

### PRIOR APPROVAL RATE APPLICATION

Completed by: Lauren Kielian Date: 6/29/2011

Your File #: MIECCABB2011  
( 15 Characters Maximum)  
 SERFF  CD (plus 1 paper copy)  Paper (1 original plus 1 copy)

Does this filing include a variance request?

Is this a variance request submitted after the prior approval application to which it applies?

If yes, provide the applicable CDI File Number: \_\_\_\_\_

Does this file contain group data?

Note: Complete page 2 if this is a group filing

Is this a specialty filing?

Latest applicable CDI file number in this line, subline and/or program:  
99-11558

Company Name Medical Insurance Exchange of California

NAIC Company Code 32433

Group Name Medical Insurance Exchange of California

NAIC Group Code 608

Organized under the Laws of the State of CALIFORNIA

DEPARTMENT USE ONLY	
Filing No.:	<u>11-5670</u>
SERFF No.:	_____
Date Filed:	<u>6-30-11</u>
Compliance Date:	<u>7-11-11</u>
Date Public Notified:	<u>7-15-11</u>
Deemer Date:	<u>9-13-11</u>
Intake Analyst:	<u>Rivera</u>
Bureau & Senior:	<u>SF2-Salazar</u>
Group Filing:	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
X-Reference No.:	_____
<input checked="" type="checkbox"/> Rate	<input type="checkbox"/> New Program <input type="checkbox"/> Rule
<input type="checkbox"/> Form	<input type="checkbox"/> Variance <u>-13.5</u> % Change

Line Type

Line of Insurance:

Subline Other

Program Blood Banks

Home Office 6250 CLAREMONT AVE OAKLAND CA 94618

Name and Title of Contact Person LAUREN KIELIAN VP UNDERWRITING

Toll Free Phone No. 18002274527 Fax No.: 15106544634

Email Address laurenk@miec.com

Mailing Address 6250 CLAREMONT AVE OAKLAND CA 94618

I declare under penalty of perjury under the laws of the State of California, that the information filed is true, complete, and correct

Lauren Kielian  
Authorized Signature  
Date of Filing July 1, 2011

18002274527  
Telephone Number

Important note: Refer to CDI website at <http://www.insurance.ca.gov/0250-insurers/0800-rate-filings/> for the most current rate template and prior approval factors.

**RATE FILING BUREAU-SF**  
**JUN 30 2011**  
STATE OF CALIFORNIA  
DEPARTMENT OF INSURANCE

**MEDICAL INSURANCE EXCHANGE OF CALIFORNIA  
BLOOD BANKS MEDICAL PROFESSIONAL LIABILITY  
CALIFORNIA**

**FILING MEMORANDUM**

MIEC respectfully submits this rate and form filing for the Blood Banks Program for rates effective for new and renewing policies on or after January 1, 2012.

The overall rate level impact of this revision is -13.5%.

The following changes are contained within this filing:

- A rate change of -13.5% applied to occurrence rates at \$1 million per occurrence/\$3 million annual aggregate limits
- Claims made factors have been revised
- There are endorsements to the three basic policy forms (individual physician, health practitioner, partnership/corporation) for a new coverage (MIEC DATAGUARD) which provides protection for disclosure of confidential information and damage to information systems; limits of liability under the information security endorsement are separate and generally limited to \$50,000 with excess limits available subject to underwriting approval

**INSURER GROUP MULTI-COMPANY FILING**

For private passenger auto insurance only, does CIC, 1861.16(c) apply?  No  Yes  
If yes, please complete (Super Group) Exhibit 19.

List each insurance company in alphabetical order.

Company Name Medical Insurance Exchange of California CDI Filing No. \_\_\_\_\_  
( Department use only )  
NAIC Company Code 32433

Company Name \_\_\_\_\_ CDI Filing No. \_\_\_\_\_  
( Department use only )  
NAIC Company Code \_\_\_\_\_

Company Name \_\_\_\_\_ CDI Filing No. \_\_\_\_\_  
( Department use only )  
NAIC Company Code \_\_\_\_\_

Company Name \_\_\_\_\_ CDI Filing No. \_\_\_\_\_  
( Department use only )  
NAIC Company Code \_\_\_\_\_

Company Name \_\_\_\_\_ CDI Filing No. \_\_\_\_\_  
( Department use only )  
NAIC Company Code \_\_\_\_\_

Company Name \_\_\_\_\_ CDI Filing No. \_\_\_\_\_  
( Department use only )  
NAIC Company Code \_\_\_\_\_

Company Name \_\_\_\_\_ CDI Filing No. \_\_\_\_\_  
( Department use only )  
NAIC Company Code \_\_\_\_\_

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( Department use only )  
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( Department use only )  
NAIC Company Code \_\_\_\_\_

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( Department use only )  
NAIC Company Code \_\_\_\_\_

Company Name \_\_\_\_\_ CDI Filing No. \_\_\_\_\_  
( Department use only )  
NAIC Company Code \_\_\_\_\_

**PROPERTY AND LIABILITY FILING SUBMISSION DATA SHEET**

The purpose of this filing is as follows: (More than one may be marked)

TYPE OF FILING

PRIOR APPROVAL RATE APPLICATION  
PAGES and EXHIBITS REQUIRED

- |  |   |
|--|---|
| <input type="checkbox"/> New Program ( Including adoption of advisory organization loss costs, forms and rules.) | Pages 1 through 7, 10, 12, 13 & 14, plus exhibit 17                   |
| <input checked="" type="checkbox"/> Rates ( Including adoption of advisory organization loss costs. )            |   |
| <input type="checkbox"/> Increase rates  | Pages 1 through 10, 13 & 14, plus exhibits                            |
| <input checked="" type="checkbox"/> Decrease rate  | Pages 1 through 10, 13 & 14, plus exhibits                            |
| <input type="checkbox"/> Zero Overall rate impact  | Pages 1 through 10, 13 & 14, plus exhibits                            |
| <input type="checkbox"/> Variance  |   |
| <input type="checkbox"/> Filed together with the prior approval application to which it applies.                 | Page 11 and exhibit 13  |
| <input type="checkbox"/> Filed after the prior approval application to which it applies.                         | Pages 1 through 6, 11, plus exhibit 13                                |
| <input type="checkbox"/> Coverage Forms ( Including adoption of advisory organization forms. )                   |   |
| <input type="checkbox"/> With rate impact  | Pages 1 through 10, 12a, 13 & 14 plus exhibits                        |
| <input type="checkbox"/> Without rate impact   | Pages 1 through 5, 12a  |
| <input type="checkbox"/> Rules ( Including adoption of advisory organization rules. )                            |   |
| <input type="checkbox"/> With rate impact  | Pages 1 through 10, 12b, 13 & 14 plus exhibits (including exhibit 20) |
| <input type="checkbox"/> Without rate impact   | Pages 1 through 5, 12b, Exhibit 20                                    |

**All Private Passenger Automobile class plans must be filed separately from the Prior Approval Rate Applications.**

Edition Date: 4/4/2011

**PROPERTY AND LIABILITY FILING SUBMISSION DATA SHEET (Continued)**

Proposed Earned Premium Per Exposure: \$ 49,100.39

Proposed Overall Rate Change -13.50%

	<u>COVERAGE*</u>	<u>INDICATED CHANGE (%)</u>	<u>PROPOSED CHANGE (%)</u>	<u>ADJUSTED EARNED PREMIUM*</u>	<u>PROJECTED EARNED PREMIUM</u>
1.	<b>Blood Banks</b>	-13.00%	-13.50%	170,290	147,301
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					
	<b>TOTAL:</b>				

Total earned premium must include all income derived from miscellaneous fees and other charges.

\* Commercial Auto Liability and Physical damage must be combined in one application, with separate rate templates for liability and physical damage.

\* Adjusted earned premium is the historical earned premium for the most recent year adjusted to the current rate level and trended to the average date of loss of the proposed rating period.

**FILING CHECKLIST**

**Use this checklist to assemble a complete application**

- Prior Approval Rate Application, Page 1
- Group Filing, Page 2
- Property and Liability Filing Submission Data Sheet, Page 3
- Property and Liability Filing Submission Data Sheet, Page 4
- Filing Checklist, Page 5
- Supporting Data Exhibits, Page 6
- Ratemaking Data and Template (s), Page 7
- Reconciliation of Direct Earned Premium, Page 8
- Additional Data Required by Statute, Page 9
- Miscellaneous Fees and Other Charges, Page 10
- Variance Request, Page 11
- Forms and Rules, Page 12
- Excluded Expenses, Page 13
- Projected Yield and Federal Income Tax Rate on Investment Income, Page 14
- Filing Memorandum

**See the prior approval rate filing instructions regarding the following attachments.**

- Printed Rate and Rule Manual Pages
- Underwriting Rules
- Forms (Attach all independent forms and list all advisory organization forms )
- Copies of Reinsurance Agreements  
( Applies only to Medical Malpractice with facultative reinsurance attachment points above one million dollars and Earthquake, where the cost of reinsurance is included in the rate development.)

**SUPPORTING DATA EXHIBITS**

**Use this document to assemble a complete application**

- Exhibit 1: Filing History
- Exhibit 2: Rate Level History
- Exhibit 3: Policy Term Distribution
- Exhibit 4: Premium Adjustment Factor
- Exhibit 5: Premium Trend Factor
- Exhibit 6: Miscellaneous Fees and Other Charges
- Exhibit 7: Loss and Defense & Cost Containment Expense ( DCCE ) Development Factors
- Exhibit 8: Loss and DCCE Trend
- Exhibit 9: Catastrophe Adjustment
- Exhibit 10: Credibility Adjustment
- Exhibit 11: Ancillary Income
- Exhibit 12: Reinsurance Premium and Recoverables
- Exhibit 13: Variance
- Exhibit 14: Insurer's Ratemaking Calculations
- Exhibit 15: Rate Distribution
- Exhibit 16: Rate Classification Relativities
- Exhibit 17: New Program
- Exhibit 18: Group Filing
- Exhibit 19: Super Group Corporate Structure Verification (PPA only)
- Exhibit 20: Rules
- Exhibit 21:

RATEMAKING DATA							
<i>(Click + to expand for more than 3 years; - to contract)</i>							
Completed by	Lauren Kiellan						
Date Completed	6/29/2011						
Company/Group	Medical Insurance Exchange of Califor						
Line Description	MEDICAL MALPRACTICE (claims-made) MEDICAL MALPRACTICE (claims-made)						
Coverage							
Marketing System:	%Captive	%Direct	%Independent	(Must add up to 100%)			
Prior Effective Date (current rates)	0.00%	100.00%	0.00%				
Proposed Effective Date (new rates)	2/1/2000						
CDI File Number ( Department use only )	1/1/2012						
Does the data provided below reflect a Request for Variance?	0	Variance #:					
	No						
Data below is:	Report Year Data (Claims Made policies only)						
	5th Prior Year	4th Prior Year	3rd Prior Year	2nd Prior Year	1st Prior Year	Most Recent Year	Projected*/ New Program**
	2005	2006	2007	2008	2009	2010	
1 California Direct Written Premium	708,548	604,576	552,495	696,299	606,221	172,743	
2 California Direct Earned Premium	704,074	610,468	556,545	688,453	625,354	196,867	
3 Premium Adjustment Factor (Developed in Exhibit 4)	1.000	1.000	1.000	1.000	1.000	1.000	
4 Premium Trend Factor* (Developed in Exhibit 5)	1.000	1.000	1.000	1.000	1.000	1.000	0.00%
5 Miscellaneous Fees and Flat Charges (Not included in Line 2; Developed in Exhibit 6)				-	-	-	
6 Earned Exposure Units	6	6	6	6	4	3	3
7 Historic Losses (Projected for New Programs)	359,447	38,021	14,187	6,037	8,558	104,447	
8 Historic Defense and Cost Containment Expense (DCCE)				-	-	-	
9 Loss Development Factor (Developed in Exhibit 7)	1.000	1.000	1.000	1.000	1.491	1.678	
10 DCCE Development Factor (Developed in Exhibit 7)							
11 Loss Trend Factor* (Developed in Exhibit 8)	1.035	1.030	1.025	1.020	1.015	1.010	0.50%
12 DCCE Trend Factor* (Developed in Exhibit 8)							
13 Catastrophe Adjustment Factor (Developed in Exh 9)	1.000	1.000	1.000	1.000	1.000	1.000	
14 Credibility Factor for Losses & DCCE (Developed in Exhibit 10)							18.71%
15 Excluded Expense Factor (From Page 13)							3.24%
16 Ancillary income (Developed in Exhibit 11)				-	-	-	
17 Projected Federal Income Tax Rate on Investment Income (From Page 14)							31.94%
18 Projected Yield (From Page 14)							4.63%
<b>Complete 19, 20 &amp; 21 For Earthquake and certain Medical Malpractice with Reinsurance Only (see instructions)</b>							
19 Direct Commissions							0.00%
20 Reinsurance Premium (Developed in Exhibit 12)				-	-	-	
21 Reinsurance Recoverables (Developed in Exhibit 12)				-	-	-	
Variance Change to Leverage on the basis that the insurer either writes at least 90% of its direct earned premium in one line or writes at least 90% of its direct earned premium in California. (Must be accompanied by Variance Request, subject to CDI approval)							No
Variance Change to Efficiency Standard (Must be accompanied by Variance Request, subject to CDI approval)							
* For all trend factors, the Projected Column should reflect the annual trend expressed as a percentage.							
** For New Programs, please see Rate Filing Instructions, Page 4.							

STATUTORY PAGE 14 CALENDAR YEAR DATA  
RECONCILIATION OF DIRECT EARNED PREMIUM DATA PER PROGRAM

Program	Most Recent CDI File #	2nd Prior Year <u>2008</u>	1st Prior Year <u>2009</u>	Most Recent Year <u>2010</u>
1. Phys & Surgeons (incl. Defense)	06-4652	\$ 36,452,348	\$ 35,348,945	\$ 34,146,232
2. California Clinics & CAL/ACEP	06-4652	\$ 1,003,848	\$ 995,694	\$ 722,733
3. Blood Banks	99-1158	\$ 688,453	\$ 625,354	\$ 196,867
4.				
5.		\$ -	\$ -	\$ -
6.		\$ -	\$ -	\$ -
7.		\$ -	\$ -	\$ -
8.		\$ -	\$ -	\$ -
9.		\$ -	\$ -	\$ -
10.		\$ -	\$ -	\$ -
<b>TOTAL</b>		<b>\$ 38,144,648</b>	<b>\$ 36,969,993</b>	<b>\$ 35,066,833</b>
Statutory Page 14		\$ 38,053,520	\$ 36,599,284	\$ 32,906,906
Difference		\$ 91,128	\$ 370,709	\$ 2,158,927

Explain the Differences:

Differences are due to the earning of DD&R premium within the calendar year and the inclusion of defense coverage within the physicians and surgeons analysis. In 2008, Defense Coverage Earned Premium is \$268,645 and the change in DD&R UEPR is positive \$187,357, for an unexplained difference of \$9,840. In 2009, Defense Coverage Earned Premium is \$278,887 and the change in the DD&R UEPR is negative \$96,909 for an unexplained difference of \$5,087. In 2010, Defense Coverage Earned Premium is \$279,089 and the change in DD&R UEPR is -\$1,879,649 for an unexplained difference of \$189.

This exhibit requires insurers to itemize each program until all data is reconciled to the corresponding annual statement line of insurance ( Statutory Page 14 ).

For residual market data, a filing number is not required.

**ADDITIONAL DATA REQUIRED BY STATUTE\***

<u>Calendar Year</u>	Year	<u>2010</u>
<b>DATA</b>		
1. Number of claims outstanding at beginning of year		<u>16</u>
2. Number of claims during the year		<u>17</u>
3. Number of claims closed during the year		<u>21</u>
4. Number of claims outstanding at year's end ( (1) + (2) - (3) )		<u>12</u>
5. Unearned Premiums		<u>14,757</u>
6. Dollar amount of claims paid		<u>12,935</u>
7. Net loss reserves for outstanding claims excluding claims incurred but not reported		<u>30,963</u>
8. Net loss reserves for claims incurred but not reported		<u>18,158</u>
9. Losses incurred as a percentage of premiums earned - including IBNR		<u>17.87%</u>
10. Net investment gain or loss and other income or gain or loss allocated to the line.		<u>80,259</u>
11. Net income before federal and foreign income taxes ( line 10 plus line 15 )		<u>153,732</u>
12. Total number of policies in force on the last day of the reporting period		<u>3</u>
13. Total number of policies cancelled		<u>1</u>
14. Total number of policies non-renewed		<u>0</u>
15. Net underwriting gain or loss ( =CY earned premiums minus CY incurred loss minus CY incurred expense )		<u>73,473</u>
16. Separate allocations of expenses for:		
a) commissions and brokerage expense,		<u>-</u>
b) other acquisition costs,		<u>18,133</u>
c) general office expenses,		<u>4,320</u>
d) taxes, licenses and fees,		<u>3,715</u>
e) loss adjustment expense ( DCCE & AOE ), and		<u>65,043</u>
f) other expenses		<u>-</u>

\*CIC 1857.7, CIC 1857.9 and CIC 1864

**MISCELLANEOUS FEES AND OTHER CHARGES**

Do any fees or installment finance charges apply to this program?  No  Yes  
 If yes, identify the fee and the amount charged for each type of fee and for each transaction.

**INDIVIDUAL POLICY CHARGES**

	New Business	Renewals
<input type="checkbox"/> Policy fee	_____	_____
<input type="checkbox"/> Installment fee	_____	_____
<input type="checkbox"/> Installment finance charges ( ancillary income )	_____ APR	_____
<input type="checkbox"/> Endorsement fee	_____	_____
<input type="checkbox"/> Inspection fee	_____	_____
<input type="checkbox"/> Cancellation fee	_____	_____
<input type="checkbox"/> Reinstatement fee	_____	_____
<input type="checkbox"/> Late fee	_____	_____
<input type="checkbox"/> SR 22	_____	_____
<input type="checkbox"/> Non-sufficient funds ( NSF ) fee ( ancillary income )	_____	_____
<input type="checkbox"/> Membership dues ( ancillary income )	_____	_____
<input type="checkbox"/> Other, specify:	_____	_____

Except for installment finance charges, NSF fees, and membership dues, data relating to fees must be included in the ratemaking data, Page 7, Line 2 ( direct earned premium) or Line 5 ( miscellaneous fees ) and Exhibit 6, miscellaneous fees, must be completed. Refer to the instructions for additional information.

**REQUEST FOR VARIANCE**

1. Identify each variance requested. ((See below (F)))
2. Identify the extent or amount of the variance requested and the applicable component of the ratemaking formula. [ Complete Exhibit 13 ]
3. Set forth the expected result or impact on the maximum and minimum permitted earned premium that the granting of the variance will have as compared to the expected result if the variance is denied. [ Complete Exhibit 13 ]
4. IMPORTANT: Identify the facts and their source justifying the variance request and provide the documentation supporting the amount of the change to the component of the ratemaking formula. (Complete Exhibit 13)

**IDENTIFY THE BASES FOR VARIANCE - Refer to CCR 2644.27 (f) for the full regulation text.**

**Maximum Permitted Rate Change % Excluding Variance**  
(Change At Max Per Template) \_\_\_\_\_

1.  Relief from the efficiency standard for bona fide loss-prevention and loss reduction activities.  
A.  Allocated cost for SIU.  
B.  Expenses for loss prevention programs.  
**Maximum Permitted Rate Change % With Only This Variance** \_\_\_\_\_  
(Change At Max Per Template)
2.  Relief from the efficiency standard due to any of the following:  
A.  Higher quality of service, as demonstrated by objective measures of consumer satisfaction; or  
B.  Demonstrated superior service to underserved communities ( CCR 2646.6 ); or  
C.  Significantly smaller or larger than average California policy premium, including any applicable fees.  
**Maximum Permitted Rate Change % With Only This Variance** \_\_\_\_\_  
(Change At Max Per Template)
3.  The leverage factor should be different from the leverage factor determined pursuant to section 2644.17 on the basis that the insurer either writes at least 90% of its direct earned premium in one line or writes at least 90% of its direct earned premium in California, and its mix of business presents investment risks different from the risks that are typical of the line as a whole.  
**Maximum Permitted Rate Change % With Only This Variance** \_\_\_\_\_  
(Change At Max Per Template)
4.  Relief from operation of the efficiency standard for a line of insurance in which the insurer has never written over \$1 million in earned premium annually and the insurer is making a substantial investment in order to enter the market.  
**Maximum Permitted Rate Change % With Only This Variance** \_\_\_\_\_  
(Change At Max Per Template)
5.  The minimum permitted earned premium should be lower on the basis of the insurer's certification that the rate will not cause the insurer's financial condition to present an undue risk to its solvency.
6.  The insurer's financial condition is such that its maximum permitted earned premium should be increased in order to protect solvency.  
**Maximum Permitted Rate Change % With Only This Variance** \_\_\_\_\_  
(Change At Max Per Template)
7.  The loss development formula in CCR 2644.6 does not produce an actuarially sound result because:  
A.  There is not enough data to be credible  
B.  There is not enough years of data to fully calculate the development to ultimate;  
C.  There are changes in the insurer's reserving or claims closing practices that significantly affect the data; or,  
D.  There are changes in coverage or other policy terms that significantly affect the data; or,  
E.  There are changes in the law that significantly affect the data.  
F.  There is a significant increase or decrease in the amount of business written or significant changes in the mix of business.  
**Maximum Permitted Rate Change % With Only This Variance** \_\_\_\_\_  
(Change At Max Per Template)

8.

The trend formula in CCR 2644.7 does not produce the most an actuarially sound result because:

- A.  There is a significant increase/decrease in the amount of business written or changes in the mix of business;
- B.  There are not enough years of data to calculate the trend factor;
- C.  There is a significant change in the law affecting frequency or severity of claims;
- D.  It can be shown that a trend calculated over a period of at least 4 quarters other than a period permitted pursuant to section 2644.7(b) is more reliable prospectively.
- E.  There are changes in the insurer's claims closing practices that significantly affect the data; or,
- F.  There are changes in coverage or other policy terms that significantly affect the data.

**Maximum Permitted Rate Change % With Only This Variance** \_\_\_\_\_  
**(Change At Max Per Template)**

9.

The maximum permitted earned premium would be confiscatory if applied.

**Maximum Permitted Rate Change % With Only This Variance** \_\_\_\_\_  
**(Change At Max Per Template)**

**Overall Maximum Permitted Rate Change %** \_\_\_\_\_

Notwithstanding any other section of these regulations, the aggregate total adjustment to the efficiency standard for all variances combined shall not exceed the difference between the insurer's most recent year total expense ratio excluding defense and cost containment expenses and the efficiency standard.

Most Recent  
 Year Total  
 Expense Ratio \_\_\_\_\_ %

### FORMS

Insurers who wish to use a new or replacement form in connection with a new or existing program must furnish the following information and documentation for our review. Revisions must be highlighted and the corresponding manual pages must be provided.

FORM NO.	TITLE	TYPE	SOURCE	FORM NO * CATEGORY	Restricts Coverage [Yes/No]	Broadens Coverage [Yes/No]	Rate Impact [Yes/No]	% Change	Flat Rate
1] New:									
Old:									
2] New:									
Old:									
3] New:									
Old:									
4] New:									
Old:									
5] New:									
6] New:									

#### REQUIRED RESPONSES FOR THE ITEMS ABOVE

TYPE:	SOURCE	CATEGORY
1) Application	1) ISO*	1) New, mandatory
2) Endorsement	2) Other Advisory Organization*	2) New, optional
3) Policy	3) Company	3) Replacement, mandatory
4) Other ( Please define )	4) Other (describe)	4) Replacement, optional
		5) Withdrawn, mandatory
		6) Withdrawn, optional

\* Provide California Dept. of Insurance number ( CD# ) under the column identified as Source Form No.

#### Additional Information and Documents Required

Describe the purpose of the form or form change

For **NEW FORMS**, furnish a copy of the form to be filed, unless identical to an advisory organization form. If the form is a new endorsement to the policy, describe any changes in coverage under the policy. Describe what adjustments, if any, will be made to the premium due to the introduction of the forms.

For **REVISED FORMS**, describe any changes in coverages between the proposed form and the current form. Reference pertinent sections of each form affected. Brackets [ ] should be used to identify any deletions on the current form and underline all changes in the revised form. Describe what adjustments, if any, will be made to the premium due to the revisions.

## RULES

Insurers wishing to make a rule change filing must provide the following information.  
Exhibit 20 may be completed to provide additional information.

Identify the option(s) that applies.

- Introducing a new rule
- Revising an existing rule
- Adopting an approved Advisory Organization rule
- Withdrawing an approved rule

Use the following as a checklist to provide the required information.

If introducing a new rule or revising an existing rule, provide:

The purpose for the rule or an explanation for revising an existing rule

A copy of the current and proposed manual page corresponding to the rule

The charge for the rule. Support or justify the charge and provide the rate or premium development method.

The rate impact of the rule to the current book of business, showing the calculation.

Advise if the rule is: Optional  Mandatory

If withdrawing an approved rule, provide:

An explanation for withdrawing the rule

A copy of the current and proposed manual page(s) corresponding to the withdrawn rule

The rate impact of the withdrawn rule to the current book of business

If adopting an approved Advisory Organization rule(s), specify the approved CDI filing number(s) of the AO rule(s):

Insurer Comments:



## Excluded Expense Factor

Countrywide Data	2nd Prior Year 2008	1st Prior Year 2009	Most Recent Year 2010
2644.10 (a): Political contribution and lobbying	230,577	226,341	224,605
2644.10 (b): Excessive Executive Compensation	3,187,236	1,818,277	1,233,938
2644.10 (c): Bad faith judgments and associated DCCE	0	0	0
2644.10 (d): All costs for unsuccessful defense of discrimination claims	0	0	0
2644.10 (e): Fines and penalties	1,036	67,544	564
2644.10 (f): Institution advertising expenses	0	0	0
2644.10 (g): Excessive payments to affiliates	0	0	0
<b>Total excluded expenses</b>	<b>3,418,849</b>	<b>2,112,162</b>	<b>1,459,107</b>
<b>Excluded expense factor</b>	<b>4.57%</b>	<b>2.92%</b>	<b>2.23%</b>
<b>3-year average excluded expense factor</b>	<b>3.24%</b>		

PROJECTED YIELD AND FEDERAL INCOME TAX RATE ON INVESTMENT INCOME

Line number	Short Term Assets	Intermediate Term Assets		Long Term Assets	
	One year or less	Over 1 yr through 5 yrs	Over 5 yrs through 10 yrs	Over 10 yrs through 20 yrs	Over 20 yrs
1.7 US governments	0	6,071,542	7,361,153	0	0
2.7 All other governments	0	0	0	0	0
3.7 States, territories and possessions	0	0	0	0	0
4.7 Political subdivisions	0	0	0	0	0
5.7 Special revenue and assessment obligations	10,062,147	18,874,960	17,196,257	1,700,000	8,238,071
6.7 Public utilities unaffiliated	0	0	0	0	0
7.7 Industrial and miscellaneous	33,216,440	73,418,477	106,697,421	5,411,581	18,869,927
8.7 Credit tenant loans	0	0	0	0	0
9.7 Parent, subsidiaries and affiliates	0	0	0	0	0

	One year or less	Over 1 year through 10 years	Over 10 years
(1) US government bonds Sum of line 1.7 and 2.7	0	13,432,695	0
(2) Other taxable bonds Sum of line 6.7, 7.7, 8.7, 9.7 and half of 5.7	38,247,514	198,151,507	29,250,544
(3) Tax exempt bonds Sum of line 3.7, 4.7, and half of 5.7	5,031,074	18,035,609	4,999,036

Data on line 1.7 through 9.7 are from the insurer group's most recent consolidated statutory annual statement, schedule D, part 1A, section 1.

**PROJECTED YIELD AND FEDERAL INCOME TAX RATE ON INVESTMENT INCOME**

	Invested Assets [1]	Currently Available Yield * [2]	Return On Invested Assets [3]=[1]*[2]	Federal Income Tax Rate [4]	Federal Income Taxes [5]=[3]*[4]
(1) US government bonds					
(A) Short	0	0.07%	0	35.00%	0
(B) Intermediate	13,432,695	3.35%	449,548	35.00%	157,342
(C) Long	0	4.19%	0	35.00%	0
(2) Other taxable bonds					
(A) Short	38,247,514	0.21%	80,320	35.00%	28,112
(B) Intermediate	198,151,507	4.43%	8,776,503	35.00%	3,071,776
(C) Long	29,250,544	5.29%	1,548,239	35.00%	541,884
(3) Tax exempt bonds					
(A) Short	5,031,074	0.14%	6,867	5.25%	361
(B) Intermediate	18,035,609	3.39%	610,575	5.25%	32,055
(C) Long	4,969,036	5.14%	255,421	5.25%	13,410
(4) Common Stock	37,173,274				
(A) Dividends		1.65%	613,359	14.175%	86,944
(B) Capital gains		8.44%	3,136,598	34.10%	1,069,580
(5) Preferred stock dividends	1,465,913	5.72%	83,850	14.175%	11,886
(6) Mortgage loans	0	5.29%	0	35.00%	0
(7) Real estate	2,234,583	4.09%	91,345	35.00%	31,971
(8) Cash**	2,035,451	0.07%	1,357	35.00%	475
(9) Other***	0				
(A) Dividends		1.65%	0	14.175%	0
(B) Capital gains		8.44%	0	34.10%	0
(10) Total					
Sum of line (1) thru (9)	350,027,197		15,653,982		5,045,794

Data in column [1], line 4 through (9), are from the insurer group's most recent consolidated statutory annual statement page 2 - Assets.

\* Currently available yields are defined in CCR §2644.20. Latest values are posted at <http://www.insurance.ca.gov/0250-insurers/0800-rate-filings/0200-prior-approval-factors/>

\*\* Annual statement page 2, line 5, cash only. Cash equivalents and short-term investments are included in Schedule D.

\*\*\* Annual statement page 2, line 6 through 9.

**PROJECTED YIELD AND FEDERAL INCOME TAX RATE ON INVESTMENT INCOME**

	Invested Assets [1]	Currently Available Yield [2]	Return On Invested Assets [3]=[1]*[2]	Federal Income Tax Rate [4]	Federal Income Taxes [5]=[3]*[4]
(10) Total line (10) exhibit 13, page 2	<u>350,027,197</u>		<u>15,653,982</u>		<u>5,045,794</u>
(11) Investment expense Annual Statement (AS) page 11, line 25			<u>1,486,924</u>	35.00%	<u>520,423</u>
(12) Total after investment expense line (10) - line (11)	<u>350,027,197</u>		<u>14,167,058</u>		<u>4,525,370</u>
(13) Federal income tax rate line (12) column [5] / column [3]				<b>31.94%</b>	
(14) Projected yield on invested assets line (12) column [3] / column [1]		<u>4.05%</u>			

**Most Recent Year**

(15) Loss reserves AS page 3, line 1	<u>84,871,930</u>				
(16) Loss adjustment expense reserves AS page 3, line 3	<u>42,683,683</u>				
(17) Unearned premium reserves AS page 3, line 9	<u>32,789,416</u>				
(18) Surplus as regards to policyholders AS page 3, line 35	<u>145,433,677</u>				
(19) Total reserves and surplus Sum of line (15) to (18)	<u>305,778,706</u>				
(20) Projected yield adjusted to reserve and surplus base line (14) * line (12) / line (19)		<b>4.63%</b>			

**RATE TEMPLATE**

Edition Date:

4/4/2011

(No input by filer)

CDI FILE NUMBER:	0			
COMPANY/GROUP:	Medical Insurance Exchange of California			
LINE OF INSURANCE:	MEDICAL MALPRACTICE (claims-made)			
COVERAGE:	0			
PRIOR EFF DATE:	2/1/2000		Completed by:	Lauren Klelian
PROPOSED EFF DATE:	1/1/2012		Date:	6/29/2011

**DATA PROVIDED BY FILER**

	Year:				PROJECTED/ SUMMARY
	2008	2009	2010		
	PRIOR2	PRIOR1	RECENT		
WRT PREM	696,299	606,221	172,743		3,340,881
ERN PREM	688,453	625,354	196,867		3,381,761
PREM ADJ	1,000	1,000	1,000		
PREM TREND	1,000	1,000	1,000		0.000
MISCELLANEOUS FEES (& other flat charges)	0	0	0		0
EARNED EXP	6	4	3		31
LOSSES	6,037	8,558	104,447		530,696
DCCE	0	0	0		0
LOSS DEV	1,000	1,491	1,678		
DCCE DEV	1,000	1,000	1,000		
LOSS TREND	1,020	1,015	1,010		0.005
DCCE TREND	1,000	1,000	1,000		0.000
CAT ADJ	1,000	1,000	1,000		
CREDIBILITY					18.71%
EXPENSE EXCLUSION FACTOR					3.24%
ANC INC	0	0	0		0
FIT INV					31.94%
YIELD					4.63%

**CDI PARAMETERS:**

FIT UW					35.00%
EFF STANDARD					22.14%
LEVERAGE					0.59
PREMIUM TAX RATE					2.35%
SURPLUS RATIO					1.69
UEP RES RATIO					0.42
LOSS RES RATIO					4.21
RISK FREE RATE OF RETURN					2.09%
MAXIMUM RATE OF RETURN					8.09%
MINIMUM RATE OF RETURN					-6.00%

May 2011

**CDI CALCULATIONS:**

ADJ PREM	688,453	625,354	196,867		3,381,761
ADJUSTED LOSSES	6,157	12,952	177,041		621,944
ADJUSTED DCCE	0	0	0		0
<b>ADJUSTED LOSS+DCCE RATIO</b>	<b>0.89%</b>	<b>2.07%</b>	<b>89.93%</b>		<b>18.39%</b>
TRENDED CURRENT RATE LEVEL PREMIUM	114742.09	156338.48	65622.49		109089.08
LOSS+DCCE PER EXP	1026.20	3238.12	59013.55		20062.70
COMP LOSS+DCCE PER EXP	98629.17	134384.29	56407.30		93769.99
CRED LOSS PER EXP	80369.33	109849.09	56894.89		79980.62
ANC INC PER EXP	0.00	0.00	0.00		0.00
FIXED INV INC FACTOR					20.42%
VAR INV INC FACTOR					10.24%
ANNUAL NET TREND					0.50%
COMP TREND					1.99%
MAX PROFIT					21.03%
MIN PROFIT					-15.60%
UW PROFIT					-6.42%
MAX DENOM					0.671
MIN DENOM					1.037
MAX PREMIUM					\$94,903.01
MIN PREMIUM					\$61,375.44
CHANGE AT MIN					-43.74%
<b>CHANGE AT MAX</b>					<b>-13.00%</b>

**Alternate Calculation with Reinsurance**

COMMISSION RATE					0.00%
RE PREM	-	-	-		0
RE RECOV	-	-	-		0
RE PREM PER EXP	0.00	0.00	0.00		0.00
RE RECOV PER EXP	0.00	0.00	0.00		0.00
COMP LOSS RE	98629.17	134384.29	56407.30		93769.99
RMAX PREMIUM					NA
RCHANGE AT MAX					NA

**EFFICIENCY STANDARD TABLE**

SOURCE: 2007 - 2009 ROLLING AVG

DATE REVISED: 2/10/2011

Blended Captive Direct Indep  
ES: 25.38% 24.18% 25.38% 33.17%

Line	Captive	Direct	Indep	Line Description
1.0	39.33%	19.17%	32.04%	FIRE
2.1	40.67%	20.08%	29.42%	ALLIED LINES
3.0	33.24%	43.08%	33.53%	FARMOWNERS MULTIPLE PERIL
4.0	36.21%	27.65%	37.12%	HOMEOWNERS MULTIPLE PERIL
5.0	34.65%	42.03%	38.18%	COMMERCIAL MULTIPLE (5.1 & 5.2 Combined)
5.1	35.79%	42.30%	37.12%	COMMERCIAL MULTIPLE PERIL(NON-LIABILITY)
5.2	31.97%	39.07%	39.69%	COMMERCIAL MULTIPLE PERIL(LIABILITY)
9.0	39.06%	25.63%	28.76%	INLAND MARINE
11.0	24.18%	25.38%	33.17%	MEDICAL MALPRACTICE
11.1	24.18%	25.38%	33.17%	MEDICAL MALPRACTICE(occ)
11.2	24.18%	25.38%	33.17%	MEDICAL MALPRACTICE (cm)
12.0	18.07%	17.08%	22.90%	EARTHQUAKE
17.0	32.55%	26.99%	30.50%	OTHER LIABILITY
17.1	32.55%	26.99%	30.50%	OTHER LIABILITY (occ)
17.2	32.55%	26.99%	30.50%	OTHER LIABILITY (cm)
18.0	24.58%	22.59%	31.36%	PRODUCTS LIABILITY
18.1	24.58%	22.59%	31.36%	PRODUCTS LIABILITY (occ)
18.2	24.58%	22.59%	31.36%	PRODUCTS LIABILITY (cm)
19.2	34.03%	26.81%	36.40%	PRIVATE PASSENGER AUTO LIABILITY
19.4	35.77%	31.98%	34.39%	COMMERCIAL AUTO LIABILITY
21.1	34.42%	27.28%	35.01%	PRIVATE PASSENGER AUTO PHYSICAL DAMAGE
21.2	34.41%	35.11%	36.30%	COMMERCIAL AUTO PHYSICAL DAMAGE
22.0	34.10%	34.10%	26.57%	AIRCRAFT
23.0	33.45%	46.91%	32.18%	FIDELITY
24.0	43.84%	43.84%	43.84%	SURETY
26.0	30.37%	30.37%	30.37%	BURGLARY & THEFT
27.0	36.00%	27.67%	39.23%	BOILER & MACHINERY

**LEVERAGE RATIO TABLE**

SOURCE: Bests Aggregates and Averages, 2010 Edition

DATE REVISED: 10/15/2010

<b>Line</b>	<b>LF</b>	<b>Line Description</b>
1.0	1.2239	Fire
2.1	1.2232	Allied Lines
3.0	1.3061	Farmowners
4.0	1.2665	Homeowners
5.1	1.2062	CMP - NL
5.2	0.5704	CMP - Liab.
5.0	0.8614	CMP
9.0	1.3135	Inland Marine
11.1	0.3440	Med. Mal. Occ.
11.2	0.5916	Med. Mal. cm.
11.0	0.5096	Med. Mal.
12.0	1.0000	Earthquake
17.1	0.4802	O. Liab. Occ.
17.2	0.5835	O. Liab. cm.
17.0	0.5081	O. Liab.
18.1	0.2759	Products - Occ.
18.2	0.5862	Products - cm.
18.0	0.3027	Products
19.2	1.0840	PP Auto Liab.
19.4	0.8037	C. Auto Liab.
21.1	1.7527	PP Auto PD
21.2	1.3809	Comm Auto PD
22.0	0.7175	Aircraft
23.0	0.8986	Fidelity
24.0	0.9888	Surety
26.0	1.2363	Burglary & Theft
27.0	1.1762	Boiler & Mach.

**RESERVES RATIO TABLE**

SOURCE: AM Best's Aggregates &amp; Averages - Property Casualty, 2010 Edition

DATE REVISED: 9/21/2010

LINE	UEP	LOSS	Line Description
1	0.48	0.98	FIRE
2.1	0.47	1.20	ALLIED LINES
3	0.47	1.90	FARMOWNER MP
4	0.52	1.14	HOMEOWNER MP
5	0.50	2.87	CMP
5.1	0.49	1.12	CMP (N-LIAB)
5.2	0.50	5.16	CMP (LIAB)
9	0.36	0.68	INLAND MRN
11.0	0.46	4.64	MED MAL
11.1	0.58	5.56	MED MAL - occurrence
11.2	0.42	4.21	MED MAL - claims-made
12.0	0.47	1.00	EARTHQUAKE
17.0	0.52	4.41	OTHER LIAB
17.1	0.54	5.21	OTHER LIAB - occurrence
17.2	0.51	3.28	OTHER LIAB - claims-made
18.0	0.52	5.44	PROD LIAB
18.1	0.53	5.63	PROD LIAB - occurrence
18.2	0.43	3.85	PROD LIAB - claims-made
19.2	0.33	1.14	PPA LIAB
19.4	0.45	2.66	COMLA LIAB
21.1	0.33	0.09	PPA PD
21.2	0.51	0.32	COMLA PD
22.0	0.40	2.79	AIRCRAFT
23.0	0.57	2.62	FIDELITY
24.0	0.56	2.52	SURETY
26.0	0.59	0.91	BRGLRY THEFT
27.0	0.45	1.19	BLR & MCHNRY

## Loss Cost Multiplier (LCM) Template Instructions

The LCM Template spreadsheet must be completed for those rate filing submissions where the filed line or coverage utilizes a Loss Cost Multiplier. Examples include new or existing program rate filings that involve the adoption of Advisory Organization loss costs, and existing program rate filings where the LCM is being revised.

There are a number of data cells on the LCM Template spreadsheet that automatically populate either by reference to cells on other spreadsheets or by formula calculation. However there are five lines within the LCM Template spreadsheet for which additional data entry is required. The first three data entry items pertain to rate filing submissions that include an adoption of Advisory Organization loss costs. The last two data entry items are required only for existing programs.

*Complete the following for existing and new program rate filings when Advisory Organization loss costs are being adopted:*

Spreadsheet Item #1.1 CDI Filing Number – Please enter the CDI filing number of the Advisory Organization loss cost filing being adopted. If additional loss cost updates are being covered, please also identify the CDI filing number(s) of the additional loss cost updates being covered.

Spreadsheet Item #1.2 Loss Cost Percent Change Approved for the Line or Coverage – Please enter the CDI percent change approved for the Advisory Organization loss cost filing identified as Item #1.1. If multiple loss cost updates are being covered, identify the cumulative percent change approved.

Spreadsheet Item #1.3 AOE or LAE Load Approved for the Line or Coverage – As identified within the Advisory Organization loss cost filing entered as Item #1.1, please indicate the type of AOE or LAE expense loading the Advisory Organization used in its loss cost filing *and* enter the load amount.

*Complete the following for existing programs only; do not complete the following for new program filings:*

Spreadsheet Item #2.1 Current Expense Based LCM – Please enter the current expense based LCM for the filed line/coverage.

Spreadsheet Item #2.2 Current Loss Cost Modification Expressed as a Factor – Please enter the current Loss Cost Modification Factor applicable to the current expense based LCM.

Spreadsheet Items #3 through #7 are calculated fields.

Spreadsheet Item #3 calculates the insurer's current Final LCM.

Spreadsheet Item #4 calculates the Advisory Organization's AOE as a percent of loss and DCCE.

Spreadsheet Item #5 calculates the maximum CDI allowable expense based LCM for the filed line/coverage.

Spreadsheet Item #6 calculates the maximum CDI allowable loss cost modification factor for the filed line/coverage.

Spreadsheet Item #7 calculates the **maximum CDI allowable Final LCM** for the filed line/coverage. If the Insurer's current Final LCM (Item #3) and/or proposed Final LCM is greater than the Max Final LCM (Item #7), the Insurer will need to reduce its Final LCM so that it is no greater than the CDI calculated maximum allowable Final LCM. Otherwise, exceeding the CDI calculated maximum allowable Final LCM will require the filing of a Variance.

# LCM TEMPLATE

Edition Date:

4/4/2011

CDI FILE NUMBER: 0  
COMPANY/GROUP: Medical Insurance Exchange of California  
LINE OF INSURANCE: MEDICAL MALPRACTICE (claims-made)  
LINE CODE: 11.2  
COVERAGE: 0

## ADVISORY ORGANIZATION FILING INFORMATION

1 For filings that include an adoption of Advisory Organization loss costs, complete lines 1.1, 1.2, and 1.3; for all other filings skip lines 1.1, 1.2 and 1.3, and go to line 2.

1.1 CDI Filing Number

1.2 Loss Cost Percent Change Approved for the Line or Coverage

1.3 AOE or LAE Load Approved for the Line or Coverage

Type of Load	Amount of Load
(LOSS+DCCE+AOE)/LOSS	<input type="text"/>

## COMPANY LCM INFORMATION

2 If this is a New Program filing, skip lines 2.1 and 2.2 and review the Max\_Final LCM result on line 7; for all other filings complete lines 2.1 and 2.2.

2.1 Current Expense Based LCM

2.2 Current Loss Cost Modification Expressed as a Factor (see examples below)

Example 1: If the company's loss cost modification is +15%, enter 1.15

Example 2: If the company's loss cost modification is -10%, enter 0.9

Example 3: If the company currently does not apply a loss cost modification factor, enter 1.0

3 Insurer's Current Final LCM (Line 2.1 \* Line 2.2)

4 Advisory Organization's AOE as a Percent of Loss and DCCE (Derived from Line 1.3 and the IncLoss&DCCE page)

5 Max\_Expense Based Loss Cost Multiplier  79980.62211

6 Max\_Loss Cost Modification (Existing program only)  
Max\_Loss Cost Modification for new program is 1.0

7 Max\_Final LCM (Line 5 \* Line 6)

**INCURRED LOSS AND DCCE EXHIBIT**

Source: 2008 Edition of Best's Aggregates &amp; Averages, Statement File Supplement - Insurance Expense Exhibit, Part III -Total US PC Industry - (\$000 omitted).

Revised: 2/17/2009

Line	Line Description	INC LOSS	DCCE
1.0	FIRE	4,016,127	151,767
2.1	ALLIED LINES	3,394,918	216,167
3.0	FARM OWNERS MULTIPLE PERIL	1,473,328	55,438
4.0	HOMEOWNERS MULTIPLE PERIL	31,520,720	899,394
5.0	COMMERCIAL MULTIPLE PERIL (COMBINED)	15,043,900	3,062,099
5.1	COMMERCIAL MULTIPLE PERIL(NON-LIABILITY)	9,640,109	667,280
5.2	COMMERCIAL MULTIPLE PERIL(LIABILITY)	5,403,791	2,394,819
9.0	INLAND MARINE	5,314,416	125,783
11.0	MEDICAL MALPRACTICE (Combined)	4,334,271	2,067,254
11.1	MEDICAL MALPRACTICE (Occurrence)	4,334,271	2,067,254 *
11.2	MEDICAL MALPRACTICE (Claims-made)	4,334,271	2,067,254 *
12.0	EARTHQUAKE	-32,814	-2,659
17.0	OTHER LIABILITY (Combined)	27,204,022	7,099,766
17.1	OTHER LIABILITY (Occurrence)	27,204,022	7,099,766 *
17.2	OTHER LIABILITY (Claims-made)	27,204,022	7,099,766 *
18.0	PRODUCTS LIABILITY (Combined)	1,611,095	1,423,559
18.1	PRODUCTS LIABILITY (Occurrence)	1,611,095	1,423,559 *
18.2	PRODUCTS LIABILITY (Claims-made)	1,611,095	1,423,559 *
19.2	PRIVATE PASSENGER AUTO LIABILITY	61,960,518	3,457,812
19.4	COMMERCIAL AUTO LIABILITY	11,819,076	1,416,766
21.1	PRIVATE PASSENGER AUTO PHYSICAL DAMAGE	38,742,126	223,827
21.2	COMMERCIAL AUTO PHYSICAL DAMAGE	3,674,613	72,844
22.0	AIRCRAFT	1,608,088	149,853
23.0	FIDELITY	476,389	39,573
24.0	SURETY	962,488	256,711
26.0	BURGLARY & THEFT	28,019	2,792
27.0	BOILER & MACHINERY	376,293	17,336
33	MISCELLANEOUS	2,087,451	26,788

\* line totals are used for occurrence and claims-made policies.

**MEDICAL INSURANCE EXCHANGE OF CALIFORNIA  
BLOOD BANKS MEDICAL PROFESSIONAL LIABILITY  
CALIFORNIA**

**ACTUARIAL MEMORANDUM**

Medical Insurance Exchange of California (MIEC) respectfully submits the attached exhibits in support of the revisions to the Blood Banks Professional Liability rates on file in the State of California. For policies new or renewed on or after January 1, 2012, MIEC proposes an overall -13.5% rate decrease. The following narrative describes the exhibits supporting the analysis of the rate change. Note that for MIEC, DCCE is equivalent to ALAE. Within the supporting exhibits, DCCE is referred to as ALAE.

**Exhibit 1 – Filing History**

Exhibit 1 provides the CDI file numbers for the most recent 11 years of rate filings made for this program.

**Exhibit 2 – Rate Level History**

Exhibit 2 provides the rate level changes for the latest 11 years for this program including the effective date of the change.

**Exhibit 3 – Policy Term Distribution**

Exhibit 3 provides the distribution of policy term length.

**Exhibit 4 – Premium Adjustment Factor**

Exhibit 4 develops the premium adjustment factors from the rate level changes in Exhibit 2 – Rate Level History. The calendar year rate level is a time-weighted average of the February 1 policy year start date.

**Exhibit 5 – Premium Trend Factor**

This program is exempt from the promulgated method of calculating the premium trend factors (2644.4(d)) as this filing applies to professional liability coverage.

As the number of policies in-force during the period from 2001 to 2010 ranged from 6 policies to 3 policies, and the policy premiums vary significantly based on the policyholder, an average premium trend calculation is not meaningful when applied to this program.

**Exhibit 6 – Miscellaneous Fees and Other Charges**

Exhibit 6 is not applicable to this program as there are no miscellaneous fees or other charges.

**Exhibit 7 – Loss and Defense and Cost Containment Expense (DCCE) Development Factors**

This program is exempt from the promulgated method of calculating projected loss and DCCE factors (according to 2644.4(d)) as this filing applies to professional liability coverage.

Due to the limited data for the Blood Banks Program, we are supplementing the Blood Bank Program loss development patterns with California (including Blood Banks) and countrywide loss development patterns.

Projected loss and DCCE for Blood Banks is determined in Exhibit 7, Section 3.1 based on the reported and paid loss development methods.

Loss development triangles for reported and paid loss and DCCE are shown on Exhibit 7, Sections 1.1 through 2.3, separately for Blood Banks only, California including Blood Banks and countrywide loss and DCCE. Averages of loss development factors were calculated based on various time horizons from 5 to 10 years. The 5-year dollar volume-weighted average is selected

for all loss and claim count development triangles in order to balance the responsiveness of the more recent development factors with the stability of the longer-term averages. Due to the limited historical data for the Blood Banks only, the 5-year California dollar volume-weighted average is selected for all Blood Banks only loss and DCCE development.

The selected ultimate loss and DCCE for years 2005-2010 used within the template of the rate application are the values from Exhibit 7, Section 3.1, Column (10). No adjustment has been made for the losses associated with the DATAGUARD coverage due to expected small annual premium (\$180) and expected loss amounts ( $\$180 \times 60\% = \$108$ ).

#### **Exhibit 8 – Loss and DCCE Trend**

This program is exempt from the promulgated method of calculating loss and DCCE trends (according to 2644.4(d)) as this filing applies to professional liability coverage.

Due to the limited data for the Blood Banks Program, we are supplementing the Blood Bank Program loss trends with California (including Blood Banks) and countrywide loss trends.

Frequency trends are calculated using exponential fits to selected ultimate claim counts divided by base class equivalent policy counts in Exhibit 8, Section 1.2 and 1.3 for California and countrywide loss and DCCE data, respectively. Fit periods were 2007-2009, 2006-2009, 2004-2009 and 2001-2009. The judgmentally selected frequency trend rate for use in the template is -0.50%. The -0.50% is selected by considering the range of fitted values and balancing observed positive trends in recent periods in California and countrywide alternating recent positive and negative trends with overall longer-term negative trends.

Claim counts utilized within the frequency and severity trend projections are developed to ultimate for Blood Banks, California and countrywide in Exhibit 8, Sections 3.1 through 3.3. For Blood Banks, ultimate claim projections are made for Closed with Indemnity Payment (CWIP) and Closed without Indemnity Payment (CNIP) claims. Ultimate claims closed with indemnity payment are used to estimate credibility based on the credibility standard in Exhibit 10.

Severity trends are calculated using exponential fits to ultimate average loss and DCCE per claim in Exhibit 8, Section 2.1 and 2.2 for California and countrywide loss and DCCE data, respectively. Fit periods were 2007-2009, 2006-2009, 2004-2009 and 2001-2009. The 2010 year was not included in the fit analysis due to the data for the year being immature as of December 31, 2010. California data, which exhibits volatile period-to-period changes in severity, is supplemented for review with the larger countrywide data set. The judgmentally selected severity trend rate for use in the template is 1.0%. The 1.0% is selected considering it is within the range of fitted values, reflects generally positive trends in recent periods in both California and countrywide, and tempers these positive indications with the longer-term fits.

#### **Exhibit 9 – Catastrophe Adjustment**

No catastrophe adjustment has been made to this data.

#### **Exhibit 10 – Credibility Adjustment**

The credibility standard utilized in this analysis is shown on Exhibit 10.

#### **Exhibit 11 – Ancillary Income**

Exhibit 11 is not applicable to this program as there is no ancillary income.

#### **Exhibit 12 – Reinsurance Premium and Recoverables**

Exhibit 12 is not applicable to this program as there are no facultative reinsurance contracts where the attachment point is above one million dollars where the cost of the reinsurance is included in the rate development.

**Exhibit 13 – Request for Variance**

Exhibit 13 is not applicable to this program as no request for a variance is being made.

**Exhibit 14 – Insurer's Ratemaking Calculations**

Due to the limited data for this program, Exhibit 14 has not been included with this filing.

**Exhibit 15 – Rate Distribution**

Exhibit 15 Section 1 distributes the -13.5% proposed rate change among changes in the base rate, claims made factors and additional coverage. Exhibit 15, Section 1 summarizes the impact for all changes and Exhibit 15, Sections 2 through 3 detail the impact on premium for each change in rating variable.

The changes are as follows:

- The base rate change is the change to the occurrence base rate at \$1 million/\$3 million limits
- The change for claims made factors is the estimated premium impact due to the changes in claims made factors shown in Exhibit 15, Section 2
- MIEC is introducing a new coverage (MIEC DATAGUARD) which provides protection for disclosure of confidential information and damage to information systems; the impact of this change is shown in Exhibit 15, Section 3

**Exhibit 16 – Rate Classification Relativities**

Exhibit 16 is not applicable to this filing as no changes are being made to rate classification relativities.

**Exhibit 17 – New Program**

Exhibit 17 is not applicable to this filing as this is not a new program.

**Exhibit 18 – Insurer Group Filing**

Exhibit 18 is not applicable to this filing as this is not a group filing.

**Exhibit 19 – Super Group – Corporate Structure Verification Exhibit**

Exhibit 19 is not applicable to this filing as Exhibit 19 is intended for Private Passenger Auto.

**Exhibit 20 – Rules**

Exhibit 20 is not applicable to this filing as no rule changes are being filed.

**Exhibit 21**

Exhibit 21 is not applicable as no supplemental information not specific to any of the above exhibits is being provided.

**EXHIBIT 1**

**Filing History - Blood Banks  
Claims Made, Occurrence & Tail Coverage**

<u>Date Filed</u> (1)	<u>California File Number</u> (2)
9/20/1999	99-11558

Notes:  
(1), (2) Based on CDI records.

**EXHIBIT 2**

**Rate Level History - Blood Banks**

<u>Effective Date</u> (1)	<u>Rate Level Change</u> (2)
2/1/2000	-25.00%

Notes:  
(1), (2) Based on CDI records.

**EXHIBIT 3**

**Policy Term Distribution**

100% of policies have a one year term.

**EXHIBIT 4**

**Premium Adjustment Factor - Blood Banks**

<u>Calendar Year</u> (1)	<u>Policy Year Rate Level</u> (2)	<u>Calendar Year Rate Level</u> (3)	<u>Current Rate Level Adjustment Factor</u> (4)
2000	1.000		
2001	1.000	1.000	1.000
2002	1.000	1.000	1.000
2003	1.000	1.000	1.000
2004	1.000	1.000	1.000
2005	1.000	1.000	1.000
2006	1.000	1.000	1.000
2007	1.000	1.000	1.000
2008	1.000	1.000	1.000
2009	1.000	1.000	1.000
2010	1.000	1.000	1.000

Notes:

- (2) Based on Exhibit 2, Column (2). Assumes 100% of policies are written on 2/1/XX.
- (3) Based on (2), adjusted to reflect calendar year rate level.
- (4) = [2010 (3)] / (3).

STATE OF CALIFORNIA  
DEPARTMENT OF INSURANCE  
Total Limits

Insurer Name: Medical Insurance Exchange of California  
Line of Business: Medical Malpractice  
Exhibit 5

**EXHIBIT 5**

**Premium Trend Factor**

None.

STATE OF CALIFORNIA  
DEPARTMENT OF INSURANCE  
Total Limits

Insurer Name: Medical Insurance Exchange of California  
Line of Business: Medical Malpractice  
Exhibit 6

**EXHIBIT 6**

**Miscellaneous Fees and Other Charges**

None.

**EXHIBIT 7  
Section 1.1**

**Reported Loss & ALAE Triangle - Blood Banks  
In Thousands**

Report Year	Evaluation Age in Months														
	12	24	36	48	60	72	84	96	108	120	132	144	156	168	180
1996	171	258	374	568	538	588	540	534	534	534	534	534	534	534	534
1997	124	74	40	40	40	40	40	40	40	40	40	40	40	40	40
1998	180	173	179	180	179	179	179	179	179	179	179	179	179	179	179
1999	128	90	212	183	181	181	181	181	181	181	181	181	181	181	181
2000	192	325	374	344	341	341	341	341	341	341	341	341	341	341	341
2001	54	136	82	47	47	47	47	47	47	47	47	47	47	47	47
2002	85	73	37	36	35	35	35	35	35	35	35	35	35	35	35
2003	104	82	157	302	236	229	229	229	229	229	229	229	229	229	229
2004	63	85	38	30	30	30	30	30	30	30	30	30	30	30	30
2005	91	173	545	366	359	359	359	359	359	359	359	359	359	359	359
2006	64	147	69	38	38	38	38	38	38	38	38	38	38	38	38
2007	87	104	14	14	14	14	14	14	14	14	14	14	14	14	14
2008	64	10	6	6	6	6	6	6	6	6	6	6	6	6	6
2009	53	9	9	9	9	9	9	9	9	9	9	9	9	9	9
2010	104	104	104	104	104	104	104	104	104	104	104	104	104	104	104

Report Year	Age Interval in Months														
	12 - 24	24 - 36	36 - 48	48 - 60	60 - 72	72 - 84	84 - 96	96 - 108	108 - 120	120 - 132	132 - 144	144 - 156	156 - 168	168 - 180	180 - Ult
1996	1.505	1.452	1.519	0.947	1.093	0.917	0.990	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1997	0.596	0.545	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1998	0.964	1.030	1.009	0.992	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1999	0.704	2.343	0.866	0.989	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2000	1.700	1.150	0.920	0.991	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2001	2.507	0.604	0.573	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2002	0.860	0.503	0.973	0.963	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2003	0.785	1.914	1.925	0.783	0.972	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2004	1.342	0.444	0.798	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2005	1.898	3.154	0.671	0.983	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2006	2.279	0.469	0.552	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2007	1.198	0.136	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2008	0.150	0.627	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2009	0.160	0.160	0.160	0.160	0.160	0.160	0.160	0.160	0.160	0.160	0.160	0.160	0.160	0.160	0.160
2010	0.160	0.160	0.160	0.160	0.160	0.160	0.160	0.160	0.160	0.160	0.160	0.160	0.160	0.160	0.160

	<b>Volume Weighted Average of Latest 10</b>														
[1]	1.332	1.252	0.903	0.949	1.022	0.971	0.997	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
	<b>Volume Weighted Average of Latest 7</b>														
[2]	1.154	1.285	0.884	0.935	0.995	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
	<b>Volume Weighted Average of Latest 5</b>														
[3]	1.228	1.296	0.912	0.905	0.991	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
	<b>Simple Average of Latest 10 (Excl. High/Low)</b>														
[4]	1.189	0.963	0.933	0.985	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	N/A	N/A	N/A
	<b>Simple Average of Latest 7 (Excl. High/Low)</b>														
[5]	1.218	0.816	0.829	0.988	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	N/A	N/A	N/A
	<b>Simple Average of Latest 5 (Excl. High/Low)</b>														
[6]	1.077	0.792	0.803	0.988	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	N/A	N/A	N/A
	<b>Volume Weighted Average of Latest 5 (California Data)</b>														
Selected	1.446	1.036	1.017	0.978	0.997	0.995	1.000	1.002	0.999	1.000	1.000	1.000	1.000	1.000	1.000
Dev To Ult	1.478	1.022	0.987	0.971	0.992	0.995	1.000	1.000	0.999	1.000	1.000	1.000	1.000	1.000	1.000

Losses from blood banks only

**EXHIBIT 7**  
**Section 1.2**  
**Reported Loss & ALAE Triangle - California Data**  
**In Thousands**

Report Year	Evaluation Age in Months														
	12	24	36	48	60	72	84	96	108	120	132	144	156	168	180
1996	13,434	20,219	22,569	20,403	19,786	19,755	19,649	19,729	19,724	19,699	19,679	19,679	19,679	19,679	19,679
1997	12,443	23,790	22,414	21,757	21,428	21,232	21,177	21,195	21,474	21,474	21,474	21,474	21,474	21,474	21,474
1998	11,790	21,210	21,197	21,124	22,970	29,777	29,787	28,656	28,976	28,833	28,833	28,833	28,830	28,830	28,830
1999	8,262	14,479	16,126	15,620	15,786	15,747	15,741	15,659	15,659	15,659	15,659	15,659	15,659	15,659	15,659
2000	11,184	20,824	22,695	22,763	22,284	22,166	22,023	22,027	22,022	22,022	22,022	22,022	22,022	22,022	22,022
2001	10,837	22,170	25,609	27,383	27,136	26,742	26,675	26,682	26,627	26,627	26,627	26,627	26,627	26,627	26,627
2002	10,946	25,366	25,210	23,694	22,825	22,761	22,793	22,811	22,772	22,772	22,772	22,772	22,772	22,772	22,772
2003	12,468	24,645	29,182	34,587	33,880	34,203	33,798	33,798	33,798	33,798	33,798	33,798	33,798	33,798	33,798
2004	15,109	24,739	26,198	23,541	23,477	23,458	23,360	23,360	23,360	23,360	23,360	23,360	23,360	23,360	23,360
2005	16,141	28,471	29,741	27,624	27,531	27,341	27,341	27,341	27,341	27,341	27,341	27,341	27,341	27,341	27,341
2006	12,439	16,939	17,593	19,374	18,299	18,299	18,299	18,299	18,299	18,299	18,299	18,299	18,299	18,299	18,299
2007	9,580	10,182	10,515	9,999	9,999	9,999	9,999	9,999	9,999	9,999	9,999	9,999	9,999	9,999	9,999
2008	10,498	15,164	14,897	14,897	14,897	14,897	14,897	14,897	14,897	14,897	14,897	14,897	14,897	14,897	14,897
2009	11,454	16,160	16,160	16,160	16,160	16,160	16,160	16,160	16,160	16,160	16,160	16,160	16,160	16,160	16,160
2010	12,943	12,943	12,943	12,943	12,943	12,943	12,943	12,943	12,943	12,943	12,943	12,943	12,943	12,943	12,943

Report Year	Age Interval in Months														
	12 - 24	24 - 36	36 - 48	48 - 60	60 - 72	72 - 84	84 - 96	96 - 108	108 - 120	120 - 132	132 - 144	144 - 156	156 - 168	168 - 180	180 - Ult
1996	1.505	1.116	0.904	0.970	0.998	0.995	1.004	1.000	0.999	0.999	1.000	1.000	1.000	1.000	1.000
1997	1.912	0.942	0.971	0.985	0.991	0.997	1.001	1.013	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1998	1.799	0.999	0.997	1.087	1.296	1.000	0.962	1.011	0.995	1.000	1.000	1.000	1.000	1.000	1.000
1999	1.752	1.114	0.969	1.011	0.998	1.000	0.995	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2000	1.862	1.090	1.003	0.979	0.995	0.994	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2001	2.046	1.155	1.069	0.991	0.985	0.997	1.000	0.998	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2002	2.317	0.994	0.940	0.963	0.997	1.001	1.001	0.998	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2003	1.977	1.184	1.185	0.980	1.010	0.988	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2004	1.637	1.059	0.899	0.997	0.999	0.996	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2005	1.764	1.045	0.929	0.997	0.993	0.993	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2006	1.362	1.039	1.101	0.945	0.945	0.945	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2007	1.063	1.033	0.951	0.951	0.951	0.951	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2008	1.444	0.982	0.982	0.982	0.982	0.982	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2009	1.411	1.411	1.411	1.411	1.411	1.411	1.411	1.411	1.411	1.411	1.411	1.411	1.411	1.411	1.411
2010	1.411	1.411	1.411	1.411	1.411	1.411	1.411	1.411	1.411	1.411	1.411	1.411	1.411	1.411	1.411

	<b>Volume Weighted Average of Latest 10</b>														
[1]	1.696	1.073	1.007	0.992	1.026	0.996	0.994	1.003	0.999	1.000	1.000	1.000	1.000	1.000	1.000
	<b>Volume Weighted Average of Latest 7</b>														
[2]	1.554	1.054	1.013	0.980	0.997	0.996	0.993	1.003	0.999	1.000	1.000	1.000	1.000	1.000	1.000
	<b>Volume Weighted Average of Latest 5</b>														
[3]	1.446	1.036	1.017	0.978	0.997	0.995	1.000	1.002	0.999	1.000	1.000	1.000	1.000	1.000	1.000
	<b>Simple Average of Latest 10 (Excl. High/Low)</b>														
[4]	1.705	1.051	0.983	0.986	0.998	0.997	0.999	1.002	1.000	1.000	1.000	1.000	1.000	N/A	N/A
	<b>Simple Average of Latest 7 (Excl. High/Low)</b>														
[5]	1.663	1.059	0.995	0.988	0.997	0.997	0.999	1.002	1.000	1.000	1.000	1.000	1.000	N/A	N/A
	<b>Simple Average of Latest 5 (Excl. High/Low)</b>														
[6]	1.524	1.034	0.998	0.982	0.996	0.997	0.999	1.002	1.000	1.000	1.000	1.000	1.000	N/A	N/A
	<b>Volume Weighted Average of Latest 5</b>														
Selected	1.446	1.036	1.017	0.978	0.997	0.995	1.000	1.002	0.999	1.000	1.000	1.000	1.000	1.000	1.000
Dev To Ult	1.478	1.022	0.987	0.971	0.992	0.995	1.000	1.000	0.999	1.000	1.000	1.000	1.000	1.000	1.000

Excludes catastrophic losses. Includes blood banks and losses arising from DDR benefits.

**EXHIBIT 7**  
**Section 1.3**

**Reported Loss & ALAE Triangle - Countrywide Data**  
**In Thousands**

Report Year	Evaluation Age in Months														
	12	24	36	48	60	72	84	96	108	120	132	144	156	168	180
1996	20,656	28,811	33,435	32,635	33,414	34,733	35,029	34,950	34,872	34,842	34,821	34,821	34,821	34,821	34,821
1997	19,161	34,297	34,292	35,549	37,518	36,549	36,223	36,152	36,432	36,418	36,417	36,417	36,417	36,417	36,417
1998	17,207	31,592	35,732	41,231	41,961	47,516	48,016	46,691	46,989	46,848	46,845	46,842	46,842		
1999	15,090	22,803	27,097	28,079	29,297	28,983	28,920	28,915	28,789	28,794	28,794	28,794			
2000	17,669	29,242	34,143	37,254	37,163	36,974	36,408	36,486	36,770	38,736	37,674				
2001	17,821	33,129	41,806	47,103	46,745	46,193	46,689	46,629	46,588	46,587					
2002	16,994	34,466	36,537	33,499	33,020	32,933	33,181	33,137	33,098						
2003	19,727	34,586	40,473	46,419	45,881	45,543	45,709	45,665							
2004	23,543	34,878	37,179	36,083	38,433	39,913	39,937								
2005	24,409	40,926	42,593	41,369	41,333	41,492									
2006	21,926	28,415	30,685	33,915	32,966										
2007	21,884	24,880	27,212	29,076											
2008	21,454	30,685	34,807												
2009	21,337	32,600													
2010	23,288														

Report Year	Age Interval in Months														
	12 - 24	24 - 36	36 - 48	48 - 60	60 - 72	72 - 84	84 - 96	96 - 108	108 - 120	120 - 132	132 - 144	144 - 156	156 - 168	168 - 180	180 - U/I
1996	1.395	1.160	0.976	1.024	1.039	1.009	0.998	0.998	0.999	0.999	1.000	1.000	1.000	1.000	1.000
1997	1.790	1.000	1.037	1.055	0.974	0.991	0.998	1.008	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1998	1.836	1.131	1.154	1.018	1.132	1.011	0.972	1.006	0.997	1.000	1.000	1.000	1.000	1.000	1.000
1999	1.511	1.188	1.036	1.043	0.989	0.998	1.000	0.996	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2000	1.655	1.168	1.091	1.091	0.998	0.995	0.985	1.002	1.008	1.053	0.973				
2001	1.859	1.262	1.127	0.992	0.988	1.011	0.999	0.999	1.000						
2002	2.028	1.060	0.917	0.986	0.997	1.008	0.999	0.999							
2003	1.753	1.170	1.147	0.988	0.993	1.004	0.999								
2004	1.481	1.066	0.971	1.065	1.038	1.001									
2005	1.677	1.041	0.971	0.999	1.004										
2006	1.296	1.080	1.105	0.972											
2007	1.137	1.094	1.068												
2008	1.430	1.128													
2009	1.528														
2010															

	<b>Volume Weighted Average of Latest 10</b>														
[1]	1.566	1.122	1.058	1.010	1.016	1.002	0.995	1.002	1.008	0.994	1.000	1.000	1.000	1.000	1.000
	<b>Volume Weighted Average of Latest 7</b>														
[2]	1.471	1.089	1.043	1.000	1.001	1.003	0.995	1.002	1.008	0.994	1.000	1.000	1.000	1.000	1.000
	<b>Volume Weighted Average of Latest 5</b>														
[3]	1.419	1.078	1.049	1.002	1.003	1.002	1.000	1.002	1.009	0.994	1.000	1.000	1.000	1.000	1.000
	<b>Simple Average of Latest 10 (Excl. High/Low)</b>														
[4]	1.603	1.113	1.053	1.012	1.006	1.003	0.999	1.002	1.000	1.000	1.000	1.000	N/A	N/A	N/A
	<b>Simple Average of Latest 7 (Excl. High/Low)</b>														
[5]	1.575	1.109	1.053	1.003	1.001	1.003	0.999	1.002	1.000	1.000	1.000	1.000	N/A	N/A	N/A
	<b>Simple Average of Latest 5 (Excl. High/Low)</b>														
[6]	1.482	1.085	1.048	0.993	0.996	1.004	0.999	1.002	1.000	1.000	1.000	1.000	N/A	N/A	N/A
	<b>Volume Weighted Average of Latest 5</b>														
Selected	1.419	1.078	1.049	1.002	1.003	1.002	1.000	1.002	1.009	0.994	1.000	1.000	1.000	1.000	1.000
Dev To Ult	1.624	1.144	1.061	1.012	1.010	1.007	1.005	1.005	1.003	0.994	1.000	1.000	1.000	1.000	1.000

Excludes catastrophic losses. Includes blood banks and losses arising from DDR benefits.

**EXHIBIT 7**  
**Section 2.1**

**Paid Loss & ALAE Triangle - Blood Banks**  
**In Thousands**

Report Year	Evaluation Age in Months														
	12	24	36	48	60	72	84	96	108	120	132	144	156	168	180
1996	70	125	315	488	494	537	540	534	534	534	534	534	534	534	534
1997	6	15	40	40	40	40	40	40	40	40	40	40	40	40	40
1998	33	124	179	179	179	179	179	179	179	179	179	179	179	179	179
1999	6	39	118	183	181	181	181	181	181	181	181	181	181	181	181
2000	80	189	359	341	341	341	341	341	341	341	341	341	341	341	341
2001	11	21	47	47	47	47	47	47	47	47	47	47	47	47	47
2002	15	22	35	35	35	35	35	35	35	35	35	35	35	35	35
2003	31	41	62	153	221	229	229	229	229	229	229	229	229	229	229
2004	7	11	30	30	30	30	30	30	30	30	30	30	30	30	30
2005	8	65	271	359	359	359	359	359	359	359	359	359	359	359	359
2006	10	21	37	38	38	38	38	38	38	38	38	38	38	38	38
2007	7	11	14	14	14	14	14	14	14	14	14	14	14	14	14
2008	9	6	6	6	6	6	6	6	6	6	6	6	6	6	6
2009	10	7	7	7	7	7	7	7	7	7	7	7	7	7	7
2010	19														

Report Year	Age Interval in Months														
	12 - 24	24 - 36	36 - 48	48 - 60	60 - 72	72 - 84	84 - 96	96 - 108	108 - 120	120 - 132	132 - 144	144 - 156	156 - 168	168 - 180	180 - UI
1996	1.783	2.525	1.551	1.013	1.086	1.005	0.990	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1997	2.645	2.645	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1998	3.743	1.442	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1999	6.678	3.055	1.558	0.989	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2000	2.357	1.900	0.952	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2001	1.833	2.242	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2002	1.474	1.601	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2003	1.327	1.518	2.450	1.446	1.039	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2004	1.642	2.635	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2005	8.163	4.190	1.324	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2006	2.076	1.761	1.041	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2007	1.503	1.265	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2008	0.646	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2009	0.741	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2010															

**Volume Weighted Average of Latest 10**

[1]	2.090	2.302	1.199	1.047	1.026	1.002	0.997	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
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**Volume Weighted Average of Latest 7**

[2]	1.975	2.574	1.363	1.068	1.007	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
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**Volume Weighted Average of Latest 5**

[3]	2.481	3.137	1.434	1.111	1.012	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
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**Simple Average of Latest 10 (Excl. High/Low)**

[4]	2.337	2.007	1.148	1.001	1.005	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	N/A	N/A
-----	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-----	-----

**Simple Average of Latest 7 (Excl. High/Low)**

[5]	1.514	1.846	1.132	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	N/A	N/A
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**Simple Average of Latest 5 (Excl. High/Low)**

[6]	1.458	1.756	1.073	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	N/A	N/A
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**Volume Weighted Average of Latest 5 (California Data)**

Selected	4.419	1.648	1.255	1.129	1.013	1.002	1.000	1.002	1.000	1.000	1.000	1.000	1.000	1.000	1.000
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Dev To Ult	10.503	2.377	1.442	1.149	1.018	1.004	1.003	1.002	1.000	1.000	1.000	1.000	1.000	1.000	1.000
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Losses from blood banks only

**EXHIBIT 7  
Section 2.2**

**Paid Loss & ALAE Triangle - California Data  
In Thousands**

Report Year	Evaluation Age in Months														
	12	24	36	48	60	72	84	96	108	120	132	144	156	168	180
1996	1,055	7,516	15,779	19,242	19,522	19,639	19,644	19,639	19,658	19,678	19,679	19,679	19,679	19,679	19,679
1997	1,451	9,282	16,179	20,496	20,840	20,938	20,958	20,991	21,474	21,474	21,474	21,474	21,474	21,474	21,474
1998	1,889	8,609	16,104	19,051	20,478	28,395	28,471	28,565	28,825	28,828	28,829	28,830	28,830	28,830	28,830
1999	1,129	7,952	13,364	14,053	15,492	15,662	15,659	15,659	15,659	15,659	15,659	15,659	15,659	15,659	15,659
2000	2,157	9,876	16,837	21,345	21,932	21,987	21,987	21,992	22,022	22,022	22,022	22,022	22,022	22,022	22,022
2001	1,619	9,400	19,261	25,615	26,336	26,584	26,584	26,597	26,570	26,559					
2002	1,389	10,515	20,426	22,162	22,491	22,585	22,726	22,763	22,772						
2003	1,939	10,239	19,862	26,345	32,437	33,737	33,795	33,798							
2004	2,898	12,351	18,081	22,818	23,242	23,311	23,321								
2005	1,603	10,873	18,622	20,972	27,269	27,281									
2006	2,403	7,760	12,499	17,020	18,010										
2007	1,166	5,095	8,116	9,695											
2008	1,881	5,536	11,276												
2009	1,331	7,785													
2010	3,000														

Report Year	Age Interval in Months														
	12 - 24	24 - 36	36 - 48	48 - 60	60 - 72	72 - 84	84 - 96	96 - 108	108 - 120	120 - 132	132 - 144	144 - 156	156 - 168	168 - 180	180 - Ult
1996	7.124	2.099	1.219	1.015	1.006	1.000	1.000	1.001	1.001	1.000	1.000	1.000	1.000	1.000	1.000
1997	6.398	1.743	1.267	1.017	1.005	1.001	1.002	1.023	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1998	4.557	1.871	1.183	1.075	1.387	1.003	1.003	1.009	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1999	7.044	1.681	1.052	1.102	1.011	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2000	4.578	1.705	1.268	1.028	1.003	1.000	1.000	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2001	5.805	2.049	1.330	1.028	1.009	1.000	1.000	0.999	1.000						
2002	7.573	1.942	1.085	1.015	1.004	1.006	1.002	1.000							
2003	5.281	1.940	1.326	1.231	1.040	1.002	1.000								
2004	4.262	1.464	1.262	1.019	1.003	1.000									
2005	6.783	1.713	1.126	1.300	1.000										
2006	3.229	1.611	1.362	1.058											
2007	4.368	1.593	1.195												
2008	2.943	2.037													
2009	5.851														
2010															

<b>[1]</b>	<b>Volume Weighted Average of Latest 10</b>														
	4.864	1.767	1.220	1.089	1.044	1.001	1.001	1.005	1.000	1.000	1.000	1.000	1.000	1.000	1.000
<b>[2]</b>	<b>Volume Weighted Average of Latest 7</b>														
	4.511	1.746	1.238	1.099	1.012	1.002	1.001	1.005	1.000	1.000	1.000	1.000	1.000	1.000	1.000
<b>[3]</b>	<b>Volume Weighted Average of Latest 5</b>														
	4.419	1.648	1.255	1.129	1.013	1.002	1.000	1.002	1.000	1.000	1.000	1.000	1.000	1.000	1.000
<b>[4]</b>	<b>Simple Average of Latest 10 (Excl. High/Low)</b>														
	5.176	1.783	1.226	1.064	1.010	1.001	1.001	1.002	1.000	1.000	1.000	1.000	N/A	N/A	N/A
<b>[5]</b>	<b>Simple Average of Latest 7 (Excl. High/Low)</b>														
	5.083	1.791	1.227	1.077	1.011	1.001	1.001	1.002	1.000	1.000	1.000	1.000	N/A	N/A	N/A
<b>[6]</b>	<b>Simple Average of Latest 5 (Excl. High/Low)</b>														
	4.598	1.760	1.248	1.073	1.006	1.001	1.001	1.002	1.000	1.000	1.000	1.000	N/A	N/A	N/A
<b>Selected</b>	<b>Volume Weighted Average of Latest 5</b>														
	4.419	1.648	1.255	1.129	1.013	1.002	1.000	1.002	1.000	1.000	1.000	1.000	1.000	1.000	1.000
<b>Dev To Ult</b>	10.503	2.377	1.442	1.149	1.018	1.004	1.003	1.002	1.000	1.000	1.000	1.000	1.000	1.000	1.000

Excludes catastrophic losses. Includes blood banks and losses arising from DDR benefits.

**EXHIBIT 7**  
**Section 2.3**

**Paid Loss & ALAE Triangle - Countrywide Data**  
**In Thousands**

Report Year	Evaluation Age in Months														
	12	24	36	48	60	72	84	96	108	120	132	144	156	168	180
1996	2,859	10,132	21,466	26,165	29,867	32,009	34,716	34,779	34,798	34,821	34,821	34,821	34,821	34,821	34,821
1997	2,274	11,783	23,500	32,293	34,415	35,544	35,879	35,933	36,417	36,417	36,417	36,417	36,417	36,417	36,417
1998	2,783	11,368	21,643	31,172	34,736	44,520	46,161	46,577	46,837	46,840	46,842	46,842	46,842	46,842	46,842
1999	2,834	11,437	19,941	22,881	27,357	27,770	28,726	28,730	28,789	28,794	28,794	28,794	28,794	28,794	28,794
2000	2,759	11,663	22,685	30,553	35,159	35,739	36,251	36,284	36,348	36,441	37,404				
2001	2,296	11,420	27,135	39,998	43,146	44,184	45,403	45,464	45,444	45,434					
2002	1,819	13,601	25,167	29,279	31,577	32,407	33,052	33,089	33,098						
2003	3,522	13,187	25,713	35,583	43,332	44,694	45,625	45,642							
2004	3,637	15,868	23,643	31,073	33,318	38,079	39,739								
2005	2,127	15,238	27,372	31,381	38,789	40,454									
2006	3,003	10,385	19,323	29,573	31,321										
2007	2,241	8,188	15,269	23,037											
2008	2,710	10,060	20,783												
2009	2,935	12,503													
2010	3,718														

Report Year	Age Interval in Months														
	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-132	132-144	144-156	156-168	168-180	180-Ult
1996	3.544	2.119	1.219	1.141	1.072	1.085	1.002	1.001	1.001	1.000	1.000	1.000	1.000	1.000	1.000
1997	5.182	1.994	1.374	1.066	1.033	1.009	1.002	1.013	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1998	4.085	1.904	1.440	1.114	1.282	1.037	1.009	1.006	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1999	4.036	1.744	1.147	1.196	1.015	1.034	1.000	1.002	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2000	4.227	1.945	1.347	1.151	1.016	1.014	1.001	1.002	1.003	1.026					
2001	4.974	2.376	1.474	1.079	1.024	1.028	1.001	1.000	1.000						
2002	7.477	1.850	1.163	1.078	1.026	1.020	1.001	1.000							
2003	3.744	1.950	1.384	1.218	1.031	1.021	1.000								
2004	4.362	1.490	1.314	1.072	1.143	1.044									
2005	7.163	1.796	1.146	1.236	1.043										
2006	3.459	1.861	1.530	1.059											
2007	3.654	1.865	1.509												
2008	3.712	2.066													
2009	4.260														
2010															

	<b>Volume Weighted Average of Latest 10</b>														
[1]	4.514	1.876	1.336	1.125	1.067	1.032	1.002	1.003	1.001	1.005	1.000	1.000	1.000	1.000	1.000
	<b>Volume Weighted Average of Latest 7</b>														
[2]	4.234	1.818	1.344	1.128	1.042	1.028	1.002	1.003	1.001	1.005	1.000	1.000	1.000	1.000	1.000
	<b>Volume Weighted Average of Latest 5</b>														
[3]	4.331	1.781	1.353	1.137	1.051	1.025	1.001	1.002	1.000	1.005	1.000	1.000	1.000	1.000	1.000
	<b>Simple Average of Latest 10 (Excl. High/Low)</b>														
[4]	4.422	1.897	1.337	1.124	1.049	1.028	1.001	1.002	1.000	1.000	1.000	1.000	N/A	N/A	N/A
	<b>Simple Average of Latest 7 (Excl. High/Low)</b>														
[5]	4.553	1.905	1.334	1.130	1.045	1.028	1.001	1.002	1.000	1.000	1.000	1.000	N/A	N/A	N/A
	<b>Simple Average of Latest 5 (Excl. High/Low)</b>														
[6]	3.946	1.864	1.369	1.120	1.028	1.028	1.001	1.002	1.000	1.000	1.000	1.000	N/A	N/A	N/A
	<b>Volume Weighted Average of Latest 5</b>														
Selected	4.331	1.781	1.353	1.137	1.051	1.025	1.001	1.002	1.000	1.005	1.000	1.000	1.000	1.000	1.000
Dev To Ult	12.894	2.977	1.672	1.235	1.087	1.034	1.009	1.008	1.006	1.005	1.000	1.000	1.000	1.000	1.000

Excludes catastrophic losses. Includes blood banks and losses arising from DDR benefits.

**EXHIBIT 7**  
**Section 3.1**

**Loss and ALAE Development - Development of Projected Ultimate Loss & ALAE - Blood Banks**

Projected Ultimate Loss & ALAE Based on:									
Calendar Report Year	Loss Development Method		Reported Loss & ALAE	Paid Loss & ALAE	Case Loss & ALAE	Open Claim Count	Selected Ultimate Loss & ALAE	Trend Factor	Trended Ultimate Loss & ALAE
	Reported Loss & ALAE	Paid Loss & ALAE							
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
2001	\$46,991	\$47,003	\$47,002	\$47,002	\$0	0	\$47,002	1.056	\$49,625
2002	34,466	34,516	34,517	34,517	0	0	34,517	1.051	36,264
2003	229,559	229,988	229,457	229,457	0	0	229,457	1.045	239,884
2004	30,085	30,165	30,084	30,084	0	0	30,084	1.040	31,296
2005	357,557	361,036	359,447	359,447	0	0	359,447	1.035	372,088
2006	37,725	38,689	38,021	38,021	0	0	38,021	1.030	39,164
2007	13,769	16,302	14,187	14,187	0	0	14,187	1.025	14,541
2008	5,957	8,705	6,037	6,037	0	0	6,037	1.020	6,157
2009	8,750	16,774	8,558	7,058	1,500	1	12,762	1.015	12,952
2010	154,414	196,188	104,447	18,680	85,767	11	175,301	1.010	177,041
Total	\$919,273	\$979,365	\$871,756	\$784,488	\$87,267	12	\$946,814		\$979,013
2007 - 2010	\$182,891	\$237,969	\$133,228	\$45,961	\$87,267	12	\$208,286		\$210,692

Notes:

- (2), (3) From Exhibit 7, Section 5.1.
- (4), (5) Loss & ALAE for blood banks only.
- (6) = (4) - (5).
- (8) Selected based on (2) through (7).
- (9) From Exhibit 8, Section 2.1.
- (10) = (8) x (9).

EXHIBIT 7  
Section 3.2

Loss and ALAE Development - Development of Projected Ultimate Loss & ALAE - California Data

Calendar Report Year	Loss Development Method		Reported Loss & ALAE	Paid Loss & ALAE	Case Loss & ALAE	Open Claim Count	Selected Ultimate Loss & ALAE	Trend Factor	Trended Ultimate Loss & ALAE
	Reported Loss & ALAE	Paid Loss & ALAE							
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
2001	\$26,621,124	\$26,559,805	\$26,627,002	\$26,559,002	\$68,000	1	\$26,462,002	1.056	\$27,939,054
2002	22,738,548	22,771,043	22,771,945	22,771,945	0	0	22,697,557	1.051	23,846,446
2003	33,813,567	33,876,655	33,798,454	33,798,454	0	0	32,817,875	1.045	34,309,196
2004	23,360,214	23,383,865	23,360,003	23,321,003	39,000	3	23,364,084	1.040	24,305,491
2005	27,197,236	27,401,645	27,340,992	27,280,992	60,000	5	27,257,447	1.035	28,216,059
2006	18,156,589	18,326,414	18,299,171	18,010,171	289,000	7	18,204,021	1.030	18,751,415
2007	9,705,010	11,140,794	9,999,187	9,695,187	304,000	14	9,773,187	1.025	10,017,480
2008	14,700,914	16,259,672	14,897,037	11,276,037	3,621,000	44	15,245,037	1.020	15,549,137
2009	16,523,021	18,503,195	16,159,558	7,785,058	8,374,500	178	16,545,762	1.015	16,792,685
2010	19,135,449	31,504,233	12,943,447	2,999,680	9,943,767	500	17,838,301	1.010	18,015,337
Total	\$211,951,872	\$229,727,322	\$206,196,794	\$183,497,527	\$22,699,267	752	\$210,205,272		\$217,742,301
2007 - 2010	\$60,064,393	\$77,407,894	\$53,999,228	\$31,755,961	\$22,243,267	736	\$59,402,286		\$60,374,639

Notes:

- (2), (3) From Exhibit 7, Section 5.2.
- (4), (5) Excludes catastrophic losses. Includes blood banks and losses arising from DDR benefits.
- (6) = (4) - (5).
- (8) Selected based on (2) through (7).
- (9) From Exhibit 8, Section 2.1.
- (10) = (8) x (9).

**EXHIBIT 7  
Section 4**

**Loss and ALAE Development - Diagnostics - Blood Banks**

Calendar Report Year	Direct Earned Premium	Selected Ultimate Loss & ALAE	Reported Loss & ALAE	Paid Loss & ALAE	Case Loss & ALAE	Estimated IBNR Loss & ALAE	Implied Loss & ALAE Develop. Factor
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
2001	\$597,667	\$47,002	\$47,002	\$47,002	\$0	\$0	1.000
2002	641,279	34,517	34,517	34,517	0	0	1.000
2003	621,106	229,457	229,457	229,457	0	0	1.000
2004	700,505	30,084	30,084	30,084	0	0	1.000
2005	704,074	359,447	359,447	359,447	0	0	1.000
2006	610,468	38,021	38,021	38,021	0	0	1.000
2007	556,545	14,187	14,187	14,187	0	0	1.000
2008	688,453	6,037	6,037	6,037	0	0	1.000
2009	625,354	12,762	8,558	7,058	1,500	4,204	1.491
2010	196,867	175,301	104,447	18,680	85,767	70,853	1.678
<b>Total</b>	<b>\$5,942,318</b>	<b>\$946,814</b>	<b>\$871,756</b>	<b>\$784,488</b>	<b>\$87,267</b>	<b>\$75,058</b>	

Notes:

(2) Earned premium for blood banks only.

(3) From Exhibit 7, Section 3.1.

(4), (5) Loss & ALAE for blood banks only.

(6) = (4) - (5).

(7) = (3) - (4).

(8) = (3) / (4). This is the implied development factor used in the rate application template.

**EXHIBIT 7**  
**Section 5.1**

**Loss and ALAE Development - Loss Development Projection Method - Blood Banks**

Calendar Report Year	Reported Loss & ALAE	Factor to Ultimate	Projected Ultimate Loss & ALAE	Paid Loss & ALAE	Factor to Ultimate	Projected Ultimate Loss & ALAE
(1)	(2)	(3)	(4)	(5)	(6)	(7)
2001	\$47,002	1.000	\$46,991	\$47,002	1.000	\$47,003
2002	34,517	0.999	34,466	34,517	1.000	34,516
2003	229,457	1.000	229,559	229,457	1.002	229,988
2004	30,084	1.000	30,085	30,084	1.003	30,165
2005	359,447	0.995	357,557	359,447	1.004	361,036
2006	38,021	0.992	37,725	38,021	1.018	38,689
2007	14,187	0.971	13,769	14,187	1.149	16,302
2008	6,037	0.987	5,957	6,037	1.442	8,705
2009	8,558	1.022	8,750	7,058	2.377	16,774
2010	104,447	1.478	154,414	18,680	10.503	196,188
<b>Total</b>	<b>\$871,756</b>		<b>\$919,273</b>	<b>\$784,488</b>		<b>\$979,365</b>

Notes:

(2), (5) Loss & ALAE for blood banks only.

(3), (6) From Exhibit 7, Sections 1.1 and 2.1. Based on 5-year volume-weighted average of California data.

(4) = (2) x (3).

(7) = (5) x (6).

**EXHIBIT 7  
Section 5.2**

**Loss and ALAE Development - Loss Development Projection Method - California Data**

Calendar Report Year	Reported Loss & ALAE	Factor to Ultimate	Projected Ultimate Loss & ALAE	Paid Loss & ALAE	Factor to Ultimate	Projected Ultimate Loss & ALAE
(1)	(2)	(3)	(4)	(5)	(6)	(7)
2001	\$26,627,002	1.000	\$26,621,124	\$26,559,002	1.000	\$26,559,805
2002	22,771,945	0.999	22,738,548	22,771,945	1.000	22,771,043
2003	33,798,454	1.000	33,813,567	33,798,454	1.002	33,876,655
2004	23,360,003	1.000	23,360,214	23,321,003	1.003	23,383,865
2005	27,340,992	0.995	27,197,236	27,280,992	1.004	27,401,645
2006	18,299,171	0.992	18,156,589	18,010,171	1.018	18,326,414
2007	9,999,187	0.971	9,705,010	9,695,187	1.149	11,140,794
2008	14,897,037	0.987	14,700,914	11,276,037	1.442	16,259,672
2009	16,159,558	1.022	16,523,021	7,785,058	2.377	18,503,195
2010	12,943,447	1.478	19,135,449	2,999,680	10.503	31,504,233
Total	\$206,196,794		\$211,951,672	\$183,497,527		\$229,727,322

Notes:

(2), (5) Excludes catastrophic losses. Includes blood banks and losses arising from DDR benefits.

(3), (6) From Exhibit 7, Sections 1.2 and 2.2.

(4) = (2) x (3).

(7) = (5) x (6).

**EXHIBIT 7**  
**Section 5.3**

**Loss and ALAE Development - Loss Development Projection Method - Countrywide Data**

Calendar Report Year	Reported Loss & ALAE	Factor to Ultimate	Projected Ultimate Loss & ALAE	Paid Loss & ALAE	Factor to Ultimate	Projected Ultimate Loss & ALAE	Selected Ultimate Loss & ALAE
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
2001	\$46,587,409	0.994	\$46,313,934	\$45,434,242	1.005	\$45,673,475	\$45,994,000
2002	33,097,560	1.003	33,208,779	33,097,560	1.006	33,287,776	33,248,000
2003	45,665,183	1.005	45,908,491	45,641,856	1.008	45,993,646	45,951,000
2004	39,937,350	1.005	40,134,244	39,738,929	1.009	40,077,459	40,106,000
2005	41,492,282	1.007	41,773,241	40,453,566	1.034	41,837,117	41,805,000
2006	32,965,644	1.010	33,295,741	31,320,501	1.087	34,036,207	33,666,000
2007	29,075,509	1.012	29,420,274	23,036,571	1.235	28,456,486	28,938,000
2008	34,607,103	1.061	36,731,251	20,782,580	1.672	34,741,319	35,736,000
2009	32,600,062	1.144	37,306,162	12,503,426	2.977	37,223,477	37,265,000
2010	23,287,581	1.624	37,811,891	3,717,740	12.894	47,936,658	42,874,000
<b>Total</b>	<b>\$359,315,682</b>		<b>\$381,904,008</b>	<b>\$295,726,970</b>		<b>\$389,263,619</b>	<b>\$385,583,000</b>

Notes:

- (2), (5) Excludes catastrophic losses. Includes blood banks and losses arising from DDR benefits.
- (3), (6) From Exhibit 7, Sections 1.3 and 2.3.
- (4) = (2) x (3).
- (7) = (5) x (6).
- (8) Based on (4) and (7).

**EXHIBIT 8**  
**Section 1.1**

**Loss and ALAE Trends - Selected Frequency Trend**

(1) Implied Annual Trend from Exponential Fits:

Calendar Report Period	R-Squared		Frequency Trend	
	California	Countrywide	California	Countrywide
2007-2009	0.9070	0.0378	2.22%	-0.49%
2006-2009	0.0428	0.3711	-0.47%	-1.31%
2004-2009	0.3026	0.2110	-1.41%	-0.55%
2001-2009	0.5374	0.5330	-1.48%	-1.23%

(2) Selected Annual Trend -0.50%

Year	Trend Period (Years)	Annual Freq. Trend Factor Total
(3)	(4)	(5)
2001	11.0	0.946
2002	10.0	0.951
2003	9.0	0.956
2004	8.0	0.961
2005	7.0	0.966
2006	6.0	0.970
2007	5.0	0.975
2008	4.0	0.980
2009	3.0	0.985
2010	2.0	0.990

Notes:

- (1) From Exhibit 8, Section 1.2 and Exhibit 8, Section 1.3.
- (2) Based on (1) and judgment.
- (4) From average report date of (3) to average report date of report year 2012.
- (5) =  $[1.0 + (2)]^{(4)}$ .

**EXHIBIT 8**  
**Section 1.2**

**Loss and ALAE Trends - Frequency Trend - California Data**

<u>Calendar Report Year</u>	<u>Base Class Equivalent Policy Count</u>	<u>Selected Ultimate Total Claims</u>	<u>Ultimate Claim Frequency</u>	<u>Annual Change</u>
(1)	(2)	(3)	(4)	(5)
2001	4,660	761	0.1633	
2002	4,983	756	0.1517	-7.10%
2003	4,967	802	0.1615	6.42%
2004	4,935	733	0.1485	-7.99%
2005	4,726	761	0.1610	8.41%
2006	4,731	708	0.1497	-7.06%
2007	4,575	643	0.1406	-6.09%
2008	4,573	649	0.1419	0.98%
2009	4,453	654	0.1469	3.47%
2010	4,318	741	0.1716	16.85%
Total	46,920	7,208		

(6) Implied Annual Trend from Exponential Fit:

<u>Calendar Report Period</u>	<u>R-squared</u>	<u>Fitted Frequency Trend</u>
2007-2009	0.9070	2.22%
2006-2009	0.0428	-0.47%
2004-2009	0.3026	-1.41%
2001-2009	0.5374	-1.48%

Notes:

(2) Policy count for individuals only (California) plus blood bank policy count.

(3) From Exhibit 8, Section 3.2.

(4) = (3) / (2).

(5) = (4) / [Prior (4)] - 1.0.

(6) Based on exponential fit of (5).

**EXHIBIT 8**  
**Section 1.3**

**Loss and ALAE Trends - Frequency Trend - Countrywide Data**

<u>Calendar Report Year</u>	<u>Base Class Equivalent Policy Count</u>	<u>Selected Ultimate Total Claims</u>	<u>Ultimate Claim Frequency</u>	<u>Annual Change</u>
(1)	(2)	(3)	(4)	(5)
2001	7,953	1,147	0.1442	
2002	8,580	1,108	0.1291	-10.46%
2003	8,766	1,149	0.1311	1.51%
2004	8,851	1,121	0.1267	-3.37%
2005	8,658	1,111	0.1283	1.31%
2006	8,877	1,153	0.1299	1.22%
2007	8,754	1,085	0.1239	-4.58%
2008	8,798	1,133	0.1288	3.91%
2009	8,727	1,071	0.1227	-4.71%
2010	8,464	1,202	0.1420	15.72%
Total	86,428	11,280		

(6) Implied Annual Trend from Exponential Fit:

<u>Calendar Report Period</u>	<u>R-squared</u>	<u>Fitted Frequency Trend</u>
2007-2009	0.0378	-0.49%
2006-2009	0.3711	-1.31%
2004-2009	0.2110	-0.55%
2001-2009	0.5330	-1.23%

Notes:

- (2) Individuals only.
- (3) From Exhibit 8, Section 3.3.
- (4) = (3) / (2).
- (5) = (4) / [Prior (4)] - 1.0.
- (6) Based on exponential fit of (5).

**EXHIBIT 8**  
**Section 2.1**

**Loss and ALAE Trends - Selected Severity Trend**

(1) Implied Annual Trend from Exponential Fits:

Calendar Report Period	R-Squared		Severity Trend	
	California	Countrywide	California	Countrywide
2007-2009	0.8566	0.9777	29.02%	14.22%
2006-2009	0.0405	0.6276	3.94%	7.18%
2004-2009	0.2821	0.0950	-8.07%	-2.15%
2001-2009	0.4242	0.2016	-6.77%	-2.36%

(2) Selected Annual Trend:

Frequency	Severity	Pure Premium
(a)	(b)	(c)
-0.50%	1.00%	0.50%

Report Year	Trend Period (Years)	Annual Trend Factor		
		Frequency	Severity	Pure Premium
(3)	(4)	(5)	(6)	(7)
2001	11.0	0.946	1.116	1.056
2002	10.0	0.951	1.105	1.051
2003	9.0	0.956	1.094	1.045
2004	8.0	0.961	1.083	1.040
2005	7.0	0.966	1.072	1.035
2006	6.0	0.970	1.062	1.030
2007	5.0	0.975	1.051	1.025
2008	4.0	0.980	1.041	1.020
2009	3.0	0.985	1.030	1.015
2010	2.0	0.990	1.020	1.010

Notes:

- (1) From Exhibit 8, Section 2.2 and Exhibit 8, Section 2.3.
- (2a) From Exhibit 8, Section 1.1.
- (2b) Based on (1) and judgment.
- (2c) =  $[1.0 + (2a)] \times [1.0 + (2b)] - 1.0$ .
- (4) From average report date of (3) to average report date of report year 2012.
- (5) through (7) =  $[1.0 + (2)]^{(4)}$ .

**EXHIBIT 8**  
**Section 2.2**

**Loss and ALAE Trends - Severity Trend - California Data**

Calendar Report Year	Selected Ultimate Total Claims	Selected Ultimate Loss & ALAE	Estimated Severity	Annual Change in Ultimate Severity
(1)	(2)	(3)	(4)	(5)
2001	761	\$26,462,002	\$34,773	
2002	756	22,697,557	30,023	-13.66%
2003	802	32,817,875	40,920	36.29%
2004	733	23,364,084	31,875	-22.11%
2005	761	27,257,447	35,818	12.37%
2006	708	18,204,021	25,712	-28.22%
2007	643	9,773,187	15,199	-40.89%
2008	649	15,245,037	23,490	54.55%
2009	654	16,545,762	25,299	7.70%
2010	741	17,838,301	24,073	-4.85%
Total	7,208	\$210,205,272		

(6) Implied Annual Trend from Exponential Fit:

Calendar Report Period	R-Squared	Trend
2007-2009	0.8566	29.02%
2006-2009	0.0405	3.94%
2004-2009	0.2821	-8.07%
2001-2009	0.4242	-6.77%

Notes:

- (2) From Exhibit 8, Section 3.2.
- (3) = From Exhibit 7, Section 3.2.
- (4) = (3) / (2).
- (5) = (4) / [Prior (4)] - 1.0.
- (6) Based on exponential fit of (5).

**EXHIBIT 8**  
**Section 2.3**

**Loss and ALAE Trends - Severity Trend - Countrywide Data**

Calendar Report Year (1)	Selected Ultimate Total Claims (2)	Selected Ultimate Loss & ALAE (3)	Estimated Severity (4)	Annual Change in Ultimate Severity (5)
2001	1,147	\$45,994,000	\$40,099	
2002	1,108	33,248,000	30,007	-25.17%
2003	1,149	45,951,000	39,992	33.28%
2004	1,121	40,106,000	35,777	-10.54%
2005	1,111	41,805,000	37,628	5.17%
2006	1,153	33,666,000	29,199	-22.40%
2007	1,085	28,938,000	26,671	-8.66%
2008	1,133	35,736,000	31,541	18.26%
2009	1,071	37,265,000	34,795	10.32%
2010	1,202	42,874,000	35,669	2.51%
Total	11,280	\$385,583,000		

(6) Implied Annual Trend from Exponential Fit:

Calendar Report Period	R-Squared	Trend
2007-2009	0.9777	14.22%
2006-2009	0.6276	7.18%
2004-2009	0.0950	-2.15%
2001-2009	0.2016	-2.36%

Notes:

- (2) From Exhibit 8, Section 3.3.
- (3) From Exhibit 7, Section 5.3.
- (4) = (3) / (2).
- (5) = (4) / [Prior (4)] - 1.0.
- (6) Based on exponential fit of (5).

EXHIBIT 8  
Section 3.1

Loss and ALAE Trends - Projection of Ultimate Claim Counts - Blood Banks

Calendar Report Year	Total Reported Claim Counts	Factor to Ultimate	Estimated Ultimate Total Claims	Count of Claims CWIP	Count of Claims CNIP	Ratio of CWIP To Total	Selected Ratio of CWIP To Total	Selected Ult CWIP
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
2001	25	1.000	25	6	19	24.0%	24.0%	6
2002	33	1.000	33	8	25	24.2%	24.2%	8
2003	29	1.000	29	6	23	20.7%	20.7%	6
2004	12	1.000	12	4	8	33.3%	33.3%	4
2005	18	1.000	18	4	14	22.2%	22.2%	4
2006	21	1.000	21	2	19	9.5%	9.5%	2
2007	20	1.001	20	5	15	25.0%	25.0%	5
2008	20	1.003	20	4	16	20.0%	20.0%	4
2009	18	1.009	18	5	12	27.8%	27.8%	5
2010	16	1.151	18	1	4	N/A	25.0%	5
Total	212		214	45	155			49

(10) Weighted Average All: 22.4%  
(11) 2010 Selected: 25.0%

Notes:

(2), (5), (6) Claim counts from blood banks only.

(3) From Exhibit 8, Section 4.1. Based on 5-year volume-weighted average for California data.

(4) = (2) x (3).

(7) = (5) / (2).

(8) Based on (7) and judgment.

(9) = (4) x (8).

(10) = Based on (7).

(11) = 2010 (8).

**EXHIBIT 8**  
**Section 3.2**

**Loss and ALAE Trends - Projection of Ultimate Claim Counts - California Data**

<u>Calendar Report Year</u> (1)	<u>Total Reported Claim Counts</u> (2)	<u>Factor to Ultimate</u> (3)	<u>Estimated Ultimate Total Claims</u> (4)
2001	761	1.000	761
2002	756	1.000	756
2003	802	1.000	802
2004	733	1.000	733
2005	761	1.000	761
2006	708	1.000	708
2007	642	1.001	643
2008	647	1.003	649
2009	648	1.009	654
2010	644	1.151	741
Total	7,102		7,208

Notes:

(2) Excludes catastrophic losses. Includes blood banks and losses arising from DDR benefits.

(3) From Exhibit 8, Section 4.2.

(4) = (2) x (3).

**EXHIBIT 8**  
**Section 3.3**

**Loss and ALAE Trends - Projection of Ultimate Claim Counts - Countrywide Data**

<u>Calendar Report Year</u> (1)	<u>Total Reported Claim Counts</u> (2)	<u>Factor to Ultimate</u> (3)	<u>Estimated Ultimate Total Claims</u> (4)
2001	1,147	1.000	1,147
2002	1,108	1.000	1,108
2003	1,149	1.000	1,149
2004	1,121	1.000	1,121
2005	1,111	1.000	1,111
2006	1,153	1.000	1,153
2007	1,085	1.000	1,085
2008	1,130	1.003	1,133
2009	1,061	1.009	1,071
2010	1,041	1.155	1,202
<b>Total</b>	<b>11,106</b>		<b>11,280</b>

Notes:

(2) Excludes catastrophic losses. Includes blood banks and losses arising from DDR benefits.

(3) From Exhibit 8, Section 4.3.

(4) = (2) x (3).

**EXHIBIT 8**  
**Section 4.1**

**Reported Claim Counts - Blood Banks**

Report Year	Evaluation Age in Months															
	12	24	36	48	60	72	84	96	108	120	132	144	156	168	180	
1996	20	27	28	28	28	28	28	28	28	28	28	28	28	28	28	
1997	25	27	27	27	27	27	27	27	27	27	27	27	27	27	28	
1998	20	23	23	23	23	23	23	23	23	23	23	23	23			
1999	16	23	23	23	23	23	23	23	23	23	23	23	23			
2000	16	18	18	18	18	18	18	18	18	18	18					
2001	20	25	25	25	25	25	25	25	25	25						
2002	28	33	33	33	33	33	33	33	33							
2003	21	28	29	29	29	29	29	29	29							
2004	10	12	12	12	12	12	12									
2005	15	18	18	18	18	18										
2006	17	21	21	21	21											
2007	11	20	20	20												
2008	17	20														
2009	17	18														
2010	16															

Report Year	Age Interval in Months														
	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-132	132-144	144-156	156-168	168-180	180-Ult
1996	1.350	1.037	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1997	1.080	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
1998	1.150	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000		
1999	1.438	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000			
2000	1.125	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000				
2001	1.250	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000					
2002	1.179	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000						
2003	1.333	1.036	1.000	1.000	1.000	1.000	1.000	1.000							
2004	1.200	1.000	1.000	1.000	1.000	1.000	1.000								
2005	1.200	1.000	1.000	1.000	1.000										
2006	1.235	1.000	1.000	1.000											
2007	1.818	1.000	1.000												
2008	1.176	1.000													
2009	1.059														
2010															

[1]	<b>Volume Weighted Average of Latest 10</b>														
	1.238	1.005	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
[2]	<b>Volume Weighted Average of Latest 7</b>														
	1.269	1.007	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
[3]	<b>Volume Weighted Average of Latest 5</b>														
	1.260	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
[4]	<b>Volume Weighted Average of Latest 3</b>														
	1.289	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
[5]	<b>Simple Average of Latest 10 (Excl. High/Low)</b>														
	1.229	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	N/A	N/A
[6]	<b>Simple Average of Latest 7 (Excl. High/Low)</b>														
	1.225	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	N/A	N/A
[7]	<b>Simple Weighted Average of Latest 5 (Excl. High/Low)</b>														
	1.229	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	N/A	N/A
[8]	<b>Simple Weighted Average of Latest 3 (Excl. High/Low)</b>														
	1.204	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	N/A	N/A
Selected	<b>Volume Weighted Average of Latest 5 (California Data)</b>														
	1.140	1.006	1.002	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Dev To Ult	<b>Volume Weighted Average of Latest 5 (California Data)</b>														
	1.151	1.009	1.003	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000

Includes blood banks only.

**EXHIBIT 8**  
**Section 4.2**

**Reported Claim Counts - California Data**

Report Year	Evaluation Age in Months															
	12	24	36	48	60	72	84	96	108	120	132	144	156	168	180	
1996	643	774	780	780	781	781	781	781	781	781	781	781	781	781	781	
1997	590	723	732	733	733	733	733	733	733	733	733	733	733	733	733	
1998	615	722	732	732	732	732	732	732	732	732	732	732	732	732	732	
1999	551	662	663	664	664	664	664	664	664	664	664	664	664	664	664	
2000	606	711	712	714	714	714	714	714	714	714	714	714	714	714	714	
2001	617	755	759	760	761	761	761	761	761	761	761	761	761	761	761	
2002	585	747	754	755	756	756	756	756	756	756	756	756	756	756	756	
2003	658	788	798	801	802	802	802	802	802	802	802	802	802	802	802	
2004	634	728	731	733	733	733	733	733	733	733	733	733	733	733	733	
2005	655	752	761	761	761	761	761	761	761	761	761	761	761	761	761	
2006	633	701	706	707	708	708	708	708	708	708	708	708	708	708	708	
2007	563	639	640	642	642	642	642	642	642	642	642	642	642	642	642	
2008	571	645	647	647	647	647	647	647	647	647	647	647	647	647	647	
2009	546	648	648	648	648	648	648	648	648	648	648	648	648	648	648	
2010	644	644	644	644	644	644	644	644	644	644	644	644	644	644	644	

Report Year	Age Interval in Months														
	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-132	132-144	144-156	156-168	168-180	180-Ult
1996	1.204	1.008	1.000	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1997	1.225	1.012	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1998	1.174	1.014	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1999	1.201	1.002	1.002	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2000	1.173	1.001	1.003	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2001	1.224	1.005	1.001	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2002	1.277	1.009	1.001	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2003	1.198	1.013	1.004	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2004	1.148	1.004	1.003	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2005	1.148	1.012	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2006	1.107	1.007	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001
2007	1.135	1.002	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003
2008	1.130	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003
2009	1.187	1.187	1.187	1.187	1.187	1.187	1.187	1.187	1.187	1.187	1.187	1.187	1.187	1.187	1.187
2010	1.187	1.187	1.187	1.187	1.187	1.187	1.187	1.187	1.187	1.187	1.187	1.187	1.187	1.187	1.187

[1]	<b>Volume Weighted Average of Latest 10</b>														
	1.172	1.006	1.002	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
[2]	<b>Volume Weighted Average of Latest 7</b>														
	1.150	1.007	1.002	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
[3]	<b>Volume Weighted Average of Latest 5</b>														
	1.140	1.006	1.002	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
[4]	<b>Volume Weighted Average of Latest 3</b>														
	1.150	1.004	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
[5]	<b>Simple Average of Latest 10 (Excl. High/Low)</b>														
	1.172	1.007	1.002	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	N/A	N/A	N/A
[6]	<b>Simple Average of Latest 7 (Excl. High/Low)</b>														
	1.167	1.006	1.002	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	N/A	N/A	N/A
[7]	<b>Simple Weighted Average of Latest 5 (Excl. High/Low)</b>														
	1.150	1.007	1.002	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	N/A	N/A	N/A
[8]	<b>Simple Weighted Average of Latest 3 (Excl. High/Low)</b>														
	1.138	1.005	1.002	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	N/A	N/A	N/A
Selected	<b>Volume Weighted Average of Latest 5</b>														
	1.140	1.006	1.002	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Dev To Ult	1.151	1.009	1.003	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000

Excludes catastrophic claims. Includes blood banks and claims arising from DDR benefits.

**EXHIBIT 8**  
**Section 4.3**

**Reported Claim Counts - Countrywide Data**

Report Year	Evaluation Age in Months														
	12	24	36	48	60	72	84	96	108	120	132	144	156	168	180
1996	1,033	1,211	1,219	1,220	1,221	1,222	1,222	1,222	1,222	1,222	1,222	1,222	1,222	1,222	1,222
1997	956	1,142	1,155	1,156	1,156	1,156	1,156	1,156	1,156	1,156	1,156	1,156	1,156	1,156	1,156
1998	921	1,072	1,082	1,082	1,082	1,082	1,082	1,082	1,082	1,082	1,082	1,082	1,082	1,082	
1999	860	1,016	1,018	1,019	1,019	1,019	1,019	1,019	1,019	1,019	1,019	1,019	1,019	1,019	
2000	940	1,083	1,093	1,099	1,098	1,098	1,098	1,098	1,099	1,099	1,099	1,099	1,099	1,099	
2001	945	1,131	1,143	1,146	1,147	1,147	1,147	1,147	1,147	1,147	1,147	1,147	1,147	1,147	
2002	883	1,095	1,107	1,109	1,110	1,108	1,108	1,108	1,108	1,108	1,108	1,108	1,108	1,108	
2003	958	1,129	1,145	1,145	1,150	1,149	1,149	1,149	1,149	1,149	1,149	1,149	1,149	1,149	
2004	967	1,111	1,118	1,121	1,121	1,121	1,121	1,121	1,121	1,121	1,121	1,121	1,121	1,121	
2005	942	1,097	1,110	1,111	1,111	1,111	1,111	1,111	1,111	1,111	1,111	1,111	1,111	1,111	
2006	1,011	1,139	1,147	1,150	1,153	1,153	1,153	1,153	1,153	1,153	1,153	1,153	1,153	1,153	
2007	947	1,080	1,083	1,085	1,085	1,085	1,085	1,085	1,085	1,085	1,085	1,085	1,085	1,085	
2008	1,000	1,127	1,130	1,130	1,130	1,130	1,130	1,130	1,130	1,130	1,130	1,130	1,130	1,130	
2009	908	1,061	1,061	1,061	1,061	1,061	1,061	1,061	1,061	1,061	1,061	1,061	1,061	1,061	
2010	1,041	1,041	1,041	1,041	1,041	1,041	1,041	1,041	1,041	1,041	1,041	1,041	1,041	1,041	

Report Year	Age Interval in Months														
	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-132	132-144	144-156	156-168	168-180	180-Ult
1996	1.172	1.007	1.001	1.001	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1997	1.195	1.011	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1998	1.164	1.009	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1999	1.181	1.002	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2000	1.152	1.009	1.005	0.999	1.000	1.000	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2001	1.197	1.011	1.003	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2002	1.240	1.011	1.002	1.001	0.998	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2003	1.178	1.014	1.004	0.999	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2004	1.149	1.006	1.003	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2005	1.165	1.012	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2006	1.127	1.007	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003
2007	1.140	1.003	1.002	1.002	1.002	1.002	1.002	1.002	1.002	1.002	1.002	1.002	1.002	1.002	1.002
2008	1.127	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003
2009	1.169	1.169	1.169	1.169	1.169	1.169	1.169	1.169	1.169	1.169	1.169	1.169	1.169	1.169	1.169
2010	1.169	1.169	1.169	1.169	1.169	1.169	1.169	1.169	1.169	1.169	1.169	1.169	1.169	1.169	1.169

[1]	<b>Volume Weighted Average of Latest 10</b>														
	1.163	1.008	1.002	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
[2]	<b>Volume Weighted Average of Latest 7</b>														
	1.150	1.008	1.002	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
[3]	<b>Volume Weighted Average of Latest 5</b>														
	1.145	1.006	1.002	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
[4]	<b>Volume Weighted Average of Latest 3</b>														
	1.145	1.004	1.002	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
[5]	<b>Simple Average of Latest 10 (Excl. High/Low)</b>														
	1.162	1.008	1.002	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	N/A	N/A
[6]	<b>Simple Average of Latest 7 (Excl. High/Low)</b>														
	1.161	1.008	1.002	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	N/A	N/A
[7]	<b>Simple Weighted Average of Latest 5 (Excl. High/Low)</b>														
	1.150	1.008	1.002	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	N/A	N/A
[8]	<b>Simple Weighted Average of Latest 3 (Excl. High/Low)</b>														
	1.144	1.005	1.002	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	N/A	N/A
Selected	<b>Volume Weighted Average of Latest 5</b>														
	1.145	1.006	1.002	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Dev To Ult	1.155	1.009	1.003	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000

Excludes catastrophic claims. Includes blood banks and claims arising from DDR benefits.

STATE OF CALIFORNIA  
DEPARTMENT OF INSURANCE  
Total Limits

Insurer Name: Medical Insurance Exchange of California  
Line of Business: Medical Malpractice  
Exhibit 9

**EXHIBIT 9**

**Catastrophe Adjustment**

None.

**EXHIBIT 10**

**Credibility Adjustment Calculation**

Calendar Report Year <hr/> (1)	Estimated Ultimate Claims CWIP <hr/> (2)
2001	6
2002	8
2003	6
2004	4
2005	4
2006	2
2007	5
2008	4
2009	5
2010	5
 (3) Totals by Calendar Report Year:	
2001-2010	49
2005-2010	25
2006-2010	21
2008-2010	14
 (4) Full Credibility Standard:	
	700
 (5) Credibility Factor by Calendar Report Year:	
2001-2010	26.32%
2005-2010	18.71%
2006-2010	17.11%
2008-2010	13.89%

Notes:

(2) From Exhibit 8, Section 3.1.

(3) Based on (2).

(4) Based on an industry partial credibility standard for physicians & surgeons, equal to  $\{[\text{Total number of occurrences during experience period}]/700\}^{0.5}$ .

The credibility standard is based on 90% confidence of being within 7.5% of the actual value.

The number of occurrences is defined as occurrences with indemnity losses greater than \$0.

This standard is included within approved filing 04-5796.

(5) =  $[(3) / (4)]^{0.5}$ .

**EXHIBIT 15**  
**Section 1**

**Total Premium Impact**

<u>Factor</u> (1)	<u>Premium Impact</u> (2)
Base Rate	-19.10%
Claims-Made Factors	6.82%
MIEC Dataguard	0.09%
(3) Total Premium Impact:	-13.50%

Notes:

- (2) Premium impact for all components other than base rate from Exhibits 15, Sections 2 and 3.
- (3) Product of premium impact for each factor in Column (2).

**EXHIBIT 15  
Section 2**

**Claims-Made Factor Impact**

Coverage Year	Blood Banks				% Change
	% of Premium	Current Claims-Made Factor	Proposed Claims-Made Factor		
(1)	(2)	(3)	(4)	(5)	
First	0.0%	0.44	0.30		-15.91%
Second	0.0%	0.66	0.60		-6.82%
Third	0.0%	0.88	0.80		-9.09%
Fourth	0.0%	0.88	0.90		2.27%
Mature	100.0%	0.88	0.94		6.82%
Total	100.0%				6.82%
				(6) % of Total Earned Premium:	100.00%
				(7) Estimated Premium Impact:	6.82%

**Notes:**

- (2) There are currently 3 Blood Bank policies; all are mature claims made.
- (3) From current rate manual.
- (4) Selected to be consistent for all Medical Professional Liability written.
- (5) = [(4) / (3) - 100.0%] x (3) / [(3) for Mature policies]. Total = Sumproduct of (2) and (5).
- (7) = (6) x [1.00 + Total of (5)] + [100.0% - (6)] - 1.00.

**EXHIBIT 15**  
**Section 3**

**MIEC Dataguard Impact**

(1) Annual Premium per Policy	\$60
(2) Total Number of Policies	3
(3) Total Annual Premium for MIEC Dataguard	180
(4) Calendar 2010 Premium for Blood Banks	196,867
(5) Estimated Premium Impact at 2010 rates	0.09%

Notes:

- (1) Flat rate of \$60 applied to each policy.
- (2) There are currently 3 Blood Bank policies; all are mature claims made.
- (3) = (1) x (2).
- (4) From Exhibit 7, Section 4.
- (5) = (3) / (4).

STATE OF CALIFORNIA  
DEPARTMENT OF INSURANCE  
Total Limits

Insurer Name: Medical Insurance Exchange of California  
Line of Business: Medical Malpractice  
Exhibit 16

**EXHIBIT 16**

**Rate Classification Relativities**

None.

STATE OF CALIFORNIA  
DEPARTMENT OF INSURANCE  
Total Limits

Insurer Name: Medical Insurance Exchange of California  
Line of Business: Medical Malpractice  
Exhibit 17

**EXHIBIT 17**

**New Program**

Not Applicable.

STATE OF CALIFORNIA  
DEPARTMENT OF INSURANCE  
Total Limits

Insurer Name: Medical Insurance Exchange of California  
Line of Business: Medical Malpractice  
Exhibit 18

**EXHIBIT 18**

**Insurer Group Filing**

Not Applicable.

**EXHIBIT 19**

**Super Group - Corporate Structure Verification Exhibit**

Not Applicable.

**MEDICAL INSURANCE EXCHANGE OF CALIFORNIA**

**CALIFORNIA**

**Rates, Rating Factors and Rating Plans  
Manual Pages**

[Redacted]

MEDICAL INSURANCE EXCHANGE OF CALIFORNIA

A-1

California

Claims Made Factors\*

Coverage Year All Coverages\*\* Hospital Blood Banks Surgical O/P

First	0.30	[Redacted]	[Redacted]	[Redacted]
Second	[Redacted]	[Redacted]	[Redacted]	[Redacted]
Third	[Redacted]	[Redacted]	[Redacted]	[Redacted]
Fourth	[Redacted]	[Redacted]	[Redacted]	[Redacted]
Mature	[Redacted]	[Redacted]	[Redacted]	[Redacted]

\*Claims made factors are applied to the underlying occurrence base rate or premium for each state, class and limit.  
 \*\*Includes all coverages except hospitals, blood banks and surgical o/p.

NOTE: To determine the appropriate coverage year use the following table.

Coverage Year	Policy Term (Feb. 1, YYYY - YYYY+1)		Retroactive Dates	
	From	To	From	To
First	July 1, 20YY-1	Jan. 31, 20YY+1	[Redacted]	[Redacted]
Second	July 1, 20YY-2	June 30, 20YY-1	[Redacted]	[Redacted]
Third	July 1, 20YY-3	June 30, 20YY-2	[Redacted]	[Redacted]
Fourth	July 1, 20YY-4	June 30, 20YY-3	[Redacted]	[Redacted]
Mature	Aug. 1, 1975	June 30, 20YY-4	Aug. 1, 1975	[Redacted]

[Redacted]

MEDICAL INSURANCE EXCHANGE OF CALIFORNIA

A-1

California

Claims Made Factors\*

Coverage Year All Coverages\*\* Hospital Blood Banks Surgical O/P

First	0.30	[Redacted]	[Redacted]	[Redacted]
Second	[Redacted]	[Redacted]	[Redacted]	[Redacted]
Third	[Redacted]	[Redacted]	[Redacted]	[Redacted]
Fourth	[Redacted]	[Redacted]	[Redacted]	[Redacted]
Mature	[Redacted]	[Redacted]	[Redacted]	[Redacted]

\*Claims made factors are applied to the underlying occurrence base rate or premium for each state, class and limit.  
 \*\*Includes all coverages except hospitals, blood banks and surgical o/p.

NOTE: To determine the appropriate coverage year use the following table.

Coverage Year	Policy Term (Feb. 1, YYYY-YYYY+1)		Retroactive Dates	
	From	To	From	To
First	July 1, 20YY-1	Jan. 31, 20YY+1	[Redacted]	[Redacted]
Second	July 1, 20YY-2	June 30, 20YY-1	[Redacted]	[Redacted]
Third	July 1, 20YY-3	June 30, 20YY-2	[Redacted]	[Redacted]
Fourth	July 1, 20YY-4	June 30, 20YY-3	[Redacted]	[Redacted]
Mature	Aug. 1, 1975	June 30, 20YY-4	Aug. 1, 1975	[Redacted]

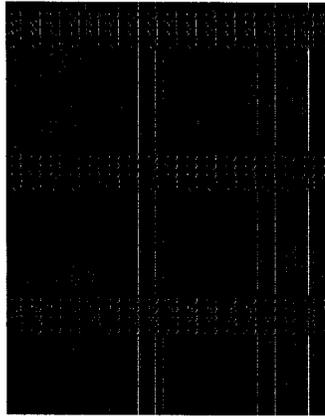
MEDICAL INSURANCE EXCHANGE OF CALIFORNIA

A-3

California

Increased Limits Factors

Physicians & Surgeons Class	\$500,000/ \$1,600,000	\$1,000,000/ \$3,000,000	\$2,000,000/ \$4,000,000
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			
13			
14			
15			
16			



- Tech
- PA/NP
- Physio.
- CRNA
- Perfusionist
- CNM
- MFCC/LCSW
- Non-Individ.\*
- Hospitals
- Blood Banks
- Acupuncturists

premiums for each state, class, step rate factor or category.

\*Includes all coverages except hospitals and blood banks.

MEDICAL INSURANCE EXCHANGE OF CALIFORNIA

A-3

California

Increased Limits Factors

Physicians & Surgeons Class	\$500,000/ \$1,500,000	\$1,000,000/ \$3,000,000	\$2,000,000/ \$4,000,000
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			
13			
14			
15			
16			



- Tech
- PA/NP
- Physio.
- CRNA/Perfusionist
- CNM
- MFCC/LCSW
- Non-Individ.\*
- Hospitals
- Blood Banks
- Acupuncturists

premiums for each state, class, step rate factor or category.

\*Includes all coverages except hospitals and blood banks.

**MEDICAL INSURANCE EXCHANGE OF CALIFORNIA**

B-4

California

Blood Banks  
Rating Basis: Donations

**RATES**

Limits (\$000s)	ILF	Coverage Year			
		First	Second	Third	Fourth
500/1,500					
1,000/3,000					
2,000/4,000					

**MINIMUM PREMIUMS**

Limits (\$000s)	ILF	Coverage Year			
		First	Second	Third	Fourth
500/1,500		\$10,000	\$10,000	\$10,000	\$10,000
1,000/3,000		10,000	10,000	10,000	10,000
2,000/4,000		12,200	12,200	12,200	12,200

**CLAIMS MADE FACTORS**

**INPUT DATA:**

BASE CLASS RATE  
MINIMUM PREMIUM\*

\$10,000

NOTE: All blood banks are subject to the MIEC Experience & Schedule Rating Plan with no limitation (plus or minus) on experience/schedule rating credits or debits.

\*Minimum premium for a blood bank at limits up to \$1M/\$3M is \$10,000 for the overall policy amount. Limits above \$1M/\$3M are adjusted using appropriate increased limits factors.

ie: The total charge for donations, pheresis procedures, employees, etc.

Employed Doctors: 1) Medical Director - No charge for 1 FTE  
2) All Other Employed Doctors - Use Class 4 (blood bank retro date) where FTE = 40 hours/week

**Part III - Premises Liability - No Claims Made Factors**

Limits (\$000s):	500/1,500	1,000/3,000	(Higher Limits not available on Part III)
BI	224	268	
PD	56	56	(Mobile Unit = 1 Location)
Per Location Total	280	324	

**MEDICAL INSURANCE EXCHANGE OF CALIFORNIA**

B-4

California

Blood Banks  
Rating Basis: Donations

**RATES**

Limits (\$000s)	ILF	Coverage Year			
		First	Second	Third	Fourth
500/1,500					
1,000/3,000					
2,000/4,000					

**MINIMUM PREMIUMS**

Limits (\$000s)	ILF	Coverage Year			
		First	Second	Third	Fourth
500/1,500		\$10,000	\$10,000	\$10,000	\$10,000
1,000/3,000		10,000	10,000	10,000	10,000
2,000/4,000		12,200	12,200	12,200	12,200

**CLAIMS MADE FACTORS**

**INPUT DATA:**

BASE CLASS RATE  
MINIMUM PREMIUM\*

\$10,000

NOTE: All blood banks are subject to the MIEC Experience & Schedule Rating Plan with no limitation (plus or minus) on experience/schedule rating credits or debits.

\*Minimum premium for a blood bank at limits up to \$1M/\$3M is \$10,000 for the overall policy amount. Limits above \$1M/\$3M are adjusted using appropriate increased limits factors.

ie: The total charge for donations, pheresis procedures, employees, etc.

Employed Doctors: 1) Medical Director - No charge for 1 FTE  
2) All Other Employed Doctors - Use Class 4 (blood bank retro date) where FTE = 40 hours/week

**Part III - Premises Liability - No Claims Made Factors**

Limits (\$000s):	500/1,500	1,000/3,000	(Higher Limits not available on Part III)
BI	224	268	
PD	56	56	(Mobile Unit = 1 Location)
Per Location Total	280	324	

## MEDICAL INSURANCE EXCHANGE OF CALIFORNIA

### MEDICAL PROFESSIONAL LIABILITY Group Experience and Schedule Rating Plan Claims Made Basis

#### I. Instructions

The rules of this Plan shall govern the experience and schedule rating procedure to be followed in connection with Medical Professional Liability for Medical Insurance Exchange of California (the Company).

#### II. Definitions

- A. Group - The term "group" as used in this plan shall mean the combined exposure of any one group of insureds to be rated by the Company. The groups may include physicians, hospitals, blood banks, etc. exposure.
- B. Experience - For the purpose of this plan, "experience" shall mean Medical Professional Liability.
- C. Basic Limits - The term "basic limits" shall mean \$250,000 limits of liability for all damages on account of each claim or suit.
- D. Experience Period Premium at Present Rates - The "experience period premium at present rates" is the total of the premiums computed by extending the actual exposures developed during the experience period at present manual rates for basic limits of liability regardless of whether the policies were written at increased limits of liability.
- E. Basic Limits Incurred Losses - "Basic Limits Incurred Losses" are the sum of (1) all paid and outstanding allocated claim expenses and (2) paid and outstanding indemnity losses limited to \$250,000 per claim for Medical Professional Liability on a claims made basis (assigned to the period in which it is reported).

#### III. General Provisions

Eligibility Requirements. A group consisting of ~~200~~ or more full-time physicians or a group developing an annual total limits manual Medical Professional Liability

on

**MEDICAL INSURANCE EXCHANGE OF CALIFORNIA**

C-4

*California*  
Blood Bank Deductible Factors

REFER TO HOSPITAL DEDUCTIBLE TABLE (C-3)

**MEDICAL INSURANCE EXCHANGE OF CALIFORNIA**

C-4

*California*  
Blood Bank Deductible Factors

REFER TO HOSPITAL DEDUCTIBLE TABLE (C-3)

**MEDICAL INSURANCE EXCHANGE OF CALIFORNIA**

**CALIFORNIA**

**Rates, Rating Factors and Rating Plans  
Manual Pages**

# **MEDICAL INSURANCE EXCHANGE OF CALIFORNIA**

## **California**

### **Rates, Rating Factors & Rating Plans**

#### **Manual Pages**

## **SECTION**

### **A - KEY RATING FACTORS**

- 1) **Claims Made Factors**
- 2) **Reporting Endorsement Factors**
- 3) **Increased Limits Factors**
- 4) **Class Differentials**
- 5) **Class & Coverage Descriptions**
- 6) **Other Miscellaneous Adjustments**

### **B - BASE RATES**

- 1) **Physicians & Surgeons and Other Miscellaneous Providers**
- 2) **Hospitals**
- 3) **Allied Health Care**
- 4) **Blood Banks**
- 5) **Community Clinics**
- 6) **ER Contractors**
- 7) **Hemodialysis**
- 8) **Home Health Agency**
- 9) **Industrial Medicine Centers**
- 10) **Laboratory Rates**
- 11) **MRI Facilities**
- 12) **Surgical Outpatient Centers**
- 13) **Urgent Care Centers**
- 14) **Part IV Coverage**
- 15) **Acupuncturist Purchasing Group**

### **C - GROUP RATING PLANS**

- 1) **Group Experience & Schedule Rating Plans**
- 2) **Group Deductible Factors**
- 3) **Hospital Deductible Factors**
- 4) **Blood Bank Deductible Factors**
- 5) **Group Shared Aggregate Increased Limits Factors**

**MEDICAL INSURANCE EXCHANGE OF CALIFORNIA**

A-1

**California**

Effective January 1, 2012

Claims Made Factors\*

<u>Coverage Year</u>	<u>All Coverages**</u>	<u>Hospital</u>	<u>Blood Banks</u>	<u>Surgical O/P</u>
First	0.30	0.30	0.30	0.30
Second	0.60	0.60	0.60	0.60
Third	0.80	0.80	0.80	0.80
Fourth	0.90	0.90	0.90	0.90
Mature	0.94	0.94	0.94	0.94

\*Claims made factors are applied to the underlying occurrence base rate or premium for each state, class and limit.

\*\*Includes all coverages except hospitals, blood banks and surgical o/p.

NOTE: To determine the appropriate coverage year use the following table.

Coverage Year	Policy Term (Feb. 1, YYYY - YYYY+1)		Feb. 1, 2012 - 2013	
	Retroactive Dates		Retroactive Dates	
	From	To	From	To
First	July 1, 20YY-1	Jan. 31, 20YY+1	July 1, 2011	Jan. 31, 2013
Second	July 1, 20YY-2	June 30, 20YY-1	July 1, 2010	June 30, 2011
Third	July 1, 20YY-3	June 30, 20YY-2	July 1, 2009	June 30, 2010
Fourth	July 1, 20YY-4	June 30, 20YY-3	July 1, 2008	June 30, 2009
Mature	Aug. 1, 1975	June 30, 20YY-4	Aug. 1, 1975	June 30, 2008

**MEDICAL INSURANCE EXCHANGE OF CALIFORNIA**

A-3

**California**  
**Effective January 1, 2012**  
**Increased Limits Factors**

<b>Physicians &amp; Surgeons Class</b>	<b>\$500,000/ \$1,500,000</b>	<b>\$1,000,000/ \$3,000,000</b>	<b>\$2,000,000/ \$4,000,000</b>
1	0.850	1.000	1.220
2	0.850	1.000	1.220
3	0.850	1.000	1.220
4	0.850	1.000	1.220
5	0.850	1.000	1.220
6	0.850	1.000	1.220
7	0.850	1.000	1.220
8	0.850	1.000	1.220
9	0.850	1.000	1.220
10	0.850	1.000	1.220
11	0.850	1.000	1.220
12	0.850	1.000	1.220
13	0.850	1.000	1.250
14	0.850	1.000	1.250
15	0.850	1.000	1.275
16	0.850	1.000	1.300
17	0.850	1.000	1.300
<b>Tech</b>	0.850	1.000	1.220
<b>PA/NP</b>	0.850	1.000	1.220
<b>Physio.</b>	0.850	1.000	1.220
<b>CRNA</b>	0.850	1.000	1.220
<b>Perfusionist</b>	0.850	1.000	1.220
<b>CNM</b>	0.850	1.000	1.220
<b>MFCC/LCSW</b>	0.850	1.000	1.220
<b>Non-Individ.*</b>	0.850	1.000	1.220
<b>Hospitals</b>	0.850	1.000	1.220
<b>Blood Banks</b>	0.850	1.000	1.220
<b>Acupuncturists</b>	0.850	1.000	

**Increased limits factors apply to \$1,000,000 limits base rates or premiums for each state, class, step rate factor or category.**

**\*Includes all coverages except hospitals and blood banks**

**MEDICAL INSURANCE EXCHANGE OF CALIFORNIA**

B-4

**California**

Effective January 1, 2012

Blood Banks

Rating Basis: Donations

**RATES**

Limits (\$000s)	ILF	Coverage Year				
		First	Second	Third	Fourth	Mature
500/1,500	0.850	\$0.3224	\$0.6448	\$0.8598	\$0.9673	\$1.0103
1,000/3,000	1.000	0.3792	0.7583	1.0111	1.1375	1.1881
2,000/4,000	1.220	0.4626	0.9252	1.2336	1.3878	1.4494

**MINIMUM PREMIUMS**

Limits (\$000s)	ILF	Coverage Year				
		First	Second	Third	Fourth	Mature
500/1,500	0.850	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
1,000/3,000	1.000	10,000	10,000	10,000	10,000	10,000
2,000/4,000	1.220	12,200	12,200	12,200	12,200	12,200

<b>CLAIMS MADE FACTORS</b>	0.30	0.60	0.80	0.90	0.94
----------------------------	------	------	------	------	------

**INPUT DATA:**

**BASE CLASS RATE** \$1.2639

**MINIMUM PREMIUM\*** \$10,000

**NOTE:** All blood banks are subject to the MIEC Experience & Schedule Rating Plan with no limitation (plus or minus) on experience/schedule rating credits or debits.

\*Minimum premium for a blood bank at limits up to \$1M/\$3M is \$10,000 for the overall policy amount. Limits above \$1M/\$3M are adjusted using appropriate increased limits factors.

ie: The total charge for donations, pheresis procedures, employees, etc.

- Employed Doctors:**
- 1) Medical Director - No charge for 1 FTE
  - 2) All Other Employed Doctors - Use Class 4 (blood bank retro date) where FTE = 40 hours/week

**Part III - Premises Liability - No Claims Made Factors**

Limits (\$000s):	500/1,500	1,000/3,000	
BI	224	268	(Higher Limits not available on Part III) (Mobile Unit = 1 Location)
PD	56	56	
<b>Per Location Total</b>	<b>280</b>	<b>324</b>	

## MEDICAL INSURANCE EXCHANGE OF CALIFORNIA

### MEDICAL PROFESSIONAL LIABILITY Group Experience and Schedule Rating Plan Claims Made Basis

#### I. Instructions

The rules of this Plan shall govern the experience and schedule rating procedure to be followed in connection with Medical Professional Liability for Medical Insurance Exchange of California (the Company).

#### II. Definitions

- A. Group - The term "group" as used in this plan shall mean the combined exposure of any one group of insureds to be rated by the Company. The groups may include physicians, hospitals, blood banks, etc. exposure.
- B. Experience - For the purpose of this plan, "experience" shall mean Medical Professional Liability.
- C. Basic Limits - The term "basic limits" shall mean \$250,000 limits of liability for all damages on account of each claim or suit.
- D. Experience Period Premium at Present Rates - The "experience period premium at present rates" is the total of the premiums computed by extending the actual exposures developed during the experience period at present manual rates for basic limits of liability regardless of whether the policies were written at increased limits of liability.
- E. Basic Limits Incurred Losses - "Basic Limits Incurred Losses" are the sum of (1) all paid and outstanding allocated claim expenses and (2) paid and outstanding indemnity losses limited to \$250,000 per claim for Medical Professional Liability on a claims made basis (assigned to the period in which it is reported).

#### III. General Provisions

Eligibility Requirements. A group consisting of 8 or more full-time physicians or a group developing an annual total limits manual Medical Professional Liability

premium of \$150,000 or more for experience rating or \$150,000 for schedule rating may elect to be subject to the rules of this Experience and Schedule Rating Plan.

#### **IV. Application of Experience and Schedule Modifications**

The experience and schedule modifications developed by this plan for the risk shall be applicable to the total limits group premium for Medical Professional Liability insurance. The resulting modification is to be applied to the premium for the renewal policy, regardless of whether the renewal policy will be on an occurrence or claims made basis.

#### **V. Experience to be Used for Rating**

- A. The experience to be used in this plan shall be the latest available five complete report years of experience incurred by the group. The experience period shall commence no more than six years prior to the effective date of the experience modification to be established and expire at least one year prior to the effective date of the experience modification to be single group, only the experience of individual physicians is to be included in the calculation of the experience modification.
- B. A "complete report year" shall include all losses reported during a policy period year, arising from medical incidents occurring during the report period and the five prior years. Report years may include a combination of experience under claims-made and occurrence policies. Occurrence loss data shall be used to complete the report year experience of claims-made policies which are not at a mature level. To the extent that complete report year loss data is not available, report year loss data with a later retroactive date will be used, together with the corresponding immature claims-made pure premium. (See VI A)
- C. If five years of experience is not available, the experience available shall be used in determining the experience modification. In no instance will an experience period of less than one year be used in the determination of an experience modification.
- D. Experience incurred by companies other than the Company or self-insured experience shall be used subject to the periods described above, and given credence in accordance with its apparent reliability.

Rules below will set forth procedures for use of complete report years of experience, regardless of the type(s) of policies in effect for the risk during the experience period.

**VI. Experience Rating Procedure**

- A. Basic Limits Premium Subject to Experience Rating shall be the "Experience Period Premium at Present Rates" as defined in II.D., using the decreased limits factors in Section 4 below and modified by the factors displayed in Attachment I. Section 1.

If complete report year data is available, the premiums used in this calculation will be the present mature claims-made rates. If complete report year loss data is not available, the claims-made rates for a policy maturity corresponding to the earliest occurrence data loss data available for each report year shall be used to calculate the premium at present rates.

- B. Basic Limits Incurred Losses Subject to Experience Rating are the product of "1" and "2" below.

1. "Basic Limits Incurred Losses" as defined in II.E.
2. "Adjustment to Reflect Ultimate Level of Losses". For each complete report year of losses during the experience period, Losses Subject to Experience Rating shall be calculated by multiplying the reported incurred losses by the appropriate basic limits loss development factor displayed in Attachment I. Section 2.

- C. Actual Loss Ratio - The actual loss ratio for the risk shall be determined by dividing the "Basic Limits Incurred Losses Subject to Experience Rating" (VI, B.) by the "Basic Limits Premium Subject to Experience Rating" (VI, A.) for Medical Professional Liability.

- D. Credibility - The credibility rating for the risk is displayed on the Credibility Table, based on the "Basic Limits Premium Subject to Experience Rating" (VI, A.) for Medical Professional Liability.

- E. Experience Modification - The experience modification shall be determined by application of the following formula:

Experience Modification =

Credibility x  $\frac{(\text{Actual Loss Ratio}) - (\text{Expected Loss Ratio})}{(\text{Expected Loss Ratio})}$  (See Attachment I Section 3)

subject to a maximum of +.25 and a minimum of -.25

If the experience modification is negative, it is a negative, it is a credit; if positive, a debit.

**VII. Table of Rating Values**

All table entries are based on the combined total "Basic Limits Premium Subject to Experience Rating" for Medical Professional Liability for all years derived in VI, A.

**VIII. Schedule Rating**

The manual rate for the group may also be modified by a schedule rating credit/debit of up to +/-15% to reflect factors such as the benefits of loss prevention measures to the extent such factors are not reflected in the group's experience. Any such schedule rating credit/debit shall be combined with the experience modification in an additive manner. The following schedule rating worksheet identifies the key factors for review and suggested maximum credits/debits.

**IX. (a) Rating of Sizeable Risks**

Accounts with annual total limits manual Medical Professional Liability premium of \$250,000 or more will be subject to (a) rating.

**MEDICAL INSURANCE EXCHANGE OF CALIFORNIA**C-1  
Sheet 6Experience Rating Plan  
Credibility Table

<u>Contribution Band</u>		<u>Credibility</u>
\$150,000	- \$170,000	0.18
170,001	- 190,000	0.21
190,001	- 210,000	0.23
210,001	- 230,000	0.25
230,001	- 256,805	0.27
256,806	- 276,647	0.29
276,648	- 296,970	0.30
296,971	- 317,791	0.32
317,792	- 339,130	0.33
339,131	- 361,006	0.34
361,007	- 383,439	0.36
383,440	- 406,452	0.37
406,453	- 430,065	0.39
430,066	- 454,305	0.40
454,306	- 479,195	0.41
479,196	- 504,762	0.42
504,763	- 531,034	0.44
531,035	- 558,042	0.45
558,043	- 585,816	0.46
585,817	- 614,388	0.47
614,389	- 643,796	0.49
643,797	- 674,074	0.50
674,075	- 705,263	0.51
705,264	- 737,405	0.52
737,406	- 770,543	0.53
770,544	- 804,724	0.54
804,725	- 840,000	0.55
840,001	- 876,423	0.56
876,424	- 914,050	0.57
914,051	- 952,941	0.58
952,942	- 993,162	0.59
993,163	- 1,034,783	0.60
1,034,784	- 1,077,876	0.61
1,077,877	- 1,122,523	0.62
1,122,524	- 1,168,807	0.63
1,168,808	- 1,216,822	0.64
1,216,823	- 1,266,667	0.65
1,266,668	- 1,318,447	0.66
1,318,448	- 1,372,277	0.67

# MEDICAL INSURANCE EXCHANGE OF CALIFORNIA

C-1  
Sheet 7

## Experience Rating Plan Credibility Table

<u>Contribution Band</u>		<u>Credibility</u>
\$1,372,278	- \$1,428,283	0.68
1,428,284	- 1,486,598	0.69
1,486,599	- 1,547,368	0.69
1,547,369	- 1,610,753	0.70
1,610,754	- 1,676,923	0.71
1,676,924	- 1,746,067	0.72
1,746,068	- 1,818,391	0.73
1,818,392	- 1,894,118	0.74
1,894,119	- 1,973,494	0.74
1,973,495	- 2,056,790	0.75
2,056,791	- 2,144,304	0.76
2,144,305	- 2,236,364	0.77
2,236,365	- 2,333,333	0.77
2,333,334	- 2,435,616	0.78
2,435,617	- 2,543,662	0.79
2,543,663	- 2,657,971	0.80
2,657,972	- 2,779,104	0.80
2,779,105	- 2,907,692	0.81
2,907,693	- 3,044,444	0.82
3,044,445	- 3,190,164	0.82
3,190,165	- 3,345,763	0.83
3,345,764	- 3,512,281	0.84
3,512,282	- 3,690,909	0.84
3,690,910	- 3,883,019	0.85
3,883,020	- 4,090,196	0.86
4,090,197	- 4,314,286	0.86
4,314,287	- 4,557,447	0.87
4,557,448	- 4,822,222	0.88
4,822,223	- 5,111,628	0.88
5,111,629	- 5,429,268	0.89
5,429,269	- 5,779,487	0.89
5,779,488	- 6,167,568	0.90
6,167,569	- 6,600,000	0.91
6,600,001	- 7,084,848	0.91
7,084,849	- 7,632,258	0.92

**MEDICAL INSURANCE EXCHANGE OF CALIFORNIA**

**C-1  
Sheet 8**

**Experience Rating Plan  
Credibility Table**

<u>Contribution Band</u>		<u>Credibility</u>
\$7,632,259	- \$8,255,172	0.92
8,255,173	- 8,970,370	0.93
8,970,371	- 9,800,000	0.93
9,800,001	- 10,773,913	0.94
10,773,914	- 11,933,333	0.94
11,933,334	- 13,336,842	0.95
13,336,843	- 15,070,588	0.96
15,070,589	- 17,266,667	0.96
17,266,668	- 20,138,462	0.97
20,138,463	- 24,054,545	0.97
24,054,546	- 29,711,111	0.98
29,711,112	- 38,600,000	0.98
38,600,001	- 54,600,000	0.99
54,600,001	- 69,800,000	0.99
69,800,001	- 71,500,000	1.00
71,500,001	- and Over	1.00

## MEDICAL INSURANCE EXCHANGE OF CALIFORNIA

**Group Experience Rating Plan  
State of California  
Effective January 1, 2012**

### Section 1

<b>Number of Years between the Effective Date of Each Policy in the Experience Period and the Effective Date of the Experience Modification Being Established</b>	<b>Medical Professional Liability Factor</b>
2	.94
3	.92
4	.89
5	.86
6	.84

### Section 2.1 MIEC Experience

<b>Number of Months (N) between the Loss Evaluation Date and the Effective Date of the Latest Policy Included in the Experience Period</b>	<b>Latest Policy Year (N)</b>	<b>2nd Latest Policy Year (N+12)</b>	<b>3rd Latest Policy Year (N+24)</b>	<b>4th Latest Policy Year (N+36)</b>	<b>5th Latest Policy Year (N+48)</b>
<b>Professional Liability Factor</b>					
18	1.158	0.980	0.978	0.990	0.994
21	1.074	0.976	0.983	0.991	0.995
24	1.034	0.978	0.988	0.992	0.996
27	1.002	0.978	0.990	0.993	0.997

**Section 2.2  
Other Company Experience**

<b>Number of Months (N) between the Loss Evaluation Date and the Effective Date of the Latest Policy Included in the Experience Period</b>	<b>Latest Policy Year (N)</b>	<b>2nd Latest Policy Year (N+12)</b>	<b>3rd Latest Policy Year (N+24)</b>	<b>4th Latest Policy Year (N+36)</b>	<b>5th Latest Policy Year (N+48)</b>
<b>Professional Liability Factor</b>					
18	1.68	1.36	1.16	1.08	1.05
21	1.58	1.30	1.13	1.07	1.04
24	1.50	1.25	1.10	1.07	1.04
27	1.43	1.20	1.09	1.06	1.03

**Section 3  
Expected Loss Ratio = .895**

**Section 4**

**Decreased Limits Factor for \$250,000 per claim**

<b>From Limits of</b>	<b>Decreased Limits Factor</b>
\$500,000	.783
\$1 million	.666
\$2 million	.537
\$3 million	.481
\$4 million	.450
\$5 million	.432
\$10 million	.374

# MEDICAL INSURANCE EXCHANGE OF CALIFORNIA

## SCHEDULE RATING PLAN WORKSHEET

Group Name/State \_\_\_\_\_

Rated By \_\_\_\_\_

Policy Period \_\_\_\_\_

Credit/(Debit)

- I. **Management/Group Stability ( $\pm 5\%$ )**
    - a. Administrator/Risk Manager has been with group 3+ years (+3%) \_\_\_\_\_
    - b. Group's physician turnover rate is  $\leq 10\%$  per year  $\geq 25\%$  per year ( $\pm 5\%$ ) \_\_\_\_\_
    - c. Key nursing and medical assistant staff turnover is  $\leq 10\%$  per year/  
 $\geq 25\%$ /year ( $\pm 2\%$ ) \_\_\_\_\_
  
  - II. **Quality Assurance/Risk Management (+10%)**
    - a. Insured is accredited by AAAHC (+10%) \_\_\_\_\_
    - b. Insured not accredited, but meets majority of criteria of  
accreditation manual (see attached) (+5%) \_\_\_\_\_
    - c. Insured has Q/A committee, staff coordinator (+5%) \_\_\_\_\_
  
  - III. **Loss Prevention/Loss Reduction Activities (+10%)**
    - a. Insured has incident reporting system in place (+3%) \_\_\_\_\_
    - b. Insured has standing committee which regularly meets  
to review incidents and develop methods by which hazardous  
professional or premises exposures are reduced (+3%) \_\_\_\_\_
    - c. Insured requires medical and support staff to attend CME  
courses which emphasize loss prevention (+2%) \_\_\_\_\_
    - d. Insured has undergone MIEC site visit and is cooperating with  
Loss Prevention recommendations (+10%) \_\_\_\_\_
  
  - IV. **Emerging Development Not Apparent in Experience Underlying  
Experience Rating Plan ( $\pm 10\%$ )**
    - a. Recent significant changes in risk (e.g., elimination of  
obstetrical or other high risk services) ( $\pm 10\%$ ) \_\_\_\_\_
    - b. Unusually severe recent losses (-10%) \_\_\_\_\_
    - c. Documented departures from standards of care which have not yet  
resulted in actual claims (-10%) \_\_\_\_\_
    - d. Insured engages in experimental, unorthodox, non-standard, or  
unusually risky medical or surgical procedures (-10%) \_\_\_\_\_
- TOTAL CREDIT (DEBIT) MAXIMUM ( $\pm 15$ )** \_\_\_\_\_

**MEDICAL INSURANCE EXCHANGE OF CALIFORNIA**

**C-4**

**California**

**Effective January 1, 2012**

**Blood Bank Deductible Factors**

**REFER TO HOSPITAL DEDUCTIBLE TABLE (C-3)**