

Illinois Claims Made and Occurrence Chiropractic Professional Liability Manual

For

NCMIC Insurance Company

DIVISION OF INSURANCE
STATE OF ILLINOIS/IDFPR
FILED
JAN 01 2007
SPRINGFIELD, ILLINOIS
Superseded 4-17-07

Section I – General Information Applying to Both Claims Made and Occurrence Policies

Policies

NCMIC markets two types of policies identified below:

1. Claims Made (Form CM2006 05/06)
2. Occurrence (Form MP2006 05/06)

Insureds

NCMIC has two types of insureds. The two types of insureds are listed below:

1. Individual chiropractor (DC)
2. Professional Entities

Policy Period

The policy period shall be for a one-year term.

Minimum Premium

NCMIC does not have a minimum premium requirement.

Waiver of Additional Premiums

Additional premiums, up to \$10.00, for endorsements effective subsequent to the inception date of the policy will be waived.

Whole Dollar Premium Rounding Rule

All premiums are rounded to the nearest whole dollar.

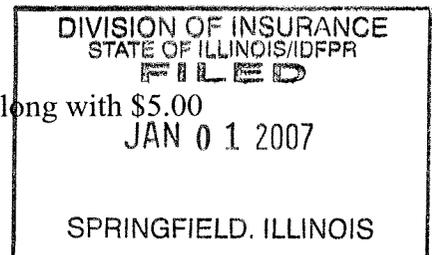
Territorial Definitions

The location of the practice determines the territory. If more than one location of practice exists, rate in the territory where doctor has at least 51% of his/her practice. If the doctor does not have 51% of his/her practice in a single territory, then rate in the territory in which the doctor has the greatest percentage of his practice. If multiple territories have equal percentage of practice, then rate in the higher rated territory.

Premium Payment Options

Annual payment option – Full premium payment required.

Semi-Annual payment option – 50% of premium payment required along with \$5.00 installment fee.



Quarterly payment option – 25% of premium payment required along with \$5.00 installment fee with the remaining payments of 25% each due at 3, 6 and 9 months after policy inception. This option is only available for premiums equal to or greater than \$500.00.

Monthly payment option through premium finance – 15% of premium payment required for down payment, only available for premiums equal to or greater than \$750.00.

There is no interest charged for utilizing the premium payment options. Additional premiums for policy changes occurring during the current policy period shall be computed pro rata of the annual premium. If there are no remaining installments, additional premium resulting from changes in coverage may be due immediately as a separate transaction.

Renewals

A policy may be continued for successive terms upon payment of the required premium to the company on or before the inception date of each successive term. The continuation premium shall be based upon the premium in effect on renewal date. The applicable forms and endorsements must be made a part of the policy. Additional premiums for policy changes occurring during the current policy period shall be computed pro rata of the annual premium.

Cancellation

A policy may be canceled by the insured by mailing to the Company written notice stating when such cancellation shall be effective. This policy will remain in full force and effect until its regular anniversary unless the policy is canceled sooner by the Company or the insured.

Premium Refund

If a policy cancels for any reason during the policy term, the insured will receive a pro-rata refund.

If an insured switches from our occurrence policy to our claims made policy, any refund will be computed pro-rata.

Section II – Underwriting Criteria

The following underwriting criteria are to be considered in the underwriting review and acceptance of our insureds:

1. Fully and permanently licensed in the state(s) of practice.
2. Criminal record.
3. Prior claims history:
 - a. Severity of claim
 - b. Indemnity paid



- c. Date of claim
 - d. Frequency of Claim
4. Any possible current claims and/or incidents
 5. Declined, canceled or refused renewal for coverage
 6. Revocation, suspension or probation of license
 7. Other Modalities

Section III – Premium Development

A. FORMULAS FOR CLAIMS MADE PREMIUM DEVELOPMENT

Listed below are the formulas used to determine a chiropractor’s claims made policy premium.

STEP 1 – Calculate Base Premium

Base Rate

Base rate is our 100/300 limit of liability. The charges are: Territory 1- \$2232.00
Territory 2- \$2443.00
Territory 3- \$2150.00

Territory 1 - Cook, DuPage, Lake, Will, Kendall, Kane and McHenry Counties
Territory 2 - Monroe, St. Clair, Madison, Clinton, Washington, Randolph and Jersey Counties
Territory 3 - Remainder of state

Base Premium Developed

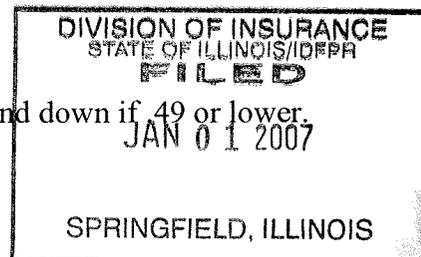
Base Rate x ILF = Base Premium

Base premium is determined by multiplying the base rate by the increased limits factor of the appropriate limit of liability chosen.

ILFs (Increased Limits Factors)

200/600	1.159
250/750	1.215
500/1000	1.408
1000/3000	1.590
2000/4000	1.741

Round to the nearest whole dollar. Round up if .50 or greater. Round down if .49 or lower.



STEP 2 – Calculate 1st yr., 2nd yr., 3rd yr., 4th yr. or Mature Claims Made Base Premium

Base premium x (1-4 yr. or mature) retro factor = (1-4 yr. or mature) claims made base premium

Claims Made Premium Developed

The (1-4 yr. or mature) claims made premiums are then calculated by multiplying the base premium by the appropriate years (1-4 yr. or mature) retro factor. The retroactive date is the date of reference used to determine which retro factor is to apply. The following rules will apply:

Definition Retroactive Date – Date on a claims made liability policy which triggers the beginning period of insurance coverage. If the chiropractor is purchasing insurance for the first time, the retroactive date will be the effective date. Any claim made during the policy period will not be covered if the injury occurred before the retroactive date.

Eligibility for 1st year claims made rate – When a policy is written where the retroactive date and effective date are the same, we will multiply the first year claims made retro factor by the base premium.

Eligibility for 2nd year claims made rate – When a policy is written during the first calendar year after the retroactive date we will multiply the second year claims made retro factor by the base premium.

Eligibility for 3rd year claims made rate – When a policy is written during the second calendar year after the retroactive date, we will multiply the third year claims made retro factor by the base premium.

Eligibility for 4th year claims made rate – When a policy is written during the third calendar year after the retroactive date, we will multiply the fourth year claims made retro factor by the base premium.

Eligibility for Mature claims made rate – When a policy is written during the fourth calendar year after the retroactive date or anytime thereafter, we will use the mature claims made rate. The retro factor is 1.00.

Claims Made Rate Retro Factors

<u>Maturity</u>	<u>Retro Factors</u>
1	0.350
2	0.655
3	0.900
4	0.975
Mature	1.000



Round to the nearest whole dollar. Round up if .50 or greater. Round down if .49 or lower.

STEP 3 – Calculate 1st yr., 2nd yr., 3rd yr., 4th yr. or Mature Claims Made Discounted Premium

Formula for Discounted Premium (Premium when any discounts apply)

(1-4 yr. or mature) claims made discounted premium = (1-4 yr. or mature) claims made base premium x discount factor(s)

The following discounts are to be pro-rated if added mid-term.

Discount factors

Part-time	0.50
Semi-retired	0.50
Disabled	0.50
Faculty	0.50
1 st Year Licensure	0.25
2 nd Year Licensure	0.60
3 rd Year Licensure	0.75
4 th Year Licensure	0.85

Endorsement Premium Development

Endorsement premium = (1-4 yr. or mature) claims made base premium + endorsement premium

Endorsements added mid-term are to be pro-rated.

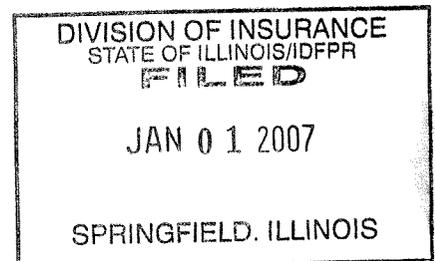
Professional Entity Coverage Premium Developed

Professional Entity coverage premium = (1-4 yr. or mature) claims made base premium x Professional Entity factor

Professional Entity factors

Shared limit of liability	No charge
Shared limit of liability with MD/DO Exposure	0.55 per entity
Separate limit of liability	.20 for the first entity .05 for each additional entity
Separate limit of liability with MD/DO Exposure	2.20 for the first entity 0.55 for each additional entity

Professional Entities added mid-term are to be pro-rated



Claims Made Discounted Premium with Endorsements

Formula: (1-4 yr. or mature) claims made discounted premium + endorsement premium

Round to the nearest whole dollar. Round up if .50 or greater. Round down if .49 or lower.

B. FORMULAS FOR OCCURRENCE PREMIUM DEVELOPMENT

Listed below are the formulas used to determine a chiropractor's occurrence policy premium.

STEP 1 – Calculate Base Premium

Base Rate

Base rate is our 100/300 limit of liability. The charges are: Territory 1 - \$2290.00
Territory 2 - \$2545.00
Territory 3 - \$2239.00

Territory 1 - Cook, DuPage, Lake, Will, Kendall, Kane and McHenry Counties
Territory 2 - Monroe, St. Clair, Madison, Clinton, Washington, Randolph and Jersey Counties
Territory 3 - Remainder of state

Base Premium Developed

Base Rate x ILF = Base premium

Base premium is determined by multiplying the base rate by the increased limits factor of the appropriate limit of liability chosen.

ILF's (Increased limits factors)

200/600	1.159
250/750	1.215
500/1000	1.408
1000/3000	1.590
2000/4000	1.741

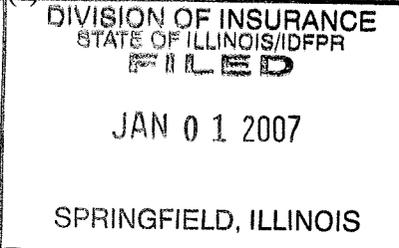
Round to the nearest whole dollar. Round up if .50 or greater. Round down if .49 or lower.

STEP 2 – Calculate Occurrence Discounted Premium

Formula for Discounted Premium (Premium when discounts apply)

Occurrence Discounted Premium = base premium x discount factor(s)

The following discounts are to be pro-rated if added mid-term.



Discounts factors

Part-Time	0.50
Semi-Retired	0.50
Disabled	0.50
Faculty	0.50
1 st Year Licensure	0.25
2 nd Year Licensure	0.60
3 rd Year Licensure	0.75
4 th Year Licensure	0.85

Endorsement Premium Development

Endorsement premium = base premium + endorsement premium

Endorsements added mid-term are to be pro-rated.

Professional Entity coverage premium developed

Professional Entity coverage premium = base premium x professional entity coverage factor

Professional Entity Factors

Shared limit of liability	No charge
Shared limit of liability with MD/DO Exposure	0.55 per entity
Separate limit of liability	.20 for the first entity .05 for each additional entity
Separate limit of liability with MD/DO Exposure	2.20 for the first entity 0.55 for each additional entity

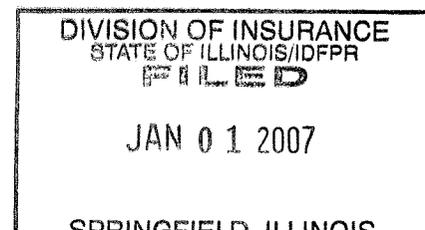
Professional Entities added mid-term are to be pro-rated.

Occurrence Discounted Premium with Endorsements

Formula: Occurrence discounted premium + endorsement premium

Round to the nearest whole dollar. Round up if .50 or greater. Round down if .49 or lower.

C. SCHEDULE RATING APPLICABLE TO BOTH CLAIMS MADE AND OCCURRENCE COVERAGES



NCMIC Insurance Company may utilize the following schedule of debits to modify the premiums for certain insureds reflecting the unique exposure present in these risks. These insureds qualify for schedule rating because of factors not contemplated in the filed rate structure of the company.

The maximum debit to be applied to recognize risk characteristics that are not reflected in an otherwise applicable rate is 40%. Any debits assigned under this plan are subject to annual review. All premium modifications will be noted and documented in the individual insured's file with any premium credit and/or debit having the approval of the Underwriting Department.

NCMIC Insurance Company will modify premiums giving consideration to the following exposure characteristics and rating characteristics of a risk:

	<u>CREDIT</u>	<u>DEBIT</u>
Unusual risk characteristics (Member of multidisciplinary group, multiple professional discipline or board complaints, loss of license)	XXXX	40%
Claim history debit (Based on underwriting review of frequency and severity of the insured's claims history)	XXXX	40%

Section IV – Extended Reporting Coverages For Claims Made Coverage

Basic Reporting Extension

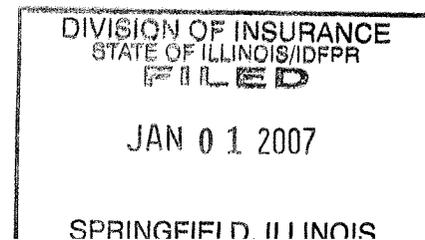
This allows, under a claims made policy, for the reporting of claims arising from a medical incident which occurs on or after the retroactive date and prior to the end of the policy period. The extended reporting coverage is for sixty (60) days after the expiration of the policy. This coverage is provided free of charge. The 60-day Basic Extended Reporting Period does not apply if the insured purchases any subsequent insurance that replaces in whole or in part the coverage provided by this policy.

Extended Reporting Endorsement (Tail Coverage) Form 06-2014 05/06

If a claims made policy is canceled or non-renewed for any reason including non-payment of premium whether by the company or at the insured's request, the named insured may elect to have an endorsement issued providing an extended reporting period upon payment of an additional charge as follows:

Tail factors apply to mature claims made expiring annual premium.

Number of Years Since Retro Date	Tail Factor (Factor to apply to <u>mature</u> <u>claims made expiring annual premium</u>)
1	0.654
2	0.975



3
4

1.062
1.082

Definition of Tail Coverage – This term has been used to describe the exposure that exists between the retroactive date and expiration date of the policy and the coverage that may be purchased to cover that exposure. On “claims made” forms, tail coverage may be purchased to extend the period for reporting covered claims beyond the policy period.

Extended Reporting Endorsement (Tail Coverage)

Tail Coverage Rules:

1. Purchase of tail coverage must be within sixty (60) days after the cancellation or expiration of the insured’s NCMIC claims made policy.

Example:

Policy expires 6-1-05. The extended reporting endorsement (tail coverage) must be purchased by 7-30-05.

2. The extended reporting endorsement (tail coverage) will never be written to be effective before the insured’s most recent NCMIC claims made policy retroactive date.

Example:

The insured’s claims made policy retroactive date is 7-1-05 and expiration date is 10-1-05. The extended reporting endorsement (tail coverage) charged at the first year tail coverage rate would be written to cover the time period from 7-1-05 to 10-1-05.

3. The extended reporting endorsement (tail coverage) will be pro-rated for partial years.

Example:

An insured has a malpractice insurance policy with us issued with a \$1,000,000/\$3,000,000 limit of liability. The insured has a retroactive date of 1-1-04 and the insurance policy is canceled with us on 3-28-05. The charge for the insured’s tail coverage premium has been computed below.

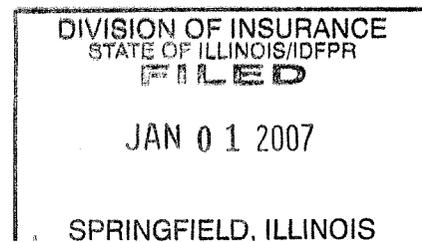
- a. You first must determine how many days between the retroactive date and the cancellation effective date.
- b. Determine the MATURE claims made base premium for the policy limits the chiropractor is requesting to purchase.

The calculation is as follows:

Base rate \$1,788 x (Increased limits factor) 1.75 = mature claims made base premium \$3,129.00.

- c. Determine how many years, or days, the retroactive date is from the policy termination (cancellation or expiration) date.

Retroactive date 1-1-04 to full year policy renewal date of 1-1-05.



1 or 2 or 3 or 4+ years

Mature claims made base premium		\$3,129
Tail factor for 1 year	x	0.654
Extended Reporting Period Premium 1 yr.	=	\$2,046.00

d. Count the remaining number of days left until the policy termination date.

1-1-05 to 3-28-05 is 87 days.

e. Pro-rate the remaining number of days to the policy cancellation date.

Partial year rates will be interpolated using the actual number of days covered on a claims made basis.

The calculation requires first determining the premium for two full year of tail coverage.

Mature claims made base premium		\$3,129
Tail factor for 2 years	x	0.975
Extended Reporting Period Premium 2 yrs.	=	\$3,051.00

Calculation:

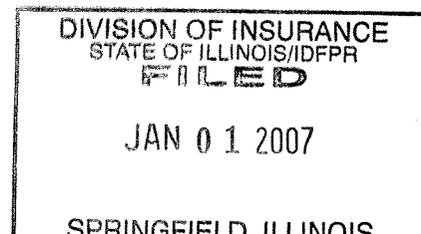
Extended Reporting Period Premium 2 yrs. (\$3,051.00) – Extended Reporting Period Premium 1 yr. (\$2,046.00) = \$1,005.00

Number of days	87
Number of days in year	365

f. Calculate: $(87 / 365) \times \$1005.00 = \240.00

Extended Reporting Period Premium 1 yr. \$2,046.00 + \$240.00 = \$2,286.00

4. Tail coverage is priced at the rules and rates in effect as of the most recent effective date of the policy to which the extended reporting period endorsement is attached.
5. Tail coverage is free of charge if a doctor dies and will be provided to the insured's estate upon notification of the insured's death. Tail coverage is free of charge if a doctor becomes permanently disabled and can no longer practice as a chiropractor. Tail coverage is free of charge if a doctor retires from practice after five (5) years of continuous coverage under the NCMIC claims made policy and is at least 55 years old. The endorsement will date back to the current claims made policy retroactive date.



6. After ten (10) years of continuous coverage under the claims made policy, if the policy terminates for any reason, including non-payment of premium, the tail coverage will be free of charge.

Section V – Discounts

(Available for both claims made and occurrence policies)

New Practitioner Discounts Available:

License Date: NCMIC uses the license date as the reference date to be eligible for discounts. The license date is defined as the first date the chiropractor is eligible to practice chiropractic. We only use one date as the license date to reference discounts. The license date used to reference discounts is the first time a chiropractor ever becomes licensed to practice.

1. First Year Licensure Discount

Chiropractors who become licensed and are eligible to practice chiropractic for the first time shall be given a first year licensure discount of 75% of the filed and approved base premium. The insured's first licensure date must fall within 18 months of the insured's graduation date.

2. Second Year Licensure Discount

Chiropractors in their second year of practice after becoming licensed for the first time shall be given a second year licensure discount of 40% of the filed and approved base premium. The insured's first licensure date must fall within 30 months of the insured's graduation date.

3. Third Year Licensure Discount

Chiropractors in their third year of practice after becoming licensed for the first time shall be given a third year licensure discount of 25% of the filed and approved base premium. The insured's first licensure date must fall within 42 months of the insured's graduation date.

4. Fourth Year Licensure Discount

Chiropractors in their fourth year of practice after becoming licensed for the first time shall be given a fourth year licensure discount of 15% of the filed and approved base premium. The insured's first licensure date must fall within 54 months of the insured's graduation date.

Additional Discounts Available

1. Part -Time Discount

A chiropractor practicing 20 hours or less per week is eligible for a 50% discount of the approved base premium. The chiropractor must complete an application for part-time discount.

2. Semi – Retired Discount

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A chiropractor must be 55 years of age practicing 20 hours or less per week to become eligible for this discount. The discount is 50% of the approved base premium.

3. Faculty Discount

A chiropractor must work 20 hours or more at a chiropractic college and practice 20 hours or less per week to become eligible for this discount. The discount is 50% of the approved base premium.

4. Disabled Discount

A chiropractor must submit a physician’s statement and practice 20 hours or less per week to become eligible for this discount. The discount is 50% of the approved base premium.

5. Claims Free Discount

We offer a 3% - 20% discount to chiropractors for their excellent claims free experience. The whole policy (all risks, corporations included) must be claims free to get the discount. The definition of claims free is \$0 dollars indemnity and \$15,000 or less LAE payments cumulative for the time period under review. The claims free discount will only be applied to the doctor’s base premium.

The number of years insured with NCMIC without a claim will determine the discount. Please see below.

<u>Number of years insured with NCMIC without a claim</u>	<u>Percentage discount (to apply to individuals total policy premium)</u>
Three full years with NCMIC claims free	3%
Four full years with NCMIC claims free	4%
Five full years with NCMIC claims free	5%
Six full years with NCMIC claims free	6%
Seven full years with NCMIC claims free	7%
Eight full years with NCMIC claims free	8%
Nine full years with NCMIC claims free	9%
Ten full years with NCMIC claims free	10%
Eleven full years with NCMIC claims free	11%
Twelve full years with NCMIC claims free	12%
Thirteen full years with NCMIC claims free	13%
Fourteen full years with NCMIC claims free	14%
Fifteen full years with NCMIC claims free	15%
Sixteen full years with NCMIC claims free	16%
Seventeen full years with NCMIC claims free	17%
Eighteen full years with NCMIC claims free	18%
Nineteen full years with NCMIC claims free	19%
Twenty or more full years with NCMIC claims free	20%

*Up to five (5) years of continuous claims free experience with another carrier will qualify for the NCMIC claims free discount.

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6. Risk Management Discount

We offer risk management discounts for insureds that complete NCMIC Board certified programs. The risk management discount will only be applied to the doctor's base premium. The maximum total risk management discount available per policy period is 15%. The discount will only be applied on the insured's renewal premium.

Maximum Discounts Available

The maximum risk management and claims free discounts that can be obtained are 35%. However, the maximum risk management and claims free discounts available for any insured who is also receiving a premium discount will be the actual risk management and claims free discounts (up to 35%) multiplied by percentage of discounted premium paid by the policyholder.

Example: Assume the full-time base rate is \$1,500 and a doctor is receiving a faculty discount of 50%. Also assume the doctor is eligible for a 20% claims free discount and a 15% risk management discount. In this example, the maximum risk management and claims free discount this doctor is entitled to is 17.5%. Premium to be paid is calculated as follows:

$\$1,500 \times .50 =$	\$750 (faculty base premium)
$(20\% + 15\%) \times .50 =$	17.5% (total discounts allowed)
$\$750 \times 17.5\% =$	131.25 (discount amount)
$\$750 - 131.25 =$	\$618.75 (premium to be paid)

Section VI – Coverage Options

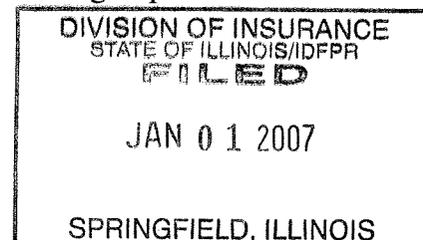
(Available for both claims made and occurrence policy)

MUA Endorsement (Form 06-2007 05/06)

This endorsement provides coverage for manipulation or treatment, including adjustment, while a person is under anesthesia or sedation. The chiropractor must complete an application for manipulation under anesthesia. If the application is approved, an endorsement is added to the insured's policy. There is no charge for this coverage.

Professional Entity with MD/DO Exposure - Shared Limits of Liability Endorsement (Form 06-2001 05/06 and Form 06-2002 05/06)

This endorsement provides a shared limit of liability for the insured chiropractor's professional entity. Coverage is provided only to the extent of the entity's liability for the providing of professional services and professional healthcare services.



The charge is 55% of the undiscounted base premium for corporation coverage with shared limits.

Whenever this endorsement is added to an NCMIC claims made policy, the retroactive date on which the coverage is effective will need to be printed on the policy Declarations page.

Professional Entity - Separate Limits of Liability Endorsement (Form 06-2003 05/06 and Form 06-2004 05/06)

This endorsement provides one separate limit of liability for the insured chiropractor's professional entity or entities. Multiple entities will share the one separate limit. Coverage is provided only to the extent of the entity's or entities' liability for the providing of professional services within the scope and course of employment by a person included within the definition of "Person Insured" under the attached policy.

The charge is 20% of the undiscounted base premium for the first entity and 5% of the undiscounted base premium for each additional entity.

Whenever this endorsement is added to an NCMIC claims made policy, the retroactive date on which the coverage is effective will need to be printed on the policy Declarations page.

Professional Entity with MD/DO Exposure - Separate Limits of Liability Endorsement (Form 06-2005 05/06 and Form 06-2006 05/06)

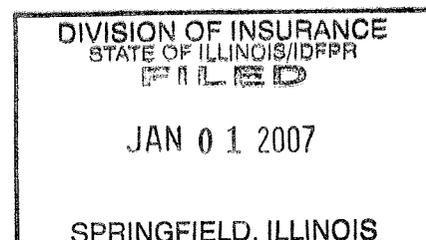
This endorsement provides one separate limit of liability for the insured chiropractor's professional entity or entities. Multiple entities will share the one separate limit. Coverage is provided only to the extent of the entity's liability for the providing of professional services and professional healthcare services.

The charge is 220% of the undiscounted base premium for the first entity and 55% of the undiscounted base premium for each additional entity.

Whenever this endorsement is added to an NCMIC claims made policy, the retroactive date on which the coverage is effective will need to be printed on the policy Declarations page.

Specialty, Procedure, Technique Exclusion Endorsement (Form 06-2012 05/06)

1. Excludes those procedures, techniques or specialties where a licensed health care provider has had their license revoked, suspended or surrendered or privileges restricted as a result of the performance of these procedures, techniques or specialties.
2. Excludes procedures, techniques or specialties that are experimental.
3. Excludes procedures, techniques or specialties where a health care provider is a high risk and has had poor loss experience.



Additional Insured Endorsement (Form 06-2010 05/06)

This optional endorsement provides coverage to any person or entity named on the endorsement for professional liability imputed to the person or entity solely for the professional negligence of an insured under the policy.

Acupuncture Endorsement (Form 06-2008 05/06)

This endorsement will add acupuncture to the list of professional services covered by the policy. Acupuncture coverage is only available in states where the scope of practice for chiropractors includes acupuncture services. An insured must apply for and be approved by underwriting prior to this endorsement becoming effective. There is no charge for this endorsement.

Amendatory Endorsement (Form 06-2009 05/06)

This endorsement may be utilized as a manuscript form to broaden, restrict or clarify coverage issues. The endorsement may also be utilized to clarify adjustments in rating.

Supplemental Legal Defense Endorsement (Form 06-2015 05/06 and Form 06-2016 05/06)

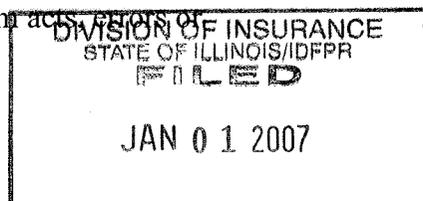
This endorsement provides for defense costs incurred by the insured in certain covered proceedings. There is coverage under this endorsement only when a covered proceeding arises on or after the retroactive date and the covered proceeding is initially instituted against the insured before the end of the policy period stated on the Declarations of this policy. We will pay up to \$25,000 for defense costs incurred by the insured. Covered proceedings are limited to the following; State Disciplinary Proceedings, Federal Professional Review Organization Sanctions, Wrongful Billing and Related Proceedings, HIPAA and Privacy Related Proceedings and Civil Sexual Misconduct Allegations. There is no charge for this endorsement and it is subject to underwriting approval.

Temporary Leave of Absence Endorsement (Form 06-2017 05/06 and Form 06-2018 05/06)

This endorsement allows an insured to suspend their policy for a minimum of 60 days and up to a maximum of 180 days. The insured may suspend their coverage for the following reasons; short term disability, maternity leave and any other reason pre-approved by NCMIC Insurance Company. This endorsement excludes from coverage any claim that results from an injury that occurred during the period of the leave of absence. This endorsement will provide a 90% discount for the period of the leave of absence.

Active Military Duty Endorsement (Form 06-2019 05/06 and Form 06-2020 05/06)

This endorsement suspends coverage, including premium payments, if an insured is called to active military duty. This endorsement provides coverage for claims arising from



omissions that occurred prior to the inception of the active military leave. There is no coverage for acts, errors or omissions during the period of active military leave.

Employment Exclusion Endorsement (Form 06-2021 05/06 and Form 06-2022 05/06)

This endorsement excludes coverage for the supplying of or failure to supply professional services resulting from the insured's place of employment listed on the endorsement.

Dual License – Acupuncture – Oriental Medicine Endorsement (Form 06-2024 05/06)

This endorsement provides coverage to insured chiropractors who also are licensed or properly certified to practice Acupuncture – Oriental medicine while acting within the scope of their license(s) and/or certifications. Additional application information will be required for approval. The charge for this endorsement is 5% of the base premium.

Dual License – Physical Therapy Endorsement (Form 06-2025 05/06)

This endorsement provides coverage to insured chiropractors who also are licensed or properly certified to practice physical therapy while acting within the scope of their license(s) and/or certifications. Additional application information will be required for approval. There is no charge for this endorsement.

Section VII Coverage Options
(Available for Occurrence Policy Only)

Prior Acts Professional Liability Endorsement (Form 06-2013 05/06)

This endorsement provides coverage for chiropractors who change from a claims made policy to an occurrence policy and who do not purchase tail coverage. Under this endorsement, injuries which occurred on or after the retroactive date and before the expiration date referenced in the endorsement will be covered. The factors listed below will be applied to the undiscounted occurrence premium at the applicable limit of liability in the state in which the claims made policy was issued.

Number of Years Since Retroactive Date	Prior Acts Factor
1	62.8%
2	93.6%
3	102%
4	103.9%



Extern Endorsement (Form 06-2011 05/06)

This endorsement provides coverage for chiropractic college students who have graduated from chiropractic college, but who have not yet received a license to practice, i.e. externs. The extern must be under the direct supervision of a licensed chiropractor and must be acting within the scope of the applicable laws governing externs. The only limit of liability available for this endorsement is \$100,000/\$300,000. Coverage under this endorsement will terminate when the extern becomes licensed, the program terminates or one year from its effective date, whichever comes first. The charge for this endorsement will be 10% of the 100,000/300,000 occurrence premium in the state that the Extern Endorsement is issued in.





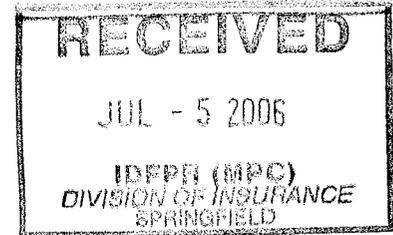
NCMIC Insurance Company

14001 University Avenue, Clive, Iowa 50325-8258
Local 515-313-4500 Toll-Free 800-247-8043
Mailing Address: P.O. Box 9118, Des Moines, Iowa 50306-9118
Claims Reporting Line: 800-242-4052

A member of NCMIC Group, Inc.
NCMIC Insurance Company
NCMIC Finance Corporation
Professional Solutions Insurance Company
NCMIC Insurance Services

July 3, 2006

Illinois Department of Insurance
Attn: Property and Casualty Compliance Unit
320 West Washington Street
Springfield, IL 62767



RE: NCMIC Insurance Company
FEIN: 42-0635534
NAIC Number: 15865
Filing Number: 2006 ADV Rewrite - Rules
Proposed Effective Date: 01/01/2007 new business
01/01/2007 renewals



To Whom It May Concern:

NCMIC Insurance Company (NCMIC) currently has on file with the Illinois Department of Insurance a claims made and occurrence professional liability rating manual for our Advantage Chiropractic Malpractice Program. NCMIC would like to submit for your review and approval an amended claims made and occurrence professional liability rating manual to replace the manual currently on file for our Advantage Chiropractic Malpractice Program. No changes have been made to the base rates, increase limit factors, or claims made step factors that are currently on file. In comparison to the currently approved rating manual the substantive changes to the new rating manual are listed below.

1. Removal of the charge for professional entity coverage with shared limits of liability.
2. Addition of professional entity coverage with **shared** limits of liability that covers the entity for the acts of a medical doctor or doctor of osteopathy.
3. Addition of professional entity coverage with **separate** limits of liability that covers the entity for the acts of a medical doctor or doctor of osteopathy.
4. Removal of the five (5) year continuous coverage requirement for death or disability to be eligible for free extended reporting.
5. Removal of the charge for the Supplemental Legal Defense Endorsement.
6. Removal of military leave as an acceptable reason under the Temporary Leave of Absence Endorsement and creation of a new Active Military Duty Endorsement that suspends coverage during active military duty.
7. We have incorporated language regarding multiple corporations coverage into the Professional Entity - Separate Limits of Liability Endorsement and the Professional Entity

- with MD/DO Exposure - Separate Limits of Liability Endorsement. We will no longer need the Multiple Professional Partnership, Association or Corporation Endorsements.
8. We have added a new Employment Exclusion Endorsement to exclude certain professional services rendered by the insured.
 9. Addition of a new Dual License Acupuncture – Oriental Medicine Endorsement which provides coverage to insured chiropractors who also are licensed or properly certified to practice Acupuncture – Oriental medicine while acting within the scope of their license(s) and/or certifications. This same endorsement and corresponding rating methodology have been approved by your state through NCMIC’s Naturopathic Physicians Professional Liability Program.
 10. Addition of a new Dual License – Physical Therapy Endorsement which provides coverage to insured chiropractors who also are licensed or properly certified to practice physical therapy while acting within the scope of their license(s) and/or certifications. There will be no additional charge for this endorsement.

A filing containing amendments to the approved claims made and occurrence policy forms and endorsements is being submitted under separate cover (Company Filing Number: 2006 ADV Rewrite - Forms).

If you have any questions or need any additional information regarding this filing please feel free to contact me directly. I thank you in advance for your attention to this matter.

Sincerely,



Nathan Henn
Compliance Analyst
PH: (800) 321-7015 Ext. 4525
FX: (515) 313-4476
Email: nhenn@ncmic.com

Certification Form

Certification of: NCMIC Insurance Company

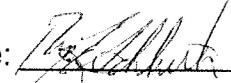
Filing being certified: 2006 ADV Rewrite - Rules

Proposed effective date: 01/01/2007

I, Roger Schlueter, Chief Financial Officer, certify that appropriate consideration has been given in this filing to the applicable factors specified in 215 ILCS 5/155.18(3) of the Illinois Insurance Code. I am authorized to certify on behalf of NCMIC Insurance Company 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.

Name of officer: Roger Schlueter

Title of officer: Chief Financial Officer

Signature: 

Date: 9/21/06

Insurance Company FEIN 42 - 0635534

Filing Number 2006 ADV Rewrite - Rules

Insurer's Address 14001 University Avenue

City Clive State Iowa Zip Code 50325-8258

Contact Person's:

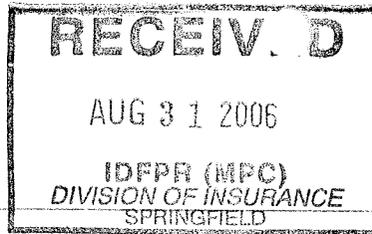
-Name and E-mail Nathan Henn, Lead Compliance Analyst nhenn@ncmic.com

-Direct Telephone and Fax Number 800-321-7015 ext. 4525 Fax: 515-313-4476



NCMIC Insurance Company

14001 University Avenue, Clive, Iowa 50325-8258
Local 515-313-4500 Toll-Free 800-247-8043
Mailing Address: P.O. Box 9118, Des Moines, Iowa 50306-9118
Claims Reporting Line: 800-242-4052



A member of NCMIC Group, Inc.
NCMIC Insurance Company
NCMIC Finance Corporation
Professional Solutions Insurance Company
NCMIC Insurance Services

August 30, 2006

Illinois Department of Insurance
Attn: Property and Casualty Compliance Unit
320 West Washington Street
Springfield, IL 62767

RE: NCMIC Insurance Company
FEIN: 42-0635534
NAIC Number: 15865
Filing Number: 2006 ADV Rewrite - Rules
Proposed Effective Date: 01/01/2007 new business
01/01/2007 renewals

To Whom It May Concern:

NCMIC Insurance Company submitted the above referenced filing to the Illinois Department of Insurance via overnight mail on July 3, 2006. Pursuant to PA94-677 (Senate Bill 475), we have made the necessary changes to the quarterly premium payment installment plan section of the Illinois Claims Made and Occurrence Chiropractic Professional Liability Manual. Please replace the previously submitted manual with the newly updated manual enclosed with this letter.

If you have any questions or need any additional information regarding this filing please feel free to contact me directly. I thank you in advance for your attention to this matter.

Sincerely,

Nathan Henn
Compliance Analyst
PH: (800) 321-7015 Ext. 4525
FX: (515) 313-4476
Email: nhenn@ncmic.com

Enclosures

Neuman, Gayle

From: Anderson, Julie
Sent: Thursday, August 31, 2006 11:47 AM
To: Neuman, Gayle
Subject: RE: NCMIC - Filing #2006 ADV Rewrite

Technically, it has rules with rating factors in them, so I should probably review it, although it appears the changes are minor enough that it shouldn't be a big deal. I've already looked it over and before I would ask the company questions, I wouldn't mind seeing the old rules and rates pages. However, there is no hurry – how about I come up next week and look at it? I know you're busy, so I'll work around what you have time for.

Julie Anderson
Assistant Casualty Actuary
IL Dept of Financial and Professional Regulation
Division of Insurance
Phone: 217-524-5421
Fax: 217-524-2271

Please note that my e-mail address has changed to: Julie.A.Anderson2@illinois.gov

From: Neuman, Gayle
Sent: Wednesday, August 30, 2006 11:27 AM
To: Anderson, Julie
Subject: NCMIC - Filing #2006 ADV Rewrite

Julie,

Here is a filing however I am unsure if this needs actuarial input or not (that is why I had not sent it until now). Please take a look at it when you have a chance, and let me know.

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

Neuman, Gayle

From: Neuman, Gayle
Sent: Thursday, September 07, 2006 11:07 AM
To: 'nhenn@ncmic.com'
Subject: Rate/Rule Filing #2006 ADV Rewrite - Rules
Attachments: MED MAL CERTIFICATION FORM.doc

Mr. Henn,

We are in receipt of the above referenced filing submitted by letter dated July 3, 2006, and the changes submitted by letter dated August 30, 2006.

215 ILCS 5/155.18 states it shall be certified in this filing by an officer of the company and a qualified actuary that the company's rates and rate rules are based on sound actuarial principles and are not inconsistent with the company's experience. Please complete the attached certification form.

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?

On page 6 of the manual, it appears the "S" should be removed from the "Professional Entity factors" section.

In regard to the premium payment installment plan, we request you add wording to clarify that you do not charge interest fees and that the payment plan is only offered to insured's with annual premiums exceeding \$500.

Your prompt attention is appreciated.

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

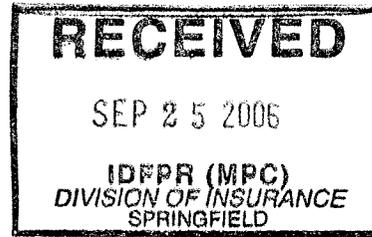


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A member of NCMIC Group, Inc.
NCMIC Insurance Company
NCMIC Finance Corporation
Professional Solutions Insurance Company
NCMIC Insurance Services

September 22, 2006



Illinois Department of Insurance
Property and Casualty Compliance Unit
Attn: Gayle Neuman
320 West Washington Street
Springfield, IL 62767

RE: NCMIC Insurance Company
FEIN: 42-0635534
NAIC Number: 15865
Filing Number: 2006 ADV Rewrite - Rules

Dear Ms. Neuman:

Thank you for your email dated September 7, 2006. Please find below our responses to the questions you posed:

1. Our actuaries did not do a rate study in support of this filing as it was not warranted due to the minor amount of changes being made. The changes to the charges for entities with shared limits and policies that have the government proceedings endorsement would be a \$35,887 total decrease in premium, which is a 0.74% decrease in total written premium. The minor impact of these changes has no bearing on our rates in Illinois.

In addition, this filing does not impair the previous rate study performed by Milliman in our filing ADV Rate 2004 (State Tracking #ADV RATE2004) that was filed by your office on 08/04/2004. That rate study is not superseded by any changes requested in this filing.

Alternately, please find enclosed a certification signed by our Chief Financial Officer certifying that appropriate consideration has been given to the applicable factors specified in 215 ILCS 5/155.18(3) of the Illinois Insurance Code.

2. NCMIC Insurance Company does gather and report statistics to the National Independent Statistical Service (NISS).
3. Please find enclosed a revised Illinois rating manual where the "S" typo has been removed from the Professional Entity factors section on page 6 of the manual.

4. Please note that we have added the requested wording to page 3 of the above-referenced manual to clarify that NCMIC Insurance Company does not charge interest fees and that the payment plan is only offered to insured's with annual premiums exceeding \$500.

If you have additional questions or require additional information regarding this filing please feel free to contact me directly. I thank you in advance for your attention to this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Nathan G. Henn", with a long horizontal flourish extending to the right.

Nathan Henn
Lead Compliance Analyst
PH: (800) 321-7015 Ext. 4525
FX: (515) 313-4476
Email: nhenn@ncmic.com

Enclosures

Side-by-Side Rating Manual Comparison

Attached please find a comparison for NCMIC Insurance Company's currently approved rating manual and NCMIC Insurance Company's revised rating manual. All information that has been deleted from the currently approved manual is in [brackets] and all new information that has been added to the new proposed manual is underlined.

Illinois Claims Made and Occurrence Chiropractic Professional Liability Manual

For

NCMIC Insurance Company

Section I – General Information Applying to Both Claims Made and Occurrence Policies

Policies

NCMIC markets two types of policies identified below:

1. Claims Made (Form [CM2003 06/03])
2. Occurrence (Form [MP2003 06/03])

Insureds

NCMIC has two types of insureds. The two types of insureds are listed below:

1. Individual chiropractor (DC)
2. [Corporations/Partnerships]

Policy Period

The policy period shall be for a one-year term.

Minimum Premium

NCMIC does not have a minimum premium requirement.

Waiver of Additional Premiums

Additional premiums for endorsements effective subsequent to the inception date of the policy will be waived up to \$10.00.

Whole Dollar Premium Rounding Rule

All premiums are rounded to the nearest whole dollar.

Territorial Definitions

The location of the practice determines the territory. If more than one location of practice exists, rate in the territory where doctor has at least 51% of his/her practice. If the doctor does not have 51% of his/her practice in a single territory, then rate in the territory in which the doctor has the greatest percentage of his practice. [If multiple territories have the greatest percentage of practice, then rate in the higher rated territory.] If multiple territories have equal percentage of practice, then rate in the higher rated territory.

Premium Payment Options

Annual payment option – Full premium payment required.

Semi-Annual payment option – 50% of premium payment required along with \$5.00 installment fee.

Quarterly payment option – 25% of premium payment required along with \$5.00 installment fee.

Monthly payment option through premium finance – 15% of premium payment required for down payment, only available for premiums equal to or greater than \$750.00.

Renewals

A policy may be continued for successive terms upon payment of the required premium to the company on or before the inception date of each successive term. The continuation premium shall be based upon the premium in effect on renewal date. The applicable forms and endorsements must be made a part of the policy. Additional premiums for policy changes occurring during the current policy period shall be computed pro rata of the annual premium.

Cancellation

A policy may be canceled by the insured by mailing to the Company written notice stating when such cancellation shall be effective. This policy will remain in full force and effect until its regular anniversary unless the policy is canceled sooner by the Company or the insured.

Premium Refund

If a policy cancels for any reason during the policy term, the insured will receive a pro-rata refund.

If an insured switches from our occurrence policy to our claims made policy, [we will refund their premium pro-rata.]

[Eligibility]

1. **Part Time Chiropractors** – Licensed chiropractors meeting current underwriting standards are eligible to apply for part time discounted premium as provided below:]

[20 hours or less per week in patient care – 50% of base premium]

2. **Full Time Chiropractors** – Coverage may be written on a full time basis subject to current underwriting standards.]

3. **Chiropractic Assistant** – Non-licensed Chiropractic Assistants working for a primary chiropractor are insured under the chiropractor's policy at no extra charge.]

Section II – Underwriting Criteria

The following underwriting criteria are to be considered in the [selection] of our insureds:

1. Fully and permanently licensed in the state(s) of practice.
2. Criminal record.
3. Prior claims history:
 - a. Severity of claim
 - b. Indemnity paid
 - c. Date of claim
 - d. Frequency of Claim
4. Any possible current claims and/or incidents
5. Declined, canceled or refused renewal for coverage
6. Revocation, suspension or probation of license
7. Other Modalities

Section III – Premium Development

A. FORMULAS FOR CLAIMS MADE PREMIUM DEVELOPMENT

Listed below are the formulas used to determine a chiropractor's claims made policy premium.

STEP 1 – Calculate Base Premium

Base Rate

Base rate is our 100/300 limit of liability. The charges are:

Territory 1-	\$2232.00
Territory 2-	\$2443.00
Territory 3-	\$2150.00

Territory 1 - Cook, DuPage, Lake, Will, Kendall, Kane and McHenry Counties
 Territory 2 - Monroe, St. Clair, Madison, Clinton, Washington, Randolph and Jersey Counties
 Territory 3 - Remainder of state

Base Premium Developed

Base Rate x ILF = Base Premium

Base premium is determined by multiplying the base rate by the increased limits factor of the appropriate limit of liability chosen.

ILFs (Increased Limits Factors)

200/600	1.159
250/750	1.215
500/1000	1.408
1000/3000	1.590
2000/4000	1.741

Round to the nearest whole dollar. Round up if .50 or greater. Round down if .49 or lower.

STEP 2 – Calculate 1st yr., 2nd yr., 3rd yr., 4th yr. or Mature Claims Made Base Premium

Base premium x (1-4 yr. or mature) retro factor = (1-4 yr. or mature) claims made base premium

Claims Made Premium Developed

The (1-4 yr. or mature) claims made premiums are then calculated by multiplying the base premium by the appropriate years (1-4 yr. or mature) retro factor. The retroactive date is the date of reference used to determine which retro factor is to apply. The following rules will apply:

Definition Retroactive Date – Date on a claims made liability policy which triggers the beginning period of insurance coverage. If the chiropractor is purchasing insurance for the first time, the retroactive date will be the effective date. Any claim made during the policy period will not be covered if the injury occurred before the retroactive date.

Eligibility for 1st year claims made rate – When a policy is written where the retroactive date and effective date are the same, we will multiply the first year claims made retro factor by the base premium.

Eligibility for 2nd year claims made rate – When a policy is written during the first calendar year after the retroactive date we will multiply the second year claims made retro factor by the base premium.

Eligibility for 3rd year claims made rate – When a policy is written during the second calendar year after the retroactive date, we will multiply the third year claims made retro factor by the base premium.

Eligibility for 4th year claims made rate – When a policy is written during the third calendar year after the retroactive date, we will multiply the fourth year claims made retro factor by the base premium.

Eligibility for Mature claims made rate – When a policy is written during the fourth calendar year after the retroactive date or anytime thereafter, we will use the mature claims made rate. The retro factor is 1.00.

Claims Made Rate Retro Factors

<u>Maturity</u>	<u>Retro Factors</u>
1	0.350
2	0.655
3	0.900
4	0.975
Mature	1.000

Round to the nearest whole dollar. Round up if .50 or greater. Round down if .49 or lower.

STEP 3 – Calculate 1st yr., 2nd yr., 3rd yr., 4th yr. or Mature Claims Made Discounted Premium

Formula for Discounted Premium (Premium when any discounts apply)

(1-4 yr. or mature) claims made discounted premium = (1-4 yr. or mature) claims made base premium x discount factor(s)

The following discounts are to be pro-rated if added mid-term.

Discount factors

Part-time	0.50
Semi-retired	0.50
Disabled	0.50
Faculty	0.50
1 st Year Licensure	0.25
2 nd Year Licensure	0.60
3 rd Year Licensure	0.75
4 th Year Licensure	0.85

Endorsement Premium Development

Endorsement premium = (1-4 yr. or mature) claims made base premium [x endorsement factor(s)]

Endorsements added mid-term are to be pro-rated.

[Corporation] Coverage Premium Developed

[Corporation] coverage premium = (1-4 yr. or mature) claims made base premium x [corporation] coverage factor(s)

[Corporation] factors

[Corporation with separate limits

.20]

[Corporation with shared limits of liability .05]

[Corporations] added mid-term are to be pro-rated

Claims Made Coverage with Endorsements

[Formula: (1-4 yr. or mature) claims made base premium + endorsement premium]

Claims Made Coverage with Corporation

[Formula: (1-4 yr. or mature) claims made base premium + corporation coverage premium]

Claims Made Coverage with Endorsements and Corporation Coverage

[Formula: (1-4 yr. or mature) claims made base premium + endorsement premium + corporation coverage premium]

Claims Made Discounted Premium with Endorsements

Formula: (1-4 yr. or mature) claims made discounted premium + endorsement premium

Claims Made Discounted premium with Corporation Coverage

[Formula: (1-4 yr. or mature) claims made discounted premium + corporation coverage premium]

[Round to the nearest whole dollar. Round up if .50 or greater. Round down if .49 or lower.]

B. FORMULAS FOR OCCURRENCE PREMIUM DEVELOPMENT

BASE RATE

Base rate is our 100/300 limit of liability. The charges are: Territory 1 - \$2290.00
Territory 2 - \$2545.00
Territory 3 - \$2239.00

Territory 1 - Cook, DuPage, Lake, Will, Kendall, Kane and McHenry Counties
Territory 2 - Monroe, St. Clair, Madison, Clinton, Washington, Randolph and Jersey Counties
Territory 3 - Remainder of state

BASE PREMIUM DEVELOPED

Base Rate x ILF = Base premium

Base premium is determined by multiplying the base rate by the increased limits factor of the appropriate limit of liability chosen.

ILF's (Increased limits factors)

200/600	1.159
250/750	1.215
500/1000	1.408
1000/3000	1.590
2000/4000	1.741

Round to the nearest whole dollar. Round up if .50 or greater. Round down if .49 or lower.

Formula for Discounted Premium (Premium when discounts apply)

Occurrence Discounted Premium = Base premium x discount factor

The following discounts are to be pro-rated if added mid-term.

Discounts factors

Part-Time	0.50
Semi-Retired	0.50
Disabled	0.50
Faculty	0.50
1 st Year Licensure	0.25
2 nd Year Licensure	0.60
3 rd Year Licensure	0.75
4 th Year Licensure	0.85

[Corporation] coverage premium developed

[Corporation] Coverage Premium = Base Premium x corporation coverage factor

[Corporation] Factors

[Corporation with separate limits of liability] .20

[Corporation with shared limits of liability] .05

[Corporations] added mid-term are to be pro-rated.

Occurrence Discounted Premium with [Corporation Coverage]

Formula: Occurrence discounted premium + [corporation coverage] premium

Round to the nearest whole dollar. Round up if .50 or greater. Round down if .49 or lower.

C. SCHEDULE RATING APPLICABLE TO BOTH CLAIMS MADE AND OCCURRENCE COVERAGES

NCMIC Insurance Company may utilize the following schedule of debits to modify the premiums for certain insureds reflecting the unique exposure present in these risks. These insureds qualify for schedule rating because of factors not contemplated in the filed rate structure of the company.

The maximum debit to be applied to recognize risk characteristics that are not reflected in an otherwise applicable rate is 40%. Any debits assigned under this plan are subject to annual review. All premium modifications will be noted and documented in the individual insured's file with any premium credit and/or debit having the approval of the Underwriting Department.

NCMIC Insurance Company will modify premiums giving consideration to the following exposure characteristics and rating characteristics of a risk:

	<u>CREDIT</u>	<u>DEBIT</u>
Unusual risk characteristics (Member of multidisciplinary group, multiple professional discipline or board complaints, loss of license)	XXXX	40%
Claim history debit (Based on underwriting review of frequency and severity of the insured's claims history)	XXXX	40%

Section IV – Extended Reporting Coverages For Claims Made Coverage

Basic Reporting Extension

This allows, under a claims made policy, for the reporting of claims arising from a medical incident which occurs on or after the retroactive date and prior to the end of the policy period. The extended reporting coverage is for sixty (60) days after the expiration of the policy. This coverage is provided free of charge. The 60-day Basic Extended Reporting Period does not apply if the insured purchases any subsequent insurance that replaces in whole or in part the coverage provided by this policy.

Extended Reporting Endorsement (Tail Coverage) Form [03-2014 06/03]

If a claims made policy is canceled or non-renewed for any reason including non-payment of premium whether by the company or at the insured's request, the named insured may elect to have an endorsement issued providing an extended reporting period upon payment of an additional charge as follows:

Tail factors apply to mature claims made expiring annual premium.

Number of Years

Tail Factor (Factor to apply to mature

Since Retro Date

claims made expiring annual premium)

1	0.654
2	0.975
3	1.062
4	1.082

Definition Tail Coverage – This term has been used to describe the exposure that exists between the retroactive date and expiration date of the policy and the coverage that may be purchased to cover that exposure. On “claims made” forms, tail coverage may be purchased to extend the period for reporting covered claims beyond the policy period.

Extended Reporting Endorsement (Tail Coverage)

Tail Coverage Rules:

1. Purchase of tail coverage must be within sixty (60) days after the cancellation or expiration of the insured’s NCMIC claims made policy.

Example:

Policy expires 6-1-95. The extended reporting endorsement (tail coverage) must be purchased by 7-30-95.

2. The extended reporting endorsement (tail coverage) will never be written to be effective before the insured’s most recent NCMIC claims made policy retroactive date.

Example:

The insured’s claims made policy retroactive date is 7-1-94 and expiration date is 10-1-94. The extended reporting endorsement (tail coverage) charged at the first year tail coverage rate would be written to cover the time period from 7-1-94 to 10-1-94.

3. The extended reporting endorsement (tail coverage) will be pro-rated for partial years.

Example:

An insured has a malpractice insurance policy with us issued with a \$1,000,000/\$3,000,000 limit of liability. The insured has a retroactive date of 1-1-97 and the insurance policy is canceled with us on 3-28-98. The charge for the insured’s tail coverage premium has been computed below.

- a. You first must determine how many days between the retroactive date and the cancellation effective date.
- b. Determine the MATURE claims made base premium for the policy limits the chiropractor is requesting to purchase.

The calculation is as follows:

Base rate \$1,788 x (Increased limits factor) 1.75 = mature claims made base premium
\$3,129.00.

- c. Determine how many years, or days, the retroactive date is from the policy termination (cancellation or expiration) date.

Retroactive date 1-1-97 to full year policy renewal date of 1-1-98.

1 or 2 or 3 or 4+ years

Mature claims made base premium		\$3,129
Tail factor for 1 year	x	0.654
Extended Reporting Period Premium 1 yr.	=	\$2,046.00

- d. Count the remaining number of days left until the policy termination date.

1-1-98 to 3-28-98 is 87 days.

- e. Pro-rate the remaining number of days to the policy cancellation date.

Partial year rates will be interpolated using the actual number of days covered on a claims made basis.

The calculation requires first determining the premium for two full year of tail coverage.

Mature claims made base premium		\$3,129
Tail factor for 2 years	x	0.975
Extended Reporting Period Premium 2 yrs.	=	\$3,051.00

Calculation:

Extended Reporting Period Premium 2 yrs. (\$3,051.00) – Extended Reporting Period Premium 1 yr. (\$2,046.00) = \$1,005.00

Number of days	87
Number of days in year	365

- f. Calculate: $(87 / 365) \times \$1005.00 = \240.00

Extended Reporting Period Premium 1 yr. \$2,046.00 + \$240.00 = \$2,286.00

4. Please refer to discounts for extended reporting endorsements (tail coverage).
5. Tail coverage is priced at the rules and rates in effect as of the most recent effective date of the policy to which the extended reporting period endorsement is attached.

6. After five (5) years of continuous coverage under the claims made policy, the tail coverage is free of charge if a doctor dies, becomes permanently disabled or retires from practice and is at least 55 years old.
7. After ten (10) years of continuous coverage under the claims made policy, if the policy terminates for any reason, including non-payment of premium, the tail coverage will be free of charge.

Section V – Discounts
(Available for both claims made and occurrence policies)

New Practitioner Discounts Available:

License Date: NCMIC uses the license date as the reference date to be eligible for discounts. The license date is defined as the first date the chiropractor is eligible to practice chiropractic. We only use one date as the license date to reference discounts. The license date used to reference discounts is the first time a chiropractor ever becomes licensed to practice.

1. First Year Licensure Discount

Chiropractors who become licensed and are eligible to practice chiropractic for the first time shall be given a first year licensure discount of 75% of the filed and approved base premium. The insured's first licensure date must fall within 18 months of the insured's graduation date.

2. Second Year Licensure Discount

Chiropractors in their second year of practice after becoming licensed for the first time shall be given a second year licensure discount of 40% of the filed and approved base premium. The insured's first licensure date must fall within 30 months of the insured's graduation date.

3. Third Year Licensure Discount

Chiropractors in their third year of practice after becoming licensed for the first time shall be given a third year licensure discount of 25% of the filed and approved base premium. The insured's first licensure date must fall within 42 months of the insured's graduation date.

4. Fourth Year Licensure Discount

Chiropractors in their fourth year of practice after becoming licensed for the first time shall be given a fourth year licensure discount of 15% of the filed and approved base premium. The insured's first licensure date must fall within 54 months of the insured's graduation date.

Additional Discounts Available

1. Part -Time Discount

A chiropractor practicing 20 hours or less per week is eligible for a 50% discount of the approved base premium. The chiropractor must complete an application for part-time discount.

2. Semi – Retired Discount

A chiropractor must be 55 years of age practicing 20 hours or less per week to become eligible for this discount. The discount is 50% of the approved base premium.

3. Faculty Discount

A chiropractor must work 20 hours or more at a chiropractic college and practice 20 hours or less per week to become eligible for this discount. The discount is 50% of the approved base premium.

4. Disabled Discount

A chiropractor must submit a physician's statement and practice 20 hours or less per week to become eligible for this discount. The discount is 50% of the approved base premium.

Chiropractors who become permanently disabled so that they can no longer practice as a chiropractor will receive tail coverage free of charge upon written request as long as the doctor has been insured with NCMIC for at least 5 years.

5. Discounts for Extended Reporting Endorsements on Claims Made Coverage

We shall provide an extended reporting endorsement (tail coverage) automatically in the case of retirement if an insured has been continuously covered under a claims made policy with NCMIC for at least five (5) years and if the insured has reached or passed the age of 55. The endorsement is free of charge and dates back to the current NCMIC claims made policy retroactive date.

We shall provide extended reporting endorsement (tail coverage) automatically to an NCMIC insured or their estate upon the death of the insured. The endorsement is free of charge and dates back to the current NCMIC claims made policy retroactive date.

6. Claims Free Discount

We offer a 3% - 20% discount to chiropractors for their excellent claims free experience. The whole policy (all risks, corporations included) must be claims free to get the discount. The definition of claims free is \$0 dollars indemnity and \$15,000 or less LAE payments cumulative for the time period under review. The claims free discount will only be applied to the doctor's base premium.

The number of years insured with NCMIC without a claim will determine the discount. Please see below.

Number of years insured with NCMIC without a claim

Percentage discount (to apply to individuals total policy premium)

Three full years with NCMIC claims free	3%
Four full years with NCMIC claims free	4%
Five full years with NCMIC claims free	5%
Six full years with NCMIC claims free	6%
Seven full years with NCMIC claims free	7%
Eight full years with NCMIC claims free	8%
Nine full years with NCMIC claims free	9%
Ten full years with NCMIC claims free	10%
Eleven full years with NCMIC claims free	11%
Twelve full years with NCMIC claims free	12%
Thirteen full years with NCMIC claims free	13%
Fourteen full years with NCMIC claims free	14%
Fifteen full years with NCMIC claims free	15%
Sixteen full years with NCMIC claims free	16%
Seventeen full years with NCMIC claims free	17%
Eighteen full years with NCMIC claims free	18%
Nineteen full years with NCMIC claims free	19%
Twenty or more full years with NCMIC claims free	20%

*Up to five (5) years of continuous claims free experience with another carrier will qualify for the NCMIC claims free discount.

7. Risk Management Discount

We offer risk management discounts for insureds that complete NCMIC Board certified programs. The risk management discount will only be applied to the doctors base premium. The maximum total risk management discount available per policy period is 15%. The discount will only be applied on the insured's renewal premium.

Maximum Discounts Available

The maximum risk management and claims free discounts that can be obtained are 35%. However, the maximum risk management and claims free discounts available for any insured who is also receiving a premium discount will be the actual risk management and claims free discounts (up to 35%) multiplied by percentage of discounted premium paid by the policyholder.

Example: Assume the full-time base rate is \$1,500 and a doctor is receiving a faculty discount of 50%. Also assume the doctor is eligible for a 20% claims free discount and a 15% risk management discount. In this example, the maximum risk management and claims free discount this doctor is entitled to is 17.5%. Premium to be paid is calculated as follows:

$\$1,500 \times .50 =$	\$750 (faculty base premium)
$(20\% + 15\%) \times .50 =$	17.5% (total discounts allowed)
$\$750 \times 17.5\% =$	131.25 (discount amount)
$\$750 - 131.25 =$	\$618.75 (premium to be paid)

Section VI – Coverage Options (Available for both claims made and occurrence policy)

MUA Endorsement (Form 03-2007 06/03)

This endorsement provides coverage for manipulation or treatment, including adjustment, while a person is under anesthesia or sedation. The chiropractor must complete an application for manipulation under anesthesia. If the application is approved, an endorsement is added to the insured's policy. There is no charge for this coverage.

Professional Partnership, Association or Corporation with Separate Limits of Liability Endorsement (Form 03-2003 06/05 and Form 03-2004 06/05)

This endorsement provides a separate limit of liability for the insured chiropractor's partnership, association or corporation. Coverage is provided only to the extent of the entity's liability for the providing of professional services within the scope and course of employment by a person included within the definition of "Person Insured" under the attached policy.

The charge is 20% of the base premium for corporation coverage with separate limits.

Whenever this endorsement is added to an NCMIC claims made policy, the retroactive date on which the coverage is effective will need to be printed on the policy Declarations page.

Professional Partnership, Association or Corporation with Shared Limits of Liability Endorsement (Form 03-2001 06/05 and Form 03/2002 06/05)

This endorsement provides a shared limit of liability for the insured chiropractor's partnership, association or corporation. Coverage is provided only to the extent of the entity's liability for the providing of professional services within the scope and course of employment by a person included within the definition of "Person Insured" under the attached policy.

The charge is 5% of the base premium for corporation coverage with shared limits.

Whenever this endorsement is added to an NCMIC claims made policy, the retroactive date on which the coverage is effective will need to be printed on the policy Declarations page.

Sole Practitioner Corporation with Shared Limits of Liability Endorsement (Form 03-2005 06/05 and Form 03-2006 06/05)

This endorsement provides a shared limit of liability for an insured chiropractor's professional entity, as long as the entity does not employ any other licensed healthcare providers. Coverage is provided only to the extent of the entity's liability for the providing of professional services within the scope of the insured. There is no charge for this endorsement.

Whenever this endorsement is added to an NCMIC claims made policy, the retroactive date on which the coverage is effective will need to be printed on the policy Declarations page.

Specialty, Procedure, Technique Exclusion Endorsement (Form [03-2012 06/03])

1. Excludes those procedures, techniques or specialties where a licensed health care provider has had their license revoked, suspended or surrendered or privileges restricted as a result of the performance of these procedures, techniques or specialties.
2. Excludes procedures, techniques or specialties that are experimental.
3. Excludes procedures, techniques or specialties where a health care provider is a high risk and has had poor loss experience.
4. Change in health care provider specialty – Excludes those procedures, techniques or specialties of a higher classification where the health care provider has changed their health care provider classification to a lower classification.

Additional Insured Endorsement (Form [03-2010 06/03])

This optional endorsement provides coverage to any person or entity named on the endorsement for professional liability imputed to the person or entity solely for the professional negligence of an insured under the policy.

Acupuncture Endorsement (Form [03-2008 06/03])

This endorsement will add acupuncture to the list of professional services covered by the policy. Acupuncture coverage is only available in states where the scope of practice for chiropractors includes acupuncture services. An insured must apply for and be approved by underwriting prior to this endorsement becoming effective. There is no charge for this endorsement.

Blank Endorsement (Form [03-2009 06/03])

This endorsement may be utilized as a manuscript form to broaden, restrict or clarify coverage issues. The endorsement may also be utilized to clarify adjustments in rating.

Legal Defense for Government Proceedings Endorsement (Form 03-2015 09/03 and Form 03-2016 09/03)

This endorsement provides for defense costs incurred by the insured in certain covered proceedings. There is coverage under this endorsement only when a covered proceeding arises on or after the retroactive date and the covered proceeding is initially instituted against the insured before the end of the policy period stated on the Declarations of this policy. We will pay up to \$25,000 for defense costs incurred by the insured. Covered proceedings are limited to the following; State Disciplinary Proceedings, Federal Professional Review Organization Sanctions, Wrongful Billing and Related Proceedings, and HIPAA and Privacy Related Proceedings. [The charge for this endorsement will be \$250.00]

Temporary Leave of Absence Endorsement (Form [03-2016 06/03] and Form [03-2017 06/03])

This endorsement allows an insured to suspend their policy for a minimum of 60 days and up to a maximum of 180 days. The insured may suspend their coverage for the following reasons; short term disability, maternity leave, [military leave] and any other reason pre-approved by NCMIC Insurance Company. This endorsement excludes from coverage any claim that results from an injury

that occurred during the period of the leave of absence. This endorsement will provide a 90% discount for the period of the leave of absence.

Multiple Professional Partnership, Association, or Corporation Endorsement (Form 03-2019 06/05 and Form 03-2020 06/05)

This endorsement is used when an insured has multiple professional partnerships, associations, or corporations and wishes to have separate limits of liability to cover these entities. This endorsement will provide one separate limit of liability that will be shared between the entities. The charge will be 20% of the undiscounted base premium for the first entity and 5% of the undiscounted base premium for each additional entity.

Section VII Coverage Options (Available for Occurrence Policy Only)

Prior Acts Professional Liability Endorsement (Form 03-2013 06/03)

This endorsement provides coverage for chiropractors who change from a claims made policy to an occurrence policy and who do not purchase tail coverage. Under this endorsement, injuries which occurred on or after the retroactive date and before the expiration date referenced in the endorsement will be covered. The factors listed below will be applied to the undiscounted occurrence premium at the applicable limit of liability in the state in which the claims made policy was issued.

Number of Years Since Retroactive Date	Prior Acts Factor
1	62.8%
2	93.6%
3	102%
4	103.9%

Extern Endorsement (Form 03-2011 06/03)

This endorsement provides coverage for chiropractic college students who have graduated from chiropractic college, but who have not yet received a license to practice, i.e. externs. The extern must be under the direct supervision of a licensed chiropractor and must be acting within the scope of the applicable laws governing externs. The only limit of liability available for this endorsement is \$100,000/\$300,000. Coverage under this endorsement will terminate when the extern becomes licensed, the program terminates or one year from its effective date, whichever comes first. The charge for this endorsement will be 10% of the 100,000/300,000 occurrence premium in the state that the Extern Endorsement is issued in.

Illinois Claims Made and Occurrence Chiropractic Professional Liability Manual

For

NCMIC Insurance Company

Section I – General Information Applying to Both Claims Made and Occurrence Policies

Policies

NCMIC markets two types of policies identified below:

1. Claims Made (Form CM2006 05/06)
2. Occurrence (Form MP2006 05/06)

Insureds

NCMIC has two types of insureds. The two types of insureds are listed below:

1. Individual chiropractor (DC)
2. Professional Entities

Policy Period

The policy period shall be for a one-year term.

Minimum Premium

NCMIC does not have a minimum premium requirement.

Waiver of Additional Premiums

Additional premiums, up to \$10.00, for endorsements effective subsequent to the inception date of the policy will be waived.

Whole Dollar Premium Rounding Rule

All premiums are rounded to the nearest whole dollar.

Territorial Definitions

The location of the practice determines the territory. If more than one location of practice exists, rate in the territory where doctor has at least 51% of his/her practice. If the doctor does not have 51% of his/her practice in a single territory, then rate in the territory in which the doctor has the greatest percentage of his practice. If multiple territories have equal percentage of practice, then rate in the higher rated territory.

Premium Payment Options

Annual payment option – Full premium payment required.

Semi-Annual payment option – 50% of premium payment required along with \$5.00 installment fee.

Quarterly payment option – 25% of premium payment required along with \$5.00 installment fee.

Monthly payment option through premium finance – 15% of premium payment required for down payment, only available for premiums equal to or greater than \$750.00.

Renewals

A policy may be continued for successive terms upon payment of the required premium to the company on or before the inception date of each successive term. The continuation premium shall be based upon the premium in effect on renewal date. The applicable forms and endorsements must be made a part of the policy. Additional premiums for policy changes occurring during the current policy period shall be computed pro rata of the annual premium.

Cancellation

A policy may be canceled by the insured by mailing to the Company written notice stating when such cancellation shall be effective. This policy will remain in full force and effect until its regular anniversary unless the policy is canceled sooner by the Company or the insured.

Premium Refund

If a policy cancels for any reason during the policy term, the insured will receive a pro-rata refund.

If an insured switches from our occurrence policy to our claims made policy, any refund will be computed pro-rata.

Section II – Underwriting Criteria

The following underwriting criteria are to be considered in the underwriting review and acceptance of our insureds:

1. Fully and permanently licensed in the state(s) of practice.
2. Criminal record.
3. Prior claims history:
 - a. Severity of claim
 - b. Indemnity paid
 - c. Date of claim
 - d. Frequency of Claim
4. Any possible current claims and/or incidents

5. Declined, canceled or refused renewal for coverage
6. Revocation, suspension or probation of license
7. Other Modalities

Section III – Premium Development

A. FORMULAS FOR CLAIMS MADE PREMIUM DEVELOPMENT

Listed below are the formulas used to determine a chiropractor’s claims made policy premium.

STEP 1 – Calculate Base Premium

Base Rate

Base rate is our 100/300 limit of liability. The charges are: Territory 1- \$2232.00
Territory 2- \$2443.00
Territory 3- \$2150.00

Territory 1 - Cook, DuPage, Lake, Will, Kendall, Kane and McHenry Counties
Territory 2 - Monroe, St. Clair, Madison, Clinton, Washington, Randolph and Jersey Counties
Territory 3 - Remainder of state

Base Premium Developed

Base Rate x ILF = Base Premium

Base premium is determined by multiplying the base rate by the increased limits factor of the appropriate limit of liability chosen.

ILFs (Increased Limits Factors)

200/600	1.159
250/750	1.215
500/1000	1.408
1000/3000	1.590
2000/4000	1.741

Round to the nearest whole dollar. Round up if .50 or greater. Round down if .49 or lower.

STEP 2 – Calculate 1st yr., 2nd yr., 3rd yr., 4th yr. or Mature Claims Made Base Premium

Base premium x (1-4 yr. or mature) retro factor = (1-4 yr. or mature) claims made base premium

Claims Made Premium Developed

The (1-4 yr. or mature) claims made premiums are then calculated by multiplying the base premium by the appropriate years (1-4 yr. or mature) retro factor. The retroactive date is the date of reference used to determine which retro factor is to apply. The following rules will apply:

Definition Retroactive Date – Date on a claims made liability policy which triggers the beginning period of insurance coverage. If the chiropractor is purchasing insurance for the first time, the retroactive date will be the effective date. Any claim made during the policy period will not be covered if the injury occurred before the retroactive date.

Eligibility for 1st year claims made rate – When a policy is written where the retroactive date and effective date are the same, we will multiply the first year claims made retro factor by the base premium.

Eligibility for 2nd year claims made rate – When a policy is written during the first calendar year after the retroactive date we will multiply the second year claims made retro factor by the base premium.

Eligibility for 3rd year claims made rate – When a policy is written during the second calendar year after the retroactive date, we will multiply the third year claims made retro factor by the base premium.

Eligibility for 4th year claims made rate – When a policy is written during the third calendar year after the retroactive date, we will multiply the fourth year claims made retro factor by the base premium.

Eligibility for Mature claims made rate – When a policy is written during the fourth calendar year after the retroactive date or anytime thereafter, we will use the mature claims made rate. The retro factor is 1.00.

Claims Made Rate Retro Factors

<u>Maturity</u>	<u>Retro Factors</u>
1	0.350
2	0.655
3	0.900
4	0.975
Mature	1.000

Round to the nearest whole dollar. Round up if .50 or greater. Round down if .49 or lower.

STEP 3 – Calculate 1st yr., 2nd yr., 3rd yr., 4th yr. or Mature Claims Made Discounted Premium

Formula for Discounted Premium (Premium when any discounts apply)

$(1-4 \text{ yr. or mature) claims made discounted premium} = (1-4 \text{ yr. or mature) claims made base premium} \times \text{discount factor(s)}$

The following discounts are to be pro-rated if added mid-term.

Discount factors

Part-time	0.50
Semi-retired	0.50
Disabled	0.50
Faculty	0.50
1 st Year Licensure	0.25
2 nd Year Licensure	0.60
3 rd Year Licensure	0.75
4 th Year Licensure	0.85

Endorsement Premium Development

$\text{Endorsement premium} = (1-4 \text{ yr. or mature) claims made base premium} + \text{endorsement premium}$

Endorsements added mid-term are to be pro-rated.

Professional Entity Coverage Premium Developed

$\text{Professional Entity coverage premium} = (1-4 \text{ yr. or mature) claims made base premium} \times \text{Professional Entity factor}$

Professional Entity factors

<u>Shared limit of liability</u>	<u>No charge</u>
<u>S Shared limit of liability with MD/DO Exposure</u>	<u>0.55 per entity</u>
<u>Separate limit of liability</u>	<u>.20 for the first entity</u> <u>.05 for each additional entity</u>
<u>Separate limit of liability with MD/DO Exposure</u>	<u>2.20 for the first entity</u> <u>0.55 for each additional entity</u>

Professional Entities added mid-term are to be pro-rated

Claims Made Discounted Premium with Endorsements

Formula: $(1-4 \text{ yr. or mature) claims made discounted premium} + \text{endorsement premium}$

Semi-Retired	0.50
Disabled	0.50
Faculty	0.50
1 st Year Licensure	0.25
2 nd Year Licensure	0.60
3 rd Year Licensure	0.75
4 th Year Licensure	0.85

Endorsement Premium Development

Endorsement premium = base premium + endorsement premium

Endorsements added mid-term are to be pro-rated.

Professional Entity coverage premium developed

Professional Entity coverage premium = base premium x professional entity coverage factor

Professional Entity Factors

<u>Shared limit of liability</u>	<u>No charge</u>
<u>Shared limit of liability with MD/DO Exposure</u>	<u>0.55 per entity</u>
<u>Separate limit of liability</u>	<u>.20 for the first entity</u> <u>.05 for each additional entity</u>
<u>Separate limit of liability with MD/DO Exposure</u>	<u>2.20 for the first entity</u> <u>0.55 for each additional entity</u>

Professional Entities added mid-term are to be pro-rated.

Occurrence Discounted Premium with Endorsements

Formula: Occurrence discounted premium + endorsement premium

Round to the nearest whole dollar. Round up if .50 or greater. Round down if .49 or lower.

C. SCHEDULE RATING APPLICABLE TO BOTH CLAIMS MADE AND OCCURRENCE COVERAGES

NCMIC Insurance Company may utilize the following schedule of debits to modify the premiums for certain insureds reflecting the unique exposure present in these risks. These insureds

qualify for schedule rating because of factors not contemplated in the filed rate structure of the company.

The maximum debit to be applied to recognize risk characteristics that are not reflected in an otherwise applicable rate is 40%. Any debits assigned under this plan are subject to annual review. All premium modifications will be noted and documented in the individual insured's file with any premium credit and/or debit having the approval of the Underwriting Department.

NCMIC Insurance Company will modify premiums giving consideration to the following exposure characteristics and rating characteristics of a risk:

	<u>CREDIT</u>	<u>DEBIT</u>
Unusual risk characteristics (Member of multidisciplinary group, multiple professional discipline or board complaints, loss of license)	XXXX	40%
Claim history debit (Based on underwriting review of frequency and severity of the insured's claims history)	XXXX	40%

Section IV – Extended Reporting Coverages For Claims Made Coverage

Basic Reporting Extension

This allows, under a claims made policy, for the reporting of claims arising from a medical incident which occurs on or after the retroactive date and prior to the end of the policy period. The extended reporting coverage is for sixty (60) days after the expiration of the policy. This coverage is provided free of charge. The 60-day Basic Extended Reporting Period does not apply if the insured purchases any subsequent insurance that replaces in whole or in part the coverage provided by this policy.

Extended Reporting Endorsement (Tail Coverage) Form 06-2014 05/06

If a claims made policy is canceled or non-renewed for any reason including non-payment of premium whether by the company or at the insured's request, the named insured may elect to have an endorsement issued providing an extended reporting period upon payment of an additional charge as follows:

Tail factors apply to mature claims made expiring annual premium.

Number of Years Since Retro Date	<u>Tail Factor (Factor to apply to mature claims made expiring annual premium)</u>
1	0.654
2	0.975
3	1.062
4	1.082

Definition of Tail Coverage – This term has been used to describe the exposure that exists between the retroactive date and expiration date of the policy and the coverage that may be purchased to cover that exposure. On “claims made” forms, tail coverage may be purchased to extend the period for reporting covered claims beyond the policy period.

Extended Reporting Endorsement (Tail Coverage)

Tail Coverage Rules:

1. Purchase of tail coverage must be within sixty (60) days after the cancellation or expiration of the insured’s NCMIC claims made policy.

Example:

Policy expires 6-1-05. The extended reporting endorsement (tail coverage) must be purchased by 7-30-05.

2. The extended reporting endorsement (tail coverage) will never be written to be effective before the insured’s most recent NCMIC claims made policy retroactive date.

Example:

The insured’s claims made policy retroactive date is 7-1-05 and expiration date is 10-1-05. The extended reporting endorsement (tail coverage) charged at the first year tail coverage rate would be written to cover the time period from 7-1-05 to 10-1-05.

3. The extended reporting endorsement (tail coverage) will be pro-rated for partial years.

Example:

An insured has a malpractice insurance policy with us issued with a \$1,000,000/\$3,000,000 limit of liability. The insured has a retroactive date of 1-1-04 and the insurance policy is canceled with us on 3-28-05. The charge for the insured’s tail coverage premium has been computed below.

- a. You first must determine how many days between the retroactive date and the cancellation effective date.
- b. Determine the MATURE claims made base premium for the policy limits the chiropractor is requesting to purchase.

The calculation is as follows:

Base rate \$1,788 x (Increased limits factor) 1.75 = mature claims made base premium \$3,129.00.

- c. Determine how many years, or days, the retroactive date is from the policy termination (cancellation or expiration) date.

Retroactive date 1-1-04 to full year policy renewal date of 1-1-05.

1 or 2 or 3 or 4+ years

Mature claims made base premium		\$3,129
Tail factor for 1 year	x	0.654
Extended Reporting Period Premium 1 yr.	=	\$2,046.00

d. Count the remaining number of days left until the policy termination date.

1-1-05 to 3-28-05 is 87 days.

e. Pro-rate the remaining number of days to the policy cancellation date.

Partial year rates will be interpolated using the actual number of days covered on a claims made basis.

The calculation requires first determining the premium for two full year of tail coverage.

Mature claims made base premium		\$3,129
Tail factor for 2 years	x	0.975
Extended Reporting Period Premium 2 yrs.	=	\$3,051.00

Calculation:

Extended Reporting Period Premium 2 yrs. (\$3,051.00) – Extended Reporting Period Premium 1 yr. (\$2,046.00) = \$1,005.00

Number of days	87
Number of days in year	365

f. Calculate: $(87 / 365) \times \$1005.00 = \240.00

Extended Reporting Period Premium 1 yr. \$2,046.00 + \$240.00 = \$2,286.00

- Tail coverage is priced at the rules and rates in effect as of the most recent effective date of the policy to which the extended reporting period endorsement is attached.
- Tail coverage is free of charge if a doctor dies and will be provided to the insured's estate upon notification of the insured's death. Tail coverage is free of charge if a doctor becomes permanently disabled and can no longer practice as a chiropractor. Tail coverage is free of charge if a doctor retires from practice after five (5) years of continuous coverage under the NCMIC claims made policy and is at least 55 years old. The endorsement will date back to the current claims made policy retroactive date.
- After ten (10) years of continuous coverage under the claims made policy, if the policy terminates for any reason, including non-payment of premium, the tail coverage will be free of charge.

Section V – Discounts

(Available for both claims made and occurrence policies)

New Practitioner Discounts Available:

License Date: NCMIC uses the license date as the reference date to be eligible for discounts. The license date is defined as the first date the chiropractor is eligible to practice chiropractic. We only use one date as the license date to reference discounts. The license date used to reference discounts is the first time a chiropractor ever becomes licensed to practice.

1. First Year Licensure Discount

Chiropractors who become licensed and are eligible to practice chiropractic for the first time shall be given a first year licensure discount of 75% of the filed and approved base premium. The insured's first licensure date must fall within 18 months of the insured's graduation date.

2. Second Year Licensure Discount

Chiropractors in their second year of practice after becoming licensed for the first time shall be given a second year licensure discount of 40% of the filed and approved base premium. The insured's first licensure date must fall within 30 months of the insured's graduation date.

3. Third Year Licensure Discount

Chiropractors in their third year of practice after becoming licensed for the first time shall be given a third year licensure discount of 25% of the filed and approved base premium. The insured's first licensure date must fall within 42 months of the insured's graduation date.

4. Fourth Year Licensure Discount

Chiropractors in their fourth year of practice after becoming licensed for the first time shall be given a fourth year licensure discount of 15% of the filed and approved base premium. The insured's first licensure date must fall within 54 months of the insured's graduation date.

Additional Discounts Available

1. Part -Time Discount

A chiropractor practicing 20 hours or less per week is eligible for a 50% discount of the approved base premium. The chiropractor must complete an application for part-time discount.

2. Semi – Retired Discount

A chiropractor must be 55 years of age practicing 20 hours or less per week to become eligible for this discount. The discount is 50% of the approved base premium.

3. Faculty Discount

A chiropractor must work 20 hours or more at a chiropractic college and practice 20 hours or less per week to become eligible for this discount. The discount is 50% of the approved base premium.

4. Disabled Discount

A chiropractor must submit a physician's statement and practice 20 hours or less per week to become eligible for this discount. The discount is 50% of the approved base premium.

5. Claims Free Discount

We offer a 3% - 20% discount to chiropractors for their excellent claims free experience. The whole policy (all risks, corporations included) must be claims free to get the discount. The definition of claims free is \$0 dollars indemnity and \$15,000 or less LAE payments cumulative for the time period under review. The claims free discount will only be applied to the doctor's base premium.

The number of years insured with NCMIC without a claim will determine the discount. Please see below.

<u>Number of years insured with NCMIC without a claim</u>	<u>Percentage discount (to apply to individuals total policy premium)</u>
Three full years with NCMIC claims free	3%
Four full years with NCMIC claims free	4%
Five full years with NCMIC claims free	5%
Six full years with NCMIC claims free	6%
Seven full years with NCMIC claims free	7%
Eight full years with NCMIC claims free	8%
Nine full years with NCMIC claims free	9%
Ten full years with NCMIC claims free	10%
Eleven full years with NCMIC claims free	11%
Twelve full years with NCMIC claims free	12%
Thirteen full years with NCMIC claims free	13%
Fourteen full years with NCMIC claims free	14%
Fifteen full years with NCMIC claims free	15%
Sixteen full years with NCMIC claims free	16%
Seventeen full years with NCMIC claims free	17%
Eighteen full years with NCMIC claims free	18%
Nineteen full years with NCMIC claims free	19%
Twenty or more full years with NCMIC claims free	20%

*Up to five (5) years of continuous claims free experience with another carrier will qualify for the NCMIC claims free discount.

6. Risk Management Discount

We offer risk management discounts for insureds that complete NCMIC Board certified programs. The risk management discount will only be applied to the doctors base premium. The maximum total risk management discount available per policy period is 15%. The discount will only be applied on the insured's renewal premium.

Maximum Discounts Available

The maximum risk management and claims free discounts that can be obtained are 35%. However, the maximum risk management and claims free discounts available for any insured who is also receiving a premium discount will be the actual risk management and claims free discounts (up to 35%) multiplied by percentage of discounted premium paid by the policyholder.

Example: Assume the full-time base rate is \$1,500 and a doctor is receiving a faculty discount of 50%. Also assume the doctor is eligible for a 20% claims free discount and a 15% risk management discount. In this example, the maximum risk management and claims free discount this doctor is entitled to is 17.5%. Premium to be paid is calculated as follows:

$\$1,500 \times .50 =$	\$750 (faculty base premium)
$(20\% + 15\%) \times .50 =$	17.5% (total discounts allowed)
$\$750 \times 17.5\% =$	131.25 (discount amount)
$\$750 - 131.25 =$	\$618.75 (premium to be paid)

Section VI – Coverage Options (Available for both claims made and occurrence policy)

MUA Endorsement (Form 06-2007 05/06)

This endorsement provides coverage for manipulation or treatment, including adjustment, while a person is under anesthesia or sedation. The chiropractor must complete an application for manipulation under anesthesia. If the application is approved, an endorsement is added to the insured's policy. There is no charge for this coverage.

Professional Entity with MD/DO Exposure - Shared Limits of Liability Endorsement (Form 06-2001 05/06 and Form 06-2002 05/06)

This endorsement provides a shared limit of liability for the insured chiropractor's professional entity. Coverage is provided only to the extent of the entity's liability for the providing of professional services and professional healthcare services.

The charge is 55% of the undiscounted base premium for corporation coverage with shared limits.

Whenever this endorsement is added to an NCMIC claims made policy, the retroactive date on which the coverage is effective will need to be printed on the policy Declarations page.

Professional Entity - Separate Limits of Liability Endorsement (Form 06-2003 05/06 and Form 06-2004 05/06)

This endorsement provides one separate limit of liability for the insured chiropractor's professional entity or entities. Multiple entities will share the one separate limit. Coverage is provided only to the extent of the entity's or entities' liability for the providing of professional services within the scope and course of employment by a person included within the definition of "Person Insured" under the attached policy.

The charge is 20% of the undiscounted base premium for the first entity and 5% of the undiscounted base premium for each additional entity.

Whenever this endorsement is added to an NCMIC claims made policy, the retroactive date on which the coverage is effective will need to be printed on the policy Declarations page.

Professional Entity with MD/DO Exposure - Separate Limits of Liability Endorsement (Form 06-2005 05/06 and Form 06-2006 05/06)

This endorsement provides one separate limit of liability for the insured chiropractor's professional entity or entities. Multiple entities will share the one separate limit. Coverage is provided only to the extent of the entity's liability for the providing of professional services and professional healthcare services.

The charge is 220% of the undiscounted base premium for the first entity and 55% of the undiscounted base premium for each additional entity.

Whenever this endorsement is added to an NCMIC claims made policy, the retroactive date on which the coverage is effective will need to be printed on the policy Declarations page.

Specialty, Procedure, Technique Exclusion Endorsement (Form 06-2012 05/06)

1. Excludes those procedures, techniques or specialties where a licensed health care provider has had their license revoked, suspended or surrendered or privileges restricted as a result of the performance of these procedures, techniques or specialties.
2. Excludes procedures, techniques or specialties that are experimental.
3. Excludes procedures, techniques or specialties where a health care provider is a high risk and has had poor loss experience.

Additional Insured Endorsement (Form 06-2010 05/06)

This optional endorsement provides coverage to any person or entity named on the endorsement for professional liability imputed to the person or entity solely for the professional negligence of an insured under the policy.

Acupuncture Endorsement (Form 06-2008 05/06)

This endorsement will add acupuncture to the list of professional services covered by the policy. Acupuncture coverage is only available in states where the scope of practice for chiropractors includes acupuncture services. An insured must apply for and be approved by underwriting prior to this endorsement becoming effective. There is no charge for this endorsement.

Amendatory Endorsement (Form 06-2009 05/06)

This endorsement may be utilized as a manuscript form to broaden, restrict or clarify coverage issues. The endorsement may also be utilized to clarify adjustments in rating.

Supplemental Legal Defense Endorsement (Form 06-2015 05/06 and Form 06-2016 05/06)

This endorsement provides for defense costs incurred by the insured in certain covered proceedings. There is coverage under this endorsement only when a covered proceeding arises on or after the retroactive date and the covered proceeding is initially instituted against the insured before the end of the policy period stated on the Declarations of this policy. We will pay up to \$25,000 for defense costs incurred by the insured. Covered proceedings are limited to the following; State Disciplinary Proceedings, Federal Professional Review Organization Sanctions, Wrongful Billing and Related Proceedings, HIPAA and Privacy Related Proceedings and Civil Sexual Misconduct Allegations. There is no charge for this endorsement and it is subject to underwriting approval.

Temporary Leave of Absence Endorsement (Form 06-2017 05/06 and Form 06-2018 05/06)

This endorsement allows an insured to suspend their policy for a minimum of 60 days and up to a maximum of 180 days. The insured may suspend their coverage for the following reasons; short term disability, maternity leave and any other reason pre-approved by NCMIC Insurance Company. This endorsement excludes from coverage any claim that results from an injury that occurred during the period of the leave of absence. This endorsement will provide a 90% discount for the period of the leave of absence.

Active Military Duty Endorsement (Form 06-2019 05/06 and Form 06-2020 05/06)

This endorsement suspends coverage, including premium payments, if an insured is called to active military duty. This endorsement provides coverage for claims arising from acts, errors or omissions that occurred prior to the inception of the active military leave. There is no coverage for acts, errors or omissions during the period of active military leave.

Employment Exclusion Endorsement (Form 06-2021 05/06 and Form 06-2022 05/06)

This endorsement excludes coverage for the supplying of or failure to supply professional services resulting from the insured's place of employment listed on the endorsement.

Dual License – Acupuncture – Oriental Medicine Endorsement (Form 06-2024 05/06)

This endorsement provides coverage to insured chiropractors who also are licensed or properly certified to practice Acupuncture – Oriental medicine while acting within the scope of their license(s) and/or certifications. Additional application information will be required for approval. The charge for this endorsement is 5% of the base premium.

Dual License – Physical Therapy Endorsement (Form 06-2025 05/06)

This endorsement provides coverage to insured chiropractors who also are licensed or properly certified to practice physical therapy while acting within the scope of their license(s) and/or certifications. Additional application information will be required for approval. There is no charge for this endorsement.

Section VII Coverage Options (Available for Occurrence Policy Only)

Prior Acts Professional Liability Endorsement (Form 06-2013 05/06)

This endorsement provides coverage for chiropractors who change from a claims made policy to an occurrence policy and who do not purchase tail coverage. Under this endorsement, injuries which occurred on or after the retroactive date and before the expiration date referenced in the endorsement will be covered. The factors listed below will be applied to the undiscounted occurrence premium at the applicable limit of liability in the state in which the claims made policy was issued.

Number of Years Since Retroactive Date	Prior Acts Factor
1	62.8%
2	93.6%
3	102%
4	103.9%

Extern Endorsement (Form 06-2011 05/06)

This endorsement provides coverage for chiropractic college students who have graduated from chiropractic college, but who have not yet received a license to practice, i.e. externs. The extern must be under the direct supervision of a licensed chiropractor and must be acting within the scope of the applicable laws governing externs. The only limit of liability available for this endorsement is \$100,000/\$300,000. Coverage under this endorsement will terminate when the extern becomes licensed, the program terminates or one year from its effective date, whichever comes first. The charge for this endorsement will be 10% of the 100,000/300,000 occurrence premium in the state that the Extern Endorsement is issued in.