

SERFF Tracking Number: AGNY-127052776 State: California
 Filing Company: National Union Fire Insurance Company of Pittsburgh, Pa. State Tracking Number: 11-5665
 Company Tracking Number: CHS-11-EO-05
 TOI: 11.0 Medical Malpractice - Claims Sub-TOI: 11.0026 Psychiatry
 Made/Occurrence
 Product Name: Psychiatrists Professional Liability Program 18300000750
 Project Name/Number: Psychiatrists Professional Liability Program/CHS-11-EO-05

Filing at a Glance

Company: National Union Fire Insurance Company of Pittsburgh, Pa.

Product Name: Psychiatrists Professional Liability Program 18300000750 SERFF Tr Num: AGNY-127052776 State: California

Liability Program 18300000750

TOI: 11.0 Medical Malpractice - Claims SERFF Status: Assigned State Tr Num: 11-5665

Made/Occurrence

Sub-TOI: 11.0026 Psychiatry Co Tr Num: CHS-11-EO-05 State Status: Accepted

Filing Type: Rate/Rule Reviewer(s): Geff Greenfield, Eric DeMesa

Author: Myron Harry

Disposition Date:

Date Submitted: 06/29/2011

Disposition Status:

Effective Date Requested (New): 08/31/2011

Effective Date (New):

Effective Date Requested (Renewal): 08/31/2011

Effective Date (Renewal):

General Information

Project Name: Psychiatrists Professional Liability Program

Status of Filing in Domicile:

Project Number: CHS-11-EO-05

Domicile Status Comments:

Reference Organization:

Reference Number:

Reference Title:

Advisory Org. Circular:

Filing Status Changed: 06/30/2011

State Status Changed: 07/11/2011

Deemer Date: 09/13/2011

Created By: Myron Harry

Submitted By: Myron Harry

Corresponding Filing Tracking Number:

Filing Description:

National Union Fire Insurance Company of Pittsburgh, Pa. submits for your review and approval revised rates and manual rules to be used with its Psychiatrists Professional Liability Insurance Program on file with your Department. Please be advised that the attached rates page and manual rules will replace those currently on file with your Department.

Please refer to the attached Actuarial Memorandum, Rate Page, and Manual Rules for information about the revisions included in this submission.

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We wish to make this filing effective for all policies effective on or after August 31, 2011, or the earliest date permitted by your Department.

Your favorable consideration and approval are respectfully requested.

Company and Contact

Filing Contact Information

Myron Harry, myron.harry@aig.com
 175 Water Street - 17th Floor 212-458-7057 [Phone]
 New York, NY 10038 212-458-7077 [FAX]

Filing Company Information

National Union Fire Insurance Company of Pittsburgh, Pa. CoCode: 19445 State of Domicile: Pennsylvania
 175 Water Street Group Code: Company Type:
 New York, NY 10038 Group Name: State ID Number:
 (212) 458-5000 ext. [Phone] FEIN Number: 25-0687550

Filing Fees

Fee Required? No
 Retaliatory? No
 Fee Explanation:
 Per Company: No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
National Union Fire Insurance Company of Pittsburgh, Pa.	\$0.00		

State Specific

Variance Requested? (Yes/No): NO

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Rate/Rule Schedule

Schedule Item Status:	Exhibit Name:	Rule # or Page #:	Rate Action	Previous State Filing Number:	Attachments
	CA Base Rate Page (6-11)	Page 1 of 1	Replacement		CA Base Rates 6-11.pdf
	CA Manual Rules (6-11)	Pages 1 - 10	Replacement	10-2769	CA Manual Rules (6-11).pdf

NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA
 Psychiatrists Professional Liability Program
 CALIFORNIA

I.	Base rate for \$500,000/\$1,500,000 Modified Occurrence Coverage	
	Territory #1 (LA City & County, Orange, Riverside, Ventura)	\$7,304
	Territory #2 (San Diego City & County)	\$6,824
	Territory #3 (Rest of State)	\$4,718

II. Claims-made Conversion Factors

\$500,000/\$1,500,000	1.000
\$1,000,000/\$3,000,000	1.057
\$2,000,000/\$6,000,000	1.321

III. Claims-made Conversion Factors (% of modified occurrence premium)

Number of years Claim-Made Coverage:

First Year	0.315
Second Year	0.585
Third Year	0.765
Fourth Year	0.855
Fifth Year and Thereafter	0.900

IV. Extended Reporting Claims Endorsement

% of mature Claims-Made Premium:

First Year	100%
Second Year	125%
Third Year	140%
Fourth Year	150%
Fifth Year and Thereafter	175%

**NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA
PSYCHIATRISTS PROFESSIONAL LIABILITY INSURANCE PROGRAM
CALIFORNIA MANUAL RULES**

Rule 1.	Rating Profile Items
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A member may receive the FYIP, SYIP, TYIP (&/or MILITARY) only once. The discount applies to the first (second or third) year immediately following the completion of residency or fellowship, regardless of interruption of time.

A member may receive the MIT discount more than once. The requirement is that the member is eligible for the MIT so long as the APA has reclassified his/her membership status accordingly.

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

MIT credit cannot be combined with a part-time credit.

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

Neurology	2x Psychiatrist Base Premium
Neurology with Special Procedures	4x Psychiatrist Base Premium
American Psychiatric Association Membership	5% Credit
Child & Adolescent Psychiatry (C&AP)	15% Premium Discount
Early Career Psychiatrists	FYIP 60% Credit SYIP 40% Credit TYIP 35% Credit
First, Second, Third Year in Practice- Military	FYIP-M 60% Credit SYIP-M 40% Credit TYIP-M 35% Credit
Member in Training (MIT)	50% Credit
Part-Time Practice	1-5 Hours 60% Credit 6-20 Hours 50% Credit
Experience & Schedule Rating Program	See separate sections
Psychoanalytic Certification	5% Credit
Risk Management Seminar	5% Credit

**NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA
PSYCHIATRISTS PROFESSIONAL LIABILITY INSURANCE PROGRAM
CALIFORNIA MANUAL RULES**

Rule 2.	Vicarious Liability
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The additional premium for vicarious liability coverage is determined as follows:

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

No. of Employees/Independent Contractors	Percent of final individual modified premium
0	0%
1-3	10%
4-10	25%
11-25	50%
Over 25	100%

**VICARIOUS LIABILITY
Additional Premium for Shared Limit
(Policy Coverage A)**

No. of Employees/Independent Contractors	Percent of final individual modified premium
0	0%
1-3	2%
4-10	5%
11-25	10%
Over 25	100%

Rule 3.	Premium Rounding
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All premiums shall be rounded to the nearest whole dollar. Amounts that are less than 50 cents shall be dropped. Increase amounts that are 50 cents or more to the next whole dollar.

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

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

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

**NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA
PSYCHIATRISTS PROFESSIONAL LIABILITY INSURANCE PROGRAM
CALIFORNIA MANUAL RULES**

Rule 4.	Maximum 50% Credit
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Maximum 50% credit (discount) applies subject to the following **exclusions:**

First Year in Practice (FYIP is 60%)
Experience factor is not included
Schedule factor is not included
Psychoanalytic Cert. factor is not included
Risk Management Seminar factor is not included
Child and Adolescent (C & AP) is not included

Rule 5.	Prior Acts Endorsement
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The following rating is used when a member converts the claims-made policy to modified occurrence and does not purchase extended reporting endorsement from the prior carrier. Prior Acts Endorsement will be effective the inception date of the modified occurrence policy and cover claims reported after the cancellation date which occurred between the retroactive date and cancellation date of the claims-made policy.

1 st year in CLAIMS MADE Coverage	70% of Modified Occurrence Premium
2 nd year in CLAIMS MADE Coverage	110% of Modified Occurrence Premium
3 rd year in CLAIMS MADE Coverage	135% of Modified Occurrence Premium
4 th year in CLAIMS MADE Coverage	145% of Modified Occurrence Premium
5 th year and after in CLAIMS MADE Coverage	160% of Modified Occurrence Premium

Rule 6.	Tail Coverage (Extended Reporting Period)
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Tail premium calculation process is **EXACTLY** the same process as for Primary Coverage regarding the application of all discounts, surcharges, credits, & debits, including short rate and prorata factors.

Tail pricing is based off of the Numbers of Years written under a Claims Made contract.

FREE TAIL COVERAGE

- Claims-Made Contract.** Tail coverage is free in the event of DEATH or PERMANENT DISABILITY, or when a member reaches age 55 or older and has been insured under a Psychiatrists' Program Claims-Made contract for at least 5 consecutive years immediately prior to permanent retirement. It is also free when a member has been insured with the Psychiatrists' Program under a claims-made contract for 10 consecutive or more years provided at the time of cancellation, the annual premium has **not been** experience rated anytime during the ten year period and the insured requested the cancellation of coverage.
- Modified Occurrence Contract.** Tail coverage is included at no additional cost upon termination or non-renewal, for any reason.

**NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA
PSYCHIATRISTS PROFESSIONAL LIABILITY INSURANCE PROGRAM
CALIFORNIA MANUAL RULES**

Rule 7.	Experience Rating Guidelines
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The following Experience Rating Guidelines applies for any risk with at least five (5) years experience prior to renewal application:

Severity	
Indemnity payment over \$30,000 under \$50,000	5% per claim
Indemnity payment over \$50,000 under \$100,000	10% per claim
Open or closed claim with Indemnity payment or reserve over \$100,000 or more	10% per claim plus 10% each \$10,000 increment above \$100,000
 Frequency (Open and Closed claims with incurred and/or reserved indemnity and expenses totaling \$10,000 and above).	
Two claims reported within any 12-month period in last three years.	20% each claim
Three claims reported within last five years.	30% each claim
 Liability (Open and closed claims within last 5 years)	
a. Deviation from standard of care	10%-50%
b. Non-cooperation with policy conditions	10%-50%
c. Undue familiarity	
Insured admission	non-renewal
Settlement by carrier and/or insured	non-renewal

Rule 8.	Schedule Rating Plan – Individual Program
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The following schedule rating criteria can be used to establish the adjusted annual premium per participant.

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

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

**NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA
PSYCHIATRISTS PROFESSIONAL LIABILITY INSURANCE PROGRAM
CALIFORNIA MANUAL RULES**

Rule 8.	Schedule Rating Plan – Individual Program (cont’d.)
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This program is mandatory and to be administered consistently with each insured or prospective insured.

Schedule rating characteristics

Adjustment to base rate of +/- 40% requires management approval except where indicated below.

A. PRACTICE SETTING:

Detention Facilities: This includes jails, juvenile centers, detention centers and prisons. Risks associated with this exposure are generally related to frequency rather than severity. Individuals kept in these facilities are typically litigious who spend significant time reviewing case law and figuring out ways to file suits. (Jail House Lawyers). In most **federal** facilities, the employees enjoy sovereign immunity, which means they cannot be sued. Therefore, our physician which is usually a contractor is left as the “deep pocket” and the only person available for potential recovery of alleged damages.

All other type of government or community facilities may or may not have statutes protecting the employees against liability. It will vary by state and county. There may also be protection for these individuals through the facility’s professional liability insurance carrier. Hold harmless indemnification clauses are standard in these contractual relationships. Therefore, it is important to understand the working arrangement between the insured and the facility to measure the degree of increased liability for our participant. If the insured provides services to individuals in detention facilities, a **5% debit** applies.

Patient recruitment practices: The probability of increased liability is common for those practices utilizing techniques for patient recruitment considered entrepreneurial and absent of credible medical necessity. For example, advertisements made outside of the practice area, bonuses given for patient referrals or profits generated by the care the physicians and other treating professionals rendered to their patients are some examples of techniques that could cause litigation.

The Underwriter should review the entire profile of the participant to determine the extent of increased liability if they are involved in a practice location or facility that engages in this activity. As a result of increased media concentration on these practices, many facilities have taken measures to terminate these practices. However, the amount of time the participant has been associated with this activity should be considered. If any of these activities exist, a **40% debit** applies **or the policy is converted to a claims – made policy form.**

Home based practice: An insured working from the home is not uncommon in the practice of psychiatry. Many part-time women, who also are raising a family and want to continue practicing, conduct a small practice from their home. It is however, also understood that these individuals, maintain relationships with the community and medical mental health professionals for continued education and referral capabilities.

The liability for a participant is considered increased when an individual has chosen to work from the home because they cannot obtain clinical or hospital affiliations. The ongoing mentoring of colleagues is not present and the psychiatrist has no peer review of his/her practice activities. This practice profile

**NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA
PSYCHIATRISTS PROFESSIONAL LIABILITY INSURANCE PROGRAM
CALIFORNIA MANUAL RULES**

Rule 8.	Schedule Rating Plan – Individual Program (cont’d.)
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may require intervention and additional interviewing by PRMS risk management to ascertain the degree of adverse risk. If this condition exists, a **30% debit** applies.

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

The underwriter should utilize all reference information relative to this facility and determine the degree of involvement of our insured directly related to the facility’s adverse risk characteristics. If any of these conditions exist, a **40% debit** applies.

Clinical teaching activities exceed 50% of total practice time: Although the insured involved in this activity is competent to teach other medical professionals, the increase of patient volume related to this activity is considered an additional liability exposure. If these activities exist, a **10% debit** applies.

B. NATURE AND SCOPE OF PRACTICE

Treatment of Borderline Personalities and Multiple Personality disorders: Incidental treatments of these disorders are contemplated in the base rates. However, the underwriter should consider the number of patients and time devoted by the participant to these treatments. In addition, treatment modality must be questioned by the underwriter and discussed with PRMS risk management for unconventional activities by the insured. If more than 10% of the insured’s services involve this type of treatment, a **40% debit** applies.

Treatment of pain management: Patients seeking psychiatric services for the management of pain are almost always associated with other medical treatments or illnesses. For this reason, treatment of pain management can increase the liability where our insured would be involved in a claim along with other treating physicians. The underwriter should discuss the volume of patients and practice time devoted to this activity. In addition, the treatment modalities should be discussed with PRMS risk management to determine standard of care. Psychiatrists utilizing anesthesia for pain management is to be referred to management for consideration of continued insurability. If more than 10% of the insured’s services involve this type of treatment, a **40% debit** applies.

Use of abreaction, rage; sodium amytal, sex and recovered memory therapies: The base rate does not contemplate treatment by use of these types of therapies. Any insured utilizing these therapies should be discussed with PRMS risk management after the underwriter has secured information from the participant regarding the patient volume and practice time affiliated with these therapies. All insured members utilizing these therapies should be referred to management for consideration of continued insurability. If more than 5% of the insured’s services involve this type of therapy, a **40% debit** applies.

Supervision of/Consultation with professionals in 2, 3 and 4 above: Although the insured may not directly treat patients or use these therapies, they incur vicarious liability for the supervision of

**NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA
PSYCHIATRISTS PROFESSIONAL LIABILITY INSURANCE PROGRAM
CALIFORNIA MANUAL RULES**

Rule 8. Schedule Rating Plan – Individual Program (cont’d.)

professionals who do. In addition, consultation is defined as professional services rendered and does not decrease the insured liability. Therefore, the premium should be increased as a result of this exposure. If this condition exists, a **40% debit** applies.

Above average daily patient volume: An average daily patient volume of 25 is contemplated in the base rates. Any practice where the patient volume is greater should be considered as an increased risk and priced accordingly. If this exists, a **30% debit** applies.

Rule 9. Group Accounts

Eligibility

The medical groups that will be considered for Coverage B of the policy will be professional corporations, partnerships, or associations owned and operated by behavioral healthcare professionals. The entity will also have psychiatrist affiliation.

Rates

Each Psychiatrist Insured will be rated in accordance with the individual program rules and rates.

Individual coverage for other behavioral healthcare professionals will be rated as a percentage of the psychiatrist rate for that rating area. (See rate chart for applicable professional premium factor).

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

Medical group premium will be priced based on the following:

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

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

Non-psychiatrist insureds can share the limit of liability of the medical group.

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

**NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA
PSYCHIATRISTS PROFESSIONAL LIABILITY INSURANCE PROGRAM
CALIFORNIA MANUAL RULES**

Rule 9.	Group Accounts (cont'd.)
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The base rate for each insured sharing the limit with the group entity will be reduced by 5% when the total number of insured psychiatrists in the group is 5 or less on an annual basis.

A shared limit will result in a 50% reduction of the otherwise applicable premium for the class insured.

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

Limits of Liability

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

Claims-Made

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

Other Physician Coverage

The Program will consider coverage for individual physicians affiliated with the medical group who are not psychiatrists (i.e. internists, pediatricians, family/general practice). The rate for these physicians will be calculated in accordance with the **filed** class relativity differential (psychiatry to other specialty) of the major medical professional liability insurance carrier in that state. The calculated relativity will then be applied to the base psychiatry rate used in this Program's individual rates.

Outside Medical Group Practice Activity

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

Rule 10.	Schedule Rating Plan – Group Accounts
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The following modifications may be applied to recognize special characteristics that are not fully recognized in the basic rate(s) or premium. The maximum credit/debit shall not exceed +/-10.

The schedule rating program is mandatory and to be administered consistently for each insured or prospective insured.

Management (+/-5)

Management has demonstrated adequate control and monitoring of the risks and exposures of the organization. The financial condition of the Medical Group is favorable. An example of a

**NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA
PSYCHIATRISTS PROFESSIONAL LIABILITY INSURANCE PROGRAM
CALIFORNIA MANUAL RULES**

Rule 10.	Schedule Rating Plan – Group Accounts (cont’d)
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Medical Group which would receive a credit would employ a dedicated risk manager and have favorable financial ratios.

Employees (+/-5)

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

Risk Management (+/-5)

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

Medical Records/Informed Consent (+/-5)

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

Performance of experimental procedures (+5)

If the medical group practice includes procedures that are considered experimental, but that are performed within the prescribed guidelines, controlled studies, or : “protocol” established by the manufacturer or similar entity, there will be no debit or credit, however if the experimental procedures are not subject to the protocol, a debit of up to 5% will be applied. Since the underlying program’s rates reflect the assumption that insureds will not be performing experimental procedures, no credit will be given under any circumstances and under this category i.e. there will be no credit if experimental procedures are not utilized.

Rule 11.	Locum Tenens
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A Locum Tenens (“hold the place of”) works in place of a Named Insured or Additional Named Insured, never at the same time. The Locum Tenens doctor must be underwritten in the same specialty classification as the Named Insured or Additional Named Insured. The program will allow Locum Tenens coverage for a maximum total of 45 days each policy year.

**NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA
PSYCHIATRISTS PROFESSIONAL LIABILITY INSURANCE PROGRAM
CALIFORNIA MANUAL RULES**

There is no charge for this coverage.

Rule 12.	Suspension of Insurance
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An insured may request suspension of insurance, due to disability or to accommodate a sabbatical leave of training. The insured will not be covered for claims or suits which arise based on an occurrence within the period of suspension. The insured is entitled to report claims during the period of suspension which arise from occurrences when the policy was in force and not on suspense.

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

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

Charge 25% of the claims-made rate.

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Supporting Document Schedules

Item Status: **Status Date:**

Satisfied - Item: Prior Approval Rate Application

Comments:

Attached please find a CA Prior Approval Application.

Attachments:

CA Prior Approval Appl 6-11.pdf
 CA Prior Approval Rate App-(6-11) (2).xls

Item Status: **Status Date:**

Satisfied - Item: CA Actuarial Memo & Actuarial Exhs

Comments:

Attached please find a California Actuarial Memorandum and Exhibits

Attachment:

CA Actuarial Memorandum 6-2011.pdf

Item Status: **Status Date:**

Satisfied - Item: CA Exhibits

Comments:

Attached please find CA Exhibits.

Attachment:

CA Exhibits 1 to 21-(6-11).pdf

Item Status: **Status Date:**

Satisfied - Item: Blacklined copy of Manual Rules

Comments:

Attached please find a blacklined copy of CA Manual Rules.

PRIOR APPROVAL RATE APPLICATION

Completed by: Myron Harry Date: 6/27/2011

Your File #: CHS-11-EO-05
(15 Characters Maximum)

SERFF CD (plus 1 paper copy) Paper (1 original plus 1 copy)

Does this filing include a variance request? No

Is this a variance request submitted after the prior approval application to which it applies? No

If yes, provide the applicable CDI File Number: _____

Does this file contain group data? No

Note: Complete page 2 if this is a group filing

Is this a specialty filing? No

Latest applicable CDI file number in this line, subline and/or program:
10-2769

Company Name National Union Fire Insurance Company of Pittsburgh, Pa.

NAIC Company Code 012-19445

Group Name Chartis, U.S.

NAIC Group Code 12

Organized under the Laws of the State of Pennsylvania

DEPARTMENT USE ONLY

Filing No.: _____

SERFF No.: _____

Date Filed: _____

Compliance Date: _____

Date Public Notified: _____

Deemer Date: _____

Intake Analyst: _____

Bureau & Senior: _____

Group Filing: Yes No

X-Reference No.: _____

Rate New Program Rule

Form Variance _____ % Change

Line Type COMMERCIAL

Line of Insurance: MEDICAL MALPRACTICE

Subline Psychiatrists

Program Psychiatrists Professional Liability Insurance Program

Home Office 175 Water Street, New York, NY 10038

Name and Title of Contact Person Myron Harry, Analyst

Toll Free Phone No.: _____

Fax No.: (212) 458-7077

Email Address myron.harry@chartisinsurance.com

Mailing Address 175 Water Street, New York, NY 10038

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

Myron Harry
Authorized Signature

June 27, 2011
Date of Filing

(212) 458-7057
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.

INSURER GROUP MULTI-COMPANY FILING

For private passenger auto insurance only, does CIC, 1861.16(c) apply?
If yes, please complete (Super Group) Exhibit 19.

No ▼

List each insurance company in alphabetical order.

Company Name National Union Fire Insurance Company of Pittsburgh, PA CDI Filing No. _____
(Department use only)
NAIC Company Code 012-19445

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

Company Name _____ CDI Filing No. _____
(Department use only)
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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 checked="" type="checkbox"/> Rules (Including adoption of advisory organization rules.) | |
| <input checked="" type="checkbox"/> With rate impact | Pages 1 through 10, 12b, 13 & 14 plus exhibits |
| <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.

PROPERTY AND LIABILITY FILING SUBMISSION DATA SHEET (Continued)

Proposed Earned Premium Per Exposure: \$ 5,518.97
Proposed Overall Rate Change -8.00%

	<u>COVERAGE*</u>	<u>INDICATED CHANGE (%)</u>	<u>PROPOSED CHANGE (%)</u>	<u>ADJUSTED EARNED PREMIUM*</u>	<u>PROJECTED EARNED PREMIUM</u>
1.	<u>Psychiatrists Professional Liab.</u>	<u>-10.30%</u>	<u>-8.00%</u>	<u>2,664,700</u>	<u>2,451,524</u>
2.	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
3.	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
4.	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
5.	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
6.	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
7.	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
8.	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
9.	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
10.	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	TOTAL:	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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:

Instructions for completing Prior Approval Rate Template (in application):

- * A separate rate template is required for each coverage (i.e. BI,PD,MP,UM,Comp&Coll) for which a separate premium is charged. *Download and complete a multi-coverage template (PPA for personal auto) if more than one template is needed.*
- * Enter data in lined boxes on RateMakingData page only (Do not enter data directly in Template.). For more than three years of data, click + button.
- * In the rate making data tab, enter the following data: Line Description (select from menu); Coverage; Marketing System (percentage of each system used, totaling 100%); Prior Effective Date (of current rates); Proposed Effective Date (of proposed new rates); statistical period used; one or more years of appropriate data.
- * Enter numerical data only; no comments please. (For inapplicable fields: 0 for \$ or %; 1.00 for factors)
- * Enter Variance data, only if supported by Variance Request. Final decisions regarding variances will be made by CDI and/or administrative hearing.
- * If you are filing Advisory Organization Loss Costs with a Loss Cost Multiplier, read the LCM Instructions tab and complete the LCM template.
- * For results, see Template tab (Disregard Reinsurance indication if not applicable).

RATEMAKING DATA							
<i>(Click + to expand for more than 3 years; - to contract)</i>							
Completed by	0						
Date Completed	1/0/1900						
Company/Group	National Union Fire Insurance Compa						
Line Description	MEDICAL MALPRACTICE						
Coverage	MEDICAL MALPRACTICE						
Marketing System:	%Captive	%Direct	%Independent	(Must add up to 100%)			
Prior Effective Date (current rates)	100.00%						
Proposed Effective Date (new rates)	9/17/2002						
CDI File Number (Department use only)	5/1/2011						
Does the data provided below reflect a Request for Variance?	0						
Data below is:	No <input type="checkbox"/> Variance #:						
	Accident Year Data						
	5th Prior Year	4th Prior Year	3rd Prior Year	2nd Prior Year	1st Prior Year	Most Recent Year	Projected ¹ / New Program**
	2004	2005	2006	2007	2008	2009	
1 California Direct Written Premium	1,127,508	1,319,455	1,611,822	1,977,358	1,988,680	2,066,430	
2 California Direct Earned Premium	1,082,935	1,255,912	1,543,228	1,850,571	2,011,723	2,013,373	
3 Premium Adjustment Factor (Developed in Exhibit 4)	1.20	1.12	1.13	1.11	1.01	0.98	
4 Premium Trend Factor* (Developed in Exhibit 5)	1.000	1.000	1.000	1.000	1.000	1.000	
5 Miscellaneous Fees and Flat Charges (Not included in Line 2; Developed in Exhibit 6)	-	-	-	-	-	-	
6 Earned Exposure Units	242	242	319	423	444	444	
7 Historic Losses (Projected for New Programs)	159,100	224,272	1,439,984	287,098	459,468	113,192	
8 Historic Defense and Cost Containment Expense (DCCE)	-	-	-	-	-	-	
9 Loss Development Factor (Developed in Exhibit 7)	1.357	1.577	1.904	1.984	3.896	16.258	
10 DCCE Development Factor (Developed in Exhibit 7)	1.357	1.577	1.904	1.984	3.896	16.268	
11 Loss Trend Factor* (Developed in Exhibit 8)	1.239	1.204	1.170	1.137	1.105	1.074	
12 DCCE Trend Factor* (Developed in Exhibit 8)	1.239	1.204	1.170	1.137	1.105	1.074	
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)							30.00%
15 Excluded Expense Factor (From Page 13)							0.14%
16 Ancillary Income (Developed in Exhibit 11)							
17 Projected Federal Income Tax Rate on Investment Income (From Page 14)							25.80%
18 Projected Yield (From Page 14)							4.70%
<i>Complete 19, 20 & 21 For Earthquake and certain Medical Malpractice with Reinsurance Only (see Instructions)</i>							
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 <input type="checkbox"/>
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>2007</u>	1st Prior Year <u>2008</u>	Most Recent Year <u>2009</u>
1. Psychiatrists Professional		\$ 1,850,571	\$ 2,011,723	\$ 2,013,373
2. All Other		\$ 4,047,222	\$ 8,248,747	\$ 17,704,207
3.				
4.		\$ -	\$ -	\$ -
5.		\$ -	\$ -	\$ -
6.		\$ -	\$ -	\$ -
7.		\$ -	\$ -	\$ -
8.		\$ -	\$ -	\$ -
9.		\$ -	\$ -	\$ -
10.		\$ -	\$ -	\$ -
	TOTAL	\$ 5,897,793	\$ 10,260,470	\$ 19,717,580
	Statutory Page 14	\$ 5,897,793	\$ 10,260,470	\$ 19,717,580
	Difference	\$ -	\$ -	\$ -

Explain the Differences:

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*

Calendar Year

Year 2009

DATA

1. Number of claims outstanding at beginning of year _____
2. Number of claims during the year _____
3. Number of claims closed during the year _____
4. Number of claims outstanding at year's end ((1) + (2) - (3)) _____
5. Unearned Premiums _____
6. Dollar amount of claims paid _____
7. Net loss reserves for outstanding claims excluding claims incurred but not reported _____
8. Net loss reserves for claims incurred but not reported _____
9. Losses incurred as a percentage of premiums earned - including IBNR _____
10. Net investment gain or loss and other income or gain or loss allocated to the line. _____
11. Net income before federal and foreign income taxes (line 10 plus line 15) _____
12. Total number of policies in force on the last day of the reporting period _____
13. Total number of policies cancelled _____
14. Total number of policies non-renewed _____
15. Net underwriting gain or loss
 (=CY earned premiums minus CY incurred loss minus CY incurred expense) _____
16. Separate allocations of expenses for:
 - a) commissions and brokerage expense, _____
 - b) other acquisition costs, _____
 - c) general office expenses, _____
 - d) taxes, licenses and fees, _____
 - e) loss adjustment expense (DCCE & AOE), and _____
 - f) other expenses _____

*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 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:										
Old:										

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 (CDI#) 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: We are filing revised manual rules to be used with our Psychiatrists Professional Liability Insurance Program.

EXCLUDED EXPENSE FACTOR

(Insurer Group Data)

Company Organization:

Stock ▼

	(Enter Year)	2nd Prior Year 2007	1st Prior Year 2008	Most Recent Year 2009
Countrywide direct earned premium:		33,412,626,742	28,998,501,093	26,325,699,891
Countrywide direct earned premium for lines of business subject to Proposition 103:		23,541,235,062	20,669,777,793	17,361,388,678

2644.10 (b): Executive Compensation

	2nd Prior Year 2007		1st Prior Year 2008		Most Recent Year 2009	
	Cash & Salary	Bonus	Cash & Salary	Bonus	Cash & Salary	Bonus
1st Highest Paid	1,000,000	3,625,000	1,000,000	555,000	886,346	3,511,125
2nd Highest Paid	848,776	1,863,963	959,615	561,563	698,077	3,080,625
3rd Highest Paid	725,962	1,823,750	538,462	562,500	915,385	2,400,000
4th Highest Paid	775,000	1,742,500	950,902	0	625,000	1,500,000
5th Highest Paid	751,923	1,450,000	675,000	0	1,153,964	0

	2nd Prior Year 2007		1st Prior Year 2008		Most Recent Year 2009	
	Max Permissible Exc Comp	Excessive Compensation	Max Permissible Exc Comp	Excessive Compensation	Max Permissible Exc Comp	Excessive Compensation
1st Highest Paid	1,850,028	2,774,972	1,754,858	0	1,634,884	2,762,587
2nd Highest Paid	937,528	1,775,211	895,917	625,261	843,006	2,935,696
3rd Highest Paid	857,540	1,692,172	815,970	284,992	763,373	2,552,012
4th Highest Paid	698,764	1,818,736	666,969	283,933	626,595	1,498,405
5th Highest Paid	593,446	1,608,477	567,624	107,376	534,753	619,211
Total Excessive Executive Comp:		9,669,568		1,301,562		10,367,910

Excluded Expense Factor

Countrywide Data	2nd Prior Year 2007	1st Prior Year 2008	Most Recent Year 2009
2644.10 (a): Political contribution and lobbying	400	1,300	0
2644.10 (b): Excessive Executive Compensation	9,669,568	1,301,562	10,367,910
2644.10 (c): Bad faith judgments and associated DCCE	0	0	0
2644.10 (d): All costs for unsuccessful defense of discrimination claims	not available	not available	not available
2644.10 (e): Fines and penalties	4,187,882	2,114,222	2,017,810
2644.10 (f): Institution advertising expenses	49,601,964	28,503,863	20,268,933
2644.10 (g): Excessive payments to affiliates	0	0	0
Total excluded expenses	63,459,813	31,920,947	32,654,653
Excluded expense factor	0.19%	0.11%	0.12%
3-year average excluded expense factor	<u>0.14%</u>		

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	324,354,858	618,899,179	706,902,135	9,236,504	15,672,849
2.7 All other governments	32,727,459	531,953,151	466,741,102	10,899,176	0
3.7 States, territories and possessions	60,247,604	2,279,447,259	2,251,209,488	716,214,056	293,710,240
4.7 Political subdivisions	56,515,891	3,110,144,722	3,657,045,081	603,678,773	141,848,563
5.7 Special revenue and assessment obligations	429,545,806	6,712,074,271	7,925,193,461	2,508,080,665	709,285,205
6.7 Public utilities unaffiliated	4,512,600,864	1,768,590,874	1,163,906,992	69,109,285	2,455,964,508
7.7 Industrial and miscellaneous	0	0	0	0	0
8.7 Credit tenant loans	0	9,985,610	0	0	72,145,115
9.7 Parent, subsidiaries and affiliates	0	3,952,986	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	357,082,317	2,924,495,567	35,808,529
(2) Other taxable bonds Sum of line 6.7, 7.7, 8.7, 9.7 and half of 5.7	4,727,373,767	10,265,070,328	4,205,901,843
(3) Tax exempt bonds Sum of line 3.7, 4.7, and half of 5.7	331,536,398	18,616,480,416	3,364,194,567

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	357,082,317	0.15%	523,721	35.00%	183,302
(B) Intermediate	2,324,495,567	3.49%	81,124,895	35.00%	28,393,713
(C) Long	35,808,529	4.20%	1,502,765	35.00%	525,968
(2) Other taxable bonds					
(A) Short	4,727,373,767	0.40%	18,909,495	35.00%	6,618,323
(B) Intermediate	10,265,070,328	4.62%	474,294,530	35.00%	166,003,086
(C) Long	4,205,901,843	5.88%	247,229,762	35.00%	86,530,417
(3) Tax exempt bonds					
(A) Short	331,536,398	0.26%	861,995	5.25%	45,255
(B) Intermediate	18,616,480,416	3.41%	633,984,173	5.25%	33,284,169
(C) Long	3,364,134,567	4.79%	161,012,226	5.25%	8,453,142
(4) Common Stock	11,780,069,458				
(A) Dividends		1.65%	194,371,146	14.18%	27,552,110
(B) Capital gains		8.54%	1,006,279,711	34.10%	343,141,381
(5) Preferred stock dividends	195,546,636	5.81%	11,354,741	14.18%	1,609,535
(6) Mortgage loans	0	5.88%	0	35.00%	0
(7) Real estate	0	4.19%	0	35.00%	0
(8) Cash**	4,236,382,223	0.15%	6,213,361	35.00%	2,174,676
(9) Other***	5,834,800,910				
(A) Dividends		1.65%	96,274,215	14.18%	13,646,870
(B) Capital gains		8.54%	498,421,660	34.10%	169,961,786
(10) Total					
Sum of line (1) thru (9)	66,274,682,959		3,432,358,396		888,123,733

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] Prior Approval State Application (Yield Tax Worksheet)	Return On Invested Assets [3]	Federal Income Tax Rate [4]	Federal Income Taxes [5]=[3]*[4]
---------------------------	---	-------------------------------------	--------------------------------------	--

(10) Total line (10) exhibit 13, page 2	<u>66,274,682,959</u>	<u>3,432,358,396</u>	<u>888,123,733</u>
(11) Investment expense Annual Statement (AS) page 11, line 25		<u>27,817,180</u>	<u>35.00%</u> <u>9,736,013</u>
(12) Total after investment expense line (10) - line (11)	<u>66,274,682,959</u>	<u>3,404,541,216</u>	<u>878,387,720</u>
(13) Federal income tax rate line (12) column [5] / column [3]			<u>25.80%</u>
(14) Projected yield on invested assets line (12) column [3] / column [1]		<u>5.14%</u>	

Most Recent Year

(15) Loss reserves AS page 3, line 1	<u>31,066,764,205</u>
(16) Loss adjustment expense reserves AS page 3, line 3	<u>5,415,759,910</u>
(17) Unearned premium reserves AS page 3, line 9	<u>9,615,908,401</u>
(18) Surplus as regards to policyholders AS page 3, line 35	<u>26,370,044,293</u>
(19) Total reserves and surplus Sum of line (15) to (18)	<u>72,468,476,809</u>
(20) Projected yield adjusted to reserve and surplus base line (14) * line (12) / line (19)	<u>4.70%</u>

					RATE TEMPLATE		Edition Date:	
					(No input by filer)		4/4/2011	
CDI FILE NUMBER:					0			
COMPANY/GROUP:					National Union Fire Insurance Company of Pittsburgh, PA			
LINE OF INSURANCE:					MEDICAL MALPRACTICE			
COVERAGE:					0			
PRIOR EFF DATE:					9/17/2002		Completed by: 0	
PROPOSED EFF DATE:					5/1/2011		Date: 1/0/1900	
DATA PROVIDED BY FILER								
Year:	2004	2005	2006	2007	2008	2009	PROJECTED/ SUMMARY	
	PRIOR5	PRIOR4	PRIOR3	PRIOR2	PRIOR1	RECENT		
WRT_PREM	1,127,508	1,319,455	1,611,822	1,977,358	1,988,580	2,066,430	10,091,153	
BRN_PREM	1,082,935	1,255,912	1,543,226	1,850,571	2,011,723	2,013,373	9,757,740	
PREM_ADJ	1.197	1.120	1.128	1.111	1.013	0.977		
PREM_TREND	1.000	1.000	1.000	1.000	1.000	1.000	0.000	
MISCELLANEOUS FEES (& other flat charges)	0	0	0	0	0	0	0	
EARNED_EXP	242	242	319	423	444	444	2,114	
LOSSES	159,100	224,272	1,439,984	287,099	459,468	113,192	2,683,115	
DCCE	0	0	0	0	0	0	0	
LOSS_DEV	1.357	1.577	1.904	1.984	3.896	16.258		
DCCE_DEV	1.357	1.577	1.904	1.984	3.896	16.258		
LOSS_TREND	1.239	1.204	1.170	1.137	1.105	1.074	0.000	
DCCE_TREND	1.239	1.204	1.170	1.137	1.105	1.074	0.000	
CAT_ADJ	1.000	1.000	1.000	1.000	1.000	1.000		
CREDIBILITY							30.00%	
EXPENSE EXCLUSION FACTOR							0.14%	
ANC_INC	0	0	0	0	0	0	0	
FIT_INV							25.80%	
YIELD							4.70%	
CDI PARAMETERS:								
FIT_UW							35.00%	
EFF_STANDARD							25.24%	
LEVERAGE							0.51	
PREMIUM_TAX_RATE							2.35%	
SURPLUS_RATIO							1.96	
UEP_RES_RATIO							0.46	
LOSS_RES_RATIO							4.64	
RISK FREE RATE OF RETURN							2.09%	
MAXIMUM RATE OF RETURN							8.09%	
MINIMUM RATE OF RETURN							-6.00%	
CDI CALCULATIONS:								
ADJ_PREM	1,296,604	1,406,318	1,740,721	2,056,251	2,037,116	1,967,094	10,504,104	
ADJUSTED LOSSES	267,552	425,857	3,207,856	647,776	1,978,232	1,976,446	8,503,719	
ADJUSTED_DCCE	0	0	0	0	0	0	0	
ADJUSTED_LOSS+DCCE_RATIO	20.63%	30.28%	184.28%	31.50%	97.11%	100.48%	80.96%	
TRENDED_CURRENT_RATE_LEVEL_PREMIUM	5347.81	5816.60	5455.75	4860.52	4589.38	4428.40	4967.84	
LOSS+DCCE_PER_EXP	1103.51	1761.37	10054.02	1531.20	4456.72	4449.45	4021.77	
COMP_LOSS+DCCE_PER_EXP	4509.07	4904.34	4600.08	4098.21	3869.60	3733.88	4188.70	
CRED_LOSS_PER_EXP	3487.40	3961.45	8236.27	3328.11	4045.74	3948.54	4138.62	
ANC_INC_PER_EXP	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
FIXED_INV_INC_FACTOR							24.88%	
VAR_INV_INC_FACTOR							12.99%	
ANNUAL_NET_TREND							0.00%	
COMP_TREND							0.00%	
MAX_PROFIT							24.42%	
MIN_PROFIT							-18.11%	
UW_PROFIT							-9.55%	
MAX_DENOM							0.633	
MIN_DENOM							1.059	
MAX_PREMIUM							\$4,908.45	
MIN_PREMIUM							\$2,936.53	
CHANGE AT MIN							-40.89%	
CHANGE AT MAX							-1.20%	
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	0.00	0.00	0.00	
RE_RECOV_PER_EXP	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
COMP_LOSS_RE	4509.07	4904.34	4600.08	4098.21	3869.60	3733.88	4188.70	
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

Line	LF	Line Description
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 & 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: National Union Fire Insurance Company of Pittsburgh, PA
LINE OF INSURANCE: MEDICAL MALPRACTICE
LINE CODE: 11
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



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)

NA

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

-1.000

5 Max_Expense Based Loss Cost Multiplier

N/A

4138.620465

6 Max_Loss Cost Modification (Existing program only)
Max_Loss Cost Modification for new program is 1.0

N/A

7 Max_Final LCM (Line 5 * Line 6)

#VALUE!

INCURRED LOSS AND DCCE EXHIBIT

Source: 2008 Edition of Best's Aggregates & Averages, Statement File Supplement - Insurance Expense Exhibit

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.

t, Part III -Total US PC Industry - (\$000 omitted).

The Psychiatrists' Program

State of California

Rates Effective January 1, 2011 to December 31, 2011

Explanatory Memorandum

Data

Data used in this analysis was provided by Professional Risk Management Services, which manages the The Psychiatrists' Program (Program) on behalf of National Union Fire Insurance Company of Pittsburgh, PA.

Factors applied to individual state data are derived on a countrywide basis. Countrywide data excludes experience of Kansas, Louisiana and Pennsylvania insureds. Kansas, Louisiana and Pennsylvania have catastrophic loss funds attaching at limits less than \$1 million/\$3 million. Only states where at least \$1 million/\$3 million limits are offered were included in the analysis. Data was valued as of June 30, 2010.

Other adjustments were made to the data. First, claim data was adjusted by removing National Medical Enterprise (NME) claims. NME claims arose from the fraudulent activity of the insured. Claims of this type are not anticipated to occur again. Second, the Program has written a number of claims-made policies. Experience of these policies was adjusted to an occurrence basis and included in the data.

Furnished data was not audited or verified other than to inspect it for reasonableness and consistency with data previously provided.

Countrywide Indication

On-Level Earned Premium. On-level earned premium was computed by extending base earned exposures by manual rates¹. For states where only claims-made coverage is offered, the mature claims-made rate was adjusted to an occurrence basis by dividing it by the claims-made maturation relativity.

Projected Ultimate Losses and LAE. Losses and LAE were projected to their ultimate values using both paid and incurred loss development methods. Regardless of the fundamental quantity, the projection procedure is the same.

Using historical development as of June 30th valuation dates, link ratios were computed as credibility-weighted averages of observed values and values extrapolated from inverse power functions fitted to selections already made². Tail factors are based on link ratios extrapolated using the last fitted inverse power curve. The reverse progressive product of the link ratios and

¹ For accident years 1997 and prior, earned exposures were extended by manual rates adjusted by the average deviation from the base occurrence rate.

² This iterative procedure is more fully described in Sherman, R.E., "Extrapolating, Smoothing, and Interpolating Development Factors", *Proceedings of the Casualty Actuarial Society LXXI*, 1984, pp. 122-155.

tail factor yield loss development factors to ultimate applied to losses as of the most recent valuation date to obtain indications of each accident year's ultimate loss.

Accident year 2008 and 2009 projections were replaced with judgmental selections akin to Bornhuetter-Ferguson³ projections as in prior year analyses. The product of on-level earned premium and a target loss and LAE ratio of 74.5% formed the a priori expected loss for these selections.

Final selection of ultimate losses was made after examining the results of both projections and is an average of the results of the two projections.

Projected Ultimate Claims. Reported claims, excluding those closed without payment, were projected to ultimate using a procedure analogous to that used to project ultimate losses. The protracted emergence suggested by selected development factors is appropriate and is due, at least in part, to the manner in which date of loss is established; in the absence of a definite act, the date of first treatment is used.

Trend. An indicated trend factor was derived in two ways: as the product of frequency and severity trends; and as pure premium trend directly. In theory the product of frequency and severity trends should equal the pure premium trend; however, in practice, combinations of linear and exponential models may result in a deviation. Trend indications are examined over various time intervals. Selected trends are based on the full fourteen year experience period. The selected trend factor, 1.029, is an equally weighted average of the product of frequency and severity trends and the pure premium trend. In our opinion, this selection is a reasonable short-term trend for medical malpractice.

Target Loss and LAE Ratio. A substantial portion of the direct written premium is ceded to a reinsurer that pays a ceding commission of 22.0%, plus tax allowance of 3.5%. The expense allocation represents a reasonable allocation of the ceding commission to expense categories. The reinsurer bearing the plurality of risk imparted the underwriting profit provision.

Investment Income Offset. The investment income offset is calculated using a discounted cash flow approach. The pattern of payment emergence is derived from countrywide paid loss development factors. The interest rate of 2.819% used to discount the payment emergence was determined using the duration of the expected cash flow and a Treasury yield curve appropriate to June 30, 2010. The indicated discount factor was tempered 10% to reflect risk in the pattern of payment emergence.

Countrywide Indication. The countrywide indication is based on a mid-five-of-seven year experience period to balance stability and responsiveness. The on-level earned premium weighted average of the trended on-level loss and loss adjustment expense ratio, divided by the target loss and loss adjustment expense ratio, gives a countrywide indication of -.9%. This indication has full credibility using a full credibility standard of 1,537 claims ($P = 95\%$, $k = \pm 5\%$).

³ See Bornhuetter, R.L.; and Ferguson, R.E., "The Actuary and IBNR", *Proceedings of the Casualty Actuarial Society* LIX, 1972, pp.181-195.

California Indication

Projected Ultimate Losses and LAE. Losses and LAE were projected to their ultimate values using both paid and incurred loss development methods. Loss development factors are those developed on a countrywide basis. Accident year 2008 and 2009 projections were replaced with judgmental selections analogous to the countrywide selections. Final selection of ultimate losses was made after examining the results of both projections. Selected ultimate losses are an average of the two projections.

Statewide Indication. Like the countrywide indication, the statewide indication is based on a mid-five-of-seven year experience period. The statewide indication, after credibility weighting with the countrywide indication, is -10.3%.

We understand the Program also anticipates a rule change to allow greater part-time discounts. Data needed to analyze this proposed rule is not available. Nevertheless, the proposed decrease of -8.0% may afford some room for further decrease to the overall rate level ensuing from rules changes.

In our opinion, implementing a -8.0% statewide rate level change would result in rates that are reasonable and not excessive, inadequate, or unfairly discriminatory.

Exhibits

California Exhibits

Statewide Indication.....	1
Ultimate Accident Year Losses Limited to 1,000,000 and Unlimited LAE.....	2

Countrywide Exhibits

On-Level Earned Premium	1
Ultimate Accident Year Losses Limited to 1,000,000 and Unlimited LAE.....	2
Ultimate Claims.....	3
Trend.....	4
Target Loss and LAE Ratio.....	5
Investment income Offset	6
Countrywide Indication.....	7

California Exhibits

**The Psychiatrists' Program
Rates Effective January 1, 2011 to December 31, 2011**
California - Occurrence - 1,000,000/3,000,000 Limits

Statewide Indication

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Accident Year	Projected Loss and LAE (Exhibit 2)	Midpoint Experience Period	Years to 1/1/2012	Trend Factor 1.028 ⁽⁴⁾	Trended Loss and LAE (2)*(6)	On-Level Earned Premium	Trended On-Level Loss and LAE Ratio (6)/(7)	Reported Claims
1996	9,870	7/1/1996	15.500	1.558	15,373	775,044	2.0%	5
1997	290,579	7/1/1997	14.500	1.514	439,832	797,282	56.2%	8
1998	477,840	7/1/1998	13.500	1.471	702,895	757,884	92.7%	19
1999	442,141	7/1/1999	12.500	1.430	632,053	850,552	74.3%	24
2000	540,876	7/1/2000	11.500	1.389	751,406	1,079,046	69.6%	27
2001	543,271	7/1/2001	10.500	1.350	733,463	1,246,503	58.8%	37
2002	438,081	7/1/2002	9.500	1.312	574,778	1,347,167	42.7%	37
2003	223,364	7/1/2003	8.500	1.275	284,803	1,276,909	22.3%	21
2004	215,942	7/1/2004	7.500	1.239	267,579	1,296,604	20.6%	21
2005	353,702	7/1/2005	6.500	1.204	425,929	1,406,318	30.3%	22
2006	2,741,757	7/1/2006	5.500	1.170	3,208,584	1,740,721	184.3%	37
2007	588,724	7/1/2007	4.500	1.137	647,939	2,056,251	31.5%	39
2008	1,415,547	7/1/2008	3.500	1.105	1,564,509	2,037,116	76.8%	35
2009	1,360,911	7/1/2009	2.500	1.074	1,483,215	1,967,094	75.4%	21

(10) Trended On-Level Loss and LAE Ratio¹

(11) Target Loss and LAE Ratio [US-1000, Exhibit 5, line (6)]

(12) Indicated Statewide Rate Level Change [(10)/(11)-1]

(13) Credibility of Indicated Statewide Rate Level Change [(138/1,537)*0.5]

(14) Selected Countrywide Rate Level Change [US-1000, Exhibit 7, line (14)]

(15) Credibility of Selected Countrywide Rate Level Change [1.00*(1-(13))]

(16) Indicated Statewide Rate Level Change [(12)*(13)+(14)*(15)]

(17) Selected Statewide Rate Level Change

50.4%
74.5%
-32.4%
0.300
-0.9%
0.700
-10.3%
-10.3%

¹Weighted average of last seven column (8) entries, excluding highest and lowest. On-level earned premium from column (7) used as weights.

The Psychiatrists' Program
 Rates Effective January 1, 2011 to December 31, 2011

California - 1,000,000/3,000,000 Limits

Ultimate Accident Year Losses Limited to 1,000,000 and Unlimited LAE

(1) Accident Year	(2) Method 1: Incurred	(3) Method 2: Paid	(4) Indicated Ultimate	(5) Selected Ultimate
1996	9,854	9,886	9,870	9,870
1997	289,197	291,961	290,579	290,579
1998	474,504	481,177	477,840	477,840
1999	437,798	446,484	442,141	442,141
2000	543,509	538,243	540,876	540,876
2001	506,768	579,774	543,271	543,271
2002	443,250	432,911	438,081	438,081
2003	186,919	259,810	223,364	223,364
2004	170,674	261,209	215,942	215,942
2005	256,008	451,396	353,702	353,702
2006	1,779,697	3,703,816	2,741,757	2,741,757
2007	438,335	701,114	569,724	569,724
2008	1,350,222	1,480,872	1,415,547	1,415,547
2009	1,312,007	1,449,814	1,380,911	1,380,911
	8,198,741	11,088,467	9,643,604	9,643,604

The Psychiatrists' Program
 Rates Effective January 1, 2011 to December 31, 2011

California - 1,000,000/3,000,000 Limits

Ultimate Accident Year Losses Limited to 1,000,000 and Unlimited LAE
 Method 1: Incurred Projection

(1) Accident Year	(2) Incurred	(3) Ultimate Factor	(4) Indicated Ultimate (2)*(3)	(5) Selected Ultimate
1996	9,834	1.002	9,854	9,854
1997	288,358	1.003	289,197	289,197
1998	472,485	1.004	474,504	474,504
1999	435,016	1.006	437,798	437,798
2000	538,243	1.010	543,509	543,509
2001	499,110	1.015	506,768	506,768
2002	432,911	1.024	443,250	443,250
2003	178,159	1.049	186,919	186,919
2004	159,100	1.073	170,674	170,674
2005	224,272	1.142	256,008	256,008
2006	1,439,984	1.236	1,779,697	1,779,697
2007	287,099	1.527	438,335	438,335
2008	459,468	2.421	1,112,299	1,350,222
2009	113,192	5.495	622,008	1,312,007
	5,537,232		7,270,820	8,198,741

The Psychiatrists' Program
 Rates Effective January 1, 2011 to December 31, 2011

California - 1,000,000/3,000,000 Limits

Ultimate Accident Year Losses Limited to 1,000,000 and Unlimited LAE
 Method 2: Paid Projection

(1) Accident Year	(2) Paid	(3) Ultimate Factor	(4) Indicated Ultimate (2)*(3)	(5) Selected Ultimate
1996	9,834	1.005	9,886	9,886
1997	288,358	1.012	291,961	291,961
1998	472,485	1.018	481,177	481,177
1999	435,016	1.026	446,484	446,484
2000	446,337	1.099	490,325	538,243
2001	491,360	1.180	579,774	579,774
2002	320,982	1.299	417,040	432,911
2003	178,159	1.458	259,810	259,810
2004	159,100	1.642	261,209	261,209
2005	224,272	2.013	451,396	451,396
2006	1,412,567	2.622	3,703,816	3,703,816
2007	167,362	4.189	701,114	701,114
2008	143,970	8.396	1,208,703	1,480,872
2009	58,071	19.868	1,153,741	1,449,814
	4,807,873		10,456,436	11,088,467

Countrywide Exhibits

**The Psychiatrists' Program
Rates Effective January 1, 2011 to December 31, 2011**
Countrywide Excluding Kansas, Louisiana and Pennsylvania - Occurrence - 1,000,000/3,000,000 Limits

On-Level Earned Premium

(1) State/Territory	(2) 1996	(3) 1997	(4) 1998	(5) 1999	(6) 2000	(7) 2001	(8) 2002	(9) 2003	(10) 2004	(11) 2005	(12) 2006	(13) 2007	(14) 2008	(15) 2009
AK1	24	16	12	12	21	16	11	4	7	6	8	10	11	12
AL1	84	74	66	59	94	72	61	60	75	66	68	70	66	55
AR1	28	26	26	23	23	22	24	23	26	28	26	28	28	25
AZ1	86	73	66	63	76	68	67	61	56	61	66	73	69	69
CA1	59	61	55	59	81	89	89	89	91	100	132	148	141	128
CA2	6	7	8	10	13	17	22	18	17	18	20	20	21	21
CA3	43	43	43	51	56	66	79	73	73	79	88	122	128	133
CO1	212	183	154	157	177	201	196	189	183	165	149	152	152	142
CT1	391	329	281	253	321	303	303	314	287	272	289	289	276	276
DC1	195	173	150	127	123	123	112	109	111	111	116	121	128	129
DE1	28	19	12	11	11	12	12	15	19	26	37	45	51	52
FL1	47	38	38	36	50	64	72	38	29	43	70	84	64	53
FL2	230	202	189	196	221	257	276	245	243	285	287	292	293	289
GA1	180	143	134	132	159	224	333	234	159	148	158	163	169	156
HI1	9	8	6	5	7	8	7	6	6	6	7	9	7	7
IA1	53	44	36	35	39	39	35	32	37	38	40	39	37	41
ID1	21	19	15	14	15	12	13	12	11	11	11	10	9	7
IL1	289	227	192	171	184	194	182	151	133	126	141	150	130	117
IL2	12	11	10	9	11	11	10	8	10	9	8	6	6	7
IL3	42	36	30	28	36	38	34	29	29	28	27	29	27	27
IN1	20	15	15	19	14	14	12	15	27	41	41	43	41	36
KY1	79	59	60	57	63	78	106	98	103	114	102	100	103	94
MA1	423	371	293	280	287	304	267	280	282	286	297	308	289	259
MD1	179	142	121	123	159	145	148	188	226	255	279	286	281	290
MD2	13	15	10	9	23	16	16	20	35	35	33	34	36	39
ME1	74	65	52	45	61	62	60	52	48	40	51	44	36	36
MI1	35	14	12	7	8	7	5	6	10	2	5	14	10	5
MI2	75	17	22	17	16	16	16	18	19	23	21	24	26	28
MN1	62	52	43	39	41	43	47	48	39	36	35	33	34	32
MO1	61	49	43	41	41	40	39	45	56	64	62	64	68	68
MO2	32	28	27	24	24	26	26	69	55	55	203	85	61	52
MS1	71	67	63	61	70	68	66	67	70	71	73	79	72	68
MT1	2	2	3	2	1	3	3	3	3	5	6	6	5	3

**The Psychiatrists' Program
Rates Effective January 1, 2011 to December 31, 2011**

Countrywide Excluding Kansas, Louisiana and Pennsylvania - Occurrence - 1,000,000/3,000,000 Limits

On-Level Earned Premium

(1) State/Territory	(2) 1996	(3) 1997	(4) 1998	(5) 1999	(6) 2000	(7) 2001	(8) 2002	(9) 2003	(10) 2004	(11) 2005	(12) 2006	(13) 2007	(14) 2008	(15) 2009
NC1	272	245	209	201	261	242	250	258	252	286	289	289	290	286
ND1	13	9	7	4	19	9	13	13	12	3	3	4	3	6
NE1	15	12	12	10	9	9	7	4	5	3	4	4	4	3
NH1	80	29	16	17	15	16	16	15	14	16	17	17	15	16
NJ1	86	91	80	90	143	164	194	223	257	261	317	344	362	351
NM1	22	19	16	16	16	13	13	14	16	17	21	27	25	24
NV1	9	12	12	11	11	11	15	15	13	11	9	16	15	16
NY1	460	426	331	319	392	423	466	429	409	407	501	506	485	483
NY2	543	522	415	406	436	467	610	441	441	465	530	536	549	566
NY3	329	315	249	233	289	306	297	288	288	280	301	301	308	314
NY4	89	82	72	70	92	75	87	71	70	68	78	68	65	66
NY5	345	322	266	257	307	283	339	275	265	264	295	288	281	279
OH1	241	196	179	159	190	192	194	203	215	259	239	236	230	214
OK1	44	44	38	38	45	41	40	42	63	94	100	106	110	113
OR1	47	46	37	37	87	60	95	114	109	136	128	137	141	138
RI1	102	90	82	79	98	94	47	81	70	63	81	77	78	83
SC1	58	55	50	48	55	63	81	73	78	88	96	103	105	108
SD1	6	5	3	4	4	5	4	3	3	2	3	2	2	3
TN1	17	14	14	12	15	13	12	12	16	16	19	18	22	19
TX1	181	131	127	111	127	116	101	114	78	78	72	81	67	67
TX2	91	84	83	65	68	62	58	63	51	50	44	44	40	40
TX3	17	14	14	11	8	8	10	7	5	5	4	4	4	3
TX4	26	37	29	28	28	26	29	32	32	28	26	24	21	23
UT1	10	11	8	11	13	11	8	8	10	10	9	12	18	11
VA1	159	77	69	68	78	72	140	163	87	83	91	89	95	96
VA2	36	43	35	31	35	68	107	36	38	36	40	37	37	31
VA3	63	84	74	77	76	85	134	89	68	98	97	94	98	85
VT1	23	23	16	22	21	22	20	20	21	25	27	27	25	29
WA1	125	116	102	98	106	102	103	109	105	111	122	121	121	125
WI1	129	87	60	48	41	39	33	25	18	19	21	19	17	16
WV1	42	42	47	41	57	62	54	55	53	51	50	56	61	56
WY1	4	2	0	0	1	0	1	0	1	1	1	3	3	1
	6,836	5,930	5,041	4,793	5,676	5,834	6,418	5,897	5,745	5,973	6,610	6,665	6,566	6,433

**The Psychiatrists' Program
Rates Effective January 1, 2011 to December 31, 2011**
Countrywide Excluding Kansas, Louisiana and Pennsylvania - Occurrence - 1,000,000/3,000,000 Limits

On-Level Earned Premium

(1) State/Territory	(16) Current Rate Level	(17) Remarks
AK1	8,339	Manual rate.
AL1	9,308	Manual rate.
AR1	5,031	Manual rate.
AZ1	13,719	Manual rate.
CA1	8,362	Manual rate.
CA2	7,840	Manual rate.
CA3	5,420	Manual rate.
CO1	6,427	Manual rate.
CT1	5,875	Manual rate.
DC1	8,009	Manual rate.
DE1	7,104	Manual rate.
FL1	17,599	Manual rate.
FL2	10,888	Manual rate.
GA1	8,227	Manual rate.
HI1	11,189	Manual rate.
IA1	7,611	Manual rate.
ID1	7,889	Manual rate.
IL1	22,165	Manual rate.
IL2	17,715	Manual rate.
IL3	12,847	Manual rate.
IN1	6,921	Manual rate.
KY1	8,074	Manual rate.
MA1	4,244	Manual rate.
MD1	7,769	Manual rate.
MD2	7,475	Manual rate.
ME1	6,365	Manual rate.
MI1	19,591	Manual rate.
MI2	8,773	Manual rate.
MN1	6,841	Manual rate.
MO1	12,024	Manual rate.
MO2	7,791	Manual rate.
MS1	8,075	Manual rate.
MT1	9,018	Manual rate.

**The Psychiatrists' Program
 Rates Effective January 1, 2011 to December 31, 2011
 Countrywide Excluding Kansas, Louisiana and Pennsylvania - Occurrence - 1,000,000/3,000,000 Limits**

On-Level Earned Premium

(1)	(16)	(17)
State/Territory	Current Rate Level	Remarks
NC1	6,965	Manual rate.
ND1	7,661	Manual rate.
NE1	5,100	Manual rate.
NH1	7,092	Manual rate.
NJ1	6,256	Manual rate.
NM1	7,963	Manual rate.
NV1	12,053	Manual rate.
NY1	6,303	Manual rate.
NY2	5,176	Manual rate.
NY3	4,222	Manual rate.
NY4	3,041	Manual rate.
NY5	2,829	Manual rate.
OH1	11,204	Manual rate.
OK1	4,960	Manual rate.
OR1	5,204	Manual rate.
RI1	6,527	Manual rate.
SC1	3,936	Manual rate.
SD1	8,852	Manual rate.
TN1	5,905	Manual rate.
TX1	13,187	Manual rate.
TX2	11,379	Manual rate.
TX3	18,638	Manual rate.
TX4	9,619	Manual rate.
UT1	6,719	Manual rate.
VA1	8,667	Manual rate.
VA2	7,951	Manual rate.
VA3	6,536	Manual rate.
VT1	5,560	Manual rate.
WA1	5,511	Manual rate.
WI1	9,932	Manual rate.
WV1	8,370	Manual rate.
WY1	9,994	Manual rate.

**The Psychiatrists' Program
Rates Effective January 1, 2011 to December 31, 2011**

Countrywide Excluding Kansas, Louisiana and Pennsylvania - Occurrence - 1,000,000/3,000,000 Limits

On-Level Earned Premium

(1)	(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	(29)	(30)	(31)
State/Territory	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
	On-Level Earned Premium													
AK1	200,138	130,644	100,098	102,845	175,327	130,134	91,127	35,029	56,210	50,613	66,404	84,709	88,628	101,420
AL1	781,872	691,119	613,730	549,004	876,266	667,179	572,007	561,545	693,470	614,428	634,754	652,496	616,863	512,862
AR1	144,222	132,483	132,435	117,952	116,717	111,540	122,522	116,067	132,059	141,260	132,059	141,045	143,318	124,605
AZ1	1,166,115	1,000,344	899,023	867,775	1,048,819	928,376	916,324	840,249	772,564	841,255	911,691	996,500	947,845	960,635
CA1	492,331	513,311	461,880	495,382	676,466	749,510	748,589	745,624	767,113	838,025	1,106,317	1,239,666	1,180,922	1,077,952
CA2	49,653	52,267	62,496	76,310	99,647	137,084	169,590	137,909	136,240	139,787	156,251	158,054	163,464	167,306
CA3	233,080	231,705	233,508	278,861	302,943	359,909	428,998	393,377	394,251	428,505	478,152	698,530	692,730	721,836
CO1	1,362,524	1,176,677	988,139	1,011,251	1,137,636	1,293,961	1,262,652	1,217,231	1,050,555	1,061,853	957,367	975,416	975,058	911,134
CT1	2,295,167	1,933,365	1,650,067	1,485,663	1,885,839	1,780,850	1,778,137	1,847,343	1,685,167	1,565,734	1,685,609	1,697,923	1,622,249	1,619,895
DC1	1,559,085	1,385,557	1,203,243	1,015,507	996,627	982,066	895,473	898,635	891,652	888,310	925,173	967,795	1,009,564	1,029,194
DE1	196,544	134,976	87,040	76,544	74,985	81,757	84,398	107,220	135,867	187,359	262,763	322,109	365,755	370,951
FL1	827,153	721,559	663,870	627,557	886,338	1,116,569	1,298,954	671,477	517,210	758,245	1,230,658	1,466,736	1,126,021	993,122
FL2	2,504,240	2,202,098	2,060,772	2,132,325	2,408,919	2,800,551	3,006,224	2,662,864	2,840,799	3,107,263	3,235,162	3,176,285	3,194,694	3,145,381
GA1	1,313,578	1,178,518	1,103,759	1,085,407	1,306,989	1,840,152	2,741,077	1,922,283	1,305,180	1,221,117	1,296,567	1,338,094	1,366,943	1,282,041
HI1	104,431	93,242	68,154	58,829	76,128	84,534	76,658	68,787	69,136	66,423	76,085	87,983	81,535	79,243
IA1	403,383	332,347	274,085	264,276	296,725	296,867	262,896	245,627	280,070	288,269	303,917	286,735	283,368	312,742
ID1	168,512	150,081	116,202	108,011	121,368	97,650	98,908	96,654	84,422	88,727	90,573	78,011	71,901	53,650
IL1	6,413,073	5,031,455	4,253,798	3,797,362	4,068,037	4,307,281	4,043,144	3,357,561	2,943,508	2,797,779	3,134,569	3,325,161	2,879,594	2,588,216
IL2	206,675	194,865	181,126	156,739	162,463	196,698	169,296	133,784	176,439	156,864	146,870	102,599	104,952	119,557
IL3	539,574	462,482	391,832	367,161	468,725	483,266	430,548	374,194	369,072	361,048	353,178	368,068	347,729	348,600
IN1	140,727	106,122	106,466	128,882	100,316	95,161	86,305	106,937	186,173	285,000	286,521	288,339	280,540	251,946
KY1	640,537	479,730	482,506	457,232	511,333	630,413	859,400	795,152	829,953	920,056	824,005	808,986	830,042	756,474
MA1	1,793,797	1,576,292	1,242,876	1,187,056	1,215,972	1,291,092	1,134,405	1,104,492	1,196,631	1,215,423	1,261,919	1,308,961	1,227,364	1,099,456
MD1	1,386,827	1,109,283	943,312	954,661	1,240,684	1,130,268	1,156,377	1,460,816	1,760,862	1,989,988	2,173,811	2,230,725	2,189,256	2,261,471
MD2	99,687	109,633	74,470	69,961	173,370	118,820	122,415	150,866	258,278	260,995	247,366	284,132	265,607	293,784
ME1	472,490	415,025	331,558	285,987	390,902	396,343	383,643	330,388	304,521	254,126	325,266	281,569	227,127	244,200
MI1	692,215	267,744	227,799	140,380	155,619	131,923	107,089	108,204	188,901	38,682	101,517	276,638	199,762	103,752
MI2	655,051	260,266	195,832	149,316	164,301	136,315	142,122	157,282	166,200	205,991	181,252	211,608	231,188	242,144
MN1	421,862	358,012	297,382	270,191	282,680	291,334	319,214	328,314	265,217	244,843	239,584	223,759	235,386	217,194
MO1	737,472	585,168	521,701	488,605	493,470	479,379	474,468	540,880	676,041	763,857	744,225	768,593	814,361	811,895
MO2	246,715	220,745	209,540	186,345	186,598	199,023	529,692	536,183	426,535	466,509	1,665,066	658,859	475,200	408,984
MS1	570,633	543,044	508,378	485,668	562,097	549,063	530,930	544,965	566,602	577,194	589,763	638,320	580,040	599,008
MT1	21,044	18,036	30,223	16,776	11,259	24,696	30,750	29,946	28,195	41,537	53,578	54,292	46,608	29,476

The Psychiatrists' Program
Rates Effective January 1, 2011 to December 31, 2011

Countrywide Excluding Kansas, Louisiana and Pennsylvania - Occurrence - 1,000,000/3,000,000 Limits

(1)	(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	(29)	(30)	(31)
State/Territory	1996	1997	1998	1999	2000	2001	On-Level Earned Premium 2002	2003	2004	2005	2006	2007	2008	2009
NC1	1,882,158	1,708,425	1,455,356	1,398,279	1,819,126	1,685,301	1,739,103	1,798,745	1,757,591	1,849,321	2,015,349	2,016,284	2,016,971	1,998,750
ND1	96,913	66,309	50,988	29,733	142,159	66,411	96,963	101,768	92,943	19,326	19,863	27,867	22,411	45,167
NE1	78,200	62,900	63,588	50,792	46,749	45,454	35,972	20,493	23,795	15,810	18,212	19,346	22,359	13,311
NH1	564,986	208,032	110,141	118,177	107,451	115,777	113,863	103,496	98,462	116,714	126,793	121,663	103,989	116,968
NJ1	536,102	570,000	502,884	562,727	892,806	1,027,251	1,214,825	1,398,462	1,610,579	1,632,365	1,980,899	2,151,023	2,263,279	2,193,648
NM1	172,532	153,951	124,576	127,148	130,463	107,214	100,775	107,675	124,272	133,216	166,079	215,151	198,612	184,839
NV1	108,477	141,623	139,211	137,378	136,950	135,734	176,701	186,776	161,948	128,596	107,707	183,285	180,962	181,151
NY1	2,901,481	2,688,654	2,084,811	2,011,864	2,470,486	2,664,189	2,938,853	2,705,342	2,578,408	2,566,565	3,158,016	3,188,503	3,055,177	3,046,979
NY2	2,810,588	2,701,009	2,146,725	2,101,914	2,255,887	2,417,430	3,155,937	2,284,470	2,284,407	2,408,803	2,740,820	2,772,947	2,843,856	2,829,844
NY3	1,380,445	1,328,171	1,049,631	984,821	1,219,856	1,292,760	1,461,624	1,256,031	1,214,318	1,183,321	1,298,868	1,269,118	1,298,596	1,325,155
NY4	288,635	248,095	217,975	213,640	281,213	227,296	284,838	215,047	211,754	208,306	236,855	207,819	196,978	189,732
NY5	976,005	910,938	752,300	726,560	868,883	801,610	957,910	777,288	748,945	748,802	833,752	810,400	794,733	788,452
OH1	2,696,429	2,200,652	2,006,979	1,786,954	2,131,165	2,147,522	2,172,024	2,274,350	2,405,087	2,900,796	2,679,450	2,648,497	2,590,615	2,385,422
OK1	254,613	219,480	187,984	189,651	223,828	203,931	199,557	209,301	313,947	467,198	496,107	527,978	543,552	562,388
OR1	246,323	237,649	194,047	192,331	452,466	415,178	494,044	585,516	566,160	709,943	666,926	710,366	731,839	719,716
RI1	685,754	587,430	535,185	517,058	642,239	612,957	309,962	525,591	455,624	408,324	527,721	500,238	507,428	542,692
SC1	230,912	215,486	197,333	187,324	215,276	247,219	317,753	288,697	306,136	345,069	377,352	405,366	413,679	426,164
SD1	50,161	41,309	30,982	33,080	34,558	43,590	31,858	30,193	23,853	18,960	22,941	20,218	15,230	24,800
TN1	102,353	84,638	82,134	68,775	90,892	77,822	71,406	70,635	93,956	92,282	114,797	106,513	129,741	114,203
TX1	2,382,451	1,729,885	1,680,294	1,467,287	1,679,708	1,528,451	1,325,299	1,508,670	1,022,955	1,032,692	947,301	1,062,682	863,054	887,867
TX2	1,039,282	952,043	949,251	735,241	774,900	707,574	680,304	715,468	584,702	565,722	505,688	493,698	450,970	460,706
TX3	323,059	287,145	258,383	266,655	144,600	147,764	186,143	135,466	88,570	92,661	68,961	86,961	66,502	53,118
TX4	250,084	355,903	282,407	265,673	266,090	248,390	279,477	307,412	311,491	273,321	249,263	231,305	202,825	217,558
UT1	64,950	71,669	56,812	76,079	84,045	71,948	51,833	54,199	64,165	65,289	61,225	80,263	118,429	76,462
VA1	1,379,349	662,043	595,429	585,984	674,577	620,909	1,211,701	1,324,164	752,776	715,739	786,698	789,228	821,337	827,620
VA2	286,236	344,543	278,964	247,585	281,328	542,992	850,613	288,825	302,002	320,893	321,148	291,112	290,509	246,043
VA3	408,527	550,029	481,635	502,921	494,651	555,340	874,482	582,950	642,644	640,534	633,708	614,225	640,879	567,584
VT1	127,880	124,173	89,147	99,449	124,661	121,486	116,268	110,535	117,002	137,006	110,799	149,118	138,874	161,717
WA1	687,038	637,898	563,270	541,605	583,448	560,641	566,285	602,761	578,171	614,148	673,647	685,511	665,305	690,059
WI1	1,284,539	868,222	591,547	481,118	409,865	388,467	332,034	247,069	177,855	192,422	204,029	185,608	172,980	156,794
WV1	351,540	351,540	396,900	340,643	478,656	514,940	451,607	457,549	442,680	426,952	420,937	471,988	513,810	470,654
WY1	43,307	19,888	4,987	4,987	5,011	2,670	5,558	0	6,971	11,128	14,083	25,685	27,504	14,391
	53,523,673	45,104,796	38,878,978	36,489,572	42,869,821	44,274,280	47,800,862	43,882,851	42,119,521	43,887,601	48,434,808	49,207,266	47,798,298	46,371,270

The Psychiatrists' Program
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Ultimate Accident Year Losses Limited to 1,000,000 and Unlimited LAE

(1) Accident Year	(2) Method 1: Incurred	(3) Method 2: Paid	(4) Indicated Ultimate	(5) Selected Ultimate
1996	21,749,652	21,749,652	21,749,652	21,749,652
1997	15,544,032	15,619,354	15,581,693	15,581,693
1998	24,469,811	24,365,709	24,417,760	24,417,760
1999	17,404,976	17,562,106	17,483,541	17,483,541
2000	15,989,992	16,829,065	16,409,529	16,409,529
2001	23,138,801	25,404,988	24,271,894	24,271,894
2002	17,984,983	21,433,942	19,709,462	19,709,462
2003	18,593,597	21,899,097	20,246,347	20,246,347
2004	15,953,773	21,819,819	18,886,796	18,886,796
2005	23,642,681	32,535,774	28,089,228	28,089,228
2006	28,926,389	41,888,684	35,407,536	35,407,536
2007	29,790,636	39,965,353	34,877,994	34,877,994
2008	29,402,437	34,273,539	31,837,988	31,837,988
2009	32,627,528	34,848,737	33,738,133	33,738,133
	315,219,288	370,195,818	342,707,553	342,707,553

The Psychiatrists' Program
Rates Effective January 1, 2011 to December 31, 2011

Countrywide Excluding Kansas, Louisiana and Pennsylvania - 1,000,000/3,000,000

Ultimate Accident Year Losses Limited to 1,000,000 and Unlimited LAE
Method 1: Incurred Projection

(1) Accident Year	(2) Incurred	(3) Ultimate Factor	(4) Indicated Ultimate (2)*(3)	(5) Selected Ultimate
1996	21,705,919	1.002	21,749,652	21,749,652
1997	15,498,940	1.003	15,544,032	15,544,032
1998	24,365,709	1.004	24,469,811	24,469,811
1999	17,294,368	1.006	17,404,976	17,404,976
2000	15,835,059	1.010	15,989,992	15,989,992
2001	22,789,130	1.015	23,138,801	23,138,801
2002	17,565,507	1.024	17,984,983	17,984,983
2003	17,722,288	1.049	18,593,597	18,593,597
2004	14,871,883	1.073	15,953,773	15,953,773
2005	20,711,778	1.142	23,642,681	23,642,681
2006	23,404,844	1.236	28,926,389	28,926,389
2007	19,512,178	1.527	29,790,636	29,790,636
2008	8,502,063	2.421	20,582,135	29,402,437
2009	4,367,262	5.495	23,998,788	32,627,528
	244,146,927		297,770,247	315,219,288

The Psychiatrists' Program
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Ultimate Accident Year Losses Limited to 1,000,000 and Unlimited LAE
 Method 1: Incurred Projection

Accident Year	18	30	42	54	66	78	90	102	114	126	138	150	162	174
1896	2,029,801	7,622,583	11,737,181	16,184,628	19,173,908	21,441,833	21,293,761	21,432,986	21,411,239	21,789,604	21,545,435	21,336,222	21,459,023	21,705,919
1897	2,357,013	6,280,002	11,139,821	14,597,566	16,119,513	16,285,494	16,194,180	16,217,988	16,047,718	15,995,799	15,702,436	15,462,671	15,498,940	
1898	3,604,116	11,303,531	17,592,450	21,836,063	20,062,935	21,859,497	22,313,081	23,335,046	24,035,162	23,878,614	24,334,232	24,385,709		
1899	3,765,924	8,089,482	11,398,584	13,046,448	14,143,261	14,640,425	16,578,737	17,140,745	17,705,424	17,415,513	17,294,368			
2000	3,183,194	7,028,561	10,583,939	11,718,127	11,997,461	16,300,365	16,462,619	16,209,874	16,025,393	15,835,059				
2001	5,010,294	10,813,453	15,512,247	17,313,754	20,991,921	22,499,315	21,896,877	22,820,271	22,789,130					
2002	5,745,476	8,317,957	11,287,214	14,654,070	16,983,767	16,756,874	17,593,117	17,565,507						
2003	4,346,730	8,795,629	12,130,990	14,683,569	17,125,285	17,191,296	17,722,286							
2004	3,635,464	6,701,243	10,799,270	16,480,859	14,671,610	14,871,883								
2005	4,250,957	8,986,468	15,610,328	18,780,567	20,711,778									
2006	4,188,724	11,213,792	19,549,410	23,404,844										
2007	4,655,082	11,313,034	19,612,178											
2008	3,394,168	8,502,063												
2009	4,367,282													
18-30	3,706	1,560	1,377	1,186	1,118	0,993	1,007	0,969	1,018	0,989	0,989	1,006	1,012	
1996	2,240	2,110	1,310	1,036	1,010	0,995	1,067	0,990	0,991	0,989	0,986	1,001		
1997	3,137	1,555	1,242	0,919	1,069	1,022	1,046	1,030	0,963	1,019	1,001			
1998	2,148	1,409	1,146	1,084	1,065	1,132	1,034	1,033	0,984	0,983				
1999	2,207	1,508	1,107	1,024	1,369	1,010	0,885	0,889	0,889					
2000	2,118	1,462	1,118	1,212	1,072	1,033	1,007							
2001	1,448	1,358	1,297	1,168	0,968	1,045	1,004							
2002	2,010	1,389	1,211	1,166	1,004	1,031								
2003	1,747	1,812	1,434	0,948	1,014									
2004	2,116	1,724	1,211	1,103										
2005	2,677	1,743	1,197											
2006	2,425	1,725												
2007	2,505													
2008	2,505													
Average	2,345	1,588	1,241	1,083	1,076	1,025	1,026	1,008	0,995	0,997	0,993	1,003	1,012	
Harmonic	2,225	1,574	1,233	1,075	1,067	1,023	1,024	1,008	0,995	0,987	0,986	1,003	1,012	
Sum-of-Square	2,266	1,622	1,239	1,087	1,048	1,028	1,016	1,008	0,988	1,000	0,998	1,002	1,012	
Truncated	2,303	1,568	1,234	1,085	1,049	1,016	1,025	1,006	0,991	0,981	0,980	1,003	1,012	
Loss Weighted	2,255	1,598	1,234	1,080	1,070	1,021	1,025	1,009	0,996	0,989	0,994	1,004	1,012	
Industry	2,289	1,266	1,077	1,028	1,012	1,006	1,003	1,002	1,001	1,001	1,000	1,000	1,000	1,001
Selected	2,270	1,586	1,235	1,083	1,064	1,022	1,025	1,008	1,008	1,003	1,002	1,001	1,001	1,002
18-UIR	5,495	2,421	1,527	1,236	1,142	1,073	1,049	1,024	1,015	1,010	1,006	1,004	1,003	1,002
30-UIR														
42-UIR														
54-UIR														
66-UIR														
78-UIR														
90-UIR														
102-UIR														
114-UIR														
126-UIR														
138-UIR														
150-UIR														
162-UIR														
174-UIR														

¹Excluding NME losses.

The Psychiatrists' Program
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Ultimate Accident Year Losses Limited to 1,000,000 and Unlimited LAE
 Method 2: Paid Projection

(1) Accident Year	(2) Paid	(3) Ultimate Factor	(4) Indicated Ultimate (2)*(3)	(5) Selected Ultimate
1996	21,633,822	1.005	21,749,652	21,749,652
1997	15,426,595	1.012	15,619,354	15,619,354
1998	22,996,664	1.018	23,419,675	24,365,709
1999	17,110,997	1.026	17,562,106	17,562,106
2000	15,319,308	1.099	16,829,065	16,829,065
2001	21,530,762	1.180	25,404,988	25,404,988
2002	16,497,033	1.299	21,433,942	21,433,942
2003	15,016,855	1.458	21,899,097	21,899,097
2004	13,290,245	1.642	21,819,819	21,819,819
2005	16,165,097	2.013	32,535,774	32,535,774
2006	15,975,573	2.622	41,888,684	41,888,684
2007	9,540,060	4.189	39,965,353	39,965,353
2008	2,904,861	8.396	24,387,884	34,273,539
2009	2,040,484	19.868	40,540,148	34,848,737
	205,448,357		365,055,539	370,195,818

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Ultimate Accident Year Losses Limited to 1,000,000 and Unlimited LAE
 Method 2: Paid Projection

Accident Year	18	30	42	54	66	78	90	102	114	126	138	150	162	174
1996	213,768	1,887,692	6,336,443	8,676,059	11,083,028	15,768,708	15,896,280	15,326,095	16,813,259	18,591,936	20,469,357	20,564,051	20,708,791	21,833,822
1997	448,440	1,770,449	4,075,627	8,492,674	9,930,107	10,142,799	10,268,017	10,566,336	13,737,436	14,693,318	15,132,860	15,366,619	16,426,595	
1998	801,162	2,235,628	5,536,368	10,463,354	11,106,669	11,658,591	12,082,028	17,566,852	20,092,766	20,813,012	22,876,272	22,986,664		
1999	649,549	3,005,734	6,003,994	6,711,862	7,364,695	7,889,411	10,737,566	13,552,828	15,251,202	16,404,368	17,110,967			
2000	923,047	2,518,616	3,792,989	4,342,114	4,800,515	9,677,330	12,337,563	13,329,593	14,683,601	15,319,308				
2001	1,637,861	2,888,687	4,625,329	6,266,660	12,060,108	16,622,956	18,401,223	21,071,009	21,530,762					
2002	1,496,831	2,623,828	4,423,631	6,879,923	11,347,006	13,664,386	16,307,795	18,497,033						
2003	1,553,658	3,120,909	6,024,376	7,843,298	11,348,474	13,991,386	15,016,866							
2004	1,542,676	2,665,081	5,162,963	10,614,298	12,546,911	13,290,245								
2005	1,866,247	3,832,578	8,785,887	12,597,626	16,165,087									
2006	1,968,761	3,510,611	7,874,984	15,975,573										
2007	1,716,817	5,481,591	9,540,060											
2008	1,825,397	2,904,661												
2009	2,040,484													
18-30	8,877	2,812	1,626	1,277	1,423	1,008	0,964	1,032	1,162	1,096	1,005	1,005	1,007	1,045
30-42	3,948	2,304	2,082	1,169	1,021	1,012	1,028	1,301	1,062	1,038	1,015	1,004		
42-54	2,790	2,476	1,894	1,059	1,041	1,045	1,466	1,116	1,039	1,089	1,015			
54-66	4,627	1,988	1,118	1,067	1,068	1,367	1,260	1,125	1,076	1,043				
66-78	2,729	1,806	1,145	1,106	2,016	1,275	1,080	1,102	1,043					
78-90	1,572	1,601	1,365	1,929	1,367	1,114	1,146	1,022						
90-102	1,765	1,686	1,555	1,878	1,175	1,202	1,012							
102-114	2,009	1,930	1,302	1,447	1,233	1,073								
114-126	1,728	1,945	2,048	1,182	1,059									
126-138	2,055	2,292	1,427	1,289										
138-150	1,783	2,272	2,003											
150-162	3,193	1,740												
162-174	1,591													
174-UR														
Average	2,974	2,047	1,696	1,323	1,267	1,137	1,139	1,116	1,060	1,069	1,008	1,008	1,006	1,045
Harmonic	2,332	1,960	1,522	1,278	1,214	1,125	1,118	1,109	1,078	1,068	1,008	1,008	1,008	1,045
Sum-of-Square	2,141	1,969	1,646	1,242	1,166	1,117	1,117	1,084	1,066	1,061	1,005	1,005	1,005	1,045
Truncated	2,566	2,024	1,595	1,271	1,195	1,120	1,105	1,094	1,060	1,069	1,005	1,005	1,005	1,045
Loss Weighted	2,286	2,006	1,600	1,303	1,224	1,121	1,127	1,101	1,072	1,072	1,008	1,008	1,008	1,045
Industry	4,146	2,264	1,625	1,335	1,180	1,113	1,070	1,046	1,031	1,031	1,015	1,011	1,011	1,006
Selected	2,368	2,004	1,598	1,303	1,226	1,126	1,122	1,101	1,074	1,070	1,008	1,006	1,007	1,006
18-UR														
30-UR														
42-UR														
54-UR														
66-UR														
78-UR														
90-UR														
102-UR														
114-UR														
126-UR														
138-UR														
150-UR														
162-UR														
174-UR														
Selected	19,868	8,396	4,189	2,622	2,013	1,642	1,458	1,298	1,180	1,089	1,026	1,018	1,012	1,005

*Excluding NME losses.

**The Psychiatrists' Program
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Countrywide Excluding Kansas, Louisiana and Pennsylvania

Ultimate Claims

(1) Accident Year	(2) Reported	(3) Ultimate Factor	(4) Indicated Ultimate (2)*(3)	(5) Selected Ultimate
1996	601	1.000	601	601
1997	503	1.003	505	505
1998	558	1.007	562	562
1999	639	1.013	647	647
2000	693	1.018	706	706
2001	860	1.024	881	881
2002	797	1.035	825	825
2003	790	1.051	830	830
2004	847	1.073	909	909
2005	936	1.103	1,032	1,032
2006	900	1.143	1,029	1,029
2007	862	1.222	1,054	1,054
2008	752	1.398	1,051	1,051
2009	684	1.737	1,188	1,188
	10,422		11,820	11,820

The Psychiatrists' Program
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 Countrywide Excluding Kansas, Louisiana and Pennsylvania

Ultimate Claims Method 1: Reported Projection	Reported Claims																
	18	30	42	54	66	78	90	102	114	126	138	150	162	174	186	198	210
1996	322	405	472	535	549	562	573	588	592	594	594	598	598	599	601		
1997	274	341	405	441	456	467	477	486	489	491	498	500	500	503			
1998	292	380	451	486	507	522	532	541	546	550	555	558	558				
1999	382	485	516	556	590	609	624	627	635	638	639						
2000	417	520	598	624	638	659	667	679	688	693							
2001	506	653	735	777	801	822	840	846	860								
2002	486	612	684	722	748	769	783	797									
2003	504	603	681	713	748	771	780										
2004	527	657	735	789	824	847											
2005	631	753	858	915	936												
2006	604	730	844	900													
2007	592	757	862														
2008	609																
2009	684																
	18-30	30-42	42-54	54-66	66-78	78-90	90-102	102-114	114-126	126-138	138-150	150-162	162-174	174-186	186-198	198-210	
1996	1.258	1.165	1.133	1.026	1.024	1.020	1.028	1.007	1.003	1.000	1.007	1.002	1.003				
1997	1.245	1.168	1.089	1.034	1.024	1.021	1.019	1.006	1.004	1.014	1.004	1.006	1.003				
1998	1.301	1.187	1.078	1.043	1.030	1.019	1.017	1.009	1.007	1.009	1.006	1.006	1.006				
1999	1.257	1.134	1.078	1.061	1.032	1.025	1.005	1.013	1.005	1.002	1.005	1.005	1.003				
2000	1.247	1.150	1.043	1.022	1.027	1.018	1.018	1.013	1.007	1.002	1.007	1.007	1.003				
2001	1.291	1.128	1.057	1.031	1.026	1.022	1.007	1.017	1.007	1.002	1.007	1.007	1.003				
2002	1.234	1.118	1.058	1.036	1.028	1.018	1.018										
2003	1.196	1.129	1.047	1.060	1.029	1.025											
2004	1.247	1.119	1.073	1.044	1.028												
2005	1.193	1.139	1.066	1.023													
2006	1.208	1.156	1.068														
2007	1.278	1.138															
2008	1.236																
Average	1.245	1.146	1.072	1.037	1.028	1.021	1.016	1.011	1.005	1.005	1.005	1.004	1.003				
Harmonic	1.245	1.145	1.071	1.037	1.028	1.021	1.016	1.011	1.005	1.005	1.005	1.004	1.003				
Sum-of-Squares	1.236	1.138	1.063	1.037	1.028	1.022	1.014	1.014	1.006	1.005	1.005	1.005	1.003				
Truncated	1.245	1.144	1.088	1.036	1.027	1.021	1.016	1.011	1.005	1.005	1.005	1.004	1.003				
Loss Weighted	1.242	1.142	1.089	1.037	1.028	1.021	1.015	1.011	1.005	1.006	1.005	1.004	1.003				
Selected	1.243	1.143	1.089	1.037	1.028	1.021	1.015	1.011	1.005	1.006	1.005	1.004	1.003				
	18-UII	30-UII	42-UII	54-UII	66-UII	78-UII	90-UII	102-UII	114-UII	126-UII	138-UII	150-UII	162-UII	174-UII			
Selected	1.737	1.398	1.222	1.143	1.103	1.073	1.051	1.035	1.024	1.018	1.013	1.007	1.003	1.000			

*Excluding NME claims and claims closed without payment.

The Psychiatrists' Program
 Rates Effective January 1, 2011 to December 31, 2011

Countrywide Excluding Kansas, Louisiana and Pennsylvania -

Trend	
(1) Frequency Trend [page 2, (7)]	1.037
(2) Severity Trend [page 3, (7)]	0.988
(3) Frequency * Severity [(1)*(2)]	1.024
(4) Frequency * Severity Weight	50.0%
(5) Pure Premium Trend [page 4, (7)]	1.033
(6) Pure Premium Trend Weight [1-(4)]	50.0%
(7) Indicated Trend [(3)*(4)+(5)*(6)]	1.029
(8) Selected Trend	1.029

The Psychiatrists' Program
 Rates Effective January 1, 2011 to December 31, 2011
 Countrywide Excluding Kansas, Louisiana and Pennsylvania - 1,000,000/3,000,000 Limits

Frequency Trend

(1) Accident Year	(2) Ultimate Claims (Exhibit 3)	(3) Earned Exposures	(4) Observed Frequency 100*(2)/(3)	(5)(a) Fitted Frequency 14 Years	(5)(b) Fitted Frequency 13 Years	(5)(c) Fitted Frequency 12 Years	(5)(d) Fitted Frequency 11 Years	(5)(e) Fitted Frequency 10 Years	(5)(f) Fitted Frequency 9 Years	(5)(g) Fitted Frequency 8 Years	(5)(h) Fitted Frequency 7 Years	(5)(i) Fitted Frequency 6 Years	(5)(j) Fitted Frequency 5 Years
1996	601	6,836	8,792	9,776									
1997	505	5,930	8,511	10,421	10,724								
1998	562	5,041	11,147	11,064	11,329	12,067							
1999	647	4,793	13,498	11,708	11,934	12,571	12,905						
2000	706	5,676	12,435	12,349	12,539	13,075	13,359	13,155					
2001	881	5,834	15,093	12,992	13,143	13,579	13,813	13,592	13,921				
2002	825	6,418	12,856	13,634	13,748	14,084	14,267	14,044	14,357	13,773			
2003	830	5,897	14,082	14,277	14,353	14,588	14,721	14,511	14,794	14,285	14,859		
2004	909	5,745	15,825	14,920	14,958	15,092	15,175	14,984	15,230	14,817	15,261	15,804	16,064
2005	1,032	5,973	17,284	15,563	15,563	15,596	15,629	15,492	15,666	15,369	15,675	16,080	16,064
2006	1,029	6,610	15,569	16,205	16,187	16,100	16,083	16,008	16,103	15,942	16,099	16,356	16,346
2007	1,054	6,665	15,808	16,848	16,772	16,604	16,537	16,540	16,539	16,535	16,535	16,632	16,628
2008	1,051	6,566	16,006	17,491	17,377	17,109	16,991	17,090	16,975	17,151	16,983	16,908	16,910
2009	1,188	6,433	18,476	18,133	17,962	17,813	17,446	17,656	17,411	17,790	17,443	17,184	17,183

(6) Indicated Frequency Trend

(7) Selected Frequency Trend

1.037	1.035	1.029	1.027	1.033	1.026	1.037	1.027	1.016	1.017
1.037									

The Psychiatrists' Program
 Rates Effective January 1, 2011 to December 31, 2011
 Countrywide Excluding Kansas, Louisiana and Pennsylvania - 1,000,000/3,000,000 Limits

(1) Accident Year	(2) Ultimate Losses (Exhibit 2)	(3) Ultimate Claims (Exhibit 3)	(4) Observed Severity (2)/(3)	(5)(a) Fitted Severity 14 Years	(5)(b) Fitted Severity 13 Years	(5)(c) Fitted Severity 12 Years	(5)(d) Fitted Severity 11 Years	(5)(e) Fitted Severity 10 Years	(5)(f) Fitted Severity 9 Years	(5)(g) Fitted Severity 8 Years	(5)(h) Fitted Severity 7 Years	(5)(i) Fitted Severity 6 Years	(5)(j) Fitted Severity 5 Years
1996	21,749,652	601	36,189	31,476									
1997	15,561,693	505	30,874	31,148	29,697								
1998	24,417,760	562	43,451	30,819	29,550	29,158							
1999	17,463,541	647	27,022	30,491	29,404	29,065	23,867						
2000	16,409,529	706	23,251	30,163	29,257	28,971	24,553	23,292					
2001	24,271,894	881	27,565	29,835	29,110	28,878	25,240	24,188	24,206				
2002	19,709,462	825	23,887	29,507	28,963	28,785	25,926	25,085	25,099	23,306			
2003	20,246,347	830	24,380	29,179	28,816	28,691	26,612	25,961	25,993	24,424	24,084		
2004	18,886,796	909	20,776	28,851	28,669	28,598	27,299	26,878	26,886	25,593	25,325	25,119	
2005	28,089,228	1,032	27,210	28,522	28,522	28,505	27,965	27,775	27,779	26,817	26,630	26,478	31,032
2006	35,407,536	1,029	34,409	28,194	28,376	28,411	28,671	28,671	28,672	28,101	28,002	27,911	30,857
2007	34,877,994	1,054	33,103	27,866	28,229	28,318	29,357	29,568	29,565	29,445	29,445	29,421	30,681
2008	31,637,968	1,051	30,293	27,538	28,082	28,224	30,044	30,464	30,459	30,854	30,963	31,013	30,505
2009	33,738,133	1,168	26,388	27,210	27,935	28,131	30,730	31,361	31,352	32,331	32,558	32,691	30,329
(6) Indicated Severity Trend				0.988	0.995	0.997	1.023	1.029	1.029	1.048	1.052	1.054	0.994
(7) Selected Severity Trend				0.988									

The Psychiatrists' Program
 Rates Effective January 1, 2011 to December 31, 2011
 Countrywide Excluding Kansas, Louisiana and Pennsylvania - 1,000,000/3,000,000 Limits

Pure Premium Trend

(1) Accident Year	(2) Ultimate Losses (Exhibit 2)	(3) Earned Exposures	(4) Observed Pure Premium	(5)(a) Fitted Pure Premium 14 Years	(5)(b) Fitted Pure Premium 13 Years	(5)(c) Fitted Pure Premium 12 Years	(5)(d) Fitted Pure Premium 11 Years	(5)(e) Fitted Pure Premium 10 Years	(5)(f) Fitted Pure Premium 9 Years	(5)(g) Fitted Pure Premium 8 Years	(5)(h) Fitted Pure Premium 7 Years	(5)(i) Fitted Pure Premium 6 Years	(5)(j) Fitted Pure Premium 5 Years
1996	21,749,652	6,836	3,182	2,988									
1997	15,581,693	5,930	2,628	3,149	3,089								
1998	24,417,760	5,041	4,844	3,311	3,258	3,412							
1999	17,483,541	4,793	3,648	3,472	3,428	3,560	3,040						
2000	16,409,529	5,676	2,891	3,634	3,597	3,708	3,266	3,023					
2001	24,271,894	5,834	4,160	3,795	3,786	3,857	3,492	3,290	3,348				
2002	19,709,482	6,418	3,071	3,957	3,936	4,005	3,718	3,556	3,604	3,210			
2003	20,246,347	5,897	3,433	4,119	4,104	4,153	3,945	3,823	3,860	3,489	3,613		
2004	18,886,796	5,745	3,288	4,280	4,273	4,301	4,171	4,090	4,115	3,792	3,938	3,973	4,952
2005	28,089,228	5,973	4,703	4,442	4,442	4,449	4,397	4,356	4,371	4,122	4,262	4,256	5,011
2006	35,407,536	6,610	5,357	4,603	4,611	4,597	4,623	4,623	4,627	4,480	4,587	4,558	5,071
2007	34,877,994	6,665	5,233	4,765	4,780	4,745	4,849	4,890	4,882	4,869	4,911	4,882	5,131
2008	31,837,988	6,566	4,849	4,927	4,949	4,893	5,075	5,166	5,138	5,292	5,236	5,229	5,192
2009	33,738,133	6,433	5,245	5,088	5,118	5,041	5,301	5,423	5,394	5,752	5,560	5,601	
(6) Indicated Pure Premium Trend				1.033	1.034	1.030	1.045	1.052	1.050	1.087	1.062	1.071	1.012
(7) Selected Pure Premium Trend				1.033									

**The Psychiatrists' Program
Rates Effective January 1, 2011 to December 31, 2011**

Countrywide Excluding Kansas, Louisiana and Pennsylvania - Occurrence - 1,000,000/3,000,000 Limits

Target Loss and LAE Ratio

(1) Commission	20.5%
(2) Other Acquisition Expense	0.5%
(3) General Expense	1.0%
(4) Taxes, Licenses and Fees	3.5%
(5) Profit and Contingencies	
(a) Underwriting Profit Provision	10.0%
(b) Contingencies	0.0%
(c) Investment Income Offset [Exhibit 6, line (8)]	-10.0%
(d) Total [(5)(a)+(5)(b)+(5)(c)]	0.0%
(6) Target Loss and LAE Ratio [1-(1)-(2)-(3)-(4)-(5)(d)]	74.5%

The Psychiatrists' Program
Rates Effective January 1, 2011 to December 31, 2011

Countrywide Excluding Kansas, Louisiana and Pennsylvania - Occurrence - 1,000,000/3,000,000 Limits

Investment Income Offset

(1)	(2)	(3)	(4)	(5)
Maturity	Ultimate Factor (Exhibit 2)	Payment Emergence ¹	Discount Factor 2.819%	Discounted Payment Emergence (3)*(4)
18	19.868	0.050	0.978	0.049
30	8.396	0.069	0.946	0.065
42	4.189	0.120	0.920	0.110
54	2.622	0.143	0.895	0.128
66	2.013	0.115	0.870	0.100
78	1.642	0.112	0.846	0.095
90	1.458	0.077	0.823	0.063
102	1.299	0.084	0.801	0.067
114	1.180	0.078	0.779	0.061
126	1.099	0.063	0.757	0.048
138	1.026	0.064	0.737	0.047
150	1.018	0.008	0.716	0.005
162	1.012	0.006	0.697	0.004
174	1.005	0.007	0.678	0.005
Ultimate	1.000	0.005	0.664	0.004

(6) Indicated Discount Factor [total column (5)] 0.851

(7) Selected Discount Factor² 0.866

(8) Investment Income Offset $[(7)-1]/(7) \times (1 \text{ to } (5)(b))$ -10.0%

¹Inverse of column (2) entry less inverse of prior column (2) entry except first entry. First entry is inverse of column (2) entry.

²Indicated discount factor tempered ten percent.

The Psychiatrists' Program
Rates Effective January 1, 2011 to December 31, 2011

Countrywide Excluding Kansas, Louisiana and Pennsylvania - Occurrence - 1,000,000/3,000,000 Limits

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Countrywide Indication	Projected Loss and LAE (Exhibit 2)	Midpoint Experience Period	Years to 1/1/2012	Trend Factor 1.028 ⁽⁴⁾	Trended Loss and LAE (2) ⁽⁵⁾	On-Level Earned Premium (Exhibit 1)	Trended On-Level Loss and LAE Ratio (6)/(7)	Reported Claims
1996	21,749,652	7/1/1996	15.500	1.558	33,875,882	53,523,673	63.3%	601
1997	15,561,693	7/1/1997	14.500	1.514	23,585,082	45,104,796	52.3%	503
1998	24,417,760	7/1/1998	13.500	1.471	35,818,102	38,878,978	92.4%	558
1999	17,483,541	7/1/1999	12.500	1.430	24,993,184	36,489,572	68.5%	639
2000	16,408,529	7/1/2000	11.500	1.389	22,796,749	42,869,821	53.2%	693
2001	24,271,894	7/1/2001	10.500	1.350	32,769,145	44,274,280	74.0%	860
2002	19,709,462	7/1/2002	9.500	1.312	25,859,543	47,800,862	54.1%	797
2003	20,246,347	7/1/2003	8.500	1.275	25,815,311	43,882,851	58.8%	790
2004	18,686,796	7/1/2004	7.500	1.239	23,403,111	42,119,521	55.6%	847
2005	28,089,228	7/1/2005	6.500	1.204	33,825,150	43,897,601	77.1%	936
2006	35,407,536	7/1/2006	5.500	1.170	41,436,233	48,434,808	85.6%	900
2007	34,877,994	7/1/2007	4.500	1.137	39,666,208	49,207,286	80.6%	862
2008	31,637,988	7/1/2008	3.500	1.105	35,188,392	47,798,298	73.6%	752
2009	33,738,133	7/1/2009	2.500	1.074	36,237,605	46,371,270	78.1%	684

(10) Trended On-Level Loss and LAE Ratio¹

(11) Credibility of Trended On-Level Loss and LAE Ratio [(1,537/1,537)^{0.5}]

(12) Target Loss and LAE Ratio [Exhibit 5, line (6)]

(13) Indicated Countrywide Rate Level Change [((10)⁽¹⁾*(12)⁽¹²⁾*(1-(11)))/(12)-1]

(14) Selected Countrywide Rate Level Change

73.9%
1.000
74.5%
-0.9%
-0.9%

¹Weighted average of last seven column (8) entries, excluding highest and lowest. On-level earned premium from column (7) used as weights.

**NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA
MEDICAL MALPRACTICE - PSYCHIATRISTS
PSYCHIATRISTS PROFESSIONAL LIABILITY PROGRAM**

FILING HISTORY

<u>Date Filed</u>	<u>File Number</u>
9/17/2002	02-27921

No rate filings in the last three years; last approved rate file made for this line, subline, and program shown.

**NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA
MEDICAL MALPRACTICE - PSYCHIATRISTS
PSYCHIATRISTS PROFESSIONAL LIABILITY PROGRAM**

RATE LEVEL HISTORY

<u>File Number</u>	<u>Effective Date</u>	<u>Rate Change</u>
02-27921	9/17/2002	No Change

**NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA
MEDICAL MALPRACTICE - PSYCHIATRISTS
PSYCHIATRISTS PROFESSIONAL LIABILITY PROGRAM**

POLICY TERM DISTRIBUTION

The policy term for all policies is one year.

**NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA
MEDICAL MALPRACTICE - PSYCHIATRISTS
PSYCHIATRISTS PROFESSIONAL LIABILITY PROGRAM**

PREMIUM ADJUSTMENT FACTOR

(1) Direct Earned Premium	1,082,935	1,255,912	1,543,226	1,850,571	2,011,723	2,013,373
(2) On-Level Earned Premium	1,296,604	1,406,318	1,740,721	2,056,251	2,037,116	1,967,094
(3) Premium Adjustment Factor [(3) = (2)/(1)]	1.197	1.120	1.128	1.111	1.013	0.977

On-level earned premium obtained by extension of exposures method. Premium adjustment factor implied by ratio of on-level earned premium to direct earned premium. Computation of California on-level earned premium shown below.

State/Territory	2004	2005	Earned Exposures		2008	2009
			2006	2007		
CA1	91.410	99.860	131.830	147.720	140.720	128.450
CA2	17.250	17.830	19.930	20.160	20.850	21.340
CA3	72.740	79.060	88.220	121.500	127.810	133.180

State/Territory	Current Rate Level
CA1	8,392
CA2	7,840
CA3	5,420

State/Territory	2004	2005	On-Level Earned Premium		2008	2009
			2006	2007		
CA1	767,113	838,025	1,106,317	1,239,666	1,180,922	1,077,952
CA2	135,240	139,787	156,251	158,054	163,464	167,306
CA3	394,251	428,505	478,152	658,530	692,730	721,836
	1,296,604	1,406,318	1,740,721	2,056,251	2,037,116	1,967,094

**NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA
MEDICAL MALPRACTICE - PSYCHIATRISTS
PSYCHIATRISTS PROFESSIONAL LIABILITY PROGRAM**

PREMIUM TREND FACTOR

This exhibit does not apply to this filing.

**NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA
MEDICAL MALPRACTICE - PSYCHIATRISTS
PSYCHIATRISTS PROFESSIONAL LIABILITY PROGRAM**

MISCELLANEOUS FEES AND OTHER CHARGES

Fees and/or installment finance charges do not apply to this program.

**NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA
MEDICAL MALPRACTICE - PSYCHIATRISTS
PSYCHIATRISTS PROFESSIONAL LIABILITY PROGRAM**

LOSS AND DEFENSE AND COST CONTAINMENT EXPENSES (DCCE) DEVELOPMENT FACTORS

Accident Year	(1) Incurred	(2) Selected Ultimate	(3) = (2)/(1) Development Factors
2004	159,100	215,942	1.357
2005	224,272	353,702	1.577
2006	1,439,984	2,741,757	1.904
2007	287,099	569,724	1.984
2008	459,468	1,790,255	3.896
2009	113,192	1,840,266	16.258

Loss and DCCE are considered in concert. Development factors are those implied by loss projection model output.

**NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA
MEDICAL MALPRACTICE - PSYCHIATRISTS
PSYCHIATRISTS PROFESSIONAL LIABILITY PROGRAM**

LOSS AND DCCE TREND

Trend Factor

Accident Year	(1) Midpoint Experience Period	(2) Years to 1/1/2012	(3) = 1.029 ⁽²⁾ Trend Factor
2004	7/1/2004	7.5	1.239
2005	7/1/2005	6.5	1.204
2006	7/1/2006	5.5	1.170
2007	7/1/2007	4.5	1.137
2008	7/1/2008	3.5	1.105
2009	7/1/2009	2.5	1.074

Trend developed using countrywide data.

Trend to date from Exhibit 14 - Insurer's Ratemaking Calculations retained for consistency. This could understate indicated rate change; however, any understatement is unlikely to be material.

**NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA
MEDICAL MALPRACTICE - PSYCHIATRISTS
PSYCHIATRISTS PROFESSIONAL LIABILITY PROGRAM**

LOSS AND DCCE TREND

Annual Trend

(1) Frequency Trend [Sheet 3 of 5, line (2)]	1.036
(2) Severity Trend [Sheet 4 of 5, line (2)]	0.989
(3) Frequency * Severity [(1)*(2)]	1.025
(4) Frequency * Severity Weight	50.0%
(5) Pure Premium Trend [Sheet 5 of 5, line (2)]	1.033
(6) Pure Premium Trend Weight [1-(4)]	50.0%
(7) Indicated Trend [(3)*(4)+(5)*(6)]	1.029
(8) Selected Trend	1.029

**NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA
MEDICAL MALPRACTICE - PSYCHIATRISTS
PSYCHIATRISTS PROFESSIONAL LIABILITY PROGRAM**

LOSS AND DCCE TREND

Frequency Trend

Accident Year	Observed Frequency	Fitted Frequency
1996	8.792	9.832
1997	8.511	10.459
1998	11.147	11.086
1999	13.499	11.713
2000	12.435	12.339
2001	15.093	12.966
2002	12.856	13.593
2003	14.082	14.220
2004	15.788	14.847
2005	17.287	15.474
2006	15.503	16.101
2007	15.657	16.728
2008	15.808	17.355
2009	18.236	17.981

(1) Indicated Frequency Trend	1.036
(2) Selected Frequency Trend	1.036

**NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA
MEDICAL MALPRACTICE - PSYCHIATRISTS
PSYCHIATRISTS PROFESSIONAL LIABILITY PROGRAM**

LOSS AND DCCE TREND

Severity Trend

Accident Year	Observed Severity	Fitted Severity
1996	36,189	31,401
1997	30,874	31,093
1998	43,451	30,784
1999	27,022	30,476
2000	23,251	30,167
2001	27,565	29,859
2002	23,887	29,550
2003	24,380	29,242
2004	20,776	28,933
2005	27,210	28,625
2006	34,409	28,316
2007	33,103	28,008
2008	30,649	27,699
2009	28,775	27,391

(1) Indicated Severity Trend	0.989
(2) Selected Severity Trend	0.989

**NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA
MEDICAL MALPRACTICE - PSYCHIATRISTS
PSYCHIATRISTS PROFESSIONAL LIABILITY PROGRAM**

LOSS AND DCCE TREND

Pure Premium Trend

Accident Year	Observed Pure Premium	Fitted Pure Premium
1996	3,182	2,991
1997	2,628	3,151
1998	4,844	3,311
1999	3,648	3,471
2000	2,891	3,632
2001	4,160	3,792
2002	3,071	3,952
2003	3,433	4,112
2004	3,280	4,272
2005	4,704	4,433
2006	5,334	4,593
2007	5,183	4,753
2008	4,845	4,913
2009	5,247	5,073

(1) Indicated P.P. Trend 1.033

(7) Selected P.P. Trend 1.033

**NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA
MEDICAL MALPRACTICE - PSYCHIATRISTS
PSYCHIATRISTS PROFESSIONAL LIABILITY PROGRAM**

CATASTROPHE ADJUSTMENT

This exhibit does not apply to this filing.

**NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA
MEDICAL MALPRACTICE - PSYCHIATRISTS
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CREDIBILITY ADJUSTMENT

(1) Full Credibility Standard

(a) Probability Level P	0.950
(b) Range Parameter k	0.050
(c) Credibility Parameter n_0	1,537

(2) Credibility Table

<u>Reported Claims</u>	<u>Credibility</u>	<u>Reported Claims</u>	<u>Credibility</u>	<u>Reported Claims</u>	<u>Credibility</u>
0	0%	362	49%	1,373	95%
1	3%	377	50%	1,402	96%
2	4%	392	51%	1,432	97%
4	5%	408	52%	1,462	98%
5	6%	424	53%	1,492	99%
7	7%	440	54%	1,522	100%
9	8%	457	55%	1,537	100%
14	10%	474	56%		
17	11%	491	57%		
21	12%	509	58%		
25	13%	526	59%		
29	14%	545	60%		
33	15%	563	61%		
37	16%	582	62%		
42	17%	601	63%		
48	18%	620	64%		
53	19%	640	65%		
59	20%	660	66%		
65	21%	680	67%		
72	22%	701	68%		
78	23%	722	69%		
85	24%	743	70%		
93	25%	764	71%		
100	26%	786	72%		
108	27%	808	73%		
117	28%	831	74%		
125	29%	854	75%		
134	30%	877	76%		
143	31%	900	77%		
153	32%	924	78%		
163	33%	948	79%		
173	34%	972	80%		
183	35%	997	81%		
194	36%	1,021	82%		
205	37%	1,047	83%		
217	38%	1,072	84%		
228	39%	1,098	85%		
240	40%	1,124	86%		
253	41%	1,151	87%		
265	42%	1,177	88%		
278	43%	1,204	89%		
291	44%	1,232	90%		
305	45%	1,259	91%		
319	46%	1,287	92%		
333	47%	1,316	93%		
347	48%	1,344	94%		

**NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA
MEDICAL MALPRACTICE - PSYCHIATRISTS
PSYCHIATRISTS PROFESSIONAL LIABILITY PROGRAM**

ANCILLIARY INCOME

Unavailable

**NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA
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REINSURANCE PREMIUM AND RECOVERABLE

This exhibit does not apply to this filing.

**NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA
MEDICAL MALPRACTICE - PSYCHIATRISTS
PSYCHIATRISTS PROFESSIONAL LIABILITY PROGRAM**

REQUEST FOR VARIANCE

N/A

**NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA
MEDICAL MALPRACTICE - PSYCHIATRISTS
PSYCHIATRISTS PROFESSIONAL LIABILITY PROGRAM**

INSURER'S RATEMAKING CALCULATION

See attached memorandum and exhibits.

**NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA
MEDICAL MALPRACTICE - PSYCHIATRISTS
PSYCHIATRISTS PROFESSIONAL LIABILITY PROGRAM**

RATE DISTRIBUTION

	(1) On-Level Premium	(2) Overall Rate Change	(3) = (1)*(1+(2)) Projected Premium
California	1,967,094	-8.0%	1,809,726

**NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA
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RATE CLASSIFICATION RELATIVITIES

This exhibit does not apply to this filing.

**NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA
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NEW PROGRAM

This exhibit does not apply to this filing.

**NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA
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INSURER GROUP FILING

This exhibit does not apply to this filing.

**NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA
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PSYCHIATRISTS PROFESSIONAL LIABILITY PROGRAM**

SUPER GROUP - CORPORATE STRUCTURE VERIFICATION EXHIBIT

This exhibit does not apply to this filing.

**NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA
MEDICAL MALPRACTICE - PSYCHIATRISTS
PSYCHIATRISTS PROFESSIONAL LIABILITY PROGRAM**

RULES

We are filing revised manual rules to reflect a change in our part-time practice discount and our child and adolescent psychiatry discount.

Our competitor analysis shows that major medical malpractice insurance carriers such as The Doctor's Company, Pro Assurance, Pro Mutual and Darwin offer a 50% part-time discount if the psychiatrist practices no more than 20 hours per week. The Doctors' Company offers a 75% discount for 10 hours or less per week as long as the insured has been in practice for more than three years and has had no more than one claim with severity.

Amending our rule will support our efforts to retain business and position the program to attract new sales. We therefore, would like to amend our part-time discount to 50% for 20 to 6 hours per week and 60% for 1 to 5 hours per week. The rate impact of this change would be -4.5%.

We would like to revise the current child and adolescent psychiatry discount from 30% to 15% to be consistent with the discount currently approved and implemented in all other states.

Eighteen percent of our California insureds currently have the child and adolescent psychiatry discount. Our review of the loss ratio for this group of insureds is 10%. The resulting rate impact of this change would be 3.4%. Our review of the loss ratio for this group of insureds is 10%.

Ⓜ

Combined with the proposed base rate reduction, the overall rate impact of these changes would be -9.1%.

**NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA
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N/A

N/A

**NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA
PSYCHIATRISTS PROFESSIONAL LIABILITY INSURANCE PROGRAM
CALIFORNIA MANUAL RULES**

Rule 1.	Rating Profile Items
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A member may receive the FYIP, SYIP, TYIP (&/or MILITARY) only once. The discount applies to the first (second or third) year immediately following the completion of residency or fellowship, regardless of interruption of time.

A member may receive the MIT discount more than once. The requirement is that the member is eligible for the MIT so long as the APA has reclassified his/her membership status accordingly.

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

MIT credit cannot be combined with a part-time credit.

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

Neurology	2x Psychiatrist Base Premium
Neurology with Special Procedures	4x Psychiatrist Base Premium
American Psychiatric Association Membership	5% Credit
Child & Adolescent Psychiatry (C&AP)	15% Premium Discount
Early Career Psychiatrists	FYIP 60% Credit
	SYIP 40% Credit
	TYIP 35% Credit
First, Second, Third Year in Practice- Military	FYIP-M 60% Credit
	SYIP-M 40% Credit
	TYIP-M 35% Credit
Member in Training (MIT)	50% Credit
Part-Time Practice	1-5 Hours 60% Credit
	6-20 Hours 50% Credit
Experience & Schedule Rating Program	See separate sections
Psychoanalytic Certification	5% Credit
Risk Management Seminar	5% Credit

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Hours 1-10 50% Credit
Hours 11-15 40% Credit

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**NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA
PSYCHIATRISTS PROFESSIONAL LIABILITY INSURANCE PROGRAM
CALIFORNIA MANUAL RULES**

Rule 2. Vicarious Liability

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

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

No. of Employees/Independent Contractors	Percent of final individual modified premium
0	0%
1-3	10%
4-10	25%
11-25	50%
Over 25	100%

**VICARIOUS LIABILITY
Additional Premium for Shared Limit
(Policy Coverage A)**

No. of Employees/Independent Contractors	Percent of final individual modified premium
0	0%
1-3	2%
4-10	5%
11-25	10%
Over 25	100%

Rule 3. Premium Rounding

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

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

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

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

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**NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA
PSYCHIATRISTS PROFESSIONAL LIABILITY INSURANCE PROGRAM
CALIFORNIA MANUAL RULES**

Rule 4. Maximum 50% Credit

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

- First Year in Practice (FYIP is 60%)
- Experience factor is not included
- Schedule factor is not included
- Psychoanalytic Cert. factor is not included
- Risk Management Seminar factor is not included
- Child and Adolescent (C & AP) is not included

Rule 5. Prior Acts Endorsement

The following rating is used when a member converts the claims-made policy to modified occurrence and does not purchase extended reporting endorsement from the prior carrier. Prior Acts Endorsement will be effective the inception date of the modified occurrence policy and cover claims reported after the cancellation date which occurred between the retroactive date and cancellation date of the claims-made policy.

1 st year in CLAIMS MADE Coverage	70% of Modified Occurrence Premium
2 nd year in CLAIMS MADE Coverage	110% of Modified Occurrence Premium
3 rd year in CLAIMS MADE Coverage	135% of Modified Occurrence Premium
4 th year in CLAIMS MADE Coverage	145% of Modified Occurrence Premium
5 th year and after in CLAIMS MADE Coverage	160% of Modified Occurrence Premium

Rule 6. Tail Coverage (Extended Reporting Period)

Tail premium calculation process is EXACTLY the same process as for Primary Coverage regarding the application of all discounts, surcharges, credits, & debits, including short rate and prorata factors.

Tail pricing is based off of the Numbers of Years written under a Claims Made contract.

FREE TAIL COVERAGE

1. **Claims-Made Contract.** Tail coverage is free in the event of DEATH or PERMANENT DISABILITY, or when a member reaches age 55 or older and has been insured under a Psychiatrists' Program Claims-Made contract for at least 5 consecutive years immediately prior to permanent retirement. It is also free when a member has been insured with the Psychiatrists' Program under a claims-made contract for 10 consecutive or more years provided at the time of cancellation, the annual premium has **not been** experience rated anytime during the ten year period and the insured requested the cancellation of coverage.
2. **Modified Occurrence Contract.** Tail coverage is included at no additional cost upon termination or non-renewal, for any reason.

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**NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA
PSYCHIATRISTS PROFESSIONAL LIABILITY INSURANCE PROGRAM
CALIFORNIA MANUAL RULES**

Rule 7.	Experience Rating Guidelines
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The following Experience Rating Guidelines applies for any risk with at least five (5) years experience prior to renewal application:

Severity	
Indemnity payment over \$30,000 under \$50,000	5% per claim
Indemnity payment over \$50,000 under \$100,000	10% per claim
Open or closed claim with Indemnity payment or reserve over \$100,000 or more	10% per claim plus 10% each \$10,000 increment above \$100,000
Frequency (Open and Closed claims with incurred and/or reserved indemnity and expenses totaling \$10,000 and above).	
Two claims reported within any 12-month period in last three years.	20% each claim
Three claims reported within last five years.	30% each claim
Liability (Open and closed claims within last 5 years)	
a. Deviation from standard of care	10%-50%
b. Non-cooperation with policy conditions	10%-50%
c. Undue familiarity	
Insured admission	non-renewal
Settlement by carrier and/or insured	non-renewal

Rule 8.	Schedule Rating Plan – Individual Program
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The following schedule rating criteria can be used to establish the adjusted annual premium per participant.

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

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

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NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA
PSYCHIATRISTS PROFESSIONAL LIABILITY INSURANCE PROGRAM
CALIFORNIA MANUAL RULES

Rule 8. Schedule Rating Plan – Individual Program (cont’d.)

This program is mandatory and to be administered consistently with each insured or prospective insured.

Schedule rating characteristics

Adjustment to base rate of +/- 40% requires management approval except where indicated below.

A. PRACTICE SETTING:

Detention Facilities: This includes jails, juvenile centers, detention centers and prisons. Risks associated with this exposure are generally related to frequency rather than severity. Individuals kept in these facilities are typically litigious who spend significant time reviewing case law and figuring out ways to file suits. (Jail House Lawyers). In most **federal** facilities, the employees enjoy sovereign immunity, which means they cannot be sued. Therefore, our physician which is usually a contractor is left as the “deep pocket” and the only person available for potential recovery of alleged damages.

All other type of government or community facilities may or may not have statutes protecting the employees against liability. It will vary by state and county. There may also be protection for these individuals through the facility’s professional liability insurance carrier. Hold harmless indemnification clauses are standard in these contractual relationships. Therefore, it is important to understand the working arrangement between the insured and the facility to measure the degree of increased liability for our participant. If the insured provides services to individuals in detention facilities, a **5% debit** applies.

Patient recruitment practices: The probability of increased liability is common for those practices utilizing techniques for patient recruitment considered entrepreneurial and absent of credible medical necessity. For example, advertisements made outside of the practice area, bonuses given for patient referrals or profits generated by the care the physicians and other treating professionals rendered to their patients are some examples of techniques that could cause litigation.

The Underwriter should review the entire profile of the participant to determine the extent of increased liability if they are involved in a practice location or facility that engages in this activity. As a result of increased media concentration on these practices, many facilities have taken measures to terminate these practices. However, the amount of time the participant has been associated with this activity should be considered. If any of these activities exist, a **40% debit** applies **or the policy is converted to a claims – made policy form.**

Home based practice: An insured working from the home is not uncommon in the practice of psychiatry. Many part-time women, who also are raising a family and want to continue practicing, conduct a small practice from their home. It is however, also understood that these individuals, maintain relationships with the community and medical mental health professionals for continued education and referral capabilities.

The liability for a participant is considered increased when an individual has chosen to work from the home because they cannot obtain clinical or hospital affiliations. The ongoing mentoring of colleagues is not present and the psychiatrist has no peer review of his/her practice activities. This practice profile

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**NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA
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Rule 8. Schedule Rating Plan – Individual Program (cont’d.)

may require intervention and additional interviewing by PRMS risk management to ascertain the degree of adverse risk. If this condition exists, a **30% debit** applies.

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

The underwriter should utilize all reference information relative to this facility and determine the degree of involvement of our insured directly related to the facility’s adverse risk characteristics. If any of these conditions exist, a **40% debit** applies.

Clinical teaching activities exceed 50% of total practice time: Although the insured involved in this activity is competent to teach other medical professionals, the increase of patient volume related to this activity is considered an additional liability exposure. If these activities exist, a **10% debit** applies.

B. NATURE AND SCOPE OF PRACTICE

Treatment of Borderline Personalities and Multiple Personality disorders: Incidental treatments of these disorders are contemplated in the base rates. However, the underwriter should consider the number of patients and time devoted by the participant to these treatments. In addition, treatment modality must be questioned by the underwriter and discussed with PRMS risk management for unconventional activities by the insured. If more than 10% of the insured’s services involve this type of treatment, a **40% debit** applies.

Treatment of pain management: Patients seeking psychiatric services for the management of pain are almost always associated with other medical treatments or illnesses. For this reason, treatment of pain management can increase the liability where our insured would be involved in a claim along with other treating physicians. The underwriter should discuss the volume of patients and practice time devoted to this activity. In addition, the treatment modalities should be discussed with PRMS risk management to determine standard of care. Psychiatrists utilizing anesthesia for pain management is to be referred to management for consideration of continued insurability. If more than 10% of the insured’s services involve this type of treatment, a **40% debit** applies.

Use of abreaction, rage; sodium amytal, sex and recovered memory therapies: The base rate does not contemplate treatment by use of these types of therapies. Any insured utilizing these therapies should be discussed with PRMS risk management after the underwriter has secured information from the participant regarding the patient volume and practice time affiliated with these therapies. All insured members utilizing these therapies should be referred to management for consideration of continued insurability. If more than 5% of the insured’s services involve this type of therapy, a **40% debit** applies.

Supervision of/Consultation with professionals in 2, 3 and 4 above: Although the insured may not directly treat patients or use these therapies, they incur vicarious liability for the supervision of

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**NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA
PSYCHIATRISTS PROFESSIONAL LIABILITY INSURANCE PROGRAM
CALIFORNIA MANUAL RULES**

Rule 8. Schedule Rating Plan – Individual Program (cont'd.)

professionals who do. In addition, consultation is defined as professional services rendered and does not decrease the insured liability. Therefore, the premium should be increased as a result of this exposure. If this condition exists, a **40% debit** applies.

Above average daily patient volume: An average daily patient volume of 25 is contemplated in the base rates. Any practice where the patient volume is greater should be considered as an increased risk and priced accordingly. If this exists, a **30% debit** applies.

Rule 9. Group Accounts

Eligibility

The medical groups that will be considered for Coverage B of the policy will be professional corporations, partnerships, or associations owned and operated by behavioral healthcare professionals. The entity will also have psychiatrist affiliation.

Rates

Each Psychiatrist Insured will be rated in accordance with the individual program rules and rates.

Individual coverage for other behavioral healthcare professionals will be rated as a percentage of the psychiatrist rate for that rating area. (See rate chart for applicable professional premium factor).

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

Medical group premium will be priced based on the following:

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

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

Non-psychiatrist insureds can share the limit of liability of the medical group.

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

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**NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA
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Rule 9. Group Accounts (cont'd.)

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

A shared limit will result in a 50% reduction of the otherwise applicable premium for the class insured.

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

Limits of Liability

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

Claims-Made

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

Other Physician Coverage

The Program will consider coverage for individual physicians affiliated with the medical group who are not psychiatrists (i.e. internists, pediatricians, family/general practice). The rate for these physicians will be calculated in accordance with the **filed** class relativity differential (psychiatry to other specialty) of the major medical professional liability insurance carrier in that state. The calculated relativity will then be applied to the base psychiatry rate used in this Program's individual rates.

Outside Medical Group Practice Activity

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

Rule 10. Schedule Rating Plan – Group Accounts

The following modifications may be applied to recognize special characteristics that are not fully recognized in the basic rate(s) or premium. The maximum credit/debit shall not exceed +/-10.

The schedule rating program is mandatory and to be administered consistently for each insured or prospective insured.

Management (+/-5)

Management has demonstrated adequate control and monitoring of the risks and exposures of the organization. The financial condition of the Medical Group is favorable. An example of a

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**NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA
PSYCHIATRISTS PROFESSIONAL LIABILITY INSURANCE PROGRAM
CALIFORNIA MANUAL RULES**

Rule 10.	Schedule Rating Plan – Group Accounts (cont'd)
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Medical Group which would receive a credit would employ a dedicated risk manager and have favorable financial ratios.

Employees (+/-5)

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

Risk Management (+/-5)

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

Medical Records/Informed Consent (+/-5)

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

Performance of experimental procedures (+5)

If the medical group practice includes procedures that are considered experimental, but that are performed within the prescribed guidelines, controlled studies, or : “protocol” established by the manufacturer or similar entity, there will be no debit or credit, however if the experimental procedures are not subject to the protocol, a debit of up to 5% will be applied. Since the underlying program’s rates reflect the assumption that insureds will not be performing experimental procedures, no credit will be given under any circumstances and under this category i.e. there will be no credit if experimental procedures are not utilized.

Rule 11.	Locum Tenens
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A Locum Tenens (“hold the place of”) works in place of a Named Insured or Additional Named Insured, never at the same time. The Locum Tenens doctor must be underwritten in the same specialty classification as the Named Insured or Additional Named Insured. The program will allow Locum Tenens coverage for a maximum total of 45 days each policy year.

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**NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA
PSYCHIATRISTS PROFESSIONAL LIABILITY INSURANCE PROGRAM
CALIFORNIA MANUAL RULES**

There is no charge for this coverage.

Rule 12.	Suspension of Insurance
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An insured may request suspension of insurance, due to disability or to accommodate a sabbatical leave of training. The insured will not be covered for claims or suits which arise based on an occurrence within the period of suspension. The insured is entitled to report claims during the period of suspension which arise from occurrences when the policy was in force and not on suspense.

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

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

Charge 25% of the claims-made rate.

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