AIG

AIG COMMERCIAL INSURANCE
STATE FILINGS DIVISION
175 WATER STREET, 17TH FLOOR
NEW YORK, NEW YORK 10038

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IDFPR (MPC)
DIVISION OF INSURANCE
SPRINGFIELD

Myron Harry
Filings Analyst

Telephone: (212) 458-7057
Facsimile: (212) 458-7077
E-mail: myron.harry@aig.com

November 11, 2008

FILED
DEC 23 2009
STATE OF ILLINOIS
DEPARTMENT OF INSURANCE
SPRINGFIELD, ILLINOIS

Honorable Michael T. McRaith
Director of Insurance
Illinois Department of Financial & Professional Regulation
Division of Insurance
320 West Washington Street, 4th Floor
Springfield, Illinois 62767
Attn.: Mr. John Gatlin

RE: NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA.
NAIC #012-19445 FEIN #25-0687550

RATE/RULE **Neurologists Professional Liability Insurance Program**
Rate Page
Manual Rules
Our Filing No.: AIC-08-EO-05

Dear Mr. Gatlin:

National Union Fire Insurance Company of Pittsburgh, Pa., submits for your review and approval its Rates to be used with their Neurologists Professional Liability Insurance Program.

Please refer to the attached actuarial materials, and manual rules for information about the rates and rules, included in this submission.

Please be advised that the forms for this Program have been submitted in SERFF, under SERFF tracking number 125897713.

We wish to make this filing effective December 15, 2008, or the earliest date permitted by your Department.

Your favorable review and approval are respectfully requested.

Sincerely,

Myron Harry

Myron Harry

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NEM
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gln
Jeh

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

I, Tina Costantino, a duly authorized actuary of National Union Fire Insurance Company of Pittsburgh, Pa. 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.

AVP

Signature and Title of Authorized Insurance Company Officer — 05-18-09 Date

Tina Costantino, Supervising Actuary

Signature, Title and Designation of Authorized Actuary — 05-18-09 Date

Insurance Company FEIN: 25 - 0687550 Filing Number: AIC-08-EO-05

Insurer's Address : 175 Water Street

City : New York State: New York Zip Code: 10038

Contact Person's:
-Name and E-mail Myron Harry – myron.harry@aiuholdings.com

-Direct Telephone and Fax Number: Telephone: (212) 458 7057

Fax: (212) 458 7077

Effective March 1, 2007

Property & Casualty Transmittal Document

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

RECEIVED
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DIVISION OF INSURANCE
SPRINGFIELD

3.	Group Name	Group NAIC #
	American International Group, Inc	012

4.	Company Name(s)	Domicile	NAIC #	FEIN #	State #
	National Union Fire Insurance Company of Pittsburgh, Pa.	PA	19445	25-0687550	

5.	Company Tracking Number	AIC-08-EO-05

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

6.	Name and address	Title	Telephone #s	FAX #	e-mail
	Myron Harry 175 Water Street, 17th Fl. New York, NY 10038	Filings Analyst	(212) 458 7057	(212) 458 7077	Myron.harry@aig.com

7.	Signature of authorized filer	Myron Harry
8.	Please print name of authorized filer	Myron Harry

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

9.	**Type of Insurance (TOI)**	11.0 Medical Malpractice
10.	**Sub-Type of Insurance (Sub-TOI)**	11.0000 Medical Malpractice – Combinations
11.	**State Specific Product code(s)**(if applicable)[See State Specific Requirements]	
12.	**Company Program Title** (Marketing title)	Neurologists Professional Liability Insurance Program
13.	**Filing Type**	[ ] Rate/Loss Cost [ ] Rules [X] Rates/Rules [ ] Forms [ ] Combination Rates/Rules/Forms [ ] Withdrawal[ ] Other (give description)
14.	**Effective Date(s) Requested**	New: December 15, 2008 Renewal:
15.	**Reference Filing?**	[ ] Yes [x] No
16.	**Reference Organization** (if applicable)	
17.	**Reference Organization # & Title**	
18.	**Company's Date of Filing**	November 11, 2008
19.	**Status of filing in domicile**	[ ] Not Filed [x] Pending [ ] Authorized [ ] Disapproved

Property & Casualty Transmittal Document—

20.	**This filing transmittal is part of Company Tracking #**	AIC-08-EO-05

21.	**Filing Description** [This area can be used in lieu of a cover letter or filing memorandum and is free-form text]

The Company listed in item 4 above submits for your review and approval their Neurologists Professional Liability Insurance Program.

Please refer to the attached actuarial materials for information about the rates, and rules included in this submission.

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

Neuman, Gayle

From: Harry, Myron [Myron.Harry@chartisinsurance.com]
Sent: Monday, January 04, 2010 9:39 AM
To: Neuman, Gayle
Subject: RE: National Union Fire Ins Co of Pittsburgh PA - Filing #AIC-08-EO-05

Ms. Newman,

We would like an effective date of December 23, 2009. Thank you.

Myron Harry

From: Neuman, Gayle [mailto:Gayle.Neuman@illinois.gov]
Sent: Monday, December 28, 2009 8:30 AM
To: Harry, Myron
Subject: RE: National Union Fire Ins Co of Pittsburgh PA - Filing #AIC-08-EO-05

Do you wish the effective date to be December 23, 2009 or another day? Please advise.

From: Harry, Myron [mailto:Myron.Harry@chartisinsurance.com]
Sent: Wednesday, December 23, 2009 2:36 PM
To: Neuman, Gayle
Subject: RE: National Union Fire Ins Co of Pittsburgh PA - Filing #AIC-08-EO-05

Ms. Newman,

No, this filing has not been in effect.

Myron Harry

From: Neuman, Gayle [mailto:Gayle.Neuman@illinois.gov]
Sent: Wednesday, December 23, 2009 2:49 PM
To: Harry, Myron
Subject: National Union Fire Ins Co of Pittsburgh PA - Filing #AIC-08-EO-05

M. Harry,

The Department has now completed its review of the filing referenced above. The Director signed off on this filing on December 23, 2009. Originally, National Union Fire requested the filing be effective December 15, 2008. Was the filing put in effect on December 15, 2008?
Your prompt response is appreciated.

Gayle Neuman

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

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

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

Neuman, Gayle

From: Harry, Myron [Myron.Harry@chartisinsurance.com]
Sent: Thursday, August 27, 2009 2:12 PM
To: Lamb, Susan
Cc: Neuman, Gayle
Subject: RE: Illinois Dept of Insurance - Filing #AIC-08-E0-05 for National Union Fire Insurance Company of Pittsburgh, PA
Attachments: IL Certification for Med Mal Rates 8-09.pdf

Ms. Lamb,

Per your request, attached please find a revised certification for the above-referenced filing.

Ms. Myron Harry

From: Lamb, Susan [mailto:Susan.Lamb@Illinois.gov]
Sent: Friday, August 14, 2009 11:50 AM
To: Harry, Myron
Cc: Neuman, Gayle
Subject: Illinois Dept of Insurance - Filing #AIC-08-E0-05 for National Union Fire Insurance Company of Pittsburgh, PA

Mr. Harry,

I am reviewing the abovementioned filing.

The rate certification requires the signature of a qualified actuary. The actuarial portion of the certification is signed by Ms. Tina Costantino. I have tried to verify her professional qualifications (ACAS, FCAS, MAAA, etc) but have not been able to find her listed on any actuarial membership websites.

Please provide verification of her professional qualifications. If she is not qualified, please provide a revised certification signed by a qualified actuary.

Your response is requested by August 28, 2009.

Thank you,

Susan Lamb, ASA, MAAA
Associate Actuary
Illinois Department of Insurance
320 West Washington Street
Springfield, IL 62767-0001

(217) 782-1794 phone
(217) 524-2271 fax
susan.lamb@illinois.gov

NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, Pa.
NEUROLOGISTS PROFESSIONAL LIABILITY PROGRAM

Explanatory Memorandum
ILLINOIS

National Union Fire Insurance Company of Pittsburgh, Pa. is proposing to offer Medical Malpractice coverage to Neurologists. The proposed mature base rate, class relativites and territorial relativities are the same as those in use by a competitor in the state. The proposed increased limits factors, claims made step factors, and extended reporting period factors are the same as those in use by an affiliate program offering similar coverage to Psychiatrists.

EXHIBIT 1: DERIVATION OF BASE RATE

The proposed mature claims made rates for this coverage are based on those in use by Illinois State Medical Insurance Exchange (ISMIE). The pure premium was extracted from the competitors rate. An offset was applied to the indicated pure premium to account for differences in the competitor's increased limit and step factors and those being proposed for National Union.

National Union's proposed expenses were then loaded into the indicated pure premium. The proposed mature claims made rate was judgmentally selected to be the same as the competitor.

EXHIBIT 1B: CLAIMS MADE STEP FACTOR/INCREASED LIMIT FACTOR ADJUSTMENT

The indicated pure premium has been adjusted due to account for differences in the competitor's increased limit and step factors and those proposed for National Union. The weighted average increased limit factor differentials are applied to the indicated pure premium (Exhibit 1 (5)).

EXHIBIT 2: EXPENSE PROVISIONS AND DETERMINATION OF EXPECTED LOSS RATIO

Expense provisions are based on the Medical Malpractice expenses found for American Home/ National Union Group in the Insurance Expense Exhibit. The commission expense is program specific. The expected loss & lae ratio is the complement of the total expenses and profit load. The profit & contingency factor has been calculated based on a target rate of return on equity of 12.5%.

EXHIBIT 3: INVESTMENT INCOME EXHIBITS

The investment income exhibits are based on American Home/ National Union Group's Annual Statement experience and incorporate the medical malpractice premium and program expense provisions to determine an indicated investment income offset. The calendar year method was used to determine investment income.

Exhibit 1

NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA.
NEUROLOGISTS PROFESSIONAL LIABILITY PROGRAM
ILLINOIS

DERIVATION OF CLASS 1/TERRITORY 1 MATURE CLAIMS MADE BASE RATE

1)	Illinois State Medical Insurance Exchange (ISMIE)'s Base Rate		$46,688
2)	Illinois State Medical Insurance Exchange (ISMIE)'s Expected Loss & LAE Ratio (Variable Expense)		81.00%
3)	Illinois State Medical Insurance Exchange (ISMIE)'s Indicated Variable Pure Premium {(1) X (2)}		$37,817
4)	Illinois State Medical Insurance Exchange (ISMIE)'s Fixed Expense per policy		$1,000
5)	Indicated Pure Premium {(3) - (4)}		$36,817
6)	NUFIC's Increased Limit Factor Adjustment (see Exh. 1B)		1.012
7)	NUFIC's Expected Loss & LAE Ratio		66.92%
	Commission & Brokerage	16.50%	
	Other Acquisitions	5.16%	
	General Expenses	2.30%	
	Taxes, Licenses & Fees	4.98%	
	Profit & Contingencies (reflecting inv. income)	4.15%	
	Total Expenses	33.08%	
8)	NUFIC's Indicated Base Rate {(5) / [(6) x (7)]}		$54,350
9)	NUFIC's Selected Mature Base Rate		$46,688

NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA.
NEUROLOGISTS PROFESSIONAL LIABILITY PROGRAM
ILLINOIS

Exhibit 1B

Increased Limit Factor Adjustment

NU's Class 1 = ISMIE's Class 1	Area 1			
	Mature			Limits by CW
Limits	ISMIE	NU	(ISMIE/NU-1)*%	%
$100,000/$300,000	-	31,421	-	0.00%
$200,000/$600,000	-	34,829	-	0.00%
$250,000/$750,000	-	36,043	-	0.00%
$300,000/$900,000	-	37,210	-	0.00%
$400,000/$1,200,000	-	39,545	-	0.00%
$500,000/$1,500,000	33,832	44,167	2.12%	6.93%
$1,000,000/$3,000,000	**46,688**	**46,688**	0.00%	74.74%
$2,000,000/$6,000,000	62,796	59,761	-0.89%	18.33%
Wtd Avg ILF			1.23%	100.00%

Increased Limit Factor Adjustment - 1.23%

AMERICAN HOME/NATIONAL UNION GROUP
NEUROLOGISTS' PROFESSIONAL LIABILITY PROGRAM

Exhibit 2

Derivation of Expected Loss Ratio

(1) Target rate of return on equity		12.5%
(2) Premium to Surplus Ratio		98.1%
(3) Target rate of return on premium [(1)/(2)]		12.7%
(4) Rate of return on premium		10.0%
(5) Target underwriting profit (loss) [(3)-(4)/.65]		4.1%
(6) Total Expenses		28.9%
a. Commissions	16.50%	
b. Other Acquisition	5.16%	
c. General Expenses	2.30%	
d. Taxes, Licenses & Fees	4.98%	
(7) Expected Loss Ratio [1-(6)-(5)]		66.9%

NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA.-11-MEDICAL MALPRACTICE							
INSURANCE EXPENSE EXHIBIT							
Countrywide Expenses	**2005**		**2006**		**2007**		**3yr Wtd Avg**
(in 000's)	**$**	**%**	**$**	**%**	**$**	**%**	**%**
Written Premium	107,708	----	126,998	----	91,943	----	----
Other Acquisition	5,389	5.00%	7,111	5.60%	4,740	5.16%	5.28%
General Expenses	2,035	1.89%	2,273	1.79%	2,113	2.30%	1.97%
Taxes, Licenses and Fees	5,081	4.72%	7,067	5.56%	4,579	4.98%	5.12%

ESTIMATED INVESTMENT EARNINGS ON UNEARNED
PREMIUM RESERVES AND ON LOSS RESERVES
(Explanatory Notes)

MEDICAL MALPRACTICE

A. UNEARNED PREMIUM RESERVE

1.	Medical Malpractice Direct Earned Premium for Calendar Year 2007			$118,412
2.	Mean Unearned Premium Reserve [0.488* (1)] (See Notes p. 2)			57,827
3.	Deduction for Prepaid Expenses (See notes p. 2)			
	a) Commission and Brokerage	16.50%		
	b) Taxes, Licenses and Fees	4.98%		
	c) 50% of Other Acquisition Expenses	2.58%		
	d) 50% of General Expenses	1.15%		
	e) Total	25.21%		
4.	Deduction for Federal Taxes Payable (See Notes p. 2)			7.0%
5.	Net Amount Subject to Investment Income [(2) x (1.000 - (3) - (4))]			39,202

B. DELAYED REMISSION OF PREMIUMS (Agents' Balances)

1.	Direct Earned Premium [(A.1)]			118,412
2.	Average Agents' Balance (See Notes pp. 2-3)			0.156
3.	Delayed Remission [(1) x (2)]			18,428

C. LOSS RESERVE:

1.	Direct Earned Premium [(A.1)]			118,412
2.	Expected Incurred Loss and L.A.E. Reserves	@ ELR:	0.669	79,239
3.	Expected Mean Loss Reserves [1.921 x (2)] (See Notes p. 3)			152,212

D. SURPLUS

1.	Direct Written Premium	106,531
2.	Surplus Subject to Investment [(D.1)/prem to surp]	108,594

E.	NET AMOUNT SUBJECT TO INVESTMENT: [(A.5) - (B.3) + (C.3) + (D.2)]	281,581
F.	AVERAGE RATE OF RETURN ON INVESTED ASSETS (See Notes p. 4)	4.92%
G.	INVESTMENT EARNINGS ON NET SUBJECT TO INVESTMENT [(E) x (F)]	13,864
H.	AVERAGE RATE OF RETURN (As % of Direct Earned Premium) [(G) / (A.1)]	11.71%
I.	AVERAGE RATE OF RETURN (After Federal Income Taxes) [(H) x 0.858]	10.05%

ESTIMATED INVESTMENT EARNINGS ON UNEARNED
PREMIUM RESERVES AND ON LOSS RESERVES
(Explanatory Notes)

MEDICAL MALPRACTICE

Line A.1

MEDICAL MALPRACTICE direct earned premium for calendar year 2007 as provided by American Home/National Union Group.

Line A.2

The mean direct unearned premium reserve is determined by multiplying the Medical Malpractice direct earned premium in line (A.1) by the countrywide ratio of the mean direct unearned premium reserve to the direct earned premium for 2007. See below for calculation of this ratio. This ratio is based on data for Medical Malpractice from page 15 of the Annual Statement for American Home/National Union Group

	(In 000's)
1. Direct Earned Premium for Calendar Year 2007	$ 118,412
2. Direct Unearned Premium Reserve as of 12/31/06	63,767
3. Direct Unearned Premium Reserve as of 12/31/07	51,886
4. Mean Direct Unearned Premium Reserve 1/2 [(2) + (3)]	57,827
5. Ratio [(4) / (1)]	0.488

Line A.3

Deduction for prepaid expenses:

Production costs and a large part of the other company expenses in connection with the writing and handling of the filed insurance coverage exclusive of claim adjustment expenses, are incurred when the policy is written and before the premium is paid. Therefore, the deduction for these expenses is determined by use of the provisions for expenses used in our ratemaking procedure as shown.

Line A.4

Deduction for Federal Taxes Payable:

Taxable percentage of unearned premium reserves (Tax Reform Act of 1986):	20.0%
Corporate Tax Rate:	35.0%
Total Percentage of Unearned Premium Reserve:	7.0%

Line B.2

Delayed remission of premium:

This deduction is necessary because of delay in collection and remission of premiums beyond the effective dates of the policies. Funds for the unearned premium reserve required during the initial days of all policies must be taken from the company's surplus. (continued)

ESTIMATED INVESTMENT EARNINGS ON UNEARNED
PREMIUM RESERVES AND ON LOSS RESERVES
(Explanatory Notes)

MEDICAL MALPRACTICE

Line B.2 (continued)

Agents' balances or uncollected premiums for premiums due less than 90 days are calculated as follows:

	(In 000's)
1. Net Earned Premium for Calendar Year 2007	$ 21,163,280
2. Net Agents' Balances as of 12/31/06	2,845,895
3. Net Agents' Balances as of 12/31/07	1,895,919
4. Mean Agents' Balances 1/2 x [(2) + (3)]	2,370,907
5. Ratio [(4) / (1)]	0.112

The above percentage must be multiplied by a factor of1.389 to include the effect of agents' balances or uncollected premiums overdue for more than 90 days. The factor 1.389 is based on 2007 company data.

Final adjusted Agents' Balance: 0.1556

Line C.2

The expected loss and loss adjustment ratio reflects the expense provisions used in the filing.

Line C.3

The expected mean loss reserve is determined by multiplying the expected incurred losses in line (C.2) by the average countrywide ratio of the mean loss and loss adjustment reserves to the incurred losses and loss adjustment expenses in 2006 and 2007 for Medical Malpractice Insurance. This ratio is based on Annual Statement Data.

	(In 000's)
1. Incurred Losses and L.A.E. for Calendar Year 2006	204,914
2. Incurred Losses and L.A.E. for Calendar Year 2007	69,179
3. Loss Reserves and L.A.E. as of 12/31/05	77,903
4. Loss Reserves and L.A.E. as of 12/31/06	482,785
5. Loss Reserves and L.A.E. as of 12/31/07	465,875
6. Mean Loss Reserve 2006: 1/2 [(3) + (4)]	280,344
7. Mean Loss Reserve 2007: 1/2 [(4) + (5)]	474,330
8. Ratio (6) / (1)	1.368
9. Ratio (7) / (2)	6.857
10. Average Ratio 1/2 [(8) + (9)]	4.112
11. Loss reserve for American Home/National Union Group, selected	2.000
12. Estimated Reserve Discount	11.3%
13. Federal Taxes Payable (% of Reserves): (12) x .35	0.040
14. (11) x [1.0 - (13)]	1.921

ESTIMATED INVESTMENT EARNINGS ON UNEARNED
PREMIUM RESERVES AND ON LOSS RESERVES
(Explanatory Notes)

MEDICAL MALPRACTICE

Line E

The rate of return is the ratio of net investment income earned and net realized capital gains (or losses) to mean cash and invested assets (including interest, dividends, and real estate income due and accrued).

Year	Net Investment Income Earned (In 000's)	Mean Cash and Invested Assets (In 000's)	Rate of Return
2006	2,206,450	57,881,728	3.81%
2007	3,170,433	67,414,018	4.70%
Total	5,376,883	125,295,746	4.26%

Year	Realized Capital Gains (or Losses) (In 000's)	Mean Cash and Invested Assets (In 000's)	Rate of Return
1998-2007	2,630,727	394,860,757	0.67%

Total Rate of Return:
Net Investment Income Earned and Net Realized Capital Gains (or Losses) 4.92%

Line H

The average rate of Federal Income Tax was determined by applying the appropriate tax rates to the distribution of investment income earned for 2007 for the American Home/National Union Group.

	Rate of Return	Federal Income Tax Rate
Net Investment Income Earned	4.26%	0.109
Net Realized Capital Gains (or Losses)	0.67%	0.350
Total	4.92%	0.142

1.000 - Federal Income Tax Rate 0.858

ESTIMATED INVESTMENT EARNINGS ON UNEARNED
PREMIUM RESERVES AND ON LOSS RESERVES
(Explanatory Notes)

MEDICAL MALPRACTICE

Line H (continued)		Investment Income Earned		Federal Income Tax Rate
Bonds				
Taxable	$	232,097		0.350
Non-Taxable		1,604,638		0.026
Total	$	1,836,735	(A)	0.067
Stocks				
Taxable	$	179,196		0.123
Non-Taxable		578,814		---
Total	$	758,010	(B)	0.029
Mortgage Loans and Real Estate				
Mortgage Loans	$	0		
Real Estate		0		
Collateral Loans		0		
Cash on Deposit		0		
Short Term Investments		20,800		
All Other		867,972		
Sub-Total	$	888,773		0.350
Total	$	3,483,518		0.131
Investment Deductions	$	313,084		0.350
Net Investment Income Earned	$	3,170,433		0.109

(A) Assume 50% of the income on tax-exempt bonds is subject to proration; that is, 15% of that income is taxed at the full corporate income tax rate of 35%. The applicable tax rate is thus 2.6%. ((.50 x .15 x .35) = .026)

(B) 30% of dividend income is subject to the full corporate income tax rate of 35%. Assume 50% of the dividend income on stocks is subject to proration; that is, 15% of the remaining 70% of dividend income is taxed at a rate of 35%. The applicable tax rate is thus 12% ((.30 x .35) + (.50 x .70 x .15 x .35) = .123).

Neuman, Gayle

From: Cheung, Danny [Danny.Cheung@chartisinsurance.com]
Sent: Thursday, August 13, 2009 8:58 AM
To: Neuman, Gayle
Cc: Wadsworth, Margie; Harry, Myron
Subject: RE: Rate/Rule Filing #AIC-08-EO-05
Attachments: Revised Illinois 5-09.xls

Hi Gayle,

In regards to items (1) and (2), the attachment that was provided on August 5, 2009 (email below) does include the correct extended reporting claims factors and territory factors.

As for item (3), as requested, the attached file contains the rates for each territory.

Please let me know if there are any questions.

Danny Cheung
Chartis Insurance
Actuarial Department
70 Pine St, 9th Fl
New York, NY 10270
Phone: (212)770-8665

From: Neuman, Gayle [mailto:Gayle.Neuman@illinois.gov]
Sent: Thursday, August 06, 2009 12:09 PM
To: Cheung, Danny
Subject: RE: Rate/Rule Filing #AIC-08-EO-05

Mr. Cheung,

Thank you for your e-mail and attachment. As I indicated in my conversation with you and Tina Costantino, I will let our Actuarial Unit review this issue. However, for the manual page, I need a copy that (1) indicates corrected reporting claims endorsement factors, (2) includes the territory factors, and (3) provides the rates you are charging ($42,188, $39.936, etc.). Please forward this page at your earliest convenience.

Gayle Neuman
Department of Insurance

From: Cheung, Danny [mailto:Danny.Cheung@chartisinsurance.com]
Sent: Wednesday, August 05, 2009 1:49 PM
To: Neuman, Gayle
Cc: Costantino, Tina; Wadsworth, Margie; Harry, Myron
Subject: Rate/Rule Filing #AIC-08-EO-05

Hi Gayle,

As per conversation this morning, attached is the current proposed rate plan for Neurologists Professional Liability Program.

Please let me know if there are any questions.

Danny Cheung
Chartis Insurance
Actuarial Department
70 Pine St, 9th Fl
New York, NY 10270
Phone: (212)770-8665

Neuman, Gayle

From: Cheung, Danny [Danny.Cheung@chartisinsurance.com]
Sent: Wednesday, August 05, 2009 1:49 PM
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Please let me know if there are any questions.

Danny Cheung
Chartis Insurance
Actuarial Department
70 Pine St, 9th Fl
New York, NY 10270
Phone: (212)770-8665

follows Illinois State Medical Insurance Exchange (ISMIE) base rate

NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA.
Neurologists' Professional Liability Program
ILLINOIS

		Neurology including Child - No Surgery (80261)
I.	Base rate for Territory 1, $1,000,000/$3,000,000 Mature-Claims-Made w/Prepaid Tail Coverage:	$46,688

II. Increased Limit Factors

$100,000/$300,000	0.673
$200,000/$600,000	0.746
$250,000/$750,000	0.772
$300,000/$900,000	0.797
$400,000/$1,200,000	0.847
$500,000/$1,500,000	0.946
$1,000,000/$3,000,000	1.000
$2,000,000/$6,000,000	1.280

III. Claims-Made Conversion Factors (Applied to Claims-Made with Prepaid Tail premium)

Number of years Claims-Made Coverage:

First Year	0.250
Second Year	0.500
Third Year	0.780
Fourth Year	0.925
Fifth	0.950
Sixth	0.975
Seventh Year and Thereafter	1.000

IV. Territory Factors

Territory 1	1.000
Territory 2	0.900
Territory 3	0.850
Territory 4	0.750
Territory 5	0.700
Territory 6	0.600
Territory 7	0.450
Territory 8	0.500

V. Extended Reporting Claims Endorsement

Applied to Expiring Annual Premium:

First Year	3.306
Second Year	3.153
Third Year	2.401
Fourth Year	2.178
Fifth Year	2.196
Sixth Year	2.183
Seventh Year and Thereafter	2.180

Neuman, Gayle

From: Neuman, Gayle
Sent: Wednesday, July 22, 2009 2:59 PM
To: 'Harry, Myron'
Subject: RE: Rate/Rule Filing #AIC-08-EO-05

M. Harry,

With your response, you provided a Side by Side of Original Proposal to Revised Proposal of Territory Factors. The revised rates listed on this page are the amounts I came up when multiplying the territory factors with the base rate. However, these numbers still don't match the figures submitted on the State Rate page provided with this filing. Please explain.

Gayle Neuman
Department of Insurance

From: Harry, Myron [mailto:Myron.Harry@aiuholdings.com]
Sent: Wednesday, July 01, 2009 2:44 PM
To: Neuman, Gayle
Subject: RE: Rate/Rule Filing #AIC-08-EO-05

Ms. Neuman,

In response to your comment email dated June 23, 2009, we offer the following:

1. Pre-paid Tail Policy: The Claims-made with Pre-paid Tail policy is a claims-made policy with the premium for the Extended Claim Reporting Period already built into the base rate. The premium for a Pre-paid Tail policy is higher than the premium for a Claims-Made policy because the insured is essentially paying for this lifetime tail coverage each year. Also, Pre-paid tail premium does not change unless there's a base rate change filed. The cost to cover all future claims for services rendered during the policy period is paid in full each year, therefore the premiums are level. Therefore, there is no need for pre-paid tail factors.

   Additionally, please note that if an applicant's previous coverage was under a pure claims-made policy, the applicant would not have the option to transfer his/her retroactive date from the previous carrier to our Pre-paid tail policy. This option, which is only available for the pure claims-made policy, is not available with our Pre-paid Tail policy because the Pre-paid tail base rate does not contemplate retroactive coverage for acts that occurred prior to the start of the coverage with The Neurologists Program. The applicant would have to either purchase the extended claim reporting period endorsement from the previous carrier or purchase a Prior Acts Coverage endorsement through our program. The Prior Acts Coverage factors are outlined in the rules manual. However, please note that the typical purchaser of our Pre-paid Tail policy is either a first time purchaser of professional liability insurance or someone with a previous occurrence type policy.

2. Attached please find a side by side Exhibit for the Territory Factors, also attached is the competitor's exhibit which contains the territory factors we are adopting.

Please let us know if we can be of any further assistance.

Myron Harry

From: Neuman, Gayle [mailto:Gayle.Neuman@illinois.gov]
Sent: Tuesday, June 23, 2009 2:18 PM
To: Harry, Myron
Subject: RE: Rate/Rule Filing #AIC-08-EO-05

M. Harry,

On the pages previously provided, the company has filed an Extended Reporting Claims Endorsement factor. Is there a pre-paid tail factor? I do not understand the explanation provided regarding rounding – for example, how does $23,344 round up to $24,188 (territory 8)? Please provide further explanation.

Your prompt attention is requested.

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

From: Harry, Myron [mailto:Myron.Harry@aiuholdings.com]
Sent: Thursday, June 18, 2009 6:00 PM
To: Neuman, Gayle
Subject: RE: Rate/Rule Filing #AIC-08-EO-05

Ms. Newman,

In response to your comment email dated June 5, 2009, we offer the following:

1. Attached are blackline and clean copies of our Manual Rules. The blackline copy identifies the changes made to the Manual Rules.

2. The territory relativities included in the proposed Rate Plan were rounding slightly different than the factors shown in the competitor's filing. The rate page has been revised to remove the rounding. We have attached a copy of the ISMIE Mutual Insurance Company Exhibit C for your info.

Please let us know if we can be of any further assistance.

Myron Harry

NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA.
Neurologists' Professional Liability Program
ILLINOIS

Side by Side of Original Proposal to Revised Proposal of Territory Factors:

NUFIC's Territories	(1) Neurology including Child - No Surgery (80261)	(2) Original Proposal - Territory Factors	(3) Revised Proposal - Territory Factors (Rounding)*	(4)=(1)Territory 1*(3) Revised Rates	Competitor's Territory Description (ISMIE)*
Territory 1	$46,688	1.000	1.000	46,688	01
Territory 2	$42,188	0.904	0.900	42,019	01A
Territory 3	$39,936	0.855	0.850	39,685	01B
Territory 4	$35,436	0.759	0.750	35,016	02
Territory 5	$33,188	0.711	0.700	32,682	02A
Territory 6	$28,688	0.614	0.600	28,013	02B
Territory 7	$21,940	0.470	0.450	21,010	02C
Territory 8	$24,188	0.518	0.500	23,344	03

*ISMIE Mutual Insurance Company Appendix D, Exhibit C.

ISMIE MUTUAL INSURANCE COMPANY

Indicated Specialty/County Assignment Changes
Based on ISMIE 1994-2004 Experience

Specialty/ County Code (1)	Description (2)	Current Assignment (3)	Proposed Assignment (4)	Current Relativity (5)	1994-2004 Exposures (6)	Indicated Relativity (7)	Proposed Relativity (8)	Proposed Change (9)
Specialty								
80243	Geriatrics	1	2	0.450	123	0.481	0.550	22.2%
20255	Cardiovascular Disease NMRP, NS	4	6	0.850	670	0.933	0.900	5.9%
80260	Nephrology NMRP	4	6	0.850	942	0.919	0.900	5.9%
81050	Gynecology-NMRP, NMajS	4	5	0.850	87	0.937	1.000	17.6%
80114	Opthalmology Surgery	6	4	0.900	1,864	0.870	0.850	-5.6%
80259	Oncology	6	4	0.900	1,078	0.839	0.850	-5.6%
87047	Radiation Oncology	6	4	0.900	665	0.789	0.850	-5.6%
82045	Neorosurgery-MRP,NMajS	8	10	1.250	22	1.441	1.450	16.0%
80117	General Practise-LMajRP	11	12	1.700	186	1.779	1.800	5.9%
83009	Family Practise-LMajRP	11	12	1.700	245	1.851	1.800	5.9%
80141	Cardiac Surgery	17	16	3.800	578	3.613	3.600	-5.3%
80144	Thoracic Surgery	17	16	3.800	230	3.665	3.600	-5.3%
80146	Vascular Surgery	17	16	3.800	260	3.694	3.600	-5.3%
86026	Orthopaedic Surgery w/o Spline	16	15	3.400	2,048	3.019	3.100	-8.8%
County								
Jackson		1A	1	0.900	479	0.996	1.000	11.1%
Winnebago		2	1B	0.750	4,511	0.901	0.850	13.3%
Sangamon		2A	2B	0.700	3,202	0.588	0.600	-14.3%
Grundy		3	2B	0.500	605	0.570	0.600	20.0%
Peoria		3	2C	0.500	5,916	0.433	0.450	-10.0%

Notes: (2)-(6) Based on data provided by ISMIE.
(6) Based on ISMIE indicated relativity at $1 million limits credibility weighted with the current relativity using the square root rule and a credibility standard of 20,000 exposures.
(8) Provided by ISMIE.
(9) (8)/(5) - 1.000.

TOWERS PERRIN
TILLINGHAST

Neuman, Gayle

From: Harry, Myron [Myron.Harry@aiuholdings.com]
Sent: Thursday, June 18, 2009 6:00 PM
To: Neuman, Gayle
Subject: RE: Rate/Rule Filing #AIC-08-EO-05
Attachments: IL Manual Rules - Blackline copy.pdf; IL Manual Rules (5-09).pdf; IL Rates 5-09 - Revised.pdf; IL Territory Factors ISMIE.pdf

Ms. Newman,

In response to your comment email dated June 5, 2009, we offer the following:

1. Attached are blackline and clean copies of our Manual Rules. The blackline copy identifies the changes made to the Manual Rules.

2. The territory relativities included in the proposed Rate Plan were rounding slightly different than the factors shown in the competitor's filing. The rate page has been revised to remove the rounding. We have attached a copy of the ISMIE Mutual Insurance Company Exhibit C for your info.

Please let us know if we can be of any further assistance.

Myron Harry

From: Neuman, Gayle [mailto:Gayle.Neuman@illinois.gov]
Sent: Friday, June 05, 2009 11:33 AM
To: Harry, Myron
Subject: Rate/Rule Filing #AIC-08-EO-05

M. Harry,

I have reviewed your May 21, 2009 response.

Whenever you make changes to the manual, you are to identify such changes. Changes that are not identified will not be deemed as filed. I am referencing the changes to the part-time practice made in your last submission.

Your response included the territory factors. However, when I took the base rate and multiplied it by the territory factor, I did not get the same rates as previously indicated in the manual that was submitted on November 17, 2008. Please explain.

Your response is requested to be received by no later than June 19, 2009.

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

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

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

NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA.

ILLINOIS

I. **Base Rate:**

Base rate is per neurologists for $1,000,000/$3,000,000 of Mature Claims Made coverage with Pre-Paid Tail Coverage.

	Class 1 Neurology including Child - No Surgery (80261)	
Territory 1: (Cook, Jackson, Madison, St.Clair, and Will)	$46,688	
Territory 2: (Lake and Vermilion)	$42,188	42019
Territory 3: (Kane, McHenry, and Winnebago)	$39,936	39685
Territory 4: (DuPage, Kankakee, and Macon)	$35,436	35016
Territory 5: (Bureau, Champaign, Coles, DeKalb, Effingham, LaSalle, Ogle, and Randolph)	$33,188	32682
Territory 6: (Grundy and Sangamon)	$28,688	28013
Territory 7: (Peoria)	$21,940	21000
Territory 8: (Remainder of State)	$24,188	23344

II. **Increased Limits Factors:**

Apply the applicable increased limits factor to the base rate.

Limit of Liability	ILF
$100,000/$300,000	0.673
$200,000/$600,000	0.746
$250,000/$750,000	0.772
$300,000/$900,000	0.797
$400,000/$1,200,000	0.847
$500,000/$1,500,000	0.946
$1,000,000/$3,000,000	1.000
$2,000,000/$6,000,000	1.280

III. **Claims-Made Step Factor (% of Claims-Made w/ pre-paid tail premium):**

Number of years Claim-Made coverage.	
First Year	0.250
Second Year	0.500
Third Year	0.780
Fourth Year	0.925
Fifth Year	0.950
Six Year	0.975
Seventh Year and Thereafter	1.000

IV. **Extended Reporting Claims Endorsement:**

% of mature Claims-Made Premium.	
First Year	0.65
Second Year	1.15
Third Year	1.50
Fourth Year	1.70
Fifth Year and Thereafter	1.85

ISMIE MUTUAL INSURANCE COMPANY

Indicated Specialty/County Assignment Changes
Based on ISMIE 1994-2004 Experience

Specialty/ County Code (1)	Description (2)	Current Assignment (3)	Proposed Assignment (4)	Current Relativity (5)	1994-2004 Exposures (6)	Indicated Relativity (7)	Proposed Relativity (8)	Proposed Change (9)
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87047	Radiation Oncology	6	4	0.900	665	0.789	0.850	-5.6%
82045	Neorosurgery-MRP,NMajS	8	10	1.250	22	1.441	1.450	16.0%
80117	General Practise-LMajRP	11	12	1.700	186	1.779	1.800	5.9%
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80146	Vascular Surgery	17	16	3.800	260	3.694	3.600	-5.3%
86026	Orthopaedic Surgery w/o Spline	16	15	3.400	2,048	3.019	3.100	-8.8%
County								
Jackson		1A	1	0.900	479	0.996	1.000	11.1%
Winnebago		2	1B	0.750	4,511	0.901	0.850	13.3%
Sangamon		2A	2B	0.700	3,202	0.588	0.600	-14.3%
Grundy		3	2B	0.500	605	0.570	0.600	20.0%
Peoria		3	2C	0.500	5,916	0.433	0.450	-10.0%

Notes: (2)-(6) Based on data provided by ISMIE.
(6) Based on ISMIE indicated relativity at $1 million limits credibility weighted with the current relativity using the square root rule and a credibility standard of 20,000 exposures.
(8) Provided by ISMIE.
(9) (8)/(5) - 1.000.

TOWERS PERRIN
TILLINGHAST

NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA
THE NEUROLOGISTS' PROGRAM
PROFESSIONAL LIABILITY INSURANCE PROGRAM
ILLINOIS MANUAL RULES

Rule 1.	**Rating Profile Items**

The First, Second, and Third Year in Practice credits include military. The discount applies to the first, second, or third year immediately following the completion of residency or fellowship, or discharge from the military, regardless of interruption of time. A member may receive the FYIP, SYIP, TYIP only once.

If both an active part-time credit and an active FYIP, SYIP, TYIP credit are among the rating profile items, the higher credit of the two shall apply.

The Moonlighting credit cannot be combined with a part-time credit.

The current listing of Rating Profile Items (Program discounts, surcharges, credits & debits), is as follows:

First Year in Practice	50%Credit
Second Year in Practice	25%Credit
Third Year in Practice	25%Credit
Moonlighting	50%Credit
Part-Time Practice (20 Hours or Less)	50%Credit
Experience & Schedule Rating Program	See separate sections
PRMS Sponsored Risk Management Seminar	15%Credit
All Other PRMS Qualified Risk Management Seminars	5% Credit
American Academy of Neurology Membership	5% Credit
Loss Free Credit	**See separate section**

Rule 2. Vicarious Liability

The additional premium for vicarious liability coverage is determined as follows:

VICARIOUS LIABILITY
Additional Premium for Shared Limit
(Policy Coverage A)
Note: Shared limits not available in: IN, KS, LA, PA, and WI

No. of Employees/Independent Contractors	Percent of final individual modified premium
1-3	5%
4-10	15%
11-25	25%
Over 25	100%

VICARIOUS LIABILITY
Additional Premium for Separate Limit
(Policy Coverage B)

No. of Employees/Independent Contractors	Percent of final individual modified premium
0-3	10%
4-10	25%
11-25	50%
Over 25	100%

Rule 3. Premium Rounding

All premiums shall be rounded to the nearest whole dollar. Amounts that are less than 50 cents shall be dropped. Increase amounts that are 50 cents or more to the next whole dollar.

Rounding procedures to be followed are taken from the Insurance Service Office, Inc. rules.

RATES: Round rates, factors and multipliers after the final calculation to three decimal places. Five-tenths or more of a mill shall be considered one mill, e.g., .1245 = .125

PREMIUM: Round the premium for each coverage for which a separate premium is calculated to the nearest whole dollar. Round a premium involving $.50 or over the next higher whole dollar.

Rule 4. Maximum 50% Credit

Maximum 50% credit (discount) applies subject to the following **exclusions:**

Experience factor is not included
Schedule factor is not included
Risk Management Seminar factor is not included
American Academy of Neurology Membership is not included
Loss Free Credit is not included

Rule 5. Prior Acts Endorsement

The following rating is used when a member converts the claims-made policy to either an occurrence or claims-made with prepaid tail policy (whichever is applicable) and does not purchase the extended reporting endorsement from the prior carrier. The Prior Acts Endorsement will be effective the inception date of The Neurologists' Program occurrence or claims-made with pre-paid tail policy and will cover claims reported after the termination date of the prior claims-made policy for incidents that occurred between the retroactive date and termination date of the prior claims-made policy.

This rating will also be used in situations where the member's most recent previous carrier was The Neurologists' Program and for some reason the member allowed the prior claims-made policy to lapse. The lapsed period cannot exceed one year and must meet acceptable underwriting criteria.

1st year in CLAIMS MADE Coverage	70% of Occ or CM w/PPT Premium
2nd year in CLAIMS MADE Coverage	110% of Occ or CM w/PPT Premium
3rd year in CLAIMS MADE Coverage	135% of Occ or CM w/PPT Premium
4th year in CLAIMS MADE Coverage	145% of Occ or CM w/PPT Premium
5th year and after in CLAIMS MADE Coverage	160% of Occ or CM w/PPT Premium

Rule 6. Experience and Schedule Rating Guidelines

The following Experience Rating Guidelines applies:

Severity (Use last five-year experience period prior to renewal application)

Indemnity payment $30,000 to $50,000	10% Debit per claim
Indemnity payment $50,001 to $99,999	20% Debit per claim

Open or closed claim with Indemnity payment or reserve $100,000 or more	30% Debit per claim plus 10% Debit each $50,000 increment above $100,000

Frequency (Open and Closed claims with incurred and/or reserved indemnity and expenses totaling $10,000 and above).

Two claims reported within any 12-month period in last three years.	25% Debit each claim
Three claims reported within last five years.	50% Debit each claim

Liability (Open and closed claims within last 5 years)

a. Deviation from standard of care	50% Debit - non-renewal
b. Non-cooperation with policy conditions	50% Debit - non-renewal
c. Undue familiarity	
Insured admission	non-renewal
Settlement by carrier and/or insured	non-renewal

Schedule rating characteristics

The following schedule rating criteria can be used to establish the adjusted annual premium per participant:

Refer to the following, which discusses the underwriting intention for considering risk characteristics not otherwise contemplated in the base rate.

The rating schedule is intended to create an overall risk profile of the insured. Multiple characteristics should be weighted and evaluated based on measurable statistics, (i.e. practice time, number of patients, length of training or experience or lack thereof, etc). This program is mandatory and to be administered consistently with each insured or prospective insured.

Adjustment to base rate of +/-25% requires management approval except where indicated below. Total adjustment for all items combined cannot exceed +/- 25%.

A. PRACTICE SETTING:

Facility has been subject to license or accreditation disciplinary action or federal investigation or prosecution, mass tort litigation or investigative reporting. If an insured is affiliated with a facility that has recently been subject to any of these issues it is probable that the insured may have an increased

liability. The effect of patient knowledge of these actions and media attention could place our insured in a position to be "guilty by association".

The underwriter should utilize all reference information relative to this facility and determine the degree of involvement of our insured directly related to the facility's adverse risk characteristics. **25% Debit**

B. NATURE AND SCOPE OF PRACTICE

Treatment of pain management: Patients seeking professional services for the management of pain are almost always associated with other medical treatments or illnesses. For this reason, treatment of pain management can increase the liability where our insured would be involved in a claim along with other treating neurologists. The underwriter should discuss the volume of patients and practice time devoted to this activity. In addition, the treatment modalities should be discussed with PRMS risk management to determine standard of care. A neurologist utilizing anesthesia for pain management is not contemplated in the base rate and a surcharge of 25% should be applied once underwriting application has been approved. **25% Debit**

Above average daily patient volume: An average daily patient volume of 25 is contemplated in the base rates. Any practice where the patient volume is greater should be considered as an increased risk and priced accordingly. **20% Debit**

Adverse risk not contemplated in the base rate: This category should be used when the underwriter determines that the participant's exposure generates a risk not-otherwise discussed in the above criteria and was not contemplated in the usual and customary definition of neurological professional services but meets underwriting approval for coverage. Use of this category requires management approval in all cases. **25% Debit**

Rule 7. Group Accounts

Eligibility
The medical groups that will be considered for Coverage B of the policy will be professional corporations, partnerships, or associations owned and operated by neurologists.

Rates
Each neurologist insured will be rated in accordance with the individual program rules and rates.

Individual coverage for other healthcare professionals covered in a group policy will be rated as a factor of the mature claims made or occurrence rate of a neurologist (class code 80261) rate for that rating area.

Electroencephalogram Technician	.0046
Medical Assistant	.0046
Medical Therapist	.0046

Mental Health Counselor	.0318
Nurse Practitioner	.0405
Nurse X-Ray Therapist	.0046
Nurse/Registered Nurse	.0046
Occupational Therapist	.0318
Physical Therapist	.0318
Neurologist Assistant	.0405
Psychologist	.0318
Speech Pathologist	.0046
X-Ray Technician	.0046
X-Ray Therapist	.0046

Vicarious liability coverage for the medical group for employed or contracted healthcare providers not insured under the policy will be priced at 10% of the otherwise applicable premium rate (including discounts).

Medical group premium will be priced based on the following:

Number of Insured employees/contractors.	Percentage of Insured Neurologist Base Rate
2-5	10%
6-10	15%
11-20	20%
over 20	25%

The sum of the individuals, medical group and vicarious liability premium will determine the total premium of the medical group.

Insureds can share the limit of liability of the medical group.

The base rate for each insured sharing the limit with the group entity will be reduced by 10% when the total number of insured neurologists in the group exceeds 5 on an annual basis.

The base rate for each insured sharing the limit with the group entity will be reduced by 5% when the total number of insured neurologists in the group is 5 or less on an annual basis.

A schedule rating credit/debit can then be applied to the total premium of the medical group in accordance with the Schedule Rating Group Rules, (see attached).

Limits of Liability
Refer to policy Limits of Liability Section, Coverage A and Coverage B for application of limits for individual insureds, medical corporations, partnerships, and associations. Refer to the rate schedule for the applicable limits for each state.

Claims-Made
The retroactive date can be advanced only at the request or with the written acknowledgment of the insured.

Group Vicarious Liability Surcharge Endorsement
If a scheduled insured under the group policy terminates coverage and does not elect to purchase the extended reporting endorsement, the group premium will be surcharged 10% of the quoted ERP premium. The surcharge is applicable as a result of the vicarious liability exposure to the group for the professional services rendered by the insured while working on behalf of the group. The surcharge will be waived if the cancelled insured provides proof of prior acts coverage from the new carrier for the period insured under the group policy.

Outside Medical Group Practice Activity
Coverage will be considered for an insured that has a medical practice outside the scope of his/her affiliation with the medical group. The outside practice is subject to underwriting and if accepted will be rated in accordance with the medical specialty rate and total practice hours applicable to all practice activities for which coverage has been provided.

Rule 8.	Group Accounts – Schedule Rating

Adjustment to base rate on group accounts not to exceed a credit of 5% or a debit of 10%.

The following modifications may be applied to recognize special characteristics that are not fully recognized in the basic rate(s) or premium. The maximum credit shall not exceed -5% and the maximum debit shall not exceed +10%. The schedule rating program is mandatory and to be administered consistently for each insured or prospective insured.

Management
Management has demonstrated adequate control and monitoring of the risks and exposures of the organization. The financial condition of the Medical Group is favorable. An example of a Medical Group which would receive a credit would employ a dedicated risk manager and have favorable financial ratios. **(+/-5%)**

Employees
The applicant has established a continuing professional education program for its employees and encourages certification in their respective specialties. There must be a statement in the employee handbook advocating continuing education. The Medical Group agrees to pay all or some of the tuition fees and/or related educational expenses. Further, the composition of the Medical Group will be 50% or greater of the employee population having board certification or similar advanced degrees for a maximum credit to be granted. If the percentage is lower, but still substantial, and the other criteria described above are met, a lesser credit may be granted. If none of the above, a debit will be made. **(+/-5%)**

Risk Management

The applicant has an established and working risk management program to minimize the frequency and severity of claims. A Medical Group which has an incident reporting system, occurrence screening, and other mechanisms to address potential and actual claims would receive a maximum credit. If none of these mechanisms are in place, a debit will be made. **(+/-5%)**

Medical Records/Informed Consent

The applicant has a system in effect for concurrent and retrospective review of medical records and informed consent documents. If the Medical Group has a medical records system only or an informed consent system only, no debit or credit is available. If both systems are in effect, a credit is available. If neither system is in effect, a debit will be made. **(+/-5%)**

Performance of experimental procedures

If the medical group practice includes procedures that are considered experimental, but that are performed within the prescribed guidelines, controlled studies, or : "protocol" established by the manufacturer or similar entity, there will be no debit or credit, however if the experimental procedures are not subject to the protocol, a debit of up to 10% will be applied. Since the underlying program's rates reflect the assumption that insureds will not be performing experimental procedures, no credit will be given under any circumstances and under this category i.e. there will be no credit if experimental procedures are not utilized. **(+10%)**

Rule 9.	Locum Tenens

A Locum Tenens ("hold the place of") works in place of a Named Insured or Additional Named Insured, never at the same time. The Locum Tenens doctor must be underwritten in the same specialty classification as the Named Insured or Additional Named Insured. The program will allow Locum Tenens coverage for a maximum total of 45 days each policy year.

There is no charge for this coverage.

Rule 10.	Suspension of Insurance

An insured may request suspension of insurance, due to disability or to accommodate a sabbatical leave of training. The insured will not be covered for claims or suits which arise based on an occurrence within the period of suspension. The insured is entitled to report claims during the period of suspension which arise from occurrences when the policy was in force and not on suspense.

Suspension may be secured for a minimum period of 90 consecutive days and for a maximum of one year. This option is allowed only once every four years except for reason of disability.

Billing for the current quarter(s) is suppressed, and a refund for the quarter(s) or remainder of quarter(s) affected is made to the insured.

Charge 25% of the claims-made rate.

Rule 11.	Policy Minimum Premium

A minimum annual premium of $2000.00 will be applied for any one policy with limits of $1,000,000/$3,000,000 or lower.

A minimum annual premium of $4000.00 will be applied for any one policy with limits of $2,000,000/$6,000,000.

Rule 12.	Loss Free Credit

To qualify for the Loss Free Credit, the named insured must have been practicing at least five (5) years after completion of a residency or fellowship training program and cannot have any open claim(s) with an indemnity reserve more than $25,000.

A ten percent credit is available if the Named Insured Neurologist has not had any claim(s) with more than $10,000 of indemnity payments and loss adjustment expenses more than $15,000 paid during the previous five (5) years.

A five percent credit is available if the Named Insured Neurologist has not had any claim(s) with more than $10,000 of indemnity payments and loss adjustment expenses of $15,001 to $25,000 paid during the previous five (5) years.

Rule 13.	Tail Coverage (Extended Reporting Period)

Tail pricing is calculated by applying the factor shown below that corresponds with the Number of Years written under a Claims Made contract to the expiring annual premium written under the claims-made contract.

First Year	3.306
Second Year	3.153
Third Year	2.401
Fourth Year	2.178
Fifth Year	2.196
Sixth Year	2.183
Seventh Year and Thereafter	2.180

All discounts, surcharges, credits, & debits applied to the Primary Coverage must be applied to the calculation of the Tail premium as well. The tail coverage (extended reporting period) endorsement that is issued for the tail, whether it was purchased or provided at no additional cost, provides unlimited tail coverage.

FREE TAIL COVERAGE

Tail coverage is free in the event of DEATH or PERMANENT DISABILITY, or when a member reaches age 55 or older and has been insured under a Claims-Made contract with the insurer for at least 5 consecutive years immediately prior to permanent retirement.

Rule 14.	Quarterly Premium Installment Plan

Quarterly Premium Installment Plan: The charge for premium installments shall be the lesser of one percent (1%) of the total premium or $25.00 per installment. There will be no interest charges on installment payments. Any additional premium resulting from changes to the policy will be spread equally over the remaining installments, if any. If there are no remaining installments, additional premium resulting from changes to the policy will be billed immediately as a separate transaction.

First Quarter	=	40%	Due at policy inception
Second Quarter	=	20%	Due 3 months from policy inception
Third Quarter	=	20%	Due 6 months from policy inception
Fourth Quarter	=	20%	Due 9 months from policy inception

NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA
THE NEUROLOGISTS' PROGRAM
PROFESSIONAL LIABILITY INSURANCE PROGRAM
ILLINOIS MANUAL RULES

Rule 1.	**Rating Profile Items**

The First, Second, and Third Year in Practice credits include military. The discount applies to the first, second, or third year immediately following the completion of residency or fellowship, or discharge from the military, regardless of interruption of time. A member may receive the FYIP, SYIP, TYIP only once.

If both an active part-time credit and an active FYIP, SYIP, TYIP credit are among the rating profile items, the higher credit of the two shall apply.

The Moonlighting credit cannot be combined with a part-time credit.

The current listing of Rating Profile Items (Program discounts, surcharges, credits & debits), is as follows:

First Year in Practice	50%Credit
Second Year in Practice	25%Credit
Third Year in Practice	25%Credit
Moonlighting	50%Credit
Part-Time Practice (20 Hours or Less)	~~1-10 Hours~~ 50%Credit ~~11-15Hours 40%Credit~~ ~~16-20Hours 30%Credit~~
Experience & Schedule Rating Program	See separate sections
PRMS Sponsored Risk Management Seminar	~~5%~~ 15% Credit
All Other PRMS Qualified Risk Management Seminars	5% Credit
American Academy of Neurology Membership	5% Credit
Loss Free Credit	**See separate section**

COPY SHOWING CHANGES MADE.

Rule 2.	Vicarious Liability

The additional premium for vicarious liability coverage is determined as follows:

VICARIOUS LIABILITY
Additional Premium for Shared Limit
(Policy Coverage A)
Note: Shared limits not available in: IN, KS, LA, PA, and WI

No. of Employees/Independent Contractors	Percent of final individual modified premium
1-3	5%
4-10	15%
11-25	25%
Over 25	100%

VICARIOUS LIABILITY
Additional Premium for Separate Limit
(Policy Coverage B)

No. of Employees/Independent Contractors	Percent of final individual modified premium
0-3	10%
4-10	25%
11-25	50%
Over 25	100%

Rule 3.	Premium Rounding

All premiums shall be rounded to the nearest whole dollar. Amounts that are less than 50 cents shall be dropped. Increase amounts that are 50 cents or more to the next whole dollar.

Rounding procedures to be followed are taken from the Insurance Service Office, Inc. rules.

RATES: Round rates, factors and multipliers after the final calculation to three decimal places. Five-tenths or more of a mill shall be considered one mill, e.g., .1245 = .125

PREMIUM: Round the premium for each coverage for which a separate premium is calculated to the nearest whole dollar. Round a premium involving $.50 or over the next higher whole dollar.

Rule 4.	Maximum 50% Credit

Maximum 50% credit (discount) applies subject to the following **exclusions:**

Experience factor is not included
Schedule factor is not included
Risk Management Seminar factor is not included
American Academy of Neurology Membership is not included
Loss Free Credit is not included

Rule 5.	Prior Acts Endorsement

The following rating is used when a member converts the claims-made policy to either an occurrence or claims-made with prepaid tail policy (whichever is applicable) and does not purchase the extended reporting endorsement from the prior carrier. The Prior Acts Endorsement will be effective the inception date of The Neurologists' Program occurrence or claims-made with pre-paid tail policy and will cover claims reported after the termination date of the prior claims-made policy for incidents that occurred between the retroactive date and termination date of the prior claims-made policy.

This rating will also be used in situations where the member's most recent previous carrier was The Neurologists' Program and for some reason the member allowed the prior claims-made policy to lapse. The lapsed period cannot exceed one year and must meet acceptable underwriting criteria.

1st year in CLAIMS MADE Coverage	70% of Occ or CM w/PPT Premium
2nd year in CLAIMS MADE Coverage	110% of Occ or CM w/PPT Premium
3rd year in CLAIMS MADE Coverage	135% of Occ or CM w/PPT Premium
4th year in CLAIMS MADE Coverage	145% of Occ or CM w/PPT Premium
5th year and after in CLAIMS MADE Coverage	160% of Occ or CM w/PPT Premium

Rule 6.	Experience and Schedule Rating Guidelines

The following Experience Rating Guidelines applies:

Severity (Use last five-year experience period prior to renewal application)

Indemnity payment $30,000 to $50,000	10% Debit per claim
Indemnity payment $50,001 to $99,999	20% Debit per claim
Open or closed claim with Indemnity payment or reserve $100,000 or more	30% Debit per claim plus 10% Debit each $50,000 increment above $100,000

Frequency (Open and Closed claims with incurred and/or reserved indemnity and expenses totaling $10,000 and above).

Two claims reported within any 12-month period in last three years.	25% Debit each claim
Three claims reported within last five years.	50% Debit each claim

Liability (Open and closed claims within last 5 years)

a. Deviation from standard of care	50% Debit non-renewal
b. Non-cooperation with policy conditions	50% Debit non-renewal
c. Undue familiarity	
Insured admission	non-renewal
Settlement by carrier and/or insured	non-renewal

Schedule rating characteristics

The following schedule rating criteria can be used to establish the adjusted annual premium per participant:

Refer to the following, which discusses the underwriting intention for considering risk characteristics not otherwise contemplated in the base rate.

The rating schedule is intended to create an overall risk profile of the insured. Multiple characteristics should be weighted and evaluated based on measurable statistics, (i.e. practice time, number of patients, length of training or experience or lack thereof, etc). This program is mandatory and to be administered consistently with each insured or prospective insured.

Adjustment to base rate of +/-25% requires management approval except where indicated below.

A. PRACTICE SETTING:

Facility has been subject to license or accreditation disciplinary action or federal investigation or prosecution, mass tort litigation or investigative reporting. If an insured is affiliated with a facility that has recently been subject to any of these issues it is probable that the insured may have an increased liability. The effect of patient knowledge of these actions and media attention could place our insured in a position to be "guilty by association".

The underwriter should utilize all reference information relative to this facility and determine the degree of involvement of our insured directly related to the facility's adverse risk characteristics. **25% Debit**

B. NATURE AND SCOPE OF PRACTICE

Treatment of pain management: Patients seeking professional services for the management of pain are almost always associated with other medical treatments or illnesses. For this reason, treatment of pain management can increase the liability where our insured would be involved in a claim along with other treating neurologists. The underwriter should discuss the volume of patients and practice time devoted to this activity. In addition, the treatment modalities should be discussed with PRMS risk management to determine standard of care. A neurologist utilizing anesthesia for pain management is not contemplated in the base rate and a surcharge of 25% should be applied once underwriting application has been approved. **25% Debit**

Above average daily patient volume: An average daily patient volume of 25 is contemplated in the base rates. Any practice where the patient volume is greater should be considered as an increased risk and priced accordingly. **20% Debit**

Minor non-surgical procedures not contemplated in the base rate: This category should be used when the underwriter determines that the participant's ISO class code is 80288 – Neurology with minor procedures. This class code generates a risk not-otherwise discussed in the above criteria but meets underwriting approval for coverage. Use of this category requires management approval in all cases. **40% debit**

Adverse risk not contemplated in the base rate: This category should be used when the underwriter determines that the participant's exposure generates a risk not-otherwise discussed in the above criteria and was not contemplated in the usual and customary definition of neurological professional services but meets underwriting approval for coverage. Use of this category requires management approval in all cases. **25% Debit**

Rule 7.	Group Accounts

Eligibility
The medical groups that will be considered for Coverage B of the policy will be professional corporations, partnerships, or associations owned and operated by neurologists.

Rates
Each neurologist insured will be rated in accordance with the individual program rules and rates.

Individual coverage for other healthcare professionals covered in a group policy will be rated as a factor of the mature claims made or occurrence rate of a neurologist (class code 80261) rate for that rating area.

Electroencephalogram Technician	.0046
Medical Assistant	.0046
Medical Therapist	.0046
Mental Health Counselor	.0318
Nurse Practitioner	.0405
Nurse X-Ray Therapist	.0046
Nurse/Registered Nurse	.0046
Occupational Therapist	.0318
Physical Therapist	.0318
Neurologist Assistant	.0405
Psychologist	.0318
Speech Pathologist	.0046
X-Ray Technician	.0046
X-Ray Therapist	.0046

Vicarious liability coverage for the medical group for employed or contracted healthcare providers not insured under the policy will be priced at 10% of the otherwise applicable premium rate (including discounts).

Medical group premium will be priced based on the following:

Number of Insured employees/contractors.	Percentage of Insured Neurologist Base Rate
2-5	10%
6-10	15%
11-20	20%
over 20	25%

The sum of the individuals, medical group and vicarious liability premium will determine the total premium of the medical group.

Insureds can share the limit of liability of the medical group.

The base rate for each insured sharing the limit with the group entity will be reduced by 10% when the total number of insured neurologists in the group exceeds 5 on an annual basis.

The base rate for each insured sharing the limit with the group entity will be reduced by 5% when the total number of insured neurologists in the group is 5 or less on an annual basis.

A schedule rating credit/debit can then be applied to the total premium of the medical group in accordance with the Schedule Rating Group Rules, (see attached).

Limits of Liability
Refer to policy Limits of Liability Section, Coverage A and Coverage B for application of limits for individual insureds, medical corporations, partnerships, and associations. Refer to the rate schedule for the applicable limits for each state.

Claims-Made
The retroactive date can be advanced only at the request or with the written acknowledgment of the insured.

Group Vicarious Liability Surcharge Endorsement
If a scheduled insured under the group policy terminates coverage and does not elect to purchase the extended reporting endorsement, the group premium will be surcharged 10% of the quoted ERP premium. The surcharge is applicable as a result of the vicarious liability exposure to the group for the professional services rendered by the insured while working on behalf of the group. The surcharge will be waived if the cancelled insured provides proof of prior acts coverage from the new carrier for the period insured under the group policy.

Outside Medical Group Practice Activity
Coverage will be considered for an insured that has a medical practice outside the scope of his/her affiliation with the medical group. The outside practice is subject to underwriting and if accepted will be rated in accordance with the medical specialty rate and total practice hours applicable to all practice activities for which coverage has been provided.

Rule 8.	Group Accounts – Schedule Rating

Adjustment to base rate on group accounts not to exceed a credit of 5% or a debit of 10%.

The following modifications may be applied to recognize special characteristics that are not fully recognized in the basic rate(s) or premium. The maximum credit shall not exceed 5% and the maximum debit shall not exceed +10%. The schedule rating program is mandatory and to be administered consistently for each insured or prospective insured.

Management

Management has demonstrated adequate control and monitoring of the risks and exposures of the organization. The financial condition of the Medical Group is favorable. An example of a Medical Group which would receive a credit would employ a dedicated risk manager and have favorable financial ratios. **(+/-5%)**

Employees

The applicant has established a continuing professional education program for its employees and encourages certification in their respective specialties. There must be a statement in the employee handbook advocating continuing education. The Medical Group agrees to pay all or some of the tuition fees and/or related educational expenses. Further, the composition of the Medical Group will be 50% or greater of the employee population having board certification or similar advanced degrees for a maximum credit to be granted. If the percentage is lower, but still substantial, and the other criteria described above are met, a lesser credit may be granted. If none of the above, a debit will be made. **(+/-5%)**

Risk Management

The applicant has an established and working risk management program to minimize the frequency and severity of claims. A Medical Group which has an incident reporting system, occurrence screening, and other mechanisms to address potential and actual claims would receive a maximum credit. If none of these mechanisms are in place, a debit will be made. **(+/-5%)**

Medical Records/Informed Consent

The applicant has a system in effect for concurrent and retrospective review of medical records and informed consent documents. If the Medical Group has a medical records system only or an informed consent system only, no debit or credit is available. If both systems are in effect, a credit is available. If neither system is in effect, a debit will be made. **(+/-5%)**

Performance of experimental procedures

If the medical group practice includes procedures that are considered experimental, but that are performed within the prescribed guidelines, controlled studies, or : "protocol" established by the manufacturer or similar entity, there will be no debit or credit, however if the experimental procedures are not subject to the protocol, a debit of up to 10% will be applied. Since the underlying program's rates reflect the assumption that insureds will not be performing experimental procedures, no credit will be given under any circumstances and under this category i.e. there will be no credit if experimental procedures are not utilized. **(+10%)**

Rule 9.	**Locum Tenens**

A Locum Tenens ("hold the place of") works in place of a Named Insured or Additional Named Insured, never at the same time. The Locum Tenens doctor must be underwritten in the same specialty

classification as the Named Insured or Additional Named Insured. The program will allow Locum Tenens coverage for a maximum total of 45 days each policy year.

There is no charge for this coverage.

Rule 10.	Suspension of Insurance

An insured may request suspension of insurance, due to disability or to accommodate a sabbatical leave of training. The insured will not be covered for claims or suits which arise based on an occurrence within the period of suspension. The insured is entitled to report claims during the period of suspension which arise from occurrences when the policy was in force and not on suspense.

Suspension may be secured for a minimum period of 90 consecutive days and for a maximum of one year. This option is allowed only once every four years except for reason of disability.

Billing for the current quarter(s) is suppressed, and a refund for the quarter(s) or remainder of quarter(s) affected is made to the insured.

Charge 25% of the claims-made rate.

Rule 11.	Policy Minimum Premium

A minimum annual premium of $2000.00 will be applied for any one policy with limits of $1,000,000/$3,000,000 or lower.

A minimum annual premium of $4000.00 will be applied for any one policy with limits of $2,000,000/$6,000,000.

Rule 12.	Loss Free Credit

To qualify for the Loss Free Credit, the named insured must have been practicing at least five (5) years after completion of a residency or fellowship training program and cannot have any open claim(s) with an indemnity reserve more than $25,000.

A ten percent credit is available if the Named Insured Neurologist has not had any claim(s) with more than $10,000 of indemnity payments and loss adjustment expenses more than $15,000 paid during the previous five (5) years.

A five percent credit is available if the Named Insured Neurologist has not had any claim(s) with more than $10,000 of indemnity payments and loss adjustment expenses of $15,001 to $25,000 paid during the previous five (5) years.

Rule 13. Tail Coverage (Extended Reporting Period)

Tail pricing is calculated by applying the factor shown below that corresponds with the Number of Years written under a Claims Made contract to the expiring annual premium written under the claims made contract. ~~mature Claims Made premium~~.

First Year	~~0.65~~	3.306
Second Year	~~1.15~~	3.153
Third Year	~~1.50~~	2.401
Fourth Year	~~1.70~~	2.178
Fifth Year ~~and Thereafter~~	~~1.85~~	2.196
Sixth Year		2.183
Seventh Year and Thereafter		2.180

All discounts, surcharges, credits, & debits applied to the Primary Coverage must be applied to the calculation of the Tail premium as well. The tail coverage (extended reporting period) endorsement that is issued for the tail, whether it was purchased or provided at no additional cost, provides unlimited tail coverage.

FREE TAIL COVERAGE

Tail coverage is free in the event of DEATH or PERMANENT DISABILITY, or when a member reaches age 55 or older and has been insured under a Claims-Made contract with the insurer for at least 5 consecutive years immediately prior to permanent retirement.

Rule 14. Quarterly Premium Installment Plan

Quarterly Premium Installment Plan: The charge for premium installments shall be the lesser of one percent (1%) of the total premium or $25.00 per installment. There will be no interest charges on installment payments. Any additional premium resulting from changes to the policy will be spread equally over the remaining installments, if any. If there are no remaining installments, additional premium resulting from changes to the policy will be billed immediately as a separate transaction.

First Quarter	=	40%	Due at policy inception
Second Quarter	=	20%	Due 3 months from policy inception
Third Quarter	=	20%	Due 6 months from policy inception
Fourth Quarter	=	20%	Due 9 months from policy inception

COMMERCIAL INSURANCE, A DIVISION OF AIU HOLDINGS
STATE FILINGS DIVISION
175 WATER STREET, 17TH FLOOR
NEW YORK, NEW YORK 10038

Myron Harry
Filings Analyst

Telephone: (212) 458-7057
Facsimile: (212) 458-7077
E-mail: myron.harry@aiuholdings.com

May 22, 2009

Honorable Michael T. McRaith
Director of Insurance
Illinois Department of Financial & Professional Regulation
Division of Insurance
320 West Washington Street, 4th Floor
Springfield, Illinois 62767-0001
Attn: Ms. Gayle Neuman

RE: NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA.
NAIC #012-19445, FEIN #25-0687550

Neurologists Professional Liability Insurance Program
Our File Number: AIC-08-EO-05

Dear Ms. Neuman:

National Union Fire Insurance Company of Pittsburgh, Pa., acknowledges receipt of your comment letter dated May 5, 2009. In response to your request we offer the following:

1. Response to comment 1 - Attached please find a signed Illinois certification of actuarial data and principles.

2. Response to comment 2 - The statistical agency used is Insurance Services Office (ISO).

3. Response to comment 3 -The percentages shown in this section are debits and the manual rule has been revised for clarification.

4. Response to comment 4 - No. These are flat debits.

5. Response to comment 5 - The Rule states + or – 5% depending on if both or neither systems are in effect. If both systems are in effect, a 5% credit is applied. If neither system is in effect, a 5% debit will be applied.

6. Response to comment 6 - This current rule states that the tail premium will be priced as a factor of the expiring annual premium which includes all applicable discounts, surcharges, credits and debits. The factors have been revised to those of the Illinois State Medical Insurance Exchange (ISMIE) since their policies mature at the 7th year instead of the 5th year.

follows Illinois State Medical Insurance Exchange (ISMIE) base rate

NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA.
Neurologists' Professional Liability Program
ILLINOIS

		Neurology including Child - No Surgery (80261)
I.	Base rate for Territory 1, $1,000,000/$3,000,000 - Claims-Made w/Prepaid Tail Coverage:	$46,688

II. Increased Limit Factors

$100,000/$300,000	0.673
$200,000/$600,000	0.746
$250,000/$750,000	0.772
$300,000/$900,000	0.797
$400,000/$1,200,000	0.847
$500,000/$1,500,000	0.946
$1,000,000/$3,000,000	1.000
$2,000,000/$6,000,000	1.280

III. Claims-Made Conversion Factors (Applied to Claims-Made with Prepaid Tail premium)

Number of years Claims-Made Coverage:

First Year	0.250
Second Year	0.500
Third Year	0.780
Fourth Year	0.925
Fifth	0.950
Sixth	0.975
Seventh Year and Thereafter	1.000

IV. Territory Factors

Territory 1	1.000
Territory 2	0.900
Territory 3	0.850
Territory 4	0.750
Territory 5	0.700
Territory 6	0.600
Territory 7	0.450
Territory 8	0.500

V. Extended Reporting Claims Endorsement

Applied to Expiring Annual Premium:

First Year	3.306
Second Year	3.153
Third Year	2.401
Fourth Year	2.178
Fifth Year	2.196
Sixth Year	2.183
Seventh Year and Thereafter	2.180

NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA.
Neurologists' Professional Liability Program
ILLINOIS

		Neurology including Child - No Surgery (80261)
I.	Base rate for Territory 1, $1,000,000/$3,000,000 Mature-Claims-Made w/Prepaid Tail Coverage:	$46,688

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$100,000/$300,000	0.673
$200,000/$600,000	0.746
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$1,000,000/$3,000,000	1.000
$2,000,000/$6,000,000	1.280

III. Claims-Made Conversion Factors (Applied to Claims-Made with Prepaid Tail premium)

Number of years Claims-Made Coverage:

First Year	0.250
Second Year	0.500
Third Year	0.780
Fourth Year	0.925
Fifth	0.950
Sixth	0.975
Seventh Year and Thereafter	1.000

IV. Territory Factors

Territory 1	1.000
Territory 2	0.900
Territory 3	0.850
Territory 4	0.750
Territory 5	0.700
Territory 6	0.600
Territory 7	0.450
Territory 8	0.500

V. Extended Reporting Claims Endorsement

Applied to Expiring Annual Premium:

First Year	3.306
Second Year	3.153
Third Year	2.401
Fourth Year	2.178
Fifth Year	2.196
Sixth Year	2.183
Seventh Year and Thereafter	2.180

Neuman, Gayle

From: Harry, Myron [Myron.Harry@aiuholdings.com]
Sent: Thursday, May 21, 2009 4:16 PM
To: Neuman, Gayle
Subject: RE: National Union Fire Ins Co of Pittsburgh, PA - Rate/Rule Filing #AIC-08-EO-05
Attachments: 5-09 Response Letter.pdf; IL Certification for Med Mal.pdf; Rate Page - Revised (5-09).pdf; IL Manual Rules (5-09).pdf

Ms. Neuman,

Please see attached in response to your comment email dated May 5, 2009.

Myron Harry

From: Neuman, Gayle [mailto:Gayle.Neuman@illinois.gov]
Sent: Thursday, May 14, 2009 3:56 PM
To: Harry, Myron
Subject: RE: National Union Fire Ins Co of Pittsburgh, PA - Rate/Rule Filing #AIC-08-EO-05

M. Harry,

I will extend the due date to May 22, 2009.

Gayle Neuman
Division of Insurance

From: Harry, Myron [mailto:Myron.Harry@aiuholdings.com]
Sent: Thursday, May 14, 2009 2:44 PM
To: Neuman, Gayle
Subject: FW: National Union Fire Ins Co of Pittsburgh, PA - Rate/Rule Filing #AIC-08-EO-05

Ms. Neuman,

We would like to request an extension to May 22, 2009 to adequately prepare our response to your comments re this filing dated May 5, 2009.

Thank you.

Myron Harry

From: Neuman, Gayle [mailto:Gayle.Neuman@illinois.gov]
Sent: Tuesday, May 05, 2009 2:30 PM
To: Harry, Myron
Subject: National Union Fire Ins Co of Pittsburgh, PA - Rate/Rule Filing #AIC-08-EO-05

M. Harry,

We are in receipt of the above referenced filing submitted with your letter dated November 11, 2008. Please address the following questions/concerns:
1. 215 ILCS 5/155.18 states it shall be certified in this filing by an officer of the company and a qualified actuary that the company's rates are based on sound actuarial principles and are not inconsistent with the company's

experience. This information is required in every rate/rule filing for medical malpractice.
2. Please indicate if your company has a plan for the gathering of statistics or the reporting of statistics to statistical agencies? If yes, what stat agency is being used? Also please confirm that there is no change in the rate being submitted in this filing.
3. On page 4 – Rule 6, are these debits?

4. On page 5 – are these debits a range (0 to 25 vs. just 25)?

5. On page 8 under Medical Records/Informed Consent, it indicates if both systems are in effect, a credit is available. What amount?

6. On page 10 under Rule 13, the rule should state 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, you must 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.

7. Please provide the territory factors and the base rate for neurology.

We request receipt of your response by May 15, 2009.

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

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

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

NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA
THE NEUROLOGISTS' PROGRAM
PROFESSIONAL LIABILITY INSURANCE PROGRAM
MANUAL RULES

Rule 1.	Rating Profile Items

The First, Second, and Third Year in Practice credits include military. The discount applies to the first, second, or third year immediately following the completion of residency or fellowship, or discharge from the military, regardless of interruption of time. A member may receive the FYIP, SYIP, TYIP only once.

If both an active part-time credit and an active FYIP, SYIP, TYIP credit are among the rating profile items, the higher credit of the two shall apply.

The Moonlighting credit cannot be combined with a part-time credit.

The current listing of Rating Profile Items (Program discounts, surcharges, credits & debits), is as follows:

First Year in Practice	50%Credit	
Second Year in Practice	25%Credit	
Third Year in Practice	25%Credit	
Moonlighting	50%Credit	
Part-Time Practice	1-10 Hours	50%Credit
	11-15Hours	40%Credit
	16-20Hours	30%Credit
Experience & Schedule Rating Program	See separate sections	
Risk Management Seminar	5%Credit	
American Academy of Neurology Membership	5% Credit	
Loss Free Credit	**See separate section**	

Copy as originally submitted 11/08.

Rule 2. Vicarious Liability

The additional premium for vicarious liability coverage is determined as follows:

VICARIOUS LIABILITY
Additional Premium for Shared Limit
(Policy Coverage A)
Note: Shared limits not available in: IN, KS, LA, PA, and WI

No. of Employees/Independent Contractors	Percent of final individual modified premium
1-3	5%
4-10	15%
11-25	25%
Over 25	100%

VICARIOUS LIABILITY
Additional Premium for Separate Limit
(Policy Coverage B)

No. of Employees/Independent Contractors	Percent of final individual modified premium
0-3	10%
4-10	25%
11-25	50%
Over 25	100%

Rule 3. Premium Rounding

All premiums shall be rounded to the nearest whole dollar. Amounts that are less than 50 cents shall be dropped. Increase amounts that are 50 cents or more to the next whole dollar.

Rounding procedures to be followed are taken from the Insurance Service Office, Inc. rules.

RATES: Round rates, factors and multipliers after the final calculation to three decimal places. Five-tenths or more of a mill shall be considered one mill, e.g., .1245 = .125

PREMIUM: Round the premium for each coverage for which a separate premium is calculated to the nearest whole dollar. Round a premium involving $.50 or over the next higher whole dollar.

Rule 4.	Maximum 50% Credit

Maximum 50% credit (discount) applies subject to the following **exclusions:**

Experience factor is not included
Schedule factor is not included
Risk Management Seminar factor is not included
American Academy of Neurology Membership is not included
Loss Free Credit is not included

Rule 5.	Prior Acts Endorsement

The following rating is used when a member converts the claims-made policy to either an occurrence or claims-made with prepaid tail policy (whichever is applicable) and does not purchase the extended reporting endorsement from the prior carrier. The Prior Acts Endorsement will be effective the inception date of The Neurologists' Program occurrence or claims-made with pre-paid tail policy and will cover claims reported after the termination date of the prior claims-made policy for incidents that occurred between the retroactive date and termination date of the prior claims-made policy.

This rating will also be used in situations where the member's most recent previous carrier was The Neurologists' Program and for some reason the member allowed the prior claims-made policy to lapse. The lapsed period cannot exceed one year and must meet acceptable underwriting criteria.

1st year in CLAIMS MADE Coverage	70% of Occ or CM w/PPT Premium
2nd year in CLAIMS MADE Coverage	110% of Occ or CM w/PPT Premium
3rd year in CLAIMS MADE Coverage	135% of Occ or CM w/PPT Premium
4th year in CLAIMS MADE Coverage	145% of Occ or CM w/PPT Premium
5th year and after in CLAIMS MADE Coverage	160% of Occ or CM w/PPT Premium

Rule 6.	Experience and Schedule Rating Guidelines

The following Experience Rating Guidelines applies:

Severity (Use last five-year experience period prior to renewal application)

Indemnity payment $30,000 to $50,000	10% per claim
Indemnity payment $50,001 to $99,999	20% per claim
Open or closed claim with Indemnity payment or reserve $100,000 or more	30% per claim plus 10% each $50,000 increment above $100,000

Frequency (Open and Closed claims with incurred and/or reserved indemnity and expenses totaling $10,000 and above).

Two claims reported within any 12-month period in last three years.	25% each claim
Three claims reported within last five years.	50% each claim

Liability (Open and closed claims within last 5 years)

a. Deviation from standard of care	50%-non-renewal
b. Non-cooperation with policy conditions	50%-non-renewal
c. Undue familiarity	
Insured admission	non-renewal
Settlement by carrier and/or insured	non-renewal

Schedule rating characteristics

The following schedule rating criteria can be used to establish the adjusted annual premium per participant:

Refer to the following, which discusses the underwriting intention for considering risk characteristics not otherwise contemplated in the base rate.

The rating schedule is intended to create an overall risk profile of the insured. Multiple characteristics should be weighted and evaluated based on measurable statistics, (i.e. practice time, number of patients, length of training or experience or lack thereof, etc). This program is mandatory and to be administered consistently with each insured or prospective insured.

Adjustment to base rate of +/-25% requires management approval except where indicated below.

A. PRACTICE SETTING:

Facility has been subject to license or accreditation disciplinary action or federal investigation or prosecution, mass tort litigation or investigative reporting. If an insured is affiliated with a facility that has recently been subject to any of these issues it is probable that the insured may have an increased liability. The effect of patient knowledge of these actions and media attention could place our insured in a position to be "guilty by association".

The underwriter should utilize all reference information relative to this facility and determine the degree of involvement of our insured directly related to the facility's adverse risk characteristics. **25% Debit**

B. NATURE AND SCOPE OF PRACTICE

Treatment of pain management: Patients seeking professional services for the management of pain are almost always associated with other medical treatments or illnesses. For this reason, treatment of pain management can increase the liability where our insured would be involved in a claim along with other treating neurologists. The underwriter should discuss the volume of patients and practice time devoted to this activity. In addition, the treatment modalities should be discussed with PRMS risk management to determine standard of care. A neurologist utilizing anesthesia for pain management is not contemplated in the base rate and a surcharge of 25% should be applied once underwriting application has been approved. **25% Debit**

Above average daily patient volume: An average daily patient volume of 25 is contemplated in the base rates. Any practice where the patient volume is greater should be considered as an increased risk and priced accordingly. **20% Debit**

Minor non-surgical procedures not contemplated in the base rate: This category should be used when the underwriter determines that the participant's ISO class code is 80288 – Neurology with minor procedures. This class code generates a risk not-otherwise discussed in the above criteria but meets underwriting approval for coverage. Use of this category requires management approval in all cases. **40% debit**

Adverse risk not contemplated in the base rate: This category should be used when the underwriter determines that the participant's exposure generates a risk not-otherwise discussed in the above criteria and was not contemplated in the usual and customary definition of neurological professional services but meets underwriting approval for coverage. Use of this category requires management approval in all cases. **25% Debit**

Rule 7. Group Accounts

Eligibility
The medical groups that will be considered for Coverage B of the policy will be professional corporations, partnerships, or associations owned and operated by neurologists.

Rates
Each neurologist insured will be rated in accordance with the individual program rules and rates.

Individual coverage for other healthcare professionals covered in a group policy will be rated as a factor of the mature claims made or occurrence rate of a neurologist (class code 80261) rate for that rating area.

Electroencephalogram Technician	.0046
Medical Assistant	.0046
Medical Therapist	.0046
Mental Health Counselor	.0318
Nurse Practitioner	.0405
Nurse X-Ray Therapist	.0046
Nurse/Registered Nurse	.0046
Occupational Therapist	.0318
Physical Therapist	.0318
Neurologist Assistant	.0405
Psychologist	.0318
Speech Pathologist	.0046
X-Ray Technician	.0046
X-Ray Therapist	.0046

Vicarious liability coverage for the medical group for employed or contracted healthcare providers not insured under the policy will be priced at 10% of the otherwise applicable premium rate (including discounts).

Medical group premium will be priced based on the following:

Number of Insured employees/contractors.	Percentage of Insured Neurologist Base Rate
2-5	10%
6-10	15%
11-20	20%
over 20	25%

The sum of the individuals, medical group and vicarious liability premium will determine the total premium of the medical group.

Insureds can share the limit of liability of the medical group.

The base rate for each insured sharing the limit with the group entity will be reduced by 10% when the total number of insured neurologists in the group exceeds 5 on an annual basis.

The base rate for each insured sharing the limit with the group entity will be reduced by 5% when the total number of insured neurologists in the group is 5 or less on an annual basis.

A schedule rating credit/debit can then be applied to the total premium of the medical group in accordance with the Schedule Rating Group Rules, (see attached).

Limits of Liability
Refer to policy Limits of Liability Section, Coverage A and Coverage B for application of limits for individual insureds, medical corporations, partnerships, and associations. Refer to the rate schedule for the applicable limits for each state.

Claims-Made
The retroactive date can be advanced only at the request or with the written acknowledgment of the insured.

Group Vicarious Liability Surcharge Endorsement
If a scheduled insured under the group policy terminates coverage and does not elect to purchase the extended reporting endorsement, the group premium will be surcharged 10% of the quoted ERP premium. The surcharge is applicable as a result of the vicarious liability exposure to the group for the professional services rendered by the insured while working on behalf of the group. The surcharge will be waived if the cancelled insured provides proof of prior acts coverage from the new carrier for the period insured under the group policy.

Outside Medical Group Practice Activity
Coverage will be considered for an insured that has a medical practice outside the scope of his/her affiliation with the medical group. The outside practice is subject to underwriting and if accepted will be rated in accordance with the medical specialty rate and total practice hours applicable to all practice activities for which coverage has been provided.

Rule 8.	**Group Accounts – Schedule Rating**

Adjustment to base rate on group accounts not to exceed a credit of 5% or a debit of 10%.

The following modifications may be applied to recognize special characteristics that are not fully recognized in the basic rate(s) or premium. The maximum credit shall not exceed 5% and the maximum debit shall not exceed +10%. The schedule rating program is mandatory and to be administered consistently for each insured or prospective insured.

Management

Management has demonstrated adequate control and monitoring of the risks and exposures of the organization. The financial condition of the Medical Group is favorable. An example of a Medical Group which would receive a credit would employ a dedicated risk manager and have favorable financial ratios. **(+/-5%)**

Employees

The applicant has established a continuing professional education program for its employees and encourages certification in their respective specialties. There must be a statement in the employee handbook advocating continuing education. The Medical Group agrees to pay all or some of the tuition fees and/or related educational expenses. Further, the composition of the Medical Group will be 50% or greater of the employee population having board certification or similar advanced degrees for a maximum credit to be granted. If the percentage is lower, but still substantial, and the other criteria described above are met, a lesser credit may be granted. If none of the above, a debit will be made. **(+/-5%)**

Risk Management

The applicant has an established and working risk management program to minimize the frequency and severity of claims. A Medical Group which has an incident reporting system, occurrence screening, and other mechanisms to address potential and actual claims would receive a maximum credit. If none of these mechanisms are in place, a debit will be made. **(+/-5%)**

Medical Records/Informed Consent

The applicant has a system in effect for concurrent and retrospective review of medical records and informed consent documents. If the Medical Group has a medical records system only or an informed consent system only, no debit or credit is available. If both systems are in effect, a credit is available. If neither system is in effect, a debit will be made. **(+/-5%)**

Performance of experimental procedures

If the medical group practice includes procedures that are considered experimental, but that are performed within the prescribed guidelines, controlled studies, or : "protocol" established by the manufacturer or similar entity, there will be no debit or credit, however if the experimental procedures are not subject to the protocol, a debit of up to 10% will be applied. Since the underlying program's rates reflect the assumption that insureds will not be performing experimental procedures, no credit will be given under any circumstances and under this category i.e. there will be no credit if experimental procedures are not utilized. **(+10%)**

Rule 9.	**Locum Tenens**

A Locum Tenens ("hold the place of") works in place of a Named Insured or Additional Named Insured, never at the same time. The Locum Tenens doctor must be underwritten in the same specialty

classification as the Named Insured or Additional Named Insured. The program will allow Locum Tenens coverage for a maximum total of 45 days each policy year.

There is no charge for this coverage.

Rule 10.	Suspension of Insurance

An insured may request suspension of insurance, due to disability or to accommodate a sabbatical leave of training. The insured will not be covered for claims or suits which arise based on an occurrence within the period of suspension. The insured is entitled to report claims during the period of suspension which arise from occurrences when the policy was in force and not on suspense.

Suspension may be secured for a minimum period of 90 consecutive days and for a maximum of one year. This option is allowed only once every four years except for reason of disability.

Billing for the current quarter(s) is suppressed, and a refund for the quarter(s) or remainder of quarter(s) affected is made to the insured.

Charge 25% of the claims-made rate.

Rule 11.	Policy Minimum Premium

A minimum annual premium of $2000.00 will be applied for any one policy with limits of $1,000,000/$3,000,000 or lower.

A minimum annual premium of $4000.00 will be applied for any one policy with limits of $2,000,000/$6,000,000.

Rule 12.	Loss Free Credit

To qualify for the Loss Free Credit, the named insured must have been practicing at least five (5) years after completion of a residency or fellowship training program and cannot have any open claim(s) with an indemnity reserve more than $25,000.

A ten percent credit is available if the Named Insured Neurologist has not had any claim(s) with more than $10,000 of indemnity payments and loss adjustment expenses more than $15,000 paid during the previous five (5) years.

A five percent credit is available if the Named Insured Neurologist has not had any claim(s) with more than $10,000 of indemnity payments and loss adjustment expenses of $15,001 to $25,000 paid during the previous five (5) years.

Rule 13. Tail Coverage (Extended Reporting Period)

Tail pricing is calculated by applying the factor shown below that corresponds with the Number of Years written under a Claims Made contract to the mature Claims Made premium.

First Year	0.65
Second Year	1.15
Third Year	1.50
Fourth Year	1.70
Fifth Year and Thereafter	1.85

All discounts, surcharges, credits, & debits applied to the Primary Coverage must be applied to the calculation of the Tail premium as well.

FREE TAIL COVERAGE

Tail coverage is free in the event of DEATH or PERMANENT DISABILITY, or when a member reaches age 55 or older and has been insured under a Claims-Made contract with the insurer for at least 5 consecutive years immediately prior to permanent retirement.

NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA.

ILLINOIS

I. **Base Rate:**

Base rate is per neurologists for $1,000,000/$3,000,000 of Mature Claims Made coverage with Pre-Paid Tail Coverage.

	Class 1 Neurology including Child - No Surgery (80261)
Territory 1: (Cook, Jackson, Madison, St.Clair, and Will)	$46,688
Territory 2: (Lake and Vermilion)	$42,188
Territory 3: (Kane, McHenry, and Winnebago)	$39,936
Territory 4: (DuPage, Kankakee, and Macon)	$35,436
Territory 5: (Bureau, Champaign, Coles, DeKalb, Effingham, LaSalle, Ogle, and Randolph)	$33,188
Territory 6: (Grundy and Sangamon)	$28,688
Territory 7: (Peoria)	$21,940
Territory 8: (Remainder of State)	$24,188

II. **Increased Limits Factors:**

Apply the applicable increased limits factor to the base rate.

Limit of Liability	ILF
$100,000/$300,000	0.673
$200,000/$600,000	0.746
$250,000/$750,000	0.772
$300,000/$900,000	0.797
$400,000/$1,200,000	0.847
$500,000/$1,500,000	0.946
$1,000,000/$3,000,000	1.000
$2,000,000/$6,000,000	1.280

III. **Claims-Made Step Factor (% of Claims-Made w/ pre-paid tail premium):**

Number of years Claim-Made coverage.	
First Year	0.250
Second Year	0.500
Third Year	0.780
Fourth Year	0.925
Fifth Year	0.950
Six Year	0.975
Seventh Year and Thereafter	1.000

IV. **Extended Reporting Claims Endorsement:**

% of mature Claims-Made Premium.	
First Year	0.65
Second Year	1.15
Third Year	1.50
Fourth Year	1.70
Fifth Year and Thereafter	1.85

NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA
THE NEUROLOGISTS' PROGRAM
PROFESSIONAL LIABILITY INSURANCE PROGRAM
ILLINOIS MANUAL RULES

Rule 1.	**Rating Profile Items**

The First, Second, and Third Year in Practice credits include military. The discount applies to the first, second, or third year immediately following the completion of residency or fellowship, or discharge from the military, regardless of interruption of time. A member may receive the FYIP, SYIP, TYIP only once.

If both an active part-time credit and an active FYIP, SYIP, TYIP credit are among the rating profile items, the higher credit of the two shall apply.

The Moonlighting credit cannot be combined with a part-time credit.

The current listing of Rating Profile Items (Program discounts, surcharges, credits & debits), is as follows:

First Year in Practice	50%Credit
Second Year in Practice	25%Credit
Third Year in Practice	25%Credit
Moonlighting	50%Credit
Part-Time Practice (20 Hours or Less)	50%Credit
Experience & Schedule Rating Program	See separate sections
PRMS Sponsored Risk Management Seminar	15%Credit
All Other PRMS Qualified Risk Management Seminars	5% Credit
American Academy of Neurology Membership	5% Credit
Loss Free Credit	**See separate section**

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Rule 2. Vicarious Liability

The additional premium for vicarious liability coverage is determined as follows:

VICARIOUS LIABILITY
Additional Premium for Shared Limit
(Policy Coverage A)
Note: Shared limits not available in: IN, KS, LA, PA, and WI

No. of Employees/Independent Contractors	Percent of final individual modified premium
1-3	5%
4-10	15%
11-25	25%
Over 25	100%

VICARIOUS LIABILITY
Additional Premium for Separate Limit
(Policy Coverage B)

No. of Employees/Independent Contractors	Percent of final individual modified premium
0-3	10%
4-10	25%
11-25	50%
Over 25	100%

Rule 3. Premium Rounding

All premiums shall be rounded to the nearest whole dollar. Amounts that are less than 50 cents shall be dropped. Increase amounts that are 50 cents or more to the next whole dollar.

Rounding procedures to be followed are taken from the Insurance Service Office, Inc. rules.

RATES: Round rates, factors and multipliers after the final calculation to three decimal places.

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Five-tenths or more of a mill shall be considered one mill, e.g., .1245 = .125

PREMIUM: Round the premium for each coverage for which a separate premium is calculated to the nearest whole dollar. Round a premium involving $.50 or over the next higher whole dollar.

Rule 4.	Maximum 50% Credit

Maximum 50% credit (discount) applies subject to the following **exclusions:**

Experience factor is not included
Schedule factor is not included
Risk Management Seminar factor is not included
American Academy of Neurology Membership is not included
Loss Free Credit is not included

Rule 5.	Prior Acts Endorsement

The following rating is used when a member converts the claims-made policy to either an occurrence or claims-made with prepaid tail policy (whichever is applicable) and does not purchase the extended reporting endorsement from the prior carrier. The Prior Acts Endorsement will be effective the inception date of The Neurologists' Program occurrence or claims-made with pre-paid tail policy and will cover claims reported after the termination date of the prior claims-made policy for incidents that occurred between the retroactive date and termination date of the prior claims-made policy.

This rating will also be used in situations where the member's most recent previous carrier was The Neurologists' Program and for some reason the member allowed the prior claims-made policy to lapse. The lapsed period cannot exceed one year and must meet acceptable underwriting criteria.

1st year in CLAIMS MADE Coverage	70% of Occ or CM w/PPT Premium
2nd year in CLAIMS MADE Coverage	110% of Occ or CM w/PPT Premium
3rd year in CLAIMS MADE Coverage	135% of Occ or CM w/PPT Premium
4th year in CLAIMS MADE Coverage	145% of Occ or CM w/PPT Premium
5th year and after in CLAIMS MADE Coverage	160% of Occ or CM w/PPT Premium

Rule 6.	Experience and Schedule Rating Guidelines

The following Experience Rating Guidelines applies:

Severity (Use last five-year experience period prior to renewal application)

Indemnity payment $30,000 to $50,000 — 10% Debit per claim

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Indemnity payment $50,001 to $99,999	20% Debit per claim
Open or closed claim with Indemnity payment or reserve $100,000 or more	30% Debit per claim plus 10% Debit each $50,000 increment above $100,000

Frequency (Open and Closed claims with incurred and/or reserved indemnity and expenses totaling $10,000 and above).

Two claims reported within any 12-month period in last three years.	25% Debit each claim
Three claims reported within last five years.	50% Debit each claim

Liability (Open and closed claims within last 5 years)

a. Deviation from standard of care	50% Debit - non-renewal
b. Non-cooperation with policy conditions	50% Debit - non-renewal
c. Undue familiarity	
Insured admission	non-renewal
Settlement by carrier and/or insured	non-renewal

Schedule rating characteristics

The following schedule rating criteria can be used to establish the adjusted annual premium per participant:

Refer to the following, which discusses the underwriting intention for considering risk characteristics not otherwise contemplated in the base rate.

The rating schedule is intended to create an overall risk profile of the insured. Multiple characteristics should be weighted and evaluated based on measurable statistics, (i.e. practice time, number of patients, length of training or experience or lack thereof, etc). This program is mandatory and to be administered consistently with each insured or prospective insured.

Adjustment to base rate of +/-25% requires management approval except where indicated below.

A. PRACTICE SETTING:

Facility has been subject to license or accreditation disciplinary action or federal investigation or prosecution, mass tort litigation or investigative reporting. If an insured is affiliated with a facility that has recently been subject to any of these issues it is probable that the insured may have an increased

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The underwriter should utilize all reference information relative to this facility and determine the degree of involvement of our insured directly related to the facility's adverse risk characteristics. **25% Debit**

B. NATURE AND SCOPE OF PRACTICE

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Above average daily patient volume: An average daily patient volume of 25 is contemplated in the base rates. Any practice where the patient volume is greater should be considered as an increased risk and priced accordingly. **20% Debit**

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Adverse risk not contemplated in the base rate: This category should be used when the underwriter determines that the participant's exposure generates a risk not-otherwise discussed in the above criteria and was not contemplated in the usual and customary definition of neurological professional services but meets underwriting approval for coverage. Use of this category requires management approval in all cases. **25% Debit**

Rule 7.	Group Accounts

Eligibility
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Rates
Each neurologist insured will be rated in accordance with the individual program rules and rates.

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Nurse/Registered Nurse	.0046
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Vicarious liability coverage for the medical group for employed or contracted healthcare providers not insured under the policy will be priced at 10% of the otherwise applicable premium rate (including discounts).

Medical group premium will be priced based on the following:

Number of Insured employees/contractors.	Percentage of Insured Neurologist Base Rate
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Insureds can share the limit of liability of the medical group.

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A schedule rating credit/debit can then be applied to the total premium of the medical group in accordance with the Schedule Rating Group Rules, (see attached).

Limits of Liability
Refer to policy Limits of Liability Section, Coverage A and Coverage B for application of limits for individual insureds, medical corporations, partnerships, and associations. Refer to the rate schedule for the applicable limits for each state.

Claims-Made
The retroactive date can be advanced only at the request or with the written acknowledgment of the insured.

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If a scheduled insured under the group policy terminates coverage and does not elect to purchase the extended reporting endorsement, the group premium will be surcharged 10% of the quoted ERP premium. The surcharge is applicable as a result of the vicarious liability exposure to the group for the professional services rendered by the insured while working on behalf of the group. The surcharge will be waived if the cancelled insured provides proof of prior acts coverage from the new carrier for the period insured under the group policy.

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Medical Records/Informed Consent

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Rule 9.	**Locum Tenens**

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There is no charge for this coverage.

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Rule 10.	Suspension of Insurance

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Suspension may be secured for a minimum period of 90 consecutive days and for a maximum of one year. This option is allowed only once every four years except for reason of disability.

Billing for the current quarter(s) is suppressed, and a refund for the quarter(s) or remainder of quarter(s) affected is made to the insured.

Charge 25% of the claims-made rate.

Rule 11.	Policy Minimum Premium

A minimum annual premium of $2000.00 will be applied for any one policy with limits of $1,000,000/$3,000,000 or lower.

A minimum annual premium of $4000.00 will be applied for any one policy with limits of $2,000,000/$6,000,000.

Rule 12.	Loss Free Credit

To qualify for the Loss Free Credit, the named insured must have been practicing at least five (5) years after completion of a residency or fellowship training program and cannot have any open claim(s) with an indemnity reserve more than $25,000.

A ten percent credit is available if the Named Insured Neurologist has not had any claim(s) with more than $10,000 of indemnity payments and loss adjustment expenses more than $15,000 paid during the previous five (5) years.

A five percent credit is available if the Named Insured Neurologist has not had any claim(s) with more than $10,000 of indemnity payments and loss adjustment expenses of $15,001 to $25,000 paid during the previous five (5) years.

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Rule 13. Tail Coverage (Extended Reporting Period)

Tail pricing is calculated by applying the factor shown below that corresponds with the Number of Years written under a Claims Made contract to the expiring annual premium written under the claims-made contract.

First Year	3.306
Second Year	3.153
Third Year	2.401
Fourth Year	2.178
Fifth Year	2.196
Sixth Year	2.183
Seventh Year and Thereafter	2.180

All discounts, surcharges, credits, & debits applied to the Primary Coverage must be applied to the calculation of the Tail premium as well. The tail coverage (extended reporting period) endorsement that is issued for the tail, whether it was purchased or provided at no additional cost, provides unlimited tail coverage.

FREE TAIL COVERAGE

Tail coverage is free in the event of DEATH or PERMANENT DISABILITY, or when a member reaches age 55 or older and has been insured under a Claims-Made contract with the insurer for at least 5 consecutive years immediately prior to permanent retirement.

Rule 14. Quarterly Premium Installment Plan

Quarterly Premium Installment Plan: The charge for premium installments shall be the lesser of one percent (1%) of the total premium or $25.00 per installment. There will be no interest charges on installment payments. Any additional premium resulting from changes to the policy will be spread equally over the remaining installments, if any. If there are no remaining installments, additional premium resulting from changes to the policy will be billed immediately as a separate transaction.

First Quarter =	40%	Due at policy inception
Second Quarter =	20%	Due 3 months from policy inception
Third Quarter =	20%	Due 6 months from policy inception
Fourth Quarter =	20%	Due 9 months from policy inception

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STATE OF ILLINOIS
DEPARTMENT OF INSURANCE
SPRINGFIELD, ILLINOIS

NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA.
Neurologists' Professional Liability Program
ILLINOIS

			Neurology including Child - No Surgery (80261)
I.	Base rate for $1,000,000/$3,000,000 Claims-Made w/Prepaid Tail Coverage:		
	Territory 1	(Cook, Jackson, Madison, St. Clair, and Will)	$46,688
	Territory 2	(Lake and Vermilion)	$42,019
	Territory 3	(Kane, McHenry, and Winnebago)	$39,685
	Territory 4	(DuPage, Kankakee, and Macon)	$35,016
	Territory 5	(Bureau, Champaign, Coles, DeKalb, Effingham, LaSalle, Ogle, and Randolph)	$32,682
	Territory 6	(Grundy and Sangamon)	$28,013
	Territory 7	(Peoria)	$21,010
	Territory 8	Rest of State	$23,344

II. Increased Limit Factors

$100,000/$300,000	0.673
$200,000/$600,000	0.746
$250,000/$750,000	0.772
$300,000/$900,000	0.797
$400,000/$1,200,000	0.847
$500,000/$1,500,000	0.946
$1,000,000/$3,000,000	1.000
$2,000,000/$6,000,000	1.280

III. Claims-Made Conversion Factors (Applied to Claims-Made with Prepaid Tail premium)

Number of years Claims-Made Coverage:

First Year	0.250
Second Year	0.500
Third Year	0.780
Fourth Year	0.925
Fifth	0.950
Sixth	0.975
Seventh Year and Thereafter	1.000

IV. Territory Factors

Territory 1	1.000
Territory 2	0.900
Territory 3	0.850
Territory 4	0.750
Territory 5	0.700
Territory 6	0.600
Territory 7	0.450
Territory 8	0.500

V. Extended Reporting Claims Endorsement

Applied to Expiring Annual Premium:

First Year	3.306
Second Year	3.153
Third Year	2.401
Fourth Year	2.178
Fifth Year	2.196
Sixth Year	2.183
Seventh Year and Thereafter	2.180

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