

GeneralStar

General Star Management Company
Financial Centre
695 East Main Street
Stamford, CT 06901
direct phone 203 328 5584
fax 203 328 6150
email mgayzur@genre.com

Mary Ann Gayzur
Compliance Analyst

VIA FEDERAL EXPRESS

October 31, 2006

Honorable Michael T. McRaith
Director of Insurance
Illinois Department of Financial and Professional Regulation
Division of Insurance
320 West Washington Street
Springfield, IL 62767
ATTN: Mr. John Gatlin
Supervisor, P&C Compliance Unit

RE: General Star National Insurance Company
NAIC#: 11967 FEIN#: 13-1958482
Physicians & Surgeons Professional Liability
Rate & Rule Filing
Co. Filing #: 06-156-3-2

Dear Director McRaith:

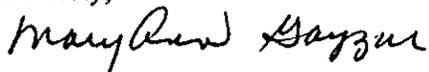
Please find the attached medical liability insurance rate and rule filing on behalf of General Star National Insurance Company. We are enclosing our new rates and rule manual with the required actuarial certification and documents. This is a first time rate and rules filing for General Star National Insurance Company. We are requesting an effective date of November 1, 2006.

Included in this filing are the following documents:

- 1) Illinois Certification for Medical Malpractice Rates
- 2) Actuarial Certification
- 3) NAIC Uniform Transmittal Form
- 4) Rates and Rules
- 5) Actuarial Memorandum and Support Documents

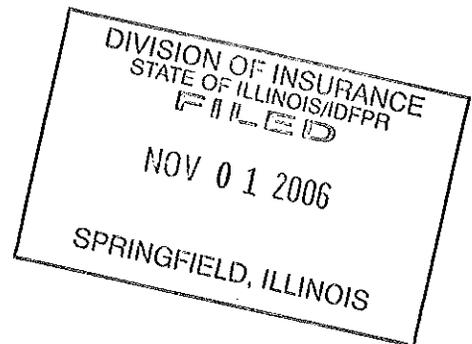
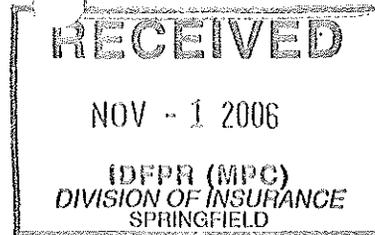
If you require additional information, please contact me.

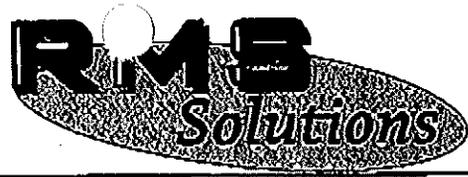
Sincerely,



Mary Ann Gayzur

Enclosures





October 23, 2006

Ms. Gayle Neuman
Supervising Insurance Analyst
Illinois Department of Insurance
320 West Washington Street
Springfield, Illinois 62767

Company: General Star National Insurance Company
Program: Physician's Professional Liability
Effective Date: November 1, 2006

Re: Medical Malpractice Rate Certification

Dear Ms. Neuman:

I am a qualified actuary with the firm RMS Solutions, Inc. duly authorized to certify on behalf of General Star National Insurance Company (GSNIC) in making this filing for physician's professional liability insurance manual rates and rating factors. I hereby certify that the rates and rating factors contained in this filing are based on sound actuarial principles, consider past and prospective loss and expense experience, and provide a reasonable margin for underwriting profit and contingencies; and that I am knowledgeable of the laws, regulations and bulletins applicable to the policy rates that are the subject of this filing.

Since this is GSNIC's initial application for physician's professional liability insurance rates in Illinois, there is no prior company experience available for use in determining rates.

Best Regards,

A handwritten signature in cursive script, appearing to read 'Peter S. Rauner'.

Peter S. Rauner, FCAS, MAAA
President, RMS Solutions, Inc.
Ph: (773) 864-8294

Cc: Mr. Adam Yasan, General Star Management
Mr. James Higgins, General Star Management

ILLINOIS CERTIFICATION FOR MEDICAL MALPRACTICE RATES

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

I, ADAM M. YASAN, a duly authorized officer of General Star National 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.

Please see the attached Medical Malpractice Rate Certification
I, Prepared by Peter S. Rauner FCAS, AAAAA, a duly authorized actuary of _____, am authorized to certify on behalf of _____ 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.

Adam M. Yasan
Signature and Title of Authorized Insurance Company Officer

10-30-2006
Date

Signature, Title and Designation of Authorized Actuary

Date

Insurance Company FEIN 13-1958482 Filing Number 06-156-3-2 R

Insurer's Address 695 East Main Street, P.O. Box 10360

City Stamford State Connecticut zip Code 06904-2360

Contact Person's:
-Name and E-mail Mary Ann Gayzur (mgayzur@genre.com)

-Direct Telephone and Fax Number (203) 328-5584 / fax (203) 328-6150

Effective January 1, 2006

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

Reserved for Insurance Dept Use Only

2. Insurance Department Use only

a. Date the filing is received:

b. Analyst:

c. Disposition:

d. Date of disposition of the filing:

e. Effective date of filing:

New Business

Renewal Business

f. State Filing #:

g. SERFF Filing #:

h. Subject Codes

3. Group Name

Berkshire Hathaway Insurance Group

Group NAIC #

31

4. Company Name(s)

General Star National Insurance Company

Domicile

Ohio

NAIC #

11967

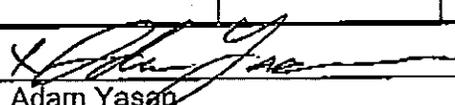
FEIN #

13-1958482

5. Company Tracking Number

06-156-3-2 R

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

6.	Name and address	Title	Telephone #s	FAX #	e-mail
	Mary Ann Gayzur	Compliance Analyst	203-328-5584	203-328-6150	mgayzur@genre.com
	Noel Schulz	Compliance Analyst	203-328-5704	203-328-6150	nschulz@generalstar.com
7.	Signature of authorized filer				
8.	Please print name of authorized filer		Adam Yagan		

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

9.	Type of Insurance (TOI)	11 - Medical Malpractice
10.	Sub-Type of Insurance (Sub-TOI)	0023 - Physicians and Surgeons
11.	State Specific Product code(s)(if applicable)(See State Specific Requirements)	
12.	Company Program Title (Marketing title)	General Star Advantage
13.	Filing Type	<input type="checkbox"/> Rate/Loss Cost <input type="checkbox"/> Rules <input checked="" type="checkbox"/> Rates/Rules <input type="checkbox"/> Forms <input type="checkbox"/> Combination Rates/Rules/Forms <input type="checkbox"/> Withdrawal <input type="checkbox"/> Other
14.	Effective Date(s) Requested	New: 11/01/2006 Renewal:

Effective January 1, 2006

Property & Casualty Transmittal Document---

15.	Reference Filing?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
16.	Reference Organization (if applicable)	N/A
17.	Reference Organization # & Title	N/A
18.	Company's Date of Filing	11/1/06
19.	Status of filing in domicile	<input checked="" type="checkbox"/> Not Filed <input type="checkbox"/> Pending <input type="checkbox"/> Authorized <input type="checkbox"/> Disapproved

20.	This filing transmittal is part of Company Tracking #	06-156-3-2 R
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21.	Filing Description [This area can be used in lieu of a cover letter or filing memorandum and is free-form text]
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Please see attached cover letter.

22.	Filing Fees (Filer must provide check # and fee amount if applicable) [If a state requires you to show how you calculated your filing fees, place that calculation below]
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Check #:
Amount:

Refer to each state's checklist for additional state specific requirements or instructions on calculating fees.

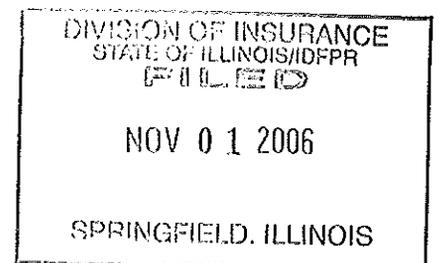
***Refer to each state's checklist for additional state specific requirements (i.e. # of additional copies required, other state specific forms, etc.)

Physicians & Surgeons Claims Made and Reported Professional Liability
GENERAL RULE MANUAL
Underwritten by
GENERAL STAR NATIONAL INSURANCE COMPANY

GENERAL STAR MANAGEMENT COMPANY

**PHYSICIANS & SURGEONS PROFESSIONAL LIABILITY
CLAIMS MADE AND REPORTED COVERAGE**

GENERAL RULE MANUAL



I. USE OF THIS MANUAL

The purpose of this document is to provide premium and rating data (by state), underwriting rules, medical specialty classifications and practice location territories needed to select and price risks for the General Star Management Physicians & Surgeons Professional Liability program. The following categories of Health Care Providers are designated primary insureds for the program:

1. Physicians or Surgeons (M.D.)
2. Osteopathic Physicians or Surgeons (D.O.)
3. Podiatrists (D.P.M.)

Any exceptions to these rules are contained in the respective State Exceptions Section.

II. COVERAGE

Coverage under this program is described in the respective policy Insuring Agreement(s) and/or Coverage Part(s). It shall be permissible to attach more than one Insuring Agreement and/or Coverage Part to the policy.

III. BASIC LIMITS OF LIABILITY

The basic coverage limits for Professional Liability coverage under this program are:

Professional Liability: \$1,000,000 Each Claim / \$3,000,000 Aggregate

IV. POLICY WRITING MINIMUM PREMIUM

The minimum premium is \$500 per annual or lesser period, unless otherwise specified for the respective coverage.

V. DECREASED LIMITS OF LIABILITY

Available decreased Limits of Liability are shown on the respective State Exceptions Section.

VI. PREMIUM COMPUTATION

The premium shall be computed by applying the rate per physician/surgeon shown on the State Exceptions pages.

A. PREMIUM ROUNDING RULE

Premium rounding will be done at the last step of the computation process, as opposed to rounding at each step. In the event that application of any rating procedure result is not a whole dollar, each rate and premium shall be adjusted as follows:

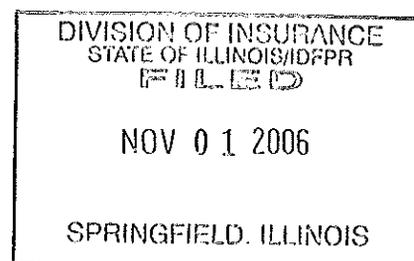
- i. any amount involving \$.50 or over shall be rounded to the next highest whole dollar amount;
- ii. any amount involving \$.49 or less shall be rounded down to the next lowest whole dollar amount.

B. FACTORS OR MULTIPLIERS

Premium modifications are to be applied multiplicatively. Modifications from the **Individual Risk Modification Schedule and Deductibles** are to be added together and then applied multiplicatively.

C. ADDITIONAL and RETURN PREMIUM

For all changes requiring additional or return premium, apply the rates and rules that were in effect at the inception date of the current policy period.



Physicians & Surgeons Claim Made and Reported Professional Liability
 GENERAL RULE MANUAL
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by endorsement to the policy. The entity will share in the individual physician/surgeon limit at no additional premium charge

B. All Others:

Available on a separate Limit of Liability basis by naming the professional corporation/partnership/professional association on the policy. Additional premium shall be as shown on the State Exceptions pages. Ancillary personnel shall be included in this professional corporation limit but will not share in the limits of the individual physician(s).

XII. OPTIONAL COVERAGES / ENDORSEMENTS

It shall be permissible to add any of the following optional coverages/endorsements as appropriate to the particular situation and in accordance with the minimum basic Limits of Liability indicated herein:

A. Medical Laboratory

It shall be permissible to add a Medical Laboratory:

- i. at no additional charge if such laboratory is not a separate entity. Coverage is limited to the testing of the insured's own patients.
- ii. at a premium charge of 25% of the Class 1 rate. The laboratory will be included as an additional insured, if such laboratory is a separate entity. Coverage is limited to the testing of the insured's own patients.

B. Deductibles/Self-Insured Retentions

Deductibles and self-insured retentions are available. The factors are shown below:

Deductible	Discount Factor
\$5,000	3%
\$10,000	5%
\$25,000	7%

XIII. INDIVIDUAL RISK MODIFICATION SCHEDULE

The hazards of the practice of medicine vary with each organization; the establishment of medical standards review and claims review committees and the effectiveness of such committees; loss prevention and control activities; type, amount and extent of professional services rendered under written agreement, etc. To recognize such specific characteristics unique to each risk, a rate modification may be applied based on the following:

1. Physicians and Surgeons (M.D.s and D.O.s) and Podiatrists Professional Liability Exposures

The maximum permissible modification of the Professional Liability premium(s) is as shown on the State Exceptions pages.

Individual Risk Modification Schedule	Credits		Debits	
a. <u>Loss Experience</u> The underwriter will evaluate the circumstances of past claims and would take into consideration the report date of each claim and paid the indemnity amounts.	0%		0%-20%	
b. <u>Loss Control Program</u> The underwriter will evaluate the procedures in place within the practice, including adherence to any prior control recommendations.	0-10%		0-10%	
c. <u>Practice Characteristics</u> The underwriter will evaluate the impact of contracts on utilization, referrals, and overall quality of patient care.				

0-15% 0-15%
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Physicians & Surgeons Claim Made and Reported Professional Liability
 GENERAL RULE MANUAL
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<p>d. <u>Continuing Education</u> Determine if the applicant's professional and paraprofessional staff participant in effective continuing medical education program(s).</p>	0-5%	0-5%
<p>e. <u>Ancillary Personnel</u> Paraprofessional employees or contractors such as Nurse practitioners, Physician Assistants, Certified Registered Nurse Anesthetists, Perfusionists and Midwives. Surcharge for vicarious liability when practitioners carry their own separate coverage. May be offset by Continuing Education credit.</p>	0-5% per employee	0-5% per employee
<p>f. <u>Practice Hours</u> Credit for limited practice hours if the risk is not eligible for part-time credit. Debit for practice hours deemed excessive for the specific specialty or practice situation.</p>	0-10%	0-10%
<p>g. <u>Patient Count</u> Surcharge for above-average patient or procedure volume; credit for low volume</p>	5-10%	5-10%
<p>h. <u>Use of Hospitalists</u> The underwriter will evaluate the use of hospitalists for patient admissions.</p>	0-10%	0-10%
<p>i. <u>Emergency Room exposure</u> The underwriter will evaluate any Emergency Medicine exposure</p>	0-10%	0-10%
<p>J. <u>Unusual Risk Characteristics</u> The underwriter will evaluate any feature of the practice that is deemed unusual or nontraditional in the applicant's medical community.</p>	0-10%	0-10%

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XIV. QUARTERLY INSTALLMENT OPTION

A quarterly premium installment option with no interest charges and no installment charges/fees is available subject to the following terms:

- 1) An initial payment of 40% of the total premium due at policy inception with remaining premium due three months (20%), six months (20%), and nine months (20%) from policy inception.
- 2) Additional premium resulting from changes to the policy shall be spread equally over the remaining installments. If there are no remaining installments, additional premium resulting from changes to the policy will be processed as a separate transaction.



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State Exceptions Section

A. The GENERAL RULE MANUAL pages applicable to this program shall apply subject to the following changes/exceptions:

-Illinois rates and rating rules as follows.

B. PHYSICIANS & SURGEONS PROFESSIONAL LIABILITY, CLAIMS MADE RATES:

Territory I: Cook, Madison, St. Clair & Will counties:

(@ \$1,000,000/\$3,000,000 Limits of Liability)

Class	Claims Made 'Step'				
	1	2	3	4	5
0	5,054	10,108	15,161	18,194	20,215
1	6,738	13,477	20,215	24,258	26,953
2	8,423	16,846	25,268	30,322	33,691
3	10,107	20,215	30,322	36,386	40,429
4	12,634	25,269	37,903	45,483	50,537
5	14,740	29,480	44,219	53,063	58,959
6	21,057	42,114	63,171	75,805	84,228
7	29,480	58,960	88,439	106,127	117,919
8	42,114	84,228	126,341	151,610	168,455
9	58,959	117,919	176,878	212,253	235,837

Territory II: DuPage, Jackson, Kane, Lake, McHenry & Vermillion counties:

(@ \$1,000,000/\$3,000,000 Limits of Liability)

Class	Claims Made 'Step'				
	1	2	3	4	5
0	4,043	8,086	12,129	14,555	16,172
1	5,391	10,781	16,172	19,406	21,562
2	6,738	13,477	20,215	24,258	26,953
3	8,086	16,172	24,257	29,109	32,343
4	10,107	20,215	30,322	36,386	40,429
5	11,792	23,584	35,375	42,450	47,167
6	16,846	33,691	50,537	60,644	67,382
7	23,584	47,168	70,751	84,902	94,335
8	33,691	67,382	101,073	121,288	134,764
9	47,168	94,335	141,503	169,803	188,670

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State Exceptions Section

Territory III: Champaign, Coles, Dekalb, Kankakee, LaSalle, Macon, Ogle, Randolph, Sangamon & Winnebago counties:

(@ \$1,000,000/\$3,000,000 Limits of Liability)

Class	Claims Made 'Step'				
	1	2	3	4	5
0	3,285	6,570	9,854	11,825	13,139
1	4,380	8,760	13,139	15,767	17,519
2	5,475	10,950	16,424	19,709	21,899
3	6,570	13,140	19,709	23,651	26,279
4	8,212	16,425	24,637	29,564	32,849
5	9,581	19,162	28,743	34,492	38,324
6	13,687	27,374	41,061	49,273	54,748
7	19,162	38,324	57,485	68,982	76,647
8	27,374	54,748	82,122	98,546	109,496
9	38,324	76,647	114,971	137,965	153,294

Territory IV: Remainder of State

(@ \$1,000,000/\$3,000,000 Limits of Liability)

Class	Claims Made 'Step'				
	1	2	3	4	5
0	2,527	5,054	7,580	9,096	10,107
1	3,369	6,738	10,107	12,128	13,476
2	4,212	8,423	12,635	15,161	16,846
3	5,054	10,108	15,161	18,194	20,215
4	6,317	12,634	18,951	22,741	25,268
5	7,370	14,740	22,110	26,532	29,480
6	10,529	21,057	31,586	37,903	42,114
7	14,740	29,480	44,219	53,063	58,959
8	21,057	42,114	63,171	75,805	84,228
9	29,480	58,960	88,439	106,127	117,919

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State Exceptions Section

C. INDIVIDUAL RISK MODIFICATION SCHEDULE

The maximum permissible modification of the Physicians & Surgeons Professional Liability Premium under the Individual Risk Modification Schedule is \pm 40%.

D. CORPORATION/PARTNERSHIP/PROFESSIONAL ASSOCIATION CHARGE:

The rate, per Corporation/Partnership/Professional Association, is computed as up to 15% of the total developed professional liability premium for each physician/surgeon and ancillary person, for groups of 2-4. For groups of 5 or more, the rate is computed as up to 10% of the total developed professional liability premium for each physician/surgeon and ancillary person.

E. ANCILLARY PERSONNEL:

The following ancillary personnel may be added as additional named insured for additional premium per the rates shown below.

Territory I: Cook, Madison, St. Clair & Will counties:

(Claims Made Rates @t \$1,000,000/\$3,000,000 Limits of Liability)

Class	Claims Made 'Step'				
	1	2	3	4	5
Nurse Anesthetist	606	1,213	1,819	2,183	2,426
Nurse Midwives	8,423	16,846	25,268	30,322	33,691
Physicians' Assistant	505	1,011	1,516	1,819	2,021
Physical Therapist	1,263	2,527	3,790	4,548	5,054
Respiratory Therapists	1,263	2,527	3,790	4,548	5,054
Surgeons Assistant/Perfusionists	505	1,011	1,516	1,819	2,021

Territory II: DuPage, Jackson, Kane, Lake McHenry & Vermillion counties:

(Claims Made Rates @t \$1,000,000/\$3,000,000 Limits of Liability)

Class	Claims Made 'Step'				
	1	2	3	4	5
Nurse Anesthetist	485	970	1,455	1,747	1,941
Nurse Midwives	6,738	13,476	20,215	24,258	26,953
Physicians' Assistant	404	809	1,213	1,455	1,617
Physical Therapist	1,011	2,022	3,032	3,639	4,043
Respiratory Therapists	1,011	2,022	3,032	3,639	4,043
Surgeons Assistant/Perfusionist	404	809	1,213	1,455	1,617

Territory III: Champaign, Coles, Dekalb, Kankakee, LaSalle, Macon, Ogle, Randolph, Sangamon & Winnebago counties:

(Claims Made Rates @t \$1,000,000/\$3,000,000 Limits of Liability)

Class	Claims Made 'Step'				
	1	2	3	4	5
Nurse Anesthetist	394	788	1,183	1,419	1,577
Nurse Midwives	5,475	10,950	16,424	19,709	21,899
Physicians' Assistant	329	657	985	1,183	1,381
Physical Therapist	821	1,643	2,464	2,956	3,285
Respiratory Therapists	821	1,643	2,464	2,956	3,285

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State Exceptions Section

Surgeons Assistant/Perfusionists	329	657	985	1,183	1,314
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Territory IV: Remainder of State

(Claims Made Rates @t \$1,000,000/\$3,000,000 Limits of Liability)

Class	Claims Made 'Step'				
	1	2	3	4	5
Nurse Anesthetist	303	606	910	1,092	1,213
Nurse Midwives	4,211	8,423	12,634	15,161	16,846
Physicians' Assistant	253	505	758	910	1,011
Physical Therapist	632	1,263	1,895	2,274	2,527
Respiratory Therapists	632	1,263	1,895	2,274	2,527
Surgeons Assistant/Perfusionists	253	505	758	910	1,011

F. POLICY DECREASED LIMITS FACTORS:

<i>Policy Limits</i>	<i>Increase Limit Factor</i>
1,000,000/3,000,000	1.00
1,000,000/1,000,000	0.92
500,000/1,500,000	0.77
250,000/750,000	0.62
100,000/300,000	0.47

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State Exceptions Section

G. EXTENDED REPORTING PERIOD:

1. Death, Disability and Retirement (DDR) - Extended Reporting Period Coverage will be granted at no additional premium in the event a named insured dies, becomes permanently and totally disabled, or retires during the policy period, provided that within thirty (30) days of the death, permanent and total disability, or retirement:
 - a. the named insured's estate requests the Unlimited Extended Reporting Period and furnishes written evidence and proof of the date of the named insured's death, or
 - b. the named insured provides evidence and proof of the permanent and total disability including the date of the actual disability and written certification by the named insured's attending physician (other than another physician practicing in the same group as the named insured). The named insured also agrees to submit to any medical examination(s) as requested by the Company, by any physician designated by the Company for the purpose of verifying such permanent and total disability; or
 - c. If at any time after reaching age 55, and having been continuously insured by the Company on a claims-made basis for a minimum of 5 years, the named insured elects to retire from practice of medicine.

2. Unlimited Extended Reporting Period coverage (ERP) will be granted subject to the terms and conditions of the policy. The following premium factors are to be applied to mature (step 5) claims-made rate in effect at policy issuance:

Unlimited Reporting Period Factors Obstetrics/Gynecology & Pediatrics	
<i>Expiring Step</i>	<i>Factor</i>
1	1.35
2	2.05
3	2.35
4	2.50
5	2.60

Unlimited Reporting Period Factors All Other	
<i>Expiring Step</i>	<i>Factor</i>
1	1.00
2	1.20
3	1.50
4	1.88
5	2.00

3. Other Extended Reporting Period optional endorsements. The following discount factors are applied multiplicatively to the factors shown above if the named insured elects one of the optional extended reporting endorsements below:

Extended Reporting Period Discount Factors	
<i>Extended Reporting Period Option</i>	<i>Discount Factor</i>
12 months	0.50
24 months	0.62
36 months	0.69
48 months	0.78
60 months	0.80
Unlimited	1.00

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State Exceptions Section

H. PHYSICIANS & SURGEONS PRACTICE/SPECIALTY CLASSIFICATIONS

Each physician/surgeon is assigned a practice classification code according to their respective medical specialty. When more than one classification is applicable, the highest rated classification shall apply.

Class 0 -

<i>Medical Specialty</i>	<i>Code</i>
AEROSPACE MEDICINE – NO SURGERY	80230
ALLERGY - NO SURGERY	80254
DERMATOLOGY - NO SURGERY	80256
FORENSIC PATHOLOGY – NO SURGERY	80240
GENERAL PREVENTIVE MEDICINE – NO SURGERY	80231
OCCUPATIONAL/INDUSTRIAL MEDICINE – NO SURGERY	80233
OTORHINOLARYNGOLOGY - NO SURGERY	80265
PSYCHIATRY – NO SURGERY	80249

Class 1 -

<i>Medical Specialty</i>	<i>Code</i>
DERMATOLOGY - MINOR INVASIVE SURGERY	81282
ENDOCRINOLOGY – NO SURGERY	81238
GERIATRIC MEDICINE – NO SURGERY	81243
OPHTHALMOLOGY – NO SURGERY	81263
OTOLOGY/NEUROTOLOGY – NO SURGERY	81264
PEDIATRICS – NO SURGERY	81267
RHEUMATOLOGY – NO SURGERY	81252
UROLOGY – NO SURGERY	81145

Class 2 -

<i>Medical Specialty</i>	<i>Code</i>
ENDOCRINOLOGY- MINOR INVASIVE SURGERY	82272
FAMILY/GENERAL PRACTICE – NO OBSTETRICS – NO SURGERY	82420
GERIATRICS – MINOR INVASIVE SURGERY	82276
HEMATOLOGY – MINOR INVASIVE SURGERY	82278
HEMATOLOGY – NO SURGERY	82245
INTERNAL MEDICINE – NO SURGERY	82257
NEOPLASTIC MEDICINE/ONCOLOGY – MINOR INVASIVE SURGERY	82286
NEOPLASTIC MEDICINE/ONCOLOGY – NO SURGERY	82259
NEPHROLOGY – NO SURGERY	82260
NUCLEAR MEDICINE – NO SURGERY	82262
PATHOLOGY – NO SURGERY	82266
PHYSICAL MEDICINE AND REHABILITATION – NO SURGERY	82235

DIVISION OF INSURANCE
STATE OF ILLINOIS/IDFPR
FILED

NOV 01 2006

SPRINGFIELD, ILLINOIS

GENERAL STAR ADVANTAGE
Underwritten by
GENERAL STAR NATIONAL INSURANCE COMPANY

State Exceptions Section

PHYSICIANS (N.O.C.) – NO SURGERY	82268
PODIATRY – NO SURGERY	82993
URGENT CARE MEDICINE	82424

Class 3 -

<i>Medical Specialty</i>	<i>Code</i>
ACUPUNCTURE – MINOR SURGERY	83437
ANESTHESIOLOGY – MAJOR SURGERY	83151
CARDIOVASCULAR DISEASE – NO SURGERY	83255
DERMATOLOGY - MAJOR SURGERY	83472
GASTROENTEROLOGY – NO SURGERY	83241
GASTROENTEROLOGY – MINOR INVASIVE SURGERY	83274
GYNECOLOGY – NO SURGERY	83244
INFECTIOUS DISEASE – MINOR INVASIVE SURGERY	83279
INFECTIOUS DISEASE – NO SURGERY	83246
NEPHROLOGY – MINOR INVASIVE SURGERY	83278
OPHTHALMOLOGY – SURGERY	83114
PEDIATRICS – MINOR SURGERY	83267
PULMONARY MEDICINE – NO SURGERY	83269
UROLOGY – MINOR INVASIVE SURGERY	83145

Class 4 –

<i>Medical Specialty</i>	<i>Code</i>
AESTHETIC MEDICINE – MINOR INVASIVE SURGERY	84100
ANESTHESIOLOGY PAIN MEDICINE – MAJOR SURGERY	84151
FAMILY/GENERAL PRACTICE – NO OBSTETRICS – MINOR INVASIVE SURGERY	84421
GYNECOLOGY – MINOR INVASIVE SURGERY	84277
INTENSIVE CARE MEDICINE	84283
NEUROLOGY – MINOR INVASIVE SURGERY	84288
NEUROLOGY – NO SURGERY	84261
PHYSICIANS (N.O.C.) – MINOR INVASIVE SURGERY	84268
PULMONARY MEDICINE – MINOR INVASIVE SURGERY	84269

Class 5 –

<i>Medical Specialty</i>	<i>Code</i>
ANESTHESIOLOGY CRITICAL CARE MEDICINE – MAJOR SURGERY	85151
CARDIOVASCULAR DISEASE – MINOR INVASIVE SURGERY	85281
INTERNAL MEDICINE – MINOR INVASIVE SURGERY	85284
OTOLARYNGOLOGY/HEAD AND NECK SURGERY – EXCLUDING COSMETIC – MAJOR SURGERY	85159
OTOLOGY/NEUROTOLOGY – MAJOR SURGERY	85158
PODIATRY – MAJOR SURGERY	85993

DIVISION OF INSURANCE
STATE OF ILLINOIS/IDFPR
FILED

NOV 01 2006

SPRINGFIELD, ILLINOIS

GENERAL STAR ADVANTAGE
Underwritten by
GENERAL STAR NATIONAL INSURANCE COMPANY

State Exceptions Section

RADIATION THERAPY – MAJOR SURGERY	85491
RADIOLOGY (DIAGNOSTIC) – MAJOR SURGERY CLASS	85253
UROLOGY – EXCLUDING THERAPEUTIC IMPLANTS – MAJOR SURGERY	85145

Class 6 -

<i>Medical Specialty</i>	<i>Code</i>
COLON & RECTAL SURGERY – MAJOR SURGERY	86115
UROLOGY – INCLUDING THERAPEUTIC IMPLANTS – MAJOR SURGERY	86145

Class 7 -

<i>Medical Specialty</i>	<i>Code</i>
GENERAL SURGERY – INCLUDING LAPAROSCOPY – MAJOR SURGERY	87143
GYNECOLOGY SURGERY – INCLUDING LAPAROSCOPY – MAJOR SURGERY	87481
HAND SURGERY – MAJOR SURGERY	87169
ORTHOPEDIC SURGERY – EXCLUDING BACK SURGERY – MAJOR SURGERY	87501
OTOLARYNGOLOGY/HEAD AND NECK SURGERY – INCLUDING COSMETIC – MAJOR SURGERY	87155
PEDIATRICS – MAJOR SURGERY	87293
PHYSICIANS (N.O.C.) – MAJOR SURGERY	87294
PLASTIC/RECONSTRUCTIVE SURGERY – EXCLUDING COSMETIC ELECTIVE – MAJOR SURGERY	87156

Class 8 -

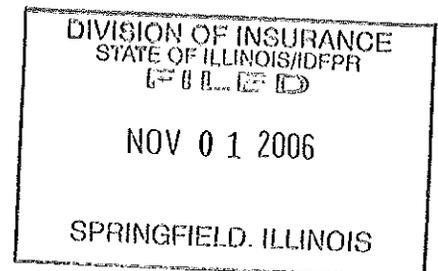
OBSTETRICS/GYNECOLOGY – MAJOR SURGERY	88153
ORTHOPEDIC SURGERY – INCLUDING BACK SURGERY – MAJOR SURGERY	88154
PLASTIC/RECONSTRUCTIVE SURGERY – INCLUDING COSMETIC ELECTIVE SURGERY- MAJOR SURGERY	88156
THORACIC AND CARDIOVASCULAR SURGERY – MAJOR SURGERY	88144
VASCULAR SURGERY – MAJOR SURGERY	88164

Class 9 -

<i>Medical Specialty</i>	<i>Code</i>
NEUROSURGERY – MAJOR SURGERY	89152

Additional Classifications:

Professional Corporation/Partnership/Association	80999
Nurse Anesthetist	80960
Nurse Midwives	80962
Physicians' Assistant	80116
Physical Therapist	80938
Respiratory Therapists	80969
Surgeons Assistant/Perfusionists	80116



GENERAL STAR NATIONAL INSURANCE COMPANY
ILLINOIS
PHYSICIAN'S PROFESSIONAL LIABILITY PROGRAM
ACTUARIAL MEMORANDUM

In response to the current availability and affordability problems in the medical professional liability market, General Star National Insurance Company (GSNIC) proposes to initiate the writing of physician's professional liability insurance in the state of Illinois.

Since this is the Company's initial rate filing for physician's professional liability insurance in this state, we reviewed the latest available regulatory rate filings to obtain information on loss costs, trends and other pertinent ratemaking information specific to the Illinois physicians and surgeons liability market. As a result, ratemaking statistics developed by the ISMIE Mutual Insurance Company (ISMIE) and American Physicians Assurance Corporation (APAC) were selected as representing the most appropriate data for developing GSNIC's initial manual base rates for the state of Illinois.

Base class and territory pure premium estimates were actuarially developed from statewide experience reported in recent regulatory rate filings submitted by ISMIE and APAC. Pure premium estimates were adjusted for differences between the surveyed carriers' and proposed company's physician classification plan, territory rating structure and claims made rating factors, then loaded to reflect anticipated operating expense provisions and a reasonable margin for underwriting profit and contingencies. Supporting documentation for these calculations is provided in the attached exhibits.

As GSNIC generates credible ratemaking statistics, these initial rates and rules will be revised accordingly. Until such time, we will review the state-specific experience reported by the dominant carrier(s) providing physician professional liability insurance coverage in the state and periodically revise GSNIC's rates accordingly.

In addition, GSNIC's proposed underwriting manual contains rating factors (classification, claims made, limits, and territory) and individual risk rating rules (part-time, new to practice, schedule rating, etc.) typically used to underwrite physician's professional liability insurance. These rating rules are essential components of the proposed underwriting manual intended to allow GSNIC to provide policyholders with professional liability coverage tailored to their medical practice at adequate and affordable rates.

A complete underwriting manual of rates, rules and rating factors has been included with this application.

GENERAL STAR NATIONAL INSURANCE COMPANY
ILLINOIS
PHYSICIANS' PROFESSIONAL LIABILITY PROGRAM
EXPLANATION OF EXHIBITS

The following discussion and attached exhibits contain supporting documentation for the proposed manual base rates and rating factors for GSNIC's initial application for a physician's professional liability insurance program in the state of Illinois.

Exhibit 1 – Indicated Mature Manual Base Rate

This exhibit presents the indicated mature claims made manual base rate developed for use by GSNIC in underwriting physician's professional liability insurance in the state of Illinois. The select mature claims made loss and allocated loss adjustment expense pure premium derived in Exhibit 3 is adjusted to the base policy limits, loaded for unallocated loss adjustment expenses and adjusted to reflect projected operating expenses, underwriting profit provision and the anticipated average rate deviation to determine the indicated manual base rate. The manual base rate represents the annual gross premium rate applicable to full time physicians classified as Family Practice – No Surgery (Class 2) practicing in Territory 1 (Cook County) for mature claims made coverage at \$1,000,000/\$3,000,000 limits of liability prior to adjustment.

Exhibit 2 – Target Loss & LAE Ratio

This exhibit presents GSNIC's anticipated operating expense provisions and the margin for underwriting profit and contingencies used to derive the target loss and LAE ratio.

Exhibit 3 – Mature Base Pure Premium

This exhibit presents the derivation of the loss and allocated loss adjustment expense (ALAE) component (pure premium) in the mature base rate. The pure premium is derived from data reported in recent rate filings made by the ISMIE Mutual Insurance Company (effective 7/01/2006) and American Physicians Assurance Corporation (effective 4/01/2005) to the Illinois Department of Insurance. The pure premium estimate is trended to cost levels expected to prevail during the prospective policy period and adjusted for differences between each carriers' classification, territory and claims made rating factors to those proposed for use by GSNIC.

After calculating a weighted average of the surveyed carrier's adjusted pure premium estimates, a final adjustment is made to reflect the "preferred" nature of the risk profile targeted for GSNIC's admitted product. This adjustment was judgmentally selected to reflect the relative difference in expected pure premium as developed from the surveyed carrier's book of "standard" risks to the pure premium expected to result from a book of business that meets GSNIC's proposed underwriting guidelines. The indicated base pure premium is then carried forward to Exhibit 1 and incorporated into development of the indicated claims made mature manual base rate for GSNIC's admitted physician program.

Exhibit 4 – Territory Off-Balance Factor

This exhibit presents a comparison of the territory relativity factors used to rate physician's professional liability insurance by the carriers surveyed in our analysis to those proposed for use by GSNIC. This exhibit also calculates the off-balance factor used to adjust the experience indicated pure premiums (Exhibit 3) for differences in the territory rating factors. The distribution of exposures is based on the number of non-federal, office based physicians by county as reported in the AMA's Physicians Characteristics and Distribution in the U.S. (2004 Edition).

Exhibit 5 – Class Plan Off-Balance Factor

This exhibit presents a comparison of the physician classification relativities factors used to rate physician's professional liability insurance by the carriers surveyed in our analysis to those proposed for use by GSNIC. This exhibit also calculates the off-balance factors used to adjust the experience indicated pure premium (Exhibit 3) for differences in the physician classification plan rating factors. The distribution of exposures is based on the number of non-federal, office based physicians by medical specialty as reported in the AMA's Physicians Characteristics and Distribution in the U.S. (2004 Edition) and data reported by physician carriers in recent rate filings.

Exhibit 6 – Claims Made Off-Balance Factor

This exhibit presents a comparison of the claims made relativity factors used to rate physician's professional liability insurance by the carriers surveyed in our analysis to those proposed for use by GSNIC. This exhibit also calculates the off-balance factors used to adjust the experience indicated pure premium (Exhibit 3) for differences in the claims made rating factors. The distribution of exposures is based on data reported by companies offering physician's professional liability insurance in Illinois.

Exhibit 7 – Limit Adjustment Factor Comparison

This exhibit presents a comparison of the policy limit adjustment factors used to rate physician's professional liability insurance by the carriers surveyed in our analysis to those proposed for use by GSNIC.

Exhibit 8 – Claims Made Rating Factor Comparison

This exhibit presents a comparison of the claims made relativity factors used to rate physician's professional liability insurance by the carriers surveyed in our analysis to those proposed for use by GSNIC.

**GENERAL STAR NATIONAL INSURANCE COMPANY
PHYSICIAN'S PROFESSIONAL LIABILITY**

ILLINOIS
\$1,000,000/\$3,000,000 LIMITS OF LIABILITY
TERRITORY 1, CLASS 2 MATURE CLAIMS MADE MANUAL BASE RATE

(1) Indicated Mature Base Loss & ALE Pure Premium	18,468
(2) Unallocated Loss Adjustment Expense Factor	1.050
(3) Permissible Loss & LAE Ratio	60.60%
(4) Anticipated Average Rate Departure	-5.0%
(5) Indicated Mature Manual Base Rate	33,691

NOTES:

- (1) Exhibit 3, Sheet 1.
- (2) = $1.0 + 0.029 / (1.0 - \text{Exp Ratio} - \text{UW Profit} - 0.029)$.
- (3) Exhibit 2.
- (4) Provided by General Star Management.
- (5) = $(1) \times (2) / (3) / [1.0 + (4)]$.

**GENERAL STAR NATIONAL INSURANCE COMPANY
PHYSICIAN'S PROFESSIONAL LIABILITY**

TARGET LOSS & LOSS ADJUSTMENT EXPENSE RATIO

(1)	Commissions & Brokerage	15.00%
(2)	Other Acquisition Expense	0.00%
(3)	General Expense	10.00%
(4)	Taxes, Licenses, Fees	1.40%
(5)	D,D&R Benefit	<u>3.00%</u>
(6)	Total Expense Provisions = (1) + (2) + (3) + (4) + (5)	29.40%
(7)	Profit & Contingencies	<u>10.00%</u>
(8)	Target Loss & LAE Ratio = 1.0 - (6) - (7)	60.60%

NOTES:

- (1) Provided by General Star Management.
- (2) Provided by General Star Management.
- (3) Provided by General Star Management.
- (4) Provided by General Star Management.
- (5) Provided by General Star Management.
- (7) Provided by General Star Management.

**GENERAL STAR NATIONAL INSURANCE COMPANY
PHYSICIAN'S PROFESSIONAL LIABILITY**

ILLINOIS
\$1,000,000/\$3,000,000 LIMITS OF LIABILITY
MATURE CLAIMS MADE BASE PURE PREMIUM

	<u>APAC</u> (a)	<u>ISMIE</u> (b)
(1) Projected Mature Base Pure Premium	23,934	19,938
(2) Territory Off-Balance Factor	0.989	1.020
(3) Class Plan Off-Balance Factor	0.991	0.990
(4) Claims Made Off-Balance Factor	0.990	1.000
(5) Balanced Mature Base Pure Premium	23,220	20,117
(6) Weight	0.13	0.87
(7) Indicated "Standard Risk" Mature Base Pure Premium		20,520
(8) Claim-Free, "Preferred Risk" Relativity		0.900
(9) Indicated "Preferred Risk" Mature Base Pure Premium		18,468

NOTES:

- (1) Exhibit 3, Sheets 2&3.
- (2) Exhibit 4.
- (3) Exhibit 5.
- (4) Exhibit 6.
- (5) = (1) x (2) x (3) x (4).
- (6) Based on Illinois direct written premium.
- (7) = (5a) x (6a) + (5b) x (6b).
- (8) Based on industry average as reported to IL DOI.
- (9) = (7) x (8).

**GENERAL STAR NATIONAL INSURANCE COMPANY
PHYSICIAN'S PROFESSIONAL LIABILITY**

ILLINOIS
\$1,000,000 LIMITS OF LIABILITY
MATURE CLAIMS MADE BASE PURE PREMIUM

ISMIE MUTUAL INSURANCE COMPANY

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<u>Projected Ultimate Losses (In \$000)</u>							
Report Year <u>Beg 7/01</u>	Mature, Base Equivalent <u>Exposures</u>	Freq/Severity <u>Method</u>	Paid Loss Development <u>Method</u>	Reported Development <u>Method</u>	<u>Average</u>	Actual Pure <u>Premium</u>	Fitted Pure <u>Premium</u>
1991	12,597.0	185,164	184,794	184,618	184,859	14,675	12,184
1992	12,522.0	194,924	194,705	196,397	195,342	15,600	12,889
1993	12,745.5	189,045	188,209	197,645	191,633	15,035	13,593
1994	12,740.7	293,617	291,728	299,172	294,839	23,142	14,298
1995	12,451.2	157,430	158,134	159,611	158,392	12,721	15,002
1996	11,954.3	193,624	196,342	196,628	195,531	16,357	15,707
1997	11,409.0	180,247	179,362	187,101	182,237	15,973	16,411
1998	10,511.0	182,344	184,505	207,716	191,522	18,221	17,116
1999	10,477.5	168,828	167,990	178,462	171,760	16,393	17,820
2000	10,877.5	194,306	180,758	208,036	194,367	17,869	18,525
2001	11,793.5	219,069	203,041	230,727	217,612	18,452	19,229
2002	13,474.0	301,913	276,699	299,132	292,581	21,715	19,934
2003	13,577.0	271,953	291,494	267,456	276,968	20,400	20,638
2004	13,315.3	259,464	203,571	233,955	232,330	17,448	21,343
2005							22,047
2006							22,752
2007							23,456
(9)	Projected ISMIE Territory 1, Class 5 Pure Premium					23,456	
(10)	ISMIE Relativity to FP-NS (80420)					0.850	
(11)	Projected ISMIE Territory 1 FP-NS Pure Premium					19,938	

NOTES:

- (2)-(5) ISMIE Mutual Insurance Company rate filing eff. 7/01/2006.
- (7) = (6) / (2) x 1000.
- (8) Based on line of "best fit" for 1996-2003 actual pure premium.
- (10) ISMIE Mutual Insurance Company rate filing eff. 7/01/2006.
- (11) = (9) x (10).

**GENERAL STAR NATIONAL INSURANCE COMPANY
PHYSICIAN'S PROFESSIONAL LIABILITY**

ILLINOIS
\$1,000,000 LIMITS OF LIABILITY
MATURE CLAIMS MADE BASE PURE PREMIUM

AMERICAN PHYSICIANS ASSURANCE CORPORATION

(1)	(2)	(3)	(4)	(5)	(6)	(7)
Report Year Beg 1/01	Mature, Base Equivalent Exposures	Reported Loss & Expenses	Reported Age-to-Ult Factor	Projected Ultimate Loss & Expenses	Actual Pure Premium	Fitted Pure Premium
1997	182.3	1,408,518	1.000	1,408,518	7,728	17,898
1998	526.9	6,281,708	1.000	6,281,708	11,922	18,502
1999	1,014.4	11,345,489	1.000	11,345,489	11,185	19,105
2000	1,314.9	15,651,530	0.975	15,260,242	11,606	19,709
2001	1,613.9	25,971,577	1.024	26,588,402	16,474	20,312
2002	2,206.8	44,164,733	0.998	44,083,304	19,976	20,916
2003	2,176.1	44,162,609	1.148	50,693,362	23,295	21,520
2004	2,141.1	34,696,752	1.320	45,801,851	21,392	22,123
2005	1,727.8	18,506,196	2.112	39,086,911	22,622	22,727
2006						23,330
2007						23,934
(8)	Projected APAC Territory 1, Base Class Pure Premium				23,934	
(9)	APAC Relativity to FP-NS (80420)				1.00	
(10)	Projected APAC Territory 1, FP-NS Pure Premium				23,934	

NOTES:

- (2)-(4) Based on APAC experience reported to the IL DOI as of 12/31/2005.
 (5) = (3) x (4).
 (6) = (5) / (2).
 (7) Based on line of "best fit" for 2002-2005 actual pure premium.
 (10) = (8) x (9).

**GENERAL STAR NATIONAL INSURANCE COMPANY
PHYSICIAN'S PROFESSIONAL LIABILITY**

**ILLINOIS
TERRITORY OFF-BALANCE FACTORS**

County	Exposure Distribution (1)	General Star		ISMIE		APAC		PLICA	
		Territory (2)	Relativity (3)	Territory (4)	Relativity (5)	Territory (6)	Relativity (7)	Territory (8)	Relativity (9)
Cook	49.65%	1	1.000	1	1.000	1	1.000	1	1.000
Madison	1.21%	1	1.000	1	1.000	1	1.000	1	1.000
Saint Clair	1.59%	1	1.000	1	1.000	1	1.000	1	1.000
Will	2.21%	1	1.000	1	1.000	2	0.820	1	1.000
DuPage	12.74%	2	0.800	2	0.761	3	0.770	2	0.850
Jackson	0.57%	2	0.800	1	1.000	2	0.820	3	0.800
Kane	2.28%	2	0.800	1B	0.857	3	0.770	2	0.850
Lake	6.94%	2	0.800	1A	0.904	3	0.770	2	0.850
McHenry	1.28%	2	0.800	1B	0.857	3	0.770	2	0.850
Vermillion	0.41%	2	0.800	1A	0.904	2	0.820	2	0.850
Champaign	1.64%	3	0.650	2	0.761	4	0.610	3	0.800
Coles	0.29%	3	0.650	2A	0.713	5	0.660	4	0.600
DeKalb	0.35%	3	0.650	2A	0.713	5	0.660	4	0.600
Kankakee	0.56%	3	0.650	2	0.761	5	0.660	4	0.600
LaSalle	0.43%	3	0.650	2A	0.713	5	0.660	4	0.600
Macon	0.87%	3	0.650	2	0.761	4	0.610	3	0.800
Ogle	0.16%	3	0.650	2A	0.713	5	0.660	4	0.600
Randolph	0.10%	3	0.650	2A	0.713	5	0.660	4	0.600
Sangamon	2.65%	3	0.650	2B	0.618	4	0.610	3	0.800
Winnebago	2.49%	3	0.650	1B	0.857	3	0.770	4	0.600
Bond	0.02%	4	0.500	3	0.522	6	0.500	4	0.600
Bureau	0.13%	4	0.500	2A	0.713	6	0.500	4	0.600
Clinton	0.10%	4	0.500	3	0.522	6	0.500	4	0.600
Effingham	0.30%	4	0.500	2A	0.713	6	0.500	4	0.600
Franklin	0.09%	4	0.500	3	0.522	6	0.500	4	0.600
Grundy	0.12%	4	0.500	2B	0.618	6	0.500	4	0.600
Hamilton	0.03%	4	0.500	3	0.522	6	0.500	4	0.600
Jefferson	0.27%	4	0.500	3	0.522	6	0.500	4	0.600
Peoria	2.34%	4	0.500	2C	0.475	6	0.500	4	0.600
Washington	0.02%	4	0.500	3	0.522	6	0.500	4	0.600
Williamson	0.41%	4	0.500	3	0.522	6	0.500	4	0.600
Remainder of State	7.74%	4	0.500	3	0.522	6	0.500	4	0.600
(10) Total/Avg	100.00%		0.860		0.877		0.851		0.889
(11) GSNIC Avg Relativity			0.860		0.860		0.860		0.860
(12) Off-Balance Factor			1.000		1.020		0.989		1.034

NOTES:

- (1) Based on Physician Characteristics and Distribution in the US, (2004 Edition).
(2), (3) Provided by General Star Management.
(4), (5) ISMIE Mutual Insurance Company rate filing eff. 7/01/2006.
(6), (7) American Physicians Assurance Corporation rate filing eff. 4/01/2005.
(8), (9) Professional Liability Insurance Company of America rate filing eff. 9/06/2004.

**GENERAL STAR NATIONAL INSURANCE COMPANY
PHYSICIAN'S PROFESSIONAL LIABILITY**

**ILLINOIS
PHYSICIAN CLASS PLAN OFF-BALANCE FACTORS**

ISMIE MUTUAL INSURANCE COMPANY

<u>Class</u>	(1) <u>Exposure Distribution</u>	(2) <u>Rate Relativity</u>
1	2.1%	0.498
2	8.2%	0.666
3	7.8%	0.777
4	15.3%	1.000
5	14.7%	1.167
6	5.9%	1.056
7	0.1%	1.279
8	11.8%	1.446
9	7.5%	1.279
10	1.7%	1.669
11	4.6%	1.836
12	0.2%	2.059
13	3.9%	3.063
14	1.0%	3.174
15	1.8%	3.509
16	1.1%	4.066
17	6.8%	4.289
18	3.6%	4.624
19	1.4%	1.557
20	0.6%	7.076
(3)	Total/Average 100.00%	1.679
(4)	GSNIC Average Class Relativity	1.696
(5)	Indicated Class Plan Off-Balance Factor	0.990

NOTES:

- (1) Based on industry exposure distribution.
- (2) Relativity to 80420; ISMIE rate filing eff. 7/01/2006.
- (4) Exhibit 5, Sheet 3.
- (5) = (3) / (4)

**GENERAL STAR NATIONAL INSURANCE COMPANY
PHYSICIAN'S PROFESSIONAL LIABILITY**

ILLINOIS
PHYSICIAN CLASS PLAN OFF-BALANCE FACTORS
AMERICAN PHYSICIANS ASSURANCE CORPORATION

<u>Class</u>	(1) <u>Exposure Distribution</u>	(2) <u>Rate Relativity</u>
0	2.65%	0.596
1	47.62%	1.166
2	8.12%	1.384
3	1.11%	0.955
4	7.13%	1.311
5	6.67%	1.123
6	4.26%	1.451
7	6.20%	1.841
8	7.39%	2.962
9	8.85%	4.785
(3) Total/Average	100.00%	1.681
(4) GSNIC Average Class Relativity		1.696
(5) Indicated Class Plan Off-Balance Factor		0.991

NOTES:

- (1) Based on industry exposure distribution.
- (2) Reflects APAC average rate relativity to 80420 grouped into GSNIC classes.
- (4) Exhibit 5, Sheet 3.
- (5) = (3) / (4)

**GENERAL STAR NATIONAL INSURANCE COMPANY
PHYSICIAN'S PROFESSIONAL LIABILITY**

ILLINOIS
PHYSICIAN CLASS PLAN OFF-BALANCE FACTORS

GENERAL STAR NATIONAL INSURANCE COMPANY

<u>Class</u>	(1) Exposure <u>Distribution</u>	(2) Rate <u>Relativity</u>
0	8.40%	0.600
1	9.80%	0.800
2	32.39%	1.000
3	13.60%	1.200
4	2.83%	1.500
5	15.07%	1.750
6	0.15%	2.500
7	9.51%	3.500
8	6.98%	5.000
9	1.26%	7.000
(3) Total/Average	100.00%	1.696

NOTES:

- (1) Based on industry exposure distribution.
- (2) Provided by General Star Management.

**GENERAL STAR NATIONAL INSURANCE COMPANY
PHYSICIAN'S PROFESSIONAL LIABILITY**

**ILLINOIS
CLAIMS MADE OFF-BALANCE FACTORS**

		(1)	(2)	(3)	(4)	(5)
	<u>Step</u>	<u>Exposure Distribution</u>	<u>GSNIC</u>	<u>ISMIE</u>	<u>APAC</u>	<u>PLICA</u>
	1	5.6%	0.250	0.250	0.250	1.000
	2	5.5%	0.500	0.500	0.400	1.000
	3	6.0%	0.750	0.780	0.750	1.000
	4	5.9%	0.900	0.925	0.900	1.000
	5	5.0%	1.000	0.950	0.950	1.000
	6	4.5%	1.000	0.975	0.980	1.000
	7	67.4%	1.000	1.000	1.000	1.000
(6)	Total/Avg	100.0%	0.909	0.909	0.900	1.000
(7)	Claims Made Off-Balance Factor			1.000	0.990	1.100

NOTES:

- (1) ISMIE Mutual Insurance Company rate filing eff. 7/01/2006.
(2) Provided by General Star Management.
(3) ISMIE Mutual Insurance Company rate filing eff. 7/01/2006.
(4) American Physicians Assurance Corporation rate filing eff. 4/01/2005.
(5) Professional Liability Insurance Company of America rate filing eff. 9/06/2004.
(6) = SUMPRODUCT [Col. 1, Col. X]
(7) = Avg (Col. X) / Avg. (Col. 2)

**GENERAL STAR NATIONAL INSURANCE COMPANY
PHYSICIAN'S PROFESSIONAL LIABILITY**

**ILLINOIS
LIMIT ADJUSTMENT FACTOR COMPARISON**

Limit/Class	(1) ISMIE MUTUAL				(2) APAC ED, Select All Radiology Specialties Others			(3) PLICA	(4) GSNIC
	1 - 11 & 19	12 - 13	14 - 18	20					
100/300					0.480	0.480	0.480	0.460	0.470
250/750					0.665	0.665	0.665	0.640	0.620
500/1,500	0.785	0.780	0.780	0.780	0.790	0.790	0.790	0.820	0.770
1,000/1,000					0.980	0.980	0.980		0.920
1,000/3,000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2,000/4,000	1.345	1.395	1.472	1.515	1.418	1.460	1.344		

NOTES:

- (1) ISMIE Mutual Insurance Company rate filing eff. 7/01/2006.
- (2) American Physicians Assurance Corporation rate filing eff. 1/01/2005.
- (3) Professional Liability Insurance Company of America rate filing eff. 9/06/2004.
- (4) Provided by General Star Management.

**GENERAL STAR NATIONAL INSURANCE COMPANY
PHYSICIAN'S PROFESSIONAL LIABILITY**

**ILLINOIS
CLAIMS MADE RATING FACTOR COMPARISON**

CLAIMS MADE RATE FACTORS

	(1)	(1)	(2)	(3)	(4)
<u>Step</u>	<u>GSNIC OB/Gyn. Peds</u>	<u>GSNIC All Other</u>	<u>ISMIE</u>	<u>APAC</u>	<u>PLICA</u>
1	0.250	0.250	0.250	0.250	1.000
2	0.500	0.500	0.500	0.400	1.000
3	0.750	0.750	0.780	0.750	1.000
4	0.900	0.900	0.925	0.900	1.000
5	1.000	1.000	0.950	0.950	1.000
6	1.000	1.000	0.975	0.980	1.000
7	1.000	1.000	1.000	1.000	1.000

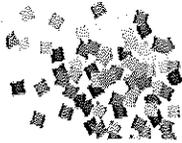
EXTENDED REPORTING PERIOD*

	(1)	(1)	(2)	(3)	(4)
<u>Expiring Step</u>	<u>GSNIC OB/Gyn. Peds</u>	<u>GSNIC All Other</u>	<u>ISMIE</u>	<u>APAC</u>	<u>PLICA</u>
1	1.350	1.000	0.827	1.000	1.350
2	2.050	1.200	1.577	1.552	2.050
3	2.350	1.500	1.873	1.800	2.350
4	2.500	1.880	2.015	1.899	2.500
5	2.600	2.000	2.086	1.948	2.600
6	2.600	2.000	2.128	1.970	2.600
7+	2.600	2.000	2.180	1.970	2.600

* Applicable to mature claims made rates; provides unlimited reporting endorsement.

NOTES:

- (1) Provided by General Star Management.
- (2) ISMIE Mutual Insurance Company rate filing eff. 7/01/2006.
- (3) American Physicians Assurance Corporation rate filing eff. 4/01/2005.
- (4) Professional Liability Insurance Company of America rate filing eff. 9/06/2004.



Mary Ann Gayzur

01/23/2007 08:22 AM

To: Julie.A.Anderson2@Illinois.gov

cc:

Subject: IL Physicians and Surgeons
General Star National Insurance Company
Co. Filing #: 06-156-3-2

Good Morning Julie. I have attempted to send this reply to you twice via fax, but have failed on both attempts. I am attaching our reply to your 1/8/07 e-mail regarding the above filing. It has also been mailed to your office to your attention. If you require further information, please contact me. Thank you.



IL001.PDF



General Star Management Company
Financial Centre
695 East Main Street
Stamford, CT 06901
direct phone 203 328 5584
fax 203 328 6150
email mgayzur@genre.com

Mary Ann Gayzur
Compliance Analyst

**VIA FACSIMILE: 217 524-2271
AND REGULAR MAIL**

January 22, 2007

Ms. Julie Anderson
Assistant Casualty Actuary
IL Dept. of Financial and Professional Regulation
Division of Insurance
320 West Washington Street
Springfield, IL 62767

**RE: General Star National Insurance Company
NAIC #: 11967 FEIN#: 13-1958482
Physicians & Surgeons Professional Liability
Rate & Rule Filing
Co. Filing #: 06-156-3-2**

Dear Ms. Anderson:

Thank you for your e-mail dated January 8, 2007 regarding the above filing. We are responding to each of your questions in the order they were presented. For your convenience, we have restated your queries in the order that they were presented.

Q1. Please provide actuarial support for the selected 10.0% profit and contingencies load.

A1. Appendix A presents detailed calculations that result in the indicated underwriting profit and contingencies provision used to develop the proposed manual rates. The proposed gross premium rates were developed to generate a 16.16% target after-tax total return on equity as requested by GSNIC management. This methodology incorporates the present value of

discounted cash flows and a 16.16% target after-tax total return on equity to derive the 10% underwriting profit and contingencies provision. As GSNIC is new to this line of business, this method assumes an industry payment pattern, leverage ratios, tax rate and current average annual yield on invested assets to achieve the desired after-tax total return. It is assumed that assets held will be invested primarily in fixed income securities returning a 3.5% average annual investment yield. All investment income was assumed to be taxable and occur ratably throughout the year.

The target after-tax total return was selected to reflect the volatile nature of the physician's professional liability line of business, in general, and the competitive Illinois market, in particular. GSNIC management believes the selected target after-tax total return and the resulting underwriting profit and contingencies provision to be consistent with the level of risk inherent in this line of business. Further, GSNIC management believes that the manual rates developed using these assumptions will not be inadequate, excessive nor unfairly discriminatory.

Q2. Please provide actuarial support for the selected 3.0% DDR Benefit load.

A2. Appendix B presents the calculations used to develop the indicated manual base rate loading for the Death, Disability and Retirement benefit provided in the claims made insuring agreement proposed for this program. Due to the eligibility requirements, GSNIC insureds will not be eligible for the retirement benefit related to this policy provision until they have been continuously insured by the Company for at least five years. As a result, a 3.0% load was initially selected to reflect the expected costs related to this policy provision. As the program matures, GSNIC will re-evaluate the appropriateness of this load and respond accordingly.

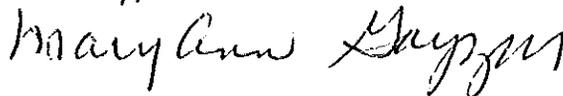
Q3. Please provide actuarial support and justification for selecting higher proposed step factors for the extended reporting endorsement associated with OB/Gyn's as compared to all remaining classes as shown in Exhibit B.

Page 3

A3. Appendix C presents a comparison of the claims made rating factors used by physician's professional liability insurance carriers currently writing this line of business in Illinois to those proposed for use by GSNIC. The proposed extended reporting endorsement rating factors were judgmentally selected based on this survey to reflect historical medical professional liability claim reporting patterns and the statutes regarding extended reporting periods for minors that are present in this jurisdiction. GSNIC management believes that premium developed using the proposed extended reporting endorsement rating factors will not be inadequate, excessive nor unfairly discriminatory.

If you require additional information, please contact me.

Sincerely,



Mary Ann Gayzur

Enclosures

**GENERAL STAR NATIONAL INSURANCE COMPANY
PHYSICIAN'S PROFESSIONAL LIABILITY**

UNDERWRITING PROFIT & TOTAL RETURN CALCULATION

Time	<u>Ultimate Value of Cash Flows</u>				<u>Present Value of Cash Flows</u>		
	<u>Premium</u>	<u>Earned Expenses</u>	<u>Written Expenses</u>	<u>Losses & LAE</u>	<u>Earned Expenses</u>	<u>Written Expenses</u>	<u>Losses & LAE</u>
0	\$1,000		\$150			\$150	
0.5		\$144		\$8	\$142		\$8
1.5				\$36			\$35
2.5				\$77			\$71
3.5				\$112			\$100
4.5				\$129			\$110
5.5				\$106			\$88
6.5				\$62			\$50
7.5				\$31			\$24
8.5				\$18			\$13
9.5				\$12			\$8
10.5				\$7			\$5
11.5				\$4			\$2
12.5				\$2			\$1
13.5				\$2			\$1
Total	\$1,000	\$144	\$150	\$605	\$142	\$150	\$515

(1)	Targeted After Tax Total Rate of Return	16.16%
(2)	Anticipated Return on Capital and Surplus	3.50%
(3)	Targeted After Tax Return on Surplus from Insurance Operations	12.66%
(4)	Premium to Surplus Ratio	1.000
(5)	Targeted After Tax Return on Premium from Insurance Operations	12.66%
(6)	Targeted Before Tax Return on Premium from Insurance Operations	19.48%
(7)	Targeted Present Value of Discounted Cash Flow	80.52%
(8)	Loss & LAE Discount Factor	0.852
(9)	Expense Discount Factor	0.983
(10)	Expected Loss & LAE Ratio	60.60%
(11)	Expense & Profit Ratio	39.40%
(12)	Underwriting Profit Provision	10.00%

NOTES:

- (3) = (1) - (2)
 (5) = (3) / (4)
 (6) = (5) / (1.0 - .35)
 (7) = 1.0 - (6)
 (8) = (Present Value of Losses & LAE / Ult. Value of Losses & LAE)
 (9) = (Present Value Expenses / Ult. Value of Expenses)
 (10) = [(7) - (9) * [Exhibit 3, Item (6)]] / (8)
 (11) = 1.0 - (10)
 (12) = (11) - [Exhibit 3, Item (6)]

**GENERAL STAR NATIONAL INSURANCE COMPANY
PHYSICIAN'S PROFESSIONAL LIABILITY**

UNDERWRITING PROFIT & TOTAL RETURN CALCULATION

Premium Dollar Composition

a) Loss & LAE Ratio	60.60%
b) General Expense	10.00%
c) Other Acquisition Expense	0.00%
d) Death & Disability Benefit	3.00%
e) Premium Taxes	1.40%
f) Commissions	15.00%
g) Underwriting Profit/Loss	<u>10.00%</u>
h) Total	100.00%

Assumptions:

1) Investment Yield	3.50%
2) Loss & LAE Payout Pattern:	

Loss & LAE Payment Pattern

<u>Calendar Year</u>	<u>ILLINOIS SELECT</u>
0.5	1.30%
1.5	6.00%
2.5	12.70%
3.5	18.55%
4.5	21.25%
5.5	17.55%
6.5	10.25%
7.5	5.10%
8.5	2.90%
9.5	1.90%
10.5	1.10%
11.5	0.60%
12.5	0.35%
13.5	0.30%
14.5	0.15%
15.5	0.00%
16.5	0.00%
17.5	0.00%
18.5	0.00%
19.5	0.00%
	100.00%

NOTE: Industry payout patterns as reported in recent physician professional liability rate filings.

**GENERAL STAR NATIONAL INSURANCE COMPANY
PHYSICIAN'S PROFESSIONAL LIABILITY**

**ILLINOIS
DEATH, DISABILITY & RETIREMENT BENEFIT**

		<u>Death & Disability Benefit</u>	<u>Death, Disability & Retirement Benefit</u>
(1)	Estimated Number of DD&R Claims	13.54	30.42
(2)	Average Extended Reporting Period Factor	1.862	1.862
(3)	Average Claims Made Factor	0.909	0.909
(4)	Number of Insureds	1,000	1,000
(5)	Indicated DD&R Load	0.028	0.062
(6)	Selected DD&R Load	0.030	0.060

NOTES:

- (1) Appendix B, Sheet 2.
- (2) Based on proposed factors and industry distribution.
- (3) Based on proposed factors and industry distribution.
- (4) Select for illustrative purposes.
- (5) = (1) x (2) / [(3) x (4)].

**GENERAL STAR NATIONAL INSURANCE COMPANY
PHYSICIAN'S PROFESSIONAL LIABILITY**

**ILLINOIS
DEATH, DISABILITY & RETIREMENT BENEFIT**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Attn Age	75M/25F Death 1000 qx[d]	87 CGDT Disability 1000 qx[i]	Retirement 1000 qx[r]	Total 1000 qx[t]	Industry Distrib	Expected D&D Claims Per 1000 Insureds	Expected DD&R Claims Per 1000 Insureds
20	0.8675	0.8000	0.0000	1.6675	0.000%	0.00	0.00
21	0.8700	0.8000	0.0000	1.6700	0.000%	0.00	0.00
22	0.8900	0.8000	0.0000	1.6900	0.000%	0.00	0.00
23	0.8975	0.9100	0.0000	1.8075	0.000%	0.00	0.00
24	0.9175	0.9400	0.0000	1.8575	0.000%	0.00	0.00
25	0.9375	0.9200	0.0000	1.8575	0.000%	0.00	0.00
26	0.9800	0.9000	0.0000	1.8800	0.000%	0.00	0.00
27	1.0275	0.8900	0.0000	1.9175	0.018%	0.00	0.00
28	1.0350	0.8900	0.0000	1.9250	0.018%	0.00	0.00
29	1.0275	0.9200	0.0000	1.9475	0.286%	0.01	0.01
30	1.0250	0.9500	0.0000	1.9750	0.660%	0.01	0.01
31	1.0300	1.0000	0.0000	2.0300	0.928%	0.02	0.02
32	1.0400	1.0500	0.0000	2.0900	1.446%	0.03	0.03
33	1.0675	1.1100	0.0000	2.1775	2.178%	0.05	0.05
34	1.1050	1.1700	0.0000	2.2750	2.945%	0.07	0.07
35	1.1500	1.2300	0.0000	2.3800	3.534%	0.08	0.08
36	1.2175	1.2900	0.0000	2.5075	3.517%	0.09	0.09
37	1.2825	1.3700	0.0000	2.6525	3.302%	0.09	0.09
38	1.3725	1.4600	0.0000	2.8325	2.999%	0.08	0.08
39	1.4625	1.5600	0.0000	3.0225	3.070%	0.09	0.09
40	1.5625	1.6900	0.0000	3.2525	3.106%	0.10	0.10
41	1.6875	1.8400	0.0000	3.5275	2.928%	0.10	0.10
42	1.8400	2.0200	0.0000	3.8600	3.356%	0.13	0.13
43	2.0100	2.2400	0.0000	4.2500	3.249%	0.14	0.14
44	2.2225	2.5000	0.0000	4.7225	3.606%	0.17	0.17
45	2.4550	2.8000	0.0000	5.2550	3.106%	0.16	0.16
46	2.6875	3.1500	0.0000	5.8375	3.160%	0.18	0.18
47	2.9450	3.5600	0.0000	6.5050	3.802%	0.25	0.25
48	3.1225	4.0300	0.0000	7.1525	3.070%	0.22	0.22
49	3.3350	4.5600	0.0000	7.8950	3.356%	0.26	0.26
50	3.5900	5.1600	10.0000	18.7500	3.356%	0.29	0.63
51	3.8975	5.8500	10.0000	19.7475	3.338%	0.33	0.66
52	4.3000	6.6200	10.0000	20.9200	3.160%	0.35	0.66
53	4.7475	7.4900	10.0000	22.2375	2.838%	0.35	0.63
54	5.2825	8.4500	10.0000	23.7325	2.535%	0.35	0.60
55	5.9025	9.5100	10.0000	25.4125	2.642%	0.41	0.67
56	6.5675	10.6600	15.0000	32.2275	2.231%	0.38	0.72
57	7.2775	11.8700	15.0000	34.1475	2.910%	0.56	0.99
58	7.9025	13.1200	20.0000	41.0225	2.160%	0.45	0.89
59	8.5900	14.3300	20.0000	42.9200	1.928%	0.44	0.83

**GENERAL STAR NATIONAL INSURANCE COMPANY
PHYSICIAN'S PROFESSIONAL LIABILITY**

**ILLINOIS
DEATH, DISABILITY & RETIREMENT BENEFIT**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Attn Age	75M/25F Death 1000 qx[d]	87 CGDT Disability 1000 qx[i]	Retirement 1000 qx[r]	Total 1000 qx[t]	Industry Distrib	Expected D&D Claims Per 1000 Insureds	Expected DD&R Claims Per 1000 Insureds
60	9.3975	15.4300	30.0000	54.8275	2.035%	0.51	1.12
61	10.3750	16.2900	40.0000	66.6650	2.142%	0.57	1.43
62	11.5350	16.7100	40.0000	68.2450	1.553%	0.44	1.06
63	12.8175	17.1300	50.0000	79.9475	1.571%	0.47	1.26
64	14.1700	17.5600	60.0000	91.7300	1.125%	0.36	1.03
65	15.6000	17.9800	80.0000	113.5800	0.857%	0.29	0.97
66	17.0575	23.8327	100.0000	140.8902	0.857%	0.35	1.21
67	18.5400	29.6853	100.0000	148.2253	0.571%	0.28	0.85
68	20.1550	35.1604	100.0000	155.3154	0.750%	0.41	1.16
69	21.8200	40.6354	100.0000	162.4554	0.500%	0.31	0.81
70	23.7800	46.1104	100.0000	169.8904	0.571%	0.40	0.97
71	25.9800	51.5855	100.0000	177.5655	0.321%	0.25	0.57
72	28.8150	57.0605	100.0000	185.8755	0.464%	0.40	0.86
73	31.7900	62.5356	100.0000	194.3256	0.518%	0.49	1.01
74	34.9350	68.0106	100.0000	202.9456	0.321%	0.33	0.65
75	38.4075	73.4856	250.0000	361.8931	0.321%	0.36	1.16
76	42.1925	77.0400	250.0000	369.2325	0.179%	0.21	0.66
77	46.5425	83.1400	500.0000	629.6825	0.179%	0.23	1.12
78	51.5650	89.9800	500.0000	641.5450	0.232%	0.33	1.49
79	57.3075	97.7100	500.0000	655.0175	0.161%	0.25	1.05
80	63.5700	106.2500	1000.0000	1000.0000	0.036%	0.06	0.36
TOTAL					100.000%	13.54	30.42

NOTES:

- (1) Death = 2001 Composite CSO, Blended 75% Male / 25% Female.
- (2) Disability = 1987 Composite Group Disability Table (extended to age 80).
- (3) Retirement = estimated distribution of retirees by age.
- (4) = (1) + (2) + (3).
- (5) Based on industry.
- (6) = [(1) + (2)] x (5).
- (7) = (4) x (5).

**GENERAL STAR NATIONAL INSURANCE COMPANY
PHYSICIAN'S PROFESSIONAL LIABILITY**

**ILLINOIS
CLAIMS MADE RATING FACTOR COMPARISON**

CLAIMS MADE RATE FACTORS

	(1)	(1)	(2)	(3)	(4)
<u>Step</u>	<u>GSNIC OB/Gyn, Peds</u>	<u>GSNIC All Other</u>	<u>ISMIE</u>	<u>APAC</u>	<u>PLICA</u>
1	0.250	0.250	0.250	0.250	1.000
2	0.500	0.500	0.500	0.400	1.000
3	0.750	0.750	0.780	0.750	1.000
4	0.900	0.900	0.925	0.900	1.000
5	1.000	1.000	0.950	0.950	1.000
6	1.000	1.000	0.975	0.980	1.000
7	1.000	1.000	1.000	1.000	1.000

EXTENDED REPORTING PERIOD*

	(1)	(1)	(2)	(3)	(4)
<u>Expiring Step</u>	<u>GSNIC OB/Gyn, Peds</u>	<u>GSNIC All Other</u>	<u>ISMIE</u>	<u>APAC</u>	<u>PLICA</u>
1	1.350	1.000	0.827	1.000	1.350
2	2.050	1.200	1.577	1.552	2.050
3	2.350	1.500	1.873	1.800	2.350
4	2.500	1.880	2.015	1.899	2.500
5	2.600	2.000	2.086	1.948	2.600
6	2.600	2.000	2.128	1.970	2.600
7+	2.600	2.000	2.180	1.970	2.600

* Applicable to mature claims made rates; provides unlimited reporting endorsement.

NOTES:

- (1) Provided by General Star Management.
- (2) ISMIE Mutual Insurance Company rate filing eff. 7/01/2006.
- (3) American Physicians Assurance Corporation rate filing eff. 4/01/2005.
- (4) Professional Liability Insurance Company of America rate filing eff. 9/06/2004.



"Anderson, Julie"
<Julie.A.Anderson2@illinois.gov>

01/08/2007 11:49 AM

To <mgayzur@genre.com>

cc "Neuman, Gayle" <Gayle.Neuman@illinois.gov>

bcc

Subject General Star Medical Malpractice Initial Rate filing

Good morning. My name is Julie Anderson and I am the actuary with the Illinois Division of Insurance responsible for reviewing the actuarial portion of medical malpractice rate filings. I have completed my initial review of the above mentioned rate filing and have a few items that need addressed:

1. Please provide actuarial support for the selected 10.0% profit and contingencies load.
2. Please provide actuarial support for the selected 3.0% DDR Benefit load.
3. Please provide actuarial support and justification for selecting higher proposed step factors for the extended reporting endorsement associated with OB/Gyn's as compared to all remaining classes as shown in Exhibit 8.

Please provide your response directly to me by Tuesday, January 23, 2007. Please feel free to contact me if you have any questions. If needed, I can be available to correspond directly with your company's actuarial firm.

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

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General Star Management Company
Financial Centre
695 East Main Street
Stamford, CT 06901
direct phone 203 328 5584
fax 203 328 6150
email mgayzur@ggenre.com

Mary Ann Gayzur
Compliance Analyst

VIA FEDERAL EXPRESS

January 5, 2007

Ms. Gayle Neuman
Illinois Department of Financial and Professional Regulation
Division of Insurance
320 West Washington Street
Springfield, IL 62767

RE: **General Star National Insurance Company**
NAIC#: 11967 FEIN#: 13-1958482
Physicians & Surgeons Professional Liability
Rate & Rule Filing
Co. Filing #: 06-156-3-2

Dear Ms. Neuman:

Thank you for your response dated January 2, 2007. We have respectfully responded to each of your questions and comments in the order presented. For your convenience we have included your questions along with our response. Please note that our responses are in bold type.

Q1. Under Section XIII - Extended Reporting Period - on the claims-made coverage forms, the extended reporting period must be offered when the policy is cancelled or nonrenewed for any reason including nonpayment of premium, and whether the policy is cancelled by the company or at the insured's request, pursuant to Company Bulletin CB88-50. The Illinois Amendatory Endorsement does not address this change to paragraph 1. Automatic Extended Reporting Period.

A1. Our policy form permits the insured to purchase an extended reporting period endorsement (ERP) regardless of whether cancellation/nonrenewal is at the insured's or the insurer's election, also

Page 2

known as a two-way tail. Further, we do offer a broader coverage in our Illinois Amendatory Endorsement by removing the restriction for "nonpayment of premium", section XIII, item 2 of the Illinois Amendatory Endorsement.

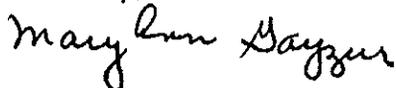
The item that you are referencing, Section XIII, item 1. addresses the Automatic Extended Reporting Period. It is provided at no additional cost for a period of 30 days if the named insured or the Company cancels or non-renews this policy for any reason except for nonpayment of premium. We do not believe that the company should be obligated to offer this option to an insured that fails to pay the premium. Please note that the insured still has the option to purchase a tail coverage even in the event of "nonpayment of premium." We have read the above referenced Bulletin (CB 88-50) dated March 3, 1988, and as we understand it, the Department requires that insurance companies disclose the price of a tail coverage at policy inception to remove financial uncertainty for insureds. We do disclose the price of our tail coverage(s), both at the time of quotation and policy inception.

Q2. Your response provided a definition of "retroactive date" in which the term was used to define itself. Here is an example of a definition for "retroactive date": the date stated on the policy declarations page that is the first day for which coverage will be afforded under the policy for a covered claim arising out of the rendering or failure to render professional services, and may or may not be the same as the policy inception date.

A2. The term has been revised. Please see attached form GSN-06-PS-100IL.

If you require additional information, please contact me.

Sincerely,



Mary Ann Gayzur

GENERAL STAR NATIONAL INSURANCE COMPANY

FINANCIAL CENTRE, P.O. BOX 10354
STAMFORD, CONNECTICUT 06904-2354
(A stock insurance Company, herein called the Company)

GENERAL STAR Advantage **PHYSICIANS AND SURGEONS PROFESSIONAL LIABILITY POLICY**

NOTICE

THIS IS A CLAIMS-MADE AND REPORTED COVERAGE FORM

THIS PROFESSIONAL LIABILITY POLICY PROVIDES COVERAGE ON A CLAIMS-MADE AND REPORTED BASIS. THE COVERAGE PROVIDED BY THIS POLICY IS LIMITED TO ONLY THOSE **CLAIMS** WHICH ARISE FROM PROFESSIONAL SERVICES RENDERED ENTIRELY AFTER THE **RETROACTIVE DATE** STATED IN THE DECLARATIONS AND WHICH ARE FIRST MADE AGAINST THE **INSURED** AND REPORTED TO US IN ACCORDANCE WITH THE TERMS OF THIS POLICY.

PLEASE REVIEW THE POLICY CAREFULLY. THIS POLICY CONTAINS IMPORTANT EXCLUSIONS AND CONDITIONS. ALL WORDS OR PHRASES (OTHER THAN CAPTIONS) THAT ARE PRINTED IN BOLD FACE ARE DEFINED IN THE POLICY. PLEASE DISCUSS ANY QUESTIONS CONCERNING THE COVERAGE WITH YOUR INSURANCE AGENT OR BROKER.

WHAT TO DO IN CASE OF A CLAIM

In the event you directly or indirectly become involved in a professional liability **claim**, you should immediately, however no later than within thirty (30) days, report the details to:

General Star Management Company
123 North Wacker Drive, Suite 700
Chicago, IL 60606

Attention: Medical Malpractice Claims Department.
Fax: (312) 267-8520

Note: Failure to promptly report a **claim** could jeopardize your coverage.

CONSUMER COMPLAINT NOTICE

This notice is to advise you that should any complaints arise regarding this insurance, you may contact the following:

General Star Management Company
Financial Centre
P.O. Box 10354
Stamford, CT 06901

or
Illinois Division of Insurance,
Consumer Division of Public Services Section
Springfield, IL 62767

IMPORTANT

This policy is not effective unless a Declarations Page is issued.

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PROFESSIONAL LIABILITY INSURANCE POLICY CLAIMS-MADE AND REPORTED COVERAGE

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy, the words "you" and "your" refer to both the **named insured** shown in the Declarations and any **additional named insured(s)** added to the policy by Endorsement. The words "Company", "we," "us" and "our" refers to GENERAL STAR NATIONAL INSURANCE COMPANY, which is the company providing this insurance.

Words and phrases, other than titles, which are defined in **SECTION XI – DEFINITIONS**, have special meaning. These special words or phrases appear in **boldface** throughout the policy.

The Company agrees with the **named insured** as shown on the Declarations Page, which is made a part of this policy, in consideration of the payment of the premium, and in reliance upon the statements on the application, which are incorporated herein by reference, as follows:

SECTION I – INSURING AGREEMENT

The Company agrees to pay on behalf of the **insured** those sums the **insured** becomes legally obligated to pay as **damages** because of **claims** made against the **insured** during the **policy period**, or any applicable Extended Reporting Period, arising out of the rendering of (including the failure to render) **professional services**, as described in **SECTION II – CLAIMS TO WHICH THIS POLICY APPLIES**; and provided further:

1. In the event **claim expenses** are included within the limit of liability as specified by the **CLAIM EXPENSES** selection item on the Declarations Page:
 - a. Subject to the **ANNUAL AGGREGATE LIMIT** and the **ANNUAL POLICY AGGREGATE LIMIT**, if any, the amount we will pay for all **claim expenses** and **damages** in connection with any **claim** is limited to the **PER CLAIM LIMIT**, as described in **SECTION VIII – LIMITS OF LIABILITY** and shown on the Declarations Page;
 - b. Our right and duty to defend ends when we have used up the applicable limit of liability by payment of **damages** or **claim expenses** or by any combination of both, as described in **SECTION VIII – LIMITS OF LIABILITY** and shown on the Declarations Page; and
 - c. We have no duty to pay **claim expenses** or defend any **insured** against any **claim** seeking **damages** not covered by the policy.
2. In the event **claims expenses** are not included within the limit of liability as specified by the **CLAIM EXPENSES** selection item on the Declarations Page:
 - a. Subject to the **ANNUAL AGGREGATE LIMIT** and the **ANNUAL POLICY AGGREGATE LIMIT**, if any, the amount we will pay for all **damages** in connection with any **claim** is limited to the **PER CLAIM LIMIT**, as described in **SECTION VIII – LIMITS OF LIABILITY** and shown on the Declarations Page;
 - b. Our right and duty to defend end when we have used up the applicable limit of liability by payment of **damages**, as described in **SECTION VIII – LIMITS OF LIABILITY** and shown on the Declarations Page; and
 - c. We have no duty to pay **claim expenses** or defend the **insured** against any **claim** seeking **damages** not covered by the policy.

SECTION II – CLAIMS TO WHICH THIS POLICY APPLIES

Subject to the terms of this policy, this insurance applies to a **claim** only if:

1. The **professional services** giving rise to such **claim** are rendered:
 - a. In the Coverage Territory as described in **SECTION III – COVERAGE TERRITORY**;
 - b. To a patient of the **named insured**;
 - c. Within the **insured's** profession; and

- d. Entirely on or after the **RETROACTIVE DATE** specified for the **named insured** and before the end of the **policy period**; and
2. On the effective date of the **policy period** of the first professional liability policy that we issue to the **named insured**, the **named insured** did not have knowledge of any act, omission, or circumstance that may reasonably be anticipated to give rise to such **claim for professional services**; and
3. Such **claim** is reported to us in writing within thirty (30) days of receipt by the **named insured** of a written notice of a **claim**.

SECTION III – COVERAGE TERRITORY

The insurance provided by this policy applies only to **claims** made and maintained in the United States of America for **professional services** rendered anywhere in the world.

SECTION IV – DEDUCTIBLE

1. The **DEDUCTIBLE** amount stated on the Declarations Page or in an applicable Endorsement shall be paid by the **insured** and shall be applicable to each **claim**.
2. The **DEDUCTIBLE** amount is a part of, and not in addition to, the amounts shown in on the Declarations Page. The **DEDUCTIBLE** reduces the Company's **PER CLAIM LIMIT** that can be paid under this policy.
3. The **DEDUCTIBLE** amount applies as follows:
 - a. In the event that the **DEDUCTIBLE** amount applies separately to each **claim** and does not apply to **claim expenses** as specified by the **CLAIM EXPENSES** selection item on the Declarations Page, the Company's obligation to pay **claim expenses** is not subject to the **DEDUCTIBLE** amount being satisfied by the **insured**;
 - b. In the event that the **DEDUCTIBLE** amount applies separately to each **claim** and does apply to **claim expenses** as specified by the **CLAIM EXPENSES** selection item on the Declarations Page, the Company's obligation to pay **claim expenses** is subject to the **DEDUCTIBLE** amount being satisfied by the **insured**.

SECTION V – DEFENSE PROVISIONS

1. Subject to the **insured's** compliance with the terms of the policy, we have the right and the duty to defend the **insured** against any covered **claim** that is properly reported to us even if such **claim** is groundless, false or fraudulent.
2. We have the exclusive right to appoint counsel to defend the **insured**. The Company's determination as to the reasonableness of **claim expenses** shall be conclusive. Any counsel retained by an **insured**, without our advance written consent, will be at the sole expense of such **insured**, and such expense shall not count toward satisfaction of the **DEDUCTIBLE**.
3. Our rights and duty to defend:
 - a. In the event **claim expenses** are included within the limit of liability as specified by the **CLAIM EXPENSES** selection item on the Declarations Page, our right and duty to defend end when the applicable limit of liability described in **SECTION VIII – LIMITS OF LIABILITY** has been exhausted by payment of **damages** or **claim expenses** or by any combination of both.
 - b. In the event **claim expenses** are not included within the limit of liability as specified by the **CLAIM EXPENSES** selection item on the Declarations Page, our right and duty to defend end when the applicable limit of liability described in **SECTION VIII – LIMITS OF LIABILITY** has been exhausted by payment of **damages**.

4. Once the limit of liability is exhausted, the Company's duty to defend is deemed discharged. All further **damages** and **claim expenses** are the responsibility of the **insured**.

SECTION VI – SETTLEMENT PROVISIONS

1. We may investigate, negotiate and solicit settlement offers regarding any **claim** as we deem appropriate. Although we shall not commit the **named insured** to any settlement without the **named insured's** consent, if the **named insured** refuses to consent to any settlement recommended by the Company and acceptable to the claimant, and elects to contest the **claim** or continue any legal proceedings in connection with such **claim**, then the Company shall not be obligated to pay an amount in excess of the recommended settlement amount for all **damages** and **claim expenses** incurred subsequent to the date of such refusal. In any and all events, such amounts for **damages** and **claim expenses** are subject to the provisions of **SECTION IV – DEDUCTIBLE** and **SECTION VIII – LIMITS OF LIABILITY**.
2. Notwithstanding the above, each **named insured** agrees that the Company shall have the sole discretion to settle any **claim** under any of the following circumstances:
 - a. the settlement amount is within the **DEDUCTIBLE** amount;
 - b. the **named insured** is deceased or adjudicated incompetent;
 - c. the **claim** was reported to us during an Extended Reporting Period;
 - d. a judgment has been entered;
 - e. the **named insured's** license to practice medicine is suspended, revoked, surrendered, inactive or otherwise has been terminated; or
 - f. if after reasonable efforts by us, the **named insured** cannot be located.
3. We may appeal any judgment against an **insured** for any **claim** covered under this policy at our sole discretion.
4. As a condition precedent to issuance of this policy, the **insureds** consent to the Company reporting any **claim** settlement, including factual details, to the National Practitioners Data Bank or to any other professional or state agency pursuant to law or regulation.

SECTION VII – WHO IS AN INSURED

Each of the following is an **insured** under the policy only to the extent set forth:

1. The person(s) or entity(ies) identified as the **named insured(s)** on the Declarations Page or in an Endorsement or Schedule attached to this policy;
2. The **named insured's** employees and/or authorized volunteer workers while working within the course and scope of their duties on behalf of the **named insured**. However, we have no duty or obligation to defend, pay **damages** on behalf of or indemnify any **insured** in any **claim** for **damages** arising out of the acts or omissions of or by any physician or surgeon under contract with, employed by or volunteering for the **named insured** unless such person is specifically named as **named insured** on the Declarations Page or in an Endorsement or Schedule attached to this policy;
3. The heirs, executors, administrators, assigns and legal representatives of the **named insured** in the event of the **named insured's** death, total and permanent disability or bankruptcy;
4. Locum tenens utilized by the **named insured** while acting within the scope of his her duties as such, provided the Company has received a completed application and coverage has been approved by the Company prior to the requested effective date of coverage.

SECTION VIII – LIMITS OF LIABILITY

Regardless of the number of **insureds** under this policy or the number of **claims** made and first reported to the Company, the Company's liability is limited as follows:

1. PER CLAIM LIMIT

The **PER CLAIM LIMIT** specified on the Declarations Page, or in an applicable Endorsement in effect at the time the **claim** is first reported to the Company, is the maximum amount, less the **DEDUCTIBLE**, we will pay for **damages**, and **claim expenses**, if they are included within the limit of liability as specified by the **CLAIM EXPENSES** selection item on the Declaration Page, for each **claim** first made and reported or deemed first made and reported during the **policy period** or, if applicable, first reported during the Extended Reporting Period.

The **PER CLAIM LIMIT** shall apply as follows:

- a. Separately to each **named insured**; and
- b. On a shared basis with all individuals qualifying for coverage under **SECTION VII – WHO IS AN INSURED** but not specifically identified as a **named insured** on the Declarations Page or in an Endorsement or Schedule attached to the policy.
- c. However, in no event shall the limit of liability applicable to any entity apply to any person specifically named on the Declarations Page or in an Endorsement or Schedule attached to the policy.
- d. Two or more **claims** arising, directly or indirectly, out of the same or related **professional services** by one or more **insureds** shall be considered a single **claim** regardless of:
 - (1) the number of resulting injuries; patients, claimants or litigants; or
 - (2) the number of **claims**; or
 - (3) if any related **professional services** extend over a long treatment period; or
 - (4) if any related **professional services** extend over multiple **policy periods**.
- e. In the event both mother and child (twins or otherwise) make **claims** against one or more **insureds**, alleging two or more causes of action or related **professional services**, both mother and child (twins or otherwise) shall be considered one patient for the purposes of determining the **PER CLAIM LIMIT** in effect at the time such **claims** are first made against an **insured**.
- f. All such **claims** described in paragraph d. and e. above, whenever made and reported, shall be deemed first made and reported within the **policy period** or reported within the Extended Reporting Period (if applicable) in which the earliest **claim** is first made and reported, or deemed made and reported, to the Company, and all such **claims** shall be subject to the limit of liability in effect during such **policy period**.
- g. For purposes of determining the Company's **PER CLAIM LIMIT**, all **damages** arising out of **professional services** rendered to a patient will be considered a single **claim** and only one **PER CLAIM LIMIT** shall apply, regardless of:
 - (1) The nature or number of causes of action asserted;
 - (2) The number of patient visits and/or the treatment period; or
 - (3) The number and/or nature of **professional services** rendered and the period of time over which they were rendered.

2. ANNUAL AGGREGATE LIMIT

Our limit of liability for all **claims** shall not exceed the amount stated on the Declarations Page, or in an applicable Endorsement in effect at the time the **claims** are first reported to the Company, as the **ANNUAL AGGREGATE LIMIT**. This **ANNUAL AGGREGATE LIMIT** is the maximum amount for **damages**, and **claim expenses** if they are included within the limit of liability as specified by the **CLAIM EXPENSES** selection item on the Declaration Page, that we will pay for all **claims** first made and reported or deemed made and reported during the **policy period** or, if applicable, reported during the Extended Reporting Period.

The **ANNUAL AGGREGATE LIMIT** shall apply:

- a. Separately to each **named insured**;
- b. On a shared basis with all individuals qualifying for coverage under **SECTION VII – WHO IS AN INSURED** but not specifically identified as a **named insured** on the Declarations Page or in an Endorsement or Schedule attached to the policy;
- c. However, in no event shall the **ANNUAL AGGREGATE LIMIT** applicable to any entity apply to any person specifically identified as a **named insured** on the Declarations Page, in an Endorsement or a Schedule attached to the policy.

3. ANNUAL POLICY AGGREGATE LIMIT

If this policy includes an **ANNUAL POLICY AGGREGATE LIMIT**, as indicated on the Declarations Page, this is the most we will pay under the policy for all **damages**, and **claims expenses** if they are included within the limit of liability as specified by the **CLAIM EXPENSES** selection item on the Declaration Page, regardless of the number of **claims** made or the number of **insureds** under the policy.

4. If this policy and any other primary professional liability insurance policy issued by us or any affiliated or related company applies to the same **claim** or series of related **claims** :
- the Company shall not be liable under this policy for a greater proportion of the **damages** and **claim expenses** than the applicable limit of liability under this policy bears to the total limits of liability of all such policies; and
 - the maximum amount payable under all such policies shall not exceed the limit of liability of that policy which has the largest limit of liability.

This provision does not increase the limits of liability available under this policy.

This provision does not apply to any policy issued by us or any affiliated company specifically to apply as excess insurance over this policy.

SECTION IX – SUPPLEMENTARY PAYMENTS

The Company agrees to pay the following to **named insured(s)** in addition to the limit of liability:

- Trial cost reimbursement** – The Company will reimburse the **named insured** up to \$500 per day, up to a total of \$5,000 per **named insured** and for all **named insureds** per trial, for wages lost as a result of attendance of the **named insured** at trial, at the Company's request, in connection with a **claim**.
- Medicare/Medicaid billing error defense reimbursement** – The Company will reimburse the **named insured** for attorneys' fees, costs and expenses incurred by the **named insured** because of a Federal or State government healthcare benefit payer's investigation of the **named insured's** billing. The investigation must have commenced during the **policy period** and the alleged erroneous billing must have been submitted to the government payer after the **RETROACTIVE DATE** specified for the **named insured** and before the end of the **policy period**; provided further that reimbursement is conditioned on the **named insured** having no knowledge of alleged erroneous billing or the investigation of alleged erroneous billings as of the inception of the **policy period**. The maximum amount of reimbursement for a specific investigation is \$30,000. The maximum amount of reimbursement available for all investigations during the **policy period** is \$30,000.
- State Medical Board legal expense reimbursement** – The Company will reimburse the **named insured** for attorneys' fees, costs and expenses because of a proceeding initiated by a State medical or professional regulations board. The board proceeding must have commenced during the **policy period** and be based upon **professional services** or other acts or omissions that occurred after the **RETROACTIVE DATE** specified for the **named insured** and before the end of the **policy period**; provided further that reimbursement is conditioned on the **named insured** having no knowledge of any act, omission or circumstance, as of the inception of the **policy period**, that may reasonably be anticipated to give rise to such a proceeding. The maximum amount of reimbursement for a specific proceeding is \$25,000. The maximum amount of reimbursement available for all proceedings during the **policy period** is \$25,000.

SECTION X - EXCLUSIONS

This policy does not apply, and the Company shall not be obligated to defend, pay **claim expenses** or **damages** on behalf of or indemnify an **insured** with respect to any **claim**:

1. **Advertising** – based on, arising out of or resulting from articles, books, lecture activities, **advertisement**, broadcasting or telecasting activities by or for an **insured**;
2. **Antitrust** – based on, arising out of or resulting from actual or alleged violations of state or federal anti-trust, price-fixing, restraint of trade or deceptive trade practice laws, rules or regulations committed by, at the direction of, or with the knowledge of any **insured**;
3. **Assumed Liability / Contract(s)** – based on, arising out of or resulting from the assumption by an **insured** of liability in any contract or agreement. This exclusion does not apply to liability for **damages** that the **insured** would have in the absence of the contract or agreement;
4. **Criminal / Willful Act(s)** – based on, arising out of or resulting from any dishonest, fraudulent, criminal or deliberately wrongful acts committed by or at the direction or ratification of an **insured**.
5. **Discrimination** – based on, arising out of or resulting from discrimination of any kind by an **insured**, including but not limited to discrimination due to or on the basis of race, color, creed, national origin, marital status, age, gender, disability, HIV or AIDS status, sexual origin, sexual preference, or sexual orientation;
6. **Disputes** – by any present, former or prospective employee, partner, officer, director, stockholder, or **insured** under this policy, except if such **claim** arises from **professional services** rendered in a doctor-patient relationship;
7. **Employed Doctor(s)** – based on, arising out of or resulting from the acts or omissions of or by any physician or surgeon under contract with or employed by the **named insured** unless such person is specifically named as a **named insured** on the Declarations or in an Endorsement or Schedule attached to the policy;
8. **Experimental / Investigational** – based on, arising out of or resulting from experimental or investigational procedures, device(s) or practice protocols;
9. **General Anesthesia** – based on, arising out of or resulting from the administration of general anesthesia, or any procedure carried out under general anesthesia, unless performed in a hospital or surgical facility accredited by the Joint Commission on Accreditation of Healthcare Organizations (JCAHO), Accreditation Association for Ambulatory Health Care, Inc. (AAAHC), American Association for Accreditation of Ambulatory Surgery Facilities, Inc. (AAAASF), or a similar industry recognized accreditation board which has been prior approved in writing by the Company;
10. **Guarantee of Results** - based on, arising out of or resulting from any guarantee of cure or particular results or outcome of **professional services** rendered by an **insured**;
11. **Injunctive Relief** – for equitable relief, injunctive relief, declarative relief or any other relief, including but not limited to demands for fees and costs and costs incurred by a third party pursuing such relief;
12. **Known Loss** –
 - a. for which proceedings were initiated against any **insured** before the initial effective date of the **policy period** of the first professional liability policy that we issue to the **named insured**;
 - b. reported in the Application for this policy;
 - c. reported to any other insurance company before the initial effective date of the **policy period** of the first professional liability policy that we issue to the **named insured**;
 - d. reported to any other source from which payment might be made before the initial effective date of the **policy period** of the first professional liability policy that we issue to the **named insured**;

- e. of which the **named insured** had knowledge, before the initial effective date of the **policy period** of the first professional liability policy that we issue to the **named insured** of any act, omission or circumstance that may reasonably be anticipated to give rise to such **claim**; or
- f. based on, arising out of or resulting from **professional services**, any portion of which were rendered prior to the **RETROACTIVE DATE** specified for the **named insured**;

13. Laws –

- a. based on, arising out of or resulting from any workers' compensation, disability benefits or unemployment compensation law, social security, or any similar law;
- b. based on, arising out of or resulting from the Employee Retirement Income Security Act of 1974 including any fiduciary liability or liability arising out of the administration of any employee benefit plan;
- c. based on, arising out of or resulting from The Fair Labor Standards Act, the National Labor Relations Act of 1938, the Worker Adjustment and Retraining Notification Act, the Consolidated Omnibus Budget Reconciliation Act of 1985, or the Occupational Safety and Health Act;
- d. This exclusion also applies to any rules or regulations promulgated under any of the foregoing, amendments thereto or any similar provisions of any federal, state or local laws;

14. Licensure –

- a. based on, arising out of or resulting from **professional services** that occur while the **insured's** professional license to practice is inactive, under suspension, has been revoked, surrendered or otherwise has been terminated; or
- b. based on, arising out of or resulting from prescribing or dispensing of controlled substances while the **insured's** license or registration to prescribe or dispense such controlled substances is not in effect;

15. Locum Tenens - based on, arising out of or resulting from **professional services** by any locum tenens not approved by the Company;

16. Narcotics / Intoxicants – based on, arising out of or resulting from **professional services** rendered while the **insured** is under the influence of any intoxicating liquor or illegal drugs;

17. Partnership – for any vicarious liability of an **insured** based on membership or participation in a partnership, unless the partnership is a **named insured**;

18. Personal or Advertising Injury -

- a. based on, arising out of or resulting from any act by or at the direction of an **insured** with the knowledge that such act would violate the rights of another and would inflict **personal or advertising injury**;
- b. based on, arising out of or resulting from oral or written publication of material, if done by or at the direction of an **insured** with knowledge of its falsity; or
- c. based on, arising out of or resulting from the wrong description of the price of goods, products or services stated in your **advertisement**;

19. Pollutants / Medical Waste –

- a. based on, arising out of or resulting from any accidental or intentional discharge, dispersal, release, escape, or seepage, of any hazardous substances, toxic substances, wastes or **pollutants**; or
- b. based on, arising out of or resulting from any error or omission committed or alleged to have been committed by an **insured** that in any manner relates to or arises out of the actual, alleged or threatened discharge, dispersal, release, escape, or seepage, of any hazardous substances, toxic substances, wastes or **pollutants**;

20. Products / General Liability – based on, arising out of or resulting from product liability, whether under the theory of strict liability, negligence, breach of warranty or otherwise;

21. Proprietor / Directors and Officers – brought against an **insured** as a proprietor, owner, shareholder, partner, investor, joint venturer, officer, director, administrator, committee member, superintendent, executive officer, or medical director of a:

- a. Hospital, nursing home or sanitarium;
- b. Ambulatory care center or clinic with bed and board facilities;
- c. Laboratory;

- d. Health maintenance organization, health care service plan, preferred provider organization or any similar health care entity or delivery system; or
- e. Health care supply, or support organization, managed care facility, or any other business enterprise, organization or operation, whether or not related to patient care and/or treatment; not specified in the Declarations Page or any endorsement thereto.

22. Sexual Acts / Molestation –

- a. based on, arising out of or resulting from physical assault, abuse, molestation or intentional neglect, or licentious, immoral, amoral or other behavior that was committed or alleged to have been committed, by an **insured** or by any person for whom the **insured** is legally responsible;
- b. based on, arising out of or resulting from sexual assault, abuse, or molestation or licentious, immoral, amoral or other behavior which was threatened, intended to, lead to or culminated in, any sexual act whether committed intentionally, negligently, inadvertently or with the belief, erroneous or otherwise, that the other party is consenting and has the legal and mental capacity to consent thereto, that was committed, or alleged to have been committed by an **insured** or by any person for whom the **insured** is legally responsible.

This exclusion applies regardless of the legal theory or basis upon which an **insured** is alleged to be legally liable or responsible in whole or in part, for any **damages** arising out of the acts described in **a.** and **b.**, above, including but not limited to assertions of improper or negligent hiring, employment or supervision, failure to protect or warn the other party, failure to prevent the sexual abuse and/or physical abuse, failure to prevent assault and battery, failure to discharge the employee;

23. Spouse, Child or Dependent – based on, arising out of or resulting from **professional services** rendered to your spouse, child or any other dependent;

24. Vehicle, Watercraft or Aircraft Exclusion – based on, arising out of or resulting from the ownership, operation or use, loading or unloading of any vehicle, watercraft, mobile equipment or aircraft.

SECTION XI – DEFINITIONS

- 1. **“Additional named insured(s)”** means the person(s) providing **professional services** who are specifically identified as a **named insured** in an Endorsement attached to the policy.
- 2. **“Advertisement”** means a notice that is broadcast or published to the general public or specific market segments about your goods, products or services for the purpose of attracting customers or supporters.
- 3. **“Claim”** means:
 - a. A **suit**;
 - b. A written order or demand for **damages**, which is not a **suit**, arising from a specific circumstance involving particular and specific **professional service(s)** to which this insurance applies; or
 - c. An arbitration proceeding or other alternative dispute resolution proceeding seeking **damages**, to which an **insured** is required to submit by statute or court rule or to which an **insured** submits with our consent.

Claim does not include **potential claims**; **suits** seeking declarative, injunctive or other non-pecuniary or equitable relief, or that portion of a **suit** for **damages** that seeks declarative, injunctive or other non-pecuniary or equitable relief; any disciplinary proceeding before any state licensing board or hospital peer review or other similar entity; or any criminal proceeding or investigation.

4. **“Claim Expenses”** means all attorneys’ fees, costs and expenses incurred by us in the investigation, discovery, adjustment, defense, arbitration, settlement or appeal of any covered **claim**.

Claim expenses include:

- a. Prejudgment interest awarded against an **insured** on that part of the judgment covered by this policy;
- b. Interest on that part of the judgment, covered by this policy, after the entry of the judgment and before we have paid, offered to pay, or deposited in court that part of the judgment that is within our limit of liability described in **SECTION VIII – LIMITS OF LIABILITY**.

- c. The cost of a jury bond or an appeal bond required in the defense of a claim to which this insurance applies.

Claim expenses do not include:

- a. Civil, criminal, administrative or other fines or penalties;
 - b. Sanctions;
 - c. Any portion of any judgment, award or verdict that represents a multiple of the compensatory **damages**;
 - d. Payment for **professional services**, including refund of fees, withdrawal or reduction of fees paid to the insured;
 - e. Punitive or exemplary **damages**;
 - f. Salaries and expenses of our employees, you, your employees, or of any insured;
 - g. Bail bonds; or
 - h. **Damages**.
5. **"Damages"** means sums that an insured becomes legally obligated to pay as a result of a covered claim. **Damages do not include:**
- a. Civil, criminal, administrative or other fines or penalties;
 - b. Sanctions;
 - c. Any portion of any judgment, award or verdict that represents a multiple of the compensatory **damages**;
 - d. Payment for **professional services**, including refund of fees, withdrawal or reduction of fees paid to the insured;
 - e. Punitive or exemplary **damages**;
 - f. Bail bonds; or
 - g. **Claim expenses**.
6. **"Insured"** means any person or entity qualifying as such under **SECTION VII – WHO IS AN INSURED**.
7. **"Insured's Profession"** means those **professional services** usual and customary to the named insured's specialty as a physician or surgeon, unless otherwise restricted or modified by Endorsement attached to this policy.
8. **"Material Misrepresentation"** means information deemed by the Company to be so relevant to the risk for which the policy was issued that the Company would:
- a. not have issued the policy;
 - b. have issued the policy with different terms, conditions or exclusions; or
 - c. have issued the policy with a higher premium charged had such information been disclosed on the Application or Renewal Application or any supplementary application for this insurance policy.
9. **"Named Insured(s)"** means the person or entity providing **professional services** and specifically identified as a named insured on the Declarations Page or in an Endorsement or Schedule attached to the policy.
10. **"Permanently and Totally Disabled"** means that the named insured is disabled as a result of injury and/or disease to the extent that the named insured cannot engage in the practice of medicine for remuneration or profit. The condition relating to the disability must exist continuously for not less than six (6) months and must be expected to be of a continuous and permanent nature.
11. **"Personal and advertising injury"** means injury arising out of one or more of the following offenses:
- a. False arrest, detention or imprisonment;
 - b. Malicious prosecution;
 - c. The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies, committed by or on behalf of its owner, landlord or lessor;
 - d. Oral or written publication of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services;
 - e. Oral or written publication of material that violates a person's right of privacy;
 - f. The use of another's advertising idea in your **advertisement**; or
 - g. Infringing upon another's copyright, trade dress or slogan in your **advertisement**.

12. **"Policy Period"** means the period beginning at 12:01 A.M. Standard Time on the inception date of coverage specified on the Declarations Page, to 12:01 A.M. Standard Time on the expiration date specified on the Declarations Page, unless the policy is terminated at an earlier date.
13. **"Pollutants"** means any solid, liquid or gaseous, thermal or electromagnetic irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals, biohazardous, biomedical and other wastes. Wastes also include materials to be recycled, reconditioned or reclaimed.
14. **"Potential Claim"** means written notice from the **insured** of a specific act, omission or circumstance involving particular and specific **professional service(s)** that may result in a **claim** arising from such **professional services** by the **insured**.
15. **"Professional Services"** means the rendering of health care, treatment or services within a doctor-patient relationship, or in the performance of services by any **named insured** as a member of a formal accreditation or similar professional board or committee of a hospital at which he/she is a staff member.
16. **"Retroactive date"** means the date specified either in the Declarations page or in endorsements attached to the policy that limits the coverage provided by this policy to only those **claims** which arise from **professional services** rendered after such date and which are first made against the **insured(s)** and reported to us in accordance with the terms of this policy.
17. **"Suit"** means a civil action against an **insured** that seeks to recover **damages** because of **professional services** to which this policy applies.

SECTION XII – CONDITIONS

1. **Action Against Company**

No action shall lie against the Company unless there has been full compliance with all of the terms of this policy, nor until the amount of the **insured's** obligation to pay **damages** shall have been finally determined either by judgment against the **insured** after actual trial and appeal, or by written agreement of the **insured**, the claimant and the Company.

Nothing contained in this policy shall give any person or organization any right to join the Company as a co-defendant in any action against an **insured** to determine the **insured's** liability.

2. **Authorization Of Named Insured**

The first **named insured** shown in the Declarations of this policy shall be the authorized agent of all **insureds** with respect to any notice required under the terms of the policy, including but not limited to premium due notices, policy issuance, any changes in the policy, renewal premium notices, Endorsements to the policy, cancellation, non-renewal and unearned premium refunds.

3. **Assessability**

This policy is non-assessable.

4. **Assignment**

The interest of the **named insured** under this policy cannot be transferred or assigned without the written consent of the Company.

5. **Bankruptcy Or Insolvency**

Bankruptcy or insolvency of the **named insured** or the **named insured's** estate shall not relieve the Company of any of its obligations.

6. **Cancellation / Non-Renewal / Non-Payment**

a. **Cancellation - Named Insured's Request**

The **named insured** may cancel all coverage under the policy at any time, by giving ten (10) days advanced written notice to the Company. Such written notice must specify the date that cancellation is requested. Note – All coverage will end at 12:01 A.M. Standard Time, at the **named insured's** address referenced on the Declarations Page, on the cancellation date. Unearned premium will be refunded to the **named insured** within a reasonable period of time, in accordance with the customary short rate

table and procedure, subject to the retention by the Company of any minimum earned premium stated on the Declarations Page.

b. Cancellation - Company's Request

The Company may cancel coverage under this policy by mailing or delivering written notice of cancellation to the last known address of the **named insured** not less than thirty (30) days prior to the effective date of cancellation. Such notice shall include the cancellation date of the policy and the reason for cancellation. Unearned premium, if any, will be refunded to the **named insured**, within a reasonable period of time, in accordance with the customary pro rata tables and procedures, subject to the retention by the Company of any minimum earned premium stated on the Declarations Page.

In the case of nonpayment of premium, the policy may be canceled by the Company by mailing or delivering written notice of cancellation to the last known address of the **named insured** at least ten (10) days before the effective date of cancellation.

c. Non-Renewal

The Company may non-renew this policy by mailing or delivering to the last known address of the **named insured** written notice of non-renewal at least sixty (60) days before the expiration date of this policy. The offer of renewal policy terms, conditions, or premium amount different than those in effect prior to renewal does not constitute non-renewal.

d. Authorization to apply any premium refund to unpaid Deductible(s)

As a condition precedent to issuance of the policy, the **named insured** consents to the Company applying any unearned premium refund towards any outstanding unpaid Deductible(s) due to the Company under the terms of this policy. In this eventuality, within a reasonable period of time, the Company shall provide the **named insured** with a detailed explanation of the transaction and shall refund the **named insured** with any unearned premium in excess of the unpaid Deductible(s) within a reasonable period of time.

7. Changes In Insured's Practice, Licensure Or Privileges

The **named insured** shall immediately notify the Company:

- a. If your license to practice is restricted in any way, suspended, revoked, or otherwise terminated;
- b. If your hospital staff privileges are restricted in any way, suspended, revoked, or otherwise terminated; or
- c. Of any material changes in your specialty or practice as described in your Application or Renewal Application for this policy.

8. Changes In The Policy

The terms of this policy cannot be changed or waived except by written Endorsement issued to form a part of the policy by the Company.

9. Declarations and Application / Rescission

By acceptance of this policy each **named insured** acknowledges that all statements in the Application(s) are their representations, that they shall be deemed material, and that this policy is issued in reliance upon the truth of such representations. Furthermore, the Company and the **named insured** agree the Declarations Page and this policy embody all agreements existing between the **named insured** and the Company or any of its agents or brokers relating to this insurance. By signing the Application, each **named insured** declares that the information contained in the Application is true, complete and accurate and contains no **material misrepresentation**. Any policy issued by the Company is done so in reliance upon the truth, completeness and accuracy of the information contained in the Application. The Company may void coverage and rescind the policy if the **named insured** commits **material misrepresentation** in applying for the policy.

10. Inspection And Audit

We may examine any **insured** under oath, while not in the presence of any other **insured** and at such times as may be reasonably required, about any matter relating to this insurance or **claim**, including an **insured's** books and records. In the event of an examination, the **insured's** answers must be signed.

11. Named Insureds' Duties In The Event of a Claim or Potential Claim

- a. **Notice of Claim** -- The **named insured** shall deliver written notice to the Company within thirty (30) days after the date of receipt of a **claim**. The notice shall include every demand, notice, summons, notice of intent to sue, complaint, and any document the **named insured** or the **named insured's** representative receives relating to a **claim**.
- b. **Notice of Potential Claim** -- If, during the **policy period** the **named insured** becomes aware of any act, omission or circumstance, which took place during the **policy period**; that may reasonably be anticipated to give rise to a **claim**, the **named insured** must notify us in writing as soon as practicable, but in no event after the end of the **policy period**. Any **claim** that subsequently arises out of such properly noticed act, omission or circumstance shall be considered to be a **claim** made and reported during the **policy period**. Notice shall include all demand letters and the fullest information obtainable surrounding the act or circumstance.
- c. **Cooperation** -- The **insureds** must cooperate and assist the Company and the appointed defense counsel in the investigation and defense of a **claim** and shall, upon request, submit to examination and interrogation by a representative of the Company, under oath if required, attend hearings, depositions and trials, assist in effecting any settlement, securing and giving evidence, and obtaining the attendance of witnesses, all without charge to the Company.
The **insureds** shall further cooperate with the Company to do whatever is necessary to secure and effect any rights of indemnity, contribution or apportionment that an **insured** may have.
- d. No **insured** shall, except at their own expense, make any payment, admit any liability, agree to any settlement of a **claim**, incur any expenses or assume any obligations without our written consent.
- e. The **insured** agrees to cooperate, assist and consent to the submission of special verdict forms or other written inquiries to the trier of fact for the purpose of determining the basis for the **insured's** liability and any **damages** awarded (if any) if **suit** or any other proceeding is brought on a **claim**.

12. Disclosures on Renewal Applications

Disclosure of a **claim** or **potential claim** on a Renewal Application for insurance or a Claim Information Supplement that is submitted to the Company shall not be notice of a **claim** or **potential claim**. In order to provide notice of a **claim** or **potential claim** to the Company, you must follow reporting requirements set forth herein.

13. Non-Stacking of Limits

If this policy and any other primary professional liability insurance policy issued by this Company or any affiliated or related company applies to the same **claim** or series of related **claims** seeking **damages** arising out of **professional services** to which coverage applies:

- a. the Company shall not be liable under this policy for a greater proportion of the loss than the applicable limit of liability under this policy bears to the total limits of liability of all such policies, and;
- b. the maximum amount payable under all such policies shall not exceed the limit of liability of that policy which has the largest limit of liability.

Nothing contained in this clause shall be construed to increase the limits of liability available under this policy. This condition does not apply to any policy issued by us or any affiliated company specifically to apply as excess insurance over this policy.

14. Other Insurance

Subject to the **Non-Stacking of Limits** condition above, if there is other valid insurance, whether primary, excess, contingent or self-insurance, which may apply against a **claim** covered by this policy, the insurance provided hereunder shall be deemed excess insurance over and above the applicable limit of all other insurance or self insurance except for that insurance purchased specifically in excess of this policy. This policy is written as specific excess of coverage available under any Extended Reporting Period, Optional Extended Reporting Period and Automatic Extended Reporting Period or similar period in any prior policy(ies).

When this insurance is excess, the Company shall have no duty under this policy to defend any **claim** that any other insurer or self insurer has a duty to defend. If such other insurer or self insurer refuses to defend such **claim**, the Company shall be entitled to the **named insured's** rights against all such other insurers or self-insurers for any **claim expenses** incurred by the Company.

15. Premium

All premiums and other charges shall be computed in accordance with the Company's rules, rates, rating plan, minimum premiums and individual risk considerations.

16. Reimbursement

While the Company has no duty to do so, if the Company pays **damages**:

- a. Within the amount of the applicable **DEDUCTIBLE**; and/or
- b. In excess of the applicable limit of liability;

the **named insured** shall be liable to the Company for such amounts. Upon written demand, the **named insured** shall repay such amounts to the Company within ten (10) days thereof.

17. Subrogation

In the event of any payment under this policy, the Company shall be subrogated to all the **insureds'** rights of recovery for such loss against any person or entity other than an employee of the **named insured**. The **insureds** shall execute and deliver instruments or papers and do whatever else is necessary to secure such rights. The **insureds** shall do nothing after a **claim** is made or after becoming aware of a **potential claim** to waive or prejudice such rights.

18. Conformity to statute

Notwithstanding anything contained herein to the contrary, in the event that any terms or conditions of this contract conflict with any law applicable to the coverage afforded hereunder, the terms of this contract shall by this statement be amended to conform to such law or laws.

SECTION XIII – EXTENDED REPORTING PERIOD

1. Automatic Extended Reporting Period:

An Automatic Extended Reporting Period of thirty (30) days, effective at the end of the **policy period**, will be provided by the Company, at no additional cost, to the **named insured**, in the event:

- a. The **named insured** or the Company cancels or non-renews this policy for any reason except for nonpayment of premium; and
- b. the **named insured** does not acquire a replacement policy from another insurer with a retroactive date identical to the one in this policy.

This Automatic Extended Reporting Period shall extend the time in which the **named insured** can give written notice to us of **claims** first made against the **Insured** during this Automatic Extended Reporting Period, arising out of the rendering of (including the failure to render) **professional services** entirely on or after the **RETROACTIVE DATE** specified for the **named insured** and before the end of the **policy period**, and otherwise subject to all of the policy's terms, limitations, exclusions and conditions.

2. An Optional Extended Reporting Period is available to each named insured in the event that:

- a. The **named insured** or the Company cancels or non-renews this policy for any reason other than:
 - (1) Flat cancellation by the Company effective at policy inception for non-payment of premium;
 - (2) Cancellation by the Company effective mid-term for nonpayment of any premium;
 - (3) Failure to comply with policy provisions;
 - (4) Non-payment of a **DEDUCTIBLE**;
 - (5) Failure to cooperate with us; or
 - (6) Fraud, concealment or **material misrepresentation** of facts in the Application or Renewal Application for this policy or any renewal policy for this insurance; or
- b. The Company renews this policy with a **RETROACTIVE DATE** that is more recent in time from the one in this policy.

The quotation of a different premium, **DEDUCTIBLE** and/or limit of liability for renewal does not constitute a cancellation or refusal to renew for the purpose of this provision.

3. Upon full payment of an additional premium calculated based on filed factors as applied to the full annual and mature claims-made rates, each named insured who makes such payment shall have the right to an

extension of coverage to **claims** first made and reported to the Company during the Optional Extended Reporting Period, arising out of the **named insured's** rendering of (including the failure to render) **professional services** entirely on or after the **RETROACTIVE DATE** specified for the **named insured** and before the end of the **policy period**, and otherwise subject to all of the policy's terms, limitations, exclusions and conditions.

This Optional Extended Reporting Period may be purchased for the following time periods, commencing immediately upon the effective date of cancellation or non-renewal of this policy:

- a. twelve (12) calendar months;
 - b. thirty-six (36) calendar months;
 - c. forty-eight (48) calendar months;
 - d. sixty (60) calendar months; or
 - e. Unlimited Reporting Period.
4. The right to purchase the Optional Extended Reporting Period shall terminate thirty (30) days after such cancellation or non-renewal unless written notice of such election, together with the additional premium is received by the Company or its authorized representative within that thirty (30) day period. The time period of the Optional Extended Reporting Period cannot be changed after this thirty (30) day period.
5. In the event a **named insured** dies, becomes **permanently and totally disabled**, or retires during the **policy period**, an Unlimited Extended Reporting Period will be granted at no additional premium, provided that within thirty (30) days of the death, **permanent and total disability**, or retirement:
- a. the **named insured's** estate requests the Unlimited Extended Reporting Period and furnishes written evidence and proof of the date of the **named insured's** death, or
 - b. the **named insured** provides evidence and proof of the **permanent and total disability** including the date of the actual disability and written certification by the **named insured's** attending physician (other than another physician practicing in the same group as the **named insured**). The **named insured** also agrees to submit to any medical examination(s) as requested by the Company, by any physician designated by the Company for the purpose of verifying such **permanent and total disability**; or
 - c. If at any time after reaching age 55, and having been continuously insured by the Company on a claims-made basis for a minimum of 5 years, the **named insured** elects to retire from practice of medicine.

As a condition precedent to the **named insured's** right to purchase the Extended Reporting Period, the full premium of this policy and any Deductible amounts that are due must have been paid.

At the commencement of any Extended Reporting Period, the entire premium shall be deemed earned and the Company shall not be liable to return to the **named insured** any portion of the premium for any Extended Reporting Period.

The fact that the period during which **claims** may be first made against the **named insured** under this policy is extended by virtue of the Extended Reporting Period shall not in any way increase the limit of liability of this policy. The limit of liability available under the Extended Reporting Period shall be part of, and not in addition to, the limit of liability available under the policy.

Any coverage provided under this Extended Reporting Period shall be excess of other coverage available to the **named insured** for a claim made and reported during this Extended Reporting Period.

In no way does any Extended Reporting Period change the requirement that **claims** must be reported to us in writing within thirty (30) days of receipt by the **named insured** of a written notice of a claim.

IN WITNESS WHEREOF The **General Star National Insurance Company** has caused this Policy to be signed by its President and Secretary at Stamford, Connecticut, but the same shall be binding upon the Company unless countersigned on the Declarations Page by an authorized representative of the Company.

GENERAL STAR NATIONAL INSURANCE COMPANY



Secretary



President



"Neuman, Gayle"
<Gayle.Neuman@Illinois.gov
>

01/02/2007 10:33 AM

To <mgayzur@genre.com>

cc

bcc

Subject Physicians/Surgeons Professional Liability - Form Filing
#06-156-3-2

Ms. Gayzur,

In response to your letter dated December 18, 2006, please address the following:

No response to question #3 of my 12/11/06 e-mail was addressed or received. Under Section XIII – Extended Reporting Period – on the claims-made coverage forms, the extended reporting period must be offered when the policy is cancelled or nonrenewed for any reason including nonpayment of premium, and whether the policy is cancelled by the company or at the insured's request, pursuant to Company Bulletin CB88-50. The Illinois Amendatory Endorsement does not address this change to paragraph 1. Automatic Extended Reporting Period.

Your response provided a definition of "retroactive date" in which the term was used to define itself. Here is an example of a definition for "retroactive date": the date stated on the policy declarations page that is the first day for which coverage will be afforded under the policy for a covered claim arising out of the rendering or failure to render professional services, and may or may not be the same as the policy inception date.

We request receipt of your response by January 9, 2007.

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



General Star Management Company
Financial Centre
695 East Main Street
Stamford, CT 06901
direct phone 203 328 5584
fax 203 328 6150
email mgayzur@genre.com

Mary Ann Gayzur
Compliance Analyst

**VIA FACSIMILE: (217) 524-2122
AND REGULAR MAIL**

December 18, 2006

Ms. Gayle Neuman
Illinois Department of Financial and Professional Regulation
Division of Insurance
320 West Washington Street
Springfield, IL 62767

**RE: General Star National Insurance Company
NAIC#: 11967 FEIN#: 13-1958482
Physicians & Surgeons Professional Liability
Rate & Rule Filing
Co. Filing #: 06-156-3-2**

Dear Ms. Neuman:

Thank you for your letter dated December 11, 2006. We have respectfully responded to each of your questions and comments in the order presented. For your convenience we have included your questions along with our response. Please note that our responses are in bold letters.

Q1. The limit of liability should not be reduced by the deductible amount or claim expenses. Any forms that contain provisions to the contrary are deemed to contain exceptions and conditions that unreasonably or deceptively affect the risks that are purported to be assumed by the policy, in violation of 215 ILCS 5/143(2) and will be disapproved accordingly. This will requires changes to Section I, IV, and V (this would also effect the Illinois Amendatory Endorsement).

A1. We have provided prospective insureds with choices in the matter of deductible and claim expenses. As stated in our Illinois Amendatory Endorsement, Section V, items 3.a. and 3.b., first sentence of each paragraph, the insured has the sole option of purchasing the option desired. We do not force a deductible or a claims expense option, to the contrary, we provide options that provide premium savings and choices in coverage. Therefore, we do not feel that we unreasonably or deceptively force any coverage option.

Page 2

Q2. The term "retroactive date" should be added to the Definitions section.

A2. The term has been added to the definition section of the policy. Please see attached from GSN-06-PS-100IL.

Q3. Two declaration page forms were provided. Form #GSN-06-PS-126 is okay. We need a new copy of the other declaration page as the form number was cut off.

A3. Please see attached form GSN-06-PS-127.

Q4. Both declaration page forms should be corrected to indicate the claim expenses are NOT included within the limits of liability as noted in #1 above.

A4. As stated in response to question #1, we are providing the insured with an option on claims expenses. The insured has the sole option of selecting the type of coverage desired. We do not make that determination for the insured. Both Declarations pages reflect the available options.

Q5. On the Illinois Amendatory Endorsement (form #GSN-07-PS-815IL), Under Section XII - Conditions, 6.c. Non-Renewal, delete the reference to "or deliver" in the third sentence.

A5. We revised that section as requested. Please see attached from GSN-07-PS-815IL.

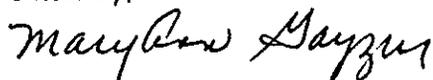
Q6. On the Illinois Amendatory Endorsement (form #GSN-07-PS-815IL), Under Section XIII - Extended Reporting Period - 2. "cancellation of non-renewal" should be "or". Additionally, this endorsement indicates number 2 is deleted in its entirety - do you mean to also delete the final paragraph in that section 2?

A6. We revised that section. Please see attached from GSN-07-PS-815IL.

Additionally, in response to our conference call last week, kindly withdraw the RMS rule pages originally sent and replace them with the enclosed.

If you require additional information, please contact me.

Sincerely,



Mary Ann Gayzur

GENERAL STAR NATIONAL INSURANCE COMPANY

FINANCIAL CENTRE, P.O. BOX 10354
STAMFORD, CONNECTICUT 06904-2354
(A stock insurance Company, herein called the Company)

GENERAL STAR Advantage *PHYSICIANS AND SURGEONS PROFESSIONAL LIABILITY POLICY*

NOTICE

THIS IS A CLAIMS-MADE AND REPORTED COVERAGE FORM

THIS PROFESSIONAL LIABILITY POLICY PROVIDES COVERAGE ON A CLAIMS-MADE AND REPORTED BASIS. THE COVERAGE PROVIDED BY THIS POLICY IS LIMITED TO ONLY THOSE **CLAIMS** WHICH ARISE FROM PROFESSIONAL SERVICES RENDERED ENTIRELY AFTER THE **RETROACTIVE DATE** STATED IN THE DECLARATIONS AND WHICH ARE FIRST MADE AGAINST THE **INSURED** AND REPORTED TO US IN ACCORDANCE WITH THE TERMS OF THIS POLICY.

PLEASE REVIEW THE POLICY CAREFULLY. THIS POLICY CONTAINS IMPORTANT EXCLUSIONS AND CONDITIONS. ALL WORDS OR PHRASES (OTHER THAN CAPTIONS) THAT ARE PRINTED IN BOLD FACE ARE DEFINED IN THE POLICY. PLEASE DISCUSS ANY QUESTIONS CONCERNING THE COVERAGE WITH YOUR INSURANCE AGENT OR BROKER.

WHAT TO DO IN CASE OF A CLAIM

In the event you directly or indirectly become involved in a professional liability **claim**, you should immediately, however no later than within thirty (30) days, report the details to:

General Star Management Company
123 North Wacker Drive, Suite 700
Chicago, IL 60606

Attention: Medical Malpractice Claims Department.
Fax: (312) 267-8520

Note: Failure to promptly report a **claim** could jeopardize your coverage.

CONSUMER COMPLAINT NOTICE

This notice is to advise you that should any complaints arise regarding this insurance, you may contact the following:

General Star Management Company
Financial Centre
P.O. Box 10354
Stamford, CT 06901

or
Illinois Division of Insurance,
Consumer Division of Public Services Section
Springfield, IL 62767

IMPORTANT

This policy is not effective unless a Declarations Page is issued.

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PROFESSIONAL LIABILITY INSURANCE POLICY CLAIMS-MADE AND REPORTED COVERAGE

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy, the words "you" and "your" refer to both the **named insured** shown in the Declarations and any **additional named insured(s)** added to the policy by Endorsement. The words "Company", "we," "us" and "our" refers to GENERAL STAR NATIONAL INSURANCE COMPANY, which is the company providing this insurance.

Words and phrases, other than titles, which are defined in **SECTION XI – DEFINITIONS**, have special meaning. These special words or phrases appear in **boldface** throughout the policy.

The Company agrees with the **named insured** as shown on the Declarations Page, which is made a part of this policy, in consideration of the payment of the premium, and in reliance upon the statements on the application, which are incorporated herein by reference, as follows:

SECTION I – INSURING AGREEMENT

The Company agrees to pay on behalf of the **insured** those sums the **insured** becomes legally obligated to pay as **damages** because of **claims** made against the **insured** during the **policy period**, or any applicable Extended Reporting Period, arising out of the rendering of (including the failure to render) **professional services**, as described in **SECTION II – CLAIMS TO WHICH THIS POLICY APPLIES**; and provided further:

1. In the event **claim expenses** are included within the limit of liability as specified by the **CLAIM EXPENSES** selection item on the Declarations Page:
 - a. Subject to the **ANNUAL AGGREGATE LIMIT** and the **ANNUAL POLICY AGGREGATE LIMIT**, if any, the amount we will pay for all **claim expenses** and **damages** in connection with any **claim** is limited to the **PER CLAIM LIMIT**, as described in **SECTION VIII – LIMITS OF LIABILITY** and shown on the Declarations Page;
 - b. Our right and duty to defend ends when we have used up the applicable limit of liability by payment of **damages** or **claim expenses** or by any combination of both, as described in **SECTION VIII – LIMITS OF LIABILITY** and shown on the Declarations Page; and
 - c. We have no duty to pay **claim expenses** or defend any **insured** against any **claim** seeking **damages** not covered by the policy.
2. In the event **claims expenses** are not included within the limit of liability as specified by the **CLAIM EXPENSES** selection item on the Declarations Page:
 - a. Subject to the **ANNUAL AGGREGATE LIMIT** and the **ANNUAL POLICY AGGREGATE LIMIT**, if any, the amount we will pay for all **damages** in connection with any **claim** is limited to the **PER CLAIM LIMIT**, as described in **SECTION VIII – LIMITS OF LIABILITY** and shown on the Declarations Page;
 - b. Our right and duty to defend end when we have used up the applicable limit of liability by payment of **damages**, as described in **SECTION VIII – LIMITS OF LIABILITY** and shown on the Declarations Page; and
 - c. We have no duty to pay **claim expenses** or defend the **insured** against any **claim** seeking **damages** not covered by the policy.

SECTION II – CLAIMS TO WHICH THIS POLICY APPLIES

Subject to the terms of this policy, this insurance applies to a **claim** only if:

1. The **professional services** giving rise to such **claim** are rendered:
 - a. In the Coverage Territory as described in **SECTION III – COVERAGE TERRITORY**;
 - b. To a patient of the **named insured**;
 - c. Within the **insured's profession**; and

- d. Entirely on or after the **RETROACTIVE DATE** specified for the **named insured** and before the end of the **policy period**; and
2. On the effective date of the **policy period** of the first professional liability policy that we issue to the **named insured**, the **named insured** did not have knowledge of any act, omission, or circumstance that may reasonably be anticipated to give rise to such **claim for professional services**; and
3. Such **claim** is reported to us in writing within thirty (30) days of receipt by the **named insured** of a written notice of a **claim**.

SECTION III – COVERAGE TERRITORY

The insurance provided by this policy applies only to **claims** made and maintained in the United States of America for **professional services** rendered anywhere in the world.

SECTION IV – DEDUCTIBLE

1. The **DEDUCTIBLE** amount stated on the Declarations Page or in an applicable Endorsement shall be paid by the **insured** and shall be applicable to each **claim**.
2. The **DEDUCTIBLE** amount is a part of, and not in addition to, the amounts shown in on the Declarations Page. The **DEDUCTIBLE** reduces the Company's **PER CLAIM LIMIT** that can be paid under this policy.
3. The **DEDUCTIBLE** amount applies as follows:
 - a. In the event that the **DEDUCTIBLE** amount applies separately to each **claim** and does not apply to **claim expenses** as specified by the **CLAIM EXPENSES** selection item on the Declarations Page, the Company's obligation to pay **claim expenses** is not subject to the **DEDUCTIBLE** amount being satisfied by the **insured**;
 - b. In the event that the **DEDUCTIBLE** amount applies separately to each **claim** and does apply to **claim expenses** as specified by the **CLAIM EXPENSES** selection item on the Declarations Page, the Company's obligation to pay **claim expenses** is subject to the **DEDUCTIBLE** amount being satisfied by the **insured**.

SECTION V – DEFENSE PROVISIONS

1. Subject to the **insured's** compliance with the terms of the policy, we have the right and the duty to defend the **insured** against any covered **claim** that is properly reported to us even if such **claim** is groundless, false or fraudulent.
2. We have the exclusive right to appoint counsel to defend the **insured**. The Company's determination as to the reasonableness of **claim expenses** shall be conclusive. Any counsel retained by an **insured**, without our advance written consent, will be at the sole expense of such **insured**, and such expense shall not count toward satisfaction of the **DEDUCTIBLE**.
3. Our rights and duty to defend:
 - a. In the event **claim expenses** are included within the limit of liability as specified by the **CLAIM EXPENSES** selection item on the Declarations Page, our right and duty to defend end when the applicable limit of liability described in **SECTION VIII – LIMITS OF LIABILITY** has been exhausted by payment of **damages** or **claim expenses** or by any combination of both.
 - b. In the event **claim expenses** are not included within the limit of liability as specified by the **CLAIM EXPENSES** selection item on the Declarations Page, our right and duty to defend end when the applicable limit of liability described in **SECTION VIII – LIMITS OF LIABILITY** has been exhausted by payment of **damages**.

4. Once the limit of liability is exhausted, the Company's duty to defend is deemed discharged. All further **damages and claim expenses** are the responsibility of the **insured**.

SECTION VI – SETTLEMENT PROVISIONS

1. We may investigate, negotiate and solicit settlement offers regarding any **claim** as we deem appropriate. Although we shall not commit the **named insured** to any settlement without the **named insured's** consent, if the **named insured** refuses to consent to any settlement recommended by the Company and acceptable to the claimant, and elects to contest the **claim** or continue any legal proceedings in connection with such **claim**, then the Company shall not be obligated to pay an amount in excess of the recommended settlement amount for all **damages and claim expenses** incurred subsequent to the date of such refusal. In any and all events, such amounts for **damages and claim expenses** are subject to the provisions of **SECTION IV – DEDUCTIBLE** and **SECTION VIII – LIMITS OF LIABILITY**.
2. Notwithstanding the above, each **named insured** agrees that the Company shall have the sole discretion to settle any **claim** under any of the following circumstances:
 - a. the settlement amount is within the **DEDUCTIBLE** amount;
 - b. the **named insured** is deceased or adjudicated incompetent;
 - c. the **claim** was reported to us during an Extended Reporting Period;
 - d. a judgment has been entered;
 - e. the **named insured's** license to practice medicine is suspended, revoked, surrendered, inactive or otherwise has been terminated; or
 - f. if after reasonable efforts by us, the **named insured** cannot be located.
3. We may appeal any judgment against an **insured** for any **claim** covered under this policy at our sole discretion.
4. As a condition precedent to issuance of this policy, the **insureds** consent to the Company reporting any **claim** settlement, including factual details, to the National Practitioners Data Bank or to any other professional or state agency pursuant to law or regulation.

SECTION VII – WHO IS AN INSURED

Each of the following is an **insured** under the policy only to the extent set forth:

1. The person(s) or entity(ies) identified as the **named insured(s)** on the Declarations Page or in an Endorsement or Schedule attached to this policy;
2. The **named insured's** employees and/or authorized volunteer workers while working within the course and scope of their duties on behalf of the **named insured**. However, we have no duty or obligation to defend, pay **damages** on behalf of or indemnify any **insured** in any **claim** for **damages** arising out of the acts or omissions of or by any physician or surgeon under contract with, employed by or volunteering for the **named insured** unless such person is specifically named as **named insured** on the Declarations Page or in an Endorsement or Schedule attached to this policy;
3. The heirs, executors, administrators, assigns and legal representatives of the **named insured** in the event of the **named insured's** death, total and permanent disability or bankruptcy;
4. Locum tenens utilized by the **named insured** while acting within the scope of his/her duties as such, provided the Company has received a completed application and coverage has been approved by the Company prior to the requested effective date of coverage.

SECTION VIII – LIMITS OF LIABILITY

Regardless of the number of **insureds** under this policy or the number of **claims** made and first reported to the Company, the Company's liability is limited as follows:

1. PER CLAIM LIMIT

The **PER CLAIM LIMIT** specified on the Declarations Page, or in an applicable Endorsement in effect at the time the **claim** is first reported to the Company, is the maximum amount, less the **DEDUCTIBLE**, we will pay for **damages**, and **claim expenses**, if they are included within the limit of liability as specified by the **CLAIM EXPENSES** selection item on the Declaration Page, for each **claim** first made and reported or deemed first made and reported during the **policy period** or, if applicable, first reported during the Extended Reporting Period.

The **PER CLAIM LIMIT** shall apply as follows:

- a. Separately to each **named insured**; and
- b. On a shared basis with all individuals qualifying for coverage under **SECTION VII – WHO IS AN INSURED** but not specifically identified as a **named insured** on the Declarations Page or in an Endorsement or Schedule attached to the policy.
- c. However, in no event shall the limit of liability applicable to any entity apply to any person specifically named on the Declarations Page or in an Endorsement or Schedule attached to the policy.
- d. Two or more **claims** arising, directly or indirectly, out of the same or related **professional services** by one or more **insureds** shall be considered a single **claim** regardless of:
 - (1) the number of resulting injuries; patients, claimants or litigants; or
 - (2) the number of **claims**; or
 - (3) if any related **professional services** extend over a long treatment period; or
 - (4) if any related **professional services** extend over multiple **policy periods**.
- e. In the event both mother and child (twins or otherwise) make **claims** against one or more **insureds**, alleging two or more causes of action or related **professional services**, both mother and child (twins or otherwise) shall be considered one patient for the purposes of determining the **PER CLAIM LIMIT** in effect at the time such **claims** are first made against an **insured**.
- f. All such **claims** described in paragraph d. and e. above, whenever made and reported, shall be deemed first made and reported within the **policy period** or reported within the Extended Reporting Period (if applicable) in which the earliest **claim** is first made and reported, or deemed made and reported, to the Company, and all such **claims** shall be subject to the limit of liability in effect during such **policy period**.
- g. For purposes of determining the Company's **PER CLAIM LIMIT**, all **damages** arising out of **professional services** rendered to a patient will be considered a single **claim** and only one **PER CLAIM LIMIT** shall apply, regardless of:
 - (1) The nature or number of causes of action asserted;
 - (2) The number of patient visits and/or the treatment period; or
 - (3) The number and/or nature of **professional services** rendered and the period of time over which they were rendered.

2. ANNUAL AGGREGATE LIMIT

Our limit of liability for all **claims** shall not exceed the amount stated on the Declarations Page, or in an applicable Endorsement in effect at the time the **claims** are first reported to the Company, as the **ANNUAL AGGREGATE LIMIT**. This **ANNUAL AGGREGATE LIMIT** is the maximum amount for **damages**, and **claim expenses** if they are included within the limit of liability as specified by the **CLAIM EXPENSES** selection item on the Declaration Page, that we will pay for all **claims** first made and reported or deemed made and reported during the **policy period** or, if applicable, reported during the Extended Reporting Period.

The **ANNUAL AGGREGATE LIMIT** shall apply:

- a. Separately to each **named insured**;
- b. On a shared basis with all individuals qualifying for coverage under **SECTION VII – WHO IS AN INSURED** but not specifically identified as a **named insured** on the Declarations Page or in an Endorsement or Schedule attached to the policy;
- c. However, in no event shall the **ANNUAL AGGREGATE LIMIT** applicable to any entity apply to any person specifically identified as a **named insured** on the Declarations Page, in an Endorsement or a Schedule attached to the policy.

3. ANNUAL POLICY AGGREGATE LIMIT

If this policy includes an **ANNUAL POLICY AGGREGATE LIMIT**, as indicated on the Declarations Page, this is the most we will pay under the policy for all **damages**, and **claims expenses** if they are included within the limit of liability as specified by the **CLAIM EXPENSES** selection item on the Declaration Page, regardless of the number of **claims** made or the number of **insureds** under the policy.

4. If this policy and any other primary professional liability insurance policy issued by us or any affiliated or related company applies to the same **claim** or series of related **claims** :
- a. the Company shall not be liable under this policy for a greater proportion of the **damages** and **claim expenses** than the applicable limit of liability under this policy bears to the total limits of liability of all such policies; and
 - b. the maximum amount payable under all such policies shall not exceed the limit of liability of that policy which has the largest limit of liability.

This provision does not increase the limits of liability available under this policy.

This provision does not apply to any policy issued by us or any affiliated company specifically to apply as excess insurance over this policy.

SECTION IX – SUPPLEMENTARY PAYMENTS

The Company agrees to pay the following to **named insured(s)** in addition to the limit of liability:

1. Trial cost reimbursement – The Company will reimburse the **named insured** up to \$500 per day, up to a total of \$5,000 per **named insured** and for all **named insureds** per trial, for wages lost as a result of attendance of the **named insured** at trial, at the Company's request, in connection with a **claim**.
2. Medicare/Medicaid billing error defense reimbursement – The Company will reimburse the **named insured** for attorneys' fees, costs and expenses incurred by the **named insured** because of a Federal or State government healthcare benefit payer's investigation of the **named insured's** billing. The investigation must have commenced during the **policy period** and the alleged erroneous billing must have been submitted to the government payer after the **RETROACTIVE DATE** specified for the **named insured** and before the end of the **policy period**; provided further that reimbursement is conditioned on the **named insured** having no knowledge of alleged erroneous billing or the investigation of alleged erroneous billings as of the inception of the **policy period**. The maximum amount of reimbursement for a specific investigation is \$30,000. The maximum amount of reimbursement available for all investigations during the **policy period** is \$30,000.
3. State Medical Board legal expense reimbursement – The Company will reimburse the **named insured** for attorneys' fees, costs and expenses because of a proceeding initiated by a State medical or professional regulations board. The board proceeding must have commenced during the **policy period** and be based upon **professional services** or other acts or omissions that occurred after the **RETROACTIVE DATE** specified for the **named insured** and before the end of the **policy period**; provided further that reimbursement is conditioned on the **named insured** having no knowledge of any act, omission or circumstance, as of the inception of the **policy period**, that may reasonably be anticipated to give rise to such a proceeding. The maximum amount of reimbursement for a specific proceeding is \$25,000. The maximum amount of reimbursement available for all proceedings during the **policy period** is \$25,000.

SECTION X - EXCLUSIONS

This policy does not apply, and the Company shall not be obligated to defend, pay claim expenses or damages on behalf of or indemnify an **insured** with respect to any claim:

1. **Advertising** – based on, arising out of or resulting from articles, books, lecture activities, **advertisement**, broadcasting or telecasting activities by or for an **insured**;
2. **Antitrust** – based on, arising out of or resulting from actual or alleged violations of state or federal anti-trust, price-fixing, restraint of trade or deceptive trade practice laws, rules or regulations committed by, at the direction of, or with the knowledge of any **insured**;
3. **Assumed Liability / Contract(s)** – based on, arising out of or resulting from the assumption by an **insured** of liability in any contract or agreement. This exclusion does not apply to liability for **damages** that the **insured** would have in the absence of the contract or agreement;
4. **Criminal / Willful Act(s)** – based on, arising out of or resulting from any dishonest, fraudulent, criminal or deliberately wrongful acts committed by or at the direction or ratification of an **insured**.
5. **Discrimination** – based on, arising out of or resulting from discrimination of any kind by an **insured**, including but not limited to discrimination due to or on the basis of race, color, creed, national origin, marital status, age, gender, disability, HIV or AIDS status, sexual origin, sexual preference, or sexual orientation;
6. **Disputes** – by any present, former or prospective employee, partner, officer, director, stockholder, or **insured** under this policy, except if such claim arises from **professional services** rendered in a doctor-patient relationship;
7. **Employed Doctor(s)** – based on, arising out of or resulting from the acts or omissions of or by any physician or surgeon under contract with or employed by the **named insured** unless such person is specifically named as a **named insured** on the Declarations or in an Endorsement or Schedule attached to the policy;
8. **Experimental / Investigational** – based on, arising out of or resulting from experimental or investigational procedures, device(s) or practice protocols;
9. **General Anesthesia** – based on, arising out of or resulting from the administration of general anesthesia, or any procedure carried out under general anesthesia, unless performed in a hospital or surgical facility accredited by the Joint Commission on Accreditation of Healthcare Organizations (JCAHO), Accreditation Association for Ambulatory Health Care, Inc. (AAAHC), American Association for Accreditation of Ambulatory Surgery Facilities, Inc. (AAAASF), or a similar industry recognized accreditation board which has been prior approved in writing by the Company;
10. **Guarantee of Results** - based on, arising out of or resulting from any guarantee of cure or particular results or outcome of **professional services** rendered by an **insured**;
11. **Injunctive Relief** – for equitable relief, injunctive relief, declarative relief or any other relief, including but not limited to demands for fees and costs and costs incurred by a third party pursuing such relief;
12. **Known Loss** –
 - a. for which proceedings were initiated against any **insured** before the initial effective date of the **policy period** of the first professional liability policy that we issue to the **named insured**;
 - b. reported in the Application for this policy;
 - c. reported to any other insurance company before the initial effective date of the **policy period** of the first professional liability policy that we issue to the **named insured**;
 - d. reported to any other source from which payment might be made before the initial effective date of the **policy period** of the first professional liability policy that we issue to the **named insured**;

- e. of which the **named insured** had knowledge, before the initial effective date of the **policy period** of the first professional liability policy that we issue to the **named insured** of any act, omission or circumstance that may reasonably be anticipated to give rise to such **claim**; or
 - f. based on, arising out of or resulting from **professional services**, any portion of which were rendered prior to the **RETROACTIVE DATE** specified for the **named insured**;
13. **Laws** –
- a. based on, arising out of or resulting from any workers' compensation, disability benefits or unemployment compensation law, social security, or any similar law;
 - b. based on, arising out of or resulting from the Employee Retirement Income Security Act of 1974 including any fiduciary liability or liability arising out of the administration of any employee benefit plan;
 - c. based on, arising out of or resulting from The Fair Labor Standards Act, the National Labor Relations Act of 1938, the Worker Adjustment and Retraining Notification Act, the Consolidated Omnibus Budget Reconciliation Act of 1985, or the Occupational Safety and Health Act;
 - d. This exclusion also applies to any rules or regulations promulgated under any of the foregoing, amendments thereto or any similar provisions of any federal, state or local laws;
14. **Licensure** –
- a. based on, arising out of or resulting from **professional services** that occur while the **insured's** professional license to practice is inactive, under suspension, has been revoked, surrendered or otherwise has been terminated; or
 - b. based on, arising out of or resulting from prescribing or dispensing of controlled substances while the **insured's** license or registration to prescribe or dispense such controlled substances is not in effect;
15. **Locum Tenens** - based on, arising out of or resulting from **professional services** by any locum tenens not approved by the Company;
16. **Narcotics / Intoxicants** – based on, arising out of or resulting from **professional services** rendered while the **insured** is under the influence of any intoxicating liquor or illegal drugs;
17. **Partnership** – for any vicarious liability of an **Insured** based on membership or participation in a partnership, unless the partnership is a **named insured**;
18. **Personal or Advertising Injury** -
- a. based on, arising out of or resulting from any act by or at the direction of an **insured** with the knowledge that such act would violate the rights of another and would inflict **personal or advertising injury**;
 - b. based on, arising out of or resulting from oral or written publication of material, if done by or at the direction of an **insured** with knowledge of its falsity; or
 - c. based on, arising out of or resulting from the wrong description of the price of goods, products or services stated in your **advertisement**;
19. **Pollutants / Medical Waste** –
- a. based on, arising out of or resulting from any accidental or intentional discharge, dispersal, release, escape, or seepage, of any hazardous substances, toxic substances, wastes or **pollutants**; or
 - b. based on, arising out of or resulting from any error or omission committed or alleged to have been committed by an **insured** that in any manner relates to or arises out of the actual, alleged or threatened discharge, dispersal, release, escape, or seepage, of any hazardous substances, toxic substances, wastes or **pollutants**;
20. **Products / General Liability** – based on, arising out of or resulting from product liability, whether under the theory of strict liability, negligence, breach of warranty or otherwise;
21. **Proprietor / Directors and Officers** – brought against an **insured** as a proprietor, owner, shareholder, partner, investor, joint venturer, officer, director, administrator, committee member, superintendent, executive officer, or medical director of a:
- a. Hospital, nursing home or sanitarium;
 - b. Ambulatory care center or clinic with bed and board facilities;
 - c. Laboratory;

- d. Health maintenance organization, health care service plan, preferred provider organization or any similar health care entity or delivery system; or
- e. Health care supply, or support organization, managed care facility, or any other business enterprise, organization or operation, whether or not related to patient care and/or treatment; not specified in the Declarations Page or any endorsement thereto.

22. Sexual Acts / Molestation –

- a. based on, arising out of or resulting from physical assault, abuse, molestation or intentional neglect, or licentious, immoral, amoral or other behavior that was committed or alleged to have been committed, by an **insured** or by any person for whom the **insured** is legally responsible;
- b. based on, arising out of or resulting from sexual assault, abuse, or molestation or licentious, immoral, amoral or other behavior which was threatened, intended to, lead to or culminated in, any sexual act whether committed intentionally, negligently, inadvertently or with the belief, erroneous or otherwise, that the other party is consenting and has the legal and mental capacity to consent thereto, that was committed, or alleged to have been committed by an **insured** or by any person for whom the **insured** is legally responsible.

This exclusion applies regardless of the legal theory or basis upon which an **insured** is alleged to be legally liable or responsible in whole or in part, for any **damages** arising out of the acts described in a. and b., above, including but not limited to assertions of improper or negligent hiring, employment or supervision, failure to protect or warn the other party, failure to prevent the sexual abuse and/or physical abuse, failure to prevent assault and battery, failure to discharge the employee;

23. Spouse, Child or Dependent – based on, arising out of or resulting from **professional services** rendered to your spouse, child or any other dependent;

24. Vehicle, Watercraft or Aircraft Exclusion – based on, arising out of or resulting from the ownership, operation or use, loading or unloading of any vehicle, watercraft, mobile equipment or aircraft.

SECTION XI – DEFINITIONS

1. **“Additional named insured(s)”** means the person(s) providing **professional services** who are specifically identified as a **named insured** in an Endorsement attached to the policy.
2. **“Advertisement”** means a notice that is broadcast or published to the general public or specific market segments about your goods, products or services for the purpose of attracting customers or supporters.
3. **“Claim”** means:
 - a. A **suit**;
 - b. A written order or demand for **damages**, which is not a **suit**, arising from a specific circumstance involving particular and specific **professional service(s)** to which this insurance applies; or
 - c. An arbitration proceeding or other alternative dispute resolution proceeding seeking **damages**, to which an **insured** is required to submit by statute or court rule or to which an **insured** submits with our consent.

Claim does not include **potential claims**; **suits** seeking declarative, injunctive or other non-pecuniary or equitable relief, or that portion of a **suit** for **damages** that seeks declarative, injunctive or other non-pecuniary or equitable relief; any disciplinary proceeding before any state licensing board or hospital peer review or other similar entity; or any criminal proceeding or investigation.

4. **“Claim Expenses”** means all attorneys' fees, costs and expenses incurred by us in the investigation, discovery, adjustment, defense, arbitration, settlement or appeal of any covered **claim**.

Claim expenses include:

- a. Prejudgment interest awarded against an **insured** on that part of the judgment covered by this policy;
- b. Interest on that part of the judgment, covered by this policy, after the entry of the judgment and before we have paid, offered to pay, or deposited in court that part of the judgment that is within our limit of liability described in **SECTION VIII – LIMITS OF LIABILITY**.

- c. The cost of a jury bond or an appeal bond required in the defense of a **claim** to which this insurance applies.

Claim expenses do not include:

- a. Civil, criminal, administrative or other fines or penalties;
 - b. Sanctions;
 - c. Any portion of any judgment, award or verdict that represents a multiple of the compensatory **damages**;
 - d. Payment for **professional services**, including refund of fees, withdrawal or reduction of fees paid to the **insured**;
 - e. Punitive or exemplary **damages**;
 - f. Salaries and expenses of our employees, you, your employees, or of any **insured**;
 - g. Bail bonds; or
 - h. **Damages**.
5. "**Damages**" means sums that an **insured** becomes legally obligated to pay as a result of a covered **claim**. **Damages** do not include:
- a. Civil, criminal, administrative or other fines or penalties;
 - b. Sanctions;
 - c. Any portion of any judgment, award or verdict that represents a multiple of the compensatory **damages**;
 - d. Payment for **professional services**, including refund of fees, withdrawal or reduction of fees paid to the **insured**;
 - e. Punitive or exemplary **damages**;
 - f. Bail bonds; or
 - g. **Claim expenses**.
6. "**Insured**" means any person or entity qualifying as such under **SECTION VII – WHO IS AN INSURED**.
7. "**Insured's Profession**" means those **professional services** usual and customary to the **named insured's** specialty as a physician or surgeon, unless otherwise restricted or modified by Endorsement attached to this policy.
8. "**Material Misrepresentation**" means information deemed by the Company to be so relevant to the risk for which the policy was issued that the Company would:
- a. not have issued the policy;
 - b. have issued the policy with different terms, conditions or exclusions; or
 - c. have issued the policy with a higher premium charged had such information been disclosed on the Application or Renewal Application or any supplementary application for this insurance policy.
9. "**Named Insured(s)**" means the person or entity providing **professional services** and specifically identified as a **named insured** on the Declarations Page or in an Endorsement or Schedule attached to the policy.
10. "**Permanently and Totally Disabled**" means that the **named insured** is disabled as a result of injury and/or disease to the extent that the **named insured** cannot engage in the practice of medicine for remuneration or profit. The condition relating to the disability must exist continuously for not less than six (6) months and must be expected to be of a continuous and permanent nature.
11. "**Personal and advertising injury**" means injury arising out of one or more of the following offenses:
- a. False arrest, detention or imprisonment;
 - b. Malicious prosecution;
 - c. The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies, committed by or on behalf of its owner, landlord or lessor;
 - d. Oral or written publication of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services;
 - e. Oral or written publication of material that violates a person's right of privacy;
 - f. The use of another's advertising idea in your **advertisement**; or
 - g. Infringing upon another's copyright, trade dress or slogan in your **advertisement**.

12. **"Policy Period"** means the period beginning at 12:01 A.M. Standard Time on the inception date of coverage specified on the Declarations Page, to 12:01 A.M. Standard Time on the expiration date specified on the Declarations Page, unless the policy is terminated at an earlier date.
13. **"Pollutants"** means any solid, liquid or gaseous, thermal or electromagnetic irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals, biohazardous, biomedical and other wastes. Wastes also include materials to be recycled, reconditioned or reclaimed.
14. **"Potential Claim"** means written notice from the **insured** of a specific act, omission or circumstance involving particular and specific **professional service(s)** that may result in a **claim** arising from such **professional services** by the **insured**.
15. **"Professional Services"** means the rendering of health care, treatment or services within a doctor-patient relationship, or in the performance of services by any **named insured** as a member of a formal accreditation or similar professional board or committee of a hospital at which he/she is a staff member.
16. **"Retroactive date"** means the date specified either in the Declarations page or in endorsements attached to the policy as the **"RETROACTIVE DATE"** for the **named insured(s)**.
17. **"Suit"** means a civil action against an **insured** that seeks to recover **damages** because of **professional services** to which this policy applies.

SECTION XII – CONDITIONS

1. **Action Against Company**

No action shall lie against the Company unless there has been full compliance with all of the terms of this policy, nor until the amount of the **insured's** obligation to pay **damages** shall have been finally determined either by judgment against the **insured** after actual trial and appeal, or by written agreement of the **insured**, the claimant and the Company.

Nothing contained in this policy shall give any person or organization any right to join the Company as a co-defendant in any action against an **insured** to determine the **insured's** liability.

2. **Authorization Of Named Insured**

The first **named insured** shown in the Declarations of this policy shall be the authorized agent of all **insureds** with respect to any notice required under the terms of the policy, including but not limited to premium due notices, policy issuance, any changes in the policy, renewal premium notices, Endorsements to the policy, cancellation, non-renewal and unearned premium refunds.

3. **Assessability**

This policy is non-assessable.

4. **Assignment**

The interest of the **named insured** under this policy cannot be transferred or assigned without the written consent of the Company.

5. **Bankruptcy Or Insolvency**

Bankruptcy or insolvency of the **named insured** or the **named insured's** estate shall not relieve the Company of any of its obligations.

6. **Cancellation / Non-Renewal / Non-Payment**

a. **Cancellation - Named Insured's Request**

The **named insured** may cancel all coverage under the policy at any time, by giving ten (10) days advanced written notice to the Company. Such written notice must specify the date that cancellation is requested. Note – All coverage will end at 12:01 A.M. Standard Time, at the **named insured's** address referenced on the Declarations Page, on the cancellation date. Unearned premium will be refunded to the **named insured** within a reasonable period of time, in accordance with the customary short rate table and procedure, subject to the retention by the Company of any minimum earned premium stated on the Declarations Page.

b. Cancellation - Company's Request

The Company may cancel coverage under this policy by mailing or delivering written notice of cancellation to the last known address of the **named insured** not less than thirty (30) days prior to the effective date of cancellation. Such notice shall include the cancellation date of the policy and the reason for cancellation. Unearned premium, if any, will be refunded to the **named insured**, within a reasonable period of time, in accordance with the customary pro rata tables and procedures, subject to the retention by the Company of any minimum earned premium stated on the Declarations Page.

In the case of nonpayment of premium, the policy may be canceled by the Company by mailing or delivering written notice of cancellation to the last known address of the **named insured** at least ten (10) days before the effective date of cancellation.

c. Non-Renewal

The Company may non-renew this policy by mailing or delivering to the last known address of the **named insured** written notice of non-renewal at least sixty (60) days before the expiration date of this policy. The offer of renewal policy terms, conditions, or premium amount different than those in effect prior to renewal does not constitute non-renewal.

d. Authorization to apply any premium refund to unpaid Deductible(s)

As a condition precedent to issuance of the policy, the **named insured** consents to the Company applying any unearned premium refund towards any outstanding unpaid Deductible(s) due to the Company under the terms of this policy. In this eventuality, within a reasonable period of time, the Company shall provide the **named insured** with a detailed explanation of the transaction and shall refund the **named insured** with any unearned premium in excess of the unpaid Deductible(s) within a reasonable period of time.

7. Changes In Insured's Practice, Licensure Or Privileges

The **named insured** shall immediately notify the Company:

- a. If your license to practice is restricted in any way, suspended, revoked, or otherwise terminated;
- b. If your hospital staff privileges are restricted in any way, suspended, revoked, or otherwise terminated; or
- c. Of any material changes in your specialty or practice as described in your Application or Renewal Application for this policy.

8. Changes In The Policy

The terms of this policy cannot be changed or waived except by written Endorsement issued to form a part of the policy by the Company.

9. Declarations and Application / Rescission

By acceptance of this policy each **named insured** acknowledges that all statements in the Application(s) are their representations, that they shall be deemed material, and that this policy is issued in reliance upon the truth of such representations. Furthermore, the Company and the **named insured** agree the Declarations Page and this policy embody all agreements existing between the **named insured** and the Company or any of its agents or brokers relating to this insurance. By signing the Application, each **named insured** declares that the information contained in the Application is true, complete and accurate and contains no **material misrepresentation**. Any policy issued by the Company is done so in reliance upon the truth, completeness and accuracy of the information contained in the Application. The Company may void coverage and rescind the policy if the **named insured** commits **material misrepresentation** in applying for the policy.

10. Inspection And Audit

We may examine any **insured** under oath, while not in the presence of any other **insured** and at such times as may be reasonably required, about any matter relating to this insurance or **claim**, including an **insured's** books and records. In the event of an examination, the **insured's** answers must be signed.

11. Named Insureds' Duties In The Event of a Claim or Potential Claim

- a. **Notice of Claim** -- The named insured shall deliver written notice to the Company within thirty (30) days after the date of receipt of a claim. The notice shall include every demand, notice, summons, notice of intent to sue, complaint, and any document the named insured or the named insured's representative receives relating to a claim.
- b. **Notice of Potential Claim** -- If, during the policy period the named insured becomes aware of any act, omission or circumstance, which took place during the policy period, that may reasonably be anticipated to give rise to a claim, the named insured must notify us in writing as soon as practicable, but in no event after the end of the policy period. Any claim that subsequently arises out of such properly noticed act, omission or circumstance shall be considered to be a claim made and reported during the policy period. Notice shall include all demand letters and the fullest information obtainable surrounding the act or circumstance.
- c. **Cooperation** -- The insureds must cooperate and assist the Company and the appointed defense counsel in the investigation and defense of a claim and shall, upon request, submit to examination and interrogation by a representative of the Company, under oath if required, attend hearings, depositions and trials, assist in effecting any settlement, securing and giving evidence, and obtaining the attendance of witnesses, all without charge to the Company.
The insureds shall further cooperate with the Company to do whatever is necessary to secure and effect any rights of indemnity, contribution or apportionment that an insured may have.
- d. No insured shall, except at their own expense, make any payment, admit any liability, agree to any settlement of a claim, incur any expenses or assume any obligations without our written consent.
- e. The insured agrees to cooperate, assist and consent to the submission of special verdict forms or other written inquiries to the trier of fact for the purpose of determining the basis for the insured's liability and any damages awarded (if any) if suit or any other proceeding is brought on a claim.

12. Disclosures on Renewal Applications

Disclosure of a claim or potential claim on a Renewal Application for insurance or a Claim Information Supplement that is submitted to the Company shall not be notice of a claim or potential claim. In order to provide notice of a claim or potential claim to the Company, you must follow reporting requirements set forth herein.

13. Non-Stacking of Limits

If this policy and any other primary professional liability insurance policy issued by this Company or any affiliated or related company applies to the same claim or series of related claims seeking damages arising out of professional services to which coverage applies:

- a. the Company shall not be liable under this policy for a greater proportion of the loss than the applicable limit of liability under this policy bears to the total limits of liability of all such policies, and;
- b. the maximum amount payable under all such policies shall not exceed the limit of liability of that policy which has the largest limit of liability.

Nothing contained in this clause shall be construed to increase the limits of liability available under this policy. This condition does not apply to any policy issued by us or any affiliated company specifically to apply as excess insurance over this policy.

14. Other Insurance

Subject to the Non-Stacking of Limits condition above, if there is other valid insurance, whether primary, excess, contingent or self-insurance, which may apply against a claim covered by this policy, the insurance provided hereunder shall be deemed excess insurance over and above the applicable limit of all other insurance or self insurance except for that insurance purchased specifically in excess of this policy. This policy is written as specific excess of coverage available under any Extended Reporting Period, Optional Extended Reporting Period and Automatic Extended Reporting Period or similar period in any prior policy(ies).

When this insurance is excess, the Company shall have no duty under this policy to defend any claim that any other insurer or self insurer has a duty to defend. If such other insurer or self insurer refuses to defend such claim, the Company shall be entitled to the named insured's rights against all such other insurers or self-insurers for any claim expenses incurred by the Company.

15. Premium

All premiums and other charges shall be computed in accordance with the Company's rules, rates, rating plan, minimum premiums and individual risk considerations.

16. Reimbursement

While the Company has no duty to do so, if the Company pays **damages**:

- a. Within the amount of the applicable **DEDUCTIBLE**; and/or
 - b. In excess of the applicable limit of liability;
- the **named insured** shall be liable to the Company for such amounts. Upon written demand, the **named insured** shall repay such amounts to the Company within ten (10) days thereof.

17. Subrogation

In the event of any payment under this policy, the Company shall be subrogated to all the **insureds'** rights of recovery for such loss against any person or entity other than an employee of the **named insured**. The **insureds** shall execute and deliver instruments or papers and do whatever else is necessary to secure such rights. The **insureds** shall do nothing after a **claim** is made or after becoming aware of a **potential claim** to waive or prejudice such rights.

18. Conformity to statute

Notwithstanding anything contained herein to the contrary, in the event that any terms or conditions of this contract conflict with any law applicable to the coverage afforded hereunder, the terms of this contract shall by this statement be amended to conform to such law or laws.

SECTION XIII – EXTENDED REPORTING PERIOD

1. Automatic Extended Reporting Period:

An Automatic Extended Reporting Period of thirty (30) days, effective at the end of the **policy period**, will be provided by the Company, at no additional cost, to the **named insured**, in the event:

- a. The **named insured** or the Company cancels or non-renews this policy for any reason except for nonpayment of premium; and
- b. the **named insured** does not acquire a replacement policy from another insurer with a retroactive date identical to the one in this policy.

This Automatic Extended Reporting Period shall extend the time in which the **named insured** can give written notice to us of **claims** first made against the **insured** during this Automatic Extended Reporting Period, arising out of the rendering of (including the failure to render) **professional services** entirely on or after the **RETROACTIVE DATE** specified for the **named insured** and before the end of the **policy period**, and otherwise subject to all of the policy's terms, limitations, exclusions and conditions.

2. An Optional Extended Reporting Period is available to each **named insured in the event that:**

- a. The **named insured** or the Company cancels or non-renews this policy for any reason other than:
 - (1) Flat cancellation by the Company effective at policy inception for non-payment of premium;
 - (2) Cancellation by the Company effective mid-term for nonpayment of any premium;
 - (3) Failure to comply with policy provisions;
 - (4) Non-payment of a **DEDUCTIBLE**;
 - (5) Failure to cooperate with us; or
 - (6) Fraud, concealment or **material misrepresentation** of facts in the Application or Renewal Application for this policy or any renewal policy for this insurance; or
- b. The Company renews this policy with a **RETROACTIVE DATE** that is more recent in time from the one in this policy.

The quotation of a different premium, **DEDUCTIBLE** and/or limit of liability for renewal does not constitute a cancellation or refusal to renew for the purpose of this provision.

3. Upon full payment of an additional premium calculated based on filed factors as applied to the full annual and mature claims-made rates, each **named insured** who makes such payment shall have the right to an extension of coverage to **claims** first made and reported to the Company during the Optional Extended Reporting Period, arising out of the **named insured's** rendering of (including the failure to render) **professional services** entirely on or after the **RETROACTIVE DATE** specified for the **named insured** and before the end of the **policy period**, and otherwise subject to all of the policy's terms, limitations, exclusions and conditions.

This Optional Extended Reporting Period may be purchased for the following time periods, commencing immediately upon the effective date of cancellation or non-renewal of this policy:

- a. twelve (12) calendar months;
 - b. thirty-six (36) calendar months;
 - c. forty-eight (48) calendar months;
 - d. sixty (60) calendar months; or
 - e. Unlimited Reporting Period.
4. The right to purchase the Optional Extended Reporting Period shall terminate thirty (30) days after such cancellation or non-renewal unless written notice of such election, together with the additional premium is received by the Company or its authorized representative within that thirty (30) day period. The time period of the Optional Extended Reporting Period cannot be changed after this thirty (30) day period.
 5. In the event a **named insured** dies, becomes **permanently and totally disabled**, or retires during the **policy period**, an Unlimited Extended Reporting Period will be granted at no additional premium, provided that within thirty (30) days of the death, **permanent and total disability**, or retirement:
 - a. the **named insured's** estate requests the Unlimited Extended Reporting Period and furnishes written evidence and proof of the date of the **named insured's** death, or
 - b. the **named insured** provides evidence and proof of the **permanent and total disability** including the date of the actual disability and written certification by the **named insured's** attending physician (other than another physician practicing in the same group as the **named insured**). The **named insured** also agrees to submit to any medical examination(s) as requested by the Company, by any physician designated by the Company for the purpose of verifying such **permanent and total disability**; or
 - c. If at any time after reaching age 55, and having been continuously insured by the Company on a claims-made basis for a minimum of 5 years, the **named insured** elects to retire from practice of medicine.

As a condition precedent to the **named insured's** right to purchase the Extended Reporting Period, the full premium of this policy and any Deductible amounts that are due must have been paid.

At the commencement of any Extended Reporting Period, the entire premium shall be deemed earned and the Company shall not be liable to return to the **named insured** any portion of the premium for any Extended Reporting Period.

The fact that the period during which **claims** may be first made against the **named insured** under this policy is extended by virtue of the Extended Reporting Period shall not in any way increase the limit of liability of this policy. The limit of liability available under the Extended Reporting Period shall be part of, and not in addition to, the limit of liability available under the policy.

Any coverage provided under this Extended Reporting Period shall be excess of other coverage available to the **named insured** for a claim made and reported during this Extended Reporting Period.

In no way does any Extended Reporting Period change the requirement that **claims** must be reported to us in writing within thirty (30) days of receipt by the **named insured** of a written notice of a claim.

IN WITNESS WHEREOF The **General Star National Insurance Company** has caused this Policy to be signed by its President and Secretary at Stamford, Connecticut, but the same shall be binding upon the Company unless countersigned on the Declarations Page by an authorized representative of the Company.

GENERAL STAR NATIONAL INSURANCE COMPANY

Ada Robert

Secretary

Patricia H. Mehl

President

GENERAL STAR NATIONAL INSURANCE COMPANY

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement # _____, effective _____ forms a part of Policy # _____

issued to _____ by GENERAL STAR NATIONAL INSURANCE COMPANY.

ILLINOIS AMENDATORY ENDORSEMENT

This endorsement modifies insurance provided under the following:

PHYSICIANS AND SURGEONS PROFESSIONAL LIABILITY POLICY

SECTION V – DEFENSE PROVISIONS, NUMBER 3., is deleted in its entirety, and is replaced by the following:

3. Rights and duty to defend:

- a. The **insured** has the sole option of purchasing a **claim expense** provision in which **claim expenses** are included within the limit of liability as specified by the **CLAIM EXPENSES** selection item on the Declarations Page. In such case, our right and duty to defend end when the applicable limit of liability described in **SECTION VIII – LIMITS OF LIABILITY** has been exhausted by payment of **damages** or **claim expenses** or by any combination of both.
- b. The **insured** has the sole option of purchasing a **claim expense** provision in which **claim expenses** are not included within the limit of liability as specified by the **CLAIM EXPENSES** selection item on the Declarations Page. In such case, our right and duty to defend end when the applicable limit of liability described in **SECTION VIII – LIMITS OF LIABILITY** has been exhausted by payment of **damages**.

SECTION X – EXCLUSIONS, NUMBER 16. is deleted in its entirety.

SECTION X – EXCLUSIONS, NUMBER 22. is deleted in its entirety, and is replaced by the following:

22. Sexual Acts / Molestation –

- a. based on, arising out of or resulting from physical assault, abuse, molestation or intentional neglect, or licentious, immoral, amoral or other behavior that was committed or alleged to have been committed, by an **insured** or by any person for whom the **insured** is legally responsible;
- b. based on, arising out of or resulting from sexual assault, abuse, or molestation or licentious, immoral, amoral or other behavior which was threatened, intended to, lead to or culminated in, any sexual act whether committed intentionally, negligently, inadvertently or with the belief, erroneous or otherwise, that the other party is consenting and has the legal and mental capacity to consent thereto, that was committed, or alleged to have been committed by an **insured** or by any person for whom the **insured** is legally responsible.

Except for the **insured's** vicarious liability, this exclusion applies regardless of the legal theory or basis upon which an **insured** is alleged to be legally liable or responsible in whole or in part, for any

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damages arising out of the acts described in **a.** and **b.**, above, including but not limited to the failure to protect or warn the other party, failure to prevent sexual abuse and/or physical abuse, failure to prevent assault and battery;

SECTION XI – DEFINITIONS, NUMBER 5.. is deleted in its entirety, and is replaced by the following:

5. **“Damages”** means sums that an **insured** becomes legally obligated to pay as a result of a covered claim. **Damages** do not include:
- a. Civil, criminal, administrative or other fines or penalties;
 - b. Sanctions;
 - c. Any portion of any judgment, award or verdict that represents a multiple of the compensatory damages;
 - d. Payment for **professional services**, including refund of fees, withdrawal or reduction of fees paid to the **insured**;
 - e. Punitive or exemplary damages; or
 - f. Bail bonds.
 - g. **Claim expenses.**

Provided, however, that nothing in this definition shall be construed to prevent the Company from providing a defense to a claim seeking punitive damages.

SECTION XII – CONDITIONS, NUMBER 6.b. is deleted in its entirety, and is replaced by the following:

b. Cancellation – Company’s Request

The Company may cancel coverage under this policy for non-payment of premium by mailing written notice of cancellation to the last known address of the **named insured** at least ten (10) days prior to the effective date of cancellation. The Company may cancel the coverage under this policy for any other reason permitted by law by mailing written notice of cancellation to the last known address of the **named insured** at least thirty (30) days prior to the effective date of cancellation during the first sixty (60) days of coverage, or sixty (60) days prior to the effective date of cancellation after coverage has been in effect for sixty-one (61) days or more. The written notice of cancellation shall include a specific explanation of the reason(s) for cancellation and the effective date of cancellation. If the policy has been in effect for sixty (60) days or more, it may not be canceled by the Company except for the following reasons: (1) non-payment of premium; (2) the policy was obtained through a material misrepresentation; (3) any insured violated any terms and conditions of the policy; (4) the risk initially accepted has measurably increased; (5) certification to the Director of Insurance of the loss of reinsurance by the Company which provided coverage to the Company for all or a substantial part of the underlying risk insured; or (6) a determination by the Director of Insurance that continuation of the policy could place the Company in violation of the insurance laws of the state of Illinois. A copy of the written notice of cancellation shall also be mailed to the **named insured's** broker or agent of record at the last known mailing address. Unearned premium, if any, will be refunded to the **named insured** within a reasonable period of time in accordance with the customary pro rata tables and procedures, subject to the retention by the Company of any minimum earned premium stated in the Declarations.

Pursuant to 215 Illinois Compiled Statutes, Section 5/143, a **named insured** who wishes to appeal the reasons for cancellation, other than for non-payment of premium, shall at least twenty (20) days prior to the effective date of cancellation or nonrenewal mail or deliver to the Director of Insurance

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS OF THIS POLICY REMAIN UNCHANGED.

and General Star Management Company, 123 North Wacker Drive, Suite 700, Chicago, IL 60606, Fax: (312) 267-8520 a written request for a hearing, which shall clearly state the basis for the appeal.

SECTION XII – CONDITIONS, NUMBER 6.c. is deleted in its entirety, and is replaced by the following:

c. Non-Renewal

The Company may nonrenew this policy by mailing written notice to the last known address of the **named insured** at least sixty (60) days before the expiration date of the policy. The written notice must contain a specific explanation of the reason(s) for non-renewal. If the Company offers to renew the policy with a premium increase of thirty percent (30%) or more, or with a change in deductible or coverage that materially alters the policy, the Company shall mail to the **named insured** written notice of such premium increase or change at least sixty (60) days prior to the expiration date of the policy. The premium may subsequently be amended by the Company to reflect any change in exposure or reinsurance costs not considered at the time of such notice. The Company may extend the policy period under the same terms, conditions and premium, in order to provide at least sixty (60) days advance notice of such increase or change. A copy of any written notice pursuant to this paragraph shall also be mailed to the **named insured's** broker or agent of record at the last known mailing address.

Pursuant to 215 Illinois Compiled Statutes, Section 5/143, a **named insured** who wishes to appeal the reasons nonrenewal shall at least twenty (20) days prior to the effective date of cancellation or nonrenewal mail to or deliver the Director of Insurance and General Star Management Company, 123 North Wacker Drive, Suite 700, Chicago, IL 60606, Fax: (312) 267-8520 a written request for a hearing, which shall clearly state the basis for the appeal.

SECTION XII – CONDITIONS, NUMBER 14. is deleted in its entirety, and is replaced by the following:

14. Other Insurance

Subject to the **Non-Stacking of Limits** condition above, if the **insured** has other valid primary Professional Liability Insurance coverage provided by other companies against **damages** covered by this policy, the Company shall not be liable under this policy for a greater proportion of such **damages** than the applicable limit of liability stated on the Declarations Page bears to the total applicable limit of liability of all valid and collectible insurance against such **damages**.

SECTION XIII – EXTENDED REPORTING PERIOD, Number 2, is deleted in its entirety, and is replaced by the following:

2. An optional Extended Reporting Period is available to each **named insured** in the event of cancellation or non-renewal of this policy by the named insured or the Company for any reason. However, the quotation of a different premium, **DEDUCTIBLE** and/or limit of liability for renewal does not constitute a cancellation or refusal to renew for the purpose of this provision.

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS OF THIS POLICY REMAIN UNCHANGED.

**GENERAL STAR NATIONAL INSURANCE COMPANY
PHYSICIAN'S PROFESSIONAL LIABILITY**

**ILLINOIS
PHYSICIANS CLASSIFICATION PLAN**

<u>SPECIALTY DESCRIPTION</u>	<u>CLASS</u>
Acupuncture - Minor Surgery	3
Aerospace Medicine - No Surgery	0
Aesthetic Medicine - Minor Invasive Surgery	4
Allergy - No Surgery	0
Anesthesiology - Major Surgery	3
Anesthesiology Critical Care Medicine - Major Surgery	5
Anesthesiology Pain Medicine - Major Surgery	4
Cardiovascular Disease - Minor Invasive Surgery	5
Cardiovascular Disease - No Surgery	3
Colon & Rectal Surgery - Major Surgery	6
Dermatology - Major Surgery	3
Dermatology - Minor Invasive Surgery	1
Dermatology - No Surgery	0
Endocrinology - Minor Invasive Surgery	2
Endocrinology - No Surgery	1
Family/General Practice - No Obstetrics - Minor Invasive Surgery	4
Family/General Practice - No Obstetrics - No Surgery	2
Forensic Pathology - No Surgery	0
Gastroentology - Minor Invasive Surgery	3
Gastroentology - No Surgery	3
General Preventive Medicine - No Surgery	0
General Surgery - including laparoscopy - Major Surgery	7
Geriatrics - Minor Invasive Surgery	2
Geriatrics - No Surgery	1
Gynecology - Minor Invasive Surgery	4
Gynecology - No Surgery	3
Gynecology Surgery - including laparoscopy - Major Surgery	7
Hand Surgery - Major Surgery	7
Hematology - Minor Invasive Surgery	2
Hematology - No Surgery	2
Infectious Disease - Minor Invasive Surgery	3
Infectious Disease - No Surgery	3
Intensive Care Medicine	4
Internal Medicine - Minor Invasive Surgery	5
Internal Medicine - No Surgery	2
Neoplastic Medicine/Oncology - Minor Invasive Surgery	2
Neoplastic Medicine/Oncology - No Surgery	2
Nephrology - Minor Invasive Surgery	3
Nephrology - No Surgery	2
Neurology - Minor Invasive Surgery	4
Neurology - No Surgery	4
Neurosurgery - Major Surgery	9
Nuclear Medicine - No Surgery	2
Obstetrics/Gynecology - Major Surgery	8
Occupational/Industrial Medicine - No Surgery	0
Ophthalmology - No Surgery	1

**GENERAL STAR NATIONAL INSURANCE COMPANY
PHYSICIAN'S PROFESSIONAL LIABILITY**

**ILLINOIS
PHYSICIANS CLASSIFICATION PLAN**

<u>SPECIALTY DESCRIPTION</u>	<u>CLASS</u>
Ophthalmology - Surgery	3
Orthopedic Surgery - excluding back surgery - Major Surgery	7
Orthopedic Surgery - including back surgery - Major Surgery	8
Otolaryngology/Head and Neck Surgery - excluding cosmetic - Major Surgery	5
Otolaryngology/Head and Neck Surgery - including cosmetic -Major Surgery	7
Otology/Neurotology - Major Surgery	5
Otology/Neurotology - No Surgery	1
Otorhinolaryngology - No Surgery	0
Pathology - No Surgery	2
Pediatrics - Major Surgery	7
Pediatrics - Minor Surgery	3
Pediatrics - No Surgery	1
Physical Medicine and Rehabilitation - No Surgery	2
Physicians (N.O.C.) - Major Surgery	7
Physicians (N.O.C.) - Minor Invasive Surgery	4
Physicians (N.O.C.) - No Surgery	2
Plastic / Reconstructive Surgery - excluding cosmetic elective - Major Surgery	7
Plastic / Reconstructive Surgery - including cosmetic elective - Major Surgery	8
Psychiatry - No Surgery	0
Pulmonary Medicine - No Surgery	3
Pulmonary Medicine - Minor Surgery	4
Podiatry - No Surgery	2
Podiatry - Minor Surgery	5
Radiation Therapy - Major Surgery	5
Radiology (Diagnostic) - Major Surgery Class	5
Rheumatology - No Surgery	1
Thoracic and Cardiovascular Surgery - Major Surgery	8
Urgent Care Medicine	2
Urology - No Surgery	1
Urology - Excluding therapeutic implants - Major Surgery	5
Urology - including therapeutic implants - Major Surgery	6
Urology - Minor Invasive Surgery	3
Vascular Surgery - Major Surgery	8

Physicians & Surgeons Claims Made and Reported Professional Liability
GENERAL RULE MANUAL
Underwritten by
GENERAL STAR NATIONAL INSURANCE COMPANY

GENERAL STAR MANAGEMENT COMPANY

**PHYSICIANS & SURGEONS PROFESSIONAL LIABILITY
CLAIMS MADE AND REPORTED COVERAGE**

GENERAL RULE MANUAL

Physicians & Surgeons Claims Made and Reported Professional Liability
GENERAL RULE MANUAL
Underwritten by
GENERAL STAR NATIONAL INSURANCE COMPANY

I. USE OF THIS MANUAL

The purpose of this document is to provide premium and rating data (by state), underwriting rules, medical specialty classifications and practice location territories needed to select and price risks for the General Star Management Physicians & Surgeons Professional Liability program. The following categories of Health Care Providers are designated primary insureds for the program:

1. Physicians or Surgeons (M.D.)
2. Osteopathic Physicians or Surgeons (D.O.)
3. Podiatrists (D.P.M.)

Any exceptions to these rules are contained in the respective State Exceptions Section.

II. COVERAGE

Coverage under this program is described in the respective policy Insuring Agreement(s) and/or Coverage Part(s). It shall be permissible to attach more than one Insuring Agreement and/or Coverage Part to the policy.

III. BASIC LIMITS OF LIABILITY

The basic coverage limits for Professional Liability coverage under this program are:

Professional Liability: \$1,000,000 Each Claim / \$3,000,000 Aggregate

IV. POLICY WRITING MINIMUM PREMIUM

The minimum premium is \$500 per annual or lesser period, unless otherwise specified for the respective coverage.

V. DECREASED LIMITS OF LIABILITY

Available decreased Limits of Liability are shown on the respective State Exceptions Section.

VI. PREMIUM COMPUTATION

The premium shall be computed by applying the rate per physician/surgeon shown on the State Exceptions pages.

A. PREMIUM ROUNDING RULE

Premium rounding will be done at the last step of the computation process, as opposed to rounding at each step. In the event that application of any rating procedure result is not a whole dollar, each rate and premium shall be adjusted as follows:

- i. any amount involving \$.50 or over shall be rounded to the next highest whole dollar amount;
- ii. any amount involving \$.49 or less shall be rounded down to the next lowest whole dollar amount.

B. FACTORS OR MULTIPLIERS

Premium modifications are to be applied multiplicatively. Modifications from the **Individual Risk Modification Schedule** and **Deductibles** are to be added together and then applied multiplicatively.

C. ADDITIONAL and RETURN PREMIUM

For all changes requiring additional or return premium, apply the rates and rules that were in effect at the inception date of the current policy period.

Physicians & Surgeons Cla. Made and Reported Professional Liability
GENERAL RULE MANUAL
Underwritten by
GENERAL STAR NATIONAL INSURANCE COMPANY

D. CLAIMS MADE 'STEP' RULE

The proper 'step' into which the physician/surgeon is placed for rating purposes when claims made coverage has been provided for less than full annual periods is determined as follows:

1. Less than 6 months of claims made coverage, step 1 rates apply;
2. "#" years plus less than 6 months of claims made coverage, step "x" plus 1 applies;
3. "#" years plus 6 months or more of claims made coverage, step "x" plus 2 applies.

Note: The value of "#" is the number of whole years.

VII. RESTRICTIONS OF COVERAGE OR INCREASED RATE

Subject to individual state regulations, policies may be issued with special restrictions or at increased premium if:

- A. the Insured agrees in writing; and
- B. the policy would otherwise not be written.

VIII. EXTENDED REPORTING PERIOD COVERAGE (available for Claims Made coverage only)

The availability of Extended Reporting Period Coverage shall be governed by the following rules:

- A. The Limits of Liability may not exceed those afforded under the terminating policy.
- B. Available Extended Reporting Period premium charges shall be as shown on the respective State Exceptions pages.

IX. ADDITIONAL CLASSIFICATIONS

A. Disability/Leave of Absence

A physician/surgeon who becomes disabled, or is on leave of absence for a period of 45 days or more, will be eligible for restricted coverage at a reduced rate. This would apply retroactively to the first day of disability or leave of absence. Rating basis as follows:

Disability/Leave of Absence	25% of Medical Specialty
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B. Part-Time

A part-time rate will apply to physicians or surgeons who work less than full-time rated hours. The rating basis is as follows:

Practice less than 25 hours per week	50-90% of Medical Specialty
--------------------------------------	-----------------------------

The applicant or insured may be required to cite a specific reason for practicing part-time and specific exposures and medical specialties may be deemed ineligible for part-time status

C. Locum Tenens Physicians

Coverage for a physician substituting for an insured physician may be provided. Coverage will be limited to professional services rendered on behalf of an insured physician for the specified time period. Approved *Locum Tenens* physicians will share in the primary insured physician's Limit of Liability at no additional premium charge.

X. MISCELLANEOUS / ANCILLARY MEDICAL PERSONNEL

Professional Liability coverage for miscellaneous medical personnel may be provided. The State Exception pages contain medical specialties and rating instructions.

XI. CORPORATION / PARTNERSHIP / PROFESSIONAL ASSOCIATION

It shall be permissible to provide coverage for a Professional Corporation, Professional Association, or Partnership, for liability arising from the professional services by its member physicians/surgeons. Such coverage may be provided as follows:

- A. Solo Practice:

Physicians & Surgeons Claim - Made and Reported Professional Liability
GENERAL RULE MANUAL
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by endorsement to the policy. The entity will share in the individual physician/surgeon limit at no additional premium charge

B. All Others:

Available on a separate Limit of Liability basis by naming the professional corporation/partnership/professional association on the policy. Additional premium shall be as shown on the State Exceptions pages. Ancillary personnel shall be included in this professional corporation limit but will not share in the limits of the individual physician(s).

XII. OPTIONAL COVERAGES / ENDORSEMENTS

It shall be permissible to add any of the following optional coverages/endorsements as appropriate to the particular situation and in accordance with the minimum basic Limits of Liability indicated herein:

A. Medical Laboratory

It shall be permissible to add a Medical Laboratory:

- i. at no additional charge if such laboratory is not a separate entity. Coverage is limited to the testing of the insured's own patients.
- ii. at a premium charge of 25% of the Class 1 rate. The laboratory will be included as an additional insured, if such laboratory is a separate entity. Coverage is limited to the testing of the insured's own patients.

B. Deductibles/Self-Insured Retentions

Deductibles and self-insured retentions are available. The factors are shown below:

Deductible	Discount Factor
\$5,000	3%
\$10,000	5%
\$25,000	7%

XIII. INDIVIDUAL RISK MODIFICATION SCHEDULE

The hazards of the practice of medicine vary with each organization; the establishment of medical standards review and claims review committees and the effectiveness of such committees; loss prevention and control activities; type, amount and extent of professional services rendered under written agreement, etc. To recognize such specific characteristics unique to each risk, a rate modification may be applied based on the following:

1. Physicians and Surgeons (M.D.s and D.O.s) and Podiatrists Professional Liability Exposures

The maximum permissible modification of the Professional Liability premium(s) is as shown on the State Exceptions pages.

Individual Risk Modification Schedule		
	Credits	Debits
a. <u>Loss Experience</u> The underwriter will evaluate the circumstances of past claims and would take into consideration the report date of each claim and paid the indemnity amounts.	0%	0%-20%
b. <u>Loss Control Program</u> The underwriter will evaluate the procedures in place within the practice, including adherence to any prior control recommendations.	0-10%	0-10%
c. <u>Practice Characteristics</u> The underwriter will evaluate the impact of contracts on utilization, referrals, and overall quality of patient care.	0-15%	0-15%

Physicians & Surgeons Classification Made and Reported Professional Liability
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<p>d. <u>Continuing Education</u> Determine if the applicant's professional and paraprofessional staff participant in effective continuing medical education program(s).</p>	0-5%	0-5%
<p>e. <u>Ancillary Personnel</u> Paraprofessional employees or contractors such as Nurse practitioners, Physician Assistants, Certified Registered Nurse Anesthetists, Perfusionists and Midwives. Surcharge for vicarious liability when practitioners carry their own separate coverage. May be offset by Continuing Education credit.</p>	0-5% per employee	0-5% per employee
<p>f. <u>Practice Hours</u> Credit for limited practice hours if the risk is not eligible for part-time credit. Debit for practice hours deemed excessive for the specific specialty or practice situation.</p>	0-10%	0-10%
<p>g. <u>Patient Count</u> Surcharge for above-average patient or procedure volume; credit for low volume</p>	5-10%	5-10%
<p>h. <u>Use of Hospitalists</u> The underwriter will evaluate the use of hospitalists for patient admissions.</p>	0-10%	0-10%
<p>i. <u>Emergency Room exposure</u> The underwriter will evaluate any Emergency Medicine exposure</p>	0-10%	0-10%
<p>J. <u>Unusual Risk Characteristics</u> The underwriter will evaluate any feature of the practice that is deemed unusual or nontraditional in the applicant's medical community.</p>	0-10%	0-10%

XIV. QUARTERLY INSTALLMENT OPTION

A quarterly premium installment option with no interest charges and no installment charges/fees is available subject to the following terms:

- 1) An initial payment of 40% of the total premium due at policy inception with remaining premium due three months (20%), six months (20%), and nine months (20%) from policy inception.
- 2) Additional premium resulting from changes to the policy shall be spread equally over the remaining installments. If there are no remaining installments, additional premium resulting from changes to the policy will be processed as a separate transaction.

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State Exceptions Section

A. The GENERAL RULE MANUAL pages applicable to this program shall apply subject to the following changes/exceptions:

-Illinois rates and rating rules as follows.

B. PHYSICIANS & SURGEONS PROFESSIONAL LIABILITY, CLAIMS MADE RATES:

Territory I: Cook, Madison, St. Clair & Will counties:

(@ \$1,000,000/\$3,000,000 Limits of Liability)

Class	Claims Made 'Step'				
	1	2	3	4	5
0	5,054	10,108	15,161	18,194	20,215
1	6,738	13,477	20,215	24,258	26,953
2	8,423	16,846	25,268	30,322	33,691
3	10,107	20,215	30,322	36,386	40,429
4	12,634	25,269	37,903	45,483	50,537
5	14,740	29,480	44,219	53,063	58,959
6	21,057	42,114	63,171	75,805	84,228
7	29,480	58,960	88,439	106,127	117,919
8	42,114	84,228	126,341	151,610	168,455
9	58,959	117,919	176,878	212,253	235,837

Territory II: DuPage, Jackson, Kane, Lake, McHenry & Vermillion counties:

(@ \$1,000,000/\$3,000,000 Limits of Liability)

Class	Claims Made 'Step'				
	1	2	3	4	5
0	4,043	8,086	12,129	14,555	16,172
1	5,391	10,781	16,172	19,406	21,562
2	6,738	13,477	20,215	24,258	26,953
3	8,086	16,172	24,257	29,109	32,343
4	10,107	20,215	30,322	36,386	40,429
5	11,792	23,584	35,375	42,450	47,167
6	16,846	33,691	50,537	60,644	67,382
7	23,584	47,168	70,751	84,902	94,335
8	33,691	67,382	101,073	121,288	134,764
9	47,168	94,335	141,503	169,803	188,670

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Territory III: Champaign, Coles, Dekalb, Kankakee, LaSalle, Macon, Ogle, Randolph, Sangamon & Winnebago counties:

(@ \$1,000,000/\$3,000,000 Limits of Liability)

Class	Claims Made 'Step'				
	1	2	3	4	5
0	3,285	6,570	9,854	11,825	13,139
1	4,380	8,760	13,139	15,767	17,519
2	5,475	10,950	16,424	19,709	21,899
3	6,570	13,140	19,709	23,651	26,279
4	8,212	16,425	24,637	29,564	32,849
5	9,581	19,162	28,743	34,492	38,324
6	13,687	27,374	41,061	49,273	54,748
7	19,162	38,324	57,485	68,982	76,647
8	27,374	54,748	82,122	98,546	109,496
9	38,324	76,647	114,971	137,965	153,294

Territory IV: Remainder of State

(@ \$1,000,000/\$3,000,000 Limits of Liability)

Class	Claims Made 'Step'				
	1	2	3	4	5
0	2,527	5,054	7,580	9,096	10,107
1	3,369	6,738	10,107	12,128	13,476
2	4,212	8,423	12,635	15,161	16,846
3	5,054	10,108	15,161	18,194	20,215
4	6,317	12,634	18,951	22,741	25,268
5	7,370	14,740	22,110	26,532	29,480
6	10,529	21,057	31,586	37,903	42,114
7	14,740	29,480	44,219	53,063	58,959
8	21,057	42,114	63,171	75,805	84,228
9	29,480	58,960	88,439	106,127	117,919

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State Exceptions Section

C. INDIVIDUAL RISK MODIFICATION SCHEDULE

The maximum permissible modification of the Physicians & Surgeons Professional Liability Premium under the Individual Risk Modification Schedule is \pm 40%.

D. CORPORATION/PARTNERSHIP/PROFESSIONAL ASSOCIATION CHARGE:

The rate, per Corporation/Partnership/Professional Association, is computed as up to 15% of the total developed professional liability premium for each physician/surgeon and ancillary person, for groups of 2-4. For groups of 5 or more, the rate is computed as up to 10% of the total developed professional liability premium for each physician/surgeon and ancillary person.

E. ANCILLARY PERSONNEL:

The following ancillary personnel may be added as additional named insured for additional premium per the rates shown below.

Territory I: Cook, Madison, St. Clair & Will counties:

(Claims Made Rates @t \$1,000,000/\$3,000,000 Limits of Liability)

Class	Claims Made 'Step'				
	1	2	3	4	5
Nurse Anesthetist	606	1,213	1,819	2,183	2,426
Nurse Midwives	8,423	16,846	25,268	30,322	33,691
Physicians' Assistant	505	1,011	1,516	1,819	2,021
Physical Therapist	1,263	2,527	3,790	4,548	5,054
Respiratory Therapists	1,263	2,527	3,790	4,548	5,054
Surgeons Assistant/Perfusionists	505	1,011	1,516	1,819	2,021

Territory II: DuPage, Jackson, Kane, Lake McHenry & Vermillion counties:

(Claims Made Rates @t \$1,000,000/\$3,000,000 Limits of Liability)

Class	Claims Made 'Step'				
	1	2	3	4	5
Nurse Anesthetist	485	970	1,455	1,747	1,941
Nurse Midwives	6,738	13,476	20,215	24,258	26,953
Physicians' Assistant	404	809	1,213	1,455	1,617
Physical Therapist	1,011	2,022	3,032	3,639	4,043
Respiratory Therapists	1,011	2,022	3,032	3,639	4,043
Surgeons Assistant/Perfusionist	404	809	1,213	1,455	1,617

Territory III: Champaign, Coles, Dekalb, Kankakee, LaSalle, Macon, Ogle, Randolph, Sangamon & Winnebago counties:

(Claims Made Rates @t \$1,000,000/\$3,000,000 Limits of Liability)

Class	Claims Made 'Step'				
	1	2	3	4	5
Nurse Anesthetist	394	788	1,183	1,419	1,577
Nurse Midwives	5,475	10,950	16,424	19,709	21,899
Physicians' Assistant	329	657	985	1,183	1,314
Physical Therapist	821	1,643	2,464	2,956	3,285
Respiratory Therapists	821	1,643	2,464	2,956	3,285

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State Exceptions Section

Surgeons Assistant/Perfusionists	329	657	985	1,183	1,314
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Territory IV: Remainder of State

(Claims Made Rates @t \$1,000,000/\$3,000,000 Limits of Liability)

Class	Claims Made 'Step'				
	1	2	3	4	5
Nurse Anesthetist	303	606	910	1,092	1,213
Nurse Midwives	4,211	8,423	12,634	15,161	16,846
Physicians' Assistant	253	505	758	910	1,011
Physical Therapist	632	1,263	1,895	2,274	2,527
Respiratory Therapists	632	1,263	1,895	2,274	2,527
Surgeons Assistant/Perfusionists	253	505	758	910	1,011

F. POLICY DECREASED LIMITS FACTORS:

<i>Policy Limits</i>	<i>Increase Limit Factor</i>
1,000,000/3,000,000	1.00
1,000,000/1,000,000	0.92
500,000/1,500,000	0.77
250,000/750,000	0.62
100,000/300,000	0.47

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G. EXTENDED REPORTING PERIOD:

1. Death, Disability and Retirement (DDR) - Extended Reporting Period Coverage will be granted at no additional premium in the event a named insured dies, becomes permanently and totally disabled, or retires during the policy period, provided that within thirty (30) days of the death, permanent and total disability, or retirement:
 - a. the named insured's estate requests the Unlimited Extended Reporting Period and furnishes written evidence and proof of the date of the named insured's death, or
 - b. the named insured provides evidence and proof of the permanent and total disability including the date of the actual disability and written certification by the named insured's attending physician (other than another physician practicing in the same group as the named insured). The named insured also agrees to submit to any medical examination(s) as requested by the Company, by any physician designated by the Company for the purpose of verifying such permanent and total disability; or
 - c. If at any time after reaching age 55, and having been continuously insured by the Company on a claims-made basis for a minimum of 5 years, the named insured elects to retire from practice of medicine.

2. Unlimited Extended Reporting Period coverage (ERP) will be granted subject to the terms and conditions of the policy. The following premium factors are to be applied to mature (step 5) claims-made rate in effect at policy issuance:

Unlimited Reporting Period Factors Obstetrics/Gynecology & Pediatrics	
<i>Expiring Step</i>	<i>Factor</i>
1	1.35
2	2.05
3	2.35
4	2.50
5	2.60

Unlimited Reporting Period Factors All Other	
<i>Expiring Step</i>	<i>Factor</i>
1	1.00
2	1.20
3	1.50
4	1.88
5	2.00

3. Other Extended Reporting Period optional endorsements. The following discount factors are applied multiplicatively to the factors shown above if the named insured elects one of the optional extended reporting endorsements below:

Extended Reporting Period Discount Factors	
<i>Extended Reporting Period Option</i>	<i>Discount Factor</i>
12 months	0.50
24 months	0.62
36 months	0.69
48 months	0.78
60 months	0.80
Unlimited	1.00

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State Exceptions Section

H. PHYSICIANS & SURGEONS PRACTICE/SPECIALTY CLASSIFICATIONS

Each physician/surgeon is assigned a practice classification code according to their respective medical specialty. When more than one classification is applicable, the highest rated classification shall apply.

Class 0 -

<i>Medical Specialty</i>	<i>Code</i>
AEROSPACE MEDICINE – NO SURGERY	80230
ALLERGY - NO SURGERY	80254
DERMATOLOGY - NO SURGERY	80256
FORENSIC PATHOLOGY – NO SURGERY	80240
GENERAL PREVENTIVE MEDICINE – NO SURGERY	80231
OCCUPATIONAL/INDUSTRIAL MEDICINE – NO SURGERY	80233
OTORHINOLARYNGOLOGY - NO SURGERY	80265
PSYCHIATRY – NO SURGERY	80249

Class 1 -

<i>Medical Specialty</i>	<i>Code</i>
DERMATOLOGY - MINOR INVASIVE SURGERY	81282
ENDOCRINOLOGY – NO SURGERY	81238
GERIATRIC MEDICINE – NO SURGERY	81243
OPHTHALMOLOGY – NO SURGERY	81263
OTOLOGY/NEUROTOLOGY – NO SURGERY	81264
PEDIATRICS – NO SURGERY	81267
RHEUMATOLOGY – NO SURGERY	81252
UROLOGY – NO SURGERY	81145

Class 2 –

<i>Medical Specialty</i>	<i>Code</i>
ENDOCRINOLOGY- MINOR INVASIVE SURGERY	82272
FAMILY/GENERAL PRACTICE – NO OBSTETRICS – NO SURGERY	82420
GERIATRICS – MINOR INVASIVE SURGERY	82276
HEMATOLOGY – MINOR INVASIVE SURGERY	82278
HEMATOLOGY – NO SURGERY	82245
INTERNAL MEDICINE – NO SURGERY	82257
NEOPLASTIC MEDICINE/ONCOLOGY – MINOR INVASIVE SURGERY	82286
NEOPLASTIC MEDICINE/ONCOLOGY – NO SURGERY	82259
NEPHROLOGY – NO SURGERY	82260
NUCLEAR MEDICINE – NO SURGERY	82262
PATHOLOGY – NO SURGERY	82266
PHYSICAL MEDICINE AND REHABILITATION – NO SURGERY	82235

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PHYSICIANS (N.O.C.) – NO SURGERY	82268
PODIATRY – NO SURGERY	82993
URGENT CARE MEDICINE	82424

Class 3 -

<u>Medical Specialty</u>	<u>Code</u>
ACUPUNCTURE – MINOR SURGERY	83437
ANESTHESIOLOGY – MAJOR SURGERY	83151
CARDIOVASCULAR DISEASE – NO SURGERY	83255
DERMATOLOGY - MAJOR SURGERY	83472
GASTROENTEROLOGY – NO SURGERY	83241
GASTROENTEROLOGY – MINOR INVASIVE SURGERY	83274
GYNECOLOGY – NO SURGERY	83244
INFECTIOUS DISEASE – MINOR INVASIVE SURGERY	83279
INFECTIOUS DISEASE – NO SURGERY	83246
NEPHROLOGY – MINOR INVASIVE SURGERY	83278
OPHTHALMOLOGY – SURGERY	83114
PEDIATRICS – MINOR SURGERY	83267
PULMONARY MEDICINE – NO SURGERY	83269
UROLOGY – MINOR INVASIVE SURGERY	83145

Class 4 –

<u>Medical Specialty</u>	<u>Code</u>
AESTHETIC MEDICINE – MINOR INVASIVE SURGERY	84100
ANESTHESIOLOGY PAIN MEDICINE – MAJOR SURGERY	84151
FAMILY/GENERAL PRACTICE – NO OBSTETRICS – MINOR INVASIVE SURGERY	84421
GYNECOLOGY – MINOR INVASIVE SURGERY	84277
INTENSIVE CARE MEDICINE	84283
NEUROLOGY – MINOR INVASIVE SURGERY	84288
NEUROLOGY – NO SURGERY	84261
PHYSICIANS (N.O.C.) – MINOR INVASIVE SURGERY	84268
PULMONARY MEDICINE – MINOR INVASIVE SURGERY	84269

Class 5 –

<u>Medical Specialty</u>	<u>Code</u>
ANESTHESIOLOGY CRITICAL CARE MEDICINE – MAJOR SURGERY	85151
CARDIOVASCULAR DISEASE – MINOR INVASIVE SURGERY	85281
INTERNAL MEDICINE – MINOR INVASIVE SURGERY	85284
OTOLARYNGOLOGY/HEAD AND NECK SURGERY – EXCLUDING COSMETIC – MAJOR SURGERY	85159
OTOLOGY/NEUROTOLOGY – MAJOR SURGERY	85158
PODIATRY – MAJOR SURGERY	85993

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RADIATION THERAPY – MAJOR SURGERY	85491
RADIOLOGY (DIAGNOSTIC) – MAJOR SURGERY CLASS	85253
UROLOGY – EXCLUDING THERAPEUTIC IMPLANTS – MAJOR SURGERY	85145

Class 6 -

<i>Medical Specialty</i>	<i>Code</i>
COLON & RECTAL SURGERY – MAJOR SURGERY	86115
UROLOGY – INCLUDING THERAPEUTIC IMPLANTS – MAJOR SURGERY	86145

Class 7 -

<i>Medical Specialty</i>	<i>Code</i>
GENERAL SURGERY – INCLUDING LAPAROSCOPY – MAJOR SURGERY	87143
GYNECOLOGY SURGERY – INCLUDING LAPAROSCOPY – MAJOR SURGERY	87481
HAND SURGERY – MAJOR SURGERY	87169
ORTHOPEDIC SURGERY – EXCLUDING BACK SURGERY – MAJOR SURGERY	87501
OTOLARYNGOLOGY/HEAD AND NECK SURGERY – INCLUDING COSMETIC – MAJOR SURGERY	87155
PEDIATRICS – MAJOR SURGERY	87293
PHYSICIANS (N.O.C.) – MAJOR SURGERY	87294
PLASTIC/RECONSTRUCTIVE SURGERY – EXCLUDING COSMETIC ELECTIVE – MAJOR SURGERY	87156

Class 8 -

OBSTETRICS/GYNECOLOGY – MAJOR SURGERY	88153
ORTHOPEDIC SURGERY – INCLUDING BACK SURGERY – MAJOR SURGERY	88154
PLASTIC/RECONSTRUCTIVE SURGERY – INCLUDING COSMETIC ELECTIVE SURGERY- MAJOR SURGERY	88156
THORACIC AND CARDIOVASCULAR SURGERY – MAJOR SURGERY	88144
VASCULAR SURGERY – MAJOR SURGERY	88164

Class 9 -

<i>Medical Specialty</i>	<i>Code</i>
NEUROSURGERY – MAJOR SURGERY	89152

Additional Classifications:

Professional Corporation/Partnership/Association	80999
Nurse Anesthetist	80960
Nurse Midwives	80962
Physicians' Assistant	80116
Physical Therapist	80938
Respiratory Therapists	80969
Surgeons Assistant/Perfusionists	80116



Mary Ann Gayzur
12/11/2006 02:54 PM

To: Adam Yasan/GENSTAR/GRN,
cc:
Subject: Rate/Rule Filing #06-156-3-2

Adam - per our discussions earlier - here is the latest e-mail for your records.

Mary Ann Gayzur
General Star Management Company
695 E. Main Street D-4
Stamford, CT 06904
(203) 328-5584 (phone)
(203) 328-6150 (fax)
mgayzur@genre.com

----- Forwarded by Mary Ann Gayzur/GRC/GRN on 12/11/2006 02:54 PM -----



"Neuman, Gayle"
<Gayle.Neuman@illinois.gov>

To: <mgayzur@genre.com>
cc:
Subject: Rate/Rule Filing #06-156-3-2

12/11/2006 02:46 PM

Ms. Gayzur,

We are in receipt of your response sent via fax dated December 11, 2006. Please address the following:

1. The changes referenced under the quarterly installment option were not included with your response.
2. In regard to the Classifications vs the State Exception Page, I am unsure how this is an actuarial issue. Is the "pediatrics - minor surgery" classification of 1 correct?
3. Please mail or e-mail the next response so the manual pages won't include the fax information on the top of the page.

We request receipt of your response by December 18, 2006.

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

*Called Gayle 12/12
re: Q2 - Final version is 12/11 submission.*



General Star Management Company
Financial Centre
695 East Main Street
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direct phone 203 328 5584
fax 203 328 6150
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Mary Ann Gayzur
Compliance Analyst

VIA FACSIMILE: (217) 524-2122

December 11, 2006

Ms. Gayle Neuman
Illinois Department of Financial and Professional Regulation
Division of Insurance
320 West Washington Street
Springfield, IL 62767

**RE: General Star National Insurance Company
NAIC#: 11967 FEIN#: 13-1958482
Physicians & Surgeons Professional Liability
Rate & Rule Filing
Co. Filing #: 06-156-3-2**

Dear Ms. Neuman:

Thank you for your prompt response dated December 4, 2006. We have respectfully responded to each of your questions and comments in the order presented. For your convenience we have included your questions along with our response. Please note that our responses are in bold letters.

Q1. Under XII. Optional Coverage/Endorsements - B. Deductibles/Self-Insured Retentions, please define "qualified" insureds.

A1. Deductibles/self-insured retentions are available to insureds if requested. We do not perform a financial pre-qualification as a condition of offering these options. In order to clarify our position, we have changed the wording from "Deductibles and self-insured retentions may be offered to qualified insureds" to "Deductibles and self-insured retentions are available." Please refer to attachment A.

Page 2

Q2. Under XIV. Quarterly Installment Option, we request the following information be added:

- Indicate the installments are due 3, 6 and 9 months from policy inception.

- Instead of simply indicating "no charge", we request the wording indicate "no interest charges" and "no installment charges/fees"

A2. The above wording has been added to the XIV. Please see attachment A.

Q3. Does General Star offer any other premium payment plans to their insureds?

A3. No

Q4. On the eighth Page under H. Physicians & Surgeons Practice/Specialty Classifications, there are "Additional Classifications" - since the second digits in these are all "0", do they fall under Class 0?

A4. No. Those classifications are for ancillary personnel. Their rates are shown in section E. of the state exception pages. Due to system limitations we could not assigned an alpha character in that field.

Q5. In comparing the State Exception Page under H. Physicians & Surgeons Practice/Specialty Classifications with the page labeled "GENERAL STAR NATIONAL INSURANCE COMPANY - PHYSICIAN'S PROFESSIONAL LIABILITY - ILLINOIS - PHYSICIANS CLASSIFICATION PLAN", we find:

- "Podiatry - No Surgery" is not listed on both pages.
- "Podiatry - Major Surgery" is not listed on both pages.
- "Pediatrics - Minor Surgery" is under class 3 on one page and class 1 on the other.
- Under Class 7, there is no "General Surgery - excluding laparoscopy - Major Surgery".

Page 3

- Under Class 7, there is no "Gynecology Surgery - excluding laparoscopy - Major Surgery".
- There are numerous misspellings under Section H.

A5. The State Exception pages under "H. Physicians & Surgeons Practice/Specialty Classifications" show the final version of our class plan. The items noted above were not updated in the rate packet that was completed by our actuarial consulting firm.

Q6. Although page numbering is not a requirement, it would be helpful.

A6. Page #s were added.

If you require additional information, please contact me.

Sincerely,



Mary Ann Gayzur

Enclosures

Physicians & Surgeons Claims Made and Reported Professional Liab.
GENERAL RULE MANUAL
Underwritten by
GENERAL STAR NATIONAL INSURANCE COMPANY

GENERAL STAR MANAGEMENT COMPANY

**PHYSICIANS & SURGEONS PROFESSIONAL LIABILITY
CLAIMS MADE AND REPORTED COVERAGE**

GENERAL RULE MANUAL

Physicians & Surgeons Claims Made and Reported Professional Liability
GENERAL RULE MANUAL
Underwritten by
GENERAL STAR NATIONAL INSURANCE COMPANY

I. USE OF THIS MANUAL

The purpose of this document is to provide premium and rating data (by state), underwriting rules, medical specialty classifications and practice location territories needed to select and price risks for the General Star Management Physicians & Surgeons Professional Liability program. The following categories of Health Care Providers are designated primary insureds for the program:

1. Physicians or Surgeons (M.D.)
2. Osteopathic Physicians or Surgeons (D.O.)
3. Podiatrists (D.P.M.)

Any exceptions to these rules are contained in the respective State Exceptions Section.

II. COVERAGE

Coverage under this program is described in the respective policy Insuring Agreement(s) and/or Coverage Part(s). It shall be permissible to attach more than one Insuring Agreement and/or Coverage Part to the policy.

III. BASIC LIMITS OF LIABILITY

The basic coverage limits for Professional Liability coverage under this program are:

Professional Liability: \$1,000,000 Each Claim / \$3,000,000 Aggregate

IV. POLICY WRITING MINIMUM PREMIUM

The minimum premium is \$500 per annual or lesser period, unless otherwise specified for the respective coverage.

V. DECREASED LIMITS OF LIABILITY

Available decreased Limits of Liability are shown on the respective State Exceptions Section.

VI. PREMIUM COMPUTATION

The premium shall be computed by applying the rate per physician/surgeon shown on the State Exceptions pages.

A. PREMIUM ROUNDING RULE

Premium rounding will be done at the last step of the computation process, as opposed to rounding at each step. In the event that application of any rating procedure result is not a whole dollar, each rate and premium shall be adjusted as follows:

- i. any amount involving \$.50 or over shall be rounded to the next highest whole dollar amount;
- ii. any amount involving \$.49 or less shall be rounded down to the next lowest whole dollar amount.

B. FACTORS OR MULTIPLIERS

Premium modifications are to be applied multiplicatively. Modifications from the **Individual Risk Modification Schedule** and **Deductibles** are to be added together and then applied multiplicatively.

C. ADDITIONAL and RETURN PREMIUM

For all changes requiring additional or return premium, apply the rates and rules that were in effect at the inception date of the current policy period.

D. CLAIMS MADE 'STEP' RULE

The proper 'step' into which the physician/surgeon is placed for rating purposes when claims made coverage has been provided for less than full annual periods is determined as follows:

1. Less than 6 months of claims made coverage, step 1 rates apply;
2. "#" years plus less than 6 months of claims made coverage, step "x" plus 1 applies;
3. "#" years plus 6 months or more of claims made coverage, step "x" plus 2 applies.

Note: The value of "#" is the number of whole years.

VII. RESTRICTIONS OF COVERAGE OR INCREASED RATE

Subject to individual state regulations, policies may be issued with special restrictions or at increased premium if:

- A. the Insured agrees in writing; and
- B. the policy would otherwise not be written.

VIII. EXTENDED REPORTING PERIOD COVERAGE (available for Claims Made coverage only)

The availability of Extended Reporting Period Coverage shall be governed by the following rules:

- A. The Limits of Liability may not exceed those afforded under the terminating policy.
- B. Available Extended Reporting Period premium charges shall be as shown on the respective State Exceptions pages.

IX. ADDITIONAL CLASSIFICATIONS

A. Disability/Leave of Absence

A physician/surgeon who becomes disabled, or is on leave of absence for a period of 45 days or more, will be eligible for restricted coverage at a reduced rate. This would apply retroactively to the first day of disability or leave of absence. Rating basis as follows:

Disability/Leave of Absence	25% of Medical Specialty
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B. Part-Time

A part-time rate will apply to physicians or surgeons who work less than full-time rated hours. The rating basis is as follows:

Practice less than 25 hours per week	50-90% of Medical Specialty
--------------------------------------	-----------------------------

The applicant or insured may be required to cite a specific reason for practicing part-time and specific exposures and medical specialties may be deemed ineligible for part-time status

C. Locum Tenens Physicians

Coverage for a physician substituting for an insured physician may be provided. Coverage will be limited to professional services rendered on behalf of an insured physician for the specified time period. Approved *Locum Tenens* physicians will share in the primary insured physician's Limit of Liability at no additional premium charge.

X. MISCELLANEOUS / ANCILLARY MEDICAL PERSONNEL

Professional Liability coverage for miscellaneous medical personnel may be provided. The State Exception pages contain medical specialties and rating instructions.

XI. CORPORATION / PARTNERSHIP / PROFESSIONAL ASSOCIATION

It shall be permissible to provide coverage for a Professional Corporation, Professional Association, or Partnership, for liability arising from the professional services by its member physicians/surgeons. Such coverage may be provided as follows:

- A. Solo Practice:

Physicians & Surgeons Claims Made and Reported Professional Liability
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by endorsement to the policy. The entity will share in the individual physician/surgeon limit at no additional premium charge

B. All Others:

Available on a separate Limit of Liability basis by naming the professional corporation/partnership/professional association on the policy. Additional premium shall be as shown on the State Exceptions pages. Ancillary personnel shall be included in this professional corporation limit but will not share in the limits of the individual physician(s).

XII. OPTIONAL COVERAGES / ENDORSEMENTS

It shall be permissible to add any of the following optional coverages/endorsements as appropriate to the particular situation and in accordance with the minimum basic Limits of Liability indicated herein:

A. Medical Laboratory

It shall be permissible to add a Medical Laboratory:

- i. at no additional charge if such laboratory is not a separate entity. Coverage is limited to the testing of the insured's own patients.
- ii. at a premium charge of 25% of the Class 1 rate. The laboratory will be included as an additional insured, if such laboratory is a separate entity. Coverage is limited to the testing of the insured's own patients.

B. Deductibles/Self-Insured Retentions

Deductibles and self-insured retentions are available. The factors are shown below:

Deductible	Discount Factor
\$5,000	3%
\$10,000	5%
\$25,000	7%

XIII. INDIVIDUAL RISK MODIFICATION SCHEDULE

The hazards of the practice of medicine vary with each organization; the establishment of medical standards review and claims review committees and the effectiveness of such committees; loss prevention and control activities; type, amount and extent of professional services rendered under written agreement, etc. To recognize such specific characteristics unique to each risk, a rate modification may be applied based on the following:

1. Physicians and Surgeons (M.D.s and D.O.s) and Podiatrists Professional Liability Exposures

The maximum permissible modification of the Professional Liability premium(s) is as shown on the State Exceptions pages.

Individual Risk Modification Schedule		Credits	Debits
a. <u>Loss Experience</u>	The underwriter will evaluate the circumstances of past claims and would take into consideration the report date of each claim and paid the indemnity amounts.	0%	0%-20%
b. <u>Loss Control Program</u>	The underwriter will evaluate the procedures in place within the practice, including adherence to any prior control recommendations.	0-10%	0-10%
c. <u>Practice Characteristics</u>	The underwriter will evaluate the impact of contracts on utilization, referrals, and overall quality of patient care.	0-15%	0-15%

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<p>d. <u>Continuing Education</u> Determine if the applicant's professional and paraprofessional staff participant in effective continuing medical education program(s).</p>	0-5%	0-5%
<p>e. <u>Ancillary Personnel</u> Paraprofessional employees or contractors such as Nurse practitioners, Physician Assistants, Certified Registered Nurse Anesthetists, Perfusionists and Midwives. Surcharge for vicarious liability when practitioners carry their own separate coverage. May be offset by Continuing Education credit.</p>	0-5% per employee	0-5% per employee
<p>f. <u>Practice Hours</u> Credit for limited practice hours if the risk is not eligible for part-time credit. Debit for practice hours deemed excessive for the specific specialty or practice situation.</p>	0-10%	0-10%
<p>g. <u>Patient Count</u> Surcharge for above-average patient or procedure volume; credit for low volume</p>	5-10%	5-10%
<p>h. <u>Use of Hospitalists</u> The underwriter will evaluate the use of hospitalists for patient admissions.</p>	0-10%	0-10%
<p>i. <u>Emergency Room exposure</u> The underwriter will evaluate any Emergency Medicine exposure</p>	0-10%	0-10%
<p>J. <u>Unusual Risk Characteristics</u> The underwriter will evaluate any feature of the practice that is deemed unusual or nontraditional in the applicant's medical community.</p>	0-10%	0-10%

XIV. QUARTERLY INSTALLMENT OPTION

A quarterly premium installment option with no interest charges and no installment charges/fees is available subject to the following terms:

- 1) An initial payment of 40% of the total premium due at policy inception with remaining premium due three months (20%), six months (20%), and nine months (20%) from policy inception.
- 2) Additional premium resulting from changes to the policy shall be spread equally over the remaining installments. If there are no remaining installments, additional premium resulting from changes to the policy will be processed as a separate transaction.

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State Exceptions Section

A. The GENERAL RULE MANUAL pages applicable to this program shall apply subject to the following changes/exceptions:

-Illinois rates and rating rules as follows.

B. PHYSICIANS & SURGEONS PROFESSIONAL LIABILITY, CLAIMS MADE RATES:

Territory I: Cook, Madison, St. Clair & Will counties:

(@ \$1,000,000/\$3,000,000 Limits of Liability)

Class	Claims Made 'Step'				
	1	2	3	4	5
0	5,054	10,108	15,161	18,194	20,215
1	6,738	13,477	20,215	24,258	26,953
2	8,423	16,846	25,268	30,322	33,691
3	10,107	20,215	30,322	36,386	40,429
4	12,634	25,269	37,903	45,483	50,537
5	14,740	29,480	44,219	53,063	58,959
6	21,057	42,114	63,171	75,805	84,228
7	29,480	58,960	88,439	106,127	117,919
8	42,114	84,228	126,341	151,610	168,455
9	58,959	117,919	176,878	212,253	235,837

Territory II: DuPage, Jackson, Kane, Lake McHenry & Vermillion counties:

(@ \$1,000,000/\$3,000,000 Limits of Liability)

Class	Claims Made 'Step'				
	1	2	3	4	5
0	4,043	8,086	12,129	14,555	16,172
1	5,391	10,781	16,172	19,406	21,562
2	6,738	13,477	20,215	24,258	26,953
3	8,086	16,172	24,257	29,109	32,343
4	10,107	20,215	30,322	36,386	40,429
5	11,792	23,584	35,375	42,450	47,167
6	16,846	33,691	50,537	60,644	67,382
7	23,584	47,168	70,751	84,902	94,335
8	33,691	67,382	101,073	121,288	134,764
9	47,168	94,335	141,503	169,803	188,670

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State Exceptions Section

Territory III: Champaign, Coles, Dekalb, Kankakee, LaSalle, Macon, Ogle, Randolph, Sangamon & Winnebago counties:

(@ \$1,000,000/\$3,000,000 Limits of Liability)

Class	Claims Made 'Step'				
	1	2	3	4	5
0	3,285	6,570	9,854	11,825	13,139
1	4,380	8,760	13,139	15,767	17,519
2	5,475	10,950	16,424	19,709	21,899
3	6,570	13,140	19,709	23,651	26,279
4	8,212	16,425	24,637	29,564	32,849
5	9,581	19,162	28,743	34,492	38,324
6	13,687	27,374	41,061	49,273	54,748
7	19,162	38,324	57,485	68,982	76,647
8	27,374	54,748	82,122	98,546	109,496
9	38,324	76,647	114,971	137,965	153,294

Territory IV: Remainder of State

(@ \$1,000,000/\$3,000,000 Limits of Liability)

Class	Claims Made 'Step'				
	1	2	3	4	5
0	2,527	5,054	7,580	9,096	10,107
1	3,369	6,738	10,107	12,128	13,476
2	4,212	8,423	12,635	15,161	16,846
3	5,054	10,108	15,161	18,194	20,215
4	6,317	12,634	18,951	22,741	25,268
5	7,370	14,740	22,110	26,532	29,480
6	10,529	21,057	31,586	37,903	42,114
7	14,740	29,480	44,219	53,063	58,959
8	21,057	42,114	63,171	75,805	84,228
9	29,480	58,960	88,439	106,127	117,919

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State Exceptions Section

C. INDIVIDUAL RISK MODIFICATION SCHEDULE

The maximum permissible modification of the Physicians & Surgeons Professional Liability Premium under the Individual Risk Modification Schedule is \pm 40%.

D. CORPORATION/PARTNERSHIP/PROFESSIONAL ASSOCIATION CHARGE:

The rate, per Corporation/Partnership/Professional Association, is computed as up to 15% of the total developed professional liability premium for each physician/surgeon and ancillary person, for groups of 2-4. For groups of 5 or more, the rate is computed as up to 10% of the total developed professional liability premium for each physician/surgeon and ancillary person.

E. ANCILLARY PERSONNEL:

The following ancillary personnel may be added as additional named insured for additional premium per the rates shown below.

Territory I: Cook, Madison, St. Clair & Will counties:

(Claims Made Rates @t \$1,000,000/\$3,000,000 Limits of Liability)

Class	Claims Made 'Step'				
	1	2	3	4	5
Nurse Anesthetist	606	1,213	1,819	2,183	2,426
Nurse Midwives	8,423	16,846	25,268	30,322	33,691
Physicians' Assistant	505	1,011	1,516	1,819	2,021
Physical Therapist	1,263	2,527	3,790	4,548	5,054
Respiratory Therapists	1,263	2,527	3,790	4,548	5,054
Surgeons Assistant/Purfusionists	505	1,011	1,516	1,819	2,021

Territory II: DuPage, Jackson, Kane, Lake McHenry & Vermillion counties:

(Claims Made Rates @t \$1,000,000/\$3,000,000 Limits of Liability)

Class	Claims Made 'Step'				
	1	2	3	4	5
Nurse Anesthetist	485	970	1,455	1,747	1,941
Nurse Midwives	6,738	13,476	20,215	24,258	26,953
Physicians' Assistant	404	809	1,213	1,455	1,617
Physical Therapist	1,011	2,022	3,032	3,639	4,043
Respiratory Therapists	1,011	2,022	3,032	3,639	4,043
Surgeons Assistant/Purfusionist	404	809	1,213	1,455	1,617

Territory III: Champaign, Coles, Dekalb, Kankakee, LaSalle, Macon, Ogle, Randolph, Sangamon & Winnebago counties:

(Claims Made Rates @t \$1,000,000/\$3,000,000 Limits of Liability)

Class	Claims Made 'Step'				
	1	2	3	4	5
Nurse Anesthetist	394	788	1,183	1,419	1,577
Nurse Midwives	5,475	10,950	16,424	19,709	21,899
Physicians' Assistant	329	657	985	1,183	1,314
Physical Therapist	821	1,643	2,464	2,956	3,285
Respiratory Therapists	821	1,643	2,464	2,956	3,285

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State Exceptions Section

Surgeons Assistant/Purfusionists	329	657	985	1,183	1,314
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Territory IV: Remainder of State

(Claims Made Rates @t \$1,000,000/\$3,000,000 Limits of Liability)

Class	Claims Made 'Step'				
	1	2	3	4	5
Nurse Anesthetist	303	606	910	1,092	1,213
Nurse Midwives	4,211	8,423	12,634	15,161	16,846
Physicians' Assistant	253	505	758	910	1,011
Physical Therapist	632	1,263	1,895	2,274	2,527
Respiratory Therapists	632	1,263	1,895	2,274	2,527
Surgeons Assistant/Purfusionists	253	505	758	910	1,011

F. POLICY DECREASED LIMITS FACTORS:

<i>Policy Limits</i>	<i>Increase Limit Factor</i>
1,000,000/3,000,000	1.00
1,000,000/1,000,000	0.92
500,000/1,500,000	0.77
250,000/750,000	0.62
100,000/300,000	0.47

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State Exceptions Section

G. EXTENDED REPORTING PERIOD:

1. Death, Disability and Retirement (DDR) - Extended Reporting Period Coverage will be granted at no additional premium in the event a named insured dies, becomes permanently and totally disabled, or retires during the policy period, provided that within thirty (30) days of the death, permanent and total disability, or retirement:
 - a. the named insured's estate requests the Unlimited Extended Reporting Period and furnishes written evidence and proof of the date of the named insured's death, or
 - b. the named insured provides evidence and proof of the permanent and total disability including the date of the actual disability and written certification by the named insured's attending physician (other than another physician practicing in the same group as the named insured). The named insured also agrees to submit to any medical examination(s) as requested by the Company, by any physician designated by the Company for the purpose of verifying such permanent and total disability; or
 - c. If at any time after reaching age 55, and having been continuously insured by the Company on a claims-made basis for a minimum of 5 years, the named insured elects to retire from practice of medicine.

2. Unlimited Extended Reporting Period coverage (ERP) will be granted subject to the terms and conditions of the policy. The following premium factors are to be applied to mature (step 5) claims-made rate in effect at policy issuance:

Unlimited Reporting Period Factors Obstetrics/Gynecology & Pediatrics	
<i>Expiring Step</i>	<i>Factor</i>
1	1.35
2	2.05
3	2.35
4	2.50
5	2.60

Unlimited Reporting Period Factors All Other	
<i>Expiring Step</i>	<i>Factor</i>
1	1.00
2	1.20
3	1.50
4	1.88
5	2.00

3. Other Extended Reporting Period optional endorsements. The following discount factors are applied multiplicatively to the factors shown above if the named insured elects one of the optional extended reporting endorsements below:

Extended Reporting Period Discount Factors	
<i>Extended Reporting Period Option</i>	<i>Discount Factor</i>
12 months	0.50
24 months	0.62
36 months	0.69
48 months	0.78
60 months	0.80
Unlimited	1.00

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State Exceptions Section

H. PHYSICIANS & SURGEONS PRACTICE/SPECIALTY CLASSIFICATIONS

Each physician/surgeon is assigned a practice classification code according to their respective medical specialty. When more than one classification is applicable, the highest rated classification shall apply.

Class 0 -

<i>Medical Specialty</i>	<i>Code</i>
AEROSPACE MEDICINE – NO SURGERY	80230
ALLERGY - NO SURGERY	80254
DERMATOLOGY - NO SURGERY	80256
FORENSIC PATHOLOGY – NO SURGERY	80240
GENERAL PREVENTIVE MEDICINE – NO SURGERY	80231
OCCUPATIONAL/INDUSTRIAL MEDICINE – NO SURGERY	80233
OTORHINOLARYNGOLOGY - NO SURGERY	80265
PSYCHIATRY – NO SURGERY	80249

Class 1 -

<i>Medical Specialty</i>	<i>Code</i>
DERMATOLOGY - MINOR INVASIVE SURGERY	81282
ENDOCRINOLOGY – NO SURGERY	81238
GERIATRIC MEDICINE – NO SURGERY	81243
OPHTHALMOLOGY – NO SURGERY	81263
OTOLOGY/NEUROTOLOGY – NO SURGERY	81264
PEDIATRICS – NO SURGERY	81267
RHEUMATOLOGY – NO SURGERY	81252
UROLOGY – NO SURGERY	81145

Class 2 –

<i>Medical Specialty</i>	<i>Code</i>
ENDOCRINOLOGY- MINOR INVASIVE SURGERY	82272
FAMILY/GENERAL PRACTICE – NO OBSTETRICS – NO SURGERY	82420
GERIATRICS – MINOR INVASIVE SURGERY	82276
HEMATOLOGY – MINOR INVASIVE SURGERY	82278
HEMATOLOGY – NO SURGERY	82245
INTERNAL MEDICINE – NO SURGERY	82257
NEOPLASTIC MEDICINE/ONCOLOGY – MINOR INVASIVE SURGERY	82286
NEOPLASTIC MEDICINE/ONCOLOGY – NO SURGERY	82259
NEPHROLOGY – NO SURGERY	82260
NUCLEAR MEDICINE – NO SURGERY	82262
PATHOLOGY – NO SURGERY	82266
PHYSICAL MEDICINE AND REHABILITATION – NO SURGERY	82235

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State Exceptions Section

PHYSICIANS (N.O.C.) -- NO SURGERY	82268
PODIATRY -- NO SURGERY	82993
URGENT CARE MEDICINE	82424

Class 3 -

<i>Medical Specialty</i>	<i>Code</i>
ACUPUNCTURE -- MINOR SUGERY	83437
ANESTHESIOLOGY -- MAJORY SURGERY	83151
CARDIOVASCULAR DISEASE -- NO SURGERY	83255
DERMATOLOGY - MAJOR SURGERY	83472
GASTROENTROLOGY -- MINOR INVASIVE SURGERY	83274
GYNECOLOGY -- NO SURGERY	83244
INFECTIOUS DISEASE -- MINOR INVASIVE SUGERY	83279
INFECTIOUS DISEASE -- NO SURGERY	83246
NEPHROLOGY -- MINOR INVASIVE SURGERY	83278
OPHTHAMOLOGY -- SURGERY	83114
PEDIATRICS -- MINOR SURGERY	83267
PULMONARY MEDICINE -- NO SURGERY	83269
UROLOGY -- MINOR INVASIVE SURGERY	83145

Class 4 -

<i>Medical Specialty</i>	<i>Code</i>
AESTHETIC MEDICINE -- MINOR INVASIVE SURGERY	84100
ANESTHESIOLOGY PAIN MEDICINE -- MAJOR SURGERY	84151
FAMILY/GENERAL PRACTICE -- NO OBSTETRICS -- MINOR INVASIVE SURGERY	84421
GYNECOLOGY -- MINOR INVASIVE SURGERY	84277
INTESNIVE CARE MEDICINE	84283
NEUROLOGY -- MINOR INVASIVE SURGERY	84288
NEUROLOGY -- NO SURGERY	84261
PHYSICIANS (N.O.C.) -- MINOR INVASIVE SURGERY	84268
PUMONARY MEDICINE -- MINOR INVASIVE SURGERY	84269

Class 5 -

<i>Medical Specialty</i>	<i>Code</i>
ANESTHESIOLOGY CRITICALC ARE MEDICINE -- MAJOR SURGERY	85151
CARDIOVASCULAR DISEASE -- MINOR INVASIVE SURGERY	85281
INTERNAL MEDICINE -- MINOR INVASIVE SURGERY	85284
OTOLARYNGOLOGY/HEAD AND NECK SURGERY -- EXCLUDING COSMETIC -- MAJOR SURGERY	85159
OTOLOGY/NEUROTOLOGY -- MAJOR SURGERY	85158
PODIATRY -- MAJOR SURGERY	85993
RADIATION THERAPY -- MAJOR SURGERY	85491

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State Exceptions Section

RADIOLOGY (DIAGNOSTIC) – MAJOR SURGERY CLASS	85253
UROLOGY – EXCLUDING THERAPEUTIC IMPLANTS – MAJOR SURGERY	85145

Class 6 -

<i>Medical Specialty</i>	<i>Code</i>
COLON & RECTAL SURGERY – MAJOR SURGERY	86115
UROLOGY – INCLUDING THERAPEUTIC IMPLANTS – MAJOR SURGERY	86145

Class 7 -

<i>Medical Specialty</i>	<i>Code</i>
GENERAL SURGERY – INCLUDING LAPAROSCOPY – MAJOR SURGERY	87143
GYNECOLOGY SURGERY – INCLUDING LAPAROSCOPY – MAJOR SURGERY	87481
HAND SURGERY – MAJOR SURGERY	87169
ORTHOPEDIC SURGERY – EXCLUDING BACK SURGERY – MAJOR SURGERY	87501
OTOLARYNGOLOGY/HEAD AND NECK SURGERY – INCLUDING COSMETIC – MAJOR SURGERY	87155
PEDIATRICS – MAJOR SURGERY	87293
PHYSICIANS (N.O.C.) – MAJOR SURGERY	87294
PLASTIC/RECONSTRUCTIVE SURGERY – EXCLUDING COSMETIC ELECTIVE – MAJOR SURGERY	87156

Class 8 -

OBSTETRICS/GYNECOLOGY – MAJOR SURGERY	88153
ORTHOPEDIC SURGERY – INCLUDING BACK SURGERY – MAJOR SURGERY	88154
PLASTIC/RECONSTRUCTIVE SURGERY – INCLUDING COSMETIC ELECTIVE SURGERY- MAJOR SURGERY	88156
THORACIC AND CARDIOVASCULAR SURGERY – MAJOR SURGERY	88144
VASCULAR SURGERY – MAJOR SURGERY	88164

Class 9 -

<i>Medical Specialty</i>	<i>Code</i>
NEUROSURGERY – MAJOR SURGERY	89152

Additional Classifications:

Professional Corporation/Partnership/Association	80999
Nurse Anesthetist	80960
Nurse Midwives	80962
Physicians' Assistant	80116
Physical Therapist	80938
Respiratory Therapists	80969
Surgeons Assistant/Perfusionists	80116



"Neuman, Gayle"
<Gayle.Neuman@illinois.gov
>

12/04/2006 03:35 PM

To <mgayzur@genre.com>

cc

bcc

Subject Rate/Rule Filing #06-156-3-2

Ms. Gayzur,

Thank you for your response dated November 30, 2006. We have a few additional issues to address:

1. Under XII. Optional Coverage/Endorsements – B. Deductibles/Self-Insured Retentions, please define "qualified" insureds.
2. Under XIV. Quarterly Installment Option, we request the following information be added:
 - Indicate the installments are due 3, 6 and 9 months from policy inception.
 - Instead of simply indicating "no charge", we request the wording indicate "no interest charges" and "no installment charges/fees".
3. Does General Star offer any other premium payment plans to their insureds?
4. On the eighth Page under H. Physicians & Surgeons Practice/Specialty Classifications, there are "Additional Classifications" – since the second digits in these are all "0", do they fall under Class 0?
5. In comparing the State Exception Page under H. Physicians & Surgeons Practice/Specialty Classifications with the page labeled "GENERAL STAR NATIONAL INSURANCE COMPANY – PHYSICIAN'S PROFESSIONAL LIABILITY – ILLINOIS – PHYSICIANS CLASSIFICATION PLAN", we find:
 - "Podiatry – No Surgery" is not listed on both pages.
 - "Podiatry – Major Surgery" is not listed on both pages.
 - "Pediatrics – Minor Surgery" is under class 3 on one page and class 1 on the other.
 - Under Class 7, there is no "General Surgery – excluding laparoscopy – Major Surgery".
 - Under Class 7, there is no "Gynecology Surgery - excluding laparoscopy – Major Surgery".
 - There are numerous misspellings under Section H.
6. Although page numbering is not a requirement, it would be helpful.

We request receipt of your response by December 12, 2006.

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



General Star Management Company
Financial Centre
695 East Main Street
Stamford, CT 06901
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fax 203 328 6150
email mgayzur@genre.com

Mary Ann Gayzur
Compliance Analyst

VIA FEDERAL EXPRESS

November 30, 2006

Ms. Gayle Neuman
Illinois Department of Financial and Professional Regulation
Division of Insurance
320 West Washington Street
Springfield, IL 62767

**RE: General Star National Insurance Company
NAIC#: 11967 FEIN#: 13-1958482
Physicians & Surgeons Professional Liability
Rate & Rule Filing
Co. Filing #: 06-156-3-2**

Dear Ms. Neuman:

Thank you for your prompt response to our filing dated October 31, 2006. We have respectfully responded to each of your questions and comments in the order presented. For your convenience we have included your questions along with our response. Please note that our responses are in bold letters.

Q1. All companies writing medical liability insurance shall file with the Secretary or Director a plan to offer each medical liability insured the option to make premium payments, in at least quarterly installments. For purposes of this requirement, insurers may, but are not required to, offer such premium installment plans to insureds whose annual premiums are less than \$500, or for premium for any extension of a reporting period. Quarterly installment premium payment plans subject to this Section shall be included in the initial offer of the policy, or in the first policy renewal occurring after January 1, 2006. Thereafter, the insurer may, but need not re-offer such payment plan, but if an insured requests such payment plan at a later date, the insurer must make it available. All quarterly installment

premium payment plan provisions shall be contained in the filed rate and/or rule manual in a section entitled, "Quarterly Installment Option" or a substantially similar title. If the company uses a substantially similar title, the Rule Submission Letter must indicate the name of the section that complies with this requirement. All quarterly installment premium payment plans shall include the minimum standards listed below. Insurers may provide for quarterly installment premium payment plans that differ from these minimum standards, as long as such plans have terms that are at least as or more favorable than those listed below.

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

A1. We do offer a quarterly installment plan for this program at no charge. We have modified our General Rule pages to include the details of this option. Please see attachment A. Rule XIV, of the General Rule pages. Note that there are no fees or interest charges for this optional payment plan.

Q2. 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?

A2. Yes. General Star is a member of Information Services Organization, Inc. (ISO). ISO is a leading statistical agency for insurance companies.

Q3. We require a written statement certifying that the insurance company does not unfairly discriminate in offering or administering this program.

A3. Please see the attachment B.

Q4. 215 ILCS 5/155.18 requires companies that offer deductibles or discounts to include the information in the rate/rule manual. We require additional information to indicate the deductibles and discounts offered and how they will affect an insured's premium.

A4. Please see attachment A, Rules XII, and XIII. We added a table of deductible discount factors to Rule XII, item B in response to your request. Rule XIII, labeled "INDIVIDUAL RISK MODIFICATION SCHEDULE", already shows all available discount factors (Credits) for this program.

Q5. Section XIII. Individual Risk Modification Schedule provides information regarding your scheduled rating plan. As the section indicates "Physicians and Surgeons", does the scheduled rating plan not apply to the podiatrists, osteopathic physicians/surgeons, or the ancillary medical personnel?

A5. The individual Risk Modification Schedule rating plan will apply to all Physicians and Surgeons including Doctors of Osteopath and podiatrists. We have modified the label under Rule XIII, item 1 to read "Physicians and Surgeons (M.D.s and D.O.s) and Podiatrists Professional Liability Exposures."

Q6. There are a few typographical errors:

Under Section XI, paragraph B. All Others: - it seems there should be a period in between "pages" and "Ancillary".

On pages 2 and 3 of the "Illinois" section, Sangamon County is misspelled.

A6. Both items have been corrected. Please see attachment A.

Q7. The rate/rule manual must indicate that the extended reporting period (tail coverage) premium must be priced as a factor of one of the following: (1) the last twelve months premium; (2) the premium in effect at policy issuance; or (3) the expiring annual premium. Additionally, it should list the factor(s) to be used to figure the premium, which of the three premiums the factor will be applied to, and any credits, discounts, etc. that will be added or removed when determining the final premium. The company must inform the insured of the extended reporting period premium at the time the last policy is purchased. The company may not wait until the insured requests purchase of the extended reporting period coverage to tell the insured what the premium will be or how the premium will be calculated.

A7. Please refer to Attachment A, State Exception Pages, Rule 6., item 2. We have revised the wording to state that the ERP factors will be applied to the rates in effect at policy issuance. The premium will be determined based on the effective rates in effect at policy issuance and stated ERP factors, no credits or debits will apply. This information will be disclosed at the initial quoting to prospective insureds and at policy inception.

Q8. On page 5 of the "Illinois" section under 2., there are two separate tables for the unlimited reporting period factors. Wouldn't the difference being charged for obstetrics/gynecology and pediatrics already be reflected in the rate charged?

A8. The extended reporting period factors for Obstetrics/gynecology and Pediatrics are different than other specialties because a large percentage of their practice involves treatment of minors. There is a

longer statute of limitations for injured minors than adults. The period of limitation is extended until the child attains 10 years of age. Our base rates do not implicitly reflect the longer reporting period associated with these exposures.

Q9. On page 6 of the "Illinois" section, please explain the "code" provided. Where else is this information reflected?

A9. The "Code" is a combination of ISO's specialty classification code and General Star's class code (i.e., 82420 = ISO Specialty Code of 80420 + General Star Class 2 - reflected in the second digit "8X420"). The specialty codes are group into 10 classes, ranging from class 0 to 9. The class is referenced in the rate tables under item B. of the State Exception pages.

Q10. There was no written statement indicating that the insurer, in offering, administering, or applying the filed rate/rule manual and/or any provisions, does not unfairly discriminate.

A10. Please see attachment B.

If you require additional information, please contact me.

Sincerely,



Mary Ann Gayzur

Enclosures

Physicians & Surgeons Cla. Made and Reported Professional Lia .y
GENERAL RULE MANUAL
Underwritten by
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ATTACHMENT A

Physicians & Surgeons Claims Made and Reported Professional Liability
GENERAL RULE MANUAL
Underwritten by
GENERAL STAR NATIONAL INSURANCE COMPANY

GENERAL STAR MANAGEMENT COMPANY

**PHYSICIANS & SURGEONS PROFESSIONAL LIABILITY
CLAIMS MADE AND REPORTED COVERAGE**

GENERAL RULE MANUAL

Physicians & Surgeons Cla. Made and Reported Professional Lia. y
GENERAL RULE MANUAL
Underwritten by
GENERAL STAR NATIONAL INSURANCE COMPANY

I. USE OF THIS MANUAL

The purpose of this document is to provide premium and rating data (by state), underwriting rules, medical specialty classifications and practice location territories needed to select and price risks for the General Star Management Physicians & Surgeons Professional Liability program. The following categories of Health Care Providers are designated primary insureds for the program:

1. Physicians or Surgeons (M.D.)
2. Osteopathic Physicians or Surgeons (D.O.)
3. Podiatrists (D.P.M.)

Any exceptions to these rules are contained in the respective State Exceptions Section.

II. COVERAGE

Coverage under this program is described in the respective policy Insuring Agreement(s) and/or Coverage Part(s). It shall be permissible to attach more than one Insuring Agreement and/or Coverage Part to the policy.

III. BASIC LIMITS OF LIABILITY

The basic coverage limits for Professional Liability coverage under this program are:

Professional Liability: \$1,000,000 Each Claim / \$3,000,000 Aggregate

IV. POLICY WRITING MINIMUM PREMIUM

The minimum premium is \$500 per annual or lesser period, unless otherwise specified for the respective coverage.

V. DECREASED LIMITS OF LIABILITY

Available decreased Limits of Liability are shown on the respective State Exceptions Section.

VI. PREMIUM COMPUTATION

The premium shall be computed by applying the rate per physician/surgeon shown on the State Exceptions pages.

A. PREMIUM ROUNDING RULE

Premium rounding will be done at the last step of the computation process, as opposed to rounding at each step. In the event that application of any rating procedure result is not a whole dollar, each rate and premium shall be adjusted as follows:

- i. any amount involving \$.50 or over shall be rounded to the next highest whole dollar amount;
- ii. any amount involving \$.49 or less shall be rounded down to the next lowest whole dollar amount.

B. FACTORS OR MULTIPLIERS

Premium modifications are to be applied multiplicatively. Modifications from the **Individual Risk Modification Schedule** and **Deductibles** are to be added together and then applied multiplicatively.

C. ADDITIONAL and RETURN PREMIUM

For all changes requiring additional or return premium, apply the rates and rules that were in effect at the inception date of the current policy period.

D. CLAIMS MADE 'STEP' RULE

The proper 'step' into which the physician/surgeon is placed for rating purposes when claims made coverage has been provided for less than full annual periods is determined as follows:

1. Less than 6 months of claims made coverage, step 1 rates apply;
2. "#" years plus less than 6 months of claims made coverage, step "x" plus 1 applies;
3. "#" years plus 6 months or more of claims made coverage, step "x" plus 2 applies.

Note: The value of "#" is the number of whole years.

VII. RESTRICTIONS OF COVERAGE OR INCREASED RATE

Subject to individual state regulations, policies may be issued with special restrictions or at increased premium if:

- A. the insured agrees in writing; and
- B. the policy would otherwise not be written.

VIII. EXTENDED REPORTING PERIOD COVERAGE (available for Claims Made coverage only)

The availability of Extended Reporting Period Coverage shall be governed by the following rules:

- A. The Limits of Liability may not exceed those afforded under the terminating policy.
- B. Available Extended Reporting Period premium charges shall be as shown on the respective State Exceptions pages.

IX. ADDITIONAL CLASSIFICATIONS

A. Disability/Leave of Absence

A physician/surgeon who becomes disabled, or is on leave of absence for a period of 45 days or more, will be eligible for restricted coverage at a reduced rate. This would apply retroactively to the first day of disability or leave of absence. Rating basis as follows:

Disability/Leave of Absence	25% of Medical Specialty
-----------------------------	--------------------------

B. Part-Time

A part-time rate will apply to physicians or surgeons who work less than full-time rated hours. The rating basis is as follows:

Practice less than 25 hours per week	50-90% of Medical Specialty
--------------------------------------	-----------------------------

The applicant or insured may be required to cite a specific reason for practicing part-time and specific exposures and medical specialties may be deemed ineligible for part-time status

C. Locum Tenens Physicians

Coverage for a physician substituting for an insured physician may be provided. Coverage will be limited to professional services rendered on behalf of an insured physician for the specified time period. Approved *Locum Tenens* physicians will share in the primary insured physician's Limit of Liability at no additional premium charge.

X. MISCELLANEOUS / ANCILLARY MEDICAL PERSONNEL

Professional Liability coverage for miscellaneous medical personnel may be provided. The State Exception pages contain medical specialties and rating instructions.

XI. CORPORATION / PARTNERSHIP / PROFESSIONAL ASSOCIATION

It shall be permissible to provide coverage for a Professional Corporation, Professional Association, or Partnership, for liability arising from the professional services by its member physicians/surgeons. Such coverage may be provided as follows:

- A. Solo Practice:

Physicians & Surgeons Class Made and Reported Professional Liability
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by endorsement to the policy. The entity will share in the individual physician/surgeon limit at no additional premium charge

B. All Others:

Available on a separate Limit of Liability basis by naming the professional corporation/partnership/professional association on the policy. Additional premium shall be as shown on the State Exceptions pages. Ancillary personnel shall be included in this professional corporation limit but will not share in the limits of the individual physician(s).

XII. OPTIONAL COVERAGES / ENDORSEMENTS

It shall be permissible to add any of the following optional coverages/endorsements as appropriate to the particular situation and in accordance with the minimum basic Limits of Liability indicated herein:

A. Medical Laboratory

It shall be permissible to add a Medical Laboratory:

- i. at no additional charge if such laboratory is not a separate entity. Coverage is limited to the testing of the insured's own patients.
- ii. at a premium charge of 25% of the Class 1 rate. The laboratory will be included as an additional insured, if such laboratory is a separate entity. Coverage is limited to the testing of the insured's own patients.

B. Deductibles/Self-Insured Retentions

Deductibles and self-insured retentions may be offered to qualified insureds. The factors are shown below:

Deductible	Discount Factor
\$5,000	3%
\$10,000	5%
\$25,000	7%

XIII. INDIVIDUAL RISK MODIFICATION SCHEDULE

The hazards of the practice of medicine vary with each organization; the establishment of medical standards review and claims review committees and the effectiveness of such committees; loss prevention and control activities; type, amount and extent of professional services rendered under written agreement, etc. To recognize such specific characteristics unique to each risk, a rate modification may be applied based on the following:

1. Physicians and Surgeons (M.D.s and D.O.s) and Podiatrists Professional Liability Exposures

The maximum permissible modification of the Professional Liability premium(s) is as shown on the State Exceptions pages.

Individual Risk Modification Schedule		
	Credits	Debits
a. <u>Loss Experience</u> The underwriter will evaluate the circumstances of past claims and would take into consideration the report date of each claim and paid the indemnity amounts.	0%	0%-20%
b. <u>Loss Control Program</u> The underwriter will evaluate the procedures in place within the practice, including adherence to any prior control recommendations.	0-10%	0-10%
c. <u>Practice Characteristics</u> The underwriter will evaluate the impact of contracts on utilization, referrals, and overall quality of patient care.	0-15%	0-15%

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<p>d. <u>Continuing Education</u> Determine if the applicant's professional and paraprofessional staff participant in effective continuing medical education program(s).</p>	<p>0-5%</p>	<p>0-5%</p>
<p>e. <u>Ancillary Personnel</u> Paraprofessional employees or contractors such as Nurse practitioners, Physician Assistants, Certified Registered Nurse Anesthetists, Perfusionists and Midwives. Surcharge for vicarious liability when practitioners carry their own separate coverage. May be offset by Continuing Education credit.</p>	<p>0-5% per employee</p>	<p>0-5% per employee</p>
<p>f. <u>Practice Hours</u> Credit for limited practice hours if the risk is not eligible for part-time credit. Debit for practice hours deemed excessive for the specific specialty or practice situation.</p>	<p>0-10%</p>	<p>0-10%</p>
<p>g. <u>Patient Count</u> Surcharge for above-average patient or procedure volume; credit for low volume</p>	<p>5-10%</p>	<p>5-10%</p>
<p>h. <u>Use of Hospitalists</u> The underwriter will evaluate the use of hospitalists for patient admissions.</p>	<p>0-10%</p>	<p>0-10%</p>
<p>i. <u>Emergency Room exposure</u> The underwriter will evaluate any Emergency Medicine exposure</p>	<p>0-10%</p>	<p>0-10%</p>
<p>J. <u>Unusual Risk Characteristics</u> The underwriter will evaluate any feature of the practice that is deemed unusual or nontraditional in the applicant's medical community.</p>	<p>0-10%</p>	<p>0-10%</p>

XIV. QUARTERLY INSTALLMENT OPTION

A quarterly premium installment option at no charge is available subject to the following terms:

- 1) An initial payment of 40% of the total premium due at policy inception with remaining premium spread equally among the second (20%), third (20%), and fourth (20%) installments.
- 2) Additional premium resulting from changes to the policy shall be spread equally over the remaining installments. If there are no remaining installments, additional premium resulting from changes to the policy will be processed as a separate transaction.

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State Exceptions Section

A. The GENERAL RULE MANUAL pages applicable to this program shall apply subject to the following changes/exceptions:

-Illinois rates and rating rules as follows.

B. PHYSICIANS & SURGEONS PROFESSIONAL LIABILITY, CLAIMS MADE RATES:

Territory I: Cook, Madison, St. Clair & Will counties:

(@ \$1,000,000/\$3,000,000 Limits of Liability)

Class	Claims Made 'Step'				
	1	2	3	4	5
0	5,054	10,108	15,161	18,194	20,215
1	6,738	13,477	20,215	24,258	26,953
2	8,423	16,846	25,268	30,322	33,691
3	10,107	20,215	30,322	36,386	40,429
4	12,634	25,269	37,903	45,483	50,537
5	14,740	29,480	44,219	53,063	58,959
6	21,057	42,114	63,171	75,805	84,228
7	29,480	58,960	88,439	106,127	117,919
8	42,114	84,228	126,341	151,610	168,455
9	58,959	117,919	176,878	212,253	235,837

Territory II: DuPage, Jackson, Kane, Lake McHenry & Vermillion counties:

(@ \$1,000,000/\$3,000,000 Limits of Liability)

Class	Claims Made 'Step'				
	1	2	3	4	5
0	4,043	8,086	12,129	14,555	16,172
1	5,391	10,781	16,172	19,406	21,562
2	6,738	13,477	20,215	24,258	26,953
3	8,086	16,172	24,257	29,109	32,343
4	10,107	20,215	30,322	36,386	40,429
5	11,792	23,584	35,375	42,450	47,167
6	16,846	33,691	50,537	60,644	67,382
7	23,584	47,168	70,751	84,902	94,335
8	33,691	67,382	101,073	121,288	134,764
9	47,168	94,335	141,503	169,803	188,670

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State Exceptions Section

Territory III: Champaign, Coles, Dekalb, Kankakee, LaSalle, Macon, Ogle, Randolph, Sangamon & Winnebago counties:

(@ \$1,000,000/\$3,000,000 Limits of Liability)

Class	Claims Made 'Step'				
	1	2	3	4	5
0	3,285	6,570	9,854	11,825	13,139
1	4,380	8,760	13,139	15,767	17,519
2	5,475	10,950	16,424	19,709	21,899
3	6,570	13,140	19,709	23,651	26,279
4	8,212	16,425	24,637	29,564	32,849
5	9,581	19,162	28,743	34,492	38,324
6	13,687	27,374	41,061	49,273	54,748
7	19,162	38,324	57,485	68,982	76,647
8	27,374	54,748	82,122	98,546	109,496
9	38,324	76,647	114,971	137,965	153,294

Territory IV: Remainder of State

(@ \$1,000,000/\$3,000,000 Limits of Liability)

Class	Claims Made 'Step'				
	1	2	3	4	5
0	2,527	5,054	7,580	9,096	10,107
1	3,369	6,738	10,107	12,128	13,476
2	4,212	8,423	12,635	15,161	16,846
3	5,054	10,108	15,161	18,194	20,215
4	6,317	12,634	18,951	22,741	25,268
5	7,370	14,740	22,110	26,532	29,480
6	10,529	21,057	31,586	37,903	42,114
7	14,740	29,480	44,219	53,063	58,959
8	21,057	42,114	63,171	75,805	84,228
9	29,480	58,960	88,439	106,127	117,919

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State Exceptions Section

C. INDIVIDUAL RISK MODIFICATION SCHEDULE

The maximum permissible modification of the Physicians & Surgeons Professional Liability Premium under the Individual Risk Modification Schedule is \pm 40%.

D. CORPORATION/PARTNERSHIP/PROFESSIONAL ASSOCIATION CHARGE:

The rate, per Corporation/Partnership/Professional Association, is computed as up to 15% of the total developed professional liability premium for each physician/surgeon and ancillary person, for groups of 2-4. For groups of 5 or more, the rate is computed as up to 10% of the total developed professional liability premium for each physician/surgeon and ancillary person.

E. ANCILLARY PERSONNEL:

The following ancillary personnel may be added as additional named insured for additional premium per the rates shown below.

Territory I: Cook, Madison, St. Clair & Will counties:

(Claims Made Rates @t \$1,000,000/\$3,000,000 Limits of Liability)

Class	Claims Made 'Step'				
	1	2	3	4	5
Nurse Anesthetist	606	1,213	1,819	2,183	2,426
Nurse Midwives	8,423	16,846	25,268	30,322	33,691
Physicians' Assistant	505	1,011	1,516	1,819	2,021
Physical Therapist	1,263	2,527	3,790	4,548	5,054
Respiratory Therapists	1,263	2,527	3,790	4,548	5,054
Surgeons Assistant/Purfusionists	505	1,011	1,516	1,819	2,021

Territory II: DuPage, Jackson, Kane, Lake McHenry & Vermillion counties:

(Claims Made Rates @t \$1,000,000/\$3,000,000 Limits of Liability)

Class	Claims Made 'Step'				
	1	2	3	4	5
Nurse Anesthetist	485	970	1,455	1,747	1,941
Nurse Midwives	6,738	13,476	20,215	24,258	26,953
Physicians' Assistant	404	809	1,213	1,455	1,617
Physical Therapist	1,011	2,022	3,032	3,639	4,043
Respiratory Therapists	1,011	2,022	3,032	3,639	4,043
Surgeons Assistant/Purfusionist	404	809	1,213	1,455	1,617

Territory III: Champaign, Coles, Dekalb, Kankakee, LaSalle, Macon, Ogle, Randolph, Sangamon & Winnebago counties:

(Claims Made Rates @t \$1,000,000/\$3,000,000 Limits of Liability)

Class	Claims Made 'Step'				
	1	2	3	4	5
Nurse Anesthetist	394	788	1,183	1,419	1,577
Nurse Midwives	5,475	10,950	16,424	19,709	21,899
Physicians' Assistant	329	657	985	1,183	1,314
Physical Therapist	821	1,643	2,464	2,956	3,285
Respiratory Therapists	821	1,643	2,464	2,956	3,285

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State Exceptions Section

Surgeons Assistant/Purfusionists	329	657	985	1,183	1,314
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Territory IV: Remainder of State

(Claims Made Rates @t \$1,000,000/\$3,000,000 Limits of Liability)

Class	Claims Made 'Step'				
	1	2	3	4	5
Nurse Anesthetist	303	606	910	1,092	1,213
Nurse Midwives	4,211	8,423	12,634	15,161	16,846
Physicians' Assistant	253	505	758	910	1,011
Physical Therapist	632	1,263	1,895	2,274	2,527
Respiratory Therapists	632	1,263	1,895	2,274	2,527
Surgeons Assistant/Purfusionists	253	505	758	910	1,011

F. POLICY DECREASED LIMITS FACTORS:

<i>Policy Limits</i>	<i>Increase Limit Factor</i>
1,000,000/3,000,000	1.00
1,000,000/1,000,000	0.92
500,000/1,500,000	0.77
250,000/750,000	0.62
100,000/300,000	0.47

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State Exceptions Section

G. EXTENDED REPORTING PERIOD:

1. Death, Disability and Retirement (DDR) - Extended Reporting Period Coverage will be granted at no additional premium in the event a named insured dies, becomes permanently and totally disabled, or retires during the policy period, provided that within thirty (30) days of the death, permanent and total disability, or retirement:
 - a. the named insured's estate requests the Unlimited Extended Reporting Period and furnishes written evidence and proof of the date of the named insured's death, or
 - b. the named insured provides evidence and proof of the permanent and total disability including the date of the actual disability and written certification by the named insured's attending physician (other than another physician practicing in the same group as the named insured). The named insured also agrees to submit to any medical examination(s) as requested by the Company, by any physician designated by the Company for the purpose of verifying such permanent and total disability; or
 - c. If at any time after reaching age 55, and having been continuously insured by the Company on a claims-made basis for a minimum of 5 years, the named insured elects to retire from practice of medicine.
2. Unlimited Extended Reporting Period coverage (ERP) will be granted subject to the terms and conditions of the policy. The following premium factors are to be applied to mature (step 5) claims-made rate in effect at policy issuance:

Unlimited Reporting Period Factors Obstetrics/Gynecology & Pediatrics	
<i>Expiring Step</i>	<i>Factor</i>
1	1.35
2	2.05
3	2.35
4	2.50
5	2.60

Unlimited Reporting Period Factors All Other	
<i>Expiring Step</i>	<i>Factor</i>
1	1.00
2	1.20
3	1.50
4	1.88
5	2.00

3. Other Extended Reporting Period optional endorsements. The following discount factors are applied multiplicatively to the factors shown above if the named insured elects one of the optional extended reporting endorsements below:

Extended Reporting Period Discount Factors	
<i>Extended Reporting Period Option</i>	<i>Discount Factor</i>
12 months	0.50
24 months	0.62
36 months	0.69
48 months	0.78
60 months	0.80
Unlimited	1.00

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State Exceptions Section

H. PHYSICIANS & SURGEONS PRACTICE/SPECIALTY CLASSIFICATIONS

Each physician/surgeon is assigned a practice classification code according to their respective medical specialty. When more than one classification is applicable, the highest rated classification shall apply.

Class 0 -

<u>Medical Specialty</u>	<u>Code</u>
AEROSPACE MEDICINE – NO SURGERY	80230
ALLERGY - NO SURGERY	80254
DERMATOLOGY - NO SURGERY	80256
FORENSIC PATHOLOGY – NO SURGERY	80240
GENERAL PREVENTIVE MEDICINE – NO SURGERY	80231
OCCUPATIONAL/INDUSTRIAL MEDICINE – NO SURGERY	80233
OTORHINOLARYNGOLOGY - NO SURGERY	80265
PSYCHIATRY – NO SURGERY	80249

Class 1 -

<u>Medical Specialty</u>	<u>Code</u>
DERMATOLOGY - MINOR INVASIVE SURGERY	81282
ENDOCRINOLOGY – NO SURGERY	81238
GERIATRIC MEDICINE – NO SURGERY	81243
OPHTHALMOLOGY – NO SURGERY	81263
OTOLOGY/NEUROTOLOGY – NO SURGERY	81264
PEDIATRICS – NO SURGERY	81267
RHEUMATOLOGY – NO SURGERY	81252
UROLOGY – NO SURGERY	81145

Class 2 -

<u>Medical Specialty</u>	<u>Code</u>
ENDOCRINOLOGY- MINOR INVASIVE SURGERY	82272
FAMILY/GENERAL PRACTICE – NO OBSTETRICS – NO SURGERY	82420
GERIATRICS – MINOR INVASIVE SURGERY	82276
HEMATOLOGY – MINOR INVASIVE SURGERY	82278
HEMATOLOGY – NO SURGERY	82245
INTERNAL MEDICINE – NO SURGERY	82257
NEOPLASTIC MEDICINE/ONCOLOGY – MINOR INVASIVE SURGERY	82286
NEOPLASTIC MEDICINE/ONCOLOGY – NO SURGERY	82259
NEPHROLOGY – NO SURGERY	82260
NUCLEAR MEDICINE – NO SURGERY	82262
PATHOLOGY – NO SURGERY	82266
PHYSICAL MEDICINE AND REHABILITATION – NO SURGERY	82235
PHYSICIANS (N.O.C.) – NO SURGERY	82268

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PODIATRY – NO SURGERY	82993
URGENT CARE MEDICINE	82424

Class 3 -

<i>Medical Specialty</i>	<i>Code</i>
ACUPUNCTURE – MINOR SUGERY	83437
ANESTHESIOLOGY – MAJORY SURGERY	83151
CARDIOVASCULAR DISEASE – NO SURGERY	83255
DERMATOLOGY - MAJOR SURGERY	83472
GASTROENTROLOGY – MINOR INVASIVE SURGERY	83274
GYNECOLOGY – NO SURGERY	83244
INFECTIOUS DISEASE – MINOR INVASIVE SUGERY	83279
INFECTIOUS DISEASE – NO SURGERY	83246
NEPHROLOGY – MINOR INVASIVE SURGERY	83278
OPHTHAMOLOGY – SURGERY	83114
PEDIATRICS – MINOR SURGERY	83267
PULMONARY MEDICINE – NO SURGERY	83269
UROLOGY – MINOR INVASIVE SURGERY	83145

Class 4 –

<i>Medical Specialty</i>	<i>Code</i>
AESTHETIC MEDICINE – MINOR INVASIVE SURGERY	84100
ANESTHESIOLOGY PAIN MEDICINE – MAJOR SURGERY	84151
FAMILY/GENERAL PRACTICE – NO OBSTETRICS – MINOR INVASIVE SURGERY	84421
GYNECOLOGY – MINOR INVASIVE SURGERY	84277
INTESNIVE CARE MEDICINE	84283
NEUROLOGY – MINOR INVASIVE SURGERY	84288
NEUROLOGY – NO SURGERY	84261
PHYSICIANS (N.O.C.) – MINOR INVASIVE SURGERY	84268
PUMONARY MEDICINE – MINOR INVASIVE SURGERY	84269

Class 5 –

<i>Medical Specialty</i>	<i>Code</i>
ANESTHESIOLOGY CRITICALC ARE MEDICINE – MAJOR SURGERY	85151
CARDIOVASCULAR DISEASE – MINOR INVASIVE SURGERY	85281
INTERNAL MEDICINE – MINOR INVASIVE SURGERY	85284
OTOLARYNGOLOGY/HEAD AND NECK SURGERY – EXCLUDING COSMETIC – MAJOR SURGERY	85159
OTOLOGY/NEUROTOLOGY – MAJOR SURGERY	85158
PODIATRY – MAJOR SURGERY	85993
RADIATION THERAPY – MAJOR SURGERY	85491
RADIOLOGY (DIAGNOSTIC) – MAJOR SURGERY CLASS	85253

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UROLOGY – EXCLUDING THERAPEUTIC IMPLANTS – MAJOR SURGERY	85145
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Class 6 -

<i>Medical Specialty</i>	<i>Code</i>
COLON & RECTAL SURGERY – MAJOR SURGERY	86115
UROLOGY – INCLUDING THERAPEUTIC IMPLANTS – MAJOR SURGERY	86145

Class 7 -

<i>Medical Specialty</i>	<i>Code</i>
GENERAL SURGERY – INCLUDING LAPAROSCOPY – MAJOR SURGERY	87143
GYNECOLOGY SURGERY – INCLUDING LAPAROSCOPY – MAJOR SURGERY	87481
HAND SURGERY – MAJOR SURGERY	87169
ORTHOPEDIC SURGERY – EXCLUDING BACK SURGERY – MAJOR SURGERY	87501
OTOLARYNGOLOGY/HEAD AND NECK SURGERY – INCLUDING COSMETIC – MAJOR SURGERY	87155
PEDIATRICS – MAJOR SURGERY	87293
PHYSICIANS (N.O.C.) – MAJOR SURGERY	87294
PLASTIC/RECONSTRUCTIVE SURGERY – EXCLUDING COSMETIC ELECTIVE – MAJOR SURGERY	87156

Class 8 -

OBSTETRICS/GYNECOLOGY – MAJOR SURGERY	88153
ORTHOPEDIC SURGERY – INCLUDING BACK SURGERY – MAJOR SURGERY	88154
PLASTIC/RECONSTRUCTIVE SURGERY – INCLUDING COSMETIC ELECTIVE SURGERY- MAJOR SURGERY	88156
THORACIC AND CARDIOVASCULAR SURGERY – MAJOR SURGERY	88144
VASCULAR SURGERY – MAJOR SURGERY	88164

Class 9 -

<i>Medical Specialty</i>	<i>Code</i>
NEUROSURGERY – MAJOR SURGERY	89152

Additional Classifications:

Professional Corporation/Partnership/Association	80999
Nurse Anesthetist	80960
Nurse Midwives	80962
Physicians' Assistant	80116
Physical Therapist	80938
Respiratory Therapists	80969
Surgeons Assistant/Perfusionists	80116

ATTACHMENT B

GeneralStar™

November 27, 2006

Gayle Neuman
Property & Casualty Compliance, Division of Insurance
Illinois Department of Financial & Professional Regulation

Re: Rate/Rule Filing #06-156-3-2

Dear Ms. Neuman:

I, Adam M. Yasan, a duly authorized officer of General Star National Insurance Company, am authorized to state the following on behalf of the Company making the above referenced filing:

The Company shall not unfairly discriminate or permit any unfair discrimination in offering, administering, or applying the filed rate/rule manual; in the benefits payable under such policy, in any of the terms and conditions of such policy, and/or any policy provisions.

Nothing in this part shall prohibit the Company from asking about or using information to underwrite or to carry out its duties under an insurance policy to the extent otherwise permitted by applicable law.

Adam M Yasan
2nd Vice President
General Star Management Company



"Neuman, Gayle"
<Gayle.Neuman@illinois.gov
>
11/20/2006 03:03 PM

To <mgayzur@genre.com>
cc
bcc
Subject Rate/Rule Filing #06-156-3-2

Ms. Gayzur,

We are in receipt of the above referenced filing submitted by your letter dated October 31, 2006. The submission is not acceptable for filing in Illinois due to the following reason(s):

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

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

2. 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?

3. We require a written statement certifying that the insurance company does not unfairly discriminate in offering or administering this program.

4. 215 ILCS 5/155.18 requires companies that offer deductibles or discounts to include the information in the rate/rule manual. We require additional information to indicate the deductibles and discounts offered and how they will affect an insured's premium.

5. Section XIII. Individual Risk Modification Schedule provides information regarding your scheduled rating plan. As the section indicates "Physicians and Surgeons", does the scheduled rating plan not apply to the podiatrists, osteopathic physicians/surgeons, or the ancillary medical personnel?

6. There are a few typographical errors:

Under Section XI, paragraph B. All Others: - it seems there should be a period in between "pages" and "Ancillary".

On pages 2 and 3 of the "Illinois" section, Sangamon County is misspelled.

7. The rate/rule manual must indicate that the extended reporting period (tail coverage) premium must be priced as a factor of one of the following: (1) the last twelve months premium; (2) the premium in effect at policy issuance; or (3) the expiring annual premium. Additionally, it should list the factor(s) to be used to figure the premium, which of the three premiums the factor will be applied to, and any credits, discounts, etc. that will be added or removed when determining the final premium. The company must inform the insured of the extended reporting period premium at the time the last policy is purchased. The company may not wait until the insured requests purchase of the extended reporting period coverage to tell the insured what the premium will be or how the premium will be calculated.
8. On page 5 of the "Illinois" section under 2., there are two separate tables for the unlimited reporting period factors. Wouldn't the difference being charged for obstetrics/gynecology and pediatrics already be reflected in the rate charged?
9. On page 6 of the "Illinois" section, please explain the "code" provided. Where else is this information reflected?
10. There was no written statement indicating that the insurer, in offering, administering, or applying the filed rate/rule manual and/or any provisions, does not unfairly discriminate.

We have additionally attached a copy of the checklist for your review and access. This information is also posted on our website at "idfpr.com".

We request receipt of your response no later than December 1, 2006.

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



MedicalMalpracticeLiabilityRatesChecklist 091506.pdf



General Star Management Company
Financial Centre
695 East Main Street
Stamford, CT 06901
direct phone 203 328 5584
fax 203 328 6150
email mgayzur@genre.com

Mary Ann Gayzur
Compliance Analyst

VIA FEDERAL EXPRESS

October 31, 2006

Honorable Michael T. McRaith
Director of Insurance
Illinois Department of Financial and Professional Regulation
Division of Insurance
320 West Washington Street
Springfield, IL 62767
ATTN: Mr. John Gatlin
Supervisor, P&C Compliance Unit

**RE: General Star National Insurance Company
NAIC#: 11967 FEIN#: 13-1958482
Physicians & Surgeons Professional Liability
Rate & Rule Filing
Co. Filing #: 06-156-3-2**

Dear Director McRaith:

Please find the attached medical liability insurance rate and rule filing on behalf of General Star National Insurance Company. We are enclosing our new rates and rule manual with the required actuarial certification and documents. This is a first time rate and rules filing for General Star National Insurance Company. We are requesting an effective date of November 1, 2006.

Included in this filing are the following documents:

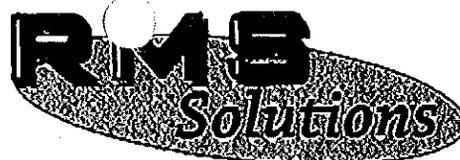
- 1) Illinois Certification for Medical Malpractice Rates
- 2) Actuarial Certification
- 3) NAIC Uniform Transmittal Form
- 4) Rates and Rules
- 5) Actuarial Memorandum and Support Documents

If you require additional information, please contact me.

Sincerely,

Mary Ann Gayzur

Enclosures



October 23, 2006

Ms. Gayle Neuman
Supervising Insurance Analyst
Illinois Department of Insurance
320 West Washington Street
Springfield, Illinois 62767

Company: General Star National Insurance Company
Program: Physician's Professional Liability
Effective Date: November 1, 2006

Re: Medical Malpractice Rate Certification

Dear Ms. Neuman:

I am a qualified actuary with the firm RMS Solutions, Inc. duly authorized to certify on behalf of General Star National Insurance Company (GSNIC) in making this filing for physician's professional liability insurance manual rates and rating factors. I hereby certify that the rates and rating factors contained in this filing are based on sound actuarial principles, consider past and prospective loss and expense experience, and provide a reasonable margin for underwriting profit and contingencies; and that I am knowledgeable of the laws, regulations and bulletins applicable to the policy rates that are the subject of this filing.

Since this is GSNIC's initial application for physician's professional liability insurance rates in Illinois, there is no prior company experience available for use in determining rates.

Best Regards,

A handwritten signature in black ink, appearing to read "Peter S. Rauner".

Peter S. Rauner, FCAS, MAAA
President, RMS Solutions, Inc.
Ph: (773) 864-8294

Cc: Mr. Adam Yasan, General Star Management
Mr. James Higgins, General Star Management

ILLINOIS CERTIFICATION FOR MEDICAL MALPRACTICE RATES

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

I, ADAM M. YASAN, a duly authorized officer of General Star National 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.

Please see the attached Medical Malpractice Rate Certification
I, Prepared by Peter S. Rauner FCAS, MAAA, a duly authorized actuary of General Star National Insurance Company, am authorized to certify on behalf of General Star National 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.

Adam M. Yasan
Signature and Title of Authorized Insurance Company Officer

10-30-2006
Date

Signature, Title and Designation of Authorized Actuary

Date

Insurance Company FEIN 13-1958482 Filing Number 06-156-3-2 R

Insurer's Address 695 East Main Street, P.O. Box 10360

City Stamford State Connecticut Zip Code 06904-2360

Contact Person's:
-Name and E-mail Mary Ann Gayzur (mgayzur@genre.com)

-Direct Telephone and Fax Number (203) 328-5584 / Fax (203) 328-6150

Effective January 1, 2006

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

~~1. Reserved for Insurance Dept Use Only~~

--

2. Insurance Department Use only	
a. Date the filing is received:	
b. Analyst:	
c. Disposition:	
d. Date of disposition of the filing:	
e. Effective date of filing:	
New Business	
Renewal Business	
f. State Filing #:	
g. SERFF Filing #:	
h. Subject Codes	

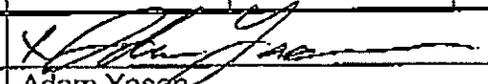
3. Group Name	Group NAIC #
Berkshire Hathaway Insurance Group	31

4. Company Name(s)	Domicile	NAIC #	FEIN #
General Star National Insurance Company	Ohio	11967	13-1958482

5. Company Tracking Number	06-156-3-2 R
-----------------------------------	--------------

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

6. Name and address	Title	Telephone #s	FAX #	e-mail
Mary Ann Gayzur	Compliance Analyst	203-328-5584	203-328-6150	mgayzur@genre.com
Noel Schulz	Compliance Analyst	203-328-5704	203-328-6150	nschulz@generalstar.com

7. Signature of authorized filer	
8. Please print name of authorized filer	Adam Yagan

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

9. Type of Insurance (TOI)	11 - Medical Malpractice
10. Sub-Type of Insurance (Sub-TOI)	0023 - Physicians and Surgeons
11. State Specific Product code(s) (if applicable) (See State Specific Requirements)	
12. Company Program Title (Marketing title)	General Star Advantage
13. Filing Type	<input type="checkbox"/> Rate/Loss Cost <input type="checkbox"/> Rules <input checked="" type="checkbox"/> Rates/Rules
	<input type="checkbox"/> Forms <input type="checkbox"/> Combination Rates/Rules/Forms
	<input type="checkbox"/> Withdrawal <input type="checkbox"/> Other
14. Effective Date(s) Requested	New: 11/01/2006 Renewal:

Effective January 1, 2006

Property & Casualty Transmittal Document---

15.	Reference Filing?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
16.	Reference Organization (if applicable)	N/A
17.	Reference Organization # & Title	N/A
18.	Company's Date of Filing	11/1/06
19.	Status of filing in domicile	<input checked="" type="checkbox"/> Not Filed <input type="checkbox"/> Pending <input type="checkbox"/> Authorized <input type="checkbox"/> Disapproved

20.	This filing transmittal is part of Company Tracking #	06-156-3-2 R
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21.	Filing Description [This area can be used in lieu of a cover letter or filing memorandum and is free-form text]
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Please see attached cover letter.

22.	Filing Fees (Filer must provide check # and fee amount if applicable) [If a state requires you to show how you calculated your filing fees, place that calculation below]
-----	--

Check #:

Amount:

Refer to each state's checklist for additional state specific requirements or instructions on calculating fees.

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

GeneralStar

GENERAL STAR MANAGEMENT COMPANY

**PHYSICIANS & SURGEONS PROFESSIONAL LIABILITY
CLAIMS MADE AND REPORTED COVERAGE**

GENERAL RULE MANUAL



Physicians & Surgeons Claims Made and Reported Professional Liability
GENERAL RULE MANUAL
Underwritten by
GENERAL STAR NATIONAL INSURANCE COMPANY

I. **USE OF THIS MANUAL**

The purpose of this document is to provide premium and rating data (by state), underwriting rules, medical specialty classifications and practice location territories needed to select and price risks for the General Star Management Physicians & Surgeons Professional Liability program. The following categories of Health Care Providers are designated primary insureds for the program:

1. Physicians or Surgeons (M.D.)
2. Osteopathic Physicians or Surgeons (D.O.)
3. Podiatrists (D.P.M.)

Any exceptions to these rules are contained in the respective State Exceptions Section.

II. **COVERAGE**

Coverage under this program is described in the respective policy Insuring Agreement(s) and/or Coverage Part(s). It shall be permissible to attach more than one Insuring Agreement and/or Coverage Part to the policy.

III. **BASIC LIMITS OF LIABILITY**

The basic coverage limits for Professional Liability coverage under this program are:

Professional Liability: \$1,000,000 Each Claim / \$3,000,000 Aggregate

IV. **POLICY WRITING MINIMUM PREMIUM**

The minimum premium is \$500 per annual or lesser period, unless otherwise specified for the respective coverage.

V. **DECREASED LIMITS OF LIABILITY**

Available decreased Limits of Liability are shown on the respective State Exceptions Section.

VI. **PREMIUM COMPUTATION**

The premium shall be computed by applying the rate per physician/surgeon shown on the State Exceptions pages.

A. **PREMIUM ROUNDING RULE**

Premium rounding will be done at the last step of the computation process, as opposed to rounding at each step. In the event that application of any rating procedure result is not a whole dollar, each rate and premium shall be adjusted as follows:

- i. any amount involving \$.50 or over shall be rounded to the next highest whole dollar amount;
- ii. any amount involving \$.49 or less shall be rounded down to the next lowest whole dollar amount.

B. **FACTORS OR MULTIPLIERS**

Premium modifications are to be applied multiplicatively. Modifications from the Individual Risk Modification Schedule are to be added together and then applied multiplicatively.

C. **ADDITIONAL and RETURN PREMIUM**

For all changes requiring additional or return premium, apply the rates and rules that were in effect at the inception date of the current policy period.

Physicians & Surgeons Claims Made and Reported Professional Liability
GENERAL RULE MANUAL
Underwritten by
GENERAL STAR NATIONAL INSURANCE COMPANY

D. CLAIMS MADE 'STEP' RULE

The proper 'step' into which the physician/surgeon is placed for rating purposes when claims made coverage has been provided for less than full annual periods is determined as follows:

1. Less than 6 months of claims made coverage, step 1 rates apply;
2. "#" years plus less than 6 months of claims made coverage, step "x" plus 1 applies;
3. "#" years plus 6 months or more of claims made coverage, step "x" plus 2 applies.

Note: The value of "#" is the number of whole years.

VII. RESTRICTIONS OF COVERAGE OR INCREASED RATE

Subject to individual state regulations, policies may be issued with special restrictions or at increased premium if:

- A. the Insured agrees in writing; and
- B. the policy would otherwise not be written.

VIII. EXTENDED REPORTING PERIOD COVERAGE (available for Claims Made coverage only)

The availability of Extended Reporting Period Coverage shall be governed by the following rules:

- A. The Limits of Liability may not exceed those afforded under the terminating policy.
- B. Available Extended Reporting Period premium charges shall be as shown on the respective State Exceptions pages.

IX. ADDITIONAL CLASSIFICATIONS

A. Disability/Leave of Absence

A physician/surgeon who becomes disabled, or is on leave of absence for a period of 45 days or more, will be eligible for restricted coverage at a reduced rate. This would apply retroactively to the first day of disability or leave of absence. Rating basis as follows:

Disability/Leave of Absence	25% of Medical Specialty
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B. Part-Time

A part-time rate will apply to physicians or surgeons who work less than full-time rated hours. The rating basis is as follows:

Practice less than 25 hours per week	50-90% of Medical Specialty
--------------------------------------	-----------------------------

The applicant or insured may be required to cite a specific reason for practicing part-time and specific exposures and medical specialties may be deemed ineligible for part-time status

C. Locum Tenens Physicians

Coverage for a physician substituting for an insured physician may be provided. Coverage will be limited to professional services rendered on behalf of an insured physician for the specified time period. Approved *Locum Tenens* physicians will share in the primary insured physician's Limit of Liability at no additional premium charge.

X. MISCELLANEOUS / ANCILLARY MEDICAL PERSONNEL

Professional Liability coverage for miscellaneous medical personnel may be provided. The State Exception pages contain medical specialties and rating instructions.

XI. CORPORATION / PARTNERSHIP / PROFESSIONAL ASSOCIATION

It shall be permissible to provide coverage for a Professional Corporation, Professional Association, or Partnership, for liability arising from the professional services by its member physicians/surgeons. Such coverage may be provided as follows:

Physicians & Surgeons Claims Made and Reported Professional Liability

GENERAL RULE MANUAL

Underwritten by

GENERAL STAR NATIONAL INSURANCE COMPANY

A. Solo Practice:

by endorsement to the policy. The entity will share in the individual physician/surgeon limit at no additional premium charge

B. All Others:

Available on a separate Limit of Liability basis by naming the professional corporation/partnership/professional association on the policy. Additional premium shall be as shown on the State Exceptions pages Ancillary personnel shall be included in this professional corporation limit but will not share in the limits of the individual physician(s).

XII. OPTIONAL COVERAGES / ENDORSEMENTS

It shall be permissible to add any of the following optional coverages/endorsements as appropriate to the particular situation and in accordance with the minimum basic Limits of Liability indicated herein:

A. Medical Laboratory

It shall be permissible to add a Medical Laboratory:

- i. at no additional charge if such laboratory is not a separate entity. Coverage is limited to the testing of the insured's own patients.
- ii. at a premium charge of 25% of the Class 1 rate. The laboratory will be included as an additional insured, if such laboratory is a separate entity. Coverage is limited to the testing of the insured's own patients.

B. Deductibles/Self-Insured Retentions

Deductibles and self-insured retentions may be offered to qualified insureds.

XIII. INDIVIDUAL RISK MODIFICATION SCHEDULE

The hazards of the practice of medicine vary with each organization; the establishment of medical standards review and claims review committees and the effectiveness of such committees; loss prevention and control activities; type, amount and extent of professional services rendered under written agreement, etc. To recognize such specific characteristics unique to each risk, a rate modification may be applied based on the following:

1. Physicians & Surgeons Professional Liability Exposures

The maximum permissible modification of the Professional Liability premium(s) is as shown on the State Exceptions pages.

Individual Risk Modification Schedule		
	Credits	Debits
a. <u>Loss Experience</u> The underwriter will evaluate the circumstances of past claims and would take into consideration the report date of each claim and paid the indemnity amounts.	0%	0%-20%
b. <u>Loss Control Program</u> The underwriter will evaluate the procedures in place within the practice, including adherence to any prior control recommendations.	0-10%	0-10%
c. <u>Practice Characteristics</u> The underwriter will evaluate the impact of contracts on utilization, referrals, and overall quality of patient care.	0-15%	0-15%
d. <u>Continuing Education</u> Determine if the applicant's professional and paraprofessional staff participant in effective continuing medical education program(s).	0-5%	0-5%

Physicians & Surgeons Claims Made and Reported Professional Liability

GENERAL RULE MANUAL

Underwritten by

GENERAL STAR NATIONAL INSURANCE COMPANY

<p>e. <u>Ancillary Personnel</u> Paraprofessional employees or contractors such as Nurse practitioners, Physician Assistants, Certified Registered Nurse Anesthetists, Perfusionists and Midwives. Surcharge for vicarious liability when practitioners carry their own separate coverage. May be offset by Continuing Education credit.</p>	<p>0-5% per employee</p>	<p>0-5% per employee</p>
<p>f. <u>Practice Hours</u> Credit for limited practice hours if the risk is not eligible for part-time credit. Debit for practice hours deemed excessive for the specific specialty or practice situation.</p>	<p>0-10%</p>	<p>0-10%</p>
<p>g. <u>Patient Count</u> Surcharge for above-average patient or procedure volume; credit for low volume</p>	<p>5-10%</p>	<p>5-10%</p>
<p>h. <u>Use of Hospitalists</u> The underwriter will evaluate the use of hospitalists for patient admissions.</p>	<p>0-10%</p>	<p>0-10%</p>
<p>i. <u>Emergency Room exposure</u> The underwriter will evaluate any Emergency Medicine exposure</p>	<p>0-10%</p>	<p>0-10%</p>
<p>J. <u>Unusual Risk Characteristics</u> The underwriter will evaluate any feature of the practice that is deemed unusual or nontraditional in the applicant's medical community.</p>	<p>0-10%</p>	<p>0-10%</p>

GENERAL STAR ADVANTAGE
Underwritten by
GENERAL STAR NATIONAL INSURANCE COMPANY

State Exceptions Section

A. The GENERAL RULE MANUAL pages applicable to this program shall apply subject to the following changes/exceptions:

-Illinois rates and rating rules as follows.

B. PHYSICIANS & SURGEONS PROFESSIONAL LIABILITY, CLAIMS MADE RATES:

Territory I: Cook, Madison, St. Clair & Will counties:

(@ \$1,000,000/\$3,000,000 Limits of Liability)

Class	Claims Made 'Step'				
	1	2	3	4	5
0	5,054	10,108	15,161	18,194	20,215
1	6,738	13,477	20,215	24,258	26,953
2	8,423	16,846	25,268	30,322	33,691
3	10,107	20,215	30,322	36,386	40,429
4	12,634	25,269	37,903	45,483	50,537
5	14,740	29,480	44,219	53,063	58,959
6	21,057	42,114	63,171	75,805	84,228
7	29,480	58,960	88,439	106,127	117,919
8	42,114	84,228	126,341	151,610	168,455
9	58,959	117,919	176,878	212,253	235,837

Territory II: DuPage, Jackson, Kane, Lake McHenry & Vermillion counties:

(@ \$1,000,000/\$3,000,000 Limits of Liability)

Class	Claims Made 'Step'				
	1	2	3	4	5
0	4,043	8,086	12,129	14,555	16,172
1	5,391	10,781	16,172	19,406	21,562
2	6,738	13,477	20,215	24,258	26,953
3	8,086	16,172	24,257	29,109	32,343
4	10,107	20,215	30,322	36,386	40,429
5	11,792	23,584	35,375	42,450	47,167
6	16,846	33,691	50,537	60,644	67,382
7	23,584	47,168	70,751	84,902	94,335
8	33,691	67,382	101,073	121,288	134,764
9	47,168	94,335	141,503	169,803	188,670

GENERAL STAR ADVANTAGE
Underwritten by
GENERAL STAR NATIONAL INSURANCE COMPANY

State Exceptions Section

Territory III: Champaign, Coles, Dekalb, Kankakee, LaSalle, Macon, Ogle, Randolph, Sagamon & Winnebago counties:

(@ \$1,000,000/\$3,000,000 Limits of Liability)

Class	Claims Made 'Step'				
	1	2	3	4	5
0	3,285	6,570	9,854	11,825	13,139
1	4,380	8,760	13,139	15,767	17,519
2	5,475	10,950	16,424	19,709	21,899
3	6,570	13,140	19,709	23,651	26,279
4	8,212	16,425	24,637	29,564	32,849
5	9,581	19,162	28,743	34,492	38,324
6	13,687	27,374	41,061	49,273	54,748
7	19,162	38,324	57,485	68,982	76,647
8	27,374	54,748	82,122	98,546	109,496
9	38,324	76,647	114,971	137,965	153,294

Territory IV: Remainder of State

(@ \$1,000,000/\$3,000,000 Limits of Liability)

Class	Claims Made 'Step'				
	1	2	3	4	5
0	2,527	5,054	7,580	9,096	10,107
1	3,369	6,738	10,107	12,128	13,476
2	4,212	8,423	12,635	15,161	16,846
3	5,054	10,108	15,161	18,194	20,215
4	6,317	12,634	18,951	22,741	25,268
5	7,370	14,740	22,110	26,532	29,480
6	10,529	21,057	31,586	37,903	42,114
7	14,740	29,480	44,219	53,063	58,959
8	21,057	42,114	63,171	75,805	84,228
9	29,480	58,960	88,439	106,127	117,919

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State Exceptions Section

C. INDIVIDUAL RISK MODIFICATION SCHEDULE

The maximum permissible modification of the Physicians & Surgeons Professional Liability Premium under the Individual Risk Modification Schedule is \pm 40%.

D. CORPORATION/PARTNERSHIP/PROFESSIONAL ASSOCIATION CHARGE:

The rate, per Corporation/Partnership/Professional Association, is computed as up to 15% of the total developed professional liability premium for each physician/surgeon and ancillary person, for groups of 2-4. For groups of 5 or more, the rate is computed as up to 10% of the total developed professional liability premium for each physician/surgeon and ancillary person.

E. ANCILLARY PERSONNEL:

The following ancillary personnel may be added as additional named insured for additional premium per the rates shown below.

Territory I: Cook, Madison, St. Clair & Will counties:

(Claims Made Rates @t \$1,000,000/\$3,000,000 Limits of Liability)

Class	Claims Made 'Step'				
	1	2	3	4	5
Nurse Anesthetist	606	1,213	1,819	2,183	2,426
Nurse Midwives	8,423	16,846	25,268	30,322	33,691
Physicians' Assistant	505	1,011	1,516	1,819	2,021
Physical Therapist	1,263	2,527	3,790	4,548	5,054
Respiratory Therapists	1,263	2,527	3,790	4,548	5,054
Surgeons Assistant/Purfusionists	505	1,011	1,516	1,819	2,021

Territory II: DuPage, Jackson, Kane, Lake McHenry & Vermillion counties:

(Claims Made Rates @t \$1,000,000/\$3,000,000 Limits of Liability)

Class	Claims Made 'Step'				
	1	2	3	4	5
Nurse Anesthetist	485	970	1,455	1,747	1,941
Nurse Midwives	6,738	13,476	20,215	24,258	26,953
Physicians' Assistant	404	809	1,213	1,455	1,617
Physical Therapist	1,011	2,022	3,032	3,639	4,043
Respiratory Therapists	1,011	2,022	3,032	3,639	4,043
Surgeons Assistant/Purfusionist	404	809	1,213	1,455	1,617

Territory III: Champaign, Coles, Dekalb, Kankakee, LaSalle, Macon, Ogle, Randolph, Sagamon & Winnebago counties:

(Claims Made Rates @t \$1,000,000/\$3,000,000 Limits of Liability)

Class	Claims Made 'Step'				
	1	2	3	4	5
Nurse Anesthetist	394	788	1,183	1,419	1,577
Nurse Midwives	5,475	10,950	16,424	19,709	21,899
Physicians' Assistant	329	657	985	1,183	1,314
Physical Therapist	821	1,643	2,464	2,956	3,285
Respiratory Therapists	821	1,643	2,464	2,956	3,285
Surgeons Assistant/Purfusionists	329	657	985	1,183	1,314

GENERAL STAR ADVANTAGE
Underwritten by
GENERAL STAR NATIONAL INSURANCE COMPANY

State Exceptions Section

Territory IV: Remainder of State

(Claims Made Rates @t \$1,000,000/\$3,000,000 Limits of Liability)

Class	Claims Made 'Step'				
	1	2	3	4	5
Nurse Anesthetist	303	606	910	1,092	1,213
Nurse Midwives	4,211	8,423	12,634	15,161	16,846
Physicians' Assistant	253	505	758	910	1,011
Physical Therapist	632	1,263	1,895	2,274	2,527
Respiratory Therapists	632	1,263	1,895	2,274	2,527
Surgeons Assistant/Purfusionists	253	505	758	910	1,011

F. POLICY DECREASED LIMITS FACTORS:

<i>Policy Limits</i>	<i>Increase Limit Factor</i>
1,000,000/3,000,000	1.00
1,000,000/1,000,000	0.92
500,000/1,500,000	0.77
250,000/750,000	0.62
100,000/300,000	0.47

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State Exceptions Section

G. EXTENDED REPORTING PERIOD:

1. Death, Disability and Retirement (DDR) - Extended Reporting Period Coverage will be granted at no additional premium in the event a named insured dies, becomes permanently and totally disabled, or retires during the policy period, provided that within thirty (30) days of the death, permanent and total disability, or retirement:
 - a. the named insured's estate requests the Unlimited Extended Reporting Period and furnishes written evidence and proof of the date of the named insured's death, or
 - b. the named insured provides evidence and proof of the permanent and total disability including the date of the actual disability and written certification by the named insured's attending physician (other than another physician practicing in the same group as the named insured). The named insured also agrees to submit to any medical examination(s) as requested by the Company, by any physician designated by the Company for the purpose of verifying such permanent and total disability; or
 - c. If at any time after reaching age 55, and having been continuously insured by the Company on a claims-made basis for a minimum of 5 years, the named insured elects to retire from practice of medicine.

2. Unlimited Extended Reporting Period coverage (ERP) will be granted subject to the terms and conditions of the policy. The following premium factors are to be applied to mature (step 5) claims-made rate in effect at the time of ERP coverage issuance for premium determination:

Unlimited Reporting Period Factors Obstetrics/Gynecology & Pediatrics	
<i>Expiring Step</i>	<i>Factor</i>
1	1.35
2	2.05
3	2.35
4	2.50
5	2.60

Unlimited Reporting Period Factors All Other	
<i>Expiring Step</i>	<i>Factor</i>
1	1.00
2	1.20
3	1.50
4	1.88
5	2.00

3. Other Extended Reporting Period optional endorsements. The following discount factors are applied multiplicatively to the factors shown above if the named insured elects one of the optional extended reporting endorsements below:

Extended Reporting Period Discount Factors	
<i>Extended Reporting Period Option</i>	<i>Discount Factor</i>
12 months	0.50
24 months	0.62
36 months	0.69
48 months	0.78
60 months	0.80
Unlimited	1.00

GENERAL STAR ADVANTAGE
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GENERAL STAR NATIONAL INSURANCE COMPANY

State Exceptions Section

H. PHYSICIANS & SURGEONS PRACTICE/SPECIALTY CLASSIFICATIONS

Each physician/surgeon is assigned a practice classification code according to their respective medical specialty. When more than one classification is applicable, the highest rated classification shall apply.

Class 0 -

<u>Medical Specialty</u>	<u>Code</u>
AEROSPACE MEDICINE – NO SURGERY	80230
ALLERGY - NO SURGERY	80254
DERMATOLOGY - NO SURGERY	80256
FORENSIC PATHOLOGY – NO SURGERY	80240
GENERAL PREVENTIVE MEDICINE – NO SURGERY	80231
OCCUPATIONAL/INDUSTRIAL MEDICINE – NO SURGERY	80233
OTORHINOLARYNGOLOGY - NO SURGERY	80265
PSYCHIATRY – NO SURGERY	80249

Class 1 -

<u>Medical Specialty</u>	<u>Code</u>
DERMATOLOGY - MINOR INVASIVE SURGERY	81282
ENDOCRINOLOGY – NO SURGERY	81238
GERIATRIC MEDICINE – NO SURGERY	81243
OPHTHALMOLOGY – NO SURGERY	81263
OTOLOGY/NEUROTOLOGY – NO SURGERY	81264
PEDIATRICS – NO SURGERY	81267
RHEUMATOLOGY – NO SURGERY	81252
UROLOGY – NO SURGERY	81145

Class 2 –

<u>Medical Specialty</u>	<u>Code</u>
ENDOCRINOLOGY- MINOR INVASIVE SURGERY	82272
FAMILY/GENERAL PRACTICE – NO OBSTETRICS – NO SURGERY	82420
GERIATRICS – MINOR INVASIVE SURGERY	82276
HEMATOLOGY – MINOR INVASIVE SURGERY	82278
HEMATOLOGY – NO SURGERY	82245
INTERNAL MEDICINE – NO SURGERY	82257
NEOPLASTIC MEDICINE/ONCOLOGY – MINOR INVASIVE SURGERY	82286
NEOPLASTIC MEDICINE/ONCOLOGY – NO SURGERY	82259
NEPHROLOGY – NO SURGERY	82260
NUCLEAR MEDICINE – NO SURGERY	82262
PATHOLOGY – NO SURGERY	82266
PHYSICAL MEDICINE AND REHABILITATION – NO SURGERY	82235
PHYSICIANS (N.O.C.) – NO SURGERY	82268

GENERAL STAR ADVANTAGE
Underwritten by
GENERAL STAR NATIONAL INSURANCE COMPANY

State Exceptions Section

PODIATRY – NO SURGERY	82993
URGENT CARE MEDICINE	82424

Class 3 -

<u>Medical Specialty</u>	<u>Code</u>
ACUPUNCTURE – MINOR SUGERY	83437
ANESTHESIOLOGY – MAJORY SURGERY	83151
CARDIOVASCULAR DISEASE – NO SURGERY	83255
DERMATOLOGY - MAJOR SURGERY	83472
GASTROENTROLOGY – MINOR INVASIVE SURGERY	83274
GYNECOLOGY – NO SURGERY	83244
INFECTIOUS DISEASE – MINOR INVASIVE SUGERY	83279
INFECTIOUS DISEASE – NO SURGERY	83246
NEPHROLOGY – MINOR INVASIVE SURGERY	83278
OPHTHAMOLOGY – SURGERY	83114
PEDIATRICS – MINOR SURGERY	83267
PULMONARY MEDICINE – NO SURGERY	83269
UROLOGY – MINOR INVASIVE SURGERY	83145

Class 4 --

<u>Medical Specialty</u>	<u>Code</u>
AESTHETIC MEDICINE – MINOR INVASIVE SURGERY	84100
ANESTHESIOLOGY PAIN MEDICINE – MAJOR SURGERY	84151
FAMILY/GENERAL PRACTICE – NO OBSTETRICS – MINOR INVASIVE SURGERY	84421
GYNECOLOGY – MINOR INVASIVE SURGERY	84277
INTESNIVE CARE MEDICINE	84283
NEUROLOGY – MINOR INVASIVE SURGERY	84288
NEUROLOGY – NO SURGERY	84261
PHYSICIANS (N.O.C.) – MINOR INVASIVE SURGERY	84268
PUMONARY MEDICINE – MINOR INVASIVE SURGERY	84269

Class 5 --

<u>Medical Specialty</u>	<u>Code</u>
ANESTHESIOLOGY CRITICALC ARE MEDICINE – MAJOR SURGERY	85151
CARDIOVASCULAR DISEASE – MINOR INVASIVE SURGERY	85281
INTERNAL MEDICINE – MINOR INVASIVE SURGERY	85284
OTOLARYNGOLOGY/HEAD AND NECK SURGERY – EXCLUDING COSMETIC – MAJOR SURGERY	85159
OTOLOGY/NEUROTOLOGY – MAJOR SURGERY	85158
PODIATRY – MAJOR SURGERY	85993
RADIATION THERAPY – MAJOR SURGERY	85491
RADIOLOGY (DIAGNOSTIC) – MAJOR SURGERY CLASS	85253
UROLOGY – EXLCUDING THERAPEUTIC IMPLANTS – MAJOR SURGERY	85145

GENERAL STAR ADVANTAGE
Underwritten by
GENERAL STAR NATIONAL INSURANCE COMPANY

State Exceptions Section

Class 6 -

<u>Medical Specialty</u>	<u>Code</u>
COLON & RECTAL SURGERY – MAJOR SURGERY	86115
UROLOGY – INCLUDING THERAPEUTIC IMPLANTS – MAJOR SURGERY	86145

Class 7 -

<u>Medical Specialty</u>	<u>Code</u>
GENERAL SURGERY – INCLUDING LAPAROSCOPY – MAJOR SURGERY	87143
GYNECOLOGY SURGERY – INCLUDING LAPAROSCOPY – MAJOR SURGERY	87481
HAND SURGERY – MAJOR SURGERY	87169
ORTHOPEDIC SURGERY – EXCLUDING BACK SURGERY – MAJOR SURGERY	87501
OTOLARYNGOLOGY/HEAD AND NECK SURGERY – INCLUDING COSMETIC – MAJOR SURGERY	87155
PEDIATRICS – MAJOR SURGERY	87293
PHYSICIANS (N.O.C.) – MAJOR SURGERY	87294
PLASTIC/RECONSTRUCTIVE SURGERY – EXCLUDING COSMETIC ELECTIVE – MAJOR SURGERY	87156

Class 8 -

OBSTETRICS/GYNECOLOGY – MAJOR SURGERY	88153
ORTHOPEDIC SURGERY – INCLUDING BACK SURGERY – MAJOR SURGERY	88154
PLASTIC/RECONSTRUCTIVE SURGERY – INCLUDING COSMETIC ELECTIVE SURGERY- MAJOR SURGERY	88156
THORACIC AND CARDIOVASCULAR SURGERY – MAJOR SURGERY	88144
VASCULAR SURGERY – MAJOR SURGERY	88164

Class 9 -

<u>Medical Specialty</u>	<u>Code</u>
NEUROSURGERY – MAJOR SURGERY	89152

Additional Classifications:

Professional Corporation/Partnership/Association	80999
Nurse Anesthetist	80960
Nurse Midwives	80962
Physicians' Assistant	80116
Physical Therapist	80938
Respiratory Therapists	80969
Surgeons Assistant/Perfusionists	80116

GENERAL STAR NATIONAL INSURANCE COMPANY
ILLINOIS
PHYSICIAN'S PROFESSIONAL LIABILITY PROGRAM
ACTUARIAL MEMORANDUM

In response to the current availability and affordability problems in the medical professional liability market, General Star National Insurance Company (GSNIC) proposes to initiate the writing of physician's professional liability insurance in the state of Illinois.

Since this is the Company's initial rate filing for physician's professional liability insurance in this state, we reviewed the latest available regulatory rate filings to obtain information on loss costs, trends and other pertinent ratemaking information specific to the Illinois physicians and surgeons liability market. As a result, ratemaking statistics developed by the ISMIE Mutual Insurance Company (ISMIE) and American Physicians Assurance Corporation (APAC) were selected as representing the most appropriate data for developing GSNIC's initial manual base rates for the state of Illinois.

Base class and territory pure premium estimates were actuarially developed from statewide experience reported in recent regulatory rate filings submitted by ISMIE and APAC. Pure premium estimates were adjusted for differences between the surveyed carriers' and proposed company's physician classification plan, territory rating structure and claims made rating factors then loaded to reflect anticipated operating expense provisions and a reasonable margin for underwriting profit and contingencies. Supporting documentation for these calculations is provided in the attached exhibits.

As GSNIC generates credible ratemaking statistics, these initial rates and rules will be revised accordingly. Until such time, we will review the state-specific experience reported by the dominant carrier(s) providing physician professional liability insurance coverage in the state and periodically revise GSNIC's rates accordingly.

In addition, GSNIC's proposed underwriting manual contains rating factors (classification, claims made, limits, and territory) and individual risk rating rules (part-time, new to practice, schedule rating, etc.) typically used to underwrite physician's professional liability insurance. These rating rules are essential components of the proposed underwriting manual intended to allow GSNIC to provide policyholders with professional liability coverage tailored to their medical practice at adequate and affordable rates.

A complete underwriting manual of rates, rules and rating factors has been included with this application.

GENERAL STAR NATIONAL INSURANCE COMPANY
ILLINOIS
PHYSICIANS' PROFESSIONAL LIABILITY PROGRAM
EXPLANATION OF EXHIBITS

The following discussion and attached exhibits contain supporting documentation for the proposed manual base rates and rating factors for GSNIC's initial application for a physician's professional liability insurance program in the state of Illinois.

Exhibit 1 – Indicated Mature Manual Base Rate

This exhibit presents the indicated mature claims made manual base rate developed for use by GSNIC in underwriting physician's professional liability insurance in the state of Illinois. The select mature claims made loss and allocated loss adjustment expense pure premium derived in Exhibit 3 is adjusted to the base policy limits, loaded for unallocated loss adjustment expenses and adjusted to reflect projected operating expenses, underwriting profit provision and the anticipated average rate deviation to determine the indicated manual base rate. The manual base rate represents the annual gross premium rate applicable to full time physicians classified as Family Practice – No Surgery (Class 2) practicing in Territory 1 (Cook County) for mature claims made coverage at \$1,000,000/\$3,000,000 limits of liability prior to adjustment.

Exhibit 2 – Target Loss & LAE Ratio

This exhibit presents GSNIC's anticipated operating expense provisions and the margin for underwriting profit and contingencies used to derive the target loss and LAE ratio.

Exhibit 3 – Mature Base Pure Premium

This exhibit presents the derivation of the loss and allocated loss adjustment expense (ALAE) component (pure premium) in the mature base rate. The pure premium is derived from data reported in recent rate filings made by the ISMIE Mutual Insurance Company (effective 7/01/2006) and American Physicians Assurance Corporation (effective 4/01/2005) to the Illinois Department of Insurance. The pure premium estimate is trended to cost levels expected to prevail during the prospective policy period and adjusted for differences between each carriers' classification, territory and claims made rating factors to those proposed for use by GSNIC.

After calculating a weighted average of the surveyed carrier's adjusted pure premium estimates, a final adjustment is made to reflect the "preferred" nature of the risk profile targeted for GSNIC's admitted product. This adjustment was judgmentally selected to reflect the relative difference in expected pure premium as developed from the surveyed carrier's book of "standard" risks to the pure premium expected to result from a book of business that meets GSNIC's proposed underwriting guidelines. The indicated base pure premium is then carried forward to Exhibit 1 and incorporated into development of the indicated claims made mature manual base rate for GSNIC's admitted physician program.

Exhibit 4 - Territory Off-Balance Factor

This exhibit presents a comparison of the territory relativity factors used to rate physician's professional liability insurance by the carriers surveyed in our analysis to those proposed for use by GSNIC. This exhibit also calculates the off-balance factor used to adjust the experience indicated pure premiums (Exhibit 3) for differences in the territory rating factors. The distribution of exposures is based on the number of non-federal, office based physicians by county as reported in the AMA's Physicians Characteristics and Distribution in the U.S. (2004 Edition).

Exhibit 5 - Class Plan Off-Balance Factor

This exhibit presents a comparison of the physician classification relativities factors used to rate physician's professional liability insurance by the carriers surveyed in our analysis to those proposed for use by GSNIC. This exhibit also calculates the off-balance factors used to adjust the experience indicated pure premium (Exhibit 3) for differences in the physician classification plan rating factors. The distribution of exposures is based on the number of non-federal, office based physicians by medical specialty as reported in the AMA's Physicians Characteristics and Distribution in the U.S. (2004 Edition) and data reported by physician carriers in recent rate filings.

Exhibit 6 - Claims Made Off-Balance Factor

This exhibit presents a comparison of the claims made relativity factors used to rate physician's professional liability insurance by the carriers surveyed in our analysis to those proposed for use by GSNIC. This exhibit also calculates the off-balance factors used to adjust the experience indicated pure premium (Exhibit 3) for differences in the claims made rating factors. The distribution of exposures is based on data reported by companies offering physician's professional liability insurance in Illinois.

Exhibit 7 – Limit Adjustment Factor Comparison

This exhibit presents a comparison of the policy limit adjustment factors used to rate physician's professional liability insurance by the carriers surveyed in our analysis to those proposed for use by GSNIC.

Exhibit 8 – Claims Made Rating Factor Comparison

This exhibit presents a comparison of the claims made relativity factors used to rate physician's professional liability insurance by the carriers surveyed in our analysis to those proposed for use by GSNIC.

**GENERAL STAR NATIONAL INSURANCE COMPANY
PHYSICIAN'S PROFESSIONAL LIABILITY**

ILLINOIS
\$1,000,000/\$3,000,000 LIMITS OF LIABILITY
TERRITORY 1, CLASS 2 MATURE CLAIMS MADE MANUAL BASE RATE

(1) Indicated Mature Base Loss & ALE Pure Premium	18,468
(2) Unallocated Loss Adjustment Expense Factor	1.050
(3) Permissible Loss & LAE Ratio	60.60%
(4) Anticipated Average Rate Departure	-5.0%
(5) Indicated Mature Manual Base Rate	33,691

NOTES:

- (1) Exhibit 3, Sheet 1.
- (2) $= 1.0 + 0.029 / (1.0 - \text{Exp Ratio} - \text{UW Profit} - 0.029)$.
- (3) Exhibit 2.
- (4) Provided by General Star Management.
- (5) $= (1) \times (2) / (3) / [1.0 + (4)]$.

**GENERAL STAR NATIONAL INSURANCE COMPANY
PHYSICIAN'S PROFESSIONAL LIABILITY**

TARGET LOSS & LOSS ADJUSTMENT EXPENSE RATIO

(1)	Commissions & Brokerage	15.00%
(2)	Other Acquisition Expense	0.00%
(3)	General Expense	10.00%
(4)	Taxes, Licenses, Fees	1.40%
(5)	D,D&R Benefit	<u>3.00%</u>
(6)	Total Expense Provisions = (1) + (2) + (3) + (4) + (5)	29.40%
(7)	Profit & Contingencies	<u>10.00%</u>
(8)	Target Loss & LAE Ratio = 1.0 - (6) - (7)	60.60%

NOTES:

- (1) Provided by General Star Management.
- (2) Provided by General Star Management.
- (3) Provided by General Star Management.
- (4) Provided by General Star Management.
- (5) Provided by General Star Management.
- (7) Provided by General Star Management.

**GENERAL STAR NATIONAL INSURANCE COMPANY
PHYSICIAN'S PROFESSIONAL LIABILITY**

ILLINOIS
\$1,000,000/\$3,000,000 LIMITS OF LIABILITY
MATURE CLAIMS MADE BASE PURE PREMIUM

	<u>APAC</u> (a)	<u>ISMIE</u> (b)
(1) Projected Mature Base Pure Premium	23,934	19,938
(2) Territory Off-Balance Factor	0.989	1.020
(3) Class Plan Off-Balance Factor	0.991	0.990
(4) Claims Made Off-Balance Factor	0.990	1.000
(5) Balanced Mature Base Pure Premium	23,220	20,117
(6) Weight	0.13	0.87
(7) Indicated "Standard Risk" Mature Base Pure Premium		20,520
(8) Claim-Free, "Preferred Risk" Relativity		0.900
(9) Indicated "Preferred Risk" Mature Base Pure Premium		18,468

NOTES:

- (1) Exhibit 3, Sheets 2&3.
(2) Exhibit 4.
(3) Exhibit 5.
(4) Exhibit 6.
(5) = (1) x (2) x (3) x (4).
(6) Based on Illinois direct written premium.
(7) = (5a) x (6a) + (5b) x (6b).
(8) Based on industry average as reported to IL DOI.
(9) = (7) x (8).

**GENERAL STAR NATIONAL INSURANCE COMPANY
PHYSICIAN'S PROFESSIONAL LIABILITY**

ILLINOIS
\$1,000,000 LIMITS OF LIABILITY
MATURE CLAIMS MADE BASE PURE PREMIUM

ISMIE MUTUAL INSURANCE COMPANY

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<u>Projected Ultimate Losses (in \$000)</u>							
<u>Report Year</u> <u>Beg 7/01</u>	<u>Mature, Base</u> <u>Equivalent</u> <u>Exposures</u>	<u>Freq/Severity</u> <u>Method</u>	<u>Paid Loss</u> <u>Development</u> <u>Method</u>	<u>Reported</u> <u>Development</u> <u>Method</u>	<u>Average</u>	<u>Actual</u> <u>Pure</u> <u>Premium</u>	<u>Fitted</u> <u>Pure</u> <u>Premium</u>
1991	12,597.0	185,164	184,794	184,618	184,859	14,675	12,184
1992	12,522.0	194,924	194,705	196,397	195,342	15,600	12,889
1993	12,745.5	189,045	188,209	197,645	191,633	15,035	13,593
1994	12,740.7	293,617	291,728	299,172	294,839	23,142	14,298
1995	12,451.2	157,430	158,134	159,611	158,392	12,721	15,002
1996	11,954.3	193,624	196,342	196,628	195,531	16,357	15,707
1997	11,409.0	180,247	179,362	187,101	182,237	15,973	16,411
1998	10,511.0	182,344	184,505	207,716	191,522	18,221	17,116
1999	10,477.5	168,828	167,990	178,462	171,760	16,393	17,820
2000	10,877.5	194,306	180,758	208,036	194,367	17,869	18,525
2001	11,793.5	219,069	203,041	230,727	217,612	18,452	19,229
2002	13,474.0	301,913	276,699	299,132	292,581	21,715	19,934
2003	13,577.0	271,953	291,494	267,456	276,968	20,400	20,638
2004	13,315.3	259,464	203,571	233,955	232,330	17,448	21,343
2005							22,047
2006							22,752
2007							23,456
(9)	Projected ISMIE Territory 1, Class 5 Pure Premium					23,456	
(10)	ISMIE Relativity to FP-NS (80420)					0.850	
(11)	Projected ISMIE Territory 1 FP-NS Pure Premium					19,938	

NOTES:

- (2)-(5) ISMIE Mutual Insurance Company rate filing eff. 7/01/2006.
 (7) = (6) / (2) x 1000.
 (8) Based on line of "best fit" for 1996-2003 actual pure premium.
 (10) ISMIE Mutual Insurance Company rate filing eff. 7/01/2006.
 (11) = (9) x (10).

**GENERAL STAR NATIONAL INSURANCE COMPANY
PHYSICIAN'S PROFESSIONAL LIABILITY**

ILLINOIS
\$1,000,000 LIMITS OF LIABILITY
MATURE CLAIMS MADE BASE PURE PREMIUM

AMERICAN PHYSICIANS ASSURANCE CORPORATION

(1)	(2)	(3)	(4)	(5)	(6)	(7)
Report Year Beg 1/01	Mature, Base Equivalent Exposures	Reported Loss & Expenses	Reported Age-to-Ult Factor	Projected Ultimate Loss & Expenses	Actual Pure Premium	Fitted Pure Premium
1997	182.3	1,408,518	1.000	1,408,518	7,728	17,898
1998	526.9	6,281,708	1.000	6,281,708	11,922	18,502
1999	1,014.4	11,345,489	1.000	11,345,489	11,185	19,105
2000	1,314.9	15,651,530	0.975	15,260,242	11,606	19,709
2001	1,613.9	25,971,577	1.024	26,588,402	16,474	20,312
2002	2,206.8	44,164,733	0.998	44,083,304	19,976	20,916
2003	2,176.1	44,162,609	1.148	50,693,362	23,295	21,520
2004	2,141.1	34,696,752	1.320	45,801,851	21,392	22,123
2005	1,727.8	18,506,196	2.112	39,086,911	22,622	22,727
2006						23,330
2007						23,934
(8)	Projected APAC Territory 1, Base Class Pure Premium				23,934	
(9)	APAC Relativity to FP-NS (80420)				1.00	
(10)	Projected APAC Territory 1, FP-NS Pure Premium				23,934	

NOTES:

- (2)-(4) Based on APAC experience reported to the IL DOI as of 12/31/2005.
 (5) = (3) x (4).
 (6) = (5) / (2).
 (7) Based on line of "best fit" for 2002-2005 actual pure premium.
 (10) = (8) x (9).

**GENERAL STAR NATIONAL INSURANCE COMPANY
PHYSICIAN'S PROFESSIONAL LIABILITY**

**ILLINOIS
TERRITORY OFF-BALANCE FACTORS**

County	Exposure Distribution (1)	General Star		ISMIE		APAC		PLICA	
		Territory (2)	Relativity (3)	Territory (4)	Relativity (5)	Territory (6)	Relativity (7)	Territory (8)	Relativity (9)
Cook	49.65%	1	1.000	1	1.000	1	1.000	1	1.000
Madison	1.21%	1	1.000	1	1.000	1	1.000	1	1.000
Saint Clair	1.59%	1	1.000	1	1.000	1	1.000	1	1.000
Will	2.21%	1	1.000	1	1.000	2	0.820	1	1.000
DuPage	12.74%	2	0.800	2	0.761	3	0.770	2	0.850
Jackson	0.57%	2	0.800	1	1.000	2	0.820	3	0.800
Kane	2.28%	2	0.800	1B	0.857	3	0.770	2	0.850
Lake	6.94%	2	0.800	1A	0.904	3	0.770	2	0.850
McHenry	1.28%	2	0.800	1B	0.857	3	0.770	2	0.850
Vermillion	0.41%	2	0.800	1A	0.904	2	0.820	2	0.850
Champaign	1.64%	3	0.650	2	0.761	4	0.610	3	0.800
Coles	0.29%	3	0.650	2A	0.713	5	0.660	4	0.600
DeKalb	0.35%	3	0.650	2A	0.713	5	0.660	4	0.600
Kankakee	0.56%	3	0.650	2	0.761	5	0.660	4	0.600
LaSalle	0.43%	3	0.650	2A	0.713	5	0.660	4	0.600
Macon	0.87%	3	0.650	2	0.761	4	0.610	3	0.800
Ogle	0.16%	3	0.650	2A	0.713	5	0.660	4	0.600
Randolph	0.10%	3	0.650	2A	0.713	5	0.660	4	0.600
Sangamon	2.65%	3	0.650	2B	0.618	4	0.610	3	0.800
Winnebago	2.49%	3	0.650	1B	0.857	3	0.770	4	0.600
Bond	0.02%	4	0.500	3	0.522	6	0.500	4	0.600
Bureau	0.13%	4	0.500	2A	0.713	6	0.500	4	0.600
Clinton	0.10%	4	0.500	3	0.522	6	0.500	4	0.600
Effingham	0.30%	4	0.500	2A	0.713	6	0.500	4	0.600
Franklin	0.09%	4	0.500	3	0.522	6	0.500	4	0.600
Grundy	0.12%	4	0.500	2B	0.618	6	0.500	4	0.600
Hamilton	0.03%	4	0.500	3	0.522	6	0.500	4	0.600
Jefferson	0.27%	4	0.500	3	0.522	6	0.500	4	0.600
Peoria	2.34%	4	0.500	2C	0.475	6	0.500	4	0.600
Washington	0.02%	4	0.500	3	0.522	6	0.500	4	0.600
Williamson	0.41%	4	0.500	3	0.522	6	0.500	4	0.600
Remainder of State	7.74%	4	0.500	3	0.522	6	0.500	4	0.600
(10) Total/Avg	100.00%		0.860		0.877		0.851		0.889
(11) GSNIC Avg Relativity			0.860		0.860		0.860		0.860
(12) Off-Balance Factor			1.000		1.020		0.989		1.034

NOTES:

- (1) Based on Physician Characteristics and Distribution in the US, (2004 Edition).
(2), (3) Provided by General Star Management.
(4), (5) ISMIE Mutual Insurance Company rate filing eff. 7/01/2006.
(6), (7) American Physicians Assurance Corporation rate filing eff. 4/01/2005.
(8), (9) Professional Liability Insurance Company of America rate filing eff. 9/06/2004.

**GENERAL STAR NATIONAL INSURANCE COMPANY
PHYSICIAN'S PROFESSIONAL LIABILITY**

ILLINOIS
PHYSICIAN CLASS PLAN OFF-BALANCE FACTORS

ISMIE MUTUAL INSURANCE COMPANY

<u>Class</u>	(1) <u>Exposure Distribution</u>	(2) <u>Rate Relativity</u>
1	2.1%	0.498
2	8.2%	0.666
3	7.8%	0.777
4	15.3%	1.000
5	14.7%	1.167
6	5.9%	1.056
7	0.1%	1.279
8	11.8%	1.446
9	7.5%	1.279
10	1.7%	1.669
11	4.6%	1.836
12	0.2%	2.059
13	3.9%	3.063
14	1.0%	3.174
15	1.8%	3.509
16	1.1%	4.066
17	6.8%	4.289
18	3.6%	4.624
19	1.4%	1.557
20	0.6%	7.076
(3)	Total/Average 100.00%	1.679
(4)	GSNIC Average Class Relativity	1.696
(5)	Indicated Class Plan Off-Balance Factor	0.990

NOTES:

- (1) Based on industry exposure distribution.
- (2) Relativity to 80420; ISMIE rate filing eff. 7/01/2006.
- (4) Exhibit 5, Sheet 3.
- (5) = (3) / (4)

**GENERAL STAR NATIONAL INSURANCE COMPANY
PHYSICIAN'S PROFESSIONAL LIABILITY**

ILLINOIS
PHYSICIAN CLASS PLAN OFF-BALANCE FACTORS
AMERICAN PHYSICIANS ASSURANCE CORPORATION

<u>Class</u>	(1) <u>Exposure Distribution</u>	(2) <u>Rate Relativity</u>
0	2.65%	0.596
1	47.62%	1.166
2	8.12%	1.384
3	1.11%	0.955
4	7.13%	1.311
5	6.67%	1.123
6	4.26%	1.451
7	6.20%	1.841
8	7.39%	2.962
9	8.85%	4.785
(3)	Total/Average 100.00%	1.681
(4)	GSNIC Average Class Relativity	1.696
(5)	Indicated Class Plan Off-Balance Factor	0.991

NOTES:

- (1) Based on industry exposure distribution.
- (2) Reflects APAC average rate relativity to 80420 grouped into GSNIC classes.
- (4) Exhibit 5, Sheet 3.
- (5) = (3) / (4)

**GENERAL STAR NATIONAL INSURANCE COMPANY
PHYSICIAN'S PROFESSIONAL LIABILITY**

ILLINOIS
PHYSICIAN CLASS PLAN OFF-BALANCE FACTORS

GENERAL STAR NATIONAL INSURANCE COMPANY

<u>Class</u>	(1) <u>Exposure Distribution</u>	(2) <u>Rate Relativity</u>
0	8.40%	0.600
1	9.80%	0.800
2	32.39%	1.000
3	13.60%	1.200
4	2.83%	1.500
5	15.07%	1.750
6	0.15%	2.500
7	9.51%	3.500
8	6.98%	5.000
9	1.26%	7.000
(3) Total/Average	100.00%	1.696

NOTES:

- (1) Based on industry exposure distribution.
- (2) Provided by General Star Management.

**GENERAL STAR NATIONAL INSURANCE COMPANY
PHYSICIAN'S PROFESSIONAL LIABILITY**

**ILLINOIS
CLAIMS MADE OFF-BALANCE FACTORS**

	(1) Exposure <u>Distribution</u>	(2) <u>GSNIC</u>	(3) <u>ISMIE</u>	(4) <u>APAC</u>	(5) <u>PLICA</u>
1	5.6%	0.250	0.250	0.250	1.000
2	5.5%	0.500	0.500	0.400	1.000
3	6.0%	0.750	0.780	0.750	1.000
4	5.9%	0.900	0.925	0.900	1.000
5	5.0%	1.000	0.950	0.950	1.000
6	4.5%	1.000	0.975	0.980	1.000
7	67.4%	1.000	1.000	1.000	1.000
(6) Total/Avg	100.0%	0.909	0.909	0.900	1.000
(7) Claims Made Off-Balance Factor			1.000	0.990	1.100

NOTES:

- (1) ISMIE Mutual Insurance Company rate filing eff. 7/01/2006.
(2) Provided by General Star Management.
(3) ISMIE Mutual Insurance Company rate filing eff. 7/01/2006.
(4) American Physicians Assurance Corporation rate filing eff. 4/01/2005.
(5) Professional Liability Insurance Company of America rate filing eff. 9/06/2004.
(6) = SUMPRODUCT [Col. 1, Col. X]
(7) = Avg (Col. X) / Avg. (Col. 2)

**GENERAL STAR NATIONAL INSURANCE COMPANY
PHYSICIAN'S PROFESSIONAL LIABILITY**

**ILLINOIS
LIMIT ADJUSTMENT FACTOR COMPARISON**

Limit/Class	(1) ISMIE MUTUAL			(2) APAC			(3) PLICA	(4) GSNIC
	1 - 11 & 19	12 - 13	14 - 18	20	ED, Radiology	Select Specialties		
100/300					0.480	0.480	0.460	0.470
250/750					0.665	0.665	0.640	0.620
500/1,500	0.785	0.780	0.780	0.780	0.790	0.790	0.820	0.770
1,000/1,000					0.980	0.980		0.920
1,000/3,000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2,000/4,000	1.345	1.395	1.472	1.515	1.418	1.460		

NOTES:

- (1) ISMIE Mutual Insurance Company rate filing eff. 7/01/2006.
- (2) American Physicians Assurance Corporation rate filing eff. 1/01/2005.
- (3) Professional Liability Insurance Company of America rate filing eff. 9/06/2004.
- (4) Provided by General Star Management.

**GENERAL STAR NATIONAL INSURANCE COMPANY
PHYSICIAN'S PROFESSIONAL LIABILITY**

**ILLINOIS
CLAIMS MADE RATING FACTOR COMPARISON**

CLAIMS MADE RATE FACTORS

	(1)	(1)	(2)	(3)	(4)
<u>Step</u>	<u>GSNIC OB/Gyn, Peds</u>	<u>GSNIC All Other</u>	<u>ISMIE</u>	<u>APAC</u>	<u>PLICA</u>
1	0.250	0.250	0.250	0.250	1.000
2	0.500	0.500	0.500	0.400	1.000
3	0.750	0.750	0.780	0.750	1.000
4	0.900	0.900	0.925	0.900	1.000
5	1.000	1.000	0.950	0.950	1.000
6	1.000	1.000	0.975	0.980	1.000
7	1.000	1.000	1.000	1.000	1.000

EXTENDED REPORTING PERIOD*

	(1)	(1)	(2)	(3)	(4)
<u>Expiring Step</u>	<u>GSNIC OB/Gyn, Peds</u>	<u>GSNIC All Other</u>	<u>ISMIE</u>	<u>APAC</u>	<u>PLICA</u>
1	1.350	1.000	0.827	1.000	1.350
2	2.050	1.200	1.577	1.552	2.050
3	2.350	1.500	1.873	1.800	2.350
4	2.500	1.880	2.015	1.899	2.500
5	2.600	2.000	2.086	1.948	2.600
6	2.600	2.000	2.128	1.970	2.600
7+	2.600	2.000	2.180	1.970	2.600

* Applicable to mature claims made rates; provides unlimited reporting endorsement.

NOTES:

- (1) Provided by General Star Management.
- (2) ISMIE Mutual Insurance Company rate filing eff. 7/01/2006.
- (3) American Physicians Assurance Corporation rate filing eff. 4/01/2005.
- (4) Professional Liability Insurance Company of America rate filing eff. 9/06/2004.

**GENERAL STAR NATIONAL INSURANCE COMPANY
PHYSICIAN'S PROFESSIONAL LIABILITY**

ILLINOIS
MATURE CLAIMS MADE MANUAL BASE RATES
\$1,000,000/\$3,000,000 LIMITS OF LIABILITY

Class	TERRITORY			
	1	2	3	4
0	20,215	16,172	13,139	10,107
1	26,953	21,562	17,519	13,476
2	33,691	26,953	21,899	16,846
3	40,429	32,343	26,279	20,215
4	50,537	40,429	32,849	25,268
5	58,959	47,167	38,324	29,480
6	84,228	67,382	54,748	42,114
7	117,919	94,335	76,647	58,959
8	168,455	134,764	109,496	84,228
9	235,837	188,670	153,294	117,919

<u>Territory</u>	<u>Description</u>
1	Cook, Madison, St. Clair & Will Counties
2	DuPage, Jackson, Kane, Lake, McHenry & Vermillion Counties
3	Champaign, Coles, DeKalb, Kankakee, LaSalle, Macon, Ogle, Randolph, Sangamon & Winnebago Counties
4	Remainder of State

**GENERAL STAR NATIONAL INSURANCE COMPANY
PHYSICIAN'S PROFESSIONAL LIABILITY**

**ILLINOIS
PHYSICIANS CLASSIFICATION PLAN**

<u>SPECIALTY DESCRIPTION</u>	<u>CLASS</u>
Acupuncture - Minor Surgery	3
Aerospace Medicine - No Surgery	0
Aesthetic Medicine - Minor Invasive Surgery	4
Allergy - No Surgery	0
Anesthesiology - Major Surgery	3
Anesthesiology Critical Care Medicine - Major Surgery	5
Anesthesiology Pain Medicine - Major Surgery	4
Cardiovascular Disease - Minor Invasive Surgery	5
Cardiovascular Disease - No Surgery	3
Colon & Rectal Surgery - Major Surgery	6
Dermatology - Major Surgery	3
Dermatology - Minor Invasive Surgery	1
Dermatology - No Surgery	0
Endocrinology - Minor Invasive Surgery	2
Endocrinology - No Surgery	1
Family/General Practice - No Obstetrics - Minor Invasive Surgery	4
Family/General Practice - No Obstetrics - No Surgery	2
Forensic Pathology - No Surgery	0
Gastroenterology - Minor Invasive Surgery	3
Gastroenterology - No Surgery	3
General Preventive Medicine - No Surgery	0
General Surgery - excluding laparoscopy - Major Surgery	7
General Surgery - including laparoscopy - Major Surgery	7
Geriatrics - Minor Invasive Surgery	2
Geriatrics - No Surgery	1
Gynecology - Minor Invasive Surgery	4
Gynecology - No Surgery	3
Gynecology Surgery - excluding laparoscopy - Major Surgery	7
Gynecology Surgery - including laparoscopy - Major Surgery	7
Hand Surgery - Major Surgery	7
Hematology - Minor Invasive Surgery	2
Hematology - No Surgery	2
Infectious Disease - Minor Invasive Surgery	3
Infectious Disease - No Surgery	3
Intensive Care Medicine	4
Internal Medicine - Minor Invasive Surgery	5
Internal Medicine - No Surgery	2
Neoplastic Medicine/Oncology - Minor Invasive Surgery	2
Neoplastic Medicine/Oncology - No Surgery	2
Nephrology - Minor Invasive Surgery	3
Nephrology - No Surgery	2
Neurology - Minor Invasive Surgery	4
Neurology - No Surgery	4
Neurosurgery - Major Surgery	9
Nuclear Medicine - No Surgery	2
Obstetrics/Gynecology - Major Surgery	8
Occupational/Industrial Medicine - No Surgery	0
Ophthalmology - No Surgery	1
Ophthalmology - Surgery	3
Orthopedic Surgery - excluding back surgery - Major Surgery	7
Orthopedic Surgery - including back surgery - Major Surgery	8
Otolaryngology/Head and Neck Surgery - excluding cosmetic - Major Surgery	5
Otolaryngology/Head and Neck Surgery - including cosmetic - Major Surgery	7
Otology/Neurotology - Major Surgery	5
Otology/Neurotology - No Surgery	1
Otorhinolaryngology - No Surgery	0
Pathology - No Surgery	2
Pediatrics - Major Surgery	7
- Pediatrics - Minor Surgery -	1
Pediatrics - No Surgery	1
Physical Medicine and Rehabilitation - No Surgery	2
Physicians (N.O.C.) - Major Surgery	7
Physicians (N.O.C.) - Minor Invasive Surgery	4
Physicians (N.O.C.) - No Surgery	2
Plastic / Reconstructive Surgery - excluding cosmetic elective - Major Surgery	7
Plastic / Reconstructive Surgery - including cosmetic elective - Major Surgery	8
Psychiatry - No Surgery	0
Pulmonary Medicine - No Surgery	3
Pulmonary Medicine - Minor Surgery	4
Radiation Therapy - Major Surgery	6
Radiology (Diagnostic) - Major Surgery Class	5
Rheumatology - No Surgery	1
Thoracic and Cardiovascular Surgery - Major Surgery	8
Urgent Care Medicine	2
Urology - No Surgery	1
Urology - Excluding therapeutic implants - Major Surgery	5
Urology - Including therapeutic implants - Major Surgery	6
Urology - Minor Invasive Surgery	3
Vascular Surgery - Major Surgery	8