOLE USE OF THE ADDRESSEE AND MAY BE CONFIDENTIAL, PRIVILEGED AND EXEMPT FROM DISCLOSURE UNDER APPLICABLE LAWS. IF YOU RECEIVE THIS MESSAGE IN ERROR, PLEASE DESTROY IT AND NOTIFY US BY SENDING AN E-MAIL TO: GAYLE.NEUMAN@ILLINOIS.GOV.

STATE OF ILLINOIS

DEPARTMENT OF INSURANCE



IN THE MATTER OF THE
MEDICAL MALPRACTICE
RATE INCREASE OF:

HEARING NO. 09-HR-1139

ANESTHESIOLOGIST PROFESSIONAL
ASSURANCE COMPANY

ORDER

I, Michael T. McRaith, Director of the Illinois Department of Insurance, hereby certify that I have read the Record in this matter and the hereto attached Findings of Fact, Conclusions of Law and Recommendations of the Hearing Officer, Timothy M. Cena, appointed and designated pursuant to Section 402 of the Illinois Insurance Code (215 ILCS 5/402) to conduct a Hearing in the above-captioned matter.

I, Michael T. McRaith, Director of the Illinois Department of Insurance, being duly advised in the premises, do hereby adopt the Findings of Fact, Conclusions of Law and Recommendations of the Hearing Officer as my own and based upon said Findings, Conclusions and Recommendations enter the following Order under the authority granted to me by Article IX and Article XXIV of the Illinois Insurance Code (215 ILCS 5/132 et. seq. and 215 ILCS 5/401 et. seq.).

This Order is a Final Decision pursuant to the Illinois Administrative Procedure Act (5 ILCS 100/1 et. seq.). Parties to the proceeding may petition the Director of Insurance for a Rehearing or to Reopen the Hearing pursuant to 50 Ill. Adm. Code 2402.280. Appeal of this Order is governed by the Illinois Administrative Review Law (735 ILCS 5/3-101 et. seq.).

NOW IT IS THEREFORE ORDERED THAT:

- 1) Anesthesiologist Professional Assurance Company Filing # APAC-IL-R100108 is not in violation of the applicable provisions of the Illinois Insurance Code and therefore the Filing may be implemented in the State of Illinois.

- 2) Anesthesiologist Professional Assurance Company shall pay as costs of this proceeding, within 35 days of the date of this Order, the sum of \$201.05, directly to the Illinois Department of Insurance, 320 W. Washington, 4th Floor, Springfield, Illinois 62767.

ILLINOIS DEPARTMENT OF
INSURANCE

Date: 9 November 2010



Michael T. McRaith
Director

STATE OF ILLINOIS

DEPARTMENT OF INSURANCE



IN THE MATTER OF THE
MEDICAL MALPRACTICE
RATE INCREASE OF:

HEARING NO. 09-HR-1139

ANESTHESIOLOGIST PROFESSIONAL
ASSURANCE COMPANY

FINDINGS OF FACT, CONCLUSIONS OF LAW AND RECOMMENDATIONS OF THE HEARING OFFICER

Now comes Timothy M. Cena, Hearing Officer, in the above-captioned matter and hereby offers his Findings of Fact, Conclusions of Law and Recommendations in the above-captioned matter to the Director of Insurance.

FINDINGS OF FACT

PROCEDURAL MATTERS AND THE EVIDENCE

- 1) On September 16, 2008, Anesthesiologists Professional Assurance Company (APAC) filed with the Illinois Department of Insurance (Department) a Anesthesiologist's Professional Liability Rate Filing II APCA-IL-R 100108 (the Filing) (see Department Exhibit # 1).
- 2) On November 10, 2009, the Illinois Director of Insurance, Michael T. McRaith, (Director), issued a Notice of Hearing requiring APAC to participate in an administrative hearing regarding the Filing (Hearing Officer Exhibit # 2).
- 3) On November 10, 2009, the Director appointed Timothy M. Cena as Hearing Officer to conduct the hearing in this matter (Hearing Officer Exhibit # 1).

- 4) Joseph T. Clennon filed a Notice of Appearance in this matter on behalf of the Department (Hearing Officer Exhibit# 2).
- 5) Robert L. Woertelboer filed a Notice of Appearance in this matter on behalf of APAC, as well, as a Motion for Telephonic Hearing (Hearing Officer Exhibit # 3).
- 6) Subsequent to the issuance of the Notice of Hearing, the Parties and the Hearing Officer participated in a telephonic pre-hearing status conference call to discuss various matters pertaining to the hearing. At that status call the Parties presented to the Hearing Officer an agreed oral Motion for Continuance of the Hearing.
- 7) On December 10, 2009, the Hearing Officer issued an Order granting both APAC's Motion for Telephonic Hearing and the agreed Motion for Continuance. The Order continued the hearing in the matter until December 22, 2009, at the Department's Offices in Springfield, Illinois (Hearing Officer Exhibit # 4).
- 8) The Hearing in this matter was convened on December 22, 2009 at 11:00 AM at the Department's Offices in Springfield, Illinois at which time were present Timothy M. Cena, Hearing Officer; Joseph T. Clennon, on behalf of the Department, Judy Mottar and Sarah Fore, employees of the Department; and appearing telephonically Robert Woertelboer, on behalf of APAC, and Sean Bailey and Lou Sicilian, employees of APAC.
- 9) The purpose of this hearing was to receive from APAC and/or other interested parties or the general public information regarding the Filing made by APAC in this matter and to determine whether the Filing is in compliance with relevant Illinois law. The Department and APAC both appeared at the Hearing and presented evidence in this matter.
- 10) At the Hearing the Department offered into evidence the APAC Filing in this matter (see Department Exhibit 1). The Department also conducted direct examination of APAC witnesses regarding specific aspects of the Filing. See transcript of Proceeding T. 1- 51). At the end of the proceeding the Department indicated that, pursuant to statutes in effect at the time of the Filing and the Hearing, it had no objections to the Filing.

DISCUSSION AND ADDITIONAL FINDINGS

- 11) Midwest Litigation Services recorded the testimony taken in this matter and charged the Department \$201.25 for a Transcript of the

Proceedings and the Court Reporter's attendance (Hearing Officer Exhibit # 5).

- 12) On February 4, 2010, after the Hearing in this matter was concluded, the Illinois Supreme Court in Lebron v. Gottlieb Memorial Hospital, 2010 WL 375190 (Ill.) pg. 18, issued an opinion striking down as unconstitutional the specific Sections of the Illinois Insurance Code (Sections 155.18, 155.18a and 155.19 (215 ILCS 5/155.18, 5/155.18a and 5/155.19)) pursuant to which the Director had authority to conduct the administrative hearing in this matter regarding APAC's rate filing and which was the subject of the testimony at hearing in this matter.
- 13) A review of the law in the area of court invalidation of state statutes indicates that where statutes are held invalid and such statutes contain repeals of previously enacted statutes then on a ruling of invalidity such repeals are also held invalid thereby reinstating the previously enacted statutes into law (see Perlstein v. Wolk, 218 Ill. 2d 448).

Based upon the above, the Hearing Officer finds that the standards of review contained in the invalidated statutes cannot be used by the Director of Insurance to reach a final decision in this matter. The Hearing Officer also finds, however, that the predecessor statutes (Pre-2005 statutes), pursuant to Perlstein, are now in full effect and the Director has authority pursuant to those laws to determine, pursuant to standards contained therein, and after an administrative hearing, whether the rates filed by APAC are excessive or inadequate, or are unfairly discriminatory and whether sufficient competition exists in the marketplace.

In May of 2010 and on the Hearing Officer's Motion, the Hearing Officer and the Parties participated in a telephonic post-hearing conference to discuss APAC's Filing in light of the Supreme Court's ruling on the relevant Insurance Code statutes. It was agreed by and between the Parties and the Hearing Officer that the Record produced at the January 12, 2010 administrative hearing in this matter would remain intact and is offered by the Parties as their evidence regarding APAC's Filing to the Director of Insurance pursuant to the Pre-2005 statutes and that the Director shall use such Record to make a decision regarding the Filing.

- 14) On May 6, 2010 the Department filed with the Hearing Officer a Compliance Filing (see Hearing Officer Exhibit # 6) indicating that the Department's position in this matter was that APAC had met the statutory requirements of the law in its Filing and that the Director could issue an Order on that basis to conclude this matter.

Section 155.18 of the Insurance Code (Pre-2005 statutes provides, in part, as follows:

- “(a) This Section shall apply to insurance on risks based upon negligence by a physician, hospital or other health care provider, referred to herein as medical liability insurance. This section shall not apply to contracts of reinsurance, nor to any farm, county, district or township mutual insurance company transacting business under an Act entitled “an Act relating to local mutual district, county and township insurance companies”, approved March 13, 1936, as now or hereafter amended, nor to any such company operating under a special charter.

- (b) The following standards shall apply to the making and use of rates pertaining to all classes of medical liability insurance;
 - (1) Rates shall not be excessive or inadequate, as herein defined, nor shall they be unfairly discriminatory. No rate shall be held to be excessive unless such rate is unreasonably high for the insurance provided, and a reasonable degree of competition does not exist in the area with respect to the classification to which such rate is applicable.

No rate shall be held inadequate unless it is unreasonably low for the insurance provided and continued use of it would endanger solvency of the company.

- (2) Consideration shall be given, to the extent applicable, to past and prospective loss experience within and outside this State to a reasonable margin for underwriting profit and contingencies to past and prospective expenses both countrywide and those especially applicable to this State, and to all other factors, including judgment factors, deemed relevant within and outside this State.

Consideration may also be given in the making and use of rates to dividends, savings or

unabsorbed premium deposits allowed or returned by companies to their policyholder's members or subscribers.

- (3) The systems of expense provisions included in the rates for use by any company or group of companies may differ from those of other companies or groups of companies to reflect the operating methods of any such company or group with respect to any kind of insurance, or with respect to any subdivision or combination thereof.
 - (4) Risks may be grouped by classifications for the establishment of rates and minimum premiums. Classification rates may be modified to produce rates for individual risks in accordance with rating plans which establish standards for measuring variations in hazards or expense provisions, or both. Such standards may measure any difference among risks that have a probable effect upon losses or expenses. Such classifications or modifications of classifications of risks may be established based upon size, expense, management, individual experience, location or dispersion of hazard, or any other reasonable considerations and shall apply to all risks under the same or substantially the same circumstances or conditions. The rate for an established classification should be related generally to the anticipated loss and expense factors of the class.
- (c) Every company writing medical liability insurance shall file with the Director of Insurance the rates and rating schedules it uses for medical liability insurance.
- (1) This filing shall occur at least annually and as often as the rates are changed or amended.
 - (2) For the purposes of this Section any change in premium to the Company's insureds as a result of a change in the company's base rates or a change in its increased limits factors shall constitute a change in rates and shall require a filing with the Director.

- (3) It shall be certified in such filing by an officer of the company and a qualified actuary that the company's rates are based on sound actuarial principles and are not inconsistent with the company's experience.
 - (c) If after a hearing the Director finds:
 - (1) that any rate, rating plan or rating system violates the provisions of this Section applicable to it, he may issue an order to the company which has been the subject of the hearing specifying in what respects such violation exists and stating when, within a reasonable period of time, the further use of such rate or rating system by such company in contracts of insurance made thereafter shall be prohibited;
 - (2) that the violation of any of the provisions of this Section applicable to it by any company which has been the subject of hearing was willful, he may suspend or revoke, in whole or in part, the certificate of authority of such company with respect to the class of insurance which has been the subject of the hearing.
- 15) As indicated above, and by agreement of the Parties hereto, the evidence produced in this matter will be examined in light of Section 155.18 of the Illinois Insurance Code in effect prior to the 2005 amendment to that Section which was recently invalidated by the Illinois Supreme Court.

Section 155.18b states four standards that apply to the making and use of rates pertaining to all classes of medical liability insurance.

Section 155.18(b)(1) – Rates shall not be excessive, inadequate or unfairly discriminatory. A rate cannot be held to be excessive unless such rate is unreasonably high for the insurance provided and a reasonable degree of competition does not exist in the area.

The Record in this matter does not contain the evidence necessary for the Hearing Officer to find that the rate filing is excessive (i.e. both unreasonably high and that a reasonable degree of competition does not exist in the area). Further, there is no evidence in the Record that the rate is inadequate or unfairly discriminatory.

Section 155.18(b)(2) – Consideration shall be given, to the extent applicable, to past and prospective loss experience within and without the State, to a reasonable margin for underwriting profit and contingencies, to part and prospective expenses, and to all other factors, including judgment factors deemed relevant. Consideration may also be given to dividends, savings or unresolved premium deposits allowed or returned by insurers.

The evidence in the Record in this matter indicates that APAC made the Filing in question on September 16, 2008. The Record indicates that additional information about the Filing was requested from APAC by the Department. Further, APAC presented testimony at the administrative hearing in this matter. A review of the Record in this matter indicates that, and the Hearing Officer finds that, APAC has presented sufficient evidence regarding the areas of information contained in Section 155.18(b)(2) to be in compliance with the standards contained therein.

Section 155.18(b)(3) – Systems of expense provisions included in the rates for use by any company may differ from those of other companies to reflect the operating method of such company.

The Hearing Officer finds that there is no evidence in this record to indicate that APAC is in violation of this standard.

Section 155.18(b)(4) – Risks may be grouped by classification for the establishments of rates.

The Hearing Officer finds that there is no evidence in this record to indicate that APAC is in violation of this standard.

Taking the evidence presented in this matter as a whole, and in light of the above discussion, the Hearing Officer hereby finds that the use of the rates contained in the Filing should not be restricted by the Director.

CONCLUSIONS OF LAW

Based upon the above stated Findings of Fact and the entire Record in this matter the Hearing Officer offers the following Conclusions of Law to the Director of Insurance.

- 1) Timothy M. Cena was duly appointed as Hearing Officer in this matter by the Director of Insurance pursuant to Section 5/402 of the Illinois Insurance Code (215 ILCS 5/402).

- 2) The Director of Insurance has jurisdiction over the parties and the subject matter of this proceeding pursuant to Sections 155.18, 401, 402 and 403 of the Illinois Insurance Code (215 ILCS 5/155.18, 5/401, 5/402 and 5/403).
- 3) APAC Filing # APAC-IL- R100108 is not excessive, inadequate or unfairly discriminatory and therefore does not violate Section 155.18 of the Illinois Insurance Code.
- 4) APAC may be assessed the costs of this proceeding in the amount of \$201.05 pursuant to 50 Ill. Adm. Code 2402.280.

RECOMMENDATIONS

Based upon the above stated Findings of Fact, Conclusions of Law and the entire Record in this matter the Hearing Officer makes the following Recommendations to the Director of Insurance.

- 1) That APAC Filing # APAC-IL-R100108 be approved; and
- 2) That APAC be assessed the costs of this proceeding.

Respectfully submitted,

Date: 11/17/10



Timothy M. Cena
Hearing Officer

STATE OF ILLINOIS

DEPARTMENT OF INSURANCE



IN THE MATTER OF THE MEDICAL
MALPRACTICE RATE INCREASE OF:

ANESTHESIOLOGIST PROFESSIONAL
ASSURANCE COMPANY

HEARING NO. 09-HR-1139

AUTHORITY TO CONDUCT HEARING

I, the undersigned, Director of the Department of Insurance of the State of Illinois, pursuant to Sections 401, 402 and 403 of the Illinois Insurance Code (215 ILCS 5/401, 5/402 and 5/403) designate and appoint Tim Cena, an employee of the Department of Insurance, State of Illinois, as Hearing Officer to conduct a Hearing in the above-entitled matter, to be held in the Office of the Department of Insurance, 320 W. Washington St., 4th Floor, Springfield, Illinois, on December 2, 2009 at the hour of 10:00 A. M., or as soon thereafter as the business of the Department of Insurance will permit.

The Hearing Officer so designated by the Director will be empowered to administer oaths, examine witnesses and require the production of any books, records, documents or papers relevant to the inquiry.

Date: 11-18-09

DEPARTMENT OF INSURANCE
of the State of Illinois;



Michael T. McRaith
Director of Insurance

STATE OF ILLINOIS

DEPARTMENT OF INSURANCE



IN THE MATTER OF)
THE MEDICAL MALPRACTICE)
RATE INCREASE OF:)

ANESTHESIOLOGIST)
PROFESSIONAL)
ASSURANCE COMPANY)
(the Company))
100 Riverside Ave.)
Suite 800)
Jacksonville, Fl. 32204)

HEARING NO.: 09-HR-1139

ATTENTION: Robert Elwood White, Jr.)
President)

Rate Filing APAC-IL-R100108)

NOTICE OF HEARING

YOU ARE HEREBY NOTIFIED, pursuant to Section 155.18, 401, 402 and 403 of the Illinois Insurance Code (215 ILCS 5/155.18, 5/401, 5/402 and 5/403), that a hearing will be held on December 2, 2009 at 10:00 a.m., or as soon after as the business of the Illinois Department of Insurance will permit, at the office of the Department of Insurance, 320 W. Washington St., 4th Fl., Springfield, Illinois, before the Director of Insurance.

YOU ARE FURTHER NOTIFIED, that you must appear at this hearing. The purpose of this hearing is to determine whether the medical malpractice insurance rates of the Company are in compliance with Section 155.18 of the Illinois Insurance Code.

YOU ARE FURTHER NOTIFIED, that this hearing will be conducted in accordance with the following procedures:

I. Role of the Director

1. The hearing may be conducted by the Director of Insurance or such other authorized representative of the Director, as deemed appropriate.
2. The Director has the authority to conduct a hearing, take all necessary action to avoid delay, maintain order, limit or eliminate the presentation of information, and ensure the development of a

clear and complete record. The Director shall have all powers necessary to conduct a hearing, including the power to:

- a. Administer oaths and affirmations;
- b. Regulate the course of the hearing, set the time and place for a continued hearing, fix time for filing of documents, provide for the taking of sworn testimony, and conduct the proceeding according to generally recognized principles of administrative law;
- c. Examine witnesses and direct witnesses to testify, limit the testimony of any witness, and set reasonable limits on the amount of time each witness may testify;
- d. Sign and issue subpoenas that require attendance, giving testimony and the production of books, papers and other documents;
- e. Dispose of procedural requests or similar matters;
- f. The Director may assess the costs of this proceeding against the Company;
- g. Enter any Order that further carries out the purpose of this hearing.

II. Pre-hearing Conferences

1. Upon notice, the Director may direct the Company or its representatives to appear at a specified time and place for a conference, prior to or during the course of the hearing, for the purpose of considering:
 - a. The identification of Issues;
 - b. The Stipulations of fact;
 - c. Such other matters as may aid in the conduct of the proceeding.
2. Any participants may be represented by legal counsel.

III. Conduct of the Hearing

1. All hearings shall be public and shall be recorded.
2. The Director will determine the order and length of oral presentations at this hearing.

IV. Participation

1. At the discretion of the Director, participants other than the Company shall provide the Director with a written request to participate not less than ten (10) days prior the hearing. Such request(s) shall include two copies of any documentary information to be presented, and the identity of the individual desiring to present testimony and a summary of that testimony.

V. Order of the Director

At the conclusion of this hearing, the Director shall enter an Order in accordance with Section 155.18 and all other applicable provisions of the Illinois Insurance Code.

YOU ARE DIRECTED to acknowledge receipt of this Notice of Hearing in writing to the Director at the Department's address listed above.

YOU ARE FURTHER DIRECTED that on the date of the hearing you must appear. Your legal counsel, if any, must file a written Notice of Appearance with the Director not less than ten (10) days prior to the hearing.

Date: 11-10-59

DEPARTMENT OF INSURANCE of the State of Illinois;



Michael T. McRaith
Director of Insurance



DEPARTMENT OF INSURANCE
OF THE STATE OF ILLINOIS;

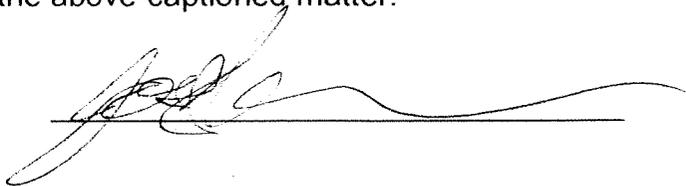
IN THE MATTER OF)
THE MEDICAL MALPRACTICE)
RATE INCREASE OF:)
)
ANESTHESIOLOGIST)
PROFESSIONAL)
ASSURANCE COMPANY)
(the Company))
100 Riverside Ave.)
Suite 800)
Jacksonville, Fl. 32204)
)
Rate Filing APAC-IL-R100108)

HEARING NO.: 09-HR-1139

NOTICE OF APPEARANCE

Pursuant to 50 Ill. Adm. Code 2402, the undersigned hereby enters his appearance as attorney for the Department of Insurance in the above-captioned matter.

Date 11/1/09



Joseph T. Clennon
Attorney for the Department
Department of Insurance
320 W. Washington St., 4th Fl.
Springfield, Illinois 62767
(217) 557-1396

ILLINOIS CERTIFICATION FOR MEDICAL MALPRACTICE RATES

(215 ILCS 5/155.18)(3) states that medical liability rates shall be certified in such filing by an officer of the company and a qualified actuary that the company's rates are based on sound actuarial principles and are not inconsistent with the company's experience.

I, Louis V. Sicilian a duly authorized officer of First Professionals Insurance Company, am authorized to certify on behalf of the Company making this filing that the company's rates are based on sound actuarial principles and are not inconsistent with the company's experience, and that I am knowledgeable of the laws, regulations and bulletins applicable to the policy rates that are the subject of this filing.

I, Sean Bailey, a duly authorized actuary of First Professionals Insurance Company am authorized to certify on behalf of First Professionals Insurance Company making this filing that the company's rates are based on sound actuarial principles and are not inconsistent with the company's experience, and that I am knowledgeable of the laws, regulations and bulletins applicable to the policy rates that are the subject of this filing.



SVP/Treasurer

Signature and Title of Authorized Insurance Company Officer

9/12/2008
Date



ACAS

Signature, Title and Designation of Authorized Actuary

9/12/2008
Date

Insurance Company FEIN 59 - 2820748 Filing Number APAC-IL-R100108

Insurer's Address 1000 Riverside Avenue

City Jacksonville State Florida Zip Code 32204

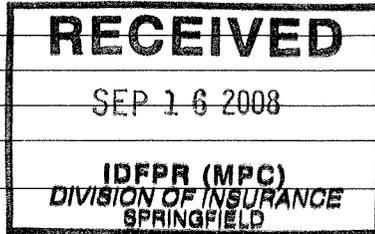
Contact Person's:

-Name and E-mail Sean Bailey sean.bailey@fpic.com

-Direct Telephone and Fax Number (904) 360-3060

Property & Casualty Transmittal Document (Revised 1/1/06)

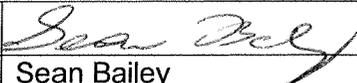
1. Reserved for Insurance Dept. Use Only	2. Insurance Department Use only					
	a. Date the filing is received:					
	b. Analyst:					
	c. Disposition:					
	d. Date of disposition of the filing:					
	e. Effective date of filing:					
	<table border="1"> <tr> <td>New Business</td> <td></td> </tr> <tr> <td>Renewal Business</td> <td></td> </tr> </table>		New Business		Renewal Business	
	New Business					
	Renewal Business					
f. State Filing #:						
g. SERFF Filing #:						
h. Subject Codes						



3. Group Name	FPIC Insurance Group, Inc.			Group NAIC #	1272
4. Company Name(s)	Domicile	NAIC #	FEIN #		
Anesthesiologists Professional Assurance Company	FL	37656	59-2820748		

5. Company Tracking Number	APAC-IL-R100108
----------------------------	-----------------

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

6. Name and address	Title	Telephone #s	FAX #	e-mail
Sean Bailey 1000 Riverside Ave Ste 800 Jacksonville, FL 32204	Actuary	904-354-3060 800-741-3742	904-358-6728	sean.bailey@fpic.com
7. Signature of authorized filer				
8. Please print name of authorized filer	Sean Bailey			

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

9. Type of Insurance (TOI)	11.1 Med Mal-Claims Made Only			
10. Sub-Type of Insurance (Sub-TOI)	11.1031 (Anesthetist)			
11. State Specific Product code(s)(if applicable)[See State Specific Requirements]				
12. Company Program Title (Marketing title)	Medical Professional Liability			
13. Filing Type	<input type="checkbox"/> Rate/Loss Cost <input type="checkbox"/> Rules <input checked="" type="checkbox"/> Rates/Rules <input type="checkbox"/> Forms <input type="checkbox"/> Combination Rates/Rules/Forms <input type="checkbox"/> Withdrawal <input type="checkbox"/> Other (give description)			
14. Effective Date(s) Requested	New:	10/1/2008	Renewal:	10/1/2008
15. Reference Filing?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
16. Reference Organization (if applicable)				
17. Reference Organization # & Title				
18. Company's Date of Filing	9/12/2008			
19. Status of filing in domicile	<input type="checkbox"/> Not Filed <input type="checkbox"/> Pending <input type="checkbox"/> Authorized <input type="checkbox"/> Disapproved			

Property & Casualty Transmittal Document—

20.	This filing transmittal is part of Company Tracking #	APAC-IL-R100108
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21.	Filing Description [This area can be used in lieu of a cover letter or filing memorandum and is free-form text]
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Please find enclosed the Medical Professional Liability rate and rule filing for Anesthesiologists Professional Assurance Company. We are requesting a 17.5% base rate increase along with changes to the territory factors for your review and consideration. We have also made several changes to the Underwriting Manual and have enclosed a copy of the revised manual in its entirety for your review. The company is seeking an effective date of October 1, 2008.

22.	Filing Fees (Filer must provide check # and fee amount if applicable) [If a state requires you to show how you calculated your filing fees, place that calculation below]
<p>Check #: Amount:</p> <p>Refer to each state’s checklist for additional state specific requirements or instructions on calculating fees.</p>	

*****Refer to the each state’s checklist for additional state specific requirements (i.e. # of additional copies required, other state specific forms, etc.)**

RATE/RULE FILING SCHEDULE

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

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

1.	This filing transmittal is part of Company Tracking #	APAC-IL-R100108
----	--	-----------------

2.	This filing corresponds to form filing number (Company tracking number of form filing, if applicable)	N/A
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Rate Increase Rate Decrease Rate Neutral (0%)

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

4a.	Rate Change by Company (As Proposed)					
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Company Name	Overall % Rate Impact	Written premium change for this program	# of policyholders affected for this program	Written premium for this program	Maximum % Change (where required)	Minimum % Change (where required)
APAC	17.5%	0	0	0	0	0

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

5. Overall Rate Information (Complete for Multiple Company Filings only)

		COMPANY USE	STATE USE
5a	Overall percentage rate impact for this filing	17.5%	
5b	Effect of Rate Filing – Written premium change for this program	0	
5c	Effect of Rate Filing – Number of policyholders affected	0	

6.	Overall percentage of last rate revision	37%
----	---	-----

7.	Effective Date of last rate revision	1/1/2003
----	---	----------

8.	Filing Method of Last filing (Prior Approval, File & Use, Flex Band, etc.)	File & Use
----	--	------------

9.	Rule # or Page # Submitted for Review	Replacement or withdrawn?	Previous state filing number, if required by state
01	Entire Manual	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	
02		<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	
03		<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	

**Anesthesiologists Professional Assurance Company
Medical Professional Liability
Anesthesiologists
Illinois
Effective 10/1/2008**

Actuarial Memorandum

Anesthesiologists Professional Assurance Company (APAC) proposes the following for Anesthesiologists:

1. The proposed base rate change was determined by a review and comparison of the available rate filings of three carriers offering anesthesiologists medical professional liability in Illinois. These companies include Valiant Insurance Company, the Medical Protective Company, and First Professionals Insurance Company (FPIC). The rates contained in this filing should not be considered excessive, inadequate, or unfairly discriminatory.
2. Exhibits 1 thru 2 contain the proposed base rate change and the proposed territory factors.
3. A copy of the revised Underwriting Manual has been enclosed in its entirety.
4. We report our statistics to the Insurance Services Office (ISO).
5. We believe the rates and rules contained in this filing are not excessive, inadequate or unfairly discriminatory.

Anesthesiologists Professional Assurance Company
Competitor Rate Analysis
Medical Professional Liability
Illinois

Competitor Analysis
Mature, ROS, Claims-Made Rates at 1M/3M Limits

<u>Company</u>	<u>Filing Effective Date</u>	<u>Anesthesiology Rate</u>	<u>% Diff from APAC</u>
APAC	Current	15,417	
Valiant	3/15/2008	19,080	24%
Medical Protective	1/1/2007	18,213	18%
FPIC	1/1/2008	20,428	33%

Selected APAC Base Rate Change	18,115
Selected Base Rate	17.5%

**Anesthesiologists Professional Assurance Company
Competitor Rate Analysis
Medical Professional Liability
Illinois**

Territory Factors and Definitions

<u>Territory</u>	Current	(1)	(2)	(3)	(4)
	APAC <u>Factor</u>	3/15/2008 Valiant <u>Factor</u>	1/1/2007 MedPro <u>Factor</u>	1/1/2008 FPIC <u>Factor</u>	Proposed APAC <u>Factor</u>
Cook	1.763	1.887	2.000	1.818	1.818
Madison	1.763	1.887	2.000	1.818	1.818
Saint Clair	1.763	1.887	2.000	1.818	1.818
Will	1.763	1.642	2.000	1.818	1.818
Jackson	1.424	1.642	2.000	1.273	1.273
Kane	1.424	1.472	1.700	1.545	1.545
McHenry	1.763	1.472	1.700	1.545	1.545
Winnebago	1.000	1.472	1.700	1.545	1.545
Bureau	1.000	1.358	1.400	1.273	1.273
Coles	1.000	1.358	1.400	1.273	1.273
DeKalb	1.000	1.358	1.400	1.273	1.273
Effingham	1.000	1.000	1.400	1.273	1.273
LaSalle	1.000	1.358	1.400	1.273	1.273
Ogle	1.000	1.358	1.400	1.000	1.000
Randolph	1.000	1.358	1.400	1.273	1.273
Champaign	1.424	1.189	1.400	1.273	1.273
Macon	1.424	1.189	1.500	1.545	1.545
Kankakee	1.000	1.358	1.500	1.545	1.545
DuPage	1.424	1.358	1.500	1.545	1.545
Peoria	1.000	0.906	0.900	1.000	1.000
Lake	1.424	1.472	1.800	1.545	1.545
Vermilion	1.424	1.642	1.800	1.545	1.545
Grundy	1.000	1.000	1.200	1.000	1.000
Sangamon	1.424	1.189	1.200	1.273	1.273
ROS	1.000	1.000	1.000	1.000	1.000

Anesthesiologists Professional Assurance Company
Medical Professional Liability
Illinois
Summary of Changes to Underwriting Manual
Effective 10/1/2008

Anesthesiologists Professional Assurance Company (APAC) proposes the following changes to their underwriting manual. We have included this summary of changes instead of a side-by-side comparison due to the several formatting changes that were also made. In addition, the underwriting manual in its entirety has been attached for your review.

The following rules have been modified:

1. Pages 4-5U - Extended Reporting Period Coverage (Tail): The tail calculation has been changed and the tail factors have been provided.
2. Page 6-U - Locum Tenens Coverage: We will no longer be charging for this coverage.
3. Page 11-U – Part-Time Practice Rate Program: This discount is now based on the number of hours worked.
4. Page 13-U - Corporation Coverage: The rule has been expanded to include language regarding employees and rating.
5. Page 16-U – Schedule Rating Program: The credits and debits have been modified.
6. Pages 20-21U – Deductible Discount Program: We have changed the discounts so they are modeled after our discount program in Georgia. We have also increased the number of options available.

The following rules have been added:

7. Pages 1-3U – General Rules
8. Page 7-U – Premium Adjustment for Class or Territory Change
9. Page 8-U – Designated Employees
10. Page 9-U – Broad Form Investigation Defense Coverage
11. Page 10-U – New Physician Discount
12. Page 12-U – Sabbatical / Leave of Absence
13. Page 17-U – Full-time Equivalent Rating (Slot Charge)
14. Pages 18-19-U – Loss Free Discount Program
15. Pages 1-3C – Table of Specialties
16. Pages 4-6C – Classification Notes

The following rules have been removed:

17. Reduced Retroactive Limits
18. Group Discounts
19. Comprehensive AHCA Coverage

Neuman, Gayle

From: Alfred, Laura [laura.alfred@fpic.com]
Sent: Wednesday, September 17, 2008 2:58 PM
To: Neuman, Gayle
Cc: Bailey, Sean
Subject: RE: APAC Filing #APAC-IL-R100108
Attachments: FormRF-3 Complete.pdf

Ms. Neuman,

Please find attached the RF-3 Summary Sheet for APAC.

Laura Alfred

From: Neuman, Gayle [mailto:Gayle.Neuman@illinois.gov]
Sent: Wednesday, September 17, 2008 3:27 PM
To: Bailey, Sean
Subject: APAC Filing #APAC-IL-R100108

Mr. Bailey,

We are in receipt of the above referenced filing submitted by letter dated September 12, 2008.

We need APAC to submit a RF-3 Summary Sheet for the premium increase. If needed, this form can be found on our website.

Thank you for your prompt attention. You may submit the form via e-mail.

Gayle Neuman
Property & Casualty Compliance, Division of Insurance
Illinois Department of Financial & Professional Regulation
(217) 524-6497

Please refer to the Property and Casualty Review Requirement Checklists before submitting any filing. The checklists can be accessed through the Department's website (<http://www.idfpr.com/>) by clicking on: Insurance; Industry; Regulatory; IS3 Review Requirements Checklists; Property Casualty IS3 Review Requirements Checklists.

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Section 754.EXHIBIT A Summary Sheet (Form RF-3)

FORM (RF-3)

SUMMARY SHEET

Change in Company's premium or rate level produced by rate revision effective 10/1/2008

	(1) Coverage	(2) Annual Premium Volume (Illinois) *	(3) Percent Change (+or-) **
1.	Automobile Liability Private Passenger		
	Commercial		
2.	Automobile Physical Damag Private Passenger		
	Commercial		
3.	Liability Other Than Auto	0	+17.5%
4.	Burglary and Theft		
5.	Glass		
6.	Fidelity		
7.	Surety		
8.	Boiler and Machinery		
9.	Fire		
10.	Extended Coverage		
11.	Inland Marine		
12.	Homeowners		
13.	Commercial Multi-Peril		
14.	Crop Hail		
15.	Other		
	Life of Insurance		

Does filing only apply to certain territory (territories) or certain Classes? If so, specify: No

Brief description of filing. (If filing follows rates of an advisory Organization, specify organization): We are requesting a 17.5% base rate increase along with changes to our territory factors. We have also made several changes to our Underwriting Manual.

*Adjusted to reflect all prior rate changes.

**Change in Company's premium level which will result from application of new rates.

Anesthesiologists Professional Assurance Company
Name of Company
Louis V. Sicilian - Senior Vice President/Treasurer
Official - Title

Neuman, Gayle

From: Alfred, Laura [laura.alfred@fpic.com]
Sent: Wednesday, September 17, 2008 3:08 PM
To: Neuman, Gayle
Cc: Bailey, Sean
Subject: RE: APAC Filing #APAC-IL-R100108
Attachments: FormRF-3 Complete.pdf

Ms Neuman,

We do not currently have any business in Illinois. I have resubmitted form RF-3 with the information on line 15.

From: Neuman, Gayle [mailto:Gayle.Neuman@illinois.gov]
Sent: Wednesday, September 17, 2008 4:02 PM
To: Alfred, Laura
Subject: RE: APAC Filing #APAC-IL-R100108

Ms. Alfred,

Does APAC not currently write any medical malpractice business? If business is currently written, please resubmit the RF-3 with two changes:

1. current annual premium volume in column 2
2. please submit this change under line 15. Other and indicate "medical malpractice".

Thank you for your prompt attention.

Gayle Neuman

From: Alfred, Laura [mailto:laura.alfred@fpic.com]
Sent: Wednesday, September 17, 2008 2:58 PM
To: Neuman, Gayle
Cc: Bailey, Sean
Subject: RE: APAC Filing #APAC-IL-R100108

Ms. Neuman,

Please find attached the RF-3 Summary Sheet for APAC.

Laura Alfred

From: Neuman, Gayle [mailto:Gayle.Neuman@illinois.gov]
Sent: Wednesday, September 17, 2008 3:27 PM
To: Bailey, Sean
Subject: APAC Filing #APAC-IL-R100108

Mr. Bailey,

We are in receipt of the above referenced filing submitted by letter dated September 12, 2008.

We need APAC to submit a RF-3 Summary Sheet for the premium increase. If needed, this form can be found on our website.

9/17/2008

Thank you for your prompt attention. You may submit the form via e-mail.

Gayle Neuman
Property & Casualty Compliance, Division of Insurance
Illinois Department of Financial & Professional Regulation
(217) 524-6497

Please refer to the Property and Casualty Review Requirement Checklists before submitting any filing. The checklists can be accessed through the Department's website (<http://www.idfpr.com/>) by clicking on: Insurance; Industry; Regulatory; IS3 Review Requirements Checklists; Property Casualty IS3 Review Requirements Checklists.

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Gayle.Neuman@illinois.gov

Section 754.EXHIBIT A Summary Sheet (Form RF-3)

FORM (RF-3)

SUMMARY SHEET

Change in Company's premium or rate level produced by rate revision effective 10/1/2008.

	(1) Coverage	(2) Annual Premium Volume (Illinois) *	(3) Percent Change (+or-) **
1.	Automobile Liability Private Passenger		
	Commercial		
2.	Automobile Physical Damag Private Passenger		
	Commercial		
3.	Liability Other Than Auto		
4.	Burglary and Theft		
5.	Glass		
6.	Fidelity		
7.	Surety		
8.	Boiler and Machinery		
9.	Fire		
10.	Extended Coverage		
11.	Inland Marine		
12.	Homeowners		
13.	Commercial Multi-Peril		
14.	Crop Hail		
15.	Other Medical Malpractice	0	+17.5%
	Life of Insurance		

Does filing only apply to certain territory (territories) or certain Classes? If so, specify: No

Brief description of filing. (If filing follows rates of an advisory Organization, specify organization): We are requesting a 17.5% base rate increase along with changes to our territory factors. We have also made several changes to our Underwriting Manual.

*Adjusted to reflect all prior rate changes.

**Change in Company's premium level which will result from application of new rates.

Anesthesiologists Professional Assurance Company
 Name of Company
Louis V. Sicilian - Senior Vice President/Treasurer
 Official – Title

Schedule Rating Program

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

Exposure Condition	Credit	Debit
Risk Management	15%	15%
Qualifications / Training / Continuing Education <ul style="list-style-type: none">• Board Eligibility or Board Certification• Hospital Affiliations or Staff Privileges• Experience in Specialty• Accreditation	15%	15%
Practice Patterns including patient load and support staff	10%	10%
Patient Documentation and Follow-up	5%	5%
Employee selection, supervision, training, and experience	5%	5%
Compliance with applicable regulations (OSHA, CLIA, etc)	5%	5%
Cooperation with Underwriting / Claims / Defense Counsel	5%	5%

In order to recognize these and other factors, the Company may apply a debit or credit to the otherwise applicable rate depending upon the underwriter's overall evaluation of the risk.

The maximum credit will be 50%.

The maximum debit will be 50%.

This discount can be combined with any other discount, unless otherwise specified.

Neuman, Gayle

From: Archer, Laura [archer@fpic.com]
Sent: Tuesday, August 04, 2009 3:13 PM
To: Neuman, Gayle
Subject: RE: Anesthesiologists Professional Assurance Company - Rate/Rule Filing #APAC-IL-R100108
Attachments: IL Phys APAC Underwriting Manual 100108 Revised IL OIR ALL CHANGES 080409.doc

Ms. Neuman,

I think this will do it. I just accepted all of the changes and then saved.
Thank you so much for your input.

Laura Archer

From: Neuman, Gayle [mailto:Gayle.Neuman@illinois.gov]
Sent: Tuesday, July 21, 2009 3:26 PM
To: Archer, Laura
Subject: RE: Anesthesiologists Professional Assurance Company - Rate/Rule Filing #APAC-IL-R100108

Ms. Archer,

I am sorry it has taken me so long to respond. The changes made are good – now I will need a final print copy of the pages (so that the editing marks do not appear).

Thank you for your prompt attention.

Gayle Neuman
Department of Insurance

From: Archer, Laura [mailto:archer@fpic.com]
Sent: Thursday, June 18, 2009 9:52 AM
To: Neuman, Gayle
Subject: RE: Anesthesiologists Professional Assurance Company - Rate/Rule Filing #APAC-IL-R100108

Ms. Neuman,

I have made the changes to page 1-U per your request. I have also stretched out the table on page 1-C. The letters are not missing on my document so I thought perhaps it was a formatting issue that caused the A's & P's to not be in view on your document.

Please let me know if you can see them now.

Thank you for your help.

Laura

8/5/2009

From: Neuman, Gayle [mailto:Gayle.Neuman@illinois.gov]
Sent: Wednesday, June 17, 2009 10:02 AM
To: Archer, Laura
Subject: RE: Anesthesiologists Professional Assurance Company - Rate/Rule Filing #APAC-IL-R100108

Ms. Archer,

Thank you for your response dated June 9, 2009. Please address these additional questions/issues:

1. In regard to the Quarterly Installment Option on page 1-U, I am additionally requesting language be inserted to indicate the premium installment payments would be due 3, 6 and 9 months after policy inception.
2. On page 1-C, a "p" was deleted from the beginning of "hysicians". An "a" was deleted from the beginning of "nesthesiology". A "p" was deleted from the beginning of "ain Management".

Please provide your response by no later than June 23, 2009.

Gayle Neuman
Illinois Department of Insurance
Property & Casualty Compliance
(217) 524-6497

Please refer to the Property & Casualty Review Checklists before submitting any filing. The checklists can be accessed through the Department's website at www.insurance.illinois.gov.

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Neuman, Gayle

From: Archer, Laura [archer@fpic.com]
Sent: Tuesday, June 16, 2009 2:34 PM
To: Neuman, Gayle
Subject: RE: Anesthesiologists Professional Assurance Company - Rate/Rule Filing #APAC-IL-R100108
Attachments: IL Phys APAC Underwriting Manual 100108 Revised IL OIR 061509.doc

Ms. Neuman,

I have made the all necessary changes to the manual, with the exception of #3 below. I'm not clear on what has been removed.

When I look at our former version I do not see anything that is missing.

Laura Archer

From: Neuman, Gayle [mailto:Gayle.Neuman@illinois.gov]
Sent: Tuesday, June 09, 2009 9:50 AM
To: Archer, Laura
Subject: Anesthesiologists Professional Assurance Company - Rate/Rule Filing #APAC-IL-R100108

Ms. Archer,

Thank you for your response dated April 28, 2009. Please address these additional questions/issues:

1. In regard to the Quarterly Installment Option on page 1-U, please refer back to my April 14, 2009 e-mail. We additionally require the language indicate when the subsequent payments are due and indicate if there are or are not any fees or interest charged to the consumer.
2. On page 4-U, you added the wording "A quotation will be provided at the time of cancellation". Additionally, such quotation should be provided at each renewal offer and if the coverage were to be nonrenewed also.
3. On page 1-C, some of the type was removed when the changes were made.
4. Please provide the base premium amounts, the territory factors, the increased limits factors, and the class specialty factors.

Please provide your response by no later than June 16, 2009.

Gayle Neuman
Illinois Department of Insurance
Property & Casualty Compliance
(217) 524-6497

Please refer to the Property & Casualty Review Checklists before submitting any filing. The checklists can be accessed through the Department's website at www.insurance.illinois.gov.

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6/16/2009



Anesthesiologists Professional Assurance Company



Illinois Agent Manual

APAC Illinois

Medical Professional Liability

Issued: 2008

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General Rules

Binding Authority and Policy Effective Date

Coverage will not be bound until a properly completed application has been received and approved by the Company. Only the Company may bind coverage or issue a Memorandum of Insurance unless otherwise approved by Underwriting.

The earliest effective date coverage can be bound will be the date the application is received by the Company. Under no circumstances will coverage be issued prior to the date the applicant was licensed in the state to practice medicine.

The Company will make all determinations of acceptability of coverage.

Rates

Contact the Marketing Department for rate information.

If two or more classifications apply to the same physician, the classification with the higher rate will apply. Additionally, if the physician's practice is in two or more territories, the territory with the highest rate will apply. The Company will review such classification and territory designations for exceptions if they involve a minimal portion of the physician's practice. Such cases must be individually submitted for consideration.

The specialty and classification designations included in this manual may not be all inclusive. In some cases, certain procedures deemed to be of higher risk may result in a different classification.

Quarterly Installment Option

The company offers a variety of payments plans including a quarterly payment option that requires 25% down and three subsequent equal installments due quarterly after inception. Any mid term policy changes will be spread equally among all unbilled installments or immediately billed if no installments remain. The Company does not charge installment fees.

Deleted: Payment Plans

Deleted:

Deleted: If an insured elects to pay in installments, then a 2.4% finance charge may apply.

Deleted: ¶

TABLE OF SPECIALTIES – ILLINOIS

ISO Code	Rate Class	Specialty/Classification
3-00005	2A	Physicians, not in active practice
Y80151	2B	Anesthesiology
P80151		Physician Management

Deleted: 0

Deleted: 1

VICARIOUS LIABILITY OF EMPLOYED PHYSICIANS

ISO Code	Description	EDP Class
380178	EMPLOYED CLASS 2A PHYSICIAN	8
580178	EMPLOYED CLASS 2B PHYSICIAN	7

Neuman, Gayle

From: Alfred, Laura [laura.alfred@fpic.com]

Sent: Tuesday, April 14, 2009 11:32 AM

To: Neuman, Gayle

Subject: Out of Office AutoReply: Anesthesiologists Professional Assurance Company - Rate/Rule Filing #APAC-IL-R100108

I am currently out on maternity leave and will not return until Monday, May 4th. If you need immediate assistance, please contact Sean Bailey at extension 3060.

4/14/2009

Neuman, Gayle

From: Archer, Laura [archer@fpic.com]
Sent: Tuesday, April 28, 2009 2:31 PM
To: Neuman, Gayle
Cc: Bailey, Sean; Alfred, Laura
Subject: FW: Anesthesiologists Professional Assurance Company - Rate/Rule Filing #APAC-IL-R100108
Attachments: IL Phys APAC Underwriting Manual 100108 Revised IL OIR.doc

Good afternoon Ms. Neuman,

My name is Laura Archer and I'd like to respond to your inquiry regarding Rate/Rule Filing #APAC-IL-R100108. You may recall that we corresponded a few months back regarding the FPIC underwriting manual. I am the VP of Underwriting at both companies so I participated in both filings.

I have provided an updated version of the manual and tracked the changes so that you can easily identify the changes. I also made notes below in your e-mail that describe the action that we took to address your concerns.

Please feel free to call me or e-mail me with any questions. We look forward to your reply.

Laura Archer
VP Underwriting, FPIC
(904) 360-3087

From: Neuman, Gayle [mailto:Gayle.Neuman@illinois.gov]
Sent: Tuesday, April 14, 2009 12:31 PM
To: Alfred, Laura; Bailey, Sean
Subject: Anesthesiologists Professional Assurance Company - Rate/Rule Filing #APAC-IL-R100108

Ms. Alfred/Mr. Bailey,

We are reviewing the above referenced filing submitted with the letter dated September 12, 2008. Please respond to the below issues:

1. Referencing page 3-U, pursuant to 215 ILCS 5/143.16, all notices of cancellation issued during the first 60 days of coverage must be mailed at least 30 days prior to the effective date of cancellation, unless cancellation is for nonpayment of premium which requires at least 10 days prior notice. After the coverage has been in effect for over 60 days, all notices must be mailed at least 60 days prior to the effective date of cancellation unless cancellation is for nonpayment of premium. Therefore, cancellation due to loss of license to practice medicine requires 30 or 60 days notice, not 10 days as listed. We have amended the language in the manual to account for this change.
2. Referencing page 4-U, the loss ratio table should reference "101% to 125%", "126% to 150%", etc. so that the numbers don't overlap. Amended Additionally in the third paragraph, it states to contact the company for a quotation of the tail premium. However, the company must inform the insured of the extended reporting period premium at the time the last policy is purchased. The company may not wait until the insured requests purchase of the extended reporting period coverage to tell the insured what the premium will be or how the premium will be calculated. Amended
3. Referencing page 5-U, in the first paragraph it states if a claim is reported to the company under the tail and it is

4/28/2009

determined that the insured was not fully retired from the practice of medicine, no coverage will apply. If the claim took place before the insured retired, why should coverage be denied? If an insured signs a retirement affidavit and receives an earned (i.e. free) reporting endorsement under those circumstances – and then returns to active practice – then they jeopardize their tail coverage. Another way of phrasing it is if the insured obtains free tail by falsifying documents, the coverage can be voided. Under Year Three of the extended reporting period payment, it should reference “One due two years from the original tail inception...” Amended

4. Referencing page 10-U, please explain why the new physician discount is subject to company approval. We would like an opportunity to underwrite each risk. We have had instances where an insured practices medicine for many years under one specialty and then participates in a fellowship. Upon completion of that fellowship, there was an expectation by the insurance agent and the doctor that he/she would receive the 65% discount. Our intent is to extend this discount to truly “new” physicians – just out of medical school and residency. In order to do that, we found that we needed to tighten the language so that long time practitioners could not make the argument that they should be entitled to such discounts simply by virtue of their participation of additional training and their interpretation of the manual.

5. Page 7-U states physicians who become disabled would include pregnancy. Page 11-U states the part-time practice discount applies to pregnancy. Will these same physicians be entitled to a free tail endorsement? Yes, DD&R provisions apply to all physicians even if they are currently classified as “inactive practice” or “part time”.

6. Referencing page 11-U, it indicates company approval is required for a part-time practice discount. As annual verification of eligibility is required, why is the company approval required? The company could then deny the same discount to a different insured who also qualifies. Please explain. We put that language in the manual because different physicians interpret “part time” in different ways. We carefully examine each scenario and make the determination that they are (or aren't) part time. We count all patient contact and on call time, including administrative duties. We essentially count anything that represents exposure to the company. We frequently receive inquires as to part time status and have to explain to physicians that even though they only see patients for 20 hours a week, they are on call another 10 hours and then supervise physicians extenders for another 5 – so they are therefore not part time. We want to make sure that our clients know that we have to approve each request for part time discount. We apply the part time rules fairly and equally among all who apply or inquire about it.

7. Referencing 12-U, is there a maximum allowable leave of absence? We don't specify one because we want to remain flexible for our customers – especially military. There is no current limitation. What is the amount of the discount? It's not a discount, it's a reclassification down to the 2B class. The reduction in premium will therefore depend on the original classification. Why doesn't pregnancy fall under this category (which seems the most reasonable of all categories it could be in)? This can be used for pregnancy related leaves. Please define “Class 2B” – would it be reduced by 60% or up to 60%? Since we only have one rate class, the rating for the risk going out on leave would be reduced by 60%. I did notice an error in our original manual and therefore updated page 1-C. Class 2B is a relativity of 1.00 and class 2A is a relativity of 0.400. That is how we arrive at the 60% differential.

8. Referencing page 15-U, it appears this is individual risk rating. What supporting documentation is required? Currently valued loss runs as well as an actuarial analysis outlining 10 years worth of loss experience and loss trending that support the rate or discount selected.

9. Referencing page 16-U, should the credits/debits listed reference, for example, “0 to 15%” or “0 to 10%”? No. A risk either qualifies for the debit or credit or does not.

10. Where are the rates for employed nurse anesthetist, employed anesthesia assistant or pain management? The Pain Management class can be found on page 1C. It is in the same class as Anesthesiology. We currently do not charge for CRNA or AA's. We schedule them on the policy but do not charge.

11. Pursuant to 50 Ill. Adm. Code 929, all companies writing medical liability insurance shall file with the Secretary or Director a plan to offer each medical liability insured the option to make premium payments, in at least quarterly installments. For purposes of this requirement, insurers may, but are not required to, offer such premium installment plans to insureds whose annual premiums are less than \$500, or for premium for any extension of a reporting period. Quarterly installment premium payment plans subject to this Section shall be included in the initial offer of the policy, or in the first policy renewal occurring after January 1, 2006. Thereafter, the insurer may, but need not re-offer such payment plan, but if an insured requests such payment plan at a later date, the insurer must make it available. All quarterly installment premium payment plan provisions shall be contained in the filed rate and/or rule manual in a section entitled, “Quarterly Installment Option” or a substantially similar title. If the company uses a substantially similar title, the Rule Submission Letter must indicate the name of the section that complies with this requirement. All quarterly installment premium payment plans shall include the minimum standards listed below. Insurers may provide for quarterly installment premium payment plans that differ from these minimum standards, as long as such plans have terms that are at least as or more favorable than those listed below. General Rules section Amended

- i) An initial payment of no more than 40% of the estimated total premium due at policy inception;
- ii) The remaining premium spread equally among the second, third, and fourth installments, with the maximum for such installments set at 30% of the estimated total premium, and due 3, 6, and 9 months from policy inception, respectively;
- iii) No interest charges;
- iv) Installment charges or fees of no more than 1% of the total premium or \$25.00, whichever is less;
- v) A provision stating that additional premium resulting from changes to the policy shall be spread equally over the remaining installments, if any. If there are no remaining installments, additional premium resulting from changes to a policy may be billed immediately as a separate transaction.

12. Please indicate if your company has a plan for the gathering of statistics or the reporting of statistics to statistical agencies? If yes, what stat agency is being used? Yes we do, we use the ISO agency.

We request receipt of your response by April 28, 2009.

Gayle Neuman

Property & Casualty Compliance, Division of Insurance
Illinois Department of Financial & Professional Regulation
(217) 524-6497

Please refer to the Property & Casualty Review Checklists before submitting any filing. The checklists can be accessed through the Division's website at idfpr.com.

THIS MESSAGE IS INTENDED FOR THE SOLE USE OF THE ADDRESSEE AND MAY BE CONFIDENTIAL, PRIVILEGED AND EXEMPT FROM DISCLOSURE UNDER APPLICABLE LAWS. IF YOU RECEIVE THIS MESSAGE IN ERROR, PLEASE DESTROY IT AND NOTIFY US BY SENDING AN E-MAIL TO: GAYLE.NEUMAN@ILLINOIS.GOV.

General Rules

Binding Authority and Policy Effective Date

Coverage will not be bound until a properly completed application has been received and approved by the Company. Only the Company may bind coverage or issue a Memorandum of Insurance unless otherwise approved by Underwriting.

The earliest effective date coverage can be bound will be the date the application is received by the Company. Under no circumstances will coverage be issued prior to the date the applicant was licensed in the state to practice medicine.

The Company will make all determinations of acceptability of coverage.

Rates

Contact the Marketing Department for rate information.

If two or more classifications apply to the same physician, the classification with the higher rate will apply. Additionally, if the physician's practice is in two or more territories, the territory with the highest rate will apply. The Company will review such classification and territory designations for exceptions if they involve a minimal portion of the physician's practice. Such cases must be individually submitted for consideration.

The specialty and classification designations included in this manual may not be all inclusive. In some cases, certain procedures deemed to be of higher risk may result in a different classification.

Quarterly Installment Option

The company offers a variety of payments plans including a quarterly payment option that requires 25% down and three subsequent equal installments. Any mid term policy changes will be spread equally among all unbilled installments or immediately billed if no installments remain.

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Deleted: If an insured elects to pay in installments, then a 2.4% finance charge may apply.

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General Rules - continued

Cancellations

Unless a policy is canceled at inception, on renewal or for nonpayment of premium, the return premium will be computed on the basis of 90% of the pro rata return premium. Exceptions: cancellation at the request of the Company, with a 90 day notice; cancellations due to the death of the insured; cancellation due to disability which qualifies for free tail; cancellation when fully retiring.

Prior notification will be provided for any cancellation by the Company. 90 days prior notice for cancellation by the Company for cause; 10 days prior notice or non-payment of premium due; 30 days prior notice for cancellation due to loss of license to practice medicine if the policy has been in force less than 60 days. A 60 day notice of cancellation due to loss of license if the policy has been in effect for more than 60 days.

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Any request for cancellation by the insured must be signed by the insured or the group administrator if the policy is a clinic policy. The request must contain the effective date of cancellation as well as the policy number. Once a policy is issued, failure to pay premiums due will NOT void a policy; a specific request for cancellation must be made. Otherwise, the Company is required to provide a 10-day advance notice of cancellation which will result in an earned premium charge for the coverage period.

Extended Reporting Period Coverage (Tail)

Refer to the policy for rules governing this coverage.

A policy canceled at any date after the original inception date is eligible for this coverage. An option to purchase this coverage will be provided by the Company, as part of the cancellation processing. Thirty days will be provided in the option period; after this period has expired, the coverage will no longer be available.

When purchased, "tail" coverage will be subject to an experience rating plan based on the claim experience of the prior active coverage as of the effective date of cancellation. The total indemnity and expense payments **and** reserves at the time of cancellation will be divided by the total liability premium paid while insured to determine the experience factor to be applied to the lump-sum tail charge.

Loss Ratio	Experience Factor
75% or less	0.75
76% to 100%	0.85
101% to 125%	1.0
126% to 150%	1.15
151% to 175%	1.30
176% to 200%	1.40
201% or more	1.50

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"Tail" processing is handled by the Company, based on the current filed rates in effect at the time of cancellation. Please contact the Company for a quotation if the coverage is desired. A quotation will be provided at the time of cancellation.

There will be no charge for the Extended Reporting Period endorsement if any of the following events take place while the policyholder or an insured healthcare provider is actively insured with us and:

1. The healthcare provider dies. The Company must be furnished with a copy of the death certificate.
2. The healthcare provider becomes permanently disabled and cannot continue the practice of medicine. A letter from the treating physician is required and that letter must confirm the disability and confirm that the disability is expected to be indefinite.
3. The healthcare provider fully retires from the practice of medicine at any age and has been continuously insured with us for the last five years immediately before retirement. A signed retirement affidavit will be required.

Extended Reporting Period Coverage (Tail) Continued

In the event policyholder or insured physician decides to return to medicine, they must notify us in writing immediately. If a claim is reported to us under the Extended Reporting Period and we determine that the insured was not fully retired from the practice of medicine, then no coverage will apply.

Rating Procedures

The following extended reporting factors are used in determining the ERP premium.

Maturity	Factor
1 st Year	1.946
2 nd Year	1.908
3 rd Year	1.803

If coverage with a retroactive date of less than six months to the termination date has been afforded, the premium for the tail coverage will be developed per the above factors and a prorated factor will be applied.

Premium can be paid over a three year period or in one lump sum payment. If the installment option is chosen then the premium will be paid according to the following schedule:

- Year One: 50% of total tail premium paid over two installments. One due at the inception of the tail and the other due six months after inception.
- Year Two: 30% of total tail premium paid over two installments. One due one year from the original tail inception and the other due six months later.
- Year Three: 20% of total tail premium paid over two installments. One due two years from the original tail inception and the other due six months later.

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A 2.4% finance charge will be applied to each installment if the three year payment plan is chosen. No finance charge is applicable if the tail is paid in one lump sum.

Three separate endorsements will be issued if the three year payment plan is chosen. The first two endorsements will extend the reporting periods for one year. The third and final endorsement will extend the reporting period for an "indefinite" period of time – subject to all policy term and conditions.

Sabbatical / Leave of Absence

A physician is provided premium relief when taking a leave of absence (including continuing education) or a sabbatical when it exceeds 45 days. **It cannot be used for vacation time.**

Eligibility under this rule is subject to Company approval in all cases. To determine eligibility, the Company requires a signed statement from the insured stating the reason for the leave, the starting date and the anticipated ending date.

Discounts for eligible physicians:

Class 2B will be reduced by 60%.

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The classification will be returned to the original status upon notification of return to practice. No premium adjustment will be charged for this period of time.

TABLE OF SPECIALTIES – ILLINOIS

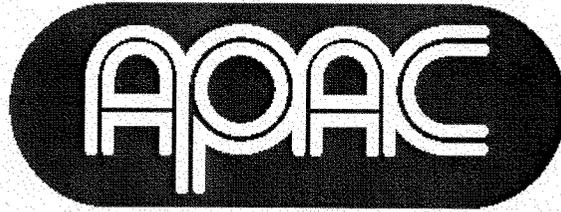
ISO Code	Rate Class	Specialty/Classification
3-00005	2A	Physicians, not in active practice
Y80151	2B	Anesthesiology
P80151		Physician Management

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VICARIOUS LIABILITY OF EMPLOYED PHYSICIANS

ISO Code	Description	EDP Class
380178	EMPLOYED CLASS 2A PHYSICIAN	8
580178	EMPLOYED CLASS 2B PHYSICIAN	7



Anesthesiologists Professional Assurance Company



Illinois Agent Manual

APAC Illinois

Medical Professional Liability

Issued: 2008

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General Rules

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The earliest effective date coverage can be bound will be the date the application is received by the Company. Under no circumstances will coverage be issued prior to the date the applicant was licensed in the state to practice medicine.

The Company will make all determinations of acceptability of coverage.

Rates

Contact the Marketing Department for rate information.

If two or more classifications apply to the same physician, the classification with the higher rate will apply. Additionally, if the physician's practice is in two or more territories, the territory with the highest rate will apply. The Company will review such classification and territory designations for exceptions if they involve a minimal portion of the physician's practice. Such cases must be individually submitted for consideration.

The specialty and classification designations included in this manual may not be all inclusive. In some cases, certain procedures deemed to be of higher risk may result in a different classification.

Payment Plans

The company offers a variety of payments plans. If an insured elects to pay in installments, then a 2.4% finance charge may apply.

General Rules - continued

Premium Calculations

The premium applicable to each classification or miscellaneous charge is determined by the retroactive date and the policy effective date. The premium is determined by the number of years the retroactive date precedes the effective year. Use the rate sheet applicable to the retroactive year to find the rates which apply to the policy.

If the retroactive month/day does not coincide with the policy effective date, the premium retroactive year is determined by the number of days between the two. If the retroactive month/day is 183 days (or less) before the effective month/day, use the effective month/day to determine the retroactive year premium to be used. If the retroactive month/day is 184 days (or more) before the effective month/day, use the prior year to determine the retroactive year premium.

Coverages for Designated (shared limit) Employees will have their own retroactive dates and will not be rated off of the physicians' retroactive dates.

Premiums apply for each individual on the policy and for each miscellaneous charge which might apply to that individual.

Endorsement changes will be rated in accordance with the rates in effect at the inception date of the policy or renewal being amended. "Tails" will be issued at the rates in effect at the time of cancellation of the policy.

Limit Changes

Changes in the limit of liability require a signed request by the physician. No change can be made until the request has been received by the Company, and will be effective on the date received unless a later date is specified.

All limit changes are retroactive with respect to future claims that stem from incidents which the insured was not aware may result in a claim. An acknowledgment of this will be sent to the insured to be signed and returned to use for every limit change.

Increased limits are subject to underwriting approval.

General Rules - continued

Cancellations

Unless a policy is canceled at inception, on renewal or for nonpayment of premium, the return premium will be computed on the basis of 90% of the pro rata return premium. Exceptions: cancellation at the request of the Company, with a 90 day notice; cancellations due to the death of the insured; cancellation due to disability which qualifies for free tail; cancellation when fully retiring.

Prior notification will be provided for any cancellation by the Company. 90 days prior notice for cancellation by the Company for cause; 10 days prior notice or non-payment of premium due; 10 days prior notice for cancellation due to loss of license to practice medicine.

Any request for cancellation by the insured must be signed by the insured or the group administrator if the policy is a clinic policy. The request must contain the effective date of cancellation as well as the policy number. Once a policy is issued, failure to pay premiums due will NOT void a policy; a specific request for cancellation must be made. Otherwise, the Company is required to provide a 10-day advance notice of cancellation which will result in an earned premium charge for the coverage period.

Extended Reporting Period Coverage (Tail)

Refer to the policy for rules governing this coverage.

A policy canceled at any date after the original inception date is eligible for this coverage. An option to purchase this coverage will be provided by the Company, as part of the cancellation processing. Thirty days will be provided in the option period; after this period has expired, the coverage will no longer be available.

When purchased, "tail" coverage will be subject to an experience rating plan based on the claim experience of the prior active coverage as of the effective date of cancellation. The total indemnity and expense payments **and** reserves at the time of cancellation will be divided by the total liability premium paid while insured to determine the experience factor to be applied to the lump-sum tail charge.

Loss Ratio	Experience Factor
75% or less	0.75
75% to 100%	0.85
100% to 125%	1.0
125% to 150%	1.15
150% to 175%	1.30
175% to 200%	1.40
200% or more	1.50

"Tail" processing is handled by the Company, based on the current filed rates in effect at the time of cancellation. Please contact the Company for a quotation if the coverage is desired.

There will be no charge for the Extended Reporting Period endorsement if any of the following events take place while the policyholder or an insured healthcare provider is actively insured with us and:

1. The healthcare provider dies. The Company must be furnished with a copy of the death certificate.
2. The healthcare provider becomes permanently disabled and cannot continue the practice of medicine. A letter from the treating physician is required and that letter must confirm the disability and confirm that the disability is expected to be indefinite.
3. The healthcare provider fully retires from the practice of medicine at any age and has been continuously insured with us for the last five years immediately before retirement. A signed retirement affidavit will be required.

Extended Reporting Period Coverage (Tail) Continued

In the event policyholder or insured physician decides to return to medicine, they must notify us in writing immediately. If a claim is reported to us under the Extended Reporting Period and we determine that the insured was not fully retired from the practice of medicine, then no coverage will apply.

Rating Procedures

The following extended reporting factors are used in determining the ERP premium.

Maturity	Factor
1 st Year	1.946
2 nd Year	1.908
3 rd Year	1.803

If coverage with a retroactive date of less than six months to the termination date has been afforded, the premium for the tail coverage will be developed per the above factors and a prorated factor will be applied.

Premium can be paid over a three year period or in one lump sum payment. If the installment option is chosen then the premium will be paid according to the following schedule:

- Year One: 50% of total tail premium paid over two installments. One due at the inception of the tail and the other due six months after inception.
- Year Two: 30% of total tail premium paid over two installments. One due one year from the original tail inception and the other due six months later.
- Year Three: 20% of total tail premium paid over two installments. One due one year from the original tail inception and the other due six months later.

A 2.4% finance charge will be applied to each installment if the three year payment plan is chosen. No finance charge is applicable if the tail is paid in one lump sum.

Three separate endorsements will be issued if the three year payment plan is chosen. The first two endorsements will extend the reporting periods for one year. The third and final endorsement will extend the reporting period for an "indefinite" period of time – subject to all policy term and conditions.

Locum Tenens Coverage

If temporary coverage is required for a physician providing substitute coverage for an insured, a locum tenens policy may be issued or limited coverage may be added to the insured's policy by endorsement.

A potential locum tenens must: **a)** submit a regular application and a locum tenens option form for underwriting review at least three days prior to the desired start date; **b)** be licensed to practice medicine in the same state as the insured physician; and **c)** must be employed by and providing temporary coverage for one of our insureds.

Upon approval, the following option will be offered:

1. Endorse the insured's policy to cover **ONLY** professional services rendered on behalf of our insured physician for the time period specified. There will be a shared limit of liability, and no premium charge will apply. No individual "tail" coverage for the locum tenens will be available even if the policyholder cancels the policy and does not purchase tail. As long as the policy is active there is coverage.

This endorsement is limited **ONLY** to situations where a locum tenen is replacing an insured that will not be otherwise practicing during the coverage period. A signed option form must be on file for this option.

Coverage under this rule will not be in effect for more than 180 consecutive days.

Premium Adjustment for Class or Territory Change

When an individual changes to a lower rated classification or territory, there is a continuing exposure to claims from the prior class or territory. In order to provide for this continuing exposure, a premium adjustment shall be applied.

This charge will be based on the difference between the rate for the old classification and the rate for the new classification. It will be computed on a three-year payment basis, utilizing the "tail" rates and procedures in effect on the effective date of the policy or renewal being changed. The premium adjustment will be billed separately.

The original retroactive date will be maintained for the new classification and/or territory. If the policy subsequently cancels, any "tail" premium applicable will be based on the new classification and/or territory plus any remaining premium due for the previous premium adjustment.

If an insured becomes eligible under the terms of the policy for free "tail" coverage, any remaining charge for the change adjustment will also be considered within the terms of the "fully earned" tail coverage.

Physicians who become disabled may be submitted for special consideration under this rule. The term "disabled" will include pregnancy.

An insured who is already eligible for "fully earned" tail coverage upon full retirement, may reduce to a lower classification or territory without a premium adjustment.

It is important to note that a premium adjustment does not constitute true "tail" coverage. It is often referred to as "mini tail", but it is not a reporting endorsement. It is essentially a way to wean the policy off of the previously higher rated exposure and an actual "reporting endorsement" will be quoted at the time the policy officially cancels.

Designated Employees Coverage (Shared Limit Coverage)

Designated Employee Coverage is available for employed allied healthcare professionals/physician extenders including but not limited to: Physician's Assistants, Nurse Anesthetists, Anesthesia Assistants, and Nurse Practitioners. The designated employee will be specifically named on the policy, and share the limit(s) of liability held by the insured physician(s) or the corporate limit (if applicable).

Coverage arrangements must be made for all of the above classifications by either:

1. Providing proof of individual coverage with a minimum limit of \$1,000,000/\$3,000,000.
2. They may be scheduled as "designated" employees and share in either the physicians limits or the corporate limit (if applicable). Either one of these two options are acceptable forms of coverage. Failure to establish coverage in either manner may result in a gap in vicarious liability coverage.

A charge will apply for the employer's vicarious liability for each employee of the insured who does not have coverage on an APAC policy.

Specific applications are required for each designated employee and should be requested from the Company before the employee begins working for the insured. As is the case with physician applicants, each application is subject to prior approval by the Company before the coverage may be added. Coverage cannot be effective prior to receipt of notification.

No premium charge is made for employed Nurse Anesthetists, or Anesthesia Assistants, or for the vicarious liability for employed Nurse Anesthetists or Anesthesia Assistants. All of the above rules still apply, and Nurse Anesthetists and Anesthesia Assistants will still be scheduled on the policy.

Broad Form Investigation Defense Coverage

Coverage	Investigation conducted by:	Investigation related to
BASIC	State Licensing Agency; OSHA; EEOC	Claims covered under the professional liability policy
EXTENDED	State Licensing Agency; OSHA; EEOC	Incidents not covered under the professional liability policy
MEDEFENSE	State Dept of Health; Federal Dept of Health & Human Services; US Dept of Justice	Medicare / Medicaid fraud or abuse; or Performance of medical services in excess or violation of guidelines for appropriate utilization

Coverage	Limit per Physician	Deductible	Premium per Physician
BASIC	\$25,000 per claim \$75,000 aggregate	None	included in professional liability premium
EXTENDED	no separate limit; included in BASIC coverage limit	None	\$250 all classes
MEDEFENSE	\$25,000 per claim (Included in \$75,000 aggregate above)	\$1,000	\$195 all classes

The incident causing the investigation must have occurred after the policy retroactive date, and the investigation must have commenced after the date that the optional coverage was added to the policy.

Extended and MEDEFENSE endorsements are optional. However, in order to elect MEDEFENSE coverage, the insured must also elect Extended coverage

The maximum group coverage for the Broad Form Investigation Defense Coverage is based on the size of the group.

Group Size	Group Annual Aggregate
2 - 4	\$50,000
5 - 9	\$100,000
10 - 25	\$150,000
26 +	\$250,000

New Physician Discount

A new physician entering the first year of private practice following completion of residency or a fellowship program in their specialty may be eligible for a discount.

Year	Discount
1	65%
2	30%
3	15%
4+	Mature

This discount is subject to Company approval, and may not be used if prior acts coverage applies. This discount replaces any other applicable discount.

Part-Time Practice Rate Program

A physician may qualify for a part-time rate only if:

1. Practice does not exceed 1,000 hours per year. The approximate practice time must be determined and will include the time the physician spends in patient care (including hospital rounds, completion of medical records, on call time, and consultations).
2. The part-time practice is permanent, or of a long-term duration of at least one year, except for pregnancy. Maternity leave will be for at least three months and not to exceed twelve months.

Eligibility for a part-time practice discount is subject to Company approval in all cases. Annual verification of eligibility is required, along with any special documentation which the Company may deem necessary. Policies issued under this rule will be written with the following discount applied to the annual premium otherwise applicable:

New policies with no prior acts coverage - 50% discount

New policies with prior acts coverage -

1. If the part-time start date is the same as the retroactive date, 50% discount.
2. If the part-time start date is after the retroactive date, the applicable discount will follow the schedule listed below for current insureds.

Current Insureds:

When a current insured becomes eligible for a part-time rate mid-term, the existing policy will be endorsed to reflect the appropriate discount.

The discount will be phased in over a period of time to reflect a premium adjustment for continued exposure of the prior acts practice activity. If the insured is fully vested, the 50% discount will apply.

The discount applicable will be determined by the number of years at the part-time activity:

First year	10%	Second year	20%
Third year	30%	Fourth year	50%

Part-time and loss free discounts can be combined for those in the first three years of part-time activity, subject to a maximum discount of 40%.

Sabbatical / Leave of Absence

A physician is provided premium relief when taking a leave of absence (including continuing education) or a sabbatical when it exceeds 45 days. **It cannot be used for vacation time.**

Eligibility under this rule is subject to Company approval in all cases. To determine eligibility, the Company requires a signed statement from the insured stating the reason for the leave, the starting date and the anticipated ending date.

Discounts for eligible physicians:

Class 2B may be reduced by 60%.

The classification will be returned to the original status upon notification of return to practice. No premium adjustment will be charged for this period of time.

Corporation Coverage

Optional corporate coverage is available to those policyholders written on a clinic policy and is available for groups of two or more physicians.

If all physician members (shareholders or partners) are not insured with APAC, they may be added to the corporate coverage schedule, subject to underwriting approval, upon proof of acceptable individual coverage at the same limit (or higher) as the corporate limit. A vicarious premium charge will be applied. Otherwise, there is no corporate coverage for their actions.

Ancillary personnel are covered under the corporate coverage as long as they are acting within the scope of their employment.

Charges for designated employees and other vicarious liability charges will be added to the corporate coverage.

Retroactive coverage for the corporate coverage is subject to underwriting approval. If all additional insureds under a clinic policy do not have the same limit of liability individually, the limit available for the organization is the lowest limit of any individual physician scheduled.

Rates

A contribution of 15% per physician will be charged. If the physician rate is discounted or surcharged, the final rate will be used to determine the corporate charge.

The corporation will be assigned a retroactive date and the coverage will move through the rating progression and mature accordingly. Example: If the additional named insureds on the policy are rated as mature but the corporate retroactive date is equal to the renewal date, then the premium for the corporation shall be computed on a first year basis. All risk contributing to the corporate premium will be rated first year for the purposes of determining the corporate rate.

If an employed physician is not insured with APAC, the vicarious corporate charge will be based on the base rate that would otherwise have been applicable to that risk.

Endorsed Carrier Discount Program

APAC may be named as the endorsed carrier for a program (which could include, but is not limited to, medical societies, county medical societies, specialty societies and provider networks). In return, APAC will offer participants in the program a discount.

Endorsed Carrier Credit	5.0%
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This discount can only be combined with loss-free credits.

“Refer to Company” Rating Rule

This rule applies when:

1. The premium developed by applying the \$1,000,000/\$3,000,000 mature claims-made manual rates to the exposure base exceeds \$250,000; or
2. The exposure base is greater than or equal to 10 physicians.

The rates, rating rules, rating programs, underwriting rules and coverage provided will be mutually agreed upon by the parties.

Supporting documentation will be maintained by the Company for a period of at least five years after the effective date. All required reporting shall be done in accordance with applicable state statutes and regulations.

Schedule Rating Program

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

Exposure Condition	Credit	Debit
Risk Management	15%	15%
Qualifications / Training / Continuing Education <ul style="list-style-type: none">• Board Eligibility or Board Certification• Hospital Affiliations or Staff Privileges• Experience in Specialty• Accreditation	15%	15%
Practice Patterns including patient load and support staff	10%	10%
Patient Documentation and Follow-up	5%	5%
Employee selection, supervision, training, and experience	5%	5%
Compliance with applicable regulations (OSHA, CLIA, etc)	5%	5%
Cooperation with Underwriting / Claims / Defense Counsel	5%	5%

In order to recognize these and other factors, the Company may apply a debit or credit to the otherwise applicable rate depending upon the underwriter's overall evaluation of the risk.

The maximum credit will be 50%.

The maximum debit will be 50%.

This discount can be combined with any other discount, unless otherwise specified.

Loss Free Discount Program

Any physician who is loss free as of the original effective date of new coverage, or the renewal date of current APAC coverage, can qualify for the following discounts:

<u>Loss Free Years</u>	<u>Discount</u>
0 - 4	none
5 - 9	10%
10 -14	20%
15 or more	25%

Loss free credit can be extended over claim free years under the following guidelines:

- The physician must have carried professional liability coverage during the entire time frame being considered for the loss free discount.
- Proof of continuous coverage is required. Declaration pages, extended reporting endorsements, certificates of insurance, etc, should be forwarded along with a completed application.
- Claim histories with current reserve and paid amounts will be required in order to verify claim free status (even if the prior acts period involves multiple carriers).
- APAC reserves the right to refrain from providing loss free discounts over time periods where physicians held alternative types of insurance such as captives, trusts, risk retention groups, reciprocals and risk purchasing groups.
- Loss free discounts will not be extended over time periods spent in training programs (i.e. residency or fellowship) or over any teaching appointments.

Loss Free Discount Program - continued

Discount Calculation

The number of loss free years is calculated from January 1 of the requested "loss free year" or on January 1 of the year immediately after the payment date of the last qualifying loss.

"Loss" as it applies to this rule is defined as:

Any indemnity payment \$50,000 or greater or any APAC indemnity reserve of \$100,000 or greater.

If any of the "Loss" criteria is met as noted above, the loss free status reverts to 0 years at renewal. The removal of discounts as a result of case reserves may result in a loss of discount for a period greater than 5 years (on average 6.5 years) if an indemnity payment is subsequently made in an amount that is in excess of the thresholds noted above.

Policy terms with closed claims that at one time had a reserve over \$100,000 and were subsequently settled for less than the indemnity payment thresholds noted above, will be endorsed so that credits are retroactively reinstated. Multiple policy periods may be endorsed to ensure all appropriate loss free discounts are reapplied. If the amount of credit due exceeds the remaining policy premium, the balance may be refunded or applied to the next renewal term.

The year the indemnity payment is made will now serve as the new "loss free year".

This discount may be combined with other discounts shown in the manual unless otherwise specified.

Deductible Discount Program

Deductibles may apply to either damages (indemnity) or to damages and defense (indemnity and ALAE).

APAC will advance any deductibles due to the plaintiff. We will require reimbursement from the named insured within 30 days of notification that such amounts have been paid. APAC's liability to pay damages under the policy will be reduced by any applicable deductible(s).

Per Claim Deductible Credits

Per Claim Deductible	Credit for Indemnity Only	Credit for Indemnity & ALAE
\$5,000	1.5%	2.6%
\$10,000	3.0%	5.1%
\$15,000	4.5%	7.5%
\$20,000	6.0%	9.9%
\$25,000	7.5%	12.0%
\$50,000	12.0%	19.5%
\$100,000	19.5%	27.5%
\$200,000	31.5%	40.0%
\$250,000	36.5%	45.5%

The above factors apply to the \$1,000,000 limits premiums in order to determine the appropriate premium credit. The calculated credit should then be subtracted from the total premium in order to determine the final charge.

Factors for deductibles not shown on table shall be determined by interpolation.

For aggregate and additional policy limit pricing refer to company.

This discount can be combined with any other discount, unless otherwise specified.

Deductible Discount Program – Continued

Per Medical Incident Deductible Credits

Per Claim Deductible	Credit for Indemnity Only	Credit for Indemnity & ALAE
\$5,000	1.35%	2.34%
\$10,000	2.70%	4.59%
\$15,000	4.05%	6.75%
\$20,000	5.40%	8.91%
\$25,000	6.75%	10.80%
\$50,000	10.80%	17.55%
\$100,000	17.55%	24.75%
\$200,000	28.35%	36.00%
\$250,000	32.85%	40.95%

The above factors apply to the \$1,000,000 limits premiums in order to determine the appropriate premium credit. The calculated credit should then be subtracted from the total premium in order to determine the final charge.

Factors for limits not shown on table shall be determined by interpolation.

For aggregate and additional policy limit pricing refer to company.

This discount can be combined with any other discount, unless otherwise specified.

TABLE OF SPECIALTIES – ILLINOIS

ISO Code	Rate Class	Specialty/Classification
3-00005	0	Physicians, not in active practice
Y80151	1	Anesthesiology
P80151		Pain Management

VICARIOUS LIABILITY OF EMPLOYED PHYSICIANS

ISO Code	Description	EDP Class
380178	EMPLOYED CLASS 2A PHYSICIAN	8
580178	EMPLOYED CLASS 2B PHYSICIAN	7

MISCELLANEOUS CHARGES - DESIGNATED EMPLOYEES

If there is no Designated Employee coverage, Nurse Anesthetists, Anesthesia Assistants, Nurse Practitioners and Physician's Assistants must provide proof of individual coverage with limits of at least \$500,000/\$1,500,000. Coverage is per employee.

ISO Code	Specialty/Classification
6-80998	DE – NP - Sharing Corporate Limit
7-80998	DE – NP - Sharing Physician Limit
71520	DE – PA - Sharing Corporate Limit
61520	DE – PA - Sharing Physician Limit
71508/61508	DE - Nurse Anesthetist
71528/61528	DE - Anesthesia Assistant

MISCELLANEOUS CHARGES - VICARIOUS LIABILITY FOR EMPLOYEES

Vicarious Liability Charges - Designated Employees

ISO Code	Specialty/Classification	Limit	Carrier
7-71508	Employed Nurse Anesthetist	Separate	APAC
8-71508	Employed Nurse Anesthetist	Separate	Other
7-61508	Employed Nurse Anesthetist	Shared	
7-71528	Employed Anesthesia Assistant	Separate	APAC
8-71528	Employed Anesthesia Assistant	Separate	Other
7-61528	Employed Anesthesia Assistant	Shared	
3-88129	Employed Nurse Practitioner	Separate	APAC
3-87129	Employed Nurse Practitioner	Separate	Other
3-80129	Employed Nurse Practitioner	Shared	
7-71520	Employed Physician Assistant	Separate	APAC
8-71520	Employed Physician Assistant	Separate	Other
7-61520	Employed Physician Assistant	Shared	

VICARIOUS LIABILITY FOR SUPERVISION OF NON-EMPLOYEES

ISO Code	Specialty/Classification	Type of Supervision	Limit	Carrier
8-87130	Nurse Anesthetist Supervision	Occasional	Separate	Other
8-80130	Nurse Anesthetist Supervision	Occasional	Shared	
6-87130	Nurse Anesthetist Supervision	Regularly	Separate	Other
6-80130	Nurse Anesthetist Supervision	Regularly	Shared	
4-87129	Physician's Assistant Supervision	Any	Separate	Other
4-80129	Physician's Assistant Supervision	Any	Shared	
1-87128	Nurse Practitioner Supervision	Any	Separate	Other
1-80128	Nurse Practitioner Supervision	Any	Shared	
7-80130	Anesthesia Assistant Supervision	Any	Separate	Other
5-80130	Anesthesia Assistant Supervision	Any	Shared	

Physicians Assistant

Situation #1 - Physician Assistant is employed by a Physician/Surgeon and shares a limit with the Physician/Surgeon

Designated Employee Code 61520 (2) – 3.25% of class 2B
Vicarious Liability Code 7-61520 (99) – No charge

Situation #2 - Physician Assistant is employed by a group and shares a limit with the corporation.

Designated Employee Code 71520 (1) – 6.5% of class 2B
Vicarious Liability Code 7-61520 (99) – No charge

Situation #3 - Physician Assistant is employed by a Physician/Surgeon or a group and has an Allied Health Personnel policy providing a separate limit with another carrier.

Vicarious Liability Code 8-71520 (4) – 1.3% of class 2B

Situation #4 - Physician/Surgeon supervises a Physicians Assistant.

Vicarious Liability Codes

4-80129 (share w/other phys) (99) – No charge
4-87129 (Other Carrier Allied) (4) – 1.3% of class 2B

Nurse Anesthetist/Anesthesia Assistant

Situation #1 - Nurse Anesthetist/Anesthesia Assistant is employed by a Physician/Surgeon and shares a limit with the Physician/Surgeon.

Designated Employee Code 61508/61528 (99) – No charge
Vicarious Liability Code 7-61508/7-61528 (99) – No charge

Situation #2 - Nurse Anesthetist/Anesthesia Assistant is employed by a group and shares a limit with the corporation.

Designated Employee Code 71508/71528 (99) – No charge
Vicarious Liability Code 7-61508/7-61528 (99) – No charge

Situation #3 - Nurse Anesthetist/Anesthesia Assistant is employed by a Physician/Surgeon or a group and has an Allied Health Personnel policy providing a separate limit with another carrier.

Vicarious Liability Code 8-71508/8-71528 (99) – No charge

Situation #4 - Physician/Surgeon supervises a Nurse Anesthetist/Anesthesia Assistant.

Vicarious Liability Code – Regular Supervision

6-80130/5-80130 (shares w/other phys) – (99) – No charge
6-87130/7-80130 (Other carrier Allied) – (99) – No charge

Vicarious Liability Code – Occasional Supervision

8-80130 (shares w/other phys) – (99) – No charge
8-87130 (Other carrier Allied) – (99) – No charge

Nurse Practitioner:

Situation #1 - Nurse Practitioner is employed by a Physician/Surgeon and shares a limit with the Physician/Surgeon.

Designated Employee Code 7-80998 (6) – 1.5% of class 2B
Vicarious Liability Code 3-80129 (99) – No charge

Situation #2 - Nurse Practitioner is employed by a group and shares a limit with the corporation.

Designated Employee Code 6-80998 (5) – 3% of class 2B
Vicarious Liability Code 3-80129 (99) – No charge

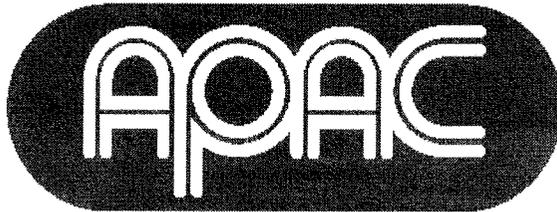
Situation #3 - Nurse Practitioner is employed by a Physician/Surgeon or a group and has an Allied Health Personnel policy providing a separate limit with another carrier.

Vicarious Liability Code 3-87129 (3) – 0.6% of class 2B

Situation #5 - Physician/Surgeon supervises a Nurse Practitioner

Vicarious Liability Codes

1-80128 (share w/other phys) (99) – No charge
1-87128 (Other Carrier Allied) (3) – 0.6% of class 2B



Anesthesiologists Professional Assurance Company



Illinois Agent Manual

APAC Illinois

Medical Professional Liability

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STATE OF ILLINOIS
DEPARTMENT OF INSURANCE
SPRINGFIELD, ILLINOIS

Issued: 2008

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General Rules

Binding Authority and Policy Effective Date

Coverage will not be bound until a properly completed application has been received and approved by the Company. Only the Company may bind coverage or issue a Memorandum of Insurance unless otherwise approved by Underwriting.

The earliest effective date coverage can be bound will be the date the application is received by the Company. Under no circumstances will coverage be issued prior to the date the applicant was licensed in the state to practice medicine.

The Company will make all determinations of acceptability of coverage.

Rates

Contact the Marketing Department for rate information.

If two or more classifications apply to the same physician, the classification with the higher rate will apply. Additionally, if the physician's practice is in two or more territories, the territory with the highest rate will apply. The Company will review such classification and territory designations for exceptions if they involve a minimal portion of the physician's practice. Such cases must be individually submitted for consideration.

The specialty and classification designations included in this manual may not be all inclusive. In some cases, certain procedures deemed to be of higher risk may result in a different classification.

Quarterly Installment Option

The company offers a variety of payments plans including a quarterly payment option that requires 25% down and three subsequent equal installments due at 3, 6 and 9 months after inception. Any mid term policy changes will be spread equally among all unbilled installments or immediately billed if no installments remain. The Company does not charge installment fees.

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General Rules - continued

Premium Calculations

The premium applicable to each classification or miscellaneous charge is determined by the retroactive date and the policy effective date. The premium is determined by the number of years the retroactive date precedes the effective year. Use the rate sheet applicable to the retroactive year to find the rates which apply to the policy.

If the retroactive month/day does not coincide with the policy effective date, the premium retroactive year is determined by the number of days between the two. If the retroactive month/day is 183 days (or less) before the effective month/day, use the effective month/day to determine the retroactive year premium to be used. If the retroactive month/day is 184 days (or more) before the effective month/day, use the prior year to determine the retroactive year premium.

Coverages for Designated (shared limit) Employees will have their own retroactive dates and will not be rated off of the physicians' retroactive dates.

Premiums apply for each individual on the policy and for each miscellaneous charge which might apply to that individual.

Endorsement changes will be rated in accordance with the rates in effect at the inception date of the policy or renewal being amended. "Tails" will be issued at the rates in effect at the time of cancellation of the policy.

Limit Changes

Changes in the limit of liability require a signed request by the physician. No change can be made until the request has been received by the Company, and will be effective on the date received unless a later date is specified.

All limit changes are retroactive with respect to future claims that stem from incidents which the insured was not aware may result in a claim. An acknowledgment of this will be sent to the insured to be signed and returned to use for every limit change.

Increased limits are subject to underwriting approval.

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General Rules - continued

Cancellations

Unless a policy is canceled at inception, on renewal or for nonpayment of premium, the return premium will be computed on the basis of 90% of the pro rata return premium. Exceptions: cancellation at the request of the Company, with a 90 day notice; cancellations due to the death of the insured; cancellation due to disability which qualifies for free tail; cancellation when fully retiring.

Prior notification will be provided for any cancellation by the Company. 90 days prior notice for cancellation by the Company for cause; 10 days prior notice or non-payment of premium due; 30 days prior notice for cancellation due to loss of license to practice medicine if the policy has been in force less than 60 days. A 60 day notice of cancellation due to loss of license if the policy has been in effect for more than 60 days.

Any request for cancellation by the insured must be signed by the insured or the group administrator if the policy is a clinic policy. The request must contain the effective date of cancellation as well as the policy number. Once a policy is issued, failure to pay premiums due will NOT void a policy; a specific request for cancellation must be made. Otherwise, the Company is required to provide a 10-day advance notice of cancellation which will result in an earned premium charge for the coverage period.

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Extended Reporting Period Coverage (Tail)

Refer to the policy for rules governing this coverage.

A policy canceled at any date after the original inception date is eligible for this coverage. An option to purchase this coverage will be provided by the Company, as part of the cancellation processing. Thirty days will be provided in the option period; after this period has expired, the coverage will no longer be available.

When purchased, "tail" coverage will be subject to an experience rating plan based on the claim experience of the prior active coverage as of the effective date of cancellation. The total indemnity and expense payments **and** reserves at the time of cancellation will be divided by the total liability premium paid while insured to determine the experience factor to be applied to the lump-sum tail charge.

Loss Ratio	Experience Factor
75% or less	0.75
76% to 100%	0.85
101% to 125%	1.0
126% to 150%	1.15
151% to 175%	1.30
176% to 200%	1.40
201% or more	1.50

"Tail" processing is handled by the Company, based on the current filed rates in effect at the time of cancellation. Please contact the Company for a quotation if the coverage is desired. A quotation will be provided at the time of cancellation and at each renewal offer and in the instance of nonrenewal.

There will be no charge for the Extended Reporting Period endorsement if any of the following events take place while the policyholder or an insured healthcare provider is actively insured with us and:

1. The healthcare provider dies. The Company must be furnished with a copy of the death certificate.
2. The healthcare provider becomes permanently disabled and cannot continue the practice of medicine. A letter from the treating physician is required and that letter must confirm the disability and confirm that the disability is expected to be indefinite.
3. The healthcare provider fully retires from the practice of medicine at any age and has been continuously insured with us for the last five years immediately before retirement. A signed retirement affidavit will be required.

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Extended Reporting Period Coverage (Tail) Continued

In the event policyholder or insured physician decides to return to medicine, they must notify us in writing immediately. If a claim is reported to us under the Extended Reporting Period and we determine that the insured was not fully retired from the practice of medicine, then no coverage will apply.

Rating Procedures

The following extended reporting factors are used in determining the ERP premium.

Maturity	Factor
1 st Year	1.946
2 nd Year	1.908
3 rd Year	1.803

If coverage with a retroactive date of less than six months to the termination date has been afforded, the premium for the tail coverage will be developed per the above factors and a prorated factor will be applied.

Premium can be paid over a three year period or in one lump sum payment. If the installment option is chosen then the premium will be paid according to the following schedule:

- Year One: 50% of total tail premium paid over two installments. One due at the inception of the tail and the other due six months after inception.
- Year Two: 30% of total tail premium paid over two installments. One due one year from the original tail inception and the other due six months later.
- Year Three: 20% of total tail premium paid over two installments. One due two years from the original tail inception and the other due six months later.

A 2.4% finance charge will be applied to each installment if the three year payment plan is chosen. No finance charge is applicable if the tail is paid in one lump sum.

Three separate endorsements will be issued if the three year payment plan is chosen. The first two endorsements will extend the reporting periods for one year. The third and final endorsement will extend the reporting period for an "indefinite" period of time – subject to all policy term and conditions.

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Locum Tenens Coverage

If temporary coverage is required for a physician providing substitute coverage for an insured, a locum tenens policy may be issued or limited coverage may be added to the insured's policy by endorsement.

A potential locum tenens must: **a)** submit a regular application and a locum tenens option form for underwriting review at least three days prior to the desired start date; **b)** be licensed to practice medicine in the same state as the insured physician; and **c)** must be employed by and providing temporary coverage for one of our insureds.

Upon approval, the following option will be offered:

1. Endorse the insured's policy to cover ONLY professional services rendered on behalf of our insured physician for the time period specified. There will be a shared limit of liability, and no premium charge will apply. No individual "tail" coverage for the locum tenens will be available even if the policyholder cancels the policy and does not purchase tail. As long as the policy is active there is coverage.

This endorsement is limited ONLY to situations where a locum tenen is replacing an insured that will not be otherwise practicing during the coverage period. A signed option form must be on file for this option.

Coverage under this rule will not be in effect for more than 180 consecutive days.

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Premium Adjustment for Class or Territory Change

When an individual changes to a lower rated classification or territory, there is a continuing exposure to claims from the prior class or territory. In order to provide for this continuing exposure, a premium adjustment shall be applied.

This charge will be based on the difference between the rate for the old classification and the rate for the new classification. It will be computed on a three-year payment basis, utilizing the "tail" rates and procedures in effect on the effective date of the policy or renewal being changed. The premium adjustment will be billed separately.

The original retroactive date will be maintained for the new classification and/or territory. If the policy subsequently cancels, any "tail" premium applicable will be based on the new classification and/or territory plus any remaining premium due for the previous premium adjustment.

If an insured becomes eligible under the terms of the policy for free "tail" coverage, any remaining charge for the change adjustment will also be considered within the terms of the "fully earned" tail coverage.

Physicians who become disabled may be submitted for special consideration under this rule. The term "disabled" will include pregnancy.

An insured who is already eligible for "fully earned" tail coverage upon full retirement, may reduce to a lower classification or territory without a premium adjustment.

It is important to note that a premium adjustment does not constitute true "tail" coverage. It is often referred to as "mini tail", but it is not a reporting endorsement. It is essentially a way to wean the policy off of the previously higher rated exposure and an actual "reporting endorsement" will be quoted at the time the policy officially cancels.

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Prem Adjustment

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Designated Employees Coverage (Shared Limit Coverage)

Designated Employee Coverage is available for employed allied healthcare professionals/physician extenders including but not limited to: Physician's Assistants, Nurse Anesthetists, Anesthesia Assistants, and Nurse Practitioners. The designated employee will be specifically named on the policy, and share the limit(s) of liability held by the insured physician(s) or the corporate limit (if applicable).

Coverage arrangements must be made for all of the above classifications by either:

1. Providing proof of individual coverage with a minimum limit of \$1,000,000/\$3,000,000.
2. They may be scheduled as "designated" employees and share in either the physicians limits or the corporate limit (if applicable). Either one of these two options are acceptable forms of coverage. Failure to establish coverage in either manner may result in a gap in vicarious liability coverage.

A charge will apply for the employer's vicarious liability for each employee of the insured who does not have coverage on an APAC policy.

Specific applications are required for each designated employee and should be requested from the Company before the employee begins working for the insured. As is the case with physician applicants, each application is subject to prior approval by the Company before the coverage may be added. Coverage cannot be effective prior to receipt of notification.

No premium charge is made for employed Nurse Anesthetists, or Anesthesia Assistants, or for the vicarious liability for employed Nurse Anesthetists or Anesthesia Assistants. All of the above rules still apply, and Nurse Anesthetists and Anesthesia Assistants will still be scheduled on the policy.

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Broad Form Investigation Defense Coverage

Coverage	Investigation conducted by:	Investigation related to
BASIC	State Licensing Agency; OSHA; EEOC	Claims covered under the professional liability policy
EXTENDED	State Licensing Agency; OSHA; EEOC	Incidents not covered under the professional liability policy
MEDEFENSE	State Dept of Health; Federal Dept of Health & Human Services; US Dept of Justice	Medicare / Medicaid fraud or abuse; or Performance of medical services in excess or violation of guidelines for appropriate utilization

Coverage	Limit per Physician	Deductible	Premium per Physician
BASIC	\$25,000 per claim \$75,000 aggregate	None	included in professional liability premium
EXTENDED	no separate limit; included in BASIC coverage limit	None	\$250 all classes
MEDEFENSE	\$25,000 per claim (Included in \$75,000 aggregate above)	\$1,000	\$195 all classes

The incident causing the investigation must have occurred after the policy retroactive date, and the investigation must have commenced after the date that the optional coverage was added to the policy.

Extended and MEDEFENSE endorsements are optional. However, in order to elect MEDEFENSE coverage, the insured must also elect Extended coverage

The maximum group coverage for the Broad Form Investigation Defense Coverage is based on the size of the group.

Group Size	Group Annual Aggregate
2 - 4	\$50,000
5 - 9	\$100,000
10 - 25	\$150,000
26 +	\$250,000

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New Physician Discount

A new physician entering the first year of private practice following completion of residency or a fellowship program in their specialty may be eligible for a discount.

Year	Discount
1	65%
2	30%
3	15%
4+	Mature

This discount is subject to Company approval, and may not be used if prior acts coverage applies. This discount replaces any other applicable discount.

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Part-Time Practice Rate Program

A physician may qualify for a part-time rate only if:

1. Practice does not exceed 1,000 hours per year. The approximate practice time must be determined and will include the time the physician spends in patient care (including hospital rounds, completion of medical records, on call time, and consultations).
2. The part-time practice is permanent, or of a long-term duration of at least one year, except for pregnancy. Maternity leave will be for at least three months and not to exceed twelve months.

Eligibility for a part-time practice discount is subject to Company approval in all cases. Annual verification of eligibility is required, along with any special documentation which the Company may deem necessary. Policies issued under this rule will be written with the following discount applied to the annual premium otherwise applicable:

New policies with no prior acts coverage - 50% discount

New policies with prior acts coverage -

1. If the part-time start date is the same as the retroactive date, 50% discount.
2. If the part-time start date is after the retroactive date, the applicable discount will follow the schedule listed below for current insureds.

Current Insureds:

When a current insured becomes eligible for a part-time rate mid-term, the existing policy will be endorsed to reflect the appropriate discount.

The discount will be phased in over a period of time to reflect a premium adjustment for continued exposure of the prior acts practice activity. If the insured is fully vested, the 50% discount will apply.

The discount applicable will be determined by the number of years at the part-time activity:

First year	10%	Second year	20%
Third year	30%	Fourth year	50%

Part-time and loss free discounts can be combined for those in the first three years of part-time activity, subject to a maximum discount of 40%.

Sabbatical / Leave of Absence

A physician is provided premium relief when taking a leave of absence (including continuing education) or a sabbatical when it exceeds 45 days. **It cannot be used for vacation time.**

Eligibility under this rule is subject to Company approval in all cases. To determine eligibility, the Company requires a signed statement from the insured stating the reason for the leave, the starting date and the anticipated ending date.

Discounts for eligible physicians:

Class 2B will be reduced by 60%.

The classification will be returned to the original status upon notification of return to practice. No premium adjustment will be charged for this period of time.

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Leave of Absence

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Corporation Coverage

Optional corporate coverage is available to those policyholders written on a clinic policy and is available for groups of two or more physicians.

If all physician members (shareholders or partners) are not insured with APAC, they may be added to the corporate coverage schedule, subject to underwriting approval, upon proof of acceptable individual coverage at the same limit (or higher) as the corporate limit. A vicarious premium charge will be applied. Otherwise, there is no corporate coverage for their actions.

Ancillary personnel are covered under the corporate coverage as long as they are acting within the scope of their employment.

Charges for designated employees and other vicarious liability charges will be added to the corporate coverage.

Retroactive coverage for the corporate coverage is subject to underwriting approval. If all additional insureds under a clinic policy do not have the same limit of liability individually, the limit available for the organization is the lowest limit of any individual physician scheduled.

Rates

A contribution of 15% per physician will be charged. If the physician rate is discounted or surcharged, the final rate will be used to determine the corporate charge.

The corporation will be assigned a retroactive date and the coverage will move through the rating progression and mature accordingly. Example: If the additional named insureds on the policy are rated as mature but the corporate retroactive date is equal to the renewal date, then the premium for the corporation shall be computed on a first year basis. All risk contributing to the corporate premium will be rated first year for the purposes of determining the corporate rate.

If an employed physician is not insured with APAC, the vicarious corporate charge will be based on the base rate that would otherwise have been applicable to that risk.

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Endorsed Carrier Discount Program

APAC may be named as the endorsed carrier for a program (which could include, but is not limited to, medical societies, county medical societies, specialty societies and provider networks). In return, APAC will offer participants in the program a discount.

Endorsed Carrier Credit 5.0%

This discount can only be combined with loss-free credits.

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“Refer to Company” Rating Rule

This rule applies when:

1. The premium developed by applying the \$1,000,000/\$3,000,000 mature claims-made manual rates to the exposure base exceeds \$250,000; or
2. The exposure base is greater than or equal to 10 physicians.

The rates, rating rules, rating programs, underwriting rules and coverage provided will be mutually agreed upon by the parties.

Supporting documentation will be maintained by the Company for a period of at least five years after the effective date. All required reporting shall be done in accordance with applicable state statutes and regulations.

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SPRINGFIELD, ILLINOIS

Refer to Company

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Schedule Rating Program

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

Exposure Condition	Credit	Debit
Risk Management	15%	15%
Qualifications / Training / Continuing Education <ul style="list-style-type: none">• Board Eligibility or Board Certification• Hospital Affiliations or Staff Privileges• Experience in Specialty• Accreditation	15%	15%
Practice Patterns including patient load and support staff	10%	10%
Patient Documentation and Follow-up	5%	5%
Employee selection, supervision, training, and experience	5%	5%
Compliance with applicable regulations (OSHA, CLIA, etc)	5%	5%
Cooperation with Underwriting / Claims / Defense Counsel	5%	5%

In order to recognize these and other factors, the Company may apply a debit or credit to the otherwise applicable rate depending upon the underwriter's overall evaluation of the risk.

The maximum credit will be 25%.

The maximum debit will be 25%.

This discount can be combined with any other discount, unless otherwise specified.

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STATE OF ILLINOIS
DEPARTMENT OF INSURANCE
SPRINGFIELD, ILLINOIS

APAC
Medical Professional Liability
Issued: 10/01/08

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Loss Free Discount Program

Any physician who is loss free as of the original effective date of new coverage, or the renewal date of current APAC coverage, can qualify for the following discounts:

<u>Loss Free Years</u>	<u>Discount</u>
0 - 4	none
5 - 9	10%
10 -14	20%
15 or more	25%

Loss free credit can be extended over claim free years under the following guidelines:

- The physician must have carried professional liability coverage during the entire time frame being considered for the loss free discount.
- Proof of continuous coverage is required. Declaration pages, extended reporting endorsements, certificates of insurance, etc, should be forwarded along with a completed application.
- Claim histories with current reserve and paid amounts will be required in order to verify claim free status (even if the prior acts period involves multiple carriers).
- APAC reserves the right to refrain from providing loss free discounts over time periods where physicians held alternative types of insurance such as captives, trusts, risk retention groups, reciprocals and risk purchasing groups.
- Loss free discounts will not be extended over time periods spent in training programs (i.e. residency or fellowship) or over any teaching appointments.

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STATE OF ILLINOIS
DEPARTMENT OF INSURANCE
SPRINGFIELD, ILLINOIS

Loss Free Discount Program - continued

Discount Calculation

The number of loss free years is calculated from January 1 of the requested "loss free year" or on January 1 of the year immediately after the payment date of the last qualifying loss.

"Loss" as it applies to this rule is defined as:

Any indemnity payment \$50,000 or greater or any APAC indemnity reserve of \$100,000 or greater.

If any of the "Loss" criteria is met as noted above, the loss free status reverts to 0 years at renewal. The removal of discounts as a result of case reserves may result in a loss of discount for a period greater than 5 years (on average 6.5 years) if an indemnity payment is subsequently made in an amount that is in excess of the thresholds noted above.

Policy terms with closed claims that at one time had a reserve over \$100,000 and were subsequently settled for less than the indemnity payment thresholds noted above, will be endorsed so that credits are retroactively reinstated. Multiple policy periods may be endorsed to ensure all appropriate loss free discounts are reapplied. If the amount of credit due exceeds the remaining policy premium, the balance may be refunded or applied to the next renewal term.

The year the indemnity payment is made will now serve as the new "loss free year".

This discount may be combined with other discounts shown in the manual unless otherwise specified.

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STATE OF ILLINOIS
DEPARTMENT OF INSURANCE
SPRINGFIELD, ILLINOIS

Deductible Discount Program

Deductibles may apply to either damages (indemnity) or to damages and defense (indemnity and ALAE).

APAC will advance any deductibles due to the plaintiff. We will require reimbursement from the named insured within 30 days of notification that such amounts have been paid. APAC's liability to pay damages under the policy will be reduced by any applicable deductible(s).

Per Claim Deductible Credits

Per Claim Deductible	Credit for Indemnity Only	Credit for Indemnity & ALAE
\$5,000	1.5%	2.6%
\$10,000	3.0%	5.1%
\$15,000	4.5%	7.5%
\$20,000	6.0%	9.9%
\$25,000	7.5%	12.0%
\$50,000	12.0%	19.5%
\$100,000	19.5%	27.5%
\$200,000	31.5%	40.0%
\$250,000	36.5%	45.5%

The above factors apply to the \$1,000,000 limits premiums in order to determine the appropriate premium credit. The calculated credit should then be subtracted from the total premium in order to determine the final charge.

Factors for deductibles not shown on table shall be determined by interpolation.

For aggregate and additional policy limit pricing refer to company.

This discount can be combined with any other discount, unless otherwise specified.

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STATE OF ILLINOIS
DEPARTMENT OF INSURANCE
SPRINGFIELD, ILLINOIS

Deductible Program

Illinois

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Deductible Discount Program – Continued

Per Medical Incident Deductible Credits

Per Claim Deductible	Credit for Indemnity Only	Credit for Indemnity & ALAE
\$5,000	1.35%	2.34%
\$10,000	2.70%	4.59%
\$15,000	4.05%	6.75%
\$20,000	5.40%	8.91%
\$25,000	6.75%	10.80%
\$50,000	10.80%	17.55%
\$100,000	17.55%	24.75%
\$200,000	28.35%	36.00%
\$250,000	32.85%	40.95%

The above factors apply to the \$1,000,000 limits premiums in order to determine the appropriate premium credit. The calculated credit should then be subtracted from the total premium in order to determine the final charge.

Factors for limits not shown on table shall be determined by interpolation.

For aggregate and additional policy limit pricing refer to company.

This discount can be combined with any other discount, unless otherwise specified.

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STATE OF ILLINOIS
DEPARTMENT OF INSURANCE
SPRINGFIELD, ILLINOIS

TABLE OF SPECIALTIES – ILLINOIS

ISO Code	Rate Class	pecialty/Classification
3-00005	2A	Physicians, not in active practice
Y80151	2B	Anesthesiology
P80151		Pain Management

VICARIOUS LIABILITY OF EMPLOYED PHYSICIANS

ISO Code	Description	EDP Class
380178	EMPLOYED CLASS 2A PHYSICIAN	8
580178	EMPLOYED CLASS 2B PHYSICIAN	7

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STATE OF ILLINOIS
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SPRINGFIELD, ILLINOIS

MISCELLANEOUS CHARGES - DESIGNATED EMPLOYEES

If there is no Designated Employee coverage, Nurse Anesthetists, Anesthesia Assistants, Nurse Practitioners and Physician's Assistants must provide proof of individual coverage with limits of at least \$500,000/\$1,500,000. Coverage is per employee.

ISO Code	Specialty/Classification
6-80998	DE – NP - Sharing Corporate Limit
7-80998	DE – NP - Sharing Physician Limit
71520	DE – PA - Sharing Corporate Limit
61520	DE – PA - Sharing Physician Limit
71508/61508	DE - Nurse Anesthetist
71528/61528	DE - Anesthesia Assistant

MISCELLANEOUS CHARGES - VICARIOUS LIABILITY FOR EMPLOYEES

Vicarious Liability Charges - Designated Employees

ISO Code	Specialty/Classification	Limit	Carrier
7-71508	Employed Nurse Anesthetist	Separate	APAC
8-71508	Employed Nurse Anesthetist	Separate	Other
7-61508	Employed Nurse Anesthetist	Shared	
7-71528	Employed Anesthesia Assistant	Separate	APAC
8-71528	Employed Anesthesia Assistant	Separate	Other
7-61528	Employed Anesthesia Assistant	Shared	
3-88129	Employed Nurse Practitioner	Separate	APAC
3-87129	Employed Nurse Practitioner	Separate	Other
3-80129	Employed Nurse Practitioner	Shared	
7-71520	Employed Physician Assistant	Separate	APAC
8-71520	Employed Physician Assistant	Separate	Other
7-61520	Employed Physician Assistant	Shared	

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VICARIOUS LIABILITY FOR SUPERVISION OF NON-EMPLOYEES

ISO Code	Specialty/Classification	Type of Supervision	Limit	Carrier
8-87130	Nurse Anesthetist Supervision	Occasional	Separate	Other
8-80130	Nurse Anesthetist Supervision	Occasional	Shared	
6-87130	Nurse Anesthetist Supervision	Regularly	Separate	Other
6-80130	Nurse Anesthetist Supervision	Regularly	Shared	
4-87129	Physician's Assistant Supervision	Any	Separate	Other
4-80129	Physician's Assistant Supervision	Any	Shared	
1-87128	Nurse Practitioner Supervision	Any	Separate	Other
1-80128	Nurse Practitioner Supervision	Any	Shared	
7-80130	Anesthesia Assistant Supervision	Any	Separate	Other
5-80130	Anesthesia Assistant Supervision	Any	Shared	

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STATE OF ILLINOIS
DEPARTMENT OF INSURANCE
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Physicians Assistant

Situation #1 - Physician Assistant is employed by a Physician/Surgeon and shares a limit with the Physician/Surgeon

Designated Employee Code 61520 (2) – 3.25% of class 2B
Vicarious Liability Code 7-61520 (99) – No charge

Situation #2 - Physician Assistant is employed by a group and shares a limit with the corporation.

Designated Employee Code 71520 (1) – 6.5% of class 2B
Vicarious Liability Code 7-61520 (99) – No charge

Situation #3 - Physician Assistant is employed by a Physician/Surgeon or a group and has an Allied Health Personnel policy providing a separate limit with another carrier.

Vicarious Liability Code 8-71520 (4) – 1.3% of class 2B

Situation #4 - Physician/Surgeon supervises a Physicians Assistant.

Vicarious Liability Codes

4-80129 (share w/other phys) (99) – No charge
4-87129 (Other Carrier Allied) (4) – 1.3% of class 2B

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STATE OF ILLINOIS
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SPRINGFIELD, ILLINOIS

Nurse Anesthetist/Anesthesia Assistant

Situation #1 - Nurse Anesthetist/Anesthesia Assistant is employed by a Physician/Surgeon and shares a limit with the Physician/Surgeon.

Designated Employee Code 61508/61528 (99) – No charge
Vicarious Liability Code 7-61508/7-61528 (99) – No charge

Situation #2 - Nurse Anesthetist/Anesthesia Assistant is employed by a group and shares a limit with the corporation.

Designated Employee Code 71508/71528 (99) – No charge
Vicarious Liability Code 7-61508/7-61528 (99) – No charge

Situation #3 - Nurse Anesthetist/Anesthesia Assistant is employed by a Physician/Surgeon or a group and has an Allied Health Personnel policy providing a separate limit with another carrier.

Vicarious Liability Code 8-71508/8-71528 (99) – No charge

Situation #4 - Physician/Surgeon supervises a Nurse Anesthetist/Anesthesia Assistant.

Vicarious Liability Code – Regular Supervision

6-80130/5-80130 (shares w/other phys) – (99) – No charge
6-87130/7-80130 (Other carrier Allied) – (99) – No charge

Vicarious Liability Code – Occasional Supervision

8-80130 (shares w/other phys) – (99) – No charge
8-87130 (Other carrier Allied) – (99) – No charge

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Nurse Practitioner:

Situation #1 - Nurse Practitioner is employed by a Physician/Surgeon and shares a limit with the Physician/Surgeon.

Designated Employee Code 7-80998 (6) – 1.5% of class 2B
Vicarious Liability Code 3-80129 (99) – No charge

Situation #2 - Nurse Practitioner is employed by a group and shares a limit with the corporation.

Designated Employee Code 6-80998 (5) – 3% of class 2B
Vicarious Liability Code 3-80129 (99) – No charge

Situation #3 - Nurse Practitioner is employed by a Physician/Surgeon or a group and has an Allied Health Personnel policy providing a separate limit with another carrier.

Vicarious Liability Code 3-87129 (3) – 0.6% of class 2B

Situation #5 - Physician/Surgeon supervises a Nurse Practitioner

Vicarious Liability Codes

1-80128 (share w/other phys) (99) – No charge
1-87128 (Other Carrier Allied) (3) – 0.6% of class 2B

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STATE OF ILLINOIS
DEPARTMENT OF INSURANCE
SPRINGFIELD, ILLINOIS

\$500,000/\$1,500,000 Remainder of State, Mature, Class 2B Base Premium

\$13,950

Territory Definitions and Factors

Territory	County	Factor
Territory 4	Cook, Madison, St. Clair and Will Counties	1.818
Territory 3	Lake, Vermillion, Kane, McHenry, DuPage, Kankakee, Macon, and Winnebago Counties	1.545
Territory 2	Bureau, Champaign, Coles, DeKalb, Effingham, Jackson, LaSalle, Randolph, and Sangamon Counties	1.273
Territory 1	Remainder of State	1.00

Decreased/Increased Limits Factors

Limit	Factor
\$250,000/\$750,000	.7532
\$500,000/\$1,500,000	1.0000
\$1,000,000/\$3,000,000	1.2986
\$2,000,000/\$4,000,000	1.5583

Class Factors

Class	Factor
2A	.4000
2B	1.0000
DE-PA-SEP	.0650
DE-PA-SHARED	.0325
DE-NP-SEP	.0300
DE-NP-SHARED	.0150
VICARIOUS CLASS 2A	.0400
VICARIOUS CLASS 2B	.1000
VICARIOUS EMPL. PA	.0130
VICARIOUS EMPL. NP	.0060

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STATE OF ILLINOIS
DEPARTMENT OF INSURANCE
SPRINGFIELD, ILLINOIS

APAC
Medical Professional Liability
Issued: 10/01/08

Classification Notes
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Illinois

Anesthesiologists Professional Assurance Company
Medical Professional Liability
Illinois
Claims-Made Rates

Territory 1
Mature

Class	250/750	500/1500	1000/3000	2000/4000
0	4,203	5,580	7,246	8,695
1	10,507	13,950	18,115	21,738
DE - PA - Sep	820	1,088	1,413	1,696
DE - PA - Shared	410	544	707	848
DE - NP - Sep	368	488	634	761
DE - NP - Shared	189	251	326	391
VL - Employed Class 1	1,051	1,395	1,812	2,174
VL - Empl. PA (Sep-Other)	168	223	290	348
VL - Empl. NP (Sep-Other)	74	98	127	152

Territory 1
2nd Year

Class	250/750	500/1500	1000/3000	2000/4000
0	2,101	2,790	3,623	4,348
1	5,254	6,975	9,058	10,869
DE - PA - Sep	410	544	707	848
DE - PA - Shared	205	272	353	424
DE - NP - Sep	184	244	317	380
DE - NP - Shared	95	126	163	196
VL - Employed Class 1	525	698	906	1,087
VL - Empl. PA (Sep-Other)	84	112	145	174
VL - Empl. NP (Sep-Other)	37	49	63	76

Territory 1
1st Year

Class	250/750	500/1500	1000/3000	2000/4000
0	1,168	1,551	2,014	2,417
1	2,921	3,878	5,036	6,043
DE - PA - Sep	228	302	393	471
DE - PA - Shared	114	151	196	236
DE - NP - Sep	102	136	176	212
DE - NP - Shared	53	70	91	109
VL - Employed Class 1	292	388	504	604
VL - Empl. PA (Sep-Other)	47	62	81	97
VL - Empl. NP (Sep-Other)	20	27	35	42

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Effective (New): 10/1/2008
 Effective (Renewal): 10/1/2008

STATE OF ILLINOIS
 DEPARTMENT OF INSURANCE
 SPRINGFIELD, ILLINOIS

**Anesthesiologists Professional Assurance Company
Medical Professional Liability**

**Illinois
Tail Rates**

**Territory 1
Mature**

Class	250/750	500/1500	1000/3000	2000/4000
0	7,578	10,061	13,065	15,678
1	18,944	25,152	32,662	39,194
DE - PA - Sep	1,478	1,962	2,548	3,057
DE - PA - Shared	739	981	1,274	1,529
DE - NP - Sep	663	880	1,143	1,372
DE - NP - Shared	341	453	588	705
VL - Employed Class 1	1,894	2,515	3,266	3,919
VL - Empl. PA (Sep-Other)	303	402	523	627
VL - Empl. NP (Sep-Other)	133	176	229	274

**Territory 1
2nd Year**

Class	250/750	500/1500	1000/3000	2000/4000
0	4,010	5,323	6,913	8,295
1	10,024	13,308	17,282	20,738
DE - PA - Sep	782	1,038	1,348	1,618
DE - PA - Shared	391	519	674	809
DE - NP - Sep	351	466	605	726
DE - NP - Shared	180	240	311	373
VL - Employed Class 1	1,002	1,331	1,728	2,074
VL - Empl. PA (Sep-Other)	160	213	277	332
VL - Empl. NP (Sep-Other)	70	93	121	145

**Territory 1
1st Year**

Class	250/750	500/1500	1000/3000	2000/4000
0	2,274	3,019	3,920	4,704
1	5,684	7,547	9,800	11,760
DE - PA - Sep	443	589	764	917
DE - PA - Shared	222	294	382	459
DE - NP - Sep	199	264	343	412
DE - NP - Shared	102	136	176	212
VL - Employed Class 1	568	755	980	1,176
VL - Empl. PA (Sep-Other)	91	121	157	188
VL - Empl. NP (Sep-Other)	40	53	69	82

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Effective (New): 10/1/2008
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STATE OF ILLINOIS
DEPARTMENT OF INSURANCE
SPRINGFIELD, ILLINOIS

**Anesthesiologists Professional Assurance Company
 Medical Professional Liability
 Illinois
 Claims-Made Rates**

**Territory 2
 Mature**

Class	250/750	500/1500	1000/3000	2000/4000
0	5,349	7,102	9,222	11,067
1	13,373	17,755	23,056	27,667
DE - PA - Sep	1,043	1,385	1,798	2,158
DE - PA - Shared	522	692	899	1,079
DE - NP - Sep	468	621	807	968
DE - NP - Shared	241	320	415	498
VL - Employed Class 1	1,337	1,775	2,306	2,767
VL - Empl. PA (Sep-Other)	214	284	369	443
VL - Empl. NP (Sep-Other)	94	124	161	194

**Territory 2
 2nd Year**

Class	250/750	500/1500	1000/3000	2000/4000
0	2,675	3,551	4,611	5,533
1	6,686	8,877	11,528	13,833
DE - PA - Sep	522	692	899	1,079
DE - PA - Shared	261	346	450	540
DE - NP - Sep	234	311	403	484
DE - NP - Shared	120	160	208	249
VL - Employed Class 1	669	888	1,153	1,383
VL - Empl. PA (Sep-Other)	107	142	184	221
VL - Empl. NP (Sep-Other)	47	62	81	97

**Territory 2
 1st Year**

Class	250/750	500/1500	1000/3000	2000/4000
0	1,487	1,974	2,564	3,077
1	3,718	4,936	6,410	7,691
DE - PA - Sep	290	385	500	600
DE - PA - Shared	145	192	250	300
DE - NP - Sep	130	173	224	269
DE - NP - Shared	67	89	115	138
VL - Employed Class 1	372	494	641	769
VL - Empl. PA (Sep-Other)	59	79	103	123
VL - Empl. NP (Sep-Other)	26	35	45	54

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Effective (New): 10/1/2008
 Effective (Renewal): 10/1/2008

STATE OF ILLINOIS
 DEPARTMENT OF INSURANCE
 SPRINGFIELD, ILLINOIS

**Anesthesiologists Professional Assurance Company
Medical Professional Liability**

**Illinois
Tail Rates**

**Territory 2
Mature**

Class	250/750	500/1500	1000/3000	2000/4000
0	9,644	12,805	16,628	19,953
1	24,111	32,012	41,570	49,884
DE - PA - Sep	1,881	2,497	3,242	3,891
DE - PA - Shared	940	1,248	1,621	1,945
DE - NP - Sep	844	1,120	1,455	1,746
DE - NP - Shared	434	576	748	898
VL - Employed Class 1	2,411	3,201	4,157	4,988
VL - Empl. PA (Sep-Other)	386	512	665	798
VL - Empl. NP (Sep-Other)	169	224	291	349

**Territory 2
2nd Year**

Class	250/750	500/1500	1000/3000	2000/4000
0	5,103	6,775	8,798	10,558
1	12,758	16,938	21,996	26,394
DE - PA - Sep	995	1,321	1,716	2,059
DE - PA - Shared	498	661	858	1,029
DE - NP - Sep	447	593	770	924
DE - NP - Shared	230	305	396	475
VL - Employed Class 1	1,276	1,694	2,200	2,639
VL - Empl. PA (Sep-Other)	204	271	352	422
VL - Empl. NP (Sep-Other)	89	119	154	185

**Territory 2
1st Year**

Class	250/750	500/1500	1000/3000	2000/4000
0	2,894	3,842	4,989	5,987
1	7,234	9,605	12,473	14,967
DE - PA - Sep	564	749	973	1,167
DE - PA - Shared	282	375	486	584
DE - NP - Sep	253	336	437	524
DE - NP - Shared	130	173	225	269
VL - Employed Class 1	723	961	1,247	1,497
VL - Empl. PA (Sep-Other)	116	154	200	239
VL - Empl. NP (Sep-Other)	51	67	87	105

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Effective (New): 10/1/2008
Effective (Renewal): 10/1/2008

STATE OF ILLINOIS
DEPARTMENT OF INSURANCE
SPRINGFIELD, ILLINOIS

**Anesthesiologists Professional Assurance Company
 Medical Professional Liability
 Illinois
 Claims-Made Rates**

**Territory 3
 Mature**

Class	250/750	500/1500	1000/3000	2000/4000
0	6,495	8,624	11,199	13,438
1	16,238	21,559	27,997	33,595
DE - PA - Sep	1,267	1,682	2,184	2,620
DE - PA - Shared	633	841	1,092	1,310
DE - NP - Sep	568	755	980	1,176
DE - NP - Shared	292	388	504	605
VL - Employed Class 1	1,624	2,156	2,800	3,360
VL - Empl. PA (Sep-Other)	260	345	448	538
VL - Empl. NP (Sep-Other)	114	151	196	235

**Territory 3
 2nd Year**

Class	250/750	500/1500	1000/3000	2000/4000
0	3,248	4,312	5,599	6,719
1	8,119	10,780	13,998	16,798
DE - PA - Sep	633	841	1,092	1,310
DE - PA - Shared	317	420	546	655
DE - NP - Sep	284	377	490	588
DE - NP - Shared	146	194	252	302
VL - Employed Class 1	812	1,078	1,400	1,680
VL - Empl. PA (Sep-Other)	130	172	224	269
VL - Empl. NP (Sep-Other)	57	75	98	118

**Territory 3
 1st Year**

Class	250/750	500/1500	1000/3000	2000/4000
0	1,806	2,397	3,113	3,736
1	4,514	5,993	7,783	9,340
DE - PA - Sep	352	467	607	728
DE - PA - Shared	176	234	304	364
DE - NP - Sep	158	210	272	327
DE - NP - Shared	81	108	140	168
VL - Employed Class 1	451	599	778	934
VL - Empl. PA (Sep-Other)	72	96	125	149
VL - Empl. NP (Sep-Other)	32	42	54	65

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Effective (New): 10/1/2008
 Effective (Renewal): 10/1/2008

STATE OF ILLINOIS
 DEPARTMENT OF INSURANCE
 SPRINGFIELD, ILLINOIS

**Anesthesiologists Professional Assurance Company
 Medical Professional Liability
 Illinois
 Tail Rates**

**Territory 3
 Mature**

Class	250/750	500/1500	1000/3000	2000/4000
0	11,711	15,548	20,191	24,229
1	29,278	38,871	50,478	60,573
DE - PA - Sep	2,284	3,032	3,937	4,725
DE - PA - Shared	1,142	1,516	1,969	2,362
DE - NP - Sep	1,025	1,360	1,767	2,120
DE - NP - Shared	527	700	909	1,090
VL - Employed Class 1	2,928	3,887	5,048	6,057
VL - Empl. PA (Sep-Other)	468	622	808	969
VL - Empl. NP (Sep-Other)	205	272	353	424

**Territory 3
 2nd Year**

Class	250/750	500/1500	1000/3000	2000/4000
0	6,197	8,227	10,683	12,820
1	15,491	20,567	26,709	32,050
DE - PA - Sep	1,208	1,604	2,083	2,500
DE - PA - Shared	604	802	1,042	1,250
DE - NP - Sep	542	720	935	1,122
DE - NP - Shared	279	370	481	577
VL - Employed Class 1	1,549	2,057	2,671	3,205
VL - Empl. PA (Sep-Other)	248	329	427	513
VL - Empl. NP (Sep-Other)	108	144	187	224

**Territory 3
 1st Year**

Class	250/750	500/1500	1000/3000	2000/4000
0	3,514	4,665	6,058	7,270
1	8,785	11,663	15,146	18,175
DE - PA - Sep	685	910	1,181	1,418
DE - PA - Shared	343	455	591	709
DE - NP - Sep	307	408	530	636
DE - NP - Shared	158	210	273	327
VL - Employed Class 1	878	1,166	1,515	1,817
VL - Empl. PA (Sep-Other)	141	187	242	291
VL - Empl. NP (Sep-Other)	61	82	106	127

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STATE OF ILLINOIS
 DEPARTMENT OF INSURANCE
 SPRINGFIELD, ILLINOIS

**Anesthesiologists Professional Assurance Company
 Medical Professional Liability
 Illinois
 Claims-Made Rates**

**Territory 4
 Mature**

Class	250/750	500/1500	1000/3000	2000/4000
0	7,642	10,145	13,175	15,810
1	19,104	25,364	32,937	39,524
DE - PA - Sep	1,490	1,978	2,569	3,083
DE - PA - Shared	745	989	1,285	1,541
DE - NP - Sep	669	888	1,153	1,383
DE - NP - Shared	344	457	593	711
VL - Employed Class 1	1,910	2,536	3,294	3,952
VL - Empl. PA (Sep-Other)	306	406	527	632
VL - Empl. NP (Sep-Other)	134	178	231	277

**Territory 4
 2nd Year**

Class	250/750	500/1500	1000/3000	2000/4000
0	3,821	5,073	6,587	7,905
1	9,552	12,682	16,469	19,762
DE - PA - Sep	745	989	1,285	1,541
DE - PA - Shared	373	495	642	771
DE - NP - Sep	334	444	576	692
DE - NP - Shared	172	228	296	356
VL - Employed Class 1	955	1,268	1,647	1,976
VL - Empl. PA (Sep-Other)	153	203	263	316
VL - Empl. NP (Sep-Other)	67	89	115	138

**Territory 4
 1st Year**

Class	250/750	500/1500	1000/3000	2000/4000
0	2,124	2,820	3,663	4,395
1	5,311	7,051	9,157	10,988
DE - PA - Sep	414	550	714	857
DE - PA - Shared	207	275	357	429
DE - NP - Sep	186	247	320	385
DE - NP - Shared	96	127	165	198
VL - Employed Class 1	531	705	916	1,099
VL - Empl. PA (Sep-Other)	85	113	147	176
VL - Empl. NP (Sep-Other)	37	49	64	77

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STATE OF ILLINOIS
 DEPARTMENT OF INSURANCE
 SPRINGFIELD, ILLINOIS

**Anesthesiologists Professional Assurance Company
 Medical Professional Liability
 Illinois
 Tail Rates**

**Territory 4
 Mature**

Class	250/750	500/1500	1000/3000	2000/4000
0	13,778	18,292	23,754	28,505
1	34,444	45,731	59,386	71,262
DE - PA - Sep	2,687	3,567	4,632	5,558
DE - PA - Shared	1,343	1,783	2,316	2,779
DE - NP - Sep	1,206	1,601	2,079	2,494
DE - NP - Shared	620	823	1,069	1,283
VL - Employed Class 1	3,444	4,573	5,939	7,126
VL - Empl. PA (Sep-Other)	551	732	950	1,140
VL - Empl. NP (Sep-Other)	241	320	416	499

**Territory 4
 2nd Year**

Class	250/750	500/1500	1000/3000	2000/4000
0	7,290	9,679	12,569	15,082
1	18,225	24,197	31,422	37,706
DE - PA - Sep	1,422	1,887	2,451	2,941
DE - PA - Shared	711	944	1,225	1,471
DE - NP - Sep	638	847	1,100	1,320
DE - NP - Shared	328	436	566	679
VL - Employed Class 1	1,823	2,420	3,142	3,771
VL - Empl. PA (Sep-Other)	292	387	503	603
VL - Empl. NP (Sep-Other)	128	169	220	264

**Territory 4
 1st Year**

Class	250/750	500/1500	1000/3000	2000/4000
0	4,134	5,489	7,127	8,553
1	10,335	13,721	17,819	21,382
DE - PA - Sep	806	1,070	1,390	1,668
DE - PA - Shared	403	535	695	834
DE - NP - Sep	362	480	624	748
DE - NP - Shared	186	247	321	385
VL - Employed Class 1	1,033	1,372	1,782	2,138
VL - Empl. PA (Sep-Other)	165	220	285	342
VL - Empl. NP (Sep-Other)	72	96	125	150

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STATE OF ILLINOIS
 DEPARTMENT OF INSURANCE
 SPRINGFIELD, ILLINOIS

Anesthesiologists Professional Assurance Company
Medical Professional Liability
Illinois

Territory Definitions

<u>Territory</u>	<u>Counties</u>
Territory 1	Remainder of State
Territory 2	Sangamon, Bureau, Champaign, Coles, DeKalb, Effingham, LaSalle, Randolph, and Jackson
Territory 3	DuPage, Kankakee, Macon, Kane, McHenry, Winnebago, Lake, Vermilion
Territory 4	Cook, Madison, Saint Clair, Will

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SPRINGFIELD, ILLINOIS