Professional Liability Insurance Company of America
NAIC 12513
FEIN 13-5667145

Exhibit 2B Reserve Study

1. Provide a general description of the actuarial methodologies used to determine and monitor carried loss and loss adjustment expense reserves for the medical malpractice business written, including frequency of reviews.

   Our loss and loss adjustment expense reserves are reviewed annually by an independent firm, Milliman, Inc., using data evaluated as of December 31. Our independent actuaries apply traditional loss development methods, Bornhuetter-Ferguson methods and Cape Cod methods separately by line of business to case incurred and paid loss and ALAE data. Loss and ALAE data was separately reviewed both gross and net of reinsurance.

2. Discuss the adequacy of medical malpractice loss and loss adjustment expense reserves as of the most recent year-end and identify and describe any material changes in the past five years in amounts of carried reserves and in reserving methods. If a material unfavorable trend exists, indicate what actions were taken to address the issue. Identify the materiality standard used to respond to this question and provide the basis for this standard.

   Our claims audit committee reviews loss and loss adjustment expense reserves periodically and we receive each year a review of all loss and loss adjustment expense reserves as of December 31 of the respective year from our independent actuarial consultant, Milliman, Inc. We began writing medical malpractice business in June 2004 and have consistently increased our loss reserves each year as the volume of our business has grown and the number of claims has increased.

3. Compare company trends to industry trends, with regards to the medical malpractice line of business and include information about the specific business written by the company and, if necessary, reasons why company trends are different from industry.

   The Company's business increased each year from 2004-2006 since we began writing medical malpractice claims-made coverage in 2004. The Illinois market softened considerably in 2007 and 2008 as our principal competitors reduced rates and new companies entered Illinois with the consequent effect on PLICA Illinois number of insureds and premium volume. On an annualized basis, the percentage of business written grew 35.7% in 2005 and

33.7% in 2006, and declined 30.8% in 2007 and 23.9% in 2008. To-date, PLICA emerged losses fall within industry-based expectations.

Exhibit 2B Surplus Study

1. Provide a general discussion regarding the adequacy of surplus reported on the Annual Statement, page 3 (Liabilities, Surplus and Other Funds), line 35, Surplus as regards policyholders, as of the last year-end.

   Surplus as Regards Policyholders declined 29.1% in 2008 from $22,351,533 to $15,847,789. We believe Surplus as Regards Policyholders as of December 31, 2008 is more than adequate to satisfy policyholder reserves.
   Total Adjusted Capital is 3.12 times higher than our Authorized Control Level Risk-Based Capital.
   Our Net Premium Written to Surplus ratio is 1.04.

2. Identify and describe any material events or known material trends, favorable or unfavorable, in the insurer's surplus account in the past five years. This description should include any significant changes in the surplus ratios shown on Exhibit A. If a material unfavorable trend exists, indicate the courses of remedial actions already taken or that are available to the insurer and the effects of each. Identify the materiality standard used to respond to this item and provide the basis for this standard.

   There have been no material events in our surplus account in the past five years.

The Consulting Actuarial Report and Data Supporting the Company's Rate Filing shall be included in File 4, as referenced in Appendix B. Each company shall file the actuarial report providing justification and data supporting the most recent medical malpractice rate filing.

See following attachment.

PROFESSIONAL LIABILITY INSURANCE COMPANY OF AMERICA

ILLINOIS PHYSICIANS' RATES EFFECTIVE JULY 1, 2007

Prepared by:

Jason L. Russ, FCAS
Joel A. Vaag, FCAS

July 5, 2007

MILLIMAN

A MILLIMAN GLOBAL FIRM

Milliman
Consultants and Actuaries

One Pennsylvania Plaza, 38th Floor
New York, NY 10119
Tel +1 646 473.3000
Fax +1 646 473.3499
www.milliman.com

July 5, 2007

Mr. Howard Nathans
President
Professional Liability Insurance Co. of America
148 Three Ponds Lane
Malvern, PA 19355

Re: Illinois Physicians' Rates – Effective July 1, 2007

Dear Mr. Nathans:

This report has been prepared in support of Professional Liability Insurance Company of America's ("PLICA") proposed rate level changes to be effective July 1, 2007 for claims-made physicians' professional liability ("PPL") coverage in Illinois.

We have calculated Illinois PPL rates that are based on information contained in the most recent ISMIE Mutual Insurance Company ("ISMIE") PPL rate filing available[1], tailored to be more applicable to Illinois physician business written by PLICA (as described below in the "Overall Rate Level" section of this memo).

The selected base rate of $37,017, which is developed in Exhibit 2, is **9.7%** less than the current PLICA base rate of $41,000.

PLICA is also proposing to change class definitions and relativities as well as territory relativities. The proposed class relativities are generally the same as those currently used by ISMIE, except as noted in the "Class Relativities" section, below; these proposed class relativities are shown in Appendix A. The proposed territory relativities are shown in Exhibit 3, and are based on a comparison to territory relativities used by peer companies. Our estimate of the overall rate effect of enacting the proposed class and territory relativity changes is an **11.3%** rate reduction, as shown on Exhibit 1. The current and proposed PLICA average class and territory pure premium relativities were calculated using individual doctor policy detail provided by PLICA.

The combined rate effect of the base rate change and the change to the class and territory relativities is a **19.9%** rate reduction, which is also displayed on Exhibit 1.

[1] The effective date of this ISMIE filing is July 1, 2006.

OVERALL RATE LEVEL

Due to the limited volume of PLICA Illinois loss[2] experience to-date, we have reviewed the ISMIE PPL rate filing referenced above in order to evaluate the overall adequacy of PLICA's proposed rate changes. ISMIE is currently the largest writer of PPL coverage in Illinois; PLICA believes the ISMIE rate filing provides a reasonable source of information for use in estimating Illinois expected loss experience for PLICA as the filing presents a full actuarial analysis of a credible set of data.

The selected base rate was developed in Exhibit 2 and is based on the Family Physician – No Surgery (ISO code 80420) pure premium excluding charges for death, disability and retirement ("DDR") coverage from the ISMIE rate filing cited above.

Internal Expenses

The base rate displayed in Exhibit 2 includes a loading for internal expenses (and profit). PLICA has informed us that 34% is its current target for internal expenses, which include the following items:

- Commissions
- General expenses
- Other acquisition expenses
- Taxes, licenses and fees.

We understand that actual PLICA expense ratios to-date have been higher than the 34% expense load target, mainly due to the incorporation of start-up costs into the expense totals.

Rates are targeted to a 100% combined ratio on an undiscounted basis. Appendix B shows that, if credit is given for investment income on funds held as reserves, the provision for profit and contingencies equals 9.9% on a discounted basis. This calculation assumes that the ISMIE incremental payout pattern is appropriate for use in paying out future PLICA losses. The calculation also uses a 4.0% rate of interest assumption, as provided by PLICA. We are not expressing an opinion on the appropriateness of this interest rate assumption.

[2] In this report, the term "loss" refers to both loss amounts and allocated loss adjustment expenses, or ALAE, net of salvage and subrogation recoveries.

We assumed 4.0% of losses to be PLICA's expected charge for death, disability and retirement ("DDR") coverage, based on information found in peer company rate filings and judgment.

We assumed 4.1% of losses to be the PLICA's expected charge for unallocated loss adjustment expense ("ULAE"), based on aggregated medical professional liability industry statistics.

Further Adjustments to ISMIE Base Class Pure Premium Amount

The base rate displayed in Exhibit 2 also includes the following adjustments:

- Additional Trend
- Expected Average Overall Credit (Debit)

Additional Trend

The effective date for the rates displayed in the ISMIE filing we reviewed was July 1, 2006. We understand that PLICA will file for rates in Illinois with an effective date of July 1, 2007. Thus, it is appropriate to trend the indicated rates an additional year at our selected physicians' trend rate of 6.0%.

The 6.0% trend rate was selected based on trend rates used in Illinois by peer companies as well as a Milliman analysis of Illinois pure premiums using closed claim data.

Expected Average Overall Credit (Debit)

Physicians' rates vary due to a variety of discounts (e.g., new doctor discount, claim-free discount), which can have a significant effect on total premium. The proposed base rate for Illinois physicians assumes an overall average credit of 11.7%. The overall average credit was calculated using individual doctor policy detail provided by PLICA.

CLASS RELATIVITIES

PLICA's proposed class definitions and relativities are different from those currently approved for use in Illinois. The revised PLICA class definitions and relativities are primarily the same as those currently in use by ISMIE; PLICA believes the ISMIE class definitions and relativities provide a reasonable source of information for use in estimating Illinois expected loss experience for PLICA. The major exception to this practice occurs for the surgery-obstetrics-gynecology specialty where the charged rate is

dependent on the number of births. This is similar to the rating procedure currently in use by American Physicians Assurance Corporation ("APAC") in Illinois. Information from the APAC filing we reviewed[3] was also used to derive the rates displayed for dentists and healthcare facilities.

The proposed rates and class relativities are included in Appendix A. The rates shown are for mature claims-made policies with $1,000,000/$3,000,000 limits of coverage.

TERRITORIES

The proposed territory relativities shown in Exhibit 3 are based on a comparison of territory relativities used by several peer companies. The proposed territory relativities are different from the current PLICA territory relativities, but are similar to the average relativities used by the peer companies whose rate filings we reviewed.

DECREASED LIMITS FACTORS

The proposed decreased limits factors shown in Exhibit 5 are based on a comparison of decreased limits factors used by several peer companies in Illinois. The proposed decreased limits factors are the same as the current PLICA decreased limits factors, except that two additional per claim limit/aggregate limit combinations ($750,000/$2,250,000 and $1,000,000/$1,000,000) are included in the proposed factors that were not included in the current factors.

CLAIMS-MADE MATURITY FACTORS

The proposed claims-made maturity factors shown in Exhibit 6 are based on a comparison of claims-made maturity factors used by several peer companies in Illinois. The proposed claims-made maturity factors are different from the current PLICA claims-made maturity factors[4], but are similar to the average factors used by the peer companies whose rate filings we reviewed.

[3] The effective date of this APAC filing is January 1, 2006.
[4] We have been informed by PLICA that a 1.0 claims-made maturity factor is applied in the current rating of each claims-made policy issued by PLICA.

REPORTING PERIOD EXTENSION FACTORS

The proposed reporting period extension factors shown in Exhibit 7 are based on a comparison of reporting period extension factors used by several peer companies in Illinois. The proposed reporting period extension factors are different from the current PLICA reporting period extension factors[5], but are similar to the average factors used by the peer companies whose rate filings we reviewed.

OTHER FACTORS

We made no adjustments to the indicated rates for differences related to investment return or reinsurance pricing in the PLICA and ISMIE books of business.

LIMITATIONS

Data

In performing this analysis, we relied on data and other information provided by PLICA as well as data from publicly available sources. In particular, we relied on rating information from various publicly available rate filings. We do not express an opinion about the methodologies used in those filings, nor do we express an opinion as to the reasonableness of the results. We have not audited or verified this data and other information. If the underlying data or information is inaccurate or incomplete, the results of our analysis may likewise be inaccurate or incomplete.

We performed a limited review of the data used directly in our analysis for reasonableness and consistency and have not found material defects in the data. If there are material defects in the data, it is possible that they would be uncovered by a detailed, systematic review and comparison of the data to search for data values that are questionable or for relationships that are materially inconsistent. Such a review was beyond the scope of our assignment.

In performing this evaluation, we have assumed that PLICA (a) used its best efforts to supply accurate and complete data and (b) did not knowingly provide any inaccurate data.

Some of the information provided is based on rate filings of Milliman clients. In

[5] The proposed reporting period extension factors are different from the current factors for several reasons including (1) the proposed factors are to be applied to expiring annual premium and the current factors are applied to mature claims-made premium, and (2) the current reporting period extension factors include a 50% load for adverse selection that is not explicitly incorporated into the current factors.

developing loss costs for PLICA, we relied exclusively on the information that was contained in publicly available rate filings and statutory annual statements. This approach is identical to that taken in other states where we have relied on other competitors that are not clients of Milliman. While we do not believe our reliance on the publicly available information is a conflict, we do believe it warrants disclosure.

Variability

Actuarial estimates are subject to uncertainty from various sources, including changes in claim reporting patterns, claim settlement patterns, judicial decisions, legislation, economic conditions, etc. In evaluating whether the proposed rates make a reasonable provision for future loss and loss adjustment expenses, it is necessary to project future loss and loss adjustment expense payments. It is certain that actual future loss and loss adjustment expenses will not develop exactly as projected and may, in fact, significantly vary from the projections. Further, the projections make no provision for future emergence of new classes of losses or types of losses not sufficiently represented in the historical database, or which are not yet quantifiable.

It is not possible to guarantee the financial success of PLICA's PPL program based on the use of the rates presented by Milliman. The selection of insureds to be written under the program is the responsibility of the company, and is critical to the success of the program. Responsibility for the profitability of the program ultimately rests with PLICA.

Using pure premium amounts derived by ISMIE to derive the rates displayed in this report implicitly assumes that the ISMIE pure premium amounts are adequate for Illinois risks written by PLICA. This assumption may ultimately turn out to be false.

Distribution

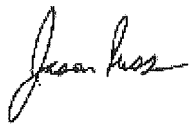
This report was prepared for the use of and only to be relied upon by the management of PLICA. No portion of the report may be provided to any other party without Milliman's prior written consent. In the event such consent is provided, the report must be provided in its entirety. We recommend that any such party have their own actuary review this report to ensure that the party understands the assumptions and uncertainties inherent in our estimates. This report may not be filed with the SEC or other securities regulatory bodies.

This report is prepared in support of PLICA's efforts to be approved for the rating changes indicated above for its Illinois claims-made PPL insurance book of business. We consent to the release of this report to the Illinois insurance department.

* * * *

We appreciate this opportunity to perform consulting actuarial services for PLICA.

Very truly yours,



Jason L. Russ, FCAS, MAAA

Joel A. Vaag, FCAS, MAAA

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Exhibit 1

PROFESSIONAL LIABILITY INSURANCE COMPANY OF AMERICA
ILLINOIS PHYSICIANS AND SURGEONS PROFESSIONAL LIABILITY
OVERALL RATE CHANGE SUMMARY

(1)	Base Rate Change	-9.7%
(2)	PLICA Current Average Class, Territory Pure Premium Relativity	1.472
(3)	PLICA Proposed Average Class, Territory Pure Premium Relativity	1.306
(4)	Rate Change Due to Class, Territory Changes	-11.3%
(5)	Overall Rate Change	-19.9%

Notes:
(1) = Exhibit 2, Row 12.
(2),(3) Based on individual doctor detail provided by PLICA.
(4) = [(3)/(2)] - 1.0
(5) = {[1.0 + (1)] x [1.0 + (4)]} - 1.0

PROFESSIONAL LIABILITY INSURANCE COMPANY OF AMERICA
ILLINOIS PHYSICIANS AND SURGEONS PROFESSIONAL LIABILITY
DERIVATION OF ISMIE-BASED MATURE CLAIMS-MADE LOSS & ALAE PURE PREMIUM

COVERAGE FOR $1,000,000 / $3,000,000 LIMITS
FAMILY PRACTICE - NO SURGERY
BASE TERRITORY

(1)	ISMIE Selected 2006 Report Year Undiscounted Loss & ALAE Family Practice - No Surgery, Base Territory Pure Premium Excluding DDR	18,814
(2)	PLICA ULAE Load at $1,000,000 / $3,000,000 Limits	0.041
(3)	PLICA DDR Load	0.040
(4)	PLICA Selected 2006 Report Year Undiscounted Loss & LAE Family Practice - No Surgery, Base Territory Pure Premium Including DDR	20,360
(5)	PLICA Target Combined Ratio	
	(a) Target Combined Ratio	1.000
	(b) Target Expense Ratio	
	Commissions	0.110
	Taxes, Licenses & Fees	0.030
	Other Acquisition	0.090
	General Expenses	0.110
	Total	0.340
	(c) Loss & LAE Ratio Including DDR [= (a) - (b)]	0.660
(6)	PLICA Selected Family Practice - No Surgery, Base Territory Collected Rate, Effective July 1, 2006 [=(4)/(5c)]	30,849
(7)	PLICA Prospective Overall Average Credit	0.117
(8)	PLICA Selected Family Practice - No Surgery, Base Territory Manual Rate, Effective July 1, 2006 {=(6) / [1.0 - (7)]}	34,922
(9)	Trend Factor to 7/1/2007 Effective Date at 6.0% Annual Trend	1.060
(10)	PLICA Selected Family Practice - No Surgery, Base Territory Manual Rate, Effective July 1, 2007 [=(8) x (9)]	37,017
(11)	PLICA Current Family Practice - No Surgery, Base Territory Manual Rate	41,000
(12)	Indicated Rate Change {=[(10) / (11)] - 1.0}	(0.097)

Notes:
(1) Source: ISMIE 7/1/2006 rate filing, Appendix E, Exhibit A x (0.857 class relativity factor to adjust pure premium from ISMIE Class 5 to an ISMIE Class 4).
(2) Based on aggregated medical professional liability industry statistics.
(3),(5a),(11) - Source: PLICA.
(4) = (1) x [1.0 + (2)] x [1.0 + (3)]
(5b) - See Exhibit 4.
(7) Based on individual doctor detail provided by PLICA.
(9) Selected by Milliman based on trend rates used in Illinois by peer companies.

PROFESSIONAL LIABILITY INSURANCE COMPANY OF AMERICA
ILLINOIS PHYSICIANS AND SURGEONS PROFESSIONAL LIABILITY
SELECTION OF TERRITORY RELATIVITY FACTORS

							Current		**Proposed**	
County	APAC	ISMIE	MedPro	Prof Soln	ProNatl	Average	Selected	Territory	**Selected**	**Territory**
Cook	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1	**1.00**	**1**
Madison	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1	**1.00**	**1**
St. Clair	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1	**1.00**	**1**
DuPage	0.77	0.78	0.75	0.74	0.85	0.78	0.85	2	**0.85**	**2**
Jackson	0.82	1.00	1.00	0.65	0.90	0.87	0.80	3	**0.85**	**2**
Kane	0.77	0.87	0.85	0.74	0.85	0.82	0.85	2	**0.85**	**2**
Lake	0.77	0.91	0.90	0.74	0.85	0.83	0.85	2	**0.85**	**2**
McHenry	0.77	0.87	0.85	0.74	0.85	0.82	0.85	2	**0.85**	**2**
Vermillion	0.82	0.91	0.90	0.65	0.90	0.84	0.85	2	**0.85**	**2**
Will	0.82	1.00	1.00	0.74	1.00	0.91	1.00	1	**0.85**	**2**
Champaign	0.61	0.73	0.70	0.65	0.70	0.68	0.80	3	**0.67**	**3**
Coles	0.66	0.73	0.70	0.48	0.56	0.63	0.60	4	**0.67**	**3**
DeKalb	0.66	0.73	0.70	0.65	0.70	0.69	0.60	4	**0.67**	**3**
Effingham	0.50	0.73	0.70	0.48	0.70	0.62	0.60	4	**0.67**	**3**
Kankakee	0.66	0.78	0.75	0.65	0.70	0.71	0.60	4	**0.67**	**3**
LaSalle	0.66	0.73	0.70	0.65	0.56	0.66	0.60	4	**0.67**	**3**
Macon	0.61	0.78	0.75	0.65	0.70	0.70	0.80	3	**0.67**	**3**
Sangamon	0.61	0.64	0.60	0.65	0.85	0.67	0.80	3	**0.67**	**3**
Winnebago	0.77	0.87	0.85	0.65	0.56	0.74	0.60	4	**0.67**	**3**
Bond	0.50	0.55	0.50	0.48	0.70	0.55	0.60	4	**0.55**	**4**
Clinton	0.50	0.55	0.50	0.48	0.70	0.55	0.60	4	**0.55**	**4**
Franklin	0.50	0.55	0.50	0.48	0.70	0.55	0.60	4	**0.55**	**4**
Grundy	0.50	0.64	0.60	0.48	0.56	0.56	0.60	4	**0.55**	**4**
Hamilton	0.50	0.55	0.50	0.48	0.70	0.55	0.60	4	**0.55**	**4**
Jefferson	0.50	0.55	0.50	0.48	0.70	0.55	0.60	4	**0.55**	**4**
Peoria	0.50	0.51	0.45	0.48	0.56	0.50	0.60	4	**0.55**	**4**
Washington	0.50	0.55	0.50	0.48	0.70	0.55	0.60	4	**0.55**	**4**
Williamson	0.50	0.55	0.50	0.48	0.70	0.55	0.60	4	**0.55**	**4**
Rest of State	0.50	0.55	0.50	0.48	0.56	0.52	0.60	4	**0.55**	**4**

Selected:

Territory	Counties	Proposed Relativity
1	Cook, Madison, St. Clair	1.00
2	DuPage, Jackson, Kane, Lake, McHenry, Vermillion, Will	0.85
3	Champaign, Coles, DeKalb, Effingham, Kenkakee, LaSalle, Macon, Sangamon, Winnebago	0.67
4	Rest of State	0.55

Notes:
APAC - From American Physicians Assurance Corporation 1/1/2006 effective date filing.
ISMIE - From Illinois State Medical Inter-Insurance Exchange 7/1/2006 effective date filing.
MedPro - From Medical Protective Company 1/1/2007 effective date filing.
Prof Soln - From Professional Solutions Insurance Company 7/1/2006 effective date filing.
ProNatl - From ProNational Insurance Company 1/1/2007 effective date filing.

Exhibit 4

PROFESSIONAL LIABILITY INSURANCE COMPANY OF AMERICA

ILLINOIS PHYSICIANS AND SURGEONS PROFESSIONAL LIABILITY

SELECTION OF EXPENSE LOAD COMPONENTS

Selected Expense Load	(1) PLICA 2006 ACTUAL EXPENSE RATIO	(2) INDUSTRY AVERAGE EXPENSE RATIO	(3) SELECTED EXPENSE LOAD
Commissions	0.110	0.051	0.110
Taxes, Licenses & Fees	0.030	0.024	0.030
Other Acquisition Expenses	0.147	0.032	0.090
General Expenses	0.151	0.071	0.110
Total	0.438	0.177	0.340

Notes:

(1) Source: PLICA 2006 IEE.

(2) Based on aggregated medical professional liability industry statistics.

(3) Judgmentally selected based on (1) and (2).

Exhibit 5

PROFESSIONAL LIABILITY INSURANCE COMPANY OF AMERICA
ILLINOIS PHYSICIANS, SURGEONS, AND DENTISTS PROFESSIONAL LIABILITY
SELECTION OF DECREASED LIMITS FACTORS*

Per Claim Limit/ Aggregate Limit	APAC	ISMIE	MedPro	Prof Soln	ProNatl	Average	PLICA Current	PLICA Proposed
$ 100,000/$ 300,000	0.480	N/A	0.386	0.400	N/A	0.422	0.460	0.460
$ 200,000/$ 600,000	0.620	N/A	0.525	0.550	N/A	0.565	0.590	0.590
$ 250,000/$ 750,000	0.665	N/A	N/A	0.600	0.630	0.632	0.640	0.640
$ 300,000/$ 900,000	0.700	N/A	N/A	N/A	N/A	0.700	0.690	0.690
$ 500,000/$1,500,000	0.790	0.744	0.776	0.750	0.818	0.776	0.820	0.820
$ 750,000/$2,250,000	0.920	N/A	N/A	N/A	N/A	0.920	N/A	0.920
$1,000,000/$1,000,000	0.980	N/A	0.961	N/A	N/A	0.971	N/A	0.980
$1,000,000/$3,000,000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000

Notes:
*Decreased limits factors are to be applied to full primary-limits premium not including any credit applied for a deductible.
APAC - From American Physicians Assurance Corporation 1/1/2006 effective date filing.
ISMIE - From Illinois State Medical Inter-Insurance Exchange 7/1/2006 effective date filing.
MedPro - From Medical Protective Company 1/1/2007 effective date filing.
Prof Soln - From Professional Solutions Insurance Company 7/1/2006 effective date filing.
ProNatl - From ProNational Insurance Company 1/1/2007 effective date filing.

Exhibit 6

PROFESSIONAL LIABILITY INSURANCE COMPANY OF AMERICA
ILLINOIS PHYSICIANS, SURGEONS, AND DENTISTS PROFESSIONAL LIABILITY
SELECTION OF CLAIMS-MADE MATURITY FACTORS*

Claims-Made Year	APAC	ISMIE	MedPro	Prof Soln	ProNatl	Avg. Excl. Low/High	PLICA Proposed
First Year	0.250	0.250	0.275	0.350	0.347	0.291	0.250
Second Year	0.400	0.500	0.475	0.660	0.627	0.534	0.500
Third Year	0.750	0.780	0.750	0.900	0.813	0.781	0.780
Fourth Year	0.900	0.925	0.900	0.980	0.907	0.911	0.925
Mature	1.000	1.000	1.000	1.000	1.000	1.000	1.000

Notes:
*Claims-made maturity factors are to be applied to mature basic limits rates.
APAC - From American Physicians Assurance Corporation 1/1/2006 effective date filing.
ISMIE - From Illinois State Medical Inter-Insurance Exchange 7/1/2006 effective date filing.
MedPro - From Medical Protective Company 1/1/2007 effective date filing.
Prof Soln - From Professional Solutions Insurance Company 7/1/2006 effective date filing.
ProNatl - From ProNational Insurance Company 1/1/2007 effective date filing.

Exhibit 7

PROFESSIONAL LIABILITY INSURANCE COMPANY OF AMERICA
ILLINOIS PHYSICIANS, SURGEONS, AND DENTISTS PROFESSIONAL LIABILITY
SELECTION OF REPORTING PERIOD EXTENSION FACTORS*

Number of Years Completed in Claims-Made Program	APAC	ISMIE	MedPro	Prof Soln	ProNatl	Average	PLICA Proposed
First Year	3.998	3.306	3.598	3.678	3.758	3.668	3.670
Second Year	3.104	3.153	3.000	2.860	3.400	3.103	3.110
Third Year	2.308	2.401	2.180	2.180	2.564	2.326	2.330
Fourth Year	2.053	2.196	1.968	2.022	2.595	2.167	2.170
Mature	1.970	2.180	1.820	1.870	2.400	2.048	2.050

Notes:
*Reporting period extension factors are to be applied to the expiring annual premium. Peer company reporting period extension factors were calculated using information from the peer company rate filings and the PLICA selected claims-made maturity factors.
APAC - From American Physicians Assurance Corporation 1/1/2006 effective date filing.
ISMIE - From Illinois State Medical Inter-Insurance Exchange 7/1/2005 effective date filing.
MedPro - From Medical Protective Company 1/1/2007 effective date filing.
Prof Soln - From Professional Solutions Insurance Company 7/1/2006 effective date filing.
ProNatl - From ProNational Insurance Company 1/1/2007 effective date filing.

PROFESSIONAL LIABILITY INSURANCE COMPANY OF AMERICA
ILLINOIS PHYSICIANS AND SURGEONS PROFESSIONAL LIABILITY
MATURE CLAIMS-MADE RATES

Base Rate	*COVERAGE FOR $1,000,000 / $3,000,000 LIMITS*				
$37,017		*Territory*			
Class Relativity	*Class Group*	1	2	3	4
0.498	1	18,444	15,678	12,358	10,144
0.666	2	24,635	20,940	16,506	13,549
0.777	3	28,762	24,448	19,271	15,819
1.000	**4**	**37,017**	**31,464**	**24,801**	**20,359**
1.167	5	43,208	36,727	28,949	23,764
1.056	6	39,081	33,219	26,184	21,494
1.279	7	47,335	40,235	31,715	26,034
1.446	8	53,526	45,497	35,862	29,439
1.279	9	47,335	40,235	31,715	26,034
1.669	10	61,781	52,514	41,393	33,979
1.836	11	67,972	57,776	45,541	37,384
2.059	12	76,226	64,792	51,071	41,924
3.063	13	113,371	96,366	75,959	62,354
3.174	14	117,499	99,874	78,724	64,624
3.509	15	129,876	110,395	87,017	71,432
4.066	16	150,512	127,935	100,843	82,782
4.289	17	158,767	134,952	106,374	87,322
4.624	18	171,149	145,476	114,670	94,132
1.557	19	57,653	49,005	38,628	31,709
7.076	20	261,948	222,656	175,505	144,072

Surgery--obstetrics--gynecology

3.217	--0 to 49 deliveries	119,075	101,214	79,780	65,491
3.431	--50 to 69 deliveries	127,013	107,961	85,099	69,857
3.646	--70 to 89 deliveries	134,951	114,709	90,417	74,223
3.860	--90 to 109 deliveries	142,891	121,457	95,737	78,590
4.075	--110 to 129 deliveries	150,829	128,204	101,055	82,956
4.289	--130 to 149 deliveries	158,767	134,952	106,374	87,322
4.715	--150 to 169 deliveries	174,528	148,349	116,934	95,991
5.147	--170 to 189 deliveries	190,520	161,942	127,649	104,786
5.576	--190 to 209 deliveries	206,397	175,437	138,286	113,518
6.005	--210 to 229 deliveries	222,274	188,933	148,924	122,251
6.434	--230 to 249 deliveries	238,150	202,428	159,561	130,983
6.862	--250 to 269 deliveries	254,026	215,922	170,198	139,715
7.291	--270 to 289 deliveries	269,904	229,418	180,836	148,447
7.720	--290 or more deliveries	285,780	242,913	191,473	157,179

Dentists

1.105	Dental Surgeons—Oral or Maxillofacial—Engaged in oral surgery or operative dentistry on patients rendered unconscious through the administering of any anesthesia or analgesia	40,915	34,777	27,413	22,503
0.553	Dentists--Engaged in oral surgery or operative dentistry; patients rendered unconscious through the administering of any anesthesia or analgesia	20,459	17,390	13,707	11,252
0.221	Dentists--not otherwise classified	8,183	6,956	5,483	4,501

Healthcare Facilities

Emergency Room Groups	2,120
Urgent Care Groups	601
Outpatient Surgery Centers (Surgicenters)	3,006

("per 100 patient visits" basis) - Separate limits per member physician may be purchased for an additional 20% charge.

Territory Relativity:	1.00	0.85	0.67	0.55

PROFESSIONAL LIABILITY INSURANCE COMPANY OF AMERICA
ILLINOIS PHYSICIANS AND SURGEONS PROFESSIONAL LIABILITY
RATE RELATIVITIES BY SPECIALTY CODE

		Current	Proposed	
Specialty Code	Specialty Description	PLICA Relativity	PLICA Class Group	PLICA Relativity
101	Surgery--broncho-esophagology	2.000	12	2.059
102	Emergency Medicine--no major surgery	2.500	11	1.836
103	Surgery--endocrinology	2.000	11	1.836
104	Surgery--gastroenterology	2.000	12	2.059
105	Surgery--geriatrics	2.500	12	2.059
106	Surgery--laryngology	3.250	12	2.059
107	Surgery—neoplastic	4.000	12	2.059
108	Surgery--nephrology	2.000	12	2.059
114	Surgery--ophthalmology	2.000	4	1.000
115	Surgery--colon and rectal	2.500	11	1.836
117	Surgery--family/general practice	2.500	12	2.059
141	Surgery--cardiac	4.000	16	4.066
143	Surgery--general--not otherwise classified	4.000	13	3.063
144	Surgery--thoracic	4.000	16	4.066
145	Surgery--urological	2.000	10	1.669
146	Surgery—vascular	4.000	16	4.066
150	Surgery--cardiovascular disease	4.000	16	4.066
151	Anesthesiology	1.500	7	1.279
152	Surgery--neurology	6.000	20	7.076
153	Surgery--obstetrics--gynecology	5.000	17	4.289
154	Surgery--orthopedic	5.000	18	4.624
155	Surgery--plastic--otorhinolaryngology	3.250	15	3.509
156	Surgery--plastic--not otherwise classified	4.000	15	3.509
157	Emergency Medicine--major surgery	4.000	15	3.509
157	Surgery--emergency medicine	4.000	15	3.509
158	Surgery--otology	2.500	11	1.836
159	Surgery--otorhinolaryngology	2.500	11	1.836
160	Surgery--rhinology	3.250	11	1.836
164	Surgery--orthopedic--without back surgery	5.000	15	3.509
166	Surgery--abdominal	4.000	13	3.063
167	Surgery--gynecology	3.250	12	2.059
168	Surgery--obstetrics	5.000	17	4.289
169	Surgery--hand	3.250	12	2.059
170	Surgery--head and neck	4.000	12	2.059
171	Surgery--traumatic	3.250	16	4.066
196	Anesthesiology--pain management	1.500	7	1.279
229	Addictionology	0.750	1	0.498
230	Aerospace Medicine	0.750	2	0.666
231	General Preventive Medicine--no surgery	1.000	1	0.498
231	Preventive Medicine	1.000	1	0.498
232	Hypnosis	0.750	1	0.498
233	Occupational Medicine	0.750	1	0.498
234	Pharmacology	0.750	3	0.777
235	Physiatry or Physical Medicine and	0.750	1	0.498
236	Public Health	0.750	1	0.498
237	Diabetes--no surgery	1.000	4	1.000
238	Endocrinology--no surgery	1.000	2	0.666
240	Forensic or Legal Medicine	0.750	1	0.498
241	Gastroenterology—no surgery	1.250	8	1.446
243	Geriatrics--no surgery	1.000	2	0.666
244	Gynecology--no surgery	1.000	5	1.167
245	Hematology--no surgery	1.250	4	1.000
246	Infectious Diseases--no surgery	1.250	6	1.056
247	Rhinology--no surgery	1.000	1	0.498
248	Nutrition	1.250	1	0.498
249	Psychiatry	0.750	2	0.666
250	Psychoanalysis	0.750	1	0.498
251	Psychosomatic Medicine	0.750	1	0.498
252	Rheumatology--no surgery	1.000	2	0.666
253	Radiology--diagnostic--no surgery	1.500	7	1.279
254	Allergy	0.750	1	0.498
255	Cardiovascular Disease--no surgery	1.250	6	1.056
256	Dermatology--no surgery	0.750	2	0.666
257	Internal Medicine--no surgery	1.000	4	1.000
258	Laryngology--no surgery	1.000	1	0.498
259	Neoplastic Diseases--no surgery	1.000	4	1.000
259	Oncology--no surgery	1.000	4	1.000
260	Nephrology--no surgery	1.000	6	1.056
261	Neurology--no surgery	1.500	8	1.446

PROFESSIONAL LIABILITY INSURANCE COMPANY OF AMERICA
ILLINOIS PHYSICIANS AND SURGEONS PROFESSIONAL LIABILITY
RATE RELATIVITIES BY SPECIALTY CODE

		Current	Proposed	
262	Nuclear Medicine	1.000	4	1.000
263	Ophthalmology--no surgery	0.750	2	0.666
264	Otology--no surgery	1.500	1	0.498
265	Otorhinolaryngology--no surgery	1.250	1	0.498
266	Pathology--no surgery	1.000	2	0.666
267	Pediatrics--no surgery	1.000	3	0.777
268	Physicians--not otherwise classified--	1.000	4	1.000
269	Pulmonary Diseases--no surgery	1.250	7	1.279
270	Rhinology--minor surgery	1.500	8	1.446
271	Diabetes--minor surgery	1.500	6	1.056
272	Endocrinology--minor surgery	1.500	4	1.000
274	Gastroenterology—minor surgery	1.500	8	1.446
276	Geriatrics--minor surgery	1.500	7	1.279
277	Gynecology--minor surgery	2.500	11	1.836
278	Hematology--minor surgery	1.500	8	1.446
279	Infectious Diseases--minor surgery	1.500	12	2.059
280	Radiology--diagnostic--minor surgery	2.000	11	1.836
281	Cardiovascular Disease--minor surgery	2.000	11	1.836
282	Dermatology--minor surgery	2.000	3	0.777
283	Intensive Care Medicine	2.000	5	1.167
284	Internal Medicine--minor surgery	1.500	8	1.446
285	Laryngology--minor surgery	1.500	8	1.446
286	Neoplastic Diseases--minor surgery	1.500	6	1.056
286	Oncology--minor surgery	1.500	8	1.446
287	Nephrology--minor surgery	1.500	7	1.279
288	Neurology--minor surgery	1.500	10	1.669
289	Ophthalmology--minor surgery	1.250	3	0.777
290	Otology--minor surgery	1.500	8	1.446
291	Otorhinolaryngology--minor surgery	1.500	8	1.446
292	Pathology--minor surgery	1.500	8	1.446
293	Pediatrics--minor surgery	1.500	8	1.446
294	Physicians--not otherwise classified--minor	1.500	8	1.446
298	Pulmonary Diseases--minor surgery	2.000	11	1.836
420	Family/General Practitioners--no surgery	1.000	4	1.000
421	Family/General Practitioners--minor surgery	2.000	19	1.557
424	Urgent Care Medicine	1.000	4	1.000
425	Physicians--no major surgery--lasers;	1.500	8	1.446
425	Radiology--therapeutic	1.500	7	1.279
431	Physicians--no major surgery--shock	1.000	8	1.446
437	Physicians--no major surgery--acupuncture	1.000	8	1.446
471	Neonatology--no surgery	1.500	12	2.059
472	Surgery--dermatology	2.000	12	2.059
474	Surgery--neonatology or pediatrics	4.000	14	3.174
476	Neonatology--minor surgery	1.500	13	3.063
521	Family/General Practitioners--minor surgery	2.000	19	1.557
	Surgery--obstetrics--gynecology			
560	--0 to 49 deliveries	5.000		3.217
561	--50 to 69 deliveries	5.000		3.431
562	--70 to 89 deliveries	5.000		3.646
563	--90 to 109 deliveries	5.000		3.860
564	--110 to 129 deliveries	5.000		4.075
565	--130 to 149 deliveries	5.000	17	4.289
566	--150 to 169 deliveries	5.000		4.715
567	--170 to 189 deliveries	5.000		5.147
568	--190 to 209 deliveries	5.000		5.576
569	--210 to 229 deliveries	5.000		6.005
570	--230 to 249 deliveries	5.000		6.434
571	--250 to 269 deliveries	5.000		6.862
572	--270 to 289 deliveries	5.000		7.291
573	--290 or more deliveries	5.000		7.720
801	Manipulative Medicine	0.750	1	0.498
802	Physicians--no major surgery--sclerotherapy	1.500	8	1.446
803	Surgery--vascular--peripheral	4.000	14	3.174
804	Surgery—ophthalmology—plastic	2.000	12	2.059
805	Hospitalists	0.500	5	1.167

PROFESSIONAL LIABILITY INSURANCE COMPANY OF AMERICA
ILLINOIS PHYSICIANS AND SURGEONS PROFESSIONAL LIABILITY
CALCULATION OF PROFIT & CONTINGENCIES PROVISION

1	Target Combined Ratio		100.0%
2	Expense Provision (% of Premium)		34.0%
	Commissions	11.0%	
	General Expenses	3.0%	
	Other Acquisition Expenses	9.0%	
	Taxes, Licenses & Fees	11.0%	
	Total	34.0%	
3	Permissible Loss & LAE Ratio { = (1) - (2)}		66.0%
4	DDR to Loss Ratio		4.0%
5	ULAE to Loss Ratio		4.1%
6	Permissible Loss & ALAE Ratio {= (3) / [1.0 + (4)] / [1.0 + (5)]}		61.0%
7	Loss Reserve Discount Factor*		85.0%
8	Discounted Loss & LAE {= (3) x (7)}		56.1%
9	Discounted Loss & LAE + Expense Provision {= (2) + (8)}		90.1%
10	Discounted Profit & Contingencies Provision {= (1) - (9)}		9.9%
10	Undiscounted Profit & Contingencies Provision {= (1) - (2) - (3)}		0.0%

* Calculation of Premium Discount at: 4.00%

Year	ISMIE Incremental Payout	Discount Factor	PV of Annual Payout
1	0.026	0.981	0.025
2	0.094	0.943	0.089
3	0.160	0.907	0.145
4	0.211	0.872	0.184
5	0.214	0.838	0.179
6	0.137	0.806	0.110
7	0.068	0.775	0.053
8	0.034	0.745	0.025
9	0.024	0.717	0.017
10	0.014	0.689	0.010
11	0.018	0.662	0.012
Total	1.000		0.850

Company Defined Items

1. For all reports requiring "by county" information, the company may group the data by policy issuing county or other method that is consistent with its ratemaking practices. The company must identify which method is used. The company must use a consistent method to group the data in all "by county" reports. Data grouped by territory is unacceptable. Describe any changes made to the way in which the data has been grouped during the past ten years and the impact of the changes on the reports.

   Data is grouped using the policy issuing county method. Data has been grouped consistently since we began writing business in 2004.

2. Describe any change(s) made to reserving or claim payment practices on the past ten years and the impact of the change(s) on the reports.

   Reserving and claim payment practices are unchanged since we began writing business in 2004.

3. Define closed claim, i.e., is a claim closed when it is assigned a closed date, or when both indemnity plus expense reserves are $0, or in some other instance? Describe any change(s) made to this definition in the past ten years and the impact of the change(s) on the reports.

   A closed claim is defined as a claim that has been settled or dismissed and we have received final settlement/dismissal papers and have assigned a closed date.

4. Explain/define the corporate policies written by the company.

   We offer corporate (entity) coverage to physician groups with either shared limits or separate limits.

5. Each company shall use the base class and territory that is consistent with its most recent rate filing. Please define your company's base class and territory. Describe any change(s) made to the base class and/or territory in the past ten years and the impact of the change(s) on the reports.

   The Base Class is "Family Practice - No Surgery (ISO code 80420)."
   The Base Territory contains Cook, Madison and St. Clair counties.
   The Base Class changed from "Internal Medicine – No Surgery (ISO code 80257)" to "Family Practice – No Surgery (ISO code 80420)." Will County was dropped from the base territory class as of the 09/01/2007 PLICA rate filing. Any effect of this change will be insignificant.

6. Describe any adjustment(s) made to exposures for extended reporting endorsements and the impact of the adjustment(s) on the reports.

   None

7. For the maturity year and tail factors disclosure, list each tail factor with the corresponding maturity year if a different tail factor is used for each maturity year. If another method is used, list and describe factors and method used.

   Effective 09/01/2007, as applied to the expiring, or terminated, annual premium:

Maturity Year	Factor
1	3.67
2	3.11
3	2.33
4	2.17
5	2.05

8. Define what expenses are included in the expense factor.

   Items in the expense factor include: Rent, Contract labor, Legal/Professional fees, Travel/Entertainment, Office related expenses, Service charges, etc.

9. List and define individually any "other" factors used in the rate filing to establish rates. This could include but is not limited to the following: profit load, reinsurance load, investment income, schedule debits/credits, etc.

   Profit Load: Rates are targeted to a 100% combined ratio on an undiscounted basis. If credit is given for investment income on funds held as reserves, the provision for profit and contingencies equals 9.9% on a discounted basis. The calculation uses a 4.0% rate of interest assumption.

   Charge for Death, Disability and Retirement ("DDR") coverage: 4.0% of premiums was assumed to be PLICA's charge for DDR coverage, based on information found in peer company rate filings and judgment.

   Unallocated Loss Adjustment Expense ("ULAE"): 4.1% of losses were assumed to be PLICA's charge for ULAE, based on information found in peer company rate filings and judgment.

   Trend Rate: A 6.0% trend rate assumption was used in the attached rate filing, based on trend rates used in Illinois by peer companies and industry pure premium data.

Expected Average Overall Credit (Debit): The proposed base rate for Illinois physicians assumes an overall average credit of 11.7%, based on PLICA individual doctor detail and judgment.

10. Describe any methods and/or assumptions used in creating Reserve Study Exhibit A and why these assumptions are necessary.

    Exhibit 2A Reserve Study
    All dollar amounts are stated in thousands.

Reconciliation

All reserve and surplus totals, where applicable, were compared to the respective annual statutory financial statement. No discrepancies were noted.

Certification

The data filed under these requirements is accurate and reasonably reconciles with the most recently filed annual statutory financial statement.

Keith Hale
Signature

4/1/09
Date

L. Keith Hale
Controller/Assistant Vice-President

Milliman

One Pennsylvania Plaza, 38th Floor

New York, NY 10119
Tel +1 646 473.3000
Fax +1 646 473.3499

www.milliman.com

April 1, 2009

Attn: Casualty Actuarial Section
Illinois Department of Financial and Professional Regulation
Illinois Division of Insurance
12/08 Data
320 West Washington Street
Springfield, IL 62786

Re: PLICA – Section 4203 Data Call

I have reviewed the data compiled by Professional Liability Insurance Company of America's ("PLICA") and included in PLICA's response to the Section 4203 data call. The data reasonably reconciles with PLICA's 2008 filed annual statutory financial statement.

Sincerely,

Joel A. Vaag, FCAS, MAAA

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