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JUN 05 2009

STATE OF ILLINOIS
DEPARTMENT OF INSURANCE
SPRINGFIELD

June 4, 2009

Honorable Michael T. McRaith
Director of Insurance
Illinois Department of Insurance
320 West Washington Street
Springfield, Illinois 62767

Attention: Mr. John Gatlin
Supervisor, Property and Casualty Compliance Unit

FILED

JUL 01 2009

STATE OF ILLINOIS
DEPARTMENT OF INSURANCE
SPRINGFIELD, ILLINOIS

Re: Valiant Insurance Company, FEIN 52-0976199, NAIC Number 26611
Medical Malpractice - Rate and Rule Filing
Physicians & Surgeons Professional Liability
Company Filing Number VIC-MM-PPL-IL0901R
Proposed Effective Date: July 1, 2009

Mr. John Gatlin:

On behalf of Valiant Insurance Company (the "Company"), we are filing a rate revision to its Physicians & Surgeons Professional Liability program. The Company is proposing a 17.9% overall rate level decrease. Please see the enclosed filing memorandum for details.

We respectfully requests that the proposed rates and rules be implemented for all policies effective July 1, 2009.

Enclosed is authorization for Perr&Knight to submit this filing on behalf of the Company. All correspondence related to this filing should be directed to Perr&Knight. The Company has prepared the rates and rules contained in this filing. If there are any requests for additional information related to items prepared by the Company, we will forward the request immediately to the Company. We will submit the Company's response to your attention as soon as we receive it.

Please do not hesitate to contact us with any questions or comments.

Sincerely,

Faviola Jimenez
Filing Analyst
phone: (888) 201-5123 extension 147
fax: (310) 230-8529
e-mail: doi@perrknight.com

-17.9%

Enclosures

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Jh

ILLINOIS CERTIFICATION FORM MEDICAL MALPRACTICE RATES

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

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

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

Ursula Kerrigan SVP & General Counsel
Signature and Title of Authorized Insurance Company Officer

6/4/09

Date

Kevin J. Cawley SVP & Chief Actuary
Signature, Title and Designation of Authorized Actuary

6/4/09

Date

Insurance Company FEIN 52-0976199

Filing Number VIC-MM-PPL-IL0901R

Insurer's Address 110 William Street; 30th Floor

City New York

State NY

Zip Code 10038

Contact Person's:

- Name and E-mail Kevin Cawley Kevin.Cawley@valiantins.com

- Direct Telephone and Fax Number (212) 444-4033 / (212) 444-3999

SUMMARY SHEET

Change in Company's premium or rate level produced by rate revision effective 7/1/2009

(1) <u>Coverage</u>	(2) <u>Annual Premium Volume (Illinois)*</u>	(3) <u>Percent Change (+ or -)**</u>
1. Automobile Liability Private Passenger Commercial	_____	_____
2. Automobile Physical Damage Private Passenger Commercial	_____	_____
3. Liability Other Than Auto	_____	_____
4. Burglary and Theft	_____	_____
5. Glass	_____	_____
6. Fidelity	_____	_____
7. Surety	_____	_____
8. Boiler and Machinery	_____	_____
9. Fire	_____	_____
10. Extended Coverage	_____	_____
11. Inland Marine	_____	_____
12. Homeowners	_____	_____
13. Commercial Multi-Peril	_____	_____
14. Crop Hail	_____	_____
15. Other <u>Medical Malpractice</u> Line of Insurance	<u>907,244</u>	<u>-17.9%</u>

Does filing only apply to certain territory (territories) or certain classes? If so, specify: Yes, please see Filing Memo for additional details.

Brief description of filing. (If filing follows rates of an advisory organization, specify organization): Please see Filing Memo for additional details.

Physicians / surgeons

*Adjusted to reflect all prior rate changes.

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

Valiant Insurance Company
Name of Company

Ursula Kerrigan - SVP - General Counsel
Official - Title

Base Rate Change:

Base rate \$23,040 in lieu of \$28,800

Territory Factor Changes:

Territory 1 (Cook, Madison, St. Clair) -	No change
Territory 2 (Will, Jackson, Vermilion) -	0.78 in lieu of 0.87
Territory 3 (Lake, Kane, McHenry, Winnebago) -	0.70 in lieu of 0.78
Territory 4 (Bureau, Coles, Dupage, Kankakee, etc.) -	0.65 in lieu of 0.72
Territory 5 (Champaign, Macon, Sangamon) -	No change
Territory 6 (Peoria) -	No change
Territory 7 (Remainder of State) -	0.48 in lieu of 0.53

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DEPARTMENT OF INSURANCE
SPRINGFIELD

Step Factor Changes:

Year 1 - 0.300 in lieu of 0.250
Year 2 - 0.555 in lieu of 0.450
Year 3 - 0.850 in lieu of 0.765
Year 4 - 0.980 in lieu of 0.920
Year 5 - 1.000 in lieu of 0.950
Year 6 - 1.000 in lieu of 0.980

Class Change:

Psychiatry - Class 2 in lieu of Class 1 (i.e. factor moving from 0.50 to 0.65).

FILING# VIC-MM-PPL-IL0901R

Valiant Insurance Company
Physicians and Surgeons – Medical Malpractice Liability

Filing Memorandum
Illinois

With this rate filing, Valiant Insurance Company (“Valiant” or “the Company”) is proposing a 17.9% overall rate level decrease to its Physicians & Surgeons Professional Liability program. Specifically, Valiant is proposing the following changes to the base rates and relativities associated with this program:

Base Rate Change:

Base rate \$23,040 in lieu of \$28,800

Territory Factor Changes:

Territory 1 (Cook, Madison, St. Clair) -	No change
Territory 2 (Will, Jackson, Vermilion) -	0.78 in lieu of 0.87
Territory 3 (Lake, Kane, McHenry, Winnebago) -	0.70 in lieu of 0.78
Territory 4 (Bureau, Coles, Dupage, Kankakee, etc.) -	0.65 in lieu of 0.72
Territory 5 (Champaign, Macon, Sangamon) -	No change
Territory 6 (Peoria) -	No change
Territory 7 (Remainder of State) -	0.48 in lieu of 0.53

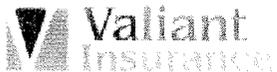
Step Factor Changes:

Year 1 - 0.300 in lieu of 0.250
Year 2 - 0.555 in lieu of 0.450
Year 3 - 0.850 in lieu of 0.765
Year 4 - 0.980 in lieu of 0.920
Year 5 - 1.000 in lieu of 0.950
Year 6 - 1.000 in lieu of 0.980

Class Change:

Psychiatry - Class 2 in lieu of Class 1 (i.e. factor moving from 0.50 to 0.65).

The proposed changes are in response to the Company’s review of the competitiveness of the marketplace. Please find the enclosed revised manual pages, which reflect these changes. In addition, Valiant is requesting an effective date of July 1, 2009 for both new and renewal business.



Valiant Insurance
www.valiantinsurance.com

110 William Street
30th Floor
New York NY
10038

January 7, 2009

To Whom It May Concern:

Perr&Knight, Inc. is hereby authorized to submit rate, rule, and form filings on behalf of Valiant Insurance Company. This authorization includes providing additional information and responding to questions regarding the filings on our behalf as necessary. This authorization is deemed in be in effect until rescinded in writing.

Please direct all correspondences and inquiries related to this filing to Perr&Knight, Inc. at the following address:

State Filings Department
Perr&Knight, Inc.
881 Alma Real Drive, Suite 205
Pacific Palisades, CA 90272
Tel: (888) 201-5123
Fax: (310) 230-1061

Please contact me at 212.444.4007 if you have any questions regarding this authorization.

Sincerely,

A handwritten signature in black ink, appearing to read 'Ursula Kerrigan'.

Ursula Kerrigan
SVP & General Counsel
Valiant Insurance Group
110 William Street – 30th Floor
New York, NY 10038
Ursula.Kerrigan@valiantinsurance.com

Neuman, Gayle

From: Faviola Jimenez [fjimenez@perrknight.com]
Sent: Wednesday, July 15, 2009 1:11 PM
To: Neuman, Gayle
Subject: RE: Valiant Insurance Company - rate/rule filing #VIC-MM-PPL-IL0901R
Attachments: VIC IL Final UW Manual 20090515.pdf

Ms. Gayle,

Attached complete copy of the rates/rules manual. Please note that pages 16 & 17 have been updated to include the modified base rates and relativities. All other pages remain unchanged from the original version.

Thanks,

Faviola Jimenez

From: Neuman, Gayle [mailto:Gayle.Neuman@illinois.gov]
Sent: Monday, July 13, 2009 12:06 PM
To: Faviola Jimenez
Subject: RE: Valiant Insurance Company - rate/rule filing #VIC-MM-PPL-IL0901R

F. Jimenez,

Please provide an entire copy of the manual pages. This copy should include the 3 pages you are trying to change. The edition date on those three pages should differ from the edition date of the rest of the filing.

Thank you for your prompt attention.

Ms. Gayle Neuman
Department of Insurance

From: Faviola Jimenez [mailto:fjimenez@perrknight.com]
Sent: Tuesday, June 23, 2009 5:05 PM
To: Neuman, Gayle
Subject: RE: Valiant Insurance Company - rate/rule filing #VIC-MM-PPL-IL0901R

Mr. Neuman,

Thank you for your correspondence dated June 11, 2009 regarding the above referenced filing. We will respond to your concerns in the same order as they were presented to us.

The statistical reporting agency will be ISO.

In response to the question relating to the support for the proposed rates, this is a relatively new program for which Valiant recently began writing physicians and surgeons medical malpractice liability insurance in 2008. As such, Valiant does not have reliable historical data upon which to derive an indication. When this program was originally submitted, Valiant was targeting rates approximately 15% lower than its competitors due to superior underwriting processes. Thus, we are basing our overall rate level decrease on a recent IL filing by Professional Insurance Solutions Company ("PSIC"). In this filing, effective 1/1/2009, PSIC decreased their overall rates approximately 20%.

7/15/2009

With this filing, Valiant is proposing a similar decrease to that filed by PSIC. In support of this change, we rerated our current book of business using PSIC's rating plan. Please find the attached Exhibit A, which provides a breakdown of the individual rates by policy under both Valiant's and PSIC's rating plan. Please note that we are assuming identical schedule rating and other modification factors will be applied to insureds in both companies. As shown on Exhibit A, these proposed changes will produce rates that are approximately 14.3% lower than PSIC's. As such, we believe our rate change is appropriate.

Thanks,

Faviola Jimenez

310.230.9339 x 147

From: Neuman, Gayle [mailto:Gayle.Neuman@illinois.gov]

Sent: Thursday, June 11, 2009 9:03 AM

To: P&K State Filings

Subject: Valiant Insurance Company - rate/rule filing #VIC-MM-PPL-IL0901R

F. Jimenez,

I am in receipt of the above referenced filing submitted by your letter dated June 4, 2009.

Please indicate if your Valiant has a plan for the gathering of statistics or the reporting of statistics to statistical agencies? If yes, what stat agency is being used? This information is requested to be provided with every rate/rule filing for medical malpractice.

Additionally, please provide the actuarial support for the rate changes proposed.

Your prompt attention is appreciated.

Gayle Neuman

Illinois Department of Insurance

Property & Casualty Compliance

(217) 524-6497

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

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

7/15/2009

Valiant Insurance Company
Physicians & Surgeons Professional Liability
Competitor Comparison To Professional Solutions Insurance Company - Illinois

(1)	(2)	(3)	(4)	(5)
Policy Number	Valiant Proposed	PSIC Premium Prior To Credits	Amount	Percent
	Premium Prior To Credits		Difference Of Valiant Premium Relative To PSIC	Difference Of Valiant Premium Relative To PSIC
233503	22,579.20	21,825.00	754.20	3.5%
233530	14,976.00	20,612.50	(5,636.50)	-27.3%
233482	14,976.00	20,612.50	(5,636.50)	-27.3%
233523	15,912.00	24,239.25	(8,327.25)	-34.4%
233537	14,976.00	20,612.50	(5,636.50)	-27.3%
233519	10,483.20	15,261.75	(4,778.55)	-31.3%
233532	12,787.20	16,005.00	(3,217.80)	-20.1%
233539	16,128.00	17,955.00	(1,827.00)	-10.2%
233524	6,912.00	8,487.50	(1,575.50)	-18.6%
233484	9,400.32	10,453.50	(1,053.18)	-10.1%
233494	14,976.00	20,612.50	(5,636.50)	-27.3%
233495	23,040.00	24,250.00	(1,210.00)	-5.0%
233504	11,059.20	11,615.00	(555.80)	-4.8%
233517	14,976.00	17,955.00	(2,979.00)	-16.6%
233526	9,734.40	15,261.75	(5,527.35)	-36.2%
233531	23,040.00	24,250.00	(1,210.00)	-5.0%
233536	31,449.60	26,932.50	4,517.10	16.8%
233538	14,976.00	15,842.50	(866.50)	-5.5%
233540	23,040.00	24,250.00	(1,210.00)	-5.0%
233541	16,128.00	17,955.00	(1,827.00)	-10.2%
233547	16,128.00	17,955.00	(1,827.00)	-10.2%
233548	16,128.00	17,955.00	(1,827.00)	-10.2%
233554	10,483.20	15,261.75	(4,778.55)	-31.3%
233555	16,128.00	17,955.00	(1,827.00)	-10.2%
233563	14,976.00	20,612.50	(5,636.50)	-27.3%
233578	5,875.20	8,487.50	(2,612.30)	-30.8%
233579	6,912.00	8,487.50	(1,575.50)	-18.6%
233546	10,273.54	14,956.52	(4,682.98)	-31.3%
233639	11,059.20	11,615.00	(555.80)	-4.8%
233644	40,320.00	36,375.00	3,945.00	10.8%
233647	12,096.00	12,731.25	(635.25)	-5.0%
233662	20,160.00	17,955.00	2,205.00	12.3%
233625	14,976.00	20,612.50	(5,636.50)	-27.3%
233667	23,040.00	24,250.00	(1,210.00)	-5.0%
233670	14,976.00	17,955.00	(2,979.00)	-16.6%
233676	17,971.20	17,955.00	16.20	0.1%
233674	16,128.00	17,955.00	(1,827.00)	-10.2%
233684	16,128.00	17,955.00	(1,827.00)	-10.2%
233677	11,059.20	11,615.00	(555.80)	-4.8%
233692	6,912.00	8,487.50	(1,575.50)	-18.6%
233693	4,838.40	6,284.25	(1,445.85)	-23.0%
233694	8,064.00	10,297.63	(2,233.63)	-21.7%
233681	4,478.98	6,097.88	(1,618.90)	-26.5%
233720	17,971.20	17,955.00	16.20	0.1%
233722	6,483.11	10,072.76	(3,589.64)	-35.6%

Valiant Insurance Company
Physicians & Surgeons Professional Liability
Competitor Comparison To Professional Solutions Insurance Company - Illinois

(1)	(2)	(3)	(4)	(5)
Policy Number	Valiant Proposed Premium Prior To Credits	PSIC Premium Prior To Credits	Amount Difference Of Valiant Premium Relative To PSIC	Percent Difference Of Valiant Premium Relative To PSIC
233747	7,188.48	9,872.75	(2,684.27)	-27.2%
233753	29,859.84	34,845.00	(4,985.16)	-14.3%
233772	9,400.32	10,453.50	(1,053.18)	-10.1%
233781	20,160.00	15,842.50	4,317.50	27.3%
233779	3,144.96	5,341.61	(2,196.65)	-41.1%
233801	6,912.00	8,487.50	(1,575.50)	-18.6%
233803	9,974.02	10,456.05	(482.03)	-4.6%
233829	14,676.48	20,200.25	(5,523.77)	-27.3%
233785	23,040.00	24,250.00	(1,210.00)	-5.0%
233881	22,579.20	23,765.00	(1,185.80)	-5.0%
233883	14,976.00	11,615.00	3,361.00	28.9%
233885	10,483.20	15,261.75	(4,778.55)	-31.3%
233902	23,040.00	24,250.00	(1,210.00)	-5.0%
233905	9,331.20	12,731.25	(3,400.05)	-26.7%
233913	47,952.00	72,022.50	(24,070.50)	-33.4%
233904	10,483.20	15,261.75	(4,778.55)	-31.3%
233917	23,040.00	18,915.00	4,125.00	21.8%
233932	4,147.20	4,065.25	81.95	2.0%
3233546	10,273.54	14,956.52	(4,682.98)	-31.3%
233456	16,128.00	17,955.00	(1,827.00)	-10.2%
234098	4,492.80	6,284.25	(1,791.45)	-28.5%
233453	20,160.00	26,932.50	(6,772.50)	-25.1%
233455	16,128.00	17,955.00	(1,827.00)	-10.2%
233458	14,976.00	20,612.50	(5,636.50)	-27.3%
233462	28,800.00	36,375.00	(7,575.00)	-20.8%
233465	11,059.20	11,615.00	(555.80)	-4.8%
233466	11,059.20	11,615.00	(555.80)	-4.8%
234114	14,976.00	20,612.50	(5,636.50)	-27.3%
233470	12,787.20	16,005.00	(3,217.80)	-20.1%
233487	6,483.11	10,072.76	(3,589.64)	-35.6%
233475	14,224.90	15,525.65	(1,300.75)	-8.4%
Total/Avg	1,137,050.38	1,326,981.60	(189,931.22)	-14.3%

Notes:

- (1), (2) based on data provided by company as of 5/21/09 and proposed Valiant Rate/Rule
- (4) calculated based Professional Solutions Insurance Company filing effective 1/1/09
- (4) = (2) - (3)
- (5) = (4) / (3)

VALIANT INSURANCE COMPANY

110 William Street, 30th Floor
New York, New York 10038

**PHYSICIANS AND SURGEONS
PROFESSIONAL LIABILITY INSURANCE**

Underwriting Manual of Rates and Rules

VALIANT INSURANCE COMPANY
Physicians and Surgeons Professional Liability Insurance

I. GENERAL

- A. This manual contains the rules, rating classifications, and rates governing the underwriting of medical professional liability insurance by Valiant Insurance Company (VIC), herein referred to as “VIC” or “Company”.
- B. General principles and criteria for underwriting the risk include, but are not limited to, the application, verification of claims and coverage information from prior insurance carriers, State Departments of Licensing and Regulation, information from other physicians or health care providers, information from hospitals or administrators, behavior assessment, medical societies or appropriate specialty societies, newspapers, magazines, radio, television or any other means of information available to evaluate the risk exposure.
- C. VIC will not render an adverse underwriting decision to an applicant or insured if that person is a victim of domestic violence or battery committed against him/her by a spouse or person in the same household. VIC will not refuse to renew a policy based on claims against any policy during the preceding 60 months for a loss of hate crimes if the insured provides evidence to VIC that the act causing the loss is identified as a hate crime on a police report.

II. POLICY PERIOD

- A. The policy is issued for an annual term. Exceptions to this rule may appear elsewhere in this manual. The earliest effective date coverage can be bound will be the date the application is received by the Company. Under no circumstances will coverage be issued prior to the date the applicant was licensed in the state to practice medicine.

III. COVERAGE FORM

- A. All coverage is written on a claims-made basis. All new policies are issued with a retroactive date equal to the coverage effective date, unless the applicant is approved for Prior Acts Coverage. This coverage is provided by the use of a retroactive date prior to the new coverage effective date and is subject to specific approval by the Company.
- B. PL-4 provides individual coverage with a provision for the inclusion of a Professional Association, Partnership, or Corporation to which the individual may belong and includes coverage only for the actions of the individual named as insureds. No matter how many persons or organizations may be named, only one limit of liability will apply.

VALIANT INSURANCE COMPANY
Physicians and Surgeons Professional Liability Insurance

IV. LIMITS OF LIABILITY

- A. The base rate presented in this manual reflects \$1,000,000/\$3,000,000 limits of liability, mature claims made medical professional liability coverage provided for an annual policy period. Factors for rating other available coverage options are presented in the Rating Factors section of this manual.

V. POLICY CANCELLATION

All cancellations and non-renewals will be in compliance with policy form number 50, IX. Cancellation and Non-Renewal and in compliance with the Laws of Illinois.

- A. Unless a policy is canceled as of inception or anniversary, the return premium will be computed on an earned basis less a short rate fee. All fees, other than premium are non-refundable. Exceptions: cancellations at the request of the Company, with a 60 day notice; cancellations due to the death of the insured; cancellations due to disability which qualifies for free tail; cancellations when fully retiring.
- B. Prior notification will be provided for any cancellation by the Company. Notice of cancellation will be provided by mail ten days prior to the effective date of cancellation for non-payment of premiums; thirty days prior notice for cancellation during the first 60 days of coverage; sixty days prior to effective date of cancellation after coverage has been effective for 61 days or more.

All notices shall include a specific explanation of the reason(s) for cancellation.

- C. Any request for cancellation by the insured must be signed by the insured, and contain the effective date of cancellation as well as the policy number. Once a policy is issued, failure to pay the initial premium due will void a policy.

VALIANT INSURANCE COMPANY
Physicians and Surgeons Professional Liability Insurance

VI. PREMIUM PAYMENT PLAN

A. When coverage is approved, the premium will be computed and a quotation forwarded. The policy will be bound and issued when the premium and any other required information has been received by the Company.

B. Premiums may be paid on an annual basis, or under a Premium Payment Plan. The Premium Payment Plan offers four options described in the table below:

Quarterly Installment Option 1: Based on four quarterly payments, the first payment will be 25% of annual premium plus a \$2.00 installment fee. The remaining payments will be due at 3, 6 and 9 month intervals, and will also be 25% of annual premium plus a \$2.00 installment fee. No interest is charged.

Option 2: Based on nine monthly payments, the first payment due will be 20% of the annual premium plus a \$2.00 installment fee. Eight monthly subsequent payments in the amount of 10% of this total will be remitted monthly thereafter, plus a \$2 installment fee. No interest is charged.

Option 3: Electronic Funds Transfer – 10% discount for reoccurring ACH monthly transfer (Checking Account), plus a \$2.00 installment fee. No interest is charged.

Option 4: Electronic Funds Transfer – 10% discount for monthly reoccurring credit card payment plus a 2.4% charge to cover credit card charges, plus a \$2.00 installment fee. No interest is charged.

C. If there are endorsement changes during the policy year, any remaining installments will be adjusted for the amount of the change, and a new schedule will be issued spreading equally the increase in premium over the remaining installments. If no additional installments remain, additional premium may be billed immediately as a separate transaction.

D. No installment fee shall exceed 1% of the total premium or \$25.00, whichever is less.

VII. RETURN OF PREMIUM PAYMENT

A. The Company has a sole obligation to the Named Insured as it appears on the Declarations Page of the policy, regardless of who pays the premium. All return premium will be rendered to the Insured if cancellation occurs. The only time the return premium will be returned to someone other than the Named Insured is if there is a premium finance contract. All negotiation of responsibility of premium payment lies directly on the Named Insured. The company will not honor a request of cancellation by a third party payor or employer, except when there

VALIANT INSURANCE COMPANY
Physicians and Surgeons Professional Liability Insurance

exists a premium finance agreement containing a power of attorney which enables the premium finance company to cancel.

VIII. PHYSICIAN CLASSIFICATION

- A. Specialty classification is based on each individual applicant's health care practice as it is insured by VIC; portions of health care practice that are uninsured, or are insured by other insurers, may be excluded from coverage and are not considered in determining the appropriate rating classification.
- B. For the purpose of determining each applicant's specialty designation:
 - 1. The term "no surgery" applies to general practitioners and specialists who do not perform obstetrical procedures or surgery (other than incision of boils and superficial abscesses, removal of superficial growths, or suturing of skin and superficial fascia), and who do not ordinarily assist in surgical procedures.
 - 2. The term "minor surgery" applies to general practitioners and specialists who perform the following procedures or assist in major surgery on their own patients: catheterization, endoscopy (other than colonoscopy, proctoscopy, or sigmoidoscopy), vasectomies, hemorrhoidectomies, diagnostic D & C's and vacuum curettage abortions during the first trimester of pregnancy.
 - 3. The term "major surgery" applies to general practitioners and specialists who perform any surgery other than "minor surgery", and to those who assist at major surgery on other than their own patients.
- C. If two or more specialty classifications apply to the same applicant, the classification with the higher rate will apply. The specialty designations presented in this manual may not be all inclusive. To the extent an applicant requests coverage for a specialty designation not included in the classification plan presented in this manual, a specialty designation shall be selected based on a comparison of specialties presenting similar risk characteristics.
- D. The Company will review such classification designations for exceptions if they involve a minimal portion of the physician's practice. Each such case must be individually submitted for consideration.

IX. TERRITORY CLASSIFICATION

- A. Territory classifications are based on each individual applicant's health care practice as it is insured by VIC; portions of health care practice that are uninsured, or are insured by other insurers, may be excluded from coverage and are not considered in determining the appropriate rating classification.

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- B. If two or more territory classifications apply to the same applicant, the classification with the higher rate will apply.
- C. The Company will review such classification designations for exceptions if they involve a minimal portion of the physician's practice. Each such case must be individually submitted for consideration.

X. CLAIMS MADE CLASSIFICATION

- A. Claims made coverage is calculated according to the application of claims made maturity factors to the current manual base rate.
- B. The claims made coverage retroactive date is the initial effective date of continuous coverage by VIC, except when VIC and the insured agree that the retroactive date should precede the initial policy effective date (prior acts, or, "nose" coverage).
- C. When prior acts coverage is requested, the claims made year applicable to each classification or miscellaneous charge is determined by the retroactive date and the policy effective date.
 - 1. If the month/day of the retroactive date is the same as the policy effective date, the claims made year is determined as the difference between the effective year and retroactive year.
 - 2. If the month/day of the retroactive date is not the same as the policy effective date, the claims made year is determined by the number of days between the two.
 - a) If the retroactive month/day is 183 days (or less) before the effective month/day, use the effective month/day to determine the retroactive year premium to be used.
 - b) If the retroactive month/day is 184 days (or more) before the effective month/day, use the prior year to determine the retroactive year premium.
- D. Certain coverages may have an individual retroactive date. These are Designated Employees Coverage. Rates for this coverage are determined by their individual retroactive dates reported in the application.
- E. Optional extended reporting period coverage ("tail") shall be offered for up to thirty days following expiration or termination of VIC claims made policy coverage.
 - 1. Unlimited extended reporting period coverage shall be provided for no additional premium to eligible insureds permanently leaving the practice of medicine for reasons of death, disability or retirement in accordance with policy terms and conditions.

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2. Otherwise, extended reporting period coverage premium shall be determined by the insured's expiring annual premium. Offer of an extended reporting endorsement, including a 12 month option as well as various other options up to an unlimited option, will be available to the insured at the inception of the policy. Quotations for premium of an extended reporting endorsement may be given to the insured at any time during the policy year.
3. The Insured must pay the premium for the Extended Reporting Endorsement within 30 days of the termination of the policy or the offer will be deemed rejected.

XI. ADDITIONAL RATING RULES

- A. Ophthalmologists performing laser refractive procedures (of any type including, but not limited to RK, PRK, Lasik, etc.) on more than 400 patients annually shall be subject to the following surcharges.
 1. 401 to 500 patients annually – 50% surcharge,
 2. 501 or more patients annually – submit to Company.
- B. VIC may be named as the endorsed carrier for a program (which could include, but is not limited to, specialty societies, approved associations or organizations, and provider networks). In return, VIC will grant each participant in the program a discount of 10%. In addition, certain risk management programs may qualify for this discount.
- C. A physician may be eligible for a part-time discount, subject to Company approval, only if the practice does not exceed 1,040 hours per year and the part-time status is permanent.
 1. Annual verification of eligibility is required including any documentation which the Company may deem necessary.
 2. New policies with no prior acts coverage and eligible for part-time practice status shall receive a 50% discount on their otherwise applicable premium.
 3. New policies with coverage retroactive date equal to the part-time effective date and eligible for part-time practice status shall receive a 50% discount applied to the otherwise applicable premium.
 4. New policies with coverage retroactive date prior to the part-time effective date and eligible for part-time practice status shall receive a discount to the otherwise applicable premium based on the schedule of discounts listed below for current insureds.

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5. Current insureds that first become eligible for part-time status during a VIC coverage period shall be phased into the part-time discount according to the following schedule to reflect the continuing prior acts exposure.

Year of Part-time Practice	Premium Discount
First Year	10%
Second Year	20%
Third Year	30%
Fourth Year	50%

- D. A physician may be provided premium relief when taking an approved leave of absence that extends beyond 45 days, but no longer than 720 days.
 1. Eligibility under this rule is subject to Company approval in all cases. To determine eligibility, the Company requires a signed statement from the insured stating the reason and anticipated duration of the leave.
 2. Upon approval, the insured's policy coverage shall be held in suspense and the insured's policy premium for the duration of the leave shall be determined according to the following schedule.

Pre-Leave Classification	Premium for Duration of Leave
Class 1	50% of Class 1
Classes 2, 3, 4, and 5	Class 1
Classes 6 and above	Class 3

3. Upon written notification that the insured has returned to the active practice of medicine, VIC policy coverage shall be reinstated at the classification deemed appropriate by VIC underwriting.

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- E. A new physician entering the first year of private practice following completion of an accredited residency or fellowship program in their specialty may be eligible for a discount.
1. A 65% discount applies to first year claims made rates.
 2. A 30% discount applies to second year claims made rates.
 3. A 15% discount applies to third year claims made rates.
 4. Thereafter, no discount applies.
 5. This discount is subject to company approval, and may not be used if prior acts coverage applies.

XII. LOSS FREE CREDIT

- A. Any physician who is loss free as of the original effective date of new coverage, or the renewal date of current VIC coverage, will qualify for a premium credit based on the following schedule:

Loss Free Years	Credit
Less than 5	None
5 to 10	10%
10 +	15%

- B. Loss free status will be determined on experience. The experience period will start as of the year of practice commenced, unless there was a period under the practice when the physician went "bare." In this case, the experience period will begin as of the date he/she becomes insured with a carrier whose "definition of claim" clause is comparable to VIC. The number of loss free years is calculated from January 1 of the practice origin, or the date of the last qualifying loss, to the physician's renewal date.
- C. If loss free status changes between the time the renewal is issued and the actual effective date, the renewal will be reissued at the correct premium charge and the difference billed to the insured.
- D. If a loss occurs during the year, the loss free status reverts to 0 years. However, the loss free credit will only change at renewal.

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XIII. ADVERSE RISK SURCHARGE

- A. A physician or surgeon may be an acceptable professional liability insurance risk only at rates higher than otherwise available through this rating manual.
- B. The premium applicable to those physicians who have experienced more than two “chargeable” claims in excess of \$10,000 over the seven year period immediately preceding the current policy anniversary shall be surcharged in accordance with the following table.

Chargeable Claims	Premium Surcharge
2	50%
3	150%
4+	500%

- C. Each and every claim shall have a determination of whether or not it is “chargeable.” Once assessed, the surcharge shall apply for a three year period commencing on the policy anniversary following determination of a “chargeable” claim. Each subsequent “chargeable” claim determination shall start a new three year surcharge period.

XIV. PREMIUM CALCULATION

- A. The base rate presented in this manual reflects \$1,000,000/\$3,000,000 limits of liability, mature claims made medical professional liability coverage provided for an annual policy period. Factors for rating other available coverage options are presented in the Rating Factors section of this manual.
- B. Additional charges provided under any rate schedule in this manual measure the liability of an insured for the exposures covered by those additional charges. Additional charges must be obtained where those exposures exist and are insured.
- C. The policy minimum premium is \$500.
- D. Policy premiums are rounded to the nearest whole dollar.
- E. For each individual physician or surgeon, policy premium is determined by performing the following calculations in this order:

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1. Calculate the manual base premium by multiplying the appropriate claims made, specialty and territory classification factors, as described in the sections above, to the manual base rate.
2. Calculate the adjusted manual base premium by applying any additional rating rules (e.g., part-time practice, newly practicing physician) to the result of Step 1 above.
3. Add charges for additional insured employees, or charges for the vicarious exposure created by employees to the result of Step 2.
4. Apply the appropriate limits factor to obtain a policy limits adjusted premium to the result of Step 3.
5. Apply the total of all applicable experience and scheduled rating credits and debits to the result of Step 4.

XV. CHANGE IN EXPOSURE

- A. When an insured changes to a lower rated classification or territory designation, there is a continuing exposure to claims from the prior class or territory. In order to provide for this continuing exposure, a form of "tail" charge shall apply.
 1. The charge will be based on the difference between the "tail" charge for the old designation and the new designation. This "tail" charge will be computed on each of the three year policy years following such change in exposure utilizing the "tail" rates and procedures in effect at each subsequent policy anniversary.
 2. The original coverage retroactive date will be maintained for the new designation. If the policy is subsequently cancelled, any remaining "tail" premium applicable to the change in exposure shall be charged in addition to the otherwise applicable extended reporting period premium based on the new designation.
 3. If the insured becomes eligible, under the policy terms, for extended reporting period coverage due to death, disability or retirement, any remaining charge for the change in exposure shall be waived.
- B. Changes in the policy limits of liability require a signed request by the physician. A "no known loss" letter must accompany the request for change in limits along with a statement on why the limits are to be changed. No change can be made until the request has been received by the Company and will be effective on the date received unless a later date is specified.

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1. All limit changes are retroactive as respects future claims from incidents which the insured was not aware might result in a claim, as of the effective date of the change. An acknowledgment of this will be sent to the insured to be signed and returned to use for every limit increase.
2. Increased limits are subject to underwriting approval. Limit decreases to may be available upon request but limits of liability at all times will be in compliance with State Law.

XVI. ADDITIONAL INTERESTS

A. Designated Employee Coverage

1. Designated Employee Coverage is available for certified Physician's Assistants, Nurse Practitioners, CRNA's and Nurse Midwives who are employed by our insured and listed on the Declarations under Schedule Endorsements. The Designated Employee may be specifically named on the policy, but no additional limit of liability will apply.
2. This coverage is required for employed Certified Physician's Assistants, Nurse Practitioners, CRNA's and Nurse Midwives, or they must provide proof of individual coverage for a minimum limit of \$250,000/\$750,000. If they are not insured as Designated Employees, or have approved coverage elsewhere, the insured is not covered for liability for the actions of such an employee.
3. Completed applications are required for each Designated Employee and should be submitted to the Company before the employee begins working for the insured. Applicants are subject to prior approval by the Company before the coverage may be added. Coverage cannot be effective prior to receipt of notification.
4. The rates applicable to Designated Employees, along with the definitions of the rate categories are included in the rate section of this manual.
5. A charge will apply for the employer's vicarious liability for each employee of the insured who does not have coverage on a VIC policy. The charges for vicarious liability are included in the rate section of this manual.

B. Locum Tenens Physician Coverage

1. A substitute physician may be added to an insured's policy by providing proper notice to VIC. The cumulative period of substitution will not exceed more than 45 days in one policy period.

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2. Each prospective locum tenens must submit a complete application, be licensed to practice medicine in the same specialty, be employed by and be acting as a substitute replacement (not permanent) for the insured physician in addition to being approved for coverage by VIC underwriting.
3. Upon approval by VIC underwriting, coverage shall be provided for professional services rendered by the locum tenens physician while acting on behalf of and within the scope of the insured physician's medical practice. Coverage will be provided on a shared limits of liability basis with the insured physician for no additional premium.
4. No individual "tail" coverage is available.
5. This coverage is limited ONLY to situations where a locum tenens physician is replacing an insured who will not be otherwise practicing medicine during the coverage period.

C. Organization Coverage

1. Shared Limits of Liability

- a. A professional association, corporation, or other similar professional legal entity, owned entirely by an individual insured may be added to his or her policy as an additional insured with no additional limits of insurance for no additional charge.

2. Separate Limits of Liability

- a. A professional association, corporation, partnership, or other legal entity that is owned by two or more professional persons may purchase a separate limits of organization professional liability insurance policy for additional premium based on a percentage of the claims made mature, manual premium applicable to each physician member of the organization according to the following schedule.

Policy Limit	Percent of Physicians' Premium
\$250,000/\$750,000	30%
\$500,000/\$1,500,000	20%
All Other Limits	15%

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- b. The total mature premium is then modified by the applicable claims made maturity factor corresponding to the organization’s coverage retroactive date.
- c. If any physician member is not insured by VIC, they may be added to the organization coverage schedule, subject to VIC underwriting approval. The organization coverage premium for non-VIC insured physicians scheduled to the organization coverage is calculated as if all physician members were insured by VIC.
- d. Organization liability coverage is written at limits of liability no greater than the lowest limits written on behalf of any of the owners or members of the organization.

XVII. INVESTIGATION COVERAGE

- A. Optional extended investigation coverage may be available, subject to Company approval, for incidents first giving cause for investigation by regulatory authorities that occur after the policy retroactive date provided the investigation commenced after the date that the optional coverage was added to the policy.
- B. The following table describes the two types of investigation coverage offered by the Company.

Endorsement	Investigation related to:
Administrative Proceeding Amendatory Endorsement	State Administration/ Regulatory Medical Board
Medicare/Medicaid Fraud & Abuse/ HIPAA Defense Costs Endorsement	Medicare/Medicaid Fraud & Abuse HIPAA Violations

- C. The table below presents the coverage limits and additional premium corresponding to the two types of investigation coverage offered by the Company.

Endorsement	Limit Per Physician	Premium per Physician
Administrative Proceeding Amendatory Endorsement	\$25,000 per claim; \$25,000 policy aggregate	\$500
Medicare/Medicaid Fraud & Abuse/ HIPAA Defense Costs Endorsement	\$25,000 per claim; \$25,000 policy aggregate	\$500

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XVIII. FULL-TIME EQUIVALENT RATING

- A. Rating for certain multi-physician groups may be written on a full-time equivalent (FTE) basis, subject to Company approval. Under this method, policies will be issued to cover positions rather than specific individuals.
- B. The FTE rate will be determined based on the filed and approved rate for the specialty classification corresponding to each position and the average number of patient contacts or visits expected during the policy period according to the table below.

Emergency Medicine	5,400 visits per year
Outpatient Clinic	10,000 visits per year

- C. In the event a position is eliminated, the Named Insured shall purchase an extended reporting endorsement for that position.

XIX. INDIVIDUAL RATING PLAN

The Company has determined that significant variability exists in the hazards faced by physicians engaged in the practice of medicine. In recognition of these risk characteristics presented in the table below, the Company will apply a debit or credit to the otherwise applicable rate based upon the underwriter's overall evaluation of the risk. The following credits/debits may be applied in various increments, but not to exceed the percentage listed for each characteristic. The maximum credit/debit applied to any policy through this plan shall be 25%.

Risk Characteristic	Credit	Debit
Risk Management/Risk Assessment/Qualifications/ Training/Continuing Education including: <ol style="list-style-type: none"> 1. Board Eligibility or Board Certification 2. Hospital Affiliations or Staff Privileges 3. Experience in Specialty 4. Accreditation 	0% to 10%	0% to 10%
Practice Patterns which may include patient load and support staff	0% to 10%	0% to 10%
Patient Documentation and Follow up	0% to 5%	0% to 5%
Employee selection, supervision, training and experience	0% to 5%	0% to 5%
Compliance with applicable regulations (OSHA, CLIA, HIPAA, etc.)	0% to 10%	0% to 10%

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Risk Characteristic	Credit	Debit
Cooperation with Underwriting, Claims, Defense Counsel	0% to 10%	0% to 10%

XX. MANUAL BASE RATE

The following manual base rate represents mature claims made medical professional liability coverage for \$1,000,000/\$3,000,000 limits of liability.

Manual Base Rate = \$23,040

XXI. PHYSICIAN CLASSIFICATION PLAN

For Class Description see Appendix 1.

Class	Factor	Class	Factor
1	0.500	9	2.250
2	0.650	10	2.700
3	0.850	11	3.250
4	1.000	12	3.750
5	1.250	13	4.500
6	1.350	14	5.250
7	1.750	15	7.000
8	2.000		

XXII. DESIGNATED EMPLOYEE RATES

Designated Employee	Limit of Liability Shared with Insured Physician	Limit of Liability Shared with Insured Corporation
Nurse Midwife	13.5% Class 4	27.5% Class 4
Nurse Practitioner	2.25% Class 4	4.5% Class 4
Physician Assistant	5.0% Class 4	10.0% Class 4
Nurse Anesthetist	No Charge	No Charge

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XXIII. TERRITORY CLASSIFICATION PLAN

Territory	Factor	Description
1	1.000	Cook, Madison, St. Clair
2	0.780	Will, Jackson, Vermilion
3	0.700	Lake, Kane, McHenry, Winnebago
4	0.650	Bureau, Coles, DeKalb, DuPage, Kankakee, LaSalle, Ogle, Randolph
5	0.630	Champaign, Macon, Sangamon
6	0.480	Peoria
7	0.480	Remainder of State

XXIV. CLAIMS MADE CLASSIFICATION PLAN

Claims Made Year	Claims Made Factor	ERP Factor
1	0.300	0.850
2	0.555	1.560
3	0.850	1.820
4	0.980	2.000
5	1.000	2.000
6	1.000	2.100
7+	1.000	2.100

* All factors in the table above are applied to the mature manual base rate.

XXV. LIMIT FACTORS

Class	250/750K	500K/1.5M	1.0M/3.0M
1	0.650	0.730	1.000
2	0.650	0.730	1.000
3	0.650	0.730	1.000
4	0.650	0.730	1.000
5	0.650	0.730	1.000
6	0.650	0.730	1.000
7	0.650	0.730	1.000
8	0.650	0.730	1.000
9	0.650	0.730	1.000
10	0.650	0.730	1.000
11	0.650	0.730	1.000
12	0.650	0.730	1.000
13	0.650	0.730	1.000
14	0.650	0.730	1.000
15	0.650	0.730	1.000



Appendix 1 – Physician Classification Plan

Class Descriptions

Class 1

Non-surgical specialist including-

Aerospace Medicine, Allergy, Dermatology/No Surgery, Forensic/Legal Medicine, General Preventive Medicine, Nutrition, Occupational Medicine, Physical Medicine/Rehabilitation, and Public Health

Class 2

Non-surgical specialist including-

Diabetes/No Surgery, Endocrinology/No Surgery, Nuclear Medicine, Ophthalmology/No Surgery, Otorhinolaryngology/No Surgery, Pathology/No Surgery, Psychiatry, and Rheumatology/No Surgery

Class 3

Non-surgical specialist including-

Cardiovascular Disease/No Surgery, Geriatrics/No Surgery, Gynecology/No Surgery, Nephrology/No Surgery, and Pediatrics/No Surgery

Class 4

Non-surgical specialist including-

Family/General Practice – No Surgery, Hematology/No Surgery, Infectious Disease/No Surgery, Internal Medicine/No Surgery, Oncology/No Surgery, Pulmonary Disease/No Surgery, and Urgent Care Medicine

Specialist performing minor surgery including-

Dermatology/Minor Surgery, Diabetes/Minor Surgery, Endocrinology/Minor Surgery, and Ophthalmology/Minor Surgery

Class 5

Non-surgical specialist including-

Anesthesiology, Diagnostic Radiology/No Surgery, Gastroenterology/No Surgery, Intensive Care Medicine/Hospitalist, Neurology/No Surgery, Pain Management, and Radiology-Therapeutic

Specialist performing minor surgery including-

Geriatrics/Minor Surgery, Gynecology/Minor Surgery, Nephrology/Minor Surgery, Otorhinolaryngology/Minor Surgery, Pathology/Minor Surgery, Pediatrics/Minor Surgery and Urology/Minor Surgery